

BOARD OF TRUSTEES
THE UNIVERSITY OF TENNESSEE

COMMITTEE ON EFFECTIVENESS AND EFFICIENCY FOR THE FUTURE

1:30 p.m. EDT
Monday
June 1, 2009

Executive Dining Room
Third Floor
University Center
Knoxville, TN

AGENDA

- I. Call to Order
- II. Roll Call
- III. Approval of Minutes of Last Meeting (*behind agenda*)
- IV. System Administration Reorganization Tab 1
- V. Effects of Appropriations/Stimulus Tab 2
- VI. Discussion on Determining College Costs Tab 3
- VII. Review of Measures/Actions Taken To-Date Tab 4
- VIII. Other Business
- IX. Adjournment

**MINUTES OF THE COMMITTEE ON
EFFECTIVENESS & EFFICIENCY FOR THE FUTURE (EEF)
THE UNIVERSITY OF TENNESSEE
BOARD OF TRUSTEES
JANUARY 5, 2009**

The Committee on Effectiveness & Efficiency for the Future (EEF) of the Board of Trustees met at 1:00 p.m. CST, Monday, January 5, 2009 in Gooch 206 on the UT Martin campus. Additionally, video locations were available at UT Chattanooga, UT Health Science Center and UT Knoxville; also, the meeting was webcast live.

- I. **Call to Order**—Mr. Douglas Horne, Committee Chair, called the meeting to order and made the following introductory remarks:
 1. While the public is invited and welcome at all Board meetings, our meetings are “in the public” but not “public meetings.”
 2. The Chair will recognize to speak only members of the Committee, other Trustees, and members of the senior staff.
 3. The Committee has a set agenda and prepared materials for that agenda. No “new business” has been brought to the Chair’s attention prior to the meeting; so it is assumed there is none.
 4. Lastly, the name of the Trustee making any motion and the second will be announced to help in the preparation of minutes.
- II. **Roll Call**—Chair Horne asked Dr. Gary Rogers, Senior Vice President and CFO to call the roll. He did so and advised the Chair that a quorum was present.

Present

Douglas Horne, Committee Chair
William Carroll, Committee Member
Crawford Gallimore, Committee Member
Andrea Loughry, Committee Member
Jim Murphy, Vice Chair of Board
John Petersen, President
Charles Wharton, Committee Member

Absent

Charles Anderson, Committee Member

Other Trustees Present

Anne Holt Blackburn – attended the UT Martin location
George Cates – attended the UT Health Science Center location
Jim Hall – attended the UT Chattanooga location

John Schommer – attended the UT Martin location

Also present was Senior Vice President and CFO Gary Rogers, and other members of staff.

- III. **Approval of Minutes**—Chair Horne called for consideration of the minutes of the December 3, 2008 meeting and any corrections or additions to the minutes. Vice Chair Murphy noted that on page 4 “Trustee Crawford” should read “Trustee Gallimore.” On a motion made by Vice Chair Murphy, seconded by Trustee Loughry, the minutes, with the noted correction, were unanimously approved.

Chair Horne then recognized the Chancellor of UT Martin, Dr. Tom Rakes and UT Martin’s efforts to become more effective and efficient during this critical economic time for Tennessee.

Dr. Rakes welcomed the Trustees, along with President Petersen and staff. He described UT Martin’s efforts to plan for reduced funding and noted that not everyone is happy with some of the changes but that such changes were needed. He reported that campus meetings are held bi-weekly to review issues. He also commented that in his 36 years in academic work he has never seen a Board take such an active role. He thanked the Committee and Trustees for their dedicated interest in the UT Martin campus.

Chair Horne then asked Vice Chair Murphy if he would like to address the Committee. Vice Chair Murphy stated two types of issues that the Committee has to consider:

1. Long-term effectiveness and efficiency items, and
2. More pressing issues such as the current budget crisis

He noted that the Committee work in the short term needs to make sense in the long term and concurred with Chancellor Rakes that hard choices are required. One critical issue will be review of the budget in February and then finalization of the budget at the June meeting.

- IV. **Discussion of FY 2010 Appropriation Cuts and Budget Measures**—Chair Horne asked President Petersen to discuss the FY 2010 appropriation cuts. President Petersen stated that he would review short-term issues as Vice Chair Murphy described before the efficiency matters were discussed. He explained that his discussion items about the immediate budget considerations have efficiency issues associated with them as well related actions required of Vice Presidents and Chancellors regarding budget submissions.

The preliminary FY 2010 appropriation cut for higher education in the Governor's budget is \$181,663,400; some \$66,493,600 amounts to the University of Tennessee System's share (equal to 13.2% of the FY 2009 base budget). Dr. Petersen pointed out that the University has also been asked to plan, but not implement, an additional 5% cut; that equates to \$25,163,400. He explained that the Tennessee Higher Education Commission proportioned the UT cut 70% to formula units and 30% to non-formula units—looking at tuition as a source of revenue; however, they didn't look at other sources that non-formula units enjoy. The University has reapportioned the cut to a 60%-40% split to better represent available revenues of formula and non-formula units. Those appropriations reductions were then adjusted for system charges.

The campuses and institutes reviewed budgets with the goal of protecting their core missions. For the undergraduate campuses it is the instructional component and campuses favored the instruction component substantially.

UTK reduced instruction costs by reducing temporary and visiting positions and increasing the student faculty ratios in classes taught by tenure-track faculty. At this point, some shifting and consolidating has occurred but not any elimination of academic programming. Academic Officers are working on a procedures template regarding process and considerations for recommendation of any future program cuts to present to the Board. Chair Horne asked Chancellor Rakes what portion of UTM's instructional budget represented of the total budget; Dr. Rakes indicated 72%.

Trustee Wharton asked what kind of difference in the faculty/student ratios will occur in the classroom. Chancellor Rakes estimated that UTM's ratio would be increasing roughly 5% and that UTM's current student/faculty ratio is 18 or 19. Trustee Gallimore asked President Petersen how high the ratio can be raised before deterioration in instructional quality occurs; Dr. Petersen stated that this issue is being viewed as short-term and when positions are built back, faculty/student ratios can be reduced. In the meantime, the number of courses as well as the number of students faculty will have to teach will increase.

Trustee Loughry questioned Dr. Petersen as to whether or not the decision makers think that decisions they are making now are only going to be a FY 09-10 situation. Dr. Petersen replied no, he believes that the decision makers realize that this will continue multi-year. He stated that when economic conditions improve, strengthening academic programs will be a high priority. He noted that many administrative operations that are being cut will not be restored;

however, not many more operations can be cut or it will be difficult for the University to function as an organization. Trustee Loughry stated that from a Board's standpoint current decisions need to be wise decisions 5-10-15 years out. She noted that from a Nashville perspective the prospect of receiving more state appropriations in the future is not realistic and the University must become much more self-sufficient.

Chair Horne commented that UNC's state appropriations are roughly 22% and UVA's appropriations are around 9%. He added that we must increase our private giving instead of raising tuition. Trustee Wharton stated that we should not count on our private giving to make a substantial difference in the short term. Chair Horne reiterated what Trustee Loughry said previously about needing to work on being more self sufficient 5-10-15 years out.

Chair Horne told Dr. Petersen that the Committee has heard about cutting the System and the campuses' staffs and stated that the Committee is cognizant of the System. He also noted that UT Martin does not have a redundancy in staff and Chancellor Rakes mentioned that they had talked about that before. Chair Horne then asked UTHSC Chancellor Wall about the redundancy there and he said it depends on the college and that they were looking at reducing approximately 150 positions.

Vice Chair Murphy concurred with Dr. Petersen that too often when budgets are cut without considering the kind of activity, the ability to be efficient can be lost. Some things are already being done centrally such as purchasing and payroll; also by restructuring Information Technologies, the System has identified potential savings. Consideration is also being given to outsourcing the student e-mail system which may generate a savings. Some universities do that but no one is outsourcing faculty and staff e-mail because of security issues. Dr. Petersen added that if everything is taken out of administration chaos may result but at the same time everything cannot be put into administration.

Vice Chair Murphy noted that opportunities exist to really examine campus and System administrative levels and costs to determine whether the overall University is organized in the most efficient and effective way; further savings may be achieved by consolidation within the system or between the system and the campuses. He also noted that to the extent flexibility exists to move things down to the campuses this budget process is the time to focus and do that. Chair Horne voiced that a great deal of suggestions were coming in regarding cutting the administration. Vice Chair Murphy stated that every time an

educational budget cut occurs the first place people want to cut is administration. The reality is that you cannot cut enough out of administration to solve the problem in this environment. Trustee Loughry expanded on Vice Chair Murphy's comment and noted that the last five years show an increase in the number of staff and operating budgets on the organizational chart; that calls for an examination. She noted that nationally the UT system is fairly small. Vice Chair Murphy agreed.

Trustee Carroll asked Dr. Petersen how much of the \$5 million reduction in the System budget is unfilled positions. Dr. Rogers commented that it is close to \$1 million. Trustee Carroll then asked how much of the \$66 million is unfunded positions. Dr. Rogers replied that amount was not readily available but that he did know that those unfunded positions have been reduced over the past six months or so by about \$6 million. Dr. Petersen reiterated that the money for those unfilled positions amounts to a budget cut because the money was previously spent on other things besides faculty. Chair Horne mentioned discussions about the President's office being moved down the street, so to speak, from the Andy Holt Tower so that UTK campus operation can be distinct from the President's office.

Trustee Loughry questioned whether the money from the endowments is included in the System's operating budget. Dr. Rogers explained that earnings from short-term investments go into the System's budget but endowment earnings do not. The short-term investment earnings will be declining over the next couple of years due to lower interest rates. Trustee Loughry questioned whether or not the University is planning ahead for that reduction. Dr. Rogers stated yes that in the upcoming years an annual decline of \$2-3 million in interest income will have to be factored in as a corresponding reduction in expenditures. Vice Chair Murphy added that the appropriate cuts must be made on a permanent basis. Also, in the long term savings from effectiveness and efficiency efforts must be institutionalized annually, similar to the way the University of Maryland budgets its savings. Trustee Loughry noted that in fairness to the staff and students the University needs to let people know that five years from now this is what can be anticipated as a way of doing business.

Dr. Petersen explained that the 5% reduction scenario attributable to each of the units' appropriations does not show any delineation between formula and non-formula units since tuition does not enter into this phase of the cuts. Trustee Gallimore asked if there was detail information on the 5% reductions. President Petersen answered that campuses and institutes are currently formulating those plans; Dr.

Rogers' confirmed that plans have been requested. Dr. Petersen explained that the Chancellors know where their cuts will be.

Trustee Loughry asked when the stakeholders will be informed. Dr. Petersen said that they will be rolling out these plans this semester, except for the academic programs that must be presented to the Board for approval. Vice Chair Murphy asked President Petersen to provide some level of detail to the Board at the February meeting about the reductions the campuses and institutes are planning, including the program considerations. The Board needs to have more advanced input than just being a rubber stamp and to avoid a situation like last year with the Audiology and Speech Pathology issue. Vice Chair Murphy then told Dr. Petersen that by February the Board needed to see the list of programs subject to review. Dr. Petersen stated that he thought they would have those because campuses will start identifying the programs by the time the template is reviewed. Trustee Loughry emphasized that besides getting the template and list to the Board it needs to get out to all of the stakeholders. All of the stakeholders need to understand why decisions are made and what the process was.

Dr. Petersen gave a brief overview of the State's actual revenue collections versus the targeted. In the first five months of this fiscal year actual is \$372 million below budget. The last 12 months including those 5 months had a shortfall of \$682 million. It is getting worse instead of getting better by the month. It will be a long time before appropriations might get back to FY 2008 levels; thus, cuts and reallocations are necessary if Tennessee is to have a better University in the next 10 years.

Dr. Petersen pointed out State appropriations will be down to \$408.7 million in FY 2010, which is approximately the amount of appropriations received in FY 2002 and FY 2003. Considering inflation factors (CPI and HEPI), available funds are below FY 2000. During recent years, working capital and reserves have been built up and stood at \$41.8 million in 2007. However, that cushion may be reduced in dealing with the cuts. Vice Chair Murphy asked if this was 3% in accordance with the Board's target and Petersen answered yes, saying that the University does not have much of a rainy day fund. Dr. Petersen pointed out that as State appropriations decrease and tuition and fees increase, the campuses and institutes are relying more and more on tuition to cover operating costs. The University must be very cognizant, especially at the undergraduate level, regarding tuition and stay competitive.

The matter of the tuition credit hour cap was then discussed. Dr. Petersen pointed out that the Board of Regents recently voted to

uncap credit hours. Currently, students at UT campuses exhibit the following average credit-hour enrollments: Chattanooga 13.3 credit hours, Knoxville 14 and Martin 13.1. Students pay a fixed amount of tuition for the first 12 hours and no additional charge beyond that. Certain inefficiencies occur when students enroll in more than 12 hours and then drop classes. If tuition were charged by the credit hour, students would experience a cost penalty if they enrolled in more credit hours than they completed. Uncapping or increasing the cap above 12 hours might alter student behavior and allow more efficient management of class sizes and the number of sections offered. Trustee Wharton asked Dr. Petersen what would be done in areas such as Engineering where students cannot graduate in four or five years taking only 13 hours rather than 18 that is the norm. Dr. Petersen replied that the norm is 15 or 16 hours and that in most curriculums a total of 120 hours is needed to graduate. Chair Horne asked if Engineering is 15 hours per semester and Dr. Petersen added that Engineering is a little more. Trustee Wharton then asked if those students would be penalized or if the change would occur based on curriculum. Dr. Petersen stated that one of the things which many institutions have done is charge more tuition for areas such as Engineering since students in such a program recoup their costs of education much quicker because of the job nature.

Trustee Blackburn asked what discussion has occurred about how the University can educate its constituents, people beyond the University community, about why all of the cuts, changes and tuition increases are necessary and why the University has to consider all these actions. She noted that it is human nature not to worry about an issue until it is on your doorstep and then in a lot of cases it is too late to do anything about it or to even provide input that may be valuable to people in terms of making these decisions. She asked if any discussion has occurred about having stakeholders that are beyond the University community understand the challenges and the proposed solutions. Dr. Petersen said that at least four sessions are scheduled with newspapers around the State in February. Trustee Blackburn asked if the University can generate its own message and get it out. Dr. Petersen stated that is one of the things that the public relations group has been involved in is besides the e-mail newsletters. Much of that information goes out to alumni groups, other constituency groups within the state and as many other people as can be identified to keep them informed of issues. Trustee Blackburn said that she thinks it is critical that everyone understands the challenges because it is going to hurt more before it feels better. Dr. Petersen agreed and told her that if she had any suggestions in terms of vehicles, groups or mechanisms that can be helpful to please let him know. Trustee Blackburn stated

that having people understand what is going on upfront makes it easier as these things come to a decision point.

