

2013-2014 Faculty Senate

MINUTES— February 24, 2014

Faculty Senate—East Tennessee State University

UPCOMING MEETING:	FOLLOWING MEETING:
March 3, 2014, 2:45 pm Forum, Culp Center	March 17, 2:45 p.m. Forum, Culp Center

Present: Dave Arnall, Katie Baker, Robert Beeler, Jim Bitter, Sally Blowers, Patrick Brown, Kathy Campbell, Bruce Dalton, Susan Epps, Virginia Foley, Allan Forsman, Rosalind Gann, Evelyn Hammonds, Tammy Hayes, Jill Hayter, Bill Hemphill, Ken Kellogg, Dhirendra Kumar, Tom Laughlin, Kurt Loess, Fred Mackara, Theresa McGarry, Lorianne Mitchell, Jerome Mwinyelle, Kerry Proctor-Williams, Thomas Schacht, Melissa Shafer, Taylor Stevenson, April Stidham, Bill Stone, Kim Summey, Jim Thigpen, Paul Trogen, Meng-Yang Zhu, Yue Zou.

Excused: Randy Byington, Mohamed Elgazzar, Ron Hamdy, Deborah Ricker, Kathryn Sharp, Jerry Taylor,

Absent: Beth Baily, Doug Burgess, Sharon Campbell, Daryl Carter, Charles Collins, Tom Ecay, Keith Green, Nick Hagemeier, Jennifer Vanover-Hall, Teresa Wexler, Shimin Zheng,

Guests: Tom Hill, Staff Senate; Brian Noland, University President

CALL TO ORDER: Vice-President Foley called the meeting to order at 2:50PM.

Vice-President Foley began by announcing that President Byington would not be in attendance. She said that she would be conducting the meeting and that President Noland is the focus of the program today. She asked if people had a chance to read the minutes of February 10th. Senator Bitter moved to approve the minutes. Senator Epps seconded. The motion carried without dissent.

Vice-President Foley announced that Governor Haslam's Chief of Staff, Mark Cate, will be making a presentation to the House Education Committee on the Tennessee Promise tomorrow at 1:00PM eastern time. She suggested if we have the opportunity to log onto the legislative website that might be one of the meetings they are broadcasting. The Letters of Intent for the collaborative programs in Nursing and Engineering with Tennessee Tech were passed at Academic Council last Thursday. That will be forwarded on to the Tennessee Board of Regents for action this summer. There is a statewide moratorium on new programs and degrees beginning July 1st. ETSU is moving to send nine Letters of Intent forward before the moratorium begins. These are two of the nine. After the Letters of Intent are accepted, it will be another 3

years to develop the programs. Vice-President Foley asked if any of the committees or task forces were ready to report.

Senator Epps stated that the Workload Working Group reported at the last meeting and they have added a few things to their list but haven't moved forward from there.

Senator Loess announced that there will be an Ethics draft for discussion in our email.

Senator Epps announced that she and Senator Sharp are the representatives from faculty senate for ETSU's Welcome Week Committee. One of the items under discussion is the possibility of having tables available for departments. She said that the committee is interested to know if faculty has a preference for either Monday or Thursday. She said that if we poll the group we might end up with half and half. There was general agreement that either day was acceptable.

Senator Shafer reported that the Convocation Sub-Committee has a survey that is in Dr. Bach's office for approval before it gets dispersed to the faculty at large. The committee will meet after that survey is completed to discuss the results.

Vice-President Foley introduced President Noland. President Noland began by relating that the last time he appeared before faculty senate, within 30 minutes of his departure he found himself in a very different position so as he leaves today he will be more careful than ever. He thanked faculty senate and everyone in the room for the thoughts, prayers, and well wishes that were extended to him and his family.

He said that he would like to provide updates on pieces of legislation that are moving through the Tennessee General Assembly, the Tennessee Promise, the Lottery Scholarship, the 2013-14 budget as well as the Governor's proposed budget and then close with an overview of some of the things that are happening across the campus.

The first bill is one that is generating a great deal of attention and aligns with some of the Governor's Drive to 55 efforts. It's a one-time \$5000 scholarship to adults to return to post-secondary education. The target for ETSU would be adults with 90 hours but no degree. The next is one of two companion bills somewhat similar to the Federal Dream Act. It would provide opportunities for children of undocumented aliens who were born in Tennessee to attend college at in-state tuition and fees. This is a piece of legislation that would have positive impacts on ETSU and the state as a whole. The next one would not have such a positive impact. In fact, our SGA has passed a resolution in opposition to this as has almost every SGA in the state. This legislation would prohibit the use of any institutional revenues or fees to pay for speakers, events, or series.

