

**Tennessee State University Board of Trustees
Finance and Budget Committee Meeting. June 21, 2018
Tennessee State University. 3500 John A. Merritt Blvd. Nashville, Tennessee 37209
McWherter Administration Building
President's Conference Room**

MINUTES

Committee Members Present: Stephen Corbeil and Dr. Richard Lewis

Other Board Members Present: Joseph W. Walker, III, Dr. Deborah Cole, Dr. Edith Peterson Mitchell, Obie McKenzie via telephone, Dr. Ali Sekmen, and Braxton Simpson.

University Staff Present: President Glenda Glover; Mr. Laurence Pendleton, University Counsel and Board Secretary; Ms. Cynthia Brooks, Vice President for Business and Finance; Bradley White, Associate Vice President for Financial Services; Adrienne Frame, Budget Director; Dr. Lesia Crumpton-Young, Vice President for Research and Sponsored Programs, and Tamika Parker, Executive Assistant to the University Counsel.

Guests Present: Lauren Collier, The Higher Education Commission and Brittany Mosely, HBCU Success.

I. CALL TO ORDER

Trustee Corbeil called the meeting to order at 9:05 a.m. and welcomed all attendees.

II. ROLL CALL/DECLARATION OF A QUORUM

Board Secretary Pendleton called the roll at the committee chair's request. Trustee Corbeil and Trustee Lewis were present. Secretary Pendleton announced the presence of a quorum.

III. APPROVAL OF NOVEMBER 16, 2017, COMMITTEE MEETING MINUTES

Trustee Corbeil proceeded to the approval of the November 16, 2017, Finance and Budget Committee meeting minutes, as included in the June 21, 2018, board materials. Trustee Corbeil moved to approve the minutes. Trustee Lewis seconded the motion, which carried unanimously.

IV. APPROVAL OF FISCAL YEAR 2018-19 TUITION AND MANDATORY FEES

President Glover asked Cynthia Brooks, Vice President for Business and Finance, to present information on this agenda item as her designee.

VP Brooks discussed and described the tuition and mandatory fees process. She provided the following information regarding the process: the Tennessee Higher Education Commission

(THEC) limits the increase in mandatory fees charged to students to 3% per annum. The proposed fee increase for fiscal year 2018-19 is 2.98%. Not all fees apply to all students because fees are not amortized across all programs in the university.

VP Brooks noted that the fees charged to TSU students are generally lower than other LGI schools. Several fees remained unchanged from fiscal year 2017-18 to fiscal year 2018-19. Tuition at TSU is lower than what is charged at other Tennessee LGIs.

VP Brooks informed the committee that TSU is required to post notice of proposed fee increases, make a report of the proposed fee increase to the Tennessee General Assembly, and take public comments for fifteen calendar days before the increase takes effect.

VP Brooks also noted that the student government association conducted a survey on program fees. Students voted to increase fees to support on campus programs such as bringing public figures to campus and the addition of a Greek life coordinator.

Trustee Corbeil moved to present the recommended fee increases to the full board and Trustee Lewis seconded the motion, which carried.

V. APPROVAL OF INSTITUTIONAL BUDGETS

President Glover designated Vice President Cynthia Brooks to present the information on this item.

VP Brooks directed the committee to the Revenues, Expenditures, and Transfers as shown on page 55 of the June 21, 2018 board meeting materials. The estimated mandatory transfer for fiscal year 2017-18 budget was \$1,580,900. The estimated non-mandatory transfer for the fiscal year 2017-18 budget was \$6,774,500, to account for student debt the university anticipates will not be recovered. The estimated non-mandatory transfer for fiscal year 2017-2018 will come out of the university's reserves of approximately \$44 million.

Dr. Sekmen commented that President Glover previously discussed the implications of the estimated non-mandatory transfers with faculty and that she instituted a number of cost-reducing measures for the 2018-19 fiscal year. Dr. Sekmen stated that the President directed the deans of the various colleges to combine classes and implement additional cost saving measures. The President informed the committee that the university would continue to pursue debt collections from accounts in default. The President also confirmed that the university is evaluating its enrollment criteria for fiscal year 2018-19 to reduce the number of students at risk of default on payment of their tuition and fees.

