

EAST TENNESSEE STATE UNIVERSITY
BOARD OF TRUSTEES
FINANCE AND ADMINISTRATION COMMITTEE
FEBRUARY 2022 MEETING

9:45 – 11:15 a.m. EST
Friday
February 18, 2022

East Tennessee Room
D.P. Culp Student Center
412 J.L. Seehorn Road
Johnson City, TN

COMMITTEE MEMBERS

Steve DeCarlo, Committee Chair
Charles Allen, Jr.
Kara Gilliam
Dorothy Grisham
Dr. Linda Latimer
Ron Ramsey
Kelly Wolfe

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AGENDA

- I. Call to Order
- II. Roll Call
- III. [Approval of the Committee Minutes from November 19, 2021 \(2 minutes\)](#)
- IV. [Action Item: Approval of the College of Medicine and College of Pharmacy FY23 Tuition – King \(10 minutes\)](#)
- V. [Action Item: Approval of Housing and Meal Plans for FY23 – King \(10 minutes\)](#)
- VI. [Discussion of Proposed Salary Pool for FY23 Budget Development – King \(10 minutes\)](#)
- VII. [Discussion of Comparative Tuition and Mandatory Fees for Tennessee Public Universities – King \(15 minutes\)](#)
- VIII. [Discussion of Preliminary Tuition and Mandatory Fees for FY23 Budget Development –King \(15 minutes\)](#)
- IX. [Quarterly Financial Update – King \(10 minutes\)](#)
- X. [Quarterly Report of Agreements \\$250,000 or greater – King \(5 minutes\)](#)

- XI. [Action Item: Approval of Bonded Project for Housing and Residence Life – Ross](#)
(10 minutes)
- XII. Other Business
- XIII. Adjournment

EAST TENNESSEE STATE
UNIVERSITY BOARD OF TRUSTEES

ACTION ITEM

DATE: February 18, 2022

ITEM: Approval of the Minutes from November 19, 2021

COMMITTEE: Finance and Administration Committee

RECOMMENDED ACTION: Approve

PRESENTED BY: Adam Green
Board Secretary

The minutes of the November 19, 2021 meeting of the Finance and Administration Committee are included in the meeting materials

MOTION: I move that the Board of Trustees adopt the resolution, approving the minutes as outlined in the meeting materials.

RESOLVED: The reading of the minutes of the November 19, 2021 meeting of the Finance and Administration Committee is omitted, and the minutes are approved as presented in the meeting materials, provided that the Secretary is authorized to make any necessary edits to correct spelling errors, grammatical errors, format errors, or other technical errors subsequently identified.

EAST TENNESSEE STATE UNIVERSITY
BOARD OF TRUSTEES
FINANCE AND ADMINISTRATION COMMITTEE

MINUTES

November 19, 2021
Johnson City, Tennessee

The East Tennessee State University Board of Trustees' Finance and Administration Committee met on Friday, November 19, 2021, at 11:00 a.m. in the East Tennessee Room of the D.P. Culp Student Center.

I. Call to Order

Committee Chair Steve DeCarlo called the meeting to order at 11:00 a.m.

II. Roll Call

Board Secretary Dr. Adam Green led the roll call and confirmed to the Committee Chair that a quorum was present.

Committee Members present were:

Trustee Charles Allen
Trustee Kara Gilliam
Trustee Dorothy Grisham
Board Chair Dr. Linda Latimer
Trustee Ron Ramsey
Trustee Kelly Wolfe
Committee Chair Steve DeCarlo

Trustees Virginia Foley and Melissa Stegall-Jones also participated in the meeting.

III. Approval of the Finance and Administration Committee Minutes from September 17, 2021

The minutes from September 17, 2021, were approved as submitted, with Trustee Ron Ramsey making the motion and Trustee Dorothy Grisham seconding the motion. The motion passed unanimously.

IV. Approval of Fiscal Year 2022 October Revised Budgets

As an action item, Chief Financial Officer Dr. B.J. King presented the October 2021 revisions to the FY 2021-22 budgets for the one formula-funded unit (Main Campus), two non-formula units (College of Medicine and Family Medicine), and one self-funded unit (College of Pharmacy). During the April 23, 2021 meeting, the Board of Trustees adopted the proposed 2021-22 budgets for the University. The proposed budgets for the fiscal year are based on the estimates for revenue and expenditures known at the time the budget is prepared. The fall enrollment and adjusted appropriation figures for revenue budgets have been received along with adjustments from fiscal year-end closing that provides for the carryforward of budgets for operational expenses. Original and revised budgets were outlined in the committee agenda materials.

In response to questions and comments regarding salary trajectories, President Noland informed the Committee that THEC has made their 2022 budget recommendation and their inflation factor rate is based on a Core Consumer Price Index of 4.2 percent. In comparison, the majority of THEC higher education institutions are implementing an inflation factor of more than six percent.

