



Audit & Business Committee

March 11, 2021

Roaden University Center, Room 282

This meeting will be conducted permitting Trustees' participation by electronic or other means of communication. If, due to the COVID-19 pandemic, an in-person meeting is not advisable, the meeting will be conducted via electronic means only and will be streamed live via link found on the Board of Trustees' web page at <https://www.tntech.edu/board/>. Please check <https://www.tntech.edu/board/> for updates.

AGENDA

- I.** Call to Order
- II.** Approval of Minutes
- III.** Update on Governor's Budget
- IV.** Compensation Plans
 - A. January-June 2021
 - B. FY2021-22
- V.** Supplemental COVID-19 funding
- VI.** Non-Mandatory & Mandatory Fees
 - A. Housing Rates
 - B. International Student Deposit
 - C. Specialized Academic Course Fees
- VII.** Budget Advisory Committee Restructure
- VIII.** Naming Opportunity
- IX.** Notice of Responsibilities for Preventing, Detecting and Reporting Fraud, Waste and Abuse

- X.** Adjourment of Open Session and Call to Order of Non-Public Executive Closed Session to Discuss Audits, Investigations, Litigation, and Matters Deemed Not Subject to Public Inspection Pursuant to T.C.A. § 4-35-108(b)(1)-(3)

- XI.** Adjourment



**Board of Trustees Meeting
Audit & Business Committee
December 1, 2020
Roaden University Center Room 282
MINUTES**

AGENDA ITEM 1—Call to Order

The Tennessee Tech Board of Trustees Audit & Business Committee met on December 1, 2020 in Roaden University Center Room 282. Chair Johnny Stites called the meeting to order at 10:30 a.m.

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

- Johnny Stites
- Sally Pardue
- Thomas Lynn

Other board members were also in attendance. 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 29, 2020 Audit & Business Committee meeting. Chair Stites asked if there were questions or comments regarding the minutes. There being none, Mr. Lynn moved to recommend approval of the September 29, 2020 Audit & Business Committee minutes. Dr. Pardue seconded the motion. Mr. Wray called a roll call vote. The motion carried unanimously.

AGENDA ITEM 3— One-Time Employee Bonus

Dr. Stinson advised the proposal was for a \$500 bonus for all permanent employees. For part-time employees it would be pro-rated based on percentage of work time. This would be a non-recurring one-time bonus included in December paychecks. The approximate cost is \$650,000.

Ms. Harper stated she was very pleased to be able to offer this to employees during this difficult time. Dr. Oldham added the entire campus had done a phenomenal job of addressing the current circumstances. The faculty and support staff have gone above and beyond. Dr. Oldham added that he wanted to do something within our means to recognize the effort everyone on campus has put in. In addition, everyone was given an extra day off before the Thanksgiving holiday.

Mr. Lynn moved to send the proposal for FY2021 one-time bonus for permanent employees to the Board for approval and to place on the Board's regular agenda. Dr. Pardue seconded the motion. Mr. Wray called a roll call vote. The motion carried unanimously.

AGENDA ITEM 4—Approval of 2020-21 October Revised Budget/Organizational Chart

Dr. Stinson advised this was the second budget for the fiscal year. The reconciliation of changes (Attachment A) in E & G revenues were in tuition and fees and state appropriations. The \$5,405,043 difference between actual and proposed was the proposed was based on estimated numbers for fall semester and they turned out to be low. The state appropriations \$2,919,137 difference was due to the proposed budget included the new state appropriations we were expecting to receive plus the salary pool. We did not receive the new state appropriations so \$2,476,000 was removed in the revised budget. Dr. Stinson stated that the actuals are what the year ended with, the proposed budget only includes recurring funds and the revised budget picks up any carryforwards from fiscal year that has just ended and re-budget those for the units to be able to spend. Mr. Jones asked for clarification on the change of expense (Attachment B) for the \$8,117,000 difference in instruction between proposed and revised and if it was carryforwards. Dr. Stinson stated it was the net of carryforwards and the budget reductions done in July. The unspent budgets at the end of fiscal year were approximately \$9,000,000. The actuals versus proposed reconciliation of changes in expenses shows the unspent budgets, lapse salaries and adjustments made (Attachment C). The proposed budget to revised budget reconciliation of change in expenses (Attachment D) showed the budget reduction in each functional areas, carryforwards and other adjustments. Dr. Stinson wanted to point out the increase in institutional support for legal fees for outside council, one-time resources were used. There was also a \$825,000 retirement benefit increase which were costs passed to us from the state. Maintenance and Operations had a re-budget of \$1,096,203 purchase orders that were primarily related to PPE for fall term that was purchased in FY20 and we did not receive until FY21. The change in natural classification expenses (Attachment E) looks at how money was spent in salary and wages, fringe benefits, travel, etc. The largest items were under operating & utilities between proposed budget and revised budget \$17,449,115 that is primarily carryforwards that were re-budgeted. The units that have carryforwards are free to move those funds around as needed. The actual versus proposed reconciliation of change in natural classification (Attachment F) showed adjustments to salaries & and wages, benefits, operating & utilities etc. There was more unspent operating than typical due in part to campus closures in April, May and June. In April units were encouraged to only purchase what was essential due to adjustments in state budget. The proposed versus revised reconciliation of change in natural expenses (Attachment G) showed differences in salary and wages which was created by removing the anticipated salary increase and budget reductions. Operating & Utilities had an increase in revised budget primarily from re-budgeting of carryforwards, legal fees, purchase orders and research indirect costs.

Ms. Vanhooser asked if the units that historically have carryforwards did something needs to be managed differently in those areas. Dr. Stinson advised that they have been watching the carryforwards and the recent restructure of the Budget Advisory Committee will be addressing these issues. The fees and indirect costs seem to be the ones that are carrying forward year to year. This year was exceptional in the fact that we knew we would have to do some budget reductions, reduce expenditures, and we had a large amount of purchase orders carried forward.

Mr. Lynn moved to send the 2020-21 October Revised Budget and Organizational Chart to the Board for approval and to place on the Board's regular agenda. Dr. Pardue seconded the motion. Mr. Wray called a roll call vote. The motion carried unanimously.

AGENDA ITEM 5A—Composite Financial Index

Dr. Stinson advised the major metrics to measure and monitor financial health: Composite Financial Index, primary reserve ration, viability ratio, return on new assets ratio and net operating revenue ratio. The CFI is a national benchmark and the expected value is a national comparison. The CFI watch level is 1, the expected level is 3 and our index for FY2020 was 4.73. The primary reserve ratio indicates the sufficiency of resources and their flexibility. The industry standard of .40 represents about 5 months expenses and we are just above that level at almost six months for FY2020. The second component is the viability ratio that measures the capacity to repay debt through reserves. We are on a down ward trend due to taking on additional debt. The fitness center and a small portion of the science building were debt financed. The industry standard is 1.25 this is not a particularly good measure for a public university. If we carry too much in reserves we receive questions as to why we are not spending our money and in order to take on debt we have to have a dedicated revenue source for repayment. The next component is the return on assets ratio and it shows total economic return. The industry standard is 3% above Consumer Price Index. Anything below rate of inflation is a reduction of the institution's asset base in real dollars. The final component is net operating revenue that indicates whether the institution is living within available resources. The industry standard is 4% and we are almost 10%. At the time of this meeting the CFI information for UT and other LGIs were not available for FY2020. The prior four years Tech has been above average of other LGIs and UT.

This was an informational item therefore no action was required.

AGENDA ITEM 5B—Tuition Transparency Act Report (T.C.A §49-7-1604)

Chair Stites advised by February 1st of each year, the Board is required to provide a report to the General Assembly with information regarding 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. Dr. Stinson advised the report was provided in Diligent (Attachment H). The use of revenues for FY2020 was for matching required for salary improvement, hiring new faculty to support technology-infused programs, faculty positions for new PhD in Counseling & Supervision, establish advising center to support students, software licenses and scholarships. Technology Access Fee increase for mandatory fees was to create a sustainable instructional technology refresh plan, provide new instructional technology for new science building and provide supplies and support for technology within classrooms.

