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Office of the President Annual Report

Office of the President

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2010

# Annual Report of the President, the University of Tennessee to the Board of Trustees, 2009-2010

Jan Simek

*University of Tennessee - Knoxville*

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## Recommended Citation

Simek, Jan, "Annual Report of the President, the University of Tennessee to the Board of Trustees, 2009-2010" (2010). *Office of the President Annual Report*.

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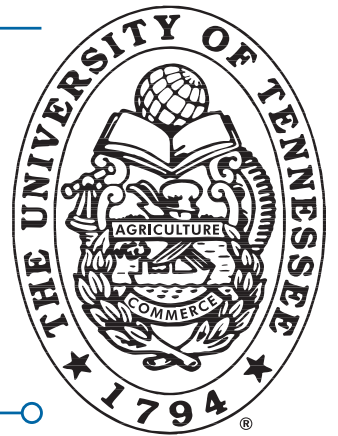
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# ANNUAL REPORT

*of the* PRESIDENT 2009-2010

THE UNIVERSITY of TENNESSEE **UT**



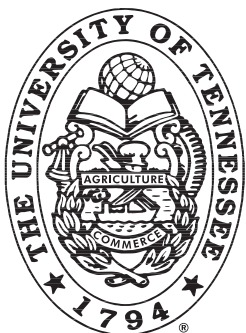
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Even though we still face tough economic challenges, the University of Tennessee continues to carry out its statewide mission, impacting the lives of thousands of Tennesseans every day through its education, outreach and research.

Jan Simek  
Interim President



## FROM THE PRESIDENT

Many times during this interim presidency, I have talked fondly about how I look forward to returning full time to teaching and my research. This is the best way I can express my optimism for the future of the University of Tennessee. And we all greatly anticipate the next era of leadership with a new president.

Even though we still face tough economic challenges, the University of Tennessee continues to carry out its statewide mission, impacting the lives of thousands of Tennesseans every day through its education, outreach and research.

Support for the University of Tennessee has never been better. This year, we reached our goal of raising \$1 billion in private money through the Campaign for Tennessee, 18 months ahead of schedule. Fewer than 30 colleges and universities in the country have successfully completed a \$1 billion campaign.

This is a profound statement by our alumni, faculty, staff and friends of the appreciation and importance of UT's unparalleled educational opportunities, top-notch faculty and cutting-edge research enterprises.

And we are striving to be better. Gov. Phil Bredesen has challenged UT Knoxville to become one of the top 25 public institutions in the nation, and we will accomplish that goal. We are working on setting similarly challenging goals for our campuses at Chattanooga and Martin among their peers. The Complete College Act signed into law this year sets new benchmarks for higher education in Tennessee for graduation rates. It is not enough to enroll students; we must see them through completion of their degrees. This is better for both the individual and for the economy of our state.

The University impacts the lives of Tennessee residents across the entire state. The Center for Business and Economic Research in Knoxville calculates that UT, including all of its campuses and institutes statewide, brings at least \$2.5 billion annually in income to the state of Tennessee and supports more than 53,600 jobs. While these are impressive numbers, we know the overall impact of our educational, research and outreach efforts that stretch across all 95 counties is immeasurable.

The University has embarked on finding solutions to some of the world's greatest challenges. Our state is quickly becoming a leader in alternative energy research, and UT is one reason why. Earlier this year, we marked the opening of one of the world's first demonstration-scale cellulosic ethanol plants in Vonore. In August, the governor announced the National Science Foundation's awarding of a \$20 million grant to a consortium of Tennessee colleges and universities, led by UT, for energy-related research. UT is helping implement the governor's Volunteer State Solar Initiative through the start-up of the Tennessee Solar Institute. In addition, construction has begun at Cherokee Farm, a new innovation campus in Knoxville that will be home to the Joint Institute for Advanced Materials and other research facilities. Both the solar institute and Cherokee Farm are joint ventures between UT and Oak Ridge National Laboratory.

As the University welcomes a new president, we will experience the end of stimulus funding that has buoyed us the last two years while state appropriations have sharply declined. UT is prepared for this enormous drop-off, and we are continuing to become even leaner wherever we can, including top administrative levels, without affecting our quality.

The University of Tennessee enjoys a wonderful history of many achievements as the state's land-grant university, and we look forward to continuing to serve the state as Tennessee's most comprehensive public institution of higher education.



Interim President Jan Simek  
addresses UT Martin

# FINANCIALS

## Sources of Current Funds for the Year Ended June 30, 2010

### Federal and Local Appropriations

\$19,557,284.18

Appropriations received in support of the University's land-grant missions, used primarily by the Agriculture Experiment Station and Tennessee Extension.

