

**MIDDLE TENNESSEE STATE UNIVERSITY
BOARD OF TRUSTEES**

**FINANCE AND PERSONNEL COMMITTEE
MINUTES**

The Finance and Personnel Committee met on Wednesday, May 29, 2019, in the Miller Education Center Meeting Room at Middle Tennessee State University.

Call to Order and Opening Remarks

Committee Chair Joey Jacobs called the meeting to order at 9:30 a.m. and requested Board Secretary Heidi Zimmerman to call the roll.

Roll Call

The following Committee members were in attendance: J.B. Baker, Pete DeLay, Darrell Freeman, Joey Jacobs, Tony Johnston, Steve Smith and Peyton Tracy. A quorum was declared. Also present was Trustee Andy Adams. President Sidney A. McPhee; Alan Thomas, Vice President for Business and Finance; Cheryl Torsney, Vice Provost for Faculty Affairs; 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 Burkhardt, Chief Audit Executive; Heidi Zimmerman, University Counsel and Board Secretary; and, Kim Edgar, Assistant to the President and Chief of Staff were also in attendance.

Approval of Minutes

The first agenda item was approval of the minutes from the March 18, 2019 Finance and Personnel Committee meeting. Trustee DeLay moved to approve the minutes from the March 18, 2019 meeting and Trustee Freeman seconded the motion. A voice vote was taken and the motion to approve the minutes from the March 18, 2019 meeting of the Finance and Personnel Committee carried.

MTSU Foundation Agreement

The second agenda item concerned approval of the agreement between the University and the MTSU Foundation. This item was presented for approval at the March 18th Committee meeting; however, voting on the agreement was deferred to allow University Advancement Vice President Joe Bales to provide an informational session on the topic at the April 3rd Spring Quarterly BOT Meeting. Mr. Thomas informed the Committee that the agreement contained in the meeting materials was the same as the one presented at the previous Committee meeting. A motion was made by Trustee Freeman to approve the MTSU Foundation Agreement. Trustee Johnston seconded the motion. A voice vote was taken and the motion to approve the MTSU Foundation Agreement passed. Board Chair Smith asked if consideration was being given to appointing a designee from the Board of Trustees to serve on the MTSU Foundation Board. Dr. McPhee replied that he and Mr. Bales are discussing this matter with executive members of the Foundation to determine whether this could create a possible conflict of interest issue for the two governing boards. Dr. McPhee noted the importance of preserving the independence of the MTSU Foundation Board in the process of nominating and appointing members to its Board. He further explained the role of the Foundation Nominating Committee in putting forward names for potential members and presenting them to the full Foundation body for a vote. Trustee Delay asked if a Board of Trustees member could serve in an ex officio role on the Foundation Board if it is determined to be a conflict for a member to serve on both boards. Dr. McPhee responded that he and the President of the Foundation would discuss this as an option.

Capital Outlay Project Submittal

The third agenda item presented for Committee approval was the proposed FY 2020-21 Capital Outlay Project Submittal for the Applied Engineering Building that will provide lab, classroom, office space, and common space for the degree areas of Mechatronics Engineering and Engineering Technology. Bill Waits, Assistant Vice President for Campus Planning, provided the Committee with a brief summary of the submittal and approval process for receiving state funding for the project. He directed the Committee to the documents contained in the meeting

materials for an outline of the budget information concerning construction costs, designer fees, and contingency costs. A motion was made by Trustee Baker to approve the proposed FY 2020-21 Capital Outlay Project Submittal for the Applied Engineering Building. Trustee DeLay seconded the motion. A voice vote was taken and the motion to approve the proposed FY 2020-21 Capital Outlay Project Submittal for the Applied Engineering Building passed.

Capital Disclosures

Mr. Waits presented information on the next agenda item concerning the planned disclosure of five (5) capital projects to be submitted in the MTSU FY 2020-21 Capital Budget request to the Tennessee Higher Education Commission (THEC) and the Tennessee Department of Finance and Administration. The proposed projects include improvements to the campus quadrangle, food service improvements, Floyd Stadium stairs, tennis improvements, and renovations to the Smith Baseball Clubhouse. Mr. Waits explained that disclosure of a capital project is the first step in the project lifecycle to demonstrate the University's intent to the State Building Commission and to allow the state to budget accordingly. He noted, however, that the University is not obligated to construct a project once it is on the list. He then directed the Committee to the FY 2020-21 Capital Disclosure list contained in the meeting materials and provided a brief description and update for each project.

Capital Maintenance Projects Submittal

The fifth agenda item was a recommendation to submit six (6) project requests totaling \$10,050,000 to THEC for 2020-21 capital maintenance funding. Joe Whitefield, Assistant Vice President for Facilities Services provided information concerning the process for identifying and bringing forward capital maintenance projects in conjunction with the instructions received from the Tennessee Higher Education Commission. The materials presented by Mr. Whitefield also contained information on potential project requests for FY 2021-22 through 2024-25. A motion was made by Trustee Baker to approve the FY 2020-21 Capital Maintenance Projects Submittal for six (6) projects totaling \$10,050,000, as well as the potential project requests for FY 2021-22 through 2024-25. Trustee DeLay seconded the motion. A voice vote was taken and the motion

to approve the FY 2020-21 Capital Maintenance Projects Submittal for six (6) projects totaling \$10,050,000, and the potential project requests for FY 2021-22 through 2024-25, passed.

