



IMPACT

IMPACT.

Throughout the state and in every one of its counties, the University of Tennessee makes an impact that makes life better for all Tennesseans – whether in a classroom, a laboratory, a hospital, or a farmer’s field.

We have a role unlike any other Tennessee institution, and we’re proud of that. We have a land-grant mission; we co-manage a U.S. Department of Energy national lab; we achieved \$436 million in research and sponsored projects funding in fiscal year 2015; and we graduate more than 10,000 of Tennessee’s best and brightest every year.

We also have a revenue problem. It’s ours to fix, and we’re working on it. In 2014, I introduced the reality of our broken business model to our Board of Trustees. I told them about the \$377 million funding gap projected over the next 10 years, and they agreed with me that tuition increases are not the way to close that gap. We chose to take a hard look at our funding structure, committed to keeping a UT education affordable while achieving long-term sustainability.

We formed the Budget Advisory Group and initiated work on making the University more effective, efficient, and entrepreneurial, while maintaining its excellence. The group created a set of budget parameters for the fiscal year that began on July 1, 2015. Those parameters have already made a difference – in June our Board approved the lowest tuition increases in 30 years.

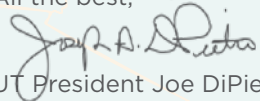
Strong state support also made a difference—I’m grateful that the governor and legislature provided increased funding for our UT Institute of Agriculture, UT Institute for Public Service and UT Health Science Center that will enhance each’s capacity to serve Tennesseans. In 2014, these institutions provided a combined outreach to more than 4.4 million people statewide.

I’m also grateful for state funding for a 4-H center for West Tennessee and for the thousands of UT Advocates who communicated the importance of this facility.

Our advocates made a visible impact for UT, and I believe the public funding for the University demonstrates the state’s recognition of the powerful impact UT has throughout Tennessee.

Educate. Discover. Connect. It’s what we do, and it’s how we make an impact for the good of all Tennesseans.

All the best,



UT President Joe DiPietro



**WHAT’S OUR IMPACT
ON TENNESSEE AND
THE WORLD?**

\$436 million
in research and sponsored
projects in FY2015



UT's Institute for Public Service helped Tennessee companies generate **\$600 million** toward the state's economy

SINCE the COMPLETE COLLEGE TENNESSEE ACT was implemented in 2011

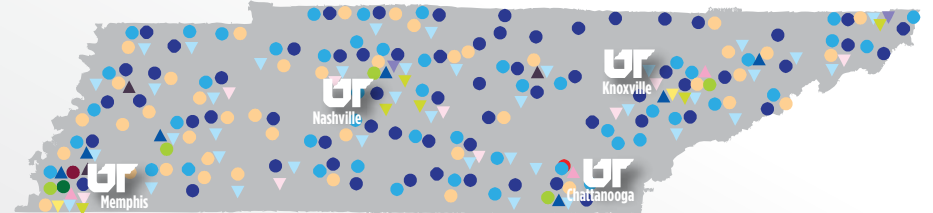
SYSTEM-WIDE GRADUATION RATE increased **7%**
(from 53.1% to 56.9%)

SYSTEM-WIDE DEGREES AWARDED increased **11.4%**
(from 10,132 to 11,284 annually)



UT HEALTH SCIENCE CENTER STATEWIDE LOCATIONS

The University of Tennessee Health Science Center is responsible for 26,700 jobs across the state and contributes almost \$2 billion every year to Memphis' financial landscape. The economic impact from the UT Health Science Center accounts for 5.6 percent of the total personal income earned in the Memphis area, making the university a major contributor to the local economy.



In addition to the Memphis campus, UTHSC has major locations in Chattanooga, Knoxville and Nashville, and more than 100 clinical and educational sites across the state.

