**Meeting of the Tennessee State University Board of Trustees**

**Finance Committee Meeting**

**June 12, 2025**

**Tennessee State University – The Farrell Westbrook Complex (the “Barn”)**

**MINUTES**

**Committee Members Present:** Trustees Charles Traughber, Jeffery Norfleet (virtual), and Dakasha Winton. Other Board members present: Trevia Chatman, Marquita Qualls, Dimeta Smith Knight, Terica Smith, Artenzia Young-Seigler

**University Staff Present:** InterimPresident Dwayne Tucker; Ginette Garza Brown, Interim General Counsel and Board Secretary; Dr. Robbie Melton, Acting Interim Provost & Vice President for Academic Affairs; Bradley White, Interim VP of Business and Finance; Sterlin Sanders, Chief Information Officer; LoLita Toney, Associate Vice President of Institutional Advancement; Jim Grady, Alvarez & Marsal;

1. **CALL TO ORDER**

Trustee Traughber called the meeting to order at 9:07 a.m.

1. **ROLL CALL/DECLARATION OF A QUORUM**

Committee Chair Traughber declared that a physical quorum was not present and moved that electronic participation by a quorum was necessary, which was approved. Committee Secretary conducted the roll call. The following committee members were present: Trustees Charles Traughber, Dakasha Winton, and Jeffery Norfleet (virtual).

1. **APPROVAL OF MARCH 12, 2025, FINANCE COMMITTEE MEETING MINUTES**

The minutes from the March 12, 2025, meeting of the Finance Committee were approved as submitted, with Chair Winton making the motion and Trustee Norfleet seconding the motion. The motion passed unanimously.

1. **APPROVAL OF FISCAL YEAR 2024-2026 TUTITION, FEES, AND BUDGET ITEMS**
   1. **Approval of Fiscal Year 2025-2026 Tuition and Mandatory Fees Increase**
   2. **Approval of Fiscal Year 2024-2025 Estimated Budget**
   3. **Approval of Fiscal Year 2025-2026 Proposed Budget**

Committee Chair Traughber announced the day’s agenda items, which was the approval of the proposed Fiscal Year 2025-2026 Tuition and Mandatory Fees Increase, the approval of the proposed Fiscal Year 2024-2025 Estimated Budget, and the approval of the proposed Fiscal Year 2025-2026 Proposed Budget. Committee Chair Traughber asked Jim Grady from Alvarez & Marcel to present information regarding these items to the Board on behalf of the Finance Committee altogether instead of breaking them up.

Mr. Grady began by explaining that in February, TSU submitted a five-year financial sustainability plan to the State Building Commission identifying a need for approximately $95 million in total funding to stabilize the University’s finances. The proposed FY2026 budget reflects a projected deficit of about $39 million, underscoring the urgency of implementing both revenue enhancements and cost containment measures. In March, the Tennessee Higher Education Commission adopted a guiding tuition increase range of 0–6.5% for public institutions—setting the upper limit higher than initially anticipated specifically to give TSU the flexibility needed to address these challenges. Even with the proposed increase, TSU would remain the lowest-cost public option for in-state students in Tennessee. The recommendation includes a 6% increase in maintenance and mandatory fees for in-state undergraduates, as well as similar increases for graduate students and out-of-state categories, including the full freight rate, scholar rate, and the 250-mile radius rate. For in-state students, this would mean an additional cost of approximately $270 per semester; out-of-state students would see semester increases ranging from about $270 to $539. Despite these adjustments, TSU’s tuition levels would continue to be lower than those at peer LGI institutions and comparable HBCUs such as Alabama A&M, FAMU, Jackson State, and North Carolina A&T. Graduate in-state tuition would remain among the lowest, while out-of-state graduate tuition would still be somewhat higher than peers, largely due to historical pricing decisions.

Mr. Grady emphasized that without adopting the 6% tuition increase, the projected deficit would widen by roughly $7 million, adding to the nearly $20 million in cost reductions already identified. These reductions come from a four-pronged strategy focused on adjusting scholarship allocations, reducing personnel costs on both instructional and non-instructional sides, lowering non-personnel expenses, and pursuing other operational efficiencies. To date, the University has identified approximately $20–25 million in savings. Scholarship-related savings are expected to total around $5–6 million, slightly below earlier projections due to existing commitments that limited immediate adjustments. Personnel cost reductions have included a workforce realignment last fall affecting 95 positions, an ongoing hiring freeze with very limited exceptions for mission-critical roles, and a comprehensive review that closed non-essential open positions, resulting in about $9–10 million in annualized savings. Additional attrition since October contributed further vacancy-related savings. On the non-personnel side, the University has identified around $9–10 million in reductions by scrutinizing discretionary spending, renegotiating vendor agreements, and implementing tighter controls during the budget process.

