

Tennessee State University Board of Trustees
Finance Committee Meeting
June 6, 2024
Tennessee State University – Hankal Hall

MINUTES

Committee Members Present: Trustees Dwayne Tucker (Committee Chair), Jeffrey Norfleet, and Charles Traughber

Board Members Present: Trustees Trevia Chatman, Marquita Qualls, Terica Smith, Kevin Williams, Dakasha Winton (Board Chair), Artenzia Young-Seigler, Tyler Vazquez (Student Trustee)

University Staff Present: President Glenda Glover; Laurence Pendleton, General Counsel and Board Secretary; Cheryl Seay, Assistant Vice President for Academic Affairs and Global Online; Johnnie Smith, Assistant Vice President for Academic Support & Dual Enrollment; Dean Frank Stevenson, Assoc. Vice President of Student Affairs; Douglas Allen, Vice President of Business and Finance; Jason Evans, Chief Operating Officer; Dr. Curtis Johnson, Vice President of Administration; Dr. Arlene Nicholas-Phillips, Liaison to the Board of Trustees; Tim Warren, Chief Information Officer; Ginette Garza Brown, Associate General Counsel; Director of Internal Audits, Renée Forbes-Williams; Greg Robinson, Chief of Police; Dr. Mikki Allen, Director of Athletics; Dr. Quincy Quick, Associate Vice President for Research and Sponsored Programs; Dean Chandra Reddy, College of Agriculture; Stephen Shanklin; Interim Dean of the College of Business; LoLita Toney, Executive Director of Development

I. CALL TO ORDER

Trustee Tucker called the meeting to order at 6:08 p.m. (CT) on June 6, 2024.

II. WELCOME AND INTRODUCTIONS

Trustee Tucker welcomed meeting attendees.

III. ROLL CALL/DECLARATION OF A QUORUM

Trustee Tucker proceeded with the roll call vote. Board Secretary Pendleton called the roll at the Committee Chair's request. Trustees Tucker, Norfleet, and Traughber were present. Secretary Pendleton announced the presence of a quorum.

IV. APPROVAL OF FISCAL YEAR 2024-2025 TUITION AND MANDATORY FEE INCREASE

Trustee Tucker introduced the next agenda item, the Approval of Fiscal Year 2024-2025 Tuition and Mandatory Fees Increase. Trustee Tucker asked VP Doug Allen to present information pertaining to this item. VP Allen directed the committee to page 88 of the Board materials. He

also referred members to Appendices A and B. Appendix B was a tuition and fee increase percentages sensitivity analysis. VP Allen proposed a 5.5% increase in tuition and mandatory fees. His numbers reflected that this would yield a \$5.1 million increase.

VP next directed committee members to Appendix A, a Tennessee Higher Education Commission report which showed Undergraduate Total Maintenance and Mandatory Fees. In 1985 and 1986, TSU was in the middle of tuition affordability in Tennessee, VP Allen stated. The University of Memphis has been the most expensive LGI historically since 1985-1986. Tennessee Tech was the most expensive in one year, but that dropped down in 2023-2024. VP Allen said that since 2005-2006, TSU has been the most affordable public higher education institution in Tennessee. He discussed keeping TSU affordable but also the need for operational expenditures.

A discussion took place regarding the proposed increase. Trustee Norfleet commented about negative perceptions of tuition increases.

Trustee Tucker asked VP Allen to speak to what a 5.5% increase would provide for students. VP Allen said the increase funds would allow the University to hire additional counselors and advisors. VP Allen also said that the University needs more funding to keep up with inflation. He further said that the funds would be used to assist with the cost of maintaining older buildings and overall operations. President Glover added that certain student activities and programs that are non-academic but provide additional services, supports, and experiences for students.

Trustee Qualls asked whether tuition and fees cover items outside of academic instruction. VP Allen said yes. He said that the State appropriates about .24 cents on the dollar, which cannot cover operating costs alone. VP Allen stated that 68% of the University's budget is for salaries and benefits, and the remainder is for operating expenses. VP Allen said that the University has cut as much as it can. The University may need to look at a reduction in staffing. President Glover said that cutting staff would be the last thing to be cut, but we have to continue to operate.

