

**Tennessee State University Board of Trustees
Finance and Budget Committee Meeting.
November 21, 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 (via phone), 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. Frances Williams, Assoc. Vice President of Research & Sponsored Programs; Dr. John Cade, Vice President of Enrollment Management; and Terrence Izzard, Assoc. Vice President of Enrollment Management; Dr. Charlise Anderson, Director, Accreditation & Assessment; Mr. Al Hill, Director of Facilities Management; Mr. George Herring, Senior Project Manager; and Mr. David Smart, Executive Director of Design & Construction.

Guests Present: Lauren Collier, Tennessee Higher Education Commission.

I. CALL TO ORDER

Trustee Corbeil called the meeting to order at 11:32 a.m. on November 21, 2019.

II. ROLL CALL/DECLARATION OF A QUORUM

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

III. APPROVAL OF THE SEPTEMBER 26, 2019, FINANCE AND BUDGET COMMITTEE MEETING MINUTES

Trustee Corbeil proceeded to the approval of the September 26, 2019, Finance and Budget Committee meeting minutes, as included in the November 21, 2019, Board materials. Trustee Corbeil moved to approve the minutes. Trustee Lewis seconded the motion, which carried unanimously.

IV. APPROVAL OF THE INSTITUTIONAL REVISED BUDGET

Chair Corbeil announced the next item on the agenda is the approval of the Institutional Revised Budget.

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

VP Chase explained that the Proposed Budget was presented in the spring and the Revised Budget is usually presented in the fall. He shared that Revised budget had the potential to require a transfer of \$9.3 million from Unexpended Plant Funds but steps were taken to reduce costs by freezing positions and reducing operational costs. Hence, the 2018-19 Estimated Budget reflected a projection of transferring \$4,972,100 of Unexpended Plant Funds and the actual amount needed for transfer at June 30, 2019 of Unexpended Plant Funds was \$4,175,000. This amounted to a reduction of \$6.1M.

VP Chase pointed out that the OPEB Expense, which was not included in the previous planning budget, had increased and so he was forced to increase the proposed expenses to a final amount of \$5.2M. The breakdown of this expense is outlined on page 53 of the November 21, 2019 Board meeting materials.

Trustee Lewis asked VP Chase what was the present amount being held in Reserve; to which he responded \$55M / \$60M.

VP Chase stated to the committee that the present practice of budgeting for positions needed to be changed to reflect closer the projected salaries.

Trustee Sekmen added that adjunct professors and temporary faculty were very hard to find. He stated while other institutions had 3-year contracts, we didn't and last year we even changed to one semester contracts. He asked VP Chase to advise on what was the financial benefit of changing the policy of temporary faculty from one year to 3 months.

Dr. Mosley addressed the question by stating that we did indeed have 3-year policy in place.

Chair Corbeil asked VP Chase and Dr. Mosley for a faculty recruitment plan. He suggested that they got together and make/review the policy.

VP Chase announced that he will be freezing positions, class sizes, etc. in an effort to minimize as much as we can for FY20. He added that we will not rely on our Reserves.

Chair Corbeil agreed that we should be building Reserves instead of depleting Reserves. He stated that the \$5.2M expense increase must be reduced or eliminated.

President Glover shared that the plan was to spread the risk over time.

Trustee Freeman added that we take an overview of how we look at next semester. He stated that we could cut expenses as much as we can but fixing the problem meant increasing enrollment.

Trustee Lewis inquired whether SACSCOC was requiring us to submit this financial budgeting as well. He asked if the \$55M in Reserve was just sitting at a Bank. How was it growing?

President Glover stated that it was not all cash money. She said that the plan was to break even and then restart contributing to the Reserves.

VP Chase added that cuts will be viewed positively by SACSCOC since it will show that we are taking the necessary steps to break even.

Chair Corbeil moved to recommend to the full Board the approval of the Institutional Revised Budget, as contained in the Board materials for the November 21, 2019, Board meeting. Trustee Lewis seconded the motion and it carried.

V. FINANCE AND BUDGET COMMITTEE REPORT

Chair Corbeil introduced the next item on the agenda as the finance and budget committee report. The materials for this agenda item are included in your November 21, 2019, Board meeting materials.

Chair Corbeil asked President Glover or her designee to provide pertinent information related to this agenda item and she proceeded to review the Sibson Consulting Agency Report which was included as Attachment A in the Board materials dated November 21, 2019.

Chair Corbeil commented on the confidentiality of the Sibson Report.