Mr. Grady also provided historical context, noting that in FY2023, the University had an enrollment of over 8,000 full-time equivalent students. However, enrollment has declined in recent years, significantly impacting tuition and fee revenue. Comparing actual FY2023, actual FY2024, the estimated adjusted FY2025 budget, and the proposed FY2026 budget shows a clear downward trend in total education and general revenues, driven in large part by enrollment declines. The FY2025 estimated adjusted budget, after accounting for non-recurring items, reflects a deficit of about $45 million, which closely aligns with the October 2024 revised budget estimate of approximately $46 million. Key adjustments to that estimate included lower-than-expected tuition revenue from out-of-state premiums, slightly better-than-expected scholarship savings (including a one-time $3 million reduction from unutilized “building bridges” scholarships), and lower personnel costs following workforce realignment and strict hiring controls.

Looking forward, the proposed FY2026 budget includes continued cost reduction targets: maintaining the hiring freeze and rigorous position control, operating with approximately 15% less discretionary funding (adjusted for contractual obligations), and implementing tighter budget adjustment procedures. Additional revenue opportunities are being explored, such as parking and space rental fees, and assessing whether some restricted endowment returns can be used to offset educational and general expenses where allowed. The current proposed FY2026 deficit of roughly $39 million is slightly higher than the $35 million deficit anticipated in the pro forma shared with the state earlier this year. This difference reflects updated enrollment assumptions, modestly higher scholarships, and some revenue adjustments. Nevertheless, Mr. Grady emphasized that the University remains committed to narrowing the gap through disciplined financial management and ongoing collaboration. He concluded by noting that while the pro forma plan anticipated deficits into FY2027 and beyond, continued vigilance and additional revenue strategies could help improve these projections over time, supporting TSU’s long-term financial stability.

Chair Winton thanked Mr. Grady for the detailed presentation and noted the challenge of aligning past budget expectations with current realities. She asked how many students might be affected by the planned registration purge, and Mr. Grady estimated about 1,000 students.

Trustee Traughber commended Alvarez & Marsal and Interim President Tucker for improving the budgeting process, observing that the estimated fiscal year 2025 deficit now closely matches the October forecast, thanks to better scholarship management, personnel savings, and non-personnel cost reductions. He asked what could be done to help close the gap in the fiscal year 2026 budget if enrollment falls short. Mr. Grady replied that lower enrollment would likely require further efficiencies, such as consolidating low-enrollment classes or reducing costs tied to underutilized facilities.

President Tucker added that ongoing recruitment efforts in Memphis, Atlanta, and Chicago aim to offset enrollment declines, and that improved fall-to-spring retention has already helped. Trustee Traughber also asked if additional cuts could be made beyond personnel reductions. Mr. Grady suggested reviewing the use of campus buildings to reduce operating costs and better leveraging departmental funds in the Foundation to offset expenses.

Trustee Traughber then asked about the impact of not adopting the proposed 6% tuition increase. Mr. Grady explained that without it, the deficit would grow by roughly $3–4 million, requiring further cuts that could affect core programs. Trustee Smith asked about the total departmental and Foundation funds potentially available; Mr. Grady estimated around $15 million, subject to further review. Trustee Smith Knight asked how quickly new donations, like those from the Juneteenth campaign, could be used. Dr. Toney confirmed that once deposited into the Foundation, funds designated for purposes such as student support become available immediately.

On behalf of the Finance Committee, Trustee Traughber made the motion to recommend to the full Board the approval of the proposed Fiscal Year 2025-2026 Tuition and Mandatory Fees Increase as contained in the meeting materials. Chair Winton made the motion, and Trustee Norfleet seconded. The Board Secretary called the roll, and Trustees Norfleet, Traughber, and Chair Winton voted in favor. The motion passed.