Dr. Sekmen stated an objection to the FTE values presented in the Institutional Budgets and asserted that he believed the Institutional Budgets were inconsistent with the proposed budget cuts and enrollment projections. Dr. Sekmen referenced the cost-reducing measures he believed the administration had asked faculty to implement during a meeting with faculty earlier in the year regarding operations for the 2018-19 fiscal year, and stated that based on his reverse calculations, there is no basis to expect the projected revenues or enrollment. Dr. Sekmen commented that he

believes enrollment will not exceed 6400 FTE. Dr. Sekmen also noted that the University continues to reenroll students who owed a debt to the university.

Trustee Corbeil asked VP Brooks to explain the assumptions used to project enrollment. VP Brooks initiated the explanation, which was completed by President Glover. President Glover clarified that the good faith estimates provided in the June 21, 2018, board materials are based on an anticipated 5% reduction in expenses and assumptions related to full-time and part-time students for the fiscal year 2018-2019.

President Glover further clarified that the values provided in the June 21, 2018, board packet were projected in April 2018 based on flat enrollment with a 2.98% increase in fees. The anticipated reduction in revenues for fiscal year 2018-19 is \$5 million. The budget will be revised in October 2018, again in April 2019, and then followed with the statements actual financial position.

Trustee Mitchell reiterated that the budget is a planning document, not a certainty that is fluid and not absolute. She noted that we must not characterize the budget as false information and must expect the projected numbers to change. She concluded that we must not undermine our Finance and Budget professionals.

Trustee Corbeil noted that the budget will be revised in October 2018, April 2019, and then a final budget will be produced.

Trustee McKenzie noted that management uses budgets as a planning tool to adjust strategy.

VP Brooks stated that the budget is good faith report.

Trustee Cole complemented President Glover and staff for taking the write-off and for working toward truing-up the university's accounts.

Trustee Mitchell asserted that we must break down divisions amongst groups and constituencies on campus and asked Larry to revisit how an ad-hoc committee with members appointed by Chair Walker and led by Dr. Sekmen could monitor and report on enrollment.

Dr. Curtis Johnson stated that enrollment would be discussed in further detail later.

Trustee Corbeil commended the President on her decision to prepare for the anticipated financial shortfall for fiscal year 2018-19 due to bad student debt and projected reductions in enrollment.

Trustee Corbeil moved to present the Institutional Budget as presented in the June 21, 2018, board packet to the full-board.

Trustee Lewis seconded the motion, which carried.

VI. APPROVAL OF THE INSTITUTION'S FISCAL YEAR 2018-19 COMPENSATION PLAN

President Glover designated Vice President Cynthia Brooks to present the information on this item.

VP Brooks apprised that TSU Policy (formerly TBR Guideline) P-043 (*Compensation Guideline*) sets a University goal of providing all employees with compensation consistent with market, subject to satisfactory job performance and budget availability. Ms. Brooks advised that the following strategies, in any combination, might be used to distribute a pool of funds designated for compensation adjustments:

- Compensation Plan: The University may provide salary adjustments: (1) consistent with its Board-approved plan; and/or (2) that address changes in market salaries as prescribed in the plan, if the plan has already been fully funded; and/or (3) that address specific equity issues and reclassifications consistent with the plan.
- Cost of Living Adjustment (COLA): The University may provide a COLA and may establish a minimum payment.
- Faculty Promotion: The University may fund faculty promotions consistent with its approved compensation plan.
- One-Time Payment: The University may provide one-time payments up to \$1,000.
- Merit Increases: The University may provide an increase based on the job performance of employees.
- Funding Additional Positions: The University may create new positions based on institutional needs.
- Other: The University may adjust the pay scales of various groups, such as adjuncts, graduate assistants, etc.

