



## COMPTROLLER'S SPECIAL REPORT

### Tennessee State University *February 2023*

**Jason E. Mumpower**  
*Comptroller of the Treasury*



**OFFICE OF RESEARCH &  
EDUCATION ACCOUNTABILITY**

**DIVISION OF STATE AUDIT**

# Background

## Overview

Tennessee State University (TSU) experienced record-breaking enrollment in academic year 2022-23, leading to the need for off-campus housing. Concerns regarding the challenges of meeting the demand for resources, such as student housing and amenities, led the Comptroller's Office to conduct a review to ensure that TSU has the critical resources needed for student success and, overall, the university's success. The goal of this review was to support TSU and the legislature in identifying and addressing future needs and ensure the university's ongoing operations.

On September 6, 2022, our office initiated the review of TSU's significant growth in admissions, including the hardships the university encountered with this unprecedented achievement, any underlying factors that exacerbated the difficulties in accommodating the increased number of students, and the university's response to the situation. During our review, TSU leadership provided inconsistent information regarding key actions and decisions. Based on our review of available information, TSU management's lack of planning and sound decision-making coupled with the institution's history of systemic failures in fundamental accounting and fiscal areas are cause for serious concern. Key staff did not properly assess the risks inherent to increased admissions, including the basic needs of housing the student population and fulfilling scholarship obligations, and did not take substantive action for long-term solutions.

Student satisfaction, student amenities, staffing, classroom instruction, food services, and capital maintenance were outside the scope of this special report. We provide the details of our review, including our conclusions and policy considerations, in the sections that follow.

## Tennessee State University

First founded in 1909, Tennessee State University is one of seven historically black colleges and universities (HBCUs) in the state as well as one of the largest HBCUs in the nation, with a Fall 2022 enrollment of 9,218 students. Located primarily in downtown Nashville, TSU is a land-grant institution that offers over 60 undergraduate and graduate programs of study.

## Tennessee State University Board of Trustees

Since 2017, a 10-member local governing board of trustees (the board) has been responsible for overseeing the university's management and governance, including curricula, budgeting, and tuition and fee levels. Board members serve as unsalaried trustees while maintaining their external professional responsibilities. The board has a fiduciary duty to the university, its students, and its legacy to provide strong leadership and good governance. Each member must attend meetings, read and evaluate materials, ask questions and get answers, honor confidentiality, avoid conflicts of interest, demonstrate loyalty, understand and uphold mission, and ensure legal and ethical compliance. Those who cannot do so must step down and allow others to take their place.<sup>1</sup> The board provides direct oversight of the TSU president, who serves as the administrative head of the university responsible for the university's operations and programs.

For more information on emergency requests, see page 7.

## Factors Impacting the Need for Student Housing

In Fall 2021 and again in Fall 2022, TSU leadership requested approval from the state for emergency housing for students. TSU leadership cited unprecedented requests for housing due to increased enrollment and the high demand and high cost of Nashville's housing and rental market in comparison to the price of TSU housing.

<sup>1</sup> For a comprehensive review of the responsibilities of the TSU Board of Trustees, see the 2020 Tennessee State University Board of Trustees Performance Audit Report, page 15. <https://comptroller.tn.gov/content/dam/cot/sa/advanced-search/2020/pa20056.pdf>.

## Increased Enrollment

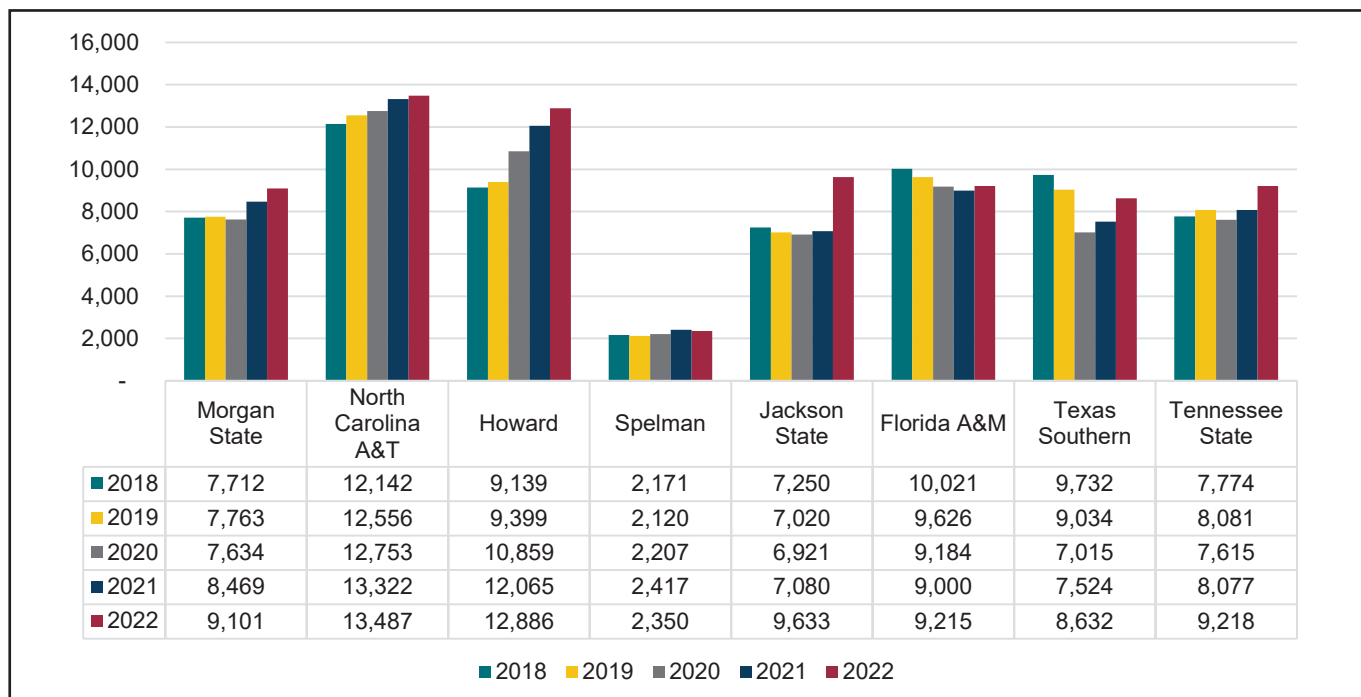
From Fall 2018 to Fall 2022, TSU’s enrollment increased from 7,774 to 9,218 students. More specifically, from Fall 2021 to Fall 2022, enrollment increased by 1,141 students. TSU is one of many schools that experienced an admissions and enrollment increase, especially in the years after governments eased the restrictions imposed by the 2020 COVID-19 pandemic. In comparison, for example, the University of Tennessee’s enrollment increased from 31,701 in Fall 2021 to 33,805 in Fall 2022.

For more information on TSU’s scholarship increase, see page 30.

TSU’s increased marketing and scholarship offerings contributed to the Fall 2022 enrollment growth. TSU conducted an extensive campaign of recruiting events, targeting in-state and out-of-state students, to increase the university’s brand and promote increased enrollment. To further boost enrollment and increase the number of students that could receive an education from TSU, TSU leadership increased its 2022-23 scholarship budget from \$6.4 million to \$28.3 million in the October budget revision. This was an increase of over \$23 million from the final 2021-22 scholarship budget of \$5.2 million.

Nationally, HBCUs have experienced a renaissance in recent years with increased interest from students planning to enroll in college. Over \$1 billion in donations from philanthropists in recent years as well as \$2.7 billion in increased federal funding since 2017 and over \$2 billion in pandemic funding have allowed HBCUs to improve facilities, fund more scholarships, and increase program offerings, especially in scientific and technological fields. As shown below, enrollment changes for selected HBCUs between Fall 2018 and Fall 2022 range from a low of -8 percent to a high of 41 percent, with an overall average increase in enrollment of 13 percent.

**Exhibit 1: Fall Enrollment from 2018 to 2022 for Select HBCUs**



## The Nashville Housing and Apartment Rental Market

TSU’s primary location in the Nashville metropolitan area, with its access to artistic, cultural, and historical locations as well as recreational destinations, increases student interest in the university. These reasons, in addition to the area’s business growth and job opportunities, have impacted the Nashville housing and apartment rental market, which has been on an upward trajectory in terms of demand rates for several years. For example, the Greater Nashville Apartment Association (GNAA) actively collects and tracks figures regarding

current rental housing trends and publishes results quarterly. We reviewed results for Quarter 3 (July – Sept) as that is the period immediately prior to the fall semester and covers when students will be seeking and leasing off-campus housing. For Quarter 3 in 2021, the GNAA estimated the average Nashville rent increased 14.6 percent to \$1,523 and increased 6.04 percent to \$1,615 for Quarter 3 in 2022.

With rising apartment rental costs, the less expensive alternative of campus housing may be more appealing to students, including a higher percentage of upperclassmen. TSU housing fees for Fall 2022 and Spring 2023 range from over \$4,000 to under \$1,400 per semester, depending on the location and the number of occupants, and this fee may be covered by scholarships and other aid.

## Indicators of Potential TSU Issues

Other schools in Tennessee have faced similar housing issues and requested state approvals for innovative solutions. Both the University of Tennessee-Knoxville and the University of Memphis, for example, operate in metropolitan areas and have pursued leases for additional housing to temporarily accommodate increased student populations or compensate for ongoing housing projects that limit availability. TSU's situation, however, was a cause for concern in the Comptroller's Office because of the university's history of systemic deficiencies in accounting and fiscal management identified by our audits; the nature of the complaints the Comptroller's Office has received from students and parents regarding enrollment, scholarships, and housing; and the nature of the emergency requests for housing made to key state oversight agencies.

### Systemic Deficiencies in Accounting and Fiscal Management

Each year, the Comptroller's Division of State Audit conducts a financial and compliance audit of TSU's financial statements. In the most recent Financial and Compliance Audit Report, for fiscal year ending June 30, 2021, the Division of State Audit noted uncorrected prior audit findings. These findings extended from management's disregard of basic financial controls and fiscal management. For one issue, management has allowed systemic breakdowns of controls to result in errors in financial reporting for seven consecutive years. The report noted the lack of processes to record significant financial transactions, perform routine bank reconciliations, and manage accounts receivable, including timely collections.

The November 2020 Performance Audit of the Tennessee State University Board of Trustees noted management's failure to correct deficiencies and implement the processes necessary to reasonably ensure the ongoing success of the university. Similarly, the audit noted that the board did not hold upper management accountable for implementing the necessary corrective actions to remedy persistent, repeated failures in processes and controls.

TSU management is responsible for the operations of the university, including implementing the controls necessary to operate effectively, report accurate information, and comply with laws and regulations. The TSU board is responsible for overseeing management and ensuring management takes corrective action when deficiencies occur. For years, management has included in their response to the findings that staffing shortages and lack of training have created the problems and that new policies, programs, and staff would correct the issues, but these issues have continued to persist, and neither management nor the board has taken sufficient remedial action.

**A Financial and Compliance Audit** focuses on the financial reporting of an entity, including the internal controls to create financial statements materially free of misstatement.

**A Performance Audit**, such as the sunset engagements our office performs in compliance with the *Tennessee Governmental Entity Review Law*, may have a broader scope and can review various operating, reporting, and compliance programs and functions at an entity.

**Audit reports** are available on the Comptroller's website: <https://comptroller.tn.gov/>

The Division of State Audit will follow up on the findings noted in the Financial and Compliance Audit Report for fiscal year ending June 30, 2021, in this year's engagement. The division will follow up on the performance audit findings in a future engagement.

### ***Complaints to the Higher Education Resource Officer in 2022***

The Higher Education Resource Officer at the Comptroller of the Treasury (HERO) helps resolve issues, answers questions, and provides information to Tennesseans who are faculty, staff, or employees of Tennessee's higher education systems and institutions. The HERO also reviews and evaluates higher education policy and responds to concerns raised by students and their families and can provide informal mediation between individuals and higher education institutions.

Beginning on July 27, 2022, Lauren Spires, former HERO at the Comptroller of the Treasury, received calls from THEC regarding alleged scholarship issues at TSU. As of August 1, 2022, THEC was aware of at least 17 students who claimed their TSU-promised scholarship was not coming to fruition. During the TSU recruiting season, TSU representatives reached out to schools or to school board members to convene groups of students for TSU-sponsored recruitment events. During the events, the students' understanding of what they were told by William Smith, Associate Director of Admissions, and Terrence Izzard, Associate Vice President for Admissions and Recruitment, was that they were eligible for full-tuition, room, and board scholarships to attend TSU in Fall 2022.

The HERO received several emails from students citing unfulfilled scholarships, housing assignment uncertainty, and a lack of timely or clear responses concerning scholarships and housing. These complaints and requests for assistance involved a common theme of confusion among students and their families and a lack of responsiveness from TSU officials. We list the 18 inquiries received by the HERO from August 1 through October 13 concerning TSU scholarships, admissions, and housing below:

**Student #1** – On August 21, 2022, a Shelby County student's parent reached out to the HERO and explained that her daughter's scholarship had not been posted to her account and she had not received responses to emails she sent over a month prior. The parent also displayed concern about the lack of communication regarding housing. The parent stated that she received an email stating that she would receive updated information concerning housing between August 17 and August 21. However, as of the evening of August 21, 2022, TSU had not communicated any housing updates. On August 22, the student received her housing assignment, but as of August 23, she had not received any updates regarding her scholarship other than to continue checking her student account.

**Student #2** – On August 4, 2022, a student stated that she was a Shelby County student who was offered a scholarship by TSU on October 22, 2021. She said that the scholarship was offered at the high school she attended, and she was unsure how much scholarship money she was awarded.

**Student #3** – On August 4, 2022, a Shelby County student contacted the HERO and stated that she received a scholarship in May 2022. She said that she did not receive any written documentation or emails regarding the scholarship. The student's high school guidance counselor was unaware of a specific dollar amount concerning the scholarship, but she knew that the scholarship was for a "full ride" and emailed the bursar's office on behalf of the student. The student stated that she reached out to financial aid as well, but she was told to be patient as other students were calling about scholarship issues as well. On August 12, the student also wanted an update on her housing assignment at TSU. The student eventually received an off-campus housing assignment, and as of October 5, the student had not received any information regarding her scholarship. On October 27, an email from Terrence Izzard, AVP of Enrollment Management, stated that the student was sent a scholarship agreement, but the student did not sign and return the agreement.



**Student #4** – On August 1, 2022, a parent from Hamilton County complained that her son’s promised partial scholarship did not exist. She stated that TSU staff visited her son’s high school and promised scholarships to her son and other students. She expressed displeasure and stated that her son had other college options, but he chose TSU because he believed an HBCU would be a better experience for him. As of October 14, the student’s mother stated that the student’s scholarship issue was resolved.

**Student #5** – On August 4, 2022, a Shelby County student’s parent contacted the HERO stating that their family never received any formal letter or text confirming their son’s enrollment. Despite a representative from TSU stating that she did view the student’s transcript, the family was never able to confirm acceptance, which prevented the student from applying for orientation and housing with the university. On October 12, 2022, the parent stated that their son never became an official student at TSU, and they said they never received any follow up from student affairs to the student’s family or the student’s high school advisors despite physical visits, emails, and phone calls.

**Student #6** – On August 9, 2022, a Shelby County student said that she was offered a full scholarship to TSU on October 22, 2021, by letter. By August 9, 2022, the student had not received her scholarship. The student’s scholarship offer form requested completion by December 15, 2021, and the student completed the form on November 25, 2021.

**Student #7** – On October 11, 2022, a TSU student contacted the HERO stating that she had a balance on her account despite her full-cost scholarship. The student’s scholarship offer form requested completion by March 15, 2022, and the student completed the form on February 18, 2022. Despite the signed offer letter, the student’s balance was \$3,150 on October 11, 2022. On October 17, Terrence Izzard, AVP of Enrollment Management, sent the Comptroller’s Office an email stating that the student had received their scholarship award and only had a balance for books on their account.

**Student #8** – On August 5, 2022, a Shelby County student contacted the HERO to explain that TSU offered her a full cost scholarship in October 2021, but TSU had not linked the scholarship to her account. The student’s scholarship offer form requested completion by December 15, 2021, and the student completed the form on November 24, 2021.

**Student #9** – On September 28, 2022, a former TSU student reached out to the HERO stating that she withdrew from TSU because of major issues with her housing. She stated that she was on a full-cost scholarship to TSU and was assigned to a room in the House of God. She complained that TSU did not have shuttles to campus until the day classes started, so she was forced to use ride-share services back and forth from the House of God to campus for four days. Once the shuttles started, she said that the shuttles stopped running early on Saturdays and did not run at all on Sundays. Because of continuous maintenance issues in her House of God apartment, the student applied for a hall transfer on September 7. On September 14, TSU replied to the student’s request stating that they were unable to honor the student’s request because spaces on campus were limited and had been exhausted. However, TSU provided Housing Report records to the State Building Commission, which showed 38 total beds available on campus at the time of the student’s request. She stated that she did not think TSU provided an adequate environment for her to learn, so she eventually elected to withdraw from TSU and was unable to afford the cost of classes at another university for the fall.

**Student #10** – On October 11, 2022, a Haywood County high school counselor explained that a student was reporting a \$1,400 balance on his student account after receiving a full-cost scholarship from the university.

**Student #11** – On October 11, 2022, a TSU student reached out to the HERO stating that she was promised a full scholarship from TSU, but she had a balance remaining on her account. On October 17, Terrence Izzard, AVP of Enrollment Management, sent the Comptroller’s Office an email stating that the student had received her scholarship award and only had a balance for books on her account.

**Student #12** – On October 10, 2022, a TSU student reached out to the HERO expressing her intention to transfer from TSU because she had not received the full-cost scholarship she was offered. Mr. Izzard stated that the student failed to complete the acceptance of the scholarship offer before the deadline she was provided.

**Student #13** – On August 19, 2022, a TSU student reached out to the HERO stating that she had not received her housing assignment. When she sought help from the university, she stated that she had received poor communication in return and received no help. On August 24, she emailed the HERO again to state that her housing issue had been resolved.

**Student #14** – On August 17, 2022, a TSU student's parent complained of a four-hour wait to obtain a student ID. She stated that her daughter received a full scholarship from the university, and she had received no communication from the university concerning housing. She stated that she could not get anyone to answer their calls or emails about housing for months.

**Student #15** – On August 15, 2022, a senior student contacted the HERO to express her concern about the safety and maintenance of the Ramada hotel after she looked at the hotel's online reviews. She also expressed concern that the Ramada is about 15 minutes away from the campus.

**Student #16** – On August 23, 2022, a student expressed concern because the university sent the student an email stating that her apartment was going from double occupancy to triple occupancy for an incentive of \$1,000. The university later opted not to follow through with the triple occupancy apartment modifications.

**Student #17** – On October 13, 2022, a Haywood County student stated that TSU announced at his school that the scholarships were full-cost scholarships as opposed to last-dollar scholarships. He stated that TSU indicated before the Fall 2022 semester, however, that his scholarship was instead a last-dollar scholarship. He said that the scholarship contract he signed does not indicate that the scholarship is a last-dollar scholarship.

**Student #18** – On August 3, 2022, a student reached out to the HERO seeking assistance with their scholarship at TSU. The student stated that the school's financial aid office had yet to reply to the student's emails asking for help to resolve the issue.

In a response provided to the Senate Ad Hoc Committee on November 26, 2022, TSU officials stated that they recognize and own their failure to communicate and resolve internal operation matters, including enrollment, financial aid, and housing issues. To address this area of concern, TSU plans to establish a customer relations and service unit devoted exclusively to effectively communicating, addressing, and resolving student-related operations issues. TSU also has new enrollment management software.

The HERO has continued to receive complaints from TSU students regarding scholarships, account balances, and housing. From December 1, 2022, through February 3, 2023, 15 TSU students contacted the HERO seeking assistance. Fourteen of the 15 students had concerns about their student account balance. Many of these requests were time sensitive since a new semester (Spring 2023) was beginning and student schedules were being purged by TSU due to the students' outstanding balances. The remaining student had a problem with housing.

### ***Emergency Housing Requests to State Governing Bodies***

TSU has consistently operated its housing facilities in a state of overcapacity since at least 2017. See Exhibit 13 on page 28. State Architect Ann McGauran stated that TSU has used the House of God facility for years to accommodate the housing overflow during the first few weeks of the semester, but 2021 was the first year the lease met the threshold of the State Building Commission (SBC). According to the SBC Policy and Procedure document, the SBC must approve all leases where the rent due to the lessor is in excess of \$250,000 per year. Before May 2022, the threshold for SBC approval was \$150,000.

Given the inability to meet all students' campus housing requests, TSU leadership requested approval for emergency housing from the state's governing bodies in Fall 2021 and again for Fall 2022. In both instances, TSU leadership stated that additional housing was necessary because of unexpected demand for student housing that exceeded TSU's current capacities. In both instances, state officials raised concerns over the timing of the request, safety of the students, and whether TSU was adequately planning for the situation.

We present the series of requests in chronological order below.

### ***TSU Requests Emergency Housing for Fall 2021 Students***

#### ***August 12, 2021: TSU requested SBC approval to lease one hotel and told SBC this was a one-time request.***

TSU President Glenda Glover and Associate Vice President of Student Affairs and Dean of Students Frank Stevenson requested approval for emergency student housing from the SBC.

Mr. Stevenson stated that the request was a one-time emergency leasing agreement and TSU would have a 700-bed facility

opening the following fall semester (Fall 2022). TSU requested approval to lease the Best Western on Brick Church Pike, which included occupancy of the entire facility, breakfast seven days per week, and cleaning of the rooms three times each per week. TSU would provide security and residence service for the students. TSU sought approval for 259 beds at a rate of \$115 per night for a total contracted rate of \$1,938,210. The lease term covered August 13, 2021, through November 28, 2021.

Mr. Stevenson attributed the need for off-campus student housing to a high number of freshman students and an unprecedented surge in requests for housing. He stated that the big issue for TSU is that it is unique in being located in Nashville, and returning students are trending toward moving back onto campus because of housing costs. He also cited the need for extra rooms for the purpose of social distancing or COVID-19 related isolations.

The Commissioner of the Tennessee Department of Finance and Administration asked TSU to confirm that the request was a one-time request for one semester and that TSU did not anticipate needing to request leases again the next semester. Mr. Stevenson affirmed that it was a one-time request and that further accommodations would not be necessary in the spring semester due to the traditional drop in enrollment from fall to spring.

#### ***September 7, 2021: TSU requested TSSBA approval to lease one hotel and the House of God facility.***

Associate Vice President of Student Affairs and Dean of Students Frank Stevenson appeared before the Tennessee State School Bond Authority (TSSBA) to request approval of a "Resolution to Approve the Borrowing of Money by Another Method" by TSU. TSU's first request pertained to the previously mentioned Best Western hotel. He again explained that TSU had a record number of incoming freshmen, which was the largest class in the history of the university. He also stated that TSU had an unprecedented number of students that requested housing on campus. He said that TSU was generally around 5 percent over capacity, but for 2021, he said that TSU was almost 18 percent over capacity. Mr. Stevenson again cited the "hot" Nashville housing market as the reason for students both not moving off campus as they progress and students requesting on-campus housing after they have previously lived off campus.

Tennessee's **State Building Commission (SBC)** oversees most state construction and demolition projects as well as the acquisition and disposal of state land. The SBC oversees the fiscal management of Tennessee's real estate portfolio, including all real estate used by the state's public higher education institutions. Before a public college or university can pursue a capital project, including significant leases, the SBC must review and approve the request.

The **Tennessee State School Bond Authority (TSSBA)** finances capital projects for public higher education facilities, including issuing bonds and notes to finance projects for colleges and universities. Generally, before a public college or university can take on debt, the TSSBA must review and approve the request.

We provide further information for these bodies on page 46.



TSU also requested approval of a “Resolution to Approve the Borrowing of Money by Another Method” for the lease of the House of God apartments. TSU sought approval for the lease of 163 beds at a rate of \$27 per night for a total of \$655,749. The Dean of Students stated that the property was adjacent to campus, which allowed students easier access to campus amenities. The purpose of the facility was to provide overflow space, and the lease term covered September 12, 2021, to November 28, 2021, and from January 10, 2022, to May 15, 2022.