- Hospital Affiliations
- College of Dentistry
Educational & Clinical Sites
- Educational & Clinical Sites
- College of Graduate Health Sciences
Educational & Research Sites
- College of Health Professions
Educational & Clinical Sites
(Audiology & Speech Pathology, Medical Laboratory Science, Health Informatics & Information Management, Physician Assistant Studies, Occupational Therapy, and Physical Therapy)
- ▲ College of Medicine
Major Sites
Community-Based Clinical Faculty
Graduate Medical Education
Clinical Rotation Sites
- College of Nursing
Clinical Contract Sites
Faculty Practice Sites
- ▼ College of Pharmacy
Major Sites
Clinical Education Centers
Clinical Rotation Sites
Community Residency Sites
Institutional Residency Sites



3% In 2015, UT tuition increased by the lowest percentage in more than 30 years—3 percent for undergraduates at Knoxville, Chattanooga and Martin.


\$4.6 Billion
Estimated economic impact of UT on the Tennessee economy in FY 2014.

UT also created or impacted about **75,000 jobs.**

EDUCATE: IN THE CLASSROOM AND BEYOND

*We're testing
new approaches
and finding
innovative
ways to ensure
students
succeed in the
classroom,
workforce and
beyond.*



 **MALISSA PEERY**, a math lecturer at UT Knoxville, is using high-quality videos and a “flipped” approach to transform college algebra at UT Knoxville. In a flipped approach, students watch lectures at home and reinforce what they’ve learned in class. Test scores and student feedback indicate Peery’s on to something, so the pilot program was expanded for the fall 2015 semester. Peery’s fall semester work involved supervising 27 sections of Math 119 using the same set of video lectures and innovative course design.



JASON ROBERTS, associate professor of animal science, returned to his alma mater, UT Martin, from private practice to help students—even those still in high school—pursue and achieve their dream of becoming veterinarians. And his focus on curriculum, intense advising and experiential learning is making an impact. UT Martin has nearly doubled the number of students accepted into veterinary school programs over the last two years.



YANCY FREEMAN, DAVID RAUSCH AND STACIE GRISHAM are combining big data from past student performance with research and predictive analytics to help current UT Chattanooga students succeed. Less than one year in, the Student Success Collaborative pilot has affected retention to the tune of 3.3 percent greater persistence among targeted students. More than 2,400 advising interventions—450 with high-risk students—were held in spring 2015. Campus-wide implementation for all undergraduates is expected by the end of the 2015-2016 academic year.

DISCOVER: IN THE LABORATORY AND ON THE HORIZON

*We're putting
world-class experts
and public-private
partnerships to
work, advancing
knowledge, expanding
Tennessee's economic
capacity, and finding
solutions that improve
quality of life.*



IMAGE COURTESY OF OAK RIDGE NATIONAL LABORATORY, U.S. DEPT. OF ENERGY

UT-BATTELLE CONTRACT TO MANAGE ORNL EXTENDED AGAIN

The University of Tennessee and Battelle Memorial Institute – through the UT-Battelle partnership – are now under contract to co-manage Oak Ridge National Laboratory through 2020. In March 2015, the U.S. Department of Energy extended the management contract with UT-Battelle for another five years. UT-Battelle first won the contract in April 2000, and its management has consistently earned top grades in the Department of Energy's annual evaluations.



INSTITUTE FOR ADVANCED COMPOSITES MANUFACTURING INNOVATION (IACMI)

A \$259 million public-private partnership was announced by President Barack Obama in January, when this UT and Oak Ridge National Laboratory-led venture was selected to join four other U.S. Department of Energy institutes backed by the White House in a push to accelerate the nation's advanced manufacturing.

IACMI's partners include the top five states for automotive employment and companies representing 70 percent of U.S. automotive manufacturing. Funding of \$70 million from the U.S. Department of Energy and another \$189 million from IACMI partners—including \$15 million from the Tennessee Department of Economic and Community Development—will support breakthroughs in manufacturing and materials.



16TH GOVERNOR'S CHAIR SCIENTIST APPOINTED

The University of Tennessee Governor's Chairs program was introduced in 2006 in partnership with Oak Ridge National Laboratory and with a recurring investment from the state matched by ORNL to recruit top faculty researchers in science and technology to Tennessee. In 2015, the class of Governor's Chairs welcomed its 16th world-class expert aboard.

