



Audit & Business Committee

June 20, 2019



Agenda

- I. Call to Order
- II. Approval of Minutes
- III. Tenure Recommendations
- IV. Faculty Promotions – Informational Item
- V. Capital Budget
 - A. Update on FY2019-20 Capital Budget
 - B. Approval of Disclosed Projects & FY2020-21 Capital Budget





Capital Budget Discussion

Presentation to Audit & Business Committee
Board of Trustees

June 20, 2019



Update on Governor's Capital Maintenance Budget as Approved for FY2019-2020

Capital Maintenance Proposed

- \$3,060,000 Roof Replacements
- \$4,650,000 Multiple Buildings Upgrades
- \$200,000 ADA Compliance
- \$7,910,000 Total

Capital Maintenance Approved

- \$485,000 Roof Replacements
- \$3,110,000 Multiple Buildings Upgrades
- \$200,000 ADA Compliance
- \$3,795,000 Total



Capital Outlay Project Request FY2020-21

Engineering & Research Building

- New construction
 - modern, student-centered, interdisciplinary space
 - “maker spaces” and “industry-linked design project spaces”
 - open, flexible, reconfigurable spaces to promote multipurpose use and collaborative learning
 - “smart building” with embedded sensors to serve as instructional and research laboratory
- 100,000 new square footage (60,000 NASF)
- Total Project Cost, \$55 million
 - \$3.25 million planning funding received for FY19-20
 - \$43.5 million for construction requested for FY20-21
 - \$8.25 million 15% Match requirement



FY2020-2021

Capital Maintenance Pools and Allocations

- THEC maintenance pool request for planning is \$150,000,000
- Tennessee Tech is allocated 5.2% of the pool –
 - \$7,870,000
- THEC contingency plan is for \$120,000,000
- Tennessee Tech would be allocated 5.2% of the pool
 - \$6,290,000



Capital Maintenance Projects Request

Priority	Project	Project Cost	Project Description
1	Fitness Center Upgrades & Repurpose	\$5,770,000	Provide system and space upgrades in the old student fitness center for use by Exercise Science & Physical Wellness and Athletics
2	Roof Replacements Phase 4	\$2,100,000	Replace roofs on several buildings. Repair masonry above the roof and dormers as required. Repair/replace cupolas as needed.
	Total Request	\$7,870,000	



Disclosed Projects (campus funded projects)

Fiscal Year	Project	Project Cost	Project Description
2019-20	Roaden University Center West Patio and Landscaping	\$405,000	Construct a patio, seating, fire pit and lighting
2019-20	Dixie Avenue Steam Line Replacement	\$305,000	Replace the steam and condensate lines
2019-20	Hooper Eblen Center Building Envelope Repairs	\$1,440,000	Complete envelope repairs to prevent water intrusion into the building.
2020-21	Quillen Field Lighting Upgrade	\$870,000	Install new LED lighting and poles at Bush Stadium/Quillen field to comply with NCAA lighting requirements
	Total Request	\$3,020,000	



Agenda

VI. 2019-20 Student Fees

A. Maintenance and Mandatory Fees





Maintenance and Mandatory Fees for FY2019-20

Presentation to Audit & Business Committee
Board of Trustees

June 20, 2019



Factors to Consider When Setting Tuition and Fee Levels (Public Chapter 614)

- Mandatory Factors:
 1. Level of State support
 2. Total cost of attendance
 3. Efforts to mitigate the financial effect on students
- Additional factors to consider:
 1. THEC Mandatory tuition and fee ranges
 2. Comparison to peer institutions, competitor institutions , other LGIs
 3. Higher Education Price Index



Public Comments Received Pursuant to Tennessee Code Annotated 49-7-1603

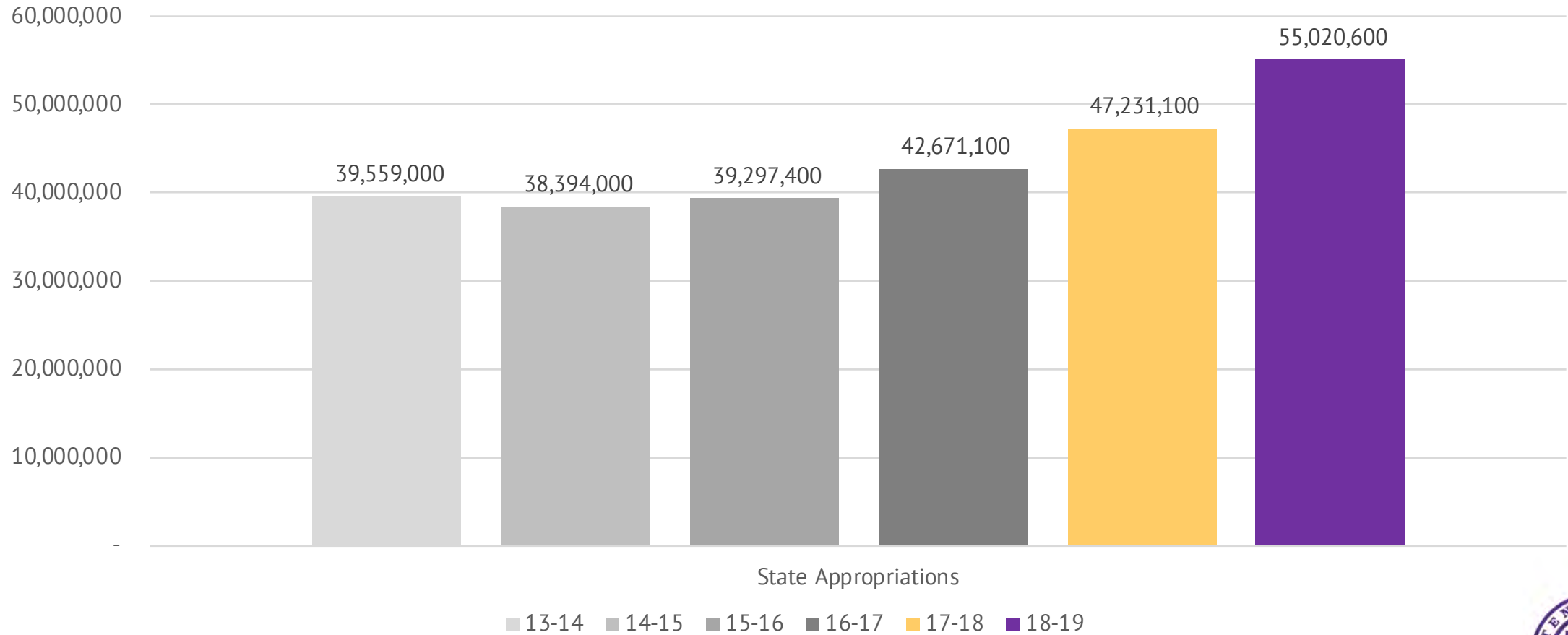
- **Number of persons submitting similar comment:** 1
- **Category of submission:** current student
- **Comment Summary:** Commenter objects to the tuition and fee increase and has concern that tuition and fees continue to be increased with poor justifications that deviate from core academic responsibilities of the university. Commenter suggests that alternatives to tuition and fee increases be considered such as spending restraint.

