



**Board of Trustees Meeting  
Audit & Business Committee  
June 20, 2019  
Roaden University Center Room 282**

**MINUTES**

**AGENDA ITEM 1—CALL TO ORDER**

The Tennessee Tech Board of Trustees Audit & Business Committee met on June 20, 2019, in Roaden University Center Room 282. Trustee Teresa Vanhooser called the meeting to order at 8:01 a.m.

Trustee Vanhooser asked Ms. Kae Carpenter, Secretary, to call the roll. The following members were present:

- Teresa Vanhooser
- Rhedona Rose
- Purna Saggurti

Other board members and members of the public were also in attendance.

**AGENDA ITEM 2—Approval of Minutes**

Trustee Vanhooser asked for approval of the minutes of the March 21, 2019 Audit & Business Committee meeting. Trustee Vanhooser asked if there were questions or comments regarding the minutes. There being none, Trustee Saggurti moved to recommend approval of the March 21, 2019 Audit & Business Committee minutes. Trustee Rose seconded the motion. The motion carried unanimously.

### AGENDA ITEM 3- Tenure Recommendations

Dr. Bruce presented recommendations to award tenure to 28 faculty members. These included one instructor, 20 assistant professors and three associate professors. Four new hires were appointed tenure upon hire, two of those were department chairs and two were Deans. A list was provided in the Board materials of names, current rank and department. Trustee Saggurti asked if instructors were tenured. Dr. Bruce advised it was previously done in the past but will no longer be done in the future. Trustee Vanhooser asked for a motion to send the tenure recommendations and place it on the Board's consent agenda. Trustee Saggurti moved to recommend. Trustee Rose seconded the motion. The motion carried unanimously.

### AGENDA ITEM 4— Faculty Promotions

Trustee Vanhooser advised this was an informational item. Dr. Bruce stated that 38 faculty received promotions in rank effective July 1. These included 12 instructors to senior instructor, two lecturer to senior lecturer, one instructor to assistant professor, 22 assistant professors to associate professors and one associate professor to full professor. Dr. Bruce indicated this was an unusually large amount of promotions due to five or six years ago there was a large hiring of assistant professors into tenure track lines and also a recent policy was approved to provide pathways for promotion for instructors and lecturers. Trustee Saggurti asked if promotion was time bound. Dr. Bruce responded there were limits to be in rank in order to be eligible for promotion, but the promotion was not a function of time and rank. Trustee Stites asked for an explanation how merit played a role. Dr. Bruce gave the example of when an assistant professor went up for promotion to an associate professor that was usually linked to their application for tenure. When they are in their tenure track appointment probationary period there were annual evaluations and extensive feedback to the individuals if they were performing at a level commensurate with awarding tenure. The evaluation of their performance and accomplishment for tenure was linked to their promotion. The individual must be in the probationary period for a certain number of years and they can't apply for the promotion for a certain period of time. The promotion is linked to the performance and accomplishments for tenure. Therefore, it was absolutely merit based. Trustee Saggurti asked what the link between teaching and research was. Dr. Bruce stated it varied by department. Some departments that may not have a PhD program their ability to do externally funded research would be limited compared to a department that had a PhD program. Trustee Stites asked if any metrics were used to determine tenure that were more measurable. Dr. Bruce stated they had to be put in the context of the situation, not just the department but the individual faculty situation. Dr. Bruce stated she absolutely quantitatively looked at how many publications they have, what tier of journals they were publishing in, how many citations in publications, H index factor, student evaluations, etc. Dr. Bruce added that not everyone that applied for promotion was awarded the promotion.