### Other

\$124,697,667.23

Revenues generated from sources not included in other classifications, such as sales and services by University departments and investment income.

### Independent Operations

\$68,097,572.96

Revenue collected from the UT Medical Center in Knoxville and the Methodist Hospital in Memphis for leased employees.

### Auxiliary Enterprises

\$193,016,131.22

Revenues from operations of auxiliary

activities such as; housing, dining halls, book-stores, parking and UT Knoxville athletics.

### Tuition and Fees

\$404,492,792.21

Revenues collected from students; includes resident enrollment fees, program and service fees, extension enrollment fees and other fees.

### State Appropriations

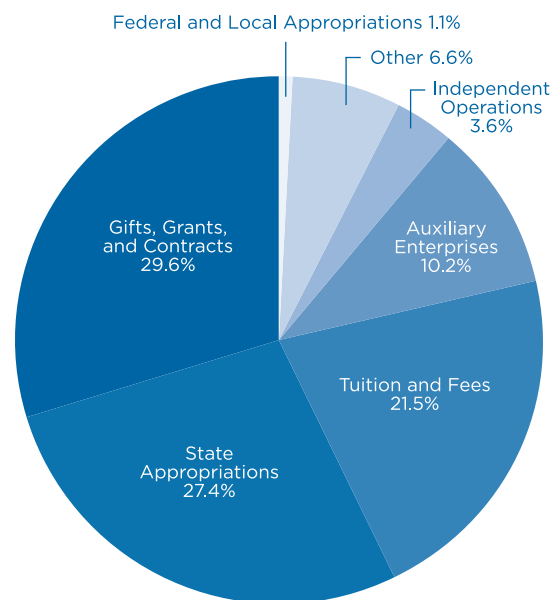
\$516,305,504.70

Legislative appropriations from the Tennessee General Assembly for current operations of the University.

### Gifts, Grants, and Contracts

\$556,972,170.55

Revenues from federal and non-federal granting entities and gifts restricted for specific purposes, primarily for sponsored research and training activities.



Total: \$1,883,139,123.05

## Uses of Current Funds for the Year Ended June 30, 2010

### Long Term Debt & Other Transfers

\$106,002,555.94

Mandatory transfers for debt service and other transfers.

### Student Services

\$79,291,733.89

Expenditures for student services, including admissions, registrar, student activities, counseling, career guidance, student aid administration, and health services.

### Independent Operations

\$68,097,572.96

Expenditures for leased employees for the UT Medical Center in Knoxville and Methodist Hospital in Memphis.

### Physical Plant

\$103,490,676.17

Expenditures for the operation and maintenance of physical plant including utilities and service related to grounds and facilities.

### Institutional Support

\$103,937,697.10

Expenditures for executive management, financial operations, personnel services, security, public

relations, development activities, and alumni relations.

### Academic Support

\$122,912,760.72

Expenditures for libraries, computing support, and academic administration.

### Auxiliary Enterprises

\$132,091,535.71

Activities that furnish goods and services to students, faculty and staff. Includes mandatory transfers for debt service.

### Public Service

\$128,580,176.50

Expenditures for non-instructional programs beneficial to individuals and groups external to the University.

### Student Aid

\$210,221,366.77

Scholarships and fellowships awarded to students.

### Research

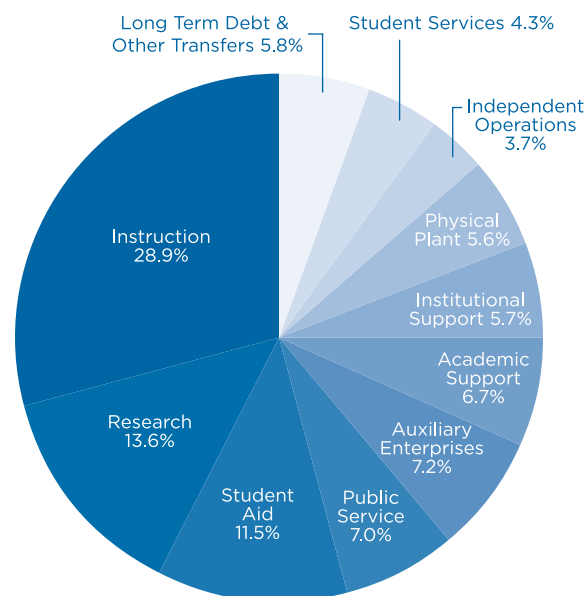
\$248,046,615.43

Direct expenditures for sponsored research activities funded from federal, state, local, and private sources.