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- **Number of persons submitting similar comment:** 1
 - **Category of submission:** other
 - **Comment Summary:** Commenter objects to the tuition and fee increase. Commenter has concern that tuition and fee increases are being used to fund positions that provide no educational benefit to students.



Tennessee Tech Level of State Support (THEC Data from Fall 2018 Commission Meeting)

State Appropriations History



State Appropriations Funding Request

TN Tech Percentage of Formula Calculation

Fiscal Year	Formula Calculation	THEC Funding Request	% of Formula Calculation Requested
2019-20	\$78,939,500	\$54,667,900	69.3%
2018-19	\$72,418,100	\$49,750,200	68.7%
2017-18	\$66,008,700	\$44,646,100	67.6%

Data from THEC Fall Commission meetings 2018, 2017, 2016



2019-20 Total Formula Revenue Analysis*

Tennessee Tech

	2017-18	2018-19	2019-20
State Appropriations Recommended	\$44,646,100	\$49,750,200	\$54,667,800
Tuition Revenues	\$76,481,100	\$76,078,900	\$74,924,600
Out-of-State Revenues	\$15,330,400	\$10,188,100	\$8,465,600
Total Revenues	\$136,457,600	\$136,017,200	\$138,058,000
Total Formula Revenue Need	\$125,035,400	\$137,208,700	\$149,655,500
Difference (short)	\$11,422,200	\$(1,192,500)	\$(11,597,500)
Percentage Funded	109.1%	99.1%	92.3%

*THEC Data from Fall Commission Meetings 2018, 2017, 2016



Total Cost of Attendance

Semester Costs for 15 Credit Hours	2018-19	2019-20 (Full Aid)	2019-20 (No Aid)
Maintenance and mandatory fees	\$4,552.50	\$4,659.00	\$4,659.00
Hope Scholarship	(1,750.00)	(1,750.00)	
Hope Merit Scholarship	(500.00)	(500.00)	
PELL Grant	(3,047.50)	(3,097.50)	
Full "High Flyer" University Scholarship	(2,500.00)	(2,500.00)	
Aid Refunded to Student	(3,245.00)	(3,188.50)	
Housing	2,822.00	2,880.00	2,880.00
Meal Plan (Purple 5)	2,259.00	2,326.00	2,326.00
Books & Supplies (estimated)	900.00	900.00	900.00
Balance to be paid by student	\$2,736.00	\$2,917.50	\$10,765.00

