

**Tennessee State University Board of Trustees
Finance and Budget Committee Meeting.
September 24, 2020
Tennessee State University. Electronic**

MINUTES

Committee Members Present: Trustees Steve Corbeil and Richard Lewis

Other Board Members Present: Joseph W. Walker, III, Dr. Deborah Cole, Pam Martin, Obie McKenzie, Andre Johnson, Dr. Ali Sekmen, and Tiara Thomas.

Board and University Staff Present: President Glenda Glover; Laurence Pendleton, General Counsel and Board Secretary; Dr. Michael Harris, Interim Provost and 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; Terrence Izzard, Assoc. Vice President of Enrollment Management; and Dr. Charlise Anderson, Director, Accreditation & Assessment.

I. CALL TO ORDER

Trustee Lewis called the meeting to order at 12:09 pm. on September 24 2020. Trustee Lewis moved to make certain findings on the record regarding the necessity for conducting the meeting electronically without a physical quorum present due to the coronavirus pandemic. There is important action to be conducted by the Finance and Budget Committee. Participation by electronic means is necessitated by the COVID-19 pandemic and accompanying guidance from the Center for Disease Control (“CDC”) and the State of Tennessee to enforce social distancing guidelines, including limiting face-to-face contact, whenever possible. Electronic participation for the Committee meeting is necessary for the safety of Board members, staff, and guests. Trustee Corbeil seconded and the motion carried unanimously by roll call vote – Trustee Corbeil and Lewis.

II. ROLL CALL/DECLARATION OF A QUORUM

Board Secretary Pendleton called the roll at the committee chair’s request. Board Secretary Pendleton called the roll. Present: Trustees Richard Lewis and Steve Corbeil. A quorum was established.

Trustee Lewis asked the Committee members to state now if any of the committee members cannot hear or speak with each other. No committee members answered in the affirmative. Trustee Lewis also asked the committee members to indicate if someone is present with them from the location in which they are calling. No committee members indicated there was anyone present.

III. APPROVAL OF THE JUNE 18, 2020, FINANCE AND BUDGET COMMITTEE MEETING MINUTES

Trustee Lewis moved to recommend to the full Board the approval of the minutes from the June 18, 2020, Finance and Budget committee meeting, as contained in the September 24, 2020, board materials. Trustee Corbeil seconded the motion, which carried unanimously by roll call vote.

IV. REPORT ON 2021 AND 2022 TSU HOLIDAY SCHEDULES

Trustee Lewis stated that this agenda item was an informational item of the attached holiday schedules proposed for calendar years 2021 and 2022 and no vote was required. Trustee Lewis asked President Glover or her designee to provide pertinent information related to this agenda item as contained in the September 24, 2020, board materials.

President Glover recognized VP Horace Chase. Mr. Chase confirmed that the holiday schedule as contained in the September 24, 2020 board materials, was typical of the schedules in the past with no significant changes. Trustee Lewis thanked VP Chase and President Glover.

V. REPORT ON COVID-19 FINANCIAL ISSUES

Trustee Lewis announced the next item on the agenda is report on COVID-19 financial issues. This is an informational item and no vote is required. Trustee Lewis asked President Glover or her designee to provide pertinent information related to this agenda item. The material is included in the September 24, 2020, Board Meeting packet.

President Glover reached out again to VP Horace Chase. Mr. Chase discussed that though revenue was down, it was 3.3% above the budgeted amount, but did not include the impact of the purge. He stressed that his team took a conservative approach when preparing the budget since it was expected that enrollment would be lower due to COVID-19. He indicated that student food sales projected revenue for fall FY21 was \$4.9 million but the actual year-to-date was \$4 million, which was 18.4% lower than the fall projection since less students were staying on campus. Student Housing revenue was also lower, again because less students were on campus due to COVID-19.

Mr. Chase added that regarding capital improvements, TSU would be receiving \$5 million for the electrical grid, but would not be funded for the other projects presented. He stated that all state appropriations were down.

Trustee Sekmen suggested that there might have been an “unintended flaw” in the attendance reporting, since several students were reported as having “never attended”. He voiced his concern about us being able to actually collect the stated revenue. This led to Mr. Izzard and Dr. Melton adding clarity to the enrollment and reporting process. Provost Harris added that it was the responsibility of the faculty to accurately report attendance. The discussion continued about attendance reporting and concluded with Trustee Thomas thanking President Glover and Provost Harris for providing an open opportunity students to voice their concerns and their fears about virtual learning. She was encouraged by many of the suggestions that were made regarding improving student engagement.

Trustee Lewis thanked President Glover and everyone for the informative discussions.

VI. REVISED OCTOBER BUDGET UPDATE

Trustee Lewis announced the next item on the agenda is the revised October budget update. He stated that this was an informational item and no vote is required. Trustee Lewis then asked

President Glover or her designee to provide pertinent information related to this agenda item. The material is included in the September 24, 2020, Board Meeting packet.

