



Intents and Purposes: UT's Five Year Plan

1990-91 ANNUAL REPORT OF JOSEPH E. JOHNSON, PRESIDENT
THE UNIVERSITY OF TENNESSEE
TO THE BOARD OF TRUSTEES / JUNE 27, 1991

Intent and Purposes: UT's Five Year Plan

Nothing was more important to the University of Tennessee in 1990-91 than completing a five-year plan for each campus and institute. Governor Ned McWherter asked UT and the Tennessee Board of Regents each to write a plan that would set clearly defined goals and priorities, avoid wasteful duplications of effort, and establish a base for future state funding of public higher education.

Now the plan has been polished, all the "i"s dotted and the "t"s crossed. The result is a document that tells where each UT campus and institute is bound and gives the entire University a sense of purpose to carry it into the next decade.

For this we have Governor McWherter to thank, as well as former President Lamar Alexander, who led the campuses and institutes toward consensus.

The plan takes as its focus "serving Tennesseans." No other single purpose is as far-reaching or as broadly applicable to everything the University does. UT belongs to the people of Tennessee, and the five-year plan reemphasizes that commitment, which has served the state of Tennessee and UT well for nearly 200 years.

More specifically, the plan includes provisions for:

- Serving students better;
- Helping Tennessee business and government and the state's public schools from kindergarten through 12th grade; and
- Improving the University's efficiency.

Each of these provisions is critical to a state-assisted, land-grant university. Each deserves additional attention in this report.

SERVING STUDENTS BETTER

To serve students better, UT must provide more students an opportunity to attend. High school graduates, community college transfers, graduate and professional students, minorities, and those pursuing lifelong learning will have increased access to UT.

We are already putting these plans into action. UT Knoxville, for example, enrolled 26 percent more black freshmen last fall than the year before, and UT Memphis ranked second among 13 Southern academic health centers in numbers of black medical and dental interns and residents. Also, we've made it easier for community college graduates to transfer to UT, and we've begun a new initiative in lifelong learning.

By 1995, we forecast a statewide enrollment of about 44,500, compared to 40,900 in 1990-91. The major increases in undergraduate enrollment should occur at the Chattanooga and Martin campuses, with limited undergraduate growth at Knoxville. Graduate and professional enrollments should grow at all campuses with emphasis on the UT Space Institute, UT Memphis, and UT Knoxville.

The University is committed to attracting more minority students by recruiting more vigorously and offering more scholarships. UT Chattanooga, for example, is recruiting more aggressively in predominantly black high schools, and more blacks are enrolling as a result. The Space Institute recorded a 29 percent increase in its black enrollment in 1990-91 and 36 percent more female students than the year before.

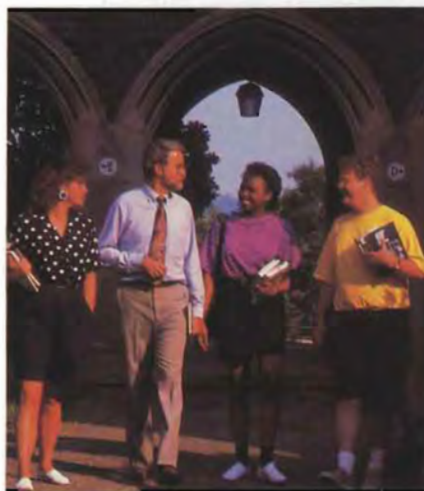
We also are committed to enrolling Tennessee's best students, such as the Whittle Scholars and Tennessee Scholars at UT Knoxville, the University Scholars at UT Martin, and the

Brock Scholars at UT Chattanooga. The Tennessee Scholars' yearly stipend was increased from \$2,000 to \$2,500 a year for four years.

We will increase scholarship support for outstanding undergraduates, providing approximately 800 additional four-year awards averaging \$2,500 annually by 1995.

At the same time, we will add at least 200 graduate fellowships for the most outstanding candidates and increase the number and dollar value of graduate assistant stipends to levels that are competitive with those at similar institutions.

And after we enroll these students, we will continue to take good care of them. More emphasis on career counseling and advising and on making required courses accessible are key parts of our plan to serve students better. An innovative and successful program to identify and assist academically "at-risk" students was a highlight of the 1990-91 year at UT Knoxville. UT Chattanooga offers a similar program, and 600 students enrolled last fall.



Serving students better is a major element of UT's five-year plan.

Added emphasis will be placed on classroom teaching and on out-of-class student-faculty interaction. Already, UT Chattanooga has committed itself to being a "student-centered" campus, emphasizing personal attention to students and small classes. UT Martin gives students who are single parents on welfare special help through Project Success, now in its second year.

How to pay for college always is a big concern of students and their families. Special support for outstanding reentry students and minority students is part of our plan. The College of Agriculture, for example, has decided to offer \$1,000 scholarships to all entering black students. We also plan to offer more need-based scholarships, such as the new Walters scholarships, for promising students who don't qualify for honors programs. Scholarships will be supplemented by loans and work opportunities.

The most important part of serving students is offering them a top-quality education. But teaching is just one aspect of UT. The threefold teaching-research-public service mission has served us well since 1869, when UT became a federal land-grant institution.

Senior faculty, including chairholders and distinguished scientists, will continue to become more involved with undergraduate students. A good example is in the UT Knoxville College of Liberal Arts, where the dean and his three associate deans teach regularly, as do the various department heads.

Centers of Excellence will become more a part of instruction, and we will find better ways to reward faculty for good teaching and advising. Classrooms, labs, and equipment will be upgraded as funds become available.

In research, we will focus on our very successful chairs and centers of excellence and other outstanding programs. To name just a few of our significant research achievements:

- The College of Medicine's level of extramural research support last year was about \$25 million, a 134 percent increase over the base year of 1981-82.

- UT Martin's Center of Excellence for Science and Mathematics Education is working to change the ways science and math are taught through a long-term program called "21st Century Partner Schools."

- Researchers at the Medical Center at Knoxville who work in the fields of blood, cancer, and genetics have generated \$2 million in grant and contract support.

- Distinguished Scientist Dr. Georges Guiochon won the prestigious

American Chemical Society Award for Separation Science and Technology.

- The Exxon Chemical Company is supporting research into nonwoven textiles at UT Knoxville's new Textiles and Nonwovens Development Center, directed by Dr. Larry Wadsworth.

- The RJR-Nabisco Foundation chose the UT Knoxville College of Education to work with 15 "Next Century Schools" funded by the foundation.

Our aim for faculty salaries will be to move into the top 25 percent of peer averages, awarding increases on a merit basis. Improving our libraries and computing facilities is essential to providing the academic support necessary for both students and faculty.

HELPING BUSINESSES, GOVERNMENTS, AND SCHOOLS

UT feels a strong obligation to serve. Tennesseans should have no doubt this is their University. Through partnerships with business and government, the University hopes to help Tennessee achieve its economic and cultural potential.

Specifically, our plan calls for establishing the Memphis Health Institutes, including institutes in neuroscience, child health, and molecular biology, and the Oak Ridge Institutes of UT Knoxville, which would encompass units for energy and the environment, computational sciences, high energy physics, and the current Institute for Heavy Ion Research.

We will look for opportunities to create closer research ties with the Oak Ridge National Laboratory and Martin Marietta. Also, we plan to enhance working agreements with TVA, state government, Memphis hospitals, private corporations, farmers, and others.

One of our biggest success stories in working with industry is our partnership with the Saturn Corporation in Spring Hill, and a recent cooperative project illustrates the value of the joint relationship.

UT faculty and students helped design a system to manage the millions of gallons of storm water runoff and air conditioning condensation water at the Spring Hill plant. These waters now form wetlands and provide crop irrigation. Also, our Institute of Agriculture uses the Spring Hill site as a living laboratory for its landscape design curriculum. Landscaping has been designed using concepts that merge the industrial complex with the surrounding countryside.

Using technology to help business

and government is an idea whose time is here. Satellite conferences and technology transfer efforts are practical, economical ways to help our state. Specialized training for government officials, for health professionals, and for agricultural leaders is not only a priority, but a necessity, as the staggering growth of knowledge and technology rapidly changes working and living conditions.

At the same time, UT will use technology more fully to serve Tennesseans. For example, "distance learning," the two-way transmission of classes, is coming into its own both at UT Memphis, which this year beamed nursing courses to Jackson, Tennessee, and through the UT Institute for Public Service, which cooperates with other agencies to broadcast continuing education courses throughout the state.

UT can help Tennessee meet challenges in many areas by applying its research findings to everyday situations. University expertise in such areas as environmental problems, agricultural productivity, health problems, and improved energy sources is at the state's disposal.

By virtue of its land-grant heritage, the University continues to pursue its statewide responsibilities in the areas of agriculture, natural resources, and rural life. Increased use of biotechnology in plant and animal research is planned, as well as enhanced research in crucial areas such as water quality, soil erosion, and food safety.

As important as assisting business, agriculture, and government is helping public education—kindergarten through twelfth grade—achieve its goals.

We want to expand participation in the Tennessee Collaborative partnership between higher education faculty



UT helps provide in-service training via television for the teachers of these young students.

and their K-12 counterparts. We plan more summer programs for teachers and students, such as the new Summer Academy for Teachers of Science and Mathematics at UT Knoxville. We also plan more educational programming for children, and a distance learning network to serve K-12 with interactive video instruction.

Expanding the Southeast Center in Arts Education at UT Chattanooga is a priority, as well as seeking Center of Excellence status for that program.

We will offer more evening and weekend courses that public school teachers and administrators can attend.

IMPROVING UNIVERSITY EFFICIENCY

In an institution as large as UT, we can always find ways to do things better. We use audits, management studies, external reviews, surveys, and student evaluations to help us measure our effectiveness.

The UTK Center for Assessment Research and Development has developed a set of goals to improve campus learning based on the University's planning goals. The center also assessed the achievement of almost 3,000 seniors in general education.

UT Chattanooga developed a comprehensive Marketing Analysis and Strategic Plan, including recommendations to increase enrollment and regional awareness.

UT Martin has won five cost reduction awards since 1983 from the National Association of College and University Business Officers.

The purchasing office at UT Knoxville is using electronic requisition processing, a computerized, paperless system that saves time and labor in the purchasing process.

We will continue these efforts and others like them, because it is important to focus our resources on our missions of teaching, research, and public service.

We are proud of our campuses and institutes, as well as the central administration, and confident that all are striving to do the best possible job.



This five-year plan is sound. It will serve UT and the state of Tennessee well until 1995 and beyond. I would like to thank all those who worked very hard putting the plan together, and I also want to recognize those who made 1990-91 such a successful year for the University. Though it was a time of changing leadership and financial

uncertainty, our faculty, staff, students, and members of the Board of Trustees made remarkable progress. And I must single out former President Alexander for his contributions.

His intelligence and energy are extremely well-suited to the job of education secretary, and we wish him and his family the best of everything.

While we've dwelled so far on plans for the coming years, our purpose here also is to note good things that happened during 1990-91. For example:

- Howard Baker and Alex Haley gave their personal papers to the University. The collections of a former U.S. Senate majority leader and a Pulitzer Prize-winning author significantly enhanced our library collections.

- The Fellowship of Southern Writers archive opened at UT Chattanooga. It houses original manuscripts of such literary greats as Eudora Welty, James Dickey, John Hope Franklin, and Shelby Foote.

- UT Martin posted its largest enrollment in recent years, thanks to a lot of hard work by UTM staff.

- Athletic teams placed UT among the nation's best. The basketball Lady Vols' third national championship, the men's cross-country track team's national title, and the football Vols' victory in the Sugar Bowl made us all proud.

- Another national championship of a different sort kept alive a string of victories by UT Knoxville's engineering college. For the third consecutive year, a student team from the college placed first in the national alternative fuels competition.

- UT Memphis made substantial gains in minority enrollment.

- ACT scores of entering freshmen at the three undergraduate campuses increased markedly. UT Knoxville's average freshman ACT, for example, rose from 22 in 1989 to 23.3 last fall.

- Total research funding throughout the University grew from about \$194.2 million in 1989 to nearly \$198 million in 1990.

- The Annual Giving program of the UT National Alumni Association received nearly \$8 million in gifts from alumni and other friends.

- Total private fund raising, of which Annual Giving is a part, has averaged \$32.5 million over the last three fiscal years. This level of giving puts UT near the top among public universities in the South.

- Each of UT's ten Centers of Excellence has been granted "accomplished center" status in recognition of its exemplary achievements.



UTK engineering students Blake Carpenter and Tom Garetson were part of the team that won a national alternative fuels competition.

- The first class of Whittle Scholars, 20 of the most sought-after students in the nation, exceeded expectations both academically and in assuming positions of campus leadership.

- The first class of Walters Scholars enrolled. Twenty-five students were selected on the basis of academic merit, need, and work experience for the scholarships funded by a bequest from the late U.S. Senator Herbert Walters and Mrs. Walters.

- The University's endowment grew to 11th largest among U.S. public universities.

- Students taking professional examinations posted remarkable scores. For example, College of Pharmacy students who took national board exams had a pass rate of 100 percent for the fourth consecutive year. And all of the UT Chattanooga School of Nursing's May graduates passed the state licensing examination on first try.

- UT has filled 39 of its 46 Chairs of Excellence with scholars of international repute.

Each campus and institute has its own report that tells in more detail why 1990-91 was a good year. Those reports follow.



*The stage adaptation of Joyce Carol Thomas's National Book Award-winning novel, **Marked by Fire**, has a date on Broadway.*

UT KNOXVILLE

The University of Tennessee, Knoxville is synonymous with the very best education, research, and service in Tennessee. During 1990-91, the campus built on that reputation, making significant strides despite serious budgetary cutbacks.

The space available in this report severely limits the number of accomplishments that can be spotlighted. Although hundreds of notable people and programs belong among a list of campus "bests," what follows is a sample of faculty, student, research, and service highlights of 1990-91.

STUDENTS COME FIRST

Among all the accomplishments of the year, the theme of serving students better recurs most frequently. A program called "Freshman Success" is one of the most promising efforts.

Students at risk of dropping out of the University took a special first-year studies course to help them adjust to college. Some 120 students identified as most likely to drop out of the University before graduation enrolled in the one-hour credit course their first semester. The course covers study skills, strategies for success at a large university, resources available at UT Knoxville, and career planning. Class size is 15, and a senior faculty member teaches each section, along with two undergraduate peer mentors. About 300 students are expected to experience "Freshman Success" next fall semester.

Students also benefitted from a new telephone drop and add system. They now can make routine class schedule adjustments from their homes or residence halls.

Another plus is the "rolling" registration system that allows students to be advised throughout the term. Beginning last fall, students received tentative class schedules for the next semester two weeks after registering and could drop and add when they received their schedules.

Each undergraduate student on campus is advised each term, and to serve students even better, several colleges put extra emphasis on advising. In engineering, the Freshman Engineering Advising Center provided beginning students with personal

counseling, help with choosing a major, and academic advising. Also, a new Freshman Seminar, required of all beginning engineering students, provided information about specialties in the profession and helped students choose their majors.

The College of Communications Advising Center underwent a change in focus, from enforcement of rules to broader assistance in planning student academic programs and careers. In human ecology, the Dean's Student Ambassadors and students in the Peer Advising program extended the efforts of the Advising Center staff and worked with prospective students. Liberal Arts Advising Services provided advisers for students who hadn't decided on majors. In a survey of students served, the advisers were rated very favorably.

CAFE, the Computer Access for Education program, provided students access to UT Computing Center computers at no charge.

UT Knoxville and Tennessee community colleges worked together to make sure transferring students with associate degrees enter UT as full-fledged juniors and can reasonably expect to graduate from UT Knoxville in two years.

UT Knoxville worked particularly hard to increase campus diversity and continued to make progress in meeting its minority undergraduate enrollment objectives. The number of first-time black freshmen increased to 243 in 1990, 26 percent more than the previous fall. Recruiting was stepped up in the areas of the state with the most black high school graduates.

The College of Agriculture nearly doubled its black enrollment, hired a minority recruiter/adviser, established a local chapter of Minorities in Agriculture, Natural Resources and Related Sciences, and increased the number of scholarships for blacks.

STUDENT ACCOMPLISHMENTS

Attracting good students (39 National Merit Scholars enrolled last fall, placing UT Knoxville among the top 60 institutions nationally) paid off in student achievements. Some notables included:

- Patty Wiegand, a senior in chemi-

cal engineering, kept a 4.0 academic average the past five semesters, was an All-American in cross country track, and captained the women's track and cross country teams. She was named outstanding senior in the College of Engineering.

- Jaye Hamby, an agricultural education major, received a prestigious \$30,000 Harry S. Truman Scholarship. The Benton, Tennessee, senior also has been state president and national vice president of Future Farmers of America.

- The first class of Whittle Scholars, selected for both academic and leadership qualities, distinguished itself in both areas. Of the 20 first-year scholars, five were elected to Freshman Council and two to the Student Senate, one was Interfraternity Council Freshman of the Year, and others were involved in activities such as the *Daily Beacon* and the Issues Committee.

- Architecture students Kevin Gentry and Daren Vickery won a national student design competition for a South Pole research station.

- Michelle Munson, a graduating student at the College of Social Work in Nashville, wrote a state Senate bill to require equal participation in public schools for low-income students by waiving and reducing school fees. The bill became part of Governor Ned McWherter's education reform plan.

- The Lady Vols won an unprecedented third national women's basketball championship. The team and Coach Pat Summitt were invited to the White House by President George Bush, and senior Daedra Charles won the Wade Trophy as the nation's top player.

- The men's athletics program placed 14 student-athletes on the academic All-Southeastern Conference rolls, and 58 Vols posted grade point averages of 3.0 or above. The football team won the SEC title.

TEACHING, RESEARCH HIGHLIGHTS

Achievements by faculty and staff during 1990-91 reflected concern for our environment and for the welfare of people everywhere.

Particularly timely was the work of Dr. David Hake, director of the Center for Business and Economic Research,

and Dr. Evans Roth, professor of cell biology, in founding the East European Center to help those nations with the adjustment to democracy. The EEC has conducted two major tours of the U.S. for East European officials. Partly as a result of EEC activities, an Alliance of Universities for Democracy was chartered in Hungary November 4, 1990.

The Transportation Center and the Energy, Environment and Resources Center helped develop computer software to move troops and cargo as part of Operation Desert Storm. The UT units' work helped U.S. forces organize and implement the most rapid deployment in history.

Dr. Peter Gresshoff, who holds the Racheff Chair of Excellence in agriculture, chaired the eighth international Congress on Nitrogen Fixation in Knoxville. More than 600 scientists from 50 countries attended. Research by Dr. Gresshoff and his staff aims to produce better soybeans and other crops by regulating their genetic functions.

Dr. Dhyana Ziegler and Camille Hazeur developed a series of videos to enhance racial relations on campus. With a grant from the Fund for the Improvement of Postsecondary Education, Ziegler and Hazeur simulated classroom incidents that black students believe show racist behavior by faculty. The videos showed differences in how black students interpret faculty behavior and how faculty perceive their own behavior. Seminar groups used the videos as a starting point for weekly discussions of diversity, race, and gender, and how they affect teaching and learning.

In the College of Human Ecology, Drs. Debbie Tegano, Al Delong, and Jim Moran investigated the effects of perception of space on preschool children's cognitive skills, including creativity. Their work showed preschoolers in smaller areas achieve more creative play in shorter amounts of time, providing important information for the design of child care centers.

Joyce Carol Thomas's National Book Award-winning novel, *Marked by Fire*, was adapted for the stage and will appear on Broadway. Thomas is an associate professor of English.

The chemistry department got a big boost when the National Science Foundation, through its Research Facilities Modernization Program, awarded UT \$1.7 million to renovate laboratories in Dabney Hall. Dr. Jim Chambers won the grant, which will supplement state funds.

The UT Knoxville libraries acquired

the papers of former Senate majority leader Howard Baker Jr. and of *Roots* author Alex Haley, as well as Admiral David Farragut's papers, which the town of Farragut made available on permanent loan.

Associate Dean Michael Stahl and research associate Gregory Bounds of business administration edited *Competing Globally Through Customer Value: The Management of Strategic Suprasystems*. The book documents a new method of management being pioneered in the College of Business Administration and the College of Engineering.

The campus received several large gifts that will enrich its academic programs. They include \$311,000 worth of equipment from Digital Equipment Corporation for the computer science department; \$247,000 from the estate of Woodrow Catherman for professorships and scholarships; \$250,000 from Mr. and Mrs. Jim Gower for an endowment in business administration; \$211,000 from Mr. and Mrs. Dwight Kessel in the form of a trust for the College of Engineering; and \$350,000 from Exxon for continued support of the TANDEC project in human ecology.

Recognized with the National Alumni Association Outstanding Teacher award were Dr. Paul Ashdown, professor of journalism; Dr. Kathleen Bennett deMarrais, assistant professor of curriculum and instruction; Dr. John Graveel, associate professor of plant and soil science; and Dr. Phyllis Huff, professor of curriculum and instruction. The annual awards recognize excellence in classroom teaching.

And, literally, the list goes on and on. Significant accomplishments abound among faculty and staff of all the colleges and units.

SERVING THE STATE

Faculty and staff don't do all their work in the classroom. They often may be found in government offices or in small businesses helping Tennesseans make practical use of scholarship. Students, too, are part of University public service, learning by doing outside the classroom. Here are some examples:

Students in the School of Planning helped community leaders in the Big South Fork region of north central Tennessee assess the impact of and make plans for their area becoming a National Recreation Area. The students and the School of Planning helped the Big South Fork Association secure a grant from the Conservation Foundation to support the project.

Dr. Ralph "Buck" Jones, associate professor of human performance and sports studies, earned the UT National Alumni Association's Public Service Award for his service to schools, the Special Olympics, the Fighting Chance Games, the UT track program, and Sportsfest. Since Jones founded the Fighting Chance Games in 1987, more than 300 children with physical and mental limitations have participated.

In another outreach effort, the College of Engineering, Columbia State Community College, and the Saturn Corporation signed an agreement to deliver an undergraduate engineering program to the Saturn plant in Spring Hill, Tennessee. Columbia State will provide the first two years' instruction and UT the last two, culminating in a B.S. in engineering from UT Knoxville.

An unlikely setting for either scholarly pursuits or public service might be before home football games, but the College of Liberal Arts began last fall an on-campus pre-game lecture series. Alumni and others broadened their knowledge by hearing faculty discuss topics of public interest.

The geography department hosted more than 1,600 teachers last year at its three summer institutes held in Nashville, Chattanooga, and Knoxville. The department's Tennessee Geographic Alliance has more than 2,000 teacher-members statewide.

Dealing with hazardous wastes is a major problem nationwide, and the Energy, Environment and Resources Center attacked it on several fronts. EERC recommended a comprehensive solid waste management plan to the Tennessee State Planning Office, and the recommendations were incorporated in a bill Gov. Ned McWherter's office sent to the General Assembly.

EERC did a major study of the cost of cleaning up hazardous waste sites throughout the U.S. In conjunction with a UT class in environmental law, law students studied Superfund sites. The results will play a significant part in Superfund reauthorization hearings in Washington, D.C.

More than 100 undergraduate engineering students worked as assistants in the Energy and Waste Analysis and Diagnostic Center of the College of Engineering. The center helps Tennessee industry with energy management and waste management.

The Division of Continuing Education opened a new Conference Center in downtown Knoxville to foster linkages with business and industry through educational activities. Conferences held at the Center—such

as the International Congress on Microbial Corrosion led by Professors David White, Joe Danko, and Nick Dowling and the European Business Outlook conference organized by Dean Warren Neel of the business college—helped transfer faculty research to the business arena.

The UT Knoxville libraries negotiated cooperative agreements with TVA and ORNL to share access to collections. Library personnel also worked with area high schools to teach Advanced Placement English students.

In turn, the library system received assistance from the men's athletics department. UTAD donated \$200,000 from the 1990 Kickoff Classic and \$38,000 from the 1990 Orange and White game to the libraries.

A drug education program implemented by faculty and students in the child and family studies department targeted 26 at-risk-for-drug-use families. Nine graduate students developed the curriculum used by 26 undergraduates who worked with the families and their young children.

Another program in human ecology, Project Search, provided referral information on services in East Tennessee for families with handicapped children. The office has been so effective that it will become a permanent part of UT Knoxville. Dr. Mick Nordquist of child and family studies and Dr. Susan Benner of special education lead the effort.

The College of Social Work, through the leadership of Professor Roger Nooe, hosted two meetings of the Family Therapy Symposium, a conference for practitioners in the family therapy field.