Senator Epps asked how you would get guest speakers if you can't use any kind of institutional revenues. President Noland replied that it would have to be from privately generated resources that we are able to raise. He continued that another piece of legislation makes some adjustments to the HOPE Scholarship moving from the 120 semester hour cap to 132. There is legislation that has been proposed that would bring back to the table some of the challenges that we saw last year with Social Work, Counselling Services, and other areas of the institution. This is the bill that would have provided an opportunity for a student to not provide services to someone if they did not agree with their religious beliefs or preferences. This morning a new iteration of that legislation has been introduced. Another piece of legislation that we spent a lot

of time on last session would prevent us from providing any programs on campus that afford preferential treatment. That would, for example, negate our ability to offer programs for women in STEM appeals. He offered that he did not think that bill will move.

President Noland said that the Governor's budget for Higher Education is not the budget we had hoped for, but it is a much more positive budget than what is being afforded to other elements of state government. There is a total of 7.3 million dollars in new revenues for the Board of Regents institutions. The Governor's budget calls for a 1% cost of living increase; however there is no funding to support that 1% cost of living increase. There has been a lot of conversation across the state about the Governor's Capital Budget. Not a single capital project at any university in the state was funded. UTK has two projects for which they've raised all their matching funds, those were not funded. Our Arts Initiative has raised about 6 out of about 9.5 million dollars of matching funds and it was not funded. The good news is that the Governor did fund two projects in community colleges. So those come off the list, thereby our project moves closer to the top of the list. The Governor did fund some differed maintenance. One project for ETSU entails a host of elevators across campus.

President Noland stated that no one really wants to come out and say it, but the in the formula there is a shift of resources from the Board of Regents system to the University of Tennessee system. You see a share of new funding. That is the funding that was placed into the formula for the outcomes on the back end. The overall for ETSU is a loss of state funds of \$519,200. So while there were not base budget reductions, when you run the formula to redistribute the base, that outcome is our overall base budget will be reduced. While there was a total net increase for post-secondary institutions, it was not consistent across the TBR and UT system.

President Noland said that there are some line items in the Governor's budget to support Drive to 55. There is 10 million to replace and upgrade equipment to meet regional training programs. The majority of those will be directed toward the Technology Centers. He asked if there were any questions before he begins with the Tennessee Promise.

Senator Bitter inquired what does a 1% unfunded cost of living amount to? President Noland said it was about \$850,000, which is slightly more than a 1% fee increase. Senator Bitter asked with that plus the redistribution - we are about a million and a third in the hole? President Noland said yes, from a starting point. He thinks at a minimum we will see a 4-5% fee increase just to cover the operation losses, inflationary cost, the unfunded salary, and anything else.

Senator Gann asked if at the current moment in Tennessee children of undocumented immigrants who are born in the state can't get in state tuition. President Noland said they could not. Senator Gann asked if they can get federal grants and loans. President Noland said that they are not eligible for federal grants and loans because they are not documented in the United States.

President Noland then moved on to the Tennessee Promise. At its core, Tennessee Promise is aimed at opening access opportunities for students across the state. About 60% of high school seniors go on to some post-secondary education. What the Governor's proposal is interested in are those other 40%. Much of this is predicated on the works of Knox Achieves, which is a last dollar scholarship program that has been in place in the Knox County area for a number of years. The \$35 million needed to fund the Tennessee Promise would come from excess lottery reserves. The Hope Scholarship would be lowered from \$4000 to 3000 for the students first 2 years with an opportunity for a \$5000 scholarship in their junior and senior year. By lowering the

scholarship amounts they are able to then provide “free tuition” for those who attend a community college. The importance of this in the Governor’s perspective is in order to reach his Drive to 55 goal of 494,000 additional college degrees by 2025; you have to find a way to bring more people into the pipeline. So this concept of free tuition and fees at the community college is a way through which you can bring in additional students.

