

EAST TENNESSEE STATE UNIVERSITY
BOARD OF TRUSTEES
FINANCE AND ADMINISTRATION COMMITTEE

MINUTES

February 21, 2025
Johnson City, Tennessee

The East Tennessee State University Board of Trustees' Finance and Administration Committee met on Friday, February 21, 2025, at 10:20 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 10:20 a.m.

II. Roll Call

Board Secretary Dr. Adam Green conducted the roll call. The following committee members were physically present:

Chair Steve DeCarlo
Trustee Charles Allen
Trustee Dorothy Grisham
Trustee Dr. Linda Latimer
Trustee Trent White

Other Trustees present were Janet Ayers, Dr. Steph Frye-Clark, and Melissa Steagall-Jones.

III. Approval of the Committee Minutes from November 15, 2024

The minutes from the November 15, 2024, meeting of the Finance and Administration Committee 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 College of Medicine FY26 Tuition

Ms. Christy Graham, Chief Financial Officer, indicated that the university is requesting no increase in College of Medicine tuition for fiscal year 2026. This will be the third year that tuition has remained flat.

Trustee Grisham made a motion to accept the recommendation, and Trustee Latimer seconded the motion. It passed unanimously.

V. Action Item: Approval of Housing and Meal Plans for FY26

Ms. Graham outlined the proposed increases to campus housing rates for fiscal year 2026, which range between 5 percent and 8.7 percent --from \$95 to \$250 per semester. She indicated that the increase is part of a two-year plan to bring rental rates closer to the market rate. Housing rates for on-campus students have been benchmarked against regional benchmarks to ensure that the campus remains competitive and affordable in the marketplace. Ms. Graham said the additional revenue will help maintain facilities, address inflation, and service the debt. Our proposed rates still fall within the range of the other state institutions.

Trustee Grisham made a motion that the proposed housing rates be approved, and Trustee Latimer seconded the motion. It passed unanimously.

Ms. Graham then presented information on proposed meal plan increases for fiscal year 2026, pointing out that the increases are based on market increases as projected by Sodexo, our food service provider. Ms. Graham reported that compared to other Tennessee public universities, ETSU still offers some of the lowest meal plan costs. The requested increase is 4.1 percent and directly reflects the increase ETSU is receiving from Sodexo.

Trustee Allen moved that the meal plan rates be approved as presented, and Trustee Grisham seconded the motion. It passed unanimously.

VI. Quarterly Financial Update

Ms. Graham presented to the committee figures comparing December 31, 2024, to December 31, 2023. Among the highlights:

- Unrestricted education and general revenue by appropriation unit increased on the main campus by 4.6 percent, the College of Medicine and Family Medicine by 5.5 percent, and the College of Pharmacy by 12.5 percent (reflecting the new state appropriation for Pharmacy).
- By revenue source, tuition and fees have increased by 4.1 percent, state appropriations by 5.3 percent, and grants, contracts, and gifts by 92.7 percent.
- Ms. Graham noted that last quarter, Other Revenue was down by 11 percent, but that has now returned to flat.
- Changes in E&G unrestricted expenditures show an overall increase of nearly 6 percent. The increase is largely due to higher salary and benefit costs.

- Instruction remains our primary expense, followed by nearly equal spending on student services, academic support, and institutional support.
- When including auxiliaries and restricted funds, our total revenue through December was \$385 million, up by \$21.7 million, or 6 percent.
- Auxiliary revenue has seen the most significant change, partially due to maintaining near capacity in housing. Auxiliary expenses have risen by 4.2 percent, and salaries have increased by 6.7 percent, including both auxiliary and restricted funds.

Ms. Graham then gave a brief overview of the university's Statement of Net Position. Overall, assets have increased by 7 percent compared to this time last year, with most of the growth in cash and capital assets. Liabilities have decreased by 5.2 percent. She indicated that ETSU is in a sound financial position.

VII. Discussion of Comparative Tuition and Mandatory Fees for Tennessee Public Universities

Ms. Graham reviewed the criteria that the Board of Trustees must evaluate when considering an increase in tuition and mandatory fees.

Ms. Graham reported that in two of the last five years, Tennessee public universities have frozen tuition rates. The largest increase over the last five years was capped at 5.5 percent this fiscal year. ETSU's tuition rate is below the average for Tennessee public universities. However, ETSU's mandatory fees remain among the highest at Tennessee public universities. Despite that fact, ETSU's total cost of tuition and fees remains below the average.

While efforts continue to keep ETSU as affordable as possible, Ms. Graham told the committee that a tuition increase for next year will likely be proposed. The Tennessee Higher Education Commission's recommended range for tuition and fee increases is 0 percent to 4 percent. Ms. Graham said that we expect to be near a 4 percent increase, which would result in a \$318 annual increase per student, which would generate some \$3.5 million in revenue after discount, assuming stable enrollment.

Discussion then took place about the various financial packages and options available to students and how that information is disseminated.

VIII. Discussion of Proposed Salary Pool for FY26 Budget Development

Ms. Graham called the committee's attention to a chart showing required resources to fund a 2 percent or a 3 percent salary increase for ETSU faculty and staff. She said Governor Bill Lee's budget proposal included an appropriation that equates to a 2.3 percent salary pool for ETSU. Fifty-five percent of the main campus salary pool would be funded by the state and 45 percent

by the institution. Management is proposing holding state appropriations for salaries in pools until the state budget is adopted and fall 2025 enrollment is known. Trustees will be asked to consider a formal salary enhancement recommendation in November.

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

Dr. Katie Zink, Director of Procurement and Contract Services, reported on five such contracts and purchase orders included in the meeting materials.

Dr. Zink indicated that just prior to the committee meeting, an intent to award notification was sent to Carnegie Dartlet for enrollment consulting services for undergraduate admissions, for an estimated \$2,207,675, covering five years. Other RFQ/RFPs in process and upcoming include ones for athletic apparel, air filters, professional cleaning services, a library subscription agent, and fire sprinkler and standpipe inspection services.

X. CFO Update

Ms. Graham's report consisted of an update on the university's ProCard program. She indicated that over the last six months, the program has been analyzed and revamped. The focus has been to reduce exposure by pulling back underused cards, lowering credit limits to match spending, and freezing cards that are out of compliance. Campus staff have also been retrained on ProCard responsibilities, including cardholders and their supervisors. Ms. Graham said there has been a substantial reduction in missing receipts and in missing approvals. Next year, the focus will be more on audits, which will be aided by the Oracle system. The number of ProCards issued will be reduced, with a closer analysis of who gets to use them.

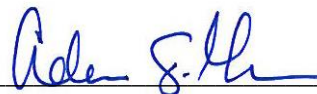
XI. Other Business

There was no other business to come before the committee.

XII. Adjournment

The meeting was adjourned at 11:10 a.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 May 23, 2025 meeting.