

## **Interim University Council**

**Date:** May 8, 2017

**Time:** 8:15 a.m.

**Location:** D.P. Culp University Center, East Tennessee Room

**Attendees:** Dr. Brian Noland (chair), Dr. Gordon Anderson, Dr. Bert Bach, Dr. Wilsie Bishop, Dr. Larry Calhoun, Dr. Ranjan Chakraborty, Dr. Wallace Dixon, Dr. William Duncan, Dr. Susan Epps, Dr. Bill Flora, Joy Fulkerson, Dr. Jane Jones, Mary Jordan, Ed Kelly, Dr. B.J. King, Dr. Karen King, Dr. Cecilia McIntosh, Keyana Miller, Dr. Wendy Nehring, Pam Ritter, Dr. David Roane, Jeremy Ross, Dr. Janna Scarborough, Dr. Joe Sherlin, Jennifer Hill (recording secretary)

**Guests:** Dr. Cheri Clavier, Dr. Mike Hoff, Courtney Kelly

### **MINUTES**

Dr. Brian Noland opened the meeting and welcomed those in attendance. He noted that some agenda items would be taken out of order due to scheduling conflicts.

#### **Approval of Minutes**

The minutes from the April 10, 2017, meeting were approved.

#### **Legislative Update**

President Noland reported that budget talks in Nashville have stalled due to the late presentation of \$300 million in budget amendments, and there has been no movement on Gov. Bill Haslam's budget. He said that several items ETSU has been working on fell victim to political infighting and that most of the East Tennessee delegation did not support some major initiatives from the governor's office. Two of ETSU's items that ran auxiliary to the budget may or may not make their way through the budget process by the end of the legislative session. The first item that was taken out of the budget was a request to change the matching funds requirement for the Lamb Hall renovation project from 25 to 10 percent, following the lead of the University of Tennessee-Martin, which had a 10 percent match approved by the state last year, using the justification that the institution is located in a rural community, where it is hard to raise money. Dr. Noland pointed out that ETSU also is in a rural area and that the institution has nearly exhausted its fundraising resources with other projects. The second was work we had invested in providing capital support for a center of excellence to fight the opioid epidemic in the region. He is hopeful that this money will find its way back into the budget in another place.

Dr. Noland said that overall, 2017 was an outstanding legislative session, and he was pleased that no legislation was passed regarding guns, freedom of speech, bathrooms or other aggressive

social initiatives. He said there was solid support for the funding formula, salaries and capital projects, which would benefit ETSU.

### **Special Recognition**

Dr. Noland took a moment to recognize several offices involved in coordinating what he called two of the best back-to-back Commencement ceremonies during his time at ETSU. He said the ceremonies for the largest graduating class in ETSU's history (2,031) on May 6 went smoothly and looked great. He thanked Joe Smith and the University Relations staff for their work behind the scenes; Jeremy Ross and his staff for work on the grounds and logistics; and the Registrar's Office, Dr. Bert Bach, Dr. Ramona Williams and staff for their efforts. He praised Trustee Janet Ayers, who delivered the afternoon address completely from memory.

### **Update and Discussion on Proposed 2017-18 Budgets and Fees**

Dr. Noland provided an overview and update on the 2017-18 budget process (*see attached [PowerPoint presentation](#)*), which has moved to a base-plus model. The development of the budget has been an open process, and all materials are available on the Interim University Council (IUC) website (<http://www.etsu.edu/president/interim-council/budget.php>). He noted that in spite of an economic downturn, it is a stable year in terms of state finance, and ETSU's budget priorities remain faculty/staff salary enhancement and student success initiatives. He went over the five phases of the strategic budget process, which is now in phase four, allowing for internal review before the budget goes to the Board of Trustees for approval on June 9.

Dr. Noland reported there is a projected increase of \$3.4 million in state appropriations and a 3.17 percent increase in student maintenance fees, much of which is "pass-through" money to increase scholarships by \$1.02 million. The budget anticipates a possible enrollment decline of 250 students, translating to a \$1.84 million loss in revenue. From \$4.058 million in net new revenue, \$3.3 million will be reserved for a three percent salary pool, leaving \$758,100 available for distribution for new initiatives.

