THE UNIVERSITY OF TENNESSEE
BOARD OF TRUSTEES
ANNUAL MEETING

1:00 p.m. EDT
Thursday
June 22, 2017

Hollingsworth Auditorium
2421 Joe Johnson Drive
Knoxville, Tennessee

ORDER OF BUSINESS

I. Call to Order and Invocation

II. Roll Call

III. Introduction of New Trustees

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

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

VI. Extension of the Vice Chair's Term—**Action** ..... Tab 3

VII. Interim Committee, Subcommittee, and Chair Appointments—**Action** ..... Tab 4

VIII. Bylaw Amendments—**Action/Roll-Call Vote** ..... Tab 5

IX. FY 2018 Operating Budget, Student Tuition and Fees, and Compensation Procedures for Additional Salary Increases during the Fiscal Year—**Action/Roll-Call Vote** ..... Tab 6
A. FY 2018 Operating Budget and Student Tuition and Fees ..... Tab 6.1
B. FY 2018 Compensation Procedures for Additional Salary Increases During the Fiscal Year ..... Tab 6.2

X. Criteria for Establishing Peer Institutions—**Action** ..... Tab 7

XI. President's Annual Performance Review and Goals for FY 2018—**Action** ..... Tab 8
A. Vice Chair's Report and Recommendation of Performance Goals ..... Tab 8.1
B. Vice Chair's Recommendation of Incentive Compensation Goals ..... Tab 8.2

XII. Report and Recommendation of the Finance and Administration Committee
A. Adoption of a Public Records Policy and Repeal of Related UAPA Rule—**Action/Roll-Call Vote** ..... Tab 9

XIII. Report of the Audit and Compliance Committee ..... Tab 10

XIV. Consent Agenda—**Action (unless otherwise indicated)** ..... Tab 11

A. Minutes of the Last Meeting ..... Tab 12
B. Naming of Track & Field Center at Tom Black Track ..... Tab 13
C. Reappointment of UT Members to University Health System Board ..... Tab 14
D. Items Approved by Athletics Committee, June 21, 2017
1. Athletics Committee Charter ..... Tab 15
2. Athletics Advisory Board Bylaws ..... Tab 16
E. Items Approved by Executive and Compensation Committee, May 3, 2017
1. 2018 Board of Trustees Meeting Dates ..... Tab 17
2. Annual Report of Sale of Gift Property ..... Tab 18
3. Grant of Easement to City of Maryville Electric Department ..... Tab 19
F. Items Approved by Academic Affairs and Student Success Committee, June 22, 2017
3. 2017 Comprehensive List of Academic Programs ..... Tab 20
4. Ratification of Administrative Action to Terminate or Inactivate Academic Programs ..... Tab 21
5. Recommendations for Tenure ..... Tab 22
G. Items Approved by Finance and Administration Committee, June 22, 2017
1. Ratification of FY 2016-17 Quasi-Endowments ..... Tab 23
2. FY 2017 Distribution of UC Foundation Unrestricted Endowment Funds ..... Tab 24
3. FY 2017-18 President Emeritus Agreement with Dr. Joseph E. Johnson ..... Tab 25
4. UTC Graduate Out-of-State Tuition Proposal ..... Tab 26
5. Revision of University Aircraft Policy ..... Tab 27
H. Annual Reports—**Information**
1. Annual Report of Naming Interior Spaces and Grounds ..... Tab 28
2. Annual Report of UC Foundation, Inc. ..... Tab 29
3. Annual Report of UT Foundation, Inc. ..... Tab 30
4. Annual Report of UT Research Foundation, Inc. ..... Tab 31

XV. Scheduled Meetings and Other Events, 2017-18—**Information** ..... Tab 32

XVI. Other Business

Note: Under the Bylaws, items not appearing on the agenda may be considered only upon an affirmative vote representing a majority of the total voting membership of the Board. Other business necessary to come before the Board at this meeting should be brought to the Vice Chair's attention before the meeting.

XVII. Adjournment

The University of Tennessee
Board of Trustees

Resolution in Honor of Miranda N. Rutan
June 22, 2017

WHEREAS, Miranda N. Rutan earned a Bachelor of Fine Arts with a concentration in Graphic Design and a Bachelor of Business Administration with a concentration in Marketing from The University of Tennessee at Martin in 2017; and

WHEREAS, Ms. Rutan worked as a Peer Enabling Program leader helping first-year students successfully transition from high school to college; and

WHEREAS, she served on the League of Striving Artists, Guild of Studio 317, Student Activities Council and the President's Advisory Board; and

WHEREAS, she also volunteered with Empty Bowls, an organization that conducts fundraising efforts to benefit a food bank; and

WHEREAS, she was a member of Phi Eta Sigma, a national honors fraternity, and Phi Kappa Phi, a national liberal arts honors fraternity; and

WHEREAS, she worked as an assistant to the Office of Student Life at UT Martin, helping manage more than 170 registered student organizations, and received the fall 2016 Beth Maloan Outstanding Student Employee Award with her supervisors stating, "She shows a maturity beyond her years in her ability to help problem solve and think of new ways to do things"; and

WHEREAS, her awards include the Paul and Martha Meek Leadership Award, the Phi Kappa Phi Award, and the Chancellor's Award consistently since 2012 as an honor student; and

WHEREAS, she was appointed by Governor Bill Haslam as a Student Member of The University of Tennessee Board of Trustees in 2015, and served with distinction on the Academic Affairs and Student Success Committee, Research, Outreach, and Economic Development Committee, and University Life Committee; and

NOW, THEREFORE, BE IT RESOLVED that The University of Tennessee Board of Trustees, meeting in Knoxville on June 22, 2017, commends Miranda N. Rutan for her valuable service to the Board, the University, and the State of Tennessee.

The University of Tennessee
Board of Trustees

Resolution in Honor of Dr. Jefferson S. Rogers
June 22, 2017

WHEREAS, Dr. Jefferson S. Rogers earned a Bachelor of Arts degree in English and Geography from the University of Kansas, and Master of Arts and Doctor of Philosophy degrees in Geography from the University of Illinois at Urbana-Champaign; and

WHEREAS, he joined The University of Tennessee at Martin faculty in 1995; and

WHEREAS, as a cultural geographer and professional cartographer, he teaches eight undergraduate geoscience courses; and

WHEREAS, he received The University of Tennessee National Alumni Association's Outstanding Teacher Award in 2001; and

WHEREAS, Dr. Rogers also has served as Chair of the former Department of Geology, Geography and Physics at UT Martin, President of the UT Martin Faculty Senate, and Chair of the UT Martin Honors Council; and

WHEREAS, he is in his third term on the review board of the State of Tennessee's Historical Commission, which considers nominations to the National Register of Historic Places; and

WHEREAS, his areas of research have included the history and geography of the American lodging industry, the transformations of energy-impact communities in the Rocky Mountain West; and an analytical survey of the naming of buildings on the campuses of American colleges and universities; and

WHEREAS, he continues to do custom cartographic work and has received commissions to produce maps published in a dozen books, scholarly journals, booklets and brochures; and

WHEREAS, he was appointed by Governor Bill Haslam as a Faculty Trustee member of The University of Tennessee Board of Trustees in 2015 and served with distinction as a member of the Academic Affairs and Student Success Committee and the Research, Outreach, Economic Development Committee, and University Life Committee;

NOW, THEREFORE, BE IT RESOLVED that The University of Tennessee Board of Trustees, meeting in Knoxville on June 22, 2017, commends Dr. Jefferson S. Rogers for his valuable service to the Board, the University, and the State of Tennessee.

The University of Tennessee
Board of Trustees

Resolution in Honor of Dr. Larry R. Arrington
June 22, 2017

WHEREAS, Dr. Larry R. Arrington earned a Bachelor's degree in Agricultural and Extension Education at the University of Florida, a Master's degree in Vocational Education at the University of Georgia and a Doctorate in Agricultural and Extension Education at Ohio State University; and

WHEREAS, he served as Professor, Associate Dean, Dean and Interim Senior Vice President for Agriculture and Natural Resources at the University of Florida Institute of Food and Agricultural Sciences; and

WHEREAS, he was honored for his expertise with the Gene Trotter Agricultural Leadership Award in 2010 by the Wedgeworth Leadership Institute, the Association of Public and Land-Grant Universities Award for Service to the Extension Committee on Organization and Policy in 2010, and in 2007 was named a distinguished alumnus by Ohio State University's College of Food, Agricultural and Environmental Sciences; and

WHEREAS, he joined The University of Tennessee as Chancellor of the Institute of Agriculture in 2011, providing leadership to advance academic excellence, deliver discoveries, promote hands-on learning and serve Tennessee communities; and

WHEREAS, he helped the Institute deliver real-life solutions to people across the state every day; and

WHEREAS, as Chancellor, he established a statewide advisory group of agriculture and veterinary stakeholders to advocate with policymakers and provide feedback to the Institute; and

WHEREAS, he oversaw a $20.9 million renovation of animal hospital facilities to maintain full accreditation by the American Veterinary Medical Association's Council on Education; and

WHEREAS, he helped oversee a 40 percent enrollment increase in the College of Agricultural Sciences and Natural Resources since 2011; and

WHEREAS, he led the effort to secure state funding for the purchase of Lone Oaks Farm in West Tennessee to become home to a 4-H camp and conference center serving the state and beyond; and

WHEREAS, he increased the capacity for agricultural research by securing $20 million in state funding for infrastructure expansion at the Institute campus in Knoxville and AgResearch centers across the state; and

NOW, THEREFORE, BE IT RESOLVED that The University of Tennessee Board of Trustees, meeting in Knoxville, on June 22, 2017, commends Dr. Larry R. Arrington for his distinguished service to the Institute of Agriculture, the University, and the State of Tennessee; and

BE IT FURTHER RESOLVED that the honorary status of Chancellor Emeritus of The University of Tennessee Institute of Agriculture is bestowed on Dr. Arrington.

The University of Tennessee
Board of Trustees

Resolution in Honor of Dr. Katherine N. High
June 22, 2017

WHEREAS, Katherine N. High earned a Bachelor of Arts degree in English and a Master of Arts in Teaching degree from Miami University in Oxford, Ohio; and

WHEREAS, she taught school for seven years in Oxford, Ohio; Knoxville, Tennessee; and Clinton, Tennessee; and

WHEREAS, she joined The University of Tennessee as the Director of Human Resource Development and Licensing in 1982, thus beginning a 35-year career with the University; and

WHEREAS, she earned a Doctor of Education in Educational Administration and Supervision from The University of Tennessee in 1983; and

WHEREAS, Dr. High became the Assistant Vice President for Academic Affairs in 1986; and

WHEREAS, she served as an adjunct assistant professor in the UT Knoxville Department of Educational Leadership from 1990 to 1994; and

WHEREAS, she served as Associate Senior Vice President from 1991 to 1999; and

WHEREAS, she served as Vice President and Chief of Staff for the University President from 1999 to 2001; and

WHEREAS, she moved to Martin to serve as Vice Chancellor for Student Affairs at UT Martin from 2001 to 2006; and

WHEREAS, she returned to Knoxville in 2006 to serve as Associate Vice President for Academic Affairs and Student Success for The University of Tennessee before being named Interim Vice President for Academic Affairs and Student Success in 2008; and

WHEREAS, she again served as the Chief of Staff for the University President from 2009 to 2010; and

WHEREAS, she again served as Interim Vice President for Academic Affairs and Student Success from 2010 to 2011 before being named the Vice President in 2011; and

WHEREAS, she has served as an educational consultant across the state and has given generously of her time to various commissions, professional, and community organizations such as the Tennessee Higher Education Commission, Tennessee

Holocaust Commission, Lake Hills Presbyterian Church, and the UT Federal Credit Union Board; and

WHEREAS, she received a grant of more than $1 million to develop the Reverse Transfer Initiative to help numerous Tennesseans obtain a higher education degree;

NOW, THEREFORE, BE IT RESOLVED that The University of Tennessee Board of Trustees, meeting in Knoxville on June 22, 2017, commends Dr. Katherine N. High for her long and distinguished service to the Board, the University, and the State of Tennessee; and

BE IT FURTHER RESOLVED that the honorary status of Emerita Vice President for Academic Affairs and Student Success is bestowed on Dr. High.

THE UNIVERSITY OF TENNESSEE

President's Budget Advisory Group

July 2017-June 2019

What Is The President's Budget Advisory Group (BAG)?

The Budget Advisory Group (BAG) was established in 2015 when President Joe DiPietro publically announced that the University of Tennessee's funding model was unsustainable. Realizing that additional funding was not expected to be forthcoming from the State, and acknowledging that continued tuition increases are untenable, Dr. DiPietro appointed a system-wide group of faculty, staff, administrators and students to serve as members of the BAG to develop a two-year plan to increase revenue, cut costs, establish parameters and internal controls and establish goals that would allow campuses to better address needs around short- and long-term priorities that could be the focus for reallocation of new revenue and cost savings.

A copy of the original BAG document and a report on the BAG's work in 2015 and 2016 is included in Appendix A and on the UT System Website at https://president.tennessee.edu/budget-advisory-group/ .

Where Is BAG Now?

In January 2017, Dr. DiPietro reconstituted the BAG to assess progress and seek additional recommendations and thus continue UT's work to achieve a long-term, sustainable financial model for the University. With an updated list of BAG members and the support of the Board of Trustees' new Subcommittee on Cost Savings and Efficiency, efforts began to develop BAG 2.0. June 2017 was set as the timeframe for the President to present new recommendations to the Board for its review and support and to share the updated approach with the UT community.

Fiscal Realities

The original assumptions associated with the BAG's efforts anticipated no meaningful growth in State appropriations and very limited growth in other revenue. During the initial two-year period of BAG recommendations, State appropriations were more favorable than previously predicted, but the University continues to feel the impact of several years of stagnant or declining State appropriations. While we are grateful for the support the Governor and the General Assembly have shown in our most recent budget cycles, our growth and ability to address critical strategic initiatives across our System continue to be a challenge because the vast majority of new funds that come our way are pre-committed. Campuses and institutes are currently funding only what is needed to keep up with inflation, and they begin each new fiscal year with a funding gap that isn't effectively addressed by new State-appropriated dollars.

THE UNIVERSITY OF TENNESSEE

President's Budget Advisory Group

July 2017-June 2019

Traditionally, higher education has responded to the stagnancy and decline in state appropriations by increasing tuition, not filling vacant positions and delaying salary increases to faculty and staff. With the establishment of the BAG, however, UT publically acknowledged its commitment to controlling its own costs and taking responsibility for its future success and viability with a renewed commitment to strategic growth and to becoming more efficient and effective in its administrative operations and in the delivery of instruction, research and public service. Additionally, the System's leadership has been charged with making tough decisions to reallocate existing funding from areas of lesser need to higher priority areas that align with system, campus and unit strategic plans and demonstrate the potential to generate additional revenue and/or result in greater efficiency and productivity.

The 3-3-0 Model/Financial Assumptions

The approach the System will take in addressing its long-term sustainability is based on the following model and financial assumptions:

- The Higher Education Price Index (HEPI) will average < **3**% (The HEPI rate will be used as an annual basis for setting tuition.)
- Non-state revenue growth will average **3**% (This includes tuition, auxiliary income and other revenue streams.)
- Estimated annual Education and General (E&G) state appropriation increases will be **0**%
- State capital maintenance support will be funded at the historical average

Underlying Principles

As we continue to drive new revenue and cut costs, we remain mindful of the importance of avoiding actions that will negatively impact programs and services that directly support UT's mission and vision. We will also remain committed to ongoing initiatives and enhancements in the following areas, even if they do not have a direct impact on the budget:

- ***Tuition and Fees:*** Tuition increases will be kept low and within the parameters of the 3-3-0 model and THEC policy *(This excludes limited and specialized Board-approved tuition adjustments)*; fees will be consistently monitored
- ***Outreach*****:** The University is committed to outreach and engagement and service to improve communities and the quality of life of Tennessee residents
- ***Enrollment:*** All campuses will strive to increase degrees granted as well as undergraduate, graduate and professional school enrollment as dictated by their respective strategic plans and/or capacity
- ***Salaries:*** The University is committed to raising faculty and staff salaries to remain competitive with our peers

THE UNIVERSITY OF TENNESSEE

President's Budget Advisory Group

July 2017-June 2019

- ***Capital Outlay:*** The University will remain successful in developing capital construction proposals that are recommended for funding by The Tennessee Higher Education Commission
- ***Complete College Tennessee Act (CCTA):*** The University is committed to performing within the top five (5) Tennessee Institutions as it relates to CCTA metrics

Established Goals, Parameters & Internal Controls

Although the System is allowing considerable flexibility for UT campuses and institutes to explore options for achieving the recommended BAG revenue and cost-savings goals, some key parameters and internal controls must be implemented and monitored to ensure that campus actions are meaningful and in line with System and Board expectations and the underlying principles of this process. **The following outline some of the tools available to campus leadership in reaching their BAG goals, with expected parameters and controls that should guide campus plans and action steps:**

Enrollment

- In-state undergraduate enrollment goals will be set and approved annually and will be in alignment with campus strategic plans and the Drive to 55; A plan for detailing specific tactics for enrollment growth and related goals over the two-year period should be provided by each campus.
- Campuses and institutes may use increased out-of-state enrollment as part of a financial (revenue generation) model and/or to achieve general enrollment growth, but out-of-state enrollment should, ultimately, not exceed 25% of total undergraduate enrollment by campus. Campuses/Institutes should outline goals and objectives for increasing out-of-state enrollment and how any new funds generated will be used.

Tuition/Fees

- Undergraduate tuition should not exceed the previous year's HEPI
- Graduate/professional tuition should not exceed the previous year's HEPI plus 3%
- Executive program tuition should align with comparable programs at peer institutions
- Out-of-state tuition may be reduced to be more competitive
- Tuition and fees will be transparent and in keeping with THEC boundaries

Outreach

- Outreach goals should be established and outlined for IPS, UTIA and UTHSC; Effective existing outreach programs should not be sacrificed in support of other activities without a supporting rationale and a clear plan of action.

DRAFT

THE UNIVERSITY OF TENNESSEE

President's Budget Advisory Group

July 2017-June 2019

Workforce Development

- Units may consider a variety of workforce development strategies to meet their reallocation or cost-savings goals. Such plans should be effectively communicated and have clear guidelines and decision-making processes. Plans should also include appropriate internal controls to ensure that any savings achieved are not immediately negated by subsequent hiring practices or increases in operations that significantly reduce cost-savings or the ability to reallocate funds that were realized as part of the process.

Goals for 2017-2019	
Academic Programs:	Secure more accurate data on UT academic program costs and productivity, which can serve as the basis for the development of plans by each campus and institute to determine an ongoing approach for program investment and retaining, enhancing, reorganizing, merging or phasing out programs.
Funds Reallocation:	Reallocate System and campus funding from areas of low productivity and efficiency to strategic priorities, critical programs and other high-return opportunities.
Research:	System-wide, research and sponsored program expenditures should increase 6% annually (based on the most current 5-year average)
Development:	System-wide, the total number of gifts, pledges, and bequests should increase 15% per year (based on the most current 5-year average)
Human Resources:	System HR operations will be strengthened and streamlined for increased System-wide effectiveness, efficiency and cost-savings.

DRAFT

THE UNIVERSITY OF TENNESSEE

President's Budget Advisory Group

July 2017-June 2019

Contingency Planning (AKA- the "Oh, Gosh" Clause)

While we recognize that higher education in the State is experiencing a "tailwind" that continues to allow us to move in a positive direction and actual financial results have been more favorable than had been originally predicted, we know it's only a matter of time until we will experience a "headwind". As such, we must look to the future and be proactive in developing contingency plans that will allow us to adapt to major changes in State and Federal funding and other circumstances that are beyond our control. There are a number of areas where UT's ability to continue on a positive trajectory may be uncertain, and we are giving serious consideration to how me might address difficult or "worst case" scenarios that would negatively impact our budget and long-term sustainability should they occur.

- **State Capital Outlay and Maintenance:** The impact of the State's new process for prioritizing capital outlay and maintenance funding and how UT will fare in this process remain unknown. With the six new Locally Governed Institutions (LGIs), formerly with TBR, now vying directly for these funds, there will be greater competition for funding in this area and maintaining historic numbers may be difficult. UT will continue to take an active role in working with THEC and others in the development of processes in this area.

- **Research and Federal Funding:** With a relatively new administration in the White House, UT continues to be watchful of potential changes in the federal funding climate, especially as it relates to departments and agencies that support our research, grants and contracts, and outreach efforts.

- **Fundraising/Development:** The economic/investment climate and many other factors will always impact our ability to meet or exceed our aggressive fund-raising goals. We must keep our finger on the pulse of institutional, state and national issues that have the potential to impact our donors' ability or willingness to give, and plan accordingly.

- **Tuition:** While the general parameters related to setting tuition are outlined elsewhere in this document, it is important to note that these limits are based on current levels of funding support and would likely have to change in difficult economic times or as THEC binding tuition ranges change due to negative adjustments in the State's overall funding model for higher education.

DRAFT

THE UNIVERSITY OF TENNESSEE

President's Budget Advisory Group

July 2017-June 2019

Action Plans		
Action	***Responsibility***	***Deliverables/Expected Outcomes***
1. Agree on a system-wide solution, possibly through a qualified external vendor, to develop appropriate metrics and data collection that will enable each UT campus to assess traditional teaching/curricular program costs and effectiveness. The solution will provide data needed to guide campus decisions on program investment or adjustments in curricular offerings. The primary focus will be to reinvest in programs that demonstrate consistent growth, meet student demand or completion requirements, and/or address mission-critical or workforce needs.	System Leaders Chancellors Chief Academic Officers (CAOs)	The resulting vendor report will serve as the basis for the development of campus plans related to which programs will be a priority for future funding investments and how the campus will address low-performing programs or those that no longer meet institutional objectives.
2. Develop a two-year plan to reallocate unrestricted E&G expenditures to enhance critical programs, improve student progression/completion, fund key opportunities for research and economic development, and/or further develop campus infrastructure. The focus should be on addressing projected salary gaps, reducing expenditures in programs, services and operational activities in areas of low strategic priority and/or with low levels of productivity and efficiency.	Chancellors/Unit leaders	System administration will provide a reporting format that will be used to document reallocation efforts and their impact. *(Parameters and internal controls related to some methods for achieving reallocation goals are outlined elsewhere in this document- p.3.)*
3. Units should annually review their workforce development needs and redeploy resources in support of strategic goals and objectives. Campuses/institutes may consider one-time buyouts, early retirement incentives, restructuring units and consolidation of positions, not filling vacant positions, implementing shared services agreements or other creative and strategic workforce efforts.	System/Campus/Institute Leadership teams System-wide Human Resource Officers (HROs)	Units should document salary savings and resource deployment initiatives and provide summaries of the impact of these efforts.

DRAFT

THE UNIVERSITY OF TENNESSEE

President's Budget Advisory Group

July 2017-June 2019

4. The UT System Office of Human Resources will be reconfigured to accommodate the separation of System and UTK HR efforts, with a focus on enhancing centralized service offerings, reducing/eliminating duplicative services, addressing needed changes in organizational structure, and streamlining the employment search process for greater efficiency and cost-savings.	UT Exec. Vice Pres./COO UT System/UTK HR Leaders & Chief Financial Officers (CFOs)	Plans for restructuring the units should be developed and implemented; all cost-savings, reallocations and enhancements in operational efficiency should be reported.
5. Train academic department heads and deans to increase their knowledge of budgets, program review metrics and faculty evaluation to ensure more effective management of units, programs and personnel.	VP Academic Affairs & Student Success/CAOs System/Campus HROs System CFO/Campus CBOs General Counsel	A summary report of faculty performance ratings will be developed and an analysis of changes in how faculty are evaluated pre- and post-training will be conducted.
6. Take action/next steps in addressing previously identified and newly determined unfunded mandates, including tuition waivers/discounts.	UT System	All current unfunded mandates will be identified with costs; plans for addressing each mandate will be outlined.
7. Non-formula units will identify and evaluate services for which fees currently exist, could be established or ones in which additional fee revenue could be generated. Units will also outline which services will continue to be subsidized and any plans for increasing or decreasing subsidies and the rationale.	Non-formula units	Develop a comprehensive report on all non-formula unit fee structures, the current cost of delivering services, and potential revenue that could be generated from new or increased fees.
8. Develop a mechanism for soliciting broad feedback and capturing and vetting other recommendations from UT stakeholders for revenue generation, cost-savings and enhanced operational efficiency.	UT System EVP/COO & CFO Campus/Institute CBOs Communications/Marketing	A communications/marketing campaign for soliciting feedback will be developed and implemented; a process for the ongoing vetting of internal/external submissions related to cost-savings and revenue-generation will be established.

DRAFT

THE UNIVERSITY OF TENNESSEE

President's Budget Advisory Group

July 2017-June 2019

2017-2019 BAG Membership/Staff Liaisons

Budget Advisory Group (BAG) MEMBERS:

Dr. Joe DiPietro, President, UT System
Dr. Steve Angle, Chancellor, UT Chattanooga
Dr. Keith Barber, Vice Chancellor for Institutional Advancement, UT Institute of Agriculture
Bob Bradley, Instructor of Computer Science and Information Systems, UT Martin
Tony Ferrara, Vice Chancellor for Finance & Operations, UT Health Science Center
Rachel Smith, Student, UT Chattanooga
Dr. Steve Smith, Dean of Libraries, UT Knoxville

SYSTEM STAFF LIAISONS TO THE BAG:

Dr. Tonjanita L Johnson, Executive Vice President/Chief Operating Officer (Primary Staff Liaison to the BAG)
Dr. David Golden, Executive Assistant to the President (BAG Recorder)
Tiffany Carpenter, Associate Vice President for Communications and Marketing
Anthony Haynes, Vice President for Government Relations & Advocacy
Dr. Dennis Hengstler, Assistant Vice President of Institutional Research
Dr. Katie High, Vice President for Academic Affairs & Student Success
David Miller, Chief Financial Officer
Dr. Stacey Patterson, Associate Vice President of Research
Matthew Scoggins, General Counsel

DRAFT

Updated BAG Projections (May 9, 2017)

Why is the updated FY 2024-25 funding gap so much smaller than the original?

Actual financial results in the base-year were far more favorable than the original assumptions: a $61.1M surplus rather than a $43.3M deficit. The 3-3-0 model is very sensitive to changes in base-year numbers.

State appropriations have grown by an additional $58.1M since the base year, further reducing the projected FY 2024-25 funding gap.

FY 2015-16
$-millions

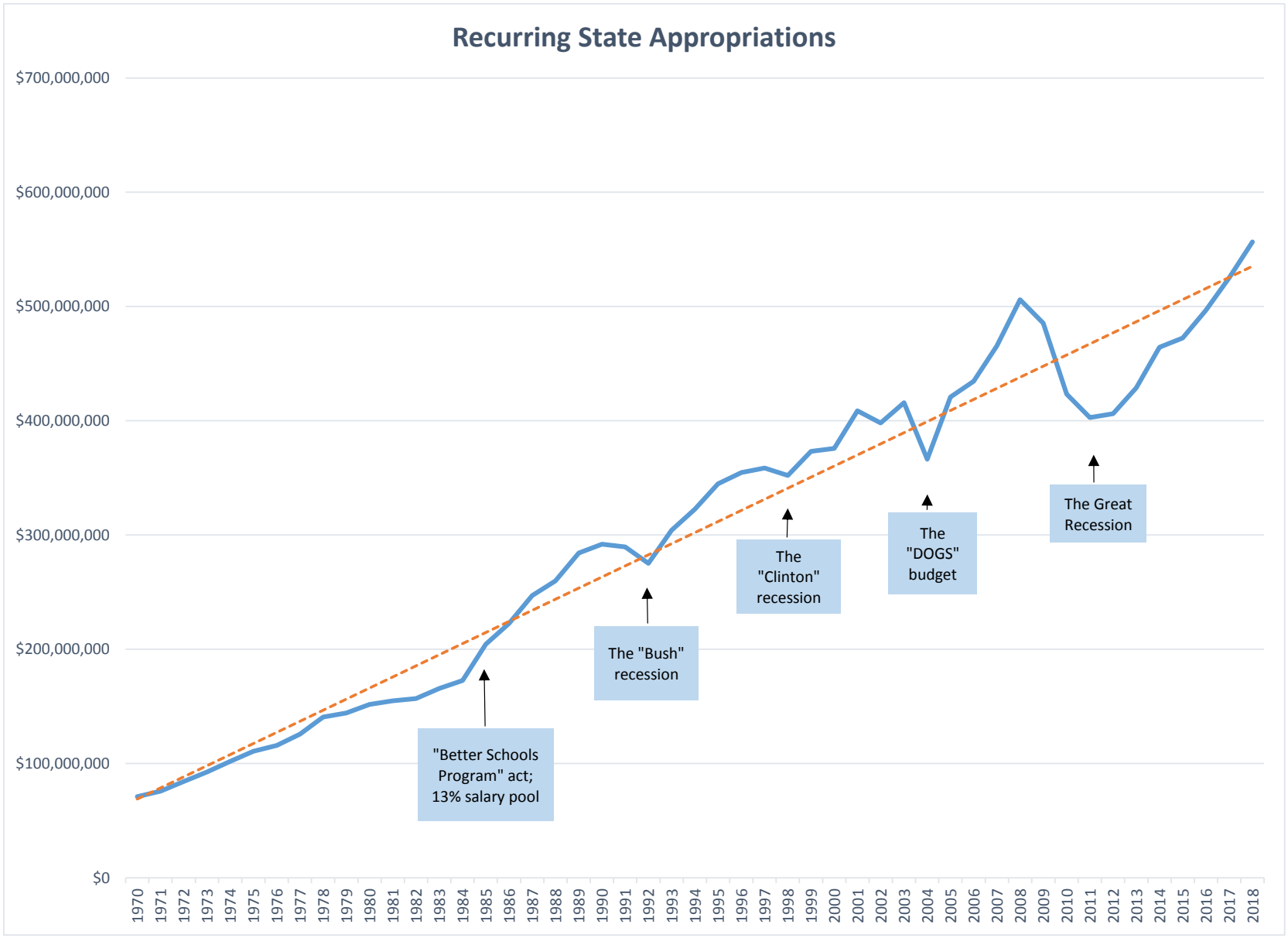
	Original BAG Projections	Actual Financial Results	Difference
State Appropriations	$501.2	$517.4	$16.2
Tuition & Fee Revenues	625.4	655.2	29.8
Other Revenues	989.4	1,041.7	52.3
Total Revenue	**$2,116.0**	**$2,214.3**	**$98.3**
Funding Requirements*	**$2,159.3**	**$2,153.2**	**($6.1)**
Funding Gap: Surplus/(Deficit)	**($43.3)**	**$61.1**	**$104.4**

**"Funding Requirements" include total current fund expenditures, mandatory transfers (debt service), and 20% of the estimated salary gap.*

FY 2024-25
$-millions

	Original BAG Projections	Actual Financial Results	Difference
State Appropriations**	$501.2	$572.5	$71.3
Tuition & Fee Revenues	816.0	854.9	38.9
Other Revenues	1,287.1	1,359.2	72.1
Total Revenue	**$2,604.3**	**$2,786.6**	**$182.3**
Funding Requirements	**$2,981.7**	**$2,908.9**	**($72.8)**
Funding Gap: Surplus/(Deficit)	**($377.4)**	**($122.3)**	**$255.1**

***FY 2017-18 State Appropriations are $572.5M, up $58.1M from FY 2015-16.*


Recurring State Appropriations
$700,000,000
$600,000,000
$500,000,000
$400,000,000
$300,000,000
$200,000,000
$100,000,000
$0
1970 1971 1972 1973 1974 1975 1976 1977 1978 1979 1980 1981 1982 1983 1984 1985 1986 1987 1988 1989 1990 1991 1992 1993 1994 1995 1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018
"Better Schools Program" act; 13% salary pool
The "Bush" recession
The "Clinton" recession
The "DOGS" budget
The Great Recession

THE UNIVERSITY OF TENNESSEE
BOARD OF TRUSTEES

ACTION ITEM

DATE: June 22, 2017

ITEM: **Extension of the Vice Chair's Term**

RECOMMENDATION: Approval

The Bylaws provide that the term of a Vice Chair may be extended beyond the two-year term at the request of the Chair of the Board and upon a majority vote of the total voting membership of the Board. Governor Haslam has requested that Vice Chair Jubran serve another two-year term (through June 30, 2019) coinciding with the remaining term of President DiPietro's employment agreement. Vice Chair Jubran has agreed to the extension of his term subject to the required affirmative vote of the Board. Governor Haslam's request and Vice Chair Jubran's response follow this memorandum.

Motion by a voting Trustee: I move adoption of the following Resolution:

> **RESOLVED: At the request of the Chair of the Board of Trustees and by affirmative vote of the entire voting membership of the Board, the term of Raja J. Jubran as Vice Chair of the Board is extended through June 30, 2019.**

BILL HASLAM
GOVERNOR
STATE OF TENNESSEE

June 9, 2017

Raja J. Jubran
Vice Chair, Board of Trustees
The University of Tennessee
719 Andy Holt Tower
Knoxville, Tennessee 37996-0170

Dear Raja,

Thank you for your outstanding leadership of the Board of Trustees over the past two years. Your commitment of time and energy to the responsibilities of the Board is unsurpassed and has contributed significantly to sustaining the University's forward momentum.

For this reason, I am asking you to continue in the Vice Chair position for another two-year term through the end of President DiPietro's current employment agreement. The excellent working relationship you have with the President is vitally important to the University's continued progress over the next two years.

I hope you will consider my request and allow us to have the benefit of your leadership for another term.

Sincerely yours,

Bill Haslam
Governor and Chair of the Board

STATE CAPITOL • NASHVILLE, TN 37243-0001 • PH: 615.741.2001 • www.tn.gov

RAJA J. JUBRAN
1635 Western Avenue
Knoxville, TN 37921

June 15, 2017

The Honorable William E. Haslam
Governor, State of Tennessee
First Floor, State Capitol
Nashville, TN 37243-0001

Dear Governor Haslam:

Thank you for your trust and confidence. It has truly been an honor to serve The University of Tennessee as Vice Chair of the Board of Trustees. I have enjoyed working with you, the Trustees, and especially President DiPietro.

Your personal commitment and leadership in moving Tennessee forward is inspirational and worthy of great respect. Therefore, with humility and much pride, I accept your request to serve another term as Vice Chair and will do all I can to support Joe and his team. As you know, my acceptance is contingent on an affirmative vote of the Board of Trustees that will take place on June 22, 2017.

Again, thank you for all you do for the University and all other educational institutions in this great state.

Sincerely,

Raja J. Jubran
Vice Chair
UT Board of Trustees

RJJ/bbl

THE UNIVERSITY OF TENNESSEE
BOARD OF TRUSTEES

ACTION ITEM

DATE: June 22, 2017

ITEM: **Interim Committee, Subcommittee, and Chair Appointments**

RECOMMENDATION: Approval

Several appointments or reappointments to the Board are pending at this time, and the Bylaws authorize the Vice Chair to make interim appointments in this circumstance. The Vice Chair proposes to extend all current committee, subcommittee, and chair appointments as an interim measure pending new appointments or reappointments to the Board. When most or all new appointments or reappointments have been made, the Vice Chair will make new two-year appointments to all committees, subcommittees, and chairs, subject to confirmation by the Board at its next meeting.

Motion by a voting Trustee: I move adoption of the following Resolution:

> **RESOLVED: All current committee, subcommittee, and chair appointments are extended pending new appointments or reappointments to the Board and pending new two-year committee, subcommittee, and chair appointments by the Vice Chair, which shall be subject to confirmation by the Board at its next meeting.**

THE UNIVERSITY OF TENNESSEE
BOARD OF TRUSTEES

5

ACTION ITEM

DATE: June 22, 2017

ITEM: **Bylaw Amendments**

RECOMMENDATION: Approval

PRESENTED BY: Catherine S. Mizell
Secretary, Chief of Staff, and Special Counsel

The Board adopted a set of Amended and Restated Bylaws on June 23 2016, largely to achieve consistency with requirements of Public Chapter 753 enacted during the 2016 session of the General Assembly. One further amendment was approved on October 14, 2016 to expand at-large membership on the new Athletics Committee.

Several needed technical or clarifying amendments have been identified over the past year and are shown in the following redlined excerpts from the Bylaws.

The Trusteeship Committee is not meeting in conjunction with this, and therefore the Vice Chair has designated this item for the full Board agenda.

Motion by a voting Trustee: I move adoption of the following Resolution:

> **RESOLVED: The Board of Trustees adopts the Bylaw Amendments as presented in the meeting materials.**

THE UNIVERSITY OF TENNESSEE
BYLAWS

Amended and Restated
Adopted June 23, 2016

As Amended October 14, 2016 and June 22, 2017

Powers of the Board

ARTICLE I

SECTION 1. The Board of Trustees, which is the governing body of The University of Tennessee, shall have full and complete control over its organization and administration, also over its constituent parts and its financial affairs. The Board has all express powers granted by acts of the General Assembly of the State of Tennessee and all implied powers necessary, proper, or convenient for the accomplishment of the University's mission and the responsibilities of the Board, including but not limited to the power to adopt Bylaws and other rules consistent with the constitution and laws of the United States and this state. The Board has express power to take all actions necessary and appropriate to ensure the financial stability and solvency of the University.

All Trustees, both ex officio and appointed, except the non-voting student and faculty trustees and the Executive Director of the Tennessee Higher Education Commission, a non-voting member, shall have a vote on matters coming before the Board or before any committee thereof of which they are members; provided that the President's membership on a standing or special committee or subcommittee shall be as a non-voting member.

Responsibilities of the Board

SECTION 2. (a) The Board shall exercise general control and oversight of The University of Tennessee System and its institutions, delegating to the President the executive management and administrative authority necessary and appropriate for the efficient administration of the system or necessary to carry out the mission of the system; and delegating to each Chancellor the executive management and administrative authority necessary and appropriate for the efficient administration of each institution and its programs, subject to the general supervision of the President. The Board shall not undertake to direct matters of administration or of executive action except through the President.

(b)(1) The Board shall appoint the President of The University of Tennessee System, who shall be the chief executive officer of the system, serving at the pleasure of the Board,

Special Committees

(c) In addition to the standing committees, the Chair or Vice Chair of the Board may appoint special committees for specific assignments. The chair of any special committee shall be designated at the time of appointment.

Composition of Standing Committees

General Requirements

SECTION 2. (a)(1) Except as otherwise provided in these Bylaws, the voting members of the standing committees and subcommittees shall be members of the Board of Trustees; provided that the Board from time to time may appoint other individuals as voting members of a committee or subcommittee if the assistance of others is necessary to carry out the responsibilities of the committee or subcommittee as long as the majority of each committee and subcommittee consists of members of the Board.

(a)(2) A subcommittee shall consist of members of the parent committee unless the appointment of other members of the Board or other individuals is necessary to carry out the responsibilities of the committee or subcommittee.

(a)(3) The Vice Chair of the Board shall be an ex officio, voting member of all standing committees and shall be counted for quorum purposes. The Vice Chair shall also be an ex officio, voting member of all subcommittees but shall be counted for the purpose of determining a quorum only when present.

(a)(4) The President of the University shall be an ex officio, non-voting member of all standing committees, except the Audit and Compliance Committee, but shall not be counted for quorum purposes.

Specific Requirements Applicable to the Composition of Certain Committees

(b)(1) The Executive and Compensation Committee shall be composed of the chairs of the other standing committees of the Board, the immediate past Vice Chair of the Board as an ex officio voting member, and the current Vice Chair of the Board as an ex officio voting member. The current Vice Chair of the Board shall serve as chair of the committee. The President of the University shall serve as an ex officio non-voting member of the committee but shall not be counted for quorum purposes.

(b)(2) The Health Affairs Committee shall be composed of the Vice Chair of the Board, the Chair of the Audit and Compliance Committee, the Chair of the Finance and Administration Committee, and the Chair of the Trusteeship Committee, all of whom shall serve as ex officio voting members, and the President and the Executive Vice

President of the University, both of whom shall serve as ex officio non-voting members of the committee but shall not be counted for quorum purposes.

If one of the ex officio voting members is not from Shelby County or the Ninth Congressional District, a Trustee from Shelby County or the Ninth Congressional District shall be appointed as a voting member of the Committee in accordance with subsection (b)(1) below.

From time to time, the Vice Chair of the Board may recommend to the Board of Trustees that another Trustee with professional or business expertise that would be particularly beneficial to the Health Affairs Committee be appointed as an at-large voting member.

(b)(3) The Athletics Committee shall be composed of the following Trustees: Vice Chair of the Board; Chair of the Academic Affairs and Student Success Committee; Chair of the Audit and Compliance Committee; Chair of the Finance and Administration; and Chair of the Trusteeship Committee, all of whom shall serve as ex officio voting members. From time to time, the Vice Chair of the Board may recommend to the Board of Trustees that up to three additional Trustees with knowledge and experience that would be particularly beneficial to the Athletics Committee be appointed as at-large voting members. The President of the University shall serve as an ex officio non-voting member but shall not be counted for quorum purposes.

(b)(4) All members of the Audit and Compliance Committee shall be financially literate, meaning they shall be able to read and understand fundamental financial statements, including a balance sheet, income statement and cash flow statement. At least one member of the committee shall have extensive accounting, auditing, or financial management expertise. There shall be no overlapping membership of the committee and the Finance and Administration Committee. The Vice Chair of the Board shall serve as an ex officio member of the Audit and Compliance Committee but shall not be counted for quorum purposes. The President shall not serve as a member of the committee but shall attend meetings if requested by the Committee Chair.

The Audit and Committee may be composed of one external member who satisfies the membership requirements stated in the preceding paragraph. An external member must have extensive accounting, auditing, or financial management expertise. An external member may not serve as Chair of the Audit and Compliance Committee.

(b)(5) The faculty senate presidents and the student government association presidents shall serve as ex officio non-voting members of the Academic Affairs and Student Success Committee but shall not be counted for quorum purposes.

(b)(6) A representative of the professional staff of the Institute of Agriculture, the Institute of Public Service, and the Health Science Center shall be appointed by the Vice Chair of the Board, upon the recommendation of the President, as non-voting members of the Research, Outreach and Economic Development Committee but shall not be counted for quorum purposes.

Appointment of Standing Committees, Subcommittees, and Committee Chairs

(c)(1) At the Annual Meeting of the Board, upon the recommendation of the Vice Chair, the Board shall appoint the members and chairs of the standing committees and subcommittees for a two-year term. The Vice Chair shall consult with the chair of a standing committee on the recommendation for appointment of the chair and members of a subcommittee. Competencies and professional or business expertise of members and previous Board and committee experience of members, together with any special qualifications required by these Bylaws for certain committees, will be considered in committee, subcommittee, and chair appointments.

(c)(2) No Trustee may serve more than two consecutive two-year terms as chair of the same committee or subcommittee except for good cause upon a majority vote of the total voting membership of the Board.

(c)(3) If a vacancy occurs in a committee, subcommittee, or chair position prior to expiration of the two-year term, the Vice Chair shall appoint a Trustee to fill the remainder of the term.

(c)(4) If appointments or reappointments to the Board are pending at the end of the two-year term, standing committee, subcommittee, and chair appointments shall continue beyond the end of the term. When the pending appointments or reappointments have been made, ~~T~~the Vice Chair is authorized to make interim committee, subcommittee, and chair appointments~~, at the end of the two-year term if appointments or reappointments to the Board are pending. The interim appointments~~ which shall be subject to confirmation by the Board at its next meeting.~~when all appointments or reappointments have been made.~~

(c)(5) The Vice Chair is authorized to appoint a chair *pro tempore* of any standing committee or subcommittee when necessary.

Meetings of Standing Committees and Subcommittees

Required

SECTION 3. (a) The standing committees and subcommittees shall meet as often as necessary to carry out their responsibilities but no less often than twice annually. At the

accounts; sale of gift property at or above the appraised value; grant of easements and rights-of-way; and ratification of quasi-endowments.

Consent agenda items shall be separately identified on the committee agenda, and before calling for a motion to approve, the committee chair shall ask if any member of the committee wants to remove an item from the consent agenda. Requests for clarification or other questions about an item on the consent agenda must be presented to committee staff before the meeting. An item will not be removed from the consent agenda solely for clarification or other questions.

(e)(1) If any committee member asks that an item be removed from the consent agenda, the item will be separately considered and voted on by the committee. If the item is approved by the committee and requires approval by the full Board, it will be placed on the consent agenda for the full Board meeting.

(e)(2) If there is no request to remove an item from the consent agenda, the consent agenda shall be voted on by a single motion, and if the motion carries, all items will go forward to the consent agenda of the full Board meeting.

Quorum

(f) A majority of the voting members of each standing committee, subcommittee, or special committee shall constitute a quorum. In the absence of a quorum, those attending may adjourn the meeting until a quorum is present.

Open Meetings

(g) Meetings of standing committees, subcommittees, and special committees authorized to make decisions for or recommendations to the Board shall be open to the public except as authorized by a statutory or judicially recognized exception to the Tennessee Open Meetings Act.

Minutes

(h) Minutes shall be made of meetings of all standing committees, subcommittees, and special committees authorized to make decisions for or recommendations to the Board, and the minutes shall be provided to all members of the committee or subcommittee. Minutes of the Executive and Compensation Committee shall be provided to all members of the Board.

Purpose and Responsibilities of Standing Committees and Subcommittees

SECTION 4. The general purpose of each standing committee and subcommittee is described in the following sections. Specific responsibilities and, if applicable, powers of

standing committees and subcommittees shall be included in the standing committee's charter, which shall be approved by the Board of Trustees or the Trusteeship Committee~~, as provided in Article III, Section 1(b) of these Bylaws~~.

Executive and Compensation Committee

SECTION 5. The Executive and Compensation Committee shall have the following general purposes: (1) to ensure that the Board fulfills the University's responsibilities; (2) to oversee University policy, the work of other standing committees, the University's planning process, and the President's performance, welfare, and compensation; (3) to oversee and monitor the University's commitment to and compliance with the state's plans and objectives for higher education; (4) to approve acquisitions and disposals of real property; and (~~5~~4) to act for the Board on any matter when necessary between meetings of the Board.

Trusteeship Committee

SECTION 6. The Trusteeship Committee shall have the following general purposes: (1) to stay informed about governance issues; (2) to propose implementation of governance best practices; and (3) to organize the working processes of the Board.

Finance and Administration Committee

SECTION 7. (a) The Finance and Administration Committee shall have the following general purposes: (1) to provide oversight for the University's finances, business, and facilities; (2) to advise the Board on the state of the University's financial operations, budgetary allocations, student tuition and fees, personnel policies, investment performance strategy and returns, and facilities; and (3) to ensure the University operates within available resources and applicable federal, state, and University policies in a manner supportive of the University's strategic plan.

(b) The Finance and Administration Committee shall have the following subcommittees:

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

which has power to remove the President at any time, subject to the terms of any written employment contract approved by the Board.

(b)(2) The Board shall define the duties of the President, including administrative duties with respect to the system and the individual institutions and, within budgetary limitations, fix the President's compensation and other terms of employment.

(c)(1) The Board shall approve, upon the recommendation of the President, the appointment of Chancellors and other positions designated by these Bylaws as University Officers and, within budgetary limitations, approve their initial compensation and other terms of employment; provided that if an individual other than the General Counsel is proposed for appointment to the office of Secretary, the Board's approval shall be upon the recommendation of the Vice Chair of the Board.

(c)(2) The Board has power to remove a Chancellor at any time. The President also has power to remove a Chancellor at any time without the approval of the Board.

(c)(3) The Board alone has power to remove the Chief Financial Officer and the General Counsel, which shall require a simple majority vote if recommended by the President and a two-thirds vote if not recommended by the President. (See Article IV, Section 8(b) concerning the authority of the Board alone to remove the Executive Director of the Office of Audit and Compliance.)

(c)(4) The Board alone has power to remove the Secretary if held by an individual other than the General Counsel, which shall require a simple majority vote if recommended by the Vice Chair of the Board and a two-thirds vote if not recommended by the Vice Chair.

(d) The Board of Trustees is vitally interested in the welfare, safety, and conduct of University students and is dedicated to the maintenance of an environment that preserves conditions conducive to the normal education processes and to the welfare and safety of students and others. The Board of Trustees expressly delegates to the President and Chancellors the authority to prescribe and enforce policies, rules, and regulations concerning rights, responsibilities, conduct, and discipline of students at the various campuses and facilities of the University, subject to applicable federal and state law and specifically subject to the requirement that certain rules be promulgated under the Uniform Administrative Procedures Act, which may include approval by the Board. The President, Chancellors, and Vice Presidents are authorized to take any lawful action necessary to protect life and property at the several campuses and facilities.

(e) The Board delegates direct responsibility for administration and control of the intercollegiate athletics programs to the Chancellor of each campus with an intercollegiate athletics program. The Board, with its Athletics Committee, shall exercise oversight of the intercollegiate athletics programs and, through the President, hold the

Chancellors accountable for the appropriate execution of their responsibility for administration and control of those programs. From time to time, the Board may adopt a policy detailing its oversight role and specific responsibilities of the Chancellors and the athletics departments.

(f) All matters involving ordinary repairs, changes, adjustments and improvements for the purpose of putting and keeping in good condition the buildings, grounds and equipment of the University, wherever located, for their efficient use are delegated to the University administration, subject to compliance with all applicable state laws and University policies.

(g) The President, Chancellors, and other University officials designated by the President are authorized to confer degrees at commencement ceremonies held at various times throughout the year. The Chancellors are authorized to revoke a degree if the degree was awarded in error or if degree revocation is imposed pursuant to University policies and procedures as a disciplinary penalty for academic or research misconduct.

(h) The Board reserves to itself, or to the Executive and Compensation Committee when necessary between Board meetings, the authority to approve the following:

(1) The scope of the educational opportunities to be offered by the University; provided that the planning and development of curricula shall be the function of the faculties;

(2) Creation of legal entities that will bear the University's name, and the governance structure of such entities;

(3) Guidelines governing the administration's submission of a proposed annual operating budget and appropriations request to state agencies and officials;

(4) Proposed capital outlay budgets and requests for capital outlay appropriations prior to their submission to other state agencies and officials;

(5) Final capital outlay budget for the next fiscal year after the General Assembly has enacted annual appropriations for the University;

(6) Final operating budget for the next fiscal year after the General Assembly has enacted annual appropriations for the University, thereby confirming the salaries of all employees of the University system and each institution;

(7) Student tuition and fees for which Board approval is required by Board policy and proposed discounts of student tuition and fees unless mandated by state law;

(8) Policies and procedures governing the granting and removal of tenure for faculty members;

(9) Granting tenure to eligible members of the faculty upon the positive recommendation of the President;

(10) General admission, progression, retention, and graduation requirements;

(11) Naming buildings and other assets of the University, except as delegated to the administration by Board policy;

(12) Granting honorary degrees; and

(13) All other matters on which a standing committee of the Board is required to make a recommendation to the Board under Article III of these Bylaws or under a committee charter.

Duty of Trustees to Keep Informed

SECTION 3. Each Trustee, so far as time will permit, shall keep informed as to the work of the University and its several campuses and institutes, both educational and business.

Officers of the Board

SECTION 4. The officers of the Board shall be a Chair and a Vice Chair.

(a) The Governor of the State of Tennessee, who is an ex officio voting member of the Board, shall serve as ex officio Chair of the Board.

(b) The Vice Chair shall be a member of the Board and shall be elected by the Board at the annual meeting to serve for two years, beginning July 1 of the year elected. In the event of a vacancy in the office of Vice Chair before expiration of the term, the Chair of the Board shall appoint a Vice Chair *pro tempore* until a successor is elected to fill the unexpired term at the next meeting of the Board following creation of the vacancy. The Vice Chair shall not be eligible to succeed himself after serving a two-year term; provided that at the request of the Chair of the Board, the term of a Vice Chair may be extended beyond the two-year term upon a majority vote of the total voting membership of the Board.

(c) The Chair shall preside when present at meetings of the Board; provided that the Chair may ask the Vice Chair to preside at any meeting. The Chair shall perform such other duties as may, from time to time, be prescribed by the Board and by these Bylaws.

(g) Duties of the Secretary. Unless the office of Secretary is held concurrently by the General Counsel, the Secretary shall act under the supervision of and report directly to the Vice Chair of the Board and may hold such additional titles as the Vice Chair deems appropriate (for example, Chief of Staff). The Secretary of the University shall perform the following duties related to the business of the Board:

(1) Assist the President and the Vice Chair in preparing an agenda for each meeting of the Board and of the Executive and Compensation Committee, in accordance with the provisions of Article II, Section 7.

(2) Record all calls for meetings of the Board and of the Executive and Compensation Committee, and notify all Trustees of all meetings of the Board and of the Executive and Compensation Committee in accordance with the provisions of Article II, Sections 5 and 6.

(3) Attend all meetings of the Board and of the Executive and Compensation Committee, take and preserve in a proper minute book the minutes of those meetings, and send a copy of the minutes to all Trustees.

(4) Notify the members of all special committees created by the Board of their appointment.

(5) Maintain a current set of the Bylaws of the University and a record of all Bylaw amendments.

(6) Maintain a record of the dates of Trustee appointments and the dates of the expiration of their terms of office.

(7) Maintain a copy of any written report made by the committees of the Board.

(8) Maintain all records pertaining to the business of the Board, except as otherwise provided.

(9) Assist the President in seeing that all orders and resolutions of the Board and of the Executive and Compensation Committee are made effective; and

(10) Perform such other duties as may be directed by the Board, the Chair, the Vice Chair, the Executive and Compensation Committee, or the President; and assist the Board, its officers, and committees in discharging their duties.

With approval of the ~~President~~Vice Chair, the Secretary may appoint one or more assistant secretaries to assist in performing the duties of the office. In the absence of the Secretary and an assistant secretary from any meeting of the Board or of the Executive

THE UNIVERSITY OF TENNESSEE
BOARD OF TRUSTEES

ACTION ITEM

6

DATE: June 22, 2017

ITEM: **FY 2018 Operating Budget, Student Tuition and Fees, and Compensation Procedures for Additional Salary Increases during the Fiscal Year**

RECOMMENDATION: Approval

PRESENTED BY: David L. Miller, Chief Financial Officer

The proposed FY 2018 Operating Budget, Student Tuition and Fees, Compensation Procedures for Additional Salary Increases during the Fiscal Year are presented in the following materials. The formal Resolution of approval appears below.

Because of the importance of this item, the Vice Chair has placed it on the full Board agenda for presentation, discussion, and action.

Motion by a voting Trustee: I move adoption of the Resolution "FY 2018 Operating Budget, Student Tuition and Fees, and Compensation Procedures for Additional Salary Increase during the Fiscal Year" as presented in the meeting materials.

RESOLUTION OF
THE UNIVERSITY OF TENNESSEE
BOARD OF TRUSTEES
June 22, 2017

FY 2018 Operating Budget, Student Tuition and Fees, and Compensation Procedures for Additional Salary Increases during the Fiscal Year

WHEREAS, the Bylaws require the Board of Trustees to approve an annual operating budget for the University; and

WHEREAS, the proposed FY 2018 Educational and General (E&G) budget is balanced and within available resources, as is the budget for Auxiliary Enterprises; and

WHEREAS, the proposed budget complies with all applicable policies and guidelines; and

WHEREAS, the administration needs to be able to respond quickly and effectively to a significant budget shortfall due to a state impoundment of funds or appropriation rescission; and

WHEREAS, mandatory furloughs without pay, reduction of time worked, across-the- board salary reductions, and similar salary-related measures may be required to address budget reductions or a budgetary shortfall; and

WHEREAS, the Bylaws further require the Board of Trustees to approve student tuition and fees;

NOW THEREFORE BE IT RESOLVED that:

1. The FY 2018 Operating Budget is approved with the understanding that if the General Assembly or the Department of Finance and Administration further alters the FY 2018 appropriations or if changes in estimated resources require, the budget shall be modified accordingly so expenditures will not exceed available resources. All such changes shall be reported in a Revised Budget presented to the Board for approval.

2. The FY 2018 student tuition and fee schedules, course-related fees, and other dedicated student fees presented in the FY 2018 operating budget are approved.

3. The FY 2018 salary and wage compensation plan and the FY 2018 Compensation Procedures for Additional Salary Increases during the Fiscal Year are approved.

4. Any additional general salary increases that exceed the FY 2018 salary and wage plan may only be granted upon approval by the Board of Trustees.

5. The Board of Trustees expressly authorizes the campus, institute and unit administrations, in response to budget reductions or a budgetary shortfall, to implement mandatory furloughs without pay, reduction of time worked, across-the-board salary reductions, and similar salary-related measures during FY 2018, subject to approval by the Executive and Compensation Committee, the President, and the Treasurer and Chief Financial Officer in consultation with the General Counsel and Human Resources.

6. Any remaining Unrestricted Current Fund balances may be considered as a reserve for contingencies to be used for the following purposes, provided that all such changes shall be reported in a Revised Budget presented to the Board for approval:

   a. Employing additional staff where enrollments and reorganization requirements warrant;

   b. Modifying departmental operating budgets where changing conditions during the year require funding adjustments;

   c. Funding to make salary adjustments for personnel as may be necessary during the year in keeping with state and university salary guidelines;

   d. Improving physical facilities for academic and research departments as opportunities arise;

   e. Mandated cost increases; and

   f. State impoundment of funds or appropriations rescission during the budget year.

Adopted by the Board of Trustees, this 22rd day of June, 2017.

6

FY 2017-18 Proposed Budget

June 22, 2017

THE UNIVERSITY OF TENNESSEE

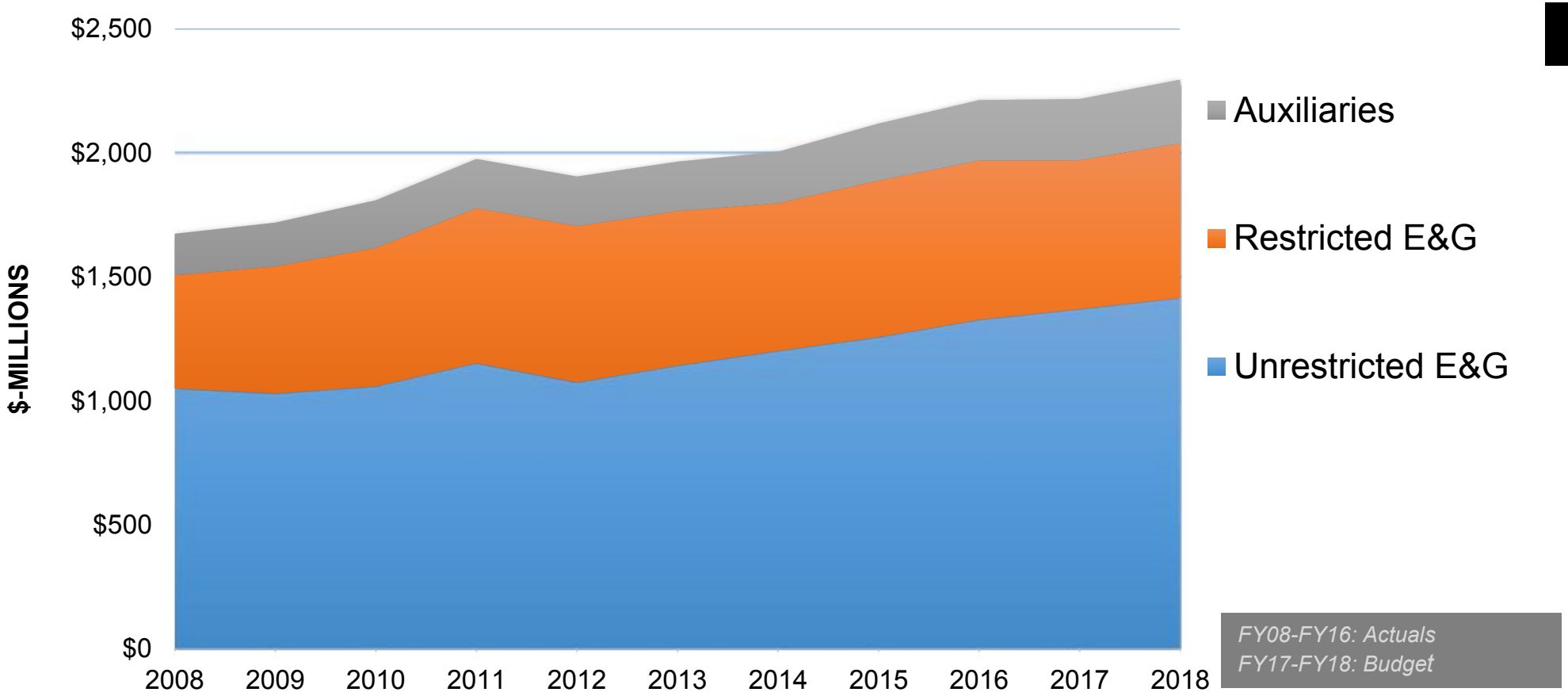
- The Proposed Budget is balanced and within available resources
- In-state UG tuition up 1.8% *(first time in UT System history that increases have been 3% or less for three consecutive years)*
- Funding for faculty & staff salary increases
- Unrestricted recurring state funding up $31.2 million

Total Current Funds

Unrestricted and Restricted

E&G and Auxiliary

Revenue Trends
All Current Funds

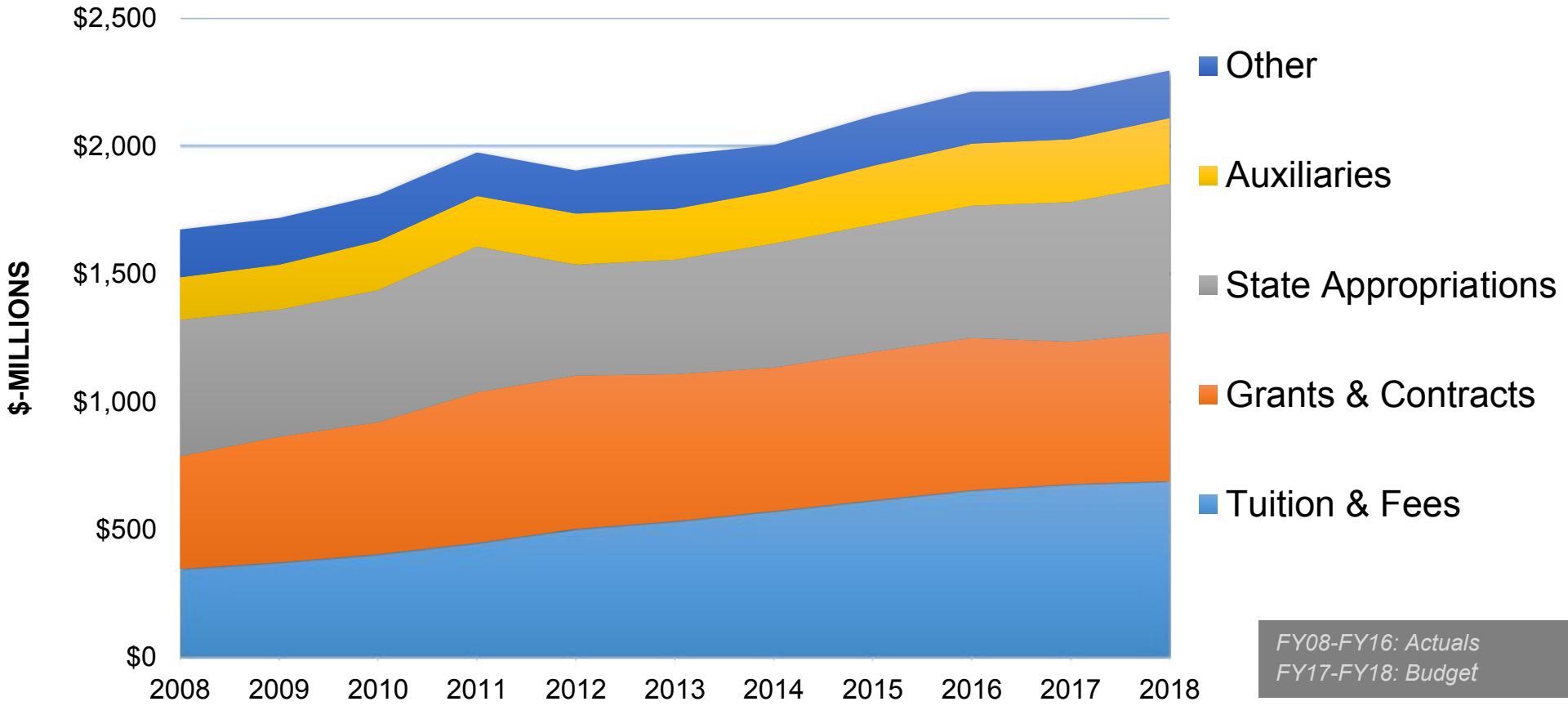


Current Fund Revenue Budgets

$-millions

Funding Sources	FY 2017	FY 2018	Change	
Unrestricted E&G	$1,371.3	$1,416.1	$44.8	3.3%
Restricted E&G	600.1	623.2	23.1	3.8%
Auxiliaries	246.4	257.0	10.6	4.3%
TOTAL	**$2,217.8**	**$2,296.3**	**$78.5**	**3.5%**

Revenue Trends
All Current Funds



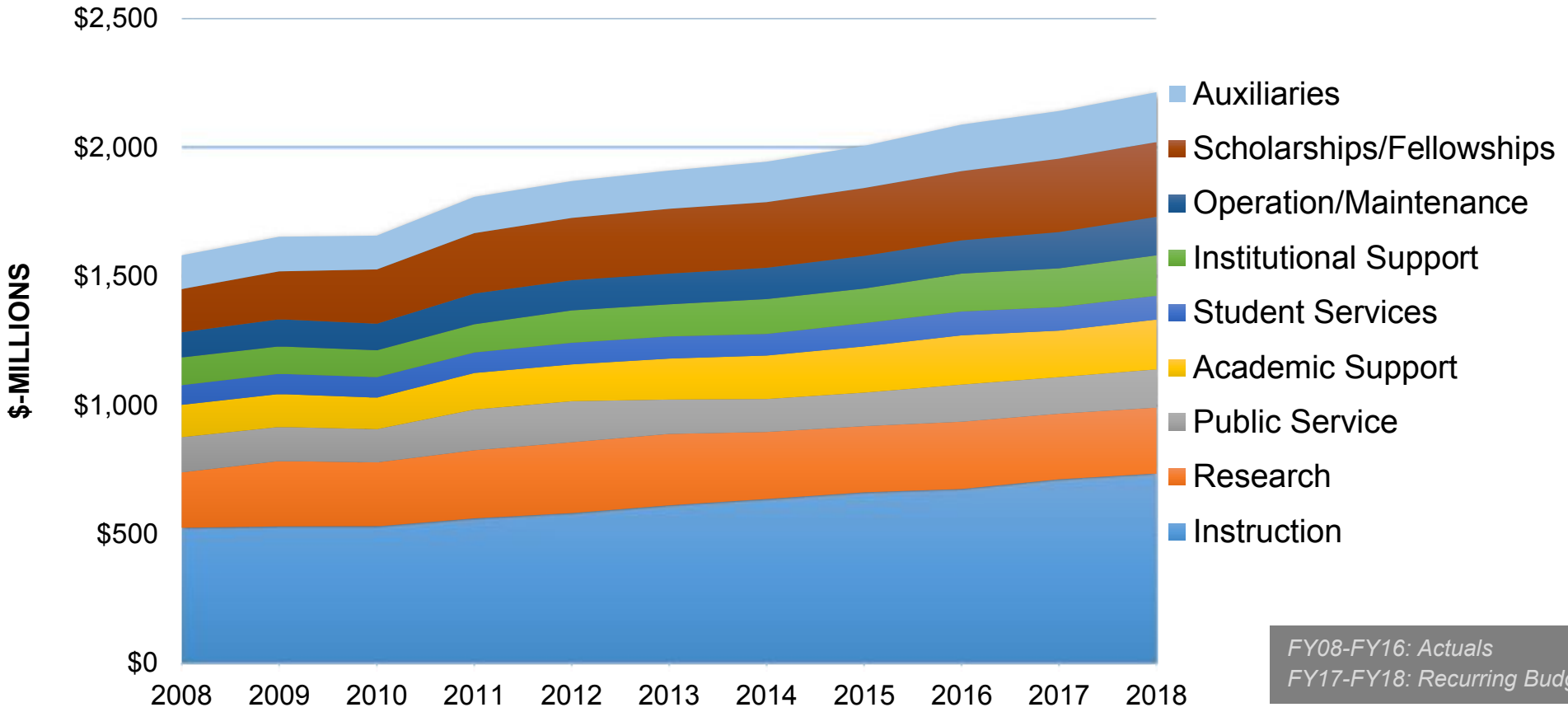
FY08-FY16: Actuals
FY17-FY18: Budget

Current Fund Revenue Budgets

$-millions

Funding Sources	FY 2017	FY 2018	Change	
Tuition & Fees	$678.6	$690.7	$12.1	1.8%
State Appropriations	546.2	582.5	36.3	6.6%
Grants & Contracts	556.8	580.6	23.8	4.3%
Auxiliaries	246.4	257.0	10.6	4.3%
Other	127.3	125.0	(2.3)	(1.8%)
Sales of Educational Svcs	62.5	60.5	(2.0)	(3.2%)
TOTAL	**$2,217.8**	**$2,296.3**	**$78.5**	**3.5%**

Expenditure Trends
All Current Funds



FY08-FY16: Actuals
FY17-FY18: Recurring Budget

Recurring Current Fund Expenditure Budgets

$-millions

Functional Area	FY 2017	FY 2018	Change	
Instruction	$712.3	$735.5	$23.2	3.3%
Research	255.0	256.0	1.1	0.4%
Public Service	141.7	147.6	5.9	4.2%
Academic Support	181.2	193.5	12.3	6.8%
Student Services	90.6	92.7	2.1	2.3%
Institutional Support	150.9	156.6	5.7	3.8%
Operations/Maintenance	140.3	149.5	9.2	6.5%
Scholarships/Fellowships	284.5	290.1	5.6	2.0%
Auxiliaries	185.7	193.5	7.8	4.2%
TOTAL	**$2,142.2**	**$2,215.1**	**$72.9**	**3.4%**

6

Unrestricted E&G Funds

Unrestricted E&G funds support the core functions of the university.

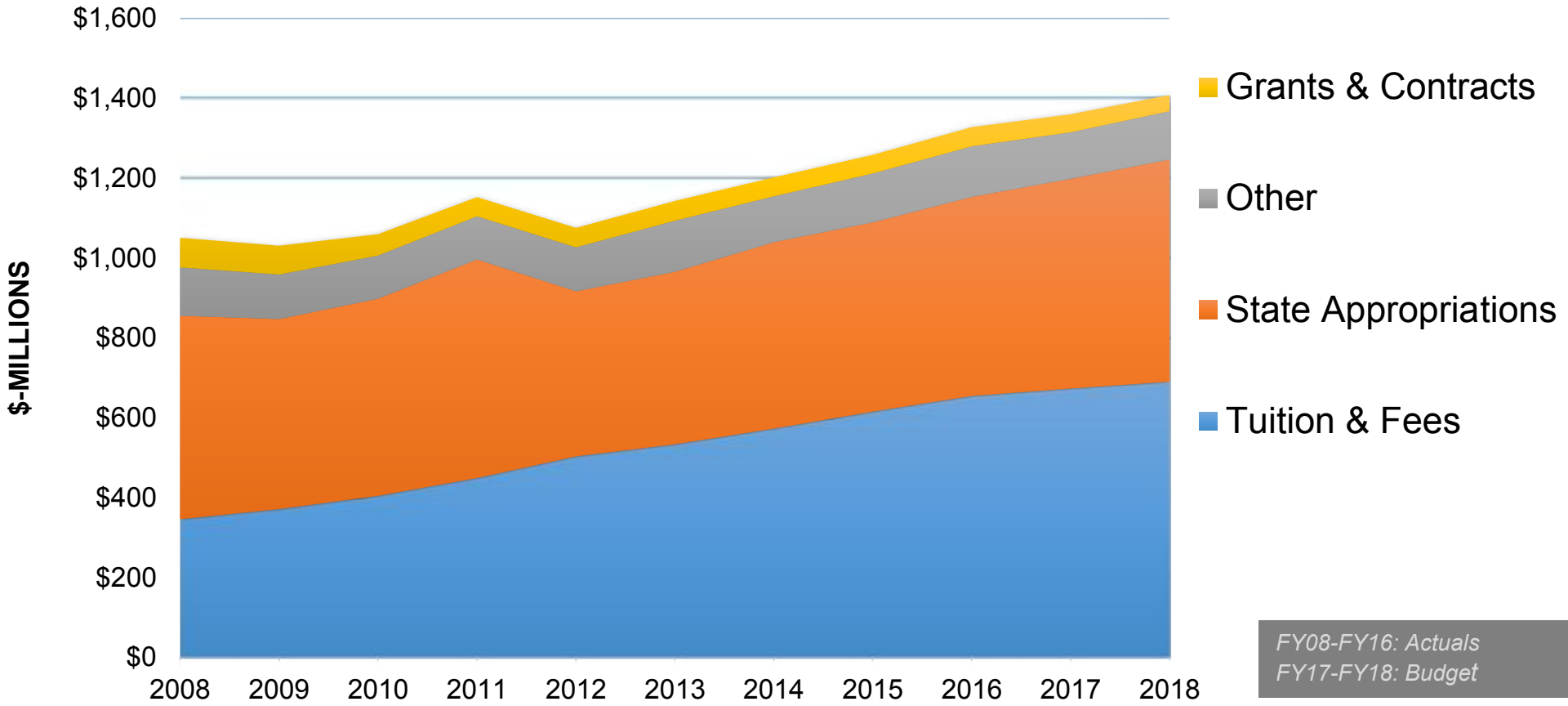
Unrestricted E&G Sources & Uses

$-millions

Beginning Balances	$ 87.8
Revenues	1,416.1
AVAILABLE FUNDS	**$ 1,503.9**
Expenditures	$ 1,406.6
Transfers	10.4
EXPENDITURES & TRANSFERS	$ 1,417.0
ENDING BALANCES	**$ 86.9**

Balances include working capital, encumbrances, revolving funds, reappropriations, and unallocated “rainy day” funds. The ending unallocated balance is $36.3M, which is 2.56% of expenditures & transfers.