Mr. Lynn moved to send the Tuition Transparency Act Report to the Board for approval and to place it on the Board's regular agenda. Dr. Pardue seconded the motion. Mr. Wray called a roll call vote. The motion carried unanimously.

AGENDA ITEM 6—Revision to TTU Policy 537(Naming Building Facilities and Organizational Units)

Dr. Stinson advised the revision was requested by the Board in June 2020. The request was to remove the one-year separation requirement if a building was to be named after a former employee. Ms. Harper added the request came from Mr. Wilmore at the time the Board was approving the naming of the Marc L. Burnett Student Recreation & Fitness Center. Mr. Burnett had not been retired a full year at the time.

Mr. Lynn moved to send TTU Policy 537(Naming Building Facilities and Organizational Units) revision as presented effective January 1, 2021 to the Board for approval and to place on the Board's consent agenda. Dr. Pardue seconded the motion. Mr. Wray called a roll call vote. The motion carried unanimously.

AGENDA ITEM 7—Disclosed Capital Projects

Dr. Stinson advised disclosed capital projects are projects paid for through resources of the university, either through debt financing or other revenue sources. There are no state dollars attached to these projects. We must disclose the projects to the State Building Commission, even though the state does not fund them. Dr. Stinson stated the Crawford Hall roof replacement and Craft Center Housing roof replacement are for FY2020-21 and will be paid with housing auxiliary and plant funds. The chiller addition to accommodate the Innovation Residence Hall is for FY2021-22 and will be paid with plant funds-auxiliary.

Mr. Lynn moved to send the amendments for FY20-21 and FY21-22 Disclosed Capital Projects for roof replacement for Crawford Hall, Craft Center Housing roof replacement and the additional chiller to accommodate the Innovation Residence Hall to the Board for approval and to place on the Board's regular agenda. Dr. Pardue seconded the motion. Mr. Wray called a roll call vote. The motion carried unanimously.

AGENDA ITEM 8—Report of Audit Activity

Deanna Metts advised State law requires an annual report of Internal Audits activities. The report is based on calendar year and covers December 2019 through November 2020. The report categories are broken down into audits, investigations and others.

This was an informational item therefore no action was required.

AGENDA ITEM 9—Approval of 2021 Audit Plan

Mr. Stites stated this requires approval by the Audit & Business Committee only and does not go to the full Board for approval. Deanna Metts advised the plan was provided in Diligent (Attachment I). The plan

lists each significant activity to be carried out by Internal Audit, type of activity, functional area being covered, and time period.

Dr. Oldham asked Deanna to explain how the plan is put together. Ms. Metts advised she completes a risk analysis on the areas using key factors such as prior audit results, state audit results, and the internal controls of the area. Changes in the units, such as key personnel, a major change in programs or systems, and changes in volume of transactions are other factors considered, along with unit size based on revenues or expenses generated, and sensitivity of units with regard to campus impact and government regulations. A survey is sent to Academic & Administrative Officers and Cabinet for input on what they think would best benefit from an audit. All this information is put into a formula which identifies the riskiest areas of the university. The plan also includes required audits.

Dr. Pardue moved to approve the 2021 Audit Plan as required by the Tennessee Tech University Audit Committee Charter for Internal Audit as presented. Mr. Lynn seconded the motion. Mr. Wray called a roll call vote. The motion carried unanimously.

AGENDA ITEM 10 —Adjournment of Open Session & Call to Order of Non-Public Executive Closed Session

There being no further business, the meeting adjourned at 11:23 a.m. After a short break, the Non-Public Executive Closed Session began at 11:31 a.m. Trustees and Administration were present for the meeting.

AGENDA ITEM 11—Adjournment

There being no further business, the Non-Public Executive Closed Session adjourned at 12:26 p.m.

Approved,

Lee Wray, Secretary

Attachment A

Reconciliation of Changes in E&G Revenues

	Actuals FY2019-20	Proposed Budget FY2020-21	Difference	Revised Budget FY2020-21	Difference
Tuition and Fees	99,719,243	94,314,200	(5,405,043)	97,464,900	3,150,700
State Appropriations	59,784,763	62,703,900	2,919,137	60,227,700	(2,476,200)
Other Activities	13,352,811	11,492,900	(1,859,911)	10,743,400	(749,500)
Total Revenues	172,856,817	168,511,000	(4,345,817)	168,436,000	75,000



Attachment B

Change in Expenses

	Actuals FY2019-20	Proposed Budget FY2020-21	Difference	Revised Budget FY2020-21	Difference
Instruction	70,928,419	77,708,800	6,780,381	85,825,800	8,117,000
Research	2,061,670	2,652,400	590,730	4,354,200	1,701,800
Public Service	2,036,262	2,117,600	81,338	2,285,600	168,000
Academic Service	12,563,977	13,172,400	608,423	14,093,200	920,800
Student Services	19,966,883	20,230,200	263,317	21,884,500	1,654,300
Institutional Support	14,285,375	16,440,100	2,154,725	17,974,000	1,533,900
Oper. & Maint. of Plant	11,729,317	14,612,900	2,883,583	16,154,100	1,541,200
Scholarships & Fellowships	<u>14,721,264</u>	<u>16,172,600</u>	<u>1,451,336</u>	<u>15,698,400</u>	<u>(474,200)</u>
Total Expenses	148,293,167	163,107,000	14,813,833	178,269,800	15,162,800

Attachment C

Actuals vs. Proposed Reconciliation of Change in Expenses

- **Instruction**
 - FY 2019-20 unspent budgets \$2,934,447
 - Lapse salaries from unfilled faculty and staff positions in FY 2019-20 \$2,926,085
 - Budgeted 1.5% increase \$759,614
 - Faculty Promotions \$215,952
 - Positions Added \$78,100 (Lawrenceburg) & \$56,000 (Counseling & Psychology)
 - Reduced E-campus Budgets due to lost revenue (\$189,817)
- **Research**
 - FY 2019-20 unspent budgets \$583,804
 - Budgeted 1.5% increase \$6,926
- **Public Service**
 - FY 2019-20 unspent budgets \$70,381
 - Budgeted 1.5% increase \$10,957
- **Academic Support**
 - FY 2019-20 unspent budgets \$302,530
 - Budgeted 1.5% increase \$196,277
 - Software Escalation \$109,616
- **Student Services**
 - Budgeted 1.5% increase \$180,762
 - Disability Services \$100,000
- **Institutional Support**
 - Increased TCRS Benefit Rate \$400,000
 - Budgeted 1.5% increase \$171,509
 - FY 2019-20 unspent budgets \$1,493,841
 - Positions Added \$89,375 (Provost)
- **Maintenance & Operations**
 - FY 2019-20 unspent budgets \$2,312,725
 - New Science Building & Fit coming online \$500,000
 - Budgeted 1.5% increase \$70,858
- **Scholarships**
 - Scholarships Unspent \$1,451,336
 - Unspent general scholarship \$1,882,572
 - Overspent mandated scholarships \$(300,000)