A cooperative effort between interior design and architecture found senior students helping the East Tennessee towns of Loudon and Madisonville revitalize their historic downtown districts. Dr. Josette Rabun in interior design and her husband, Stan Rabun in architecture, combined their classes for the learning/service project.

Faculty and students from the College of Nursing provided a health screening program called Operation Health Check for UT faculty, staff, and students. More than 700 people participated.

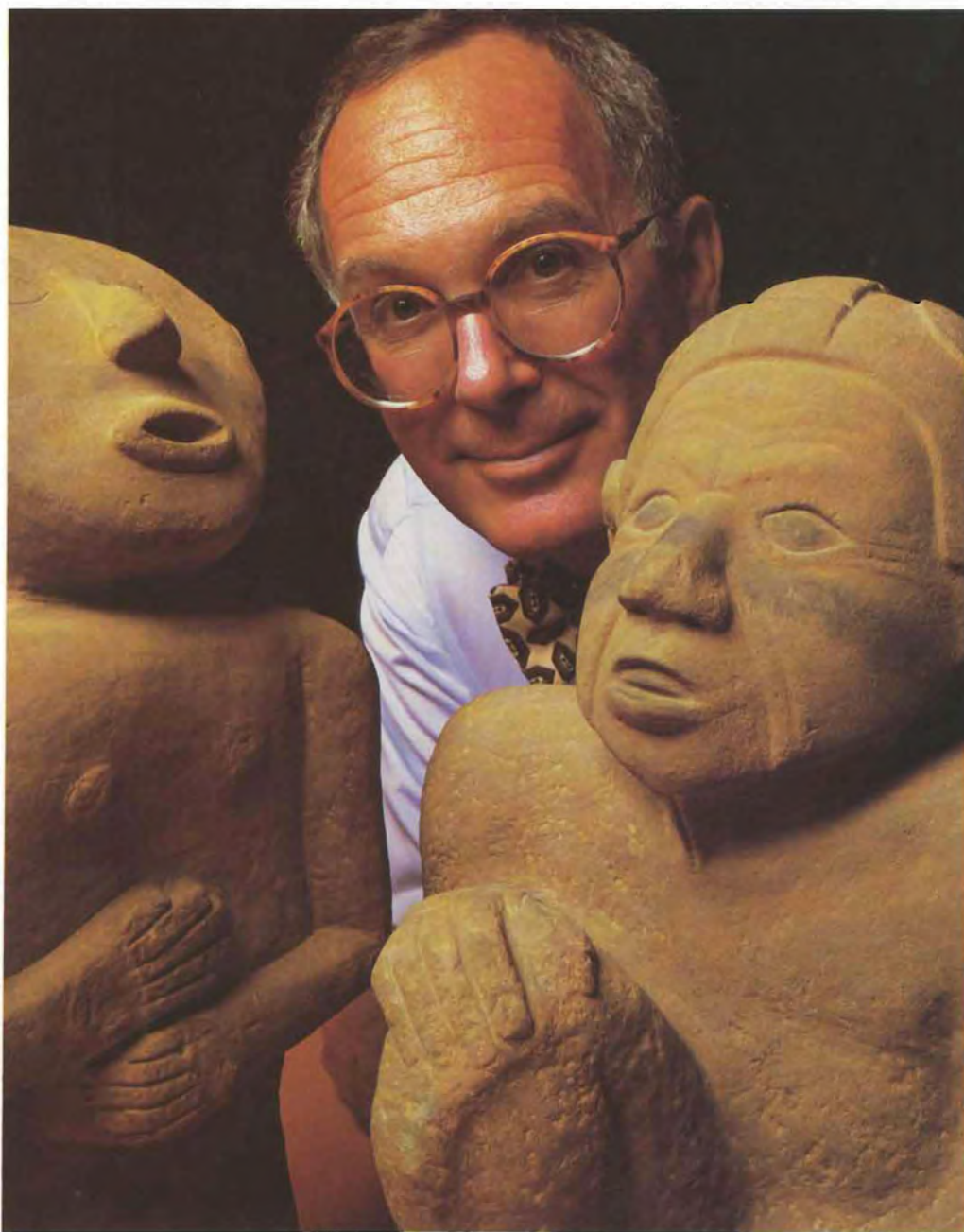
The first Summer Academy for Teachers of Science and Mathematics, directed by Dr. Ken Monty, professor of biochemistry, attracted high school teachers to campus to sharpen their skills in the two subjects.

More than 42 schools participated in the Southern Appalachian Science and Engineering Fair, held for the first time this year at the Thompson-Boling arena at UT Knoxville. Sixth through twelfth grade students from East Tennessee participated in the event

coordinated by the Office of Summer Programs.

The Transportation Center, which has operated the Knoxville Commuter Pool for 15 years, was named one of 10 regional university transportation centers. During the past year, the center focused on finding solutions to suburban mobility and traffic congestion problems. Some of the solutions will be tested in Atlanta during the Olympic Games.

WUTK, the College of Communications' student-run, all-news radio station, provided the Knoxville area extensive coverage of the Gulf War, featuring on-location coverage from the CBS Radio Network.



Indian artifacts help draw 20,000 visitors to UTK's McClung Museum each year. Director Jeff Chapman is the man behind the collections.



Dr. Robert McNeely checks student projects in a UTC chemistry laboratory.

UT CHATTANOOGA

Many events of the past year demonstrate how the University of Tennessee at Chattanooga is accomplishing its mission as a metropolitan university dedicated to teaching, research, and public service.

A continuing commitment to undergraduate and graduate teaching is the cornerstone of UTC's future. To emphasize this mission, the University of Chattanooga Foundation funded the new Distinguished Teaching Professorships. Recipients get \$2,000 annually for three years for professional activities and agree to serve as mentors to new faculty members.

LEARNING ABOVE ALL

At UTC, the learning experience is of foremost importance. The Freshman Seminar to help students adjust to college began with a fall enrollment of 600 students. Early results suggested that the seminar improved the retention rate of participants and helped them make better grades.

The physical therapy department completed its primary review by a site visit team from the American Physical Therapy Association. The review was outstanding and no changes were recommended.

The School of Nursing prepared to begin offering master of nursing classes in fall 1991. The first class of students has been admitted.

Student successes abounded this year:

- Catherine Wagner, a Brock Scholar majoring in English, won the \$15,000 Lilly Prize for Poetry, the nation's preeminent collegiate poetry award.

- Brian Nuspliger, a Brock Scholar majoring in economics and humanities, was one of 15 students nationwide chosen for a year of study in Taiwan sponsored by the American Association of State Colleges and Universities.

- In the Engineering Senior Design Project, a student team designed and built an automated production facility to allow handicapped people to assemble ball-point pens.

- MBA students Paul Danskin, Brant Mason, and Robert Dooley, representing the UTC chapter of the Society for the Advancement of Man-

agement, took first place in the organization's national case competition.

- One hundred percent of the biology department graduates who applied for admission to medical schools were accepted.

- The first class of physical therapy students began in fall 1990, with a grade point average of 3.45. The fall 1991 class has a 3.6 average.

- Of the School of Nursing's May graduates, 100 percent passed the state licensing examination on first try.

- Freshman Loribeth Perry won first place honors in her class at the Southeastern Regional Auditions of the National Association of Teachers of Singing.

- UTC's chapter of Beta Alpha Psi, the accounting honor society, was designated "superior" by the national organization. Only 25 percent of all chapters in the country receive the "superior" rating.

FACULTY EXCEL, TOO

The University and a number of individual faculty members recorded milestones in research this year.

The School of Engineering received the American Society for Mechanical Engineers Industry Award, only the second time a university has earned the honor.

A hallmark of the chemistry department is allowing undergraduate students to participate in research with faculty members. Using funds from its Grote Chemistry Fund and an American Chemical Society/Petroleum Research Fund grant, the chemistry department offered 10 weeks of full-time summer research for eight undergraduates.

George Cress, Guerry professor of art, received the Governor's Award in the Arts in both Tennessee and Georgia, recognizing his 50-year career.

Gene Ezell, UC Foundation professor of health, physical education, and recreation, was recognized for his years of service to health education as recipient of the highest national award given by the Association of Advancement for Health.

Other honors went to Dr. Bill Gurley, director of mechanical engineering, who was named Engineer of the Year for 1991 by the collective technical and professional societies of

the Georgia, Alabama, and Tennessee region, and to Dr. Ron Cox, dean of engineering, named Engineer of the Decade by the same group.

Dr. Cherry Guinn, assistant professor of nursing, received a three-year grant of \$189,000 from the U.S. Department of Health and Human Services to provide prenatal and neonatal education for nurses and mothers in rural areas. The project's goal is reduced infant mortality.

The UTC campus received \$100,000 to endow a professorship in honor of nationally known Chattanooga radio broadcaster Luther Masingill.

The new School of Social and Community Services used a \$10,000 grant from the state Department of Youth Development to sponsor a conference on the plight of the young black male in America. Representatives from law enforcement, community services, industry, government, education, religion, and urban development participated.

The College of Health and Human Services was the district contractor for the Tennessee Early Intervention System, a U.S. Department of Education-funded system of service delivery for handicapped infants and toddlers.

And 30 of Tennessee's top high school students considering education as a career spent a month at UTC in the new Tennessee Governor's School for Prospective Teachers.

AROUND CAMPUS

The Fellowship of Southern Writers established its archive in UTC's Lupton Library. Members of the Fellowship, which include Shelby Foote, John Hope Franklin, Eudora Welty, and James Dickey, meet in Chattanooga every two years. They established the archive for research on Southern writing.

The student government sponsored race relations and AIDS awareness forums. The School of Engineering started chapters of Tau Beta Pi honor society, the Black Engineering Society, and the Society for Women in Engineering.

A Minority Mentor's Day brought juniors and seniors from predominantly black high schools to UTC for a day.

Each student was paired with a black UTC upperclassman to experience a day on campus.

UTC participated in the Chattanooga Public School Adopt-A-Class program this year, adopting a senior English class at the Howard School for Academics and Technology. UTC faculty and staff talked to the class about entering college, test taking skills, study habits, and personal goal setting.

The Center for Community Career

Education began "Higher Ground," which provides academic support services for economically and culturally disadvantaged college students. Of the initial class of 28, 27 were retained at UTC, while one transferred to a junior college.

The Department of Theatre and Speech sponsored a two-week symposium centering on the roles of artists in the Czechoslovakian "Velvet Revolution." Three guests from the Prague

Academy visited UTC for two weeks in the fall, and a delegation of UTC theatre students and faculty traveled to Czechoslovakia in the spring. A permanent theatre student exchange program is being planned.

To meet its threefold teaching, research, and public service mission, UTC established goals and objectives for the next five years. The 1990-91 year laid the groundwork for future successes.



The Fellowship of Southern Writers established its archive in UTC's Lupton Library. Dr. Jane Harbaugh, who works closely with the fellowship, soaks up some Southern culture.

UT MARTIN

The University of Tennessee at Martin has a reputation for providing students a superior undergraduate education. That reputation has resulted in two years of record enrollment growth, highlighted by a 1990 fall semester enrollment of 5,369 students. This represented the largest fall semester enrollment in seven years.

Minorities totaled 14.8 percent of the undergraduate enrollment in fall 1990, up from 13.4 percent in 1989.

Last fall's freshman class of 1,168 students was the third largest in UT Martin's history. The class showed quality as well as quantity—the average ACT score was 20.37, and there were 27 valedictorians in the class compared to 19 in 1989.

Not all students are cut from the traditional mold. Among nontraditional students with special needs are those served by Project Success. During its second year, the program continued to help single parents on welfare earn college degrees. Six of its original nine participants still were in the program, and 11 new people were added.

Students continue to succeed after earning UTM degrees. A recent survey revealed that 96 percent of 1990 spring semester graduates were either employed or attending graduate school. Of these, almost 25 percent were enrolled in graduate and professional schools.

Alumni also continue to reflect favorably on UTM. Survey results released last fall showed former students were pleased with the quality of the academic advis-

ing they received and rated adviser helpfulness and availability above average.

Students in coming years will find more scholarships available to them thanks to several gifts this year. Bob and June Baker established their third annuity trust, a \$100,000 fund which eventually will provide scholarships; another \$50,000 trust was set up and ultimately will provide scholarships; and four individual scholarship endowments totaling more than \$70,000 were established.

Two students received prestigious scholarships:

- William Thomas Menees III of Union City received a Barry M. Goldwater Scholarship, an award that will cover the educational expenses of his junior and senior years of undergraduate study. The scholarship is adminis-

tered by the Barry M. Goldwater Scholarship and Excellence in Education Foundation, which selects 250 award recipients nationwide who have potential in mathematics and natural sciences.

- Jason Overby, a junior University Scholar, received a national Phi Eta Sigma undergraduate scholarship. Phi Eta Sigma is a national honor society for students who earn a 3.5 or better grade point average in their freshman year. Overby, one of only 32 Phi Eta Sigma scholarship winners in the nation, is a double major in chemistry and political science.

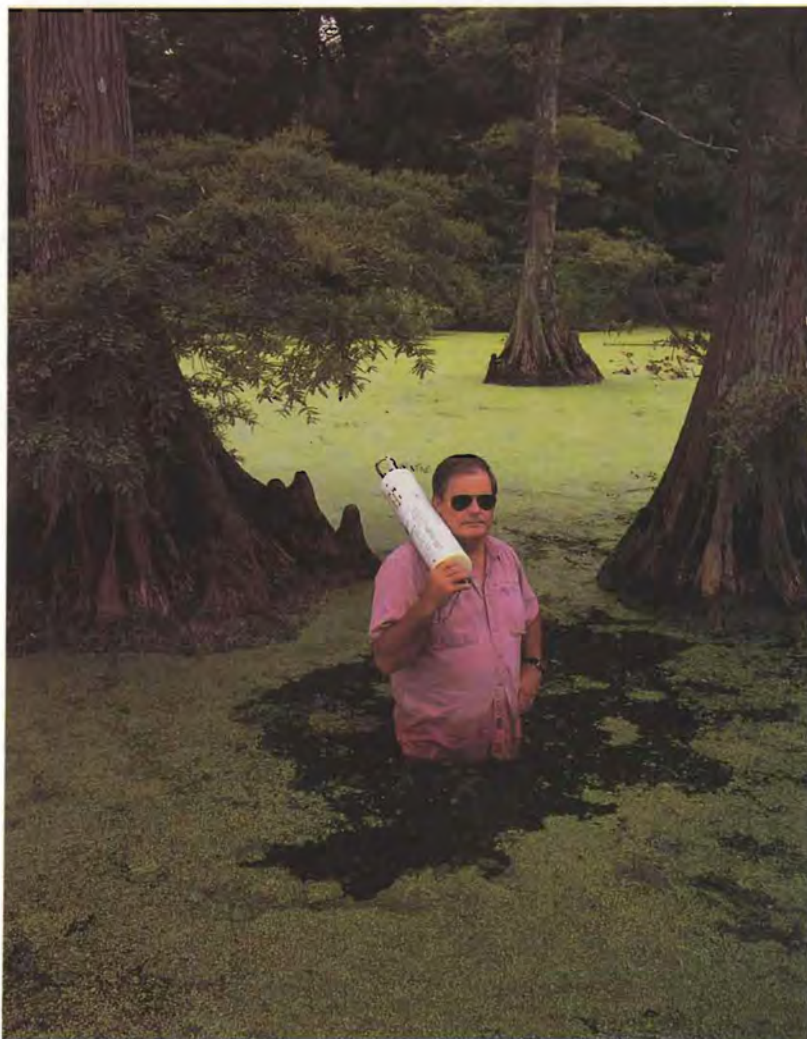
SERVICE TO THE STATE

UT Martin makes important contributions to business, industry, and government through the efforts of individuals and innovative programs.

Dr. Norman Betz, holder of the Gil Parker Chair of Excellence for Food and Fiber Industries at UTM, identifies needs and finds solutions to problems in business and industry through the use of agricultural technology transfer. He is involved with several programs in the Mid-South aimed at alleviating the harmful effects of poverty and poor nutrition.

Dr. Parker Cashdollar, professor of economics, investigates economic development problems in West Tennessee, including the challenges of attracting new industry and enhancing economic cooperation in the area. His efforts help provide people opportunities to improve their standard of living in challenging economic times.

Dr. Anne Cook, chair and professor of the department of home economics, provides leadership for



UT Martin's Dr. Wintfred Smith checks water quality in Reelfoot Lake.

Project Success, a coordinated program that involves state and federal agencies and the University. Project Success, a program unique in the southeastern United States, enables single parents who are receiving welfare assistance to earn a baccalaureate degree. Only in its second year, Project Success is serving 18 women through regular support group meetings and academic counseling services. The program's effectiveness is evident in that one or more of the clients has made the dean's list since the program began.

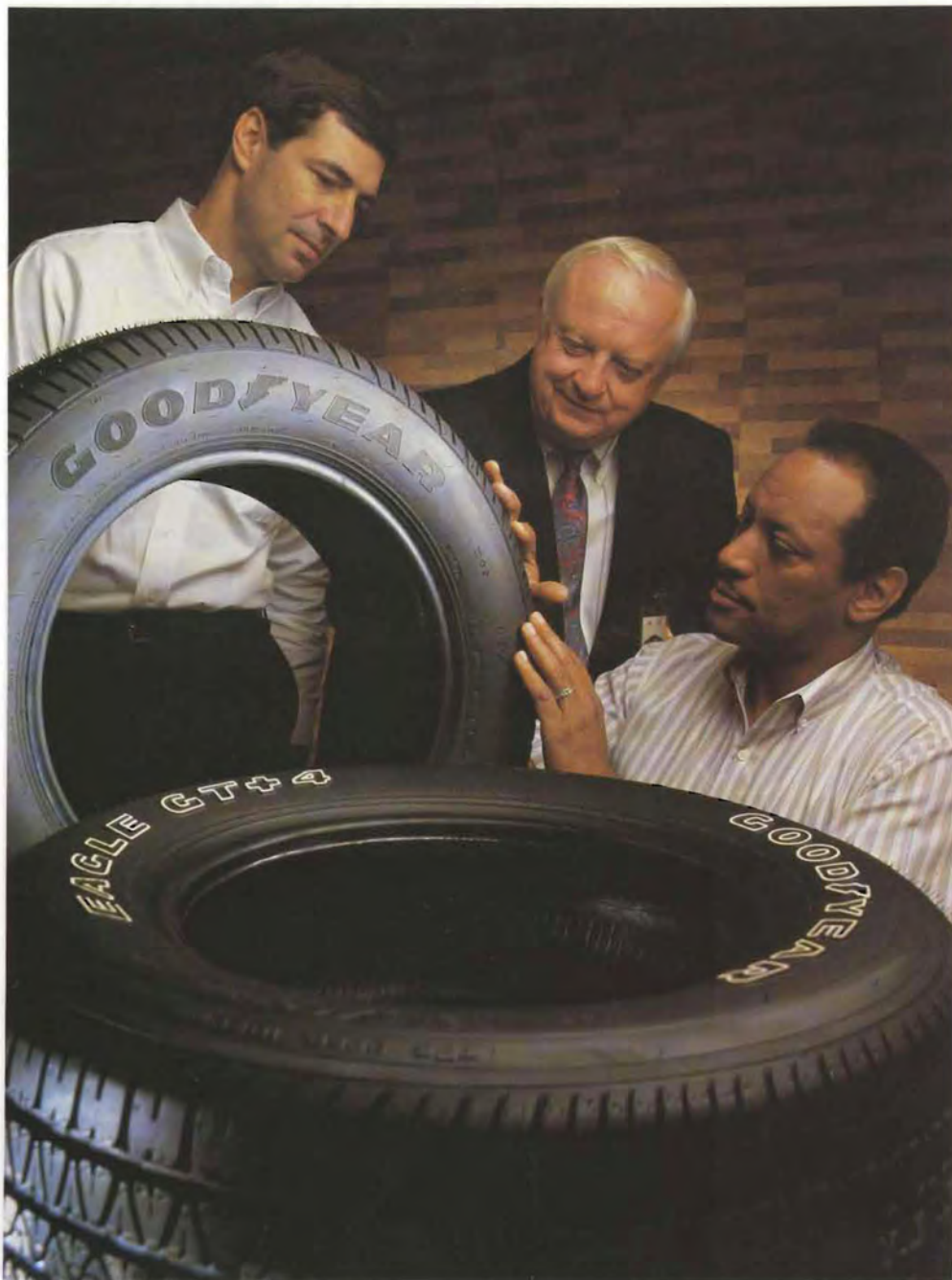
CONTRIBUTIONS THROUGH RESEARCH

UTM faculty make important contributions to Tennessee through research.

Preserving Reelfoot Lake is a major regional concern, and research by Dr. Wintfred Smith is making a difference. Smith, a UTM professor of biology and Reelfoot Lake authority, is monitoring water quality at various locations in the lake to determine better methods for managing this unique body of water. He is also writing a history of the lake.

Dr. Don Kellogg directs the UTM Center of Excellence for Science and Mathematics Education. Under his leadership, the center is involved in a long-term program called "21st Century Partner Schools" to enhance science and mathematics education across Tennessee. The mathematics program is coordinated by Dr. Sue Boren, professor of mathematics, and all research efforts are coordinated by Dr. Bob Hartshorn, associate professor of educational studies.

Dr. Leroy Simmons, chair and associate professor of the department of educational studies, is researching teacher attitudes toward special education and the at-risk student. The research is in response to Public Law 94142 that requires these students to spend time in the least restrictive environment (regular classroom setting) with regular teachers.



Dr. Tom Noble of UTM works with the nearby Goodyear Tire and Rubber Company Inc.

PEOPLE MAKE THE DIFFERENCE

UT Martin is particularly proud of some of its faculty and staff who use their talents especially effectively to serve students and the state of Tennessee. Some good examples follow.

The WestStar Program, led by Dr. Bob Smith, is helping shape the future of West Tennessee. The program encourages community-minded people to learn new leadership skills and develop strategies for helping West Tennessee communities solve problems and maximize their potential. Smith is dean of arts and sciences.

Phil Dane, vice chancellor for business and finance, does more than just manage the campus's business affairs. His leadership has resulted in five cost reduction awards since 1983 from the National Association of College and University Business Officers.

Dr. Tom Noble, chair and professor in the department of management and marketing, works with Goodyear Tire and Rubber Company Inc. to provide training for staff management personnel. UTM is responsible for working with the company's managers at Goodyear plants around the world, focusing on financial management and internal components of management.

UT MEMPHIS

THE HEALTH SCIENCE CENTER

The University of Tennessee at Memphis serves the state of Tennessee and the Mid-South by educating health professionals and biomedical scientists, conducting medical research, and providing patient care and other public services.

EDUCATION IS MOST IMPORTANT

UT Memphis' first commitment is to educate biomedical scientists and health professionals. Several important developments illustrate how that commitment was fulfilled this year.

The College of Nursing began offering its master's program in Jackson, Tennessee, via interactive video conferencing. Students attended classes through two-way color television. The program allowed nurses in the Jackson area to earn the master's degree without giving up their jobs and moving to Memphis.

Of the College of Medicine's 1991 graduates, 18 percent were placed in family medicine—almost twice the national average. The college began a new clerkship in family medicine; and during the first year, more than 50 percent of third-year medical students received community-based primary care training outside of Shelby County with rural or medically underserved populations. More than 100 family medicine physicians throughout Tennessee served as volunteer preceptors.

The College of Medicine provided the total clerkship experience in surgery for most of the third-year medical students of Meharry Medical College. Meharry requested the temporary assistance because its patient base didn't meet its educational needs. UT's department of surgery will provide the same service next year, and UT also will provide clerkships in obstetrics and gynecology and in pediatrics for Meharry third-year students.

The size of the student body in the College of Allied Health increased more than 50 percent since 1986, and numbers of minority and nontraditional students were up. More than half the students in one allied health program were minorities; and, throughout the college, the proportion of students older than 25 rose to 26 percent.

Minority enrollment increased campus-wide. Last fall, blacks represented 9.2 percent of predoctoral enrollment, with the College of Nursing enrolling the highest percentage of blacks among all the colleges. Since 1980, enrollment of black students seeking doctoral or lesser degrees more than tripled.

UT Memphis ranked second among 13 Southern academic health centers in numbers of black medical and dental interns and residents. The colleges of dentistry, medicine, and pharmacy ranked among the top ten percent in minority predoctoral enrollment.

STUDENTS EXCEL

Student achievement is one of the key measures of the effectiveness of any educational program. UT Memphis students have distinguished themselves in many ways.

College of Pharmacy students who took national board exams have had a pass rate of 100 percent for the past four years. During the same period, College of Medicine students' pass rate on each

phase of their national board exams has been above the national average.

