

**TENNESSEE STATE UNIVERSITY BOARD OF TRUSTEES  
FINANCE COMMITTEE MEETING**

4:00 p.m. CT  
Wednesday, March 12, 2025

Tennessee State University  
Main Campus – President’s Conference Rm  
McWherter Administration Building  
3500 John A. Merritt Blvd.  
Nashville, TN 37209

**AGENDA**

- I. Call to Order
- II. Roll Call/Declaration of a Quorum
- III. Approval of November 21, 2024, Finance Committee Meeting Minutes
- IV. Grants Update
- V. State Building Commission Update
- VI. Budget vs. Actual Update
- VII. Tuition Update
- VIII. Scholarship Proposal Update
- IX. Institutional Advancement Report
- X. Adjournment

TENNESSEE STATE UNIVERSITY  
BOARD OF TRUSTEES

ACTION ITEM

DATE: March 12, 2025

ITEM: Approval of November 21 and 22, 2024, Finance  
Committee Meeting Minutes

RECOMMENDED ACTION: Approval

PRESENTED BY: Charles Traughber, Committee Chair

**Background Information**

Trustee Traughber will present the November 21 and 22, 2024, meeting minutes for the Committee's approval.

**Committee Action**

The Committee Chair will call for a motion recommending approval of the minutes.

**MOTION: I move to approve the November 21 and 22, 2024, Finance Committee Meeting Minutes, as contained in the Board materials.**

**Tennessee State University Board of Trustees**  
**Finance Committee Meeting**  
**November 21, 2024**  
**Tennessee State University – The Barn Agricultural Building**

**MINUTES**

**Committee Members Present:** Trustees Dwayne Tucker, Jeffery Norfleet, and Charles Traughber. Other Board members present: Trevia Chatman, Artenzia Young-Seigler, Terica Smith, Marquita Qualls, Dakasha Winton, and Tyler Vazquez

**University Staff Present:** Interim President Ronald Johnson; Laurence Pendleton, General Counsel and Board Secretary; Daaryl Burnette, Interim Vice President of Business and Finance; Renée Forbes-Williams, Director of Internal Audit

**I. Call to Order**

Trustee Dwayne Tucker, Committee Chair, called the meeting to order at 1:16 p.m.

**II. Roll Call/Declaration of a Quorum**

Board Secretary and General Counsel Laurence Pendleton called roll. Trustees Tucker, Norfleet and Traughber were present, and a quorum was announced.

**III. Financing the Budget Shortfall**

Trustee Tucker said that they would work with administration to make sure that deliverables and timeliness for the deliverable are set out.

Trustee Tucker asked Jim Grady of Alvarez & Marsal to present information on this agenda item, Financing the Budget Shortfall.

Jim Grady presented the FY25 Cashflows Actions taken to date. He presented an update on the liquidity situation. He talked about the need to take care of employees. He discussed the timeline of cash flows. The projected cash balance was short, so TSU began talking to the State about the need for liquidity in August. He explained that the University gets a monthly allocation of about \$5.6 million this fiscal year. The State allowed TSU to bring its May and June allocations forward to cover the August shortfall. This helped to decrease the shortfall. Mr. Grady walked the Board through additional processes to show how the University tried to bring liquidity into the University. AARAP dollars for a capital project were re-purposed with help from the State to go toward operating funds to get the University through November 2024. The current forecast shows under a \$16 million deficit. The projected deficit for the year is about \$46 million.

Mr. Grady went through projected FY 25 Surplus/Deficit before Targeted Initiatives (expenses and revenues).

Trustee Tucker asked Mr. Grady to provide some up-to-date timing in terms of whether the targeted initiatives have been completed. Mr. Grady and the committee discussed these items. Trustee Tucker asked when A&M's consultation with TSU would end. It was set to end on December 1, 2024, and he is in discussions with the administration to stay on as a consultant. The AARP funding was re-purposed from the Agriculture Department building. The \$32 million of funds for the Ag building was coming from the State's prior \$250 million allocation of funds to TSU.

#### **IV. Report on Financial Action Plan**

Trustee Tucker asked Dr. Daarel Burnette to present the report on the Financial Action Plan. Dr. Burnette explained that he took on the role of Vice President for Business and Finance after seeing problems in this area.

Dr. Burnette explained the cancellation of duplicate contracts and that a \$5.4 million invoice could be taken off the table for this year with an amendment to the contract with Aramark. A discussion took place regarding the Aramark contract and how an extension contract would aid with the invoices for this year and allow the University to continue the relationship and providing Chick-fil-A, for example.

Trustee Young-Seigler asked about the SACM funds. Dr. Burnette explained the relationship with SACM. He described his trip to Washington D.C. with Interim President Johnson. He said that the relationship had been mended. He said they went through the process of putting \$7 million on one invoice.

Trustee Smith Knight asked about travel expenses. She would like to make sure that we are estimating these expenses.

Interim President Johnson discussed the Closing the Gap fundraiser. It was launched during homecoming. The effort raised \$200,000. There is about \$3 million in the Foundation that they would like to receive as part of this. Interim President Ronald Johnson explained the process of receiving funds from the Foundation. The Foundation Board will be meeting on December 6, 2024, to discuss the continuing fundraising effort. He said that this is a continuing engagement that they will be engaged in. Trustee Chatman would like to have a conversation about what the fundraising goal is going to be. President Johnson said there would be another presentation about fundraising and activating alums.

Further discussion took place regarding SACM. President Johnson said that we do not know when the funds are coming but expect the funds are coming.

The committee and Dr. Burnette had additional conversation regarding fundraising efforts and how some funds will go toward student debt reduction. Some funds would go toward institutional scholarships.

Trustee Young-Seigler asked what surplus number we are working toward. Dr. Burnette said that when you get into summer, enrollment numbers are lower. We have not worked on a plan yet. The appropriation received yesterday will help the institution get to the end of the academic year.

A discussion took place regarding reserves and the need to have 90-days of cash in reserves. Dr. Burnette said that we need to build reserves to get through the summer cycle.

Trustee Qualls asked about operating expense reductions. Dr. Burnette discussed savings efforts, including cancelled contracts and reduced expenses.

Dr. Burnette presented the Trajectory Change Initiative presentation. He explained short-term revenue and expense considerations. He noted actions the University should take.

A discussion took place regarding IDC funds and how the University realizes IDC funds.

Dr. Burnette mentioned the SIG contract information.

The committee asked about financial statements. Dr. Burnette said that they have year-end financial statements that have been provided, which included cash flow, balance sheet and income statement. This is the information for FY24. TBR and auditors are reviewing those financial reports, and they are done as far as the institution is concerns. However, staff is addressing any audit issues or findings coming out of their review. President Johnson added that they will have a regularized process by the time they get to December and January.

Trustee Tucker said that the trustees are frustrated by the lack of financials. Trustee Tucker suggested that he and the Audit Committee Chair get together with the administration to discuss what they'd like to see done and to get on the same page about financials and reporting. He explained that it is frustrating to have to make decisions when they don't feel comfortable about the financials and the data.

Trustee Smith asked about a job posting for the Financial Aid Director position and when that would be done. A discussion took place regarding Financial Aid, the timeline of work being done, and THEC's support of TSU's Financial Aid department. Dr. Burnette explained that THEC helped us to re-write a dated job description for the Financial Aid Director position and posting the position.

## **V. Report on Enrollment**

Dr. Bridgett Golman Interim Vice President of Student Affairs next presented the Enrollment Report for Fall 2014 – 2024. Dr. Golman discussed fall enrollment. Total undergraduate enrollment was 5057 and graduate number was 1,253, for a total of 6,310. Dr. Golman shared historical enrollment over the prior 10 years and 20 years.

Dr. Golman presented information about the conversion rate from applicants to enrolled first-time freshman.

Dr. Golman next explained her Spring 2025 enrollment and student success strategy framework. She said that a task force was implemented and efforts put into place. For the Spring 2025, her projections. Her conservative projection is 4,390 total enrollment, her likely projection is 4,875 and the optimistic projection is 5,285. She shared data by grade level for projected enrollment. We have 3,110 students registered right now. Chair Winton asked about the plan to reach out to students and when Dr. Golman would have insight into why students did not enroll. Dr. Golman said the number one reason is financial. This requires students to resolve account issues. A discussion took place regarding types of holds on student accounts.

Trustee Chatman asked about the anticipated Spring 2025 graduation class size. There are about 493 for the December graduation, Dr. Golman stated. She said she can look at seniors that are graduation-ready and could provide that information.

Dr. Golman talked about challenges with student accounts and University access to federal accounts.

Trustee Smith asked about student engagement plans. Dr. Golman discussed efforts made during the fall semester, including an administrative working committee and efforts to correspond with students.

A discussion took place regarding in-state vs. out-of-state student enrollment.

## **VI. FY 25 TSU Revised Budget**

For the next item, Bradley White reviewed the FY 25 Revised Budget. Mr. White said that the TSU Budget is based on FTE (not headcount) 5,639 for the fall semester. Mr. presented the Summary of Current Unrestricted Funds Expenditures and Transfers Revised Budget FY2024-2025. Mr. White explained the line items of the proposed revised budget for FY24-25. The original budget grossly underestimated scholarships by \$14 million. He reviewed expenditures by category. He then reviewed auxiliary services. He explained that auxiliary services should cover themselves, but it does not in this budget. Debt service - \$5 million - puts us in the hole for housing. He next reviewed an analysis of changes in retirement of indebtedness.

He also reviewed athletic revenues. He believes the number is lower because he thinks the original number was erroneous. A discussion took place regarding coaching and support staff salaries.

Mr. White explained the data underlying certain line items in the budget. He also discussed changes in their budgeting process.

Trustee Traugher asked about JLL expenses. Mr. Will Radford discussed historical services performed by JLL.

Mr. White said this budget has been sent to TBR, and it has to be approved by TBR. He discussed the process with TBR.

Mr. White said that he can provide additional information to the Board, including actual figures.

## **VII. Institutional Development Report**

Next, Dr. LoLita Toney Assistant Vice President, Institutional Advancement, presented an Institutional Development Report. She reported that giving is below this time last year. Expected donations by end of this week will put her team at about \$175 in addition to what is listed. Dr. LoLita Toney spoke about the alumni engagement happening on campus. Alumni giving has gone up.

\$194,404 was raised at homecoming and then \$76,000 was raised with a sponsorship at the Howard game.

The FY25 goal is \$10 million. They have a \$5.8 million Close the Gap goal. She discussed \$3 million of Foundation funding that can go toward that effort.

There is a \$500k Giving Tuesday goal for fundraising. Other funding goals were mentioned in addition to this.

Further discussion took place regarding fundraising and forecasting fundraising goals. A conversation took place around whether or not \$10 million is enough of a goal. Ms. Toney suggested that additional support is needed in her department, such as posting an Annual Fund Director position.

Further discussion took place regarding Giving Tuesday, including the goal and messaging.

Trustee Tucker asked about individual trustee support. Mr. Toney said that she can talk to trustees individually about ways that they can support the University.

Trustee Qualls asked about collaboration with the alumni association.

Trustee Tucker said that an update on additional budget information would be slated for the next morning at the November 22, 2024, meeting.

## **VIII. Adjournment**

Trustee Traugher moved to suspend the meeting and continue it to the next day, November 22, 2024. Trustee Norfleet seconded the meeting. The motion passed by voice vote.

**Tennessee State University Board of Trustees  
Finance Committee Meeting (continued)  
November 22, 2024  
Tennessee State University – The Barn Agricultural Building**

**MINUTES**

**Committee Members Present:** Trustees Dwayne Tucker, Jeffery Norfleet, and Charles Traughber. Other Board members present: Trevia Chatman, Artenzia Young-Seigler, Terica Smith, Marquita Qualls, and Dakasha Winton

**University Staff Present:** Interim President Ronald Johnson; Laurence Pendleton, General Counsel and Board Secretary; Daaryl Burnette, Interim Vice President of Business and Finance; Renée Forbes-Williams, Director of Internal Audit

**I. Call to Order**

Trustee Dwayne Tucker, Committee Chair, called the meeting to order at 8:49 a.m.

**II. Roll Call/Declaration of a Quorum**

Board Secretary and General Counsel Laurence Pendleton called roll. Trustees Tucker, Norfleet and Traughber were present and a quorum was announced.

**III. Additional Reporting**

Dr. Burnette was called upon to report additional information. Dr. Burnette said that \$8 million was outstanding number of invoices. The staff runs an aging report every day and provides a report. They are working with A&M to discuss which invoices get paid. This information would be provided to Trustee Qualls.

Dr. Burnette shared the SIG contract and what services they were going to perform. Chair Winton asked for clarification whether SIG was on-board yet or not. Dr. Burnette provided Trustee Smith Knight with a financial report. He offered to sit down with her and the administrative team to answer her questions.

Next, Bradley White next reviewed TSU Summary of Unrestricted Current Funds Available. He reviewed percent change from actual and from July. He reviewed the Actual FY23-24, July FY24-25 , and October FY 24-25 budgets.

Trustee Traughber talked about Actual FY24 numbers and how there is a balance of \$30 million but that's because it is not consolidated, showing the agricultural funds with the university budget. Mr. White explained that they did not know how big the deficit was until he and Valerie Greenwood with the TBR went through the funds. Trustee Traughber clarified that in past years, the financials submitted to the TBR would have shown the consolidated amount, which would essentially hide the deficit that was truly there for the university.



Trustee Traughber and Mr. White discussed what should be included in this October budget does not reflect that \$32 million that the State allowed. Mr. White said this would be included in the Estimated Budget in the spring. Mr. White said that some of the Close the Gap initiatives would be included.

