

Addendum Response to Comptroller Report

Response to Key Conclusions as presented in the Comptroller's Report

TSU has repeatedly fallen short of sound fiscal practices, adequate documentation, and responsive communications to concerned parents and students. In addition, there have been repeated inconsistencies between testimony given by TSU officials to state officials and actions later carried out.

As reflected below, TSU does not concur with the above-referenced statement, and reiterates its elevated commitment to sound fiscal practices, adequate documentation, and responsive communications. TSU remains firmly committed to the implementation of ongoing corrective measures and to take additional enhanced measures to improve and ensure the university's operational effectiveness. In addition, the statements made by TSU officials to state officials reflected the information known by these officials at that time and were due to the fluidity of the housing situation over the last two years, specifically fall 2022.

The Comptroller's Report does not reflect the changes that TSU has put in place as a result of the issues we have identified or those that have been brought to our attention by others. TSU has implemented substantial new accountability efforts including personnel and organizational changes, fiscal policy changes, and has implemented new communications software. Moreover, the TSU Board of Trustees has significantly increased its efforts to hold the TSU administration accountable for addressing housing, enrollment management, and historical financial matters, and has elevated its level of engagement in key operational and academic areas.

Lack of sound fiscal practices and adequate documentation

The June 30, 2021, financial statement audit contained three audit findings, down from seven findings the previous fiscal year. Our goal is to have zero audit findings. The findings relate largely to the single issue of failure to reconcile bank statements as required, and this affected other areas on the financial statements. The audit findings have now been corrected as they relate to the fiscal year ended June 30, 2021. The reasons for that deficiency related primarily to a lack of sufficient personnel. While that in and of itself does not excuse the fact that the bank statements were not reconciled, it does shed light on the underlying reasons. TSU has new management in the Division of Finance with four CPAs and a new Vice President.

In addition to hiring new skilled employees, policies were revised to ensure that the university

incorporates best practices as recommended by the Comptroller's Office, to further ensure that reconciliations are performed and reviewed monthly, and that this situation never happens again. All bank reconciliations are now current and are being performed on a monthly basis.

The TSU Board of Trustees also recently approved a policy to shorten the period to thirty days in which the University must perform bank reconciliations upon receipt of the bank statement. Other policies which have been shared with you have been implemented to ensure that proper controls are in place and that financial practices and procedures are followed.

Plant Fund Balance

As it relates to the plant fund balance, TSU presented that we have \$52,700,000 in the university's plant fund balance. We also presented that we have \$7.2 million to cover the costs of off-campus hotels and properties. TSU will likely need two hotels to assist with student housing in the fall of 2023 and 2024.

For the Comptroller's report to conclude that TSU could run out of available plant funds is highly injurious as no consideration was given to the university's increase in net assets. The fund balance is cumulative in nature as it is a subset of the University's net position and represents the net balance after accounting for expenses. At the request of the Comptroller's Office, TSU provided all plant fund activity from July 1, 2013, to June 30, 2022.

Scholarships

In an effort to provide access to quality education for academically talented students from underserved populations, TSU provided scholarship opportunities in various categories to prospective students who met eligibility requirements based on their high school GPA or demonstrated financial need.

TSU provided the state comptroller's office the scholarship listing data of the 1722 students who received scholarships amounting to \$28,239,913 after deducting other aid. A student is awarded a scholarship based on his or her high school GPA at the time of the acceptance to TSU. The process includes verifying each scholarship recipient's final high school transcript which contains the GPA, before finalizing the student's financial aid and scholarship awards. This ensures that each student met the required criteria for each scholarship category.

Most of the students whose updated final high school GPA did not match the scholarship eligibility category, or did not meet the academic scholarship requirements, received alternative assistance in the form of a one-year TSU need-based award. It is improper to present a conclusion

that “approximately one-third of all freshmen who received scholarships for the 2022-2023 academic year did not meet scholarship’s minimum GPA requirement.” Those students referenced in the Comptroller’s Report who fell into this category did not receive a scholarship; instead, they received a need-based award. This information was shared with the review team.

Lack of responsive communications

The Board of Trustees and the TSU management take this concern very seriously. TSU has already taken, and is currently taking, significant measures to enhance its communications and responsiveness to students and parents. We have reorganized the areas responsible for much of the failure to respond to complaints from students and parents. We have done the following:

- Established an Office of Customer Relations to streamline and coordinate our customer service and communications with students
- In the process of hiring Assistant Vice President of Customer Relations
- The office will be staffed by an Assistant Vice President and other team members who will work directly with students and parents on scholarship, housing, and enrollment related concerns
- Retained a public relations firm to assist the university in its communications to internal and external stakeholders

As TSU works to hire personnel to staff the office, TSU commenced working with a consultant with expertise on customer relations, including best practices and infrastructure considerations. TSU also created a student assist program to help work directly with students and parents, and coordinate student related issues. Finally, TSU has recently rolled out a new software program to aid internal staff and students in addressing enrollment management related matters by providing information on documents, actions that still need to be taken by a student, and the status of a student’s application. We have provided a demonstration on the software to the HERO team at the Comptroller’s office. Additionally, in response to the Board’s directive on enhanced communications, TSU has engaged Finn Partners to coordinate the University’s public relations and communications unit in messaging important and timely information to external and internal stakeholders and the media.