The recommendation, if adopted, will establish a salary pool, with the Board having discretion over how the funds are distributed. The state will cover approximately one-half of the salary pool and the University will have to fund the remainder from internal resources.

The FY 2022 October Revised Budgets were approved as submitted, with Trustee Kelly Wolfe making the motion and Trustee Ron Ramsey seconding the motion. The motion passed unanimously.

V. Presentation of Fiscal Year 2021 Unaudited Financial Statements

The Fiscal Year 2021 Unaudited Financial Statements included in the agenda materials were presented as an information item. Dr. King informed the Committee that the University's fiscal year 2021 accounting records had been closed, and the fiscal year financial statements had been forwarded to State Audit for review. A finalized audit report should be available by the April Board of Trustees meeting.

VI. Quarterly Financial Update

Dr. King next provided Trustees with an overview of financial activities for the University through the first quarter of the fiscal year including an overview of: (1) Unrestricted E&G Revenues and Expenditures by Unit; (2) Unrestricted E&G Revenues by Source and Expenditures by Class; (3) Operating Funds Revenues and Expenditures by Fund Type; and (4) Operating Funds Revenues by Source and

Expenditures by Class. Detailed information may be found in the committee agenda materials.

VII. Presentation of Tuition Transparency Report

Dr. King presented the Tuition Transparency Report as an information item. Each governing Board reports to the Office of Legislative Budget Analysis information regarding expenditures of revenue derived from any tuition and fees increase in the previous full academic year.

There was no tuition increase in the prior year.

VIII. Quarterly Report on Agreements over \$250,000

The Quarterly Report on Agreements over \$250,000 was presented as an information item.

IX. Approval of the D.P Culp Student Center Debt Service, Operations, and Renewal and Replacement Funding

Dr. King presented a request for modification of the D.P. Culp Student Center debt service fee to shift 25 percent of the fee to operations and renewal and replacement funds in a manner consistent with the precedent established in the Quillen College of Medicine debt service adjustment in 2017 for the COM Student Center. The debt service would continue to be funded by 75 percent of the fee. Residual fees associated with debt service from the D.P. Culp Center should be directed to student-focused auxiliary renewal and replacement projects. This reallocation will allow for improved budgeting for operations of the facility and allow ETSU to plan ahead for renewals and replacements, which will be needed for future student projects. The repurposed debt service fees would be effective for the FY22 budget year.

The proposal passed unanimously, with Trustee Grisham making the motion and Trustee Ramsey seconding the motion.

X. Other Business

No other business items were discussed.

XI. Adjournment

The Committee was adjourned with Board Chair Dr. Linda Latimer making the motion and Trustee Virginia Foley making the second.

EAST TENNESSEE STATE UNIVERSITY
BOARD OF TRUSTEES

ACTION ITEM

DATE: February 18, 2022

ITEM: Approval of the College of Medicine and College of Pharmacy FY23 Tuition

COMMITTEE: Finance and Administration Committee

RECOMMENDED ACTION: Approve

PRESENTED BY: B.J. King
Chief Financial Officer

The Colleges of Medicine and Pharmacy are proposing tuition increases for the 2022-23 academic year. The academic calendars for these units require that the campus assess fees at an earlier date than for the main campus students. It should be noted that both Colleges have had no tuition increase over the past two academic years.

Quillen College of Medicine

In addition to the proposed fee increase, the Quillen College of Medicine is proposing a material change to the manner in which they have historically assessed fees for FY23. The College has been on the current system since 1978, charging the same rate for M1, M2 and M4 students, and an increased rate for M3 students based on how curriculum was delivered. This is depicted in the chart below.

Current Fee Assessment Model - Medicine		
Year	Tuition/Fees	Months
M1	\$32,834/\$2,178	10
M2	\$32,834/\$2,178	9
M3	\$43,670/\$2,896	12
M4	\$32,834/\$2,178	11

The College conducted a benchmark review of curriculum and fee assessment and has determined the following:

- The conditions which caused the M3 students to be assessed higher cost will be eliminated through a curricular change

- Ten peer institutions were examined as part of the curriculum restructure, and nine were found to have equal pricing for tuition for all classes.

The proposed new fee rate scheduled is presented in the chart below:

Proposed Fee Assessment Model - Medicine		
Year	Tuition/Fees	Months
M1	\$38,658	18 Months pre-clerkship
M2	\$38,658	
M3	\$38,658	12
M4	\$35,712*	14

*M4 proposed tuition/fees reflects the current rates plus two percent. It is anticipated that the M4 total will equal that of the other classes beginning in the 2023-24 academic year. The tuition/fees presented above are for in-state students; a thirty percent premium is charged for out-of-state students.