*Despite TSU stating that the two leases in 2021 were a one-time request, TSU made lease requests for even more hotels beginning late in July 2022.*

### **TSU Requests Emergency Housing for Fall 2022 Students**

*July 26, 2022: TSU requested TSSBA approval for 11 hotel leases and a use agreement for the House of God facility.*

In TSU’s request for 11 hotel leases and a use agreement for the House of God facility,<sup>2</sup> Dr. Glenda Glover stated that the university needed the additional housing capacity to meet an unprecedented demand from students. According to Dr. Glover, TSU experienced a dramatic increase in student enrollment due to national attention, good publicity, and the development of strategic corporate partnerships. In addition to increased enrollment, she also noted increased student demand for on-campus housing. She also stated that because students in TSU’s population were unlikely to return to school if they stayed home due to housing capacity constraints, TSU officials did not want to tell any student they were on their own to find housing off campus. The request included the House of God facility and hotel leases at the locations listed in Exhibit 2.

The total cost of the hotels was approximately \$40 million including hotel leases, security, transportation, and food service. Vice President for Business and Finance Douglas Allen stated that student housing revenues would offset the cost by approximately \$16 million, so the total funding request was about \$24 million. He stated that the remaining cost would be covered by unexpended plant funds.

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<sup>2</sup> A use agreement is a short form license for very limited use of a facility.

**Exhibit 2: Initial Emergency Housing Proposal Presented to the TSSBA on July 26, 2022**

<b>Hotel Lease Agreements</b>						
<b>Hotel</b>	<b>Location</b>	<b>Number of Rooms</b>	<b>Number of Beds</b>	<b>Nightly Room Rate</b>	<b>Cost</b>	<b>Miles from Campus</b>
Best Western Plus	2401 Brick Church Pike, Nashville, TN 37207	159	259	\$115	\$4,735,815	5.6
Best Western Plus Sunrise	825 Murfreesboro Pike, Nashville, TN 37217	90	146	\$115	\$2,680,650	8.1
Candlewood Suites North	270 Venture Circle, Nashville, TN 37228	101	133	\$139	\$3,636,101	3.5
Candlewood Suites	4697 Trousdale Drive, Nashville, TN 37211	91	122	\$139	\$3,276,091	9.2
Comfort Suites	621 Rivergate Parkway, Goodlettsville, TN 37072	80	110	\$115	\$2,382,800	13.8
GLō Best Western Nashville	425 Glastonbury Road, Nashville, TN 37217	93	138	\$115	\$2,770,005	11.9
La Quinta Inn Nashville Airport	531 Donelson Pike, Nashville, TN 37214	136	202	\$115	\$4,050,760	14.1
La Quinta Inn Nashville Airport/Opryland	2345 Atrium Way, Nashville, TN 37214	134	219	\$115	\$3,991,190	10.5
Ramada Inn Opryland	2420 Music Valley Drive, Nashville, TN 37214	183	321	\$115	\$5,450,655	12.7
Red Roof Inn	2407 Brick Church Pike, Nashville, TN 37207	110	180	\$90	\$2,564,100	5.6
Sleep Inn Hotel	3200 Dickerson Pike, Nashville, TN 37207	58	58	\$105	\$1,577,310	8.1
<b>Hotel Total</b>		<b>1,235</b>	<b>1,927</b>		<b>\$37,115,477</b>	
<b>Use Agreement</b>						
House of God	2005, 2007, 2009, and 2312 Heiman Street, Nashville, TN 37208	*	163	\$28	\$3,692,928	1.0
<b>Grand Total</b>			<b>2,090</b>		<b>\$40,808,405</b>	
<b>Less Expected Housing Fees</b>					<b>(\$16,000,000)</b>	
<b>Total Request</b>					<b>\$24,808,405</b>	

Note: \*The use agreement did not stipulate a total number of rooms, only a number of beds.

After commending TSU on its surge in enrollment, Comptroller Jason Mumpower asked TSU the following questions:

*Why was the request just being brought to TSSBA in late July when school would be starting only a few weeks later?*

*When did TSU realize it was running out of space for students?*

*What has TSU's enrollment management plan been?*

*What was TSU's student enrollment strategy?*

*Is enrollment closed for Fall 2022 or is enrollment still open?*

Mr. Terrence Izzard, Associate Vice President for Admissions and Recruitment, stated that application numbers began to grow, but TSU would not have really known about the housing situation since students do not begin to make their housing deposits until the first of March.

Mr. Izzard also stated that in regard to strategy, TSU had a very simple process for student enrollment where students who applied would be admitted and would then be enrolled once they confirmed their intent. He stated that students then completed a housing application, were advised for classes, and paid a housing deposit. Mr. Izzard stated that enrollment for Fall 2022 was closed and prospective students who had applied and were interested in attending TSU were being advised to attend in Spring or Fall 2023.

After Mr. Izzard answered the Comptroller's questions, Comptroller Mumpower voiced concerns about the safety of students off campus. Mr. Stevenson stated that TSU was leasing the entire hotel property to provide more security and control of the buildings. TSU planned to have armed staff at the leased hotel locations, and included the costs of the armed security in the request.

During the TSSBA meeting, Lou Hanemann, Chief of Staff at the Tennessee Higher Education Commission (THEC), raised concerns about the location of some of the hotels as it relates to distance from campus. He stated that THEC had concerns about security, transportation, and meal delivery at some of the sites proposed.

At the conclusion of the meeting, Comptroller Mumpower made a motion to defer the total of 11 leases and one use agreement to a future special called meeting to occur not before the week of August 8. He stated that as Comptroller, given his fiduciary duty to the State of Tennessee, he could not support the request at this time. Lastly, Comptroller Mumpower advised TSU to reach out to both Lieutenant Governor Randy McNally and Speaker of the House of Representatives Cameron Sexton, who are both members of the SBC.

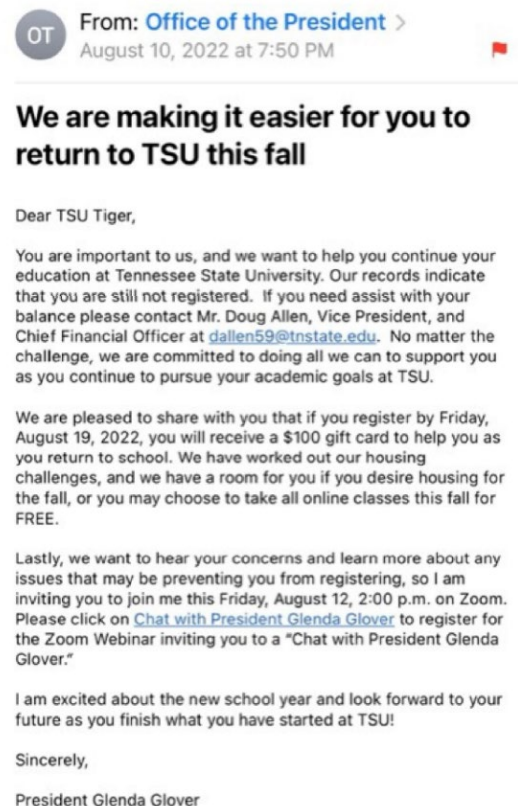
***Based on our review, we identified two inconsistencies in TSU's responses to TSSBA questions.***

First, Mr. Stevenson stated that TSU would not be placing freshman students in the off-campus housing; however, based on information provided by TSU, 161 of the 167 students in the House of God facility were freshmen. Additionally, 250 of the 881 students in the off-campus hotels were freshmen. Second, Mr. Stevenson also stated registrations and housing applications were closed as of the date of the TSSBA meeting on July 26, 2022. However, on August 10, 2022, the Office of the TSU President sent an email encouraging returning students to register with the university, which included a \$100 gift card certificate as an incentive to students to complete their registration. (See Exhibit 3.) Additionally, TSU stated in the email that it had worked out its housing challenges and promised traditional students a room or free tuition if the student decided to take all online classes for the fall semester.

***August 10, 2022: TSU requested TSSBA approval of five hotel leases and the House of God use agreement.***

TSU returned to the TSSBA with an amended housing request on August 10, 2022. Douglas Allen, Vice President of Business and Finance for TSU, stated that the university had sufficient plant funds available for the payment of the leases and certified his statement for the TSSBA at Comptroller Mumpower's request. He stated that the total request was reduced from approximately \$40 million to approximately \$17 million. After factoring in student housing fees, the total amount needed from TSU's plant fund reserves totaled \$7,195,163. The request included the House of God facility and hotel leases at the locations in Exhibit 4.

**Exhibit 3: Email from TSU President dated August 10, 2022**



After TSU officials presented their housing plans for the Fall 2022 semester, Secretary of State Tre Hargett asked them to explain their housing plans for the Spring 2023 semester. Mr. Allen explained that the university planned to lease two hotels and the House of God in Spring 2023. Mr. Allen also stated that TSU was working closely with the Tennessee Board of Regents (TBR) to fast track the start of construction of two new residence halls. TBR has been working to help TSU expedite getting a project to the SBC that was disclosed in the July budget for fiscal year 2023-24. Mr. Allen also mentioned TSU would be implementing a waitlist for students who applied for housing when all available space had been filled. The TSSBA approved the requests for the five hotel leases and the House of God.

**Exhibit 4: TSU Off-Campus Housing Request Presented to the TSSBA on July 26, 2022**

<b>Hotel Lease Agreements</b>						
<b>Hotel</b>	<b>Location</b>	<b>Number of Rooms</b>	<b>Number of Beds</b>	<b>Room Rate</b>	<b>Cost</b>	<b>Miles from Campus</b>
Best Western Plus	2401 Brick Church Pike, Nashville, TN 37207	159	259	\$115	\$4,735,815	5.6
Candlewood Suites North	270 Venture Circle, Nashville, TN 37228	101	133	\$139	\$1,586,407	3.5
La Quinta Inn Nashville Airport/Opryland	2345 Atrium Way, Nashville, TN 37214	134	219	\$115	\$1,741,330	10.5
Ramada Inn Opryland	2420 Music Valley Drive, Nashville, TN 37214	183	321	\$115	\$2,378,085	12.7
Red Roof Inn	2407 Brick Church Pike, Nashville, TN 37207	110	180	\$90	\$2,564,100	5.6
<b>Hotel Total</b>		<b>687</b>	<b>1,112</b>		<b>\$13,005,737</b>	
<b>Use Agreement</b>						
House of God	2005, 2007, 2009, and 2312 Heiman Street, Nashville, TN 37208	*	163	\$28	\$3,692,928	1.0
<b>Total Housing Cost</b>			<b>1,275</b>		<b>\$16,698,665</b>	
<b>Less Estimated Housing Fees**</b>					<b>(\$9,503,502)</b>	
<b>Final Funding Cost</b>					<b>\$7,195,163</b>	

Notes: \* The use agreement did not stipulate a total number of rooms, only a number of beds.

\*\* The estimated housing fees amount is based on our review of the grand total cost and the final cost presented by Douglas Allen, TSU Vice President of Business and Finance, during the TSSBA meeting on August 10, 2022.

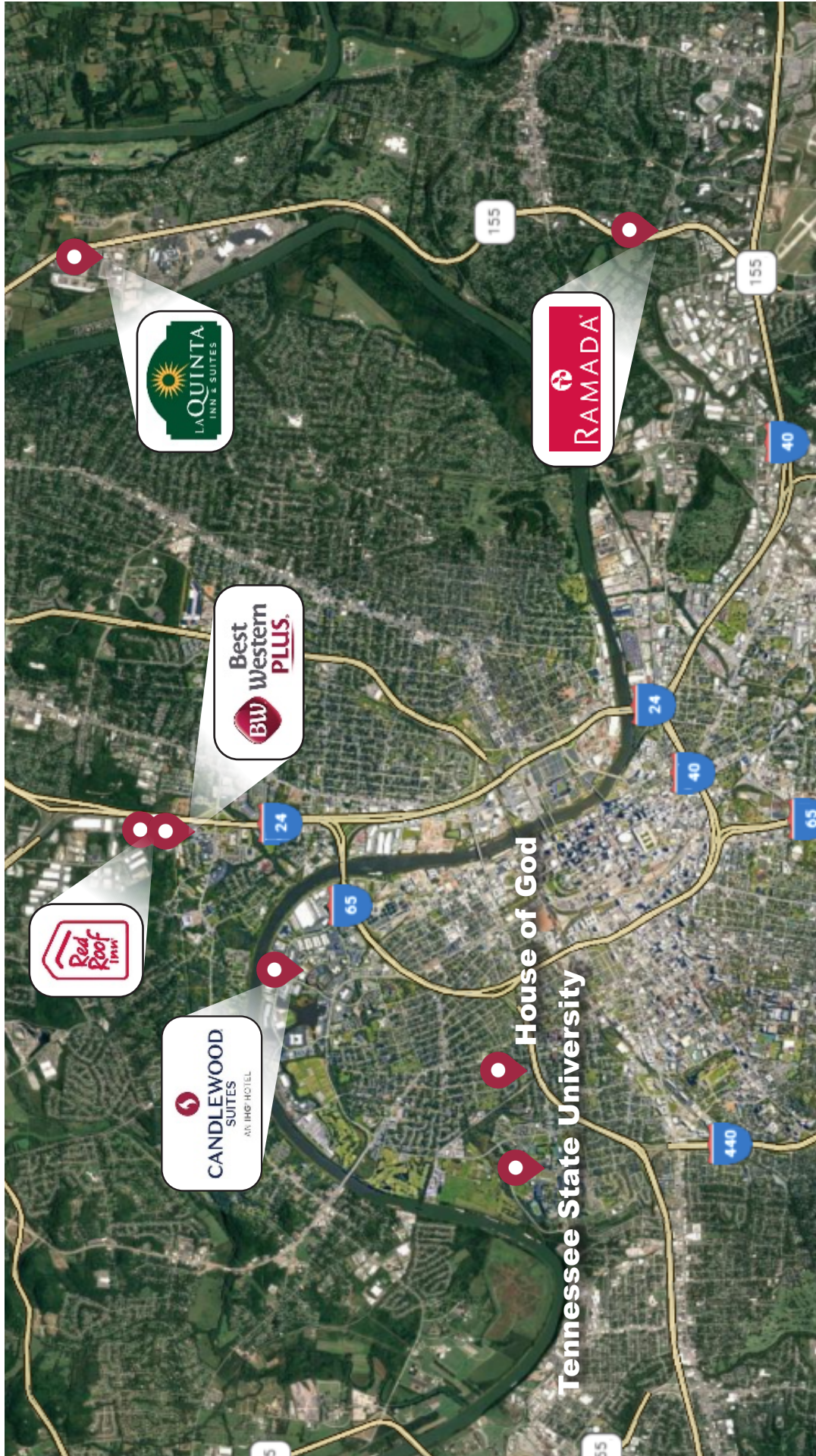
***August 11, 2022: TSU requested SBC approval for five hotel leases and the House of God use agreement.***

According to the SBC meeting minutes, the SBC approved TSU’s request with the condition that the university be required to send daily housing and registration numbers to the State Architect’s office to update the Commission members on the number of rooms that have been assigned out of the total number of rooms, as well as the total amount of students registered, and the number of students with housing deposits. The SBC also requested that the House of God be the first location to be filled due to its proximity to campus and lower cost of \$28 per room. The SBC stipulated that the off-campus facilities be filled in the following order:

1. House of God
2. Best Western Plus
3. Candlewood Suites North
4. La Quinta Inn
5. Ramada Inn
6. Red Roof Inn



**Off-campus housing locations**







**Tennessee State University**



**House of God**



**Ramada Inn**



**Red Roof Inn**



**La Quinta Inn**



**Best Western Plus**



**Candlewood Suites North**

Lieutenant Governor Randy McNally requested reassurances of the safety of TSU students, and Mr. Allen explained that TSU's own police department and the Metro Police Department would provide security patrols. Mr. Allen also noted that only TSU students would be occupying the hotels, and TSU would provide one TSU professional staff member for every 100 students, along with resident assistants. Additionally, Dean of Students Frank Stevenson said that each hotel would have employees at the front desk around the clock and neither TSU nor the state was liable for damage to the hotel caused by students. The Lieutenant Governor also mentioned that TSU told the SBC last year on August 12, 2021, that this situation would not happen again, and yet the commission was being asked again to approve leases for off-campus housing.

Secretary of State Tre Hargett expressed his concern about whether potential first-generation college students will truly be set up for success by living in an off-campus hotel. He also asked TSU if incoming freshmen would be prioritized to stay on campus. Mr. Stevenson replied by stating that TSU understands the importance of the need for an on-campus experience. He said that TSU would extend the TSU brand into the hotels to create community and an enriching environment. He again stated that freshmen will be on campus and not in the hotels.

Speaker Cameron Sexton referred to an email sent to returning TSU students that he had seen, which stated that TSU had sufficient housing in place on August 10, 2022. He asked Dr. Glover if the assertion of sufficient housing was contingent upon the proposed leases being approved by the SBC on August 11, 2022. She replied affirmatively to Speaker Sexton's question, meaning that TSU advised students that their housing issues were resolved before receiving approval from the SBC. Ultimately, the SBC approved the five hotels and the House of God for overflow use by TSU.

TSU stipulated to the TSSBA and the SBC that freshmen would not be housed in the hotels. However, 250 of the 881 students in the five hotels were freshmen based on information provided by TSU.

### ***August 22, 2022: TSU delayed the start of the fall semester by two days.***

TSU's fall semester was scheduled to begin on Monday, August 22, but the university delayed the start by two days. We received varying responses from TSU administrators when we asked them why this occurred. According to the AVP of Student Affairs and Dean of Students and the Interim Provost, TSU delayed the start of classes to allow the students to adjust to the housing accommodations. According to the President, TSU delayed the start of classes because university officials wanted to reevaluate class availability and researched whether it needed to hire more faculty.

### ***Emergency Housing Plans for Other Universities***

Other universities in the state and across the nation have requested additional housing in recent years. Many in higher education refer to a housing crisis brought on, in part, by students that returned to school or delayed starting school, due to the COVID-19 pandemic and escalating housing and apartment rental prices. Two in-state examples, the University of Memphis (UM) and the University of Tennessee - Knoxville (UTK), both requested approval for additional housing for Fall 2022.

According to the Executive Vice President and Chief Operating and Financial Officer, UM leased 108 beds in academic year 2021-22 and 300 beds in academic year 2022-23. On August 11, 2022, the university appeared before the SBC and requested a three-year lease of 300 beds at the Gather on Southern for an average annual cost of \$2,111,356.70. The university had already been approved for 208 beds at the complex, so the request on August 11 was a lease amendment for an additional 92 beds. The Gather on Southern is an apartment complex adjacent to the UM campus, and the lease amendment's purpose is to provide overflow housing while the university plans to build a 500-bed project and a 140-bed project in the long-term. Treasurer David Lillard recognized that the UM is working on a long-term plan, while also reminding schools throughout Tennessee that the SBC does not intend to continue approving the use of off-campus hotel rooms. During

our interview with UM officials, we asked questions concerning their current and future housing plans, their housing application process, financial aid and scholarship process, admissions process, and interdepartmental communications. They stated that they plan to continue utilizing off-campus apartments within walking distance to campus as they build long-term housing for their students.

UTK leased 352 beds for students off campus in academic year 2021-22 and 250 beds in academic year 2022-23. On June 21, 2021, the university appeared before the SBC to request 325 beds from the Aspen Heights and the 303 Flats apartment complexes, and also requested 27 beds from the University of Tennessee Health Science Center. The beds in the apartment complexes would increase bed capacity for the university to house first-year students on campus. The beds in the Health Science Center would accommodate medical students doing clinical rotations with UT’s College of Medicine. The total cost of the leases in academic year 2021-22 was \$3,681,000. The University of Tennessee president told us that off-campus housing was primarily needed due to an increase to the out-of-state student yield rate. He stated that the historical out-of-state yield percentage is 25 percent, which increased to 37 percent in academic year 2022-23.

**Yield Rate** is the percentage of students who accept their offers of admission.

UTK addressed the need for additional housing by leasing two hotels. The first lease was with the Residence Inn Marriott in downtown Knoxville less than one mile from campus for 16 studio rooms, which included a bedroom, bathroom, and kitchen. The cost of the lease was \$139 per night for a total cost of \$228,655, and the funding source was Grants and Plant Funds (Non-Auxiliary). The university used these rooms to house fellows from the U.S. Department of Agriculture exchange programs, which include animal health professionals, veterinary professors, agricultural scientists, researchers, and policymakers. They also leased 89 hotel rooms for a total of 234 available beds at a Holiday Inn Express, where only UTK students are assigned. The students’ rooms had a micro-fridge, desk, desk chairs, closet, trash can, a king-sized or queen-sized bed, and a flat screen tv. Additionally, the students received free on-site laundry and housekeeping services for their bathrooms. Shuttles run students between the hotel and campus every 20 minutes on weekdays from 7 a.m. to 10 p.m. and every 30 minutes on weekends from 11 a.m. to 7 p.m. The cost of the Holiday Inn Express lease was \$102 per night for a total of cost of \$3,166,086, and university officials stated that the funding source was Plant Funds (Auxiliary-Housing). According to the university’s website, the purpose of the lease is to provide an affordable housing option for transfer students in a high-demand housing market. The total cost of UTK’s leases in academic year 2022-23 was \$3,394,741. University officials said they planned to include new residence halls in the updated 10-year master plan to accommodate the increased need for housing.

Based on our review, Tennessee State University’s request in academic year 2022-2023 was larger in scope and financial amount. We compare the emergency housing requests for each of the three universities below.

**Exhibit 5: Off Campus Housing Lease Summaries | Academic Year 2022-23**

School	Beds	Cost of Lease
Tennessee State University	1,275	\$16,698,665
University of Memphis	300	\$2,111,357
University of Tennessee - Knoxville	250	\$3,394,741

*The University of Memphis and the University of Tennessee - Knoxville both requested additional housing for Fall 2022; however, these two universities have had capital plans for building housing while TSU has not. Additionally, these two universities have shown a commitment to sound fiscal and financial management and reporting. A combination of factors, including TSU’s history of repeat findings in its financial audits, the complaints made by students and their families, and the magnitude of TSU’s emergency requests, led to our review of TSU’s housing and enrollment processes.*



## Comptroller Review

Concerns from state officials about TSU's increasing reliance on off-campus housing, coupled with TSU's history of poor fiscal practices, led the Comptroller's Office to begin a review of TSU on September 6, 2022. We focused our review on answering key questions relating to TSU's admissions, enrollment, and student housing.

*What is TSU's short-term housing plan?*

*Does TSU have adequate funding to support the off-campus housing plans?*

*When did TSU know that it did not have enough housing capacity for Fall 2022?*

*Who negotiated the hotel lease prices for Fall 2022?*

*Did TSU overpromise scholarships to incoming freshmen for Fall 2022?*

*How many students does TSU plan to recruit and admit for the 2023-24 academic year?*

*What is TSU's long-term housing plan?*

*What is TSU's plan to use the \$250 million appropriation to improve physical infrastructure?*

To answer these questions, we interviewed officials and personnel from a number of state and national agencies and reviewed various documents and records. We began our review by conducting internal interviews with **Comptroller of the Treasury** staff, including SBC staff, TSSBA staff, and State Audit staff. We sought to better understand the purpose and authority of the SBC and the TSSBA in the leasing acquisition process and any requests for on-campus housing construction or maintenance. We spoke with the State Audit staff to learn primarily about the history of our annual financial audit of Tennessee State University's finances. We also asked questions concerning the topic of plant fund reserves and the capital project process.

Next, we conducted external interviews with employees of the **Secretary of State, Department of Treasury, Office of the State Architect, the General Assembly, and the Department of Finance and Administration**. Each of those offices have staff that serve in the TSSBA and SBC. We learned about each office's role and the purpose they serve in assisting with hotel lease reviews and approvals and capital project construction and maintenance. We also interviewed staff from the Attorney General's Office, which assists the TSSBA in reviewing leases.

TSU is not the only university experiencing on-campus capacity challenges. We also interviewed the Executive Vice President and Chief Operating and Financial Officer, Chief University Planning Officer, and Chief Government Relations and Policy Officer from the **University of Memphis**. We interviewed staff from the **University of Tennessee System Office and University of Tennessee - Knoxville**, as well. We spoke with the University of Tennessee President; Assistant Vice President, Department of Capital Projects, UT System Office; UTK Vice Provost for Student Success; UTK Associate Vice Chancellor of Student Life; UTK Vice Provost for Enrollment Management; UTK Associate Vice Provost for Enrollment Management and Executive Director of Undergraduate Admissions; and UTK Chief of Staff.