Trustee Chatman asked about student balance payments and the projected impact on current students. VP Allen said that 1,015 students have balance holds that equaled \$7.1 million. The average balance owed is \$7,005. VP Allen explained that some students have more financial need than others. Some students do not want to accept student loans. Some students have been told that student loans are a bad thing. VP Allen said the expectation that TSU should be paying for a student's education is a systemic problem. Trustee Chatman asked about the percentage of students who are not accepting loans. VP Allen said he can get this number, and the number is pretty substantial. Trustee Chatman discussed the impact of a tuition and fee increase on students who are already having trouble funding their education. VP Allen said that it hurts him to see students unable to complete their education due to financial reasons, but as the CFO, he has to look at the University as a whole. He said that students will often find ways to continue on with their education. Trustee Chatman asked about fundraising to meet financial gaps. VP Allen referred Trustee Chatman to Ms. LoLita Toney, who fundraises.

Chair Winton asked VP Allen about the nine criteria TSU used to arrive at the proposed 5.5% increase. She also asked about how the 5.5% increase is reflected in the financials and where the impact will be seen if the 5.5% increase is not approved. VP Allen directed the trustees to page

96 of the Board materials; the tuition and fees, if approved, are reflected in “Tuition and Fees” line item. Chair Winton asked for clarification on how the proposed increase would be used. VP Allen said that the amount is spread out across the budget. President Glover explained that the University went through several models to analyze the percentage increase. Chair Winton said that it is not clear to her how the University got to its decision. She wants additional information on the nine criteria evaluated, how the University got to its decision, and how the proposed increase is going to enhance the student experience moving forward. VP Allen said that the increase will benefit students through an increase in faculty, renovations to residence halls, and classroom equipment.

Trustee Chatman about the “Instruction” line item. VP Allen explained that “Education and General” covers faculty salaries, benefits, and operation costs as they related to instruction, such as accreditation costs and conferences. Trustee Chatman asked whether there would be an increase in faculty. VP Allen said there could be an increase in faculty or other costs associated with instruction.

Trustee Smith said that she thinks they need additional information before they can vote on this item. President Glover asked VP Allen to share the criteria the University considered in making this recommendation with the Board. Trustee Tucker announced that this item would be continued until the next day’s meeting to allow VP Allen time to send the requested information to the Board.

V. REPORT ON INSTITUTIONAL ADVANCEMENT

Trustee Tucker decided to proceed with the Report on Institutional Advancement and reserve the other items for committee approval until the next day’s meeting.

LoLita Toney, Executive Director of Development, was asked to present the Report on Institutional Advancement. Ms. Toney said that for Fiscal Year 2024, the Office of Institutional Advancement has fundraised \$11,416,985. She announced that we are ahead of schedule for the year, in large part due to a planned gift from an alum. Year-end giving increased. Ms. Toney further reported that entities such as Boeing, Google, Fifth Third Bank, Well Point, and Apple are supporting TSU.

Ms. Toney further said that they have implemented a new daily gift log system. She advised the committee of other developments and processes in her office. She gave further updates to the committee, including advising them of ways that the University is growing its donor relationships.

Ms. Toney talked about increased engagement through contacts with new graduates, reunions, a “Top 30 Under 30” initiative, legacy recruitment, and meetings with alumni groups.

Ms. Toney said she would like to have more staff and to have a digital donor wall in Goodwill Manor. She would also like to renew subscriptions that her office uses. They would like to purchase fundraising software down the line.

Trustee Traugher reviewed the information provided. He noted that the FY24 goal was \$10 million and \$11 million was reported as received. However, if you back out the \$5 million planned gift, then you are at \$6.6 million, which is less than target and less than the prior year. Ms. Toney

said yes, but the year is not over yet. They work all the way up to the end, June 30th. A lot of people wait until June 30th to make their gifts. These are not commitments, they are cash. The \$4.8 million planned gift is in the investment account.

A discussion took place regarding money received and the alumni giving rate. The alumni giving rate is down 19%. We had more gifts at year end. The amount received is tracking with the prior year. Ms. Toney said that her team is very new, since July of last year. Trustee Chatman asked whether we've lost any corporate givers. Ms. Toney said that they have gained corporate givers, but the biggest difference in the amount reported is the Apple gift. Ms. Toney said people still want to support TSU.