*Potential aid not included SEOG, College Workstudy, Foundation Scholarships



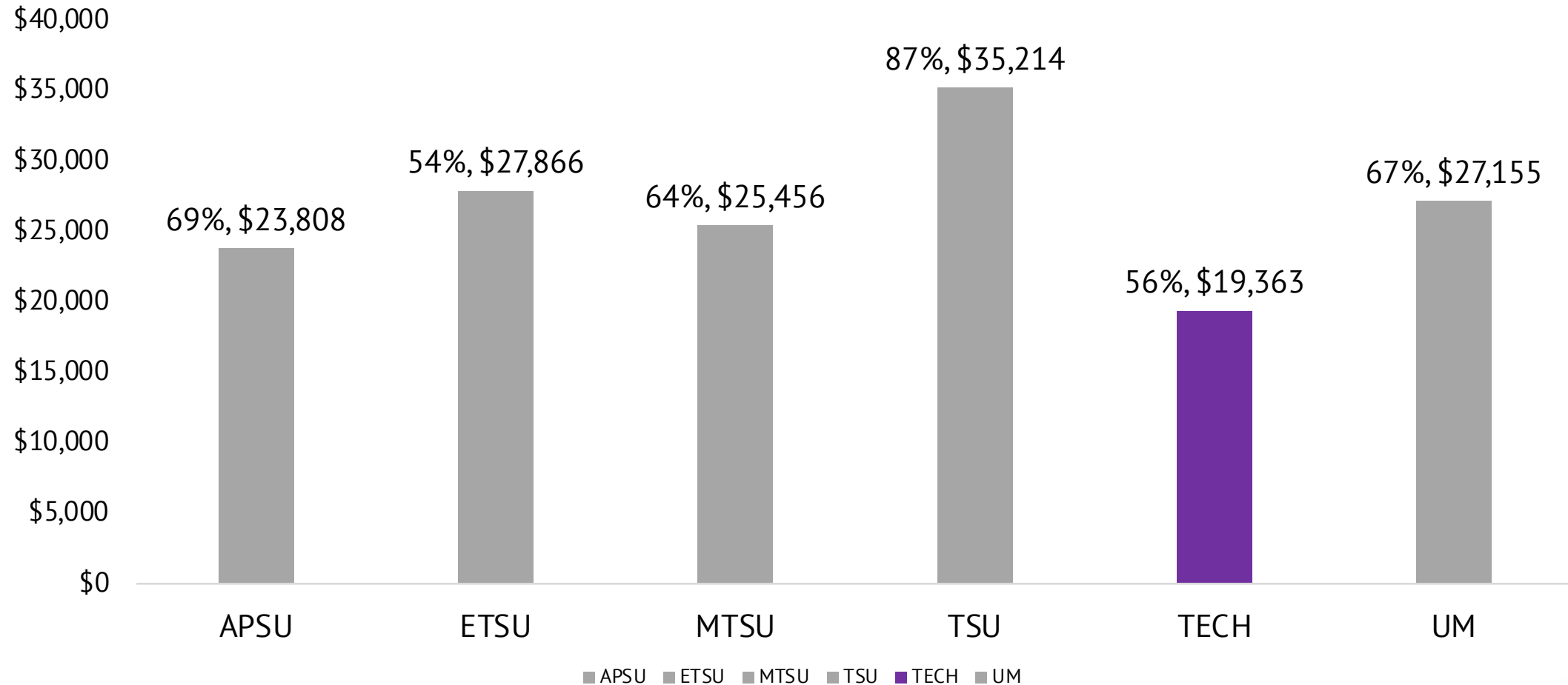
Financial Aid Available to Students

- HOPE Scholarships
- University Scholarships
- Pell Grants
- Aspire Awards
- General Assembly Merit Scholarships
- Tennessee Student Assistance Authority Awards
- Subsidized Loans
- Unsubsidized Loans
- Other Government Aid, e.g., SEOC, College Work Study



Tuition and Fees – Student Debt

Average Debt of Graduates (2015-2016)



Other Efforts to Mitigate Financial Effect on Students

Budget Reductions – 3 Year Analysis:

Fiscal Year	Instruction	Non-Instruction	Total	% of Total E&G Budget
2016-17	\$1,240,458	\$1,159,445	\$2,399,903	1.66%
2017-18*	\$0	\$2,289,644	\$2,289,644	1.50%
2018-19	\$0	\$1,959,556	\$1,959,556	1.27%
Total	\$1,240,458	\$5,408,645	\$6,649,103	

*Instructional Units reduced their E&G budgets by \$1,314,119 and “backfilled” with their SACF resources (which were increased for the same budget cycle).

- Cost Savings Initiatives: credit card fees, cell phone contract, software contracts, energy projects



THEC Recommendation 2019-2020 Annual Rates

2019-20 Binding Rates			
Maintenance Fee		Maintenance + Mandatory Fees	
Minimum	Maximum	Minimum	Maximum
\$0 or less	\$196	\$0 or less	\$228



THEC Recommendation 2019-2020 Annual Rates

2019-20 Maintenance and Mandatory Fee Increase Scenario and Comparison (2.5% Limit)

2018-19			2019-20			Combined Increase	Combined % Increase
Maintenance Fee	Mandatory Fee	Maintenance + Mandatory	Maintenance Fee	Mandatory Fee	Maintenance + Mandatory		
\$7,860	\$1,243	\$9103	\$8057	\$1274	\$9331	\$228	2.5%



Per Semester In-state Maintenance Fee History

	Fall 2015*	Fall 2016	Fall 2017	Fall 2018	Fall 2019**
Undergraduate Maintenance	\$3,591	\$3,690	\$3,828	\$3,930	\$4020
Dollar increase over prior year	\$354	\$99	\$138	\$102	\$90
Percentage increase	10.9%	2.8%	3.74%	2.66%	2.3%
*Collapsed existing mandatory and non-mandatory fees equivalent to \$18 per UG hour in Maintenance fees					
**Proposed maintenance fee to be effective with fall 2019					
Rate per credit hour	\$285	\$293	\$304	\$312	\$319
Dollar increase	\$28*	\$8	\$11	\$8	\$7



Per Semester Mandatory Fees

	2018-19	2019-20	Dollar Increase	Percentage Increase
Athletic Fee	\$248	\$248	Zero	Zero
Campus Recreation	\$48	\$48	Zero	Zero
Technology Access Fee	\$112.50	\$130	\$17.50	15.55%
Facilities Development Fee	\$51	\$51	Zero	Zero
Debt Service	\$129	\$129	Zero	Zero
SGA/SOLO	\$30	\$30	Zero	Zero
Student Mental Health Wellness	\$3	\$3	Zero	Zero
Combined Total All Mandatory Fees	\$621.50	\$639.00	\$17.50	2.8%

