

**MIDDLE TENNESSEE STATE UNIVERSITY
BOARD OF TRUSTEES**

**FINANCE AND PERSONNEL COMMITTEE
MINUTES**

The Finance and Personnel Committee met on Tuesday, May 20, 2025, 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 9:00 a.m.

Roll Call

Senior Associate University Counsel Jeff Farrar called the roll. The following Committee members were in attendance: J.B. Baker, Tom Boyd, Chair Pete DeLay, Bill Jones, Mary Martin, Steve Smith, Chris Karbowiak Vanek, Michael Wade, Pam Wright, and Shaylaine Roker. A quorum was declared.

Also present were Joe Bales, Vice President for University Advancement; Mark Byrnes, University Provost; Alan Thomas, Vice President for Business and Finance; Yvette Clark, Vice President for Information Technology and Chief Information Officer; Kalilah Doss, Vice President for Student Affairs and Dean of Students; Leah Ladley, Chief Audit Executive; Keith Huber, Senior Advisor for Veterans and Leadership Initiatives; Jeff Farrar, Senior Associate University Counsel; President Sidney A. McPhee and Kim Edgar, Assistant to the President and Chief of Staff.

Approval of Minutes – Action

The first agenda item was the approval of the minutes from the February 25, 2025, Finance and Personnel Committee meeting. Vice-Chair Vanek moved to approve the minutes from the February 25, 2025, meeting, and Trustee Baker seconded the motion. A voice vote was taken,

and the motion to approve the minutes from the February 25, 2025, Finance and Personnel Committee meeting passed unanimously.

Capital Outlay Project Submittal – Action

The next item on the agenda was the recommendation for the approval of the FY 2026-2027 Capital Outlay budget request presented by Bill Waits, Assistant Vice President for Campus Planning. Mr. Waits outlined recent changes to the capital outlay process resulting from new legislation in Tennessee. Previously, higher education institutions submitted capital outlay project proposals to the Tennessee Higher Education Commission (THEC), which reviewed and scored the projects and provided a ranked list of recommendations to the Governor. Under the new legislation, the scoring component and ranked list have been removed.

Institutions are now required to categorize each capital outlay request under one of four categories:

1. Workforce development needs
2. Institutional research needs and goals
3. Institutional priorities due to time sensitivity or other extenuating circumstances
4. Facility renovation or optimization needs

An unranked list of projects will be submitted to the Governor for budget consideration, grouped by category. Another significant change allows institutions to submit more than one capital outlay project request per year.

For FY 2026–27, MTSU is proposing two capital outlay projects:

1. Civic Leadership and Applied Humanities Building

This project has been submitted in previous years and is being resubmitted for consideration. The proposed facility includes approximately 130,000 gross square feet and will house the departments of History, Political and Global Affairs, Sociology and Anthropology, as well as the Center for Historic Preservation. In addition to supporting

these academic units, the building will enhance the freshman and sophomore experience for students across all majors.

2. Aerospace Phase II Development – Shelbyville Airport

This project builds upon the Phase I development, which is currently in progress and supports the professional pilot concentration. Phase II will add facilities to support MTSU's remaining aerospace concentrations: Maintenance Management, Aviation Management, Aerospace Technology, Unmanned Aircraft Systems Technology (drone program), Flight Dispatch, and Aviation Safety and Security.

The proposed work includes:

- A 120,000-square-foot academic building with departmental offices, faculty and staff spaces, classrooms, laboratories, and communal areas
- A 57,000-square-foot laboratory building focused on Maintenance Management
- Site improvements include an aircraft apron, expanded automobile access and parking, and green space for students

Chairman Smith moved to approve the proposed FY 2026-27 Capital Outlay Requests and Trustee Wright seconded the motion. A voice vote was taken, and the motion to approve the FY 2026-27 Capital Outlay Requests passed unanimously.

Capital Disclosures – Action

The third agenda item, also presented by Mr. Waits, was a recommendation for approval of the FY 2026–27 Capital Disclosures. Mr. Waits explained that capital project disclosure is the initial step in the project approval process and indicates potential investment without obligating the

University to move forward. Disclosed projects remain active for two years before expiring and being removed from the list.

Mr. Waits directed the Committee to the meeting materials containing the FY 2026-2027 proposed capital disclosure projects for board approval. Of these:

- The first two projects require inclusion in the MTSU capital budget because they are funded through Tennessee State School Bonds.
- The remaining four projects qualify for local disclosure and only require MTSU Board approval.

