



**Middle Tennessee State University
Board of Trustees
Finance and Personnel Committee**

Tuesday, August 18, 2020
2:00 p.m.

MEC Meeting Room – 2nd Floor
Miller Education Center
503 East Bell Street
Murfreesboro, Tennessee 37132



**Middle Tennessee State University
Board of Trustees**

Finance and Personnel Committee

August 18, 2020
2:00 pm

AGENDA

Call to Order and Opening Remarks

Roll Call

Approval of Minutes (Action) -----Tab 1

Fiscal Year 2019-20 Update (Information) Tab 2

Coronavirus Aid, Relief, and Economic Security (CARES) Act (Information) Tab 3

Fiscal Year 2020-21 Budget Update (Information) Tab 4

Classified Employee Grievance Annual Report (Information) Tab 5

Closing Remarks

Adjournment



**Middle Tennessee State University
Board of Trustees**

Finance and Personnel Committee

Action Item

DATE: August 18, 2020

SUBJECT: **Approval of Minutes**

PRESENTER: Joey Jacobs
Committee Chair

BACKGROUND INFORMATION:

The Finance and Personnel Committee met on June 2, 2020. Minutes from this meeting are provided for your review and approval.

**MIDDLE TENNESSEE STATE
UNIVERSITY BOARD OF TRUSTEES**

**FINANCE AND PERSONNEL
COMMITTEE MINUTES**

The Finance and Personnel Committee met on Tuesday, June 2, 2020, by way of electronic teleconference.

Call to Order and Opening Remarks

Committee Chair Jacobs welcomed those participating and called the meeting to order at 9:50 a.m.

Roll Call and Statement of Necessity

Chairman Jacobs asked Board Secretary Heidi Zimmerman to call the roll. Ms. Zimmerman stated that because members of the Committee were participating in the meeting electronically, in accordance with Tennessee Code Annotated Section 8-44-108(c)(3), two questions needed to be answered by the Committee members for the record. First, could the trustee clearly hear others participating on the call in order to participate in the meeting. Second, were other individuals present in the room; if so, they would need to be identified. Ms. Zimmerman stated that by responding when she called their names, she would assume the trustee could clearly hear others participating on the call, and there were no other individuals present at their locations unless she was told otherwise.

The following Committee members were in attendance by way of teleconference: Joey Jacobs, Pete DeLay, Darrell Freeman, J.B. Baker, Tom Boyd, Mary Martin, Steve Smith, and Samantha Eisenberg. Also present on the conference call were Trustees Chris Karbowski and Pam Wright; President Sidney A. McPhee; Alan Thomas, Vice President for Business and Finance; Mark Byrnes,

University Provost; Joe Bales, Vice President for University Advancement; Andrew Oppmann, Vice President for Marketing and Communications; Bruce Petryshak, Vice President for Information Technology and Chief Information Officer; Deb Sells, Vice President for Student Affairs and Vice Provost for Enrollment and Academic Success; Brenda Burkhart, Chief Audit Executive; Heidi Zimmerman, University Counsel and Board Secretary; and, Kim Edgar, Assistant to the President and Chief of Staff.

Ms. Zimmerman stated that a quorum was not physically present but that one would exist with the inclusion of the Committee members participating electronically. In accordance with T.C.A. § 8-44-108(b)(2), in order to proceed without a physical quorum, the Committee was required to make a determination that necessity for the meeting existed. Ms. Zimmerman provided the following circumstances for the Committee's consideration to establish the necessity for holding the meeting:

1. The agenda included information and matters the Committee must consider and vote on in order to make recommendations to the Board of Trustees. These matters included capital outlay project submittal, capital disclosures, and capital maintenance projects submittal, tuition, fees, and housing rates, operating budgets, and policy revisions.
2. The Board of Trustees will meet on Tuesday, June 16.
3. It was necessary for the Committee to meet in order to consider these matters prior to the Board's next meeting.
4. Due to concerns related to exposure to the coronavirus, it was determined that the Committee meeting should be held electronically and, thus, there was not a physical quorum without electronic participation of Committee members.

Chairman Jacobs requested a motion and second be made concerning the necessity for the

meeting. Trustee Delay made the motion, which was seconded by Trustee Martin. A roll call vote was taken. The vote was 7 Ayes and no Nays; the motion determining that necessity to hold the meeting existed carried.