Revenue Trends
Unrestricted E&G Funds



FY08-FY16: Actuals
FY17-FY18: Budget

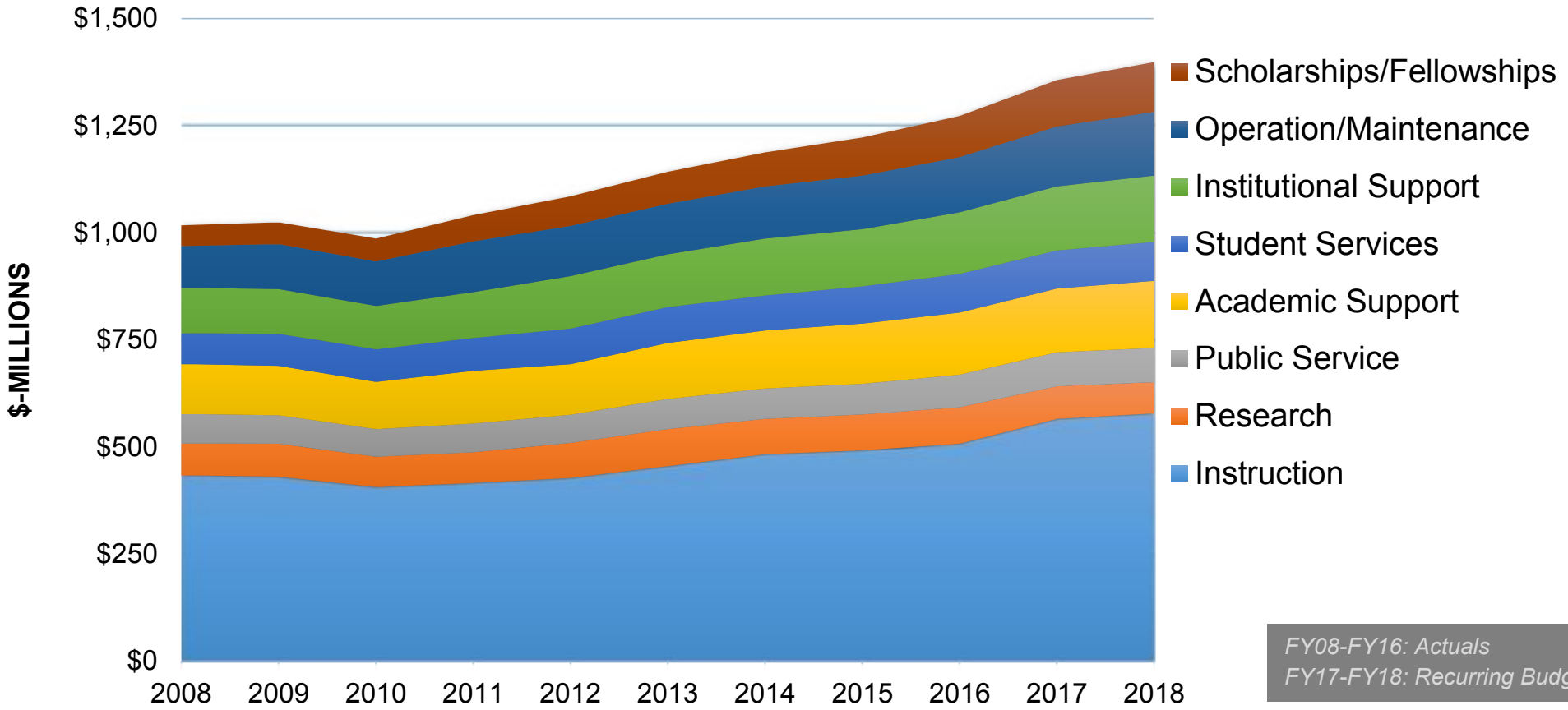
Unrestricted E&G Revenue Budgets

$-millions

Funding Sources	FY 2017	FY 2018	Change	
Tuition & Fees	$678.6	$690.7	$12.1	1.8%
State Appropriations	527.6	563.7	36.1	6.8%
Educational Services	62.5	60.5	(2.0)	(3.2%)
Other	57.0	56.1	(0.9)	(1.6%)
Grants & Contracts	45.6	45.1	(0.5)	(1.0%)
TOTAL	**$1,371.3**	**$1,416.1**	**$44.8**	**3.3%**

Expenditure Trends
Unrestricted E&G Funds

6



FY08-FY16: Actuals
FY17-FY18: Recurring Budget

THE UNIVERSITY OF TENNESSEE

Recurring Unrestricted E&G Expenditure Budgets

$-millions

Functional Area	FY 2017	FY 2018	Change	
Instruction	$565.4	$578.4	$12.9	2.3%
Research	76.0	72.7	(3.3)	(4.3%)
Public Service	79.8	79.9	0.1	0.1%
Academic Support	148.9	157.1	8.2	5.5%
Student Services	88.9	90.9	2.0	2.3%
Institutional Support	149.3	154.8	5.5	3.7%
Operations/Maintenance	139.9	149.0	9.1	6.5%
Scholarships/Fellowships	108.5	115.7	7.2	6.7%
TOTAL	**$1,356.7**	**$1,398.5**	**$41.8**	**3.1%**

Proposed Budget Document

FY 2017 – 2018

THE UNIVERSITY of TENNESSEE

KNOXVILLE • CHATTANOOGA • MARTIN • MEMPHIS • TULLAHOMA

THE UNIVERSITY *of* TENNESSEE

Chattanooga

Knoxville
Space Institute

Martin

Health Science Center

Institute of Agriculture
Agricultural Experiment Station
Extension
College of Veterinary Medicine

Institute for Public Service
Institute for Public Service
Municipal Technical Advisory Service
County Technical Assistance Service

System Administration

THE UNIVERSITY OF TENNESSEE

Contents

MESSAGE FROM THE CFO	A-2
OVERVIEW	A-3
UNRESTRICTED E&G REVENUES	A-4
UNRESTRICTED E&G EXPENDITURES	A-8
AUXILIARY ENTERPRISES	A-11
FY 2018 SALARY PLAN	A-12
UNRESTRICTED NET ASSETS	A-13
SUPPORTING BUDGET SCHEDULES	B-1
TUITION AND FEE SCHEDULES	C-1

Message from the CFO

The FY 2017-18 proposed operating budget allocates available funding to the University's current operations for the fiscal year beginning July 1, 2017 and ending June 30, 2018. It is the result of input from hundreds of dedicated faculty, staff, students and citizens involved in setting priorities for the University's campuses, colleges, and institutes across the state of Tennessee.

This will be the third year of Dr. DiPietro's program to achieve long-term financial sustainability. As a result, tuition increases have been held to the rate of inflation for the third year in a row. Tuition for in-state undergraduates will go up by only 1.8%, the lowest increase since 1984. FY 2016 through FY 2018 will set a new record for the lowest tuition increases of any consecutive three year period in the history of the UT System.

This would not be possible without the support of the Governor and General Assembly during this year's appropriations process. Appropriations for current operations increased 5.8%. The state's budget includes Complete College Tennessee Act (CCTA) formula funding gains made by UT's three "formula units" - Chattanooga, Knoxville, and Martin. The formula units also received partial funding for a 3% salary increase pool (55%). The remainder of the pool will be funded through tuition increases. UT's non-formula units received full funding for 3% salary increase pools, but no new funding for operating inflation.

Newly funded programs include $6 million of one-time startup funding for a new doctoral program in Computational Sciences & Data Analytics in the Bredesen Center which will eventually become self-sustaining. The County Technical Assistance Service (CTAS) will receive $500,000 recurring for a new program to educate and certify county finance officers.

The state funding gains represent only 1.4% of total current fund revenues. A blend of other revenue streams are required to support the complex variety of programs and services offered by UT's campuses and institutes that connect with students, citizens, businesses, and communities in every one of Tennessee's 95 counties. These funding sources include student tuition and fees, grants and contracts, auxiliary fee revenues, sales of educational services, gifts, and endowment earnings.

Student tuition and fee revenues are budgeted to increase $12.1 million (1.8%). The funds will be allocated to the unfunded portion of the 3% faculty and staff salary increase pools, scholarships, student services, instructional support, faculty and staff positions and promotions, facilities, and equipment.

FY 2017-18 will be one of the strongest years ever for capital appropriations. It includes $90.3 million for the UTK Engineering Services Building, $58.5 million for the UT Martin STEM Classroom Building, and $57.7 million for eleven capital maintenance projects. (Details on capital funding are presented in a separate document.)

Revenue and expenditure data for each operating unit are provided in this budget document. Also included are detailed schedules on tuition and fees. A separate publication containing detailed supporting schedules is available in printed or electronic format.

Respectfully,

David L. Miller

David L. Miller
Chief Financial Officer

FY2018 PROPOSED BUDGET

THE FY 2018 EDUCATIONAL AND GENERAL (E&G) AND AUXILIARY ENTERPRISES PROPOSED BUDGETS ARE BALANCED AND WITHIN AVAILABLE RESOURCES.

FY 2018 Quick Facts	
Enrollment	49,387
Capital Outlay	$ 148.8M
Capital Maintenance	$ 57.7M

Total Current Funds	
Revenues	$2.296B
Tuition & Fees	$690.7M
% of Revenues	30.1%
State Appropriations	$582.5M
% of Revenues	25.4%
Positions	14,207
Unrestricted E&G Funds	
Revenues	$1.416B
Tuition & Fees	$690.7M
% of Revenues	48.8%
State Appropriations	$563.7M
% of Revenues	39.8%
Positions	10,159

Overview

The University of Tennessee FY 2018 proposed budget revenues total $2.3 billion: $1.4 billion in unrestricted educational and general (E&G) funds, $623 million in restricted E&G funds and $257 million in auxiliary funds. This is a 3.5% increase from the FY 2017 probable budget. The largest increases are tuition and fee revenues, state appropriations, and UTK auxiliary operations.

TOTAL REVENUE
(*$ millions*)

Revenue Source	FY2017 Probable	FY2018 Proposed	Change	
Unrestricted E&G	$ 1,371.3	$ 1,416.1	$44.8	3.3%
Restricted E&G	600.1	623.2	23.1	3.8%
Auxiliaries	246.4	257.0	10.6	4.3%
Total	**$ 2,217.8**	**$ 2,296.3**	**$78.5**	**3.5%**

Amounts may not add due to rounding.

Unrestricted education and general funds (Unrestricted E&G) support the core operations of the university: instruction, research, public service, academic support, student services, institutional support, facilities operations and maintenance, and scholarships and fellowships. They are funded primarily through tuition and student fees, state appropriations, and other sources including grants and contracts, federal and local appropriations, sales and services, and investment income.

Restricted funds must be used in accordance with purposes established by an external party; primarily grants, contracts, gifts and endowments.

Auxiliaries are self-supporting enterprises which furnish services to students, faculty, and staff such as housing, bookstores, food services and UTK athletics.

FY2018 PROPOSED BUDGET

Unrestricted E&G Revenues

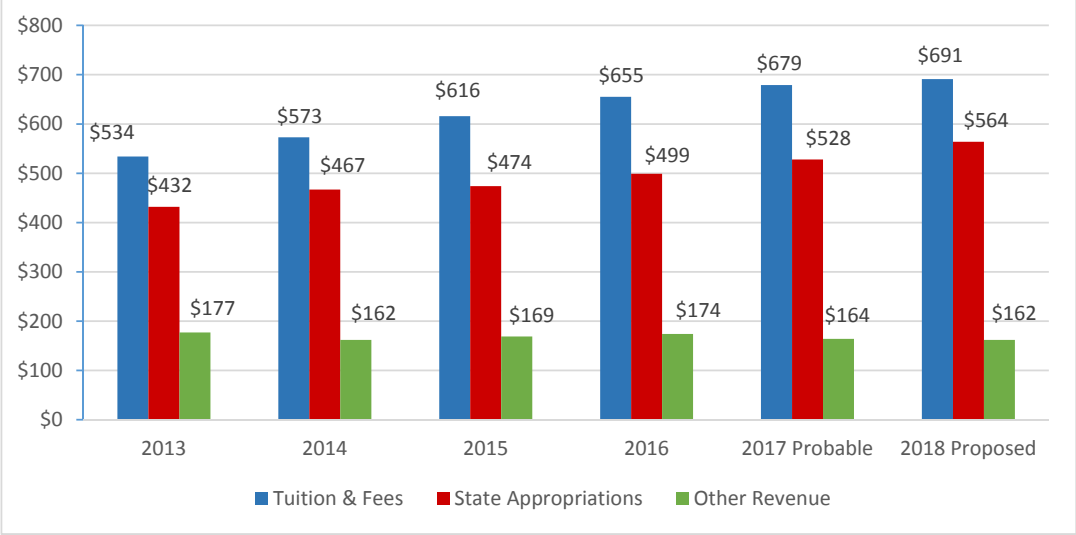
Unrestricted E&G Revenue Summary

Revenue Source	FY2017 Probable	FY 2018 Proposed	Change	
Tuition & Fees	$ 678,633,653	$ 690,740,078	$ 12,106,425	1.8%
State Appropriations	527,569,249	563,650,449	36,081,200	6.8%
Other Revenues	165,089,389	161,720,927	-3,368,462	-2.0%
Total E&G Revenues	**$ 1,371,292,291**	**$ 1,416,111,454**	**$ 44,819,163**	3.3%

Unrestricted E&G revenues are up $44.8 million with the largest increase coming from state appropriations ($36.1 million) followed by tuition and fees ($12.1 million). This reverses a long-term trend of flat or declining state funding offset by large increases in tuition and fees. The small decrease in other revenues is due to a budget reclassification discussed in a following section.

Unrestricted E&G Revenue History

($ millions)



Trends in state appropriations and tuition and fees are critical to the core operations of the university. Their percentage share of total unrestricted E&G revenues has increased slightly over recent years from a typical range of 85% to 86% over the past decade to 88.6% in FY 2018. Tuition and fee revenue increased its share of total funding dramatically from FY 2008 to FY 2012 as state appropriations dropped more than $125 million. An improving economy and commitment to funding higher education on the part of state leaders halted this trend (state funding increased slightly from 38% in FY 2013 to 40% in FY 2018).

FY2018 PROPOSED BUDGET

Tuition and Fee Revenues

Fee Type	FY17 Probable	FY18 Proposed	Change	
Maintenance Fees	$ 484,897,286	$ 491,914,898	$ 7,017,612	1.4 %
Non-Resident Tuition	70,639,043	70,440,865	(198,178)	(.3) %
Program and Service Fees	67,077,723	71,647,048	4,569,325	6.8 %
Other Student Fees	48,542,608	48,387,028	(155,580)	(.3) %
Extension Enrollment Fees	7,476,993	8,350,239	873,246	11.7 %
Total Tuition and Fees	**$ 678,633,653**	**$ 690,740,078**	**$ 12,106,425**	**1.8 %**

Tuition and fees at UT campuses remain competitively priced relative to peer institutions and the value of a UT degree is widely recognized. UT Martin was ranked 17th in the Washington Monthly's list of "Best Bang for the Buck Southern Colleges" and has been named a "Best of the Southeast" school by The Princeton Review for 14 consecutive years. UT Knoxville was recognized by Kiplinger's Personal Finance and The Princeton Review for value. UT Chattanooga has been listed as a "Best Value Campus" by U.S. News & World Report. Both Knoxville and Chattanooga made U.S. News & World Report's list of best campuses for veterans.

The primary source of tuition and fee revenues are maintenance fees, commonly referred to as in-state tuition. This can cause some confusion since the maintenance fee is paid by all students, including out-of-state students. Non-resident tuition is a differential paid only by out-of-state students. The term "out-of-state tuition" is actually the maintenance fee plus non-resident tuition. Program and service fees are mandatory fees paid by all students and include fees for student activities, health services, debt service, capital improvements, student counseling, and other programs. Extension enrollment fees are for non-credit personal and professional development courses. Examples of other student fees include technology fees, facilities fees, library fees, differential fees, lab fees, and course fees.

Tuition and fee ***budgets*** increase $12.1 million, but projections for ***actual*** revenue growth are $11.5 million. Two technical items significantly affect the presentation and interpretation of the budgeted numbers shown above. The actual increase in maintenance fee revenue will be closer to $8.8 million, but a budget allocation method used for some of these revenues results in an understatement of these gains. Growth in actual fee revenues are projected at $2.7 million, not $4.6 million. Part of the difference is due to adding some existing revenue streams that have not been included in the operating budget in previous years. A management discussion of the projected increase in actual tuition and fee revenues and their intended uses can be found later in this document in Section C (**FY 2018 Proposed Tuition and Fees**).

FY2018 PROPOSED BUDGET

Unrestricted State Appropriations

Adjustments	Recurring	Non-Recurring	Total
FY 2017 Probable Budget	**$ 525,232,949**	**$ 2,336,300**	**$ 527,569,249**
FY 2017 Non-Recurring Appropriations		(1,293,000)	(1,293,000)
Funding Formula Outcome Productivity	7,495,900		7,495,900
3% Salary Pool	17,925,600		17,925,600
Health Insurance Premium Increases	5,452,700		5,452,700
UTK Bredesen Center		6,000,000	6,000,000
CTAS County Finance Officer Program	500,000		500,000
Total Change	**31,374,200**	**4,707,000**	**36,081,200**
FY 2018 Proposed Budget	**$ 556,607,149**	**$ 7,043,300**	**$ 563,650,449**

Unrestricted state appropriations increase $36 million. Nearly half of the increase is in the form of a 3% pool for salary increases. UT's three formula units (Chattanooga, Knoxville, and Martin) also received $7.5 million through state's outcome-based funding formula. The state is also providing $5.5 million in recurring funds to offset the employer share of premium increases in the state's health insurance program.

The state is providing funds for new programs in two units. The Institute for Public Service's County Technical Assistance Service (CTAS) will receive $500,000 in recurring funds to provide a training program for county finance officers. Knoxville will receive $6,000,000 in one-time startup funds for a new interdisciplinary doctoral program in computational sciences and data analytics in the Bredesen Center, further strengthening UT's relationship with the Oak Ridge National Laboratory (ORNL). The program will eventually offer graduate assistants for over 100 new doctoral students and be self-sustaining

UT will also receive appropriations of $18.8 million that are restricted to specific programs and not included above. These are up slightly from FY 2017 ($100,000). These include funding for UT's Centers of Excellence, Governor's Chairs, the Health Science Center Mouse Genome Project, and the fifth year matching funds for the Health Science Center's pediatric physicians partnership with St. Jude's (year five of a five year program).

FY2018 PROPOSED BUDGET

Other Revenues

Revenue Source	FY17 Probable	FY18 Proposed	Change	
Grants & Contracts	$ 45,622,336	$ 45,146,556	$ (475,780)	(1.0) %
Sales & Services	62,472,263	60,474,979	(1,997,284)	(3.2) %
Miscellaneous	56,994,790	56,099,392	(895,398)	(1.6) %
Total Other Revenues	**$ 165,089,389**	**$ 161,720,927**	**$ (3,368,462)**	**(2.0) %**

The revenues shown above include sales from operations that generally provide services to the public (this does not include auxiliary enterprises, which typically provide services to faculty, staff, and students). Examples include medical clinics, 4-H camps, theaters, child development centers, training programs, sales of agricultural products, and sports camps. Grant and contract revenues are the portion of payments from grant and contract sponsors allocated to cover general facilities and administration costs incurred to support grant and contract programs. Miscellaneous revenues include revenue sources such as interest earnings, conference revenues, federal appropriations (Smith-Lever, Hatch), local appropriations, UT-Battelle management fees, trademark licensing revenues, unrestricted gifts, and unrestricted endowment earnings.

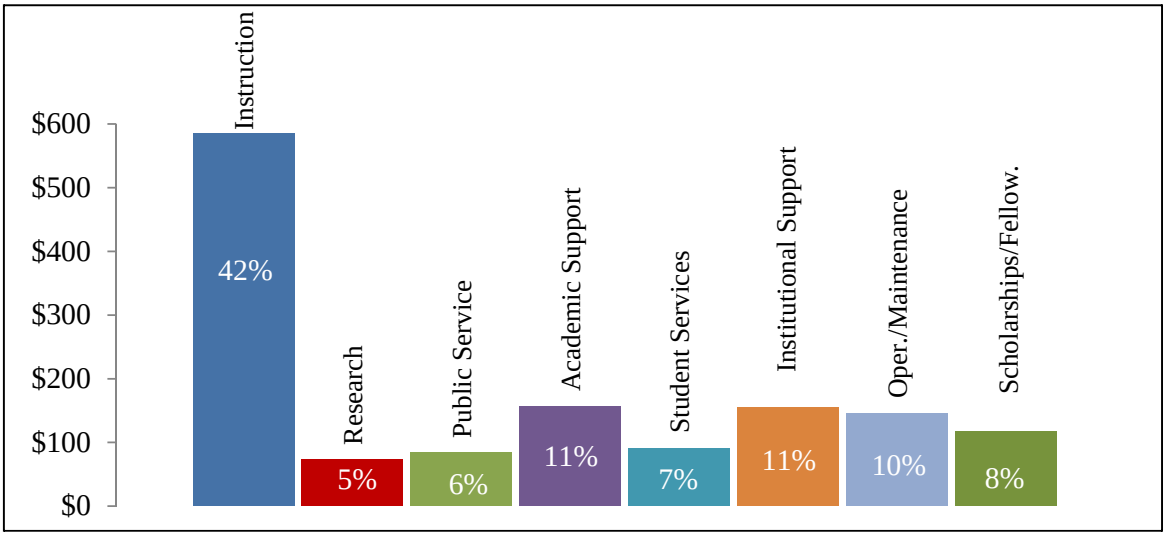
Most of the 3.2% reduction is due to reclassifying financial activities for medical residents at the Health Science Center Family Practice located in St. Francis Hospital. These revenues are subject to contractual restrictions and will be recognized in restricted educational and general funds in the future. The remaining adjustments are immaterial.

FY2018 PROPOSED BUDGET

Unrestricted E&G Expenditures

Unrestricted E&G Expenditures by Function

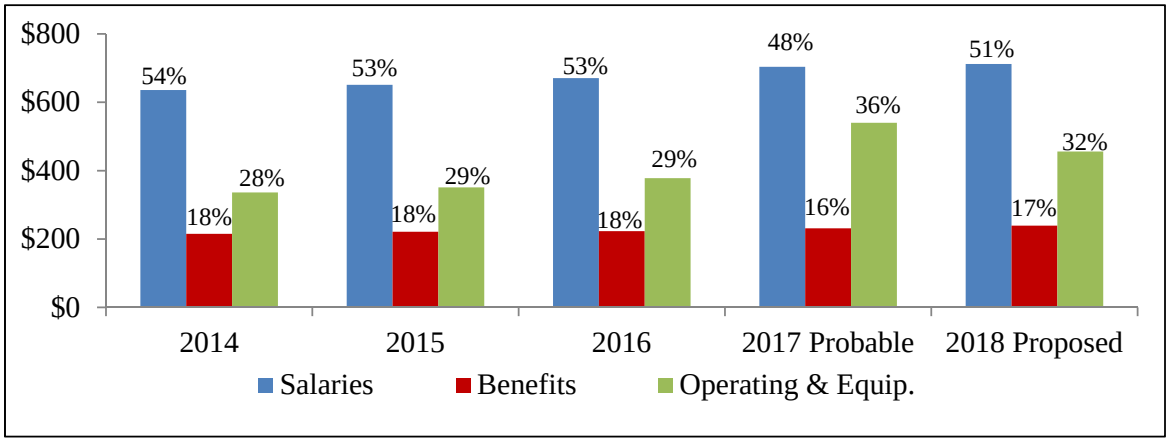
($ millions)



Unrestricted E&G expenditures are budgeted at $1.41 billion among the eight functional areas shown in the chart above. Instruction accounts for the lion's share. Unrestricted E&G budgets for research, scholarships and fellowships show only general funds allocated to these functions. Most of their funding comes from restricted grants, contracts, gifts, and endowments rather than state appropriations or tuition and fees. Institutional Support and Operation & Maintenance of Physical Plant support all operations, including those funded through restricted and auxiliary funds. The chart below shows that personnel costs typically account for around 70% of expenditures.

Unrestricted E&G Expenditures by Natural Classification

($ millions)



FY2018 PROPOSED BUDGET

Unrestricted E&G Expenditures by Functional Category

Functional Category	FY 2017 Probable	FY 2018 Proposed	Change	
Instruction	$ 612,090,316	$ 584,776,597	$ (27,313,719	(4.5) %
Research	113,398,986	72,730,155	(40,668,831)	(35.9) %
Public Service	90,784,654	83,722,834	(7,061,820)	(7.8) %
Academic Support	168,808,720	157,124,196	(11,684,524)	(6.9) %
Student Services	92,821,438	90,903,694	(1,917,744)	(2.1) %
Institutional Support	157,245,796	154,815,793	(2,430,003)	(1.5) %
Operation & Maint.of Plant	141,407,687	145,928,665	4,520,978	3.2 %
Scholarships and Fellowships	98,492,125	116,587,470	18,095,345	18.4 %
Total E&G Expenditures	**$ 1,475,049,722**	**$1,406,589,404**	**$ (68,460,318)**	**(4.6) %**
Transfers	$ (91,773,044)	$ 10,431,801	$ 102,204,845	(111.4)%
Expenditures & Transfers	**$ 1,383,276,678**	**$1,417,021,205**	**$ 33,744,527**	**2.4 %**

The declines in budgeted expenditures are misleading. The FY 2017 Probable Budget includes non-recurring funds that were added to the budget mid-year after actual enrollments and the amount of funds carried over from FY 2016 were known. The current year non-recurring budgets were allocated to departments for one-time projects such as facility maintenance, equipment replacements, faculty start-up packages, bridge funding for research operations, lab upgrades, faculty incentives, campus improvements, energy conservation projects, and information technology infrastructure. Unused non-recurring funds will be carried forward to FY 2018 for use on similar non-recurring projects and reflected in the FY 2018 Revised Budget that will be presented to the Board at its spring 2018 meeting. An analysis of recurring expenditure budgets follows. It is a better reflection of plans and priorities for core operations in FY 2018.

FY2018 PROPOSED BUDGET

Recurring Unrestricted E&G Expenditures

The tables below show only funds for recurring operations and exclude non-recurring budgets. Recurring expenditure budgets are up $41.8 million (3.1%). Over 54% of this is for the FY 2018 salary plan. The largest dollar increases are in Instruction, Operation & Maintenance of Plant, Academic Support, and Scholarships & Fellowships. Part of the reduction in Research is a correction to move funds intended for Operation & Maintenance of Plant to the correction functional area. The second table below shows salaries and benefits up 2.8% compared to 3.6% for operating and equipment.

Recurring Expenditures by Functional Category

Functional Area	FY 2017 Probable	FY 2018 Proposed	Change	
Instruction	$ 565,445,431	$ 578,359,537	$ 12,914,106	2.3 %
Research	76,011,042	72,730,705	(3,280,337)	(4.3) %
Public Service	79,806,484	79,858,734	52,250	0.1 %
Academic Support	148,870,620	157,118,996	8,248,376	5.5 %
Student Services	88,895,041	90,903,694	2,008,653	2.3 %
Institutional Support	149,255,459	154,812,657	5,557,198	3.7 %
Operation & Maint.of Plant	139,933,810	149,007,143	9,073,333	6.5 %
Scholarships and Fellowships	108,476,611	115,701,970	7,225,359	6.7 %
Total E&G Expenditures	**$ 1,356,694,498**	**$ 1,398,493,436**	**$ 41,798,938**	**3.1 %**
Transfers	4,323,173	7,741,919	3,418,746	79.1 %
Expenditures & Transfers	**$ 1,361,017,671**	**$ 1,406,235,355**	**$45,217,684**	**3.3 %**

Recurring Expenditures by Natural Classification

Natural Classification	FY 2017 Probable	FY 2018 Proposed	Change	
Academic Salaries	$ 348,778,187	$ 354,219,595	$ 5,441,408	1.6 %
Non-Academic Salaries	337,905,766	349,236,090	11,330,324	3.4 %
Student Employees	8,393,726	8,535,207	141,481	1.7 %
Total Salaries	**$ 695,077,679**	**$ 711,990,892**	**$ 16,913,213**	**2.4%**
Staff Benefits	229,071,999	238,272,228	9,200,229	4.0 %
Total Salaries & Benefits	**$ 924,149,678**	**$ 950,363,120**	**$ 26,113,442**	**2.8 %**
Operating & Equipment	432,544,820	448,230,316	15,685,496	3.6 %
Total Expenditures	**$ 1,356,694,498**	**$1,398,493,436**	**$ 41,798,938**	**3.1 %**

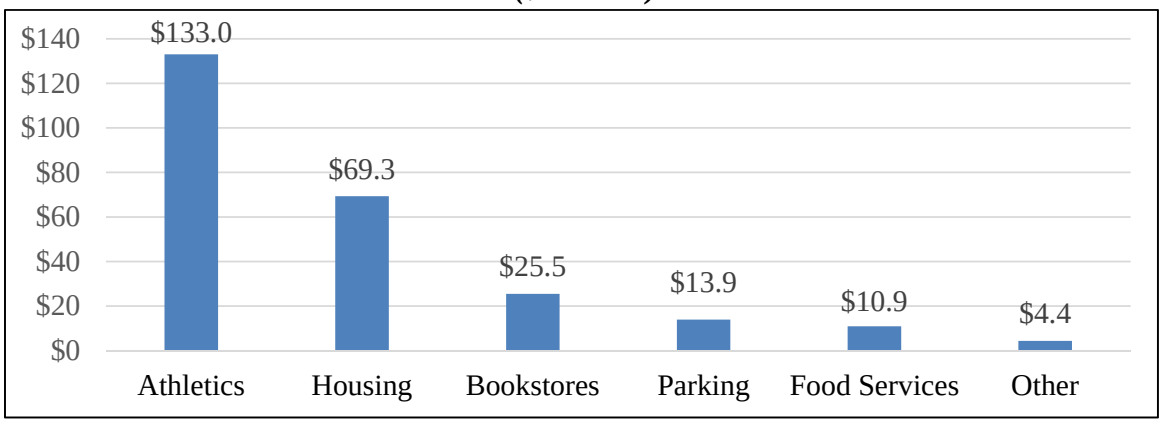
FY2018 PROPOSED BUDGET

Auxiliary Enterprises

Auxiliary enterprises furnish services to students, faculty, and staff. Each auxiliary enterprise is self-funded through sales, fees, and private gifts. These stand-alone operations include housing, food services, bookstores, parking, and other miscellaneous operations. It also includes UTK athletics since it is a self-supporting operation. (The athletic programs at Chattanooga and Martin are included in unrestricted E&G funds.)

Auxiliary Revenues by Enterprise

($ millions)



Revenues are up $10.5 million (4.3%) due to increases in Knoxville. Conference distributions and a slight increase in annual fund donations will add $4.2 million to athletic revenues. Most are earmarked for Neyland Stadium renovations, the rest will cover merit increases, facility maintenance, and utilities. Housing revenue shows a net revenue gain of $3.3 million resulting from taking Reese Hall offline and adding the new Stokely Family Residence Hall. About half will be used to cover growth in operating expenses; the rest will be added to reserves for future projects. Dining revenues will add $2.1 million from the improved mix and availability of dining facilities and impact of the revised food service contract on commissions. The funds will be added to reserves to fund new dining locations, including the new Student Union.

Auxiliary Fund Summary

Revenues, Expenditures, and Transfers	FY 2017 Probable	FY 2018 Proposed	Change	
Revenues	**$ 246,446,578**	**$ 256,959,331**	**$ 10,512,753**	**4.3 %**
Expenditures	185,730,682	193,507,255	7,776,573	4.2 %
Transfers	60,884,896	63,452,076	2,567,180	4.2 %
Total Expenditures and Transfers	**$ 246,615,578**	**$ 256,959,331**	**$ 10,343,753**	**4.2 %**

FY2018 PROPOSED BUDGET

FY 2018 Salary Plan

The university proposes a 3% pool for general salary increases in FY 2018 to reward exceptional performance and move overall compensation closer to market levels. State appropriations include $17.9 million for salary increases, just over 60% of the total cost.

FY 2018 Salary Plan Costs & Funding Sources

Campus/Institute	Unrestricted E&G	Restricted E&G	Auxiliary	TOTAL
Knoxville	$ 10,024,000	$ 1,270,000	$ 1,150,000	$ 12,444,000
Health Science Center	5,020,000	2,780,000	12,000	7,812,000
Chattanooga	2,190,000	370,000	20,000	2,580,000
Martin	1,300,000	70,000	100,000	1,470,000
Institute of Agriculture	2,940,000	780,000		3,720,000
Institute for Public Service	332,000	87,000		419,000
System Administration	876,000			876,000
TOTAL	**$ 22,682,000**	**$ 5,537,000**	**$ 1,282,000**	**$ 29,321,000**
Funding Sources				
Appropriations	$ 17,925,600			$ 17,925,600
Tuition & Fees	3,710,000			3,710,000
Grants, Contracts, Gifts, Endowments		5,357,000		5,357,000
Auxiliary Revenues			1,282,000	1,282,000
Other	1,046,400			1,046,400
TOTAL	**$ 22,682,000**	**$ 5,537,000**	**$ 1,282,000**	**$ 29,321,000**

The total cost of the salary plan is $29.3 million. It adds $22.7 million to unrestricted E&G salary and benefits expenses. The state provided full-funding for non-formula unit unrestricted E&G salary pools. Formula units received 55% and are expected to use tuition and fee revenues for the remaining unrestricted E&G salary pool costs. Restricted E&G salary and benefits increases paid through grants, contracts, gifts and endowments will be $5.5 million. Auxiliary enterprises will spend $1.3 million and recover the expense through their self-funded business models.

FY2018 PROPOSED BUDGET

Unrestricted Net Assets

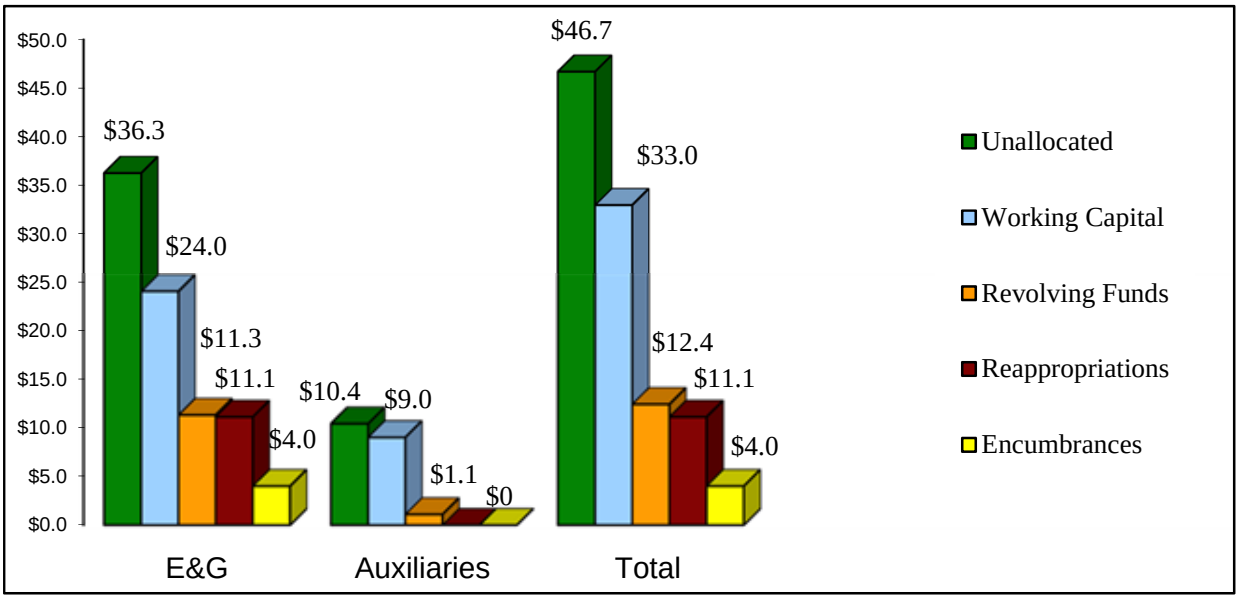
The University's practice is to maintain 2-5 percent of unrestricted educational and general (E&G) expenditures and 3-5 percent of unrestricted auxiliary enterprise funds in its unallocated fund balance as a "rainy day" fund. It is needed in case of a downturn in enrollment, sharp decline in appropriations, or other situations that cause expenditures to exceed available revenues to provide short-term funding while adjustments are made to bring the budget back into balance.

Encumbrances are funds carried over from the previous fiscal year for purchases and commitments that were not received before the close of the fiscal year. These funds are budgeted in the appropriate expenditure accounts as the items or services are received. Reappropriations are funds reserved from FY 2017 for allocation to specific programs and initiatives in FY 2018 or in subsequent fiscal years.

The FY 2018 proposed budget projects a June 30, 2018 unrestricted E&G unallocated fund balance of $36.3 million, or 2.56% of expenditures and transfers. The unrestricted auxiliary enterprises unallocated balance is $10.4 million, 4.04% of expenditures and transfers. The total unallocated balance projected for June 30, 2018 is $46.7 million, which is 2.89% of expenditures and transfers.

FY 2018 Proposed Budget Unrestricted Net Assets

($ millions)



$36.3 million	$10.4 million	$46.7 million	Unallocated Balance
2.56%	4.04%	2.89 %	% of Expenditures & Transfers

FY2018 PROPOSED BUDGET

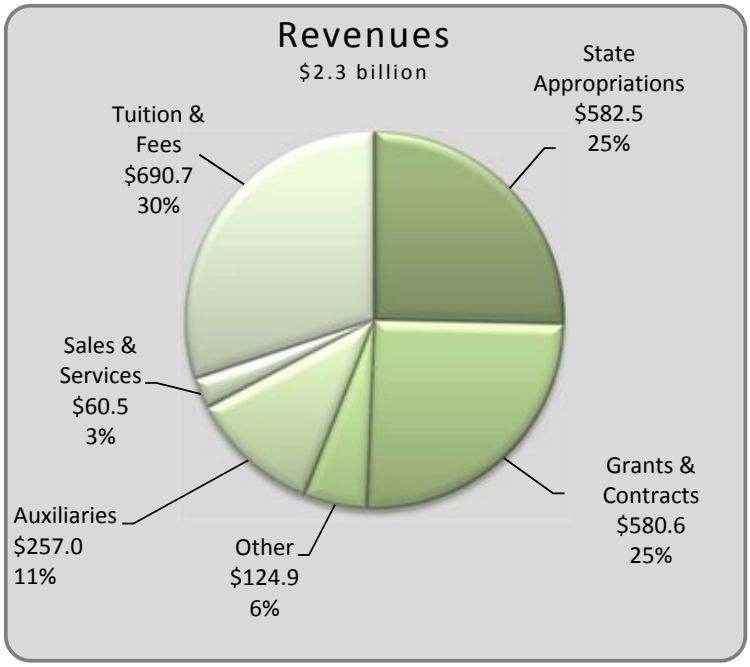
Schedule	FY 2018 Proposed Budget Schedule Description	Page
Chart 1	Unrestricted and Restricted Current Funds – Graphical Presentation	B-2
Chart 2	Unrestricted E&G Current Funds – Graphical Presentation	B-3
1	State Appropriations Summary	B-4
2	State Appropriations Five-Year History	B-5
3	State Appropriations – Access & Diversity	B-6
4	E&G Unrestricted Net Assets	B-7
5	Auxiliary Unrestricted Net Assets	B-8
6	Proposed Budget – Unrestricted Current Funds	B-9
7	Proposed Budget – Unrestricted and Restricted Current Funds	B-10
8	Five-Year Summary Comparison – Unrestricted Current Funds	B-11
9	Five-Year Summary Comparison – Unrestricted and Restricted Current Funds	B-12
10	Proposed Budget Summary – Unrestricted and Restricted Current Funds	B-13
11	Natural Classifications – Unrestricted Current Funds	B-14
12	Natural Classifications – Unrestricted Current Funds – Summary	B-15
13	Auxiliaries – Proposed Budget Summary	B-16
14	Athletics – Proposed Budget Summary	B-17
15	Proposed Budget Summaries – Unrestricted Current Funds	
	Total University of Tennessee System	B-18
	Chattanooga	B-19
	Knoxville	B-20
	Martin	B-21
	Health Science Center	B-22
	Institute of Agriculture	B-23
	Institute for Public Service	B-24
	System Administration	B-25

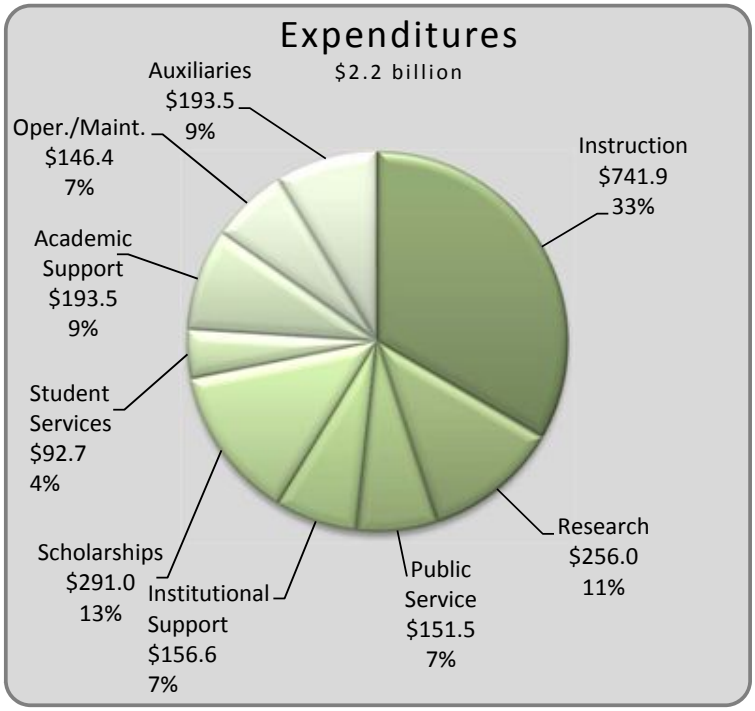
The University of Tennessee
FY 2018 Proposed Budget
Unrestricted & Restricted Funds

Unrestricted & Restricted Revenues ($millions)	
Chattanooga	$230.6
Knoxville	1,178.6
Martin	141.8
Health Science Center	502.9
Institute of Agriculture	189.4
Inst. for Public Service	28.1
System Administration	24.8
TOTAL	**$2,296.3**

Fall 2016 Headcount Enrollment	
Knoxville	27,594
Chattanooga	11,533
Martin	6,705
Health Science Center	3,097
Vet Med	345
Space Institute	113
TOTAL	**49,387**

FTE Positions (Unrestricted & Restricted) **April 30, 2017**	
Faculty	4,081
Administrative	926
Professional	3,457
Cler/Tech/Maint	5,743
TOTAL	**14,207**



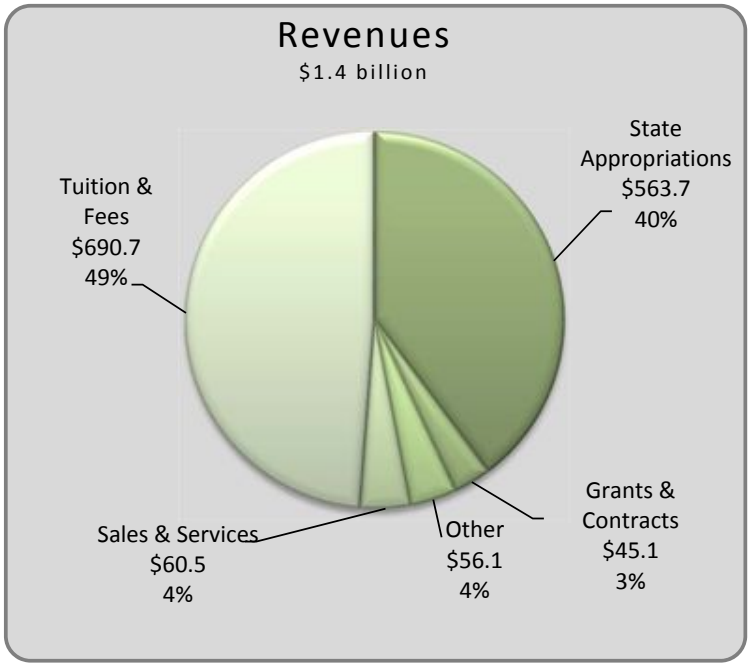


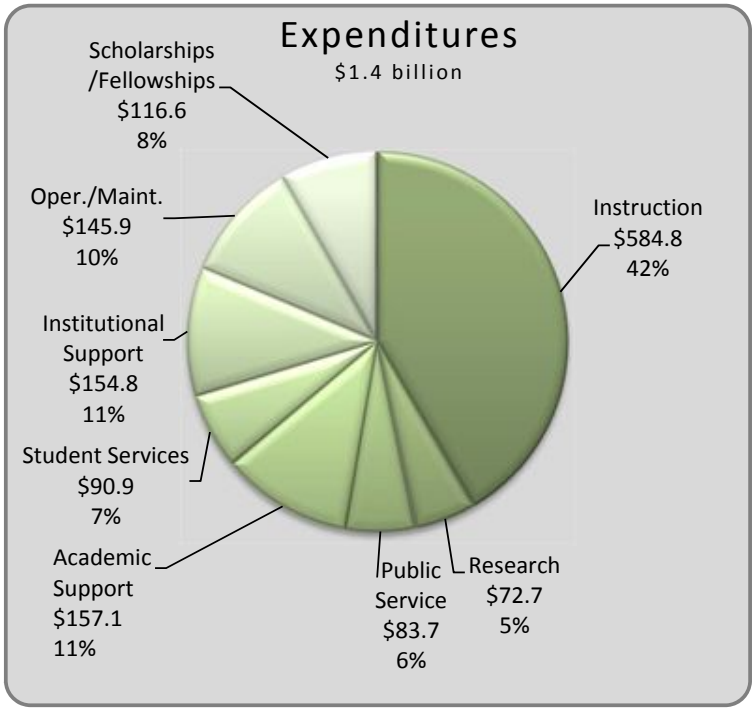
The University of Tennessee
FY 2018 Proposed Budget
Unrestricted E&G Funds

Current Fund Revenues ($millions)	
Chattanooga	$165.1
Knoxville	694.1
Martin	95.8
Health Science Center	275.2
Institute of Agriculture	142.2
Inst. for Public Service	20.8
System Administration	22.9
TOTAL	**$1,416.1**

Fall 2016 Headcount Enrollment	
Knoxville	27,594
Chattanooga	11,533
Martin	6,705
Health Science Center	3,097
Vet Med	345
Space Institute	113
TOTAL	**49,387**

FTE Positions (Unrestricted E&G) **April 30, 2017**	
Faculty	3,313
Administrative	785
Professional	2,037
Cler/Tech/Maint	4,024
TOTAL	**10,159**





University of Tennessee System

FY 2018 Proposed State Appropriations Summary

Unrestricted Educational and General Funds

	FY 2016 ACTUAL	FY 2017 PROBABLE	FY 2018 PROPOSED	CHANGE PROBABLE TO PROPOSED AMOUNT	%
STATE APPROPRIATIONS					
Chattanooga	$ 42,637,305	$ 46,713,505	$ 50,870,205	$ 4,156,700	8.9 %
Knoxville					
Knoxville	*$ 191,219,955*	*$ 202,949,755*	*$ 222,164,655*	*$ 19,214,900*	*9.5 %*
Space Institute	*8,289,803*	*8,584,903*	*8,869,403*	*284,500*	*3.3 %*
Subtotal Knoxville	$ 199,509,758	$ 211,534,658	$ 231,034,058	$ 19,499,400	9.2 %
Martin	28,673,797	31,515,097	32,540,397	1,025,300	3.3 %
Health Science Center	135,670,521	141,082,121	147,947,121	6,865,000	4.9 **%**
Institute of Agriculture					
Agricultural Experiment Station	*$ 26,529,588*	*$ 27,745,788*	*$ 28,785,988*	*$ 1,040,200*	*3.7 %*
Extension	*32,546,817*	*33,950,817*	*35,320,317*	*1,369,500*	*4.0 %*
College of Veterinary Medicine	*17,733,159*	*18,453,659*	*19,621,159*	*1,167,500*	*6.3 %*
Subtotal Institute of Agriculture	$ 76,809,564	$ 80,150,264	$ 83,727,464	$ 3,577,200	4.5 %
Institute for Public Service					
Institute for Public Service	*$ 5,439,285*	*$ 5,643,985*	*$ 5,784,185*	*$ 140,200*	*2.5 %*
Municipal Technical Advisory Service	*3,039,651*	*3,159,551*	*3,326,251*	*166,700*	*5.3 %*
County Technical Assistance Service	*1,863,251*	*2,238,651*	*2,868,851*	*630,200*	*28.2 %*
Subtotal Institute for Public Service	$ 10,342,187	$ 11,042,187	$ 11,979,287	$ 937,100	8.5 %
System Administration	4,995,217	5,531,417	5,551,917	20,500	0.4 %
Total State Appropriations	$ 498,638,349	$ 527,569,249	$ 563,650,449	$ 36,081,200	6.8 %

State appropriations budgeted to restricted funds are not included in this schedule.

2017 System Administration appropriations of $250,000 is for the National Association of County Agricultural Agents 2018 Annual Meeting. These funds will be transferred to UT Extension in FY 2017.

Schedule 1

University of Tennessee System

State Appropriations Five Year History

Unrestricted Educational and General Funds

	FY 2014 ACTUAL	FY 2015 ACTUAL	FY 2016 ACTUAL	FY 2017 PROBABLE	FY 2018 PROPOSED	CHANGE FY 2014 TO FY 2018 AMOUNT	CHANGE FY 2014 TO FY 2018 %
STATE APPROPRIATIONS							
Chattanooga	$ 37,467,181	$ 38,442,081	$ 42,637,305	$ 46,713,505	$ 50,870,205	$ 13,403,024	35.8 %
Knoxville							
Knoxville	*$ 177,568,343*	*$ 182,310,443*	*$ 191,219,955*	*$ 202,949,755*	*$ 222,164,655*	*$ 44,596,312*	*25.1 %*
Space Institute	*7,995,412*	*8,012,212*	*8,289,803*	*8,584,903*	*8,869,403*	*873,991*	*10.9 %*
Subtotal Knoxville	$ 185,563,755	$ 190,322,655	$ 199,509,758	$ 211,534,658	$ 231,034,058	$ 45,470,303	24.5 %
Martin	26,359,667	27,025,867	28,673,797	31,515,097	32,540,397	6,180,730	23.4 %
Health Science Center	129,470,351	129,958,440	135,670,521	141,082,121	147,947,121	18,476,770	14.3 **%**
Institute of Agriculture							
Agricultural Experiment Station	*$ 25,579,486*	*$ 25,698,486*	*$ 26,529,588*	*$ 27,745,788*	*$ 28,785,988*	*$ 3,206,502*	*12.5 %*
Extension	*30,987,767*	*31,195,267*	*32,546,817*	*33,950,817*	*35,320,317*	*4,332,550*	*14.0 %*
College of Veterinary Medicine	*16,796,354*	*16,874,254*	*17,733,159*	*18,453,659*	*19,621,159*	*2,824,805*	*16.8 %*
Subtotal Institute of Agriculture	$ 73,363,607	$ 73,768,007	$ 76,809,564	$ 80,150,264	$ 83,727,464	$ 10,363,857	14.1 %
Institute for Public Service							
Institute for Public Service	*$ 5,249,898*	*$ 5,265,298*	*$ 5,439,285*	*$ 5,643,985*	*$ 5,784,185*	*$ 534,287*	*10.2 %*
Municipal Technical Advisory Service	*2,892,013*	*2,903,313*	*3,039,651*	*3,159,551*	*3,326,251*	*434,238*	*15.0 %*
County Technical Assistance Service	*1,758,013*	*1,767,913*	*1,863,251*	*2,238,651*	*2,868,851*	*1,110,838*	*63.2 %*
Subtotal Institute for Public Service	$ 9,899,924	$ 9,936,524	$ 10,342,187	$ 11,042,187	$ 11,979,287	$ 2,079,363	21.0 %
System Administration	4,721,538	4,794,038	4,995,217	5,531,417	5,551,917	830,379	17.6 %
Total State Appropriations	$ 466,846,023	$ 474,247,612	$ 498,638,349	$ 527,569,249	$ 563,650,449	$ 96,804,426	20.7 %

State appropriations budgeted to restricted funds are not included in this schedule.

System Administration FY2016-17 appropriation of $250,000 is for the National Association of County Agricultural Agents 2018 Annual Meeting. These funds will be transferred to UT Extension in FY 2017.

Schedule 2

University of Tennessee System

FY 2018 Proposed State Appropriations Summary

Access & Diversity

	FY 2016 ACTUAL	FY 2017 PROBABLE	FY 2018 PROPOSED	CHANGE PROBABLE TO PROPOSED AMOUNT	CHANGE PROBABLE TO PROPOSED %
STATE APPROPRIATIONS (Access & Diversity)					
Chattanooga	$ 661,705	$ 661,705	$ 661,705		
Knoxville					
Knoxville	*$ 2,317,355*	*$ 2,317,355*	*$ 2,317,355*		
Space Institute	*88,303*	*88,303*	*88,303*		
Subtotal Knoxville	$ 2,405,658	$ 2,405,658	$ 2,405,658		
Martin	558,497	558,497	558,497		
Health Science Center	1,535,172	1,535,172	1,535,172		
Institute of Agriculture					
Agricultural Experiment Station	*$ 113,488*	*$ 113,488*	*$ 113,488*		
Extension	*110,917*	*110,917*	*110,917*		
College of Veterinary Medicine	*325,559*	*325,559*	*325,559*		
Subtotal Institute of Agriculture	$ 549,964	$ 549,964	$ 549,964		
Institute for Public Service					
Institute for Public Service	*$ 14,185*	*$ 14,185*	*$ 14,185*		
Municipal Technical Advisory Service	*1,851*	*1,851*	*1,851*		
County Technical Assistance Service	*1,851*	*1,851*	*1,851*		
Subtotal Institute for Public Service	$ 17,887	$ 17,887	$ 17,887		
System Administration	77,817	77,817	77,817		
Total State Appropriations - Access & Diversity	$ 5,806,700	$ 5,806,700	$ 5,806,700		

Schedule 3

University of Tennessee System

Educational and General Unrestricted Net Assets

	Total System	Chattanooga	Knoxville	Martin	Health Science Center	Institute of Agriculture	Institute for Public Service	System Administration
FY 2015-16 ACTUAL								
Net Assets at Beginning of Year	**$ 146,932,958**	**$ 9,403,015**	**$ 27,591,927**	**$ 9,272,235**	**$ 56,965,636**	**$ 19,173,972**	**$ 1,225,552**	**$ 23,300,621**
Operating Funds								
Revenue	$ 1,328,089,036	$ 153,409,078	$ 649,708,568	$ 90,680,734	$ 258,112,945	$ 132,255,999	$ 18,442,170	$ 25,479,542
Less: Expenditures and Transfers	(1,375,278,630)	(153,156,149)	(649,773,562)	(90,023,668)	(298,424,916)	(137,495,827)	(18,229,502)	(28,175,006)
Carryover Funds To/(From) Net Assets	$ (47,189,594)	$ 252,929	$ (64,994)	$ 657,066	$ (40,311,971)	$ (5,239,828)	$ 212,668	$ (2,695,464)
Net Assets Detail:								
ALLOCATED								
Working Capital	$ 24,651,439	$ 3,355,945	$ 5,284,878	$ 1,658,775	$ 7,447,223	$ 1,111,537	$ 72,563	$ 5,720,518
Revolving Funds	12,019,289		(182,164)					12,201,453
Encumbrances	4,916,096		2,028,207	438,033	1,303,442	1,146,414		
Unexpended Gifts	-							
Reserve for Reappropriations	12,257,820			3,500,000		6,500,000	$ 650,000	1,607,820
Total Allocated Net Assets	$ 53,844,644	$ 3,355,945	$ 7,130,921	$ 5,596,808	$ 8,750,665	$ 8,757,951	$ 722,563	$ 19,529,791
UNALLOCATED	**$ 45,898,720**	**$ 6,299,999**	**$ 20,396,012**	**$ 4,332,493**	**$ 7,903,000**	**$ 5,176,193**	**$ 715,657**	**$ 1,075,368**
Total Net Assets - June 30, 2016	**$ 99,743,364**	**$ 9,655,944**	**$ 27,526,933**	**$ 9,929,301**	**$ 16,653,665**	**$ 13,934,144**	**$ 1,438,220**	**$ 20,605,158**
Percent Unallocated of Expend. & Transfers	*3.34%*	*4.11%*	*3.14%*	*4.81%*	*2.65%*	*3.76%*	*3.93%*	2.48%
FY 2016-17 PROBABLE BUDGET								
Net Assets at Beginning of Year	**$ 99,743,364**	**$ 9,655,944**	**$ 27,526,933**	**$ 9,929,301**	**$ 16,653,665**	**$ 13,934,144**	**$ 1,438,220**	**$ 20,605,158**
Operating Funds								
Revenue	$ 1,371,292,291	$ 157,851,647	$ 670,948,586	$ 93,608,078	$ 268,851,792	$ 137,889,332	$ 19,214,383	$ 22,928,473
Less: Expenditures and Transfers	(1,383,276,678)	(157,785,067)	(670,948,586)	(93,608,078)	(271,955,630)	(145,799,979)	(19,432,180)	(23,747,158)
Carryover Funds To/(From) Net Assets	$ (11,984,387)	$ 66,580	$ -	$ -	$ (3,103,838)	$ (7,910,647)	$ (217,797)	$ (818,685)
Net Assets Detail:								
ALLOCATED								
Working Capital	$ 24,041,041	$ 3,422,525	$ 5,284,878	$ 1,658,775	$ 7,447,222	$ 507,125		$ 5,720,516
Revolving Funds	12,019,291		(182,164)					12,201,455
Encumbrances	4,039,596		2,028,207	438,033	426,942	1,146,414		
Unexpended Gifts								
Reserve for Reappropriations	4,764,635			3,500,000			450,000	814,635
Total Allocated Net Assets	$ 44,864,563	$ 3,422,525	$ 7,130,921	$ 5,596,808	$ 7,874,164	$ 1,653,539	$ 450,000	$ 18,736,606
UNALLOCATED	**$ 42,894,414**	**$ 6,300,000**	**$ 20,396,012**	**$ 4,332,493**	**$ 5,675,663**	**$ 4,369,958**	**$ 770,423**	**$ 1,049,867**
Estimated Total Net Assets - June 30, 2017	**$ 87,758,977**	**$ 9,722,524**	**$ 27,526,933**	**$ 9,929,301**	**$ 13,549,827**	**$ 6,023,497**	**$ 1,220,423**	**$ 19,786,473**
Percent Unallocated of Expend. & Transfers	*3.10%*	*3.99%*	*3.04%*	*4.63%*	*2.09%*	*3.00%*	*3.96%*	*2.58%*
FY 2017-18 PROPOSED BUDGET								
Net Assets at Beginning of Year	**$ 87,758,977**	**$ 9,722,524**	**$ 27,526,933**	**$ 9,929,301**	**$ 13,549,827**	**$ 6,023,497**	**$ 1,220,423**	**$ 19,786,473**
Operating Funds								
Revenue	$ 1,416,111,454	$ 165,073,549	$ 694,052,669	$ 95,804,988	$ 275,228,740	$ 142,224,960	$ 20,777,575	$ 22,948,973
Less: Expenditures and Transfers	(1,417,021,205)	(165,006,969)	(694,052,669)	(95,804,988)	(275,228,740)	(142,397,737)	(20,860,651)	(23,669,451)
Carryover Funds To/(From) Net Assets	$ (909,751)	$ 66,580	$ -	$ -	$ -	$ (172,777)	$ (83,076)	$ (720,478)
Net Assets Detail:								
ALLOCATED								
Working Capital	$ 24,041,041	$ 3,422,525	$ 5,284,878	$ 1,658,775	$ 7,447,222	$ 507,125		$ 5,720,516
Revolving Funds	11,298,813		(182,164)					11,480,977
Encumbrances	4,039,596		2,028,207	438,033	426,942	1,146,414		
Unexpended Gifts								
Reserve for Reappropriations	11,131,215	6,366,580		3,500,000			$ 450,000	814,635
Total Allocated Net Assets	$ 50,510,665	$ 9,789,105	$ 7,130,921	$ 5,596,808	$ 7,874,164	$ 1,653,539	$ 450,000	$ 18,016,128
UNALLOCATED	**$ 36,338,561**	**$ 6,300,000**	**$ 20,396,012**	**$ 4,332,493**	**$ 5,675,663**	**$ 4,197,181**	**$ 687,347**	**$ 1,049,867**
Estimated Total Net Assets - June 30, 2018	**$ 86,849,226**	**$ 9,789,104**	**$ 27,526,933**	**$ 9,929,301**	**$ 13,549,827**	**$ 5,850,720**	**$ 1,137,347**	**$ 19,065,995**
Percent Unallocated of Expend. & Transfers	*2.56%*	*3.82%*	*2.94%*	*4.52%*	*2.06%*	*2.95%*	*3.29%*	*2.50%*

Recommended percent unallocated of expenditures and transfers is 2% to 5%. For System Administration, transfers-in for system charge is excluded from the calculation.
Knoxville includes UT Knoxville and UT Space Institute.

University of Tennessee System

Auxiliary Unrestricted Current Fund Balances

	Total System	Chattanooga	Knoxville	Martin	Health Science Center
FY 2015-16 ACTUAL					
Estimated Net Assets at Beginning of Year	**$ 27,143,291**	**$ 1,515,723**	**$ 24,583,305**	**$ 972,601**	**$ 71,663**
Operating Funds					
Revenue	$ 243,291,226	$ 15,173,532	$ 217,057,364	$ 9,662,434	$ 1,397,896
Less: Expenditures and Transfers	(249,832,550)	(15,083,988)	(223,898,895)	(9,614,063)	(1,235,604)
Carryover Funds To/(From) Net Assets	$ (6,541,324)	$ 89,544	$ (6,841,531)	$ 48,371	$ 162,292
ALLOCATED					
Working Capital	$ 8,982,845	$ 1,005,266	$ 7,399,178	$ 569,451	$ 8,950
Revolving Funds	1,076,357		1,076,357		
Encumbrances	181,000				181,000
Total Allocated Net Assets	$ 10,240,202	$ 1,005,266	$ 8,475,535	$ 569,451	$ 189,950
UNALLOCATED	**10,361,765**	**$ 600,001**	**$ 9,266,239**	**$ 451,521**	**$ 44,005**
Total Net Assets	**$ 20,601,967**	**$ 1,605,267**	**$ 17,741,774**	**$ 1,020,972**	**$ 233,955**
Percent Unallocated of Expend. & Transfers	*4.15%*	*3.98%*	*4.14%*	*4.70%*	*3.56%*
FY 2016-17 PROBABLE BUDGET					
Estimated Net Assets at Beginning of Year	**$ 20,601,967**	**$ 1,605,267**	**$ 17,741,774**	**$ 1,020,972**	**$ 233,955**
Operating Funds					
Revenue	$ 246,186,578	$ 14,496,728	$ 219,860,105	$ 10,192,740	$ 1,637,005
Less: Expenditures and Transfers	(246,355,578)	(14,496,728)	(219,860,105)	(10,192,740)	(1,806,005)
Carryover Funds To/(From) Net Assets	$ (169,000)	$ -	$ -	$ -	$ (169,000)
Net Assets at End of Year	**20,432,967**	**$ 1,605,267**	**$ 17,741,774**	**$ 1,020,972**	**$ 64,955**
Net Assets Detail:					
ALLOCATED					
Working Capital	$ 8,982,844	$ 1,005,265	$ 7,399,178	$ 569,451	$ 8,950
Revolving Funds	1,076,357		1,076,357		
Encumbrances					
Total Allocated Net Assets	$ 10,059,201	$ 1,005,265	$ 8,475,535	$ 569,451	$ 8,950
UNALLOCATED	**10,373,766**	**$ 600,002**	**$ 9,266,239**	**$ 451,521**	**$ 56,005**
Estimated Total Net Assets - June 30, 2017	**$ 20,432,967**	**$ 1,605,267**	**$ 17,741,774**	**$ 1,020,972**	**$ 64,955**
Percent Unallocated of Expend. & Transfers	*4.21%*	*4.14%*	*4.21%*	*4.43%*	*3.10%*
FY 2017-18 PROPOSED BUDGET					
Estimated Net Assets at Beginning of Year	**$ 20,432,967**	**$ 1,605,267**	**$ 17,741,774**	**$ 1,020,972**	**$ 64,955**
Operating Funds					
Revenue	$ 256,699,331	$ 14,542,704	$ 229,754,589	$ 10,630,570	$ 1,771,468
Less: Expenditures and Transfers	(256,699,331)	(14,542,704)	(229,754,589)	(10,630,570)	(1,771,468)
Carryover Funds To/(From) Net Assets	$ -	$ -	$ -	$ -	$ -
Net Assets at End of Year	**20,432,967**	**$ 1,605,267**	**$ 17,741,774**	**$ 1,020,972**	**$ 64,955**
Net Assets Detail:					
ALLOCATED					
Working Capital	$ 8,982,844	$ 1,005,265	$ 7,399,178	$ 569,451	$ 8,950
Revolving Funds	1,076,357		1,076,357		
Encumbrances					
Total Allocated Net Assets	$ 10,059,201	$ 1,005,265	$ 8,475,535	$ 569,451	$ 8,950
UNALLOCATED	**10,373,766**	**$ 600,002**	**$ 9,266,239**	**$ 451,521**	**$ 56,005**
Estimated Total Net Assets - June 30, 2018	**$ 20,432,967**	**$ 1,605,267**	**$ 17,741,774**	**$ 1,020,972**	**$ 64,955**
Percent Unallocated of Expend. & Transfers	*4.04%*	*4.13%*	*4.03%*	*4.25%*	*3.16%*

Recommended percent unallocated of expenditures and transfers is 3% to 5%.
Knoxville includes UT Knoxville and UT Space Institute.

Schedule 5

University of Tennessee System

FY 2018 Proposed Budget Summary

Current Funds Revenues, Expenditures, and Transfers - UNRESTRICTED

	Total System	Chattanooga	Knoxville	Martin	Health Science Center	Institute of Agriculture	Institute for Public Service	System Administration
EDUCATIONAL AND GENERAL								
Revenues								
Tuition & Fees	$ 690,740,078	$ 108,399,809	$ 422,810,219	$ 58,901,851	$ 88,242,383	$ 12,385,816		
State Appropriations	563,650,449	50,870,205	231,034,058	32,540,397	147,947,121	83,727,464	$ 11,979,287	$ 5,551,917
Grants & Contracts	45,146,556	453,856	22,850,000	211,400	16,888,883	4,316,071	426,346	
Sales & Service	60,474,979	5,110,179	5,501,872	3,511,340	20,847,115	25,504,473		
Other Sources	56,099,392	239,500	11,856,520	640,000	1,303,238	16,291,136	8,371,942	17,397,056
Total Revenues	$ 1,416,111,454	$ 165,073,549	$ 694,052,669	$ 95,804,988	$ 275,228,740	$ 142,224,960	$ 20,777,575	$ 22,948,973
Expenditures and Transfers								
Instruction	$ 584,776,597	$ 70,424,943	$ 297,476,283	$ 41,578,751	$ 138,269,034	$ 37,027,586		
Research	72,730,155	2,390,790	24,846,471	309,084	5,161,988	39,771,822		$ 250,000
Public Service	83,722,834	2,693,958	12,672,655	661,236	51,000	49,412,200	$ 18,066,785	165000
Academic Support	157,124,196	12,726,956	76,227,501	11,352,685	48,078,805	8,505,524	232,725	
Student Services	90,903,694	25,490,926	46,681,088	12,248,946	6,482,734			
Institutional Support	154,815,793	12,773,874	55,586,418	6,635,398	25,125,565	2,510,330	997,236	$ 51,186,972
Op/Maint Physical Plant	145,928,665	21,102,647	78,345,444	11,839,771	31,303,828	3,336,975		
Scholarships & Fellowships	116,587,470	12,531,352	85,169,742	9,318,572	9,557,804	10,000		
Subtotal Expenditures	$ 1,406,589,404	$ 160,135,446	$ 677,005,602	$ 93,944,443	$ 264,030,758	$ 140,574,437	$ 19,296,746	$ 51,601,972
Mandatory Transfers	10,946,128	3,269,165	747,685	622,896	6,196,382			110,000
Non Mandatory Transfers	(514,327)	1,602,358	16,299,382	1,237,649	5,001,600	1,823,300	1,563,905	(28,042,521)
Total Expenditures & Transfers	$ 1,417,021,205	$ 165,006,969	$ 694,052,669	$ 95,804,988	$ 275,228,740	$ 142,397,737	$ 20,860,651	$ 23,669,451
Fund Balance Addition/(Reduction)	$ (909,751)	$ 66,580				$ (172,777)	$ (83,076)	$ (720,478)
AUXILIARIES								
Revenues	$ 256,699,331	$ 14,542,704	$ 229,754,589	$ 10,630,570	$ 1,771,468			
Expenditures and Transfers								
Expenditures	$ 193,247,255	$ 10,719,146	$ 173,854,365	$ 7,272,776	$ 1,400,968			
Mandatory Transfers	41,088,849	1,803,780	36,209,494	2,705,075	370,500			
Non-Mandatory Transfers	22,363,227	2,019,778	19,690,730	652,719				
Total Expenditures & Transfers	$ 256,699,331	$ 14,542,704	$ 229,754,589	$ 10,630,570	$ 1,771,468			
Fund Balance Addition/(Reduction)								
TOTALS								
Revenues	$ 1,672,810,785	$ 179,616,253	$ 923,807,258	$ 106,435,558	$ 277,000,208	$ 142,224,960	$ 20,777,575	$ 22,948,973
Expenditures and Transfers								
Expenditures	$ 1,599,836,659	$ 170,854,592	$ 850,859,967	$ 101,217,219	$ 265,431,726	$ 140,574,437	$ 19,296,746	$ 51,601,972
Mandatory Transfers	52,034,977	5,072,945	36,957,179	3,327,971	6,566,882			110,000
Non-Mandatory Transfers	21,848,900	3,622,136	35,990,112	1,890,368	5,001,600	1,823,300	1,563,905	(28,042,521)
Total Expenditures & Transfers	$ 1,673,720,536	$ 179,549,673	$ 923,807,258	$ 106,435,558	$ 277,000,208	$ 142,397,737	$ 20,860,651	$ 23,669,451
Fund Balance Addition/(Reduction)	$ (909,751)	$ 66,580				$ (172,777)	$ (83,076)	$ (720,478)

Knoxville includes UT Knoxville and UT Space Institute.

University of Tennessee System

FY 2018 Proposed Budget Summary

Current Funds Revenues, Expenditures and Transfers - UNRESTRICTED AND RESTRICTED

	Total System	Chattanooga	Knoxville	Martin	Health Science Center	Institute of Agriculture	Institute for Public Service	System Administration
EDUCATIONAL AND GENERAL								
Revenues								
Tuition & Fees	$ 690,740,078	$ 108,399,809	$ 422,810,219	$ 58,901,851	$ 88,242,383	$ 12,385,816		
State Appropriations	582,533,469	51,633,060	242,342,664	32,833,668	153,961,387	84,231,486	$ 11,979,287	$ 5,551,917
Grants & Contracts	580,603,477	42,509,277	233,475,000	31,791,400	218,617,883	45,713,571	7,246,346	1,250,000
Sales & Service	60,474,979	5,110,179	5,501,872	3,511,340	20,847,115	25,504,473		
Other Sources	124,969,381	8,417,424	44,486,520	4,179,930	19,452,966	21,597,543	8,837,942	17,997,056
Total Revenues	$ 2,039,321,384	$ 216,069,749	$ 948,616,275	$ 131,218,189	$ 501,121,734	$ 189,432,889	$ 28,063,575	$ 24,798,973
Expenditures and Transfers								
Instruction	$ 741,873,755	$ 73,801,974	$ 309,576,283	$ 44,067,276	$ 276,832,258	$ 37,587,964		$ 8,000
Research	256,017,592	4,860,860	135,089,577	441,806	50,771,658	63,921,691		932,000
Public Service	151,508,531	3,753,158	33,172,655	1,965,529	15,051,000	71,448,404	$ 25,352,785	765,000
Academic Support	193,526,963	15,004,597	87,735,501	11,899,052	70,078,805	8,576,283	232,725	
Student Services	92,703,375	26,430,511	47,181,088	12,605,542	6,486,234			
Institutional Support	156,624,445	12,897,740	55,788,918	6,777,084	25,842,165	2,614,330	997,236	51,706,972
Op/Maint Physical Plant	146,444,933	21,102,647	78,845,444	11,849,539	31,303,828	3,343,475		
Scholarships/Fellowships	290,987,049	53,167,176	184,179,742	39,751,816	13,557,804	290,511		40,000
Subtotal Expenditures	$ 2,029,686,643	$ 211,018,663	$ 931,569,208	$ 129,357,644	$ 489,923,752	$ 187,782,658	$ 26,582,746	$ 53,451,972
Mandatory Transfers	10,946,128	3,269,165	747,685	622,896	6,196,382			110,000
Non Mandatory Transfers	(514,327)	1,602,358	16,299,382	1,237,649	5,001,600	1,823,300	1,563,905	(28,042,521)
Total Expenditures & Transfers	$ 2,040,118,444	$ 215,890,186	$ 948,616,275	$ 131,218,189	$ 501,121,734	$ 189,605,958	$ 28,146,651	$ 25,519,451
Fund Balance Addition/(Reduction)	$ (797,060)	$ 179,563				$ (173,069)	$ (83,076)	$ (720,478)
AUXILIARIES								
Revenues	$ 256,959,331	$ 14,542,704	$ 230,014,589	$ 10,630,570	$ 1,771,468			
Expenditures & Transfers								
Expenditures	$ 193,507,255	$ 10,719,146	$ 174,114,365	$ 7,272,776	$ 1,400,968			
Mandatory Transfers	41,088,849	1,803,780	36,209,494	2,705,075	370,500			
Non Mandatory Transfers	22,363,227	2,019,778	19,690,730	652,719				
Total Expenditures & Transfers	$ 256,959,331	$ 14,542,704	$ 230,014,589	$ 10,630,570	$ 1,771,468			
Fund Balance Addition/(Reduction)								
TOTALS								
Revenues	$ 2,296,280,715	$ 230,612,453	$ 1,178,630,864	$ 141,848,759	$ 502,893,202	$ 189,432,889	$ 28,063,575	$ 24,798,973
Expenditures & Transfers								
Expenditures	$ 2,223,193,898	$ 221,737,809	$ 1,105,683,573	$ 136,630,420	$ 491,324,720	$ 187,782,658	$ 26,582,746	$ 53,451,972
Mandatory Transfers	52,034,977	5,072,945	36,957,179	3,327,971	6,566,882			110,000
Non Mandatory Transfers	21,848,900	3,622,136	35,990,112	1,890,368	5,001,600	1,823,300	1,563,905	(28,042,521)
Total Expenditures & Transfers	$ 2,297,077,775	$ 230,432,890	$ 1,178,630,864	$ 141,848,759	$ 502,893,202	$ 189,605,958	$ 28,146,651	$ 25,519,451
Fund Balance Addition/(Reduction)	$ (797,060)	$ 179,563				$ (173,069)	$ (83,076)	$ (720,478)

Knoxville includes UT Knoxville and UT Space Institute.