Some 96 percent of College of Medicine seniors attained first-year graduate medical education positions through the 1991 National Internship and Residency Matching Program. Of those attaining resident positions, 66 percent matched with the program of their first choice.

Sarah John, a member of the December 1990 graduating physical therapy class, received one of only three Outstanding Minority Scholarships given by the American Physical Therapy Association.

Pharmacy student Cindy Smith was selected for the one-year appointment as the student member of the UT Board of Trustees. Another pharmacy student, Daphne Herron, received a \$25,000 National Institutes of Health award recognizing academic and clinical excellence among minorities. The award will be used for biomedical research training from 1991 through 1993.



Award winning pharmacy student Daphne Herron works with Dr. Ramachander Gollamudi.

The Student Government Association executive council adopted a health center for the working poor as a philanthropic project. The student group raised money and provided volunteers for the center.

The Aid to Impaired Medical Students program, a program to rescue students impaired by addiction or emotional problems, was nationally recognized. UT's program, developed by Vice Provost Hershel P. Wall, serves as a model for others throughout the nation.

SERVING OTHERS

UT Memphis sponsors or participates in many efforts to interest minority students at the high school and undergraduate level in careers in the health professions. Since 1982, more than \$3 million has been spent on programs for 839 preprofessional students. UT Memphis hosted summer institutes to sharpen science and research skills and to encourage professional education. The most successful effort has been the Tennessee Minority Health Careers program, with more than 90 percent of its enrollees entering college.

Working in inner-city areas, faculty in the College of Nursing provided care to families who have little access to health care services. The college plans to expand the service to rural areas.

RESEARCH FUNDING UP

In the College of Medicine, the level of extramural research support last year was about \$25 million, a 134 percent increase over the base year of 1981-82. Most funding was from the National Institutes of Health. Among anatomy departments in medical schools, UT's department of anatomy and neurobiology ranked tenth in the nation in NIH research grants.

The College of Medicine's Short-term Student Training grant was refunded by the NIH. UT received one of only two grants funded. The money allows as many as 32 medical students to pursue research projects.

Research funding in the College of Graduate Health Sciences increased tenfold since 1987. Productivity increases are expected to continue as the department of biomedical engineering develops. The College of Dentistry's research funding has increased with support from the National Institutes for Dental Research, Allergy and Infectious Diseases and the Heart, Lung, and Blood Institute, as well as from the Basic Sciences Research Grant



UT Memphis serves people from throughout Tennessee and the Mid-South. Dr. William Rodney, professor and chairman of family medicine, examines a patient at a Memphis clinic.

program and the Alumni Endowment.

The five full-time faculty in the Department of Pharmaceutics have attracted more than \$430,000 a year in extramural funding. Sources include the Food and Drug Administration, the Tennessee Department of Health and Environment, and private pharmaceutical firms.

Some of the significant private gifts received during the year were: a major gift from Founders Society members Mr. and Mrs. Dan Gerwin to establish the Dorothy K. and Daniel L. Gerwin Scholarship Endowment Fund in Biophysics and Physiology; a major gift from Founders Society member Morrie Moss to the Rex A. Amonette Professorship in Dermatology; a charitable remainder trust from Benefactors Society members Colonel and Mrs. James K. McCurdy for an endowed scholarship fund in their name; and a gift from Mr. and Mrs. V. McLean (Mack) Day in the form of a trust that will eventually support eye research.

PRAISEWORTHY ACCOMPLISHMENTS

Among the honors logged by UT Memphis faculty was Dr. Robert Summitt's appointment by Health and Human Services Secretary Louis Sullivan to a four-year term on the Council on Graduate Medical Education. Summitt is dean of the College of Medicine.

Dr. James Robertson, professor and chairman of neurosurgery, became president of the American Association of Neurological Surgeons. Dr. R. Malcolm Overbey was recognized with the establishment of the R. Malcolm Overbey Student Leadership Endowment Fund in the College of Dentistry. He is immediate past president of the American Dental Association.

Ulysses Edwards, administrative services assistant in the Administrative Information Services Division, earned Certified Professional Secretary status, making him the only known black male CPS in Tennessee.

MEDICAL CENTER AT KNOXVILLE

The UT Medical Center at Knoxville celebrated 35 years of service this year. One of the most significant events in its history occurred in April when the Board of Trustees approved establishing the Medical Center Graduate School of Medicine. This action created two entities—the University Memorial Hospital, with the mission of patient care, and the Graduate School of Medicine, with teaching and research missions.

GRADUATE SCHOOL OF MEDICINE

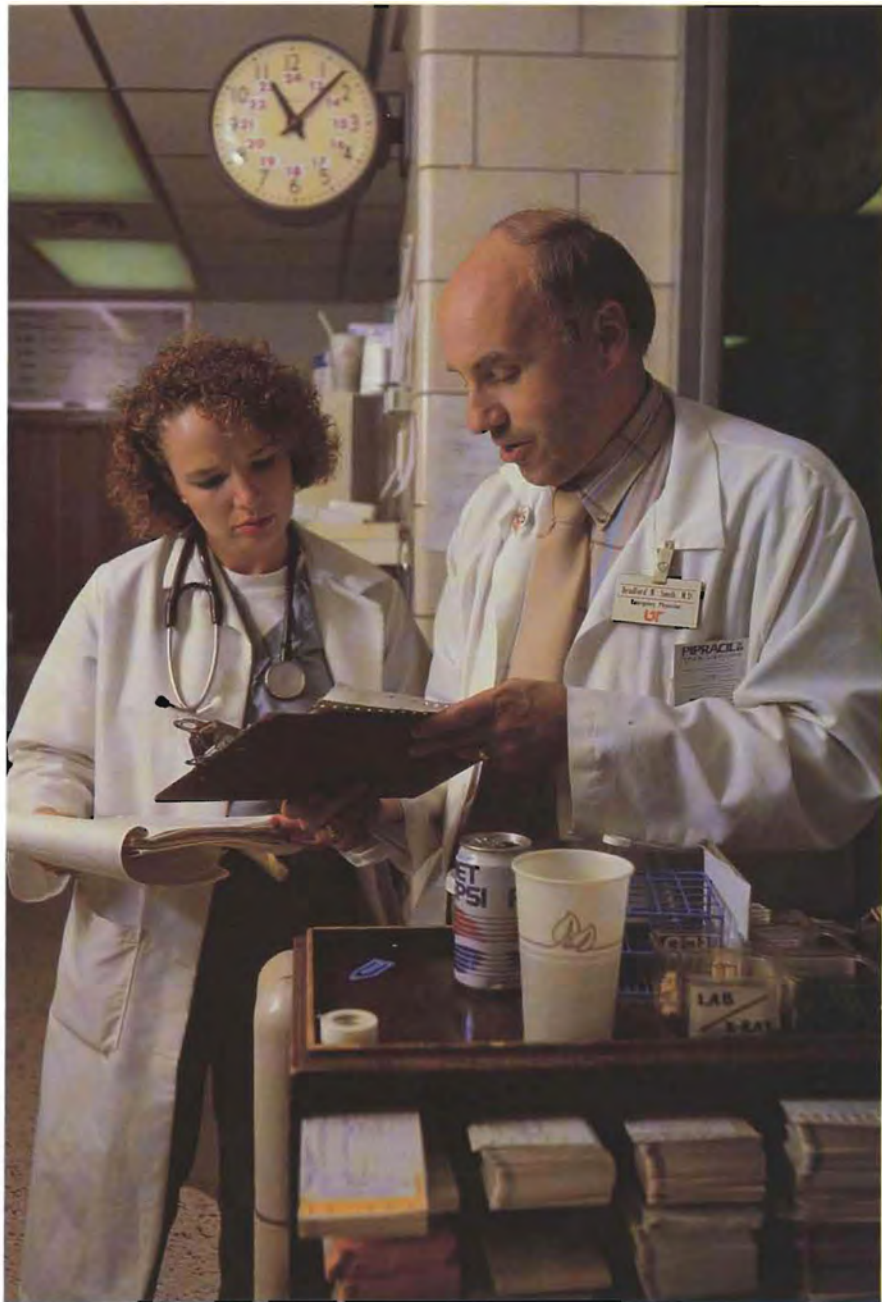
Teaching at the University's Knoxville Medical Center encompasses medical and dental training programs. This year brought approval to begin a nuclear medicine residency program.

The teaching component extends beyond the walls of the Graduate School of Medicine. Medical residents will now be placed in outlying hospitals affiliated with the University Medical Center. This experience will provide the future physicians working knowledge of rural medicine.

Tomorrow's health professionals are not the only recipients of the Medical Center's educational opportunities. More than 15,000 adults and children attended health education programs offered by the center during 1990-91.

A major research effort involved working with CTI-Siemens to develop clinical research initiatives for Positron Emission Tomography (PET) and other imaging devices. At \$4.7 million, this is one of the largest private research contracts in the University's history. Medical Center physicians, researchers from the UT Knoxville College of Engineering and chemistry and computer science departments, and scientists from CTI PET systems are involved.

A project with the College of Veterinary Medicine examined effects of lithotripsy—a form of pressure wave used to dissolve stones of the kidney and gallbladder. The Medical Center is one of only four U.S. sites conducting clinical trials on the new Storz Modulith SL 20 Extracorporeal Lithotripter.



Educating tomorrow's health professionals is one of UT Medical Center's primary missions.

UNIVERSITY MEMORIAL HOSPITAL

The Maternal/Fetal Medicine Unit that opened in May expanded the hospital's labor, delivery, and recovery area by more than 25,500 square feet. The new facilities combine a homelike environment with the latest technology to treat even the most critically ill mother and infant. Unlike traditional delivery facilities, the new Maternal/

Fetal Medicine unit was designed so all phases of childbirth take place in one room.

Also, comprehensive endoscopic services are now offered through the Endoscopy Center, which opened last August.

Plans are under way to build a second satellite facility to offer primary medical and dental services, radiology, and laboratory services.

INSTITUTE OF AGRICULTURE



Dr. Roland Mote in agricultural engineering checks a wastewater experiment at the Plateau Experiment Station.

The Institute of Agriculture's four units reported considerable progress in 1990-91.

COLLEGE OF AGRICULTURAL SCIENCES AND NATURAL RESOURCES

The College of Agriculture underwent a name change to the College of Agricultural Sciences and Natural Resources. The faculty made significant progress in emphasizing problem solving and critical thinking and in developing communication skills and computer applications in agriculture and natural resource courses.

The Department of Agricultural Engineering overhauled its undergraduate curriculum, adding a concentration in biological engineering. Other departments also restructured and updated their curricula.

The college reported a 12 percent increase in undergraduate enrollment, thanks to intensified student recruitment, increased scholarship support, and the improved image of agriculture and natural resource fields. A total of \$371,784 in scholarship aid was awarded to students in the college.

The college received \$100,000 in the form of a trust from Morton Rose that will ultimately benefit forestry projects.

COLLEGE OF VETERINARY MEDICINE

The curriculum was completely revised from a three-year to a four-year program. As a result, fall 1991 enrollment was expected to increase 30 percent, from 180 to 240. Applications for admission were up significantly, both in-state (17 percent) and out-of-state (15 percent).

An elective sixth semester was added to the curriculum. Junior students can select from a variety of electives, some even at other institutions.

The death of Dean Hiram Kitchen necessitated the appointment of Dr. Mike Shires as acting dean from February to December 1990. After a national search, Dr. Shires was selected as permanent dean.

Lindsay Young of Knoxville gave \$100,000 to establish an endowed professorship in the college, and Anheuser-Busch distributors gave \$100,000 for scholarships.

AGRICULTURAL EXPERIMENT STATION

One of the most important ways the Experiment Station serves the farming public is through its plant breeding and evaluation programs. The Experiment Station has long-term ongoing breeding improvement programs in soybean, tobacco, corn, small grains, pasture grasses, and tree species. This year, a new soybean variety, a new tobacco variety, a new corn line, and an orchardgrass cultivar were released.

The Experiment Station is developing research on water quality and soil erosion, combining the efforts of scientists in agricultural engineering, plant and soil science, and agricultural economics.

Research has focused on controlling soil erosion via minimal or no-tillage practices for ten years. The techniques reduce runoff and erosion while producing yields comparable with conventional tillage for corn, soybeans, and cotton. Various hay and pasture crops can be grown successfully with no-till techniques, too.

Researchers also are studying the role of "micro channels," which develop in the no-till method, in moving chemicals through soil.

AGRICULTURAL EXTENSION SERVICE

The Extension Service initiated "UT Next Door" this year, with the first seminar, Less To Do Landscaping, offered to 320 participants at the Ellington Agricultural Center in Nashville. Objectives of "UT Next Door" include promoting the link between county extension offices and UT, enhancing support for the Extension Service and the University in Tennessee communities, and expanding the potential clientele base.

An extension interdisciplinary team worked with other agencies to address water quality issues. Tennessee received two national hydrologic unit area projects to demonstrate best management practices. The projects are in Beaver Creek in West Tennessee and North Fork-Fall Creek in Bedford County.

SPACE INSTITUTE

Dr. Wesley Harris became the Space Institute's vice president this year, marking the first time UTSI's chief executive had held vice presidential rank. Dr. Harris formerly was engineering dean at the University of Connecticut.

Among the important projects under way this year were the COMET and a new era of the institute's long-standing MHD energy conversion effort.

COMET, a "COMmercial Experiment Transporter," is a launch, orbit, and recovery system to carry commercial payloads into space. UTSI's Joe Pawlick masterminded the project and manages the program. The Center for Advanced Space Propulsion in UTSI's Research Park has prime responsibility for getting the job done. All aspects of COMET are purchased from private industry. Contracts include designing, building, and flying the unmanned spacecraft and recovering its commercial payloads. Total cost of the NASA-funded program is \$85 million.

UTSI's ongoing analysis of the commercial potential of the MHD energy conversion process entered a new era with the renewal of a U.S. Department of Energy contract. This \$9.7 million pact came just before UTSI scientists began a 240-hour test in the Department of Energy's Coal Fired Flow Facility.

The Space Institute enrolled 100 full-time students this year, the most ever. There was a 29 percent increase in black students and a 36 percent increase in female enrollment.

Dr. Gary A. Flandro filled the Edward J. and Carolyn P. Boling Chair of Excellence in Space Propulsion. He came from the

Georgia Institute of Technology, where he was professor of aerospace engineering.

Faculty posted some notable accomplishments during the year. They include:

- Dr. Dennis Keefer was selected as B.H. Goethert Professor. Dr. Keefer is professor of engineering science and mechanical engineering and a founder of UTSI's Center of Excellence for Laser Applications.
- Dr. Joel Muehlhauser became the institute's first dean of research and

development. He formerly administered UTSI's Energy Conversion programs.

- Researchers led by Dr. Roger Crawford used infrared techniques in an effort to protect main engines of NASA's space shuttle from fuel leaks.

- Professors Crawford and Keefer, under a \$2.1 million contract, continued their work to increase the velocity of electric (rail) guns, part of the Strategic Defense Initiative.

- Dr. K.C. Reedy, a UTSI professor since 1966, became dean of academic affairs.



Dr. Roger Crawford and Dr. Dennis Keefer build a better rail gun at the UT Space Institute.

INSTITUTE FOR PUBLIC SERVICE

With a mission of delivering University resources and talents to the governments and small businesses of Tennessee, the Institute for Public Service this year reported several successful projects.

IPS maintained its leadership, within UT and the state, in the area of distance learning.

Activities ranged from a monthly series of in-service programs for teachers, sponsored with the Tennessee Department of Education and the Institute's Center for Telecommunications and Video, to the second annual "Waste Reduction Assistance and Technology Transfer Teleconference," viewed by about 4,500 persons at nearly 200 sites around the country.

Other distance learning activities included cooperating with UT Martin in the UT West Tennessee Initiative and working with groups ranging from the Tennessee Department of Finance

and Administration to the Tennessee Public Service Commission on ways higher education can take advantage of the planned telecommunications systems.

IPS launched a major initiative in leadership training for state and local government executives. The Institute's Center for Government Training was designated to revamp the Tennessee Government Executive Institute, a three-week program for the Tennessee Department of Personnel. Planning also was under way for a new, four-day Government Leadership Program to be launched in September.

IPS devoted a lot of time and energy to environmental assistance. Particularly important were IPS contributions to the UT Knoxville Waste Management Research and Education Institute, which was developing a solid waste plan for the state. The Institute's Center for Industrial Services expanded its waste management activities to help

manufacturers reduce pollution. IPS also worked with UTK to establish a Center for Waste Management Worker Training, which would be the focal point for a major expansion of non-credit training.

A record crowd of more than 1,200 attended the Newly Elected County Officials Orientation last August. The event has been offered every four years since 1974 by the Institute's County Technical Assistance Service and Center for Government Training. New officeholders and their deputies get information that is essential to their new jobs just days before they take office.

One of the largest projects undertaken by IPS's Municipal Technical Advisory Service during the year involved the state's largest city. Several MTAS staff members helped Memphis develop a strategic plan for the city's computer services department.



Alcoa Elementary students get a better education thanks to training their teachers receive via TV from UT's Center for Telecommunications and Video and the state Department of Education.

CONTINUING EDUCATION

This year saw a rebirth in continuing education, or lifelong learning, as it's popularly called. A University-wide task force examined continuing education's role and presented a plan that was adopted by the Board of Trustees last October. The Board approved a system-level continuing education entity headed by a vice

president and voted to appoint Sammie Lynn Puett to the new position. She retained her responsibilities as vice president for public service and university relations.

NEEDS SET FORTH

Citing the rapid growth in adult enrollment in higher education and the growing need for professional

retraining, the UT task force proposed offering degree programs at times and places that fit working adult schedules, providing a full range of non-credit courses, and orchestrating partnerships with business and professions to keep employees up to date.

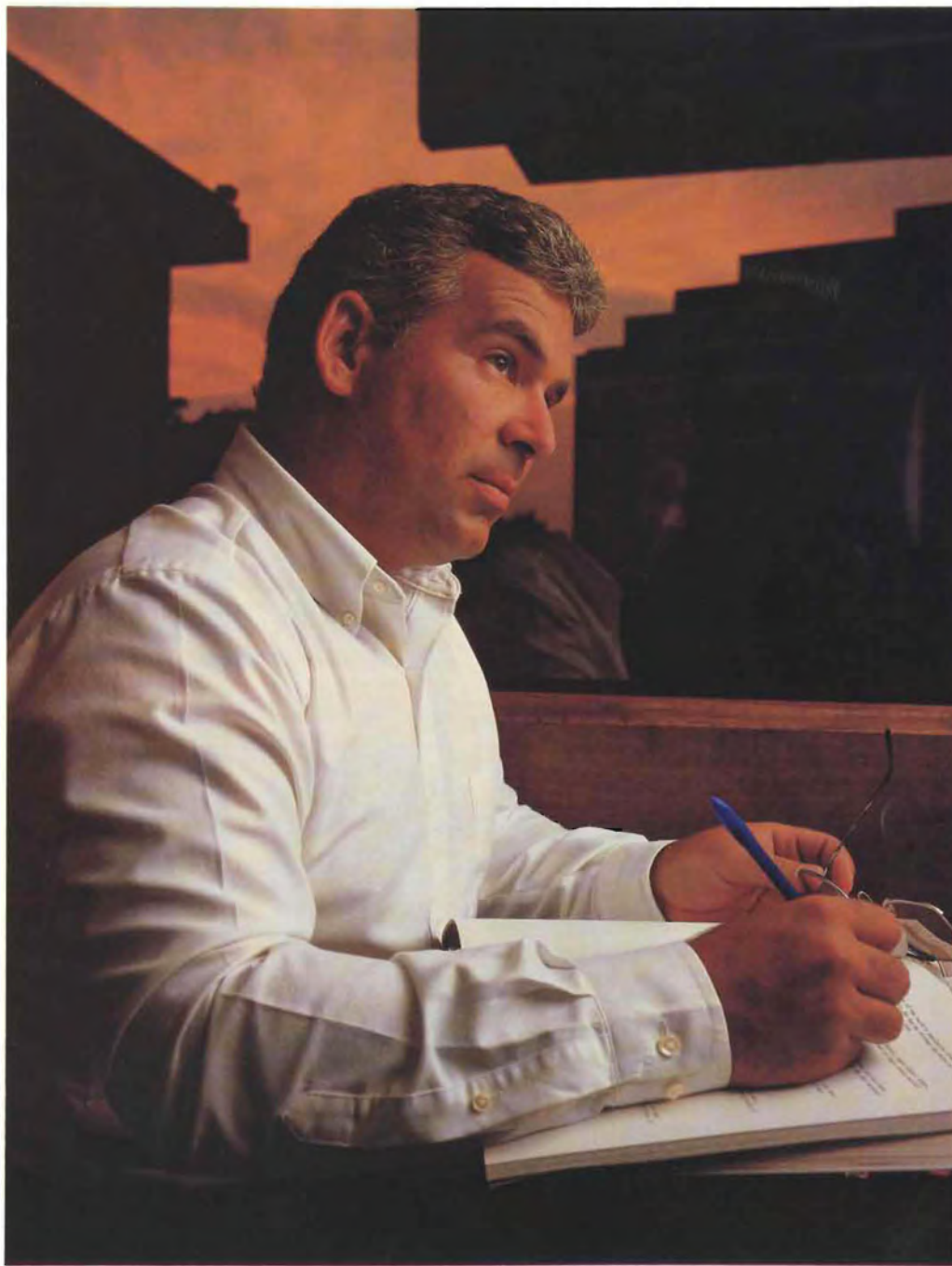
A statewide UT committee is exploring funding sources to conduct a survey of continuing education needs in Tennessee.

Other plans call for:

- Organizing two advisory/work groups—one internal, one external;
- Establishing a Program Innovation Fund which will encourage faculty to become involved in continuing education offerings;
- Working with the Tennessee Higher Education Commission to change rules that limit effective continuing education offerings;
- Rewarding teaching in continuing education programs the same as teaching in regular daytime programs;
- Elevating campus-level continuing education leadership to the vice provost level;
- Expanding continuing education offerings at the UT Conference Center as space becomes available;
- Naming the new continuing education entity the Institute for Lifelong Learning.

POSITIONS FILLED

Two vacancies in top-level campus continuing education were filled this year with Dr. LaVerne Lindsey joining UT Knoxville and Dr. Marilyn Willis being named permanent head of continuing education at UT Chattanooga. UT Martin plans to fill its top position soon.



Evening school classes fit John Giles' schedule.

FINANCIAL PERSPECTIVE

More sponsored research, more patients at University hospitals, increased student fees and charges, and generous private giving helped UT overcome reduced state appropriations and report fund revenues for fiscal year 1991 of \$947 million. While total revenues increased, state appropriations supporting the University were impounded due to lagging state revenues.