Approval of Minutes

The first agenda item was approval of the minutes of the March 17, 2020 meeting of the Finance and Personnel Committee. A motion was made by Trustee DeLay and seconded by Trustee Baker to approve the minutes. A roll call vote was taken, and the motion to approve the minutes of the March 17, 2020 meeting of the Finance and Personnel Committee passed unanimously.

Capital Outlay Project Submittal – Action

Bill Waits, Assistant Vice President for Campus Planning, presented the next agenda item concerning approval of the FY 2021-22 Capital Outlay Project Submittal for the Applied Engineering Building. He informed the Committee that this was the Capital Outlay Project Request for FY 2020-21. It is listed as a high priority project in the Campus Master Plan. The \$55 million project is a 92,000 square foot building that will provide critically needed lab space and support areas for the degree programs of Mechatronics Engineering and Engineering Technology. The scope of work also includes the demolition of the Voorhies Engineering Technology building, which is listed as a high priority project from the 2016 Campus Master Plan. The proposed site will be the companion piece to the School of Concrete and Construction Management Building Project, which is currently in design. Mr. Waits explained that these projects would be grouped with the existing Science building and proposed Math and Computer Science building to create a science innovation corridor that will focus on STEM and STEM disciplines. He then directed the Committee to the meeting materials for the site plan and information regarding the project funding sources.

Chairman Jacobs asked for any comments or questions concerning the proposed project submittal. Dr. McPhee stated that he had great confidence in the work performed by Mr. Waits and his staff and expressed support for the recommendation of approval of the submittal. A

motion was made by Trustee Martin and seconded by Trustee DeLay to approve the FY 2021-22 Capital Outlay Project Submittal for the Applied Engineering Building. A roll call vote was taken, and the motion to approve the FY 2021-22 Capital Outlay Project Submittal for the Applied Engineering Building passed unanimously.

Capital Disclosures – Action

The next item Mr. Waits presented for approval was the FY 2021-22 MTSU Capital Disclosure request. He noted that disclosure is the first step in the approval process, and the two proposed projects listed in the request would not be added to the MTSU Capital Disclosure List until July 2021. The first project was a \$63 million New Student Housing project to be located on the western half of the current Womack Lane housing site. The second project was the Student Athletic Performance Center project that is included as part of the MTSU Athletic Master Plan and amended into the 2016 MTSU Campus Master Plan. The Student Athletic Performance Center will take the place of the Football Operations Facility (disclosed FY 19-20) on the MTSU Disclosure list and includes the addition of scope originally envisioned in later phases of the Athletic Master Plan. Then, Mr. Waits directed the Committee to the meeting materials for information concerning the MTSU Capital Disclosure List as of July 1, 2020. Trustee Boyd noted the Athletic Video Board Upgrade project on the July 1, 2020 Capital Disclosure List and asked if this project included work to the Murphy Center sound system. Mr. Waits responded that it was part of the Athletic Video Board upgrades and could begin when the project's financing is in place. Mr. Thomas noted that a funding source for the \$3 million project had not yet been identified and that some private funding would be necessary to move forward. Trustee Boyd asked if an upgrade to the Murphy Center audio system could proceed in advance of the other components of the Athletic Video Board upgrades under the current disclosure. Mr. Waits responded that it could possibly proceed as a separate scope item under the disclosure in place. Trustee Baker asked Mr. Waits to make it a priority to research the cost of replacing the audio system as a separate item and provide this information to the Committee.

A motion was made by Board Chair Smith and seconded by Trustee DeLay to approve the FY

2021-22 MTSU Capital Disclosure Request. A roll call vote was taken, and the motion to approve the FY 2021-22 Capital Disclosure Request passed unanimously.