Schedule 7

University of Tennessee System

Five Year FY18 Proposed Budget Summary Comparison

Current Funds Revenues, Expenditures and Transfers - UNRESTRICTED

	FY 2014 ACTUAL	FY 2015 ACTUAL	FY 2016 ACTUAL	FY 2017 PROBABLE	FY 2018 PROPOSED	CHANGE FY 2014 TO FY 2018 AMOUNT	CHANGE FY 2014 TO FY 2018 %
EDUCATIONAL AND GENERAL							
Revenues							
Tuition & Fees	$ 573,319,528	$ 615,545,784	$ 655,160,210	$ 678,633,653	$ 690,740,078	$ 117,420,550	20.5 %
State Appropriations	466,846,023	474,247,612	498,638,349	527,569,249	563,650,449	96,804,426	20.7 %
Grants & Contracts	47,701,692	46,798,665	47,776,120	45,622,336	45,146,556	(2,555,136)	(5.4) %
Sales & Service	56,782,696	60,095,439	63,277,345	62,472,263	60,474,979	3,692,283	6.5 %
Other Sources	57,843,432	62,148,888	63,237,010	56,994,790	56,099,392	(1,744,040)	(3.0) %
Total Revenues	$ 1,202,493,370	$ 1,258,836,388	$ 1,328,089,034	$ 1,371,292,291	$ 1,416,111,454	$ 213,618,084	17.8 %
Expenditures and Transfers							
Instruction	$ 483,317,352	$ 492,352,355	$ 507,772,768	$ 612,090,316	$ 584,776,597	$ 101,459,245	21.0 %
Research	82,247,060	83,487,974	85,108,045	113,398,986	72,730,155	(9,516,905)	(11.6) %
Public Service	71,218,916	71,365,049	75,883,884	90,784,654	83,722,834	12,503,918	17.6 %
Academic Support	134,931,552	140,613,764	144,850,799	168,808,720	157,124,196	22,192,644	16.4 %
Student Services	82,207,540	87,447,751	90,151,545	92,821,438	90,903,694	8,696,154	10.6 %
Institutional Support	132,823,682	133,117,858	143,813,604	157,245,796	154,815,793	21,992,111	16.6 %
Operation & Maintenance of Plant	121,814,088	125,493,000	129,125,389	141,407,687	145,928,665	24,114,577	19.8 %
Scholarships & Fellowships	78,873,759	88,984,234	95,852,388	98,492,125	116,587,470	37,713,711	47.8 %
Subtotal Expenditures	$ 1,187,433,948	$ 1,222,861,986	$ 1,272,558,422	$ 1,475,049,722	$ 1,406,589,404	$ 219,155,456	18.5 %
Mandatory Transfers	6,498,442	7,702,456	9,116,648	8,444,508	10,946,128	4,447,686	68.4 %
Non-Mandatory Transfers	20,854,833	26,736,499	93,603,560	(100,217,552)	(514,327)	(21,369,160)	(102.5) %
Total Expenditures & Transfers	$ 1,214,787,223	$ 1,257,300,941	$ 1,375,278,630	$ 1,383,276,678	$ 1,417,021,205	$ 202,233,982	16.6 %
Fund Balance Addition/(Reduction)	$ (12,293,853)	$ 1,535,447	$ (47,189,596)	$ (11,984,387)	$ (909,751)		
AUXILIARIES							
Revenues	$ 206,143,803	$ 229,998,450	$ 243,291,225	$ 246,186,578	$ 256,699,331	$ 50,555,528	24.5 %
Expenditures and Transfers							
Expenditures	$ 156,747,599	$ 162,487,928	$ 179,801,559	$ 185,470,682	$ 193,247,255	$ 36,499,656	23.3 %
Mandatory Transfers	27,638,251	30,475,329	35,921,341	40,667,626	41,088,849	13,450,598	48.7 %
Non-Mandatory Transfers	25,035,971	27,175,190	34,109,650	20,217,270	22,363,227	(2,672,744)	(10.7) %
Total Expenditures & Transfers	$ 209,421,821	$ 220,138,447	$ 249,832,550	$ 246,355,578	$ 256,699,331	$ 47,277,510	22.6 %
Fund Balance Addition/(Reduction)	$ (3,278,018)	$ 9,860,002	$ (6,541,325)	$ (169,000)			
TOTALS							
Revenues	$ 1,408,637,174	$ 1,488,834,838	$ 1,571,380,259	$ 1,617,478,869	$ 1,672,810,785	$ 264,173,611	18.8 %
Expenditures and Transfers							
Expenditures	$ 1,344,181,548	$ 1,385,349,915	$ 1,452,359,981	$ 1,660,520,404	$ 1,599,836,659	$ 255,655,111	19.0 %
Mandatory Transfers	34,136,693	38,177,785	45,037,989	49,112,134	52,034,977	17,898,284	52.4 %
Non-Mandatory Transfers	45,890,804	53,911,689	127,713,210	(80,000,282)	21,848,900	(24,041,904)	(52.4) %
Total Expenditures & Transfers	$ 1,424,209,045	$ 1,477,439,389	$ 1,625,111,180	$ 1,629,632,256	$ 1,673,720,536	$ 249,511,491	17.5 %
Fund Balance Addition/(Reduction)	$ (15,571,871)	$ 11,395,449	$ (53,730,921)	$ (12,153,387)	$ (909,751)		

Schedule 8 - UT Total

University of Tennessee System

Five Year FY18 Proposed Budget Summary Comparison

Current Funds Revenues, Expenditures and Transfers - UNRESTRICTED AND RESTRICTED

	FY 2014 ACTUAL	FY 2015 ACTUAL	FY 2016 ACTUAL	FY 2017 PROBABLE	FY 2018 PROPOSED	CHANGE FY 2014 TO FY 2018 AMOUNT	CHANGE FY 2014 TO FY 2018 %
EDUCATIONAL AND GENERAL							
Revenues							
Tuition & Fees	$ 573,319,528	$ 615,545,784	$ 655,160,210	$ 678,633,653	$ 690,740,078	$ 117,420,550	20.5 %
State Appropriations	486,122,116	498,835,055	517,432,168	546,242,487	582,533,469	96,411,353	19.8 %
Grants & Contracts	560,197,430	579,397,127	594,898,136	556,706,953	580,603,477	20,406,047	3.6 %
Sales & Service	56,782,696	60,095,439	63,277,345	62,472,263	60,474,979	3,692,283	6.5 %
Other Sources	121,741,019	135,054,622	139,646,158	127,294,941	124,969,381	3,228,362	2.7 %
Total Revenues	$ 1,798,162,787	$ 1,888,928,027	$ 1,970,414,018	$ 1,971,350,297	$ 2,039,321,384	$ 241,158,597	13.4 %
Expenditures and Transfers							
Instruction	$ 636,019,932	$ 661,961,368	$ 675,180,740	$ 758,906,847	$ 741,873,755	$ 105,853,823	16.6 %
Research	260,705,414	256,779,818	261,427,977	292,345,906	256,017,592	(4,687,822)	(1.8) %
Public Service	127,928,093	130,087,649	143,833,147	152,694,034	151,508,531	23,580,438	18.4 %
Academic Support	167,965,217	179,840,336	190,873,898	201,179,293	193,526,963	25,561,746	15.2 %
Student Services	84,674,075	89,692,660	92,750,862	94,571,023	92,703,375	8,029,300	9.5 %
Institutional Support	134,563,916	135,132,492	146,540,103	158,931,262	156,624,445	22,060,529	16.4 %
Operation & Maintenance of Plant	122,246,472	125,906,243	129,513,235	141,820,187	146,444,933	24,198,461	19.8 %
Scholarships & Fellowships	254,606,577	263,845,171	268,865,652	274,476,935	290,987,049	36,380,472	14.3 %
Subtotal Expenditures	$ 1,788,709,696	$ 1,843,245,736	$ 1,908,985,614	$ 2,074,925,487	$ 2,029,686,643	$ 240,976,947	13.5 %
Mandatory Transfers	6,498,442	7,702,456	9,116,648	8,444,508	10,946,128	4,447,686	68.4 %
Non-Mandatory Transfers	20,854,833	26,736,499	93,603,560	(100,217,552)	(514,327)	(21,369,160)	(102.5) %
Total Expenditures & Transfers	$ 1,816,062,971	$ 1,877,684,691	$ 2,011,705,822	$ 1,983,152,443	$ 2,040,118,444	$ 224,055,473	12.3 %
Fund Balance Addition/(Reduction)	$ (17,900,184)	$ 11,243,336	$ (41,291,804)	$ (11,802,146)	$ (797,060)		
AUXILIARIES							
Revenues	$ 207,264,677	$ 230,256,055	$ 243,882,965	$ 246,446,578	$ 256,959,331	$ 49,694,654	24.0 %
Expenditures and Transfers							
Expenditures	$ 156,840,867	$ 162,766,410	$ 180,136,338	$ 185,730,682	$ 193,507,255	$ 36,666,388	23.4 %
Mandatory Transfers	27,638,251	30,475,329	35,921,341	40,667,626	41,088,849	13,450,598	48.7 %
Non-Mandatory Transfers	25,035,971	27,175,190	34,109,650	20,217,270	22,363,227	(2,672,744)	(10.7) %
Total Expenditures & Transfers	$ 209,515,089	$ 220,416,929	$ 250,167,329	$ 246,615,578	$ 256,959,331	$ 47,444,242	22.6 %
Fund Balance Addition/(Reduction)	$ (2,250,412)	$ 9,839,126	$ (6,284,365)	$ (169,000)			
TOTALS							
Revenues	$ 2,005,427,465	$ 2,119,184,082	$ 2,214,296,982	$ 2,217,796,875	$ 2,296,280,715	$ 290,853,250	14.5 %
Expenditures and Transfers							
Expenditures	$ 1,945,550,563	$ 2,006,012,146	$ 2,089,121,952	$ 2,260,656,169	$ 2,223,193,898	$ 277,643,335	14.3 %
Mandatory Transfers	34,136,693	38,177,785	45,037,989	49,112,134	52,034,977	17,898,284	52.4 %
Non-Mandatory Transfers	45,890,804	53,911,689	127,713,210	(80,000,282)	21,848,900	(24,041,904)	(52.4) %
Total Expenditures & Transfers	$ 2,025,578,060	$ 2,098,101,620	$ 2,261,873,151	$ 2,229,768,021	$ 2,297,077,775	$ 271,499,715	13.4 %
Fund Balance Addition/(Reduction)	$ (20,150,595)	$ 21,082,462	$ (47,576,169)	$ (11,971,146)	$ (797,060)		

Schedule 9 - UT Total

University of Tennessee System

FY 2018 Proposed Budget Summary

Unrestricted and Restricted Current Funds Revenues, Expenditures and Transfers

	FY 2016 Actual			FY 2017 Probable			FY 2018 Proposed			Change Probable to Proposed	
	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total	Amount	%
EDUCATION AND GENERAL											
Revenues											
Tuition & Fees	$ 655,160,210		$ 655,160,210	$ 678,633,653		$ 678,633,653	$ 690,740,078		$ 690,740,078	$ 12,106,425	1.8 %
State Appropriations	498,638,349	$ 18,793,819	517,432,168	527,569,249	$ 18,673,238	546,242,487	563,650,449	$ 18,883,020	582,533,469	36,290,982	6.6 %
Grants & Contracts	47,776,120	547,122,016	594,898,136	45,622,336	511,084,617	556,706,953	45,146,556	535,456,921	580,603,477	23,896,524	4.3 %
Sales & Service	63,277,345		63,277,345	62,472,263		62,472,263	60,474,979		60,474,979	(1,997,284)	(3.2) %
Other Sources	63,237,010	76,409,149	139,646,158	56,994,790	70,300,151	127,294,941	56,099,392	68,869,989	124,969,381	(2,325,560)	(1.8) %
Total Revenues	$ 1,328,089,034	$ 642,324,984	$ 1,970,414,018	$ 1,371,292,291	$ 600,058,006	$ 1,971,350,297	$ 1,416,111,454	$ 623,209,930	$ 2,039,321,384	$ 67,971,087	3.4 %
Expenditures and Transfers											
Instruction	$ 507,772,768	$ 167,407,971	$ 675,180,740	612,090,316	$ 146,816,531	$ 758,906,847	$ 584,776,597	$ 157,097,158	$ 741,873,755	$ (17,033,092)	(2.2) %
Research	85,108,045	176,319,933	261,427,977	113,398,986	178,946,920	292,345,906	72,730,155	183,287,437	256,017,592	(36,328,314)	(12.4) %
Public Service	75,883,884	67,949,263	143,833,147	90,784,654	61,909,380	152,694,034	83,722,834	67,785,697	151,508,531	(1,185,503)	(0.8) %
Academic Support	144,850,799	46,023,099	190,873,898	168,808,720	32,370,573	201,179,293	157,124,196	36,402,767	193,526,963	(7,652,330)	(3.8) %
Student Services	90,151,545	2,599,317	92,750,862	92,821,438	1,749,585	94,571,023	90,903,694	1,799,681	92,703,375	(1,867,648)	(2.0) %
Institutional Support	143,813,604	2,726,499	146,540,103	157,245,796	1,685,466	158,931,262	154,815,793	1,808,652	156,624,445	(2,306,817)	(1.5) %
Operations & Maintenance of Plant	129,125,389	387,846	129,513,235	141,407,687	412,500	141,820,187	145,928,665	516,268	146,444,933	4,624,746	3.3 %
Scholarships & Fellowships	95,852,388	173,013,264	268,865,652	98,492,125	175,984,810	274,476,935	116,587,470	174,399,579	290,987,049	16,510,114	6.0 %
Subtotal Expenditures	$ 1,272,558,422	$ 636,427,192	$ 1,908,985,614	$ 1,475,049,722	$ 599,875,765	$ 2,074,925,487	$ 1,406,589,404	$ 623,097,239	$ 2,029,686,643	$ (45,238,844)	(2.2) %
Mandatory Transfers	9,116,648		9,116,648	8,444,508		8,444,508	10,946,128		10,946,128	2,501,620	29.6 %
Non-Mandatory Transfers	93,603,560		93,603,560	(100,217,552)		(100,217,552)	(514,327)		(514,327)	99,703,225	99.5 %
Total Expenditures & Transfers	$ 1,375,278,630	$ 636,427,192	$ 2,011,705,822	$ 1,383,276,678	$ 599,875,765	$ 1,983,152,443	$ 1,417,021,205	$ 623,097,239	$ 2,040,118,444	$ 56,966,001	2.9 %
Fund Balance Addition / (Reduction)	$ (47,189,596)	$ 5,897,792	$ (41,291,804)	$ (11,984,387)	$ 182,241	$ (11,802,146)	$ (909,751)	$ 112,691	$ (797,060)		
AUXILIARIES											
Revenues	$ 243,291,225	$ 591,739	$ 243,882,965	$ 246,186,578	$ 260,000	$ 246,446,578	$ 256,699,331	$ 260,000	$ 256,959,331	$ 10,512,753	4.3 %
Expenditures and Transfers											
Expenditures	$ 179,801,559	$ 334,779	$ 180,136,338	$ 185,470,682	$ 260,000	$ 185,730,682	$ 193,247,255	$ 260,000	$ 193,507,255	$ 7,776,573	4.2 %
Mandatory Transfers	35,921,341		35,921,341	40,667,626		40,667,626	41,088,849		41,088,849	421,223	1.0 %
Non-Mandatory Transfers	34,109,650		34,109,650	20,217,270		20,217,270	22,363,227		22,363,227	2,145,957	10.6 %
Total Expenditures & Transfers	$ 249,832,550	$ 334,779	$ 250,167,329	$ 246,355,578	$ 260,000	$ 246,615,578	$ 256,699,331	$ 260,000	$ 256,959,331	$ 10,343,753	4.2 %
Fund Balance Addition / (Reduction)	$ (6,541,325)	$ 256,961	$ (6,284,365)	$ (169,000)		$ (169,000)					
TOTALS											
Revenues	$ 1,571,380,259	$ 642,916,723	$ 2,214,296,982	$ 1,617,478,869	$ 600,318,006	$ 2,217,796,875	$ 1,672,810,785	$ 623,469,930	$ 2,296,280,715	$ 78,483,840	3.5 %
Expenditures and Transfers											
Expenditures	$ 1,452,359,981	$ 636,761,971	$ 2,089,121,952	$ 1,660,520,404	$ 600,135,765	$ 2,260,656,169	$ 1,599,836,659	$ 623,357,239	$ 2,223,193,898	$ (37,462,271)	(1.7) %
Mandatory Transfers	45,037,989		45,037,989	49,112,134		49,112,134	52,034,977		52,034,977	2,922,843	6.0 %
Non-Mandatory Transfers	127,713,210		127,713,210	(80,000,282)		(80,000,282)	21,848,900		21,848,900	101,849,182	127.3 %
Total Expenditures & Transfers	$ 1,625,111,180	$ 636,761,971	$ 2,261,873,151	$ 1,629,632,256	$ 600,135,765	$ 2,229,768,021	$ 1,673,720,536	$ 623,357,239	$ 2,297,077,775	$ 67,309,754	3.0 %
Fund Balance Addition / (Reduction)	$ (53,730,921)	$ 6,154,752	$ (47,576,169)	$ (12,153,387)	$ 182,241	$ (11,971,146)	$ (909,751)	$ 112,691	$ (797,060)		

Schedule 10 - UT Total

University of Tennessee System

FY 2018 Proposed Budget - Natural Classifications

Unrestricted Current Funds Expenditures

	Total System	Chattanooga	Knoxville	Martin	Health Science Center	Institute of Agriculture	Institute for Public Service	System Administration
EDUCATIONAL AND GENERAL								
Salaries and Benefits								
Salaries								
Academic	$ 354,219,595	$ 43,880,628	$ 171,553,674	$ 24,337,489	$ 83,494,670	$ 30,487,927	$ 326,037	$ 139,170
Non-Academic	349,227,763	37,419,859	140,279,861	22,003,163	67,786,443	46,417,602	10,174,394	25,146,441
Students	8,535,207	926,136	5,026,976	1,384,971	620,294	418,354	27,790	130,686
Total Salaries	$ 711,982,565	$ 82,226,623	$ 316,860,511	$ 47,725,623	$ 151,901,407	$ 77,323,883	$ 10,528,221	$ 25,416,297
Staff Benefits	238,540,584	29,838,907	102,917,139	17,785,484	47,590,359	28,555,342	3,616,527	8,236,826
Total Salaries and Benefits	$ 950,523,149	$ 112,065,530	$ 419,777,650	$ 65,511,107	$ 199,491,766	$ 105,879,225	$ 14,144,748	$ 33,653,123
Operating	434,391,320	46,380,011	244,758,546	27,152,030	58,769,457	34,350,333	5,032,094	17,948,849
Equipment and Capital Outlay	21,674,935	1,689,905	12,469,406	1,281,306	5,769,535	344,879	119,904	
Total Expenditures	$ 1,406,589,404	$ 160,135,446	$ 677,005,602	$ 93,944,443	$ 264,030,758	$ 140,574,437	$ 19,296,746	$ 51,601,972
AUXILIARIES								
Salaries and Benefits								
Salaries								
Academic	$ 628,714	$ 7,000	$ 618,651	$ 3,063				
Non-Academic	51,423,939	2,063,151	47,653,282	1,463,709	$ 243,797			
Students	4,825,209	95,484	4,167,381	562,344				
Total Salaries	$ 56,877,862	$ 2,165,635	$ 52,439,314	$ 2,029,116	$ 243,797			
Staff Benefits	14,642,307	596,855	13,204,564	680,960	159,928			
Total Salaries and Benefits	$ 71,520,169	$ 2,762,490	$ 65,643,878	$ 2,710,076	$ 403,725			
Operating	120,908,941	7,949,186	107,416,512	4,546,000	997,243			
Equipment and Capital Outlay	818,145	7,470	793,975	16,700				
Total Expenditures	$ 193,247,255	$ 10,719,146	$ 173,854,365	$ 7,272,776	$ 1,400,968			
TOTALS								
Salaries and Benefits								
Salaries								
Academic	$ 354,848,309	$ 43,887,628	$ 172,172,325	$ 24,340,552	$ 83,494,670	$ 30,487,927	$ 326,037	$ 139,170
Non-Academic	400,651,702	39,483,010	187,933,143	23,466,872	68,030,240	46,417,602	10,174,394	25,146,441
Students	13,360,416	1,021,620	9,194,357	1,947,315	620,294	418,354	27,790	130,686
Total Salaries	$ 768,860,427	$ 84,392,258	$ 369,299,825	$ 49,754,739	$ 152,145,204	$ 77,323,883	$ 10,528,221	$ 25,416,297
Staff Benefits	253,182,891	30,435,762	116,121,703	18,466,444	47,750,287	28,555,342	3,616,527	8,236,826
Total Salaries and Benefits	$ 1,022,043,318	$ 114,828,020	$ 485,421,528	$ 68,221,183	$ 199,895,491	$ 105,879,225	$ 14,144,748	$ 33,653,123
Operating	555,300,261	54,329,197	352,175,058	31,698,030	59,766,700	34,350,333	5,032,094	17,948,849
Equipment and Capital Outlay	22,493,080	1,697,375	13,263,381	1,298,006	5,769,535	344,879	119,904	
Total Expenditures	$ 1,599,836,659	$ 170,854,592	$ 850,859,967	$ 101,217,219	$ 265,431,726	$ 140,574,437	$ 19,296,746	$ 51,601,972

Knoxville includes UTK Knoxville and UT Space Institute.

University of Tennessee System

FY 2018 Proposed Budget Summary - Natural Classifications

Unrestricted Current Funds Expenditures

	FY 2016 ACTUAL	FY 2017 PROBABLE	FY 2018 PROPOSED	CHANGE PROBABLE TO PROPOSED AMOUNT	%
EDUCATIONAL AND GENERAL					
Salaries and Benefits					
Salaries					
Academic	$ 342,166,900	$ 355,178,548	$ 354,219,595	$ (958,953)	(0.3) %
Non-Academic	318,856,048	340,043,668	349,227,763	9,184,095	2.7 %
Students	10,430,843	9,182,796	8,535,207	(647,589)	(7.1) %
Total Salaries	$ 671,453,791	$ 704,405,012	$ 711,982,565	$ 7,577,553	1.1 %
Staff Benefits	223,472,979	230,499,155	238,540,584	8,041,429	3.5 %
Total Salaries and Benefits	$ 894,926,771	$ 934,904,167	$ 950,523,149	$ 15,618,982	1.7 %
Operating	346,762,353	518,356,027	434,391,320	(83,964,707)	(16.2) %
Equipment and Capital Outlay	30,869,299	21,789,528	21,674,935	(114,593)	(0.5) %
Total Expenditures	$ 1,272,558,422	$ 1,475,049,722	$ 1,406,589,404	$ (68,460,318)	(4.6) %
AUXILIARIES					
Salaries and Benefits					
Salaries					
Academic	$ 618,406	$ 627,676	$ 628,714	$ 1,038	0.2 %
Non-Academic	50,878,095	50,108,420	51,423,939	$ 1,315,519	2.6 %
Students	4,460,131	4,652,612	4,825,209	172,597	3.7 %
Total Salaries	$ 55,956,633	$ 55,388,708	$ 56,877,862	$ 1,489,154	2.7 %
Staff Benefits	14,467,703	13,916,380	14,642,307	725,927	5.2 %
Total Salaries and Benefits	$ 70,424,336	$ 69,305,088	$ 71,520,169	$ 2,215,081	3.2 %
Operating	108,650,326	115,389,794	120,908,941	5,519,147	4.8 %
Equipment and Capital Outlay	726,898	775,800	818,145	42,345	5.5 %
Total Expenditures	$ 179,801,559	$ 185,470,682	$ 193,247,255	$ 7,776,573	4.2 %
TOTALS					
Salaries and Benefits					
Salaries					
Academic	$ 342,785,306	$ 355,806,224	$ 354,848,309	$ (957,915)	(0.3) %
Non-Academic	369,734,144	390,152,088	400,651,702	10,499,614	2.7 %
Students	14,890,975	13,835,408	13,360,416	(474,992)	(3.4) %
Total Salaries	$ 727,410,424	$ 759,793,720	$ 768,860,427	$ 9,066,707	1.2 %
Staff Benefits	237,940,683	244,415,535	253,182,891	8,767,356	3.6 %
Total Salaries and Benefits	$ 965,351,107	$ 1,004,209,255	$ 1,022,043,318	$ 17,834,063	1.8 %
Operating	455,412,678	633,745,821	555,300,261	(78,445,560)	(12.4) %
Equipment and Capital Outlay	31,596,197	22,565,328	22,493,080	(72,248)	(0.3) %
Total Expenditures	$ 1,452,359,981	$ 1,660,520,404	$ 1,599,836,659	$ (60,683,745)	(3.7) %

University of Tennessee System

FY 2018 Proposed Budget Summary

Auxiliary Enterprises Funds Revenues, Expenditures and Transfers

	FY 2016 ACTUAL	FY 2017 PROBABLE	FY 2018 PROPOSED	CHANGE PROBABLETO PROPOSED AMOUNT	%
HOUSING					
Revenues	$ 63,999,693	$ 65,617,175	$ 69,250,108	$ 3,632,933	5.5 %
Expenditures and Transfers					
Expenditures	$ 37,831,014	$ 42,062,340	$ 43,889,425	$ 1,827,085	4.3 %
Mandatory Transfers	11,247,885	18,797,266	19,262,988	465,722	2.5 %
Non-Mandatory Transfers	15,141,366	4,757,569	6,097,695	1,340,126	28.2 %
Total Expenditures and Transfers	$ 64,220,265	$ 65,617,175	$ 69,250,108	$ 3,632,933	5.5 %
Fund Balance Addition/(Reduction)	$ (220,572)				
FOOD SERVICE					
Revenues	$ 8,185,412	$ 8,552,885	$ 10,896,288	$ 2,343,403	27.4 %
Expenditures and Transfers					
Expenditures	$ 2,362,913	$ 3,227,003	$ 3,600,007	$ 373,004	11.6 %
Mandatory Transfers	3,456,393				
Non-Mandatory Transfers	3,478,127	5,308,077	7,289,081	1,981,004	37.3 %
Total Expenditures and Transfers	$ 9,297,433	$ 8,535,080	$ 10,889,088	$ 2,354,008	27.6 %
Fund Balance Addition/(Reduction)	$ (1,112,021)	$ 17,805	$ 7,200		
BOOKSTORES					
Revenues	$ 24,496,670	$ 25,140,352	$ 25,525,232	$ 384,880	1.5 %
Expenditures and Transfers					
Expenditures	$ 25,667,584	$ 22,779,309	$ 23,682,040	$ 902,731	4.0 %
Mandatory Transfers		109,418	109,418		0.0 %
Non-Mandatory Transfers	3,318,675	2,251,875	1,734,774	(517,101)	-23.0 %
Total Expenditures and Transfers	$ 28,986,258	$ 25,140,602	$ 25,526,232		
Fund Balance Addition/(Reduction)	$ (4,489,589)	$ (250)	$ (1,000)		
PARKING					
Revenues	$ 12,944,359	$ 13,714,505	$ 13,868,916	$ 154,411	1.1 %
Expenditures and Transfers					
Expenditures	$ 7,789,238	$ 8,455,985	$ 8,359,402	$ (96,583)	(1.1) %
Mandatory Transfers	2,946,365	4,314,704	4,413,469		
Non-Mandatory Transfers	1,423,215	1,124,816	1,096,045		
Total Expenditures and Transfers	$ 12,158,818	$ 13,895,505	$ 13,868,916	$ (26,589)	(0.2) %
Fund Balance Addition/(Reduction)	$ 785,541				
ATHLETICS					
Revenues	$ 131,125,143	$ 128,819,870	$ 132,990,956	4,171,086	3.2 %
Expenditures and Transfers					
Expenditures	$ 103,629,292	$ 104,557,205	$ 109,500,856	$ 4,943,651	4.7 %
Mandatory Transfers	18,270,698	17,446,238	17,302,974	(143,264)	(0.8) %
Non-Mandatory Transfers	10,601,008	6,816,427	6,187,126	(629,301)	(9.2) %
Total Expenditures and Transfers	$ 132,500,998	$ 128,819,870	$ 132,990,956	$ 4,171,086	3.2 %
Fund Balance Addition/(Reduction)	$ (1,375,855)				
OTHER					
Revenues	$ 2,539,947	$ 4,341,791	$ 4,167,831	$ (173,960)	(4.0) %
Expenditures and Transfers					
Expenditures	$ 2,521,518	$ 4,388,840	$ 4,215,525	$ (173,315)	(3.9) %
Mandatory Transfers					
Non-Mandatory Transfers	147,259	(41,494)	(41,494)		
Total Expenditures and Transfers	$ 2,668,777	$ 4,347,346	$ 4,174,031	$ (173,315)	(4.0) %
Fund Balance Addition/(Reduction)	$ (128,830)	$ (5,555)	$ (6,200)		
TOTAL					
Revenues	$ 243,291,224	$ 246,186,578	$ 256,699,331	$ 10,512,753	4.3 %
Expenditures and Transfers					
Expenditures	$ 179,801,559	$ 185,470,682	$ 193,247,255	$ 7,776,573	4.2 %
Mandatory Transfers	35,921,341	40,667,626	41,088,849	421,223	1.0 %
Non-Mandatory Transfers	34,109,650	20,217,270	22,363,227	2,145,957	10.6 %
Total Expenditures and Transfers	$ 249,832,550	$ 246,355,578	$ 256,699,331	$ 10,343,753	4.2 %
Fund Balance Addition/(Reduction)	$ (6,541,325)	$ (169,000)		$ 169,000	

Schedule 13

University of Tennessee System

Athletics FY 2018 Proposed Budget Summary

E&G and Auxiliary Funds for Men's and Women's Athletics

	FY 2016 ACTUAL	FY 2017 PROBABLE	FY 2018 PROPOSED	CHANGE PROBABLE TO PROPOSED AMOUNT	%
KNOXVILLE					
Revenues					
General Funds					
Student Fees for Athletics	$ 1,000,000	$ 1,000,000	$ 1,000,000		
Ticket Sales	35,590,271	36,305,870	34,634,094	$ (1,671,776)	(4.6) %
Gifts	29,039,027	28,270,000	30,236,947	1,966,947	7.0 %
Other	66,651,855	64,241,500	68,117,415	3,875,915	6.0 %
Total Revenues	$ 132,281,153	$ 129,817,370	$ 133,988,456	$ 4,171,086	3.2 %
Expenditures and Transfers					
Salaries and Benefits	$ 40,966,776	$ 41,271,122	$ 43,030,500	$ 1,759,378	4.3 %
Travel	10,216,344	9,412,900	10,847,637	1,434,737	15.2 %
Student Aid	13,209,345	15,201,137	15,540,905	339,768	2.2 %
Other Operating	39,134,827	38,669,506	40,079,314	1,409,808	3.6 %
Subtotal Expenditures	$ 103,527,292	$ 104,554,665	$ 109,498,356	$ 4,943,691	4.7 %
Debt Service Transfers	18,270,698	17,446,238	17,302,974	(143,264)	(0.8) %
Other Transfers	11,601,008	7,816,467	7,187,126	(629,341)	(8.1) %
Total Expenditures and Transfers	$ 133,398,998	$ 129,817,370	$ 133,988,456	$ 4,171,086	3.2 %
Fund Balance Addition / (Reduction)	$ (1,117,845)				
CHATTANOOGA					
Revenues					
General Funds	$ 6,711,302	$ 6,781,814	$ 6,814,398	$ 32,584	0.5 %
Student Fees for Athletics	4,549,281	4,991,503	4,991,503		
Ticket Sales	1,043,949	936,046	936,046		
Gifts	1,321,643	1,430,000	1,430,000		
Other	2,403,311	2,036,891	1,996,891	(40,000)	(2.0) %
Total Revenues	$ 16,029,486	$ 16,176,254	$ 16,168,838	$ (7,416)	(0.0) %
Expenditures and Transfers					
Salaries and Benefits	$ 6,642,791	$ 6,710,532	$ 6,722,517	$ 11,985	0.2 %
Travel	1,235,528	1,777,205	1,777,205		
Student Aid	4,668,727	5,144,225	5,233,939	89,714	1.7 %
Other Operating	3,464,997	2,374,292	2,265,177	(109,115)	4.3 %
Subtotal Expenditures	$ 16,012,043	$ 16,006,254	$ 15,998,838	$ (7,416)	(0.0) %
Debt Service Transfers	161,534	170,000	170,000		
Other Transfers					
Total Expenditures and Transfers	$ 16,173,577	$ 16,176,254	$ 16,168,838	$ (7,416)	(0.0) %
Fund Balance Addition / (Reduction)	$ (144,091)				
MARTIN					
Revenues					
General Funds	$ 5,533,396	$ 6,201,818	$ 5,997,695	$ (204,123)	(3.3) %
Student Fees for Athletics	2,206,752	2,032,000	2,032,000		
Ticket Sales	105,662	150,000	120,000	(30,000)	(20.0) %
Gifts	674,144	700,000	668,500	(31,500)	(4.5) %
Other	2,235,496	2,372,184	1,881,694	(490,490)	(20.7) %
Total Revenues	$ 10,755,450	$ 11,456,002	$ 10,699,889	$ (756,113)	(6.6) %
Expenditures and Transfers					
Salaries and Benefits	$ 4,105,465	$ 4,407,803	$ 4,407,792	$ (11)	(0.0) %
Travel	936,825	958,975	608,326	(350,649)	(36.6) %
Student Aid	3,930,170	4,281,509	4,357,079	75,570	1.8 %
Other Operating	1,368,243	1,807,715	1,208,968	(598,747)	(33.1) %
Subtotal Expenditures	$ 10,340,703	$ 11,456,002	$ 10,582,165	$ (873,837)	(7.6) %
Debt Service Transfers	(25,730)	0	117,724	117,724	(20.6) %
Other Transfers	200,000				
Total Expenditures and Transfers	$ 10,514,973	$ 11,456,002	$ 10,699,889	$ (756,113)	(6.6) %
Fund Balance Addition / (Reduction)	$ 240,477				
TOTAL ATHLETICS					
Revenues					
General Funds	$ 12,244,698	$ 12,983,632	$ 12,812,093	$ (171,539)	(1.3) %
Student Fees for Athletics	7,756,033	8,023,503	8,023,503		
Ticket Sales	36,739,882	37,391,916	35,690,140	(1,701,776)	(4.6) %
Gifts	31,034,814	30,400,000	32,335,447	1,935,447	6.4 %
Other	71,290,662	68,650,575	71,996,000	3,345,425	4.9 %
Total Revenues	$ 159,066,089	$ 157,449,626	$ 160,857,183	$ 3,407,557	2.2 %
Expenditures and Transfers					
Salaries and Benefits	$ 51,715,032	$ 52,389,457	$ 54,160,809	$ 1,771,352	3.4 %
Travel	12,388,697	12,149,080	13,233,168	1,084,088	8.9 %
Student Aid	21,808,242	24,626,871	25,131,923	505,052	2.1 %
Other Operating	43,968,067	42,851,513	43,553,459	701,946	1.6 %
Subtotal Expenditures	$ 129,880,038	$ 132,016,921	$ 136,079,359	$ 4,062,438	3.1 %
Debt Service Transfers	18,406,502	17,616,238	17,590,698	(25,540)	(0.1) %
Other Transfers	11,801,008	7,816,467	7,187,126	(629,341)	(8.1) %
Total Expenditures and Transfers	$ 160,087,548	$ 157,449,626	$ 160,857,183	$ 3,407,557	2.2 %
Fund Balance Addition / (Reduction)	$ (1,021,459)				

NOTES: Data includes unrestricted and restricted funds. Other revenue sources include NCAA conference income, tournament income, program sales, concessions, parking, broadcasting, television, radio, internet, endowments, investments, royalties, advertisements, sponsorships, game guarantees, licensing fees, and sports camps.

University of Tennessee System

FY 2018 Proposed Budget Summary

Unrestricted Current Funds Revenues, Expenditures, and Transfers

	FY 2016 ACTUALS	FY 2017 PROBABLE	FY 2018 PROPOSED	CHANGE PROBABLE TO PROPOSED AMOUNT	%
EDUCATIONAL AND GENERAL					
Revenues					
Tuition & Fees	$ 655,160,210	$ 678,633,653	$ 690,740,078	$ 12,106,425	1.8%
State Appropriations	498,638,349	527,569,249	563,650,449	36,081,200	6.8%
Grants & Contracts	47,776,120	45,622,336	45,146,556	(475,780)	-1.0%
Sales & Service	63,277,345	62,472,263	60,474,979	(1,997,284)	-3.2%
Other Sources	63,237,010	56,994,790	56,099,392	(895,398)	-1.6%
Total Revenues	$ 1,328,089,034	$ 1,371,292,291	$ 1,416,111,454	$ 44,819,163	3.3%
Expenditures and Transfers					
Instruction	$ 507,772,768	$ 612,090,316	$ 584,776,597	$ (27,313,719)	-4.5%
Research	85,108,045	113,398,986	72,730,155	(40,668,831)	-35.9%
Public Service	75,883,884	90,784,654	83,722,834	(7,061,820)	-7.8%
Academic Support	144,850,799	168,808,720	157,124,196	(11,684,524)	-6.9%
Student Services	90,151,545	92,821,438	90,903,694	(1,917,744)	-2.1%
Institutional Support	143,813,604	157,245,796	154,815,793	(2,430,003)	-1.5%
Operation & Maintenace of Plant	129,125,389	141,407,687	145,928,665	4,520,978	3.2%
Scholarships & Fellowships	95,852,388	98,492,125	116,587,470	18,095,345	18.4%
Subtotal Expenditures	$ 1,272,558,422	$ 1,475,049,722	$ 1,406,589,404	$ (68,460,318)	-4.6%
Mandatory Transfers	9,116,648	8,444,508	10,946,128	2,501,620	29.6%
Non-Mandatory Transfers	93,603,560	(100,217,552)	(514,327)	99,703,225	-99.5%
Total Expenditures & Transfers	$ 1,375,278,630	$ 1,383,276,678	$ 1,417,021,205	$ 33,744,527	2.4%
Fund Balance Addition/(Reduction)	$ (47,189,596)	$ (11,984,387)	$ (909,751)		
AUXILIARIES					
Revenues	$ 243,291,225	$ 246,186,578	$ 256,699,331	$ 10,512,753	4.3%
Expenditures and Transfers					
Expenditures	179,801,559	185,470,682	193,247,255	7,776,573	4.2%
Mandatory Transfers	35,921,341	40,667,626	41,088,849	421,223	1.0%
Non-Mandatory Transfers	34,109,650	20,217,270	22,363,227	2,145,957	10.6%
Total Expenditures & Transfers	$ 249,832,550	$ 246,355,578	$ 256,699,331	$ 10,343,753	4.2%
Fund Balance Addition/(Reduction)	$ (6,541,325)	$ (169,000)	$ -		
TOTALS					
Revenues	$ 1,571,380,259	$ 1,617,478,869	$ 1,672,810,785	$ 55,331,916	3.4%
Expenditures and Transfers					
Expenditures	$ 1,452,359,981	$ 1,660,520,404	$ 1,599,836,659	$ (60,683,745)	-3.7%
Mandatory Transfers	45,037,989	49,112,134	52,034,977	2,922,843	6.0%
Non-Mandatory Transfers	127,713,210	(80,000,282)	21,848,900	101,849,182	-127.3%
Total Expenditures & Transfers	$ 1,625,111,180	$ 1,629,632,256	$ 1,673,720,536	$ 44,088,280	2.7%
Fund Balance Addition/(Reduction)	$ (53,730,921)	$ (12,153,387)	$ (909,751)		

Chattanooga

FY 2018 Proposed Budget Summary

Unrestricted Current Funds Revenues, Expenditures, and Transfers

	FY 2016 ACTUALS	FY 2017 PROBABLE	FY 2018 PROPOSED	CHANGE PROBABLE TO PROPOSED AMOUNT	%
EDUCATIONAL AND GENERAL					
Revenues					
Tuition & Fees	$ 103,869,395	$ 105,018,304	$ 108,399,809	$ 3,381,505	3.2%
State Appropriations	42,637,305	46,713,505	50,870,205	4,156,700	8.9%
Grants & Contracts	588,790	730,159	453,856	(276,303)	-37.8%
Sales & Service	6,020,297	5,110,179	5,110,179	-	0.0%
Other Sources	293,290	279,500	239,500	(40,000)	-14.3%
Total Revenues	$ 153,409,078	$ 157,851,647	$ 165,073,549	$ 7,221,902	4.6%
Expenditures and Transfers					
Instruction	$ 60,061,482	$ 71,057,872	$ 70,424,943	$ (632,929)	-0.9%
Research	3,227,388	3,620,578	2,390,790	(1,229,788)	-34.0%
Public Service	2,507,595	2,657,918	2,693,958	36,040	1.4%
Academic Support	13,945,468	17,014,885	12,726,956	(4,287,929)	-25.2%
Student Services	25,926,865	25,089,697	25,490,926	401,229	1.6%
Institutional Support	10,462,101	13,107,794	12,773,874	(333,920)	-2.5%
Operation & Maintenance of Plant	15,933,414	21,092,295	21,102,647	10,352	0.0%
Scholarships & Fellowships	11,468,107	12,848,586	12,531,352	(317,234)	-2.5%
Subtotal Expenditures	$ 143,532,422	$ 166,489,625	$ 160,135,446	$ (6,354,179)	-3.8%
Mandatory Transfers	467,782	874,165	3,269,165	2,395,000	274.0%
Non-Mandatory Transfers	9,155,945	(9,578,723)	1,602,358	11,181,081	-116.7%
Total Expenditures & Transfers	$ 153,156,149	$ 157,785,067	$ 165,006,969	$ 7,221,902	4.6%
Fund Balance Addition/(Reduction)	$ 252,928	$ 66,580	$ 66,580		
AUXILIARIES					
Revenues	$ 15,173,532	$ 14,496,728	$ 14,542,704	$ 45,976	0.3%
Expenditures and Transfers					
Expenditures	9,595,817	10,673,170	10,719,146	45,976	0.4%
Mandatory Transfers	1,341,729	1,803,780	1,803,780	-	0.0%
Non-Mandatory Transfers	4,146,442	2,019,778	2,019,778	-	0.0%
Total Expenditures & Transfers	$ 15,083,988	$ 14,496,728	$ 14,542,704	$ 45,976	0.3%
Fund Balance Addition/(Reduction)	$ 89,543				
TOTALS					
Revenues	$ 168,582,609	$ 172,348,375	$ 179,616,253	$ 7,267,878	4.2%
Expenditures and Transfers					
Expenditures	$ 153,128,240	$ 177,162,795	$ 170,854,592	$ (6,308,203)	-3.6%
Mandatory Transfers	1,809,511	2,677,945	5,072,945	2,395,000	89.4%
Non-Mandatory Transfers	13,302,387	(7,558,945)	3,622,136	11,181,081	-147.9%
Total Expenditures & Transfers	$ 168,240,138	$ 172,281,795	$ 179,549,673	$ 7,267,878	4.2%
Fund Balance Addition/(Reduction)	$ 342,472	$ 66,580	$ 66,580		

Knoxville

FY 2018 Proposed Budget Summary

Unrestricted Current Funds Revenues, Expenditures, and Transfers

	FY 2016 ACTUALS	FY 2017 PROBABLE	FY 2018 PROPOSED	CHANGE PROBABLE TO PROPOSED AMOUNT	%
EDUCATIONAL AND GENERAL					
Revenues					
Tuition & Fees	$ 398,986,988	$ 418,185,271	$ 422,810,219	$ 4,624,948	1.1%
State Appropriations	199,509,758	211,534,658	231,034,058	19,499,400	9.2%
Grants & Contracts	27,055,900	22,850,000	22,850,000		
Sales & Service	8,197,302	6,669,800	5,501,872	(1,167,928)	-17.5%
Other Sources	15,958,621	11,708,857	11,856,520	147,663	1.3%
Total Revenues	$ 649,708,568	$ 670,948,586	$ 694,052,669	$ 23,104,083	3.4%
Expenditures and Transfers					
Instruction	$ 250,253,626	$ 313,072,612	$ 297,476,283	$ (15,596,329)	-5.0%
Research	32,894,664	52,414,076	24,846,471	(27,567,605)	-52.6%
Public Service	15,842,637	15,369,044	12,672,655	(2,696,389)	-17.5%
Academic Support	66,680,095	74,573,235	76,227,501	1,654,266	2.2%
Student Services	45,880,197	46,895,440	46,681,088	(214,352)	-0.5%
Institutional Support	50,266,835	55,807,673	55,586,418	(221,255)	-0.4%
Operation & Maintenance of Plant	66,234,344	77,564,102	78,345,444	781,342	1.0%
Scholarships & Fellowships	65,320,647	65,612,732	85,169,742	19,557,010	29.8%
Subtotal Expenditures	$ 593,373,045	$ 701,308,914	$ 677,005,602	$ (24,303,312)	-3.5%
Mandatory Transfers	1,572,832	747,685	747,685		
Non-Mandatory Transfers	54,827,685	(31,108,013)	16,299,382	47,407,395	-152.4%
Total Expenditures & Transfers	$ 649,773,562	$ 670,948,586	$ 694,052,669	$ 23,104,083	3.4%
Fund Balance Addition/(Reduction)	$ (64,995)				
AUXILIARIES					
Revenues	$ 217,057,364	$ 219,860,105	$ 229,754,589	$ 9,894,484	4.5%
Expenditures and Transfers					
Expenditures	162,957,490	166,212,638	173,854,365	7,641,727	4.6%
Mandatory Transfers	31,517,650	36,451,629	36,209,494	(242,135)	-0.7%
Non-Mandatory Transfers	29,423,756	17,195,838	19,690,730	2,494,892	14.5%
Total Expenditures & Transfers	$ 223,898,896	$ 219,860,105	$ 229,754,589	$ 9,894,484	4.5%
Fund Balance Addition/(Reduction)	$ (6,841,532)				
TOTALS					
Revenues	$ 866,765,931	$ 890,808,691	$ 923,807,258	$ 32,998,567	3.7%
Expenditures and Transfers					
Expenditures	$ 756,330,535	$ 867,521,552	$ 850,859,967	$ (16,661,585)	-1.9%
Mandatory Transfers	33,090,482	37,199,314	36,957,179	(242,135)	-0.7%
Non-Mandatory Transfers	84,251,441	(13,912,175)	35,990,112	49,902,287	-358.7%
Total Expenditures & Transfers	$ 873,672,458	$ 890,808,691	$ 923,807,258	$ 32,998,567	3.7%
Fund Balance Addition/(Reduction)	$ (6,906,526)				

Knoxville includes UT Knoxville and the UT Space Institute.

Martin

FY 2018 Proposed Budget Summary

Unrestricted Current Funds Revenues, Expenditures, and Transfers

	FY 2016 ACTUALS	FY 2017 PROBABLE	FY 2018 PROPOSED	CHANGE PROBABLE TO PROPOSED AMOUNT	%
EDUCATIONAL AND GENERAL					
Revenues					
Tuition & Fees	$ 57,161,574	$ 57,239,151	$ 58,901,851	$ 1,662,700	2.9%
State Appropriations	28,673,797	31,515,097	32,540,397	1,025,300	3.3%
Grants & Contracts	179,963	158,000	211,400	53,400	33.8%
Sales & Service	3,989,940	4,025,830	3,511,340	(514,490)	-12.8%
Other Sources	675,460	670,000	640,000	(30,000)	-4.5%
Total Revenues	$ 90,680,734	$ 93,608,078	$ 95,804,988	$ 2,196,910	2.3%
Expenditures and Transfers					
Instruction	$ 39,839,902	$ 43,789,999	$ 41,578,751	$ (2,211,248)	-5.0%
Research	425,602	397,986	309,084	(88,902)	-22.3%
Public Service	593,639	697,793	661,236	(36,557)	-5.2%
Academic Support	9,264,107	12,091,130	11,352,685	(738,445)	-6.1%
Student Services	11,897,313	13,783,721	12,248,946	(1,534,775)	-11.1%
Institutional Support	6,056,311	6,927,201	6,635,398	(291,803)	-4.2%
Operation & Maintenance of Plant	10,542,069	11,979,030	11,839,771	(139,259)	-1.2%
Scholarships & Fellowships	8,864,620	9,615,658	9,318,572	(297,086)	-3.1%
Subtotal Expenditures	$ 87,483,563	$ 99,282,518	$ 93,944,443	$ (5,338,075)	-5.4%
Mandatory Transfers	477,031	505,765	622,896	117,131	23.2%
Non-Mandatory Transfers	2,063,074	(6,180,205)	1,237,649	7,417,854	-120.0%
Total Expenditures & Transfers	$ 90,023,668	$ 93,608,078	$ 95,804,988	$ 2,196,910	2.3%
Fund Balance Addition/(Reduction)	$ 657,066				
AUXILIARIES					
Revenues	$ 9,662,434	$ 10,192,740	$ 10,630,570	$ 437,830.00	4.3%
Expenditures and Transfers					
Expenditures	6,097,689	7,129,369	7,272,776	143,407	2.0%
Mandatory Transfers	2,693,132	2,041,717	2,705,075	663,358	32.5%
Non-Mandatory Transfers	823,242	1,021,654	652,719	(368,935)	-36.1%
Total Expenditures & Transfers	$ 9,614,063	$ 10,192,740	$ 10,630,570	$ 437,830	4.3%
Fund Balance Addition/(Reduction)	$ 48,371				
TOTALS					
Revenues	$ 100,343,167	$ 103,800,818	$ 106,435,558	$ 2,634,740	2.5%
Expenditures and Transfers					
Expenditures	$ 93,581,252	$ 106,411,887	$ 101,217,219	$ (5,194,668)	-4.9%
Mandatory Transfers	3,170,163	2,547,482	3,327,971	780,489	30.6%
Non-Mandatory Transfers	2,886,316	(5,158,551)	1,890,368	7,048,919	-136.6%
Total Expenditures & Transfers	$ 99,637,731	$ 103,800,818	$ 106,435,558	$ 2,634,740	2.5%
Fund Balance Addition/(Reduction)	$ 705,437				

Health Science Center

FY 2018 Proposed Budget Summary

Unrestricted Current Funds Revenues, Expenditures, and Transfers

	FY 2016 ACTUALS	FY 2017 PROBABLE	FY 2018 PROPOSED	CHANGE PROBABLE TO PROPOSED AMOUNT	%
EDUCATIONAL AND GENERAL					
Revenues					
Tuition & Fees	$ 83,206,372	$ 85,994,352	$ 88,242,383	$ 2,248,031	2.6%
State Appropriations	135,670,521	141,082,121	147,947,121	6,865,000	4.9%
Grants & Contracts	14,815,367	17,240,911	16,888,883	(352,028)	-2.0%
Sales & Service	21,407,136	21,502,918	20,847,115	(655,803)	-3.0%
Other Sources	3,013,548	3,031,490	1,303,238	(1,728,252)	-57.0%
Total Revenues	$ 258,112,945	$ 268,851,792	$ 275,228,740	$ 6,376,948	2.4%
Expenditures and Transfers					
Instruction	$ 127,999,468	$ 146,424,700	$ 138,269,034	$ (8,155,666)	-5.6%
Research	9,294,992	9,838,738	5,161,988	(4,676,750)	-47.5%
Public Service	38,070	81,400	51,000	(30,400)	-37.3%
Academic Support	45,872,330	56,324,387	48,078,805	(8,245,582)	-14.6%
Student Services	6,447,170	7,052,580	6,482,734	(569,846)	-8.1%
Institutional Support	25,720,450	26,662,384	25,125,565	(1,536,819)	-5.8%
Operation & Maintenance of Plant	33,100,453	27,428,899	31,303,828	3,874,929	14.1%
Scholarships & Fellowships	10,173,506	10,405,149	9,557,804	(847,345)	-8.1%
Subtotal Expenditures	$ 258,646,439	$ 284,218,237	$ 264,030,758	$ (20,187,479)	-7.1%
Mandatory Transfers	6,056,103	6,206,893	6,196,382	(10,511)	-0.2%
Non-Mandatory Transfers	33,722,374	(18,469,500)	5,001,600	23,471,100	127.1%
Total Expenditures & Transfers	$ 298,424,916	$ 271,955,630	$ 275,228,740	$ 3,273,110	1.2%
Fund Balance Addition/(Reduction)	$ (40,311,972)	$ (3,103,838)			
AUXILIARIES					
Revenues	$ 1,397,896	$ 1,637,005	$ 1,771,468	$ 134,463	8.2%
Expenditures and Transfers					
Expenditures	1,150,564	1,455,505	1,400,968	(54,537)	-3.7%
Mandatory Transfers	368,830	370,500	370,500		
Non-Mandatory Transfers	(283,790)	(20,000)		20,000	100.0%
Total Expenditures & Transfers	$ 1,235,604	$ 1,806,005	$ 1,771,468	$ (34,537)	-1.9%
Fund Balance Addition/(Reduction)	$ 162,292	$ (169,000)			
TOTALS					
Revenues	$ 259,510,840	$ 270,488,797	$ 277,000,208	$ 6,511,411	2.4%
Expenditures and Transfers					
Expenditures	$ 259,797,003	$ 285,673,742	$ 265,431,726	$ (20,242,016)	-7.1%
Mandatory Transfers	6,424,933	6,577,393	6,566,882	(10,511)	-0.2%
Non-Mandatory Transfers	33,438,584	(18,489,500)	5,001,600	23,491,100	-127.1%
Total Expenditures & Transfers	$ 299,660,520	$ 273,761,635	$ 277,000,208	$ 3,238,573	1.2%
Fund Balance Addition/(Reduction)	$ (40,149,680)	$ (3,272,838)			

Institute of Agriculture

FY 2018 Proposed Budget Summary

Unrestricted Current Funds Revenues, Expenditures, and Transfers

	FY 2016 ACTUALS	FY 2017 PROBABLE	FY 2018 PROPOSED	CHANGE PROBABLE TO PROPOSED AMOUNT	%
EDUCATIONAL AND GENERAL					
Revenues					
Tuition & Fees	$ 11,935,882	$ 12,196,575	$ 12,385,816	$ 189,241	1.6%
State Appropriations	76,809,564	80,150,264	83,727,464	3,577,200	4.5%
Grants & Contracts	4,838,208	4,095,571	4,316,071	220,500	5.4%
Sales & Service	23,662,671	25,163,536	25,504,473	340,937	1.4%
Other Sources	15,009,674	16,283,386	16,291,136	7,750	0.0%
Total Revenues	$ 132,255,999	$ 137,889,332	$ 142,224,960	$ 4,335,628	3.1%
Expenditures and Transfers					
Instruction	$ 29,618,289	$ 37,745,133	$ 37,027,586	$ (717,547)	-1.9%
Research	39,183,760	46,877,608	39,771,822	(7,105,786)	-15.2%
Public Service	42,037,477	54,203,225	49,412,200	(4,791,025)	-8.8%
Academic Support	8,840,695	8,533,150	8,505,524	(27,626)	-0.3%
Student Services					
Institutional Support	2,537,064	2,560,135	2,510,330	(49,805)	-1.9%
Operation & Maintenance of Plant	3,315,108	3,343,361	3,336,975	(6,386)	-0.2%
Scholarships & Fellowships	25,508	10,000	10,000		
Subtotal Expenditures	$ 125,557,902	$ 153,272,612	$ 140,574,437	$ (12,698,175)	-8.3%
Mandatory Transfers	437,334				
Non-Mandatory Transfers	11,500,590	(7,472,633)	1,823,300	9,295,933	-124.4%
Total Expenditures & Transfers	$ 137,495,826	$ 145,799,979	$ 142,397,737	$ (3,402,242)	-2.3%
Fund Balance Addition/(Reduction)	$ (5,239,827)	$ (7,910,647)	$ (172,777)		

Institute for Public Service

FY 2018 Proposed Budget Summary

Unrestricted Current Funds Revenues, Expenditures, and Transfers

	FY 2016 ACTUALS	FY 2017 PROBABLE	FY 2018 PROPOSED	CHANGE PROBABLE TO PROPOSED AMOUNT	%
EDUCATIONAL AND GENERAL					
Revenues					
Tuition & Fees					
State Appropriations	$ 10,342,187	$ 11,042,187	$ 11,979,287	$ 937,100	8.5%
Grants & Contracts	297,891	547,695	426,346	(121,349)	-22.2%
Sales & Service					
Other Sources	7,802,091	7,624,501	8,371,942	747,441	9.8%
Total Revenues	$ 18,442,170	$ 19,214,383	$ 20,777,575	$ 1,563,192	8.1%
Expenditures and Transfers					
Instruction					
Research					
Public Service	$ 14,864,466	$ 17,610,274	$ 18,066,785	$ 456,511	2.6%
Academic Support	248,103	271,933	232,725	(39,208)	-14.4%
Student Services					
Institutional Support	807,979	936,466	997,236	60,770	6.5%
Operation & Maintenance of Plant					
Scholarships & Fellowships					
Subtotal Expenditures	$ 15,920,548	$ 18,818,673	$ 19,296,746	$ 478,073	2.5%
Mandatory Transfers					
Non-Mandatory Transfers	2,308,955	613,507	1,563,905	950,398	154.9%
Total Expenditures & Transfers	$ 18,229,503	$ 19,432,180	$ 20,860,651	$ 1,428,471	7.4%
Fund Balance Addition/(Reduction)	$ 212,667	$ (217,797)	$ (83,076)		

System Administration

FY 2018 Proposed Budget Summary

Unrestricted Current Funds Revenues, Expenditures, and Transfers

	FY 2016 ACTUALS	FY 2017 PROBABLE	FY 2018 PROPOSED	CHANGE PROBABLE TO PROPOSED AMOUNT	%
EDUCATIONAL AND GENERAL					
Revenues					
Tuition & Fees					
State Appropriations	$ 4,995,217	$ 5,531,417	$ 5,551,917	$ 20,500	0.4%
Grants & Contracts					
Sales & Service					
Other Sources	20,484,325	17,397,056	17,397,056		
Total Revenues	$ 25,479,542	$ 22,928,473	$ 22,948,973	$ 20,500	0.1%
Expenditures and Transfers					
Instruction					
Research	$ 81,639	$ 250,000	$ 250,000		
Public Service		165,000	165,000		
Academic Support					
Student Services					
Institutional Support	47,962,864	51,244,143	51,186,972	$ (57,171)	-0.1%
Operation & Maintenance of Plant					
Scholarships & Fellowships					
Subtotal Expenditures	$ 48,044,503	$ 51,659,143	$ 51,601,972	$ (57,171)	-0.1%
Mandatory Transfers	105,566	110,000	110,000		
Non-Mandatory Transfers	(19,975,063)	(28,021,985)	(28,042,521)	(20,536)	0.1%
Total Expenditures & Transfers	$ 28,175,006	$ 23,747,158	$ 23,669,451	$ (77,707)	-0.3%
Fund Balance Addition/(Reduction)	$ (2,695,464)	$ (818,685)	$ (720,478)		

FY2018 PROPOSED BUDGET

THE UNIVERSITY OF TENNESSEE
FY 2018 PROPOSED TUITION AND FEES

This section presents anticipated tuition[1] and fee revenue growth that will result from the proposed fee adjustments recommended to the Board of Trustees for FY 2017-18. It is provided to inform Board members in their consideration of the university's fee proposal. It includes revenue projections for specific fee changes at each campus, a discussion on how the additional revenues are planned to be used, and detailed schedules of tuition and fee levels proposed for each campus. This section does not address revenue changes related to enrollment changes and other factors that will occur if tuition and fee levels remain unchanged.

Sections	Page
Recommendations	C-2
Proposed Uses of New Fee Revenues	C-5
Tuition and Fee Schedules:	
Chattanooga	C-9
Knoxville	C-11
Martin	C-16
Veterinary Medicine	C-19
Health Science Center	C-20
Other Fees	C-23

[1]For the purposes of this document, tuition refers to both maintenance fees and out-of-state tuition.

FY2018 PROPOSED BUDGET

Recommendations

For the third year in a row, the recommended tuition and fee increases adhere to boundaries established by the President's Budget Advisory Group. Increases to in-state undergraduate tuition are capped at 1.8%, the previous fiscal year rate of inflation as measured by the Higher Education Price Index (HEPI). In-state graduate tuition increases are capped at 4.8% (HEPI + 3%) and professional program fees must be competitive with peers. The result is the lowest tuition increases since 1984 and the lowest increases over a three-year period in the history of the UT System.

The tuition and fee changes recommended for Board approval are projected to generate additional revenues of $10,713,800. Most of the increase comes from tuition ($8,793,700) and the remainder from other student fees ($1,920,100). Another $757,187 is projected to result from fee changes approved by university administration in accordance with Board policy, bringing the total projected revenue increase to $11,470,987. (This does not include revenues of $1,721,902 expected to result from increases to auxiliary rates for housing, dining, and parking.)

Campus/Institute	**New Revenue**
Knoxville	$ 7,042,000
Health Science Center	1,812,000
Chattanooga	1,434,000
Martin	1,115,000
Veterinary Medicine	876,000
TOTAL	**$ 11,471,000**
Allocations	
Unfunded Portion of 3% Salary Pools	$ 3,710,000
Student Services and Instructional Support	3,708,000
Faculty & Staff Positions, Promotions, Start-up	1,794,000
Scholarships	1,336,000
Facilities, Equipment, and Debt Service	923,000
TOTAL	**$ 11,471,000**

FY2018 PROPOSED BUDGET

MAINTENANCE FEES AND TUITION
Recommended Percent Change

ACADEMIC UNITS	*Maintenance Fee**	*Out-of-State Tuition*	*New Revenues*
Chattanooga - Undergraduate and Graduate	1.8 %	0.0%	$ 1,331,000
Knoxville – Undergraduate	1.8 %	0.0%	
Knoxville – Graduate	1.8 %	0.0%	
Knoxville - College of Law	1.8%	0.0 %	5,000,000
Martin – Undergraduate (Less than 60 Credit Hours – 'Soar in Four' Model)	1.8%	0.0%	
Martin – Undergraduate (60 or More Credit Hours)	1.8%	0.0%	
Martin – Graduate	1.8%	0.0%	823,000
Space Institute	1.8%	0.0%	16,000
Health Science Center:			
College of Medicine - MD	2.0 %	2.0% - 2.3%	446,000
College of Health Professions – Graduate	2.0%	1.4% - 1.7%	123,200
College of Health Professions - Undergraduate	1.8%	0.7% - 1.1%	13,000
College of Dentistry - Graduate	2.0%	1.7% - 2.0%	273,700
College of Dentistry – Undergraduate	1.8%	1.1%	11,900
College of Pharmacy	2.0%	2.1%	323,800
College of Nursing - Undergraduate	1.8%	1.2%	20,800
Graduate Health Sciences – Masters of Pharmacology Program	4.8%	5.0%	13,100
Graduate Health Sciences – All other Programs	2.0%	1.4%	330,200
College of Veterinary Medicine	1.0%	-1.0%	68,000
		Total	**$ 8,793,700**

*In-state students pay only for the maintenance fee, which is commonly referred to as 'in-state tuition'. Out-of-state students pay the maintenance fee plus out-of-state tuition. The combined amount of these two fees is commonly referred to as 'out-of-state tuition'.

FY2018 PROPOSED BUDGET

OTHER FEES
FY 2018 Recommended Rate Increases

CAMPUS	*FEE*	*Current Annual Rate*	*Proposed Annual Rate*	*Change*	*New Revenue*
Martin	Student Travel Fee	$ 5	$ 10	$ 5	$ 55,000
Knoxville	Student Program Fee	262	270	12	200,000
	Capital Fee	366	398	32	800,000
	Library Fee	60	70	10	250,000
	Program Fees:				
	Accelerated BS in Nursing		400	NEW	14,800
	BS in Nursing		400	NEW	206,800
	Certified Nurse Anesthetist		1,000	NEW	48,000
	MS in Nursing	250	500	250	68,500
	Doctor of Nursing Practice	250	500	250	6,500
	PhD in Nursing	250	500	250	18,000
	Masters of Accountancy	4,500	6,000	1,500	135,000
	Masters of Business Analytics	4,500	6,000	1,500	52,500
	Masters of Human Resource Management	3,000	4,500	1,500	45,000
	Masters in Supply Chain Management		2,000	NEW	20,000
			Total		**$ 1,920,100**

FY2018 PROPOSED BUDGET

PROPOSED USES OF NEW REVENUES

UT CHATTANOOGA

- Maintenance Fee – A 1.8% increase generates $1.3 million in additional revenues. There is no increase for out-of-state tuition, but out-of-state students will have their share of the maintenance fee increase. $939,000 of the increase is used to fund a portion of a 3% merit salary and benefit increases. $245,000 is used to fund institutional scholarships, fee waivers and grants in-aid. $147,000 is used for funding new faculty and staff positions inclusive of benefits costs.

- Online Professional MBA Program – The Online Professional MBA Program will increase 1.6%. ($456) from $28,488 to $28,944. This increase is credited with the Maintenance Fee increase mentioned above. The Maintenance Fee charged for the Online Professional MBA Program is increased 1.8%, but when the total program costs are calculated the resulting increase is 1.6%. The revenues for this increase is included in the $1.3 million maintenance fee revenues mentioned above and assist in funding new faculty and staff positions inclusive of benefits costs.

UT KNOXVILLE

- Maintenance Fee – Knoxville proposes a 1.8% increase to the maintenance fee for undergraduate and graduate students. There is no increase for out-of-state tuition, but out-of-state students will pay their share of the maintenance fee increase. The increase generates $5 million in additional revenues. $2.3 million will be used for a 3% salary pool that was not fully funded by the state. $1.0 million will be used for institutionally funded scholarships to help keep the net cost of attendance as low as possible. $1.2 million will be used for campus support services tied to our strategic reinvestment plans. $500,000 thousand is allocated towards tuition share agreements with units.

- Master of Accountancy Program – This program fee increase will be used primarily to help support outreach programs and enhance curriculum changes intended to benefit students. A third track of study in information systems will be added to the curriculum. The funds will also be used for, among other things, classroom technology, international and national field experiences, a summer leadership conference, and CPA exam assistance. The increase in the program fee will generate $135,000 in additional revenue.

- Master of Science in Business Analytics Program – The requested fee increase will primarily be used to help support outreach programs, support increased program activities, and help market program strengths intended to benefit students. A portion of the proposed fee increase will be used to support student service activities, invited speakers, and associated costs for three new student analytics organizations. Part of this fee will also be used to continue to recruit high quality students in this increasingly competitive market. The increase will generate $52,500 in additional revenue.

FY2018 PROPOSED BUDGET

- Master of Science in Management and Human Resources - The requested fee increase will primarily be used to provide additional support for student success, through enhanced career planning and development, personal leadership assessments and coaching, hands-on experiential learning opportunities, and interaction with local/regional professionals. The increase will generate $45,000 in additional revenue.

- Proposed Master of Science in Supply Chain Management (MSSCM) - This MSSCM program is currently awaiting approval from the Board of Trustees and THEC. This fee will primarily be used to provide additional support for student success, through enhanced career planning and development, hands-on experiential learning opportunities, and providing student support services, particularly while students are studying at partner universities in Europe and Asia. This will generate $20,000.

- Nursing Program Fees - Nursing is requesting program fees for their ABSN, BSN, CRNA, MSN, DNP, and PhD programs. These program fees will replace their existing seat fees. These fees will be used for operating expenses related to each program including program reviews, specialized exam fees, end of program assessments, leadership activities, student events and travel, marketing and specialized branded program supplies. This shift from seat fees to program fees will generate a net $362,600 increase in revenue.

- Student Program and Service Fees (SPSF) - An increase in Student Program and Service Fees will generate an increase of $1,000,000 in revenues.

    - Student Program Fee ($200,000) - This portion of the SPSF is charged per credit hour and will be used for expenses relating to student services, activities, and programs organized or operated under the auspices of the Chief Student Affairs Officer (e.g. operating expenses and equipment; wages, salaries, and benefits) including student organized programming.

    - Capital Fee ($800,000) - This portion of the SPSF is used for acquisition, construction, installation, maintenance, or enhancement of any University property or facilities primarily used for non-instructional purposes, including the satisfaction of indebtedness. It is also used for the purpose of equipment to support student services, activities and programs organized or operated under the auspices of the Chief Student Affairs Officer.

    - Other Dedicated Student Fees – Library Fee ($250,000) - Growing financial needs related to collection materials inflation, collection support costs, and expanding library service offerings, necessitate a fee increase of $5 per student per semester. The new revenue will be allocated to collection acquisitions as a means of keeping pace with inflation and supporting continuous improvement and excellence. The library fee funds collection resources, support for resource discovery, student employee wages for forward-facing service points, and late-night security in Hodges Library.

FY2018 PROPOSED BUDGET

UT MARTIN

- Maintenance Fee – The net result of a 1.8 % increase in the maintenance fee results in a revenue increase of $766,400. There is no increase in out-of-state tuition, however, out of state students will pay their portion of the maintenance fee increase. The increase will be used to support the unfunded portion of the 3% salary pool, faculty and staff promotions and new hires, implementation of the Master of Arts, Strategic Communication, and increases in fixed costs.

- UT Online - Martin

  - Undergraduate - The course fee per credit hour (PCH) increases 1.7%, 1.5%, and 1.4%, respectively for In-State, Out-of-State domestic, and Out-of-state international students. This results in a revenue increase of $36,700. The revenue increase will be used to support faculty and staff promotions and new hires.

  - Graduate - The course fee per credit hour (PCH) increases 1.8%, 1.6%, and 1.5%, respectively for In-State, Out-of-State domestic, and out-of-state international students. This results in a revenue increase of $19,400. The revenue increase will be used to support faculty and staff promotions.

- Student Activity Fee - Student Travel Fee-will increase $5.00 and generate $55,000 in additional revenue. The Student Government Association (SGA) requested the fee increase from $5.00 to $10.00 due to the increase in travel costs over the past ten years. The SGA feels Travel-Study significantly enriches a student's education and will utilize the increase to support the Travel-Study Programs.

UT SPACE INSTITUTE

- Maintenance Fee and Out-of-State Tuition – UTSI proposes a 1.8% increase in maintenance fees only. Out-of-state tuition remains unchanged, but out-of-state students will pay the higher maintenance fee. The increase generates additional revenues of $16,000, which will be used for reserve contingencies.

UT HEALTH SCIENCE CENTER

- Maintenance Fee – There is a general 2% proposed maintenance fee increase this year for graduate programs and 1.8% for undergraduate programs. The only exception is for the College of Graduate Health Sciences Masters of Pharmacology Program which will have a 4.8% increase. There will also be an increase in out-of-state tuition ranging from 1.1% to 2.1% for graduate programs except for the Masters of Pharmacology Program, that will increase by 5%. Undergraduate out-of-state tuition increases range from 0.7% to 1.2%. Tuition increases will provide $1,555,700 in new revenues. UTHSC will allocate $1,432,500 to help fund new faculty positions in Dentistry, Nursing, Medicine, & Health Professions. In addition, we will allocate $123,200 for research expansion. Detail by program is as follows:

FY2018 PROPOSED BUDGET

- Medicine – Revenue increases will come from tuition increases that will generate $446,000 in new revenues. The new revenues will be used to help fund new faculty in the College of Medicine.

- Health Professions – Revenue increases will come from tuition increases which will generate $136,200 in new revenues. The new revenues will be used to help fund new faculty in the College of Health Professions.

- Dentistry – Revenue increases will come from tuition increases in the Dentistry Program that will generate $285,600 in new revenues. These new revenues will be used to support an increase in Dentistry, Medicine & Health Professions Faculty.

- Nursing – Revenue increases will come from tuition increases in the Nursing programs that will generate $20,800 in new revenues. These new revenues will be used to fund new Nursing Faculty.

- Pharmacy – Revenue increases will come from tuition increases for the College of Pharmacy which will generate $323,800 in new revenues. These new revenues will be used fund new Health Professions Faculty and research expansion.

- Graduate Health – Revenue increases will come from tuition increases for the College of Graduate Health Sciences which will generate $343,300 in new revenues. These revenues will be used to fund Nursing Faculty and research expansion.

UT COLLEGE OF VETERINARY MEDICINE

- Maintenance Fee and Out-of-state Tuition – There is a 1.0 % increase in the maintenance fee and a 1.0% decrease in out-of-state tuition which generates a net revenue gain of $68,000. These new revenues will be used for a faculty promotion, utilities increases, and partial funding for a new faculty position.

Chattanooga

FY 2017-18 Annual Tuition and Fees
Maintenance Fee & Tuition

	FY 2016-17	FY 2017-18	CHANGE Amount	CHANGE Percent
IN-STATE				
Undergraduate				
Maintenance Fee	$ 6,768	$ 6,888	$ 120	1.8%
Other Fees:				
Student Programs and Services Fees *	$ 660	$ 660		
Athletics	480	480		
Green	20	20		
Technology	250	250		
Library	50	50		
Transportation	96	96		
Facilities	200	200		
International Education	20	20		
Total Other Fees	$ 1,776	$ 1,776		
Total Tuition and Fees	$ 8,544	$ 8,664	$ 120	1.4%
Graduate				
Maintenance Fee	$ 8,100	$ 8,244	$ 144	1.8%
Other Fees:	1,776	1,776		
Total Tuition and Fees	$ 9,876	$ 10,020	$ 144	1.5%
OUT-OF-STATE				
Undergraduate				
Maintenance Fee	$ 6,768	$ 6,888	$ 120	1.8%
Out-of-State Tuition	16,118	16,118		
Maintenance Fee & Out-of-State Tuition	$ 22,885	$ 23,006	$ 120	0.5%
Other Fees	1,776	1,776		
Total Tuition and Fees	$ 24,662	$ 24,782	$ 120	0.5%
Graduate				
Maintenance Fee	$ 8,100	$ 8,244	$ 144	1.8%
Out-of-State Tuition	16,118	16,118		
Maintenance Fee & Out-of-State Tuition	$ 24,218	$ 24,362	$ 144	0.6%
Other Fees	$ 1,776	$ 1,776		
Total Maintenance Fee & Out-of-State Tuition, and Other Fees	$ 25,994	$ 26,138	$ 144	0.6%

In-state students pay only for the maintenance fee, which is commonly referred to as 'in-state tuition'. Out-of-state students pay the maintenance fee plus out-of-state tuition. The combined amount of these two fees is commonly referred to as 'out-of-state tuition'.

The schedule above does not include differential fees assessed at $57 per credit hour for College of Business, School of Nursing, College of Engineering and Computer Science, and Doctorate programs for Physical Therapy and Occupational Therapy Courses. There is no cap on these fees.

* *Student Programs and Services Fees detail are on page C-23.*

University Fees are set by the Board of Trustees and are subject to change at any regular or called meeting of the Board.

Chattanooga

FY 2017-18 Annual Tuition and Fees
Executive MBA Programs and Online Fees

	FY 2016-17	FY 2017-18	CHANGE Amount	CHANGE Percent
EXECUTIVE MBA PROGRAM				
2-YEAR PROGRAM - Chattanooga				
Executive MBA - In-State	$ 44,000	$ 44,000		
Executive MBA - Out-of-State	49,000	49,000		
UT ONLINE - Chattanooga				
UT online course and support fees are charged per credit hour with no maximum credit hour cap on the distance campus. The online support fee also applies to each online credit hour taken by on-campus students.				
UNDERGRADUATE				
IN-STATE				
Course Fee	$ 282	$ 287	$ 5	1.8%
Online Support	56	56		
Total	$ 338	$ 343	$ 5	1.5%
OUT-OF-STATE				
Course Fee	$ 308	$ 313	$ 5	1.6%
Online Support	56	56		
Total	$ 364	$ 369	$ 5	1.4%
GRADUATE				
IN-STATE				
Course Fee	$ 450	$ 458	$ 8	1.8%
Online Support	56	56		
Total	$ 506	$ 514	$ 8	1.6%
OUT-OF-STATE				
Course Fee	$ 497	$ 505	$ 8	1.6%
Online Support	56	56		
Total	$ 553	$ 561	$ 8	1.4%
ONLINE MBA PROGRAM *				
In-State	$ 28,488	$ 28,944	$ 456	1.6%
Out-of-State	28,488	28,944	456	1.6%

* *Includes 1.8% increase for maintenance. No increase in out-of-state tuition. The online support fee has not changed. The School of Business differential fee increased 1.8%.*

University Fees are set by the Board of Trustees and are subject to change at any regular or called meeting of the Board.

Knoxville

FY 2017-18 Annual Tuition and Fees
Undergraduate Tuition and Fees

	FY 2016-17	FY 2017-18	CHANGE Amount	CHANGE Percent
IN-STATE				
Fall and Spring Semesters				
Maintenance Fee	$ 10,914	$ 11,110	$ 196	1.8%
Other Fees:				
Student Programs and Service Fee *	$ 936	$ 976	$ 40	4.3%
Technology	240	240		
Facilities	404	404		
Transportation	150	150		
Library Fee	60	70	10	16.7%
International Education	20	20		
Total Other Fees	$ 1,810	$ 1,860	$ 50	2.8%
Total Tuition and Fees	$ 12,724	$ 12,970	$ 246	1.9%
Summer Semester Only				
Other Fees:				
Student Programs and Service Fee *	$ 284	$ 296	$ 12	4.2%
Technology	120	120		
Facilities	202	202		
Transportation	75	75		
Library Fee	30	35	5	16.7%
International Education	10	10		
Total Other Fees	$ 721	$ 738	$ 17	2.4%
OUT-OF-STATE				
Fall and Spring Semesters				
Maintenance Fee	$ 10,914	$ 11,110	$ 196	1.8%
Tuition (Non-residents only)	18,190	18,190		
Total (Out-of-State Tuition)	$ 29,104	$ 29,300	$ 196	0.7%
Other Fees:				
Student Programs and Service Fee *	$ 936	$ 976	$ 40	4.3%
Technology	240	240		
Facilities	634	634		
Transportation	150	150		
Library Fee	60	70	10	16.7%
International Education	20	20		
Total Other Fees	$ 2,040	$ 2,090	$ 50	2.5%
Total Tuition and Fees	$ 31,144	$ 31,390	$ 246	0.8%
Summer Semester Only				
Other Fees:				
Student Programs and Service Fee *	$ 284	$ 296	$ 12	4.2%
Technology	120	120		
Facilities	317	317		
Transportation	75	75		
Library Fee	30	35	5	16.7%
International Education	10	10		
Total Other Fees	$ 836	$ 853	$ 17	2.0%

In-state students pay only for the maintenance fee, which is commonly referred to as 'in-state tuition'. Out-of-state students pay the maintenance fee plus out-of-state tuition. The combined amount of these two fees is commonly referred to as 'out-of-state tuition'.

Additional differential fees for certain courses are assessed on a per credit hour basis: $64 for College of Engineering courses; $132 for specific College of Nursing courses; $99 for undergraduate College of Business courses with the exception of 100, 500, and 600 level courses; and $109 for the College of Architecture. There is no cap on these fees.

The maintenance fee for students in 5-year degree programs or COOP programs who were admitted in fall 2013, spring 2014, or summer 2014 is $10,880, a 1.8% increase over 2016-17. This is the final year of a different fee for this group.

** Student programs and services fees detail are on page C-23.*

University Fees are set by the Board of Trustees and are subject to change at any regular or called meeting of the Board.

Knoxville

FY 2017-18 Annual Tuition and Fees
Graduate Student Tuition and Fees

	FY 2016-17	FY 2017-18	CHANGE Amount	CHANGE Percent
IN-STATE				
Fall and Spring Semesters				
Maintenance Fee	$ 11,044	$ 11,244	$ 200	1.8%
Other Fees:				
Student Programs and Service Fees *	$ 936	$ 976	$ 40	4.3%
Technology	240	240		
Facilities	404	404		
Transportation	150	150		
Library Fee	60	70	10	16.7%
Total Other Fees	$ 1,790	$ 1,840	$ 50	2.8%
Total Tuition and Fees	$ 12,834	$ 13,084	$ 250	1.9%
Summer Semester Only				
Maintenance Fee	*$ 5,522*	*$ 5,622*	*$ 100*	*1.8%*
Other Fees:				
*Student Programs and Service Fees **	*284*	*296*	*12*	*4.2%*
Technology	*120*	*120*		
Facilities	*202*	*202*		
Transportation	*75*	*75*		
Library Fee	*30*	*35*	*5*	*16.7%*
Total Other Fees	*$ 711*	*$ 728*	*$ 17*	*2.4%*
Total Tuition and Fees	*$ 6,233*	*$ 6,350*	*$ 117*	*1.9%*
OUT-OF-STATE				
Fall and Spring Semesters				
Maintenance Fee	$ 11,044	$ 11,244	$ 200	1.8%
Out-of-State Tuition	18,188	18,188		
Maintenance Fee & Out-of-State Tuition	$ 29,232	$ 29,432	$ 200	0.7%
Other Fees:				
Student Programs and Service Fees *	$ 936	$ 976	$ 40	4.3%
Technology	240	240		
Facilities	634	634		
Transportation	150	150		
Library Fee	60	70	10	16.7%
Total Other Fees	2,020	2,070	50	2.5%
Total Tuition and Fees	$ 31,252	$ 31,502	$ 250	0.8%
Summer Semester Only				
Maintenance Fee	*$ 5,522*	*$ 5,622*	*$ 100*	*1.8%*
Out-of-State Tuition	*9,094*	*9,094*		
Maintenance Fee & Out-of-State Tuition	*$ 14,616*	*$ 14,716*	*$ 100*	*0.7%*
Other Fees:				
*Student Programs and Service Fees **	*284*	*296*	*12*	*4.2%*
Technology	*120*	*120*		
Facilities	*317*	*317*		
Transportation	*75*	*75*		
Library Fee	*30*	*35*	*5*	*16.7%*
Total Other Fees	*$ 826*	*$ 843*	*$ 17*	*2.1%*
Total Tuition and Fees	*$ 15,442*	*$ 15,559*	*$ 117*	*0.8%*

In-state students pay only for the maintenance fee, which is commonly referred to as 'in-state tuition'. Out-of-state students pay the maintenance fee plus out-of-state tuition. The combined amount of these two fees is commonly referred to as 'out-of-state tuition'.