Trustee Traughber asked about the budgets that are passed. Mr. White said there are four budgets. In the spring, they work on the Estimated Budget for FY 24-25. At the same time, they are working Proposed Budget for FY25-26. The Estimated cycle and Proposed cycle take place at the same time. In May there is an Estimated budget, if it is approved in June, they come back in October and do a Revised Budget. TBR and the Board must approve all budgets. Once the budget is approved, they will update budgets in Banner. Departments will continue to submit requisitions. Some funds were taken away, for example, travel budgets were cut. Cuts will be reflected in department budgets once they upload the file.

Trustee Tucker discussed getting the forecast earlier. The committee and Mr. White further discussed items from the budgets submitted.

Dean Reddy, Dean of the College of Agriculture, was asked to speak about fund balances. Dean Reddy said that there are challenges to recruitment and spending funds. He said this is a complicated process and his desire to have internal processes at the department level to speed up spending. He said we are the leading 1890 research program and extension program in the country. We have been multiplying this by bringing in external dollars. Dean Reddy went on to discuss growth of TSU's Ag Department.

The committee and Mr. White discussed questions that TBR asked during the budget approval process. Mr. White stated that there were no material questions.

Trustee Smith Knight asked about the approval process. Mr. White said that the Budget Office puts the budget together, it is reviewed by the Vice President, and then by the President. Dr. Burnette said that they met with the Budget Office and TBR and did a deep dive into the budget much like the Board is doing.

Trustee Tucker made a motion for the Finance Committee to recommend to the full Board the approval of the FY 2025 Revised Budget. Trustee Norfleet seconded the motion. The motion passed by roll call vote. Trustees Norfleet and Traughber voted in favor of the motion.

A discussion took place regarding the contracting process.

Chair Winton stated that she would like to receive more information on Title III funds.

Trustee Qualls said she would like to see a dashboard for action items for the administration and Board.

#### **IV. Adjournment**

Trustee Traugher moved to adjourn the meeting. Trustee Norfleet seconded the meeting. The motion passed by voice vote.

TENNESSEE STATE UNIVERSITY  
BOARD OF TRUSTEES  
INFORMATION ITEM

DATE: March 12<sup>th</sup>, 2025

ITEM: Federal Grants Update

RECOMMENDED ACTION: No action

PRESENTED BY: Lawanda Johnson, Interim Executive Director of Grants  
Accounting & Foundation

**Background Information**

Ms. Johnson will present an update on Federal grants.



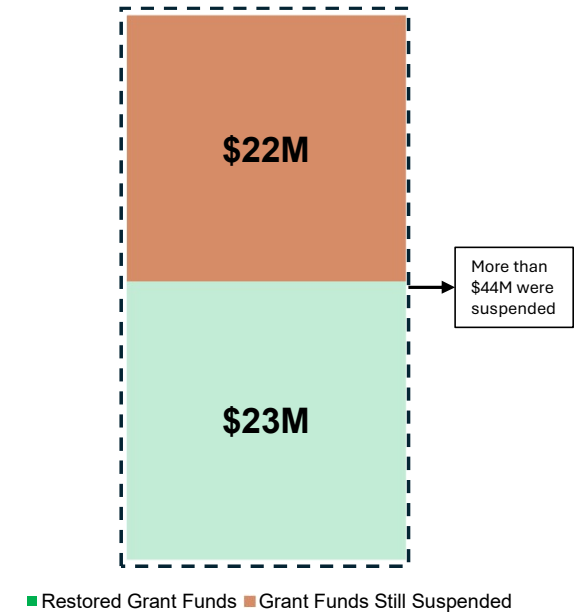
# **Federal Grants Update**

# Federal Grants Updates

## Recent Disruptions to Active Federal Grants

- In February, **70 active federal grants – all from USDA/NIFA – were suspended** and unavailable to draw funds from
- The total available balance across these suspended grants is nearly **\$45M**
- As of March 3rd, **\$23M** in funding **has been restored**; yet **\$22M** remains **suspended** which accounts for **\$963.9K in undrawn expenses**
- An **\$18M NIFA** grant with **\$14.4M** in remaining funds is the biggest driver of the currently suspended funds. This grant accounts for **\$890.4K in undrawn expenses**
- If reinstated within the grant period, the undrawn expenses from the suspended grants will be eligible for reimbursements

Suspended Federal Funds to Date





# Future Grant Suspensions Could Disrupt University Operations

## Total Available Grant Funding

**\$115M**

- TSU has an available balance of more than **\$115M in federal grants** that could be subject to future suspensions or freezes
- The Federal Administration has not indicated whether future grant suspensions will occur
- These include multi-year awards that stretch into 2029

## Federal Grants Fund Some Employees Salaries

**62**

### Employees Fully Funded

- **62 TSU employees'** salaries were fully funded by active federal grants in December 2024

**112**

### Employees Mostly Funded

- An **additional 112 TSU employees** received more than 50% of their salaries from federal grants

*Future federal grant suspensions could impact TSU's ability to fund these employees and impose additional risk of having the University to absorb these salaries temporarily*

## Impact of IDC Reductions

**\$1-2M**

- The federal government proposed capping Indirect Cost Rates (IDC) at 15% for NIH grants. The estimated impact to TSU would be **\$100-200k in unrecoverable costs**
- If all federal government grants are capped IDC at 15%, TSU could lose **\$1-2M annually**



## Actions Taken to Mitigate Risk

- TSU paused spending on all federal grants from 2/28 – 3/12 to mitigate exposure while assessing the situation and conversing with federal leaders.
- Leadership has met daily to assess the rapidly changing federal landscape to determine next steps and when to resume spending.
- TSU will continue to evaluate the volatility of the current landscape and potential impacts to employees, students, and university operations.

TENNESSEE STATE UNIVERSITY  
BOARD OF TRUSTEES  
INFORMATION ITEM

DATE: March 12<sup>th</sup>, 2025

ITEM: State Building Commission Update

RECOMMENDED ACTION: No action

PRESENTED BY: Jim Grady, Managing Director at Alvarez & Marsal

**Background Information**

Mr. Grady will present an update on the State Building Commission meeting which occurred on February 19<sup>th</sup>, 2025. Presentation attached.





# TENNESSEE STATE UNIVERSITY

TSU's Bridge to Sustainability

February 19, 2025

## President's Updates: Since Last SBC Meeting

- TSU Board of Trustees and Interim President Tucker completed Financial Exigency training on 01/31/2025.
- Cash flow projections remain in line with previous presentations; we expect to maintain liquidity through May/June 2025.
- Spring enrollment is outperforming our budget by 600 students.
- Restructured the weekly Executive Cabinet meeting to drive collaboration and accountability across all departments.
- THEC team and TSU staff have made much improvement in our Financial Aid department.
- TBR and TSU staff are progressing well in closing out past audit exceptions.
- Restructured the Business & Finance department, Alvarez & Marsal are providing six (6) resources.
- TSU Board of Trustees and Provost Melton have identified and are reviewing all low-performing programs of study.
- Met individually with many amazing TSU students who come from across the state, nation and globally.
- Targeted efforts have been made in FY25 to reduce E&G costs including workforce reductions, hiring freezes, and introduction of overall spending controls, resulting in over \$7M in incremental cost reduction.

## Need: Expanded Use of Appropriated Funds

- In 2023, Governor Bill Lee and state lawmakers **appropriated a \$250.0 million funding package** reserved for capital improvements to TSU.
- TSU is seeking a **financial bridge to long term sustainability** over a 5-year period. With this funding, TSU intends to forge a continued partnership with the State of Tennessee.

|                                                                                        |                 |
|----------------------------------------------------------------------------------------|-----------------|
| <b>Funding appropriated in 2023 to address historical underfunding</b>                 | <b>\$250.0M</b> |
| <i>Less: Funds already committed prior to FY25 for capital projects</i>                | <i>(63.3)</i>   |
| <i>Less: Funds committed to Ag Building from ARPA funding reallocated to operating</i> | <i>(32.2)</i>   |
| <b>Remaining appropriated capital funds, before expanded use</b>                       | <b>154.5</b>    |

**Request to revise current law to allow for expanded use:**

**\$154.5**

- TSU's financial plan for the next 5-6 years demonstrates our ability to streamline its operations and achieve its financial goals. **This bridge funding will allow TSU to make strategic improvements and provide our stakeholders with confidence in the institution's financial stability.**

# Pro Forma Forecast: Targeted Deficit Resolution

Total Deficit Reduction:

**\$32-37M**

## Scholarships

**\$18-20M**

- Scholarship discount rate has increased dramatically in recent years, without contributing more net revenue
- TSU can realize these savings by changing internal policies and **capping unrestricted awards as a % of gross revenue for future Freshman class cohorts**

## Personnel Cost Reduction

**\$6-7M**

### Non-Instructional Staff

- Non-instructional E&G staff levels are higher than other LGIs, highlighting a need to “right size” staff in line with recent enrollment decline
- TSU began to address this in the Fall with a **workforce reduction in October 2024** – the savings estimate above is calculated in addition to that reduction through a **comprehensive benchmarking analysis to other LGIs**

**\$5-6M**

### Instructional Staff

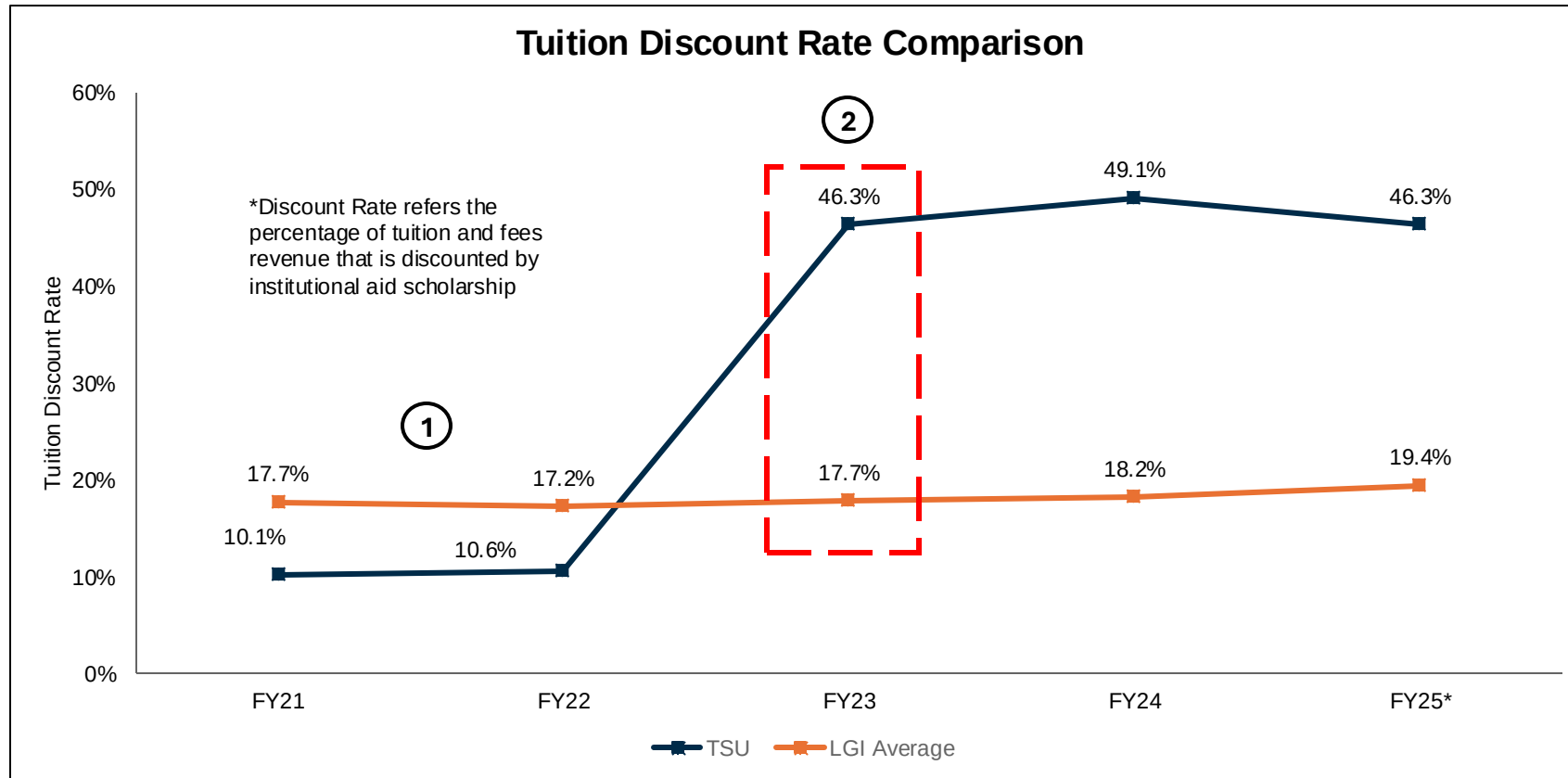
- Faculty and academic E&G staff levels are slightly higher than other LGIs, prompting a need to assess faculty workloads and overall efficiency
- Low performing program reviews and faculty workload reviews are in process, but **some programs are scheduled to sunset and low-utilized faculty have been identified**

## Non-Personnel Cost Reduction

**\$3-4M**

- The President and cabinet members are actively pursuing any and all feasible cost reduction options
- Reductions catalogued so far include **maintenance, security, among other general operating costs**