Trustee Schommer suggested that a study of tuition was needed to make sure that tuition is affordable in Tennessee. Dr. Petersen agreed that tuition must be affordable and that Tennessee is a state that has a lower affordability level because of the nature of the people's economic base here. That is changing as the State works to bring more technological businesses into the State and increase the income level. Trustee Cates added that an interesting statistic is that Tennessee's gross domestic product is 7% above the average of its peers, but Tennessee's state support of higher funding per capita is 37% less than contiguous state peers.

Trustee Hall asked Dr. Petersen if cuts are being designed on an individual basis or projected out over a five year period. Dr. Petersen replied that the cuts are not projected over five years because it is hard to project and that is a lot of fear being created for people within an organization. Trustee Hall asked if long range goals and objectives are set at each campus and if a five year decline in appropriations is expected, what is the program to address that? Dr. Petersen said that would be in the strategic plans that will be presented in February.

- V. **Review of Website Comments**—Chair Horne asked Dr. Rogers to present the review of website comments. First, Dr. Rogers addressed Trustee Schommer's question about the tuition and revenue, noting that Knoxville is below peer average so that provides some room for additional revenue while still maintaining comparability to those peers. That makes differential tuition an option. Chair Horne asked who was working on the differential tuition because it was one of the cost savings comments. Dr. Petersen stated that it was a suggestion by the Tennessee Higher Education Commission as well and it would be considered in the budget to be presented in June.

Dr. Rogers continued with a summary of comments that have been received to date. The detailed comments were provided to the Committee and it was noted that the 372 comments included 510 individual suggestions. Trustee Wharton asked who responds to comments such as UTSI consolidation. Dr. Rogers explained that an acknowledgement and generic response go out when it comes in through UTalk. Dr. Petersen stated that an answer is not given as to whether or not a particular action will be taken but the acknowledgement is sent that the comment has been received. Trustee Blackburn asked if the suggestions come in anonymously. Dr. Rogers explained that they can be anonymous or they can sign their name. Trustee Blackburn asked what the ID column on the report was

for and Dr. Rogers replied that it is only a comment tracking number. He added that the pie chart shows the content distribution of these comments and that a high number suggest reduction in administration. A lot of comments address utility and energy conservation as well as program consolidation and automation/outsource.

- VI. **Initial Actions Underway Related to Comments**— Dr. Rogers explained that the comments have been grouped into a dozen major areas; personnel from academic affairs, the President's Office, public relations and finance and budget have been working on the suggestions. Items have been identified as either short- or long-term and noted as to whether or not they have been started. Chair Horne asked if the Tennessee Valley Authority had been contacted in an effort to negotiate more favorable utility arrangements. Dr. Rogers noted that UTM has an interruptible power source that has had mixed results based on understandings or misunderstandings with the Tennessee Valley Authority. Chair Horne noted that TVA has serious problems too.

Other potential exists for more automation of contracting and purchasing. A great deal of consideration is being given to program consolidation, whether academic or administrative programs. A more robust online education program may be beneficial if a workable business model can be developed that goes across all of the University. The Martin campus has done a good job with its online degree program. A couple of items on academic planning opportunities require coordination of the academic calendars and looking at the general education requirements. All of these areas of work are underway at the moment.

Trustee Loughry asked if the academic planning opportunities are broad enough to include comments of the Trustees about trying to coordinate with the Tennessee Board of Regents' program offerings. The offerings need to be reviewed on a statewide level to make sure that programs are being efficient. Dr. Rogers replied that the issue appears to fit into both categories considering coordination of programs and determining the general education courses to accept as transfers. Trustee Loughry added that duplication is not affordable and to avoid that duplication and be efficient requires considering how many places are providing the same program or course of study. She also noted that stakeholders in Tennessee are defining the amount of money available to offer higher education and that means both UT and TBR schools. Accordingly, coordination between the two systems is necessary. Dr. Petersen noted that articulation between community colleges and UT is one area of success in dealing with duplication. He also noted UT had not cut money out of the budget for distance

education, since that is a way to deliver education to non-traditional students. Martin has a model for the undergraduate level courses and Knoxville focuses more on the graduate level.

Trustee Blackburn asked when the information that is being discussed now can be moved from this Committee to the standing committees of the Board. Dr. Rogers said that the proposed cuts and preliminary budgets would be presented at the February Board Meeting. After that, the Governor will have completed his budget for submission to the General Assembly. The current Board discussions are therefore preliminary since the State's budget will not be finalized until May or June but the discussion needs to be ongoing. Trustee Blackburn concurred that the discussion will make people more aware of what to expect and that makes it easier to handle.

Trustee Loughry addressed the actual appropriations versus the earlier amounts budgeted. She noted reductions of \$21 million and \$17 million in FY 09 and the projection of an additional \$66 million in FY 10. She asked if those had been covered with one time monies. Dr. Rogers advised that a portion of the \$17 million had been handled through one-time funds but that the \$21 million had been handled through permanent reductions. The \$17 million was a reversion of current year funds rather than a permanent reduction; however, it will become part of the \$66 million base reduction in FY 2010. Trustee Loughry asked for information that showed how far along we are in the \$66 million reductions. Dr. Petersen said that we are far along and Dr. Rogers noted that campus preliminary plans would be reviewed at the February Board meeting. He also noted the next \$25 million will be the most difficult part of the cuts to handle if they indeed become required. The instructions from the State are to identify that \$25 million and hold on to it; it may or may not be cut. Dr. Petersen stated that the \$66 million must be taken out of the budget as of July 1, 2009 (that is made up of the \$17 million, plus another \$49 million). The planning is for July but many of the actions may be taken sooner so that a reserve may be built by July 1.

Dr. Rogers summarized five separate portions of the potential cuts:

1. \$21 million cut – done at the beginning of fiscal 2009.
2. \$17 million reversion – handled within the year, partly with permanent cuts and partly with one-time money
3. \$66 million cut for fiscal 2010 -- the cuts being discussed today (made up of \$17 million plus \$49 million).
4. The potential for an additional reversion in fiscal 2009 if the State's revenues continue to decline -- even though the State is trying not to do that (by using its rainy day fund).

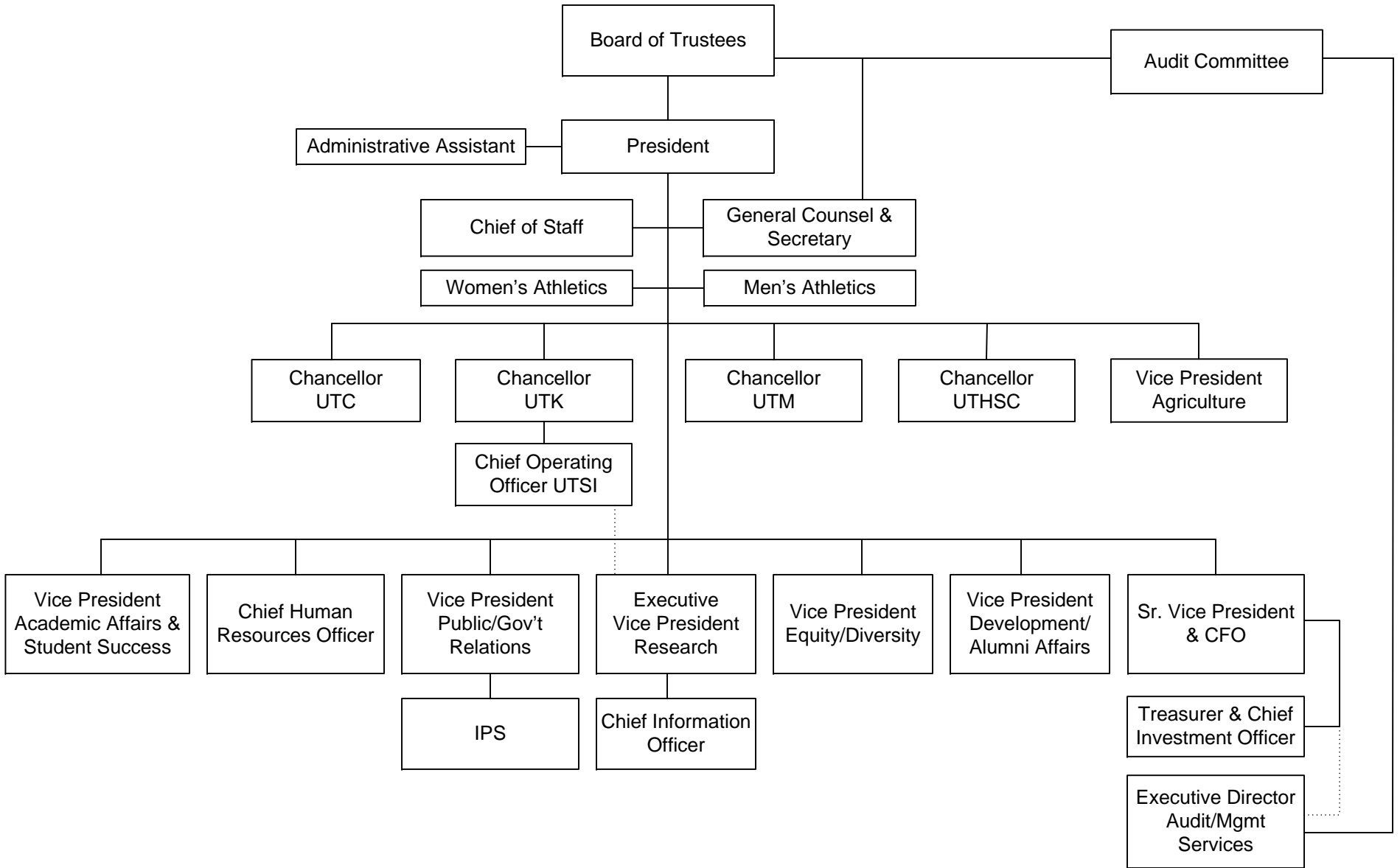
5. \$25 million which the University has been asked to plan for as a precaution in FY 2010.

In terms of permanent cuts it is \$21 million plus \$66 million and then potentially \$25 million which amounts to over \$100 million.

- VII. **Revisions and Update of Indicators and Measures**—Dr. Rogers reviewed the suggestions and recommendations for refining the indicators and their descriptions. The original indicators and any recommendation for revision were presented in the report. Trustee Wharton asked who makes these recommendations. Dr. Rogers replied that it was the group that Chris Cimino is chairing to look for clarity of definition and the available information to determine whether those measures can be monitored. Trustee Wharton stated that we should not lose sight of the detailed data at the per student and faculty level so that campus information can be compared to peer groups. Trustee Schommer asked if this was the result of any change in the scorecard and Dr. Rogers replied that it is resulting from a better coordination with the scorecards not necessarily changes to those but refinement here so that the two sets of definitions dovetail better. Trustee Loughry suggested that such information be placed on a dashboard report at some point so that anyone can see that at any time.
- VIII. **Data for Review**—The funding data, including trends on appropriations and tuition, along with projections of State revenues and University operating expenses was reviewed previously during the discussion of planned cuts and budget adjustments.
- IX. **Schedule Next Meeting**—Committee Chair Horne led the discussion of possible meeting date options. The Committee agreed that they would attempt to meet again in March in Knoxville and include the new Chancellor, Jimmy Cheek.
- X. **Other Business**—Committee Chair Horne asked if anyone had any other business to discuss; none was noted.
- XI. **Adjournment**—Committee Chair Horne adjourned the meeting at 3:10 p.m. CST.

Gary W. Rogers,
Senior Vice President and Chief
Financial Officer

THE UNIVERSITY OF TENNESSEE



UNIVERSITY OF TENNESSEE
System Administration
Proposed FY 2010 Budget

	FY 2009 Probable BUDGET	FY 2010 PROPOSED BUDGET	CHANGE
Revenues			
State Appropriations	\$ 4667,500	\$ 4,293,100	\$ (374,400)
Sales & Sources	50,647	50,647	-
Investment Income	13,000,000	13,000,000	-
Other Sources	3,983,000	3,983,000	-
Total Revenue	\$ 21,701,147	\$ 21,326,747	\$ (374,400)
Transfers-In			
Campus/Institute Charge	\$ 27,708,000	\$ 21,798,000	\$ (5,910,000)
Other Transfers	\$ 4,116,899	\$ 4,700,036	\$ 583,137
Total Transfers-In	\$31,824,899	\$ 23,498,036	\$ (5,326,863)
Total Sources	\$ 53,526,046	\$ 47,824,783	\$ (5,701,263)
Expenditures			
Institutional Support	\$ 53,526,046	\$ 47,824,783	\$ (5,701,263)
Total Expenditures	\$ 53,526,046	\$ 47,824,783	\$ (5,701,263)

SYSTEM ADMINISTRATION PRELIMINARY REDUCTIONS	FY 2010 PROPOSED REDUCTIONS
Planned Reductions	
Salaries	\$ 2,159,411
Benefits	828,037
Operating	2,713,815
Total Preliminary Reductions	\$ (5,701,263)

System Administration
FY 2010 Natural Classifications Summary
 Unrestricted Current Funds Expenditures

	FY 2008 ACTUAL	FY 2009 PROBABLE	FY 2010 PROPOSED	CHANGE Probable to Proposed	
				Amount	%
EDUCATIONAL AND GENERAL					
Salaries and Benefits					
Salaries					
Academic	\$ 311,485	\$ 234,710	\$ 179,091	\$ (55,619)	-23.7%
Non-Academic	32,576,899	35,570,394	33,499,648	(2,070,746)	-5.8%
Students	<u>312,951</u>	<u>450,446</u>	<u>417,400</u>	<u>(33,046)</u>	-7.3%
Total Salaries	\$ 33,201,336	\$ 36,255,550	\$ 34,096,139	\$ (2,159,411)	-6.0%
Benefits	<u>11,718,799</u>	<u>11,810,537</u>	<u>10,982,500</u>	<u>(828,037)</u>	-7.0%
Total Salaries and Benefits	\$ 44,920,135	\$ 48,066,087	\$ 45,078,639	\$ (2,987,448)	-6.2%
Operating	1,746,174	935,907	(2,863,858)	(3,799,765)	-406.0%
Equipment and Capital Outlay	5,811,603	4,524,052	5,610,002	1,085,950	24.0%
Total Expenditures	<u>\$ 52,477,912</u>	<u>\$ 53,526,046</u>	<u>\$ 47,824,783</u>	<u>\$ (5,701,263)</u>	-10.7%

**UNIVERSITY OF TENNESSEE
PROPOSED SERVICE UNIT REORGANIZATION**

Service Unit	FTE					BUDGETS		
	Exec/Admin	Professional	Clerical/Tech	Students	Total FTE	Gross Budget	Recoveries	Net Budget
Trademark Licensing ¹	-	1.00	-	0.30	1.30	3,000,000	(3,000,000)	-
Records Management	-	1.00	13.60	1.25	15.85	816,589	(816,589)	-
Mail Services	-	1.00	15.00	-	16.00	2,459,623	(2,459,623)	-
Convenience Copiers	0.33	-	2.00	-	2.33	754,140	(754,140)	-
Warehousing	-	1.00	8.00	0.25	9.25	372,627	(372,627)	-
Graphic Arts	1.00	9.15	3.00	-	13.15	4,100,000	(4,100,000)	-
Transportation Services	2.00	1.00	27.20	1.00	31.20	5,910,000	(5,910,000)	-
Charter Bus	-	-	-	-	-	750,000	(750,000)	-
UT Plane	-	4.00	-	-	4.00	1,294,700	(1,294,700)	-
Total	3.33	18.15	68.80	2.80	93.08	19,457,679	(19,457,679)	-

¹ Program funded from licensing revenues prior to campus distributions.