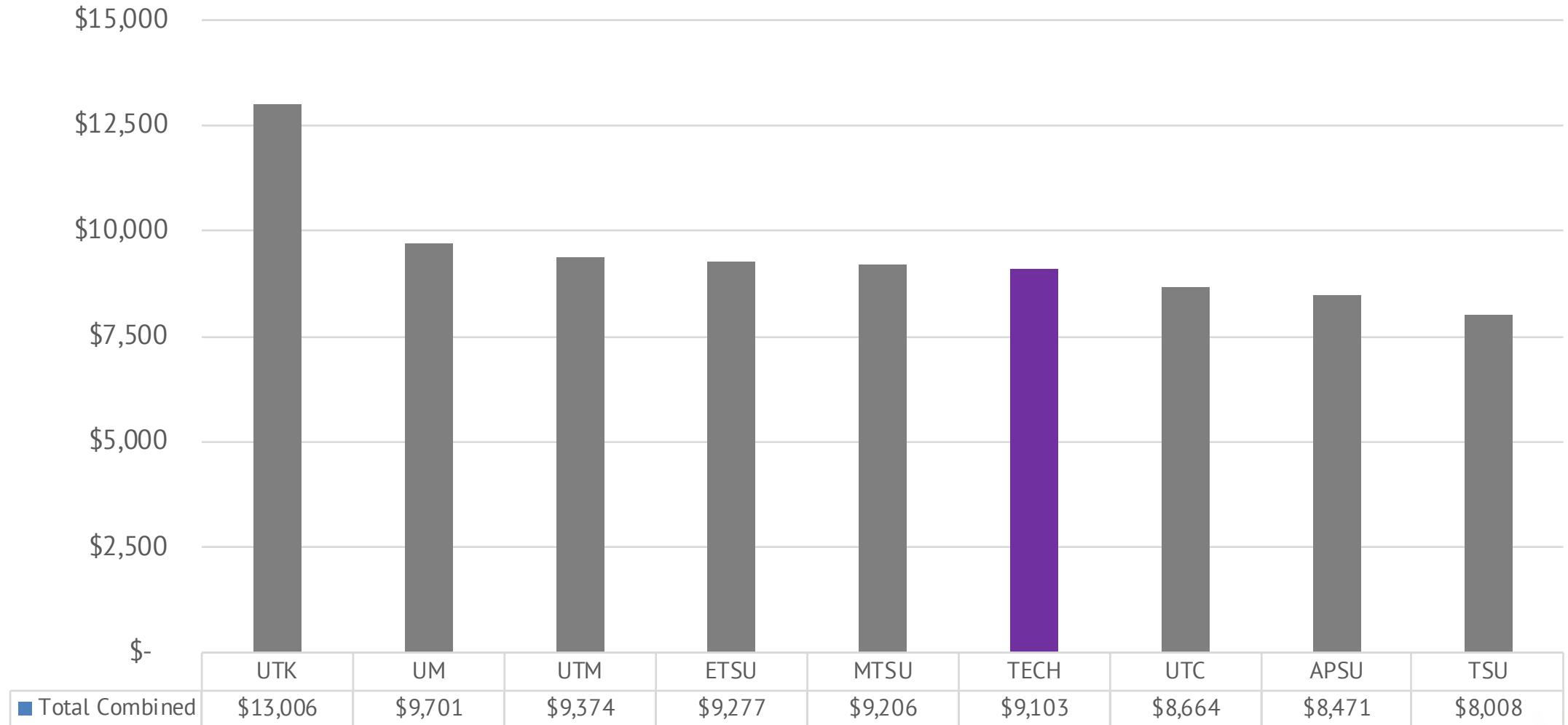


Technology Access Fee

- Last fee increase was in 2001-2002
- Justification for increase
 - Create a sustainable instructional equipment refresh plan
 - Provide new technology for new science building
 - Provide supplies and support for technology within classrooms
- FY 2018-19 Projects requested 105; Projects funded 46
 - Multimedia Classrooms
 - Student Software and Licensing
 - Student Lab Hardware Refresh & Checkout Accessories