Next, we interviewed one of the Vice Presidents and the Director for Institutional Finance of **The Southern Association of Colleges and Schools Commission on Colleges** to understand the accreditation process and the monitoring report process.

The Complete College Tennessee Act (2010) requires TN public community colleges and universities to be funded on outcomes like student progression and completion.

We interviewed the Executive Director, Chief Policy Officer, General Counsel, Chief of Staff, Chief Fiscal Officer, Chief of Facilities Planning, Chief Access and Outreach Officer, Director of HBCU Success, Senior Director of College Access, and Director of AdviseTN for the *Tennessee Higher Education Commission (THEC)* to gain a better understanding on the following topics:

- the FOCUS Act;
- the Capital Project process;
- communication between THEC and TSU about housing concerns and lease requests;
- national, local, and HBCU enrollment rate trends;
- pros and cons of increased enrollment;
- factors that have led to increased enrollment at HBCUs;
- the higher education funding formula; and
- alleged unfulfilled scholarship awards for TSU students.

We interviewed *Tennessee Board of Regents (TBR) staff* to understand their role in capital project management and planning for TSU. We also discussed TBR's responsibilities concerning TSU's budget. TBR stated that its responsibility is limited to ensuring that the university can meet their debt covenants. We asked TBR staff about the following topics:

- future plans for student housing;
- interim housing plans;
- demolition of current buildings;
- renovations for classrooms and faculty buildings;
- the TSU Master Plan; and
- staffing vacancies and turnover in the TSU Facilities department.

Between October 3 and October 7, 2022, we interviewed all **10 TSU board members**. We learned about each board member's length of tenure, and asked questions regarding communication with TSU leadership, recruitment, scholarships, enrollment, housing, and any feedback they had received from parents and students concerning the Fall 2022 semester.

Starting October 10, 2022, we interviewed various personnel from TSU (listed at the end of this section). We gained an understanding of each interviewee's job responsibilities along with their prior job experiences, chain of command, and interdepartmental communication habits. Depending on the interviewee's job responsibilities, we asked questions concerning the following topics:

- safety of students off campus;
- the student experience on campus and off campus;
- off-campus housing and transportation leases;
- the university's financial health;
- processes including recruitment, admissions, financial aid, scholarships, and internal audit;
- faculty and staff hirings to adjust to the freshman class growth; and
- TSU's relationship with local media.

**The Tennessee Higher Education Commission (THEC)** administers Tennessee's outcomes-based funding formula for higher education, approves academic programs, and develops the state master plan for higher education.

**The Tennessee Board of Regents (TBR)** oversees Tennessee's system of community colleges and colleges of applied technology. TBR governed TSU and other state universities prior to the implementation of the 2016 Focus on College and University Success (FOCUS) Act.

For more information on THEC and TBR, see page 48.



## Questions, Conclusions, and Policy Considerations

### What is TSU's short-term housing plan?

#### Spring 2023

During a TSSBA meeting on August 10, 2022, Secretary of State Tre Hargett asked TSU officials to explain their housing plans for the Spring 2023 semester. Officials said they were requesting to lease two hotels and the House of God facility for that semester. Additionally, the university's agreement with the House of God has a lease term of August 19, 2022, through May 10, 2025, for \$28 per night per bed. The two hotel leases will both end on May 5, 2023.

During the August 11, 2022, SBC meeting, the SBC approved off-campus hotel leases for Tennessee State University and the University of Memphis. Treasurer David Lillard stated that he wanted to emphasize to UM, TSU, and to everyone that the State Building Commission does not intend to continue approving the use of off-campus hotel rooms. He stressed the need for the universities to come up with permanent plans.

#### **Exhibit 6: Academic Year 2022-23 Hotel Lease Agreements Presented to the SBC on August 11, 2022**

Hotel	Location	Number of Rooms	Number of Beds	Room Rate	Cost	Miles from Campus
Best Western Plus	2401 Brick Church Pike Nashville, TN 37207	159	259	\$115	\$4,735,815	5.6
Red Roof Inn	2407 Brick Church Pike Nashville, TN 37207	110	180	\$90	\$2,564,100	5.6
<b>Total</b>		<b>269</b>	<b>439</b>		<b>\$7,299,915</b>	

#### Fall 2023 and Beyond

*We asked each board member to explain their understanding of the university's housing plan between Spring 2023 and the construction of any new dorm buildings in the future.*

The board members said that hotels were not the ideal option, but they believed the hotels would continue to be used for Fall 2023. A board member also brought up the idea of acquiring entire apartment complexes near campus in the short term. The board members believe that the university must house the students to avoid the possibility that they would leave school and never return. Ultimately, the board formed a Housing Committee to address the issue of housing in the interim. At the time of the board interviews, the newly formed committee had not presented any information to the full board.

*TSU personnel provided varying answers to questions concerning the university's short-term housing plan between Fall 2023 and the construction of any new dorm buildings in the future.*

TSU officials indicated they have cabinet meetings each Tuesday to ensure interdepartmental awareness, but we received varying answers from TSU cabinet members concerning the school's short-term housing plan in mid-October during our week on campus. TSU cabinet level staff explained several short-term housing plans for Fall 2023, including off-campus hotels, the acquisition or leasing of entire apartment complexes near campus, and a referral system, which would put students in select housing around the Nashville area.

Alison Letcher, Assistant General Counsel, stated that she did not believe the university would be approved for hotels in Fall 2023 by the TSSBA and the SBC. She said that she believed the university would consider buying or leasing apartments. She also mentioned that the university was planning to lease Jefferson Flats, which is a small 68 bed apartment complex adjacent to the TSU campus. The apartment complex will house undergraduate students in Spring 2023, but the university will start housing graduate students in Jefferson Flats in Fall 2023.

On November 8, 2022, we interviewed Brent Dukhie, Executive Director for Residence Housing and Life. Mr. Dukhie said that the university plans to open the portal for housing applications one month earlier to give the university a jumpstart in forecasting. He also stated that TSU plans to cap the number of incoming freshmen for which the university plans to provide housing at 1,000 to 1,500 students. Once the university accepts the maximum number of freshman students, the waitlist would begin to give the university an opportunity to accommodate returning students. When we asked him if the university anticipates the need for off-campus housing in Fall 2023, he stated that he expected there to be a reduced need for the off-campus facilities.

***On October 31, 2022, in advance of the November 15 Senate Ad Hoc Committee hearing, TSU provided legislators with a nine-page document titled “How TSU is Addressing the Current Housing Challenges.”***

The university outlined TSU’s current on-campus housing availability and stated three key factors led to the current status of TSU’s housing environment:

- current availability of housing on campus, which is 3,680 beds;
- enrollment trends and projections; and
- the Nashville area housing market.

University officials provided examples of measures they have implemented to help address the issues associated with housing at TSU:

1. Modify the housing application and decision timeline to move up the housing deadlines. Officials hope this measure incentivizes students to pursue on-campus housing earlier in the process.
2. Close the housing waitlist much earlier. Officials stated, “This approach may also encourage students to pursue their own housing sooner if they understand their housing status earlier, and if they completely understand that housing at TSU is full.”
3. Improve communications between the Enrollment Management, Residence Life, Financial Aid, Facilities Management, and Academic Affairs departments.
4. Expand and enhance the university’s housing referral program to identify additional private off-campus housing options. TSU will identify private off-campus housing options for students to pursue from a list of property owners who meet a predetermined set of conditions.
5. Officials said they are pursuing the acquisition of off-campus housing facilities near campus as a solution in the short term.

**The Senate Ad Hoc Committee to Review the Management and Operations of Facilities and Dormitories at Tennessee State University (Senate Ad Hoc Committee)** met on November 15, 2022, to receive an update on our review and receive reports from TSU leadership.

For more information on the Senate Ad Hoc committee, see page 47.

TSU officials summarized the university’s short-term housing plan:

Housing needs for Fall 2023 and Spring 2024 will be similar to our current needs, with both the hotel needs and preferred housing referral program. Housing needs again will likely include up to five hotels. This will be necessary to house the number of students projected based on enrollment growth. It is anticipated that 4,800 students will request housing for Fall 2023. We will seek permission from the State Building Commission to enter into leases with up to five hotels.

TSU revised its projected hotel needs on November 26, 2022, to three hotels for Fall 2023.

The university plans to limit the number of new students in Fall 2023 to approximately 2,600 students, and the university only plans to provide housing for 1,600 of the new students; officials stated that the remaining 1,000 students will be commuter and online students who will not require beds for Fall 2023.

**TSU believes its housing needs in the near future will likely include hotel leases.**

## **Does TSU have adequate funding to support the off-campus housing plans?**

*TSU management presented hotel leases to the Tennessee State School Bond Authority and State Building Commission for approval. The proposed financing for the leases used housing revenues and unexpended plant funds to cover housing, security, transportation, and food.*

Auxiliary unexpended plant funds are resources that the university accumulates from any excess revenues from auxiliary activities, such as from housing, bookstore, or food services functions. The university is able to transfer those net revenues to unexpended plant fund accounts to later use those funds for construction, acquisition, or renovation of capital assets.

TSU's policy states that all funds added or transferred into the unexpended plant fund will be controlled by a specific project. Historically, TSU has transferred the auxiliary net revenue into a fund broadly titled "auxiliary campus improvement" that has been used for various projects. Over the last 11 years, the fund has been largely untouched.

### **TSSBA Review of TSU Requests**

TSU submitted a request for approval of borrowing by another method that was considered by the TSSBA on July 26, 2022, for leasing 11 hotels and a three-year use agreement for the House of God facility at a cost of over \$38 million for 2022-23 with an additional cost of over \$2.4 million for the next two academic years. (See Exhibit 7.) The meeting materials indicated that students would be charged \$4,150 for a single room and \$3,950 for a double room at any of the locations. Douglas Allen, TSU's CFO and Vice President of Business and Finance, estimated that student housing revenue would be \$16 million. Any remaining cost, estimated at a little over \$21 million, would be covered by auxiliary plant funds, leaving \$7 million in unexpended plant funds.

During this TSSBA meeting, Mr. Allen affirmed the plant fund balances. The TSSBA opted to defer consideration of the 11 leases and one use agreement until a special called meeting in early August.

The TSSBA met again on August 10, 2022, to discuss the leases. At this time, TSU reduced the number of leases to five hotels and the House of God. VP Allen discussed the total cost including transportation, security, and food for a total of \$7,195,163. Mr. Allen also discussed plant fund balances again and indicated an additional \$830,000 in surplus dorm revenues would be applied to this cost. The leases and the House of God use agreement were approved and sent to the SBC for approval.

**Exhibit 7: Academic Year 2022-2023 Hotel Lease Agreements Presented to SBC on July 26, 2022**

<b>Hotel</b>	<b>Location</b>	<b>Term</b>	<b>Number of Beds</b>	<b>Number of Rooms</b>	<b>Room Rate*</b>	<b>Estimated Total Cost</b>
Best Western Plus	2401 Brick Church Pike, Nashville, TN 37207	8/19/2022 -5/5/2023	259	159	\$115	\$4,735,815
Best Western Plus Sunrise	825 Murfreesboro Pike, Nashville, TN 37217	8/19/2022 -5/5/2023	146	90	\$115	\$2,680,650
Candlewood Suites North	270 Venture Circle, Nashville, TN 37228	8/19/2022 -5/5/2023	133	101	\$139	\$3,636,101
Candlewood Suites	4697 Trousdale Drive, Nashville, TN 37211	8/19/2022 -5/5/2023	122	91	\$139	\$3,276,091
Comfort Suites	621 Rivergate Parkway, Goodlettsville, TN 37072	8/19/2022 -5/5/2023	110	80	\$115	\$2,382,800
GLō Best Western Nashville	425 Glastonbury Road, Nashville, TN 37217	8/19/2022 -5/5/2023	138	93	\$115	\$2,770,005
La Quinta Inn Nashville Airport	531 Donelson Pike, Nashville, TN 37214	8/19/2022 -5/5/2023	202	136	\$115	\$4,050,760
La Quinta Inn Nashville Airport/Opryland	2345 Atrium Way, Nashville, TN 37214	8/19/2022 -5/5/2023	219	134	\$115	\$3,991,190
Ramada Inn Opryland	2420 Music Valley Drive, Nashville, TN 37214	8/19/2022 -5/5/2023	321	183	\$115	\$5,450,655
Red Roof Inn	2407 Brick Church Pike, Nashville, TN 37207	8/19/2022 -5/5/2023	180	110	\$90	\$2,564,100
Sleep Inn Hotel	3200 Dickerson Pike, Nashville, TN 37207	8/19/2022 -5/5/2023	97	58	\$105	\$1,577,310
House of God	2005, 2007, 2009, and 2312 Heiman Street, Nashville, TN 37208	8/19/2022 -5/10/2025	163	-	\$28	\$1,230,976**
<b>Grand Total of Beds</b>			<b>2,090</b>	<b>Grand Total Cost</b>	<b>\$38,346,453</b>	

Notes: \*Hotel rate is per room per night while House of God is per bed per night.

\*\*The lease contract covers three-year contract period ending May 10, 2025, with a total cost of \$3,692,928. A single academic year cost costs \$1,230,976.

***TSU confirmed and affirmed facts and figures for the State Building Commission and Senate Ad Hoc Committee.***

On August 11, the SBC again asked TSU for confirmation that at least \$7.195 million of plant funds were available, along with other questions about the arrangement, and subsequently approved the request to ensure that the arriving students had available housing.

On November 10, 2022, during approval of a separate project, the SBC again asked Vice President Allen to state the plant fund balance.

TSU provided a final assurance about the balances of the plant funds at the Senate Ad Hoc committee on November 15, 2022. In response to a request to provide information about the balances in writing, TSU submitted records to the committee showing a new schedule of total unexpended plant funds and renewals and replacements as of June 30, 2022.

On November 15, a special **Senate Ad Hoc committee** convened to receive an update on the Comptroller's Review of TSU and to ask questions of Comptroller staff as well as representatives from TSU.

For more information on the Senate Ad Hoc committee, including membership, see page 47.

## **Our Review of Auxiliary Plant Fund Availability**

***During the separate meetings where plant fund balances were discussed, TSU presented noticeable differences in the plant fund balance attestation statements.***

On July 26, 2022, TSU officials attested to an available amount that appeared to include all unexpended plant balances (not just auxiliary) less \$8.6 million in commitments. On August 10, TSU officials acknowledged an additional \$2.2 million in encumbrances and attested to an available amount that seemed to equal the amount of auxiliary revenues (\$18.025 million) that had been transferred to unexpended plant funds over the last 10 years.

On November 10, TSU officials told the SBC that the amount of unencumbered plant funds totaled \$10.8 million. This amount presumably represented the total of the encumbrances at \$2.2 million plus the \$8.6 million in other commitments. However, later in the testimony, Vice President Allen suggested that the hotel leases were also included in the \$10.8 million, which was not the case. When the commission asked the certainty of the total plant fund amount, Mr. Allen said the university had provided detailed information on the fund balance in August 2022 to the commission and that he was “100 percent committed” that it has \$52.7 million. He stated this without pointing out that the underlying base-level data had changed, as noted below.

In the paperwork provided after the November 15 hearing, the university presented the listing of total plant funds without any mention of commitments, other than the hotel leases. It also showed a schedule of cumulative transfers over the last 10 years without consideration of what had already been expended.

***Not only were there differences in plant fund amounts that were relevant to the housing discussion, there were also differences in the base-level plant fund data that was used as the gross plant fund amount available. Looking at total unexpended plant balances is the best way to provide an apples-to-apples comparison of the base-level data on which each of the representations were based.***

For the first three meetings, the total unexpended plant fund balances supporting the calculations were \$37,421,653.69. This total included both new construction accounts as well as major renovations. For the last two meetings, the total unexpended plant fund balances supporting the final calculations were \$38,670,077.85. While it is not uncommon to have year-end adjustments to close accounting records for a fiscal period, the differences in what was reported for each project were quite significant, including many projects that were not included on the first listing.



**Exhibit 8: Calculation of Available Plant Fund Balances | as provided by Tennessee State University\* | as of June 30, 2022**

	<i>Provided to:</i>		
	<i>Senate Ad Hoc</i>	<i>State Building Commission</i>	<i>Difference</i>
<b><i>New Construction Projects</i></b>			
Land	\$ -	\$ 273,000.00	\$ (273,000.00)
RSP Bldg	(677,150.78)	(677,150.78)	-
Health Science Bldg 166/001-02-2016	(2,606,818.39)	(2,499,423.03)	(107,395.36)
Agric Food Sci Rsch 12-2018 311000	(23,339.18)	(44,642.68)	21,303.50
New Student Housing 05-2017 300000	(278,648.97)	119,380.00	(398,028.97)
<b><i>Total New Construction</i></b>	<b>(3,585,957.32)</b>	<b>(2,828,836.49)</b>	<b>(757,120.83)</b>
<b><i>Major Renovations</i></b>			
Campus Improvement	\$ (6,566,801.19)	\$ (11,425,237.14)	\$ 4,858,435.95
Aux Campus Improvement	(26,623,004.76)	(23,352,461.57)	(3,270,543.19)
Wilson Hall Renovation	(183,635.53)	(183,635.53)	-
Hankal Hall Renovation	(6,246.90)	(6,246.90)	-
Hale Elevator Replacement	(249,659.00)	(249,659.00)	-
Hankal Hall Renovation-Phase II Aux	(47,292.84)	(47,292.84)	-
Consultant-Statewide 000-03-2017	(75,908.92)	(74,273.81)	(1,635.11)
Balcony Repair (SH17) 01-2017 296000	(21,350.03)	(21,350.03)	-
Elevator Upgrade (SH18) 01-2018 301000	(81,250.53)	313,849.02	(395,099.55)
RC Sys Upgrade (SH19) 02-2018 302000	(5,228.61)	90,273.19	(95,501.80)
Emer Elec Infrastruc 09-2019 320000	(557.58)	(7,207.58)	6,650.00
Hale Stadium Renovations	-	(224,986.25)	224,986.25
Football Indoor Practice Facility	(1,369,030.11)	(1,369,030.11)	-
T3 U Construction Infrastruct 17-22	-	674,225.36	(674,225.36)
Extraordinary Maintenance	(210,898.00)	-	(210,898.00)
Facilities Master Plan	(147,740.70)	-	(147,740.70)
1890 Facilities Program 1998	(1,963.61)	-	(1,963.61)
Athletics Non TSSBA Projects	(56,802.53)	-	(56,802.53)
Maint Repairs (E&G) Misc Ins Losses	695,076.35	-	695,076.35
Campus Fencing	(48,355.14)	-	(48,355.14)
Power Plant Chiller Repair	(18,302.30)	-	(18,302.30)
Campus Lighting Project	(200,000.00)	-	(200,000.00)
Campus Center HVAC Repairs	(45,370.64)	-	(45,370.64)
Gentry Locker Room Shower Upgrade	(41,758.80)	-	(41,758.80)
Gentry Pool Automation & Gas Boiler	(130,000.00)	-	(130,000.00)
Wilson Hall Mold Remediation-Insur	(155,000.00)	-	(155,000.00)
Gentry Ctr Roof Repair (Loss/Ins)	(298,794.50)	-	(298,794.50)
Safety & Security - Appropriation	5,900.00	-	5,900.00
Gateway Entrance 001-02-2017-297000	(328,142.22)	-	(328,142.22)
Ag Facilities Improve 04-2017	(29,356.44)	-	(29,356.44)
Tornado Related Projects	1,084,272.41	-	1,084,272.41
Roof Repairs	(32,681.65)	502,454.41	(535,136.06)
Campus and Summer Housing Special Project Repairs	105,763.24	787,761.58	(681,998.34)
<b><i>Total Renovations</i></b>	<b>(35,084,120.53)</b>	<b>(34,592,817.20)</b>	<b>(491,303.33)</b>
<b><i>Total Unexpended Plant</i></b>	<b>\$(38,670,077.85)</b>	<b>\$(37,421,653.69)</b>	<b>\$(1,248,424.16)</b>

Note: \*The information has not been audited.

***The amount TSU officials affirmed in the Senate Ad Hoc Committee meeting included an unrecorded transfer.***

The other notable difference was that the \$38,670,077.85 amount represented in the last two meetings, including the Senate Ad Hoc Committee, did not equal the amount recorded in the university's accounting records. The same accounts in the accounting system totaled \$33,431,671.98, a difference of \$5,238,405.87.

This \$5.2 million difference between the final numbers reported and what was actually in the accounting system existed in the auxiliary campus improvement account. A transfer was eventually made from auxiliary revenues to this plant fund account, but not until December 16, 2022. The schedule that was provided to the Senate Ad Hoc Committee on November 15, 2022, and attested to as accurate in the State Building Commission meeting on November 10, 2022, seemed to be presupposing that this transfer would be made.

***Our attempt to pull supporting documentation to understand more about why this amount was transferred and how it was approved led us to two emails where the TSU Controller requested the Director of General Accounting to make the transfer.***

The first email from the TSU Controller was on November 18, 2022, the Friday after the Senate Ad Hoc Committee meeting, and stated, "Just got off a call. VP wants to be sure that the number shown now as \$51,131,425.11 comes to \$52,777,447.27. I believe to do that and match Banner, you will need to add \$5,238.405.87 to fund 913020 Aux Campus Improvement. This is top priority. We are shooting to have the info updated by 11a.m."

The transfer was not recorded that day and was brought up in email again December 13, 2022, one day after our office asked for more plant fund support. The TSU Controller again said the transfer was needed "to get to the number VP Allen had reported to the State." In response, the Director of General Accounting questioned the transfer and the dollar amount, stating that she needed more support. Subsequently, the TSU Controller recorded the transfer in the accounting system on December 16, 2022, after the Director of General Accounting refused to do so.

***The current policy for plant fund budgets and transfers includes controls over the funds.***

According to Tennessee State University Policy 05.01, *Budget Principles and Controls*, transfers of plant funds must follow specific guidelines. Excerpts from the current policy are as follows:

C. Plant Fund Budgets

1. Unexpended Funds

a. General

1. The purpose of the Unexpended Plant Fund is to account for the unexpended resources derived from various sources to finance the acquisition of long-term plant assets and the associated liabilities.
2. These funds will be used for capital projects such as major additions and/or renovations to physical facilities.
3. The University may request approval for transfer of funds to the Unexpended Plant Fund during the regular budgetary process or special request to the President.
4. All funds added or transferred into the Unexpended Plant Fund will be controlled by specific project.
5. Expenditures in the Unexpended Plant Fund will be budgeted and controlled by specific project.
6. Commitments or expenditures for any capital project shall be in conformance with all applicable state laws and requirements of the State Building Commission.
7. All project budget revisions and the utilization of reallocated project balances shall be approved by the President or designee, if proposed at other than the three regular budget submission times.

*Regardless of the discrepancies noted, our review did conclude that the plant funds were available to fund the final hotel request of \$7.195 million.*

It is important to note that the auxiliary campus improvement account had not been used often over the years, resulting in a significant accumulated balance in the fund. In addition, the \$5.2 million transfer seemed to have originated from other auxiliary funds that were available for transfer to the plant funds from the auxiliary accounts. According to budgetary records, in 2021 the university had \$6 million in excess auxiliary revenue that was available for transfer into plant funds. There was an additional \$3.7 million in excess auxiliary revenue available for transfer as a result of FY 2022 auxiliary activity. Eventually the Controller, at the Vice President's request, transferred \$5.2 million of the available \$9.7 million from the food services (auxiliary) account to the plant funds, but ultimately this transfer was not needed to support the overall \$7.195 million hotel request.

## **Conclusion**

Our review of the auxiliary plant fund balances concluded that there was more than \$7.195 million in unencumbered auxiliary funds available. This conclusion was based on the information recorded in the university's accounting system and budgetary documents.

A possible next-step consideration is to determine how much longer TSU can commit to this volume of hotel lease procurement while waiting for new housing to be constructed. Without a full audit, we are unable to report the exact amount of funds available. The vice president also asserted that none of the plant funds had been needed so far to fund the hotel payments for Fall 2022. For the purposes of a conservative calculation, however, this analysis assumes that \$7.195 million is the continuing need each year. Taking the lowest total that Vice President Allen attested to as available, \$18.025 million, TSU could run out of available plant funds in Fall 2024. Of course, the funds could stretch further if:

- hotel use is less than what was needed in Fall 2022;
- auxiliary revenues are generated and/or transferred to plant funds; or
- the university is able to fund the hotel payments with housing revenues or some other allowable source.