## AGENDA ITEM 5A—Capital Budget-Update on FY2019-20 Capital Budget

Dr. Stinson advised the Governor's Capital Maintenance Budget for FY2019-2020 had been approved with revised amount since the proposed amounts from the March meeting as follows:

- \$485,000 Roof replacements
- \$3,110,000 Multiple Buildings upgrades
- \$200,000 ADA Compliance
- Total approved \$3,795,000

## AGENDA ITEM 5B—Capital Budget-Approval of Disclosed Projects & FY2020-21 Capital Budget

Dr. Stinson advised the FY2020-21 capital outlay included the Engineering and Research building. The building will be modern, student-centered, open, flexible, promote multipurpose use and collaborative learning. The building will be a smart building with embedded sensors that allows the building itself to become part of the instruction and research. The building is to be 100,000 new square footage (60,000 net assignable) and cost approximately \$55 million. The university received \$3.25 million planning funding for FY2019-20 to begin planning and design. The request for FY2020-21 is \$43.5 million for construction and includes \$8.25 million 15 percent match requirement.

Dr. Stinson advised capital maintenance pool was requested by THEC for all Higher Education and a formula was used to calculate each institutes percentage. THEC will be submitting \$150,000,000 for planning purposes. Tennessee Tech's allocation of the pool was 5.2 percent which is equivalent to \$7,870,000. THEC has a contingency plan for \$120,000,000 which TTU's portion would be allocated the same 5.2 percent or \$6,290,000. THEC requested to break projects down in a manner a reduction could be handled if needed. Trustee Jones asked if the 5.2 percent was a fair amount compared to other universities. Dr. Stinson advised the formula used by THEC considered maintenance cost on buildings with the primary basis being age, number and square footage of buildings the university has. The capital maintenance projects requested were upgrades and repurpose of the existing fitness center along with four roof replacements. The fitness center project will provide system and space upgrades to be used by Exercise Science & Physical Wellness and Athletics. The projected cost was \$5,770,000. The second project was \$2,100,000 for the last phase of the roof replacements. Project cost includes repairs to masonry above the roof, dormers and cupolas as needed.

The Disclosed projects (campus funded) consisted of three projects for FY2019-20 and one for FY2020-21. The three projects for FY2019-20 consisted of: Roaden University Center West Patio and Landscaping, Dixie Avenue Steam Line Replacement and Hooper Eblen Center Building envelope repairs. The RUC project cost was \$405,000 and will include construction of patio, seating, fire pit and lighting. The Dixie Avenue steam line replacement had a project cost of \$305,000 and will replace the steam and condensate lines. The Hooper Eblen Center envelope repairs had a project cost of \$1,440,000 and will complete envelope repairs to prevent water

intrusion into the building. The disclosed project for FY2020-21 was the Quillen Field lighting upgrade. The project cost was \$870,000 and included installation of new LED lighting and poles at Bush Stadium/Quillen field to comply with NCAA lighting requirements.

Trustee Vanhooser asked for a motion to send the Capital Budget and Disclosed Projects and place it on the Board's regular agenda. Trustee Saggurti moved to recommend. Trustee Rose seconded the motion. The motion carried unanimously.

## AGENDA ITEM 6A—2019-20 Student Fees-Maintenance and Mandatory Fees

Dr. Stinson reminded the Board of the factors to consider regarding the Tuition Transparency Act that was passed at the December 2018 meeting. Dr. Stinson advised we complied with T.C.A. 49-7-1603 and received two public comments, one was a student and the other did not identify. Both comments received objected to a tuition increase. The first mandatory factor to be considered was level of state support. Dr. Stinson provided THEC data for Tennessee Tech University state appropriations history. The level of appropriations from 2013-14 were \$39,559,000 and increased to \$55,020,600 for FY2018-19. Dr. Geist asked if this increase was comparable to other LGIs. Dr. Stinson advised it was with the exception of the FY2018-19 when the university received the additional \$3 million for Engineering.

Mr. Stites asked Dr. Oldham to speak on how the university reports to legislature how we have spent state appropriations well. Dr. Oldham advised that a lot of that feedback occurs thru the funding formula because the metrics in the formula clearly identifies what the state wants the university to do in terms of graduating more students and making sure students are progressing at a reasonable rate. Higher Education in general was more focused on conveying the message of the return on state investment from our efforts.

