



## AUDIT & BUSINESS COMMITTEE

November 30, 2023

Roaden University Center, Room 282

### MINUTES

Meeting was streamed live via link found on this web page:

<https://www.tntech.edu/board/meetings/>

#### AGENDA ITEM 1 – Call to Order

The Tennessee Tech Board of Trustees Audit & Business Committee met on November 30, 2023, in Roaden University Center Room 282. Chair Johnny Stites called the meeting to order at 10:34 a.m.

Chair Stites asked Mr. Lee Wray, Secretary, to call the roll. The following members were present:

- Johnny Stites
- Tom Jones
- Thomas Lynn

Other board members also in attendance were Fred Lowery, Jeannette Luna, Rhedona Rose, Barry Wilmore, Trudy Harper, and Addison Dorris. A quorum was physically present. Tennessee Tech faculty, staff and members of the public were also in attendance.

#### AGENDA ITEM 2 – Approval of Minutes

Chair Stites asked for approval of the minutes of the September 28, 2023, Audit & Business Committee meeting. Chair Stites asked if there were questions or comments regarding the minutes. There being none, Tom Jones moved to recommend approval of the September 28, 2023, Audit & Business Committee minutes. Thomas Lynn seconded the motion. Mr. Wray called a roll call vote. The motion carried unanimously.

Lee 03/25/24

### **AGENDA ITEM 3 – Financial Update & Composite Financial Index**

Dr. Stinson presented information for the FY22-23 unaudited statement of revenues, expenses, and changes in net position along with FY22-23 capital asset and debt. Also presented was the major metrics used to measure and monitor financial health: composite financial index, primary reserve ratio, viability ratio, return on net assets ratio and net operating revenue ratio.

This was an informational item therefore no action was required.

### **AGENDA ITEM 4 – FY2023-24 Revised Budget/Organizational Chart**

Dr. Stinson advised the organizational chart changes were in Academic Affairs with the renaming of Cybersecurity Education, Research and Outreach Center to Center for Cybersecurity Education, Research and Outreach, renaming of Energy Systems Research Center to Center for Energy Systems Research, renaming Manufacturing Research Center to Center for Manufacturing Research, renaming of Student Success Center to Hixson Student Success Center and removal of Minority Engineering Programs as a direct report to College of Engineering. Planning and Finance added a Campus Safety and Emergency Management position as a direct report. Student Affairs added student advocacy as a direct report to Strategic Initiatives and Dean of Students, added cross-cultural engagement as direct report to Intercultural affairs, added Intergroup Dialogues as a direct report to Intercultural Affairs and renamed Black Cultural Center to Leona Lusk Officer Black Cultural Center.

Dr. Stinson presented information on the reconciliation of changes in E & G revenues, reconciliation of change in expenses and reconciliation of change in natural expenses (Attachments A-F).

Mr. Lynn moved to send the FY2023-24 Revised Budget and Organizational Chart to the Board for approval and to place on the Board's regular agenda. Mr. Jones seconded the motion. Mr. Wray called a roll call vote. The motion carried unanimously.

### **AGENDA ITEM 5 – Tuition Transparency Act Report (T.C.A § 49-7-1604)**

By February 1<sup>st</sup> of each year, the Board is required to provide a report to the General Assembly with information regarding the expenditures of revenues derived from any tuition and fee increase in the previous full academic year. The report must include how revenues were used, the effect on student financial aid, and the effect on the average total cost of attendance per student. This report is for tuition and mandatory fee rates effective Fall 2022. The report stated no increase in tuition or mandatory fees was recommended for FY22-23.

Mr. Jones moved to send the Tuition Transparency Act Report for FY22-23 to the Board for approval and to place it on the Board's regular agenda. Mr. Lynn seconded the motion. Mr.

*Wray* 03/25/24  
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Wray took a roll call vote. The motion carried unanimously.

#### **AGENDA ITEM 6 – Classification & Compensation Study Update**

President Oldham advised this was an update on the project with the intentions to bring the completed study to come to the March 2024 Board meeting for the Board to take action. Mr. Vedder provided information on Mercer’s background and experience. He advised the project timeline was project planning and strategy development February 2023-June 2023, job architecture and job descriptions for staff April 2023-December 2023, compensation philosophy, benchmarking, and salary structure for staff & faculty September 2023-March 2024 and strategies and implementation planning February 2024-March 2024.

This was an informational item therefore no action was required.

#### **AGENDA ITEM 7 – Approval of 2024 Audit Plan**

Deanna Metts advised the plan was provided in Diligent. The plan lists each significant activity to be carried out by Internal Audit, type of activity, the functional area being covered, the time frame, and the last date the activity was completed. This only requires approval by the Audit & Business Committee and does not go to the full Board for approval.

