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Office of the President Annual Report

Office of the President

2013

Annual Report of the President, the University of Tennessee to the Board of Trustees, 2012-2013

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University of Tennessee - Knoxville

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ON THE COVER

This medallion bearing the “University of Tennessee President’s Seal” is worn by the UT System President for commencement ceremonies. It was originally designed by UT architect Malcolm Rice for the inauguration of Dr. Andy Holt in 1960. The three words in the center signify the qualities of a UT president—vision, character and energy. The silver overlay depicts a Gordian knot being cut by a sword, a leaping flame signifying the torch of knowledge and a quill representing the power of the written word.

FROM THE PRESIDENT

The promise of Tennessee's future and that of the University of Tennessee are inextricably linked. As we achieve greater success in delivering high-quality education to greater numbers of Tennesseans, the state of Tennessee will be poised for greater opportunity for generations to come.



Each year, student leaders from our campuses gather, and I relish the opportunity to hear about what's important to them, to answer their questions and to get their perspective on our University.

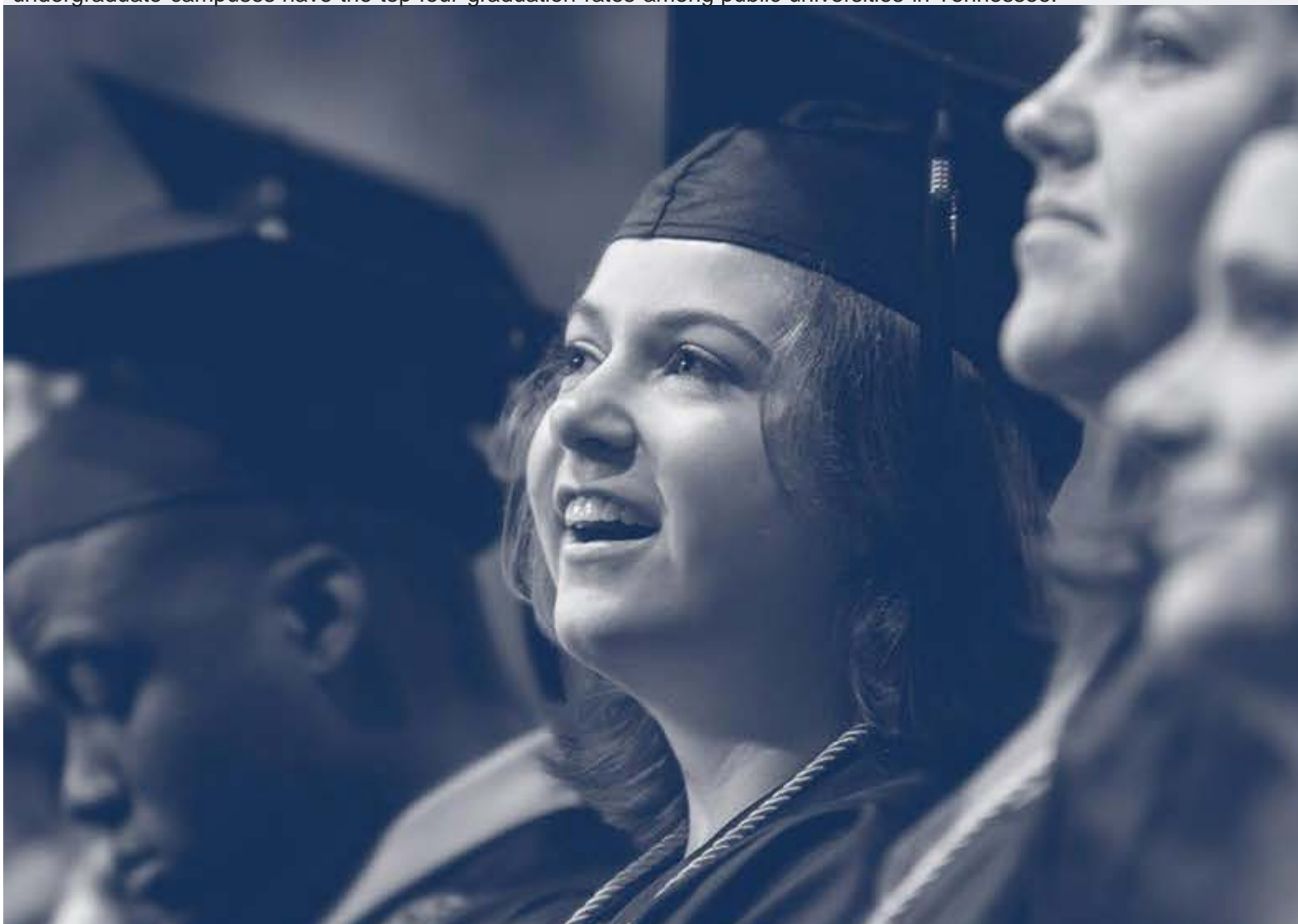
defining the **FUTURE** THE SYSTEM STRATEGIC PLAN

Implementation of the UT System Strategic Plan is in its second year, and progress on each of the five goals is tracked using an [online dashboard](#).

