



## **Board of Trustees Meeting Audit & Business Committee**

**August 17, 2017  
Bell Hall 260**

### **MINUTES**

#### **AGENDA ITEM 1—CALL TO ORDER**

The Tennessee Tech Board of Trustees Audit & Business Committee met on August 17, 2017, in Bell Hall 260. Chair Teresa Vanhooser called the meeting to order at 09:30 a.m.

Chair Vanhooser asked Ms. Kae Carpenter, Secretary, to call the roll. The following members were present:

- Milliard Oakley
- Purna Saggurti participated by phone and confirmed that he could simultaneously hear and speak to the Board members, that he was the only person present in the location from which he was calling, and that he received the Board materials in advance of the meeting.
- Teresa Vanhooser

Other board members and members of the public were also in attendance.

#### **AGENDA ITEM 2—Approval of Minutes of June 15, 2017**

Chair Vanhooser asked for approval of the minutes of the June 15, 2017 Audit & Business Committee meeting. Chair Vanhooser asked if there were questions or comments regarding the minutes. There being none, Mr. Oakley moved to recommend approval of the June 15, 2017 Audit & Business Committee minutes. Mr. Saggurti seconded the motion. Chair Vanhooser announced there would be a roll call vote due to Mr. Saggurti not being physically present. Ms. Carpenter took a roll call vote. The motion carried unanimously.

### AGENDA ITEM 3—Approval of Capital Outlay/Appropriations Request

Chair Vanhooser asked Dr. Claire Stinson to come to the podium for the review and recommendation of the next agenda item regarding two capital outlay projects, one capital maintenance request, and one disclosed project request for 2018-19.

Prior to Dr. Stinson presenting for consideration and approval the capital maintenance and capital disclosure budget recommendations, she provided information on the process used for requesting capital funding from the state, since this is the first time the Audit and Business Committee had been exposed to this particular budget process.

Dr. Stinson reviewed the Capital Budget FY 2018-19 presentation that had been provided in the Board materials as well as a five-year history of state funding received by Tennessee Tech. Dr. Stinson stated that the capital budgeting process is coordinated through THEC. THEC had requested that each of the six universities, the UT system, and the TBR system send proposals to THEC for fiscal year 2018-19. The capital budgeting process includes three categories: Capital Outlay, Capital Maintenance, and Disclosed Projects. Dr. Stinson stated that it is a competitive process adding that what is submitted is not guaranteed to be budgeted.

Dr. Stinson reviewed the two Capital Outlay Project priorities that Tennessee Tech would like to submit with the Board's approval: 1) Engineering & Research Building, and 2) Biology Building.

The first priority was the Engineering & Research Building which was proposed at 100,000 square feet and had a total project cost of \$54 million, required a 5% match of \$2,720,000, and the state appropriations request was in the amount of \$51,680,000.

Mr. Saggurti asked if there were any buildings on campus that had been deemed unsafe. Dr. Stinson indicated that there were no unsafe buildings on campus and added that it is something that is routinely reviewed. Dr. Stinson noted that there was an older building on the Quad which had wood floors that she had asked to be reviewed to be sure it was not a safety issue. An Engineering consultant was hired to survey the building and it was determined that it could not be repaired but it was not deemed to be unsafe.

Mr. Saggurti asked to review Prescott Hall where \$16.8 million is needed, asking when the last time money was put into Prescott Hall. Dr. Stinson indicated that there had been no major renovations to any of the engineering buildings since 1971.

Chair Vanhooser asked if there was a mechanism in place for individuals to submit potential safety items. Dr. Stinson indicated there was a work order system where any issues can be submitted to Facilities. Dr. Stinson added that the Facilities group also does regular walkthroughs and regular assessments. Mr. Stites asked if we tracked how successful the mitigation of the work orders were from the perspective of the people we are serving. Dr. Stinson indicated that we do this but indicated that communication back to the individual submitting work orders could be improved. Mr. Stites asked if we are capturing data back from the submitter to reflect how well the issues were resolved and how well facilities performed. Dr. Stinson indicated that we are getting feedback but it is not as structured as we would like it to be.

Mr. Stites asked how many gross square feet were on campus. Jim Cobb, Director of Capital Projects and in the audience, indicated that Tennessee Tech had 3.2 million square feet.

Dr. Barbara Fleming referred back to the Capital Outlay Evaluation Rubric and asked specifically how the Drive to 55 would be assessed. Dr. Stinson indicated they would look at four different criteria: 1) how it would contribute to increased degree production, particularly in undergraduate level degrees; 2) would it enhance the research mission and/or our workforce development; 3) how well we were serving the focus populations which include the adult and low-income students; and, 4) how well we were addressing the education and workforce needs of local and regional economies. Dr. Stinson noted that this was subjective and was a very new process for THEC.

Dr. Stinson referred the committee back to the Engineering and Research Building project adding that it was the number one priority because: 1) it fit our mission, as does the Biology Building; 2) we have not had a new Engineering building since 1971; 3) the Sightlines evaluation scored the majority of our engineering buildings at less than 60% on the facility assessment; and, 4) the average age of the engineering buildings were 57 years, the oldest engineering building was Lewis Hall and it was 96 years old, and the newest engineering building was Prescott Hall which is 46 years old.

Dr. Stinson indicated that the initial plan was to renovate Pennebaker Hall for Biology once the new Laboratory Science Building was completed. A consultant who worked with Tennessee Tech on the Laboratory Science Building programming, and who also works with THEC and TBR, began working on Biology programming. Dr. Stinson stated that it was determined due to the tremendous amount of student credit hours taught by Biology, even with moving some of the programming to the Laboratory Science Building, Biology was still significantly short on space needed and it became obvious that a new building was needed.

Mr. Nick Russell asked about the thought process used when determining the amount of match funding needed for new construction and asked if it would be expedient to match a higher percentage to move more quickly. Dr. Stinson indicated that we are required to do the 5% match and that until the 2017-18 year, we had been required to do a 25% match, which had been extremely difficult for all universities except for UTK. Dr. Stinson added that the current requirement was for a 5% match and extra points would be given for a match up to 15%. Dr. Stinson agreed that a project would score better if a larger match were provided because it is a very competitive process.

Mr. Russell asked who wrote the proposals for THEC. Dr. Stinson indicated that our Capital Planning Office had been significantly involved along with our Facilities and Physical Plant who were involved in the assessment, and we have worked very closely with the academic deans for the projects.

Mr. Saggurti noted that when reconciling the math on the projects, that \$172 million was needed over the next ten years for maintenance, which was about \$17 million per year; adding that a match was not needed. Dr. Stinson indicated that was correct. Mr. Saggurti asked what Dr. Stinson's comfort level was in getting the money from the state. Dr. Stinson indicated that her approach was if you do not ask, you will not get it, and it also provides us with data of our needs and data that we can use to encourage the state to give us additional financing to move deferred projects forward. In addition to the dollars from the state, it also lets us identify sources within campus that we can dedicate to move forward; so we are not looking for all the resources from the state, which is highly unlikely. Mr. Saggurti said he was not encouraging that the amount be reduced; he was encouraging that the amount be increased to be able to put more money into facilities.

Mr. Saggurti indicated that we are asking for additional new buildings and also are looking at the renovation money going into the engineering buildings, he asked if the new building would be in lieu of this or in addition to the renovation. Dr. Stinson indicated that the new building would not be in lieu of doing the renovations in the other engineering facilities but there would be demolition of one building, Lewis Hall, which is the oldest building. Tennessee Tech would still have the need for the other buildings based on the current growth and projected growth of the engineering programs; we would still need the space provided by the new building and the renovated buildings. Currently engineering programs are provided across campus in ten different buildings.

Dr. Oldham added that current space needs for engineering is about 250,000 square feet based on current enrollment, and we project that will grow in coming years. Dr. Oldham stated that we are currently below 200,000 total square feet in engineering, so we are already short on meeting current demands. The new building proposed would satisfy the current deficient but would not provide for a significant amount of future growth opportunities. Dr. Oldham addressed Mr. Saggurti's question by stating that a new building does not change the fact that the renovation of the current buildings would need to be addressed even with taking one of the older buildings offline. Dr. Oldham indicated that the state generally separates these funds and they would not be in competition with each other.

Mr. Saggurti encouraged the Board to be thinking, along with the strategic plan, about what's needed to make sure we are more competitive going forward.

Mr. Nick Russell commented that when he was at the TBR they did a space assessment across all institutions and it had a benchmark for maintenance to buildings and deferred maintenance over the last ten years. Mr. Russell indicated that Tech was funding its deferred maintenance at 68% so it was at a 32% deficient and that it builds up over time. Mr. Russell asked how enough resources could be built over time to combat that when it goes back over 10 – 15 years of deficient. Dr. Oldham indicated that it goes back even further than that and that we are chipping away at it fairly significantly but it could not be solved all at one time.

Dr. Oldham indicated that state resources are going to be limited and he hoped that in some of the upcoming years, if the state budget holds, that they will decide to put a significant amount toward capital at universities. Dr. Oldham stated that strategically, Tech needs to have a well-developed list and projects ready when and if that occurs. Dr. Oldham added that we have a well-developed list that are justified, they meet our strategic goals, they are part of our mission, they speak to the state's goals and needs and the Drive to 55, among others. Dr. Oldham noted that we are putting ourselves in the best possible position and helping ourselves where we can, for example, with the student fee fund for academic buildings that we utilize to enhance the dollars received from the state.

Mr. Stites suggested that we should tear down the buildings that are too old to renovate and it will address what Nick brought up because in that way you are eliminating the need for the deferred maintenance. Dr. Stinson indicated that there was a list of such buildings.

Mr. Stites asked if, at the Board meeting, someone could address the utilization of the current engineering department in terms of percentages of use from 8 a.m. and 5 p.m. and the amount of square feet utilized so the Board can be assured that we are not building something for convenience but it is something absolutely necessary. Dr. Stinson indicated that we have done that but it may not be for the most recent enrollment period.

Chair Vanhooser referred to one of Mr. Saggurti's earlier points and asked him if he had a proposal when he stated that the \$6.29 million was not enough for capital maintenance. Mr. Saggurti indicated that he did not want to propose a change; he wanted to state that he felt we should not be playing catch up; he would like to be more aggressive in adding 10%, 15% or 20% every year that we need to start thinking about to be in a good position. Chair Vanhooser commented that this issue is not unique to university systems it is really government wide; they really do not put money into keeping their facilities up to date.

Dr. Stinson stated we are limited by THEC as to what we can put forward, we cannot go beyond that number, and we are limited to \$6.29 million this year. If the state decides the governor's budget is larger for higher education, then we would get our portion of that increase. If it is less, then our portion will be decreased. Dr. Stinson stated that is why we try to identify dollars in our regular budget to cover the deficit. Mr. Nick Russell asked if there is some portion of money put aside in the new construction that can be set aside going forward toward future maintenance. Dr. Stinson indicated that we are in the process of making sure that our proposals for additional operating costs include dollars to support those maintenance issues as they come up. Dr. Stinson noted that we are building this into our new budget model going forward, in addition to what we get from the state, \$5 million is built into our budget model.

Chair Tom Jones commented that he knew we were running over but he wanted to give Dr. Oldham an opportunity to discuss the capital outlay he had presented to the state earlier in the week. Dr. Oldham indicated that THEC had arranged for a preliminary first look at what everyone had in mind, that this was not official. Tech presented this proposed list of capital outlay projects and Dr. Oldham observed that we were the only institution with more than one project, and he felt that, in terms of competitiveness among the other institutional projects described, both of the Tech projects hit on all the state priorities and criteria for funding as well or better than any projects proposed. Dr. Oldham noted that there was another item that was not on the official criteria in the selection process -- we were asked when the most recent state funding was received for capital outlay. Of course, Tennessee Tech just received the funding for the Laboratory Science building last year so this may hurt us in this year's competition.

Dr. Stinson added that there was a list for the Capital Outlay Projects for the four out-years through 2022-23, if the first two projects were funded noting that this is part of the planning process. Dr. Stinson stated there was also a Capital Maintenance Request for FY 2018-19 stating that a few years ago it was decided to designate the majority of capital maintenance dollars toward the deferred maintenance of our buildings although that is not the only thing Tech has done. Dr. Stinson stated that a process was developed for several building upgrades. We are proposing to put the \$6.29 million into several building upgrades, which include Bruner Hall and Brown Hall. Capital Maintenance Out-Years though 2022-23 include several building roof replacements, upgrades, building systems, and HVAC upgrades.

Dr. Stinson indicated that the International House is on the Capital Disclosure Projects list and it had been on our list, adding that we are looking for funding and want to keep on our list. The project would only move forward if we had funding but it does speed up the process to keep it on the Disclosed Project list. Dr. Stinson stated that this concluded her presentation.

