



Audit & Business Committee Meeting

December 5, 2019

Roaden University Center, Room 282

8:00 A.M.

AGENDA

- I. Call to Order
- II. Approval of Minutes
- III. Performance Pay Outcomes
- IV. Approval of 2019-20 October Revised Budget/Organizational Chart
- V. Approval of Revised Mandatory Fee Structure
- VI. Approval of Out-of-state Tuition Rate
- VII. Discussion of Full-time/Part-time Tuition Model
- VIII. Financial Review
 - A. Consolidated Financial Index
 - B. Tuition Transparency Act Report (T.C.A § 49-7-1604)
- IX. Policies
 - A. TTU Policy 530 (Debt Management)
 - B. TTU Policy 531 (Tennessee State School Bond Intercept)
 - C. TTU Policy 537 (Naming Buildings, Facilities and Organizational Units)
- X. Report of Audit Activity
- XI. Approval of 2020 Audit Plan
- XII. Adjournment of Open Session and Call to Order of Executive Closed Session to Discuss Audits, Investigations, Litigation, and Matters Deemed Not Subject to Public Inspection Pursuant to T.C.A. § 4-35-108(b)(1)-(3)
- XIII. Adjournment



**Board of Trustees Meeting
Audit & Business Committee
September 24, 2019
Roaden University Center Room 282**

MINUTES

AGENDA ITEM 1—CALL TO ORDER

The Tennessee Tech Board of Trustees Audit & Business Committee met on September 24, 2019, in Roaden University Center Room 282. Chair Johnny Stites called the meeting to order at 9:47 a.m.

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

- Johnny Stites
- Sally Pardue

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

AGENDA ITEM 2—Approval of Minutes

Chair Stites asked for approval of the minutes of the June 20, 2019 Audit & Business Committee meeting. Chair Stites asked if there were questions or comments regarding the minutes. There being none, Dr. Sally Pardue moved to recommend approval of the June 20, 2019 Audit & Business Committee minutes. Chair Stites seconded the motion. The motion carried unanimously.

AGENDA ITEM 3- Employee Performance Evaluation Analysis

Dr. Crickenberger presented the outcomes from the performance evaluations. In 2015 the staff evaluation process was revamped to focus on individual performance in effort to tie salary increases to individual performance. The staff evaluations focused on employee performance specific to their job, self-evaluation component and allowed for specific goals and achievements to be recognized. Core competencies were aligned with the strategic plan objectives and made up 40 percent of the employee evaluation score. Core competencies included academic excellence, community engagement, meaningful innovation, student success, supportive environment and value creation. Evaluation scores were also tied directly to actual job responsibilities and supervisors annually evaluate the job duties prior to the evaluation to ensure accurate reflection of duties. This made up 60 percent of evaluation scores. Supervisors can set goals towards specific high performance to recognize and encourage employees to come up with creative and innovative solutions that enhance the university's mission. Over the past four years the performance culture had slowly shifted to be more effectively evaluating staff. The majority of employees were evaluated at meets expectations. Low performance should be relatively low as we would be encouraging better performance. Over the past four years there had been an increase in average performance. The presentation included a summary of the performance increase awarded by category.

Faculty, both tenured and non-tenured, are evaluated annually by the department chairperson and the college Dean on: teaching, advisement, research, scholarship, creative activity, service and outreach, administration and any other duties assigned to them. Approximately 81 percent were high performers, which would traditionally be expected in faculty roles. There is a five year tenure process that would eliminate poor performers before they go through the tenure process.

Dr. Crickenberger proceeded with key points on performance pay. Performance pay strategy rewards those employees who add the most value to the organization. Top performers prefer performance pay, and low performers do not. Performance pay was aligned with strategic plan objectives with goals that employees can personally impact, set clear expectations and communicate, monitor critical staffing levels within the university and balance performance pay with market conditions. Measurements include individual and department goals, strategic plan objectives, extra ordinary efforts, project completion and consistent exceptional performance for three plus years. Ways to stay competitive included shifting to performance pay structure that can be used to enhance the university's value proposition for employees and focuses on high performers, consider one-time performance bonuses for top performers and review base salaries to maintain competitiveness under current market conditions.

Trustee Vanhooser commented that the staff evaluation included student success but was not included in the faculty evaluation. Dr. Crickenberger stated the entire faculty evaluation is surrounding student success and the outcomes of teaching and advisement are directly related to retention of students.

Chair Stites asked if there had been push back from any groups. Dr. Crickenberger replied in the beginning there were some that did complain about their raise levels but now that employees have acclimated to more of the reward system there are fewer complaints.

AGENDA ITEM 4— Five-Year Strategic Financial Plan

Dr. Stinson gave an update on progress that had been made. The FY2019 actual results included ending unrestricted fund balance of \$4.9 million which was sufficient to reinstate the operating fund balance.

The investment pool was established and the ending balance was \$1.1 million. Out of the investment pool \$775,000 was invested in program start-ups in FY 2020. Research match, faculty research and indirect cost carryforwards amounted to \$783,000.

Dr. Stinson continued that fall revenues exceeded proposed budget by \$998,000 which consisted of \$349,500 in-state tuition and \$648,500 out-of-state tuition. Due to decline in out-of-state enrollments there was no intention to use those resources other than for one-time needs and they will not be budgeted into recurring costs. The TNeCampus had a significant estimated decline, which was expected due to replacing TNeCampus with Tech courses. The online course fee had a revenue of \$1,014,800 and will be distributed to colleges (52%) and (48%) to support student life activities and online course development. There was a small increase in revenues for the Specialized Academic Course Fees of \$188,500.

The carryforward of fee resources were in addition to the fund balance. The Technology Access Fee had a carryforward of \$1,243,333.66. These funds were designated to help with the technology needs of the new Lab Science Building. The student activity fee had a carryforward of \$658,000 which had increased each year. The funds were reviewed to see how they were spent and if some funds needed to be reallocated to be more effective. These fees were reviewed to possibly go towards the advisement center which would help student retention. The specialized academic course fee carryforwards will be re-budgeted into individual colleges in October. The presentation included breakdown by college of the \$2 million carryforward from the SACF. The colleges are able to use these carryforward resources for one-time costs as they are not recurring resources. Carryforward amounts also included recovery of indirect cost on research grants. This is a negotiated rate with the federal government for costs that cannot be linked directly back to a grant. For example, how much electricity did a particular project use and associated administrative costs. Instead of trying to link back those costs to individual grants by what they actually used the negotiated rate is applied and distributed back to the colleges although those costs have typically been paid somewhere else.

The lapse salaries amounted to \$2.6 million last year. The departments received back \$800,000 to use for costs for position searches, candidate travel expenses, advertising the vacant position and any backfill costs. The colleges could also use the funds to help establish a moving allowance and start-up packages. One-time expenses of \$640,000 were funded from the investment pool. Some of the resources were used for landscaping in an effort to improve the campus look and feel. The ARC equipment grant match consisted of \$100,000.

Dr. Stinson advised items under consideration for the revised budget consisted of a two prong salary increase approach. Performance increases would have a one percent pool to be effective January 2020 and a one-time bonus pool of one percent. The performance increases would be a recurring cost and the bonus pool would be a one-time expense. The cost of each pool including fringe benefits was \$921,000. The proposal will be brought to the December Board meeting.

There were several departmental budget requests received which were in addition to what was in Proposed Budget, which will be included in Revised Budget. Items under consideration included \$867,000 recurring expenses, \$660,000 use of investment funds, \$1 million one-time expenses and \$550,000 use of special fees. The Provost worked closed with Deans on reallocations within the units of current resources of \$580,000. There was over \$1 million in requests the Provost received but did not recommend to move forward.

Trudy Harper wanted to recognize the improvement in the financial position and those that have helped make it happen across the campus.

Chair Stites asked for an explanation of the one percent pool. Dr. Stinson advised the pool can be a smaller dollar amount but it depends on how it is distributed. The bonus pool would target high performers. Chair Stites asked if someone could get a 10% bonus and someone else could get nothing. Dr. Stinson advised it would not be as high as 10% but there would be a variance. Chair Stites asked if it would apply to both faculty and staff. Dr. Stinson confirmed. Dr. Pardue asked if it was either one prong or a combination of the two prong. Dr. Stinson advised it was a combination. Dr. Oldham asked Dr. Stinson to elaborate on where the one percent suggestion came from. Dr. Stinson advised the Five-Year Financial Strategic Plan committee had a conservative approach and discussed concerns that base salaries not fall behind the market and also did not want to get too far out on recurring costs that might not be able to be supported.

AGENDA ITEM 5A—Naming of Learning Resources Center

Dr. Oldham stated there was an opportunity for three naming recommendations: College of Education Learning Resource Center, historic building acquired several years ago and a new building being constructed. Dr. Oldham requested Dr. Carl Owens to provide information on the Learning Resource Center recommendation. Dr. Oldham added this request was due to long time support from Mrs. Judy Davis who is alumni. Mrs. Davis and her late husband served on the Foundation Board for several years. The naming was to honor Mrs. Davis' father, Horace Jeffers. Mr. Jeffers was a long time educator in Scott County. Dr. Owens advised he had become the LRC director in 1996 and at the time there was a 21st Century Classroom project. He had submitted a proposal to Mr. & Mrs. Davis for \$250,000 to create state of the art classrooms to model effective teaching in the local service areas. After a year there were not enough funds to complete the project and he submitted a second request for an additional \$250,000. While meeting for the second request Mr. Davis asked how Dr. Owens planned to make sure these facilities were state of the art through time. Dr. Owens replied if a \$1,000,000 endowment was donated he would personally make sure that happened, which Mr. Davis agreed to donate. Dr. Owens continued that over the past 23 years he had developed a personal relationship with the Davis'. In May 2019 Mrs. Davis personally honored Dr. Owens by donating \$100,000 in his name to Tennessee Tech. Mrs. Davis had donated over \$6,000,000 to the university in total thus far. Dr. Owens approached Dr. Oldham to honor Mrs. Davis by naming the LRC the Horace M. Jeffers Learning Resources Center in her father's memory. Dr. Oldham added that for a naming opportunity a request can be made from anyone on campus. The President had authority by policy to appoint an adhoc committee for naming recommendations, which was the process for these naming opportunities that were presented. Dr. Pardue moved to recommend to approve the naming of the Learning Resource Center to The Horace M. Jeffers Learning Resources Center and to place it on the Board's regular agenda. Chair Stites seconded the motion. The motion carried unanimously.

AGENDA ITEM 5B—Naming of Alumni Building

Dr. Oldham advised the recommendation was to not name the alumni building after an individual but rather from a historical context. The Alumni building was originally constructed in 1969 and was the Varsity Cinema Theater. Many alumni from 1969-2000 knew this building as the Varsity. There are many recollection of memories from alumni of the movies they saw, dates they had and events held

there. The recommendation came from the Office of Alumni Affairs which is housed in this building. Dr. Oldham added this would not preclude at some later time period, if there were a donor for example that supported programs and wanted to attach someone's name to it at a later time. Chair Stites asked how this naming was different from the Leonard Crawford Alumni Center. Dr. Oldham explained that Leonard Crawford Jr. gave a significant gift to honor his parents with the naming of the Alumni Center which is the Office of Alumni that is housed in this building. Another example is the Millard Oakley STEM Center is housed in Ray Morris Hall and the Jeffers Learning Resources Center is housed in Bartoo Hall. Dr. Pardue moved to recommend to approve the naming of the Varsity Building and to place it on the Board's regular agenda. Chair Stites seconded the motion. The motion carried unanimously.

AGENDA ITEM 5C—Naming of Lab Science Lecture Hall

Dr. Oldham stated the new Lab Sciences building is talked about as if it is one building but it is actually two separate buildings; the lecture hall is detached. The lecture hall will consist of two large lecture halls, one being a 250 seat auditorium and another over 300 seat auditorium. Harry Stonecipher has been a long serving benefactor and donated \$1,000,000 for this particular facility. Mr. Stonecipher came to the university in the 1950's from Scott County. He rose to be CEO for three major Fortune 500 aerospace companies. The recommendation had gone through a committee for his name to be attached to the Lecture Hall Building, not the entire Lab Science building. Dr. Pardue asked for clarification. If the hall building would be containing two lecture halls and if there was a subsequent effort to independently name the two separate lecture halls how would that be handled? Dr. Oldham stated our naming policy was under review and we had utilized TBR's policy. The plan was to name the building itself, Stonecipher Lecture Hall, the individual auditoriums inside could be named to differentiate. The campus tradition was to refer to buildings as halls. Chair Stites moved to recommend to approve the naming of the lab science lecture hall the Stonecipher Lecture Hall and place it on the Boards regular agenda. Dr. Pardue seconded the motion. The motion carried unanimously.

AGENDA ITEM 6—Adjournment of Open Session & Call to Order of Executive Closed Session

There being no further business, the meeting adjourned at 10:44 a.m. After a short break, the Executive Closed Session began at 10:52a.m. Tennessee Tech Board Trustees were present.

The following were also present for the meeting:

- President Philip Oldham
- Kae Carpenter, Board Secretary
- Deanna Metts, Director of Internal Audit
- Dr. Claire Stinson, Vice President for Planning and Finance
- Janice Scarlett, Internal Audit Administrative Associate
- Lee Wray, Chief of Staff
- Yvette Clark, IT Executive Director
- Deb Zsigalov, Chief Information Security Officer
- Diane Smith, Assistant to the President

- Slaton Wheeler, Legal Extern

AGENDA ITEM 7—Adjournment

There being no further business, the Executive Closed Session adjourned at 11:59 a.m.

Approved,

Audit & Business Committee Chair

DRAFT



Agenda Item Summary

Date: December 5, 2019

Division: Planning & Finance

Agenda Item: Performance Pay Outcomes

Review

Action

No action required

PRESENTERS: Leslie Crickenberger, Associate Vice President Human Resources

PURPOSE & KEY POINTS: Summary of performance pay outcomes and proposal for raises for FY20.



Performance Based Compensation

Presentation to Board of Trustees

December 2019



Performance Based Compensation Model

- **Two-pronged approach**
 - **1% pool for performance base salary increase**
 - Effective January 1, 2020
 - Total cost = \$921,200 (including fringe benefits)
 - **1% pool for one-time performance bonus**
 - Receive December 20, 2019
 - Total cost = \$921,200 (including fringe benefits)



Performance Based Compensation Model

- **1% Pool for Performance Base Salary Increase**

- **Eligibility**

- **Faculty** = Performance Evaluation Score of 4 – 5
- **Staff** = Performance Evaluation Score of 3 – 4
- Hire date before December 31, 2018 – employees are eligible for a maximum increase of 6%
- Hire date between January 1 – April 30, 2019 – employees are eligible for a maximum increase of 1%



Performance Based Compensation Model

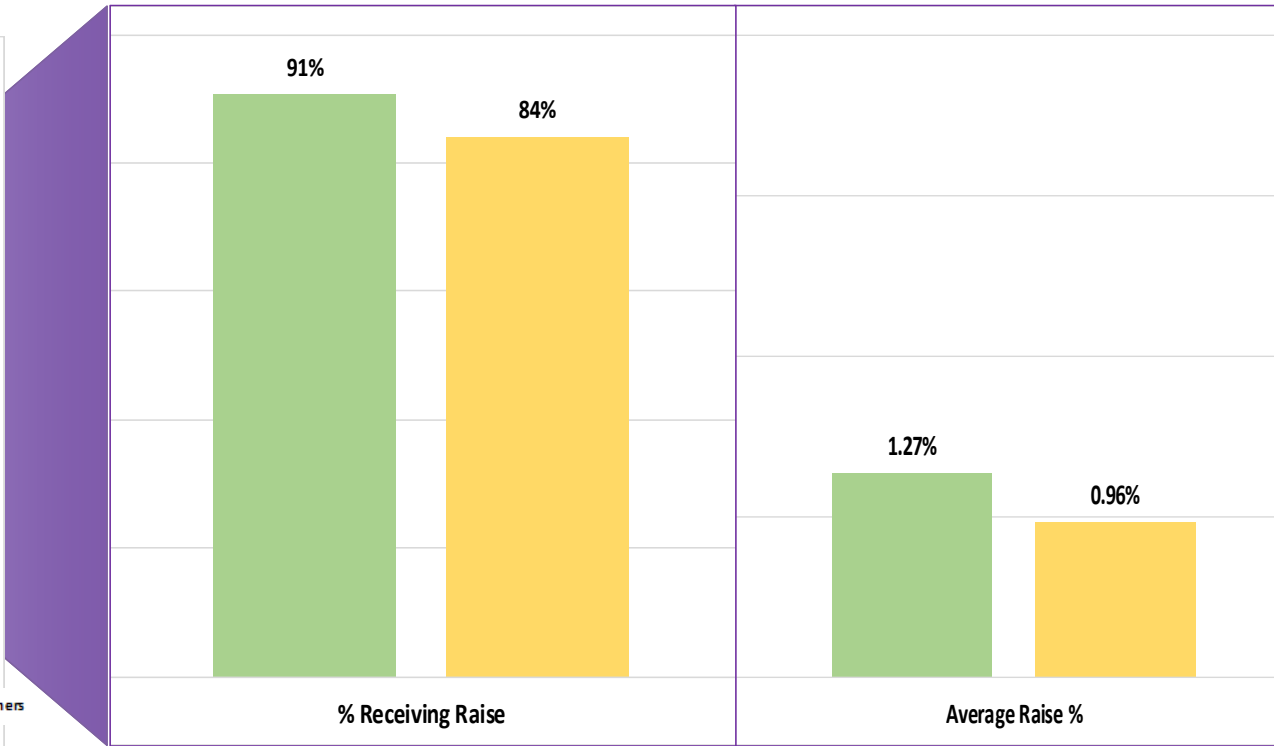
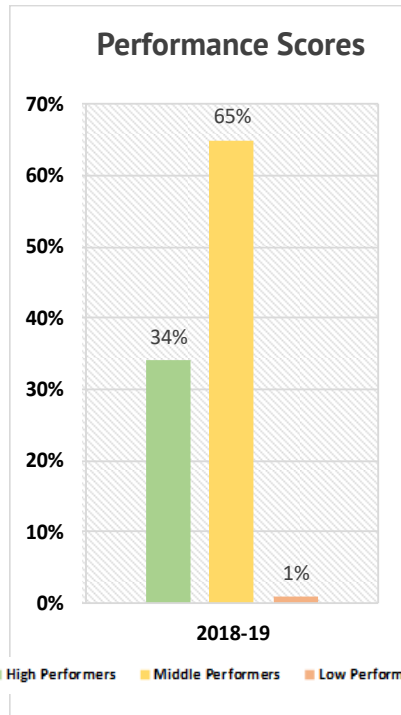
- **1% Pool for One-Time Performance Bonus**

