

EAST TENNESSEE STATE UNIVERSITY  
BOARD OF TRUSTEES  
FINANCE AND ADMINISTRATION COMMITTEE

MINUTES

May 24, 2024  
Johnson City, Tennessee

The East Tennessee State University Board of Trustees' Finance and Administration Committee met on Friday, May 24, 2024, at 10:24 a.m. in the East Tennessee Room of the D.P. Culp Student Center.

**I. Call to Order**

Trustee Ron Ramsey called the meeting to order at 10:24 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 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 February 16, 2024, and April 5, 2024**

The minutes from the February 16, 2024, and April 5, 2024, meetings of the Finance and Administration Committee were approved as submitted, with Trustee Charles Allen making the motion and Trustee Steve DeCarlo seconding the motion. The motion passed unanimously.

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

ETSU Chief Financial Officer Christy Graham reported that in light of the changes made by the Tennessee Higher Education Commission (THEC) to their state-wide tuition and fee policy for FY25, staff has revised the original proposal that was presented to the committee at the April 5, 2024 meeting as well as what was originally presented in the packet of agenda items to the committee for this meeting. (Board Secretary Dr. Adam Green distributed an amendment

incorporating those changes.) Ms. Graham presented the adjusted recommendation for tuition and mandatory fees for the 2024-25 academic year. In doing so, she explained that the Tennessee Higher Education Commission based tuition models on a core Consumer Price Index of 4% and flat enrollment. THEC did not include a salary allocation in its request. The inflation factor for the three state-supported units at ETSU equates to an appropriation increase of \$1.2 million. Governor Bill Lee's proposed budget for an expenditure increase and a partially funded 3% salary pool was \$5 million. In recommending tuition and fees, ETSU also considers the total cost of attendance. Tuition and fees increased by 2.85% in FY24. Ms. Graham pointed out that a comparison of tuition and mandatory fees shows that ETSU continues to be comparable to other public institutions of higher education in the state and below the national average. She added that ETSU continues to look for ways to mitigate rising costs to students. Reviews of academic and administrative areas are ongoing and should identify ways to improve services, reduce costs, and allow assets to be used more effectively for students.

Ms. Graham reminded the committee that THEC proposed a zero to 4% tuition and mandatory fee limit at its November 2023 meeting. She reported that the commission revised the range at its May 2024 meeting and approved a 0 to 5.5% limit.

Ms. Graham indicated that ETSU is proposing a 5.25% increase in total tuition and mandatory fees for all classes of undergraduate students on the main campus: 5.36% in tuition and 4.8% in fees. This equates to a total increase for the full-time undergraduate student of \$213 per semester for tuition and \$48 per semester for fees.

Also recommended is a \$15 increase for new out-of-state undergraduate students and a similar percentage increase for out-of-state students in graduate tuition.

Assuming flat enrollment, Ms. Graham said this should result in an increase in revenue of \$5.4 million, which will help fund ETSU's portion of the salary pool of \$2.2 million and an additional \$1.6 million salary pool to address Fair Labor Standards Act changes and other salary needs. President Noland noted and clarified that all revenues generated from the enhanced fee level would be diverted toward salaries and benefits.

Trustee DeCarlo made a motion that the Finance and Administration Committee recommend the adoption of the following amended resolution by the Board of Trustees:

The proposed tuition increase and mandatory fees for 2024-25 of 5.25% is approved as presented in accordance with the Governor's budget and the THEC binding tuition limit.

Trustee Grisham seconded the motion. It passed unanimously.

## **V. Action Item: Approval of Spring Estimated and July Proposed Budgets**

Ms. Graham told the committee that since budgets had to be submitted to the state by May 5, the figures being presented to the committee are very similar to those presented at the April meeting. Adjustments will be made in the October revised budgets based on the new tuition rates and the salary pool.

Ms. Graham summarized the following main elements of these budgets:

- The main campus budget shows revenue, exclusive of auxiliaries, increasing in July by 4.7%. The primary increases are tuition revenue, state appropriations (increasing by \$5.1 million), and interest revenue (increasing by \$2.4 million). Auxiliary revenue is budgeted to increase by more than \$6 million. Expenses are projected to increase by 4.9%.
- Expenses by function follow past trends. Instruction moved from 40% of total expenses last year to 39% this year.
- The College of Medicine expects an increase in tuition revenue of approximately \$700,000. Expenses are decreasing due to a decrease in salaries and benefits that have shifted to Family Medicine.
- The Family Medicine revenue is increasing by nearly 10%, and correlating expenses are increasing by some 9.5%, primarily because of personnel costs that shifted from the College of Medicine.
- The College of Pharmacy's revenue is similar to the estimated spring budget, which reflects a flat amount of state appropriations and no tuition increase. Increased expenses are for accreditation purposes, and the difference will come from the college's reserves.