VP Brooks further stated that the salary pool for Fiscal Year 2018-2019 is 2.5%, consistent with the total allocated for regular State of Tennessee employees. No additional amount or percentage was proposed.

VP Brooks informed the committee that unless otherwise noted, these increases do not apply to the President's cabinet, adjunct faculty, temporary employees, graduate assistants, student workers, or employees on terminal leave status. Eligible employees are classified as "regular" or "post-retirement service," unless a distribution includes those in the above-referenced "other" category. In addition, the pool will not cover faculty promotions.

VP Brooks told attendees that all eligible employees on the payroll prior to the proposed implementation dates below are eligible for these increases, regardless of the funding source (i.e., unrestricted, restricted, E&G, or auxiliary) or effort percent (although some categories may be prorated for employees on a part-time status); however, staff received increases last fiscal year.

VP Brooks noted that the goal is to bring Chair of Department salaries up to a minimum of \$90,000 and faculty salaries up to a minimum of \$55,000.

VP Brooks also noted that there was discussion about the equity of increases for faculty who perform dual administrative and instruction roles because under the plan, these persons would receive a 1.5% increase in pay, while persons providing instruction only would receive a 2% increase in pay. As a result, those persons performing a dual role could receive a 0.5% smaller increase in pay as compared to those providing instruction only.

Trustee Lewis asked the President to evaluate other HBCU payment plans with the intent to insure TSU can compete with its sister institutions in attracting and retaining the best and the brightest professionals. Trustee Lewis also asked the President to appoint an advocate to elevate the needs of Tennessee State University to the governor and state legislature.

Trustee Lewis moved to recommend approval of this item to the full board as presented in the June 21, 2018, board materials. Trustee Corbeil seconded the motion, which carried unanimously.

VII. REPORT ON COMPOSITE FINANCIAL INDEX

President Glover designated Vice President Cynthia Brooks to present the information on this item.

VP Brooks led the committee's review of the sufficiency and flexibility of TSU's resources, TSU's capacity to repay debt through its reserves, TSU's change in net financial position over the previous fiscal year, TSU's ability to maintain its operations using the available resources, and TSU's overall composite financial index as compared to the average scores of Tennessee's land grant institutions (LGI), a pre-established standard, and pre-established warning index. These comparisons were shown from fiscal year 2004-05 to fiscal year 2017-18.

VP Brooks noted that the general trend demonstrates that TSU's net change were downward as compared to other LGI's.

This was an information item, thus no vote was taken.

VIII. APPROVAL OF CAPITAL CONSTRUCTION PLAN

President Glover designated Vice President Cynthia Brooks to present the information on this item. VP Brooks informed the committee that the Capital Outlay, Maintenance, and Disclosed funding requests (Capital Construction Plan) were generated based on the funds provided in previous years from the state with the expectation that those funding allocations would recur at the same level.

VP Brooks noted that the general requests consist of the following:

Each governing board will submit a request to THEC for capital outlay projects. The Commission makes recommendations to fund projects based on a prioritization process/rubric that incorporates criteria detailed in the attachment. (For additional information, please see page 49.)

Each governing board is allocated a proportion of the total higher education capital maintenance request based on a formula. Each governing board will submit a capital budget request that contains the capital maintenance projects to be requested for each of the four planning years through FY2022-23. (For additional information, please see page 50.)

Each governing board must submit a list of all anticipated capital projects to be funded from sources other than state appropriations, such as institutional funds, auxiliary funds, and reallocation of existing capital funds, Tennessee State School Bond Authority funds, or gift funds, for FY2018-19. All construction or erections of new buildings or structures in excess of \$100,000 must be disclosed to THEC. The University must disclose all major maintenance projects, which are defined by State Building Commission policy 2.01.A.2. as “the repair or renovation of any building or structure or any portion thereof,” in excess of \$500,000, to THEC. (For additional information, please see page 51.)

