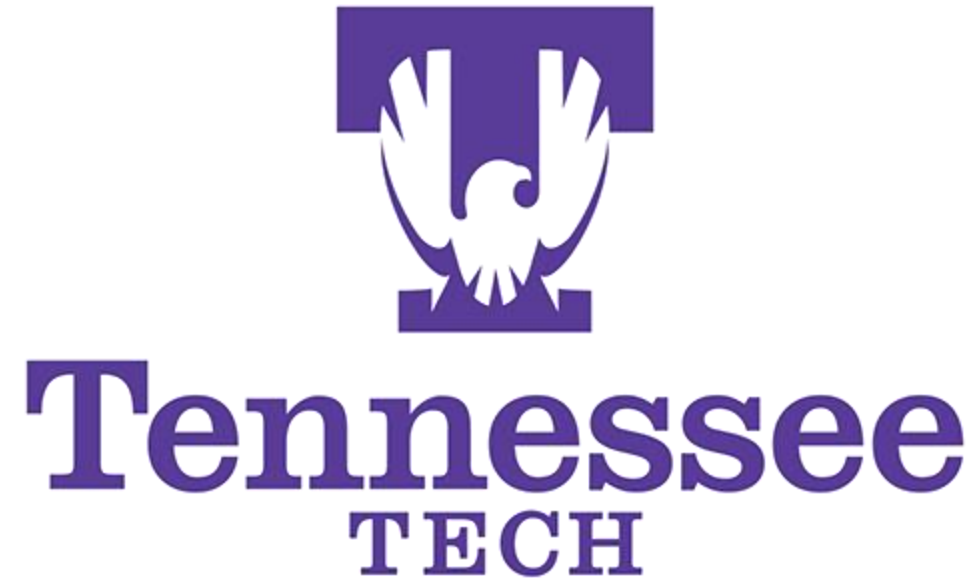


Presentation to Audit & Business Committee
Board of Trustees
September 25, 2025

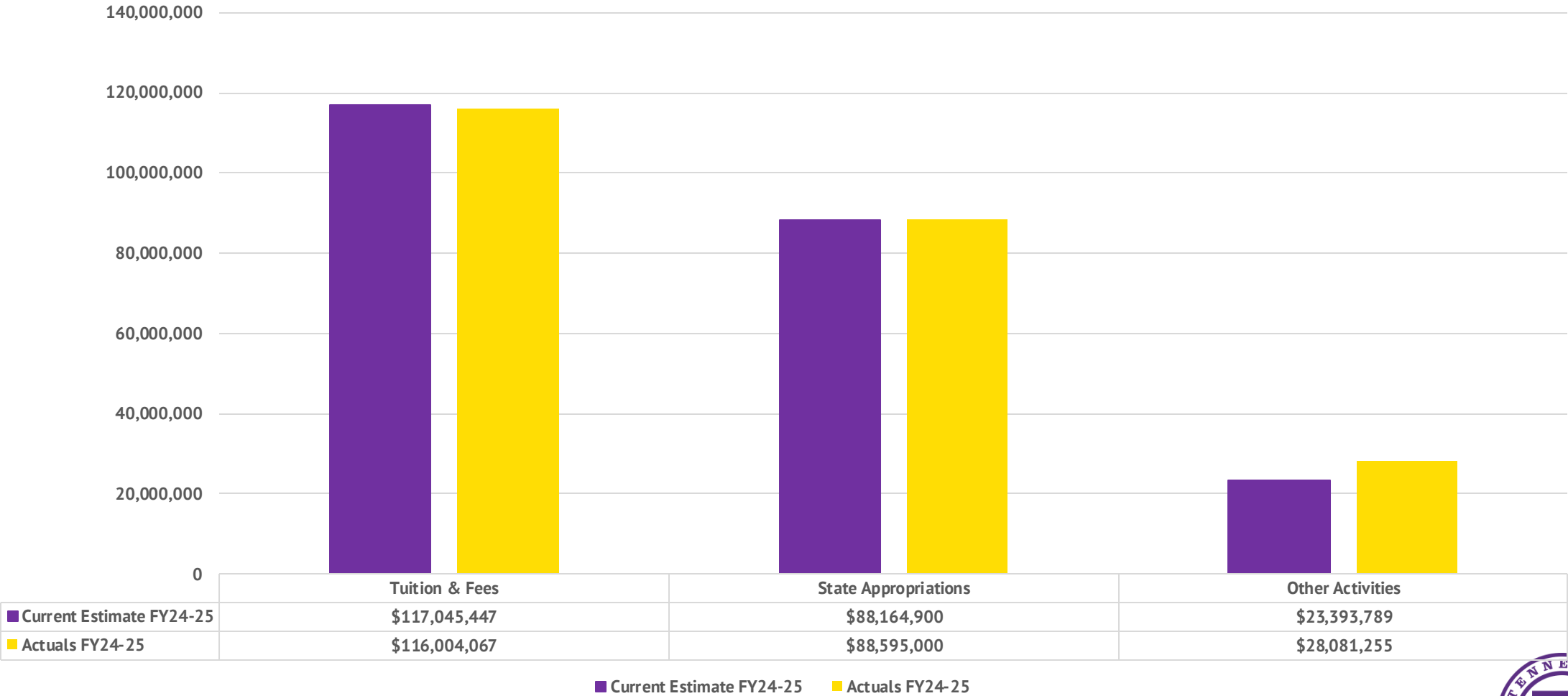




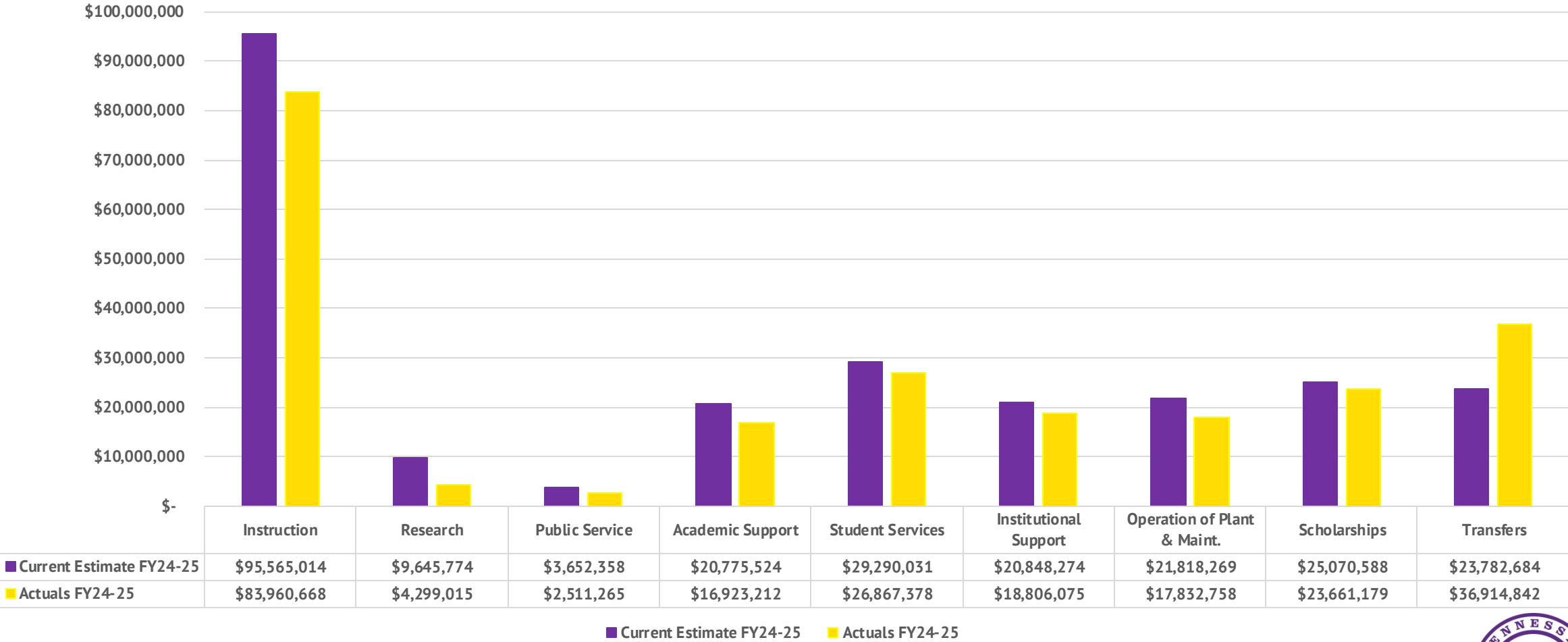
Financial Update



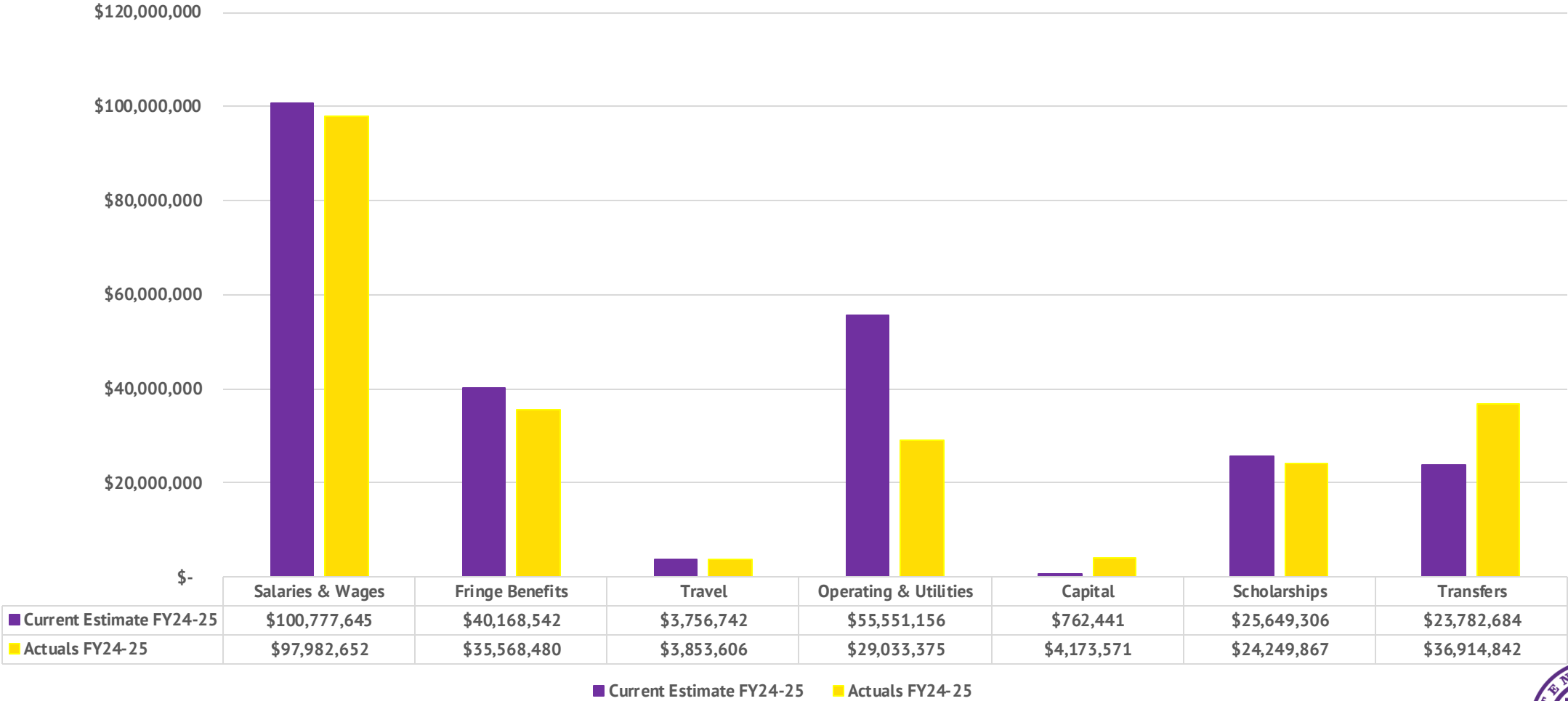
Comparison FY24-25 Current Estimate Budget vs. End-of-Year Actual Revenue (unaudited)



Comparison FY24-25 Current Estimate Budget vs. End-of-Year Actual Functional Program Expense (unaudited)



Comparison FY24-25 Current Estimate Budget vs. End-of-Year Actual Natural Expense (unaudited)



End-of-Year Fund Balance (Unaudited) June 30, 2025

Fund balance June 30, 2025	\$31,998,385
Non-discretionary carryforwards (working capital, encumbrances, designated fees)	\$3,990,616
Automatically approved departmental carryforwards (special state appropriation, on-line fees, indirect cost, etc.)	\$14,606,533
One-time costs	\$6,370,350
Reserve for capital projects (over budget projects)	\$1,301,249
2% to 5% budget reserve	\$5,729,637



Revised Tuition and Fee Estimates FY25-26

(Revenue estimates based on fall 2025)

Estimated Tuition Revenue Adjustments for Revised Budget	\$3,818,418
Regular Academic year	\$3,336,385
