

EAST TENNESSEE STATE UNIVERSITY
BOARD OF TRUSTEES
FINANCE AND ADMINISTRATION COMMITTEE
SPECIAL CALLED MEETING

MINUTES

April 11, 2025
Johnson City, Tennessee

The East Tennessee State University Board of Trustees' Finance and Administration Committee met in a special called session on Friday, April 11, 2025, at 11:04 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 11:04 a.m.

II. Roll Call

Since Trustees participated in the meeting remotely, Board Secretary Dr. Adam Green posed two questions to each member, as required by Tennessee law asking if Trustees were able to clearly hear so that they could participate in the meeting, and if they could identify any persons present with them in the room from which they were participating in the meeting? Dr. Green added that since Trustees were participating remotely, all votes must be taken by roll call. Trustees taking part in the meeting by electronic means were:

Chair Steve DeCarlo
Trustee Charles Allen
Trustee Dorothy Grisham
Trustee Trent White

All four Trustees present reported that they were able to hear and that there were no other individuals in the room. Dr. Green noted that although a physical quorum was not present, a quorum did exist by including members participating by electronic means. In accordance with state law, Dr. Green then offered to the committee the following circumstances which necessitated the reason for holding the meeting:

- It is necessary for the Finance and Administration Committee to review and approve undergraduate tuition and fees and the proposed salary pool for fiscal year 2026 and to review the budget proposal for 2025-26 prior to the full Board of Trustees meeting on May 23.

- The necessity of the committee's meeting did not provide adequate time for the membership to make arrangements to be present physically for a quorum.

For those reasons, Dr. Green indicated that participation by a quorum of the committee's members by electronic means was necessary. He then asked that a motion be made and a roll-call vote be taken to determine the necessity of holding the meeting. Trustee Charles Allen made a motion to proceed with the meeting, and Trustee Dorothy Grisham seconded the motion. It passed unanimously.

Other Board of Trustees members attending the meeting electronically were Dr. Steph Frye-Clark and Mr. Tony Treadway.

III. Action Item: Approval of Tuition and Mandatory Fees for FY26

Ms. Christy Graham, Chief Financial Officer, presented to the committee recommended tuition and mandatory fees for the 2025-26 academic year. Ms. Graham reviewed the various factors that are considered prior to recommending any fee increases. First is the level of state support. Ms. Graham reported that the Tennessee Higher Education Commission's model for fiscal year 2026 was built on a flat enrollment with a 3.3 percent outcomes growth and inflationary adjustment. She said that Governor Bill Lee's proposed budget for an expenditure increase and a partially funded 2.3 percent salary pool was slightly over \$4 million. Ms. Graham indicated that the university also considers total cost of attendance, pointing out that for fiscal year 2025, tuition and fees at ETSU increased by 5.2 percent. A comparison of tuition and mandatory fees with other state universities continues to show that ETSU is below this year's average. Further, Ms. Graham told the committee that ETSU is engaged in an ongoing analysis of all units across campus to identify areas where services can be improved, where costs can be reduced, and where assets can be used more effectively for students. Also considered are THEC's binding tuition and mandatory fee ranges. At its March 2025 meeting, the commission approved a zero to 6.5 percent tuition and mandatory fee increase limit. Other factors taken into account are projected student enrollment, university enrollment goals, and market and cost factors for higher education.

