

**MIDDLE TENNESSEE STATE UNIVERSITY
BOARD OF TRUSTEES**

**FINANCE AND PERSONNEL COMMITTEE
MINUTES**

The Finance and Personnel Committee met on Tuesday, March 16, 2021, 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 9:07 a.m. Before the start of business, the women's basketball team and Coach Insell and his staff joined the meeting via livestream to allow the Committee members to congratulate the team on winning the Conference USA Tournament Championship and wish them luck in the upcoming NCAA tournament.

Roll Call

Chairman Jacobs asked Interim Board Secretary Jeff Farrar to call the roll at 9:20 a.m. A quorum was declared with the following Committee members in attendance: Joey Jacobs (via phone), J.B. Baker, Tom Boyd, Pete DeLay, Mary Martin, Steve Smith, and Delanie McDonald. Trustee Freeman was unable to attend the meeting. In accordance with TCA 8-44-108 (c) (3), Mr. Farrar asked Chairman Jacobs to affirm that he could hear those present in the meeting, and there was no one present in the room with him. Also present were Trustee Pam Wright; President Sidney A. McPhee; Alan Thomas, Vice President for Business and Finance; Mark Byrnes, 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 Services; Brenda Burkhart, Chief Audit Executive; Jeff Farrar, Interim University Counsel and Board Secretary; and, Kim Edgar, Assistant to the President and Chief of Staff. Trustee Chris Karbowskiak was also present by way of teleconference.

Approval of Minutes - Action

The first agenda item was the approval of the minutes from the November 10, 2020 Finance and Personnel Committee meeting. Trustee DeLay moved to approve the minutes from the November 10, 2020 meeting, and Trustee Baker seconded the motion. A voice vote was taken, and the motion to approve the minutes from the November 10, 2020 meeting of the Finance and Personnel Committee carried.

Revisions to Policies - Action

The second agenda item was a recommendation for approval of revisions to University Policies 641 and 730. Policy 641 Student Fees-Incidental Charges and Refunds was updated to include the charging of maintenance fees and tuition for the Winter Session. Policy 730 Campus Crisis and Emergency Management was revised to add an Academic Continuity Committee. The addition of this Committee to the policy was a SACS recommendation. Other revisions to Policy 730 were for minor edits and corrections. Trustee Martin stated that Policy 730 did not contain specific details concerning the membership structure and scope of the proposed Academic Continuity Committee and asked that approval be remanded until this information was added. Mr. Thomas responded that Policy 32 (University Committees) was being revised to include those details. Mr. Farrar informed the Committee that Policy 32 had already been revised to include the Academic Continuity Committee and will be effective in August. Mr. Thomas called on Mary Hoffschwelle, Associate Provost for Strategic Planning and Partnerships, to explain to the Committee how Policy 32 will address the scope, structure, and charge of the Academic Continuity Committee as proposed in Policy 730. Dr. Hoffschwelle stated that the revisions to Policy 32 were based on input from the Faculty Senate and members of the academic community. The proposed Academic Continuity Committee will have faculty representation by college, with six faculty members serving staggered three-year terms. The Committee's purpose is to ensure continuity of instruction, research, and service by evaluating needs and providing guidance during a campus crisis as proposed within Policy 730. Chairman Jacobs asked if Trustee Martin was comfortable with moving forward on approval of the policy. Trustee Martin responded that

the additional explanation and comments had addressed the central portion of her concern related to the scope and structure of the Committee. Mr. Thomas requested approval for both policies presented to the Committee. Chairman Jacobs suggested that motions for approval be taken separately for each one. Trustee Martin moved to approve the revision to Policy 641 Student Fees-Incidental Charges and Refunds. Trustee Delay seconded the motion. A voice vote was taken, and the motion to approve the revision to Policy 641 Student Fees-Incidental Charges and Refunds carried. Trustee Boyd then made a motion to approve the revisions to Policy 730 Campus Crisis and Emergency Management. Trustee Baker seconded the motion. A voice vote was taken, and the motion to approve the revision to Policy 730 Campus Crisis and Emergency Management carried.