- **Eligibility**

- **Faculty** = Performance Evaluation Score of 5
- **Staff** = Performance Evaluation Score of 3.5 – 4
- Hire date before December 31, 2018
- Maximum award = 10%
- Supporting comments required for proposed employees
- Bonuses limited to only 25% of eligible employees
- Eligible employees are those who have gone above and beyond in the performance of their job duties



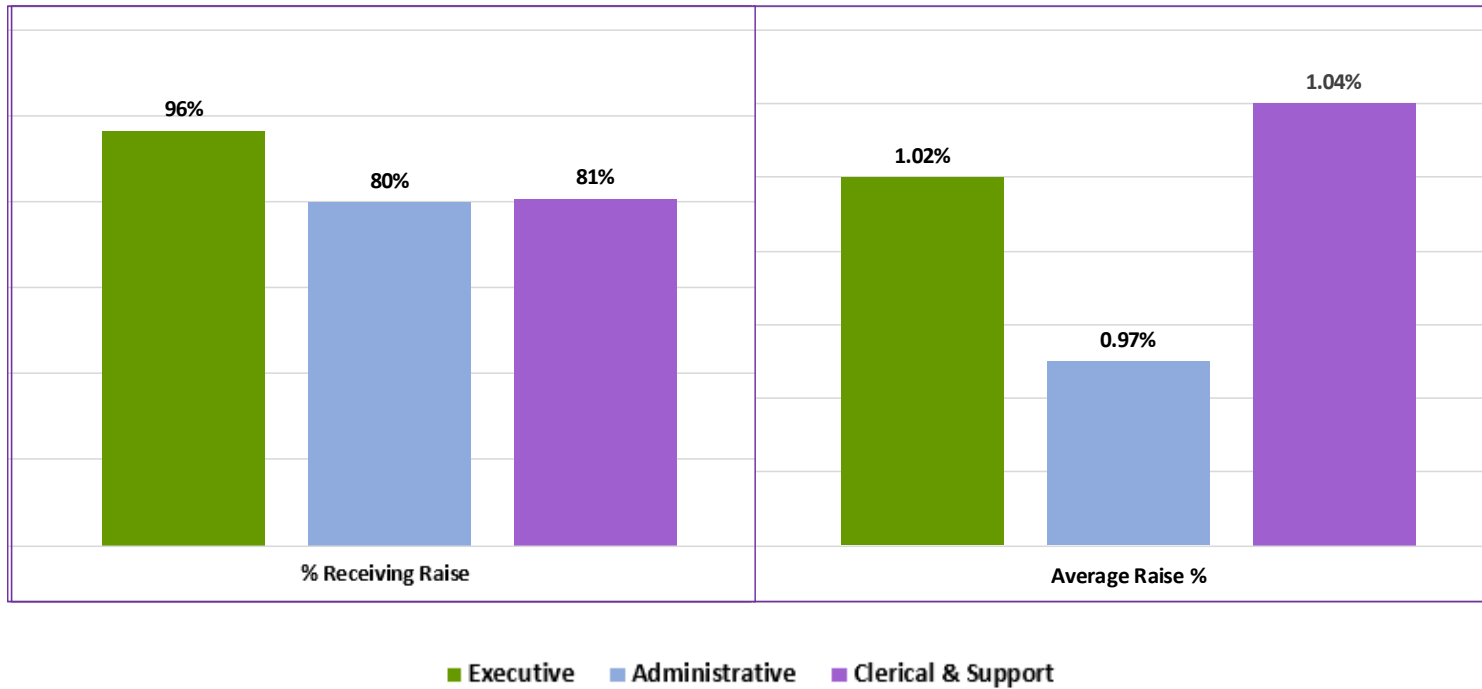
Staff – Proposed Distribution of Base Salary Increase By Category



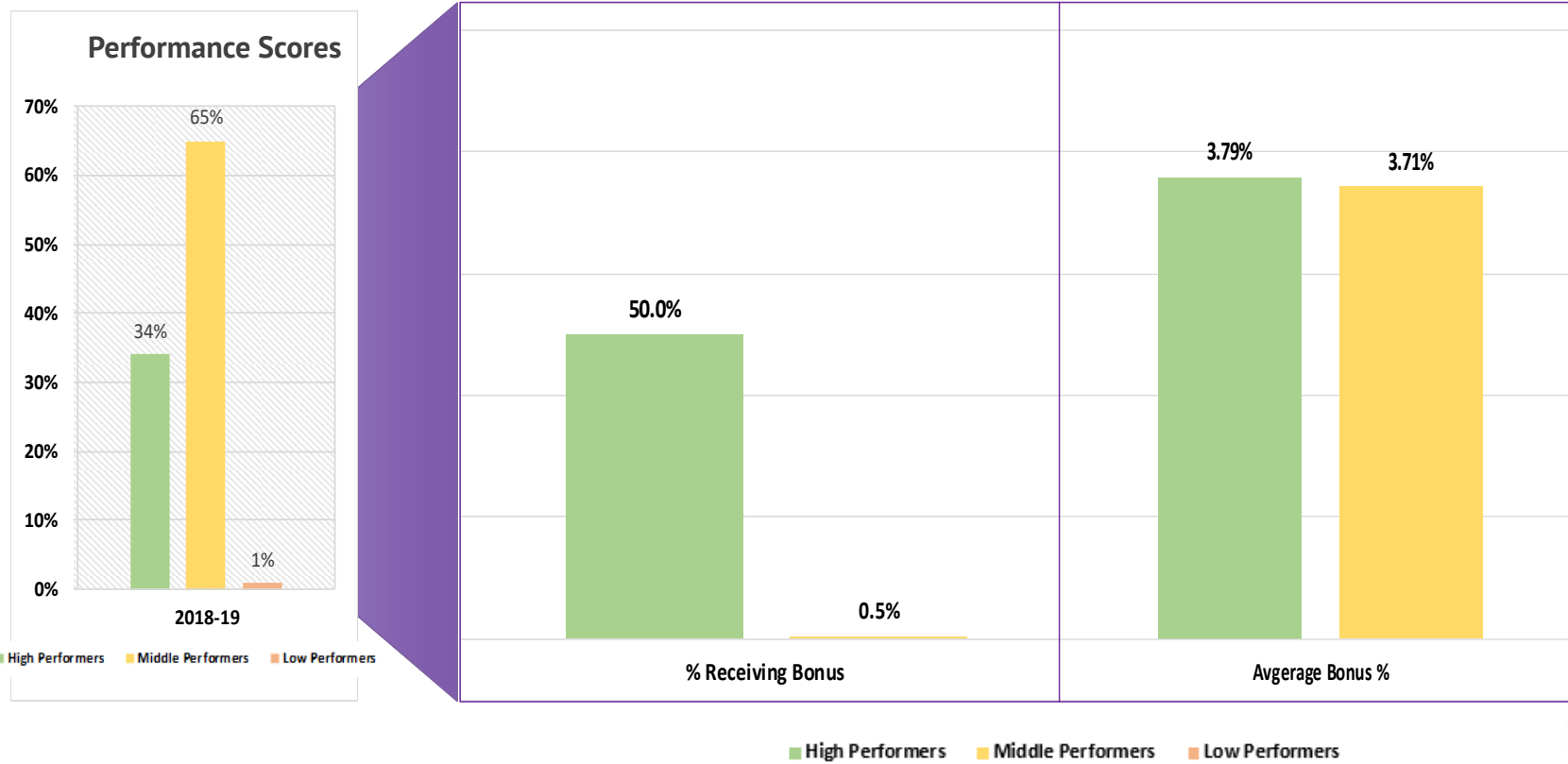
■ High Performers ■ Middle Performers ■ Low Performers



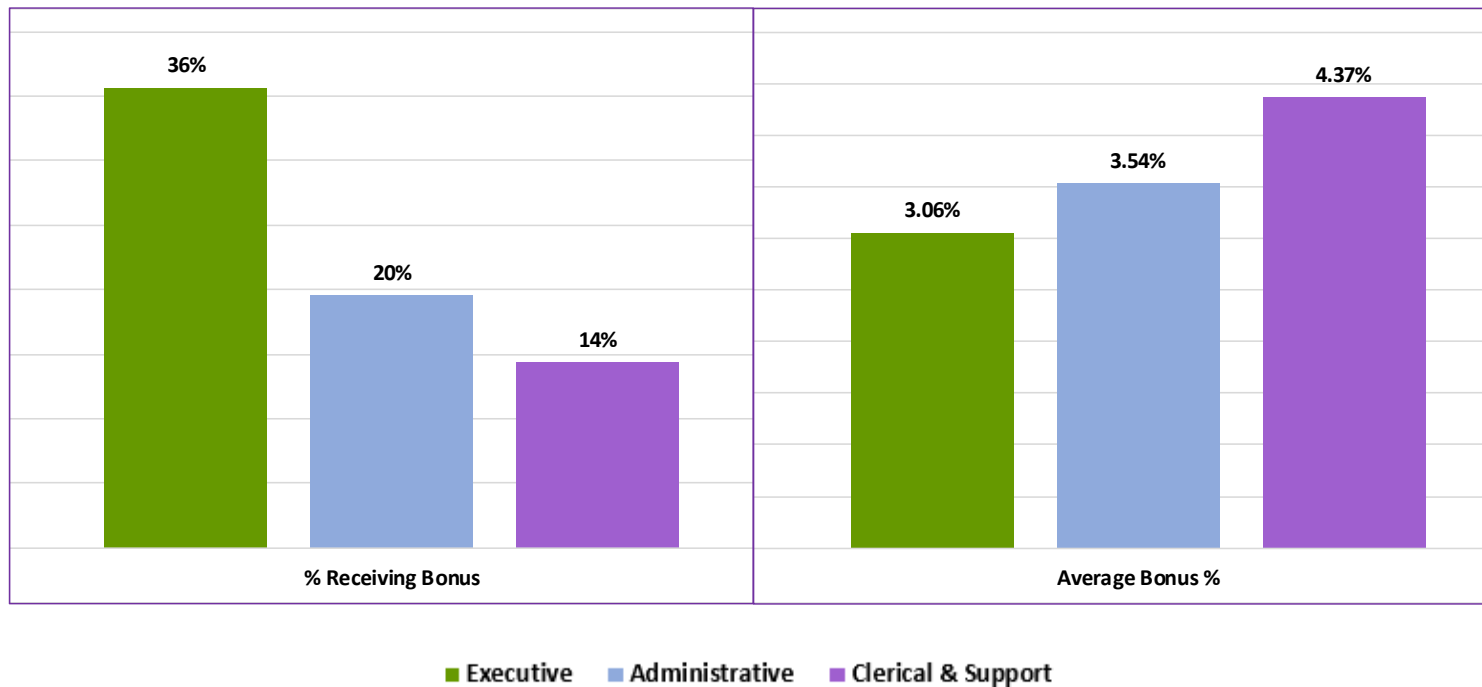
Staff – Proposed Distribution of Base Salary Increase (By Classification)



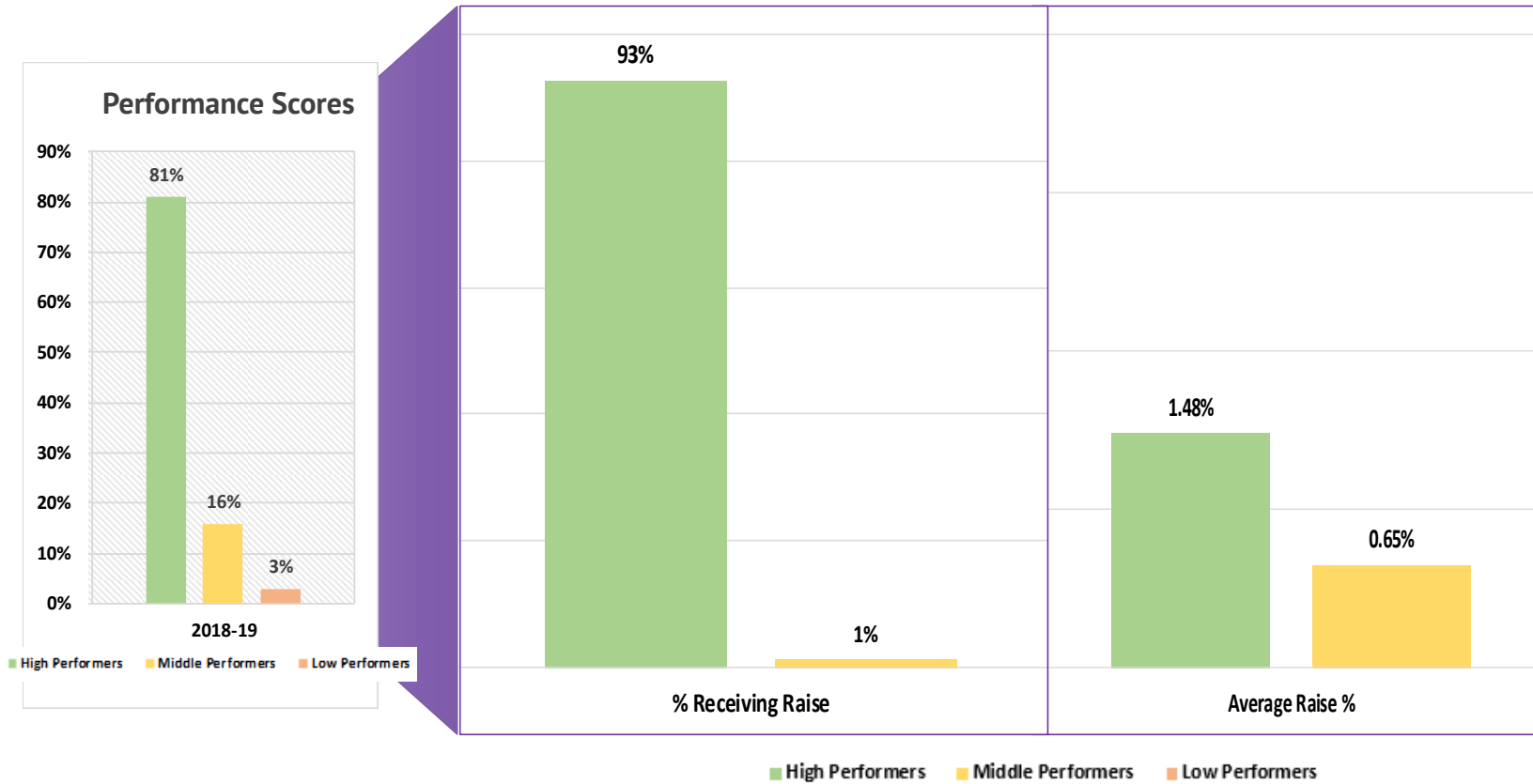
Staff – Proposed Distribution of One-Time Bonus By Category



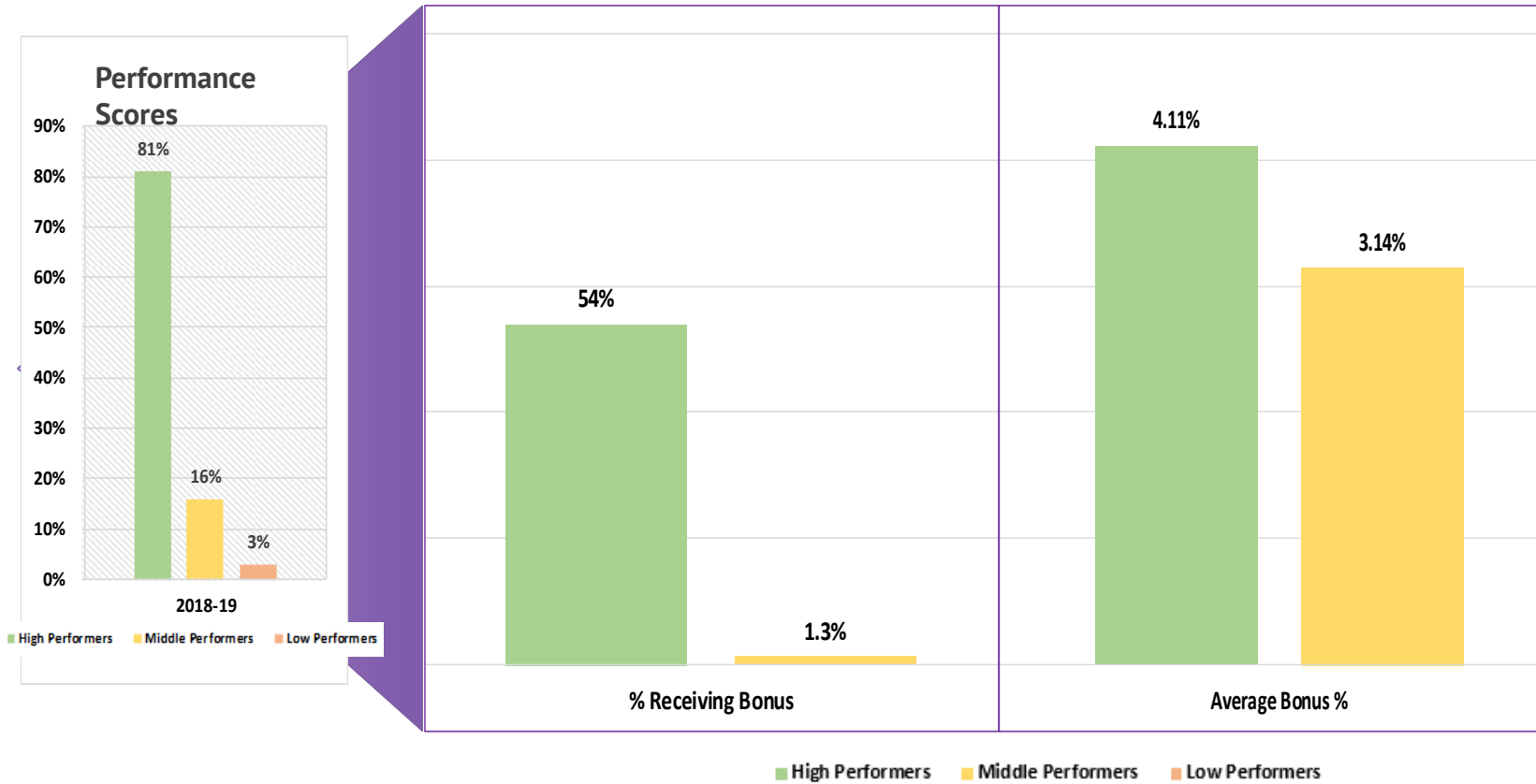
Staff – Proposed Distribution of One-Time Bonus (By Classification)



Faculty - Proposed Distribution of Base Salary Increase By Category



Faculty - Proposed Distribution of One-Time Bonus By Category



Bonus Distribution

	Total Emp in Class	# Bonuses Proposed	% Received Bonus
Total Staff	690	125	18%
Total Faculty	408	90	22%
Total Employees	1098	215	20%



Bonus Outcomes



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Staff Salary Equity Study

- Salary equity study
- Internal review indicated very minor compression/inversion issues
- Total equity adjustments = \$12,683
 - * 0.72% of Staff
 - * 0.036% of Total Staff Payroll



Fair Labor Standards Act Adjustments

- Effective January 1, 2020
- Raises the Exempt salary threshold to \$35,568
- 19 employees impacted that will remain exempt based on duties test; remaining will be transitioned to non-exempt
 - * 4.7% of Exempt Staff
- University Funding = \$52,491
 - * 0.2% of Total Exempt Payroll





Agenda Item Summary

Date: December 5, 2019

Division: Planning and Finance

Agenda Item: Approval of 2019-20 October Revised Budget/Organizational Chart

Review

Action

No action required

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

PURPOSE & KEY POINTS:

Review recommendation and approval of Tennessee Tech's 2019-20 Revised Budget and Organizational Chart.