While TSU takes responsibility for this issue, it should be noted that in some instances, non-University personnel, for their own reasons, asked students and their parents to contact the HERO and other offices, sometimes before contacting TSU officials. It should also be noted that some of the individuals who contacted the Comptroller’s office had previously communicated with university officials on various issues. However, several of these students and/or their parents simply did not want to accept the information they received, and in some instances, sought to override the university’s decision.

Again, TSU has taken ownership of this matter and implemented substantive changes to personnel and organizational structure to improve its communications in this area, document complaints, and ensure the proper follow up.

Repeated inconsistencies in testimony to state officials

The report characterizes the statements made to state officials as inconsistent. However, TSU presented information to state officials based on information available at the time. As the circumstances changed, TSU made requests and statements based on those new, changing, and different circumstances. With respect to August 2022 statements to the SBC on the housing of freshman, at the time of the statement, there was no intention to house freshman at off-campus housing locations.

However, due to the fluid and record enrollment and housing application situation, TSU had to adjust its plans to accommodate the demand for housing among freshmen. When confronted with the choice of either sending these students home, many of which were first generation students, or seeking to provide off-campus housing, we sought off-campus housing. Most of the students and their parents appreciated the opportunity to remain in school even with off-campus housing. There were 80 first time freshmen who stayed in hotels, of which 76 were male students. It appears that your calculations included transfer students, and returning students, and upper classmen with over 30 hours.

TSU leadership's lack of planning and management, especially regarding scholarship practices, exacerbated the university's existing housing problem.

There was no lack of planning on the part of TSU Board of Trustees or TSU administration. We planned for the same percentage of students to attend TSU as in prior years. TSU has seen a surge in enrollment in part from a renewed interest in HBCUs nationwide, but largely as a result of the positive things and successes TSU has experienced. These successes include our Grammy Award winning Band, TSU's national reputation, competitive academic programs, and our increase in student intern and externships.

To sum it up, TSU became a victim of our own success as we have witnessed record number enrollments. Our recruitment has been intentional, but a large part of our enrollment has been the result of our stellar reputation. Students and their families have sought us out to become part of our TSU legacy.

With respect to housing, to put it simply, the significant demand for housing exceeded our

supply of on-campus housing. On the demand side, we have experienced a significant demand for housing due to three critical factors: 1) record first- time student enrollment, 2) the increasingly high housing costs in the Nashville area, and 3) lack of affordable housing in the area. TSU experienced the largest enrollment for our first-time students of 3,567 students, and the largest overall student enrollment in TSU's history. The highest in any HBCU freshman class in the nation. This contributed to the significant increase in demand for housing.

In addition, we had an **unprecedented enrollment yield**. Typically, 29% or 30% of students who are accepted to TSU ultimately enroll at TSU. When a student is accepted to TSU, that student also likely to get accepted to other schools such as Fisk, Memphis, MTSU and others. But this year, instead of a 30% yield, we experienced a 41% enrollment rate. That is significantly higher than in the past and contributed to the housing demand.

The second critical factor is not foreign to many of us. It is the cost of housing in the Nashville area which has increased 30% over the last several years. And property around TSU is being purchased by investors who offer their properties for rent. The rental costs have become very high.

This brings us to the third critical factor. Unlike other public universities in Tennessee, private real estate developers have not developed private student housing adjacent to TSU. In fact, the development around TSU has rents that are well above the affordable housing rates that TSU has tried to maintain. Landlords who traditionally leased to our students, transitioned to fair market housing, with rental rates that became exorbitant.

As a result, many students, a large percentage of whom already come from economically disadvantaged backgrounds, can no longer afford to live off-campus in the Nashville area. It has been our experience in the past, that upper classmen prefer to live off-campus and seek to move to off-campus housing. But this year, our junior and senior students who had sought off-campus housing pleaded to return to on-campus residence halls due to being priced out of Nashville.

The above information pertained to the demand side. On the supply side, we currently only have 3,680 beds on campus. The inventory of housing on campus does not support the current demand for housing for around 4,800 beds. This created a significant housing challenge.

Information presented to SBC in 2021 and 2022

TSU requested an off-campus hotel in August 2021 based on an enrollment picture that existed at that time. We informed the State Building Commission that we would only need the hotel for the Fall 2021 semester, and we did not go back to that hotel in the Spring. In 2021, TSU could not reasonably anticipate that after COVID it would have record enrollment of first-time students,

including a record yield of students who ultimately enrolled at TSU in 2022.