Service Unit	Proposed Responsibility
Trademark Licensing	Treasurer's Office
Records Management	Campus
Mail Services	Campus
Convenience Copiers	Campus
Warehousing	Campus
Graphic Arts	Campus
Transportation Services	Campus
Charter Bus	Campus
UT Plane	Remain with System

The University of Tennessee
Service Center Operations
FY 2007 - FY 2009

	CURRENT YEAR - FY 2009					
	2007	2008	YTD	Encumbrances	Budget	Variance
Licensing¹						
Salaries	\$ 3,120.72	\$ 49,028.21	\$ 40,695.58	\$ 3,500.00	\$ 52,667	\$ 8,471.42
Benefits	342.00	19,359.35	19,399.49	980.00	16,498	(3,881.49)
Operating & Equipment	40,448.16	63,223.25	13,883.45	1,009.19	60,530	45,637.36
	<u>\$ 43,910.88</u>	<u>\$ 131,610.81</u>	<u>\$ 73,978.52</u>	<u>\$ 5,489.19</u>	<u>\$ 129,695</u>	<u>\$ 50,227.29</u>
Mail Services						
Salaries	\$ 342,938.02	\$ 352,757.50	\$ 316,315.57	\$ 43,142.49	\$ 385,280	\$ 25,821.94
Benefits	166,512.19	176,544.35	159,429.07	15,254.74	158,817	(15,866.81)
Operating & Equipment	(509,450.21)	(529,301.85)	(264,359.26)	80,189.08	(544,097)	(359,926.82)
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 211,385.38</u>	<u>\$ 138,586.31</u>	<u>\$ -</u>	<u>\$ (349,971.69)</u>
Records Management						
Salaries	\$ 137,943.87	\$ 148,251.47	\$ 250,253.24	\$ 55,691.88	\$ 465,978	\$ 160,032.88
Benefits	73,177.78	77,717.16	128,233.57	19,727.24	138,563	(9,397.81)
Operating & Equipment	(211,121.65)	(225,968.63)	(310,907.63)	27,716.18	(604,541)	(321,349.55)
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 67,579.18</u>	<u>\$ 103,135.30</u>	<u>\$ -</u>	<u>\$ (170,714.48)</u>
Convenience Copier						
Salaries	\$ 62,783.94	\$ 52,405.67	\$ 56,780.97	\$ 7,897.28	\$ 86,046	\$ 21,367.75
Benefits	19,647.28	14,635.99	18,719.99	2,843.02	10,134	(11,429.01)
Operating & Equipment	(82,431.22)	(67,041.66)	(400,714.69)	-	(96,180)	304,534.69
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (325,213.73)</u>	<u>\$ 10,740.30</u>	<u>\$ -</u>	<u>\$ 314,473.43</u>
Warehousing						
Salaries	\$ 198,994.40	\$ 212,359.66	\$ 174,647.60	\$ 23,492.57	\$ 239,092	\$ 40,951.83
Benefits	90,727.28	91,599.91	78,994.31	8,109.07	89,627	2,523.62
Operating & Equipment	(289,721.68)	(303,959.57)	(328,477.77)	(455.00)	(328,719)	213.77
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (74,835.86)</u>	<u>\$ 31,146.64</u>	<u>\$ -</u>	<u>\$ 43,689.22</u>
Graphic Arts						
Salaries	\$ 1,045,659.89	\$ 1,097,503.24	\$ 903,728.45	\$ 135,577.74	\$ 1,103,509	\$ 64,202.81
Benefits	489,856.47	527,554.86	452,080.90	47,292.38	630,129	130,755.72
Operating & Equipment	(1,535,516.36)	(1,625,058.10)	(1,890,026.97)	104,083.17	(1,733,638)	52,305.80
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (534,217.62)</u>	<u>\$ 286,953.29</u>	<u>\$ -</u>	<u>\$ 247,264.33</u>
UT Plane						
Salaries	\$ 227,132.74	\$ 268,652.47	\$ 234,675.00	\$ 19,375.00	\$ 246,500	\$ (7,550.00)
Benefits	75,119.63	81,462.88	64,850.71	5,425.00	62,300	(7,975.71)
Operating & Equipment	(302,252.37)	(350,115.35)	24,172.81	28,680.08	(308,800)	(361,652.89)
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 323,698.52</u>	<u>\$ 53,480.08</u>	<u>\$ -</u>	<u>\$ (377,178.60)</u>
Transportation Services²						
Salaries	\$ 937,363.55	\$ 987,553.42	\$ 810,905.17	\$ 110,950.35	\$ 996,802	\$ 74,946.48
Benefits	413,053.09	430,233.39	369,446.11	38,818.77	424,492	16,227.12
Operating & Equipment	(1,350,416.64)	(1,417,786.81)	(2,000,087.63)	1,364,994.28	(1,421,294)	(786,200.65)
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (819,736.35)</u>	<u>\$ 1,514,763.40</u>	<u>\$ -</u>	<u>\$ (695,027.05)</u>
TOTALS						
Salaries	\$ 2,955,937.13	\$ 3,168,511.64	\$ 2,788,001.58	\$ 399,627.31	\$ 3,575,874	\$ 388,245.11
Benefits	1,328,435.72	1,419,107.89	1,291,154.15	138,450.22	1,530,560	100,955.63
Operating & Equipment	(4,240,461.97)	(4,456,008.72)	(5,156,517.69)	1,606,216.98	(4,976,739)	(1,426,438.29)
	<u>\$ 43,910.88</u>	<u>\$ 131,610.81</u>	<u>\$ (1,077,361.96)</u>	<u>\$ 2,144,294.51</u>	<u>\$ 129,695</u>	<u>\$ (937,237.55)</u>

¹ Expenditures are funded from licensing proceeds prior to distribution to campuses.

² Includes contract bus services

The University of Tennessee
Service Operations with Reserves
FY 2004 - 2008

	2004	2005	2006	2007	2008
Mail Services					
Salaries		\$ 500,972.68	\$ 417,707.48	\$ 342,938.02	\$ 352,757.50
Benefits		206,734.03	174,859.66	166,512.19	176,544.35
Operating & Equipment		1,357,782.10	1,730,332.38	1,784,842.82	2,171,306.12
Recoveries		(2,065,488.81)	(2,342,206.74)	(2,376,786.33)	(2,831,161.54)
Transfer to/(from) reserves		-	19,307.22	82,493.30	130,553.57
	\$ -	\$ -	\$ -	\$ -	\$ -
Convenience Copier					
Salaries		\$ 24,129.60	\$ 25,467.94	\$ 62,783.94	\$ 52,405.67
Benefits		17,853.01	12,426.62	19,647.28	14,635.99
Operating & Equipment		651,491.79	628,224.73	443,079.21	506,798.72
Recoveries		(841,869.58)	(813,491.87)	(746,721.48)	(725,354.55)
Transfer to/(from) reserves		148,395.18	147,372.58	221,211.05	151,514.17
	\$ -	\$ -	\$ -	\$ -	\$ -
Graphic Arts					
Salaries	\$ 992,997.82	\$ 1,046,641.45	\$ 1,033,415.37	\$ 1,045,659.89	\$ 1,097,503.24
Benefits	382,932.69	433,047.52	446,081.74	489,856.47	527,554.86
Operating & Equipment	1,895,374.44	2,085,575.02	2,155,344.62	1,858,529.85	2,514,848.89
Recoveries	(4,005,304.18)	(4,092,743.39)	(4,136,234.29)	(3,106,503.76)	(5,327,551.00)
Transfer to/(from) reserves	733,999.23	527,479.40	501,392.56	(287,542.45)	1,187,644.01
	\$ -	\$ -	\$ -	\$ -	\$ -
UT Plane					
Salaries	\$ 201,510.60	\$ 210,471.28	\$ 211,976.65	\$ 227,132.74	\$ 268,652.47
Benefits	57,775.38	64,050.83	65,305.49	75,119.63	81,462.88
Operating & Equipment	373,196.43	377,599.63	299,843.37	274,717.13	366,847.23
Recoveries	(515,221.09)	(294,862.17)	(364,500.17)	(317,839.90)	(446,280.45)
Transfer to/(from) System	(117,261.32)	(357,259.57)	(212,625.34)	(259,129.60)	(270,682.13)
	\$ -	\$ -	\$ -	\$ -	\$ -
Transportation Services¹					
Salaries	\$ 830,063.37	\$ 904,289.67	\$ 908,668.95	\$ 937,363.55	\$ 987,553.42
Benefits	315,177.54	366,819.18	372,877.30	413,053.09	430,233.39
Operating & Equipment	2,611,489.92	3,629,290.51	4,065,419.68	4,485,679.56	5,271,086.76
Recoveries	(4,427,050.43)	(4,759,156.96)	(5,134,089.74)	(5,565,539.84)	(5,878,197.02)
Transfer to/(from) reserves	670,319.60	(141,242.40)	(212,876.19)	(270,556.36)	(810,676.55)
	\$ -	\$ -	\$ -	\$ -	\$ -

¹ Includes contract bus services

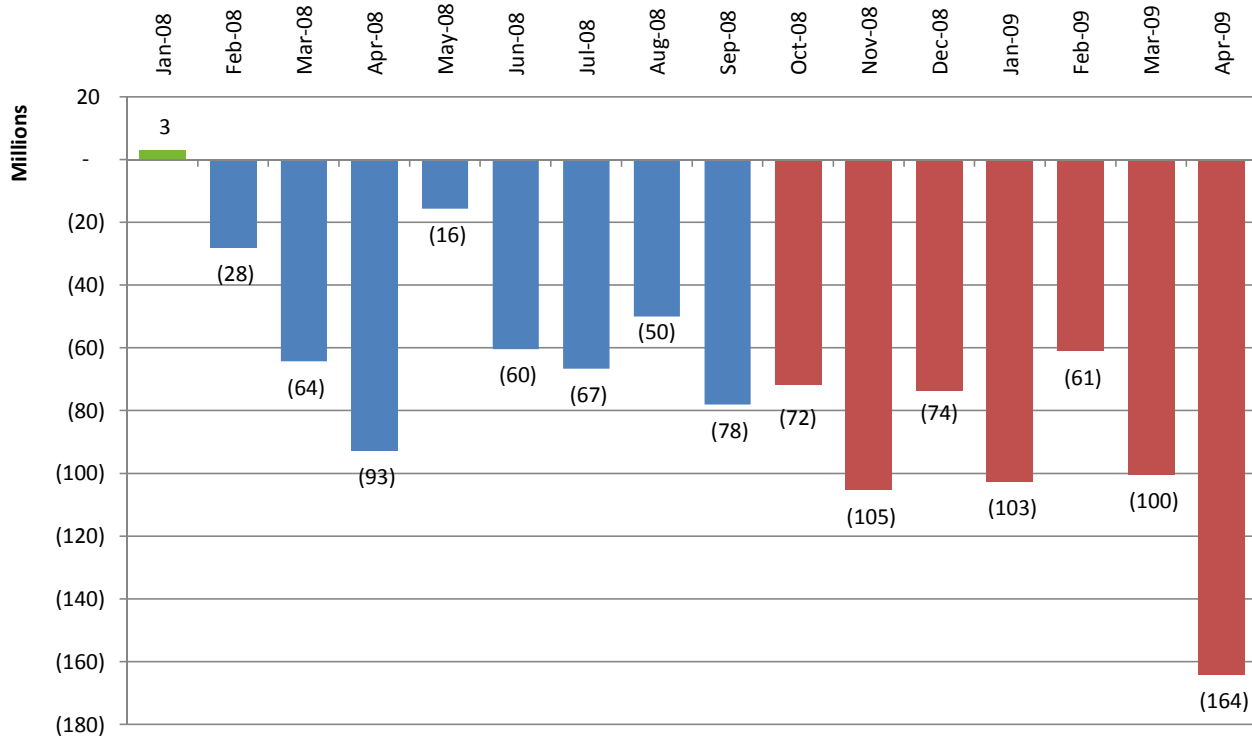
Total Reserves - 5/26/2009

Mail Services	\$ 232,354.09
Convenience Copiers	1,668,492.98
Graphic Arts	7,854,401.66
UT Plane	478,170.00
Transportation Services	27,313.93
	<u>\$ 10,260,732.66</u>

BOARD OF TRUSTEES
THE UNIVERSITY OF TENNESSEE
COMMITTEE ON EFFECTIVENESS AND EFFICIENCY FOR THE FUTURE

- State revenues continue to fall further behind budgeted revenues.
- Budget cuts occasioned by appropriations reductions, with the related amelioration through use of non-recurring stimulus funds, have effects for FY 2009 and beyond.
- Stimulus funds will be depleted by FY 2012.
- Beginning in FY 2012, the University will be reliant on a permanently reduced recurring appropriations base of approximately \$420 million.
- Attached graphs and schedules provide a summary of the financial effects of the changing economics of the State through FY 2012.
- Complete budget recommendations, including tuition and fees, will be presented to the Board at its June meeting.