Dr. Stinson continued that the funding request has increased from \$66,008,700(67.6%) in 2017-18 to \$78,939,500(69.3%) in 2019-20. The total formula revenue analysis for 2017-18 was 109.1%. That was primarily due to out-of-state revenues being \$15,330,400 and was primarily international students, which did not reduce the need for state appropriation. In 2018-19 there was an increase in state appropriations, tuition revenues declined some but out-of-state revenues declined over \$5 million therefore the formula calculated 99.1% as a need. For 2019-20 we were down to 92.3% of our funding need. State appropriations increased, however, the tuition revenues have dropped from \$76,481,100 to \$74,924,600 and out-of-state has dropped significantly from \$15,330,400 to \$8,465,600.

Another mandatory factor considered was the cost of attendance. Dr. Stinson provided in her presentation an example based on 15 credit hours. For 2018-19 the balance with housing, meal plan and books to be paid by the student that received full aid was \$2,736.00. For 2019-20 the balance to be paid by the student with full aid was \$2,917.50 and \$10,765 with no aid. Dr. Stinson advised financial aid available to students included HOPE, university scholarships, Pell grants,

aspire awards, general assembly merit scholarships, Tennessee Student Assistance Authority Awards, subsidized loans, unsubsidized loans and other government aid such as work study.

The third mandatory factor was other efforts to mitigate financial effects on students. Budgets had been reduced by \$2,399,903 in 2016-17 to \$1,959,556 in 2018-19.

Dr. Stinson advised another factor was that we had to stay within THEC binding rates. THEC held their meeting in May and did not change the binding rates (0-2.5%) that were anticipated at our March meeting. Dr. Stinson proposed a 2.33% maintenance increase, which equates to \$90 dollar increase over prior year and \$7 increase per credit hour. In addition to the maintenance increase Dr. Stinson recommended a \$17.50 increase in Technology Access Fee which was part of the general access fee. This was a 2.8% overall increase in mandatory fees. The general access fee maxed out at seven credit hours. The last increase for the Technology Access Fee was FY2001-02. There is a committee that works with the TAF fee. Last year the colleges requested 105 projects and 46 were funded. This fee can only be used for technology that will directly touch the student. It cannot be used for administrative technology systems or replace computers in offices. It has been used for multimedia classrooms, student software and licensing and student lab hardware refresh and checkout accessories. The increase was requested due to the maintenance and replacement for those resources.

Dr. Stinson provided information in her presentation for maintenance and mandatory fee comparison for 2018-19 between the LGIs and out of state peers. She also advised the other LGIs proposed fee increases ranged from 2-2.50%.

Dr. Stinson advised that graduate and out-of-state tuition were not subject to THEC binding rates. For graduate maintenance a 2.4 % ( \$120) increase for 10 base hours and 3 % ( \$3) for over base hours was proposed. No increase in out-of-state tuition was proposed.

Dr. Stinson stated available resources were reviewed which included the anticipated \$4.3 million increase in state appropriations , \$1,641,300 revenue generated by a 2.3% maintenance fee increase, projected decline in enrollment(-\$1,020,000), projected decline in international enrollments(-\$1,500,000). This resulted in \$3,489,400 resources anticipated to address needs. Cost of 2% salary improvements of \$1,830,100 was projected, \$3,000,000 dedicated funds to re-establish operating fund balance, and \$1,786,295 cost increases other than salaries such as software contracts, increase in scholarship funds and faculty promotions. The total anticipated needs for FY2018-19 were \$6,616,395. The difference between resources and needs was \$(3,126,995).

Trustee Jones asked if it was required now to put the \$3,000,000 into the fund balance or if it could be done later. Dr. Stinson advised it could be done later.

Trustee Vanhooser asked for a motion to send the 2019-20 maintenance and mandatory fee recommendations for approval after consideration of public comments received and place it on the Board's regular agenda. Trustee Saggurti moved to recommend. Trustee Rose seconded the motion. Ms. Carpenter took a roll call vote. The motion carried unanimously.