Trustee Mitchell asked the President amend TSU’s above requests by adding to them a special request for preemptive inspections and evaluations of campus infrastructure with particular emphasis on equity in funding allocation from the Higher Education Commission (THEC) for prospective capital maintenance and improvement funds.

VP Brooks stated that TSU received the last significant funding allocation in 2003.

VP Brooks noted that the President requested funding from the United States Department of Agriculture (USDA) for funding for improvements to our institution, which encompasses rural programs in an urban setting. The USDA did not approve the requested funding.

Trustee Corbeil asked Dr. Glover to form a working group to generate a multi-year plan to raise the university constituent’s concerns to the state legislature. Both Trustee Corbeil and Trustee Lewis volunteered for the working group, which will be led by Trustee Lewis.

VP Brooks led the committee’s review of the fiscal year 2019-2020 capital disclosure submission. The new disclosures include the Alumni House and Welcome Center funded with gifts and partnership funds, the Agriculture Food Science Research Facility funded with federal grants through USDA, and Housing Upgrades and Repair funded through housing fees. The report noted that the agriculture project will be disclosed in two phases consisting of a master plan

amendment and a disclosure to the THEC after the master plan amendment is approved.

VP Brooks stated that the university will submit the disclosure to THEC staff by July 16, 2018, for their presentation to the THEC at its November 7, 2018, meeting.

Trustee Lewis moved to approve this item as contained in the June 21, 2018, board materials for submission to the board. Trustee Corbeil seconded the motion, which carried.

IX. REPORT ON INSTITUTION'S INTENT TO SEVER FROM THE TENNESSEE BOARD OF REGENTS ON CAPITAL MANAGEMENT

President Glover designated Vice President Cynthia Brooks to present the information on this item.

Under the FOCUS Act, effective April 13, 2017, the six locally governed institutions (LGIs) that were formerly a part of the Tennessee Board of Regents severed from that system in all areas except three: (1) procurement; (2) capital project planning and management; and (3) data systems.

VP Brooks informed the committee that TSU Facilities staff members have been participating in the capital management severance training offered by THEC, and the institution had initially planned to request authority for the President to execute an *Intent to Sever* form authorizing TSU to sever from the TAR approximately February or March of 2019. However, with the recent vacancies in key capital project related positions at TSU, including the Director of Capital Initiatives and the Vice President for Business and Finance, the institution has determined that it is prudent to defer this action.

VP Brooks noted that the capital management severance process, including the petition, capacity demonstration, and evaluation phases would take approximately ten months. The other five LGIs will sever by July 1, 2018, but THEC has emphasized there is no pressure or requirement for Tennessee State University to do so. The University anticipates that it will request Board approval to proceed with capital severance in approximately a year, after the institution has filled the relevant positions on a permanent basis.

VP Brooks informed the committee that no LGI has commenced the process of severing from TBR in the area of data systems, as each LGI is awaiting THEC's instructions to execute this process.

This was an information item, thus no vote was taken.

X. REPORT ON INSTITUTION'S SEVERANCE FROM THE TENNESSEE BOARD OF REGENTS ON PROCUREMENT

President Glover designated Vice President Cynthia Brooks to present the information on this item.

Under the FOCUS Act, effective April 13, 2017, the six locally governed institutions (LGIs) that were formerly a part of the Tennessee Board of Regents severed from that system in all areas except three: (1) procurement; (2) capital project planning and management; and (3) data systems.

VP Brooks noted that the Tennessee State University Board of Trustees granted the institution authority to sever from the TBR on procurement, effective July 1, 2018. The University's Procurement and University Counsel offices worked diligently to meet all THEC requirements and conditions for independence. THEC approved TSU's severance from the TBR at THEC's May 17, 2018, meeting. The severance is effective July 1, 2018.

This was an information item and no vote was taken.

XI. REPORT ON INSTITUTION'S NEW CAPITAL CAMPAIGN

The President designated Lesia Crumpton-Young, VP for Research to provide the report on this item.

