



EDUCATION MATTERS IN TENNESSEE

Fifty-five percent by 2025. That's Gov. Haslam's goal for the number of Tennesseans with a degree. It's a big jump from the current rate of 32 percent. To achieve this goal, we must all work together. Alongside Tennessee Board of Regents institutions, the University of Tennessee is boosting degrees in our state by attracting, retaining and graduating our students.

More help is needed, however, to maintain momentum of the Complete College Tennessee Act, which rewards institutions for better performance. Education has to be a higher priority in the state. Through improved education at all levels, Tennessee can have a more competitive workforce and stronger future.

At the University of Tennessee, we're taking a hard look at our business model and at how much students pay in tuition. We're looking at every possible way we can be efficient, effective and entrepreneurial, whether that means saving on the cost to replace a roof or reorganizing an academic department, as some campuses have already done.

I look forward to 2015 and our drive to make education the best it can be in this state. All Tennesseans, current and future, deserve that opportunity.

All the best,

UT President Joe DiPietro

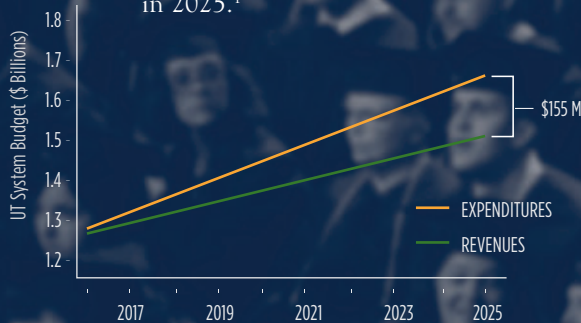


Does education matter to you? Speak up. Join our call for education to be a higher priority in Tennessee.

NUMBERS YOU SHOULD KNOW

\$155 million

Estimated system-wide budget gap in 2025.¹



¹ Based on a 10-year projection of tuition increases of 3 percent, inflation of 3 percent and no increases in state appropriations.



\$2,349

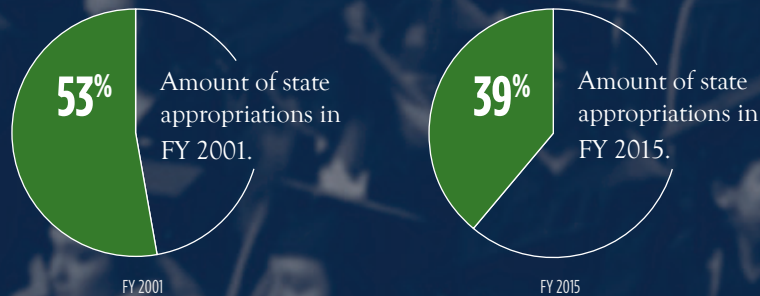
Average net cost of tuition and mandatory fees for new freshmen at UT Knoxville, UT Chattanooga and UT Martin after subtracting the average amount for scholarships and grants.²

² Based on a \$7,920 average scholarship/grant award for UT system (UT Knoxville, UT Martin, UT Chattanooga) for the 79% of undergraduates that receive grants/scholarships.

\$4.6 billion

Estimated economic impact of UT on the Tennessee economy in FY 2013. UT also created or impacted about **75,000 jobs**.

TOTAL UNRESTRICTED EDUCATIONAL AND GENERAL REVENUES:



51 percent of students graduate a UT campus with debt. The average UT debt at graduation was **\$22,100**.



Nationally, an average of **71 percent** of college graduates carry debt, with an average debt of **\$29,400** nationwide.³



³ Source: Institute for College Access and Success.



EDUCATE

OUR FACULTY TEACH STUDENTS THROUGH HANDS-ON EXPERIENCES THAT PREPARE GRADUATES FOR CAREERS AND STRENGTHEN TENNESSEE'S WORKFORCE.



Julie Hill, associate professor of percussion at UT Martin, encourages students to form musical groups and create their own instruments. A UT Martin alumna, Hill is a recipient of the school's most prestigious teaching honor, the Cunningham Outstanding Teacher/Scholar Award.

TEACHING OUTSIDE THE CLASSROOM



Rob Heller, professor in the School of Journalism and Electronic Media at UT Knoxville, takes his advanced photojournalism students to LaFollette, Tenn., each year for a special photography project on life in the town. An exhibit at the Tennessee State Museum honors the project's 20th anniversary.

LEARNING BY HELPING



Rosebelle Peters, a lecturer in nursing at UT Chattanooga, trains students through clinical practice, such as a health fair for the homeless that provided health screenings, flu shots and foot care.