State of Tennessee General Fund - Actual vs. Budgeted Accrual

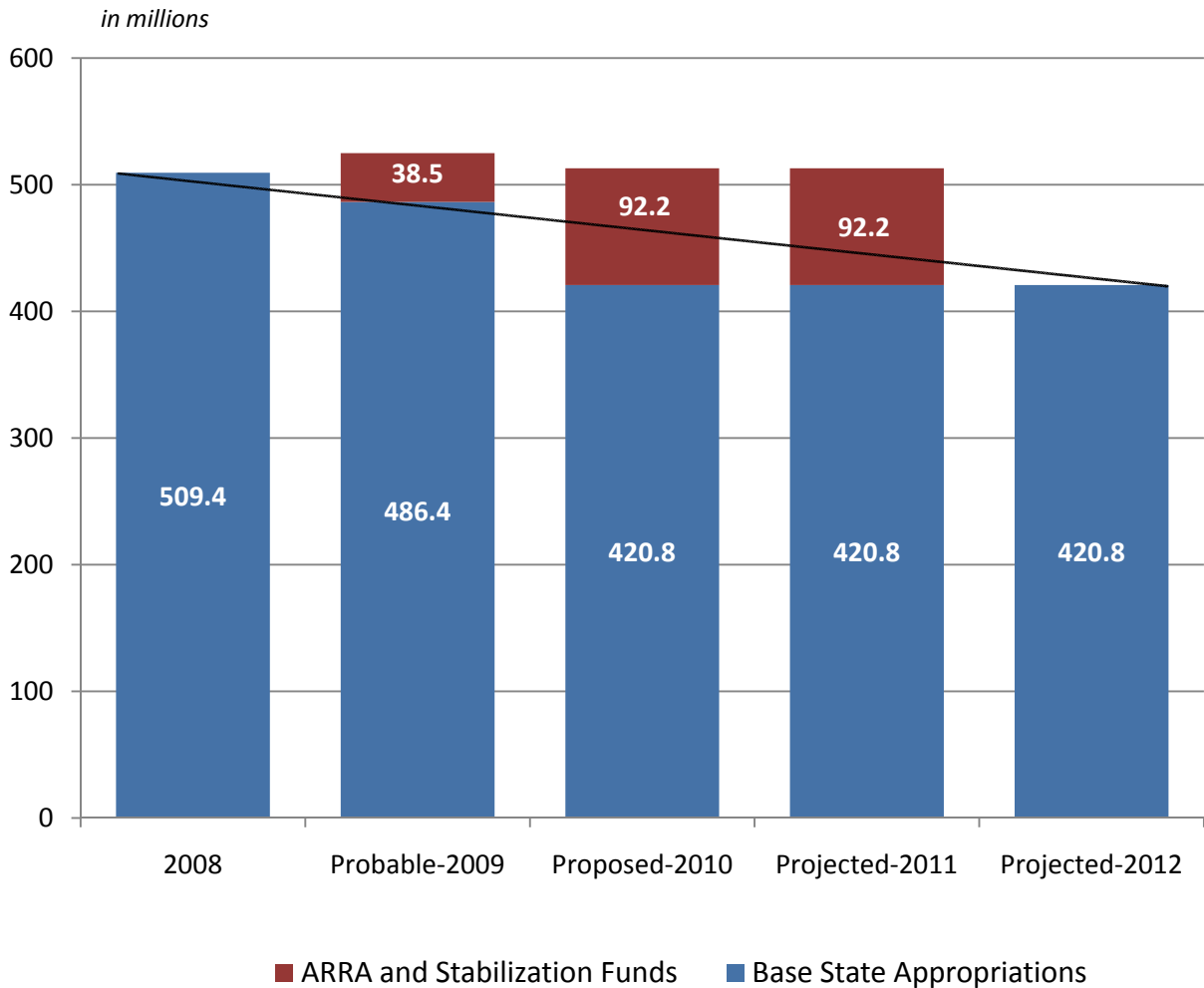


Month	Budgeted	Actual	Difference	12-mos. Ended	Fiscal Year
	Accrual			April 2009	2009 YTD
Jan-08	896,157,000	899,130,000	2,973,000		
Feb-08	601,942,000	573,701,000	(28,241,000)		
Mar-08	785,369,000	721,039,000	(64,330,000)		
Apr-08	1,248,193,000	1,155,371,000	(92,822,000)		
May-08	684,524,000	668,888,000	(15,636,000)	(15,636,000)	
Jun-08	1,097,142,000	1,036,717,000	(60,425,000)	(76,061,000)	
Jul-08	746,271,000	679,671,000	(66,600,000)	(142,661,000)	(66,600,000)
Aug-08	678,771,000	628,692,000	(50,079,000)	(192,740,000)	(116,679,000)
Sep-08	908,684,000	830,580,000	(78,104,000)	(270,844,000)	(194,783,000)
Oct-08	633,525,000	561,534,000	(71,991,000)	(342,835,000)	(266,774,000)
Nov-08	668,887,000	563,479,000	(105,408,000)	(448,243,000)	(372,182,000)
Dec-08	749,867,000	676,096,000	(73,771,000)	(522,014,000)	(445,953,000)
Jan-09	894,064,000	791,333,000	(102,731,000)	(624,745,000)	(548,684,000)
Feb-09	587,484,000	526,382,000	(61,102,000)	(685,847,000)	(609,786,000)
Mar-09	739,987,000	639,546,000	(100,441,000)	(786,288,000)	(710,227,000)
Apr-09	1,174,764,000	1,010,510,000	(164,254,000)	(950,542,000)	(874,481,000)

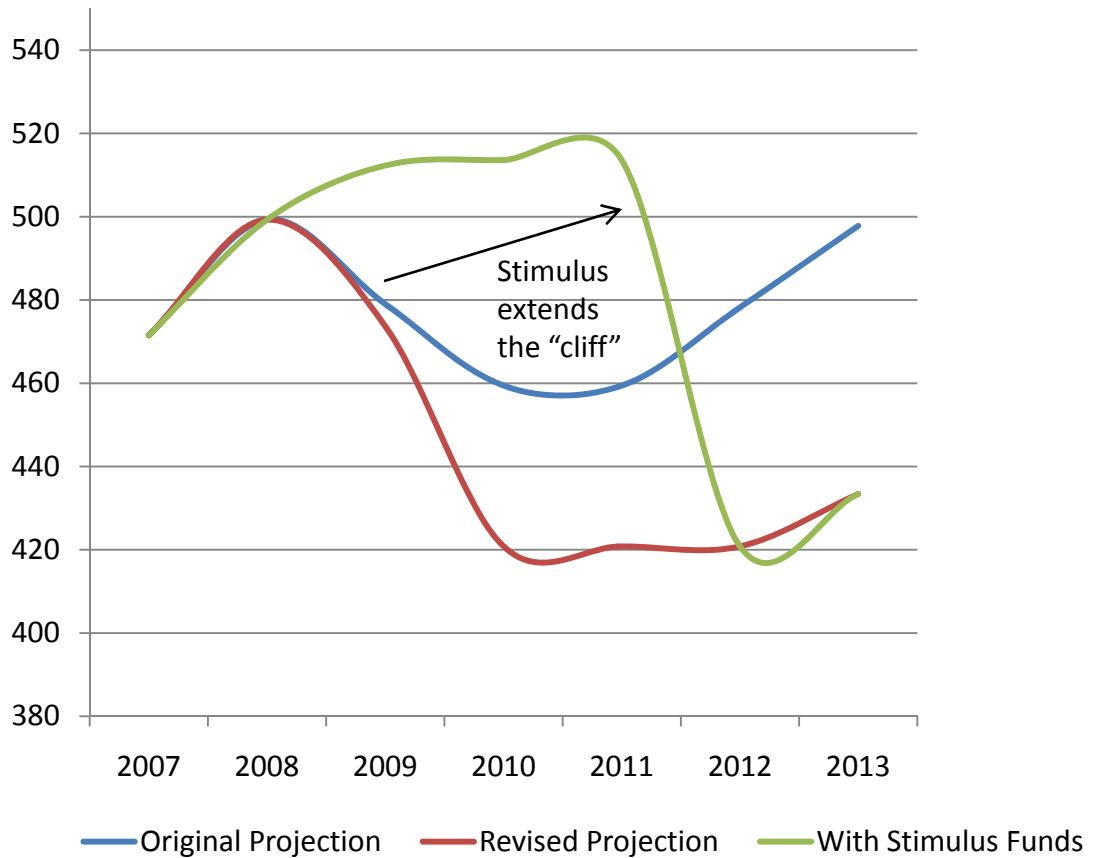
THE UNIVERSITY OF TENNESSEE
Total Appropriations Summary
FY 2009 - 2012

	2009	2010	2011	2012
Recurring				
State appropriations	\$ 505,777,100	\$ 486,411,600	\$ 420,810,400	\$ 420,810,400
Other adjustments	1,148,500			
Operating funds reduction	(20,514,000)	(65,601,200)		
Total Recurring	\$ 486,411,600	\$ 420,810,400	\$ 420,810,400	\$ 420,810,400
Non-Recurring				
Other adjustments	\$ 4,251,400	\$ 912,800	\$ 912,800	\$ 912,800
Mid-year reversion	(17,000,000)			
Stimulus funds	38,500,100	92,205,400	92,205,400	
Total Non-Recurring	\$ 25,751,500	\$ 93,118,200	93,118,200	\$ 912,800
Total Appropriations	\$ 512,163,100	\$ 513,928,600	\$ 513,928,600	\$ 421,723,200

THE UNIVERSITY OF TENNESSEE
American Recovery and Reinvestment Act
State Fiscal Stabilization Funds
FY 2009-10



Unrestricted E&G State Appropriations



Note: for comparative and illustration purposes, FY 2009 and future years only reflect changes in operating dollars; it excludes any changes for mandated costs (e.g., 401(k) match, group insurance, or fee waivers).

THE UNIVERSITY OF TENNESSEE
 American Recovery and Reinvestment Act (ARRA)
 State Fiscal Stabilization Funds
 FY 2009-2011

Campus/Institute	FY 2009	FY 2010	FY 2011	TOTAL
Chattanooga	\$ 4,378,100	\$ 3,323,800	\$ 3,323,800	\$ 11,025,700
Knoxville	18,628,900	14,088,400	14,088,400	46,805,700
Martin	3,167,900	2,416,500	2,416,500	8,000,900
Space Institute	541,600	329,100	329,100	1,199,800
Health Science Center	6,779,000	3,590,100	3,590,100	13,959,200
Agricultural Experiment Station	1,496,600	885,100	885,100	3,266,800
UT Extension	1,693,400	991,400	991,400	3,676,200
Veterinary Medicine	993,800	591,000	591,000	2,175,800
Institute for Public Service	221,900	97,700	97,700	417,300
Municipal Technical Adv. Svc.	167,900	101,600	101,600	371,100
County Municipal Assist. Svc.	101,300	63,400	63,400	228,100
Access and Diversity Funds	329,700	377,500	377,500	1,084,700
Total	\$ 38,500,100	\$ 26,855,600	\$ 26,855,600	\$ 92,211,300

In addition to the above funds, the University is receiving ARRA dollars to restore the \$66 million base reduction to its budget until FY 2012.

THE UNIVERSITY OF TENNESSEE
American Recovery and Reinvestment Act (ARRA)
State Fiscal Stabilization Funds
FY 2009-2011
(including the \$66 million restoration)

Campus/Institute	FY 2009	FY 2010	FY 2011	TOTAL
Chattanooga	\$ 4,378,100	\$ 11,365,100	\$ 11,365,100	\$ 27,108,300
Knoxville	18,628,900	47,531,800	47,531,800	113,692,500
Martin	3,167,900	8,367,000	8,367,000	19,901,900
Space Institute	541,600	966,700	966,700	2,475,000
Health Science Center	6,779,000	15,244,300	15,244,300	37,267,600
Agricultural Experiment Station	1,496,600	2,272,000	2,272,000	6,040,600
UT Extension	1,693,400	2,658,700	2,658,700	7,010,800
Veterinary Medicine	993,800	2,292,400	2,292,400	5,578,600
Institute for Public Service	221,900	377,300	377,300	976,500
Municipal Technical Adv. Svc.	167,900	252,900	252,900	673,700
County Municipal Assist. Svc.	101,300	151,700	151,700	404,700
Access and Diversity Funds	329,700	725,500	725,500	1,780,700
Total	\$ 38,500,100	\$ 92,205,400	\$ 92,205,400	\$ 222,910,900

THE UNIVERSITY OF TENNESSEE

American Recovery and Reinvestment Act (ARRA)

State Fiscal Stabilization Funds

Subject to final appropriations bill to be passed by the General Assembly and signed by the Governor, the University anticipates receiving funds from the American Recovery and Reinvestment Act (ARRA) and funds to be applied to fiscal years 2009, 2010, and 2011. For 2009, some \$38.5 million is expected to replace appropriations reductions. For FY 2010 and 2011, the anticipated appropriations reductions of approximately \$65.6 million per year are expected to be replaced by federal funds and an additional \$27.2 million in stabilization funds is expected for each of those years.

The University expects to apply the funds in accordance with the requirements of ARRA, guidance from the State of Tennessee, and THEC in a manner that maintains the quality of the University's academic programs and provides a pathway to implementing the reductions in base appropriations called for by the State in FY 2012.

- Funds should be used for educational and general expenditures in such a way to mitigate the need to raise tuition and fees for in-state students.
- No funds may be used for salary increases or one-time bonuses.
- No funds may be used to increase the University's endowment.
- Funds may not be used for capital outlay.
- Funds may be used, only on an exception basis, for modernization, renovation, or repair of facilities that are primarily used for instruction, research, or student housing – requests for exceptions must include an analysis of projected savings of recurring expenses and how the project enhances the institution's mission and goals.
- No funds may be used for modernization, renovation, or repair of stadiums or other facilities primarily used for athletic contests or exhibitions or other events for which admission is charged to the general public; or for facilities used for sectarian instruction, religious worship, or where a substantial portion of the functions of the facilities are subsumed in a religious mission.
- Requests for modernization, renovation, or repair projects must follow normal procedures and policies as set forth for disclosure and approval by the University, Board of Trustees, THEC, legislature, and the State Building Commission.

Note: this is not intended to be an exhaustive list of prohibitions or permitted uses of ARRA funds. The University will follow guidance from the State of Tennessee and THEC with respect to proper usage of the funds.

