

EAST TENNESSEE STATE UNIVERSITY
BOARD OF TRUSTEES
FINANCE AND ADMINISTRATION COMMITTEE

MINUTES

February 16, 2024
Johnson City, Tennessee

The East Tennessee State University Board of Trustees' Finance and Administration Committee met on Friday, February 16, 2024, at 10:33 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 10:33 a.m.

II. Roll Call

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

Committee Chair Steve DeCarlo
Trustee Charles Allen
Trustee Dorothy Grisham
Trustee Dr. Linda Latimer
Trustee Ron Ramsey
Trustee Aamir Shaikh

Other Trustees in attendance were Dr. Steph Frye-Clark, Melissa Steagall-Jones, and Tony Treadway.

III. Approval of the Committee Minutes from November 17, 2023

The minutes from the November 17, 2023, 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 FY25 Tuition

ETSU Chief Financial Officer Christy Graham presented a Zero percent increase in the Quillen College of Medicine tuition rate for the 2024-25 academic year.

Trustee Allen made a motion to approve, and it was seconded by Trustee Latimer. The motion passed unanimously.

V. Action Item: Approval of Housing and Meal Plans for FY25

Ms. Graham indicated that the university is requesting increases in housing rates ranging from 5.2 percent to 11.2 percent, along with a lower-cost three-person option. The increases range from \$150 per semester to \$325 per semester. Ms. Graham noted that there was careful consideration given, and market studies were conducted, prior to recommending the increases. Even with the increases, ETSU falls well within the range of other institutions. Furthermore, local housing market conditions were also taken into consideration when establishing the rates.

In response to strong demand for housing, ETSU has added capacity within its current on-campus buildings. Rooms in West Hall have been returned to their original intent as three-person rooms, which added 40 more beds. This action also creates a lower-cost option for students at \$1,900 per semester. The largest adjustment to capacity is at Buc Ridge, as two-person apartments in phase I and phase II will be converted to four-person apartments. This will increase capacity by 287 beds.

Ms. Graham presented a recommendation for an adjustment to meal plan rates, based on market increases as projected by Sodexo. She noted that for the second year in a row, meal plan costs to students do not fully fund inflationary costs passed on by Sodexo. In comparison with other public universities in Tennessee, ETSU still offers one of the lowest meal plan rates, Ms. Graham said. The university is requesting a 5.1 percent increase to the Silver meal plan, which equates to \$100 per semester.

Trustee Grisham made a motion that the housing and meal plan rates be approved as presented, and Trustee Latimer seconded the motion. It passed unanimously.

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

Ms. Graham indicated that this discussion is purely for budget development purposes. She indicated that we are fortunate in Tennessee to have the level of state support that we have had, which has allowed Tennessee public universities to keep tuition flat for two of the last five years. Over the last five years, the largest increase was for the current fiscal year, which was capped at 3 percent. ETSU's tuition rate is currently below the average of Tennessee public universities. However, ETSU does rank among the highest in the state in the category of mandatory fees. Ms. Graham told the committee that staff is gathering information related to any possible increases in mandatory fees for the next fiscal year. The Tennessee Higher Education Commission's guiding range for tuition and mandatory fee increases is from 0 percent to 4 percent.

VII. Discussion of Proposed Salary Pool for FY25 Budget Development

Ms. Graham reported that Governor Bill Lee has proposed a 3 percent salary increase for state employees. She reminded the committee that 55 percent of the main campus salary pool is funded by the state, with the remaining 45 percent funded by the institution. Therefore, of the \$3.2 million in additional revenue that would come about through a 4 percent tuition increase, \$2.2 million would be dedicated to salary enhancements.

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

Ms. Graham reported that there is only one contract, for the second quarter, that is in place with an amount over \$250,000, and that is with Ahead, Inc. for Cisco wireless access point.

IX. Quarterly Financial Update

Ms. Graham presented a comparison of figures from December 31, 2022, and December 31, 2023, noting that last December, the university received an appropriation of \$20 million from the state to fund the Enterprise Resource Planning project. These funds were recorded as non-recurring E&G revenue as instructed by the state. If removed, it would show that instead of a \$7 million reduction in main campus revenues, we had a \$12.8 million increase, or 6.8 percent. There was also a 10.7 percent increase in Medicine revenue and a 24 percent reduction in Pharmacy revenue. Pharmacy graduated a larger class than what had entered, and there was a reduction in tuition revenue as a result of the lowering of tuition. State appropriations began in October for Pharmacy.

Ms. Graham reported that grants were up 65 percent. Total E&G revenue mid-year was up 6.5 percent if the ERP funds are eliminated. Expenditures were up at a slower rate than revenue. The overall increase in expenditures was approximately 5 percent, while revenue was at 6 percent. Ms. Graham then gave a similar analysis of revenue and expenses including restricted and auxiliary operations.

Ms. Graham presented a brief report on Oracle/Voyager ERP implementation, which is in its last testing phase. She said a few issues still need to be addressed, but a lot of progress has been made.

Ms. Graham reported that the budget model redesign is also progressing well, with two committee meetings upcoming in March.

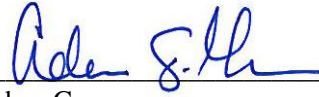
X. Other Business

There was no other business to come before the committee.

XI. Adjournment

Chairman DeCarlo adjourned the meeting at 11:11 a.m.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Adam Green", written over a horizontal line.

Adam Green
Secretary of the Board of Trustees

Approved by the Board of Trustees at its Mary 24, 2024 meeting.