Chair Vanhooser asked for a motion. Mr. Oakley thanked Dr. Stinson for this comprehensive report. Mr. Oakley moved that this agenda item be moved to the Board's regular agenda. Mr. Saggurti seconded the motion. At the request of Chair Vanhooser, Ms. Carpenter took a roll call vote. The motion carried unanimously.

#### AGENDA ITEM 4—Reorganization Recommendations

Chair Vanhooser asked Dr. Stinson to return to the podium for the review and recommendation of the agenda item regarding Reorganization Recommendations.

Dr. Stinson indicated that there had been a comprehensive look at the upper level of operation and management of the university; adding that this review included the President to Vice Presidents and to those individuals who reported to the Vice Presidents and Provost. Dr. Stinson stated that resources had been identified that could be moved over to other areas so this recommendation was presented in a budget neutral environment; that additional resources were not needed, only the approval for the changes to occur. Dr. Stinson added that all of the changes were for positions that report direct to the President. The five recommendations were provided in the Board materials:

1. *The Associate Vice President for Enrollment Management position be reclassified to a Vice President.*
2. *The Associate Vice President for Communications and Marketing position be reclassified to Chief Communication Officer reporting directly to the President.*
3. *The Assistant to the President position be reclassified to Chief Government Affairs Officer reporting directly to the President.*
4. *The creation of a Chief of Staff position as a direct report to the President.*
5. *Reclassify the Chief Information Technology Officer position (vacant) to Executive Director of Information Technology reporting to the Vice President for Planning and Finance.*

Mr. Oakley moved that this agenda item be moved to the Board's regular agenda. Mr. Saggurti seconded the motion with one amendment – that the position title be amended to include Enrollment Management and Career Placement to show the importance of career placement when recruiting students. Mr. Oakley moved that the amendment as articulated by Mr. Saggurti be approved and go to the Board as a regular agenda item. At the request of Chair Vanhooser, Ms. Carpenter took a roll call vote. The motion carried unanimously.

#### AGENDA ITEM 5—Foundation Agreement

Chair Vanhooser commended Dr. Stinson and her team in pulling all of the information together for the Board meeting, making sure that the Board had all the right information. Chair Vanhooser added that this is the first time the Board has seen these type of items and there's enough detail but not too much.

Chair Vanhooser asked that Dr. Stinson present the Foundation Agreement for review and consideration. Dr. Stinson stated that at the June 15<sup>th</sup> Board meeting, the policy for the relationship between Tennessee Tech University and the Tennessee Tech University Foundation was approved. Today, Dr. Stinson noted that we are asking for approval of the agreement itself; once approved it would be signed by the Chair of this Board, Chair of the Foundation Board, and the President. Dr. Stinson indicated that this agreement outlined the roles and responsibilities of the two organizations and had been provided in the Board materials.

Chair Vanhooser asked for a recommendation that this agenda item be presented to the Board on the consent agenda. Mr. Oakley motioned that this agenda item be moved to the Board's consent agenda. Mr. Saggurti seconded. Chair Vanhooser asked if there were any questions. Chair Jones asked if the Foundation Board had reviewed the agreement. Dr. Stinson indicated that the Foundation Board had reviewed and signed it previously with the University, when the University was part of the TBR. Dr. Stinson stated that nothing else had changed and the Foundation Board was aware that a new agreement would be necessary to reflect the recent Board change. At the request of Chair Vanhooser, Ms. Carpenter took a roll call vote. The motion carried unanimously.

#### AGENDA ITEM 6—Planning and Finance Policy

Dr. Stinson presented Policy 521 – Deposit and Investment of Funds. This policy sets forth appropriate policies and procedures for depositing and investing funds for Tennessee Tech and complies with State law and requirements.

Mr. Oakley moved to recommend approval of this policy as stated and to send this agenda item to the Board consent agenda. Mr. Saggurti seconded the motion. At the request of Chair Vanhooser, Ms. Carpenter took a roll call vote. The motion carried unanimously.

#### AGENDA ITEM 7—Approval of Revisions to Audit Committee Charter

Chair Vanhooser asked Deanna Metts to come to the podium to present the revisions made to the Audit Committee Charter required by the Tennessee State Comptroller.

Ms. Metts stated that the Audit Committee Charter approved at the June 15, 2017 Board Meeting had been submitted to the Tennessee State Comptroller's office for approval as per state law. The Comptroller requested the correction of two issues. The first was the wording in the Independence section of the charter that referred to Tennessee Tech Board Policy 001, and State Audit did not want references to documents that could change without their approval. The second was the wording in the Membership section of the charter about selecting an Audit Committee chair and members referred to Tennessee Tech Board Policy 005, and that process in Policy 005 varied from the selection process outlined in the *Guidelines for Audit Committee Charters*.

Ms. Metts further indicated that both sections had been updated to remove any reference to Tennessee Tech policies, and the wording had been changed to the proper specific wording. Once approved by the Board, the revised charter would be returned to the State Comptroller's office for approval.

Mr. Oakley moved to send the revised Audit Committee Charter to the Board for approval on the consent agenda, and Mr. Saggurti seconded. Ms. Carpenter took a roll call vote, and the motion carried unanimously.

## AGENDA ITEM 8—Review of the 2016-17 Internal Audit Annual Report of Activity

Chair Vanhooser indicated that Ms. Metts also present to the Board the 2016-17 Internal Audit Annual Report of Activity.

Ms. Metts stated that, as required by state law, a report of Internal Audit's activities for 2016-17 was available in the meeting materials for the Committee's review. The report was broken down into six categories: audits, follow-up audits, reviews, investigations, risk assessment activities, and other activities.

Chair Vanhooser added that the information was presented for review only, and no further action was required.

## AGENDA ITEM 9—Approval of 2017-18 Audit Plan

Chair Vanhooser indicated that Ms. Metts present to the Board for 2017-18 Audit Plan.

Ms. Metts stated that the current plan reflected Internal Audit's change from a fiscal-year plan to a calendar-year plan. This change was made for the Board's convenience by moving it from busiest meetings. The plan listed the significant activity to be carried out by Internal Audit, as well as the type of activity and the functional area involved. She explained that each departmentally chosen audit on the schedule was selected using a model that has six points:

1. Prior audit results
2. Internal controls in the area
3. Changes in the unit
4. Size of the unit with regard to revenue collected, expenses, or number of transactions processed
5. Sensitivity of the unit
6. Management's assessment of the unit which is relied on heavily

Chair Vanhooser asked for a motion to accept the audit plan and informed that the plan only had to be approved by the Audit & Business Committee and did not have to go forward to the Board. Mr. Oakley moved to approve the plan, and Mr. Saggurti seconded. Ms. Carpenter took a roll call vote, and the motion carried unanimously.

## AGENDA ITEM 10—Notice of Responsibilities for Preventing, Detecting, and Reporting Fraud, Waste, or Abuse

Chair Vanhooser informed that she was going to move the notice at the full board meeting.



### AGENDA ITEM 11—Adjournment of Open Session and Call to Order of Executive Closed Session to Discuss Audits or Investigations

There being no further business, the meeting adjourned at 10:45 a.m. After a short break, the Executive Closed Session began at 10:52 a.m. All Tennessee Tech Board Trustees were present with the exception of Mr. Purna Saggurti, who participated by phone.

The following were also present for the meeting:

- President Philip Oldham
- Ms. Kae Carpenter, Board Secretary
- Ms. Deanna Metts, Director of Internal Audit
- Ms. Gail Ligon, Assistant Director of Internal Audit
- Ms. Janice Scarlett, Internal Audit Administrative Associate

### AGENDA ITEM 12—Adjournment

There being no further business, the Executive Closed Session adjourned at 11:25 a.m.

Respectfully Submitted,

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Teresa Vanhooser, Chair



## Agenda Item Summary

**Date:** December 11, 2017

**Division:** Planning and Finance

**Agenda Item:** THEC Funding Formula

Review

Action

No action required

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**PRESENTERS:** Mike Krause, THEC Executive Director and Steven Gentile, THEC Associate Chief Fiscal Officer

**PURPOSE & KEY POINTS:**

The presentation is geared specifically toward the formula impact on Tennessee Tech including steps that Tennessee Tech might consider taking to improve performance under the funding formula.



## Outcomes-Based Funding Formula

The Complete College Tennessee Act (2010) requires Tennessee public community colleges and universities to be funded on outcomes like student progression and completion. The Tennessee Higher Education Commission and Formula Review Committee developed a formula that funds institutions through outcome metrics that reflect institutional priorities and mission. THEC uses a **three-year average** of the outcomes listed below to limit potential volatility in the formula year over year.

### Outcomes

<u>Community Colleges</u>	<u>Universities</u>
Students Accumulating 12 hrs.	Students Accumulating 30 hrs.
Students Accumulating 24 hrs.	Students Accumulating 60 hrs.
Students Accumulating 36 hrs.	Students Accumulating 90 hrs.
Dual Enrollment	Bachelor's and Associate Degrees
Associate Degrees	Masters/Ed. Specialist Degrees
Long-Term Certificates	Doctoral/Law Degrees
Short-Term Certificates	Research, Service, and Sponsored Programs
Job Placements	Six-year Graduation Rate
Transfers out with 12 hrs.	Degrees per 100 FTE
Workforce Training/Contact Hours	
Awards per 100 FTE	

Outcomes are **weighted** to align with institutional priorities and mission, totaling 100 percent for each institution. At the recommendation of the Tennessee Board of Regents, the 2015-2020 model uses a common weight structure for progression and awards at community colleges. The formula also includes premiums for **focus populations** for student progression and undergraduate awards to encourage completion at public institutions.

### Focus Populations

<u>Community Colleges</u>	<u>Universities</u>	<u>Premiums</u>
Adult	Adult	1 Focus Population = 80% = 1.8 Outcomes
Low-Income	Low-Income	2 Focus Populations = 100% = 2 Outcomes
Academically Underprepared		3 Focus Populations = 120% = 2.2 Outcomes

**How It Works:** Universities and community colleges compete for a **share** of available state appropriations each year. They do this through improvement in their outcomes relative to peers. Data are counted and **scaled** and compared to previous outcome levels. An institution's increase or decrease in outcome production is assessed compared to peer increases or decreases in outcome production. That movement influences that institution's share of state appropriations. For example, if all institutions experienced net improvement in outcomes, institutions that experienced the *greatest* improvements would increase their share of total funding, compared to institutions that lagged in performance, who could receive reduced funding.



The funding formula also includes an assessment of institutional quality and programmatic support via the **Quality Assurance** (QA) score. Institutions may earn up to an additional 5.45% of funding based upon metrics such as licensure pass rates, accreditation, and success with underrepresented populations. The formula also includes values for institutional **fixed costs** (e.g., rent, utilities, maintenance and operation), intended to ensure institutions receive adequate funds to maintain the operation of their infrastructure.



