

**Tennessee State University Board of Trustees  
Finance and Budget Committee Meeting.  
June 18, 2020  
Tennessee State University. Electronic**

**MINUTES**

**Committee Members Present:** Trustees Steve Corbeil, Richard Lewis

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

**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; Terrence Izzard, Assoc. Vice President of Enrollment Management; and Dr. Charlise Anderson, Director, Accreditation & Assessment.

**I. CALL TO ORDER**

Trustee Corbeil called the meeting to order at 10:54 a.m. on June 18, 2020. Trustee Corbeil 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 Lewis 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.

**III. APPROVAL OF THE NOVEMBER 21, 2019, FINANCE AND BUDGET COMMITTEE MEETING MINUTES**

Trustee Corbeil moved to recommend to the full Board the approval of the minutes from the November 21, 2019, Finance and Budget committee meeting, as contained in the June 18, 2020, board materials. Trustee Lewis seconded the motion, which carried unanimously by roll call vote.

#### **IV. APPROVAL OF THE MARCH 12, 2020, FINANCE AND BUDGET COMMITTEE MEETING MINUTES**

Trustee Corbeil moved to recommend to the full Board the approval of the minutes from the March 12, 2020, Finance and Budget committee meeting, as contained in the June 18, 2020, board materials. Trustee Lewis seconded the motion, which carried unanimously by roll call vote.

#### **V. REPORT ON COVID-19 FINANCIAL ISSUES**

Trustee Corbeil 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 Corbeil asked President Glover or her designee to provide pertinent information related to this agenda item. The material is included in the June 18, 2020, Board Meeting packet.

President Glover recognized VP Horace Chase. Mr. Chase discussed the financial housing and dining impact with students leaving the university from March 21, 2020. TSU refunded money to students. Mr. Chase discussed how the summer school has shifted to on-line and now out of state students can be on-line and thus e-rate became applicable and cost TSU about \$1 million. For Fall 2020, athletics is experiencing cuts in games, etc. There is an increase in need for technology. TSU is discussing various social distancing options, including plexi-glass, masks, gloves, etc. There is a possible need for adjunct faculty or others with smaller class size if option and there will likely be additional cleaning costs.

Trustee Corbeil asked about the CARES act and reimbursement. Mr. Chase said that TSU is getting about \$7.2 and half was directly for students with Title IV eligibility. Grad students got \$500; non Pell eligible students got \$600; and Pell eligible students got \$800. Mr. Chase said that TSU has about \$500,000 for hardships remaining. He explained that the other half of CARES Act funds are to reimburse TSU for some of the costs and lost revenue, including student refunds. He said that there is \$16.2 million coming in from HBCU funds to address some financial issues that TSU may be facing related to COVID-19.

Trustee Corbeil asked for confirmation that those will be following through financials. Mr. Chase confirmed.

President Glover explained that students receive the funds and they couldn't choose to keep it in their TSU fund. In other words, TSU gave the refunds to the students directly.

#### **VI. APPROVAL OF THE FISCAL YEAR 2020-2021 NON-MANDATORY FEE INCREASE**

Trustee Corbeil said that TSU is not proposing tuition or mandatory fee increases, but only a non-mandatory fee increase. Trustee Corbeil asked President Glover to provide pertinent information related to this agenda item. The material is included in the June 18, 2020, Board Meeting packet.

Mr. Chase discussed that were considering minimal tuition increases, but decided against it to limit the COVID-19 impact to students. President Glover explained that THEC Director Krause got the State to not cut higher education, along with Medicaid and K-12 education.

Mr. Chase discussed the non-mandatory fee increases for about \$64,460 annual basis.

Trustee Corbeil moved to recommend to the full Board the approve the fiscal year 2020-2021 non-mandatory fee increase, as contained in the June 18, 2020, board materials. Trustee Lewis seconded the motion, which carried unanimously by roll call vote.

