



AUDIT & BUSINESS COMMITTEE

June 20, 2024

Roaden University Center, Room 282

MINUTES

Meeting was streamed live via link found on this web page:

<https://www.tntech.edu/board/meetings/>

AGENDA ITEM 1 – Call to Order

The Tennessee Tech Board of Trustees Audit & Business Committee met on June 20, 2024, in Roaden University Center Room 282. Chair Johnny Stites called the meeting to order at 9:28 a.m.

Chair Stites asked Mr. Lee Wray, Secretary, to call the roll. The following members were present:

- Johnny Stites
- Thomas Lynn
- Trudy Harper

Tom Jones was absent, and Trudy Harper participated as a voting member in his absence as designated by policy. Other board members also in attendance were Jeannette Luna, Fred Lowery (via TEAMS), Rhedona Rose, Camron Rudd and Addison Dorris. Barry Wilmore was absent. A quorum was physically present. Tennessee Tech faculty, staff and members of the public were also in attendance.

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AGENDA ITEM 2 – Approval of Minutes

Johnny Stites asked for approval of the minutes of the March 7, 2024, Audit & Business Committee meeting. Chair Stites asked if there were questions or comments regarding the minutes. There being none, Thomas Lynn moved to recommend approval of the March 7, 2024,

Audit & Business Committee minutes. Trudy Harper seconded the motion. Lee Wray called a roll call vote. The motion carried unanimously.

AGENDA ITEM 3 – Federal Fair Labor Standards Act

Kevin Vedder provided an update on the new rules for the Federal Fair Labor Standards Act issued by the U.S. Department of Labor regarding the minimum salary of employees exempt from overtime. The university is in the process of reviewing all exempt status positions to determine which positions must be moved to the larger salary amount and which ones can be moved to a non-exempt status entitled to over-time pay.

This was an information only item. No action was required on this item.

AGENDA ITEM 4 – Maintenance and Mandatory Fees

Emily Wheeler presented information to recommend a 5.04% maintenance and mandatory fee increase with 5.05% maintenance increase and 5.00% mandatory fee increase. Information for a 4.99% graduate maintenance increase was also presented. Mandatory factors to consider under T.C.A. § 49-7-1603 are level of state support, total cost of attendance and efforts to mitigate the financial effects on students. Additional factors to consider are THEC binding range, comparison to peer institutes and other LGIs, and Higher Education Price Index. The mandatory fee increase will be used to help fund the facilities development fee and will be used to renovate existing spaces or build new student centric spaces. The tuition increase will be used to provide the matching on the salary pool, costs such as faculty promotions, software contract escalations, increases in utility costs, and increased costs associated with state mandated fee waivers. The funds will also provide resources to address the financial impact of the new FLSA regulations and potentially allow us to make continued progress toward funding the compensation study.

Thomas Lynn moved to send the recommended FY2024-25 5.05% undergraduate maintenance, 4.99% graduate maintenance and 5% mandatory fees to the Board for approval and to place it on the Board’s regular agenda. Trudy Harper seconded the motion. Lee Wray took a roll call vote. The motion carried unanimously.

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Emily Wheeler also presented information regarding the elimination of the pre-2020 tuition model which was the intention when the Flat Rate model was implemented in 2020.

Thomas Lynn moved to send the recommended elimination of the pre-2020 tuition model and move all undergraduate students to the flat-rate tuition model effective Fall 2025 to the Board for approval and to place it on the Board’s regular agenda. Trudy Harper seconded the motion. Lee Wray took a roll call vote. The motion carried unanimously.

AGENDA ITEM 5 – Non-Mandatory Fees

Emily Wheeler presented a fee proposal for parking fine changes. An Ad-hoc Student Parking Committee was formed and met regularly with the Director of Auxiliaries and the Vice President of Planning and Finance. Modification to the current parking fine structure was recommended by the Student Parking Committee and the Student Government Association for implementation effective Fall 2024 (Attachment A). Non-mandatory fees are not subject to THEC binding rates.

Thomas Lynn moved to send the recommended non-mandatory fee for parking fines effective Fall 2024 to the Board for approval and to place it on the Board’s regular agenda. Trudy Harper seconded the motion. Lee Wray took a roll call vote. The motion carried unanimously.