# **OUTCOMES-BASED FUNDING FORMULA PRESENTATION**

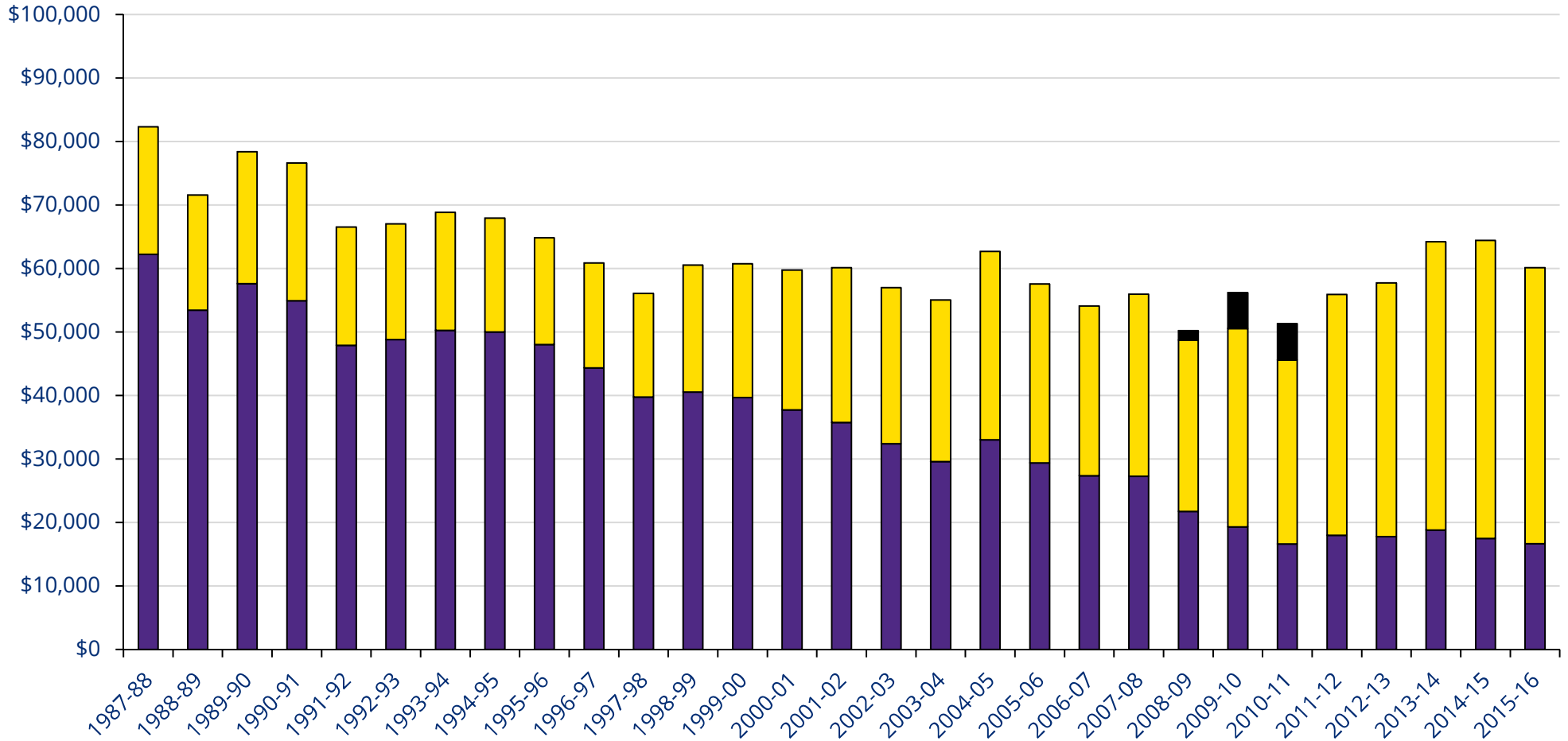
**TENNESSEE TECHNOLOGICAL UNIVERSITY**

**BOARD MEETING**

12/11/2017

# Total Revenue per Award – TTU Inflation Adjusted (2015 Dollars)

■ State Appropriations/Award   ■ Student Fees/Award   ■ (ARRA and MoE)/Award



# Sector Differentiated Outcomes

## University

Students accumulating 30 hours

Students accumulating 60 hours

Students accumulating 90 hours

**Bachelors and Associate degrees**

Masters/Ed. Specialist degrees

Doctoral/Law degrees

Research, Service and Sponsored Prgs.

Degrees per 100 FTE

Six-year graduation rate

## Community College

Students accumulating 12 hours

Students accumulating 24 hours

Students accumulating 36 hours

Dual enrollment

**Associate degrees**

**Long-term certificates**

**Short-term certificates**

Job placement

Transfer out with 12 hours

Workforce training

Awards per 100 FTE

# Overview of University Weights

Weights Based on Institutional Mission	UTM	APSU	UTC	TTU	MTSU	ETSU	TSU	UM	UTK
Student Progression: 30 Credit Hours	4.0%	3.0%	4.0%	4.0%	3.0%	6.0%	4.0%	3.0%	2.0%
Student Progression: 60 Credit Hours	6.0%	4.5%	6.0%	6.0%	4.5%	7.5%	6.0%	4.5%	4.0%
Student Progression: 90 Credit Hours	10.0%	7.5%	10.0%	10.0%	7.5%	9.0%	10.0%	7.5%	6.5%
Bachelors Degrees	30.0%	27.5%	25.0%	25.0%	22.5%	20.0%	22.5%	22.5%	20.0%
Masters Degrees	15.0%	20.0%	10.0%	15.0%	20.0%	15.0%	12.5%	10.0%	10.0%
Doctoral/Law Degrees	0.0%	0.0%	5.0%	5.0%	7.5%	15.0%	7.5%	15.0%	12.5%
Research/Grant Funding	5.0%	10.0%	10.0%	10.0%	10.0%	10.0%	15.0%	10.0%	12.5%
Degrees per 100 FTE	10.0%	17.5%	15.0%	10.0%	10.0%	7.5%	12.5%	10.0%	17.5%
Graduation Rate	20.0%	10.0%	15.0%	15.0%	15.0%	10.0%	10.0%	17.5%	15.0%
	100%	100%	100%	100%	100%	100%	100%	100%	100%

