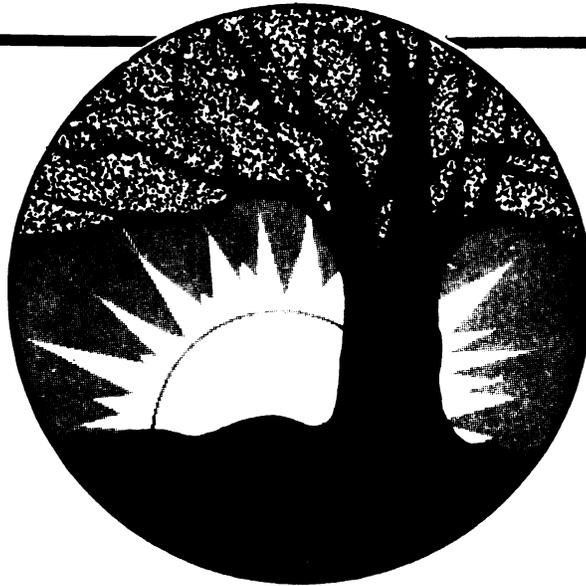


PERFORMANCE AUDIT

University of Tennessee Board of Trustees
January 2014



Justin P. Wilson
Comptroller of the Treasury



State of Tennessee
Comptroller of the Treasury
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January 17, 2014

The Honorable Ron Ramsey
Speaker of the Senate
The Honorable Beth Harwell
Speaker of the House of Representatives
The Honorable Mike Bell, Chair
Senate Committee on Government Operations
The Honorable Judd Matheny, Chair
House Committee on Government Operations
and
Members of the General Assembly
State Capitol
Nashville, Tennessee 37243
and
Dr. Joseph (Joe) DiPietro
Office of the President
University of Tennessee
831 Andy Holt Tower
Knoxville, TN 37996-0180

Ladies and Gentlemen:

Transmitted herewith is the performance audit of the University of Tennessee Board of Trustees. This audit was conducted pursuant to the requirements of Section 4-29-111, *Tennessee Code Annotated*, the Tennessee Governmental Entity Review Law.

This report is intended to aid the Joint Government Operations Committee in its review to determine whether the University of Tennessee Board of Trustees should be continued, restructured, or terminated.

Sincerely,

Deborah V. Loveless, CPA
Director

DVL/dww
13-020

State of Tennessee

Audit Highlights

Comptroller of the Treasury

Division of State Audit

Performance Audit
University of Tennessee Board of Trustees
January 2014

AUDIT OBJECTIVES

The objectives of the audit were to determine if there are adequate controls over UT-submitted funding formula data required by the Complete College Tennessee Act (CCTA); determine if the university has systems in place to ensure and measure the security and quality of online courses; follow up on the May 2012 Performance Audit *Implementation of the Complete College Tennessee Act of 2010*; review the organizational structure and operations of the UT Foundation; determine whether campus security/emergency management plans have been adequately developed, implemented, and practiced to deal with natural and manmade disasters; determine the university's compliance with Section 49-7-149, *Tennessee Code Annotated*, that requires background checks for employees of student housing; obtain information on the extent to which the UT system uses differential tuition to cover the higher cost of educating STEM and other majors; and obtain information on the current status of efforts to implement reverse articulation as encouraged by Section 49-7-150, *Tennessee Code Annotated*.

FINDINGS

Though most majors have been covered, not all required Tennessee Transfer Pathways have been put in place as required by the Complete College Tennessee Act of 2010

The Complete College Tennessee Act of 2010 (CCTA) requires every major offered at Tennessee public universities have a "university tract program" whose courses "shall transfer and apply toward the requirements for graduation with a bachelor's degree at all public universities," allowing community college students a smooth transfer of community college course credits to public universities. The May 2012 CCTA performance audit found that there may be majors for which creating a pathway may not be reasonable due to the nature of the program. Both UT and TBR state that they will be seeking to modify the requirement that all majors have pathways during the 2014 legislative session. UT-Knoxville currently has 32 majors that do not have a pathway; UT-Martin, 14; and UT-Chattanooga, 21 (page 7).

Data on the transfer of course credits between community colleges and the university is incomplete; procedures are inconsistent; and documentation is lacking, preventing assessment of the course credit transfer system's effectiveness

Even though all University of Tennessee (UT) campuses use Banner software to maintain student records, each campus uses it differently to capture data regarding transfer students. Missing data and errors compromise system use and analysis by campus and university system management. Two of the three campuses do not maintain documentation in Banner of rejected transfer courses. None maintain documentation of student appeals of denied credit for transfer courses or the resolution of such appeals. The UT system should consider recording in Banner in a systematic, uniform manner all transfer courses and their accompanying data presented by students from both accredited and non-accredited institutions (as UT-Chattanooga already seems to be doing). This will allow system-wide tracking, documentation, and study of the transfer of classes; their acceptance or rejection (and if rejected, a reason for such); and appeals resolution or other problems that occur in the transfer process (page 12).

Three years following passage of the Complete College Tennessee Act requiring dual admission agreements between the University of Tennessee's three campuses and all 13 state community colleges, two campuses have only one agreement and one campus has two agreements with community colleges

UT-Knoxville has an agreement with Pellissippi State Community College; UT-Martin has an agreement with Dyersburg State Community College; and UT-Chattanooga has an agreement with both Cleveland State Community College and Chattanooga State Community College. However, Section 49-7-202(g), *Tennessee Code Annotated*, of the 2010 Complete College Tennessee Act requires UT to have agreements with all 13 of the state's community colleges. As of August 2013, UT management stated that the university was actively pursuing agreements that would allow dual admissions between UT-Martin and UT-Chattanooga and all Tennessee community colleges. However, because UT-Knoxville has a selective admissions process, it is not possible for that campus to have similar statewide agreements with all community colleges. The General Assembly may wish to consider amending Section 49-7-202(g), *Tennessee Code Annotated*, to take into consideration 1) that there may be differences between universities/campuses operating under open versus competitive admissions systems that make dual admission agreements with all community colleges impractical, and 2) the practical logistics of travel and access for students being dually admitted to schools in different regions of the state that might make a regional requirement for dual admissions agreements with community colleges more practical than requiring agreements with all 13 community colleges spread across the state (page 14).

The University of Tennessee campuses need to improve how they publicize the Tennessee Transfer Pathways on their websites

The May 2012 CCTA performance audit found that several schools did not provide any links to the main Tennessee Transfer Pathways (TTP) website, or the links they did provide to the website were not easily identified. Following auditor inquiries regarding this, TBR directed all of its institutions to prominently feature links to the TTP website on their home web pages. As of August 13, 2013, all six TBR universities had the TTP link at the bottom of their home page, but none of UT's did. At UT-Knoxville, one must navigate through five to six web pages from the home page and four to five pages away from their admissions home page to find the link to

the TTP website and transfer equivalency charts for Tennessee community colleges; at UT-Chattanooga, three from the campus home page and two from admissions; and at UT-Martin, one from the campus home page. Although the TTP website provides school contact information and general information on what a prospective and current student needs to do in choosing and pursuing a pathway, the website does not explain the advantages and disadvantages of an Associate of Arts or Science degree and how to determine which degree is preferred for the university and major being pursued. The UT Board of Trustees should ensure that all its institutions and campuses give sufficient prominence to the Tennessee Transfer Pathways information on their home websites. Transfer pathway information on these websites should include easily accessible, brief, and clear descriptions of the pathways' advantages and disadvantages and direction on the connections between Associate of Arts or Science degrees, pathways, and university majors (page 15).

The University of Tennessee Foundation failed to comply with financial statement recognition of related university-contributed services

The Financial Accounting Standards Board requires that contributed services (in-kind services) be disclosed on the receiving party's financial statements. In fiscal year 2012, the most current audited financial statements for the foundation, there is no such disclosure. The chief financial officer provided estimates on office space (around \$894,000); Alumni and Development information systems technical support services (\$605,756); and payroll services (\$16,000). However, there was no value placed on any of the other contributed services and equipment, office furniture, and office supplies for the 280 leased employees. Because the foundation is a discretely listed component unit of the university's financial statements, this amount may affect the university's financial statements. The university treasurer and chief financial officer, the Board of Trustees, and the foundation should provide the value of services and equipment contributed to the foundation, and the foundation should comply with financial standards and properly report this amount (page 17).

The background checks for housing staff applicants conducted by the University of Tennessee's campuses are not based on fingerprint submissions, and procedures for obtaining fingerprints are not consistent with statute; the General Assembly may wish to consider amending the statute to clarify the type of background check and fingerprint procedures the universities should take

Section 49-7-149, *Tennessee Code Annotated*, effective July 1, 2011, requires anyone applying for a job at housing facilities owned or operated by a public university and who will have access to student rooms or apartments (including resident assistants), to supply a fingerprint sample and submit to a criminal history records check "to be conducted by the Tennessee Bureau of Investigation (TBI) and the Federal Bureau of Investigation (FBI) or other vendor contracted for the same purposes" prior to being hired. Statute is not clear as to whether the legislature intended a TBI background check or a vendor name-based check. Universities are obtaining thumbprints, not fingerprints as required by statute (page 32).

OBSERVATIONS AND COMMENTS

The audit also discusses the following issues: student identity verification in distance learning, Board of Trustees membership, the use of differential tuition, the University of Tennessee Foundation's organization and funding, and emergency management planning (pages 18 and 36).

ISSUES FOR LEGISLATIVE CONSIDERATION

The General Assembly may wish to consider whether transfer pathways should be created for all majors currently offered in Tennessee public higher education institutions, as currently required by Section 49-7-202, *Tennessee Code Annotated*, or whether it wishes to revise this section to allow a narrow exception for majors in those fields that, by their nature, cannot easily or feasibly have transfer pathways developed.

The General Assembly may wish to consider amending Section 49-7-202(g), *Tennessee Code Annotated*, to take into consideration

1. that there may be differences between universities/campuses operating under open versus competitive admissions systems that make dual admission agreements with all community colleges impractical, and
2. the practical logistics of travel and access for students dually admitted to schools in different regions of the state that might make a regional requirement for dual admissions agreements with community colleges more practical than requiring agreements with all 13 community colleges spread across the state.

The General Assembly may want to consider whether it is acceptable for any higher education foundations to receive state funds to supplement and/or maintain the operations of affiliated foundations.

The General Assembly may wish to consider statutory changes to clarify and/or better define its expectations for the type of criminal history background check and fingerprints procedures obtained from applicants (i.e., whether the General Assembly intended for universities to simply take the fingerprints and file them and not use them for the background check).

Performance Audit

University of Tennessee Board of Trustees

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Performance Audit University of Tennessee Board of Trustees

INTRODUCTION

PURPOSE AND AUTHORITY FOR THE AUDIT

This performance audit of the University of Tennessee (UT) Board of Trustees was conducted pursuant to the Tennessee Governmental Entity Review Law, *Tennessee Code Annotated*, Title 4, Chapter 29. Under Section 4-29-235, the board is scheduled to terminate June 30, 2014. The Comptroller of the Treasury is authorized under Section 4-29-111 to conduct a limited program review audit of the agency and to report to the Joint Government Operations Committee of the General Assembly. The audit is intended to aid the committee in determining whether the board should be continued, restructured, or terminated.

OBJECTIVES OF THE AUDIT

The objectives of the audit were to

1. determine if there are adequate controls over UT-submitted funding formula data required by the Complete College Tennessee Act;
2. determine if the university has systems in place to ensure and measure the security of online courses;
3. follow up on the May 2012 Performance Audit *Implementation of the Complete College Tennessee Act of 2010*;
4. review the organizational structure and operations of the UT Foundation;
5. determine whether campus security/emergency management plans have been adequately developed, implemented, and practiced to deal with natural and manmade disasters;
6. determine the university's compliance with Section 49-7-149, *Tennessee Code Annotated*, that requires background checks for employees of student housing;
7. obtain information on the extent to which the UT system uses differential tuition to cover the higher cost of educating STEM and other majors; and
8. obtain information on the current status of efforts to implement reverse articulation as encouraged by Section 49-7-150, *Tennessee Code Annotated*.

SCOPE AND METHODOLOGY OF THE AUDIT

The activities of the UT Board of Trustees were reviewed for the period January 2010 to August 2013. We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. Methods used included

1. review of applicable legislation and policies and procedures;
2. examination of the entity's records, reports, and information summaries; and
3. interviews with university staff and staff of other state agencies that interact with the university.

For our sample design, we used nonstatistical audit sampling, which was the most appropriate and cost-effective method for concluding on our audit objectives. Based on our professional judgment, review of authoritative sampling guidance, and careful consideration of underlying statistical concepts, we believe that nonstatistical sampling provides sufficient appropriate audit evidence to support the conclusions in our report. We present more detailed information about our methodologies in the individual report sections.

ORGANIZATION AND STATUTORY RESPONSIBILITIES

Title 49, Chapter 9, *Tennessee Code Annotated*, sets forth statutory requirements for the UT system. UT carries out its three principal missions—instruction, research, and public service—through four primary campuses (Knoxville, Chattanooga, Martin, and the Health Science Center in Memphis), three institutes (the Space Institute, the Institute of Agriculture, and the Institute for Public Service), and agricultural and service operations across the state. (See the organization chart on page 4.)

UT is governed by a Board of Trustees. The board is composed of 21 Governor-appointed members and five *ex officio* members (the Governor, the commissioners of the Departments of Agriculture and Education, the executive director of the Tennessee Higher Education Commission, and the president of UT). The Governor-appointed members consist of the following:

- one member from each of the nine congressional districts;
- two members from Knox County;
- two members from Shelby County;
- one member from Weakley County;
- one member from Hamilton County;

- one member from Davidson County;
- one member from either Anderson, Bedford, Coffee, Franklin, Lincoln, Moore, or Warren County;
- two immediate past presidents of faculty senates (rotates annually among UT institutions)—one a voting member and the other non-voting who will become the voting member the next year; and
- two students (rotates annually among UT institutions)—one a voting member and the other non-voting who will become the voting member the next year.

The board has powers including, but not limited to, selecting (and removing) a president and such professors, tutors, and other officers as it judges necessary; fixing and regulating the salaries of those individuals; making bylaws, rules, and regulations for the government of the university and the promotion of education; and conferring degrees, in conjunction with the president and professors of the university.

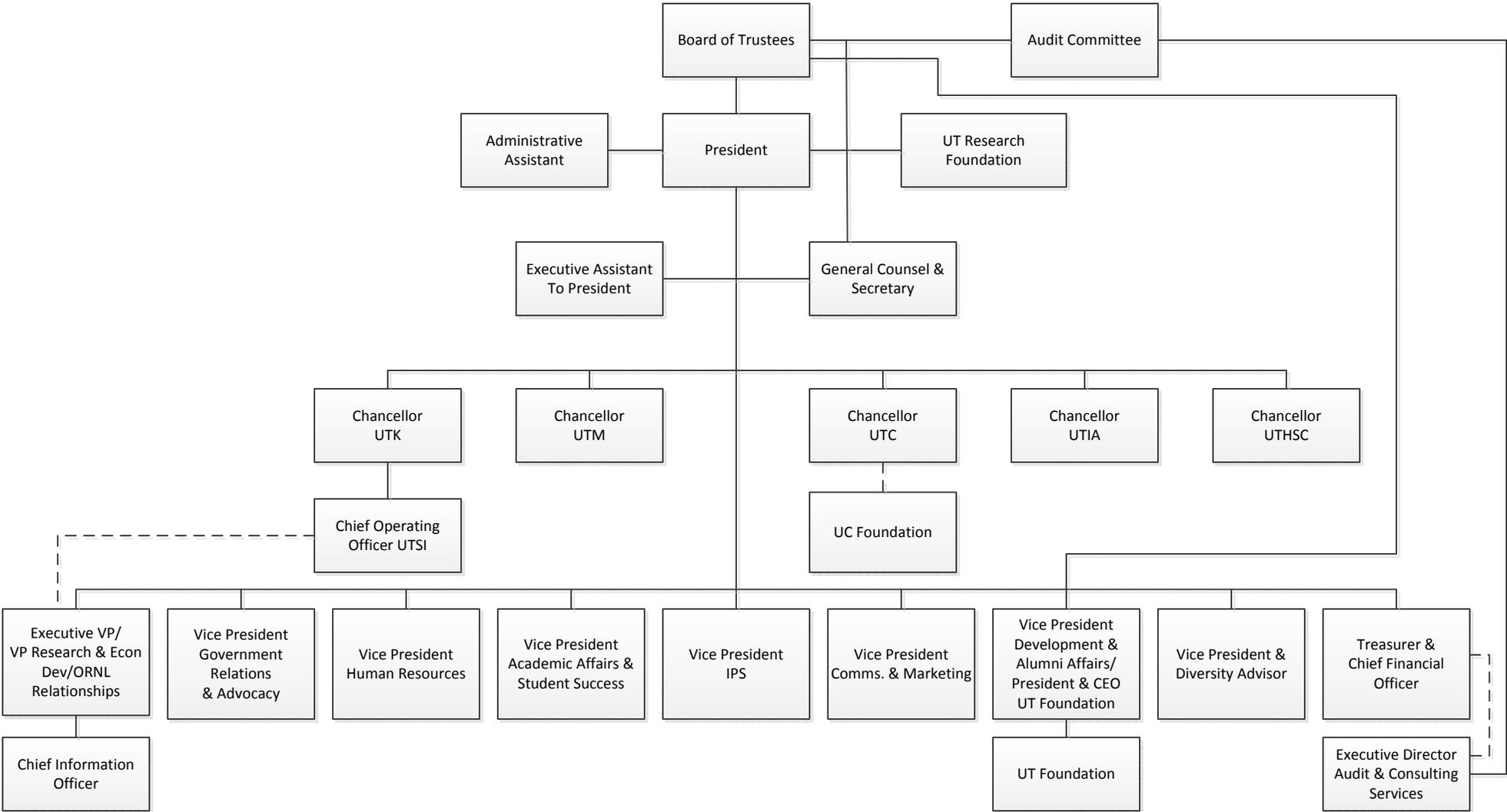
UT-Knoxville serves the state through a broad spectrum of undergraduate, graduate, and professional studies and research. UT-Chattanooga defines itself as a “metropolitan university” dedicated to meeting the general and professional educational needs of area residents, with a wide variety of programs, most focusing on undergraduate education. UT-Martin offers undergraduate degree programs in more than 80 specialized fields of study, as well as selected graduate programs. The Health Science Center in Memphis includes colleges of medicine, dentistry, pharmacy, nursing, and allied health professions.

As the state’s land-grant institution, UT offers specialized agriculture programs through its Institute of Agriculture, which includes the College of Veterinary Medicine, the Agricultural Experiment Station, and the Agricultural Extension Service. The university system also provides graduate study and research in aerospace engineering and related fields at the Space Institute in Tullahoma and assistance to governments, business, and industry through the Institute for Public Service and its Municipal Technical Advisory Service and County Technical Assistance Service. The university-wide administration offices—which include the office of the president of the university, as well as the Offices of Business and Finance, Academic Affairs, and Research—are located at the Knoxville campus.

The university has three foundations affiliated with it—the UT Foundation, the UT Research Foundation, and the University of Chattanooga (UC) Foundation. The UT Foundation supports the university’s educational, research, and public activities. As the preferred channel for all private contributions that benefit students and faculty at UT, the UT Foundation has staff members who work with alumni and other prospective donors to secure funds for scholarships, professorships, research, outreach programs, and other university initiatives. The foundation works closely with the UT president and chancellor of each campus to identify strategic private support priorities, create fundraising strategies and tactics, and implement development programs. The UT Research Foundation promotes the commercialization of UT intellectual property, encourages an entrepreneurial culture, contributes to state and regional economic development, and promotes research and education to benefit the people of Tennessee and beyond. While the Research Foundation is a separate entity from UT, it provides assistance and

The University of Tennessee

July 2013



resources to the research activities of faculty, staff, and students of the entire UT system and aides select UT inventions and products in the progression from the laboratory to the public. Proceeds from licensing such discoveries are used to enhance additional research at UT. The UC Foundation manages the private endowment of UT-Chattanooga and was created in 1969 when the private University of Chattanooga merged with Chattanooga City College and joined the UT system. From the beginning, the UC Foundation has supported academic initiatives and educational excellence at the university. The variety of support is exceptional, ranging from professorships, chairs of excellence, arts and entertainment series, academic department equipment grants and loans, and student scholarships and honors programs.