Bill Gatton College of Pharmacy

The Bill Gatton College of Pharmacy is proposing a two percent fee increase as shown in the chart below:

Current/ Term	Proposed/ Term	Increase	Prior Increase	Annual Revenue Generated	Justification
\$18,958	\$19,337	\$379	0% for two years	\$171,790	Cost study conducted

MOTION: I move that the Finance and Administration Committee recommend adoption of the following resolution by the Board of Trustees:

RESOLVED: The proposed tuition for the College of Medicine and the College of Pharmacy for 2022-23 is approved as presented in the meeting materials contingent on the approval of the Governor’s budget.

EAST TENNESSEE STATE UNIVERSITY
BOARD OF TRUSTEES

ACTION ITEM

DATE: February 18, 2022

ITEM: Approval of Housing and Meal Plans for FY23

COMMITTEE: Finance and Administration Committee

RECOMMENDED ACTION: Approve

PRESENTED BY: B.J. King
Chief Financial Officer

In order to promote affordability and remain competitive with local market forces, staff is not recommending fee increases for student housing. However, due to cost increases based on consumer price index for meals, it is necessary that meal plan fees be adjusted to reflect these costs. The proposed adjustment to meal plan rates is based on market increases as projected by Sodexo, ETSU’s food service provider. It should be noted that the increases below do not fully fund inflationary costs.

FY22-23 Auxiliary Unit Non-Mandatory Charge Request						
Description	Current	Proposed	Increase	Prior Increase	Revenue Generated	Justification
Residence Halls	\$2,035 - \$5,340	\$2,035 - \$5,340	\$0	\$40-\$100/term		Housing is a 100% auxiliary enterprise operation.
Apartment	\$2,990 - \$4,070	\$2,990 - \$4,070	\$0	\$60-\$75/term		Housing is a 100% auxiliary enterprise operation.
Silver 7 day Any Time Meal Plan	\$1,860	\$1,915	\$55/term – 2.95%	\$54/term	Revenue passed through to Sodexo	The Sodexo contract increase is 4.37 to 6.01% and is based on the consumer price index for Meals Away From Home.

MOTION: I move that the Finance and Administration Committee recommend adoption of the following resolution by the Board of Trustees:

RESOLVED: The proposed rates for Housing and Food Service for 2022-23 is approved as presented in the meeting.

EAST TENNESSEE STATE UNIVERSITY
BOARD OF TRUSTEES

INFORMATION ITEM

DATE: February 18, 2022

ITEM: Discussion of Proposed Salary Pool for FY23 Budget Development

COMMITTEE: Finance and Administration Committee

PRESENTED BY: B.J. King
Chief Financial Officer

The Governor’s Budget was presented in the State of the State address and the documents released on January 31, 2022. The budget proposes state funding for a four percent salary pool.

Calculations from the Tennessee Higher Education Commission office and included in the Governor’s budget depict state funding for 55 percent of a salary increase with related benefits for the main campus. The College of Pharmacy funds any salary increase through tuition. The College of Medicine and Family Medicine receive an appropriation through state funding for non-formula units.

The table below illustrates the approximate funding through additional state appropriation needed for a four percent salary pool for the main campus. These calculations are based on the files obtained from THEC which they also provide to the State Division of Finance and Administration. These numbers agree to the Governor’s budget documents released January 31, 2022.

	\$ Needed for Pool	State 55% Funding for Pool	Funding through Other Appropriations
Main Campus 4%	\$5,952,000	\$ 3,273,500	\$ 2,678,500

Management has not yet developed a plan for the distribution of any salary improvement funding. Due to the uncertainty of budgets during the COVID pandemic, management is proposing holding state appropriations for salaries in pools until the State budget is adopted and enrollment for Fall 2022 is known. Any Board approved salary adjustments will be implemented in November 2022.

The history of salary improvement funding is displayed in the table below:

Year	Across-the Board			Equity Increase to Market		Service Bonus		
2022-23	TBD							
2021-22	3.5%	\$700 min	(2)(3)					
2020-21 (1)	0.0%					\$500	(4)(5)	
2019-20	2.0%	\$500 min	(2)					
2018-19	2.5%	\$500 min	(2)					
2017-18	2.0%	\$500 min	(2)	1% pool	\$3,000 ceiling			
2016-17	2.0%	\$500 min	(2)					
2015-16	2.0%	\$500 min	(2)	Pharmacy faculty only				
2014-15	0.0%							
2013-14	1.5%	\$250 min	(2)	4.25%				
2012-13	2.5%	\$750 min	(2)	8.5%	\$5,000 ceiling			
2011-12	3.0%	\$750 min	(2)			\$1,000	2 years	(5)

(1) No funding for salary increase was included in the final state budget for FY21. An appropriation amendment in spring 2021 provided funding for a one-time bonus payment in June 2021.

(2) Employees with annual performance evaluations which are unsatisfactory or performance far below expectations do not participate in salary increases.

(3) Maximum increase \$10,000

(4) Employed April – May 30, 2021

(5) Service bonus is prorated based on percentage of contract.