The schedule above does not include differential fees assessed for certain courses: additional charge of $64 per credit hour for Engineering courses; additional charge of $132 per credit hour for 200, 300 and 400 level Nursing courses; additional charge of $99 per credit hour except for 100, 500, 600 level Business courses; and additional charge of $109 for the College of Architecture. There is no cap on these fees.

* *Student programs and services fees detail are on page C-23.*

University Fees are set by the Board of Trustees and are subject to change at any regular or called meeting of the Board.

Knoxville

FY 2017-18 Annual Tuition and Fees

Specialized Master's Programs and Distance Education

	FY 2016-17	FY 2017-18	CHANGE Amount	CHANGE Percent
Master's Degree Programs				
MBA Programs				
Full-Time MBA	$ 15,400	$ 15,400		
Senior Executive MBA	71,000	71,000		
Aerospace Executive MBA	69,000	69,000		
Professional Executive MBA	48,000	48,000		
Physician Executive MBA	76,000	76,000		
Global Supply Chain Executive MBA	85,000	85,000		
Health Care Leadership MBA	65,000	65,000		
Specialty Master's Degree Programs				
Masters of Science in Industrial Engineering	$ 16,000	$ 16,000		
Masters of Human Resource Management *	3,000	4,500	$ 1,500	50.0%
Master of Business Analytics Program in Statistics, Operations, and Management Science *	4,500	6,000	1,500	33.3%
Master of Accountancy in Accounting and Information Management *	4,500	6,000	1,500	33.3%
Master of Science in Supply Chain Management *		2,000	2,000	NEW
** Effective August, 2017*				
Distance Education - Knoxville				
(Distance Education Students Only)				
Distance Education Support	$ 46	$ 46		

University Fees are set by the Board of Trustees and are subject to change at any regular or called meeting of the Board.

Knoxville

FY 2017-18 Annual Tuition and Fees
College of Law Tuition and Fees

	FY 2016-17	FY 2017-18	CHANGE Amount	CHANGE Percent
IN-STATE				
Maintenance Fee	$ 16,078	$ 16,368	$ 290	1.8%
Other Fees:				
Student Programs and Services Fee *	$ 936	$ 976	$ 40	4.3%
Technology	240	240		
Transportation	150	150		
Facilities	404	404		
Law Library Fee	250	250		
Law Enhancement Fee	1,250	1,250		
Total Other Fees	$ 3,230	$ 3,270	$ 40	1.2%
Total Tuition and Fees	$ 19,308	$ 19,638	$ 330	1.7%
Summer Semester Only				
Maintenance Fee	*$ 5,364*	*$ 5,461*	*$ 97*	*1.8%*
Other Fees:				
*Student Programs and Services Fee**	*$ 284*	*$ 296*	*$ 12*	*4.2%*
Technology	*120*	*120*		
Transportation	*75*	*75*		
Facilities	*202*	*202*		
Total Other Fees	*$ 681*	*$ 693*	*$ 12*	*1.8%*
Total Tuition and Fees	*$ 6,045*	*$ 6,154*	*$ 109*	*1.8%*
OUT-OF-STATE				
Maintenance Fee	$ 16,078	$ 16,368	$ 290	1.8%
Out-of-State Tuition	18,444	$ 18,444		
Maintenance Fee & Out-of-State Tuition	$ 34,522	$ 34,812	$ 290	0.8%
Other Fees:				
Student Programs and Services Fee *	$ 936	$ 976	$ 40	4.3%
Technology	240	240		
Transportation	150	150		
Facilities	634	634		
Law Library	250	250		
Law Enhancement Fee	1,250	1,250		
Total Other Fees	$ 3,460	$ 3,500	$ 40	1.2%
Total Tuition and Fees	$ 37,982	$ 38,312	$ 330	0.9%
Summer Semester Only				
Maintenance Fee	*$ 5,364*	*$ 5,461*	*$ 97*	*1.8%*
Out-of-State Tuition	*6,145*	6,145		*0.0%*
Maintenance Fee & Out-of-State Tuition	*$ 11,509*	*$ 11,606*	*$ 97*	*0.8%*
Other Fees:				
*Student Programs and Services Fee *	*$ 284*	*$ 296*	*$ 12*	*4.2%*
Technology	*120*	*120*		*0.0%*
Transportation	*75*	*75*		*0.0%*
Facilities	*317*	*317*		*0.0%*
Total Other Fees	*$ 796*	*$ 808*	*$ 12*	*1.5%*
Total Tuition and Fees	*12,305*	*12,414*	*$ 109*	*0.9%*

In-state students pay only for the maintenance fee, which is commonly referred to as 'in-state tuition'.
Out-of-state students pay the maintenance fee plus out-of-state tuition. The combined amount of these two fees is commonly referred to as 'out-of-state tuition'.

* *Student programs and services fees detail are on page C-23*

University Fees are set by the Board of Trustees and are subject to change at any regular or called meeting of the Board.

Knoxville - Space Institute

FY 2017-18 Annual Tuition and Fees
Graduate Student Tuition and Fees

	FY 2016-17	FY 2017-18	CHANGE Amount	CHANGE Percent
IN-STATE				
Fall and Spring Semesters				
Maintenance Fee	$ 11,044	$ 11,244	$ 200	1.8%
Other Fees:				
Student Programs and Services Fees *	180	180		
Total Tuition and Fees	$ 11,224	$ 11,424	$ 200	1.8%
Summer Semester Only				
Maintenance Fee	*$ 5,522*	*$ 5,622*	*$ 100*	*1.8%*
Other Fees:				
*Student Programs and Service Fees **	*75*	*75*		
Total Tuition and Fees	*$ 5,597*	*$ 5,697*	*$ 100*	*1.8%*
OUT-OF-STATE				
Fall and Spring Semesters				
Maintenance Fee	$ 11,044	$ 11,244	$ 200	1.8%
Out-of-State Tuition	18,188	18,188		
Maintenance Fee & Out-of-State Tuition	$ 29,232	$ 29,432	$ 200	0.7%
Other Fees:				
Student Programs and Services Fees *	180	180		
Total Tuition and Fees	$ 29,412	$ 29,612	$ 200	0.7%
Summer Semester Only				
Maintenance Fee	*$ 5,522*	*$ 5,622*	*$ 100*	*1.8%*
Out-of-State Tuition	*9,094*	*9,094*		
Maintenance Fee & Out-of-State Tuition	*$ 14,616*	*$ 14,716*	*$ 100*	*0.7%*
Other Fees:				
*Student Programs and Services Fees **	*75*	*75*		
Total Tuition and Fees	*$ 14,691*	*$ 14,791*	*$ 100*	*0.7%*

In-state students pay only for the maintenance fee, which is commonly referred to as 'in-state tuition'. Out-of-state students pay the maintenance fee plus out-of-state tuition. The combined amount of these two fees is commonly referred to as 'out-of-state tuition'.

The schedule above does not include differential fees assessed for certain courses: additional charge of $64 per credit hour for Engineering courses; additional charge of $132 per credit hour for 200, 300 and 400 level Nursing courses; additional charge of $99 per credit hour except for 100, 500, 600 level Business courses; and additional charge of $109 for the College of Architecture. There is no cap on these fees.

* *Student Programs and Services Fees detail are on page C-23.*

University Fees are set by the Board of Trustees and are subject to change at any regular or called meeting of the Board.

Martin

FY 2017-18 Annual Tuition and Fees
In-State Undergraduate and Graduate Tuition and Fees

	FY 2016-17	FY 2017-18	CHANGE Amount	CHANGE Percent
IN-STATE				
Undergraduate				
60 Credits or More				
Maintenance Fee	$ 7,070	$ 7,200	$ 130	1.8%
Student Programs and Services Fees *	994	1,004	10	1.0%
Technology	250	250		
Publications Fee	14	14		
Facilities	150	150		
Total Other Fees	$ 1,408	$ 1,418	$ 10	0.7%
Total Tuition and Fees	$ 8,478	$ 8,618	$ 140	1.7%
Less Than 60 Credit Hours (Soar in Four Model)				
Maintenance Fee	$ 7,680	$ 7,818	$ 138	1.8%
Total Other Fees	1,408	1,418	10	0.7%
Total Tuition and Fees	$ 9,088	$ 9,236	$ 148	1.6%
Graduate				
Maintenance Fee	$ 8,502	$ 8,658	$ 156	1.8%
Student Programs and Services Fees *	994	1,004	10	1.0%
Technology	250	250		
Facilities	150	150		
Total Other Fees	$ 1,394	$ 1,404	$ 10	0.7%
Total Tuition and Fees	$ 9,896	$ 10,062	$ 166	1.7%

In-state students pay only for the maintenance fee, which is commonly referred to as 'in-state tuition'. Out-of-state students pay the maintenance fee plus out-of-state tuition. The combined amount of these two fees is commonly referred to as 'out-of-state tuition'.

The 'Soar in Four' initiative is a new tuition model intended to encourage students to enroll in 15 or more credit hours per semester in order to graduate in four years. Although it encourages students to enroll for more hours each term, the 'Soar in Four' rate will be assessed to students registered for 12 or more credit hours in a term. (Proof of credit hours must be received and accepted by the fifth day of the term.) For FY 2016-17and FY 2017-18, the rate will apply to students who have earned less than 60 credit hours. For FY 2018-19, it will apply to students who have earned less than 90 credit hours. By FY 2019-20, the 'Soar in Four' rate will be applicable to all students.

* *Student Programs and Services Fees (SPSF) detail are on page C-23.*

University Fees are set by the Board of Trustees and are subject to change at any regular or called meeting of the Board.

Martin

FY 2017-18 Annual Tuition and Fees
Out-Of-State Undergraduate and Graduate Tuition and Fees

	FY 2016-17	FY 2017-18	CHANGE Amount	CHANGE Percent
OUT-OF-STATE DOMESTIC				
Undergraduate				
60 Credit Hours or More				
Maintenance Fee	$ 7,070	$ 7,200	$ 130	1.8%
Out-of-State Tuition	5,760	5,760		
Maintenance Fee & Out-of-State Tuition	$ 12,830	$ 12,960	$ 130	1.0%
Other Fees *	1,408	1,418	10	0.7%
Total Tuition and Fees	$ 14,238	$ 14,378	$ 140	1.0%
Less Than 60 Credit Hours (Soar in Four Model)				
Maintenance Fee	$ 7,680	$ 7,818	$ 138	1.8%
Out-of-State Tuition	5,760	5,760		
Maintenance Fee & Out-of-State Tuition	$ 13,440	$ 13,578	$ 138	1.0%
Other Fees *	1,408	1,418	10	0.7%
Total Tuition and Fees	$ 14,848	$ 14,996	$ 148	1.0%
Graduate				
Maintenance Fee	$ 8,502	$ 8,658	$ 156	1.8%
Out-of-State Tuition	5,760	5,760		
Total Tuition and Fees	$ 14,262	$ 14,418	$ 156	1.1%
Other Fees *	$ 1,394	$ 1,404	10	0.7%
Total Tuition and Fees	$ 15,656	$ 15,822	$ 166	1.1%
OUT-OF-STATE INTERNATIONAL				
Undergraduate				
60 Credit Hours or More				
Maintenance Fee	$ 7,070	$ 7,200	$ 130	1.8%
Out-of-State Tuition	13,944	13,944		
Maintenance Fee & Out-of-State Tuition	$ 21,014	$ 21,144	$ 130	0.6%
Other Fees *	1,408	1,418	10	0.7%
Total Tuition and Fees	$ 22,422	$ 22,562	$ 140	0.6%
Less Than 60 Credit Hours (Soar in Four Model)				
Maintenance Fee	$ 7,680	$ 7,818	$ 138	1.8%
Out-of-State Tuition	13,944	13,944		
Maintenance Fee & Out-of-State Tuition	$ 21,624	$ 21,762	$ 138	0.6%
Other Fees *	1,408	1,418	10	0.7%
Total Tuition and Fees	$ 23,032	$ 23,180	$ 148	0.6%
Graduate				
Maintenance Fee	$ 8,502	$ 8,658	$ 156	1.8%
Out-of-State Tuition	13,944	13,944		
Total Tuition and Fees	$ 22,446	$ 22,602	$ 156	0.7%
Other Fees *	$ 1,394	$ 1,404	$ 10	0.7%
Total Tuition and Fees	$ 23,840	$ 24,006	$ 166	0.7%

In-state students pay only for the maintenance fee, which is commonly referred to as 'in-state tuition'. Out-of-state students pay the maintenance fee plus out-of-state tuition. The combined amount of these two fees is commonly referred to as 'out-of-state tuition'.

The 'Soar in Four' initiative is a new tuition model intended to encourage students to enroll in 15 or more credit hours per semester in order to graduate in four years. Although it encourages students to enroll for more hours each term, the 'Soar in Four' rate will be assessed to students registered for 12 or more credit hours in a term. For FY 2016-17and FY 2017-18, the rate will apply to students who have earned less than 60 credit hours. For FY 2018-19, it will apply to students who have earned less than 90 credit hours. By FY 2019-20, the 'Soar in Four' rate will be applicable to all students.

Proof of credit hours must be received and accepted by the fifth day of the term.

* *Other Fees details are on page C-23.*

University Fees are set by the Board of Trustees and are subject to change at any regular or called meeting of the Board.

Martin

FY 2017-18 Annual Tuition and Fees

Online Fees

	FY 2016-17	FY 2017-18	CHANGE Amount	CHANGE Percent
UT ONLINE - Martin				
UT online course fees are charged per credit hour with no maximum credit hour cap. This applies to all students, including on-campus students.				
UNDERGRADUATE				
IN-STATE				
Course Fee	$ 294	$ 299	$ 5	1.7%
Online Support	56	56		
Total	$ 350	$ 355	$ 5	1.4%
OUT-OF-STATE DOMESTIC				
Course Fee	$ 324	$ 329	$ 5	1.5%
Online Support	56	56		
Total	$ 380	$ 385	$ 5	1.3%
OUT-OF-STATE INTERNATIONAL				
Course Fee	$ 356	$ 361	$ 5	1.4%
Online Support	56	56		
Total	$ 412	$ 417	$ 5	1.2%
GRADUATE				
IN-STATE				
Course Fee	$ 507	$ 516	$ 9	1.8%
Online Support	56	56		
Total	$ 563	$ 572	$ 9	1.6%
OUT-OF-STATE DOMESTIC				
Course Fee	$ 558	$ 567	$ 9	1.6%
Online Support	56	56		
Total	$ 614	$ 623	$ 9	1.5%
OUT-OF-STATE INTERNATIONAL				
Course Fee	$ 614	$ 623	$ 9	1.5%
Online Support	56	56		
Total	$ 670	$ 679	$ 9	1.3%

University Fees are set by the Board of Trustees and are subject to change at any regular meeting of the Board.

Veterinary Medicine

FY 2016-17 Annual Tuition and Fees
Graduate Tuition and Fees

	FY 2016-17	FY 2017-18	CHANGE Amount	CHANGE Percent
IN-STATE				
Maintenance Fee	$ 26,698	$ 26,964	$ 266	1.0%
Other Fees:				
Student Programs and Services Fees *	$ 936	$ 976	$ 40	4.3%
Technology	240	240		
Transportation	150	150		
Facilities	404	404		
Total Other Fees	$ 1,730	$ 1,770	$ 40	2.3%
Total Tuition and Fees	$ 28,428	$ 28,734	$ 306	1.1%
OUT-OF-STATE				
Maintenance Fee	$ 26,698	$ 26,964	$ 266	1.0%
Out-of-State Tuition	27,842	27,576	(266)	-1.0%
Maintenance Fee & Out-of-State Tuition	$ 54,540	$ 54,540	$ -	0.0%
Other Fees				
Student Programs and Services Fees *	$ 936	$ 976	$ 40	4.3%
Technology	240	240		
Transportation	150	150		
Facilities	634	634		
Total Other Fees	$ 1,960	$ 2,000	$ 40	2.0%
Total Tuition and Fees	$ 56,500	$ 56,540	$ 40	0.1%

In-state students pay only for the maintenance fee, which is commonly referred to as 'in-state tuition'. Out-of-state students pay the maintenance fee plus out-of-state tuition. The combined amount of these two fees is commonly referred to as 'out-of-state tuition'.

* *Student program and services fees detail are on page C-23.*

University Fees are set by the Board of Trustees and are subject to change at any regular or called meeting of the Board.

Health Science Center

FY 2017-18 Annual Tuition and Fees

Tuition and Fees

	FY 2016-17	FY 2017-18	CHANGE Amount	CHANGE Percent
IN-STATE				
Graduate Health Sciences	$ 10,484	$ 10,694	$ 210	2.0%
MS Pharmacology	15,750	16,512	762	4.8%
Medicine				
Class of 2018 - 2021	$ 33,030	$ 33,692	$ 662	2.0%
Physician Assistant	21,840	22,278	438	2.0%
Dentistry				
General DDS	$ 29,016	$ 29,596	$ 580	2.0%
Transitional DDS	70,000	71,400	1,400	2.0%
Dental Hygiene Bachelor of Science	9,810	9,988	178	1.8%
Pharmacy	$ 21,520 [1]	$ 21,950	$ 430	2.0%
Nursing				
Bachelors	$ 12,480	$ 12,705	$ 225	1.8%
Graduate	18,315	18,315		
Health Professions				
Entry Level Bachelor of Science				
Medical Technology	$ 7,848	$ 7,990	$ 142	1.8%
Audiology & Speech Pathology ****	10,914	11,110	196	1.8%
Entry Level Advanced Degrees *	13,084	13,346	262	2.0%
Entry Lev Adv Degrees Audiology/Speech Path**	17,895	18,255	360	2.0%
Post-Professional Degrees ***	9,484	9,674	190	2.0%
OUT-OF-STATE				
Graduate Health Sciences	$ 29,444 [1]	$ 29,864	$ 420	1.4%
MS Pharmacology	23,750	24,940	1,190	5.0%
Medicine				
Class of 2018 - 2021	$ 65,460	$ 66,784	$ 1,324	2.0%
Physician Assistant	37,440	38,316	876	2.3%
Dentistry				
General DDS	$ 67,196 [1]	$ 68,356	$ 1,160	1.7%
Transitional DDS	70,000	71,400	1,400	2.0%
Dental Hygiene Bachelor of Science	33,240	33,596	356	1.1%
Pharmacy	41,100 [1]	41,960	860	2.1%
Nursing				
Bachelors	$ 36,480	$ 36,930	$ 450	1.2%
Graduate	43,155	43,155		
Health Professions				
Entry Level Bachelor of Science				
Medical Technology	$ 25,872 [1]	$ 26,156	$ 284	1.1%
Audiology & Speech Pathology ****	29,104	29,300	196	0.7%
Entry Level Advanced Degrees *	30,804 [1]	31,328	524	1.7%
Entry Lev Adv Degrees Audiology/Speech Path**	42,111 [1]	42,831	720	1.7%
Post-Professional Degrees ***	27,234 [1]	27,614	380	1.4%

NOTE: Programs & Services and other fees are listed on page C-21.

* ***Entry Level Advanced Degrees***
Doctor of Physical Therapy
Master of Cytopathology
Master of Occupational Therapy

** ***Entry Level Advanced Degrees Audiology/Speech Path***
Doctor of Audiology
Master of Science in Speech-Language Pathology
Transitional Doctor of Audiology

*** ***Post-Professional Degrees***
Doctor of Science in Physical Therapy
Master of Science in Physical Therapy
Transitional Doctor of Physical Therapy
Master of Science in Clinical Lab Sciences

**** ***Bachelor of Audiology & Speech Pathology***
This is a joint degree with UTK where UTHSC will teach the 4th year of the Bachelor's program but charge the UTK tuition rate.

[1] *The schedule above shows current 2016-17 rates net of institutional support received by every student enrolled in these programs. This institutional support will be discontinued in 2017-18. The $-change and %-change amounts reflect the change in student net cost.*

University Fees are set by the Board of Trustees and are subject to change at any regular or called meeting of the Board.

Health Science Center

FY 2017-18 Annual Tuition and Fees

Other Fee Details

	FY 2016-17	FY 2017-18	CHANGE Amount	CHANGE Percent
Programs & Services and Required Fees				
Student Programs & Services Fees *	$ 900	$ 900		
Technology Fee	240	240		
Graduation/Yearbook	50	50		
Total	$ 1,190	$ 1,190		
Other Fees				
Health Insurance	$ 2,536	$ 2,660	$ 124	4.9%
Disability Insurance	48	48		
Malpractice Insurance				
Medicine				
Class of 2020 and 2021	24	14	(10)	-41.7%
Class of 2018 and 2019	72	43	(29)	-40.3%
Pharmacy	20	20		
Nursing	20	20		
Health Professions	20	20		
Dentistry	18	18		
Other Fees - Health Professions **				
CHP OT Board Review Fee	150	150		
CHP OT Media Fee	150	150		
Other Fees - Nursing ***				
CON Pre-Licensure Digital Course Materials Fee-1st Term	2,200	2,266	66	3.0%
CON Pre-Licensure Digital Course Materials Fee-2nd Term	865	920	55	6.4%
CON Pre-Licensure Digital Course Materials Fee-3rd Term	865	920	55	6.4%
CON BSN Digital Course Materials Fee-1st Term	735	495	(240)	-32.7%
CON BSN Digital Course Materials Fee-2nd Term	585	495	(90)	-15.4%
CON DNP Digital Course Materials Fee-1st Term		526	526	NEW
CON DNP Digital Course Materials Fee-2nd Term		322	322	NEW
CON CNL Digital Course Materials Fee	832	832		
CON Nursing Kit	377	395	18	4.8%
CON Digital Equipment Fee	328	340	12	3.7%
CON Board Review Fee	315	315		
Other Fees - Medicine				
Laptop Computer Fee	1,312		(1,312)	-100.0%
COM PA Digital Course Materials Fee	865	310	(555)	-64.2%
COM PA Board Review Fee	175	392	217	124.0%
Other Fees - Pharmacy				
Pre-Naplex Exam Fee-4th Year all in Fall Semester	80	80		
MTM Certificate Fee-3rd Year all in Fall Semester	100	100		
COP Board Review Fee	175	175		
Other Fees - Dentistry				
Dentistry Student Government	60	60		
COD Digital Course Materials Fee-Class of 2020	900	900		
COD Digital Course Materials Fee-Class of 2019	772	772		
COD Digital Course Materials Fee-Class of 2018	703	703		
COD Dental Hygiene Digital Course Materials Fee-Class of 2018	662	662		
Laboratory and Clinical Utilization Fee	2,200	2,200		
Graduate Endodontics Clinical Utilization Fee	12,750	12,750		
Graduate Orthodontics Clinical Utilization Fee	7,000	7,000		

** Student Programs and Services Fees (SPSF) detail are on page C-23.*

*** The Physician Assistant (PA) Program is moving to the College of Medicine in Fall 2017*

**** The College of Nursing has revised the curriculum for BSN & Pre-Licensure students and are revising the fees for Digital Course Materials.*

University Fees are set by the Board of Trustees and are subject to change at any regular or called meeting of the Board.

Health Science Center

FY 2017-18 Annual Tuition and Fees

Online Fees

	FY 2016-17	FY 2017-18	CHANGE Amount	CHANGE Percent
HEALTH SCIENCE CENTER ONLINE				
HSC online course fees are charged per credit hour with no maximum credit hour cap.				
UNDERGRADUATE				
IN-STATE				
Course Fee	$ 350	$ 350		
Online Support	46	46		
Total	$ 396	$ 396		
OUT-OF-STATE				
Course Fee	$ 415	$ 415		
Online Support	46	46		
Total	$ 461	$ 461		
GRADUATE				
IN-STATE				
Course Fee	$ 640	$ 640		
Online Support	46	46		
Total	$ 686	$ 686		
OUT-OF-STATE				
Course Fee	$ 705	$ 705		
Online Support	46	46		
Total	$ 751	$ 751		
HEALTH INFORMATICS AND INFORMATION MANAGEMENT				
IN-STATE				
Course Fee	$ 500	$ 500		
Online Support	50	50		
Total	$ 550	$ 550		
OUT-OF-STATE				
Course Fee	$ 550	$ 550		
Online Support	50	50		
Total	$ 600	$ 600		

University Fees are set by the Board of Trustees and are subject to change at any regular or called meeting of the Board.

Student Programs and Services Fees

FY 2017-18 Annual Fees

	FY 2016-17	FY 2017-18	CHANGE Amount	CHANGE Percent
KNOXVILLE (Includes College of Law and Veterinary Medicine)				
FALL AND SPRING				
Student Program	$ 262	$ 270	$ 8	3.1%
Capital	366	398	32	8.7%
Health Services	202	202		
Student Counseling	106	106		
Total	$ 936	$ 976	$ 40	4.3%
Summer Semester Only				
Student Program	*$ 80*	*$ 82*	*$ 2*	*2.5%*
Capital	*111*	*121*	*10*	*9.0%*
Health Services	*61*	*61*		
Student Counseling	*32*	*32*		
Total	*$ 284*	*$ 296*	*$ 12*	*4.2%*
SPACE INSTITUTE				
FALL AND SPRING				
Student Activity	$ 180	$ 180		
Summer Semester Only				
Student Activity	*$ 75*	*$ 75*		
CHATTANOOGA				
Student Activity	$ 240	$ 240		
Debt Service	300	300		
Health Services	120	120		
Total	$ 660	$ 660		
MARTIN				
Student Activity - Non Athletic	$ 146	$ 156	$ 10	6.8%
Student Activity - Athletic	408	408		
Student Health & Counseling	60	60		
Debt Service	380	380		
Total	$ 994	$ 1,004	$ 10	1.0%
HEALTH SCIENCE CENTER				
Student Activity	$ 26	$ 26		
Campus Recreation	40	40		
Campus Improvement	50	50		
Simulation Center Equipment Fee	300	300		
Debt Service	54	54		
Computer Based Testing Fee	50	50		
Health Services	200	200		
Counseling	180	180		
Total	$ 900	$ 900		

The purpose of the Student Programs and Services Fee (SPSF) is to advance the University's educational mission by funding non-instructional services, activities, programs, and facilities that promote student satisfaction and retention or promote the intellectual, physical, emotional, social, cultural, or leadership development of students. The Board of Trustees retains ultimate control of the SPSF and sets the amount of the SPSF at each campus annually upon the recommendation of the Board's Finance and Administration Committee.

University Fees are set by the Board of Trustees and are subject to change at any regular or called meeting of the Board

University of Tennessee System

FY 2017-18 Annual Tuition and Fees

Fees for Disabled and Elderly Persons

	FY 2016-17	FY 2017-18	CHANGE Amount
Disabled/Elderly Persons			
COURSES FOR CREDIT			
Per Semester Hour	$ 7	$ 7	
Maximum Fee per Semester	70	70	
AUDIT COURSES	No Charge	No Charge	

Fee levels mandated by Tennessee Code Annotated 49-7-113.

THE UNIVERSITY OF TENNESSEE
FY 2017-18 COMPENSATION PROCEDURES

In addition to the general salary increases for FY 2017-18, other salary increases and incentive or bonus payments are permissible during the fiscal year if the intended action falls under one of the categories listed below. The availability of funding, such as budgeted increases in externally funded proposals or use of payroll savings, are not by themselves sufficient justification for authorizing a salary increase or an incentive or bonus payment. Any of these compensation actions should be accomplished in consultation with the campus or institute human resources and business offices.

Qualifying Compensation Actions in Addition to the General Salary Increase:

a. Promotions in rank.
b. Promotions resulting from the hiring/transfer process in accordance with policy.
c. Job reclassifications resulting from job reviews. Any salary adjustments are in accordance with policy. Job reviews involving potential compensation changes are currently limited to the following events:
    i. Department or sub-department reorganization (requires explanation of reorganization)
    ii. Reclassification of position(s) and/or assumption of additional duties (requires explanation)
    iii. Cyclical position review according to current protocol
d. To bring employees to salary schedule minimums**.**
e. Advancement through approved career ladders**.**
f. Contractual agreements.
g. Compression: Increases based on comparison with others in the same job title and work unit who have comparable qualifications and performance.
h. Market: Non-standard “off-cycle” salary increases to faculty and staff in consideration of the external job market for similar positions. Must be supported by data on current market salaries for comparable positions.
i. Merit Pay: An increase in total compensation based on documented performance within a defined period with an established method to assess an employee’s performance. Merit Pay may be an increase to base pay or a non-recurring lump-sum payment.
j. Retention Pay: An exceptional circumstance in which an increase in total compensation is granted to a high-performing employee in a mission-critical position to retain his/her services. Such retention payments may or may not be associated with an offer of employment from another organization.
k. Incentive Pay: A pre-determined lump-sum payment to an individual or to a defined group to reward the accomplishment of documented results achieved over a defined period of time.
l. Bonuses: A discretionary lump-sum payment to recognize exceptional service at a point in time.
m. Correction of any university error.
n. Minimum rates of pay: increases needed to implement a system-wide program to adjust to more competitive salary market conditions.
o. Adjustments required by state or federal rule changes.

REQUIRED APPROVALS APPEAR ON THE FOLLOWING PAGE

APPROVALS

1. Employees will not be notified of proposed or pending salary increases or incentive or bonus payments until all required approvals are obtained.

2. Salary increases and incentive or bonus payments for coaches and athletic directors, regardless of the amount, require approval by the Chief Financial Officer or his designee before implementation. If the salary increase, incentive payment, or bonus payment is to be made in accordance with the terms of a written employment agreement, the Chief Financial Officer's approval of the employment agreement satisfies this requirement.

3. Salary increases and incentive or bonus payments for the President must be approved by the Board of Trustees on the recommendation of the Executive and Compensation Committee.

4. Salary increases and incentive or bonus payments for Chancellors, other University Officers (as defined by the Bylaws), and other executive-level members of the President's staff must be approved by the President; provided that the Vice Chair of the Board will approve any salary increases or incentive bonus payment for the Secretary.

5. Incentive payment plans must be reviewed and recommended by the University's Compensation Advisory Board and approved by the Chief Financial Officer and the President; provided that this requirement does not apply to a plan adopted by the Board of Trustees for University Officers.

6. Chancellors and Vice Presidents serving as Institute chief administrators, or their designees, are authorized to approve salary increases and incentive or bonus payments in accordance with these guidelines and are accountable for assuring campus/institute/system compliance.

7. Salary increases and incentive or bonus payments outside these guidelines, along with written justification documenting the need for an exceptional approval, must be submitted to the campus or institute chief business officer (CBO). If approved by the CBO, the request is submitted to the CFO for approval.

8. A salary increase having an effective date prior to the date it is processed must be approved by the campus or institute CBO unless it corrects a university error or is part an approved salary increase plan. Departments must provide supporting documentation of the need for a retroactive increase in consultation with the campus or institute human resources office.

THE UNIVERSITY OF TENNESSEE
BOARD OF TRUSTEES

ACTION ITEM

DATE: June 22, 2017

ITEM: **Criteria for Establishing Peer Institutions**

RECOMMENDATION: Approval

PRESENTED BY: David L. Miller, Chief Financial Officer

At the request of Vice Chair Jubran, the administration has worked to develop criteria for establishing peer institutions, with the understanding that both the criteria and the peer institutions would be approved by the Board of Trustees. The peer institutions approved by the Board would be used in all presentations to the Board involving peer comparisons (e.g., tuition and fees, research, finances, student success, development, salary gap, etc.).

The criteria recommended by the administration follow this memorandum and are presented in two categories: (1) criteria common to all units (except as noted); and (2) additional criteria for each unit. If the Board approves the recommended criteria, the administration will begin the process of applying the criteria to identify a set of recommended peer institutions for each unit, which will then be recommended to a called meeting of the Executive and Compensation Committee. If the process of identifying peers reveals the need to add or delete certain criteria, a recommendation for revision of the criteria will be presented to the Committee at the same time.

The Vice Chair has designated this item for action in the Full Board meeting.

The Vice Chair will call for the following motion by a voting Trustee:

I move adoption of the following Resolution:

> **RESOLVED: The Board of Trustees approves the criteria for establishing peer institutions as presented in the meeting materials and authorizes the Executive and Compensation Committee to act on behalf of the Board to approve peer institutions based on those criteria or such revised criteria as the Committee determines to be necessary.**

Recommended Criteria for Establishing Peer Institutions

Criteria Used for System and All Campuses

Institutional Characteristics

1. Public Institution
2. Carnegie Classification
    a. UTK – Highest Research (R1)
    b. UTC – Masters Large (M1), Research High(R2), Research R3)
    c. UTM – Masters Medium (M2), Masters Large M1)
    d. UTHSC – Special Focus-Medical
3. Region (South +)
4. Not a Historically Black College or University or a Large Hispanic Student Population

Student Characteristics

5. Total Headcount (size)
6. Student FTE (full-time equivalent)
7. Graduate Student Population
8. Freshmen 6-Yr Graduation Rate (excludes UTHSC, UTIA, System)
9. Freshmen 1st Year Retention Rate (excludes UTHSC, UTIA, System)
10. ACT/SAT Scores (excludes UTHSC, UTIA, System)
11. Freshmen Admit Rate (excludes UTHSC, UTIA, System)
12. Pell Grant Recipients (excludes UTHSC, UTIA, System)

Degrees Awarded (excludes UTHSC)

13. Total Degrees
14. Bachelor Degrees
15. Masters Degrees
16. Doctoral/Professional Degrees (excludes UTM)

Financial

17. Total Expenditures
18. Total Educational & General (E&G) Expenditures
19. E&G Expenditure/Student FTE
20. Total Revenue
21. State Appropriation Revenue
22. Tuition/Fees Revenues
23. Endowment
24. Endowment per Student FTE

Research

25. Total Research Expenditures reported to National Science Foundation (NSF) (excludes UTM)

Faculty

26. Total Number of Faculty
27. Total Tenured and Tenure-Track Faculty
28. Total Faculty FTE
29. Student/Faculty FTE Ratio (excludes UTHSC, UTIA/ System)
    (Source: Integrated Post-Secondary Educational Data System –IPEDS)

Additional Criteria for a Campus or System

UT- Knoxville

30. SEC Athletic Conference
31. Top 65 in US News Undergraduate Ranking
32. Land Grant
33. Flagship
34. Total Research Expenditures less Med School Expenditures as reported to NSF
35. Adjustment for Agricultural Research Expenditures for comparability
36. Faculty Awards

UT-Chattanooga

37. Carnegie Classification Size Profile
38. Full-Time Students (excludes part-time students)
39. Minority Students
40. Students Age 25+

UT- Martin

41. Undergraduates Living on-campus
42. Minority Students

UT – Health Science Center

43. Campuses with a Medical Center
44. National Institute of Health (NIH) Awards
45. Faculty Awards
46. Resident and Fellows (Headcount)

UT- Institute of Agriculture

47. 1862 Land Grant Institution
48. Vet Med Schools
49. Ag Research Expenditures reported to NSF
50. Capacity Funding (US Dept. of Ag. Hatch/Stennis Funds)
51. Federal Grants/Contracts Revenue

UT System

52. Number of Campuses
53. Organizational Structure
54. Campuses with a Medical Center/School

Note: "Faculty Awards" is the number reported in the annual report of "The Top American Research Universities" prepared by the Center for Measuring University Performance. It is based on the number of a variety of prestigious faculty awards and honors in Arts, Humanities, Science, Engineering, and Health.

Note: "Student FTE" (full-time equivalent) includes part time students. An undergraduate student taking 8 hours instead of full load of 15 hours counts as 8/15 or .533. A full-time student taking 15 hours would equal 1 student.

THE UNIVERSITY OF TENNESSEE
BOARD OF TRUSTEES

ACTION ITEM

DATE: June 22, 2017

ITEM: **President's Annual Performance Review and Goals for FY 2018**

RECOMMENDATION: Approval

PRESENTED BY: Raja J. Jubran, Vice Chair of the Board

Board policy delegates to the Vice Chair responsibility to organize and conduct an annual review of the President's performance, subject to the Board's ultimate authority to approve or modify the Vice Chair's assessment.

The report by the Vice Chair at Tab 8.1 includes his written assessment of the President's performance and outlines various performance goals for the coming fiscal year on which he and President DiPietro have agreed. The President's self-assessment and other supporting materials are appended to the Vice Chair's report. The report reflects the Vice Chair's conclusion that Dr. DiPietro's performance met or exceeded the Board's expectations in virtually every respect. The Chairs of the Audit and Compliance and Trusteeship Committees (designated by the Executive and Compensation Committee to participate in the process) have reviewed the Vice Chair's report and have indicated their concurrence with the report.

On October 9, 2015, the Board of Trustees approved compensation terms for Dr. DiPietro over the four-year period from July 1, 2015 through June 30, 2019. Those terms include an annual five percent (5%) increase in Dr. DiPietro's base salary as long as the Board finds his performance to be satisfactory. Therefore, upon the Board's approval of the Vice Chair's report on Dr. DiPietro's performance, the five percent (5%) increase will be effective as of July 1, 2017.

In accordance with the Interim Incentive Compensation Plan for the President approved on May 3, 2017 by the Executive and Compensation Committee, acting on behalf of the Board, the performance review process also included development of three incentive compensation goals for Dr. DiPietro. The Vice Chair's recommendation of FY 2018 incentive compensation goals are presented at Tab 8.2, along with the interim plan document.

Because the Executive and Compensation Committee is not meeting in conjunction with this meeting, and because of the importance of this item, the Vice Chair has placed it on the agenda of the full Board meeting for presentation, discussion, and action.

Motion by a voting Trustee: I move adoption of the following Resolution by the Board of Trustees:

RESOLVED:

1. **The Vice Chair's assessment of President DiPietro's performance and recommendation of performance goals for FY 2018 are approved; and**
2. **The Vice Chair's recommendation of FY 2018 incentive compensation goals for President DiPietro is approved.**

THE UNIVERSITY OF TENNESSEE

Board of Trustees

MEMORANDUM

8.1

TO: Members of the Board of Trustees

FROM: Raja J. Jubran, Vice Chair of the Board

DATE: June 22, 2017

SUBJECT: Annual Performance Review of President Joseph A. DiPietro

In accordance with Board policy, I have conducted the annual review of President DiPietro's performance. Trustee Spruell Driver, Chair of the Trusteeship Committee, and Trustee Crawford Gallimore, Chair of the Audit and Compliance Committee, observed the review process, as provided in the Board's policy. Both committee chairs have been provided a copy of this report and advised of their right to make their own evaluation of the President's performance if they disagree with my assessment or if they want to provide additional information.

I. The Review Process

A. Dr. DiPietro submitted a self-assessment (Attachment 1).

B. The Chief Financial Officer prepared a report on the status of accounts under the control of the President (Attachment 2).

C. The views of student, faculty, staff, and alumni leadership, the Chancellors and other senior administrative staff, and Trustees were solicited by an electronic survey. Senior administrative staff and Trustees were offered the opportunity to request a personal interview; no requests were made.

D. I interviewed the Governor, Speaker of the House, and Lieutenant Governor to learn their views of President DiPietro's performance.

E. Dr. DiPietro and I met on June 12 to discuss his performance and to agree on the proposed goals outlined in Section IV of this report. Trustees Driver and Gallimore participated by telephone.

II. Evaluation of President DiPietro's Performance

A. The Chief Financial Officer's report reveals that accounts under the President's control are currently within budget and expected to remain within budget at the end of the fiscal year on June 30.

B. The survey of student, faculty, staff, and alumni leadership produced very high marks for Dr. DiPietro (Attachment 3). His overall performance was rated as exceeding expectations by 19 of 20 respondents to the question. He received the highest ratings for his articulation

of strategic long-term goals for the University system; understanding of financial and budgetary issues; demonstrated integrity; and fairness and reasonableness.

C. The survey of Chancellors and other senior administrative staff also produced very high marks for Dr. DiPietro (Attachment 4). His overall performance was rated as exceeding expectations by 14 of 14 respondents to the question. He received the highest ratings for demonstrated integrity; understanding of the value of diversity, intercultural education, collegiality, and collaboration; accessibility and openness to views of others; and understanding of financial and budgetary issues.

D. The survey of Trustees revealed strong satisfaction with his performance over the past year (Attachment 5). His overall performance was rated as exceeding expectations by 16 of 17 respondents to the question. He received the highest ratings for demonstrated integrity and understanding of financial and budgetary issues.

E. In their interviews, the Governor, Speaker Harwell, and Lieutenant Governor McNally all expressed strong confidence in Dr. DiPietro, especially in terms of his integrity, fairness, and reasonableness.

F. Areas for focus in the future suggested by some of those whose views were requested include:

1. Continue to address the budget gap;
2. Need to see real cost-cutting measures on an annual basis; streamline and cut waste;
3. Address the market salary gap and internal salary compression;
4. Increase interaction with faculty outside Knoxville;
5. Ensure transparency related to potential outsourcing of facilities services;
6. Educate the Board on the annual performance review process for faculty and the tenure and promotion process;
7. Continue to defend academic values;
8. Improve the University's relationship with the state legislature;
9. Be more proactive with the state legislature;
10. Maintain oversight and protection of the UT brand;
11. Encourage more Board participation and deliberation on critical matters;
12. Reduce presentations at Board meetings and focus on the most important issues facing the University;
13. Continue to improve performance of direct reports;
14. Campus culture must understand the needed balance between taxpayer interests and campus constituency interests;
15. Focused effort is needed on UT Foundation and Cherokee Farm;
16. Enhance and strengthen relationship with ORNL; and
17. Increase visibility and presence of UT on Capitol Hill in Nashville.

III. Assessment of Performance on Last Year's Goals

A. Refocus on reorganizing the senior administrative staff by enhancing and strengthening the bench: Dr. DiPietro's self-assessment reveals that he has reorganized the senior administrative staff, reducing the number of his direct reports and delegating more tasks to his direct reports. He also accomplished the appointment of Chancellors for the Institute of Agriculture, UT Knoxville, and UT Martin; an Executive Vice President/COO; a Chief Financial Officer; and a General Counsel.

B. Continue to maintain a sharp focus on the budget and achieving a sustainable business model: The majority of the objectives of the 2015-17 Budget Advisory Group initiative were accomplished; and Dr. DiPietro has reconstituted the Group and set new goals and action plans for 2017-19.

C. Continue the efforts to enhance visibility and leadership for higher education: Dr. DiPietro delivered the first State of the University Address reaching a wide audience of Tennesseans; developed the first President's Report distributed widely to key constituents, officials, and media; met with editorial boards in major cities across the state; produced OpEd pieces; appeared on radio and television broadcasts; and delivered a presentation on "Advancing Change in Uncertain Times" to a regional conference in Nashville.

D. Complete revision of the post-tenure review process: The Board approved Dr. DiPietro's recommendation for a revised post-tenure review process in October 2016. The revised process brings needed clarification of procedures and timelines and is expected to be more efficient and effective.

E. Complete assessment of low producing academic programs and a plan to reallocate resources: Dr. DiPietro was not satisfied with performance on this goal and acknowledges that it needs attention in the coming year.

The above summary clearly indicates that Dr. DiPietro's performance over the past year met or exceeded the Board's expectations in virtually every respect. I continue to have strong confidence in Dr. DiPietro's leadership of the UT System and can only say again that he continues to be the right President at the right time.

IV. Goals for FY 2017-18

Dr. DiPietro and I have agreed on the following goals for FY 2017-18:

A. Implement succession planning for UTC, IPS, and UTHSC following the model recommended by the Oliver Group, which consists of five phases:
   1. Identify critical positions;
   2. Identify competencies;
   3. Identify and select potential successors;
   4. Document and implement succession planning; and
   5. Evaluate effectiveness.

B. Assure smooth transitions for new appointees, i.e., Chancellors, CFO, etc.

C. Conduct Chancellor Cabinet meetings with System leadership, CFO, COO, General Counsel to set the tone for a strong sense of teamwork, cooperation, and commitment between the system and units.

D. Receive and respond to Title IX Commission report.

E. Reorganize the Research, Outreach, and Economic Development office.

F. Complete evaluation of the outsourcing contracts under the state's Strategies for Efficiency in Real Estate Management (SEREM) and recommendations from the units regarding implementation or not.

G. Conduct a BOT workshop to discuss the tenure-track and tenure review process, the annual faculty and staff evaluation process, and academic program review.

H. Revise the search process for chief executive officers and other system and campus/institute senior administrators to achieve greater effectiveness and efficiency.

I. In coordination with the Chief Financial Officer, conduct a comprehensive review of staffing levels in the System Administration and campus/institute central administrations to identify unnecessary system-campus duplication, unnecessary positions, vacant positions, and other cost-saving opportunities; recommend to the Subcommittee on Efficiency and Cost Savings a plan to achieve a specific amount of savings in combined System Administration and campus/institute central administration staff costs in FY 2018 and FY 2019; and implement the cost-savings plan for FY 2018.

J. Actively manage and monitor the Chancellors' performance on their FY 2017-18 performance incentive compensation goals.

K. Work with the Board to strengthen the relationship between the Board and the System Administration to create a strategic partnership.

L. Enhance relations with the state legislature and other state officials through more proactive engagement.

Respectfully Submitted,

Raja J. Jubran
Vice Chair

Attachments

ATTACHMENT 1

PRESIDENT'S SELF-ASSESSMENT

THE UNIVERSITY OF TENNESSEE

Self-Assessment and Progress on 2016 Goals
President Joe DiPietro

A. GOAL: Reorganization of System Administration, New Appointments & Administrative Initiatives

- Reorganized the System's senior administrative team to reflect the changing needs and expectations of the System and the Board of Trustees and to reduce presidential time spent on general operations and management tasks. Key organizational adjustments and new appointments in 2016 included:
  - Transitioning three vice president-level direct reports to other senior administrators.
  - Appointing **Dr. Tonjanita Johnson**, Executive Vice President/COO, with authority and responsibility for the oversight of day-to-day System operations and other high-level management tasks; four new administrative areas were transitioned to her oversight, including two of my direct reports (HR and Academic Affairs/Student Success).
  - Transitioned **Dr. David Millhorn** to Sr. Vice President and moved the Institute for Public Service (IPS) under his executive oversight.
  - Appointed **David Miller** from the University of Wisconsin System as the UT System's new Chief Financial Officer.
  - Appointed **Matthew Scoggins** as General Counsel, replacing **Catherine Mizell**, who now serves as secretary, chief of staff and special counsel for the Board of Trustees.
  - Other senior administrative appointments:
    - Appointed **Dr. David Golden** as Executive Assistant to the President.
    - Named two new special advisors to address strategic initiatives--**Dr. Noma Anderson** as Special Advisor on System-wide Diversity and Inclusion and **Dr. Robert Smith** as Chancellor Emeritus and Special Advisor on Leadership and Talent Development.

- The reorganization has allowed for the delegation of a number of high-level and routine management responsibilities that were previously connected to the President's Office:
  - Chancellor Emeritus Bob Smith, Special Advisor on Leadership and Talent Development, now convenes and works with System chancellors on ongoing issues, reducing presidential time spent these concerns. Tonja Johnson and David Miller have also taken a more active role in directly updating chancellors on operational and finance/business-related concerns.
  - All meetings of the President's Staff and senior administrative team are now coordinated by the EVP/COO. She also coordinates all BAG and Strategic Planning agendas and activities and convenes senior leaders to address ongoing and emergent System issues, special projects and initiatives, reducing overall presidential time spent on these matters.
  - The Executive Assistant to the President has an increased responsibility for addressing critical concerns directed to the President/President's Office by internal and external stakeholders, coordinating responses and directing staff action on behalf of the president.

- Three **new chancellors were appointed** in 2016:
  - Dr. Keith Carver, UT Martin
  - Dr. Tim Cross, UT Institute of Agriculture
  - Dr. Beverly Davenport, UT Knoxville

- Efforts to more clearly define System-campus roles and expectations, streamline decision-making and adopt a more corporate model:
    - **Government Relations**—A system-wide legislative agenda was developed in 2016 and more formal processes and protocols for responding to state and federal legislative inquiries were outlined (The Vice President for Government Relations and Advocacy was charge with increased oversight of these matters with the campuses).
    - **Crisis Communications**—A system-wide crisis prevention and management plan was adopted in 2016, with clearly outlined protocols for both System and campus expectations and responses. This document provides directives and expectations related to response timelines and outlines clear processes for decision-making on high-profile issues at the System and campus/institute levels (the Associate Vice President for Communications and Marketing was charged with ensuring training of personnel and triggering protocols as situations arise; the EVP/COO is charged with ensuring adherence to the plan among high-level System and campus administrators).
    - **System Guidance to Campus**—With the establishment of the Office of the EVP/COO, a process for providing formal directives, system-to-campus expectations and practical guidance on important and sensitive operational issues to System leaders, chancellors and campus officials has been implemented.

- Efforts toward implementing an effective model for **System-wide succession planning** were solidified in 2016 with the execution of a succession planning pilot program, which began with System Administration.

B. <u>GOAL: Maintain a Sharp Focus on Budget and the Sustainable Business Model</u>

- The initial two-year efforts of the Budget Advisory Group have yielded positive results:
    - 16 of 22 objectives were met
    - 4 of 22 objectives were partially met
    - 2 of 22 objectives were not met (In-state enrollment and Enrollment goals)
        1. In-state enrollment increased for UTK and UTHSC, but decreased system-wide by 393 students)
        2. Enrollment goals were not set except for Executive Officer Performance Plans; graduate/professional enrollment increased on all campuses except UTK.
- Membership for the BAG was updated and plans for the next two-year process commenced in 2016.
- Successfully completed the search for a new CFO with the skills to enhance the System's budget and long-term sustainability efforts. This resulted in the hiring of David Miller.

C. <u>GOAL: Enhance Visibility and Leadership for Higher Education</u>

- Successfully delivered the System's first **State of the University Address** in Nashville, which featured a capacity onsite audience, 1,000 online and archived viewers, and coverage from more than 20 prominent statewide media outlets.
- In response to a suggestion by the Board's Vice Chair, the **first-ever President's Report**, was developed in 2016. It was distributed to key statewide influencers/opinion leaders, donors, government officials, and editors/news directors of major market newspapers, TV and radio stations. A supporting op-ed piece was developed and published in Tennessee's four largest newspapers. A related microsite to showcase the report was also developed and promoted.

- Engaged in **editorial board visits** in Knoxville, Memphis, Chattanooga, Jackson and Nashville. (I also engaged in special media visits, which included the Board's Vice Chair, specifically on Title IX issues in three top Tennessee media markets.)
- Established a **Title IX Commission** to review Title IX programs and protocols across the UT system. This approach, which attracted four nationally-recognized experts as commissioners, has been hailed as a higher education initiative to watch on a national level.
- Appeared on **radio and television broadcasts** to discuss UT/higher education issues with WBIR-TV (January and September); Hallerin Hill Show, WNOX-FM (July), WATE-TV *Tennessee This Week* (August), and the George Korda Show, WNOX-FM (September).
- Produced **OpEd pieces** on the *Importance of Advocacy* (July), *UT Accomplishments* (October) and *Looking Ahead to 2017* (December), which were picked up by newspapers in all major media markets in Tennessee.
- Delivered a presentation on **"Advancing Change in Uncertain Times"** to a standing-room-only crowd of Advancement professionals at a regional (District III) CASE conference in Nashville (February). Session received top ratings for the conference.
- Remained engaged at the state, regional and national levels as a thought leader on higher education leadership and policy issues as a member of the board of directors for the Southern Association of Colleges and Schools (SACS), the Tennessee Higher Education Commission (THEC), and the National Association of System Heads (NASH). I also maintained active involvement on the board of directors for UT-Battelle, University Health System, Genera Energy, and the Tennessee Farm Bureau Federation.

D. <u>GOAL: Revision of the Post-Tenure Review Process</u>

Efforts were ongoing in 2016 to prepare for the implementation of an Enhanced Post-Tenure Review Process (EPPR), which will take effect on July 1, 2017. Changes in the process were based on the work of a system-wide, 11-member task force, which offered recommendations and a course of action for revised policy provisions. The new provisions provide needed clarification of procedures and timelines and will be a more efficient and appropriate way of handling the review of the University's tenured faculty. This action came in response to a 2015 Budget Advisory Group (BAG) recommendation, with a charge from the President to review the Board of Trustees Policy on Academic Freedom, Responsibilities and Tenure. Specifically, the task force was charged with reviewing and recommending changes to the Cumulative Performance Review (CPR) provisions of the policy, which were approved by the Board in 1998. CPR was developed to provide an enhanced review of the performance of tenured faculty who did not meet the expectations of their discipline and rank. Since 1998, CPR was invoked rarely, and the administration reported several challenges in carrying out the policy effectively—ambiguous language, unclear timelines, and varying interpretations of the CPR procedures. The new provisions will provide a clear and more streamlined process for addressing concerns with unproductive faculty after they have been granted tenure.

E. <u>GOAL: Assessment of Low Producing Academic Programs and a Plan to Reallocate Resources</u>

In the spring of 2016, the campuses were asked to provide information for the Board on academic program actions designed to increase efficiency. A report was provided during the June Board meeting. I am not satisfied with the outcome of this initiative as it needs to be expanded to identify resources saved, and we need to determine if the interval between reviews and level of

rigor are adequate.

F. Other Accomplishments

- **2016 Legislative Session**
  The 109th General Assembly adjourned on April 22, 2016. During the session, we encountered a historic number of punitive bills and amendments aimed specifically at the University resulting from political controversies on the Knoxville campus (Sex Week, Office of Diversity and Inclusion). Following is a list of pertinent legislative outcomes from the session:
  - The outcome-based formula was fully funded, resulting in funding for a UTC Academic Classroom Building ($37.9M) and UTHSC Dentistry Faculty Research Building ($41M). Our Maintenance budget was supported at a level of $58M.
  - UT Martin benefitted from Senator John Stevens' appropriations language that reduced UTM's match requirement for a new STEM Building to 10%, rather than the standard 25% match.
  - Despite bills that would have significantly cut our budget (owing to controversy over diversity efforts), cuts for the UTK Office of Diversity and Inclusion amounted to approximately $436,000.

- **Title IX Case**
  In July, 2016, UT reached a settlement agreement in the Title IX lawsuit brought against the university by eight female plaintiffs. No taxpayer dollars were used to fund the settlement. Following the settlement, I appointed a four-member, independent commission to review the UT System's Title IX resources, programs, and policies as part of the settlement agreement. Following its review, the commission will submit to me a written report of its review and recommendations. The commission will strive to submit the report by the end of May 2017.

- **UTM – Accreditation Probation and Outcome**
  In December 2015, UTM received notice from the Southern Association of Colleges and Schools Commission on Colleges (SACSCOC) that UTM would be placed on a 12-month probationary period for accreditation pending corrective actions. I am pleased to report that in December 2016, SACSCOC lifted the probation owing to UTM leadership's outstanding job of addressing the corrective actions that were necessary.

- **Strategies for Efficiency in Real Estate Management (SEREM) project**
  Substantial time and effort have been expended in response to the State's SEREM project regarding outsourcing of some governmental services. As a result of extensive public outcry and strong objections by the state's United Campus Workers union, I have engaged in numerous communications to assure concerned parties that 1) a decision has not yet been reached by the state, and 2) individual campuses will be given freedom to opt out of any plan for outsourcing. Additionally, I appointed system Treasurer-emeritus, Butch Peccolo, to the SEREM Steering Committee and UTC Executive Vice Chancellor, Richard Brown, to the Facilities Management Core Team.

Goals Proposed by Dr. DiPietro for FY 2017-18

A. Complete BAG 2.0 effort and revise document.

B. Implement succession planning for UTC, IPS, and UTHSC following the model recommended by the Oliver Group, which consists of five phases:
    1. Identify critical positions
    2. Identify competencies
    3. Identify and select potential successors
    4. Document and implement succession planning
    5. Evaluate effectiveness

C. Assure smooth transitions for new appointees, i.e., chancellors, CFO, etc.

D. Conduct Chancellor Cabinet meetings with System leadership, CFO, COO, General Counsel, and me to set the tone for a strong sense of teamwork, cooperation, and commitment between the system and units.

E. Receive and respond to Title IX Commission report.

F. Fully evaluate the Academic Program Review process to determine if it can be expanded to identify resources saved and if the interval between reviews and level of rigor are adequate.

G. Reorganize ROED office.

H. Complete evaluations of SEREM – Outsourcing contracts and recommendations from the units regarding implementation or not.

I. Conduct a BOT retreat to discuss Academic Program Review, Faculty Evaluations, and Faculty Evaluation during the Tenure Probationary Period.

ATTACHMENT 2

CHIEF FINANCIAL OFFICER'S REPORT ON ACCOUNTS

THE UNIVERSITY OF TENNESSEE
OFFICE OF THE CHIEF FINANCIAL OFFICER

David L. Miller
Chief Financial Officer

June 2, 2017

Mr. Raja J. Jubran
Vice Chair
The University of Tennessee
Board of Trustees
719 Andy Holt Tower
Knoxville, TN 37996-0174

Dear Vice Chair Jubran:

A part of the deliberations in your review of Dr. DiPietro includes a review of University accounts under the President's control. Those include:

- President's Office (departmental personnel and operating budget)
- Special Events/Emergency Management (unrestricted budgeted operating funds)
- President's Discretionary Fund (restricted funds)
- Special Projects Fund (unrestricted budgeted operating funds)
- Tennessee Tomorrow (unrestricted budgeted operating funds)
- President's Council (restricted funds)

All of these accounts have been handled in accordance with fiscal policy and operated within budget year-to-date; additionally, the accounts are projected to be within budget at the close of fiscal year 2017 and will be audited by internal audit with a report forwarded to the Board of Trustees.

Please advise if you need additional information or any clarification.

Sincerely,

David L. Miller

DLM:tlc

c: Dr. Joseph A. DiPietro
Ms. Catherine S. Mizell

709A Andy Holt Tower • 1331 Circle Park Drive • Knoxville, TN 37996-0174 • 865-974-1763 • 865-974-9080
http://finance.tennessee.edu

ATTACHMENT 3

CONSTITUENCY GROUP SURVEY RESULTS

CY2016 Presidential Performance Review (Constituency Groups)

Leadership and Administration

Constituency Survey

Question	Strongly Disagree (1)		Disagree (2)		Agree (3)		Strongly Agree (4)		Not Able to Assess (N/A)		Total
Provides visionary leadership	0.00%	0	0.00%	0	19.05%	4	80.95%	17	0.00%	0	21
Articulates strategic long-term goals for The University of Tennessee System	0.00%	0	0.00%	0	9.52%	2	90.48%	19	0.00%	0	21
Has a clear understanding of financial and budgetary issues	0.00%	0	0.00%	0	4.76%	1	90.48%	19	4.76%	1	21
Effective decision maker	0.00%	0	4.76%	1	19.05%	4	66.67%	14	9.52%	2	21
Effective team builder	4.76%	1	0.00%	0	23.81%	5	57.14%	12	14.29%	3	21
Effective in resolving conflict	0.00%	0	4.76%	1	28.57%	6	42.86%	9	23.81%	5	21
Accessible and open to views of others	0.00%	0	14.29%	3	28.57%	6	57.14%	12	0.00%	0	21
Has recruited outstanding members of the senior administrative staff	0.00%	0	0.00%	0	33.33%	7	52.38%	11	14.29%	3	21
Demonstrates integrity	0.00%	0	4.76%	1	9.52%	2	85.71%	18	0.00%	0	21
Perceived as fair and reasonable	0.00%	0	4.76%	1	9.52%	2	85.71%	18	0.00%	0	21
Establishes and maintains productive relationships on behalf of the University with the state legislature, state officials, the Tennessee congressional delegation, federal agencies, and the community at large	0.00%	0	0.00%	0	23.81%	5	66.67%	14	9.52%	2	21
Exhibits an understanding of the value of diversity, intercultural education, collegiality, and collaboration	0.00%	0	4.76%	1	14.29%	3	76.19%	16	4.76%	1	21
Is an effective spokesperson for public higher education in Tennessee	0.00%	0	0.00%	0	19.05%	4	76.19%	16	4.76%	1	21

Students

Question	Strongly Disagree (1)		Disagree (2)		Agree (3)		Strongly Agree (4)		Not Able to Assess (N/A)		Total
Is genuinely concerned with student issues	0.00%	0	9.52%	2	23.81%	5	52.38%	11	14.29%	3	21
Is accessible to student leadership	9.52%	2	0.00%	0	19.05%	4	23.81%	5	47.62%	10	21
Is open to student input and recommendations	0.00%	0	14.29%	3	23.81%	5	19.05%	4	42.86%	9	21

Faculty

Question	Strongly Disagree (1)		Disagree (2)		Agree (3)		Strongly Agree (4)		Not Able to Assess (N/A)		Total
Is genuinely concerned with faculty issues	0.00%	0	0.00%	0	23.81%	5	42.86%	9	33.33%	7	21
Is accessible to faculty leadership	0.00%	0	0.00%	0	23.81%	5	38.10%	8	38.10%	8	21
Is supportive of the principle of shared governance	0.00%	0	0.00%	0	19.05%	4	42.86%	9	38.10%	8	21
Considers faculty input in making important decisions	0.00%	0	0.00%	0	23.81%	5	33.33%	7	42.86%	9	21

Staff

#	Question	Strongly Disagree (1)		Disagree (2)		Agree (3)		Strongly Agree (4)		Not Able to Assess (N/A)		Total
1	Is genuinely concerned with staff issues	0.00%	0	0.00%	0	38.10%	8	28.57%	6	33.33%	7	21
2	Is accessible to staff leadership	0.00%	0	0.00%	0	28.57%	6	28.57%	6	42.86%	9	21
3	Considers staff input in making important decisions	0.00%	0	0.00%	0	42.86%	9	33.33%	7	23.81%	5	21
4	Understands the importance of staff in achieving the University’s mission	0.00%	0	0.00%	0	19.05%	4	52.38%	11	28.57%	6	21
5	Promotes the recruitment, development, and retention of excellent staff at all levels	0.00%	0	4.76%	1	38.10%	8	28.57%	6	28.57%	6	21

Alumni and Donors

#	Question	Strongly Disagree (1)		Disagree (2)		Agree (3)		Strongly Agree (4)		Not Able to Assess (N/A)		Total
1	Effectively engages local, state, and national alumni in advancing the mission of the University	0.00%	0	0.00%	0	9.52%	2	61.90%	13	28.57%	6	21
2	Devotes sufficient time and energy to alumni programs	0.00%	0	0.00%	0	38.10%	8	19.05%	4	42.86%	9	21
3	Provides effective leadership for the University’s development efforts (fund raising and friend raising)	0.00%	0	0.00%	0	28.57%	6	33.33%	7	38.10%	8	21
4	Devotes sufficient time and energy to development efforts	0.00%	0	0.00%	0	23.81%	5	38.10%	8	38.10%	8	21

University System

#	Question	Strongly Disagree (1)		Disagree (2)		Agree (3)		Strongly Agree (4)		Not Able to Assess (N/A)		Total
1	Is committed to aligned strategic planning	0.00%	0	0.00%	0	33.33%	7	61.90%	13	4.76%	1	21
2	Understands the relationship and roles of the campuses/institutes and the University system	0.00%	0	4.76%	1	28.57%	6	66.67%	14	0.00%	0	21
3	Respects the distinct mission of each campus and institute and treats them fairly	0.00%	0	4.76%	1	23.81%	5	66.67%	14	4.76%	1	21
4	Supports research as a priority appropriate to the mission of each campus and institute	0.00%	0	0.00%	0	19.05%	4	76.19%	16	4.76%	1	21
5	Supports outreach, engagement, and service programs	0.00%	0	0.00%	0	28.57%	6	66.67%	14	4.76%	1	21

Overall: President DiPietro's overall performance during Calendar Year 2016 exceeded expectations:

#	Answer	%	Count
1	Strongly Disagree (1)	5.00%	1
4	Strongly Agree (4)	75.00%	15
0	Not Able to Assess (N/A)	0.00%	0
2	Disagree (2)	0.00%	0
3	Agree (3)	20.00%	4
	Total	100%	20

Q10 - Is the President failing to devote sufficient attention to any major issues or priorities? If so, please explain.

I can only answer to what he reports and what I have seen. I do know that the university overall does not promote from within. Too many times I have seen current, longtime, devoted personnel skipped over for an outside person to be brought into a position. This does not harbor good moral or good employee relations.

I feel he spends sufficient time on major issues.

n/a

The system has not devoted sufficient attention to explaining the annual performance review process, tenure, and promotion to the UT Board of Trustees.

I am very concerned with Dr. DiPietro's involvement with the decision to outsource facilities services management. He has not been transparent with this issue, but overall, I am very pleased with his leadership this year.

Overall, I think President DiPietro has exceeded expectations. On occasion, I think he fails to hear some legitimate faculty concerns, but in my decades in the UT System, he is one of the best President we have had.

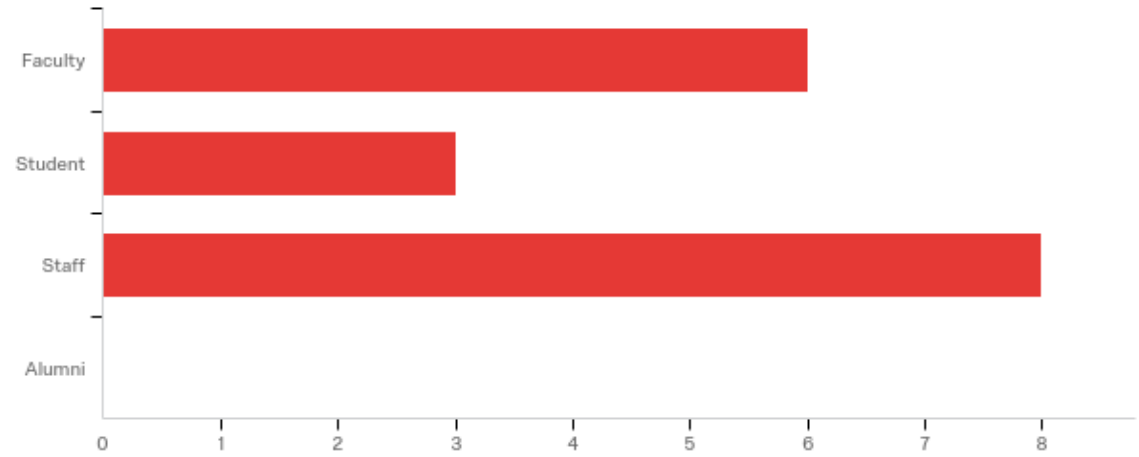
Q11 - What advice would you offer the President to sustain or improve his relationship with your constituency?

Continue to reach out and cultivate support of grassroots alumni and supporters, such as with the Advocacy 101 series.
Continue to defend academic values against those in the legislature who would harm them.
See above. Hire within before going outside.
n/a
Encourage BOT members to take the offer of shadowing a faculty member to learn more about what we do every day to fulfill the research, teaching, and extension missions of UT.
I would recommend he reaches out more to students, but if he does so, he should reach out to each institution and not favor one over another. He should continually keep communication with student leaders.
You do not have to agree with faculty to understand our concerns.

Q12 - What other information would you like to share regarding the President's performance?

Thank you for your incredible dedication and outstanding leadership.
I think the Employee Relations Board and the President should meet more times in a year
I feel like Dr. DiPietro is very respected on campus and throughout the system. I do worry about how UT and the UT system are view by our state legislators.
n/a
He has done a great job in shepherding the system during a time when state legislators, especially members of the Knoxville delegation, have used their public office to settle old scores with their alma maters, enrich their business coffers, and gain free publicity for their political campaigns by targeting the University of Tennessee with legislation that would interfere with the educational goals of students.
I like Joe!
He is great! Respect him a lot based on his leadership and recent decisions affecting our system

Q13 - OPTIONAL: Indicate your constituency group:



#	Answer	%	Count
1	Faculty	35.29%	6
2	Student	17.65%	3
3	Staff	47.06%	8
4	Alumni	0.00%	0
	Total	100%	17

ATTACHMENT 4

SENIOR STAFF SURVEY RESULTS

CY2016 Presidential Performance (Senior Administrative Staff)

CY2016 Presidential Performance Review - Senior Administrative Staff Survey

Q3 - Leadership and Administration

Question	Strongly Disagree (1)		Disagree (2)		Agree (3)		Strongly Agree (4)		Not Able to Assess (N/A)		Total
Provides visionary leadership	0.00%	0	6.67%	1	20.00%	3	73.33%	11	0.00%	0	15
Articulates strategic long-term goals for The University of Tennessee System	0.00%	0	0.00%	0	26.67%	4	73.33%	11	0.00%	0	15
Has a clear understanding of financial and budgetary issues	0.00%	0	0.00%	0	13.33%	2	86.67%	13	0.00%	0	15
Effective decision maker	0.00%	0	6.67%	1	46.67%	7	46.67%	7	0.00%	0	15
Effective team builder	0.00%	0	6.67%	1	26.67%	4	66.67%	10	0.00%	0	15
Effective in resolving conflict	0.00%	0	0.00%	0	46.67%	7	53.33%	8	0.00%	0	15
Accessible and open to views of others	0.00%	0	0.00%	0	13.33%	2	86.67%	13	0.00%	0	15
Has recruited outstanding members of the senior administrative staff	0.00%	0	6.67%	1	40.00%	6	53.33%	8	0.00%	0	15
Demonstrates integrity	0.00%	0	0.00%	0	6.67%	1	93.33%	14	0.00%	0	15
Perceived as fair and reasonable	0.00%	0	0.00%	0	20.00%	3	80.00%	12	0.00%	0	15
Establishes and maintains productive relationships on behalf of the University with the state legislature, state officials, the Tennessee congressional delegation, federal agencies, and the community at large	0.00%	0	0.00%	0	20.00%	3	80.00%	12	0.00%	0	15
Exhibits an understanding of the value of diversity, intercultural education, collegiality, and collaboration	0.00%	0	0.00%	0	6.67%	1	93.33%	14	0.00%	0	15
Is an effective spokesperson for public higher education in Tennessee	0.00%	0	0.00%	0	26.67%	4	73.33%	11	0.00%	0	15

Q4 - Students

Question	Strongly Disagree (1)		Disagree (2)		Agree (3)		Strongly Agree (4)		Not Able to Assess (N/A)		Total
Is genuinely concerned with student issues	0.00%	0	0.00%	0	13.33%	2	73.33%	11	13.33%	2	15
Is accessible to student leadership	0.00%	0	0.00%	0	20.00%	3	33.33%	5	46.67%	7	15
Is open to student input and recommendations	0.00%	0	0.00%	0	20.00%	3	33.33%	5	46.67%	7	15

Q5 - Faculty

Question	Strongly Disagree (1)		Disagree (2)		Agree (3)		Strongly Agree (4)		Not Able to Assess (N/A)		Total
Is genuinely concerned with faculty issues	0.00%	0	0.00%	0	13.33%	2	86.67%	13	0.00%	0	15
Is accessible to faculty leadership	6.67%	1	0.00%	0	13.33%	2	73.33%	11	6.67%	1	15
Is supportive of the principle of shared governance	0.00%	0	0.00%	0	13.33%	2	86.67%	13	0.00%	0	15
Considers faculty input in making important decisions	0.00%	0	0.00%	0	26.67%	4	66.67%	10	6.67%	1	15

Q6 - Staff

Question	Strongly Disagree (1)		Disagree (2)		Agree (3)		Strongly Agree (4)		Not Able to Assess (N/A)		Total
Is genuinely concerned with staff issues	0.00%	0	0.00%	0	33.33%	5	66.67%	10	0.00%	0	15
Is accessible to staff leadership	0.00%	0	0.00%	0	20.00%	3	66.67%	10	13.33%	2	15
Considers staff input in making important decisions	0.00%	0	0.00%	0	26.67%	4	66.67%	10	6.67%	1	15
Understands the importance of staff in achieving the University’s mission	0.00%	0	0.00%	0	26.67%	4	73.33%	11	0.00%	0	15
Promotes the recruitment, development, and retention of excellent staff at all levels	0.00%	0	0.00%	0	33.33%	5	60.00%	9	6.67%	1	15

Q7 - Alumni and Donors

Question	Strongly Disagree (1)		Disagree (2)		Agree (3)		Strongly Agree (4)		Not Able to Assess (N/A)		Total
Effectively engages local, state, and national alumni in advancing the mission of the University	0.00%	0	0.00%	0	13.33%	2	80.00%	12	6.67%	1	15
Devotes sufficient time and energy to alumni programs	0.00%	0	0.00%	0	13.33%	2	60.00%	9	26.67%	4	15
Provides effective leadership for the University’s development efforts (fund raising and friend raising)	0.00%	0	0.00%	0	26.67%	4	53.33%	8	20.00%	3	15
Devotes sufficient time and energy to development efforts	0.00%	0	0.00%	0	20.00%	3	53.33%	8	26.67%	4	15

Q8 - University System

Question	Strongly Disagree (1)		Disagree (2)		Agree (3)		Strongly Agree (4)		Not Able to Assess (N/A)		Total
Is committed to aligned strategic planning	0.00%	0	0.00%	0	20.00%	3	80.00%	12	0.00%	0	15
Understands the relationship and roles of the campuses/institutes and the University system	0.00%	0	0.00%	0	26.67%	4	73.33%	11	0.00%	0	15
Respects the distinct mission of each campus and institute and treats them fairly	0.00%	0	0.00%	0	13.33%	2	86.67%	13	0.00%	0	15
Supports research as a priority appropriate to the mission of each campus and institute	0.00%	0	0.00%	0	13.33%	2	86.67%	13	0.00%	0	15
Supports outreach, engagement, and service programs	0.00%	0	0.00%	0	13.33%	2	86.67%	13	0.00%	0	15

Q9 - Overall: President DiPietro's overall performance during Calendar Year 2016 exceeded expectations:

#	Answer	%	Count
1	Strongly Disagree (1)	0.00%	0
2	Disagree (2)	0.00%	0
3	Agree (3)	13.33%	2
4	Strongly Agree (4)	80.00%	12
0	Not Able to Assess (N/A)	6.67%	1
	Total	100%	15

8.1

Q11 - Is the President failing to devote sufficient attention to any major issues or priorities? If so, please explain.

None that I am aware.
No
Dr. DiPietro continues to address issues and priorities effectively.
One of the topics I listed as "agree" would be higher if UTFI made greater use of the president for fund raising. It does not have to always be at the initiative of the president. That issue is more on them than him.
It is my belief that the President devotes sufficient attention to the major issues and priorities of the UT System and consistently demonstrates his commitment to providing the leadership necessary for the System to accomplish its mission and vision.
Joe is doing an incredible job, especially considering the complexity of the current political climate. I appreciate his thoughtful, servant-leader approach to the job.

Q12 - What other information would you like to share regarding the President's performance?

The President is very effective and I'm honored to be on his team.
As noted in previous years, Dr. DiPietro has a strong ethical compass and does the right thing. I believe he is one of the most ethical leaders in higher education.
Joe is a distinguished leader who instills confidence throughout the UT system. His calm demeanor encourages careful and thoughtful decision making, without slowing down the rate of change. He listens to all sides, and makes individuals feel appreciated even if he disagrees. An excellent leader of the University who devotes incredible time and energy to the job. Clearly exceeds the expectations anyone might have for the position of President.
We are fortunate to have Dr. DiPietro leading our University System. His leadership is moving the University of Tennessee forward.
In his summary of activities, I believe he should have added to his successful efforts "to more clearly define System-campus roles and expectations" that he strengthened the audit and compliance staffing and policy resulting in assuring public confidence in UT's use of public resources. Although Audit does not report to him, his efforts were instrumental in the success of the A&C group's work. In addition, the recent plant visit to extol the values of how IPS and local industry work together was a major PR achievement. That story told the state a lot about the value of UT. Although this occurred in 2017 and this evaluation is for 2016, it is typical of the showcase work Dr. DiPietro demonstrates on behalf of UT. When the President shows up, the press notice and that leverages more stories for UT locally. I add that more of those photo op stories around the state paring UT research and service with actual business and local governments is gold as it will always be carried by the local papers and, in this case, got state-wide coverage. Finally, I had the recent opportunity to say to the BOT that Dr. DiPietro was one of the best "bosses" I've ever had and that is worth repeating here. It is difficult to strike the balance of being the system head leading a group of campus CEOs who believe they are in full charge. He does that masterfully and the entire System benefits as do the people of Tennessee.
Dr. DiPietro has not wavered in his commitment to being a strong advocate for the University of Tennessee and higher education in the state. I'm honored to work with and for him and appreciative of the professional opportunities and support he has provided to me and my colleagues at the System as we assist him in moving this exceptional organization forward. Dr. DiPietro is a rare breed of leader, who inspires me to work harder and harder every day. While our approach to getting the job done may sometimes differ, he is always open to my thoughts, opinions and ideas, and he carefully weighs important decisions and gives considerable thought to the short- and long-term consequences of his actions. He is an excellent mentor and someone who cares very deeply about UT, its mission and the people who have a vested interest in UT's success.