## **When did TSU know that it did not have enough housing capacity for Fall 2022?**

*TSU's burgeoning enrollment growth became apparent by March 2022. By July 2022, TSU estimated it needed to accommodate over 1,500 students beyond capacity.*

Based on a review of board meeting materials for March 17, 2022, we determined that burgeoning enrollment growth was apparent as early as March 9, 2022. As shown in Exhibit 9, as of March 9, 2022, there was an increase of 10,450 (130 percent) in the number of applications received compared to the same day in the previous year and an increase of 6,968 (210 percent) in the net number of admitted<sup>3</sup> students. While the percent increases were lower in June, they were still indicative of significantly higher enrollment. (See Exhibit 10.) The June board meeting minutes did not include a discussion of the housing applications. In an interview, Frank Stevenson, Associate Vice President of Student Affairs and Dean of Students, stated that management initially thought the increase of housing applications was due to the interest in the new residence hall, but by mid-March they had some real indicators of higher housing demand. He further stated that management immediately went into discussions with the House of God facility to use it as a backup option.

<sup>3</sup> Net admitted students is the number of applications received minus the number of incomplete, denied, and withdrawn/canceled applications.

**Exhibit 9: Enrollment Summary | Board of Trustees Meeting Materials | as of March 9, 2022**

Date	Applications Received	% Change in Applications Received	Incomplete Applications	Denied Applications	Withdrawn/Canceled Applications	Net Admitted	% Change in Net Admitted
3/9/2018	8,029	-	3,796	453	21	3,759	-
3/9/2019	7,608	(5%)	3,605	330	14	3,659	(2.6%)
3/9/2020	7,954	5%	4,282	436	20	3,216	(12%)
3/9/2021	8,050	1%	4,430	286	8	3,326	3%
3/9/2022	18,500	130%	7,678	495	33	10,294	210%

**Exhibit 10: Enrollment Summary | Board of Trustees Meeting Materials | as of June 8, 2022**

Date	Applications Received	% Change in Applications Received	Incomplete Applications	Denied Applications	Withdrawn/Canceled Applications	Net Admitted	% Change in Net Admitted
6/8/2018	9,856	-	4,025	730	81	5,020	-
6/8/2019	9,750	(1%)	3,479	1,073	55	5,143	2.5%
6/8/2020	10,847	11%	4,379	799	233	5,436	6%
6/8/2021	11,200	3%	4,678	721	30	5,771	6%
6/8/2022	22,094	97%	7,928	895	84	13,187	129%

**Exhibit 11: Enrollment Applications Received and Net Admitted | Board of Trustees Meeting Materials | September 15, 2022**

Fall Term	Applications Received	% Change in Applications Received	Incomplete Applications	Denied Applications	Withdrawn/Canceled Applications	Net Admitted	% Change in Net Admitted
2017	11,978	-	4,802	945	172	6,059	-
2018	11,034	(7.9%)	4,043	925	149	5,917	(2.3%)
2019	10,888	(1.3%)	3,379	1,245	97	6,167	4.2%
2020	12,277	12.8%	4,378	901	659	6,339	2.8%
2021	12,946	5.4%	4,624	875	103	7,344	15.9%
2022	23,498	81.5%	8,205	999	5,337	8,957	22%

The most recent TSU Board of Trustees meeting on November 17, 2022, acknowledged that TSU experienced the largest first-time freshman enrollment of 3,567 students and the largest overall student enrollment in the school's history with over 9,200 students. The board also acknowledged that enrollment was a key contributor to the increased demand for housing and that the current supply of 3,680 beds on campus did not support the demand of 5,000 beds. Therefore, TSU was left with choosing to either send students home or enroll students and find housing alternatives.

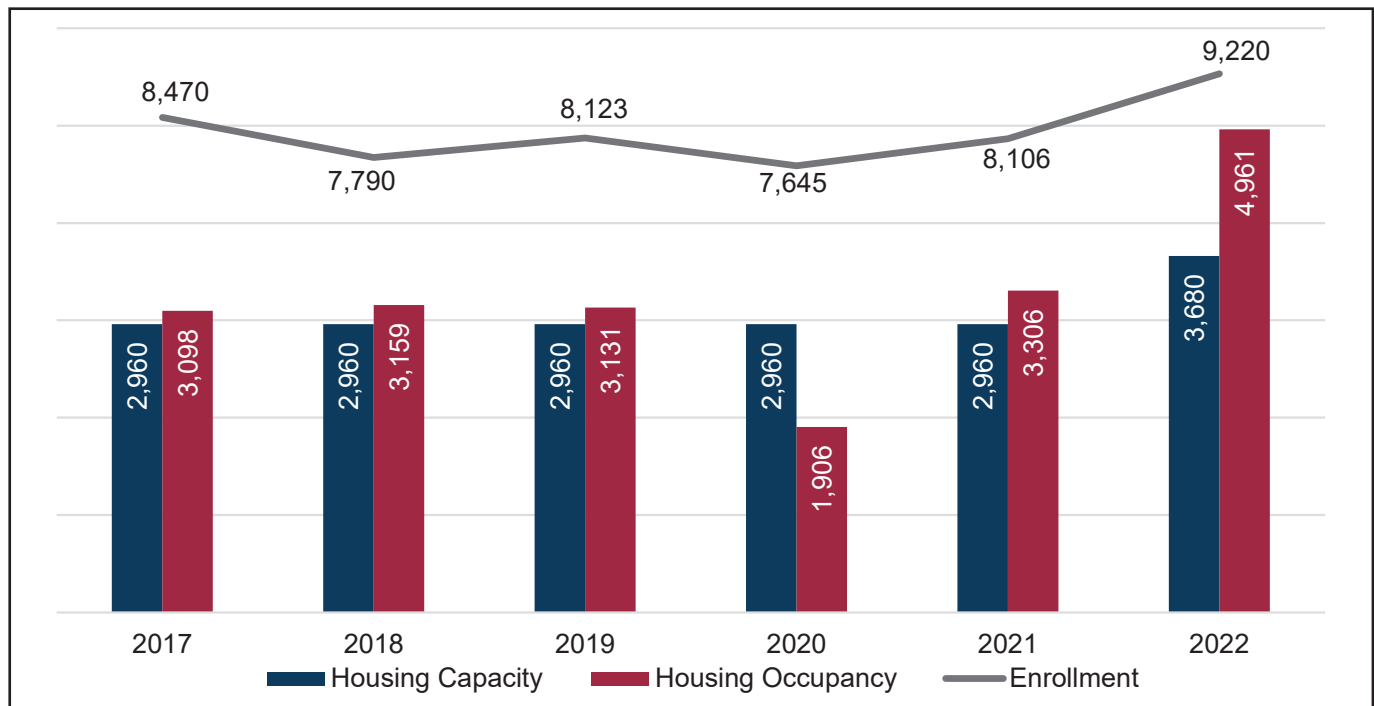
***Housing Application Process***

To be eligible for on-campus housing, a student must be admitted for enrollment and registered for courses during the applicable semester. The Department of Residence Life and Housing uses the RMS Mercury software to manage the student housing process and provides students access to an online application through their *myTSU* accounts. To submit a housing application, students must pay a \$100 housing deposit, which is applied as a pre-payment to that portion of the housing fee for the applicable semester. The student's classification (e.g. freshman, sophomore, graduate student, etc.) is used to determine for which residence hall or apartment the student qualifies. Freshmen are given the opportunity to apply for on-campus housing before

other student classifications. Student housing assignments are made on a first-come, first-serve basis after submission of a housing application.

For the 2022-23 academic year, TSU saw an increase in the number of housing applications received. The housing application process began on March 1, 2022. On July 13, 2022, TSU ended the housing application process and opened a waiting list for which students were not required to pay a deposit with the understanding there was a chance they would not receive a housing assignment. At this point, TSU needed to accommodate 1,257 students, who they proposed to house in seven off-campus overflow locations. TSU has noted that over the past six years it experienced an upward trend of accommodating students beyond their regular housing capacity. Fall 2022 was no exception, even with the addition of 700 beds on campus. As shown in Exhibit 12, housing occupancy has exceeded campus housing capacity every year except 2020, with the largest housing capacity gap in 2022. We also reviewed weekly housing reports for April 4, 2022, and noted a 217 percent increase from the prior year. (See Exhibit 13.)

**Exhibit 12: Housing Capacity, Occupancy, and Enrollment | Fall Terms 2017-2022**



**Exhibit 13: Housing Applications Report | As of April 4, 2022**

Academic Year	New Students	Returning Students	Transfer Students	Total	% Change in Housing Applications Received
2021-22	326	643	5	974	-
2022-23	1,748	1,317	22	3,087	217%

*TSU officials did not begin exploring off-campus housing options until late May 2022.*

The housing application for Fall 2022 opened March 1, 2022, so we asked TSU officials when they knew TSU would need off-campus housing. AVP Stevenson stated that he knew TSU would need additional beds at the end of March 2022, but he felt the House of God property would accommodate their needs. However, Brent Dukhie, the Executive Director for Residence Housing and Life, stated that he was tasked with seeking overflow housing at the end of May 2022.



## **Key Conclusion**

*TSU management's lack of planning and management exacerbated the university's existing housing problem.*

TSU officials were aware that Fall 2022 enrollment would likely surpass capacity as early as March 2022. Given TSU's recent enrollment and housing occupancy trends, the response from TSU could have been more timely and included more definitive long-term action.

Based on our interviews with TSU staff and TSU's Board of Trustees as well as our review of the university's board materials and housing applications report and the state of the Nashville housing market, the record enrollment and resulting housing situation should not have been a surprise to the university. By March 2022, the increase in applications received and net students admitted indicated that TSU would experience a significant increase in enrollment for Fall 2022. By April 2022, the increase of 217 percent in housing applications received indicated that TSU's available housing resources would be overwhelmed. Further, as noted later in this report (page 30), management's focus on recruiting students outside of Middle Tennessee also impacted housing needs.

## **Who negotiated the hotel lease prices for Fall 2022?**

Brent Dukhie, the Executive Director for Residence Housing and Life, began exploring lease options in late May 2022. Because in the previous year TSU had received lease approval for the Best Western hotel, he used that as his pricing baseline to pursue new leases. He called other hotels in the area, had staff distribute a quotation letter to other area hotels, and looked at apartment complexes. They received 25 responses, but because TSU needed to lease the entire property, only 12 fit those criteria. Mr. Dukhie began the conversation with hotels using the base information from last year's lease and then provided the information to the university's legal division with the assumption that further rate negotiations would continue with the potential parties. However, based on discussions with legal staff, their involvement was strictly limited to the legal terms of the lease and not the rate negotiations.

At the November 15, 2022, meeting of the Senate Ad Hoc Committee, Chairman Lundberg asked about who negotiated the housing leases. VP Allen stated that AVP Stevenson negotiated the leases. However, at the TSU Board of Trustees Finance and Budget Committee meeting on November 17, 2022, it was discussed that while Mr. Stevenson was named on the record, it was Brent Dukhie who negotiated the contracts. This discussion differed from our direct conversations with Mr. Dukhie in that Mr. Dukhie assumed further rate negotiations would continue after he passed the information to the university's legal division.

## **Conclusion**

The inability to determine who negotiated the leases throughout our interviews is a symptom of a lack of a documented approval process at TSU and lack of communication during this process. By not having a documented approval process in place, the responsibilities for negotiation, review, and approval were not clearly defined. One indicator of the lack of an approval process was proposing to lease all 12 properties that met the criteria for the full property to the TSSBA and SBC when additional review may have indicated all properties were not needed. In fact, TSU was able to decrease the number of leases to five hotels and one housing agreement, reducing the number of leased beds from 2,090 to 1,275.

## **Did TSU overpromise scholarships to incoming freshmen for Fall 2022?**

We concluded that TSU's recruitment strategy and increased scholarship offerings directly impacted enrollment and exacerbated the housing issues. Because TSU heavily recruited in West Tennessee and out of state, the need for housing was impacted because these students were more likely to require housing to attend the university. Further, because the full-cost scholarship offerings included guaranteed housing, TSU was required to provide housing for these students.

***TSU recruited students in 53 Tennessee and 48 out-of-state high schools.***

TSU began making scholarship offers in September 2021 for the 2022-23 academic year. According to Terrence Izzard, Associate Vice President for Admissions and Recruitment, the initiative began with all Shelby County high schools. Guidance counselors for these schools recommended high-achieving graduating seniors who were interested in attending TSU and who qualified for a full-cost offer with at least a 3.0 GPA. Ultimately, TSU recruited at 53 Tennessee high schools. The bulk of these schools were located in Shelby County, with the remainder in Davidson, Hamilton, Haywood, and Knox counties. (See Exhibit 14.) TSU also made similar scholarship offers to students in 48 out-of-state schools, as detailed in Exhibit 15.

**Exhibit 14: Tennessee Recruitment Locations and Admissions | Fall 2021**

<b>County</b>	<b>Freshmen Admitted Fall 2022</b>
Davidson	361
Hamilton	165
Haywood	23
Knox	84
Shelby	1,098
<b>Total</b>	<b>1,731</b>

**Exhibit 15: Out-of-State Recruitment Locations and Admissions | Fall 2021**

<b>Location</b>	<b>Number of Schools</b>	<b>Freshmen Admitted Fall 2022</b>
Arizona	12	77
California	2	146
Florida	9	431
Pennsylvania	15	107
Texas	10	263
<b>Total</b>	<b>48</b>	<b>1,024</b>

***In-State Scholarship Offers***

On September 23, 2021, TSU held a surprise ceremony for the senior class at Middle College High School in Shelby County to award full-cost scholarships to 83 graduating seniors with at least a 3.5 GPA. Three additional students received partial scholarships. Altogether, TSU reportedly extended scholarship offers to over 1,600 Shelby County Schools graduating seniors. In December 2021, TSU announced that any member of the Haywood County 2022 graduating class with at least a 3.0 was eligible for a full scholarship as long as the student applied and was admitted to TSU.

***Out-of-State Scholarship Offers***

In October 2021, TSU awarded scholarships at five schools in Phoenix, Arizona, resulting in 30 students receiving full-cost scholarship offers valued at \$30,000 each year for up to four years and 40 students receiving partial scholarship offers at \$20,000 per year for up to four years. Overall, these 70 offers could potentially total \$6.8 million over the next four years.

***Final Scholarship Awards***

TSU provided a list of all freshmen receiving scholarships (as of October 10, 2022) that detailed the award type (e.g., full cost or specific maximum amount) and the amount of other aid (e.g., Federal Pell Grant, Hope

Scholarship, TSAA Grant, etc.). We combined this listing with the Fall 2022 Admit List provided by TSU to ensure that only enrolled students were considered and we also removed students who were admitted but had since withdrawn. The Fall 2022 Admit List also included the student’s city and state, allowing us to categorize in-state and out-of-state students. See Exhibits 16 and 17 for in-state and out-of-state details by award type.

**Exhibit 16: In-State Scholarship Awards | Admitted First-Time Freshmen | Academic Year 2022-23**

Scholarship Amount	Number of In-State Students	Award Cost	Final Cost After Other Aid Applied
\$5,000	8	\$40,000	\$40,000
\$8,000	4	\$32,000	\$32,000
\$10,000	39	\$390,000	\$272,548
\$15,000	1	\$15,000	\$8,552
\$23,000	1	\$23,000	\$4,082
Full Cost	739	\$13,302,000	\$7,227,294
<b>Total</b>	<b>792</b>	<b>\$13,802,000</b>	<b>\$7,584,476</b>

**Exhibit 17: Out-of-State Scholarship Awards | Admitted First-Time Freshmen | Academic Year 2022-23**

Scholarship Amount	Number of Out-of-State Students	Award Cost	Final Cost After Other Aid Applied
\$5,000	5	\$25,000	\$25,000
\$8,000	1	\$8,000	\$8,000
\$10,000	54	\$540,000	\$539,406
\$12,000	1	\$12,000	\$12,000
\$13,000	3	\$39,000	\$39,000
\$15,000	111	\$1,665,000	\$1,657,474
\$18,000	28	\$504,000	\$486,558
\$20,000	23	\$460,000	\$460,000
\$22,000	19	\$418,000	\$415,248
\$23,000	109	\$2,507,000	\$2,306,336
\$28,000	2	\$56,000	\$52,122
\$30,000	33	\$990,000	\$876,988
Full Cost	541	\$16,230,000	\$13,777,306
<b>Total</b>	<b>930</b>	<b>\$23,454,000</b>	<b>\$20,655,438</b>

Legislators have asked how many students received full-cost awards from TSU but did not receive any other aid such as federal grants and external scholarships, resulting in TSU covering the student’s full cost of tuition, housing, and meal plans. Based on the information TSU provided, we estimate that 92 Tennessee students received full-cost awards totaling \$1,591,124 and 240 out-of-state students received full-cost awards totaling \$6,741,724.

*TSU officials presented a scholarship budget of \$6.4 million to the TSU board in July 2022, but TSU officials should have been aware they would owe much more for scholarships. The budget presented to the TSU board for scholarships grew to \$28.3 million in November 2022, a month before the completion of the Fall 2022 semester.*

According to Douglas Allen, Vice President of Business and Finance, in academic year 2021-22, TSU was able to use federal CARES Act funding to help cover student balances. Since the CARES Act funding was nearly depleted, Mr. Allen adjusted the 2022-23 scholarship budget to meet the need of the influx of students. On October 14, 2022, Mr. Allen stated that the initial budget was \$17 million, but management increased that by \$11 million to cover unmet need. However, based on our review of budgets submitted to the TSU Board of Trustees, the initial budget was approximately \$6.4 million and the increased total of \$28.3 million was not approved by the board until November 2022. See the next section for additional information.

### **Board Budget Process**

According to TSU Policy 05.01, *Budget Principles and Controls*, TSU submits the budget to the TSU Board of Trustees three times each fiscal year.

- The *proposed budget* is the original budget presented in the spring (usually April) for the fiscal year to begin July 1. This is typically presented to the board at the June meeting.
- The *revised budget* is a revision of the proposed budget and is typically referred to as the “October revised budget.” This budget is submitted in October after fall enrollment and other estimated costs and closing balances are known.
- The *spring estimated budget* is the final submitted budget for current year operations and is submitted at the same time as the proposed budget for the upcoming fiscal year.

### **Exhibit 18: TSU Board of Trustees | Scholarship Budget Data | Academic Years 2018-19 through 2022-23**

<b>Academic Year</b>	<b>July Proposed Budget</b>	<b>October Revised Budget</b>	<b>Percent Increase (Decrease)</b>
2018-19	\$8,682,200	\$6,542,100	(24.6%)
2019-20	\$9,682,200	\$11,348,700	17.2%
2020-21	\$4,982,200	\$5,232,200	5%
2021-22	\$5,222,500	\$5,246,500	.46%
2022-23	\$6,387,500	\$28,349,000	343.8%

At the November 17, 2022, Finance and Budget Committee meeting of the TSU Board of Trustees, Douglas Allen explained key points of the revised budget. One key point was an increase in the scholarship budget. The amount in the July 2022 proposed budget was \$6.4 million, but due to efforts to grow enrollment, the scholarship budget was increased to \$28.3 million in the October revision. See Exhibit 20 for future scholarship plans and Exhibit 21 to see proposed funding sources for these scholarships.

Although scholarship offers and student acceptance of these offers began in 2021, VP Allen did not adjust the July 2022 proposed budget to account for the increase in offers from the prior year, meaning that the TSU Board of Trustees was not officially aware of and did not officially approve the more than quadruple increase in the scholarship budget until the 2022 fall semester was nearly completed.



*TSU anticipates a 43 percent reduction in returning student scholarship dollars for the 2023-24 academic year.*

TSU estimates a 43% reduction in returning freshman scholarship dollars, meaning that a large portion of students will either fail to qualify for future awards or leave the university.

If all high-achieving freshman scholarship recipients qualify to maintain their awards for the 2023-24 academic year, TSU would need a total of \$28.3 million to cover those scholarships; however, TSU estimates a \$12 million (43 percent) reduction for returning student scholarship dollars, predicting that a large portion of students will either fail to qualify for future awards or leave the university. As shown in the following exhibit, with the exception of the 2020-21 year, when the fall semester was impacted by the COVID-19 pandemic, TSU retained 60 percent or more of its full-time students who enrolled in college for the first time in the fall of the previous year.

**Exhibit 19: Freshman to Sophomore Retention by Year | For Academic Years 2017-18 through 2020-21**

Academic Year	Retention Percentage
2017-18	61.2%
2018-19	63.2%
2019-20	63.9%
2020-21	52.1%
<b>Average Retention Rate</b>	<b>60.1%</b>

For the 2023-24 and 2024-25 academic years, TSU plans to only offer new student scholarships totaling \$5 million each year and increase that to \$7 million for the 2025-26 academic year. TSU officials have stipulated on several occasions that limiting the number of students enrolled is contrary to their mission. However, in a response submitted to the Senate Ad Hoc Committee, TSU officials stated that they plan to limit admissions of new students in the fall of 2023 and 2024.

**Exhibit 20: Scholarships by Year as Presented by TSU | For Academic Years 2022-23 through 2025-26**

Scholarships Awarded	2022-23	2023-24	2024-25	2025-26
Current Students <sup>4</sup>	\$28,000,000	-	-	-
Returning Students	-	\$16,000,000	\$21,000,000	\$26,000,000
New Students	-	\$5,000,000	\$5,000,000	\$7,000,000
<b>Total</b>	<b>\$28,000,000</b>	<b>\$21,000,000</b>	<b>\$26,000,000</b>	<b>\$33,000,000</b>

**Exhibit 21: Funding Sources for TSU Scholarships as Presented by TSU | For Academic Years 2022-23 through 2025-26**

Funding Source	2022-23	2023-24	2024-25	2025-26
Institutional Funds*	\$3,500,000	\$16,000,000	\$19,000,000	\$23,000,000
Foundation	\$1,700,000	\$3,000,000	\$5,000,000	\$6,000,000
CARES Act	\$6,400,000	-	-	-
Comprehensive Campaign	-	-	-	\$4,000,000
Tuition Revenue	\$12,600,000	-	-	-
Auxiliary Funds	\$3,800,000	\$2,000,000	\$2,000,000	-
<b>Total</b>	<b>\$28,000,000</b>	<b>\$21,000,000</b>	<b>\$26,000,000</b>	<b>\$33,000,000</b>

\*Institutional funds refers to additional tuition revenue earned from enrollment growth in 2022. In the remaining years, institutional funds and tuition revenue are reported together.

<sup>4</sup>Current students are those attending TSU in Academic Year 2022-23. Afterwards they are classified as returning students for the next three years.

## Scholarship Criteria

TSU provided a listing of scholarship types and the corresponding eligibility requirements. Based on the scholarship listing data, we determined that 1,722 students received scholarships amounting to \$28,239,913 after deducting other aid. The total award cost prior to aid was just over \$37.2 million. In Exhibit 22, we denoted which scholarships were designated as in-state or out-of-state only, as well as those that did not list a residency requirement.