The difference in the record yield of students who applied and enrolled at TSU in 2022, along with the increased interest of upperclassmen students to live on campus based on the Nashville housing environment, led to a significant demand for student housing and caused TSU to pursue more off-campus housing options. TSU leadership engaged in reasonable planning regarding housing while confronting a historical enrollment turn in 2022.

In addition, as you noted in your report, other higher education institutions in the state and across the country, including HBCUs, also experienced off-campus housing challenges. It is very disappointing that the Comptroller's office has, at this time, singled out TSU for criticism regarding housing when other Tennessee institutions have taken the same approach to address housing needs.

Therefore, this is not an issue related to a lack of planning but occurred because of several factors. All this is complicated by the fact that many students were returning from COVID and anxious to return to campus.

Our admission policies, although separate from our housing policies, are interconnected in that we base our housing needs on the assumption that only a certain percentage of those students who are admitted will attend TSU. We have been able to rely on this practice for a number of years without having a problem with housing. However, the factors pointed out above show TSU neither expected nor could anticipate happening caused a housing shortage. This situation was not a result of our failure manage enrollment nor our neglect in planning for our housing needs.

The university's housing problem is likely to continue for the foreseeable future.

Like other institutions of higher education, including other universities in Tennessee, TSU will continue to experience housing challenges for the foreseeable future. However, as we noted in information previously provided to the Comptroller's office, TSU has undertaken measures to partially reduce the housing issues, including opening the housing portal one month earlier, closing the housing wait list earlier, enhancing our housing referral program to bring together students and private property owners for students to secure their own housing. We also are seeking to add a 1000-bed facility to our on-campus housing.

Responses to Comptroller's review of questions presented during November 15, 2022, Senate Ad Hoc Committee meeting relating to TSU's admissions, enrollment, and student housing

The conclusions reflected in the report related to the response to the questions the Comptroller's office presented at the November 15, 2022, Senate Ad Hoc Committee meeting do not align with the updated and most recent information provided by TSU to state officials, legislators, and the Comptroller.

What is TSU's short-term housing plan?

Housing Plan for Spring 2023

The draft Comptroller report references prior communications with TSU staff and board members going back to August 2022, when addressing this question. However, on November 26, 2022, TSU provided an updated, detailed housing plan in response to the questions your office presented at the Ad Hoc Committee hearing, questions to which your office stated it would be seeking answers. TSU's response contained detailed information regarding TSU's Housing Plan for spring 2023, the fall 2023 and spring 2024, and for fall 2024 and beyond.

TSU's short-term housing plan begins with Spring semester 2023 with an estimated 4,320 beds that are needed. This was determined by using our standard room projection model. Generally, approximately 90% of students return to housing for the spring semester. Using 90% as an indicator, TSU projects that 4,320 beds will be needed in Spring 2023. As shown in the charts below, current housing availability on campus is 3,680 beds. The projected 84 bed overage allows for additional flexibility in student housing requests. In-state students will receive priority in on-campus housing.

TSU projects the total available beds will 4,404, as shown below. Beginning with the 3,680 beds currently available, with the House of God, supplemental beds, and two hotels, total beds available is projected to be 4,404.

The chart below shows the current housing availability in TSU residence halls. As shown below, currently, there are 3,680 beds available for students in nine residence halls including two student apartment complexes.

TSU Residence Halls

<u>Residence Hall</u>	<u># of Beds</u>	<u>Yr Opened</u>	<u>Age</u>	<u>Res Hall</u>	<u>Type</u>	<u>Condition</u>	<u>Room Rate</u>
Boyd	364	1951	72 yrs	M	Traditional	Replace	\$1,391-\$3,929
Wilson	550	1964	59 yrs	F	Traditional	Replace	\$1,391-\$3,929
Watson	318	1966	57 yrs	M	Traditional	Replace	\$1,391-\$3,929
Hale	320	1967	56 yrs	C	Suites	Renovate	\$1,448-\$2,209
Eppse	274	1968	55 yrs	F	Dorm	Replace	\$1,391-\$3,929
Rudolph	420	1995	28 yrs	F	Suites	Renovate	\$1,448-\$2,209
Ford Residence Center	450	1998	25 yrs	C	Apt	Renovate	\$3,476
New Residence Center	284	2002	21 yrs	C	Apt	Renovate	\$3,476
New Residence Hall	<u>700</u>	2022	new	C	Apt	n/a	\$4,562
Total	3,680						

Beds Available for Spring 2023

On-campus availability	3,680
House of God	150
Supplemental beds	<u>158</u>
Subtotal	3,988
Hotels (2)	<u>416</u>
Total beds available	4,404

For the spring 2023 semester, the State Building Commission approved the use of two hotels and an off-campus housing facility adjacent to campus. At this time, we believe the use of these off-campus housing facilities will meet the spring 2023 semester's demand and need for student housing, particularly since several students will graduate in December of 2022, and around 10% of the students generally do not return to school in January.

