

EAST TENNESSEE STATE UNIVERSITY
BOARD OF TRUSTEES
FINANCE AND ADMINISTRATION COMMITTEE

MINUTES

April 5, 2024
Johnson City, Tennessee

The East Tennessee State University Board of Trustees' Finance and Administration Committee conducted a called meeting on Friday, April 5, 2024, in the President's Conference Room in Burgin E. Dossett Hall on the ETSU campus.

I. Call to Order

Committee Chair Steve DeCarlo called the meeting to order at 10 a.m.

II. Roll Call

Given that Trustees participated remotely by electronic means, Board Secretary Dr. Adam Green began the meeting in accordance with Tennessee Code 8-44-108, section (c) (3). Dr. Green asked each committee member if they could clearly hear the proceedings and if anyone else was present in the room. Chair DeCarlo, Trustee Dorothy Grisham, Trustee Dr. Linda Latimer, Trustee Ron Ramsey, and Trustee Aamir Shaikh all indicated that they were able to hear the proceedings and that no other persons were in the room with them.

Dr. Green reported to Chair DeCarlo that he did not detect a physical quorum present but that a quorum did exist by the inclusion of those members participating by electronic means. In accordance with Tennessee Code 8-44-108, section (b) (2), Dr. Green offered up to the committee the following circumstances which necessitated the reason for the holding of such a meeting:

- It was necessary for the Finance and Administration Committee of the Board to review and approve undergraduate tuition and fees, the proposed salary pool for Fiscal Year 2025, and to review the budget proposal for 2024-25 prior to the full Board of Trustees meeting on May 24.
- The prompt necessity of this committee's meeting did not provide adequate time for this committee's membership to make necessary arrangements to be physically present for a quorum.

For these reasons, Dr. Green contended that participation by a quorum of the committee members by electronic or other means of communication was necessary. Consequently, Dr. Green asked that a motion be made and a roll call vote be taken for a determination on the necessity of holding the meeting. He indicated that an affirmative vote will signify that a necessity does exist for the meeting to proceed, adding that a dissenting vote would signify that a necessity does not exist for the meeting to continue.

Trustee Grisham made a motion that the necessity does exist to have the meeting. Trustee Ramsey seconded the motion. The motion passed unanimously by a roll call vote.

Dr. Green then informed Chair DeCarlo that in addition to the committee members present, Trustees Melissa Steagall-Jones, Dr. Steph Frye-Clark, and Janet Ayers were participating in the meeting.

III. Information Item: Parking and Infrastructure Update

Mr. Jeremy Ross, ETSU's Chief Operating Officer, presented an overview of ETSU's parking conditions, access, and infrastructure. In February 2024, ETSU engaged Walker Consultants to perform a high-level evaluation for the main campus. This overview looked at several aspects of parking, including efficiency, opportunities to enhance comfort, accessibility, convenience, and maintenance of infrastructure and resources.

Mr. Ross reported that the consultants found that parking revenues did not align with rising costs. It has been six years since ETSU has increased revenue opportunities for parking. In that same timeframe, the cost to maintain infrastructure has tripled and in many cases quadrupled. He also provided comparisons of ETSU parking rates with other institutions, demonstrating that ETSU's parking rates are lower than its peers. After examining these factors, as well as projected revenues and expenditures and an overview of parking garage maintenance projections, Mr. Ross presented a list of 13 recommendations from the consultant that included the following three items pertaining to fees and parking permits that would help align revenue with rising costs:

- Existing parking student access fee change from \$70 to \$80 per semester.
- Optional parking permit for students at \$50 per semester.
- Optional parking permit for faculty at \$120 per year.

Mr. Ross responded to several questions from Board members, noting ETSU's commitment to accessible parking, exploration of additional trolley and shuttle usage, potential for future consideration of commuter and non-commuter parking. Finally, Chairman DeCarlo and Trustee Shaikh reiterated the importance of a communication plan for these proposed changes.

ETSU Chief Financial Officer Christy Graham mentioned to the Board that this presentation was an information item to prepare the Trustees for the discussion of the next agenda item,

Tuition and Mandatory Fees for FY25, as fee changes would be included in that proposal for consideration. ETSU President Dr. Brian Noland also added that a formal and complete plan for parking would be presented to the Board of Trustees in the master plan to be presented in the fall.

IV. Action Item: Approval of Tuition and Mandatory Fees for FY25

Chief Financial Officer Christy Graham presented the recommended tuition and mandatory fees for the 2024-25 academic year. She covered the criteria that were considered in the proposal, which included the level of state support; total cost of attendance; efforts to mitigate the financial impact on students; THEC binding tuition and mandatory fees ranges; and other factors, such as projected university enrollment and university enrollment goals, market and cost factors for higher education, new program or facility costs, and costs related to operations, programs or student or individual costs. THEC proposed a 0-4% tuition and mandatory fee limit at the November 2023 meeting and will vote on this at its May 2024 meeting.