Capital Maintenance Projects Submittal – Action

The next agenda item was a recommendation to submit ten (10) project requests totaling \$9,965,000 to THEC for 2021-22 capital maintenance funding. Joe Whitefield, Assistant Vice President for Facilities Services, presented information concerning the process for identifying and bringing forward capital maintenance projects in conjunction with the instructions received from the Tennessee Higher Education Commission. He explained that the maintenance projects are submitted in order of priority, so the first four projects on the list would be the ones we would expect to receive approval for should MTSU only be allocated base level funding of \$3,089,000 for maintenance projects. The meeting materials also contained information on potential project requests for FY 2022-23 through 2025-26. A motion was made by Trustee DeLay and seconded by Trustee Boyd to approve the FY 2021-22 Capital Maintenance Projects Submittal for ten (10) projects totaling \$9,965,000, as well as the potential project requests for FY 2022-23 through 2025-26. A roll call vote was taken. The motion to approve the FY 2021-22 Capital Maintenance Projects Submittal for ten (10) projects totaling \$9,965,000, and the potential project requests for FY 2022-23 through 2025-26, passed unanimously. Before moving to the next agenda item, Chairman Jacobs asked why the Murphy Center audio system was disclosed as part of a capital project rather than a capital maintenance request. Mr. Whitefield responded that Athletic operations are viewed as auxiliaries for infrastructure and facilities purposes. Chairman Jacobs asked if reclassifying the project as a capital maintenance item could be considered. Mr. Thomas stated that options for including the audio system upgrade with other emergency items that are high on the capital maintenance list could certainly be explored, but auxiliary-type projects are usually not eligible for State capital maintenance funding.

Tuition, Fees and Housing Rates – Action

The next agenda item concerned a recommendation for approval of 2020-21 tuition, fees, and housing rates. Mr. Thomas stated that the University is recommending no increase in tuition for

undergraduate students, which complies with THEC's guiding range of 0 – 2.0%, and no increase in tuition for graduate students. Additionally, no increases were requested for mandatory fees, non-mandatory fees, or housing rates. He explained that the recommendation to forgo increases for 2020-21 was based on the financial difficulties many students and their families began experiencing in March due to the COVID-19 pandemic. Mr. Thomas then directed the Committee's attention to a recommendation for approval to adjust the Corporate Partnership Rate for graduate students from the eRate to the in-state rate. He explained that when this adjustment recommendation for undergraduate students was made in May 2019, the University failed to include graduate students in the request for approval by the Board of Trustees. Approval of this recommendation now would make the rate consistent for both undergraduate and graduate students. Mr. Thomas also informed the Committee that since THEC did not reaffirm the guiding range of 0-2% set in November (2019) at their May meeting, there is a possibility that the range could change after the results from the Governor's budget are known later in June. Given that possibility, he stated that the recommendation for a 0% increase could be taken with the understanding that whatever the Committee approved today could be revisited after the June legislative session and more information concerning the budget becomes available. A motion was made by Trustee DeLay and seconded by Trustee Martin to approve the recommendation for a 0% tuition increase with an option to revisit at a later date. Much discussion ensued concerning the budgetary and financial aid issues that would be created for students by raising tuition after the University's recommendation for a 0% increase had already been announced publicly. The Committee then decided that the motion to approve the recommendation for a 0% tuition increase with an option to revisit at a later date should be withdrawn. After confirming with Trustee DeLay and Trustee Martin that the motion and second were withdrawn, Chairman Jacobs asked for a new motion. A motion was made by Trustee DeLay and seconded by Trustee Martin to approve a 0% increase in tuition and fees. A roll call vote was taken and the motion to approve a 0% increase in tuition and fees passed unanimously.

Operating Budgets – Action

The next item was a recommendation for approval of the 2019-20 Estimated Budget and the July

2020-21 Proposed Operating Budget. Mr. Thomas stated that the Estimated Budget is the final budget for the fiscal year, and the July Budget is the proposed base budget for the upcoming fiscal year. He provided a brief overview of some of the adjustments reflected in the Estimated Budget. They included housing and meal plan refunds, summer course fee adjustments, discounted parking, rec center and postal service fees, and reductions in revenue from Conference USA and NCAA. He noted that the most significant adjustments to the restricted revenue schedule were from the CARES Act Funding, which will affect both years' budgets. Mr. Thomas next presented information on the July Budget for the upcoming fiscal year. He explained that this is the base budget containing only information that is known at this time. The October Budget will reflect adjustments for any changes in appropriations and enrollment after the beginning of the fiscal year. The proposed budget does not include a tuition increase or any fee increases; however, it does include an operating appropriation increase as approved by the General Assembly in March 2020 and some adjustments for enrollment. He noted that the appropriations also included funding for a 1.5% salary pool and one-time funding for the Meharry Medical School partnership. The final item presented in the materials was the TSSBA Debt Service Coverage – Disclosed Projects Coverage Adjustments schedule required by TBR under the FOCUS Act to disclose any projects that may require school bond financing.

