

Board of Trustees Meeting

March 23, 2017

Bell Hall 260

MINUTES

AGENDA ITEM 1—ROLL CALL, CALL TO ORDER, OPENING COMMENTS

The Tennessee Tech Board of Trustees met in regular session for its inaugural meeting on March 23, 2017, in Bell Hall 260. President Phil Oldham, upon request from Gov. Bill Haslam, called the meeting to order at 1:32 p.m.

President Oldham asked Kae Carpenter, University Counsel, to call the roll. The following members were present:

- Dr. Barbara Fleming
- Dr. Melissa Geist
- Ms. Trudy Harper
- Mr. Tom Jones
- Mr. Millard Oakley
- Mr. Purna Saggurti
- Mr. Johnny Stites
- Ms. Teresa Vanhooser
- Capt. Barry Wilmore

Members of the public were also in attendance.

AGENDA ITEM 2—REVIEW AND ADOPT THE BYLAWS

Ms. Carpenter presented an overview of the Board bylaws.

Mr. Oakley moved to consider the bylaws as a group and Capt. Wilmore seconded the motion. After an opportunity for discussion and there being none, the motion carried unanimously.

Mr. Oakley moved to adopt the bylaws and Capt. Wilmore seconded the motion. After an opportunity for discussion and there being none, Ms. Carpenter took a roll call vote and the motion carried unanimously.

AGENDA ITEM 3—ELECTION OF OFFICERS

President Oldham opened the floor for nominations for chair. Mr. Oakley nominated Mr. Jones and Mr. Saggurti seconded the nomination. With no other nominations nor discussion, Mr. Jones was unanimously elected as chair.

Chair Jones opened the floor for nominations for vice chair. Ms. Vanhooser nominated Ms. Harper and Mr. Stites seconded the nomination. With no other nominations nor discussion, Ms. Harper was unanimously elected as vice chair.

AGENDA ITEM 4—APPROVAL OF BOARD POLICIES

Ms. Carpenter presented an overview of Board Policies 001-006.

Mr. Stites moved to consider the policies as a group and Capt. Wilmore seconded the motion. After an opportunity for discussion and there being none, the motion carried unanimously.

Mr. Saggurti moved to adopt the policies and Mr. Stites seconded the motion.

Ms. Harper inquired about implementation of Policy 002, which provides that the Board affirms the President, and asked if the Board needed to take an action to that affect either at this meeting or at the next meeting, if more appropriate. Chair Jones replied that affirmation of the President would take place under Other Business. Ms. Carpenter affirmed that it would be appropriate to affirm the President under Other Business of the current meeting.

There being no additional discussion, Ms. Carpenter took a roll call vote and the motion carried unanimously.

AGENDA ITEM 5—SELECTION OF STUDENT TRUSTEE

Chair Jones asked the three student nominees, Bobby Adams, Micayla Holton, and Nick Russell, to each make brief comments as to why s/he should be selected as the student trustee. At the end of the presentations, Mr. Stites nominated Mr. Russell and Ms. Vanhooser seconded the motion. After an opportunity for discussion and there being none, Mr. Russell was unanimously elected as the student trustee.

Dr. Fleming moved to establish a Student Advisory Council to include the three student nominees. Chair Jones stated that Mr. Russell will serve as chair of the Council but will receive input from Mr. Adams and Ms. Holton. Chair Jones asked each of the three students if it was her/his intention to be on campus for the relevant term and each affirmed that s/he so intended. At the end of the discussion, the Board members unanimously approved the formation of the Student Advisory Council.

At 2:00 p.m., Chair Jones requested a short recess to prepare for a special guest and to allow Mr. Russell to take his seat with the other trustees.

At 2:05 p.m., Chair Jones called the meeting back to order and Governor Bill Haslam joined the meeting. Governor Haslam thanked Board members, Majority Leader Ryan Williams, and others for their efforts in bringing about this historic occasion. Governor Haslam stated that it was difficult to estimate the impact that Tennessee Tech has but 90 percent of the Putnam County School teachers and 25 percent of the staff at Cookeville Regional Medical Center have degrees from Tennessee Tech. Governor Haslam also noted that Tennessee Tech has taken graduates to space and to Wall Street. The Governor asked the trustees to ask themselves "What can I do to make this a better university?" and he also reminded them that Tennessee Tech is still part of the higher education system in Tennessee.