Out-of-State regular academic year	(\$399,583)
DMBA, MACC, MSN	\$311,000
Summer School	\$578,411
Out-of-state Summer School	(\$7,795)



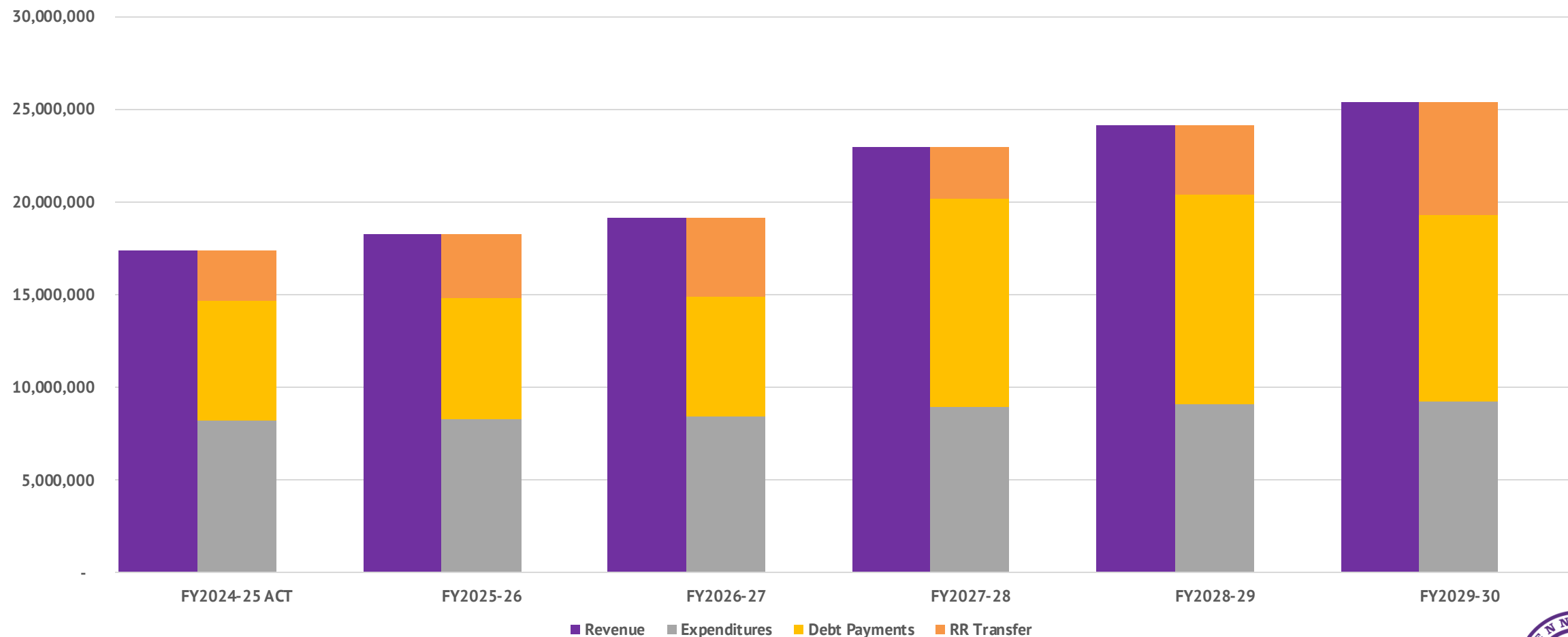
University E & G Debt June 30, 2025

	Principal	Maturity Date	Interest Rate	Annual Debt Service	Annual Dedicated Revenues	Operating Expenses Budgeted FY25-26	Debt Service Budgeted FY25-26
Strength & Conditioning Center (Athletic Performance Center)	\$212,603	11/1/2026	5%	\$202,603	\$202,603	N/A*	\$202,603
Recreation & Fitness Center	\$22,873,827	11/1/2049	5%	\$1,670,000	\$1,950,000	N/A*	\$1,670,000
Parking & Transportation	\$8,648,999	11/1/2039	5%	\$860,935	\$1,765,500	\$464,524	\$860,935
Laboratory Science Building	\$2,774,063	11/1/2029	5%	\$646,673	\$646,673	N/A**	\$646,673
West Football Stadium	<u>\$42,360,000</u>	11/1/2045	4.27% to 5.83%	\$3,511,319	\$4,145,993#	N/A**	\$2,241,685
	\$76,869,492						
*Students pay a debt service fee for the Recreation and Fitness Center. Operating expenses are not paid from this revenue source.							
**Operating expenses are paid as part of the departments' budgets.							
#Estimated revenues based on proforma financial statement.							



