

EAST TENNESSEE STATE UNIVERSITY
BOARD OF TRUSTEES
FINANCE AND ADMINISTRATION COMMITTEE
MARCH 2022 CALLED MEETING

11 a.m.-12 p.m. EST
Wednesday
March 30, 2022

Telephonic/Zoom Meeting
President's Conference Room
1276 Gilbreath Drive
Johnson City, TN

COMMITTEE MEMBERS

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

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AGENDA

- I. Call to Order
- II. Roll Call
- III. [Approval of Salary Pools for FY23](#)
- IV. [Approval of Tuition and Mandatory Fees for FY23](#)
- V. [Discussion of Spring Estimated and July Proposed Budgets](#)
- VI. Other Business
- VII. Adjournment

EAST TENNESSEE STATE UNIVERSITY
BOARD OF TRUSTEES

ACTION ITEM

DATE: March 30, 2022

ITEM: Approval of Salary Pools for FY23

COMMITTEE: Finance and Administration Committee

RECOMMENDED ACTION: Approve (Roll Call Vote)

PRESENTED BY: B.J. King
Chief Financial Officer

In his annual State of the State address, Governor Lee presented his budget for the State of Tennessee. In addition to a broad range of project specific and general operating investments, the budget proposes a four percent salary pool for higher education.

Consistent with prior practice, calculations from the Tennessee Higher Education Commission (THEC) depict state funding for 55 percent of a mandatory salary increase with related benefits for the main campus. As a reminder, the Gatton College of Pharmacy operates as a stand-alone entity and does not receive funding from the State of Tennessee. Subsequently, salary enhancements for Gatton faculty and staff are wholly supported via tuition generated revenue. The Quillen College of Medicine and Family Medicine receive an appropriation through state funding for non-formula units.

The table below illustrates the approximate funding through additional state appropriation required to support a four percent salary pool for the main campus. These calculations are based on the data files obtained from THEC and align with the Governor’s budget documents released January 31, 2022.

	\$ Needed for Pool	State 55% Funding for Pool	Funding through Other Appropriations or Efficiencies
Main Campus 4%	\$5,952,000	\$3,273,500	\$2,678,500

Staff has yet to develop a plan for the distribution of any salary improvement funding. Due to the uncertainty of budgets during the COVID pandemic, staff is proposing holding state appropriations for salaries in pools until the State budget is adopted and enrollment for Fall 2022

is finalized. Any Board of Trustees approved salary adjustments will be implemented in November 2022.

The history of salary improvement funding is provided below:

Year	Across-the Board			Equity Increase		Service Bonus
2022-23	TBD					
2021-22	3.5%	\$700 min	(2)(3)			
2020-21 (1)	0.0%					\$500 (4)(5)
2019-20	2.0%	\$500 min	(2)			
2018-19	2.5%	\$500 min	(2)			
2017-18	2.0%	\$500 min	(2)	1% pool	\$3,000 ceiling	
2016-17	2.0%	\$500 min	(2)			
2015-16	2.0%	\$500 min	(2)	Pharmacy faculty only		
2014-15	0.0%					
2013-14	1.5%	\$250 min	(2)	4.25%		
2012-13	2.5%	\$750 min	(2)	8.5%	\$5,000 ceiling	

- (1) No funding for salary increase was included in the final state budget for FY21. An appropriation amendment in spring 2021 provided funding for a one-time bonus payment in June 2021.
- (2) Employees with annual performance evaluations which are unsatisfactory or performance far below expectations do not participate in salary increases.
- (3) Maximum increase \$10,000.
- (4) Employed April – May 30, 2021
- (5) Service bonus is prorated based on percentage of contract.

MOTION: I move that the Finance and Administration Committee recommend adoption of the following resolution by the Board of Trustees:

RESOLVED: The proposed salary pools for 2022-2023 are approved as presented in the meeting materials contingent on the approval of the Governor’s budget.

EAST TENNESSEE STATE UNIVERSITY
BOARD OF TRUSTEES

ACTION ITEM

DATE: March 30, 2022

ITEM: Approval of Tuition and Mandatory Fees for FY23

COMMITTEE: Finance and Administration Committee

RECOMMENDED ACTION: Approve (Roll Call Vote)

PRESENTED BY: B.J. King
Chief Financial Officer

The Board of Trustees must evaluate certain criteria when considering an increase in tuition and mandatory fees. Those criteria include:

1. Level of state support;
2. Total cost of attendance;
3. Efforts to mitigate the financial effect on students;
4. Tennessee Higher Education Commission (THEC) binding tuition and mandatory fee increase ranges;
5. Other factors affecting the university's financial stability such as projected student enrollment; university enrollment goals; market and cost factors for higher education; new program or new facility cost; and cost related to operations, programs of study, or individual courses.