President Glover explained the use of Reserves over a period of time as recommended by the Report.

Trustee Sekmen pointed out a discrepancy stating that the student FTE was 6200FTE not 6500FTE as the Sibson Report stated.

Chair Corbeil asked for a financial projection from VP Chase and his team. He wanted to see the Revenue generation – the 3 year enrollment revenue.

VP Chase stated that he took a conservative approach to revenue, since the trend was showing a decrease.

Chair Corbeil insisted that VP Chase come back to the Committee showing revenue projection.

VP Chase added that his approach was to make the necessary cuts in this FY, so as to avoid having to make more cuts later.

Trustee Cole commended VP Chase for having a procedure mapped out before on the onset of the Sibson Report.

VP Chase announced that Sibson was willing to do a more indepth study for TSU (for a fee). He stated that we have already taken steps to avoid using Reserves. He noted that timing was everything and that we needed to move forward on the plan.

Trustee Sekmen advised that the faculty should be told sooner than later. He said that the announcement of cuts should not wait.

President Glover agreed that the ball should start rolling now instead of waiting to make all the changes at the same time.

Chair Corbeil stated that the course of action will be discussed in depth at the March meeting.

Trustee Freeman suggested that a closer look should be taken at the number of faculty.

Trustee Mitchell interjected asking what were we going to do about our declining enrollment. SACSCOC is reviewing us.

Chair Corbeil asked that a report be made on a meeting between VP Chase and Trustee Sekmen on enrollment, since there was an ongoing discussion about the two APPLE initiative courses (TELC 5005 & TELC 2011) and the enrollment discrepancy.

The discussion continued when President Glover added that free courses are being offered to students at other schools all the time and that their attendance is included. Trustee Sekmen suggested that next semester, the courses should be offered as Continuing Education classes instead of being 3-credit courses. President Glover apologized that these free classes were not being offered as Computer Science classes.

Chair Corbeil thanked President Glover for her presentation.

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 November 21, 2019, Board meeting materials.

Chair Corbeil asked President Glover or her designee Mr. Terrance Izzard, to provide the report for this item as it pertains to the agenda item.

Mr. Izzard directed the committee to pages 65 of the board materials dated November 21, 2019. He added that total fall applications were already ahead of last year's number by 332 applications.

Trustee Mitchell suggested that we consider the National Guard of TN for added applicants. She suggested online course delivery to this population for those who were deployed from TN.

Dr. Mosley reminded the committee that TSU had just opened its TSU Veteran's Center and that we were targeting the veteran population.

Chair Corbeil suggested that Mr. Izzard get with Trustee Mitchell and discuss this possibility further.

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 November 21, 2019.

Mr. Izzard continued to present the report on enrollment and instructed that the information could be located at pages 68 through 71 in the Board materials. He guided the committee to the 'results' column of his report demonstrating that the increased efforts by the enrollment management department were resulting in increased numbers. Dual enrollment was playing a significant role in increasing enrollment, as well as the "Everyone can Code" courses. He explained that the new CRM (Customer Relationship Manager) and the Common Black College Application Portal provided additional support to students and the recruitment team.

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

VIII. REPORT ON THE UNIVERSITY'S ELECTRICAL GRID AND POWER OUTAGE INCIDENTS AND RELATED ISSUES

Chair Corbeil introduced the next item on the agenda as the report on the University's electrical grid and power outage incidents and related issues and noted the inclusion of information in the board materials for the November 21, 2019, Board meeting.

Chair Corbeil asked President Glover or her designee to provide pertinent information related to this agenda item. This is an informational discussion item, so no vote is required. President Glover deferred to VP Chase as her designee.

VP Chase guided the committee to pages 74 through 78 of the Board materials for the November 21, 2019 meeting, for a detailed chronological explanation of the events relevant to the agenda item listed.

VP Chase reiterated that there were two separate power outages that took place, September 1, 2019 – and then again on October 6, 2019 – which they confirmed was caused by a lightning strike. He explained that Dr. Mosley relocated classes so as to minimize any academic disruption.

The LRC student learning center was sacrificed in order to power the other buildings

VP Chase explained that THEC had approved \$5M in Capital Funding for this project. He stated that THEC brought this issue to the floor at the House Budget Hearings on behalf of TSU.

IX. ADJOURNMENT

Chair Corbeil moved to adjourn the meeting. Trustee Freeman seconded and the motion carried with the meeting adjourning at 12:50 pm.