5 Year Plan Housing Revenues vs. Expenditures, Debt Payment and Major Maintenance

Housing Revenues vs. Expenditures, Debt Payment and Renewal and Replacement



Assumptions for annual increases: Revenue 5%; Salaries and Benefits 3%; Operating expenditures 2%



Days of Cash on Hand June 30, 2025

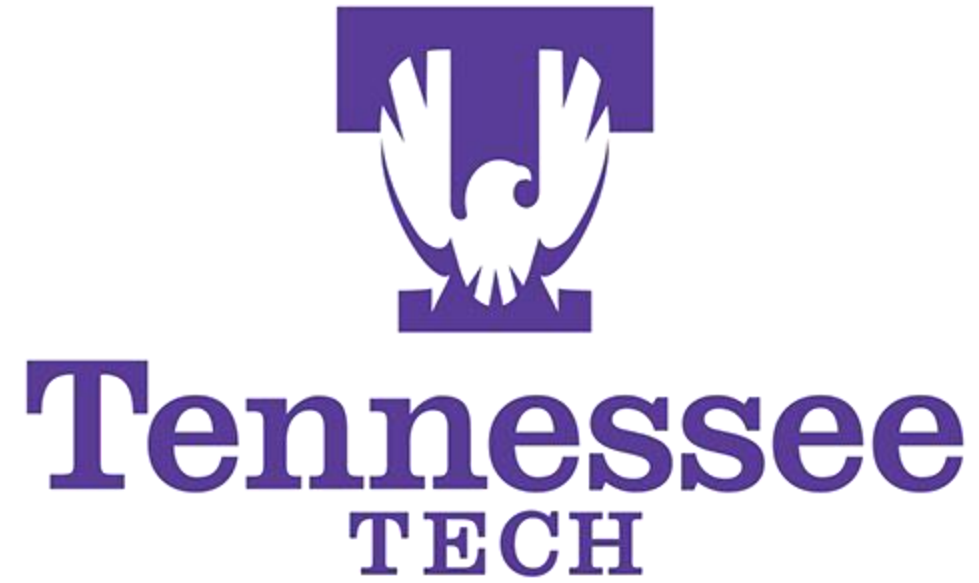
Cash on Hand 6-30-25 (Financial Statement – SNP)	\$237,570,554
Annual Operating Expenses (Financial Statement)	\$245,089,042
Less Non-Cash Items	(\$16,777,946)
	<u>\$228,311,097</u>
Average Daily Expense	\$625,510
Days of Cash on Hand	379.80



Days of Cash on Hand June 30, 2025

Cash on Hand	\$237,570,554
Less:	
Restricted cash	(\$9,561,568)
Loan Funds	(\$399,698)
Endowments	(\$375,536)
Agency Funds	(\$102,932)
Retirement of Debt	(\$8,558,444)
LGIP Capital Projects	(\$10,980,996)
Capital Projects	<u>(\$86,625,600)</u>
University Unrestricted General Operations Cash on Hand 6-30-25	\$120,965,781
Annual Operating Expenses (Proposed July Budget)	\$218,074,400
Average Daily Expense	\$597,464
Days of Cash on Hand	202.47





Capital Budget Update



Capital Outlay Request FY2026-27

Request for State Funding

Fiscal Year	Priority	Project	Approved June 26, 2025	Submitted	Project Description
New Construction					
2026-27	1	Life Science Building	\$108,700,000	\$209,800,000	Construct a new facility for the Life Sciences programs (June Match \$8,696,000; Submitted Match \$16,784,000).
2026-27	2	Social Sciences Building	\$105,000,000	\$115,960,000	Demolish Matthews Daniel and Crawford Halls. Construct a new building that will provide classrooms, faculty offices and support spaces for the Colleges of Education and Arts & Sciences. The project will provide additional flexible academic space to address campus-wide space shortages for classrooms and faculty offices. Provide administrative offices for Communications & Marketing and Research & Development (June Match \$8,400,000; Submitted Match \$9,276,800).
Funding sources:					
State capital appropriations			\$196,604,000	\$299,699,200	
Match required			\$17,096,000	\$26,060,800	



Capital Maintenance Projects Request FY2026-27

Request for State Funding

Project	Priority	Approved June 26,2025	Priority	Submitted	Project Description
Utility Infrastructure Upgrades Phase 1.1	1	\$2,520,000	1	\$2,520,000	Rerouting of distribution lines, replacement and repair of utilities campus wide. This is a multi-phase project.
Utility Infrastructure Upgrades Phase 1.2	2	\$3,790,000	5	\$3,470,000	Rerouting of distribution lines, replacement and repair of utilities campus wide.
Multiple Buildings Elevator Upgrades Phase 2	3	\$1,690,000	2	\$1,690,000	Upgrades or replacement of several elevators on campus. 31 elevators are included in scope. This is second phase of multi-phase project.
Power Monitoring System	4	\$770,000	6	\$770,000	Provide electrical power monitoring and management systems for the main campus utilizing software to measure energy efficiency.

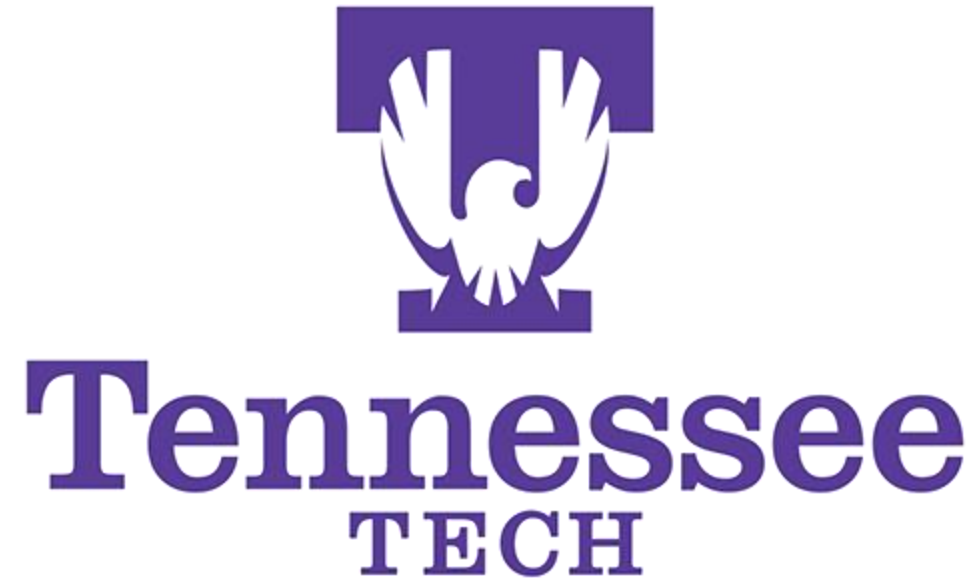


Capital Maintenance Projects Request FY2026-27

Request for State Funding

Project	Priority	Approved June 26,2025	Priority	Submitted	Project Description
Bryan Fine Arts Building Exterior Repairs	5	\$1,660,000	3	\$1,660,000	Clean, tuckpoint, caulk, repair and waterproof brick walls, stone coping, brick patios, windowsills, stone caps, retaining walls, concrete expansion joints, seating areas and all related work.
University Services Building Mechanical Upgrades	6	\$1,500,000	4	\$1,600,000	Replace the air handling unit, VAV boxes, piping and all related.
Craft Center Exterior Improvements	7	\$2,930,000	7	\$3,100,000	Replace the cedar siding, windows, doors and other related components of the exterior building envelope and all related work.
Steam Plant Boiler Replacement	8	\$3,220,000	8	\$3,220,000	Replace the boiler at the steam plant and build and addition to the building to accommodate the new boiler.
Total Requested		\$18,080,000		\$18,030,000	