Housing Plan for Fall 2023 and Spring 2024

While we have in place a housing plan for spring semester, it is not a sustainable or cost-effective approach to housing TSU students in the long term. We recognize that student demand for housing is not likely to abate anytime in the future, as we project sustained enrollment growth.

With this reality in mind, we plan to implement greater planning related measures and a referral program to further assist students in identifying and securing housing from private property owners. We also plan to continue to utilize the off-campus housing facility adjacent to campus, while using a smaller number of hotels, and to pursue the acquisition or lease of one or more apartment complexes near campus.

As to planning related measures, to address the issues experienced this fall, and to facilitate the needs of the students moving forward, the housing portal opened in February 2023, which is one month earlier than in the past, for students to apply. The wait list also will close much earlier.

We are also conducting a major outreach to private property owners, including TSU alumni and other TSU supporters, to implement an enhanced referral program that brings together students and private property owners for students to secure their own housing.

TSU's housing needs for Fall 2023 and Spring 2024 will be similar to our current needs, as the demand for on-campus housing will continue to be strong due to prospective students' increased interest in enrolling at TSU, as well as the continued rise in housing costs in the Nashville area. TSU's housing needs will likely include up to three hotels. This plan will be necessary to house the number of students projected based on enrollment growth. It is anticipated that 4,800 students will request housing for Fall 2023. We will seek permission from the State Building Commission to enter into leases with up to three hotels and the House of God.

What is TSU's long-term housing plan?

Housing Plan for Fall 2024 and Beyond

The future of housing at Tennessee State University is at a pivotal point in positioning the university for growth and sustainability for students who seek to attend TSU. Given the challenges pertaining to the cost to reside in the Nashville area, students seeking to attend TSU will be faced with numerous challenges to live within reasonable proximity to the campus. To achieve the State of Tennessee's various educational related goals, including educating a desired percentage of citizens by a designated date, a transformation of the campus housing at Tennessee State University is required.

Additionally, with respect to the condition of the existing residence halls, some of the residential facilities can only be described as obsolete and substandard to students entering college today. TSU still has four of the seven residence halls that still have community showers (not including the apartments). This is unacceptable to today's student and severely hurts our recruitment and retention efforts.

The university has completed its assessment of the older facilities and has determined that replacing the older facilities is more cost effective than attempting to do major renovations in several of the residence halls. TSU is currently working with the firm of Moody Nolan to prepare its enhanced Campus Master Plan. The data collected from this document support the need for additional housing to meet the current housing needs of students. These data support a 1,000 additional bed

facility to meet the housing need. Moreover, the Housing Committee of the TSU Board of Trustees is assessing the university's future housing needs including housing for undergraduate students, housing for graduate students, family housing, and transitional housing for TSU employees in order to meet the overall housing needs of our campus community.

Does TSU have adequate funding to support these plans?

TSU requested and the State Building Commission approved the use of \$7.2 million of plant reserves as the source of funding for off campus housing for the 2022-2023 academic year. We project our costs for fall 2023 and spring 2024 to be \$4.1 million. These funds will come from plant reserves, as is commonly utilized by other Tennessee universities.

Who negotiated the hotel lease prices for Fall 2022?

TSU has indicated that the lease prices for the hotels were negotiated by the then Executive Director for Residence Housing. The Executive Director, who had historically worked closely with the hotels and had developed the previous approved lease rates, was charged securing a similar lease rate for the fall 2022 hotel leases, under direction of his supervisor, the Associate Vice President for Student Affairs. The Executive Director visited and directly communicated with over 20 hotels in the area, ascertained and negotiated prices, and based on the extremely high hotel costs in Nashville, ensured that TSU had the best price for the room nights and other services required for our student needs.

The Vice President for Business and Finance's reference to the AVP for Student Affairs as the person who negotiated the lease is consistent with the Executive Director's role in negotiating the lease. The Executive Director directly reports to and acts under the direction of the AVP for Student Affairs.

In examining the negotiation of the lease rates in 2022, it is important to note that TSU was proceeding with a baseline price based on the approved lease, including lease rates, from 2022, the previous year. With the continuously rising hotel costs in the Nashville area, TSU utilized that rate because such a lease and rate had already been approved by the SBC the previous year. The same approval process, both internally and externally (TSSBA and SBC staff, and the Attorney General's office), was followed in 2021 and 2022.

Please also note that the decrease in leases – from twelve to five - ultimately proposed in 2022 was due to information TSU received at the state level indicating the TSSBA and the SBC were not amenable to the approval of twelve leases. At least some of the additional properties were needed. Notwithstanding the above statements, we have examined and enhanced our process in this area.