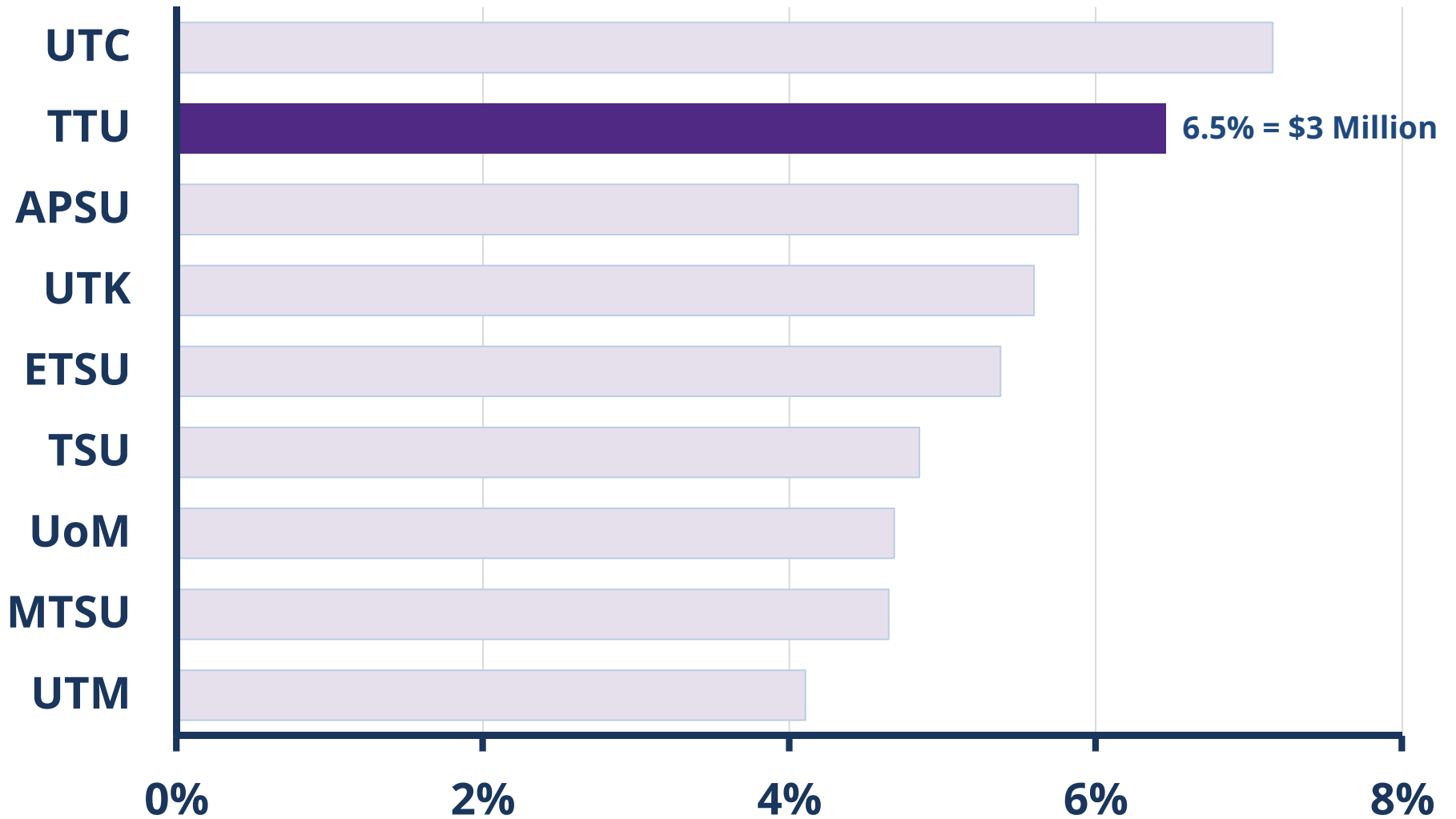




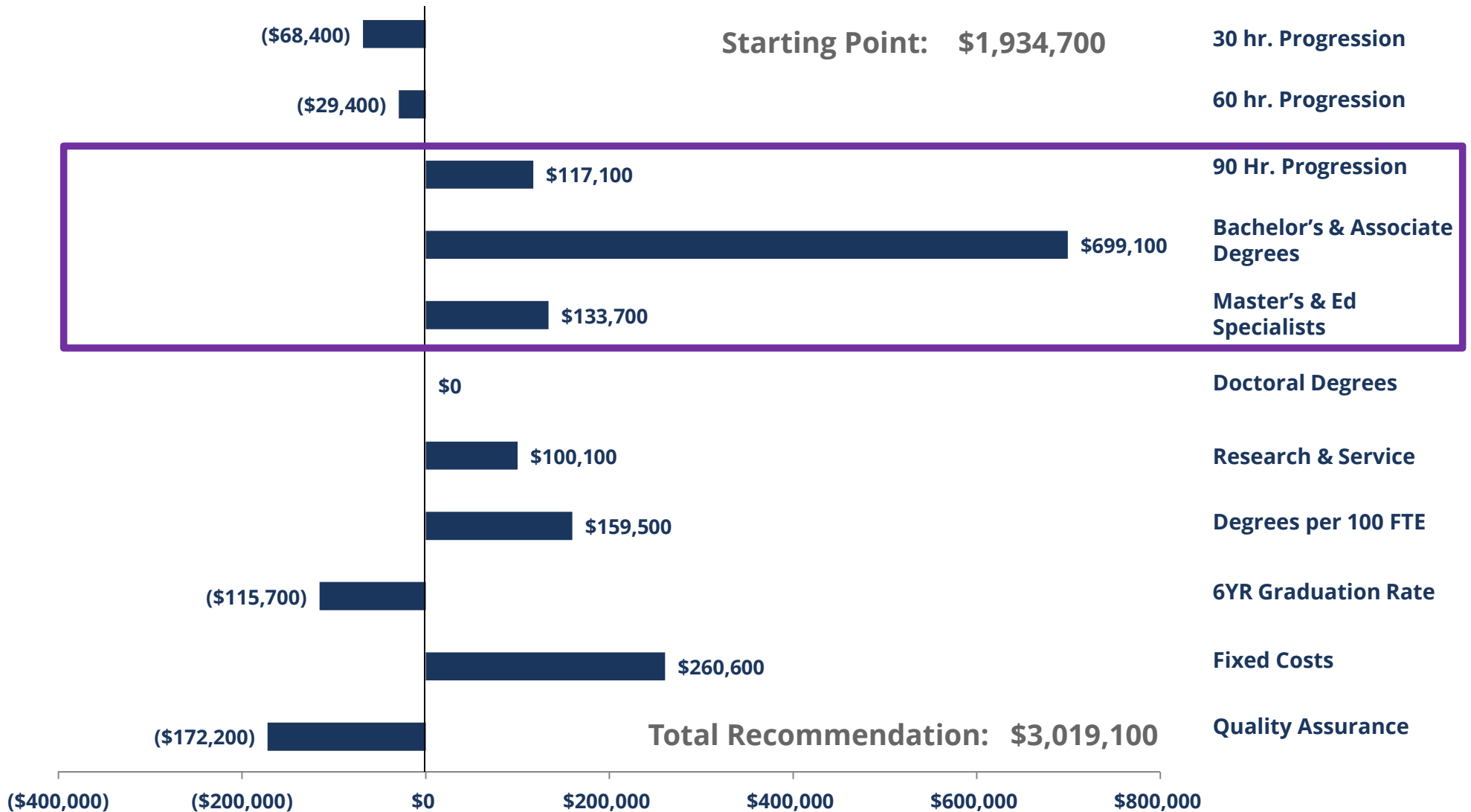
## FORMULA ANALYSIS



# 2018-19 Recommended Appropriation Increases



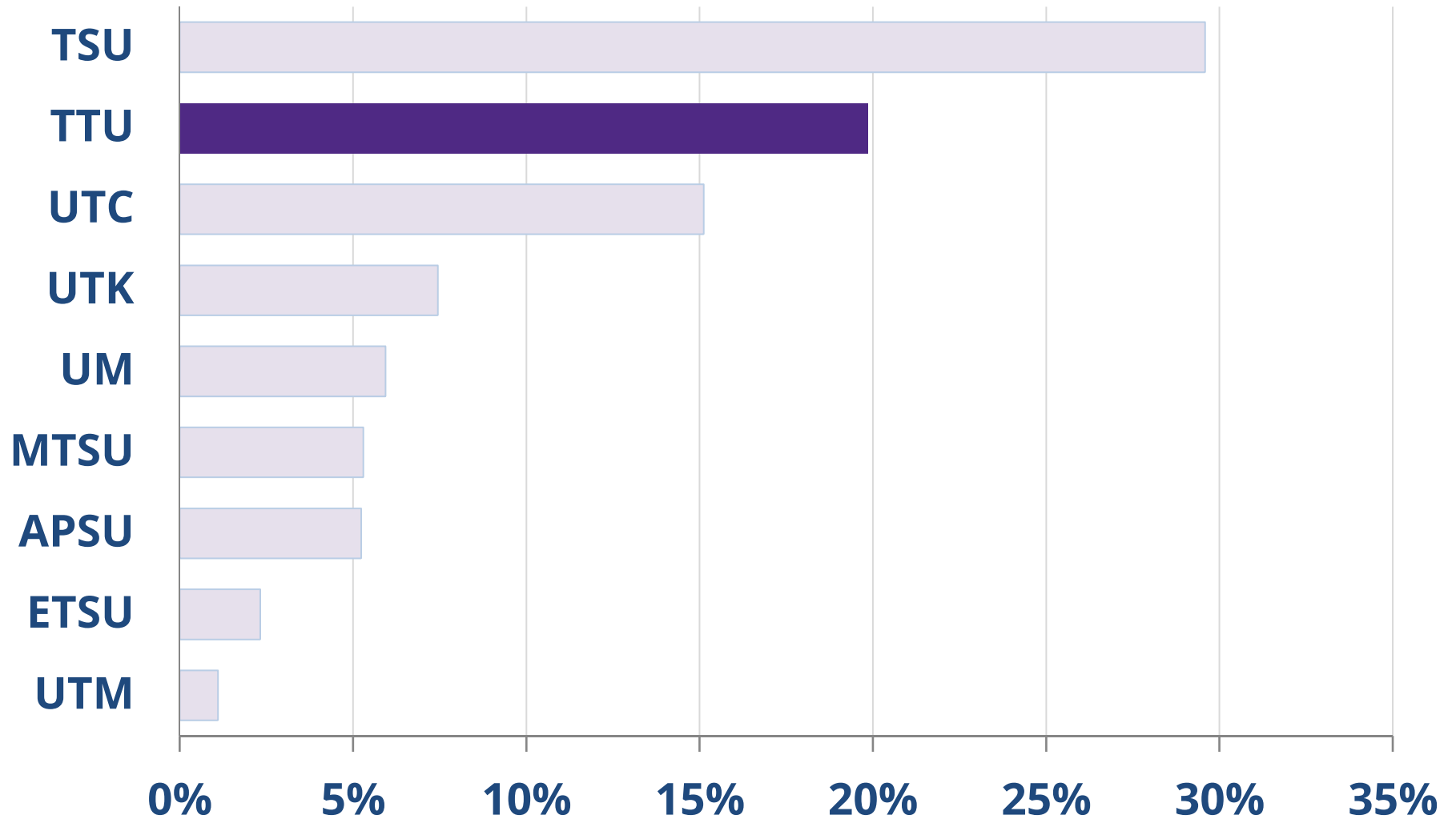
# 2018-19 Breakdown of Components Parts



# University Outcome 5-Year Comparisons

<b>Formula Three-year Averages</b>		
<b>Outcomes</b>	<b>TTU 5-Year Change</b>	<b>All Univs 5-Year Change</b>
<i>Students Accumulating 30 hrs</i>	-8%	-11%
<i>Students Accumulating 60 hrs</i>	11%	-4%
<i>Students Accumulating 90 hrs</i>	13%	3%
<i>Bachelor's and Associate</i>	25%	17%
<i>Master's/Ed Specialist Degrees</i>	-38%	-6%
<i>Doctoral / Law Degrees</i>	-7%	14%
<i>Research, Service, and Sponsored Programs</i>	-14%	-20%
<i>Degrees per 100 FTE</i>	17%	20%
<i>Six-Year Graduation Rate</i>	7%	3%

# Three-Year Average Bachelor's and Associate Degree Change





**THANK YOU**



## Agenda Item Summary

**Date:** December 11, 2017

**Division:** Planning and Finance

**Agenda Item:** 2017-18 October Revised Budget

Review

Action

No action required

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**PRESENTERS:** Dr. Claire Stinson, Vice President for Planning and Finance

**PURPOSE & KEY POINTS:**

Review recommendation and approval of Tennessee Tech's 2017-18 October Revised Budget and Organizational Chart

**E&G Revenues - Actuals FY2016-17, Proposed Budget FY2017-18, & Revised Budget FY2017-18**

	Actuals FY2016-17	Proposed Budget FY2017-18	Revised Budget FY2017-18
Tuition and Fees	\$ 96,845,705	\$ 98,559,500	\$ 98,560,500
State Appropriations	\$ 42,172,363	\$ 45,448,900	\$ 47,030,200
Contracts and IDC	\$ 1,471,135	\$ 971,400	\$ 971,400
Sales and Services	\$ 1,947,215	\$ 1,676,800	\$ 878,000
Other Activities	\$ 3,889,151	\$ 3,446,810	\$ 3,104,810
Athletics (incl student fee)	\$ 6,677,696	\$ 5,892,390	\$ 6,398,890
<b>Total Revenues</b>	<b>\$ 153,003,265</b>	<b>\$ 155,995,800</b>	<b>\$ 156,943,800</b>

**E&G Expenses by Budget Category - Actuals FY2016-17, Proposed Budget FY2017-18, & Revised Budget FY2017-18**

	Actuals FY2016-17	Proposed Budget FY2017-18	Revised Budget FY2017-18
Instruction	\$ 68,403,756	\$ 66,572,800	\$ 71,337,200
Research	\$ 2,040,812	\$ 2,583,800	\$ 3,693,500
Public Service	\$ 2,729,050	\$ 2,579,400	\$ 2,379,400
Academic Service	\$ 12,298,538	\$ 12,204,400	\$ 11,680,800
Student Services	\$ 20,082,370	\$ 18,164,100	\$ 18,783,400
Institutional Support	\$ 15,061,102	\$ 14,635,600	\$ 15,990,800
Oper. & Maint. of Plant	\$ 12,822,785	\$ 14,088,400	\$ 13,687,300
Scholarships & Fellowships	\$ 16,339,882	\$ 18,044,100	\$ 18,638,900
<b>Total Expenses</b>	<b>\$ 149,778,295</b>	<b>\$ 148,872,600</b>	<b>\$ 156,191,300</b>

**E&G Expenses by Natural Classification - Actuals FY2016-17, Proposed Budget FY2017-18, & Revised Budget FY2017-18**

	Actuals FY2016-17	Proposed Budget FY2017-18	Revised Budget FY2017-18
Salaries and Wages	\$ 75,535,248	\$ 76,362,200	\$ 76,850,500
Fringe Benefits	\$ 29,237,119	\$ 28,957,400	\$ 30,649,300
Travel	\$ 2,626,694	\$ 1,895,000	\$ 2,008,500
Operating & Utilities	\$ 24,573,939	\$ 23,265,400	\$ 27,687,200
Scholarships & Fellowships	\$ 16,339,882	\$ 18,044,100	\$ 18,638,900
Capital	\$ 1,465,413	\$ 348,500	\$ 356,900
<b>Total Expenses</b>	<b>\$ 149,778,295</b>	<b>\$ 148,872,600</b>	<b>\$ 156,191,300</b>

**E&G Unrestricted Budget Summary - Actuals FY2016-17, Proposed Budget FY2017-18, & Revised Budget FY2017-18**

	Actuals FY2016-17	Proposed Budget FY2017-18	Revised Budget FY2017-18
Beginning Fund Balance	\$ 15,200,043	\$ 9,298,538	\$ 11,099,357
E&G Revenues	\$ 153,003,265	\$ 155,995,800	\$ 156,943,800
E&G Expenses	\$ 149,778,295	\$ 148,872,600	\$ 156,191,300
Mandatory Transfers	\$ 518,243	\$ 328,400	\$ 325,000
Non-mandatory Transfers	\$ 6,809,613	\$ 6,699,900	\$ 3,251,100
<b>Ending Fund Balance</b>	<b>\$ 11,097,157</b>	<b>\$ 9,393,438</b>	<b>\$ 8,275,757</b>

**Auxiliary Budget Summary - Actuals FY2016-17, Proposed Budget FY2017-18, & Revised Budget FY2017-18**

	Actuals FY2016-17	Proposed Budget FY2017-18	Revised Budget FY2017-18
Beginning Fund Balance	\$ 1,591,190	\$ 1,580,672	\$ 1,561,761
Aux Revenues	\$ 16,917,308	\$ 17,473,700	\$ 17,673,700
Aux Expenses	\$ 6,801,561	\$ 7,222,400	\$ 7,235,800
Mandatory Transfers	\$ 3,981,250	\$ 5,596,000	\$ 5,057,900
Non-mandatory Transfers	\$ 6,161,784	\$ 4,655,300	\$ 5,666,800
<b>Ending Fund Balance</b>	<b>\$ 1,563,903</b>	<b>\$ 1,580,672</b>	<b>\$ 1,274,961</b>

**TOTAL Budget Summary - Actuals FY2016-17, Proposed Budget FY2017-18, & Revised Budget FY2017-18**

	Actuals FY2016-17	Proposed Budget FY2017-18	Revised Budget FY2017-18
Beginning Fund Balance	\$ 16,791,233	\$ 10,879,210	\$ 12,661,118
Total Revenues	\$ 169,920,573	\$ 173,469,500	\$ 174,617,500
Total Expenses	\$ 156,579,856	\$ 156,095,000	\$ 163,427,100
Mandatory Transfers	\$ 4,499,493	\$ 5,924,400	\$ 5,382,900
Non-mandatory Transfers	\$ 12,971,397	\$ 11,355,200	\$ 8,917,900
<b>Ending Fund Balance</b>	<b>\$ 12,661,060</b>	<b>\$ 10,974,110</b>	<b>\$ 9,550,718</b>

**Breakdown of E&G Fund Balance - Actuals FY2016-17, Proposed Budget FY2017-18, & Revised Budget FY2017-18**

		<b>Actuals FY2016-17</b>	
		<b>Beginning Fund Balance</b>	<b>Ending Fund Balance</b>
Allocation for Encumbrances	\$	739,639	\$ 270,194
Allocation for Working Capital	\$	3,296,280	\$ 2,944,013
Special Allocations*	\$	9,737,998	\$ 7,885,150
Unallocated Balance	\$	1,426,127	\$ -
<b>Total E&amp;G Fund Balance</b>	<b>\$</b>	<b>15,200,043</b>	<b>\$ 11,099,357</b>
*2% to 5% Reserve	\$	7,554,985	\$ 6,003,368
*Student Activity Fee	\$	693,638	\$ 621,069
*Technology Access Fee	\$	1,430,213	\$ 1,076,383
*Specialized Academic Course Fee	\$	59,162	\$ 184,330
Total Special Allocations	\$	9,737,998	\$ 7,885,150

		<b>Proposed Budget FY2017-18</b>	
		<b>Beginning Fund Balance</b>	<b>Ending Fund Balance</b>
Allocation for Encumbrances	\$	739,639	\$ 739,639
Allocation for Working Capital	\$	3,296,280	\$ 3,296,280
Special Allocations*	\$	5,262,620	\$ 5,313,389
Unallocated Balance Covering Aux.	\$	-	\$ 44,130
<b>Total E&amp;G Fund Balance</b>	<b>\$</b>	<b>9,298,539</b>	<b>\$ 9,393,438</b>
*2% to 5% Reserve	\$	3,079,607	\$ 3,130,376
*Student Activity Fee	\$	693,638	\$ 693,638
*Technology Access Fee	\$	1,430,213	\$ 1,430,213
*Specialized Academic Course Fee	\$	59,162	\$ 59,162
Total Special Allocations	\$	5,262,620	\$ 5,313,389

		<b>Revised Budget FY2017-18</b>	
		<b>Beginning Fund Balance</b>	<b>Ending Fund Balance</b>
Allocation for Encumbrances	\$	270,194	\$ 270,194
Allocation for Working Capital	\$	2,944,013	\$ 2,944,013
Special Allocations*	\$	7,885,150	\$ 5,061,476
Unallocated Balance (due to rounding)	\$	-	\$ 74
<b>Total E&amp;G Fund Balance</b>	<b>\$</b>	<b>11,099,357</b>	<b>\$ 8,275,757</b>
*2% to 5% Reserve	\$	6,003,368	\$ 3,179,694
*Student Activity Fee	\$	621,069	\$ 621,069
*Technology Access Fee	\$	1,076,383	\$ 1,076,383
*Specialized Academic Course Fee	\$	184,330	\$ 184,330
Total Special Allocations	\$	7,885,150	\$ 5,061,476



