

EAST TENNESSEE STATE UNIVERSITY
BOARD OF TRUSTEES
FINANCE AND ADMINISTRATION COMMITTEE

MINUTES

April 22, 2022
Johnson City, Tennessee

The East Tennessee State University Board of Trustees' Finance and Administration Committee met on Friday, April 22, 2022, at 9:20 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 9:20 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 Dorothy Grisham

Board Chair Dr. Linda Latimer

Committee Chair Steve DeCarlo

Absent: Trustees Ron Ramsey and Kara Gilliam

III. Approval of the Finance and Administration Committee Minutes from February 18, 2022, and March 30, 2022

The minutes from February 18, 2022 and March 30, 2022, were approved as submitted, with Trustee Charles Allen making the motion and Trustee Dorothy Grisham seconding the motion. The motion passed unanimously.

IV. Action Item: Approval of Extension of Fixed Price for Online Masters in Criminal Justice and Criminology

Interim Dean for the College of Arts and Sciences, Dr. Joe Bidwell, presented information regarding ETSU's online Master of Arts in Criminal Justice and Criminology. The Board of Trustees approved a fixed-price model for the fully online Master of Arts in Criminal Justice and Criminology Program in 2018.

Dr. Bidwell requested approval from the Committee to extend the fixed price model of \$550 per credit hour for new students entering the program in AY22-23, AY23-24, and AY24-25, stating that the additional three years will allow the program to grow and maintain its established success.

The request for an extension of a fixed price model for the Online Master of Arts Degree in Criminal Justice and Criminology AY22-23, AY23-24, and AY24-25 was approved as submitted, with Trustee Charles Allen making the motion and Trustee Dorothy Grisham seconding the motion. The motion passed unanimously.

V. Action Item: Approval of Tuition Rate for High School Dual Enrollment Students

Dr. Heather Levesque, Director of Undergraduate Admissions, and Ms. Elizabeth Graham, Assistant Director for Dual Enrollment, requested Board approval of ETSU's revised dual enrollment tuition. This increase will allow students to increase their number of free classes from two to four. The current tuition rate is \$166 per credit hour. Undergraduate Admissions proposed that the university increase the fee to \$181 per credit hour to match the state-afforded grant funds for the first four classes. This increase aligns with actions taken by the Tennessee Legislative Session in December 2021. Lawmakers passed SB 482 and HB 752, which increased the grant award for students participating in dual enrollment.

The proposal to increase the tuition rate to \$181 per credit hour for high school dual enrollment students was approved as submitted, with Trustee Dorothy Grisham making the motion and Trustee Charles Allen seconding the motion. The motion passed unanimously.

VI. Action Item: Approval of Spring Estimated and July Proposed Budgets

Dr. B.J. King, Chief Financial Officer, presented for approval the spring 2021-2022 estimated budgets and the July 2022-2023 proposed budgets for one formula-funded unit (Main Campus), two non-formula units (Quillen College of Medicine and Family Medicine), and one self-funded unit (Gatton College of Pharmacy).

The budgets for the main campus were included on page 17 of the agenda materials. Items of note and aspects considered when preparing the spring estimated and July proposed budget include:

Main Campus: The Main Campus budget is balanced and within available resources. It includes a projected enrollment decline of 350 students. Revenues are projected to increase by \$4.6 million, with increases in state appropriations offset by enrollment decline and flat tuition. Scholarships are reduced with the reset of out-of-state tuition and the elimination of guaranteed out-of-state scholarships. Debt service is decreased with bond refunding. Total expenditures and transfers of \$276 million are included in the July budget.

Quillen College of Medicine: State appropriations are increasing by \$6 million to support salary and operations. The budget includes a fee increase and a fee reset, which was approved at the February 2022 Board of Trustees meeting. Expenditures are increasing across all functions due to the proposed salary pool and operational expenses. The college position count has risen due to the addition of two to three faculty positions, three rural health positions, and two professional support positions. The budget is balanced and within available resources.