CONNECT: ON THE CAMPUS AND IN THE FIELD

*We're fulfilling
our unique
outreach mission
by offering
expertise,
enabling
opportunity,
and engaging
volunteers in our
service to
the state.*



UT ADVOCACY IS FOSTERING CONNECTIONS THAT DRIVE CHANGE

UT's Advocacy program connects people who are passionate about the University with policymakers. Since its inception in 2012, the program has annually doubled the number of advocates. UT Advocates have been key in building relationships with legislators that promote the University's impact. One of a handful of higher education advocacy programs in the nation, UT Advocacy is on the forefront of a national trend to promote higher education.



LEARNING THROUGH PLAY IN THE KINDERGARDEN

The newest addition to the UT Gardens is at the Plateau Discovery Gardens in Crossville. The “KinderGarden” is a fun, science-based feature designed to engage children ages 3 to 7. Children can explore nine areas to enhance cognition, social-emotional skills, language, literacy and physical development through play. KinderGarden was made possible by a group of Tennessee Master Gardeners, a volunteer program managed by UT Extension. Free and open to the public, local schools have already taken note and are booking field trips.



BUILDING PARTNERSHIPS THAT PAY WITH PTAC

Sheree Woodward is a U.S. Army veteran and Tennessee business owner who was able to secure a federal contract with help from UT’s Procurement Technical Assistance Center (PTAC). Consultants with PTAC help more than 500 Tennessee companies, like Woodward’s, per year, bringing more than \$5.8 billion in contract dollars to the state over the past 15 years.

FINANCIALS

SOURCES OF CURRENT FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2015

FEDERAL AND LOCAL APPROPRIATIONS | \$25,012,364.66

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

INDEPENDENT OPERATIONS | \$70,975,325.48

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

OTHER | \$113,669,627.44

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

AUXILIARY ENTERPRISES | \$229,998,449.86

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

STATE APPROPRIATIONS | \$500,003,117.63

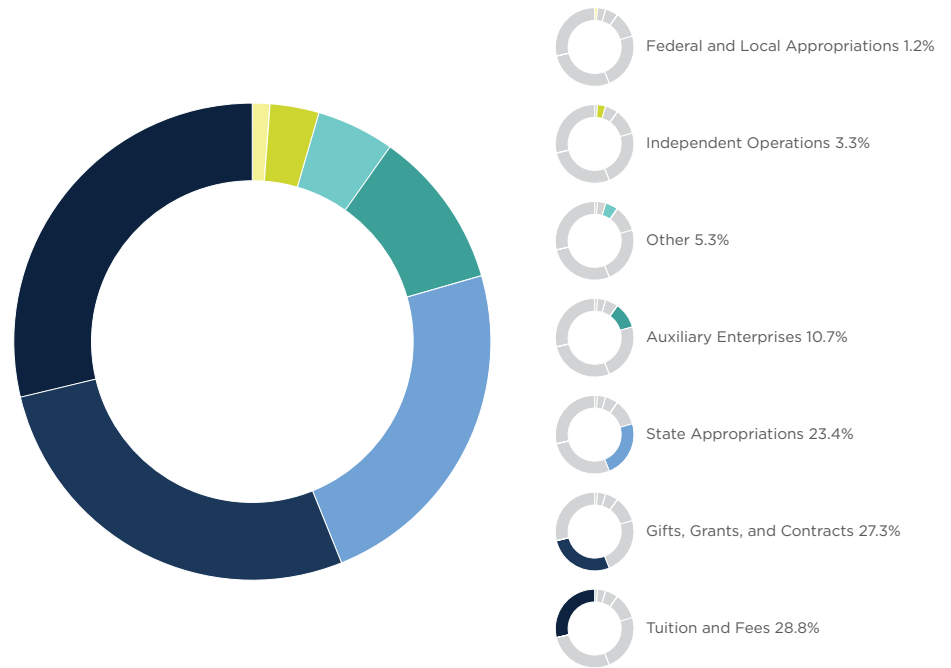
Legislative appropriations from the Tennessee General Assembly for current operations of the University.

GIFTS, GRANTS, AND CONTRACTS | \$585,711,530.03

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

TUITION AND FEES | \$615,545,783.68

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



Total: \$2,140,916,198.78

FINANCIALS

USES OF CURRENT FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2015

LONG-TERM DEBT & OTHER TRANSFERS | \$70,781,739.43
Mandatory transfers for debt service and other transfers.

