

**MIDDLE TENNESSEE STATE UNIVERSITY
BOARD OF TRUSTEES**

**FINANCE AND PERSONNEL COMMITTEE
MINUTES**

The Finance and Personnel Committee met on Tuesday, May 25, 2021, in the Miller Education Center Meeting Room at Middle Tennessee State University.

Call to Order and Opening Remarks

Committee Chair Joey Jacobs called the meeting to order at 11:08 a.m. and requested Acting Board Secretary Jeff Farrar to call the roll.

Roll Call

The following Committee members were in attendance: J.B. Baker, Tom Boyd, Pete DeLay, Darrell Freeman, Joey Jacobs, Mary Martin, Steve Smith, and Delanie McDonald. A quorum was declared. Also present were Trustees Chris Karbowskiak and Pam Wright; President Sidney A. McPhee; Alan Thomas, Vice President for Business and Finance; Mark Byrnes, Provost; Joe Bales, Vice President for University Advancement; Andrew Oppmann, Vice President for Marketing and Communications; Bruce Petryshak, Vice President for Information Technology and Chief Information Officer; Deb Sells, Vice President for Student Affairs and Vice Provost for Enrollment and Academic Services; Brenda Burkhart, Chief Audit Executive; Jeff Farrar, Associate University Counsel and Acting Board Secretary; and, Kim Edgar, Assistant to the President and Chief of Staff.

Approval of Minutes - Action

The first agenda item was the approval of the minutes from the March 16, 2021 Finance and Personnel Committee meeting. Trustee Freeman moved to approve the minutes from the March 16, 2021 meeting and Trustee DeLay seconded the motion. A voice vote was taken and the motion to approve the minutes from the March 16, 2021 meeting of the Finance and Personnel Committee passed unanimously.

Diversity: Impact of Non-Returning Students/Financial Implications - Information

Mr. Thomas stated that the information regarding the impact of non-returning students on the University had already been presented in the Academic Affairs, Student Life, & Athletics Committee presentation. Trustee Baker asked how much the University writes off annually in unpaid student debt. Mr. Thomas responded that the amount is approximately \$1 million annually and provided the Committee with a brief summary of the process for determining the amount.

Permanent Appointment of University Counsel – Action

The second agenda item concerned approval of the recommendation by Dr. McPhee for the permanent appointment of James Floyd as University Counsel and Board Secretary. Trustee Freeman made a motion to approve the permanent appointment of James Floyd as University Counsel and Board Secretary. Trustee Martin seconded the motion. A voice vote was taken, and the motion to approve the permanent appointment of James Floyd as University Counsel and Board Secretary passed unanimously.

Capital Outlay Project Requirements – Information

Bill Waits, Assistant Vice President for Campus Planning, provided the Committee with information regarding the requirements for the FY 2022-23 Capital Outlay Project requests. He directed the Committee to the instructions provided by the Tennessee Higher Education Commission (THEC) contained in the meeting materials. He noted that THEC has limited capital outlay requests to renovation projects only for FY 2022-23, with no new stand-alone building projects permitted. He explained the purpose of the change is to address the growing levels of deferred maintenance issues with state owned facilities.

Mr. Waits stated that MTSU is currently focused on a ground-up renovation of the historic Kirksey Old Main building, which would include the demolition of the Midgett building addition. The scope of this project will be further defined and brought to the Finance and Personnel Committee

for approval at its August meeting. The deadline for submission to THEC is Wednesday, September 15, 2021.

Capital Disclosures – Action

The next agenda item was a request for approval of two Capital Project Disclosures. Mr. Waits informed the Committee that MTSU disclosed an additional project, the “College Heights Renovation” project, on May 14 to THEC via the quarterly disclosure to be included in the FY 2021-22 MTSU Disclosure list. This proposed project will serve the University Police Department by renovating space to accommodate a police-training simulator and provide office space for emergency management and police personnel.

Mr. Waits reported that MTSU plans to submit one project, the “Campus Quadrangle Improvements,” as part of the FY 2022-23 MTSU Capital Budget Request. This submittal will replace the “Campus Quadrangle Site Improvements” project that is on the current disclosure list but will expire in July 2022.

Trustee DeLay made a motion to approve the additional FY 2021-22 and the proposed FY 2022-23 Capital Disclosures. Trustee Martin seconded the motion. A voice vote was taken, and the motion to approve the additional FY 2021-22 Capital Disclosure Request and the FY 2022-23 Capital Outlay Project Submittal passed unanimously.

Capital Maintenance Projects Submittal – Action

The next agenda item was a recommendation to submit eight (8) project requests totaling \$11,798,000 to THEC for FY 2022-23 capital maintenance funding. Joe Whitefield, Assistant Vice President for Facilities Services, presented information concerning the process for identifying and bringing forward capital maintenance projects in conjunction with the instructions received from THEC. He explained that the maintenance projects are submitted in order of priority, so the first two projects on the recommended list would be the ones expected to receive approval should MTSU only be allocated the base level funding of \$2,360,000. He informed the Committee that

it is typical to receive funding somewhere in the middle of the two amounts. The meeting materials also contained information on potential project requests for fiscal years 2022-23 through 2026-27.

Trustee Boyd expressed a concern that THEC does not take student population and traffic into account when allocating capital maintenance funding. Discussion ensued and the Committee agreed that the University should continue to work closely with THEC in evaluating all factors that contribute to the need for capital renewal and maintenance.