At the end of Governor Haslam's comments, the Board resumed its regular business.

AGENDA ITEM 6—APPOINTMENT OF COMMITTEE MEMBERS

Chair Jones stated that the committees, established by Board Policy 005, consist of the following committees: Academic/Student Affairs/Research/Advancement/Athletics (hereafter "Academic & Student Affairs"); Audit/Compliance/Finance/Compensation/Facilities (hereafter "Audit & Business"); and the Executive Committee.

In accordance with the bylaws and because of Mr. Stites' previous Tennessee Board of Regents experience, Chair Jones suggested Mr. Stites serve as the at-large member of the Executive Committee.

Dr. Fleming nominated Mr. Stites for the Executive Committee at-large member and Mr. Saggurti seconded the motion.

Chair Jones noted that committee appointments do not require a Board vote and are made at the discretion of the Chair. Chair Jones asked Dr. Fleming to chair the Academic & Student Affairs Committee and Ms. Vanhooser to chair the Audit & Business Committee. Dr. Fleming and Ms. Vanhooser both agreed to do so. Chair Jones then asked Capt. Wilmore, Dr. Geist and Mr. Russell to serve on the Academic & Student Affairs Committee and Mr. Oakley and Mr. Saggurti to serve on the Audit & Business Committee. All agreed to do so.

Chair Jones asked President Oldham if staff support could be provided for the committees. President Oldham confirmed that staff support would be made available to the committees.

Mr. Stites stated that the Board may want to add a clause in the mission of one of the committees or possibly establish a governance committee to monitor that the Board is doing the best job it can do. Chair Jones stated Mr. Stites' suggestion would be addressed at the first meeting of the Executive Committee. Ms. Harper stated that it may be appropriate for the Executive Committee to assume this responsibility.

AGENDA ITEM 7—RATIFICATION OF BOARD SECRETARY

Chair Jones asked President Oldham to provide qualifications for Kae Carpenter to serve as Board Secretary. After Dr. Oldham provided a brief summary of Ms. Carpenter's qualifications, Mr. Saggurti moved to ratify Ms. Carpenter as the Board Secretary and Mr. Stites seconded the motion. After an opportunity for discussion and there being none, the motion carried unanimously.

AGENDA ITEM 8—BOARD ACKNOWLEDGEMENT

Greg Holt, Compliance Officer, presented information related to Tennessee Tech's responsibilities as a participant in federal student aid programs, including the Board's need to acknowledge the Tennessee Tech's continued responsibilities as set forth in its Program Participation Agreement.

Mr. Oakley moved that the Board acknowledge Tennessee Tech's continued responsibilities under the Program Participation Agreement and request the Chair to advise the U.S. Department of Education of the same. Mr. Stites seconded the motion. After an opportunity for discussion and there being none, the motion carried unanimously.

AGENDA ITEM 9—PRESIDENT'S REPORT

President Oldham explained that his report would provide a high-altitude overview but it was his intent to host a retreat over the summer and go into more detail. He presented several slides to share the following information:

- 2011-2015 FTE Enrollment and Headcount—showed slight downward trends across Tennessee. Six out of nine universities have seen this trend; some loss was due to TN Promise. Tennessee Tech has recently seen a rise in first-time freshmen and transfer students;
- Tuition and Fees—compared to state peer institutions, Tennessee Tech has the lowest resident tuition and fees. Tennessee Tech wants to make education at Tennessee Tech very affordable;
- State Appropriations—fiscal year appropriations at Tennessee Tech are lower and growing more slowly than at most peer institutions since enactment of the Complete College Tennessee Act of 2010;
- State Appropriations Per Student FTE—even on a per student FTE basis, state appropriations were lowest among peer institutions in FY15/16;
- Retention Rates—have remained steady in the past three years and are within range of other Tennessee peer institutions. Tennessee Tech is near the top in public institutions in Tennessee. Last fall, Tennessee Tech reached a record high retention of 79 percent. In the past five years, retention has risen about 10 percent (from 70 percent to 79 percent);
- Six-year Graduation Rates—Tennessee Tech ranks second highest among state peer institutions, after UT-Knoxville;

- Student to Faculty Ratio—consistently decreasing over the past five years; currently at 19:1. This past year, Tennessee Tech was probably closer to 18:1, which was the initial goal four years ago;
- Top Return on Investment—Tennessee Tech continues to be rated as a top return on student investment for both public and private schools in Tennessee. This is based on cost of attendance and earning potential of graduates;
- Recent 10-year Reaffirmation with SACSCOC—Tennessee Tech scored a perfect score with no recommendations. This places Tennessee Tech in the top five to ten percent of all institutions that go through this review cycle.