E&G Revenues - Actuals FY2018-19, Proposed Budget FY2019-20, & Revised Budget FY2019-20

	Actuals FY2018-19	Proposed Budget FY2019-20	Revised Budget FY2019-20
Tuition and Fees	\$ 95,852,464	\$ 94,100,800	\$ 97,640,600
State Appropriations	\$ 56,172,876	\$ 59,187,800	\$ 59,396,600
Contracts and IDC	\$ 1,690,130	\$ 971,400	\$ 971,400
Sales and Services	\$ 824,270	\$ 855,500	\$ 857,500
Other Activities	\$ 5,361,086	\$ 3,679,310	\$ 3,680,310
Athletics (incl student fee)	\$ 6,428,218	\$ 6,202,390	\$ 6,237,390
Total Revenues	\$ 166,329,044	\$ 164,997,200	\$ 168,783,800

E&G Expenses by Budget Category - Actuals FY2018-19, Proposed Budget FY2019-20, & Revised Budget FY2019-20

	Actuals FY2018-19	Proposed Budget FY2019-20	Revised Budget FY2019-20
Instruction	\$ 69,577,550	\$ 74,951,100	\$ 81,774,300
Research	\$ 2,369,134	\$ 2,730,200	\$ 3,878,200
Public Service	\$ 2,305,792	\$ 2,224,600	\$ 2,478,500
Academic Service	\$ 12,197,099	\$ 12,661,600	\$ 13,275,200
Student Services	\$ 19,885,215	\$ 19,128,000	\$ 21,127,000
Institutional Support	\$ 15,159,752	\$ 16,372,500	\$ 17,443,600
Oper. & Maint. of Plant	\$ 12,891,610	\$ 14,458,600	\$ 14,737,800
Scholarships & Fellowships	\$ 15,096,058	\$ 17,351,100	\$ 17,396,200
Total Expenses	\$ 149,482,210	\$ 159,877,700	\$ 172,110,800

E&G Expenses by Natural Classification - Actuals FY2018-19, Proposed Budget FY2019-20, & Revised Budget FY2019-20

	Actuals FY2018-19	Proposed Budget FY2019-20	Revised Budget FY2019-20
Salaries and Wages	\$ 76,738,875	\$ 81,844,000	\$ 81,154,900
Fringe Benefits	\$ 32,507,532	\$ 34,019,400	\$ 34,669,900
Travel	\$ 2,402,198	\$ 2,083,100	\$ 2,241,600
Operating & Utilities	\$ 22,290,723	\$ 24,248,600	\$ 36,216,700
Scholarships & Fellowships	\$ 15,096,058	\$ 17,351,100	\$ 17,396,200
Capital	\$ 446,824	\$ 331,500	\$ 431,500
Total Expenses	\$ 149,482,210	\$ 159,877,700	\$ 172,110,800

E&G Unrestricted Budget Summary - Actuals FY2018-19, Proposed Budget FY2019-20, & Revised Budget FY2019-20

	Actuals FY2018-19	Proposed Budget FY2019-20	Revised Budget FY2019-20
Beginning Fund Balance	\$ 11,469,039	\$ 7,687,186	\$ 17,111,250
E&G Revenues	\$ 166,329,044	\$ 164,997,200	\$ 168,783,800
E&G Expenses	\$ 149,482,210	\$ 159,877,700	\$ 172,110,800
Mandatory Transfers	\$ 624,480	\$ 369,900	\$ 1,046,100
Non-mandatory Transfers	\$ 10,580,067	\$ 4,683,900	\$ 6,965,600
Ending Fund Balance	\$ 17,111,326	\$ 7,752,886	\$ 5,772,550

Auxiliary Budget Summary - Actuals FY2018-19, Proposed Budget FY2019-20, & Revised Budget FY2019-20

	Actuals FY2018-19	Proposed Budget FY2019-20	Revised Budget FY2019-20
Beginning Fund Balance	\$ 1,583,250	\$ 1,448,814	\$ 1,601,486
Aux Revenues	\$ 19,136,590	\$ 18,320,800	\$ 18,343,300
Aux Expenses	\$ 6,976,220	\$ 7,431,100	\$ 7,449,600
Mandatory Transfers	\$ 3,757,778	\$ 5,152,300	\$ 6,118,000
Non-mandatory Transfers	\$ 8,384,353	\$ 5,737,400	\$ 4,935,900
Ending Fund Balance	\$ 1,601,489	\$ 1,448,814	\$ 1,441,286

TOTAL Budget Summary - Actuals FY2018-19, Proposed Budget FY2019-20, & Revised Budget FY2019-20

	Actuals FY2018-19	Proposed Budget FY2019-20	Revised Budget FY2019-20
Beginning Fund Balance	\$ 13,052,288	\$ 9,136,000	\$ 18,712,736
Total Revenues	\$ 185,465,634	\$ 183,318,000	\$ 187,127,100
Total Expenses	\$ 156,458,430	\$ 167,308,800	\$ 179,560,400
Mandatory Transfers	\$ 4,382,258	\$ 5,522,200	\$ 7,164,100
Non-mandatory Transfers	\$ 18,964,420	\$ 10,421,300	\$ 11,901,500
Ending Fund Balance	\$ 18,712,814	\$ 9,201,700	\$ 7,213,836

Breakdown of E&G Fund Balance - Actuals FY2018-19, Proposed Budget FY2019-20, & Revised Budget FY2019-20

Actuals FY2018-19				
	Beginning Fund Balance		Ending Fund Balance	
Allocation for Encumbrances	\$	186,960	\$	2,337,913
Allocation for Working Capital	\$	1,787,552	\$	2,390,786
Special Allocations*	\$	9,494,527	\$	12,382,551
Unallocated Balance	\$	-	\$	-
Total E&G Fund Balance	\$	11,469,039	\$	17,111,250
*2% to 5% Reserve	\$	7,019,006	\$	9,644,676
*Student Activity Fee	\$	455,381	\$	658,709
*Technology Access Fee	\$	1,110,158	\$	753,334
*Specialized Academic Course Fee	\$	909,981	\$	1,325,833
Total Special Allocations	\$	9,494,527	\$	12,382,551

Proposed Budget FY2019-20				
	Beginning Fund Balance		Ending Fund Balance	
Allocation for Encumbrances	\$	186,960	\$	186,960
Allocation for Working Capital	\$	1,787,552	\$	1,787,552
Special Allocations*	\$	5,712,699	\$	5,780,303
Unallocated Balance (due to rounding)	\$	-	\$	-
Total E&G Fund Balance	\$	7,687,212	\$	7,754,816
*2% to 5% Reserve	\$	3,237,179	\$	3,304,783
*Student Activity Fee	\$	455,381	\$	455,381
*Technology Access Fee	\$	1,110,158	\$	1,110,158
*Specialized Academic Course Fee	\$	909,981	\$	909,981
Total Special Allocations	\$	5,712,699	\$	5,780,303

Revised Budget FY2019-20				
	Beginning Fund Balance		Ending Fund Balance	
Allocation for Encumbrances	\$	2,337,913	\$	-
Allocation for Working Capital	\$	2,390,786	\$	2,390,786
Special Allocations*	\$	12,382,551	\$	3,381,921
Unallocated Balance (due to rounding)	\$	-	\$	-
Total E&G Fund Balance	\$	17,111,250	\$	5,772,707
*2% to 5% Reserve	\$	9,644,676	\$	3,381,921
*Student Activity Fee	\$	658,709	\$	-
*Technology Access Fee	\$	753,334	\$	-
*Specialized Academic Course Fee	\$	1,325,833	\$	-
Total Special Allocations	\$	12,382,551	\$	3,381,921

E&G Transfers - Actuals FY2018-19, Proposed Budget FY2019-20, & Revised Budget FY2019-20

	Actuals FY2018-19	Proposed Budget FY2019-20	Revised Budget FY2019-20
	Debt Service and Unexpended Plant		
Debt Service Perf Contract	\$ 624,480	\$ 369,930	\$ 1,166,374
Debt Service Fitness Center	\$ 2,030,026	\$ 2,021,730	\$ 1,824,920
Debt Service Univ Center	\$ 89,824	\$ 89,460	\$ 89,460
Debt Service Eblen Center	\$ 197,613	\$ 196,810	\$ 196,810
Facilities Development (fee)	\$ 732,968	\$ 845,500	\$ 674,500
Parking and Transportation	\$ 1,051,147	\$ 1,069,292	\$ 756,792
Various Academic Buildings	\$ 841,000	\$ 841,000	\$ -
Hooper Eblen Roof Replacement	\$ 1,550,000	\$ -	\$ -
Advising Center	\$ -	\$ -	\$ 610,000
Extraordinary Maintenance	\$ 650,000	\$ 650,000	\$ 650,000
Small Projects	\$ 2,042,040	\$ -	\$ 140,048
Total Debt Service & Unexp Plant	\$ 9,809,098	\$ 6,083,722	\$ 6,108,904
	Renewal and Replacement		
IT Computer Equipment	\$ 877,110	\$ 377,110	\$ 377,110
Electronic Upgrades	\$ 350,000	\$ 350,000	\$ 350,000
Equipment - Departments	\$ 168,339	\$ 243,000	\$ 1,175,696
Reserves	\$ -	\$ (2,000,000)	\$ -
Total R&R	\$ 1,395,449	\$ (1,029,890)	\$ 1,902,806
GRAND TOTAL All Transfers	\$ 11,204,547	\$ 5,053,832	\$ 8,011,710

Reserves - Revised Budget FY2019-20 (bal. at 6-30-19)	
	<u>Unexpended Plant</u>
Land Purchases	\$ 2,889,213
New Construction:	
Science Building	\$ 10,173,008
Fitness & Rec Center	\$ 16,498,086
Parking & Transportation	\$ 3,942,852
Residence Hall Rvn & Roof	\$ 740,212
Roaden Center Rvn	\$ 2,162,622
Infrastructure & HVAC	\$ 6,559,243
Football Digital Board	\$ 122,605
Volpe Library Expansion	\$ 48,702
Engineering Master Plan	\$ 500,000
Extraordinary Maint.	\$ 2,525,415
Hoop Roof Replacement	\$ 1,550,000
Vehicle Engr Feasability Study	\$ 490,000
Depts. Small Projects	\$ 493,758
Other Small Projects	\$ 473,223
Total Unexpended Plant	\$ 49,168,938
	<u>Renewal and Replacement</u>
Auxiliary - Housing	\$ 18,821,649
Auxiliary - Other	\$ 12,017,579
Computer Center	\$ 2,901,113
Technology Update	\$ 1,217,972
Telecommunication	\$ 505,890
Printing & Photo Srv	\$ 229,472
Motor Pool	\$ 678,227
Craft Center R&R	\$ 527,792
Departmental R&R	\$ 864,263
University Reserve	\$ 6,414,808
Total R&R	\$ 44,178,766
GRAND TOTAL All Reserves	\$ <u>93,347,704</u>

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.tntech.edu/businessoffice/pdf/budget/Completed_October_Summary_FY2019-2020.pdf

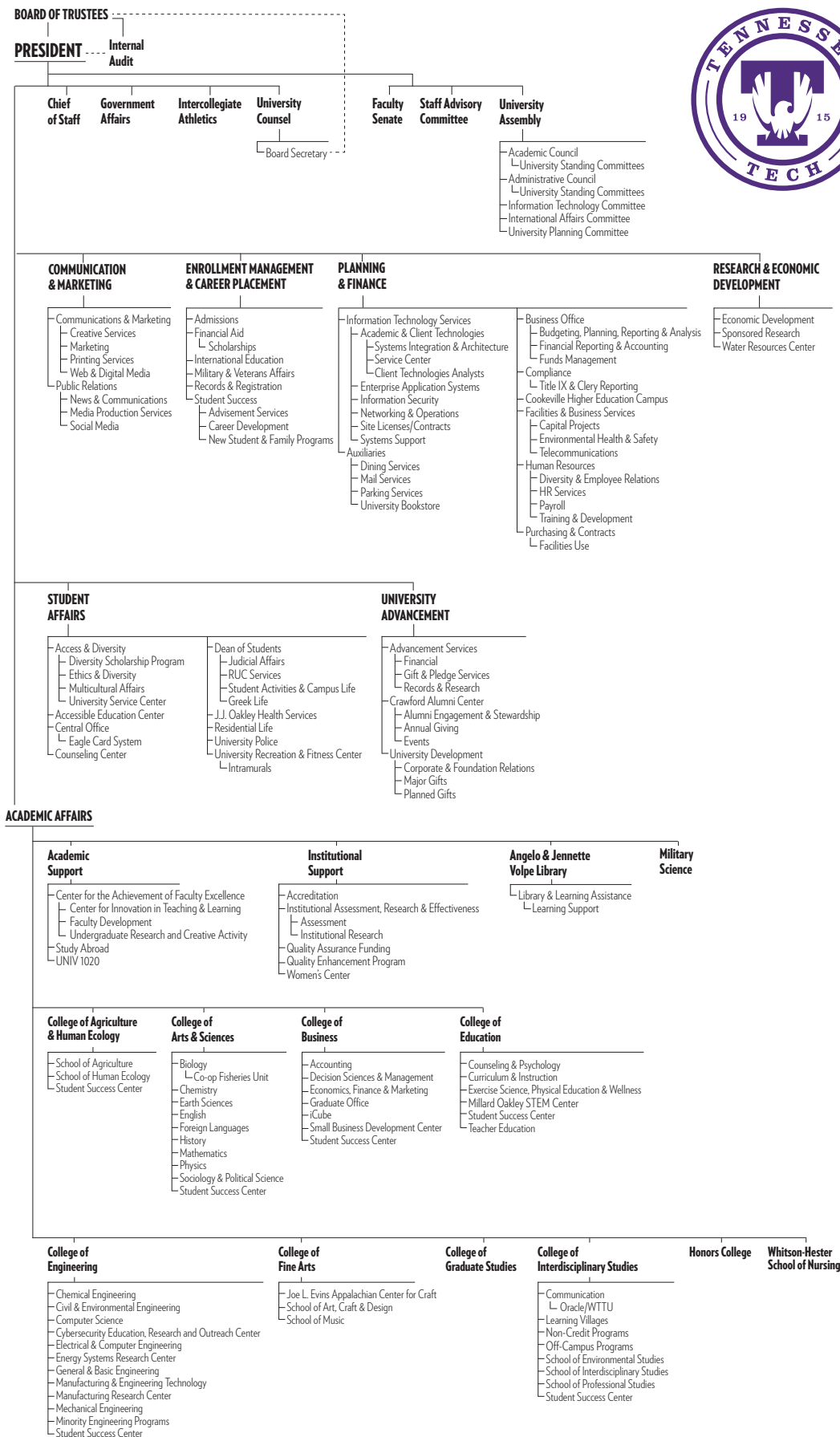
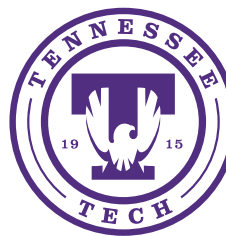
Direct Link to document – **Analysis**:

https://www.tntech.edu/businessoffice/pdf/budget/Completed_October_Analysis_FY2019-2020.pdf

Historical Budget documents (FY2011 through FY2019):

Budget **Summary**: <https://www.tntech.edu/businessoffice/bpra/budgetary-info.php>

Budget **Analysis**: <https://www.tntech.edu/businessoffice/bpra/budgetary-info.php>