UT was to receive \$324 million in state operating funds in fiscal 1991. However, this appropriation was

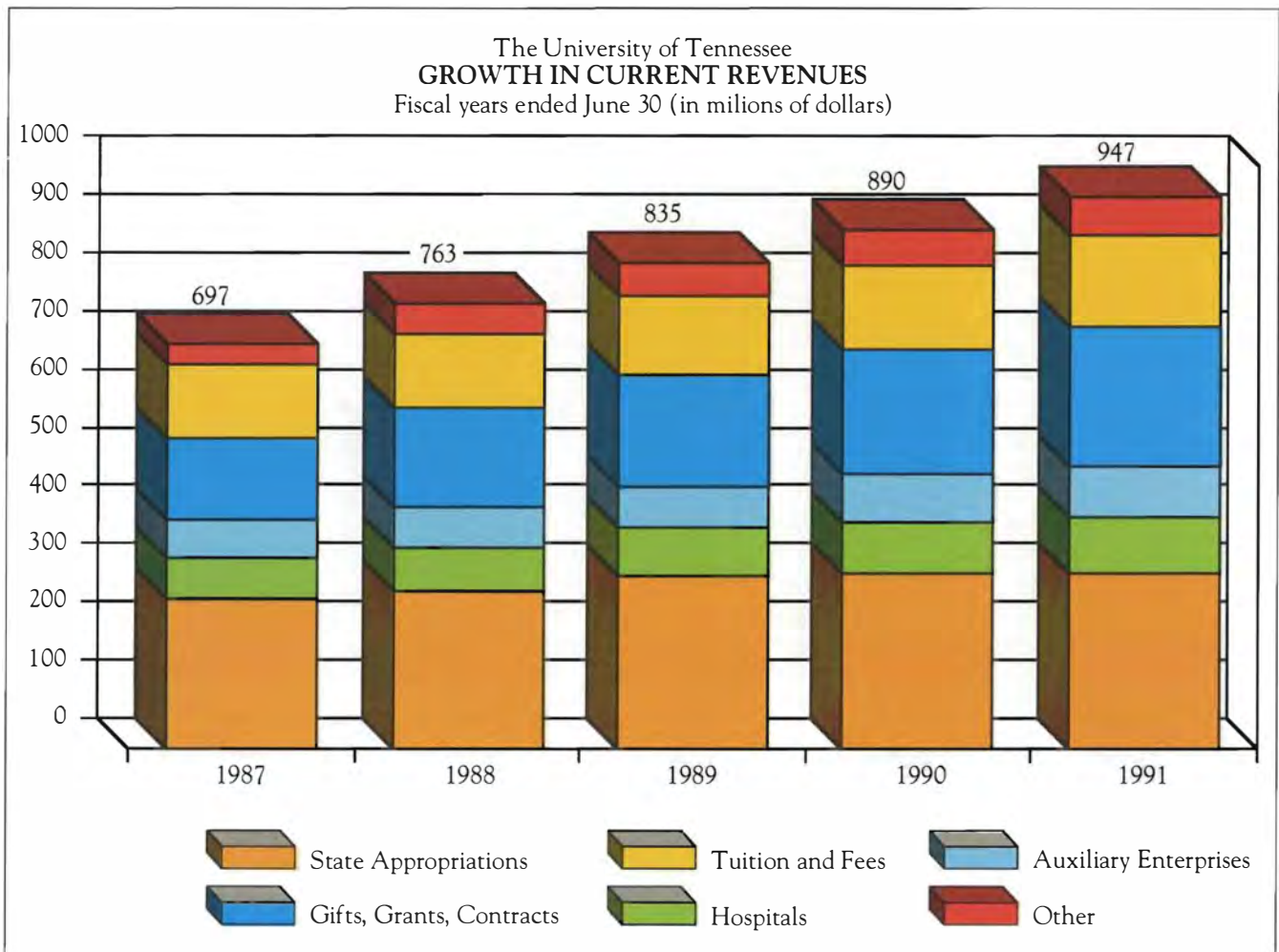
reduced by three percent at the beginning of the year and five percent at midyear because of poor state revenue collections. State appropriations for the year totaled \$300 million. Since significant improvements were not expected in state revenues for the near term, an additional five percent reduction was incorporated in the 1992 fiscal year budget. The total loss of state support from the beginning of fiscal year 1990-91 to the present time is about \$42.3 million.

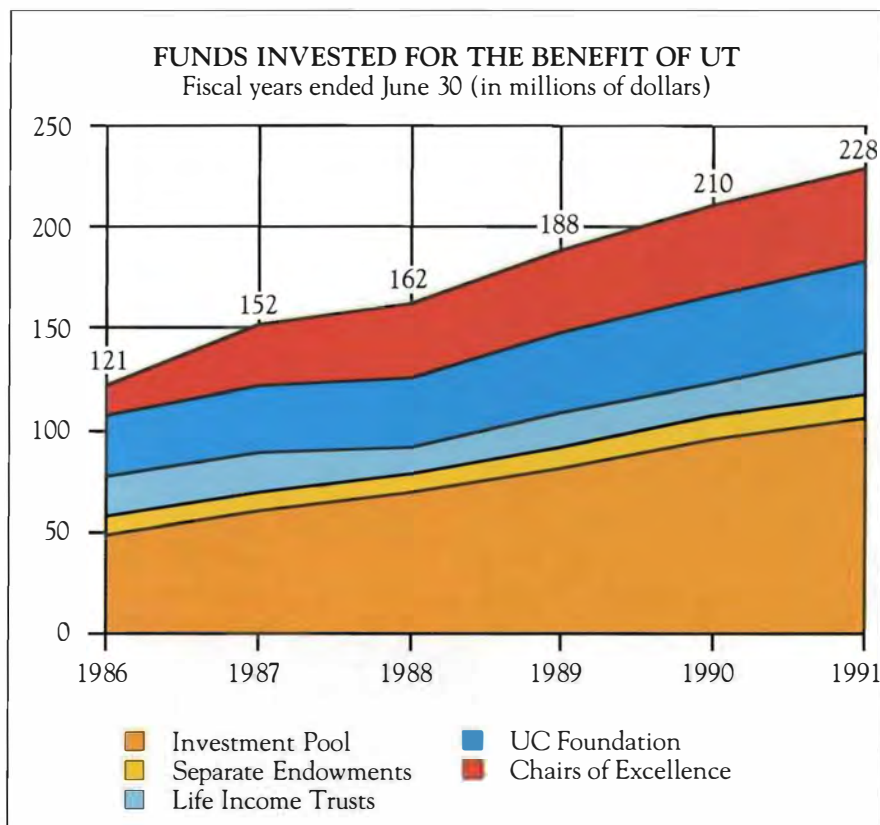
The reductions in state support have

been offset by severe cutbacks in programs and personnel and to a much lesser extent by student fee increases. Unfortunately, these reductions seriously jeopardize the University's recent progress in student funding and faculty salaries.

Student fees were increased approximately 8.5 percent, which provided \$97 million of the revenue total.

Total revenues also included \$550 million earned through auxiliary enterprises, hospitals, grants, contracts, private gifts, and other sources.





The market value of UT endowment and other funds invested to benefit UT reached \$228 million at June 30, 1991. The chart above illustrates this growth from \$121 million at July 1, 1986, to the current \$228 million. This 88 percent increase enables the University to maintain its ranking as one of the top endowed public institutions in the United States.

The University's investment policies reflect an endowment investment philosophy directly related to the perpetual nature of the funds. Consideration was given to current programs, spending needs of the programs, and the need to protect the purchasing power of the funds over an unending time horizon.

The University's Consolidated

Investment Pool consists of 1,018 endowment funds which represent the core of the University's invested funds. By pooling the 1,018 endowed funds for investment purposes, closer supervision is possible. And each endowment and quasi-endowment has the advantage of participating in a well-diversified portfolio of investments.

The University's endowment pool continues to experience an impressive growth rate due in part to investment performance but primarily from strong donor contributions as shown in the chart on page 22. This continued strong level of new contributions results from fine development staff efforts as well as all the positive accomplishments of the University. During the past five years the endowment pool has increased

122 percent in value, from \$48 million in 1986 to more than \$106 million at June 30, 1991, exclusive of income. The \$58 million increase resulted from new contributions of \$45 million and investment performance of \$13 million.

Each contributing endowment fund participates in the income and capital appreciation of the pool on a per share basis equal to its contribution into the pool.

Despite concerns about the often predicted and much awaited economic recession, as well as the economic turbulence created by the Kuwait invasion, investment markets survived the difficult third and fourth quarters of 1990 to show acceptable returns for the fiscal year ended June 30, 1991. The University's endowment pool showed a total return for the year of 8.14 percent. This investment performance compares favorably to the median returns reported by other balanced funds.

The average annual return for the endowment was 9.1 percent over the five years ending June 30, 1991. This investment performance is illustrated by the chart on page 22. This chart illustrates a typical endowment fund with a market value of \$100,000 at July 1, 1986. Assuming that this fund purchased shares in the University's endowment pool at that date, the current market value would be \$116,000. In addition to market value appreciation, the fund would have earned \$30,000 in income. The cumulative income added to the market value growth yielded a total return represented by the top line on the chart. The total investment return was \$46,000 over five years on the original \$100,000 endowment investment.

The University also had \$12 million in separately invested endowment funds. These funds were separately invested due to donor restrictions,

characteristics of the investments, or other considerations.

For the past ten years, the University has ranked at or near the top for public institutions in the total market value of funds held in charitable remainder trusts, according to a National Association of College and University Business Officer's study. At June 30, 1991, the University had \$20 million in remainder trusts.

These trusts represent donations made to the University with the stipulation that either the donor or other designated recipients share in the income earned by the fund. When the trust beneficiaries die or, in the case of a term trust, when a specified number of years passes, the trust is terminated and the principal is used for the benefit of the University according to the wishes of the donor.

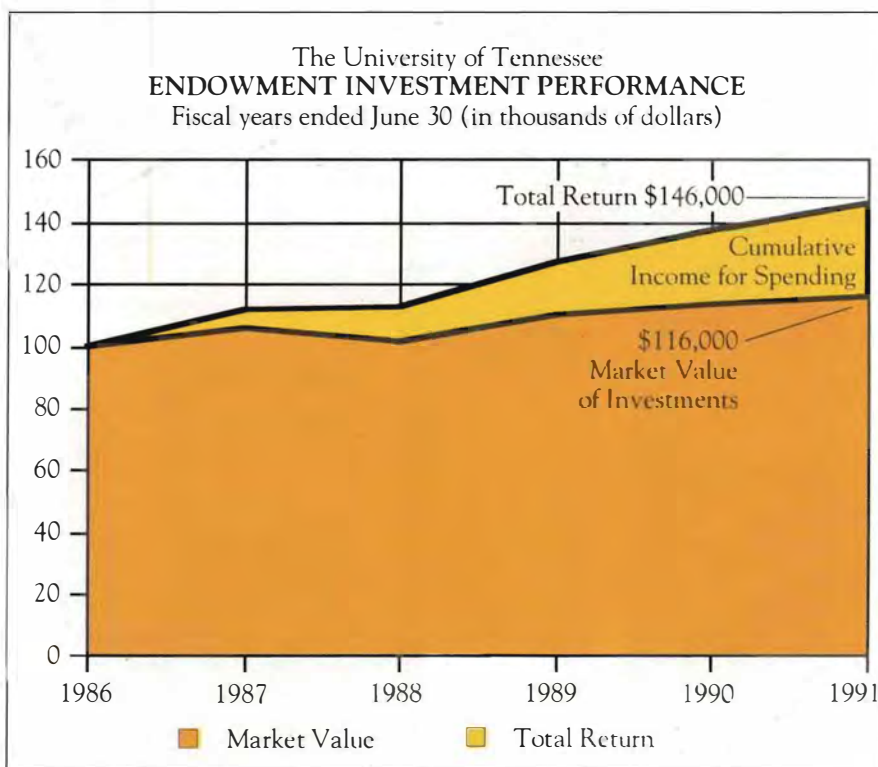
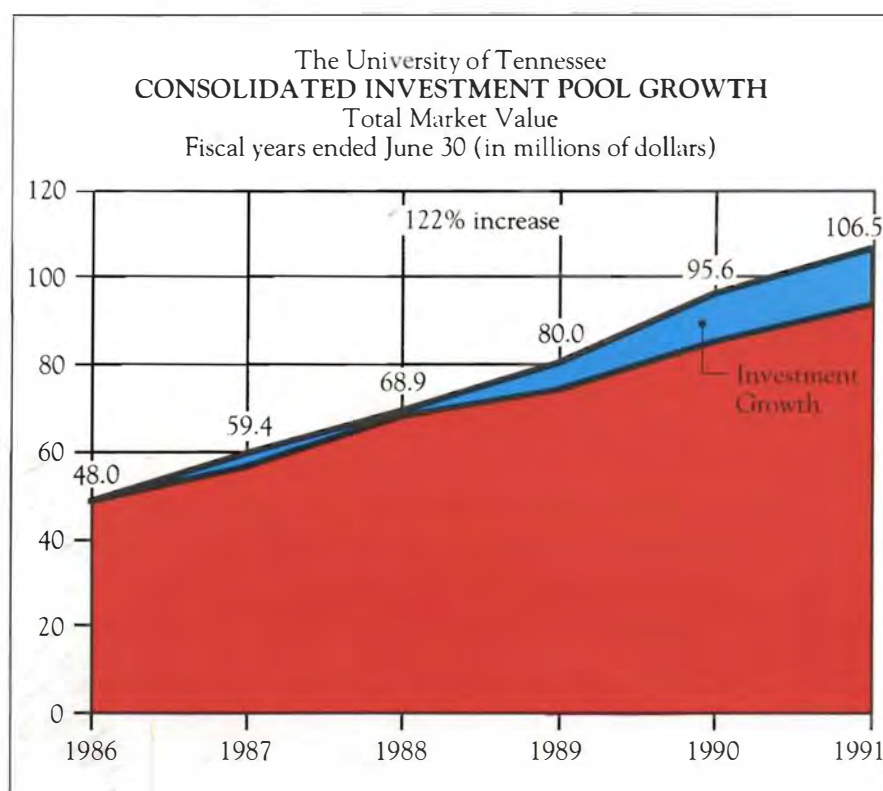
The University's endowment funds of \$118 million, with the \$20 million in charitable remainder trusts, provided a total market value of \$138 million for investments reflected on the financial statements.

CHAIRS OF EXCELLENCE

The Tennessee General Assembly appropriated \$500,000 to be added to the Chairs of Excellence Endowment for UT. Chairs of Excellence appropriations beginning in 1984 and including the 1990-91 addition total \$22 million. The appropriations provide that these funds be set aside in an irrevocable trust managed by the state of Tennessee treasurer.

To activate the state's portion of the endowment, the University must match the appropriation on a dollar-for-dollar basis. While the University raised the matching funds for these chairs, the state's funding earned sufficient interest to provide five additional chairs for matching. When all state appropriations and interest earnings are matched, the University of Tennessee Chair of Excellence Endowment will be \$49 million.

As of June 30, 1991, the University had matched 45 Chairs of Excellence, each endowment for \$1 million. The University has pending commitments to match the remaining four chairs. University financial statements do not include financial data about the Chairs of Excellence Endowment Trust since the trust is administered by the state treasurer.



UNIVERSITY OF CHATTANOOGA FOUNDATION

The University of Tennessee at Chattanooga is the sole income beneficiary of the University of Chattanooga Foundation. The foundation is a separately incorporated, not for profit entity organized to promote the educational mission of UTC.

The foundation is governed by a board of trustees. The financial state-

ments of the University of Tennessee do not include financial data of the foundation. Market value of the foundation assets at June 30, 1991, was \$45 million, an increase of \$2 million over the prior year. During the year, the foundation provided \$2.2 million to UTC to support designated projects. Since the foundation was created 21 years ago, it has contributed \$21.4 million to UTC.

IN CONCLUSION

We would like to thank Governor McWherter, members of his administration, and members of the General Assembly for all they have done for UT this year. Their support is vital to the University. And we would especially like to salute our faculty and staff, who we think are among the most talented and dedicated people anywhere. UT alumni and other friends of the University deserve special thanks, too, for the fine way in which they represent the University and all the support they give.

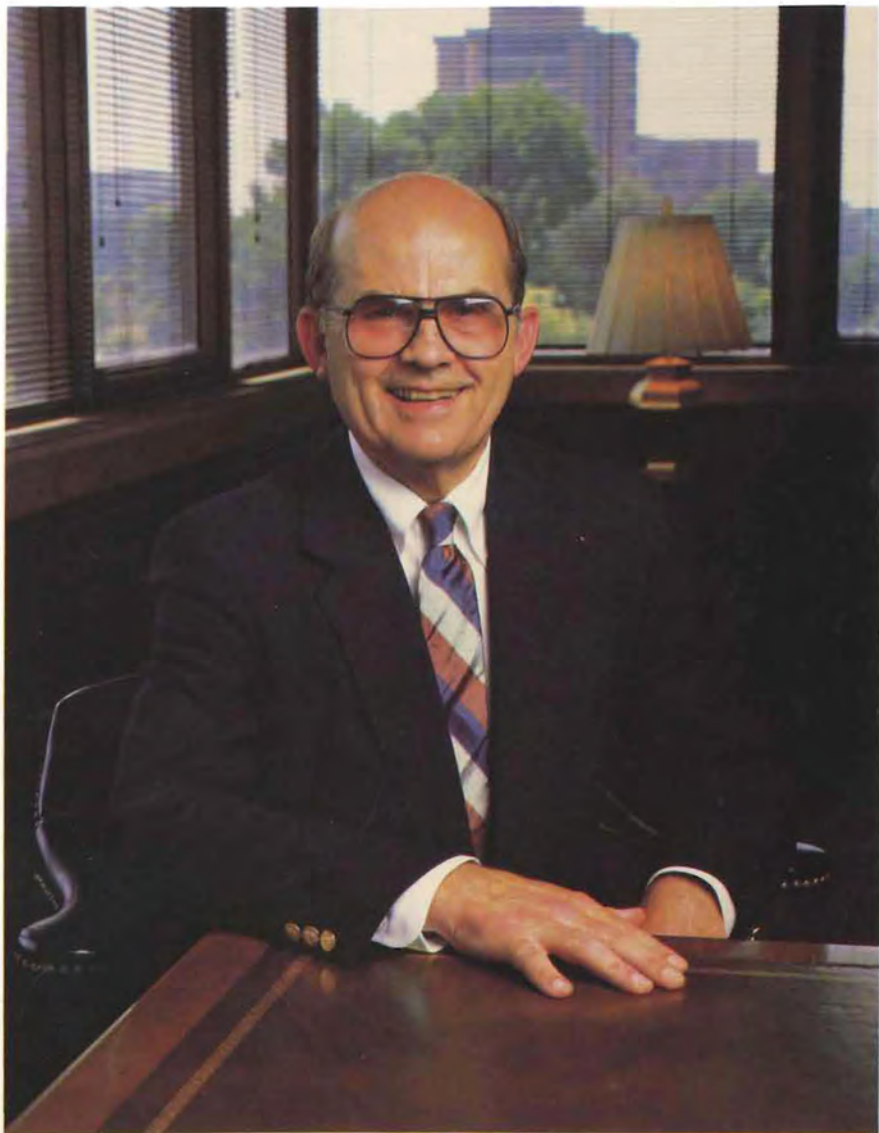
We can't overlook the contributions of our chancellors and vice presidents. Chancellors Margaret Perry, Fred Obear, John Quinn, and Jim Hunt have led their campuses through the year with the skill we've come to expect of them. Vice presidents Eli Fly, Homer Fisher, Pete Gossett, Sammie Lynn Puett, Mike Nettles, Wes Harris, General Counsel Beach Brogan, and Treasurer Butch Peccolo deserve a great deal of credit, too, for their leadership and support.

And finally to this Board, we say the biggest thank you of all. The time you devote to UT and the seriousness and common sense you demonstrate in guiding the affairs of the University are appreciated more than you know.

We look forward to a productive 1992. With the combined efforts of all of the University of Tennessee family and UT's friends, the future looks bright indeed.



Joseph E. Johnson
President



The Board of Trustees elected Dr. Joseph E. Johnson president in June after Lamar Alexander resigned to become U.S. secretary of education.

FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION

Auditor's Opinion Letter	26
Management Responsibility for Financial Statements	27
Balance Sheet	28
Statement of Changes in Fund Balances	32
Statement of Current Funds Revenues, Expenditures, and Other Changes	34
Notes to Financial Statements	35
1990-91 Financial Report	38
Sources of Current Revenues	42
Uses of Current Funds	43
Major Capital Construction Programs	44
The University of Tennessee Ten Year Summary	46



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF STATE AUDIT
SUITE 1500
JAMES K. POLK STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37243-0284
PHONE (615) 741-3697

Independent Auditor's Report
September 27, 1991

The Honorable W. R. Snodgrass
Comptroller of the Treasury
State Capital
Nashville, Tennessee 37243

Dear Mr. Snodgrass:

We have audited the accompanying balance sheets of the University of Tennessee as of June 30, 1991, and June 30, 1990, and the related statements of changes in fund balances and current funds revenues, expenditures, and other changes for the year ended June 30, 1991. These financial statements are the responsibility of the university's management. Our responsibility is to express an opinion on these financial statements, based on our audit.

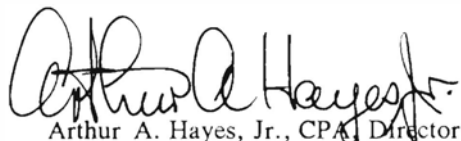
We conducted our audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 2 to the financial statements, the university has excluded the liability for accrued vacation leave from the accompanying balance sheets. In our opinion, accrued vacation leave should be included to conform with generally accepted accounting principles. The recognition of this liability would have increased the liabilities of the unrestricted current fund by \$31,947,303 at June 30, 1991, and \$30,205,552 at June 30, 1990, and increase the unrestricted current fund expenditures by \$1,741,751 for the year ended June 30, 1991.

In our opinion, except for the effects of not including the liability for accrued vacation leave in the accompanying balance sheets, as discussed in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the University of Tennessee, as of June 30, 1991, and June 30, 1990, and the changes in fund balances and the current funds revenues, expenditures, and other changes for the year ended June 30, 1991, in conformity with generally accepted accounting principles.

The schedules and statistical data presented outside of the basic financial statements were not audited by us, and accordingly, we express no opinion on them.

Sincerely,


Arthur A. Hayes, Jr., CPA, Director
Division of State Audit

AAH/sdr

Management Responsibility for Financial Statements

The financial statements on the following pages have been prepared in general conformance with *College and University Business Administration*, which sets forth generally accepted accounting principles for colleges and universities. The management of The University of Tennessee is responsible for the integrity and objectivity of these financial statements.

Management believes that the University's highly developed system of internal accounting controls provides reasonable assurance that assets are protected and that transactions and events are properly recorded. The system of internal controls is maintained by establishment and communication of fiscal policies and procedures, careful selection of qualified financial staff, and an extensive program of internal audits and management reviews.

The financial statements have been audited by the State of Tennessee, Comptroller of the Treasury, Division of State Audit. The auditors' report, as shown opposite this page, is based on audit procedures described in the first paragraph of their report, which include obtaining an understanding of University systems, procedures and internal controls, and performing tests and other auditing procedures sufficient to provide reasonable assurance that the financial statements neither are materially misleading nor contain material errors.

The statements contained in this report are intended to provide a picture of the flow of financial resources of the University during the fiscal year 1990-91 and the balances available for the future. A separate publication entitled *Report of the Treasurer 1991* contains detailed supporting schedules and appendices and is available for those who wish to make a more extensive analysis of University operations. The supporting schedules and appendices are designed to supply analysis of important items summarized or consolidated in the financial statements of this report.



Respectfully submitted,

A handwritten signature in cursive script that reads "Charles M. Peccolo".

Charles M. Peccolo
Treasurer



A handwritten signature in cursive script that reads "Emerson H. Fly".