Staff has outlined the current year assessment of this criteria as follows:

1. **Level of state support** – THEC based their 2022-23 tuition models on a flat enrollment with an inflation factor of four percent and an appropriation increase of 7.2 percent for all formula units. The four percent inflation factor for the ETSU units equates to an expenditure increase of \$10.8 million. Governor Lee's proposed budget includes funding sufficient for a four percent inflation factor and a four percent salary pool.
2. **Total cost of attendance** – Tuition and fees increased in FY22 by 1.93 percent. Tuition and mandatory fees for FY22 at ETSU continue to be comparable to other public institutions of higher education in the state. A comparison of tuition and mandatory fees is provided below and demonstrates that ETSU is below the university average.
3. **Efforts to mitigate the financial effect on students** – ETSU continues to look for ways to mitigate student base costs and concurrently promote access and affordability. Reviews of academic and administrative areas are ongoing and should identify areas to improve services, reduce costs, or allow assets to be used more effectively for students.

4. **THEC binding tuition and mandatory fee increase ranges** – THEC proposed a zero to three percent tuition and mandatory fee limit at their November 2021 meeting. The Commission is projected to vote on binding tuition limits at their May meeting. With the release of the Governor’s budget, it is anticipated that THEC will approve a zero percent tuition and fee increase for FY23.
5. **Other factors affecting the university’s financial stability:**
 - a. Projected student enrollment and university enrollment goals - The university’s enrollment has declined the past two academic years in part due to the COVID-19 pandemic. Enrollment had remained relatively flat in years prior. The university is continuing efforts and activities to grow enrollment as defined in the strategic plan. Tuition and fees must remain competitive in the marketplace and students should be able to identify the value inherent in the education provided by ETSU over other institutions.
 - b. Market and cost factors for higher education – The market for higher education projects a declining number of high school graduates in the region and increased competition from community colleges, other state universities, regional private institutions and border state colleges and universities. Faculty and staff salaries are the primary cost driver for the university. New out-of-state tuition rates were implemented for Fall 2021 based on market research and has also reduced out-of-state scholarship expense. Salary increases were included in the Governor’s proposed budget to fully fund a four percent salary pool while keeping tuition flat for FY23.
 - c. New program or new facility cost – Costs related to new programs are largely being absorbed in the colleges per the budget model implemented in FY19. Facility costs will increase with the construction project for Lamb Hall and the new Academic Building. Other ongoing renovation and maintenance projects could reduce energy costs with efficiencies.
 - d. Cost related to operations, programs of study, or individual courses – The Consumer Price Index shows operational costs increased by 7 percent from December 2020 to December 2021. The university’s programs of study and some individual courses are compared to other institutions with similar programs or courses to determine the market pressures for offering the programs.

A five-year history of student maintenance and mandatory fees is presented below in comparison to Tennessee Locally Governed Institutions (LGIs) and the University of Tennessee System:

Tuition (Maintenance Fees)

	2017-18	% Incr	2018-19	% Incr	2019-20	% Incr	2020-21	% Incr	2021-22	% Incr
APSU	\$6,696	2.7%	\$6,888	2.9%	\$7,044	2.3%	\$7,044	0%	\$7,146	1.45%
ETSU	7,224	3.2%	7,422	2.7%	7,572	2.0%	7,572	0%	7,722	1.98%
MTSU	7,176	3.5%	7,380	2.8%	7,554	2.4%	7,554	0%	7,704	1.99%
TSU	6,726	3.0%	6,900	2.6%	7,026	1.8%	7,026	0%	7,128	1.45%
TN Tech ³	7,656	3.7%	7,860	2.7%	8,040	2.3%	9,060	12.7%	9,240	1.99%
Memphis ²	8,064	2.6%	8,064	0.0%	8,232	2.1%	8,232	0%	8,352	1.46%
UTC ¹	6,888	1.8%	6,888	0.0%	7,836	13.8%	7,836	0%	7,992	1.99%
UTK ¹	11,110	1.8%	11,110	0.0%	11,332	2.0%	11,332	0%	11,332	0.00%
UTM ¹	7,818	1.8%	8,052	3.0%	8,214	2.0%	8,214	0%	8,378	2.00%
UTS									9,000	
Univ. Avg	\$7,706		\$7,840		\$8,092		\$8,208		\$8,399	

¹ UT-Knoxville implemented 15/4 fee structure in 2013-14. UT-Martin implemented 15/4 fee structure in 2016-17. UT-Chattanooga implemented 15/4 fee structure in 2019-20.