Attachment D

Proposed vs. Revised Reconciliation of Change in Expenses

- Instruction
 - Budget Reductions (\$2,521,127)
 - Re-budget of Carryforwards:
 - SACF \$1,900,619
 - SAF \$497,306
 - TAF \$604,148
 - Engineering State Appropriation funds \$2,909,816
 - Online & Alternate Delivery Fee \$626,861
 - Strategic Investment Pool \$2,764,550
 - Purchase Orders \$94,841
 - Departmental Requests \$291,000
 - Summer School \$428,389
 - Employee Bonus December 2020 \$45,500
 - General Access from Online Fee \$203,232
 - Summer School Budget \$275,865
- Research
 - Budget Reductions (\$186,004)
 - Re-budget of Carryforwards \$1,768,014
 - FY21 Indirect Cost Distribution Adjustment \$101,561
- Public Service
 - Budget Reductions (\$143,612)
 - Employee Bonus December 2020 \$6,000
 - Re-budget of Carryforwards \$188,478
 - Increase in Department Revenue \$32,405
 - Grant Match Dollars Added \$30,000
- Academic Support
 - Budget Reductions (\$754,186)
 - Software Upgrade IT \$162,734
 - Restore Library Capital Budget \$150,000
 - Budgeted COVID-19 Expenses \$100,000
 - Employee Bonus December 2020 \$76,000
 - Re-budget of Carryforwards \$911,931
 - Online & Alternative Delivery Fee – 15% from Colleges \$151,710
- Student Services
 - Budget Reductions (\$384,857)
 - Employee Bonus December 2020 \$100,500
 - Marketing Out-of-State Tuition \$150,000
 - Temporary Positions Added \$79,520 (Health Services)
 - Enrollment Management Preview Day \$60,000
 - Re-budget of Carryforwards \$1,471,886
- Institutional Support
 - Budget Reductions (\$619,125)
 - Legal Fees \$575,000
 - Marketing Budget Continuation increase \$300,000
 - Retirement Benefit Increase \$825,000
 - Employee Bonus December 2020 \$59,500
 - Compliance \$30,000 (Title IX Hearing Officers)
 - Educational Benefits Paid in FY21 for Spring 2020 \$70,000
 - Re-budget of Carryforwards \$120,029
 - State Appropriation Allocation to Benefits \$210,000
- Maintenance & Operations
 - Budget Reductions (\$86,418)
 - Budgeted COVID-19 Expenses \$100,000
 - Re-budget of Purchase Order Carryforwards \$1,096,203
 - Increase Utility Budget \$500,000
- Scholarships
 - Athletics Savings due to new out-of-state rate \$511,340 transferred to operating



Attachment E

Change in Natural Classification Expenses

	Actuals FY2019-20	Proposed Budget FY2020-21	Difference	Revised Budget FY2020-21	Difference
Salary and Wages	77,269,333	81,707,765	4,438,432	78,360,913	(3,346,852)
Fringe Benefits	31,481,245	34,527,638	3,046,393	35,520,336	992,698
Travel	1,751,953	2,009,834	257,881	1,652,380	(357,454)
Operating & Utilities	21,962,240	28,357,663	6,395,423	45,806,778	17,449,115
Scholarships & Fellowships	14,721,264	16,172,600	1,451,336	15,698,400	(474,200)
Capital	<u>1,107,132</u>	<u>331,500</u>	<u>(775,632)</u>	<u>1,230,993</u>	<u>899,493</u>
Total E&G	148,293,167	163,107,000	14,813,833	178,269,800	15,162,800



Attachment F

Actuals vs. Proposed Reconciliation of Change in Natural Expenses

- **Salary and Wages**
 - Lapse salaries from unfilled faculty and staff positions in FY 2019-20 \$2,926,085
 - Proposed budgeted included potential for salary plus benefits \$1,074,540
 - Faculty Promotions \$215,952
 - Positions Added \$78,100 (Lawrenceburg) & \$56,000 (Counseling & Psychology), \$89,375 (Provost)
- **Benefits**
 - FY 2019-20 unspent benefits due to vacant positions and increase in anticipated fringe benefit rate \$3,046,393
- **Travel**
 - FY 2019-20 unspent budgets \$257,881
- **Operating & Utilities**
 - FY 2019-20 unspent budgets and special fees \$5,795,423
 - Disability Services \$100,000
 - Utilities budget increase for Science Building and FIT coming online in FY20-21 \$500,000
- **Scholarships & Fellowships**
 - Scholarships Unspent \$1,451,336
 - Unspent general scholarship \$1,882,572
 - Overspent mandated scholarships \$(300,000)
- **Capital**
 - FY 2019-20 overspent budgets due to IT computer refresh program \$775,632



Attachment G

Proposed vs. Revised Reconciliation of Change in Natural Expenses

- **Salary and Wages**
 - Remove Estimated Salary Increase (\$1,074,540)
 - Bonus \$650,000
 - Budget Reductions in Temporary Labor (\$845,318)
 - Budget Reductions in Permanent Positions (\$1,435,744)
 - Budget Reductions in Frozen Positions (\$679,819)

- **Fringe Benefits**
 - Retirement Benefit Increase \$825,000
 - Educational Benefits Paid in FY21 for Spring 2020 \$70,000
 - State Appropriation Allocation to Benefits \$210,000

- **Travel**
 - Permanent Budget Reductions (\$265,776)
 - Travel moved to cover other expenses (\$91,678)

- **Operating & Utilities**
 - Permanent Budget Reductions (\$739,255)
 - Re-budget of carryforward amounts \$14,199,136
 - SACF \$1,900,619
 - Faculty Research & Indirect Cost \$1,174,586
 - SAF \$1,322,338
 - TAF \$604,148
 - Engineering State Appropriation funds \$2,909,816
 - Online & Alternate Delivery Fee \$1,082,332
 - Other department requests \$ 1,115,444
 - Purchase Orders \$768,000
 - Summer School \$428,389
 - Strategic Investment Pool \$2,893,464
 - Software Upgrades \$162,734
 - Legal Fees \$575,000
 - Marketing Budget Continuation increase \$450,000
 - Budgeted COVID-19 Expenses \$200,000
 - Increase Utility Budget \$500,000
 - Restore Library Capital Budget \$150,000
 - FY21 Indirect Cost Distribution Adjustment \$101,561
 - Compliance \$30,000 (Title IX Hearing Officers)
 - Athletics due to lost revenue \$700,000

- **Scholarships**
 - International Scholarships \$200,000
 - Athletics Savings due to new out-of-state rate (\$511,340) transferred to operating

- **Capital**
 - Purchase Order Carryforwards \$839,044



Attachment H

State of Tennessee
2018 Public Acts, Chapter 614
T.C.A § 49-7-1604

By February 1 of each year, each governing board shall provide a report to the office of legislative budget analysis, for distribution to the general assembly, with information regarding expenditures of revenues derived from any tuition and fees increase in the previous full academic year. The report shall include how revenues were used, the effect on student financial aid, and the effect on the average total cost of attendance per student.

Report Based on FY 2019-20 Financial Data

Tuition increase of 2.3% = \$1,641,300	
Effect on Average Cost of Attendance per student = \$90 per semester	
Effect on Student Financial Aid = None	
Use of Revenues	Dollars
Matching required for 2 % salary improvement plus variable fringe benefits	\$787,688
Hiring of new faculty to support technology-infused programs in support of State needs and market growth areas.	\$295,000
Faculty positions for new PhD in Counseling & Supervision	\$120,000
Establish advising center to support students	\$112,000
Software licenses	\$226,612
Scholarships	\$100,000

Mandatory Fees increase of 2.8% = \$266,000	
Effect on Average Cost of Attendance per student = \$17.50 per semester	
Effect on Student Financial Aid = None	
The Technology Access Fee increase of \$17.50 per semester was used to:	
<ul style="list-style-type: none"> • Create a sustainable instructional technology refresh plan • Provide new instructional technology for new science building • Provide supplies and support for technology within classrooms 	\$266,000

Attachment I

**Tennessee Tech Internal Audit
Report of Internal Audit Activities
December 2019 – November 2020**

For the period December 2019 through November 2020, Internal Audit completed the audits, reviews, investigations, and other activities on the 2020 Audit Plan that had been approved by the Audit & Business Committee on December 5, 2019, with the following exceptions:

- Travel (started – still in planning phase)
- Research and Sponsored Programs

These were not completed largely due to COVID-related and other time overruns in the Advancement Audit.

Reports on audits, investigations, and selected reviews have been provided to the Audit Committee as they were completed throughout the year. The audits, reviews, investigations, and other activities completed by Internal Audit from December 2019 through November 2020 were:

Audits

- University Advancement 2019-20 (Audit completed, report in progress)
- Inventory Observations 6-30-20
- Expenses Related to the Functions of the Office of the President for FY 2019-20
- NCAA Student Assistance and Academic Enhancement Funds 2019-20
- Procard Expenses for Statements Dated March, April, May, and June 2020 (Audit completed, report in progress)

Reviews

- Procard Reviews for September, October, and November 2019 Statements
- Procard Reviews December 2019, January 2020, and February 2020 Statements
- Sponsored Program Review – Tennessee Department of Health Virtual Reality Education Solution to the Opioid Abuse Epidemic
- Technology Purchases Review – 3/01/20 to 7/31/20
- Amazon Purchases Reviews – 4th quarter 2019, 1st quarter 2020, 2nd quarter 2020
- Reviews of Evidence of Risk Assessment Controls – Enrollment Management and Career Placement, Athletics, and University Advancement
- Review of Risk Assessment Processes 2020 – Athletics, Academic Affairs, Research
- Review of all terminating employees' Procard charges
- Employee/Vendor Address Review
- Conflict of Interest Review

Investigation Reports Issued

- Investigation 19-07 (State Audit #20-2231)
- Investigation 20-01
- Investigation 20-02 (State Audit #20-1665)
- Investigation 20-03 (State Audit #20-2154)
- Investigation 20-04 (State Audit #20-2417)
- Investigation 20-06 (State Audit #20-2461)
- Investigation 20-07
- Investigation 20-08 (State Audit #20-2724)
- Investigation 20-09 (State Audit #20-2670)

Investigations Closed without a Report

- Investigation 20-05
- Investigation 20-10

Non-Fraud, Waste, or Abuse Complaints

Internal Audit received 21 complaints or concerns that did not constitute fraud, waste, or abuse; those were reviewed briefly and then referred on to whatever member of management was considered most appropriate to look into each matter.

