

## AUDIT & BUSINESS COMMITTEE

March 7, 2024

Roaden University Center, Room 282

### MINUTES

Meeting was streamed live via link found on this web page:

<https://www.tntech.edu/board/meetings/>

#### AGENDA ITEM 1 – Call to Order

The Tennessee Tech Board of Trustees Audit & Business Committee met on March 7, 2024, in Roaden University Center Room 282. Chair Johnny Stites called the meeting to order at 10:14 a.m.

Chair Stites asked Mr. Lee Wray, Secretary, to call the roll. The following members were present:

Johnny Stites  
Tom Jones (via TEAMS)  
Thomas Lynn

Trustee Jones confirmed he could simultaneously hear and speak to the committee members and received the materials in advance of the meeting.

Other board members also in attendance were Fred Lowery (via TEAMS until 11:33 a.m.), Rhedona Rose, Barry Wilmore, Trudy Harper, Camron Rudd, Jeanette Luna and Addison Dorris. A quorum was physically present. Tennessee Tech faculty, staff and members of the public were also in attendance.

LEE 07/09/24

## **AGENDA ITEM 2 – Approval of Minutes**

Chair Stites asked for approval of the minutes of the November 30, 2023, Audit & Business Committee meeting. Chair Stites asked if there were questions or comments regarding the minutes. There being none, Mr. Lynn moved to recommend approval of the November 30, 2023, Audit & Business Committee minutes. Mr. Jones seconded the motion. Mr. Wray called a roll call vote. The motion carried unanimously.

## **AGENDA ITEM 3 – Legislative Update**

Dr. Oldham advised that he had appeared before the House Finance Ways and Means Committee and the Senate Education Committee recently related to budget. On the House side there are ongoing conversations about potential increases on capital projects the legislature may take into consideration. There is a bill being considered which could restructure the Tennessee Higher Education Commission. This would affect not only their structure but also their regulatory authority over tuition, capital project recommendations and new academic program approvals. Dr. Oldham will follow this bill throughout this legislative session.

## **AGENDA ITEM 4 – Update on Governor’s Budget**

Dr. Stinson advised the capital maintenance portion of the Governor’s recommendation included funding for Bryan Fine Arts Auditorium upgrade. The operating budget recommendations included funding for outcomes growth, salary pool, group health insurance, and reallocation of base outcomes. The state only funds 55% of the salary pool. The Governor’s recommended budget is subject to change until Legislature passes the budget. Dr. Stinson provided a five-year history of outcomes funding formula and estimated cost increases.

This was an informational item therefore no action was required.

Tom Jones had to leave the committee meeting. Ms. Harper replaced Mr. Jones as voting member for the remainder of the committee meeting. Per TTU Policy 005 (Board Committees) The Board Chair shall serve as an ex officio member of all standing committees, entitled to vote.

## **AGENDA ITEM 5 – Compensation Study Results**

This study was undertaken by the University in partnership with Mercer with the objective of developing a contemporary classification and compensation program that will allow Tennessee Tech to attract, recruit, develop, and retain the best talent to support the institution’s growth and success. LaCinda Glover and Matthew Mullen with Mercer presented information on the project. They shared the four phased project overview. The job architecture includes elements of families & subfamilies, career streams, career levels and level factors. Each element included a recommended design and rationale. The approach and methodology included market

*LEE D. [unclear]*

comparison groups, geography, and target market positioning. The current overall market compensation competitiveness was broken down by faculty and staff and showed where they aligned with the median. The compensation program objectives included implementing new pay grades to improve market positioning and to maintain competitive pay levels that align with Tennessee Tech's compensation philosophy over time. For FY2024 the priorities were to bring all employees to at least \$15/ hour retroactive to January 1, 2024, and to bring faculty and staff within a competitive range of market for their rank/discipline (faculty) or role (staff) with a focus on key areas that align with Tennessee Tech's strategic plan which will span FY24 and FY25. Priorities for FY2025 are to bring faculty and staff within a competitive range of market for their rank/discipline or role with a focus on key areas that align with Tennessee Tech's strategic plan and to provide at least a 1% increase to eligible faculty and staff. For FY26 and FY27 priorities include: align faculty and staff salaries with their expected positioning in the new pay grade based on time in role and performance, the near-term investment is focused on progressing employees who are performing on track or above average to the appropriate market positioning, and to provide at least a 1% increase to eligible faculty/staff. There was a lengthy discussion amongst the trustees.

Mr. Lynn moved to approve the proposed market study results as presented in Mercer's Compensation and Classification Study to the Board for approval and to place it on the Board's regular agenda. Ms. Harper seconded the motion. Mr. Wray called a roll call vote. The motion carried unanimously.

#### **AGENDA ITEM 6 – Compensation Plan**

Dr. Oldham and Dr. Stinson provided information on the proposed compensation plan. The proposed compensation plan included:

2 % retained in FY2023-24 to address market study.

- Retroactive to January 1, 2024
- Bring all permanent employees  $\geq$  \$15/hour.
- Employees who are on or were on a Performance Improvement Plan (PIP) for FY2023 are ineligible.
- Move the university as a whole toward market median.
- Focus on areas of competitiveness.

