



**Middle Tennessee State University
Board of Trustees
Finance and Personnel Committee**

Tuesday, February 25, 2025

MEC Training Room – 2nd Floor
Miller Education Center
503 East Bell Street
Murfreesboro, Tennessee 37130



**Middle Tennessee State University
Board of Trustees**

Finance and Personnel Committee

February 25, 2025

AGENDA

Call to Order and Opening Remarks

Roll Call

Approval of Minutes (Action)Tab 1

Governor’s Budget and Legislative Budget Hearings Update (Information).....Tab 2

Closing Remarks

Adjournment



**Middle Tennessee State University
Board of Trustees**

Finance and Personnel Committee

Action Item

DATE: February 25, 2025

SUBJECT: **Approval of Minutes**

PRESENTER: Pete DeLay
Committee Chair

BACKGROUND INFORMATION:

The Finance and Personnel Committee met on November 12, 2024. Minutes from this meeting are provided for your review and approval.

**MIDDLE TENNESSEE STATE UNIVERSITY
BOARD OF TRUSTEES**

**FINANCE AND PERSONNEL COMMITTEE
MINUTES**

The Finance and Personnel Committee met on Tuesday, November 12, 2024, in the Miller Education Center Meeting Room at Middle Tennessee State University.

Call to Order

Committee Chair Pete Delay called the meeting to order at 8:04 a.m. and welcomed everyone in attendance.

Roll Call

Board Secretary James Floyd called the roll. The following Committee members were in attendance: J.B. Baker, Tom Boyd, Pete DeLay, Bill Jones, Mary Martin, Steve Smith, Chris Karbowski Vanek, Michael Wade, and Shaylaine Roker. A quorum was declared.

Also present were Sidney A. McPhee, President; Kim Edgar, Assistant to the President and Chief of Staff; Joe Bales, Vice President for University Advancement; Mark Byrnes, Provost; Andrew Oppmann, Vice President for Marketing and Communications; Yvette Clark, Vice President for Information Technology and Chief Information Officer; Khalilah Doss, Vice President for Student Affairs and Dean of Students; Alan Thomas, Vice President for Business and Finance; Leah Ladley, Chief Audit Executive; Chris Massaro, Athletic Director; General Keith Huber, Senior Advisor for Veterans and Leadership Initiatives; and James Floyd, University Counsel and Board Secretary.

Approval of Minutes – Action

The first agenda item was the approval of the minutes from the August 20, 2024, Finance and Personnel Committee meeting. Trustee Baker moved to approve the August 20, 2024 meeting minutes, and Trustee Vanek seconded the motion. A voice vote was taken, and the motion to approve the minutes from the August 20, 2024, Finance and Personnel Committee meeting passed unanimously.

THEC 2025-26 Operating Recommendations – Information

Alan Thomas, Vice President for Business and Finance, reported on the proposed recommendations regarding operating appropriations and guiding ranges for tuition increases. He informed the Committee that THEC staff is recommending operating state appropriations for 2025-26 in the amount of \$147.4 million for MTSU, representing a \$2.1 million increase, or 1.5%, over 2024-25 appropriations. This net increase is a combination of a decrease of \$1.4 million in the outcomes formula adjustments and a \$3.6 million increase in proposed new funding for higher education.

THEC did not include a salary component in their recurring recommendation, which allows F&A to apply the general government's salary policy to higher education in the Governor's Budget.

THEC is once again recommending a \$35 million one-time appropriation to support Statewide Cybersecurity to address institutional infrastructure at all of Tennessee's public colleges and universities. This request mirrors the proposal submitted last year, which was not approved for funding.

THEC staff presented their formula model to the Commission this month that suggests a guiding tuition range, as well as a guiding tuition and mandatory fees range, of 0% to 4%, applicable to all public universities, community colleges, and colleges of applied technology. THEC staff recommended the Commission adopt ranges as guidance only, allowing flexibility to finalize binding ranges later in the fiscal year, once there is greater clarity on the state budget and its overall impact on higher education funding.

