



AUDIT & BUSINESS COMMITTEE

December 1, 2022

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, 2022 in Roaden University Center Room 282. Chair Johnny Stites called the meeting to order at 10:02 a.m.

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

- Johnny Stites
- Fred Lowery
- Thomas Lynn

Other board members also in attendance were Dan Alcott (via Zoom), Tom Jones, Rhedona Rose, Trudy Harper, Barry Wilmore and Savannah Griffin. 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 October 6, 2022 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 October 6, 2022 Audit & Business Committee minutes. Mr. Lowery seconded the motion. Mr. Wray called a roll call vote. The motion carried unanimously.

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AGENDA ITEM 3 – Composite Financial Index

Dr. Stinson presented information on the financial outcome for FY2021-22. The major metrics used to measure and monitor financial health are: composite financial index, primary reserve ratio, viability ratio, return on net assets ratio and net operating revenue ratio. Expected value is a national comparison. Tennessee Tech University's (not including foundation) CFI for FY2022 is 4.73%. The CFI including the foundation was 5.46%.

This was an informational item therefore no action was required.

AGENDA ITEM 4 – FY22-23 Revised Budget/Organizational Chart

Dr. Stinson advised the organizational chart changes were in Academic Affairs with the Child Development Lab added to College of Education and Center Stage added to College of Fine Arts. Dr. Stinson advised this budget includes fall enrollments. 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-H).

Mr. Lowery moved to send the FY22-23 October revised budget and organizational chart to the Board for approval and to place on the Board's regular agenda. Mr. Lynn 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 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. This report is for tuition rates effective Fall 2021. The report reflects tuition increase of 1.99% and mandatory fee increase of .31%. The tuition increase was used to eliminate the specialized academic course fees in College of Arts & Sciences, College of Ag & Human Ecology, College of Education and College of Fine Arts. The revenues from tuition increase were used to support budgets for programs effected by the fee elimination. The revenue from the mandatory fee increase was used to provide students with enhanced mental health and wellness support.

Mr. Lynn moved to send the Tuition Transparency Act Report for FY21-22 with the amendment to the report that the tuition increase had a zero-net effect for students to the Board for approval and to place it on the Board's regular agenda. Mr. Lowery seconded the motion. Mr. Wray took a roll call vote. The motion carried unanimously.

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AGENDA ITEM 6 – TTU Policy 537 (Naming Buildings, Facilities and Organizational Units)

Dr. Stinson presented the revision to address when an existing named building is demolished and replaced with a new building the Board of Trustees may elect to commemorate the originally named individual(s) in an appropriate manner upon the recommendation by the President or when an existing named building is demolished and not replaced with a new building, the Board of Trustees may elect to commemorate the originally named individual(s) at another appropriate location on campus upon the recommendation by the President.

Mr. Lowery moved to send TTU Policy 537 as presented to the Board for approval and to place it on the Board’s consent agenda. Mr. Lynn seconded the motion. Mr. Wray took a roll call vote. The motion carried unanimously.

AGENDA ITEM 7 – Approval of 2023 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, functional area being covered and time period. 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 2023 Audit Plan as required by Tennessee Tech University Audit Committee Charter for Internal Audit as presented. Mr. Lowery 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 the Non-Public Executive Session

There being no further business, the meeting adjourned at 11:06 a.m. After a short break, the Non-Public Executive Session began at 11:14 a.m. Trustees and Administration were present for the meeting. Trustee Alcott participated via zoom.

AGENDA ITEM 9 – Adjournment

There being no further business, the Non-Public Executive Session adjourned at 1:00 p.m.

Approved,

 03/23/23

Lee Wray, Secretary

Attachment A

Reconciliation of Changes in E&G revenues

	Actuals FY2021-22	Proposed Budget FY2022-23	Difference	Revised Budget FY2022-23	Difference
Tuition and Fees State	\$100,912,809	\$100,785,900	(\$126,909)	\$100,544,000	(\$241,900)
Appropriations	\$64,531,413	\$78,863,600	\$14,332,187	\$79,920,600	\$1,057,000
Other Activities	\$19,442,451	\$12,798,400	(\$6,644,051)	\$12,949,300	\$150,900
Total Revenues	\$184,886,673	\$192,447,900	\$7,561,227	\$193,413,900	\$966,000



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Attachment B

E&G Revenues Reconciliation of Difference

Proposed vs Actual

- Tuition and Fees (\$126,909)
 - Proposed budget was based on conservative estimates for tuition revenues
- State Appropriations \$14,332,187
 - Formula adjustment (\$497,500)
 - New state appropriations for outcomes funding \$4,380,400
 - Salary Pool \$2,201,500
 - Adjustments for OPEB, TCRS, Risk Management, and Health insurance \$611,100
 - Wind tunnel & Super Comp \$3,500,000
 - NSF Match one-time funding \$700,000
 - Rural Reimagined one-time funding \$1,000,000
 - Craft Center one-time funding \$2,840,000
- Other Revenue (\$6,644,051)
 - Budgeted decline in grants revenue (\$992,440)
 - Did not budget HEERF Foregone Revenue of (\$5,231,630)