3% pool for recurring salary increases in FY2024-25

- Pending approval of Governor's FY2024-25 budget
- Address market study with merit component incorporated.
- Effective July 1, 2024
- Employees with satisfactory or better evaluation are eligible for raise.
- Employees who are on or were on a Performance Improvement Plan for FY2024 are ineligible.

*lee 07/09/24*

- Employees hired prior to 4/1/2024 and still employed on 7/1/2024 are eligible.
- Minimum award of 1% to maximum award of 10%

Dr. Stinson advised that one or more future years will be necessary to move salaries to the median goal for overall university salaries.

Ms. Harper moved to approve the compensation plan as presented above and place it on the Board's regular agenda. Mr. Lynn seconded the motion. Mr. Wray took a roll call vote. The motion carried unanimously.

Mr. Lowery had to leave the committee meeting during this agenda item.

### **AGENDA ITEM 7 – Non-Mandatory Fees**

Dr. Stinson advised that non-mandatory fees are not subject to THEC binding rates and are not required of all students. The proposal was for a modification to Ready-to-Teach specialized academic fee increase from \$165 per semester to \$250 per semester for undergraduate and graduate. This increase will produce resources to cover inflationary costs for salary and fringe benefits increases for master clinicians and student teacher supervisors, performance-based assessment for teacher candidates and mileage for travel to teaching sites. The non-mandatory fee proposal also included a 3% increase for residence halls and Tech Village apartments. This increase is to help offset rising operating costs and remain competitive with other TN public universities.

Ms. Harper moved to send the proposed 3% housing rates increase and the \$250 Ready-to-Teach specialized academic fee to be effective Fall 2024 to the Board for approval and to place it on the Board's regular agenda. Mr. Lynn seconded the motion. Mr. Wray took a roll call vote. The motion carried unanimously.

### **AGENDA ITEM 8 – Tuition & Mandatory Fees**

Dr. Stinson provided examples of tuition increase estimates that ranged from 1%-4% to illustrate the estimated revenues generated and cost to students per semester including mandatory fee increase. She advised THEC will approve the binding range at their May commission meeting.

This was an informational item therefore no action was required.

*lee 07/09/24*

### **AGENDA ITEM 9– Disclosed Project Modification**

Dr. Stinson reminded the Board that the Agricultural Technology Innovation Center was approved at the March 10, 2022, Board meeting with a project cost of \$1,000,000 to renovate the existing loafing barn at Shipley Farm. The designer has subsequently determined the renovation cost would be significantly more than the budget and it would be more economical to build a new building. The revised project cost is \$1,195,000.

Ms. Harper moved to approve the disclosed project modification and to place it on the Board's regular agenda. Mr. Lynn seconded the motion. Mr. Wray took a roll call vote. The motion carried unanimously.

### **AGENDA ITEM 10 – Naming Opportunity**

Dr. Oldham presented information on the naming of the Randall and Marjorie Warden Agricultural Engineering Technology Laboratory. The Wardens have donated funds to support the construction. In accordance with TTU Policy 537 (Naming Buildings, Facilities and Organizational Units) a university committee was established to review and recommend naming of this facility. Trustee Wilmore questioned whether a building should include the name of the donor's spouse. Dr. Oldham advised we do not have a standard on naming opportunities.

Ms. Harper moved to approve the naming of the Randall and Marjorie Warden Agriculture Engineering Technology Laboratory and to place it on the Board's regular agenda. Mr. Lynn seconded the motion. Mr. Wray took a roll call vote. The motion carried unanimously.

### **AGENDA ITEM 11 – Report of Audit Activity**

Deanna Metts advised State law requires an annual report of Internal Audit activities. The report is based on calendar year and covers January 2023 through December 2023. The report categories are broken down into audits, investigations, and others. The report was provided in Diligent.

This was an informational item therefore no action was required.

### **AGENDA ITEM 12 – Notice of Responsibilities for Preventing, Detecting, and Reporting Fraud, Waste and Abuse**

Chair Stites advised that state law requires the Audit Committee to formally reiterate on a regular basis to the Board, Management and Staff their responsibilities for preventing, detecting, and reporting fraud, waste, and abuse. Accordingly, a Notice of Responsibilities was provided in Diligent for the trustees to review.

LEE 07/09/24

No action required on this item.

**AGENDA ITEM 13 – FY2023 State Audit**

Dr. Stinson advised for fiscal year ending June 30, 2023, the university financial statements received an unmodified opinion. The report did not contain any findings.

This was an informational item therefore no action was required.

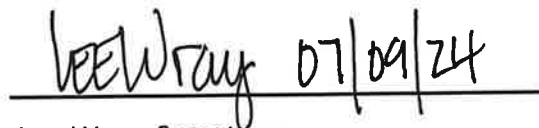
**AGENDA ITEM 14 – Adjournment of Open Session & Call to Order on Non-Public Executive Session**

There being no further business, the meeting adjourned at 12:10 p.m. After a short break, the Non-Public Executive Session began at 12:15 p.m. Trustees and Administration were present for the meeting.

**AGENDA ITEM 15 – Adjournment**

There being no further business, the Non-Public Executive Session adjourned at 12:37 p.m.

Approved,

Handwritten signature of Lee Wray and the date 07/09/24, written over a horizontal line.

Lee Wray, Secretary