AGENDA ITEM 6 – Dual Enrollment Tuition

Emily Wheeler presented the change of dual enrollment tuition rate due to changes in the Student Assistance Corporation Dual Enrollment Grant. This discounted rate applies to high school students taking courses for both high school and college credit. TN Student Assistance Corporation provides Dual Enrollment grants to cover costs for up to 5 courses for dual enrolled students. The university accepts the Dual Enrollment Grant with no additional charge to dual enrolled students. The recommendation is to increase from \$179.55 per credit hour to \$184.80 per credit hour effective Fall 2024 to match the TSAC grant increase.

Thomas Lynn moved to send the dual enrollment tuition rate of \$184.80 per credit hour to the Board for approval and to place it on the Board’s regular agenda. Trudy Harper seconded the motion. Lee Wray took a roll call vote. The motion carried unanimously.

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AGENDA ITEM 7 – FY2023-24 Estimated and FY2024-25 Proposed Budget

Emily Wheeler presented information on the changes in E & G revenues, functional expenses, and natural expenses (Attachment B).

Thomas Lynn moved to send the FY2023-24 Estimated and FY2024-25 Proposed budgets and organizational chart to the Board for approval and to place it on the Board’s regular agenda. Trudy Harper seconded the motion. Lee Wray took a roll call vote. The motion carried unanimously.

AGENDA ITEM 8 – Capital Budget FY2025-26

Dr. Oldham presented the FY2025-26 Capital budget requests. The capital outlay request for new construction is a Social Sciences Building and Life Sciences Building. The Social Sciences Building project includes demolishing Matthews Daniel and Crawford Halls to construct a new building that will provide classrooms, faculty offices and support spaces for the colleges of Education and Arts & Sciences. The Life Sciences Building project description is to construct a new facility for the Life Sciences programs and a satellite chiller plant. The major renovation outlay request is for Brown & Prescott Halls and Memorial Gym. The Capital Maintenance projects requests for state funding in order of priority were presented. Requests for capital maintenance projects are due to THEC by August 2, 2024. THEC continues to have discussions with campuses around the process for submitting capital outlay projects. TTU is prepared to submit one or more projects for either new construction or renovations once we receive instructions from THEC.

Thomas Lynn moved to send the FY2025-26 Capital Budget requests to the Board for approval and to place it on the Board’s regular agenda. Trudy Harper seconded the motion. Lee Wray took a roll call vote. The motion carried unanimously.

AGENDA ITEM 9 – Disclosed Project Modification

Dr. Oldham presented the modification to the West Football Stadium. This project was originally approved by the Board of Trustees in December 2021 with a project cost of \$29,900,000. Four value engineering exercises revealed the project could not be completed within the original budget without severely impacting the athletic program. The revised project cost is \$57,204,000. Overall market cost escalations are the primary driver for the budget increase. The City of Cookeville is contributing \$4,000,000, Putnam County is contributing \$2,000,000 and a large corporate and private donation has also been received.

Thomas Lynn moved to send the disclosed project modification to the Board for approval and to place it on the Board’s regular agenda. Trudy Harper seconded the motion. Lee Wray took a roll call vote. The motion carried unanimously.

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AGENDA ITEM 10 – Master Plan Amendment

Dr. Oldham presented amendment # 4 to include additional Crossville property expansion parcels, Derryberry Hall renovation, updated Academic Classroom building name to Social Sciences Building and updating Biology building name to Life Science Building.

Thomas Lynn moved to send the master plan amendment to the Board for approval and to place it on the Board’s regular agenda. Trudy Harper seconded the motion. Lee Wray took a roll

call vote. The motion carried unanimously.

AGENDA ITEM 11 – Lease Agreement

Dr. Oldham presented the lease agreement with the City of Cookeville. This is for vacant property (Church Avenue) that adjoins the Regions Building property. The city will be constructing additional parking in the vacant lot area.

Thomas Lynn moved to send the City of Cookeville lease agreement to the Board for approval and to place it on the Board’s consent agenda. Trudy Harper seconded the motion. Lee Wray took a roll call vote. The motion carried unanimously.

