



THE UNIVERSITY OF TENNESSEE
BOARD OF TRUSTEES

MINUTES OF THE SPECIAL MEETING
April 24, 2020
Knoxville, Tennessee

A Special Meeting of The University of Tennessee Board of Trustees was held at 8:00 a.m. EDT, on Friday, April 24, 2020. The meeting was held virtually and was hosted from the University of Tennessee, Knoxville campus.

I. Call to Order and Roll Call.

The Chair of the Board, John C. Compton, called the meeting to order.

Board Secretary Cynthia Moore called the roll, and the following members of the Board were present: John C. Compton, Chair; Spencer Ammen (Student Trustee); Brad Box; Commissioner Charlie Hatcher; Decosta E. Jenkins; Kara M. Lawson; Amy E. Miles; William (Bill) C. Rhodes III; Donald J. Smith; Kim H. White, Alan Wilson and Jamie Woodson.

The Secretary announced the presence of a quorum and provided a few announcements associated with holding the meeting electronically. Others participating remotely included University members of the University's senior leadership team. The meeting was webcast for the convenience of the University community, the general public, and the media.

II. Opening Remarks of the Chair

Chair Compton thanked the members of the Board for participating in the special meeting on short notice. For health and safety reasons due to the coronavirus, he noted that it was still not appropriate to meet in-person.

While the Board has continued to receive regular updates from President Boyd, Chair Compton indicated that he felt that it would be best to convene the Board in order to: (i) lend support to the leadership team during this crisis, (ii) learn more about the new and/or ongoing challenges facing the University, (iii) provide an opportunity for the Board members to ask questions and provide advice as a collective body, and (iv) consider the potential impacts, financial and otherwise, to the University and its community.

Chair Compton stated that no action items are planned for today's meeting.



III. Coronavirus (COVID-19) Briefing

President Boyd began his remarks by reviewing actions taken in response to the pandemic.

<u>Date</u>	<u>Action Taken</u>
February 28	System-wide meeting to discuss collaborative efforts.
March 6	Launched System-wide COVID-19 resource page.
March 11	Announced suspension of on-campus instruction through the end of March.
March 16	Announced online for remainder of spring and alternative commencement options.
March 24	Staff transitioned to telecommuting.
April 1	Announced classes will remain remote for summer.

President Boyd identified the following three items as being central to the University's approach to this situation -

- Communication - be clear and err on the side of over-communicating;
- Transparent - share what we know and, equally important, what we do not know;
- Be decisive - based on the best information available at the time.

President Boyd advised that he has daily calls with the Chancellors, as well as regular weekly calls with the leadership teams. While there may be unique circumstances and considerations from campus to campus, every effort is being made to coordinate and be consistent across the UT System, where possible.

Student Success

President Boyd stated that the primary goal is keeping students safe, while ensuring their academic progress. He commended the faculty and staff for their heroic actions, highlighting the major shift in instructional delivery. President Boyd indicated that there had been almost a ten-fold increase in the number of online semester credit hours (SCH) being offered in just two weeks (from less than 60,000 SCH to more than 567,000 SCH). The University has taken steps to loan laptops and hotspots to help students from a technology perspective. A mental health task force is meeting weekly and their work is especially important in light of the current crisis. President Boyd also reported that more than \$200,000 has been raised across the UT System to assist students in need.

Faculty and Staff

President Boyd advised that approximately 90% of UT System and Campus workforce is working off-site. The University has been providing learning and development resources online. Additionally, a pulse survey of UT System employees was conducted to assess engagement and employee support. In this regard, President Boyd shared that there has been a wide-range of employee experiences associated



with working from home. While many are doing well, some employees are having a more difficult time.

Here to Serve

President Boyd commended the work of UTHSC in its efforts in fighting the coronavirus. Among other things, it has been (i) producing hand sanitizer; (ii) processing tests (capacity for 1,500/day); (iii) performing research on the virus through its regional biocontainment laboratory (RBL); and (iv) serving the local community by running a drive-thru testing site staffed with medical students. He also shared information on the use of system-wide resources, such as 3D printers, to produce personal protective equipment (PPE). The state has requested the University's assistance in directing surge hospitals in both Knoxville and Memphis. The University stands willing to serve in a similar capacity in Chattanooga, if requested.

The Institute for Public Service (IPS) has been actively serving the state. It conducted a webinar, with experts from UTHSC and the Baker Center on health and economic impacts. The Naifeh Center has trained state agencies in using Zoom/WebEx and is providing several state agencies with professional development online. The Center for Industrial Services has identified manufacturers with capacity to produce PPE and has connected them to federal and state emergency management agencies and local hospitals.

Financial Impact

President Boyd reported that the financial impact associated with COVID-19 has been significant and the full effect is still unknown. He advised that refunds have been issued for certain Spring 2020 charges. The potential fiscal impact of refunds and lost revenues is currently estimated to be approximately \$40 million, largely related to housing and dining. He explained that, fortunately, the University has substantial reserves that can help offset some of these losses. Federal relief may offer some measure of relief to the University and/or its students. The Coronavirus Aid, Relief, and Economic Security (CARES) Act, provides for the following:

- \$14 billion to higher education – \$34.9 million to UT campuses; and
- \$30.75 billion for "Governor's Emergency Education Relief Fund" – \$63.5 million for Tennessee to be used at Governor's discretion.