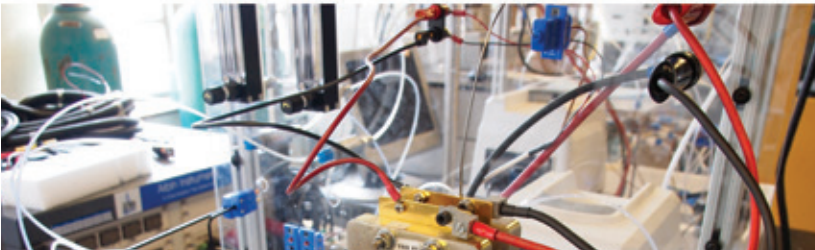
DISCOVER

OUR RESEARCHERS FIND SOLUTIONS THAT IMPROVE QUALITY OF LIFE FOR ALL OF TENNESSEE AND BEYOND.



Monica Jablonski, professor of ophthalmology at UT Health Science Center, and assistant professor **Shankar Swaminathan** and post-doc researcher **Mallika Palamoor** work with a compound to treat age-related atrophic macular degeneration that is delivered through nanoparticles injected in the eye.

ADVANCING ENERGY STORAGE TECHNOLOGY



Matthew Mench, Condra Chair of Excellence in mechanical engineering, at UT Knoxville and **Thomas Zawodzinski**, UT-Oak Ridge National Laboratory Governor's Chair in electrical energy storage, are developing techniques to improve the performance and efficiency of vanadium flow batteries used to store wind or solar power.

BOOSTING AGRICULTURAL INDUSTRIES



Neal Schrick and **Lannett Edwards**, professors of animal science in the Institute of Agriculture, help the beef and dairy industries by promoting fertility in cows through their patented Embryo Guard technique, which protects embryos and helps cows carry to term.



CONNECT

OUR FACULTY, STAFF AND STUDENTS MAKE A DIFFERENCE IN ALL OF TENNESSEE'S 95 COUNTIES THROUGH OUTREACH.



Doug Bodary, County Technical Assistance Service consultant, and colleagues in the Center for Industrial Services help officials in Rutherford and other counties save money with more energy-efficient buildings.



FUNDING SEEDS OF CHANGE



Tim Campbell, UT Extension agent in Dyer County, works with the Commodities for Communities program, which allows farmers to donate some of their harvests to fund agricultural research, outreach and education.

CLOSING GAPS IN HEALTH LITERACY AND ACCESS



Paul Juarez and **Patricia Matthews-Juarez**, co-directors of the Research Center on Health Disparities, Equity and the Exposome at UT Health Science Center, focus on improving the health status among the poor and underserved in Memphis and across the state.

FINANCIALS / SOURCES OF CURRENT FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2014

FEDERAL AND LOCAL APPROPRIATIONS \$20,398,952.38

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

INDEPENDENT OPERATIONS \$74,470,437.96

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

OTHER \$116,147,045.06

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

AUXILIARY ENTERPRISES \$206,143,803.44

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

STATE APPROPRIATIONS \$487,077,081.07

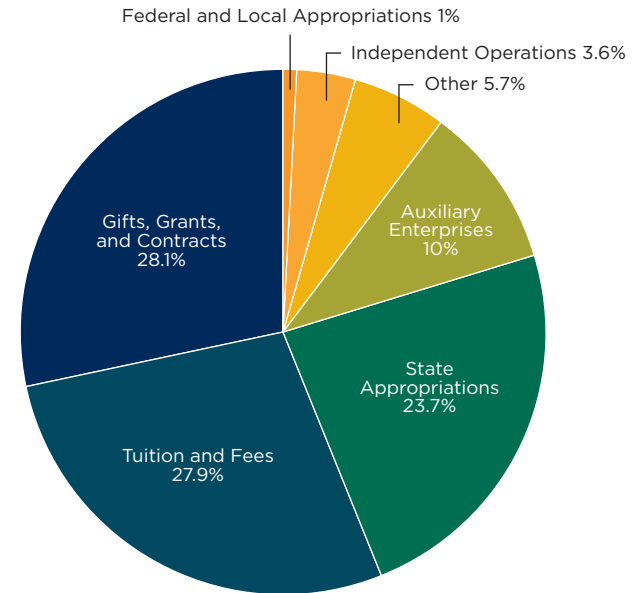
Legislative appropriations from the Tennessee General Assembly for current operations of the University.