Emerson H. Fly
Vice President for Business
and Finance

Balance Sheet

June 30, 1991

With Comparative Figures at June 30, 1990

ASSETS

CURRENT FUNDS

Unrestricted General

	1991	1990
Cash and Cash Equivalents (Note 4)	\$ 19,178,267.62	\$ 21,313,806.89
Investments (Note 4)	42,302,157.83	40,247,778.60
Interest Receivable	2,126,778.81	2,188,473.89
Accounts Receivable (Net of Allowance of \$2,044,210.63 at June 30, 1991, and \$1,681,098.37 at June 30, 1990)	7,820,894.70	6,639,166.37
Inventories (Note 1)	3,422,877.43	3,377,267.28
Prepaid Expenses and Deferred Charges	1,683,567.19	1,256,839.05
Due From Life Income Funds	47,249.23	47,116.59

Total General \$ 76,581,792.81 \$ 75,070,448.67

Auxiliary Enterprises

Cash and Cash Equivalents (Note 4)	\$ 14,411,386.79	\$ 13,693,396.47
Accounts Receivable (Net of Allowance of \$1,889,226.84 at June 30, 1991, and \$1,498,588.15 at June 30, 1990)	2,785,294.36	2,207,842.09
Inventories (Note 1)	4,531,831.56	4,472,222.68
Deferred Charges	59,529.06	81,919.46

Total Auxiliary Enterprises \$ 21,788,041.77 \$ 20,455,380.70

Hospitals

Cash and Cash Equivalents (Note 4)	\$ 15,592,306.15	\$ 1,259,403.69
Accounts Receivable (Net of Allowance of \$35,549,097.92 at June 30, 1991, and \$41,275,291.42 at June 30, 1990)	56,229,016.77	51,978,795.44
Inventories (Note 1)	2,044,728.52	1,667,475.35
Deferred Charges	168,036.21	204,467.60
Stocks (Note 4)		33,250.00

Total Hospitals \$ 74,034,087.65 \$ 55,143,392.08

Total Unrestricted \$ 172,403,922.23 \$ 150,669,221.45

Restricted

Cash and Cash Equivalents (Note 4)	\$ 7,992,408.57	\$ 13,334,811.02
Accounts Receivable—Educational and General	32,809,371.03	24,022,477.00
Accounts Receivable—Hospitals	1,479,085.26	1,354,460.68
Bonds (Note 4)	12,064.49	11,221.97
Stocks (Note 4)	79,399.00	79,399.00
Other Assets (Note 4)	2,000.00	17,480.75

Total Restricted \$ 42,374,328.35 \$ 38,819,850.42

TOTAL CURRENT FUNDS \$ 214,778,250.58 \$ 189,489,071.87

LOAN FUNDS

Cash and Cash Equivalents (Note 4)	\$ 2,577,665.48	\$ 2,127,685.36
Interest Receivable	410,725.29	371,987.53
Notes Receivable (Net of Allowance of \$2,177,155.84 at June 30, 1991, and \$2,168,519.94 at June 30, 1990)	24,935,618.88	24,961,718.22
TOTAL LOAN FUNDS	\$ 27,924,009.65	\$ 27,461,391.11

LIABILITIES AND FUND BALANCES

CURRENT FUNDS	1991	1990
Unrestricted		
General		
Salaries and Wages Payable	\$ 5,916,969.07	\$ 5,663,847.21
Benefits Payable	1,409,323.67	1,332,294.74
Accounts Payable	27,295,093.70	29,984,441.04
Payroll Taxes Payable	8,831,898.11	9,272,413.10
Deposits and Advance Payments	1,094,890.00	902,434.23
Deferred Revenue	6,241,839.88	5,744,370.93
Fund Balances		
Allocated for Unemployment Compensation	495,619.43	617,659.34
Allocated for Revolving Accounts	2,036,921.59	2,048,427.94
Allocated for Working Capital (Note 1)	10,658,024.30	8,916,448.51
Allocated for Encumbrances (Note 13)	2,525,846.79	2,625,307.08
Allocated for Unexpended Gifts	1,085,696.42	972,686.94
Allocated for Reappropriation	726,942.54	841,836.71
Unallocated	8,262,727.31	6,148,280.90
Total General	<u>\$ 76,581,792.81</u>	<u>\$ 75,070,448.67</u>
Auxiliary Enterprises		
Accounts Payable	\$ 1,578,053.40	\$ 1,956,158.52
Deposits and Advance Payments	1,086,249.72	1,040,044.91
Deferred Revenue	8,663,881.41	8,486,418.09
Fund Balances		
Allocated for Working Capital (Note 1)	7,311,505.02	6,674,596.36
Allocated for Encumbrances (Note 13)	319,222.07	608,160.81
Unallocated	2,829,130.15	1,690,002.01
Total Auxiliary Enterprises	<u>\$ 21,788,041.77</u>	<u>\$ 20,455,380.70</u>
Hospitals		
Accounts and Notes Payable	\$ 12,484,958.58	\$ 10,252,581.09
Accrued Wages Payable	2,941,079.77	2,760,631.14
Fund Balances		
Allocated for Revolving Accounts		38,489.49
Allocated for Working Capital (Note 1)		
Memorial Hospital-Knoxville	54,264,966.43	46,439,247.78
William F. Bowld Hospital-Memphis	4,008,778.86	7,206,800.30
Allocated for Encumbrances (Note 13)		
Memorial Hospital-Knoxville	747,922.10	808,506.50
William F. Bowld Hospital-Memphis	490,226.07	161,383.02
Unallocated		
Memorial Hospital-Knoxville	(1,634,834.82)	(8,670,983.26)
William F. Bowld Hospital-Memphis	730,990.66	(3,853,263.98)
Total Hospitals	<u>\$ 74,034,087.65</u>	<u>\$ 55,143,392.08</u>
Total Unrestricted	<u>\$ 172,403,922.23</u>	<u>\$ 150,669,221.45</u>
Restricted		
Salaries and Wages Payable	\$ 226,806.00	\$ 219,522.00
Accounts Payable	2,562,967.11	1,657,258.92
Fund Balances		
General	37,600,228.55	35,165,171.16
Auxiliary Enterprises	212,656.36	227,653.70
Hospitals	1,771,670.33	1,550,244.64
Total Restricted	<u>\$ 42,374,328.35</u>	<u>\$ 38,819,850.42</u>
TOTAL CURRENT FUNDS	<u>\$ 214,778,250.58</u>	<u>\$ 189,489,071.87</u>
LOAN FUNDS		
Fund Balances		
Privately Sponsored Loan Funds-Restricted	\$ 2,749,898.56	\$ 2,596,643.85
Institutional Loan Funds -Restricted	1,748,544.04	1,739,567.64
Federal Participation Loan Funds-Restricted	23,425,567.05	23,125,179.62
TOTAL LOAN FUNDS	<u>\$ 27,924,009.65</u>	<u>\$ 27,461,391.11</u>

Balance Sheet

June 30, 1991

With Comparative Figures at June 30, 1990

ASSETS

ENDOWMENT AND SIMILAR FUNDS (Note 5)	1991	1990
Cash and Cash Equivalents (Note 4)	\$ 11,478,913.04	\$ 16,848,086.71
Notes Receivable (Note 4)	442,342.17	506,020.19
Bonds (Note 4)	41,370,228.17	35,079,920.42
Stocks (Note 4)	41,857,165.27	36,196,955.13
Venture Capital (Note 4)	3,439,650.72	2,797,116.00
Assets With The University of Chattanooga		
Foundation, Inc. (Note 4 and Note 11)	1,224,830.00	1,000,000.00
Assets Held By Others (Note 4)	197,186.00	125,690.00
Real Estate Gifts (Note 4)	2,772,535.50	2,907,135.50
Real Estate Equity (Note 4)	3,433,000.00	2,439,000.00
Other Assets (Note 4)	296,408.00	3,211.00
TOTAL ENDOWMENT AND SIMILAR FUNDS	<u>\$ 106,512,258.87</u>	<u>\$ 97,903,134.95</u>
 LIFE INCOME FUNDS (Note 5)		
Cash and Cash Equivalents (Note 4)	\$ 228,854.27	\$ 824,409.41
Accounts Receivable	65,594.90	281.26
Notes Receivable (Note 4)	412,501.65	212,832.24
Bonds (Note 4)	13,713,364.37	11,225,161.59
Stocks (Note 4)	2,021,644.10	1,534,368.84
Real Estate (Note 4)	2,737,575.00	1,896,525.00
TOTAL LIFE INCOME FUNDS	<u>\$ 19,179,534.29</u>	<u>\$ 15,693,578.34</u>
 PLANT FUNDS		
Unexpended Plant		
Cash and Cash Equivalents (Note 4)	\$ 14,459,930.08	\$ 9,360,208.03
Accounts Receivable	37,890.00	370.00
Notes Receivable (Note 4)	92,501.06	97,292.38
Stocks (Note 4)	14,625.00	11,500.00
Real Estate (Note 4)	121,180.00	125,680.00
State Education Building Bond Appropriations	1,455,844.77	551,950.98
Authorized Bond Issues-Tennessee State School Bond Authority	282,908.38	4,854,019.94
Total Unexpended Plant	<u>\$ 16,464,879.29</u>	<u>\$ 15,001,021.33</u>
Retirement of Indebtedness and Renewal and Replacement		
Cash and Cash Equivalents (Note 4)	\$ 34,117,416.92	\$ 26,964,800.25
Assets With Trustees		
Tennessee State School Bond Authority	24,627,151.81	24,029,801.42
Department of Education Student Housing Reserve Fund	251,412.38	308,339.06
Total Retirement of Indebtedness and		
Renewal and Replacement	<u>\$ 58,995,981.11</u>	<u>\$ 51,302,940.73</u>
Investment in Plant (Note 1)		
Land	\$ 28,698,051.91	\$ 27,608,954.66
Buildings	768,372,075.01	738,097,393.66
Improvements Other Than Buildings	47,205,737.76	44,517,612.53
Equipment	282,752,191.84	263,902,805.90
Library Books	56,529,560.00	55,852,260.00
Livestock	1,788,695.00	1,750,714.00
Total Investment in Plant	<u>\$1,185,346,311.52</u>	<u>\$1,131,729,740.75</u>
TOTAL PLANT FUNDS	<u>\$1,260,807,171.92</u>	<u>\$1,198,033,702.81</u>
 AGENCY FUNDS		
Cash and Cash Equivalents (Note 4)	\$ 251,287.81	\$ 1,690,752.90
Accounts Receivable	278,256.52	231,297.57
Bonds (Note 4)	98,750.00	98,750.00
Stocks (Note 4)	3,505,446.00	3,505,446.00
TOTAL AGENCY FUNDS	<u>\$ 4,133,740.33</u>	<u>\$ 5,526,246.47</u>

See Notes to Financial Statements.

LIABILITIES AND FUND BALANCES

ENDOWMENT AND SIMILAR FUNDS	1991	1990
Accounts Payable	\$ 250,000.00	\$ 250,000.00
Fund Balances		
Allocated for Losses on Consolidated Investment Pool	15,272,811.20	15,234,045.01
Endowment-Restricted	82,331,582.23	75,891,688.98
Quasi-Endowment-Restricted	248,430.44	223,290.09
Quasi-Endowment-Unrestricted	8,409,435.00	6,304,110.87
 TOTAL ENDOWMENT AND SIMILAR FUNDS	 \$ 106,512,258.87	 \$ 97,903,134.95
 LIFE INCOME FUNDS		
Due To Current Unrestricted General Funds	\$ 47,249.23	\$ 47,116.59
Fund Balances-Restricted	19,132,285.06	15,646,461.75
 TOTAL LIFE INCOME FUNDS	 \$ 19,179,534.29	 \$ 15,693,578.34
 PLANT FUNDS		
Unexpended Plant (Note 1)		
Accounts Payable	\$ 2,504,676.05	\$ 3,131,255.95
Fund Balances		
Unrestricted		
Designated	13,960,203.24	11,869,765.38
 Total Unexpended Plant	 \$ 16,464,879.29	 \$ 15,001,021.33
 Retirement of Indebtedness and Renewal and Replacement		
Fund Balances		
Unallocated-Restricted	\$ 24,976,169.71	\$ 24,448,913.77
Unallocated-Unrestricted	34,019,811.40	26,854,026.96
 Total Retirement of Indebtedness and Renewal and Replacement	 \$ 58,995,981.11	 \$ 51,302,940.73
 Investment in Plant		
Tennessee State School Bond Authority		
Indebtedness (Note 6)	\$ 240,272,649.78	\$ 232,362,347.17
Notes Payable (Note 6)	205,840.05	220,627.82
Bonds Payable (Note 6)	65,000.00	95,000.00
Interest Payable (Note 3)	2,328,242.93	2,341,473.04
Leaseholds Payable (Note 8)	1,666,740.27	2,412,044.62
Fund Balance		
Net Investment in Plant	940,807,838.49	894,298,248.10
Total Investment in Plant	\$1,185,346,311.52	\$1,131,729,740.75
TOTAL PLANT FUNDS	\$1,260,807,171.92	\$1,198,033,702.81
 AGENCY FUNDS		
Accounts Payable	\$ 9,087.66	\$ 18,382.79
Deposits Held in Custody for Others	4,124,652.67	5,507,863.68
 TOTAL AGENCY FUNDS	 \$ 4,133,740.33	 \$ 5,526,246.47

Statement of Changes in Fund Balances

Year Ended June 30, 1991

	Current Funds			
	General	Auxiliary Enterprises	Hospitals	Total
FUND BALANCE JULY 1, 1990				
AS PREVIOUSLY STATED	\$ 22,170,647.42	\$ 8,972,759.18	\$ 42,130,179.85	\$ 73,273,586.45
Restatement (Note 3)				
RESTATED FUND BALANCE JULY 1, 1990	\$ 22,170,647.42	\$ 8,972,759.18	\$ 42,130,179.85	\$ 73,273,586.45
REVENUES AND OTHER ADDITIONS				
Unrestricted Current Funds Revenues	\$460,408,054.80	\$ 88,207,854.39	\$236,465,838.30	\$785,081,747.49
Revenues Transferred From Restricted Current Funds	158,025,275.38	16,895.41	3,571,933.75	161,614,104.54
Restricted Gifts and Grants				
Perkins Loan Funds				
Federal Nursing and Health Professions Loan Funds				
Interest on Notes				
Endowment Income				
Income on Investments				
Net Gain (Loss) on Investments				
State Appropriations for Capital Outlay				
Tennessee State School Bond Authority				
Capital Lease Payments and Additions				
Gifts and Other Sources				
Student Debt Service Fees				
Federal Interest Subsidy Grants				
Special State Legislature Appropriations				
Plant Acquisitions and Adjustments (Including \$30,165,460.15 charged to current fund expenditures)				
Bonds and Notes Issued and Retired				
TOTAL REVENUES AND OTHER ADDITIONS	\$ 618,433,330.18	\$ 88,224,749.80	\$240,037,772.05	\$946,695,852.03
EXPENDITURES AND OTHER DEDUCTIONS				
Unrestricted Current Funds Expenditures	\$447,852,381.38	\$ 74,194,068.56	\$210,810,048.40	\$732,856,498.34
Restricted Current Funds Expenditures	158,025,275.38	16,895.41	3,571,933.75	161,614,104.54
Transferred to Current Funds Revenues				
Indirect Cost Recoveries to Current Funds				
Other Deductions				
Revolving Account Funding (Net)	(5,513,788.71)		38,925.29	(5,474,863.42)
Collection Expense				
Bad Debt Expense				
Payments to Beneficiaries				
Plant Additions				
Retirement of Bonds and Notes				
Interest Payments				
Disposal of Land and Adjustments				
Buildings Written Off and Adjustments				
Physical Inventory Adjustments				
Bonds and Notes Issued				
TOTAL EXPENDITURES AND OTHER DEDUCTIONS	\$ 600,363,868.05	\$ 74,210,963.97	\$214,420,907.44	\$888,995,739.46
TRANSFERS				
Mandatory				
Debt Service Requirements	\$ (5,062,410.67)	\$ (8,463,473.33)	\$ (10,137,748.14)	\$ (23,663,632.14)
Matching Loan Funds	(9,272.81)			(9,272.81)
Restricted Current Funds				
Endowment Funds				
Non-Mandatory				
Operating Transfers	2,420,388.46	(1,381,188.46)	(1,039,200.00)	
Restricted Current Funds	(199,800.00)			(199,800.00)
Endowment Funds	(374,881.33)	(200,000.00)	(95,000.00)	(669,881.33)
Capital Project Transfers	(1,163,319.61)	(894,264.43)	2,132,952.98	75,368.94
Debt and Maintenance Reserves	(10,059,035.21)	(1,587,761.55)		(11,646,796.76)
TOTAL TRANSFERS	\$ (14,448,331.17)	\$ (12,526,687.77)	\$ (9,138,995.16)	\$ (36,114,014.10)
NET INCREASE (DECREASE) FOR THE YEAR	\$ 3,621,130.96	\$ 1,487,098.06	\$ 16,477,869.45	\$ 21,586,098.47
FUND BALANCE JUNE 30, 1991	\$ 25,791,778.38	\$ 10,459,857.24	\$ 58,608,049.30	\$ 94,859,684.92

See Notes to Financial Statements.

Restricted	Loan Funds	Endowment and Similar Funds	Life Income Funds	Unexpended	Plant Funds	
					Retirement of Indebtedness and Renewal and Replacement	Net Investment in Plant
\$ 36,943,069.50	\$ 27,461,391.11	\$ 97,653,134.95	\$ 15,646,461.75	\$ 11,869,765.38	\$ 51,302,940.73	\$894,298,248.10 (2,341,473.04)
\$ 36,943,069.50	\$ 27,461,391.11	\$ 97,653,134.95	\$ 15,646,461.75	\$ 11,869,765.38	\$ 51,302,940.73	\$894,298,248.10
\$ 175,465,770.94	\$ 39,454.46 331,298.00	\$ 6,417,414.88	\$ 3,684,803.14			
5,321,273.68	676,571.70 9,777.93 83,657.94	265,370.44	1,218,290.03 135,006.22	\$ 1,083,158.83	\$ 2,834,671.85	
		327,474.94		23,738,556.77 15,162,516.95	753,843.75	\$ 745,304.35 508,596.09
	9,588.16			2,549,546.03	11,145.66	
					1,463,452.25 206,078.00 387,841.55	69,021,464.63
						16,679,485.16
\$ 180,787,044.62	\$ 1,150,348.19	\$ 7,010,260.26	\$ 5,038,099.39	\$ 42,533,778.58	\$ 5,657,033.06	\$86,954,850.23
\$ 161,614,104.54 15,582,347.76 539,070.14	\$ 577,071.93	\$ 2,613.66	\$ 5,306.00	\$ 3,812,124.81		
	25,715.70 112,287.72		1,167,348.01	38,519,148.37	\$ 336,856.11 16,679,485.16 14,334,568.54	\$ 57,902.75 112,029.63 15,730,327.46 24,545,000.00
\$ 177,735,522.44	\$ 715,075.35	\$ 2,613.66	\$ 1,172,654.01	\$ 42,331,273.18	\$ 31,350,909.81	\$ 40,445,259.84
					\$ 23,663,632.14	
\$ (18,369.30)	\$ 9,272.81 18,369.30					
		\$ 379,622.07	\$ (379,622.07)			
(391,667.14)	(296.41)	127,940.15 1,093,915.10		\$ 296.41 463,526.99 (424,033.77) 1,848,142.83	(1,923,511.77) 11,646,796.76	
\$ (410,036.44)	\$ 27,345.70	\$ 1,601,477.32	\$ (379,622.07)	\$ 1,887,932.46	\$ 33,386,917.13	
\$ 2,641,485.74	\$ 462,618.54	\$ 8,609,123.92	\$ 3,485,823.31	\$ 2,090,437.86	\$ 7,693,040.38	\$ 46,509,590.39
\$ 39,584,555.24	\$ 27,924,009.65	\$ 106,262,258.87	\$ 19,132,285.06	\$ 13,960,203.24	\$ 58,995,981.11	\$940,807,838.49

Statement of Current Funds Revenues, Expenditures and Other Changes

Year Ended June 30, 1991

With Comparative figures at June 30, 1990

CURRENT REVENUES	1991		1990
	Unrestricted	Restricted	Total
General Funds			
Tuition and Fees	\$ 96,500,728.02		\$ 96,500,728.02
Federal Appropriations	12,110,199.40		12,110,199.40
State Appropriations	289,557,502.00	\$ 10,011,350.20	299,568,852.20
Local Appropriations	1,731,196.72		1,731,196.72
Federal Gifts, Grants and Contracts	13,228,870.51	70,577,680.59	83,806,551.10
State Gifts, Grants and Contracts	816,935.38	15,928,044.03	16,744,979.41
Local Gifts, Grants and Contracts	2,856,794.02	2,277,401.79	5,134,195.81
Private Gifts, Grants and Contracts	3,324,262.74	49,211,983.03	52,536,245.77
Endowment Income—University and Other	125,928.36	10,018,815.74	10,144,744.10
Sales and Services of Educational Activities	24,577,988.58		24,577,988.58
Other Services	15,577,649.07		15,577,649.07
TOTAL GENERAL FUNDS	\$460,408,054.80	\$158,025,275.38	\$618,433,330.18
Auxiliary Enterprises Funds	88,207,854.39	16,895.41	88,224,749.80
Hospitals Funds	236,465,838.30	3,571,933.75	240,037,772.05
TOTAL CURRENT REVENUES	\$785,081,747.49	\$161,614,104.54	\$946,695,852.03
CURRENT EXPENDITURES AND TRANSFERS			
General Funds Expenditures			
Instruction	\$206,017,808.04	\$ 33,726,685.47	\$239,744,493.51
Organized Research	30,361,235.55	75,363,009.72	105,724,245.27
Public Service	38,505,975.33	22,837,938.61	61,343,913.94
Academic Support	50,039,924.56	4,380,922.01	54,420,846.57
Student Services	25,660,862.12	1,020,768.29	26,681,630.41
Institutional Support	47,777,990.42	1,010,723.28	48,788,713.70
Operation and Maintenance of Physical Plant	40,129,028.07	10,921.25	40,139,949.32
Student Aid	9,359,557.29	19,674,306.75	29,033,864.04
General Funds Mandatory Transfers			
To Retirement of Indebtedness Funds	5,062,410.67		5,062,410.67
To Loan Funds	9,272.81		9,272.81
General Funds Non-Mandatory Transfers			
To Retirement of Indebtedness Funds	10,059,035.21		10,059,035.21
To Endowment Funds	374,881.33		374,881.33
To Restricted Funds	199,800.00		199,800.00
To Plant Funds	1,163,319.61		1,163,319.61
From Auxiliary Enterprises Funds	(1,381,188.46)		(1,381,188.46)
From Hospitals Funds	(1,039,200.00)		(1,039,200.00)
Revolving Accounts Adjustments (Net)	(5,513,788.71)		(5,513,788.71)
TOTAL GENERAL FUNDS EXPENDITURES AND TRANSFERS	\$456,786,923.84	\$158,025,275.38	\$614,812,199.22
Auxiliary Enterprise Funds			
Expenditures	\$ 74,194,068.56	\$ 16,895.41	\$ 74,210,963.97
Mandatory Transfers			
To Retirement of Indebtedness Funds	8,463,473.33		8,463,473.33
Non-Mandatory Transfers			
To Retirement of Indebtedness Funds	1,578,761.55		1,578,761.55
To Plant Funds	894,264.43		894,264.43
To General Funds	1,381,188.46		1,381,188.46
To Endowment Funds	200,000.00		200,000.00
TOTAL AUXILIARY ENTERPRISES FUNDS EXPENDITURES AND TRANSFERS	\$ 86,720,756.33	\$ 16,895.41	\$ 86,737,651.74
Hospitals Funds			
Expenditures	\$210,810,048.40	\$ 3,571,933.75	\$214,381,982.15
Mandatory Transfers			
To Retirement of Indebtedness Funds	10,137,748.14		10,137,748.14
Non-Mandatory Transfers			
To General Funds	1,039,200.00		1,039,200.00
To Endowment Funds	95,000.00		95,000.00
From Plant Funds	(2,132,952.98)		(2,132,952.98)
Revolving Accounts Adjustments (Net)	38,925.29		38,925.29
TOTAL HOSPITALS FUNDS EXPENDITURES AND TRANSFERS	\$219,987,968.85	\$ 3,571,933.75	\$223,559,902.60
TOTAL CURRENT EXPENDITURES AND TRANSFERS	\$763,495,649.02	\$161,614,104.54	\$925,109,753.56
EXCESS (DEFICIT) CURRENT REVENUES OVER CURRENT EXPENDITURES AND TRANSFERS			
General Funds	\$ 3,621,130.96		\$ 3,621,130.96
Auxiliary Enterprises Funds	1,487,098.06		1,487,098.06
Hospitals Funds	16,477,869.45		16,477,869.45
OTHER ADDITIONS AND TRANSFERS			
Restricted Receipts in Excess of Expenditures		\$ 19,172,940.08	19,172,940.08
Indirect Costs Recovered		(16,121,417.90)	(16,121,417.90)
Restricted Gifts Transferred to Other Funds		(410,036.44)	(410,036.44)
NET INCREASE IN FUNDS BALANCES	\$ 21,586,098.47	\$ 2,641,485.74	\$ 24,227,584.21

See Notes to Financial Statements.

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies

A. Organization and Scope—The University of Tennessee System is comprised of the University of Tennessee, Knoxville; the University of Tennessee at Chattanooga; the University of Tennessee at Martin; the University of Tennessee—Center for the Health Sciences, composed of the Memphis campus, the Memorial Research Center at Knoxville, Clinical Education Centers at Chattanooga and Knoxville, Family Practice Centers at Jackson, Knoxville, Memphis, and hospitals in Knoxville and Memphis; the University of Tennessee Space Institute at Tullahoma; the University of Tennessee Institute of Agriculture composed of the College of Agriculture at Knoxville, the Agricultural Experiment Stations, the Agricultural Extension Service, and the College of Veterinary Medicine at Knoxville; the Institute for Public Service which includes the County Technical Assistance Service and the Municipal Technical Advisory Service; and the University-Wide Administration.

The University is governed by a board of nineteen members including one student member, all appointed by the Governor, who also serves as Chairman. The President is the Chief Executive Officer of the University system.

The financial statements for The University of Tennessee are prepared in accordance with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board, the American Institute of Certified Public Accountants in *Audits of Colleges and Universities* (1975), and the National Association of College and University Business Officers in *College and University Business Administration* (1982).

Since the University is a component unit of the State of Tennessee, it is accounted for as college and university funds in the *Tennessee Comprehensive Annual Financial Report*.