REVENUES AND EXPENDITURES

University of Tennessee and Related Foundations Revenues, Expenses, and Changes in Net Assets Fiscal Years 2011 and 2012

	University of Tennessee	
	2011	2012
Operating Revenues	\$1,034,262,287	\$1,092,934,428
Operating Expenses	\$1,782,288,272	\$1,857,043,840
Net Non-Operating Revenues (Expenses)	\$ 121,293,371	\$ 140,982,844
Year-End Net Assets	\$2,549,501,394	\$2,610,030,262
	University of Tennessee Foundation	
	2011	2012
Operating Revenues	\$ 2,394,707	\$ 71,329,494
Operating Expenses	\$ 14,798,122	\$ 58,027,721
Net Non-Operating Revenues (Expenses)	\$ 13,575,321	\$ 8,132,570
Year-End Net Assets	\$120,098,703	\$142,017,874
	University of Chattanooga Foundation	
	2011	2012
Operating Revenues	\$16,142,688	\$19,441,515
Operating Expenses	\$12,571,763	\$12,769,557
Net Non-Operating Revenues (Expenses)	\$ 221,366	\$ 972,729
Year-End Net Assets	\$86,238,078	\$81,896,656
	University of Tennessee Research Foundation	
	2011	2012
Operating Revenues	\$ 5,152,754	\$ 5,119,141
Operating Expenses	\$38,556,995	\$40,868,272
Net Non-Operating Revenues (Expenses)	\$ 2,920,265	\$ 927,573
Year-End Net Assets	\$42,873,526	\$45,174,385

Source: State Audit Reports, The University of Tennessee, For the Years Ending June 30, 2011, and 2012.

**University of Tennessee Budgeted Revenues
2012-2013**

	Actual FY12	%	Est FY13	%	Rec FY14	%
State	\$ 421,842,800	33%	\$ 437,516,700	33%	\$ 478,348,300	35%
Federal	\$ 51,102,800	4%	\$ 44,930,100	3%	\$ 44,930,100	3%
Other	\$ 307,703,000	24%	\$ 299,699,400	23%	\$ 299,699,400	22%
Tuition/Fees	\$ 503,560,300	39%	\$ 528,423,100	40%	\$ 528,423,100	39%
TOTAL*	\$1,284,208,900	100%	\$1,310,569,300	99%	\$1,351,400,900	99%

Source: State of Tennessee Budget for Fiscal Year 2012-2013.

*Percentages may not add up to 100% due to rounding.

**Comparison of University of Tennessee
and Tennessee Board of Regents Universities' State Appropriations**

	FY09*	FY10	FY11	FY12
University of Tennessee	\$487,317,600	\$460,578,500	\$523,444,800	\$421,842,800
Austin Peay State University	\$ 33,253,900	\$ 29,789,900	\$ 35,930,000	\$ 26,325,200
East Tennessee State University	\$ 91,527,000	\$ 85,133,500	\$ 97,814,200	\$ 77,343,000
Middle Tennessee State University	\$ 92,858,200	\$ 82,989,600	\$100,105,700	\$ 74,055,200
Tennessee State University	\$ 43,255,100	\$ 36,130,200	\$ 47,790,100	\$ 35,346,900
Tennessee Technology University	\$ 45,653,600	\$ 41,373,200	\$ 49,071,300	\$ 36,168,500
University of Memphis	\$114,164,800	\$105,228,600	\$122,893,800	\$ 97,442,200

Source: State of Tennessee Budget for Fiscal Years 2011, 2012, 2013, and 2014.

*Estimated.

FINDINGS AND RECOMMENDATIONS

1. Though most majors have been covered, not all required Tennessee Transfer Pathways have been put in place as required by the Complete College Tennessee Act of 2010

Finding

The Complete College Tennessee Act of 2010 (CCTA) requires every major offered at Tennessee public universities have a “university tract program” whose courses “shall transfer and apply toward the requirements for graduation with a bachelor's degree at all public universities,” allowing community college students a smooth transfer of community college course credits to public universities. Specifically, Section 49-7-202(e)(1), *Tennessee Code Annotated*, requires the Tennessee Higher Education Commission to

develop a university tract program within the University of Tennessee and the Tennessee board of regents systems consisting of sixty (60) hours of instruction that can be transferred and applied toward the requirements for a bachelor’s degree at the public universities. The tract shall consist of forty-one (41) hours of general education courses instruction and nineteen (19) hours of pre-major courses instruction, or elective courses instruction that count toward a major, as prescribed by the commission, which shall consider the views of chief academic officers and faculty senates of the respective campuses. Courses in the university tract program shall transfer and apply toward the requirements for graduation with a bachelor’s degree at all public universities.

The University of Tennessee (UT) Board of Trustees and the Tennessee Board of Regents (TBR) have played a leading role in developing such university tracts called Tennessee Transfer Pathways (TTP). These pathways allow students to complete an Associate of Arts or Associate of Science degree (music majors earn an Associate of Fine Arts degree) and have a guaranteed transfer of all college course credits to a Tennessee public university for completion of a bachelor’s degree in the same major. Section 49-7-202(e)(1)(A) clarifies, however, that admission to UT-Knoxville remains competitive. Section 49-7-202(e)(3) requires that all pathways “be fully implemented no later than the fall 2011 semester.” Statewide, there were pathways for 39 majors/concentrations as of August 2013 (economics being five of them, as it is split between business and liberal arts and has different pathways for different universities). For 10 of the pathways, both an Associate of Arts and an Associate of Science degree is offered; the only difference in requirements is that an Arts degree requires six hours of foreign language. One of the pathways, business administration, is problematic at UT. At UT’s three campuses, there are no business administration majors; students major in accounting, finance, marketing, etc. The TTP website states that the three campuses offer the business administration pathway, but neither the schools’ websites nor the pathway website communicate in what way the business administration pathway coordinates with the majors offered at each respective campus. UT-Martin also offers the specific pathways in the business majors of accounting, economics, and information science; UT-Knoxville offers specific pathways in accounting and economics; and

UT-Chattanooga only offers the business administration pathway. Only upon further inquiry with the registrars of each campus does one find out that at Martin, the business administration pathway is aligned with the management major in its business program; at Chattanooga, the pathway is used as the core coursework for all eight business majors offered; and at Knoxville, the pathway leads to all nine majors offered, as the first two years are identical for all.

**Tennessee Transfer Pathways by Major
As of July 2013**

Major	Degree Type: Associate of Arts (A.A.) or Associate of Science (A.S.)
Accounting	A.S.
Agriculture: Agricultural Business	A.S.
Agriculture: Animal Science	A.S.
Agriculture: Plant and Soil Science	A.S.
Art (Studio)	A.A.
Biology	A.S.
Business Administration	A.S.
Chemistry	A.S.
Civil Engineering	A.S.
Computer Science	A.S.
Criminal Justice	A.A. and A.S.
Economics: for transfer to colleges of business	A.S.
Economics: for transfer to Middle Tennessee State University (College of Liberal Arts) and University of Tennessee, Chattanooga (College of Arts and Sciences)	A.S.
Economics: East Tennessee State University (College of Business and Technology)	A.A.
Economics: University of Memphis (College of Arts and Sciences)	A.A.
Economics: University of Tennessee, Knoxville (College of Arts and Sciences)	A.A.
Electrical Engineering	A.S.
English	A.A.
Exercise Science	A.S.
Exercise Science: Kinesiology (University of Tennessee, Knoxville only)	A.S.
Foreign Language	A.A.
Geography	A.A. and A.S.
History	A.A. and A.S.
Information Systems	A.S.
Mass Communication	A.A. and A.S.
Mathematics	A.S.

Major	Degree Type: Associate of Arts (A.A.) or Associate of Science (A.S.)
Mechanical Engineering	A.S.
Music	A.F.A.*
Physics	A.S.
Political Science	A.A. and A.S.
Pre-Nursing	One-year curriculum
Pre-Professional (Health): Dentistry, Medicine, Optometry, Pharmacy, Veterinary Medicine	A.S.
Pre-Professional (Health): Occupational Therapy	A.S.
Pre-Professional (Health): Physical Therapy	A.S.
Psychology	A.A. and A.S.
Social Work	A.A. and A.S.
Sociology	A.A. and A.S.
Speech Communication	A.A. and A.S.
Theatre Arts	A.A. and A.S.

* Associate of Fine Arts.

Source: Tennessee Board of Regents.

The May 2012 CCTA performance audit found that there may be majors for which creating a pathway may not be reasonable due to the nature of the program. For example, some performance arts and/or music performance majors in bachelor's degree programs work with a coach over their entire college career and, therefore, need to start working with that coach and taking major-related coursework in their first years. This is still an issue; however, the schools have circumvented the issue in regards to music. The music faculty have made the Associate of Fine Arts degree earned at community colleges a new "terminal" degree, thereby not requiring every music student to continue on to a four-year university and a bachelor's degree for their intended career. There are also majors where it may be difficult to create a pathway because the classes needed cross colleges and departments or are in individualized programs (e.g., Interdisciplinary Studies, Integrated Studies, International Studies, and College Scholars). Also, UT-Knoxville does not accept transfer students to its nursing program, requiring students to start that program there as freshmen. UT management involved with the creation of the pathway program states that they (UT and TBR) had to limit the pathways in two ways: 1) it had to be a major that was offered at all or most of the public universities, and 2) it had to be a program in which the first 60 hours could be delivered by the community colleges. They also mentioned the extreme differences similar majors could have in curricula at different institutions as a reason for the lack of certain pathways. However, that is not sufficient for the requirements of CCTA. Management at both UT and TBR state that during the 2014 legislative session they will be seeking to modify the requirement that all majors have pathways. (See similar findings in the January 2014 Sunset performance audits of both the Tennessee Board of Regents and the Tennessee Higher Education Commission.) Following is a chart showing UT's three campuses and the majors/concentrations lacking a transfer pathway, indicating through those majors mentioned above that it may never be reasonable to expect the creation of a transfer pathway due to the unique nature of the discipline.

**University of Tennessee
Majors/Concentrations Without Pathways
(alphabetically)**

UTC	UTM	UTK
Anthropology	Agricultural Engineering Technology	Advertising
Economics (Business)	Education-Early Childhood	Agricultural Leadership, Education, & Communication
Education-Early Childhood	Education-Middle Grades	Architecture
Education-Middle Grades	Education-Secondary	Child & Family Studies
Education-Secondary	Education-Special	Classics
Engineering-Chemical	Engineering-Industrial	Clinical Laboratory Science
Engineering-Computer	Exceptional Learning: K-12	College Scholars*
Engineering-Environmental	Family & Consumer Services	Education-Art (as 2nd major for licensure)
Engineering-Industrial	Finance	Education-Special
Engineering-Nuclear	Geology	Engineering-Aerospace
Environmental Science	International Studies*	Engineering-Biomedical
Exceptional Learning: K-12	Marketing	Engineering-Biosystems(Ag)
Geology	Meteorology	Engineering-Chemical
Health & Human Performance/Nutrition: Food & Nutrition	Music*	Engineering-Computer
Health & Human Performance/Sports & Leisure Service Administration	Natural Resources Management	Engineering-Environmental
Humanities	Philosophy & Religion	Engineering-Industrial
Integrated Studies*		Engineering-Nuclear
Interior Design		Food Science & Technology
Legal Assistant Studies		Forestry
Music*		Health & Human Performance/Nutrition: Food & Nutrition
Philosophy & Religion		Hotel, Restaurant, & Tourism
		Interdisciplinary Programs*
		Interior Design
		Journalism & Electronic Media
		Music*
		Nursing*
		Philosophy & Religion
		Public Relations

UTC		UTM		UTK
				Recreation & Sport Management
				Religious Studies
				Retail & Consumer Sciences
				Wildlife & Fisheries Science
21		16		32

Source: Auditor Analysis.

*Unique nature of discipline makes it difficult to create transfer pathways for major/concentration.

Recommendation

The General Assembly may wish to consider whether transfer pathways should be created for all majors currently offered in Tennessee public higher education institutions, as currently required by Section 49-7-202, *Tennessee Code Annotated*, or whether it wishes to revise this section to allow a narrow exception for majors in those fields that, by their nature, cannot easily or feasibly have transfer pathways developed. Regardless of the General Assembly’s decision, the UT Board of Trustees, along with the Tennessee Board of Regents and the Tennessee Higher Education Commission, should ensure that all transfer pathways required by the Complete College Tennessee Act of 2010 to be developed by the fall of 2011 are developed as soon as possible.

The UT Board of Trustees, in cooperation with the Tennessee Board of Regents, should make efforts to resolve the issue of multiple transfer pathways for the field of economics, without compromising the quality of the bachelor’s degree in this field.

Management’s Comment

Management concurs. Management agrees with the analysis in the May 2012 CCTA performance audit that “...there may be majors for which creating a pathway may not be reasonable due to the nature of the program.” We also continue to stress that some majors are so specialized or individualized that a “universal” pathway between and among all community colleges and universities is not possible to develop. We will work with TBR, THEC and the General Assembly to establish a process to identify majors that do and do not lend themselves to universal transfer pathways. This process is expected to be completed by July 2014.

We continue to develop and refine pathways. In November and December of 2013, faculty in early childhood education met and have developed an additional pathway: Associate of Science in Teaching Pre-K–3 Curriculum. (That pathway is included as Appendix 1). It will be placed on the Tennessee Transfer Pathway website, maintained and administered by Tennessee Technological University. We will work with TBR and expect the pathway to be on the website by March 2014.

The Business Administration pathway was developed prior to the passage of CCTA and somewhat different criteria were used in its development. We concur that the pathway could be refined and we expect this process to be completed by July 1, 2014.

Management will also work with TBR to resolve existing issues in the Economics and Geography. This process is expected to be completed by July 2014.

2. Data on the transfer of course credits between community colleges and the university is incomplete; procedures are inconsistent; and documentation is lacking, preventing assessment of the course credit transfer system's effectiveness

Finding

As follow-up to the implementation of the Complete College Tennessee Act of 2010, we attempted to determine whether students were encountering problems when transferring courses for credit to the University of Tennessee (UT). (See a similar finding in the January 2014 Sunset performance audit of the Tennessee Board of Regents.) We conducted interviews with staff in the registrars' offices at the Knoxville, Chattanooga, and Martin campuses and requested course transfer data from the Banner Student Information System for first-time students transferring to those campuses between Fall 2011 and Spring 2013.

We found that each UT campus enters course information differently. All three campuses reject courses from unaccredited schools; however, students may request review for credit of coursework from unaccredited schools. One campus states it accepts all classes from accredited schools, but the other two do not state that as explicitly and place many qualifiers on acceptance. Some campuses do and others do not enter rejected courses for transfer into Banner, and then one campus only enters certain information for HOPE Scholarship students. Campus registrar staff also enter grades differently in Banner. Some campuses attach designations to the letter grade in the grade field, but that same designation could have a different meaning at another campus (e.g., a "T" next to a grade at Knoxville designates a grade from transfer coursework that is part of the transfer cumulative grade but is not added into the UT cumulative grade. At Martin, the "T" designates transfer courses that have been repeated and the grade has been cancelled out of the student's GPA.). One campus attaches many different designations to many grades, while the other two campuses attach only a couple of designations to grades in the grade field. Some grades and designations could not be explained by staff and, therefore, are considered to be errors. We also found blank fields throughout students' transfer data fields; sometimes the entire information for the incoming transfer course was missing. Thus, we were not able to perform any analysis of the Banner data concerning students and the existence of course credit transfer problems because of information not being captured and captured data that was incomplete and inconsistent.

The processing procedures for transferring course information from accredited schools are fairly consistent across campuses but, of the three campuses, only UT-Chattanooga records the rejection of courses from non-accredited schools in Banner. The three campuses do not

maintain documentation of student appeals of denials of transfer credit. In fact, staff of UT-Knoxville's Registrar's Office state they have not had an appeal in the last 10 years. Staff of UT-Chattanooga and UT-Martin's Registrars' Offices state they only maintain documentation of appeals when a course does not match a course in the equivalency tables (one-to-one match-ups of equivalent classes that transfer between two schools) and the Registrar's Office staff subsequently communicate with department staff to determine how to award credit for the questioned course. Without documentation of student appeals and resolutions of the appeal, the campuses cannot identify whether problems exist (e.g., a particular course from a particular institution is always rejected when it might need to be re-evaluated or an arrangement might need to be made with that institution).

Recommendation

The UT system should develop a standard procedure for capturing and entering college course transfer information. The lack of uniformity and consistency prevents a system-wide analysis of students; their classes and grades; and the transferability of classes between Tennessee universities and community colleges. The UT system should consider recording in Banner in a systematic, uniform manner all transfer courses and their accompanying data presented by students from both accredited and non-accredited institutions (as UT-Chattanooga already seems to be doing). This will allow system-wide tracking, documentation, and study of the transfer of classes; their acceptance or rejection (and if rejected, a reason for such); and appeals resolution or other problems that occur in the transfer process.

Management's Comment

Management concurs. We acknowledge data inconsistencies in the Banner Student Information System as it relates to transfer students. In 2011, all UT campuses completed their conversion to the Banner system, but each campus implemented the Banner system differently, and UT has four "instances" of Banner. Beginning Fall 2014, the UT System will be collecting approximately 100 additional student data fields to better monitor student trends and behaviors including the success of or issues related to the Tennessee Transfer Pathways.

In addition, UT has convened a system-wide task force to study issues related to transfers. This task force will recommend system-wide transfer business practices. The task force will be composed of staff from the offices of the Registrars, Information Technology, Institutional Research, and Academics. The business practices are expected to be finalized by Fall 2015.

- 3. Three years following passage of the Complete College Tennessee Act requiring dual admission agreements between the University of Tennessee's three campuses and all 13 state community colleges, two campuses have only one agreement and one campus has two agreements with community colleges**

Finding

Dual admission agreements allow a student who meets the admissions requirements of a community college and university to be admitted to both, taking classes at the community college while having access to the resources of the university. Currently, the University of Tennessee's (UT) three campuses have either one or two dual admission agreements with community colleges within the Tennessee Board of Regents system. The Knoxville campus has an agreement with Pellissippi State Community College; the Martin campus has an agreement with Dyersburg State Community College; and the Chattanooga campus has agreements with both Cleveland State Community College and Chattanooga State Community College. However, Section 49-7-202(g), *Tennessee Code Annotated*, the 2010 Complete College Tennessee Act (CCTA), requires the university to have agreements with all 13 of the state's community colleges. (See a similar finding in the January 2014 Sunset performance audit of the Tennessee Board of Regents.)

As of August 2013, management of the university system's Office of Academic Affairs and Student Success stated that the university was actively pursuing agreements that would allow dual admissions between UT-Martin and UT-Chattanooga and all Tennessee community colleges. The current agreements in place at UT-Martin and UT-Chattanooga guarantee admission to those campuses following the receipt of the associate's degree at the respective community colleges. However, because UT-Knoxville has a selective admissions process, it is not possible for that campus to have similar statewide agreements with all community colleges. UT-Knoxville's current dual admission agreement with Pellissippi State Community College, the Bridge Program, is very different from other agreements. It is an invitation-only program. Bridge students begin by taking two UT courses during the second summer session at UT. Then they enroll full time at Pellissippi for the fall and spring semester (while continuing to live in UT campus housing). After a successful first year at Pellissippi, students who fulfill all Bridge Program requirements are granted unrestricted admission to UT in their second year. System management stated they were still working with the Knoxville campus to determine whether expanding the dual admission agreement will be practical. Despite the university's continued noncompliant status and stated intent that UT-Knoxville will never be in compliance with the dual admission requirement of CCTA, university system management stated that they have no plans to pursue changes to the legislation.

Recommendation

The university administration should continue efforts to arrange agreements between its Martin and Chattanooga campuses and Tennessee's community colleges. If the administration finds the statutory requirements impractical or impossible in certain circumstances, they should pursue changes to the legislation.

The General Assembly may wish to consider amending Section 49-7-202(g), *Tennessee Code Annotated*, to take into consideration

1. that there may be differences between universities/campuses operating under open versus competitive admissions systems that make dual admission agreements with all community colleges impractical, and
2. the practical logistics of travel and access for students dually admitted to schools in different regions of the state that might make a regional requirement for dual admissions agreements with community colleges more practical than requiring agreements with all 13 community colleges that are spread across the state.

Management's Comment

Management concurs. In December 2013, UT Chattanooga and UT Martin entered into dual admissions agreements with all Tennessee community colleges. However, since a robust dual admissions program necessitates geographic proximity between the partner institutions, UT will, in consultation with TBR and THEC, pursue legislation to articulate more clearly that dual admission agreements should be undertaken in those circumstances where there is likely to be a practical benefit for students who are dually admitted (students admitted to institutions within a reasonable geographical vicinity). Legislation will be drafted by February 2014.

4. The University of Tennessee campuses need to improve how they publicize the Tennessee Transfer Pathways on their websites

Finding

The Complete College Tennessee Act of 2010 (CCTA) requires all Tennessee public community colleges and universities to clearly inform community college students and prospective students on which courses transfer to Tennessee Board of Regents (TBR) and University of Tennessee (UT) system universities. Specifically, Section 49-7-202(e)(2) and (e)(2)(B), *Tennessee Code Annotated*, requires “that community college students who wish to earn baccalaureate degrees in the state’s public higher education system be provided with clear and effective information and directions that specify curricular paths to a degree” and have access to listings “of course offerings that clearly identify courses that are not university parallel courses and therefore not designed to be transferable.”