### Exhibit 22: University Academic Merit Scholarships | Incoming First-Time Freshmen Enrolled in 15 Credit Hours | Academic Year 2022-23

Scholarship	Requirements		Award		Total	
	Residency	Cumulative GPA*	Offer Amount	Number Accepted	Total Award Cost	Net Amount Minus Estimated Student Aid
Big Blue Full-Cost Academic Merit Scholarship	Tennessee	3.5	\$18,000	739	\$13,302,000	\$7,227,294
Big Blue Academic Excellence Scholarship	Tennessee	3.4	\$10,000	39	\$390,000	\$272,548
Big Blue High Achiever Scholarship	Tennessee	3.2	\$8,000	4	\$32,000	\$32,000
Big Blue Future Leader Scholarship	Tennessee	3.0	\$5,000	8	\$40,000	\$40,000
Full-Cost Academic Merit Scholarship	Out of State	3.7	\$28,000-\$30,000	576	\$17,276,000	\$14,706,416
Scholar Rate Plus Academic Achievement	Not Noted	3.3 – 3.69	\$23,000	110	\$2,530,000	\$2,310,418
Scholar Rate Academic Achievement	Not Noted	3.0 – 3.29	\$22,000	19	\$418,000	\$415,248
250-Mile Radius Academic Achievers	Out of State	3.0	\$20,000	23	\$460,000	\$460,000
250-Mile Radius Merit	Out of State	3.0	\$18,000	28	\$504,000	\$486,558
Tiger High Achievement	Not Noted	3.3	\$15,000	112	\$1,680,000	\$1,666,026
Tiger Dream	Not Noted	3.3	\$13,000	3	\$39,000	\$39,000
Tiger Legacy	Not Noted	3.3	\$12,000	1	\$12,000	\$12,000
Tiger Opportunity	Not Noted	3.2	\$10,000	54	\$540,000	\$539,406
Tiger Academic Access	Not Noted	3.1	\$8,000	1	\$8,000	\$8,000
Tiger Gateway	Not Noted	3.0	\$5,000	5	\$25,000	\$25,000
<b>Totals</b>				<b>1,722</b>	<b>\$37,256,000</b>	<b>\$28,239,913</b>

\*Minimum, cumulative grade point average and/or demonstrated financial need

The freshman scholarship listing TSU provided also listed the student’s high school GPA as recorded by TSU. We categorized each scholarship type to determine whether all students met the minimum GPA requirement. *We determined that approximately one-third of students (529 of 1,722) did not meet the minimum GPA requirement, but students may have qualified based on financial need. However, there was inadequate documentation that students qualified for scholarships based on a random sample of TSU student files reviewed.* (See Exhibit 23.)

**Exhibit 23: University Academic Merit Scholarships | Incoming First-Time Freshmen Enrolled in 15 Credit Hours | Minimum GPA Analysis**

Scholarship Amount	Tennessee			Out-of-State			
	Minimum GPA	Total Students	# Students Not Meeting Minimum GPA	Minimum GPA	Total Students	# Students Not Meeting Minimum GPA	
\$ 5,000	3.0	8	4	3.0	5	1	
\$ 8,000	3.2	4	1	3.1	1	0	
\$ 10,000	3.4	39	25	3.2	54	21	
\$ 12,000	3.3	0	0	3.3	1	1	
\$ 13,000	3.3	0	0	3.3	3	0	
\$ 15,000	3.3	1	0	3.3	111	26	
\$ 18,000	NA	NA	NA	3.0	28	1	
\$ 20,000	NA	NA	NA	3.0	23	0	
\$ 22,000	NA	NA	NA	3.0	19	0	
\$ 23,000	3.3	1	0	3.3	109	14	
\$ 28,000	NA	NA	NA	3.7	2	0	
\$ 30,000	NA	NA	NA	3.7	33	12	
Full Cost	3.5	739	212	3.7	541	211	
<b>Totals</b>		<b>792</b>	<b>242</b>		<b>930</b>	<b>287</b>	
<b>% Not meeting Minimum GPA</b>		<b>31%</b>			<b>31%</b>		
<b>Total Final Amount</b>		<b>\$2,152,506</b>			<b>\$6,714,188</b>		

The following table lists TSU’s 2023-24 scholarship plan. While the award total is significantly lower than Fall 2022, it is still an increase over prior year scholarship budgets as discussed earlier and this amount does not include the cost for freshman scholarship students from Fall 2022 who qualify to renew their scholarships for Fall 2023.

**Exhibit 24: University Academic Merit Scholarships | Incoming First-Time Freshmen and Transfer Students | Scholarship Plan 2023-24**

Scholarship	GPA	ACT	Per Year Maximum	Number to be Offered	Number to be Awarded	Amount to be Offered	Amount to be Awarded
Presidential	3.5	34-36	\$9,000	960	800	\$8,640,000	\$7,200,000
Trustee	3.5	30-33	\$7,000	240	200	\$1,680,000	\$1,400,000
Academic Excellence	3.5	25-29	\$6,500	240	200	\$1,560,000	\$1,300,000
TSU Dream	3.4	21-24	\$5,500	120	100	\$660,000	\$550,000
Future Leader	3.3	19-20	\$4,500	90	75	\$405,000	\$337,500
Big Blue	3.0	19	\$3,500	390	325	\$1,365,000	\$1,137,500
Transfer	3.0	NA	\$3,000	120	100	\$360,000	\$300,000
Diversity and Access	3.5	19	\$4,000	60	50	\$240,000	\$200,000
<b>Total</b>				<b>2,220</b>	<b>1,850</b>	<b>\$14,910,000</b>	<b>\$12,245,000</b>

## **GPA Consideration**

According to the university registrar, the GPA considered for admissions and scholarships differ, but in both instances, TSU uses the GPA that is listed on the student's high school transcript even when the GPA calculation is not comparable. For example, the GPA criteria used by TSU for admission and scholarship decisions is based on a 4.0 scale, but some high schools use a 5.0 scale or even a 100-point scale. However, according to the university registrar and the associate vice president for enrollment, TSU does not recalculate the GPA when making admission or scholarship decisions. Based on the scholarship offer letters, the scholarship is based on the unweighted GPA and ACT/SAT<sup>5</sup> standardized test score. (See Appendix 2.)

**An unweighted GPA is the cumulative grade point average without additional consideration for honors, Advanced Placement, College Level Exam Program, dual credit, or dual enrollment classes.**

While we were on campus for interviews with TSU staff, President Glover provided us with freshman admission files and a listing of all freshman scholarship students. These files typically contained a cover sheet/file checklist with the student information that includes the GPA used for admission, high school transcript, admission application, admit letter, housing assignment, immunization record, and scholarship letter, if applicable. We randomly selected 59 students with GPAs listed on the scholarship listing and compared the GPA to the students' transcripts. We found that the GPAs presented on the scholarship listing did not always match what was on the student's transcript, if it was available.

Overall, we were able to compare GPAs for 39 of 59 (66 percent) files and determined that only 16 transcript GPAs matched the GPA shown on the TSU scholarship listing. We were unable to compare the other 20 files for the following reasons: the scholarship listing lacked the student's GPA, the student's transcript was missing, or the GPA on the transcript was not comparable to the GPA on the TSU scholarship listing (i.e., not the same GPA calculation methodology).

This review highlighted inconsistencies between which GPA was used for the scholarship determination despite what is listed in the Scholarship Award Guidelines and Acceptance Form. Further, 13 files lacked transcripts at the time of our review in October 2022. Only six of those files contained a letter notifying the student that their final transcript was missing and provided a due date of November 15, 2022. The remaining seven files did not have the notification letter.

## **Conclusions**

TSU's recruitment strategy to increase enrollment, coupled with the promise of scholarships as an incentive to attend TSU, directly exacerbated the university's housing issues. Because TSU heavily recruited in West Tennessee and out of state, the need for housing increased as such students were more likely to require on-campus housing. Further, because the full-cost scholarship offerings included housing, TSU was required to provide housing for these students even though housing capacity was in question, as noted in the previous section.

Despite scholarship offerings made in calendar year 2021 and TSU officials fundamentally knowing that the scholarship budget would increase from the prior year, the TSU finance office did not prepare the proposed July 1 budget with the estimated scholarship awards for presentation to the Board of Trustees in June. Instead, the TSU business and finance office presented a more realistic scholarship estimate in its October revised budget, which was ultimately presented to and approved by the board in November 2022, when the fall semester was nearly completed. The timing of this approval did not allow the TSU board to evaluate the fiscal impact of increased scholarship commitments prior to the student awards.

<sup>5</sup> The ACT (American College Test) and the SAT (Scholastic Aptitude Test) are standardized college entrance exams to aid colleges and universities in making admissions decisions.



Approximately one-third of all freshmen who received scholarships for the 2022-23 academic year did not meet the scholarship's minimum GPA requirement. To qualify for certain TSU scholarships, students must meet a minimum GPA requirement or, if the minimum GPA is not met, demonstrate financial need. While conducting the research for this special report, the Comptroller's Office reviewed a random sample of student files provided by TSU. Students who received a scholarship but did not meet the minimum GPA requirement may have qualified based on financial need, but the student files reviewed contained no documentation to that effect.

## **How many students does TSU plan to recruit and admit for the 2023-24 academic year?**

According to the 2021 Tennessee State University Strategic Plan, the university's enrollment goal for 2025 is 10,400 total students. In November 2022, after TSU leadership appeared at the Senate Ad Hoc Committee hearing, TSU delayed its target enrollment of 10,400 students to 2028. The university plans to grow undergraduate and graduate enrollment through the following objectives:

- developing innovative approaches to retain a diverse student body;
- improving graduation attainment performance;
- expanding online academic programs that address the diverse needs of students and constituents;
- establishing a comprehensive onboarding process inclusive of orientation, tutorial support, advisement, registration, and other academic and student support services; and
- providing students access to experiential learning, research, and engagement opportunities.

In an interview with Dr. Glover on October 13, 2022, we asked her to describe the university's plan and targets for Fall 2023 recruitment and enrollment. She told us that she expects another freshman class of 3,500 students because the current students are having a good experience. At that time, she also did not want to cap freshman enrollment if other Tennessee schools were not required to cap their enrollment as well. She stressed separating the topics of the students' educations from the housing issues. Ultimately, Dr. Glover acknowledged that the board has tasked her with strategically growing enrollment to 10,000 students.

When we interviewed Terrence Izzard, AVP of Enrollment Management and Student Success, he stated that his focus the last several years has been to increase the number of in-state students and the number of students within the state of Tennessee's 250-mile radius. He stated that the recruitment goal for Fall 2023 would not change, and he expects the same total enrollment next year. However, he hoped to increase the number of veteran learners, community college transfer students, online learners, and city commuter students to ease the stress on the housing capacity of TSU's campus. He also said that the university would still pursue high-achieving students, but it will need to give out fewer full-cost scholarships due to a budget reduction for Fall 2023. He said that TSU will be basing its yield expectations on the Fall 2022 semester yield rate, (i.e., the percentage of students who accept their offers of admission) of approximately 40 percent instead of the prior yield rates of about 30 percent. He felt that TSU has a hard time turning down students because the student may not return to college, and the university is looking for ways to be more selective while maintaining access and opportunities for underserved populations.

In response to questions and concerns raised at the November 15, 2022, Senate Ad Hoc Committee hearing, TSU submitted information on November 26, 2022, that reported its plan to limit the number of new students to 2,600 for Fall 2023. TSU officials also stated that they streamlined the enrollment process to better support newly admitted students and sufficiently prepare for the students' anticipated arrival. The university hopes that these measures, along with earlier enrollment deadlines, will allow newly admitted students to complete the enrollment confirmation process much sooner.

In 2022, TSU had a freshman class of approximately 3,500. In 2023, TSU plans to limit the number of new students to 2,600.

## Conclusion

In our interviews, TSU indicated that recruiting and enrollment would not diminish, and TSU officials hoped to exceed 3,000 new students. However, in the Senate Ad Hoc Committee hearing, TSU leadership indicated that it would limit the number of new students to 2,600.

## What is TSU's Long-Term Housing Plan?

*In the long-term, TSU plans to build two new residence halls with a total capacity of 1,000 beds, but it also needs to demolish multiple residence halls.*

On September 14, 2022, we interviewed Tennessee Board of Regents staff including Dr. Flora Tydings, Chancellor; Alisha Fox, Vice Chancellor of Business and Finance; Renee Stewart, Associate Vice Chancellor for Business and Finance; and Dick Tracy, Executive Director of Facilities Development. During the interview, Mr. Tracy said that TSU needs to fill a vacant position that includes the responsibility of planning campus projects. For TSU to gain independence from TBR oversight on their capital projects, Mr. Tracy said that the university needs to hire someone with experience in that position. Mr. Tracy told us that TBR had advised TSU to address their housing needs even before the Fall 2022 semester as increased traffic around the Greater Nashville area made it more difficult to commute to campus.

TBR asked TSU to complete a housing business plan to identify buildings that need to be replaced as opposed to renovated. Mr. Tracy stated that Boyd, Eppse, and Watson are the residence halls that need to be demolished due to outliving their useful lives or outdated amenities; however, TSU is not in a position to take any buildings offline. President Glover also identified Boyd, Eppse, and Watson as residence halls that will need to be demolished. In a November 2022 TSU board meeting, Wilson Residence Hall was identified as another dorm building that may be at the end of its useful life.

### Exhibit 25: Housing Requiring Demolition

Residence Hall	# of Beds	Year Opened	Classification	Room Type
Boyd	364	1951	Male	Double
Eppse	274	1968	Female	Double
Wilson	550	1964	Female	Double
Watson	318	1966	Male	Double
<b>Total</b>	<b>1,506</b>			

On October 31, 2022, TSU officials stated that they had completed an assessment of the older facilities and determined that replacing the older facilities is more cost-effective than attempting to do major renovations.

When we asked TSU board members and staff to explain TSU's long-term housing plan, many shared that the university was working with the firm Moody Nolan to prepare its campus master plan and echoed the sentiment that TSU needed to fast track dorms containing 700-1,000 beds to expand the availability of campus housing.

On December 15, 2022, TSU was approved by the SBC to enter into a long-term lease to acquire Jefferson Flats in Nashville. The lease for the 68-bed apartment complex will be paid for with student room and board fees, so no additional plant funds will be needed to cover the cost of the lease. The apartments will house undergraduate students in Spring 2023, but the university plans to house graduate students there starting in Fall 2023.

According to the “How TSU is Addressing the Current Housing Challenges” document, the Board of Trustees’ newly formed housing committee is assessing the university’s future needs, including housing for undergraduate students, graduate students, family housing, and housing for TSU employees. The university hopes that the SBC will soon approve the construction of two new residence halls with a total capacity of 1,000 beds. However, TSU is aware of four residence halls with 1,506 beds that will need to be demolished in the coming years as the university performs a transformation of campus housing. If the university can build two dorms at the same cost per bed as the newest residence hall that opened in 2022, the new construction would cost an estimated \$107.6 million dollars, but the university anticipates a cost of \$157 million. The anticipated completion date for the new residence halls is no later than fall of 2025.

## **Conclusion**

TSU’s current on-campus capacity is 3,680 beds. If the university adds 1,000 beds with its new dorm building proposal and removes 1,506 beds by taking down the four outdated dorms, TSU will have a net reduction of 506 beds for a total of 3,174 beds. TSU estimates that it will need 4,360 beds in Spring 2023 and 4,800 beds in Fall 2023 to house its students. Assuming student demand for housing at least holds steady, TSU will likely require off-campus leases to house students for the foreseeable future.

## **What is TSU’s plan to use the \$250 million appropriation to improve physical infrastructure?**

*In 2021, the Tennessee Office of Legislative Budget Analysis reported that Tennessee may have not provided TSU the proper amount of land-grant funding.*

In response to a 2021 report by the Tennessee Office of Legislative Budget Analysis, the Tennessee General Assembly established the Legislative Joint Land Grant Committee to study the funding provided to Tennessee’s two land-grant universities: the University of Tennessee and Tennessee State University.

*The Governor responded to the Legislative Joint Land Grant Committee by including \$250 million in his budget request to improve TSU’s physical infrastructure, but these funds cannot be used to address housing needs.*

After a report by the Office of Legislative Budget Analysis showed that Tennessee may have underfunded TSU, Governor Bill Lee announced his budget recommendation of \$250 million to improve the physical infrastructure at TSU in January 2022. This money is dedicated to address life-safety issues and deferred maintenance, and to invest in academic buildings. It cannot be used for auxiliary facilities, which generate revenues to cover operating costs; therefore, *TSU cannot use the funds to build or improve dormitories and other student housing.*

Exhibit 26 contains the TSU capital project proposal for Fiscal Years 2023-2027 and beyond, which details how the \$250 million is allocated as well as TSU funded capital projects, such as new housing facilities. According to the TBR Chancellor, the Governor’s Office required that TBR provide oversight of any expenditures of the \$250 million appropriation.

**Exhibit 26: Capital Project Plan | Phase 1 Fiscal Years 2023 and 2024**

<b>Project</b>	<b>Description</b>	<b>Cost FY 2023</b>	<b>Cost FY 2024</b>
New Campus Master Plan	Develop facilities master plan for the TSU campus, including long-range plans for new and existing facilities improvements, student housing, and infrastructure improvements.	\$500,000	-
Infrastructure Planning and Construction	Assess campus-wide utility systems, including steam, chilled water, natural gas, storm sewer, sanitary sewer, domestic water, and tel/data infrastructure and will design and construct replacements and major maintenance to three systems.	\$5,400,000	\$31,000,000
Capital Maintenance – Educational and General	A campus-wide maintenance project, prioritized by the campus master plan, will provide major maintenance and repairs to the major academic campus buildings.	\$21,535,000	\$20,000,000
Humphries Hall	The maintenance funding will provide replacement of switchgear to Humphries Hall that was built in 1969 and is home to Human Sciences.	\$40,000	-
Kean Hall	Kean Hall was built in 1993 and houses Student Services. The capital maintenance project will provide exterior envelope repairs, brick repairs, window repairs and replacement, roof repairs, interior railing repairs, HVAC maintenance, and lighting maintenance.	\$5,020,000	-
Elliott Hall	Elliot Hall was built in 1927 and houses several academic departments including Art, Sociology, Community Organization, and African Studies along with Event Services. The new master plan will evaluate the building's future functions. Near-term capital maintenance includes replacement of lighted exit signs, domestic water backflow preventer replacement, removal of water-cooled chillers, and repair and replacement of area sidewalks.	\$374,000	-
McCord Hall	McCord Hall was built in 1950 and houses Biology and Information Technology/Computer Science. The project will replace steam piping, replace exit signs, and repair exterior stairs and area sidewalks.	\$365,000	-
Clay Hall	Clay Hall was built in 1959 and houses Education and Psychology. The project will replace the roof, steam piping, and exit signs, and will repair surrounding sidewalks.	\$1,266,000	-
New Library Planning	A new library will be designed to serve the student community in a centralized campus location as confirmed in the new master plan.	\$4,250,000	-
Jackson Hall Renovation Planning	Jackson Hall was built in 1933 and will be renovated for the Art Department and related programs. The project provides programming and design services.	\$1,250,000	-
Center for Food and Animal Sciences	Construction funding is needed for the new Center for Food and Animal Sciences. The facility will contain classrooms, labs, offices, and research areas in support of the Food Sciences and Agriculture programs.	\$18,320,000	-
Housing Planning and Design, Demolitions Planning, Demolitions Planning Demolitions Boyd (364 beds); Watson (318 beds); Eppse (274 beds); and Wilson (550 beds). TSU-Funded Project	The project will implement the programming and design of the housing and bed count that will be recommended by the housing study in the master plan. If warranted, the project will provide funding for future demolitions of existing housing at the end of its useful life.	\$7,200,000	-
Ford Complex A, B, C, D Maintenance – TSU-Funded Project	The Ford Complex was built in 1998 and offers 2- and 4-bedroom apartments. The project will complete priority capital maintenance and repairs consisting primarily of exterior repairs to the building envelopes, siding, soffits, and stairs.	\$868,800	-
New Residence Center E, F, G, H Maintenance– TSU-Funded Project	The New Residence Center was built in 2002 and offers 2- and 4-bedroom apartments. The project will complete priority capital maintenance and repairs consisting primarily of exterior repairs to the building envelopes, siding, soffits, and stairs.	\$2,103,600	-
<b>Phase 1 Appropriation</b>		<b>\$58,320,000</b>	<b>\$51,000,000</b>
<b>Phase 1 TSU Funded Projects</b>		<b>\$10,172,400</b>	<b>-</b>
<b>Overall Phase 1 Total</b>		<b>\$119,492,400</b>	



### Phase 2 Fiscal Years 2025 and 2026

Project	Description	Cost FY 2025	Cost FY 2026
Capital Maintenance E&G Buildings	The project will continue campus-wide major maintenance and repairs to the major academic campus building as prioritized in the campus master plan.	\$21,000,000	\$21,000,000
Capital Outlay Planning	Following completion of the master plan, a project that addresses critical academic facility needs will be prioritized and defined. This project will provide design services for the project.	\$4,000,000	
New Library Construction	A new library will be designed in Phase 1 to serve the student community in centralized campus location as confirmed in the master plan. This project will provide funding to bid and construct the project.	\$55,750,000	
Jackson Hall Renovation	Jackson Hall was built in 1933. This project will bid and construct a major renovation suitable for the Art Department and related programs.	\$11,250,000	
New Housing Construction – TSU-Funded Project	Following the planning and design in Phase 1, this funding will support the bidding and construction for new student housing, assumed to be up to 400 beds including graduate housing. The housing type and bed count will be recommended by the housing study in the master plan to accommodate projected future enrollment and housing demand.	\$56,500,000	
New Housing Planning, Demolitions Planning Demolitions Boyd (364 beds); Watson (318 beds); Eppse (274 beds); and Wilson (550 beds). – TSU-Funded Project	This project will continue to implement the programming and design of the type of housing and bed count that will be recommended by the housing study in the master plan. If warranted, the project will also provide funding for future demolitions of existing housing at the end of its useful life.	\$1,500,000	\$5,000,000
<b>Phase 2 Appropriation</b>		<b>\$92,000,000</b>	<b>\$21,000,000</b>
<b>Phase 2 TSU Funded Projects</b>		<b>\$58,000,000</b>	<b>\$5,000,000</b>
<b>Overall Phase 2 Total</b>		<b>\$176,000,000</b>	

### Phase 3 Fiscal Years 2027 and beyond

Project	Description	Cost FY 2027+
Proposed State Appropriations	Following the completion of the master plan, a project that addresses critical academic facility needs will be prioritized and defined and is planned to be designed in Phase 2. This funding will construct the project.	\$27,680,000
New Housing Construction – TSU-Funded Project	This project will bid and construct the type and quantity of housing that will be recommended by the housing study in the new master plan. This project may construct up to 700 additional new beds to fully accommodate housing demand and to remove buildings nearing the end of useful life.	\$93,800,000
New Housing Planning, Demolition Planning – TSU-Funded Project	Continue to monitor and update housing planning and remove outmoded buildings following construction of new beds.	\$6,250,000
<b>Phase 3 Appropriation</b>		<b>\$27,680,000</b>
<b>Phase 3 TSU Funded Projects</b>		<b>\$100,050,000</b>
<b>Overall Phase 3 Total</b>		<b>\$127,730,000</b>

Phase	State Appropriation	TSU Funded	Total
Phase 1	\$109,320,000	\$10,172,400	\$119,492,400
Phase 2	\$113,000,000	\$63,000,000	\$176,000,000
Phase 3	\$27,680,000	\$100,050,000	\$127,730,000
<b>Total</b>	<b>\$250,000,000</b>	<b>\$173,222,400</b>	<b>\$423,222,400</b>

## Policy Considerations

The Comptroller's Office presents the following policy considerations:

1. ***The General Assembly could place TSU under the authority of the Tennessee Board of Regents (TBR).*** The General Assembly could vacate the current TSU Board of Trustees and place all TSU operations under the authority of TBR. Alternatively, the General Assembly could assign authority over all TSU operations to TBR while retaining a TSU Board of Trustees, either the current TSU board or a new board. Under this arrangement, the TSU Board of Trustees would serve in an advisory capacity. Authority over TSU operations could be returned to the TSU Board of Trustees once certain conditions are met or after a specified period of time.

Of all the state's locally governed institutions (i.e., public universities that are not part of the University of Tennessee system), only TSU remains under TBR oversight for capital projects because the university does not have sufficient personnel to handle capital projects on its own. In addition, TBR is responsible for ensuring TSU can meet the university's debt covenants.

2. ***The General Assembly could vacate and restructure the TSU Board of Trustees.*** Since 2017, a 10-member local governing board of trustees has been responsible for overseeing the university's management and governance, including budgeting and other important areas of operations. The board has not exercised effective oversight over TSU management regarding the university's ongoing housing problem and fiscal practices.
3. ***The General Assembly should consider mandating that TSU submit an annual scholarship plan and monthly reports regarding the number and value of all scholarships offered and the number of signed scholarship acceptance offers.*** Prior to recruitment commencing for the next academic year, TSU management would submit the university's scholarship plan to the Chairs of the Finance Committees in the General Assembly, the Chairs of the Education Committees in the General Assembly, the Tennessee State School Bond Authority, the Tennessee Higher Education Commission, the Tennessee Board of Regents, the State Architect's office, and the Housing Committee and the Finance and Budget Committee of the TSU Board of Trustees. The scholarship plan would detail the scholarship budget, funding sources, where students will be recruited from, and the number and types of scholarship offers. After recruitment has commenced, TSU management would submit a report each month to the same parties specifying the number and dollar value of all scholarships offered and the number of signed scholarship acceptance offers.