Fees shown represent the rates for incoming freshmen in the UT system.

² University of Memphis implemented guaranteed tuition in 2019-20.

Fees shown for UM represent the rates for non-guaranteed tuition.

³TTU implemented 15/4 fee structure in 2020-21

Mandatory Fees

	2017-18	% Incr	2018-19	% Incr	2019-20	% Incr	2020-21	% Incr	2021-22	% Incr
APSU	\$1,529	3.8%	\$1,583	3.5%	\$1,583	0.0%	\$1,583	0%	\$1,615	2.02%
ETSU	1,791	7.3%	1,855	3.6%	1,919	3.5%	1,919	0%	1,952	1.72%
MTSU	1,772	5.5%	1,826	3.0%	1,870	2.4%	1,870	0%	1,889	1.02%
TSU	1,050	1.1%	1,107	5.4%	1,157	4.5%	1,157	0%	1,207	4.32%
TN Tech	1,217	3.9%	1,243	2.1%	1,278	2.8%	1,278	0%	1,282	0.31%
Memphis	1,637	0.0%	1,637	0.0%	1,704	4.1%	1,704	0%	1,704	0.00%
UTC	1,776	0.0%	1,776	0.0%	1,820	2.5%	1,820	0%	1,856	1.98%
UTK	1,860	2.8%	1,896	1.9%	1,932	1.9%	1,932	0%	1,912	-1.00%
UTM	1,418	0.7%	1,460	3.0%	1,534	5.1%	1,534	0%	1,534	0.00%
UTS									1,200	
University Average	\$1,561		\$1,598		\$1,644		\$1,644		\$1,615	

Total Tuition and Mandatory Fees

	2017-18	% Incr	2018-19	% Incr	2019-20	% Incr	2020-21	% Incr	2021-22	% Incr
APSU	\$8,225	2.9%	\$8,471	3.0%	\$8,627	1.8%	\$8,627	0%	\$8,761	1.55%
ETSU	9,015	4.0%	9,277	2.9%	9,491	2.3%	9,491	0%	9,674	1.93%
MTSU	8,948	4.2%	9,206	2.9%	9,424	2.4%	9,424	0%	9,593	1.79%
TSU	7,776	2.8%	8,007	3.0%	8,183	2.2%	8,183	0%	8,335	1.86%
TN Tech ³	8,873	3.8%	9,103	2.6%	9,318	2.4%	10,338	10.99%	10,522	1.78%
UM ²	9,701	2.1%	9,701	0.0%	9,936	2.4%	9,936	0%	10,056	1.21%
UTC	8,664	1.4%	8,664	0.0%	9,656	10.4%	9,656	0%	9,848	1.99%
UTK ¹	12,970	1.9%	13,006	0.03%	13,264	2.0%	13,264	0%	13,244	-0.15%
UTM ¹	9,236	1.6%	9,512	3.0%	9,748	2.5%	9,748	0%	9,912	1.68%
UTS									10,200	
University Average	\$9,268		\$9,439		\$9,739		\$9,852		\$10,015	

¹ UT-Knoxville implemented 15/4 fee structure in 2013-14. UT-Martin implemented 15/4 fee structure in 2016-17. UT-Chattanooga implemented 15/4 fee structure in 2019-20.

Fees shown represent the rates for incoming freshmen in the UT system.

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Fees shown for UM represent the rates for non-guaranteed tuition.

³TTU implemented 15/4 fee structure in 2020-21

	FY22 Actual	Rate Per Term 2022-23 Increase		Additional Revenue	Purpose of Funding
		Prelim	\$ %		
Undergrad Tuition @ 15 cr hr	\$3,861	\$3,861	\$0 0.0%	\$0	N/A
*UG Returning O/S & International	\$9,591	\$9,591	\$0 0.0%		
*UG – GA, KY, NC, SC, VA	\$405	405.00	\$0 0.0%		
*UG – 44 other states	\$1905	1905	\$0 0.0%		
Graduate Tuition @ 12 cr hr	\$5,075	\$5,075	\$0 0.0%		
Grad Out-of-State @ 12 cr hr	\$7,560	\$7,560	\$0 0.0%		

*The Board approved an undergraduate out-of-state enrollment strategy at the September 2020 meeting for new students Fall 2021. All other out-of-state tuition has not increased since Fall 2018.