Discussion ensued concerning the impact of the COVID-19 pandemic on the operating budget, both in spending and loss of revenues. Trustee Martin asked if a report could be provided later on regarding the use of the CARES Act funding and its impact on the budget. Mr. Thomas assured the Committee that financial updates on appropriation and enrollment adjustments would be provided at the next Committee meeting in August. A motion was made by Trustee Baker and seconded by Trustee Martin to approve the 2019-20 Estimated Budget and the July 2020-21 Proposed Operating Budget. A roll call vote was taken. The motion to approve the 2019-20 Estimated Budget and the July 2020-21 Proposed Operating Budget passed unanimously.

Policy Revision – Action

The final agenda item was a request to revise Policy 641 Student Fees – Incidental Charges and Refunds. At the June 2019 Board of Trustees meeting, the Board approved changing the Corporate Partnership Rate from the eRate to the in-state rate for undergraduate students. The University is now requesting a comparable rate for graduate students and must revise the policy to reflect these changes. A motion was made by Trustee Martin and seconded by Trustee Baker to approve the revision to Policy 641 Student Fees – Incidental Charges and Refunds changing the Corporate Partnership Rate from the eRate to the in-state rate for both undergraduate and graduate students. A roll call vote was taken. The motion to approve the revision to Policy 641 Student Fees – Incidental Charges and Refunds changing the Corporate Partnership Rate from the eRate to the in-state rate for undergraduate and graduate students passed unanimously.

Closing Remarks

Dr. McPhee closed the meeting with updates on preparations for the first phase of the Safe Return-to-Campus Plan for employees beginning June 16 and the latest developments in establishing an on-campus COVID-19 testing location.

The meeting adjourned at 11:35 a.m.

Respectfully submitted,
Finance and Personnel Committee



**Middle Tennessee State University
Board of Trustees**

Finance and Personnel Committee

Action Item

DATE: August 18, 2020

SUBJECT: **Fiscal Year 2019-20 Update**

PRESENTER: Alan Thomas
Vice President for Business and Finance

BACKGROUND INFORMATION:

Alan Thomas, Vice President for Business and Finance, will provide financial updates for Fiscal Year 2019-20.



**Middle Tennessee State University
Board of Trustees**

Finance and Personnel Committee

Action Item

DATE: August 18, 2020

SUBJECT: **Coronavirus Aid, Relief, and Economic Security (CARES) Act**

PRESENTER: Alan Thomas
Vice President for Business and Finance

BACKGROUND INFORMATION:

Alan Thomas, Vice President for Business and Finance, will provide updates concerning the use of the CARES Act funding and its impact on the budget.

CARES ACT

Summary of Legislation

The \$2.2 trillion Coronavirus Aid, Relief and Economic Security Act (CARES Act) was passed by Congress on March 27, 2020, to provide direct support to taxpayers, student borrowers, states, certain private industries, and educational institutions. One of the most significant components of the new stimulus installment was the Education Stabilization Fund, which provided \$30.75 billion to support education. This fund had two main components: (1) the Governor's Emergency Education Relief Fund (GEERF) and (2) the Higher Education Emergency Relief Fund (HEERF).

The Governor's Emergency Education Relief Fund (GEERF) was approximately \$3 billion. It provided funding to governors to support the states' school districts and higher education institutions. It was distributed to states based on a formula stipulated in the legislation: (1) 60% based on the population of individuals aged 5 through 24 and (2) 40% based on the relative number of children counted under section 1124(c) of the Elementary and Secondary Education Act of 1965. Governors were given flexibility in deciding how to best meet the needs of students, school, and post-secondary institutions. As a condition of receiving GEER funds, the state must maintain support for elementary, secondary, and higher education in fiscal years 2020 and 2021 at least at the same levels of support in the three fiscal years preceding March 27, 2020 (typically fiscal years 2019, 2018, and 2017).