The TSU Office of the General Counsel reviewed the leases for legal sufficiency and collaborated with the Office of the State Attorney General, which advised the Tennessee State School Bond Authority (TSSBA) and the State Building Commission (SBC) staff, on the lease terms. The leases were then signed by President Glenda Glover. Only the President has the authority to approve the leases.

At the state level, the leases were reviewed and ultimately approved by the TSSBA and the SBC and reviewed and approved for legal sufficiency by the Office of the State Attorney General. Both the SBC and TSSBA also approved leases for the University of Tennessee and the University of Memphis for either a hotel or an off-campus housing facility.

How many students does TSU plan to recruit and admit next year?

TSU plans to limit the number of admitted and enrolled students to approximately 2,600 new students in fall 2023. We plan to provide housing for 1,600 of those new students. The remaining 1,000 nonresidential students will be commuter and online students who will not require beds for Fall 2023. Priority will be given to in-state students when determining housing for fiscal years 2023 and 2024. We expect these projected enrollment numbers to remain the same for Fall 2024. This enrollment projection aligns with the TSU short-term housing plan as well as the strategic enrollment metrics outlined in the University's Strategic Plan. These projections also allow the University to accommodate up to ,4800 housing requests for both new and continuing students during the 2023-2024 and 2024-2025 academic terms.

Additionally, the University has streamlined the enrollment process to better support newly admitted students and sufficiently prepare for their anticipated arrival in the fall. This updated process has earlier enrollment deadlines which allow newly admitted students to complete the enrollment confirmation process much sooner.

The updated process also requires students to confirm their enrollment by (1) submitting the Intent to Enroll form, (2) registering for new student orientation, (3) paying the nonrefundable housing deposit to secure housing, and (4) submitting the FAFSA application much earlier. Completing the

steps sooner confirms the student as an enrollee for the Fall semester months earlier in the process and allows for a much smoother transition into the TSU family.

Lastly, all newly admitted students will receive updates on an ongoing basis regarding housing availability and will be notified once housing capacity has been reached. With earlier enrollment deadlines and ongoing updates regarding housing availability, students will have ample time to consider alternative housing options or choose to attend TSU as a new online or commuter student, if they desire. As is common practice, students will be allowed to be on a wait list to receive on-campus housing in the event housing becomes available. We will ensure clearer communication so students will fully understand that the wait list does not guarantee housing.

Although TSU anticipates approximately 14,000 fall 2023 applicants. Based on past trend data, only approximately 8,000 may qualify for admission. Of these students who may qualify for admission, the projected yield will be limited to 2,600 first-year students, of which 1,600 will be eligible for housing.

Will current and future students be adequately served and supported?

Tennessee State University is committed to providing appropriate housing. TSU will continue to serve students located on and off campus to ensure campus engagement and a complete college experience. The University will build upon best practices implemented and enhance processes for more seamless operations with the new Office of Customer service. Priority services include safety, academic services, auxiliary services, and services specific to off-campus housing.

Safety:

- Assure students and parents that safety is our top priority for all our students, whether on campus or at an off-campus housing site.
- For off-campus housing sites, TSUPD, Metro Police, other armed and unarmed security, along with residence hall staff will continue to monitor the inside and perimeter of all off-campus housing.
- The University will implement other safety measures to ensure that students have the best learning and living environment to be successful on and off campus. These measures include:
 - 24-Hour Safety Plan (Residence Life Staff Onsite, TSUPD Will Patrol Daily)
 - Emergency Contact Information Always Available At All Residence Halls

Academic Services:

- Increased Courses Offerings Including Online Courses
- Onsite Academic Support (All On-campus and Off-campus Housing Sites)
- Expanded Academic Advisement and Student Success Activities for First-Year Students
- Extended Library Hours

Auxiliary Services:

- Expanded Shuttle Services and Hours
- Extended Library Hours
- Campus Food Extended Hours

Off-Campus Housing Services:

- Increased shuttle service after hours and weekends
- Enhanced and expanded Wifi
- Laundry Facilities- Laundry services will be provided for free by the hotel
- Meal Services- Breakfast will be provided by the hotel
- Room Service (cleaning)
- On-Site Activities – Student Affairs will provide activities at the various locations

Customer Service/Communications:

TSU recognizes and owns that its failure to communicate and resolve internally operational matters, including enrollment, financial aid, and housing issues, significantly contributed to the concerns expressed by State officials. TSU is addressing this area by establishing a customer relations and service unit devoted exclusively to effectively communicating, addressing and resolving student related operations issues, including issues regarding housing, enrollment, financial aid and courses. Under the new unit, student concerns and inquiries will be addressed in an effective and timely manner from a central area comprised of subject matter experts and individuals with direct communication lines to specified members of the Administration.