Dr. Oldham stated that despite the fact that indicators are very positive, the challenges of a competitive higher education marketplace are real and need to continue to move forward.

President Oldham asked Dr. Claire Stinson, Vice President of Planning & Finance, to provide an overview of Tennessee Tech's financial health. Dr. Stinson reported that Tennessee Tech has audited financial statements conducted by the State of Tennessee, Division of State Audit, Financial Compliance Health. Tennessee Tech received an unmodified opinion for FY2016. The financial statement is based on strategic risk questions, composite financial index, primary reserve ratio (liquidity), viability ratio, return on net assets ratio, and net operating revenues ratio. Dr. Stinson presented the current financial state of Tennessee Tech. In the October revised budget: a) Recurring operating revenues supported recurring operation expenses. b) A two percent reserved fund balance was budgeted. In the May estimated budget: a) Reserves will need to be tapped to cover an unanticipated overage in scholarship awards – approximately \$2 million in FY2017. b) Permanent budget reductions of \$3.4 million in to be effective with FY2018 have been implemented to rebalance the budget. Challenges going forward include: a) Enrollment b) Outcomes Based Formula and c) Reserves.

Dr. Stinson stated that May estimated expenditures (FY2017) and July Proposed Expenditures (FY2018) will be presented to the Board for approval at the next meeting. Dr. Stinson also indicated that the challenges going forward include enrollment, outcomes based formula, and reserves.

Mr. Stites inquired if Tennessee Tech gets dollars from the state for planned/preventative maintenance Renewal & Replacement (R&R) funds over the life of the new buildings or is that something for which Tennessee Tech is responsible. Per Dr. Stinson, with the new student Recreation and Fitness Center, Tennessee Tech will maintain R&R funds for that particular building but will not get state maintenance dollars for that. For the new laboratory science building, which is a state-funded academic building, Tennessee Tech will be able to request maintenance funds through the state budget process but have to request those on an as-needed basis, in competition with any other needs on campus.

Mr. Stites inquired if Tennessee Tech had considered requesting enough funds to endow the maintenance over the life of the building. Dr. Stinson indicated that the answer was “no”; Tennessee Tech maintained R&R funds for major equipment such as the Banner ERP system and for telecommunications computer hardware, but does not maintain R&R funds for non-auxiliary, non-student financed buildings.

Mr. Saggurti inquired about Tennessee Tech's total debt. Dr. Stinson replied that amount is about \$60 million, primarily in auxiliaries in Housing—mostly on two new dorms and renovations of other dorms. Dr.

Stinson also indicated that Tennessee Tech has debt for a couple of energy performance projects and will have debt for construction of the new student Rec Center.

Mr. Saggurti inquired if Tennessee Tech has an excess cash balance. Dr. Stinson replied that it does have some cash reserves not dedicated to the building process.

Capt. Wilmore inquired about the amount of reserves Tennessee Tech has. Dr. Stinson replied that it has about \$80 million in reserves currently.

Dr. Geist inquired about the \$2 million for which Tennessee Tech will tap into reserves this current year and how that plays into the overall budget cuts Tennessee Tech is facing. Dr. Stinson stated that the \$2 million is the amount of the scholarship awards problem that Tennessee Tech is dealing with this current fiscal year because the scholarship awards were \$2 million over what Tennessee Tech had budgeted for the fiscal year. Dr. Stinson stated the budget cuts covered the impact of scholarship awards going forward. Scholarship awards for Fall 2017 have already been made and the cost is another \$1.4 million, for a total of \$3.4 million, due to the fact that scholarships are awarded for eight semesters.