A lot of the administration of the Tennessee Promise is based on Knox Achieves. It does entail some steps that presently are not included in the college search application and selection process. Each region across the state would have to have a local LEA whose focus was on college access. That group would be responsible for the background screenings of mentors, because each high school student would be required to have a mentor. Each high school student would go to a counseling session. Each student would complete the FAFSA. There are a significant number of pre-activities that a student would engage in to be eligible for the Promise. There are no academic criteria associated with this proposal. A student who graduates from high school, who attends mentoring and completes the FAFSA, who moves through each of the required elements of the promise would be eligible regardless of high school GPA or ACT scores. What does it cover? It covers technical certificates, diplomas and 2 year degrees at public community colleges and TCATS. One of the questions that has been posed about this proposal relates to long term sustainability. The Pro forma for this shows the program being solvent 5 years out. One of the questions that individuals have posed is what happens 5 years out if interest earnings aren’t able to keep pace with tuition and fee increases at the community college. These are all questions that are still being worked through. President Noland asked if there were any questions related to Promise or the mechanics of Promise.

Senator Bitter asked what the purpose was of requiring a FAFSA for free college. President Noland replied that this is structured as a last dollar scholarship. Pell right now pays about \$5400. So if you’re a student who is going to attend Northeast State and you receive that full Pell, then the Promise would provide the last dollar. The way they structured this is to maximize federal aid. For those students who are not eligible for federally based aid, then this would be the base of the scholarship.

Senator Bitter stated that there are quite a few community colleges across the state where the part-time faculty is either at or above 50%. He asked is there is any concern about the quality of education people are going to be getting at the community college. President Noland said that those are questions that are being raised at length by independent colleges and universities across the state. There are also questions related to capacity. Is there capacity in each of the 3 grand divisions to accommodate students? There is capacity in Memphis, but whether or not there is capacity in Middle Tennessee or even at East Tennessee is another question.

Senator Blowers asked if there are any figures on the counties that were already doing this across the state and how that impacted the high school graduates? President Noland said that he spoke with the director of Knox Achieves. The challenge to compare what has happened in Knoxville to what could happen state-wide is that the Knoxville program did not call for a reallocation of financial aid across other institutions. The Knoxville experience did not evidence a reduction in the purchasing power of the HOPE Scholarship at UT. It did not entail some of the other changes that would impact other institutions such as ETSU. He agreed that we need to spend some time examining what has happened in Knoxville but he doesn’t know if it is an apples to apples comparison.

Senator Blowers asked did more students take advantage. President Noland said yes, particularly at colleges of applied technology.

Senator Schacht asked if this is likely to pass as proposed or is it likely to be amended. President Noland responded that he anticipates that there will be amendments and adjustments to the proposal as it moves through the remainder of the legislative session. What those adjustments will look like, he does not know. The bill is being read for the first time tomorrow. Senator Schacht asked if TBR has a position on this. President Noland said that TBR is supportive of the proposal because it opens college access. The Board is an access oriented system so from the Chancellor's perspective, this will hopefully bring more students to the table. Senator Schacht asked about UT. President Noland stated that UT has not taken a position to date.

Senator Laughlin asked if there is any idea of how that is going to affect these local systems that already offer community college tuition for their students? President Noland replied that this would just be in concert with those programs. Those counties who already have the mentors in place will be one step ahead.

Senator Mackara asked what the cost estimates for this program are. President Noland said that the cost estimates for the program are right at 34 million. That will escalate moving forward 2-3% per year.

Senator Forsman asked if there is any rationale for why it has to be community colleges. Why can't it just be the first two years of college? President Noland stated that from his conversations with the Governor's staff the thought is to bring students to the table who are presently not attending post-secondary institutions. They are looking to channel those students to community colleges and technology centers for workforce and skill based training. He said that no one has asked the question so he would just say it - "am I concerned about this? Yes. Am I paying pretty close attention to it? Yes. Do I think this is going to put first and second years of ETSU out of business? No." He said that we have to do a much more well-rounded job of providing to students and parents the positive benefits of their investment in a university experience. A college degree is more than the accumulation of credits. It is everything that happens in a research setting. It is everything that happens on campus. If this does move through, our jobs just become a little more difficult.

Senator Epps commented that if this is supposed to be focused on workforce development, a two year degree from a community college that isn't training based isn't developing the workforce. A bachelor's degree and an associate's degree are not the same thing. She asked why not gear this towards the programs that actually are workforce development and training? A two year Associate's Degree isn't preparing them for anything. If you're teaching them to be a plumber or electrician or an auto-mechanic, that makes sense. That is workforce development.