University Budget Updates – Information

The next agenda item was an update concerning the 2021-22 Governor's Budget. Mr. Thomas directed the Committee to the meeting materials containing THEC's analysis of the Governor's Budget related to higher education and an email to the campus and Board members summarizing the impact to the University. The Governor's recommendation for higher education funding included the capital outlay request for the Applied Engineering Building and all seven (7) of the capital maintenance requests submitted by the University.

Mr. Thomas informed the Committee that he and Dr. McPhee had attended budget hearings with the House Finance, Ways and Means Committee on Monday, February 22, and the Senate Education Committee on Wednesday, February 24. He noted that the need for new buildings and the future of online courses were areas of particular interest for the legislators during committee testimonies. Dr. McPhee expressed his appreciation to the Governor and state legislature for their capital outlay funding recommendations for MTSU for three consecutive years. He indicated that the University's proposal of facilities to house academic programs that reflect current economic developments and address the need to give students opportunities for hands-on experiences had been well received by the legislature.

The Governor's Budget also contained non-recurring funding of \$1.2 million for the Meharry Medical College partnership and \$2.6 million for the Data Science Institute. Partial funding for a 4.0 percent salary pool in the amount of \$4.5 million was also included. If approved, funding for 2.0 percent of the salary pool will be provided retroactive to January 1, with funding for the other 2.0 percent provided July 1, 2021. Other University revenue sources must be identified to cover the unfunded portion of the salary pool. Dr. McPhee stated that improving employee salaries had been his number one priority for several years and was hopeful that future salary increases would be fully funded under the Governor's Budget. He expressed appreciation to Board Chair Smith for his help in communicating University needs to the Governor's office, especially related to funding received for the Data Science Institute. He stated that overall funding for MTSU had turned out well. Mr. Thomas added that MTSU was the only LGI to receive funding for a unique project like the Data Science Pipeline initiative. The discussion then turned to funding for the Applied Engineering Building and the seven (7) capital maintenance projects included in the Budget. Board Chair Smith noted that this funding would provide approximately \$65 million in construction dollars to benefit the local economy if approved. Dr. McPhee responded that the Industrial Development Board often overlooks the millions of dollars generated by the University for Rutherford County in construction projects. Board Chair Smith requested the University determine the total dollar amount spent on construction and maintenance projects by the University over the past five years.

The final budget information item was a brief update on the status of the CARES Act funding. Mr. Thomas reminded the Committee that the first round of funding was received in April of 2020. Additional stimulus funding was received through the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act passed by Congress on December 27, 2020. A third stimulus package, the American Rescue Plan Act of 2021, became public law on March 11, 2021. Mr. Thomas directed the Committee to the materials containing information concerning the first two stimulus packages: a CARES Act Funding Status Report and a summary of information related to the CRRSA Act Funding. The legislation passed in December (CRRSA) will provide approximately \$8.6 million in emergency student aid and approximately \$20 million in institutional aid. The funding will expire in one year; however, MTSU and other higher education

institutions are still waiting for guidance from the U.S. Department of Education on how the institutional portion of the funds may be spent. Mr. Thomas then provided a brief summary of the American Rescue Plan Act of 2021 passed in the previous week. This legislation will provide an additional \$51 million to be split evenly between student grants and the institutional portion, with an additional \$2 million in the package for direct institutional use. The spending period for this funding has a possible expiration date of September 2023. Mr. Thomas indicated that spending guidance from the federal government is needed for this funding as well. Dr. McPhee noted that MTSU received the largest allocation of federal funding due to having the highest enrollment of Pell-eligible and first-generation college students compared to other public institutions.

Composite Financial Index – Information

Next, Mr. Thomas presented information concerning the University's annual Composite Financial Index (CFI). He directed the Committee to the meeting materials containing the four (4) ratios that make up the overall CFI. Mr. Thomas informed the Committee that MTSU's CFI had decreased slightly from last year from 1.57 to 1.51. He attributed the decrease to the campus closing last March due to the pandemic and the related expenses that were not covered by stimulus funding until later on in the year. Once proper guidance is received concerning the use of the stimulus funding, the University will recapture much of those expenses, and the CFI ratio should return to what it was previously or possibly even increase.