Office of the President

TENNESSEE TECH

October 21, 2019

Submitting on behalf of Tennessee Tech University (TTU) a crosswalk of organizational changes/updates with a proposed implementation date of January 1, 2020, as follows:

Academic Affairs

- Add Center for Achievement of Faculty Excellence (CAFÉ) as a direct report to Academic Support
- Realign Center for Innovation in Teaching and Learning (CITL) as a direct report to Center for Achievement of Faculty Excellence (CAFÉ)
- Realign Faculty Development as a direct report to Center for Achievement of Faculty Excellence (CAFÉ)
- Realign Undergraduate Research and Creative Activity (URECA) as a direct report to Center for Achievement of Faculty Excellence (CAFÉ)
- Remove TNeCampus as a direct report to Center for Innovation in Teaching and Learning (CITL)
- Rename Accreditation, Assessment & Faculty Development to Institutional Support as a direct report to Academic Affairs
- Rename Institutional Research to Institutional Assessment, Research, and Effectiveness (IARE) as a direct report to Institutional Support
- Realign Assessment as a direct report to Institutional Assessment, Research, and Effectiveness (IARE)
- Realign Institutional Research as a direct report to Institutional Assessment, Research and Effectiveness (IARE)
- Realign Women's Center as a direct report to Institutional Support
- Remove Special Programs as a direct report to Academic Affairs

Enrollment Management & Career Placement

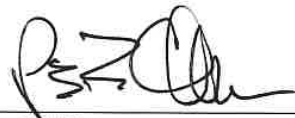
- Realign Scholarships as a direct report to Financial Aid
- Realign Admissions as a direct report to the Vice President
- Remove Recruitment
- Remove Academic Services

Planning and Finance

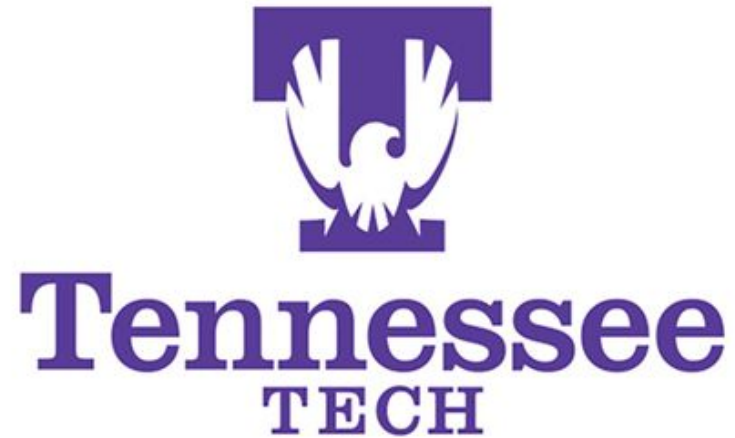
- Realign Capital Projects as a direct report to Facilities & Business Services

Student Affairs

- Rename Disability Services to Accessible Education Center as a director report to Student Affairs



Dr. Philip B. Oldham, President



Fiscal Year 2019-20

October Revised Budget



Reconciliation of Changes in E&G revenues

	Actuals FY2018-19	Proposed Budget FY2019-20	Difference	Revised Budget FY2019-20	Difference
Tuition and Fees	95,852,464	94,100,800	(1,751,664)	97,640,600	3,539,800
State Appropriations	56,172,876	59,187,800	3,014,924	59,396,600	208,800
Other Activities	14,303,704	11,708,600	(2,595,104)	11,746,600	38,000
Total Revenues	166,329,044	164,997,200	(1,331,844)	168,783,800	3,786,600



E&G Revenues Reconciliation of Difference

Actual vs Proposed

- Tuition and Fees \$(1,751,664)
 - Proposed budget was based on conservative estimates for tuition revenues \$(1,825,000)
- State Appropriations \$3,014,924
 - Formula adjustment \$814,300
 - \$900,000 recurring from Carnegie class change
 - New state appropriations for outcomes funding \$2,653,800
 - Adjustments for OPEB, TCRS, Risk Management, Health insurance \$1,291,600
 - FY2019 Fee waiver reimbursement \$(245,100)
 - FY2019 OPEB \$(2,399,676)
- Other Revenue \$(2,595,104)
 - Budgeted decline in grants revenue \$694,000
 - Budgeted less in proposed budget for interest income \$1,500,000
 - Athletics \$200,000 decline in student fees

Proposed vs Revised

- Tuition and Fees \$3,539,800
 - In-state tuition estimates increased by \$350,000 based on larger enrollment than our conservative estimate.
 - Out-of-state tuition estimates increased by \$649,000 based on better fall enrollments than our conservative estimate.
 - Addition of new Online and Alternate Delivery Fee \$2,140,000
- State Appropriations \$208,800
 - Adjustments for OPEB, TCRS, Risk Management, Health Ins. \$208,800



Change in Expenses

	Actuals FY2018-19	Proposed Budget FY2019-20	Difference	Revised Budget FY2019-20	Difference
Instruction	69,577,550	74,951,100	5,373,550	81,774,300	6,823,200
Research	2,369,134	2,730,200	361,066	3,878,200	1,148,000
Public Service	2,305,792	2,224,600	(81,192)	2,478,500	253,900
Academic Service	12,197,099	12,661,600	464,501	13,275,200	613,600
Student Services	19,885,215	19,128,000	(757,215)	21,127,000	1,999,000
Institutional Support	15,159,752	16,372,500	1,212,748	17,443,600	1,071,100
Oper. & Maint. of Plant	12,891,610	14,458,600	1,566,990	14,737,800	279,200
Scholarships & Fellowships	<u>15,096,058</u>	<u>17,351,100</u>	<u>2,255,042</u>	<u>17,396,200</u>	<u>45,100</u>
Total Expenses	149,482,210	159,877,700	10,395,490	172,110,800	12,233,100



Reconciliation of Change in Expenses

Actual vs Proposed

- FY 2018-19 unspent budgets \$3,979,193
- FY2018-19 unspent special fees \$4,604,488
- Lapse salaries from unfilled faculty and staff positions in FY 2018-19 \$2,582,677
- Scholarships Unspent \$2,255,042
 - Unspent general scholarship \$1,826,681
 - Unspent athletic scholarship \$719,256
 - Over spent mandated scholarships 290,895
- Proposed budgeted included potential for 2.5% salary plus benefits \$(1,830,100)
- Faculty promotions, software escalation costs, scholarships budgeted in proposed \$(886,300)
- Utilities budget increase for Science Building and FIT coming online in FY20-21 \$(500,000)

Proposed vs Revised

- Re-budget of carryforward amounts \$ 7,036,700
 - SACF \$1,328,833
 - Faculty Research & Indirect Cost \$783,331
 - SAF \$658,709
 - TAF \$753,334
 - Engr State Appropriation funds \$1,866,612
 - Strategic Investment Fund-Lapse-\$1,172,792
 - Other department requests \$473,098
- Advertising and Marketing \$450,000
- Athletics \$795,900
- Faculty & academic support \$248,800
- On-line course expenses \$1,286,800
- Removed Contra account balances to SAF and TAF \$2,737,875





Agenda Item Summary

Date: December 5, 2019

Division: Planning & Finance

Agenda Item: Approval of Revised Mandatory Fee Structure

Review

Action

No action required

PRESENTERS: Claire Stinson, Vice President for Planning & Finance & Matt Smith, Director Business Office

PURPOSE & KEY POINTS:

Simplify all Tennessee Tech Mandatory Fees by establishing a consistent maximum hour limit and packaging all mandatory fees into a Program Service Fee.



Tennessee
TECH

Revised Mandatory Fee Structure



What are Mandatory Fees?

- Mandatory Fees are paid by both undergraduate and graduate students.
- Mandatory Fees are paid on a per hour rate up to a maximum per semester.
- Mandatory Fees have been introduced over a period of many years which has created inconsistencies and unintentional complexity for students.
- There are 4 Mandatory Fees:
 1. Debt Service
 2. General Access
 3. Facilities
 4. Student Government (SOLO) FEE



Inconsistency of Current Mandatory Fees

- Current Mandatory Fees
 - Debt Service
 - Instituted prior to 1976
 - Undergraduate \$11 per hour, maximum of \$129 @ 12 hrs.
 - Graduate \$13 per hour, maximum of \$129 @ 10 hrs.
 - General Access (Athletics, Fitness, TAF, and Student Mental Health)
 - Instituted in 2001 (Athletics – 2003, Fitness – prior 1991, TAF – 1993, and Student Mental Health – 2018)
 - Undergraduate and Graduate \$62 per hour, maximum of \$429 @ 7 hrs.
 - Facilities Fee
 - Instituted in 2013
 - Undergraduate and Graduate \$5 per hour, maximum of \$51 @ 11 hrs.
 - Student Government (SOLO) Fee.
 - Instituted in 2010 (Student Government – prior 1991 and SOLO – 2010)
 - Undergraduate and Graduate \$3 per hour, maximum of \$30 @ 10 hrs.



Inconsistency of Current Mandatory Fees

Current Mandatory Fee Assessment Structure						
Hours Per Semester	Debt Service	General Access	Facilities Fee	Student Government	Cumulative Fees Paid	
1	\$ 11.00	\$ 62.00	\$ 5.00	\$ 3.00	\$ 81.00	
2	\$ 11.00	\$ 62.00	\$ 5.00	\$ 3.00	\$ 162.00	
3	\$ 11.00	\$ 62.00	\$ 5.00	\$ 3.00	\$ 243.00	
4	\$ 11.00	\$ 62.00	\$ 5.00	\$ 3.00	\$ 324.00	
5	\$ 11.00	\$ 62.00	\$ 5.00	\$ 3.00	\$ 405.00	
6	\$ 11.00	\$ 62.00	\$ 5.00	\$ 3.00	\$ 486.00	
7	\$ 11.00	\$ 57.00	\$ 5.00	\$ 3.00	\$ 562.00	
8	\$ 11.00	\$ -	\$ 5.00	\$ 3.00	\$ 581.00	
9	\$ 11.00	\$ -	\$ 5.00	\$ 3.00	\$ 600.00	
10	\$ 11.00	\$ -	\$ 5.00	\$ 3.00	\$ 619.00	
11	\$ 11.00	\$ -	\$ 1.00	\$ -	\$ 631.00	
12	\$ 8.00	\$ -	\$ -	\$ -	\$ 639.00	
Fee Max	\$ 129.00	\$ 429.00	\$ 51.00	\$ 30.00	\$ 639.00	



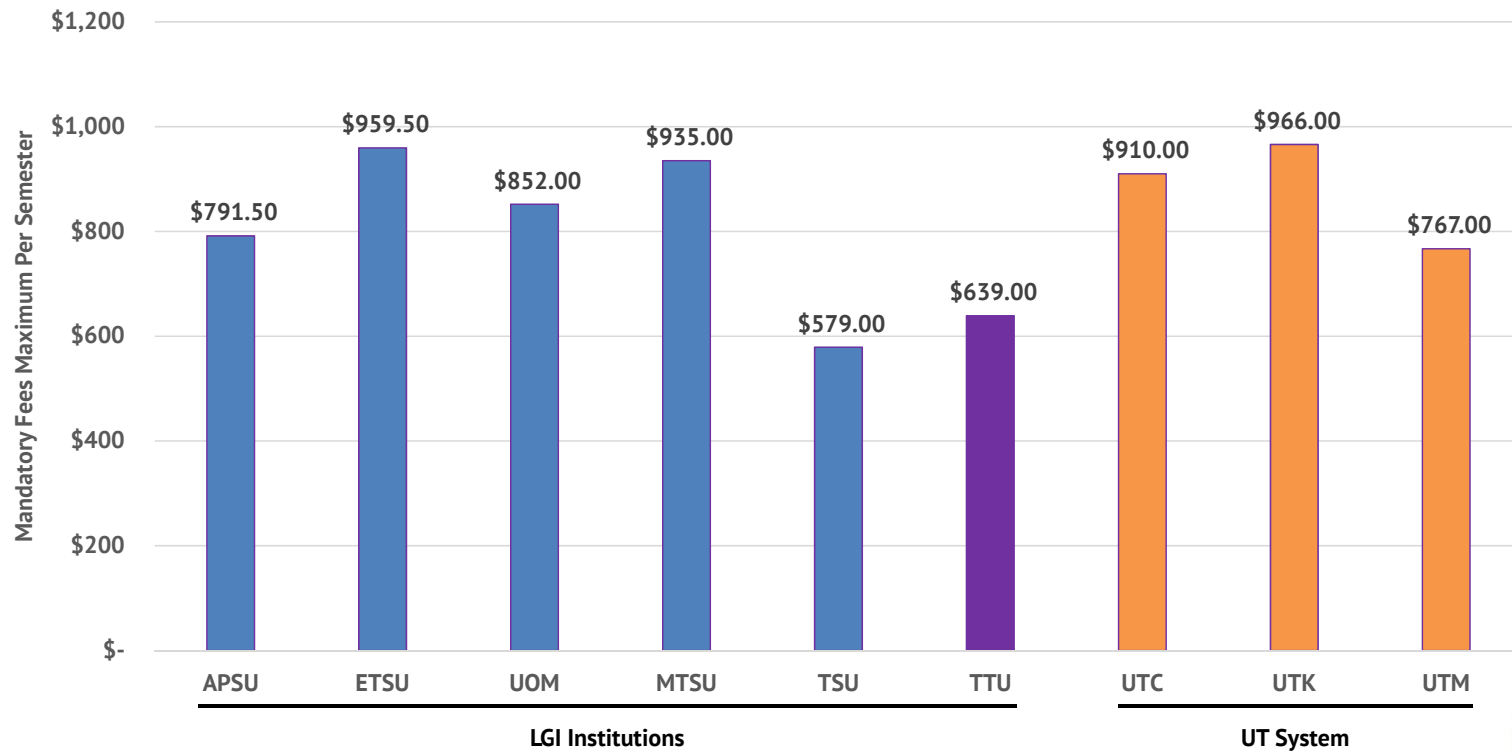
Proposed Mandatory Fee Resolution – Max @ 6 Hours

Proposed Mandatory Fee Assessment Structure					
Hours Per Semester	Debt Service	General Access	Facilities Fee	Student Government	Program Service Fees Paid
1	\$ 22.00	\$ 72.00	\$ 9.00	\$ 5.00	\$ 108.00
2	\$ 22.00	\$ 72.00	\$ 9.00	\$ 5.00	\$ 216.00
3	\$ 22.00	\$ 72.00	\$ 9.00	\$ 5.00	\$ 324.00
4	\$ 22.00	\$ 72.00	\$ 9.00	\$ 5.00	\$ 432.00
5	\$ 22.00	\$ 72.00	\$ 9.00	\$ 5.00	\$ 540.00
6	\$ 19.00	\$ 69.00	\$ 6.00	\$ 5.00	\$ 639.00
7	\$ -	\$ -	\$ -	\$ -	\$ 639.00
8	\$ -	\$ -	\$ -	\$ -	\$ 639.00
9	\$ -	\$ -	\$ -	\$ -	\$ 639.00
10	\$ -	\$ -	\$ -	\$ -	\$ 639.00
11	\$ -	\$ -	\$ -	\$ -	\$ 639.00
12	\$ -	\$ -	\$ -	\$ -	\$ 639.00
Fee Max	\$ 129.00	\$ 429.00	\$ 51.00	\$ 30.00	\$ 639.00

- **TCA § 49-8-109** consideration in making facilities accessible.
 - Facilities must be made available to students in 6 hours or more.
- Other institutions have instituted a “Program Service Fee” which collapses all these fees into one rate, with the budget still being allocated across the various components.
 - Reduces complexity and confusion.



LGI & UT System vs. TTU Maximum Mandatory Fees Per Semester



Mandatory Fee Proposal Resolution

- Max all mandatory fees at 6 hours.
- Hold mandatory fee cumulative maximum at \$639 per semester.
 - Debt Service : \$129 – no change in maximum per semester
 - General Access: \$429 – no change in maximum per semester
 - Facilities: \$51 – no change in maximum per semester
 - Student Government (SOLO) FEE: \$30 – no change in maximum per semester
- Package all mandatory fees into one fee named “Program Service Fee” to reduce complexity and confusion.





Agenda Item Summary

Date: December 5, 2019

Division: Planning & Finance

Agenda Item: Approval of Out-of-state Tuition Rate

Review

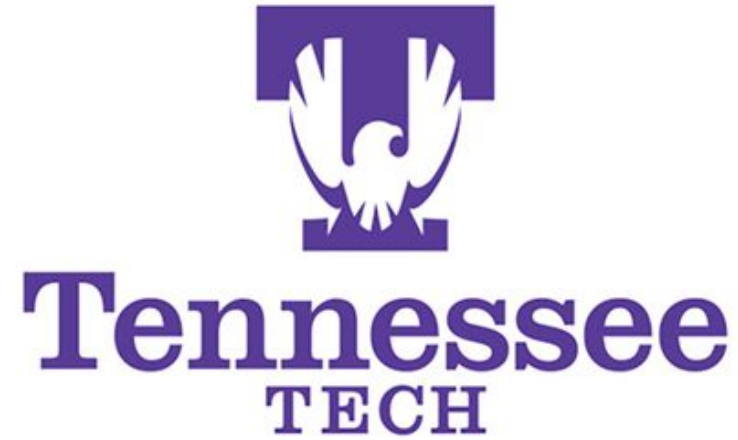
Action

No action required

PRESENTERS: Claire Stinson, Vice President for Planning & Finance & Matt Smith, Director Business Office

PURPOSE & KEY POINTS:

Simplify and lower Tennessee Tech's domestic out-of-state tuition to become more competitive, gain access to new markets and aiding in recruiting diverse students.