AGENDA ITEM 12 – Emeritus President Contract

Emily Wheeler stated that Dr. Robert Bell has a President Emeritus Contract with the university and TN law requires the contract to be reviewed annually. A report for Dr. Bell and what he accomplished the past year along with a copy of his agreement for the upcoming fiscal year was provided in Diligent.

Thomas Lynn moved to send the 2024-25 emeritus contract for Dr. Bell to the Board for approval and to place it on the Board’s consent agenda. Trudy Harper seconded the motion. Lee Wray took a roll call vote. The motion carried unanimously.

AGENDA ITEM 13 – Compensation Study Update

Kevin Vedder provided an update to the compensation plan for FY2024-25. The update included the progress on moving salaries to market median after phase 1 for faculty and staff and the plan for FY25 phase 2. For FY2025 the plan is for a performance-based salary increase (2% merit increase pool to eligible faculty and staff) and implement phase 2 of compensation study (1% from salary pool). Phase 2 is to bring all support, professional, and management staff close to their market minimum.

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This was an information only item. No action was required.

AGENDA ITEM 14 – Faculty Promotions

Dr. Bruce advised that 37 faculty members were awarded promotion by the President beginning August 2024. This accounts for about 8% of faculty. This includes 7 from Senior Instructor to Master Instructor, 7 from Lecturer to Senior Lecturer, 3 from Senior Lecturer to

Master Lecturer, 10 from Assistant to Associate Professor and 11 from Associate Professor to Professor. Details of promotions were provided in Diligent.

This was an information only item. No action was required.

AGENDA ITEM 15 – Tenure Recommendations

Dr. Bruce advised the President's recommendation for tenure beginning August 2024 included 8 faculty members. If the recommendations are approved by the Board, the percentage of tenured faculty will be 55%. Details of the candidates were provided in Diligent.

Thomas Lynn moved to send the tenure recommendations to the Board for approval and to place it on the Board's consent agenda. Trudy Harper seconded the motion. Lee Wray took a roll call vote. The motion carried unanimously.

AGENDA ITEM 16 – Adjournment of Open Session & Call to Order on Non-Public Executive Session

There being no further business, the meeting adjourned at 11:13 a.m. After a short break, the Non-Public Executive Session began at 11:30 a.m. Trustees and Administration were present for the meeting.

AGENDA ITEM 17 – Adjournment

There being no further business, the Non-Public Executive Session adjourned at 12:44 p.m.

Approved,



Lee Wray, Secretary

Non-mandatory Fee Proposal - Parking Fines Effective Fall 2024

Category	Current Fine	Proposed Fine
No Permit/Expired Permit	\$25	\$25 (No change)
Improper Tag Display/Obstructed Permit	\$25	\$25 (No change)
Parking in Unassigned Area	\$20, plus \$10 progressively	\$20, plus \$15 progressively
Displaying Permit Registered to Another Person	\$35	\$50
Double Parked/Over-the-line	\$15, plus \$10 progressively	\$20, plus \$15 progressively
Parked on Grass	\$15, plus \$10 progressively	\$30, plus \$15 progressively
Parked on Sidewalk	\$15, plus \$10 progressively	\$30, \$15 progressively
Obstructing Traffic	\$15, plus \$10 progressively	\$40, \$15 progressively
Parked in Loading Zone	\$15, plus \$10 progressively	\$30, \$15 progressively
No Parking Zone	\$15, plus \$10 progressively	\$20, \$15 progressively
Disabled Area	\$200	\$200 (No change-set by law)
Time Limit Violation	\$5, plus \$5 progressively	\$5, plus \$5 progressively (No change)
Fire Lane Parking	\$25 first violation, \$50 for each successive citation	\$25 first violation, \$50 for each successive citation (No Change)



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Attachment B



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FY2023-24 Estimated & FY2024-25 Proposed Budget





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FY2023-24 Estimated Budget



Changes in E&G Revenues (Revised to Estimated FY24)