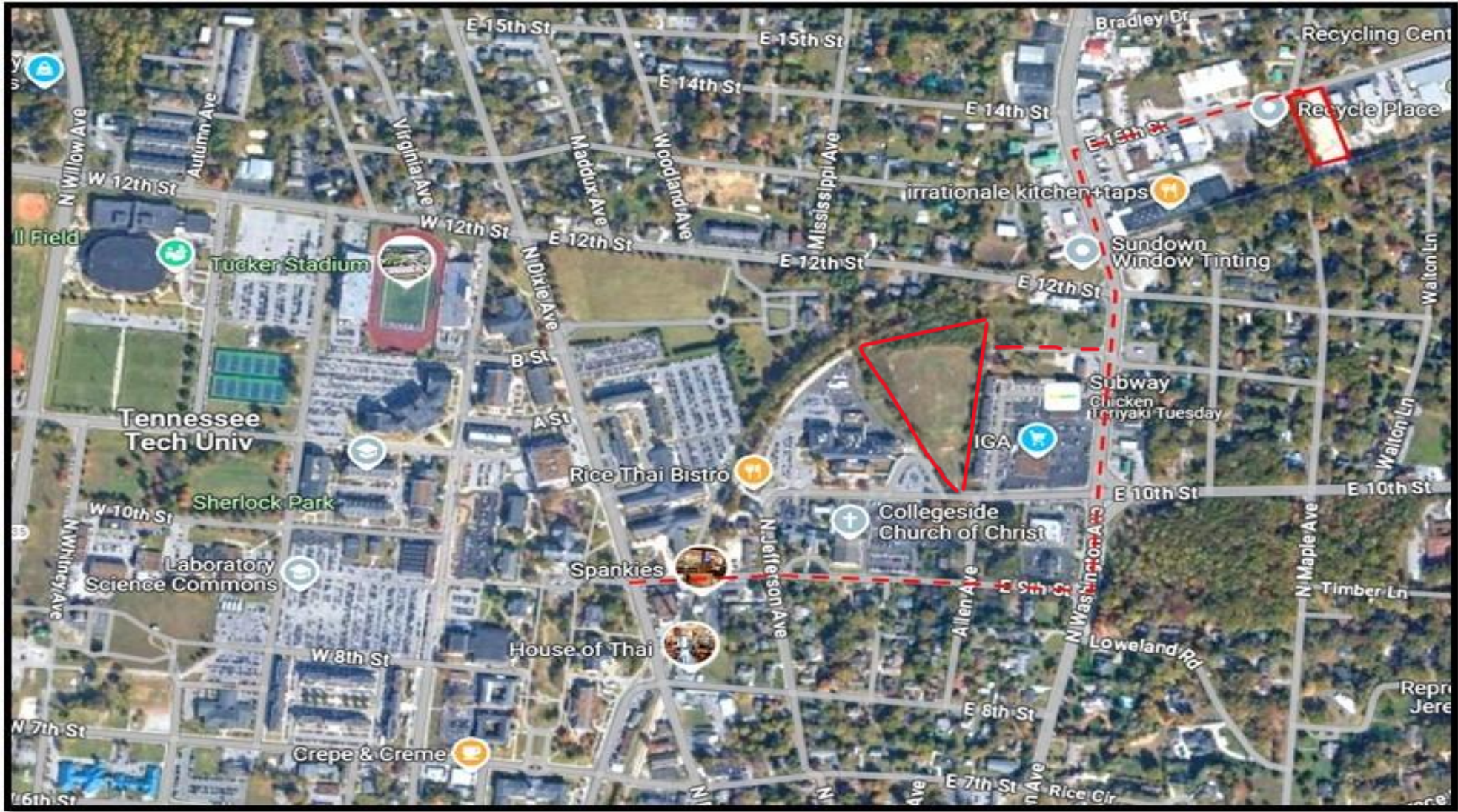


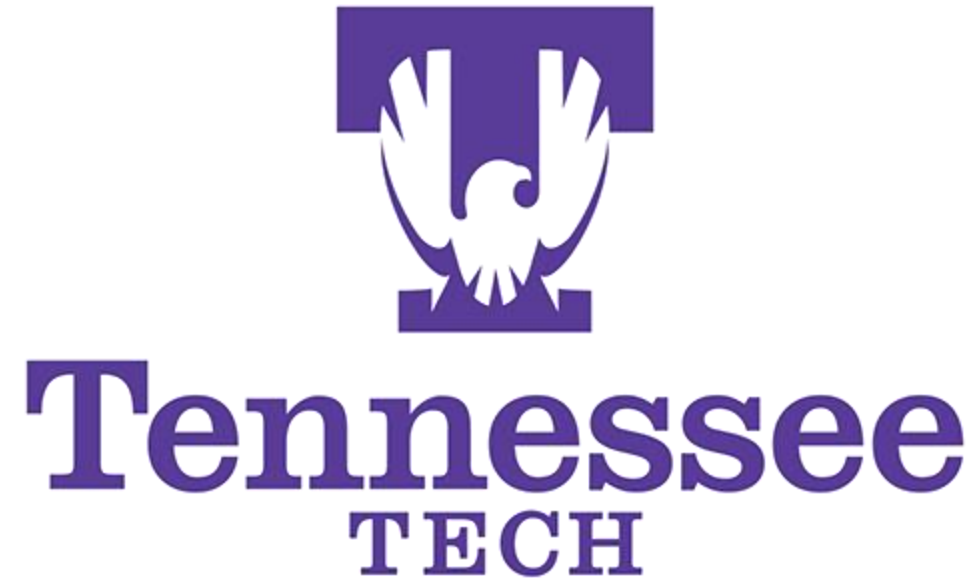


Master Plan Amendment



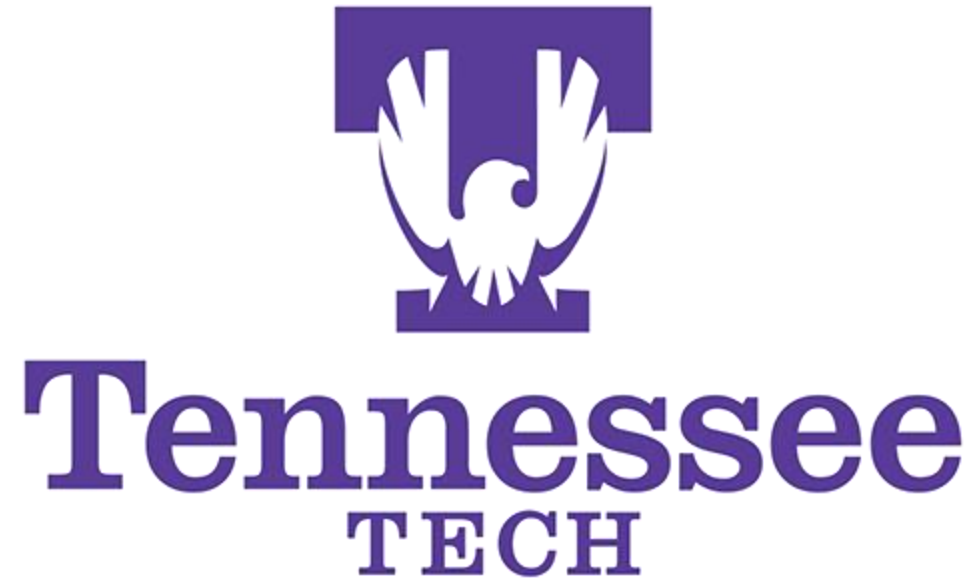






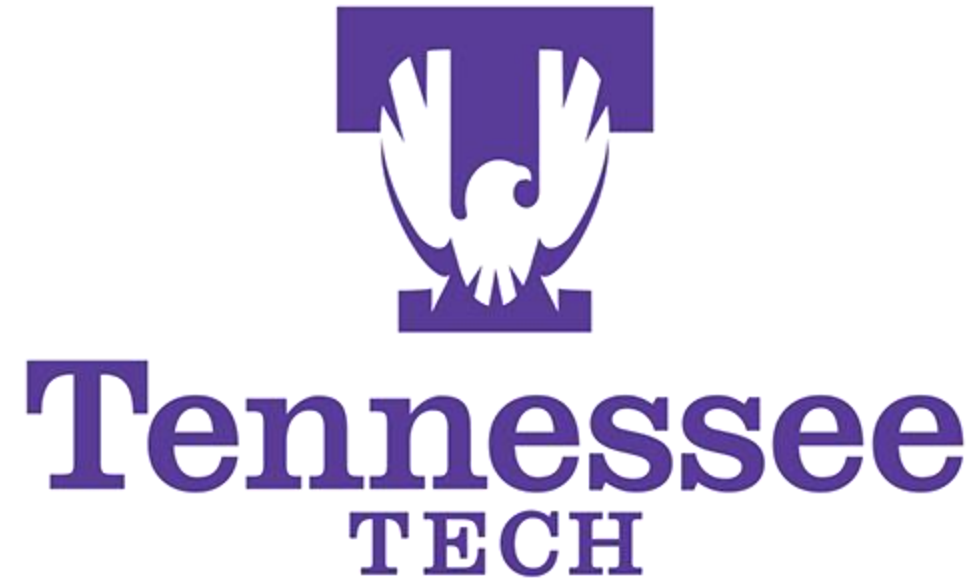
Organizational Chart Change





Performance Evaluation & Performance-Based Compensation





Performance Evaluation



Staff (Non-Faculty) Performance Evaluation Process

- **Year 10 of the Performance Evaluation Process**
- **Staff evaluation elements**
 - Focus on individual employee performance
 - Ensure employees have a voice in their evaluation
 - Allow for specific goals and achievements to be recognized
 - Stress job-specific performance
 - Include a self-evaluation component
- **Supervisor element**
 - Added evaluation component for supervisory responsibilities



Staff (Non-Faculty) Performance Evaluation Components

- **Core Competencies aligned to Tn Tech Strategic Plan objectives (20%)**