Out-of-state Tuition Rate



Current Domestic Out-of-State Tuition (OST) Rates

- Domestic Out-of-state tuition cost for FTE = \$12,348 per semester
 - \$661 premium per hour in addition to in-state tuition for hours ≤ 12
 - \$132 premium per hour in addition to in-state tuition for hours > 12
- R250 tuition cost for FTE = \$7,090 per semester
 - \$256 premium per hour in addition to in-state tuition for hours ≤ 12
 - Applies to students who graduate within 250 miles of TTU.
 - Calculated annually based on state appropriations and fall enrollment.
- E-Rate tuition cost for FTE = \$6,420 per semester
 - \$160 premium per hour in addition to in-state tuition for all credit hours.
 - Rate for all students taking only online classes.
 - Calculated annually at 50% of in-state tuition.

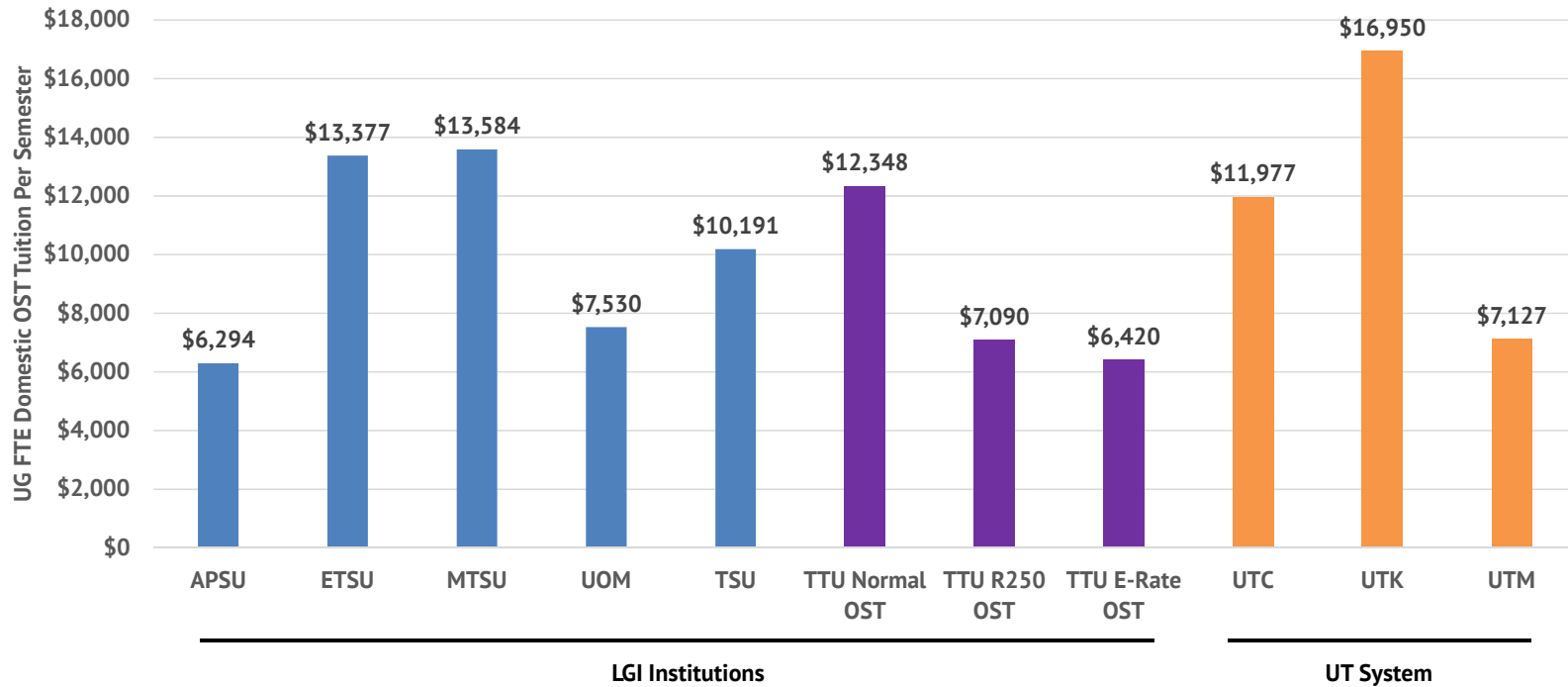


Challenges of TTU's Domestic Out of State Tuition (OST)

- Currently, TTU's out-of-state tuition (OST) is not competitive compared to other LGI's, the UT System, and to universities in surrounding states.
 - Competitive disadvantage
 - Limits access to new markets
 - Creates diversity challenges



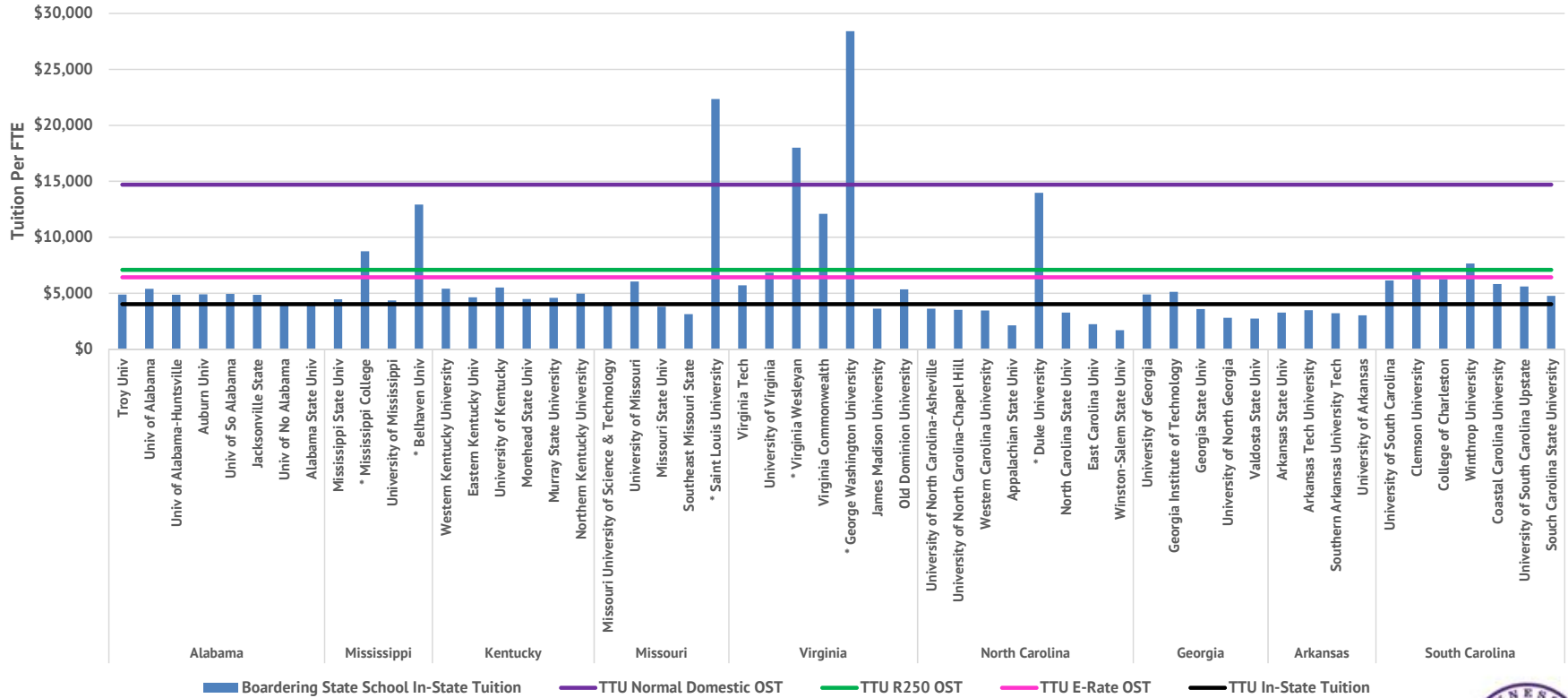
Current Rates Market Analysis (Tennessee Public Universities) Domestic Out-of-State Tuition



- All amounts shown are based on a student enrollment of 15 credit hours per semester.
- All amounts shown include in-state tuition and out-of-state tuition.
- Assumes tuition for all schools is based on their UG Domestic Out-of-State Rate except for Tennessee Tech.



Current Rates Market Analysis (Target Markets) Domestic Out-of-State Tuition



* Indicates private institution



Can we eliminate out-of-state tuition?

- Yes, based on TCA § 49-8-102(b)(1)
 - “Nonresidents of the state who meet the conditions for entrance to any of the institutions under the control of the board of regents or a state university may be admitted on payment of tuition rates that the respective board prescribes.”
- TTU Board of Trustees prescribes out-of-state tuition rates.
- Out-of-state tuition rates are not constrained by THEC.

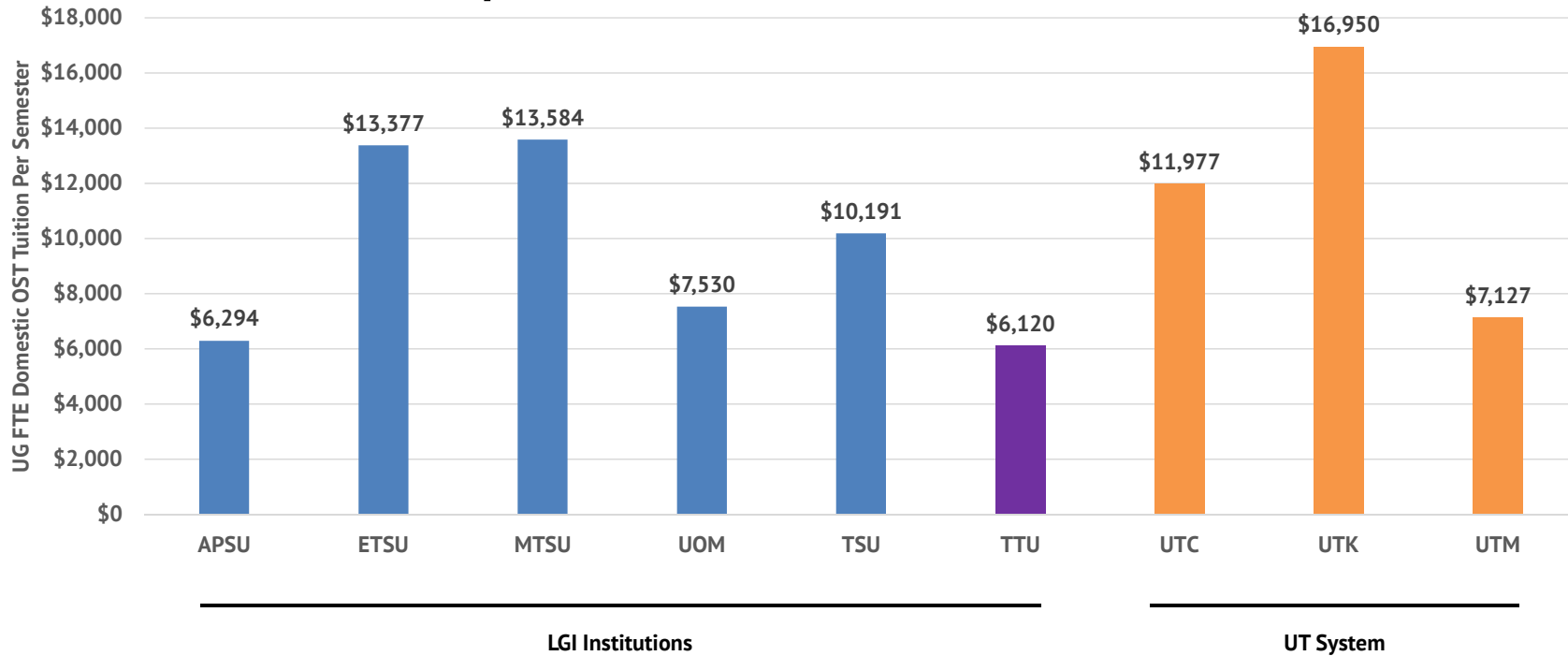


Domestic Out-of-state Tuition Proposal

- Lower out-of-state tuition and simplify.
 - Set a single premium for domestic out-of-state tuition for both undergraduate and graduate students.
 - Charge out-of-state tuition based on part-time/full-time structure.
 - Do not base out-of-state tuition rates on dynamic calculations.
 - Target the surrounding states for growth in diversity and new markets.



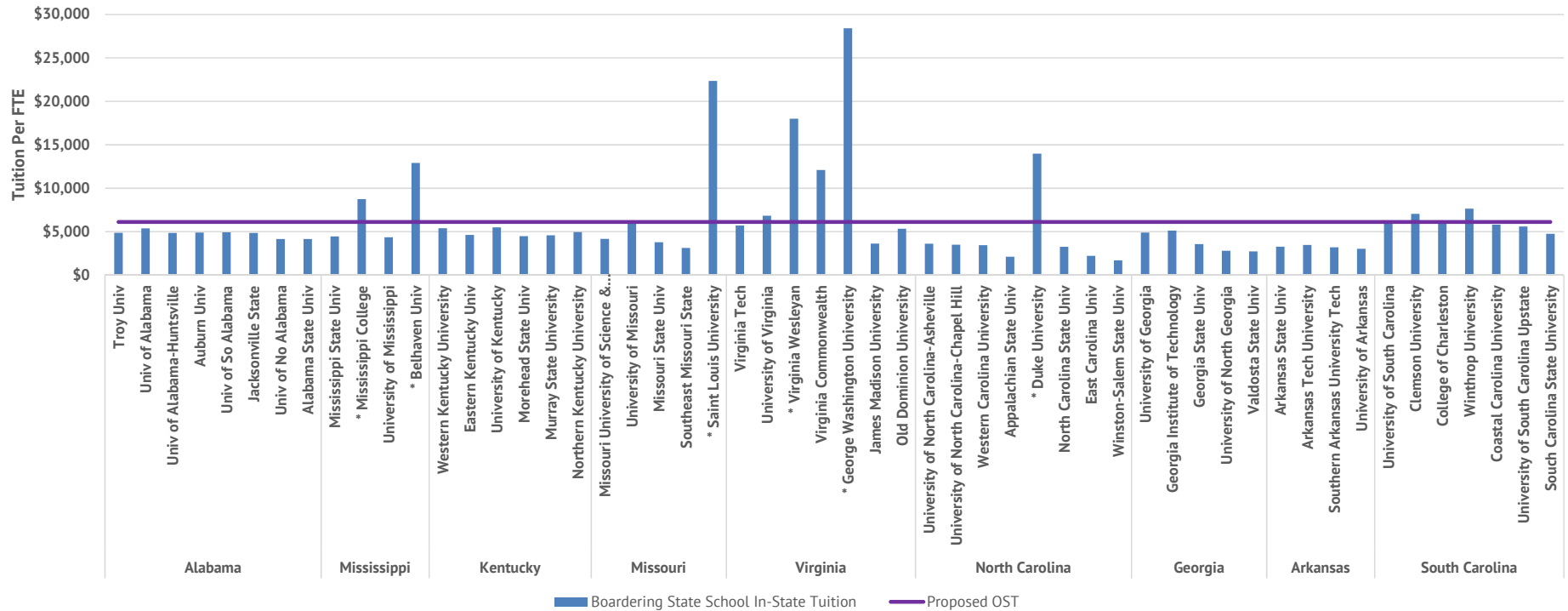
Market Analysis (Tennessee Public Universities) Proposed Domestic Out-of-State Tuition



- All amounts shown are based on a student enrollment of 15 credit hours per semester.
- All amounts shown include in-state tuition and out-of-state tuition.
- Assumes tuition for all schools is based on their UG Domestic Out-of-State Rate except Tennessee Tech.
- Tennessee Tech's tuition is based on proposed Domestic Out-of-State Rate of \$140 for Part-time and flat rate of \$2,100 for Full time.



Market Analysis (Target Markets) Proposed Domestic Out-of-State Tuition



* Indicates private institution



Domestic Out-of-state Tuition Resolution

- Lower out-of-state tuition and simplify.
 - Set a single premium for domestic out-of-state tuition for both undergraduate and graduate students.
 - Charge out-of-state tuition based on part-time/full-time structure .
 - Undergraduate
 - Part-time: \$140 premium per hour (enrollment up to 11 hours)
 - Full-time: Flat rate premium of \$2,100
 - Graduate
 - Part-time: \$140 premium per hour (enrollment up to 9 hours)
 - Full-time: Flat rate premium of \$1,680
 - Do not base out-of-state tuition rates on dynamic calculations.





Agenda Item Summary

Date: December 5, 2019

Division: Planning & Finance

Agenda Item: Discussion of Full-time/Part-time tuition model

Review

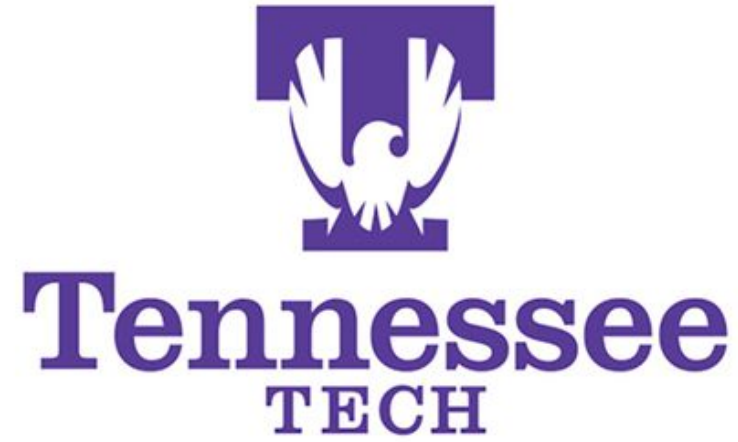
Action

No action required

PRESENTERS: Claire Stinson, Vice President for Planning & Finance & panel

PURPOSE & KEY POINTS:

Discuss and analyze the potential for Tennessee Tech to implement a part-time/full-time model for undergraduate students.



