Academic Leadership Retreat

Financial and Facilities Update

August 25–26, 2015

The University of Tennessee
Knoxville
FY 2016 TOTAL REVENUE WITH CAPITAL
(shown in millions and percent of total)

Knoxville

- Tuition & Fees, $387, 31%
- Appropriations, $202, 16%
- Auxiliaries, $204, 17%
- Grants & Contracts, $223, 18%
- Capital, $170, 14%
- Sales & Services, $5, 0%
- Other, $42, 4%

Total $1.23 billion
FY 2016 Auxiliary Units
(shown in millions)

Knoxville

- Athletics, $119, 58%
- Residence Halls, $44, 22%
- Vol Shop, $23, 11%
- Parking, $10, 5%
- Dining, $5, 2%
- Other, $3, 2%

Total $204 million
FY 2016 TOTAL EXPENDITURES WITH CAPITAL
(shown in millions and percent of total)

Knoxville

- Unrestricted E&G, $618, 50%
- Restricted, $241, 20%
- Auxiliaries, $204, 16%
- Capital, $170, 14%

Total $1.23 billion
FY 2016 Operating Budget – all funds
(shown in millions and percent of total)

Knoxville

Total $1.06 billion

Instruction, $287.2, 27%
Schol & Fellow, $164.3, 15%
Research, $125.5, 12%
Student Services, $43.4, 4%
Acad Support, $76.8, 7%
Auxiliaries, $203.5, 19%
Public Service, $30.3, 3%
Inst. Support, $47.5, 5%
Transfers, $12.7, 1%
O&M, $71.5, 7%

(utilities, custodial, maintenance, and grounds)
(libraries, museums, development, academic administration, computing support.)
(student activities, admissions, student health, student aid administration, and intramural athletics.)
(WUOT, conferences)
(executive management fiscal operations, Development, HR, computing, etc...)
Unrestricted E&G Revenue Summary

(Shown in millions and percent of total)

Knoxville

FY 2006

$34.1, 8.73%

$184.5, 47.22%

$172.1, 44.05%

FY 2016

$39.1, 6%

$387.3, 63%

$191.2, 31%

Tuition & Fees  Appropriations  Other

Tuition & Fees  Appropriations  Other
Total Budget Revenue Summary

Knoxville

FY 2006

- $39.4, 6%
- $184.5, 27%
- $122.5, 18%
- $178.3, 27%
- $150.5, 22%

FY 2016

- $47.5, 5%
- $387.3, 36%
- $203.5, 19%
- $201.7, 19%
- $222.7, 21%

Legend:
- Tuition & Fees
- Appropriations
- Grants & Contracts
- Auxiliaries
- Other
Base State Appropriations

Does not include centers of excellence, governor chairs, or access and diversity funding, or UTISI.
UTK State Appropriations

The University of Tennessee, Knoxville
Actual Appropriations Dollars Compared to HEPI and CPI Adjusted Dollars (in $millions)
Excludes ARRA, MOE, and NR11 Funding

(1) Includes $6.2M of non-recurring funds for the Bredesen Center for Interdisciplinary Research and Graduate Education
(2) Proposed State Appropriations

SOURCE: COMMON FUND ANNUAL REPORT
# FY 2015-16 Proposed appropriations

<table>
<thead>
<tr>
<th></th>
<th>Knoxville</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2015 Appropriations</td>
<td>$ 179,044,900</td>
</tr>
<tr>
<td>Formula Outcomes</td>
<td>-31,000</td>
</tr>
<tr>
<td>Formula Improvements/Oper Incr</td>
<td>5,467,800</td>
</tr>
<tr>
<td>Group Health Insurance</td>
<td>634,800</td>
</tr>
<tr>
<td>401(k) Match (NR)</td>
<td>291,400</td>
</tr>
<tr>
<td>Salary Pool</td>
<td>2,799,100</td>
</tr>
<tr>
<td>FY 2016 Changes</td>
<td>$ 9,162,100</td>
</tr>
<tr>
<td>Total FY 2016 Appropriations</td>
<td>$ 188,207,000</td>
</tr>
</tbody>
</table>