## AGENDA ITEM 6B–2019-20 Student Fees-Non-mandatory Online & Alternative Delivery Fee

Dr. Stinson stated non-mandatory fees were proposed in March that several proposals were received for online fees that ranged from \$25-\$198 per credit hour. The President, Provost and Dr. Stinson had discussions that additional time was needed to consider the proposals. She stated the proposed structure was the same as currently charged for TNeCampus course. This fee is based on 40% of undergraduate maintenance fee cost which is \$128 per credit hour for academic year 2019-20. One advantage was it provides a consistent and simplified fee structure for online and alternative delivery courses. The fee as proposed would be in lieu of general access fee. The fees will be used as follows: 1) \$66 will go to the colleges to cover costs associated with developing and offering online and alternative delivery courses 2) \$62 per credit hour up to 7 credit hours per student will be assigned to the components of General Access Fee. Once GAF is covered, funds generated above 7 credit hours per student will go into an account designated for online and alternative delivery course development and startup cost under the purview of the Provost's office. Trustee Jones wanted to verify that there was no decrease to what the colleges were getting before. Dr. Stinson advised this was a new fee and was not replacing the College of Business or School of Nursing which already have an online fee. This fee is for new online courses.

Trustee Vanhooser asked for a motion to send Non-Mandatory Online & Alternative Delivery fee and place it on the Board's regular agenda. Trustee Saggurti moved to recommend. Trustee Rose seconded the motion. Ms. Carpenter took a roll call vote. The motion carried unanimously.

## AGENDA ITEM 7–2018-19 Estimated and 2019-20 Proposed Budgets

Dr. Stinson provided 2018-19 information in her presentation. Estimated budget was the budget that the year ended with and was reflective of how expenses and revenues played out. The 2019-20 proposed budget was the budget the new fiscal year begins with on July 1. Estimated budget has temporary budget items such as carry forwards. The proposed budget was permanent budget items. There were differences that occurred during the budget cycles. Dr. Stinson advised the differences in the reconciliation.

The revised to current estimate included:

- Tuition and fee revenues difference based on a conservative estimate in enrollment of \$1,167,000.

The Current estimate compared to proposed:

- Tuition and Fees: anticipated drop in international enrollment (\$1,513,800), TAF increase of \$266,000, SACF and mandatory fee decline (\$340,355), 2% tuition increase of \$1,427,200, in-state enrollment decline of (\$1,020,000)

- State appropriations- Outcomes adjustment of \$814,300, \$900,000 Carnegie class change, \$2,653,800 share of new funding and \$500,000 matching cybersecurity grant and Nonrecurring adjustment \$791,600 for post-retirement.

Dr. Stinson advised on the reconciliation of changes in expenses.

The revised to current estimate included:

- Instruction: Lapse Salaries (\$2,254,990), benefit adjustment for vacant positions (\$358,400) and Strategic Investment Pool \$1,264,250
- Student Services: Disability Services \$75,000, temporary transfer from Athletics Scholarships to Athletics Operating \$550,000, increase to Athletics Benefits Budget \$182,000
- Scholarships: Temporary reductions in community college scholarship (\$500,000), temporary transfer of unspent honors scholarships (\$350,000) and unspent athletic scholarships (\$550,000)

The comparison of current estimate and proposed included:

- New Faculty positions \$406,000-(1) Engineering, (2) Nursing and (1) Agriculture
- PhD program \$120,000-Counseling & Supervision(2 Tenure Track Faculty)
- Faculty Promotions \$376,685
- One-time carryforward removed-Research (\$699,000), public service (\$166,000) and student services (\$634,000)
- Institutional Support-non recurring budget for health insurance \$1,291,600
- Increase in utility expense for FIT and Science Buildings \$571,000

The reconciliation of change in natural expenses for revised compared to current estimate included:

- Salary and Wages-Lapse strategic Investment Pool (\$2,400,000), Benefit adjustment for vacant positions (\$543,800)
- Operating & Utilities- Lapse invested back at College/VP level \$603,000 and Strategic Investment Pool \$1,264,250
- Scholarship & Fellowships- Temporary Reduction in Community College Scholarship (\$500,000), temporary transfer of unspent honors scholarships (\$350,000) and unspent athletic scholarships (\$500,000)