Tuition, Fees and Housing Rates

The sixth agenda item concerned a recommendation for approval of 2019-20 tuition, fees and housing rates. Mr. Thomas noted that this is the first year under the new Tuition Transparency and Accountability Act, T.C.A. §§ 49-7-1601, et. seq., that was passed during the 2018 legislative session, which requires a fifteen (15) day public comment period on any tuition and mandatory fee increases for undergraduates. He stated that those comments would be provided to the full Board at the June 18th quarterly meeting. Mr. Thomas then provided detailed discussion on how the recommended tuition increase was determined for both in-state and out-of-state students. He explained that with the University's total expense increase of \$7.4 million and state appropriations of approximately \$3.8 million, a 2.36% increase for in-state and out-of-state tuition would be needed to fund the \$3.6 million shortfall. Mr. Thomas directed the Committee to the 2018-19 tuition and fee peer comparison information contained in the meeting materials and indicated that MTSU ranks in the middle of the THEC peer institutions. He informed the Committee that the University is handling more students with the same budget, but that burden would not be put on the backs of the students. The discussion then turned to the requested 3% increase for graduate tuition. Mr. Thomas indicated that even with a 3% increase, MTSU would still rank third lowest in graduate tuition rate among the other LGIs. Trustee Johnston asked if the THEC recommendation for tuition increases applied only to undergraduate tuition. Mr. Thomas affirmed that the recommendation is for undergraduate tuition only and that any increase in graduate tuition falls under the purview of the Board. Mr. Thomas then stated that a decrease in the Corporate Rate to equal the in-state rate was also being recommended for approval. He explained that the intent of the rate decrease is to attract additional corporate partnership opportunities for the University with companies outside of Tennessee. This would involve entering into partnership agreements with these companies to promote MTSU as the higher education provider for their employees. In exchange, their employees would be allowed to enroll in a degree completion program created specifically for them at a lower Corporate Rate,

equal to the in-state tuition rate. Board Chair Smith asked how many partnerships the University currently has. Mr. Thomas replied that we have two but are hoping to broaden that area by offering a more competitive rate to potential partners. Next, Mr. Thomas provided the Committee with a brief summary of the mandatory and non-mandatory fee increase requests. He then provided information concerning proposed increases for 2019-20 housing rates. He explained that a 2% increase for apartments and a 2.5 % increase for residence halls is necessary to cover the increasing cost of salaries, benefits, utilities, plant, and maintenance costs. The final item presented was a summary of the total impact of the combined increases in undergraduate tuition plus mandatory fees based on a 15-hour enrollment in fall and spring equal to 2.37 %. Mr. Thomas stated that the recommended increase is within the zero to 2.5% binding range set by THEC at their May 2019 meeting. A motion was made by Trustee Freeman to approve the combined in-state and mandatory fees increase of 2.37% Trustee DeLay seconded the motion. A voice vote was taken and the motion to approve the combined in-state and mandatory fees increase of 2.37% passed.

Operating Budgets

The next agenda item was a recommendation for approval of the 2018-19 Estimated Budget and the July 2019-20 Proposed Operating Budget. Mr. Thomas explained that the Estimated Budget is the final budget for the fiscal year and reflects adjustments for spring enrollment, additional funding from state appropriations, and other miscellaneous adjustments. The July Budget is the base budget for the upcoming fiscal year. He noted that it includes 1.5% of the recommended 2.37% tuition and mandatory fee increase with the remaining amount to be included in the October Budget. A 2% salary pool was also included even though the Governor's Budget did not allocate separate funding for salary increases. He then directed the Committee to a list of ongoing bond projects and provided information on the process for including bridge funding in the budget based on gifts and pledges for the repayment of bond funding. A motion was made by Trustee Delay to approve the 2018-19 Estimated Budget and the July 2019-20 Proposed Operating Budget. Trustee Johnston seconded the motion. A voice vote was taken and the

motion to approve the 2018-19 Estimated Budget and the July 2019-20 Proposed Operating Budget passed.

Compensation Recommendation

The final agenda item was a recommendation for the creation of a 2% salary pool to implement salary increases from the operating increase approved for the University. Kathy Musselman, Assistant Vice President for Human Resources, presented information concerning a proposal to provide a Cost of Living Allowance (COLA) of 1.0% or \$500, whichever is greater, for regular employees, both full and part-time, on the payroll as of June 30, 2019, effective July 1, 2019. She explained that a proposal for implementing market adjustments using the remaining funds from the 2% salary pool, along with any additional funds provided from an increase in enrollment, would be presented at the August Committee meeting in an attempt to bring actual employee salaries closer to 2014-15 CUPA Salaries. Dr. McPhee reminded the Board that this is part of the overall strategy recommended last year to begin making headway in bringing University salaries to the market level. A motion was made by Board Chair Smith to approve a Cost of Living Allowance (COLA) of 1.0% or \$500, whichever is greater, for regular employees, both full and part-time, on the payroll as of June 30, 2019, effective July 1, 2019. Trustee Freeman seconded the motion. Chairman Jacobs asked that it be noted by Secretary Zimmerman that only the 1% cost of living increase or a minimum of \$500 was being voted on today. A voice vote was taken and the motion to approve a Cost of Living Allowance (COLA) of 1.0% or \$500, whichever is greater, for regular employees, both full and part-time, on the payroll as of June 30, 2019, effective July 1, 2019 passed.

Closing Remarks

Chairman Jacobs thanked Dr. McPhee and Mr. Thomas for answering all of their questions and thanked all the team members for their work in putting together the information for the meeting.

Adjournment

The meeting adjourned at 10:35 a.m.

Respectfully submitted,
Finance and Personnel Committee