# Scholarships: Compared to other LGIs



1 TSU maintained a lower discount rate than the average for comparable LGIs in FY21 and FY22

2 In FY23, the TSU's discount rate increased significantly to 46.3% of tuition & fees revenue

3 LGI average discount rates remained relatively stable from FY21-25 while TSU's has continued to increase

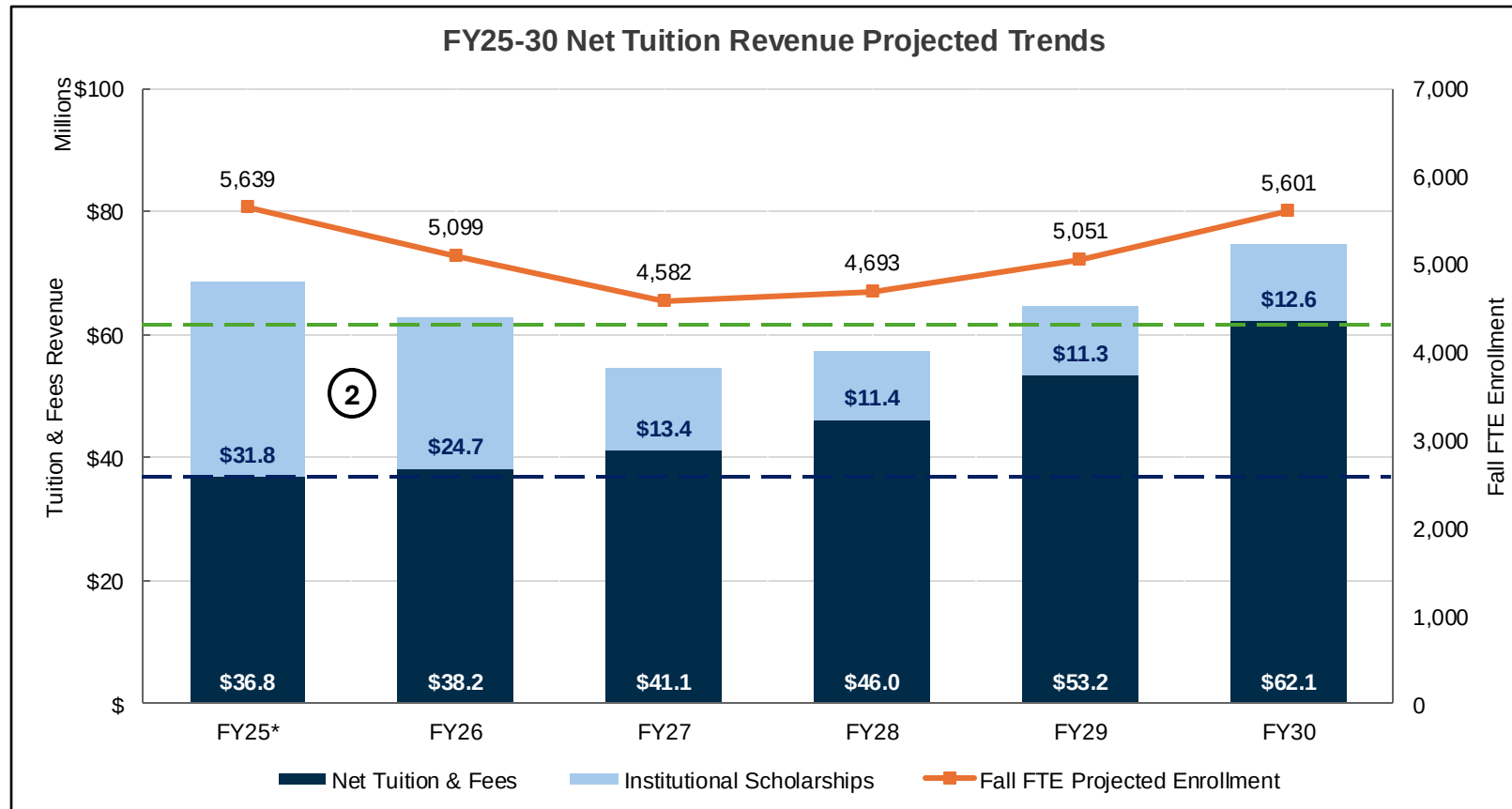
Source: THEC Tuition Discount Rate Data



# Scholarships: Forecasted Discount Rate Caps in Future Years

①

| Unrestricted Scholarships | FTIC Targets (% of Gross Tuition & Fees Revenue) |
|---------------------------|--------------------------------------------------|
| Total                     | 20.0%                                            |



①

Target unrestricted institutional aid as 20% of a year's gross tuition & fees revenue for incoming first-time Freshman in future cohorts

②

TSU intends to keep the promise made to students in the past and allow them to matriculate from the University

③

Imposing discount rate caps for future freshman classes is **projected to increase net revenue by ~\$25M** by FY30, compared to FY25

\*FY25 numbers are estimated as of February 2025

# Instructional Staff: Low-Producing Program Review & Faculty Workload

## Low-Producing Programs

- TSU's academic affairs office led a comprehensive review programs meeting THEC's "low-producing" threshold and assessed program demand, alignment with workforce needs, and contributions to TSU's mission
- TSU plans to **sunset several of these programs**, and plans to "teach-out" current students, which could take 5-6 years
- Sunsetting programs **does not guarantee significant cost-savings** – Expenses (faculty, staff, and admin) are shared across multiple programs, and sunsetting individual programs does not guarantee substantial cost savings
- TSU estimates sunsetting these programs **will yield annual cost-savings beginning in FY26 \$400-600K**

## Faculty Workload

- TSU conducted a comprehensive review of **Student Credit Hour (SCH) Production per Faculty**, a commonly used metric to assess faculty productivity, across all colleges and degree programs
- This analysis assessed the number of students each faculty teaches, multiplied by the number of credit hours per class, to find total SCH production per faculty across the university
- Using benchmarks from comparable Tennessee institutions, this analysis identified **teaching faculty with low SCH production** who teach mostly lectures or workshops
- Optimizing faculty workloads can generate between **\$4-5M in annual cost savings from non-tenured faculty**

# Pro Forma Forecast: FY25 through FY30

Tennessee State University  
 ProForma Financial Model & Forecast  
 (\$ in 000s)

|                                           | FISCAL YEAR         |                     |                     |                     |                     |                     |
|-------------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
|                                           | 2025                | 2026                | 2027                | 2028                | 2029                | 2030                |
| <b>REVENUES</b>                           |                     |                     |                     |                     |                     |                     |
| E&G                                       | 100,697             | 105,248             | 110,515             | 117,827             | 128,964             | 141,941             |
| Auxiliaries                               | 40,546              | 40,201              | 39,471              | 41,081              | 43,738              | 47,301              |
| <b>Total Revenues</b>                     | <b>\$ 141,243</b>   | <b>\$ 145,449</b>   | <b>\$ 149,986</b>   | <b>\$ 158,908</b>   | <b>\$ 172,702</b>   | <b>\$ 189,242</b>   |
| <b>EXPENSES</b>                           |                     |                     |                     |                     |                     |                     |
| E&G                                       | (143,093)           | (136,361)           | (133,287)           | (135,687)           | (138,050)           | (140,612)           |
| Auxiliaries                               | (44,744)            | (44,019)            | (42,297)            | (43,089)            | (44,256)            | (46,386)            |
| <b>Total Expenses</b>                     | <b>\$ (187,836)</b> | <b>\$ (180,380)</b> | <b>\$ (175,584)</b> | <b>\$ (178,776)</b> | <b>\$ (182,306)</b> | <b>\$ (186,999)</b> |
| Net Surplus/(Deficit), before adjustments | <b>\$ (46,594)</b>  | <b>\$ (34,931)</b>  | <b>\$ (25,597)</b>  | <b>\$ (19,868)</b>  | <b>\$ (9,605)</b>   | <b>2,244</b>        |
| FY25 Adjustments                          | 40,850              | -                   | -                   | -                   | -                   | -                   |
| Net Surplus/(Deficit), after adjustments  | <b>\$ (5,744)</b>   | <b>\$ (34,931)</b>  | <b>\$ (25,597)</b>  | <b>\$ (19,868)</b>  | <b>\$ (9,605)</b>   | <b>2,244</b>        |
| <b>Cumulative Surplus/(Deficit)</b>       | <b>\$ (5,744)</b>   | <b>\$ (40,674)</b>  | <b>\$ (66,271)</b>  | <b>\$ (86,140)</b>  | <b>\$ (95,744)</b>  | <b>(93,501)</b>     |

Note: E&G Revenues include scholarships expense as a contra revenue against tuition & fees

Note: Debt service is included in E&G and Aux expenses



# Pro Forma Forecast: Revenues

|                                               | FISCAL YEAR       |                   |                   |                   |                   |                   |
|-----------------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
|                                               | 2025              | 2026              | 2027              | 2028              | 2029              | 2030              |
| <b>REVENUES</b>                               |                   |                   |                   |                   |                   |                   |
| ① Tuition & Fees                              | \$ 68,565         | \$ 62,861         | \$ 54,512         | \$ 57,398         | \$ 64,546         | \$ 74,670         |
| ② <i>Less: Scholarships &amp; Fellowships</i> | (31,775)          | (24,669)          | (13,373)          | (11,352)          | (11,319)          | (12,596)          |
| State Appropriations                          | 52,702            | 55,155            | 56,722            | 58,311            | 61,383            | 64,555            |
| ③ Grants IDC                                  | 5,146             | 5,661             | 6,227             | 6,850             | 7,534             | 8,288             |
| Other E&G Revenues                            | 6,059             | 6,240             | 6,428             | 6,621             | 6,819             | 7,024             |
| <b>Total E&amp;G Revenues</b>                 | <b>100,697</b>    | <b>105,248</b>    | <b>110,515</b>    | <b>117,827</b>    | <b>128,964</b>    | <b>141,941</b>    |
| Food Service                                  | 17,367            | 16,597            | 15,364            | 16,206            | 17,966            | 20,519            |
| Student Housing                               | 19,797            | 20,395            | 21,007            | 21,637            | 22,286            | 22,955            |
| Book Fees                                     | 2,045             | 1,955             | 1,809             | 1,908             | 2,116             | 2,416             |
| Other Aux Revenues                            | 1,337             | 1,254             | 1,291             | 1,330             | 1,370             | 1,411             |
| ④ <b>Total Auxiliary Revenues</b>             | <b>40,546</b>     | <b>40,201</b>     | <b>39,471</b>     | <b>41,081</b>     | <b>43,738</b>     | <b>47,301</b>     |
| <b>Total Revenues</b>                         | <b>\$ 141,243</b> | <b>\$ 145,449</b> | <b>\$ 149,986</b> | <b>\$ 158,908</b> | <b>\$ 172,702</b> | <b>\$ 189,242</b> |

① Tuition & Fees have been revised in FY25 since October budget; future year changes are driven by enrollment and fees forecasts

② Scholarships expense drops significantly over the next two years, **\$16-18M of aid from FY22-FY23 will “age-out” naturally**

③ Grants IDC expected to increase year over year due to increased total awards and improved spend rate, in line with recent trends

④ Auxiliary revenues fluctuate with enrollment trends, aside from housing which is capped at campus capacity

# Pro Forma Forecast: Expenses

|                              |                               | FISCAL YEAR         |                     |                     |                     |                     |                     |
|------------------------------|-------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
|                              |                               | 2025                | 2026                | 2027                | 2028                | 2029                | 2030                |
| <b>EXPENSES</b>              |                               |                     |                     |                     |                     |                     |                     |
| E&G Personnel Costs          |                               |                     |                     |                     |                     |                     |                     |
| ①                            | Faculty and Academic Salaries | (38,386)            | (36,798)            | (35,339)            | (35,869)            | (36,407)            | (36,954)            |
|                              | Professional Support Salaries | (27,018)            | (25,937)            | (24,949)            | (25,323)            | (25,703)            | (26,088)            |
| ②                            | Administrative Salaries       | (9,212)             | (8,922)             | (8,665)             | (8,795)             | (8,927)             | (9,061)             |
|                              | Other Salaries                | (7,404)             | (7,309)             | (7,242)             | (7,351)             | (7,461)             | (7,573)             |
|                              | Employee Benefits             | (25,378)            | (24,273)            | (23,253)            | (23,601)            | (23,955)            | (24,315)            |
| E&G Non-Personnel Costs      |                               |                     |                     |                     |                     |                     |                     |
| ③                            | Operating Expenses            | (26,590)            | (23,786)            | (24,499)            | (25,234)            | (25,991)            | (26,771)            |
|                              | Utilities                     | (3,947)             | (4,065)             | (4,187)             | (4,313)             | (4,442)             | (4,575)             |
|                              | Other Expenses                | (3,309)             | (3,408)             | (3,510)             | (3,615)             | (3,724)             | (3,836)             |
| Total E&G Expenditures       |                               | (141,243)           | (134,498)           | (131,644)           | (134,102)           | (136,611)           | (139,172)           |
| ②                            | Aux Personnel Costs           | (5,644)             | (5,309)             | (4,992)             | (5,067)             | (5,143)             | (5,220)             |
|                              | Aux Non-Personnel Costs       | (33,327)            | (32,897)            | (32,178)            | (33,074)            | (34,620)            | (36,673)            |
| Total Auxiliary Expenditures |                               | (38,971)            | (38,206)            | (37,170)            | (38,141)            | (39,763)            | (41,893)            |
| Debt Service                 |                               | (7,623)             | (7,676)             | (6,769)             | (6,533)             | (5,932)             | (5,933)             |
| <b>Total Expenses</b>        |                               | <b>\$ (187,836)</b> | <b>\$ (180,380)</b> | <b>\$ (175,584)</b> | <b>\$ (178,776)</b> | <b>\$ (182,306)</b> | <b>\$ (186,999)</b> |

① Instructional staff reductions totaling \$5-6M are forecasted over the next 2 years, offset by employee raises funded through State appropriations

② Non-instructional staff reductions totaling \$6-7M are forecasted over the next 2 years, offset by employee raises funded through State appropriations

③ Operating expenses are expected to decline in the near term through targeted efforts, netted against nominal inflationary increases

Note: Personnel costs include employee raises, funded with State appropriations in each year – these raises net against the impact of savings efforts