ATTACHMENT 5
TRUSTEE SURVEY RESULTS

FY2016-2017 Presidential Performance (Board of Trustees)

FY 2016-17 Presidential Performance Review - Survey of Trustees

Q3 - Leadership and Administration

Question	Strongly Disagree (1)		Disagree (2)		Agree (3)		Strongly Agree (4)		Not Able to Assess (N/A)		Total
Provides visionary leadership	0.00%	0	5.88%	1	29.41%	5	58.82%	10	5.88%	1	17
Articulates and implements strategic long-term goals for The University of Tennessee System	0.00%	0	0.00%	0	23.53%	4	76.47%	13	0.00%	0	17
Has a clear understanding of financial and budgetary issues	0.00%	0	0.00%	0	17.65%	3	82.35%	14	0.00%	0	17
Effective decision maker	0.00%	0	0.00%	0	52.94%	9	35.29%	6	11.76%	2	17
Effective in resolving conflict efficiently	0.00%	0	0.00%	0	47.06%	8	29.41%	5	23.53%	4	17
Accessible and open to views of others	0.00%	0	0.00%	0	17.65%	3	76.47%	13	5.88%	1	17
Has recruited outstanding members of the senior administrative staff	0.00%	0	0.00%	0	41.18%	7	52.94%	9	5.88%	1	17
Demonstrates integrity	0.00%	0	0.00%	0	0.00%	0	100.00%	17	0.00%	0	17
Provides leadership to ensure the University maintains highly effective relationships with the state legislature and state officials	0.00%	0	5.88%	1	29.41%	5	52.94%	9	11.76%	2	17
Provides leadership to ensure the University maintains highly effective relationships with the Tennessee congressional delegation and federal agencies	0.00%	0	5.88%	1	29.41%	5	35.29%	6	29.41%	5	17
Is an effective spokesperson for public higher education in Tennessee	0.00%	0	0.00%	0	29.41%	5	70.59%	12	0.00%	0	17

Q4 - Alumni and Donors

Question	Strongly Disagree (1)		Disagree (2)		Agree (3)		Strongly Agree (4)		Not Able to Assess (N/A)		Total
UT Alumni Association is functioning at a high level	0.00%	0	0.00%	0	47.06%	8	29.41%	5	23.53%	4	17
UT Foundation is functioning at a high level	0.00%	0	11.76%	2	41.18%	7	23.53%	4	23.53%	4	17

Q5 - University System

Question	Strongly Disagree (1)		Disagree (2)		Agree (3)		Strongly Agree (4)		Not Able to Assess (N/A)		Total
Has effectively defined the relationship between the UT System and its campuses and institutes	0.00%	0	0.00%	0	29.41%	5	70.59%	12	0.00%	0	17
Supports research as a priority appropriate to the mission of each campus and institute	0.00%	0	0.00%	0	23.53%	4	70.59%	12	5.88%	1	17
Supports outreach, engagement, and service programs	0.00%	0	0.00%	0	29.41%	5	64.71%	11	5.88%	1	17

Q6 - Overall: President DiPietro's overall performance during FY 2016-17 has exceeded expectations:

#	Answer	%	Count
1	Strongly Disagree (1)	0.00%	0
2	Disagree (2)	5.88%	1
3	Agree (3)	35.29%	6
4	Strongly Agree (4)	52.94%	9
0	Not Able to Assess (N/A)	5.88%	1
	Total	100%	17

Q8 - From your perspective, to what should the President devote his undivided attention in the coming fiscal year?

Succession and assuring strong management team
Succession Planning and the Budget Gap
Methodically pursue the issues related faculty salary gaps, compression, etc. The new, multi-stage agenda to study salary-related issues seems to be well-designed and a good start.
Working with the new Chancellor on the Knoxville campus. Engaging a national firm to work on PR so that positive stories hit versus negative.
Preparing the Univ. for future revenue challenges ranging from appropriation declines to competition from online learning sources.
Improving the relationship and the trust of the Tennessee Legislature.
Offering quality educational opportunities to students at an affordable prices with sufficient class offerings to allow students to finish requirements on a timely basis.
N/A
Coaching the new chancellors and holding all chancellors accountable for their goals. Streamlining. Succession planning and always, our elected officials.
1 Cost savings. 2 Continue to improve the performance of his direct reports. 3 Let his direct reports do their job without his direct involvement.
Funding issues. Continue to develop a better relationship with members of the General Assembly and avoid any "unforced errors" that would make that job more difficult.
Cost control within the system. I think it would be prudent to conduct a strong review of possible waste.
Budget, relationship with legislature, tuition control, and UT Foundation performance.
Recruitment and nurture of leadership people reporting to him, and succession plans for each inasmuch as possible and wherever appropriate
Now that we have the Title IX issues and critical hires behind us, focus on improving UT's marketing and image, and also on continuing to insist that the Knoxville campus become known as a top flight public research institution, as the time is right to move in that direction. Joe appears to have all campuses now moving in the right direction, and also appears to have weathered the storms at the legislature.
Faculty and administrative relations to improve morale on all campuses. Chancellors and upper administrators make high salaries while faculty compression remains a serious issue. Are the layers of administration on each campus truly necessary? The implementation of EPPR is a good move which I was a part of the committee and I support identifying low performing faculty, giving them an opportunity to improve, then cutting them loose when they do not. The same type of mechanism needs to be in place for department heads, chairs, deans, administration. Faculty have the opportunity to evaluate them annually but when no changes are made in poor leadership on any level, it is demoralizing to faculty and makes us think no one is listening to our concerns. Just because someone is a good faculty member, does not mean they are or will be a good department head, chair, dean, etc. But these types of appointments seem to be made for life once done. I am not talking about training for these positions, it is too late for those already in the positions. Some people do not have the skills to be leaders and should have been left in the classroom. Give them the tools they need to be successful if they do not have them, evaluate them fairly and honestly, (and not by their friends) and cut them loose to return to faculty if they do not meet the benchmarks. My whole career has not been in academia and this is one aspect that has really been a surprise to me. That is why I have been so supportive of EPPR. But it needs to be carried up the line.
Getting new UTK and UTM chancellor's up to speed and on the right track. Rebuilding strong relationship with legislature. Recruiting strong leadership at ORNL Recruiting strong research-based faculty who can enhance our federal research funding Moving us into the Top 25 or AAU.

Q9 - What advice would you offer the President to sustain or improve his relationship with the Board of Trustees?

Communication with board is sometimes lacking. Too often we hear about important decisions in the newspaper
Continue with current efforts
I do know enough about this relationship to provide a useful comment or observation.
I think he does a very good job with the Trustee's. He could encourage the Chancellor on the Knoxville campus to be more open not only with the Trustees but with students as well. The Trustees can and will be helpful and supportive if the Chancellor is open and reaches out to work with the Trustee's. Chancellor Cheek was alway keeping the Trustees up to date and asking for advice. Chancellor Cheek listened and worked together as a team.
To have the president and the administration more transparent with faculty staffing as it relates to filled and unfilled positions.
Ensure that the Trustees have a report of significant events before making public announcements.
He is doing a great job building and maintaining a relationship with the BOT.
N/A
Keep having regular conversations
I feel like that the trustees act only as a rubber stamp and the trustee meetings are pretty much a waste of my time.
He has an excellent relationship with the Board. Keep doing what he is doing.
I appreciate the President's accessibility. I have no recommendations.
I think his performance in this regard is excellent.
Joe does an outstanding job of communicating with the Trustees.
To be clear, I am a strong supporter of Joe's and think he has done an incredible job bringing leadership, vision, stability and dignity to the president's role. However, since this question is asking for areas of improvement, I would like to see more attempts to keep trustees in the loop or for input, particularly those outside of Knox County. For example, we were expected to confirm Chancellor Davenport's contract, but many of us never met with her until the day of her confirmation. There was no opportunity for the trustees that were not from Knox County to discuss Chancellor Davenport's vision for the university. If I did not have such a strong degree of trust in Joe, I would have voiced considerable objection.
Continue transparency with the Board of Trustees. From what I have seen in my one year, he has established a good working relationship with the Board.
More communication on what is on the horizon and on his rationale for taking programs/initiatives in a given direction.

Q9 - What other information would you like to share regarding the President's performance?

The high turnover of key staff/leaders has taken its toll this year and did not appear to be anticipated and addressed in proactive way
N/A
First, I believe that Dr. DiPietro has provided excellent leadership of the UT system; he has handled The-Most-Difficult-Job in state government with intelligence and skill. As far as constructive criticism goes, I feel that Dr. DiPietro could do more to reduce the "distance" between himself and the faculty of the campuses outside of Knoxville. For a system as large, diverse, and geographically dispersed as UT is, this is a problem that cannot be solved entirely. Yet, I feel that more can be done to reduce it. While it is appropriate to have the Chancellors and system VP's to gather, filter, and disseminate info on his behalf most of the time, the relationships between outlying faculty groups and the system could be enhanced by having Dr. DiPietro invest a little more "face time" with them. Given this, I offer two suggestions: (1) Dr. DiPietro should strengthen and warm-up the relationship with the Faculty Senate leadership (i.e. the members of the UFC). Meetings with them during Board gatherings have always seemed to be a low-priority; the discussions have tended to be somewhat rushed, one-sided, and awkward. (2) Dr. DiPietro should visit each campus at least one time per year to the Martin, Memphis, and Chattanooga campuses where he presents highlights of the system agenda and takes questions from faculty. Altogether, I feel that a few extra hours with faculty in Martin, Memphis, and Chattanooga during the year could go a long way to give them a greater sense of unity with UT and a feeling that "Knoxville" really does listen to and care about their concerns.
Thanks for the time, passion and efforts he gives to the UT System.
None
Overall very good leadership.
Great job. Keep up the good work.
None.
Job well done again this year. Honored to serve on your board
I do not feel I have enough information to judge the President's performance and that is unfair to him and the UT system. Raja and the executive team have fair more info in order to judge his performance.
I am always impressed with his serious-minded approach to his responsibilities. Continue to delegate more to his management team.
I feel that there should be more effort to communicate with the legislature regarding controversial issues.
His charge at the time of his election was to restore respect, integrity, and stability to the office of the President; he has accomplished this and continues to maintain it. I could not be more pleased with his performance.
I think the recruiting system for top leadership is too cumbersome and slow. Going through public process, broad advertising, and large committees for decision-making needs improvement; we will tend to miss those top leaders whom we can get only by targeting and going after them. (It could be illuminating to look back and rate ourselves on the satisfaction around year 3 with those that the current system has produced over the past decade. Could we have done better, or are the results satisfactory or even better?) I believe the recruiting system needs revision. While I understand the strictures imposed by Sunshine Law, surely there is a way to research and identify top target/candidates which is less public, at least until the very final stage.
Just to restate that Joe has done an incredible job and has advanced UT to a level that I wasn't sure was possible. He is universally respected and admired. He has put strong leaders in place. I can't speak highly enough about his performance.
I know the President cannot be all things to all people, but the faculty have some real concerns about leadership on their individual campuses and how these decisions are made beginning at the department head level. The faculty evaluations of these administrators are posted and when you see a pattern of decline or pattern of

negative reviews and nothing is done, again, faculty are demoralized and some become very angry. It makes the evaluation process a useless exercise. Leaders should role model the behavior they want to see in the faculty. If the President could do something about this on each campus, that would be truly remarkable.

Great appointment of new UTM chancellor. New UTK chancellor will benefit greatly from his mentoring and advice, as she is now drinking from the fire hose, and that carries some risks.

FY 2017-18 Interim Incentive Compensation Plan for the President

President's Goals:

1. Develop and implement new policies, procedures, or guidelines to strengthen the administrative authority of the President and the System Administration in relation to the Chancellors and campus/institute administrations for the purpose of promoting the general welfare of the University of Tennessee System and protecting the University's reputation and brand.

2. Identify and cause to be implemented on a system-wide basis a centralized data collection and analytics software system, with leading and lagging indicators including at least the following: predictive analytics for student success, faculty workloads and effectiveness, space utilization efficiencies, and academic program measurements; require that data entered in the centralized system by campuses and institutes be based on system-wide common definitions; and ensure that the System Administration has appropriate independent access to the data.

3. Examine and evaluate models for prioritizing and reallocating academic resources and services; select a model to be used for a comprehensive review of academic programs throughout the UT System to achieve prioritization and any needed reallocation of resources and services; design a strategy and action plan for effective implementation of the model; and cause the comprehensive review to begin at each campus and the Institute of Agriculture no later than June 30, 2018.

President's Action Plan:

By August 1, 2017, the President shall submit to the Vice Chair written action steps documenting his plan for and personal involvement in achieving each goal.

Interim Incentive Compensation Plans for FY 2017-18

I. FY 2017-18 Incentive Compensation Plan for the President

As part of the annual presidential performance review process, the Vice Chair and President DiPietro will discuss goals for the President for the next year. In his report on the performance review, the Vice Chair will include three aspirational ("stretch") incentive compensation goals for the President for FY 2017-18. The Vice Chair will recommend the FY 2017-18 incentive compensation goals to the Board of Trustees for approval at the Board meeting on June 22, 2017. The Vice Chair will evaluate the President's performance on the FY 2017-18 goals and prepare a recommendation to the Board of Trustees concerning an incentive payment in accordance with the terms of the President's employment agreement.

II. FY 2017-18 Incentive Compensation Plan for the Chancellors

Participants

Steve Angle
Keith Carver
Tim Cross
Beverly Davenport
Steve Schwab

Goals

Before July 1, 2017, President DiPietro will establish for each Chancellor three aspirational ("stretch") incentive compensation goals for FY 2017-18 satisfying the following criteria: (1) critical to moving the campus forward in quality, reputation, and ranking; (2) clearly defined and readily evaluated; (3) requiring personal involvement by the Chancellor in achieving results; and (4) including at least two quantitative goals.

Pool of Funds

President DiPietro may award a maximum of $212,000 in incentive compensation for FY 2017-18, distributed among the five Chancellors as the President determines to be appropriate. The President will evaluate each Chancellor's performance on the FY 2017-18 incentive compensation goals and prepare a written explanation of his decision to award an incentive compensation payment.

III. FY 2017-18 Incentive Compensation Plan for the Executive Vice President/COO, Chief Financial Officer, and General Counsel

Participants

Tonja Johnson
David Miller
Matthew Scoggins

Goals

Before July 1, 2017, President DiPietro will establish for each participant three aspirational ("stretch") incentive compensation goals for FY 2017-18 satisfying the following criteria: (1) critical to improving the effectiveness and efficiency of the System administration and the component parts of the System; (2) clearly defined and readily evaluated; (3) requiring personal involvement by the participant in achieving results; and (4) including at least two quantitative goals, if feasible.

Pool of Funds

President DiPietro may award a maximum of $85,000 in incentive compensation for FY 2017-18, distributed among the three participants as the President determines to be appropriate. The President will evaluate each participant's performance on the FY 2017-18 incentive compensation goals and prepare a written explanation of his decision to award an incentive compensation payment.

IV. FY 2017-18 Incentive Compensation Plan for the Secretary, Chief of Staff, and Special Counsel ("Secretary")

The Vice Chair will establish three aspirational ("stretch") incentive compensation goals for the Secretary for FY 2017-18 satisfying the following criteria: (1) critical to improving the effectiveness and efficiency of decision making and governance by the Board; (2) clearly defined and readily evaluated; and (3) requiring personal involvement by the Secretary in achieving results. The Vice Chair may award a maximum of $25,000 in incentive compensation for FY 2017-18. The Vice Chair will evaluate her performance on the FY 2017-18 incentive compensation goals and prepare a written explanation of his decision to award an incentive compensation payment.

V. General Terms and Conditions Applicable to All Incentive Compensation Plans for FY 2017-18

1. Subject to the conditions stated in paragraphs 2 and 3 below, incentive compensation payments will be paid to participants in two equal installments according to the following schedule:

   a. One-half will be paid in the normal payroll cycle of the month following the decision to award incentive compensation; and
   b. One-half will be paid in the normal payroll cycle one (1) year after the decision to award incentive compensation.

2. Incentive compensation payments will be made only if the participant was employed in active service as President, Chancellor, Executive Vice President/COO, Chief Financial Officer, General Counsel, or Secretary from July 1, 2017 through June 30, 2018 and remains in active service in that position on the date a payment is to be made.

3. If an allegation of gross misconduct, as defined by University Human Resources Policy (HR0525), or other violation of the University Code of Conduct (HR0580) is made against a participant subsequent to a decision to award incentive compensation, no payment shall be made unless the allegation is resolved in the participant's favor.

4. Notwithstanding the provisions of paragraph 2 above, if a participant's employment terminates by reason of his or her death after June 30, 2018 but before an award of incentive compensation has been paid, the payment will be paid to the executor or administrator of the participant's estate within thirty (30) days of the date on which satisfactory proof of letters testamentary or letters of administration issued by a court of competent jurisdiction is provided to the University.

5. Except as provided in paragraph 4 above, if a participant's employment terminates, voluntarily or involuntarily, prior to the date on which an award of incentive compensation has been paid, the participant shall forfeit the payment in its entirety and shall not receive any portion of the payment unless the Board, in its sole discretion, determines that it is in the University's best interest to accelerate payment of part or all of the incentive compensation.

6. No part of any incentive compensation payment shall vest in any participant prior to the date on which payment is made.

7. The Board of Trustees may determine that no incentive compensation payments will be made, regardless of individual performance, due to financial or other

circumstances the Board, in its sole discretion, deems to warrant suspension of payment.

8. Funding for all incentive compensation payments will be the responsibility of the respective campus or system budgetary unit.

9. Incentive compensation payments are subject to all reporting, deductions, and withholdings required by applicable law or University policy, as amended, enacted, or adopted from time to time, including but not limited to deduction for debts owed to the University.

10. Under no circumstances will any incentive compensation payment be made later than two and a half months after the end of the calendar year in which a decision is made to award an incentive compensation payment.

11. Participants will bear sole responsibility for any and all direct or indirect tax consequences of incentive compensation payments. The University makes no representations as to the tax treatment of payments, and participants are responsible for seeking advice as to the tax consequences from their personal tax advisors.

12. To the extent any part of the plans described above fail to comply with any applicable state or federal law or regulation, that part shall not be effective.

THE UNIVERSITY OF TENNESSEE
BOARD OF TRUSTEES

ACTION ITEM

DATE: June 22, 2017

ITEM: **Adoption of a Public Records Policy and Repeal of Related UAPA Rule**

RECOMMENDATION: Approval

PRESENTED BY: Charles C. Anderson, Committee Chair

A new state law, Public Chapter 722 (2016), a copy of which follows, requires every governmental entity in Tennessee to establish a written public records policy properly adopted by the appropriate governing authority prior to July 1, 2017.

The Office of the General Counsel has worked with campus officials who regularly manage public records requests to develop a new public records policy that complies with Public Chapter 722 and other provisions of the Tennessee Public Records Act. In compliance with Public Chapter 722, the new policy does not impose requirements on persons requesting records that are more burdensome than state law and describes: (1) the process for making requests to inspect public records or receive copies of public records and a copy of any required request forms; (2) the process for responding to requests, including redaction practices; (3) a statement of fees that will be charged for copies of public records and the procedures for billing and payment; and (4) the names or titles and the contact information for the individuals within the University designated as public records request coordinators.

The new policy is presented in the following pages. Simultaneously with adoption of the new policy, the Board must act to repeal the existing policy, Chapter 1720-01-11 of the Rule of The University of Tennessee, which addresses only the subject of charges the University assesses for producing public records and will be superseded by the new policy. Repeal of Chapter 1720-01-11 must be promulgated under the rulemaking procedures of the Uniform Administrative Procedures Act (UAPA), including a roll call vote in the full Board meeting.

The Finance and Administration Committee will consider this item at its meeting on June 22, 2017. If the Committee recommends approval, the Committee Chair will make the following motion:

Committee Chair: On the recommendation of the Finance and Administration Committee, I move adoption of the following Resolution:

RESOLVED:

1. **The Board of Trustees adopts the Policy on Public Records as presented in the meeting materials to be effective June 26, 2017 and authorizes the President to approve future changes to the Policy on Public Records, in consultation with the Office of the General Counsel; and**

2. **The Board of Trustees repeals Chapter 1720-01-11 of the Rules of The University of Tennessee to be effective upon completion of the rulemaking procedures under the Uniform Administrative Procedures Act.**

THE UNIVERSITY OF TENNESSEE
BOARD OF TRUSTEES POLICY 0014
POLICY ON PUBLIC RECORDS

EFFECTIVE: JUNE 26, 2017

SECTION 1. INTRODUCTION

This policy is adopted for The University of Tennessee by The University of Tennessee Board of Trustees to provide economical and efficient access to public records as provided under the Tennessee Public Records Act. The Tennessee Public Records Act provides that all public records must, at all times during business hours, be open for personal inspection by any citizen of the state of Tennessee, and those in charge of the public records must not refuse such right of inspection to any citizen of the state of Tennessee, unless otherwise provided by law. Accordingly, the public records of The University of Tennessee are presumed to be open for inspection unless otherwise provided by law.

University employees must timely and efficiently provide access and assistance to persons requesting to inspect or receive copies of public records. The provisions of this policy must not be used to hinder access to non-confidential public records. However, the integrity and organization of public records, as well as the efficient and safe operation of the University, must be protected as provided by law.

Concerns about this policy should be addressed to the appropriate Public Records Request Coordinator or to the Tennessee Office of Open Records Counsel.[1] This policy is posted online at policy.tennessee.edu/bot_policy/. This policy must be applied consistently throughout the various units of the University.

SECTION 2. DEFINITIONS

"Public record(s)" or **"record(s)"** means all documents, papers, letters, maps, books, photographs, microfilms, electronic data processing files and output, films, sound recordings, or other material, regardless of physical form or characteristics, made or received pursuant to law or in connection with the transaction of official business by The University of Tennessee. "Public record(s)" does not mean the device or equipment that may have been used to create or store a public record including, but not limited to, a cell phone, computer, or other electronic or mechanical device or equipment.

[1] This policy is based on policies and guidelines published by the state of Tennessee's Office of Open Records Counsel as of June 26, 2017, including the Model Public Records Policy, the Best Practices & Guidelines document, the Safe Harbor Policy, the Schedule of Reasonable Charges, and the Reasonable Charges for Frequent and Multiple Requests Policy. Copies of those policies can be found online at comptroller.tn.gov/openrecords/.

THE UNIVERSITY OF TENNESSEE
BOARD OF TRUSTEES POLICY 0014
POLICY ON PUBLIC RECORDS

"Public Records Request Coordinator" or **"PRRC"** means the individual, or individuals, designated in **Appendix A** of this policy who has, or have, the responsibility to ensure that public records requests are routed to the appropriate records custodian and are fulfilled in accordance with the TPRA. The Public Records Request Coordinator may also be a records custodian and/or a designee of the Public Records Request Coordinator.

"Records custodian" means the University unit, official, or employee lawfully responsible for the direct custody and care of a public record. The records custodian is not necessarily the original preparer or receiver of a public record.

"Requestor" means a person seeking access to a public record, whether it is for inspection or duplication.

"TPRA" means the Tennessee Public Records Act, Tennessee Code Annotated §§ 10-7-501 *et seq.*

"The University of Tennessee" or **"University"** means the campuses, centers, units and institutes of The University of Tennessee, and all their constituent parts, and The University of Tennessee system administration. Neither "The University of Tennessee" nor "University" means The University of Tennessee Foundation, Inc., or The University of Tennessee Research Foundation.

"University unit" means any academic, administrative, or auxiliary office, department or division of the University or any other official entity of the University, functioning through University employees acting within the scope of their University employment.

SECTION 3. REQUESTING ACCESS TO PUBLIC RECORDS

3.1 Public records requests must be made to the appropriate Public Records Request Coordinator to ensure that public records requests are routed to the appropriate records custodian and fulfilled in a timely manner.

3.2 The University's PRRCs are identified in **Appendix A**.

3.3 Requests to Inspect Public Records

3.3.1 **Requests to inspect** public records may be communicated in person to the appropriate PRRC or communicated to the appropriate PRRC via telephone, mail, fax, e-mail, or via internet portal (if the PRRC maintains an internet portal for accepting public records requests).

3.3.2 The PRRC must not require a requestor to submit a written request to inspect public records. However, the PRRC may request that a requestor submit a written request in order to facilitate recordkeeping and ensure accuracy in fulfilling the request. The PRRC should request a mailing or e-mail address from the requestor for providing any responsive written communication required under the TPRA.

3.3.3 The PRRC determines the location for the inspection of public records and may require an appointment for the inspection of public records. The PRRC must not allow a requestor to inspect original records outside of the presence of a University employee designated by the PRRC. The PRRC must take reasonable precautions to ensure that the integrity of public records is maintained during the inspection of the records.

3.3.4 If a requestor makes two (2) or more requests to inspect a public record within a six (6) month period and, for each request, the requestor fails to inspect the public record within fifteen (15) business days of receiving notification from the PRRC that the record is available for inspection, then the PRRC is not required to comply with any public records request from the requestor for a period of six (6) months from the date of the second request to inspect the public record unless the PRRC determines that the failure to inspect the public record was for good cause.

3.4 Requests for Copies of Public Records

3.4.1 Requests for **copies, or requests for inspection and copies,** must be made in writing and submitted to the appropriate PRRC in person or via mail, e-mail, or internet portal (if the PRRC maintains an internet portal for accepting public records requests). Requestors may use the Public Records Request Form attached in **Appendix B**. The PRRC may waive the requirement that a request for copies, or a request for inspection and copies, be made in writing.

3.4.2 A requestor will not be allowed to make copies of records with personal equipment (e.g., cell phones, portable scanners, portable copy machines).

3.5 Proof of Tennessee citizenship by presentation of a valid Tennessee driver license to the PRRC (or alternative form of identification acceptable to the PRRC) is required as a condition to inspect and/or receive copies of public records.

THE UNIVERSITY OF TENNESSEE
BOARD OF TRUSTEES POLICY 0014
POLICY ON PUBLIC RECORDS

3.6 Notices of upcoming meetings of the University's Board of Trustees, along with materials relating to Board meetings, are posted and readily available at trustees.tennessee.edu.

SECTION 4. RESPONDING TO REQUESTS FOR PUBLIC RECORDS

4.1 Records custodians must refer requests to inspect and/or receive copies of public records to the appropriate PRRC.

4.2 Upon receiving a public records request:

4.2.1 The PRRC must review the request and make an initial determination of the following:

(a) Whether the requestor has presented proof of Tennessee citizenship;

(b) Whether the requestor described the records requested with sufficient specificity to identify the records requested; and

(c) Whether the University is the custodian of the records requested.

4.2.2 The PRRC must acknowledge receipt of the request and should advise the requestor about the applicable sections of this policy.

4.2.3 The PRRC may ask the requestor whether the request can be narrowed.

4.2.4 The PRRC may offer to assist the requestor in clarifying the request if the request lacks sufficient specificity to identify the records requested.

4.2.5 The PRRC must communicate with the appropriate records custodian(s) about the request (e.g., when the request was received and when a response is due; what records exist; how long the records custodian reasonably estimates it will take to produce the records; tracking employee time required to produce the records).

4.2.6 The PRRC must promptly make requested public records available to the requestor for inspection unless there is a basis upon which to deny the request. If not practicable to promptly provide requested records for inspection because additional time is necessary to determine whether the requested records exist; to search for, retrieve, or otherwise gain access to records; to determine whether the records are open; to redact records; or for other similar reasons, then the PRRC must do one of the

following within seven (7) business days from the University's receipt of the request:

(a) Make the records available to the requestor;

(b) Deny the request in writing in accordance with Section 4.3; or

(c) Provide the requestor with a completed Public Records Request Response Form (**Appendix C**).

4.3 If denying the request is appropriate, then the PRRC must deny the request in writing (the PRRC may use the Public Records Request Response Form – **Appendix C**) and provide the basis for the denial, such as one of the following:

(a) The requestor is not, or has not presented proof of being, a Tennessee citizen;

(b) The request lacks sufficient specificity to identify the records requested;

(c) An exemption makes the record not subject to disclosure under the TPRA (the PRRC must state the basis for the denial in writing);

(d) The University is not the custodian of the requested records (if requested records are in the custody of a different governmental entity, and the PRRC knows the correct governmental entity, then the PRRC should advise the requestor of the correct governmental entity and PRRC for that entity if known); or

(e) The records do not exist.

4.4 The TPRA does not require the University to sort through files to compile information or to create or recreate a record that does not exist.

4.5 If the PRRC reasonably determines that production of records should be segmented because the records request is for a large volume of records, or additional time is necessary to prepare the records for access, then the PRRC should notify the requestor that production of the records will be in segments and that a records production schedule will be provided as expeditiously as practicable. If the production of records is segmented, then the PRRC may segment the pre-payment of production costs.

4.6 If the PRRC discovers that public records responsive to a public records request were omitted, then the PRRC should contact the requestor concerning the omission and produce the public records as quickly as practicable.

4.7 Redaction

4.7.1 If a record contains information that is not open for public inspection (e.g., confidential information), then the PRRC must coordinate with the records custodian to prepare a redacted copy of the public record prior to providing access to the requestor. If questions arise concerning redaction, the PRRC or the records custodian should consult with the Office of the General Counsel.

4.7.2 Whenever a redacted record is provided, the PRRC should provide the requestor with the basis for redaction. The basis given for redaction must be general in nature and not disclose confidential information.

4.8 Law Enforcement Personnel Records

4.8.1 If a requestor makes a request to inspect the personnel records of an employee in a University police department, then prior to allowing an inspection the PRRC must:

(a) Obtain the requestor's name, address, business telephone number, home telephone number, and driver license number or other appropriate identification, or if the request is made for a professional, business purpose, or official purpose, obtain the requestor's business address, business telephone number, business e-mail address, and if requested by the campus chief law enforcement officer or his/her designee, the name and contact number or e-mail address for a supervisor for verification purposes;

(b) Redact personal information in accordance with the standards for all employees as set forth in **Appendix F**;

(c) Notify the chief law enforcement officer for the campus (or his/her designee), who must consider whether there is a reason not to disclose additional personal information relating to the law enforcement employee. "Personal information" includes, but is not limited to, an officer's residential address, home and personal cellular telephone number; place of employment; name, work

address and telephone numbers of the officer's immediate family; name, location, and telephone number of any educational institution or daycare provider where the officer's spouse or child is enrolled;

(d) If the request is for a professional, business, or official purpose, then the chief law enforcement officer (or his/her designee) must consider the specific circumstances and determine whether there is a reason not to disclose other information relating to the employee; and

(e) Ensure that the chief law enforcement officer (or his/her designee), prior to making a final decision on whether to withhold information in addition to that required by **Appendix F**, has notified the employee whose file has been requested and has provided two (2) business days for the employee to be heard and oppose the release of the information.

4.8.2 After giving an employee time to oppose the release of information, if the chief law enforcement officer for the campus (or his/her designee) decides to withhold information (other than pursuant to **Appendix F**), then a specific reason must be given to the requestor in writing within two (2) business days, and the file must be released with the personal information redacted.

4.8.3 The chief law enforcement officer for the campus (or his/her designee) may keep information that could be used to identify or to locate an undercover employee in a location other than the employee's personnel file.

4.8.4 When the personnel records of a University law enforcement employee are inspected, the PRRC must make a record of such inspection and provide notice, within three (3) days from the date of the inspection, to the employee whose personnel records have inspected. The record made by the PRRC must include the following information:

(a) That an inspection of the employee's personnel records took place;

(b) The name, address, and telephone number of the person making the inspection;

(c) For whom the inspection was made; and

(d) The date of such inspection.

SECTION 5. FEES AND CHARGES FOR PUBLIC RECORDS; PROCEDURES FOR BILLING AND PAYMENT

5.1 Unless charges are waived (Section 5.1.5), the PRRC must charge the requestor for all reasonable costs the University incurred to produce copies of the public records requested by the requestor ("production costs").

5.1.1 Production costs include copying costs (Section 5.5), labor costs (Section 5.6), and delivery costs (Section 5.7).

5.1.2 Charges for production costs should not be used to unlawfully hinder access to public records.

5.1.3 The Schedule of Reasonable Charges for Copies of Public Records, published by the Office of Open Records Counsel, will be used as a guideline to determine the amount that a requestor will be charged for production costs.

5.1.4 No charges will be assessed for copies of public records unless the production costs exceed five dollars ($5).

5.1.5 When the production costs exceed five dollars ($5), the production costs may be waived by the PRRC in the following circumstances:

(a) When the requestor is an employee of a federal, state, or local government agency acting in the requestor's official government capacity;

(b) When the requestor is a current employee of the University who has requested copies of the requestor's personnel records; and

(c) Other circumstances in which the PRRC determines, after consultation with appropriate University employees, that such a waiver is in the best interest of the University.

5.1.6 Production costs associated with aggregated records requests (Section 5.10) will not be waived.

5.2 There must be no charge for the inspection of public records unless required by law. However, the PRRC is not prohibited from charging the requestor for production costs if the requestor requests copies of public records after requesting to inspect public records, but the PRRC may charge the requestor only for the production costs reasonably attributable to the copies requested by the requestor.

5.3 A PRRC, working with the records custodian, must promptly respond to a public records request for copies in the most economic and efficient manner practicable as determined by the PRRC.

5.4 Estimate of Production Costs and Pre-Payment of Production Costs

5.4.1 The PRRC must provide a requestor with an estimate of the production costs prior to producing copies of records unless:

(a) Production costs are estimated to be less than five dollars ($5) and, thus, no charges will be assess for copies of public records (Section 5.1.4); or

(b) Charges for production costs are waived (Section 5.1.5).

5.4.2 The PRRC may use the Estimate of Production Costs Form found in **Appendix D** to provide a requestor with an estimate of the production costs.

5.4.3 When estimated production costs are more than fifty dollars ($50), must require pre-payment of at least fifty percent (50%) of such production costs before beginning the process of producing the requested records. The University is not bound by the estimate of the production costs.

5.5 Copying Costs

5.5.1 Copying costs include the costs related to making copies of the public records requested by the requestor by photographic or other means of duplication.

5.5.2 Copying costs must be as follows:

(a) The PRRC must assess a charge of fifteen cents ($0.15) per page for each standard 8 ½ x 11″ or 8 ½ 14″ black and white copy produced.

THE UNIVERSITY OF TENNESSEE
BOARD OF TRUSTEES POLICY 0014
POLICY ON PUBLIC RECORDS

(b) If a public record is maintained in color, then the PRRC must advise the requestor that the record can be produced in color if the requestor is willing to pay the higher charge for a color copy. If the requestor then requests a color copy, then the PRRC must assess a copy charge of fifty (50) cents per page for each 8 ½ x 11" or 8 ½ x 14" color copy produced.

(c) The charge for a duplex copy must be the same as the charge for two (2) separate copies.

(d) If a copy of a public record is produced on a medium other than 8 ½ x 11" or 8 ½ x 14" paper, then the PRRC must assess a copy charge equal to the actual cost of producing a copy of the public record, taking into consideration the amount of material, equipment costs, and the cost of the alternative medium.

(e) If the requested records exist electronically, but not in the format requested or a new or modified computer program or application is necessary to put the records in a readable and reproducible format or it is necessary to access backup files, then the PRRC must charge the requestor the actual costs incurred in producing the records in the format requested or in creating or modifying a computer program or application necessary to put the records in a readable and reproducible format or in accessing backup files.

(f) Electronic records will be produced only in a read-only format.

(g) The TPRA does not require the University to provide public records to a requestor in the format requested by the requestor (e.g., a format that can be manipulated; paper instead of electronic).

(h) When providing electronic copies of public records, the PRRC may charge per-page copying costs only when paper copies that did not already exist were required to be produced in responding to the request, such as when an electronic public record must be printed to be redacted.

(i) The PRRC may charge the actual costs for flash drives or similar storage devices on which electronic copies are provided.

THE UNIVERSITY OF TENNESSEE
BOARD OF TRUSTEES POLICY 0014
POLICY ON PUBLIC RECORDS

5.6 Labor Costs

5.6.1 The PRRC must charge the requestor the hourly wage of the employee(s) reasonably necessary to produce the requested records above the labor threshold.

5.6.1.1 The "labor threshold" is the labor of the employee(s) reasonably necessary to produce requested records for the first hour incurred by the University in producing the records.

5.6.1.2 "Labor" means the employee time reasonably necessary to produce the requested records and includes the time spent locating, retrieving, reviewing, redacting, and reproducing the records.

5.6.1.3 The "hourly wage" is based upon the employee(s) base salary and does not include benefits.

5.6.2 In calculating the labor costs to be charged to the requestor, the PRRC must:

(a) First, determine the number of hours each employee spent producing the requested public records;

(b) Second, subtract the one (1) hour labor threshold from the number of hours the highest paid employee spent producing the request;

(c) Third, multiply the total number of hours to be charged for the labor of each employee by that employee's hourly wage; and

(d) Fourth, add together the totals for all the employees involved in the request to determine the total amount of the labor costs to be charged to the requestor.

5.6.3 Labor costs should be tracked based on tenths of an hour, rounded down.

5.6.4 The PRRC should strive to ensure that current employees with the lowest practicable hourly wage be used to fulfill public records requests. However, the PRRC has the discretion to determine that it is more cost effective to utilize a higher-compensated employee if he/she can

accomplish the task more efficiently, which may result in lower total labor costs.

5.7 Delivery Costs

5.7.1 The PRRC must charge the requestor for the costs incurred by the University in delivering the records to the requestor.

5.7.2 Copies will be available for pickup at a location specified by the PRRC.

5.7.3 Upon prepayment for postage, copies will be delivered by the United States Postal Service to the address identified by the requestor.

5.7.4 In the discretion of the PRRC, copies of public records may be delivered through other means, including electronically.

5.8 If the PRRC utilizes an outside vendor to produce copies of the requested records, then the PRRC must charge the requestor for the actual production costs charged by the vendor to the University.

5.9 Payment for Production Costs

5.9.1 The PRRC has the discretion to determine how payment for production costs must be made (e.g., cash, check, credit/debit card).

5.9.2 As stated in Section 5.4, when estimated production costs are more than fifty dollars ($50), the PRRC must require pre-payment in full of the estimated production costs before beginning the process of producing the requested records.

5.9.3 The PRRC must require full payment of the actual production costs before copies of public records are delivered or otherwise made available to the requestor. If the actual production costs exceeds the estimated production costs, then the PRRC must collect the difference between the actual production costs and the estimated production costs before copies of public records are delivered or otherwise made available to the requestor. If the actual production costs are less than the estimated production costs, then the PRRC must refund the difference between the estimated production costs and the actual production costs when copies of public records are delivered or otherwise made available to the requestor.

5.9.4 When actual production costs are more than fifty dollars ($50.00), then the PRRC must ensure that the production costs collected by the PRRC are distributed to the appropriate University units in proportion to the costs incurred by each unit in responding to the request.

5.10 Aggregation of Frequent and Multiple Requests

5.10.1 The University will aggregate record requests in accordance with the policy on Reasonable Charges for Frequent and Multiple Requests promulgated by the Office of Open Records Counsel (**Appendix E**) when more than (4) requests are received within a calendar month (either from a single individual or a group of individuals determined to be working in concert).

5.10.2 The level at which records requests will be aggregated is by campus or institute.

5.10.3 The PRRC is responsible for making the determination that a group of individuals are working in concert. The PRRC must inform the individuals that they have been deemed to be working in concert and that they have the right to appeal the decision to the Office of Open Records Counsel.

5.10.4 Routinely released and readily accessible records excluded from aggregation include, but are not limited to:

(a) Materials for meetings of the Board of Trustees and Board committees; and

(b) Other records determined by the PRRC.

SECTION 6. CONFIDENTIALITY EXCEPTIONS

6.1 Exceptions to the right to inspect or copy public records include, without limitation: (1) records made confidential by the TPRA itself or by other state law; and (2) records the University is required to keep confidential by federal statute or regulation as a condition for receipt of federal funds or for participation in a federally funded program.

6.2 **Appendix F** identifies common exceptions to the right to inspect or copy public records in the custody of the University.

THE UNIVERSITY OF TENNESSEE
BOARD OF TRUSTEES POLICY 0014
POLICY ON PUBLIC RECORDS

Section 7. APPENDICES

Appendix A:	Identification of Public Records Request Coordinators
Appendix B:	Public Records Request Form
Appendix C:	Public Records Request Response Form
Appendix D:	Estimate of Production Costs Form
Appendix E:	Reasonable Charges for Frequent and Multiple Requests
Appendix F:	Confidentiality Exceptions

THE UNIVERSITY OF TENNESSEE
BOARD OF TRUSTEES POLICY 0014
POLICY ON PUBLIC RECORDS

APPENDIX A
IDENTIFICATION OF PUBLIC RECORDS REQUEST COORDINATORS

PRRC for the University of Tennessee System Administration Office of Communications and Marketing Attn: Ellie Amador P261 Andy Holt Tower Knoxville, TN 37996 (865) 974-1177 (telephone) (865) 974-2635 (fax) systempublicrecords@tennessee.edu	**PRRC for *Purchasing Records* of All Units in the University of Tennessee System:** University of Tennessee Office of the Treasurer Procurement Services Attn: Blake Reagan, Director of Purchasing 5723 Middlebrook Pike Knoxville, TN 37921 (865) 974-3971 (telephone) (865) 974-2973 breagan@tennessee.edu
PRRC for the University of Tennessee at Chattanooga Office of University Relations Attn: Chuck Cantrell 203 Founders Hall, Dept. 5655 615 McCallie Avenue Chattanooga, TN 37403 (423) 425-4363 (telephone) (423) 425-5293 (fax) university-relations@utc.edu	**PRRC for the University of Tennessee Health Science Center** Office of Communications and Marketing Attn: Peggy Reisser Winburne 920 Madison Building, Suite 810 Memphis, TN 38163 (901) 448-5544 (901) 448-8640 (fax) communications@uthsc.edu
PRRC for the University of Tennessee Institute of Agriculture Marketing and Communications Services Attn: Lisa Stearns 104 Morgan Hall 2621 Morgan Circle Drive Knoxville, TN 37996-4500 (865) 974-7368 (telephone) (865) 974-9433 (fax) lstearns@tennessee.edu	**PRRC for *Records in University Archives* Only:** University Archives Attn: Alesha Shumar 121 Hodges Library 1015 Volunteer Blvd. Knoxville, TN 37996 (865) 974-9427 (telephone) (865) 974-4259 (fax) archives@utk.edu

THE UNIVERSITY OF TENNESSEE
BOARD OF TRUSTEES POLICY 0014
POLICY ON PUBLIC RECORDS

PRRC for the University of Tennessee, Knoxville Office of Media and Internal Relations Attn: Charles Primm 91 Communications Building Knoxville, TN 37996-0315 (865) 974-2225 (telephone) (865) 974-6435 (fax) publicrecords@utk.edu	**PRRC for *Law Enforcement Records* of the University of Tennessee, Knoxville Only:** University of Tennessee Police Department Attn: Records Custodian 1101 Cumberland Avenue Knoxville, TN 37996 (865) 974-1313 (865) 974-4072 utpdrecords@utk.edu
PRRC for *Athletics Department Records* of the University of Tennessee, Knoxville Only: University of Tennessee Athletics Dept. Attn: Tom Satkowiak Brenda Lawson Athletic Center 1551 Lake Loudoun Boulevard Knoxville TN 37996 (865) 974-7501 (telephone) (865) 974-9696 (fax) tomsid@tennessee.edu	**PRRC for the University of Tennessee at Martin** Office of University Relations Attn: Bud Grimes 304 Administration Building Martin, TN 38238 (731) 881-7615 (telephone) (731) 881-7618 (fax) bgrimes@utm.edu
PRRC for *Law Enforcement Records* of the University of Tennessee at Martin Only: Department of Public Safety Attn: Scott Robbins 173 Crisp Hall Martin, TN 38238 (731) 881-7775 (telephone) (731) 881-7618 (fax) bgrimes@utm.edu	**PRRC for the University of Tennessee Institute for Public Service** Office of Communications Attn: Susan Robertson 105 Student Services Building Knoxville, TN 37996 (865) 974-6621 (telephone) (865) 974-1528 (fax) susan.robertson@tennessee.edu
PRRC for the University of Tennessee Space Institute Attn: Barbara Birdsong 411 B H Goethert Parkway Tullahoma, TN 37388 (931) 393-7213 (telephone) (931) 393-7211 (fax) birdsong@utsi.edu	

THE UNIVERSITY OF TENNESSEE
BOARD OF TRUSTEES POLICY 0014
POLICY ON PUBLIC RECORDS

APPENDIX B
PUBLIC RECORDS REQUEST FORM

[letterhead]

PUBLIC RECORDS REQUEST FORM

The Tennessee Public Records Act (TPRA) grants Tennessee citizens the right to access open public records that exist at the time of the request. The TPRA does not require records custodians to compile information or create or recreate records that do not exist.

To:

[Insert Governmental Entity Name and Name and Contact Information for the Public Records Request Coordinator]

From:

[Insert Requestor's Name and Contact Information (include an address for any TPRA required written response)]

Is the requestor a Tennessee citizen? ☐ Yes ☐ No

Request: ☐ Inspection (The TPRA does not permit fees or require a written request for inspection only[i].)

☐ Copy/Duplicate

If costs for copies are assessed, the requestor has a right to receive an estimate. Do you wish to waive your right to an estimate and agree to pay copying and duplication costs in an amount not to exceed $_____? If so, initial here: _____.

Delivery preference: ☐ On-Site Pick-Up ☐ USPS First-Class Mail
☐ Electronic ☐ Other: _____

Records Requested:

Provide a detailed description of the record(s) requested, including: (1) type of record; (2) timeframe or dates for the records sought; and (3) subject matter or key words related to the records. Under the TPRA, record requests must be sufficiently detailed to enable a governmental entity to identify the specific records sought. As such, your record request must provide enough detail to enable the records custodian responding to the request to identify the specific records you are seeking.

Signature of Requestor _____ Date Submitted _____ Signature of Public Records Request Coordinator and Date Received

[i] Note, Tenn. Code Ann. § 10-7-504(a)(20)(C) permits charging for redaction of private records of a utility.

THE UNIVERSITY OF TENNESSEE
BOARD OF TRUSTEES POLICY 0014
POLICY ON PUBLIC RECORDS

APPENDIX C
PUBLIC RECORDS REQUEST RESPONSE FORM

[letterhead]

PUBLIC RECORDS REQUEST RESPONSE FORM

Governmental Entity Name and Address: _____

Date: _____

Requestor's Name and Contact Information: _____

In response to your records request received on _____ our office is taking the action(s)[1] indicated below:
[Date Request Received]

☐ The public record(s) responsive to your request will be made available for inspection:
Location: _____
Date & Time: _____

☐ Copies of public record(s) responsive to your request are:
- ☐ Attached;
- ☐ Available for pickup at the following location: _____; or
- ☐ Being delivered via: ☐ USPS First-Class Mail ☐ Electronically ☐ Other: _____.

☐ Your request is denied on the following grounds:
- ☐ Your request was not sufficiently detailed to enable identification of the specific requested record(s). You need to provide additional information to identify the requested record(s).
- ☐ No such record(s) exists or this office does not maintain record(s) responsive to your request.
- ☐ No proof of Tennessee citizenship was presented with your request. Your request will be reconsidered upon presentation of an adequate form of identification.
- ☐ You are not a Tennessee citizen.
- ☐ You have not paid the estimated copying/production fees.
- ☐ The following state, federal, or other applicable law prohibits disclosure of the requested records: _____.

☐ It is not practicable for the records you requested to be made promptly available for inspection and/or copying because:
- ☐ It has not yet been determined that records responsive to your request exist; or
- ☐ The office is still in the process of retrieving, reviewing, and/or redacting the requested records.

The time reasonably necessary to produce the record(s) or information and/or to make a determination of a proper response to your request is: _____.

If you have any additional questions regarding your record request, please contact [Records Custodian or Public Records Request Coordinator].

Sincerely,

_____

_____
[Name, Title, and Contact Information]

[1] If all requested records do not have the same response, so indicate.

THE UNIVERSITY OF TENNESSEE
BOARD OF TRUSTEES POLICY 0014
POLICY ON PUBLIC RECORDS

APPENDIX D

[letterhead]

ESTIMATE OF PRODUCTION COSTS FORM

BASIC INFORMATION

To: _____

From: _____

Date estimate provided to requestor: _____

Date on which public records request was received by the University: _____

Description of public records requested: *[PRRC may attach a copy of the request]*

_____
_____
_____
_____

ESTIMATE OF PRODUCTION COSTS

The production costs for a public records request are the reasonable costs that the University anticipates it will incur to produce copies of the public records requested. Production costs consist of copying costs, labor costs, and delivery costs. Copying costs consist of the costs related to making copies of the public records requested by the requestor by photographic or other means of duplication. Labor costs consist of the employee time reasonably necessary to produce the requested records and includes the time spent locating, retrieving, reviewing, redacting, and reproducing the records. Delivery costs consist of the costs incurred by the University in delivering the records to the requestor.

Estimate of total copying costs: _____
Estimate of total labor costs (minus labor threshold): _____
Estimate of total delivery costs: _____

Estimate of total production costs (copying + labor + delivery):_____

PAYMENT FOR PRODUCTION COSTS AND ESTIMATED DATE ON WHICH PUBLIC RECORDS WILL BE AVAILABLE

□ The University will begin the process of producing the records you requested. The University estimates that the records you requested will be available on _____.

□ Because the estimated total production costs are greater than fifty dollars ($50), the University requires you to pre-pay at least fifty percent (50%) of the estimated total production costs prior to the University beginning the process of producing the records you requested. The University estimates that the records you requested will be available within _____ days after the University receives pre-payment of at least fifty percent (50%) of the estimated total production costs.

THE UNIVERSITY OF TENNESSEE
BOARD OF TRUSTEES POLICY 0014
POLICY ON PUBLIC RECORDS

APPENDIX E
REASONABLE CHARGES FOR FREQUENT AND MULTIPLE REQUESTS

STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
OFFICE OF OPEN RECORDS COUNSEL

REASONABLE CHARGES FOR FREQUENT AND MULTIPLE REQUESTS

PURPOSE:

Tenn. Code Ann. § 8-4-604(a)(2) requires the Office of Open Records Counsel ("OORC") to establish a policy related to reasonable charges a records custodian may charge for frequent and multiple requests for public records pursuant to the Tennessee Public Records Act ("TPRA"), Tenn. Code Ann. § 10-7-501, et seq. Accordingly, the following policy sets forth guidelines for assessing reasonable charges associated with the aggregation of multiple and frequent record requests by allowing records custodians to charge for labor and costs that may otherwise be waived when responding to a single record request.

It is within the discretion of each governmental entity to charge for frequent and multiple record requests. Any decision to charge should be consistent with the Schedule of Reasonable Charges promulgated by the OORC and reflected in the governmental entity's public records policy.

POLICY:

I. **Aggregation Policy**

A. Aggregation, as well as excessive fees and other rules, shall not be used to hinder access to public records. A records custodian may reduce or waive, in whole or in part, any charge in accordance with the governing entity's public records policy.

B. A governmental entity may include in its public records policy a rule whereby multiple or frequent records requests are aggregated for purposes of calculating charges for copies or duplicates of public records.

C. A governmental entity may aggregate multiple public record requests made by a single requestor. A governmental entity may also aggregate public record requests made by multiple requestors, if the public records request coordinator determines the requestors are acting in concert with each other or as the agents of another person, entity, or organization.

D. A governmental entity's public record policy shall indicate the number of requests within a calendar month that will trigger aggregation; that amount must be no lower than four (4) requests. This amount is the aggregation threshold.

E. A governmental entity's public record policy shall specify the level at which records requests will be aggregated, whether for the entire governmental entity or by agency, department, office, or otherwise.

II. **Charges for Aggregated Requests**

A. Once a records custodian reaches the aggregation threshold, the records custodian is no longer required to deduct the labor threshold set forth in the Schedule of Reasonable Charges or any other minimum charge per request threshold that would ordinarily be waived.

B. When the aggregation threshold is met, a records custodian choosing to aggregate requests must inform the requestor(s) of the determination to aggregate and of the right of the requestor(s) to appeal the records custodian's decision to aggregate to the OORC.

C. Requests for current records that are routinely released and readily accessible, such as agendas or meeting minutes, are exempt from this policy.

D. Disputes regarding aggregation shall be brought to the OORC.

Submitted to ACOG: November 8, 2016
Effective: January 20, 2017

THE UNIVERSITY OF TENNESSEE
BOARD OF TRUSTEES POLICY 0014
POLICY ON PUBLIC RECORDS

APPENDIX F
CONFIDENTIALITY EXCEPTIONS

The following is a list of common exceptions to the right to inspect or copy public records in the custody of the University:

(1) Personally identifiable information in education records, as required by the Family Educational Rights and Privacy Act, and other records of students in public educational institutions, as required by Tennessee Code Annotated § 10-7-504(a)(4);

(2) Records containing opinions of value of real and personal property intended to be acquired for a public purpose until the acquisition thereof is finalized (Tennessee Code Annotated § 10-7-504(a)(6));

(3) Proposals received pursuant to personal service, professional service, and consultant service contract regulations, and related records, including evaluations and memoranda, must be available for public inspection only after the completion of evaluation of same by the University. Sealed bids for the purchase of goods and services, and leases of real property, and individual purchase records, including evaluations and memoranda relating to same, must be available for public inspection only after the completion of evaluation of same by the University (Tennessee Code Annotated § 10-7-504(a)(7));

(4) Records protected by the attorney-client privilege or work product protection (Tennessee Code Annotated § 23-3-105; Tennessee Rule of Civil Procedure 26.02(3); common law);

(5) Records relevant to a pending or contemplated criminal action (Tennessee Rule of Criminal Procedure 16(a));

(6) Records relating to or arising out of the process for searching for and selecting an individual for the position of the President of The University of Tennessee or a Chancellor of a campus or institute of The University of Tennessee (Tennessee Code Annotated § 49-7-154);

(7) Records that are of historical research value which are given or sold to public archival institutions, public libraries, or libraries of a unit of the University of Tennessee, when the owner or donor of such records wishes to place restrictions on access to the records (Tennessee Code Annotated § 10-7-504(a)(8));

(8) Computer programs, software, software manuals, and other types of information manufactured or marketed by persons or entities under legal right and sold, licensed, or donated to Tennessee state boards, agencies, political subdivisions, or higher education institutions; provided, that computer programs, software,

software manuals, and other types of information produced by state or higher education employees at state expense must be available for inspection as part of an audit or legislative review process (Tennessee Code Annotated § 10-7-504(a)(18));

(9) Credit card account numbers and any related personal identification numbers (PIN) or authorization codes (Tennessee Code Annotated § 10-7-504(a)(19));

(10) Audit working papers (Tennessee Code Annotated § 10-7-504(a)(22));

(11) Job performance evaluations (Tennessee Code Annotated § 10-7-504(a)(26));

(12) The following information about a citizen of Tennessee unless disclosure is authorized by Tennessee Code Annotated § 10-7-504(a)(29):

(a) Social security numbers;

(b) Official state or government issued driver licenses or identification numbers;

(c) Alien registration papers or passport numbers;

(d) Employer or taxpayer identification numbers;

(e) Unique biometric data, such as fingerprints, voice prints, retina or iris images, or other unique physical representations; or

(f) Unique electronic identification numbers, routing codes or other personal identifying data which enables an individual to obtain merchandise or service or to otherwise financially encumber the legitimate possessor of the identifying data.

(13) Records of any University employee's identity, diagnosis, treatment, or referral for treatment that are maintained by any state employee assistance program (Tennessee Code Annotated § 10-7-504(d));

(14) Records required to be kept confidential by federal statute or regulation as a condition for the receipt of federal funds or for participation in a federally funded program (Tennessee Code Annotated § 10-7-503(b); Rules of The University of Tennessee, Chapter 1720-01-06);

(15) The following records or information of any University employee, former University employee, or applicant (Tennessee Code Annotated § 10-7-504(f)):

(a) Home telephone and personal cell phone numbers;

(b) Bank account and individual health savings account, retirement account and pension account information; provided, that nothing must limit access to financial records of a governmental employer that show the amounts and sources of contributions to the accounts or the amount of pension or retirement benefits provided to the employee or former employee by the University;

(c) Social security number;

(d) Residential information, including the street address, city, state and zip code;

(e) Driver license information except where driving or operating a vehicle is part of the employee's job description or job duties or incidental to the performance of the employee's job;

(f) The information listed in subdivisions (i)-(v) of immediate family members, whether or not the immediate family member resides with the employee, or household members;

(g) Emergency contact information; and

(h) Personal, nongovernment issued, e-mail address.

(16) Personal information concerning University law enforcement personnel as determined by the chief law enforcement officer of the campus (Tennessee Code Annotated § 10-7-504(g));

(17) Contingency plans of law enforcement agencies or other government entities prepared to respond to any violent incident, bomb threat, ongoing act of violence at a school or business, ongoing act of violence at a place of public gathering, threat involving a weapon of mass destruction, or terrorist incident, except the cost of developing such plans must not be confidential (Tennessee Code Annotated §§ 10-7-503(e); 10-7-504(a)(21)(A)(ii));

(18) Information that would allow a person to obtain unauthorized access to confidential information or to government property (Tennessee Code Annotated § 10-7-504(i)(1));

(a) "Government property" includes, without limitation, electronic information processing systems, telecommunication systems, or other communications systems of a governmental entity;

(b) Records protected by this exception include:

(i) Plans, security codes, passwords, combinations, or computer programs used to protect electronic information and government property;

(ii) Information that would identify those areas of structural or operational vulnerability that would permit unlawful disruption to, or interference with, the services provided by a governmental entity; and

(iii) Information that could be used to disrupt, interfere with, or gain unauthorized access to electronic information or government property.

(c) Documents concerning the cost of protecting government property or electronic information must not be confidential.

(19) The identity of a vendor that provides goods and services used to protect government property, government employee information, or citizen information to the University and the identity of a vendor that provides to the state goods and services used to protect electronic information processing systems, telecommunication and other communication systems, data storage systems, government employee information, or citizen information (Tennessee Code Annotated § 10-7-504(i)(3));

(20) Information and records that are directly related to the security of any government building including, without limitation (Tennessee Code Annotated § 10-7-504(m)):

(a) Information and records about alarm and security systems used at the government building, including codes, passwords, wiring diagrams, plans and security procedures and protocols related to the security systems;

(b) Security plans, including security-related contingency planning and emergency response plans;

(c) Assessments of security vulnerability;

(d) Information and records that would identify those areas of structural or operational vulnerability that would permit unlawful disruption to, or interference with, the services provided by a governmental entity; and

(e) Surveillance recordings, whether recorded to audio or visual format, or both, except segments of the recordings may be made public when they include an act or incident involving public safety or security or possible criminal activity.

THE UNIVERSITY OF TENNESSEE
BOARD OF TRUSTEES POLICY 0014
POLICY ON PUBLIC RECORDS

(21) Any bank account information that is received, compiled, or maintained by the University including, without limitation, debit card numbers and any related personal identification numbers (PINs) or authorization codes, bank account numbers, and transit routing numbers (Tennessee Code Annotated § 10-7-504(r));

(22) Video taken by a law enforcement body camera that depicts the following (Public Chapter 255 – 2017):

(a) Minors, when taken within a school that serves any grades from kindergarten through grade twelve (K-12);

(b) The interior of a facility licensed under title 33 or title 68 of the Tennessee Code; or

(c) The interior of a private residence that is not being investigated as a crime.

(23) Research records (Tennessee Code Annotated § 49-7-120));

(24) Records and information that concern gifts to the University or The University of Tennessee Foundation, Inc., and that include the name, address, telephone number, social security number, driver license information, or any other personally identifiable information about the donor or members of the donor's family (Tennessee Code Annotated § 49-7-140)); and

(25) The following information concerning the victim of a criminal offense who is a minor:

(a) Name, unless the custodial parent or legal guardian of the minor victim of an offense has petitioned a court of record to waive confidentiality and allow the minor victim's name to be obtained in the same manner as other public records and the court entered an order granting the waiver;

(b) Home, work, and electronic mail addresses;

(c) Telephone numbers;

(d) Social security number;

(e) Any photographic or video depiction of the minor victim; and

(f) Whether the defendant is related to the victim unless the relationship is an essential element of the offense.

THE UNIVERSITY OF TENNESSEE
BOARD OF TRUSTEES

INFORMATION ITEM

DATE: June 22, 2017

ITEM: **Report of the Audit and Compliance Committee**

PRESENTED BY: D. Crawford Gallimore, Committee Chair

The Committee Chair will reference the following documents in his report to the Board of Trustees.

OFFICE OF AUDIT AND COMPLIANCE

2016 Report of Accomplishments

THE UNIVERSITY OF TENNESSEE

Audit and Compliance Directory

Knoxville Office
UT Conference Center Bldg
Suite 149
Knoxville, TN 37996-4114

Andy Benson
Senior Auditor
abenso11@tennessee.edu
865-974-4460

Judy Burns
Associate Director
jaburns@tennessee.edu
865-974-1311

Leigh Cheek
Institutional Compliance Officer
lcheek@tennessee.edu
865-974-4420

Sherry Davis
Senior Auditor
sdavis11@tennessee.edu
865-974-4791

John Fox
Associate Director
jmfox@tennessee.edu
865-974-4434

Shelly Getty
Administrative Specialist
sgetty@tennessee.edu
865-974-2390

James Hodge
Senior Auditor
hodgejh@tennessee.edu
865-974-3865

Sandy Jansen
Executive Director
sjansen@tennessee.edu
865-974-4437

Nancy Lange
Auditor
nlange@tennessee.edu
865-974-0887

Thema McCowan
Auditor
mccowant@tennessee.edu
865-974-8422

Chris Medeiros
Auditor
cmedeir1@tennessee.edu
865-974-6613

Jim Mitchell
Senior IT Auditor
jmitch62@tennessee.edu
865-974-4421

Stephanie Mitchell
IT Auditor
schand17@tennessee.edu
865-974-6118

Bill Moles
Director of Institutional Compliance
wmoles@tennessee.edu
865-974-4438

Linda Parsons
Coordinator/Editor
lpmarion@tennessee.edu
865-974-6602

Jim Purcell
IT Audit Manager
jpurcell4@tennessee.edu
865-974-1538

Stephanie Steeves
Auditor
ssteeve1@tennessee.edu
865-974-6616

Jessie Williams
Auditor
jwill223@tennessee.edu
865-974-0886

Health Science Center Office
920 Madison Building
Suite #909
Memphis, TN 38163-2101

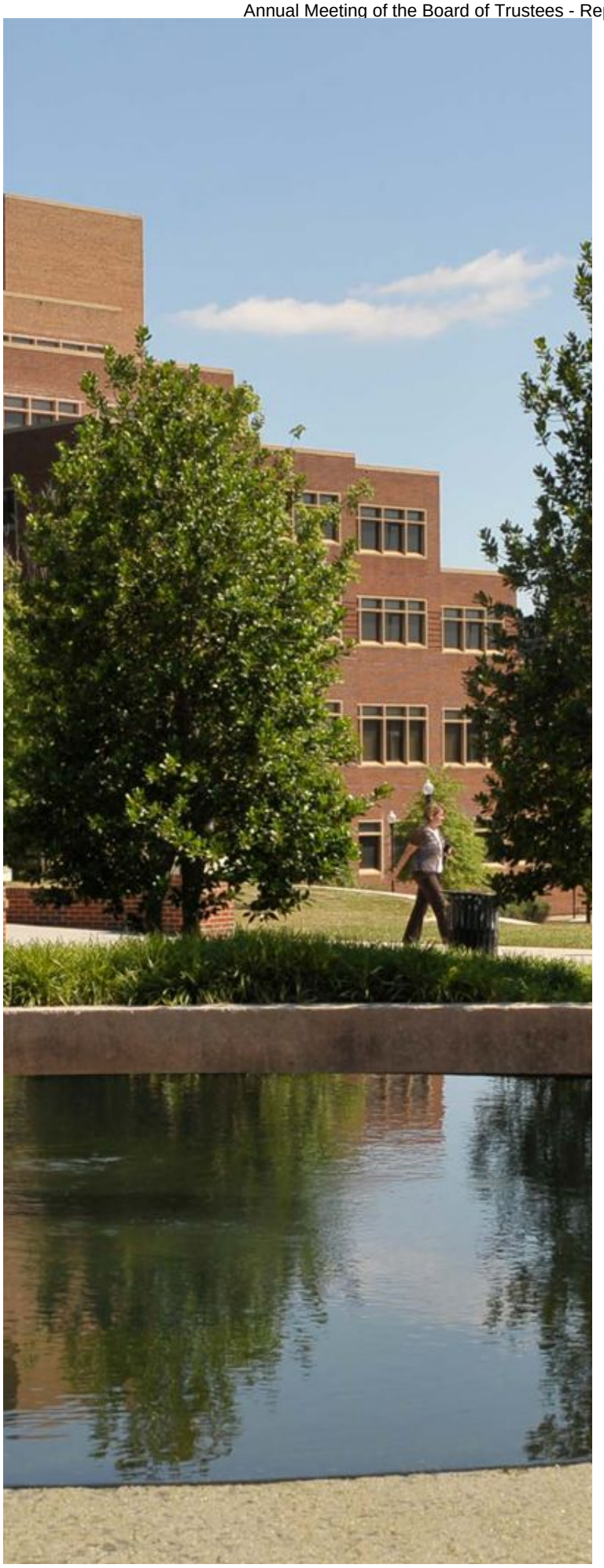
Danielle Copeland
Auditor
dcopela5@tennessee.edu
901-448-5572

Amy Wilegus
Director
awilegus@tennessee.edu
901-448-1435

Chattanooga Office
Dept 4855
744 McCallie Avenue
Suite 410
Chattanooga, TN 37403-2598

Steve Bamburg
Auditor
steven-bamburg@utc.edu
423-425-4532

Janna Hixson
Manager
janna-hixson@utc.edu
423-425-4072



CONTENTS

MISSION, VALUES, AND VISION . . . 4
MESSAGE FROM THE EXECUTIVE DIRECTOR . . . 5
OVERVIEW OF OFFICE OF AUDIT AND COMPLIANCE . . . 6
- Internal Audit . . . 6
- Institutional Compliance . . . 7
- OAC Staffing . . . 7

2016 ACCOMPLISHMENTS . . . 8
2016 PROJECTS COMPLETED . . . 10
INTERNAL AUDITS . . . 11
- UT System . . . 11
- UT System Administration . . . 12
- Knoxville . . . 12
- Health Science Center . . . 13
- Chattanooga . . . 13
- Martin . . . 14
- Institute of Agriculture . . . 14

INFORMATION TECHNOLOGY . . . 15
- UT System . . . 15
- Knoxville . . . 15
- Health Science Center . . . 16
- Chattanooga . . . 16
- Martin . . . 16
- Institute of Agriculture . . . 16

INVESTIGATIONS . . . 17
- Knoxville . . . 17
- Health Science Center . . . 17
- Chattanooga . . . 18
- Martin . . . 18

FOLLOW-UP AUDITS . . . 18
PLANS FOR 2017 . . . 19
OFFICE OF INSTITUTIONAL COMPLIANCE . . . 20
- Goals and Objectives . . . 20
- Goal 1 . . . 21
- Goal 2 . . . 22
- Goal 3 . . . 27
- Work Plan for 2017 . . . 27

QUALITY ASSURANCE AND IMPROVEMENT PROGRAM . . . 28
- Quality Assurance Review Recommendations . . . 28
- Strategic Plan . . . 28
- SharePoint . . . 29
- OAC Policies and Procedures . . . 29
- Client Feedback . . . 29

AUDIT-RELATED PROJECTS . . . 30
SERVICE, TRAINING, AND OTHER ACTIVITIES . . . 30
- UT and Departmental Committees . . . 30
- Training Provided Within and Outside the University . . . 32
- Training Obtained Within and Outside the University . . . 33

APPENDIX A: 2016 ORGANIZATION OF THE UNIVERSITY OF TENNESSEE AND OFFICE OF AUDIT AND COMPLIANCE . . . 34 . . . 35
APPENDIX B: INTERNAL AUDIT CHARTER . . . 36
APPENDIX C: PERSONNEL QUALIFICATIONS . . . 39
APPENDIX D: FOLLOW-UP AUDITS . . . 42

OFFICE OF AUDIT AND COMPLIANCE MISSION, VALUES, AND VISION STATEMENTS

OAC: MISSION

Audit and Compliance helps the University achieve its mission by providing objective and independent evaluations to reduce risk and improve operations.

OAC: VALUES

- **Integrity**—exhibit fairness, honesty, and ethical behavior in our service to the University.
- **Objectivity**—perform duties in an unbiased manner, i.e., based on an informed analysis of the issues and a clear understanding of the operations affected.
- **Quality**—provide accurate reports and timely, feasible, and relevant recommendations.
- **Community**—collaborate with colleagues and clients to provide services that improve the University's effectiveness and efficiency.
- **Visionary**—develop creative and innovative approaches to key issues facing the University.

VISION

A team of world-class professionals helping to shape the future of the University.

INTEGRITY
OBJECTIVITY
QUALITY
COMMUNITY
VISIONARY

TO THE AUDIT AND COMPLIANCE COMMITTEE OF THE UNIVERSITY OF TENNESSEE BOARD OF TRUSTEES:

For the Office of Audit and Compliance, 2016 was focused on enhancing processes to better meet stakeholders' needs.

First, we updated our internal processes to provide improved reporting to the Audit and Compliance Committee and executive management on outstanding audit issues. The revised reports will be presented during the 2017 committee meetings. We believe the new reporting process will provide a better overview of significant audit issues to be addressed by management.

We also reorganized the Executive Compliance Committee to better inform executive management of the most significant compliance issues being addressed by the campuses' compliance committees.

To continue to promote an ethical environment, we enhanced the promotion of the Code of Conduct, including updates to the OAC website, and launched the communication campaign for the UT Compliance Hotline. We believe this type of work helps to broaden awareness of both resources. In September, we sent a systemwide announcement on the Code, resulting in 2,161 views of the Code website the day of the email communication. The hotline received 24 calls in 2016, 18 of which were reviewed by the internal audit team, 3 were forwarded to Human Resources, and 3 to the responsible compliance officer.

We continued to expand information technology audit coverage by focusing 13 percent of the audit plan on IT risks. An important project facilitating the maturing of IT security across the UT System came to a close. At the December committee meeting, our office presented an updated maturity model to be used by the security officers and our IT audit team in the future. We will continue to provide reports to the committee on this important work.

Finally, we realigned audit resources to provide improved coverage for West Tennessee. We will continue to refine our approach in 2017.

As we begin 2017, our office is leading efforts to assist the University in implementing enterprise risk management (ERM) to align with the Committee of Sponsoring Organizations of the Treadway Commission's (COSO) ERM framework and the *Standards for Internal Control in the Federal Government* (known as the Green Book), as required by updated state guidance. Our goals are to develop a methodology that is compliant with state statute and guidance, not burdensome, and beneficial for the UT System. We will also develop a plan for future years and determine our role with ERM. With the right approach, the process will assist the University in better decision making.

While our office has worked to better utilize data and analytical procedures to focus efforts on high-risk areas and transactions, we are implementing data analytics software in 2017 and will focus on procedures to more effectively and efficiently conduct our work. In the future, the team plans to use various data analytics techniques to streamline our reviews.

These are just a few highlights of the impact our work is having at the University. OAC's projects and other activities are detailed in this report. The dedication of the team of professionals I have the privilege of working with is demonstrated in this report. Our team continues to have a positive impact on the University and its stakeholders.

I appreciate the support and encouragement the Audit and Compliance Committee and University management have provided and for your commitment to an ethical environment at the University of Tennessee.

Sandy S. Jansen, CIA, CCSA, CRMA
Executive Director

Doing Our UTmost

This year, two educational publications for the UT community were revised and redesigned: *Suspect Fraud? Volunteer Your Information*, a brochure on reporting and preventing fraud in University departments, and *Navigational Tools: Fiscal Guidelines for the President and Senior-Level Staff.*

OVERVIEW OF OFFICE OF AUDIT AND COMPLIANCE

The Office of Audit and Compliance (OAC) is a systemwide office, reporting to the Audit and Compliance Committee of the UT Board of Trustees. The office is comprised of two functions: internal audit and institutional compliance. Two divisions operate within the internal audit function: audit and information technology and security assessment. (Appendix A is the University's and office's organizational charts.)

Doing Our UTmost

We continued to expand information technology audit coverage by focusing 13 percent of the audit plan on IT risks. An important project came to a close which facilitated the maturing of IT security across the UT System.

Doing Our UTmost

OAC auditors reviewed controls that help ensure compliance in high-risk areas, including HIPAA security, NCAA compliance, the Violence Against Women Act, and IT security.

OVERVIEW: INTERNAL AUDIT

OAC's internal audit function provides the University of Tennessee System with objective, independent appraisals of control processes, risk management, and governance as a service to the UT Board and all levels of management. These appraisals help ensure the University's assets are protected, departments are operating efficiently and effectively, and UT is complying with applicable policies, laws, and regulations. Our role is also to facilitate cost-effective decisions that will support the mission and strategic plan of the University of Tennessee and, through our assurance and consulting activities, to add value to UT's operations.

The internal auditing profession is governed by standards promulgated by The Institute of Internal Auditors, Inc., which require us to evaluate and contribute to the improvement of governance, risk management, and control processes using a systematic and disciplined approach. (Appendix B is the Internal Audit Charter, which establishes our purpose, authority, and responsibility in the University community.)

One of our main roles is to reduce the University's risk, or exposure to loss. To that end, we develop an annual audit plan based on a risk assessment. Our objectives are to evaluate risk exposures related to the University's governance, operations, and information systems and to determine the potential for fraud. We also evaluate the adequacy and effectiveness of internal controls (administrative and operational policies, procedures, and practices) in responding to risks, determine compliance with applicable policies and regulations, and make recommendations to strengthen any deficiencies noted. At the conclusion of each engagement, reports are issued to audited parties, senior management, the Audit and Compliance Committee, and the Division of State Audit. The types of audits we perform and other projects are discussed below.

Internal control. The nature of this work is to identify significant internal control weaknesses in departmental and functional financial and business operations and provide effective recommendations for improvement. We also identify the significant risks to the University's financial operations and information at the departmental and functional levels. Internal control engagements can contribute to and improve the governance of the area being audited, especially when control environment recommendations are included.

Auditing for fraud. Our objective here is to look for fraudulent transactions. One result of this work may include recommendations to improve internal controls. These audits, along with risk assessments for other audit engagements, evaluate the potential for the occurrence of fraud.

Compliance. The goal in such audits is to determine whether University policies and external laws and regulations are being followed. This type of work is usually coupled with reviewing internal controls so that we can provide recommendations to strengthen the controls to help prevent future violations of policies or regulations.

Information technology (IT). IT audits and security assessments are designed to identify significant weaknesses in the confidentiality, integrity, and availability of the University's information systems and to provide effective recommendations for improvement. In addition, this work evaluates whether the information technology governance of the University supports its strategies and objectives. These audits are performed to help safeguard the information systems and the data stored on them, including administrative and student data, programs and operating systems, personal computers, servers, and networks. Objectives include assessing vulnerabilities in both technical and physical security; ensuring that University systems conform to best practices in industry standards; reviewing the storage and transmittal of electronic information; determining compliance with applicable policies, laws, and regulations; and making recommendations to strengthen any deficiencies noted.

Investigations. State law requires Audit and Compliance to investigate substantive allegations of fraud, theft, abuse, and shortages and losses of University assets. Our objectives include verifying the facts in a legal and objective manner, determining responsibility, identifying control breakdowns that led to the loss, and recommending corrective actions to help ensure similar actions do not occur in the future. These matters are referred to the state comptroller's office for review and possible referral for criminal prosecution.

Financial. Our office assists external auditors on a limited number of financial audits annually. We examine the financial statements and perform tests of transactions so that the external auditors can express an opinion on the financial statements as a whole.

Effectiveness and efficiency. We conduct consulting projects and performance-type audits in response to requests from University administration and departments and from other sources, such as risk assessments. Our objectives are to provide management with information to improve an area's organizational structure, staffing, and operating procedures and to ensure UT resources are used effectively and efficiently, accounted for properly, and safeguarded adequately. We also determine whether operations and programs are being carried out as planned and their results are consistent with University objectives. Consulting projects can address whether internal controls are operating effectively and in compliance with legal or other requirements, though such objectives are examined routinely in financial and compliance audits.