Full-time/Part-time Tuition Model



Current Undergraduate Tuition Model

- Pay \$319 per credit hour up to 12 hours
- Student taking more than 12 hours
 - Pay \$319 per hour up to 12 hours
 - Pay additional \$64 per hour for all hours over 12



Full-time/part-time tuition model

- Part-time students pay tuition based on credit hours they are taking
- Full-times students pay a flat tuition amount regardless of the number of hours they take
 - Designed to encourage students to take 15 credit hours per semester
 - 15 credit hours each semester/30 credit hours each academic year to complete a 120 credit hour degree in 8 semesters
- Applies to undergraduate students only



National Best Practice

- Improved graduation rates for students
- Improved retention rates for students
- Improved student GP
- The UT System has already transitioned to this model.
- THEC is in favor of adoption of this model.



Financial advantages to students

- Long-term cost savings
- Opportunity to pursue a minor or certification at no additional cost
- Students could avoid the additional cost of taking summer courses to stay on track to graduate



Other Advantages for Students

- Cost of attendance more predictable and understandable for students and their parents
- Helps students and parents plan better financially
- May reduce student loan debt
- Helps students changing majors during their undergraduate career by not charging them for additional classes to catch up



More Time = More Money!

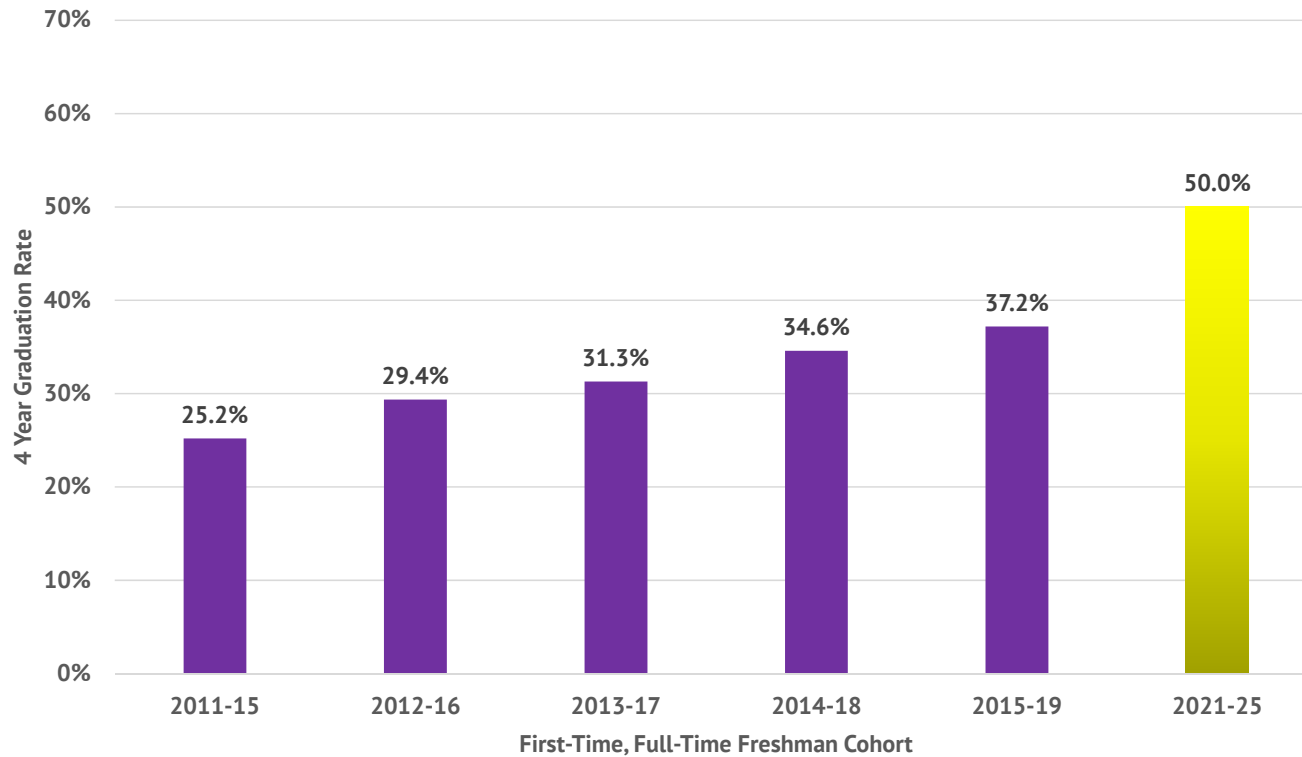
Student Graduates in...	Approximate Tuition & Fees	Beyond Four Years Cost	Average Salary Lost	Total Extra Cost & Salary Lost
4 Years	\$44,556			
5 Years	\$56,193	\$11,637	\$55,000	\$66,637
6 Years	\$68,037	\$23,481	\$110,000	\$133,481

*All amounts shown are based on a student enrollment of 15 credit hours per semester and fees assessed through a Full-time/Part-time Fee Model.

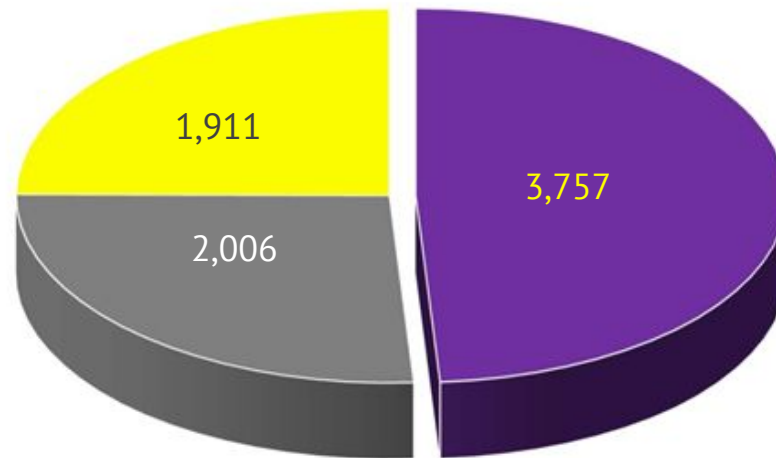
*Assumes a 2% tuition fee increase for year 2, year 3, year 4, year 5, and year 6.



4 Year Graduation Rates First-Time, Full-Time Freshman



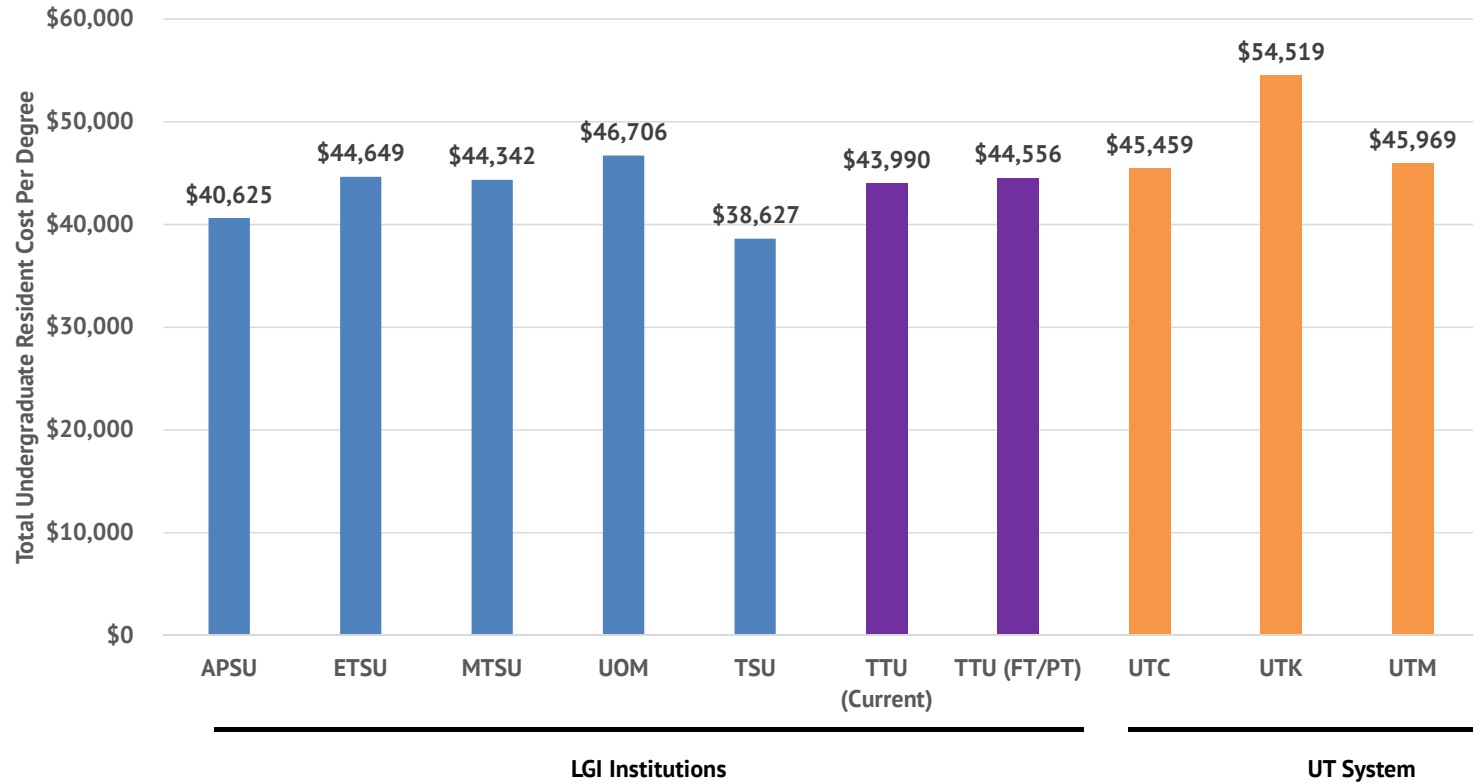
Current Full-Time UG Student Behavior - Fall 2019



■ Student Hours 12 - 14 ■ Student Hours = 15 ■ Student Hours > 15



Probable Market Analysis (per degree)



*All amounts shown are based on a student enrollment of 15 credit hours per semester.

*Assumes a 2% tuition fee increase for all schools in Fall 2020, Fall 2021, Fall 2022, Fall 2023, and Fall 2024. Tennessee Tech FT/PT does not include 2% increase in Fall 2020.

*Assumes all schools currently have an average time to degree to 9 semester (4.5 years) except for UT Knoxville and Tennessee Tech FT/PT.



Other Factors to Consider

- Increase in hours during Fall and Spring semesters (at least 15 hours)
 - Increased tuition cost each semester offset by savings through fewer semesters to complete
 - Possible barrier to part-time employment while a student.
 - Increased course load for 49% of current undergraduate full-time student population.
- Potential decrease in Summer course load.
 - Students no longer needing summer semesters to achieve 30 hours per year can realize significant savings.
 - Summer could be leveraged to take advantage of Co-ops, internships, and study abroad opportunities without sacrificing time to degree.



Administrative Considerations

- Revenue estimates uncertain for a few years
- Providing support for students impacted by change
- All academic and administrative units must be onboard with the change



Impact on Revenues

- Estimated overall tuition revenue may increase based on an analysis conducted with the current undergraduate rate
- Revenue projections will be less predictable for a few years
- Very conservative approach for budget preparation in the future years



Metrics for Measuring Success

- Decrease time to degree for students
- Increase in first-year retention rates
- Increase in progression metrics
- Increase in average number of student credit hours
- Increase in 4-year graduation rate



Do the benefits outweigh the risks? We think they do

- Student Success
 - More students persist to graduation
 - Students graduate quicker
 - Students pay less overall for their degree
 - Students enter job market quicker
- THEC formula rewards student success
- National best practice
- Short-term impact on enrollment





Agenda Item Summary

Date: December 5, 2019

Division: Planning & Finance

Agenda Item: Consolidated Financial Index

Review

Action

No action required

PRESENTERS: Claire Stinson, Vice President for Planning & Finance

PURPOSE & KEY POINTS:

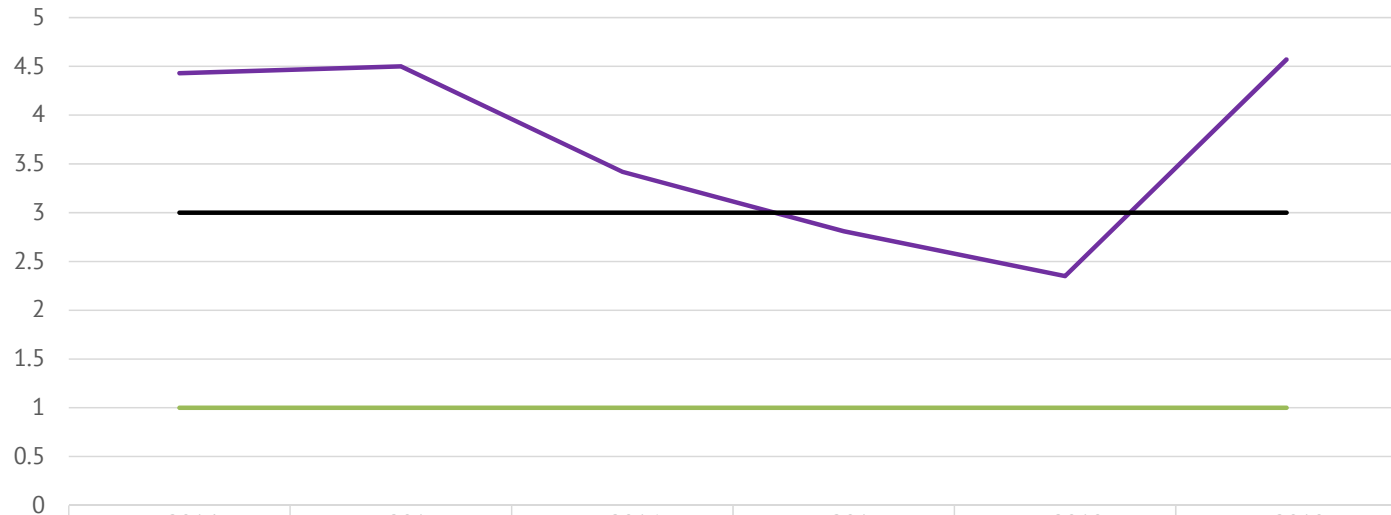
Update on financial outcome for Fiscal Year 2018-19.

Financial Review

Fiscal Year 2018-19
Audit and Business Committee
December 5, 2019



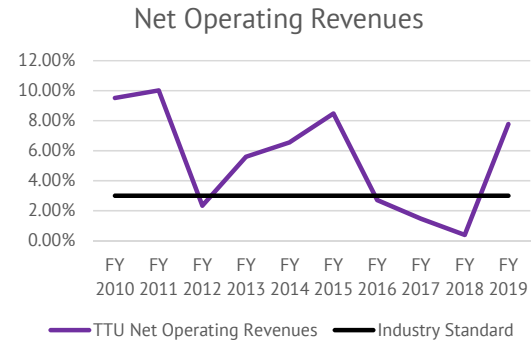
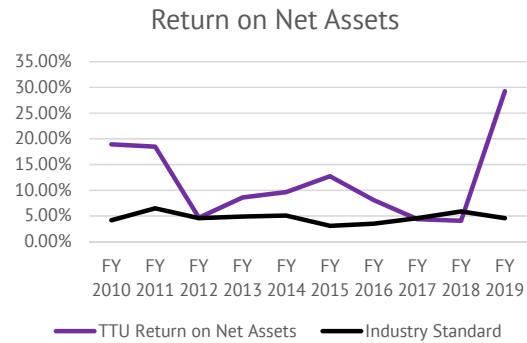
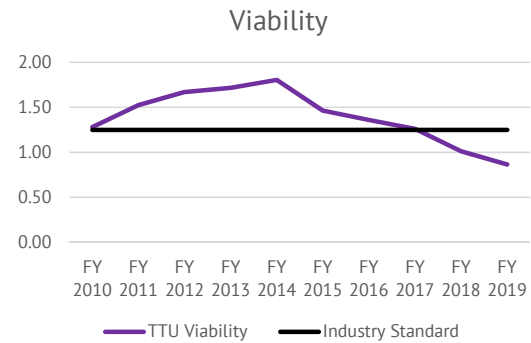
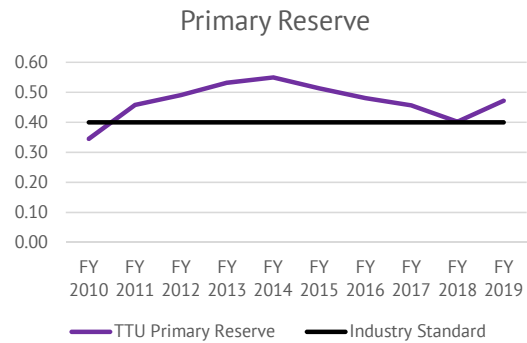
Consolidated Financial Indicator (CFI)



	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019
TTU (University Only)	4.43	4.50	3.42	2.81	2.35	4.57
Expected	3	3	3	3	3	3
Watch	1	1	1	1	1	1

— TTU (University Only) — Expected — Watch





Components of CFI

- Primary Reserve – Indicates the sufficiency of resources and their flexibility
 - Industry standard of .40 represents about 5 months of expenses
 - At this level a reasonable level of facilities maintenance can be expected
 - Watch level – A ratio of .133 (less than 1.5 months of expenses in ready assets) or less
 - Less flexibility to meet unexpected demands
- Viability – Indicates the capacity to repay debt through reserves
 - Industry standard is 1.25 or greater
 - Ratio of expendable net assets over plant debt – coverage of plant debt with expendable assets
 - Watch level – a ratio of .41 or less
 - Decreased flexibility to respond to unforeseen events or opportunities

