

EAST TENNESSEE STATE UNIVERSITY
BOARD OF TRUSTEES
FINANCE AND ADMINISTRATION COMMITTEE

MINUTES

November 19, 2021
Johnson City, Tennessee

The East Tennessee State University Board of Trustees' Finance and Administration Committee met on Friday, November 19, 2021, at 11:00 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 11:00 a.m.

II. Roll Call

Board Secretary Dr. Adam Green led the roll call and confirmed to the Committee Chair that a quorum was present.

Committee Members present were:

Trustee Charles Allen
Trustee Kara Gilliam
Trustee Dorothy Grisham
Board Chair Dr. Linda Latimer
Trustee Ron Ramsey
Trustee Kelly Wolfe
Committee Chair Steve DeCarlo

Trustees Virginia Foley and Melissa Stegall-Jones also participated in the meeting.

III. Approval of the Finance and Administration Committee Minutes from September 17, 2021

The minutes from September 17, 2021, were approved as submitted, with Trustee Ron Ramsey making the motion and Trustee Dorothy Grisham seconding the motion. The motion passed unanimously.

IV. Approval of Fiscal Year 2022 October Revised Budgets

As an action item, Chief Financial Officer Dr. B.J. King presented the October 2021 revisions to the FY 2021-22 budgets for the one formula-funded unit (Main Campus), two non-formula units (College of Medicine and Family Medicine), and one self-funded unit (College of Pharmacy). During the April 23, 2021 meeting, the Board of Trustees adopted the proposed 2021-22 budgets for the University. The proposed budgets for the fiscal year are based on the estimates for revenue and expenditures known at the time the budget is prepared. The fall enrollment and adjusted appropriation figures for revenue budgets have been received along with adjustments from fiscal year-end closing that provides for the carryforward of budgets for operational expenses. Original and revised budgets were outlined in the committee agenda materials.

In response to questions and comments regarding salary trajectories, President Noland informed the Committee that THEC has made their 2022 budget recommendation and their inflation factor rate is based on a Core Consumer Price Index of 4.2 percent. In comparison, the majority of THEC higher education institutions are implementing an inflation factor of more than six percent.

The recommendation, if adopted, will establish a salary pool, with the Board having discretion over how the funds are distributed. The state will cover approximately one-half of the salary pool and the University will have to fund the remainder from internal resources.

The FY 2022 October Revised Budgets were approved as submitted, with Trustee Kelly Wolfe making the motion and Trustee Ron Ramsey seconding the motion. The motion passed unanimously.

V. Presentation of Fiscal Year 2021 Unaudited Financial Statements

The Fiscal Year 2021 Unaudited Financial Statements included in the agenda materials were presented as an information item. Dr. King informed the Committee that the University's fiscal year 2021 accounting records had been closed, and the fiscal year financial statements had been forwarded to State Audit for review. A finalized audit report should be available by the April Board of Trustees meeting.

VI. Quarterly Financial Update

Dr. King next provided Trustees with an overview of financial activities for the University through the first quarter of the fiscal year including an overview of: (1) Unrestricted E&G Revenues and Expenditures by Unit; (2) Unrestricted E&G Revenues by Source and Expenditures by Class; (3) Operating Funds Revenues and Expenditures by Fund Type; and (4) Operating Funds Revenues by Source and

Expenditures by Class. Detailed information may be found in the committee agenda materials.

VII. Presentation of Tuition Transparency Report

Dr. King presented the Tuition Transparency Report as an information item. Each governing Board reports to the Office of Legislative Budget Analysis information regarding expenditures of revenue derived from any tuition and fees increase in the previous full academic year.

There was no tuition increase in the prior year.

VIII. Quarterly Report on Agreements over \$250,000

The Quarterly Report on Agreements over \$250,000 was presented as an information item.

IX. Approval of the D.P Culp Student Center Debt Service, Operations, and Renewal and Replacement Funding

Dr. King presented a request for modification of the D.P. Culp Student Center debt service fee to shift 25 percent of the fee to operations and renewal and replacement funds in a manner consistent with the precedent established in the Quillen College of Medicine debt service adjustment in 2017 for the COM Student Center. The debt service would continue to be funded by 75 percent of the fee. Residual fees associated with debt service from the D.P. Culp Center should be directed to student-focused auxiliary renewal and replacement projects. This reallocation will allow for improved budgeting for operations of the facility and allow ETSU to plan ahead for renewals and replacements, which will be needed for future student projects. The repurposed debt service fees would be effective for the FY22 budget year.

The proposal passed unanimously, with Trustee Grisham making the motion and Trustee Ramsey seconding the motion.

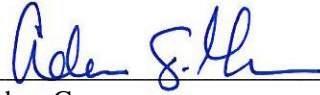
X. Other Business

No other business items were discussed.

XI. Adjournment

The Committee was adjourned with Board Chair Dr. Linda Latimer making the motion and Trustee Virginia Foley making the second.

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 February 18, 2022 meeting.