INDEPENDENT OPERATIONS | \$70,975,325.48
Expenditures for leased employees for UT Medical Center in Knoxville and the UT Foundation.

STUDENT SERVICES | \$89,907,820.59
Expenditures for student services including admissions, registrar, student activities, counseling, career guidance, student aid administration and health services.

INSTITUTIONAL SUPPORT | \$115,043,459.36
Expenditures for executive management, financial operations, personnel services, security, public relations, development activities and alumni relations.

PHYSICAL PLANT | \$126,208,274.95
Expenditures for the operation and maintenance of physical plant including utilities and service related to grounds and facilities.

PUBLIC SERVICE | \$130,399,712.31
Expenditures for non-instructional programs beneficial to individuals and groups external to the University.

AUXILIARY ENTERPRISES | \$163,402,066.77
Activities that furnish goods and services to students, faculty and staff. Includes mandatory transfers for debt service.

ACADEMIC SUPPORT | \$180,271,748.64
Expenditures for libraries, computing support and academic administration.

RESEARCH | \$257,395,798.40
Direct expenditures for sponsored research activities funded from federal, state, local and private sources.

STUDENT AID | \$264,478,100.10
Scholarships and Fellowships awarded to students.

INSTRUCTION | \$658,486,082.60
Includes all expenditures, including faculty and staff salaries incurred in connection with instruction programs for credit and non-credit courses.



Instruction	\$658,486,082.60	31.0%	Physical Plant	\$126,208,274.95	5.9%
Student Aid	\$264,478,100.10	12.4%	Institutional Support	\$115,043,459.36	5.4%
Research	\$257,395,798.40	12.1%	Student Services	\$89,907,820.59	4.2%
Academic Support	\$180,271,748.64	8.5%	Independent Operations	\$70,975,325.48	3.4%
Auxiliary Enterprises	\$163,402,066.77	7.7%	Long Term Debt & Other Transfers	\$70,781,739.43	3.3%
Public Service	\$130,399,712.31	6.1%			

Total: \$2,127,350,128.63

The sources and uses shown are not adjusted for tuition discounts of \$196,448,979.22

FINANCIALS

INVESTMENTS BENEFITING THE UNIVERSITY

As of June 30, 2015 the amount of total assets invested for the benefit of the University of Tennessee held steady at roughly \$1.1 billion, growing \$38 million year over year. The solid returns of U.S. stocks on an absolute and relative basis masked a mixed global environment for investors. Generally, non-U.S. equity markets were negative for the fiscal period, as were broad segments of the global bond markets. Rising geopolitical risk, diverging economic trends, and severe declines in commodity prices, among other negative factors, came together to hamper global capital markets. Despite these challenges, most asset classes in which the University invests turned in a positive performance for the year, with only energy-related investments finishing in negative territory.