AGENDA ITEM 10—APPROVAL OF PLANNING AND FINANCE POLICIES

Dr. Stinson presented an overview of Planning & Finance Policies 501, 501.1, 511, 511.1, 511.2, 511.3 and 520.

Chair Jones requested a motion to approve the policies as a group, a second motion to approve the policies, and a roll call vote for the second motion. Ms. Vanhooser moved to approve the policies as a group and Mr. Saggurti seconded the motion.

Ms. Harper requested an explanation for the references to the Administrative Council and the University Assembly and Dr. Stinson explained their roles on campus. Dr. Geist inquired if the budget to evaluate current financial status is presented to the same governing bodies of which Ms. Harper inquired. Dr. Stinson explained that the budget report is presented to the Budget Advisory Committee. At the close of the discussion, the motion carried unanimously.

Mr. Saggurti moved to adopt the policies and Mr. Stites seconded the motion. After an opportunity for discussion and there being none, Ms. Carpenter took a roll call vote and the motion carried unanimously.

AGENDA ITEM 11—APPROVAL OF NON-MANDATORY FEES

Dr. Stinson presented the following proposed 2017-2018 fee changes for select non-mandatory fees: Specialized Academic Course Fees (SACF), Miscellaneous Course Fees, Parking Permits, and Housing Fees. President Oldham explained that not all students are required to pay these fees because they are program specific and determined by whether they live on campus, whether or not they need a parking permit, etc.;

the fees are returned to the academic units and help increase the quality of specific program instruction so that students benefit directly.

Mr. Saggurti inquired if the fees are lab fees and Dr. Oldham replied they could be considered as lab fees in the sciences area (e.g., for a Chemistry major, the Chemistry fee is mandatory.) Capt. Wilmore inquired if any of the fees are first-time fees and Dr. Stinson replied that a few are. Mr. Russell pointed out that these fees are per credit hour. Chair Jones asked if some of these fees are to help compensate for the budget shortfall and Dr. Stinson replied that they would help the different academic units cope with their reductions in resources. Dr. Stinson reiterated that all funds generated by the fees go toward instructional or student success; the funds cannot be used for the academic department's office or administrative functions. Dr. Stinson stated that the fees are specifically student-oriented and can be used for cost of instruction (e.g., chemicals used in Chemistry labs), transportation costs for Earth Sciences field courses, and also for student success needs (tutoring, etc.) in the College of Education.

Ms. Harper inquired what the rate of tuition per hour is and Dr. Stinson stated that amount is \$293 per credit hour. Mr. Stites questioned whether the fees information would be included in the Board's packets. Chair Jones replied that more detailed information was available in the Diligent board book. Dr. Oldham reiterated that the information is available in the Diligent board book and the mandatory fees reflect increases from \$5 to \$25. Dr. Stinson explained that there are also residential hall fees and the fee increase is proposed because residence halls must cover their own costs, service their own debt and establish R&R maintenance funds due to the fact that they are an auxiliary enterprise. Dr. Geist asked if a statement can be added that these fees must always be used as intended for each specifically designated area. Dr. Stinson replied that this is already part of the process.

Dr. Stinson also stated that Tennessee Tech has proposed miscellaneous course fees related to online MBA courses, master's of professional studies, professional science master's, and a golf fee. The costs are in line and will remain in line with what other schools are charging. Dr. Stinson also presented information on parking fee increases, stating that these fees pay for construction and maintenance of parking lots, and also provide a shuttle service for the students.

Mr. Saggurti requested clarification about information in the presentation, namely the note stating that 'student parking permit rates are reduced by \$50/year because of the campus access fee, which is applied to student parking permits only'. Dr. Stinson replied that the campus access fee gives students access to the fitness center, resources at the library, athletic events and some parking; it is a mandatory fee. Capt. Wilmore inquired of Dr. Stinson if she had an average of what all students pay per semester for all expenses. Dr. Stinson stated that this amount is approximately \$4500, including tuition but the increase would vary from student to student, depending on the student's major, etc. Dr. Stinson stated that the average cost for an Agriculture student taking 12 hours of Agriculture classes would be an increase of

about \$384 for next semester. These fees would become effective "Fall 2018"¹ and would also include some tuition increases.