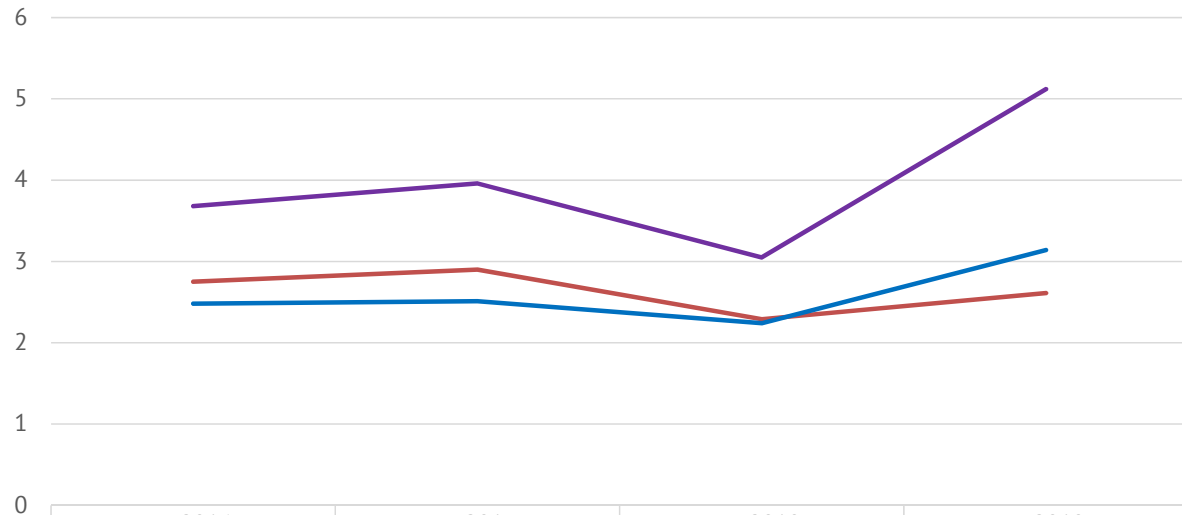


Components of CFI

- Return on Net Assets – Measure of total economic return similar to ROE
 - Industry standard is 3% above CPI
 - Are we better off this year? Strategic direction correct?
 - Watch level – anything below rate of inflation is reduction of the institution’s asset base in real dollars
- Net Operating Revenues – Indicates whether institution is living within available resources
 - Industry standard is 4%
 - Did we balance operating expenses with available resources?
 - Watch level – Consistently below zero.
 - Deficits for one year not an issue. Deficits over several years suggest the institution’s mission can’t be sustained



CFI Comparison to other LGIs and UT



	FY2016	FY2017	FY2018	FY2019
TTU w/Foundation	3.68	3.96	3.05	5.12
UT AVG w/Foundation	2.75	2.90	2.29	2.61
LGIs AVG w/Foundation (excluding TSU)	2.48	2.51	2.24	3.14





Agenda Item Summary

Date: December 6, 2019

Division: Planning and Finance

Agenda Item: Tuition Transparency Act Report

Review

Action

No action required

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

PURPOSE & KEY POINTS:

By February 1 of each year, the Board is required to provide a report to the General Assembly with information regarding expenditures of revenues derived from any tuition and fees increase in the previous full academic year. The report must include how revenues were used, the effect on student financial aid, and the effect on the average total cost of attendance per student.

State of Tennessee
2018 Public Acts, Chapter 614
T.C.A § 49-7-1604

By February 1 of each year, each governing board shall provide a report to the office of legislative budget analysis, for distribution to the general assembly, with information regarding expenditures of revenues derived from any tuition and fees increase in the previous full academic year. The report shall include how revenues were used, the effect on student financial aid, and the effect on the average total cost of attendance per student.

Report Based on FY 2018-19 Financial Data

Tuition increase of 2.66% = \$1,982,700	
Effect on Average Cost of Attendance per student = \$102 per semester	
Effect on Student Financial Aid = None	
Use of Revenues	Dollars
Matching required for 2.5% salary improvement plus variable fringe benefits	\$934,900
Hiring of new faculty to support technology-infused programs in support of State needs and market growth areas.	\$402,000
New faculty positions in Engineering and Agriculture	\$190,000
Provide additional student support services including campus police, disability services and student organization oversight	\$147,000
Market adjustment of salaries for recruited employees	\$ 61,700
Software licenses	\$243,000
Renewal of custodial service contract	\$100,000

Mandatory Fees increase of 2.14% = \$268,000	
Effect on Average Cost of Attendance per student = \$13 per semester	
Effect on Student Financial Aid = None	
An increase of \$10 per semester to the Student Organization Life Opportunity Fund (SOLO) was proposed by Student Government Association (SGA) to provide resources to schedule top-tier concert artists during fall and spring semesters. The increase also provides 25% of a support position to assist the SGA paperwork and other support services associated with student activities, e.g. concert, homecoming.	\$210,000
Student Mental Health Wellness fee of \$3 per semester replaces NIH grant funding used to provide students with mental health resources such as the suicide prevention hotline and online mental health screening questionnaires designed to identify potential problems and offer appropriate referrals.	\$58,000



Agenda Item Summary

Date: December 5, 2019

Division: Planning & Finance

Agenda Item: Policy 530 (Debt Management)

Review

Action

No action required

PRESENTERS: Claire Stinson, Vice President for Planning & Finance

PURPOSE & KEY POINTS:

Debt management policies provide written guidance about the amount and type of debt issued by governments, the issuance process, and the management of the debt portfolio.

Tennessee Technological University
Policy No. 530



Effective Date: January 1, 2020

Policy No: 530

Policy Name: Debt Management

I. Purpose

Debt management policies provide written guidance about the amount and type of debt issued by governments, the issuance process, and the management of the debt portfolio. A debt management policy tailored to the needs of the Board of Trustees (Board): (1) identifies policy goals and demonstrates a commitment to long-term financial planning; (2) improves the quality of decisions; and (3) provides justification for the structure of debt issuance. Adherence to its debt management policy signals to rating agencies and the capital markets that the Board is well-managed and should meet its obligations in a timely manner.

Debt levels and their related annual costs are important long-term obligations that must be managed within available resources. An effective debt management policy provides guidelines for the Board to manage its debt programs in line with those resources.

II. Review

This policy will be reviewed every four years or whenever circumstances require review, whichever is earlier, by the Associate Vice President for Business and Fiscal Affairs in consultation with the Vice President for Planning and Finance, with recommendations for revision presented to the Administrative Council and University Assembly. The Board of Trustees will have final approval of any recommended revisions to this policy.

III. Background

Tennessee Tech is a part of the State University and Community College System of Tennessee (the system). The Focus on College and University Success Act of 2016 removed Tennessee Tech and the other five universities from the governance of the Tennessee Board of Regents (TBR), but they remain part of the system. In addition to the Board of Trustees responsibility for debt management, TBR has continuing oversight responsibilities in the area of institutional debt for Tennessee Tech and the other five universities.

IV. Introduction

The Board hereby adopts the following policies and procedures concerning debt management.

When the Board, through university administration, seeks to borrow money for any purpose, the Board must first obtain the approval of the Tennessee State School Bond Authority (the “Authority”), created in 1965 under the Tennessee State School Bond Authority Act, Tennessee Code Annotated §§ 49-3-1201 et seq. (“Act”) through the Tennessee Board of Regents (TBR). The Authority is a corporate governmental agency and instrumentality of the State of Tennessee whose purpose is to finance capital projects for public institutions of higher education located in Tennessee by issuing its bonds and notes. TBR has entered into a Second Program Financing Agreement (“Agreement”) dated as of November 1, 1997, as amended and restated as of May 9, 2013 (the “Financing Agreement”) with the Authority for the financing of projects for public institutions.

At this time, the Board chooses to finance over time all borrowing needs through the Authority with the exception of limited special situation borrowings that will be approved by the Authority but privately placed (e.g., specialized equipment with obsolescence risk for which the equipment manufacturers provide financing; interest rate subsidy programs usually offered through federal agencies).

The Authority has financed for the Board a variety of higher education projects including dormitories, athletic facilities, parking facilities, student activities/recreation centers, research laboratories, and major equipment purchases. These projects could be contrasted with capital projects for basic academic and instructional needs such as classrooms, laboratories, and libraries that are funded from the proceeds of the State’s general obligation bonds issued by the State Funding Board and for which the Board is not obligated to pay the debt service.

V. Policy

A. Goals and Objectives

1. The Board is establishing this debt policy as a tool to ensure that financial resources are adequate to meet the University’s long-term debt program

and financial planning. This policy helps to ensure that financing undertaken by the Board satisfies certain clear objective standards designed to protect the Board's financial resources and to meet its long-term capital needs.

2. The goals of this policy are:
 - a. To document the Board's responsibility for the oversight and management of debt related transactions;
 - b. To define the criteria for the issuance of debt;
 - c. To define the types of debt approved for use within the constraints established by the General Assembly;
 - d. To define the appropriate uses of debt; and
 - e. To minimize the cost of issuing and servicing debt.

3. The objectives of this policy are:
 - a. To establish clear criteria and promote prudent financial management for the issuance of all debt obligations;
 - b. To identify legal and administrative limitations on the issuance of debt;
 - c. To ensure the legal use of the Board's direct debt issuance authority;
 - d. To maintain appropriate resources and funding capacity for present and future capital needs;
 - e. To evaluate debt issuance options;
 - f. To promote cooperation and coordination with other stakeholders in the financing and delivery of services;
 - g. To manage interest rate exposure and other risks; and

- h. To comply with Federal Regulations and Generally Accepted Accounting Principles (GAAP).

B. Debt Management

1. Debt may be used to finance projects identified by the University and approved by the Board. Projects are identified and included in the University's approved capital plan that is submitted annually to the Tennessee Higher Education Commission (THEC). After consideration by the Commission, these projects are incorporated into the State of Tennessee annual budget as disclosed projects. From time to time, mission critical projects not considered as part of the annual process will be brought to the Commission by the Board for intra-year financing.
2. Debt may be used to finance project costs which include all direct capital costs and indirect capital costs of projects, including, but not limited to, costs of construction and acquisition, costs of issuance of debt, funded interest on debt, and amounts to fund or replenish reserves, if and to the extent approved by the Authority. In compliance with Article II, Section 24 of the Tennessee Constitution, no budgeted operational expenditures (including internal employee labor) shall be reimbursed with debt proceeds, unless such debt is retired/repaid within the fiscal year of issuance.
3. The debt capacity of the TBR is partially reliant on the debt capacity of each institution under its jurisdiction. Due to this reliance, this policy requires the assessment of the debt capacity on a project-by-project basis as each project is considered. Debt capacity of each project is based on debt service coverage, which measures the actual margin of protection for annual debt service payments from the annual pledged revenue. The pledged revenue plus the pledge of legislative appropriations must meet a two (2) times coverage test for the project to be approved for debt funding. In other words, total unrestricted revenues of the University must be at least two hundred percent (200%) of the annual debt service.
4. Revolving Credit Facility (RCF) Program is limited to the amount stated in the Program Resolution, as amended, and by the amount allowed in the Credit Agreement.

C. Federal Tax Status

1. Tax-Exempt Debt - The Board and TBR will use its best efforts to have projects eligible for financing with tax-exempt debt based on the assumptions that tax-exempt interest rates are lower than taxable rates and that the interest savings outweigh the administrative costs, restrictions on use of financed projects, and investment constraints.
2. Taxable Debt - The Board and TBR will agree to financing of projects with taxable debt when projects are not eligible to be financed with tax-exempt debt or when the administrative costs, restrictions on use of financed projects, and investment constraints outweigh the benefit of tax-exempt rates.

D. Legal Limitations on the Use of Debt

1. Pursuant to T.C.A. § 49-3-1207(d) (4), limitations on the purpose to which the proceeds of sale of bonds/notes or loans may be applied are contained in the resolution(s) authorizing the bonds/notes or loans (revolving credit facility).
2. No debt may be issued for a period longer than the useful life of the capital project it is funding.

E. Types of Debt

Pursuant to T.C.A. § 49-3-1207, the Authority is authorized from time to time to issue its negotiable bonds and notes. The Board through the Vice President for Planning and Finance, or his/her designee, will work with TBR and the Authority concerning the type of debt used to fund Tennessee Tech's projects. The Board will request funding through short term debt, as needed, to fund projects during their construction phase and to fund projects with an average useful life of ten (10) years or less.

F. Debt Management Structure

1. The Board, when requesting financing for a project, shall request the Authority, through TBR, to structure the funding as follows:

- a. Term - All capital projects financed through the issuance of debt will be financed for a period not to exceed the useful life of the projects, but in no event will the term exceed thirty (30) years.
- b. Financed (Capitalized) Interest - Certain projects may require the use of capitalized interest from the issuance date until the University has beneficial use or occupancy of the financed project. Interest may be financed (capitalized) through a period permitted by federal law and the Authority's Second Program General Bond Resolution, if it is determined that doing so is beneficial.

2. Debt Service

- a. Debt issuance shall be planned to achieve relatively net level debt service. The Tennessee Tech Board shall not use bullet or balloon maturities, absent sinking fund requirements, except in those instances where these maturities serve to make existing overall debt service level or to match a specific income stream.
- b. No request shall be made to the Authority for debt to be structured with deferred repayment of principal, unless such structure is specifically approved by affirmative vote of the members of the Board and TBR.

G. Refunding of Outstanding Debt

- 1. At least semiannually, Authority staff, with assistance from the Authority's Financial Advisor, analyzes outstanding bond issues for refunding opportunities, whether for economic, tax-status, or project reasons. Consideration is to be given to anticipated costs and administrative implementation and management.
- 2. The Board shall report to the Authority a need for refunding when:
 - a. The refunding of the debt is necessary due to a change in the use of a project that would require a change to the tax status of the debt.
 - b. The project is to be sold or no longer in service while still in its amortization period.

- c. Restrictive covenants prevent the issuance of other debt or create other restrictions on the financial management of the project and revenue producing activities.
3. The Board will request the refunding term to be no longer than the term of the originally issued debt.

H. Reserve Funds

1. Debt Service Reserve Fund - The Authority's Second Program General Bond Resolution establishes a Debt Service Reserve Fund to be set up for each bond that is issued. If future Authority bond resolutions do not require such a reserve fund, this provision is not required.
2. Interest Rate Reserve Fund - The Authority establishes an interest reserve fund for the RCF Program for each project. The interest reserve fund provides security for interest due on the loans between billings.
 - a. Tennessee Tech will pay on a monthly basis based on the amount of loans issued.
 - b. When a project is either repaid or taken to bonds, the amount invested in the reserve fund will be credited back to Tennessee Tech.

I. Risk Assessment

The Associate Vice President for Business and Fiscal Affairs, subject to approval of the Vice President for Planning and Finance, will evaluate each transaction to assess the types and amounts of risk associated with that transaction, considering all available means to mitigate those risks. The Associate Vice President for Business and Fiscal Affairs, subject to approval of the Vice President for Planning and Finance, will evaluate all proposed transactions for consistency with the objectives and constraints defined in this policy. The following risks should be assessed before issuing debt:

- a. Change in Public/Private Use - The change in the public/private use of a project that is funded by tax-exempt funds could potentially cause a debt issue to become taxable.

- b. Default Risk - The risk that revenues for debt service payments are not all received by the due date.
- c. Liquidity Risk - For variable rate debt, the risk of having to pay a higher rate to the Authority for the liquidity provider in the event of a failed remarketing.
- d. Interest Rate Risk - For variable rate debt, the risk that interest rates will rise, on a sustained basis, above levels that would have been set if the issue had been fixed.
- e. Rollover Risk - For variable rate debt, the risk of the inability to obtain a suitable liquidity facility at an acceptable price to replace a facility upon termination or expiration of the contract period.

J. Board Representations

- 1. To ensure compliance with the Second Program Financing Agreement, during each budget cycle, Tennessee Tech shall review all outstanding projects financed in whole or part by the Authority and submit a certification to the TBR asserting the following:
 - a. Tennessee Tech has full power and authority to undertake or use each project and to comply with all requirements of the Agreement entered into between the TBR and the Authority;
 - b. Tennessee Tech has or will obtain all necessary approvals or authorizations by the State (or any agency, subdivision or sub-entity) with respect to each project;
 - c. Tennessee Tech shall conduct all construction, acquisition, renovation, or improvement by the university (directly or indirectly) pursuant to State law;
 - d. Tennessee Tech will proceed with due diligence towards completion of each project, and will complete each project with other funds available to the university if Authority funds are not sufficient to complete the project;

- e. Tennessee Tech will complete each project free and clear of all liens and encumbrances;
- f. Tennessee Tech will neither (i) permit any encumbrance which affects the TBR's ability to honor its commitments under the Agreement nor (ii) assign the Agreement or the TBR's rights, title, or interest in or to any project;
- g. Tennessee Tech will operate and maintain the project in good repair and condition, including the provision of and payment for necessary utilities and insurance coverage in accordance with State policy;
- h. Tennessee Tech will comply with all laws, rules, and regulations governing the university and each project;
- i. Tennessee Tech will permit the Authority or its representatives to enter projects during regular business hours for purpose of inspection; and
- j. Tennessee Tech will take no action, nor will it fail to take any action, which would cause the Authority to violate any tax covenant with respect to any project; all representations made by the university to the TBR, whether or not contained in the Agreement, as to the use of projects shall at all times be true, complete, and correct; and the university will inform the TBR in advance of any actual or potential change in use or ownership of any project at the time such change is first known to or considered by the university.

K. Transparency

As a public body, the Board shall comply with the Tennessee Open Meetings Act. Additionally, the university will assist the Authority in complying with U.S. Securities and Exchange Commission Rule 15c2-12, by providing certain financial information and operating data by specified dates, and to provide notice of certain enumerated events with respect to the bonds, if material.

L. Professional Services

From time to time, TBR uses its General Counsel for advice on aspects of a debt transaction; no engagement letter is required since General Counsel is

an employee of TBR. Additionally, TBR relies upon advice from the Office of Attorney General and Reporter, with which no engagement letter is required.

M. Potential Conflicts of Interest

If TBR or the Tennessee Tech Board were to hire professionals to assist in a debt transaction, the professionals shall be required to disclose to TBR and the Tennessee Tech Board existing client and business relationships between and among the professionals to a transaction (including but not limited to financial advisor), as well as the Authority. This disclosure shall include such information that is reasonably sufficient to allow the Board to appreciate the significance of the relationships.

