

**Tennessee State University Board of Trustees
Finance and Budget Committee Meeting
March 16, 2023
Tennessee State University – Hankal Hall**

MINUTES

Committee Members Present: Trustees Andre Johnson and Steve Corbeil.

Other Board Members Present: Trustees Deborah Cole, Van Pinnock, Obie McKenzie, Joseph Walker

University Staff Present: President Glenda Glover; Laurence Pendleton, General Counsel and Board Secretary; Douglas Allen, VP for Business and Finance; Terrence Izzard, Associate Vice President of Enrollment Management

I. CALL TO ORDER

Trustee Corbeil called the meeting to order at 12:09 p.m. CST on March 16, 2023. Trustee Corbeil moved to make certain findings on the record regarding the necessity for conducting the meeting electronically without a physical quorum present due to travel issues. He noted there is important action to be conducted by the Finance and Budget Committee, including the approval of the compensation plan, housing fee and a scholarship plan, and the need to review information concerning enrollment and retention, and that participation without the physical presence of a quorum by the Committee meeting is necessary to address these important items. Trustee Andre Johnson seconded, and the motion carried unanimously by roll call vote.

II. ROLL CALL/DECLARATION OF A QUORUM

Board Secretary Pendleton called roll at Trustee Corbeil’s request. Present: Trustees Steve Corbeil and Andre Johnson. A quorum was established.

III. APPROVAL OF THE NOVEMBER 17, 2022, FINANCE AND BUDGET COMMITTEE MEETING MINUTES

Trustee Corbeil moved to recommend to the full Board the approval of the minutes from the November 17, 2022, Finance and Budget Committee meeting, as contained in the March 16, 2023, Board materials. Trustee A. Johnson seconded the motion, which carried unanimously by roll call vote.

IV. REPORT AND UPDATE ON FISCAL YEAR 2023 INSTITUTIONAL BUDGET

Trustee Corbeil introduced the next agenda item as the Fiscal Year 2023 Institutional Budget. Trustee Corbeil called upon Dr. Glover, who called on Vice President Allen to provide information on this item. VP Allen directed the Committee to page 49 of the Board materials and led the Committee through the budget figures. VP Allen noted that for the FY22 actual numbers, for the fiscal year ending in 2022, the University had a surplus of \$12.2 million. In FY23, the University has budgeted \$99.2 million. The \$80.9 million actual revenue was generated in FY22. We are up to \$99M

based on increase enrollment and driving revenue as it relates to scholarships. We've been able to recognize \$97.9 million of \$99.9 million of total tuition and fees accounted for.

VP Allen noted that with respect to scholarships for academics, \$283 million was the budgeted line item. We have recognized \$24.2 million of that as of January 31, 2023. According to VP Allen, in the Comptroller's Report, it was an incorrect statement that \$23 million had been moved without Board approval. VP Allen showed in the Board materials that under transfers, the fiscal year-to-date column shows transfers of \$57,000 in mandatory transfers and \$141,000 in auxiliary transfers. There was no transfer of funds to cover scholarships under plant funds. The Board approves transfers in June and November for the revised October budget. Transfers are for debt service, on behalf of bond holders and plant-related activities. The revenue base that came in from increased enrollment was the offset for scholarships. \$6.4 million of funds have been set aside to offset scholarship costs as well, but it is not included in the budget because it's not an operating item.

VP Allen also noted that he provided detailed information regarding hotel reserves to the State Building Commission. \$7.2 million was set aside as a reserve for hotels, but it has not had to be transferred to date. VP Allen explained that Operations has been covering hotel costs and that although money has been set aside for the purpose of hotels, it has not been needed.

VP Allen does not anticipate anything that will throw off the University's budget.

Trustee Johnson asked whether the variance between what is budgeted and actual will be collected. VP Allen explained that the summer term will help, and it is expected that additional funds will be recognized and that it is expected that the University will meet the budget.

Trustee Johnson asked about scholarship needs as non-recurring federal CARES Act funds are discontinued. VP Allen stated that he and President Glover have been meeting on this topic. Less scholarships will be given out as a result in the 23-24 academic year. Foundation funds may be used for scholarships. The Foundation provided 127 students with funding for the Spring semester.