**E&G Transfers - Actuals FY2016-17, Proposed Budget FY2017-18, & Revised Budget FY2017-18**

	<b>Actuals FY2016-17</b>	<b>Proposed Budget FY2017-18</b>	<b>Revised Budget FY2017-18</b>
	<b>Debt Service and Unexpended Plant</b>		
Debt Service Perf Contract	\$ 518,243	\$ 328,360	\$ 324,990
Debt Service Fitness Center	\$ 2,076,008	\$ 2,030,490	\$ 2,072,540
Debt Service Univ Center	\$ 93,918	\$ 89,850	\$ 91,710
Debt Service Eblen Center	\$ 206,619	\$ 197,660	\$ 201,750
Facilities Development (fee)	\$ 965,779	\$ 939,400	\$ 939,400
Parking and Transportation	\$ 878,465	\$ 774,575	\$ 789,575
West Property Purchase	\$ 886,630	\$ -	\$ -
Extraordinary Maintenance	\$ 90,000	\$ 90,000	\$ 90,000
Small Projects	\$ 428,434	\$ 1,115,800	\$ 1,196,010
<b>Total Debt Service &amp; Unexp Plant</b>	<b>\$ 6,144,096</b>	<b>\$ 5,566,135</b>	<b>\$ 5,705,975</b>
	<b>Renewal and Replacement</b>		
IT Computer Equipment	\$ 377,110	\$ 277,110	\$ 277,110
Electronic Upgrades	\$ 335,000	\$ 350,000	\$ 350,000
Equipment - Departments	\$ 471,650	\$ 160,000	\$ 243,000
Reserves	\$ -	\$ 675,000	\$ (3,000,000)
<b>Total R&amp;R</b>	<b>\$ 1,183,760</b>	<b>\$ 1,462,110</b>	<b>\$ (2,129,890)</b>
<b>GRAND TOTAL All Transfers</b>	<b>\$ 7,327,856</b>	<b>\$ 7,028,245</b>	<b>\$ 3,576,085</b>

**Reserves - Revised Budget FY2017-18 (bal. at 6-30-17)**

		<b><u>Unexpended Plant</u></b>
Land Purchases	\$	3,897,198
New Construction:		
Science Building	\$	10,288,762
Fitness & Rec Center	\$	18,348,351
Parking & Transportation	\$	2,872,310
Residence Hall Rvn & Roof	\$	1,906,741
Roaden Center Rvn	\$	5,649,946
Infrastructure & HVAC	\$	4,712,539
Football Digital Board	\$	2,731,109
Volpe Library Expansion	\$	1,060,000
Engineering Master Plan	\$	500,000
Extraordinary Maint.	\$	1,438,609
Depts. Small Projects	\$	643,141
Other Small Projects	\$	962,713
<b>Total Unexpended Plant</b>	<b>\$</b>	<b>55,011,419</b>
		<b><u>Renewal and Replacement</u></b>
Auxiliary - Housing	\$	13,330,047
Auxiliary - Other	\$	6,622,925
Computer Center	\$	2,404,661
Technology Update	\$	862,847
Telecommunication	\$	333,378
Printing & Photo Srv	\$	232,418
Motor Pool	\$	625,280
Craft Center R&R	\$	724,410
Departmental R&R	\$	1,098,203
University Reserve	\$	6,091,590
<b>Total R&amp;R</b>	<b>\$</b>	<b>32,325,759</b>
<b>GRAND TOTAL All Reserves</b>	<b>\$</b>	<b>87,337,178</b>

## Budget Summary and Budget Analysis

The complete Budget Summary and Budget Analysis documents can be viewed on the Budget, Planning, Reporting and Analysis website:

Direct Link to document – **Summary:** [https://www.tnitech.edu/assets/usermedia/planning-finance/budgetary-information/Complete\\_TTU\\_Summary\\_-\\_October\\_Revised\\_FY17-18.pdf](https://www.tnitech.edu/assets/usermedia/planning-finance/budgetary-information/Complete_TTU_Summary_-_October_Revised_FY17-18.pdf)

Direct Link to document – **Analysis:** [https://www.tnitech.edu/assets/usermedia/planning-finance/budgetary-information/Complete\\_TTU\\_Analysis\\_Forms\\_-\\_October\\_Revised\\_FY17-18.pdf](https://www.tnitech.edu/assets/usermedia/planning-finance/budgetary-information/Complete_TTU_Analysis_Forms_-_October_Revised_FY17-18.pdf)

### Historical Budget documents (FY2011 through FY2018):

Budget **Summary:** <https://www.tnitech.edu/planning-and-finance/budgeting-and-planning/budgetary-information#octoberbudgetsummary>

Budget **Analysis:** <https://www.tnitech.edu/planning-and-finance/budgeting-and-planning/budgetary-information#budgetanalysis>



## Office of the President

TENNESSEE TECH

October 19, 2017

Submitting on behalf of Tennessee Tech University (TTU), a crosswalk of organizational changes/updates with a proposed implementation date of January 1, 2018, as follows:

### **Academic Affairs**

- Name change of Center for Teaching and Learning Excellence (CTLE) to “Center for Innovation in Teaching and Learning (CITL).”
- Merge of Innovation Institute (currently reporting to Digital and Distance Education) to the newly renamed Center for Innovation in Teaching and Learning (CITL). Unit reports via Accreditation, Assessment and Faculty Development.
- Name change of the Office of MBA Studies to “College of Business Graduate Office” to be more inclusive of all graduate programs the College now offers.
- Addition of the College of Fine Arts with realignment of the School of Art, Craft and Design (which includes the Joe L. Evins Appalachian Center for Craft-Academic Program) and the School of Music as direct reports to the new college.

### **Planning and Finance**

- Reclassification of the Chief Information Technology Officer position to “Executive Director of Information Technology” and realign to report directly to Vice President of Planning and Finance.
- Eliminate Administration and Project Management units from Information Technology Services.
- Align Site Licenses/Contracts as direct report to Executive Director of Information Technology.

TTU Organizational Chart Crosswalk

Page 2, October 19, 2017

**Planning and Finance continued**

- Add Title IX as a direct report to Compliance as this area has assumed the University's compliance and reporting for Title IX.
- Realign Environmental Health and Safety to report directly to Facilities and Business Services.
- Capital Projects will remain as a standalone direct report to the Vice President for Planning and Finance with a broken line to Facilities and Business Services.
- Realign Facilities Use as a direct report to Purchasing and Contracts.
- Rename University Budgeting and Planning to "Budgeting, Planning, Reporting and Analysis." This change outlines the required responsibilities of reporting and analysis for this unit.

**President**

- Reclassification of the Assistant to the President for Strategic Projects position to "Chief Government Affairs Officer." Will continue reporting directly to the President.
- Creation of "Chief of Staff" position as a direct report to the President.
- Reclassification of the Associate Vice President for Communications and Marketing to "Chief Communications Officer" and realign to report directly to the President.
- Realign Internal Audit as a direct report to the Board of Trustees with a broken line to the President.
- Reclassification of the Associate Vice President for Enrollment Management position to a "Vice President." Realign Enrollment Management to report directly to the President.
- Name Change of Enrollment Management and Student Success to "Enrollment Management and Career Placement."

TTU Organizational Chart Crosswalk  
Page 3, October 19, 2017

**President continued**

- Name change of Office of Career Services to “Center for Career Development.” Realign this area to report directly to Vice President of Enrollment Management and Career Placement.
- Realign International Education to report to Vice President of Enrollment Management and Career Placement.
- Realign New Student and Family Programs to report to Vice President of Enrollment Management and Career Placement.

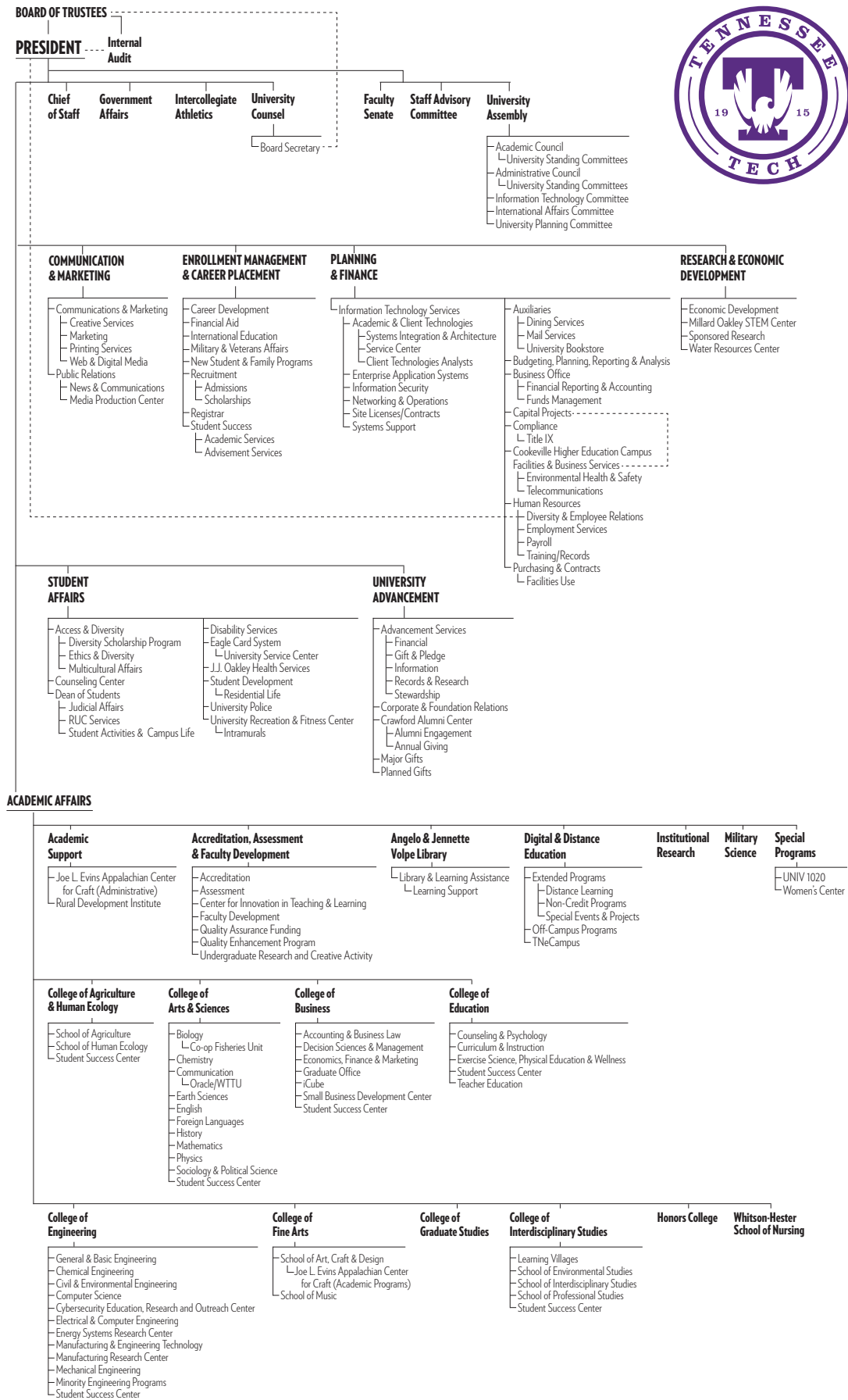
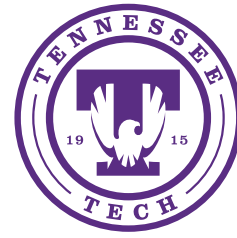
**University Advancement**

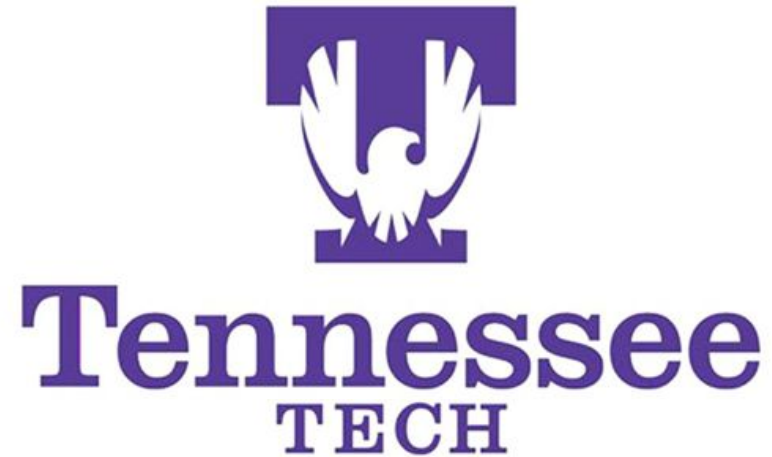
- Add Crawford Alumni Center as a direct report to the Vice President. Split Alumni Engagement and Annual Giving and make independent reports to the Crawford Alumni Center.
- Remove University Development as unit. Align the three units of Corporate and Foundation Relations, Major Gifts, and Planned Giving to report directly to the Vice President for University Advancement.

