

**Tennessee State University Board of Trustees  
Finance and Budget Committee Meeting, November 15, 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, Bill Freeman, and Dr. Richard Lewis

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

**University Staff Present:** President Glenda Glover; Mr. Laurence Pendleton, General Counsel and Board Secretary; Horace Chase, Vice President for Business and Finance; Dr. Curtis Johnson, Chief of Staff; Dr. John Cade, Vice President for Enrollment; Terrence Izzard, Assistant Vice President of Recruitment; Ben Northington, Director of Fiscal Affairs; and Tamika Parker, Executive Assistant to the General Counsel.

**Guests Present:** Lauren Collier, the Tennessee Higher Education Commission.

**I. CALL TO ORDER**

Trustee Corbeil called the meeting to order at 9:25 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, Trustee Freeman, and Trustee Lewis were present. Secretary Pendleton announced the presence of a quorum.

**III. APPROVAL OF SEPTEMBER 20, 2018, COMMITTEE MEETING MINUTES**

Trustee Corbeil proceeded to the approval of the September 20, 2018, Finance and Budget Committee meeting minutes, as included in the November 15, 2018, board materials. Trustee Corbeil moved to approve the minutes. Trustee Freeman seconded the motion, which carried unanimously.

**IV. APPROVAL OF THE INSTITUTIONAL REVISED BUDGET**

President Glover asked Vice President Horace Chase to present the report on the institutional revised budget.

Vice President Chase informed the committee that the institutional revised budget (IRB) includes a \$15.3 million reduction to the unrestricted revenues shown in the July Proposed Budget. Mr. Chase noted that adjustments in the projections for Tuition and Fees was the largest portion of the reduction and accounted for \$13.3 million of the \$15.3 million reduction to the IRB. He also noted that the reduction to the proposed budget resulted from a downward trend in enrollment from the projected 7800 total student enrollment to the actual enrollment of 7300 students and

suggested that the out of state projections were too optimistic. Vice President Chase also stated that expenditures were higher than expected.

Trustee Lewis asked Mr. Chase to confirm the portion of the reduction due to reduced enrollment. Mr. Chase confirmed that \$13.3 million of the \$15.3 million reduction to the IRB was due to reduced enrollment.

Trustee Corbeil asked how FY 18-19 enrollment compared to FY 17-18 enrollment.

President Glover responded that last year's decline was larger than this year and that the committee should remember that the university refused approximately 400 applicants due to the higher admission standards.

Trustee Corbeil warned that the university will have to adjust to the current circumstances.

President Glover responded that three options exist for the university: to increase revenues, decrease expenses, or draw from reserves. President Glover commented that the administration plans to reduce expenses and remains committed not to use reserves and not to reduce faculty.

Trustee Lewis asked the President to verify that the university's reserves would not be utilized.

President Glover clarified that the administration has committed not to use reserves to cover operating expenses, but that reserves would be an option to cover unforeseen emergency costs.

Trustee Corbeil noted that we drew from the university's reserves last year to cover operating expenses and asked if there were any other questions or concerns. He noted that the committee meetings were the most appropriate forum for debate and discussion.

Trustee Sekmen commented that he believed that trustees should be able to voice their concerns and views both in the committee meetings and in the full board meeting. He then asked for clarification of the last paragraph on page 60 of the full board materials for the November 15, 2018, board meeting.

Trustee Corbeil asked Trustee Sekmen to hold his question until the cost reduction plan was presented for discussion.

Trustee Sekmen then asked President Glover for the value of the write-off of non-recoverable student debt.

Mr. Chase responded, as the President's designee, that the write-off was approximately \$2 million and was reduced down from \$5 million.

Trustee Sekmen asked President Glover to confirm how the \$6.7 million from reserves was used for FY 17-18.

Mr. Chase confirmed that the \$6.7 million from reserves was used to cover the entire budget shortfall.

Trustee Corbeil reiterated that the funds covered the entire shortfall and not just non-recoverable student debt. Trustee Corbeil asked what portion of the non-recoverable student debt was attributed to students who were not properly purged and how much did those students owe to TSU.

Mr. Chase responded, as the President's designee, that he did not know but that he would try to get those values to the committee following the meeting.

Trustee Corbeil clarified that what Trustee Sekmen was asking was what assumptions were made about the student projections.

President Glover noted that the allowance account does not get written off and she asked Mr. Chase how non-payment is factored into the budget.

Mr. Chase clarified that students that confirm their registration are included in revenue projections. Students with deferred payment plans are not purged and are counted in revenue projections. When projections are made, they are done in March of the fiscal year. Mr. Chase referred the attendees to the third column of page 61 in the November 15, 2018, board materials. He noted that \$71 million was shown in the October 2018-19 revised budget as compared to \$79 million actual revenue for Fiscal year 2018-19. The \$8 million reduction over one year increased part of the \$15.3 million short fall. Mr. Chase noted that the university must reduce expenditures at four and one half months into the fiscal year after funds have already been spent or encumbered.

Trustee Corbeil noted for the committee that the discussion had transitioned into the action plan for the budget.

