

**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