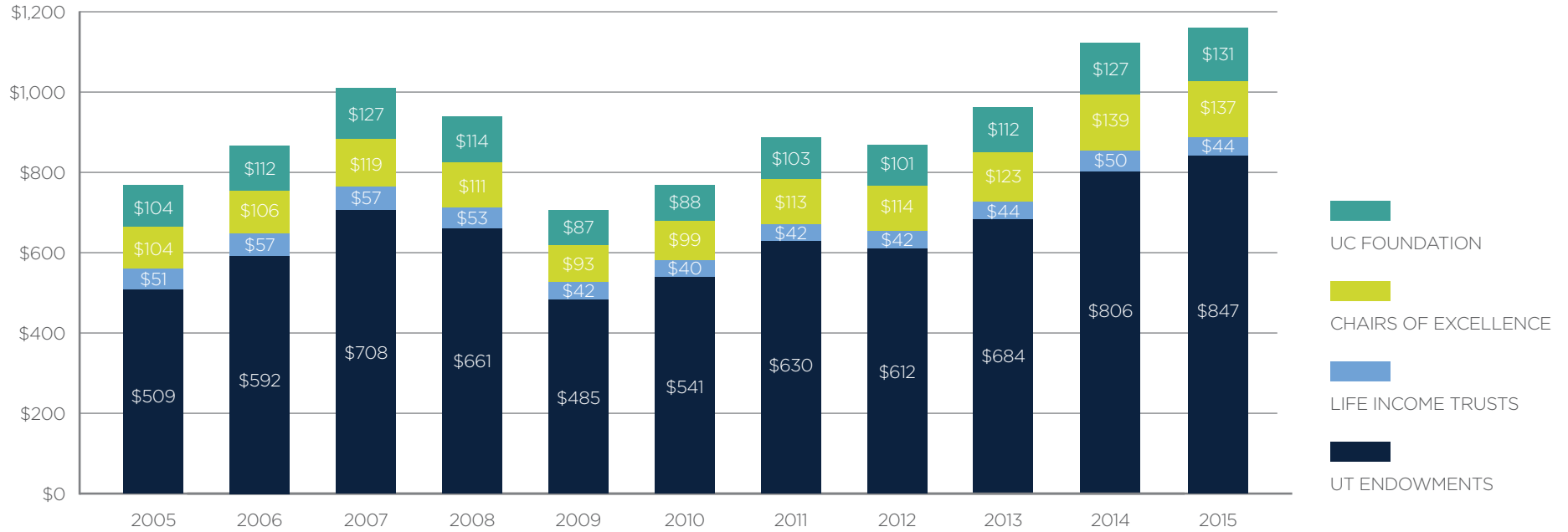
Five separate investment pools form the University capital base. Total endowments account for \$847 million, which includes the Consolidated Investment Pool of \$832 million and \$15 million of separate endowments. Chairs of Excellence are \$137 million; the University of Chattanooga Foundation, \$131 million; and Life Income Trusts, \$44 million. The accompanying chart displays these categories at each fiscal year-end for the past 10 years.

The Consolidated Investment Pool (the Pool) is the largest component of invested funds and was established in 1954 to allow for diversification and efficient investment of any endowment, regardless of size. As of

June 30, 2015 the Pool produced a 12-month total return of approximately +1.0 percent, and +5.7 percent for the last 10 years. It distributed \$33 million in fiscal 2015, an increase of approximately \$3 million from the previous fiscal year. The funds distributed in any given year equal 4.5 percent of the four-year rolling average of the Pool's market value at calendar year-end (December 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 \$3.6 million and \$7.2 million, respectively, 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 is managed by its foundation board and supports programs at UT Chattanooga only.

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



FALL ENROLLMENT

HEADCOUNT

UT SYSTEM	2011	2012	2013	2014	2015	5-Year Change
Undergraduate	38,605	38,401	38,504	38,656	38,647	0.1%
Graduate	10,940	10,843	10,623	10,442	10,489	-4.1%
Total	49,545	49,244	49,127	49,098	49,136	-0.8%

UT KNOXVILLE	2011	2012	2013	2014	2015	5-Year Change
Undergraduate	21,126	20,829	21,033	21,451	21,863	3.5%
Graduate Academic	5,399	5,407	5,349	5,219	5,259	-2.6%
Graduate Professional	854	782	789	740	723	-15.3%
Total	27,379	27,018	27,171	27,410	27,845	1.7%

UT CHATTANOOGA	2011	2012	2013	2014	2015	5-Year Change
Undergraduate	9,891	10,159	10,297	10,315	10,084	2.0%
Graduate	1,547	1,501	1,377	1,355	1,304	-15.7%
Total	11,438	11,660	11,674	11,670	11,388	-0.4%

UT MARTIN	2011	2012	2013	2014	2015	5-Year Change
Undergraduate	7,500	7,326	7,025	6,677	6,435	-14.2%
Graduate	413	425	398	365	392	-5.1%
Total	7,913	7,751	7,423	7,042	6,827	-13.7%

UT HEALTH SCIENCE CENTER	2011	2012	2013	2014	2015	5-Year Change
Undergraduate	88	87	149	213	265	201.1%
Graduate Academic	1,115	1,111	1,067	1,063	1,093	-2.0%
Graduate Professional	1,612	1,617	1,643	1,700	1,718	6.6%
Total	2,815	2,815	2,859	2,976	3,076	9.3%

- 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