Dr. Noland said current enrollment projections for fall 2017 are down by 1.86 percent, which mirrors statewide trends, but said state revenues are stable and the budget forecast for the foreseeable future is positive. He said that in spite of increases that have nearly doubled the cost of attendance over the past decade, ETSU's tuition and fees remain under the peer average.

ETSU's faculty salaries remain near and staff salaries remain at the bottom in salary comparisons with peer institutions, in spite of recent salary enhancements. Dr. Noland reported that the budget for 2017-18 calls for a two percent across-the-board salary enhancement for all faculty and staff, with a minimum of \$500, which allows a larger percentage for individuals at the lowest salary levels; it also calls for a one percent salary equity enhancement, with a cap of \$3,000. This salary improvement plan has been submitted to the Finance Committee of the Board of Trustees and will be presented for approval at the Board's June 9 meeting.

Dr. Noland reported that Gov. Haslam's budget recommendations called for a \$6.28 million total increase in operating, salary 3 percent pool and insurance for ETSU's main campus, College of Medicine and Family Medicine combined. State funding for the Lamb Hall renovation is

recommended at \$17.25 million with a campus match of \$5.75 million for a total of \$23 million, and total capital maintenance is recommended at \$8.7 million to cover safety and structural, Valleybrook systems, and HVAC needs for the College of Medicine.

Dr. Noland summarized the proposed budget for the main campus for 2017-18, which is balanced at \$6,531,340. He noted that priority was placed on new salary lines, and that with the implementation of the FOCUS Act and transition to Board of Trustees governance, board expense has been reduced by \$310,000, which was previously paid to the Tennessee Board of Regents. In addition, a \$190,020 reduction in expenses is expected by eliminating university payment of the 2.2 percent “convenience fee” charged for every credit card transaction on campus; this cost will be passed back to the consumer per widespread practice, and it is anticipated that more people will pay transactions by check or cash.

Dr. Noland went over a breakdown of the student fee structure. Mandatory fee requests total four percent. He pointed out that last year’s and this year’s fee increases represent the lowest percent increases in back-to-back years since the early 1990s; ETSU will be in line with other state institutions and under THEC caps. He said 3.1 percent of the fee increase will cover salary enhancements, inflationary enhancements and more. Further, .83 percent of the increase, or \$122, includes a facility fee of \$80, which will provide a constant source of revenue for minor renovations and maintenance needed on campus; a library fee, which was approved by the student body to expand library hours to 24 hours a day five days a week; a campus recreation fee to help grow outdoor recreation activities; and an increase in the technology access fee (TAF) to expand bandwidth and wireless capabilities, particularly in residence halls. Non-mandatory fees (clarified after discussion as being called “non-mandatory” in that they are not required of all students but are mandatory for students taking specific classes) were also outlined.

Dr. Noland also went over new budget requests from major units of the institution, which he said align with the strategic plan. Among these were requests for new and supplemental funding for Board of Trustees operations support, staff support for international students, part-time temporary legal staff, *ETSU Today*, a tax and revenue accountant, a purchasing agent, an additional public safety officer, grounds and custodial staff, the Applied Social Research Lab, making the ETSU 1020 course permanent, relocating Tipton Gallery, graduate assistant stipend enhancements, and more. All requests were categorized by priority.

Dr. Wallace Dixon questioned why the \$310,000 being saved from the TBR is not being spent on the cost of FOCUS implementation and the purchasing agent, a cost borne from the transition from TBR to the local board. Dr. Noland explained it was due to timing – the Budget Advisory Committee began its work before being made aware of the \$310,000.

Dr. Gordon Anderson asked about plans for additional revenue should the projected enrollment shortfall not be as bad as expected, such as if the university ends up down 100 instead of 250 students. Dr. Noland said his recommendation would be to fund the prioritized new requests that went through the budget process and distribute the remainder to departments that grew. He said that if enrollment should remain flat rather than decline, that would be \$1.8 million that could be distributed across campus, which would allow the university to fund graduate assistantships and the things that went through the budget process, then push the additional revenue out to the colleges experiencing enrollment growth.