The Higher Education Emergency Relief Fund (HEERF) was \$13.95 billion allocated to assist students and higher education institutions with the financial burden related to the COVID-19 pandemic and the conversion to remote delivery of classes. Of the HEER funds available, 90% (\$12.56 billion) was allocated to higher education institutions based on two factors: (1) 75% of the funds awarded was based on the number of Pell Grant eligible students enrolled who were not enrolled exclusively in on-line courses and (2) 25% of the funds were awarded based on the number of non-Pell eligible students who were not enrolled exclusively in on-line courses. The primary restriction was that at least 50% of the allocated funding be used to provide students with emergency financial aid grants to help cover expenses related to the disruption of campus operations.

The remaining 10% of HEER funds were allocated to support higher education through existing Higher Education Act (HEA) programs:

- 7.5% (\$1.05 billion) allocated for institutions already receiving funds from 11 established grant programs. These programs fall into the following categories: Historically Black Institutions, American Indian Tribally Controlled Institutions, Minority Serving Institutions, and Strengthening Institutions Program. The funds were proportionally allocated based on the most recent year of funding for these grant programs.
- 2.5% (\$.35 billion) to address the greatest unmet needs related to COVID-19 through the Fund for the Improvement of Postsecondary Education Program.

CARES ACT

Higher Education Emergency Relief Fund (HEERF) – Student Emergency Aid

Middle Tennessee State University received \$8,649,706 under the Higher Education Emergency Relief Fund (HEERF) specifically for student emergency financial aid grants.

Although one half of the total HEER funds were required to be paid directly to students, institutions were allowed a lot of freedom in choosing a methodology for distributing individual awards. To receive the funds, the University agreed to:

- (a) Not use the funds for any purpose other than the direct payment of grants to students for their expenses related to the disruption of campus operations due to coronavirus, such as food, housing, course materials, technology, health care, and child-care.
- (b) Promptly make the funds available as emergency financial aid grants to students.
- (c) Give priority to students most in need.
- (d) Document that the institution continued to pay all its employees during the period of disruption or closure to the greatest extent practicable.
- (e) Distribute all funds within one year from the date of submission of the Funding Certification and Agreement document.

In addition to guidance received from the U. S. Department of Education regarding eligibility requirements, MTSU developed the following requirements:

- Students must be eligible to participate in programs under Section 484 in Title IV of the Higher Education Act of 1965, as amended (HEA).
- Students must have been enrolled in on-ground coursework that was converted to on online coursework resulting from COVID-19. These students would have experienced direct impact resulting from expenses related to the disruption of campus operations due to coronavirus.
- Students must be undergraduate or graduate degree-seeking students (including those seeking teacher licensure) and attending at least half-time. Credit hours related to the PC191 employee discount waiver are excluded from the calculation of at least half-time enrollment. Students assessed fees based on corporate rate are excluded from eligibility.
- Students must be U.S. citizens or eligible non-citizens. Undocumented and international students are ineligible.

- Students who are eligible for the Federal Pell Grant and/or part of the MTSU Next Step Program will receive additional funding.
- The following model was used to determine the amount of funding students received, if the above eligibility criteria were met:

Base Undergraduate	\$500.00
Graduate	\$500.00
Base + Pell	\$700.00
Base + Next Step	\$800.00
Base + Pell + Next Step	\$1,000.00

CARES ACT
Higher Education Emergency Relief Fund (HEERF) – Institutional Portion

Middle Tennessee State University will receive \$8,649,705 under the Higher Education Emergency Relief Fund (HEERF) specifically for institutional emergency relief.

As a condition for receiving the institutional portion of HEER funds, institutions had to first apply for the Student portion. The institutional funds were to be used for expenses related to the disruption of campus operations due to moving courses online. Funds could only be spent on costs for which there was a clear nexus to instruction delivery changes due to the coronavirus. Items specifically mentioned as permissible were:

- Reimbursements to students for housing, food, or other services no longer available after the shutdown of campus.
- Computer hardware, software, or internet connectivity purchased on behalf of students or provided to students.

Certain types of expenses were specifically disallowed, such as, funding of endowments, spending on athletic or religious facilities, and enrollment recruitment activities such as marketing and advertising or compensation to recruitment contractors. Additionally, expenditures for senior administrators or executive salaries, related benefits, incentives, or other items specified in contracts, would not be allowable. The legislation also required that institutions receiving the funding must retain their current employees to the “maximum extent practicable.”