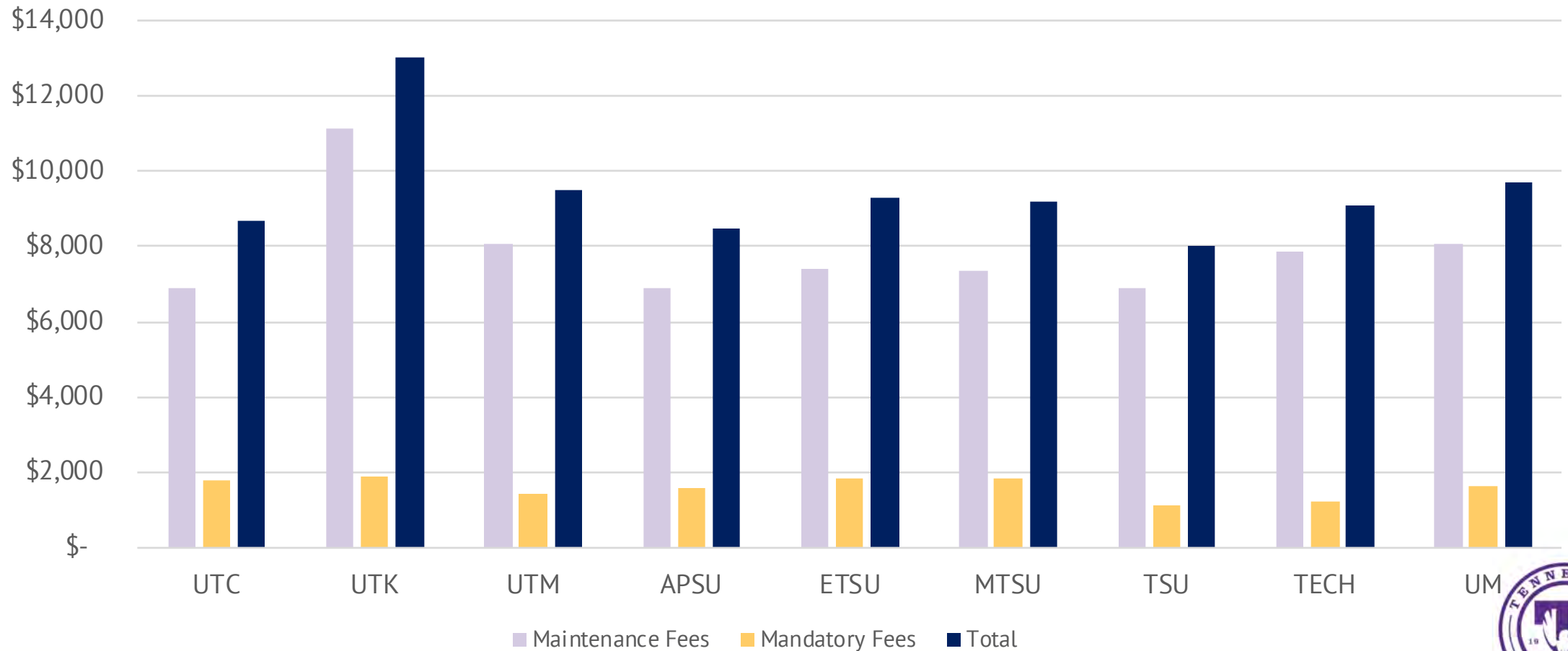


Maintenance & Mandatory Fees Comparison 2018-19



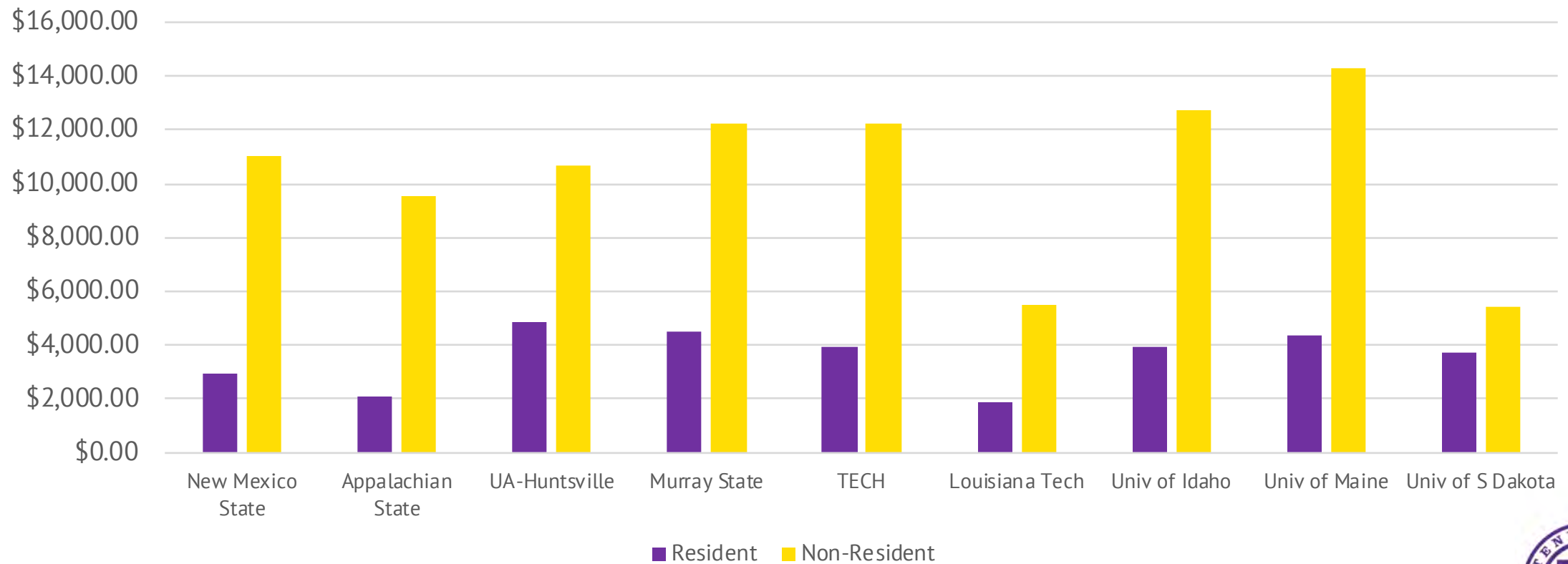
Undergraduate Tuition/Fee 2018-19 Comparison to Tennessee Public Universities

2018-19 Fee Comparison (Annual)



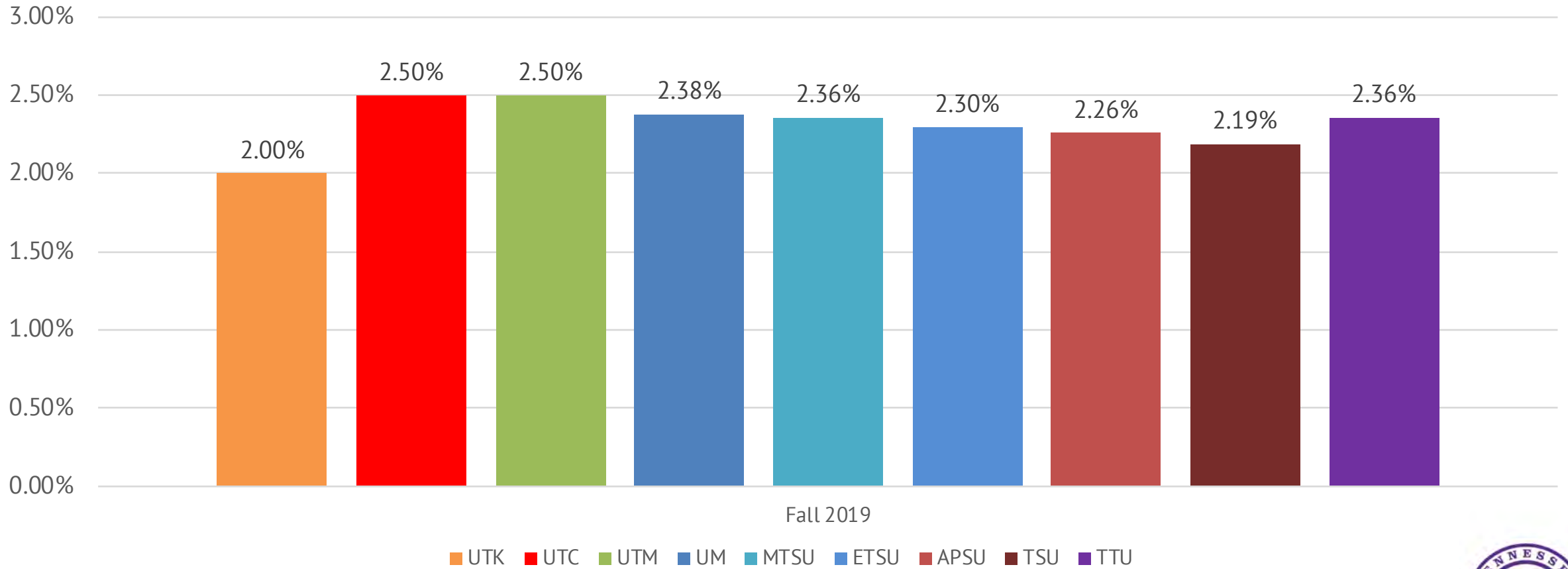
Undergraduate Tuition/Fee 2018-19 Comparison to Out-of-State Peers

Tuition Per Semester



Tennessee Public Universities

Tuition and Fee Rates Academic Year 2019-20



Other Maintenance & Tuition Rates

(not subject to THEC binding rates)

- Graduate maintenance fee
- Out-of-state tuition



Proposed graduate maintenance fees

Graduate In-State Tuition				
	Fall 2018	Fall 2019	Dollar Increase	Percentage Increase
For Base 10 Hours	\$5,020	\$5,140	\$120	2.4%
Hourly rate over base hours	\$99	\$102	\$3	3%



Out-of-state tuition

- Out-of-state students pay same maintenance and other fees as in-state students, plus an out-of-state tuition rate
- 2018-2019 out-of-state tuition rate
 - Base (12 credit hours) \$7,932
 - Hourly rate over base \$132
- No increase in out-of-state tuition is proposed