ENROLLMENT AND FUNDS GENERATED
The University of Tennessee
FY 1999-00 - FY 2008-09

FISCAL YEAR	FALL HEADCOUNT ENROLLMENT	FUNDS GENERATED		
		IN-STATE MAINTENANCE FEE REVENUE	OUT-OF-STATE TUITION REVENUE	TOTAL MAINTENANCE & TUITION REVENUE
UT AT CHATTANOOGA				
1999-00	8,604	\$18,306,714	\$2,843,331	\$21,150,045
2000-01	8,319	\$18,915,709	\$3,031,326	\$21,947,035
2001-02	8,485	\$21,882,179	\$3,454,897	\$25,337,076
2002-03	8,524	\$23,434,208	\$3,633,170	\$27,067,378
2003-04	8,528	\$25,366,396	\$4,046,167	\$29,412,563
2004-05	8,689	\$27,921,447	\$4,193,646	\$32,115,093
2005-06	8,656	\$30,426,031	\$4,732,359	\$35,158,390
2006-07	8,923	\$32,659,961	\$4,738,519	\$37,398,480
2007-08	9,558	\$36,619,272	\$4,835,125	\$41,454,397
2008-09	9,807	\$38,887,620	\$5,398,321	\$44,285,941
UT, KNOXVILLE				
1999-00	25,981	\$72,859,256	\$22,584,416	\$95,443,672
2000-01	25,474	\$77,132,370	\$24,102,315	\$101,234,685
2001-02	25,591	\$89,093,623	\$27,428,772	\$116,522,395
2002-03	25,515	\$92,779,839	\$29,627,053	\$122,406,892
2003-04	24,805	\$98,544,788	\$28,494,123	\$127,038,911
2004-05	25,244	\$107,826,405	\$30,735,922	\$138,562,327
2005-06	25,822	\$123,315,951	\$32,080,797	\$155,396,748
2006-07	26,083	\$130,614,455	\$32,030,276	\$162,644,731
2007-08	26,803	\$142,887,428	\$33,478,058	\$176,365,486
2008-09	27,248	\$147,077,000	\$35,432,000	\$182,509,000
UT AT MARTIN				
1999-00	5,741	\$11,891,843	\$2,157,422	\$14,049,264
2000-01	5,870	\$12,954,141	\$2,200,272	\$15,154,413
2001-02	5,892	\$15,248,433	\$2,484,857	\$17,733,290
2002-03	5,714	\$16,322,150	\$2,423,766	\$18,745,916
2003-04	5,770	\$17,764,584	\$2,445,125	\$20,209,709
2004-05	6,098	\$20,201,048	\$2,787,827	\$22,988,875
2005-06	6,478	\$23,616,442	\$3,117,641	\$26,734,083
2006-07	6,888	\$25,377,765	\$3,097,356	\$28,475,121
2007-08	7,171	\$27,436,900	\$3,138,051	\$30,574,951
2008-09	7,574	\$29,982,000	\$3,147,000	\$33,129,000
TOTALS BY YEAR				
1999-00	40,326	\$103,057,813	\$27,585,169	\$130,642,982
2000-01	39,663	\$109,002,220	\$29,333,913	\$138,336,133
2001-02	39,968	\$126,224,235	\$33,368,526	\$159,592,761
2002-03	39,753	\$132,536,197	\$35,683,989	\$168,220,186
2003-04	39,103	\$141,675,768	\$34,985,415	\$176,661,183
2004-05	40,031	\$155,948,900	\$37,717,395	\$193,666,295
2005-06	40,956	\$177,358,424	\$39,930,797	\$217,289,221
2006-07	41,894	\$188,652,181	\$39,866,151	\$228,518,332
2007-08	43,532	\$206,943,600	\$41,451,234	\$248,394,834
2008-09	44,629	\$215,946,620	\$43,977,321	\$259,923,941

THE UNIVERSITY OF TENNESSEE

Proposed Tuition

FY 2009-10

All amounts are annual. Maintenance & tuition only; no other fees (e.g., program & services) included

Campus/Institute	In-State					Out-of-State			
	FY 2009	Increase @ 7%	Increase @ 9%	Increase @ 20%	Revenue Generated	FY 2009	Increase @ 7%	Increase @ 9%	Revenue Generated
Chattanooga	\$ 4,210	\$ 295			\$ 2,264,400	\$ 14,770	\$ 1,034		\$ 308,800
Martin	\$ 4,400	\$ 308			\$ 1,751,600	\$ 15,042	\$ 1,053		\$ 180,400
Space Institute	\$ 6,262		\$ 564		\$ 87,500	\$ 18,920		\$ 1,703	\$ 58,300
Knoxville	\$ 5,428		\$ 489		\$ 11,042,900	\$ 18,086		\$ 1,628	\$ 2,590,300
Veterinary Medicine ¹	\$ 14,536			\$ 2,907	\$ 1,300,000	\$ 39,612			\$ (200,000)

¹ Recommendation is to increase in-state maintenance by 20% with 11.5% decrease to out-of-state tuition.

1% Fee Increase Generates:

UTC	\$ 367,700
UTK	\$ 1,514,800
UTM	\$ 276,000
UTSI	\$ 16,200
HSC	\$ 376,130
Vet Med	\$ 55,000
Total	\$ 2,605,830

Draft: subject to approval by the UT Board of Trustees

Health Science Center Tuition Proposal - FY 2009-10

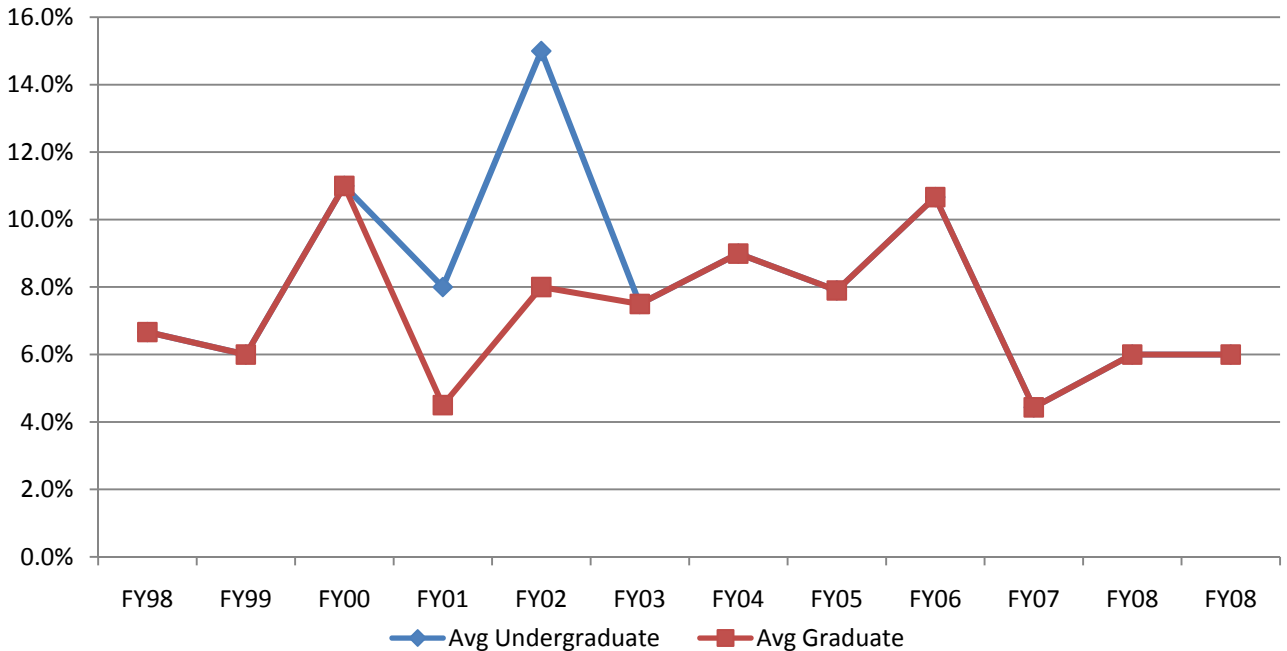
All amounts are annual

Draft: subject to approval by the UT Board of Trustees

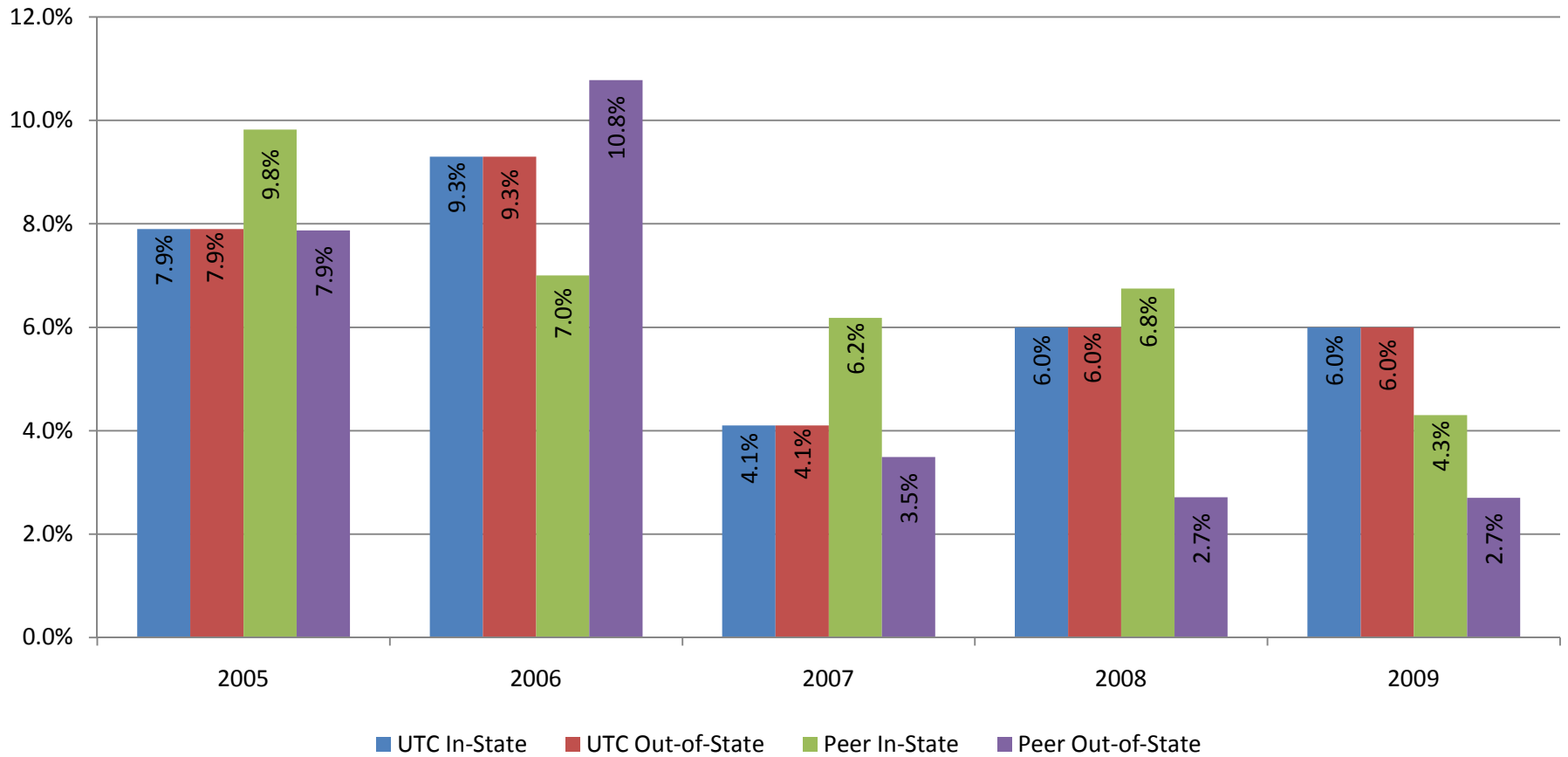
College	In-State			Out-of-State			Est. Incremental Tuition Revenue at FY 2009 Enrollment
	FY 2009	FY 2010 Proposed	Increase @ 10%	TOTAL OOS Tuition		Increase @ 10%	
				FY 2009	FY 2010 Proposed		
<u>Allied Health Sciences</u>							
Bachelor Level (Dental Hygiene)	\$4,960	\$5,460	\$500	\$16,828	\$18,510	\$1,682	\$287,100
Bachelor Level (Medical Tech / HIIM)	\$5,868	\$5,868	\$0	\$16,828	\$18,510	\$1,682	
Entry Level Advanced	\$8,280	\$9,110	\$830	\$19,940	\$21,940	\$2,000	
Post-Professional	\$5,990	\$6,600	\$610	\$17,670	\$19,450	\$1,780	
On-Line Programs	\$230/CH	\$250/CH	\$20/CH	\$253/CH	\$275/CH	\$22/CH	
Dentistry	\$18,368	\$20,200	\$1,832	\$43,468	\$47,810	\$4,342	\$760,300
Graduate Health Sciences	\$6,630	\$7,300	\$670	\$19,106	\$21,020	\$1,914	\$320,400
<u>Medicine</u>							
Class of 2013		\$21,300	\$2,500		\$42,210	\$4,960	\$1,120,600
Class of 2012	\$18,800	\$20,680	\$1,880	\$37,250	\$40,980	\$3,730	
Class of 2011	\$18,256	\$20,080	\$1,824	\$36,168	\$39,780	\$3,612	
Class of 2010	\$17,724	\$19,500	\$1,776	\$35,114	\$38,630	\$3,516	
<u>Nursing</u>							
Graduate	\$8,120	\$8,930	\$810	\$19,560	\$21,510	\$1,950	\$209,500
Undergraduate (last year)	\$5,040	\$5,540	\$500	\$12,290	\$13,520	\$1,230	
Pharmacy	\$14,170	\$15,590	\$1,420	\$27,700	\$30,470	\$2,770	\$1,063,400
Total Projected Revenue at FY 09 Enrollment Levels							\$3,761,300

**UNIVERSITY OF TENNESSEE
IN-STATE TUITION FEE INCREASE HISTORY
FY 1998 - 2009**

Campus	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
UTK – UG	8.0%	8.0%	15.0%	8.0%	15.0%	7.5%	9.0%	7.9%	13.0%	4.6%	6.0%	6.0%
UTK – GR	8.0%	8.0%	15.0%	4.5%	8.0%	7.5%	9.0%	7.9%	13.0%	4.6%	6.0%	6.0%
UTC – UG	6.0%	5.0%	9.0%	8.0%	15.0%	7.5%	9.0%	7.9%	9.3%	4.1%	6.0%	6.0%
UTC – GR	6.0%	5.0%	9.0%	4.5%	8.0%	7.5%	9.0%	7.9%	9.3%	4.1%	6.0%	6.0%
UTM – UG	6.0%	5.0%	9.0%	8.0%	15.0%	7.5%	9.0%	7.9%	9.7%	4.6%	6.0%	6.0%
UTM – GR	6.0%	5.0%	9.0%	4.5%	8.0%	7.5%	9.0%	7.9%	9.7%	4.6%	6.0%	6.0%
Averages	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Undergraduate	6.7%	6.0%	11.0%	8.0%	15.0%	7.5%	9.0%	7.9%	10.7%	4.4%	6.0%	6.0%
Graduate	6.7%	6.0%	11.0%	4.5%	8.0%	7.5%	9.0%	7.9%	10.7%	4.4%	6.0%	6.0%