**Implementation: January 1, 2018**



Dr. Philip B. Oldham, President





***October (Revised) Budget***

Presentation to Board of Trustees

Dec. 11, 2017





# Fall 2017 Enrollment Compared with Fall 2016

	Fall 2017	Fall 2016	Change	Percentage Change
Headcount	10,504	10,492	12	0.1%
Full Time Equivalent	9,019	9,125	-106	-1.2%
First Time Freshmen	1,761	1,608	153	9.5%
Transfers	794	716	78	10.9%
Out-of-state				
International	549	714	-165	-23.1%
Domestic	278	318	-40	-12.6%



## Investment in Marketing

- One-time investment
  - Billboards
  - Radio
  - Television
- Going forward
  - Priority to identify permanent funding



## 3-year Investment in New Faculty Positions

- 1<sup>st</sup> Year 2018-2019 (advertise 2017-18)
  - Computer Science (College of Eng) 2 tenure track + 1 lecturer
  - Decision Science (College of Bus) 1 lecturer



## 3-year Investment in New Faculty Positions

- 2<sup>nd</sup> Year 2019-2020 (advertise 2018-19)
  - College of Education – 1 tenure track
  - College of Business Decision Science – 1 lecturer
  - College of Engineering Computer Science – 1 tenure track + 1 lecturer



## 3-year Investment in New Faculty Positions

- 3<sup>rd</sup> Year 2020-2021 (advertise 2019-2020)
  - College of Engineering Computer Science – 1 lecturer
  - College of Business Decision Science – 1 tenure track



## E&G Budget Summary

	Actual FY2016-17	October Budget FY2017-18
Beginning Fund Balance	\$15,200,043	\$11,099,357
E&G Revenues	\$153,003,265	\$156,943,800
E&G Expenses	\$149,778,295	\$156,191,300
Mandatory and Non-mandatory Transfers	\$7,327,856	\$3,576,100
Ending Fund Balance	\$11,097,157	\$8,275,757



## Auxiliary Enterprises Budget Summary

	Actual FY2016-17	October Budget FY2017-18
Beginning Fund Balance	\$1,591,190	\$1,561,761
Auxiliary Revenues	\$16,917,308	\$17,673,700
Auxiliary Expenses	\$6,801,561	\$7,235,800
Mandatory and Non-Mandatory Transfers	\$10,143,034	\$10,724,700
Ending Fund Balance	\$1,563,903	\$1,274,961



## Education & General (E&G) Revenue Budget

	Actual FY 2017	Proposed (July) FY 2018	Revised (October) FY2018	Change from July to October
Tuition and Fees	\$96,845,705	\$98,559,500	\$98,560,500	\$1,000
State Appropriations	\$42,172,363	\$45,448,900	\$47,030,200	\$1,581,300
Grants & Contracts	\$1,450,159	\$971,400	\$971,400	\$0.00
Sales & Services	\$11,539,646	\$10,332,500	\$9,515,700	\$(816,800)
Other Sources	\$995,392	\$683,500	\$866,000	\$182,500
<b>Total E&amp;G</b>	<b>\$153,003,265</b>	<b>\$155,995,800</b>	<b>\$156,943,800</b>	<b>\$948,000</b>





## E&G Expenses and Transfers

	Actual FY 2017	Proposed (July) FY2018	Revised (October) FY 2018	Change from July to October
Instruction	\$68,403,756	\$66,572,800	\$71,337,200	\$4,764,400
Research & Public Serv	\$4,769,862	\$5,163,200	\$6,072,900	\$909,700
Academic Support	\$12,298,538	\$12,204,400	\$11,680,800	\$(523,600)
Student Services	\$20,082,370	\$18,164,100	\$18,783,400	\$619,300
Institutional Support	\$15,061,103	\$14,635,600	\$15,990,800	\$1,355,200
Oper & Maint Plant	\$12,822,785	\$14,088,400	\$13,687,300	\$(401,100)
Scholarships & Fellowships	\$16,339,882	\$18,044,100	\$18,638,900	\$594,800
Transfers	\$7,327,856	\$7,028,300	\$3,576,100	\$(3,452,200)
<b>Total E&amp;G</b>	<b>\$157,106,151</b>	<b>\$155,900,900</b>	<b>\$159,767,400</b>	<b>\$3,866,500</b>



## E&G October Budget FY2017-18

### Beginning Fund Balance

<b>Total E&amp;G Fund Balance</b>	<b>\$11,099,357</b>
Allocation for Encumbrances	\$270,194
Allocation for Working Capital	\$2,944,013
Special Allocation*	\$7,885,150
Unallocated Balance	\$0
*2% to 5% Reserve	\$6,003,368
*Student Activity Fee	\$621,069
*Technology Access Fee	\$1,076,383
*Specialized Academic Course Fee	\$184,330

### Ending Fund Balance

<b>Total E&amp;G Fund Balance</b>	<b>\$8,275,757</b>
Allocation for Encumbrances	\$270,194
Allocation for Working Capital	\$2,944,013
Special Allocation*	\$5,061,476
Unallocated Balance (rounding)	\$74
*2% to 5% Reserve	\$3,179,694
*Student Activity Fee	\$621,069
*Technology Access Fee	\$1,076,383
*Specialized Academic Course Fee	\$184,330



# DISCUSSION



## Agenda Item Summary

**Date:** December 11, 2017

**Division:** Planning and Finance

**Agenda Item:** Severance of Procurement/Capital Projects

Review

Action

No action required

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**PRESENTERS:** Dr. Claire Stinson, Vice President for Planning and Finance

### **PURPOSE & KEY POINTS:**

The FOCUS Act authorized the Tennessee Higher Education Commission (THEC) to receive requests from the six locally governed institutions (LGIs) to assume the performance of data systems, procurement and capital project planning after November 30, 2017. Tennessee Tech is requesting to assume responsibility for procurement retroactive to December 1, 2017. Additionally, Tennessee Tech is requesting to assume responsibility for capital planning and management effective July 1, 2018. Tennessee Tech is not requesting to assume data systems management at this time.

#### Procurement

In April 2017, THEC staff provided a memo to all LGI presidents outlining four foundational requirements for procurement severance. Tennessee Tech has provided the requested documentation supporting our compliance with the four requirements.

1. Procurement and Contract Policy Development
2. Process for complying with Fiscal Review Committee requirements for review and comment on proposed non-competitive contracts of longer than one year and payable value of more than \$250,000
3. Process for filing of appropriate reports as required by Tennessee Statute or bylaws and policies
4. Agreement to continue to participate in TBR master, group, or statewide contracts until the full-term of the contract expires

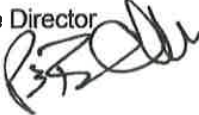
#### Capital Project Planning and Management

The first meeting with THEC to begin the severance process for capital project planning and management was scheduled for November 16, 2017. Policies for capital project planning and management will be completed by the end of January 2018. Other procedures necessary to fully comply with State regulations are currently being developed. Tennessee Tech staff expects to be prepared to assume this responsibility on July 1, 2018.



**Office of the President**  
**TENNESSEE TECH**

MEMORANDUM

TO: Mike Krause, THEC Executive Director  
FROM: Philip B. Oldham, President   
DATE: October 5, 2017  
RE: Procurement Severance Process Requirements

---

Tennessee Tech's temporary website at <https://www.tntech.edu/planning-and-finance/purchasing/ttu-purchasing-and-contracts> has been established that contains links to documentation as required for the procurement severance process.

1. Procurement and Contract Policy Development
  - a. Links to policies and procedures for procurement and contracting
  - b. Pro forma contracts and templates
  - c. Indication that these documents meet at minimum the requirements of state and federal law (see attached memo and attestation from Dr. Claire Stinson)
2. Fiscal Review Committee
  - a. Checklist outlining all proper documents that must be submitted to Fiscal Review when a contract or amendment is under review
  - b. Fiscal Review forms required to address non-competitive contracts and amendments
  - c. Dr. Claire Stinson, Vice President for Planning and Finance (Phone: 931-372-3311, [cstinson@tntech.edu](mailto:cstinson@tntech.edu)) and Ms. Judy Hull, Director of Purchasing and Contracts (Phone: 931-372-3452, [jmhull@tntech.edu](mailto:jmhull@tntech.edu)) will represent Tennessee Tech in front of the Fiscal Review Committee.
3. Reporting Requirements
  - a. Campus liaison responsible for meeting reporting requirements: Dr. Claire Stinson, Vice President for Planning and Finance (Phone: 931-372-3311, [cstinson@tntech.edu](mailto:cstinson@tntech.edu))
  - b. Examples of most recent versions of reports
4. Master Contract Severance:
  - a. Tennessee Tech agrees to work with TBR and THEC on a case-by-case basis to identify the terms under which Tennessee Tech may exit a master contract before its full term is completed.
  - b. Tennessee Tech further agrees to notify the TBR Assistant Vice Chancellor for Purchasing and Contracts which master contract(s) that we intend to exit at the end of its full contract term at least six months in advance of the contract expiration date.

c: Claire Stinson, TTU Vice President for Planning and Finance  
Judy Hull, TTU Director of Purchasing and Contracts

Tennessee Tech / Box 5007 Cookeville, TN 38505 / 931-372-3241 / F: 931-372-6332 / [www.tntech.edu/president](http://www.tntech.edu/president)

## **Procurement Severance Requirements**

### **Tennessee Technological University**

#### ***Procurement and Contract Policy Development***

TTU Purchasing & Contracts – <https://www.tntech.edu/planning-and-finance/purchasing/ttu-purchasing-and-contracts>

Policies of Interest

- Policy 570: Contracts and Agreements
- Policy 571: Methods and Processes of Procurement
- Procurement Manual

Template Agreements & Forms – <https://www.tntech.edu/planning-and-finance/purchasing/ttu-purchasing-and-contracts>

Documents of Interest

- Template Request for Proposal (RFP)
- Template Request for Quotation (RFQ)
- Personal, Professional, Consultant Services Agreement (non-grant and grant)

#### ***Fiscal Review Committee***

Fiscal Review Forms (<https://www.tntech.edu/planning-and-finance/purchasing/ttu-purchasing-and-contracts>)

Documents of Interest

- Fiscal Review Summary Sheet
- Fiscal Review Checklist
- Fiscal Review Non-Competitive Contract and Amendment Form

Fiscal Review Campus Representative:

Dr. Claire Stinson (Primary Contact)

Vice President for Planning and Finance

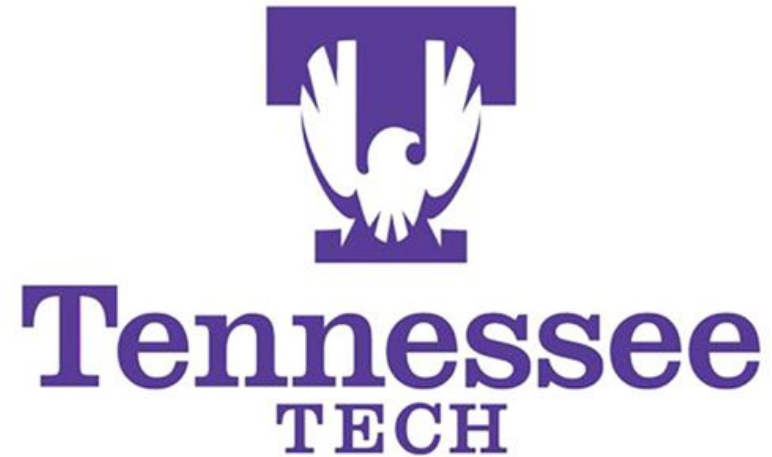
PN 931-372-3311; email: [cstinson@tntech.edu](mailto:cstinson@tntech.edu)

#### ***Reporting Requirements***

Report - <https://www.tntech.edu/planning-and-finance/purchasing/ttu-purchasing-and-contracts>

#### ***Master Contracts***

Provided acknowledgment of, and agreement to, requirements for exiting master contracts



***Procurement and Capital Budget Management Severance***

Dec. 11, 2017



## Procurement and Capital Projects Severance from TBR

- Procurement Effective Dec. 1, 2017
  - Adopted TBR procurement policies with exception of bid limits
- Capital Project Management Effective July 1, 2018
  - Policies and procedures in accordance with State Building Commission, State Architect, THEC requirements





# Procurement Severance Differences

## TBR

- Up to \$10,000 no bid required

## Tennessee Tech

- Up to \$25,000 no bid required



## Procurement Severance Differences

### TBR

- Greater than \$10,000 but less than \$50,000 requires 3 informal bids

### Tennessee Tech

- Greater than \$25,000 but less than \$100,000 requires 3 informal bids



# Procurement Severance Differences

## TBR

- \$50,000 and greater require formal bids to known vendors up to 15 vendors

## Tennessee Tech

- \$100,000 and greater require formal bids to known vendors up to 15 vendors



## Considerations for Setting Bid Thresholds

	Percentage of Purchases	Percentage of Dollars Spent	Dollars Spent
Up to \$25,000	87%	16%	\$4.6 million
> \$25,000 < \$100,000	9%	23%	\$6.8 million
\$100,000 and over	4%	61%	\$18.1 million



# DISCUSSION



## Agenda Item Summary

**Date:** December 11, 2017

**Division:** Planning and Finance

**Agenda Item:** Policy 570 – Contracts and Agreements

**Review**

**Action**

**No action required**

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**PRESENTERS:** Dr. Claire Stinson, Vice President for Planning and Finance

**PURPOSE & KEY POINTS:**

This policy establishes the rules pertaining to procurement of goods and/or services through contracts and agreements.