Out-of-State Tuition Comparison

Tennessee Peers	15 SCH	9 SCH
Lowest to Highest by UG -	<u>Undergraduate</u>	<u>Graduate</u>
University of Memphis	\$9,888.00	\$8,919.00
Tennessee State University	\$10,128.00	\$9,225.00
University of Tennessee - Martin	\$10,998.00	\$11,431.00
Austin Peay State University	\$11,442.00	\$10,251.00
University of Tennessee - Chattanooga	\$11,503.00	\$8,154.00
Tennessee Tech University	\$12,258.00	\$11,052.00
Middle Tennessee State University	\$13,269.00	\$11,754.00
East Tennessee State University	\$13,302.00	\$11,799.00
University of Tennessee - Knoxville	\$14,650.00	\$14,716.00

National Peers	15 SCH	9 SCH
Lowest to Highest by UG -	<u>Undergraduate</u>	<u>Graduate</u>
Louisiana Tech University	\$5,534.00	\$5,118.00
South Dakota State University	\$9,132.75	\$8,576.10
Appalachian State University	\$9,524.50	\$9,135.50
University of Alabama - Huntsville	\$10,689.00	\$11,802.00
New Mexico State University	\$11,022.00	\$7,929.90
Tennessee Tech University	\$12,258.00	\$11,052.00
Murray State University	\$12,270.00	\$7,200.00
University of Idaho	\$12,750.00	\$13,494.00
University of Maine	\$14,295.00	\$12,870.00

New resources and uses 2019-2020

Governor's budget dedicated to formula outcomes	\$2,653,800
State Appropriation from Carnegie classification change	\$900,000
Outcomes formula adjustment	\$814,300
Total anticipated increase in state appropriations	\$4,368,100
Revenue generated per 2.3% maintenance fee increase	\$1,641,300
Projected decline in enrollment	\$(1,020,000)
Projected decline in international enrollments	\$(1,500,000)
Resources anticipated to address needs	\$3,489,400

Cost of 2% salary improvements with fringe benefits	\$1,830,100
Dedicate funds to re-establish operating fund balance	\$3,000,000
Cost increases other than salaries*	\$1,786,295
Total anticipated needs for FY2018-19	\$6,616,395

Difference between resources and needs	\$(3,126,995)
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* HEPI 2.44% average



Recommended Maintenance and Mandatory Fee Increase AY 2019-2020 For FTE Hours and Per Credit Hour

Fee Description	For FTE				Per Credit Hour			
	Fall 2018	Fall 2019	\$ Increase	% Increase	Fall 2018	Fall 2019	\$ Increase	% Increase
Maintenance								
In-State Tuition (Undergraduate)	3,930.00	4,020.00	90.00	2.29%	312.00	319.00	7.00	2.2%
In-State Tuition Over Base (Undergraduate)					62.00	64.00	2.00	3.2%
In-State Tuition (Graduate)	5,218.00	5,344.00	126.00	2.4%	502.00	514.00	12.00	2.4%
In-State Tuition Over Base (Graduate)					99.00	102.00	3.00	3.0%
TN eCampus Fees**								
TN eCampus Tuition (Undergraduate)					312.00	319.00	7.00	2.2%
TN eCampus Course Fee (Undergraduate)					125.00	128.00	3.00	2.4%
TN eCampus Tuition (Graduate)					502.00	514.00	12.00	2.4%
TN eCampus Course Fee (Graduate)					125.00	128.00	3.00	2.4%
Out-of-State Tuition***								
Out-of-State Tuition (Undergraduate)	9,915.00	9,915.00	-	0.0%	661.00	661.00	-	0.0%
Out-of-State Tuition (Graduate)	8,712.00	8,712.00	-	0.0%	726.00	726.00	-	0.0%
E-Rate****								
Undergraduate					156.00	160.00	4.00	2.6%
Graduate					251.00	257.00	6.00	2.4%
TAF*****								
Undergraduate	112.50	130.00	17.50	15.6%				
Graduate	112.50	130.00	17.50	15.6%				

Agenda

VI. 2019-20 Student Fees

- A. Maintenance and Mandatory Fees
- B. Non-mandatory Online & Alternative Delivery Fee





Non-mandatory Online & Alternative Delivery Fee

Presentation to Audit & Business Committee
Board of Trustees

June 20, 2019



Proposed Online and Alternative Delivery Fee

- 40% of undergraduate maintenance fee
 - Same fee as currently charged for TNeCampus courses
 - \$128 per credit hour for AY 2019-20
 - Provide a consistent and simplified fee structure for online and alternative delivery courses
 - Fee charged in lieu of General Access Fee
 - Students currently pay GAF of \$62 per credit hour when taking TNeCampus courses
 - This is a net savings to students that currently take TNeCampus courses



Proposed Online and Alternative Delivery Fee cont.

- How the fees will be used
 - \$66 will go to the colleges to cover costs associated with developing and offering online and alternative delivery courses
 - \$62 per credit hour up to 7 credit hours per student will be assigned to the components of General Access Fee (GAF)
 - Technology Access Fee, Athletics Fee, Recreation and Fitness Fee
 - Once GAF is covered, funds generated above 7 credit hours per student will go into an account designated for online and alternative delivery course development and startup costs under the purview of the provost's office





FY2018-19 Estimated & FY2019-20 Proposed Budget

Presentation to Audit & Business Committee
Board of Trustees

June 20, 2019



Reconciliation of Changes in E&G revenues

	October Revised Budget FY2018-19	Current Estimate FY2018-19	Difference	July Proposed Budget FY2019-20	Difference
Tuition & Fees	\$94,772,200	\$95,893,800	\$1,121,600	\$94,100,800	(\$1,793,000)
State Approp	\$53,528,100	\$53,528,100	\$0	\$59,187,800	\$5,659,700
Other	\$11,692,700	\$11,789,900	\$97,200	\$11,708,600	(\$81,300)
Total E&G	\$159,993,000	\$161,211,800	\$1,218,800	\$164,997,200	\$3,785,400