THE FIVE STRATEGIC GOALS

- 1 Enhancing Educational Excellence
- 2 Expanding Research Capacity
- 3 Fostering Outreach and Engagement
- 4 Ensuring Effectiveness and Efficiency
- 5 Advocating for the University of Tennessee System

Gov Haslam's Drive to 55 initiative gives us even greater incentive to increase our graduation and retention rates. UT's undergraduate campuses have the top four graduation rates among public universities in Tennessee.





“The UT System’s delivery of education, discovery, outreach and public service contributes to the economic, social and environmental well-being of all Tennesseans.”

– University of Tennessee System Mission Statement

EDUCATE

NEW BUILDINGS AND NEW WAYS TO TEACH STUDENTS ACROSS TENNESSEE

The University of Tennessee offers more than 40 online academic programs and 600 online courses. Professor Richard Griffin at UT Martin has been teaching online since 1998.

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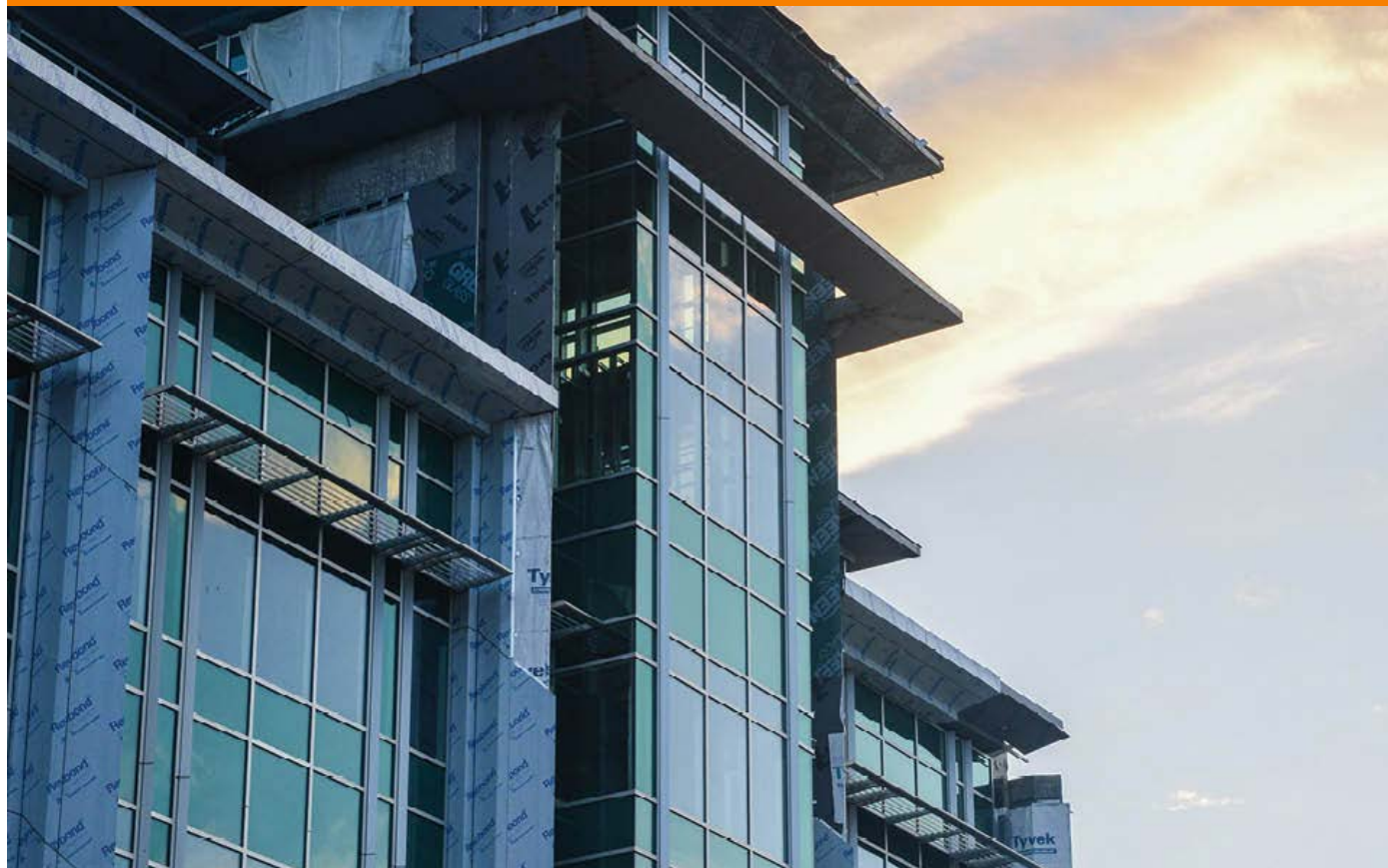
ALTERNATIVE EDUCATION PLATFORMS



UT is evaluating new forms of teaching through contracts with Coursera and edX. Our faculty and students are testing these platforms over the next 18 months to determine future use.

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CONSTRUCTION ON CAMPUS



Construction continues on UTC's new library. Opening next year, the library will be the new center of campus.