## **VII. APPROVAL OF THE INSTITUTIONAL ESTIMATED AND PROPOSED BUDGETS**

Trustee Corbeil asked President Glover to provide pertinent information related to this agenda item. The material is included in the June 18, 2020, Board Meeting packet. Trustee Corbeil acknowledged that CARES Act dollars have been discussed and will flow through the budget.

Mr. Chase first spoke about the estimated budget contained in the Board Meeting packet. There is a decrease in revenue of about \$2.9 million, including the previously discussed real estate transactions for \$4 million. President Glover explained that it has been taken off the books as it is not happening right away. Trustee Lewis asked about the location. President Glover said it was about the Incubation Center. Mr. Chase explained the mandatory debt service with increase of \$1.1 million. The net effect ended with a \$6.4 million shortfall from the revised to the present. He said that TSU anticipates recoupment of about \$2.4, so that it is down to about \$4 million. There is a \$12.3 million dollar shortfall for estimated budget.

Trustee Cole asked for clarification on when final numbers come in. Mr. Chase confirmed that final numbers will be reported in September. Trustee Cole explained that looking at \$12.3 million shortfall, but depending on what happens, TSU could get that down.

Trustee Corbeil clarified that \$12.3 million can be taken from reserves. Trustee Corbeil said that external benchmarks and Simpson report has come back but we haven't discussed in detail. He said that it is disappointing that TSU can't demonstrate that it has done everything on the benchmarking side.

Mr. Chase said that we were not able to successfully implement the plan. TSU plans to start implementing in fiscal year 2021.

Trustee Sekmen referenced the increase in enrollment but decline in tuition revenue went down. Mr. Chase explained that head count is a different way to calculate. TSU uses FTE method and thus does not show same head count increase. Trustee Sekmen asked why estimated decline would not be more significant. Mr. Chase explained that the proposed budget will be discussed next, but TSU has not made all changes related to COVID-19.

Trustee Corbeil referenced assumptions in board materials as what drives proposed budget.

Trustee Cole asked whether there are write-offs of accounts that need to be made for the estimated budget. Mr. Chase explained that write-offs are already done annually. He explained the student tuition write-off process and bad debt expense are already included in the estimated budget.

Trustee Sekmen discussed prior year's way to save money that included elimination of positions. He said that the process used caused problems, and a better process is needed if positions are eliminated. President Glover explained the process with review of open positions and whether Deans asked to have that position back. Dr. Mosley explained that conversations were had with Deans on individual decisions. Trustee Sekmen asked how many terminated positions were later reinstated after appeal process. Mr. Chase said that there were several and strategic process going forward will look different and more thought out.

Trustee Cole and Trustee McKenzie thanked the President and Mr. Chase for their straight-talking in relation to the budget discussion. Trustee Corbeil said that there are going to have to be difficult decisions made in this next year. Trustee Corbeil said there is a need to use these outside assessments to drive decisions.

Mr. Chase discussed next year's proposed budget as included in the Board meeting packet. Mr. Chase said that there is a proposed budget shortfall of \$3.8 million for next year.

Trustee Corbeil moved to recommend to the full Board the approval of institutional budgets, as contained in the June 18, 2020, board materials. Trustee Lewis seconded the motion, which carried by roll call vote.

## **VIII. REPORT ON COMPOSITE FINANCIAL INDEX**

Trustee Corbeil asked President Glover to provide pertinent information related to this agenda item. The material is included in the June 18, 2020, Board Meeting packet.

Mr. Chase referred to the Composite Financial Index document in the Board packet. TSU is above the watch level for our CFI, but wants to watch this. He explained that there has been some improvement in primer reserve ratios, but need to better it.

Trustee Corbeil expressed interest in looking at other HBCUs for comparison.

Trustee Sekmen asked about the primer reserve ratios and the shortfall from this year. Mr. Chase said this is the area that TSU is working to improve.

Trustee Corbeil asked for information on the proposed voluntary separation plan. Mr. Chase discussed the need for a voluntary separation plan, referencing external reports. He explained the VSP process which including ask for employee volunteers by July 31, 2020 in exchange for incentive, depending on their role. Mr. Chase said that there is hope with 100 employees for about \$5.8 million one-time investment and \$8 in annual savings.