The reconciliation of change in natural expenses between current estimate and proposed included:

- Salary and Wages: New faculty positions \$295,000, faculty promotions \$377,000, Provision for 2% salary increase \$1,400,000 and Re-establish lapse salaries \$2,400,000
- Fringe Benefits- TCRS and Health Insurance adjustment \$1,300,000, Estimated fringe benefit for 2% salary increase \$400,000 and re-establish fringe benefit for lapse salaries \$550,000
- Operating & Utilities- remove temporary budgets for carryforwards \$4,500,000 and increase in utility expense \$571,000

Trustee Vanhooser asked for a motion to send the 2018-19 Estimated and 2019-20 Proposed Budgets and place it on the Board's regular agenda. Trustee Saggurti moved to recommend.

Trustee Rose seconded the motion. Ms. Carpenter took a roll call vote. The motion carried unanimously.

## AGENDA ITEM 8—Five-Year Strategic Financial Plan Update

Dr. Oldham provided an updated on the Data Dashboard project. The data was compiled from university and THEC sources such as, institutional research, planning and finance, athletics, university advancement, research office and THEC funding formula reports. More than 100 variables will be reported annually and will be divided into eight categories. The categories consist of: funding formula, student success, sponsored research, advancement, faculty, financial, athletics and enrollment. Once the dashboard is completed, it will allow for a drill down into each category. Updates will happen throughout the year, most of updated would be mid-October when fall census data becomes available. Financial updates will be tied to fiscal year and budget cycles. Data from outside sources such as THEC or NCAA will be updated as it becomes available. The next steps will be to continue to build the actual dashboard website and will be located behind a university login. Trustee Harper wanted to know if this information could be broken down to the college level for the departments to use. Dr. Oldham advised on the institutional research website there are departmental and college profiles that are already accessible and will use some of these same key indicators and track it on a 5 year time period for a particular department. Trustee Harper asked if that information included diversity data and, if it does not, then it should be incorporated.

## AGENDA ITEM 9—Presidents Emeriti Contracts

Dr. Stinson advised there were two Presidential Emeriti Contracts being presented for approval. This was an annual process requiring approval by the Board and was included in Dr. Volpe and Dr. Bell contracts. The reports of the two retired Presidents were provided in Diligent.

Trustee Vanhooser asked for a motion to send 2019-20 Emeriti contracts and place it on the Board's regular agenda. Trustee Saggurti moved to recommend. Trustee Rose seconded the motion. The motion carried unanimously.

## AGENDA ITEM 10—TTU Policy 132 (Conflict of Interest)-Review of Substantive Revisions

Chair Vanhooser advised that per TTU Policy 132 any revisions to the policy require review by the Audit Committee to verify the Tennessee Comptrollers Guidelines for Audit Charters were being met. A copy of the policy with revisions was provided in Diligent for Committee members to review. No action is required.

## AGENDA ITEM 11 –Adjournment of Open Session & Call to Order of Executive Closed Session

There being no further business, the meeting adjourned at 10:20 a.m. After a short break, the Executive Closed Session began at 10:28 a.m. All Tennessee Tech Board Trustees were present. Trustee Melissa Geist participated via phone.

The following were also present for the meeting:

- President Philip Oldham
- Kae Carpenter, Board Secretary
- Deanna Metts, Director of Internal Audit
- Dr. Claire Stinson, Vice President for Planning and Finance
- Janice Scarlett, Internal Audit Administrative Associate
- Lee Wray, Chief of Staff
- Yvette Clark, IT Executive Director
- Deb Zsigalov, Chief Information Security Officer

## AGENDA ITEM 12 –Adjournment

There being no further business, the Executive Closed Session adjourned at 11:05 a.m.

Approved,

A handwritten signature in black ink, appearing to read "John A. Steter", is written over a horizontal line.

Audit & Business Committee Chair