Regular reporting by TSU will keep state officials and others apprised of scholarship trends at the university.

4. ***The General Assembly should consider mandating that TSU submit housing application data and enrollment application data on a monthly basis between March and September of each year.*** On the first day of each month starting March 1 and ending September 1, TSU management would provide enrollment application data to the Chairs of the Finance Committees in the General Assembly, the Chairs of the Education Committees in the General Assembly, the Tennessee State School Bond Authority, the Tennessee Higher Education Commission, the Tennessee Board of Regents, the State Architect's office, and the Housing Committee and the Finance and Budget Committee of the TSU Board of Trustees. The data provided could be for the current year and the previous four academic years and include:

- admitted students
- net admitted students
- denied students
- incomplete applications
- withdrawn/cancelled students

- students who have completed their intent to enroll
- housing deposits received
- returning student applications received
- transfer student applications received
- new student applications received

Regular reporting by TSU will keep state officials and others apprised of enrollment and housing trends at the university.

5. ***The General Assembly should consider mandating that TSU provide projected enrollment classification data for the coming fall semester on November 1 of each year.*** The enrollment data would be provided to the Chairs of the Finance Committees in the General Assembly, the Chairs of the Education Committees in the General Assembly, the Tennessee State School Bond Authority, the Tennessee Higher Education Commission, the Tennessee Board of Regents, the State Architect's office, and the Housing Committee and the Finance and Budget Committee of the TSU Board of Trustees and could include:

- number of freshmen, sophomores, juniors, and seniors
- number of in-state students
- number of out-of-state students
- number of 250-mile radius students
- number of commuter students
- number of students living on campus
- number of students living off campus in TSU-provided housing (e.g., hotels, private apartment complexes, other types of off-campus housing)
- number of online-only students

Annual reporting by TSU will keep state officials and others apprised of enrollment and housing trends at the university.

6. ***The TSU Board of Trustees could replace current TSU management.*** The lack of planning and management on the part of TSU management has exacerbated the university's existing housing problem, and TSU has repeatedly fallen short of sound fiscal practices, adequate documentation, and responsive communications to concerned parents and students.

The board provides direct oversight of the TSU president, who serves as the administrative head of the university and is responsible for TSU's operations and programs.

7. ***The TSU Board of Trustees should consider implementing a policy requiring the board's prior approval of financial and budget changes, especially concerning scholarships.*** The policy could include a percentage change threshold that triggers the need for prior approval by the board before TSU management can increase or reduce funding.

TSU management did not inform the board of the significant increase in the scholarship budget for the 2022-23 academic year in a timely manner, giving the board insufficient time to evaluate the effects of an increase of this magnitude on enrollment and the university's existing housing problem. TSU management did not present the significant increase in the university's scholarship budget to the TSU Board of Trustees until almost one year after the scholarships were offered to students. The figure for scholarships included in the 2022-23 budget presented to the board in July 2022 was \$6.4 million. The \$28.3 million budgeted for scholarships was not presented to the board until October 2022, and the board approved the \$28.3 million in November 2022, a month before the completion of the Fall 2022 semester.

8. ***TSU management should consider the recruitment and retention of a candidate to fill the university's vacant capital projects manager position to be a top priority.*** Given the university's current housing problem, filling this position is vitally important. For TSU to possibly gain independence from TBR oversight of the university's capital projects, hiring someone with experience in this type of position is essential, according to a September 2022 interview with TBR officials.
9. ***TSU management should consider adding an additional new residence hall to its plans to construct two new residence halls.*** As of October 31, 2022, the university's on-campus housing capacity was 3,680 beds, below the estimated need of 4,800 beds for Fall 2023. TSU board members acknowledged at a November 2022 meeting that the university's current supply of on-campus beds is insufficient to support student demand for close to 5,000 beds.

University officials plan to construct two new residence halls in the future, which would raise TSU's inventory of on-campus beds to 4,680. (The two new residence halls will add a total of 1,000 beds.) It is unclear at this time when these two new halls will open, though TSU anticipates completion no later than Fall 2025.

TBR and TSU have identified three existing residence halls that need to be demolished rather than renovated. A fourth residence hall that may also be at the end of its useful life was identified during a November 2022 meeting of the TSU Board of Trustees. These four residence halls contain approximately 1,500 beds, roughly 41 percent of TSU's current on-campus bed inventory. Demolishing these four residence halls while building two new residence halls yields a net *reduction* of roughly 500 on-campus beds. Constructing a third new residence hall would likely reduce or eliminate the expected deficit of on-campus beds if enrollment holds steady.

10. ***TSU management should consider improving its responsiveness to communications received from parents and students.*** Beginning on July 27, 2022, multiple parents and students contacted the Comptroller's Higher Education Resource Officer (HERO) regarding concerns about scholarship and housing-related matters at TSU. Complaints filed with the HERO concerned unfulfilled scholarships, including complaints about the university's lack of responsiveness and unclear communications to parents and students. In some cases, TSU ultimately resolved the concerns raised by parents and students, but numerous complaints filed with the HERO reflect repeated efforts by parents and students to get TSU to respond to their concerns, indicating a lack of responsiveness and poor communications on the university's part. TSU officials identified the need to improve communication among internal departments responsible for housing, enrollment, scholarships, and other operations, according to an October 31, 2022, document provided to state officials. Timely and clear responses and communications to parents and students should be part of the university's efforts to improve communication among internal departments.
11. ***TSU management should consider revisiting what approvals are needed for transfers of funds from any of the university's accounts to the plant funds and ensure that documentation is attached to any accounting entries.*** In the past, TSU approvals for transfers were tied to the budgetary process, but the approvals for transfers have become less clear as the university has started to deviate from making regular comprehensive auxiliary transfers to making only a partial transfer. The same applies for movements within the plant funds, particularly when some transfers are from educational and general funds while other transfers are from auxiliary funds. TSU should consider whether its accounting practices meet the spirit of its policy regarding transfers and whether they are tied to specific projects.

***12. TSU management should consider properly documenting scholarship award decisions and including a multiple-step approval process.*** While conducting the research for this special report, the Comptroller's Office reviewed a random sample of student files provided by TSU. Students who received a scholarship but did not meet the minimum GPA requirement may have qualified based on financial need, but the student files reviewed contained no documentation to that effect.

**The Comptroller's Office reviewed all feedback from TSU, TBR, and THEC before publishing this special report. Responses can be found beginning on page 55.**



# Appendix 1<sup>1</sup>

## Tennessee Oversight Bodies

### Tennessee State School Bond Authority

Pursuant to *Tennessee Code Annotated* § 49-3-1205(11), the Tennessee State School Bond Authority (TSSBA) has the power to approve or disapprove certain actions taken by, among others, the board of regents of the state university and community college system and the board of trustees of the University of Tennessee or any institution under the jurisdiction of either board with respect to the borrowing of money for any purpose, whether by the issuance of bonds or notes or by any other method. Therefore, certain borrowings by a board or institution are required to be submitted to the TSSBA for approval.

A Request for Borrowing by another method can include leases, bank loans, lines or letters of credit, private placement of debt, or anything that constitutes debt outside of debt issued by the TSSBA or State of Tennessee. The request must be submitted 30 days prior to a TSSBA meeting and prior to the proposed settlement date for the transaction and sent to the Director of the Division of State Government Finance within the Office of the Tennessee Comptroller of the Treasury and TSSBA staff. Further, the TSSBA must approve any real estate leases where annual rent is more than \$250,000 per year or the lease term is more than five years, prior to the State Building Commission Executive Subcommittee meeting.

Upon receipt and review of a completed submission, TSSBA staff will review and forward the request to the TSSBA for its consideration. If the TSSBA disapproves the request, a new request may be submitted that resolves the issues or concerns that were the basis of the TSSBA's disapproval and that allows sufficient time prior to the proposed settlement date for TSSBA staff to review the submission.

### Exhibit 27: Tennessee State School Bond Authority Membership

Name	Title
Bill Lee	Governor
Jason Mumpower	Comptroller of the Treasury
Tre Hargett	Secretary of State
David Lillard	State Treasurer
Jim Bryson	Commissioner, Finance and Administration
Dr. Flora W. Tydings	Chancellor, Tennessee Board of Regents
Randy Boyd	President, University of Tennessee

### State Building Commission

The Tennessee General Assembly created the State Building Commission (SBC) in 1955 to oversee construction of all State public buildings. The SBC's responsibility has been expanded to include authority over most state construction and demolition projects and the acquisition and disposal of state lands. The SBC seeks to ensure that actions and decisions affecting real property in which the state has an interest are made in the best interest of the state. This role includes promoting quality in design and construction, sound fiscal management, fair competition for work, and proactive planning and decision-making. The SBC consists of seven ex officio members.

<sup>1</sup>Titles and/or employers listed were current at the time research was conducted for this report.

**Exhibit 28: State Building Commission Membership**

<b>Name</b>	<b>Title</b>
Bill Lee	Governor
Randy McNally	Lieutenant Governor and Speaker of the Senate
Cameron Sexton	Speaker of the House
Tre Hargett*	Secretary of State
Jason Mumpower*	Comptroller of the Treasury
David Lillard*	State Treasurer
Jim Bryson*	Commissioner, Finance and Administration

Note: \*Member of the Executive Subcommittee.

The SBC's Executive Subcommittee, comprised of the Constitutional Officers and the Commissioner of Finance and Administration, is authorized to act on behalf of the full SBC in any matter that has been delegated to it by the SBC. Standing delegations of authority include taking final action on land acquisitions, land disposals, lease transactions, and demolitions.

The SBC is administratively staffed by the State Architect along with representatives from the General Assembly, Constitutional Officers, and Finance and Administration.

**Exhibit 29: State Building Commission Staff**

<b>Name</b>	<b>Title</b>
Ann McGauran	State Architect/Chief Staff Officer to the SBC
Chase Johnson	Senior Legislative Advisor, Speaker of the Senate
Kevin Johnson	Chief of Staff, Speaker of the House
Rose Case	Chief Operating Officer, Secretary of State
Rachelle Cabading	Director Office of Management Services, Comptroller of the Treasury
Roy West	Director of Legislative and Agency Affairs, Treasury
Eugene Neubert	Deputy Commissioner, Finance and Administration
Angela Scott	Capital Budget Coordinator, Finance and Administration
Rhett Pratt	Budget Analyst Specialist, Legislative Budget Analysis

***Senate Ad Hoc Committee to Review the Management and Operations of Facilities and Dormitories at Tennessee State University***

A Tennessee Senate Ad Hoc Committee formed to review TSU's operations. On November 15, 2022, the committee held a hearing to receive an update on the Comptroller's review of TSU and to ask questions of TSU leadership.

**Exhibit 30: Senate Ad Hoc Committee Members**

<b>Name</b>	<b>District</b>
Jon Lundberg, Chairman	4
Raumesh Akbari	29
Rusty Crowe	3
Todd Gardenhire	10
Ferrell Haile	18
Joey Hensley	28
Bill Powers	22
Bo Watson	11
Dawn White	13

## ***The Tennessee Higher Education Commission***

The Tennessee Higher Education Commission (THEC) serves as the coordinating authority for implementing Tennessee's statewide higher education public and fiscal policy. The Tennessee General Assembly created THEC in 1967 to facilitate a coordinated and unified public postsecondary mission across higher education institutions in Tennessee. THEC develops a statewide master plan for the future development of public universities, community colleges, and colleges of applied technology. Among THEC's other statutory responsibilities are:

- establishing annual tuition and fee increase parameters for in-state undergraduate students;
- reviewing and approving new academic programs;
- developing and utilizing an outcomes-based funding model for institutions;
- considering the operating and capital expenses of each institution; and
- involving higher education institutions in the collaboration and development of transfer pathways.

THEC is responsible for making statewide postsecondary strategic decisions and ensuring that public colleges and other institutions are aligned with the state's mission and values. Additionally, in conjunction with school systems, including TSU, school campuses, and state government representatives, THEC establishes an outcomes-based funding formula to incentivize academic success, such as degree completion rates.

## ***Tennessee Board of Regents***

The Tennessee Board of Regents (TBR) oversees the state's system of 13 community colleges and 27 colleges of applied technology. TBR monitors the financial health and fiscal policies at each of the system's colleges. Additionally, TBR appoints a chancellor to administer the board's functions and evaluate each college's president. Prior to the Tennessee Focus Act of 2016, TBR was also responsible for overseeing the state's system of six four-year state colleges, including TSU.

## Appendix 2

### Example of TSU Scholarship Award Guidelines and Acceptance Form Redacted



## Scholarship Award Guidelines and Acceptance Form

This scholarship is offered to \_\_\_\_\_ to assist you with the cost of your education as a student at Tennessee State University.

The scholarship requires that you complete a Federal Application for Student Aid Form by December 1 each year of enrollment. If there is a change in your eligibility your award may be cancelled or revised. The award, less any other scholarship or grant you receive, will cover **FULL COST** of tuition and student on-campus housing/meal plan for the fall and spring terms combined. The guidelines and provisions of this award are subject to change at any time prior to or during an academic term due to emergencies or causes beyond the reasonable control of the institution. *This award cannot be converted to cash.*

The award is to be used toward your tuition, maintenance fees, program and service fees and "other fees" related to courses, laboratories and clinics during the fall and spring semesters. The scholarship excludes online course fees, summer school, special sessions, books, and "other fees" related to orientation, international fees, reservations fees, and rentals. In addition the scholarship covers double occupancy in an on-campus residence hall with an all access meal plan or, as an upperclassman, you may choose residency in an on-campus apartment with a "50+ 300" meal plan. The fall semester of your freshman year is deemed a probationary semester, grades and completion rate will not impact your scholarship eligibility for the following spring semester. If you have not earned a total of 30 credit hours after the spring term of your freshman year the scholarship offer will be rescinded. To retain the scholarship, you must maintain a 3.0 cumulative GPA, earn a minimum of 15 credit hours each semester, and maintain out-of-state tuition discount eligibility (scholar rate, 250-mile) if applicable. This scholarship is renewable for up to 4 consecutive years. The award can be viewed on your myTSU account once fees for the 2022-2023 academic school year have been finalized in August 2022.

To accept or decline the scholarship, please complete this form by \_\_\_\_\_. This scholarship offer is based on your ACT/SAT test scores and your current un-weighted cumulative high school grade point average. **If for any reason, your final high school un-weighted cumulative grade point average falls below the required GPA for the scholarship or all University admission requirements are not met, this scholarship award will be rescinded.**



## Appendix 3

### TSU 2023-2024 Scholarship Plan



#### SCHOLARSHIP PLAN University Academic Merit Awards 2023-2024 Academic Year

##### Overview

Tennessee State University is pleased to offer competitive academic scholarships for new students enrolling at TSU during the fall 2023-2024 academic school year. To be considered for an academic scholarship, new first-time freshmen and transfer students must apply for admission and be accepted to the University by **December 15, 2022**. No separate scholarship application is required for consideration for academic scholarships. However, the GPA and test score on file in the Office of Admissions will be reviewed to determine scholarship eligibility at the time of admission. Students who apply by the deadline and meet minimum eligibility requirements for an academic scholarship award will be offered the appropriate scholarship as long as funding is available. Students will receive notification of the scholarship award offers by February 28, 2023.

##### Scholarships Opportunities

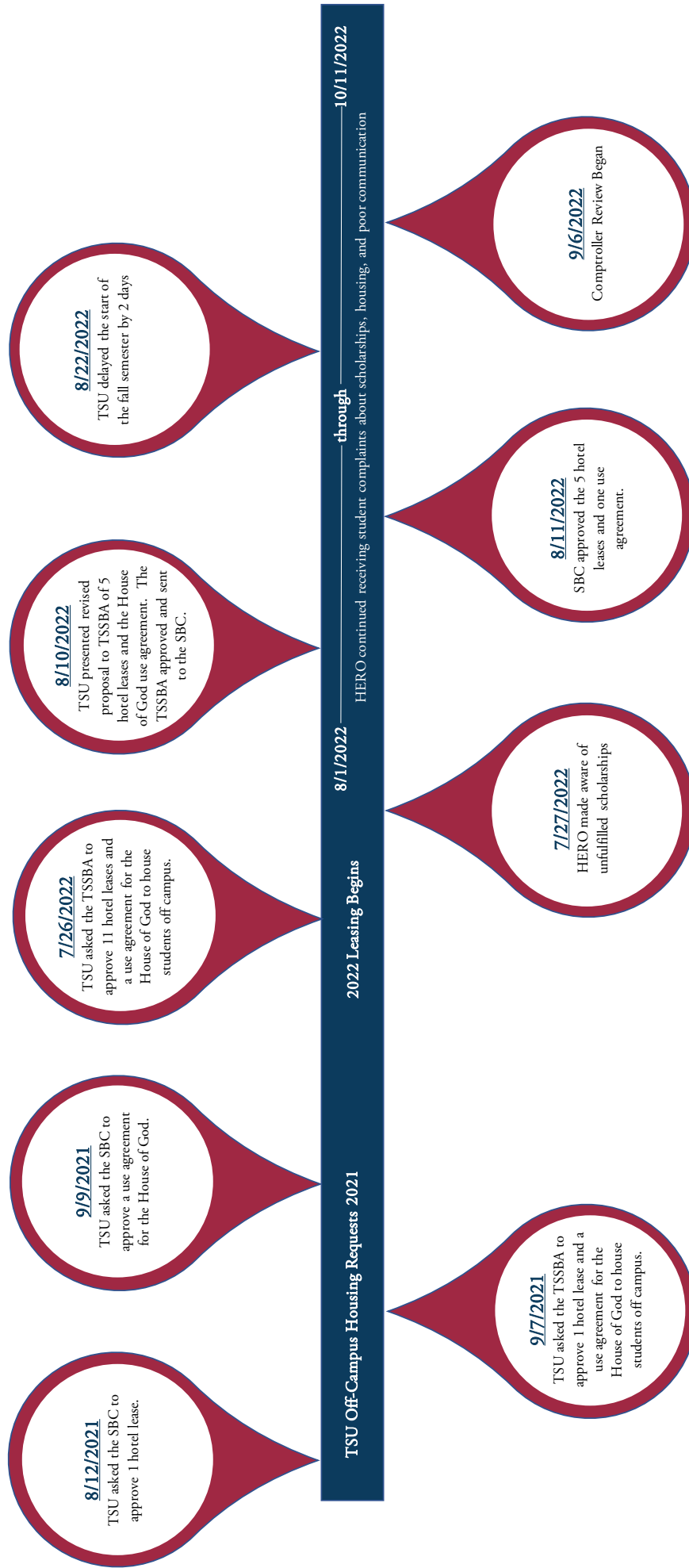
The name and amount of each scholarship is listed below.

Academic Merit Scholarships	GPA	ACT	Per Academic Year
Dr. Levi Watkins/Healthcare Scholarship	3.5	28	Tuition, Fees, Housing, Meals, & Books
TSU Trailblazer Scholarship	3.5	28	Tuition, Fees, Housing, & Meals
Presidential Scholarship	3.5	28	\$9,000.00
Trustee Scholarship	3.3	25-27	\$7,000.00
Academic Excellence	3.3	24-26	\$6,500.00
TSU Dream Scholarship	3.2	21-23	\$5,500.00
Future Leader Scholarship	3.2	19-20	\$4,500.00
Diversity and Access Scholarship	3.1	19	\$4,000.00
Big Blue Scholarship	3.0	19	\$3,500.00
Guaranteed Transfer Scholarship	3.0	N/A	\$3,000.00



# Appendix 4

## Timeline of Events | 2021-2022



## Appendix 5<sup>2</sup>

### Individuals Interviewed by Agency

<b>Comptroller of the Treasury</b>	
<b>Name</b>	<b>Title</b>
Rachelle Cabading	Director of Management Services
Trent Andrews	Management Services Specialist
Sandi Thompson	Bond Finance Director
Michael Campbell	Legislative Audit Manager
David Cook	Legislative Audit Review, Division of State Audit
Julie Vallejo	Legislative Liaison to the Government Operations Committee, Division of State Audit
<b>Secretary of State</b>	
<b>Name</b>	<b>Title</b>
Chris Mustain	Senior Policy Advisor TSSBA Staff
Rose Case	Fiscal and Administrative Services Director SBC Staff
<b>Department of Treasury</b>	
<b>Name</b>	<b>Title</b>
Roy West	Chief of Staff SBC Staff
Jamie Wayman	Director of Tennessee Consolidated Retirement System TSSBA Staff
Ashley Nabors	Assistant Treasurer; Staff THEC and TSAC
<b>Office of State Architect</b>	
<b>Name</b>	<b>Title</b>
Ann McGauran	State Architect Chief Staff Officer SBC
Andrew Beeler	Director of Compliance
<b>Department of Finance and Administration</b>	
<b>Name</b>	<b>Title</b>
Eugene Neubert	Deputy Commissioner SBC Staff
Doree Hicks	Budget Coordinator
Angela Scott	Capital Budget Coordinator Staff SBC and TSSBA

<sup>22</sup>Titles and/or employers listed were current at the time research was conducted for this report.

<b>Office of Attorney General</b>	
<b>Name</b>	<b>Title</b>
Jonathan M. Shirley	Assistant Attorney General, Financial Division
David Burn	Senior Assistant Attorney General, Financial Division
<b>University of Memphis</b>	
<b>Name</b>	<b>Title</b>
Raaj Kurapati	Executive Vice President and Chief Operating & Financial Officer
Phillip Poteet	Chief University Planning Officer
Katie VanLandingham	Chief Government Relations and Policy Officer
<b>University of Tennessee</b>	
<b>Name</b>	<b>Title</b>
Randy Boyd	President, University of Tennessee System
Austin Oakes	Assistant Vice President, Department of Capital Projects, UT System Office
<b>University of Tennessee - Knoxville</b>	
<b>Name</b>	<b>Title</b>
Amber Williams	Vice Provost for Student Success
Chandra Myrick	Associate Vice Chancellor for Student Life
Kari Alldredge	Vice Provost for Enrollment Management
Fabrizio D'Aloisio	Associate Vice Provost for Enrolment Management and Executive Director of Undergraduate Admissions
Matthew Scoggins	Chief of Staff
<b>Southern Association of Colleges and Schools Commission on Colleges</b>	
<b>Name</b>	<b>Title</b>
Crystal Baird	Vice President
Donna Barrett	Director for Institutional Finance
<b>Tennessee Higher Education Commission</b>	
<b>Name</b>	<b>Title</b>
Emily House	Executive Director
Steven Gentile	Chief Policy Officer
Scott Sloan	General Counsel
Lou Haneman	Chief of Staff
Jason Cavender	Chief Fiscal Officer
Patti Miller	Chief of Facilities Planning
Sam Gutter	Chief Access and Outreach Officer

Brittany Mosby	Director of HBBCO Access
Troy Grant	Senior Director of College Access
Sherica Nelms	Director of AdviseTN
<b>General Assembly</b>	
Name	Title
Chase Johnson	Senior Policy Advisor, Office of the Lt. Governor
John Kerr	Research Analyst, Senate Finance, Ways, and Means
Michael Maren	Research Analyst, Senate Education
Jessica Himes	House Budget Analysis Director, Legislative Budget Analysis
Rhett Pratt	Budget Analyst Specialist, Legislative Budget Analysis
<b>Tennessee Board of Regents</b>	
Name	Title
Dr. Flora Tydings	Chancellor
Dick Tracy	Executive Director of Facilities Development TSSBA Staff
Alisha Fox	Vice Chancellor of Business and Finance
Renee Stewart	Associate Vice Chancellor for Business and Finance
<b>Tennessee State University</b>	
Name	Title
Gregory Robinson	Chief of Police
Adrian Davis	Director, Internal Audit
Dr. Artenzia Young-Seigler	Faculty Senate Chair
Martail Clayborn	Staff Senate Chair
Kenneth Rolle	SGA President
Tiffany Baker	Director of Foundation Scholarships
Terrence Izzard	AVP Enrollment Management and Student Success
Kelli Sharpe	Assistant VP Communications and Media Relations/ Associate VP for PR and Communications
Dr. Robbie Melton	Interim Provost
Dr. Glenda Glover	President
Douglas Allen	VP Business and Finance
Frank Stevenson	AVP Student Affairs/ Dean of Students
Laurence Pendleton	General Counsel
Allison Letcher	Associate General Counsel
Leah Love	Government Relations Liaison
Brent Duhkie	Executive Director, Residence Housing and Life
Verontae Deams	AVP Admissions and Records/ University Registrar



**OFFICE OF THE PRESIDENT  
3500 JOHN A. MERRITT BLVD. NASHVILLE, TN 37209**

**GLEND A BASKIN GLOVER  
PRESIDENT**

**(615) 963-7401  
gglover@tnstate.edu**

February 10, 2023

The Honorable Jason E. Mumpower  
Comptroller of the Treasury  
Tennessee State Capitol  
Nashville, TN 37243

Dear Comptroller Mumpower:

We appreciate the efforts of the Comptroller's staff in assembling this report. We take seriously the matters addressed in the report and thank you for conducting the review. We are resolute in our ongoing commitment to be effective stewards of the State's resources and ensure that Tennessee State University provides a quality, life-changing education to its students.