Mr. Waits briefly summarized the first three projects, which had not been previously presented to the Board:

1. Floyd Stadium Renovation

This project involves replacing seating and related structural support on the west grandstand (home side) of Floyd Stadium, which has reached the end of its useful life. Although the project was initially disclosed at \$24 million, the current estimate is closer to \$15 million. The final scope and budget are still being refined.

2. Wellness Center Renovation and Addition

This project proposes a small addition and renovation to the Wellness Center to relocate the MTSU Counseling Center from the C.K. Cochran Building. The intent is to provide a more holistic and integrated approach to student health and wellness by combining physical and mental health services in one facility.

3. Student Commons Improvements

This small renovation project will add a stage near the Student Union quad to accommodate the increasing number of student-led events and performances.

The remaining three projects on the list had been previously disclosed and are being resubmitted because their two-year disclosure period is expiring.

Mr. Waits also provided an update on the previously disclosed hotel project and the new P3 student housing project at the former Womack Lane site, both of which are progressing through lease

negotiations and state approval processes. The housing project will result in a net increase of student beds and reserve space for future housing development. Mr. Waits noted that over 800 students were waitlisted for housing last year, underscoring the ongoing demand for on-campus housing options.

Trustee Boyd moved to approve the proposed FY 2026–27 Capital Disclosures. Trustee Wright seconded the motion. A voice vote was taken, and the motion passed unanimously.

Capital Maintenance Projects Submittal – Action

The fourth agenda item, presented by Joe Whitefield, Assistant Vice President for Facilities Services, was a request to approve the FY 2026–2027 Capital Maintenance Project submittal.

Mr. Whitefield directed the Committee to the meeting materials and provided an overview of the state’s capital maintenance formula and MTSU’s proposed project list.

The University is requesting approval to submit 13 capital maintenance projects totaling approximately \$24.3 million, in alignment with THEC's funding model based on 1.6% of current asset replacement value.

Mr. Whitefield noted that while the formula supports the requested need, historical funding has been inconsistent, with only partial or single-project funding in recent years. The FY 2026–27 project list was developed with a focus on single-discipline groupings (e.g., roofing, plumbing, fire alarm systems) to maximize cost efficiency and campus impact.

The top priority project is \$4 million for exterior envelope and structural repairs, which was also the top-ranked project in the previous year and only partially funded at \$3.5 million. Other proposed projects address critical systems such as utilities, elevators, fire alarms, and access control.

In addition to the current-year request, the Committee was directed to review four years of out-year project planning and individual project scopes, included in the materials for additional context. Mr. Whitefield emphasized that although funding is requested now, construction for

these projects would not occur until 2027, allowing for one year of design and necessary adjustments based on evolving needs.

Chairman Smith moved to approve the FY 2026-27 Capital Maintenance Projects Submittal. Trustee Jones seconded the motion. A voice vote was taken, and the motion to approve the FY 2026-27 Capital Maintenance Projects Submittal passed unanimously.

Tuition, Fees, and Housing Rates – Action

The next agenda item, presented by Drew Harpool, Interim Vice President for Business and Finance, was a request for approval of the proposed FY 2025–26 Tuition, Fees, and Housing rates. Mr. Harpool noted that, in consultation with Board leadership, the presentation format had been adjusted to better support trustee decision-making. He began by referencing the calculation of need included in the materials, which reflects a 5.76% increase in base tuition, or approximately \$5.8 million in additional revenue.

Mr. Harpool emphasized that MTSU currently ranks 8th among Tennessee’s public four-year institutions for lowest tuition, and the University has maintained one of the lowest average increases over the past ten years—just 2.6%—well below the rate of inflation.

Two scenarios were presented for consideration, both beginning with a 5.76% base tuition increase and differing only in the proposed increase to the athletics fee.

- **Scenario 1** results in a 5.93% combined increase in tuition and mandatory fees.
- **Scenario 2** includes an additional \$29 athletics fee increase and results in a 6.49% total increase—at the top of THEC’s 0%–6.5% binding tuition and fee range.

The proposal also included updates to select non-mandatory fees (Aerospace and Basic & Applied Sciences) and housing rates. Notably, family housing rates were removed due to the planned demolition of Womack Lane Apartments.