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PC INVENTOR RETURNS TO UT



We're proud of successful alumni like Mark Dean, who left IBM to teach engineering at UT Knoxville this year. Dr. Dean is a co-inventor of the personal computer and holds more than 40 patents.

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LEARNING BY PRACTICE



The country's largest dental simulation lab is located at the UT Health Science Center in Memphis. The lab was expanded this summer to include 36 simulation units.

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DISCOVER

**FACULTY AND STUDENT RESEARCH LEADS TO BETTER OUTCOMES
AND LIFESTYLES**

Was there water on Mars? Associate Professor Linda Kah at UT Knoxville is part of NASA's Mars Curiosity Rover team analyzing whether the planet once had flowing water. They believe it did.

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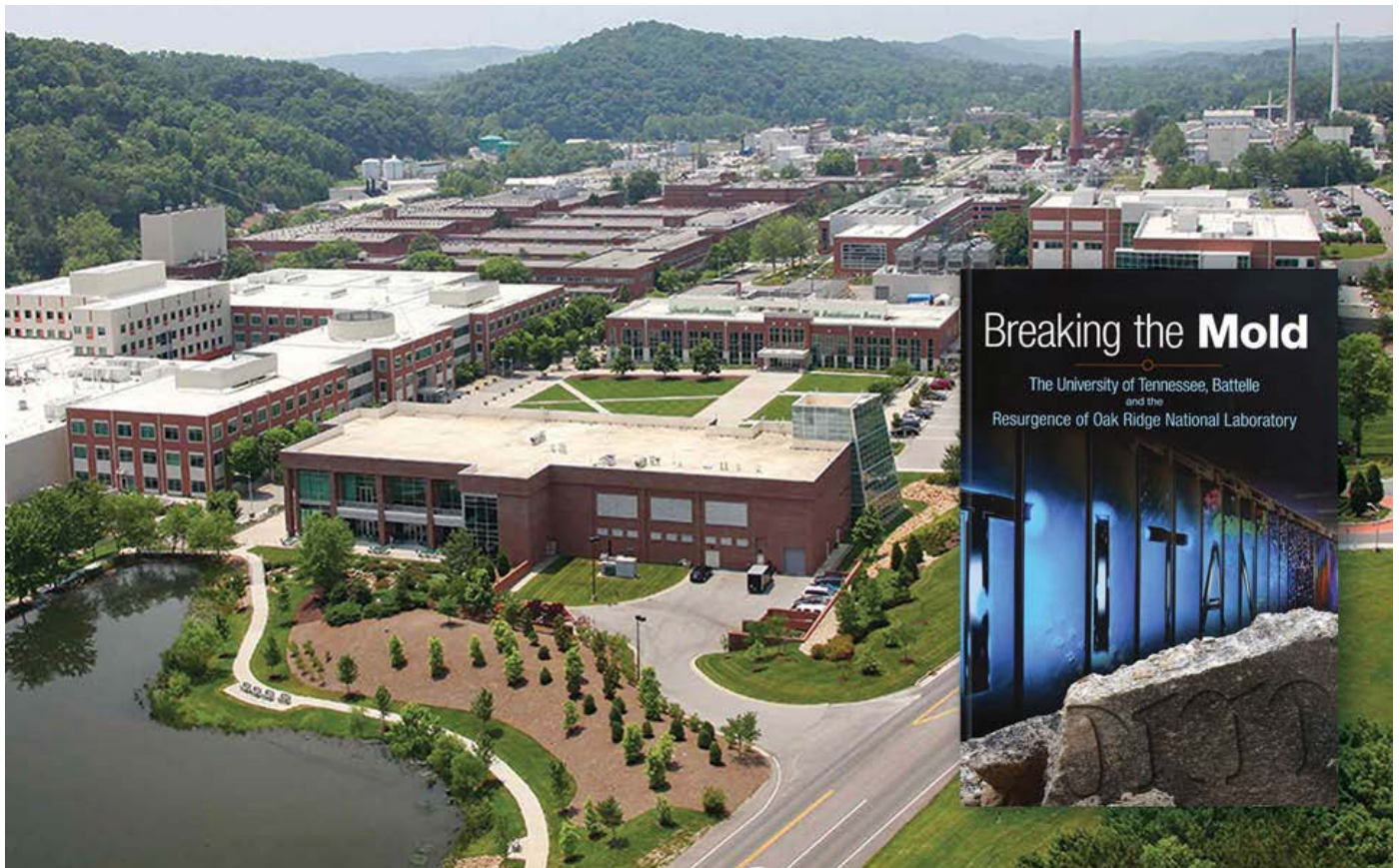
HELPFUL INNOVATIONS



Dr. Edward Chaum at UTHSC has come up with a way to help diabetics save their sight. With a colleague at Oak Ridge National Laboratory, Chaum created a camera that sends a photo of the patient's retina to a database to check for disease.

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RESEARCH PARTNERSHIPS



UT is co-manager of Oak Ridge National Laboratory and the lab's largest research collaborator. This important partnership is chronicled in the book *Breaking the Mold*, published this year.