This effort will also include:

- Formation of a Student Customer Service Advisory Board
- Engagement of a Customer Service Vendor (Training, Implementation, Resource) to provide chat and phone related inquiries from students and their parents

In addition, each division (Enrollment Management, Academic Affairs, Student Affairs, Business and Finance Office, and Auxiliary Services) will develop customer relations plans to ensure effective communication with students and parents and proactively identify long-term resolutions to potential concerns. These plans will also establish a point person to be the primary source of contact for receiving and resolving inquiries from state agencies and officials with respect to student related matters involving enrollment, financial aid, housing, courses and other operational issues.

TSU Administration will include these and other items in reports to the TSU Board of Trustees on the University's updated and enhanced efforts to effectively engage its internal and external constituents.

Did TSU overpromise freshmen scholarships? Is so, how will they cover the \$28M cost?

No, TSU did not overpromise freshmen scholarships. TSU has outlined the source of funds for scholarships in its previous submission of a schedule documenting the scholarships and funding sources. Scholarships will be paid from institutional funds, auxiliary funds, and from the TSU Foundation.

How will TSU continue to fund the \$28M scholarship in future academic years?

TSU outlined the source of funds for scholarships through 2026 in its previously submitted document. It showed that scholarships will be paid from institutional funds, auxiliary funds, and from the TSU Foundation.

Does TSU have adequate funding to support the off-campus housing plans?

In TSU's response to the Comptroller's questions from the Senate Ad Hoc Committee meeting, TSU indicated that it has adequate funding to support the off-campus housing plans and noted the source for the funding. **We appreciate your inclusion in your report of some potentially additional sources of funding.**

When did TSU know that they did not have enough housing capacity for Fall 2022?

The draft report references the June 2022 Board meeting in noting the absence of a discussion of housing applications and then noted the November 2022 Board meeting discussion about housing and enrollment. However, the report does not reference the Board's receipt of a detailed report from the TSU administration at its September 2022 Board meeting on housing capacity and housing trends, including housing applications. Moreover, as early as September 2021 Board Committee meeting, the Academic Affairs and Student Affairs committee discussed housing capacity and the fact that the amount over capacity had increased from 105% to 112%.

Policy Considerations

1. Placing the TSU Board of Trustees under the authority of the Tennessee Board of Regents (TBR).

- For the reasons detailed below, we do not believe the placement of the Board of Trustees under the TBR's authority, or the restructuring of the Board, is in the best interest of the students at Tennessee State University. It would deny them the benefit of having a board that is directly responsive to their needs. Students are fully engaged with the Board and have come to expect direct access to and responsiveness from their own governing board. This is especially important to the student population as many of the students are first generation and expect a more personalized, direct level of interaction. The TBR is comprised of 37 institutions, all of whom are either community colleges or technology colleges.
- TSU students should be afforded the same governance structure, created under the FOCUS Act, as enjoyed by the other locally governed institutions (ETSU, MTSU, APSU, U. of Memphis, and TTU), each of which has a single Board dedicated solely to one institution.
- Pursuant to the FOCUS Act, we are amenable to remaining under TBR oversight for capital projects, for no less than eighteen months, to ensure appropriate staffing on upcoming critically important capital projects and to allow TSU to fill the vacant capital projects manager position.
- The FOCUS Act charges each state university board with the governance authority over the applicable locally governed institution. From its inception in 2017, the Board has carried out its governance responsibilities, including intensifying its oversight of institutional operations. This policy consideration/option is inconsistent with the mandate and intended purpose of the five-year-old FOCUS Act.
- This policy consideration is also inconsistent with the Board's exercise of its governance and fiduciary duties during its nearly six years of existence.
- The Board has been instrumental in elevating accountability by the TSU administration through the Board's charges to the administration to address operational areas of concern at the institution, including enrollment, housing, financial aid, customer service/ communications, and financial reporting practices.
- The Board has worked closely with the TSU administration and has overseen, both previously and very recently, three unit-based reorganizations at the University to enhance the operation and efficient delivery of services. These reorganizations have implicated and impacted the financial aid office, enrollment management, housing, and Business and Finance Division, and resulted in structural changes, and significant employment terminations/personnel realignments.
- The Board has also intensified its oversight of the TSU Business and Finance Division's practices, including the Division's handling and reporting of financial statements, providing guidance, and ensuring accountability, related to recent State audit findings, and overseeing the reorganization of the Division, including its structure, personnel and policies and practices.

While recognizing the mission is to have zero findings, the Board's close work with the administration has contributed to an appreciable decrease in the number of findings associated with TSU's previous annual financial audits from seven to three.