B. Accrual Basis—The financial statements of The University of Tennessee have been prepared on the accrual basis except that depreciation on plant assets is not recorded. Revenues for summer sessions are reported within the fiscal year in which the program is predominantly conducted. All unrestricted funds are reported as revenue in the year they are received or accrued, with the exception of certain gifts. All restricted funds are recorded as additions to the fund balances of the appropriate fund groups. Restricted current funds are then recorded as revenues during the period in which they are expended. The statement of current fund revenues, expenditures, and other changes is a statement of financial activity related to the current reporting period. It does not purport to represent results of operations or the net income or loss for the period as would a statement of income or a statement of revenue and expenses.

C. Fund Accounting—The accounts of The University of Tennessee are maintained in accordance with the principles of "fund accounting". Fund accounting is a procedure by which resources for various purposes are classified for accounting and reporting into funds that are in accordance with specified activities or objectives. This enables the institution to ensure observance of limitations and restrictions placed on the use of the resources available. Separate accounts are maintained for each fund; however, in the accompanying financial statements, funds that have similar characteristics have been combined into fund groups. Accordingly, all financial transactions have been recorded and reported by fund group. The University's fund balance allocations and designations represent those portions of the fund balances that are reserved, restricted and/or otherwise designated for specific future use by legal covenants, state policies, or University policies. The Unemployment Compensation, Revolving Accounts, Unexpended Gifts, and Reappropriation Allocation of Fund Balances were made in accordance with University policies.

1. Current Funds—Unrestricted current funds consist of those funds over which the governing board retains full control to use in achieving any of its authorized institutional purposes, as distinguished from externally restricted funds which may be utilized only in accordance with the purposes established by their source.

2. Loan Funds—Loan funds consist of resources which have been made available for financial loans to students.

3. Endowment Funds—Endowment funds are funds with respect to which donors have stipulated, as a condition of the gift, that the principal is to be maintained inviolate and invested for the purpose of producing income.

Quasi-endowment funds are funds which the governing board of the University, rather than a donor, has determined are to be retained and invested. Since these funds are internally designated rather than externally restricted, the governing board retains the right to alter or amend such designation.

4. Life Income Funds—Life income funds are funds held in trust by the University under agreement with donors whereby designated beneficiaries receive specified interests in annual income of the trust. Upon death of the beneficiaries or other termination of the trust, such trust assets become available to the University for use as set forth in each agreement.

5. Plant Funds—The plant funds consist of (1) unexpended plant funds which are to be used for the construction or acquisition of physical properties for institutional purposes; (2) retirement of indebtedness and renewal and replacement funds, which are funds set aside for debt service charges and major maintenance items on institutional properties; and (3) investment in plant funds expended for and thus invested in institutional properties.

6. Agency Funds—The University acts solely as an agent in the handling of these funds. Consequently, transactions of these funds do not affect the operating statements of the University.

D. Inventories—Inventories are valued at cost, which is lower than market, based on the retail method or the average cost method. Cost methods are applied on a basis consistent with prior years.

E. Investment in Plant—Physical plant, equipment and land are stated at cost at date of acquisition or fair market value at date of donation in the case of gifts. Depreciation on physical plant and equipment is not recorded. Purchases of library books are recorded as current fund expenditures and capitalized at \$20 per volume in the plant funds. Livestock is valued at current market value.

F. Non-Vested Equipment—Equipment in the possession of the University valued at \$25,227,538.48 is not reflected in these financial statements. This equipment was purchased with restricted grant and contract and other funds, and title has not yet transferred to the University.

G. Investments—Investments are recorded at cost, if purchased, or fair market value at the date of receipt, if received as a gift.

H. Allocation for Working Capital—The unrestricted fund balance is allocated for the amount of working capital defined as the total of all petty cash, accounts receivable, and inventories in the unrestricted fund at the balance sheet date except for summer term student receivables credited to deferred revenue, accrued interest, accrued benefits, and amounts due on federal letter of credit. This allocation is in compliance with the recommendations of the Tennessee Higher Education Commission.

I. Income Taxes—The University, as a public corporation and an instrumentality of the State of Tennessee is exempt from Federal Income Taxes under Section 115 of the Internal Revenue Code. Contributions to the University are deductible by donors as provided under Section 170 of the Internal Revenue Code.

Note 2: Compensated Absences

Financial Accounting Standards Board Statement No. 43, "Accounting for Compensated Absences", which was determined to be applicable to The University of Tennessee beginning with the year ended June 30, 1983, requires that certain accrued vacation benefits, the effects of which are material to the financial statements, be recorded as earned. The University's policy is to record such benefits as paid. This policy is considered not a material departure from Statement No. 43 in that the effect of accruing the \$31,947,303.54 of such benefits (of which approximately \$7,016,957.36 would be reflected as a reduction of beginning Current Unrestricted Fund balances, and the remainder would be funded from other sources) is considered not material.

Note 3: Accounting Change

The University changed its reporting practice for amounts allocated for interest payable on its Bonds and Notes Payable. Prior financial statements reflected this amount as an allocation of the fund balance in Retirement of Indebtedness and Renewal and Replacement funds. The amount allocated for interest payable has been reclassified

as a liability in the Investment in Plant section of Plant Funds. Net Investment in Plant as restated for June 30, 1990 has been reduced by \$2,341,473.04, representing the interest payable on outstanding indebtedness. Interest payable as of June 30, 1991 is \$2,328,242.93.

Note 4: Deposits and Investments

Investment Policy. The University of Tennessee maintains in Current Unrestricted Funds a cash management investment pool that is available for use by all fund groups. State statutes and University investment policies authorize the University's cash management pool to invest in collateralized Tennessee bank or savings and loan association certificates of deposit, U.S. treasury obligations, U.S. government agency obligations, repurchase agreements of those securities, highest quality commercial paper, prime bankers acceptances and money market mutual funds meeting certain criteria.

In accordance with state statutes, commercial banks and savings and loan associations have pledged securities with third parties as collateral in face amounts of 110% of University time and demand deposits less so much of such amount as is protected by the Federal Deposit Insurance Corporation. Market values of these securities are regularly monitored to ascertain that 100% of University deposits are secured.

There are two categories of University funds which are subject to long-term investment, the Endowment and Quasi-Endowment Funds and the Life Income Funds. The investment of these funds is governed by the gift instrument and the investment policies established by the Board of Trustees. For a more complete description of these investments, please refer to footnote 5, "Endowment and Life Income Funds".

Cash and Cash Equivalents—The balance sheet classification "cash and cash equivalents" includes all readily available sources of cash such as petty cash, demand deposits, certificates of deposits and temporary investments in marketable securities with maturities less than one year, and interfund receivables. Petty cash funds at June 30, 1991 totaled \$1,221,316.90.

Deposits—At June 30, 1991, the carrying amount of University deposits was \$5,435,387.20 (time deposits in the form of certificates of deposit totaling \$2,510,000.00 at cost and demand deposits totaling \$2,925,387.20); whereas, the balances per bank statements totaled \$6,313,085.44. All deposits were secured by federal depository insurance or pledged collateral held by the University or by its agent in the University's name. Total face amount and market value of these collateral securities at June 30, 1991 was \$24,847,296.57 and \$25,332,956.18 respectively.

Marketable Securities and Government Repurchase Agreements—Eligible investment securities with maturities less than one year (carrying amount \$113,631,732.63 and market value \$114,451,287.06) are included as cash and cash equivalents on the balance sheet. These securities are categorized as described below to indicate the level of risk assumed by the University. The University's standard "Master Repurchase Agreements" require that the securities underlying repurchase agreements have market values equal to or exceeding 100% of the cost of the repurchase agreement and be delivered to its agents' trust account at the Federal Reserve Bank—Memphis. The market value of securities underlying repurchase agreements at June 30, 1991 was \$32,700,483.22.

Investments—The Current Fund balance sheet classification "Investments" includes all temporary investments with maturities beyond one year and is comprised of \$42,302,157.83 U.S. Government and agency securities.

Other investments shown on the balance sheet are classified by type of investment (bonds, stocks, real estate, and etc.) and are valued at cost or in the case of gifts, fair market value on the date of gift.

GASB Statement 3 requires that investments be categorized to indicate the level of risk assumed by the University. Category 1 consists of investments that are insured or registered or for which the securities are held by the University or its agent in the University's name. Category 2 consists of uninsured or unregistered investments for which the securities are held by the counterparty's trust department or agent in the University's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty or by its trust department or agent but not in the University's name. Detailed on page 36 are these categorizations.

	Category			Carrying Amount	Market Value 6/30/91
	1	2	3		
Cash Equivalents					
Government Securities	\$ 46,997,795.94			\$ 46,997,795.94	\$ 47,397,777.06
Repurchase Agreements	31,000,000.00	\$ 1,000,000.00		32,000,000.00	32,000,000.00
Commercial Paper	30,688,781.69			30,688,781.69	31,064,170.00
Bankers' Acceptances	3,945,155.00			3,945,155.00	3,989,340.00
	<u>\$112,631,732.63</u>	<u>\$1,000,000.00</u>		<u>\$113,631,732.63</u>	<u>\$114,451,287.06</u>
Investments					
Domestic Securities					
Government Securities	\$ 69,010,791.90			\$ 69,010,791.90	\$ 70,426,845.51
Corporate Bonds	26,999,678.47	\$ 8,764.49		27,008,442.96	27,282,649.66
Corporate Stock	42,293,753.45			42,293,753.45	55,306,032.85
Mortgages and Notes	936,124.88	11,220.00		947,344.88	976,401.33
Real Estate-Gifts	5,631,290.50			5,631,290.50	5,631,290.50
Other Investments	298,408.00	197,186.00		495,594.00	495,594.00
International Securities					
Government Bonds	569,080.00			569,080.00	553,219.99
Corporate Bonds	908,250.00			908,250.00	897,500.00
Corporate Stocks	990,378.41			990,378.41	942,399.99
	<u>\$147,637,755.61</u>	<u>\$ 217,170.49</u>		<u>\$147,854,926.10</u>	<u>\$162,511,933.83</u>
	<u>\$260,269,488.24</u>	<u>\$1,217,170.49</u>			
University Investments not susceptible to credit risk categorization:					
Limited Partnership-Venture					
Capital Funds				3,439,650.72	3,439,650.72
Mutual Funds				1,418,977.51	1,626,700.29
Real Estate Equity Funds				3,433,000.00	3,433,000.00
International Equity Fund				4,000,000.00	4,543,342.76
Total Investments				<u>\$160,146,554.33</u>	<u>\$175,554,627.60</u>
Total Investments and Cash Equivalents				<u>\$273,778,286.96</u>	<u>\$290,005,914.66</u>

Funds on deposit with trustee of \$24,627,151.81 in the Retirement of Indebtedness Fund consist of securities held in the Tennessee State School Bond Authority debt service reserve pool.

The State of Tennessee, Department of Finance and Administration issued a revised policy which defines cash equivalents as only investments with original maturities of three months or less. If the University used similar classification, \$54,022,125.18 would be reclassified as "investments" rather than "cash and cash equivalents".

Note 5: Endowment and Life Income Funds

There are two categories of University funds which are subject to long-term investment, the Endowment and Quasi-Endowment Funds and the Life Income Funds. The investment of these funds is governed by the gift instrument and the investment policies established by the Board of Trustees.

Effective July 1, 1954, the University adopted the policy of investing Endowment and Quasi-Endowment Funds over which it had full investment discretion (on which the donor or governing gift instrument do not require separate investment) in the Consolidated Investment Pool. This pooling of investments affords closer supervision of the investment portfolio and provides, regardless of size, the advantages of participation in a well diversified portfolio of investments. All Endowment and Quasi-Endowment Funds not invested as part of the Consolidated Investment Pool are separately invested to observe requirements or limitations imposed by donors. Income realized on the investment of the Endowment Funds for the year totaled \$5,728,536.90.

Life Income Funds are separately invested entities requiring detailed accounting to reflect specific compliance with terms of each trust and applicable Federal regulations. The investment objectives as reflected in each agreement vary widely since they are affected by the age, income level, and needs of the beneficiaries as well as motives and objectives of the donors. Income realized in these funds for the year amounted to \$1,218,290.03.

Investments of Endowment and Life Income Funds are carried at cost or, if acquired by gift, at market value on date of acquisition. The book values of Endowment Funds at June 30, 1991 was \$106,512,258.87 and the market value was \$118,040,099.62. This compares with a June 30, 1990 book value of \$97,903,134.95 and market value of \$107,145,189.35. The book value of Life Income Funds at June 30, 1991 was \$19,179,534.29 and market value of \$19,782,837.26. This compares with a June 30, 1990 book value of \$15,693,578.34 and market value of \$16,016,502.60.

Note 6: Bonds and Notes Payable

University of Tennessee and Tennessee State School Bond Authority bond issues, with rates ranging from 3.25% to 9.5% are due serially to 2015, and are secured by pledges of revenue of facilities to which they relate and certain other revenues and fees of the University. The total outstanding bonded indebtedness for the University was \$198,668,649.78 at June 30, 1991 and \$201,113,347.17 at June 30, 1990.

Included in the total outstanding indebtedness is a \$22,100,000.00 daily Variable Rate Demand Bond (VRDB) issue which was completed in January, 1985. These variable rate bonds are due serially over fifteen years with monthly interest payments. However, the University is committed to retire the bonds in 10 years. This daily VRDB issue was for the purpose of acquiring and installing equipment for the University's Memorial Hospital in Knoxville. The outstanding balances at June 30, 1991 and 1990 were \$6,700,000.00 and \$9,600,000.00, respectively.

Also included in the total outstanding indebtedness is a \$242,000 note with the Department of Education which was issued in March 1989. The note carries an interest rate of 3% and is due semi-annually to 2003. The outstanding balances at June 30, 1991 and 1990 were \$205,840.05 and \$220,627.82 respectively.

Annual maturities subject to mandatory redemption for the next five years ending June 30 are as follows:

1992	\$ 10,982,145.75
1993	11,731,315.78
1994	8,693,280.55
1995	8,449,685.39
1996	8,705,248.72
Subsequent Years	150,312,813.64
	<u>\$ 198,874,489.83</u>

Short-term financing for various University projects has been secured through the Tennessee State School Bond Authority. On March 2, 1988, all previous forms of temporary financing were consolidated under the CHAMPS (Changeable Multiple Put Securities) program with Chemical Bank. These notes have a daily variable interest rate that requires interest payments monthly and a portion of principal each year until March 1, 1993, at which time the remaining principal is due. The notes are subject to purchase by the remarketing agent on the demand of the holder on any business day pursuant to the conditions set forth in the Official Statement. The remarketing agent is authorized to use its best efforts to sell the repurchased notes. If it is unable to resell any notes that are "put", Fuji Bank, Limited, New York Branch, under the standby note purchase agreement, is required to buy the notes. Fuji Bank, subject to its right to resell the notes, may hold the notes until March 1, 1993 (the note maturity date). It is expected that a portion of these notes will be replaced with bonds at the end of the construction period. The authority is obligated to pay Fuji Bank .1% of the utilized commitment and .05% of the unutilized commitment on a quarterly basis to maintain the standby liquidity. The outstanding balance at June 30, 1991 of the five year notes is \$41,669,000.00 and \$31,344,000.00 at June 30, 1990. Including the short-term

financing, the total indebtedness of the University at June 30, 1991 is \$240,543,489.83 and \$232,677,974.99 at June 30, 1990.

Note 7: Operating Leases

The University has entered into various operating leases for buildings and equipment. It is expected that in the normal course of business, such leases will continue to be required. Net expenditures for rentals under leases for the years ended June 30, 1991 and June 30, 1990 amounted to \$7,446,026.99 and \$8,489,612.17 respectively.

The following is a schedule by years of future minimum rental payments required under operating leases that have remaining noncancelable lease terms in excess of one year as of June 30, 1991.

Year Ending June 30:	
1992	\$ 1,488,507.00
1993	1,377,801.00
1994	1,091,019.00
1995	1,025,355.00
1996	1,025,355.00
Later Years	3,362,535.00
Total Minimum Payments Required	<u>\$ 9,370,572.00</u>

Note 8: Capital Lease Obligations

The University is acquiring two buildings under lease agreements which provide for the University to purchase the buildings over a period of years. The University also leases certain items of equipment which are classified as capital leases. Minimum lease payments under capital leases together with the present value of the net minimum lease payments are:

	Buildings	Equipment	Total
1991-92	\$ 224,564.52	\$ 605,932.56	\$ 830,497.08
1992-93	224,564.52	137,447.16	362,011.68
1993-94	224,564.52		224,564.52
1994-95	224,564.52		224,564.52
1995-96	197,341.25		197,341.25
Later Years	22,246.33		22,246.33
Minimum Lease Payments	\$ 1,117,845.66	\$ 743,379.72	\$ 1,861,225.38
Less Amounts Representing Interest	\$ 111,102.01	\$ 83,383.10	\$ 194,485.11
Present Value of Net Minimum Lease Payments	<u>\$ 1,006,743.65</u>	<u>\$ 659,996.62</u>	<u>\$ 1,666,740.27</u>

The total value of buildings capitalized under leaseholds payable was \$3,824,165.70 as of June 30, 1991 and 1990. The total value of equipment capitalized under leaseholds payable was \$2,432,817.85 at June 30, 1991 and \$2,480,228.97 at June 30, 1990.

Note 9: Insurance Coverage

Effective July 1, 1986, the Public Employees Blanket Bond issued to the State of Tennessee provides coverage for loss resulting from infidelity of University employees in the amount of \$100,000 per occurrence. In addition to the blanket bond, there is a Named Position Bond also issued to the State of Tennessee covering losses arising from the infidelity of certain employees of the University in the amount of \$1,000,000 per position.

Since July 1971, insurance coverage on University property has been provided through the State Property Pool Self-Insurance Program. The scheduled value of building coverage under this program is \$1,752,618,542, and contents coverage is \$505,447,724. Boiler insurance coverage of \$5,000,000 is carried on all boiler and major pressure vessels. Eight University-owned aircraft are covered by insurance policies for public liability and three of the eight for physical damage. Additional insurance coverage for accidental death and disability of crew and passengers of University-owned or leased aircraft in the amount of \$250,000 is in force as of June 30, 1991.

As an agency of the State of Tennessee, The University of Tennessee is subject to the provisions of the Tennessee Claims Commission Act, TCA 9-8-(101) to (406). As such, the liability of The University of Tennessee is limited to the provisions of this Act. Such liability for the negligence of the University for bodily injury and property damage as may be determined under this Act is limited to \$300,000 per person and \$1,000,000 per accident.

Note 10: Retirement Programs

The University of Tennessee offers four retirement plans and three deferred compensation plans fully described herewith. All regular full-time employees are required to participate in one of these plans. Regular part-time faculty and staff have the option to participate. Term employees are eligible to join a retirement plan upon completion of six months continuous active service.

A. Tennessee Consolidated Retirement System—All University of Tennessee regular faculty and staff, except those on Federal appointments, are eligible to participate in the Tennessee Consolidated Retirement System (TCRS), a cost-sharing multiple-employer public employee retirement system. The payroll for employees covered by the system for the year ended June 30, 1991 was \$189,561,432.83 and for the year ended June 30, 1990 was \$177,128,942.21. The University's total payroll was \$497,396,015.41 and \$466,178,500.10 respectively.

All participating employees who retire at or after age 60 with ten years of creditable service are entitled to a retirement benefit payable monthly for life (unless available options for joint and survivor benefits are selected) based upon the member's average final compensation, years of creditable service and the Social Security Integration Level (SSIL). The annual benefit is equal to the sum of 1.5% of the employee's average final compensation up to the SSIL plus 1.75% of the employee's average final compensation in excess of the SSIL, times years of creditable service. Average final compensation is the average of the employee's highest five consecutive years of salary. Creditable service is determined as membership service under TCRS plus any other periods of service for which TCRS has acknowledged credit. Benefits are fully vested after ten years of service if employment date was on or after July 1, 1979 (if employment was before that date, benefits vest after four years). TCRS also provides death and disability benefits. Benefits are established by state statute. Effective July 1, 1981, the University assumed full responsibility for the payment of all contributions to TCRS. Prior to that date, TCRS participants contributed 5% of their salary, and the University contributed remaining amounts necessary to pay benefits when due. The actuarially determined contribution requirements as provided by TCRS were made by the University. The University's contributions for the year ended June 30, 1991 were \$12,984,770.53 which represented 6.85% of covered payrolls. The University's contributions for the year ended June 30, 1990 were \$17,464,902.55 which represented 9.86% of covered payrolls.

The "pension benefit obligation" is the standardized disclosure measure of the present value of pension benefits adjusted for the effects of projected salary increases and step rate benefits, estimated to be payable in the future as a result of employee's service to date. The measure which is the actuarial present value of credited projected benefits is intended to help users assess the system's funding status on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits, when due, and make comparisons among public employee retirement systems and employers. TCRS does not make separate measurements of assets and pension benefit obligations for individual employees. Please refer to the June 30, 1990 State of Tennessee Comprehensive Annual Financial Report for the pension benefit obligation for TCRS as a whole and the net assets available for benefits on that date. The University's 1990 contributions, as authorized by Tennessee Code Annotated (TCA) 8-39-301, represented 7.8% of total contributions required of all participating entities. The 1991 percentage was unavailable at the time this document was printed.

Ten years historical trend information showing TCRS's progress in accumulating sufficient assets to pay benefits when due is presented in TCRS's June 30, 1991 annual report.

B. Teachers Insurance and Annuity Association-College Retirement Equities Fund—All regular University employees who are classified as staff exempt, faculty or other academic may enroll in an optional retirement plan through the Teachers Insurance and Annuity Association College Retirement Equities Fund (TIAA-CREF). This is in lieu of participation in the Tennessee Consolidated Retirement System (TCRS) detailed above. The optional retirement plan offered through TIAA-CREF is a defined contribution plan. Accordingly, benefits depend solely on amounts contributed to the plan plus investment earnings.

Effective July 1, 1981, the University assumed full responsibility for the payment of all contributions to TIAA-CREF. The participants have personal contracts with TIAA-CREF and personally own the annuities with immediate vesting. This full vesting allows participants to transfer to other employers which participate in TIAA-CREF and continue to accumulate retirement benefits.

The University's total payroll in fiscal year 1991 was \$497,396,015.41, and \$466,178,500.10 in fiscal year 1990. The University contributions as authorized by TCA 8-35-401 through 409, to TIAA-CREF were calculated using the base salary amount of \$216,576,484.47 in 1991 and \$206,358,822.46 in 1990 and resulted in contributions of \$21,776,174.67 (10.1% of covered payrolls) for 5,143 employees electing this optional retirement plan in 1991 and resulted in contributions of \$20,741,669.80 (10.1% of covered payrolls) for 5,087 employees electing this optional retirement plan in 1990.

C. Joint Contributory Retirement System—JCRS-A—Employees who were enrolled in the Teachers Insurance and Annuity Association College Retirement Equities Fund (TIAA-CREF) before July 1977, are members of the Joint Contributory Retirement System Plan A (JCRS-A). Enrollment in this plan for

new employees has been closed since July 1977.

As in the case of the TCRS and TIAA-CREF plans, the University since July 1981, pays all retirement premiums for those enrolled in JCRS-A. The primary difference in the JCRS-A plan and the present TIAA-CREF plan is that JCRS-A members, upon retirement, receive benefits from TIAA-CREF and may receive a supplement benefit from the State of Tennessee. To determine if a JCRS-A member is due a state supplement after retiring, a formula is used which considers years of creditable service and average salary for the highest five consecutive years. JCRS-A members may retire with unreduced formula benefits at age 60 or upon completion of 30 years of creditable service.

The University's contributions, as authorized by TCA 8-39-301, for JCRS-A members were calculated using the base salary amount of \$78,537,262.74 and \$80,769,903.96 for fiscal years 1991 and 1990 respectively. The contributions are included in the TIAA-CREF amounts included in section B. University contributions to fund the state supplemental benefit totaled \$5,380,385.22 and \$7,964,107.55 in fiscal years 1991 and 1990 respectively.

D. Federal Civil Service Retirement—The Federal Civil Service Retirement System is a cost-sharing multiple-employer retirement system and is composed of two retirement programs: The Civil Service Retirement System for participants employed prior to January 1, 1984 and the Federal Employees Retirement System for participants employed after December 31, 1983. Both programs are defined benefit programs with benefits vesting at different levels the maximum of which is five years of service.

For both programs, benefits are established and contribution requirements are determined by federal statutes.

All regular full-time employees of The University of Tennessee Agricultural Extension Service who hold federal appointments for 51% or more of their time are required to participate in the Federal Civil Service Retirement System (FCSRS). The payroll for employees covered by FCSRS for the year ended June 30, 1991 was \$17,537,942.01 and for the year ended June 30, 1990 was \$17,167,313.19. The total University contributions in 1991 to the FCSRS, \$1,592,115.52, represented 9.1% of covered payrolls. The total University contributions for 1990 to the FCSRS, \$1,512,811.15, represented 8.8% of covered payrolls.