Historical data regarding prior year THEC recommendations for operating appropriations and tuition / mandatory fee ranges were included in the meeting materials.

After extensive discussion regarding the THEC funding formula, and the upcoming five-year review, Chair Smith asked the University to provide a summary of the concerns with the current formula to all Board members for their interactions with state leaders and legislators. Chair Smith

also requested the University and Board members add to our legislative priorities this year a request for philanthropic matching funds.

THEC 2025-26 Capital Outlay/Maintenance Recommendations – Information

Next, Mr. Thomas reported on the 2025-26 Capital Outlay and Capital Maintenance recommendations that THEC approved at the November 7th meeting.

THEC's ranked priority list of recommended projects for funding in 2025-26 was included in the meeting materials. MTSU's request for a new Civic Leadership and Applied Humanities Building is included in THEC's capital outlay funding request as the #2 project. The total project cost is \$112.5 million, of which \$103.6 million is requested from the State, with the University required to match the remaining \$8.9 million.

THEC is recommending eighteen (18) capital outlay projects for funding in 2025-26. The capital outlay recommendation totals \$1.3 billion for all higher education. This request includes five (5) projects for the Tennessee Board of Regents (TBR), totaling \$301.5 million (23.1% of the total appropriation); eight (8) projects for the LGI's, totaling \$572.7 million (43.9% of the total); and five (5) projects for the University of Tennessee, totaling \$430 million (33% of the total).

Next, Mr. Thomas informed the Committee that THEC staff is recommending funding for all higher education capital maintenance projects in 2025-26, totaling \$334.9 million, which includes the University's submittal of 13 capital maintenance projects for the 2025-26 fiscal year of \$23.5 million. In addition, THEC is requesting funding for two special initiatives – Americans with Disabilities Act (ADA) and Safety and Security – in the amount of \$55 million combined. MTSU would receive \$1.6 million for the ADA initiative and \$2.1 million for the Safety and Security initiative.

Compensation – Action

The next agenda item was a request for approval of compensation changes presented by Lisa Batey, Interim Assistant Vice President for Human Resources. Ms. Batey informed the Committee that the University is recommending additional salary pool funding of \$1.5 million for implementing market salary increases for faculty and staff. Of these funds, \$1.2 million

dollars will be allocated to salary increases and the remaining to employee benefit costs associated with these increases. The market adjustments are based on 2020-21 CUPA data and effective January 1, 2025, for employees on the payroll as of December 31, 2024. With the allocated resources, employees whose current salary is below the market-predicted salary would receive 65.0% of the recommended adjustment per the University's approved compensation plan.

Ms. Batey directed the Committee to the information in the meeting materials showing how the market salary adjustments affect the remaining gap between actual salaries and market salaries.

Trustee Jones moved to approve the proposed compensation changes, and Trustee Boyd seconded the motion. A voice vote was taken, and the motion to approve the proposed compensation changes passed unanimously.

2024-25 October Revised Budget – Action

The next agenda item was a recommendation for the 2024-25 October Revised Operating Budget approval. Drew Harpool, Associate Vice President for Business and Finance, briefly discussed the adjustments made to the October budget. Changes included adjustments to Tuition and Fee Revenue to include the remaining tuition and enrollment increases, increased state appropriations to reflect additional funding of our Medical Education Program jointly administered by MTSU and Meharry Medical College, and re-budgeting of various student fee balances from the prior year.

Chairman Smith moved to approve the 2024-25 October Revised Budget, and Trustee Baker seconded the motion. A voice vote was taken, and the motion to approve the 2024-25 October Revised Budget passed unanimously.

Sale of Property – Action

The final agenda item presented by Bill Waits, Assistant Vice President for Campus Planning, was a recommendation to approve the disposal of property located at 915 E. Bell Street. Mr. Waits informed the Committee that this property is outside of the current MTSU acquisition zone, non-

contiguous with other MTSU owned properties, and requires extensive renovations, making continued ownership costly.

Chair Smith moved to approve the sale of property located at 915 E. Bell Street, and Trustee Boyd seconded the motion. A voice vote was taken, and the motion to approve the sale of property located at 915 E. Bell Street passed unanimously.