## Proposed capital

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Outlay</td>
<td>$ 75,000,000</td>
</tr>
<tr>
<td>Maintenance</td>
<td>3,800,000</td>
</tr>
<tr>
<td>Total Outlay &amp; Maintenance</td>
<td>$ 78,800,000</td>
</tr>
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</table>

*excludes access & diversity funds which total ~$2.4 million for both entities*
### FY 2015-16 Tuition Increases

<table>
<thead>
<tr>
<th>Level</th>
<th>In-State</th>
<th>Out-of-State</th>
</tr>
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<tbody>
<tr>
<td><strong>Undergraduate</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>First 15/4 cohort¹</td>
<td>3.0%</td>
<td>0.0%</td>
</tr>
<tr>
<td>Second 15/4 cohort²</td>
<td>3.0%</td>
<td>0.0%</td>
</tr>
<tr>
<td>Third 15/4 cohort³</td>
<td>3.0%</td>
<td>0.0%</td>
</tr>
<tr>
<td>All other undergraduate students⁴</td>
<td>3.0%</td>
<td>0.0%</td>
</tr>
<tr>
<td><strong>Graduate/Professional</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>College of Law</td>
<td>0.0%</td>
<td>0.0%</td>
</tr>
<tr>
<td>All other graduate students</td>
<td>5.0%</td>
<td>0.0%</td>
</tr>
</tbody>
</table>

¹ First-time freshmen and transfer students who began fall 2013 (prevailing 15/4 rate plus 3%)
² First-time freshmen and transfer students beginning fall 2014 (prevailing 15/4 rate plus increase)
³ First-time freshmen and transfer students beginning fall 2015 (prevailing 15/4 rate plus increase)
⁴ Undergraduate students not on the 15/4 model
Tuition and Fees AY 2006-2015

A comparison of the average Top 25 tuition and fees to that of UT

<table>
<thead>
<tr>
<th>Year</th>
<th>UT</th>
<th>Top 25 Average</th>
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</thead>
<tbody>
<tr>
<td>2006</td>
<td>5,290</td>
<td>7,234</td>
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<tr>
<td>2007</td>
<td>5,622</td>
<td>7,675</td>
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<tr>
<td>2008</td>
<td>5,932</td>
<td>8,200</td>
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<tr>
<td>2009</td>
<td>6,250</td>
<td>8,813</td>
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<tr>
<td>2010</td>
<td>6,855</td>
<td>9,532</td>
</tr>
<tr>
<td>2011</td>
<td>7,382</td>
<td>10,585</td>
</tr>
<tr>
<td>2012</td>
<td>8,396</td>
<td>11,744</td>
</tr>
<tr>
<td>2013</td>
<td>9,092</td>
<td>11,700</td>
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<tr>
<td>2014</td>
<td>11,194</td>
<td>12,119</td>
</tr>
<tr>
<td>2015</td>
<td>11,876</td>
<td>12,480</td>
</tr>
</tbody>
</table>

Facilities Update
SEREM / Outsourcing

**Process Improvement**
- Remove rework
- Analyze workflow
- Eliminate redundancies
- Potential statute/rule changes

**Dispose/Consolidate**
- Decommissioning
- Densification
- Increased utilization
- Workplace strategies

**Lower Annual Operating Costs**
- Facilities outsourcing
- Energy management
SEREM / Outsourcing

- The Governor initiated a project on November 13, 2014 to determine how to improve the efficiency of the management of the State’s real estate and realize the resulting cost savings.
- Estimation of the potential savings opportunity and a determination of which high-level strategies the State should pursue.
- The scope includes:
  - FRF (facilities revolving fund)
  - Non-FRF
  - UT
  - TBR
- April 2015 report estimated opportunities of $184M ($45M for the UT System).
Renovation Age vs Peers

UTK has reduced campus age by 6.5 years since 2008

The chart shows the comparison of renovation ages between Tennessee and its peers from 2008 to 2014. The bars represent the renovation age, with Tennessee consistently having a lower age compared to its peers."
New Space vs Existing Space Spending