Revised vs Proposed

- Tuition and Fees (\$241,900)
 - In state tuition increase \$277,550
 - Out of state tuition decrease (\$38,250) based on actual fall enrollment in International students
 - Debt Service fee reduction (\$202,500)
 - Technology Access fee reduction (\$94,250)
 - Facilities Fee reduction (\$80,250)
- State Appropriations \$1,057,000
 - Adjustments for OPEB, TCRS, Risk Management, and Health Insurance \$170,800
 - 401k Enhancement Match one-time funding \$886,200
- Other Revenue \$160,900
 - Federal Indirect Cost Revenue \$150,000



UEB 03/23/23

Attachment C

Change in Expenses

	Actuals FY2021-22	Proposed Budget FY2022-23	Difference	Revised Budget FY2022-23	Difference
Instruction	\$74,401,456	\$86,981,400	\$12,579,944	\$87,781,500	\$800,100
Research	\$2,274,583	\$2,750,800	\$476,217	\$6,972,900	\$4,222,100
Public Service	\$2,042,070	\$2,056,600	\$14,530	\$3,297,200	\$1,240,600
Academic Support	\$12,936,251	\$14,308,000	\$1,371,749	\$17,641,500	\$3,333,500
Student Services	\$21,390,410	\$22,823,600	\$1,433,190	\$23,825,400	\$1,001,800
Institutional Support	\$16,895,889	\$19,915,000	\$3,019,111	\$18,128,200	(\$1,786,800)
Oper. & Maint. of Plant	\$14,855,807	\$16,319,900	\$1,464,093	\$18,274,500	\$1,954,600
Scholarships & Fellowships	\$16,000,095	\$17,536,300	\$1,536,205	\$19,154,100	\$1,617,800
Total Expenses	\$160,796,561	\$182,691,600	\$21,895,039	\$195,075,300	\$12,383,700

VEE 03/23/23

Attachment D

Proposed vs Actual Reconciliation of Change in Expenses

- **Instruction**
 - Lapse salaries from unfilled faculty and staff positions in FY 2021-22 \$1,663,542
 - Budgeted 4% Salary Pool increase \$2,047,242
 - Faculty Promotions \$203,897
 - Wind Tunnel \$3,500,000
 - CEROC \$1,200,000
 - Rural Reimagined \$1,000,000
 - Craft Center \$2,800,000
- **Research**
 - Budgeted 4% Salary Pool increase \$24,950
 - Indirect Cost Pool increase \$293,050
- **Public Service**
 - Budgeted 4% Salary Pool increase \$20,955
- **Academic Support**
 - Maintenance Contract increase \$65,000
 - Budgeted 4% Salary Pool increase \$566,118
 - FY21-22 unspent budget \$824,818
- **Student Services**
 - Budgeted 4% Salary Pool increase \$528,687
 - FY21-22 unspent budget \$808,647
- **Inst. Support**
 - Increased TCRS Benefit Rate \$611,100
 - Increase Marketing budget \$650,000
 - Budgeted 4% Salary Pool increase \$477,485
 - FY21-22 unspent budget \$976,823
- **Main & Operations**
 - Budgeted 4% Salary Pool increase \$219,618
 - Increase Utilities \$427,000
 - FY21-22 unspent budget \$805,365
- **Scholarships**
 - Scholarships FY21-22 Unspent budget \$320,587
 - Increase Scholarship budget \$1,200,000



Kevin Gray
03/23/23

Attachment E

Revised vs Proposed Reconciliation of Change in Expenses

- **Instruction**
 - Re-budget of Carryforwards:
 - Collapsed SACF \$341,863
 - SAF \$816,623
 - TAF \$2,499,662
 - Engr State Appropriation funds \$1,988,692
 - Online & Alternate Delivery Fee \$2,708,099
 - Purchase Orders \$293,264
 - Departmental Requests \$289,449
 - Summer School \$362,829
 - Revenue generating \$612,543
 - University Future Funding \$1,098,470
 - New State Appropriations at Proposed placed in instruction and at Revised moved into Research, Public Service, and Transfer accounts
 - Wind Tunnel (\$3,500,000)
 - CEROC (\$1,200,000)
 - Rural Reimagined (\$1,000,000)
 - Craft Center (\$2,800,000)
 - Reduce Benefit budget (\$1,548,008)
 - Adjustments due to fees collected (\$277,217)
- **Research**
 - Re-budget of Carryforwards \$2,607,290
 - FY21 Indirect Cost Distribution Adjustment \$288,383
 - CEROC \$1,200,000
- **Public Service**
 - Re-budget of Carryforwards \$145,155
 - Rural Reimagined \$1,000,000
- **Academic Support**
 - Re-budget of Carryforwards \$2,923,291
 - Library budget increase \$150,000
- **Student Services**
 - Counseling Center - \$169,000
 - Coursedog software - \$183,678
 - Re-budget of Carryforwards \$838,184
- **Institutional Support**
 - Reduce Benefit Budget (\$2,233,335)
 - Marketing Budget Continuation increase \$150,000
 - Re-budget of Carryforwards \$297,148
- **Maint & Operations**
 - Utilities increase \$1,736,069
 - Re-budget of Purchase Order Carryforwards \$123,748
- **Scholarships**
 - Presidential Scholarship \$1,410,882
 - Athletic Scholarships \$170,480