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SAVING SOUTHEASTERN DAIRIES



The UT Institute of Agriculture is leading a six-state project to boost the dairy industry by improving herd health, milk quality and quantity by lowering the cases of mastitis. This is one of the many ways UT brings solutions to industry.

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MOCS EXPRESS MAKEOVER



UTC engineering students helped boost school spirit with a redo of the Mocs Express that made it safer and cooler with new lights and sounds.

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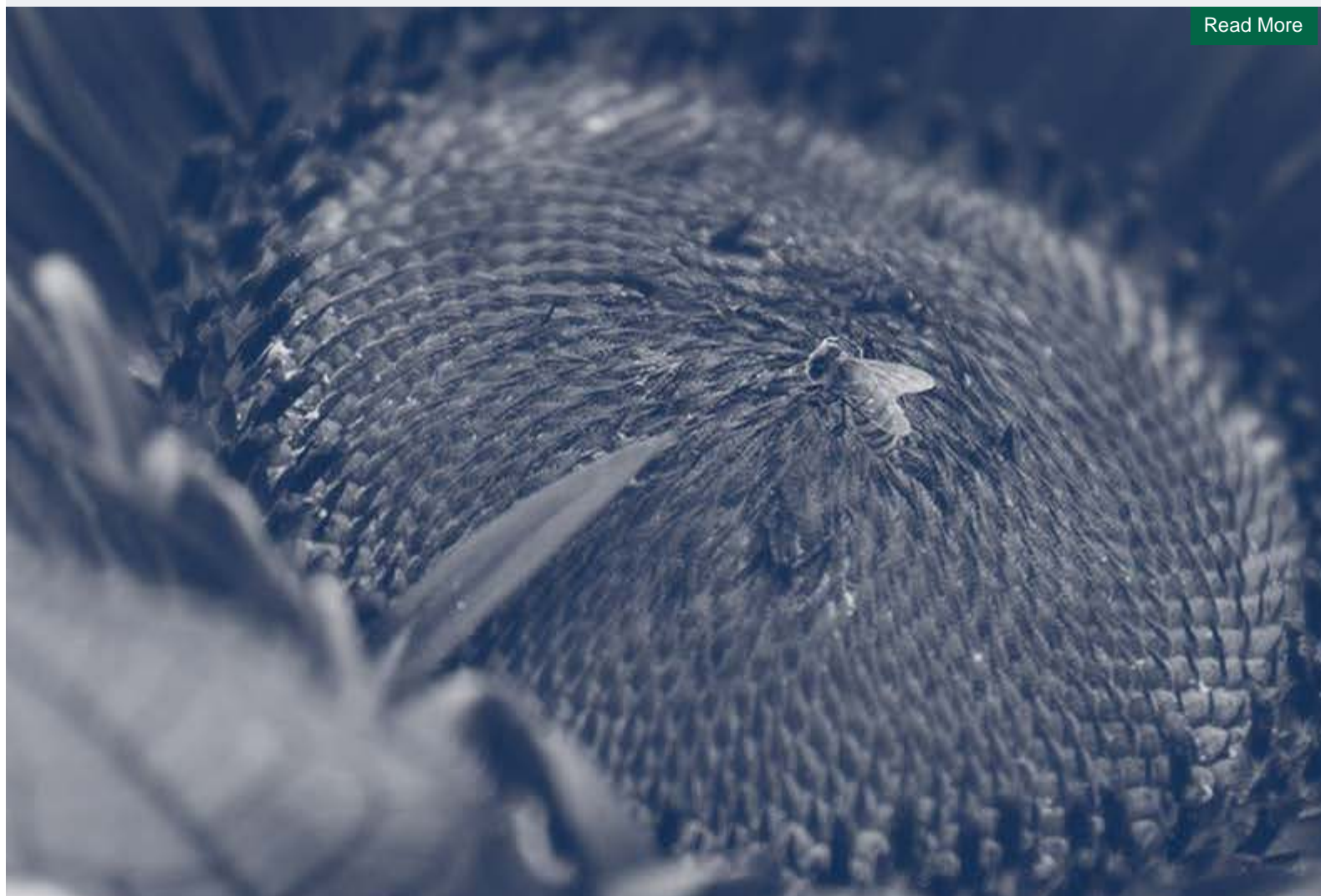
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CONNECT