Other

- Follow-up to State Audit 2017-18
- Follow-up to Scholarship Audit Findings
- Collection of Data for Sunset Audit
- Tech Farms Livestock Verification
- Collection of Special Cleaning Supplies and PPE Data for CARES Expenses
- Preparation of Summary of Cardholder Spending Patterns for Purchasing



Agenda Item Summary

Date: March 11, 2021

Agenda Item: Update on Governor's Budget

Review

Action

No action required

PRESENTERS: Claire Stinson, Vice President for Planning & Finance

PURPOSE & KEY POINTS:

Update of FY2021-22 Governor's Budget.

Capital Outlay New Construction:

- \$53,730,000 for the new engineering building (TTU must match with \$4,558,400)

Capital Maintenance:

- Steam Plant Deaerator Tank Replacement \$920,000
- Derryberry Hall Upgrades Phase 1 \$1,691,000
- Campus-Wide Building Controls Upgrade Phase 1 \$2,150,000
- Bryan Fine Arts Auditorium Upgrades \$1,506,000
- Campus Wide Exterior Lighting Upgrades \$1,567,000

Recurring state appropriations increase of \$4,217,600

- Outcomes new funding \$1,768,800
- Outcomes adjustment to base appropriations **(\$430,900)**
- Salary Pool \$2,105,200
- Group Health Insurance \$343,600

Non-recurring state appropriations:

- **(\$500,000)** final year of a four-year NSF Grant match for Cybersecurity

**Proposed Capital Appropriations
from Bonds, Current Funds, and Other Revenues
Fiscal Year 2021-2022**

	COUNTY	TOTAL	STATE	BONDS	FEDERAL	OTHER
Locally Governed Higher Education Institutions						
Austin Peay State University						
Maintenance	Statewide	\$ 4,700,000	\$ 4,700,000	\$ 0	\$ 0	\$ 0
Health Profession Building	Montgomery	70,175,000	66,067,500	0	0	4,107,500
Sub-Total Austin Peay State University		\$ 74,875,000	\$ 70,767,500	\$ 0	\$ 0	\$ 4,107,500
East Tennessee State University						
Maintenance	Statewide	\$ 11,364,000	\$ 7,714,000	\$ 0	\$ 0	\$ 3,650,000
Middle Tennessee State University						
Maintenance	Statewide	\$ 9,965,000	\$ 6,876,000	\$ 0	\$ 0	\$ 3,089,000
Applied Engineering Building	Rutherford	54,900,000	50,508,000	0	0	4,392,000
Sub-Total Middle Tennessee State University		\$ 64,865,000	\$ 57,384,000	\$ 0	\$ 0	\$ 7,481,000
Tennessee State University						
Maintenance	Statewide	\$ 11,366,000	\$ 6,366,000	\$ 0	\$ 0	\$ 5,000,000
Tennessee Technological University						
Maintenance	Statewide	\$ 7,834,000	\$ 6,914,000	\$ 0	\$ 0	\$ 920,000
Engineering Building	Putnam	53,730,000	49,171,600	0	0	4,558,400
Sub-Total Tennessee Technological University		\$ 61,564,000	\$ 56,085,600	\$ 0	\$ 0	\$ 5,478,400
University of Memphis						
Maintenance	Statewide	\$ 17,342,000	\$ 12,533,000	\$ 0	\$ 0	\$ 4,809,000
Sub-Total Locally Governed Higher Education Institutions		\$ 241,376,000	\$ 210,850,100	\$ 0	\$ 0	\$ 30,525,900
Tennessee Board of Regents						
Maintenance	Statewide	\$ 30,770,000	\$ 21,370,000	\$ 0	\$ 0	\$ 9,400,000
CoSCC Williamson County Arts and Technology Building	Williamson	27,930,000	26,980,000	0	0	950,000
Sub-Total Tennessee Board of Regents		\$ 58,700,000	\$ 48,350,000	\$ 0	\$ 0	\$ 10,350,000
University of Tennessee						
Maintenance	Statewide	\$ 59,910,000	\$ 45,010,000	\$ 0	\$ 0	\$ 14,900,000
UTK Nursing Building Renovation and Addition	Knox	65,000,000	56,810,000	0	0	8,190,000
UTHSC Nash Buildout 2 Floors	Shelby	11,500,000	11,270,000	0	0	230,000
Sub-Total University of Tennessee		\$ 136,410,000	\$ 113,090,000	\$ 0	\$ 0	\$ 23,320,000
Grand Total		\$ 662,386,000	\$ 540,436,100	\$ 0	\$ 5,189,000	\$ 116,760,900
Sub-Total Capital Maintenance		278,771,000	182,700,500	0	2,252,500	93,818,000
Sub-Total Capital Improvements		383,615,000	357,735,600	0	2,936,500	22,942,900
Sub-Total Higher Education		\$ 436,486,000	\$ 372,290,100	\$ 0	\$ 0	\$ 64,195,900
Capital Maintenance		153,251,000	111,483,000	0	0	41,768,000
Capital Improvements		283,235,000	260,807,100	0	0	22,427,900
Sub-Total Other Agencies		\$ 225,900,000	\$ 168,146,000	\$ 0	\$ 5,189,000	\$ 52,565,000
Capital Maintenance		125,520,000	71,217,500	0	2,252,500	52,050,000
Capital Improvements		100,380,000	96,928,500	0	2,936,500	515,000