Senator Gann commented that we already felt there might be some difficulties with enrollment because of the declining birth rate. She asked how President Noland anticipates this is going to affect our ability to increase enrollment as we had hoped and then how it will impact us if we don't increase enrollment? President Noland responded that you are going to see not only ETSU, but institutions across the state looking to adjust their price point for out-of-state tuition and fees to take advantage of regional markets. If the board provides flexibility for ETSU, Memphis, Tech and all the other universities to reposition out-of-state tuition and fees, then that will allow us to be more aggressive in our recruitment in Ashville, Greenville SC, Spartanburg

and other areas that are a closer drive than the high schools in middle Tennessee. We are going to have to not only step up our recruitment of traditional 18 year old students, but this would challenge us to work more closely together with our community college sisters to bring students in from a transfer perspective. He said that he doesn't have all the answers because this has only been with us for about three weeks, but he knows it does raise fundamental questions with respect to how do we continue to maintain the base of freshman at ETSU. How do we continue to make the debt service payments on the residence halls? It opens up a significant number of questions.

President Noland said that in order for us to have an informed position on Promise, we need to have pretty solid background of the impacts that HOPE has had on ETSU. He said he would like to talk some about the impact of the HOPE scholarship and financial aid as a whole on higher education and on the institution. Merit aid in its popular sense began in Georgia in 1993 when the HOPE scholarship program was passed. That is a scholarship program for which students with a 3.0 high school GPA could qualify. In 1994 the cost of that program was 21.4 million; in 2014 it was 635 million. There are 15 states with Georgia HOPE-type programs. We're one of those states. Promise does not do away with HOPE, but it changes some of the fundamental aspects of Hope. Most merit aid programs have a GPA or ACT criteria. The goal was to increase college access, similar to the goal of Tennessee Promise. Another goal was to increase the number of high performing colleges. If you look at states such as Georgia - Georgia and Georgia Tech are very different institutions than they were prior to the advent of the program because many of the top tier students who have gone out-of-state are now staying at home and attending those institutions. As we look to examine Promise we need to look to the research and what it tells us about big financial aid programs. Financial aid programs are influential in the college choice decision of low income students. Low income students are more responsive to tuition charges and changes to tuition and aid than other students. High income students are relatively unresponsive to broad based aid programs. If a state has put financial aid programs in place, institutions such as ETSU shift their funding away from need-based aid and recruit in a much more selective manner. We've done that as well through honor scholarship programs, APS scholarship programs, etc. So we've shifted our internal aid toward trying to attract more of those best and brightest students, because for all intents and purposes the competition on them increased as a result of the lottery scholarships. Students respond to incentives. Parents respond to incentives. President Noland said that one of his favorite pieces of research is the Cornwell and Mustard article that examined automobile purchases in Georgia after the HOPE program began. If you drive around the parking lot at the University of Georgia, you see the 'Lexus Effect' which is students whose parents said "I'll buy you a car if you go to the University of Georgia." With respect to the impact on access, what impacted a big program like HOPE? Any student with a 3.0 high school GPA can go to college for free because Georgia's covers full tuition and fees. Research indicates that with the majority of students who received HOPE would have gone to college anyway. In terms of academic achievement, for merit aid programs you do see an increase in student academic achievement at the high school level as they are trying to hit the thresholds for eligibility. Tennessee's program went into place in 2004-5 and we had 40,000 students who took advantage of it at a cost of 93 million dollars. In '11-12 which is the most recent year that there is data on the THEC website, there were 100,000 students enrolled and 312 million dollars were expended. At its peak, HOPE covered 78% of the tuition and fees at ETSU, because we've not increased the purchasing power of the scholarship that has now been reduced to 54% of tuition and fees. 69% of students across the state, TBR, UT, and community colleges, meet the eligibility criteria. More students from the upper income quintiles are taking advantage of this than students from the low income quintiles. The scholarship retention rates are interesting. It shows the significant number of students who come to an institution with the HOPE scholarship lose that after their first year. 44% of the

students lose it after their freshmen year, 56% of students retain HOPE. Of those who retain the scholarship, 58% return for their sophomore year. There is significant attrition built into the pipeline. President Noland said that is one of the reasons he is told that the Governor's Promise proposal does not contain academic criteria. President Noland asked if there are any questions on the lottery scholarship data before going into the next section.

Senator Schacht asked if the citation of 44% of students losing the HOPE scholarship because their GPA drops below the level, do we know what those numbers look like before the HOPE scholarship was instituted? President Noland said no, we did not as a state capture academic data at a state level prior to the implementation of the lottery scholarship.

Senator Mackara asked if there was information about the ACT scores of the students before and after? President Noland replied that the ACT has remained relatively constant. With the implementation of HOPE, the overall state ACT score is still staying right around 19. We have witnessed an increase across the entire university system at TBR and UT, in terms of the ACTs of incoming freshmen. Much of that is because students who would attend college out-of-state are now attending college in state. The ACT threshold of Knoxville is now a 27 for their freshman class. Knoxville has been able to keep more of the high tier students which has then pushed other students across the system who prior to would have attended UT.