### Instruction

\$530,487,274.46

Includes all expenditures, including faculty and staff salaries incurred in connection with instruction programs for credit and non-credit courses.



Total: \$1,833,159,965.65

# FINANCIALS

## Investments Benefiting the University

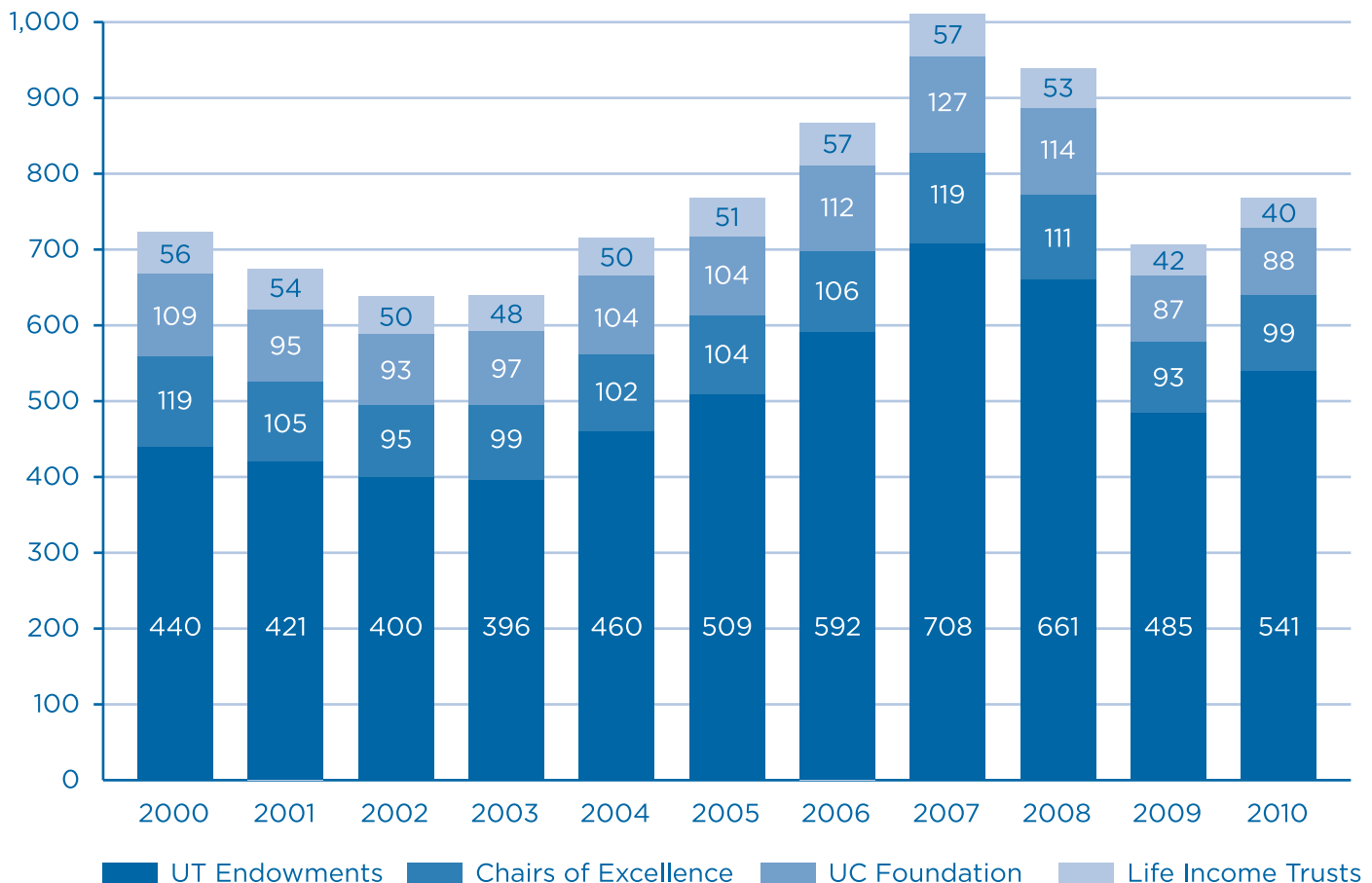
Total funds invested to benefit UT increased by \$59 million during fiscal year 2010, evidencing the robust rebound in the capital markets during the first half of the fiscal year that was somewhat muted during the second half as uncertainty prevailed and market volatility returned. Private support from alumni and friends enhanced the capital market performance, resulting in the almost 9 percent growth of these invested funds after distributions to support University programs during the fiscal year. The graph below depicts the growth of these funds over the past decade growing by \$44 million after distributions and experiencing two multiple-year bear markets since 2000.