On behalf of the Finance Committee, Trustee Traughber made the motion to recommend to the full Board the approval of the proposed 2024-2025 Estimated Budget as contained in the meeting materials. Trustee Norfleet made the motion, and Chair Winton seconded. The Board Secretary called the roll, and Trustees Norfleet, Traughber, and Chair Winton voted in favor. The motion passed.

On behalf of the Finance Committee, Trustee Traughber made the motion to recommend to the full Board the approval of the Fiscal Year 2025-2026 Proposed Budget as contained in the meeting materials. Trustee Norfleet made the motion, and Chair Winton seconded. The Board Secretary called the roll, and Trustees Norfleet, Traughber, and Chair Winton voted in favor. The motion passed.

1. **INSTITUTIONAL ADVANCEMENT REPORT**

Committee Chair Traughber announced the next agenda item, which was the Institutional Advancement update. Committee Chair Traughber asked Dr. LoLita Toney from TSU Foundation to present information regarding these items to the Board on behalf of the Finance Committee.

Dr. Toney began by explaining that although the university has seen positive trends in donor engagement so far, this fiscal year, external challenges have affected corporate giving. As of May 24, the university secured approximately $5.37 million in donations, reflecting a decline of about $610,000 primarily due to reduced corporate contributions. Many corporate partners have expressed concerns about the university’s stability, prompting the advancement team to engage Interim President Tucker in donor conversations to help restore confidence in the institution’s leadership and financial direction. Encouragingly, alumni giving has increased for the first time since fiscal year 2020, showing a 15% growth over the prior year and bringing the university’s alumni giving rate into double digits, which is significant given that it has historically remained below 8%. Dr. Toney noted that while peer institutions often reach alumni participation rates closer to 20%, and institutions like Spelman achieve rates around 30–35%, TSU’s increase represents meaningful progress.

In addition to alumni giving, student giving has also surged, with a 134% increase that signals stronger philanthropic engagement among younger stakeholders. Dr. Toney highlighted the team’s efforts to foster a culture of giving from students’ first days on campus. The university’s stewardship strategies have also driven results, with a 40% increase in giving among retained donors and growth in first-time donors, which together suggest future retention opportunities. While the average gift size has grown gradually, targeted appeals and improved impact reporting are being used to encourage larger gifts. Dr. Toney shared that the advancement office is transitioning to Blackbaud, a modern development software platform, which will improve reporting, donor segmentation, and personalized stewardship. The migration is expected to be completed by fall 2025 and marks an important step, as it is uncommon for an institution of TSU’s size and history to have gone so long without such a platform.

To further build transparency and donor trust, the team plans to produce the university’s first annual fundraising report in several years. Dr. Toney emphasized the importance of deepening alumni engagement as a way to strengthen overall fundraising. This year, the university relaunched class reunions for graduating classes ending in zero and five, raising $434,258 so far, with a goal to reach $500,000 by the end of the fiscal year. Attendance at reunion weekend included 74 alumni, and survey responses indicated that 95% of participants were satisfied with the events, with 76% reporting they felt more connected to classmates as a result.

Looking ahead, Dr. Toney shared that the university’s next major initiative is a TSU Day of Giving, aligned with Founders Day, which historically has not been formally celebrated at TSU. This event is planned as a final effort to strengthen fundraising as the fiscal year closes, with an ambitious goal of raising $300,000. The campaign will include targeted appeals to faculty and staff, alumni, religious organizations, students, and lapsed donors who have not yet made contributions this year. Dr. Toney concluded by acknowledging the challenges posed by reduced corporate giving and past narratives affecting the university’s reputation but expressed optimism about the growing engagement of alumni and students. She noted that partnering closely with Interim President Tucker has been instrumental in addressing concerns among corporate and foundation partners. Finally, she expressed appreciation for the board’s continued support as the advancement team works to build sustainable, long-term growth in fundraising.

Trustee Qualls inquired about the inclusion of matching gifts in the fundraising numbers, to which Dr. Toney confirmed that matching gifts are included but noted that further breakdown would require additional analysis. Trustee Qualls also sought clarity on the proportion of new money raised versus existing donor contributions. Dr. Toney explained that the reported figures reflect cash on hand with some payouts from prior commitments, emphasizing that no pledges are included. Trustee Qualls expressed appreciation for the university’s partnership with organizations such as Big Brothers Big Sisters. Trustee Smith followed up by asking about student engagement efforts in fundraising, noting the absence of direct outreach to donors by current students. Dr. Toney reported a recent student-led phone bank on Giving Tuesday, although she acknowledged challenges due to outdated contact information, which a new platform migration aims to resolve.

