

COMMUNICATION TO DEANS

Deans:

I appreciated our meeting on September 12th and discussion of budgetary planning for 2014-15 and related matters. Several of you have followed up and discussed some of those issues with me, have responded in writing to the draft document I distributed at the meeting, or have shared candid suggestions as to how we might move forward most productively. Thank you for sharing your thoughts. The purpose of this communication is to move beyond the previous draft we discussed and to share with you, as follows, **the assumptions on which we will operate and some processes we will follow over the next year:**

I. General assumptions/understanding pertaining to 2013-14 budgetary planning for 2014-15

- a. The draft provided earlier projected that Fall 2013 14th day enrollment would be no smaller than 15,000. We did not reach our budget planning assumption and, as we resolve a few outstanding questions and consider further revenue opportunities this fiscal year, I will provide further directions for addressing current year challenges.
- b. Overall university budget for 2014-15 and our fiscal condition will remain flat unless we aggressively pursue a reasonable growth agenda.
- c. State operating funds for the 2014-15 academic year will remain at current levels and any potential increases will only offset inflation and/or potential state prescribed salary enhancements.
- d. There will likely be no increase in general tuition authorization for 2014-15 beyond normal inflation and any state salary determination
- e. We anticipate a budget deficit of slightly more than \$4.5 million for 2013-14 that is being addressed by our temporary measures that comprise our current pro forma (i.e., by the freeze and 1.5 percent reduction, by an anticipated \$2.5 million end-of-year fallout—all to address the impact of the decrease in enrollment). Given our fluid enrollment status, the overall deficit for the current academic year may increase. Additional details will be provided in the coming weeks regarding potential action plans to address ongoing budget concerns.
- f. Given assumption “a” through “d” (above) and in light of the temporary measures referenced in “e” (above), we would in 2014-15 have the same projected budgetary shortfall that we have in the current year unless we choose to continue the current temporary measures or to adopt alternatives that generate the same revenue.
- g. **To avoid the reality of that continuing budgetary shortfall, we will pursue a growth agenda that will be successful if its pursuit becomes a priority in which we are all invested and to which we are all committed. In that light, we have established a Fall 2014 enrollment goal of 15,500 students**—and we anticipate that aggressive strategies will be instituted by all colleges and administrative and support units aimed at achieving that goal, including
 - o Clear strategies for enhancing retention,
 - o Clear strategies for enhancing enrollment from ETSU’s traditional largest service areas (communities, high schools, community colleges, etc.)

- Clear strategies for enhancing ETSU’s geographical footprint in Tennessee beyond its historical service areas,
- Clear strategies for recruitment of out-of-state students,
- Clear strategies for recruitment of international students,
- Clear strategies for recruiting dual enrollment students,
- Clear strategies for recruiting adult, transfer, and non-traditional students
- Clear strategies for enhancing online student enrollment (i.e., continued pursuit of the Eduventures consultancy), and
- Other initiatives that emerge from the creativity and energy of our faculty, staff, and students.

- h.** Successful pursuit of our Fall 2014 enrollment goal of 15,500 student will permit us to budget at current levels without continuing deficits that we must address annually through challenging temporary measures. Having said that, it will not alone be sufficient to support aggressive pursuit of ETSU’s vision and plans that are and will emerge from all of your efforts. **Support for that agenda will require (1) setting priorities and assessing our institutional effectiveness in their pursuit, (2) planning carefully through an improved budget model that requires accountability from all of us, (3) engaging in careful program review that involves academic and administrative and support functions as well as historical practices and processes on which we may have opportunities to improve, and (4) continuing commitment to a responsible five-year responsible growth agenda that envisions a Fall 2018 enrollment goal of 18,000 headcount students. If ETSU pursues that four-pronged agenda and the flexibility it will afford us, I believe we can together grow responsibly, realize significant features of Vision 125, and invest in plans that accomplish ambitious goals all within the context of responsible fiscal management.**

Questions that have Emerged from Deans and Other ETSU Constituencies	General “rules for the game” during 2013-14 in planning 2014-15 budget
1. Are we going to have a budget hearing—and, if so, how and when and by whom will they be conducted?	Each division will conduct as early in the year as possible individual formal Budget Conversations (1) attended by all college and major administrative or support units and (2) conducted according to a calendar and process that will be announced by the appropriate vice president. Participants will include the respective vice president, the dean or administrative head of each administrative or support unit, and others as specified by the respective vice president. The President <i>may</i> elect to attend some of those Budget Conversations.
2. Are we going to authorize initiation early in the year, “pending availability of funds,” of a limited number of faculty searches? If so, how can it be done responsibly in light of budgetary uncertainties?	Yes, but... <ul style="list-style-type: none"> • Authorized searches (1) for new lines and (2) for filling existing lines that become vacant early in the year will <u>generally</u> be limited to <ul style="list-style-type: none"> ○ Those clearly associated with the <i>growth agenda</i> (meaning bona fide retention or new student growth) ○ Those in which a quality pool of candidates would be diminished by deferring action or with bona fide SACS or specialized accreditation standards • Searches authorized will specify that approval presumes <i>pending availability of funds</i> and that the determination of whether those funds are available must be determined prior to scheduling interviews • ETSU will apply a due diligence standard to determining likely <i>availability of funds</i>. It will charge the Director of Institutional Research to consult with Enrollment Management, Graduate