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Change in Natural Classification Expenses

	Actuals FY2021-22	Proposed Budget FY2022-23	Difference	Revised Budget FY2022-23	Difference
Salary and Wages	\$80,452,871	\$85,226,469	\$4,773,598	\$87,736,836	\$2,510,367
Fringe Benefits	\$33,210,644	\$37,031,366	\$3,820,722	\$33,379,955	(\$3,651,411)
Travel	\$1,835,680	\$1,584,615	(\$251,065)	\$2,075,850	\$491,235
Operating & Utilities	\$27,098,850	\$40,394,442	\$13,295,592	\$51,385,055	\$10,990,613
Scholarships & Fellowships	\$16,563,879	\$18,093,623	\$1,529,744	\$19,682,220	\$1,588,597
Capital	<u>\$1,634,637</u>	<u>\$361,094</u>	<u>(\$1,273,543)</u>	<u>\$815,104</u>	<u>\$454,010</u>
Total E&G	\$160,796,561	\$182,691,609	\$21,895,048	\$195,075,020	\$12,383,411



WEE 03/23/23

Proposed vs Actual Reconciliation of Change in Natural Expenses

- **Salary and Wages**
 - Lapse salaries from unfilled faculty and staff positions re-established in Proposed Budget \$1,663,542
 - Budgeted 4% Salary Pool increase \$2,993,339
 - Faculty Promotions \$203,897
- **Benefits**
 - FY 2021-22 unspent benefits due to vacant positions and decrease in anticipated fringe benefit rate due to shift of employees from Legacy to Hybrid plan and lower cost for Pension & OPEB passed through from state, including \$2,853,703.86 in additional state contributions made to the TCRS Legacy Pension Plan.
 - Increased TCRS Benefit Rate \$611,100
- **Travel**
 - Temporary funds transferred into and spent for travel in FY21-22 in excess of permanent Proposed budget.
- **Operating & Utilities**
 - FY 2021-22 unspent budgets and special fees \$(21,240,392)
 - State Appropriations added at Proposed in the operating budget
 - Wind Tunnel \$3,500,000
 - CEROC \$1,200,000
 - Rural Reimagined \$1,000,000
 - Craft Center \$2,800,000
 - Marketing increase \$650,000
 - Utilities increase \$427,000
- **Scholarships & Fellowships**
 - Scholarships Unspent \$320,587
 - Increase Scholarship budget \$1,200,000
- **Capital**
 - Temporary funds transferred into and spent for departmental projects and equipment in FY21-22



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Revised vs Proposed Reconciliation of Change in Natural Expenses

- **Salary and Wages**
 - New positions funded by units \$429,727
 - Faculty promotions, equity, and degree adjustments \$480,385
 - Police and security positions \$136,476
 - Add funds for longevity \$129,938
 - Units move funds for adjuncts, temporary, and student workers \$1,300,000

- **Fringe Benefits**
 - Reduced budget to reflect actuals – transferred funds for presidential scholarships and anticipated utilities increase (\$2,512,427)
 - Reduced budget temporarily to fund one-time request (\$1,298,008)

- **Travel**
 - Funds transferred to travel by units \$491,235

- **Operating & Utilities**
 - Re-budget of carryforward amounts \$17,528,815
 - Collapsed SACF \$341,863
 - Faculty Research & Indirect Cost \$1,944,472
 - SAF \$816,623
 - TAF \$2,499,662
 - Engr State Appropriation funds \$1,988,692
 - Online & Alternate Delivery Fee \$4,116,438
 - Student Activity Fee \$606,936
 - Other department requests \$ 2,431,211
 - Purchase Orders \$1,158,441
 - Summer School \$362,829
 - Projects \$163,178
 - University Future Commitments \$1,098,470
 - Move State Appropriations to Transfer accounts
 - Wind Tunnel (\$3,500,000)
 - Craft Center (\$2,800,000)
 - Marketing Budget increase \$150,000
 - Library increase \$150,000
 - Counseling Center \$169,000
 - Coursedog software \$183,678
 - Increase Utility Budget \$1,736,069
 - Units transfer funds from operating to salary & wages (\$1,300,000)
 - Reduction due to Fee revenue estimates (\$458,331)

- **Scholarships**
 - Presidential Scholarship \$1,410,882
 - Athletic Scholarships \$170,480

- **Capital**
 - Purchase Order Carryforwards \$364,316
 - Funds transferred for departmental projects \$89,694



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