

**Tennessee State University Board of Trustees
Finance and Budget Committee Meeting. February 4, 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, Bill Freeman, and Dr. Richard Lewis

Other Board Members Present: Dr. Joseph W. Walker, III, Dr. Deborah Cole, 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. Lesia Crumpton-Young, Vice President for Research; and Ben Northington, Director of Fiscal Affairs.

Guests Present: Dwayne Tucker, Chair, TSU Foundation Board of Directors; Terry Clayton, Secretary, TSU Foundation Board of Directors; Harvey Hoskins, Treasurer, TSU Foundation Board of Directors; and Kevin Williams, TSU Foundation Board of Directors.

I. CALL TO ORDER

Trustee Corbeil called the meeting to order at 1:01 p.m.

II. ROLL CALL/DECLARATION OF A QUORUM

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

III. FINANCE AND BUDGET COMMITTEE/ BOARD AND FOUNDATION BOARD INTRODUCTIONS

Trustee Corbeil welcomed the attendees to the meeting. The attendees introduced themselves and described their role within the university structure.

Trustee Corbeil stated that the main objective of the meeting was to find a way to provide additional support to TSU's student body and address the financial shortfalls that endanger student enrollment and progression.

IV. OVERVIEW OF STUDENT FINANCIAL AID NEEDS AND ASSISTANCE AT TSU

President Glover provided the attendees with information on the financial aid needs of TSU's students.

President Glover provided a profile of the TSU Student body showing that the average student's family income is \$29,500, the average ACT score is 18.90, the average student's high school grade point average is 3.10, and that 94% of the freshman class receives financial aid.

President Glover overviewed the increase in admission standards from 2015 to the present.

President Glover provided the following student enrollment statistics:

Enrollment for Fall 2018	7,780
Enrollment for Spring 2019	6,600
# Students with prior balances who cannot enroll for Spring 2019	925
# Students on the purge list for February 4, 2019	971

President Glover stated that the number of students on the purge list had been reduced from 971 to approximately 650 as of the time of the meeting. President Glover provided statistics on the direct correlation between the financial amount owed by students and their GPAs. President Glover then detailed the number of students on the deferred payment plan for students and their debt amount. She commented that the average student has a balance of \$2,800. President Glover commented that reduced enrollment affects completion rates, affects the revenue base, which affects student debt, and reduces the likelihood that students return to college. President Glover clarified for the attendees that TSU is no longer a state supported institution and that it has become a state assisted institution.

President Glover then covered the TSU Plan of Action. President Glover discussed the 250-mile radius plan, which provides a tuition discount to qualified students. She also detailed the meetings and partnerships established with surrounding school districts including Clarksville, TN, Hamilton County, TN, Davidson County, TN, and Shelby County, TN. President Glover discussed the dual enrollment program and certificate offerings. President Glover commented that international students make up the second largest demographic of students and she detailed outreach efforts to attract non-traditional students.

President Glover clarified that a lack of money was the primary reason for student enrollment attrition. The second reason for reduced enrollment, based on student survey responses, is poor customer service.

Trustee Corbeil agreed that the primary reason for reduced student enrollment is student financial need.

Kevin Williams commented that while funding was a significant cause of student enrollment attrition, it was not the only reason. He recalled a discussion he had with a student during which the student opined that TSU's culture had shifted in such a way that the community refers to TSU as Thug State University. The student planned to transfer to MTSU regardless of funding.

Trustee Corbeil noted the comment and stated that the university has done work to improve campus safety, security, registration processes, campus amenities, and campus activities.

Kevin Williams commented that while the foundation board appreciated being brought into the discussion, that raiding TSU Foundation funds is not a solution because there are not sufficient unrestricted funds to address the shortfall. He suggested colloquially that the board of trustees and the administration get to the root cause of student enrollment attrition.

President Glover confirmed that campus surveys showed that students view money, customer service and too few activities after 9:00 p.m. as the top three concerns.

Kevin Williams stated that the attendees needed to articulate the specific issue and determine whether the issue is a short-term issue that can be addressed with a program like SOS – Save Our Students, or whether a systemic deficiency in leadership needed to be corrected.

