



## Tennessee State University Financial Situation Frequently Asked Questions

*Here, you can find answers to some frequently asked questions about Tennessee State University's financial situation. This gives you insights into what Interim President Ronald A. Johnson and his administration are doing to sustain a “**Future Ready TSU.**”*

### **Is TSU in a structural deficit?**

Yes. A structural deficit is created when expenditures exceed revenues. For the past several years, the University's expenditures have exceeded revenues, and this overspending has accelerated in fiscal years 2023 and 2024. In addition to short-term strategies to improve the University's cash position, the University is working to resolve the structural budget deficit as part of the University's **Trajectory Change Initiative (TCI)**.

### **Is this a financial crisis?**

Yes. The University did not meet the enrollment targets for the current academic year. Additionally, increasing demands for scholarships and the rising costs of education delivery and operations have intensified cash flow and budget challenges. To address this, we need to implement several cost-saving measures immediately.

### **What happened?**

The University's financial situation resulted from not meeting the enrollment targets for the current academic year and the longer-term issue of expenditures outpacing revenues. Several factors played a role in the lower-than-planned enrollment for the current academic year, including students with large prior-year balances owed to the University, operational issues in recruitment, admissions, and financial aid. These issues are being addressed in the TCI.

In addition, a delayed start for new student orientation also contributed to the shortfall in enrollment for the current academic year. The delay was partly caused by problems with the FAFSA financial aid forms, which led to delayed student aid awards and left many students uncertain about their financial situation.

**If past overspending has contributed to the current financial situation, why weren't University leaders aware of this?**

The factors that have hampered the University's ability to recognize and respond to overspending are poor internal controls and weak financial policies and procedures. These issues have been documented by the Tennessee Comptroller of the Treasury and the Tennessee Student Assistance Corporation in past audit findings and recommendations. Interim President Johnson is addressing these issues as part of the TCI.

[2021 Full Audit](#)

[2022 Full Audit](#)

[2023 Forensic Audit](#)

**What is the impact on student scholarships and financial aid?**

There is no impact on the scholarships and financial aid awarded by the University.

**What is the impact on the quality of instruction and student support programs?**

The current actions being taken as part of the Plan will ensure that the University can continue to offer excellent educational experiences for our students, conduct research that sparks new possibilities, and carry out outreach that impacts lives. They are an essential component of the TCI and achieving the goal of sustaining a future-ready Tennessee State University. The University is adjusting expenses to match revenues by implementing the Financial Action Plan within the TCI.

**Has research funding been impacted?**

Externally funded research activities are not affected.

**About the Financial Action Plan**

**Will annual salary increases be impacted?**

Yes. The University is implementing a compensation freeze to include all compensation and pay structure adjustments until further notice.

**Will there be a hiring freeze?**

Yes. On August 12th of this year, the university implemented a position control policy. This policy is being replaced with a hiring freeze in all units. Dr. Daarel Burnette, senior advisor, and EVP, will provide more information regarding the hiring freeze and special exceptions shortly.

**Will furloughs be considered?**

No.

**Will there be layoffs?**

There will be no university-wide, across-the-board layoffs. University senior leadership will work with division and college leaders to review budgets and develop specific strategies for each unit to right-size spending.

**Will there be a freeze on travel and other spending?**

Yes. More information regarding travel, discretionary, events, consulting, and service contracts spending categories and notable exceptions will be provided shortly by Dr. Daarel Burnette, Senior Advisor and EVP.