Greater capital investment is being dedicated to existing campus facilities

Total Capital Investments (New v. Existing Space)

- **Existing Space**
- **New Space**

<table>
<thead>
<tr>
<th>Year</th>
<th>Existing Space</th>
<th>New Space</th>
<th>Total</th>
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<tbody>
<tr>
<td>2008</td>
<td>$10 million</td>
<td></td>
<td>$50 million</td>
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<tr>
<td>2009</td>
<td>$20 million</td>
<td></td>
<td>$60 million</td>
</tr>
<tr>
<td>2010</td>
<td>$30 million</td>
<td></td>
<td>$70 million</td>
</tr>
<tr>
<td>2011</td>
<td>$40 million</td>
<td></td>
<td>$80 million</td>
</tr>
<tr>
<td>2012</td>
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<td></td>
<td>$90 million</td>
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<tr>
<td>2013</td>
<td>$60 million</td>
<td></td>
<td>$100 million</td>
</tr>
<tr>
<td>2014</td>
<td>$70 million</td>
<td></td>
<td>$110 million</td>
</tr>
</tbody>
</table>
Existing Space Spending vs Peers

UTK nearly doubles peer spending in 2014

Capital Investment in Existing Space

Tennessee

Peers

$/GSF

2008 2009 2010 2011 2012 2013 2014

2008 2009 2010 2011 2012 2013 2014

Existing Space
Total Capital Investment vs. Funding Target

UTK reaching targets through one-time funding

Total Capital Investment vs. Funding Target

- Increasing Net Asset Value
- Lowering Risk Profile
- Increasing Backlog & Risk

Millions

2008 2009 2010 2011 2012 2013 2014

- Annual Stewardship
- Asset Reinvestment
- Annual Investment Target
- Life Cycle Need
Backlog vs Peers

Increased resources results in lowering backlog

[Bar chart showing comparison between Tennessee and Peers for the years 2008 to 2014 with $/GSF on the y-axis and years on the x-axis. The chart indicates that Tennessee's backlog is generally higher than Peers' backlog.]
Operating Actuals vs Peers

Spending on par with peers

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
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<tbody>
<tr>
<td>Tennessee</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Daily Service</td>
<td>$4.00</td>
<td>$4.00</td>
<td>$4.00</td>
<td>$4.00</td>
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<td>$4.00</td>
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<tr>
<td>PM</td>
<td>$0.50</td>
<td>$0.50</td>
<td>$0.50</td>
<td>$0.50</td>
<td>$0.50</td>
<td>$0.50</td>
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<tr>
<td>Utilities</td>
<td>$1.50</td>
<td>$1.50</td>
<td>$1.50</td>
<td>$1.50</td>
<td>$1.50</td>
<td>$1.50</td>
<td>$1.50</td>
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<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
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<tbody>
<tr>
<td>Peers</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Daily Service</td>
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<td>$4.00</td>
<td>$4.00</td>
<td>$4.00</td>
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<td>$4.00</td>
<td>$4.00</td>
</tr>
<tr>
<td>PM</td>
<td>$0.50</td>
<td>$0.50</td>
<td>$0.50</td>
<td>$0.50</td>
<td>$0.50</td>
<td>$0.50</td>
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<td>$1.50</td>
<td>$1.50</td>
<td>$1.50</td>
<td>$1.50</td>
</tr>
</tbody>
</table>