Trustee Boyd noted that he did not find the CFI calculations to be useful indicators of the University's financial health and asked if reporting this information to the BOT was a requirement. Mr. Thomas responded that it was not and provided the Committee with some background information on the history of CFI reporting. Trustee Boyd suggested that the reporting be discontinued for future meetings. Board Chair Smith asked if it would be helpful to ask the Audit and Compliance Committee to make recommendations on this and other reporting items that may be unnecessary. Trustee Karbowiak agreed that this would be a topic for the Audit and Compliance Committee to consider. Trustee Boyd stated that discontinuing CFI reporting should be a Finance and Personnel Committee decision. Discussion ensued concerning whether a

motion should be made to eliminate the CFI information from future reporting or if a motion should be made to take the matter under advisement and voted on at a later date. Chairman Jacobs stated that he agreed with Trustee Boyd on not finding the CFI to be helpful in assessing the University's financial health and indicated he would be willing to entertain a motion to eliminate this item from future reporting. Trustee Martin made a motion to eliminate overall CFI from regular reporting to the Finance and Personnel Committee. Trustee Boyd seconded the motion. A voice vote was taken, and the motion to eliminate overall CFI from regular reporting to the Finance and Personnel Committee carried.

Capital Disclosures - Action

For the final agenda item, Mr. Bill Waits, Assistant Vice President for Campus Planning, presented information concerning the FY 2021-22 Capital Disclosures. He reminded the Committee that disclosure of a capital project is the first step in the project approval process and indicates an institution is considering a large-scale project investment but does not obligate the University to carry out the work identified. In accordance with THEC Policy 4.0.6C, concerning disclosure of projects funded through bonds, gifts, grants, or local funds, MTSU submitted two projects as part of the FY 2021/2022 MTSU Capital Budget Request. The two projects, New Student Housing and the Student Athletic Performance Center, were approved at the June 16, 2020 BOT meeting and submitted to THEC on July 31. On January 14 of this year, MTSU had the opportunity to amend the FY 21/22 Capital Budget Disclosure request to THEC. Mr. Waits directed the Committee to the meeting materials for a summary of the proposed revisions, the original FY 21/22 Capital Budget Disclosure request, the amended FY21/22 Capital Budget Disclosure request, and the full MTSU disclosed project list as it will appear on July 1, 2021. He provided a summary of the revisions and noted that the amendments would be reflected in the MTSU disclosure list when they take effect on July 1, 2021.

Trustee Boyd asked if there is still as much need for new student housing given increased online education. Dr. McPhee responded that there is still a need to provide traditional students the college experience they are seeking by providing updated student housing, which is lacking at MTSU. The plan for new student housing is in line with MTSU's aspirational goal of being a major comprehensive university competing with other schools for the best and brightest students. Trustee Martin asked for the current number of students living on campus and how that compared with

schools similar to MTSU. Dr. McPhee called on Deb Sells, Vice President for Student Affairs and Vice Provost for Enrollment and Academic Services, to address the Committee questions. Dr. Sells responded that 2,800 students currently live on campus, with another 5,000 or 6,000 living close by in privately developed housing complexes. Much discussion ensued concerning the costs of replacing the oldest housing with new housing before the expansion of the actual number of beds on campus can be considered. Dr. McPhee informed the Committee that student housing operates as an auxiliary and must pay for itself. Mr. Thomas stated that the University is waiting on guidance from the U.S. Department of Education to see if any stimulus funding could replace the reserves used to cover the lost revenue from private dorm rooms. Those reserves will be needed for the new housing projects. The discussion ended with student Trustee Delaney sharing her perspective on MTSU's need for new student housing with the Committee. Board Chair Smith made a motion to approve the amended FY21/22 Capital Budget Disclosure request. Trustee DeLay seconded the motion. A voice vote was taken, and the motion to approve the FY 21/22 Capital Budget Disclosure request carried.

Closing Remarks

Dr. McPhee thanked Chairman Jacobs for his leadership on the Finance and Personnel Committee.

Chairman Jacobs thanked Mr. Thomas and his team for their hard work in preparation for this meeting.

The meeting adjourned at 10:23 a.m.

Respectfully submitted,

Finance and Personnel Committee