Employees who retire under the Civil Service Retirement System will receive annual benefits for life equal to 1.5% of the "high-three" average pay for each service year up to five years, 1.75% of the same "high-three" average pay for service year between five and ten years and 2% or the same "high-three" average pay for each service year greater than ten. The "high-three" average pay is the highest pay obtainable by averaging the rates of basic pay in effect during any three consecutive years of service. Participating employees and the University are required to contribute 7% of salary to the plan. Contributions for the year ended June 30, 1991 were \$1,849,508.35 which consisted of \$936,098.75 from the University and \$913,409.60 from the employees. Contributions for the year ended June 30, 1990 were \$1,879,024.83, which consisted of \$949,333.48 from the University and \$929,691.35 from the employees.

Employees who retire under the Federal Employees Retirement System will receive annual benefits for life equal to 1.0% (1.1% if the employee retires at age 62 or later with 20 years service) of the "high-three" average pay for each year of creditable service (Basic Benefit Plan) plus Social Security benefits, plus an amount from a defined contribution plan (denoted as Thrift Savings Plan managed by the Federal Retirement Thrift Investment Board). The "high-three" average pay is the highest pay obtainable by averaging the rates of basic pay in effect during any five years of service. Participating employees are required to contribute .80% and the University 13.0% of their salary to the Basic Benefit Plan. These rates became effective January 1, 1990. In addition, the University is required to contribute 1.0% of participant's salary to the Thrift Savings Plan plus up to an additional 4% depending upon employee's contribution which can range from 0 to 10% of their salary. Contributions for the Basic Benefit Plan were \$574,825.56 for the year ended June 30, 1991, which consisted of \$33,323.22 from employees and \$541,502.34 from the University, and \$499,036.62 for the year ended June 30, 1990, which consisted of \$31,315.23 from employees and \$467,721.39 from the University. The contribution requirements for the Thrift Savings Plan were \$323,075.43 for the year ended June 30, 1991, which consisted of \$208,561.00 from employees and \$114,514.43 from the University, and \$278,445.28 for the year ended June 30, 1990, which consisted of \$182,689.00 from employees and \$95,756.28 from the University.

Pension benefit obligation, net assets available for benefits, and ten-year historical trend information is not available to the University.

E. Deferred Compensation—The University of Tennessee offers its employees three deferred compensation plans. The University, through the State of Tennessee, provides two plans, one established pursuant to Internal Revenue Code (IRC) Section 457, and the other pursuant to IRC Section 401(k). The third

plan is administered by the University and was established in accordance with IRC Section 403(b). All costs of administering and funding these plans are the responsibility of plan participants.

Section 457 plan balances have been reported in the State of Tennessee financial statements. All amounts of compensation deferred under this plan, all property purchased with those amounts, and all income attributable thereto are, until paid or made available to the employee or other beneficiary, solely the property of the State of Tennessee, subject only to claims of the State's general creditors. Participants' rights under the plan are the same as those of general creditors in an amount equal to the fair market value of their deferred accounts. The State has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary prudent investor. The State believes it is unlikely that it will use these assets to satisfy such claims in the future.

Since Section 401(k) plan assets remain the property of the contributing employees, they are not presented in the State of Tennessee financial statements.

In accordance with IRC, employee contributions through the 403(b) plan remain the assets of the employee; therefore, these employee contributions are not reflected in the University's financial statements.

Note 11: Affiliated Entities

The University of Chattanooga Foundation, Inc., a private non-profit corporation, maintains an endowment fund of which the University of Tennessee at Chattanooga is the sole income beneficiary. The financial records, investments and other financial transactions are not managed by the University and accordingly are not included in these financial statements except for certain endowment assets. During the year ended June 30, 1991, the Foundation transferred \$2,141,124.00 to the University for support of designated projects at the Chattanooga campus. In addition, \$70,754.35 was expended directly by the Foundation for the benefit of The University of Tennessee at Chattanooga.

Since fiscal year 1985, the Tennessee General Assembly has appropriated \$21.5 million to a Chairs of Excellence Endowment for The University of Tennessee. The appropriations provided that the Chairs of Excellence Endowment be established as an irrevocable trust with the State Treasurer and requires the University to match the appropriation on a dollar-for-dollar basis. The University has fully matched 45 Chairs as of June 30, 1991. The financial statements of the University include as restricted expenditures the amounts expended in the current year to match the State appropriations. The University's balance sheet does not include the amounts held in trust by the State Treasurer.

The University's financial statements do not include assets, liabilities, revenue and expenditures relating to the University of Tennessee Research Corporation, student organizations, University Faculty Association, Inc., University Physicians Foundation, or the Tennessee Geographic Alliance.

Note 12: Grants and Contracts

The University receives grants and contracts from various Federal and State agencies to fund research and other activities. The costs, both direct and indirect, charged to these grants and contracts are subject to audit and disallowance by the granting agency. The University administration believes that any disallowance or adjustments would not have a material effect on the University's financial position.

Note 13: Contingencies and Commitments

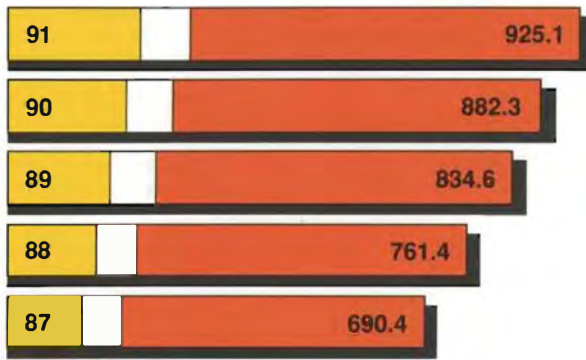
The University has contractual obligations for the construction of new buildings, additions to, and renovations of existing buildings. The outstanding commitments under such contracts at June 30, 1991 were \$16,843,147.07. The University receives capital appropriations from the State of Tennessee and proceeds from Tennessee State School Bond Authority bond issues for the construction, renovation, and maintenance of the University's physical plant. At June 30, 1991, amounts to be provided by the state for capital construction, renovations, and maintenance totaled \$46,803,469.54.

Encumbrances which represent commitments of prior year funds for goods or services that have been ordered for which delivery has not been made or services have not been rendered as of June 30, 1991, are recorded as an allocation of the Current Fund balances. The Allocation for Encumbrances at June 30, 1991 is \$4,083,217.03.

The University's policy is to record the cost of sick leave when paid. Generally, since sick leave (earned one day per month with unlimited accumulation) is paid only when an employee is absent due to illness, injury, or related family death, there is no liability for sick leave at June 30, 1991. The approximate amount of unused sick leave at June 30, 1991, and June 30, 1990, was \$100,608,754.26 and \$92,836,256.38 respectively.

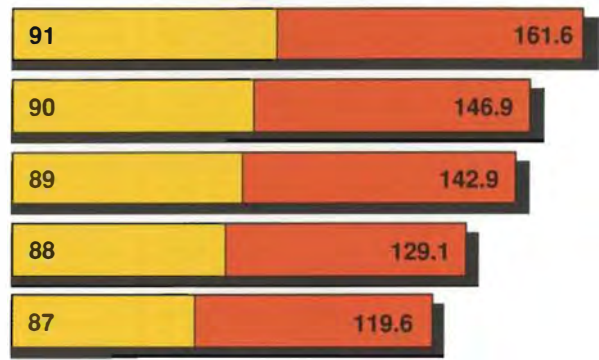
Various litigation has arisen in the course of conducting University business. The outcome of such litigation is not expected to have a material effect on the financial position of the University.

TOTAL CURRENT EXPENDITURES AND TRANSFERS (in millions of dollars)



■ Hospitals
 ■ Auxiliary Enterprises
 ■ Educational and General

CURRENT RESTRICTED EXPENDITURES (in millions of dollars)



■ Sponsored Research
 ■ Other Sponsored Programs

1990–1991 Financial Report

The University of Tennessee financial report is prepared to provide a public accounting of the University's financial affairs for the fiscal year ended June 30, 1991.

The University employs available resources to meet its primary missions of instruction, research, and public service. This report is designed to provide financial information that will assist the reader in determining how effectively these resources are managed to meet institutional objectives.

UNIVERSITY FINANCIAL ACCOUNTING

Since the University uses available resources to provide services rather than make a profit, the purpose of the University's financial reporting is to account for resources received, held, and used rather than determine net income. To achieve this objective, the University employs "Fund" accounting, which involves the segregation of revenues and expenditures into separate funds by source and/or purpose. Each fund is a self-balancing set of accounts for recording assets, liabilities, fund balances, and changes in fund balances. The six fund groups include: Current Funds, Loan Funds, Endowment and Similar Funds, Life Income Funds, Plant Funds, and Agency Funds. Fund accounting provides the control characteristics needed to ensure that limitations and restrictions placed on the use of available resources by external parties and by the University Board of Trustees will be observed. Additional information on University accounting principles is provided in the Notes to the Financial Statements on pages 35–37.

SUMMARY OF FINANCIAL OPERATIONS FOR THE YEAR

Current Funds

Current Funds are expendable resources for current operating needs and are further segregated for general, auxiliary, and hospital purposes. Current Restricted Funds refer to resources that carry an external restriction and may only be used for the purposes stipulated by the source of such funds. Conversely, the Board of Trustees retains full control and discretion over Current Unrestricted Funds in achieving institutional goals.

Total Current Funds revenues for 1990-91 were \$946.7 million compared to \$889.7 million in 1989-90, an increase of 6.4 percent. These revenues consist of \$618.4 million general funds, \$88.2 million auxiliary funds and \$240.0 million hospital funds.

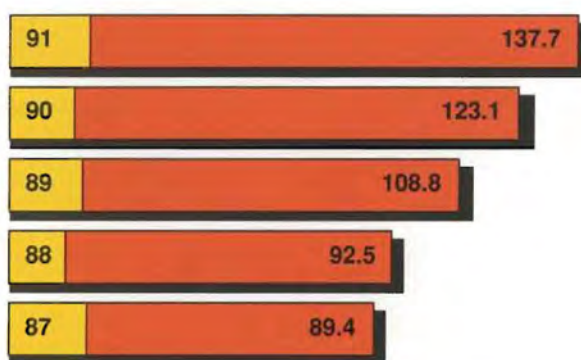
Through legislative appropriations, the state of Tennessee continues to provide the most significant amount of University general funds. Unrestricted state appropriations in 1990-91 amounted to \$289.5 million or 32 percent of total revenues. The state appropriations for 1990-91 provided full funding of the Tennessee Higher Education Commission funding formula for the fifth consecutive year. The legislature has used the formula for 22 years to determine the level of state support for higher education in Tennessee. However, because of a shortfall of state tax revenues, the University did not receive 8 percent of the state appropriated funding for 1990-91. Thus, for the first time, unrestricted state appropriations decreased .85 percent from the previous year.

The second largest source of general Current Funds revenues is gifts, grants and contracts which

**STUDENT LOAN FUNDS
NOTES RECEIVABLE**
(in millions of dollars)



**TOTAL MARKET VALUE OF ENDOWMENT AND
SIMILAR FUNDS, AND LIFE INCOME FUNDS**
(in millions of dollars)



Life Income Funds Endowment and Similar Funds

totals \$158.2 million. These funds represent 16.7 percent of the total Current Funds revenues. The amount received from federal agencies in the form of gifts, grants and contracts increased 7.8 percent to an all-time high of \$83.8 million.

The third largest source of general Current Funds revenues is student tuition and fees. These fees amounted to \$96.5 million, or 10.2 percent of the total Current Funds revenues. The 8.9 percent increase primarily resulted from higher tuition and maintenance fees, approximately 8.5 percent at all campuses. Increased student fees helped to offset the loss of state appropriations.

Sales and services of educational activities increased 9.3 percent to \$24.6 million. Income from other sources amounted to \$15.6 million in 1990-91, an increase of 6.1 percent from \$14.7 million in 1989-90. Improved earnings from conferences (\$2 million) provided most of the increase. Revenue generated from short-term investments and bank account interest totaled \$9.6 million in 1990-91 compared to \$9.0 million in 1989-90. The average yield on temporary investments decreased from 8.6 percent in 1989-90 to 7.7 percent in 1990-91.

Total Current Funds expenditures and transfers in 1990-91 increased 4.8 percent to \$925.1 million. A schedule of Current Funds expenditures by function (purpose) is provided on page 43.

All Unrestricted Funds revenues are reported in the year received or accrued. All Restricted Funds receipts are recorded as additions to the fund balance of the appropriate fund group. Restricted Current Funds are then recorded as revenues in Current Funds during the period in which they are expended. Total expenditures of Restricted Funds amounted to \$161.6 million in 1990-91 compared to \$146.9 million in 1989-90, a 10 percent increase. The most significant increases occurred in sponsored research activity (\$6.8 million), public service activities (3.1 million), and in student aid (\$2.3 million).

Auxiliary Enterprises Funds reflect transactions and funds for activities that provide facilities and services for students, faculty, and staff such as hous-

ing, food service, bookstores, parking, and intercollegiate athletics at UT Knoxville. The revenues of auxiliary enterprises during 1990-91 totaled \$88.2 million, an increase of 10.7 percent from the prior year's total revenue of \$79.7 million. Expenditures and mandatory transfers to meet debt service requirements amounted to \$86.7 million, an increase of 11.2 percent from 1989-90.

The University of Tennessee operates two hospitals, the UT Memorial Hospital in Knoxville and the William F. Bowld Hospital in Memphis. The transactions and funds for these facilities are presented separately in the financial statements as Hospital Funds.

Current Revenues from operations of hospitals during 1990-91 totaled \$240.0 million, an increase of 11.0 percent. The revenue increase of \$22.8 million at Memorial Hospital is attributable to higher patient census and the resulting patient fees. The \$500 thousand revenue increase at the William F. Bowld Hospital primarily results from patient fees. Hospital expenditures and transfers increased 6.6 percent over the 1989-90 expenditures levels to \$223.6 million. The Memorial Hospital shows a deficit fund balance due to significant amounts allocated for working capital and encumbrances.

Loan Funds

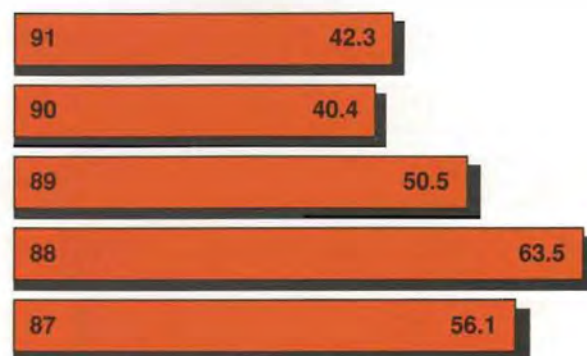
Loan Funds consist of resources made available for financial loans to students of the University. These resources include federal funds, funds from other external sources, and required University matching funds. Total Loan Funds increased \$500 thousand to \$27.9 million in 1990-91. Two thousand and thirty-three student loans totaling \$3.3 million were made during 1990-91. Student loans outstanding at June 30, 1991, totaled \$27.1 million.

Federal programs provided the primary source of student loans. At June 30, 1991, the federal government had provided \$23.4 million (or 84.0 percent) of the assets of all University loan funds. University sources, in conjunction with matching requirements for the federal loan program, provided \$1.7 million (or 6.2 percent) of student loan funds. The remaining

ENDOWMENT INCOME (in millions of dollars)



PLANT FUNDS EXPENDITURES (in millions of dollars)



\$2.7 million (or 9.8 percent) represented loan funds established by private donations.

Endowment and Similar Funds

The Endowment and Similar Funds group consists of funds that have been received from donors with the stipulation that the principal be maintained inviolate and remain invested to produce income for the purposes specified. Quasi-Endowment Funds are funds designated by the Board of Trustees of the University to function as endowment funds. The income earned through the investment of endowment funds is recorded in the appropriate fund group and is available for expenditure according to the purposes specified. If the income is to be added to principal per donor agreement and is not available for expenditure, it is recorded as income in the Endowment and Similar Funds. Assets of this fund group are recorded at book value established by the market, appraised value at the time of the gift, or cost at the time investments are purchased.

The book value of the assets of the Endowment and Similar Funds group at June 30, 1991, was \$106.5 million, and the market value was \$118.0 million. The book value at June 30, 1990, was \$97.9 million, and the market value was \$107.1 million. Income earned from investment of funds amounted to \$5.7 million for the fiscal year, an increase of 11.1 percent over the amount earned the prior year. The income represents a return of 5.6 percent on average book value and 5.1 percent on average market value.

Effective July 1, 1954, the University adopted the policy of investing Endowment and Similar Funds over which it had complete investment discretion (those which the donor, the governing gift instrument, or other considerations do not require or warrant separate investment) in a consolidated investment pool. This practice affords closer supervision of the investment portfolio and makes available to all eligible endowment and similar funds, regardless of size, the advantages of participation in a diversified portfolio of carefully selected investments. Each con-

tributing endowment fund participates in the income and capital appreciation of the pool on a per share basis commensurate with its contribution to the pool. Shares are revalued each month in accordance with market changes, and new funds or additions to existing funds are admitted to the pool at the current market share value.

The Consolidated Investment Pool consists of funds from 1,018 separate endowments with a total book value of \$95.7 million at June 30, 1991, and a total market value of \$106.5 million. The market value increased by \$11.0 million during 1990-91. The market value of a participating share was \$1.881 at June 30, 1991, compared to \$1.840 at June 30, 1990, an increase of 2.2 percent. The income earned per share was \$.096, which was 5.2 percent on beginning market value.

Life Income Fund

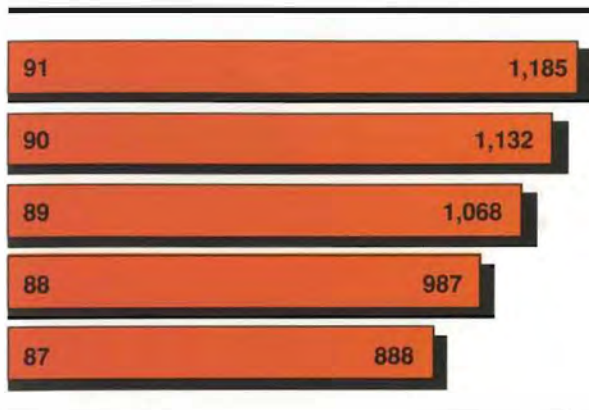
The Life Income Funds group consists of funds contributed to the University with the stipulation that designated beneficiaries receive specified interest in the income produced by the funds' assets. The income payments terminate at a specified time, usually upon death of the beneficiaries, and the assets become available for use by the University as provided in the donor agreement.

The book value of Life Income Funds at June 30, 1991, was \$19.2 million compared to \$15.7 million the prior year. Income payments to beneficiaries during the year amounted to \$1.22 million.

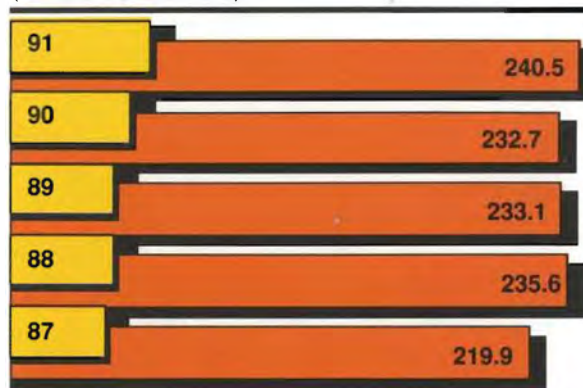
Plant Funds

The Plant Funds group of accounts consists of (1) Unexpended Plant Funds, which are used for the acquisition or construction of physical properties; (2) Retirement of Indebtedness and Renewal and Replacement Funds, which are set aside for debt service payments on facilities financed through bonds or notes payable and contingency funds set aside to finance major maintenance projects in the future; and (3) Investment in Plant, which are expended for

INVESTMENT IN PLANT (in millions of dollars)



BONDS AND NOTES PAYABLE AND RESERVE FUNDS FOR DEBT RETIREMENT (in millions of dollars)



■ Funds for Retirement of Indebtedness
 ■ Bonds and Notes Payable

and invested in institutional properties. Investment in Plant represents the capitalized value of the physical property owned by The University of Tennessee.

Unexpended Plant Funds balances were \$16.5 million at June 30, 1991, and represent funds previously authorized or provided for additions to the University's physical plant. Of this amount, \$1.5 million represents state capital outlay appropriations which have been expended by the University but not reimbursed by the state treasurer at the balance sheet date; the remaining \$283 thousand represents unexpended Tennessee State School Bond Authority funding.

Total expenditures and deductions in Unexpended Plant Funds amounted to \$42.3 million in 1990-91. Twenty projects have been completed, including the \$6.7 million Parking Garage and \$1.0 million Textile Processing Laboratory at UT Knoxville. Other projects completed consisted of the \$5.0 million Labor and Delivery Suite and the \$3.8 million Physicians Office Building III at UT Medical Center Knoxville; the \$565 thousand Correction of Deficiencies in the Physical Education/Convocation Center-Phase I at UT Martin; and the \$2.3 million Steam Line Extension and Addition of Chiller and Cooling Tower at UT Memphis. Twenty-one projects were under construction at June 30, 1991 including the \$5.8 million Physical Plant Facility and the \$900 thousand Renovation of Patten House at UT Chattanooga; the \$7.6 million Renovation of Dabney-Buehler Complex - Phase II and the \$1.0 million Steam Distribution System Improvements - Phase I at UT Knoxville; and the \$11.7 million Wittenborg/Link/Faculty Building Renovation - Phase I, and the \$8.1 million Wittenborg Building Renovation at UT Memphis. Additional projects under construction consisted of the \$700 thousand Administration Parking Garage Repairs and the \$700 thousand Clement Hall Chiller Replacement at UT Knoxville; and the \$695 thousand Boiler Replacement at UT Martin. Additional information regarding the University's capital outlay program is provided on pages 44-45.

Retirement of Indebtedness and Renewal and Replacement Funds at June 30, 1991, amounted to \$59.0 million, of which \$29.0 million is restricted to meet minimum contractual reserve requirements of loan, bond, and lease agreements. The remainder of these funds represent debt service and maintenance reserves required by prudent institutional management policy.

Revenues and other additions exceeded debt service payments and transfers for capital projects by \$7.7 million during 1990-91.

Total indebtedness for The University of Tennessee at June 30, 1991, amounted to \$240.5 million, and the retirement obligations continued to be met on schedule. Additional information on the University indebtedness is provided in Notes to the Financial Statements on pages 35-37.