President Glover directed VP Horace Chase to respond. Mr. Chase advised the committee that his team was still working on updating the budget. He promised that a revised budget will be presented at the November Board of Trustee meeting.

Trustee Lewis thanked VP Chase and President Glover.

VII. FINANCE AND BUDGET REPORT

Trustee Lewis introduced the next item on the agenda, the finance and budget report. This was an discussion item and so no vote was required. Trustee Lewis asked President Glover or her designee to provide pertinent information related to this agenda item. The material is included in the September 24, 2020, Board Meeting packet.

Trustee Lewis then asked President Glover or her designee to provide pertinent information related to this agenda item. VP Chase was asked to respond and he shared the following updates on the facilities assessments, financial statements, and SACSCOC accreditation. He began by stating that the electrical grid assessment was completed in August 2020 and that the total estimated to complete the project will be \$19.2 million. The State has allocated \$5 million to assist with improvements and these dollars will be available for Fiscal year 2021 beginning July 1, 2020. The project is expected to be completed over a four year period. An additional \$14.2 million is still needed to fund the project. A comprehensive facility assessment was being conducted of all buildings on campus. This assessment was for all residence halls, academic and administrative buildings. This will better allow facilities management and the administration to establish strategic priorities related to the needs of facilities. He added that this roadmap will create any opportunity to efficiently use limited resources and make more strategic funding requests. The assessment was to be completed and reviewed within the next 30 days.

Mr. Chase then commented about the financial statements and revealed that the State Auditors were completing the report for audit of the FY2018 Financial Statements and the report was expected to be released in October 2020. Due to the completion of the FY2017 audit around December 2018, management responses to findings in FY2017 audit occurred after FY2018 was complete, thus delaying the corrective action plans for FY2017. The State Auditors were in the process of auditing the FY2019 Financial Statements and were expected to finish their field work within the next 60 days. Preparation for the FY2020 Financial Statements were in process. TBR had extended the due date to all colleges and universities since there was a delay from the State. The auditing of the FY2020 Financial Statements had also begun. The auditors were requesting Information that they can be audited although the statements are not finalized. The targeted audit completion date for FY2020 is late February 2021.

Mr. Chase shared that the SACSCOC standard 13.2 requires that the university provide an institutional audit for the most recent fiscal year FY2020. This audit report would be submitted with other institutional data in the Compliance Certification report in September 2020 to SACSCOC. The Compliance Certification report will be reviewed by the SACSCOC Off-Site Review Committee. The Off-Site Review Committee will then provide a report indicating which of the standards are found to be in compliance or non-compliant. Mr. Chase shared that in an effort for full disclosure, we should expect that TSU will be found to be non-compliant relative to standard 13.2 and possibly some other related financial standards because the FY2020 audit is not complete. He advised that this was typical for a lot of universities whose fiscal year ends on June 30, since the Compliance Certification reports are due in September and that makes it difficult to prepare financial statements and have them audited within that short time frame. The next opportunity for review by SACSCOC is with the On-Site Review Committee in March 2021. The State Auditors are expected to have the FY2020 audit completed in late February in an effort to meet that deadline. At that point, the university will have an opportunity to have demonstrated that it is in compliance with standard 13.2 and any other related financial standards.

Trustee Lewis asked for clarification regarding which reports were already seen by SACSCOC. VP Chase confirmed that the report for FY18 was already completed but SACSCOC had not seen FY18, FY19 nor FY20. Provost Harris added that the Compliance report indicated which years were completed and which is expected to be completed by the time the On-Site Review Committee visits in late February, 2021.

Trustee Lewis thanked everyone for the clarification and updates.

VIII. REPORT ON CARES ACT FUNDING

Trustee Lewis announced the next item on the agenda as the report of CARES Act funding and asked President Glover or her designee to provide pertinent information related to this agenda item. The material is included in the September 24, 2020, Board Meeting packet. This was an informational item and so no vote was required.

President Glover asked Mr. Chase to comment on this item and he proceeded to identify the CARES Act funds received and the amounts which had been disbursed. A breakdown of the funds are included on page #65 of the September 24, 2020 Board Meeting materials. Mr. Chase identified the Student Portion and the Institute Portion totaling \$7.2 million; the HBCU funds totaling \$16.2 million and the Coronavirus Relief funds totaling \$747, 100. Mr. Chase noted that these funds were all used for scholarships, academic technology, institution supplies, instruction and aiding with securing laptops for students so as to facilitate online access to learning. He reminded the committee that all funds were needed to be utilized by November 15, 2020.

Trustee Corbeil asked about which fiscal year would these expenditures be reflected and VP Chase clarified that the expenditures which were all restricted funds, would be reflected on FY20 as well as FY21.

Trustee Lewis then thanked everyone for this important information.

IX. REPORT ON VOLUNTARY EMPLOYEE SEPARATION PROGRAM

Trustee Lewis introduced the next item on the agenda as the report on voluntary employee separation program (VESP) and asked President Glover or her designee to provide pertinent information related to this agenda item. The material is included in the September 24, 2020, Board Meeting packet. This was an informational item and so no vote was required.