	<p>Admissions, Continuing Studies and Academic Outreach, and other constituents to define and propose for endorsement by the President and his Executive Staff a <u>predictive model for tracking likely 2014-15 enrollment and revenue</u>. That model will include, among other metrics that may be identified, the following:</p> <ul style="list-style-type: none"> ○ Bona fide point-in-time retention metrics ○ Bona fide point-in-time undergraduate and graduate applications ○ Bona fide point-in-time scholarship awards to defined populations ○ Other metrics that the Office of Enrollment Management, Graduate Admissions, Dean of Continuing Studies and Academic Outreach, and the Director of Institutional Research (who has overall responsibility for components of the model) will propose and to which the President and Executive Staff will concur.
<p>3. Are we going to bring closure on discussion of entrepreneurial agendas, or are we assuming that the Staisloff “every bucket” theory will make that question moot for 2014-15?</p>	<p>It is our intention to move beyond the lingering question of whether the entrepreneurial model as such is destined to be eliminated at ETSU. Acting on that intention presumes that...</p> <ul style="list-style-type: none"> ● The status of ETSU’s response to the Staisloff consultancy as it pertains to decentralization is as indicated in #5 (below). ● A team (including Rick Osborn, Raven Moody, and others) has reviewed the model and has determined that corrective action has been taken to assure that the entrepreneurial model is being pursued according to its original intention. That team will continue to review any allegations that may emerge as asserting that the model is somehow straying from the original purpose for which it was implemented. ● Short-term planning concerning the “fate” of the entrepreneurial model should presume the previous two understandings and should also reflect the following assumptions: <ul style="list-style-type: none"> ○ Current-year operating assumptions regarding return to the general fund (50 percent except Winter 40 percent) will continue. ○ The current funding commitment for the two-year model (cost center) at Kingsport and Sevierville will be honored for the second year
<p>4. Are we going to encourage faculty or staff to create and provide a model for stand-alone initiatives that are supported by revenue derived from their initiation? If so, can we announce a simple model early rather than have people try to create one for each instance?</p>	<p>Yes, with the understanding that...</p> <ul style="list-style-type: none"> ● Such stand-alone initiatives would support the growth agenda and associated revenue accruing from it. ● The initiative is clear, focused, and has a pro forma expenditure budget and enrollment enhancement (revenue) target that the dean (and chair) who proposes support for the initiative will accept responsibility for achieving. ● The vice president supporting the stand-alone initiative will present and seek concurrence from the President and Executive Staff that the stand-alone initiative is supportive of the growth agenda, can withstand scrutiny as to its likelihood of achieving projected outcomes, and warrants support. ● The dean or other administrator proposing support for the initiative will accept responsibility for

	<p>making the University whole if the initiative does not generate sufficient revenue to cover any costs incurred through authorized direct expenditures.</p> <ul style="list-style-type: none"> • Though the enrollment enhancement (revenue) target may presume action taken for a defined group of prospective students, the initiative will not <i>a priori</i> be considered a cohort subject to the “entrepreneurial model cohort rules” either (1) for return to the general fund or (2) for return to the proposing department or college/unit. In other words, those matters are negotiable as long as significant growth and associated revenue cover costs and contribute to the University’s revenue needs.
<p>5. We have had a limited number of pilots as part of the Staisloff agenda—but they have not reported out. Is there a pro forma calendar (not yet formally announced) for which those results will be analyzed and we will be moving ahead?</p>	<ul style="list-style-type: none"> • There is not currently a pro forma calendar for a new budget protocol, a new governance and strategic planning model, or any other features associated with the Staisloff consulting report. Some of the features have been presented at the Valleybrook Retreat; questions have been asked, but matters are not yet resolved. • The University is committed during the current year to “fleshing out” a plan responsive to #1. There is a presumption that the plan will involve a decentralized model and will increase both authority and responsibility to be assumed by colleges and administrative and/or support units. • A few departments/colleges conducted pilots associated with the decentralized model. Those pilots will be evaluated, and there is an expectation that all colleges will conduct the pilot this year. • A calendar for a new institutional planning budgeting and governance structures will emerge from the process described above. • A model for program reviews that pertain to both academic and administrative or support units will likewise be developed during 2013-14.
<p>6. There are a number of issues and questions across campus that involve PIE, our SACS Reaffirmation effort, and responsibilities academic and administrative offices will have this year for collection of current year institutional effectiveness documentation and for moving forward. What answers can the University provide for these issues and questions?</p>	<ul style="list-style-type: none"> • Last year ETSU’s SACS reaffirmation experience revealed opportunities to improve the processes by which the university’s units define their missions, assess the pursuit of those missions, and—vitaly—use the results of that assessment to improve. This fall ETSU will put its planning and institutional effectiveness documentation process (PIE) on hold and use this time to study and refine the process. • Upon completing the review and the potential development of new reporting procedures and protocols, we will resume reporting institutional effectiveness data, including the use of data for improvement.