Mr. Chase commented that the Finance and Budget department was freezing operations at \$6 million. He also noted that \$9 million allocated to vacant positions would also be frozen, which would total \$15 million and would be sufficient to cover the \$15.3 million shortfall in the IRB. Mr. Chase detailed that the university has some vacant positions that are critical for the current year and would still be filled. Mr. Chase also commented that some positions are under additional scrutiny with respect to the long-term strategic plan to determine whether they could and should be revised or consolidated into other positions. Mr. Chase noted that he plans to bring in unbiased independent consultants to help identify the critical needs of TSU and allow the university to return to fiscal security. The consultant's report is scheduled to be submitted to the university by January 2019 in time for planning in February 2019. Mr. Chase iterated that the report will focus on the operating budget and growing the student body.

Trustee Sekmen asked if the hiring freeze will affect faculty positions for which candidates are currently being interviewed. Mr. Chase answered that necessary faculty positions will be filled.

Trustee Sekmen asked if full-time faculty positions will be filled. President Glover responded that she and Mr. Chase went through the list of open positions, faculty and staff like the bursar, identified the positions for which candidates are being interviewed and those for which offers had been made. The open positions that are unfilled and have not had candidate interviews are frozen.

Trustee Sekmen asked whether the positions that are not yet advertised are frozen and President Glover answered yes, but that exceptions may exist for some critical positions. President Glover also noted that the hiring freeze is anticipated to last for up to six months.

Vice President Chase commented that the allocated money was temporarily frozen for unfilled positions.

Trustee Freeman stated that he wanted to discuss the decline in enrollment, its causes, and trends

over the past several years including the decline in the nursing program. He asked if the administration expected the decline to continue.

Trustee Corbeil asked for details on the plan to stabilize and reverse the trend in downward enrollment with the higher admission standards taken into account.

President Glover noted that the Board might want to admit the 400 students that were not granted admission in the fall term of FY 2018-19. She also noted that the funding formula was based on progression as opposed to earlier models based on enrollment. President Glover confirmed that it was the administration's preference to have 7800 students who had demonstrated a good chance at progressing as opposed to admitting 9100 enrolled students with little to no chance of progressing.

Trustee Corbeil reiterated that the committee wants a plan on enrollment. Trustee Corbeil then asked Trustee Freeman if he would assent to deferring the discussion about enrollment to a later date. Trustee Freeman agreed.

Trustee Corbeil stated that his concern is how the university will proceed if the stated cost reduction measures were insufficient. He asked President Glover whether the university needs to consider layoffs.

Trustee Corbeil reiterated that the committee could not ignore the possibility that the current cost reduction plan is insufficient.

President Glover noted that the university operates similarly to a household and confirmed that no assurances that no one would be laid off had been given, but that she gave assurances that faculty would not be touched.

Trustee Corbeil commented that the committee will leave it to management to make sure that the budget is met. He referenced the cost reduction plan as written because it does not include any other options if reserves will not be used to cover operating expenses.

Trustee Sekmen noted that the board needs to be clear on what the assurances to faculty mean. He posited that as an example, what if the independent consultant finds that there are too few nursing students to sustain the nursing faculty.

Mr. Chase reiterated that the freeze is a short-term plan. The consultant's findings will be used to create the long-term plan and forward strategy.

Trustee Corbeil noted for the committee that the administration will not simply take the consultant's report and recommendations and implement them as written. The administration will review the recommendations and decide how best to move forward.

Trustee Mitchell commented that Dr. Glover has a plan for correction, but that the committee does not want the details to leave the room.

President Glover noted that she wanted to make clear that faculty will not be cut and that they should feel secure.

Trustee Corbeil asked for a motion to accept the institutional revised budget. Trustee Lewis moved to accept the institutional revised budget and Trustee Freeman seconded the motion, which carried unanimously.

**V. AUTHORIZATION TO EXECUTE NOTICE OF INTENT FOR TSU TO SEVER FROM THE TENNESSEE BOARD OF REGENTS ON CAPITAL MANAGEMENT FUNCTION**

President Glover designated Vice President Chase to present the report for this item.

Vice President Chase commented that he is working with THEC on job descriptions, putting the right people in the right place, and making sure bond requirements are met. He noted that people with the required qualifications need to be in place to review and start preventative maintenance as opposed to reacting to issues. Mr. Chase noted that the timeline is July 1, 2019, to begin implementing the plan to sever from the TBR on capital management by July 1, 2020. He also informed the committee that this step will eliminate the TBR as the middleman.

Lauren Collier commented that other land grant institutions are still transitioning on capital management.

Trustee Lewis moved to authorize the notice of intent for TSU to sever from the TBR on capital management and Trustee seconded the motion, which passed unanimously.

**VI. REPORT ON ENROLLMENT, STUDENT RECRUITMENT, AND MARKETING PLAN**

President Glover designated Dr. John Cade to present the report for this item.

