

**Tennessee State University Board of Trustees
Finance and Budget Committee Meeting.
September 26, 2019
Tennessee State University. 3500 John A. Merritt Blvd. Nashville, Tennessee 37209
McWherter Administration Building
President's Conference Room**

MINUTES

Committee Members Present: Stephen Corbeil, Richard Lewis, and Bill Freeman.

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

University Staff Present: President Glenda Glover; Laurence Pendleton, General Counsel and Board Secretary; Dr. Alisa Mosley, Interim Vice President for Academic Affairs; Dr. Curtis Johnson, Chief of Staff; Dean Frank Stevenson, Assoc. Vice President of Student Affairs; Horace Chase, Vice President of Business and Finance; Dr. John Cade, Vice President of Enrollment Management; Dr. Charlise Anderson, Director, Accreditation & Assessment; and Terrence Izzard, Associate Vice President of Enrollment Management.

Guests Present: Lauren Collier, Tennessee Higher Education Commission; and Dr. Joseph Silver, Consultant, Silver & Associates.

I. CALL TO ORDER

Trustee Corbeil called the meeting to order at 11:53 a.m. on September 26, 2019.

II. ROLL CALL/DECLARATION OF A QUORUM

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

III. APPROVAL OF THE JUNE 13, 2019, FINANCE AND BUDGET COMMITTEE MEETING MINUTES

Trustee Corbeil proceeded to the approval of the June 13, 2019, Finance and Budget Committee meeting minutes, as included in the September 26, 2019, board materials. Trustee Corbeil moved to approve the minutes. Trustee Lewis seconded the motion, which carried unanimously.

IV. FINANCE AND BUDGET REPORT

Chair Corbeil announced the next item on the agenda is the Finance and Budget report. The materials for this agenda item were included in the September 26, 2019, Board meeting materials.

Chair Corbeil asked President Glover or her designee to provide pertinent information related to this agenda item. VP Chase was designated to present information related to this item.

VP Chase shared the budget update for the FY20. He emphasized that the university made budget cuts of approximately \$6.1 million. He explained that \$4.6M came from vacant positions, while operations facilitated the other \$1.5M. These cuts eliminated 127 vacant positions. Mr. Chase also stated that \$9.3M was needed to adjust for FY21 and beyond. This is to ensure that we stay in line with our reoccurring expenditures and revenue.

VP Chase pointed out that the FY20 Fall revenue was consistent with the conservative revenue projections that were made in the Proposed Budget. He said that he considered the past 3-yr trend when making the projections.

Chair Corbeil asked VP Chase to expand on why the 3% enrollment growth was not reflected in the revenue, noting that revenue decreased even though enrollment increased.

VP Chase explained that with the introduction of the Coding Project, several employees, alumni and a number of students had their cost waived.

President Glover added that for dual enrollment the Tennessee Higher Education Commission (THEC) has a \$500 Cap on each dual enrolled student. Another factor was that FTE did not go up.

Chair Corbeil asked VP Chase for a summary of the count, (students, faculty, alumni) for the next meeting. He was concerned why the revenue was not following the student growth.

Trustee Sekmen stated that the information he had was that registration was up by 33.8% and FTE was up 11.3%. He said the problem he saw was that there were two types of students taking the Coding course: Degree seeking and Non-Degree seeking. He added that his concern was with the Non-Degree seeking students who were enrolled in the course TELC 5005. There were approximately 600 students who were primarily employees, faculty and alumni.

Trustee Sekmen pointed out that from the faculty perspective, the TELC 5005 course should have been designed as a Continuing Education activity rather than a course. President Glover objected to that suggestion. Trustee Sekmen added that a graduate student must take 12 hrs and since this class was the only one being taken by many of the enrolled students, it had a negative effect on the FTE.

Chair Corbeil encouraged Trustee Sekmen to get together with VP Chase in order to reconcile the numbers regarding the Non-Degree seeking students. He asked that VP Chase present the reconciled numbers to the committee at the November meeting.

Trustee Sekmen stated that he is projecting a \$5M student write-off this year. Chair Corbeil responded that although Trustee Sekmen has been correct with his projections in the past, he is hoping that he is incorrect with this one.

VP Chase stated that he always has a contra revenue line in the budget so as to anticipate what revenue is not received. The fact is he has an allowance in place for that adjustment.

Again, Chair Corbeil stressed that the numbers should be reconciled before the committee moves to the final budget. He said that the revised budget is due in November. He also reminded the committee that there will be no use of reserve funds unless for emergency.

VP Chase stated that there will need to be another \$9M / \$10M cut in the FY21 budget (next July). He stated that it was going to be announced early so that each department can better prepare for it.

Trustee McKenzie asked what percentage of projected revenue was federal funding, since economic analysts were predicting an impending recession and federal funding to institutions would be impacted. VP Chase replied that it was a small percentage and that the majority (approx.. 90%) of our funding came from tuition and fees, state appropriation funding.

Trustee Mitchell asked that a visual be provided of the projections and suggested a 5 yr comparison.