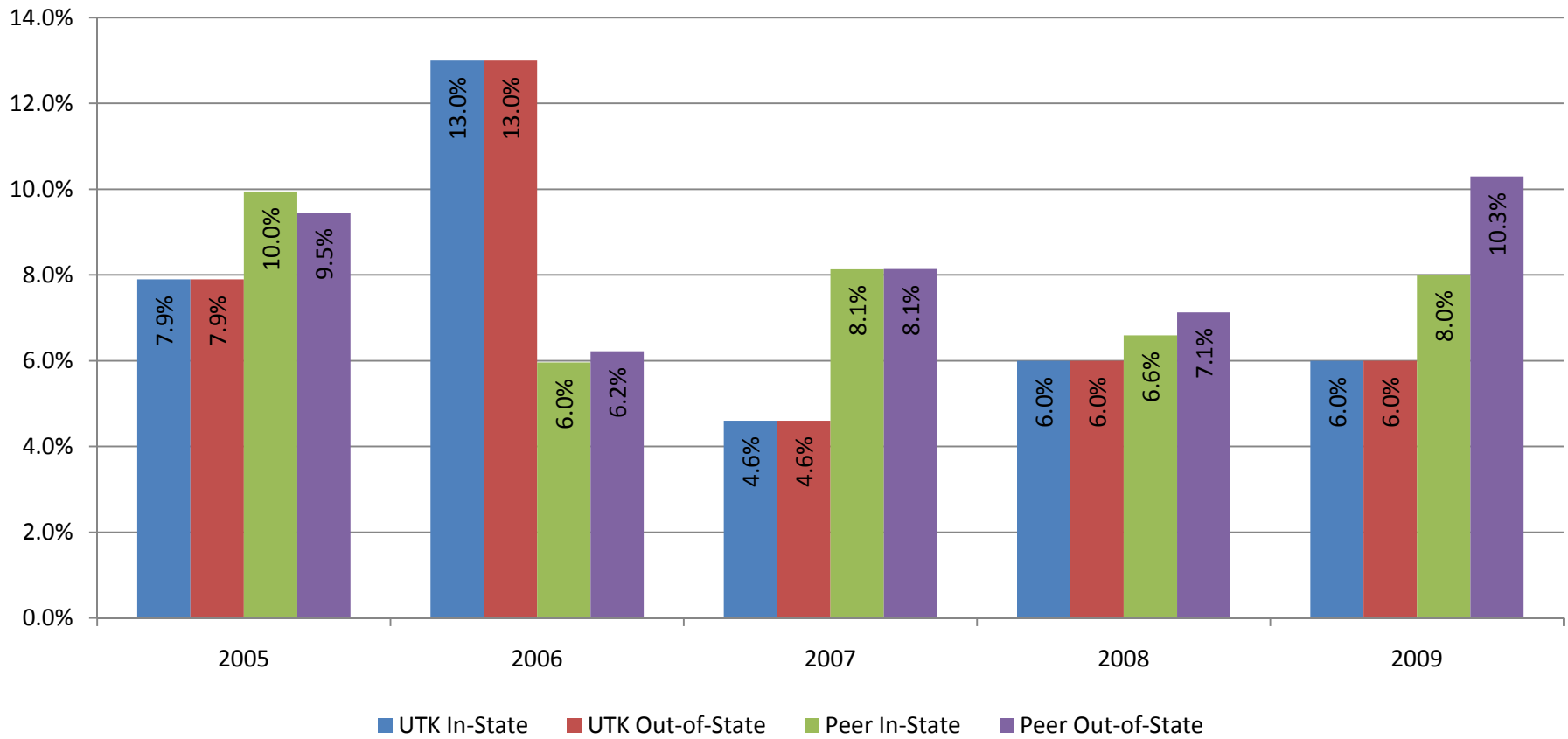
Chattanooga Tuition Increases Historical Comparison with Peer Average *(undergraduate fees only)*



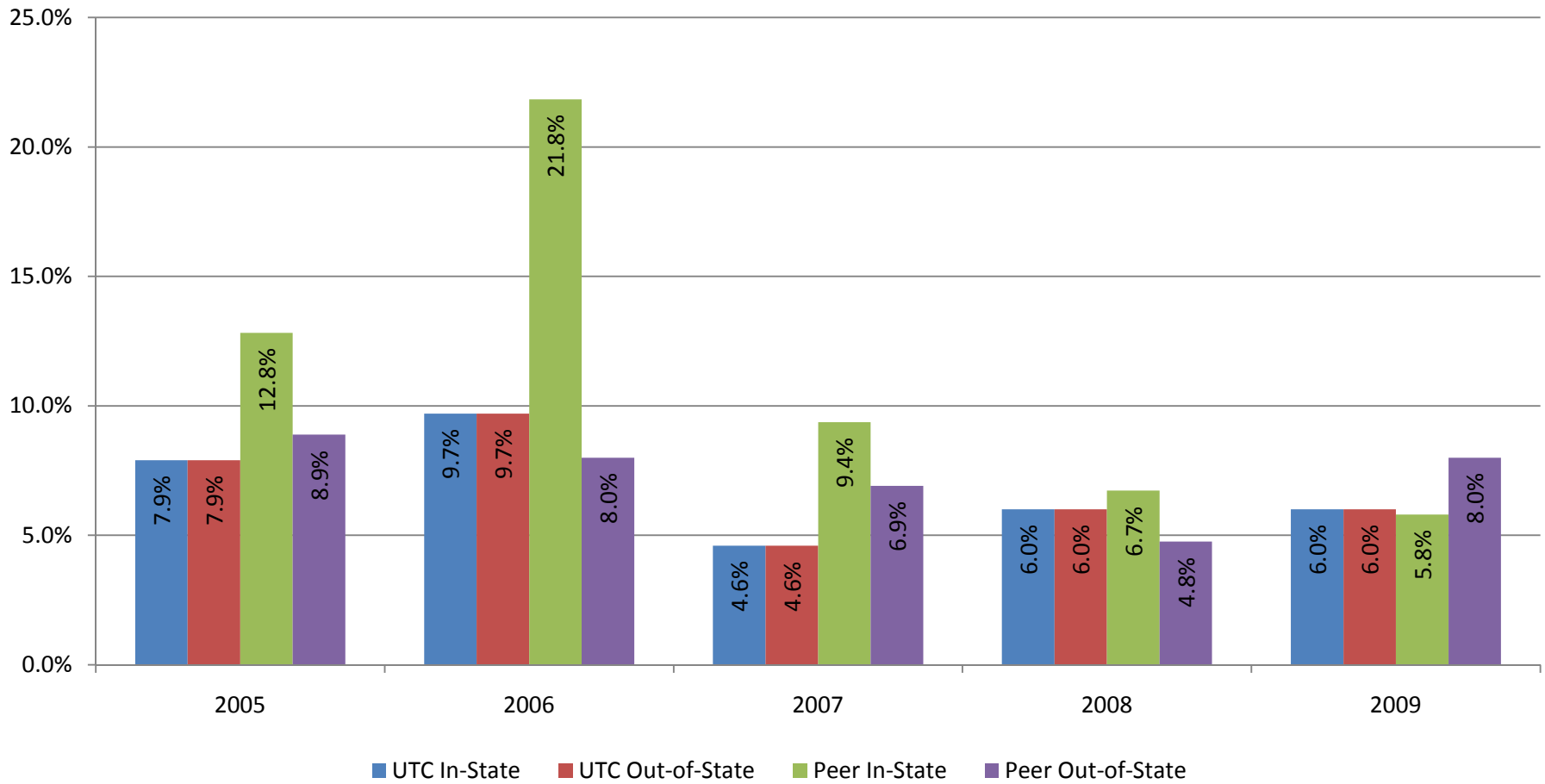
Knoxville Tuition Increases

Historical Comparison with Peer Average

(undergraduate fees only)



Martin Tuition Increases Historical Comparison with Peer Average *(undergraduate fees only)*



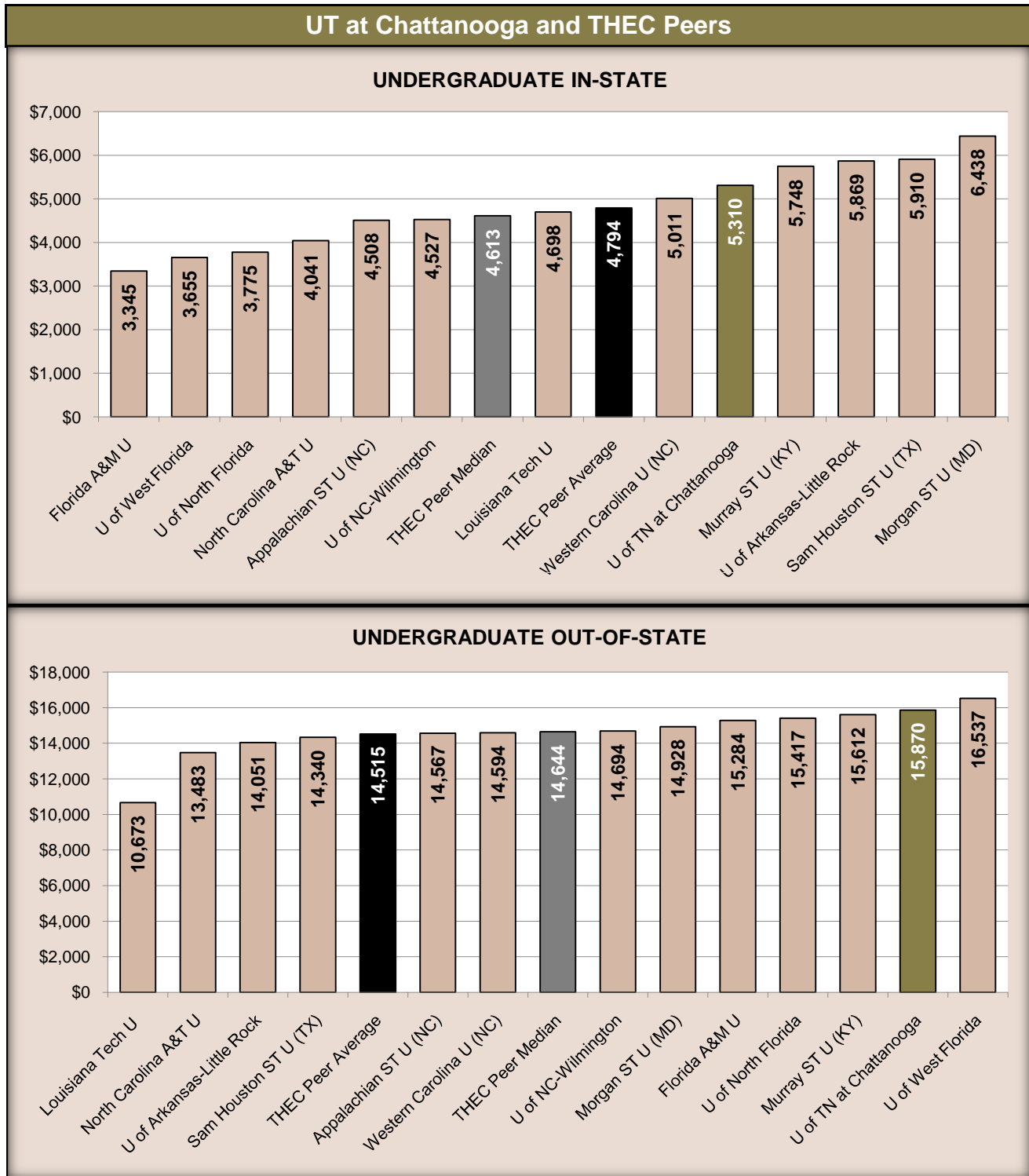
ANNUAL TUITION AND FEES, FY 2008-09

UT at Chattanooga and THEC Peer Institutions								
<i>THEC PEER INSTITUTION</i>	<i>UNDERGRADUATE</i>				<i>GRADUATE</i>			
	<i>In-State</i>	<i>RANK</i>	<i>Out-of-State</i>	<i>RANK</i>	<i>In-State</i>	<i>RANK</i>	<i>Out-of-State</i>	<i>RANK</i>
Appalachian State University (NC)	4,508	9	14,567	9	4,742	11	14,641	8
Florida A&M University	3,345	13	15,284	5	5,422	8	20,056	3
Louisiana Tech University	4,698	7	10,673	13	4,698	12	10,673	13
Morgan State University (MD)	6,438	1	14,928	6	8,640	1	14,232	9
Murray State University (KY)	5,748	4	15,612	3	6,255	4	18,351	4
North Carolina A&T	4,041	10	13,483	12	4,113	13	13,698	10
Sam Houston State University (TX)	5,910	2	14,340	10	6,132	6	12,876	12
University of Arkansas-Little Rock	5,869	3	14,051	11	6,279	3	13,095	11
University of North Carolina-Wilmington	4,527	8	14,694	7	4,837	10	14,897	6
University of North Florida	3,775	11	15,417	4	6,735	2	20,927	2
University of Tennessee at Chattanooga	5,310	5	15,870	2	6,150	5	16,710	5
University of West Florida	3,655	12	16,537	1	6,088	7	21,919	1
Western Carolina University (NC)	5,011	6	14,594	8	5,091	9	14,676	7
THEC PEER AVERAGE	\$4,794		\$14,515		\$5,753		\$15,837	
Amount UTC Over/Under Peer Avg.	\$516		\$1,355		\$397		\$873	
UTC as Percent of Peer Average	110.8%		109.3%		106.9%		105.5%	
THEC PEER MEDIAN	\$4,613		\$14,644		\$5,755		\$14,659	
Amount UTC Over/(Under) THEC Peer Median	\$698		\$1,226		\$395		\$2,052	
UTC as Percent of THEC Peer Median	115.1%		108.4%		106.9%		114.0%	

SOURCE: Data collected directly from universities/websites, is subject to change without notice, and includes all mandatory fees (programs & services).