EAST TENNESSEE STATE UNIVERSITY
BOARD OF TRUSTEES

INFORMATION ITEM

DATE: February 18, 2022

ITEM: Discussion of Comparative Tuition and Mandatory Fees for Tennessee Public Universities

COMMITTEE: Finance and Administration Committee

PRESENTED BY: B.J. King
Chief Financial Officer

The Board of Trustees must consider certain criteria when considering an increase in tuition and mandatory fees. Those criteria include:

1. Level of state support;
2. Total cost of attendance;
3. Efforts to mitigate the financial effect on students;
4. Tennessee Higher Education Commission (THEC) binding tuition and mandatory fee increase ranges;
5. Other factors affecting the university's financial stability such as projected student enrollment; university enrollment goals; market and cost factors for higher education; new program or new facility cost; and cost related to operations, programs of study, or individual courses.

University management has outlined the current year assessment as follows:

1. **Level of state support** – THEC based tuition models on a flat enrollment with an inflation factor of four percent and an appropriation increase of 7.2 percent for all formula units. The four percent inflation factor for the ETSU units equates to an expenditure increase of \$10.8 million. The Governor's proposed budget includes funding sufficient for a four percent inflation factor and a fully funded four percent salary pool.
2. **Total cost of attendance** – tuition and fees increased in FY22 by 1.93 percent. Tuition and mandatory fees for FY22 at ETSU continue to be comparable to other public institutions of higher education in the state. A comparison of tuition and mandatory fees are listed below and show that ETSU is below the university average.
3. **Efforts to mitigate the financial effect on students** – The university continues to look for ways to mitigate rising costs to students. Reviews of academic and administrative

areas are ongoing and should identify areas to improve services, reduce costs, or allow assets to be used more effectively for students.

4. **THEC binding tuition and mandatory fee increase ranges** – THEC proposed a zero to three percent tuition and mandatory fee limit at their November 2021 meeting. The Commission should vote on a binding limit at their May meeting. With the release of the Governor’s budget it is anticipated that THEC will approve a zero percent tuition and fee increase for FY23.
5. **Other factors affecting the university’s financial stability:**
 - a. Projected student enrollment and university enrollment goals - The university’s enrollment has declined the past two academic years in part due to the COVID-19 pandemic. Enrollment had remained relatively flat in years prior. The university is continuing efforts and activities to grow enrollment as defined in the strategic plan. Tuition and fees must remain competitive in the marketplace and students should be able to identify the value inherent in the education provided by ETSU over other institutions.
 - b. Market and cost factors for higher education – The market for higher education shows a declining number of high school graduates in the region and increased competition from community colleges, other state universities, regional private institutions and border state colleges and universities. Faculty and staff salaries are the primary cost driver for the university. New out-of-state tuition rates were implemented for Fall 2021 based on market research and has also reduced out-of-state scholarship expense. Salary increases were included in the Governor’s proposed budget to fully fund a four percent salary pool while keeping tuition flat for FY23.
 - c. New program or new facility cost – Costs related to new programs are largely being absorbed in the colleges per the budget model implemented in FY19. Facility costs will increase with the construction project for Lamb Hall and the new Academic Building. Other ongoing renovation and maintenance projects could reduce energy costs with efficiencies.
 - d. Cost related to operations, programs of study, or individual courses – The Consumer Price Index shows operational costs are increased by 7 percent from December 2020 to December 2021. The university’s programs of study and some individual courses are compared to other institutions with similar programs or courses to determine the market pressures for offering the programs.

A five-year history of student maintenance and mandatory fees is presented below in comparison to Tennessee Locally Governed Institutions (LGIs) and the University of Tennessee System:

Tuition (Maintenance Fees)										
	2017-18	% Incr	2018-19	% Incr	2019-20	% Incr	2020-21	% Incr	2021-22	% Incr
APSU	\$6,696	2.7%	\$6,888	2.9%	\$7,044	2.3%	\$7,044	0%	\$7,146	1.45%
ETSU	7,224	3.2%	7,422	2.7%	7,572	2.0%	7,572	0%	7,722	1.98%
MTSU	7,176	3.5%	7,380	2.8%	7,554	2.4%	7,554	0%	7,704	1.99%
TSU	6,726	3.0%	6,900	2.6%	7,026	1.8%	7,026	0%	7,128	1.45%
TN Tech ³	7,656	3.7%	7,860	2.7%	8,040	2.3%	9,060	12.7%	9,240	1.99%
Memphis ²	8,064	2.6%	8,064	0.0%	8,232	2.1%	8,232	0%	8,352	1.46%
UTC ¹	6,888	1.8%	6,888	0.0%	7,836	13.8%	7,836	0%	7,992	1.99%
UTK ¹	11,110	1.8%	11,110	0.0%	11,332	2.0%	11,332	0%	11,332	0.00%
UTM ¹	7,818	1.8%	8,052	3.0%	8,214	2.0%	8,214	0%	8,378	2.00%
UTS									9,000	
Univ. Avg	\$7,706		\$7,840		\$8,092		\$8,208		\$8,399	

¹ UT-Knoxville implemented 15/4 fee structure in 2013-14. UT-Martin implemented 15/4 fee structure in 2016-17. UT-Chattanooga implemented 15/4 fee structure in 2019-20.

