

EAST TENNESSEE STATE UNIVERSITY  
BOARD OF TRUSTEES  
FINANCE AND ADMINISTRATION COMMITTEE

MINUTES

February 18, 2022  
Johnson City, Tennessee

The East Tennessee State University Board of Trustees' Finance and Administration Committee met on Friday, February 18, 2022, at 9:45 a.m. in the East Tennessee Room of the D.P. Culp Student Center.

**I. Call to Order**

Committee Chair Steven DeCarlo called the meeting to order at 9:45 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  
Board Chair Dr. Linda Latimer  
Trustee Ron Ramsey  
Trustee Kelly Wolfe  
Committee Chair Steven DeCarlo  
*Absent: Trustee Dorothy Grisham*

Trustees Janet Ayers, Virginia Foley, and Melissa Steagall-Jones also participated in the meeting.

**III. Approval of the Finance and Administration Committee Minutes from November 19, 2021**

The minutes from November 19, 2021, were approved as submitted, with Trustee Charles Allen making the motion and Trustee Ron Ramsey seconding the motion. The motion passed unanimously.

**IV. Action Item: Approval of the College of Medicine and College of Pharmacy Fiscal Year 2023 Tuition**

Chief Financial Officer Dr. B.J. King presented the Quillen College of Medicine and Gatton College of Pharmacy proposed tuition increases for the 2022-2023 Academic Year.

A revision in the Quillen College of Medicine (COM) curriculum structure necessitates aligning the fee assessment with those changes. The Committee meeting materials included information regarding the changes. A task force was formed to investigate the process, and 10 peer institutions were reviewed as part of the curriculum restructure. Of the 10 institutions, nine were discovered to have equal tuition pricing for all classes. Beginning with the 2022-23 academic year, COM will be comparable with these other institutions in terms of curriculum and instruction delivery, as well as fee assessment. A two percent increase is proposed and a smoothing out of the fee assessment over a four-year period. The proposed fee assessment model for COM is Year M1: \$38,658 for 18 months of pre-clerkship; Year M2: \$38,658 for 18 months of pre-clerkship; Year M3: \$38,658 for 12 months of pre-clerkship; and Year M4: \$35,712 for 14 months of pre-clerkship.

The Gatton College of Pharmacy is also proposing a two percent fee increase. The current term fee is \$18,958, and the proposed term fee is \$19,337. There have been no price increases in the previous two years, and a cost study was completed to justify the fee increase.

The Quillen College of Medicine and the Gatton College of Pharmacy FY23 Tuition was approved as submitted, with Trustee Ron Ramsey making the motion and Board Chair Dr. Linda Latimer seconding the motion. The motion passed unanimously.

**V. Action Item: Approval of Housing and Meal Plans for Fiscal Year 2023**

Dr. King presented the Housing and Meal Plans for FY23. To promote affordability and remain competitive with local market forces, staff does not recommend student housing fee increases for the upcoming academic year. ETSU did not increase fees for housing in FY21.

The proposed meal plan rate adjustment is based on market increases as projected by Sodexo, ETSU's food service provider. Due to cost increases based on the consumer price index for meals, it is necessary to adjust meal plan fees to reflect these costs. Although Sodexo will raise the meal plan door rate by 4.3 percent, an increase of only

three percent is proposed for student meal plans paid to the University. Funds from the University's Dining Services Auxiliary Unit will cover the cost differential.

The Housing and Meal Plans Proposal for FY23 was approved as submitted, with Trustee Kelly Wolfe making the motion and Trustee Ron Ramsey seconding the motion. The motion passed unanimously.

## **VI. Discussion of Proposed Salary Pool for Fiscal Year 2023 Budget Development**

Dr. King presented proposed information relevant to a salary pool for FY23 budget development. The Governor's Budget proposes state funding for a four percent salary pool. According to the Tennessee Higher Education Commission's calculations, which are included in the Governor's proposed budget, the state would fund 55 percent of the salary increase, or \$3.27 million. An additional 45 percent, or \$2.7 million, would have to be financed by the University through enrollment growth or reallocation of other resources. Because the pool's funding is contingent on enrollment, any Board-approved salary adjustments will take effect in November 2022. The Governor's budget also proposed \$2.8 million in salary enhancement funding for the College of Medicine and Family Medicine. The Committee meeting materials contained a table outlining the history of salary improvement funding.

President Noland offered clarification in response to questions regarding the four percent salary pool provided by Governor Lee's budget. The President noted that Dr. King and her staff had prepared an analysis for the revenue from the Governor's budget, both for salary purposes as well as operating purposes. Together, the salary revenue, plus the operating revenue, will allow ETSU to offset the 45 percent or the \$2.7 million that the University is expected to fund. This will put the University in a position of going into the fall with a four percent salary pool for the campus, eliminating the need to raise tuition rates for undergraduate in-state students. President Noland cautioned that this is not a four percent across the board raise but rather a four percent pool directed toward salaries in targeted areas.

## **VII. Discussion of Comparative Tuition and Mandatory Fees for Tennessee Public Universities**

The Committee reviewed comparative tuition and mandatory fee information for all the public universities in Tennessee. As outlined below, Dr. King advised the Committee that the Tennessee Tuition Transparency and Accountability Act compels the Board to evaluate many factors before increasing tuition. Details were included with the meeting materials.