Staff is proposing a 3.8% increase in total tuition and mandatory fees for all classes of undergraduate students on the main campus. This is a 4.15% increase in tuition and 2.4% increase in mandatory fees, for a total increase to the full-time, undergraduate student of \$165 per semester for tuition and \$24 per semester for fees. She added that the tuition increases over the past five years have included two years at 0%.

Staff is recommending an additional \$15 increase for new border state students, and a similar percentage increase for out-of-state and graduate tuition. Assuming constant enrollment, this should result in an increase in revenue of \$4.2 million, which will help fund the campus portion of the salary pool of \$2.2 million, as well as increased benefit costs, faculty tenure and promotion, and other inflationary increases.

The mandatory fee increase includes a \$10 increase for the Center for Physical Activity and \$4 for operational costs at the Post Office. The other \$10 increase is to move the current parking fee to an infrastructure fee and introducing the optional parking pass for students. The proposed 3.8% tuition increase keeps ETSU's undergraduate tuition and fees of \$10,328 at the average for state institutions.

Ms. Graham noted that once the Committee approves tuition and fees, staff will provide notice to the campus of the proposed tuition and mandatory fees increase for the 2024-25 academic year. The public notice will be posted for at least 15 days, and the full board will take action on tuition and mandatory fees at its May 24, 2024, meeting. This action will be informed by the public feedback process and staff may make changes to these proposals based upon formal and information feedback.

Trustee Latimer made a motion to approve the proposed tuition and mandatory fees for 2024-25. Trustee Grisham seconded the motion, which passed unanimously by a roll call vote.

V. Action Item: Approval of Pharmacy Tuition for FY25

Ms. Graham reported that due to the FY24 state appropriation for the Bill Gatton College of Pharmacy the college was able to lower tuition rates to create revised in-state and out-of-state rates. She recommended a 0% increase in the Bill Gatton College of Pharmacy tuition rate for the 2024-25 academic year in an attempt to maintain a competitive position with other colleges of pharmacy. The college will rely on reserves and minimizing operational expenses to balance its budget while continuing to pursue additional assistance from the state.

Trustee Latimer made a motion to approve the 0% increase, and it was seconded by Trustee Grisham. The motion passed unanimously by a roll call vote.

VI. Action Item: Approval of Fixed Price for Online Master of Public Administration Tuition

The ETSU Board of Trustees approved a fixed price model for the launch of a fully online Master of Public Administration in fall 2021. This model fixed the tuition and mandatory fee rate for each cohort for three years. Ms. Graham indicated that the college requests approval to continue a fixed price tuition model for the next three academic years at a proposed rate of \$600 per credit hour for the next three student cohorts. The model includes components of tuition at \$507, a \$33 program fee, a \$10 course fee, and a \$50 online fee.

Trustee Grisham made a motion to approve the fixed price for the online Master of Public Administration Tuition for academic years 2024-25, 2025-26, and 2026-27. Trustee Latimer seconded the motion, and it passed unanimously by a roll call vote.

VII. Action Item: Approval of Salary Pools for FY25

Ms. Graham indicated that Tennessee Governor Bill Lee's 2024-25 budget proposal included an appropriation for a 3 percent salary pool. The state historically funds 55 percent of the salary pool, and the remainder is funded by institutional resources. A 3 percent salary pool for the main campus will require approximately \$5 million to fully fund the salary pool. The Governor's proposed budget includes \$2.8 million of increased resources as the state portion; the remaining \$2.2 million will need to come from other resources or efficiencies.

With the uncertainty of fall enrollment, staff is recommending the establishment of the full 3 percent salary pool in the budget, but delaying the implementation until November when fall enrollment is finalized. This methodology was implemented for the current fiscal year. Concurrently, staff is reviewing how the salary pool will be distributed with an aspiration to bring salaries to market rates. President Noland described work being done on campus to adjust salary ranges, job families, and scales, as well as improve efficiencies to deepen salary enhancements beyond the 3 percent pool.

Trustee Frye-Clark thanked Dr. Noland for addressing salaries and asked the university to consider examining the issue of salary compression.

Trustee Latimer made a motion to approve the salary pools for FY25. Trustee Grisham seconded the motion, which passed unanimously by a roll call vote.

VIII. Discussion of Spring Estimated and July Proposed Budgets

Ms. Graham presented a preliminary budget as an informational item that will be discussed further at the May 2024 board meeting. The preliminary budget includes the 3.8% tuition and mandatory fee increase, as well as the 3% salary pool. It also includes the Governor's recommended state appropriation amount. The state budget and binding tuition amount will not be confirmed until May. She noted that ETSU is in the process of conducting budget hearings, which should conclude next week.

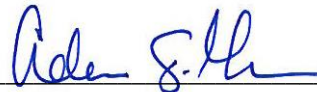
X. Other Business

There was no other business to come before the committee.

XI. Adjournment

Chairman DeCarlo adjourned the meeting at 11:12 a.m.

Respectfully submitted,



Adam Green
Secretary of the Board of Trustees

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