

EAST TENNESSEE STATE UNIVERSITY
BOARD OF TRUSTEES
FINANCE AND ADMINISTRATION COMMITTEE

MINUTES

April 1, 2020
Johnson City, Tennessee

The East Tennessee State University Board of Trustees' Finance and Administration Committee met for a called meeting on Wednesday, April 1, 2020, at 3 p.m. Due to the extraordinary circumstances surrounding the COVID-19 pandemic, the meeting was conducted via teleconference, and public attendance to the meeting was available via livestream.

I. Call to Order

Steve DeCarlo, Chairman of the Finance and Administration Committee, called the meeting to order.

II. Roll Call

Associate Board Secretary Nathan Dugger led the roll call. In accordance with Tennessee Code § 8-44-108 section (c) (3), he asked the members of the committee for the record if they could clearly hear so that they could participate in the meeting, and if they would identify any persons present in the room with them from which they were participating in the meeting. All of the committee members who were present reported that they could hear and that they were alone.

Committee members present (all via teleconference) were:

Committee Chairman Steve DeCarlo
Trustee Dorothy Grisham
Board Chairman Scott Niswonger
Trustee Ron Ramsey
Trustee Kelly Wolfe
Trustee Cristopher Santana (non-voting student member)

Although a physical quorum was not present, Mr. Dugger reported to Chairman DeCarlo that a quorum did exist by inclusion of committee members participating electronically.

III. Approval of Determination of Necessity of Holding This Meeting

In accordance with Tennessee Code § 8-44-108 section (b) (2), Mr. Dugger offered up to the committee the following circumstances which necessitate the reason for holding this meeting:

- To review and approve tuition and fees, a salary pool proposal, and budget proposals prior to a meeting of the full Board of Trustees scheduled for later in April.
- Due to recommendations issued by the Centers for Disease Control and Prevention for social distancing, telephonic measures were determined to be most appropriate for this meeting.
- For these reasons, Mr. Dugger contended that participation by a quorum by the Board members by electronic or other means of communication is necessary.

Trustee Ramsey made a motion to approve the determination of necessity of holding the meeting. Trustee Santana seconded the motion. After a roll call vote, the motion passed unanimously.

IV. Approval of Committee Minutes from February 21, 2020

The minutes for the February 21, 2020, Finance and Administration Committee meeting were reviewed. After a roll call vote, the minutes were unanimously approved.

V. A Word from President Noland about the Recommendations Before the Committee

President Brian Noland began the discussion by thanking the Board and others across campus for their work during this extraordinary time. He noted that due to the significant changes over the past few weeks due to COVID-19, the materials that were sent to the Board in preparation for this meeting have changed; the senior leadership team has spent the past few weeks discussing the changing landscape due to COVID-19 and ETSU's need to adjust accordingly.

VI. Approval of Proposed Salary Pool for FY21 for Budget Development

Dr. B.J. King, Chief Financial Officer for Business and Finance, spoke about the proposed salary pool. She noted that the Governor's budget that was originally presented to the Board in February was revised. These revisions affect ETSU in the following ways:

- The difference in what ETSU received in the Governor's original budget and the revised budget from the Governor is a reduction in salary pool money. The salary pool for state units was reduced from 2.5% to 1.5%.
- Additionally, College of Medicine and Family Medicine had some operating money in the original budget, but those operating increases were removed in the revised budget.

- ETSU did retain the Pediatric Strategic Initiative that includes the surgery and sub-specialty components.

Since the University is uncertain about what will happen in the summer or with enrollment in the fall, Dr. King proposed setting aside the Governor's appropriation for salary increase – \$1.2 million for main campus – in a reserve account until it can be determined how COVID-19 will affect operations going forward. She noted that the university will retain this money in a reserve account and can distribute it in January when it becomes clearer how COVID-9 will affect summer and fall enrollment.

There were no discussion or comments from the Committee.

Trustee Wolfe moved that the Finance and Administration Committee recommend adoption of the following Resolution by the Board of Trustees: The proposed 1.5% Governor's salary increase for 2020-21 shall be placed in a reserve account. The Finance and Administration Committee will meet at a later date to determine how the funds may be distributed in January 2021.

Trustee Grisham seconded the motion. After a roll call vote, the motion passed unanimously.

VII. Approval of Proposed Tuition/Mandatory Fees for Budget Development

Dr. King reminded the Committee about discussions at the February 21 Committee meeting regarding possible increases to 2020-2021 tuition and fees.

However, in light of the current economic challenges facing the community with the COVID-19 pandemic, Dr. King stated that Staff is proposing no increase to tuition and mandatory fees for the 2020-2021 academic year. This is contingent on the approval of the Governor's budget that has been proposed, but not signed into law yet.