Dr. Crumpton-Young stated that the Institution's new capital campaign is a comprehensive fundraising campaign effort implemented over a 5-7 year span by the Tennessee State University Foundation. All funds received from private sources will be counted. The campaign focuses on four key priorities that are critical to advancing the entire university: funding for student scholarships, endowed chairs and professorships, new facilities, and student programming.

Dr. Crumpton-Young reported that there will be four phases of the campaign. Silent Phase – The start of the campaign, during which time relationships are developed with donors and initial donations are secured. Public Phase – The phase of the campaign during which the funds raised have reached 50% -70% of the fundraising goal, and the campaign marketing goes public. Wrap up Phase –The phase of the campaign where fundraising has reached 90% of the goal. Completion– When the campaign goal is met and the announcement has been made that the Campaign is completed.

Dr. Crumpton-Young noted that the overall goal of the Comprehensive Campaign for Tennessee State University is to raise \$50 million.

Dr. Crumpton-Young informed the committee that TSU's National Alumni Association meeting was held in Atlanta, GA, on June 15-17, 2018. Alumnae expressed an interest in giving with a focus on TSU's athletic programs. TSU Points of Pride was unveiled in March of 2018 to recognize TSU's alumnae who are prominent and emerging leaders in their respective fields. The program is designed to excite and motivate the alumnae body, use social media to highlight TSU's positive contributions to society, and to motivate alumnae to give back to the University through financial contributions.

This was an information item, thus no vote was taken.

XII. REPORT ON THE INSTITUTION'S HOLIDAY SCHEDULE

President Glover designated Vice President Cynthia Brooks to present the information on this item. VP Brooks informed the committee that in accordance with TSU Policy 5:01:01:10, *Holidays*, the University observes the following seven holidays per year:

- (1) New Year's Day,
- (2) Martin Luther King, Jr. Day,
- (3) Memorial Day,
- (4) Independence Day,
- (5) Labor Day,
- (6) Thanksgiving Day, and
- (7) Christmas Day.

In accordance with TSU Policy 5:01:01:11, *Days of Administrative Closing*, an additional six administrative closing days shall be designated as time off from work with pay for regular full-time and part-time employees.

PROPOSED HOLIDAY SCHEDULES*

PROPOSED 2019

New Year's Day	Monday, January 1, 2019
Martin Luther King Day	Monday, January 21, 2019
Memorial Day	Monday, May 27, 2019
Independence Day	Thursday, July 4, 2019
Labor Day	Monday, September 2, 2019
Thanksgiving Day	Thursday, November 28, 2019
Administrative Closing	Friday, November 29, 2019
Administrative Closing	Tuesday, December 24, 2019
Christmas Day	Wednesday, December 25, 2019
Administrative Closing	Thursday, December 26, 2019
Administrative Closing	Friday, December 27, 2019
Administrative Closing	Monday, December 30, 2019
Administrative Closing	Tuesday, December 31, 2019

PROPOSED 2020

New Year's Day	Wednesday, January 1, 2020
Martin Luther King Day	Monday, January 20, 2020
Memorial Day	Monday, May 25, 2020
Independence Day	Friday, July 3, 2020
Labor Day	Monday, September 7, 2020
Thanksgiving Day	Thursday, November 26, 2020
Administrative Closing	Friday, November 27, 2020

Administrative Closing	Thursday, December 24, 2020
Christmas Day	Friday, December 25, 2020
Administrative Closing	Monday, December 28, 2020
Administrative Closing	Tuesday, December 29, 2020
Administrative Closing	Wednesday, December 30, 2020
Administrative Closing	Thursday, December 31, 2020

* When a recognized holiday falls on a Saturday, the University will observe it on the preceding Friday, and if the holiday falls on a Sunday, the University will observed it on the Monday following the holiday.

This was an information item, thus no vote was taken.

The President commended VP Cynthia Brooks on her years of dedication and service and the persons assembled applauded her to wish her well in her upcoming retirement.