Management support. OAC provides other value-added work, such as promoting appropriate ethics and values within the University, communicating risk and control information on a systemwide level, and coordinating and communicating information among the Board of Trustees, State Audit, and UT management.

OVERVIEW: INSTITUTIONAL COMPLIANCE

The mission of the Office of Institutional Compliance is to serve and safeguard the University community from regulatory risks and to promote a cultural environment of high ethical standards by:

- Identifying compliance risk faced by the University community.
- Promoting an awareness of compliance risks and the objectives of our compliance activities through communicating with and educating the University community.
- Developing innovative and effective ways to mitigate compliance risk through collaboration with the University community.

Institutional Compliance, a function within OAC, is responsible for designing, implementing, and monitoring the UT systemwide compliance program. The office's primary responsibilities include the following:

- Develop and implement the University compliance risk assessment process.
- Assist the campus/institute compliance committees in their duties.
- Help functionally responsible offices overcome barriers to compliance by recommending improved controls or providing independent services, such as communicating the need for new procedures, resources, or stronger enforcement or working as a liaison between multiple parties.
- Independently investigate and act on matters related to compliance.
- Collaborate with the University community to develop innovative and effective ways to mitigate compliance risk.
- Report regularly to the Executive Compliance Committee and the Audit and Compliance Committee.
- Promote the University's Code of Conduct and Compliance Hotline.

OVERVIEW: OAC STAFFING

The Audit and Compliance staff consists of 20 audit and compliance professionals located across the state and 2 support staff members. (Biographical information is provided in Appendix C.) The staff has over 200 years of combined audit and compliance experience, with most of that obtained at higher education institutions. The average tenure in the office is 10 years. Certifications attained include certified public accountant (CPA), certified internal auditor (CIA), certified information systems security professional (CISSP), certified fraud examiner (CFE), certified information systems auditor (CISA), and certified compliance and ethics professional (CCEP), among others.

The audit and compliance staff completed numerous hours in continuing education credits for the year, which includes training received at seminars, conferences, workshops, and in classes. OAC staff are members of such professional organizations as The Institute of Internal Auditors, the Society of Corporate Compliance and Ethics, and the Association of College and University Auditors. Some staff members also served on University committees at the request of management and provided training on internal controls, procurement cards, and other topics. See page 30 for detailed information.

2016 ACCOMPLISHMENTS

2016 Effort by Audit Type

As illustrated in the chart "2016 Effort by Audit Type," the Office of Audit and Compliance (OAC) had four focus areas in 2016:

- Controls
- Investigations
- Fraud prevention and detection
- Information technology

Efforts for engagements focused on controls increased by 5 percent this year. These audits, which include departmental business operations and systemwide functions, help establish a strong control environment, assist department heads in implementing effective controls, and provide assurance to both the Audit and Compliance Committee and senior management. Given the decentralized processes at UT and the importance of effective controls, we focused one-third of our time evaluating internal controls and recommending improvements.

Fraud prevention and detection continues to be an important aspect of our work and increased by 3 percent in 2016. In addition to increased efforts focused on detecting fraud, effort for investigations increased from 11 percent in 2015 to 17 percent in 2016. Some of the increase could be linked to the promotion of the UT Compliance Hotline. OAC's communication efforts raised awareness on reporting concerns of noncompliance, fraud, waste, and abuse. In addition, through OAC's effort to monitor UT procurement card transactions, we identified transactions that warranted additional investigation. We plan to continue these efforts in 2017, which have a positive impact on the ethical environment at UT.

IT audit efforts increased by 6 percent over the last three years and now account for 13 percent of the audit plan. This work supports the Audit and Compliance Committee's focus on maturing information security and assists UT management in identifying and mitigating information technology risks.

The chart also shows we spent 7 percent of our effort conducting follow-up audits to ensure that our recommendations in previous years' audits were implemented. Finally, 10 percent of time was devoted to other categories, including compliance audits, effectiveness and efficiency projects, and other value-added work, such as serving on University committees, providing training to the University community, and consulting provided to management.

In 2016, the internal audit team conducted numerous projects impacting systemwide operations, comprising about one-third of our effort. These projects provided coverage at multiple entities within the system and included information security program remediation, the Violence Against Women Act, self-assessment of controls, the Complete College Tennessee Act, monthly procurement card monitoring, and follow-up audits, among others.

As typical, almost one-third of our effort was in conducting audits on the UT Knoxville campus because of its size, scope, and related risks. We were able to provide more coverage for the UT Health Science Center this year by completing projects on the registrar's office, firewall security, business continuity, and the Molecular Resource Center. We plan to continue our efforts to enhance coverage for West Tennessee in 2017.

INTEGRITY
UNIVERSITY OF TENNESSEE

Doing Our UTmost

In two systemwide audits, we measured the implementation of preventive and awareness programs regarding sexual misconduct, relationship violence, and stalking as required by the Violence Against Women Act of 2013. We concluded the campuses should develop the specified policies, provide follow-up training for mandatory reporters, and ensure broad delivery of awareness programs.

2016 PROJECTS COMPLETED

The Office of Audit and Compliance completed almost 60 engagements, including audits required by statute, administrative policy, or other requirements; departmental operations audits, and other risk-based projects; projects in progress from 2015; and investigations.

Among the significant projects were two reviews of the University's efforts to comply with the Violence Against Women Reauthorization Act of 2013 (VAWA). The first audit assessed the University's implementation of preventive and awareness training as required by the Act. The second determined whether the mandatory reporters were aware of their duties and responsibilities and trained accordingly. Both of these projects assisted the UT System and its campuses in implementing key controls to comply with VAWA requirements.

OAC completed audits for the offices of the UT president, the Knoxville chancellor, and the chancellor of the UT Institute of Agriculture, as required by *Tennessee Code Annotated* §49-7-3001. This statute is intended to strengthen higher education financial accountability and requires risk-based internal financial audits for the offices of the University president and chancellors. The statute requires at least 30 percent of the offices to be audited in any given year. This work continues to provide assurance to the Board that UT leaders are not abusing their authority when traveling or entertaining.

In addition to the required chief executive audits, we conducted an audit of the Performance-Based Variable Compensation Plan for UT Officers as requested by the vice chair of the Board and Audit and Compliance Committee. This work provided assurance to the Board before they approved the plan and provided management with recommendations to strengthen the process.

Numerous information technology (IT) audits were conducted this year. We completed the follow-up work for the IT security posture assessment, assessments of Health Insurance Portability and Accountability Act (HIPAA) compliance, audits of firewall configurations, reviews of change and configuration management, and audits focusing on departmental security and protecting sensitive information. This work continues to emphasize the importance of maturing the University's IT security posture and IT processes, assists management in implementing effective security measures and controls, and keeps the Audit and Compliance Committee informed of UT's progress in this critical area.

We continued to monitor the University's procurement card transactions each month to detect and prevent fraudulent activity and instances of noncompliance. The work involves a cursory review of transactions systemwide. Our summary report covered transactions totaling $49.1 million, an increase of about $12.3 million in the last four years. Given the higher volume and risk associated with procurement cards, we expanded this work in 2016 and added an additional step during testing. In addition to the monthly monitoring, we examined procurement card trends at UT Knoxville to identify possible abuse. For 2017, we have refined the testing to better identify fraud, waste, and abuse.

Finally, the office completed investigations of fraud, waste, and abuse this year. With each investigation, even when fraud is not confirmed, we examine internal controls for potential improvements. Our reports included recommendations to strengthen controls.

INTERNAL AUDITS

INTERNAL AUDITS: UT SYSTEM

Performance-Based Variable Compensation Plan for UT Officers

The audit was requested by the UT Board of Trustees and included an examination of the Performance-Based Variable Compensation Plan's base-year values presented to the Board for approval in October 2015, as well as the spreadsheet created by the institutional research office to establish the values. The objectives were to verify that the values used for each goal corresponded to supporting data and to determine whether the spreadsheet contains formula, data entry, or calculation errors. The goals and processes of the compensation plan continue to be refined, and data collection for the goals remains cumbersome and inconsistent. Auditors provided findings to be addressed by Institutional Research, the Office of the President, and the Board and observations for their consideration.

Centers of Excellence

Five of the 10 Centers of Excellence at the University were reviewed to determine if they are effectively conducting their mission as approved by the Tennessee Higher Education Commission (THEC). Also reviewed were research projects and programs to determine if the funds were used appropriately and aligned with the centers' missions. Auditors found the centers carried out their missions according to THEC guidelines and used funds properly to support their missions, with recommendations to increase oversight of the centers, specifically to expand mission statements where appropriate and establish minimum standards for the required annual report and the website.

Complete College Tennessee Act

The audit objectives were to determine if degrees awarded, student credit hours, and research and public service expenditures reported by the UT System to the Tennessee Higher Education Commission, as required by the Complete College Tennessee Act, were accurate and supported by University records. Auditors found the reported data accurately reflects the University's records.

Violence Against Women Act

The audit objective was to measure the University's implementation of preventive and awareness programs regarding acts of sexual misconduct, relationship violence, and stalking as required by the Violence Against Women Reauthorization Act of 2013 (VAWA). The UT Knoxville, Chattanooga, Martin, and Health Science Center campuses were reviewed for fall semester 2015. The campus policies were compared with the guidelines of the Clery Center for Security on Campus to determine if recommended practices were incorporated. Auditors noted that, because VAWA and the campus policies became effective within the last six months, the resulting programs may not be fully mature. The campuses should include all recommended items in their policies on Sexual Misconduct, Relationship Violence, and Stalking, and the Office of the President should request action plans from the campuses for complying with VAWA requirements.

Violence Against Women Act

The objectives in the second audit of the Violence Against Women Act were to determine whether mandatory reporters were aware of their duties and responsibilities and trained accordingly, programs were in place to inform potential complainants of the actions to take in the event of an incident and how to report, and University employees were aware of policies, procedures, and reporting requirements related to incidents involving minors. The review included the Knoxville, Chattanooga, Martin, and Health Science Center campuses. The conclusions addressed providing follow-up training for mandatory reporters and ensuring broad delivery of awareness programs on the campuses.

Annual Procurement Card Summary

The audit scope included all procurement card expenditures (168,966 transactions totaling $49,104,478.02 and approximately 1,790 cardholders) for the entire University from October 2015 through September 2016. Fraud was found in the accounting department at UT Chattanooga (an investigation was completed) and potential fraud at the UT Institute of Agriculture (an investigation was initiated). In both cases, altered receipts were found. Violations of University Policy FI0530 and other UT fiscal policies were noted. Given the volume of transactions and the decentralized controls for the procurement card process, however, relatively few policy violations were found this year.

Sensitive Minor Equipment—Procurement Cards

The audit objective was to determine if sensitive minor equipment (SME) purchased with University procurement cards for May 2015 through April 2016 was recorded in inventory as required by UT policy. Auditors found 20 percent of the items had not been recorded properly primarily because of inadequate departmental performance and training. Recommendations were provided to improve employee training and to value SME at full cost.

Self-Assessment of Controls/Risk Assessment

The University performs an annual self-evaluation of internal accounting and administrative controls to comply with the Tennessee Financial Integrity Act of 1983. Requirements of the Act include performing an entity-wide risk assessment and a comprehensive evaluation of internal controls. The Office of Audit and Compliance (OAC) coordinates UT's compliance efforts with the Act and conducts the self-assessment using a web-based questionnaire. For the evaluation of controls, the University reviews the controls for two areas each year, with 2016's topics being human resources/payroll and inventories for resale. Of about 550 departments, 111 identified and corrected 178 control weaknesses in the areas reviewed. No material weaknesses were noted for the University. OAC facilitated the

2016 entity-wide risk assessment of UT's financial operations with the assistance of the campus/institute chief business officers. Minor changes were made to existing risks. New risks related to the Tennessee FOCUS Act, the Tennessee Promise program, and recent changes in the Fair Labor Standards Act regulations concerning exempt employee classification were added. Risks and recommended corrective actions were reported to the individual departments, and the results of the risk assessment and control weaknesses were reported to the state. Attached were the letter from the University's president to the state comptroller and the commissioner of finance and administration and the results of the assessment of internal controls.

Year-End—VolShop

For each year-end closing, OAC observes the physical inventory of the UT Knoxville bookstore (which includes the UT Health Science Center bookstore), VolShop, to help assure the inventory balance reported in the University's financial statements is accurate. An accurate inventory balance is important for determining the bookstore's annual financial performance. No significant discrepancies were noted in VolShop's 2016 physical inventory. The store valued the inventory at $2,996,348.43, which was recorded in the University's accounting system. The dollar value of this year's inventory is 47 percent more than the fiscal year 2015 inventory, a significant change in value. The director stated the new Student Union VolShop is twice the size of the University Center Store and sales increased by approximately 50 percent. The explanation was deemed reasonable and appropriate.

Year-End—OIT Communications

The Office of Information Technology (OIT) Communications' 2016 physical inventory was observed. The department valued this inventory at $1,114,289.90, which was recorded in the University's accounting system. No significant discrepancies in inventory value were found, but auditors noted an 11.5 percent error rate in the final inventory. The department should divide the ordering, receiving, and data entry duties; perform a double, rather than a single, annual count of inventory; and store scrap and obsolete items separately from the regular inventory.

INTERNAL AUDITS: UT SYSTEM ADMINISTRATION

Office of the President

The audit scope included travel, entertainment, equipment, payroll, procurement card, and other expenses for fiscal year 2016. The expenditures were reviewed to determine whether they appeared appropriate, reasonable, and in compliance with University policies. All expenditures reviewed were found to be appropriate, reasonable, and in compliance. In addition, the equipment records were accurate.

INTERNAL AUDITS: KNOXVILLE

Office of the Chancellor

The audit scope included travel, entertainment, equipment, payroll, and other expenses for fiscal year 2016. The expenditures were reviewed to determine whether they appeared appropriate, reasonable, and in compliance with University policies. Expenditures reviewed appeared appropriate, reasonable, and in compliance. In addition, the equipment records were accurate.

Programs for Minors

The audit objective was to identify and evaluate the processes established to comply with University Policy SA0575, Programs for Minors, at UT Knoxville. Twenty-five covered programs were selected for review. Auditors found some ineffectiveness in the processes, resulting in insufficient screening of covered adults which could affect the safety of minors on campus. Recommendations were made to strengthen the effectiveness of the processes, including complying with the campus policy regarding timely approval of programs, training, and background checks, among others.

Procurement Card Fraud Analysis

The audit objectives were to establish criteria for procurement card purchase trends which can be used to continuously monitor transactions to detect fraud and abuse, to obtain initial data for the criteria as a starting point for periodic trend analyses, and to review the data and investigate indicators of procurement card fraud and abuse. Auditors reviewed 77,516 transactions for UT Knoxville for October 2013–May 2015. Although they noted several possible indicators of fraud, the transactions were determined to be legitimate. University policy violations were found involving adequate receipts, accounting for equipment, and approval of monthly statements. A report will be issued annually unless fraud or abuse is suspected. Such suspicions will be investigated immediately, and a report will be issued if fraud or abuse is confirmed.

Student Health Center

The audit objectives were to determine if vendors are honoring contract prices, if any current vendors should be placed under contract, and if existing controls in the purchasing process are adequate. The department does not have effective controls for the purchasing process. Two vendors consistently overbilled the department, and a lapse in controls may have allowed the overpayments to persist. Recommendations were provided to help strengthen controls and ensure compliance with University policy, specifically regarding appropriate approval and monitoring of contracts and using a competitive purchasing process when applicable.

Complimentary Admissions—Athletics

The audit objective was to determine whether controls exist to ensure compliance with NCAA Bylaws governing complimentary

admissions for guests of student-athletes and prospects. Various sporting events from the 2016 Football, Softball, and Baseball seasons and the 2015-2016 Men's and Women's Basketball seasons were reviewed. Controls should be improved regarding changes to complimentary admission assignments, transfers, and the administration of pass lists.

Joint Institute for Biological Sciences

The audit objectives were to assess internal controls for departmental invoices, procurement card expenditures, ledgers, travel reports, payroll, money received, and equipment and to determine compliance with applicable University policies and procedures in the Joint Institute for Biological Sciences (JIBS). JIBS has established effective controls for money received, travel, invoices, and procurement cards; however, controls for payroll reports, departmental ledgers, and equipment need improvement. Recommendations were provided to help strengthen the effectiveness of the controls.

INTERNAL AUDITS: HEALTH SCIENCE CENTER

Otolaryngology

The audit objectives were to assess internal controls for departmental invoices, ledgers, payroll, and money received and to determine compliance with applicable University policies and procedures in Otolaryngology. The department has established effective controls for invoices and money received; however, controls for payroll reports and departmental ledgers need improvement. Recommendations were provided to help strengthen the effectiveness of the controls, specifically timely ledger review and approval and payroll register approval.

College of Dentistry—Inventory Controls

The UT Health Science Center engaged Dixon Hughes Goodman, LLP (DHG) to examine internal controls for inventory management and human resources in the College of Dentistry, and Audit and Compliance followed up on the review. The consultants identified a lack of controls for controlled substances, movable equipment, and cash. They recommended reconciling inventory, documenting policies and procedures, segregating duties, and implementing a spending trend analysis, among others. UTHSC management developed and implemented college-level policies and procedures. DHG will follow up with the college this year to verify that the policy addresses the risks and is effective. OAC will provide an update when the additional work is completed.

INTERNAL AUDITS: CHATTANOOGA

Cash Controls

The audit objectives were to determine if internal controls are in place and functioning as intended for the cash receipting process and to determine compliance with related University policies and procedures. The Aquatic and Recreation Center, Children's Center, Challenger STEM Learning Center, Men's Summer Basketball Camp, and Student Health Services were selected for review. The departments received separate reports detailing the results of their review. Recommendations were provided to improve cash controls in the Challenger STEM Learning Center and Men's Summer Basketball Camp. Their corrective action plans were appropriate.

McKenzie Arena Box Office

The audit objectives were to determine whether sufficient controls are in place and functioning for ticket sales in the McKenzie Arena box office. Auditors also addressed management concerns related to the box office and findings from an audit in 2011. This audit included an examination of the internal procedures manual, financial records, and reports from the ticketing system. The box office does not have the functioning controls needed to mitigate the risk of revenue loss due to theft, fraud, or error. Recommendations were provided to help strengthen the effectiveness of these controls, specifically separation of duties, reconciliation and documentation of sales, complimentary tickets, and updating the internal procedures manual, among others.

Differential Tuition

The audit objective was to review processes and controls over differential tuition to determine if funds are being used in accordance with the purposes approved by the UT Board of Trustees. Differential tuition proposals, Board approvals, fee process procedures, income account analysis, and expenditures were reviewed from July 1, 2014, through June 30, 2015, in the College of Engineering and Computer Science, College of Business, and School of Nursing. A differential tuition of $50.00 per student credit hour for all courses in business, engineering, and nursing beginning with the 2013-14 academic year was approved by the Board on February 28, 2013. Auditors found UTC has used differential tuition in compliance with the Board's conditions and has established procedures, monitoring, and annual reporting processes to provide University management with pertinent information.

Psychology

The audit objective was to assess internal controls for procurement card expenditures, ledgers, leave reporting, equipment inventory, custody of third-party funds, and event registration procedures. The department has established effective controls for leave time reporting and event registration procedures; however, controls for procurement card expenditures, ledgers, equipment inventory, and custody of third-party funds were either not in place or were ineffective. Recommendations were provided to strengthen these controls, specifically documenting procurement card purchases properly,

reconciling and approving ledgers timely, ensuring accurate equipment records, and obtaining approval to manage the third-party funds.

Fine Arts Box Office

The audit objective was to determine whether sufficient controls are in place and functioning for ticket sales in the Fine Arts box office. Auditors examined the internal procedures manual, financial records, and reports from the ticketing system. The box office does not have the functioning controls needed to mitigate the risk of revenue loss as a result of theft, fraud, or error. Recommendations were provided to help strengthen the effectiveness of the controls, specifically separating ticketing, reconciliation, and depositing duties; storing money received in a safe; obtaining manager approval of voids, returns, and the issuance of complimentary tickets; securing credit card information; and completing and updating the procedures manual, among others.

INTERNAL AUDITS: MARTIN

NCAA Special Assistance Fund

The audit was performed to determine adherence to the NCAA Special Assistance Fund guidelines and to evaluate the adequacy and effectiveness of expenditure controls for the fund for fiscal year 2016. The audit is required annually by the Ohio Valley Conference. Auditors found the use of the fund complied with NCAA guidelines.

INTERNAL AUDITS: INSTITUTE OF AGRICULTURE

Office of the Chancellor

The audit scope included travel, entertainment, equipment, payroll, and other expenses for fiscal year 2016. The expenditures were reviewed to determine whether they appeared appropriate, reasonable, and in compliance with University policies. The expenditures reviewed were found to be appropriate, reasonable, and in compliance, with the exception of documenting entertainment expenditures properly. The equipment inventory records were accurate.

Programs for Minors

The audit objective was to identify and evaluate the processes established to comply with University Policy SA0575, Programs for Minors, at the UT Institute of Agriculture (UTIA). The audit included a review of the processes developed and included covered adults reported in July 2015. UTIA has developed no policy as required by Policy SA0575, and auditors noted inadequate processes, resulting in insufficient screening of covered adults which could affect the safety of minors on campus. Recommendations were provided to help strengthen the effectiveness of these processes, including creating a policy to comply with SA0575 and monitoring the required screening and training of all employees, volunteers, and covered adults.

Effort Certification Reporting

The audit objectives were to determine whether effort reported on sponsored projects at the UT Institute of Agriculture was reasonably accurate, properly supported, and in compliance with applicable federal guidelines and University policies. Certification records for a sample of 21 University employees were reviewed for September 2015. The effort reported appeared accurate but in several cases was not certified in compliance with University policy. Auditors recommended further training to help strengthen compliance efforts.

Clyde M. York 4-H Center

The audit objective was to assess internal controls for the expenditure and equipment processes for January–December 2014. Invoices, departmental ledgers, equipment, payroll, money received, travel, and procurement card transactions were reviewed. Effective controls were established for travel, procurement cards, payroll, and ledgers; however, controls for invoices, money received, and equipment inventory were either not in place or ineffective. Recommendations were provided to help strengthen the effectiveness of these controls.

UT Extension Bank Accounts Summary

The UT Extension bank accounts were audited for the Bradley, Marion, and Maury County Extension offices. Each office received a separate report detailing noncompliance with University policy or Extension financial procedures. Exceptions included excessive account balances, inadequate documentation of cash withdrawals, not monitoring for sequential receipt numbers, and lack of signatures for electronically processed checks. County directors should work with their regional offices to determine an appropriate balance to maintain in the bank account; Extension offices should monitor receipt numbers to ensure all receipts are included in a deposit or otherwise explained; and Extension administration should implement stronger controls for cash withdrawals and re-educate the county offices on documenting and authorizing expenditures properly. The individual reports contained responses to the recommendations for corrective actions from each county director, and UT Extension administration responded to the items noted in the summary report.

Doing Our UTmost

IT auditors reviewed policies and procedures for processing credit and debit cards, online payments, or using a point-of-sale system in 18 departments on the Knoxville, Health Science Center, Chattanooga, Martin, and Agriculture campuses. No weaknesses were identified.

INFORMATION TECHNOLOGY

INFORMATION TECHNOLOGY: UT SYSTEM

IT Security Posture

The Office of Audit and Compliance (OAC) commissioned BerryDunn to complete an IT Security Posture Report for the University. The report was issued in February 2014. The Board of Trustees' Audit and Compliance Committee asked OAC to prepare an update of the IT security posture for the UT System Administration and each campus and institute. Progress has been made in the following areas: policy development and enforcement, planning and leadership, staffing resources, data ownership, and training and education. In 2017, the University's IT Security Program posture will be measured differently. The National Institute of Standards and Technology's Cybersecurity Framework will be used, which reflects a more realistic measure of security posture in today's cyber environment. Each UT campus and institute will perform a self-assessment of the control functions and categories, and UT auditors will review a sample of the controls each year to verify implementation and effectiveness.

Credit Card Procedures

Policies and procedures were reviewed for processing credit and debit cards, online payments, or using a point-of-sale system for the Office of the President. No weaknesses were identified in the policies and procedures.

INFORMATION TECHNOLOGY: KNOXVILLE

Joint Institute for Computational Sciences

The audit objective was to determine whether the implementation of the cybersecurity plan for the Development and Use of Restricted Computational Fluid Dynamics Software project was effective to address the risks to the project at the Joint Institute for Computational Sciences. Auditors found the cybersecurity plan addresses the risks and recommended the system access logs be reviewed at least weekly.

Student Health Center—HIPAA Security

The audit was conducted to determine compliance with the Health Insurance Portability and Accountability Act of 1996 (HIPAA). This audit determined whether the department is mitigating the threats identified by the US Department of Health and Human Services as contributing to the most breaches of electronic protected health information (e-PHI). The center was in compliance with HIPAA requirements for safeguarding e-PHI with two exceptions. Recommendations were provided to help ensure HIPAA requirements are met, including complete business associate agreements and updated policies.

UT Psychological Clinic—HIPAA Security

The audit was conducted to determine compliance with the Health Insurance Portability and Accountability Act of 1996. This audit determined whether the clinic is mitigating the threats identified by the US Department of Health and Human Services as contributing to the most breaches of electronic protected health information. The clinic was found to have limited controls in place and not in compliance with HIPAA requirements for safeguarding e-PHI. Recommendations were provided to help ensure HIPAA requirements are met, including creating business associate agreements and HIPAA policies.

Vine School Health Center—HIPAA Security

This audit was conducted to determine whether the Vine School Health Center is mitigating the threats identified by the US Department of Health and Human Services as contributing to the most breaches of electronic protected health information (e-PHI) and to determine compliance with the Health Insurance Portability and Accountability Act of 1996 (HIPAA). Auditors found the center to be in compliance with HIPAA requirements for safeguarding e-PHI with one exception. A recommendation was provided to help ensure HIPAA requirements are met.

Office of Information Technology

The audit objective was to determine if the Office of Information Technology's (OIT) firewall configurations follow Payment Card Industry Data Security Standard (PCI DSS) guidelines for the protection of sensitive networks. Auditors found the OIT firewall configurations follow PCI DSS guidelines and provide good protection for UTK networks. The recommended process improvements will further strengthen this protection, specifically monitoring firewall configuration changes and reviewing firewall user accounts periodically.

College of Law—IT Security

The audit objectives were to determine whether the information technology (IT) security program and policies and procedures were in place and operating effectively for the College of Law to ensure IT systems are complying with requirements and best practice standards, particularly regarding protecting sensitive information. Auditors found existing IT security controls provide a minimum baseline for ensuring the security of the environment. However, a security program plan does not exist and important security controls need improvement. Recommendations were made to improve the security of systems and software, perform contingency planning, and improve training for college IT personnel.

Haslam College of Business—IT Security

The audit objectives were to determine whether the information technology security program and policies and procedures were in place and operating effectively for the College of Business to ensure IT systems are complying with requirements and best practice standards, particularly regarding protecting sensitive

information. Auditors found existing IT security controls provide a minimum baseline for ensuring the security of the environment. However, a security program plan does not exist and important security controls need improvement. Recommendations were made to improve the security of systems and software, develop and implement configuration and vulnerability management plans, and perform contingency planning.

Chemistry—IT Security

The audit objectives were to determine whether the information technology (IT) security program, policies, and procedures are in place and operating effectively and whether departmental IT systems are in accordance with compliance requirements and best practice standards, particularly regarding protecting sensitive information. Although some IT security controls are in place, a security management program does not exist and important security controls should be implemented or improved. Auditors recommended enhanced security controls, specifically for security management, configuration management, data backup, vulnerability management, security training, and user account management.

Credit Card Procedures

Policies and procedures were reviewed for processing credit and debit cards, online payments, or using a point-of-sale system for six departments/areas at UT Knoxville: Athletics Ticketing, Arena Management, Clarence Brown Theatre, Student Health Center, School of Music, and National Institute for Mathematical and Biological Synthesis. No weaknesses were identified in the policies and procedures.

INFORMATION TECHNOLOGY: HEALTH SCIENCE CENTER

Information Technology Services

The audit objective was to determine if the firewall configurations follow Payment Card Industry Data Security Standard (PCI DSS) guidelines for the protection of sensitive networks. Auditors found the firewall configurations follow PCI DSS guidelines and provide good protection for UTHSC networks.

Credit Card Procedures

Policies and procedures were reviewed for processing credit and debit cards, online payments, or using a point-of-sale system for Parking Services at the UT Health Science Center. No weaknesses were identified in the policies and procedures.

INFORMATION TECHNOLOGY: CHATTANOOGA

Credit Card Procedures

Policies and procedures were reviewed for processing credit and debit cards, online payments, or using a point-of-sale system for six departments/areas at UT Chattanooga: Student Health Services, Division of Student Development, Undergraduate Admissions, Graduate School, New Student and Family Programs, and Testing Center. No weaknesses were identified in the policies and procedures.

INFORMATION TECHNOLOGY: MARTIN

Credit Card Procedures

Policies and procedures were reviewed for processing credit and debit cards, online payments, or using a point-of-sale system for two departments/areas at UT Martin: Business Services and Surplus Property. No weaknesses were identified in the policies and procedures.

INFORMATION TECHNOLOGY: INSTITUTE OF AGRICULTURE

Information Technology Services

The audit objective was to determine whether the UT Institute of Agriculture's (UTIA) information technology configuration and change management (CCM) controls provide reasonable assurance that changes to information system resources are authorized and that systems are configured and operated securely and as intended. The UTIA campus and selected UT Extension offices were reviewed. The existing CCM controls are at a low maturity level. They allow repeatable processes with consistent results when used, but process governance is still in development, so CCM processes are not always applied consistently. The findings detail the strengths and weaknesses of CCM controls, with recommendations to implement more planning and governance into the CCM process, specifically developing CCM policies and procedures and system build documents, upgrading production systems to supported versions, and managing vulnerabilities.

Family and Consumer Sciences—HIPAA Security

A HIPAA security audit of Family and Consumer Sciences was scheduled as part of the 2016 Audit and Compliance annual audit planning risk assessment. Auditors found that, because the department does not collect electronic patient health information, a HIPAA audit was not required.

Credit Card Procedures

Policies and procedures were reviewed for processing credit and debit cards, online payments, or using a point-of-sale system for two departments/areas at the UT Institute of Agriculture: Clyde Austin 4-H Center and Lone Oaks Farm 4-H Center. No weaknesses were identified in the policies and procedures.

INVESTIGATIONS

INVESTIGATIONS: KNOXVILLE

Retail, Hospitality, and Tourism Management

Auditors reviewed anonymous allegations of misconduct in the management of three activities in Retail, Hospitality, and Tourism Management: a study abroad program, an annual fundraiser, and a wine competition formerly managed by the department. Auditors examined a May 2014 trip to London and Paris, the March 2014 Appalachian Spring fundraiser, and the October 2013 Wines of the South competition. No evidence of misconduct was found. Auditors noted instances where University policy was not followed and management processes could be strengthened. Recommendations regarding the Appalachian Spring fundraiser were provided for the department's consideration.

University-Assisted Community Schools

The review was performed in response to concerns about the job performance of the coordinator of the University-Assisted Community Schools (UACS) program in the College of Education, Health, and Human Sciences. Allegations were made that the UACS coordinator encouraged employees to record hours not worked on their timesheets and that he worked in a position for Knox County Schools (KCS) during hours he should have been performing his UACS duties. Also reviewed were apparent discrepancies between information the coordinator reported to the Tennessee Department of Human Services and bills the University received from the KCS Nutrition department regarding the UACS food program. Auditors could not conclusively determine the legitimacy of all work hours reported by UACS employees, though several factors suggested that not all of the hours were actually worked and that the coordinator's intent was to provide at least some pay to employees during a two-week closure. Recommendations included reimbursing the payroll charges ($5,151.30) to the three funds supporting the UACS program for the time reported on employees' timesheets and considering whether to try and recoup the apparent overcharge for the food program from KCS ($13,814). Controls for approving time and processing invoices should be strengthened. The coordinator resigned during the review.

VolShop

The review was conducted in response to allegations that the VolShop information technology (IT) supervisor inappropriately used two gift cards purchased by customers to preorder technology items and accessed and manipulated VolShop systems and data. Although the IT supervisor denied using customer gift cards inappropriately, several factors suggested otherwise. These factors included inconsistencies in his statements, having sole responsibility for processing canceled technology orders, appearing on store surveillance video making purchases that correspond to a sales report of items purchased with the gift cards in question, numerous purchases with the cards that used an employee discount, and receipts showing the supervisor as purchaser of two items bought with the cards, which he admitted purchasing. The following contributed to the supervisor's ability to use gift cards inappropriately without detection: VolShop management assigned the supervisor, who had access to all information system data, to process canceled technology purchases; management did not require purchaser's name to be recorded; and no reconciliation of active gift cards against advance technology purchases was performed. Auditors could not conclusively determine that the IT supervisor accessed VolShop systems and manipulated customer transaction data. Security logs showed IT resources were accessed, but not the type of information accessed nor the identity of the person accessing the systems. Recommendations included developing financial reports to help detect potential fraudulent acts, using procedures to ensure that purchasers can be identified, reviewing the placement of video cameras at all retail locations to determine that none have an unobstructed view, and working with general counsel to seek restitution ($2,336.27) from the IT supervisor for the use of the two gift cards. The supervisor was terminated in February 2016 for gross misconduct.

INVESTIGATIONS: HEALTH SCIENCE CENTER

Office of the Registrar

The executive vice chancellor requested a review of the Office of the Registrar at the UT Health Science Center. UTHSC management was concerned that students potentially had missing grades and the grade-collection process could be improved. Auditors reviewed the registrar office's records for 2014-2015 graduates and the policies and procedures for awarding degrees and maintaining related records. After the review was requested, UTHSC hired a new registrar (who subsequently left the University) and a vice chancellor for academic, faculty, and student affairs. The vice chancellor and the registrar's office began implementing new policies and procedures to address the concerns. Auditors found no 2014-2015 graduates with missing grades but noted opportunities for improvement, including updating procedures, reviewing and monitoring degree requirements consistently, and documenting employee responsibilities and providing training as needed.

Pharmacology

The review was performed in response to allegations of coercion and misappropriation of expenses from a grant funded by the UT Health Science Center. Allegations were made that a Pharmacology staff member coerced a faculty member to misappropriate grant funds for payroll expenses

for two employees not working on the grant. Payroll records indicated the two employees were not working at UTHSC at the time alleged. Also, documented approval of the alleged expenses conflicted with the coercion allegation. No evidence was found to support the allegations, which were determined to be unsubstantiated. Prior investigations by the UTHSC compliance office and the research integrity office reached the same conclusion.

INVESTIGATIONS: CHATTANOOGA

Engineering Management and Technology

The review was performed in response to allegations concerning instructional notebooks used by the Burkett Miller Chair of Excellence and professor in Engineering Management and Technology at UT Chattanooga. The complainant alleged students were not informed of a $75 fee for the notebooks until after they received them. The fee was to be remitted directly to the professor. The complainant was also concerned that his grade would be affected if he did not pay the fee. The effect of non-payment on grades, if any, will be investigated by the Office of the Provost and was not included in the review. Auditors confirmed that students in the professor's courses received the notebooks and were later asked to remit a payment of $75 directly to him. While the professor pays to print the notebooks, the supplies and postage are purchased from the Chair of Excellence account and not reimbursed by him. Several University policies were violated, and recommendations were made to strengthen controls for supplemental course materials and to ensure policy compliance, including the professor's reimbursing the Chair of Excellence account $8,193.69 for costs the department incurred over five years for the course materials and no longer accepting direct payments, among others.

Accounting

A review was performed of procurement card purchases and processes in the accounting department after questionable purchases were identified during routine procurement card monitoring. The objectives were to determine if procurement card records were present, authentic, and accurate and if purchases were appropriate. Auditors found the departmental administrative assistant knowingly committed theft and falsified records, resulting in a loss of $3,747.74. Recommendations were made to strengthen controls over procurement card procedures, specifically regarding separation of duties, and to seek restitution of the loss. The assistant was terminated for gross misconduct in August 2016.

Center for Community Career Education

The review was performed in response to allegations received from a former employee in the Center for Community Career Education against a program director. The complainant alleged petty cash abuse, work time abuse, misappropriation of funds, and misuse of University resources. No evidence was found to support the allegations.

INVESTIGATIONS: MARTIN

Visual and Theatre Arts

Audit and Compliance was notified about a complaint from a parent who had leased a campus facility for a high school prom and was asked to review the incident and the leasing process. The parent alleged that a Visual and Theatre Arts employee who manages the facility required her to use his technical lighting services and pay him directly. The objectives of the review were to determine whether the allegations were true and whether any fraud, abuse, or conflict of interests existed. No indication of fraudulent conduct or abuse was found, but auditors noted non-compliance with the University's conflict of interests policy and one instance of the employee's requesting direct payment instead of through lease agreements and the University's payroll process. Recommendations include creating a service center for technical services to provide greater oversight and control of the function and creating a policy and procedures on using University vehicles for University-supported functions, among others.

Doing Our UTmost

Institutional Compliance played a key role in developing the methodology for administering the new UT Compliance Hotline system, launched in April 2016, and in training the campus/institute contact personnel. We will continue to promote an ethical culture through a marketing campaign for the hotline and the Code of Conduct.

FOLLOW-UP AUDITS

In 2016, the audit staff followed up on 42 audits and investigations to determine whether their recommended corrective actions had been implemented. (Appendix D is a complete list of departments and results.)

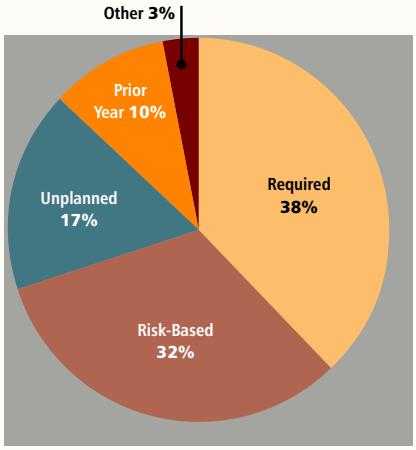
PLANS FOR 2017

As illustrated in "2017 Allocation of Effort," the internal audit team divides effort among the campuses and institutes to provide coverage throughout the UT System. After estimating time for staff meetings, continuing professional education, holidays, and annual leave, we determined our allocable chargeable time for the coming year to be approximately 18,000 hours.

2017 Allocation of Effort

Campus/Institute	Total
UT System	7,915
UT System Administration	470
UT Knoxville	3,850
UT Health Science Center	1,500
UT Chattanooga	2,135
UT Martin	1,030
UT Institute of Agriculture	1,100
Total Hours	**18,000**

2017 Allocation by Type



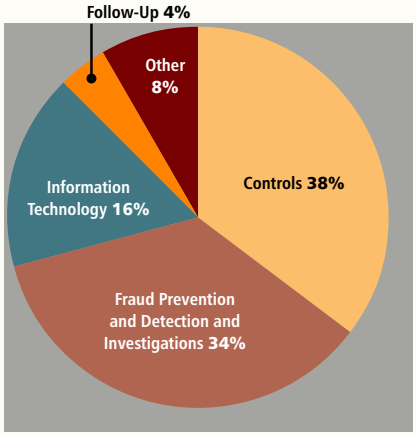
The "2017 Allocation by Type" chart provides additional information of our effort allocation. OAC has budgeted 38 percent of hours for required audits (required by statute, administrative policy, or based on an agreement with the Board or management), an increase of 7 percent from 2016 and about a 20 percent increase in the last five years. These increases result primarily from the addition of the IT security and assessment team and the required assessments our office performs. We also plan to conduct audits of four chancellors this year. Normally, we perform audits of only two chancellors, in addition to the president, on a rotating basis; however, by reviewing transactions early in a chancellor's tenure, we believe we can provide better assistance and assurance for new chancellors.

We have set aside 17 percent of our hours for unplanned work to allow time to conduct investigations and other special requests. Given the time devoted to required audits and the time needed for investigations, 32 percent of hours are available to conduct audits based on our annual assessment of risks.

OAC has three areas of focus for 2017 as illustrated in "2017 Areas of Focus." Consistent with last year's plan, the largest focus area is controls. We plan to devote 38 percent of hours to internal controls. These audits include departmental controls, as well as audits of effort reporting, contract payment monitoring, procurement processes, and procurement card monitoring, among others. Fraud prevention and detection audits and investigations account for 34 percent of our plan. This will include projects designed to prevent and detect fraud, as well as conducting investigations to review allegations of fraud, waste, and abuse. Finally, we plan to allocate 16 percent of hours to audits of information technology, including security reviews, HIPAA program management, phishing security controls, and Payment Card Industry program management.

2017 Areas of Focus

- Controls
- Fraud Prevention and Detection and Investigations
- Information Technology



OFFICE OF INSTITUTIONAL COMPLIANCE

GOALS AND OBJECTIVES

Our mission and objectives are primarily driven by the *Federal Sentencing Guidelines for Organizations*, which has established what constitutes due diligence for an organization to comply with regulations. As a division of the Office of Audit and Compliance, our goals focus on promoting an ethical culture throughout the University community and identifying and mitigating compliance risk.

The Institutional Compliance Work Plan for 2016

1. Promote an ethical culture by implementing a new anonymous hotline system.
2. Assist the UT Knoxville, UT Chattanooga, UT Martin, UT Health Science Center, and UT Institute of Agriculture institutional compliance committees in achieving their compliance goals for 2016.
3. Perform a compliance risk assessment at the UT Space Institute.

   (Because of the recent appointment of Dr. Mark Whorton as the new executive director of the UT Space Institute, the risk assessment will be delayed until 2017. The UT System Administration risk assessment was begun in its place.)

APRIL

- Broadcast email on new hotline
- Hotline postcards sent to employees

Hotline Postcard Front (top) and Back (bottom)

Hotline Poster

GOAL 1: PROMOTE AN ETHICAL CULTURE

Goals for 2016

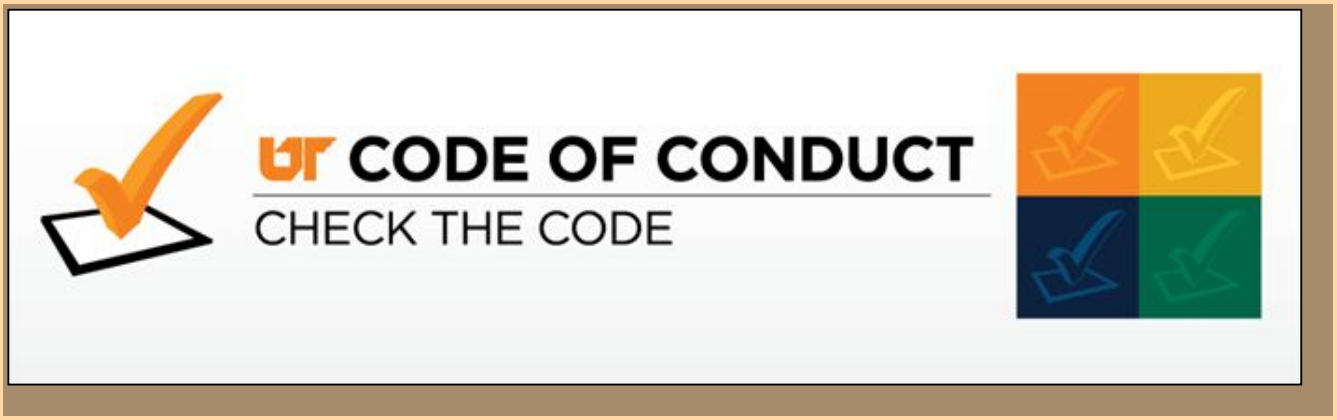
- Continue to review, develop, and refine the operating methodology of the new hotline system.
- In collaboration with the UT System Office of Communications and Marketing, coordinate communication of the new systemwide hotline system, the Code of Conduct, and other pertinent compliance and ethics issues.

Accomplishments for 2016

- Our office played a key role in developing the methodology for administering the new UT Compliance Hotline system and in training the various campus and institute contact personnel.
- The hotline was officially launched in April 2016, with a broadcast email from Ms. Sandy Jansen, executive director of the Office of Audit and Compliance, to the University System community.
- Also in April, all University employees received a hotline promotional postcard developed in collaboration with Communications and Marketing (see page 20).
- In August 2016, the Code of Conduct website, which provides related policies and training, was revised for easier navigation and readability.
- In September 2016, a broadcast email was sent to all University employees as the annual reminder of the Code of Conduct and encouraging employees to report concerns. September has been chosen as the month for the annual reminder because it follows the beginning of the new academic year.
- Also during September 2016, hotline posters were distributed and posted throughout the University System.
- In October 2016, both the Code of Conduct and the UT Compliance Hotline were promoted in the Human Resources newsletter *For Your Benefit*, which is mailed to all University employees.

10

AUGUST	SEPTEMBER	OCTOBER
• Revised Code of Conduct website to improve navigation and readability	• Hotline posters distributed across UT System • Broadcast email on Code of Conduct and hotline	• Code of Conduct and hotline reminder in Human Resources newsletter



GOAL 2: ASSIST THE CAMPUS/INSTITUTE INSTITUTIONAL COMPLIANCE COMMITTEES

The graphic below is ordered chronologically by the year the risk assessments occurred. The campuses and institutes are ordered by organizational significance.

TABLE 1: Campus Risk Assessment Progress

	Risk Assessment	Plan Development	Plan Implementation	Current Key Action Areas
UTSA 2016*	→			Complete risk assessments.
UTHSC 2016**	→			Complete risk assessments.
UTK 2015*	→	→		Address safety, equity and diversity, research, global training requirements, and enforcement.
UTC 2015	→	→		Address equity and diversity, safety, and global training requirements.
UTM 2014	→	→	→	Address equity and diversity issues and global training requirements.
UTIA 2013	→	→	→	Address research issues and global training requirements.

*This is the second risk assessment for these entities. The first was in 2010.
**UTHSC is performing a risk assessment independent of the UT System risk assessment process.

UT System Administration (UTSA)

Originally scheduled for 2017, the compliance risk assessment for UTSA began in November 2016 in place of the risk assessment at UT Space Institute (UTSI). Because of new executive management, the UTSI assessment was rescheduled for 2017.

UTSA 2016 Accomplishments

- UTSA Institutional Compliance Committee members and a committee chair were appointed.
- The committee held its first meeting and members accomplished the following:
  - » Received training on the responsibilities of the committee.
  - » Reviewed and approved a committee charter.
  - » Reviewed and determined the regulations applicable to UTSA.
  - » Reviewed and determined the assignment of regulations to UTSA compliance officers.
- The process is underway to train UTSA compliance officers on performing their risk assessments.

UT Knoxville (UTK)

UTK Areas of Focus for 2016

1. Complete the remaining risk assessments for 2015.
2. Review the risks identified in the 2015 risk assessment and identify key issues to be addressed.
3. Develop, approve, and implement plans of corrective action as appropriate.
4. Monitor the implementation of corrective action plans.

UTK 2016 Accomplishments

1. *Complete the remaining risk assessments for 2015.*
   The risk assessment has been completed.
2. *Review risks identified in the 2015 risk assessment and identify key issues to be addressed.*

   The UTK Institutional Compliance Committee has reviewed the completed risk assessments and grouped related risks into basic issues to be addressed, as follows (and in Table 1).

   (a) 112 risks where the compliance officers disclosed a significant risk with either violations or control weaknesses were consolidated into 51 basic issues to be addressed with plans of corrective action.

   (b) 134 risks where the compliance officers indicated low levels of controls for policy, training, or monitoring were consolidated into 97 basic issues to be addressed with either a plan of action or a justification for the low level of controls.

   The most significant areas of risk appear to be in safety, research (including human subjects and sponsored project accounting), and equity and diversity (including Title IX, Affirmative Action, and Civil Rights Act). Also, the need exists for enhanced training and awareness of compliance

TABLE 2: UTK Corrective Action Plans

		ACTION PLANS FOR SIGNIFICANT RISKS			PLANS/JUSTIFICATIONS FOR LOW CONTROLS		
Administrative Area	Applicable Regulatory Areas	Total Action Plans	Plans Submitted to Committee	Reviewed by Committee	Total Action Plans	Plans Submitted to Committee	Reviewed by Committee
Academic	33	3	3	2	16	15	0
Athletics	6	0	0	0	2	1	0
Chancellor	1	0	0	0	1	1	0
Communication	4	1	1	1	2	2	0
Dev. and Alumni	2	0	0	0	0	0	0
Equity and Diversity	11	6	5 *	4	4	2	0
Finance (includes Safety, IT)	155	23	23	21	47	32	0
Human Resources	10	2	2	1	3	1	0
Research	60	17	17	9	16	15	0
Student Life	16	0	0	0	5	3	0
Total	**298**	**52**	**51**	**38**	**96**	**72**	**0**

*Plan for Title IX is postponed until the president's independent commission issues report.

requirements and enhancing the infrastructure for centralized University policies. A more comprehensive summary of the risks will be provided once the compliance committee reviews the risks in light of the proposed corrective actions.

3. *Develop, approve, and implement plans of corrective action as appropriate.*

   Progress on the development of plans is illustrated in Table 2 above.

   To address the significant risks, compliance officers have developed 50 of 51 plans and submitted them to the compliance committee for review. The committee has reviewed 34 of the proposed plans and provided comments and recommendations to the officers. In addition, the committee identified the broader need for a stronger campuswide infrastructure to support mandatory compliance training, which includes the following elements.

   (a) Identify the specific compliance training that should be mandatory (including general guidance for department heads and regulation-specific training).

   (b) Develop procedures to identify who needs training and track attendance.

   (c) Provide technical support for developing the training.

   (d) Implement a more defined procedure to address significant or repeated instances of noncompliance (for both training and other compliance issues).

   To address the low levels of controls, compliance officers have developed 74 of 97 plans and submitted them to the committee. The committee will review these plans after those addressing significant risks.

4. *Monitor the implementation of corrective action plans.*

   The committee members will begin monitoring the completion of plans after they have reviewed the plans.

UT Health Science Center (UTHSC)

UTHSC Areas of Focus for 2016

1. Complete a new compliance risk assessment for 2016. The first UTHSC risk assessment was conducted through the UT System compliance office beginning in late 2011.
2. Work with appropriate offices to implement work plans/ corrective actions for identified risks.
3. Complete the implementation process for the policy management system.
4. Review UTHSC compliance issues identified as a result of items reported through the UT hotline.
5. Review and approve all compliance training modules (including HIPAA).

UTHSC 2016 Accomplishments

1. *Complete a new compliance risk assessment for 2016. The first UTHSC risk assessment was conducted through the UT System compliance office beginning in late 2011.*

   Since the last reporting period, the UTHSC Institutional Compliance Office has started working on a new risk assessment. The initial step of the assessment required UTHSC to identify how to categorize the risk areas. Risks will be categorized by each vice chancellor area and college. The colleges were not included in the 2011 risk assessment. UTHSC is determining which subject matter experts will

analyze the risks for each area/college. The experts have been named for most areas/colleges, but it is still a work in progress. The experts will complete the risk survey listing and analyzing risks in their area. After the surveys are completed, the new data will be combined with some of the remaining risks from the 2011 risk assessment to create the baseline for the new assessment. (See Table 3.)

2. *Work with appropriate offices to implement work plans/ corrective actions for identified risks.*

   Since the last reporting period, UTHSC has continued to track the progress of identified high-risk areas. The remaining plans in progress are pending the availability of resources, major policy changes, or computer software updates. The following table illustrates the statistics related to the UTHSC risk assessment.

3. *Complete the implementation process for the policy management system.*

   Policy Manager has been implemented and rolled out to the campus.

4. *Review UTHSC compliance issues identified as a result of items reported through the UT hotline.*

   To date, no issues have been reported through the UT hotline for UTHSC.

5. Review and approve all compliance training modules (including HIPAA).

   The UTHSC Institutional Compliance Committee has reviewed and approved two campuswide training programs: 2016 IT Security Training and 2016 HIPAA Privacy Training.

UT Chattanooga (UTC)

UTC Areas of Focus for 2016

1. Complete the remaining risk assessments for 2015.
2. Review the risks identified in the 2015 risk assessment and identify key issues to be addressed.
3. Develop, approve, and implement plans of corrective action as appropriate.
4. Monitor the implementation of corrective action plans.

UTC 2016 Accomplishments

1. *Complete the remaining risk assessments for 2015.*

   The risk assessment has been completed.

2. *Review risks identified in the risk assessment and identify compliance issues to be addressed.*

   The UTC Institutional Compliance Committee identified and consolidated the significant risks into 45 basic issues to be addressed with plans of corrective action. At this point, the most significant risks appear to be in equity and diversity (including Title IX, Affirmative Action, Americans with Disabilities Act, and Civil Rights Act), safety, and compliance training in general.

3. *Develop, approve, and implement plans of corrective action as appropriate.*

   Compliance officers are developing plans of corrective action for significant issues identified by the compliance committee. Forty-one of 45 preliminary proposed plans were submitted to the committee for review and comments. Once reviewed, the plans will be approved through the normal chain of command for the responsible area. Progress on the development of plans is illustrated in Table 4.

   In addition to making specific comments and recommendations to the individual corrective action plans, the compliance committee has begun developing some broader conclusions on compliance at UTC, including the following.

- Training is a central issue that may be explicitly required by law or necessary for compliance. Because of time and money limitations, the campus should undertake a comprehensive review of training requirements so that training can be addressed in a coordinated fashion.
- To make training effective, there must be adequate training

TABLE 3: UTHSC Corrective Action Plans

Administrative Area	Applicable Regulatory Areas*	Significant Risks	Plans of Action	Action Plans Completed	Action Plans in Progress
Academic, Faculty, and Student Affairs	40	11	8	8	0
Facilities Administration	27	20	4	4	0
Finance and Operations	76	18	7	7	0
IRB	9	3	2	1	1
IT	15	7	4	0	4
Lab Animal Care Unit	3	2	1	1	0
Medicine (Research)	14	13	8	5	3
Safety Affairs	46	49	21	0	21
Student Health Services	3	1	1	1	0
Total	**233**	**124**	**56**	**27**	**29**

*This does not include regulatory areas managed by UT System Administration.

TABLE 4: UTC Corrective Action Plans

Administrative Area	Applicable Regulatory Areas	Total Action Plans for Significant Risks	Plans Submitted to Committee	Plans Reviewed by Committee
Academic (includes Research)	86	19	19	19
Athletics	5	1	1	1
Chancellor (includes Title IX)	11	8	8	5
Communications and Marketing	5	0	0	0
Development and Alumni	2	0	0	0
Finance, Operations, and IT (includes HR, Equity and Diversity)	189	17	13	13
Student Life	10	0	0	0
Total	**308**	**45**	**41**	**38**

support. This support would provide assistance for content design and instructor methodology.

- Consequences must exist for not participating in required training. One possibility is to tie required training and other compliance requirements to employee evaluations.

4. *Monitor the implementation of corrective action plans.*

   The campus committee members will begin monitoring the completion of plans once they have reviewed the plans.

UT Martin (UTM)

UTM Areas of Focus for 2016

- Continue implementing plans developed from the 2014 risk assessment and revise as necessary.

UTM 2016 Accomplishments

From the 2014 compliance risk assessment, the UTM compliance committee identified the significant risks to be addressed with plans of corrective action. The committee consolidated similar risks into 20 basic plans. Eleven plans have been completed, and the remaining 9 may require additional funding. The committee is working with compliance officers to develop alternate plans that will not require additional funding.

The plans implemented during 2016 include the following.

- The Office of Environmental Health and Safety conducts assessments on the use of personal protective equipment and provides appropriate training. Physical Plant Operations documents and tracks the training.
- The Office of Purchasing includes language in bid documents with the requirement to use small/disadvantaged business vendors for contracts under Federal Acquisition Regulations (FAR).
- The systemwide compliance hotline allows anonymous reporting of contractors who do not abide by whistleblower regulations even though the requirement may be in their subcontract.

Some of the more significant plans still to be implemented include the following.

- The Office of Research, Grants, and Contracts, along with the Division of Finance and Administration, plans to train all

TABLE 5: UTM Corrective Action Plans

Administrative Area	Applicable Regulatory Areas*	Compliance Officers*	Action Plans for Significant Risks	Completed Action Plans for Significant Risks
Academic Affairs	87	12	5	3
Athletics	6	2	1	1
Enrollment Services	14	2	1	1
Equity and Diversity	11	1	3	3
Finance and Administration	149	13	4	3
Information Technology Services	12	1	4	1
Student Affairs	15	6	2	2
University Advancement	2	1	0	0
University Relations	1	1	0	0
Total	**297**	**39**	**20**	**14**

*Does not include regulatory areas managed by UT System Administration or UT Knoxville compliance officers.

principal investigators and departmental staff and to improve monitoring and enforcement of training.

- Information Technology Services plans to train users via the SANS *Securing the Human* training materials and to develop policies and procedures.

A summary of regulatory areas, compliance officers, and plans is provided in Table 5.

UT Institute of Agriculture (UTIA)

UTIA Areas of Focus for 2016

- Continue implementing plans developed from the 2013 risk assessment and revise as necessary.

UTIA 2016 Accomplishments

From the 2013 compliance risk assessment, the compliance committee identified the significant risks to be addressed with plans of corrective action. The committee consolidated similar risks into 21 basic plans. Eight plans have been completed, and the remaining 13 may require additional funding and effort. The search for a new UTIA safety officer and support staff has delayed implementation of the environmental health and safety plans.

The plans implemented during 2016 include the following.

- The UTIA Conflict of Interests Committee oversaw the completion of the Outside Interests Disclosure form by faculty and staff and appropriate routing of the form.
- Information Technology Services finished implementing controls over computers and software.

In 2016, the compliance committee met and divided the outstanding plans among members. The committee members are working to obtain status reports for each plan not yet completed. Some of the more significant plans still to be implemented include the following.

- Office of Sponsored Programs plans to train all applicable faculty, staff, and students to improve centralized monitoring of standardized practices, automate email notifications for effort spent on federal projects, and improve monitoring and enforcement of timely effort certification.
- Extension Equity and Diversity plans to continue and improve training of supervisors and constituency groups on applying Title IX and Title VII in the workplace, promote the involvement of UT Extension's equal employment opportunity counselors across the state, and improve monitoring of time and leave entries.
- UTIA Safety Office plans to improve safety training, provide adequate inspections, develop programs/procedures/policies, and address facility safety issues.
- Information Technology Services plans to develop and implement an effective business continuity and disaster recovery program and complete registration and classification of all machines, including a complete and accurate inventory.

Table 6 shows the number of UTIA compliance officers by administrative unit.

TABLE 6: UTIA Compliance Officers

Administrative Area	Compliance Officers
College of Agricultural Sciences and Natural Resources	1
AgResearch	18
UT Extension	9
College of Veterinary Medicine	10
UTIA Administration	2
Total	**42**

Each UTIA unit has a different organizational structure, and some compliance officers are responsible for more than one unit. For simplicity, regulation areas have been organized by topic rather than responsible area, as noted in the summary in Table 7.

TABLE 7: UTIA Corrective Action Plans

Regulatory Area	Applicable Regulatory Areas*	Action Plans for Significant Risks	Completed Action Plans
Academic	4	1	1
Communications	2	1	1
Employee	32	2	1
Environmental**	5	0	0
Facilities	44	0	0
Federal Reporting	4	0	0
Gifts	3	0	0
Healthcare	2	0	0
Legal	7	2	2
Privacy	9	2	0
Procurement	5	1	0
Research	97	8	4
Safety/Health	65	2	0
Student	12	2	1
Tax	18	0	0
Transportation	5	0	0
Total	**314**	**21**	**10**

*Does not include regulatory areas managed by UT System Administration or UT Knoxville compliance officers.

**Plans to address environmental risks are included under the health and safety plan.

GOAL 3: PERFORM A COMPLIANCE RISK ASSESSMENT AT UT SPACE INSTITUTE

Because of the recent appointment of Dr. Mark Whorton as the new executive director of the UT Space Institute, the risk assessment will be delayed until 2017. As noted above, the UT System Administration risk assessment was begun instead.

INSTITUTIONAL COMPLIANCE WORK PLAN FOR 2017

1. Promote an ethical culture through a long-term promotional campaign for the Code of Conduct and the UT Compliance Hotline.
2. Promote an ethical culture by facilitating a systemwide roundtable discussion among campus/institute compliance committee chairs on the topics of enforcement and training.
3. Establish compliance committees at the UT Space Institute and UT Institute for Public Service and begin the process of compliance risk assessments.
4. Participate on the UTHSC Institutional Compliance Committee, which will perform a risk assessment independent of the UT System risk assessment process.
5. Assist the UT Knoxville, UT Chattanooga, UT Martin, UT Institute of Agriculture, and UT System Administration institutional compliance committees in achieving their compliance goals for 2017. The campus/institute compliance goals are given below.

UT System Administration

- Train UTSA compliance officers on the risk assessment and general compliance information.
- Complete the UTSA compliance risk assessment.
- Review the risks identified in the risks assessment and determine the key issues to be addressed with plans of corrective action as needed.
- Begin the process to develop, review, and implement plans of corrective action where needed.

UT Knoxville

- Complete the review and finalization of proposed plans of corrective action from the 2015 risk assessment.
- Monitor the implementation of approved plans of corrective action.

UT Health Science Center

- Continue to work on a new compliance risk assessment. This process will include combining some of the remaining risks from the 2011 assessment to create a baseline for the new risk assessment.
- Work with appropriate offices to implement work plans/ corrective actions for identified risks.
- Review UTHSC compliance issues identified as a result of items reported through the UT hotline.
- Review and approve all compliance training modules.

UT Chattanooga

- Complete the review and finalization of plans of corrective action from the 2015 risk assessment.
- Monitor the implementation of approved plans of corrective action.

UT Martin

- Monitor the implementation of corrective action plans.

UT Institute of Agriculture

- Monitor the implementation of corrective action plans.

QUALITY ASSURANCE AND IMPROVEMENT PROGRAM

OAC maintains a robust quality assurance program focused on continuous monitoring and improving both internal processes and service to clients. Highlights for 2016 are provided below.

QUALITY ASSURANCE REVIEW RECOMMENDATIONS

As required by The Institute of Internal Auditors' (IIA) *International Standards for the Professional Practice of Internal Auditing*, OAC requested an external team of audit directors to perform a quality assurance review to determine compliance with the *Standards* and identify opportunities for improvement in its management and work processes.

In 2016, OAC took the following actions to comply with the recommendations of the external quality assurance review:

- Presented the OAC budget to the Audit and Compliance Committee (and will do so annually).
- Revised the process for the performance evaluation of the OAC executive director so that it is now conducted by the Audit and Compliance Committee chair (rather than the chief financial officer).
- Revised the process for conducting follow-up audits and tracking the results (see below for information on the implementation of Issue Track).

STRATEGIC PLAN

OAC continued work toward achieving the goals established in the strategic plan developed in 2014. In 2016, the focus areas included ensuring internal efficiency and effectiveness, fostering the professional development of team members, and expanding the use of data analytics.

Ensure Efficiency and Effectiveness

- The OAC Process Redesign team evaluated the office's processes, with an emphasis on the use of Thomson Reuters' AutoAudit (AA) software. AA is currently used by the department to organize and store workpapers, document their review and approval, monitor budgeted audit hours, and record staff effort toward projects. The team evaluated audit software packages to determine whether to upgrade our current version of AA or move to another software. As a result of the team's research, we upgraded our current version of AA from 5.7 to 6.2.1, providing the opportunity to utilize new features of the software, including Standard Formats and Issue Track.
  - » Standard Formats (templates) for workpapers containing all required elements for each type of workpaper were created and posted in AA. These templates will provide more consistency for workpapers and make the process of documenting audits more efficient.
  - » Issue Track is a web-based module that will enable the department to better track clients' plans to address audit findings and recommendations, as well as improve reporting to senior management and the Audit and Compliance Committee on which issues have been rectified and which are outstanding. An implementation plan, documentation, and training were developed in 2016. Issue Track will be deployed in 2017.

  During its review of OAC's processes, the Process Redesign team also identified opportunities to streamline the workpaper documentation process. The following changes were made to OAC's workpaper guidelines: combining the enterprise- and engagement-level risk assessment into one workpaper, clarifying audit program steps and using Standard Formats, changing the program and details tabs to eliminate certain attachments, and revising the way issues (potential audit findings) are documented and organized to accommodate the new Issue Track process.
- During the annual OAC leadership retreat, the leadership team revised its list of key performance measures. While key measures such as client feedback after audits and the percentage of completion of current and previous-year audit plans will continue to be used, the cycle time for the phases of report writing will no longer be measured after staff indicated it lacked usefulness. Measures will be further refined in 2017.

Foster the Professional Development of Team Members

- In 2016, new performance review forms were developed for the Auditor I, II, and III and Senior Auditor positions. These forms better align with the job descriptions that were revised in 2015. The new forms also contain weightings of the evaluation items to better reflect performance expectations.
- The office continued using a comprehensive training plan so that staff may work with supervisors to plan training for the year with the goal of ensuring both personal and professional development and office needs are met.
- OAC conducted two in-house training sessions to promote the professional development of the staff. The first, held on the UT Chattanooga campus in the spring, included sessions on ethics, investigations, and data analytics. The second, held in Knoxville in December, focused on the new method for following up on past audits and organizing workpapers. OAC also sponsored a series of summer Lunch & Learn sessions that were available to staff statewide and included topics such as flowcharting, using Microsoft Office 365 to collaborate on

documents, and improving writing skills. While some sessions were presented by guest speakers, OAC staff developed and presented many of the sessions. The executive director also organized periodic sessions for the senior auditors and their supervisors that included topics related to audit management and the applicability of the book, *People-Centric Skills*.

Expand Use of Data Analytics to Focus Audits on High-Risk Areas

- The Data Analytics team developed the Transaction Library, which contains information on many data sources in a user-friendly database. OAC staff may add information to the library about a transaction, query, or software that is later searchable by other users. This resource allows staff to quickly find helpful information for any system or transaction being used. The library was launched in February 2016, with several updates throughout the year.
- The Data Analytics team also evaluated data analysis software products through a competitive purchasing process. The product selected was IDEA. The software will be acquired in early 2017, and the company will provide onsite training.
- Again this year, we performed a fraud analysis on UTK's procurement card usage to establish criteria for procurement card purchase trends that can be used to continuously monitor cardholders' usage to detect fraud and abuse.

SHAREPOINT

The SharePoint team reorganized and revised the OAC SharePoint site. SharePoint is an organizational intranet tool that provides a streamlined, user-friendly resource of information for the department. The site allows our staff to collaborate on projects, share ideas and resources, and manage documents and files. The team examined each section on the site, deleted unnecessary information, and reorganized the site more logically. The new SharePoint site was launched in November, and the team will continue to improve it based on staff feedback.

OAC POLICIES AND PROCEDURES

This year, OAC Policies and Procedures were updated to reflect changing departmental processes and University policy revisions. Updates were made to sections on investigations, client communications, effort reporting, files and retention, and general office policies. Significant updates include new responsibilities in conducting investigations and interviews, projected completion date for management action plans, new effort reporting coding, and new records retention requirements. The plan is to update the documents annually for the continued education and development of staff.

CLIENT FEEDBACK

One of OAC's key performance measures is client feedback. The survey used to collect feedback asks clients to rate how strongly they agree or disagree with statements about the auditor's performance and the audit itself. Like last year, this year's results were positive, ranging from 3.40 to 3.61 on a 4.0 scale.

In 2016, the electronic survey process was updated to include automatic responses sent to auditors whenever a client completes a survey related to one of their audits. Also, reminders to clients who have not completed a survey within two weeks of the request are now sent automatically. Consequently, the response rate for the survey increased significantly, from 25 and 27 percent in 2014 and 2015, respectively, to 70 percent in 2016. Results for 2016 are noted below.

Client Feedback Survey Results For 2016

#	Statement	Results
1	The objectives of the audit were clearly explained in advance.	3.47
2	The auditor(s) provided information, advice, and assistance as requested.	3.52
3	The findings and recommendations were adequately discussed with you before the end of the audit.	3.61
4	The recommendations in the audit report will help improve your operations.	3.47
5	The auditor(s) established good rapport and relationships with you and your staff.	3.55
6	The auditor educated you and/or your staff on policy, regulations, or best practices.	3.40
7	The auditor communicated with you regarding the progress of the audit.	3.40
8	The audit was beneficial to your department/organization.	3.45

AUDIT-RELATED PROJECTS

OAC staff also worked on other audit-related projects and enhancements designed to educate the University community, improve accountability, and improve office efficiency.

NAVIGATIONAL TOOLS: FISCAL GUIDELINES FOR THE PRESIDENT AND SENIOR-LEVEL STAFF

This guidebook was updated and redesigned in 2016. Its purpose is to help UT administrators fulfill the responsibilities of their positions and use their fringe benefits wisely. The guide was revised to accommodate the new UT administrators coming onboard in 2017. Revisions addressed policy and procedural changes (purchasing, housing) and minor clarifications. The Office of Communications and Marketing redesigned the guide.

SUSPECT FRAUD? VOLUNTEER YOUR INFORMATION

The brochure on reporting and preventing fraud in University departments was updated and redesigned this year. Revisions included new reporting options for suspected fraud, waste, and abuse; the Compliance Hotline and UT Code of Conduct; and updated websites/URLs. Communications and Marketing redesigned the brochure, which Human Resources will distribute to new employees during orientation.

SERVICE, TRAINING, AND OTHER ACTIVITIES

At the request of management, some OAC staff members served on University committees; provided training on internal controls, procurement cards, and other areas; and participated in office-related and professional development activities.

UT AND DEPARTMENTAL COMMITTEES

Judy Burns

Human Resources Policy Advisory Group (June 2010 to present). The purpose is to advise the Human Resources officers of changes needed in University HR policies. The systemwide group reviews existing policies to ensure that all needed information is included, the policies are clear and understandable, and they apply to all campuses and institutes. The group may also suggest new policies.

Leigh Cheek

Facilitator and representative of UT System Administration for the UT Institute of Agriculture Institutional Compliance Committee (April 2013 to present) and **UT Martin Institutional Compliance Committee** (May 2013 to present). The purpose of each committee is to interpret the results of the compliance risk assessment the institutional compliance office performs for the campus and to establish priorities and appropriate plans of corrective action.

John Fox

Conflicts of Interest Review Committee (August 2008 to present). The purpose is to review outside financial interests disclosed by faculty and staff at UT Knoxville to determine if the interests create a potential conflict between the employees' personal and University responsibilities. The committee chair further investigates potential conflicts identified by the committee.

Fiscal Policy Review and Reform Committee (January 2016 to present). This group, composed of administrators from all UT campuses and institutes, meets monthly to discuss opportunities to clarify and revise UT fiscal policy. The committee's primary goal is to contribute to accomplishing goal #5 of the UT Strategic Plan by ensuring campuses and institutes have clear guidance related to fiscal processes and controls. Serves as the interim chair.

Janna Hixson

Conflicts of Interest Review Committee (August 2014 to present). The purpose is to review

Doing Our UTmost

The office continued to conduct monthly procurement card monitoring, departmental audits focusing on business process controls across all campuses, and audits of bank account records and receipting and expenditure of funds at the Agriculture Extension locations.

outside financial interests disclosed by faculty and staff at UT Chattanooga to determine if the interests create a potential conflict between the employees' personal and University responsibilities. The committee makes recommendations to the campus chief business officer to ensure the campus is in compliance with University policies and state statutes.

James Hodge

Fiscal Policy Review and Reform Committee (September 2014 to present). This group, composed of administrators from all UT campuses and institutes, meets monthly to discuss opportunities to clarify and revise UT fiscal policy. The committee's primary goal is to contribute to accomplishing goal #5 of the UT Strategic Plan by ensuring that campuses and institutes have clear guidance related to fiscal processes and controls.

Sandy Jansen

Benefits Advisory Board (March 2012 to present). This group, composed of administrators from all UT campuses and institutes, meets quarterly to discuss issues involving all types of employee benefits, such as leave, insurance, retirement, and tuition waivers.

Executive Compliance Committee (March 2011 to present). This group provides vision for the institutional compliance program and oversees the UT campuses' compliance risk assessments and corrective actions.

IRIS Steering Committee (January 2013 to present). This group provides oversight and input on IRIS (the University's financial and human resources system) priorities.

Bill Moles

Represents UT System Administration on the UT Knoxville Campus Compliance Committee (October 2011 to present), **UT Health Science Center Campus Compliance Committee** (September 2012 to present), **UT Chattanooga Compliance Committee** (July 2015 to present), and **UT System Administration Compliance Committee** (October 2016 to present). The purpose is to interpret the results of the compliance risk assessment performed by the institutional compliance office for each campus and to establish priorities and plans of corrective action.

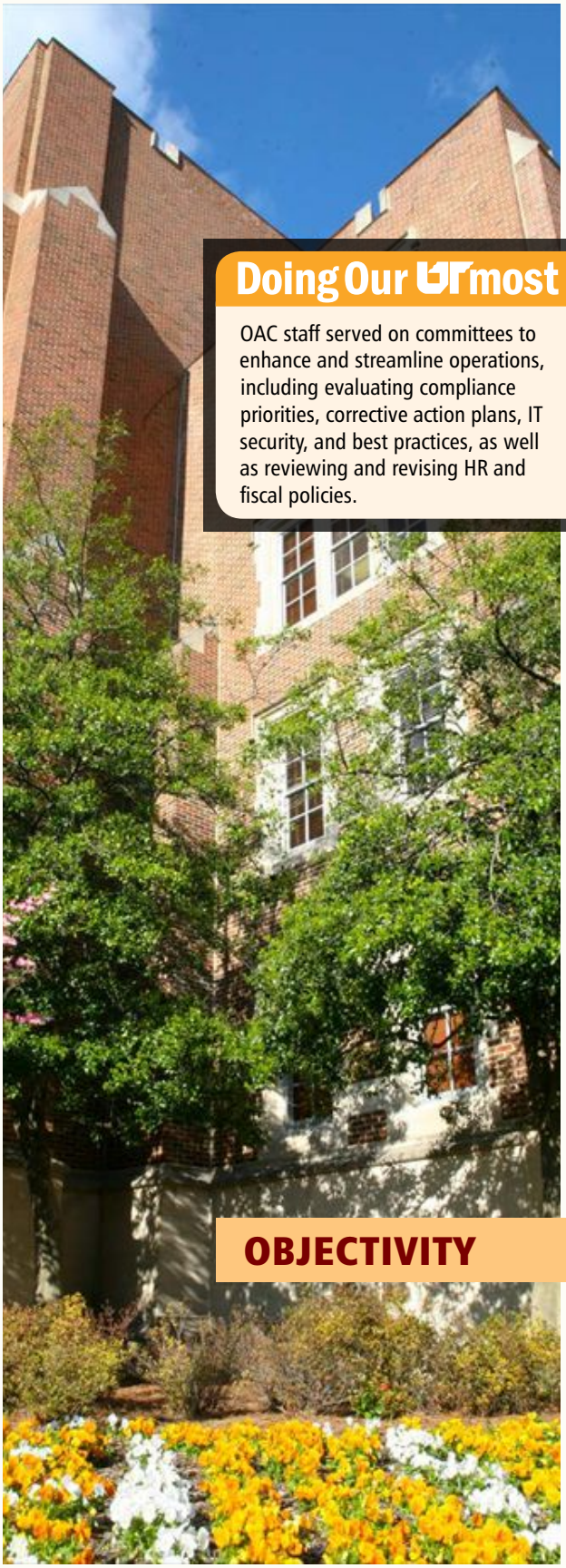
UT System Executive Compliance Committee (December 2013 to present). This committee has general oversight of the institutional compliance function for the University. It provides vision and direction to the institutional compliance program and provides guidance on allocating resources and determining acceptable levels of risk as issues arise.

Jim Purcell

IT Security Community of Practice (July 2012 to present). The Security CoP provides input to the Statewide IT Committee on priorities related to the University's IT security strategy. The Security CoP ensures that the committee has necessary information on security priorities, best practices, and standards to make decisions concerning IT priorities and investments, IT applications, overall policies and standards, and common data and business processes.

Amy Wilegus

Conflicts of Interest Review Committee (July 2016 to present). The purpose is to review outside financial interests



Doing Our UTmost

OAC staff served on committees to enhance and streamline operations, including evaluating compliance priorities, corrective action plans, IT security, and best practices, as well as reviewing and revising HR and fiscal policies.

10

OBJECTIVITY

disclosed by faculty and staff at UT Martin to determine if the interests create a potential conflict between the employees' personal and University responsibilities. The committee chair further investigates potential conflicts identified by the committee.

Many staff also served on internal committees to develop or update procedures and training materials, such as departmental policies and procedures, risk assessment process, and the annual OAC meeting, among other efforts to increase the department's efficiency and effectiveness.