The market value of these funds totaling \$768 million at June 30 is comprised of four distinct components: University endowments (\$541 million), Life Income Trusts (\$40 million), University of Chattanooga Foundation (\$88 million), and the Tennessee Chairs of Excellence (\$99 million).

The majority of University endowments (\$531 million) are administered as part of the University's Consolidated Investment Pool that was created in 1954 to provide the advantages of a well-diversified investment portfolio to all participating endowments regardless of size. Reported June 30, 2010 investment returns for the pooled endowments totaled +13.3 percent and +2.6 percent for the one- and 10-year periods respectively. Income distributed from the pooled endowments for the year totaled \$33.4 million, a decrease of about \$800,000 over the previous fiscal year. This amount was in accordance with the spending plan articulated as five percent of a three-year moving average market value measured every Dec. 31. The long-term goal of the pooled endowment investment program is to provide a sustainable and increasing level of support for the University programs while preserving the real purchasing power of the endowments for the future in perpetuity.

The Tennessee Chairs of Excellence and the University of Chattanooga Foundation are managed outside the University. The Chairs of Excellence, managed by the treasurer of the state of Tennessee, provided \$3.5 million during the year to support chair programs at all UT campuses. The University of Chattanooga Foundation, managed by its foundation board, provided \$6.9 million for programs at UT Chattanooga.

Total Funds (1 = \$1,000,000)



FALL ENROLLMENT 2006-2010 (HEADCOUNT)

**UT CHATTANOOGA**

Student Level	Fall 2006	Fall 2007	Fall 2008	Fall 2009	Fall 2010*	5-Year Chg
Non-degree Seeking	163	207	173	184	88	
Freshman	2,237	2,582	2,662	2,842	2,598	
Sophomore	1,702	1,859	2,006	2,206	2,406	
Junior	1,351	1,404	1,485	1,634	1,719	
Senior	2,091	2,142	2,079	2,173	2,418	
<b>Total Undergraduate</b>	<b>7,544</b>	<b>8,194</b>	<b>8,405</b>	<b>9,039</b>	<b>9,229</b>	<b>22.3%</b>
Masters/Special	1,261	1,228	1,234	1,298	1,335	
Doctoral	118	136	168	189	217	
<b>Total Grad/Professional</b>	<b>1,379</b>	<b>1,364</b>	<b>1,402</b>	<b>1,487</b>	<b>1,552</b>	<b>12.5%</b>
<b>GRAND TOTALS</b>	<b>8,923</b>	<b>9,558</b>	<b>9,807</b>	<b>10,526</b>	<b>10,781</b>	<b>20.8%</b>

**UT KNOXVILLE**

Student Level	Fall 2006	Fall 2007	Fall 2008	Fall 2009	Fall 2010*	5-Year Chg
Non-degree Seeking	321	368	339	333	251	
Freshman	5,948	5,893	5,919	5,123	5,437	
Sophomore	4,613	4,615	4,649	4,729	4,419	
Junior	4,256	4,681	4,574	4,733	4,832	
Senior	5,297	5,575	5,994	6,088	6,369	
<b>Total Undergraduate</b>	<b>20,435</b>	<b>21,132</b>	<b>21,475</b>	<b>21,006</b>	<b>21,308</b>	<b>4.3%</b>
Masters/Special	3,499	3,478	3,524	3,354	3,321	
Doctoral	1,639	1,733	1,785	1,782	1,911	
Law	449	460	464	468	485	
Veterinary Medicine	276	274	296	322	336	
<b>Total Grad/Professional</b>	<b>5,863</b>	<b>5,945</b>	<b>6,069</b>	<b>5,926</b>	<b>6,053</b>	<b>3.2%</b>
<b>GRAND TOTALS</b>	<b>26,298</b>	<b>27,077</b>	<b>27,544</b>	<b>26,932</b>	<b>27,361</b>	<b>4.0%</b>

