



Tennessee State University Board of Trustees Meeting
November 21-22, 2024

Finance Committee Meeting

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Senior Advisor to President and
Interim Chief Financial Officer

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TCI - Financial Action Plan?

“Develop a strategic short and long term plan with achievable objectives and timelines to ensure sustainability, operational efficiency, and growth”



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Financial Action Plan – Short Term

- **Revenue**

- Petition support from external sources (State, Foundation, Fundraising, Gifts).
- Improve A/R Collections – (i.e., SACM, Students Debt, Merchandise License).
- Yield robust ROIs from Federal resources.
- Earmark Indirect Cost Recovery (IDC) funds to operational support.

- **Expense**

- Freeze Hiring / Fill Only Mission Critical Positions.
- Moratorium on Operating Spending (temporary, travel, supplies, fuel, capital assets).
- Reduce duplicate or non-productive contracts (117 contracts @ \$3.5M).
- Optimize Partnership and Outsourcing (i.e., THEC, TBR, LGIs, consultants).
- Launch and implement energy (i.e., electricity, gas, water) program.



Financial Action Plan – Long Term

- **Control Spending** — Start FY 25 year-end close-out immediately.
 - ✓ Budget Management Training
 - ✓ SciQuest Procurement System
 - ✓ Banner NSF Controls
- **Leverage Partnership Opportunities** — Functionally train and hold staff accountable with achievable daily work plans, clear objectives, and timelines to ensure TSU's long-term sustainability and operations (i.e., data analysis, ratios, metrics, etc.).
- **Close Numerous Audit Findings** — Launch a commitment to closing out findings and recommendations from internal and external groups.
- **Improve Morale** — Empower supervisory level personnel. Encourage collaboration and a culture of staff working positively with colleagues, students, faculty, and staff.



Questions

FY 2025 E&G Budget Projection

	FY 2025 Preliminary	FY 2025 Revised Budget	Variance	% Change	Explanation
ENROLLMENT (FTE)	7,254	5,639	-1,615	-22.3%	Declining enrollment and retention rates.
REVENUE					
Tuition and Fees	\$ 105,993,500	\$ 80,552,000	\$ (25,441,500)	-24.0%	Revised budget based on 5,639 FTEs. Enrollment declined by 1,888 students (1,615 FTE's)
State Appropriations	\$ 53,021,400	\$ 52,701,700	\$ (319,700)	-0.6%	Appropriation through the Funding Formula.
Federal Grants and Contracts	\$ 3,580,000	\$ 3,580,000	\$ -	0.0%	IDC -(Federal \$3.5M, State \$33K and Private \$47K)
Sales & Services of Other Activities	\$ 5,645,500	\$ 5,308,700	\$ (336,800)	-6.0%	Athletics revenue and other fees such as Facility Rental and Educational Activities: i.e. Dental Hygiene and Daycare where small fees are charged
Other Revenue Sources	\$ 780,000	\$ 750,000	\$ (30,000)	-3.8%	Various sources
Auxiliary Sources	\$ 49,038,800	\$ 43,720,000	\$ (5,318,800)	-10.8%	Attributable to decline in enrollment adjusted based on revised FTE's
Subtotal	\$ 218,059,200	\$ 186,612,400	\$ (31,446,800)	-14.4%	Enrollment headcount decline is major contributor

FY 2025 E&G Budget Projection - Continued

EXPENSE	FY 2025 Preliminary	FY 2025 Revised Budget	Variance	% Change	Explanation
Salaries	\$ 89,260,300	\$ 89,789,800	\$ 529,500	0.6%	Salary and benefit budgets were reduced for positions that were eliminated; however positions were also adjusted to reflect actual salary.
Benefits	\$ 31,239,300	\$ 32,501,000	\$ 1,261,700	4.0%	Benefit rate is roughly 35% of salary. Employees education benefit contributor to increase.
Travel	\$ 3,194,500	\$ 2,965,600	\$ (228,900)	-7.2%	Mostly group travel (Athletics, Band, Students)
Operating Expense	\$ 64,128,800	\$ 63,788,600	\$ (340,200)	-0.5%	Various operating expenditures including utilities, software licenses, and maintenance and grounds
Scholarships	\$ 20,856,300	\$ 35,100,900	\$ 14,244,600	68.3%	Scholarship allowance should not be more than 8%-10% of tuition and fee revenue, currently makes up 43.5% of Tuition and Fees
Capital Purchases	\$ 336,000	\$ 912,900	\$ 576,900	171.7%	Library books to be purchased; added additional funding for prior-year commitments (i.e., police vehicles, golf carts and 3 motorcoach buses)
Other Expenses	\$ 1,851,900	\$ 0.00	\$ (1,851,900)	-100.0%	Non-mission essential - reduced due to current cash deficit position.
Debt Services	\$ 7,622,700	\$ 7,622,700	\$ -	0.0%	Debt service payments on Research and Sponsored Prog. Building, indoor practice facility, health sciences building and new residence hall.
Total Expense	\$ 218,489,800	\$ 232,681,500	\$ 14,191,700	6.5%	FY24 invoices (2,026) that rolled into FY25 budget

Summary	FY 2025 Preliminary	FY 2025 Revised Budget
Revenues	218,059,200	186,612,400
Expenses	218,489,800	232,681,500
Budget Position	\$ (430,600)	\$ (46,069,100)