Mr. Lynn moved to approve the 2024 Audit plan as required by Tennessee Tech University Audit Committee Charter as presented. Mr. Jones seconded the motion. Mr. Wray called a roll call vote. The motion carried unanimously.

#### **AGENDA ITEM 8 – Adjournment of Open Session & Call to Order on Non-Public Executive Session**

There being no further business, the meeting adjourned at 11:19 a.m. After a short break, the Non-Public Executive Session began at 11:25 a.m. Trustees and Administration were present for the meeting.

#### **AGENDA ITEM 9 – Adjournment**

There being no further business, the Non-Public Executive Session adjourned at 11:50 a.m.

Approved,

Lee Wray 03/25/24

Lee Wray, Secretary

## Reconciliation of Changes in E&G revenues

	Proposed Budget FY2023-24	Revised Budget FY2023-24	Difference
Tuition and Fees	\$105,062,800	\$104,803,000	(\$259,800)
State Appropriations	\$82,153,800	\$85,439,700	\$3,285,900
Other Activities	\$13,136,800	\$13,616,500	\$479,700
<b>Total Revenues</b>	<b>\$200,353,400</b>	<b>\$203,859,200</b>	<b>\$3,505,800</b>



## Proposed vs Revised E&G Reconciliation of Changes in Revenues FY2023-24

- Tuition and Fees (\$259,800)
  - Tuition enrollment based on Fall census (\$1,728,500)
  - Tuition 3% increase \$1,999,800
  - Summer Revenue (\$245,500)
  - Out-of-state tuition decrease (\$66,250) based on actual fall enrollment in International students
  - Fee reduction (\$219,500)
  
- State Appropriations \$3,285,900
  - Adjustments for OPEB, TCRS, Risk Management, and Health Insurance \$958,400
  - Crossville Wind Tunnel \$2,000,000
  - 401k Enhancement Match one-time funding \$327,500
  
- Other Revenue \$479,700
  - Federal Indirect Cost Revenue \$400,000
  - Other Misc. \$80,000



**Change in Expenses**  
(details on following page)

	Proposed Budget FY2023-24	Revised Budget FY2023-24	Difference
Instruction	\$82,786,000	\$92,840,800	\$10,054,800
Research	\$3,162,900	\$8,286,900	\$5,124,000
Public Service	\$2,056,400	\$3,768,800	\$1,712,400
Academic Support	\$15,728,000	\$19,422,600	\$3,694,600
Student Services	\$24,140,900	\$26,365,400	\$2,224,500
Institutional Support	\$20,367,400	\$21,560,300	\$1,192,900
Oper. & Maint. of Plant	\$19,049,300	\$22,299,700	\$3,250,400
Scholarships & Fellowships	<u>\$20,628,000</u>	<u>\$21,393,100</u>	<u>\$765,100</u>
<b>Total Expenses</b>	<b>\$187,918,900</b>	<b>\$215,937,600</b>	<b>\$28,018,700</b>