Trustee Cole commented that two issues must be addressed immediately. The first issue is scholarship money and the second is the number of students on the purge list resulting in a student body population of around 5,000. Trustee Cole then commented that a longer-term issue is that the administration and board of trustees should determine why students do not want to stay at TSU.

Kevin Williams retorted that this is at least the third time that the foundation board had been called in to solve a problem and that it appears that there is a perpetual problem in the system.

V. REPORT ON THE FOUNDATION BOARD'S OPERATIONS, ENDOWMENT, AND CURRENT SPENDING POLICY

Dwayne Tucker commented that most of the funds in the foundation came from a consent decree where UT at Nashville was absorbed into TSU and became the Avon Williams campus. He stated that growth in the endowment is insufficient to solve the issues TSU is facing. He suggested that fewer than ten percent of alumni give donations, that the Nashville Alumni Association has approximately \$1M that is not made available to students, and that the issue of low alumni support existed before President Glover took office. Dwayne Tucker continued that the alumni population is about 67,000, 45,000 of whom are alive, that 1700 of the 45,000 gave monetary donations, and that 300 of the 1700 gave 90% of the funds collected.

Chair Walker asked if the alumni are aware of the problem.

Dwayne Tucker opined that the alumni are unaware of TSU's financial need. He detailed how a donor was highlighted during one of the football games and honored at half time. The donor was praised for giving \$1M. Mr. Tucker clarified that the display may have mislead alumni because the terms of the donation were \$250,000 per year over four years as opposed to a lump-sum payment of \$1M and that none of the money had actually been received at that point.

Trustee Lewis asked if the foundation board had always been independent.

Harvey Hoskins gave a brief history of the foundation board, which was founded in 1970. He stated that there are fifteen board members who are required to give \$1,500 each to join the board. He detailed that the foundation transitioned from investing with regional banks to Goldman Sachs. He verified for the attendees that while Regions bank gave a monetary donation, the returns realized from the investments with Goldman Sachs were greater. He confirmed that the goal is to double the endowment by 2020.

Dwayne Tucker discussed the various alumni associations like the Detroit area alumni association and clarified that each of these associations is a separate 501(c)(3) charitable organization.

Kevin Williams commented that without a strategy, one is merely hoping for success. He detailed his work with the foundation in developing strategic goals, identified metrics for the goals, and implemented tracking of the foundation's progress toward meeting the goals. He suggested that the best approach might be to merge TSU's BOT and foundation goals into one cohesive strategy. Mr. Williams suggested that a well-developed strategic plan would help to avoid harsh management practices and expressed that, "poor leadership is about beating people over the head... you can't beat your way to success." He noted that staff feels beat up.

President Glover rejected Mr. Williams' assertion that staff feel beat up.

Mr. Williams returned that it was his belief that staff do feel beat up based on the time he has spent on campus.

Harvey Hoskins continued the discussion by covering the foundation endowment growth from 2008 to 2018. He stated that over the past ten years, the investment value has doubled.

Trustee Corbeil, Kevin Williams, and Harvey Hoskins agreed that it might be informative to have Goldman Sachs representatives come to the university and provide information on how the earnings are being reinvested.

Harvey Hoskins clarified that the value of scholarships awarded from 2008 – 2018 increased from \$400,000 to \$1.9M. He then detailed that 12% or \$385,000 was used to solicit donations, not as salaries.

Secretary Pendleton asked Dr. Crumpton-Young to explain Title III funding.

Dr. Crumpton-Young explained that the federal government allows funds to be put in the endowment fund as long as TSU can match those funds.

Secretary Pendleton commented on the history of the *Geier* case, including the execution of a consent decree that resolved the litigation involving the University of Tennessee, TSU, and other state entities. In the agreement, UT Nashville relinquished its land and facility to TSU to become what is now known as the Avon Williams campus.

VI. REPORT ON THE FOUNDATION'S SCHOLARSHIP FUNDING STATUS AND PLAN MOVING FORWARD

Benjamin Northington commented the triple EEE awarded \$283,000 as scholarships, which was 75% of the earnings. He also stated that 2/3 of the awarded funds went to Tennessee residents and 1/3 went to out of state students.