Mr. Russell stated that since tuition increases have been capped at three percent, it seemed schools were increasing non-mandatory fees five to ten percent each year to cover cost increases not covered by tuition increases. Mr. Russell ask if there was any way to project what amount of money is needed in mandatory fees to cover costs to allow for financial health and project forward to predict increases needed each year.

Mr. Russell also stated that although it was stated that the monies were going to student success, in Engineering, these monies were going toward renovating labs and asked what kind of metrics Tennessee Tech used to measure whether the fee increases were actually increasing student success appreciably. Dr. Stinson replied that Tennessee Tech was looking at those on the program level, departmental level, college level, university level, and also looking at retention and graduation rates to determine if student success initiatives were effective. Mr. Russell stated it would be useful if Tennessee Tech could say that over the last few years it had increased the fee by five percent yearly and had seen 'this kind' of student success increase in whatever metric Tennessee Tech was driving to. Mr. Russell stated that otherwise, it is difficult to justify the fee increase without metrics.

Chair Jones asked if, in general, with all fees, tuition, etc., how Tennessee Tech compared with other institutions, like UT-Knoxville or other Tennessee institutions. Dr. Oldham replied that Tennessee Tech was at about 60 percent of the cost to the student relative to UT-Knoxville and was comparable to other state institutions in terms of tuition. Dr. Oldham also stated that Tennessee Tech was at the lower end of that curve.

Dr. Oldham stated that in terms of overall affordability, Tennessee Tech was still at a very affordable level and after scholarships and fees waivers, the out-of-pocket expenses were quite low with about a 40 percent discount rate. Dr. Oldham said half of Tennessee Tech students graduated debt free. Dr. Oldham indicated that the average amount of student loans at graduation was about \$16-17,000, which is about half the national average and the three-year default rate was about five percent, which is among the lowest in the nation. Dr. Oldham stated that all global indicators were that Tennessee Tech was very affordable in terms of education and is attempting the difficult balance act of balancing the quality issues against affordability. Dr. Oldham noted that it was important to graduate students that have the resources they need to be successful; Tennessee Tech wants to make it as easy and light a load as possible, but that is an ongoing challenge.

Chair Jones called for a motion to accept all non-mandatory fees including specialized academic course fees, miscellaneous course fees, parking permit fees, and housing fees as a group. Mr. Saggurti so moved and Mr. Stites seconded the motion.

¹ Dr. Stinson stated that the fees would become effective "Fall 2018" but intended to say "Fall 2017."

Capt. Wilmore asked if it was appropriate to say that the overall increase for one semester would be five to eight percent depending on a student's major. Dr. Oldham replied that assuming a three to four percent general tuition increase, that would be correct. Dr. Geist explained that to faculty, these fee increases would mean the difference between having a ratio of 10:1 as opposed to 6:1 in a first-semester nursing hospital clinical or a 250:1 ratio as opposed to a much smaller number of students in an entry-level chemistry class. Dr. Geist stated that the faculty try to deliver personalized, high-quality instruction to the students, take that endeavor seriously, and want to make sure that when students leave Tennessee Tech, they are flying. Dr. Stinson added that Tennessee Tech students receive just over \$20 million in state lottery scholarships to help pay their fees.

At the request of the Chair, Ms. Carpenter took a roll call vote. The motion carried with one "nay" vote from Capt. Wilmore.

Dr. Geist inquired when the last non-mandatory fee increase occurred and Dr. Stinson replied that the last fee increase was three years ago.

Governor Haslam stated "This is exactly what we hoped this Board would do and could not do before, with the larger organization: the Board fighting for the students and their families, the faculty explaining what it looks like in real life, and the President and the administration presenting the overall view."

Dr. Fleming commended Dr. Oldham by saying that she felt he had done a good job under difficult circumstances.

AGENDA ITEM 12 – APPROVAL OF ACADEMIC AFFAIRS POLICIES

Dr. Ghorashi presented an overview of Academic Affairs policies 224, 225, 226 and 227.

Chair Jones recommended that the policies be considered as a group and Mr. Stites so moved. Mr. Saggurti seconded the motion.