Trustee Chatman asked about the status of corporate commitments from prior years, noting that some long-term pledges have ended. Dr. Toney confirmed that while two corporate commitments have officially ended, efforts are underway to re-engage others. She also clarified that not all reductions in corporate donors reflect lost funding, as some were one-time gifts. Trustee Chatman requested information on religious organizations’ contributions, learning that a significant gift from Mount Zion had notably impacted totals. President Tucker underscored the need to improve accountability and customer service in corporate relationships, acknowledging past failures to meet funders’ expectations and promising greater stewardship moving forward. Trustee Smith queried who is responsible for managing corporate relations, and President Tucker stated that while it is a university-wide accountability, prior lapses included executives not showing up for meetings.

Regarding impact reporting, Trustee Qualls asked whether reports are publicly available or shared privately with donors. Trustee Chatman explained that general impact reports are publicly accessible, but detailed donor-specific reports remain confidential. Dr. Toney noted the absence of an annual report in recent years but confirmed plans to publish one, alongside continued individualized impact reports for donors. President Tucker emphasized the importance of comprehensive impact summaries for all donor types. Dr. Toney described efforts to provide detailed reports that include student stories, citing the successful renewal of funding from Lowe’s based on such reporting. Trustee Chatman expressed confidence in the team’s ability to meet future reporting requirements, and Dr. Toney highlighted the anticipated benefits of transitioning to the Blackbaud platform for enhanced gift and reporting management.

Trustee Chatman raised questions about alumni associations, seeking to understand the funds held by various chapters and how much is remitted to the university foundation. Dr. Toney explained that while reports exist regarding chapter assets, some funds are managed outside the foundation, limiting transparency. President Tucker described the decentralized nature of alumni fundraising, noting inefficiencies and potential risks associated with chapters operating as “mini endowments.” He advocated for a transformational change to unify alumni giving under the foundation, a shift that appears increasingly feasible as alumni leadership grows more receptive. Trustee Traughber supported this approach, highlighting the investment advantages of consolidated funds. Trustee Smith Knight questioned decreases in alumni association giving despite stable donor numbers, and Dr. Toney attributed part of this to misclassifications in donor data, which the team is working to correct. Trustee Smith Knight further asked about donor categorization criteria and whether small and mid-sized businesses are being adequately engaged. Dr. Toney responded that classification depends on donor self-identification and that corporate prospects are prioritized based on shared interests with TSU. She gave NASCAR as an example where engagement expanded from athletics to engineering opportunities.

Trustee Young Seigler requested clarification on category definitions and stressed the importance of accurate donor classification to ensure data integrity. Dr. Toney acknowledged ongoing cleanup efforts and anticipated that migration to Blackbaud would support improved data accuracy. Trustee Young Seigler also addressed the notable drop in giving from religious organizations, with Dr. Toney explaining that although segmented outreach and events like “Sunday of Giving” are planned, staff shortages have limited focused efforts in this area. President Tucker advised alumni chapters to temporarily hold funds to avoid competing solicitations until a major university fundraising campaign is announced, with the goal of consolidating and accelerating giving momentum. Trustee Young Seigler sought clarity on handling donors who fit multiple categories, and Dr. Toney noted that donor self-identification drives classification.

Trustee Chatman questioned the rationale behind the request for donors to delay giving to which President Tucker explained the need to reduce fragmented and redundant giving across various university entities and focus on a unified campaign. Trustee Smith Knight confirmed understanding that donors are encouraged to consolidate gifts rather than withhold giving altogether. President Tucker emphasized that this approach aims to increase overall giving impact and create sustainable financial support. Trustee Smith Knight expressed concern about supporting student experiences and asked how departments are addressing funding needs. President Tucker assured that budgeted funds remain available for essential activities and that the university is working to streamline and coordinate fundraising efforts. Finally, Trustee Chatman requested data on grants applied for and success rates, and Dr. Toney indicated that such information had been previously shared.

1. **ADJOURNMENT**

Chair Winton moved to adjourn, with the motion seconded by Trustee Norfleet. A roll call vote was taken, with Trustees Traughber, Winton, and Norfleet voting in favor of the motion. The meeting was adjourned.