

Interim University Council

Date: February 13, 2017

Time: 8:15 a.m.

Location: D. P. Culp University Center, Forum

Attendees: Dr. Brian Noland (chair), Dr. Bert Bach, Dr. Joe Sherlin, Dr. Wilsie Bishop, Dr. B.J. King, Dr. Larry Calhoun, Dr. Gordon Anderson, Dr. Susan Epps, Dr. Richard Sander, Dr. Janna Scarborough, Mary Jordan, Dr. Bill Duncan, Dr. Ranjan Chakraborty, Dr. Celia McIntosh, Pam Ritter, Dr. Jane Jones, Dr. Wendy Nehring, Joe Smith, Stefanie Murphy, Dr. Bill Flora, Dr. David Roane, Jeremy Ross, Joy Fulkerson, Dr. Karen King, Mary Cradic (staff support), Kristen Swing (recording secretary).

Guests: Catherine Morgan, Dr. Mike Hoff, James Batchelder, Dr. David Collins, Margaret Pate

MINUTES

Dr. Brian Noland opened the meeting and welcomed everyone.

Approval of Minutes

The minutes from the Jan. 9, 2017, meeting were approved.

Approval of Creative Services Policy

Dr. Wilsie Bishop [presented](#) on the Creative Services Policy, noting that it was originally brought to the IUC in July 2016 and then came back to the IUC in September. Following IUC discussion and a 30-day public comment period, opinions were sought from a designated focus group that was made up of stakeholders including William Duncan, Heidi Ehle, Susan Epps, Karen Heaton, Stephen Marshall, Kelly Porter and David Roane. Bishop said the focus group was extremely helpful, and the committee used its comments to help [revise the policy](#).

Specifically, Bishop said the committee removed unnecessary statements that described the process and regulation rather than being specific to policy. The group also addressed concerns related to posters. Major revisions included: Removal of website platform language; addition of clarifying language to bring design-ready programs to the web platform; addition of more customer-focused language with emphasis of the interactive nature of the production process.

Things that remained unchanged included: Plan to bring Biomedical Communications, University Relations/Identity and Postal Services under a collaborative umbrella (Creative Services); policies related to compliance with identity standards; use of a web platform for processing identity, designs, print and mail production across campus.

Bishop said the hope is to have the site up and ready to go on July 1 (with the start of the new fiscal year) and noted there was still some beta testing that needed to be done.

Dr. Celia McIntosh thanked Bishop for including the exemption statement in the policy (regarding scientific posters, classroom instructional materials, student assignments, scholarly

publications such as journal articles and conference slide presentations). She said she believed that the inclusion of that statement, and its placement at the top of the policy, will calm a lot of people's anxieties.

David Roane, who was a part of the focus group, said the focus group was one of the most effective, open and listening groups he has ever been to.

Dr. Brian Noland asked if this would yield cost savings. Bishop said projections indicated that would be the case. She specifically noted potential savings by having the folks working in the mailing process in communication with the design folks to determine design sizes that are most affordable for mailing. Bishop said the intention is not to displace anybody who is already doing design in departments within colleges, but to provide essential design staff so folks do not feel the need to hire people from here on out within their colleges/departments to do design work. She also said she believes this will be more time efficient. Bishop noted that after one year, the financials will be there to look at and determine where and to what extent there is savings.

Dr. Joe Sherlin asked Bishop to speak to the confidence she has in the ability to handle the volume of work coming through, especially at peak times. Bishop said a traffic manager will dispense the jobs and be able to see how much work is on each designer. She also noted that Biomedical Communications has a contingency budget in order to expand to handle the workload. She noted that the group is well aware that things are time critical.

Following discussion, Bishop moved for approval of the [policy](#). It was seconded by McIntosh and subsequently approved by the IUC.

Approval of Strategic Plan

Dr. Mike Hoff presented the [strategic plan](#), noting a lot of time was spent getting feedback on it and he felt the plan provides a lot of areas that guide, but also leaves room for people to be innovative.

The plan starts with the university's mission and values followed by an executive summary and the charge of the committee. Hoff noted that there were about seven committees that actually had a hand in creating the strategic plan. It also includes a historical context, which Hoff said was important because it is impressive to see what the institution has been able to do in the region over time. It also includes a SWOT analysis, operational recommendations and a strategic framework. Hoff said, overall, the plan talks about students, empowering employees, supporting excellence in teaching and expanding research. He noted that the goals and strategies still align with TBR's current plan and also align with the Committee for 125's efforts.