We will work closely with the TSU Board of Trustees to continue and further enhance the momentum we have developed to improve the university's operational effectiveness. As you know from the official records made from TSU's response to previous inquiries, we have already taken substantive measures and are taking additional measures to address the items of focus contained in your report, including in the areas of housing, enrollment, fiscal practices, and communications. These items will be reflected in TSU's Action Plan. We are also committed to working more closely with the Comptroller's Office to address other operational efficiencies. For example, we recently met with the Comptroller's Office's Higher Education Resource Office (HERO) and provided a demonstration of TSU's new game-changing enrollment management software.

We note a key fact that is not included in your report:

***No funds were missing or misappropriated as your office has confirmed.***

Respectfully, we do not concur with all the policy considerations contained in the Comptroller's Report. We view some of the considerations to be significantly disruptive and unfair to students who have come to expect and benefit from having their own governing board – a governing board that is focused on meeting the needs of TSU students. Moreover, some of the policy considerations are unprecedented, unwarranted, inappropriate, unnecessary, too far reaching, and inequitable. We are, however, firmly committed to taking substantive actions to address the concerns reflected in the Comptroller's Report.

Accordingly, we will implement the following actions or enhancements immediately:

- We will share copies of the Comptroller's report with the TSU Board of Trustees and engage in a public discussion about the report with the Board at its next meeting on March 16, 2023.



- We will work with the TSU Board of Trustees to ensure that our policies governing fiscal and budget changes are followed, and we will make additional policy modifications as deemed appropriate, including those in the scholarships area.
- We will move expeditiously to ensure that we have appropriate staffing in our operational areas, including the capital projects manager position and additional staff in our housing department.
- We will enhance our overall documentation practices, including the documentation of scholarship award decisions, with an appropriate multiple-step approval process. We also will provide an annual scholarship plan to the TSU Board of Trustees.
- We will ensure that the University is more responsive to communications from students and parents. Upon a directive from our Board of Trustees, we have established the Office of Customer Relations, and our recent roll out of new software pertaining to enrollment and financial aid matters, will aid tremendously in this effort.
- We will work with the Board to elevate our efforts to address our housing challenges, including pursuing additional on-campus housing, as you noted in your report, accelerate housing related decisions and deadlines, and enhance our housing referral program. This effort will include direct and substantive involvement by the Board, including the Board's Special Committee on Housing.
- We will continue to provide housing and enrollment application data to the TSU Board of Trustees, including at its March, June, and September meetings. TSU will also provide a copy of such data to THEC.
- The Board Chair will schedule and engage the Board in regular planning sessions on enrollment, housing, and financial aid, commencing with the March 16, 2023, Board or Board Committee meeting.
- The Board will continue its plans to undergo a self-assessment, commencing at its March 16, 2023, meeting, and engage in efforts to further strengthen its effectiveness consistent with governance principles. These plans include ongoing utilization of a governance consultant from the Association of Governing Boards of Universities and Colleges (AGB). AGB is the premier university governance organization in the country and the consultant was previously retained by THEC for governance related consultation.

In addition to the action items referenced in this letter, we plan to utilize the Comptroller's report, in a comprehensive manner, to address the operational issues more effectively and ensure student success.

Sincerely,



Dr. Deborah Cole  
Chair, TSU Board of Trustees



Dr. Glenda Glover  
President, Tennessee State University



**OFFICE OF THE PRESIDENT  
3500 JOHN A. MERRITT BLVD. NASHVILLE, TN 37209**

**GLENDA BASKIN GLOVER  
PRESIDENT**

**(615) 963-7401  
gglover@tnstate.edu**

February 10, 2023

The Honorable Jason E. Mumpower  
Comptroller of the Treasury  
Tennessee State Capitol  
Nashville, TN 37243

Dear Comptroller Mumpower:

We are in receipt of the draft Comptroller's Report on Tennessee State University's Operations. For your internal use, please find below comments and suggested revisions related to the report.

As an initial matter, we had expected that the report would be more tailored to the statements and pronouncements contained in your September 6, 2022, letter to TSU announcing your review. In your September 6 letter, you notified the university that the Comptroller's office would be conducting a review in connection with TSU's "record-breaking" enrollment. You also indicated that it "is likely that TSU will require external funding, which may include legislative appropriations, in future years."

While your report references the need for additional residence halls at TSU, the report does not address or provide recommendations on the need for more state resources to support TSU's enrollment growth. We request that your final report include comments, recommendations or considerations on the state's need to provide additional resources to support TSU's enrollment growth.

In addition, as reflected in the attached document and for your internal use, we are requesting modifications to certain statements and conclusions, including key conclusions, in the draft report where we believe the report does not align with the information that exists related to statements contained in the report. We also provide responses and proposed changes to the proposed policy considerations contained in your draft report, including requested removal or modification of certain policy considerations.

Sincerely,

Handwritten signature of Dr. Deborah Cole in black ink.

Dr. Deborah Cole  
Chair, TSU Board of Trustees

Handwritten signature of Dr. Glenda Glover in black ink.

Dr. Glenda Glover  
President, Tennessee State University

## **Response to Comptroller Report (Internal Use)**

### **Response Regarding the Comptroller's Report Format**

The Comptroller's Report contains several statements highlighted in a boxed-in format. These highlighted statements present conclusions in advance of the information presented in the document. In all fairness, the Comptroller's Report should present objective, unbiased information which should lead the reader to his or her own conclusion. Several times, these boxed-in statements are taken out of context and steered to a certain conclusion that is not based on facts or information included in the report. We are requesting the removal of these boxed-in statements to allow the reader to read the information and make a determination based on the details presented.

### **Response to Key Conclusions as presented in the Comptroller's Report**

***TSU has repeatedly fallen short of sound fiscal practices, adequate documentation, and responsive communications to concerned parents and students. In addition, there have been repeated inconsistencies between testimony given by TSU officials to state officials and actions later carried out.***

As reflected below, TSU does not concur with the above-referenced statement, and reiterates its elevated commitment to sound fiscal practices, adequate documentation, and responsive communications. TSU remains firmly committed to the implementation of ongoing corrective measures and to take additional enhanced measures to improve and ensure the university's operational effectiveness. In addition, the statements made by TSU officials to state officials reflected the information known by these officials at that time and were due to the fluidity of the housing situation over the last two years.

The Comptroller's Report does not reflect the changes that TSU has put in place as a result of the issues we have identified or those that have been brought to our attention by others. TSU has implemented substantial new accountability efforts including personnel and organizational changes, fiscal policy changes, and has implemented new communications software. Moreover, the TSU Board of Trustees has significantly increased its efforts to hold the TSU administration accountable for addressing housing, enrollment management, and historical financial matters, and has elevated its level of engagement in key operational and academic areas.

**Lack of sound fiscal practices and adequate documentation**

The June 30, 2021, financial statement audit contained three audit findings, down from seven findings the previous fiscal year. Our goal is to have zero audit findings. 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 as they relate to the fiscal year ended June 30, 2021. The reasons for that deficiency related primarily to a lack of sufficient personnel. While that in and of itself does not excuse the fact that the bank statements were not reconciled, it does shed light on the underlying reasons.

**Key Employees who were recruited by TBR at a critical time**

- **Seth Massa** Director of Accounting recruited by TBR in 2017
- **Terrell Bell** Director of Accounting recruited by TBR in 2019
- **Christopher Shannon** Staff Accountant recruited by TBR in 2019

**Employees who retired**

- **Cynthia Brooks** Vice President for Business and Finance retired 2018
- **Horace Chase** Vice President for Business and Finance retired 2021

Five additional employees either separated voluntarily or involuntarily in 2021 and 2022

TSU has new management in the Division of Finance with four CPAs including a new Vice President, and a Controller. These individuals are shown in the chart below.

<b>Name</b>	<b>Credentials/Certifications</b>	<b>CPA</b>
Doug Allen Vice President of Business & Finance and CFO	MBA, BS in Accounting Doctoral Candidate	<b>YES</b> also CGMA, ATP
Jay Turney Controller	MBA, BA in Accounting	<b>YES</b>
Casey Lightfoot Executive Director for Foundation and Fiscal Operations	MA, BA in Accounting	<b>YES</b>
Bradley White Associate Vice President for Financial Services	BA in Accounting	<b>YES</b>

In addition to hiring new skilled employees, policies were revised to ensure that the university incorporates best practices as recommended by the Comptroller’s Office, to further ensure that reconciliations are performed and reviewed monthly, and that this situation never happens again. All bank reconciliations are now current and are being performed on a monthly basis.

The TSU Board of Trustees also recently approved a policy to shorten the period to thirty days in which the University must perform bank reconciliations upon receipt of the bank statement. Other policies which have been shared with you have been implemented to ensure that proper controls are in place and that financial practices and procedures are followed.

**Plant Fund Balance**

As it relates to the plant fund balance, TSU presented that we have \$52,700,000 in the university’s plant fund balance. We also presented that we have \$7.2 million to cover the costs of off-campus hotels and properties. TSU will likely need two hotels to assist with student housing in the fall of 2023 and 2024.

<b>Plant Funds as of June 30, 2022</b>	
New Construction Projects	3,585,957
Major Renovations	35,084,121
Renewal and Replacement	<u>14,107,371</u>
Total Plant Funds	<b>\$52,777,449</b>
\$7,195,163 is included in the plant fund balance for hotel leases	

For the Comptroller’s report to conclude that TSU could run out of available plant funds is highly injurious as no consideration was given to the university’s increase in net assets. 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. At the request of the Comptroller’s Office, TSU provided all plant fund activity from July 1, 2013 to June 30, 2022. **We request that you make the appropriate revisions to your report to reflect this information.**

<b>Year over Year Change in Plant Funds</b>	
Plant Funds as of June 30, 2021 (Audited)	\$46,875,217
Increase in Net Assets (July 1-June 30, 2022)	<u>5,902,232</u>
Total Plant Funds	<b>\$52,777,449</b>



### **Scholarships**

In an effort to provide access to quality education for academically talented students from underserved populations, TSU provided scholarship opportunities in various categories to prospective students who met eligibility requirements based on their high school GPA or demonstrated financial need.

TSU provided the state comptroller's office the scholarship listing data of the 1722 students who received scholarships amounting to \$28,239,913 after deducting other aid. A student is awarded a scholarship based on his or her high school GPA 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. This ensures that each student met the required criteria for each scholarship category.

Most of the students whose updated final high school GPA did not match the scholarship eligibility category, or did not meet the academic scholarship requirements, received alternative assistance in the form of a one-year TSU need-based award. It is improper to present a conclusion that “approximately one-third of all freshmen who received scholarships for the 2022-2023 academic year did not meet scholarship’s minimum GPA requirement.” Those students referenced in the Comptroller’s Report who fell into this category did not receive a scholarship; instead they received a need-based award. This information was shared with the review team. **We request that you make appropriate revisions to your report to reflect this information.**

### **Lack of responsive communications**

The Board of Trustees and the TSU management take this concern very seriously. 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 done the following:

- Established an Office of Customer Relations to streamline and coordinate our customer service and communications with students
- In the process of hiring Assistant Vice President of Customer Relations
- 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

As TSU works to hire personnel to staff the office, TSU commenced working with a consultant with expertise on customer relations, including best practices and infrastructure considerations. TSU also created a student assist program to help work directly with students and parents, and coordinate student related issues. Finally, 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. We have provided a demonstration on the software to the HERO team at the Comptroller's office. Additionally, in response to the Board's directive on enhanced communications, TSU has engaged Finn Partners to coordinate the University's public relations and communications unit in messaging important and timely information to external and internal stakeholders and the media.

While TSU takes responsibility for this issue, it should be noted that in some instances, non-University personnel, for their own reasons, asked students and their parents to contact the HERO and other offices, sometimes before contacting TSU officials. It should also be noted that some of the individuals who contacted the Comptroller's office had previously communicated with university officials on various issues. However, several of these students and/or their parents simply did not want to accept the information they received, and in some instances, sought to override the university's decision.

Again, TSU has taken ownership of this matter and implemented substantive changes to personnel and organizational structure to improve its communications in this area, document complaints, and ensure the proper follow up. **We request that you make appropriate revisions to your report to include TSU's establishment of the Office of Customer Relations and the new enrollment management software to aid in our customer service efforts.**

### **Repeated inconsistencies in testimony to state officials**

The report characterizes the statements made to state officials as inconsistent. However, TSU presented information to state officials based on information available at the time. As the circumstances changed, TSU made requests based on those new, changing, and different circumstances. With respect to August 2022 statements to the SBC on the housing of freshman, at the time of the statement, there was no intention to house freshman at off-campus housing locations.

However, due to the fluid and record enrollment and housing application situation, TSU had to adjust its plans to accommodate the demand for housing among freshmen. When confronted with the choice of either sending these students home, many of which were first generation students, or

seeking to provide off-campus housing, we sought off-campus housing. Most of the students and their parents appreciated the opportunity to remain in school even with off-campus housing. There were 80 first time freshmen who stayed in hotels, of which 76 were male students. It appears that your calculations included transfer students, and returning students, and upper classmen with over 30 hours. **We request appropriate revisions to reflect TSU's position that its statements to state officials were based on information available to the TSU officials at the time of the statements.**

***TSU leadership's lack of planning and management, especially regarding scholarship practices, exacerbated the university's existing housing problem.***

There was no lack of planning on the part of TSU Board of Trustees or TSU administration. We planned for the same percentage of students to attend TSU as in prior years. TSU has seen a surge in enrollment in part from a renewed interest in HBCUs nationwide, but largely as a result of the positive things and successes TSU has experienced. These successes include our Grammy Award winning Band, TSU's national reputation, competitive academic programs, and our increase in student intern and externships.

To sum it up, TSU became a victim of our own success as we have witnessed record number enrollments. Our recruitment has been intentional, but a large part of our enrollment has been the result of our stellar reputation. Students and their families have sought us out to become part of our TSU legacy.

With respect to housing, to put it simply, the significant demand for housing exceeded our supply of on-campus housing. On the demand side, we have experienced a significant demand for housing due to three critical factors: 1) record first- time student enrollment, 2) the increasingly high housing costs in the Nashville area, and 3) lack of affordable housing in the area. TSU experienced the largest enrollment for our first-time students of 3,567 students, and the largest overall student enrollment in TSU's history. The highest in any HBCU freshman class in the nation. This contributed to the significant increase in demand for housing.

In addition, we had an **unprecedented enrollment yield**. Typically, 29% or 30% of students who are accepted to TSU actually enroll at TSU. When a student is accepted to TSU, that student also likely to get accepted to other schools such as Fisk, Memphis, MTSU and others. But this year, instead of a 30% yield, we experienced a 41% enrollment rate. That is significantly higher than in the past and contributed to the housing demand.

The second critical factor is not foreign to many of us. It is the cost of housing in the Nashville area which has increased 30% over the last several years. And property around TSU is being purchased by investors who offer their properties for rent. The rental costs have become very high.

This brings us to the third critical factor. Unlike other public universities in Tennessee, private real estate developers have not developed private student housing adjacent to TSU. In fact, the development around TSU has rents that are well above the affordable housing rates that TSU has tried to maintain. Landlords who traditionally leased to our students, transitioned to fair market housing, with rental rates that became exorbitant.

As a result, many students, a large percentage of whom already come from economically disadvantaged backgrounds, can no longer afford to live off-campus in the Nashville area. It has been our experience in the past, that upper classmen prefer to live off-campus and seek to move to off-campus housing. But this year, our junior and senior students who had sought off-campus housing pleaded to return to on-campus residence halls due to being priced out of Nashville.

The above information pertained to the demand side. On the supply side, we currently only have 3,680 beds on campus. The inventory of housing on campus does not support the current demand for housing for around 4,800 beds. This created a significant housing challenge.

### **Information presented to SBC in 2021 and 2022**

TSU requested an off-campus hotel in August 2021 based on an enrollment picture that existed at that time. We informed the State Building Commission that we would only need the hotel for the Fall 2021 semester, and we did not go back to that hotel in the Spring. In 2021, TSU could not reasonably anticipate that after COVID it would have record enrollment of first-time students, including a record yield of students who ultimately enrolled at TSU in 2022.

The difference in the record yield of students who applied and enrolled at TSU in 2022, along with the increased interest of upperclassmen students to live on campus based on the Nashville housing environment, led to a significant demand for student housing and caused TSU to pursue more off-campus housing options. TSU leadership engaged in reasonable planning regarding housing while confronting a historical enrollment turn in 2022.

In addition, as you noted in your report, other higher education institutions in the state and across the country, including HBCUs, also experienced off-campus housing challenges. It is very disappointing that the Comptroller's office has, at this time, singled out TSU for criticism regarding housing when other Tennessee institutions have taken the same approach to address housing needs.

Therefore, this is not an issue related to a lack of planning, but occurred as a result of several factors. All this is complicated by the fact that many students were returning from COVID and anxious to return to campus.

Our admission policies, although separate from our housing policies, are interconnected in that we base our housing needs on the assumption that a only certain percentage of those students who are admitted will attend TSU. We have been able to rely on this practice for a number of years without having a problem with housing. However, the factors pointed out above show TSU neither expected nor could anticipate happening caused a housing shortage. This situation was not a result of our failure manage enrollment nor our neglect in planning for our housing needs. **We are requesting the incorporation of revisions in this area to reflect the key information provided above, especially the record enrollment yield and its impact on TSU's planning efforts.**

**The university's housing problem is likely to continue for the foreseeable future.**

Like other institutions of higher education, including other universities in Tennessee, TSU will continue to experience housing challenges for the foreseeable future. However, as we noted in information previously provided to the Comptroller's office, TSU has undertaken measures to partially reduce the housing issues, including opening the housing portal one month earlier, closing the housing wait list earlier, enhancing our housing referral program to bring together students and private property owners for students to secure their own housing. We also are seeking to add a 1000-bed facility to our on-campus housing.



**Responses to Comptroller’s review of questions presented during November 15, 2022, Senate Ad Hoc Committee meeting relating to TSU’s admissions, enrollment, and student housing**

The conclusions reflected in the draft report in response to the questions the Comptroller’s office presented at the November 15, 2022, Senate Ad Hoc Committee meeting do not align with the updated and most recent information provided by TSU, most of which TSU provided to state officials, legislators, and the Comptroller on November 26, 2022, in response to the Comptroller’s questions.

***What is TSU’s short-term housing plan?***

**Housing Plan for Spring 2023**

The draft Comptroller report references prior communications with TSU staff and board members going back to August 2022, when addressing this question. However, on November 26, 2022, TSU provided an updated, detailed housing plan in response to the questions your office presented at the Ad Hoc Committee hearing, questions to which your office stated it would be seeking answers. TSU’s response contained detailed information regarding TSU’s Housing Plan for spring 2023, the fall 2023 and spring 2024, and for fall 2024 and beyond. **We request that your draft report include a conclusion that TSU has a housing plan, including a short-term and long-term housing plan.**

TSU’s short-term housing plan begins with Spring semester 2023 with an estimated 4,320 beds that are needed. This was determined by using our standard room projection model. Generally, approximately 90% of students return to housing for the spring semester. Using 90% as an indicator, TSU projects that 4,320 beds will be needed in Spring 2023. As shown in the charts below, current housing availability on campus is 3,680 beds. The projected 84 bed overage allows for additional flexibility in student housing requests. In-state students will receive priority in on-campus housing.

TSU projects the total available beds will 4,404, as shown below. Beginning with the 3,680 beds currently available, with the House of God, supplemental beds, and two hotels, total beds available is projected to be 4,404.

The chart below shows the current housing availability in TSU residence halls. As shown below, currently, there are 3,680 beds available for students in nine residence halls including two student apartment complexes.

## TSU Residence Halls

<u>Residence Hall</u>	<u># of Beds</u>	<u>Yr Opened</u>	<u>Age</u>	<u>Res Hall</u>	<u>Type</u>	<u>Condition</u>	<u>Room Rate</u>
Boyd	364	1951	72 yrs	M	Traditional	Replace	\$1,391-\$3,929
Wilson	550	1964	59 yrs	F	Traditional	Replace	\$1,391-\$3,929
Watson	318	1966	57 yrs	M	Traditional	Replace	\$1,391-\$3,929
Hale	320	1967	56 yrs	C	Suites	Renovate	\$1,448-\$2,209
Eppse	274	1968	55 yrs	F	Dorm	Replace	\$1,391-\$3,929
Rudolph	420	1995	28 yrs	F	Suites	Renovate	\$1,448-\$2,209
Ford Residence Center	450	1998	25 yrs	C	Apt	Renovate	\$3,476
New Residence Center	284	2002	21 yrs	C	Apt	Renovate	\$3,476
New Residence Hall	700	2022	new	C	Apt	n/a	\$4,562
Total	3,680						

### Beds Available for Spring 2023

On-campus availability	3,680
House of God	150
Supplemental beds	<u>158</u>
Subtotal	3,988
Hotels (2)	<u>416</u>
Total beds available	4,404

For the spring 2023 semester, the State Building Commission approved the use of two hotels and an off-campus housing facility adjacent to campus. At this time, we believe the use of these off-campus housing facilities will meet the spring 2023 semester's demand and need for student housing, particularly since several students will graduate in December of 2022, and around 10% of the students generally do not return to school in January.

### Housing Plan for Fall 2023 and Spring 2024

While we have in place a housing plan for spring semester, it is not a sustainable or cost-effective approach to housing TSU students in the long term. We recognize that student demand for housing is not likely to abate anytime in the future, as we project sustained enrollment growth.

With this reality in mind, we plan to implement greater planning related measures and a referral program to further assist students in identifying and securing housing from private property owners. We also plan to continue to utilize the off-campus housing facility adjacent to campus, while using a smaller number of hotels, and to pursue the acquisition or lease of one or more apartment complexes near campus.

As to planning related measures, to address the issues experienced this fall, and to facilitate the needs of the students moving forward, the housing portal opened in February 2023, which is one month earlier than in the past, for students to apply. The wait list also will close much earlier.

We are also conducting a major outreach to private property owners, including TSU alumni and other TSU supporters, to implement an enhanced referral program that brings together students and private property owners for students to secure their own housing.

TSU's housing needs for Fall 2023 and Spring 2024 will be similar to our current needs, as the demand for on-campus housing will continue to be strong due to prospective students' increased interest in enrolling at TSU, as well as the continued rise in housing costs in the Nashville area. TSU's housing needs will likely include up to three hotels. This plan will be necessary to house the number of students projected based on enrollment growth. It is anticipated that 4,800 students will request housing for Fall 2023. We will seek permission from the State Building Commission to enter into leases with up to three hotels and the House of God.

### ***What is TSU's long-term housing plan?***

#### **Housing Plan for Fall 2024 and Beyond**

The future of housing at Tennessee State University is at a pivotal point in positioning the university for growth and sustainability for students who seek to attend TSU. Given the challenges pertaining to the cost to reside in the Nashville area, students seeking to attend TSU will be faced with numerous challenges to live within reasonable proximity to the campus. To achieve the State of Tennessee's various educational related goals, including educating a desired percentage of citizens by a designated date, a transformation of the campus housing at Tennessee State University is required.

Additionally, with respect to the condition of the existing residence halls, some of the residential facilities can only be described as obsolete and substandard to students entering college today. TSU still has four of the seven residence halls that still have community showers (not including the apartments). This is unacceptable to today's student and severely hurts our recruitment and retention efforts.