The May 2012 CCTA performance audit reported that several schools did not provide any links to the main Tennessee Transfer Pathways (TTP) website, or the links they did provide were not easily identified. Following auditor inquiries, TBR directed all of its institutions to prominently feature links to the TTP website on their home web pages. In formal response to the audit, UT and TBR stated that steps would be taken to ensure the appropriate web presence is in place at all institutions.

All six TBR universities have the TTP link at the bottom of their home page. As of August 13, 2013, however, none of UT's three campuses have the TTP link on their home page. At UT-Knoxville, one must navigate through five to six web pages from the home page and four to five pages away from their admissions home page to find the link to the TTP website and transfer equivalency charts for Tennessee community colleges; at UT-Chattanooga, three from the campus home page and two from admissions; at UT-Martin, one from the campus home page.

Also, while the Tennessee Transfer Pathway's website provides school contact information and general information to prospective and current students in choosing and pursuing a pathway, the website does not explain the advantages and disadvantages of the two types of degrees offered (an Associate of Arts or Science) and how to determine which degree is preferred for the university and major being pursued. For example, an Associate of Arts degree requires six of the up to ten elective hours be in a foreign language; a student would need to know whether their university major requires foreign language hours to decide whether it would be best to get an Associate of Arts or Science degree. The university campuses' websites also do not provide this information or which majors the pathways cover.

Therefore, UT-Knoxville does not appropriately publicize the transfer pathways as far as visibility since finding the link to the TTP website requires either significant searching, prior knowledge of the program's existence, or prior knowledge of the link's location on the university's website. All three UT campuses do not provide sufficient information on the TTP program. The explanation of how the TTP program connects the community colleges and two types of associate degrees with UT majors is lacking in detail and completeness. All explanation of the program is on the TTP website, which is maintained by TBR. (See a similar finding in the January 2014 Sunset performance audit of the Tennessee Board of Regents.)

Recommendation

The UT Board of Trustees should ensure that all its institutions and campuses give sufficient prominence to the Tennessee Transfer Pathways information on their home websites. Transfer pathway information on these websites should include easily accessible, brief, and clear descriptions of the pathways' advantages and disadvantages. Both university systems should make it clear on the Tennessee Transfer Pathways website the advantages and disadvantages of Associate of Arts and Associate of Science degrees and how those degrees relate to the university and major the students are pursuing.

Management's Comment

Management concurs. A link to the Transfer Pathways will be placed on each undergraduate campus home page, prominently on the undergraduate admissions page (which includes Transfer Admissions), and on the Registrar's page. Changes to the websites are expected to be completed by March 1, 2014. Beginning June 2014, management will monitor the websites annually to ensure the link is easily accessible to prospective transfer students.

In addition, we will work with TBR to develop additional language describing the pathways and incorporate that language wherever the pathways are located. The text will include easily accessible, brief and clear descriptions of the TTPs' advantages and will include campus contacts for prospective students.

5. The University of Tennessee Foundation failed to comply with financial statement recognition of related university-contributed services

Finding

The University of Tennessee (UT) Foundation failed to report in its financial statements the dollar value of in-kind services provided by the university. Statement of Financial Accounting Standards Board, Accounting Standards Codification (ASC) 958-605-25-16, states that contributions of services shall be recognized if services received meet any of the following criteria:

- a. They create or enhance nonfinancial assets.
- b. They require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Services requiring specialized skills are provided by accountants, architects, carpenters, doctors, electricians, lawyers, nurses, plumbers, teachers, and other professionals and craftsmen.

The services contributed by the university per the affiliation agreement (see the observation on the UT Foundation) are items that the foundation would have to purchase if they were not provided, so they fulfill the requirement of ASC 958-605-25-16 and should be reported. (See a similar finding in the January 2014 Sunset performance audit of the Tennessee Board of Regents.)

We reviewed the audited financial statements of the foundation for fiscal year 2012, the first year of the new agreement and the most recent statements available that had been audited by a CPA firm, and found no mention in the financial statements of in-kind services. We contacted the university to obtain a dollar amount of the services provided. The chief financial officer provided estimates on the square footage of office space occupied by leased employees of 49,671 square feet at about \$18 per square foot, totaling around \$894,000; ANDI (Alumni and Development information systems technical support and maintenance) services of \$605,756; and

\$16,000 for payroll services. However, there was no value placed on any of the other contributed services and equipment, office furniture, and office supplies for the 280 leased employees. Because the foundation is a discretely listed component unit of the university's financial statements, this amount may affect the university's financial statements.

Recommendation

The university treasurer and chief financial officer, the Board of Trustees, and the foundation should provide the value of services and equipment contributed to the foundation, and the foundation should comply with financial accounting standards and properly report this amount.

Management's Comment

Management concurs. The University Treasurer and Chief Financial Officer will provide the value of services and equipment contributed to the foundation, and the foundation will comply with financial accounting standards and properly report this amount.

OBSERVATIONS AND COMMENTS

The topics discussed below did not warrant a finding but are included in this report because of their effect on the operations of the University of Tennessee (UT) Board of Trustees and on the citizens of Tennessee.

While UT campuses meet the minimum standards for student identity verification in distance education courses as required by the Higher Education Opportunity Act of 2008, improvements can be made

The Higher Education Opportunity Act of 2008 requires institutions offering distance education (online) courses to verify that "the student who registers in a distance education or correspondence education course or program is the same student who participates in and completes the program and receives the academic credit." Federal regulations provide three options that institutions may use: a secure login and password; proctored examinations; and new or other technologies and practices that are effective in verifying student identity.

All four UT institutions (UT-Chattanooga, UT-Knoxville, UT-Martin, and the UT Health Science Center at Memphis) meet these minimum standards by requiring students to have a unique user ID and password to access the online course materials and examinations in the Blackboard software. However, this method does not guarantee the veracity of the student's identity, as the student can provide his/her user ID and password to someone else. (See a similar observation in the January 2014 Sunset performance audit of the Tennessee Board of Regents.)

All four institutions also indicated that faculty may choose, but are not required, to administer proctored examinations. At some campuses the arrangements for proctoring exams are left to the students, subject to the approval of the school, while at others, the faculty choose the proctor and make all arrangements. At UT-Martin, students may use Software Secure, a proctoring service that utilizes the student's computer webcam to monitor online examinations. Students present a photo ID for identity verification and are recorded and monitored throughout the exam. In the Health Informatics and Information Management program at the UT Health Science Center, exams are proctored remotely by Proctor U, a proctoring service (paid for by the college) that utilizes a webcam on the student's computer throughout the exam. Students present a photo ID to verify their identity prior to starting and are monitored remotely via webcam throughout the exam.

UT management should continue to develop policies and procedures that encompass more than just the basic secure login and password method of verifying a student's identity. Expanded use of individualized proctoring of exams and/or use of technology that allows webcam monitoring to verify a student's identity and monitors the student during examinations serve to enhance the integrity of distance education.

The Governor and the University of Tennessee Board of Trustees should work together to improve female representation on the board to ensure that it is representative of the state's population, as required by statute

Since 1995, state law has required that every other appointment to the University of Tennessee (UT) Board of Trustees be a female until the membership of the board reflects the percentage of females in the state's population. Of the board's 19 appointed positions (excluding the 2 past faculty presidents who are de facto *ex officio*), during the last three calendar years, 14 to 16 members holding those positions in a given year have been men and 5 to 6 have been women, a 3:1 ratio. The three-year average percentage is roughly the same; of the total number of persons serving between 2010 and 2012, 73% were male and 27% were female. In the 2010 U.S. census, Tennessee's population was evenly split, 49% men to 51% women. The university's student population as a whole is 47% men and 53% women; the faculty population is 59% men and 41% women.

Though we did not test appointments dating back to 1995 for compliance with Section 49-9-202(a)(13), *Tennessee Code Annotated*, recent percentages of women on the board fall far short of the statutory requirement that it reflect the state's population. The Governor and the UT Board of Trustees should work together to comply with statutory intent and increase female representation on the board. (See a similar observation in the January 2014 Sunset performance audit of the Tennessee Board of Regents.)

Two of the university's three campuses charge differential tuition for high demand or more costly programs

Two campuses in the University of Tennessee (UT) system have begun charging higher tuition for high demand or more costly programs. In the face of decreasing state support, many colleges and universities across the country have begun charging differential tuition for certain classes. According to an April 27, 2012, article by the Southern Legislative Conference, *Tuition Deregulation in Higher Education*,

Colleges and universities are experimenting with varying costs for courses or degrees. Differential tuition establishes higher costs to students for either more costly majors or for courses that are more popular (essentially congestion pricing for courses). Differential tuition is increasingly popular according to research from the Cornell Higher Education Research Institute. In 2010, according to the Research Institute, 143 public colleges and universities that offered bachelor's degrees had some form of differential tuition, which is essentially one in five, with this practice being pursued at over half of all institutions offering doctoral degrees. Differential tuition can take the form of either higher tuition by major or by year of enrollment, in both instances to recover the higher costs associated with specific programs or the smaller courses for upperclassmen.

Differential tuition is only just beginning to be seen at the community college level. In March, Santa Monica Community College announced that it would begin charging more for high-demand courses. While the proposal was eventually shelved by the College's Board of Trustees, other institutions are moving ahead with similar plans, including the Lone Star College System in Texas and Pima Community College in Arizona.

While differential tuition provides institutions with an opportunity to realize revenue to cover the expenses of courses with higher costs and capitalize on high-demand majors, in practice it poses a significant policy challenge for states. The highest cost programs may very well be those that the state needs to promote in order to develop a qualified workforce (think: engineering and science).

University of Tennessee

Certain majors and schools at UT-Knoxville and UT-Chattanooga charge differential tuition, though there are no formal written system, campus, or board policies specifically directing and guiding these programs, colleges, and campuses regarding differential tuition requests and how such tuition must be used.

However, on the Charges and Fees/Tuition page of the Office of the Bursar's website at UT-Knoxville, there is some explanation of what Knoxville's differential tuition is to be used for in each instance. UT-Chattanooga's proposal presented to the board in early 2013 to establish differential tuition for business courses and raise it for engineering and nursing courses lays out what these additional tuition fees will be used for.

UT-Knoxville	
\$54/hr	<i>Engineering classes</i> – undergraduate and graduate. “Used to acquire state-of-the-art equipment, expand first-year programs for Engineering students, and provide faculty with professional development opportunities to bring the latest knowledge to the classroom.”
\$109/hr	<i>Nursing classes</i> – undergraduate and other specific College of Nursing courses. “Used to stabilize the funding base for the undergraduate program and support an increase in enrollment, thus allowing the College to maintain its long-standing record of quality and contribute to meeting the demand for nurses at the local and state levels. The additional funds will be used to help off-set the costs of sophisticated technologies in nursing education and the need for close supervision by expert faculty in the clinical practice areas.”
\$60/hr	<i>Business classes</i> – undergraduate 200 level and up, excluding 500/600 level. “Covers the additional cost of meeting the high cost and demand for business courses, providing additional student services to support consistent progress toward graduation (e.g. advising and placement, including internships), and to provide enrichment activities that often are not available at large state-support universities (e.g., study abroad).”
\$46/hr	<i>Distance Education classes</i> – undergraduate and graduate. “Supports the technology needed to deliver online courses to distance education students, as well as the creation of new courses and course material for future programs.”
\$625/sem	<i>Law School classes.</i> “Improve their educational and overall experience.”
\$175/sem	<i>UTK-Pellissippi State Community College dual admission Bridge program.</i> “Used to provide students with additional academic and personal support and fund programming to enhance their first-year experience.”
UT-Chattanooga	
\$25 to 50/hr	<i>Engineering classes</i> – increasing for 2013/14. “Directly support the quality and growth of academic programs, and be distributed based on the average of percentage of credit hours produced and percentage of graduates produced . . . incentivize departments in support of behavior consistent with the Complete College efforts . . . a portion of the funds would be dedicated to underwrite funding our computer replacement cycle commitment to ABET [accrediting agency]. A portion of funds would support those growing initiatives that require people not yet on the State budget. The balance would be used to provide seed funds for College-wide initiatives (STEM, Energy and Sustainability, SmartGrid, Manufacturing) to augment our recruitment efforts and to provide gap scholarships for those put at risk by the differential tuition, to support workshops for professional development, and to enhance our efforts in student engagement that support our employers and our community.”
\$25 to 50/hr	<i>Nursing classes</i> – increasing for 2013/14. 10% will be distributed each year for need-based scholarships. A large portion of funds will be used to maintain faculty at present levels and to maintain above national certification/licensure rates, employment rates, and graduation rates. Additionally, seven full-time and two part-time positions are needed.

\$50/hr	<i>Business classes</i> – starting 2013/14, phased in \$25/yr over two years. “Provide higher levels of academic advising, support the development of a career services center, enrich the educational program offerings, and hire new faculty to support understaffed academic programs.”
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The Tennessee Board of Regents schools also charge and handle differential tuition. (See the observation in the January 2014 Sunset performance audit of the Tennessee Board of Regents.)

The University of Tennessee Foundation, though a separate legal nonprofit entity, is highly dependent on staffing, funding, and services provided by the university

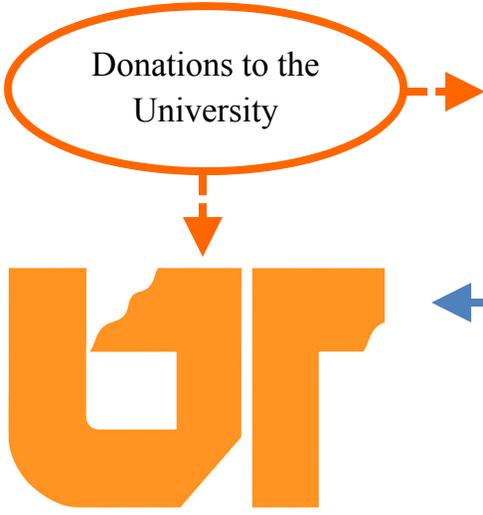
Foundations are common among higher education institutions. They take many organizational forms but are generally 501(c)(3)s that raise private funds for their affiliated schools and accept gifts the schools cannot accept directly due to statutory or constitutional prohibitions. However, many higher education foundations in Tennessee depend on a university’s public funds and in-kind support to obtain sufficient operating revenue to cover expenses and, ultimately, for their very existence. (See also a similar finding on foundations in the 2014 Sunset performance audit of the Tennessee Board of Regents.)

The University of Tennessee Foundation (the foundation) has existed since 2001, but the foundation and university executed a new affiliation agreement effective July 2011. This agreement states that “the Foundation is a separately incorporated non-profit organization that exists to receive, hold, invest, and administer private gifts and other private resources solely for the benefit of the University.” The university also wished at that time for the foundation to assume responsibility for Development and Alumni Affairs Services, formerly carried out by the university, including the staff associated with those functions. The foundation also works with alumni and other prospective donors to secure funds for scholarships, research, outreach programs, and other university initiatives.

Based on further review of the affiliation agreement, discussions with staff of the foundation and the university, and a review of various financial documents for the foundation, it appears that while the affiliation agreement states many times that the university and foundation are separate entities that cannot bind or be held responsible for the other, the foundation is staffed by university personnel, funded primarily by university (state) funds, provided operating equipment by the university, and is housed on university property. For an illustration of the flow of funding that will be subsequently discussed, see the Funding Flow Chart on the following page.

Foundation Staffing

The foundation does not have its own employees but leases its entire staff, including its president/CEO, from the university, which handles all human resources needs for the foundation. Existing staff associated with the university’s Development and Alumni Affairs offices were retained when those offices were moved from the university to the foundation’s oversight.



Donations may be mailed to the university, but they are delivered to the foundation for deposit each week. Designated funds are earmarked for the appropriate college S-Account. These funds are placed in a money market account, and interest earned remains with the foundation.



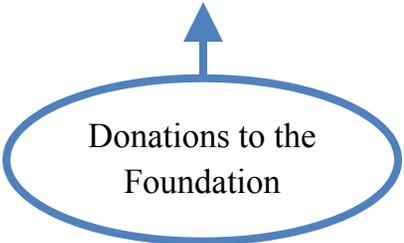
Annual electronic transfer of funds fulfills the monthly request total.

Development and Alumni Affairs employee lease payments in FY 2013 totaled \$18,036,827.

Automatic monthly computer requests made to the foundation for funds in earmarked accounts for corresponding university accounts.

University compensation for Development and Alumni Affairs Services in FY 2013 totaled \$23,326,356.

In-kind services provided by the university in FY 2013 include human resource services for leased employees, including payroll (\$16,000), record keeping, and hiring of new employees. For leased employees, this also includes office space (\$894,000), furniture, computers, telephones, utilities, and office supplies. Also provided to the foundation are all aspects of maintenance and upkeep of the alumni donor database (\$605,756).



The foundation and university entered into an Employee Services Agreement on July 1, 2011, to lease UT Development and Alumni Affairs employees. This agreement stipulates that the foundation will reimburse the university for all costs associated with leased employees including

- wages and salaries paid;
- federal, state, and local taxes on amounts paid;
- required contributions on behalf of leased employees under UT retirement plans, 401(k) match plan, group health insurance, and life insurance plans;
- unemployment insurance required by Tennessee law;
- amounts paid to terminating leased employees for accrued annual leave;
- death benefits paid with respect to leased employees;
- fee waivers and discounts for leased employees and their spouses and dependents at UT or non-UT institutions;
- UT training programs attended by leased employees;
- all UT benefit plans with respect to leased employees not specified above; and
- other direct expenses relating to leased employees not otherwise specified.

For fiscal year 2013, the foundation paid at least \$18,036,827 in salary-related expenses for leased employees. (This amount includes only salary, longevity pay, retirement, social security, unemployment, workers' compensation, insurance, and 401(k) match, and it excludes any expenses for training or fee waivers for UT and non-UT institutions.) As of July 2013, there were 280 leased employees, some of whom are part-time student employees.

This agreement also stipulates that for a transition period not to exceed 10 years, the university will hire additional Development and Alumni Affairs employees upon request of the foundation and, as in-kind support, will provide all human resources services, such as recordkeeping and payroll, for all leased employees during this period. Also per the affiliation agreement, the university vice president of development and alumni affairs will always serve as the president and chief executive officer of the foundation. As such, the foundation reimburses to the university the amount of the salary for this position per the agreement discussed above.

Donations

As stated above, the primary mission of the foundation is to receive, hold, invest, and administer private gifts and resources solely for the benefit of the university. The affiliation agreement stipulates that donors may choose to give directly to the university rather than the foundation. Based on discussions with university and foundation staff, any donations given directly to the university are processed by the foundation and then deposited in the intended university fund.

Foundation Operating Revenues

The foundation has three sources of revenue—interest, university compensation, and in-kind contributions from the university. In fiscal year 2012, the university provided approximately \$23.3 million (39%) of the foundation’s \$59.4 million in operating funds (cash – university payment, unrestricted donations and associated interest) directly through its affiliation agreement for the foundation to provide development and alumni services to the university. In 2013, the university provided direct support totaling \$22.9 million. In addition, the university provided in-kind operating resources (see below) with an estimated value of at least another \$1.5 million. The university did not place a value on numerous resources. (Discussed below in In-Kind Contributions from the University) This amount of university support of the foundation opposes the foundation’s stated purpose as an entity separate from the university.

Interest

As previously discussed, donations other than endowments are held for up to a year by the foundation; endowments are transferred monthly. The foundation deposits these funds into a money market account and keeps the interest earned.

University Compensation

As part of the affiliation agreement between the foundation and the university, the university provides compensation for development and alumni affairs services provided by the foundation. The university also pays to the foundation an endowment assessment fee of 100 basis points of the previous fiscal year-end market value of the Consolidated Investment Pool. For fiscal year 2012, direct support totaled \$17.8 million and the endowment assessment fees totaled \$5.6 million, equaling \$23.3 million in university compensation to the foundation. For fiscal year 2013, the university provided \$17.6 million in direct support and \$5.3 million in endowment assessment fees for a total of \$22.9 million.

These payments by the university to the foundation, unless carefully managed, could include both state funds and donor funds to support foundation operations. Tennessee Board of Regents’ legal counsel has recommended that all affiliation agreements between its schools and foundations include a clause stipulating “that no institutional/state funds will be used by foundation for its operation and that no state funds will be transferred either directly or indirectly to the foundation.” This stipulation indicates that foundations are intended to be self-supporting while providing private funds for the affiliated institution. By using an institution’s funds for a foundation’s operations, other university programs could suffer in the short term, especially in times of economic downturn.