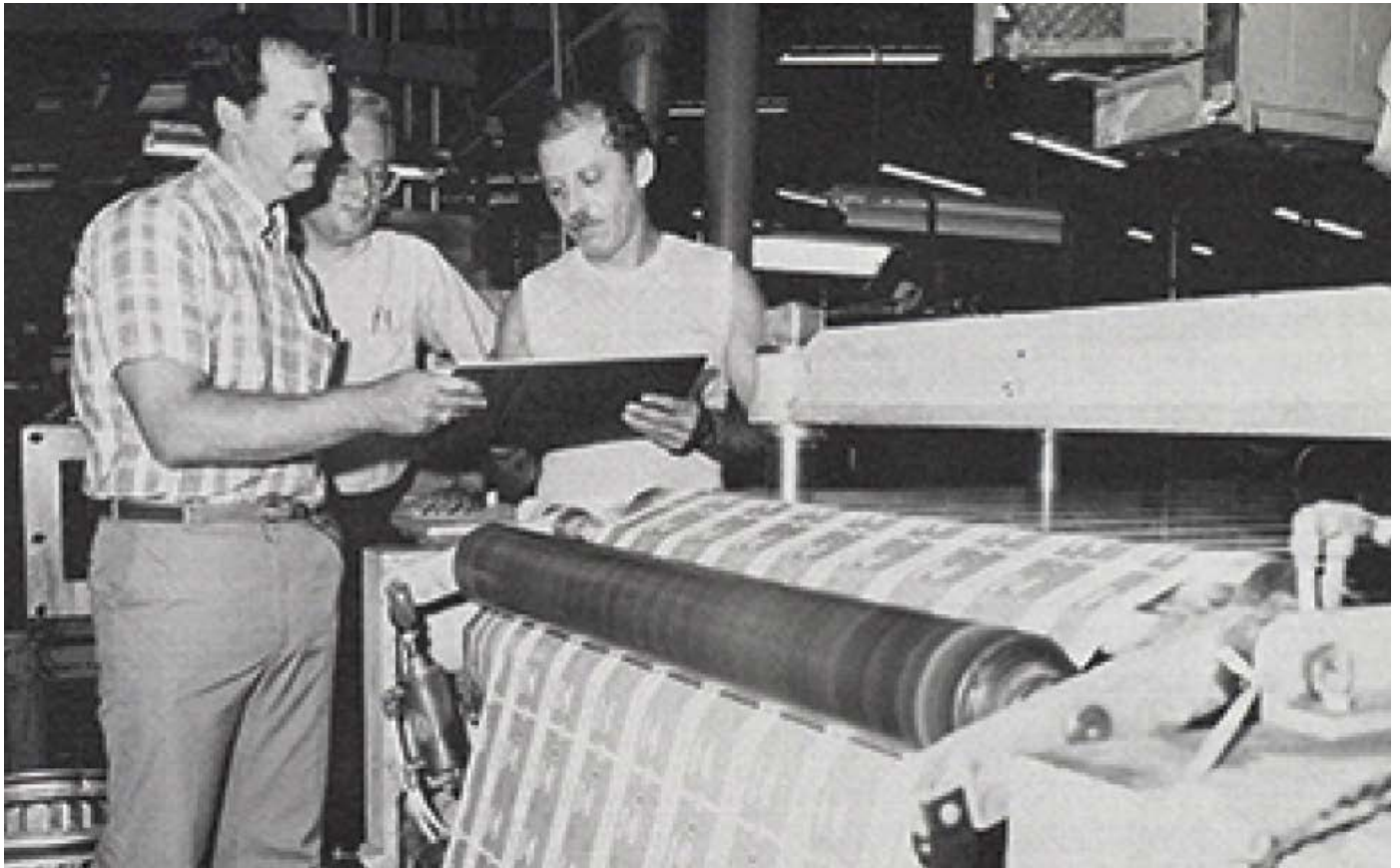
HUNDREDS OF TENNESSEANS EVERY DAY BENEFIT FROM UT PROGRAMS

The UT Gardens is now the official botanical garden for Tennessee. UT Gardens is made up of facilities in Jackson, Crossville and Knoxville.

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HALF CENTURY OF ECONOMIC IMPACT



The UT Center for Industrial Services celebrated its 50th year. CIS provides assistance to more than 400 manufacturers and averages \$600 million in economic impact a year.

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TOP FACILITY WITH TOP FACULTY



Le Bonheur Children's Hospital in Memphis has been a top children's facility for three years in a row. UT faculty make up most of the specialties in the U.S. News ranking.

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COLLEGE CRIME FIGHTERS



The UT Law Enforcement Innovation Center and UT Martin teamed up to offer courses for college students patterned after the NFA's training for professional law enforcement officers and the FBI.

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OPEN RESOURCES FOR A GREAT NATIONAL PARK



If you want to learn about the Great Smoky Mountains, visit the UT Libraries website's free online collection of materials published about the park since its founding.

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FINANCIALS / *SOURCES OF CURRENT FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2013*

FEDERAL AND LOCAL APPROPRIATIONS \$21,019,619.54

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

INDEPENDENT OPERATIONS \$75,450,787.11

Revenues collected from UT Medical Center in Knoxville and the UT Foundation for leased employees.

OTHER \$117,622,056.38

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

AUXILIARY ENTERPRISES \$189,480,242.43

Revenues from operations of auxiliary activities such as housing, dining halls, bookstores, parking and UT Knoxville athletics.