Tennessee Technological University  
Policy No. 570



**Contracts and  
Agreements**

Effective Date: December 1, 2017

**Policy No.: 570**

**Policy Name: Contracts and Agreements**

**Policy Subject: Establishment of Contracts for the Purchase of Goods/Services**

**I. Purpose**

This policy establishes the rules pertaining to procurement of goods and/or services through contracts and agreements.

**II. Review**

This policy will be reviewed every four years or whenever circumstances require review, whichever is earlier, by the Director of Purchasing and Contracts in consultation with the Vice President for Planning and Finance, with recommendations for revision presented to the Administrative Council, University Assembly and the Board of Trustees.

**III. Policy**

Tennessee Tech employees must follow all requirements related to the procurement of goods and/or services as stated in the Tennessee Tech Procurement Manual.

- A. Contracts and agreements may be approved by the President or designee, except for the following, which require review and/or approval(s) by the Board of Trustees, Tennessee Higher Education Commission (THEC), Fiscal Review Committee, State Building Commission (SBC), or other state official(s), as appropriate:
1. Acquisition or sale of Tennessee Tech real property requires prior approval of the President, Board of Trustees, and the State Building Commission.
  2. Leases of real property or facilities for more than five years or for more than \$150,000 per year require prior approval of the President, Board of Trustees, Tennessee Higher Education Commission (THEC), and the State Building Commission.
  3. Agreements related to the legal authority and operating control of Tennessee Tech with respect to the Tennessee Tech Foundation requires prior approval of the President and the Board of Trustees.
  4. Revenue agreements of \$250,000 or more annually require prior approval of the President, with a periodic report to the Board of Trustees;
  5. Expenditure contracts totaling \$250,000 or more annually require prior approval of the President, with a periodic report to the Board of Trustees;
  6. Contracts for services that require Fiscal Review Committee review require prior approval of the President, with a periodic report to the Board of Trustees, and review by the Fiscal Review Committee;
  7. Purchases of insurance require prior approval of the President and the Department of Commerce and Insurance, with a periodic report to the Board of Trustees; or



8. Capital projects where the estimated cost is \$100,000 or more for new buildings or structures, or \$500,000 or more for repair or renovation, from any fund source whatsoever, require prior approval of the President, Board of Trustees, Tennessee Higher Education Commission, and the State Building Commission.

- B. In any instance where the Board has delegated authority to the President to approve contracts, s/he may delegate such approval authority to a designee or designees.

#### **IV. Interpretation**

The Director of Purchasing and Contracts or his/her designee has the final authority to interpret the terms of this policy.

#### **V. Citation of Authority for Policy**

T.C.A. §§ 49-8-203(a)(1)(C) & (E)

Approved by:

Administrative Council: November 15, 2017

University Assembly:

Board of Trustees:



## Agenda Item Summary

**Date:** December 11, 2017

**Division:** Planning and Finance

**Agenda Item:** Policy 571 – Methods and Processes of Procurement

**Review**

**Action**

**No action required**

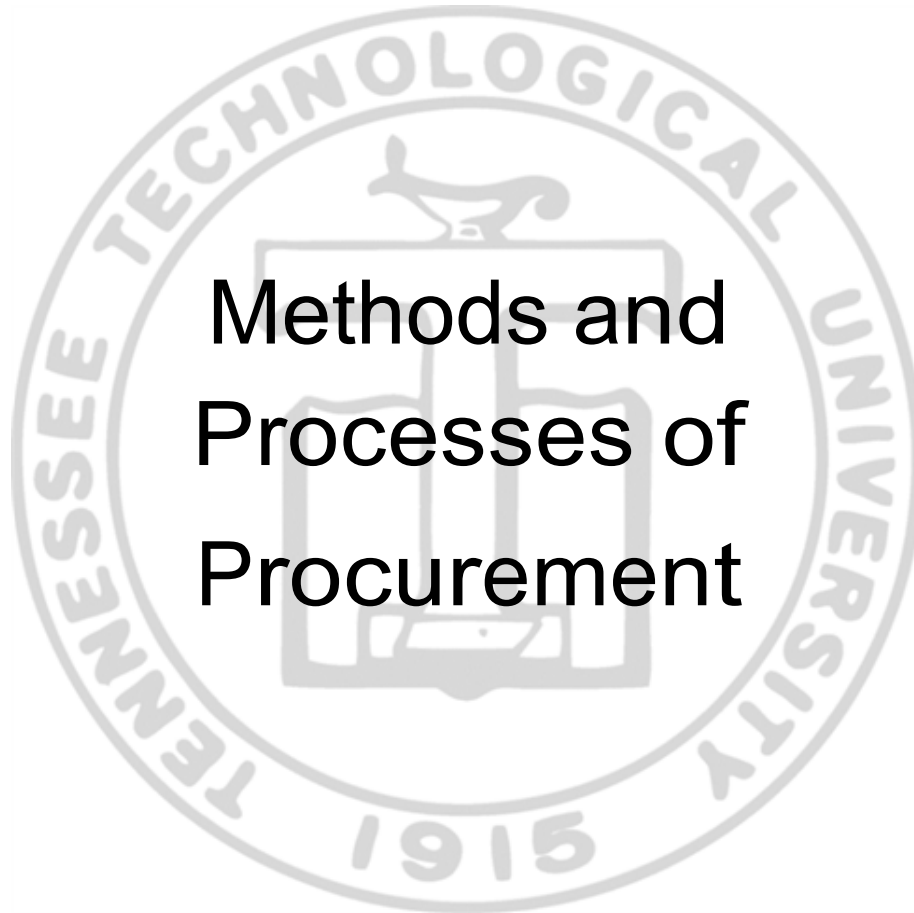
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**PRESENTERS:** Dr. Claire Stinson, Vice President for Planning and Finance

**PURPOSE & KEY POINTS:**

This policy establishes the methods and processes of procurement used by Tennessee Tech and provides an explanation of various steps and actions within the procurement processes.

Tennessee Technological University  
Policy No. 571



**Methods and  
Processes of  
Procurement**

Effective Date: December 1, 2017

**Policy No.: 571**

**Policy Name: Methods and Processes of Procurement**

**I. Purpose**

This policy establishes the methods and processes of procurement used by Tennessee Tech and provides an explanation of various steps and actions within the procurement processes.

**II. Review**

This policy will be reviewed every four years or whenever circumstances require review, whichever is earlier, by the Director of Purchasing and Contracts in consultation with the Vice President for Planning and Finance, with recommendations for revision presented to the Administrative Council, University Assembly, and the Board of Trustees.

**III. Policy**

Tennessee Tech employees must follow all requirements related to the procurement of goods and/or services as stated in the Tennessee Tech Procurement Manual and the Tennessee Tech Procard User's Manual.

- A. Contracts and agreements may be approved by the President or designee, except for the following, which require review and/or approval(s) by the Board of Trustees, Tennessee Higher Education Commission (THEC), Fiscal Review Committee, State Building Commission (SBC), or other state official(s), as appropriate:
  - 1. Acquisition or sale of Tennessee Tech real property requires prior approval of the President, Board of Trustees, and the State Building Commission.
  - 2. Leases of real property or facilities for more than five years or for more than \$150,000 per year require prior approval of the President, Board of Trustees, Tennessee Higher Education Commission (THEC), and the State Building Commission.
  - 3. Agreements related to the legal authority and operating control of Tennessee Tech with respect to the Tennessee Tech Foundation requires prior approval of the President and the Board of Trustees.
  - 4. Revenue agreements of \$250,000 or more annually require prior approval of the President, with a periodic report to the Board of Trustees;
  - 5. Expenditure contracts totaling \$250,000 or more annually require prior approval of the President, with a periodic report to the Board of Trustees;
  - 6. Contracts for services that require Fiscal Review Committee review require prior approval of the President, with a periodic report to the Board of Trustees, and review by the Fiscal Review Committee;
  - 7. Purchases of insurance require prior approval of the President and the Department of Commerce and Insurance, with a periodic report to the Board of Trustees; or

8. Capital projects where the estimated cost is \$100,000 or more for new buildings or structures, or \$500,000 or more for repair or renovation, from any fund source whatsoever, require prior approval of the President, Board of Trustees, Tennessee Higher Education Commission, and the State Building Commission.

- B. In any instance where the Board has delegated authority to the President to approve contracts, s/he may delegate such approval authority to a designee or designees.

#### **IV. Interpretation**

The Director of Purchasing and Contracts or his/her designee has the final authority to interpret the terms of this policy.

#### **V. Citation of Authority for Policy**

T.C.A. §§ 49-8-203(a)(1)(C) & (E)

Approved by:

Administrative Council: November 15, 2017

University Assembly:

Board of Trustees:



## Agenda Item Summary

**Date:** December 11, 2017

**Division:** Planning and Finance

**Agenda Item:** Policy 563.1 – Expenditures on Tennessee Tech-Owned Property Walton House

Review

Action

No action required

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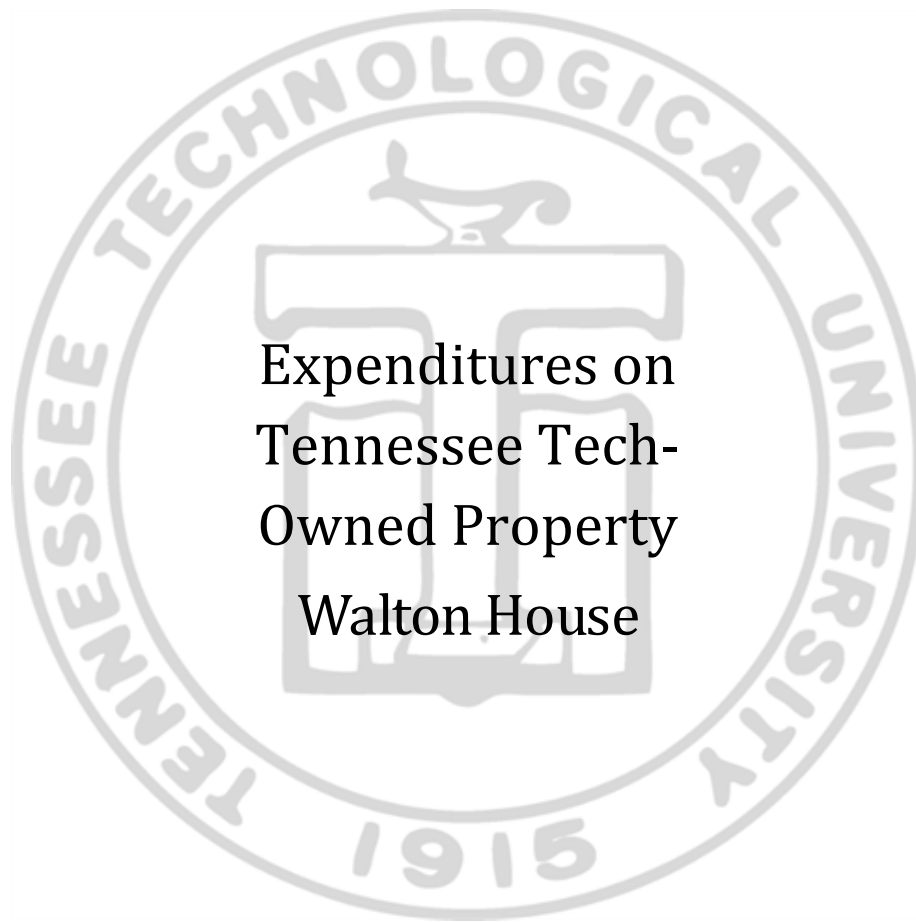
**PRESENTERS:** Dr. Claire Stinson, Vice President for Planning and Finance

**PURPOSE & KEY POINTS:**

The purpose of this policy is to establish operational guidelines for expenditures on Walton House, a Tennessee Tech-owned residence. Walton House is furnished to the President of the University during his/her employment in the official capacity as President of Tennessee Tech.