 - Academic Excellence, Student Success, Community Engagement, Meaningful Innovation, Supporting Environment, Value Creation
- **Wings Up Way (20%)**
 - People Over Process; Treat Everyone With Kindness; Serve Students First; Go The Extra Mile; Personal Responsibility; Make the Process Easier Not Harder; Find Solutions, Not Excuses
- **Position-Specific Duties (60%)**
 - Evaluate performance based on meeting specific duties and goal accomplishment aligned with position



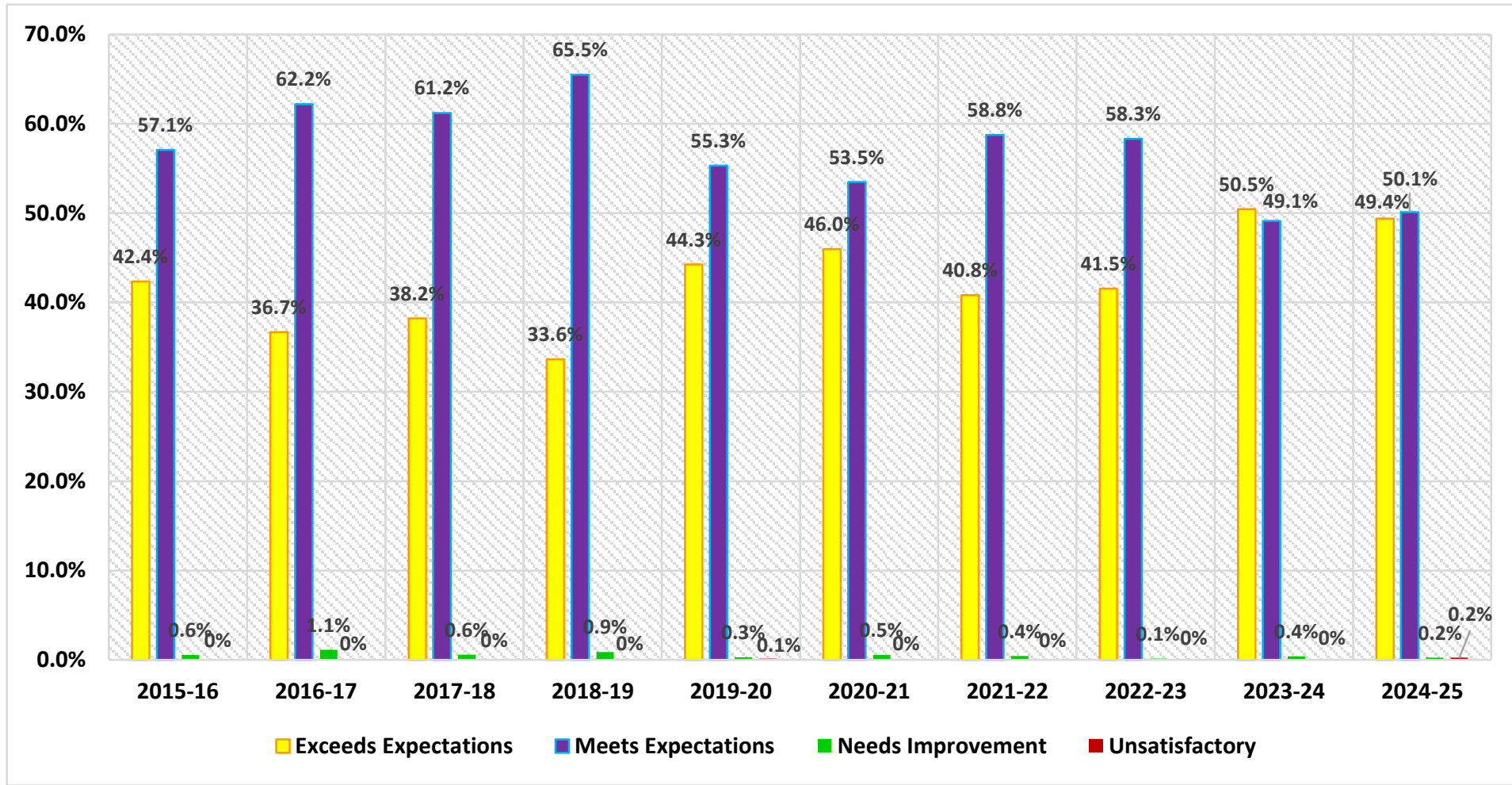
Staff (Non-Faculty) Performance Evaluation Training

- Conducted mandatory training for supervisors with 100% participation (157)
- Provided voluntary staff employee training (53)
- Emphasized the importance of periodic employee and supervisor performance meetings throughout the evaluation period



Staff (Non-Faculty)