# TSU Funding: Amendment for Expanded Use and Preview of Future Requests

- In 2021, a bipartisan state legislative committee, Joint Land-Grant Institution Funding Study Committee, investigated the historical funding disparities and calculated that the Tennessee's failure to match federal research funds to TSU from 1957 was in the range of **\$150.0 million to \$544.0 million**, with the high end of the range representing the cumulative underfunding when adjusted for inflation and lost investment opportunities.
- As TSU executes its financial plan and demonstrates its ability to operate sustainably, the University plans to **structure funding requests in future years to address the remaining \$294M in historical underfunding and provide a foundation for growth.**

|                                                                                           |                 |
|-------------------------------------------------------------------------------------------|-----------------|
| <b>Funding appropriated in 2023 to address historical underfunding</b>                    | <b>\$250.0M</b> |
| <i>Less: Funds already committed</i>                                                      | (95.5)          |
| <b>Funding request for expanded use</b>                                                   | <b>\$154.5M</b> |
| <i>Use: Forecasted cumulative deficit through FY30</i>                                    | 95.7            |
| <i>Use: Operating Cash reserve (~3 months expenses)</i>                                   | 45.0            |
| <i>Use: Remaining funds, to be used for near term capital or special projects</i>         | 13.8            |
| <b>Funding recognized by legislature for cumulative historical underfunding</b>           | <b>\$544.0M</b> |
| <i>Less: Funds already appropriated</i>                                                   | (250.0)         |
| <b>Remaining funding recognized by legislature for cumulative historical underfunding</b> | <b>294.0</b>    |

# TSU Transformation: Laying the Foundation for Sustainability

- **This 5-year financial plan maximizes cost savings potential while also keeping student experience and well-being our primary focus.**
- A 5-year plan allows TSU to address Fall 2025 student enrollment and family concerns regarding our financial challenges.
- Incoming Fall 2025 freshmen enrollment can visualize graduating from TSU in 2029. Current students can also visualize matriculating from TSU.
- Stabilizing funding allows TSU to pivot in 2025 to hiring permanent, high-quality talent to replace outside consultants and state resources who are currently filling key positions.
- A 5-year plan demonstrates to vendors and other strategic partners confidence in our ongoing viability and allows TSU to invest in TSU while controlling its destiny.
- **\$154M of unrestricted funding will put TSU on firm financial footing for the next 5 years, allowing the University to execute on what it needs to be successful in the near term. Future appropriations requests will allow TSU to invest and prosper long term.**

TENNESSEE STATE UNIVERSITY  
BOARD OF TRUSTEES  
INFORMATION ITEM

DATE: March 12<sup>th</sup>, 2025

ITEM: Budget vs. Actuals Update

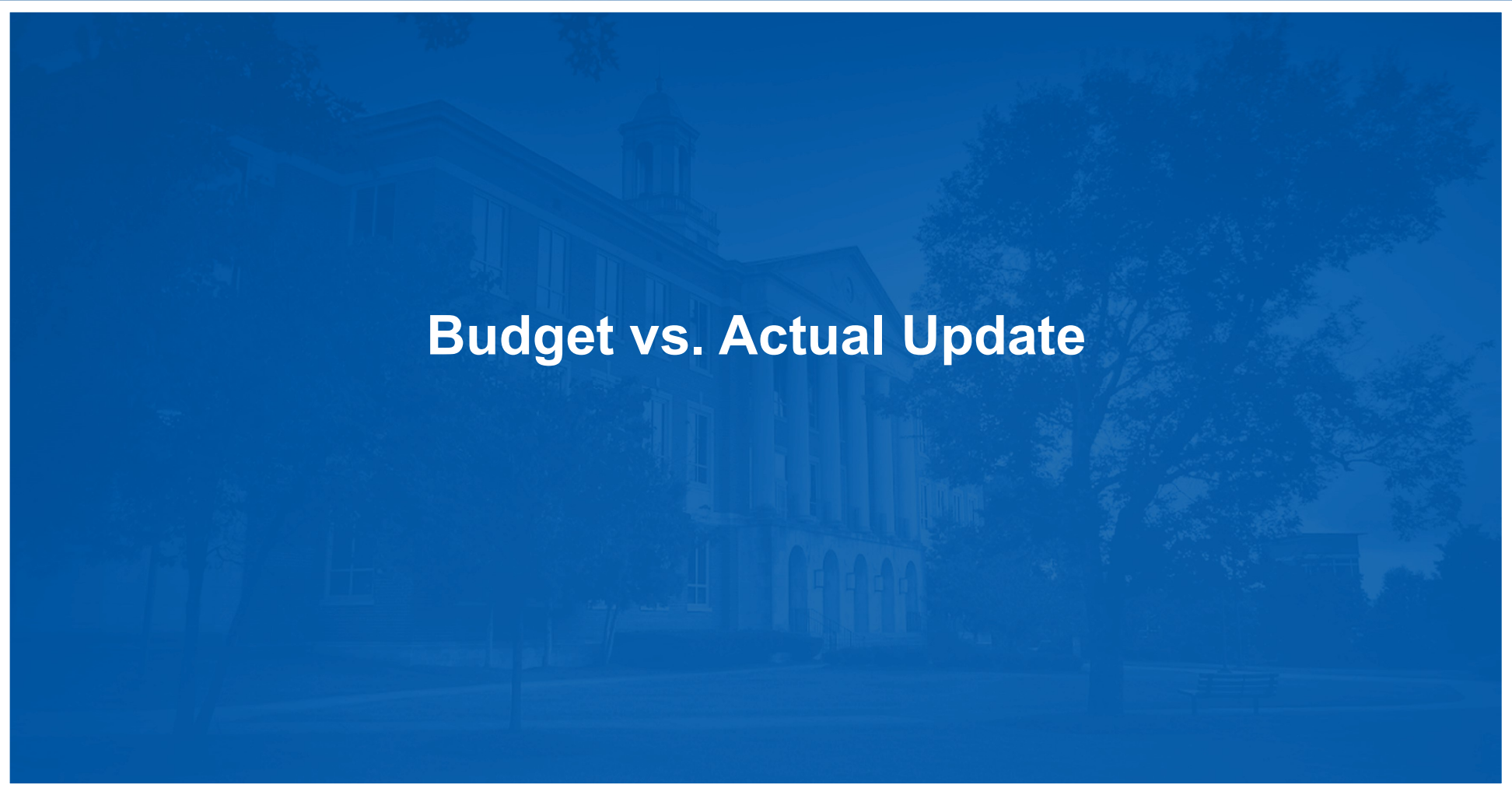
RECOMMENDED ACTION: No action

PRESENTED BY: Jim Grady, Managing Director at Alvarez & Marsal

**Background Information**

Mr. Grady will present an update on FY25 budget vs. actuals as of January 31, 2025.





# **Budget vs. Actual Update**



# Budget Vs. Actual Update as of January 2025 – Unrestricted E&G

|                                              | 2024-25 Revised Budget | Current YTD        | Remaining Balance | Current Year % of Budget | Current Year % of Budget Remaining | Variance Explanation                                                                           |
|----------------------------------------------|------------------------|--------------------|-------------------|--------------------------|------------------------------------|------------------------------------------------------------------------------------------------|
| <b>Unrestricted E&amp;G</b>                  |                        |                    |                   |                          |                                    |                                                                                                |
| <b>Revenue</b>                               |                        |                    |                   |                          |                                    |                                                                                                |
| Tuition and Fees                             | 80,541,634             | 75,113,136         | (5,428,498)       | 93.3%                    | 6.7%                               |                                                                                                |
| State Appropriations                         | 52,701,700             | 38,074,300         | (14,627,400)      | 72.2%                    | 27.8%                              | State of TN advanced portion of State Appropriations to help cover September 2024 cash deficit |
| Sales & Services                             | 5,308,700              | 3,867,435          | (1,441,265)       | 72.9%                    | 27.1%                              |                                                                                                |
| State and Local Fiscal Recovery Funds (ARPA) | -                      | 32,250,000         | 32,250,000        | N/A                      | N/A                                | State of TN reallocated ARPA funds from Agriculture Bldg to further assist with cash shortfall |
| Other Income                                 | 4,330,000              | 3,753,975          | (576,025)         | 86.7%                    | 13.3%                              |                                                                                                |
| <b>Total Revenue</b>                         | <b>142,882,034</b>     | <b>153,058,846</b> | <b>10,176,812</b> | <b>107.1%</b>            | <b>-7.1%</b>                       |                                                                                                |
| <b>Expenditures/Transfers</b>                |                        |                    |                   |                          |                                    |                                                                                                |
| Salaries & Wages                             | 84,541,309             | 47,705,142         | 36,836,167        | 56.4%                    | 43.6%                              |                                                                                                |
| Fringe Benefits                              | 30,335,780             | 14,961,114         | 15,374,665        | 49.3%                    | 50.7%                              |                                                                                                |
| Travel                                       | 3,641,829              | 1,551,684          | 2,090,146         | 42.6%                    | 57.4%                              |                                                                                                |
| Operating Expenditures                       | 33,889,566             | 12,674,452         | 21,215,114        | 37.4%                    | 62.6%                              |                                                                                                |
| Scholarships and Allowances                  | 35,292,100             | 30,627,113         | 4,664,987         | 86.8%                    | 13.2%                              | Jan. 2025 majority of scholarships have been posted; as of 3/3/25 \$32M in total               |
| Capital Outlay                               | 663,613                | 440,449            | 223,164           | 66.4%                    | 33.6%                              |                                                                                                |
| Transfers for Debt Payment                   | 1,849,900              | 1,665,397          | 184,503           | 90.0%                    | 10.0%                              |                                                                                                |
| <b>Total Expenditures/Transfers</b>          | <b>190,214,097</b>     | <b>109,625,350</b> | <b>80,588,747</b> | <b>57.6%</b>             | <b>42.4%</b>                       |                                                                                                |



# Budget Vs. Actual Update as of January 2025 – Auxiliary

|                                     | 2024-25 Revised Budget | Current YTD       | Remaining Balance | Current Year % of Budget | Current Year % of Budget Remaining | Variance Explanation                                           |
|-------------------------------------|------------------------|-------------------|-------------------|--------------------------|------------------------------------|----------------------------------------------------------------|
| <b>Auxiliary</b>                    |                        |                   |                   |                          |                                    |                                                                |
| <b>Revenue</b>                      | 43,720,019             | 39,751,218        | (3,968,801)       | 90.9%                    | 9.1%                               | Food Service revenue is running lower than projected           |
|                                     |                        |                   |                   |                          |                                    |                                                                |
| <b>Expenditures/Transfers</b>       |                        |                   |                   |                          |                                    | Aramark payments have not been made for Fall '24 or Spring '25 |
| Salaries & Wages                    | 5,121,775              | 2,386,690         | 2,735,085         | 46.6%                    | 53.4%                              |                                                                |
| Fringe Benefits                     | 1,860,989              | 726,546           | 1,134,443         | 39.0%                    | 61.0%                              |                                                                |
| Travel                              | 163,850                | 3,149             | 160,701           | 1.9%                     | 98.1%                              |                                                                |
| Operating Expenditures              | 33,697,931             | 7,808,094         | 25,889,837        | 23.2%                    | 76.8%                              |                                                                |
| Scholarships and Allowances         | 70,000                 | 83,116            | (13,116)          | 118.7%                   | -18.7%                             |                                                                |
| Capital Outlay                      | 390,600                | 405,475           | (14,875)          | 103.8%                   | -3.8%                              |                                                                |
|                                     |                        |                   |                   |                          |                                    |                                                                |
| Transfers for Debt Payment          | 5,772,800              | 3,320,687         | 2,452,113         | 57.5%                    | 42.5%                              |                                                                |
|                                     |                        |                   |                   |                          |                                    |                                                                |
| <b>Total Expenditures/Transfers</b> | <b>47,077,945</b>      | <b>14,733,757</b> | <b>32,344,188</b> | <b>31.3%</b>             | <b>68.7%</b>                       |                                                                |





# Unaudited Statement of Position as of June 30, 2024

| <i>(in thousands of dollars)</i>      |  | <i>FY 2024</i>   |
|---------------------------------------|--|------------------|
| <b>Assets:</b>                        |  |                  |
| Current assets                        |  | \$54,084         |
| Capital assets, net                   |  | 294,315          |
| Other assets                          |  | 11,192           |
| <b>Total Assets</b>                   |  | <b>359,591</b>   |
| <b>Deferred Outflows of Resources</b> |  |                  |
| Deferred amount on debt refunding     |  | 95               |
| Deferred outflows related to OPEB     |  | 2,909            |
| Deferred outflows related to pensions |  | 15,518           |
| <b>Total Deferred Outflows</b>        |  | <b>18,522</b>    |
| <b>Liabilities:</b>                   |  |                  |
| Current liabilities                   |  | 52,355           |
| Noncurrent liabilities                |  | 116,073          |
| <b>Total Liabilities</b>              |  | <b>168,428</b>   |
| <b>Deferred Inflows of Resources</b>  |  |                  |
| Deferred inflows related to OPEB      |  | 4,665            |
| Deferred inflows related to pensions  |  | 207              |
| <b>Total Deferred Inflows</b>         |  | <b>4,872</b>     |
| <b>Net Position:</b>                  |  |                  |
| Net investment in capital assets      |  | 200,054          |
| Restricted – nonexpendable            |  | 394              |
| Restricted – expendable               |  | 13,846           |
| Unrestricted                          |  | (9,481)          |
| <b>Total Net Position</b>             |  | <b>\$204,813</b> |

TENNESSEE STATE UNIVERSITY  
BOARD OF TRUSTEES  
INFORMATION ITEM

DATE: March 12<sup>th</sup>, 2025

ITEM: Tuition Update

RECOMMENDED ACTION: No action

PRESENTED BY: Jim Grady, Managing Director at Alvarez & Marsal

**Background Information**

Mr. Grady will present an update on tuition proposed tuition and fee changes for the 2025-2026 academic year.