VI. ADJOURNMENT

Trustee Tucker announced his desire to adjourn the meeting for the evening and reconvene the next morning at 8:00 a.m. Trustee Traugher motioned to adjourn the Finance Committee meeting to 8:00 a.m. the next day, July 7, 2024. Trustee Norfleet seconded the motion. Trustees Traugher, Norfleet and Tucker voted in favor of the motion. The meeting was adjourned at 7:04 p.m.

Tennessee State University Board of Trustees
Finance Committee Meeting
June 7, 2024 (continued from June 6, 2024)
Tennessee State University – Hankal Hall

MINUTES

Committee Members Present: Trustees Dwayne Tucker (Committee Chair), Jeffrey Norfleet, and Charles Traughber

Board Members Present: Trustees Trevia Chatman, Marquita Qualls, Terica Smith, Kevin Williams, Dakasha Winton (Board Chair), Artenzia Young-Seigler, Tyler Vazquez (Student Trustee)

University Staff Present: President Glenda Glover; Laurence Pendleton, General Counsel and Board Secretary; Cheryl Seay, Assistant Vice President for Academic Affairs and Global Online; Johnnie Smith, Assistant Vice President for Academic Support & Dual Enrollment; Dean Frank Stevenson, Assoc. Vice President of Student Affairs; Douglas Allen, Vice President of Business and Finance; Jason Evans, Chief Operating Officer; Dr. Curtis Johnson, Vice President of Administration; Dr. Arlene Nicholas-Phillips, Liaison to the Board of Trustees; Tim Warren, Chief Information Officer; Ginette Garza Brown, Associate General Counsel; Director of Internal Audits, Renée Forbes-Williams; Greg Robinson, Chief of Police; Will Radford, Assistant Vice President of Planning, Design & Construction and Campus Operations; Dr. Mikki Allen, Director of Athletics; Dr. Quincy Quick, Associate Vice President for Research and Sponsored Programs; Dean Chandra Reddy, College of Agriculture; Stephen Shanklin; Interim Dean of the College of Business; LoLita Toney, Executive Director of Development

I. CALL TO ORDER

Trustee Tucker requested a motion to resume the Finance Committee meeting from the prior day. Trustee Norfleet made the motion, which Trustee Traughber seconded. A roll call vote was taken. Trustees Norfleet, Traughber, and Tucker voted in favor of the motion. Trustee Traughber joined the meeting electronically for the first part of the meeting and joined the meeting in-person. The meeting was resumed at 8:08 a.m. (CT) on June 7, 2024.

II. ROLL CALL/DECLARATION OF A QUORUM

Trustee Tucker proceeded with the roll call vote. Board Secretary Pendleton called the roll at the Committee Chair's request. Trustees Tucker, Norfleet, and Traughber were present. Secretary Pendleton announced the presence of a quorum.

No trustees attending the meeting virtually indicated that they could not hear or speak. Trustee Traughber indicated that a TSU employee was present with him from his location while he was enroute to the meeting location. He later joined the meeting in-person.

III. REPORT ON INSTITUTIONAL ADVANCEMENT

Continuing with Ms. Toney's presentation on this agenda item, Trustee Tucker asked whether any trustees had additional questions for Ms. Toney. Seeing none, Trustee Tucker thanked Ms. Toney for her report.

IV. APPROVAL OF FISCAL YEAR 2024-2025 TUITION AND MANDATORY FEE INCREASE

Trustee Tucker asked VP Allen to provide additional information to the Board regarding this continued agenda item. VP Allen directed the trustees to page 90 of the Board materials. He reviewed the eight factors the Board considers when setting tuition and mandatory fee increase: level of State support, total cost of attendance, efforts to mitigate the negative financial effect on students, THEC mandatory tuition and fee ranges, inflationary costs, tuition and fee levels at peer institutions and competing institutions, student demand, and other factors pertinent to the cost of the University's operations and programs of study.