MTSU has developed a plan for using the institutional funds as follows:

Projects	Estimates
Housing Refunds	1,269,730
Meal Plan Refunds	631,992
Student Wage Payments	776,088
Classroom Capture Experience	3,500,000
Online Tests Proctoring	192,500
Student Hotspots	240,000
Student Laptops (including shipping/postage)	170,618
Other Technology	427,335
COVID-19 Protective Measures (masks, barriers, etc.)	206,120
Reserve for Fall/Spring Actions	1,235,322
Total Projects	<u>8,649,705</u>

CARES ACT
Higher Education Emergency Relief Fund (HEERF) – Strengthening Institutions Program

Middle Tennessee State University will receive \$845,908 under the Higher Education Emergency Relief Fund (HEERF) specifically for the Strengthening Institutions Program.

This portion of the HEER fund provided emergency education relief funds to defray expenses or address needs associated with the institutional response to the coronavirus. The allowable expenses include lost revenue, reimbursement for incurred expenses, technology and training costs associated with the move to online courses, grants to students, and faculty and staff payroll.

Unlike the previous funding, this portion did not include a requirement to use 50% of the funds as grants to students. Certain requirements under this program were as follows: (1) agree to the greatest extent practicable to pay all employees during the period of any closures, (2) cannot include senior administrator or executive salaries, benefits, bonuses, or incentives, and (3) use the funds within one year of application.

These funds are being reserved by the University to offset a possible revenue loss in the Fall 2020 semester. Revenue losses could result from similar actions as taken in the Spring 2020 semester such as housing refunds, meal plan refunds, waiver of fees, etc. These funds can also be used to offset revenue losses from an enrollment decline.

CARES ACT

Governor's Emergency Education Relief Fund (GEERF)

Middle Tennessee State University will receive \$1,554,075 under the Governor's Emergency Education Emergency Relief Fund (GEERF).

These funds are intended to assist higher education enterprises in dealing with challenges that have been created by the pandemic. Two primary focus areas are eligible for funding: efforts associated with preventing the spread of COVID-19 (e.g., expenses associated with social distancing) and technological improvements to facilitate distance learning.

Amounts for which institutions are eligible is dependent upon the number of institutions who successfully apply for these funds and will be determined using a formula weighing institutions' proportionate share of low-income students. For institutions who award Pell Grants, THEC will use the number of Pell Grant recipients at the institution to determine the institutions' proportionate share of low-income students. For institutions who do not award Pell Grants, THEC will use the verifiable number of students who have an Expected Family Contribution (EFC) below the threshold that would make the student eligible for a Pell Grant as an undergraduate student.

MTSU submitted a Notice of Intent (NOI) on July 17 followed up with a written proposal on July 31. The written proposal contained information on how the University would use the funds for its technological needs as follows:

The University's primary use of these funds will be to support Online Transition Expenses, specifically to increase flexibility and agility regarding course delivery. This investment would be in faculty laptops, which works together with our Classroom Capture investment.

With this approach, students can:

- Attend the class in person or remotely at the time the class is offered
- If they can not attend at that time, they can view all of the materials (items on the document camera, presentations from the faculty laptop, notes from the white board) and listen to any part or all of the lecture, any time they wish
- All the materials reference above are later available as a study aid

The faculty can:

- Prepare the materials they are going to use in the class, at any time, from anywhere

- If the classroom becomes unavailable, the faculty can hold the class from any other location, including their home
- If the faculty office space becomes unavailable, they can still prepare for the class because they will have their laptop with them

This provides increased flexibility to both our students and our faculty. We also believe that this could provide an even better experience than pre-COVID.

The University will receive advance payment and will be required to submit reports demonstrating funds spent at designated time periods throughout the contract. THEC will require all institutions to submit a final report by December 1, 2020 demonstrating the use of funds in accordance with section 601(d) of the Social Security Act.

**CARES Act Funding Status Report
As of July 27, 2020**

	<u>Awarded</u>	<u>Spent</u>	<u>Remaining</u>
Higher Education Emergency Relief Fund			
Emergency Aid (13,436 students)	8,649,706	7,954,000	695,706
Institutional Portion	8,649,705	2,891,821	5,757,884
Strengthening Institutions Program	845,908	-0-	845,908
Governor's Emergency Educ Relief Fund	1,554,075	-0-	1,554,075
Totals	<u>19,699,394</u>	<u>10,845,821</u>	<u>8,853,573</u>



**Middle Tennessee State University
Board of Trustees**

Finance and Personnel Committee

Information Item

DATE: August 18, 2020

SUBJECT: **2020-21 Budget Update**

PRESENTER: Alan Thomas
Vice President for Business and Finance

BACKGROUND INFORMATION:

Alan Thomas, Vice President for Business and Finance, will provide an update on the 2020-21 Budget.