- The Board has asked an outside independent CPA firm to conduct a review of the Division's financial practices and procedures, including practices related to adjustments to financial statements.
- The Board also charged the University administration with being more responsive to students, parents, and external stakeholders. To that end, the Board directed the administration to significantly enhance its customer service operations and internal and external communications, including communications involving students, parents, state entities and officials and other external stakeholders, and the media.
- In collaboration with the Board, the TSU administration has revamped its customer service operations by creating a new Office of Customer Relations, with a more centralized approach to ensure students and parents receive timely and responsive information. The office is currently being staffed and will be led by an Assistant Vice President of Customer Service and his/her team. The university is also utilizing a consultant with expertise in customer services issues to provide additional guidance.
- To enhance its oversight, the Board also appointed in fall 2022 a special committee on housing to evaluate the status and condition of the University's housing, to refine the development of a housing plan, including its short-term, mid-term and long-term housing needs and options.
- The Board is currently examining its committee structure to ensure the appropriate number and focus of its committees, with the possible addition of committees focused on key areas including enrollment.
- In addition to the Board undertaking the measures outlined above to enhance its effectiveness and carry out its fiduciary duties, the Board has recently procured the services of Ms. Carol Cartwright, a consultant with the National Association of Governing Boards of Universities and Colleges (AGB), the premier organization for governing boards in higher education. Ms. Cartwright, through her reputation and work with AGB, was previously retained by the Tennessee Higher Education Commission in 2016 to meet and provide orientation for all the newly formed boards of locally governed institutions (U. of MEM, MTSU, ETSU, APSU, TTU, and TSU).
- After conducting a comprehensive review of the Board's operations, including a review of Board bylaws and policies, conducting interviews with all Board members, reviewing a sampling of Board and Board Committee minutes, and reviewing several hours of Board and Board Committee meetings, Ms. Cartwright concluded that the TSU Board of Trustees is operating effectively and in alignment with good governance practices.

- Ms. Cartwright recognizes that all governing boards can improve their overall effectiveness and has identified areas of enhancement for the Board of Trustees. The Board will continue to work with Ms. Cartwright as part of the Board's upcoming self-assessment process, offering guidance on how the Board can further enhance its operational and fiduciary effectiveness, and advising the Board on ensuring its alignment with AGB's established best practices for university governing boards. This includes more planning related discussions and enhancing the effectiveness of our committee meetings and Board meetings by introducing more plenary sessions.
- With the implemented or planned elevated oversight and operational changes, as set forth in TSU's action plan, the placement of TSU's operations under another governing entity would be unwarranted and unnecessary.
- The placement of one of the former TBR universities back under the authority of the TBR would be unprecedented for any university in this state's history. This option is further disturbing when considering the unique history of TSU, including its founding, its funding history, and the population it has historically served.
- This policy consideration also does not align with the stated purpose for the Comptroller's review, as outlined in the September 6, 2022, Comptroller letter.
- **Accordingly, we are requesting the significant revision of policy consideration/option 1 to only provide for the TBR to retain its existing authority on capital projects.**

2. **The General Assembly could vacate and restructure the TSU Board of Trustees.**

- **We are requesting the removal of this policy consideration/option.** The vacating or restructuring of the Board is not in the best interest of the students at Tennessee State University. for the **reasons outlined above in Policy Consideration #1** which is in connection with placing the Board under the authority of the TBR. As stated above, it would deny students the benefit of having a board that is directly responsive to their needs. Students are fully engaged with the Board and have come to expect direct access to and responsiveness from their own governing board. This is especially important to the student population as many of the students are first generation and expect a more personalized, direct level of interaction. The implementation of this policy consideration would also cause serious disruption and uncertainty as to students' academic and operational affairs. Therefore, **we are requesting the removal of this policy consideration from your report.** Such a move would also be unprecedented and inconsistent with the performance of the Board as well as the growth and development of TSU.
- This policy consideration does not align with the stated purpose for the Comptroller's review, as outlined in the September 6, 2022, Comptroller letter.
- The Board has exercised its fiduciary, oversight, and governance duties. The Board has learned a lot over its six years of governance. It is using that knowledge, along with its consultation with the governance consultant, to further elevate its governance responsibilities and hold the administration accountable for the University's operation.

- **Accordingly, we are requesting the removal of this policy consideration/option.**

3. The TSU Board of Trustees could replace current TSU leadership.

- Under the FOCUS Act, the TSU Board of Trustees is charged with the authority to hire, retain, and separate from the President. It would not be in the best interest of the students to replace the current TSU leadership as it would cause an unnecessary disruption of the operational, academic, and student affairs at the university.
- The Board conducts an annual evaluation of the President and has worked directly with the President to convey updated priorities and focus on operational matters.
- The Board has also worked more closely with the President on organizational changes, including significant organizational and personnel changes within the housing, enrollment management, and business and finance areas. In addition, the Board is monitoring and been actively engaged in directives involving operational matters, including the creation of a customer relations office, and fiscal practice matters.
- The Board will continue to monitor the leadership's performance and ability to address operational matters and will effectuate additional organizational changes, including personnel changes, if warranted.
- The Board has supervised and overseen the operations of the university, including providing governance and direction to the President. The Board Chair will continue to meet weekly with the President and work closely with her on ensuring accountability by the leadership.
- This proposed policy would also interfere with the Board's current efforts in working closely with the TSU leadership on additional measures, as outline above, to improve the institution's operational effectiveness.

