



MEDIA ADVISORY

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TSU responds to Comptroller's report on University's Operations

Today, the State Comptroller released a report on several areas involving Tennessee State University's operations. University officials acknowledge the efforts of the Comptroller's staff in assembling this report, and take seriously the matters cited in the document but believe that the report is misleading and misrepresents the actual state of conditions at TSU.

What the report failed to state is Tennessee State University- at the time the report was undertaken- is in the best condition today than ever in the University's 111-year history. Under the president's leadership, the future of TSU promises to be even brighter and its foundation stronger, with an administration and Board even more committed to ensuring our students are provided a quality educational experience. Prior to the commencement of the Comptroller's review, the Comptroller stated that his interest in conducting the review would be "to assist the State of Tennessee in providing TSU the necessary resources to support the University's growth." Nothing could be further from the truth in reading the report's assertions and policy considerations, which include a complete dismantling of the University. The report's policy considerations are based on problems that have since been corrected and assumptions that are not supported by facts.

TSU takes seriously the education, safety, and wellbeing of our students and recognizes that more should have been done sooner to meet housing needs. We see our error in relying on past data to estimate that a certain percentage of students who apply to TSU, will actually attend TSU. As a result, management has put in place procedures to prevent the reoccurrence of this issue.

Another core area in which TSU's leadership takes umbrage with is the mischaracterization of the state of TSU's finances. The Comptroller's office was made aware that previous findings had been corrected and that a recent audit from an independent CPA firm issued an opinion that the three findings contained in the 2021 audit had been cleared. *Moreover, the report fails to mention that there was no misappropriation of funds and no missing or unaccounted for money.* It should be further noted that in

commenting on TSU's finances, the comptroller's staff did not review, nor ask to review, any current financial statements, yet they offered a conclusion on TSU finances.

We are disappointed that the report, for the most part, misses the mark on proposing additional resources to support TSU's growth as was stated by the Comptroller as the primary purpose for the operational review. These resources include payments representing decades of underfunding which total over half a billion dollars, an amount the State of Tennessee determined from their own research.

We are further disappointed that drastic action such as the removal of the current governance structure and the TSU leadership are policy considerations by the Comptroller and supported by some lawmakers. This consideration is being made based on nothing more than conjecture and assumptions, and largely based on problems the University has acknowledged, corrected, and only occurred for one semester. The University believes the policy considerations recommended by the Comptroller are too far-reaching, unprecedented, unwarranted, and inequitable.

For example, placing TSU back under TBR would be significantly disruptive and unfair to our students, affect the quality of the institution's academic affairs, harm students' internship and job opportunities, threaten several of TSU's growth and expansion efforts, and cause irreputable damage to the University's reputation. This policy consideration would, in fact, create a dual university governance system in the State of Tennessee, which would be discriminatory and illegal.

There would be three governance structures for universities in the State of Tennessee. One governance structure for students at the University of Tennessee, and a second one for the other five universities referred to as locally governed institutions (LGIs). In both governance structures, the institutions and its students would continue to be governed by a board solely committed to and focused on the success of that institution and its students. The third governance structure – this one only involving TSU – would utilize a completely different governance structure under which TSU students would not be afforded the same benefit of a board focused solely on their success and that of the institution. Rather, TSU would be governed by a board that is also responsible for governance of 37 other institutions, all of which are community colleges or technology colleges. In addition, there is also grave concern about the disruptive nature of any change or interruption in TSU's governance would create by changing the University's current board governance structure.

TSU should be treated in the same manner by State governmental entities as its fellow LGIs, including being properly funded. It would be a serious disservice to TSU's students, families, our campus community, and the 100- plus year legacy to take such punitive actions recommended by the Comptroller.

TSU is resolute in our ongoing commitment to be effective stewards of the State's resources. We are also deeply committed to providing a quality, life-changing education to students.

Please visit www.tnstate.edu/pr for the Comptroller's report and the University's full response.

There are also concerns with the following assertions made in the report:

- TSU demonstrated lack of sound fiscal practices and adequate documentation, which is untrue
- TSU ***could*** run out of available plant funds from renting hotels, not based on any evidence
- Approximately one-third of all freshmen who received scholarships for the 2022-2023 academic year did not meet scholarship's minimum GPA requirement, which is untrue

Financial Operations

TSU has continued to enhance its fiscal practices and ensure appropriate documentation

TSU has cleared all findings from previous audits. These were related primarily to reconciling bank statements. The June 30, 2021, financial statement audit contained three audit findings, down from seven findings the previous fiscal year. The findings relate largely to the single issue of failure to reconcile bank statements as required, and this affected other areas on the financial statements. The audit findings have now been corrected. TSU has never defaulted on any of our debt obligations. TSU has never been late on a debt payment. TSU has never had to have our state appropriations intercepted to pay for debt. Moreover, TSU has a healthy balance sheet, a strong reserve, and an endowment of almost \$100 million.

TSU has a strong available plant fund balance and will continue to ensure we maintain a strong balance

TSU presented a plant fund balance of \$52,700,000 to the Comptroller, including funds to support our housing initiatives. The fund balance is cumulative in nature as it is a subset of the University's net position and represents the net balance after accounting for expenses. TSU takes the solvency and strength of its fund balance seriously and will continue to ensure that we maintain a strong available fund balance.

Scholarships

Students who were awarded scholarships for the 2022-2023 academic year met established scholarship criteria based on either GPA requirements or financial need.

Students are awarded scholarships based on their high school GPA or demonstrated financial need at the time of the acceptance to TSU. The process includes verifying each scholarship recipient's final high

school transcript which contains the GPA, before finalizing the student's financial aid and scholarship awards. Students whose final GPA did not meet scholarship requirements were awarded need-based grants. Due to the increase in first year enrollment, TSU increased the scholarship budget to meet the needs of the students. The scholarships were funded from internal financial operations, without any request from the state of Tennessee for additional scholarship funds.

Responsive Communications

TSU has already taken, and is currently taking, significant measures to enhance its communications and responsiveness to students and parents. We have reorganized the areas responsible for much of the failure to respond to complaints from students and parents. We have implemented the following:

- Established an Office of Customer Relations to streamline and coordinate our customer service and communications with students
- The office will be staffed by an Assistant Vice President and other team members who will work directly with students and parents on scholarship, housing, and enrollment related concerns
- Retained a public relations firm to assist the university in its communications to internal and external stakeholders
- TSU has recently rolled out a new software program to aid internal staff and students in addressing enrollment management related matters by providing information on documents, actions that still need to be taken by a student, and the status of a student's application.

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