In-Kind Contributions from the University

The previously mentioned reimbursed costs to the university for leased employees and endowment management, as well as the non-reimbursed (in-kind) provision of human resources services to the foundation, are not the only costs being covered by the university.

The affiliation agreement specifies that the university is to provide offices in university buildings for all Development and Alumni Affairs staff, whether they are leased employees or employees of the foundation. This includes providing furniture, supplies, computers, telephone services (excluding cell phones, PDAs, or similar mobile devices), information technology services, and utilities. (The foundation pays \$20,016 per year for some office space in the UT Conference Center.) Also per the agreement, the university is responsible for providing and maintaining the alumni donor database, which includes licensing and related software and hardware, upgrades, electronic screening, imaging software, and IT development and report writing. The university is also responsible for planning a budget and periodically evaluating new or improved databases or social networking, constituency management systems, or other hardware or software systems necessary for the foundation to meet the university's needs.

We reviewed independently audited financial statements of the foundation and the foundation's IRS 990 form, and found that the foundation is not disclosing the value of in-kind contributions as required by the Financial Accounting Standards Board. (See Finding 5.) With the likelihood that both state and private donation money is paying for in-kind services, and in accordance with accounting standards, the foundation should report these amounts for the particular benefit of taxpayers and donors.

Reconciliation Requires Both University and Foundation Records

We encountered problems reconciling amounts within and between the foundation's financial statements and its IRS 990 form, "Return of Organization Exempt From Income Tax."

The first issue is the salaries and benefits amounts the foundation paid to the university for leased employees. The salary and benefit amounts separated into Program Expenses and General and Administrative Expenses in the audited financial statements do not add up to totals listed in the notes to the very same financial statements. Additionally, the salary amount reported on the IRS 990 form matches the General and Administrative Expenses amount in the financial statements but does not include the amount categorized as Program Expense salaries and benefits. Without reviewing detailed records from both the university and the foundation, we could not be certain which amount is accurate.

The second issue relates to the foundation president's salary reported on IRS Form 990. This form lists the president's time as five hours per week and a salary of \$59,233, significantly lower than the university-published salary of \$298,700. The foundation controller was unable to explain the salary on the IRS form and contacted the independent CPA who completed the form. The CPA reported that the income reported on the form came directly from the president's W-2 form, a university-generated document. The independent auditor for the foundation must obtain information from the university to audit both the financial statements for the foundation and to file the required Form 990 with the IRS.

To determine whether the foundation could stand alone financially without direct or indirect university support, we attempted to calculate the net income or loss the foundation would have if it was independent. However, because of accounting issues such as those mentioned above and following with both the foundation and university, we were unable to

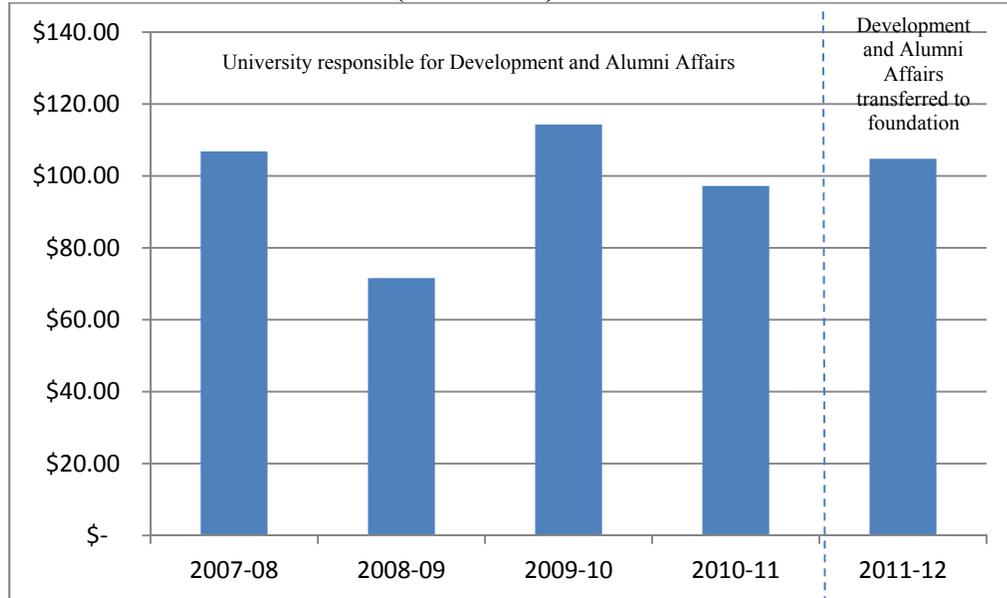
complete an accurate scenario. For example, the university was unable to provide exact cost amounts for payroll or ANDI services provided to the foundation, as well as any indirect/in-kind services. In turn, the foundation's own financial statements contain expenses that are actually attributable to the university rather than the foundation itself. With the overlapping nature of funds and the lack of transparency, we were unable to accurately provide a cost analysis of the foundation as a financially independent entity.

Conclusion and Recommendation

Because of the foundation's dependence on the university for financial and in-kind support, and because the foundation holds funds intended for the university, there is minimal separation between the university and the foundation other than the foundation's legal status as a 501(c)(3). Beyond this, the foundation's operations are so intermingled with the university that there is minimal separation between the two, especially as related to the reconciliation of records. In fact, without the university's in-kind contributions and direct monetary support, the foundation likely would be unable to support itself and maintain the current level of support to the university.

In the audited financial statement for fiscal year 2012, total revenues excluding the UT contract were \$56,620,536, and the foundation's change in net assets was \$21,919,171. In the audited financial statement for fiscal year 2013, total revenues excluding the UT contract were \$70,883,681, and the foundation's change in net assets was \$23,952,584. While the foundation has only had responsibility for Development and Alumni Affairs services for one full year, it appears the foundation may currently cost more to operate than it is raising for the university.

Chart 1
Total Gifts, Payments, and Pledges
(in millions)



Source: UT Strategic Plan Dashboard.

The university should determine the value of in-kind contributions to the foundation, including office space, utilities, equipment, human resources functions, etc., to determine their value for accounting purposes. (See Finding 5.) The university should consider if, over time, the administrative arrangement between the university and the foundation will be cost effective.

The foundation is currently without a president. Based on discussion with the university president and foundation board and staff, a search committee containing members from both the foundation board and the UT Board of Trustees will develop a list of attributes for the next foundation president beginning in January and hopes to conclude the search within the next calendar year. While no major organizational changes are planned, since the affiliation agreement has been in place for two years, this would be an appropriate time to reassess the university and foundation’s relationship and revise the affiliation agreement as needed.

The General Assembly may want to consider whether it is acceptable for any higher education foundations to receive state funds to supplement and/or maintain the operations of affiliated foundations.

RESULTS OF OTHER WORK

Internal Audits of Funding Formula Data

In the May 2012 performance audit, *Implementation of the Complete College Tennessee Act of 2010*, one of the audit recommendations was to have the University of Tennessee (UT) and the Tennessee Board of Regents (TBR) perform audits of the information submitted to the Tennessee Higher Education Commission (THEC) for insertion into the funding formula. Management's comments concurred with the recommendation.

UT's Office of Audit and Consulting Services performed an audit of the progression component of the funding formula data during Summer 2013, the report of which was issued September 6, 2013. The auditors compared the funding formula progression data reported to THEC with the student information in the Banner Student Information System to determine the data's integrity. They did not test the actual calculation of the funding formula, as that is the responsibility of THEC and UT's Office of Institutional Research and Assessment. The audit found

1. The end-of-term report submitted to THEC did not contain credit hours attempted and cumulative credit hours earned for undergraduate non-degree-seeking students for all three campuses. In addition, the report did not contain credit hours earned for the term at UT-Knoxville for these students. Campus registrars stated they were unaware that this information was to be reported for non-degree-seeking students.
2. Student progression may go unrecognized or be counted twice, most often for those near a progression threshold, for students with incomplete course grades or repeated courses. THEC has acknowledged the issue and stated that additional fields in the data file for the funding formula may be needed to address this. However, before requiring such a change, THEC wants UT and TBR to ascertain the magnitude of the problem. If the issue affects only a handful, THEC has indicated a reluctance to change the data file, as it would cost more to implement than the funding formula would generate.

According to Audit and Consulting Services, the audit will be performed on an annual basis and will be expanded each year to add a new component until the audit program evaluates all data in the formula every year. This initial audit of progression data in the funding formula does not appear to have any audit issues. (See also the finding in the January 2014 Sunset performance audit of the Tennessee Board of Regents.)

Reverse Articulation Status Update

In April 2012, Governor Haslam signed HB 2827, which “authorized and encouraged” the Tennessee Board of Regents (TBR) community colleges to enter into reverse transfer agreements with the state’s four-year institutions (public and private) that are accredited by the Southern Association of Colleges and Schools (SACS). The TBR and University of Tennessee (UT) four-year institutions were also “authorized and encouraged” to enter into reverse transfer agreements with the TBR community colleges.

In July 2012, a taskforce convened to begin the process for reverse transfer. Members of the taskforce included representatives from the Tennessee Higher Education Commission (THEC), TBR, the Tennessee Independent Colleges and Universities Association (TICUA), and UT systems. Subcommittees representative of all higher education systems and THEC were formed in the fall of 2012 (policy/procedures, costs, marketing, research design, and information technology) and the program manager, Kingsport Center for Higher Education, within the UT Office of Academic Affairs and Student Success, was enlisted to coordinate the project. In late November 2012, the subcommittees met and began working on their respective charges.

The taskforce defined reverse transfer as “a credit review of students who transfer from a community college to a four-year institution prior to receipt of the associate’s degree to determine if and when the students complete the associate’s degree requirements and, if so, to award them an associate’s degree.” While the remaining courses required for the associate’s degree are completed at a Tennessee four-year institution, it is the responsibility of the associate’s degree-granting institution to verify degree completion and to award the two-year degree.

Policy/Procedures

The policy/procedures subcommittee immediately began its work by developing a list of questions to drive their work and by researching existing reverse transfer programs in other states. In mid-April 2013, the policy/procedures subcommittee submitted its set of recommendations to the full taskforce for affirmation. Discussion included the suggestion that the four-year institutions needed some recognition via the funding formula for assisting the early transfer student to meet associate’s degree requirements. The associate executive director of Policy, Planning, and Research, THEC, suggested he and his staff could revisit the formula and perhaps graduation points could be prorated so the four-year institutions receive formula recognition. As of August 7, that concern has not been resolved. The taskforce affirmed the recommendations and presented them to the Articulation and Transfer Council on May 29, 2013. The council revised and approved the recommendations on May 29, 2013.

Technology/Funding

While the UT and TBR institutions all use the Banner system for student records and registration management, the independent colleges use a variety of different systems, further complicating the development and implementation process. Additionally, given the number of community colleges and four-year institutions involved in reverse transfer, it was clear to the

committee that Tennessee needed a fully automated system for the efficient, secure, and effective transmission and assessment of student transcripts. Technology requires funding. To address this need, the General Assembly included \$300,000 in the 2013-2014 budget for THEC to implement reverse transfer.

To develop a request for software proposals, representatives from THEC, TBR, UT, and TICUA participated in the selection of a product. In late July 2013, THEC staff suggested the taskforce not rule out the development of software developed “in-house” if that is more cost effective. Several other states (e.g., Hawaii, Ohio, Arkansas) have developed, or are in the process of developing, their own software. UT offered to explore the development and cost of an in-house system and, as of August 7, 2013, the program manager, Kingsport Center for Higher Education, UT Office of Academic Affairs and Student Success, had communicated with three software companies to bring together information technology personnel from both the companies and the UT and TBR systems. The companies understand the systems’ needs and will be able to provide a rough cost estimate for a fully automated process. That information will be compared to the estimate for an in-house system to determine whether to use a request for proposal or an in-house system.

Information Systems Reliability – Funding Formula Data Elements

State Audit Information Systems auditors conducted a review of the control environment and information technology infrastructure of the Student Module in the Banner system to determine whether there were adequate controls over UT-submitted funding formula data required by the Complete College Tennessee Act to ensure reliability. Based on inquiry, observation, testwork performed, and discussion with university management, it appears information system controls and procedures at the university are in place and are effective.

SPECIAL SECTION ON CAMPUS SAFETY

- 6. The background checks for housing staff applicants conducted by the University of Tennessee’s campuses are not based on fingerprint submissions, and procedures for obtaining fingerprints are not consistent with statute; the General Assembly may wish to consider amending the statute to clarify the type of background check and fingerprint procedures the universities should take**

Finding

Section 49-7-149, *Tennessee Code Annotated*, effective July 1, 2011, requires anyone applying for a job at housing facilities owned or operated by a public university and who will have access to student rooms or apartments (including resident assistants), prior to being hired, to supply a fingerprint sample and submit to a criminal history records check “to be conducted by the Tennessee Bureau of Investigation (TBI) and the Federal Bureau of Investigation (FBI) or other vendor contracted for the same purposes.” The statute also prohibits anyone on a sex offender registry from being employed at public higher education institutions in a position where the person has access to students’ rooms and apartments. Statute is not clear as to whether the legislature intended a TBI background check or a vendor name-based background check. The background checks conducted by the UT campuses may not provide the level of information that could be obtained with a TBI/FBI check and universities are obtaining thumbprints from applicants, not fingerprints as statute requires. (See a similar finding in the January 2014 Sunset performance audit of the Tennessee Board of Regents.)

Compliance with Section 49-7-149, *Tennessee Code Annotated*

In November 2011, the University of Tennessee’s (UT) Office of General Counsel sent a memorandum addressed to university housing directors and Human Resources officers to notify them of the statutory requirements. The memo says that the UT system and the Board of Regents held discussions and determined that a vendor (TrueScreen) would perform a name-based background check rather than a fingerprint-based check through the Tennessee Bureau of Investigation. According to the Office of General Counsel, they concluded that the vendor’s name-based criminal history background check provides the same results as a TBI fingerprint-based search because the vendor used other identifying factors such as social security number and prior addresses. Also, the UT system believed the vendor delivered background results quicker than one from the TBI, and the UT system used the vendor for background checks in other departments.

The General Counsel’s memo to the campuses included a form to be signed by applicants permitting the vendor to perform a background check and release the results to the institution. The form, used by all three campuses (Chattanooga, Knoxville, and Martin), includes a place for the applicant to provide thumbprints. The university pays the cost of the background check for applicants hired. UT-Chattanooga requires applicants to submit both thumbprints, while UT-Knoxville and UT-Martin only require applicants to submit one thumbprint. The forms with the

thumbprints are held in the Human Resources offices at the campuses; the thumbprints are not submitted for a background check. However, the statute specifies that fingerprints, not thumbprints, are to be obtained and used for a criminal history background check. According to the TBI, the TBI uses fingerprints for background checks, not thumbprints.

The vendor, TrueScreen, performs background checks (including searching the national sex offender registry) based on name, addresses, and social security number, and provides results of the checks to the Human Resources offices at the campuses. Because the vendor background checks are not fingerprint-based, the background checks may not provide the UT campuses the level of information that could be obtained with a TBI/FBI check. According to a TBI fingerprint specialist, fingerprints are a unique identifier and cannot be altered, unlike name and social security number.

The schools do not currently conduct post-hire background checks on employees to determine continued compliance with statute. However, the UT campuses are drafting a policy, referred to as “Minors on Campus,” that would require all employees whose primary duties involve working in a residential facility to be subject to background checks at least once every four years. That policy is currently scheduled to take effect on January 1, 2014.

Each campus’s Office of University Housing follows hiring procedures that allow ample time to hire adequate staff. Applicants are not automatically disqualified from employment based on the results of a background check (with the exception of anyone who is on the sex offender registry). Individualized determinations are made based on (1) the nature of the criminal offense, (2) the time that has elapsed since the person’s most recent criminal activity, and (3) the nature of the position.

The three campuses (Chattanooga, Knoxville, and Martin) began taking thumbprints in fall 2011. Of 287 housing applicants, Chattanooga deemed one ineligible for hire because of the background check results. Of 792 applicants, Knoxville deemed 44 ineligible for hire. Martin deemed one out of 178 applicants ineligible for hire.

Review of Documentation

To determine compliance with statute, we obtained a list of all 203 UT housing personnel (Knoxville 113, Chattanooga 45, and Martin 45) with access to student rooms or apartments hired between January 1, 2013, and May 31, 2013. We selected the number of files to review from each campus in proportion to the number of hires at each campus (Knoxville 56%, Chattanooga and Martin 22% each). Thus, our random sample of 25 was divided 13 from Knoxville and 6 each from Chattanooga and Martin. For each hire chosen, we reviewed background check and fingerprint documentation on file at each campus. The results of our sample cannot be projected to the general population of hired housing employees. We found that there is some confusion about the requirements. For example, one university did not fingerprint two full-time (non-student) housing employees because staff thought that the statute did not apply to full-time housing employees. (See Table 1.)

Table 1
Housing Employees Print and Background Check Testwork Results
September 2013

	UT-Chattanooga		UT-Knoxville		UT-Martin	
	Reviewed	Results	Reviewed	Results	Reviewed	Results
Criminal History Check Completed Prior to Hire Date	6	6	13	13	6	5 (3)
Applicant Determined Eligible	6	6	13	13	6	5 (3)
Prints Taken Prior to Hire Date	6	4 (1)	13	12 (2)	6	5 (3)

(1) According to the director of Human Resources, two full-time housing employees were not printed prior to hire. Although all housing employees, who were also students, were fingerprinted, full-time employees were not. According to the director, the school has since fingerprinted these full-time employees.

(2) Prints were not taken for a full-time housing employee. According to the recruitment team leader in Human Resources, this employee does not have access to student rooms; however, in the future they plan to collect print samples from all employees in housing.

(3) According to the Human Resources specialist, one of the housing employees in the sample does not have access to residents' rooms.

The UT Health Science Center does not have on-campus housing and, therefore, does not use student housing employees. However, the UT Space Institute has one campus dorm with a resident assistant (RA), who is compensated by means of a single-occupancy room. The RA's duties include being "issued a control key which does provide them access to the other dorm rooms." The campus Human Resources department said that "since the RA is not receiving compensation/on the payroll, a background check is not conducted by Human Resources." However, according to Section 49-7-149, *Tennessee Code Annotated*, all applicants for positions "who shall have access to student rooms or apartments" are required to provide a fingerprint sample and submit to a criminal background check.

Recommendation

UT's Office of General Counsel should work with housing staff at each campus to ensure the correct interpretation and application of the requirements of Section 49-7-149, *Tennessee Code Annotated*. Procedures and forms should be standardized to ensure compliance and aid in implementing the statutes. UT's Office of General Counsel should consult with the TBI to determine if the background checks the vendor conducts are providing the level of information needed to determine if applicants should be hired.

The General Assembly may wish to consider statutory changes to clarify its expectations for the type of background check the universities should conduct—a TBI background check or a vendor name-based background check. The General Assembly may wish to consider statutory changes to clarify whether fingerprints or thumbprints should be collected, and the use of the fingerprints obtained from applicants (i.e., whether the General Assembly intended for universities to simply take the fingerprints and file them and not use them for the background check).

Management's Comment

Management concurs with this finding, subject to Management's understanding that the finding means the University's implementation of Section 49-7-149, *Tennessee Code Annotated*, is consistent with the statute except that University campuses have been collecting a thumbprint sample instead of a full fingerprint sample. Management will instruct University of Tennessee campuses to begin obtaining a full fingerprint sample. This will be completed by February 28, 2014.

With respect to the recommendation that the General Assembly may want to consider statutory changes to clarify its expectations about the type of background check universities should conduct, Management offers the following comments.

At the time the statute was enacted, the University of Tennessee was already conducting criminal background checks on most prospective hires under a contract with TrueScreen, a vendor of criminal background check services. UT and the Tennessee Board of Regents were under the same contract with TrueScreen, and both were satisfied with the comprehensiveness, accuracy, and expediency of TrueScreen's services. TrueScreen verifies the person's identity by triangulating the name, social security number, and date of birth. If one of those factors does not match, TrueScreen notifies UT so a determination can be made as to whether the discrepancy is due to an honest mistake or a deliberate falsification. The typical TrueScreen report provides (a) whether the person is included on any state's sex offender registry; (2) any criminal information in the last seven years in the person's county of residence; (3) any information in the federal criminal system's database; (4) any information in the national criminal database; (5) any information from the state's motor vehicle records; and (6) any information in the professional license sanctions database. The information concerning whether the person is included on any state's sex offender registry is the only basis under Section 49-7-149, *Tennessee Code Annotated* for denying employment to a housing staff applicant.