Dr. Celia McIntosh questioned the number of programs offered at the university, saying she believed "more than 100" to be a low estimate. Hoff agreed to look into the number of programs for ensured accuracy. McIntosh also questioned the use of the word "awesome" in 3d of the strategic framework. Hoff said he would be having people look at the language and he would "revise and professionalize" it.

David Roane questioned the phrase “listed in order of priority” in the strategic framework section. Hoff said it was there because it would help to determine, if you had two funding requests from different areas but could only fund one, which should take priority. Hoff did note that it could pose an issue for someone who is solely focused on research, but pointed out that if we got \$60 million in research and didn’t grow enrollment he’s not sure we got where we needed to go. Dr. Wilsie Bishop recommended removing the phrase. Hoff agreed to do so.

The next steps in the process, Hoff explained, are to package the strategic plan for approval by the board. In the meantime, he noted, it will be put out for people to use with shaping their upcoming budgets. Ultimately, the goal is to align unit outcomes to strategic plans.

Dr. Joe Sherlin questioned the second bullet under “academics” in the strategic framework. He wondered why a bullet about participation in intercollegiate athletics, club sports and intramurals was included in the academics section instead of the student life section. Dr. Brian Noland pointed out that those items will roll up in the academic committee of the Board of Trustees and Hoff noted that it was a high-impact process. Dr. Susan Epps agreed with Sherlin that it seemed out of place. Hoff agreed to move it under “student life.”

Dr. Bill Flora made a motion to approve the strategic plan with the inclusion of the recommended edits. It was seconded by Epps and approved by the IUC.

Noland noted that the process took a while but called the strategic plan “action oriented” and said it will begin to come to life as we work through the budget process. He noted that it formalizes items already underway on campus but also develops *aspirational* goals. He emphasized they are aspirational goals and noted that if we get three-quarters of the way to the goals on that page, then we will be a strong institution. He also thanked Hoff for his work.

Discussion of IUC – role, bylaws, structure, terms of appointment

Dr. Brian Noland pointed out that the IUC was created to develop a strategic plan, and with the approval of that plan and the pending arrival of the new Board, it was a good time to look at the IUC’s role. He said the IUC has been a quasi-governing board in absence of the Board of Trustees, who typically would create the strategic plan and look at the budget process.

Now that the Board of Trustees arrives on March 24, Noland asked IUC members to be thinking about the role of the group as well as Academic Council and other shared governance groups on campus. Noland said, ideally, he’d like to see his calendar set up in such a way that he meets with senior leadership on the first Monday of the month; the IUC on the second Monday of the month; and perhaps a President’s Cabinet on the third Monday. He noted that there were certainly times when there was a lot of benefit to the President’s Cabinet with the flow of communication and said he wanted to look at creating a cabinet again. It would consist of his direct reports.

Noland said he wanted to formalize the IUC to convey to the board how these shared governance entities work. He asked IUC members to consider how a formal membership structure should look as well as formal bylaws. He asked for those ideas to be emailed to Dr. Jane Jones and also asked that the IUC take up the issue at the March meeting while he is in Nashville. Dr. Wilsie

Bishop will lead the entity during Noland's absence next month. He said he feels confident the IUC group will serve immediate and long-term needs of the university.

Noland asked the group if they saw merit in the IUC. Dr. David Roane said he did, noting that the body has gotten documents out for public comment and has created transparency and shared governance. Noland said he sees it as the group that goes between campus proper and the Board of Trustees proper.

Discussion of Proposed Budget Model for 2017-2018

Dr. Noland said the institution has been discussing a transition to a new budget model for a couple of years, but the slower pace is going to yield a stronger outcome. He noted that a change this big takes time and said today's proposal captures the values included in the Strategic Plan.

Dr. Larry Calhoun said the proposed budget model decentralizes the process, has transparency, includes more incentives, and reacts quicker to the market. He clarified that the university's budget *process* is in place; it is the [budget model](#) being discussed today.