Fees shown represent the rates for incoming freshmen in the UT system.

² University of Memphis implemented guaranteed tuition in 2019-20.

Fees shown for UM represent the rates for non-guaranteed tuition.

³TTU implemented 15/4 fee structure in 2020-21

Mandatory Fees										
	2017-18	% Incr	2018-19	% Incr	2019-20	% Incr	2020-21	% Incr	2021-22	% Incr
APSU	\$1,529	3.8%	\$1,583	3.5%	\$1,583	0.0%	\$1,583	0%	\$1,615	2.02%
ETSU	1,791	7.3%	1,855	3.6%	1,919	3.5%	1,919	0%	1,952	1.72%
MTSU	1,772	5.5%	1,826	3.0%	1,870	2.4%	1,870	0%	1,889	1.02%
TSU	1,050	1.1%	1,107	5.4%	1,157	4.5%	1,157	0%	1,207	4.32%
TN Tech	1,217	3.9%	1,243	2.1%	1,278	2.8%	1,278	0%	1,282	0.31%
Memphis	1,637	0.0%	1,637	0.0%	1,704	4.1%	1,704	0%	1,704	0.00%
UTC	1,776	0.0%	1,776	0.0%	1,820	2.5%	1,820	0%	1,856	1.98%
UTK	1,860	2.8%	1,896	1.9%	1,932	1.9%	1,932	0%	1,912	-1.00%
UTM	1,418	0.7%	1,460	3.0%	1,534	5.1%	1,534	0%	1,534	0.00%
UTS									1,200	
University Average	\$1,561		\$1,598		\$1,644		\$1,644		\$1,615	

Total Tuition and Mandatory Fees

	2017-18	% Incr	2018-19	% Incr	2019-20	% Incr	2020-21	% Incr	2021-22	% Incr
APSU	\$8,225	2.9%	\$8,471	3.0%	\$8,627	1.8%	\$8,627	0%	\$8,761	1.55%
ETSU	9,015	4.0%	9,277	2.9%	9,491	2.3%	9,491	0%	9,674	1.93%
MTSU	8,948	4.2%	9,206	2.9%	9,424	2.4%	9,424	0%	9,593	1.79%
TSU	7,776	2.8%	8,007	3.0%	8,183	2.2%	8,183	0%	8,335	1.86%
TN Tech ³	8,873	3.8%	9,103	2.6%	9,318	2.4%	10,338	10.99%	10,522	1.78%
UM ²	9,701	2.1%	9,701	0.0%	9,936	2.4%	9,936	0%	10,056	1.21%
UTC	8,664	1.4%	8,664	0.0%	9,656	10.4%	9,656	0%	9,848	1.99%
UTK ¹	12,970	1.9%	13,006	0.03%	13,264	2.0%	13,264	0%	13,244	-0.15%
UTM ¹	9,236	1.6%	9,512	3.0%	9,748	2.5%	9,748	0%	9,912	1.68%
UTS									10,200	
University Average	\$9,268		\$9,439		\$9,739		\$9,852		\$10,015	

¹ UT-Knoxville implemented 15/4 fee structure in 2013-14. UT-Martin implemented 15/4 fee structure in 2016-17. UT-Chattanooga implemented 15/4 fee structure in 2019-20.

Fees shown represent the rates for incoming freshmen in the UT system.

² University of Memphis implemented guaranteed tuition in 2019-20.

Fees shown for UM represent the rates for non-guaranteed tuition.

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EAST TENNESSEE STATE UNIVERSITY
BOARD OF TRUSTEES

INFORMATION ITEM

DATE: February 18, 2022

ITEM: Discussion of Preliminary Tuition and Mandatory Fees for FY23 Budget Development

COMMITTEE: Finance and Administration Committee

PRESENTED BY: B.J. King
Chief Financial Officer

The Tennessee Higher Education Commission (THEC) proposed a binding limit of zero to three percent on mandatory tuition and fees at the November 2021 Commission meeting. The Governor’s proposed budget was presented January 31, 2022 and the increase in appropriations for FY23 corresponds to a zero percent tuition increase for undergraduate programs for the next academic year. The budget for main campus for FY23 will be prepared based upon a zero percent increase.

	FY22 Actual	Rate Per Term 2022-23 Increase		Additional Revenue	Purpose of Funding
		Prelim	\$ %		
Undergrad Tuition @ 15 cr hr	\$3,861	\$3,861	\$0 0.0%	\$0	N/A
*UG Returning O/S & International	\$9,591	\$9,591	\$0 0.0%		
*UG – GA, KY, NC, SC, VA	\$405	405.00	\$0 0.0%		
*UG – 44 other states	\$1905	1905	\$0 0.0%		
Graduate Tuition @ 12 cr hr	\$5,075	\$5,075	\$0 0.0%		
Grad Out-of-State @ 12 cr hr	\$7,560	\$7,560	\$0 0.0%		

*The Board approved an undergraduate out-of-state enrollment strategy at the September 2020 meeting for new students Fall 2021. All other out-of-state tuition has not increased since Fall 2018.