Ms. Graham reported that ETSU is proposing a 4.98 percent increase in total tuition and mandatory fees for all classes of undergraduate students on the main campus: a 5.09 percent increase in tuition and a 4.58 percent increase in fees. She said that equates to a total increase for full-time undergraduate students of \$213 per semester for tuition and \$48 per semester for fees. She added that ETSU is recommending a \$15 increase for new border state students and a similar percentage for out-of-state, international, and graduate students. Assuming flat enrollment, this should result in a revenue increase of \$5.6 million. Ms. Graham told the committee that the added revenue will help fund ETSU's portion of the salary pool as well as increased insurance costs, scholarship increases, and other inflationary increases. The mandatory fee increase includes a \$40 per semester increase for the Student Life Village and \$8 per semester for the Parking Student Campus Access Fee. The overall increase of 4.98 percent will bring the annual cost of tuition and mandatory fees to \$10,994 per student. Ms. Graham

reiterated the fact that ETSU remains an affordable option for public higher education in Tennessee. Ms. Graham noted that if the committee approves the recommendation, staff will provide notice of the increases to the campus, as stipulated by state statute. The public notice period is 15 days. The full Board of Trustees will consider the proposed increases at its May 23 meeting.

Trustee Dorothy Grisham made a motion that the proposed fees be approved as presented, and Trustee Charles Allen seconded the motion. Through a roll-call vote, the motion passed unanimously.

IV. Action Item: Approval of Non-Mandatory Fees for FY26

Ms. Graham began with a request from the College of Arts and Sciences for approval of several non-mandatory fee increases, to become effective for the upcoming academic year. For the Brewing and Distillation program, the current fee of \$10 per credit hour would increase to \$50 per credit hour. The Theatre and Dance materials fee, currently \$10, would increase to \$35. The Music Education applied lessons fee would change from \$200 to \$400 per credit hour. Ms. Graham noted that this is revenue neutral and is related to credit hours associated with the course being reduced from two to one. Since the Ensemble courses will change to zero credit hours from one, a flat fee of \$50 per course is requested, since the \$10 per credit hour fee is no longer applicable. The Brewing and Distillation change is expected to bring in an additional \$3,300 in revenue for the program. The Theatre and Dance materials fee should result in a total revenue increase of \$93,125. And the change in the Ensemble course fee should result in a \$3,480 total revenue increase.

Trustee Allen made a motion that the non-mandatory fees be approved as presented, and Trustee Grisham seconded the motion. Through a roll-call vote, the motion passed unanimously.

V. Action Item: Approval of College of Pharmacy Tuition for FY26

Ms. Graham reported that the Gatton College of Pharmacy is requesting a two percent tuition increase for fiscal year 2026 for in-state and out-of-state students. The increase would result in an additional \$540 for in-state students and \$660 for out-of-state students. Ms. Graham said the college will continue to rely on funding from expense reductions and reserves to balance its budget while continuing to pursue appropriation assistance from the state.

Trustee Allen made a motion to approve the tuition increase, and Trustee Grisham seconded the motion. Through a roll-call vote, the motion passed unanimously.

VI. Action Item: Approval of Fixed Price Online Masters in Criminal Justice and Criminology

Ms. Graham told the committee that in the fall of 2018, the ETSU Board of Trustees approved a fixed price model for the launch of a fully online masters degree program in Criminal Justice and Criminology. That model fixes the tuition and mandatory fee rate for each cohort for three years. The College of Arts and Sciences has requested approval to continue a fixed price tuition model for the next three academic years, with an increase in the rate to \$618 per credit hour for the next three new student cohorts. The model includes tuition at \$535, a program fee of \$33, and an online fee of \$50. Under the proposal before the committee, the fixed price model would be maintained for academic years 2025-26 through 2027-28 at the increased rate.

Trustee Grisham made a motion that the proposal be approved as presented, and Trustee Allen seconded the motion. Through a roll-call vote, the motion passed unanimously.

VII. Action Item: Approval of Military Tuition Assistance Undergraduate Tuition Rate

Col. (Ret.) Dan Bishop, Director of the Office of Military and Veteran Services, presented a request to lower the undergraduate tuition rate to \$250 per credit hour for students using military Tuition Assistance, which is the primary education benefit available to active duty servicemembers. Col. Bishop explained that ETSU's current in-state tuition and fees exceed the federal TA reimbursement cap. He said there are 200,000 or more servicemembers using the TA benefit annually and that the Department of Defense is spending \$500,000,000 on TA benefits. He told the committee that the preponderance of those using TA benefits are from the enlisted ranks, pursuing their first undergraduate degree. He said education is one of the top three reasons why individuals join the military. Col. Bishop added that more than 20 universities match the TA cap for online tuition and service fees and that Austin Peay State University is the only institution in Tennessee to match the rate. APSU does so for undergraduate and graduate students.