TUITION AND FEES \$573,319,527.91

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

GIFTS, GRANTS, AND CONTRACTS \$580,112,787.50

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



Total: \$2,057,669,635.32



FINANCIALS / *USES OF CURRENT FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2014*

LONG-TERM DEBT & OTHER TRANSFERS \$64,169,183.99

Mandatory transfers for debt service and other transfers.

INDEPENDENT OPERATIONS \$74,470,437.96

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

STUDENT SERVICES \$85,814,221.61

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

INSTITUTIONAL SUPPORT \$116,334,212.78

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

PHYSICAL PLANT \$123,892,535.04

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

PUBLIC SERVICE \$129,650,660.03

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

AUXILIARY ENTERPRISES \$159,167,545.77

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

ACADEMIC SUPPORT \$170,229,817.44

Expenditures for libraries, computing support and academic administration.

STUDENT AID \$258,091,785.40

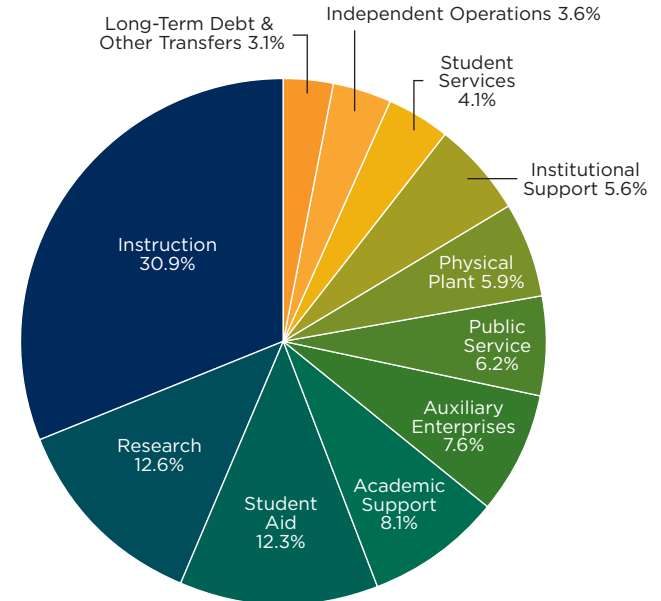
Scholarships and Fellowships awarded to students.

RESEARCH \$264,215,844.12

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

INSTRUCTION \$664,584,016.47

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



Total: \$2,090,620,260.61



FINANCIALS / *INVESTMENTS BENEFITING THE UNIVERSITY*

At the end of fiscal year 2014, the amount of total funds invested for the benefit of UT stood at roughly \$1.1 billion, an increase of \$157 million over the previous fiscal year. Every asset class in which the University was invested generated positive returns, as the capital markets continued to benefit from the trends in place over the last few years: abundant liquidity, mild inflation, low default rates, and strong corporate earnings.

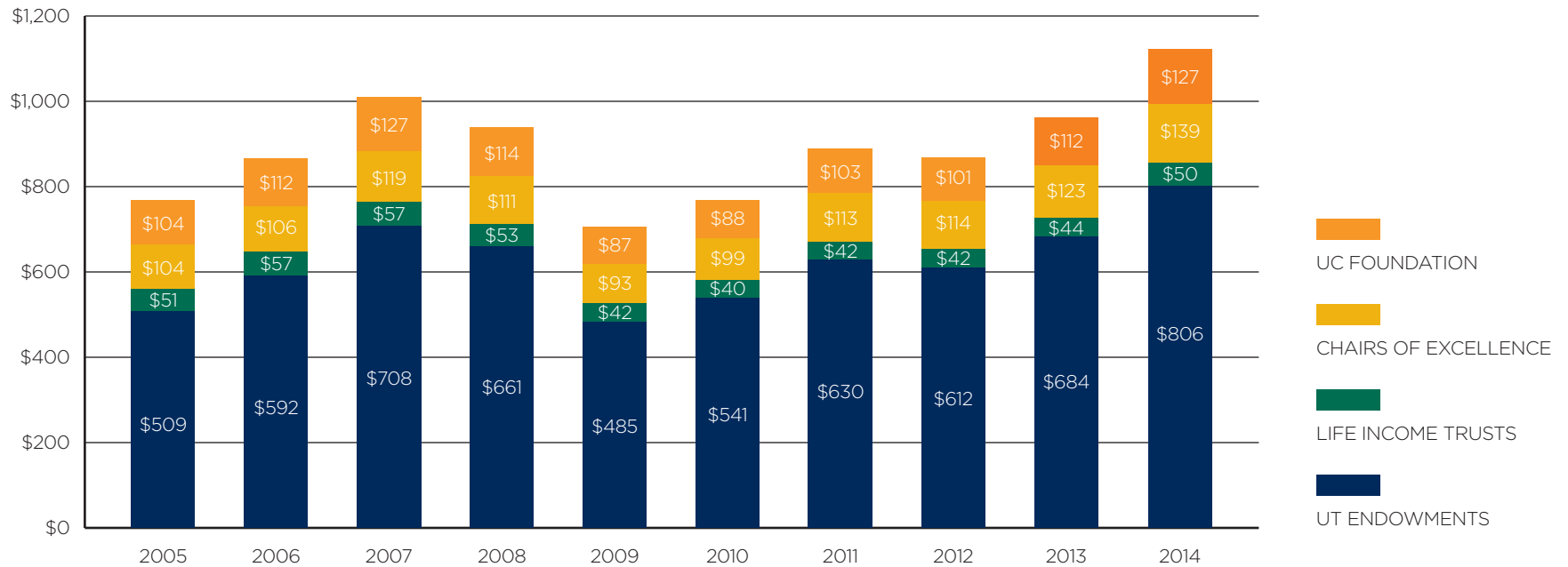
Five separate components comprise this capital base. Total endowments account for \$806 million, which includes the Consolidated Investment Pool of \$791 million, as well as \$15 million of separate endowments. Chairs of Excellence are \$139 million; the University of Chattanooga Foundation, \$103 million; and Life Income Trusts, \$50 million. The chart on page 12 shows these fund categories at each fiscal year-end for the past ten years.