# **Tennessee Technological University**

## **Policy No. 563.1**



Expenditures on  
Tennessee Tech-  
Owned Property  
Walton House

Effective Date: January 1, 2018

**Policy No:** 563.1

**Policy Name:** Expenditures on Tennessee Tech-Owned Property - Walton House

**Effective Date:** January 1, 2018

**I. Purpose**

The purpose of this policy is to establish operational guidelines for expenditures on Walton House, a Tennessee Tech-owned residence. Walton House is furnished to the President of the University during his/her employment in the official capacity as President of Tennessee Tech.

**II. Review**

This policy will be reviewed every four years or whenever circumstances require review, whichever is earlier, by the Associate Vice President of Facilities and Business Services in consultation with the Vice President for Planning and Finance, with recommendations for revision presented to the Administrative Council, University Assembly, and the Board of Trustees.

**III. Policy**

- A. Tennessee Tech is responsible for all expenses related to Walton House.
- B. Tennessee Tech furnishes the President a university-owned residence in recognition of the role he/she must play in official entertainment and other official functions in the residence. E
- C. Expenditures required to furnish, maintain, repair, renovate, and operate the residence will be paid as follows:
  - 1. Tennessee Tech pays all utility bills.
  - 2. Tennessee Tech pays for necessary repairs and maintenance to keep the residence in an acceptable state of repair and operation.
  - 3. Tennessee Tech will finance any major renovations and expansion of this residence subject to approval by the Board.
  - 4. Tennessee Tech will purchase and replace furniture and furnishings used in public or official entertainment areas in the residence.



5. Tennessee Tech will purchase and replace carpets, rugs, wall coverings, and window coverings and such will be in a cost range in keeping with the quality of the residence and necessary for long wear and service.
6. The President will provide furniture used in private or family areas.
7. The President will purchase any furniture or furnishings that are for personal convenience and may take them when leaving the residency.
8. Tennessee Tech will provide the necessary grounds and custodial personnel, supplies, and equipment to maintain the grounds and residence at an acceptable level of cleanliness and attractiveness.
9. The President will use appropriate judgment and discretion in the expenditures of money for operation, maintenance, repairs, and furnishings.

#### **IV. Interpretation**

The Vice President of Planning and Finance or his/her designee has the final authority to interpret the terms of this policy.

#### **V. Citation of Authority for Policy**

T.C.A. § 49-8-203(a)(1)(C)

Approved by:

Administrative Council: October 11, 2017

University Assembly:

Board of Trustees:



## Agenda Item Summary

**Date:** December 11, 2017

**Division:** Planning and Finance

**Agenda Item:** Disclosed Food Services Project

Review

Action

No action required

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**PRESENTERS:** Dr. Claire Stinson, Vice President for Planning and Finance

**PURPOSE & KEY POINTS:**

Recommendation and approval of one project for the Q2 FY 2017-18 Disclosure Amendment. This project is an addition to the TTU submittal for the 2017-18 Capital Budget.

TTU recently signed a ten-year contract with Chartwells to manage the food services program of the university. Chartwells will renovate and refresh existing food venues, and establish new food venues within the Roaden University Center and other facilities on campus over the next two years. All design and construction services necessary will be the responsibility of Chartwells; however, all proposed renovations will be reviewed with and approved by Tennessee Tech. Chartwells' current contract expires June 20, 2027.

Proposed renovations in this disclosure include the following:

- The Perch (located in New Hall North) will receive upgraded market, seating area and a new Student Choice concept
- McCord Hall will receive a Papa John's Pizza and Market 2020 concept
- The Birdfeeder (food truck) will be refreshed to include BBQ concept, external smoker, and dedicated pad with seating
- Campus wide digital ordering and express pick up for all foodservice locations
- Swoops Food Court will be updated with new Panda Express (or similar concept), market express, updated seating area and upgraded technology
- The Caf will receive a new finishing kitchen, enhanced salad bar and Mongolian Grill
- Starbucks will be refreshed with an updated look, finishes and signage
- The Local Chemist Coffee Shop will be located in the new Lab Science building

December 11, 2017, Audit & Business Committee Agenda and Materials - Disclosed Food Services Project

Institution	Project	Disclosure Year	Funding Source	Project Cost	Net New Sq. Ft.	TSSBA	Gifts	Grants	Auxiliary	Contractor Funds	Operating
TTU	Food Service Improvements	2017-18	Gift-in-Place - Chartwells Foodservice Contract	\$ 3,000,000			\$ 3,000,000				
TTU	Athletics Facilities Improvements										
TTU	Capitol Quad Steam Line Replacement										
TTU	Residence Hall/Living & Learning Community										
TTU	Engineering and Research Facility										
TTU	Facilities Services Complex										
TTU	Fire Alarm System Updates										
TTU	Poultry Research Facility										
TTU	Volpe Library First Floor Expansion										
TTU	Residence Hall Improvements										
TTU	Parking & Transportation Improvements - Phase Two										



## Agenda Item Summary

**Date:** December 11, 2017

**Division:** Planning and Finance

**Agenda Item:** Technology Access Fee (TAF) Proposed/Actual Spending Plan

Review

Action

No action required

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**PRESENTERS:** Dr. Claire Stinson, Vice President for Planning and Finance

**PURPOSE & KEY POINTS:**

Students are assessed a technology access fee of \$16 per credit hour each semester up to a maximum of \$112.50. These funds are used to provide technology for direct student benefit. TAF monies are used for such items as new and improved high technology laboratories and classrooms, appropriate network and software, computer and other equipment, and technological improvements that enhance instruction.

Expenditure accounts and designated revenue accounts have been established for recording technology access fees and expenditures. The attached worksheets reflect actual expenditures for FY2016-17 and our spending plan for FY2017-18.

TAF Planning Process

TAF proposals are solicited from all academic units in early spring for the upcoming fiscal year. After submission of the proposals for TAF funding, the projects are reviewed by Information Technology Services (ITS) for completeness, then prioritized by the department chairs and deans. After the prioritization is completed by each unit, the Information Technology Committee reviews the proposed projects and recommends approval of projects, within available funding, using the following guidelines.

1. Priority will be given to low cost, high impact projects.
2. Consider technology in the following order:
  - a. Specialized equipment required for course work
  - b. Departmental computing lab hardware/software that can be fully integrated into the University's PC Lab Network and can be used by all students.
  - c. Departmental computing lab hardware/software that is maintained for department use only.
  - d. Peripherals such as printers, cameras, VCRs, and other equipment.
3. Consider unit curricular goals and accreditation.
4. Consider priority ranking by the Department Chairs and Deans.



5. From this point forward, any lab requests (other than cornerstone or very specialized labs) should be oriented towards newer technologies, including but not limited to laptops, tablets, VDI, and/or space reconfigurations for student-owned machines.
6. All projects should indicate specific alignment with FlightPlan initiatives.

Once requests are approved for funding, the purchasing and implementation is handled by ITS in coordination with departments receiving funding. Funding is for one-time costs only. Ongoing costs and maintenance (excluding warranty repairs) are provided by the proposing department. The departments are also responsible for incidentals such as toner, paper, projector bulbs, and other consumables. When feasible, all awarded projects are completed prior to the end of the fiscal year for which funding was received.

TAF Spending Plan Subcommittee is composed of:

- Academic Affairs administrator (1)
- Business Affairs administrator (1)
- Student Services administrator (1)
- Academic Dean (1)
- Faculty members (2)
- Executive Director of ITS

**TENNESSEE TECH UNIVERSITY**  
 TECHNOLOGY ACCESS FEE  
 2017-2018  
 SPENDING PLAN  
 As of \_07/06/2017\_

Original Technology Access Fee Rate			New Technology Access Fee			2017-2018 Total Technology Access Fee Plan		
<u>Part 1</u>			<u>Part 2</u>			<u>Part 1 + Part 2</u>		
Spending Plan			Spending Plan			Spending Plan		
Revenue	Project	Amount	Revenue	Project	Amount	Revenue	Project	Amount
\$ 241,900.00	Carryforward from PY		\$ 924,789.78	Carryforward from PY		\$ 1,166,689.78	Carryforward from PY	
			\$ -	Carryforward from unspent ERP		\$ -	Carryforward from unspent ERP	
			\$ 243,300.00	Equipment Pool		\$ 243,300.00	Equipment Pool	
\$ 146,100.00	Current Year Revenue		\$ 1,801,900.00	Current Year Revenue		\$ 1,948,000.00	Current Year Revenue	
	1 Computer Hardware/Software	\$ 55,000.00		1 Computer Hardware/Software	\$ 1,564,611.60		1 Computer Hardware/Software	\$ 1,619,611.60
	2 Network Costs			2 Network Costs	\$ 39,000.00		2 Network Costs	\$ 39,000.00
	3 Classroom Equipment/Modifications			3 Classroom Equipment/Modifications	\$ 360,616.50		3 Classroom Equipment/Modifications	\$ 360,616.50
	4 Lab & Course Staffing	\$ 333,000.00		4 Lab & Course Staffing	\$ 198,000.00		4 Lab & Course Staffing	\$ 531,000.00
	5 Reserves			5 Reserves	\$ 428,361.68		5 Reserves	\$ 428,361.68
	6 Faculty Computers			6 Faculty Computers	\$ 4,400.00		6 Faculty Computers	\$ 4,400.00
	7 Faculty & Staff Development			7 Faculty & Staff Development	\$ -		7 Faculty & Staff Development	\$ -
	8 Infrastructure			8 Infrastructure	\$ 60,000.00		8 Infrastructure	\$ 60,000.00
	9 Library Resources			9 Library Resources	\$ 315,000.00		9 Library Resources	\$ 315,000.00
<u>\$ 388,000.00</u>		<u>\$ 388,000.00</u>	<u>\$ 2,969,989.78</u>		<u>\$ 2,969,989.78</u>	<u>\$ 3,357,989.78</u>		<u>\$ 3,357,989.78</u>

Tennessee Tech University  
TECHNOLOGY ACCESS FEE  
2016-2017  
ACTUAL EXPENDITURES (As of 30AUG2017)

Original Technology Access Fee Rate			New Technology Access Fee			2016-2017 Total Technology Access Fee Plan		
<u>Part 1</u>			<u>Part 2</u>			<u>Part 1 + Part 2</u>		
Spending Plan			Spending Plan			Spending Plan		
Revenue	Project	Amount	Revenue	Project	Amount	Revenue	Project	Amount
\$ 244,170	Carryforward from PY		\$ 1,383,632	Carryforward from PY		\$ 1,627,802	Carryforward from PY	
\$ 309,676	Current Year Revenue		\$ 1,754,830	Current Year Revenue		\$ 2,064,505	Current Year Revenue	
	1 Computer Hardware/Software	\$ 26,833		1 Computer Hardware/Software	\$ 1,704,712		1 Computer Hardware/Software	\$ 1,731,545
	2 Network Costs			2 Network Costs	\$ 79,497		2 Network Costs	\$ 79,497
	3 Classroom Equipment/Modifications			3 Classroom Equipment/Modifications	\$ 55,508		3 Classroom Equipment/Modifications	\$ 55,508
	4 Lab & Course Staffing	\$ 320,234		4 Lab & Course Staffing	\$ 178,525		4 Lab & Course Staffing	\$ 498,760
	5 Reserves	\$ 206,779		5 Reserves	\$ 736,173		5 Reserves	\$ 942,952
	6 Faculty Computers			6 Faculty Computers	\$ 6,143		6 Faculty Computers	\$ 6,143
	7 Faculty & Staff Development			7 Faculty & Staff Development	\$ 15,182		7 Faculty & Staff Development	\$ 15,182
	8 Infrastructure			8 Infrastructure	\$ 38,436		8 Infrastructure	\$ 38,436
	9 Library Resources			9 Library Resources	\$ 324,284		9 Library Resources	\$ 324,284
<u>\$ 553,846</u>		<u>\$ 553,846</u>	<u>\$ 3,138,461</u>		<u>\$ 3,138,461</u>	<u>\$ 3,692,307</u>		<u>\$ 3,692,307</u>