TUITION AND FEES \$364,214,433.24

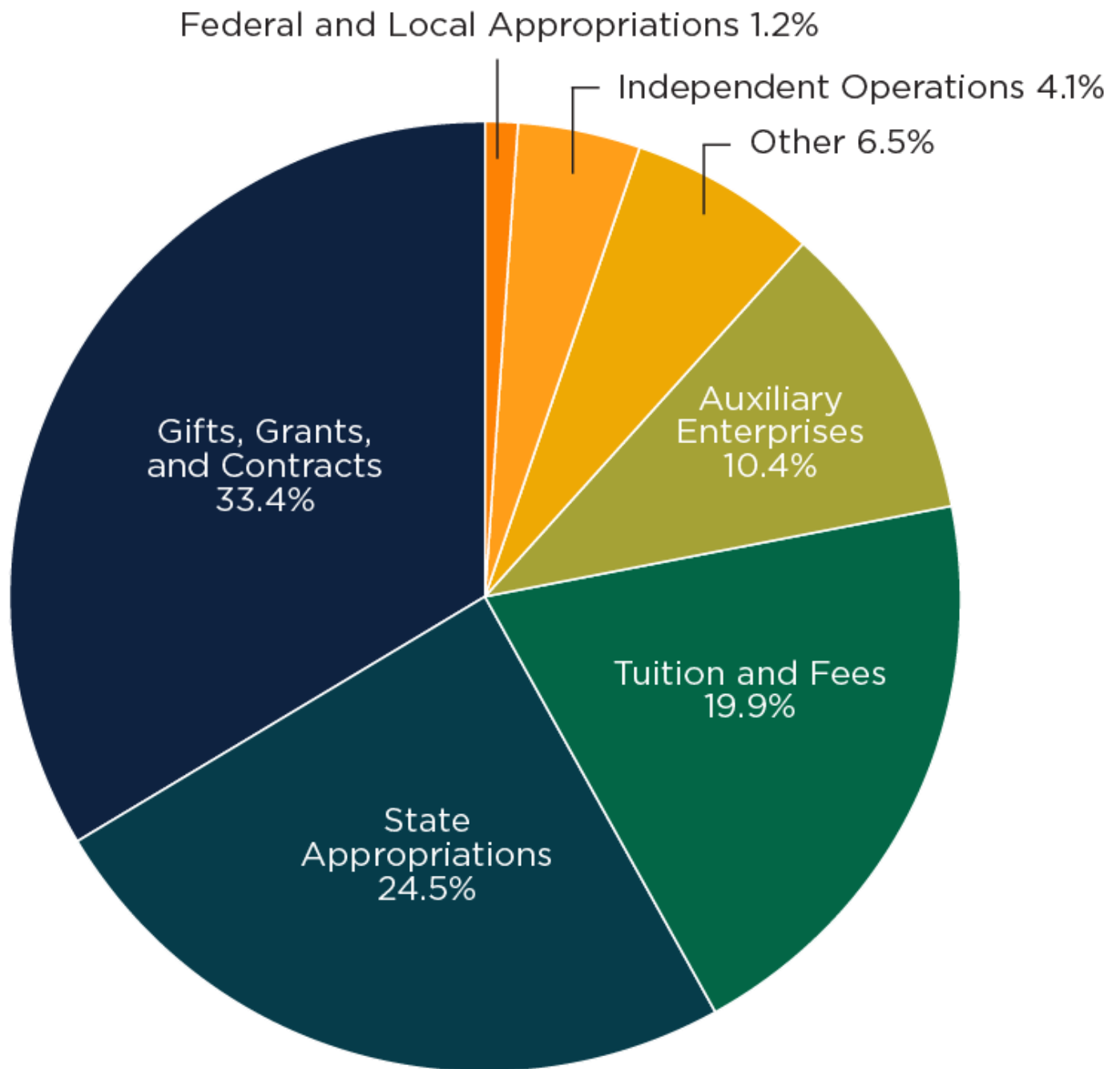
Revenues collected from students; includes resident enrollment fees, program and service fees, extension enrollment fees and other fees.

STATE APPROPRIATIONS \$448,259,216.43

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

GIFTS, GRANTS, AND CONTRACTS \$610,654,412.28

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



Total: \$1,826,700,767.41

LONG TERM DEBT & OTHER TRANSFERS \$19,008,676.84

Mandatory transfers for debt service and other transfers.

INDEPENDENT OPERATIONS \$77,039,115.21

Expenditures for leased employees for UT Medical Center in Knoxville and the UT Foundation.

STUDENT SERVICES \$79,301,260.77

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

INSTITUTIONAL SUPPORT \$97,084,988.92

Expenditures for executive management, nancial operations, personnel services, security, public relations, development activities and alumni relations.

PHYSICAL PLANT \$109,791,672.29

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

PUBLIC SERVICE \$122,668,764.48

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

AUXILIARY ENTERPRISES \$137,737,751.27

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

ACADEMIC SUPPORT \$146,225,505.81

Expenditures for libraries, computing support and academic administration.