President Noland said that he would like to talk a little about where we are with respect to our current budget and some of the things that are ongoing in terms of revision. What are the factors that are impacting our current budget paradigm? The first is that historic patterns of enrollment increase created a false sense of security that enrollment based revenue offset state revenue reductions. Year after year, we as well as most of our sister institutions in the board system just expected that we would have more students next year than we did this year. We built budget forecasts that were very aggressive into our base budget predictions. That is now coming home in some respects. At ETSU we pursued a growth agenda that allocates a portion of entrepreneurial revenues for departments that incentivized unit revenue growth but reduced the overall level of revenue available to run the institution. Given our location, we utilized an aggressive discount policy which in some respects is a good thing as well as a bad thing. The final element is that with the implementation of the new funding formula, we've seen an overall reduction in state support of 2.4 million dollars because of the criteria that THEC utilizes to distribute revenue. So if there wasn't a formula, if there was just base plus, we would have 2.4 additional million dollars in our budget that we do not have because the formula has reallocated those funds across institutions. The way the formula is structured, a degree is a degree. So the revenue incentive that provided ETSU to produce a bachelor's degree is constant across programs. We know that the costs associated with producing a political scientist pale in comparison to an engineer or nurse or anyone in the hard science areas. So this challenge not only impacts us, it impacts Tennessee Tech. That is one of the shortcomings of the funding formula that exists now. These are some of the factors that impact our current budget at the university.

President Noland presented the details related to our enrollment projections. He said that in '11-12 we built our base budget projected on a 3% growth target and we came in below that. In '12-13 we projected our enrollment constant and we came in below those projections. In '13-14 we again projected flat enrollment and again came in below that target. The cumulative dollar impact of that is 5.1 million dollars. Another factor that impacts the current budget paradox is entrepreneurial distribution. This is a policy to incentivize departments and faculty to grow cohorts, grow online enrollment, and grow cost centers. You're seeing that in areas now.

Enrollment in downtown Kingsport is up 42% over where it was this time last year. This has worked. It has incentivized what we hoped it would. However when you look at the distribution of revenues, it creates a net bottom dollar loss for the institution because of the way the Board calculates. When the Board calculates fee increases, a 1% fee increase according to the Board should generate \$979,000 for the university, but because of the way that we distribute, \$120,000 of that comes off the top. The net from an institutional perspective is we do not have the revenue available to support institutional activities that the Board feels we should because of internal decisions we've made with respect to revenue allocation and revenue distribution. When you hear Dr. Collins and others talk about the challenges that entrepreneurial funding has created, it is not that the model doesn't work, it's the manner in which we distribute revenues does not make all of that tuition revenue available to the institution. It restricts that revenue to those departments that have entrepreneurial programs.

Senator Schacht asked if that is anything other than just an arbitrary bookkeeping convention. President Noland replied that it is an arbitrary bookkeeping convention, yes, but where it comes back to haunt us is when we set tuition levels. If the cost of a 1% salary increase is \$850,000, the way the Board calculates it, they will then look with a blind eye if we were to increase tuition and fees to that level. For us to increase tuition and fees an extra .2% to cover this 120,000 dollars is not something that the Board would support. So because of the way we distribute, that comes back and impacts us negatively when we look to bring fee increases before the Board.

Senator Schacht asked if the Board understood that would they be willing to change the way they account. President Noland said that it is an internal decision. We as an institution choose to decide what to do with that revenue once it is provided to us. Let's say we had 100 students, each student would generate \$1000 in tuition and fees. The way the Board calculates revenue, that's \$100,000. The way we internally distribute, we end up creating an \$8,500 shortfall for us off those 100 students. This is how cohort revenues are allocated in comparison to non-cohorts or cost centers. Cost centers are such as Sevierville and Kingsport in which all the revenue that is generated at that site stays at that site to cover operations. So this is just another element that impacts our current budget situation.

Senator Schacht asked if we knew that this was going to be the impact of the entrepreneurial model when we adopted it. President Noland said that he wasn't here for the implementation of the model. The stated goal which was to incentivize departments to grow cohort programs has been realized.