	2021-22		2022-23	
	Actual	Proposed	\$ Increase	% Increase
Undergrad Tuition @ 15 cr hr	\$7,722	\$7,722	\$0	0.0%
Mandatory Fees	1,952	1,952	0	0.0%
Total UG Tuition and Mandatory Fees	\$9,674	\$9,674	\$0	0.0%

It should be noted that all fee increases included in this item are contingent on the passage of the Governor’s budget and THEC approval of binding limits for tuition and fees.

MOTION: I move that the Finance and Administration Committee recommend adoption of the following resolution by the Board of Trustees:

RESOLVED: The proposed tuition and mandatory fees for 2022-2023 are approved as presented in the meeting materials contingent on the approval of the Governor’s budget and THEC binding tuition limit.

EAST TENNESSEE STATE UNIVERSITY
BOARD OF TRUSTEES

INFORMATION ITEM

DATE: March 30, 2021

ITEM: Discussion of Spring Estimated and July Proposed Budgets

COMMITTEE: Finance and Administration Committee

PRESENTED BY: B.J. King
Chief Financial Officer

In compliance with Tennessee Code Annotated 49-8-203 (a) (1) (C) ETSU policy Budget Control requires three budgets be prepared each year and submitted to the Board of Trustees for approval. The university prepares 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). The three budgets prepared each year are:

1. The proposed budget to fund the fiscal year beginning July 1;
2. The revised fall budget that is prepared after the fall enrollment cycle and financial statement preparation for the prior fiscal year; and
3. The estimated spring budget that is submitted at the same time as the proposed budget for the next fiscal year.

The Board will consider the 2021-22 spring estimated budgets and the July 2022-23 proposed budgets for the one formula funded unit, two non-formula units and one self-funded unit. In meetings held during the last year, the Board approved the 2021-22 July proposed and October revised budgets. The proposed budgets for the new fiscal year are based on the estimates for revenue and expenditures known at the time the budget is prepared. Details of these budgets are outlined below.

Main Campus Budget

	Actual 20-21	Orig. 2021-22	Oct. Revised	Est. Spring	July Proposed	F22 to FY23
Revenue	\$ 257,646,700	\$ 271,968,800	\$ 266,760,600	\$ 267,100,000	\$ 276,650,300	\$ 4,681,500

Expenditures and Transfers

Instruction	\$ 101,757,538	\$ 111,077,600	\$ 121,844,100	\$ 121,148,500	\$ 113,653,400	\$ 2,575,800
Research	3,382,885	4,038,600	7,581,800	7,321,700	5,290,900	1,252,300
Public Service	2,545,371	2,781,300	3,178,700	3,371,100	3,190,600	409,300
Academic Support	22,245,924	24,667,200	28,580,000	27,803,900	24,881,500	214,300
Student Services	24,615,706	25,178,400	26,082,500	26,335,300	26,210,900	1,032,500
Institutional Support	17,075,965	18,559,000	22,025,100	31,826,900	19,267,000	708,000
Facilities	15,003,038	17,958,000	18,846,200	19,548,100	19,354,000	1,396,000
Scholarships	33,302,817	35,340,500	33,926,200	33,624,300	29,994,400	(5,346,100)
Total before transfers	219,929,244	239,600,600	262,064,600	270,979,800	241,842,700	2,242,100
Debt Service	5,775,895	5,861,900	5,658,600	5,658,600	5,658,600	(203,300)
Non-Mandatory Transfers	7,323,449	3,123,400	2,667,600	(6,201,800)	2,972,500	(150,900)
Auxiliaries Exp & Tnfrs	18,478,984	23,178,800	24,624,600	24,918,400	25,926,000	2,747,200
Total	\$ 251,507,572	\$ 271,764,700	\$ 295,015,400	\$ 295,355,000	\$ 276,399,800	\$ 4,635,100

FT Unrestricted and Auxiliary Positions

	Orig. 20-21	Oct. Revised	July Proposed	F21 to F22
Faculty	711	714	730	19
Administration	40	39	38	(1)
Maint/Tech/Support	473	467	467	(6)
Professional Support	525	536	551	26
Sub Total	1,749	1,756	1,786	37
Auxiliaries	44	44	45	1
Total	1,793	1,800	1,831	38