The Consolidated Investment Pool (the Pool) is the largest component of invested funds and was established in 1954 to allow for the diversification and efficient investment of any endowment, regardless of size. As of June 30, 2014, the Pool produced a 12-month total return of approximately 17.4 percent, and 6.8 percent for the last 10 years. It distributed \$30.7 million in fiscal 2014, an increase of more than \$2 million from the previous year.

The funds distributed in any given year equal 4.5 percent of the three-year rolling average of the Pool's market value at calendar year end (Dec. 31). The long-term goal of the pooled endowment investment program is to provide a sustainable and increasing level of support for University programs, while preserving the real purchasing power of the endowments for the future in perpetuity.

Finally, funds distributed by the Tennessee Chairs of Excellence and the University of Chattanooga Foundation were \$3.5 million and \$6.4 million, respectively, for the fiscal year. 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 is managed by its foundation board and supports programs at UT Chattanooga only.

TOTAL FUNDS (1=\$1,000,000)



FALL ENROLLMENT (HEADCOUNT)

UT SYSTEM	2010	2011	2012	2013	2014	5-Year Change
Undergraduate	38,573	38,605	38,401	38,504	38,656	0.2%
Graduate	10,992	10,940	10,843	10,623	10,442	-5.0%
Total	49,565	49,545	49,244	49,127	49,098	-0.9%

UT KNOXVILLE	2010	2011	2012	2013	2014	5-Year Change
Undergraduate	21,308	21,126	20,829	21,033	21,451	0.7%
Graduate Academic	5,395	5,399	5,407	5,349	5,219	-3.3%
Graduate Professional	820	854	782	789	740	-9.8%
Total	27,523	27,379	27,018	27,171	27,410	-0.4%

UT CHATTANOOGA	2010	2011	2012	2013	2014	5-Year Change
Undergraduate	9,229	9,891	10,159	10,297	10,315	11.8%
Graduate	1,552	1,547	1,501	1,377	1,355	-12.7%
Total	10,781	11,438	11,660	11,674	11,670	8.2%

UT MARTIN	2010	2011	2012	2013	2014	5-Year Change
Undergraduate	7,947	7,500	7,326	7,025	6,677	-16.0%
Graduate	522	413	425	398	365	-30.1%
Total	8,469	7,913	7,751	7,423	7,042	-16.8%

UT HEALTH SCIENCE CENTER	2010	2011	2012	2013	2014	5-Year Change
Undergraduate	89	88	87	149	213	139.3%
Graduate Academic	1,062	1,115	1,111	1,067	1,063	0.1%
Graduate Professional	1,641	1,612	1,617	1,643	1,700	3.6%
Total	2,792	2,815	2,815	2,859	2,976	6.6%

- 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

THE UNIVERSITY OF TENNESSEE IS AN EEO/AA/TITLE VI/TITLE IX/SECTION 504/ADA/ADEA INSTITUTION