Mr. Thomas spoke about how the University is working with the City of Murfreesboro on its rental properties. The current rental property management agreement is also ending Fall 2025 and a new Request for Proposals (RFP) is being developed to go out in Spring 2025.

Closing Remarks and Adjournment

Committee Chair DeLay adjourned the meeting at 9:03 a.m.

Respectfully submitted,

Finance and Personnel Committee

DRAFT



**Middle Tennessee State University
Board of Trustees**

Finance and Personnel Committee

Information Item

DATE: February 25, 2025

SUBJECT: **Governor's Budget and Legislative
Budget Hearings Update**

PRESENTER: Alan Thomas
Vice President Business and Finance

BACKGROUND INFORMATION:

Alan Thomas, Vice President for Business and Finance, will update the Committee on how the Governor's 2025-26 Budget will impact the University.

As you are aware, Governor Lee held his State of the State Address on Monday, February 10, 2025, at which time he presented the 2025-26 State Budget. After a preliminary analysis of the budget in relation to higher education, a summary of the financial impact to MTSU was sent out to all Board members and the campus.

Analysis prepared by the Tennessee Higher Education Commission (THEC) on the budget was released, showing the impact to all higher education. These communications are included in the materials for your information and review.

Two committees of the General Assembly scheduled budget hearings for the University. A budget hearing with the House Finance, Ways and Means Committee was held on Wednesday, February 19. The budget hearing with the Senate Education Committee is scheduled for Wednesday, February 26.

We are waiting to hear from the General Assembly on the appearance before other committees before the anticipated approval of the Governor's Budget in late April or early May.

From: [Kimberly Edgar](#)
To: [University](#)
Subject: Message from President McPhee: Governor Lee's 2025-26 Proposed Budget
Date: Thursday, February 13, 2025 9:28:58 AM
Attachments: [image001.png](#)

Good morning.

Governor Lee presented his 2025-26 budget to the 114th Tennessee General Assembly this past Monday evening. We have conducted a preliminary analysis of the details of the Governor's Budget, and I wanted to outline how his proposed budget could affect our University if approved by the General Assembly.

Highlights of the budget as they relate to MTSU's institutional needs and priorities are as follows:

- Net operating appropriations will increase by \$319,100.
- Salary pool funding based on a 2.6% increase, totaling \$3,215,500 in new state appropriations. As in years past, the salary pool appropriation is only partial funding, and the University would need to fund the remaining pool amount from other revenue sources. The University will receive an additional \$761,100 to cover group health insurance premium increases for a partial year.
- The Governor recommended \$487.5 million in capital improvements funding for all higher education. MTSU will receive \$53 million in funding for additions and improvements to the Murphy Center. The Governor also recommended \$49.8 million in capital maintenance funding. MTSU will receive \$3.5 million as partial funding for one of the thirteen capital maintenance projects MTSU submitted. These funds are for the replacement of building envelope components, structural repairs on multiple buildings, and related work.

As the General Assembly debates the final budget, we will continue to review additional information as it becomes available and incorporate the

impact into the University's budgeting process for the upcoming year. As future developments are known, I will keep the campus updated on the Legislature's actions.

Sincerely,

Sidney A. McPhee

President

Sidney.McPhee@mtsu.edu

I AM *true* **BLUE.**

MIDDLE TENNESSEE STATE UNIVERSITY



STATE OF TENNESSEE
TENNESSEE HIGHER EDUCATION COMMISSION
TENNESSEE STUDENT ASSISTANCE CORPORATION
312 ROSA L. PARKS AVE., 9TH FLOOR
NASHVILLE, TN 37243
(615) 741-3605

MEMORANDUM

To: Tennessee Higher Education Commission Members

From: Steven Gentile

Subject: Administration's FY 2025-26 Proposed Higher Education Budget

Date: February 10, 2025

This evening, Governor Bill Lee presented his 2025-26 budget proposal to the 114th General Assembly. This year's budget includes an operating improvement of \$52.8 million to fund the outcomes-based funding formula (\$17.0 million) and to partially fund a 2.6% salary increase (\$35.8 million) at our universities, community colleges, and the Tennessee Colleges of Applied Technology.