Trustees engaged in a detailed discussion of the proposal, emphasizing the importance of context in communications with students and the public. Key points included:

- MTSU's tuition growth has remained well below inflation while continuing to deliver high value per degree.
- On-campus housing remains more affordable than off-campus options.
- The need for stronger public messaging around what mandatory fees, particularly the athletics fees, support beyond intercollegiate sports.
- Recognition that MTSU's affordability has been sustained in part by limited salary growth among faculty and staff.
- The importance of highlighting available scholarships to support students facing financial challenges.

Trustee Baker moved to approve **Scenario 2**, which includes a 6.49% increase in tuition and mandatory fees. Trustee Boyd seconded the motion. A voice vote was taken, and the motion to approve Scenario 2, which includes a 6.49% increase in tuition and mandatory fees, for the FY 2025-26 Tuition, Fees, and Housing Rates passed unanimously.

Compensation – Action

The next item on the agenda was the request for approval of the proposed 2025–26 Employee Compensation Plan presented by Vice President for Human Resources, Laura Gent.

Ms. Gent informed the Committee that the Governor's budget provided partial recurring funding for a 2.6% salary pool for higher education. MTSU's allocation of \$3.2 million represents approximately 62% of the \$5.2 million needed to fully fund the 2.6% increase.

The University recommends using the available state funding, supplemented by institutional funds, to provide employees with a cost-of-living adjustment (COLA) equal to a 1.8% increase, with a \$750 minimum. Employees earning \$42,400 or less will receive the \$750 increase, while other increases will be based on 1.8% of annual salary.

Consistent with past practice, Ms. Gent noted that the University will continue to monitor enrollment and available resources and may bring forward a recommendation for market-based adjustments at the November Board meeting.

Trustee Wright moved to approve the proposed 2025–26 Employee Compensation Plan, and Trustee Wade seconded the motion. A voice vote was taken, and the motion to approve the proposed 2025–26 Employee Compensation Plan passed unanimously.

Incentive Pay – Information

The next item on the agenda was an information item concerning performance-based awards presented by Drew Harpool, Interim Vice President for Business and Finance.

Mr. Harpool reported that the University’s Compensation Committee recently submitted its final report and recommendations to President McPhee for consideration. The Committee, which met over the past year, included a faculty subcommittee that developed a proposed new faculty evaluation instrument to support the performance-based award process.

Mr. Harpool noted that the University has modeled several implementation options for distributing the \$1.5 million fund previously allocated to support performance-based compensation. These include distributing the full amount in one year or spreading awards over multiple years to promote sustainability and manage expectations. Scenarios considered multi-year funding and various evaluation approaches, such as averaging performance over multiple years to account for varying workloads across employee roles.

During discussion, trustees raised questions about long-term funding, sustainability, investment returns, and how future contributions to the performance-based award pool might be made. The interest earned on the fund, current investment practices, and fund allocation processes were also reviewed.

Several trustees emphasized the need for clear criteria, measurable outcomes, and fairness in how performance is defined and rewarded—particularly for faculty and staff whose contributions may not be as publicly visible but are critical to university operations. Concerns were also expressed about ensuring that the awards are meaningful and do not unintentionally undervalue day-to-day work essential to the institution.

President McPhee reiterated that no final decisions have been made. The submitted recommendations are still under review, and the Compensation Committee will remain in place as a standing committee to continue evaluating the program and addressing ongoing concerns.

Operating Budgets – Action

The final agenda item was a recommendation for approval of the FY 2024–25 Estimated Budget and the FY 2025–26 July Budget. Drew Harpool, Interim Vice President for Business and Finance, reminded the Committee that the Estimated Budget represents the final budget for FY 2024–25 and includes minor adjustments necessary to close out the fiscal year.

The FY 2025–26 July Budget serves as the base budget for the upcoming fiscal year. It includes new state appropriations but does not yet reflect tuition and fee adjustments, as those were being considered during the same meeting.

Vice Chair Vanek moved to approve the FY 2024–25 Estimated and FY 2025–26 July Budgets. Trustee Boyd seconded the motion. A voice vote was taken, and the motion to approve the FY 2024–25 Estimated and FY 2025–26 July Operating Budgets passed unanimously.

Closing Remarks and Adjournment

Committee Chair DeLay adjourned the meeting at 10:20 a.m.

Respectfully submitted,

Finance and Personnel Committee