President Noland continued that another area that impacts us when the Board examines revenue is our discount rate. If you look at scholarships, we dedicate more of our base budget to scholarships than any other institution in the system. About 8.14% of our base budget is allocated towards scholarships which is 14 million dollars. Where this impacts us is once again when the Board approves fee levels. The gross fee revenue of a 1% fee increase after we discount our net is \$762,000. That is the level of revenue that remains at the institution for institution-wide priorities after the discounts. If the cost of a 1% salary increase is hypothetically a million dollars, after you discount scholarships a 1% fee increase generates \$979,000. Once you take out the entrepreneurial revenue, you only have \$642,000 left. So you've created a \$358,000 shortfall. The last is the 2.468 million dollar impact of the funding formula on our base budgets. When you take all of this together, declining enrollment, institutional allocation decisions and then changes in the funding formula, all of these elements come together to make our budget situation somewhat interesting.

President Noland stated that more than 2.5 years ago he stood in this room and answered questions related to budget. One of the points of feedback that he heard then and that he continues to hear is where does our revenue come from and where does it go, and how is it aligned to strategic priorities. Where he hopes we can go as a university is to decentralize the budgeting process from central administration and to push it to departments and colleges. Nationally it is called Responsibility Centered Management. The Committee for 125 challenged us to look at the way revenues are developed, prioritized and expended. In November of 2013 we created an ad hoc budget committee chaired by Dr. Calhoun. This committee is studying other budget processes across the country and will make recommendations related to our structure. This is not only a structure of budget, but it is a structure of committees. What's the role of the Strategic Budget Management Committee? What's the role of the University Planning Committee? What's the role of all the various entities that hypothetically could play a part in strategic budgeting with the overall goal of aligning budgeting and master planning? President Noland stated that he hopes to have the recommendations from this committee early in the spring. When we have the recommendations then it will go out to the campus as whole for us to discuss how we want to move forward. The next element in the process is the development of the Program in Administrative Review Committee. Their work that will examine program review - of the programs we have across campus, how do they align with our strategic planning goals? Are there programs that we should accent? Are there programs that could potential create opportunities for a new disciplinary activity? Are there programs that are low producing that maybe we should look to phase out or transition to a different area? This will be a faculty led committee chaired by a faculty member and the work will occur over an 18-24 month time period. The goal of this is to align our academic portfolio with whatever begins to move forward with development of the new strategic planning for 2015 and 2020. The next phase of this is an Administrative Program Review. This group will examine things such as our fleet, and how we structure the administration of the institution. What is the role of university school at the institution? How is the revenue structure for university school positioned? We've had university school since our founding. Alexander Hall was created in 1929, a 500 student state-of-the-art facility at the time. What's the revenue structure of University School? What is the revenue structure for Valley Brooke? Many of the things that we do will be examined from here to see if we can do some things a little bit more efficiently.

President Noland continued that the final element of this is that in the fall of 2013 we began implementation related to our Foundation and Institutional Advancement to create embedded advancement officers in the colleges. At the Foundation board meeting last week, the board endorsed this concept and will provide foundation sources for us to hire probably 5 new advancement officers to work in conjunction with the colleges to go out and raise additional money. Our alumni giving rate is less than 3%. That's pretty abysmal, but if you look at our advancement staff we currently have 6 advancement officers. Milligan has 8. Knoxville has 75 and they're getting ready to put in place a change to their revenue structure to allow them to hire 50 more. We have yet to form these other committees, but there will be a lot of work that occurs around this over the next 18 to 24 months and his hope is that this is a faculty led initiative. This does not need to be an administrative led initiative if the goal is to decentralize. He asked if there are any questions about the ongoing work to develop a new budget process for the university.

Senator Mackara said that his bottom line question is, if we didn't have the entrepreneurial programs would we have less money or more? President Noland replied that there is not a straightforward answer to that question. He would like to think that if the incentive was not there, that we would have engaged in activity anyway. We would look to grow the institution, grow our programs and departments. The question is, did the incentive cause the growth or did our

natural will and aspiration cause the growth. Probably a little bit of both. For those institutions that have gone to true RCM, departmental revenues stay in departments. So the College of Business, the revenue that you generate remained in the College of Business for College of Business purposes. What some institutions with RCM models have done is to take the state appropriation and use that as the overhead. So places like the library that do not generate credit hours, the library would be supported with state appropriations. Departments would be supported from institutional revenues. If you're a department like Physics, which isn't going to generate a significant number of credit hours in comparison to English, some commons would support programs that are central to the core of the institution. But at its core, college and departmental revenues stay in colleges and departments.