STUDENT AID \$231,355,444.08

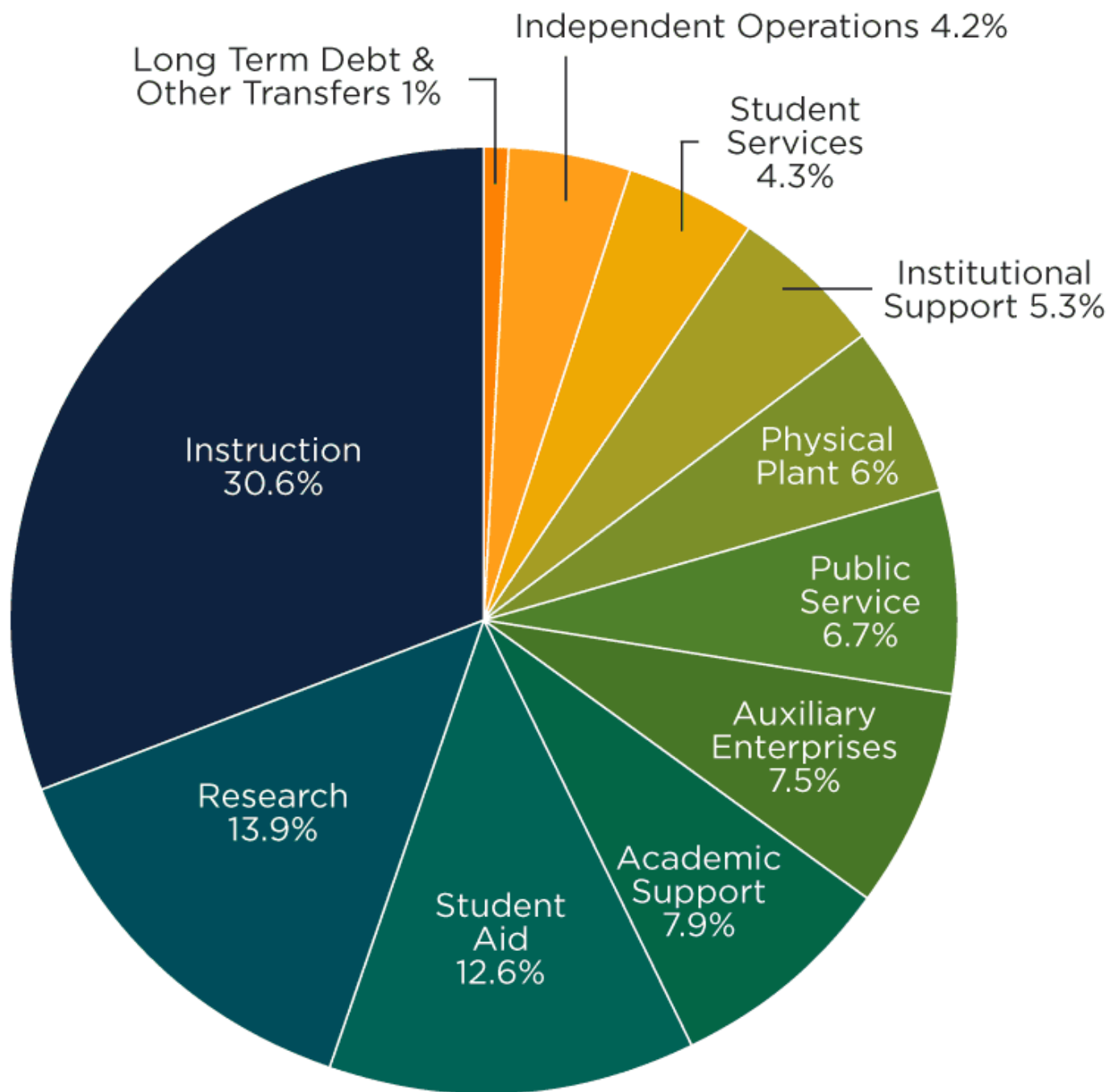
Scholarships and Fellowships awarded to students.

