

EAST TENNESSEE STATE UNIVERSITY
BOARD OF TRUSTEES
JUNE 2019 SPECIAL CALLED MEETING

MINUTES

June 17, 2019
Johnson City, Tennessee

The East Tennessee State University Board of Trustees met at 2:30 p.m. on Monday, June 17, 2019 in the President's Conference Room in Burgin E. Dossett Hall on main campus in Johnson City, Tennessee. Participation by electronic or other means of communication was necessary due to the prompt scheduling of the meeting. The meeting was also livestreamed for those who could not be in attendance.

I. Call to Order

Chair Niswonger called the meeting to order at 2:32 p.m.

II. Roll Call

Secretary David Linville read the special instructions for telephonic meetings and called the roll.

Trustees in attendance were:

Fred Alsop
Steven DeCarlo (via web conference)
Linda Latimer (via web conference)
Scott Niswonger, chair (via web conference)
Jim Powell
Ron Ramsey (via web conference)

Secretary Linville informed Chair Niswonger he did not detect a physical quorum present but noted that a quorum did exist by the inclusion of those members participating by electronic means. In accordance with Tennessee Code 8-44-108 section (b) (2), Linville offered to the committee the following circumstances that necessitated holding the meeting:

- It is necessary for the Board of Trustees to meet in order to approve the proposed tuition and fees and university budgets for the coming year.
- The prompt necessity of this committee's meeting did not provide adequate time for this committee's membership to make necessary arrangements to be physically present for a quorum.

- For these reasons, Secretary Linville contended that participation by a quorum of the committee for members by electronic or other means of communication is necessary.

Linville requested a motion and roll call vote for a determination on the necessity of holding the meeting. Trustee Powell made a motion to hold the meeting. It was seconded by Trustee Alsop and received unanimous approval by a roll call vote.

III. Tuition and Mandatory Fees for 2019-20

President Brian Noland explained that the meeting was being held out of sequence due to the inauguration of the Governor, Bill Lee, and the delayed release of the state budget. Consequently, tuition and fees and budgets were not brought before the Board in April. He said the action items should return to the April meeting agenda next year.

ETSU was second in state outcome funding and the proposed 2.3% tuition and mandatory fee increase is one of the lowest in history and below the 2.5% cap set by the Tennessee Higher Education Commission (THEC), Noland stated. The bulk of the resources generated by the increase will be invested in people and help cover a 2% salary increase; faculty and staff have had salary increases 7 of the last 8 years, Noland said. The proposed budget is balanced, he continued, and investments will be placed into reserves as well as facilities. Due to the establishment of a decentralized budget, deans have the opportunity to make additional investments in faculty and staff within each college. Noland anticipates those investments will move forward to part time faculty.

Previously, the Board of Trustees established criteria it must consider when reviewing an increase in tuition and mandatory fees, Dr. BJ King stated. Results of the public comment period on the proposed tuition and mandatory fee increase was distributed to trustees prior to the meeting. In terms of the budget for 2019-20, King said Governor Lee's budget provided \$3.4 million in state support, leaving a \$2.6 million gap to keep pace with inflation, which would require a 2.6% tuition and fee increase. The university is taking a methodical approach to reviewing the costs associating with attending ETSU and is proposing a 2.3% increase, King explained. In terms of tuition and fees, ETSU is below average and in range with Tennessee schools, in particular, the Locally Governed Institutions (LGIs), she added. The university has invested in systems to assist in analyzing and finding efficiencies within colleges and units. Additional factors trustees must consider is projected enrollment, market and cost factors, new program and facilities costs as well as operational costs.

King outlined the proposed mandatory fees on page 6 of the meeting materials including requested increases in the SGA fee, student activity fee, technology access (year 3 of 5) and parking fee (increase also applies to faculty and staff).

The recommended increase will not apply to the additional out-of-state tuition and fees in order to remain competitive, King stated. Additionally, the increase will generate \$2 million in revenue allowing for investments in graduate assistant salaries (year 3 of 5 increase) faculty and tenure pool and a salary pool for faculty and staff.

As the result of action taken by the Finance and Administration Committee, the agenda item did not require a motion for approval. The 2019-20 tuition and mandatory fees were unanimous approved by roll call vote.