President Glover again asked VP Chase to share the information on VESP with the committee. Mr. Chase pointed out that the information in the Board Materials identified only the numbers relating to staff who applied, since faculty had a later withdrawal date and so those numbers had not been finalized by the cut-off date for submitting data for the Board meeting. Mr. Chase stated that 57 staff members had applied and 40 were eligible. This would reflect a One-time Investment of \$1.6 million, with a recurring savings of \$1.9 million. Though not finalized, Mr. Chase shared that the numbers calculated for faculty amounted to 39. These would reflect a One-time Investment of \$3.6 million, with a recurring saving of \$4.3 million. The VESP would provide an approximate total One-time Investment of \$5.3 million, with an approximate recurring saving of \$6.3 million.

President Glover added that finalized numbers would be provided at the next Board Meeting which is scheduled for November 19, 2020.

Trustee Lewis thanked President Glover and VP Chase for this information.

X. REPORT ON ENROLLMENT

Trustee Lewis introduced the next agenda item, the report on enrollment and asked President Glover or her designee to provide pertinent information related to this Finance and Budget Committee agenda item. The material was included in the September 24, 2020, Board Meeting packet and was an informational item and so no vote was required.

President Glover asked Mr. Terrence Izzard to report on this agenda item. Mr. Izzard stated that that he was excited to announce that although the overall enrollment numbers were down from last year, the new student numbers were up. Mr. Izzard directed everyone to page #71 of the September 24, 2020 Board Meeting materials for a breakdown of the enrollment update, comparison and admission analyses. Mr. Izzard also shared with the committee that he was excited about the new Enrollment Services team comprising of a new Director of Admissions, Executive Director of New Student Programs, Admission Team Associates and a team of Enrollment Specialists. This Enrollment Services team had spent countless hours working alongside President Glover, Provost Harris and others on ZOOM meetings, Facetime and MS Teams calls with students. This was all in an effort to engage with the students and their parents, and in particular, the returning students.

Trustee Corbeil congratulated Mr. Izzard on reporting a favorable trend regarding undergraduate enrollment for 2021. He then asked about the enrollment numbers for the Graduate School. Dr. Melton commented with a response highlighting the fact that the APPLE, Inc. funding that was available for Coding classes last year, were not available this year and could have had an impact on the decreased enrollment numbers. Provost Harris mentioned that TSU had removed some enrollment barriers this year, including the GRE requirement, and so this may help in increasing the numbers next year.

Trustee Cole applauded the efforts from the enrollment team, Mr. Izzard, Dr. Melton and their staff. She remarked that in light of the COVID-19 challenges, that the entire team at TSU did a

remarkable job with getting the students in. Trustee Lewis concurred and thanked President Glover and Mr. Izzard for the report.

XI. UPDATE ON ENROLLMENT, MARKETING, AND STUDENT RECRUITMENT PLAN

Trustee Lewis announced the next item on the agenda is report enrollment, marketing, and student recruitment and no vote is required. Trustee Lewis asked President Glover or her designee to provide pertinent information related to this agenda item.

President Glover turned it to Mr. Izzard. Mr. Izzard referenced the report in the board materials on page #75 and announced that he, in fact, had combined his report with that of the enrollment update. Mr. Izzard reiterated that he and his team were “laser focused” on increasing enrollment for the upcoming academic year. He even mentioned that they had a theme – The COVID Comeback!

Trustee Lewis thanked President Glover and Mr. Izzard again.

XII. REPORT ON REDISCOVER TSU

Trustee Lewis introduced the final agenda item as the report on Rediscover TSU. This was also an informational item so no vote was required. Trustee Lewis asked President Glover or her designee to report on this agenda item. President Glover stated that she was happy to call on Mr. Jamie Isabel to report on this item.

Mr. Isabel introduced himself as a consultant for TSU who was working with the Department of Institutional Advancement and Corporate Strategic Initiatives. Mr. Isabel explained that the Departments of Alumni Engagement and Institutional Advancement were both aligned and working together to achieve the necessary goals for TSU. He announced that the goals for Alumni Giving was \$1.2 million and the goal for Corporate Giving was \$2.4 million.

Mr. Isabel went on to explain that for the period July 1, 2020 to July 22, 2020, his team had already raised \$1.47 million which represented more than 50% of what was raised the entire past year. He named some of the corporate sponsors that had already given (\$1.47 million), and then listed some other corporations which had already committed to donate. Mr. Isabel then thanked his team for their hard work, the Board of Trustees and all others who contributed to helping TSU.

Trustee Cole then commented that she was well aware of money raised by the AKA Sorority and that she had personally received several calls to donate. Trustees Freeman and Martin both complemented the efforts of Mr. Jamie Isabel and praised President Glover for bringing him onboard.

Trustee Lewis then moved to adjourn the meeting and Trustee Corbeil seconded which carried by roll call vote. The meeting was adjourned at 1:35 pm.