RESEARCH \$255,954,699.86

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

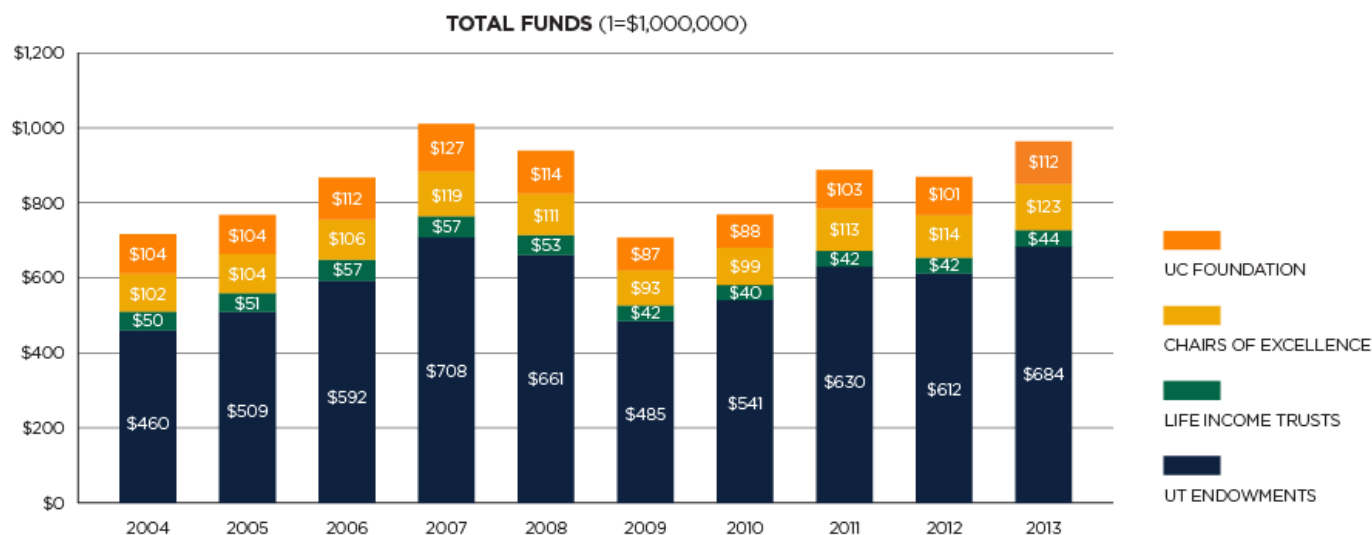
INSTRUCTION \$563,554,303.61

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



Total: \$1,839,722,183.14

FINANCIALS / INVESTMENTS BENEFITING THE UNIVERSITY



During the 2013 fiscal year, total funds invested for the benefit of UT grew to \$963 million from \$869 million. Solid investment performance by nearly every asset class in which the University invests helped produce the \$94 million increase. Credit-related investments as well as natural resource holdings were particularly strong. In contrast, high-grade bonds (traditional "safe-haven" investments) produced negative returns due to a significant rise in interest rates over the period.

Historical funds available to the University of Tennessee at fiscal year-end are displayed in the accompanying chart. As of June 30, 2013, total Endowments were \$684 million; Chairs of Excellence, \$123 million; the University of Chattanooga Foundation, \$112 million; and Life Income Trusts were \$44 million.

The majority of University endowments, \$672 million, is invested through the University's Consolidated Investment Pool. This vehicle was established in 1954 to allow for diversification and efficient investment of all endowed assets, regardless of their size. The long-term goal of the pooled endowment investment program is to provide a sustainable level of support for the University programs, while preserving the real purchasing power of the endowments for the future in perpetuity. Over the last 12 months, the pool generated a total return of 12.3% and +6.7% over the ten-year period. During the fiscal year, it distributed \$28 million, a modest increase from the \$26.4 million in the prior year. The distribution rate is calculated using a rolling calendar three-year average of the pool's market value. This rolling average method helps smooth out market volatility and changes in expense ratios from year to year. The actual rate is equal to 4.5% of that three-year rolling average.

Finally, the Tennessee Chairs of Excellence distributed \$3.7 million, and the University of Chattanooga Foundation provided \$6.4 million for the fiscal 12 months. Both of these categories are managed outside the pool. The Chairs of Excellence are administered by the

treasurer of the state of Tennessee for the benefit of all UT campuses. The University of Chattanooga Foundation, affiliated with the University of Tennessee, is managed by its foundation board and supports programs at UT Chattanooga only.

FALL ENROLLMENT 2012-13 (HEADCOUNT)

UT SYSTEM	2009	2010	2011	2012	2013	5-year Change
Undergraduate	37,807	38,573	38,605	38,401	38,504	1.8%
Graduate	10,764	10,992	10,940	10,843	10,623	-1.3%
Total	48,571	49,565	49,545	49,244	49,127	1.1%

UT KNOXVILLE	2009	2010	2011	2012	2013	5-year Change
Undergraduate	21,006	21,308	21,126	20,829	21,033	0.1%
Graduate Academic	5,313	5,395	5,399	5,407	5,349	0.7%
Graduate Professional	788	820	854	782	789	0.1%
Total	27,107	27,523	27,379	27,018	27,171	0.2%

UT CHATTANOOGA	2009	2010	2011	2012	2013	5-year Change
Undergraduate	9,039	9,229	9,891	10,159	10,297	13.9%
Graduate	1,487	1,552	1,547	1,501	1,377	-7.4%
Total	10,526	10,781	11,438	11,660	11,674	10.9%

UT MARTIN	2009	2010	2011	2012	2013	5-year Change
Undergraduate	7,586	7,947	7,500	7,326	7,025	-7.4%
Graduate	515	522	413	425	398	-22.7%
Total	8,101	8,469	7,913	7,751	7,423	-8.4%

UT HEALTH SCIENCE	2009	2010	2011	2012	2013	5-year Change

CENTER	2009	2010	2011	2012	2013	5-year Change
Undergraduate	176	89	88	87	149	-15.3%
Graduate Academic	996	1,062	1,115	1,111	1,067	7.1%
Graduate Professional	1,665	1,641	1,612	1,617	1,643	-1.3%
Total	2,837	2,792	2,815	2,815	2,859	0.8%

- Includes non-degree seeking and dual enrollment (high school) students
- Excludes students enrolled in audited classes and co-op courses
- UTK includes Space Institute and Veterinary Medicine students
- UTHSC excludes Residents in Health Sciences
- Grad-Professional = Medicine: MD, Dentistry: DDS, Pharmacy: PHARMD, Law: JD, and Vet Med: DVM



THE UNIVERSITY of TENNESSEE

KNOXVILLE, CHATTANOOGA, MARTIN, TULLAHOMA, MEMPHIS

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