The university has completed its assessment of the older facilities and has determined that replacing the older facilities is more cost effective than attempting to do major renovations in several of the residence halls. TSU is currently working with the firm of Moody Nolan to prepare its enhanced Campus Master Plan. The data collected from this document support the need for additional housing to meet the current housing needs of students. These data support a 1,000 additional bed

facility to meet the housing need. Moreover, the Housing Committee of the TSU Board of Trustees is assessing the university's future housing needs including housing for undergraduate students, housing for graduate students, family housing, and transitional housing for TSU employees in order to meet the overall housing needs of our campus community.

***Does TSU have adequate funding to support these plans?***

TSU requested and the State Building Commission approved the use of \$7.2 million of plant reserves as the source of funding for off campus housing for the 2022-2023 academic year. We project our costs for fall 2023 and spring 2024 to be \$4.1 million. These funds will come from plant reserves, as is commonly utilized by other Tennessee universities.

***Who negotiated the hotel lease process for this academic year?***

Who negotiated the hotel lease prices for Fall 2022?

TSU has indicated that the lease prices for the hotels were negotiated by the then Executive Director for Residence Housing. The Executive Director, who had historically worked closely with the hotels and had developed the previous approved lease rates, was charged securing a similar lease rate for the fall 2022 hotel leases, under direction of his supervisor, the Associate Vice President for Student Affairs. Mr. Dukhie visited and directly communicated with over 20 hotels in the area, ascertained and negotiated prices, and based on the extremely high hotel costs in Nashville, ensured that TSU had the best price for the room nights and other services required for our student needs.

The Vice President for Business and Finance's reference to the AVP for Student Affairs as the person who negotiated the lease is consistent with the Executive Director's role in negotiating the lease. The Executive Director directly reports to and acts under the direction of the AVP for Student Affairs.

In examining the negotiation of the lease rates in 2022, it is important to note that TSU was proceeding with a baseline price based on the approved lease, including lease rates, from 2022, the previous year. With the continuously rising hotel costs in the Nashville area, TSU utilized that rate because such a lease and rate had already been approved by the SBC the previous year. The same approval process, both internally and externally (TSSBA and SBC staff, and the Attorney General's office), was followed in 2021 and 2022.

Please also note that the decrease in leases – from twelve to five - ultimately proposed in 2022 was due to information TSU received at the state level indicating the TSSBA and the SBC were not amenable to the approval of twelve leases. At least some of the additional properties were needed. Notwithstanding the above statements, we have examined and enhanced our process in this area.

The TSU Office of the General Counsel reviewed the leases for legal sufficiency and collaborated with the Office of the State Attorney General, which advised the Tennessee State School Bond Authority (TSSBA) and the State Building Commission (SBC) staff, on the lease terms. The leases were then signed by President Glenda Glover. Only the President has the authority to approve the leases. We have provided documentation of the President’s approval of the leases.

At the state level, the leases were reviewed and ultimately approved by the TSSBA and the SBC and reviewed and approved for legal sufficiency by the Office of the State Attorney General. Both the SBC and TSSBA also approved leases for the University of Tennessee and the University of Memphis for either a hotel or an off-campus housing facility.

***How many students does TSU plan to recruit and admit next year?***

TSU plans to limit the number of admitted and enrolled students to approximately 2,600 new students in fall 2023. We plan to provide housing for 1,600 of those new students. The remaining 1,000 nonresidential students will be commuter and online students who will not require beds for Fall 2023. Priority will be given to in-state students when determining housing for fiscal years 2023 and 2024. We expect these projected enrollment numbers to remain the same for Fall 2024. This enrollment projection aligns with the TSU short-term housing plan as well as the strategic enrollment metrics outlined in the University’s Strategic Plan. These projections also allow the University to accommodate up to ,4800 housing requests for both new and continuing students during the 2023-2024 and 2024-2025 academic terms.

Additionally, the University has streamlined the enrollment process to better support newly admitted students and sufficiently prepare for their anticipated arrival in the fall. This updated process has earlier enrollment deadlines which allow newly admitted students to complete the enrollment confirmation process much sooner.

The updated process also requires students to confirm their enrollment by (1) submitting the Intent to Enroll form, (2) registering for new student orientation, (3) paying the nonrefundable housing deposit to secure housing, and (4) submitting the FAFSA application much earlier. Completing the



steps sooner confirms the student as an enrollee for the Fall semester months earlier in the process and allows for a much smoother transition into the TSU family.

Lastly, all newly admitted students will receive updates on an ongoing basis regarding housing availability and will be notified once housing capacity has been reached. With earlier enrollment deadlines and ongoing updates regarding housing availability, students will have ample time to consider alternative housing options or choose to attend TSU as a new online or commuter student, if they desire. As is common practice, students will be allowed to be on a wait list to receive on-campus housing in the event housing becomes available. We will ensure clearer communication so students will fully understand that the wait list does not guarantee housing.

Although TSU anticipates approximately 14,000 fall 2023 applicants. Based on past trend data, only approximately 8,000 may qualify for admission. Of these students who may qualify for admission, the projected yield will be limited to 2,600 first-year students, of which 1,600 will be eligible for housing. **We request that your report reflect this information, including the updated processes.**

***Will current and future students be adequately served and supported?***

Tennessee State University is committed to providing appropriate housing. TSU will continue to serve students located on and off campus to ensure campus engagement and a complete college experience. The University will build upon best practices implemented and enhance processes for more seamless operations with the new Office of Customer service. Priority services include safety, academic services, auxiliary services, and services specific to off-campus housing.

*Safety:*

- Assure students and parents that safety is our top priority for all our students, whether on campus or at an off-campus housing site.
- For off-campus housing sites, TSUPD, Metro Police, other armed and unarmed security, along with residence hall staff will continue to monitor the inside and perimeter of all off-campus housing.
- The University will implement other safety measures to ensure that students have the best learning and living environment to be successful on and off campus. These measures include:
  - 24-Hour Safety Plan (Residence Life Staff Onsite, TSUPD Will Patrol Daily)
  - Emergency Contact Information Always Available At All Residence Halls

*Academic Services:*

- Increased Courses Offerings Including Online Courses
- Onsite Academic Support (All On-campus and Off-campus Housing Sites)
- Expanded Academic Advisement and Student Success Activities for First-Year Students
- Extended Library Hours

*Auxiliary Services:*

- Expanded Shuttle Services and Hours
- Extended Library Hours
- Campus Food Extended Hours

*Off-Campus Housing Services:*

- Increased shuttle service after hours and weekends
- Enhanced and expanded Wifi
- Laundry Facilities- Laundry services will be provided for free by the hotel
- Meal Services- Breakfast will be provided by the hotel
- Room Service (cleaning)
- On-Site Activities – Student Affairs will provide activities at the various locations

*Customer Service/Communications:*

TSU recognizes and owns that its failure to communicate and resolve internally operational matters, including enrollment, financial aid, and housing issues, significantly contributed to the concerns expressed by State officials. TSU is addressing this area by establishing a customer relations and service unit devoted exclusively to effectively communicating, addressing and resolving student related operations issues, including issues regarding housing, enrollment, financial aid and courses. Under the new unit, student concerns and inquiries will be addressed in an effective and timely manner from a central area comprised of subject matter experts and individuals with direct communication lines to specified members of the Administration.

This effort will also include:

- Formation of a Student Customer Service Advisory Board
- Engagement of a Customer Service Vendor (Training, Implementation, Resource) to provide chat and phone related inquiries from students and their parents

In addition, each division (Enrollment Management, Academic Affairs, Student Affairs, Business and Finance Office, and Auxiliary Services) will develop customer relations plans to ensure effective communication with students and parents and proactively identify long-term resolutions to potential concerns. These plans will also establish a point person to be the primary source of contact for receiving and resolving inquiries from state agencies and officials with respect to student related matters involving enrollment, financial aid, housing, courses and other operational issues.

TSU Administration will include these and other items in reports to the TSU Board of Trustees on the University's updated and enhanced efforts to effectively engage its internal and external constituents.

***Did TSU overpromise freshmen scholarships? Is so, how will they cover the \$28M cost?***

No, TSU did not overpromise freshmen scholarships. TSU has outlined the source of funds for scholarships in its previous submission of a schedule documenting the scholarships and funding sources. Scholarships will be paid from institutional funds, auxiliary funds, and from the TSU Foundation.

***How will TSU continue to fund the \$28M scholarship in future academic years?***

TSU outlined the source of funds for scholarships through 2026 in its previously submitted document. It showed that scholarships will be paid from institutional funds, auxiliary funds, and from the TSU Foundation.

***Does TSU have adequate funding to support the off-campus housing plans?***

In TSU's response to the Comptroller's questions from the Senate Ad Hoc Committee meeting, TSU indicated that it has adequate funding to support the off-campus housing plans and noted the source for the funding. **We appreciate your inclusion in your report of some potentially additional sources of funding.**

***When did TSU know that they did not have enough housing capacity for Fall 2022?***

The draft report references the June 2022 Board meeting in noting the absence of a discussion of housing applications and then noted the November 2022 Board meeting discussion about housing and enrollment. However, the report does not reference the Board's receipt of a detailed report from the TSU administration at its September 2022 Board meeting on housing capacity and housing trends, including housing applications. Moreover, as early as September 2021 Board Committee meeting, the Academic Affairs and Student Affairs committee discussed housing capacity and the fact that the amount over capacity had increased from 105% to 112%.

## Policy Considerations

### 1. **Placing the TSU Board of Trustees under the authority of the Tennessee Board of Regents (TBR).**

- For the reasons detailed below, we do not believe the placement of the Board of Trustees under the TBR's authority, or the restructuring of the Board, is in the best interest of the students at Tennessee State University. It would deny them the benefit of having a board that is directly responsive to their needs. Students are fully engaged with the Board and have come to expect direct access to and responsiveness from their own governing board. This is especially important to the student population as many of the students are first generation and expect a more personalized, direct level of interaction. Therefore, **we are requesting the removal of this policy consideration from your report.**
- Pursuant to the FOCUS Act, we are amenable to remaining under TBR oversight for capital projects, for no less than eighteen months, to ensure appropriate staffing on upcoming critically important capital projects and to allow TSU to fill the vacant capital projects manager position.
- The FOCUS Act charges each state university board with the governance authority over the applicable locally governed institution. From its inception in 2017, the Board has carried out its governance responsibilities, including intensifying its oversight of institutional operations. This policy consideration/option is inconsistent with the mandate and intended purpose of the five-year-old FOCUS Act.
- This policy consideration is also inconsistent with the Board's exercise of its governance and fiduciary duties during its nearly six years of existence.
- The Board has been instrumental in elevating accountability by the TSU administration through the Board's charges to the administration to address operational areas of concern at the institution, including enrollment, housing, financial aid, customer service/ communications, and financial reporting practices.
- The Board has worked closely with the TSU administration and has overseen, both previously and very recently, three unit-based reorganizations at the University to enhance the operation and efficient delivery of services. These reorganizations have implicated and impacted the financial aid office, enrollment management, housing, and Business and Finance Division, and resulted in structural changes, and significant employment terminations/personnel realignments.
- The Board has also intensified its oversight of the TSU Business and Finance Division's practices, including the Division's handling and reporting of financial statements, providing guidance, and ensuring accountability, related to recent State audit findings, and overseeing the reorganization of the Division, including its structure, personnel and policies and practices. While recognizing the mission is to have zero findings, the Board's close work with the administration has contributed to an appreciable decrease in the number of findings associated with TSU's previous annual financial audits from seven to three.

- The Board has asked an outside independent CPA firm to conduct a review of the Division’s financial practices and procedures, including practices related to adjustments to financial statements.
- The Board also charged the University administration with being more responsive to students, parents, and external stakeholders. To that end, the Board directed the administration to significantly enhance its customer service operations and internal and external communications, including communications involving students, parents, state entities and officials and other external stakeholders, and the media.
- In collaboration with the Board, the TSU administration has revamped its customer service operations by creating a new Office of Customer Relations, with a more centralized approach to ensure students and parents receive timely and responsive information. The office is currently being staffed and will be led by an Assistant Vice President of Customer Service and his/her team. The university is also utilizing a consultant with expertise in customer services issues to provide additional guidance.
- To enhance its oversight, the Board also appointed in fall 2022 a special committee on housing to evaluate the status and condition of the University’s housing, to refine the development of a housing plan, including its short-term, mid-term and long-term housing needs and options.
- The Board is currently examining its committee structure to ensure the appropriate number and focus of its committees, with the possible addition of committees focused on key areas including enrollment.
- In addition to the Board undertaking the measures outlined above to enhance its effectiveness and carry out its fiduciary duties, the Board has recently procured the services of Ms. Carol Cartwright, a consultant with the National Association of Governing Boards of Universities and Colleges (AGB), the premier organization for governing boards in higher education. Ms. Cartwright, through her reputation and work with AGB, was previously retained by the Tennessee Higher Education Commission in 2016 to meet and provide orientation for all the newly formed boards of locally governed institutions (U. of MEM, MTSU, ETSU, APSU, TTU, and TSU).
- After conducting a comprehensive review of the Board’s operations, including a review of Board bylaws and policies, conducting interviews with all Board members, reviewing a sampling of Board and Board Committee minutes, and reviewing several hours of Board and Board Committee meetings, Ms. Cartwright concluded that the TSU Board of Trustees is operating effectively and in alignment with good governance practices.
- Ms. Cartwright recognizes that all governing boards can improve their overall effectiveness and has identified areas of enhancement for the Board of Trustees. The Board will continue to work with Ms. Cartwright as part of the Board’s upcoming self-assessment process, offering guidance on how the Board can further enhance its operational and fiduciary effectiveness, and advising the Board on ensuring its alignment with AGB’s established best



practices for university governing boards. This includes more planning related discussions and enhancing the effectiveness of our Committee meetings and Board meetings by introducing more plenary sessions.

- With the implemented or planned elevated oversight and operational changes, as set forth in TSU's action plan, the placement of TSU's operations under another governing entity would be unwarranted and unnecessary.
- The placement of one of the former TBR universities back under the authority of the TBR would be unprecedented for any university in this state's history. This option is further disturbing when considering the unique history of TSU, including its founding, its funding history, and the population it has historically served.
- This policy consideration also does not align with the stated purpose for the Comptroller's review, as outlined in the September 6, 2022, Comptroller letter.
- **Accordingly, we are requesting the significant revision of policy consideration/option 1 to only provide for the TBR to retain its existing authority on capital projects.**

## **2. The General Assembly could vacate and restructure the TSU Board of Trustees.**

- **We are requesting the removal of this policy consideration/option.** The vacating or restructuring of the Board is in the best interest of the students at Tennessee State University. for the **reasons outlined above in Policy Consideration #1** which is in connection with placing the Board under the authority of the TBR. As stated above, it would deny students the benefit of having a board that is directly responsive to their needs. Students are fully engaged with the Board and have come to expect direct access to and responsiveness from their own governing board. This is especially important to the student population as many of the students are first generation and expect a more personalized, direct level of interaction. Therefore, **we are requesting the removal of this policy consideration from your report.** Such a move would also unprecedented and inconsistent with the performance of the Board as well as the growth and development of TSU.
- This policy consideration does not align with the stated purpose for the Comptroller's review, as outlined in the September 6, 2022, Comptroller letter.
- The Board has exercised its fiduciary, oversight, and governance duties. The Board has learned a lot over its six years of governance. It is using that knowledge, along with its consultation with the governance consultant, to further elevate its governance responsibilities and hold the administration accountable for the University's operation.
- **Accordingly, we are requesting the removal of this policy consideration/option.**

## **3. The TSU Board of Trustees could replace current TSU leadership.**

- Under the FOCUS Act, the TSU Board of Trustees is charged with the authority to hire, retain, and separate from the President. It would not be in the best interest of the students to replace the current TSU leadership as it would cause an unnecessary disruption of the operational, academic, and student affairs at the university.

- The Board conducts an annual evaluation of the President and has worked directly with the President to convey updated priorities and focus on operational matters.
  - The Board has also worked more closely with the President on organizational changes, including significant organizational and personnel changes within the housing, enrollment management, and business and finance areas. In addition, the Board is monitoring and been actively engaged in directives involving operational matters, including the creation of a customer relations office, and fiscal practice matters.
  - The Board will continue to monitor the leadership's performance and ability to address operational matters and will effectuate additional organizational changes, including personnel changes, if warranted.
  - The Board has supervised and overseen the operations of the university, including providing governance and direction to the President. The Board Chair will continue to meet weekly with the President and work closely with her on ensuring accountability by the leadership.
  - This proposed policy would also interfere with the Board's current efforts in working closely with the TSU leadership on additional measures, as outline above, to improve the institution's operational effectiveness.
  - **Accordingly, we are requesting the removal of this policy consideration.**
- 4. TSU should consider the recruitment and retention of a candidate to fill the University's vacant capital projects manager position to be a top priority.**
- The University agrees that filling the vacant capital projects manager position is vitally important and remains a top priority for the university. The university has engaged in two searches to identify and hire a talented and qualified person to fill this position. The search efforts have not yielded a suitable candidate. The University is expanding its search efforts and working expeditiously to select and retain someone to fill this critically important position as soon as possible.
- 5. TSU should consider adding an additional new residence hall to its plans to construct two new residence halls.**
- TSU concurs with this policy consideration. The Board and the TSU administration have noted the aging condition of its residence halls and the need to replace them moving forward. TSU welcomes and plans to propose add a third residence hall facility.
- 6. The TSU Board of Trustees should consider implementing a policy requiring the board's prior approval of financial and budget changes, especially concerning scholarships.**
- The University operates on an annual budget cycle with an initial budget and budget adjustments throughout the budget year. The adjustments related to the scholarship budget were presented in accordance with the budget cycle.

- Nonetheless, the Board Chair will recommend to the Board the implementation of a policy governing prior approval of specified financial and budget changes, including scholarships, based on a set threshold amount.
- 7. TSU should consider improving its responsiveness to communications received from parents and students.**
- TSU has already taken significant measures to enhance its communications and responsiveness to students and parents. TSU established an Office of Customer Relations, which 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.
  - As TSU works to hire personnel to staff the office, TSU commenced working with a consultant with expertise on customer relations, including best practices and infrastructure considerations. TSU also created a student assist program to help work directly with students and parents, and coordinate student related issues among internal staff. Finally, 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. We have provided a demonstration on the software to the HERO and another member of the Comptroller's office.
  - In addition, in response to the Board's directive on enhanced communications, the administration has engaged Finn Partners to coordinate and the University's public relations and communications unit in communicating important and timely information to external and internal stakeholders and the media.
  - TSU has taken ownership of this matter and implemented substantive changes to personnel and organizational structure to improve its communications in this area. It should be noted that in some instances, non-University personnel, for their own reasons, asked students and their parents to contact the HERO and other offices, sometimes before contacting TSU officials. It should also be noted that some of the individuals who contacted the Comptroller's office had previously communicated with university officials on various issues. However, some of these students and/or their parents simply did not want to accept the information they received.
- 8. TSU should consider revisiting what approvals are needed for transfers of funds from any of the university's accounts to the plant funds and ensure that documentation is attached to any accounting entries.**
- TSU will implement a Board-approved policy to clarify the approvals needed to transfer of funds from any of the university's accounts to plant funds, as well as the movement of funds within the plant funds. This change will be incorporated into TSU's Action Plan.
- 9. TSU should consider properly documenting scholarship award decisions and including a multiple-step approval process.**

- TSU is implementing additional measures to document when a scholarship is awarded based on meeting the scholarship's minimum GPA requirement or demonstrated financial need, or both. This will incorporate this option item into its Action Plan.

**10. The General Assembly should consider mandating that TSU submit an annual scholarship plan and monthly reports regarding the number and value of all scholarships offered and the number of signed scholarship acceptance offers.**

- This policy consideration is unprecedented, burdensome, and treats TSU significantly different than any other higher education institution in the state. As part of its Action Plan, TSU will ensure that the TSU administration provides an annual scholarship plan to the TSU Board of Trustees and, upon request, will provide monthly reports to the Board Chair and Board Committee Chairs in connection with its annual scholarship plan, as well as information pertaining to the number and value of all scholarships offered and the number of signed scholarship acceptance offers.

**11. The General Assembly should consider mandating that TSU submit housing application data and enrollment application data on a monthly basis between March and September of each year.**

- TSU provided housing data, including housing application data in the fall 2022, at the request of the State Building Commission. TSU is prepared to provide additional and appropriate housing application and enrollment application data to the TSU Board of Trustees, including at its March, June, and September meetings. TSU is also prepared to provide a copy of the housing and enrollment application data requested by the TSU Board of Trustees to THEC.

**12. The General Assembly should consider mandating that TSU provide enrollment classification data for the coming fall semester on November 1 of each year.**

- This policy consideration is unprecedented, burdensome, and unnecessarily treats TSU significantly different than any other higher education institution in the state. TSU will provide additional and appropriate enrollment classification data to the TSU Board of Trustees, including at its March, June, and September meetings. TSU is also prepared to provide enrollment classification data to other state officials in the event all other institutions of higher education are required to provide the same information to various authorities



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February 9, 2023

Dear Mr. Moore

I appreciate the opportunity to review and provide comments on your office's very thorough report on Tennessee State University. The Tennessee Board of Regents (TBR) would like to continue to contribute to the future success of Tennessee State University (TSU) and its students. Over the last few years, we have invested much additional time and effort in assisting TSU with planning for their \$250 million capital improvements.

The previously published recurring deficiencies in financial management and housing, as well as the issues identified in your draft report, such as budget management, overspending on scholarships, and deficiencies in housing and enrollment management illustrate the imperative for competent oversight that has been lacking. The students that TSU serves are the ones most impacted by the current deficiencies. It would be most unfortunate for TSU to not only forfeit its reputation, but for current and prospective students to become disillusioned with the mismanagement of this great university, resulting in declines in enrollment and further financial hardship.

As noted in your report and based upon our experience working with the current administration at TSU, the most expedient opportunity for a reversal of the issues identified in your report would result from the replacement of much of TSU's administration. If that action did not produce significant improvement, replacement of the governing board may be necessary.

We are willing to accept any initiative or responsibility that the Tennessee General Assembly deems necessary to ensure that TSU's legacy continues. If that assistance includes bringing TSU and its governance back into the Tennessee Board of Regents, we will provide the oversight and governance structure to ensure TSU's success. Of course, this would entail a complex and perhaps controversial transition requiring collaboration between the General Assembly, TSU, TBR, and other entities.

We would like to provide the following clarifications for information contained in the report:

- On page 15, the account of Mr. Allen's statement is accurate; however, to clarify TBR's role, we were working to help TSU expedite getting a project to the State Building Commission that was disclosed in the July budget for fiscal year 2023-2024.
- On pages 48 and 69, please remove the title of doctor for Alisha Fox.
- On page 69, Exhibit 29, Ms. Angela Scott is now an employee of TBR and is no longer with Finance and Administration.

We look forward to working with the Comptroller's Office, the General Assembly, and TSU to continue TSU's success.

Sincerely,

Flora W. Tydings, Ed. D.






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Governor

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## MEMORANDUM

**TO:** Hon. Jason Mumpower, TN Comptroller of the Treasury

**FROM:** Lou Hanemann, THEC 

**Subject:** THEC Review of proposed report re: TSU policies and practices

**Date:** February 10, 2023

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The leadership staff of the TN Higher Education Commission have reviewed the proposed executive summary and report content of the proposed report on TSU. The THEC staff have no particular comment relative to the content or direction of the narrative for the background components of the report.

As to the structural and policy recommendations included in the report we have two comments:

1. Relative to Recommendation #1: *The General Assembly could place TSU under the authority of the Tennessee Board of Regents (TBR)*: THEC Staff would note that there are substantial structural and policy implications to moving a locally governed institution under the purview of a governing board whose point of focus is strictly the technical and community college space.
2. *Relative to the presentations of the recommendations as a whole*: THEC staff would suggest that the recommendations be presented in a framework that distinguished between those recommendations related to systemic/structural change and those recommendations pertaining to minor adjustments in policy or practices.

If there are any questions or follow up necessary for further context, please reach out to Lou Hanemann, Chief of Staff at [lou.hanemann@tn.gov](mailto:lou.hanemann@tn.gov) or directly at 615-806-0296.