**Proposed Capital Maintenance Appropriations
from Bonds, Current Funds, and Other Revenues
Fiscal Year 2021-2022**

	COUNTY	TOTAL	STATE	BONDS	FEDERAL	OTHER
Safety						
THP Training Center Building Upgrades	Davidson	\$ 930,000	\$ 930,000	\$ 0	\$ 0	\$ 0
THP Training Center Annex Roof Wings Replacement	Davidson	350,000	350,000	0	0	0
THP Training Center Parking Lot Upgrades	Davidson	260,000	260,000	0	0	0
Sub-Total Safety		\$ 1,540,000	\$ 1,540,000	\$ 0	\$ 0	\$ 0
Tennessee Historical Commission						
Tipton-Haynes Building and Site Repairs	Washington	\$ 2,450,000	\$ 2,450,000	\$ 0	\$ 0	\$ 0
Sparta Rock House Building and Site Repairs	Rutherford	620,000	620,000	0	0	0
Sub-Total Tennessee Historical Commission		\$ 3,070,000	\$ 3,070,000	\$ 0	\$ 0	\$ 0
TRICOR						
TRICOR HQ Exterior Windows and Doors Replacement	Davidson	\$ 280,000	\$ 0	\$ 0	\$ 0	\$ 280,000
Veterans Services						
MTSVC Stone Houses Site, Envelope & Structure Repairs	Davidson	\$ 620,000	\$ 0	\$ 0	\$ 0	\$ 620,000
Locally Governed Higher Education Institutions						
Austin Peay State University						
Sundquist Science Complex Roof Replacement	Montgomery	\$ 3,200,000	\$ 3,200,000	\$ 0	\$ 0	\$ 0
Sundquist Science Complex Exhaust System Ctrls. Repl.	Montgomery	1,500,000	1,500,000	0	0	0
Sub-Total Austin Peay State University		\$ 4,700,000	\$ 4,700,000	\$ 0	\$ 0	\$ 0
East Tennessee State University						
HVAC and Steam Line Repairs Phase 1	Washington	\$ 3,650,000	\$ 0	\$ 0	\$ 0	\$ 3,650,000
Brown Hall and Shelbridge Repairs and Upgrades	Washington	3,000,000	3,000,000	0	0	0
Multiple Buildings Exterior Improvements	Washington	2,414,000	2,414,000	0	0	0
Multiple Buildings Roof Replacements	Washington	2,300,000	2,300,000	0	0	0
Sub-Total East Tennessee State University		\$ 11,364,000	\$ 7,714,000	\$ 0	\$ 0	\$ 3,650,000
Middle Tennessee State University						
Campus-Wide Utilities Repairs and Replacement	Rutherford	\$ 2,955,000	\$ 1,816,000	\$ 0	\$ 0	\$ 1,139,000
Multiple Buildings Elevator Modernization Phase 1 and 2	Rutherford	1,835,000	885,000	0	0	950,000
Campus-Wide Life Safety Systems Upgrades	Rutherford	1,685,000	1,285,000	0	0	400,000
Cope Building Roof Replacement	Rutherford	600,000	0	0	0	600,000
Science Building HVAC and Exhaust System Upgrades	Rutherford	2,000,000	2,000,000	0	0	0
College Heights Electrical Upgrades	Rutherford	400,000	400,000	0	0	0
Tennessee Livestock Roof Repair and Refurbishment	Rutherford	490,000	490,000	0	0	0
Sub-Total Middle Tennessee State University		\$ 9,965,000	\$ 6,876,000	\$ 0	\$ 0	\$ 3,089,000
Tennessee State University						
Electrical Upgrades Phase 3	Davidson	\$ 5,000,000	\$ 0	\$ 0	\$ 0	\$ 5,000,000
Campus HVAC Repairs Phase 2	Davidson	3,650,000	3,650,000	0	0	0
Campus Building Envelope and Structure Repairs Phase 2	Davidson	1,900,000	1,900,000	0	0	0
Goodwill Manor and Harned Hall Exterior Renovations	Davidson	400,000	400,000	0	0	0
Crouch Hall Roof Replacement	Davidson	416,000	416,000	0	0	0
Sub-Total Tennessee State University		\$ 11,366,000	\$ 6,366,000	\$ 0	\$ 0	\$ 5,000,000
Tennessee Technological University						
Steam Plant Deaerator Tank Replacement	Putnam	\$ 920,000	\$ 0	\$ 0	\$ 0	\$ 920,000
Derryberry Hall Upgrades Phase 1	Putnam	1,691,000	1,691,000	0	0	0
Campus-Wide Building Controls Upgrades Phase 1	Putnam	2,150,000	2,150,000	0	0	0
Bryan Fine Arts Auditorium Upgrades	Putnam	1,506,000	1,506,000	0	0	0
Campus-Wide Exterior Lighting Upgrades	Putnam	1,567,000	1,567,000	0	0	0
Sub-Total Tennessee Technological University		\$ 7,834,000	\$ 6,914,000	\$ 0	\$ 0	\$ 920,000
University of Memphis						
Multiple Buildings Upgrades and Repairs	Shelby	\$ 4,309,000	\$ 0	\$ 0	\$ 0	\$ 4,309,000
Central Plant & CFA Bldg. Chillers & HVAC Repairs & Repl.	Shelby	5,000,000	4,500,000	0	0	500,000
Campus-Wide Boilers and Hot Water Pipes Repair Phase 2	Shelby	3,500,000	3,500,000	0	0	0
Multiple Buildings Window Replacements and Brick Repairs	Shelby	3,000,000	3,000,000	0	0	0
Campus-Wide Building Controls Replacement & Upgrades	Shelby	1,533,000	1,533,000	0	0	0
Sub-Total University of Memphis		\$ 17,342,000	\$ 12,533,000	\$ 0	\$ 0	\$ 4,809,000
Sub-Total Locally Governed Higher Education Institutions		\$ 62,571,000	\$ 45,103,000	\$ 0	\$ 0	\$ 17,468,000

Proposed Capital Projects from School Bonds and Other Sources
Fiscal Year 2021-2022

The capital projects listed in this section are presented for information purposes only. This is not a request for state tax funds. It is the intent of the listed institutions to initiate these projects within the next two years. All projects listed herein are subject to the approval of the State Building Commission and may have to obtain additional approval by the Tennessee State School Bond Authority (TSSBA) or the State Funding Board, depending upon their funding source. All projects have previously been endorsed by their respective system governing board and the Tennessee Higher Education Commission.

	<u>TOTAL</u>	<u>TSSBA</u>	<u>INSTITUTIONAL/ AUXILIARY</u>	<u>OTHER</u>
Locally Governed Institutions				
East Tennessee State University				
Admissions Renovation	\$ 2,000,000	\$ 0	\$ 2,000,000	\$ 0
Middle Tennessee State University				
Applied Engineering Building	\$ 2,500,000	\$ 2,500,000	\$ 0	\$ 0
New Student Housing	63,200,000	63,200,000	0	0
Student Athlete Performance Center	66,000,000	56,000,000	0	10,000,000
Total Middle Tennessee State University	\$ 131,700,000	\$ 121,700,000	\$ 0	\$ 10,000,000
Tennessee Technological University				
Food Service Improvements	\$ 3,000,000	\$ 0	\$ 0	\$ 3,000,000
Generator Expansion and Relocation	10,000,000	3,000,000	0	7,000,000
Residence Hall Innovation Center	29,500,000	29,000,000	500,000	0
Athletics Facilities Improvements	56,750,000	0	12,000,000	44,750,000
Facilities Services Complex	10,100,000	0	10,100,000	0
Total Tennessee Technological University	\$ 109,350,000	\$ 32,000,000	\$ 22,600,000	\$ 54,750,000
University of Memphis				
Soccer Complex	\$ 10,750,000	\$ 0	\$ 0	\$ 10,750,000
Total Locally Governed Institutions	\$ 253,800,000	\$ 153,700,000	\$ 24,600,000	\$ 75,500,000
Tennessee Board of Regents				
Pellissippi State Community College				
PSCC Strawberry Plains Roof Replacement	\$ 940,000	\$ 0	\$ 0	\$ 940,000
Total Tennessee Board of Regents	\$ 940,000	\$ 0	\$ 0	\$ 940,000
University of Tennessee System				
University of Tennessee at Knoxville				
Dining Services Brand Refresh	\$ 750,000	\$ 0	\$ 250,000	\$ 500,000
New Parking Garage Planning	700,000	0	700,000	0
Parking Lot Repairs and Improvements (21/22)	500,000	0	500,000	0
Student Union Retail Renovation	500,000	0	500,000	0
Total University of Tennessee at Knoxville	\$ 2,450,000	\$ 0	\$ 1,950,000	\$ 500,000
University of Tennessee at Martin				
Bob Carroll Football Wellness Expansion	\$ 6,230,000	\$ 0	\$ 0	\$ 6,230,000
Indoor Batting Facility	620,000	0	0	620,000
Total University of Tennessee at Martin	\$ 6,850,000	\$ 0	\$ 0	\$ 6,850,000
UT Health Science Center				
Audio and Speech Pathology	\$ 10,400,000	\$ 0	\$ 10,400,000	\$ 0
UT Institute of Agriculture				
West TN 4-H Center Office Building	\$ 3,250,000	\$ 0	\$ 3,250,000	\$ 0
Total University of Tennessee System	\$ 22,950,000	\$ 0	\$ 15,600,000	\$ 7,350,000
Grand Total	\$ 277,690,000	\$ 153,700,000	\$ 40,200,000	\$ 83,790,000