ANNUAL UNDERGRADUATE TUITION AND FEES, FY 2008-09

The University of Tennessee at Chattanooga



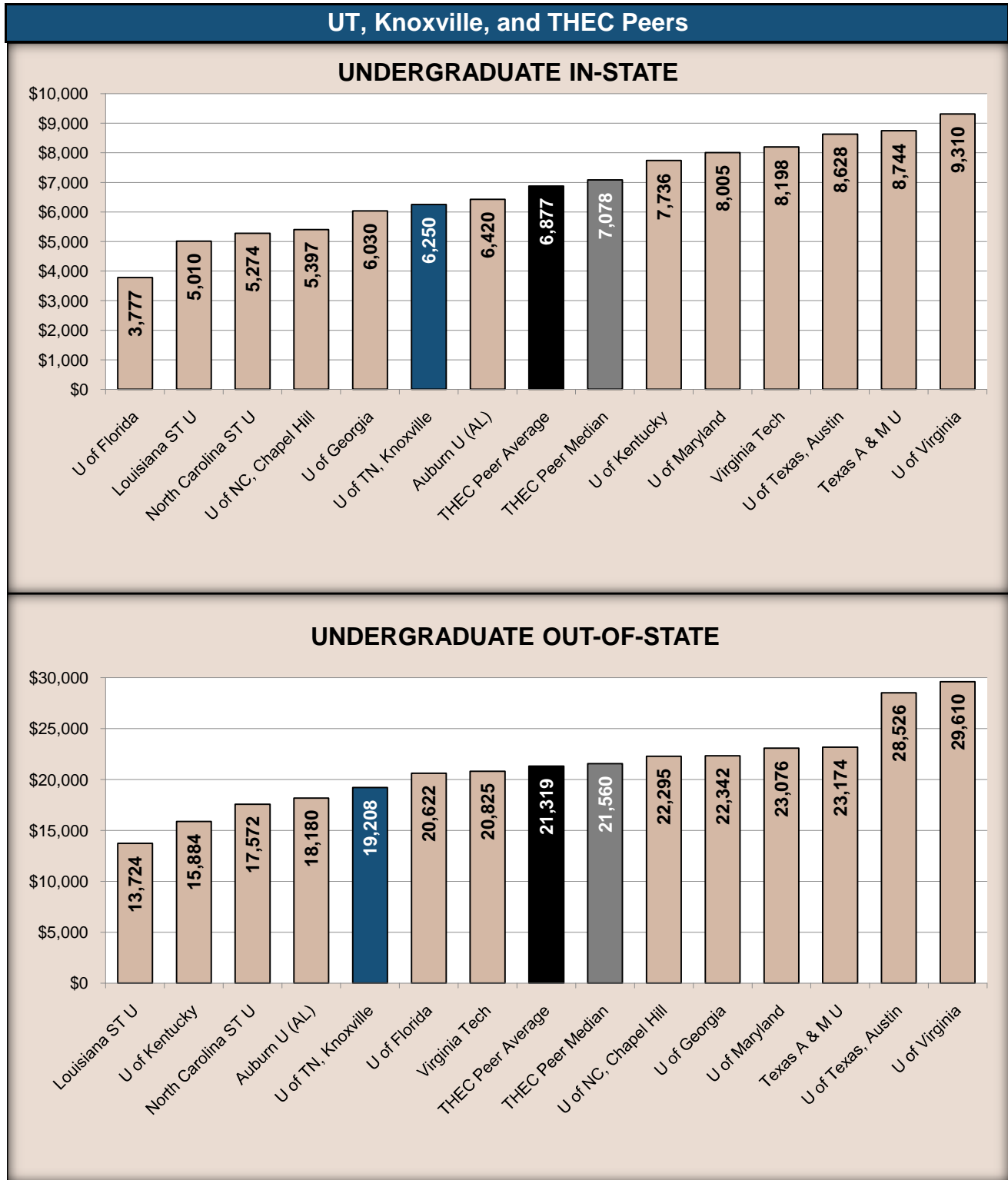
SOURCE: Data collected directly from universities and/or websites, is subject to change without notice, and includes all mandatory fees (programs & services).

ANNUAL TUITION AND FEES, FY 2008-09

UT, Knoxville and THEC Peer Institutions								
<i>THEC PEER INSTITUTION</i>	<i>UNDERGRADUATE</i>				<i>GRADUATE</i>			
	<i>In-State</i>	<i>RANK</i>	<i>Out-of-State</i>	<i>RANK</i>	<i>In-State</i>	<i>RANK</i>	<i>Out-of-State</i>	<i>RANK</i>
Auburn University (AL)	6,420	7	18,180	10	6,420	11	18,180	7
Louisiana State University	5,010	12	13,724	13	4,953	13	13,667	13
North Carolina State University	5,274	11	17,572	11	5,693	12	17,741	8
Texas A & M University	8,744	2	23,174	3	8,432	5	15,176	12
University of Florida	3,777	13	20,622	8	8,191	7	23,316	2
University of Georgia	6,030	9	22,342	5	6,670	10	22,078	4
University of Kentucky	7,736	6	15,884	12	8,360	6	17,228	9
University of Maryland	8,005	5	23,076	4	11,793	2	24,129	1
Univ. of North Carolina at Chapel Hill	5,397	10	22,295	6	6,693	9	21,091	5
University of Tennessee, Knoxville	6,250	8	19,208	9	7,074	8	20,032	6
University of Texas at Austin	8,628	3	28,526	2	8,438	4	17,028	10
University of Virginia	9,310	1	29,610	1	12,150	1	22,150	3
Virginia Polytechnic Institute	8,198	4	20,825	7	9,735	3	16,866	11
THEC PEER AVERAGE	\$6,877		\$21,319		\$8,127		\$19,054	
Amount Over/(Under) Peer Average	(\$627)		(\$2,111)		(\$1,053)		\$978	
Percent of Peer Average	90.9%		90.1%		87.0%		105.1%	
THEC PEER MEDIAN	\$7,078		\$21,560		\$8,276		\$17,961	
Amount UTK Over/(Under) THEC Peer Median	(\$828)		(\$2,352)		(\$1,202)		\$2,072	
UTK as Percent of THEC Peer Median	88.3%		89.1%		85.5%		111.5%	

UT, Knoxville and SREB Peer Institutions								
<i>SREB PEER INSTITUTION</i>	<i>UNDERGRADUATE</i>				<i>GRADUATE</i>			
	<i>In-State</i>	<i>RANK</i>	<i>Out-of-State</i>	<i>RANK</i>	<i>In-State</i>	<i>RANK</i>	<i>Out-of-State</i>	<i>RANK</i>
Louisiana State University	5,010	16	13,724	16	4,953	17	13,667	16
University of Alabama	6,400	10	18,000	11	6,400	14	18,000	9
University of Arkansas	6,521	9	15,398	15	8,156	9	17,815	10
University of Delaware	8,816	2	21,296	7	8,446	5	20,946	6
University of Florida	3,777	17	20,622	9	8,191	8	23,316	2
University of Georgia	6,030	12	22,342	5	6,670	13	22,078	4
University of Kentucky	7,736	7	15,884	13	8,360	7	17,228	11
University of Maryland	8,005	6	23,076	3	11,793	2	24,129	1
University of Mississippi	5,106	14	12,468	17	5,106	16	12,468	17
University of North Carolina at Chapel Hill	5,397	13	22,295	6	6,693	12	21,091	5
University of Oklahoma	7,423	8	17,404	12	6,853	11	16,686	14
University of South Carolina	8,438	4	22,508	4	9,436	4	20,336	7
University of Tennessee, Knoxville	6,250	11	19,208	10	7,074	10	20,032	8
University of Texas at Austin	8,628	3	28,526	2	8,438	6	17,028	12
University of Virginia	9,310	1	29,610	1	12,150	1	22,150	3
Virginia Polytechnic Institute	8,198	5	20,825	8	9,735	3	16,866	13
West Virginia University	5,100	15	15,770	14	5,612	15	16,270	15
SREB PEER AVERAGE	\$6,868		\$19,984		\$7,937		\$18,755	
Amount UTK Over/(Under) Peer Avg.	(618)		(776)		(863)		1,277	
UTK as Percent of Peer Average	91.0%		96.1%		89.1%		37.7%	
SREB PEER MEDIAN	\$6,972		\$20,724		\$8,174		\$17,908	
Amount UTK Over/(Under) THEC Peer Median	(\$722)		(\$1,516)		(\$1,100)		\$2,125	
UTK as Percent of THEC Peer Median	89.6%		92.7%		86.5%		111.9%	

ANNUAL UNDERGRADUATE TUITION AND FEES, 2008-09



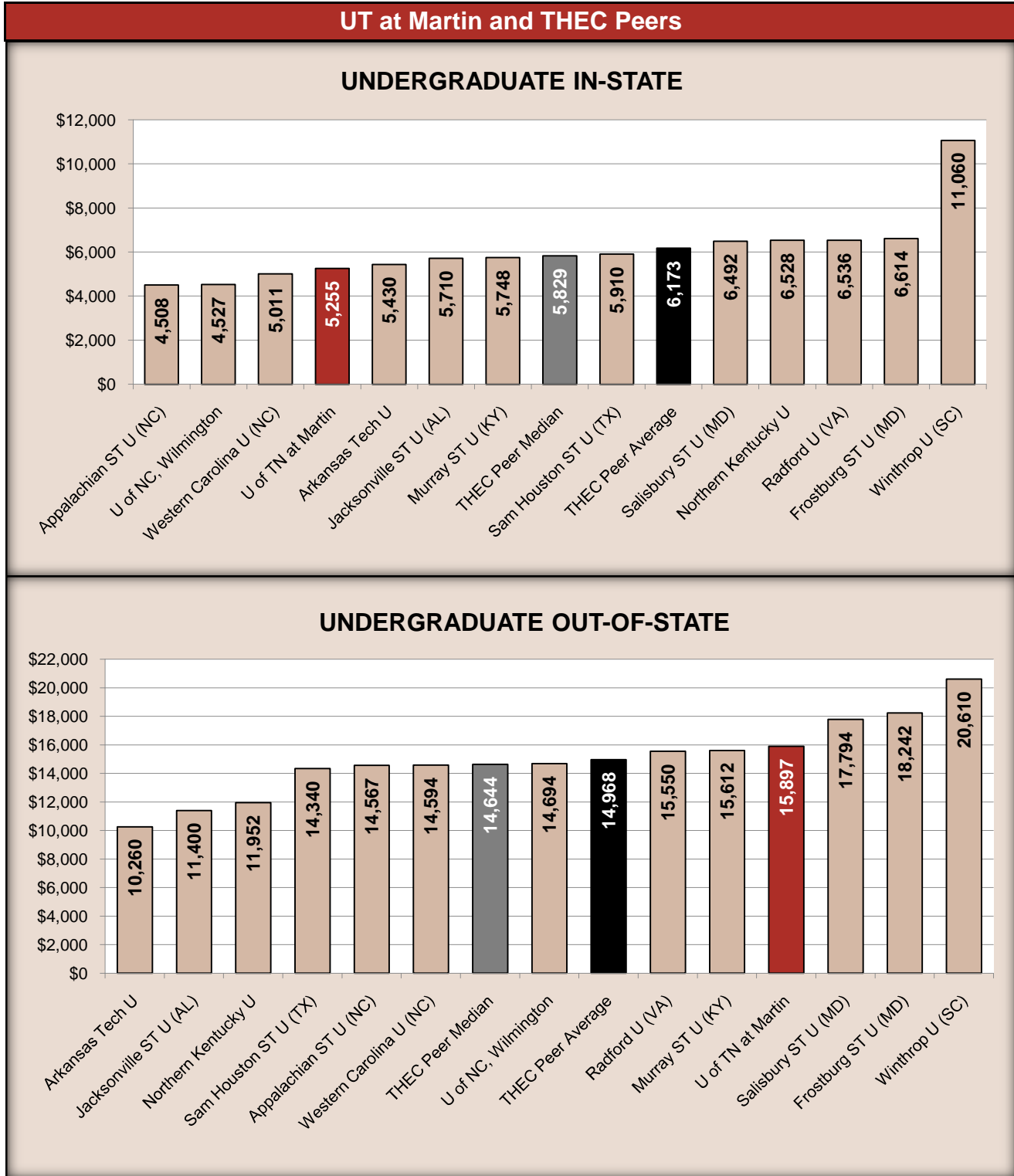
SOURCE: Data collected directly from universities/websites, is subject to change without notice, and includes all mandatory fees (programs & services).

ANNUAL TUITION AND FEES, FY 2008-09

UT at MARTIN and THEC PEER INSTITUTIONS								
THEC PEER INSTITUTION	UNDERGRADUATE				GRADUATE			
	In-State	RANK	Out-of-State	RANK	In-State	RANK	Out-of-State	RANK
Appalachian State University (NC)	4,508	13	14,567	9	4,742	12	14,641	8
Arkansas Tech University	5,430	9	10,260	13	3,794	13	7,106	13
Frostburg State University (MD)	6,614	2	18,242	2	9,720	2	10,848	11
Jacksonville State University (AL)	5,710	8	11,400	12	6,000	8	12,000	10
Murray State University (KY)	5,748	7	15,612	5	6,525	5	18,351	2
Northern Kentucky University	6,528	4	11,952	11	8,856	3	15,576	4
Radford University (VA)	6,536	3	15,550	6	5,400	9	10,368	12
Salisbury State University (MD)	6,492	5	17,794	3	7,728	4	14,832	6
Sam Houston State University (TX)	5,910	6	14,340	10	6,132	6	12,876	9
University of North Carolina, Wilmington	4,527	12	14,694	7	4,837	11	14,897	5
University of Tennessee at Martin	5,255	10	15,897	4	6,084	7	16,726	3
Western Carolina University (NC)	5,011	11	14,594	8	5,091	10	14,675	7
Winthrop University (SC)	11,060	1	20,610	1	10,650	1	19,798	1
THEC PEER AVERAGE	\$6,173		\$14,968		\$6,623		\$13,831	
Amount UTM Over/(Under) Peer Avg.	(918)		929		(539)		2,895	
UTM as Percent of Peer Average	85.1%		106.2%		91.9%		120.9%	
THEC PEER MEDIAN	\$5,829		\$14,644		\$6,066		\$14,658	
Amount UTM Over/(Under) THEC Peer Median	(\$574)		\$1,253		\$18		\$2,068	
UTM as Percent of THEC Peer Median	90.2%		108.6%		100.3%		114.1%	

SOURCE: Data collected directly from universities/websites, is subject to change without notice, and includes all mandatory fees (programs & services).

ANNUAL UNDERGRADUATE TUITION AND FEES, FY 2008-09



SOURCE: Data collected directly from universities/websites, is subject to change without notice, and includes all mandatory fees (programs & services).

TYPICAL ACADEMIC YEAR FEES AND EXPENSES
THE UNIVERSITY OF TENNESSEE
Undergraduate Students, FY 2008-09

	Knoxville Campus	Chattanooga Campus	Martin Campus
IN-STATE			
Maintenance Fee	\$ 5,428	\$ 4,210	\$ 4,400
Programs & Services Fee*	822	1,100	855
Subtotal	\$ 6,250	\$ 5,310	\$ 5,255
Room/Board	\$ 6,888	\$ 6,972	\$ 5,939
Books/Supplies	1,326	1,000	1,200
Transportation	2,050	1,630	1,140
Miscellaneous	3,104	1,402	2,240
Subtotal	\$ 13,368	\$ 11,004	\$ 10,519
TOTAL TN Resident	\$ 19,618	\$ 16,314	\$ 15,774
OUT-OF-STATE			
Maintenance Fee	\$ 5,428	\$ 4,210	\$ 4,400
Non-Resident Tuition	\$ 12,658	\$ 10,560	\$ 10,642
Programs & Services Fee*	1,122	1,100	855
Subtotal	\$ 19,208	\$ 15,870	\$ 15,897
Room/Board	\$ 6,888	\$ 6,972	\$ 5,939
Books/Supplies	1,326	1,000	1,200
Transportation	2,050	1,630	1,140
Miscellaneous	3,104	1,402	2,240
Subtotal	\$ 13,368	\$ 11,004	\$ 10,519
TOTAL Non-Resident	\$ 32,576	\$ 26,874	\$ 26,416

* Includes technology, facilities, green, athletics, international education, yearbook, and transportation fees where appropriate.

Prepared by: UT System Budget Office.