The budget proposal also included \$12.0 million in recurring funding for the Tennessee Student Assistance Award (TSAA) to provide need-based scholarships to approximately 6,300 additional Tennessee students annually.

Finally, the Governor's budget includes funding for over \$537.4 million in capital improvements. The budget proposes \$487.5 million in appropriations to fund eight new capital outlay projects and \$49.8 million for capital maintenance. See below for additional details.

Recurring Agency Improvements (\$24.3 million)

- \$12.1 million for Tennessee Colleges of Applied Technology (TCATs) Lottery Grants, relative to providing free attendance to TCATs from the Lottery for Education Account.
- \$12.0 million for the Tennessee Student Assistance Award (TSAA) to provide additional need-based scholarships.
- \$163,000 to establish one position to support data management and reporting to leverage THEC's robust data repositories.

Nonrecurring Agency Improvements (\$23.7 million)

- \$12.7 million to enhance opportunities for students to enter and transition into healthcare careers in rural communities (year 2 of the Rural Health Care Pathways Expansion grant).
- \$10.0 million for GIVE 4.0 to focus on nuclear energy sector development.
- \$1.0 million for Veterans Reconnect to provide statewide support to student veterans and military-connected students.

Recurring Institutional Improvements (\$94.5 million)

- **Outcomes, Salary, and Insurance (\$86.7 million)**
 - \$52.8 million combined to fund growth in outcomes and the state share of a 2.6% salary increase at the universities, community colleges, and TCATs.
 - \$17.0 million for outcomes growth.
 - \$35.8 million for salary increase, distributed via outcomes based funding formula.
 - \$13.9 million for salary increases at all specialized units — fully funding a 2.6% salary pool.
 - \$8.4 million to annualize the state share of a 5.5% group health insurance premium increase for January 1, 2025.
 - \$10.0 million to annualize the state share of an 6.0% group health insurance premium increase for January 1, 2026.
 - \$1.6 million to fully fund the medical unit formula.
- **Miscellaneous (\$7.8 million)**
 - \$2.3 million for the Tennessee Board of Regents to develop a Workforce Development Center.
 - \$2.0 million for the Tennessee Board of Regents to provide funding for the creation of a common application for community colleges. Of this total cost, \$1,800,000 is recurring and \$200,000 is non-recurring.
 - \$1.4 million for the University of Tennessee Institute of American Civics.

- \$2.0 million for the University of Tennessee Agricultural Extension Service to provide support to local governments in partnership with Tennessee's Development Districts.
- \$50,000 for the University of Tennessee, Southern to provide recurring funding for operational expenditures.

Nonrecurring Institutional Improvements (\$5.9 million)

- \$5.0 million to provide funding for the East Tennessee iLab Innovation Center.
- \$900,000 for Roane State Community College to provide funding for a health center grant.

Capital Improvements & Maintenance (\$537.3 million)

- ***\$487.5 million for 8 capital outlay projects***
 - \$165.2 million for University of Tennessee, Knoxville Chemistry Building.
 - \$57.5 million for University of Tennessee, Martin College of Business and Global Affairs.
 - \$70.5 million for University of Memphis Research Modernization.
 - \$53.0 million for Middle Tennessee State University Murphy Center Addition and Renovation.
 - \$51.3 million for East Tennessee State University Brown Hall Renovation Phase II.
 - \$25.0 million for Tennessee Tech University Advanced Construction and Manufacturing Engineering inflation request.
 - \$45.0 million for TCAT Sumner County Campus Replacement.
 - \$20.0 million for TCAT Memphis Aviation Campus replacement.
 - All but the TCAT Sumner County Campus Replacement is funded by General Obligation (G.O.) bonds.
- ***\$49.8 million for 20 capital maintenance projects***
 - Funded via recurring maintenance pool.
 - No additional nonrecurring allocated for maintenance.