**Capital Outlay Project Descriptions
Fiscal Year 2021-2022**

	Total Project Cost
Tennessee Technological University	
Maintenance	\$ 7,834,000
Funds to repair, maintain, and update campus facilities. See Capital Maintenance Project Descriptions for additional details.	
Engineering Building	53,730,000
Funds are provided for construction of a new interdisciplinary engineering building.	
Sub-Total Tennessee Technological University	<u>\$ 61,564,000</u>
University of Memphis	
Maintenance	\$ 17,342,000
Funds to repair, maintain, and update campus facilities. See Capital Maintenance Project Descriptions for additional details.	
Sub-Total Locally Governed Higher Education Institutions	<u>\$ 241,376,000</u>
Tennessee Board of Regents	
Objective: Expand and enhance facilities for student and faculty needs.	
Maintenance	\$ 30,770,000
Funds to repair, maintain, and update higher education institution facilities statewide. See Capital Maintenance Project Descriptions for additional details.	
CoSCC Williamson County Arts and Technology Building	27,930,000
Funds are provided for a new Arts and Technology Building and renovations in existing buildings to accommodate collaborative programs.	
Sub-Total Tennessee Board of Regents	<u>\$ 58,700,000</u>
University of Tennessee	
Objective: Expand and enhance facilities for students and faculty needs.	
Maintenance	\$ 59,910,000
Funds to repair, maintain, and update higher education institution facilities statewide. See Capital Maintenance Project Descriptions for additional details.	
UTK Nursing Building Renovation and Addition	65,000,000
Funds are provided for renovation and additions to the College of Nursing Building.	
UTHSC Nash Buildout 2 Floors	11,500,000
Funds are provided for build out of the top two floors of the Nash/Nash Annex Building.	
Sub-Total University of Tennessee	<u>\$ 136,410,000</u>
Grand Total	<u><u>\$ 662,386,000</u></u>

**Capital Maintenance Project Descriptions
Fiscal Year 2021-2022**

	Total Project Cost
Campus Building Envelope and Structure Repairs Phase 2	\$ 1,900,000
<p>Funds are provided for repairs to the metal wall system in the Gentry Center, to the windows in the Davis Humanities Building, and to the foundation and the exterior/interior of Kean Hall. Funds are also provided to address settling issues for the Floyd Payne Center Colonnade and repair windows and make exterior repairs to the Floyd Payne Center Building. Project includes all related work.</p>	
Goodwill Manor and Harned Hall Exterior Renovations	400,000
<p>Funds are provided for renovation of building exterior components at Goodwill Manor and Harned Hall. Project includes all related work.</p>	
Crouch Hall Roof Replacement	416,000
<p>Funds are provided for replacement of the roof systems at Crouch Hall and all related work.</p>	
Sub-Total Tennessee State University	\$ 11,366,000
Tennessee Technological University	
Steam Plant Deaerator Tank Replacement	\$ 920,000
<p>Funds are provided for replacement of the deaerator tank at the Steam Plant.</p>	
Derryberry Hall Upgrades Phase 1	1,691,000
<p>Funds are provided for upgrades to Derryberry Hall. Project includes evaluation, replacement, and updates of the MEP systems; addition of a sprinkler system; repairs to the building envelope; asbestos abatement; and all related work.</p>	
Campus-Wide Building Controls Upgrades Phase 1	2,150,000
<p>Funds are provided for upgrades of pneumatic controls to digital controls on several buildings, including replacement of devices and equipment required to complete digital control of the HVAC systems. Project includes all related work.</p>	
Bryan Fine Arts Auditorium Upgrades	1,506,000
<p>Funds are provided for upgrades to the MEP systems, stage lighting and sound systems, seating for ADA and code compliance, and all related work.</p>	
Campus-Wide Exterior Lighting Upgrades	1,567,000
<p>Funds are provided for replacement and update of site lighting along streets, pedestrian paths, parking lots, and all related work.</p>	
Sub-Total Tennessee Technological University	\$ 7,834,000
University of Memphis	
Multiple Buildings Upgrades and Repairs	\$ 4,309,000
<p>Funds are provided for upgrades and repairs to multiple buildings. Project includes bathroom rehabilitations; stair railings and treads; corridor doors and hardware; asbestos flooring removal and replacements; lighting replacement; fire sprinklers and HVAC unit replacements; and all related work.</p>	
Central Plant and CFA Building Chillers and HVAC Repairs and Replacements	5,000,000
<p>Funds are provided for replacement and optimization of central plant chillers, balance of variable flow pumping campus wide, replacement of HVAC components in the Communication and Fine Arts building, and all related work.</p>	
Campus-Wide Boilers and Hot Water Pipes Repairs Phase 2	3,500,000
<p>Funds are provided for repair and update of building heating systems campus wide and all related work.</p>	
Multiple Buildings Window Replacements and Brick Repairs	3,000,000
<p>Funds are provided for replacement of windows and repair of bricks in multiple building. Project includes all related work.</p>	

**Projected First-Year Operating Costs for New Facilities
Recommended as Projects for Fiscal Year 2021-2022**

	<u>COUNTY</u>	<u>TOTAL</u>	<u>UTILITIES</u>	<u>MAINTENANCE</u>	<u>PROGRAM *</u>	<u>ADDITIONAL PERSONNEL</u>
Agriculture						
Standing Stone State Forest Work Center	Overton	\$ 518,800	\$ 4,000	\$ 10,000	\$ 504,800	11
Environment and Conservation						
SCSP Stone Door Annex Visitor Center and Campground	Grundy	\$ 1,100,000	\$ 500,000	\$ 0	\$ 600,000	13
Facilities Revolving Fund						
State Museum Storage Building	Davidson	\$ 309,000	\$ 36,000	\$ 12,000	\$ 261,000	3
Austin Peay State University						
Health Profession Building	Montgomery	\$ 2,014,600	\$ 250,000	\$ 390,000	\$ 1,374,600	12
Middle Tennessee State University						
Applied Engineering Building	Rutherford	\$ 2,658,600	\$ 242,000	\$ 0	\$ 2,416,600	24
Tennessee Tech University						
Engineering Building	Putnam	\$ 1,397,900	\$ 450,000	\$ 710,000	\$ 237,900	5
Tennessee Board of Regents						
CoSCC Williamson County Arts and Technology Building	Williamson	\$ 572,200	\$ 188,600	\$ 275,900	\$ 107,700	2
University of Tennessee						
UTK Nursing Building Renovation and Addition	Knox	\$ 1,085,200	\$ 276,300	\$ 130,800	\$ 678,100	14
UTHSC Nash Buildout 2 Floors	Shelby	803,100	0	0	803,100	9
Sub-Total University of Tennessee		\$ 1,888,300	\$ 276,300	\$ 130,800	\$ 1,481,200	23
Grand Total		\$ 10,459,400	\$ 1,946,900	\$ 1,528,700	\$ 6,983,800	93

* Operating costs are defined as new or increased costs associated with the work tasks anticipated to be performed within the new facility. The salary costs of any new employees anticipated to be hired for the new facility are considered part of these costs.

Education
Cost Increases for Fiscal Year 2021-2022

	<u>State</u>	<u>Federal</u>	<u>Other</u>	<u>Total</u>	<u>Positions</u>	
State University and Community College System						
• Locally Governed Institutions (LGI) Outcome Growth						
To provide recurring funding associated with greater institutional productivity, such as increases in student progression, degree production, and other outcome measures related to the institutional mission for formula units. This appropriation fully funds the outcome-based funding formula.						
332.70	Austin Peay State University	\$1,677,800	\$0	\$0	\$1,677,800	0
332.72	East Tennessee State University	\$2,205,200	\$0	\$0	\$2,205,200	0
332.74	University of Memphis	\$3,827,200	\$0	\$0	\$3,827,200	0
332.75	Middle Tennessee State University	\$3,235,100	\$0	\$0	\$3,235,100	0
332.77	Tennessee State University	\$1,226,500	\$0	\$0	\$1,226,500	0
332.78	Tennessee Technological University	\$1,768,800	\$0	\$0	\$1,768,800	0
Sub-total		\$13,940,600	\$0	\$0	\$13,940,600	0
• Tennessee Board of Regents (TBR) System Outcome Growth						
To provide recurring funding associated with greater institutional productivity, such as increases in student progression, degree production, and other outcome measures related to the institutional mission for formula units. This appropriation fully funds the outcome-based funding formula.						
332.89	Tennessee Community Colleges	\$9,304,500	\$0	\$0	\$9,304,500	0
332.98	Tennessee Colleges of Applied Technology	\$2,310,100	\$0	\$0	\$2,310,100	0
Sub-total		\$11,614,600	\$0	\$0	\$11,614,600	0
• Data Science Pipeline						
To provide non-recurring funding for data science initiatives. Initiatives will include graduate assistantships, space renovation and programs targeting K-12 students.						
332.75	Middle Tennessee State University	\$2,587,600	\$0	\$0	\$2,587,600	0
Sub-total		\$2,587,600	\$0	\$0	\$2,587,600	0
• Competency-Based Education Capacity						
To provide funding for competency-based education capacity. This funding will provide resources to convert courses to a competency-based education model at community colleges with a goal of increasing rates of student completion and success. Of this total cost, \$400,000 is recurring and \$350,000 is non-recurring.						
332.60	Tennessee Board of Regents	\$750,000	\$0	\$0	\$750,000	0
Sub-total		\$750,000	\$0	\$0	\$750,000	0