Dr. Cade reported that the university has experienced a 9% decline in student enrollment from 9,179 to 7,780 students over the last 5-7 academic years. He noted that total enrollment had typically fluctuated between 8,500 and 9,000 students, and that over the last five years, the university has experienced a 15% decline. He also pointed out that the university is no longer funded based on head count, but progression, which is affected by whether students meet benchmarks, progress, and graduate. Dr. Cade commented that the number of students determines the number of faculty and staff required to support them. Dr. Cade noted that regardless of the number of students recruited, the university must retain them and retention is dependent on the students' finances. Dr. Cade stated to the committee that the average out of state student pays \$30,000 per academic year to attend TSU.

Trustee Lewis asked Dr. Cade to clarify the significance of benchmarks. Dr. Cade clarified that benchmarks are based on the number of students in the same cohort of students completing 30, 60, and 90 credit hours and then progression to graduation.

Trustee Lewis asked if there is a time limit regarding benchmarks.

Trustee Mitchell stated that many schools struggle with recruitment and retention, but they address innovation, which the TSU administration has yet to do. Trustee Mitchell asked what strategies the university will implement that will allow recruited students to reach benchmarks.

Trustee Corbeil asked the committee to turn to the appendix of the materials for the November 15, 2018, board meeting to review the draft strategic enrollment plan.

Trustee Mitchell stated that it is important that as the plan is reviewed, that the committee note

that a uniform plan without information silos would be the best option for the university.

Trustee Corbeil agreed and reiterated that an integrated plan is needed.

Terrence Izzard greeted the committee and provided a general overview of the Strategic Management Plan starting with the executive summary. Mr. Izzard detailed that Dr. Glover appointed a committee consisting of members representing various constituencies of the university including deans faculty, staff, administrators, and students. The chairman of the committee is Dr. Curtis Johnson, Chief of Staff and the co-chairs are Terrence Izzard and Dr. Sharon Peters. Mr. Izzard outlined the five elements of the undergraduate strategic plan: outreach, marketing, communications, technological infrastructure enhancement and capital improvements, and scholarship funding. Mr. Izzard reviewed category 1 and Action item 1.1.6, high school recruitment receptions for metropolitan Nashville, Memphis, Chattanooga, Clarksville, and Jackson, Tennessee.

President Glover noted that her aim is to increase the number of high school visits and forge relationships with Clarksville and MNPS superintendents and the principals of Whitehaven HS in Memphis as well as MLK and Hume Fogg high schools in Nashville.

Trustee Freeman commented that a 15% cumulative decline was much higher than he realized. He clarified that he understood over the previous terms that a decline of a point or two had been observed, and asked how the university's enrollment declined by 15% over three years.

President Glover responded that the administration has shown the enrollment declines to the board at every meeting.

Trustee Freeman asked Dr. Cade to confirm that the largest decline in enrollment was 9%, which Dr. Cade confirmed. Dr. Cade further clarified that the university loses 300 – 700 students per year. Dr. Johnson added that research shows that enrollment in college declines during good economic years.

Trustee Mitchell asked if the administration analyzed major contributing factors for the decline, the greatest areas of impact, and projections for next academic year's enrollment.

President Glover designated Dr. Johnson to provide the answer to Trustee Mitchell's question.

Dr. Johnson provided that the nursing program was a major contributing factor. He noted that community colleges and local high schools provide great opportunities for improvement to the university. Dr. Johnson commented that the university believes that if we can get students to visit the TSU campus, we can recruit them and he noted that 400 students have visited the campus and attended basketball games.

Trustee Corbeil asked if exit interviews are conducted for students that fail to return to campus.

President Glover answered affirmatively and commented that the first documented reason students fail to return to campus is money or an inability to pay tuition and fees and the second major reason students fail to return to campus is customer service.

Trustee Freeman asked to make a point that MTSU's enrollment is rising and that while peer institutions are setting enrollment records, TSU is experiencing a 15% decline. Trustee Freeman exclaimed that the comparisons are shocking and that the university must get clear on the reasons for the decline.

Trustee Corbeil agreed that the board requires a clear and crisp answer on what factors are driving the decline in enrollment.

President Glover provided that the answer is that, if we recruit students that do not have the money, they do not stay. She noted that other peer institutions give students full-scholarships with I-pads, scooters, etc.

Trustee Lewis asked where other schools get the money.

President Glover noted that fundraising and alumni giving are greater at other schools.

Trustee Corbeil stated that the committee needs frequent updates on the plan. Trustee Lewis asked what frequent meant.

Trustee Mitchell noted that the report and plan are outstanding, but that she requires a market analyst on new programs as compared to other HBCU's and major areas of study. She noted that other institutions such as Rutgers and Penn State added a textile and design major, Asian studies, and African American studies programs. She then asked what TSU is doing to attract new students.

President Glover informed the committee that TSU has embarked on its strategic recruitment plan, increased exposure for the university through venues such as HBCUconnect.com, and is focusing on the graduate school's enrollment.

Trustee Mitchell commended the President and her designees on the beautiful report.

Trustee Lewis moved to add a review of the strategic enrollment plan to the agenda over the next four board meetings. Trustee Freeman seconded the motion, which passed unanimously.

## **VII. ADJOURN**

Trustee Corbeil moved to adjourn the meeting at 10:50 a.m. Trustee Freeman seconded the motion, which carried unanimously.