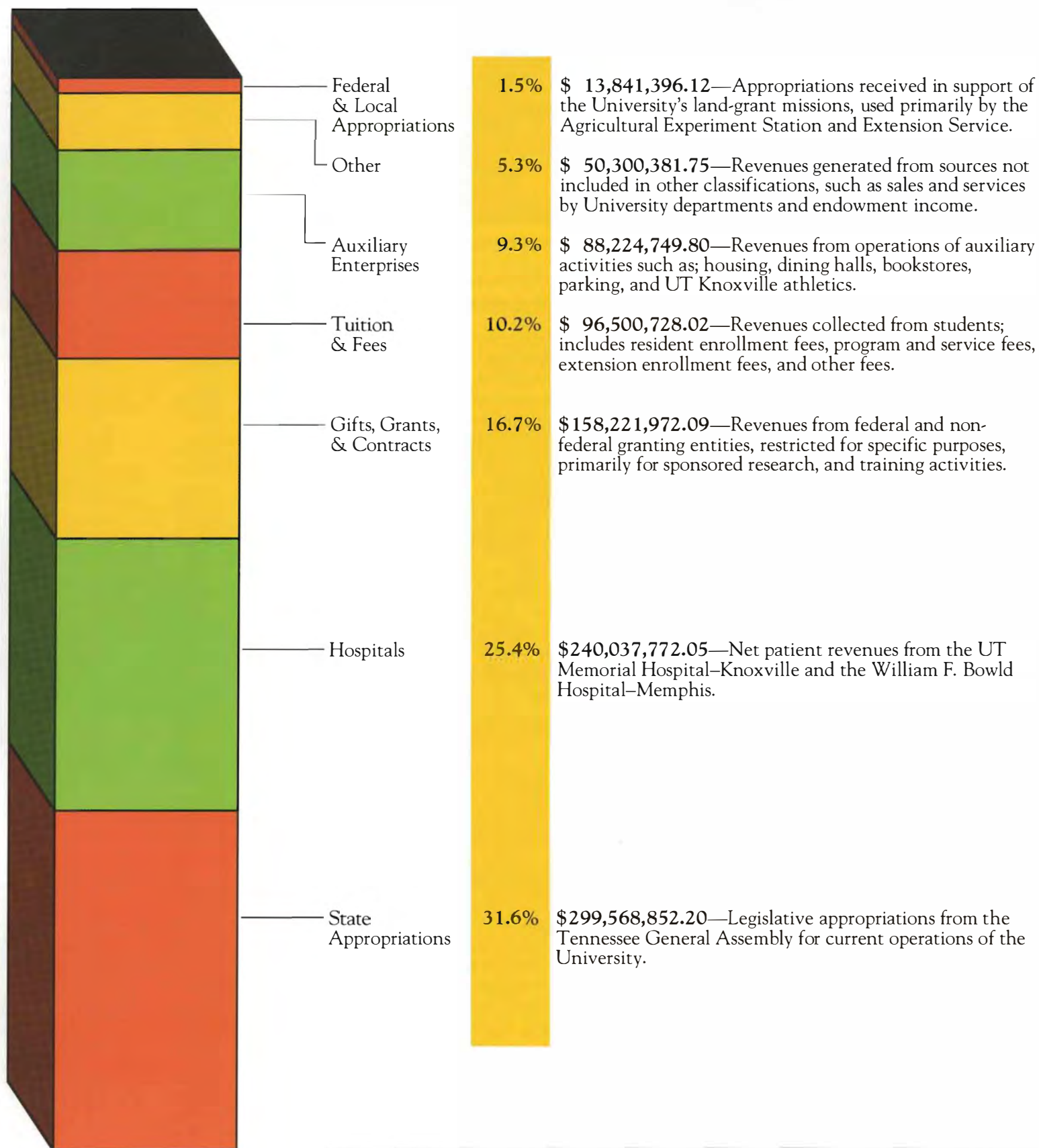
With the exception of real estate held as investments in Endowments and Similar Funds and Life Income Funds, the Investment in Plants section is used to account for capital assets owned by the University, including land, buildings, equipment, library books, and livestock. Investment in Plant as of June 30, 1991, amounted to \$1.185 billion, an increase of \$53.2 million over the prior year.

Agency Funds

The Agency Funds group consists of funds held by the University as fiscal agent for various third parties. Agency Funds are reflected on the Balance Sheet only and not on the Statement of Changes in Fund Balances since the net balances in each Agency Fund represents liabilities rather than fund balances. The balance of funds held for third parties at June 30, 1991, amounted to \$4.1 million compared to \$5.5 million at June 30, 1990. The largest part of these funds, \$3.7 million, represents charitable lead trusts. Under the terms of these lead trust agreements, the annual income earned from the trusts while held by the University is provided for University purposes. Upon expiration of these trusts, the principal will be returned to the individuals specified by the donors.

Sources of Current funds

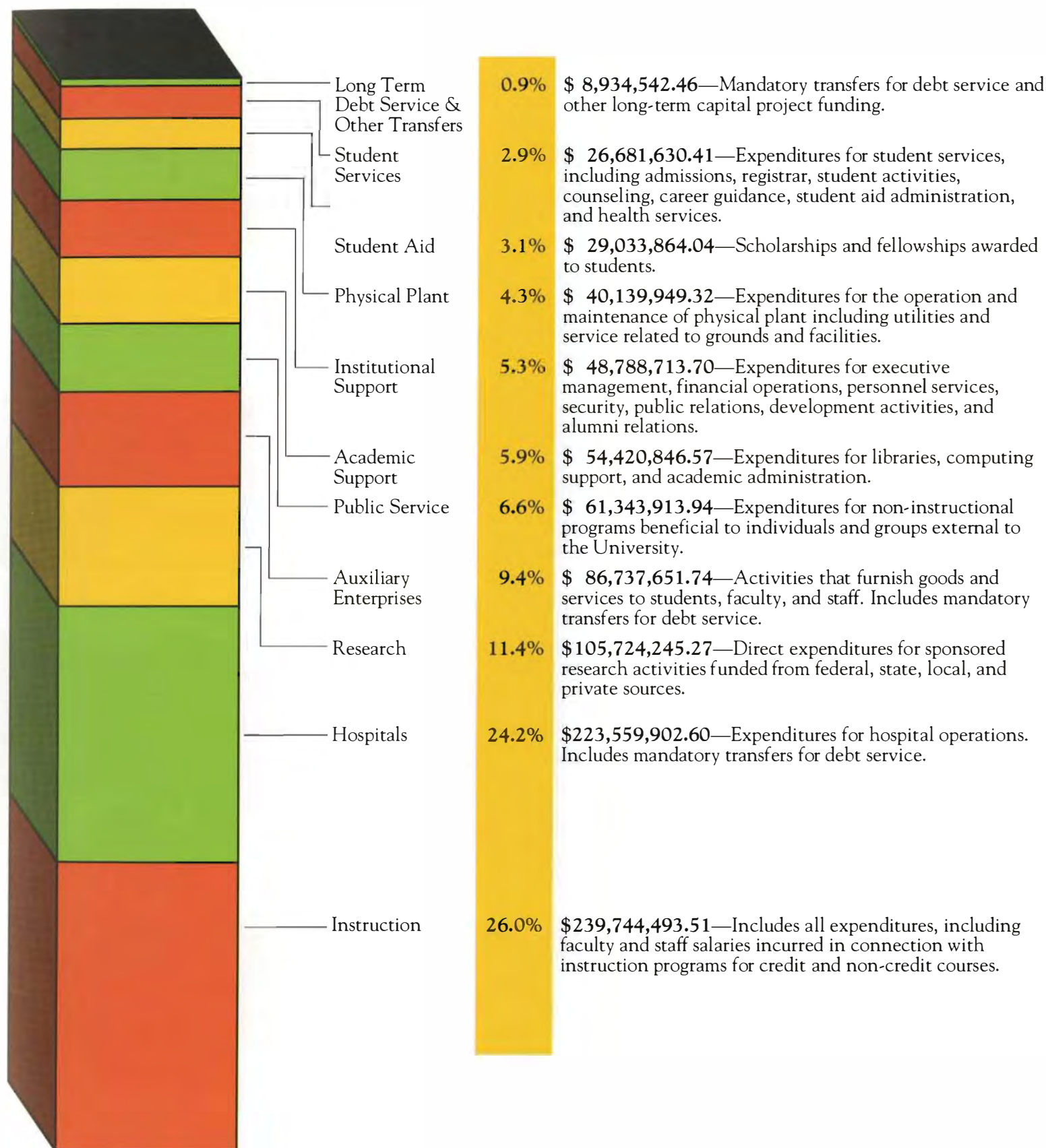
for the year ended June 30, 1991



TOTAL	100.0%	\$946,695,852.03
-------	--------	------------------

Uses of Current funds

for the year ended June 30, 1991



TOTAL	100.0%	\$925,109,753.56
-------	--------	------------------

Major Capital Construction Programs 1990-91

(in thousands of dollars)

SOURCE OF FUNDS

Major Capital Construction Completed 1990-91	State Appropriation	TSSBA	Federal Grant
Roof Repair and Replacement—Grote Hall—Chattanooga	\$ 310		
Expansion of Sales Ring/Conference Room—Institute of Agriculture	90		
Improvements to Ridley 4-H Training Center— Institute of Agriculture	250		
Improvements to Primary Electrical Distribution System— Phase IV—Knoxville	775		
Improvements to Student Aquatic Center—Knoxville			
Internal Electrical Distribution System—Phase II—Knoxville	900		
Parking Garage—Knoxville		\$ 6,500	
Renovation of Entomology and Plant Pathology Annex—Knoxville	300		
Renovation of Space—Student Services Building—Knoxville	500		
Sutherland Avenue Apartments Renovation—Knoxville			
Textile Processing Laboratory—Knoxville			
Correction of Deficiencies in Physical Education/Convocation Center— Phase I—Martin	565		
Alterations and Addition to Labor and Delivery Suite— Memorial Hospital		4,650	
Physician's Office Building III—Memorial Hospital			
Roof Replacements—Memphis	187		
Steam Line Extension and Addition of Chiller and Cooling Tower to Central Energy Plant—Memphis	2,325		
Student Alumni Center Parking Garage Waterproofing and Repairs— Memphis			
Flight Test Facility—Space Institute	219		
Propulsion Lab Building—Space Institute	535		
Energy Conversion of Campus Buildings—Space Institute	545		
MAJOR CAPITAL CONSTRUCTION COMPLETED	\$ 7,501	\$11,150	
Major Construction in Progress at June 30, 1991 (estimated completion date)			
Physical Plant Facility—Chattanooga (July 1991)	\$ 5,750		
Roof Repairs and Replacement (90-91) Lupton Library—Chattanooga (August 1991)	340		
Renovation of Patten House—Chattanooga (December 1991)			
Forest Genetics Greenhouse—Institute of Agriculture (October 1991)			
Machinery Storage Building—Institute of Agriculture (September 1991)			
Renovation of Plant Sciences Annex B—Institute of Agriculture (July 1991)	230		
Administrative Building Parking Garage Repairs—Knoxville (August 1991)			
Asbestos Removal from Stokely Athletics Center—Knoxville (July 1991)	1,000		
Dabney-Buehler Complex Renovation—Phase II—Knoxville (May 1993)	7,600		
HVAC System—Alumni Memorial Gymnasium (November 1991)	500		
Clement Hall Chiller Replacement—Knoxville (August 1991)			
Roof Repair and Replacement—Knoxville (July 1991)	500		
Steam Distribution System Improvements—Phase I—Knoxville (September 1991)	990		
Boiler Replacement—Martin (November 1991)	695		
G-H Residence Hall Roof Replacement—Martin (July 1991)			
Expansion of Chiller Plant—Memorial Hospital (July 1991)	2,600		
Physician's Office Building I Renovation of Space— Memorial Hospital (September 1991)			
Boiler Addition and Steam Line Extension to Bowld Dobbs—Memphis (November 1991)	830		
Goodman House Demolition—Memphis (August 1991)	490		
Wittenborg Building Renovation—Memphis (July 1991)	7,928		\$ 152
Wittenborg/Link/Faculty Building Renovation—Phase II—Memphis (November 1991)	10,553		
MAJOR CAPITAL CONSTRUCTION IN PROGRESS	\$40,006		\$ 152

University Funds			
Current Unrestricted	Current Restricted	Maintenance Reserves	Project Total
			\$ 310
			90
			250
			775
		\$ 626	626
			900
\$ 200			6,700
35			335
			500
		120	120
1,016			1,016
			565
350			5,000
3,750			3,750
			187
			2,325
		260	260
			219
			535
			545
\$ 5,351		\$ 1,006	\$25,008
			\$ 5,750
			340
	\$ 900		900
\$ 60			60
55			55
			230
		\$ 700	700
			1,000
			7,600
			500
		700	700
			500
			990
			695
		220	220
200			2,800
675			675
			830
			490
			8,080
			10,553
\$ 990	\$ 900	\$ 1,620	\$43,668



The University of Tennessee Ten Year Summary

For the Fiscal Year	1990-91	1989-90	1988-89
Sources of Operating Revenues (,000)			
State Appropriations	\$ 299,568	\$ 301,437	\$ 294,622
Student Fees	96,500	88,590	82,944
Federal Appropriations	12,100	11,291	11,402
Other (Gifts, Grants, Sales and Services, etc.)	210,255	192,419	183,005
Total General Funds	\$ 618,433	\$ 593,737	\$ 571,973
Auxiliary Enterprises	88,224	79,649	73,368
Hospitals	240,038	216,323	189,987
Total Revenues—Current Funds	\$ 946,695	\$ 889,709	\$ 835,328
Current Expenditures and Transfers (,000)			
Instruction	\$ 239,744	\$ 237,468	\$ 227,996
Research	105,724	98,405	95,330
Public Service	61,344	56,564	55,931
Academic Support	54,421	54,521	54,855
Student Services	26,682	26,346	25,617
Institutional Support	48,789	46,832	47,053
Operation and Maintenance of Physical Plant	40,140	41,522	38,851
Student Aid	29,034	26,168	23,410
Transfers	8,934	6,725	3,309
Total General Funds—Expenditures and Transfers	\$ 614,812	\$ 594,551	\$ 572,352
Auxiliary Expenditures and Transfers	86,737	78,001	74,324
Hospital Expenditures and Transfers	223,560	209,721	187,881
Total Current Expenditures and Transfers	925,109	882,273	834,557
Expenditures Converted to 1991	x1.000	x1.055	x1.105
Equivalent by Consumer Price Index Factor	\$ 925,109	\$ 930,798	\$ 922,185
Current Unrestricted Fund Assets (,000)			
Educational and General	\$ 76,582	\$ 75,071	\$ 74,677
Auxiliary	21,788	20,455	16,702
Hospital	74,034	55,143	46,129
Total Current Funds	\$ 172,404	\$ 150,669	\$ 137,508
Student Loan Funds			
Notes Receivable (,000)	\$ 27,113	\$ 27,130	\$ 25,210
Loans Issued (by year)	2,033	3,179	2,303
Endowment Funds (,000)			
Market Value	\$ 118,040	\$ 107,145	\$ 91,216
Life Income Funds			
Market Value	\$ 19,783	\$ 16,016	\$ 17,551
Plant Funds (,000)			
Long-term Debt	\$ 240,543	\$ 232,678	\$ 232,897
Reserves for Debt Service	58,993	51,303	43,846
Net Invested in Plant	\$ 943,136	\$ 896,640	\$ 831,623
Capital Outlay Expenditures	\$ 42,331	\$ 40,448	\$ 50,451
General Data			
Total Enrollment	40,931	39,911	38,936
Knoxville	26,055	25,512	24,985
Chattanooga	7,725	7,564	7,526
Martin	5,363	5,088	4,653
Memphis	1,788	1,747	1,772
Degrees Granted	7,041	6,888	6,981
Full-Time Employees	14,849	14,536	14,254
Full-Time Faculty	2,617	2,819	2,826
Percent Tenured	61.4%	62.2%	61.1%
Total Private Gifts (,000)	\$ 32,002	\$ 33,527	\$ 32,159
Academic Year Student Fees (Knoxville)			
Instate	\$ 1,712	\$ 1,582	\$ 1,466
Out of state (additional)	\$ 3,204	\$ 2,952	\$ 2,734
State Appropriation/FTE	\$ 6,155	\$ 6,156	\$ 5,296

1987-88	1986-87	1985-86	1984-85	1983-84	1982-83	1981-82
\$269,482	\$256,896	\$228,664	\$208,917	\$173,149	\$165,890	\$154,284
75,228	69,318	62,371	57,524	52,254	51,693	46,254
11,415	10,699	11,427	11,018	11,411	10,812	10,595
<u>165,286</u>	<u>152,028</u>	<u>139,883</u>	<u>128,588</u>	<u>110,825</u>	<u>107,751</u>	<u>104,771</u>
\$521,411	\$488,941	\$442,345	\$406,047	\$347,639	\$336,146	\$315,904
73,083	65,509	62,483	60,480	56,851	57,780	52,815
<u>168,993</u>	<u>142,561</u>	<u>121,828</u>	<u>112,332</u>	<u>91,779</u>	<u>93,042</u>	<u>84,889</u>
\$763,487	\$697,011	\$626,656	\$578,859	\$496,269	\$486,968	\$453,608
\$204,146	\$193,414	\$175,090	\$163,432	\$141,213	\$134,983	\$125,808
85,833	75,459	65,354	58,136	47,971	44,392	44,676
51,084	48,006	45,792	41,836	35,003	36,456	34,514
49,951	46,508	45,543	39,747	31,296	31,187	27,722
23,164	22,091	19,920	16,972	15,569	15,084	13,188
45,092	45,897	41,193	36,091	31,944	30,599	27,304
36,737	35,451	33,508	31,505	28,729	26,925	26,364
21,107	19,498	19,091	17,492	16,839	16,103	16,000
8,759	(1,345)	(1,093)	238	(1,835)	(1,181)	7
<u>\$525,873</u>	<u>\$484,979</u>	<u>\$444,398</u>	<u>\$405,449</u>	<u>\$346,729</u>	<u>\$334,548</u>	<u>\$315,583</u>
<u>\$ 72,493</u>	<u>\$ 64,742</u>	<u>\$ 62,427</u>	<u>\$ 60,625</u>	<u>\$ 57,629</u>	<u>\$ 57,659</u>	<u>\$ 52,014</u>
<u>\$162,678</u>	<u>\$140,726</u>	<u>\$118,777</u>	<u>\$111,940</u>	<u>\$ 92,606</u>	<u>\$ 86,433</u>	<u>\$ 81,623</u>
<u>\$761,044</u>	<u>\$690,447</u>	<u>\$625,602</u>	<u>\$578,014</u>	<u>\$496,964</u>	<u>\$478,640</u>	<u>\$449,220</u>
x1.156	x1.204	x1.231	x1.266	x1.316	x1.364	x1.423
\$879,767	\$831,298	\$770,116	\$731,766	\$654,005	\$652,865	\$639,240
\$ 83,167	\$ 77,439	\$ 59,918	\$ 55,382	\$ 49,123	\$ 46,778	\$ 69,806
17,587	16,803	16,292	15,512	15,835	15,427	14,757
<u>44,497</u>	<u>37,262</u>	<u>35,017</u>	<u>34,225</u>	<u>36,173</u>	<u>36,942</u>	<u>29,576</u>
\$145,251	\$131,504	\$111,227	\$105,119	\$101,131	\$ 99,147	\$114,139
\$ 24,595	\$ 24,081	\$ 24,272	\$ 23,661	\$ 22,927	\$ 22,150	\$ 20,896
2,551	2,576	2,885	2,708	2,961	2,919	2,498
\$ 78,454	\$ 70,332	\$ 57,952	\$ 47,680	\$ 35,899	\$ 33,768	\$ 24,616
\$ 14,047	\$ 19,053	\$ 18,856	\$ 13,922	\$ 11,974	\$ 12,578	\$ 9,638
\$235,551	\$219,903	\$234,434	\$187,233	\$161,368	\$164,250	\$129,280
\$ 44,261	\$ 40,792	\$ 38,041	\$ 31,672	\$ 30,813	\$ 30,533	\$ 21,529
\$745,006	\$660,298	\$574,442	\$556,569	\$525,415	\$484,827	\$487,072
\$ 63,527	\$ 56,126	\$ 46,884	\$ 41,265	\$ 29,242	\$ 33,539	\$ 33,330
39,890	39,955	39,814	40,881	42,535	42,136	43,740
25,987	25,842	25,397	26,158	27,018	27,041	28,601
7,355	7,484	7,564	7,474	7,839	7,544	7,483
4,785	4,923	5,053	5,366	5,690	5,525	5,538
1,763	1,706	1,800	1,883	1,988	2,026	2,118
7,180	6,988	7,292	7,682	7,618	7,477	7,950
13,579	13,042	12,679	12,340	11,980	11,410	11,952
2,794	2,716	2,638	2,675	2,679	2,635	2,681
61.3%	61.1%	63.2%	63.4%	63.4%	63.6%	60.0%
\$ 29,636	\$ 30,922	\$ 27,867	\$ 22,489	\$ 15,724	\$ 11,691	\$ 12,078
\$ 1,404	\$ 1,323	\$ 1,125	\$ 999	\$ 867	\$ 867	\$ 741
\$ 2,604	\$ 2,433	\$ 2,154	\$ 1,974	\$ 1,761	\$ 1,761	\$ 1,530
\$ 4,919	\$ 4,666	\$ 4,331	\$ 4,016	\$ 2,991	\$ 2,868	\$ 2,521

The University of Tennessee Administration

SENIOR ADMINISTRATIVE OFFICERS

Joseph E. Johnson
President

Emerson H. Fly
Executive Vice President and
Vice President for Business and Finance

Homer S. Fisher
Senior Vice President

Dorsey M. Gossett
Vice President for Agriculture

Sammie Lynn Puett
Vice President for Public Service and
Continuing Education

James C. Hunt
Vice President for Health Affairs and
Chancellor, Memphis

Wesley L. Harris
Vice President for the Space Institute

Michael T. Nettles
Vice President for Assessment

Charles F. Brakebill
Acting Vice President for Development

Beauchamp E. Brogan
General Counsel and Secretary of the
Board of Trustees

Charles M. Peccolo
Treasurer

Frederick W. Obear
Chancellor, Chattanooga

John J. Quinn
Chancellor, Knoxville

Margaret N. Perry
Chancellor, Martin

The University of Tennessee, Knoxville does not discriminate on the basis of race, sex, color, religion, national origin, age, handicap, or veteran status in provision of educational opportunities or employment opportunities and benefits.

The University does not discriminate on the basis of sex or handicap in its educational programs and activities pursuant to requirements of Title IX of the Education Amendments of 1972, Public Law 92-318; and Section 504 of the Rehabilitation Act of 1973, Public Law 93-112; and the Americans with Disabilities Act of 1990, Public Law 101-336, respectively. This policy extends to both employment by and admission to the University.

Inquiries concerning Title IX, Section 504, and the Americans with Disabilities Act of 1990 should be directed to the Office of Affirmative Action; 401 Aconada Court; The University of Tennessee; Knoxville, Tennessee 37996; (615) 974-6734. Charges of violation of the above policy also should be directed to the Office of Affirmative Action.

Publication Authorization No: E17-0425-002-92

FINANCIAL STAFF OF THE UNIVERSITY-WIDE ADMINISTRATION

Emerson H. Fly
Executive Vice President and
Vice President for Business and Finance

Charles M. Peccolo
Treasurer

Denise D. Barlow
Bursar

Vivian R. Chambers
Director of Payrolls

Francis M. Gross
Assistant Vice President for Management
Services

Ray Jordan
Assistant Vice President for Business
and Finance

James R. Maples
Controller

Jay T. Meredith
Director of Pre-Audit and Disbursement

Charles E. Moss
Associate Vice President for Business
and Finance

Neal Wormsley
Associate Treasurer

FINANCIAL STAFF OF THE CAMPUSES AND UNITS

Raymond L. Hamilton
Acting Vice Chancellor for Business
and Finance
University of Tennessee, Knoxville

John M. Rudley
Vice Chancellor for Business and Finance
University of Tennessee at Chattanooga

Phillip W. Dane
Vice Chancellor for Business and Finance
University of Tennessee at Martin

George L. Jensen
Director of Administration and Finance
University of Tennessee Space Institute

Robert L. Blackwell
Vice Chancellor for Business and Finance
University of Tennessee, Memphis

William R. Rice
Associate Vice President for Health Affairs

Julian R. Gissel Jr.
Director of Business Affairs
Institute of Agriculture

Gary W. Baskette
Director of Business Services
Public Service and University Relations

BOARD OF TRUSTEES

The University of Tennessee is governed by its Board of Trustees. Board members are appointed by the governor, who also serves as chairman. The board meets at least three times annually, and its sessions are open to the public.

Ex Officio Members

Governor of Tennessee, *Ned McWherter*
Commissioner of Education, *Charles E. Smith*
Commissioner of Agriculture,
L. H. "Cotton" Ivy
President of the University, *Joseph Johnson*
Executive Director, Tennessee Higher
Education Commission, *Arliss Roaden*

From Congressional Districts

R.B. Hailey, Sevierville, First District
William B. Sansom, Knoxville, Second District
Roger Dickson, Chattanooga,
Third District
William M. Johnson, Sparta, Fourth District
Roy C. Flowers, Nashville, Fifth District
Amon Carter Evans, Columbia, Sixth District
Jack U. Dalton, Parsons, Seventh District
Tom Elam, Union City, Eighth District
J. Houston Gordon, Covington, Eighth District
Ronald Terry, Memphis, Ninth District

From Anderson, Bedford, Coffee, Franklin, Lincoln, Moore, and Warren Counties
J. Steven Ennis, Tullahoma

From Davidson County
Michael Graves, Nashville

From Hamilton County
Paul J. Kinser, Chattanooga

From Knox County
Donelson M. Leake, Knoxville
James A. Haslam II, Knoxville

From Shelby County
King W. Rogers III, Memphis
Edward W. Reed, Memphis

From Weakley County
Nancy Overton, Martin

Student Member
Bryan Larson, UT Knoxville

Officers of the Board

Governor *Ned McWherter*, Chairman
James A. Haslam II, Vice Chairman
Beauchamp Brogan, Secretary
Linda Logan, Assistant Secretary

Office of University Relations
107 Communications Building
The University of Tennessee
Knoxville, Tennessee 37996-0315

Non-Profit Org.
U.S. Postage
PAID
The University of Tenn.
Knoxville