IV. Estimated 2018-19/Proposed 2019-20 Operating Budgets

In terms of the proposed 2019-20 budget, the main campus, Quillen College of Medicine and Family Medicine received a total appropriation from the governor's budget of almost \$4.7 million, compared to \$5.6 million last year, King noted. Over \$11 million of capital maintenance was requested by THEC for ETSU and \$5.6 was funded in the amended budget, which is equitable to other state institutions, she said. The proposed capital outlay project to construct a new Humanities building was not funded, but King said it could move higher on the list next year and be included in the Governor's 2020-21 budget. Also, the Quillen College of Medicine and Family Medicine each received an appropriation for a 2% salary increase, but none of the LGI's received specific salary pools in their appropriations, as it was included in operating funds. In April, the board approved a 2% pay increase for faculty and staff, so the proposed budget includes the salary increase for main campus and equates to \$1 million or a 1% tuition increase.

Dr. King notes that he proposed main campus budget is based on the projection that fall enrollment will be down 100 students. Furthermore, the budget is balanced, operations within available resources, and the proposed tuition increase is trending among the lowest in 20 years.

The university has three budget cycles, Dr. King explained, and each spring an estimated budget is prepared to close out the fiscal year and a proposed budget is prepared for the next fiscal year. These budgets are being presented for approval and the third budget with October revisions will be presented for approval later this year.

For the main campus, the primary investment in instruction and revenue from auxiliaries is up \$1 million due to increases in housing and food service, King said. Revenues total \$272 million.

The Quillen College of Medicine receives around \$44 million in support from the Medical Education Assistance Corp (MEAC) not included in the college's \$64 million budget. Revenue has increased \$3 million and the primary investment is instruction. Family Medicine received almost \$8 million in state appropriations and clinic revenue is \$5 million. Total revenue is \$17 million and the largest expenditure is instruction. Gatton College of Pharmacy receives no state appropriation and the total revenue is \$11.5 million from tuition and fees.

Dr. King told trustees that the proposed budgets are the result of a thorough process as numerous budget hearings were held last fall. She said the proposed budgets allow for wise investments and while keeping tuition increase low.

President Noland said ETSU conducted the open comment period on tuition and fees differently than other institutions and allowed commenters to submit responses to existing comments. He explained to the trustees who were attending the meeting by phone that students were attending the meeting and asked if anyone had questions. Austin Cable, a senior and SGA senator, addressed the board. He spoke about the existing balance of the state's "rainy day fund" and asked why state funding decreased from last year. He also asked trustees if they were going to request more funding from the state next year.

Dr. Noland expressed appreciation for the student input and efforts to be informed. He said the university's voice was heard by state legislators and THEC, as ETSU was second in investments from the state. The situation in Tennessee, he noted, is much better than other states, but higher education funding is a national issue. Dr. Noland said much of the revenue generated by the increase will be invested into people providing instruction and services for students.

As the result of action taken by the Finance and Administration Committee, the agenda item did not require a motion for approval. The estimated 2018-19 and 2019-20 proposed budgets were unanimously approved by roll call vote.

V. 2020-21 Capital Outlay Project Approval

Dr. Noland presented the capital outlay projects on behalf of Mr. Jeremy Ross. Annually, the university recommends capital outlay and capital maintenance projects for submission to THEC and eventually the Tennessee General Assembly. On page

17 of the meeting materials is a list of the proposed projects for both categories. The \$71.8 million Humanities building will be re-submitted as a proposed capital outlay project because it was not funded this year, Dr. Noland said. As anticipated projects are inspected this summer, technical changes to the proposed list may be necessary. If so, those changes will be brought before the Board in September, Noland said.

As the result of action taken by the Finance and Administration Committee, the agenda item did not require a motion for approval. The 2020-21 capital outlay and projects were unanimously approved by roll call vote.

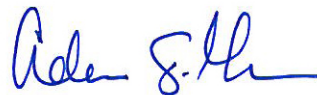
VI. Other business

Chair Niswonger asked Dr. Noland to give an update. Noland said both the Culp Center renovations and Martin Center for the Arts construction were on time and budget. The third floor of the Culp is set to open in August and the entire building will reopen January 2020. The Martin Center will open spring 2020. Enrollment for fall is expected to be flat, but aggressive steps are being taken to assure students are returning to ETSU this fall, Noland explained. Dr. Wilsie Bishop is overseeing reorganization and restructuring and those efforts, as well as progress on research and innovation, will be presented to the board at the September meeting, he said.

VII. Adjournment

Trustee Alsop made a motion to adjourn the meeting at 3:25 p.m.

Respectfully submitted,



Adam Green
Secretary of the Board of Trustees

Approved by the Board of Trustees at its September 20, 2019 meeting.