	October Revised Budget BOT Approved December 2023 FY2023-24	Current Estimate Presented for Approval June 2024 FY2023-24	Difference
Tuition & Fees	\$104,803,000	\$108,335,300	\$3,532,300
State Appropriations	\$85,439,700	\$85,439,700	\$0
Other	\$13,616,500	\$21,208,300	\$7,591,800
Total E&G Revenues	\$203,859,200	\$214,983,300	\$11,124,100



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Revised FY24 vs. Current Estimate FY24 Reconciliation of Changes in E&G Revenues

- Tuition and Fees
 - Conservative estimate in enrollment driven maintenance (tuition) and fees \$3,532,300
- Other
 - Increase in interest income revenue \$6,195,000
 - Increase in Athletics income \$686,600
 - Increase non-mandatory fees \$102,800
 - Indirect Cost revenues increase \$418,500
 - Career Services revenue increase \$100,000
 - Farm Operations revenue increase \$68,000

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Revised FY24 vs. Current Estimate FY24 Reconciliation of Changes in E&G Functional Expenses

<ul style="list-style-type: none"> • Instruction <ul style="list-style-type: none"> - Reallocation of university-wide managed benefits \$794,000 - Nuclear Engineering Positions \$200,000 - Transfer from Lapse Pool for projects/initiatives (\$925,000) - Funding Shift from Instruction to Research (\$476,000) • Research <ul style="list-style-type: none"> - Rural Reimagined transferred to research \$326,000 - Reallocation of university-wide managed benefits (\$13,000) - Funding Shift from Instruction \$476,000 • Public Service <ul style="list-style-type: none"> - Rural Reimagined transferred from public service to research (\$326,000) • Academic Support <ul style="list-style-type: none"> - TAF increase due to conservative fall budget \$236,000 - Reallocation of university-wide managed benefits (\$100,000) 	<ul style="list-style-type: none"> • Student Services <ul style="list-style-type: none"> - Athletics - Football \$330,000 - Marketing & Enrollment Mgmt temp funding \$685,500 - Reallocation of university-wide managed benefits (\$308,000) • Inst. Support/Maint. & Operation <ul style="list-style-type: none"> - New Positions \$139,595 - Future Year Utility (\$1,500,000) - Reallocation of university-wide managed benefits (\$473,000) - Temp funds for Mercer contract \$350,000 - Units Transfer to Computer Replacement (\$332,000)
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Changes in E&G Natural Expenses (Revised to Estimated FY24)

	October Revised Budget BOT Approved December 2024 FY2023-24	Current Estimate Presented for Approval June 2024 FY2023-24	Difference
Salary and Wages	\$93,792,537	\$94,311,858	\$519,321
Fringe Benefits	\$38,283,477	\$39,174,073	\$890,596
Travel	\$2,403,354	\$3,084,974	\$681,620
Operating & Utilities	\$58,937,047	\$55,408,299	(\$3,528,748)
Scholarships & Fellowships	\$21,949,395	\$21,990,243	\$40,848
Capital	\$571,790	\$992,253	\$420,463
Total E&G Natural Expenses	\$215,937,600	\$214,961,700	(\$975,900)



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Revised FY24 vs. Current Estimate FY24 Reconciliation of Changes in E&G Natural Expenses

- Salary and Wages
 - Phase 1 Comp Plan \$1,699,500
 - Lapse Salary allocated to the Strategic Investment Pool (\$2,350,000)
 - Longevity & Degree Adj \$51,000
 - Athletics - Football \$330,126
 - Nuclear Engineering Positions \$140,000
 - HR & Finance New Positions \$107,395
 - Parking Position \$32,200
 - Funds transferred for Temp salaries \$475,000
- Travel
 - Units transferred dollars from operating or temporary wages to cover travel expenditures \$681,000
 - Operating & Utilities
 - Lapse invested back at College/VP level \$1,213,000
 - Future Year Utility savings (\$1,500,000)
 - Transfer funds to RR for projects (\$613,000)
 - Unit Transfer to Computer Replacement (\$332,000)
 - Transfer funds to Capital (\$421,000)
 - Transfer to Travel (\$681,000)
 - Transfer to cover Fee waivers (\$722,600)
 - Transfer to Temp Salaries (\$475,000)
- Benefits
 - New positions - \$168,000
 - Funds transferred to cover GA fee waivers \$722,600
 - Scholarships
 - Funds added to cover state fee waiver mandates \$41,000
 - Capital
 - Funds transferred to cover infrastructure \$421,000