Quillen College of Medicine Budget

	Actual 20-21	Orig. 21-22	Oct. Revised	Est. Spring	July Proposed	F22 to F23
Revenue	\$ 63,264,277	\$ 66,740,400	\$ 67,711,700	\$ 67,711,800	\$ 73,117,500	\$6,377,100
<u>Expenditures and Transfers</u>						
Instruction	\$ 40,364,981	\$ 47,075,200	\$ 50,384,400	\$ 48,977,600	\$ 47,647,400	\$572,200
Research	1,762,046	3,965,900	5,164,300	6,708,100	7,350,900	3,385,000
Academic Support	6,315,672	7,682,700	7,624,400	7,659,600	9,277,700	1,595,000
Student Services	1,590,230	1,679,900	2,072,500	2,255,500	2,488,700	808,800
Institutional Support	3,376,912	3,496,200	3,827,300	3,943,500	3,935,700	439,500
Facilities	4,270,562	6,799,100	6,980,600	7,177,600	7,164,600	365,500
Scholarships	255,000	260,000	265,000	265,000	260,000	-
Total before transfers	57,935,403	70,959,000	76,318,500	76,986,900	78,125,000	7,166,000
Debt Service	95,894	105,000	105,000	105,000	105,900	900
Non-Mandatory Transfers	7,191,249	(4,379,300)	(8,090,900)	(8,804,300)	(5,213,200)	(833,900)
Total	\$ 65,222,546	\$ 66,684,700	\$ 68,332,600	\$ 68,287,600	\$ 73,017,700	\$6,333,000

FT Unrestricted and Auxiliary Positions	Orig. 20-21	Oct. Revised	July Proposed	F21 to F22
Faculty	158	158	161	3
Administration	7	7	6	(1)
Maint/Tech/Support	110	108	108	(2)
Professional Support	88	90	96	8
Total	363	363	371	8

Family Medicine Budget

	Actual 20-21	Orig. 21-22	Oct. Revised	Est. Spring	July Proposed	F22 to F23
Revenue	\$ 18,214,550	\$ 18,191,400	\$ 18,448,600	\$ 19,008,600	\$ 18,526,700	\$ 335,300
<u>Expenditures and Transfers</u>						
Instruction	\$ 12,399,769	\$ 12,298,300	\$ 12,140,200	\$ 13,592,300	\$ 12,651,200	\$ 352,900
Research	184,398	286,400	260,600	175,600	287,500	1,100
Academic Support	3,488,543	3,882,300	3,840,500	3,764,300	3,902,400	20,100
Institutional Support	1,376,403	1,627,300	1,714,100	1,574,300	1,663,400	36,100
Facilities	407,260	499,200	429,400	531,600	405,000	(94,200)
Total before transfers	17,856,373	18,593,500	18,384,800	19,638,100	18,909,500	316,000
Non-Mandatory transfers	336,313	(397,000)	(575,000)	(197,800)	(372,700)	24,300
Total	\$ 18,192,686	\$ 18,196,500	\$ 17,809,800	\$ 19,440,300	\$ 18,536,800	\$ 340,300

FT Unrestricted and Auxiliary Positions	Orig. 19-20	Oct. Revised	July Proposed	F21 to F22
Faculty	35	35	32	(3)
Administration	-	-	-	-
Maint/Tech/Support	52	52	52	-
Professional Support	29	29	30	1
Total	116	116	114	(2)

Gatton College of Pharmacy Budget

	Actual 20-21	Orig. 21-22	Oct. Revised	Est. Spring	July Proposed	F22 to F23
Revenue	\$ 10,624,894	\$ 9,610,800	\$ 9,974,700	\$ 9,681,300	\$ 8,286,500	(\$1,324,300)
<u>Expenditures and Transfers</u>						
Instruction	\$ 6,323,887	\$ 6,538,200	\$ 7,158,600	\$ 6,969,000	\$ 5,782,400	(\$755,800)
Research	122,609	112,500	480,800	422,900	99,800	(12,700)
Academic Support	1,190,306	1,181,500	1,358,000	1,525,000	1,466,100	284,600
Student Services	559,914	655,800	711,400	662,800	663,300	7,500
Institutional Support	533,977	566,300	630,200	596,800	515,400	(50,900)
Facilities	483,345	341,700	487,100	494,700	343,400	1,700
Scholarships	418,314	13,000	213,700	196,500	13,000	-
Total before transfers	9,632,352	9,409,000	11,039,800	10,867,700	8,883,400	(525,600)
Debt Service	676,668	675,000	675,600	675,100	672,900	(2,100)
Non-Mandatory Transfers	(450,773)	(473,200)	855,800	850,000	(1,269,800)	(796,600)
Total	\$ 9,858,247	\$ 9,610,800	\$ 12,571,200	\$ 12,392,800	\$ 8,286,500	(\$1,324,300)

FT Unrestricted and Auxiliary Positions	Orig. 20-21	Oct. Revised	July Proposed	F21 to F22
Faculty	35	33	30	(5)
Administration	1	2	2	1
Maint/Tech/Support	14	12	12	(2)
Professional Support	15	12	12	(3)
Total	65	59	56	(9)