E&G Revenues Reconciliation of Difference

Revised vs Current Estimate

- Tuition and Fees
 - Conservative estimate in enrollment driven maintenance and fees
\$1,167,000

Current Estimate vs Proposed

- Tuition and Fees
 - Out-of-State enrollment reduction of 180 FTE recommended by 5-year committee
\$(1,513,800)
 - In-state enrollment decline \$(1,020,000)
 - TAF increase to \$17.50 per semester \$266,000
 - SACF and mandatory fee decline \$(340,355)
 - 2% tuition increase \$1,427,200
- State Appropriations
 - Outcomes Adj. \$814,300
 - \$900,000 Carnegie class change
 - Share of new funding \$2,653,800
 - Matching Cybersecurity Grant \$500,000
 - Nonrecurring adjustment \$791,600
 - TCRS, Health Ins, NSF Match

Change in Expenses

	October Revised Budget FY2018-19	Current Estimate FY2018-19	Difference	July Proposed Budget FY2019-20	Difference
Instruction	\$75,207,400	\$73,917,800	(\$1,289,600)	\$74,951,100	\$1,033,300
Research	\$3,415,500	\$3,644,000	\$228,500	\$2,730,200	(\$913,800)
Public Service	\$2,468,100	\$2,565,300	\$97,200	\$2,224,600	(\$340,700)
Academic Supp	\$12,064,400	\$12,370,400	\$306,000	\$12,661,600	\$291,200
Student Serv	\$18,944,200	\$19,762,100	\$817,900	\$19,128,000	(\$634,100)
Institutional Sup	\$15,639,400	\$15,468,300	(\$171,100)	\$16,372,500	\$904,200
Maint & Oper	\$14,391,900	\$13,872,100	(\$519,800)	\$14,458,600	\$586,500
Scholarship	\$17,235,400	\$16,057,700	(\$1,177,700)	\$17,351,100	\$1,293,400
Total E&G	\$159,366,300	\$157,657,700	(\$1,708,600)	\$159,877,700	\$2,220,000



Reconciliation of Change in Expenses

Revised vs Current Estimate

- Instruction
 - Lapse Salaries \$(2,254,990)
 - Benefit Adjustment for vacant positions \$(358,400)
 - Strategic Investment Pool \$1,264,250
- Student Services
 - Disability Services \$75,000
 - Temporary transfer of Athletics Scholarships to Operating \$550,000
 - Increase to Athletics Benefits Budget \$182,000
- Scholarships
 - Temporary Reduction in Community College Scholarships \$(500,000)
 - Temporary transfer of unspent Honors Scholarships \$(350,000)
 - Unspent Athletic Scholarships \$(550,000)

Current Estimate vs Proposed

- New faculty positions \$406,000
 - Engineering (1), Nursing (2), and Agriculture (1)
- PhD program \$120,000
 - Counseling & Supervision (2 TT Faculty)
- Faculty promotions \$376,685
- One-time carryforward removed
 - Research \$(699,000)
 - Public Service \$(166,000)
 - Student Services \$(634,000)
- Institutional Support – non-recurring budget for health insurance \$1,291,600
- Increase in utility expense for FIT and Science buildings \$571,000



Change in Natural Expenses

	October Revised Budget FY2018-19	Current Estimate FY2018-19	Difference	July Proposed Budget FY2019-20	Difference
Salary and Wages	\$80,305,800	\$77,588,300	(\$2,717,500)	\$81,844,000	\$4,255,700
Fringe Benefits	\$32,343,600	\$31,799,800	(\$543,800)	\$34,019,400	\$2,219,600
Travel	\$2,002,900	\$2,669,700	\$666,800	\$2,083,100	(\$586,600)
Operating & Utilities	\$27,096,000	\$29,054,000	\$1,958,000	\$24,248,600	(\$4,805,400)
Scholarships & Fellowships	\$17,235,400	\$16,057,700	(\$1,177,700)	\$17,351,100	\$1,293,400
Capital	\$382,600	\$488,200	\$105,600	\$331,500	(\$156,700)
Total E&G	\$159,366,300	\$157,657,700	(\$1,708,600)	\$159,877,700	\$2,220,000



Reconciliation of Change in Natural Expenses

Revised vs Current Estimate

- Salary and Wages
 - Lapse Strategic Investment Pool - \$(2.4)M
 - Benefit Adjustment for vacant positions \$(543,800)
- Operating & Utilities
 - Lapse invested back at College/VP level \$603,000
 - Strategic Investment Pool \$1,264,250
- Scholarships & Fellowships
 - Temporary Reduction in Community College Scholarships \$(500,000)
 - Temporary transfer of unspent Honors Scholarships \$(350,000)
 - Unspent Athletic Scholarship \$(500,000)

Current Estimate vs Proposed

- Salary and Wages
 - New faculty positions \$295,000
 - Faculty promotions \$377,000
 - Provision for 2% salary increase \$1.4M
 - Re-establish lapse salaries \$2.4M
- Fringe Benefits
 - TCRS and Health Insurance adjustment \$1.3M
 - Estimated FB for 2% salary increase \$400,000
 - Re-establish FB for lapse salaries \$550,000
- Operating & Utilities
 - Remove temporary budgets for carryforwards \$4.5M
 - Increase in utility expense \$571,000





Tennessee
TECH

5-Year Strategic Financial Plan
Update

Presentation to Audit & Business Committee
Board of Trustees

June 20, 2019





Update on Data Dashboard Project

Presentation to Audit & Business Committee
Board of Trustees

June 20, 2019



Project Dataset

- Compiled from various university and THEC sources
 - Institutional Research
 - Planning & Finance
 - Athletics
 - University Advancement
 - Research
 - THEC Funding Formula reports