Alan Thomas

From: Kimberly Edgar
Sent: Wednesday, July 1, 2020 11:19 AM
To: University
Subject: Message from President McPhee: Impact of the Final State Budget

Dear University Community,

With the passage of a revised legislative budget by the 111th General Assembly on June 19, I wanted to provide the campus community with an update of items affecting MTSU. As I communicated to the campus back in March, the General Assembly passed a limited 2020-21 fiscal year budget in order to fulfill their constitutional requirement at that time, knowing the budget would need to be revisited when they reconvened in early June.

I am happy to report that higher education institutions, including MTSU, will not experience cuts in base appropriations for the upcoming year, nor have funds impounded. This would not have been possible without the advocacy of Executive Director Mike Krause and the Tennessee Higher Education Commission (THEC) along with the support of the Governor, Commissioner Eley, and the legislature.

Due to the passage of a final State Budget not expected until June, THEC delayed setting tuition and fee ranges for institutions, which was originally planned for discussion at their May 2020 meeting. These ranges are normally set after the legislature has passed the Governor's budget. THEC held a special called Commission meeting this past Friday to set the range at 0 – 2%. As approved by MTSU's Board of Trustees on June 16, MTSU students will not see any increase in tuition and fees for the upcoming year.

Outlined below are other specifics of how the passage of the amended budget will impact the University.

Recurring Operating Funds – New funding requested for higher education, including funding for salary increases, was removed from the budget as a result of budget reductions. This equates to approx. \$5.2 million in new funds the University would have received to cover the University's annual fixed costs.

Non – Recurring Operating Funds – Funding of \$1.2 million remained in the budget to provide continued financial aid for the Medical Education Program jointly administered by MTSU and Meharry Medical College.

Capital Outlay – All capital outlay funding for higher education was removed from the 2020-21 budget. The source of funding for last year's School of Concrete and Construction Management project was revised but this will have no impact as the University proceeds with the project.

Capital Maintenance – Funding for three maintenance projects totaling \$7.1 million was reduced to one maintenance project with an estimated project cost of \$4.6 million.

The University's Proposed Budget will be submitted to THEC in mid-July. Since this budget was developed using the State Budget approved in March 2020, budget revisions are under consideration and will be reflected in the October Revised Budget.

As always, thanks for your dedication to our university - and be safe.

Sincerely,

Sidney A. McPhee

President

Sidney.McPhee@mtsu.edu

I AM *true* **BLUE**.

MIDDLE TENNESSEE STATE UNIVERSITY

Fixed Cost Increases

	<u>Amount</u>
Appropriations Outcomes Formula	\$ 1,618,200
Faculty Promotions	363,600
Scholarships & Discounts	2,628,240
Software Maintenance Agreements	819,612
New Academic Programs	<u>1,175,248</u>
FY 20-21 Budget Need	<u><u>\$ 6,604,900</u></u>
Budget Need to be Covered By Reallocations	\$ 6,604,900



**Middle Tennessee State University
Board of Trustees**

Finance and Personnel Committee

Information Item

DATE: August 18, 2020

SUBJECT: **Classified Employee Grievance Annual Report**

PRESENTER: Kathy Musselman
Assistant Vice President for Human Resources

BACKGROUND INFORMATION:

In accordance with TCA §49-8-117 each State University Board *“shall provide an annual report to the education committee of the senate and the education committee of the house of representatives summarizing grievance activities of the previous year.”*

Classified staff that are demoted, suspended or terminated for cause are notified of their rights to appeal the employment action. If the employee starts the grievance process, we are required to report the outcome to the senate and house committees.

Attached is the information reported for fiscal year July 1, 2019 - June 30, 2020.

Classified Employee Grievances

July 1, 2019 – June 30, 2020

	Number	Hearing	Decision Upheld	Decision Overturned
Demotion	0			
Suspension without pay	0			
Termination for Cause	1		1	
Work assignments or conditions of work	1		In progress	