Chair Cole asked whether all scholarship funding obligations have been fulfilled. VP Allen said scholarship funds have been doled out. With respect to refunds, the majority have been posted, but as the University continues to receive money from outside scholarships, for example, church-funded scholarships, students' aid is adjusted. Scholarship and grants offered by TSU have been put on student accounts. Refunds typically are a product of student loans. If a scholarship exceeds a student's obligations, there may be a refund. VP Allen addressed specific questions regarding how funds are applied to student accounts. President Glover suggested the language "last dollar aid" be used to clarify limitations on institutional aid.

V. APPROVAL OF FY 2024 COMPENSATION PLAN-INCREASE

VP Allen discussed an increase in FY23-24 compensation. Within the Governor's budget, funds were set aside for a 5% salary pool for all institutions within State government. There's an increase for health insurance benefits (an offset) and performance funding measures that were met. Based on numerical data, the University requested a 5.5% salary adjustment effective July 1, 2023, and a 3% salary pool for faculty only. This will better align compensation within the market and with other

institutions. The University's cost with respect to the 5.5% is roughly \$1.9 million and \$750,000 for the 3% faculty pool, which is about \$2.8 million in total.

It was asked whether the 3% faculty pool would be a merit increase. President Glover would like to encourage productivity, and because of that, would like the deans and chairs to work on how to dole out additional funds for productivity. The productivity increases have not yet been determined. It will be determined by the next Board meeting.

Trustee Corbeil asked about the unfunded portion of the proposed increase and the source of the 5.5%. VP Allen indicated that the money fit within the budget and would reduce turnover. The State provided 5% for salary pool. The University portion picks up the benefits. The 5.5% includes what the University can afford to do and maintain operations. Dr. Glover said they have reviewed competitors in the market and this is, further, a means to show appreciation with salaries on par with other institutions. Mr. Corbeil would like the University to track whether the increases in pay help to actually reduce turnover. Dr. Glover indicated a need to move in the right direction with respect to salaries.

Trustee Corbeil moved that the Finance and Budget Committee recommend to the full Board an approval of the FY 2024 compensation plan increase as contained in the Board materials. The motion was seconded by A. Johnson. The motion carried unanimously by roll call vote.

VI. APPROVAL OF FY 2024 HOUSING FEE INCREASE

Trustee Corbeil called upon Dr. Glover, who called on Vice President Allen, to provide information on a proposal to increase student housing fees by 2.41%. The increase aligns with the request for additional housing. A 2.41% increase is viewed as manageable this year and would yield approximately \$430,000 in additional revenues, VP Allen said. VP Allen explained that these fees could go back to residence halls or other items that are student-related.

Most of the University's halls are legacy dorms. The University is operating on about a \$200,000 surplus that is slated for maintenance for the new residence hall. The room rate for new residences covers the debt service and provides a cushion for maintenance costs. Most Land Grant Institutions (LGIs) provide for an increase in fees each year. VP Allen indicated that the University has the lowest housing fees among LGIs.

Trustee Corbeil move that the Committee recommend to the full Board the approval of the 2024 housing fee increase. The motion was seconded by A. Johnson. Having no other question, a roll call vote was called. The motion carried unanimously by roll call vote by Trustees Corbeil and Johnson.

VII. HOUSING SPECIAL COMMITTEE REPORT

Trustee Corbeil called upon Dr. Glover, who called on Trustee Van Pinnock, the Chair of the Special Housing Committee, to provide the Special Housing Committee report.

Trustee Pinnock noted that TSU is not alone in addressing housing issues. The Committee has had several conversations with other institutions across the country and other university foundations that handle real estate transactions. They spoke with Howard University and Cal State Fullerton, and they have received good input from several places. The Committee has spoken with developers, architects, and others to discuss opportunities both on and off campus. There are some on-campus tracts of land that may provide good opportunities for the University. There have also been discussions with

community organizations, municipal agencies and others about partnering with the University to create affordable student housing and to meet affordable housing needs in Nashville generally. They think over the next 5-10 years, 10,000 beds can be brought online to use for future purposes. This is an aggressive number based on future enrollment numbers and considering TSU's growth. Off-campus would be multi-tenant, mixed used housing and would include retail, residential and other amenities that are presently lacking. Trustee Pinnock expressed a desire to move quicker rather than slower to move forward with planning.

Trustee Johnson discussed the need to continue to work with third party developers to create public-private partnerships. He noted institutional knowledge and capital that are available through these types of relationships. The Committee is working on plans to be included in the Master Plan.