% of Employees Rated in Performance Category



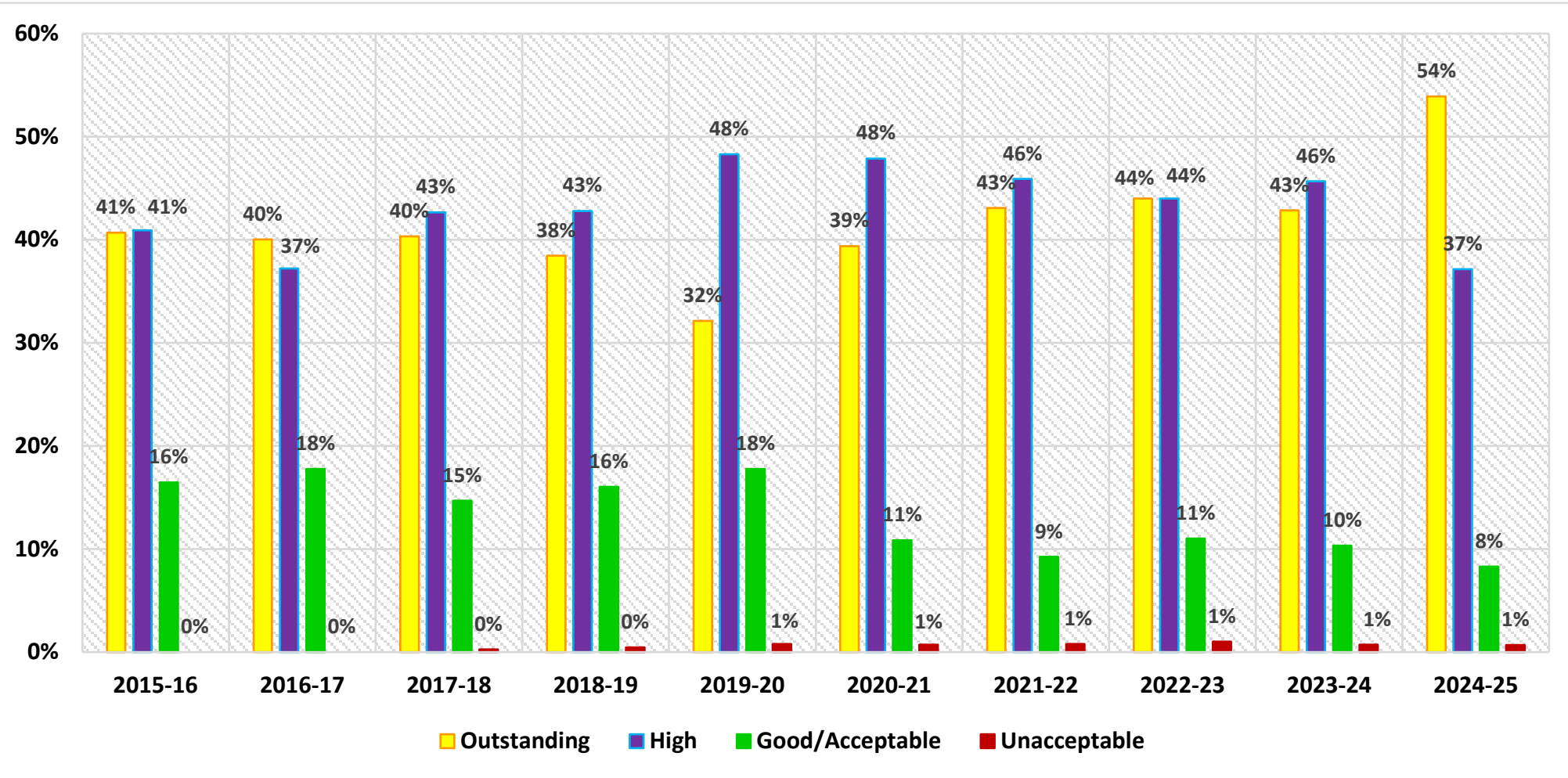
Faculty Performance Evaluation Process

- All faculty, both tenured and non-tenured, are evaluated annually by the department chairperson and the college dean
 - Teaching
 - Advisement
 - Research/Scholarship/Creative Activity
 - Service/Outreach
 - Administration
 - Other (as assigned and detailed)



Faculty

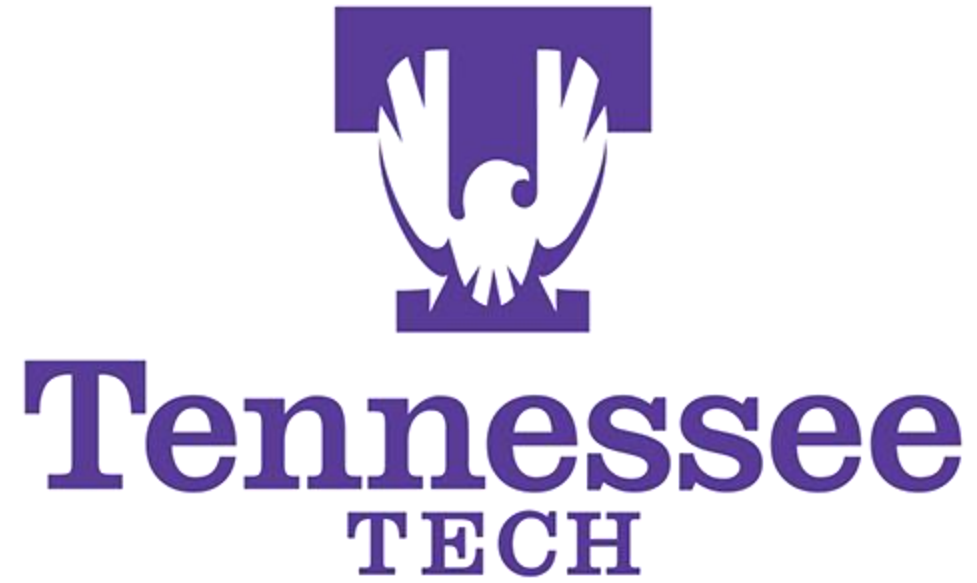
% of Employees Rated in Performance Category



Performance Evaluations – Next Steps

- Transition to Talon (Oracle) performance management platform starting in January 2026 for staff positions
 - Training of supervisors and employees in February 2026
 - Performance evaluation parameters will not change
 - Offers a robust goal-setting/tracking capability
 - Provides standard performance management reporting metrics
 - Uses a standard Performance Improvement Plan (PIP) template with progress tracking capability





Performance-Based Compensation



Performance-Based Compensation Model

2.6% Salary Pool for FY 26

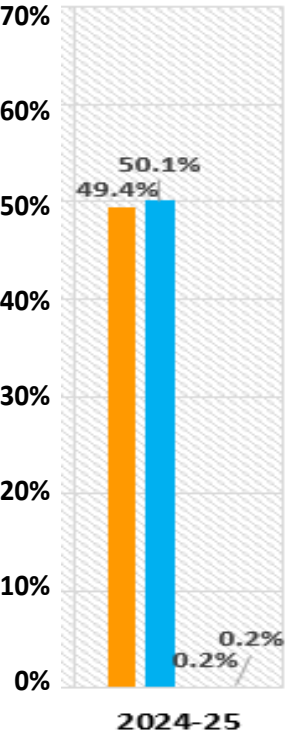
- 0.6% allocated to Phase 3 of the Classification & Compensation Study
- 2% allocated for merit-based performance
 - **Eligibility**
 - **Faculty** = 2025 Performance Evaluation Scores of acceptable or better rating
 - **Staff** = 2025 Performance Evaluation Scores of meets expectations or better rating
 - Hire date on or before December 31, 2024
 - Employee NOT placed on a Performance Improvement Plan during the fiscal year (July 1, 2024 – June 30, 2025)
 - **Merit Ranges:** Minimum of 1% to Maximum of 7%

*Note – 2.6% increase set by the state of TN, of which 55% is funded by the state and 45% is funded by the university

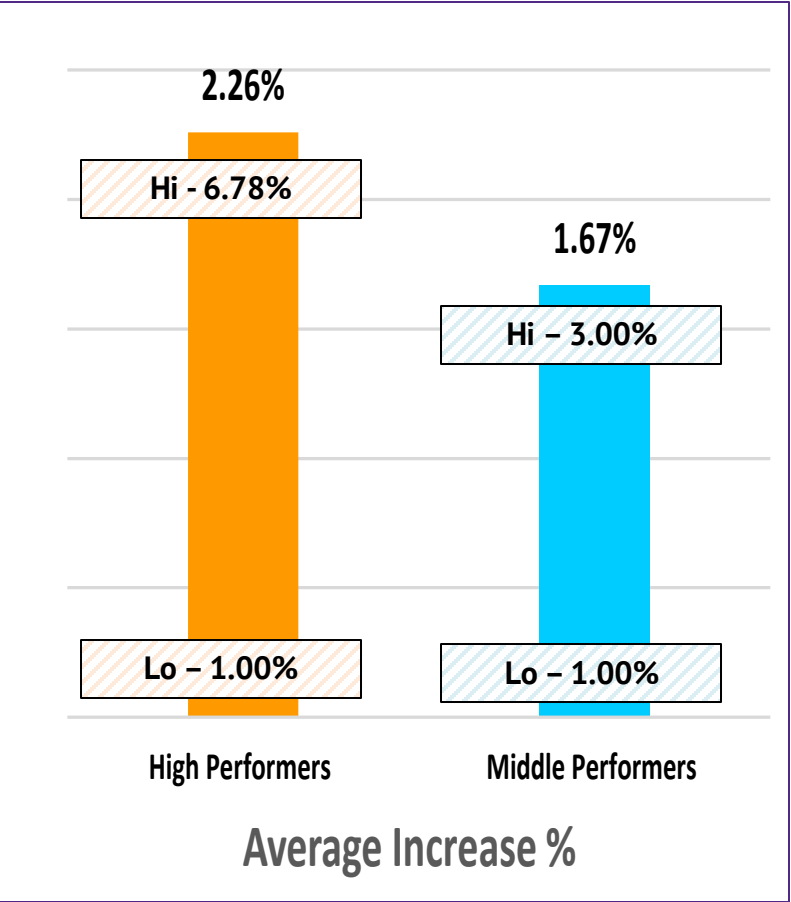
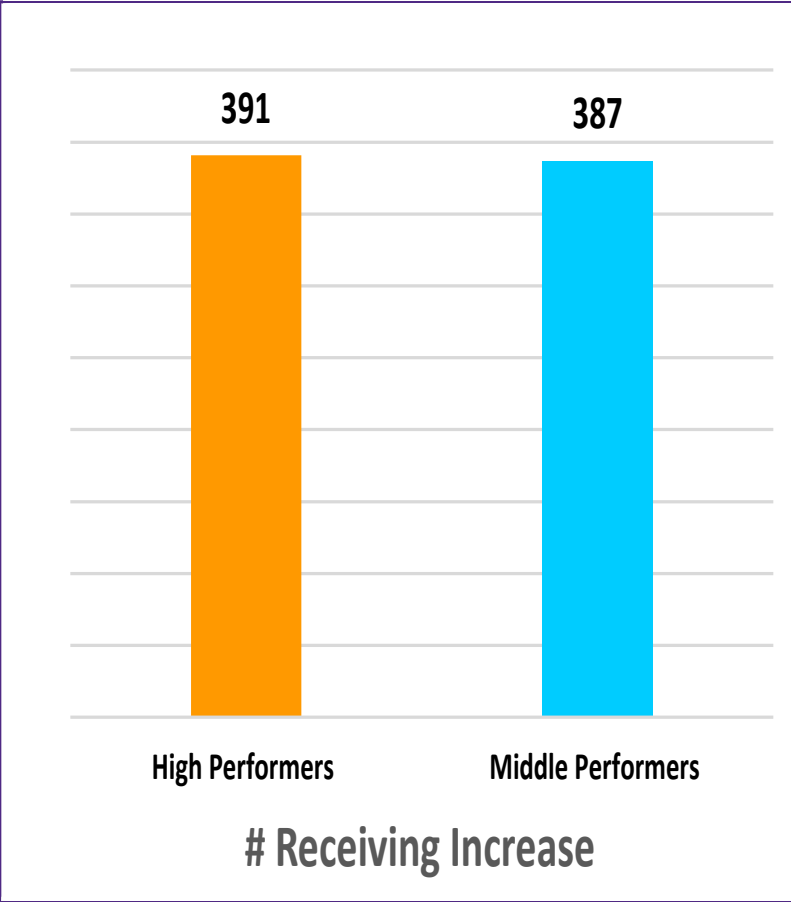