- Level of state support.
- Total cost of attendance.
- Efforts to mitigate the economic effect on students.
- THEC binding tuition and mandatory fee increase ranges.
- Other factors affecting the university's financial stability include projected student enrollment and university enrollment goals; market and cost factors for higher education; new program or new facility costs; and costs related to operations, programs of study, or individual courses.

A five-year history of student tuition (maintenance fees) and mandatory fees compared to Tennessee Locally Governed Institutions (LGIs) and the University of Tennessee System was included in the meeting materials. Dr. King noted that the total tuition fees for ETSU are lower than average compared to other public universities in Tennessee.

### **VIII. Discussion of Preliminary Tuition and Mandatory Fees for Fiscal Year 2023 Budget Development**

The Governor's proposed budget was presented with a zero percent tuition and mandatory fee increase for in-state undergraduate students. The university proposes a zero percent tuition and mandatory fee increase for all undergraduate and graduate students for FY23.

### **IX. Quarterly Financial Update**

Dr. King presented the Committee with the quarterly financial update for the second quarter of fiscal year 2021–2022, comparing the current year (12/31/2021) to the prior year (12/31/2020) for the same 6-month period. Dr. King provided the following details regarding the financial activities of the University during the second quarter:

- The main campus revenue remains constant over the past year.
- Family Medicine revenue increased due to increased medical resident participation agreements, state appropriation increases, and ancillary increases.
- Gatton College of Pharmacy tuition revenue declined due to enrollment shifts. With a decrease in enrollment, Pharmacy has re-aligned their expenditure budget with their revenue budget.
- The unrestricted grants, contracts, and gifts were increased due to \$375,000 in gifts for the Blue Cross Blue Shield Blue Sky Program.
- A donation of \$181,000 worth of engineering equipment was received. Gifts in kind must be recorded as both revenue and expense.

- Medicine and Family Medicine expenditures were down slightly.
- The retirement incentive program has impacted the salaries and benefits line in a positive manner.
- Auxiliary income increased with ground-based activities on campus and housing occupancy rates.
- The total amount for Higher Education Emergency Relief Funds (HEERF) was \$62.9 million, with about 7.5 million left to drawdown.

The Committee discussed Gatton College of Pharmacy tuition, which is higher than the University of Tennessee pharmacy program. Ideas for securing public funding for the College in order to shift the student cost to a level comparable with the other public pharmacy schools were discussed.

Dr. King provided the Committee with a balance sheet at the request of Trustee Allen during the November 19, 2021 meeting. She pointed out that the balance sheet contains many items that do not change throughout the year due to reliance on information from the state that is only provided once a year. Dr. King discussed the following data on balance sheet information:

- Due to increased appropriations and HEERF funding, cash was up about \$20 million over the previous year-end.
- December accounts receivable was down, but December is traditionally a peak period for amounts due from students for spring term. The deadline for the fee payment was January 31, 2022, and the year-end report will reflect the adjustments.
- Liabilities increased slightly, but net pension and other assets remained relatively stable.
- Liabilities and accounts payable were somewhat higher, which is believed to be related to the two administrative closure days faculty and staff received in December. At year-end, there will be a significant change in unearned revenues, cash accounts receivable, student deposits, and prepaids.

Dr. King concluded the Quarterly Financial Update with information regarding a new Enterprise Resource Planning System (ERP) for ETSU. The funding for this system is included in the Governor's budget, which consists of a \$20 million appropriation for ETSU. Human Resources, Payroll, and Finance will be put in place first, followed by student implementation.

## **X. Quarterly Report of Agreements \$250,000 or Greater**

As an information item, Dr. King provided the Committee with a list of contracts and purchase orders that exceed \$250,000, covering the time period of October-December 2021.

**XI. Action Item: Approval of Bonded Project for Housing and Residence Life**

On behalf of Housing and Residence Life, Chief Operating Officer Jeremy Ross requested approval of a \$29.8 million bonded project for renovations and maintenance upgrades in multiple buildings. The request stems from an examination of current housing inventory as well as national and regional housing trends. According to Dr. Ross, the Division of Housing and Residence Life already has enough revenue to cover the debt service for these renovations. The buildings impacted will be Lucille Clement, which has a budget of \$11,800,000; Buc Ridge, which has a budget of \$5,000,000; Dossett Hall, which has a budget of \$5,000,000; West Hall, which has a budget of \$5,000,000; Stone Hall, which has a budget of \$2,000,000, and Luntsford Apartments, which has a budget of \$1,000,000.

The Housing and Residence Life \$29.8 million bonded project was approved as submitted, with Trustee Ron Ramsey making the motion and Board Chair Dr. Linda Latimer seconding the motion. The motion passed unanimously.

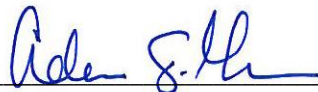
**XII. Other Business**

There were no other business items to discuss.

**XIII. Adjournment**

Committee Chair Steve DeCarlo adjourned the meeting at 11:30 a.m.

Respectfully submitted,



Adam Green  
Secretary of the Board of Trustees

Approved by the Board of Trustees at its April 22, 2022 meeting.