Chair Cole thanked Trustees Pinnock, Johnson and McKenzie for all their work on this Committee. She asked for a report each Board meeting from the Special Committee.

Trustee McKenzie would like to ask the State Building Commission for more than 1,000 additional, citing long-term needs. He would like to ask for 3 buildings, 1,500 – 1,800 beds, as opposed to 1,000 beds. He noted that there will be a future need for additional beds.

VIII. DISCUSSION OF USE OF PLANT FUNDS

Trustee Corbeil called upon Dr. Glover, who called on VP Allen to discuss the use of plant funds. University reserves are \$52.7 million. Plant funds have had more transfers in than out consistently over the past several years. VP Allen notes a need to invest in the facilities. TSU was appropriated money by the State, and the money is sitting in a trust; however the University has to request the funds in the same manner that the University must do with any other capital outlay, even though it is University funding. The appropriated funds must still be approved by the SBC.

President Glover noted that the money has not yet been used and has not been used to pay scholarships. The money is sitting in the trust account and will be used as it is needed. To clear up misconceptions, she noted that there were no promises broken to the University. There are restrictions on the funds. It cannot be used for residence halls. It may be used for infrastructure but not for revenue-generating purposes, such as for food services, football, or for other auxiliary purposes. It is for academic building. It is important that everyone understands what the \$250 million is for and that it is communicated to others. She stated that we should commend the Governor, the General Assembly, Representative Love, and others who worked hard on this item.

A question was asked of VP Allen about whether the \$52.7 million in the plant funds is available for public-private matches and auxiliary development and clarification that none of those funds were used for hotel issues, security, enrollment. VP Allen stated that when the University went to the SBC, they had asked for the total plant fund reserves, which was \$52.7 million. We had to commit \$7.2 million for hotels of the total plant fund reserves for hotels, but this amount has not been used. Dr. Glover added that the \$7.2 million was not needed because of excess revenue and the University's ability to fund the hotel expenses out of operations, therefore the University was able to keep plant funds intact.

Trustee Johnson asked whether the University anticipates another surplus this year. VP Allen responded yes, however, he does not like to commit to that until closer to the end of the fiscal year.

A point was made that while there was a small hiccup in the fall, the University was not harmed. VP Allen stated that the budget was conservative. The faculty and staff was commended for conservative management of the operational funds. Trustee Johnson noted that the fall hiccup resulted in more revenue for the University and money allocated wasn't used because additional revenue supported the hotels. VP Allen stated that the University did not ask the State for any additional funds for hotels. Dr. Glover noted the need to make it clear that the University knew how to manage its funds properly and did not have to ask for any additional State funding, and as a result of \$17 million from excess revenue from increased enrollment, the University was able to provide additional scholarships and other things. The University has never been in a default position on any debt. TSU is in a good financial position, Dr. Glover said.

IX. FINANCE AND BUDGET REPORT

The FY 2022 audit is underway, as planned. The FY 2023-2024 preparations are underway as well. Information will be gathered from Cabinet members, compiled, and then VP Allen will meet with individual Cabinet members before he goes through the budget line-by-line with the President. After that time, it will be presented to the Board for review and approval in June.

Chair Cole asked what the timing was asking for the approval of hotels. VP Allen said the plan was to seek approval at the April SBC meeting. He has had conversations with the State architect to let her know that the University would like to be placed on the SBC's agenda.

X. UPDATE ON ENROLLMENT, RECRUITMENT, RETENTION, AND STUDENT AID

Trustee Corbeil called upon Dr. Glover, who called on Terrence Izzard, Associate Vice President of Enrollment Management, to provide an update on enrollment, recruiting, retention, and student aid. There have been things done differently this year, learning from last year, to focus on service, communication, planning and processes to strategically manage the enrollment process for 2023. Mr. Izzard reported that 835 first year students ended the semester with a 3.5 GPA or higher, and 616 first year students have a 3.0 – 3.9 GPA after their first year.