Before the effective date of the statute, UT held discussions with TBR about the difficulties of complying with the statute through a TBI/FBI criminal history records check. In the course of those discussions, UT learned that the sponsors of the legislation filed an amendment to the original bill, at the request of TBR, expressly for the purpose of allowing a contracted vendor, rather than the TBI and FBI, to conduct the required criminal history records check. Because a criminal history records check based on a fingerprint sample cannot be conducted by a contracted vendor, the University concluded that the statute does not require that the criminal history records check be based on a fingerprint sample.

With respect to the other recommendations, Management will reiterate to the campuses their obligations under Section 49-7-149, *Tennessee Code Annotated*. Management will also work with the campuses to develop standard procedures and forms to be used in implementing the statute. Management will ensure UT Space Institute officials understand that the statute applies to the resident assistant position even though the position receives in-kind compensation rather than a salary. Management will consult with TBI concerning the effectiveness of the TrueScreen criminal history records check. These steps will be completed by July 2014.

Observation and Comment

The University of Tennessee system has taken steps to prepare for and mitigate emergencies on its campuses

The University of Tennessee (UT) system's universities must plan for a wide range of hazards, including severe weather, health-related emergencies, and campus crime. These emergency planning steps include adopting a safety policy for the campuses to use in developing emergency management plans and employing an emergency services coordinator (ESC), who is responsible for periodic reviews of plans and coordination with state emergency management officials. However, we identified weaknesses that should be corrected. According to the ESC, the required review of emergency management plans is cursory, and the UT Space Institute's emergency plan needs improvement. Additionally, the UT Health Science Center noted that the results from emergency tests and drills have not been used to amend its emergency plan. (See a similar report of work done in the January 2014 Sunset performance audit of the Tennessee Board of Regents.)

Emergency Management Planning

Policy and Emergency Services Coordinator

The UT system's emergency management policy (revision 4 dated May 24, 2011) is a guideline that assists campuses in establishing procedures to monitor emergency preparedness and respond to emergencies. Each campus is required to develop a comprehensive emergency management plan and designate a person to ensure emergency management responsibilities are fulfilled. The policy requires plans to have specific components, including hazard identification and priority; mutual aid agreements; accountability procedures during emergencies; the location of and access instructions for blueprints of all campus facilities; detailed evacuation and shelter-in-place plans; and a pandemic plan.

The policy states that campuses will annually update their plans and submit them for review to the UT emergency services coordinator (ESC). The executive director of Environmental Health and Safety serves as the primary ESC and reports to the vice president of Human Resources and the vice chancellor for Finance and Administration. The primary ESC reviews campus emergency management plans annually, acts as the university's liaison with the Tennessee Emergency Management Agency (TEMA), and provides guidance for campus officials to meet federal and state requirements for emergency planning. ESC duties are shared

with the alternate ESC, the director of Emergency Management, who attends meetings and training and acts as a liaison with TEMA in conjunction with the primary ESC. According to the alternate ESC, UT is considering adding an additional person for emergency management responsibilities who will likely assume campus oversight responsibilities.

2008 TEMA Review of Plans

In 2008, TEMA conducted an assessment of the emergency management plans for the Knoxville, Chattanooga, Martin, Space Institute, and Health Science Center campuses at the request of UT's Audit and Consulting Services. TEMA cited these weaknesses in the plans:

- no building blueprints in the plans (all campuses);
- no campus-wide accountability method for students and staff during an emergency (all campuses);
- no description of the relationship between campus and state or local authorities (UT-Knoxville and UT Space Institute); and
- no timetable to review, update, or test the plan (UT-Knoxville and UT-Chattanooga).

TEMA staff said they performed the assessment as a “courtesy” to the UT system because TEMA is not statutorily responsible for emergency management or for plan preparation for university or college campuses. The review used criteria from the U.S. Department of Homeland Security's National Incident Management System (NIMS) framework. NIMS provides a systematic guide to help “prevent, protect against, respond to, recover from, and mitigate the effects of incidents.” In the assessment, TEMA suggested that one plan be prepared to include all campuses in the system. The UT ESC disagreed and said each campus should have its own plan tailored to its location and needs. As a result of the assessment, the UT ESC drafted the emergency management policy and a checklist of NIMS requirements for use by campuses in preparing their plans.

Collaboration with the Tennessee Board of Regents

Emergency planning staff from both the UT system and the Tennessee Board of Regents (TBR) met in November 2012 and April 2013 to discuss collaborating on emergency planning and establishing peer review programs among their institutions. The meetings included discussions of training exercises, emergency planning training classes, and software available for mapping and managing resources during emergencies. In April 2013, UT and TBR signed a *Memorandum of Understanding* and agreed to identify and share resources between campuses in the event of a natural or manmade disaster.

Emergency Management Plans and Tests

Each university's emergency management plan identifies potential hazards and planned responses for incidents involving weather, the need for evacuation, and training. We evaluated

the universities' emergency management plans as of September 2013 using selected criteria in resources available for emergency management planning, including NIMS. (See Appendix 2 for a list of emergency planning resources available for institutions to utilize.) The plans for UT-Chattanooga, UT Health Science Center, UT-Knoxville, and UT-Martin contained all the recommended criteria. UT Space Institute's plan contained many of the criteria but lacked information in the areas listed below that are marked with an asterisk. The recommended criteria include

- declaring an emergency and activating the emergency plan;*
- having an emergency operations center;*
- designating a command post;*
- creating an emergency response team;*
- addressing communications needs;*
- having evacuation procedures;
- providing emergency response plan training;
- having tornado procedures;
- having fire procedures;
- having hazardous materials procedures; and
- having earthquake procedures.*

The primary emergency services coordinator (ESC) explained that the UT Space Institute lacking the above selected criteria is an “admitted deficiency” in their program. According to the ESC, a conversation earlier this year with the emergency management contact at the Space Institute indicated that “one of his goals for the year was to re-write the safety manual, including a major overhaul of emergency management procedures.”

According to the UT system emergency management policy, “The UT ESC is responsible for overseeing review of campus emergency management plans. Campuses will update their plans and submit them for review annually by June 15.” The primary ESC acknowledged that he had typically performed only a cursory review of the emergency plans submitted to him from the campuses' emergency managers.

According to the primary ESC and each campus' emergency management staff, the institutions participate in emergency management exercises and drills. Emergency management exercises provide institutions with an important tool for assessing their level of preparedness and determining areas for improvement. NIMS standards recommend that conducting emergency management exercises improves the ability of responders to work together and to optimize the use of resources during an actual emergency. The federal Clery Act requires institutions to conduct at least one yearly drill designed to assess and evaluate emergency response and evacuation procedures. The three types of drills are discussed below.

Table 2
Types of Emergency Exercises

Tabletop exercises	Discussions about a scenario and how the campus will prepare for, respond to, or recover from an emergency. Participants (faculty, staff, campus administrators, and emergency planners) discuss potential challenges and identify solutions.
Functional exercises	Similar to drills. Participants react to simulated events (e.g., a bomb in a residence hall or an intruder with a gun in a classroom). Command staff actions are real, but movement of response personnel and equipment is simulated.
Full-scale exercises	The most time-consuming exercise. All resources are deployed. Tests collaboration among participants with actual implementation and execution during a simulated scenario. This includes the actual mobilization of resources, response personnel, and command staff.

Source: U.S. Department of Education, *Action Guide for Emergency Management at Institutions of Higher Education*, 2010.

Below is a table containing responses from the UT campuses regarding the emergency plan tests performed from July 1, 2012, through May 31, 2013. These exercises included exercises such as tabletop training involving active shooters, severe weather drills, and full-scale exercises of the campus.

**University of Tennessee Emergency Plan Tests
July 1, 2012 through May 31, 2013**

Campus	UTC	UTHSC	UTK	UTM	UTSI
	<p>October 2012 & May 2013 - semi-annual training/testing session, full-scale operational exercise.</p>	<p>Fire evacuation drills are conducted in accordance with the required fire code. The facility housing the day-care is drilled monthly. 11/1/12 tabletop exercise in conjunction with Shelby County regional hospital. Disaster drill to simulate an EF-5 tornado passing through.</p>	<p>7/10/12-7/13/12 tabletop exercise FEMA/NCS4 course. 12/13/12 simulated radiation search scenario in Neyland Stadium. 1/17/13 tabletop exercise simulating a natural gas leak in the area of Neyland Stadium. 1/23/13 FEMA tornado tabletop exercise. 2/7/13 tabletop exercise to test activation and operation of Strategic National Stockpile warehouse. 2/21/13 Neyland Stadium severe weather discussion. 4/24/13-4/25/13 campus emergency prevention, response, and recovery training. 5/7/13 voluntary new ERT members EOC familiarization. 5/13/13 limited scope full-scale exercise.</p>	<p>“On alternating years we will hold a hands-on drill or a table-top exercise.” 10/20/12 active shooter training involving tabletop exercises. Tabletop exercise involving a direct hit by a tornado planned for late 2013. “Building emergency response exercises (drills) are also held, especially in the residence halls and the academic buildings.”</p>	<p>To date, tests for emergency plans have been sporadic, and none have been full scale. The last exercise conducted was a tabletop on 4/25/12 describing a scenario in which a tornado struck the student dorm.</p>

University of Tennessee
2012 Incidents That Required the Emergency Preparedness Plan to be Implemented

Campus	UTC	UTHSC	UTK	UTM	UTSI
	Feb 2012 campus-wide power outage. Mar 2012 campus-wide power outage. Apr 2012 Engineering, Mathematics and Computer Science Bldg. fire, building evacuated. Sept 2012 campus-wide power outage. July 2012 lots closed, flooding. Oct 2012 bomb threat, multiple buildings. Nov 2012 bomb threat, multiple buildings. Dec 2012 bomb threat, multiple buildings. Dec 2012 bomb threat, multiple buildings.	None	1/17/2012 Inclement weather: winter storm. 1/18/2012 Inclement weather: winter storm. 1/25/2012 Inclement weather: winter storm. 2/15/2012 unscheduled power outage (SW of main campus). 3/2/2012 tornado warnings impacting campus.	None	None

The UT system has taken steps to prepare for and mitigate emergencies on their campuses. These steps include (1) employing a primary and alternate ESC responsible for periodic reviews of plans and coordination with emergency management officials, (2) conducting emergency exercises, and (3) using the results from the exercises to modify plans. However, we identified the following weaknesses:

- the primary emergency services coordinator of the UT system said that his annual review of the emergency plans is a cursory review;
- the primary emergency services coordinator of the UT system said that the Space Institute's emergency plan needed improvement; and
- the biological safety officer of the UT Health Science Center noted that the results from emergency tests and drills have not been used to amend the emergency plan and that they intend to address this issue in the future.

We recommend that the primary and secondary ESCs address these weaknesses and take corrective action.

Results of Other Audit Work

Federal Law Requires Timely Safety Warnings to Campus Communities

Safety of each campus community is a concern for employees, students, and parents of students. Postsecondary educational institutions that participate in federal student aid programs are required by the federal Jeanne Clery Disclosure of Campus Security Policy and Campus Crime Statistics Act of 1990 (Clery Act) to create an annual security report disclosing certain campus crime statistics, campus security policies about timely emergency warnings, policies on reporting crime, and fire safety information. Each institution must distribute its annual security report and a fire safety report by October 1 of each year to all enrolled students and current employees. An institution can fulfill this requirement by posting a copy of the annual security report to its website, then notifying enrolled students and current employees using email or direct mail. In 2008, amendments to the Higher Education Opportunity Act amended the Clery Act to require each institution to notify prospective students and applicants for employment about its annual security report and to provide it upon request. The report must contain statistics for the most recent and the two preceding calendar years. (See a similar report of work done in the January 2014 Sunset performance audit of the Tennessee Board of Regents.)

The Clery Act is complex and requires schools to dedicate many hours to capture data and report the necessary information. Because our review focused on campus safety, we requested information from campus security authorities and knowledgeable staff on methods used to transmit warnings and on the physical security features at each campus. The universities have more than one system available for emergency notification. Notification methods include email, website postings, and text messaging. (See Table 3.)

Table 3
University of Tennessee Campuses
Methods Used to Transmit Safety Warnings and Safety Information to Campus Community
September 2013

Method Description	Campus				
	Chattanooga	Health Science Center	Knoxville	Martin	Space Institute
Email – Send emails to registered students, campus community members, and other interested parties.	✓	✓	✓	✓	✓
Website – Post emergency notifications on institution’s website.	(1)	✓	✓	✓	✓
Text Messaging – Send text messages containing emergency information to a list of registered cell phones.	✓	✓	✓	✓	✓
Fire Panel Boxes – Announce messages through the fire alarm located in each building.	✓	(4)	✓	✓	
Radios – Officials communicate to incident response personnel through provided radio equipment.	✓	✓		✓	✓
Public Address System – Communicate information through loudspeakers located around campus.	(2)	(2)	✓	✓	✓
Sirens – Use sirens throughout campus to signal a threat or emergency.	(3)	(3)		✓	
Flat Panel Monitors – Communicate safety-related information through television screens located on campus.		✓	(5)		✓
Reverse 911 – Send emergency notifications by calling local phone lines in a specific geographic location.				✓	
Broadcast message to instant messaging accounts – Send safety messages to registered users of instant messaging accounts.					✓
Broadcast message to social network accounts – Send messages to registered users of a social network site.	✓	✓	✓	✓	
Other – Other methods used to communicate safety messages to the campus community.	✓	✓	✓		

- (1) UT-Chattanooga responded that after transitioning to a new website on August 1, 2013, plans are being made for changes in handling emergency alerting, including the ability to add RSS feeds for emergency purposes.
- (2) The campus is not equipped with a fixed public address system; however, all campus police vehicles have the ability to issue a public address.
- (3) The campus is located within hearing proximity of a siren system for weather alerts.
- (4) While all university property is equipped with fire alarm systems, they are not all able to transmit voice notifications.
- (5) Flat panel monitors are used within buildings but are not centrally controlled for emergency alerts.

For physical security, all campuses have card access doors, fire alarms, safety escort services, and security cameras. Also, all campuses except the Space Institute have emergency

call boxes, sprinkler systems, and timed door locks. (Physical security features may not be present in every campus building.)

Clery Act Reviews

The U.S. Department of Education conducts reviews to evaluate an institution's compliance with Clery Act requirements. The review can be part of a general program review of the institution's federal student aid programs or focused strictly on campus security. It may be an on- or off-site examination. Following completion of the review, the reviewer issues a report that describes compliance concerns and provides the institution the opportunity to respond. After careful review of the response, the department decides whether a fine is appropriate and the amount of that fine. The department can issue civil fines of up to \$27,500 per violation for a substantial misrepresentation of the number, location, or nature of the crimes required to be reported or for a violation of any other provision of the regulations. All University of Tennessee (UT) institutions reported that they had not had any Clery Act fines or reviews. According to the associate director of UT's Office of Audit and Consulting Services, although the office has not performed any reviews specifically on the Clery Act, the office has completed audits for Martin and Chattanooga that included some Clery Act reporting compliance aspects, but Clery Act compliance was not the main focus. The associate director stated that in the future, the department would consider a Clery review "if it were to rank highly in our annual risk assessment."

UT-Knoxville Police Department Accreditation

In August 2009, UT-Knoxville's campus police department was accredited by the Commission on Accreditation for Law Enforcement Agencies (CALEA), a credentialing organization for improving public safety services. In May 2012, the department was re-accredited for another three years per CALEA accreditation award cycle. According to the campus police department staff, it is the only public university police department in Tennessee accredited by CALEA.

Tennessee's College and University Security Information Act

The College and University Security Information Act, Section 49-7-2201, *Tennessee Code Annotated*, requires each higher education institution to annually report to the Tennessee Bureau of Investigation (TBI) statistics for crimes occurring on campus and in student housing. TBI publishes the statistics in an annual report titled *Crime on Campus* by April 30. The report is provided to the Governor and to the State and Local Government and Education Committees of the House of Representatives and the Senate.

Crimes are categorized based on the Tennessee Incident Based Reporting System classifications. The report includes crime rates and crime statistics for the most recent three-year period. Crime rates are based on the number of full-time equivalent undergraduate and graduate students and full-time equivalent employees at the institution. The statistics reported include data for crimes against students in the county where the school is located and are obtained from state, county, and municipal law enforcement agencies.

Similar to federal Clery Act reporting, Tennessee statute requires the institution to provide the report, upon request, to current and prospective students and employees, and to post public notices that the information is available and how to obtain it. The most recent information on UT campuses is included in Appendix 3.

RECOMMENDATIONS

LEGISLATIVE

This performance audit identified areas in which the General Assembly may wish to consider statutory changes to improve the efficiency and effectiveness of the University of Tennessee and its Board of Trustees' operations.

1. The General Assembly may wish to consider whether transfer pathways should be created for all majors currently offered in Tennessee public higher education institutions, as currently required by Section 49-7-202, *Tennessee Code Annotated*, or whether it wishes to revise this section to allow a narrow exception for majors in those fields that, by their nature, cannot easily or feasibly have transfer pathways developed.
2. The General Assembly may wish to consider amending Section 49-7-202(g), *Tennessee Code Annotated*, to take into consideration
 - a. that there may be differences between universities/campuses operating under open versus competitive admissions systems that make dual admission agreements with all community colleges impractical, and
 - b. the practical logistics of travel and access for students dually admitted to schools in different regions of the state that might make a regional requirement for dual admissions agreements with community colleges more practical than requiring agreements with all 13 community colleges spread across the state.
3. The General Assembly may want to consider whether it is acceptable for any higher education foundations to receive state funds to supplement and/or maintain the operations of affiliated foundations.
4. The General Assembly may wish to consider statutory changes to clarify its expectations for the type of background check the universities should conduct—a TBI background check or a vendor name-based background check. The General Assembly may wish to consider statutory changes to clarify whether fingerprints or thumbprints should be collected, and the use of the fingerprints obtained from applicants (i.e., whether the General Assembly intended for universities to simply take the fingerprints and file them and not use them for the background check).

ADMINISTRATIVE

The University of Tennessee (UT) and its Board of Trustees should address the following areas to improve the efficiency and effectiveness of its operations:

1. Regardless of the General Assembly's decision, the UT Board of Trustees, along with the Tennessee Board of Regents and the Tennessee Higher Education Commission, should ensure that all transfer pathways required by the Complete College Tennessee Act of 2010 are developed as soon as possible, given that they were required by fall 2011.
2. The UT Board of Trustees, in cooperation with the Tennessee Board of Regents, should make efforts to resolve the issue of multiple transfer pathways for the field of economics, without compromising the quality of the bachelor's degree in this field.
3. The UT system should develop a standard procedure for capturing and entering college course transfer information. The lack of uniformity and consistency prevents a system-wide analysis of students; their classes and grades; and the transferability of classes between Tennessee universities and community colleges. The UT system should consider recording in Banner in a systematic, uniform manner all transfer courses and their accompanying data presented by students from both accredited and non-accredited institutions (as UT-Chattanooga already seems to be doing). This will allow system-wide tracking, documentation, and study of the transfer of classes, their acceptance or rejection (and if rejected, a reason for such), and appeals resolution or other problems that occur in the transfer process.
4. The university administration should continue its efforts to arrange agreements between its Martin and Chattanooga campuses and Tennessee's community colleges. If the administration finds the statutory requirements impractical or impossible in certain circumstances, they should pursue changes to the legislation.
5. The UT Board of Trustees should ensure that all its institutions and campuses give sufficient prominence to the Tennessee Transfer Pathways information on their home websites. Transfer pathway information on these websites should include easily accessible, brief, and clear descriptions of the pathways' advantages and disadvantages. Both university systems should make it clear on the Tennessee Transfer Pathways website the advantages and disadvantages of Associate of Arts and Associate of Science degrees and how those degrees relate to the university and major the students are pursuing.
6. The university treasurer and chief financial officer, the Board of Trustees, and the foundation should provide the value of services and equipment contributed to the foundation, and the foundation should comply with financial standards and properly report this amount.

7. UT management should develop distance education policies and procedures that require individualized proctoring of exams and/or utilize technology that allows webcam monitoring to verify a student's identity and monitors the student during the examination.
8. The Governor and the UT Board of Trustees should work together to comply with statutory intent and increase female representation on the board in order to fairly and accurately represent those that it serves.
9. The university should analyze the costs of in-kind contributions to the foundation, including office space, utilities, equipment, human resources functions, etc., to determine their value for accounting purposes. The university should consider if, over time, the administrative arrangement between the university and the foundation will be cost effective.
10. While the university and foundation search for the next foundation president, this would be an appropriate time to reassess the university and foundation's relationship and revise the affiliation agreement as needed.
11. UT's Office of General Counsel should work with housing staff at the campuses to ensure the correct interpretation and application of the requirements of Section 49-7-149, *Tennessee Code Annotated*. Procedures and forms should be standardized to ensure compliance and to aid in implementing the statutes.
12. University management and the emergency services coordinator (ESC) should ensure that the ESC's required review of emergency management plans is more than cursory and that the UT Space Institute's emergency plan is improved. Additionally, management of the UT Health Science Center and the ESC should ensure that the results from emergency tests and drills are used to amend their emergency plan.