Education

Cost Increases for Fiscal Year 2021-2022

	State	Federal	Other	Total	Positions
• Correctional Education Investment					
To provide funding for personnel and equipment that will be utilized in the implementation of the Correctional Education Investment Initiative. Recurring funding of \$222,00 will be used for Tennessee Colleges of Applied Technology (TCAT) staffing. Non-recurring funding of \$650,000 will be used for equipment.					
332.60 Tennessee Board of Regents	\$872,000	\$0	\$0	\$872,000	0
Sub-total	\$872,000	\$0	\$0	\$872,000	0
• LGI Formula Unit - Salary Pool					
To provide a pool of recurring funding to annualize the 2.0 percent January 1, 2021 salary policy and fully fund a 2.0 percent July 1, 2021 salary policy.					
332.70 Austin Peay State University	\$2,007,500	\$0	\$0	\$2,007,500	0
332.72 East Tennessee State University	\$3,136,600	\$0	\$0	\$3,136,600	0
332.74 University of Memphis	\$5,424,800	\$0	\$0	\$5,424,800	0
332.75 Middle Tennessee State University	\$4,540,500	\$0	\$0	\$4,540,500	0
332.77 Tennessee State University	\$2,117,000	\$0	\$0	\$2,117,000	0
332.78 Tennessee Technological University	\$2,105,200	\$0	\$0	\$2,105,200	0
Sub-total	\$19,331,600	\$0	\$0	\$19,331,600	0
• LGI Non-Formula Unit - Salary Pool					
To provide a pool of recurring funding to annualize the 2.0 percent January 1, 2021 salary policy and fully fund a 2.0 percent July 1, 2021 salary policy.					
332.62 TSU McMinnville Center	\$36,000	\$0	\$0	\$36,000	0
332.63 TSU Institute of Agricultural and Environmental Research	\$88,500	\$0	\$0	\$88,500	0
332.64 TSU Cooperative Education	\$162,000	\$0	\$0	\$162,000	0
332.65 ETSU College of Medicine	\$2,060,800	\$0	\$0	\$2,060,800	0
332.67 ETSU Family Practice	\$619,300	\$0	\$0	\$619,300	0
332.68 TSU McIntire-Stennis Forestry Research	\$8,900	\$0	\$0	\$8,900	0
Sub-total	\$2,975,500	\$0	\$0	\$2,975,500	0

Education
Cost Increases for Fiscal Year 2021-2022

	<u>State</u>	<u>Federal</u>	<u>Other</u>	<u>Total</u>	<u>Positions</u>
• TBR System Formula Unit - Salary Pool					
To provide a pool recurring funding to annualize the 2.0 percent January 1, 2021 salary policy and fully fund a 2.0 percent July 1, 2021 salary policy.					
332.89 Tennessee Community Colleges	\$10,535,900	\$0	\$0	\$10,535,900	0
332.98 Tennessee Colleges of Applied Technology	\$2,377,500	\$0	\$0	\$2,377,500	0
Sub-total	\$12,913,400	\$0	\$0	\$12,913,400	0
• TBR System Non-Formula Unit - Salary Pool					
To provide a pool of recurring funding to annualize the 2.0 percent January 1, 2021 salary policy and fully fund a 2.0 percent July 1, 2021 salary policy.					
332.60 Tennessee Board of Regents	\$652,400	\$0	\$0	\$652,400	0
Sub-total	\$652,400	\$0	\$0	\$652,400	0
• LGI Group Health Insurance - Annualize January 1, 2021 Rate Increase					
To provide recurring funding to annualize the state share of a 2.8 percent group health insurance premium increase for January 1, 2021.					
332.65 ETSU College of Medicine	\$49,500	\$0	\$0	\$49,500	0
332.67 ETSU Family Practice	\$9,000	\$0	\$0	\$9,000	0
332.70 Austin Peay State University	\$130,300	\$0	\$0	\$130,300	0
332.72 East Tennessee State University	\$242,200	\$0	\$0	\$242,200	0
332.74 University of Memphis	\$305,900	\$0	\$0	\$305,900	0
332.75 Middle Tennessee State University	\$295,800	\$0	\$0	\$295,800	0
332.77 Tennessee State University	\$123,200	\$0	\$0	\$123,200	0
332.78 Tennessee Technological University	\$150,600	\$0	\$0	\$150,600	0
Sub-total	\$1,306,500	\$0	\$0	\$1,306,500	0

Education

Cost Increases for Fiscal Year 2021-2022

	State	Federal	Other	Total	Positions
• LGI Group Health Insurance - January 1, 2022 Rate Increase					
To provide recurring funding for the state share of a 3.5 percent group health insurance premium increase for January 1, 2022. This is funded for six months in the Recommended Budget.					
332.65 ETSU College of Medicine	\$62,800	\$0	\$0	\$62,800	0
332.67 ETSU Family Practice	\$11,200	\$0	\$0	\$11,200	0
332.70 Austin Peay State University	\$171,400	\$0	\$0	\$171,400	0
332.72 East Tennessee State University	\$298,400	\$0	\$0	\$298,400	0
332.74 University of Memphis	\$394,100	\$0	\$0	\$394,100	0
332.75 Middle Tennessee State University	\$378,000	\$0	\$0	\$378,000	0
332.77 Tennessee State University	\$162,300	\$0	\$0	\$162,300	0
332.78 Tennessee Technological University	\$193,000	\$0	\$0	\$193,000	0
Sub-total	\$1,671,200	\$0	\$0	\$1,671,200	0
• TBR System Group Health Insurance - Annualize January 1, 2021 Rate Increase					
To provide recurring funding to annualize the state share of a 2.8 percent group health insurance premium increase on January 1, 2021.					
332.60 Tennessee Board of Regents	\$26,300	\$0	\$0	\$26,300	0
332.89 Tennessee Community Colleges	\$633,900	\$0	\$0	\$633,900	0
332.98 Tennessee Colleges of Applied Technology	\$131,900	\$0	\$0	\$131,900	0
Sub-total	\$792,100	\$0	\$0	\$792,100	0
• TBR System Group Health Insurance - January 1, 2022 Rate Increase					
To provide recurring funding for the state share of a 3.5 percent group health insurance premium increase for January 1, 2022. This is funded for six months in the Recommended Budget.					
332.60 Tennessee Board of Regents	\$34,500	\$0	\$0	\$34,500	0
332.89 Tennessee Community Colleges	\$806,800	\$0	\$0	\$806,800	0
332.98 Tennessee Colleges of Applied Technology	\$172,400	\$0	\$0	\$172,400	0
Sub-total	\$1,013,700	\$0	\$0	\$1,013,700	0
• Medical Education					
To provide recurring funding to medical education units to offset inflationary cost increases.					
332.65 ETSU College of Medicine	\$1,732,000	\$0	\$0	\$1,732,000	0
332.67 ETSU Family Practice	\$109,700	\$0	\$0	\$109,700	0
Sub-total	\$1,841,700	\$0	\$0	\$1,841,700	0

	<u>Actual 2019-2020</u>	<u>Estimated 2020-2021</u>	<u>Base 2021-2022</u>	<u>Cost Increase 2021-2022</u>	<u>Recommended 2021-2022</u>
Full-Time Administrative	0	0	0	0	0
Professional	0	0	0	0	0
Faculty	0	0	0	0	0
Clerical/Support	0	0	0	0	0
Total	0	0	0	0	0
Headcount	0	0	0	0	0
State	198,900	201,100	198,900	8,900	207,800
Federal	0	0	0	0	0
Other	0	0	0	0	0
Tuition/Fees	0	0	0	0	0
Total	\$198,900	\$201,100	\$198,900	\$8,900	\$207,800

332.78 Tennessee Technological University

Tennessee Technological University is a comprehensive university located in Cookeville. While the university's strength is in technology and engineering, other academic divisions include agriculture and human sciences, arts and sciences, business, education, interdisciplinary studies, and graduate studies. The university's three centers of excellence are energy systems research, manufacturing, and water resources.