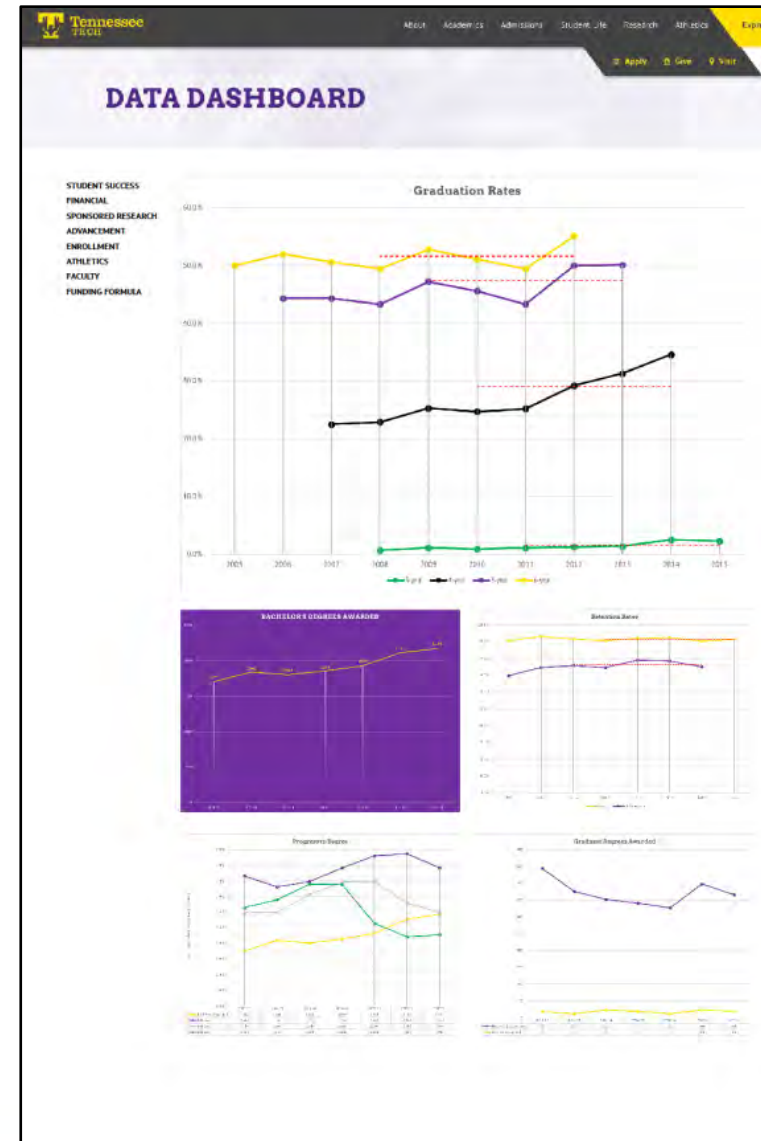
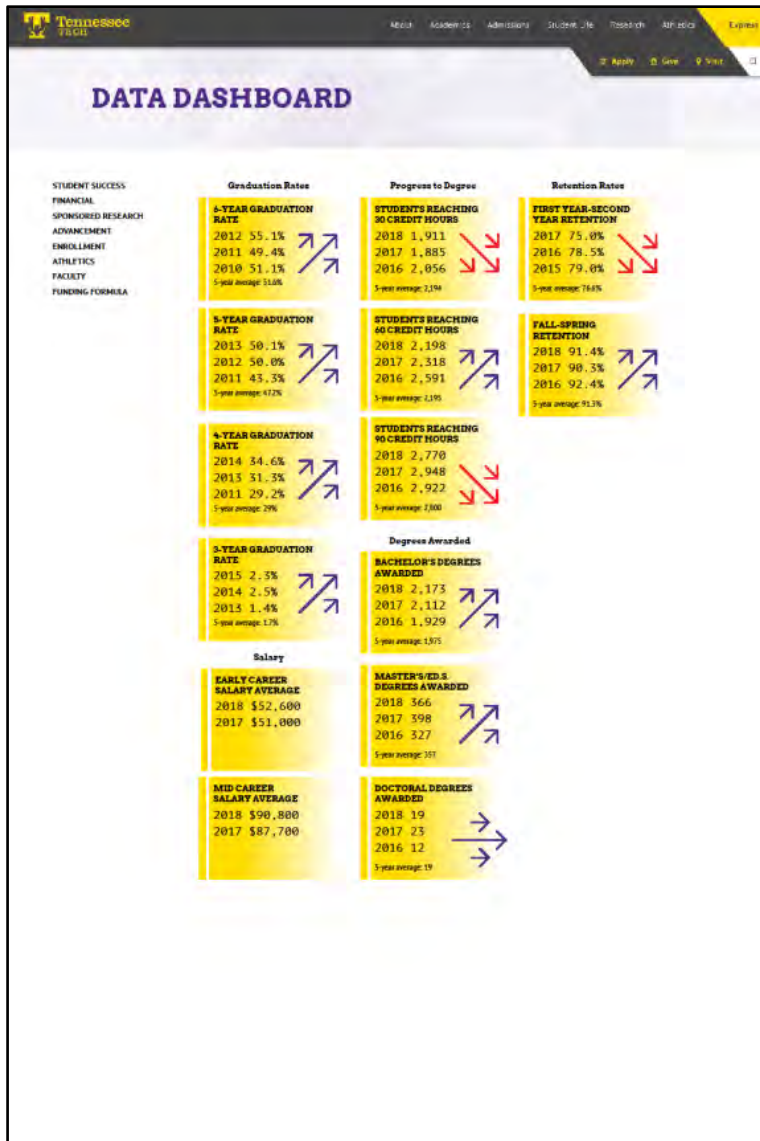


Project Dataset

- More than 100 variables reported annually
- Divided into 8 categories
 - Funding Formula
 - Student Success
 - Sponsored Research
 - Advancement
 - Faculty
 - Financial
 - Athletics
 - Enrollment



Samples: Student Success Section



Updates throughout year

- Bulk of updates mid-October when fall census data available
- Financial updates tied to fiscal year and budget cycle
- Data from outside sources (e.g., THEC, NCAA, PayScale) updated when available



Next Steps

- Build actual dashboard website from design models
 - Will be behind university login
 - Explore user-friendly functionality for chart displays



Agenda

- IX. Presidents Emeriti Contracts
- X. TTU Policy 132 (Conflict of Interest) – Review of Substantive Revisions
- XI. Adjournment of Open Session and Call to Order of 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)
- XII. Adjournment





Audit & Business Committee

June 20, 2019