With respect to the \$34.9 million available to UT campuses, at least half must be disbursed directly to students as emergency financial aid grants. These funds may not be used as reimbursement for refunds or aid already provided to students. They also cannot be applied to student account balances. Up to half of the funding may be used by the University to offset the financial impact of the coronavirus on campus finances. Information regarding the distribution of the \$34.9 million by campus was presented.



The University may be able to submit a reimbursement claim with the Federal Emergency Management Agency (FEMA) for up to 75% of COVID-19 expenses, including labor, supplies, and equipment; however, the specific requirements are still evolving.

Government Response and Impact on UT

On March 19, 2020, a revised state budget was approved. President Boyd remarked that the University is in a much better position than a number of other higher education institutions, which have had or are expected to have major cuts in their state appropriations. The Tennessee legislature has adjourned until June 1. Except for the Sunset bill, which granted a four-year extension to the University, all other substantive legislation impacting the University has been tabled.

President Boyd also mentioned that the Governor established a COVID-19 Unified Command, led by Stuart McWhorter, and an Economic Recovery Group, led by Commissioner Mark Ezell.

Next Steps

President Boyd outlined next steps, including the establishment of a system-wide task force to consider best practices. The campuses, through their task forces, are reimagining the Fall 2020 semester. The UT System is considering a variety of scenarios and financial models.

He concluded his remarks by stating --

"These challenges will not defeat us; they will define us. This will be the Greatest Decade in the History of the University of Tennessee not in spite of our challenges, but because of how we overcame them. We will be transformed in how we educate, how we discover, how we serve and how we work. We will be a better and stronger UT as a result."

Discussion

Chair Compton thanked President Boyd for the comprehensive update. He opened the floor for questions and/or comments from the Trustees and participation by the senior leadership team. Highlights from the dialogue are set forth below.

- **Instruction.** The Trustees raised questions pertaining to the format for instruction anticipated for the Fall 2020 academic semester and whether it would include some form of hybrid model (in-person and online). Chancellor Plowman indicated that the UTK task force is considering how to reimagine the fall semester, as the virus will not be gone. The task force is considering three scenarios (in-person, online, and a hybrid). She stated that it has been an unbelievable seven weeks. Although there has been great energy in tackling the immediate challenge at hand, there is a level of exhaustion as well. She is hopeful that the summer will allow for additional training and other support for faculty.



- **Lessons Learned.** In response to a question as to what has been learned and what positive changes may result from this situation, President Boyd expressed his belief that the way in which employees work will change. As an example, he discussed the planned relocation of the UT System administration to the new “UT” Tower. Based on feedback previously provided by employees, most felt that they could not work from home. President Boyd believes that a much higher percentage of employees will continue to work from home for some portion of the work week and that certain efficiencies and cost savings may result from such a change.
- **Enrollment.** The Chancellors shared summer enrollment figures which were, in most instances, flat or above the prior year’s summer enrollment figures. Chancellor Schwab shared his concerns surrounding adverse consequences to students if clinical rotations do not resume. He explained that the situation is the result of actions taken by the accrediting bodies, not affiliated hospital partners. Resident and fellows are deployed. Until a change is made by the accrediting bodies, medical students will remain at risk of disruption to their academic progress.

With respect to Fall 2020, the President and Chancellors were cautiously optimistic, but it is too soon to predict. Students from Tennessee may prefer to remain local and not travel far away from home (especially to areas where there may be an outbreak). Additionally, financial constraints may impact whether a student will choose to remain in-state or attend a public institution of higher education given the lower cost of tuition and fees.

- **Financial Impacts.** From a financial perspective, David Miller, Senior Vice President and Chief Financial Officer, explained that the \$40 million in anticipated losses is a gross figure. The campuses are working to determine the net figure; however, he reminded the Board members that the fixed costs associated with auxiliary operations are fairly high (primarily debt service).
- **Athletics.** Trustees raised a number of questions regarding the decision-making process for determining whether fall sports will proceed. Chancellor Plowman provided information on the interaction that both she and Athletics Director Phillip Fulmer have with their Southeastern Conference (SEC) counterparts. As to financial implications, it was noted that, if the fall athletic season is cancelled, the resulting loss could not be fully absorbed by the athletics department.
- **CARES Act.** Mr. Miller advised that the CARES Act cannot be used for athletics. There are certain restrictions pertaining to the use of these funds. Moreover, the funding is available under a cost reimbursable application (like a federal grant). For funding being made available to students, the University would serve as a custodian (for the benefit of the students) not as the recipient of the funding.
- **Budget Preparation.** In connection with the development of the University’s operating budget for the upcoming fiscal year, the Board requested that the University Administration be sensitive to the current economic landscape – especially when considering tuition, fees, and other charges – as students may have an increased level of financial need due to the loss of jobs, internships, research opportunities and other adverse impacts associated with COVID-19.



- **Benchmarking.** President Boyd also indicated that the University leadership team is actively engaged in conversations both internally and externally on this particular issue. The Tennessee Higher Education Commission (THEC) facilitates discussions among public and private institutions of higher education from across the state.

IV. Closing Remarks

Chair Compton thanked the Trustees for participating in the meeting and the leadership team, the faculty, and staff for all their efforts in support of the University's students. He advised that the next meeting of the Executive Committee will be held on May 8th and that the Annual Meeting of the Board would be held in June. He closed the meeting by extending best wishes for Happy Mother's Day.

V. Adjournment

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

Respectfully Submitted,

A handwritten signature in blue ink that reads "Cynthia C. Moore".

Cynthia C. Moore
Secretary and Special Counsel