Before leaving to attend a meeting of the Board of Trustees' Audit Committee, Dr. Noland announced that the Southern Association of Colleges and Schools Committee on Colleges' Substantive Change Committee (SACSCOC) will be on campus May 15-17 (*see [later agenda item](#)*) and that the ETSU campus will close on Friday, May 12, from 11:30 a.m.-4 p.m. to allow all staff to go to the annual Staff Picnic.

Dr. B.J. King continued the budget presentation, providing a visual breakdown of anticipated revenues and expenditures for 2017-18 for the main campus, the Quillen College of Medicine, Family Medicine, and the Gatton College of Pharmacy (*see [PowerPoint presentation referenced earlier](#), beginning with slide 27*). Among the points made were:

- There are funding sources for all new positions that have been recommended.
- Maintenance and required fees provide 55 percent of the revenue for the main campus, and state appropriations make up 24 percent.
- Touching on the non-mandatory fees again, she explained that the philosophy behind those is that there is no binding limit by THEC on non-mandatory fees. THEC would rather we charge such fees as mandatory for students who are taking the specific courses for which they are charged.
- Sales and services generates four percent of the revenue budget, but this category is growing, and there is room to grow in the grants and contracts category (two percent). Auxiliaries (10 percent) largely comes from Housing and Food Service.
- In the breakdown of expenditures by function, instruction (41 percent) is the largest expenditure category, followed by student services (12 percent), scholarships (10 percent) and academic support (nine percent).
- In the breakdown of expenditures by natural classification, professional salaries is the largest category at 38 percent, followed by employee benefits (19 percent) and operating expenses (18 percent).
- The Quillen College of Medicine budget is projected to increase by only \$149,200, primarily in instruction/salaries.
- The Family Medicine budget is projected to increase by \$213,000, also largely in salaries/benefits.
- The budget for the College of Pharmacy, which receives no state funding, is projected to increase by \$57,000, also in salaries/benefits. The College is almost entirely funded by the student body.
- Dr. King noted that the budget process has been extremely thorough, open and transparent, which has made it much easier to go to the Board and explain what the university is asking for.
- Dr. King said 3.97 percent fee increase is a historically low increase.. Also, the state appropriations are positive for all the institutions, and ETSU did particularly well.

In discussion, Dr. Dixon applauded the new budget process but expressed concern that it did not allow enough time to be as thorough and thoughtful as possible at the departmental level. Dr. King responded that she has already spoken with the Finance Committee about making changes in the process so that the university can inform students and parents in March of projected fee increases for the coming year to aid them in their planning process. This projection would be provided with the understanding that the figure could change because two major factors influencing fee increases – the governor's budget and the student fee increase – are unknown in

March. She said that in November, THEC will provide its recommendation as to the state appropriations that should be included in the governor's budget and its proposal for binding limits on maintenance and mandatory fee increases. Dr. King encouraged colleges and departments to begin thinking and talking now about needs and initiatives to be addressed in the 2018-19 budget.

Dr. Larry Calhoun made a motion to endorse the budget as presented by President Noland and the Finance Committee. The motion was seconded by Dr. William Duncan, and was unanimously approved.

### Strategic Plan and Enrollment Update

Dr. Mike Hoff reported that as of May 5, the number of applications for fall 2017 are up, but acceptances are down; this could be just a result of earlier notifications from students who will not attend, in which case it would have no direct impact on new student enrollment. Transfer numbers are up, but international applications are down. Dr. Cecilia McIntosh reported that graduate applications are up by 30 percent, and acceptances are also up; she added that a record number of graduate students graduated on May 6, and those numbers need to "back-filled" with new students to stay even. Registration for summer orientation sessions is up, but Dr. Hoff cautioned that this figure was up last summer before enrollment actually decreased.

Dr. Hoff stated that one reason why ETSU has lost people from local counties is cost, as the university has priced itself into a new market. Although ETSU saw a decrease from local counties, there was a corresponding increase from counties closer to the University of Tennessee-Knoxville. He said that so far, from the data gathered, Tennessee Promise is not having much impact. He said ETSU is doing better in getting definitive word from students on whether they are or are not coming to ETSU. A majority of students who decide not to come to ETSU are going to UTK. However, ETSU is seeing a good yield on Academic Performance Scholarships and the Carter and Gilbreath scholarships for out-of-state students.