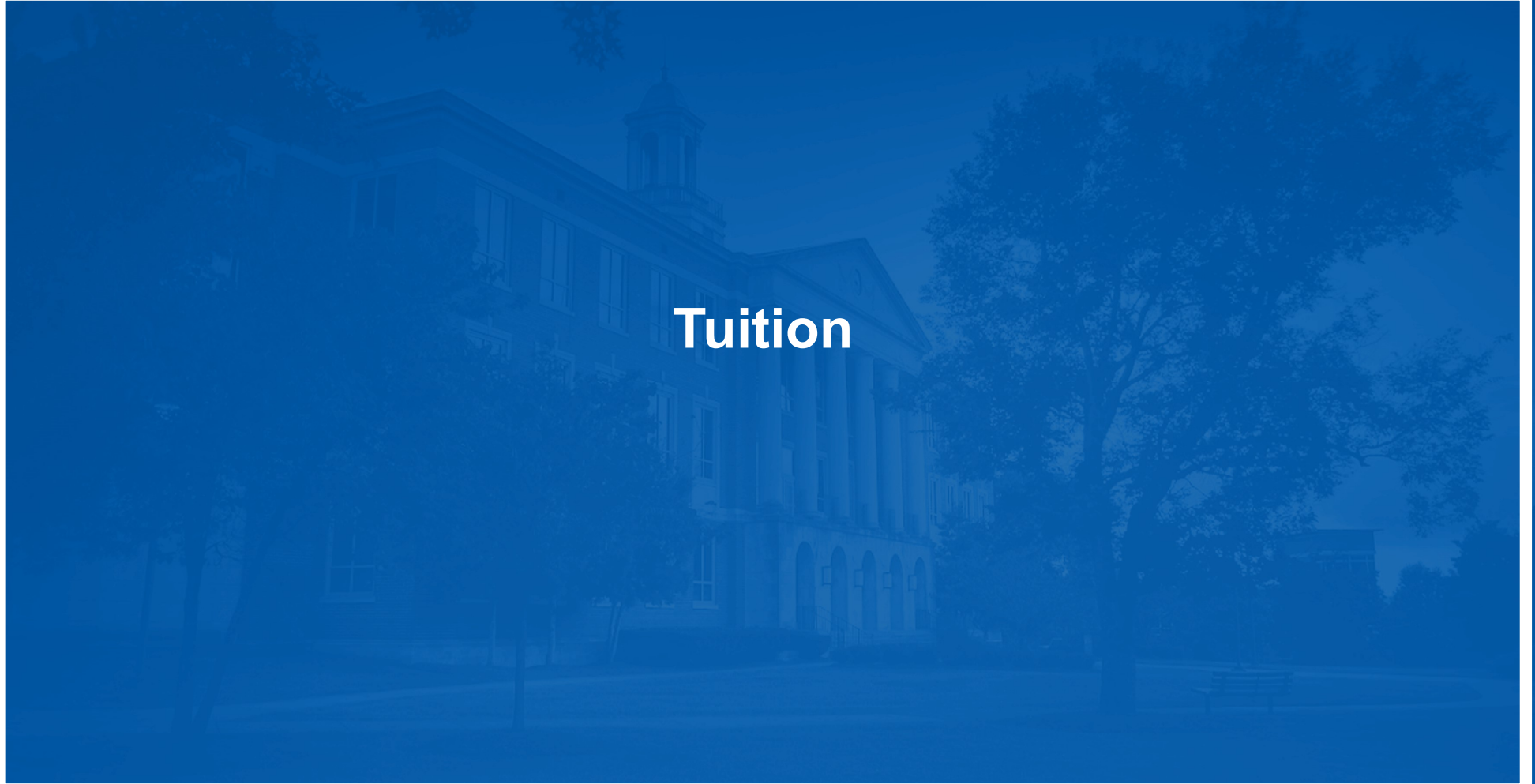


# TENNESSEE STATE UNIVERSITY

Committee on Finance & Business Operations

March 12, 2025

# Tuition





## General Financial Environment

- Enrollment is outpacing Spring 2025 estimate by 600 students.
- Higher Education state appropriation funding for outcomes and partially funded salary increase - \$52.8 million.
- TSU (formula unit) received \$1,738,400 for new outcomes funding and partial funding of a 2.6% salary pool. In addition, TSU received \$628,500 for FY25 and FY26 insurance premium adjustments.
- TSU (non-formula units) including McMinnville, IAgER, Cooperative Extension, and Forestry Research received a combined \$84,400 for partial funding of the 2.6% salary pool.
- Finally, TSU received \$2,320,000 in capital maintenance funding to update building system equipment at Avon Williams (including chiller, cooling tower, pumps, and related work).



# Combined Tuition & Mandatory Fee History FY19-FY25

| Institution               | 2018-19 | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 | 2024-25 |
|---------------------------|---------|---------|---------|---------|---------|---------|---------|
| Austin Peay               | 3.0%    | 1.8%    | 0.0%    | 1.6%    | 0.0%    | 3.0%    | 4.0%    |
| East Tennessee            | 2.9%    | 2.3%    | 0.0%    | 1.9%    | 0.0%    | 2.9%    | 5.2%    |
| Middle Tennessee          | 2.9%    | 2.4%    | 0.0%    | 1.8%    | 0.0%    | 3.0%    | 5.2%    |
| Tennessee State           | 3.0%    | 2.2%    | 0.0%    | 1.9%    | 0.0%    | 2.8%    | 4.8%    |
| Tennessee Tech            | 2.6%    | 2.4%    | 5.5%    | 1.8%    | 0.0%    | 2.9%    | 10.5%   |
| University of Memphis     | 0.0%    | 2.3%    | 0.0%    | 1.3%    | 0.0%    | 2.9%    | 3.7%    |
|                           |         |         |         |         |         |         |         |
| UT Chattanooga            | 0.0%    | 7.0%    | 0.0%    | 2.0%    | 0.0%    | 7.3%    | 3.1%    |
| UT Knoxville              | 0.3%    | 2.0%    | 0.0%    | -0.2%   | 0.0%    | 1.8%    | 2.4%    |
| UT Martin                 | 3.0%    | 6.0%    | 0.0%    | 1.7%    | 0.0%    | 3.0%    | 3.5%    |
| UT Southern               |         |         |         | NA      | 0.0%    | 3.0%    | 4.0%    |
|                           |         |         |         |         |         |         |         |
| Community College Average | 2.5%    | 2.5%    | 0.0%    | 1.9%    | 0.0%    | 2.7%    | 5.0%    |
| TCAT Average              | 2.8%    | 2.4%    | 0.0%    | 1.8%    | 0.0%    | 2.8%    | 4.9%    |
| University Average        | 1.8%    | 3.1%    | 0.6%    | 1.4%    | 0.0%    | 3.2%    | 4.6%    |





## THEC Tuition and Mandatory Fee Guidance

- In November 2024, THEC adopted the following guiding tuition range for Tennessee's public higher education institutions.
  - 0% to 4% tuition and mandatory fee range for Universities, Community Colleges, and TCATs.
- THEC intended to set the binding range at their February 6-7, meeting but this action has been deferred until a special called session scheduled for March 19
- What does this mean for TSU?
  - Our board is receiving this informational presentation on FY25-26 tuition and fee recommendations in draft form pending THEC's official vote. We plan to call special session to take official action on tuition and fees once the binding range is set.

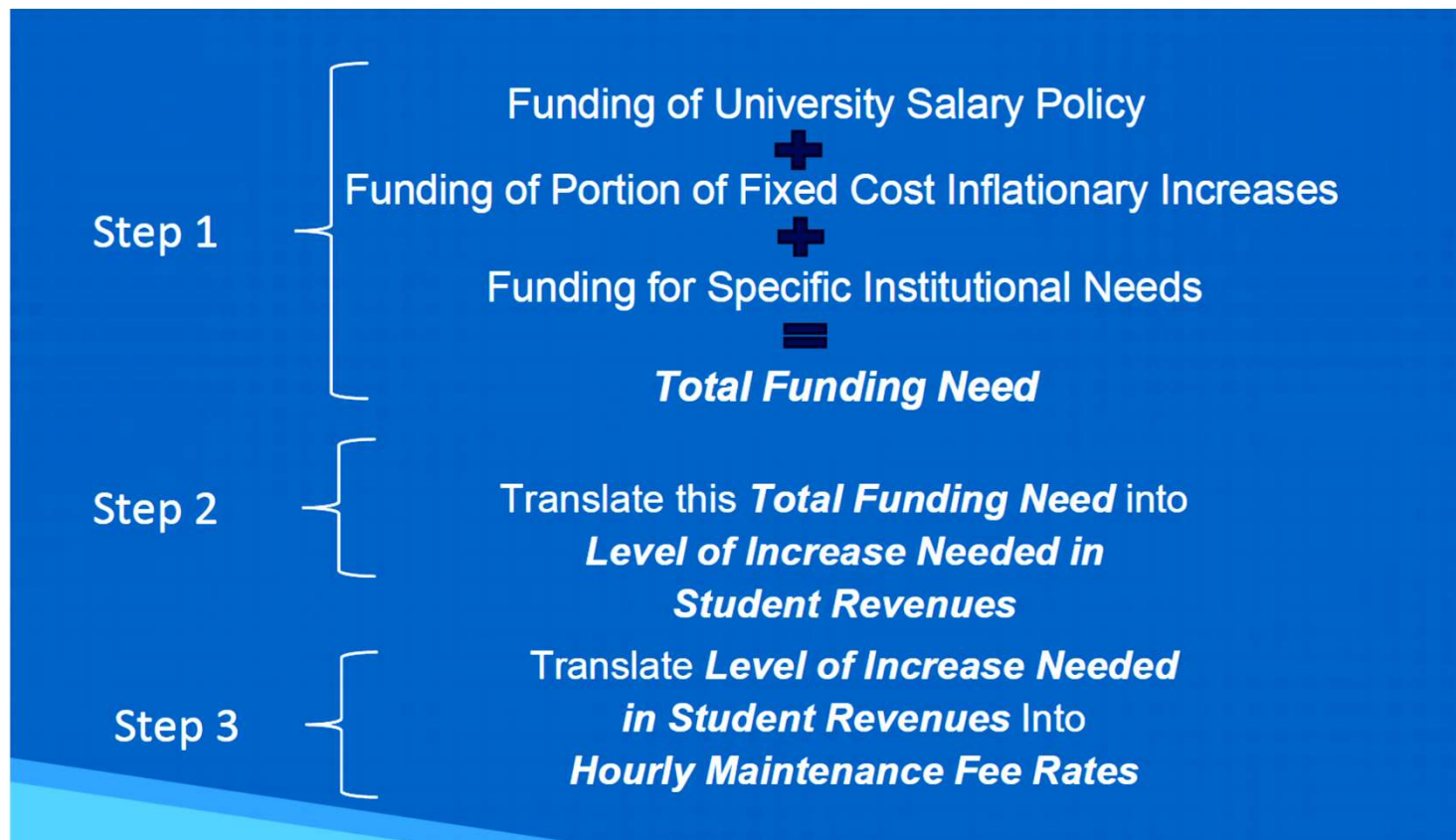




# Tuition Recommendations



# Tuition Recommendation Decision Framework





## Non-Personnel Inflation

### Average of HEPI & CPI

|                               |       |
|-------------------------------|-------|
| HEPI Rate                     | 3.41% |
| CPI Rate                      | 3.00% |
| Average of HEPI & CPI         | 3.21% |
| Share of Inflation to Replace | 80%   |
| Inflationary Costs to Replace | 2.57% |



# Calculation of Need

|                                                 |  |                               |                           |                           |                       |
|-------------------------------------------------|--|-------------------------------|---------------------------|---------------------------|-----------------------|
| <b>Maintenance Fee &amp; Tuition (Revenue):</b> |  | <b>Non-personnel Expense:</b> |                           | <b>Personnel Expense:</b> | \$75,906,700.00       |
| \$66,124,673.00 *                               |  | Travel                        | \$2,815,600.00            |                           | \$8,807,900.00        |
|                                                 |  | Operating                     | \$65,395,100.00           |                           | \$30,272,300.00       |
|                                                 |  | Equipment                     | \$522,300.00              |                           | **\$114,986,900.00    |
| <u>\$66,124,673.00</u>                          |  | Total                         | <u>\$68,733,000.00 **</u> |                           |                       |
|                                                 |  |                               |                           | <b>Salary Increase:</b>   |                       |
| <b>Average CPI/HEPI:</b>                        |  | Inflation Rate                | 2.57%                     | Cost of Inc               | \$2,989,659.40        |
|                                                 |  | Inflation Cost                | <u>\$1,766,400.00</u>     | Appropriation ***         | \$1,178,600.00        |
|                                                 |  | Fee Inc Needed                | <b>2.67%</b>              | Unfunded Amt              | <u>\$1,811,059.40</u> |
|                                                 |  |                               |                           | Fee Inc Needed            | <b>2.74%</b>          |
|                                                 |  |                               |                           |                           |                       |
|                                                 |  | Salary                        |                           | 2.74%                     |                       |
|                                                 |  | Inflation                     |                           | 2.67%                     |                       |
|                                                 |  | <b>Total Needed</b>           |                           | <b>5.41%</b>              |                       |
| 0-4% Guiding Range****                          |  |                               |                           |                           |                       |
| FY26 Calculated Need                            |  |                               |                           |                           |                       |

Data sources:

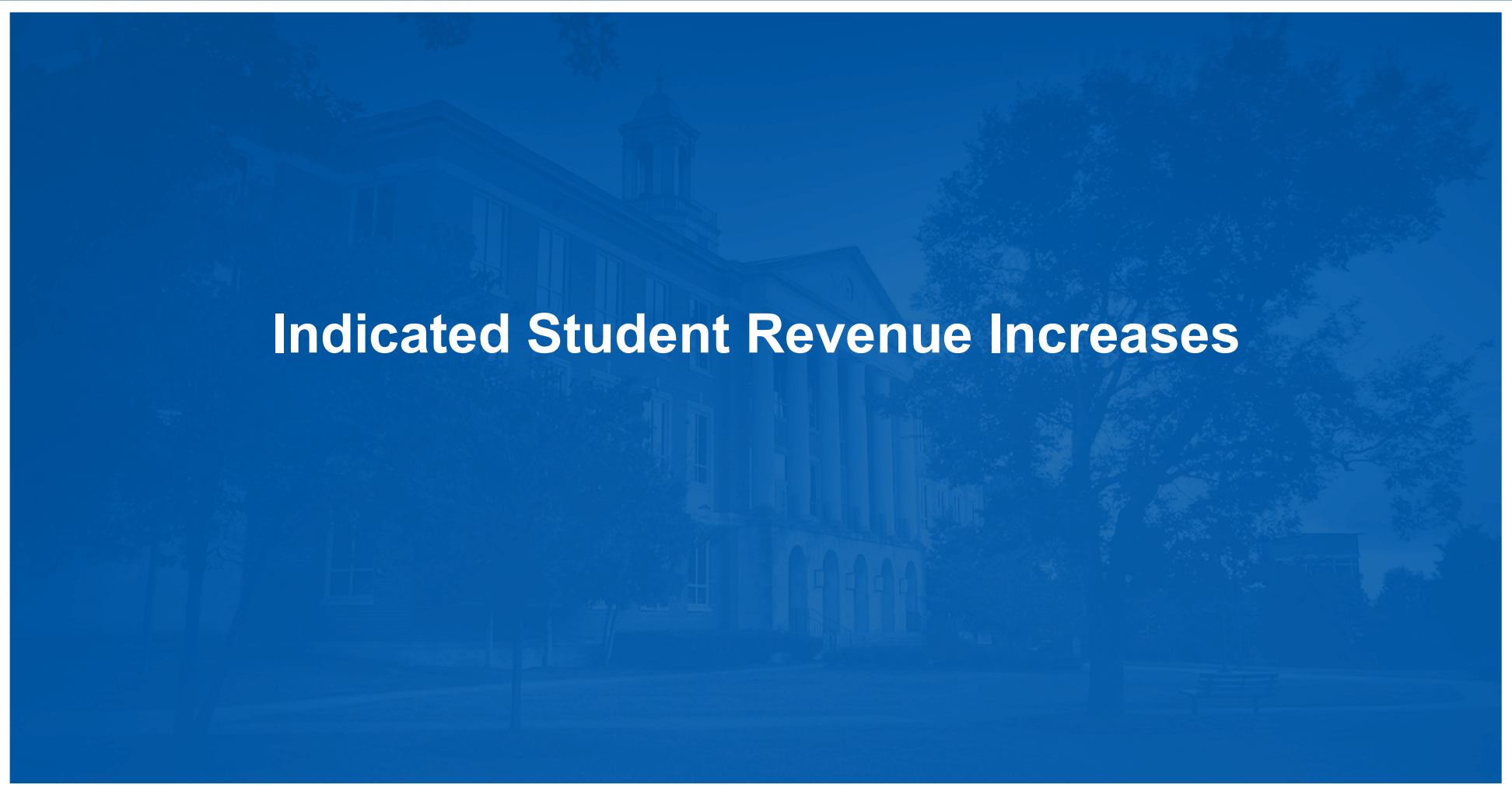
\*Revenue from A&M recalculated tuition revenue from January 2025

\*\*Expense both non-personnel and personnel from TSU FY25 October revised budget

\*\*\*Salary appropriation from FY26 Governor's recommended budget

\*\*\*\*Guiding range set by THEC





## **Indicated Student Revenue Increases**



# In-State Tuition Only

|                                 | FY2024-25  |              |  | FY2025-26  |              |  | FY2025-26  |              |  | FY2025-26  |              |
|---------------------------------|------------|--------------|--|------------|--------------|--|------------|--------------|--|------------|--------------|
|                                 | Base Hours | Hours > Base |  | Base Hours | Hours > Base |  | Base Hours | Hours > Base |  | Base Hours | Hours > Base |
| <b>In-State</b>                 | \$307.00   | \$61.00      |  | \$319.00   | \$64.00      |  | \$322.00   | \$65.00      |  | \$323.00   | \$67.00      |
| Change Amount \$ (per cr hr)    |            |              |  | \$12.00    | \$3.00       |  | \$15.00    | \$4.00       |  | \$16.00    | \$6.00       |
| Change Percent                  |            |              |  | 3.96%      |              |  | 4.97%      |              |  | 5.43%      |              |
| Change Amount \$ (per semester) |            |              |  | \$153.00   |              |  | \$192.00   |              |  | \$210.00   |              |
|                                 |            |              |  |            |              |  |            |              |  |            |              |
| LGI/UT Average                  | \$348.88   |              |  | \$348.88   |              |  | \$348.88   |              |  | \$348.88   |              |
| Difference \$                   | (\$41.88)  |              |  | (\$29.88)  |              |  | (\$26.88)  |              |  | (\$25.88)  |              |
| Difference %                    | -12.00%    |              |  | -8.56%     |              |  | -7.70%     |              |  | -7.42%     |              |

Cr hr = credit hour  
 Change amount \$ per semester is based on 15 credit hours.



# In-State Per Credit Hour Tuition Comparison

In-State Tuition & Mandatory Fee Compare FY25



| FY24-25                | In-state Tuition Only | In-state Mandatory Fees | In-state Total  |
|------------------------|-----------------------|-------------------------|-----------------|
| APSU                   | \$303.00              | \$86.70                 | \$389.70        |
| ETSU                   | \$333.00              | \$131.00                | \$464.00        |
| MTSU                   | \$331.00              | \$86.00                 | \$417.00        |
| TSU                    | \$307.00              | \$78.00                 | \$385.00        |
| TTU                    | \$350.00              | \$116.00                | \$466.00        |
| UofM                   | \$369.00              | \$78.00                 | \$447.00        |
| UTK                    | \$385.00              | \$117.00                | \$502.00        |
| UTC                    | \$353.00              | \$267.00                | \$620.00        |
| UTM                    | \$367.00              | \$72.00                 | \$439.00        |
| <b>Average w/TSU</b>   | \$344.22              | \$114.63                | \$458.86        |
| <b>Average w/o TSU</b> | <b>\$348.88</b>       | <b>\$119.21</b>         | <b>\$468.09</b> |





## Out-of-State Tuition

### Background information:

- Since the FOCUS Act passed in 2017, Tennessee LGI (locally governed institution) boards have the authority to set the out-of-state tuition rates. The out-of-state (OOS) rate is not included in THEC's binding range authority. (T.C.A. § 49-7-202(n)(5))
- Although the Tennessee Code does not contain a provision specifically requiring a separate OOS and in-state tuition rate, numerous provisions in the Code contemplate (a) differential tuition rates and (b) residency related rates, indicating that the General Assembly understood and most likely intended that there be a separate, higher rate for OOS tuition.
- Over the past couple of years, we have seen LGIs reducing their out-of-state (OOS) significantly.
- Additionally, TSU currently has multiple out-of-state rates on their fee chart structure making it confusing for students and a reconciliation issue for the university.
- Current rates include:
  - Standard out-of-state: \$11,727 per semester (based on 15 hours)
  - Scholar out-of-state: \$8,991 per semester
  - 250-mile radius out-of-state: \$7,491 per semester



## Tuition Rates Glossary

**In-state:** students from Tennessee that only pay for fees and are not assessed tuition charges.

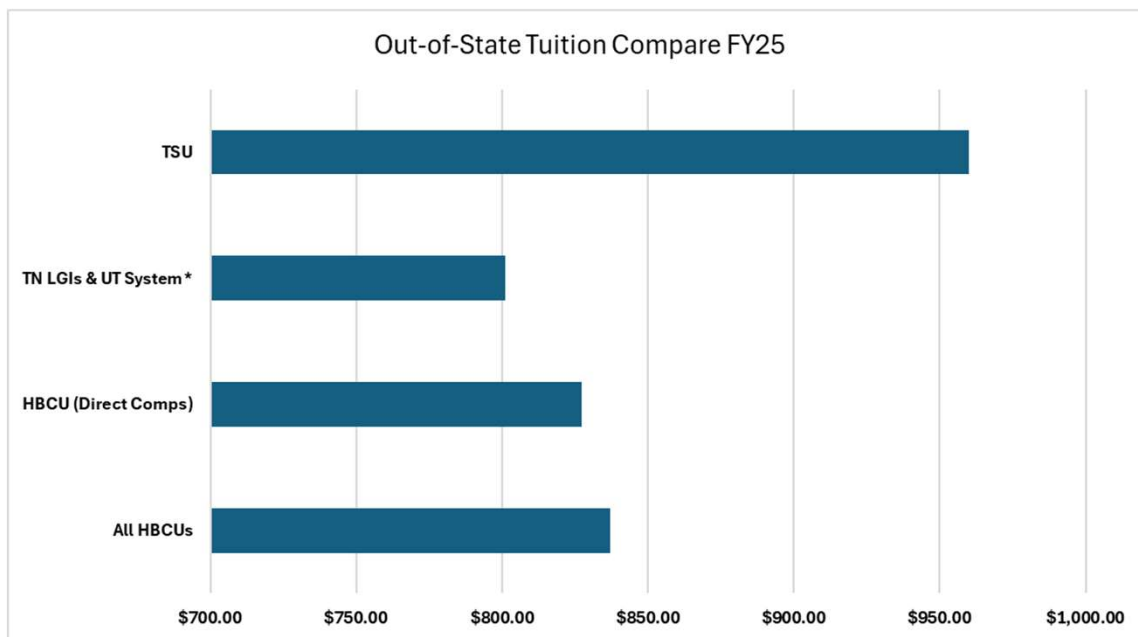
**Full-Freight Out-of-State:** Out-of-state students pay an additional fee, often referred to as tuition premium, that is not assessed to Tennessee in-state students.

**Scholar tuition rate:** High-achieving out-of-state students may qualify for a discounted scholar rate or scholar rate plus.

**250-mile radius:** Out-of-state students who graduated from a high school whose zip code is within a 250-mile radius of Nashville are eligible for a discount on out-of-state tuition.



# Out-of-State Per Credit Hour Tuition Comparison



Data sources include publicly available data posted on individual university websites including FY24-25 fee tables.

- All HBCUs include; Alabama A&M, Alabama State, Albany State, FAMU, Fayetteville State, Jackson State, Kentucky State, and North Carolina A&T.
- HBCU (Direct Comps) include; Alabama A&M, FAMU, Jackson State, and North Carolina A&T only.
- TN LGIs (locally governed institutions) & UT System includes; APSU, ESTU, MTSU, TTU, UofM, UTC, UTM, and UTK.

\*These averages include tuition and mandatory fees.



## Scenario Assumptions

### **BASELINE - UG Tuition Per Financial Model**

**SCENARIO 1 - 4% Increase In-State, All OOS adjust to blended rate targeting input cost (\$8,000)**

**SCENARIO 2 - 4% Increase Except for OOS Full Freight and Scholar, reduce to blended rate equal to 250 mile over 2 years (\$8,102)**

**SCENARIO 3 - 4% Increase Except for OOS Full Freight and Scholar, reduce to blended rate equal to 250-mile effective FY27 (\$8,102)**

## Baseline: Tuition Forecast Per Financial Model



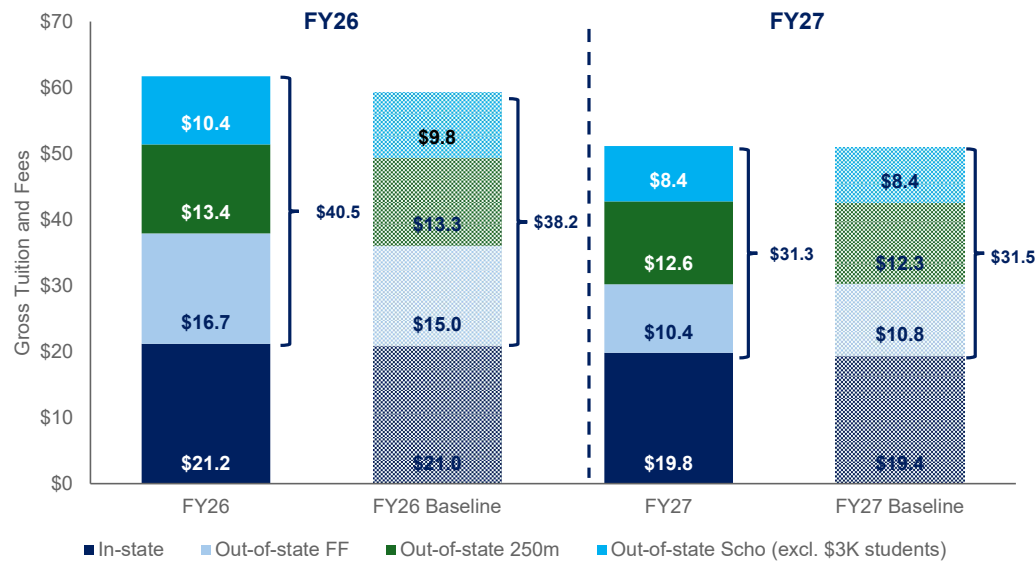
- 3% increase in In-State and 250-mile-radius tuition for the next five years
- OOS Full-Freight decreases by 33% over the next 3 years, and then reaches blended rate by FY28
- OOS scholar decreases by 10% over the next 2 years, and increases to reach blended rate by FY28
- Blended rate of \$8,684 achieved by FY30
- Decrease in enrollment in FY26 and FY27 impacts decrease in gross tuition and fees revenue

| Tuition + Fees per Semester (15 hours)  | FY25   | FY26   | FY27  | FY28  | FY29  | FY30  |
|-----------------------------------------|--------|--------|-------|-------|-------|-------|
| In-state                                | 4,491  | 4,626  | 4,765 | 4,907 | 5,055 | 5,206 |
| Out-of-state FF                         | 11,727 | 10,554 | 8,443 | 8,186 | 8,431 | 8,684 |
| Out-of-state 250m                       | 7,491  | 7,716  | 7,947 | 8,186 | 8,431 | 8,684 |
| Out-of-state Scho (excl. \$3K students) | 8,991  | 8,541  | 8,114 | 8,186 | 8,431 | 8,684 |