TRAINING PROVIDED WITHIN AND OUTSIDE THE UNIVERSITY

Judy Burns presented a session on conducting fraud investigations at the April 2016 Annual Audit and Compliance Meeting, a gathering of all OAC staff held to promote professional development and teamwork.

She also developed and facilitated a day-long session for the vice president for academic affairs and student success's staff retreat in February. The session focused on individuals identifying and understanding their communication style preferences with a goal of improving communications with persons of different styles.

In June, Judy developed and presented a session on understanding leadership styles for a statewide meeting of Student Government Association leaders from all UT campuses. The group included both student representatives and staff from the student life divisions. She also moderated a panel discussion at the UT Conference for Women in Leadership. Titled, "Developing Ourselves and Others as Leaders at UT," the panelists included two college deans, an institute chief business officer, and a dean of students.

Leigh Cheek provides ongoing training to campus compliance officers on general compliance topics, as well as instructions for completing the compliance risk assessment, and training to new campus compliance committee members on their committee responsibilities.

Leigh conducted application training for UT Compliance Hotline coordinators on using NAVEX's EthicsPoint software. Also, she presented to the Association of Government Accountants on the University's compliance program and compliance officer training.

Sherry Davis taught classes on general ledgers through the IRIS department. The class includes an overview of the reconciliation process and emphasizes the role this process plays in protecting University assets.

James Hodge taught classes on internal controls and UT procurement cards through IRIS. The internal controls course is designed to assist administrators, faculty, and staff to effectively discharge their responsibilities by understanding and applying internal control concepts. The procurement card class introduces the concepts, policies, and responsibilities of procurement card management, including reconciling monthly statements.

Sandy Jansen developed and presented a three-day seminar, "Essential Skills for Internal Auditors," with two other chief audit executives (CAE) in higher education for the Association of College and University Auditors (ACUA). The seminar was designed to provide tools and techniques needed to be successful in today's internal audit profession. She also co-presented a webinar for ACUA on construction auditing in higher education.

Additionally, Sandy partnered with Auburn University's CAE to establish an annual Southeastern Conference (SEC) chief audit executive meeting and collaborative group. All SEC chief audit executives, except one, were able to attend, and they collaborated on best practices, enterprise risk management, and audit committee support, as well as compliance-related topics. The group plans to meet again in 2017. She also conducted a seminar for the Fort Worth Chapter of The IIA on leading audit projects. Locally, she worked with The IIA's East Tennessee Chapter to facilitate a CAE roundtable. The roundtable provides a unique and valuable opportunity for CAEs to discuss common concerns and challenges, share lessons learned, and brainstorm with peers on solutions and best practices.

Bill Moles provides ongoing training to campus compliance officers on general compliance topics, as well as instructions for completing the compliance risk assessment. He also provides training to new campus compliance committee members on their committee responsibilities.

Linda Parsons presented "Conciseness and Other Words to the Wise" as an OAC Lunch & Learn program in September. The presentation included exercises on conciseness, using examples from reports, with attention to punctuation, capitalization, and the style used by the office. The goal was for staff to continue to improve their professional writing; consider their readers, especially in recognizing wordiness and choosing strong, direct verbs and sentence construction in their reports; and better recognize punctuation and grammar errors and conform to the office style.

Linda also presented "Grammar Zombies and Trimming the Fat" for The IIA—East Tennessee Chapter's September program. Topics included passive/active voice, correct use of commas and semicolons, and conciseness, with exercises addressing each topic. The goal was to help participants make their writing more polished and professional and to clarify meaning for readers. Similarly, reducing wordiness and choosing strong, direct language further enhances readers' understanding.

Jim Purcell presented "Critical Security Controls: Planning, Implementing, and Auditing!" at the September 2016 meeting of the Infragard East Tennessee Alliance. The presentation addressed steps and techniques for implementing the most critical IT security controls. He also taught a two-day class, "A Practical Introduction to Cyber Security Risk Management," for the SANS Institute in New York City in July 2016. The training covered practical skills necessary to perform regular risk assessments for organizations.

Amy Wilegus presented a session on data analytics at the April 2016 Annual Audit and Compliance Meeting, a gathering of all OAC staff held to promote professional development and teamwork. She also developed and co-presented "Flowcharting" with **John Fox** as an OAC Lunch & Learn program in August. The presentation included benefits of flowcharting, examples of different types of flowcharts, and a walkthrough tutorial.

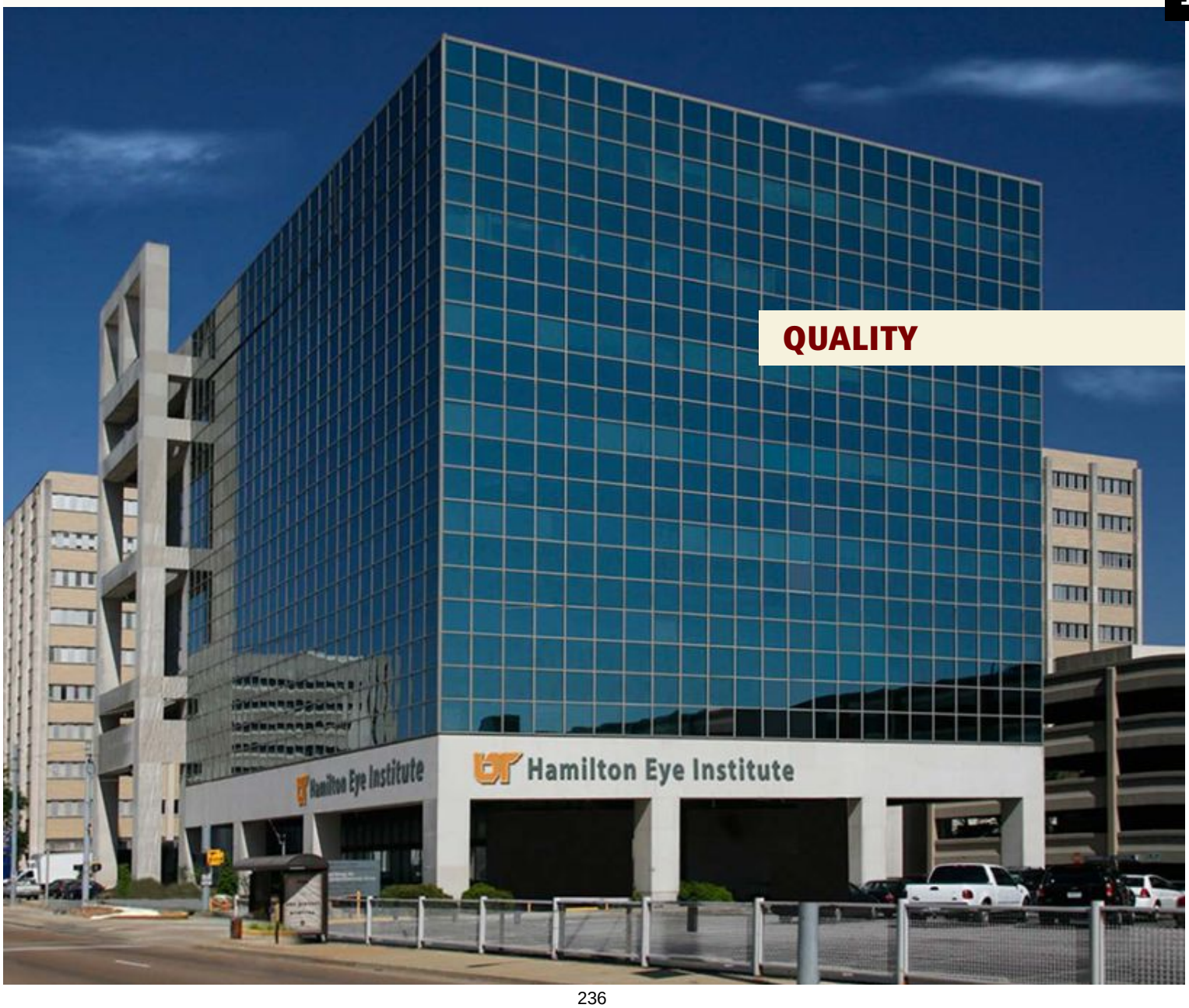
In December, Amy coordinated the day-long 2016 mid-year Audit and Compliance training meeting. She developed and presented the risk assessment methodology and walked through related exercises, in addition to developing and co-presenting updated audit procedures with **John Fox**.

Amy also participated in two regional Chief Audit Executive roundtables with her peers hosted by The IIA and the Association of Heathcare Internal Auditors. She contributed to discussions involving data breach costs, current auditing hot topics, cybersecurity, third-party risks, healthcare auditing, conflicts of interest, and enterprise risk management.

Jessie Williams presented the Student Night program for The IIA's East Tennessee Chapter. She discussed her career path from student to auditor and the importance of the internal audit profession, specifically the mission and values of OAC.

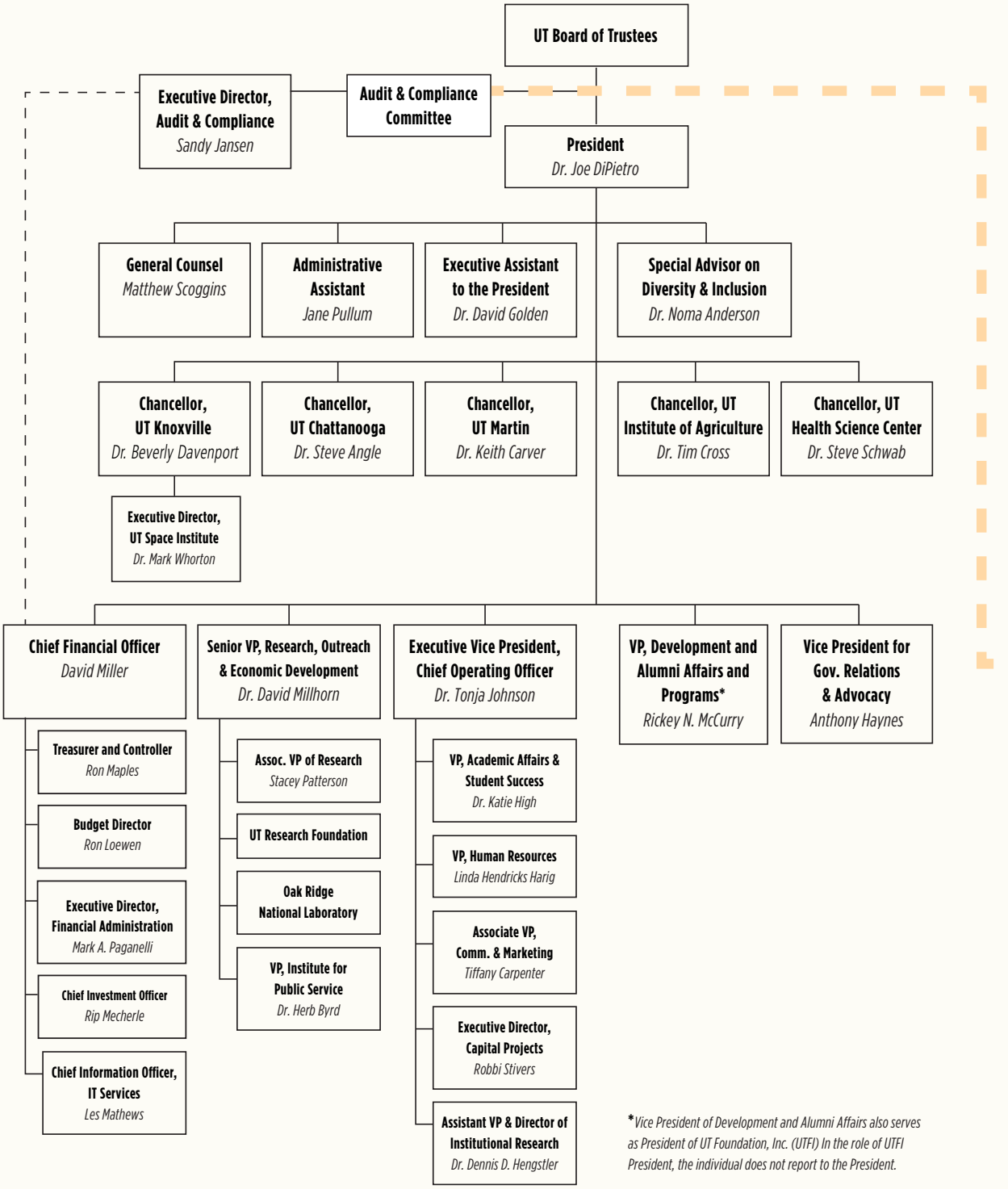
TRAINING OBTAINED WITHIN AND OUTSIDE THE UNIVERSITY

To expand their knowledge and obtain the required continuing professional education credits (CPE), departmental staff attended training in diverse areas such as data analytics, white collar crimes, cloud forensics, cybersecurity, University security awareness, Qualtrics survey software, writing better reports, and leadership styles. The OAC staff obtained 1,490 CPEs in 2016.



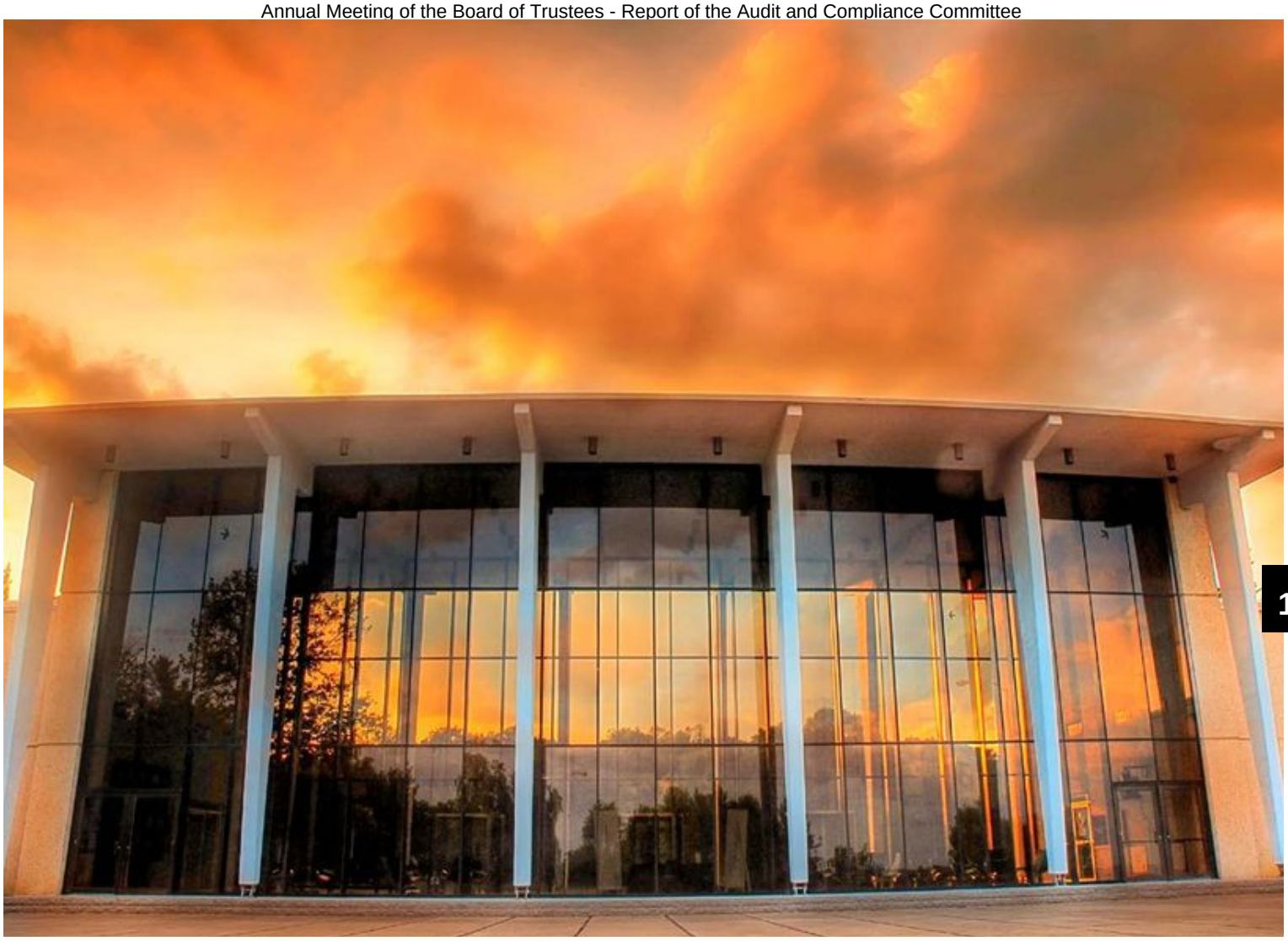
APPENDIX A: 2017 ORGANIZATION OF THE UNIVERSITY OF TENNESSEE

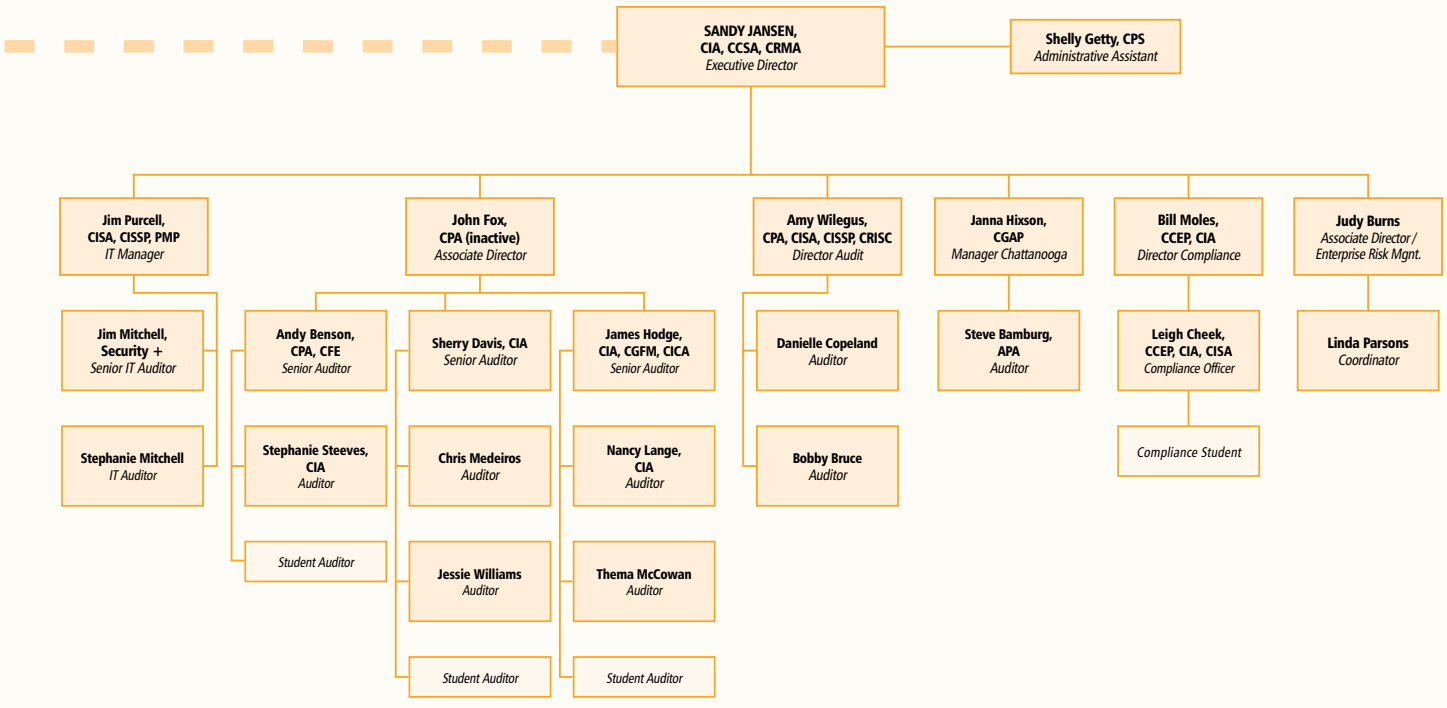
THE UNIVERSITY OF TENNESSEE



*Vice President of Development and Alumni Affairs also serves as President of UT Foundation, Inc. (UTFI) In the role of UTFI President, the individual does not report to the President.

10




SANDY JANSEN, CIA, CCSA, CRMA
Executive Director
Shelly Getty, CPS
Administrative Assistant
Jim Purcell, CISA, CISSP, PMP
IT Manager
John Fox, CPA (inactive)
Associate Director
Amy Wilegus, CPA, CISA, CISSP, CRISC
Director Audit
Janna Hixson, CGAP
Manager Chattanooga
Bill Moles, CCEP, CIA
Director Compliance
Judy Burns
Associate Director / Enterprise Risk Mgnt.
Jim Mitchell, Security +
Senior IT Auditor
Andy Benson, CPA, CFE
Senior Auditor
Sherry Davis, CIA
Senior Auditor
James Hodge, CIA, CGFM, CICA
Senior Auditor
Danielle Copeland
Auditor
Steve Bamburg, APA
Auditor
Leigh Cheek, CCEP, CIA, CISA
Compliance Officer
Linda Parsons
Coordinator
Stephanie Mitchell
IT Auditor
Stephanie Steeves, CIA
Auditor
Chris Medeiros
Auditor
Nancy Lange, CIA
Auditor
Bobby Bruce
Auditor
Compliance Student
Student Auditor
Jessie Williams
Auditor
Thema McCowan
Auditor
Student Auditor
Student Auditor

APPENDIX B: INTERNAL AUDIT CHARTER

PURPOSE AND SCOPE

Internal auditing at the University of Tennessee is an independent appraisal activity established to examine and evaluate the activities of the University as a service to management and the Board of Trustees. The Office of Audit and Compliance helps the University achieve its mission by providing objective and independent evaluations to reduce risk and improve operations. Internal audit is one of two functions in the office, the other being compliance. Internal auditors assist management in effectively carrying out their duties and responsibilities by examining financial and operational internal control systems, including administrative information systems, to evaluate the extent that:

- Financial, property, and information assets are safeguarded;
- Information is accurate and reliable;
- University policies and external laws and regulations are followed;
- Resources are employed efficiently and economically; and
- Operations and programs are being carried out as planned and their results are consistent with University objectives.

INTERNAL AUDIT STANDARDS

In accordance with *Tennessee Code Annotated* section 4-3-304 (9), internal audit adheres to mandatory guidance prescribed by The Institute of Internal Auditors, Inc. (IIA), including the Definition of Internal Auditing, the Code of Ethics, and the *International Standards for the Professional Practice of Internal Auditing*. This mandatory guidance constitutes principles of the fundamental requirements for the professional practice of internal auditing and for evaluating the effectiveness of the internal audit activity's performance.

The IIA defines internal auditing as an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. This function helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

AUTHORITY AND RESPONSIBILITY

Internal auditors shall be authorized full and complete access to all University records (either manual or electronic), physical properties, and personnel relevant to a review. The corresponding responsibility of internal auditors is to handle documents and information obtained during a review in the same prudent manner as by those employees normally responsible for them.

Internal auditing provides assurance, consulting, and management advisory services. Assurance services include reviewing the adequacy or effectiveness of governance, risk management, and controls. Consulting services include reviewing for efficiency or effectiveness to

assist management with improvements to operations or advising management on a variety of topics, such as implementation of procedures to comply with policies or sound business practices. The auditing activity also provides management advisory services, e.g., providing training, participating in committees, and coordinating projects.

In fulfilling their responsibilities, internal auditors will:

- Develop and implement audit plans and programs that respond to both risk and cost-effectiveness criteria;
- Suggest policies and procedures where appropriate;
- Provide audit reports that identify internal control issues (among others) and make cost-effective recommendations to strengthen controls;
- Facilitate the resolution of audit issues with administrators who have the most direct involvement and accountability;
- Maintain a quality assurance and improvement program, consistent with the Standards promulgated by The Institute of Internal Auditors, Inc., to ensure the effectiveness and quality of the internal audit effort; and
- Investigate allegations involving theft or misuse of University assets.

In their staff functions, internal auditors have no direct responsibility or authority over any of the operating activities examined, and their review shall not relieve others of their responsibilities. Furthermore, the independence of the internal auditors should not be compromised by their implementing procedures, preparing records, or engaging in activities that internal auditors would normally review.

When requested, internal auditors may attend senior-level staff meetings and serve on various University committees. Their role at such meetings should be limited to rendering advice and staying abreast of strategic, governance, and risk issues.

REPORTING STRUCTURE

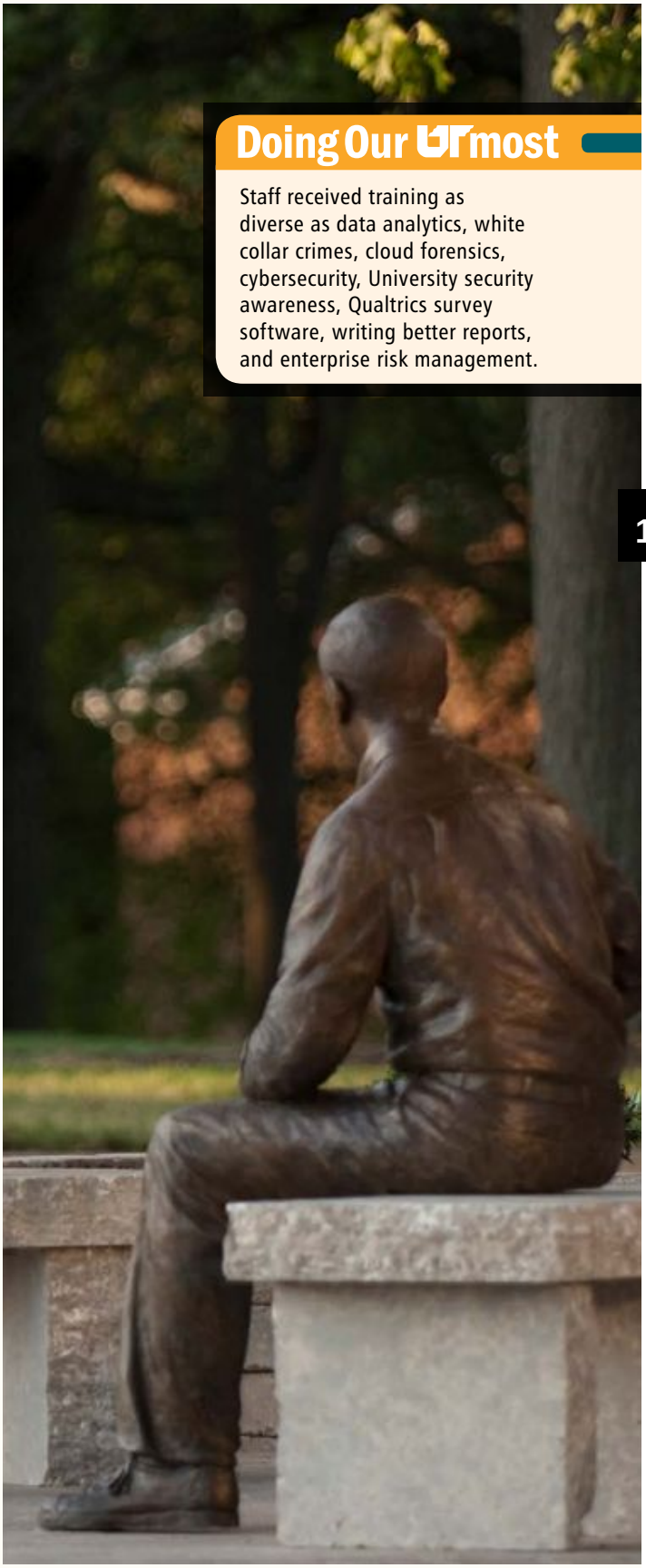
The internal audit function reports to the Audit and Compliance Committee of the Board of Trustees with supporting responsibilities to the chief financial officer. All internal auditors, including auditors located at campuses or institutes, are members of the UT System Office of Audit and Compliance.

REPORTING

At the conclusion of each audit, the Office of Audit and Compliance will issue timely reports to audited parties, senior management, the Division of State Audit, and the Audit and Compliance Committee.

Initially approved by the Audit Committee on March 3, 2004.

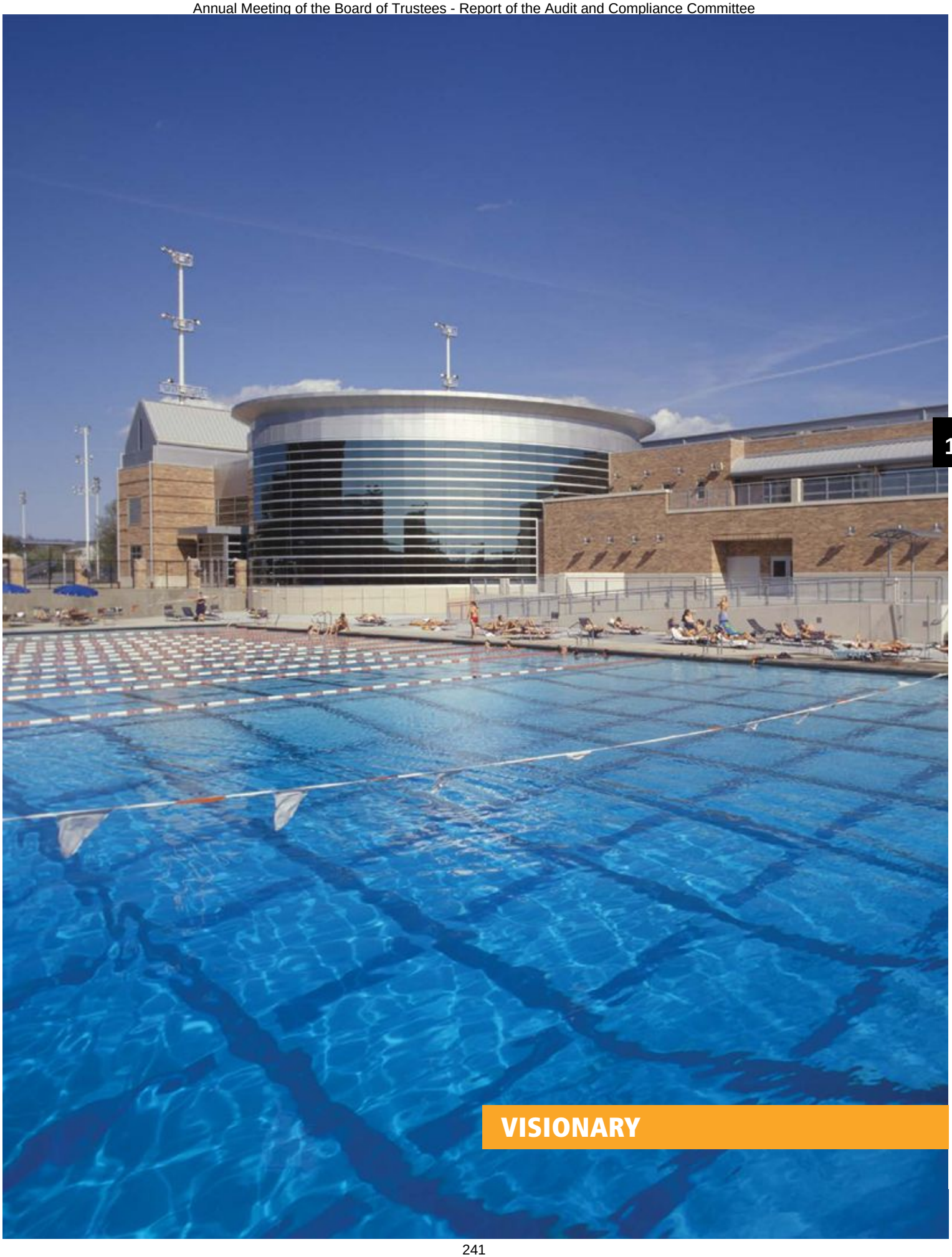
Current revision approved by the Audit and Compliance Committee on December 7, 2015.



Doing Our UTmost

Staff received training as diverse as data analytics, white collar crimes, cloud forensics, cybersecurity, University security awareness, Qualtrics survey software, writing better reports, and enterprise risk management.

10


10
VISIONARY

APPENDIX C: PERSONNEL QUALIFICATIONS

KEY:

APA	Associate in Premium Auditing
CCEP	Certified Compliance and Ethics Professional
CCSA	Certification in Control Self-Assessment
CFE	Certified Fraud Examiner
CGAP	Certified Government Auditing Professional
CGFM	Certified Government Financial Manager
CIA	Certified Internal Auditor
CICA	Certified Internal Controls Auditor
CISA	Certified Information Systems Auditor
CISSP	Certified Information Systems Security Professional
CompTIA	Computing Technology Industry Association Security+
CPA	Certified Public Accountant
CPS	Certified Professional Secretary
CRISC	Certified in Risk and Information Systems Control
CRMA	Certification in Risk Management Assurance
PMP	Project Management Professional

Steven G. Bamburg, auditor, APA

Bachelor of Science, Accounting, Louisiana State University, 1990
Bachelor of Science, Biological Science, Louisiana Tech University, 1978

Steven Bamburg joined the office in 2009. Previously he worked as a senior Medicare auditor at a subsidiary of BlueCross BlueShield of Tennessee for 9 years; a senior worker's compensation and general liability premium auditor for Reiswig & Company/Wausau/Liberty Mutual for 8 years, auditing banks, law firms, professional sports teams, and Nashville entertainers; and as an accountant for a natural gas company. Steve conducts audits, investigations, and financial reviews of departments and operations on the Chattanooga campus.

Andrew C. Benson, senior auditor, CPA, CFE

Bachelor of Science, Accounting and Management, Carson-Newman College, 1991
Master of Accountancy, East Tennessee State University, 1993

Andrew Benson joined the department in late 2014. Previously the internal audit director at Roane State Community College, he has approximately 20 years of accounting and auditing experience in public organizations and private companies. He conducts audits and investigations of UT departments and operations.

Judith A. Burns, associate director

Bachelor of Arts, English and Political Science, the University of Tennessee, 1982
Master of Arts, English, the University of Tennessee, 1984

Judy Burns joined OAC in 1986. She has served as editor and office coordinator, management analyst, manager of management consulting and fiscal policy development, and as interim executive director from August 2010–February 2012. She spent several years outside the department managing training and user support during UT's implementation of its financial and human resources system, rejoining the office in 2004. Judy was a member of the Board of Governors for the East Tennessee Chapter of The Institute of Internal Auditors (IIA) from 2009–2014 and since 1996 has been a staff member/facilitator for the University of Tennessee Leadership Institute, a leadership recognition and development program for UT leaders.

Leigh Cheek, institutional compliance officer, CIA, CCEP, CISA

Bachelor of Science, Mathematics, California Polytechnic State University, 1982

Leigh Cheek has over 25 years' experience in computer science and accounting. She joined OAC in 1998 and has conducted information technology security reviews and risk assessments for the University's computer systems and networks. She is a compliance officer in the office's Institutional Compliance division. Leigh serves on the Board of Governors for IIA's East Tennessee Chapter. She is the system administrator for UT's compliance hotline.

Danielle L. Copeland, auditor

Bachelor of Science, Accounting, Indiana University of Pennsylvania, 2011
Master of Science, Accounting, the University of Memphis, 2013

Danielle Copeland began her career in public accounting at KPMG and then moved on to internal audit at ServiceMaster before joining OAC in early 2016. She conducts audits and investigations at the UT Health Science Center in Memphis and at UT Martin.

Sherry S. Davis, senior auditor, CIA

Bachelor of Science, Computer Science, University of Tennessee, 2002

Sherry Davis joined the department in 2012. Previously she worked as an internal auditor for Clayton Homes and has experience in computer programming. Sherry coordinates the Self-Assessment of Controls for the UT system, annually surveying approximately 550 departments on existing internal controls and facilitating a risk assessment with the chief financial and business officers. She performs audits and financial reviews of University departments and operations and conducts investigations as needed.

John M. Fox, associate director, CPA (inactive)

Bachelor of Arts, Cell Biology, the University of Tennessee, 1977
Master of Accountancy, the University of Tennessee, 1981

John Fox joined the department in 1982. He worked a short time in public accounting and has been an adjunct accounting instructor over the years at Walters State Community College. John helped develop and revise UT fiscal policy for 14 years and manages the internal audit function in OAC, conducting audits and investigations as needed.

Shelly J. Getty, administrative specialist, CPS

Bachelor's degree in Christian Education, Allegheny Wesleyan College, 1998

Shelly Getty joined OAC in 2000. She is the administrative assistant to the executive director and the office manager.

Janna L. Hixson, manager, CGAP

Bachelor of Business Administration, Finance, Middle Tennessee State University, 2004

Janna Hixson worked in compliance for 3 years at the Tennessee Valley Authority before joining OAC in June 2014. She also worked in Internal Audit at the Tennessee National Guard United States Property and Fiscal Office for 5 years. She serves as a major in the Army National Guard. Janna performs compliance and departmental audits and investigations at the Chattanooga campus.

James H. Hodge, senior auditor, CIA, CGFM, CICA

Bachelor of Business Administration, East Tennessee State University, 1986

James Hodge has been with OAC since 1999. Previous work experience includes internal auditing at East Tennessee State University and at North Carolina A&T State University. He performs audits and financial reviews of University departments and operations and conducts investigations as needed.

Sandy S. Jansen, executive director, CIA, CCSA, CRMA

Bachelor of Business Administration, Accounting, Texas Tech University, 1994

Sandy Jansen serves as the chief audit executive for the University. She joined OAC as the executive director in February 2012. Her 20-plus-year career in higher education audit and compliance began at Texas Tech University System, where she served the last 7 years as assistant chief audit executive. At UT, she oversees the internal audit (including information technology and security assessment team) and institutional compliance functions for the University System. Sandy is active in professional service. In 2016, she completed her board term for the Association of College and University Auditors (ACUA). Sandy is a past president of ACUA and continues to serve as an ACUA faculty member and a volunteer seminar facilitator for IIA, training internal audit professionals in higher education and various industries.

Nancy J. Lange, auditor, CIA

Associate of Science, Pellissippi State Technical Community College, 1994
Bachelor of Science, Business Administration, the University of Tennessee, 1997

Nancy Lange has been with the department since 1996. She served almost 9 years in the U.S. Air Force, working with mainframe computers as an operator and in operations support jobs. After military service, she continued in similar positions another 6 years on a civilian contract with the Department of the Navy. Nancy monitors UT's monthly procurement card purchases, performs annual audits, and assists in investigations as needed.

Thema A. McCowan, auditor

Bachelor of Science, Biology, The Pennsylvania State University, 2000
Master of Business Administration, The Pennsylvania State University, 2004

Thema McCowan joined OAC in late 2013. She spent 5 years in audit and consulting at PricewaterhouseCoopers and Deloitte Consulting working with healthcare, pharmaceutical, and government clients. She served in higher education administration for 7 years in academic affairs and in student development. Thema previously worked at Maryville College as the director of career resources, where she helped develop the strategic plan and the quality enhancement plan as part of the college's Southern Association of Colleges and Schools accreditation. Thema conducts audits of UT departments and operations and investigations as needed.

Chris Medeiros, auditor

Bachelor of Science, Chemistry, Coastal Carolina University, 2008
Master of Business Administration, Lincoln Memorial University, 2014

Chris Medeiros has been with OAC since mid-2015. Previous work experience includes internal auditing at Clayton Homes and operations auditing at Vanderbilt Mortgage and Finance, Inc. He conducts audits of UT departments and operations.

James E. Mitchell, senior IT auditor, CompTIA Security+

Bachelor of Science, Information Systems Security, ITT, 2006

Jim Mitchell joined OAC in mid-2015. His career includes 6 years in the U.S. Navy aboard fast attack submarines, multiple years in software development in California and Tennessee, and as director of multiple departments in his 13 years at Regal Entertainment Group. He has served in management and staff roles in all aspects of information technology. Jim performs IT audits of University departments and operations.

Stephanie Chandler Mitchell, IT auditor

Bachelor of Science in Business Administration, East Tennessee State University, 1991
Master in Business Administration, East Tennessee State University, 1993

Stephanie Chandler joined OAC in late 2015. She has over 15 years' experience in the IT industry as a programmer analyst and business systems consultant, working for LBMC Technologies, Oak Ridge Associated Universities, and TEK Systems. Stephanie performs IT audits of University departments and operations. She is the backup system administrator for UT's compliance hotline.

William A. Moles, director of institutional compliance, CIA, CCEP,

Bachelor of Science, Business Administration, the University of Tennessee, 1980
Master of Business Administration, Virginia Tech, 1983

Bill Moles began as a management analyst in the department in 1986 with the management consulting group. He joined the internal audit section in 1992, where he performed internal control reviews of the University's accounting systems and other major functions, IT security audits, and cost studies. He coordinated the annual Self-Assessment of Controls for the UT System from 1989 until 2007. As director of the Office of Institutional Compliance, he works collaboratively with UT compliance programs to reduce the University's regulatory compliance risks.

Linda L. Parsons, coordinator

Bachelor of Arts, English, the University of Tennessee, 1988
Master of Arts, English, the University of Tennessee, 1991

Linda Parsons has been OAC's editor and coordinator of special projects since 1990. She helped coordinate the development, revision, and issuance of University fiscal policy for 14 years. She plays an integral role in the department's process of developing, revising, and issuing reports of audits, investigations, and IT security reviews. She also coordinates special projects and develops publications to assist University departments in their financial responsibilities. In 2016, Linda conducted one-on-one and group editorial 'coaching' sessions with the auditors and developed writing exercises tailored to their needs.

Jim E. Purcell, IT manager, CISA, CISSP, PMP

Bachelor of Science, Business Administration, Tusculum College, 1986

Jim Purcell joined OAC in 2012. His 30-year IT career spans time with TVA, Science Applications International Corporation (SAIC), and Regal Entertainment Group. Jim is an instructor for the SANS Institute and has presented information security topics at IT many conferences. He has served in management and staff roles in all aspects of information technology. Jim performs IT audits of University departments and operations, supervises the IT auditors, and manages the departmental IT resources.

James A. Smith II, auditor

Bachelor of Business Administration, King College, 2012
Master of Business Administration, Accounting, King University, 2014

James Smith came to OAC in early 2015. He has an extensive background in public service with the state of Tennessee. James previously served the Tennessee Department of Correction in administrative roles, most recently as a counselor. Before leaving in midyear for another position, he assisted with departmental audits and investigations.

Stephanie Steeves, auditor, CIA

Bachelor of Public Management, Florida Atlantic University, 1996
Master of Public Administration, Florida Atlantic University, 2001

Stephanie Steeves came to the department in 2012 from Palm Beach County, Florida, where she worked in county government for 23 years. She has over 15 years of auditing experience and conducts audits and investigations of University departments and operations. She has been an officer in The IIA's East Tennessee Chapter for several years and is currently the chapter president. Stephanie also manages OAC's *Body of Knowledge*, a compilation of employees' knowledge, skills, and other competencies needed to perform work in the department.

Amy Wilegus, director, CPA, CISA, CISSP, CRISC

Bachelor of Business Administration, Accounting/IT, Millsaps College, 1995
Master of Science, Accounting, the University of Memphis, 1996

Amy Wilegus joined OAC as the audit director for West Tennessee in late 2015. With over 20 years' experience in internal audit and public accounting, she began her career at Ernst & Young, then on to Morgan Keegan. For 14 years, Amy worked at ServiceMaster in various internal audit and compliance roles performing financial and IT audits, investigations, and risk assessments, serving the last 5 years as internal audit director. Amy is currently responsible for audits and investigations at the UT Health Science Center in Memphis and at UT Martin. She also leads our internal data analytics task force. In 2016, Amy served as a volunteer track coordinator for the ACUA annual conference.

Jessie D. Williams, auditor

Bachelor of Science, Business Administration, Accounting, the University of Tennessee, Knoxville, 2014

Jessie Williams worked as a student auditor in the office for over a year before joining OAC full-time in late 2014. She assists with departmental audits and investigations and serves as treasurer of The IIA's East Tennessee Chapter.

Doing Our UTmost

In 2016, the focus areas for our strategic plan goals included ensuring internal efficiency and effectiveness, fostering the professional development of team members, and expanding the use of data analytics.

APPENDIX D: FOLLOW-UP AUDITS

2016 Audit Year

Follow-up Issued	Project Description	Type	Recommendations Implemented	Comments
Jan	UTIA Biosystems Engineering and Soil Science	Investigation	Yes	This was a second follow-up.
Jan	UTK Academic Advising	Other	Yes	This was a second follow-up.
Feb	UTHSC HIPAA Security	Audit	Yes	
Feb	UTSA Business Continuity Planning	Other	No, but progress made	There will be a third follow-up.
Feb	UTM Public Safety	Audit	Yes	
Feb	UTK Ecology and Evolutionary Biology	Investigation	Yes	
March	UTK Scholarship Compliance	Audit	No, but progress made	There will be a second follow-up.
March	UTSA Capital Projects Controls	Audit	Yes	
March	UTK Theatre	Audit	No	Asked college budget director to notify us when remaining recs are implemented.
March	UTK Executive Education Center	Audit	Yes	
April	UTHSC Hearing and Speech Center	Investigation	No	Asked department to notify us when remaining recs are implemented.
April	UTK Parking and Transit Services	Investigation	Yes	Unplanned follow-up on 2013 investigation to address anonymous complaint.
May	UTK Building Security and Access	Audit	No, but progress made	There will be a second follow-up in 6 months. Work completed.
May	UTK Center for Environmental Biotechnology	Audit	Yes	
June	UTC Arena Box Office	Audit	No	Follow-up closed; remaining issues addressed in upcoming audit.
June	UTM Business Continuity Planning and Disaster Recovery	Audit	No, but progress made	A second follow-up will be done in 6 months. Work completed.
June	UTHSC Business Continuity Planning and Disaster Recovery	Audit	No, but progress made	A second follow-up will be done in 6 months. Work completed.
July	UTC Business Continuity Planning and Disaster Recovery	Audit	Yes	
August	UTK Electrical Engineering and Computer Science	Audit	No, two recs still need work	A second follow-up will be done in 90 days. Work completed.
Sept	UTSA Policy Development and Revision Processes	Other	No, but progress made	A third follow-up will be done in 90 days.
Oct	UTSA Business Continuity Planning	Other	Yes	

Follow-up Issued	Project Description	Type	Recommendations Implemented	Comments
Oct	UTK Institute for a Secure and Sustainable Environment	Audit	Yes	
Nov	UTK Student Health Center HIPAA Security	Audit	N/A	This follow-up was performed early because general counsel determined HIPAA did not apply.
Nov	UTSA Athletic Tickets/Athletic Ticket Allotment Program	Audit	Yes	
Nov	UTK Parking and Transit Services IT Security	Audit	Yes	
Nov	UTIA East Tennessee Research and Education Center	Audit	All except network upgrades	Network upgrades will be handled in a future audit. No more follow-up.
Nov	UTM Business Continuity Planning and Disaster Recovery	Audit	Yes	
Nov	UTHSC Business Continuity Planning and Disaster Recovery	Audit	Yes	
Nov	UTIA Williamson County Extension Office	Audit	Yes	
Nov	UTK Nuclear Engineering	Audit	Yes	
Nov	UTK Cash Controls	Audit	Plan in place	No more follow-up needed.
Nov	UTC Police Department Security	Audit	Yes	
Nov	UTSA Configuration and Change Management (UTC)	Audit	Yes	
Nov	UTSA Configuration and Change Management (UTM)	Audit	No, but progress made	Issues to be addressed again in audit planned for 2018.
Nov	UTSA Configuration and Change Management (IPS)	Audit	Yes	
Dec	UTC Athletics Cash	Investigation	Yes	
Dec	UTK Building Security and Access	Audit	Yes	
Dec	UTK Electrical Engineering and Computer Science	Audit	Yes	
Dec	UTC Mathematics	Audit	Yes	
Dec	UTC Nursing	Audit	Yes	
Dec	UTK Libraries	Audit	Yes	
Dec	UTK Scholarship Compliance	Audit	Mostly	No more follow-up needed. Mgmt will notify us when guidance is developed for depts.

Doing Our UTmost

RESPONSES FROM 2016 CLIENT QUESTIONNAIRES

- The audit was thorough and professional. The scope and requested documents were clearly defined, and the auditors responded promptly to all questions. We appreciate the service your department provides and are happy to assist as needed in the future.
- Both sides experienced a challenge at the beginning developing rapport and communicating, but that soon evolved into a positive relationship and the rest of the process went smoothly.
- The audit was conducted efficiently and effectively. We greatly appreciate the auditor's advice and counsel and will use it to enhance our security program.
- The auditor did a fantastic job. She was clear in her presentation, and her work will prove very helpful to the improvement of our operations.
- The auditor is very smart and a pleasure to work with.

OFFICE OF AUDIT AND COMPLIANCE
UT CONFERENCE CENTER BUILDING
SUITE 149
KNOXVILLE, TN 37996-4114
865-974-6611

The Office of Audit and Compliance helps the University achieve its mission by providing objective and independent evaluations to reduce risk and improve operations.

OFFICE OF AUDIT AND COMPLIANCE
HELPING TO SHAPE THE FUTURE OF UT

THE UNIVERSITY OF TENNESSEE

Office of Audit and Compliance

Plans and Priorities

for the Year Ending December 31, 2017

Sandy S. Jansen, CIA, CCSA, CRMA

Executive Director

THE UNIVERSITY OF TENNESSEE

2017 Priorities

Enterprise Risk Management

- Implement New ERM Framework

Internal Audit

- Execute Annual Audit Plan
- Implement New Reporting of Open Audit Issues

Institutional Compliance

- Execute Annual Work Plan
- Staff Title IX Commission

10

THE UNIVERSITY OF TENNESSEE

ENTERPRISE RISK MANAGEMENT

Implementation of Framework

THE UNIVERSITY OF TENNESSEE

Enterprise Risk Management

- Financial Integrity Act of 1983 (*TCA* 9-18-101)
- Updated Guidance, October 2016
- 2017 Annual Reporting

THE UNIVERSITY OF TENNESSEE

Requirements

- Provide a comprehensive view of risk in terms of the University's mission and objectives
- Develop an enterprise-wide, strategically aligned portfolio view of organizational challenges (e.g., reputational, programmatic performance, financial, information technology, human capital)

THE UNIVERSITY OF TENNESSEE

Requirements

- Model must align with
  - Committee of Sponsoring Organizations of the Treadway Commission's (COSO) enterprise risk management framework
  - *Standards for Internal Control in the Federal Government* (known as *The Green Book*)

10

THE UNIVERSITY OF TENNESSEE

2017 Goals

- Develop an ERM methodology
  - Compliant with state statute and state guidance
  - Not burdensome
  - Beneficial for the UT System
- Submit report in December 2017
- Create a plan for future years
  - Determine who should manage ERM
  - Determine OAC's role in the future

THE UNIVERSITY OF TENNESSEE

Potential Impact to Internal Audit

- Associate director
- Senior auditors
- Other leadership team members
- Investigations
- Risk-based audits

THE UNIVERSITY OF TENNESSEE

ANNUAL INTERNAL AUDIT PLAN

For the Year Ending December 31, 2017

THE UNIVERSITY OF TENNESSEE

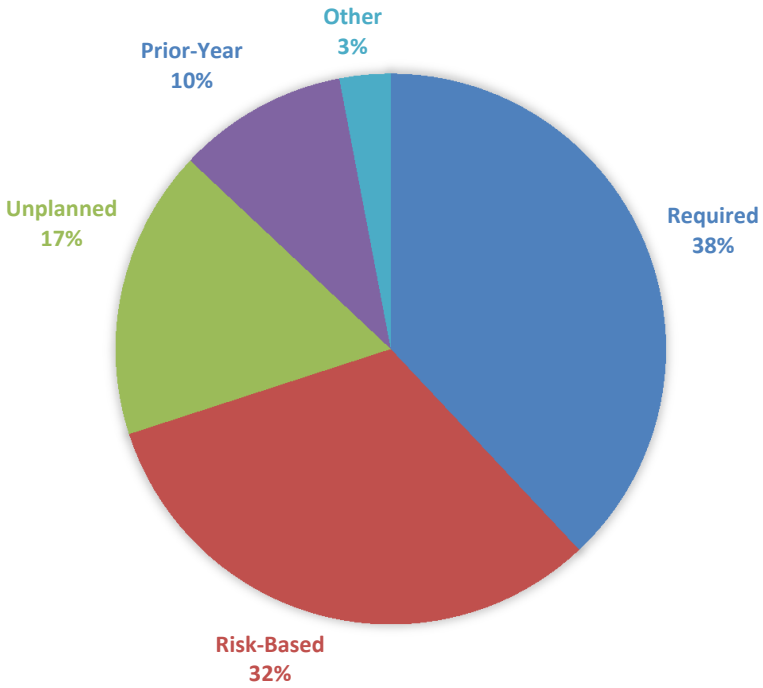
Overview

The annual plan includes five areas of work:

	Audit Type	Description
1	Required	Audits required by statute, administrative policy, or agreements with management
2	Risk-Based	Planned engagements based on our risk assessment
3	Unplanned	Special projects and investigations
4	Prior-Year	Audits in progress on January 1, 2017
5	Other	Value-added work and consulting

THE UNIVERSITY OF TENNESSEE

2017 Allocation of Effort



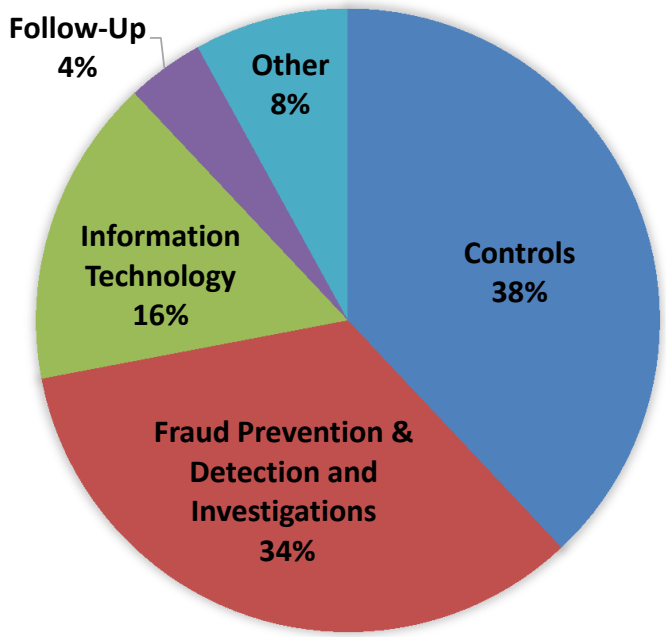
18,000 Chargeable Hours

- Required – 6,800 hours
- Risk-Based – 5,720 hours
- Unplanned – 3,100 hours
- Prior-Year – 1,880 hours
- Other – 500 hours

THE UNIVERSITY OF TENNESSEE

2017 Areas of Focus

- Controls
- Fraud Prevention & Detection and Investigations
- Information Technology



THE UNIVERSITY OF TENNESSEE

2017 Allocation of Effort

Campus/Institute	
UT System	7,915
UT System Administration	470
UT Knoxville	3,850
UT Health Science Center	1,500
UT Chattanooga	2,135
UT Martin	1,030
UT Institute of Agriculture	1,100
Total Hours	**18,000**

THE UNIVERSITY OF TENNESSEE

UT System and System Administration Engagements

Required	
Self-Assessment of Controls	Controls
Complete College Tennessee Act	Controls
Procurement Card Monitoring	Fraud Prevention
Audit Follow-Up	Follow-Up
Ecommerce Pre-Approvals	Information Technology
Variable Compensation Plan	Controls
Effort Reporting	Controls
HIPAA Program Management	Information Technology
President's Office	Fraud Prevention
Risk-Based	
Contract Payment Monitoring	Controls
Procurement Processes Data Analytics	Controls
Phishing Security Controls	Information Technology
Payment Card Industry Program Management	Information Technology
Information Security Program Reviews	Information Technology

THE UNIVERSITY OF TENNESSEE

UT System and System Administration Engagements

Prior-Year

Variable Compensation Plan	Controls
Charter Aircraft	Controls
UT Press	Controls

THE UNIVERSITY OF TENNESSEE

UT Knoxville Engagements

Required

Chancellor's Office	Fraud Prevention
Year-End Inventory Observations	Financial
WUOT Radio Center	Financial
Athletics NCAA Compliance	Compliance
Evidence and Property Systems	Compliance

Risk-Based

Bursar's Office Reconciliation Process	Controls
Research Compliance Data Analytics	Controls
Phishing Security Controls	Information Technology
Payment Card Industry Compliance	Information Technology
VolShop Payment Card Industry Compliance	Information Technology
Tickle College of Engineering IT Security	Information Technology

THE UNIVERSITY OF TENNESSEE

UT Knoxville Engagements

Prior-Year

College of Arts and Sciences IT Security	Information Technology
Athletics	Controls
WUOT Radio Station	Financial
Inventory Controls—VolShop	Controls
Art Donations	Fraud Prevention
Parking and Transit Services	Controls
Dean of Admissions and Records	Controls

THE UNIVERSITY OF TENNESSEE

UT Health Science Center Engagements

Risk-Based

College of Medicine Grant Accounting	Controls
Bursar's Office Reconciliation Procedures	Controls
Phishing Security Controls	Information Technology
Payment Card Industry Compliance	Information Technology
College of Health Professions	Controls
Physiology	Controls

Prior-Year

Financial Aid	Controls
Pathology and Laboratory Medicine	Controls
HIPAA Security—Dental	Information Technology

THE UNIVERSITY OF TENNESSEE

UT Chattanooga Engagements

Required	
Chancellor's Office	Fraud Prevention
WUTC Radio Station	Financial
HIPAA Security—Student Health Center	Information Technology
Risk-Based	
Club Sports	Controls
Employee Offboarding Procedures	Controls
Continuing Education	Controls
Phishing Security Controls	Information Technology
College of Business	Controls
Modern and Classical Languages	Controls
Prior-Year	
Student Fee Opt-Out Process	Controls
WUTC Radio Station	Controls

THE UNIVERSITY OF TENNESSEE

UT Martin Engagements

Required

Chancellor's Office	Fraud Prevention
Minors on Campus	Controls
OVC Special Assistance Funds	Compliance

Risk-Based

Office of Undergraduate Admissions	Controls

THE UNIVERSITY OF TENNESSEE

UT Institute of Agriculture Engagements

Required

Chancellor's Office	Fraud Prevention
Extension County Offices	Controls

Risk-Based

Forestry, Wildlife, and Fisheries	Controls

Prior-Year

Extension County Offices	Controls

THE UNIVERSITY OF TENNESSEE

INSTITUTIONAL COMPLIANCE WORK PLAN

For the Year Ending December 31, 2017

THE UNIVERSITY OF TENNESSEE

2017 Areas of Focus

Promotion of Ethical Culture

- Promote the UT Compliance Hotline, the Code of Conduct, and other compliance and ethics information
- Facilitate a systemwide roundtable of campus and institute compliance committee chairs

UT CODE OF CONDUCT
CHECK THE CODE

UT COMPLIANCE HOTLINE

THE UNIVERSITY OF TENNESSEE

2017 Areas of Focus

UT System Administration

Compliance Risk Assessment Facilitation

- Complete the compliance risk assessment
- Review risks and identify significant compliance issues
- Begin developing and reviewing proposed plans of corrective action
- Begin implementation and monitoring of plans

10

THE UNIVERSITY OF TENNESSEE

2017 Areas of Focus

UT Knoxville

Compliance Risk Assessment Facilitation

- Review and finalize proposed plans of corrective action from the 2015 risk assessment
- Monitor the implementation of approved plans of corrective action

THE UNIVERSITY OF TENNESSEE KNOXVILLE

THE UNIVERSITY OF TENNESSEE

2017 Areas of Focus

UT Health Science Center

Compliance Committee Participation

- Participate on the UTHSC Institutional Compliance Committee, which will perform an independent risk assessment

THE UNIVERSITY OF TENNESSEE HEALTH SCIENCE CENTER

THE UNIVERSITY OF TENNESSEE

2017 Areas of Focus

UT Chattanooga

Compliance Risk Assessment Facilitation

- Review and finalization of plans of corrective action from the 2015 risk assessment
- Monitor the implementation of corrective action plans

THE UNIVERSITY OF TENNESSEE CHATTANOOGA

THE UNIVERSITY OF TENNESSEE

2017 Areas of Focus

UT Martin

Compliance Committee Facilitation

- Monitor the implementation of corrective action plans

MARTIN

THE UNIVERSITY OF TENNESSEE

2017 Areas of Focus

UT Institute of Agriculture

Compliance Committee Facilitation

- Monitor the implementation of corrective action plans

THE UNIVERSITY OF TENNESSEE

2017 Areas of Focus

UT Institute for Public Service

Compliance Risk Assessment Facilitation

- Establish the IPS Compliance Committee
- Identify responsible compliance officers
- Perform a compliance risk assessment
- Begin reviewing risks and identifying significant compliance issues

THE UNIVERSITY OF TENNESSEE
INSTITUTE FOR PUBLIC SERVICE

THE UNIVERSITY OF TENNESSEE

2017 Areas of Focus

UT Space Institute

Compliance Risk Assessment Facilitation

- Establish the UTSI Compliance Committee
- Identify responsible compliance officers
- Perform a compliance risk assessment
- Begin reviewing risks and identifying significant compliance issues

STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF STATE AUDIT
SUITE 1500 JAMES K. POLK STATE OFFICE BUILDING
505 DEADERICK STREET
NASHVILLE, TENNESSEE 37243-1402

PHONE (615) 401-7897
FAX (615) 532-2765

January 17, 2017

Dr. Joseph A. DiPietro, President
University of Tennessee

Dear Dr. DiPietro:

Transmitted herewith is the report on the results of certain agreed-upon procedures applied to the statements of revenues and expenses of the intercollegiate athletic programs at the University of Tennessee.

Sincerely,

Deborah V. Loveless

Deborah V. Loveless, CPA
Director

cc: Mr. Crawford Gallimore
Chairman of the Audit Committee

Ms. Sandy Jansen
Executive Director
Office of Audit and Compliance

STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF STATE AUDIT
SUITE 1500 JAMES K. POLK STATE OFFICE BUILDING
505 DEADERICK STREET
NASHVILLE, TENNESSEE 37243-1402

PHONE (615) 401-7897
FAX (615) 532-2765

Independent Accountants' Report on the Application of Agreed-Upon Procedures

Dr. Joseph A. DiPietro, President
University of Tennessee

We have performed the procedures enumerated below, which were agreed to by university management, solely to assist you in evaluating whether the accompanying statements of revenues and expenses of the University of Tennessee Intercollegiate Athletics Programs are in compliance with the National Collegiate Athletic Association (NCAA) Bylaw 3.2.4.15 for the year ended June 30, 2016. The university's management is responsible for the statements of revenues and expenses (statements) and the statements' compliance with those requirements. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the management of the university. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Agreed-Upon Procedures Related to the Statements of Revenues and Expenses

The procedures that we performed and our findings are as follows:

- We obtained the statements of revenues and expenses of the athletic programs at all campuses and related notes for the year ended June 30, 2016, as prepared by management. We also obtained the supporting schedules from university personnel for each revenue category amount above 0.5% of the total revenues and for each operating expense category amount above 0.5% of the total expenses reported on the statements. We recalculated the addition of the amounts on the statements, compared the amounts on the statements to the supporting schedules, and compared the amounts on the supporting schedules with the athletic accounts in the university's general ledger. At Chattanooga, there were several misclassifications due to formula corrections on management's supporting worksheets and classifications not in accordance with NCAA definitions. The statement was corrected. Otherwise, we found no significant differences between the amounts on the supporting schedules and the statements or the supporting schedules and the general ledger.
- For each campus, we performed analytical procedures for any line item over 10% of the total revenues or expenses comparing the current-year revenue and expense amounts with the prior-year amounts, and obtained and documented management's

explanation for any variations over the lesser of $1 million or 10%. See the supplementary information schedules in this report for this analysis.

- From the supporting schedules, we selected a sample of operating revenue transactions and inspected the supporting documentation. The revenue transactions inspected were adequately supported and properly classified.
- We reviewed the home football and basketball ticket reports prepared by an independent CPA firm for the Knoxville campus. Related revenues appear properly reported on the Knoxville statement. At Chattanooga and Martin, we compared tickets sold during the period, complimentary tickets provided during the period, and unsold tickets to the related revenue reported in the statements and the related attendance figures and recalculated totals. No significant variances were found as a result of applying this procedure.
- At Chattanooga and Martin, we compared student fees reported on the statements to student enrollments during the period. There were no significant variances found. (At Knoxville, the student fees allocated to athletics are based on a discretionary determination by university management.)
- We compared the direct institutional support reported at Martin and Chattanooga with institutional authorizations and other corroborative supporting documentation and recalculated totals. The amounts reported were adequately supported.
- At Knoxville, we compared the transfers back to the university with the permanent transfers back to the university from the athletics department and recalculated totals. No differences were found.
- At Knoxville, no indirect institutional support (categories 6 and 36 on the statement) was reported by the university, as university management determined that most other Southeastern Conference member institutions do not report in this category, and they wanted their statement to be comparable. Chattanooga and Martin decided to report in the same manner. The NCAA agreed-upon procedures handbook states that the university should "input [the] value of costs covered and services provided by the institution to athletics but not charged to athletics including: administrative services provided by the university to athletics, but not charged such as Human Resources, Accounting, and Information Technology; facilities maintenance; security; risk management; and utilities."
- We inspected the contractual agreements and settlement reports pertaining to revenues derived from guaranteed contests during the period, compared each one to the general ledger, and recalculated totals. Amounts derived from the contractual agreements and settlement reports agreed with amounts in the ledger.
- At Martin, based on our inspection, there were donations from a donor that individually constituted 10% or more of all contributions received for intercollegiate athletics during the period. We determined that the source and amount of this contribution were disclosed in the notes to the NCAA statement. There were no donations meeting this criteria at Knoxville and Chattanooga.

- We compared the in-kind contributions reported by the university during the reporting period with schedules of in-kind donations and recalculated the totals. No differences were found.
- At Knoxville, we compared the media rights revenues to the appropriate supporting schedules and the general ledger and recalculated the totals. No differences were found.
- We compared the amounts reported on the statements of revenues and expenses to the supporting schedules for NCAA distributions and conference revenues and other corroborative supporting documents and recalculated totals. Amounts on the schedules agreed to the general ledger and supporting documentation.
- We compared the amounts reported on the statements for program, novelty, parking, and concession sales to the general ledger and supporting schedules and recalculated totals. No significant variances were found.
- We obtained and inspected agreements related to the university's participation in revenues from royalties, licensing, advertisements, and sponsorship agreements during the period and compared the related revenues with the amounts in the general ledger. The amounts, based on the terms of the agreements, agreed with the amounts in the ledger.
- We obtained the schedules of sports camp participants and selected a sample of individual camp participant cash receipts from the schedules of sports camp participants and compared each selection with the general ledger. No significant differences were found.
- We obtained and inspected the university's athletic endowment agreements and compared the classification and use of endowment and investment income as reported on the statements with the uses of income defined within the related endowment agreements. No significant differences were found.
- At Knoxville, we obtained and inspected agreements related to the university's participation in a post-season bowl, compared the related revenues to the general ledger, and recalculated totals. No differences were found.
- At all campuses, we obtained the supporting schedules and compared the schedules to the total expenses reported. From the supporting schedules, we selected a sample of transactions to validate the existence of the transaction and accuracy of reporting and recalculated the totals. At Chattanooga, several transactions were misclassified. These transactions and other similar items were reclassified to correct the statements. Otherwise, the expense transactions inspected existed and were accurately reported.
- We selected a sample of students from the listing of institutional aid recipients during the period, obtained the individual student-account detail for each selection, compared total aid allocated from the related aid award letter to the student's account, and ensured the student's information was reported accurately in the NCAA's Membership Financial Reporting System. The total aid awarded per the award letter agreed to the student's account and the student's information agreed in the NCAA's Membership Financial Reporting System.

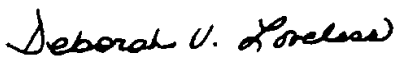
- We obtained and inspected contractual agreements and settlement reports pertaining to expenses reported by the university from guaranteed contests during the period and compared the related expenses with the general ledger and recalculated totals. Amounts in the contractual agreements and settlement reports agreed with the amounts in the ledger. At Knoxville, it was noted that Georgia Southern University was paid twice by the university for a women's soccer game guarantee. University personnel were already aware of this $2,000 overpayment and were seeking restitution.
- We obtained and inspected a listing of coaches employed by the university during the reporting period. From the listing, we selected a sample of coaches' contracts, ensuring football and men's and women's basketball were included. We compared the financial terms and conditions of each contract selected with the related coaching salaries, benefits, and bonuses reported by the university on the statements. We also obtained and inspected the related payroll summary registers for the reporting year and compared and agreed the amounts to the related coaching salaries, benefits, and bonuses paid by the university expense reported on the statements and recalculated totals. No significant differences between amounts reported on the statements and the contract amounts or payroll summary registers were found.
- We selected a sample of support staff/administrative personnel employed by the university during the reporting period. We obtained and inspected the related payroll summary registers for the period and compared and agreed the amounts to the related salaries, benefits and bonuses paid by the university expense reported on the statements and recalculated totals. No significant differences between amounts reported on the statements and the payroll summary registers were found.
- We obtained the university's recruiting expense policies. The policies were in agreement with existing institutional- and NCAA- related policies. We also obtained the recruiting expense supporting schedules and compared the total amount to the total expenses reported and recalculated totals. The supporting schedules agreed with amounts reported on the statements.
- We obtained the university's team travel policies. The policies were in agreement with existing institutional- and NCAA- related policies. We obtained the team travel supporting schedules and compared the total amount to the total expenses reported and recalculated totals. The supporting schedules agreed with amounts reported on the statements.
- We obtained a listing of debt service schedules and repayment schedules for all outstanding intercollegiate debt maintained by the university during the reporting period. We compared amounts reported on the listings in the notes to amounts in the supporting schedules. No differences were found.
- We compared and agreed the sports sponsored as reported in the NCAA Membership Financial Reporting System to the squad lists of the university. No discrepancies were found.

- We obtained the university's Sports Sponsorship and Demographics Forms Report and validated that the countable sports reported met the minimum requirement as set forth in the Bylaws. No discrepancies were found.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on the compliance of the accompanying statements of revenues and expenses of the University of Tennessee with the NCAA compliance requirements noted above. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the university's management, and is not intended to be and should not be used by anyone other than the university's management. However, this report is a matter of public record.

Sincerely,



Deborah V. Loveless, CPA
Director
January 17, 2017

The University of Tennessee at Knoxville
Department of Intercollegiate Athletics
Statement of Revenues and Expenses
For the Year Ended June 30, 2016

	Revenues	
1	Ticket sales	$ 36,844,478
2	Direct state or other government support	-
3	Student fees	1,000,000
4	Direct institutional support	-
5	Less: transfers to institution	(1,000,000)
6	Indirect institutional support	-
6a	Indirect institutional support -athletic facilities debt service, lease and rental fees	-
7	Guarantees	1,878,003
8	Contributions	32,740,040
9	In-kind	1,342,725
10	Compensation and benefits provided by a third party	-
11	Media rights	29,765,502
12	NCAA distributions	2,335,799
13	Conference distributions (non-media and non-bowl)	9,431,977
14	Program, novelty, parking, and concession sales	5,384,040
15	Royalties, licensing, advertisement, and sponsorships	14,536,065
16	Sports camp revenues	1,331,123
17	Athletics restricted endowment and investments income	1,911,473
18	Other operating revenue	1,504,980
19	Bowl revenues	1,442,750
	Subtotal operating revenues	140,448,955
	Expenses	
20	Athletic student aid	13,695,302
21	Guarantees	2,140,359
22	Coaching salaries, benefits, and bonuses paid by the university and related entities	19,927,317
23	Coaching salaries, benefits, and bonuses paid by a third party	-
24	Support staff/administrative compensation, benefits, and bonuses paid by the university and related entities	21,793,386
25	Support staff/administrative compensation, benefits, and bonuses paid by a third party	-
26	Severance payments	411,349
27	Recruiting	2,526,047
28	Team travel	6,739,990
29	Sports equipment, uniforms, and supplies	3,828,232
30	Game expenses	5,311,045
31	Fund raising, marketing, and promotion	6,782,684
32	Sports camp expenses	508,854
33	Spirit groups	723,576
34	Athletic facilities, debt service, leases, and rental fees	19,145,698
35	Direct overhead and administrative expenses	12,010,969
36	Indirect institutional support	-
37	Medical expenses and insurance	1,179,753
38	Memberships and dues	67,473
39	Student-athlete meals (non-travel)	1,385,328
40	Other operating expenses	7,383,089
41	Bowl expenses	2,451,053
	Subtotal operating expenses	128,011,504
	Excess (deficiency) of revenues over (under) expenses	$ 12,437,451

The accompanying notes are an integral part of this statement.

	Other reporting items:	
50	Excess transfers to institution	$ 285,000
51	Conference realignment expenses	-
52	Total athletics related debt	146,265,539
53	Total institutional debt	600,616,255
54	Value of athletics dedicated endowments	41,025,953
55	Value of institutional endowments	520,111,127
56	Total athletics related capital expenditures	4,487,873.74

10

The University of Tennessee at Chattanooga
Department of Intercollegiate Athletics
Statement of Revenues and Expenses
For the Year Ended June 30, 2016

	Revenues	
1	Ticket sales	$ 1,043,948.67
2	Direct state or other government support	-
3	Student fees	4,549,280.51
4	Direct institutional support	7,424,638.22
5	Less: transfers to institution	-
6	Indirect institutional support	-
6a	Indirect institutional support -athletic facilities debt service, lease and rental fees	-
7	Guarantees	815,526.00
8	Contributions	994,984.92
9	In-kind	102,245.00
10	Compensation and benefits provided by a third party	-
11	Media rights	-
12	NCAA distributions	536,931.50
13	Conference distributions (non-media and non-bowl)	59,735.55
14	Program, novelty, parking, and concession sales	51,599.80
15	Royalties, licensing, advertisement, and sponsorships	503,411.75
16	Sports camp revenues	434,410.03
17	Athletics restricted endowment and investments income	115,914.48
18	Other operating revenue	27,096.69
19	Bowl revenues	-
	Subtotal operating revenues	16,659,723.12
	Expenses	
20	Athletic student aid	4,931,728.16
21	Guarantees	50,000.00
22	Coaching salaries, benefits, and bonuses paid by the university and related entities	- 3,772,324.98
23	Coaching salaries, benefits, and bonuses paid by a third party	-
24	Support staff/administrative compensation, benefits, and bonuses paid by the university and related entities	2,906,429.51
25	Support staff/administrative compensation, benefits, and bonuses paid by a third party	-
26	Severance payments	-
27	Recruiting	344,522.10
28	Team travel	859,689.89
29	Sports equipment, uniforms, and supplies	677,332.76
30	Game expenses	428,909.92
31	Fund raising, marketing, and promotion	738,286.67
32	Sports camp expenses	284,503.08
33	Spirit groups	275,391.60
34	Athletic facilities, debt service, leases, and rental fees	332,534.00
35	Direct overhead and administrative expenses	180,818.23
36	Indirect institutional support	-
37	Medical expenses and insurance	246,930.27
38	Memberships and dues	37,200.44
39	Student-athlete meals (non-travel)	-
40	Other operating expenses	593,121.51
41	Bowl expenses	-
	Subtotal operating expenses	16,659,723.12
	Excess (deficiency) of revenues over (under) expenses	$ -

The accompanying notes are an integral part of this statement.

	Other reporting items:	
50	Excess transfers to institution	$ -
51	Conference realignment expenses	-
52	Total athletics related debt	1,627,931.00
53	Total institutional debt	48,543,787.02
54	Value of athletics dedicated endowments	2,932,742.56
55	Value of institutional endowments	131,456,028.09
56	Total athletics related capital expenditures	-

The University of Tennessee at Martin
Department of Intercollegiate Athletics
Statement of Revenues and Expenses
For the Year Ended June 30, 2016

	Revenues	
1	Ticket sales	$ 105,598.00
2	Direct state or other government support	-
3	Student fees	2,206,752.24
4	Direct institutional support	5,343,793.60
5	Less: transfers to institution	-
6	Indirect institutional support	-
6a	Indirect institutional support -athletic facilities debt service, lease and rental fees	201,063.25
7	Guarantees	1,409,300.00
8	Contributions	421,798.45
9	In-kind	36,051.50
10	Compensation and benefits provided by a third party	-
11	Media rights	-
12	NCAA distributions	504,551.73
13	Conference distributions (non-media and non-bowl)	83,667.00
14	Program, novelty, parking, and concession sales	11,009.36
15	Royalties, licensing, advertisement, and sponsorships	212,257.93
16	Sports camp revenues	-
17	Athletics restricted endowment and investments income	83,588.57
18	Other operating revenue	60,034.27
19	Bowl revenues	-
	Subtotal operating revenues	10,679,465.90
	Expenses	
20	Athletic student aid	3,888,552.73
21	Guarantees	119,901.15
22	Coaching salaries, benefits, and bonuses paid by the university and related entities	2,494,843.68
23	Coaching salaries, benefits, and bonuses paid by a third party	-
24	Support staff/administrative compensation, benefits, and bonuses paid by the university and related entities	1,494,888.75
25	Support staff/administrative compensation, benefits, and bonuses paid by a third party	-
26	Severance payments	-
27	Recruiting	194,620.73
28	Team travel	708,891.91
29	Sports equipment, uniforms, and supplies	366,180.68
30	Game expenses	109,880.44
31	Fund raising, marketing, and promotion	30,569.98
32	Sports camp expenses	-
33	Spirit groups	18,117.22
34	Athletic facilities, debt service, leases, and rental fees	518,786.26
35	Direct overhead and administrative expenses	59,253.43
36	Indirect institutional support	-
37	Medical expenses and insurance	172,187.94
38	Memberships and dues	6,925.00
39	Student-athlete meals (non-travel)	64,871.75
40	Other operating expenses	430,994.25
41	Bowl expenses	-
	Subtotal operating expenses	10,679,465.90
	Excess (deficiency) of revenues over (under) expenses	$ -

The accompanying notes are an integral part of this statement.