2024-25 Staff (Non-Faculty) – Distribution of Base Salary Merit Increase by Category*

Performance Scores

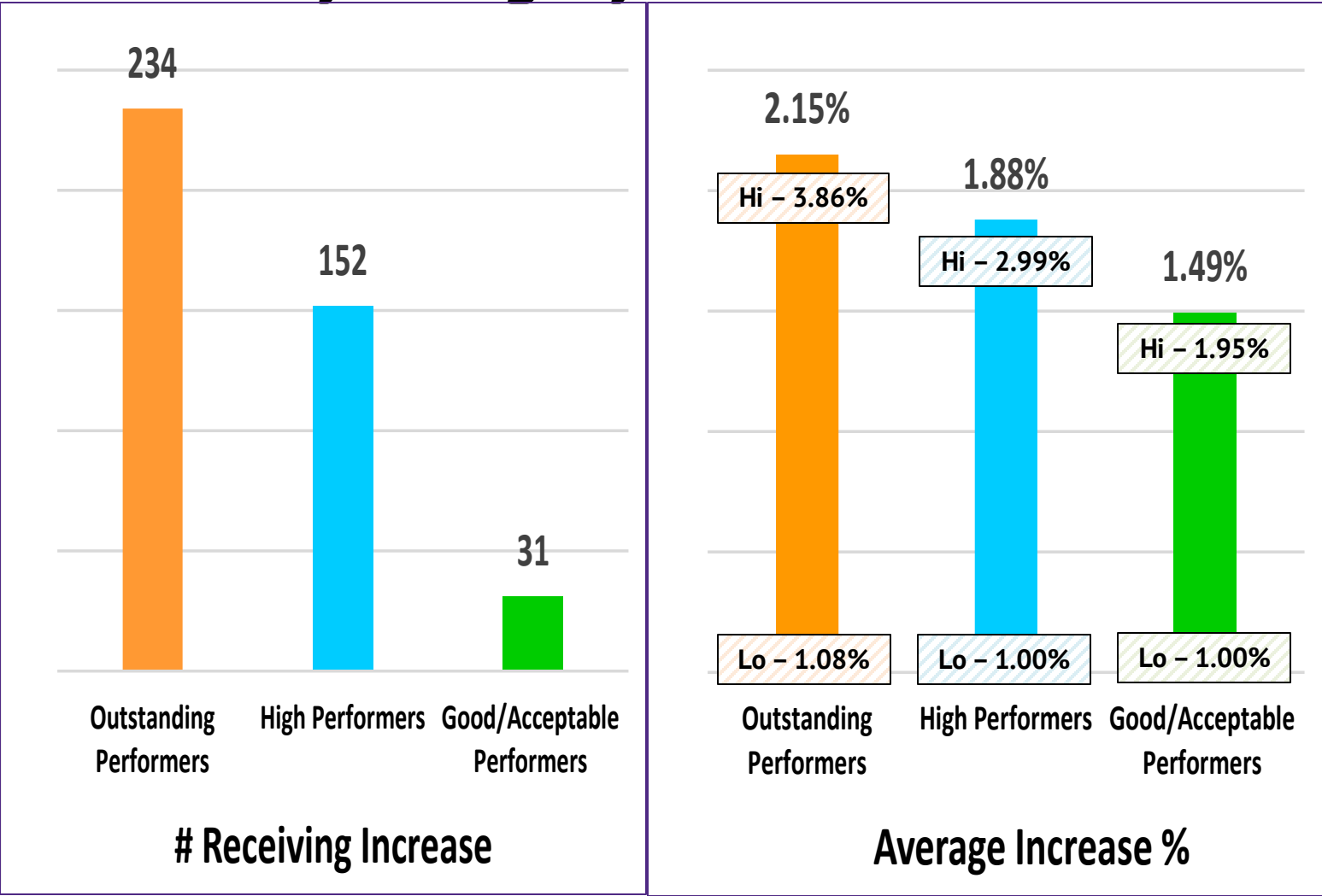
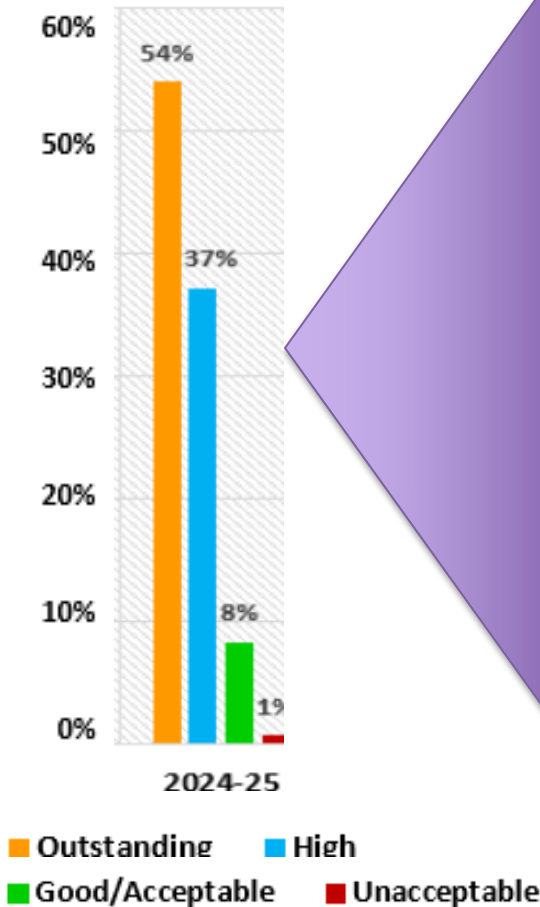


Exceeds Expectations Meets Expectations
Needs Improvement



2024-25 Faculty - Distribution of Base Salary Merit Increase By Category*

Performance Scores





Classification & Compensation Study Status Update



Classification & Compensation Study

- Objectives:
 - Providing competitive compensation to faculty and staff
 - Providing a supporting classification system for staff positions
 - Providing a strategy for managing these structures now and in the future