Appendix 1
Addendum to the University of Tennessee Response to Finding 1
Associate of Science in Teaching Degree (A.S.T)
Pre-K – 3 Curriculum

<u>General Education Requirements</u>		Hours	
Communication	ENGL 1010 English Composition I	3	
	ENGL 2020 English Composition II	3	
	Approved Speech Course	3	
Humanities	Approved Literature Course	3	
	Approved Art Appreciation or Music Appreciation Course	3	
	Approved Humanities Course	3	
History	Two Approved History Courses	6	
Social/Behavioral Science	Approved World Regional Geography Course	3	
	Approved Social/Behavioral Science Course	3	
Natural/Physical Sciences	Approved Biological/Life Science Course	4	
	Approved Physical/Earth Science Course	4	
Mathematics	Approved Math Course*	3	
General Education Total		41	
 <u>Area of Emphasis</u>			
ECED 1310	Introduction to Education	3	
	Introduction to Early Childhood Education	3	
	ECED 2320	Infant, Toddler, Child Development	3
	ECED 2340	Family Dynamics and Community Involvement	3
		Introduction to Special Education	
	or		
MATH 1410	Development of Exceptional Children**	3	
	Math for Elementary Education 1	3	
Additional Course	Development Psychology, Educational Psychology, Life Span or Human Growth and Development	3	
Area of Emphasis Total		21	
Early Childhood (Pre K-3) A.S.T. Total		62	

*For transfer to APSU, ETSU, UM, UTC and UTK, Math 1530 is required.

**University of Memphis does not have Development of Exceptional Children in its Pre-K–3 Curriculum, and students transferring to University of Memphis will have to take one other course after transfer.

Additional Degree Requirements

1. Students earning an AST degree must meet the following:

- attainment of 2.75 cumulative grade point average,
- successful completion of approved standardized examination for admission to university Colleges of Education, and
- satisfactory ratings on an index of suitability for the teaching profession.

2. Students transferring to a UT or TBR university *may* need to meet additional requirements to gain admittance to the university's early childhood program. Transferring students should check with the university for specific program requirements.

Appendix 2

Emergency Planning Resources Available for Use

U.S. Department of Homeland Security offers the National Incident Management System (NIMS) Training Program. Developed from a Homeland Security Presidential Directive 5, “Management of Domestic Incidents,” which directed the Secretary of Homeland Security to develop and administer a National Incident Management System, it provides a consistent nationwide template to enable federal, state, tribal, and local governments; nongovernmental organizations; and the private sector to work together to prevent, respond to, recover from, and mitigate the effects of incidents, regardless of cause, size, location, or complexity. NIMS is not a response or communications plan, however, and it is only applicable to certain emergency management and incident response personnel. It is composed of five major components: preparedness, communications and information management, resource management, command and management, and ongoing management and maintenance.

National Campus Safety and Security Project is a joint endeavor between the National Association of College and University Business Officers (NACUBO) and a consortium of leading professional organizations committed to campus safety and security. The goal is to document the current state of college and university emergency preparedness to inform the higher education community about the scope of campus safety and security. The project is intended to set a baseline picture of the state of campus security with the expectation that by detailing and conveying the information, colleges and universities will continue to improve their emergency preparedness.

U.S. Department of Education Action Guide for Emergency Management at Institutions of Higher Education was developed to give higher education institutions a useful resource in the field of emergency management. It is intended for community colleges, four-year colleges and universities, graduate schools, and research institutions associated with higher education entities, both public and private. It can be used as a starting point in researching the topic of emergency management; as a resource for an initiative to develop and implement an emergency management plan at a higher education institution; or as a reference and resource for colleges and universities looking to evaluate their emergency management programs to identify potential areas needing enhancement.

Federal Emergency Management Agency (FEMA) Guide to Building a Disaster-Resistant University is a “how-to” guide that complements the FEMA State and Local Mitigation Planning how-to guides that provide guidance for creating and implementing a hazard mitigation planning process. The guide provides basic information designed for institutions just getting started, as well as concrete ideas, suggestions, and practical experiences for institutions that have already begun taking steps to becoming more disaster resistant.

Federal Emergency Management Agency (FEMA) Comprehensive Preparedness Guide 101: Developing and Maintaining Emergency Operations Plans, Version 2.0 provides guidance for developing emergency operations plans and promotes a common understanding of the fundamentals of risk-informed planning and decision making to help planners examine

a hazard or threat and produce integrated, coordinated, and synchronized plans. The goal of the guide is to assist in making the planning process routine across all phases of emergency management and for all homeland security mission areas.

National Fire Protection Association/NFPA 1600: Standard on Disaster/Emergency Management and Business Continuity Programs (2013) is the national preparedness standard used by public, nonprofit, nongovernmental, and private entities on a local, regional, national, international, and global basis and has been adopted by the U.S. Department of Homeland Security as a voluntary standard for emergency preparedness. The provisions cover the development, implementation, assessment, and maintenance of programs for emergency prevention, mitigation, preparedness, response, continuity, and recovery.

Appendix 3
University of Tennessee
2011 Crime Statistics Reported to U.S. Department of Education

The table below contains 2011 crime statistics that each University of Tennessee campus reported to the U.S. Department of Education as required by CFR 668.46. Each campus (in the order presented below - Chattanooga, Knoxville, the Space Institute, the Health Science Center, and Martin) is required to compile and report crime statistics for the categories below each calendar year. The statistics are required to be submitted to the department by October 1 of the following year.

2011	UTC	UTK	UTSI	UTHSC	UTM	TOTAL
Criminal Offenses						
On campus	19	43	0	2	12	76
On-campus Student Housing Facilities	15	17	0	0	10	42
Noncampus	0	0	0	2	5	7
Public Property	4	9	0	1	0	14
Hate Crimes						
On campus	0	2	0	0	0	2
On-campus Student Housing Facilities	0	1	0	0	0	1
Noncampus	0	0	0	0	0	0
Public Property	0	0	0	0	0	0
Arrests						
On campus	98	66	0	2	40	206
On-campus Student Housing Facilities	98	30	0	0	16	144
Noncampus	0	0	0	0	3	3
Public Property	12	73	0	5	0	90
Disciplinary Actions						
On campus	533	883	0	0	47	1,463
On-campus Student Housing Facilities	529	750	0	0	31	1,310
Noncampus	3	0	0	0	0	3
Public Property	5	22	0	0	0	27
Fire Statistics						
Fires - Summary	3	5	0	0	0	8

Appendix 4
Title VI, Gender, and Ethnicity Information

The Tennessee Human Rights Commission (THRC) issues a report, *Tennessee Title VI Compliance Program* (available on its website), that details each agency’s federal dollars received, Title VI complaints received, whether the agency’s Title VI implementation plans were filed timely, and THRC findings taken on an agency. Below are staff and board member demographics, as well as a summary of the information in the latest THRC report for the University of Tennessee (UT).

UT’s Title VI Implementation Plan was found to be in compliance with guidelines and requirements according to the FY2011-12 THRC annual report. According to the report, the university reported no Title VI complaints and the THRC reported receiving none either. UT received \$321,478,056 in federal funds in fiscal year 2011.

Following are two tables showing the gender and ethnicity of (1) the UT Board of Trustees and (2) all university employees.

		CY10		CY11		CY12	
Gender	Male	14	74%	16	73%	16	76%
	Female	5	26%	6	27%	5	24%
	N/A²	9		8		8	
Ethnicity	Caucasian	15	79%	18	82%	17	81%
	African-American	3	16%	3	14%	3	14%
	Asian	1	5%	1	5%	1	5%
	N/A²	9		8		8	

¹Numbers may exceed total number of positions due to positions changing hands during the year. Percentages are calculated by dividing the number by the total number of persons holding the 19 appointed positions, excluding the official and unofficial *ex officio* positions described in footnote 2.

²Includes official *ex officio* members and previous faculty senate presidents whom auditors deemed similarly *ex officio* for these calculations.

The University of Tennessee System
IPEDS Fall Staffing Survey
Data as of November 1, 2012

NOTE: Includes both term and regular employees.

Campus	Race	Gender	Full-Time EEO Category										Part-Time EEO Category										Grand Total	Campus Percent	
			Faculty	Library / Instruct. Sppt	Exec/ Mgt	Prof	Tech/ Para	Clerical	Skilled Craft	Service	Total	Campus Percent	Faculty	Library / Instruct. Sppt	Exec/ Mgt	Prof	Tech/ Para	Clerical	Skilled Craft	Service	Graduate Assistants	Total			Campus Percent
UT	Nonresident alien	Male	55	0	2	1	200	3	9	18	288	2.71%	6	0	0	2	6	0	1	9	456	480	8.76%	768	4.77%
		Female	26	0	3	1	106	2	0	3	141	1.33%	0	1	0	0	3	0	0	8	293	305	5.57%	446	2.77%
	Latino/Latina	Male	38	1	3	0	32	6	3	5	88	0.83%	3	0	0	0	1	4	0	10	32	50	0.91%	138	0.86%
		Female	23	6	5	3	23	14	0	6	80	0.75%	3	3	0	1	5	3	1	7	27	50	0.91%	130	0.81%
	American Indian/Alaska Native	Male	5	0	2	1	2	2	3	2	17	0.16%	1		0	0	0	0	1	1	0	3	0.05%	20	0.12%
		Female	2	2	1	2	2	9	0	3	21	0.20%	0	1	0	0	0	1	0	2	1	5	0.09%	26	0.16%
	Asian	Male	153	2	2	3	109	2	3	4	278	2.61%	14	1	0	0	3	0	0	7	29	54	0.99%	332	2.06%
		Female	57	3	5	6	111	6	0	6	194	1.82%	8	2	0	0	13	1	0	5	26	55	1.00%	249	1.55%
	Black or African American	Male	38	10	29	23	84	84	63	185	516	4.85%	14	1	0	2	2	4	2	66	41	132	2.41%	648	4.02%
		Female	46	35	58	62	132	290	6	202	831	7.82%	10	19	0	0	11	47	2	40	50	179	3.27%	1,010	6.27%
	Native Hawaiian or Other Pacific Islander	Male	0	0	1	0	0	0	0	1	2	0.02%	0	0	0	0	0	0	0	1	1	2	0.04%	4	0.02%
		Female	0	1	0	0	1	0	0	0	2	0.02%	0	0	0	0	1	0	0	0	2	3	0.05%	5	0.03%
	White	Male	1,000	196	351	165	1,066	232	463	884	4,357	40.98%	275	13	6	8	42	48	59	937	969	2,357	43.03%	6,714	41.68%
		Female	663	284	317	313	754	1,057	24	369	3,781	35.56%	157	85	10	27	92	178	64	375	760	1,748	31.92%	5,529	34.32%
	Two or more races	Male	1	0	0	1	5	0	0	4	11	0.10%	0	0	0	0	0	0	1	5	12	18	0.33%	29	0.18%
		Female	3	2	0	3	6	7	1	2	24	0.23%	2	0	0	1	1	1	1	4	13	23	0.42%	47	0.29%
	Race Unknown	Male	0	0	0	0	0	0	0	0	0	0.00%	1	0	0	0	0	0	1	6	0	8	0.15%	8	0.05%
		Female	1	0	0	0	0	0	0	0	1	0.01%	0	0	0	0	1	0	1	1	2	5	0.09%	6	0.04%
	All	Male	1,290	209	390	194	1,498	329	544	1,103	5,557	52.27%	314	15	6	12	54	56	65	1,042	1,540	3,104	56.67%	8,661	53.76%
		Female	821	333	389	390	1,135	1,385	31	591	5,075	47.73%	180	111	10	29	127	231	69	442	1,174	2,373	43.33%	7,448	46.24%
UTC	Nonresident alien	Male	5	0	0	0	0	1	0	0	6	0.49%	0	0	0	0	0	0	0	1	30	31	3.83%	37	1.82%
		Female	2	0	0	0	1	0	0	0	3	0.24%	0	0	0	0	0	0	0	0	11	11	1.36%	14	0.69%
	Latino/Latina	Male	4	0	2	0	2	0	0	0	8	0.65%	2	0	0	0	0	0	0	2	0	4	0.49%	12	0.59%
		Female	3	0	2	0	1	2	0	4	12	0.98%	2	0	0	0	0	0	0	0	2	4	0.49%	16	0.79%
	American Indian/Alaska Native	Male	0	0	1	0	1	1	0	0	3	0.24%	1	0	0	0	0	0	0	1	0	2	0.25%	5	0.25%
		Female	2	0	0	1	1	0	0	0	4	0.33%	0	0	0	0	0	0	0	0	0	0	0.00%	4	0.20%
	Asian	Male	12	3	0	0	2	0	0	0	17	1.39%	2	0	0	0	1	0	0	0	1	4	0.49%	21	1.03%
		Female	4	2	0	1	0	1	0	0	8	0.65%	2	1	0	0	0	0	0	0	3	6	0.74%	14	0.69%
	Black or African American	Male	16	0	7	4	8	1	10	33	79	6.45%	6	2	0	0	0	1	2	39	6	56	6.91%	135	6.63%
		Female	15	11	17	7	10	34	0	19	113	9.22%	7	7	0	0	0	17	0	24	4	59	7.28%	172	8.45%
	Native hawaiian or Other Pacific Islander	Male	0	0	0	0	0	0	0	1	0	0.00%	0	0	0	0	0	0	0	0	0	0	0.00%	0	0.00%
		Female	1	0	0	0	0	0	0	0	1	0.08%	0	0	0	0	0	0	0	0	0	0	0.00%	1	0.05%
	White	Male	208	22	62	11	87	16	28	30	464	37.88%	137	10	0	2	2	16	3	54	62	286	35.31%	750	36.86%
		Female	176	22	56	36	44	143	1	17	495	40.41%	142	25	1	2	8	45	0	35	80	338	41.73%	833	40.93%
	Two or More Races	Male	0	0	0	0	0	1	0	1	2	0.16%	0	0	0	0	0	0	0	0	0	0	0.00%	2	0.10%
		Female	2	0	0	0	0	1	0	0	3	0.24%	0	0	0	0	0	3	0	0	2	5	0.62%	8	0.39%
	Race and ethnicity unknown	Male	3	0	0	0	0	0	0	1	4	0.33%	0	0	0	0	0	0	0	0	0	0	0.00%	4	0.20%
		Female	1	0	0	0	0	1	0	0	2	0.16%	0	2	0	0	0	0	0	1	1	4	0.49%	6	0.29%
	All	Male	248	25	72	15	100	20	38	66	584	47.67%	148	12	0	2	3	17	5	97	99	383	47.28%	967	47.52%
		Female	206	35	75	45	57	182	1	40	641	52.33%	153	35	1	2	8	65	0	60	103	427	52.72%	1,068	52.48%

The University of Tennessee System
IPEDS Fall Staffing Survey
Data as of November 1, 2012

NOTE: Includes both term and regular employees.

Campus	Race	Gender	Full-Time EEO Category										Part-Time EEO Category										Grand Total	Campus Percent	
			Faculty	Library / Instruct. Sppt	Exec/ Mgt	Prof	Tech/ Para	Clerical	Skilled Craft	Service	Total	Campus Percent	Faculty	Library / Instruct. Sppt	Exec/ Mgt	Prof	Tech/ Para	Clerical	Skilled Craft	Service	Graduate Assistants	Total			Campus Percent
UTM	Nonresident alien	Male	6		0	0	1	0	0	0	7	0.86%	1	0	0	0	0	0	0	0	0	1	0.38%	8	0.74%
		Female	2		0	0	0	0	0	0	2	0.24%	2	0	0	0	0	0	0	0	0	2	0.76%	4	0.37%
	Black or African American	Male	5		1	1	4	0	1	13	25	3.06%	1	0	0	0	1	2	1	1	2	8	3.03%	33	3.05%
		Female	10	2	2	2	4	7	0	4	31	3.79%	3	0	0	1	2	2	0	1	1	10	3.79%	41	3.79%
	American Indian/Alaska Native	Male	0		0	1	0	0	0	0	1	0.12%	0	0	0	0	0	0	0	0	0	0	0.00%	1	0.09%
		Female	1		2	0	0	0	0	0	0	0.00%	0	0	0	0	0	0	0	0	0	0	0.00%	0	0.00%
	Asian/Pacific Islander	Male	3		0	0	0	0	0	1	4	0.49%	1	0	0	0	0	0	0	0	0	1	0.38%	5	0.46%
		Female	4		0	0	0	0	0	0	4	0.49%	0	0	0	0	0	0	0	0	0	0	0.00%	4	0.37%
	Latino/Latina	Male	2		0	0	0	0	0	1	3	0.37%	1	0	0	0	0	0	0	0	0	1	0.38%	4	0.37%
		Female	2		0	0	0	1	0	0	3	0.37%	0	0	0	0	0	0	0	1	0	1	0.38%	4	0.37%
	White	Male	140	2	33	16	56	4	39	68	358	43.77%	33	1	2	3	11	19	4	7	13	93	35.23%	451	41.68%
		Female	102	11	40	24	31	131	2	34	375	45.84%	53	4	2	3	9	52	0	6	18	147	55.68%	522	48.24%
	Race and ethnicity unknown	Male	0		0	0	0	0	0	0	0	0.00%	0	0	0	0	0	0	0	0	0	0	0.00%	0	0.00%
		Female	0		0	0	0	2	0	0	2	0.24%	0	0	0	0	0	0	0	0	0	0	0.00%	2	0.18%
	All	Male	156	2	34	18	61	4	40	83	398	48.66%	37	1	2	3	12	21	5	8	15	104	39.39%	502	46.40%
		Female	121	13	44	26	35	141	2	38	420	51.34%	58	4	2	4	11	54	0	8	19	160	60.61%	580	53.60%

Appendix 5
University of Tennessee
Performance Measures Information

As stated in the Tennessee Governmental Accountability Act of 2002, “accountability in program performance is vital to effective and efficient delivery of governmental services, and to maintain public confidence and trust in government.” In accordance with this act, all executive-branch agencies are required to submit annually to the Department of Finance and Administration a strategic plan and program performance measures. The department publishes the resulting information in two volumes of *Agency Strategic Plans: Volume 1 - Five-Year Strategic Plans* and *Volume 2 - Program Performance Measures*. Agencies were required to begin submitting performance-based budget requests according to a schedule developed by the department, beginning with three agencies in fiscal year 2005, with all executive-branch agencies included no later than fiscal year 2012. The University of Tennessee (UT) Board of Trustees began submitting performance-based budget requests effective for fiscal year 2009 (September 2008).

Detailed below are the UT Board of Trustee’s performance standards and performance measures, as reported in the September 2012 *Volume 2 - Program Performance Measures*. Also reported below is the university’s description of the agency’s processes for (1) identifying/developing the standards and measures; (2) collecting the data used in the measures; and (3) ensuring that the standards and measures reported are appropriate and that the data is accurate.

Performance Standards and Measures

UT University-Wide Administration

Performance Standard 1: All policies that have a direct or indirect impact on college completion will be audited to ensure they facilitate college degree completion.

Performance Measure 1: Percent of policies pertaining to degree completion audited.

Actual (FY 2011-2012)	Estimate (FY 2012-2013)	Target (FY 2013-2014)
100%	100%	100%

As a precursor to the Complete College Tennessee Act (CCTA), the Tennessee Higher Education Commission (THEC), with the cooperation of University of Tennessee (UT) and Tennessee Board of Regents (TBR), asked the National Center for Higher Education Management Systems (NCHEMS) to conduct a review of state policies and practices affecting higher education access, success, and productivity in Tennessee.

Using the report’s findings and recommendations as a base, UT proceeded to review relevant institutional policies, including: dual enrollment, advanced placement, admissions requirements, summer bridge programs, transfer and articulation policies, student financial aid (HOPE

Scholarship, packaging), and out of state tuition policies. Policies and practices were analyzed to determine if they were helping increase degree completion (outcomes).

The NCHEMS study compiled data about the educational attainment of Tennessee residents, the education pipeline, and the productivity of the state's system of postsecondary education. It reviewed master plans, funding models, accountability/performance reports, board policies, etc. Interviews with postsecondary education leaders, representatives of the Business Roundtable, key legislators, Governor's staff, and THEC staff were interviewed. Within UT, the Office of the Vice President for Academic Affairs monitors the policies reported in the Agency Strategic Plans.

Completion results are displayed on the System Dashboard, found at <http://president.tennessee.edu/strategicplan/dashboard/index.html>. In 2011-2012, the campuses were invited to participate in one of two statewide College Completion Academies. Groups of faculty and administrators met for 2 ½ days to develop strategies that would enhance completion. Policies were discussed at that time and modifications were made as appropriate.