- Chairman DeCarlo asked if ETSU knows what the other universities are doing regarding tuition and fees. Dr. King said her discussions with other schools had not focused on tuition and fees, but rather on refunds of housing and food service plans due to COVID-19. President Noland noted that he has spoken with the majority of presidents across the state, and they are all wrestling with how to approach this. President Noland said that Staff made this recommendation based on what was in the best interest of ETSU students, and ETSU is the first institution in the state to take action on this.
- Trustee Santana posed two questions: 1.) Has ETSU thought about a slight tuition decrease, and is that possible? and 2.) Will increases to housing that were approved at the last meeting be reconsidered? Dr. King responded that the University has not had

conversations about housing costs next year because staff has been focused on running calculations for over 2,000 students to try to determine how to thoughtfully and appropriately refund the cost to the students for housing that was not provided this semester. This process is still ongoing, and she hopes to have it finished in a couple of weeks. She also noted that they have not revisited the fee increases that were approved for Bill Gatton College of Pharmacy and Quillen College of Medicine. She said these discussions could happen in coming weeks.

- Chairman DeCarlo asked how much time students would be refunded for their housing. Dr. King stated that it would be a 45% reduction of revenue.

Board Chairman Niswonger moved that the Finance and Administration Committee recommend adoption of the following Resolution by the Board of Trustees: There will be no increase in tuition and mandatory fees for 2020-2021 contingent on the approval of the Governor's budget.

Trustee Grisham seconded the motion. After a roll call vote, the motion passed unanimously.

VIII. Discussion of Spring Estimated and July Proposed Budgets

Dr. King began the discussion of the spring estimated and July proposed budgets by pointing out that the numbers would be recalculated based upon the two motions approved by the Committee earlier in the meeting. She noted that the new calculations would be ready for them prior to the next meeting.

In her review of the budget, Dr. King noted that ETSU is receiving \$2.3 million in new state appropriations for the campus. Of that:

- \$512,000 is required to fund our portion of OPEB increases in retirement benefits
 - \$800,000 is required to offset projected enrollment declines
 - \$250,000 is required to cover costs associated with faculty promotion and tenure
 - The remaining funds are set aside for inflationary operating increases and strategic initiatives
- **Main Campus Budget**

Dr. King's presentation was a comparison of July to July budgets. She reviewed allocation of net new funding and noted that the Committee would see adjustments made later in the month as the numbers are recalculated following the Committee's approval of the previous motions.

Dr. King opened the floor to questions about the main campus budget. Board Chairman Niswonger asked about the proposed increase of faculty and professional

support positions. Dr. King noted that faculty additions were primarily in health sciences, with several as part of the new Center for Rural Health Research and growth in the College of Nursing's undergraduate programs. Other positions were added in the College of Clinical and Rehabilitative Health Sciences, Clemmer College, and College of Business and Technology. The decline in administrative positions and maintenance/technical support positions was due to moving several of those positions into professional support. Additionally, there were some positions added related to the Martin Center for the Arts, College of Nursing programs, and Center for Rural Health Research. Dr. King will add a footnote about these positions in the next version of the budget.

- **College of Medicine Budget**

Dr. King reviewed the College of Medicine Budget, which includes \$64 million of revenue from tuition and fees and state appropriations. An additional \$40 million of support comes to the college from the Medical Education Assistance Corporation (MEAC).

Board Chairman Niswonger asked about the pediatric strategic initiative funding from the Governor's Budget. President Noland explained that this funding is part of a three-legged stool: state funding, Ballad Health funding, and institutional funding. This funding would go to hiring two pediatric trauma surgeons, bringing Quillen to three total to provide coverage across the area. It partially covers salaries for up to six sub-specialists, which round out coverage from an instructional and service-delivery perspective.

- **Family Medicine Budget**

The Family Medicine July-to-July budget has an increase in revenue of approximately \$310,000 and \$295,800 in the expenditure budget.

Trustee Grisham asked if there was a way to increase the current percentage of the budget (2%) that is dedicated to research. Dr. King explained that the majority of the research activity takes place in the College of Medicine. Research in the College of Medicine is budgeted for \$3.7 million. The estimated spring budget is \$4.8 million.

- **College of Pharmacy**

The College of Pharmacy has a reduction in its budget year-over-year. Both expenditures and revenue budgets are decreasing by approximately \$223,000. There were no questions about this budget.

Closing out the budget discussion, Chairman DeCarlo asked Dr. King if she was able to forecast the impact of the federal relief bill on ETSU. Dr. King indicated that her Staff had been working to try to determine the impact and details of the law. President Noland told the Committee that he hopes that by the next meeting of the Board to be able to discuss details and give a better projection of what the financial impact on ETSU will be. President Noland thanked faculty, staff, students, the Board, and SGA, including President Aamir Shaikh, for their work during this time.

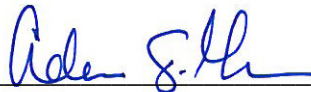
IX. Other Business

No other business was brought before the committee.

X. Adjournment

Trustee Wolfe made a motion to adjourn the meeting, and Trustee Grisham seconded the motion. It passed unanimously. The meeting was adjourned at 4:04 p.m.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Adam Green", is written over a horizontal line.

Adam Green
Secretary of the Board of Trustees

Approved by the Board of Trustees at its April 24, 2020 meeting.