## Preferred Scenario Recommendation



| Tuition + Fees per Semester (15 hours)  | FY25   | FY26   | FY27  |
|-----------------------------------------|--------|--------|-------|
| In-state                                | 4,491  | 4,671  | 4,857 |
| Out-of-state FF                         | 11,727 | 11,727 | 8,102 |
| Out-of-state 250m                       | 7,491  | 7,791  | 8,102 |
| Out-of-state Scho (excl. \$3K students) | 8,991  | 8,991  | 8,102 |

- No change in OOS Full Freight or Scholar in FY26
- Full freight reduces by 31% and Scholar rate by 10% in FY27 to match blended rate of \$8,102
- In-state and 250-mile radius tuition gradually increase over the next two years
- Total OOS tuition and fees revenue increase by \$2.3m in FY26 and decrease by 0.2m in FY27 compared to baseline
- 4.6% increase in total tuition and fees revenue by FY27 compared to baseline





# Out-of-State Tuition Recommendation

|                                 | FY2024-25  |              | FY2025-26  |              | FY2025-26  |              | FY2025-26  |              |
|---------------------------------|------------|--------------|------------|--------------|------------|--------------|------------|--------------|
|                                 | Base Hours | Hours > Base | Base Hours | Hours > Base | Base Hours | Hours > Base | Base Hours | Hours > Base |
| OOS Full                        | \$960.00   | \$61.00      | \$960.00   | \$61.00      | \$960.00   | \$61.00      | \$960.00   | \$61.00      |
| OOS Scholar                     | \$682.00   | \$61.00      | \$682.00   | \$61.00      | \$682.00   | \$61.00      | \$682.00   | \$61.00      |
| OOS 250-mile radius             | \$557.00   | \$61.00      | \$581.00   | \$64.00      | \$587.00   | \$65.00      | \$589.00   | \$67.00      |
| Change Amount \$ (per cr hr)    |            |              | \$24.00    | \$3.00       | \$30.00    | \$4.00       | \$32.00    | \$6.00       |
| Change Percent                  |            |              | 3.96%      |              | 4.97%      |              | 5.37%      |              |
| Change Amount \$ (per semester) |            |              | \$297.00   |              | \$372.00   |              | \$402.00   |              |
| HBCU Average                    | \$837.20   |              | \$837.20   |              | \$837.20   |              | \$837.20   |              |
| Difference \$                   | \$122.80   |              | \$122.80   |              | \$122.80   |              | \$122.80   |              |
| Difference %                    | 14.67%     |              | 14.67%     |              | 14.67%     |              | 14.67%     |              |

OOS = out-of-state

HBCU average comparison is to full out-of-state rate only.



# **Non-mandatory Fee Requests**



## Non-mandatory Course Fee Requests

| Fee                             | Current Amount   | Proposed Amount  |
|---------------------------------|------------------|------------------|
| College of Engineering          | \$40/credit hour | \$60/credit hour |
| Architecture and Design Courses | N/A              | \$30/credit hour |
| Biology Lab                     | \$30/credit hour | \$75/credit hour |
| Chemistry Lab                   | \$30/credit hour | \$35/credit hour |
| Clinic Program Operating        | \$100/student    | \$250/student    |
| Fashion Merchandising Lab       | N/A              | \$30/credit hour |



# Meal Plan Charge Recommendations

Recommending no increase to student meal plan charges for FY 25-26

| 2025-2026 Meal Plans:                          | FY 24-25 TSU Charge | FY 25-26 Proposed TSU Charge | Variance |
|------------------------------------------------|---------------------|------------------------------|----------|
| 7 day w/\$300 Declining Balance                | \$ 2,536            | \$ 2,536                     | \$ -     |
| 5 day w/\$400 Declining Balance                | 2,536               | 2,536                        | -        |
| 150 block w/\$900 Declining Balance            | 2,536               | 2,536                        | -        |
| 100 block w/\$300 Declining Balance            | 1,375               | 1,375                        | -        |
| 50 block w/\$300 Declining Balance             | 910                 | 910                          | -        |
| 300 Declining Balance                          | 300                 | 300                          | -        |
| 200 Declining Balance                          | -                   | -                            | -        |
| Commuter Meal Plan                             | 200                 | 200                          | -        |
| VIP 7 Day All Access w/\$500 Declining Balance | 2,725               | 2,725                        | -        |
| VIP 5 Day All Access w/\$600 Declining Balance | 2,770               | 2,770                        | -        |
| VIP 150 Block w/\$300 Declining Balance        | -                   | -                            | -        |
| VIP 100 Block w/\$500 Declining Balance        | 1,475               | 1,475                        | -        |
| VIP 50 Block w/\$500 Declining Balance         | 1,083               | 1,083                        | -        |
| VIP \$500 Declining Balance                    | 500                 | 500                          | -        |



# Housing Recommendations

Recommending a 4% increase except where indicated

| Housing Fees:                       | AY24-25    | AY25-26    |                                     | AY24-25    | AY25-26      |
|-------------------------------------|------------|------------|-------------------------------------|------------|--------------|
| <b>Traditional Residence Halls:</b> |            |            | <b>Suite Style Halls:</b>           |            |              |
| Boyd Hall                           |            |            | Rudolph Hall                        |            |              |
| Single Occupancy                    | \$4,156.00 | \$4,322.00 | Single Occupancy                    | \$5,000.00 | \$5,200.00   |
| Double Occupancy                    | \$2,078.00 | \$2,161.12 | Double Occupancy                    | \$2,500.00 | \$2,600.00   |
| Triple Occupancy                    | \$1,391.00 | \$1,446.64 | Triple Occupancy                    | \$1,448.00 | \$1,505.92   |
| Eppse Hall                          |            |            | Hale Hall                           |            |              |
| Single Occupancy                    | \$4,156.00 | \$4,322.00 | Single Occupancy                    | \$5,000.00 | \$5,200.00   |
| Double Occupancy                    | \$2,078.00 | \$2,161.12 | Double Occupancy                    | \$2,500.00 | \$2,600.00   |
| Triple Occupancy                    | \$1,391.00 | \$1,446.64 | Triple Occupancy                    | \$1,448.00 | \$1,505.92   |
| Watson Hall                         |            |            | New Residence Hall                  |            |              |
| Single Occupancy                    | \$4,156.00 | \$4,322.00 | Single Occupancy                    | \$4,562.00 | \$4,698.86*  |
| Double Occupancy                    | \$2,078.00 | \$2,161.12 | Shared Double Occupancy             | \$4,562.00 | \$4,562.00** |
| Triple Occupancy                    | \$1,391.00 | \$1,446.64 | Shared Suite-Style Double Occupancy | \$4,562.00 | \$4,698.86*  |
| Wilson Hall                         |            |            | Apartment Style                     | \$4,562.00 | \$4,744.48   |
| Single Occupancy                    | \$4,156.00 | \$4,322.00 | <b>Apartments:</b>                  |            |              |
| Double Occupancy                    | \$2,078.00 | \$2,161.12 | Ford                                | \$3,435.00 | \$3,572.40   |
| Triple Occupancy                    | \$1,391.00 | \$1,446.64 | New Residence Complex               | \$3,435.00 | \$3,572.40   |

\* 3% increase

\*\* No increase





## Recommended Actions:

Tuition and fee presentation is informational, and no action is required at this time.



TENNESSEE STATE UNIVERSITY  
BOARD OF TRUSTEES  
INFORMATION ITEM

DATE: March 12<sup>th</sup>, 2025

ITEM: Scholarship Proposal Update

RECOMMENDED ACTION: No action

PRESENTED BY: Jim Grady, Managing Director at Alvarez & Marsal

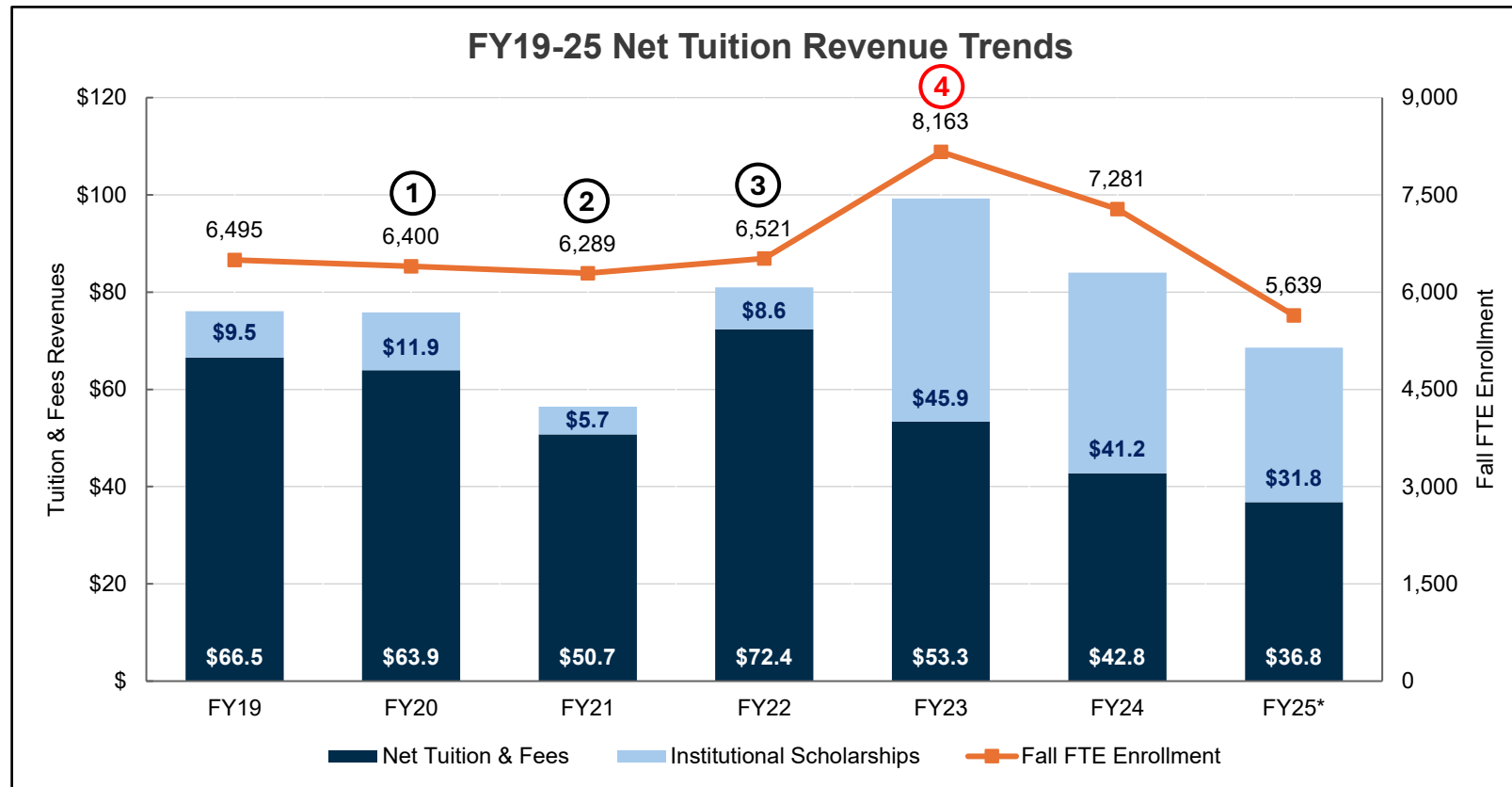
**Background Information**

Mr. Grady will present a proposal on unrestricted university scholarships.