Trustee DeLay made a motion to approve the FY 2022-23 Capital Maintenance Projects Submittal for eight (8) projects totaling \$11,798,000 and the potential project requests for fiscal years 2023-24 through 2026-27. Trustee Boyd seconded the motion. A voice vote was taken, and the motion to approve the FY 2022-23 Capital Maintenance Projects Submittal for eight (8) projects totaling \$11,798,000 and the potential project requests for fiscal years 2023-24 through 2026-27 passed unanimously.

Tuition, Fees and Housing Rates – Action

At its May 20, 2021 Commission meeting, THEC approved a binding range of 0-2% for both the undergraduate in-state tuition and the combined undergraduate in-state tuition plus mandatory fees. Mr. Thomas informed the Committee that MTSU is proposing a 1.99% increase in tuition for all students, which complies with THEC's binding range of 0 – 2.0%. The University is also recommending an additional 3% increase in graduate tuition. Materials detailing the tuition increase calculation, mandatory and non-mandatory fee requests, and housing rates were provided in the Committee notebooks. Only mandatory fees are subject to THEC's binding range. Non-mandatory fees and housing rates are only subject to approval by the MTSU Board of Trustees. The total impact of the combined increase in undergraduate tuition and mandatory fees is a 1.78% increase, which also complies with THEC's total guidance of 0 – 2.0%. Mr. Thomas stated that even with the increase, MTSU will remain where it is currently ranked as number 7 within its peer group of 13 schools for tuition and fees, as well as continue to have the lowest tuition of the three largest public universities in the State.

The Tuition Transparency and Accountability Act, T.C.A. § 49-7-1601, *et. seq.*, requires a fifteen (15) day public comment period on any tuition and mandatory fee increases for undergraduates. Mr. Thomas informed the Committee that all comments will be compiled and provided to the Board the day before the June 8 quarterly meeting.

Trustee Freeman made a motion to approve the recommendation for the FY 2021-22 Tuition, Fees, and Housing rates as presented, and Trustee DeLay seconded the motion. A voice vote was taken, and the motion to approve the recommendation for the FY 2021-22 Tuition, Fees, and Housing Rates as presented passed unanimously.

Compensation – Action

The next agenda item was a recommendation for approval of the University's proposed Compensation Plan. The Governor's budget provided \$1.1 million in non-recurring funding for the creation of a 2.0% salary pool covering the period from January 1, 2021 through June 30, 2021. Kathy Musselman, Assistant Vice President for Human Resources, presented a recommendation to the Committee for approval of a one-time bonus equivalent to six months of a 2% salary increase or \$500, whichever is greater for regular employees, both full and part-time, on the payroll as of December 31, 2020. The bonus will be calculated based on the annual salary as of May 31, 2021 and paid in the June 2021 payroll. The total cost of the salary pool allocation is \$1.7 million with the University funding the \$600,000 balance. Guidelines for implementing the increase were included in the Committee notebooks.

The Governor's budget also provided \$4.5 million in recurring funding to annualize the 2.0% January 1, 2021 salary pool and to fund a 2.0% July 1, 2021 salary pool. Ms. Musselman informed the Committee that a recommendation for the recurring salary pools will be presented at the August 2021 Finance and Personnel Committee meeting.

Trustee Freeman made a motion to approve the proposed Compensation Plan and Trustee Boyd seconded the motion. A voice vote was taken, and the motion to approve the proposed Compensation Plan increase passed unanimously.

Operating Budgets – Action

The final agenda item was a recommendation for approval of the 2020-21 Estimated Budget and the 2021-22 July Proposed Operating Budget. Mr. Thomas reminded the Committee that the Estimated Budget is the final budget for the fiscal year, and the July Budget is the proposed base budget for the upcoming fiscal year. He reported that most of the increases in the Estimated Budget since October were due to the replacement of lost revenue with stimulus funding in accordance with federal regulations. The July Budget is based on a stable enrollment and 1.5% of the proposed 1.99% tuition increase. It also includes mandatory fee increases, and salary and operating appropriation increases approved by the General Assembly for 2021-22. He noted that adjustments for the full tuition increase, actual enrollment, and the June 30 carryover will be reflected in the October budget.

The final item presented in the budget materials was the TSSBA Debt Service Coverage – Disclosed Projects Coverage Adjustments schedule required by TBR under the FOCUS Act to disclose any budgeted projects that may require school bond financing.

A brief discussion ensued concerning the effects of the stimulus packages on the University budgets. Mr. Thomas stated that MTSU had received three funding packages totaling \$100.9 million. Approximately, 43% of that amount went directly to the students with the remaining amount allocated for institutional use. He noted, however, that a significant portion of the institutional funding was used to provide student relief through refunds and waived tuition/fees. Trustee Martin commented on the importance of students being made aware of how the stimulus funding was used for their benefit.

Chairman Smith made a motion to approve the Estimated 2020-21 and Proposed 2021-22 Operating Budgets and Trustee DeLay seconded the motion. A voice vote was taken, and the

motion to approve the Estimated 2020-21 and Proposed 2021-22 Operating Budgets passed unanimously.

Chairman Jacobs commended Mr. Thomas and his team for their informative meeting materials and presentations. He also thanked the Committee members for their participation in the meeting.

Adjournment

The meeting adjourned at 12:10 p.m.

Respectfully submitted,

Finance and Personnel Committee