A new Enrollment Contact Center was launched on January 17, 2023. It is staffed with specialized enrollment representatives. There is a feature that allows management to monitor, listen to, and record calls to ensure quality assurance. There is a robust reporting and tracking system that shows the number of calls received, hold times, call disposition, time in the queue and other key performance indicators (KPIs) to ensure quality service and enrollment management. There is also a new CRM system that went live on December 15, which includes features like a student portal that houses all decisions and approvals, provides enrollment "next steps," and tracks and monitors student engagement. There is also coordination with Academic Affairs to discuss projections, ensure proper classroom space, registration needs, etc. There are ongoing meetings with the faculty chair counsel and deans to discuss the needs for the classroom and academic support units. Each day enrollment data is monitored and there is a better coordinated effort between Student Affairs and Housing. Weekly housing reports and intent to enroll reports are generated. Students are being directed to Housing to apply for early housing and are advising students that there is limited housing space available.

There was a question regarding the number of first-time students and the number of students needing

housing. Mr. Izzard explained that there are some admitted students who will not need housing, including those who will be taking 13 fully online programs. There are local students, transfer students and adult learners in Nashville who will not require housing.

There was a request that this information be included in future reports because, from the numbers, it does not appear that there have been any behavior changes have occurred since last year. There was a discussion regarding the need for more detailed information to make sure that there is a clear understanding of the numbers and to ensure that the University is prepared.

Mr. Izzard explained application deadlines have been established. Early admission deadlines and final enrollment deadlines have been established. The student pool (the admitted students) will go through another process, and in follow-up reports from Enrollment management, there will be additional data regarding what students want to live on campus, be completely online, and will be commuter students. There will be a statistical difference between March 2022 and March 2023 data after this meeting, he reported. Online students will be identified prior to the start of the school year. This semester, there are 12 enrollment coaches that contact each admitted student and confirm with students whether they are going to be using on-campus housing, attend classes online, or will commute to campus.

Chair Cole emphasized the need for more detailed information and retention rates and how many new students will be enrolled, projecting students to be served in the coming year. She would like, moving forward and on an ongoing basis more information reported. Dr. Glover added that during Cabinet meetings, every Tuesday morning, they do receive reports that include the number of students admitted and online student information. There are projections models to show enrollment numbers and available beds. Dr. Glover indicated that the University would get additional information out to the Board immediately to make sure that the Board has more details.

Mr. Izzard stated that by April 7, they will have breakdowns and categories of additional information available. There is a probability rating system, along with housing deposits and communications with enrollment coaches that will give the Board a clearer picture of housing. This will impact the numbers reported. He further noted that last year's scholarship information went out in September, so students were ready to commit, and it impacted conversion rates. This year, that information won't be released until March 20, 2023, after Board approval.

The question was asked whether the University has used wait lists to manage enrollment. Mr. Izzard said research has been done in this area, but it was decided against due to a number of issues, and primarily due to limited housing and limited scholarship funds. He indicated that he could do additional research on the use of wait lists and share findings at the next meeting.

Trustee McKenzie said the probability analysis needs to be checked back and forth against accuracy and suggested that a stress test be done for various scenarios in the probability analysis. Dr. Glover said a stress test has not been done, but that it could be done.

XI. SCHOLARSHIP PLAN

Dr. Glover explained that, on page 72 of the Board materials, there is a breakdown of scholarships. A little over \$5 million was allocated for academic scholarships. Band and Athletics were added on top of that. In-state and out-of-state ratios are reported. It will be an ongoing report to the President and Cabinet. Band and Athletics have about another \$5.5 million in scholarships, coming from

various sources. Dr. Glover said that we do not have exact numbers for those yet because the University is still in the process of recruitment.

There was a discussion about how scholarships are planned and distributed.

It was reported that no offers for scholarships have been made yet.

Chair Cole recommended a motion for the Board to approve \$10.5 million in scholarships for the upcoming fiscal year, to come from institutional funds. That amount would include Band and Athletics scholarships. Any deviation from that amount would have to come back to the Finance and Budget Committee.

There was a discussion about scholarship needs and timelines. About \$4.5 million is needed for Athletics and \$1 million for Band. The amount needed for Athletics changes each year.

Trustee Johnson made a motion that the Board consider and approve a revised scholarship plan that will include Athletics and Band, with the amount for scholarships to be \$10.5 million. It was seconded by Trustee Corbeil. The motion passed by roll call vote with Trustee Johnson and Trustee Corbeil approving.

XII. ADJOURNMENT

Trustee Corbeil asked if there was any additional business. Seeing none, he made a motion to adjourn. Trustee A. Johnson seconded the motion as recorded. The motion passed by roll call vote. The meeting was adjourned at approximately 1:27 p.m. CST.