Undergraduate academic-year costs are shown below and in comparison to the Tennessee public universities on page 16.

Undergraduate In-State Tuition and Mandatory Fee Request – Per Academic Year

	2021-22	2022-23		
	Actual	Proposed	\$ Increase	% Increase
Undergrad Tuition @ 15 cr hr	\$7,722	\$7,722	\$0	0.0%
Mandatory Fees	1,952	1,952	0	0.0%
Total UG Tuition and Mandatory Fees	\$9,674	\$9,674	\$0	0.0%

All fee increases included in this item are contingent on the passage of the Governor’s budget and THEC approval of binding limits for tuition and fees.

EAST TENNESSEE STATE UNIVERSITY
BOARD OF TRUSTEES

INFORMATION ITEM

DATE: February 18, 2022

ITEM: Quarterly Financial Update

COMMITTEE: Finance and Administration Committee

PRESENTED BY: B.J. King
Chief Financial Officer

The tables below summarize financial activities for the university through the second quarter of fiscal year 2021-22. The comparison is current year to prior year for the same six-month period.

Table 1 – Unrestricted E&G Revenues by Unit and Revenue Source

Unrestricted E&G Year-to-Year Comparisons Year-to-Date 12-31-2020 & 12-31-2021				
	FY2020-21	FY2021-22	Change	%
			\$	
REVENUES				
By Appropriation Unit				
Main Campus	\$181,750,437.79	\$181,857,997.48	\$ 107,559.69	0.06%
Medicine/Family Med	41,099,707.49	45,725,693.38	4,625,985.89	11.26%
Pharmacy	10,383,703.92	9,315,718.11	(1,067,985.81)	(10.29%)
TOTAL REVENUE	\$233,233,849.20	\$236,899,408.97	\$3,665,559.77	1.57%
By Revenue Source				
Tuition and Fees	\$160,128,586.97	\$153,084,037.77	(\$7,044,549.20)	(4.40%)
State Appropriations	58,065,800.00	63,689,300.00	5,623,500.00	9.68%
Grants, Contracts, Gifts	1,226,896.79	1,829,432.94	602,536.15	49.11%
Other	13,812,565.44	18,296,638.26	4,484,072.82	32.46%
TOTAL REVENUE	\$233,233,849.20	\$236,899,408.97	\$3,665,559.77	1.57%

Table 2 – Unrestricted E&G Expenditures by Appropriation Unit and Classification

Unrestricted E&G				
Year-to-Year Comparisons				
Year-to-Date 12-31-2020 & 12-31-2021				
	FY2020-21	FY2021-22	Change	
			\$	%
EXPENDITURES				
By Appropriation Unit				
Main Campus	\$117,762,555.86	\$118,883,515.79	\$1,120,959.93	0.95%
Medicine/Family Med	38,539,877.63	37,835,202.10	(704,675.53)	(1.83%)
Pharmacy	5,412,746.80	4,528,592.79	(884,154.01)	(16.333%)
TOTAL EXPENSE	\$161,715,180.29	\$161,247,310.68	(\$467,869.61)	(0.29%)
By Natural Classification				
Salaries & Benefits	\$118,336,891.88	\$117,641,900.39	(\$ 694,991.49)	(0.59%)
Operating	20,125,740.57	25,815,394.76	5,689,654.19	28.27%
Capital/Equipment	416,540.76	597,539.63	180,998.87	43.45%
Scholarships/Fellowships	19,678,483.82	18,227,730.93	(1,450,752.89)	(7.37%)
Transfers to Other Funds	3,157,523.26	(1,035,255.03)	(4,192,778.29)	(132.79%)
TOTAL EXPENSE	\$161,715,180.29	\$161,247,310.68	(\$467,869.61)	(0.29%)
By Functional Classification				
Instruction	\$82,085,375.28	\$80,159,500.83	(\$1,925,874.45)	(2.35%)
Research	2,823,535.01	3,090,678.23	267,143.22	9.46%
Public Services	1,242,421.25	1,162,933.41	(79,487.84)	(6.40%)
Academic Support	16,112,350.37	15,799,484.51	(312,865.86)	(1.94%)
Student Services	12,176,956.69	14,152,710.26	1,975,753.57	16.23%
Institutional Support	13,647,119.98	13,426,111.13	(221,008.85)	(1.62%)
Physical Plant	10,803,204.77	12,668,607.05	1,865,402.28	17.27%
Scholarships/Fellowships	19,677,880.68	18,221,105.93	(1,456,774.75)	(7.40%)
Transfers to Other Funds	3,146,336.26	2,566,179.33	(580,156.93)	(18.44%)
TOTAL EXPENSE	\$161,715,180.29	\$161,247,310.68	(467,869.61)	(0.29%)