	Other reporting items:	
50	Excess transfers to institution	$ -
51	Conference realignment expenses	-
52	Total athletics related debt	3,174,135.28
53	Total institutional debt	64,213,572.87
54	Value of athletics dedicated endowments	5,385,891.97
55	Value of institutional endowments	30,319,398.10
56	Total athletics related capital expenditures	4,061,278.95

10

THE UNIVERSITY OF TENNESSEE
INTERCOLLEGIATE ATHLETIC DEPARTMENTS
NOTES TO THE STATEMENTS OF REVENUES AND EXPENSES
FOR THE YEAR ENDED JUNE 30, 2016

NOTE 1. CAPITAL ASSETS

The intercollegiate athletic departments at Knoxville, Chattanooga, and Martin are required to follow all University of Tennessee policies and procedures for acquiring, approving, and disposing of capital assets as set forth by the Board of Trustees. A university purchase order must be issued for purchases of $10,000 or more. These purchases shall be based upon the principle of competitive bidding. Requisitioning and approving of purchases will begin in the respective athletic department and will then be forwarded to the purchasing department for bidding and the issuance of a purchase order.

Capital assets, which include property, plant, equipment, software, and library holdings, are reported in the statement of net position at historical cost or at acquisition value at date of donation, less accumulated depreciation/amortization. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets' useful lives are not capitalized.

A capitalization threshold of $100,000 is used for buildings, land improvements, and infrastructure. Equipment and software are capitalized when the unit acquisition cost is $5,000 or greater and the estimated useful life is one year or more. The capitalization threshold for additions and improvements to infrastructure and land improvements is also $100,000. The capitalization threshold for additions and improvements to buildings is $100,000, provided that amount exceeds 20% of the book value of the building.

These assets, with the exception of land, are depreciated/amortized using the straight-line method over the estimated useful lives of the assets, which range from 5 to 40 years.

NOTE 2. LONG-TERM LIABILITIES

Knoxville

Long-term liability activity for the year ended June 30, 2016, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Long-term liabilities:				
Bonds	$155,746,665.90	$ -	$10,961,603.79	$144,785,062.11
Unamortized bond premium	6,147,549.11	-	472,888.39	5,674,660.72
Revolving credit facility	143,371.20	1,337,105.63	-	1,480,476.83
Total TSSBA indebtedness	$162,037,586.21	$1,337,105.63	$11,434,492.18	$151,940,199.66

THE UNIVERSITY OF TENNESSEE
INTERCOLLEGIATE ATHLETIC DEPARTMENTS
NOTES TO THE STATEMENTS OF REVENUES AND EXPENSES (CONT.)
FOR THE YEAR ENDED JUNE 30, 2016

The debt service requirements to maturity for all bonds payable at June 30, 2016, are as follows:

Year ending June 30	Principal	Interest
2017	$ 12,893,173.29	$ 6,747,266.04
2018	13,353,777.10	6,274,621.23
2019	13,942,443.55	5,749,336.67
2020	11,196,206.25	5,062,945.84
2021	6,163,689.91	4,650,378.94
2022-2026	36,461,157.50	18,512,828.61
2027-2031	33,457,203.56	10,036,625.55
2032-2036	21,587,371.03	3,704,614.31
2037-2040	5,230,308.15	448,342.70
	$154,285,330.34	$61,186,959.89
Less:		
Debt service reserve fund	(8,156,362.43)	
Unspent bond proceeds	(1,343,905.80)	
TSSBA debt - bonds	$144,785,062.11	

Chattanooga

Long-term liability activity for the year ended June 30, 2016, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Long-term liabilities:				
Bonds	$1,744,546.00	$ -	$116,615.00	$1,627,931.00
Total TSSBA indebtedness	$1,744,546.00	$ -	$116,615.00	$1,627,931.00

The debt service requirements to maturity for all bonds payable at June 30, 2016, are as follows:

THE UNIVERSITY OF TENNESSEE
INTERCOLLEGIATE ATHLETIC DEPARTMENTS
NOTES TO THE STATEMENTS OF REVENUES AND EXPENSES (CONT.)
FOR THE YEAR ENDED JUNE 30, 2016

Year ending June 30	Principal	Interest
2017	$ 118,397.00	$ 43,382.07
2018	120,111.00	41,584.61
2019	121,880.00	39,402.70
2020	124,976.00	36,902.51
2021	128,886.00	33,873.85
2022-2026	699,614.00	114,500.72
2027-2028	314,067.00	13,621.29
	$1,627,931.00	$323,267.75

Martin

Long-term liability activity for the year ended June 30, 2016, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Long-term liabilities:				
Bonds	$1,223,015.47	$2,080,963.03	$129,843.22	$3,174,135.28
Total TSSBA indebtedness	$1,223,015.47	$2,080,963.03	$129,843.22	$3,174,135.28

The debt service requirements to maturity for all bonds payable at June 30, 2016, are as follows:

Year ending June 30	Principal	Interest
2017	$ 132,842.73	$ 185,837.68
2018	136,253.75	182,247.07
2019	140,084.27	178,102.72
2020	144,615.82	173,550.84
2021	148,874.37	169,028.60
2022-2026	821,419.51	765,399.44
2027-2031	1,000,439.21	584,193.52
2032-2036	730,566.04	380,846.71
2037-2041	754,901.96	234,841.36
2042-2045	726,627.45	62,714.81
	4,736,625.11	$2,916,762.75

THE UNIVERSITY OF TENNESSEE
INTERCOLLEGIATE ATHLETIC DEPARTMENTS
NOTES TO THE STATEMENTS OF REVENUES AND EXPENSES (CONT.)
FOR THE YEAR ENDED JUNE 30, 2016

Less:	
Unspent bond proceeds	(1,562,489.83)
TSSBA debt - bonds	$3,174,135.28

NOTE 3. CONTRIBUTIONS

No single donor or small group of donors gave more than 10% of the reported contributions at the University of Tennessee at Knoxville campus or at the University of Tennessee at Chattanooga campus.

One individual donor gave more than 10% of the reported contributions at the University of Tennessee at Martin.

At the Knoxville campus, the university reported $4,000,000 of unrestricted gifts to the athletic department in the contributions category, which were received and retained at the University of Tennessee Foundation. There were no expenses on behalf of the athletic department by the foundation reported in the statement of revenues and expenses.

The University of Tennessee at Knoxville
Supplementary Information
Analysis of Current to Prior-Year Expenses

	2016 Actual	2015 Actual	$ Difference	% Difference	
Operating revenues:					
Ticket sales	$ 36,844,478	$ 34,674,844	$ 2,169,634	6.3%	**(1)**
Media rights	29,765,502	23,297,298	6,468,204	27.8%	**(2)**
10% of Revenues	**$ 14,044,896**				
Operating expenses:					
Athletic student aid	$ 13,695,302	$ 12,359,983	$ 1,335,319	10.8%	**(3)**
Coaching salaries, benefits, and bonuses paid by the university and related entities	19,927,317	18,160,181	1,767,136	9.7%	**(4)**
Support staff/administrative compensation, benefits, and bonuses paid by the university and related entities	21,793,386	20,470,687	1,322,699	6.5%	**(5)**
Athletic facilities, debt service, leases, and rental fees	19,145,698	17,630,987	1,514,711	8.6%	**(6)**
10% of Expenses	**$ 12,801,150**				

(1) Increase primarily due to an increase in football ticket sales as season ticket prices increased 2% to 3% on average, along with approximately 4,000 new season ticket holders. Overall increase was offset by slight decreases in men's and women's basketball ticket sales.

(2) Increase the result of various factors including, but not limited to, an increase in conference distributions associated with the SEC Network and primary television agreements.

(3) Increase largely attributed to the provision of "cost of attendance" stipends to student-athletes as allowed under revised NCAA regulations. In addition, scholarship costs increased due to rate increases for room and board, in-state tuition, and miscellaneous fees.

(4) Increase primarily related to increases in football and men's basketball coaches salaries in the amount of $1.2 million and $0.7 million, respectively.

(5) Increase attributed to various departmental units including, but not limited to, football support staff ($348 thousand), broadcasting ($223 thousand), sports medicine/training ($137 thousand), and strength and conditioning ($114 thousand).

(6) Increase due to the initial interest payment (2015A bond series) on the Anderson Training Center.

The University of Tennessee at Martin
Supplementary Information
Analysis of Current to Prior-Year Expenses

	2016 Actual	2015 Actual	$ Difference	% Difference	
Operating revenues:					
Student fees	$ 2,206,752.24	$ 1,791,957.04	$ 414,795.20	23.1%	**(1)**
Guarantees	1,409,300.00	1,248,300.12	160,999.88	12.9%	**(2)**
10% of Revenues	**$ 1,067,946.59**				

(1) Student fees related to athletics increased $50 per student per semester in the 2016 fiscal year.
(2) There were larger and additional guarantees received during fiscal year 2016, when compared to fiscal year 2015.

THE UNIVERSITY OF TENNESSEE
BOARD OF TRUSTEES

ACTION ITEM

DATE: June 22, 2017

ITEM: **Consent Agenda, Annual Meeting of the Board of Trustees**

RECOMMENDATION: Approval

The items on the Consent Agenda will not be presented or discussed in the meeting unless a Trustee requests removal of an item from the Consent Agenda. In accordance with the Bylaws, before calling for a motion to approve the Consent Agenda, the Chair will ask if any Trustee requests that item be removed from the Consent Agenda. An item will not be removed from the Consent Agenda solely for the purpose of asking questions for clarification. Those questions should be presented to the Secretary before the meeting.

If there are no requests to remove an item from the Consent Agenda, the Chair will call for a single motion to approve the action items on the Consent Agenda.

Motion by a voting Trustee: I move that action items on the June 22, 2017 Consent Agenda of the Annual Meeting of the Board of Trustees be approved by unanimous consent.

THE UNIVERSITY OF TENNESSEE
BOARD OF TRUSTEES

ACTION ITEM

DATE: June 22, 2017

ITEM: **Minutes of the Last Meeting**

PRESENTED BY: Catherine S. Mizell, Secretary

Minutes of the March 29, 2017 meeting of the Board of Trustees follow this memorandum. The necessary Resolution for approval appears below.

RESOLVED: The reading of the minutes of the March 29, 2017 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 SPRING MEETING
March 29, 2017
Chattanooga, Tennessee

The Spring Meeting of The University of Tennessee Board of Trustees was held at 1:00 p.m. EDT, on Wednesday, March 29, 2017, in the Tennessee Room of the University Center on the campus of The University of Tennessee at Chattanooga.

I. CALL TO ORDER AND INVOCATION

Raja J. Jubran, Vice Chair of the Board, called the meeting to order. Rev. Keith Moore, of the UTC Wesley Center, 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.
George E. Cates
Susan C. Davidson
Joseph A. DiPietro
William Evans
John N. Foy
D. Crawford Gallimore
Vicky B. Gregg
Mike Krause
Sharon Miller Pryse
Jefferson S. Rogers
Rhedona Rose
Miranda N. Rutan
Rachel M. Smith
Jai Templeton
John D. Tickle
Julia T. Wells
Charles E. Wharton
Tommy G. Whittaker

The Secretary announced the presence of a quorum. Governor Haslam, Commissioner McQueen, Trustee Brown, and Trustee Lampley were unable to attend the meeting. Newly appointed Trustee David Shepard attended committee meetings the previous day but was unable to attend the full Board meeting due to his confirmation hearing before the state legislature. 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.

Vice Chair Jubran congratulated Chancellor Davenport and UT Knoxville for success in breaking a Guinness World Record for the world's largest human letter, a Power T, as part of the NBC Today Show "Rokerthon" series. He thanked the *Daily Beacon* for creating the video and bringing the event to UT Knoxville. The event created a tremendous amount of free positive press and publicity for the University.

Vice Chair Jubran thanked Trustee Vicky Gregg and Fred Gregg and Trustee John Foy and Trish Foy for hosting an excellent reception and dinner the previous night. He also thanked Chancellor Angle and his staff for their planning and hard work to make the meetings on the UTC campus run so smoothly and successfully. He said the Board has enjoyed visiting the campus and is very proud of its continued success under the leadership of Chancellor Angle and his team.

Vice Chair Jubran called to the attention of the Trustees the action items on the regular agenda and noted that most action items recommended to the Board for approval by committees of the Board are included on the consent agenda. For the benefit of the audience, he explained that most Trustees attended the committee meetings and were able to participate in the discussion. He called for any requests to move an item from the consent agenda to the regular agenda. Hearing none, he proceeded with the regular agenda.

III. HONORARY RESOLUTIONS

Dr. DiPietro presented a Resolution honoring Dr. Jimmy G. Cheek (Exhibit 1), expressing his sincere appreciation for his service as Chancellor of UT Knoxville. He also recognized Dr. Cheek's wife, Ilene, for her support. After reciting the Resolution, Dr. DiPietro moved its adoption. The motion was seconded by Trustee Pryse and adopted unanimously. Dr. Cheek received a standing ovation from the Trustees and meeting attendees. In his remarks, he quoted Dr. Seuss saying "Don't be sad that's over, be glad that it happened." He thanked his wife for her constant support over the past eight years. He thanked Governor Bredesen for setting UT Knoxville on the right path with the high goals he set for the campus; Governor Haslam for his support of and attention to higher education; and the Trustees for their leadership and assistance in making the journey very successful. He thanked President Emeritus Jan Simek and President DiPietro for their support and leadership. He thanked his cabinet, the faculty, and alumni and friends for their

commitment and support, particularly and most recently Trustee Tickle, whose generous philanthropy resulted in naming the Tickle College of Engineering. Lastly, he thanked UT Knoxville's excellent students.

Dr. DiPietro then presented a Resolution honoring Dr. Robert M. Smith, former Interim Chancellor of UT Martin, and bestowing upon him the honorary status of Chancellor Emeritus, being recorded as the 10th Chancellor of UTM (Exhibit 2). After reciting the Resolution, Dr. DiPietro moved its adoption. The motion was seconded by Trustee Gallimore and adopted unanimously. After receiving a standing ovation from the Board and meeting attendees, Dr. Smith expressed his sincere appreciation and honor to be named Chancellor Emeritus of UT Martin. He said he had spent 48 years in higher education, and the job he completed at UT Martin was his greatest challenge. He thanked the UT Martin campus for incredible support in helping him accomplish all they did during his time there. He thanked his wife Ramona for her dedication and support. He thanked President DiPietro for his support and his trust and who described him as one of the best people he has ever had the privilege to work for. He thanked the Board for fully supporting his bold and audacious plan. He thanked his senor staff, the UT Martin faculty and the Martin area Trustees Jeff Rogers, Miranda Rutan, Julia Wells, and Crawford Gallimore. In conclusion, he said the heart of the University is a collection of people whose vision of higher education is the incredible future of Tennessee and is grateful for the opportunity to part of that group.

IV. PRESIDENT'S REPORT

Dr. DiPietro echoed Vice Chair Jubran's appreciation to Chancellor Angle and his staff for their work in preparing for the meeting and congratulated UTC on it continued success.

The President's report included discussion of his second State of the University address in Nashville, the work of the Budget Advisory Group (BAG), and the Governor's favorable budget for higher education (Exhibit 3). Although this is the best revenue year the state has seen in many years, the University cannot rely on the economy remaining so strong and must be prepared for the next downturn by committing once again to the BAG initiative started two years ago. The BAG set a goal of $68 million in reallocations by the end of the current fiscal year, June 30, 2017, and the University is on track to exceed that goal. The group will continue to meet regularly and report to the Subcommittee on Efficiency and Cost Savings and will provide a final revision of the boundaries document and guidelines to the Board in June.

The President also updated the Trustees on efforts to hold tuition rates below the first binding tuition range recommendations by THEC. He said UT will continue self-limiting its tuition increases and that for the third year in a row tuition increases would be 3% or less, which is the lowest in more than 30 years. He also noted that 44% of UT undergraduates who earn a bachelor's degree leave the University without debt. Those

who graduate with debt owe an average of $24,000, but individuals with a college degree have as much as a seven-figure increased lifetime earning potential, demonstrating that a UT education remains a wise investment.

Turning to other matters, Dr. DiPietro said he will keep the Board informed regarding the question of outsourcing facilities services once the campus business officer discuss the opportunity and provide their justification for their decisions. He also reported on recent successful executive searches and upcoming searches for the Vice President of Academic Affairs and Student Success and the Executive Director of Capital Projects. He reported on the work of the Oliver Group, a consulting firm hired to assist in succession planning and creation of a model for developing quality internal candidates. He also announced that Dr. Robert Smith has been appointed as special advisor for leadership and talent development and is developing an executive leadership academy. Lastly, he announced that Jason Roberts, Guy Reed, Christine Smith, and Steve Butler were recently named as President's Award recipients, the highest honor a UT employee can receive.

Trustee Evans asked Dr. DiPietro about senior staff positions identified by the Oliver Group as non-critical for succession planning, and Dr. DiPietro said he would be doing a careful review of the consultant's analysis. Trustee Anderson noted that 40% of key personnel coming into retirement age in the next five years is a very challenging concern. Trustee Cates commended Dr. DiPietro for the progress made through the BAG initiative and added that the University needs to continue to keep tuition down over the long haul to coincide with the rate of inflation. Dr. DiPietro agreed but noted that when the state proposes a 3% raise for state employee salaries, the University only receives about $.55 on the dollar and must make up the difference by cutting costs or generating revenue. Trustee Gallimore asked Dr. DiPietro if he looks for candidates who will grow into more senior positions when filing vacancies. He confirmed that he does and of the past ten hires a couple standout as capable of filing future openings. Trustee Anderson pointed out that having 44% of bachelor degree graduates with no debt and an average debt of $24,000 are two exceptional statistics that need to be made known. Vice Chair Jubran agreed and echoed Trustee Cates' call for a continued focus on the BAG initiative to achieve the reallocation goals from our own efforts to be effective and efficient.

RECESS

The Full Board Meeting was suspended while the Executive and Compensation Committee of the Board was convened. After the Executive and Compensation Committee meeting, the Full Board Meeting reconvened with all of the Trustees present at the original roll call still in attendance.

V. REPORT AND RECOMMENDATIONS OF THE EXECUTIVE AND COMPENSATION COMMITTEE

Vice Chair Jubran, Chair of the Executive and Compensation Committee, reported items considered and approved at the March 3, 2017 Committee meeting.

A. Assessment and Recommendation for Payments under the Performance-Based Variable Compensation Plan for FY 2015-16

Calling the Board's attention to the supporting materials (Exhibit 4), the Vice Chair noted the recommended payments to each participant in the Performance-Based Variable Compensation Plan for FY 2015-16. He explained that after the Committee recommended approval of the payments at its March 3 meeting, it was discovered that Dr. Millhorn's payment was calculated incorrectly because the $50,000 administrative supplement he receives as President of UT Research Foundation was added to his base salary. The error has been corrected in the Resolution pending before the Board.

On the recommendation of the Executive and Compensation Committee, Vice Chair Jubran moved adoption of the following Resolution:

RESOLVED:

1. **The revised FY16 goals for participants in outreach and engagement activities for System President, VP for Research, and UTIA are approved as presented in the meeting materials.**

2. **The revised FY16 goal for clients served by UTHSC is approved as presented in the meeting materials.**

3. **The metric "Reduce Faculty and Staff Salary Gaps with Peers" is deleted as a performance goal until the process and methodology for calculation has been revised to ensure consistency across the System; exclusion of this metric in scoring performance for FY 2015-16 is approved;**

4. **Modification of the scoring methodology for Deferred Maintenance Expenditures to award 0% credit if the goal is not met, 100% if met, and no extra credit for exceeding the goal is approved; and**

5. **The following payments under the Performance-Based Variable Compensation Plan for FY 2015-16 are approved, subject to all provisions and conditions of the Plan:**

Joseph A. DiPietro	**$101,816**
Steven R. Angle	**$36,428**
Larry R. Arrington	**$40,973**
Jimmy G. Cheek	**$41,563**
David E. Millhorn	**$46,701**
Catherine S. Mizell	**$32,222**
Steve J. Schwab	**$68,097**

Because the Resolution was amended after approval by the Committee, the Vice Chair called for a second. Trustee Pryse seconded the motion, and the motion to adopt the Resolution carried unanimously.

B. Revisions to the Annual Presidential Performance Review Process

Vice Chair Jubran called the Board's attention to the proposed revisions to the Board's policy on the annual presidential performance review process (Exhibit 5) and reported that the Executive and Compensation Committee, meeting on March 3, 2017, recommended approval of the proposed revisions. On the recommendation of the Committee, Vice Chair Jubran moved adoption of the following Resolution:

> **RESOLVED: Revision of the Policy on Presidential Performance Reviews is approved as presented in the meeting materials.**

Coming as a recommendation of the Committee, no second was required, and the motion to adopt the Resolution carried unanimously.

VII. REPORT AND RECOMMENDATIONS OF THE ACADEMIC AFFAIRS AND STUDENT SUCCESS COMMITTEE

A. Proposed UT Knoxville Student Code of Conduct

Calling the Board's attention to the proposed UT Knoxville Student Code of Conduct and supporting materials (Exhibit 6), Committee Chair Vicky Gregg reminded Trustees that a public rulemaking hearing on the proposed UT Knoxville Student Code of Conduct was held on October 13, 2016. The University's response to oral and written comments received in connection with the public rulemaking hearing were included in the meeting materials.

The Subcommittee on Student Conduct, Rights, and Responsibilities considered the proposed Code at its meeting on March 28 and then reported its recommendation to the Academic Affairs and Student Success Committee. Committee Chair reported that the Committee accepted the Subcommittee's recommendation for approval of the Code.

On the recommendation of the Academic Affairs and Student Success Committee, Trustee Gregg moved adoption of the following Resolution:

> **RESOLVED: The Student Code of Conduct for The University of Tennessee, Knoxville, is approved as presented in the meeting materials and will supersede the current Chapter 1720-04-03 of the Rules of The University of Tennessee after completion of the rulemaking procedures under the Uniform Administrative Procedures Act.**

Coming to the Board as a recommendation of the Committee, no second was required. The Vice Chair called for the required roll-call vote, and the motion carried unanimously (Exhibit 7). The Code 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.

IX. REPORT OF THE ADVANCEMENT AND PUBLIC AFFAIRS COMMITTEE ON COMMENTS BY MEMBERS OF THE PUBLIC

Committee Chair Sharon Pryse reported that the Committee discussed the need to disseminate widely the University's strong, positive qualities. She the summarized comments made to the Committee by a member of the public. Ellie Newell, a UTC student and co-chair of the Young Democratic Socialists, spoke to the committee about the state's initiative for the outsourcing of facilities services. Along with her presentation, she provided the Trustees with two handouts explaining in detail her opposition to the initiative.

IX. REPORT OF THE AUDIT AND COMPLIANCE COMMITTEE

Trustee Gallimore, Chair of the Audit and Compliance Committee, reported that the Committee last met in December and reviewed and approved the plans and priorities of the Office of Audit and Compliance for 2017.

One significant project will be implementation of an enterprise risk management framework in 2017 to comply with updated state guidance; the framework will provide a comprehensive view of the University's risks in terms of the mission and objectives. To accomplish this goal, the Committee approved the commitment of internal audit resources. Specifically, for 2017, an associate audit director has been temporarily reassigned to develop a methodology compliant with the state statute and guidance and not burdensome

but beneficial for the UT System. The internal audit team will also work with executive leadership to determine who should lead enterprise risk management and determine the role of the Office of Audit and Compliance in the future.

The Committee also received a report on the status of the University's IT security posture and learned of the cyber security framework to be used in the future. The new process will continue to measure the maturity of the IT security program. In 2017, each UT campus and institute will perform a self-assessment, and the Office of Audit and Compliance will review a sample of controls to verify implementation and effectiveness. Results will continue to be reported and reviewed by the Committee.

Referring to the 2016 audits the chief executive officers (President and Chancellors), Trustee Gallimore said the results are an indication to the Audit and Compliance Committee that the CEOs are committed to being good stewards of the University's financial resources, and the University has established effective controls.

In closing, he explained that the Office of Audit and Compliance includes both the internal audit and the institutional compliance functions for the UT system and has team members located in Knoxville, Memphis, Chattanooga, and Martin. All team members are UT System staff and report centrally through the Executive Director to the Audit and Compliance Committee, but having a presence on each campus allows the auditors to provide better service to the campuses.

X. CONSENT AGENDA

The Vice Chair directed the Board's attention to the Consent Agenda. He reported that all items except the first three listed were reviewed, discussed, and unanimously approved in committee meetings. He noted that the recommendation for committee appointments includes the proposed appointment of new Trustee Shepard to two committees, Trustee Tickle as an at-large member of the Athletics Committee, and Trustee Anderson serving as Chair of the Athletics Committee. 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

B. Vice Chair's Recommendation for Committee Appointments (Exhibit 8)

C. Resolution Appointment a Managerial Group for U.S. Government Contracts (Exhibit 9)

D. Real Estate Transactions Unanimously Approved by the Executive and Compensation Committee on March 3, 2017 (Exhibit 10)

E. Action Items Unanimously Approved by the Advancement and Public Affairs Committee on March 28, 2017 (Exhibit 11)

F. Action Items Unanimously Approved by the Executive and Compensation Committee on March 29, 2017 (Exhibit 12)

G. Action Items Unanimously Approved by the Academic Affairs and Student Success Committee on March 28, 2017 (Exhibit 13)

H. Action Items Unanimously Approved by the Finance and Administration Committee on March 29, 2017 (Exhibit 14)

Trustee Driver moved approval of the Consent Agenda, Trustee Gallimore seconded, and the motion carried unanimously.

XI. FUTURE BOARD AND COMMITTEE MEETING DATES

Vice Chair Jubran announced that the 2017-18 Scheduled Meetings and Workshop were included in the meeting materials and can be found on the Board of Trustees website.

XII. ADJOURNMENT

Before adjourning the meeting, the Vice Chair expressed his appreciation to Secretary Mizell for her continued dedication and hard work for this Board. He said since she has moved into her new role, she has assisted him in understanding and navigating all the work needed to be an effective Vice Chair. He added that she is available to any Trustee with questions and has tremendous historical knowledge of the procedures and practices of the University. He thanked Ms. Mizell for her excellent work and dedication to the University, and she received a round of applause from the Board and meeting attendees.

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

Respectfully Submitted,

Catherine S. Mizell, Secretary

THE UNIVERSITY OF TENNESSEE
BOARD OF TRUSTEES

ACTION ITEM

DATE: June 22, 2017

CAMPUS/UNIT: UT Knoxville

ITEM: **Naming Track & Field Center at Tom Black Track**

RECOMMENDATION: Approval

Chancellor Davenport has recommended, and President DiPietro and Vice President McCurry have approved, naming the Track & Field Center at Tom Black Track at LaPorte Stadium "The Boyd Family Track & Field Center" in honor of Jenny and Randy Boyd and their family in recognition of the family's generous philanthropy benefitting the University and the Knoxville community and their exemplary leadership and selfless service. See the following recommendation letter from Chancellor Davenport.

RESOLVED: The Track & Field Center at Tom Black Track at LaPorte Stadium on the campus of The University of Tennessee, Knoxville is hereby named "The Boyd Family Track & Field Center" in recognition of the Boyd family's generous philanthropy benefitting the University and the Knoxville community and their exemplary leadership and selfless service.

THE UNIVERSITY OF TENNESSEE KNOXVILLE

May 9, 2017

President Joseph A. DiPietro
University of Tennessee System
800 Andy Holt Tower
Knoxville, TN 37996-0180

Dear President DiPietro,

I am writing to request approval to name the new Track & Field Center at Tom Black Track at LaPorte Stadium in honor of Jenny & Randy Boyd and their family. The Boyd Family Track & Field Center is a key investment in our men's and women's track & field programs and is located in the northwest corner of the venue. It will include a satellite athletic training room, team meeting room, equipment storage, public restrooms and a concessions stand. The Boyd Family Track & Field Center also features a pavilion that will serve as Tennessee's team staging area during home meets.

13

Jenny attended the University of Tennessee and is an active member of the Knoxville community having served on the board of the Knoxville Chamber of Commerce and the Dogwood Arts. Jenny also volunteers with the boards of the East Tennessee Historical Society and the Museum of Appalachia in Norris, Tennessee.

Randy is a 1979 alum of the Haslam College of Business. He is a successful businessman, community leader, and state servant, and the founder of Radio Systems Corporation and former Commissioner of Economic Development for the state. Randy has been recognized by the university receiving the UTK Distinguished Alumnus Award in 2014 and the Haslam College of Business Entrepreneur of the Year in 2009. He serves on the Haslam College of Business Dean's Advisory Council and is the college's campaign chair for the "Investing in the Journey to the Top 25" campaign.

The Boyds have been philanthropic leaders to the university and our community. Through their philanthropy, Randy and Jenny have provided:

- Leadership support to Tennessee Athletics for the development of world-class facilities for the track & field programs and contributions in support of the renovation of Neyland Stadium and Thompson-Boling Arena.

Office of the Chancellor
527 Andy Holt Tower Knoxville, TN 37996-0184
865-974-3265 *fax* 865-974-4811 chancellor.utk.edu

- The Randal D. Boyd Venture Fund for Student Entrepreneurs in the Haslam College of Business. Through an application process, this fund provides seed-money for any UT student-owned business.
- The Randy and Jenny Boyd Endowed Scholarship for *tnAchieves* Students benefitting students that successfully complete their associate's degree thorough the Tennessee Promise program and participate in the *tnAchieves* mentoring program.
- The Full-Service Collaborative Project/University Assisted Community School Program Enrichment Fund through the College of Education, Health and Human Sciences which provides staff funding for an after-school program that offers mental health and healthcare services, community training and outreach, supplies, equipment, and meals to students at Pond Gap Elementary School in Knox County.
- The Pet Safe Endowed Chair in Small Animal Clinical Behavior Research at the University of Tennessee College of Veterinary Medicine, which conducts research to improve the human-animal bond and better understand companion animal behaviors.

Through their gift, the Boyds also provided the resources needed to resurface and update Tom Black Track at LaPorte Stadium, as well as the construction of a new press box at the top of the south bleachers along Volunteer Boulevard. The press box will feature timing, announcer and television booths and a space for working media.

In recognition of not only their philanthropy, but also exemplary leadership and selfless service, we request approval from the Board of Trustees to honor Jenny & Randy Boyd with the naming of the Boyd Family Track & Field Center at Tom Black Track at LaPorte Stadium.

Sincerely

Beverly J. Davenport
Chancellor

cc: John Currie, Vice Chancellor & Director of Athletics
Chip Bryant, Interim Vice Chancellor for Development & Alumni Affairs

Approved: _____
Rickey N. McCurry
President & CEO, UT Foundation, Inc.
Vice President for Development & Alumni Affairs

Approved: _____
Joseph A. DiPietro
President, University of Tennessee

THE UNIVERSITY OF TENNESSEE
BOARD OF TRUSTEES

ACTION ITEM

DATE: June 22, 2017

ITEM: **Reappointment of UT Members to the University Health System Board of Directors**

RECOMMENDATION: Approval

University Health System, Inc. (UHS) is a not-for-profit corporation created in 1998 to operate the UT Medical Center in Knoxville. The UHS charter provides for a board of directors that includes three members appointed by the University President with the approval of the Board of Trustees. The current UT members are Dr. Joe Johnson, Mr. Michael Strickland, and Dr. Beverly Davenport (ex officio member as Chancellor of UT Knoxville).

The appointments of Dr. Johnson and Mr. Strickland will expire on June 30, 2017, and they are eligible for reappointment. The Nominating Committee of the UHS board of directors has recommended reappointment of Dr. Johnson and Mr. Strickland, and President DiPietro concurs with their reappointment for another three-year term.

RESOLVED: The reappointments of Dr. Joseph E. Johnson and Mr. Michael Strickland to the Board of Directors of University Health System, Inc., for a three-year term beginning July 1, 2017 and ending June 30, 2020 are approved.

THE UNIVERSITY OF TENNESSEE
UT FOUNDATION

June 1, 2017

MEMORANDUM

TO: Board of Trustees

FROM: Rickey N. McCurry, J.D.

RE: Annual Report of Interior/Grounds Spaces Named at the Campuses/Units

This memorandum serves as the annual report to the Board of Trustees of interior grounds/spaces named by the campuses/units. The following is the report as received from each campus/unit. All of the namings are related to gifts received, named either for the donor or in honor of another individual at the donor's request.

Campus/Unit	**Naming 2016-17**
Institute of Agriculture	None reported
Institute of Public Service	None reported
UT Chattanooga	College of Engineering and Computer Science Dr. Frank Jones Chemical Engineering Lab Dr. Jim Henry Chemical Engineering and Controls System Laboratory AGC Construction Laboratory
UT Health Science Center	College of Dentistry Dentistry Class of 1987 Student Group Room College of Health Professions Tamika Catchings Playground Regal Foundation Group Therapy Room Sydney Sloan Pediatric Playroom Leigh Chesney Barnes Student Workroom Community Development Board Conference Room Emerson Grace Doty Therapy Room Denise Descouzis Therapy Room ASP Faculty Classroom Knoxville Scottish Rite Therapy Room Downtown Sertoma Club Hearing Aid Repair Laboratory Sol Adler Therapy Room

Medicine/Pharmacy
Dermon II Family and Herb Kosten Foundation Laboratory

College of Pharmacy
Jerry B. Bartlett Faculty Office
Larry and Beck Shepherd Faculty Office
Reeves-Sain Gallery

UT Knoxville

Athletics
Bill and Babs Freeman Gate at Neyland Stadium
Carmen and Deborah Tegano Dining Hall

Hodges Library
The Morgan Commons North
The Mitchell-Jarrett Commons South
The Betsey B. Creekmore University Archives
The Elaine Altman Evans Exhibit Area
The Rotary Club of Knoxville Room
The Betsey B. Creekmore Special Collections Classroom

Law School
Baker Donelson Conference Room

Min H. Kao Electrical Engineering & Computer Science Building
Advanced Analytics Laboratory

Tickle Building
Christa & Earl Ingram, Ph.D., P.E. Classroom
T. J. Rentenbach Faculty Office

UT Martin

None reported.

University of Chattanooga Foundation, Inc.

Dept 6806 615 McCallie Avenue Chattanooga, TN 37403 Phone (423) 425-4232 wwwutc.edu

To: Dr. Joseph A. DiPietro
UT President

From: Dr. Bryan K. Rowland
UC Foundation Executive Director
UTC Vice Chancellor for Development and Alumni Affairs

Date: May 31, 2017

Subject: University of Chattanooga Foundation FY 2017 Annual Report

Pursuant to University of Tennessee (UT) Board policy, we are pleased to report the following activity during fiscal year 2017 on behalf of the University of Chattanooga (UC) Foundation, Inc.

UC FOUNDATION INITIATIVES

- Chancellor Steven Angle and Provost Jerald Ainsworth presented grant opportunities for consideration on behalf of the University of Tennessee at Chattanooga (UTC) to the UC Foundation Grants Committee. The grants committee awarded over $1,874,500 for FY 2018, which was an increase of over $74,000 from what was awarded in FY 2017. Funded FY 2018 grant opportunities represented unrestricted endowment investments in the areas of strategic initiatives, faculty development, executive partnerships and student scholarships.
- The UC Foundation recruited four new foundation board members.
- The UC Foundation continues to partner with the River City Company and the Benwood Foundation to encourage development in the "MLK Corridor." For the second consecutive year, two properties owned by the UC Foundation were sold to spur economic development of the MLK neighborhood, which borders the south edge of the UTC campus. The River City Company and the Benwood Foundation are coordinating an RFP process to support the MLK redevelopment.
- UTC fundraising for FY 2017 has resulted in over $14.8M raised towards a $13M goal (113% to goal), secured 3,359 alumni donors towards a 2,868 goal (117% to goal) and also secured 5,192 total donors towards a 7,424 goal (70% to goal) through April 30, 2017.
- The UTC Annual Giving Program continues to engage and solicit more alumni, parents, friends and corporate partners. Our student callers have made over 163,209 phone calls as of April 30, 2016 in comparison to 68,162 calls in FY 2016 and 17,404 calls in FY 2015. The alumni participation rate stands at 5.62% as of April 30, as compared to 4.70% in FY 2016 with steadily increasing alumni populations each year. The athletic annual giving program is on track to have a record year in cash received at $640,179 as of April 30, 2017.
- The UC Foundation created the SMILE (Student-Managed Investment Learning

Environment) Fund with a $250,000 initial investment on July 1, 2015. The fund was established to provide select UTC students the opportunity to manage an investment portfolio for a real client - the UC Foundation. The students continue to manage the fund and strive to avoid short-term performance chasing, be well diversified within profitable sectors, and improve evaluation of global macro conditions and position for long-term trends. In addition to the experiential learning, a number of students have gained internships and/or career opportunities with investment firms. The fund value was $278,937 as of May 30, 2017.

FINANCES, ENDOWMENTS, GIFTS

- Since 1969, approximately $117.6M has been provided to UTC from UC Foundation Endowments.
- Foundation consolidated total assets (including the subsidiary organization Campus Development Foundation, Inc.) have grown from $6.8M in 1969 to $203.9M as of March 31, 2017.
- The Foundation currently has 41 endowed professorships supporting UTC faculty.
- In FY 2017, there were 226 endowments that support scholarships and 69 annual scholarship programs supporting a total of approximately 1,600 students.
- Gifts received to the endowments for FY 2017 totaled $1.27M as of May 18, 2017. Notable endowment gifts include $400K to the Robert & Etta Davis Endowment for Athletics, $250K to the Greg Vital & Franklin Farrow Healthcare Administration Professorship Endowment and $250K to the Dr. Frank Jones Chemical Engineering Lab Endowment.
- Gifts received to temporarily restricted funds and annual giving funds total $2.85M as of May 18, 2017.
- Cash gifts and new pledges in FY 2017 (as of April 30) total $14.8M. Prior year comparison figures are $10M at April 30, 2016, $12.1M at April 30, 2015 and $5.3M at April 30, 2014.

PROBASCO RESIDENCE HALL PROJECT

- Campus Development Foundation, Inc., a subsidiary of the UC Foundation, owns Probasco South Campus, a 1749-bed student housing complex. The value of this property, based on a 2014 appraisal, is $114M. Current debt on the recently refinanced property is $63.8M.
- From 2009 to 2012, student housing was in high demand with limited capacity in and around campus. During this time, 119 bedrooms on South Campus were converted from single to double occupancy in order to better meet capacity demand; 66 of these rooms are small and barely accommodate 2 single beds. As demand has decreased, the decision was made to turn the small double occupancy rooms back to singles. The effect of this change is a loss of 66 beds in capacity but an increase in rates for the private rooms, thus having minimal effect on the revenue stream. This change is effective for Fall 2017 and will change capacity of South Campus from 1749 to 1683. The change will provide greater occupancy retention in the Spring 2018 semester as students are more content with the accommodations.
- Total revenue during FY 2017 is projected at approximately $11.9M.

- Occupancy for Fall 2016 was 98% and Spring 2017 occupancy was 90%.
- Projections for Fall 2017 show 97% occupancy and Spring 2018 is estimated at 93%.
- Bond and interest payments will be covered in the current year (FY 2017) as well as allocations to the repair and replacement fund and all operating expenses.
- Current cash projections indicate an excess FY 2017 year-end balance of approximately $2.2M.
- It is proven that as of April 30, 2017, all debt service requirements will be met with current YTD revenue (excluding interest income) of $11.6M. No contribution from the UC Foundation will be required at year-end June 30, 2017.
- Based on a budget developed by the UC Foundation Real Estate Committee, total revenue for FY 2018 is projected at $11.65M excluding interest income. FY 2018 projections show the project revenue will be adequate to meet bond principal and interest payments as well as the debt services ratio during 2018 without further contribution from the Foundation.

2017 INVESTMENT ACTIVITY

- The UC Foundation endowment value was $126,573,859 while funds held on a short-term basis totaled $11,100,884. Both balances were current as of March 31, 2017. Balances on June 30, 2017 will be included in the year-end audit.
- Performance of the endowment portfolio for the last one-year period was 11.5% against the short-term benchmark of 10.8% and long-term benchmark of 12.5%. All totals were current as of March 31, 2017.
- Performance of the endowment portfolio for the past three-year period was 4.4% against the short-term benchmark of 4.9% and long-term benchmark of 5.2%.

OTHER ITEMS

- The UC Foundation has not received any gifts that would place a financial liability on the University.
- The UC Foundation received a clean audit report for FY 2016.
- The UC Foundation is currently working with the University of Tennessee Foundation, Inc. to renegotiate the affiliation agreement between the two organizations. It is expected that this process will be completed on or before June 30, 2017.

TO: Dr. Joe DiPietro
President, The University of Tennessee

FROM: Rickey McCurry
UT Vice President for Development & Alumni Affairs
UT Foundation President & CEO

DATE: June 9, 2017

SUBJECT: UT Foundation Report for FY 2017

Pursuant to Article IV, Section 1(c) of the Affiliation and Services Agreement between the University of Tennessee and the University of Tennessee Foundation, Inc., I am presenting the following report on Foundation activity during fiscal year 2017. This report was formerly presented under Article II (A)(2) and (A)(3) of the Memorandum of Agreement between the University and the Foundation. Additionally, once the fiscal year ends, the Foundation will create an annual report which along with the Foundation's IRS Form 990 will be available to the public on the Foundation's web site.

REAL ESTATE

- The Foundation sold 1 property during the fiscal year. The sale price for this property was $ 280,000. The Foundation received 1 property with an appraised value of $ 52,000. The Foundation is seeking buyers for this asset.

- The Foundation also sold a warehouse property for $ 10,250,000 and provided seller financing in the amount of $ 9,250,000 at 4.00% with a maturity date of 9/1/19. UTFI has an outstanding loan balance of $ 7,500,000 at a rate of 3.77% with a maturity date of 9/15/19.

- The Foundation still holds and is seeking buyers for real estate donated in previous years located in Knox County, Grainger County, Roane County, Cumberland County, Madison County, Sequatchie County, Monroe County, Shelby County, and Landrum, SC.

- The UT-Martin rodeo team continues to use the land in Weakley and Obion counties gifted to the Foundation in December 2005. The Foundation receives gift funds to pay the note attached to the land.

ENDOWMENTS, RESTRICTED GIFTS, PLEDGES, & DEFERRED GIFTS

- The Foundation has received $ 31,950,676 in endowment contributions through May 2017. The total endowment balance at May 31, 2017 is $ 169,727,891.

- The Foundation has received $57,440,373 in non-endowed, restricted gifts through May 2017. The total outstanding balance of restricted gifts held by the Foundation at May 31, 2017, is approximately $ 120,115,277.

- The total of pledges for gifts to the Foundation outstanding at May 31, 2017 is $ 111,370,573.

- The Foundation has total bequest expectancies and insurance policies outstanding of $ 282,581,288 at May 31, 2017.

OTHER ITEMS

- The Foundation has not received any gifts that would place a financial liability on the University.
- Since the Foundation launched a gift annuity program in May 2008, 63 gift annuities have been established with proceeds totaling $ 7,578,546. The Foundation has committed approximately $500,000 as a reserve for the program. The market value of the invested annuity gifts and reserve at April 30, 2017 is $ 7,619,312 with the liability of the program at $ 3,480,857.

UTRF ANNUAL UPDATE

TO RESEARCH, OUTREACH, AND ECONOMIC DEVELOPMENT COMMITTEE

JUNE 12, 2017

STACEY S. PATTERSON, Ph.D., UTRF VICE PRESIDENT

UTRF MISSION

Research Growth

Technology Transfer

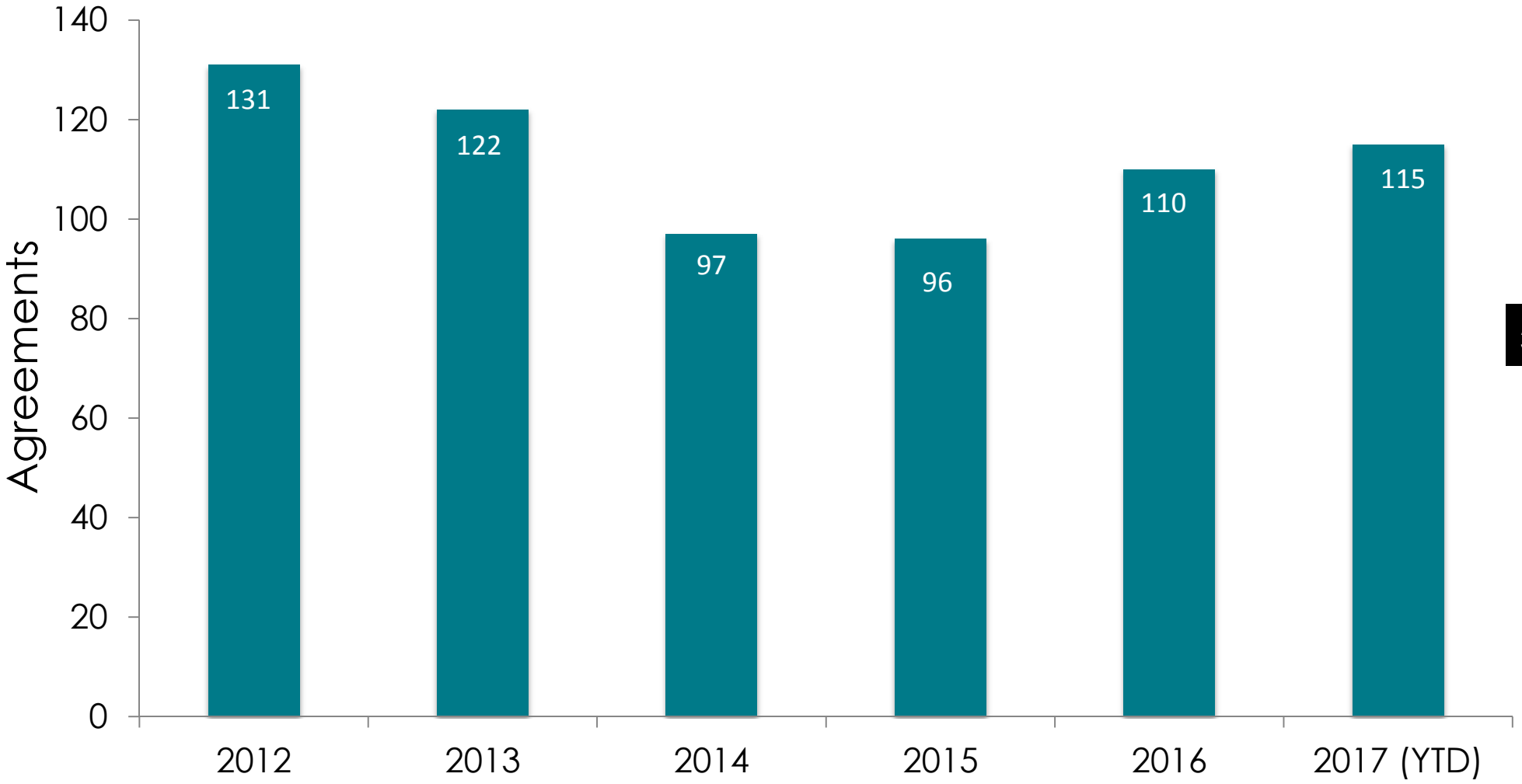
Entrepreneurial Support

Economic Development

Our mission is to encourage innovation, enhance research, and facilitate economic development by commercializing intellectual property created within the University of Tennessee.

RESEARCH GROWTH

RESEARCH AGREEMENT SUPPORT



What's Your Challenge?

UTRF and the UT Health Innovation Technology & Simulation Lab are working together to bring state-of-the-art technology and inventor expertise to healthcare-related companies and organizations.

HITS is establishing an official partnership (MOU) with East Tennessee Children's Hospital and are collaborating to develop an innovation hub.

PROMOTING INNOVATION IN RESEARCH

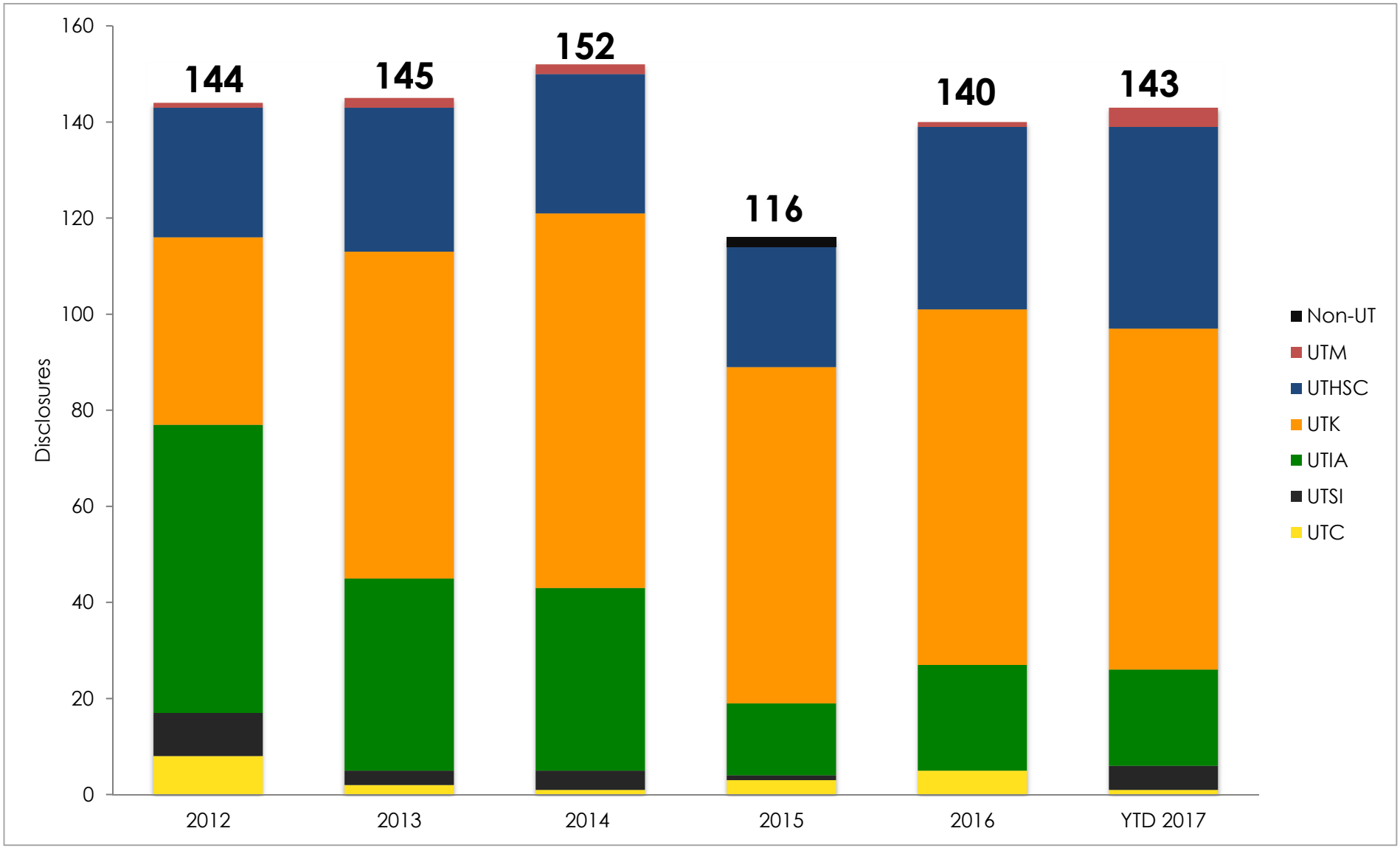
UTRF INNOVATION Driver

2016 Award recipients
Dr. Suresh Babu and Dr. Ky Pohler

UT RESEARCH FOUNDATION

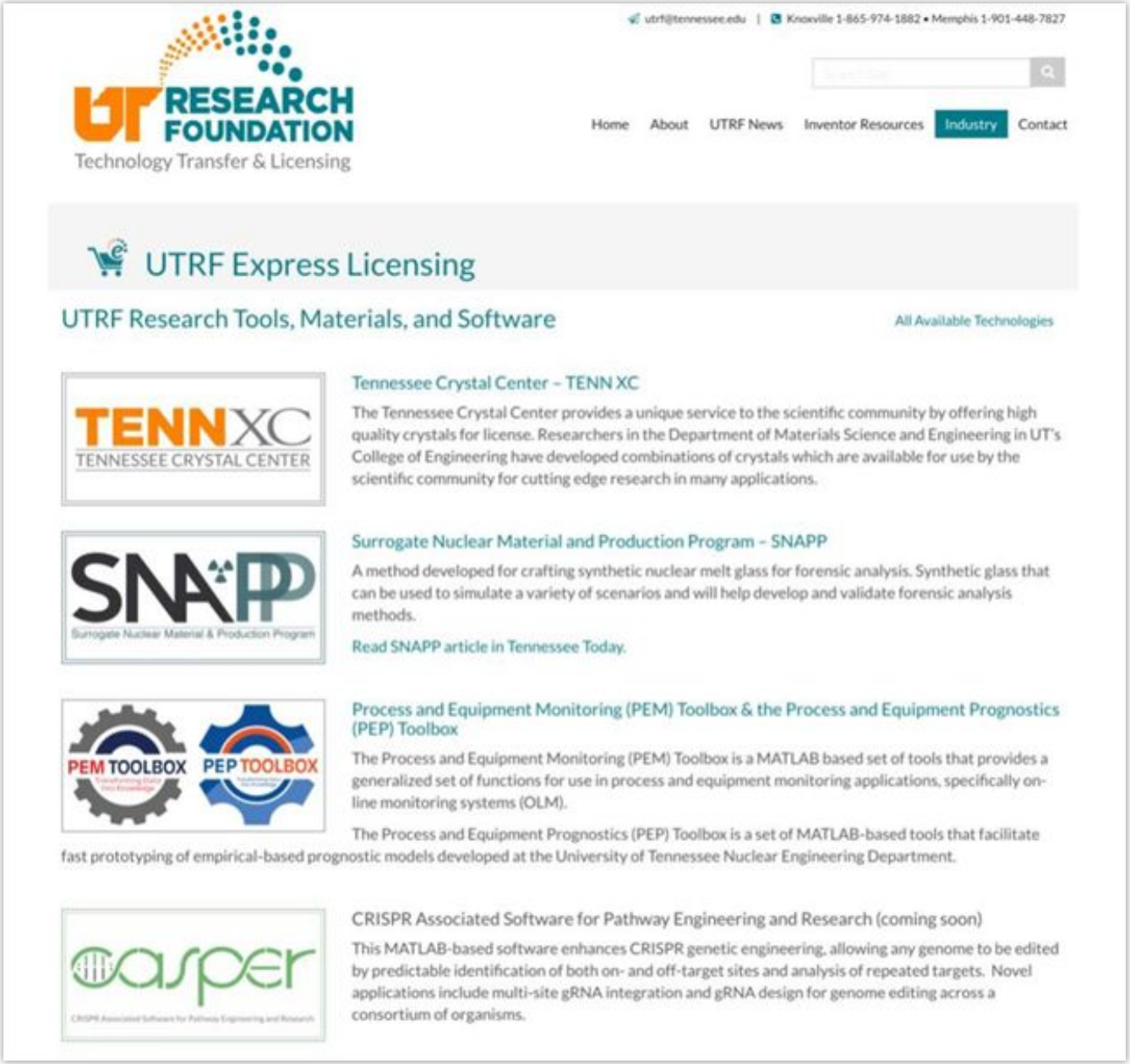
TECHNOLOGY TRANSFER

INVENTION DISCLOSURES

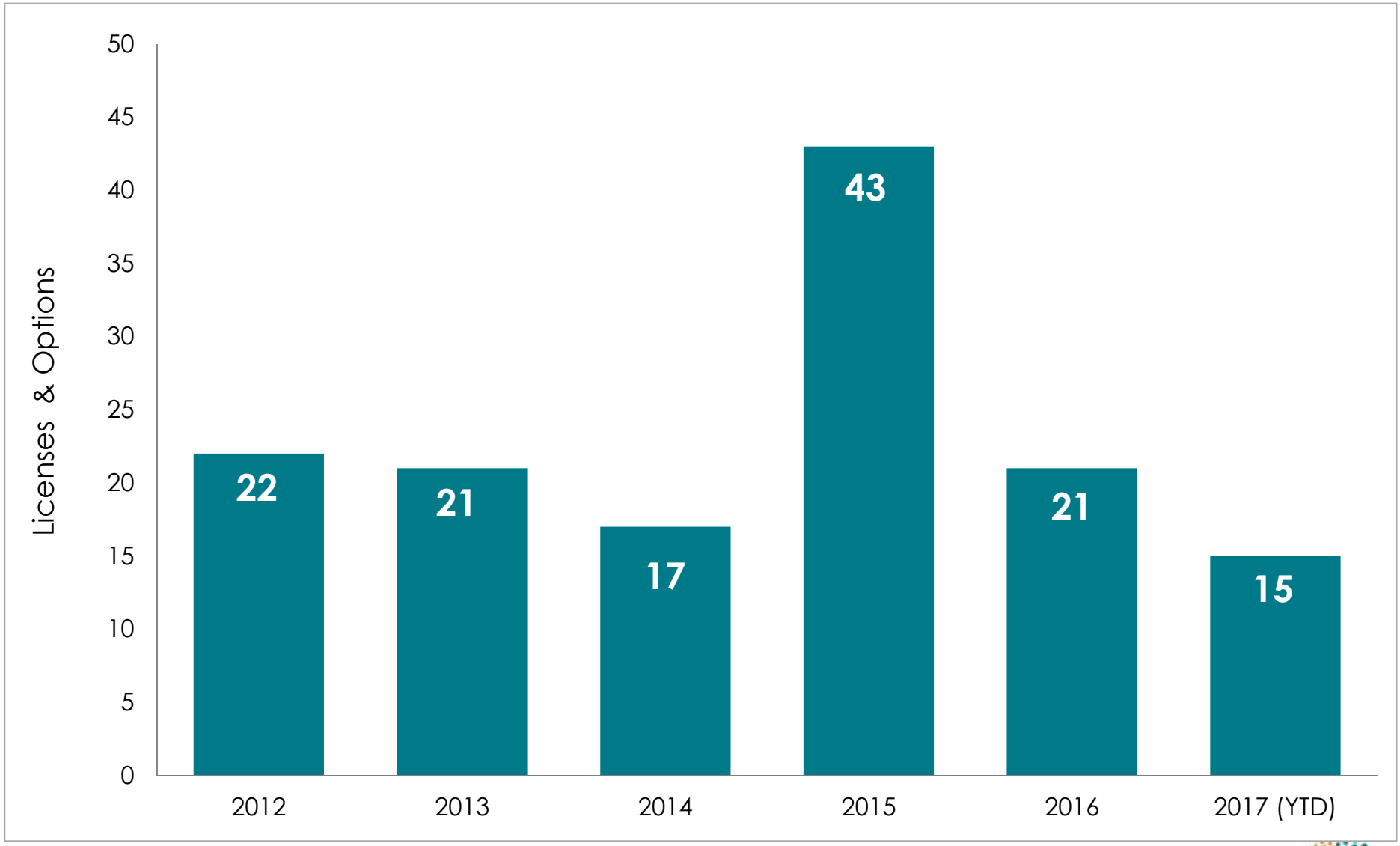


SIMPLIFYING THE LICENSING PROCESS

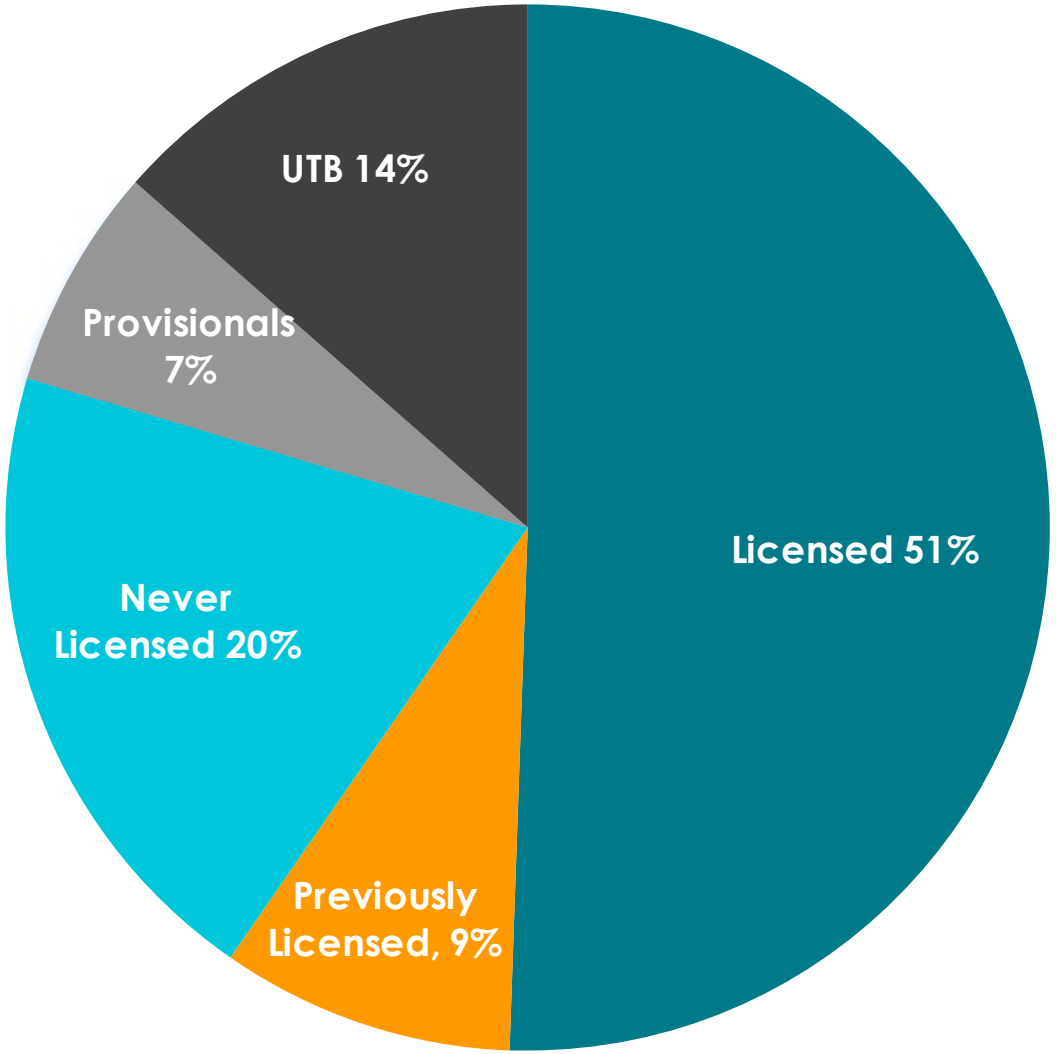
Click through licensing is available on our website through **UTRF Express Licensing**.



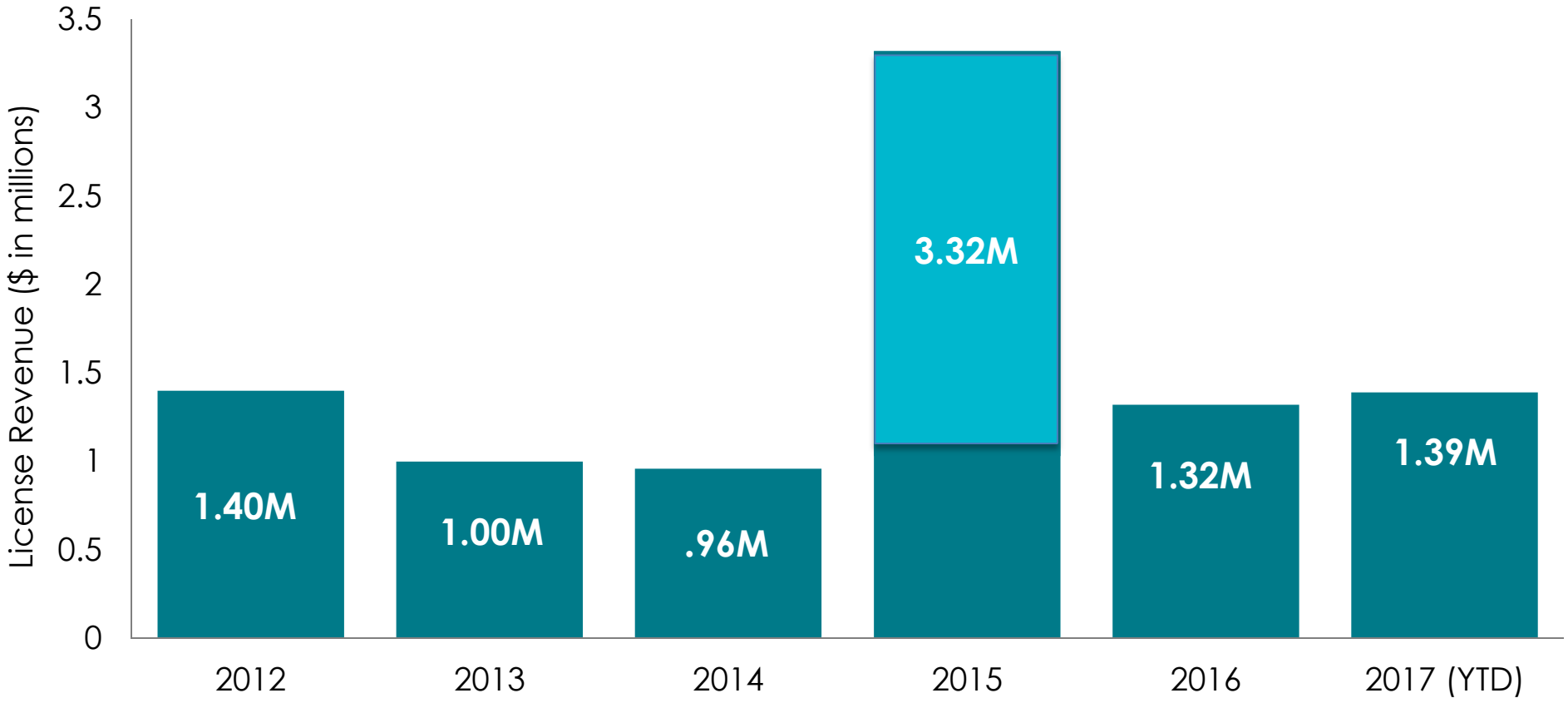
LICENSING


Licenses & Options
50
45
40
35
30
25
20
15
10
5
0
22
21
17
43
21
15
2012
2013
2014
2015
2016
2017 (YTD)

UTRF'S PATENT PORTFOLIO
(451 TOTAL PATENTS AND PATENT APPLICATIONS)



LICENSING REVENUES



ENTREPRENEURIAL SUPPORT

UTRF LAUNCHES CHECKERBOARD PORTFOLIO

UTRF checkerboard PORTFOLIO | THREE ROOTS CAPITAL

- The UTRF Checkerboard Portfolio is a program that provides University of Tennessee affiliated startups with business development support and mentoring opportunities. It primarily works with entrepreneurs who are looking to commercialize UTRF technology and need guidance to take their business to the next level.
- Unlike previous programs that have emphasized technology transfer and company creation, the Checkerboard Portfolio emphasizes access to capital.

The current portfolio includes:

490 BioTech

PEROXYGEN SYSTEMS

SPT SOUTHEASTERN PACKAGING TECHNOLOGIES LLC

PRISMA RENEWABLE COMPOSITES

IT Advizr

UT RESEARCH FOUNDATION

CHECKERBOARD PORTFOLIO EVENTS

Recent Checkerboard events include Rise and Grind and SBIR sessions.

Rise and Grind with Vendor Registry®

Rise and Grind with Chris MacAdoo

SBIR Informational Session

ENTREPRENEUR IN RESIDENCE

UT RESEARCH FOUNDATION
ENTREPRENEUR-IN-RESIDENCE

Funded by the US Department of Commerce under an i6 Challenge grant from the Economic Development Administration

- UTHSC/UTRF/Bioworks partnered to win an i6 Challenge Grant ($500k/3yrs).
- EIR will mentor faculty, postdocs, and students who have interest in commercialization of research.
- Initial EIR is Chris West, 10+ year pharma executive (Sales/Marketing in Cancer and Dermatology products).

Chris West

UT RESEARCH FOUNDATION

PARTNERING TO SUPPORT ENTREPRENEURS

UTRF hosts, promotes, serves as mentors and judges in several regional business plan competitions.

Tennessee Venture Challenge

Spark!

INNOVATION CROSSROADS

INNOV865 WEEK
SEPT. 18 -22, 2017

Inaugural
MEMPHIS SCIPRENEUR CHALLENGE

UT RESEARCH FOUNDATION

UTRF INVOLVED IN THE ENTREPRENEURIAL COMMUNITY

Boyd Venture Challenge: The Boyd Venture Challenge is administered through the Anderson Center in UT's Haslam College of Business.

What's the Big Idea: The Knoxville Entrepreneur Center hosts this 48-hour weekend business pitch competition.

Startup Day: Founded by the Innov865 Alliance. Startup Day showcases Knoxville as a great location for entrepreneurs to start and grow businesses.

Memphis Scipreneur Challenge: MSC is a seven-week training and networking program that pairs students and post-doctoral fellows with local scientists, research institutions.

UT RESEARCH FOUNDATION

NSF I-CORPS

*Understand the market **before** building the solution.*

in partnership with

presents the process for Startup Success

UT part of I-Corps south node

First kickoff: Fall 2017
Who: Students, Faculty or Community teams with a technology based idea
What: Regional I-Corps taught by successful entrepreneurs and nationally trained instructors

WHEELEY FAMILY GIFT

B. Otto & Kathleen
WHEELEY
AWARD FOR EXCELLENCE IN TECHNOLOGY TRANSFER

The B. Otto and Kathleen Wheeley Foundation provides an award stipend, through an endowment fund established in 1989. The award is specifically intended to recognize faculty who take a direct and active role in the commercialization process.

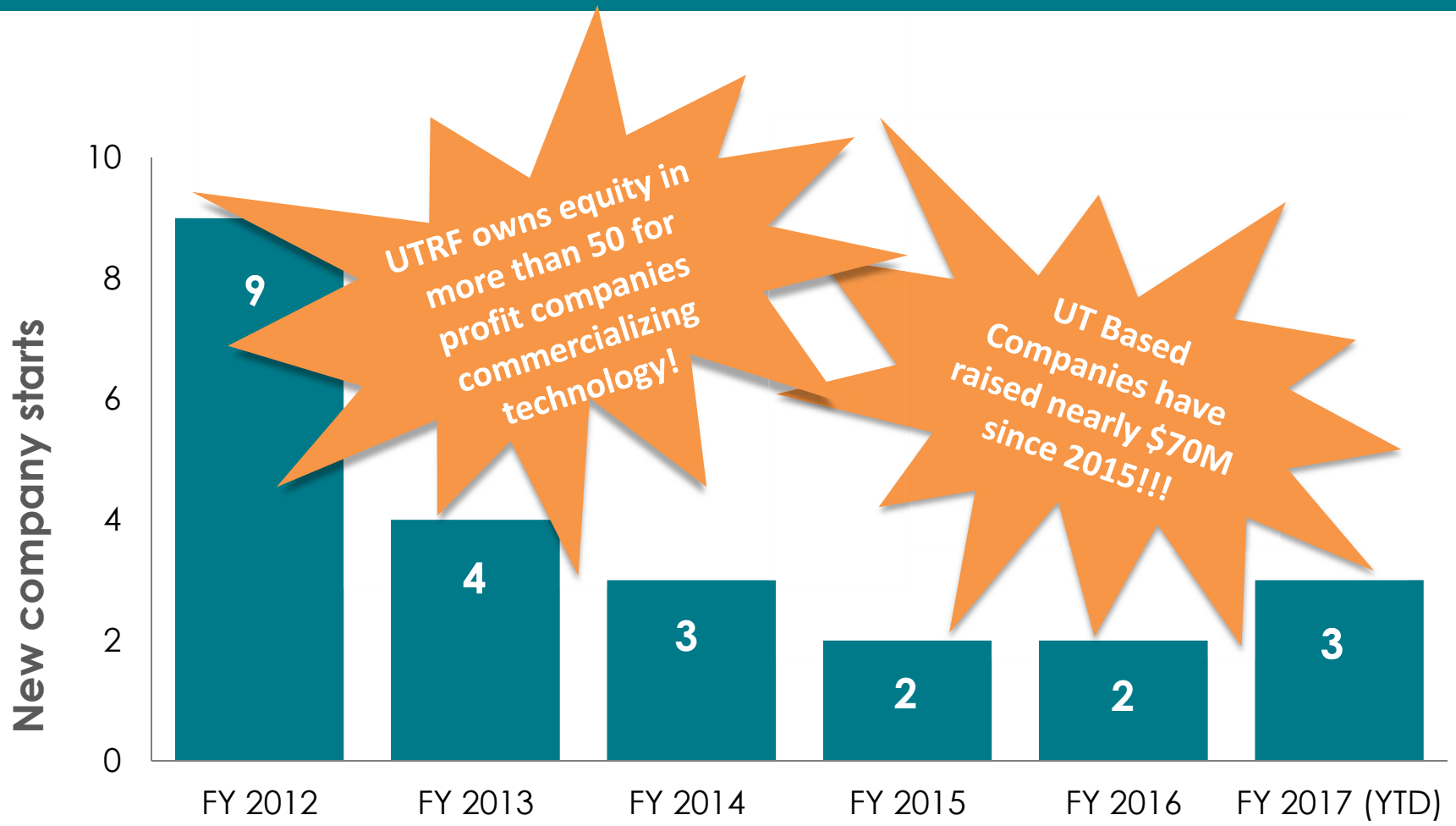
B. Otto Wheeley

UTRF is honored to receive the Wheeley family's recent gift. In honor of Mr. Wheeley's life-long contribution to entrepreneurial endeavors, we plan to use the gift to further support and enhance the entrepreneurial aspect of UTRF's mission.

Mr. Wheeley was known for helping many East Tennessee entrepreneurs get their start. Since 1989, UTRF has made awards to UT faculty members who take a direct and active role in commercialization of their technologies from the fund established by Mr. & Mrs. B. Otto Wheeley.

ECONOMIC DEVELOPMENT

NEW COMPANY STARTS



UTRF YEAR IN REVIEW

- Developing new, innovative ways to provide support and expand the UT research enterprise.
- Disclosure numbers will hit an all-time high in FY17!
- Exploring ways to expand UTRF's patent portfolio.
- Growing base license revenue year over year.
- Working with the community to become a leader in entrepreneurial support to tech-based startups.

UTRF 2018 BUDGET OVERVIEW

REVENUES	2018 Proposed Budget (A)	2017 Board Approved Budget (B)	2017 Forecasted Actuals (C)	2018 Proposed Budget Over/(Under) 2017 Budget (A-B)
UT - UTRF Budget Allocation	$2,516,016	$2,516,016	$2,218,589	$0
License & Contractual Income	$1,491,684	$1,222,577	$1,738,922	$269,107
Net Revenue	$4,007,700	$3,738,593	$3,957,511	$269,107
EXPENSES				
People	$1,575,513	$1,564,036	$1,520,370	$11,477
Productivity/ Operations	$1,144,101	$982,846	$591,244	$161,255
Protection	$789,662	$767,591	$761,454	$22,071
Royalty Distributions	$498,424	$424,120	$675,487	$74,304
Expenses Total	$4,007,700	$3,738,593	$3,548,555	$269,107

THANK YOU

SCHEDULED MEETINGS AND OTHER EVENTS

2017

August 17:	**Board Workshop, Nashville**
August 18:	**THEC Higher Education Summit, Nashville**
Nov 2-3:	**Fall Meeting, Knoxville**

2018

March 22-23:	**Spring Meeting, Memphis**
June 21-22:	**Annual Meeting, Knoxville**