VP Allen said the State support of the institution is the State appropriation, which is 24%. He reviewed tuition and fees costs if the 5.5% tuition and fee increase was approved. It would be \$27,113 for in-state, on-campus students. The efforts taken to mitigate negative financial effect on students included eliminating positions that had not been hired for within one year. The Cabinet looked at unnecessary contracts and determined which ones could be cut without negatively impacting students to reduce the budget. The THEC mandatory tuition and fee range was a range between 0%-5.5% for the year 2024-2025. Current inflation is 3.5% and was impacting the University. There is a \$1.9 million overall estimated budget increase just for inflation. VP Allen reviewed the proposed increases by other in-state LGIs. Austin Peay has proposed a 4.0% increase, ETSU has proposed a 3.8% increase, MTSU proposed 5.24%, TSU proposed a 5.5% increase, Tennessee Tech proposed a 5.05% increase, and the University of Memphis has proposed a 3.5% increase. VP Allen stated that TSU has been at the lowest end of college cost since 2005. Student demand included increased band scholarships and student support services. The cost of programs of study has increased, including new programs brought forward for approval by Academic Affairs. The faculty and staff salary pool has increased. The State has provided some funding toward this. Some faculty members are below market.

VP Allen further noted the significant expense of maintaining aging infrastructure.

Chair Winton thanked VP Allen for going through the factors so that the Board can think through the student experience and make sure that they have the best experience.

Trustee Tucker moved to recommend to the full Board the approval of the Fiscal Year 2024-2025 Tuition And Mandatory Fee Increase, as contained in the Board materials for the June 7, 2024, meeting. Trustee Norfleet seconded the motion. Trustee Tucker asked Secretary Pendleton to call the roll on the called question. Trustees Norfleet, Tucker, and Traugher voted in favor of the motion, and the motion passed.

V. APPROVAL OF FISCAL YEAR 2023-2024 ESTIMATED BUDGET

Trustee Tucker announced the next item, the approval of the Fiscal Year 2023-2024 Estimated Budget. He asked VP Allen to provide highlights on this item. VP Allen said that a working meeting took place the prior week. He said the FY 23-24 Estimated Budget provides where we estimate we will be at the end of this fiscal year.

Trustee Tucker asked whether there were any questions on the FY 2023-2024 Estimated Budget. Seeing none, Trustee Tucker made a motion to approve the Fiscal Year 2023-2024 Estimated Budget. Trustee Norfleet seconded the motion. Trustee Tucker asked Secretary Pendleton to call the roll. Trustees Norfleet, Tucker, and Traugher voted in favor of the motion, and the motion passed.

VI. APPROVAL OF FISCAL YEAR 2024-2025 PROPOSED BUDGET

Trustee Tucker announced the next item, the approval of the Fiscal Year 2024-2025 Proposed Budget. He asked VP Allen to provide pertinent information. VP Allen said that during their working meeting that morning, they went through the details of the FY 2024-2025 Proposed Budget. The major driver for the FY 24-25 budget was the request for the tuition and fees increase and the breakdown of the costs.

Trustee Tucker asked University management to find \$5-7 million in reduced operating costs to be implemented over the course of the year. He wants to see a plan to look to be more efficient and reduce expenses. Trustee Traugher asked whether, given the drop in enrollment and retention rate information that the Board has received, the school has backed off on operating expenses or staffing now that numbers have tapered off. He asked whether there have been any operational expenditure savings. VP Allen said that yes, some of the costs from the higher FY22 enrollment were reduced, such as transportation, hotels, and security. He also stated that adjunct faculty numbers fluctuate based on enrollment.

A discussion took place regarding enrollment numbers, budget impact, and how the University can reduce expenses. President Glover said that the University's target goal was to cut \$5 million. It is part-way there. They have looked at contracts and re-negotiated some contracts. She said that the University can go back and look for additional cost-savings.

Trustee Tucker asked whether there were any questions on the FY 2023-2024 Estimated Budget. Seeing none, Trustee Tucker made a motion to approve the Fiscal Year 2023-2024 Estimated Budget. Trustee Norfleet seconded the motion. Trustee Tucker asked Secretary Pendleton to call the roll. Trustees Norfleet, Tucker, and Traugher voted in favor of the motion, and the motion passed.

Trustee Traugher moved to recommend to the full Board the approval of the Fiscal Year 2024-2025 Proposed Budget. Trustee Norfleet seconded the motion. Secretary Pendleton took a voice vote. Trustees Norfleet, Tucker, and Traugher voted in favor of the motion, and the motion passed.