Legend:
- Daily Service
- PM
- Utilities
Operating Actuals vs Peers

Spending on par with peers

$7

Tennessee

$6

Peers

$5

$4

$3

$2

$1

$0

2008 2009 2010 2011 2012 2013 2014

2008 2009 2010 2011 2012 2013 2014

$/GSF

Daily Service

PM
Custodial

Transition to in-house staffing shows increase in efficiency of coverage

Coverage

Supervision
Custodial Performance in 2012

**Custodial Staff**

- GSF/FTE

**Supervision**

- FTE/Supervisor

**Inspection Scores vs Peers**

- UTK Cleanliness
- Peer Cleanliness
Custodial Performance in 2014

Custodial Staff

Supervision

Inspection Scores vs Peers

UTK Cleanliness vs Peer Cleanliness
Estimated Custodial Performance in 2015

**Custodial Staff**

<table>
<thead>
<tr>
<th></th>
<th>UTK</th>
<th>A</th>
<th>B</th>
<th>C</th>
<th>D</th>
<th>E</th>
<th>F</th>
<th>G</th>
</tr>
</thead>
<tbody>
<tr>
<td>GSF/FTE</td>
<td>30,000</td>
<td>35,000</td>
<td>30,000</td>
<td>35,000</td>
<td>40,000</td>
<td>45,000</td>
<td>50,000</td>
<td></td>
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</table>

**Supervision**

<table>
<thead>
<tr>
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<th>A</th>
<th>B</th>
<th>C</th>
<th>D</th>
<th>E</th>
<th>F</th>
<th>G</th>
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</thead>
<tbody>
<tr>
<td>FTE/Supervisor</td>
<td>10</td>
<td>20</td>
<td>30</td>
<td>40</td>
<td>35</td>
<td>25</td>
<td>20</td>
<td>15</td>
</tr>
</tbody>
</table>

**Inspection Scores vs Peers**

- **UTK Cleanliness**
- **Peer Cleanliness**

Scores range from 1 to 5.
Grounds Comparison to Different Peer Groups

Grounds Performance

UTK: 35 Acres/FTE
SEC Average: 30 Acres/FTE
Top Public Average: 25 Acres/FTE
Top 25 Average: 20 Acres/FTE

General Repair Score (1-5):
UTK: 5
SEC Average: 4
Top Public Average: 3
Top 25 Average: 2
$1.1 billion – major construction
Major Construction Projects...

Projects being planned, programmed, under design or construction – Fall 2015

*In millions*

- **Construction, 862.6, 82%**
- **Design, 34.1, 3%**
- **Planning, 14.4, 2%**
- **Programming, 140.3, 13%**

Total $1.1 billion
Major Construction Projects...

Projects being planned, programmed, under design or construction – Fall 2014

In millions

- UT and Gifts, 752.6, 72%
- State, 298.8, 28%

Total $1.1 billion
Capital Maintenance and Outlay

<table>
<thead>
<tr>
<th>Year</th>
<th>Outlay</th>
<th>Maintenance</th>
</tr>
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<tbody>
<tr>
<td>2001</td>
<td>3.18</td>
<td>1.85</td>
</tr>
<tr>
<td>2002</td>
<td>6.22</td>
<td>2.30</td>
</tr>
<tr>
<td>2003</td>
<td>12.34</td>
<td>30.40</td>
</tr>
<tr>
<td>2004</td>
<td>56.60</td>
<td>7.20</td>
</tr>
<tr>
<td>2005</td>
<td>45.58</td>
<td>37.5</td>
</tr>
<tr>
<td>2006</td>
<td>65.00</td>
<td>8.00</td>
</tr>
<tr>
<td>2007</td>
<td>75.25</td>
<td>11.00</td>
</tr>
<tr>
<td>2008</td>
<td>24.00</td>
<td>14.00</td>
</tr>
<tr>
<td>2009</td>
<td>75.00</td>
<td>3.80</td>
</tr>
</tbody>
</table>
Major Capital Construction

- Joint Institute for Advanced Materials – early 2016
- Steam Plant Conversion – early 2016
- Support Services (Facilities) – spring 2016
- Volunteer Garage Completion – summer 2016
- West Campus Housing Phase I – summer 2016
- Strong Hall – Jan. 2017
- Lake Loudoun Housing – Jan. 2017
- Lake Avenue Garage – 2017
- Student Union Phase II – early 2018
- Mossman Building (Cumberland/13th) – August 2018
Major Renovations

- $50M+ in Renovations/Deferred Maintenance Upgrades
- $2M+ Henson Hall Renovation
- $5M+ Hodges Library Renovations
- $3M+ Classroom improvements in 2014 and 2015
- $10M+ Lab Renovations (SERF, Dougherty, Min Kao)
- New Freshmen Engineering center/Perkins Hall
- Renovations in Lawson Center, Thornton Center
- $15M+ Thompson Boling Arena
- Residence Hall Renovations and Upgrades
- $15M+ Campus Infrastructure Underway
- $2M+ Energy Conservation Projects Underway
Other Initiatives