## Proposed vs Revised Reconciliation of Change in Expenses FY2023-24

<ul style="list-style-type: none"> <li>• Instruction             <ul style="list-style-type: none"> <li>- Re-budget of Carryforwards:</li> <li>• Specialized Academic Fee \$586,525</li> <li>• Technology Access Fee \$2,878,038</li> <li>• Engr State Appropriation funds \$2,738,142</li> <li>• Online &amp; Alternate Delivery Fee \$3,175,758</li> <li>• Purchase Orders \$550,077</li> <li>• Departmental Requests \$388,962</li> <li>• Summer School \$134,768</li> <li>• Revenue generating \$795,256</li> <li>• Lapse Salary \$1,684,153</li> <li>• Adjustments due to fees collected (\$527,250)</li> </ul> </li> <li>- Rural Reimagined transferred to Public Service (\$1,000,000)</li> <li>- CEROC transferred to Research (\$700,000)</li> <li>- Online fee 1.5% transfer to Provost-Academic Support (\$394,058)</li> <li>- University Wide Benefit Adjustment (\$250,000)</li> </ul>	<ul style="list-style-type: none"> <li>• Academic Support             <ul style="list-style-type: none"> <li>- Re-budget of Carryforwards \$2,586,513</li> <li>- Tech Farms budget established \$315,000</li> <li>- Online Fee - College Transfer 15% - \$394,058</li> <li>- University Wide Benefit Adjustment \$350,000</li> </ul> </li> <li>• Student Services             <ul style="list-style-type: none"> <li>- Band uniforms \$190,000</li> <li>- Re-budget of Carryforwards \$1,008,408</li> <li>- Capture Contract \$240,875</li> <li>- Athletics \$90,000</li> <li>- University Wide Benefit Adjustment \$650,000</li> </ul> </li> <li>• Institutional Support             <ul style="list-style-type: none"> <li>- Increase State funding-TCRS, Risk Mgmt. Health insurance, OPEB \$590,280</li> <li>- Marketing Budget Continuation increase \$400,000</li> <li>- New Position and Adjustments \$223,518</li> <li>- Re-budget of Carryforwards \$610,576</li> <li>- University Wide Benefit Adjustment (\$750,000)</li> </ul> </li> <li>• Maint &amp; Operations             <ul style="list-style-type: none"> <li>- Crossville TAP Wind tunnel \$2,000,000</li> <li>- Crossville TAP budget established \$552,000</li> <li>- Re-budget of Purchase Order Carryforwards \$155,537</li> <li>- Police CAD software \$22,070</li> <li>- University Wide Benefit Adjustment \$208,000</li> <li>- Facilities certificate increases \$76,335</li> </ul> </li> <li>• Scholarships             <ul style="list-style-type: none"> <li>- Presidential Scholarship \$197,000</li> <li>- Community College Transfer \$356,000</li> <li>- Athletic Scholarships \$168,498</li> </ul> </li> </ul>
<ul style="list-style-type: none"> <li>• Research             <ul style="list-style-type: none"> <li>- Re-budget of Carryforwards \$3,755,414</li> <li>- FY22 Indirect Cost Distribution Adjustment \$224,779</li> <li>- CEROC \$700,000</li> <li>- Water Center \$150,000</li> <li>- Faculty Start Up \$300,000</li> </ul> </li> </ul>	
<ul style="list-style-type: none"> <li>• Public Service             <ul style="list-style-type: none"> <li>- Re-budget of Carryforwards \$596,338</li> <li>- Rural Reimagined \$1,000,000</li> <li>- University Wide Benefit Adjustment \$100,000</li> </ul> </li> </ul>	





## Change in Natural Classification Expenses

(details on following page)

	Proposed Budget FY2023-24	Revised Budget FY2023-24	Difference
Salary and Wages	\$91,107,575	\$93,792,537	\$2,684,962
Fringe Benefits	\$36,643,521	\$38,283,477	\$1,639,956
Travel	\$2,068,849	\$2,403,354	\$334,505
Operating & Utilities	\$36,582,106	\$58,937,069	\$22,354,963
Scholarships & Fellowships	\$21,185,287	\$21,949,395	\$764,108
Capital	<u>\$331,500</u>	<u>\$571,790</u>	<u>\$240,290</u>
<b>Total E&amp;G</b>	\$187,918,838	\$215,937,622	\$28,018,784



## Proposed vs Revised Reconciliation of Change in Natural Expenses

- **Salary and Wages**
  - Critical salary adjustments \$281,437
  - Units move operating funds for adjuncts, temporary, and student workers \$2,300,000
- **Fringe Benefits**
  - Increase State funding-TCRS, Risk Mgmt., Health insurance, OPEB \$1,285,200
  - Benefits budgeted for new positions \$40,000
  - Funds transferred by units for GA's \$300,000
- **Travel**
  - Funds transferred to travel by units \$245,000
  - Athletics \$90,000
- **Operating & Utilities**
  - Re-budget of carryforward amounts \$21,929,171
    - Revenue Generating \$975,975
    - Faculty Research & Indirect Cost \$2,724,078
    - CEROC & Rural Reimagined Appropriations \$921,347
    - Specialized Academic Fee \$586,525
    - Technology Access Fee \$2,878,038
    - Engr State Appropriation funds \$2,738,142
    - Online & Alternate Delivery Fee \$4,900,695
    - Student Activity Fee \$619,822
    - Other department requests \$ 1,216,562
    - Purchase Orders \$680,066
    - Summer School \$134,768
    - University Future Commitments \$1,869,000
    - Lapse Pool \$1,684,153
  - State Appropriations Wind tunnel \$2,000,000
  - Marketing Budget increase \$400,000
  - Band Uniforms \$190,000
  - Capture Contract \$240,875
  - Units transfer funds from operating to salary & wages (\$2,300,000)
- **Scholarships**
  - Presidential Scholarship \$197,000
  - Community College Transfer \$356,000
  - Athletic Scholarships \$168,498
- **Capital**
  - Purchase Order Carryforwards \$240,000