DETERMINING COLLEGE COSTS

- Major Stakeholders
- Stakeholder Views of the Problem
- Possible Solutions / Goals

- Major Stakeholders
 - State Officials
 - University Administration
 - Financial Management
 - Faculty
 - Public – Students / Parents

- Stakeholder Views of the Problem:
 - State Officials
 - a) Graduate More Students
 - University Administration
 - a) Declining Revenue vs. Rising Expenses
 - b) Higher Cost of Attendance vs. Decreased Access and Lower Quality
 - Financial Management
 - a) Caught between Less Revenue and More Expense
 - Faculty
 - a) Declining Funding vs. Higher Expenses
 - b) Quality of High School Graduates
 - c) Retention Pressure / Lower Standards
 - Public – Students / Parents
 - a) College Education Absolutely Necessary
 - b) Increasing Tuition / Fees Make College Out of reach

- Possible Solutions / Goals:
 - State Officials
 - a) Productivity
 - b) Retention
 - c) Incentives
 - d) Technology
 - e) Dual Enrollment
 - University Administration
 - a) Productivity
 - b) Redefine Higher Education as a Public Good
 - Financial Management
 - a) Productivity
 - b) Explore Alternatives – Class Size / Non-traditional Delivery Methods / New Ideas

- Possible Solutions / Goals Continued:
 - Faculty
 - a) Fear Solutions May Decrease Quality
 - b) College Classes in High Schools Not Equal to Collegiate Courses
 - c) Other Delivery Methods can Increase Workload
 - d) More Graduates not Equal to More “Educated” Citizens
 - e) Business Models not Appropriate
 - f) Faculty Do More With Less
 - g) Raise Standards and Produce Better Graduates
 - Public – Students / Parents
 - a) Protect Access and Affordability
 - b) Institutions become more Efficient
 - c) Educate More Students without More Money

**Effectiveness & Efficiency for the Future
Project Update**

Project	Description	Direct (hard) Cost Savings	Indirect (soft) Cost Savings	Status
CHATTANOOGA				
Eliminate Chancellor's Picnics	Discontinue summer picnics for faculty and staff	18,000	-	approved on campus
Review all campus positions using an organizational	Review staffing for strategic purpose to meet UTC goals and compare the positions to those at peer institutions/campuses	TBD	TBD	approved on campus
Reduce and standardize the number of personal printers by networking	Graphics will take on this responsibility in conjunction with our outsource vendor IKON	50,000	TBD	approved on campus
Conduct Energy Audit	Conduct an audit of energy efficiency, devise a plan to implement changes, and develop policies and procedures that create incentives to save energy. Early steps: turn off computers, lights, etc. when not in use, reduce the temperature by 10% in UTC buildings where appropriate (some buildings have live animals for research that might be affected)	500,000	TBD	approved on campus
Reduce the number of commencement ceremonies	Move from 3 to 2 commencement ceremonies	20,000	-	approved on campus
Review the number of computer labs on campus and standardize equipment and software where appropriate.	Labs across campus that have low usage and old equipment will be reviewed for discontinuation	50,000	-	approved on campus
Extend regional tuition discount to graduate students	This is a revenue generating project, not a cost savings project	TBD	-	approved on campus

Project	Description	Direct (hard) Cost Savings	Indirect (soft) Cost Savings	Status
KNOXVILLE				
Vacant Position Review	Numerous positions frozen or placed on stimulus	not available		
Motor Pool Review	Implement mileage tracking system to reduce police vehicle costs	40,000		complete
e-Forms	Send VolXpress statement (student bill) electronically	85,000		complete
Reduce Check Printing	Encourage students to utilize direct deposit for excess financial aid	126,780		on-going
Vending Machine Lights	Turn off lights on vending machines (also included in contract)	13,000		Complete
Winter Holiday Initiative	Curtail non-essential HVAC use during administrative closing	45,000		on-going
Check Cashing Service	Eliminate check cashing service for students and staff	18,429		complete
Misc. Lighting Upgrades	Replace ballasts, lamps and install sensors in buildings	89,419	13,050	on-going
Switch Your Thinking	Campus campaign to reduce energy costs (HVAC, electrical)	809,000		on-going
Mowing & Leaf Removal	Brought the service back in-house	250,000		complete
Recycling Program	Sustainability initiative but also reduces waste removal costs	90,115		on-going
Electricity Generation	Produce electricity due to competitive fuel prices	500,000		on-going
The "T" Transit System	Reduce campus bus service during the breaks	37,900		complete
Other e-form initiatives	On-line statements, registration & work orders (Parking)	22,300		on-going
Publications	Eliminate or reduce various campus publications	145,500		on-going
Sponsorships/Advertisings	Eliminate or reduce most sponsorship & advertising programs	68,400		complete
Personal Services	Reduce use of freelancers for writing, editing & photography	55,200		on-going
UC Post Office	Eliminate in-house Post Office and contract out services	26,277		pending
Housing Contracts	Initiate electronic housing contracts to confirm	28,000		complete

Project	Description	Direct (hard) Cost Savings	Indirect (soft) Cost Savings	Status
MARTIN				
Academic Reorganization	Reorganize various academic departments	433,000	-	Effective July, 09
Consolidate ECCE and Online	Consolidate off campus programs	96,200	-	Effective July, 09
Learning Resource Center	Transfer operations to Paul Meek Library	-	-	complete
Enrollment Mgt.	Review scholarship allocation and award processes	300,000	-	In review
Dual Enrollment	Review processes for enrolling students in Dual Enrollment	-	-	complete
Reduce Mail Delivery	Reduce campus mail delivery to once per day	-	-	complete
Video Conferencing	Encourage use of video conferencing to reduce travel cost	-	-	on-going
Student Employment	Review levels of student employees across campus	90,000	-	complete
Student Recruitment	Eliminate redundancy of multiple recruitment visits	-	-	in review
Flexible work week	Initiate flexible work week to reduce employee overtime	12,123	-	on-going
Volunteers for Recycling	Enlist student groups to assist in campus recycling	-	-	on-going
Cross train staff	Utilize staff to support other area peak loads to reduce temp.	10,000	-	on-going
Cut Back Thermostats	Adjust campus temp controls to state guidelines	-	-	on-going
University Catalogue	Change from print media to on line catalogue	8,500	-	In process
Summer Commencement	Eliminate summer commencement and use spring and fall only	5,000	-	In process
Fall Family Picnic	Eliminate fall family picnic	3,582	-	complete
Waste Food	Turn food service waste to compost vs. trash	-	-	on-going
Skyhawk Card	Consolidate Office with Business Affairs	35,000	-	complete
Global Studies	Move Global Studies to College of Business	124,590	-	Effective July, 09
Student Health/Counseling	Combine Student Health and the Counseling Center		-	Complete by July 09
Maymester	Implement minimester between spring and summer	(118,900)	-	Implemented
Transcripts	Reduce the number of free transcripts and increase fee	(50,000)	-	Effective Fall, 09
Telecommunications	Review possibility of one '800' number for on/off campus sites		-	in review
Addenda	Eliminate printed document and make accessible on line	7,000	-	complete

Project	Description	Direct (hard) Cost Savings	Indirect (soft) Cost Savings	Status
TULLAHOMA				
Electronic Communications	E-mail invitations/announcements	5,000	-	ongoing
Travel Reductions	Mission critical only; tele- and video conferencing whenever possible	50,000	-	ongoing
Utilities	Closed A-wing, thermostat changes, eliminate personal appliances	-	50,000	ongoing
Centralized Supplies Acquisition	All office supplies are centrally purchased reducing extraneous purchases to meet minimum order amount	-	5,000	completed/ongoing
Admissions	Reduction of 1 FTE	67,100	-	completed
Custodial	Reduction of 2 FTE	52,100	-	completed
Term employees	Reduction of 2.2 FTE	46,000	-	partially completed
Information Technology	Reduction 1 FTE	82,800	-	completed
Copier reductions	Reduced number of copiers approximately 50%	5,928	-	completed/ongoing
Campus Security	Reduced Campus Security coverage	50,000	-	completed/ongoing

Project	Description	Direct (hard) Cost Savings	Indirect (soft) Cost Savings	Status
HEALTH SCIENCE CENTER				
Vacant Position Review	The Health Science Center has eliminated nearly all vacant positions for FY 2010	4,600,000	-	Included in FY 2010 budget planning.
e-Forms	Converted frequently used departmental forms from paper to electronic in order to save staff time and effort.	-	-	On-going as staff identify forms
Reverse Auction	Online competition for the purchase of various commodities and equipment	25,029		Ongoing - savings reflect 4 purchase orders.
Computer Purchase Standardization	The HSC has standardized desktop and laptop computers to achieve savings in purchasing computers and to manage the campus network more efficiently.	included above		Ongoing - a major computer purchase for more than 130 computers is in process through a reverse bid.
Thin Client Computers (Campus)	Replacing PCs with thin client computers -- which are fully functioning units without disk drives. Approximately 500 units have been purchased to date. The initial cost is approximately one-third that of desktop PCs and without disk drives, they consume much less energy.	368,740	25,000	Ongoing
Provide in-house Steris sterilizer PM and repairs	Biomedical Instrumentation technicians provide sterilizer (autoclave) service work in lieu of having Steris sterilizer contract	95,000	20,000	Completed
Provide in-house Getinge sterilizer PM & repairs	Biomedical Instrumentation technicians provide sterilizer service work in lieu of having Getinge sterilizer contract	25,000	5,000	Expected FY 2010
Electronic Student Assessment (Fee) Sheets	Eliminate the printing and mailing of student registration materials.	10,000	10,000	Estimated completion by January 2010 registration.
On-line pre-admission requirements process (PAR)	The online admission process gives the student applicant a single portal to complete the admission process including applying for financial aid, parking and housing, and fulfilling other requirements such as immunization records.	15,000	12,000	
Outsource the Bookstore	The HSC outsourced the campus bookstore through a competitive bid process to Barnes & Noble to achieve operational and financial efficiencies.	250,000		Effective 07.01.2008

Project	Description	Direct (hard) Cost Savings	Indirect (soft) Cost Savings	Status
Outsource Food Service Operations	Over time, the HSC had significantly reduced food service availability on campus to a point where most events were catered by outside vendors. In order to create more campus opportunities for students, faculty and staff and to create the potential for reducing costs and increasing return to the campus for campus sponsored events, the HSC outsourced food service operations to Chartwells, Inc.	expected in the future as the program expands and matures		Effective 02.01.2008
Returned Facilities Management to internal operations	After 10 years of being outsourced, Facilities Management was returned to campus oversight	\$1,000,000 to \$2,000,000		Effective 07.01.07
Document Imaging	In order to save space and make document retrieval more efficient, the HSC is investing in equipment and software to scan files.		50,000	Planned for FY 2010
Energy Conservation	The campus is evaluating several energy saving actions such as replacing old HVAC systems across campus which will provide for better energy management and significant utilities savings.	\$500,000 to \$750,000		Planned for FY 2010
Removing inefficient / antiquated buildings from active status	The campus has taken three old and very inefficient (slated for demolition) buildings off line in order to save on maintenance and utilities.	\$250,000 to \$500,000		Accomplished over FY 07 through FY 09

Project	Description	Direct (hard) Cost Savings	Indirect (soft) Cost Savings	Status
UT EXTENSION				
Travel Claim Imaging	UT Extension no longer mails paper copies of travel reimbursements; instead, receipts are scanned and processed through IRIS. This change has reduce reimbursement time for employees and allowed for the reduction of one support staff position in the Extension dean's office. Operating expenditures have been reduced due to savings in mailing and duplication costs.	60,000	-	Fully implemented July 1, 2009
Centra/SharePoint Technology	Technology allows groups of individuals to communicate online instead of traveling to meetings; thus travel expenses are reduced.	25,000	100,000	2 Years to Implement
Moodle Services to Online Programming	New learning management system to deliver programs to clientele and provide training to agents, reducing travel expenses.	10,000	-	UT Extension hopes to generate \$40,000 in fees when implemented
SPPC Equipment Upgrade	Equipment acquired for the Soil, Plant and Pest Center will analyze soil pH and reduce labor expense (1-2 seasonal students per year)	12,000	-	1 Year to Implement
SUPER (System for University Planning, Evaluation and Reporting)	System allows county budgets, reporting, and performance appraisals to be processed online; therefore, forms are processed quicker and postage expenses are reduced.	5,000	50,000	2 Years to Implement
PC Imaging	UT Extension hopes to begin scanning procurement card transactions as soon as possible - Must get approval from IRIS staff. Operating expenditures will be reduced due to savings in mailing and duplication costs.	5,000	-	2 Years to Implement

Project	Description	Direct (hard) Cost Savings	Indirect (soft) Cost Savings	Status
UT ADMINISTRATION (SYSTEM-WIDE)				
Electronic Pay Stubs	The University currently provides paper pay remittances with each payroll through campus, USPS mail, and other courier services. The Treasurer's Office is working within existing software to develop the process to deliver these advices electronically, saving over 350,000 pieces of paper annually.	36,000	117,000	July 2009
Employee/Manager Self-Service	As existing products within our current financial and human resource system, self-service provides an intuitive, web-based interface for employees and managers to conduct routine business, reducing paper and creating efficiencies in many transactions.	TBD	TBD	Under Review
e-Forms	The University continues to create electronic forms within its financial and human resource system. These forms allow less paper, automate workflow and approvals, and allow for immediate data checks as data is entered.	Significant	Significant	Ongoing
Contract Tracking	The University is converting its legacy contract system over to SAP (IRIS). This change will allow for better tracking of contracts, incorporate workflow, data integrity, and many efficiencies not currently capable in the existing system.	TBD	TBD	June 2009
Document Imaging	The University has begun to allow document imaging with some transactions in its financial system and is reviewing other opportunities. Being able to attached scanned images, reduces paper in the system, and in the case of employees outside of the central payables office, decreases the amount of postage and duplication costs necessary to send documents to	TBD	TBD	spring 2009/ongoing
Increased Procurement Card Usage	The University's procurement card initiative can save by reducing the number of checks being written and provided increased rebates the more they are used. The Treasurer's Office continues to review purchases and look for more opportunities to expand this program.	TBD	TBD	ongoing
Post Card notification to Purchasing Bid Process	The purchasing process has been enhanced to send a post card to vendors who wish to bid on University large purchase items. The post card replaces the distribution of paper bid documents thus eliminating paper, postage and employee time and effort.	TBD	TBD	Completed

Project	Description	Direct (hard) Cost Savings	Indirect (soft) Cost Savings	Status
Direct deposit of travel reimbursements	Employee reimbursement for travel related expenses are now direct deposited into employee bank accounts.	TBD	TBD	Completed
Implementation of a "Thin Client" environment in the IRIS training lab and the Purchasing Department	Replacing the traditional desktop, the "thin client" work station provides a lower-cost alternative to computing needs where routine transactions or training is taking place.	18,400	-	June 2009