ETSU CFO Graham added that approval of the new rate is being requested for a three-year period, after which it will be evaluated.

Trustee Allen made a motion that the rate be approved, and Trustee Grisham seconded the motion. Through a roll-call vote, the motion passed unanimously.

VIII. Action Item: Approval of Salary Pools for FY26

Ms. Graham told the committee that Governor Bill Lee presented his budget proposal to the Tennessee General Assembly on February 10. She said his proposal included a recommendation for a 2.3 percent salary pool for ETSU. She reminded the committee that the state historically funds 55 percent of the salary pool, with the rest coming from institutional resources. A 2.3 percent pool for ETSU's main campus will require approximately \$4 million to fund. The governor's proposed budget includes \$2.2 million of increased resources as the state portion. The remaining \$1.8 million will have to come from other resources or efficiencies. Ms. Graham said that ETSU intends to hold state appropriations for salaries in pools until the state budget is adopted and enrollment for fall 2025 is finalized. Any additional

resources identified by the ETSU administration that are above and beyond the \$4 million across-the-board salary pool would be used in part to provide strategic market rate salary adjustments. Ms. Graham added that board-approved salary adjustments will be implemented in November.

Trustee Grisham made a motion that the salary pools be approved as presented, and Trustee Allen seconded the motion. Through a roll-call vote, the motion passed unanimously.

IX. Information Item: Discussion of Spring Estimated and July Proposed Budgets

Ms. Graham presented these budgets as information items, indicating that they will be discussed in more detail during the May Board of Trustees meeting. The budgets presented to the committee included the 4.98 percent increase in tuition and mandatory fees as well as the 2.3 percent salary pool. Also included in the budgets is Governor Lee's recommended state appropriations amount. Ms. Graham told the committee that the state budget will not be confirmed until May.

For the main campus, Ms. Graham reported, the budget reflects an increase in revenue of \$12 million. That includes \$6 million in increased revenue to be realized through tuition, \$2 million through state appropriations, \$1 million from the mandatory fee increase, and \$2 million in increased revenue through auxiliaries. Tuition and mandatory fees equate to 53 percent of total revenue, and state appropriations provide 37 percent, excluding auxiliaries. Expenses are projected to increase by 3.3 percent. Of the \$9 million increase in expenses, \$4 million is a result of salaries, with \$2 million from benefits and taxes. Ms. Graham pointed out that the university has reduced its position count by 14.

Ms. Graham then discussed the Quillen College of Medicine budget, which includes a projected \$7 million increase in revenue, primarily due to increased state appropriations and an increase in private grants and contracts. An increase in expenses is mainly attributable to higher personnel costs.

Ms. Graham then summarized the Family Medicine budget, noting that revenue is projected to increase by \$600,000. Expenses are projected to increase by around \$1 million, largely due to personnel costs.

Ms. Graham concluded her presentation with a look at budget information for the Gatton College of Pharmacy. Revenue for the college is projected to increase by \$1.2 million, as a result of the increase in tuition and the state appropriation portion of the salary pool. Increased expenses are reflective of increased personnel costs. Ms. Graham added that the difference will continue to come from the college's reserves.

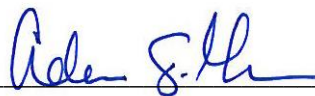
X. Other Business

There was no other business to come before the committee.

XI. Adjournment

The committee meeting was adjourned at 11:54 a.m.

Respectfully submitted,



Adam Green
Secretary of the Board of Trustees

Approved by the Board of Trustees at its May 23, 2025 meeting.