Trustee Lewis stated that he was very concerned about the elimination of 127 vacant positions, yet it seems as if we did not have enough qualified personnel. He added that numbers that are presented to the Board should be correct. He also reminded the committee that state appropriations were based on graduation rates.

VP Chase noted that for FY21 the university was going to utilize benchmarks. He stated that he was looking at other institutions, i.e. ETSU, APSU and TTU for the percentage benchmarks and attempt to adjust to those percentages here. He also stated that when there is a 10% budget cut, there is a good probability that it will involve people. He wanted to address that issue now so that we could be on a sound financial base.

Trustee Lewis asked if that 10% cut will mean eliminating faculty. President Glover stated that there will be no cut to faculty positions.

Trustee Sekmen reminded the committee that there was a \$6.1M already cut and \$3M cut was still needed. He stated that enrollment is not stabilized, it has been on the decline. Chair Corbeil agreed that tough decisions had to be made. Short-term or long-term basis.

VP Chase reiterated that FY20 budget: \$6.1M cut. He stated that the faculty/department did not have time to prepare for the hit. He made modifications of \$1.5M. The difference in FY21 is that we all will know in advance, starting July 1st.. therefore, we have 9months to make the decisions.

Trustee McKenzie said that we will have to do more with less and this will mean having to deal with many disgruntled people.

Chair Corbeil stated that the benchmark activities will help us to make informed decisions and that we should move forward with the consultant's report.

Trustee McKenzie reminded everyone that messaging is critical in a situation like this and it will have a direct affect on the Office of the President.. He suggested that we all follow the communications policy and set strict rules around what to say and who could say anything.

Chair Walker added that there should be talking points so that everyone would be saying the same thing. He reminded the committee that we should all be protecting the presidency.

V. AUTHORIZATION FOR PRESIDENT TO ACT TO FACILITATE TWO REAL ESTATE PROJECTS

Chair Corbeil introduced the next item on the agenda as the authorization for President Glover to facilitate two real estate projects. The materials for this agenda item are included in your September 26, 2019, Board meeting materials.

Chair Corbeil asked President Glover or her designee to provide pertinent information related to this agenda item and so Atty. Laurence Pendleton presented the information related to this item.

The two projects referenced can be found in the Board materials dated September 26, 2019 on page 58.

Trustee McKenzie pointed out that though we are able to work directly with the entities involved, we should select qualified individuals to represent the university. Trustee Lewis concurred and expressed his concern as to whether or not we had done our due diligence. He did not want a repeat of what transpired regarding the Titans Stadium issue.

President Glover assured the committee that the university will have counsel.

Trustee Lewis stressed that we needed to have ‘qualified’ people negotiating on behalf of the university. He was adamant that what happened in the past with regards to representation at the negotiating table was due to lack of due diligence. He wanted to go on record as having abstained from voting on this motion.

Chair Corbeil moved to recommend to the full Board the authorization for President Glover to act to facilitate project 1 and project 2 as referenced in the materials for the September 26, 2019 board meeting. Two members were in favor and one abstained.

VI. REPORT ON ENROLLMENT

Chair Corbeil introduced the next item on the agenda is the report on the enrollment. The materials for this agenda item are included in your September 26, 2019, Board meeting materials.

Chair Corbeil asked President Glover or her designees Mr. Terrance Izzard and Dr. Cade, to provide the report for this item as it pertains to the agenda item. For this presentation, Dr. Cade deferred to Mr. Izzard.

Dr. Cade presented the report on enrollment and instructed that the information could be located at page 61 in the Board materials. He pointed out that the university gets paid based on tuition,

benchmarks and graduation numbers. He explained that the 8, 089 total headcount for Fall was including 800 students who were taking the Apple Coding class. President Glover noted that the institution always has students who take classes for free.

Recognizing that there was a discrepancy, Chair Corbeil suggested that updated information was needed by the next meeting.

Trustee Corbeil thanked President Glover and Mr. Izzard for the presentation.

VII. UPDATE ON ENROLLMENT, MARKETING AND STUDENT RECRUITMENT PLAN

Chair Corbeil announced the next item on the agenda as the update on the Enrollment, Marketing, and Student Recruitment Plan. The information for this item was included in the Board meeting materials dated September 26, 2019.

Chair Corbeil asked President Glover or her designees to provide the report for this item as it pertains to the agenda item. For this presentation, Dr. Cade deferred to Mr. Izzard.

Mr. Izzard directed the committee to pages 64 and 65 of the board materials dated September 26, 2019. He added that his strategic plan was working and then directed attention to the Results column of his report.

Trustee Corbeil was interested in knowing the yield number based on the 1489 intent to enroll number. Dr. Cade interjected stating that though he was still finalizing the numbers, it was 1200.

President Glover proceeded to explain the Black College Application that TSU was going to adopt. It will cost the student \$35.00 She stated that we would try this for 1 year.

Chair Corbeil thanked President Glover and her team for the report.

VIII. ADJOURNMENT

Chair Corbeil moved to adjourn the meeting. Trustee Lewis and Trustee Mitchell seconded and the motion carried. The meeting adjourned at 1.