- Increase Overall Turf, Landscaping and Irrigation care
- Cost Efficiencies - Refine Appropriate Building Finishes, Maintenance/Construction and Contractor Roles
- Improve Key Control and Access
- Develop Maintenance Painting Plan/Schedule/Approach
- Integrating new UT Branding Into existing Building Finishes
- Enhance and Expand RRT
- Transitioning all Campus mapping efforts to Facilities Services
- Examining Code Compliance/Improve coordination with SFMO
Deferred Maintenance

Current Situation
- 40% of UTK Facilities in “High Risk” Post-War Category
- $165M+ “Revised” Deferred Maintenance Scope

Current Projects
- Completing $33M Reroofings of 130+ Buildings
- Masonry Repair Projects across Campus
- Completing $12M “Crisis Maintenance” Projects on Building Envelopes
- State Capital Maintenance Projects

Goal: Develop and Implement an Updated Deferred Maintenance Plan
- Increasing M&O Focus on Routine/Preventative Maintenance- Zero Failure Plan
- Developed Draft 5 year E&G Deferred Maintenance Plan
  - Prioritizes Building Envelope, Energy Conservation/Cost Savings
- Developed Draft Utilities and Infrastructure Plan
- Developed Draft Emergency Enhancement/ Maintenance Plan
- Deferred Maintenance Goal: $8M/Year
- Need to Develop Coordinated Auxiliaries Deferred Maintenance Plan
Sustainability/Recycling Cost Savings/Efficiencies

- Expanding Energy Roadmap and Develop Energy Conservation
  - Started Green Lighting Prototype Project in TBA
  - Developing Prototype Projects for Academic Buildings

- Foster Sustainability partnerships with other campus units, student groups
  - Lead the SEC in Green Initiatives, Energy Conservation
  - Lead the SEC in Purchase of Green Power
  - Ahead of SEC Peers in Energy use/SF
  - Enhanced Green Committee Participation
  - Expanded Projects with Student Organizations

- Incorporating Sustainable Practices into the Facilities Strategic Plan
  - Sustainability goals added to UT Site and Design Standards
  - Refined Carbon Emission Calculations and Sustainability Plan.

- Refine Plan for Recycling/Athletic post event cleaning
  - Undertook Game Day Zero Waste Initiative
  - Leading SEC, Second Nationally in the initiative
  - Working with Athletics/Student Groups on Implementing at all venues and future Games
Campus Master Plan

- Began update spring 2015
- Incorporates utility, The Hill, and landscape master plans.
- Opportunities for input/feedback this fall
- Completion 2016
Storm Water

- Hired Certified Storm Water Engineer
- Established/Promoted/Advertised new UT Storm Water Policies/Procedures
- Developing Stormwater MOU with City of Knoxville Regarding Adjacent Properties
- Developing Federally Required Stormwater Committee and Oversight Protocols
- Designed and Implementing First four Storm Water Gardens
Steam Plant

- UT is entirely off Coal!
- Significant reduction in UT’s Carbon Footprint
- Stack to be removed this fall!
- Project on budget and schedule for spring 2016 completion
Facility Services - New Building
Cherokee Farms/JIAM
Strong Hall
Mossman Building
New Residence Hall/Garage
Volunteer and Lake Loudoun
New Residence Hall/Parking Garage
Volunteer and Lake Loudoun
FS Design and Construction Goals/Progress

- Began Planning/Design/Construction of the West Campus Redevelopment.
- Shelbourne Demolished, Site work underway, Bldg. 1/2 Construction Summer 2015
- Design Bldg. 3-7 Continuing
- Draft Program for Dining/Mixed Use Building
Second Creek / Engineering Quad Redevelopment
Engineering Quad Redevelopment
Academic Leadership Retreat

Financial and Facilities Update

August 25–26, 2015

THE UNIVERSITY OF TENNESSEE KNOXVILLE