Dwayne Tucker stated that the foundation does not have \$6M in unrestricted funds. He further clarified that there are not \$1M in the foundation to help now.

Trustee Lewis asked whether the foundation would be able to provide funds in September 2019. Dwayne Tucker verified that there would not be \$1M available to help in September 2019.

Trustee Corbeil commented that the TSU Board had not defined a dollar figure to make a request. Dwayne Tucker commented that the meeting was good because it starts an ongoing dialogue. He stated that if he were asked the number of students enrolled or purged, that he could not answer. He also stated that he did not know how much funding TSU students require. He noted that asking for funding from the foundation on purge day was too late and he commented that we cannot fish fry our way into fiscal solvency. He opined that the alumni do not know the current financial state of TSU. He commented that TSU is on life support, but that there is no transparency. He noted that some of TSU's marketing and self-lauding gives a false impression of stability. He noted the largest scholarship fundraising event in TSU's history was self-congratulatory, but that it only raised \$90,000. Mr. Tucker stated that the BOT and administration should be honest with the alumni and tell them that TSU is on life support. He noted that communication should be improved.

Trustee Lewis agreed with Mr. Tucker's sentiments. He stated that in preparation for a previous board of trustees' meeting, he learned that the university had a \$6M shortfall, which is how he decided that the board should ask the foundation for a one-time \$10M request for scholarships. Trustee Lewis then suggested that the foundation board members should also sit on the board of trustees for TSU to develop a joint strategy. He noted that trustees should say what should be done and allow the administration to develop the steps required to run the institution well.

VII. FINANCE AND BUDGET COMMITTEE'S FINAL COMMENTS AND PROPOSED ACTION ITEMS

Chair Walker thanked everyone for their work. He then asked what the strategy would be to communicate the institution's needs to the alumni. He noted that the institution's leadership put a counterproductive narrative out in the public.

Chair Walker asked if there is a policy or way to consolidate the various alumni associations. Secretary Pendleton stated that there are ways to police the 501(c)(3) entities formed in association with TSU.

Chair Walker asked why the various associations want to be separate entities.

Dwayne Tucker responded that it gives individual donors better control over how their funds are spent. He then detailed his personal experience with being contacted by more than one association regarding TSU alumni membership after having already purchased a life membership with one association for \$300. He noted that more efficient monitoring and distribution of funds would be realized if monies were not funneled through alumni associations before being received by the university.

Kevin Williams state that he was passionate about TSU and that he is dedicated to helping to right the ship. He also noted that he had been warned to expect some resistance from the administration and board of trustees, but that he was pleasantly surprised by everyone's focus on taking corrective action in the best interest of the institution.

Trustee Corbeil asked whether the Finance and Budget committee was the proper entity to be the liaison with the foundation board so that the university may move forward.

Dwayne Tucker agreed that a closer working relationship between the foundation and the board of trustees would improve transparency. He noted that an oversized check was displayed at a TSU football game showing that \$13M was raised. Mr. Tucker concluded that the fundraising amount included \$5M that had been pledged by a couple as part of a devise in their will. He noted that the funds were reported as received, when in fact, the date of delivery is uncertain.

Terry Clayton suggested consideration of restrictions on the various alumni associations on directly receiving and managing funds in TSU's name.

Trustee Cole noted that the board of trustees received a report on what to expect from the foundation board members. She thanked the foundation representatives for their efforts and noted that a small joint committee of board of trustees and foundations members should be formed.

Trustee Lewis commended everyone on their candor and efforts.

Dwayne Tucker stated that all HBCU's were on a collision course with an iceberg. He suggested that TSU work with Fisk and Meharry to pool resources and leverage the collective knowledge and resources to benefit the students.

Trustee Corbeil thanked the group and noted that a follow-up meeting of a smaller joint ad-hoc committee of board of trustees and foundation board members would be scheduled.

VIII. ADJOURN

Trustee Corbeil entertained a motion to adjourn which was provided by Trustee Freeman. Trustee Lewis seconded the motion, which carried unanimously. The meeting was adjourned at 2:45 pm.