# Scholarship Proposal Update

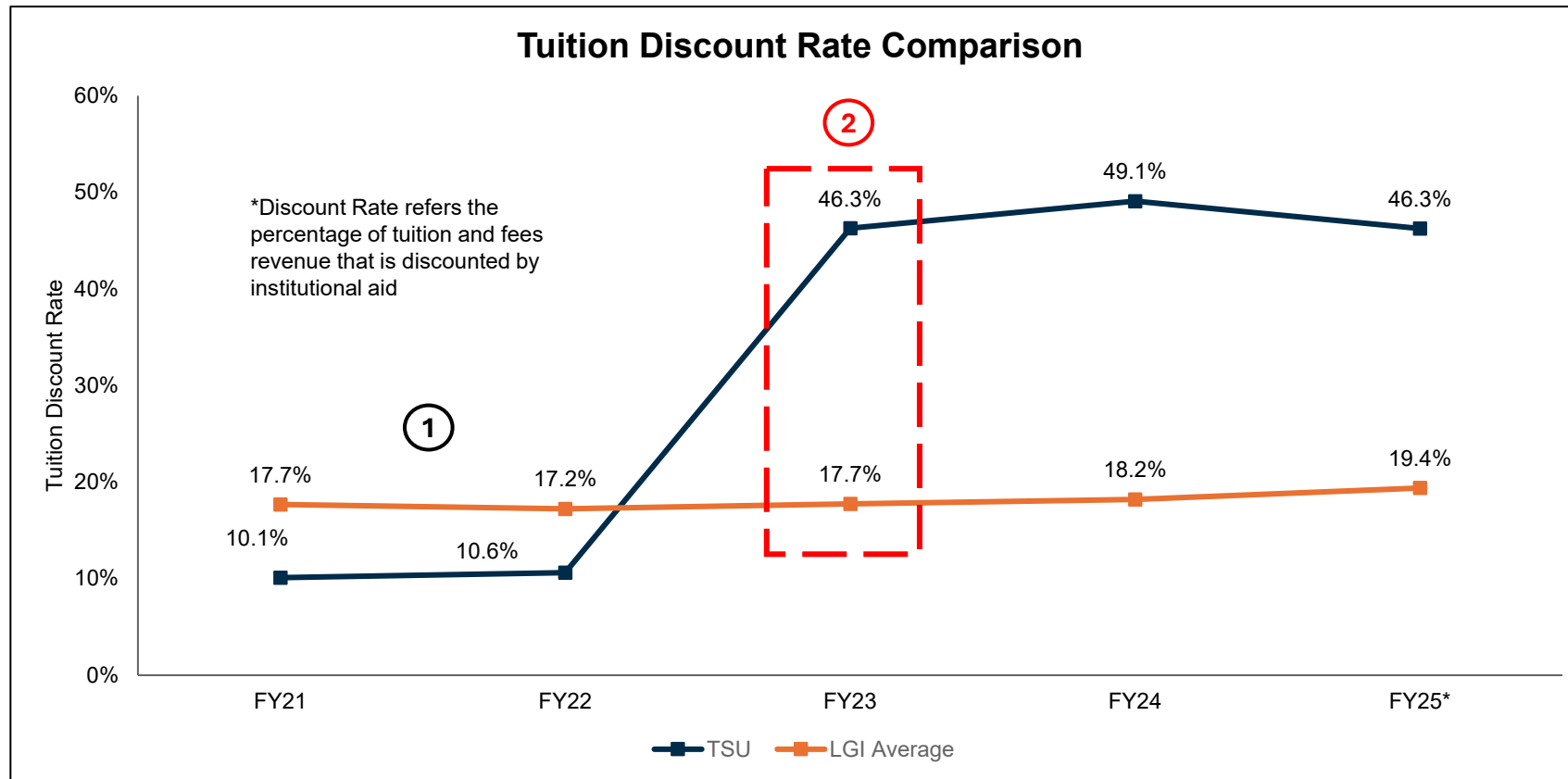
# Institutional Scholarships: Historical Analysis



\*FY25 numbers are estimated as of February 2025  
Source: TSU Approved Budgets, Form 1 Actuals

- 1 TSU had over \$60M in net tuition & fees revenues while maintaining an FTE enrollment above 6,400 in FY21 and FY22
- 2 The pandemic contributed to a \$13M dip in net tuition & fees revenues due to a drop in full-time equivalency (FTE) of enrolled students
- 3 TSU recovered in FY22 with net tuition & fees revenue reaching a peak of \$72M
- 4 Enrollment increased significantly in FY23, but **net tuition & fees revenues dropped by nearly \$20M**, the impacts of which were delayed due to use of HEERF funding in FY23

# Institutional Scholarships: LGI Comparison



Source: THEC Tuition Discount Rate Data

**1** TSU maintained a lower discount rate than the average for comparable LGIs in FY21 and FY22

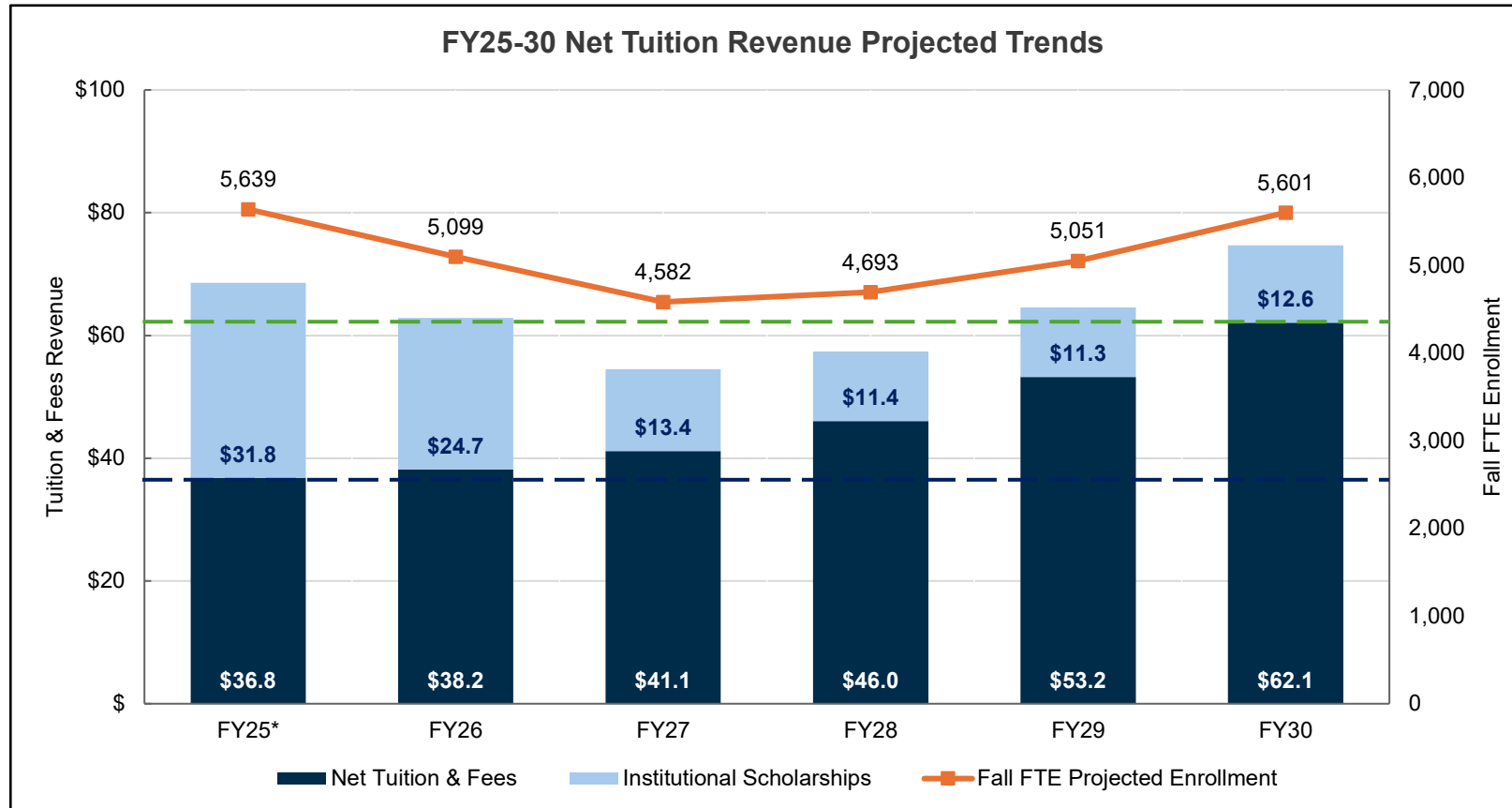
**2** In FY23, the TSU's discount rate increased significantly to 46.3% of tuition & fees revenue

**3** LGI average discount rates remained relatively stable from FY21-25 while TSU's has continued to increase

# Institutional Scholarships: Forecasted Discount Rate Caps

①

| Unrestricted Scholarships | FTIC Targets (% of Gross Tuition & Fees Revenue) |
|---------------------------|--------------------------------------------------|
| Total                     | 20.0%                                            |



\*FY25 numbers are estimated as of February 2025

①

Target unrestricted institutional aid as 20% of a year's gross tuition & fees revenue for incoming first-time Freshman in future cohorts

②

Imposing discount rate caps for future freshman classes is **projected to increase net revenue by \$25.4M** in FY30, compared to FY25

# Institutional Scholarships: Current State (FY25)

| Category                | Amount Awarded    | % of Tuition and Fees Revenue |
|-------------------------|-------------------|-------------------------------|
| Academic Merit          | 3,380,540         | 5%                            |
| Special Interest Groups | 2,552,542         | 4%                            |
| Band                    | 3,060,458         | 4%                            |
| Athletics               | 3,828,069         | 6%                            |
| Other                   | <b>20,631,637</b> | <b>30%</b>                    |
| <b>Total</b>            | <b>33,453,246</b> | <b>49%</b>                    |

## Breakdown of “Other” Scholarships

| Other Scholarships                                   | Amount Awarded    | % of Tuition and Fees Revenue |
|------------------------------------------------------|-------------------|-------------------------------|
| TSU Full Ride Scholarship                            | 11,459,030        | 16.7%                         |
| University Scholarships                              | 6,521,648         | 9.5%                          |
| Other (includes unrestricted departmental and other) | 2,650,960         | 3.9%                          |
| <b>Total Other</b>                                   | <b>20,631,637</b> | <b>30.1%</b>                  |

1

TSU has awarded \$33.5m in unrestricted scholarships for FY25. This leads to a 49% discount on tuition and fees revenue

2

\$20m of the unrestricted scholarship expenses went to other scholarships that were not academic merit, special interest groups, band, or athletics

3

\$18m of the \$20.6m of other scholarships is comprised of the TSU Full Ride Scholarship and University Scholarships  
 These scholarships are mostly awarded to FY22 FTIC students who are now Junior's and Senior's. As these students graduate, these scholarship categories will age out



# Scholarships: FY26 Model Outlook

| Gross Tuition and Fees |  | FTIC Share | Total Amount |  |
|------------------------|--|------------|--------------|--|
|                        |  | 11,863,967 | 62,861,332   |  |

| Category                | FTIC Amount      | % of FTIC share of Gross Tuition and Fees | Total Amount      | % of Gross Tuition and Fees |
|-------------------------|------------------|-------------------------------------------|-------------------|-----------------------------|
| Academic Merit          | 1,186,397        | 10%                                       | 3,797,353         | 6%                          |
| Special Interest Groups | 355,919          | 3%                                        | 2,238,018         | 4%                          |
| Band                    | 355,919          | 3%                                        | 2,500,580         | 4%                          |
| Athletics               | 355,919          | 3%                                        | 3,390,799         | 5%                          |
| Other                   | 118,640          | 1%                                        | 14,249,837        | 23%                         |
| <b>Total</b>            | <b>2,372,793</b> | <b>20%</b>                                | <b>26,176,588</b> | <b>42%</b>                  |

①

②

①

Current model caps FTIC scholarships FY26 at 20% of the forecasted FTIC share of gross tuition and fees revenue

②

The total amount of forecasted scholarships for FY26 is \$26.1m. \$2.3m of those scholarships are awarded to FTIC and \$23.8m to continuing students

# Unrestricted Scholarships: FY26 Pro Forma Forecast

## FTIC & New Transfers - Institutional Aid

|                         | Pro Forma Totals   | Offered Amount     | Adjustment       | Forecasted Amount  | Remaining Budget |
|-------------------------|--------------------|--------------------|------------------|--------------------|------------------|
| Academic Merit          | \$1,186,397        | \$2,046,000        | 50% <sup>1</sup> | \$1,023,000        | \$163,397        |
| Band                    | 355,919            | 217,500            | 100%             | 217,500            | 138,419          |
| Athletics               | 355,919            | 541,344            | 100%             | 541,344            | (185,425)        |
| Special Interest Groups | 355,919            | -                  | 100%             | -                  | 355,919          |
| Other                   | 118,640            | -                  | 100%             | -                  | 118,640          |
| <b>Total</b>            | <b>\$2,372,793</b> | <b>\$2,804,844</b> |                  | <b>\$1,781,844</b> | <b>\$590,950</b> |

1

Although academic merit has offered \$2m in unrestricted scholarships, approximately 50% of those funds will be ultimately be applied to student accounts due to these scholarships being last dollar

2

Overall, FTIC scholarships awarded to-date are under the 20% cap by \$590.9k.

However, Athletics and Merit anticipate offering more scholarships to remain competitive in attracting high performing TSU students and athletes

2



## Scholarship Policy: Proposed Language

TSU is currently developing a scholarship policy that will implement caps on scholarships funded by unrestricted dollars.

Proposed language in the policy includes the following:

**“Unrestricted Institutional Scholarships shall not exceed 20% of total tuition and fees received by the University in any one year. An exception to this limitation may be made upon approval of the TSU Board of Trustees...”**

TENNESSEE STATE UNIVERSITY

BOARD OF TRUSTEES

INFORMATION ITEM

DATE: March 12, 2025

ITEM: Institutional Advancement Report

RECOMMENDED ACTION: No action

PRESENTED BY: Dr. LoLita Toney, Assistant Vice President of Institutional Advancement

**Background Information**

As of the 03/08/2025 Argos giving report, Institutional Advancement has raised \$4,370,293.15. We are \$5,629,706.85 away from the fiscal year goal of \$10,000,000. This is a \$619,373.33 year-over-year decline, which is in corporate giving. However, we are excited to share that for the first time since FY 19, alumni giving has been on an incline.

To achieve the fiscal year goal, the team continues cultivating new and existing donors. This includes visits to alumni chapters and meetings with the President. Additionally, we are working to ensure timely stewardship of gifts, which includes crafting personal notes from the President. With increased engagement, we've addressed any qualms or hesitations.

We are continuing to prepare for reunion weekend, May 1<sup>st</sup> - 4<sup>th</sup>. This year's celebrations consist of 15 classes from 1950 to 2020, ending in 0s and 5s. As of Friday, March 7<sup>th</sup>, \$288,585.94 has been raised, with 111 committed to attend.

Our migration to the development software platform Blackbaud is moving forward. With the assistance of foundation board member Laron Walker, we anticipate a full migration in 2025. This will allow automation of current manual and time-consuming processes, clear and simple reporting, and management of campaigns, funds, engagement, and appeals. It will be very easy for institutional advancement staff to run reports, manage donor portfolios, engage with donors, coordinate moves management, manage development trips, and set up workflows to complete administrative tasks.