Calhoun said he and members of the committee are "going on the road" for a huge communication push beginning with a presentation on Feb. 14 at the College of Education. Other presentations already in the works include one to department chairs set for Feb. 17, and meetings with the Staff Senate, Faculty Senate, Student Government Association, Academic Council and Student Affairs. Calhoun noted that there'd also be university-wide forums and a website for comment. The committee's goal is to have its final recommendation to the President before the end of the semester.

In discussing the proposed budget, Calhoun called it a "culture change" for the university that "puts us in a better position." He noted that this model does not create one new dollar. It allows and really pushes colleges to build their own businesses, he said. There are incentives for growth and responsibility for when that growth does not occur. The model does not prevent leaders from leading. The president, vice presidents, chairs and deans will all still be responsible for outcomes.

Calhoun emphasized that education still has to go on for those who have not worked in a decentralized budget model process and said the committee's work will have to include putting together an educational module.

Dr. Gordon Anderson provided an overview of the budget model. He went over the basic university principles that the budget process emphasizes, which include alignment to the strategic plan, mission and goals; transparency; student success; strategic allocation of new revenue; and increased fiscal responsibility at the unit level. He said the model is, at its essence, very simple. A college's annual budget is based on the base budget from the previous October. Unallocated new revenue is distributed based on a college's credit hour production (70 percent) and degree production (30 percent), both averaged over the past three years. The 70/30 ratio is based on the idea that roughly 70 percent comes from tuition dollars and approximately 30 percent from the state. If a college credit hour production goes up, the budget increases; if a

college credit hour goes down, the budget goes down. Anderson noted that it is based on where (which college) the credit hours are taught irrespective of students' majors.

All administrative units will have a standard fixed budget, but also need to have regular reviews. Those budgets, however, do not automatically go up or down based on credit hour production. This is one of the model's basic assumptions. Others include: The president needs to have a fund for strategic investment; the university needs to have a reserve fund; the base budget established through a reconciliation process of the previous fiscal year's October and March budgets; fees will be allocated the same way as they are now; there will be no change to research indirect cost return; and entrepreneurial (i.e.: cohort programs, summer school) administrative offices remain intact with fixed base budget [Slides 4, 5].

The basic flow of the process with 2017-18 as the example year being budgeted: Start with October 2016 budget for each college to create the 17-18 budget; Money allocations (increase/decrease in state funding and tuition cost decision); Adjustments based on recommendations from vice presidents (i.e.: adding security personnel); Allocations (around September, at Census, we will know the actual credit hours. We have, until this point, built the budget on an assumption of credit hours); Current base year; Other adjustments (i.e.: spring semester credit hours – actual count); End of year budget. [Slide 6]

Anderson noted that colleges have the most control of money in the area of credit hour production (compared to the other areas that can/will impact their budgets). Concerns addressed included the management of severe drops in funding that require across-the-board action (i.e.: significant drop in enrollment or state appropriations). Another concern addressed was the possibility of catastrophic changes in credit hours due to a mandate or influences outside of colleges' control. Anderson said that, at one point, this was a concern for the College of Arts & Sciences because of Tennessee Promise. While Tennessee Promise did not impact the college as much as Anderson had worried, he said the university would have to bail out a college in the short-term if something catastrophic occurred. Another concern is whether colleges will start to compete with each other for credit hours. He gave a hypothetical example of a College of Engineering creating an "English for Engineers" course to get the credit hours. From visits with other schools, Anderson said this was not a well-founded concern.

With the model, a college would be able to carry over funds from year to year to allow the college to deal with modest reductions in credit hours. All units will be able to carry over 50 percent from fiscal year to fiscal year (whether administrative or college) and the other 50 percent is returned to the university. Anderson said the goal would be to get it higher for colleges, noting that after a university reserve fund has been fully funded, carryover for colleges will increase to 75 percent. For administrative units, 50 percent remains with the vice president of the unit and 50 percent goes to the university.

As part of the plan, the committee is proposing colleges be fronted entrepreneurial-type funding so it can be put in the base budget of the college at the start of the fiscal year. It would be based on the previous year's earnings and would need to be adjusted throughout the year. This is money for things such as summer school, cohorts, cost centers and online fees. Since these funds typically run a year behind, the committee is also proposing that the university catch all colleges

up for the previous year, which would help with the transition. Dr. Noland said the use of entrepreneurial funds in this way offsets built-in structural deficits in a couple of colleges and would provide a one-year buffer because it is essentially two years of funding at once for the first year.