Table 3 – Current Operating Funds Revenues by Fund Type and Revenue Source

**Current Operating Funds (Unrestricted/Auxiliaries/Restricted)
Year-to-Year Comparisons
Year-to-Date 12-31-2020 & 12-31-2021**

	FY2020-21	FY2021-22	Change	
			\$	%
REVENUES				
By Current Fund Type				
Unrestricted E&G	\$233,233,849.20	\$236,899,408.97	\$3,665,559.77	1.57%
Auxiliaries	17,829,635.59	24,662,858.84	6,833,223.25	38.33%
Restricted Funds	50,989,860.35	74,054,710.90	23,064,850.55	45.23%
TOTAL REVENUE	\$302,053,345.14	\$335,616,978.71	\$33,563,633.57	11.11%
REVENUES				
By Revenue Sources				
Tuition and Fees	\$160,771,524.90	\$153,947,124.78	(\$6,824,400.12)	(4.24%)
State Appropriations	58,364,701.90	63,827,233.43	5,462,531.53	9.36%
Grants, Contracts, Gifts	51,162,481.11	74,727,415.63	23,564,934.52	46.06%
Other	13,925,001.64	18,452,346.03	4,527,344.39	32.51%
Auxiliaries	17,829,635.59	24,662,858.84	6,833,223.25	38.33%
TOTAL REVENUE	\$302,053,345.14	\$335,616,978.71	\$33,563,633.57	11.11%

Table 4 – Current Operating Funds Expenditures by Fund Type and Classification

Current Operating Funds (Unrestricted/Auxiliaries/Restricted)				
Year-to-Year Comparisons				
Year-to-Date 12-31-2020 & 12-31-2021				
	FY2020-21	FY2021-22	Change	
			\$	%
EXPENDITURES				
By Current Fund Type				
Unrestricted E&G	\$ 161,715,180.29	\$161,247,310.68	(\$467,869.61)	(0.29%)
Auxiliaries	6,858,795.99	4,604,605.60	(2,254,190.39)	(32.87%)
Restricted Funds	50,989,860.35	64,733,430.06	13,743,569.71	26.95%
TOTAL EXPENSE	\$219,563,836.63	\$230,585,346.34	\$11,021,509.71	5.02%
EXPENDITURES				
By Natural Classification				
Salaries & Benefits	\$137,447,213.35	\$139,473,801.80	\$2,026,588.45	1.47%
Operating	31,352,233.57	37,564,971.32	6,212,737.75	19.82%
Capital/Equipment	915,109.84	683,272.02	(231,837.82)	(25.33%)
Scholarships/Fellowships	42,840,185.42	48,229,902.34	5,389,716.92	12.58%
Transfers to Other Funds	7,009,094.45	4,633,398.86	(2,375,695.59)	(33.89%)
TOTAL EXPENSE	\$219,563,836.63	\$230,585,346.34	\$11,021,509.71	5.02%
EXPENDITURES				
By Functional Classification				
Instruction	\$86,513,402.49	\$85,088,623.92	\$(1,424,778.57)	(1.65%)
Research	7,797,739.60	7,907,098.75	109,359.15	1.40%
Public Services	17,048,044.99	19,280,653.16	2,232,608.17	13.10%
Academic Support	16,262,930.92	15,910,200.61	(352,730.31)	(2.17%)
Student Services	12,372,697.58	14,810,309.42	2,437,611.84	19.70%
Institutional Support	15,956,709.97	19,843,899.66	3,887,189.69	24.36%
Physical Plant	11,050,788.64	12,798,717.52	1,747,928.88	15.82%
Scholarships/Fellowships	42,556,390.19	47,775,058.37	5,218,668.18	12.26%
Transfers to Other Funds	3,146,336.26	2,566,179.33	(580,156.93)	(18.44%)
Auxiliaries	3,475,075.99	4,604,605.60	1,129,529.61	32.50%
Aux Trsfrs to Other Funds	3,383,720.00	-	(3,383,720.00)	(100%)
TOTAL EXPENSE	\$219,563,836.63	\$230,585,346.34	\$11,021,509.71	5.02%