- **Accordingly, we are requesting the removal of this policy consideration.**

4. TSU should consider the recruitment and retention of a candidate to fill the University's vacant capital projects manager position to be a top priority.

- The University agrees that filling the vacant capital projects manager position is vitally important and remains a top priority for the university. The university has engaged in two searches to identify and hire a talented and qualified person to fill this position. The search efforts have not yielded a suitable candidate. The University is expanding its search efforts and working expeditiously to select and retain someone to fill this critically important position as soon as possible.

5. TSU should consider adding an additional new residence hall to its plans to construct two new residence halls.

- TSU concurs with this policy consideration. The Board and the TSU administration have

noted the aging condition of its residence halls and the need to replace them moving forward. TSU welcomes and plans to propose add a third residence hall facility.

6. The TSU Board of Trustees should consider implementing a policy requiring the board's prior approval of financial and budget changes, especially concerning scholarships.

- The University operates on an annual budget cycle with an initial budget and budget adjustments throughout the budget year. The adjustments related to the scholarship budget were presented in accordance with the budget cycle.
- Nonetheless, the Board Chair will recommend to the Board the implementation of a policy governing prior approval of specified financial and budget changes, including scholarships, based on a set threshold amount.

7. TSU should consider improving its responsiveness to communications received from parents and students.

- TSU has already taken significant measures to enhance its communications and responsiveness to students and parents. TSU established an Office of Customer Relations, which will be staffed by an Assistant Vice President and other team members who will work directly with students and parents on scholarship, housing, and enrollment related concerns.
- As TSU works to hire personnel to staff the office, TSU commenced working with a consultant with expertise on customer relations, including best practices and infrastructure considerations. TSU also created a student assist program to help work directly with students and parents, and coordinate student related issues among internal staff. Finally, TSU has recently rolled out a new software program to aid internal staff and students in addressing enrollment management related matters by providing information on documents, actions that still need to be taken by a student, and the status of a student's application. We have provided a demonstration on the software to the HERO and another member of the Comptroller's office.
- In addition, in response to the Board's directive on enhanced communications, the administration has engaged Finn Partners to coordinate and the University's public relations and communications unit in communicating important and timely information to external and internal stakeholders and the media.
- TSU has taken ownership of this matter and implemented substantive changes to personnel and organizational structure to improve its communications in this area. It should be noted that in some instances, non-University personnel, for their own reasons, asked students and their parents to contact the HERO and other offices, sometimes before contacting TSU officials. It should also be noted that some of the individuals who contacted the Comptroller's office had previously communicated with university officials on various issues. However, some of these students and/or their parents simply did not want to accept the information they received.

- 8. TSU should consider revisiting what approvals are needed for transfers of funds from any of the university's accounts to the plant funds and ensure that documentation is attached to any accounting entries.**
 - TSU will implement a Board-approved policy to clarify the approvals needed to transfer of funds from any of the university's accounts to plant funds, as well as the movement of funds within the plant funds. This change will be incorporated into TSU's Action Plan.
- 9. TSU should consider properly documenting scholarship award decisions and including a multiple-step approval process.**

- TSU is implementing additional measures to document when a scholarship is awarded based on meeting the scholarship's minimum GPA requirement or demonstrated financial need, or both. This will incorporate this option item into its Action Plan.

10. The General Assembly should consider mandating that TSU submit an annual scholarship plan and monthly reports regarding the number and value of all scholarships offered and the number of signed scholarship acceptance offers.

- This policy consideration is unprecedented, burdensome, and treats TSU significantly different than any other higher education institution in the state. As part of its Action Plan, TSU will ensure that the TSU administration provides an annual scholarship plan to the TSU Board of Trustees and, upon request, will provide monthly reports to the Board Chair and Board Committee Chairs in connection with its annual scholarship plan, as well as information pertaining to the number and value of all scholarships offered and the number of signed scholarship acceptance offers.

11. The General Assembly should consider mandating that TSU submit housing application data and enrollment application data on a monthly basis between March and September of each year.

- TSU provided housing data, including housing application data in the fall 2022, at the request of the State Building Commission. TSU is prepared to provide additional and appropriate housing application and enrollment application data to the TSU Board of Trustees, including at its March, June, and September meetings. TSU is also prepared to provide a copy of the housing and enrollment application data requested by the TSU Board of Trustees to THEC.

12. The General Assembly should consider mandating that TSU provide enrollment classification data for the coming fall semester on November 1 of each year.

This policy consideration is unprecedented, burdensome, and unnecessarily treats TSU significantly different than any other higher education institution in the state. TSU will provide additional and appropriate enrollment classification data to the TSU Board of Trustees, including at its March, June, and September meetings. TSU is also prepared to provide enrollment classification data to other state officials in the event all other institutions of higher education are required to provide