VII. DEFERRED MAINTENANCE PLAN UPDATE

Trustee Tucker announced the next item, the Deferred Maintenance Plan Update. Trustee Tucker asked Will Radford, Assistant Vice President of Planning, Design & Construction and Campus Operations, to present information on this item. Mr. Radford directed the trustees to page 120 of the Board materials. He reviewed the plan, rational and calendar for the Deferred Maintenance Update and Phasing Plan. He explained that “deferred maintenance” refers to major facility renewals and repairs that are delayed for budgetary reasons. Deferred maintenance includes components such as fire alarms, air conditioning, electrical, elevators, heating, plumbing, and roofing. The University’s present deferred maintenance backlog exceeds \$500M.

Mr. Radford said that he is proposing a comprehensive approach that models what is happening currently on campus. He walked the committee through several items in the Board materials, including the proposed plan, Year 3 (2024) projects, the Davis Humanities and Boswell Hall projects, the data informing the plan, and an example of documentation submitted to support project requests.

Trustee Tucker asked whether there have been any changes to the plan since Mr. Radford’s last presentation. He said that the fire alarm system has become more important. One of the buildings was removed and the fire alarm system need was moved forward. A further discussion took place regarding current projects. Trustee Tucker asked about how projects and progress to address some facilities issues have been communicated to the broader University community. Mr. Radford said that they do use campus communications, Board meetings help to disseminate information, and they do campus updates twice per year.

Chair Winton asked what Mr. Radford to talk about the make-up of his team and consulting firms with which his team works. Mr. Radford explained that he leads three divisions. For Planning, Design, and Construction, he has 2 permanent and 2 contract people for this department. They contract with consultants such as Moody Nolan, Bauer Askew, Kline Swinney, and I.C. Thomasson to provide support services and assist his team. Mr. Radford discussed his team’s high level of preparation and collaboration with others.

Chair Winton next asked about migration plans. Mr. Radford directed the trustees to page 120 of the Board materials. He discussed the migration plans, the electrical system, and the campus tunnel system.

Chair Winton asked about the Master Plan due in 2026 and preparation plans. Mr. Radford talked about determining what future planning needs to be done with academic spaces. Much of what they are doing takes into consideration what was done in previous master plans in preparation and anticipation of future needs, and not taking risks with things that could be changed in the new master plan. They have taken into account concerns by the SBC last year and made adjustments accordingly.

VIII. TSAC PROGRAM REVIEW UPDATE

Trustee Tucker announced the next agenda item, the TSAC Program Review Update. VP Allen presented information for this item. He referred the trustees to page 135 of the Board materials. He spoke with TSAC the day before; they are going to clear items no. 11 (failure to verify HOPE Scholarship eligibility) and 15 (lack of enrollment monitoring). TSU had to send back some funds. That will clear 18 out of 24 items.

TSAC was on-campus. They are primarily focused on item no. 17, Coursework Program of Student (CPOS) verifications. Testing has been completed for item no. 24. We are working on implementation based on TSAC's findings.

Trustee Traughber asked where we are with respect to the June 15, 2024, date by which TSAC said all items should be cleared. VP Allen said that all hands are on-deck, and the goal is to complete it next week. President Glover said that she has been in contact with Steven Gentile with THEC. They are still allowing TSU to receive payments. VP Allen said that TSAC will allow us to bill in July for the remaining 2022-2023 fiscal year. This will be a one-time exception for TSU. Other institutions have been given such an exception before, VP Allen said. COO Evans reported that 230 transcripts are still missing. Information has been sought.

Chair Winton asked how much has been certified. VP Allen said that nothing else has been certified at this time as they are waiting to get through June 15th.

IX. BUSINESS AND FINANCE UPDATE

Trustee Tucker asked VP Allen to present information on the next item, the Business and Finance Update. VP Allen directed the trustees to page 138 of the Board materials, which was an unaudited Statement of Net Position.

Trustee Tucker said that he would like to have some parameters in place for Board-level approvals, such as waiving student fees, the transfer of funds from reserves, and contracts over a certain, material threshold.

X. ADJOURNMENT

Trustee Traughber moved to adjourn the meeting, and the motion was seconded by Trustee Norfleet. Secretary Pendleton took a voice vote on the motion. Trustees Norfleet, Tucker, and Traughber voted in favor of the motion, and the motion carried. The meeting was adjourned at 9:20 a.m.