Table 5 – Statement of Net Position - All Funds

STATEMENT OF NET POSITION
Year-to-Date 12-31-2020 & 12-31-2021

	Education and General Funds	Agency, Loan & Endow. Funds	Plant Funds	Total YTD FY22	Total FY21
ASSETS					
Cash	\$56,705,799.11	\$ 18,279,041.34	\$92,063,751.57	\$167,048,592.02	\$125,939,807.23
Investments	50,842,299.34	-	13,600,000.00	64,442,299.34	64,369,382.02
Accounts Receivable	84,375,536.74	1,967,676.31	58,155.00	86,401,368.05	87,470,341.60
Inventories & Prepaid Exp	(131,561.58)	-	-	(131,561.58)	473,107.10
Net Pension Asset	856,288.00	-	-	856,288.00	968,981.00
Capital Assets	-	-	403,947,897.19	403,947,897.19	403,117,208.34
Other Assets	150,501.56	812,167.66	-	962,669.22	1,255,010.66
Total Assets	192,798,863.17	21,058,885.31	509,669,803.76	723,527,552.24	683,593,837.95
DEFERRED OUTFLOW					
Bond Refunding	-	-	6,806,974.73	6,806,974.73	4,755,623.09
Pensions	12,941,180.00	-	-	12,941,180.00	12,905,440.92
OPEB	6,669,617.00	-	-	6,669,617.00	6,030,064.00
Total Def Outflows	19,610,797.00	-	6,806,974.73	26,417,771.73	23,691,128.01

	Education and General Funds	Agency, Loan & Endow. Funds	Plant Funds	Total YTD FY22	Total FY21
LIABILITIES					
Accounts Payable	3,870,418.81	-	12,381.72	3,882,800.53	3,077,165.23
Accrued Liabilities	26,926,773.40	-	123,971.11	27,050,744.51	26,882,561.85
Student Deposits	669,081.32	-	-	669,081.32	493,924.13
Unearned Revenue	223,435.65	-	-	223,435.65	2,711.25
Compensated Absences	17,194,769.72	-	-	17,194,769.72	16,591,365.47
Long-term Liabilities	-	-	136,485,357.63	136,485,357.63	141,044,532.60
Deposits Held for Others	-	1,332,187.20	-	1,332,187.20	1,111,639.15
Net Pension Liability	35,180,898.00	-	-	35,180,898.00	30,412,385.00
Due to Grantors	-	4,359,362.13	-	4,359,362.13	4,875,717.13
Total Liabilities	84,065,376.90	5,691,549.33	136,621,710.46	226,378,636.69	224,492,001.81
DEFERRED INFLOWS					
Bond Refunding	-	-	265,130.48	265,130.48	71,451.11
Pensions	704,883.00	-	-	704,883.00	4,954,289.00
OPEB	9,820,146.00	-	-	9,820,146.00	9,933,824.00
Total Def Inflows	10,525,029.00	-	265,130.48	10,790,159.48	14,959,564.11
NET POSITION					
Net Investment in Capital	-	-	234,077,071.38	234,077,071.38	230,962,167.23
Restricted Net Position	15,090,459.74	-	-	15,090,459.74	21,887,438.84
Unrestricted Net Position	102,728,794.53	15,367,335.98	145,512,866.17	263,608,996.68	214,983,793.97
Total Net Position	\$117,819,254.27	\$15,367,335.98	\$379,589,937.55	\$512,776,527.80	\$467,833,400.04

EAST TENNESSEE STATE UNIVERSITY
BOARD OF TRUSTEES

INFORMATION ITEM

DATE: February 18, 2022

ITEM: Quarterly Reports of Agreements \$250,000 or Greater

COMMITTEE: Finance and Administration Committee

PRESENTED BY: B.J. King
Chief Financial Officer

Included below is a list of agreements, both expense and revenue, with amounts totaling \$250,000 or greater for the period of September 2021 – December 2021.

July – September 2021

Contracts / Purchase Orders over \$250,000

Contract/ PO Date	Start	End	Contractor	Description of Services/Products	Contract / PO Amount	\$ Annual Contract	Competitive	Fiscal Review Approval
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None during first quarter

RFPs – In-Process or Upcoming

Managed Internet Service for Housing and Residential Life – Information Technology Services

Remodeling Services – Facilities

This report does not include contracts or agreements associated with revenue, software/systems maintenance agreements, contracts with the federal government, and construction projects which are approved through the State Building Commission.

EAST TENNESSEE STATE UNIVERSITY
BOARD OF TRUSTEES

ACTION ITEM

DATE: February 18, 2022

ITEM: Approval of Bonded Project for Housing and Residence Life

COMMITTEE: Finance and Administration Committee

RECOMMENDED ACTION: Approve

PRESENTED BY: B.J. King
Chief Financial Officer

Housing and Residence Life is requesting approval of a \$29.8 million bonded project for renovations and maintenance upgrades in multiple buildings. The request comes forward following a review of our current housing stock and national and regional housing trends. The Division of Housing and Residence Life has the existing revenue capacity to fund the debt service for these renovations.

The proposed project will address improvements in Stone Hall, Dossett Hall, West Hall, Luntsford Apartments, and Lucille Clement Hall. If approved by the Board of Trustees, staff will advance the project and secure required approvals from appropriate state agencies including the State Building Commission and the State School Bond Authority.

MOTION: I move that the Finance and Administration Committee recommend adoption of the following resolution by the Board of Trustees:

RESOLVED: The Board of Trustees approves the \$29.8 million bonded project for renovations and maintenance upgrades as described herein.