**UT MARTIN**

Student Level	Fall 2006	Fall 2007	Fall 2008	Fall 2009	Fall 2010*	5-Year Chg
Non-degree Seeking	703	888	1,035	1,108	1,159	
Freshman	1,929	2,068	2,173	2,208	2,104	
Sophomore	1,073	1,109	1,262	1,386	1,470	
Junior	1,106	1,067	1,102	1,254	1,362	
Senior	1,504	1,583	1,551	1,626	1,850	
<b>Total Undergraduate</b>	<b>6,315</b>	<b>6,715</b>	<b>7,123</b>	<b>7,582</b>	<b>7,945</b>	<b>25.8%</b>
Masters/Special	573	456	451	514	522	
<b>Total Grad/Professional</b>	<b>573</b>	<b>456</b>	<b>451</b>	<b>514</b>	<b>522</b>	<b>-8.9%</b>
<b>GRAND TOTALS</b>	<b>6,888</b>	<b>7,171</b>	<b>7,574</b>	<b>8,096</b>	<b>8,467</b>	<b>22.9%</b>

\*The 14th Day Enrollment Counts for 2010 are all preliminary.

FALL ENROLLMENT 2006-2010 (HEADCOUNT)

**UT HEALTH SCIENCE CENTER**

Student Level	Fall 2006	Fall 2007	Fall 2008	Fall 2009	Fall 2010*	5-Year Chg
Junior	136	154	165	146	48	
Senior	48	82	77	30	37	
<b>Total Undergraduate</b>	<b>184</b>	<b>236</b>	<b>242</b>	<b>176</b>	<b>85</b>	<b>-53.8%</b>
Masters/Special	276	345	328	486	167	
Masters - Professional					321	
Doctoral	423	470	442	510	213	
Medical Professionals	1,542	1,604	1,659	1,665	2,009	
<b>Total Grad/Professional</b>	<b>2,241</b>	<b>2,419</b>	<b>2,429</b>	<b>2,661</b>	<b>2,710</b>	<b>20.9%</b>
<b>GRAND TOTALS</b>	<b>2,425</b>	<b>2,655</b>	<b>2,671</b>	<b>2,837</b>	<b>2,795</b>	<b>15.3%</b>

**UT SPACE INSTITUTE**

Student Level	Fall 2006	Fall 2007	Fall 2008	Fall 2009	Fall 2010	5-Year Chg
Non-degree Seeking		1				
Junior				2		
Senior	1	1	1		4	
<b>Total Undergraduate</b>	<b>1</b>	<b>2</b>	<b>1</b>	<b>2</b>	<b>4</b>	<b>300.0%</b>
Masters/Special	167	193	173	157	130	
Doctoral	33	36	51	53	59	
<b>Total Grad/Professional</b>	<b>200</b>	<b>229</b>	<b>224</b>	<b>210</b>	<b>189</b>	<b>-5.5%</b>
<b>GRAND TOTALS</b>	<b>201</b>	<b>231</b>	<b>225</b>	<b>212</b>	<b>193</b>	<b>-4.0%</b>

**THE UNIVERSITY OF TENNESSEE (SYSTEM)**

Student Level	Fall 2006	Fall 2007	Fall 2008	Fall 2009	Fall 2010	5-Year Chg
Non-degree Seeking	1,187	1,464	1,547	1,625	1,498	
Freshman	10,114	10,543	10,754	10,173	10,139	
Sophomore	7,388	7,583	7,917	8,321	8,295	
Junior	6,849	7,306	7,326	7,769	7,961	
Senior	8,941	9,383	9,702	9,917	10,678	
<b>Total Undergraduate</b>	<b>34,479</b>	<b>36,279</b>	<b>37,246</b>	<b>37,805</b>	<b>38,571</b>	<b>11.9%</b>
Masters/Special	5,776	5,700	5,710	5,809	5,475	
Masters - Professional					321	
Doctoral	2,213	2,375	2,446	2,534	2,400	
Law	449	460	464	468	485	
Veterinary Medicine	276	274	296	322	336	
Medical Professionals	1,542	1,604	1,659	1,665	2,009	
<b>Total Grad/Professional</b>	<b>10,256</b>	<b>10,413</b>	<b>10,575</b>	<b>10,798</b>	<b>11,026</b>	<b>7.5%</b>
<b>GRAND TOTALS</b>	<b>44,735</b>	<b>46,692</b>	<b>47,821</b>	<b>48,603</b>	<b>49,597</b>	<b>10.9%</b>

\* The 14th Day Enrollment Counts for 2010 are all preliminary.

\*\* A restructuring of student levels has occurred for the Health Science Center. The masters level students are now divided between professional masters and non-professional masters programs. Certain doctoral programs were also moved to the medical professionals category (Ex: Doctor of Nursing Practice, Doctor of Audiology).