N. Debt Administration

1. Planning for Sale - The Vice President for Planning and Finance or his/her designee will provide all requisite information to TBR and the Authority to facilitate the compilation of data necessary for the Official Statement related to the bond issuance and bond underwriting.
2. Post Sale – TBR and the Board will ascertain that fees and charges are established at levels sufficient to meet the two times debt service coverage when combined with legislative appropriations. The Vice President for Planning and Finance, through TBR, will provide for timely transmission of requisite debt service payments as billed by the Authority.
3. Continuing Administration - The Tennessee Tech Board (through University administration) will ascertain that facilities financed with tax-exempt debt will be used in a manner such as to not jeopardize the exempt status of the issued debt. The Tennessee Tech Board (through University administration) will maintain the financed facilities in a prudent manner establishing maintenance reserves when necessary to preserve the viability of facilities.

O. Federal Regulatory Compliance and Continuing Disclosure

1. Arbitrage - The Vice President for Planning and Finance or his/her designee will work, through TBR, with the Office of State and Local Finance to comply with arbitrage requirements on invested tax-exempt

bond funds consistent with representations made in the relevant Tax Certificate. The University will also retain all records relating to debt transactions for as long as the debt is outstanding, plus three years after the final redemption date of the transaction.

2. Generally Accepted Accounting Principles (GAAP) - The University will comply with the standard accounting practices adopted by the Financial Accounting Standards Board and the Governmental Accounting Standards Board when applicable.

VI. Interpretation

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

VII. Citation of Authority for Policy

T.C.A. § 49-8-203 (a)(1)(C) ;T.C.A.§ §49-3-1201 et seq.; U.S. Securities and Exchange Commission Rule 15c2-12.

Approved by:

Administrative Council: November 6, 2019

University Assembly:

Board of Trustees:



Agenda Item Summary

Date: December 5, 2019

Division: Planning & Finance

Agenda Item: Policy 531 (TN State School Bond Intercept)

Review

Action

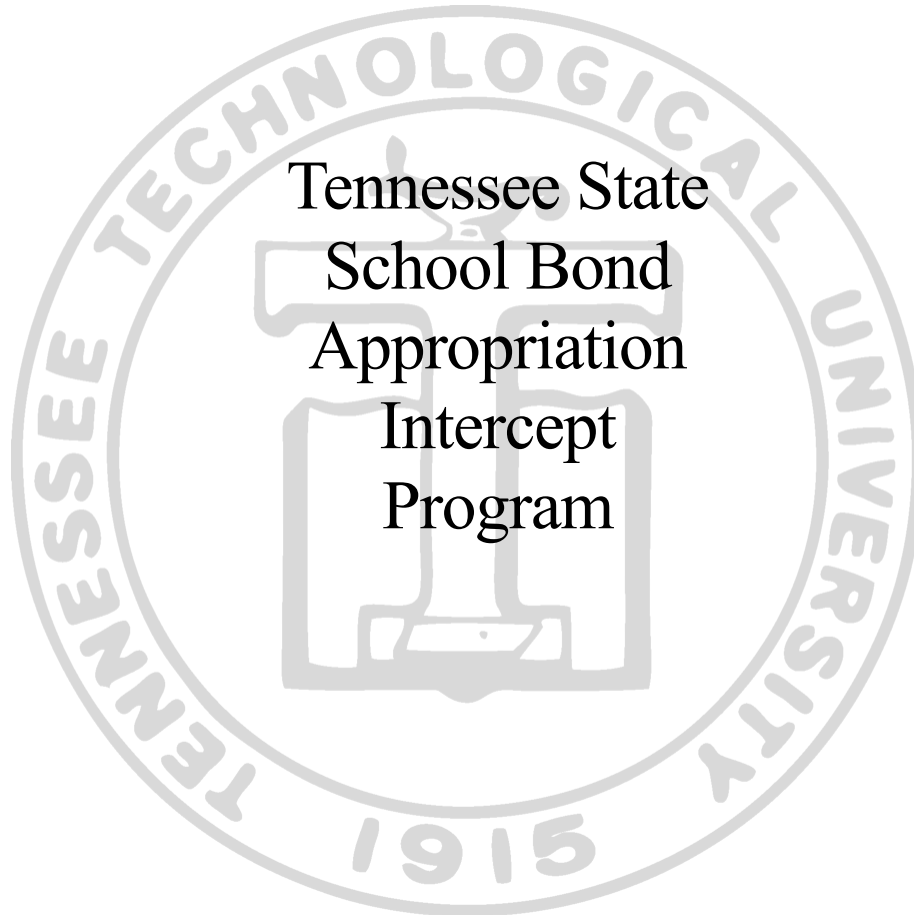
No action required

PRESENTERS: Claire Stinson, Vice President for Planning & Finance

PURPOSE & KEY POINTS:

The purpose of this policy is to establish Tennessee Tech (University) operating procedures in relation to the Tennessee State School Bond Authority's (TSSBA) appropriation intercept program in the instance of payment default on financed capital projects.

Tennessee Technological University
Policy No. 531



Effective Date: January 1, 2020

Policy No: 531

Policy Name: Tennessee State School Bond Appropriation Intercept

I. Purpose

The purpose of this policy is to establish Tennessee Tech (University) operating procedures in relation to the Tennessee State School Bond Authority's (TSSBA) appropriation intercept program in the instance of payment default on financed capital projects.

II. Review

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

III. Background

TSSBA is a corporate governmental agency and instrumentality of the State of Tennessee whose purpose is to finance capital projects for public institutions of higher education located in Tennessee by issuing its bonds and notes. T.C.A. § 49-3-1206 (b) (2) gives the TSSBA the authority to intercept an institution's operating appropriation if any annual financing charges or administrative fees are not paid when due and payable. The operating appropriation of any and all Locally Governed Institutions (LGI) and Tennessee Board of Regents (TBR) institutions of higher education may be intercepted to remedy the inability of one Tennessee LGI or TBR institution of higher education to pay its prescribed annual financing charges and administrative fees.

IV. Policy

A. The LGI and TBR institutions' of higher education operating appropriations would be intercepted in the following order if an institution were to default on any annual financing charges or administrative fees:

1. The operating appropriation of the defaulting institution would be intercepted in an amount equal to the unpaid financing charges or administrative fees due and payable;

2. Should the defaulting institution's operating appropriation be insufficient to satisfy the amount of finance charges or administrative fees due and payable, the remaining unpaid financing charges or administrative fees would be funded from appropriations to institutions under the same sector of the defaulting institution (i.e. university sector, community college sector, or college of applied technology sector).
 - a. The remaining unpaid financing charges or administrative fees will be prorated to institutions within the sector based on their operating appropriation as a share of total appropriations to the sector.
3. If the steps outlined in 1 and 2 above are not sufficient to satisfy the unpaid financing charges or administrative fees due and payable of the defaulting institution, any remaining deficit will be prorated to institutions in other TBR institutional sectors (i.e., community colleges and colleges of applied technology), including the Tennessee Board of Regents (TBR) System Office, based on their operating appropriation as a share of appropriations to institutions involved in a subsection 3 assessment.

V. Interpretation

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

VI. Citation of Authority for Policy

T.C.A. § 49-8-203(a) (1) (C)

T.C.A. § 49-3-1206 (b)(2)

Approved by:

Administrative Council: November 6, 2019

University Assembly:

Board of Trustees:



Agenda Item Summary

Date: December 5, 2019

Division: Planning & Finance

Agenda Item: Policy 537 (Naming Buildings, Facilities and Organizational Units)

Review

Action

No action required

PRESENTERS: Claire Stinson, Vice President for Planning & Finance

PURPOSE & KEY POINTS:

The purpose of this policy is to establish the criteria and process for naming of Tennessee Tech Buildings, Facilities, and Organizational Units.

Tennessee Tech University
Policy No. 537



Naming Buildings,
Facilities and
Organizational
Units

Effective Date: January 1, 2020

Policy No: 537

Policy Name: Naming Buildings, Facilities and Organizational Units

I. Purpose

The purpose of this policy is to establish the criteria and process for naming of Tennessee Tech Buildings, Facilities, and Organizational Units.

II. Review

This policy will be reviewed every two (2) years or whenever circumstances require review, whichever is earlier, by the Associate Vice President for Business and Fiscal Affairs in consultation with the Vice President for Planning and Finance, with recommendations for revision presented to the Administrative Council, University Assembly and Board of Trustees.

III. Scope

The scope of this policy is limited to Tennessee Tech Facilities that are owned by the State of Tennessee and Organizational Units controlled by Tennessee Tech. The policy does not extend to facilities leased by Tennessee Tech or owned by the TTU Foundation.

IV. Definitions

- A. Buildings: complete building structures residing on or contained within Tennessee Tech's campus
- B. Building Components: lab, classroom, conference room, office space, etc. contained within a building.
- C. Facilities: all physical areas not contained within the Buildings definition including, but not limited to, parking lots, streets, grassy areas, water features, athletic fields, etc.
- D. Organizational Units: units on campus with a defined mission including Colleges, Schools, Departments, Centers, etc.

V. Policy

- A. The naming of Buildings, Facilities, and Organizational Units of Tennessee Tech for individuals or groups who have made significant contributions to society or to Tennessee Tech is an honored tradition of higher education.
- B. The prerogative and privilege of the naming of Buildings, Facilities, and Organizational Units of Tennessee Tech is vested in the Board of Trustees.
- C. The Board of Trustees delegates the authority to name identifiable building components of Buildings and Facilities to the President, subject to the criteria and process set forth below.
- D. In general, a naming opportunity is reserved for individuals and groups who must have made a significant contribution to the field of education, government, science, or human betterment.
 1. To preserve the integrity of the naming process at Tennessee Tech, this honor must be reserved for individuals of recognized accomplishment and character; no Building, Facility, or Organizational Unit may bear the name of an individual convicted of a felony.
 2. No current employee of Tennessee Tech, and no individual who has been an employee of Tennessee Tech within the previous year, shall be eligible for consideration.
 3. With respect to naming opportunities on Tennessee Tech's campus, special consideration shall be given to:
 - a. The historical significance of the contribution of the individual or group to Tennessee Tech;
 - b. Individuals that signify an association with either the history of the university or the nation or with the advancement of knowledge and learning that will remain memorable long beyond the lifetime of those who propose the name; and
 - c. Any financial contribution of the individual or group to the institution as outlined in the TTU Foundation's Naming Guidelines document.
 4. In all cases, naming rights are considered to be in effect for the duration of the effective and typical useful life of the physical building, space, or unit, and not in perpetuity. For named Organizational Units, the naming will remain until such time that the Organizational Unit is dissolved.

5. The Board of Trustees may remove a name associated with any physical building, space or unit at any time if the naming financial commitment remains unfulfilled or it is in the best interests of Tennessee Tech or of the donor to do so.
6. At the request of a namesake, the President has authority to remove an individual's name from a facility after providing notice to the Board of Trustees.

E. Process

1. Tennessee Tech's President shall charge a committee to consider and make recommendations for the naming.
2. The committee may be comprised of students, faculty, staff, and administrative representatives. Other representatives of the campus community may serve on the committee, as deemed appropriate by the President.
3. The committee shall consider all suggested naming opportunities that satisfy the criteria cited in this policy. Any individual or group associated with Tennessee Tech may suggest a name for consideration by the committee.
4. The committee shall submit a report to the President, which shall include a recommendation for the naming, documentation of all suggestions considered, and justification of its recommendation.
5. The President shall submit his/her recommendation, the committee's report, and any additional supporting information to the Board of Trustees for appropriate action, if any.
6. Tennessee Tech will not publicize the recommendation for naming until the Board of Trustees has acted on the recommendation.

F. Building Plaques

1. Tennessee Tech may affix a building plaque to a new or newly renovated building or facility.
2. All building plaques must comply with Board of Trustee guidelines adopted pursuant to this policy and State Building Commission policy on building plaques.

G. Dedication Ceremony and Plaque

1. Upon approval of the naming by the Board of Trustees, Tennessee Tech may plan and conduct an appropriate dedication ceremony and/or erect a dedication plaque or comparable marking.
2. Tennessee Tech may use a dedication plaque that is separate from the building plaque required by state laws and regulations.
3. In addition to the individual or group for whom the Building, Component, Facility, or Organizational Unit is named, the dedication plaque should identify Tennessee Tech's President and the Chair of the Board of Trustees at the time the naming was approved.

VI. Approval of exceptions

1. The Chair of the Board of Trustees or his/her designee has the authority to approve exceptions in instances of unusual circumstances.
2. All such actions should be properly documented and shared with all Trustees at the next Board meeting.

VII. Interpretation

The Chair of the Board of Trustees or his/her designee in consultation with the President has the final authority to interpret the terms of this policy.

VIII. Citation of Authority for Policy

T.C.A. § 49-8-203(a) (4)

Approved by:

Administrative Council: November 6, 2019

University Assembly:

Board of Trustees:



Agenda Item Summary

Date: December 5, 2019

Division: Internal Audit

Agenda Item: Review of Internal Audit Report of Activity for December 2018 through November 2019



Review



Action



No action required

PRESENTERS: Deanna Metts, Internal Audit Director

PURPOSE & KEY POINTS:

As required in Tennessee Code Annotated § 49-14-103, a report of Internal Audit's activities for December 2018 through November 2019 is being provided to the Audit Committee members for review. It is broken down into three categories: audits, reviews, and investigations.

Report of Internal Audit Activities December 2018 - November 2019

For the period December 2018 through November 2019, Internal Audit completed the audits, reviews, investigations, and other activities on the 2019 Audit Plan that had been approved by the Audit & Business Committee on December 6, 2018, with the following exceptions:

- Research Audit
- Sponsored Program Review

Internal Audit was not able to complete these two areas because the Internal Auditor position was vacant from mid-April through mid-November 2019.

Further, while the 2019 plan included one special review, an additional extensive review, Scholarship Awarding Criteria, was added to assist Enrollment Management address a finding noted in the Scholarship audit. This review of 737 scholarships compared the awarding criteria for all donor-funded scholarships per each donor's Letter of Agreement to the awarding criteria used by the scholarship awarding program (ScholarWeb) to choose students eligible for each specific scholarship. A report of potential discrepancies was provided to Enrollment Management to investigate and make changes if needed.

Internal Audit Activities Completed

Audits

- Inventory Observations 6-30-19
- Audit of the Expenses Related to the Functions of the Office of the President 18-19
- NCAA Student Assistance and Academic Enhancement Funds 18-19
- Scholarships
- University Police Evidence Room Inventory
- Health Services Pharmacy and Dispensary Drug Inventories
- Risk Assessment Controls Verification - Facilities, ITS, and Business & Fiscal Affairs
- Follow-up procedures and memos for each state and internal audit finding

Reviews

- Procard Reviews of 135 Cardholders
- Review of all terminating employees' Procard charges
- Monthly reviews of all Amazon Business Account purchases
- Special Review - Scholarship Awarding Criteria
- Summary of Cardholder Spending Patterns
- Special Review - Collapsed Student Fee Review

- 2019 Enterprise-wide Risk Assessment

Investigations

Internal Audit investigated 6 fraud, waste, and abuse complaints during the reporting period, which resulted in 4 reports and 1 administrative closing memo to the file kept in Internal Audit working papers. One fraud, waste, and abuse investigation is still in progress. Internal Audit received 21 complaints or concerns that did not constitute fraud, waste, or abuse; those were reviewed briefly and then referred on to whatever member of management was considered most appropriate to look into each matter.



Agenda Item Summary

Date: December 5, 2019

Division: Internal Audit

Agenda Item: Approval of 2020 Audit Plan

Review

Action

No action required

PRESENTERS: Deanna Metts, Internal Audit Director

PURPOSE & KEY POINTS:

An audit plan for calendar year 2020 is being provided to the Audit Committee for review and approval as required by the Tennessee Tech University Audit Committee Charter.

The plan lists each significant activity to be carried out in the Internal Audit department and tells the type of activity and functional area involved.

Each departmentally chosen audit on the schedule was selected using a model that considered 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 concerns

**Tennessee Tech University
Internal Audit Plan
Calendar Year 2020**

Overall/ Specific Type	Area	Name	Estimated Start	Estimated End
R/A	FM	Inventory Observations 6-30-20	Apr-20	Jul-20
R/A	FM	Audit President's Office Expenses 19-20	Dec-19	Sep-20
R/A	AT	Student Assistance/Academic Enhancement Funds 19-20	Jun-20	Aug-20
D/A	AD	Advancement	Dec-19	Mar-20
D/A	FM	Travel	Aug-20	Oct -20
D/A	FM	Disbursements/Accounts Payable	Oct-20	Dec-20
D/A	RS	Research and Sponsored Programs	Apr-20	July-20
D/S	GE	Risk Assessment Internal Controls	July -20	Dec-20
R/I	GE	Investigations	Dec-19	Dec-20
R/F	FM	Follow-up to State Audit 2017-18	Dec-19	Jan-20
R/F	GE	Follow-ups to Internal Audits	Jan-20	Dec-20
R/V	GE	Enterprise Wide Risk Assessment 2020	Jul-20	Dec-20
D/V	FM	Procard Reviews	Jan-20	Dec-20
D/V	RS	Sponsored Program Review	Apr-20	Oct-20
D/V	FM	Monthly, Quarterly, & Special Reviews	Jan-20	Dec-20
D/C	GE	General Consultation	Jan-20	Dec-20

Overall Type	Specific Type	
R-Required	A-Audit	F-Follow-up
D-Department Planned	S-Special Request	V-Review
T-In Progress	I-Investigation	C-Consultation

Functional Area	
AD-Advancement	IN-Instruction/Institutional Support
AT-Athletics	IT-Information Technology
EM-Enrollment Management	PP-Facilities/Plant
FM-Financial Management	RS-Research/Sponsored Programs
GE-General/University-wide	SS-Student Services