James Batchelder talked about putting all of the administrative functions of these “special packages” like summer school and cohorts into a fixed base for the college. He explained that the colleges would start out the beginning of the year with budgets based on the previous October budget and then add in the entrepreneurial funds to make the adjusted base. From there, they’d look at new money (for things like a 3-percent salary increase, scholarship increases and other possibilities like security personnel or Board of Trustees costs, as well as an allowance for a potential drop in head count). Then the money that remains would be distributed to the colleges on the 70/30 ratio. The addition to the adjusted base of that new funding and the incorporation of the change in credit hours would then result in the new base for a college.

The committee is considering, and seeking input, on including a hold harmless in the budget (only for the initial transition to the new budget model). The hold harmless says no college will get an increase if another college is decreasing. Instead those funds would go to make the decreasing colleges closer to whole. Batchelder said it would just be for the initial year, or the decision could be to do it for three years. The percentage of the hold harmless could also be adjusted where, instead of getting no increase, a college would get 50 percent of new money with the other 50 percent it earned going to the colleges still losing money.

Celia McIntosh asked how graduate assistant tuition remission was going to be handled. Batchelder said you can maintain the university pool like it is now or can move it to the colleges and let them deal with it. Calhoun said that would be a leadership decision. Batchelder pointed out that, right now, the proposal has it staying in the pool. Anderson said they feel it is feasible to move to the colleges, but said they felt undergraduate scholarships need to stay central. Batchelder said he’d advocate for moving the GA tuition remission to colleges eventually.

McIntosh asked about the Global Sport Leadership program, which is entrepreneurial but she had concerns about carryover to front the program. Dr. Bert Bach said that was probably getting in the weeds right now and Dr. David Collins said there are two programs – Global Sports Leadership and AMBA – that will have to be determined whether they are folded into colleges or remain separate.

Dr. Joe Sherlin asked what the key questions are that the committee wants feedback on. Calhoun said they’d like to hear more on the hold harmless issue and the percentage for it. Dr. Janna Scarborough said she had some experience in this from when departments divided. She said the hold harmless offered an element of protecting each other that she appreciated. Dr. Mike Hoff said he would probably ask each college to submit a plan of how to handle the cuts before the hold harmless was applied and, if he felt we’d be OK, then he would not do the hold harmless. Dr. David Roane pointed out that sharp cuts in funding may affect a college’s ability to do the strategic plan. Dr. Richard Sander compared it to pulling teeth and said it would be better to get all the pain over with at once. Arguing against a hold harmless, Batchelder said that as long as the pain is not catastrophic, it should be dealt with. Dr. Bill Flora said that if this is a cultural

change, we want people to be successful and the hold harmless buys people time. No hold harmless, Flora said, could cause resistance. Dr. Noland pointed out that the budget allows for the decrease of 250 students and if we remain flat in enrollment or increase enrollment, the hold harmless would be moot. He said growing enrollment is not just knocking on doors, but also making adjustments to internal processes that may impact growth. Dr. Bill Duncan asked what other schools have said about having a hold harmless. Batchelder didn't recall other institutions having one, but pointed out that this model is a simpler version compared to what other institutions have done. He said other schools have said their model was too complex and that is why the committee aimed for simple.

Dr. Noland asked about the window of time being used to measure credit hours. Batchelder said the change in average credit hours is year to year because that makes it a smaller change than if you did rolling averages. The new funding is based on three-year rolling averages.

Dr. Wilsie Bishop requested clarification on the numbers presented for the College of Nursing, noting that the projected deficit seemed off. Dr. Wendy Nehring agreed and wanted to find out more about how Hoff got the numbers.

Office of Financial Aid Review

Dr. Joe Sherlin introduced Catherine Morgan, the new director of Financial Aid, who joined ETSU in September shortly after the Financial Aid office experienced some delays and long lines as the fall semester began. Sherlin explained that Dr. Noland had asked them to look at the processes in Financial Aid as they relate to enrollment. The result was a 360-degree review of the office of Financial Aid by the National Association of Student Financial Aid Administrators (NASFAA) during a multi-day visit.