Family Medicine: State appropriations for salaries and operations are increasing with a corresponding increase in expenditures across all programs. Three faculty positions in Family Medicine have been eliminated, with the College of Medicine absorbing them. A new nurse position has been requested at the Johnson City Family Medicine Clinic. The budget is balanced and within the limits of available funds.

Gatton College of Pharmacy: The revenue budget is down due to a decrease in enrollment. Most expenditure categories are experiencing a corresponding decrease. Previously empty faculty positions have been eliminated, corresponding to the decline in enrollment. Those positions were unfilled; there has been no faculty turnover.

The 2021-2022 spring estimated and July 2022-2023 proposed budgets were unanimously approved as submitted, with Trustee Dorothy Grisham making the motion and Trustee Charles Allen seconding the motion.

VII. Quarterly Financial Report

Dr. King presented the Quarterly Financial Reports as an informational item summarizing financial activities through February of fiscal year 2021-2022. Unrestricted E&G fund revenues are primarily driven by state appropriations. College

of Pharmacy tuition revenues are down due to a decrease in enrollment. Grants and contracts are up due to gifts from BlueCross BlueShield of Tennessee for the BlueSky Tennessee Institute program and an equipment gift in kind. College of Medicine funding for the medical resident participation agreements has increased. Other revenue sources and auxiliaries are up due to students being back on campus, athletic operations, and general activities across campus.

The report of Unrestricted E&G Expenditures shows salaries and benefits expenditures are down across all units, influenced by retirement incentives during the prior year. The College of Pharmacy's expenditures have been reduced to match its lower revenues. Scholarships declined due to the out-of-state tuition and scholarship reset, and operational expenses have risen due to increased campus activities. Restricted Fund expenditures are up with the HEERF expenditures and transfers to Unrestricted and Auxiliary Funds. Scholarship expenditures increased due to HEERF student emergency grants.

As an information item for the Committee, Dr. King provided a summary of the HEERF funding. To date, the university has received and distributed the sum of \$26,940,829. All student emergency grant funds awarded to the university have been distributed to students. The university has received a total of \$33,330,936 in institutional awards and has drawn down \$28 million. A drawdown is available in the amount of \$5 million in institutional funds. There is also \$1.7 million available to draw down from Strengthening Institutional Performance (SIP) Funds. The deadline to deplete the remaining balance of \$6.8 million is June 30, 2023.

VIII. Quarterly Report of Agreements \$250,000 or Greater

Ryan Roberts, Procurement and Contracts Manager, presented the Quarterly Reports of Agreements \$250,000 or Greater for January 2022 through March 2022. A detailed report included the following contracts and purchase orders:

- Tri-Cities Regional Emergency Physicians, PC July 1, 2021 to June 30, 2025
\$536,000/4 years
- Elsevier January 1, 2022 to December 31, 2024 - \$1,733,734/3 years
- Huron Consulting Services February 23, 2022 to February 23, 2023
\$423,000

RFI/RFPs – in-process and upcoming include:

- ERP Deployment Partner – ITS ERP

- Trademark Licensing – University Counsel/Marketing

IX. Action Item: Capital Budget Submittals and Disclosures

Mr. Jeremy Ross, Chief Operating Officer, provided an update on the Housing Capital Project and the Tennessee State School Bond Authority (TSSBA) application. Staff provided an overview of the scope of the project, total bonding amounts, and the expectation for rate increases. Along with occupancy rates, updates to the Board included information on the current proforma basis, which includes no current year rate increases to service the debt. A rate increase of three percent per year throughout the project is included for 2024, 2025, and 2026. The presentation indicated that adjustments may be made in the future depending on market conditions, and the Board's flexibility will allow staff to respond to changing market conditions.

The Capital Budget Submittals and Disclosures were approved as submitted, with Trustee Charles Allen making the motion and Trustee Dorothy Grisham seconding the motion. The motion passed unanimously.

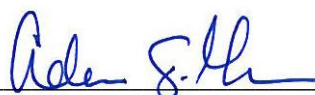
X. Other Business

There were no other business items to discuss.

XI. Adjournment

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

Respectfully submitted,



Adam Green
Secretary of the Board of Trustees

Approved by the Board of Trustees at its September 16, 2022 meeting.