While all policies that could be identified have been “audited,” by UT, the process is ongoing. The policies are reviewed continually through the meetings with the campus administrators. The result is a judgment based on feedback from admissions, financial, student affairs, academic affairs and campus chancellors facilitated through the Office of Academic Affairs and Student Success. However, the retention and completion data are reported on the System Dashboard.

The numbers are estimates as the UT academic and student affairs policies are not numbered. The goal was to identify *all* policies that affect completion. UT allowed three years to complete the initial audit. Now, as new policies and procedures are developed, they are examined in light of how they will affect completion. It is still a judgment call but will be able to continue to refine the policies as UT reviews the results of the Complete College Tennessee Act (CCTA).

One example of a new policy is the work with Reverse Transfer. UT is in the process of developing policies and procedures to award associate degrees to students who transfer to the four year schools before being awarded the associate degree. These policies will be “audited” or reviewed annually through a state Articulation and Transfer Council to determine if they are helping students achieve the associate degree.

Another example of the results of the policy audit is a report on Summer School – how to better utilize the summer term to reduce time to completion.

The Office of Academic Affairs and Student Success works with partners at THEC and TBR on policies that have state-wide implications. Campus academic and student affairs staff review policies that are UT-specific.

UT does not have any written procedures related to collecting the data or calculating and reviewing/verifying the performance measures. UT does not have any concerns about the performance measures and does not have any changes or improvements (other than noted above) that are needed to be made in the process.

UT Access and Diversity Initiative

Performance Standard 1: Increase fall term enrollment of underrepresented groups.

Performance Measure 1: Percent of underrepresented groups enrolled.

Actual (FY 2011-2012)	Estimate (FY 2012-2013)	Target (FY 2013-2014)
23.8%	24.2%	24.2%

The purpose of this performance measure is to find the percentage of underrepresented students with relation to the total student fall semester enrollment (outcomes). The importance of tracking such a measure is to ensure that the University of Tennessee is making consistent progress in its efforts to provide access to the University of Tennessee for students from all racial, cultural and economic backgrounds.

This data is collected by each UT campus (UT Knoxville, UT Chattanooga, UT Martin, and UT Health Science Center) as required by Tennessee Higher Education Commission (THEC). At the end of every semester, the campuses compile a student enrollment data file that is pulled from their SunGard Banner student information system. These student data files are collected by the UT System office of Institutional Research and Planning. The files are error checked, combined into one file, and submitted to THEC.

The Actual performance measure is calculated by obtaining a count from the Banner student enrollment data file of all students with a permanent residence from one of 33 TN counties deemed “under-served” (from the Tennessee Educational Needs Index State Report of 2006) and added to a count of all other enrolled students except those of Caucasian race, from each UT campus. This count of underrepresented students is then divided by the total number of enrolled students and thereby generating the reported percentage. The reported Actual performance measure is an actual number.

The University has made a conscious effort to diversify the student body as well as faculty and staff. UT does not have quotas or numeric goals, but constantly strives to improve in this area as UT believes that diversity among students, faculty and staff add to the educational experience of UT students on all campuses. Each campus was asked to estimate the increase in their student diversity numbers and UT projected a very modest increase. The Vice President of Academic Affairs and the Assistant Vice President for Institutional Research review the data prior to submission. The data are compared to other diversity statistics that are compiled by the University for other reporting purposes.

UT has written procedures related to collecting the data and calculating and reviewing/verifying the performance measure.

UT does not have any concerns about the performance measures and did not mention any changes or improvements needed in the process.

UT Institute for Public Service

Performance Standard 1: Increase the economic impact on business services’ sales, expenses, and investments.

Performance Measure 1: Amount of economic impact.

Actual (FY 2011-2012)	Estimate (FY 2012-2013)	Target (FY 2013-2014)
\$450 million	\$850 million	\$850 million

The Center for Industrial Services began its work with businesses and industry in 1963. UT wants to know the impact of work on business growth and success. Helping existing firms increase sales and capital investment or reduce operating costs and improve profitability in turn, will produce jobs, income and better lives for Tennesseans.

One portion of the data is collected by external parties who contract with the U.S. Department of Commerce’s National Institute of Standards and Technology (NIST) Manufacturing Extension Partnership (MEP) organization and who conduct telephone surveys of customers for whom UT has completed projects during the preceding six months. A second segment of data is collected quarterly using a computer survey tool developed by the U.S. Department of Defense’s Logistics Agency and administered by the UT Center for Industrial Services staff. This web-based survey is distributed quarterly to customers UT has actively assisted during the past quarter through the Procurement Technical Assistance Center programs. In both cases, results are provided by customers answering the surveys. Quarterly totals are then aggregated by the Center for Industrial Services and reported to the Institute for Public Service Central Office.

The customers are reporting the results to UT. Some examples of reported values are cost savings, capital investment, increased sales and the dollar value of government contracts resulting from assistance from the Center for Industrial Services (outcomes). The results are reported by the customer using their own mathematical formula and on actual contract award amounts. UT looks at past years performances, recent economic trends and state economic forecasts to develop estimate and target results/amounts for future years.

The executive director, program managers and the leadership team all review the information at the agency level. The results are shared with and reviewed by leaders of the Institute for Public Service on a quarterly basis. Results are also reviewed by University-wide leaders during the annual budgeting process.

UT has developed written procedures and staffs are regularly trained in data collection processes. UT is also constantly looking at improving the response rate to the surveys. Customers of the engineering and process technical assistance services typically respond to the surveys at a higher rate than customers of the procurement technical assistance services. UT is working to improve responses from all customers.

UT Municipal Technical Advisory Service

Performance Standard 1: Increase the economic impact to cities’ services on revenues and expenses.

Performance Measure 1: Amount of economic impact.

Actual (FY 2011-2012)	Estimate (FY 2012-2013)	Target (FY 2013-2014)
\$5.1 million	\$27 million	\$27 million

The Municipal Technical Advisory Service “furnishes technical, consultative, and field services to municipalities in problems related to fiscal administration, accounting, tax assessment and collection, law enforcement, improvements and public works, and in any and all matters related to municipal government.” As these services are aimed at communities, economic impact produced by either cost savings resulting from actions taken by cities or new revenues generated by cities following MTAS assistance is an important indicator of successful implementation of our recommendations (outcomes).

Estimate and target results are calculated based upon historical performance, economic trends, anticipated economic growth, and new products or services anticipated from MTAS.

Economic impact numbers are reviewed annually as part of the budget process, quarterly by Institute of Public Service leadership, monthly by agency leadership and through each employee’s performance review.

The agency maintains a Management Information System (MIS) manual that contains detailed processes for determining and reporting economic impact information. Much of our work does not result in direct, reportable economic impact. For example, helping municipal leaders understand how to comply with federal or state regulations often does not result in reportable economic impacts. The agency continues to seek new ways to better capture and communicate outcomes from the full scope of our work.

UT County Technical Assistance Service

Performance Standard 1: Maintain the economic impact to counties’ services on revenues and expenses.

Performance Measure 1: Amount of economic impact.

Actual (FY 2011-2012)	Estimate (FY 2012-2013)	Target (FY 2013-2014)
\$33 million	\$37 million	\$37 million

The County Technical Assistance Service was created to “provide studies and research in county government, publications, educational conferences and attendance thereto, and to furnish technical, consultative and field services to counties of the state in problems relating to fiscal administration, accounting, tax assessment and collection, law enforcement, and public works,

and in any and all matters relating to county government”. As these services are aimed at communities, economic impact produced by either cost savings resulting from actions taken by counties or new revenues generated by counties following CTAS assistance is an important indicator of successful implementation of our recommendations (outcomes).

CTAS staff enters their activities and projects into the CTAS Management Information System (MIS) database. If there is economic impact associated with a project or activity, staff enters the amount and selects the type. Economic impact is only entered when a project or activity has been implemented. Staff is required to include an explanation of how the economic impact was determined.

There is not a specific mathematical formula applicable in all cases used to calculate economic impact. CTAS provides many types of assistance to all Tennessee counties and uses measurable data to calculate economic impact appropriate to the type of assistance provided. Examples of this include jail cost settlements, energy efficiency savings and Federal Emergency Management Agency (FEMA) grants.

It is necessary to estimate when the value of a project is based on projected use and economic activity associated with a new service or facility. When it is necessary to estimate economic impact, CTAS staff use historical data and industry averages. In general, CTAS does not have access to the actual data and therefore results are not recalculated after initial estimates. Target amounts are based on historical data, the current and projected economic vitality of the state, and new products or services.

The CTAS Executive Director and Manager of Field Services review reports that show each project that generated economic impact as well as the explanation for the amount. Any questions about the explanations are directed to the CTAS staff that entered the data. If necessary, data is updated. The results are provided to the Institute for Public Service central office and reviewed quarterly with Institute for Public Service (IPS) leaders. Performance measure data are reviewed at least annually with the University’s senior leaders as a part of the budget process.

Much of the CTAS work does not result in direct, reportable economic impact. For example, helping county leaders understand how to comply with federal or state regulations often does not result in reportable economic impacts. The agency continues to seek new ways to better capture and communicate outcomes from the full scope of our work.

UT Agricultural Experiment Station

Performance Standard 1: Increase the level of research funding to meet mission-directed outcomes.

Performance Measure 1: Expenditure of funds derived from sponsored projects.

Actual (FY 2011-2012)	Estimate (FY 2012-2013)	Target (FY 2013-2014)
\$21.0 million	\$23.1 million	\$25.4 million

In order to maintain and grow research programs that increase the efficiency and profitability of Tennessee’s agricultural and natural resource industries, the UT Agricultural Experiment Station pursues and secures extramural (sponsored projects) funding (inputs). Increased sponsored project expenditures reflect relevant and viable research programs and enhance our capacity to serve our clientele.

The University of Tennessee Institute of Agriculture (UTIA) Sponsored Programs Office collects and compiles sponsored projects expenditure data. The data is collected from the university’s financial accounting system (IRIS). Sponsored project expenditures are directly calculated from the university’s financial system and university-wide reports. Sponsored projects expenditures are an actual number/dollar figure.

Using past performance to project future performance the UT Agricultural Experiment Station expects a 10% annual increase in sponsored projects research expenditures. Anticipated growth rests upon the overarching goal of continuing to increase Full Time Equivalent faculty (the drivers of our research programs) and the increased level of service offered to these faculty through the UTIA Sponsored Programs Office’s Proposal Development Team.

Sponsored projects expenditures are compiled and reviewed by post-award Accounting Coordinators, the Director and/or Assistant Director of the UTIA Sponsored Programs Office, the Budget Director and Deans of the Agricultural Experiment Station.

Written criteria for assembly of expenditure data are based around the National Science Foundation Model for calculating research expenditures. More detailed examination of historical financial data in correlation with Full Time Equivalent research faculty and our capacities to provide assistance to faculty in proposal development may result in better forecasting of sponsored project expenditures. Studying habits by research program leaders during the life cycle of their sponsored projects might allow more accurate prediction of increases or decreases in expenses.

UT Agricultural Extension Service

Performance Standard 1: UT Extension will increase the economic value of its programs annually.

Performance Measure 1: Economic value of program delivery.

Actual (FY 2011-2012)	Estimate (FY 2012-2013)	Target (FY 2013-2014)
\$537 million	\$547 million	\$547 million

UT Extension measures the extent that programs contribute to economic activity in the state of Tennessee. The measure focuses on increasing revenue and savings for farms, small businesses, families, and individuals (outcomes). UT Extension extends the knowledge and expertise of the University to the people of Tennessee through agents and specialists in all 95 counties of the state. Educational programs in 4-H youth development, agriculture and natural resources, family

and consumer sciences, and resource development produce substantial economic returns to the state.

The data is collected by UT Extension personnel using the System for University Planning, Evaluation, and Reporting (SUPER). SUPER is a custom-built, online software available 24 hours per day, 365 days per year. Personnel are required to report program outputs (number of meetings, number of clients served, etc.) on a monthly basis, at minimum. Personnel are required to report program outcomes (including economic development) on an annual basis, at minimum. SUPER includes a set of program outcomes for measuring UT Extension programs using economic, quality of life, and environmental indicators. All of the raw data is stored in SUPER.

The actual performance measure is an estimate, based on research, questionnaires, observations and sales records collected to evaluate the diverse programs. The performance measure is calculated by summing the value of recurring (increased revenue, increased savings, and investment in plant and equipment) and one-time economic impacts as a result of UT Extension educational programs, technical or professional assistance.

The Actual Performance Measure is an estimate, and it is necessary to use an estimate due to the nature of the programs. The estimate is based on program evaluation results (such as the results of participants' questionnaires) and/or research results. It is not feasible to capture actual amounts for all programs.

The original Estimate and Target amounts were developed in FY 2006. The total economic impact increased from FY 2005 to FY 2006 by \$1.5 million. Using this benchmark, the estimate of a \$10 million annual increase in economic impact was aspirational. UT Extension has exceeded the target every year since FY 2005 except for FY 2012 when the total impact decreased by \$5.3 million from the previous year. This decrease was consistent with a decrease in state funds. For UT Extension, this was a \$2.5 million reduction in operating expenditures.

All documentation in SUPER is reviewed annually as part of the individual performance appraisal process. The data, in individual reports in SUPER, appears automatically on UT Extension appraisal documents within SUPER. This ensures that all data is checked by an immediate supervisor. The data is also checked by Regional Extension Directors and Department Heads. Also, a thorough review of all data is completed by Dr. Joseph Donaldson, Extension Specialist for Program Development and Evaluation. After any corrections are made in individual reports, Dr. Donaldson makes all calculations, and submits the Statewide Economic Assessment and raw data to State Program Leaders and the Dean of UT Extension for their review. An important feature of this process is both face-to-face and online training (conducted annually) to teach consistent reporting to all UT Extension employees. This entire process assures that the data reported is appropriate and accurate. UT Extension has developed written procedures related to collecting the data or calculating and reviewing/verifying the performance measure.

The UT Extension Statewide Economic Assessment has been well-received by our State Extension Advisory Council, composed of agricultural, business, community, government, and

industry leaders. Our Federal partner, the United States Department of Agriculture National Institute of Food and Agriculture, has indicated approval for the economic assessment. Various elected officials have expressed their approval for estimating Extension performance using economic measures. A long-range strategic planning process with nearly 3,000 Tennesseans was conducted in 2010. They indicated that economic measures, including cost-benefit analyses, were one of the preferred ways for evaluating Extension programs. For these reasons, UT Extension proposes to continue the current performance measure and protocols for the foreseeable future.

UT Veterinary Medicine

Performance Standard 1: Increase the first-attempt National North American Veterinary Licensing Examination (NAVLE) pass rate, which is required to practice veterinary medicine.

Performance Standard 2: Maintain the second-attempt NAVLE pass rate at the time of graduation

Performance Measure 1: First-attempt pass rate on NAVLE.

Actual (FY 2011-2012)	Estimate (FY 2012-2013)	Target (FY 2013-2014)
95.8%	92.5%	92.5%

The North American Veterinary Licensing Examination (NAVLE) is a national examination offered twice yearly to senior veterinary students and graduate veterinarians. The college is able to document the number of our senior veterinary students who sit this examination, whether they are taking the test for the first time, and whether they successfully pass the test on the first sitting. The college is able to directly compare the first-attempt pass rate of our senior students to the first-attempt pass rate of all senior veterinary students attending accredited Doctor of Veterinary Medicine (DVM) degree programs across the United States. We use the first-attempt pass rate results to assess the educational quality of our professional DVM degree program as compared to our national peers.

The National Board Examination Committee and State Licensing Boards collect the pass rate data from nationally secure educational testing centers. Students are permitted to sit the examination during two windows of time during the academic year. The first test window occurs during the last week of November and the first two weeks in December. The second test window occurs during the first two weeks in April. The National Board Examination Committee reports the pass rate data to each veterinary college twice each year; once in January-February and again in August-September.

The pass rate is a simple percentage calculation and is determined based on the number of students who pass the examination divided by the total number of students who sit the examination.

The performance measure is an actual number. The estimate and target results were determined based on historical national pass rate data of senior veterinary students or graduate veterinarians sitting the examination for the first time.

The dean and associate dean for academic and student affairs review the data and subsequently share the data with all college faculty members. Data accuracy is strictly handled and overseen by the National Board Examination Committee. Because the data is collected and processed at a national level, the college does not maintain written procedures. The UT Veterinary Medicine does not have any concerns regarding the college’s performance measures and recommend no changes.

Performance Measure 2: Second-attempt pass rate on NAVLE at the time of graduation.

Actual (FY 2011-2012)	Estimate (FY 2012-2013)	Target (FY 2013-2014)
100%	100%	95%

The college is able to document the number of our veterinary students who sit this examination during their senior year, whether they are taking the test for the first- or second-time, and whether they successfully pass the test during their first- or second-attempt prior to graduation. The college is able to directly compare the overall pass rate of our senior students at graduation to the pass rate at graduation of all senior veterinary students attending accredited DVM degree programs across the United States. We use the pass rate result at the time of graduation to assess the educational quality of our professional DVM degree program as compared to our national peers.

The National Board Examination Committee and State Licensing Boards collect the pass rate data from nationally secure educational testing centers as described in the second paragraph under Performance Measure 1.

The second-attempt (overall) pass rate is a simple percentage calculation and is determined based on the number of students who pass the examination at either their first- or second-attempt divided by the total number of students who sit the examination.

The performance measure is an actual number. The estimate and target results were determined based on historical national pass rate data of senior veterinary students sitting the examination during their senior year.

The dean and associate dean for academic and student affairs review the data and subsequently share the data with all college faculty. Data accuracy is strictly handled and overseen by the National Board Examination Committee. Because the data is collected and processed at a national level, the college does not maintain written procedures. UT Veterinary Medicine does not have any concerns regarding the college’s performance measures and recommend no changes.

UT Health Science Center

Performance Standard 1: UTHSC will increase the amount of expenditure dollars each year on special research.

Performance Measure 1: Sponsored research program expenditures.

Actual (FY 2011-2012)	Estimate (FY 2012-2013)	Target (FY 2013-2014)
\$49.3 million	\$51.0 million	\$50.0 million

The UTHSC tries to bring the benefits of health sciences to the achievement and maintenance of human health, with a focus on the citizens of Tennessee and the region through an integrated program of education, research, clinical care and public service (outputs). Our research is a vital part of this effort and must continue to increase in order to meet the continuing and new challenges of our citizens.

The Office of Accounting and Budget collects the data from our financial data system called IRIS. We collect this data at the end of each fiscal year with the help of one of our standard reports in IRIS, ZFMTR024-Schedule of Restricted Expenditures. UTHSC executes the report at the end of the Fiscal Year. The report is actual data and provides us with the total amount of research related expenditures for all of our sponsored projects.

The data is collected by the Institutional Research departments at each campus and then compiled into one document at the System level by the Systems Institutional Research Department. All the data is collected directly from university managed systems and then give to institutional research. UTHSC does not have any concerns about the performance measures and does not plan any changes in the process.

UT Family Medicine

Performance Standard 1: UT Family Medicine will serve patients in the Memphis community.

Performance Measure 1: Number of patients served.

Actual (FY 2011-2012)	Estimate (FY 2012-2013)	Target (FY 2013-2014)
29,237*	30,224	30,244

* Note: This includes patient served data from UT Family Medicine at St. Francis, Harbor of Health, Tipton and Jackson.

Increasing the number of patients served in Family Medicine has a direct correlation to the department's mission of community service and fulfilling the primary care needs of the state of Tennessee.

The data is collected in the patient account systems, IDX and Centricity, by clinic personnel who register patients at the beginning of each encounter. The information is captured each day. Each of the patient account systems can generate reports on patient visits on demand.

The actual performance measure results are the actual number of patients served in the Family Medicine Practice locations in the fiscal year reported. The actual performance measure result is an actual number and not an estimate. The actual data is generated from the patient account systems. The estimates and targets reflect a minimal growth of 3%. Currently there is no plan to increase clinic capacity or increase physician FTE's. The minimal estimated growth is based on increased efficiency in clinic scheduling and operations.

The performance measures and associated data/calculations are reviewed by the Department Chairman, Director of Operations, Assistant Director of Operations, and Clinical Management staff. Family Medicine reviews the actual number of patients served on a year to date monthly average and compares it to the monthly goal. Entering data in to the electronic medical records for patients is documented in each of the Family Medicine clinics and can be available if necessary. There are no concerns in regards to the performance measures and there are currently no changes or improvements to be made on the process.

UT College of Medicine

Performance Standard 1: Increase the number of graduates from the College of Medicine to 165.

Performance Measure 1: Number of graduates from the College of Medicine.

Actual (FY 2011-2012)	Estimate (FY 2012-2013)	Target (FY 2013-2014)
148	165	165

The University of Tennessee Health Science Center College of Medicine increased the medical school class size to increase graduates in order to address the physician shortfall in the State of Tennessee (outputs).