## **IX. FINANCE AND BUDGET REPORT**

Trustee Corbeil introduced the next item on the agenda as the finance and budget report. The materials for this agenda item are included in the June 18, 2020, Board meeting materials.

Trustee Corbeil asked President Glover or her designee to provide pertinent information related to this agenda item. Mr. Chase discussed the report in Board Meeting materials. He acknowledged that COVID-10 and CARES Act have already been discussed. Facility assessment is still ongoing with the electrical grid and is wrapping up and \$5 million still included in State budget. He said that comprehensive facility assessment is ongoing and should be completed in August 2020. Financial statements are included. TSU is preparing for the fall.

Trustee Sekmen suggested review of administration role as our percentages for administrative positions are twice as high as other LGIs. Mr. Chase discussed use of the benchmarks and plans to review other data.

Trustee Corbeil thanked President Glover for her presentation.

#### **X. APPROVAL OF INSTITUTION'S FISCAL YEAR 2020-2021 CAPITAL CONSTRUCTION PLAN**

Trustee Corbeil introduced the next item on the agenda as approval of the institution's capital construction plan. The material is included in the June 18, 2020, Board Meeting packet.

Mr. Chase discussed challenges from state funds as lost about 12% from some of funding that TSU was supposed to get for this year. He said that TSU had to make adjustments in future year plans. Facilities plan will help provide support for future year capital plans.

Trustee McKenzie asked whether there is consideration for black and women owned firms to bid on these projects. Mr. Chase said that he will look into this issue. Dr. Johnson said that TSU has worked hard on trying to be inclusive. TSU has tried to increase their percentage. He explained that one of the challenges is the approved standards by the State.

Trustee Corbeil asked who the Board needs to speak with about this. Mr. Johnson said that TBR oversees this process. Trustee McKenzie urged TSU to get more aggressive in trying to fix the system.

Trustee Johnson for Trustee Lewis said that some of these things may be beyond TSU control, since TBR and others control. TSU needs to focus on the contracts that we control. And secondly that we need to lobby the Governor and TBR and others to make change or ensure that TSU gets to include contractors. Trustee McKenzie said that TSU needs to be aggressive to get this done. Trustee Martin agreed and asked for more advocacy by board to make political change now. Mr. Chase added that THEC is also relevant in this discussion.

Secretary Pendleton added that TSU is thinking of severing from the TBR capital process

which would allow TSU additional control. President Glover said that THEC fights hard for the HBCUs.

Trustee Corbeil moved to recommend to the full Board the approval of the institution's fiscal year 2020-2021 Capital Construction Plan, as contained in the June 18, 2020, board materials. Trustee Lewis seconded the motion, which carried by roll call vote.

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

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

President Glover turned it to Dr. Izzard. Dr. Izzard referenced the report in the board materials. Dr. Izzard highlighted the expanded digital marketing strategy in the virtual space, the virtual signing day and preview day, the new student engagement platform that was launched on April 1, 2020, the social media channels are up and active, and staying relative and competitive in the marketing space. Dr. Izzard reported that updated numbers show more than 119 students more enrolled for Fall 2020 than at this time last year. He also stated that TSU has admitted 600+ more students by this time last year.

Dr. Melton discussed graduate school marketing plan. As of today, the graduate school application and enrollment to date as compared to 2018 and 2017 is up. TSU Global Online is offering from 8 to 30 online programs this fall. She said that TSU is addressing digital skills for faculty.

Trustee Sekmen thanked President Glover for the good news. He said that he is hopeful that there will be a turn in enrollment for Fall 2020.

President Glover added that TSU is targeting the nursing program and that the digital marketing plan is working. There is a concern with returning students to make sure that they come back after they have been home for so long.

## **XII. ADJOURNMENT**

Trustee Corbeil moved to adjourn the meeting and Trustee Lewis seconded which carried by roll call vote. The meeting was adjourned at 12:35 pm.