Senator Gann expressed that there is something counter-intuitive about that. For example Nursing costs more to run than say Education. Do they have to raise all of their money? Do the students pay the same amount for Nursing tuition as they do for Education? President Noland replied that a lot of institutions that have gone to this model where there is a differential tuition across programs. So Nursing would become a professional school the way it is in the UT system and they would have a different tuition rate than Political Science. He said he was not suggesting we do that, but was suggesting we need to take a look at all of this because if you look back at 2001-2002, we had about \$11,500 per student. That's state appropriations plus tuition and fees to run the university. Of that, 60% came from the state. Fast forward to today, we have \$11,400 per student to run the university, 29% comes from the state. The manner in which we keep the lights on has fundamentally changed in a 13 year time period so the state budgets in and of themselves are going to cause us to really begin to examine closely some of our presumptions related to how we budget and how we structure fees at the university.

Senator Schacht asked how this RCM would apply to units like the Honors College that has no faculty and doesn't really generate revenues. President Noland replied that in other institutions, the Honors College would be funded through that notion of the commons. In some places it is a tax. Everyone pays an overhead that covers operations for the university that do not generate student credit hours.

Senator Schacht asked in institutions that do it that way, do the units that are funded as part of a commons end up being the source of destructive envy by other units? For example, there is a lot of grousing about the Honors College and how much money it has. There is nothing on the other side of the ledger to compensate for that. If you institutionalize that across certain units, do you turn them into pariahs? President Noland replied that from the perspective of campuses that have moved in this direction, you align the budgeting with your master planning priorities. So if as an institution we determine that our priority is to have an Honors College that is attractive to the best and brightest students from across the region, then that is something that through that planning assumption that we all agree to support. It is no different than if we agree to create scholarship programs that attract more international students to the university. If that is something that aligns with strategic planning and growth goals of the institution, then that is just a base funding assumption.

Senator Schacht responded that the key to making it work is the thing you said about we all agree to support. If that agreement isn't there, then you won't have a happy campus. You'll have people who will look at the commons units and see resources that could go somewhere else except for the fact that they're on welfare.

President Noland stated another challenge we've seen at institutions where credit hour revenues stay in colleges is everyone wants to start a freshmen comp. So Business and Technology starts a freshmen comp. Nursing starts a freshmen comp because they want to keep those revenues internal. We have a lot to learn from institutions that have moved this forward. We may not end up going there. We may end up staying with what we have. President Noland said that he thinks we are going to be stronger as an institution because we looked into this with detail.

President Noland continued that someone had asked a question related to the things that we're doing at the university that align with Complete College. What are we doing to improve our recruitment activities and what are we doing to improve student success? Over the course of the past 6 months we've overhauled enrollment management. Applications are up 17% over this time last year. We're going to strive for that goal of 18,000 students. We may not hit it, but that's what is set in terms of a broad goal. In terms of growth agenda, there are a number of things that are underway such as the pursuit of new curriculum. Colleges across campus are trying to bring curriculum proposals to the table as quickly as possible so that we're all at the front of the door before the THEC imposed moratorium on new programs. We are looking at methods of delivery, 300 students - students from every continent minus Antarctica are enrolled in the 2 MOOC courses that we offer. We have been aggressive with new calendars. So within the past year, we've implemented top scholar receptions. We bought ACT scores- we purchased names so we can be much more prescriptive in recruitment of students. We've implemented new programs to attract international students. These are some of the things that have been put in place over the course of the past months to try to offset the declines in enrollment because in decreases in the birth rate. Here are some of the things that we've done with respect to persistence to graduation. One of the challenges that has been presented through faculty senate, SGA, and others is that our Financial Aid Office is complicated. Part of the reason why is we're more paper-based than other institutions. We are looking to automate lottery scholarship processes. We're going to open a Multi-Cultural Center. We're creating more study spaces. The question that a faculty member posed to me is how coordinated are all these efforts? All of us are running with a well-intentioned goal of improving student success but to what extent have we brought these efforts together so they are targeted? That is a great question that we all need to focus more on as we examine how we move forward in an enrollment management environment that will be much more competitive if the Tennessee Promise passes.

President Noland said that with regard to environmental challenges one is that we have a reliance on student generated revenues to offset reductions in state appropriations. Our reliance on student generated revenues has predicated our ability to bring students to campus, which may or may not be impacted by Promise. Our tuition policy and structure limits our ability to be competitive in the marketplace. Our out-of-state tuition and fees are well over \$22,000 a year. Many institutions that are our peers out-of-state tuition and fees are around \$15-16,000. We are limited on our ability to go to A.C. Reynolds High School in Ashville and try to recruit students who are 50 minutes away to come here because our tuition and fees for out-of-state students are astronomical. Last year the Governor introduced Western Governors University and gave them five million dollars to get up and running in the market. That is a new variable that creates a challenge for us. There are, with each passing day, additional health sciences institutions in the region. LMU and Emory and Henry are moving aggressively. The legislature mandates we provide a tuition discounts which cost us \$3.5 million a year. There is not \$3.5 million a year of appropriations to support them. All of these things are some environmental challenges and threats that keeps him up at night. He asked if there were questions.