The responsible areas for data collection are the Office of Medical Education, Student Affairs, and Admissions. Graduation and matriculation data are gathered annually and entered into the campus enrollment database, Banner. The Registrar's Office maintains permanent record files for all students. Reports are generated on each incoming class annually to monitor graduation percentages.

The actual performance measure result is the actual number of graduating students in a given year. The estimates and targets were based on a modest increase in the number of graduates due to the increased class size. The class size increased by 10%. If the college maintains the quality of the students admitted, the performance results should have an approximate corresponding increase.

The performance measures and associated data/calculations are reviewed by the Associate Deans of Medical Education, Student Affairs, and Admissions and shared at the annual Faculty meeting. The Registrar's Office verifies the results by using the Banner system. The college also compares its performance results against the national norms for medical schools.

The Banner Student Information System policies and procedures are maintained by the University of Tennessee and then applied by each campus. UT College of Medicine does not have any concerns regarding the performance measures. These measures are used nationally and UT College of Medicine compares the results to the national norms and standards.

UT Research Initiatives

Performance Standard 1: Increase research and sponsored program expenditures.

Performance Measure 1: Annual research and sponsored program expenditures.

Actual (FY 2011-2012)	Estimate (FY 2012-2013)	Target (FY 2013-2014)
\$453 million	\$375 million	\$350 million

Research and Sponsored Program expenditures are a measure of expenditures from external funding sources (outcomes). These expenditures can support research, instruction, and/or public service projects and typically have use restrictions set by the sponsor. Sponsored program and research expenditures accounted for more than 27% of the University of Tennessee’s overall budget revenues in FY 2012. These programs support approximately 36% of UT’s Full Time Equivalent (FTE) faculty and 19% FTE staff, statewide, as well as graduate student stipends, materials, equipment, and general operations costs. Facilities and Administrative (F&A) fees are also typical for these sponsored contracts and help defray the general operating costs of the University of Tennessee.

The raw data is collected through the IRIS accounts management system in real-time as expenditures are made through the restricted accounts.

The Actual performance is a direct measurement of the total expenditures as defined by THEC. The total includes both research and sponsored program (public service research) activities. The actual performance measure is an actual result equaling the total amount of expenditures from external funding. Estimates are provided if the yearend data are not yet available. The Actual performance measure is updated as soon as the expenditure data are available.

Estimates are based on current year to date expenditure tracking and year to date awards. Target results are based on desired growth metrics, but must be based on expected funding availability.

The Controller’s office is responsible for maintaining the IRIS accounting system and providing expenditure data for this report in conjunction with campus sponsored projects accounting offices. Written procedures that document sponsored projects accounting are available. Sponsored and research expenditures have been defined by THEC as part of the Complete College Tennessee Act and are available. The Controller, Executive Vice President, Vice President for Academic Affairs, Assistant Vice President for Institutional Research, and the Assistant Vice President for Research review and verify this performance measure. UT Research Initiatives does not have any concerns about your agency’s performance measures and does not plan any changes or improvements.

UT Space Institute

Performance Standard 1: Increase externally funded research.

Performance Measure 1: Annual research expenditures.

Actual (FY 2011-2012)	Estimate (FY 2012-2013)	Target (FY 2013-2014)
\$3.1 million	\$5.0 million	\$4.4 million

Annual expenditures from grants and contracts are a direct reflection of research productivity (quality). University of Tennessee Space Institute (UTSI) is a center for research and technology development as well as graduate education with a primary mission in support of Arnold Engineering Development Complex/Arnold Air Force Base in Tullahoma, TN.

These data are collected by the Research Informatics Team in the Office of Research and Engagement. The data are extracted from the IRIS database for all active sponsored programs accounts. The data is collected quarterly and as an annual report.

The actual performance measure is an actual number. The performance is reported as the sum of all active accounts for the year. The recent trend is: FY09 = \$3,158,063; FY10 = \$2,751,997; FY11 = \$2,555,030; FY12 = \$1,933,062. The YTD comparison is FY12 at 3rd quarter = \$1,215,941; FY13 at 3rd quarter = \$906,822.

Grants and contracts from external agencies, corporations, and foundations are influenced heavily by the state of the economy and by faculty productivity. Estimates for productivity have been influenced by projected retirements of nonproductive faculty and replacement with active, contemporary faculty who will be able to attract increased grant and contract awards.

The performance measures are reviewed by Vice Chancellor for Research and Engagement and by the Chancellor, UTK. Results are verified locally at UTSI. Annual reporting of research expenditures is standardized throughout the UT System. The performance measures reflect the transitional period as the revitalization of UTSI proceeds. UTSI does not anticipate any changes to the performance measures.

UT Chattanooga, Knoxville, and Martin

Performance Standard 1: Increase the percent of first-time, full-time freshmen that graduate within six years.

Performance Standard 2: Increase the total number of college graduates in a given academic year.

Performance Measure 1: Graduation rates (cohort of full-time, first-time degree-seeking students that entered in the fall term and completed the academic program within six years.

	Actual (FY 2011-2012)	Estimate (FY 2012-2013)	Target (FY 2013-2014)
UT Chattanooga	38.5%	44.0%	40.5%
UT Knoxville	63.2%	65.0%	67.0%
UT Martin	48.0%	48.2%	48.4%

UT Chattanooga

UTC measures the proportion of new degree seeking first-time, full-time freshman student who enter in the fall of a given year (or entered the previous summer and returned in fall) that complete a baccalaureate degree program at UTC within six academic years. This is a key indicator of UTC's success in fulfilling its teaching mission (outputs).

Enrollment data are collected and maintained each term by admissions and records personnel in the Banner student data system. The Office of Planning, Evaluation, and Institutional Research (OPEIR) maintains programs for calculating and reporting the data.

Using an Argos data block developed for OPEIR by the Banner IT staff, the actual number of students who were in a defined entering cohort, and who graduated with a baccalaureate degree at any time within the next six academic years is divided by the total number of freshmen who were in the initial cohort. The resulting decimal fraction is converted to a percentage and reported as the 'graduation rate.' This is an actual number and not an estimate.

The estimates are based on expected progress toward a strategic plan goal of: Increased retention and graduation rates by 10% [mid- to long-term] as stated in the 2008-13 UTC Strategic Plan. Each year the goal's benchmark is revised based on actual progress that year, implementation of student success initiatives, and environmental factors (ex. economic conditions in region).

The Office of Planning, Evaluation, and Institutional Research regularly reviews calculations and data blocks to assure that they are yielding accurate data. Data are extracted and sent to the Assistant Provost for Retention and Student Success for review, further analysis, and reporting.

There are no written procedures. The procedures are codified in the Argos data blocks and other algorithms used for extracting and reporting (as described above).

These measures have been calculated for many years, the last three from the Banner student system. After regular checks and edits by IT and OPEIR, we feel comfortable that they provide accurate and acceptable results. It is anticipated that the Strategic Planning Committee will review these goals over the next year.

UT Knoxville

Tracking the freshmen graduation rate is a nationally accepted metric for assessing performance. UTK uses the official federal definition of freshmen cohorts, as reported to the Integrated Postsecondary Education Data System (IPEDS). This is used for state and institutional reporting as well. UTK has a large traditional freshmen population so this metric is used to benchmark our

success against similar peers and is a key priority in our undergraduate strategic plan. This information measures inputs, outputs, and efficiency.

The freshmen cohorts are flagged in Banner and in Office of Institutional Research and Assessment (OIRA) datasets, using the standard definition. Retention and graduation is tracked fall-to-fall for major reporting. Graduation rate reporting is typically disaggregated by these inputs: gender, race/ethnicity, in-state vs. out, ACT score, High School Grade Point Average (HSGPA), first-generation status, family income category; and often by outputs such as first term or first year Cumulative GPA, retention of HOPE scholarship, and engagement with the institution.

The 63.2% is an actual number. In developing estimates and targets for future years, UTK examines the number of students enrolled, retention rates over a period of years, and annual graduation rates.

The director and associate director in OIRA calculate and/or review the retention and graduation rates every year. Student data in Banner is maintained by the Registrar's office. OIRA works from the official system/THEC census files captured at 14-day and end-of-term. These files are generated by OIT and verified by Registrar and OIRA. Federal IPEDS reporting definitions and rules are used. UTK does not have any concerns about the university's performance measures. There will not be any changes to this measure for the upcoming Budget or Strategic Plans.

UT Martin

As an educational institution, completion of a degree serves as one measure of determining progress toward educating the institution's constituents (outputs).

The Office of Admissions enters incoming freshman information into the Banner Student Information System. The Office of Information Technology Services (ITS) then accesses data from Financial Aid and Scholarships to confirm each student's status as a First-Time Full-Time Freshman. The Office of Academic Records reviews the edits and confirms the Freshman Cohort.

Each semester the Office of Academic Records enters degree completion information into Banner, and ITS then compiles data for which students within the cohort have completed their degrees within the previous six years. The Office of Institutional Research then generates an annual six-year graduation report, and this information is incorporated into Tennessee Higher Education Commission (THEC), Integrated Postsecondary Education Data System (IPEDS), and other institutional reports. Banner Student Information System is the data source.

Using the IPEDS definition, the total number of graduates by the end of the Spring Semester of the sixth year is divided by the total number for the freshman cohort and reported as a percentage. The IPEDS definition includes graduates from the Summer of the sixth year; however, the timing of this report is prior to completion of that term and does not include that data. The result is an "estimate" – the data reflects the actual number of graduates through the Spring semester of the sixth year but the calculation does not include the summer graduates and

is therefore incomplete. The information is reviewed by the Chancellor, Vice Chancellor for Academic Affairs, Associate Vice Chancellor for Academic Affairs, Executive Assistant to the Chancellor and Interim Director of Institutional Research.

Estimated numbers are developed based upon consideration of an analysis of previous trends factored with variables such as preparation of the freshman cohort, retention rates, and fluctuations in financial aid eligibility standards that could influence the results and growth potential. The actual data is compared to previous trends and projections. The estimates and targets assume enrollment will continue to grow each year and do not necessarily take into account other factors (such as the local economy, tuition increases, loss of employers, changes in population, graduation “bubbles” that result in decreased enrollment) that can impact graduation rates.

UT Martin has written procedures related to collecting the data or calculating and reviewing/verifying the performance measure.

UT Martin suggested that delaying submission of the report to September 1 would allow inclusion of Summer graduates and eliminate the need for estimating the performance measure.

Performance Measure 2: Total number of college graduates in a given academic year.

	Actual (FY 2011-2012)	Estimate (FY 2012-2013)	Target (FY 2013-2014)
UT Chattanooga	683	850	823
UT Knoxville	2,676	2,742	2,902
UT Martin	577	618	658

UT Chattanooga

UTC measures the actual number of new degree seeking first-time, full-time freshman student who enter in fall of a given year (or entered the previous summer and returned in fall), and who completed a baccalaureate degree program at UTC within six academic years. This metric allows UTC to monitor the actual magnitude of its efforts to fulfill its mission to provide degree access and increase the number of Tennesseans with baccalaureate degrees. This performance measure is a measurement of outputs.

Enrollment and graduation data are collected and maintained each term by admissions and records personnel in the Banner student data system. The Office of Planning, Evaluation, and Institutional Research maintains programs for matching files, calculating and reporting the data.

Using an Argos data block developed for the Office of Planning, Evaluation, and Institutional Research by the Banner IT staff, archived data files of each entering cohort are annually matched with baccalaureate graduates from each semester over the next six academic years to yield the actual number of students in a defined entering cohort, who completed a baccalaureate degree at UTC within six academic year. This is an actual number and not an estimate.

The estimates are based on expected progress toward a strategic plan goal of: Increased numbers of students retained and graduated (along with graduation rates) by 10% [mid- to long-term] as stated in the 2008-13 UTC Strategic Plan. Each year the goal's benchmark is revised based on actual progress that year, implementation of student success initiatives, and environmental factors (ex. economic conditions in region).

The Office of Planning, Evaluation, and Institutional Research regularly reviews calculations and data blocks to assure that they are yielding accurate data. Data are extracted and sent to the Assistant Provost for Retention and Student Success for review, further analysis, and reporting.

There are no written procedures. The procedures are codified in the Argos data blocks and other algorithms used for extracting and reporting (as described above).

These measures have been calculated for many years, the last three from the Banner student system. After regular checks and edits by IT and OPEIR, we feel comfortable that they provide accurate and acceptable results. It is anticipated that the Strategic Planning Committee will review these goals over the next year.

UT Knoxville

Tracking the freshmen graduation rate is a nationally accepted metric for assessing performance. UTK uses the official federal definition of freshmen cohorts, as reported to the Integrated Postsecondary Education Data System (IPEDS). This is used for state and institutional reporting as well. UTK has a large traditional freshmen population so the total number of students in the freshmen cohort who have graduated is a key metric to use in assessing achievement of our undergraduate strategic plan. This information measures inputs, outputs, and efficiency.

The freshmen cohorts are flagged in Banner and in Office of Information Research and Assessment (OIRA) datasets, using the standard definition. Retention and graduation is tracked fall-to-fall for major reporting. Graduation rate reporting is typically disaggregated by these inputs: gender, race/ethnicity, in-state vs. out, ACT score, High School Grade Point Average (HSGPA), first-generation status, family income category; and often by outputs such as first term or first year Cumulative GPA, retention of HOPE scholarship, and engagement with the institution.

63.2% is an actual number and not an estimate. In developing estimates and targets for future years, UTK examines the number of students enrolled, retention rates over a period of years, and annual graduation rates.

The director and associate director in OIRA calculate and/or review the retention and graduation rates every year. Student data in Banner is maintained by the Registrar's office. OIRA works from the official system/THEC census files captured at 14-day and end-of-term. These files are generated by OIT and verified by Registrar and OIRA. Federal IPEDS reporting definitions and rules are used.

UTK does not have any concerns about the university's performance measures. There will not be any changes to this measure for the upcoming Budget or Strategic Plans.

UT Martin

As an educational institution, completion of a degree serves as one measure of determining progress toward educating the institution's constituents. This performance measure is a measurement of outputs.

The Office of Admissions enters incoming freshman information into the Banner Student Information System. The Office of Information Technology Services (ITS) then accesses data from Financial Aid and Scholarships to confirm each student's status as a First-Time Full-Time Freshman. The Office of Academic Records reviews the edits and confirms the Freshman Cohort.

Using the IPEDS definition, the total number of graduates by the end of the Spring Semester of the sixth year is reported from the freshman cohort. The IPEDS definition includes graduates from the Summer of the sixth year; however, the timing of this report is prior to completion of that term and does not include that data. The result is an "estimate" – the data reflects the actual number of graduates through the Spring semester of the sixth year but the calculation does not include the summer graduates and is therefore incomplete.

Numbers are developed based upon consideration of an analysis of previous trends factored with variables such as preparation of the freshman cohort, retention rates, and fluctuations in financial aid eligibility standards that could influence the results and growth potential. The information is reviewed by the Chancellor, Vice Chancellor for Academic Affairs, Associate Vice Chancellor for Academic Affairs, Executive Assistant to the Chancellor and Interim Director of Institutional Research. Actual data is compared to previous trends and projections.

UTM has developed written Statutory Report Procedures for collecting, calculating and reviewing/verifying the performance measure.

The estimates and targets assume enrollment will continue to grow each year and do not necessarily take into account other factors (such as the local economy, tuition increases, loss of employers, changes in population, graduation "bubbles" that result in decreased enrollment) that can impact graduation rates.

UTM indicated that delaying the submission of the report to September 1 would allow inclusion of Summer graduates and eliminate the need for estimating the performance measures.

Recent Changes to the Governmental Accountability Act

The General Assembly, with the support of the Executive Branch, passed legislation this year that changes how and what agencies report on strategic planning and programs. The Tennessee Governmental Accountability Act of 2013 (Public Chapter No. 243) requires agencies

to measure their strategic goals and key operations. This new report will provide value-added information to the General Assembly, which will show how agencies are performing and what they are accomplishing. The new program performance measures are not mandated to coincide with each budget allotment code, consequently performance-based budgeting is no longer required by law.

In order to provide the best possible report to the General Assembly, the Tennessee Governmental Accountability Act of 2013 allows the Department of Finance and Administration to exempt agencies that are required to submit their plans to the General Assembly in a given year. The UT Board of Trustees was not included in the list of agencies that are required to submit the annual report for 2013 to the Department of Finance and Administration. Thus, the UT Board of Trustees is no longer required to submit performance standards and measures on an annual basis. The Tennessee Higher Education Commission shall submit to the commissioner of Finance and Administration a single strategic plan, with the advice of the UT, the state university and community college system, and the Tennessee Student Assistance Corporation.

Performance Measures and Standards Conclusion

We reviewed the university's performance standards and measures reported in the state's strategic plans published for fiscal years 2010 through 2012. There were 14 total performance measures, but 20 results to review as two measures presented specific results from each of the three campuses. Based on this review, we determined there were five measures that were not met for three consecutive years and five measures that were not met for two consecutive years. (See Table 4.)

We also asked university staff to answer questionnaires for each of the performance measures to gain an understanding of the logic behind the measure – how the data are collected and verified and how the institutions use the data for decision making. While reviewing these forms, auditors noted some concerns.

For performance measure 332.44 (2), the performance standard is to increase the total number of college graduates in a given academic year, and the performance measure is the total number of college graduates in a given academic year. However, in their description of what they are attempting to measure, UT-Chattanooga, UT-Martin, and UT-Knoxville, disclosed a metric that does not meet the standard and measure. Based on the standard and measure, the total number of graduates should be counted, but all three chose to limit the type of graduates measured.

UT-Knoxville has chosen to track the freshman graduation rate. However, by focusing only on freshmen, they are discounting individuals who may not enter as freshmen, which means they are not reporting data on the actual total number of graduates in a given academic year. UT-Chattanooga and UT-Martin limit their data even more by focusing only on new degree-seeking first-time, full-time freshmen students who enter in the fall of a given year and who complete a baccalaureate degree within six years. Like UT-Knoxville, the data reported does not attempt to count the total number of college graduates in a given academic year and, therefore, is

incomplete. UT management needs to determine whether they want to modify this particular measure to focus solely on a segment of graduates or on all graduates, or whether they want to create another measure to track both graduation rates.

**Table 4
Performance Measures Not Achieved for Consecutive Years
Fiscal Years 2010-2012**

Budget Code	Title	Standard	Measure	2009-10		2010-11		2011-12	
				Goal	Actual	Goal	Actual	Goal	Actual
332.21	Access and Diversity Initiative	Increase fall term enrollment of underrepresented groups.	Percent of underrepresented groups enrolled.	24.0%	24.1%	24.5%	23.6%	25.6%	23.8%
332.16	UT Municipal Technical Advisory Service	Increase the economic impact to cities' services on revenues and expenses.	Amount of economic impact.	\$25,000,000	\$31,900,000	\$25,000,000	\$23,000,000	\$27,000,000	\$5,100,000
332.12	UT Research Initiatives	Increase research and sponsored program expenditures.	Annual research and sponsored program expenditures.	\$358,000,000	\$341,000,000	\$375,000,000	\$280,000,000	\$375,000,000	\$453,000,000
332.44	Knoxville 1	Increase the percent of first-time freshmen that graduate within six years.	Graduation rates (cohort of full-time, first-time degree-seeking students that entered in the fall term and completed the academic program within six years).	60.0%	59.8%	60.6%	60.5%	62.0%	63.2%
332.44	Chattanooga 2	Increase the total number of college graduates in a given academic year.	Total number of college graduates in a given academic year.	Not Reported	571	593	579	775	683
332.3	UT Health Science Center	UTHSC will increase the amount of expenditure	Sponsored research program expenditures.	\$65,000,000	\$49,300,000	\$70,000,000	\$51,600,000	\$51,000,000	\$49,300,000

Budget Code	Title	Standard	Measure	2009-10		2010-11		2011-12	
				Goal	Actual	Goal	Actual	Goal	Actual
		dollars each year on special research.							
332.23	UT Space Institute	Increase externally funded research.	Annual research expenditures.	\$5,000,000	\$4,000,000	\$4,200,000	\$3,500,000	\$4,500,000	\$3,100,000
332.32	UT Family Medicine	UT Family Medicine will serve patients in the Memphis community.	Number of patients served.	30,000	24,000	30,000	27,137	36,500	29,237
332.34	UT College of Medicine	Increase the number of graduates from the College of Medicine to 165.	Number of graduates from the College of Medicine.	165	150	165	144	165	148
332.44	Chattanooga 1	Increase the percent of first-time freshmen that graduate within six years.	Graduation rates (cohort of full-time, first-time degree-seeking students that entered in the fall term and completed the academic program within six-years).	42.5%	38.0%	43.5%	40.0%	43.5%	38.5%