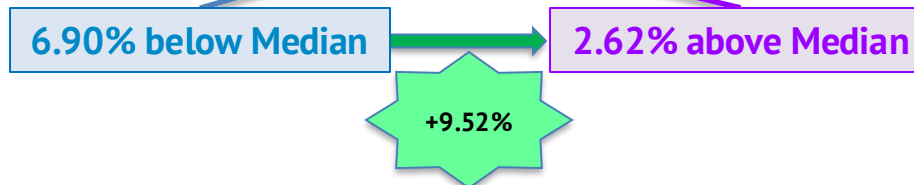
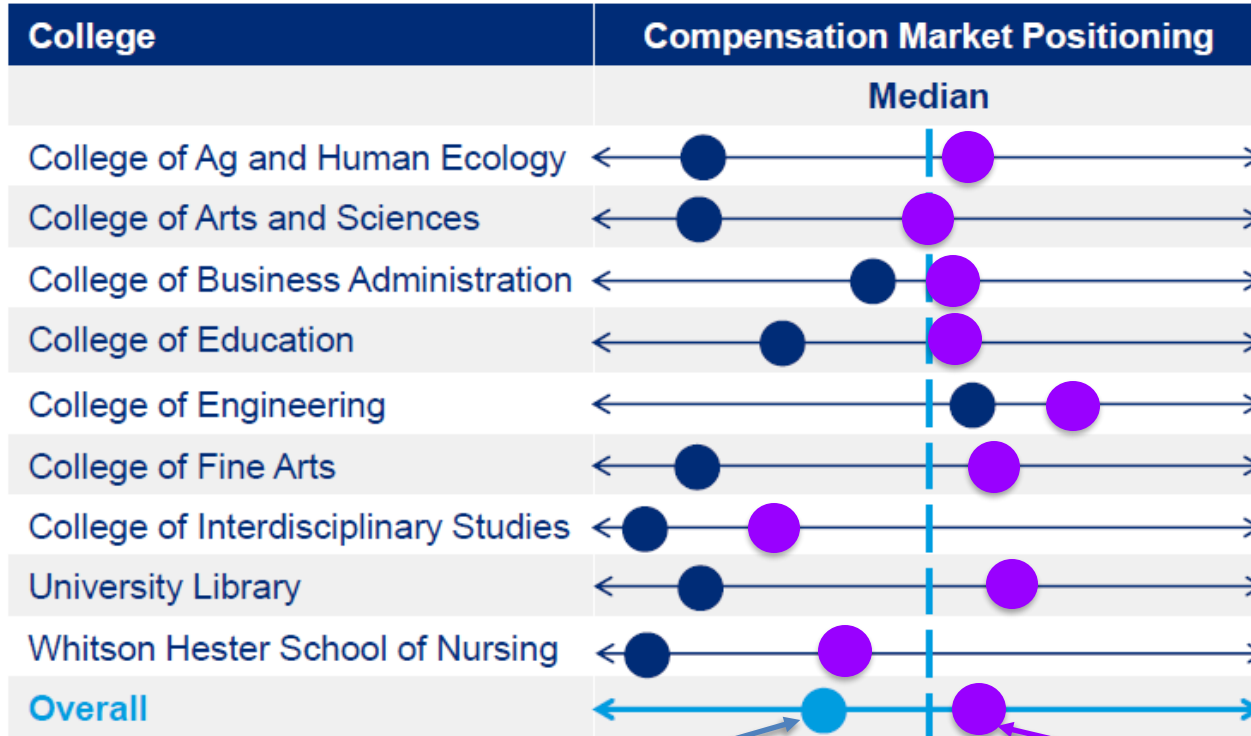
Classification & Compensation Study – Key Outcomes

- Implemented a new classification system for staff that provides well-defined career streams, levels, and job families
- Established market-based salary levels and pay grades for staff positions
- Brought salaries of all permanent full-time staff employees to at least \$30K and/or to their pay grade minimum, and made salary adjustments based on time in position relative to the pay grade midpoint
- Moved faculty and staff salaries closer to the market median
- Addressed faculty salary inversions and established a \$50K minimum salary level

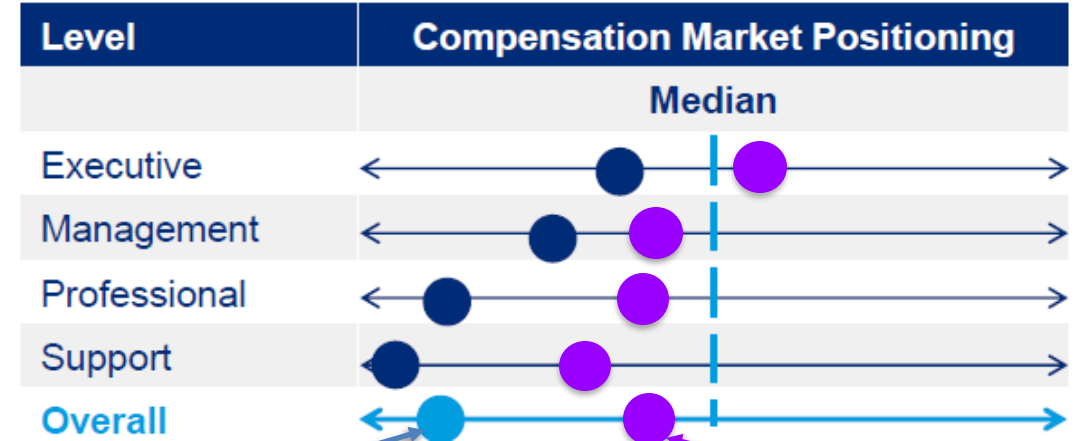


Compensation Study Outcomes Before and After (Phase 1- Phase 3)

(FACULTY)



(NON-FACULTY)



Blue = Before Adjustments Purple = After Comp Study





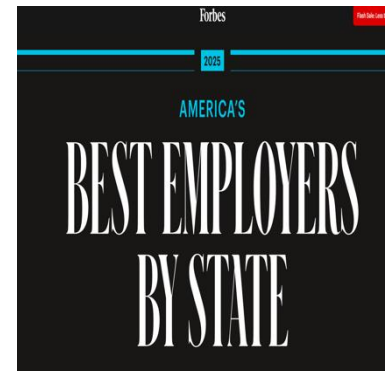
Recognition

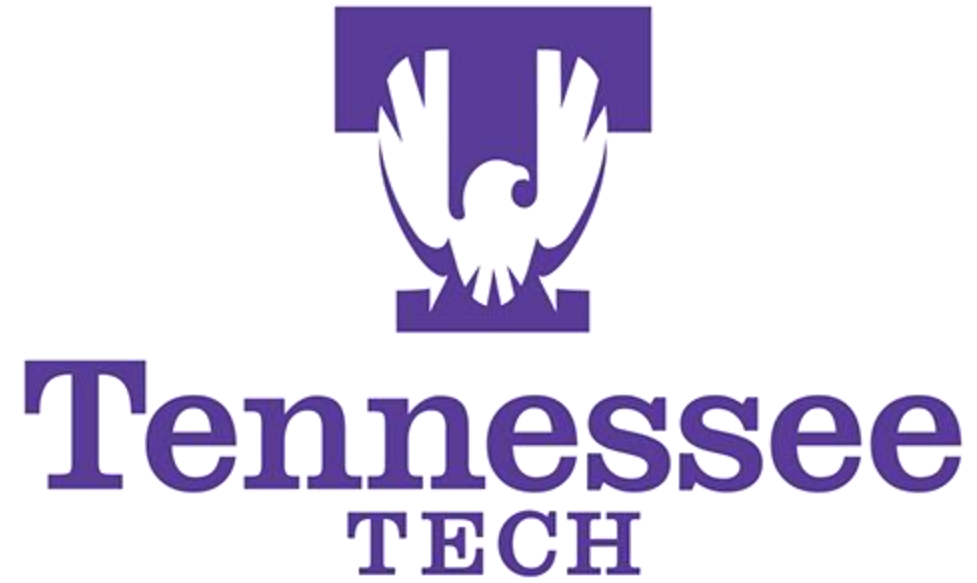
- Tech was named to the 2025 “Best Places to Work in Tennessee” list by Best Companies Group and the Tennessee Society for Human Resource Management (SHRM).

The 2025 honorees represent a wide array of industries and include employers that “have set new standards for fostering exceptional work environments.”

The selection process for winners relied on detailed employee surveys and considered key factors such as corporate culture, training and development opportunities, salary and benefits and overall employee satisfaction.

- Forbes Magazine ranked TN Tech as #67 in their list of best employers in the state of Tennessee.





Tenure Upon Appointment Recommendations





Internal Audit Plan Review