Senator Schacht commented that he had a suggestion for a new kind of a MOOC that would target high school students and that would complement the process of buying ACT scores. If we had a MOOC that was an ACT prep course that was free to high school students provided they report their ACT scores to us. We'd be getting those reported to us for free and every time a student sits down to do their ACT prep they see the name ETSU on everything they are doing. President Noland responded that it was not a bad idea.

President Noland said that someone posed a question about retirement plans. Why does the retirement plan at the state level TCRS accommodate sick leave in its calculation for retirement benefits and TIAA-CREF does not? One is a defined benefit plan. The other is a defined contribution plan. Per state law and board policy, they are two separate retirement plans.

Senator Brown stated that he had a question that was presented to him by a couple of students and he would like to know how to respond when he hears a student ask 'how come we can afford football but we can't afford whatever'. He said that he knows there is a separate funding stream for that but what is the bullet point? President Noland replied that the answer is just what you stated. It's a separate funding stream. The fees for football are restricted fees for that designated purpose. Senator Brown said this is the fee that SGA voted on last year. So students through their representatives have agreed to this. He said so he could tell them it is their fault and to get back to work. President Noland said correct. There is more than \$800,000 in institutional support per board policy that ETSU could use to support the athletic program that we have not expended on the academic side of the house and we are not going to tap that. We are the only institution in the state that is not spending up to the board prescribed cap so as students ask that question, there could have been additional resources that flowed into that area, but we budgeted on the front end and resources to support football as well as all the associated sports we're bringing online will come from that restricted revenue source.

Senator Hayes said that a colleague asked her to ask about the freeze on computer purchases. Are these computers bought for individual staff and faculty or computers also used for classes? President Noland said he would talk a little about why we took the approach that was taken and he will get to that question. Most institutions have a rainy day fund that they can move to in difficult budget times. We do not have a rainy day fund. It was tapped in 2006-2008 and it does not exist. What we budget are fallout dollars. As we move through the year, any funds that are not encumbered or expended prior to the close fallout of the budget. We budgeted about 2.5 million in fallout to help offset the enrollment loss for the year. What we have done in the past was we implemented an early close date so we would have locked down purchases on March 1st. That was something that was discussed at length within administrative cabinet and purchasing areas of the institution. President Noland said that he didn't want to go in that direction. When he talked with faculty, one of the things that was expressed was if you have external grant funding, but you lock down your ability to spend those funds on March 1st because of an arbitrary cutoff, that limits your ability to meet the prescriptives that are contained in the grant agreements. So we took a different approach which is to allow expenditures to continue all the way up to the close of the fiscal year but to provide a little more of a rigorous review of those expenditures. Anything over a thousand dollars would be approved by a dean or a unit director and anything over five thousand would be approved by a VP. If there are computer purchases that are contained within a grant for one of the grant implementation, we will offer exceptions. Dr. Collins will review those exceptions and authorize. So it is not a firm lockdown. If you have an NIH grant that requires you buy iPads, we're not going to put you at odds with the funding element and Dr. Collins provided clarification on that today. There will be exceptions on computer purchases. What we were trying to avoid is a run up at the close of the

fiscal year. If you look at the things that are purchased across this institution in May and June - we stockpile computers. We stockpile cell phones. We buy golf carts and in this time in which we're all trying to do our best to work through this temporary downturn, the thought was rather than having an arbitrary cutoff, let us just ask people to be wise stewards of their resources.

Senator Hayes stated that her program has classes that have fees built in for technology. President Noland stated that is frozen. President Noland asked if there were other questions. He thanked the senate for their time.

Vice-President Foley asked if there was a motion to adjourn. Senator Epps moved and Senator Beeler seconded.

ADJOURNMENT: The meeting was adjourned at 4:30p.m.

Please notify Senator Melissa Shafer (shaferm@etsu.edu or 9-5837, Faculty Senate Secretary, 2012-2013, of any changes or corrections to the minutes. Web Page is maintained by Senator Doug Burgess (burgess@etsu.edu or x96691).