Dr. Hoff said the university will have a better picture of fall enrollment by July.

Dr. Wilsie Bishop, acting as chair in President Noland's absence, said non-returning students and yield rate need to be a focus and will depend on all of the university's interactions with students.

### **Welcome to New SGA President**

Dr. Bishop introduced Keyana Miller, the newly elected president of the Student Government Association, and welcomed her to the IUC. Ms. Miller expressed appreciation for the opportunity to represent the student body on the IUC.

### **Update on SACS**

Dr. Cheri Clavier gave an overview of the activity that has preceded and what IUC members can expect during the May 15-17 campus visit by the SACSCOC team, the purpose of which is to determine ETSU's continued compliance with SACSCOC's Principles of Accreditation (*see*

*attached [.pdf presentation file](#)*). She noted that in December 2016, SACSCOC gave authority to the Executive Committee of its board to approve ETSU's change in governance, which happened in March. Once SACSCOC approved the university's change in governance, ETSU had 30 days to implement it. She said what typically happens once this type of change is approved is that a university will have six months before a site team of individuals from other institutions comes in for an evaluation; what the team looks for is evidence that what the university has said will happen as part of the transition will actually happen. ETSU's change in governance officially occurred March 24 with the first meeting of the Board of Trustees, and ETSU's SACSCOC site visit timeline has been accelerated for several reasons, including the forthcoming retirement of SACSCOC Vice President Dr. Cheryl Cardell, who read ETSU's prospectus last fall, believed the university was ready, and offered to guide ETSU through this process as one of her last official duties. ETSU will be the first of the former TBR universities to undergo the site visit process.

Dr. Clavier said that the team will identify issues and topics for further exploration based on its reading of ETSU's documentation before meeting with Board of Trustees members, administrators, faculty and students. The team may also request additional meetings, and the projected schedule may need to be modified if meetings run long, so Dr. Clavier encouraged patience and flexibility on the part of all involved.

The members of the team visiting ETSU will be Dr. Karan L. Watson, provost and executive vice president at Texas A&M University, who will chair the committee; Angela S. Martin, vice president for financial planning and chief budget officer at the University of Kentucky; Dr. Martin H. Posey, director of the Center for Marine Science at the University of North Carolina-Wilmington; and Dr. Cardell, who will be present for guidance but will not hold a decision-making role.

Dr. Clavier gave an overview of the information that has been provided to SACSCOC and a refresher on the terminology used by SACS. She stressed that ETSU has indicated compliance with all core requirements, comprehensive standards and federal requirements, and went over some of the questions the university could anticipate being asked by the team members.

Following discussion regarding some of the questions that might be asked during the site visit, Dr. Bishop noted that the SACSCOC team members will play a consultative role to the university during their visit as well as an evaluative role, and thanked Dr. Clavier and her team for the great work they have done throughout the process.

### **Consensual Relationship Policy**

Mary Jordan presented changes to the Consensual Romantic or Sexual Relationship Policy that were made by committee following the period of public comment (*see attached [policy draft](#)*). Members of the ad hoc committee included Ms. Jordan, Dr. Susan Epps, Ed Kelly and Lisa Williams. Ms. Jordan said that no changes were made to the definition or purpose, but edits were made for clarification to the policy as shown. She and Dr. Epps reported that some of the approximately 30 comments received pertained to questions as to why the policy was needed, while others expressed appreciation for the policy or identified points that needed clarification. Ms. Epps said one comment stated that the policy dictates relationships, but she explained that it

does not prohibit relationships, but rather prevents perceived conflict of interest on the part of evaluative authorities. Mr. Kelly noted that this new policy replaces three similar policies already in existence dealing with the subject, and Dr. Noland, who had returned to the meeting, added that this new policy is consistent with ETSU's existing nepotism policy. Ms. Jordan said that in looking at the comments, committee members recognized that there is a point at which the consensual relationship policy stops and the nepotism policy takes over.

Following discussion, the [policy](#) was approved as amended by the committee.

The meeting was adjourned.