Full-Time Administrative	33	33	33	0	33
Professional	355	384	384	0	384
Faculty	474	452	452	0	452
Clerical/Support	286	297	297	0	297
Total	1,148	1,166	1,166	0	1,166
Headcount	10,140	10,177	10,177	0	10,177
State	60,097,500	61,454,900	59,997,700	4,217,600	64,215,300
Federal	1,385,800	869,700	869,700	0	869,700
Other	30,524,200	28,257,900	28,257,900	0	28,257,900
Tuition/Fees	99,719,200	97,464,900	97,464,900	0	97,464,900
Total	\$191,726,700	\$188,047,400	\$186,590,200	\$4,217,600	\$190,807,800

Analysis of 2021-2022 State Appropriations - Governor's Budget

3.2

Reconciliation of Governor's Higher Education Budget for All Institutions Operating Costs Increase (Funding Formula):

Governor's Budget - Outcomes & Salary Pool Combined	\$	81,400,600	
Governor's Budget - Outcomes	\$	36,000,000	
Distribution:			Percent of Total
TBR	\$	11,614,600	32.26%
APSU	\$	1,677,800	4.66%
ETSU	\$	2,205,200	6.13%
MTSU	\$	3,235,100	8.99%
TSU	\$	1,226,500	3.41%
TTU	\$	1,768,800	4.91%
UM	\$	3,827,200	10.63%
UT	\$	10,444,800	29.01%
	\$	36,000,000	100.00%
Governor's Budget - Salary Pool	\$	45,400,600	
Distribution:			Percent of Total
TBR	\$	12,913,400	28.44%
APSU	\$	2,007,500	4.42%
ETSU	\$	3,136,600	6.91%
MTSU	\$	4,540,500	10.00%
TSU	\$	2,117,000	4.66%
TTU	\$	2,105,200	4.64%
UM	\$	5,424,800	11.95%
UT	\$	13,155,600	28.98%
	\$	45,400,600	100.00%

Reconciliation of Governor's Budget to THEC Recommendation on Outcomes Formula:

	THEC Recommend New Funding	Governor's Budget Recommendation	Percentage Funded
APSU	\$ 1,677,800	\$ 1,677,800	100.00%
ETSU	\$ 2,205,200	\$ 2,205,200	100.00%
MTSU	\$ 3,235,100	\$ 3,235,100	100.00%
TSU	\$ 1,226,500	\$ 1,226,500	100.00%
TTU	\$ 1,768,800	\$ 1,768,800	100.00%
UM	\$ 3,827,200	\$ 3,827,200	100.00%
CC	\$ 9,304,500	\$ 9,304,500	100.00%
TCAT	\$ 2,310,100	\$ 2,310,100	100.00%
UTK	\$ 7,573,400	\$ 7,573,400	100.00%
UTC	\$ 1,835,400	\$ 1,835,400	100.00%
UTM	\$ 1,036,000	\$ 1,036,000	100.00%
	\$ 36,000,000	\$ 36,000,000	100.00%



Agenda Item Summary

Date: March 11, 2021

Agenda Item: Supplement COVID-19 funding

Review

Action

No action required

PRESENTERS: Claire Stinson, Vice President for Planning & Finance

PURPOSE & KEY POINTS:

Update on federal funding received under the Coronavirus Response and Relief Supplemental Appropriation Act 2021(CRRSAA). The act is effective December 27, 2020. This is the second round of funding received by the university related to Coronavirus impact.



Agenda Item Summary

Date: March 11, 2021

Agenda Item: Non-Mandatory & Mandatory Fees-Housing Rates

Review Action No action required

PRESENTERS: Claire Stinson, Vice President for Planning & Finance

PURPOSE & KEY POINTS:

Staff is recommending no increase in housing rates for FY21-22.



Agenda Item Summary

Date: March 11, 2021

Agenda Item: Non-Mandatory & Mandatory Fees-International Student Deposit Fee

Review

Action

No action required

PRESENTERS: Claire Stinson, Vice President for Planning & Finance

PURPOSE & KEY POINTS:

Staff is recommending this fee to be eliminated.



Agenda Item Summary

Date: March 11, 2021

Agenda Item: Non-Mandatory & Mandatory Fees-Specialized Academic Course Fee

Review

Action

No action required

PRESENTERS: Claire Stinson, Vice President for Planning & Finance

PURPOSE & KEY POINTS:

Staff is presenting ideas for restructuring the specialized academic course fees.



Agenda Item Summary

7.1

Date: March 11, 2021

Agenda Item: Budget Advisory Committee Restructure

Review

Action

No action required

PRESENTERS: Claire Stinson, Vice President for Planning & Finance

PURPOSE & KEY POINTS:

Staff will review the newly structured campus Budget Advisory Committee. This committee reviews budget information and provides advice to the President on budget matters.



Agenda Item Summary

Date: March 11, 2021

Agenda Item: Naming Opportunity

Review

Action

No action required

PRESENTERS: Dr. Phil Oldham, President

PURPOSE & KEY POINTS:

Recommendation and proposal of the naming of the Innovation Hall.

8.1



Agenda Item Summary

Date: March 11, 2021

Agenda Item: Notice of Responsibilities for Preventing, Detecting, and Reporting Fraud, Waste, and Abuse

9.1

Review

Action

No action required

PRESENTERS: Johnny Stites, Chair of Audit & Business Committee

PURPOSE & KEY POINTS:

One of the duties of the Audit Committee is to regularly, formally reiterate to the Board, Management and Staff their responsibilities for preventing, detecting, and reporting fraud, waste, and abuse.

Notice of Responsibilities

Per TCA 4-35-105, one of the duties of the Audit Committee is to regularly, formally reiterate to the Board, Management, and Staff their responsibilities for preventing, detecting, and reporting fraud, waste, and abuse.

Detailed definitions and examples of fraud, waste, and abuse, various individual's responsibility for preventing and detecting fraud, waste, and abuse, and methods for reporting fraud, waste, and abuse can be found in TTU Policy 131—Preventing and Reporting Fraud, Waste, or Abuse.

Individuals have varying responsibilities for preventing and reporting fraud, waste, or abuse.

Board Members - All

Generally, the Board and Audit Committee should consider the risk of fraudulent financial reporting and fraud due to misappropriation and abuse of university assets as they govern and guide the University.

Individually, board members should abide by TTU Policy 001—Board Code of Ethics and Conduct and Conflict of Interest.

Audit Committee

The Audit Committee shall establish a process by which employees, taxpayers, or others may confidentially report illegal, improper, wasteful, or fraudulent activity.

The Audit Committee chair must inform the Comptroller of the Treasury of any illegal, improper, wasteful, or fraudulent activity that he/she believes has occurred.

Management

Management shall not engage in fraud, waste, or abuse and is responsible for developing and implementing internal controls to help prevent and detect fraud, waste, and abuse.

Executives and administrators with reasonable basis for believing fraud, waste, or abuse has occurred are required to report those incidents.

Employees

Employees shall not engage in fraud, waste, or abuse.

Employees with reasonable basis for believing fraud, waste, or abuse has occurred are strongly encouraged to report those incidents.

Students and Citizens

All students and citizens of the state of Tennessee are encouraged to report known or suspected acts of fraud, waste, or abuse.

Fraud, waste, or abuse can be reported confidentially and should be reported to a supervisor, institutional executive, TTU Internal Audit, or the Tennessee Comptroller of the Treasury.

Specific methods for reporting fraud, waste, or abuse can be found on TTU Internal Audit's website and in TTU Policy 131—Preventing and Reporting Fraud, Waste, or Abuse.