Morgan said the [peer review](#) aims to strengthen and enhance efforts in the Financial Aid office. They examined operations; delivery of funds; compliance with statutes and regulations; computer systems; automation technology use; human resources and facilities; and customer service issues. They helped identify and highlight innovations in the delivery of financial aid (we could use the technology we have better); institutional strengths (they loved the work study processes set up and the televisions in the lobby and hallway to communicate with students); collect data to establish national benchmarks (we need to know our students and their needs). Morgan said they asked the group to look specifically at the office's organizational structure, staffing, training, policies/procedures, communication efforts and customer service.

They came back with over 40 recommendations in following areas:

- Processing
 - Review and streamline. We have way too many manual processes.
 - Shift specific Title IV processes to Bursar's Office.
 - Paper 'promise to pay.' Few institutions have paper 'promise to pay' processes like we do. That likely led to some of the line issues in the fall.
 - Utilize current technology. Banner is so resourceful and user friendly. We need to use it more to increase efficiencies.
- Training and Staff Roles
 - Remove silos.

- Cross-training. Our staff knows their own roles but not the roles of other areas in Financial Aid.
- Implement ongoing training program for staff. All staff need to know the process from start to finish.
- Provide external training opportunities.
- Build processing and service staff relations. We have processing and we have services, and they see each other as separate. Building a relationship there is key for flow and functionality.
- Communication
 - External – Student
 - Review current communications. We send lots of emails.
 - Duplication of efforts.
 - Utilize student focus groups. Aim to use students from fall term who were in those lines for their ‘promise to pay form.’
 - Assemble a student advisory council.
 - Targeted campaigns. Only send communication to students for whom the message applies.
 - Evaluate the role of the call center. Continue use? Only use during peak times? Is it effective? Working on building their knowledge base.
 - Internal – Faculty/Staff
 - Keep university units informed of changes in policies, procedures, regulations.
 - Hold panel discussions and/or workshops.
 - Include director and assistant director in communications.
- Technology
 - Dedicated IT staff to support only Financial Aid. Will speed up resolutions, reduce manual processes, reduce processing time and improve efficiency.
 - Make better use of current technology. University resources not being utilized (automation). U.S. DOE resources/tools to assist with compliance.

The focus for Fall 2017 will be on:

- Items that align and assist with enrollment goals
- Use of technology
- Create a process to track progress and results
- Streamline process
- Create communication plan
- Continuous staff training
- Review staff duties and roles

Morgan said she has already communicated the review recommendations to the executive team, and now the IUC, and plans to also present them to Faculty Senate, Staff Senate and the SGA. She said the staff is responding well and is “hungry for change.” Sherlin pointed out that we have not been where we have needed to be efficiency wise and the staff was ready for the changes.

Mary Jordan emphasized the need to continue to encourage students and parents to be mindful of things they need to do related to financial aid. Learning has to be across many areas, not just the financial aid office, she said. Celia McIntosh said graduate coordinators have a lot of early interactions with students as they recruit and she would like to see those coordinators get some training in financial aid. She also said she'd help get some graduate students to participate in the advisory council. Dr. Wendy Nehring said she'd like nursing to be included in that and that an upcoming initiative may require the College of Nursing to have its own financial aid person.

Budget Presentation

Dr. B.J. King [presented](#) on Gov. Haslam's recently announced budget, saying this is going to be a good year. The TBR has done a summary of the budget and THEC did a review, too.

King said this year, the governor actually outlined a salary pool, which is something he did not have last year. She said salary increase is supposed to fund a 3-percent pool, but we won't get enough to do that. We will have to come up with some of our own money to fully fund that 3 percent. She said Quillen College of Medicine did not get any increase, with that funding instead going to the 3-percent salary increase. She also said Haslam anticipated and accounted for group insurance increases. In all, the TBR is looking at a total of about \$50 million in the budget.

King presented a slide showing THEC formula units. The first column showed reallocating down to 0 based on outcomes. ETSU did second-best with Austin Peay doing the best. She also pointed to the \$3.3 million pool for a 3-percent salary increase and noted that we have to fund almost 50 percent of that 3-percent salary increase. She also said we did third-best in recurring appropriations at 8.1 percent. The state average is 7 percent, she said.