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FY2024-25 Proposed Budget



**Changes in Permanent E&G Revenues – FY24 to FY25
(excludes any potential enrollment and tuition increase for FY25)**

	July Proposed Budget BOT Approved June 2023 FY2023-24	July Proposed Budget Presented for Approval June 2024 FY2024-25	Difference
Tuition & Fees	\$105,062,800	\$108,326,500	\$3,263,700
State Appropriations	\$80,803,800	\$86,834,100	\$6,030,300
Other	\$13,136,800	\$14,066,500	\$929,700
Total E&G Revenues	\$199,003,400	\$209,227,100	\$10,223,700
State Appropriations – One Time (Special Initiatives)* \$1,000,000 Rural Reimagined, \$200,000 CEROC, \$150,000 Water Center	\$1,350,000		(\$1,350,000)
Adjusted Total E&G Revenues	\$200,353,400	\$209,227,100	\$8,873,700



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Proposed FY24 vs. Proposed FY25 Reconciliation of Changes in Permanent E&G Revenues

- Tuition and Fees
 - Maintenance and Out-of-State increase adjusted at Current Estimate FY24 \$2,801,000 from conservative Revised Budget
 - Fee increase adjusted to actuals at Current Estimate FY24 \$462,000 from conservative Revised Budget
- State Appropriations
 - Base adjustment – Outcomes Formula (\$467,200)
 - Outcomes Funding & Inflationary Cost \$853,000
 - Formula Salary Pool – Partial 3% \$1,839,600
 - Crossville Wind Tunnel - \$2,000,000
 - Group Health Adjustments \$1,699,500
 - UAAL (Unfunded Actuarial Accrual liability) Allocation, OPEB, TCRS Rate Adjustment, Risk Management Premiums \$105,400
- Other
 - Indirect Cost Revenue Increase \$500,000
 - Livestock Revenue \$300,000
 - Traffic Fine and parking permits revenue \$28,500
 - Athletics Revenue \$57,250
 - Departmental revenues (band camp, workshops, application fees, etc.) \$40,000

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Attachment B

**Changes in Permanent E&G Functional Expenses – FY24 to FY25
(excludes any potential enrollment and tuition increase for FY25)**

	July Proposed Budget BOT Approved June 2023 FY2023-24	July Proposed Budget Presented for Approval June 2024 FY2024-25	Difference
Instruction	\$81,436,000	\$82,989,300	\$1,553,300
Research	\$3,162,900	\$3,684,500	\$521,600
Public Service	\$2,056,400	\$2,067,700	\$11,300
Academic Supp.	\$15,728,000	\$17,090,400	\$1,362,400
Student Serv.	\$24,140,900	\$25,412,500	\$1,271,600
Institutional Supp.	\$20,367,400	\$20,148,000	(\$219,400)
Maint & Oper.	\$19,049,300	\$21,835,500	\$2,786,200
Scholarship	\$20,628,000	\$23,169,200	\$2,541,200
Total E&G Expenses	\$186,568,900	\$196,397,100	\$9,828,200
State Appropriations – One Time (Special Initiatives) \$1,000,000 Rural Reimagined, \$200,000 CEROC, \$150,000 Water Center	\$1,350,000		(\$1,350,000)
Adjusted Total E&G Expenses	\$187,918,900	\$196,397,100	\$8,478,200



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Proposed FY24 vs. Proposed FY25 Reconciliation of Changes in E&G Functional Expenses