Mr. Stites asked that Tennessee Tech make sure the students it is sending out to the workplace match up to what the workplace needs. Mr. Stites indicated that Tennessee Tech should consider a program that redirects unsuccessfully Tennessee Tech students to other institutions such as community colleges or Tennessee Colleges of Applied Technology (hereafter "TCAT"). Mr. Stites recommended that Tennessee Tech look at a procedure to redirect these students in an appropriate academic direction and help them find where they need to be. Mr. Saggurti stated that the Board might need the help of the Executive Director of the Tennessee Higher Education Commission, Mike Krause, to think through that statewide. Chair Jones stated that this issue could be brought back up at a later date.

At the close of the discussion, the motion carried unanimously.

AGENDA ITEM 13—APPROVAL OF ACADEMIC AFFAIRS MATTERS

Dr. Ghorashi presented a proposal for establishment of a new online M.S. degree in Accountancy in the College of Business. This program would increase Tennesseans' access to graduate accounting education. Ms. Harper moved approval of the new program and Mr. Saggurti seconded the motion.

Mr. Stites inquired if the proposal was driven by the request of industry. Mr. Stites stated that it did not matter how many programs Tennessee Tech offered if there were not jobs for those students when they graduated. Tom Payne, Dean of the College of Business, replied that industry today is demanding more and more of graduates and this new program certainly was the result of an industry need to have not only degreed accountants, but also accountants that are moving toward completion of their Certified Public Accountant licenses. Dean Payne stated that the proposed program would move students through that professional licensure and makes the program available not only to accounting students and alumni but also to others across the state.

At the close of the discussion, the motion carried unanimously.

Dr. Ghorashi also presented a proposed change in Graduate Admission Policy for M.A. degree in the Department of Counseling and Psychology. Dr. Ghorashi stated that the proposed change in admission policy would be better aligned with Tennessee Tech's "Fast Track" program.

Ms. Vanhooser moved to approve the change and Dr. Geist seconded the motion. After an opportunity for discussion and there being none, the motion carried unanimously.

AFFIRMATION OF THE PRESIDENT

Chair Jones presented an item not on the agenda. Chair Jones stated that one of the Board's primary roles is to work through the President because the President is the Board's chief employee. He stated that he would not be on the Board if he did not have complete faith, respect and admiration for the leadership President Oldham has shown to Tennessee Tech and he is proud to be on the Board for that reason. Chair Jones noted that though the Board was not required to ratify the President's appointment, it seemed an omission to not make that statement of support at the Board's first meeting.

Chair Jones asked that the Board entertain a motion to affirm President Oldham as President of Tennessee Tech followed by a roll call vote. Mr. Saggurti so moved and Ms. Harper seconded the motion.

Mr. Stites stated that the vote was intended to be a clear affirmation of support for President Oldham and a statement that the Board strongly supports what President Oldham is doing for Tennessee Tech; he wanted there to be no misunderstanding. Ms. Harper stated that she would not be serving on the Board if Phil Oldham was not President and if the Governor had not asked her to serve. She also stated that her support for Tennessee Tech is driven currently by Dr. Oldham's leadership.

At the request of the Chair, Ms. Carpenter took a roll call vote. The motion carried unanimously.

As Mr. Saggurti voiced his vote, he also thanked President Oldham.

AGENDA ITEM 14 – APPROVAL OF MEETING DATES

The Board set June 14 and 15, 2017, for its next regular meeting. Chair Jones proposed either having an Executive Committee meeting in the near future or asking the staff to identify additional possible dates.

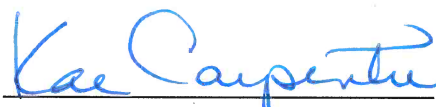
AGENDA ITEM 15 – OTHER BUSINESS

Chair Jones asked if there was any other business and thanked Governor Haslam for providing this opportunity to Tennessee Tech. Governor Haslam thanked the Board again for the exchange over fees and tuition and reiterated that he hoped it would be a model for what will happen in the future. He stated he was leaving the meeting more excited than ever about Tennessee Tech.

AGENDA ITEM 16 – ADJOURNMENT

There being no further business, the meeting adjourned at 3:45 p.m.

Respectfully Submitted,



Kae Carpenter, Secretary

**Title of Agenda Item 3 corrected to reflect published title of agenda item.*