In Capital Outlay Projects, a total of \$225 million in projects was listed, with \$194 million to be paid by the state. Lamb Hall was number two on the list with \$23 million total for the project. We have a 25 percent match on the project, but King said she is hoping legislation will go forward to reduce that match.

In capital maintenance, the total for TBR is about \$74 million. Of that, approximately \$9 million is coming to ETSU for projects – two HVAC projects at Quillen College of Medicine at \$1.6 million each; one at Valleybrook at \$3 million; and main campus structural and safety projects at \$2.5 million.

King addressed other Drive to 55 initiatives from the budget including Tennessee Reconnect (last dollar scholarship for adults to attend community college); Tennessee Strong Act (last dollar tuition reimbursement for bachelor's degrees for National Guardsmen); Veterans Reconnect (training for faculty/staff who work with veterans); and \$10 million in Tennessee student assistance (awards for need-based financial aid).

She pointed out that this is \$25 million in increases for the outcome performance-based funding and a salary increase of \$30 million. The total increase of \$55 million is \$7 million over THEC's recommendation. She said there is some concern that THEC might come out with a lower limit on tuition fee increases being proposed. THEC is currently proposing 0-4 percent.

ETSU Budget Call, 2017-18 Budget Call Assumptions: King expects we will have \$758,100 available for distribution (improved from preliminary anticipation of \$250,000). She also noted that the \$1.84 million in lost revenue anticipated is based on the loss of 250 students. If we do not see that enrollment decrease, that money could pay our share of the 3-percent salary increase.

President's Report

○ Reflection on Budget

Dr. Noland started out by saying that, in the almost 20 years he has worked in higher education, he cannot recall a year the governor has invested more in operating funds than THEC recommended. "I think we're in a pretty enviable position," he said. He also noted that ETSU was, along with Austin Peay, among only two schools that realized increases from the formula side of the equation. Another positive, he said, was that the governor accounted for increases in benefits. He noted that other states are passing those increases on to their employees. The four deferred maintenance projects were another boon in what he called "all in all, a great year for us."

○ Budget Process

As we look to a new budget process, Noland emphasized that he'd like for us to stay whole and the colleges to all come before the Board of Trustees for the first time looking good. (Speaking in favor of the hold harmless)

○ Legislative Conversations

- Guns: Pieces of legislation are already introduced, but Noland encouraged folks not to get too excited right now. He said he is confident guns legislation will work itself out. He also said every member of the new Board of Trustees is opposed to the expansion of guns on campus.
- Bathrooms: Noland said to stay calm for a month and we'll see how things look.
- FOCUS Act: Considering adjustments on audit function and inclusion of voting student member to the board.

○ Board of Trustees Update

The Board of Trustees members moved through confirmation in the House and Senate. They were approved in the Senate already and today or tomorrow will be approved in House. The board's first meeting will be March 24. Members will have THEC training in the morning and their first official meeting in the afternoon. The organization of the board will occur at that first meeting and likely a little early conversation on capital and budgets. Once the board is formed, an academic committee and a finance committee will get to work. At the June (8 or 9) meeting, the board will handle tenure, budgets and tuition and fees. Scott Niswonger has been elected the transition chair and will lead through March 24, at which time the board will elect its chair. As the transition chair, Niswonger will be the only one to speak for the board with media between now and March 24. Noland said he anticipates Niswonger will be recommended as chair at the first meeting and said he would support that. Noland also noted that SACS would be on campus May 15-17 as we go through this transition.

- **Other items**
 - Noland noted that he had mentioned in the State of the University address that this was going to be a year of process review. He said those reviews are underway and the results are being implemented. He encouraged folks to look internally at their own operations and determine what needs to be fixed. He noted process reviews will continue through the next year.
 - Noland encouraged folks to be mindful of emails being sent out to everyone on campus and to consider whether it really needs to be sent. Sometimes less means more, and folks can get overwhelmed by the number of emails they receive.
 - He also mentioned a full campus forum set for March 28 that will be a question-and-answer session with the president.
 - Noland pointed out that there are a lot of positives underway at the university. He specifically noted the balanced budgets, making money in several areas that is being returned, building facilities and having a board that “truly understands the culture of this campus.” He said we are in a better position than we often give ourselves credit for.
 - Noland spoke about the audit being returned with no findings for the second year in a row and also noted that they had no points of discussion and no items for further discussion.

Adjournment