<ul style="list-style-type: none"> • Instruction <ul style="list-style-type: none"> - FY25-Salary Pool & Benefits \$926,000 - FY25-Faculty Promotions \$378,000 - Nuclear Engineering Positions \$200,000 - Benefit reallocation-university wide \$58,000 • Research <ul style="list-style-type: none"> - FY25-Salary Pool & Benefits \$17,000 - Indirect Cost Increases \$402,000 - Benefit reallocation-university wide \$64,000 - Position Funding & Adjustments \$38,000 • Public Service <ul style="list-style-type: none"> - FY25-Salary Pool & Benefits \$10,500 - Benefit reallocation-university wide \$1,000 • Academic Support <ul style="list-style-type: none"> - Establish Tech Farms Budget \$315,000 - FY25-Salary Pool & Benefits \$284,000 - IT Position Funding & Adjustments \$130,400 - TAF increase due to conservative fall budget \$236,000 - Benefit reallocation-university wide \$390,000 • Student Services <ul style="list-style-type: none"> - FY25-Salary Pool & Benefits \$263,000 - Health Services Positions \$180,000 - Athletics Football transition \$350,126 - Position Funding & Adjustments \$32,200 - Benefit reallocation-university wide \$460,000 	<ul style="list-style-type: none"> • Institutional Support <ul style="list-style-type: none"> - FY25-Salary Pool & Benefits \$226,000 - FY25-State Appropriation Group Health \$821,100 - Benefit reallocation-university wide (\$1,510,000) - Graduation Experience Increase \$90,000 - Position funding & Adjustments \$155,000 • Maintenance & Plant <ul style="list-style-type: none"> - FY25-Salary Pool & Benefits \$115,000 - FY24-Crossville TAP Property additional state funding \$2,000,000 - Benefit reallocation-university wide \$640,000 - Tech Police CAD Software \$22,000 • Scholarships <ul style="list-style-type: none"> - Presidential Scholars – 3rd year FY25 \$2,003,706 - Presidential Scholars – 2nd year FY24 \$197,000 - Community College scholarships \$356,000
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**Changes in Permanent E&G Natural Expenses – FY24 to FY25
(excludes any potential enrollment and tuition increase for FY25)**

	July Proposed Budget BOT Approved June 2023 FY2023-24	July Proposed Budget Presented for Approval June 2024 FY2024-25	Difference
Salary and Wages	\$91,107,638	\$95,485,371	\$4,377,733
Fringe Benefits	\$36,643,520	\$38,773,613	\$2,130,093
Travel	\$2,068,849	\$2,072,972	\$4,123
Operating & Utilities	\$35,232,106	\$36,152,153	\$920,047
Scholarships & Fellowships	\$21,185,287	\$23,726,491	\$2,541,204
Capital	\$331,500	\$186,500	(\$145,000)
Total E&G Expenses	\$186,568,900	\$196,397,100	\$9,828,200
State Appropriations – One Time (Special Initiatives)	\$1,350,000		(\$1,350,000)
Adjusted Total E&G Expenses	\$187,918,900	\$196,397,100	\$8,478,200



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Proposed FY24 vs. Proposed FY25 Reconciliation of Changes in E&G Natural Expenses

- Salary & Wages
 - FY25- Partial 3% Salary Pool \$1,841,500
 - Longevity, Critical and Degree Adj \$151,000
 - Athletics - Football \$330,126
 - Nuclear Engineering Positions \$140,000
 - HR & Payroll Positions \$155,000
 - Parking Position funding \$32,200
 - FY25-Faculty promotions \$378,000
 - IT Position \$130,400
 - Health Services Positions \$130,000
 - Research Position Funding & Adjustments \$38,000
 - Tech Farm Position Funding \$103,000
 - Dollars transferred from Operating \$796,000
- Operating & Utilities
 - Indirect Cost Budget Increase \$402,000
 - Establish Tech Farm Budget \$175,000
 - Graduation Experience Increase \$90,000
 - FY24-Crossville TAP Property additional state funding \$2,000,000
 - Remove Temporary State Approp. of FY23-24 (\$1,350,000)
 - Dollars transferred from Capital \$145,000
 - Dollars transferred to Salary & Wages (\$796,000)
 - Tech Police CAD Software \$22,000
 - TAF increase due to conservative fall budget \$236,000
- Benefits
 - Benefits for new positions \$185,000
 - FY24-State Appropriation Group Health \$1,804,900
 - Funds transferred from operating for GA's \$140,000
- Scholarships
 - Presidential Scholars – 3rd year FY25 \$2,003,706
 - Presidential Scholars – 2nd year FY24 \$197,000
 - Community College scholarships \$356,000
- Capital
 - Dollars transferred to operating (\$145,000)



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