Trustee Grisham made a motion that these budgets be approved as presented. Trustee DeCarlo seconded the motion. It passed unanimously.

## **VI. Action Item: Capital Budget Submittals and Disclosures**

Ms. Laura Bailey, Associate Vice President for Capital Planning and Facilities Services, began by requesting the committee's approval of the Brown Hall Renovation Phase II capital outlay project. This submittal to the state will be for Phase II construction at \$49.5 million.

In the category of capital demolition, Ms. Bailey reported one request, for the chimney and support structure to be demolished at the Power House at a cost of \$225,000.

In capital maintenance, Ms. Bailey reported a total request of \$16,940,000 to be submitted to the state for possible funding. The list includes safety lighting and fire alarm system phase II; multiple roof replacements; safety steam line repairs and replacement; primary electrical repairs and replacement; exterior/structural repairs and replacement; HVAC and plumbing repairs in multiple buildings; and electrical upgrades in several buildings.

Capital disclosures total \$95,650,000 and include:

- A residence hall at \$40,000,000
- A parking garage at \$55,000,000
- Campus wide paving and repair at \$300,000
- Millennium Center parking garage elevator upgrades at \$350,000

President Noland pointed out that the items on the disclosures list are self-funded projects for possible completion in the future, for which the state requires advance notification.

Trustee Grisham made a motion that the capital budget submittals and disclosures be approved and sent to the state for possible funding. Trustee Allen seconded the motion. It passed unanimously.

## **VII. Quarterly Financial Update**

Ms. Graham presented a year-to-year comparison of the university's financial condition from March 23, 2023, to March 24, 2024. That comparison is affected by the December 2022 receipt of a state appropriation of \$20 million to fund the ERP project. This was recorded as E&G revenue as instructed by the state, and it is not recurring funding. If it were removed, instead of a \$4.3 million reduction in main campus revenues, there would be a \$15.7 million increase.

Ms. Graham reported that there was a 9% increase in College of Medicine revenue and a reduction in College of Pharmacy revenue. Pharmacy graduated a larger class than the number that had entered, and there was a reduction in tuition revenue as a result of lowering tuition. State appropriations began in October 2023 for Pharmacy.

Ms. Graham told the committee that total E&G revenue to date is up 6.5% if the ERP funds are eliminated but flat if ERP funds are included. Expenditures are increasing at a slower rate than revenue.

## **VIII. Presentation of FY22 and FY23 Composite Financial Index**

Ms. Graham explained that these ratios were originally designed for private institutions and modified for public institutions in 2002. They are intended to provide a measure of financial health. There are four ratios which are calculated and then weighted to produce a single

Composite Financial Index measure. The resources of the ETSU Foundation are included. Those ratios are: Primary Reserve, Viability, Return on Assets, and Net Operating Revenues. Ms. Graham told the committee that for FY22, ETSU's composite score was well above the average and ranked as one of the highest among Tennessee's locally-governed institutions. For FY23, comparative numbers across the state are not available, but ETSU's score increased from a 4.56 to a 6.12, which indicates that we are in solid financial condition.

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

Ms. Graham reported seven contracts and purchase orders exceeding \$250,000:

- Frontier Health: For Chair of the Department of Psychiatry
- Dillow-Taylor Funeral Home: For transport, embalming, and cremation of donated bodies
- Southwest Contract: For Buc Ridge furniture
- Belfor: For mitigation due to a freeze event
- Elsevier: For access to collections and subscriptions
- EAB Global: For Student Success Collaborative
- BSN Sports: For athletics supplier agreement

RFI/RFPs that are in process or upcoming include:

- Broker services for medical residents' health insurance
- Production company for Student Government Association major events
- Family Medicine sites custodial services

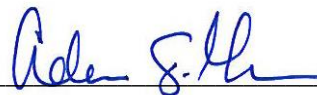
**X. Other Business**

There was no other business to come before the committee.

**XI. Adjournment**

Chairman DeCarlo adjourned the meeting at 11:22 a.m.

Respectfully submitted,



Adam Green  
Secretary of the Board of Trustees

Approved by the Board of Trustees at its September 13, 2024 meeting.