

EAST TENNESSEE STATE UNIVERSITY
BOARD OF TRUSTEES
FINANCE AND ADMINISTRATION COMMITTEE
FEBRUARY 2020 MEETING

10:15 – 11:45 am ET
Friday
February 21, 2020

The Millennium Center
2001 Millennium Pl
Johnson City, TN

AGENDA

- I. Call to Order
- II. Roll Call
- III. [Approval of the Committee Minutes from November 15, 2019](#)
- IV. [Approval of the College of Medicine and College of Pharmacy FY21 Tuition](#)
- V. [Approval of Housing and Food Service Non-Mandatory Charges for FY21](#)
- VI. [Discussion of Proposed Salary Pool for FY21 for Budget Development](#)
- VII. [Discussion of Comparative Mandatory Fees for Tennessee Public Universities](#)
- VIII. [Discussion of Proposed Tuition/Maintenance Fees for Budget Development](#)
- IX. [Annual Tuition Transparency Report Submitted to State Legislature per T.C.A. 4-7-16](#)
- X. [Quarterly Reports of Agreements \\$250,000 or Greater](#)
- XI. Other Business
- XII. Adjournment

EAST TENNESSEE STATE UNIVERSITY
BOARD OF TRUSTEES

ACTION ITEM

DATE: February 21, 2020
ITEM: Approval of Committee Minutes of November 15, 2019
COMMITTEE: Finance and Administration Committee
RECOMMENDED ACTION: Approve
PRESENTED BY: Nathan Dugger
Associate Secretary

The minutes of the November 15, 2019 meeting of the Finance and Administration Committee are included in the meeting materials.

MOTION: I move that the Board of Trustees adopt the resolution, approving the minutes as outlined in the meeting materials.

RESOLVED: The reading of the minutes of the November 15, 2019 meetings of the Finance and Administration Committee is omitted, and the minutes are approved as presented in the meeting materials, provided that the Secretary is authorized to make any necessary edits to correct spelling errors, grammatical errors, format errors, or other technical errors subsequently identified.

EAST TENNESSEE STATE UNIVERSITY
BOARD OF TRUSTEES
FINANCE AND ADMINISTRATION COMMITTEE

MINUTES

November 15, 2019
Johnson City, Tennessee

The East Tennessee State University Board of Trustees' Finance and Administration Committee met at 9:47 a.m. on Friday, November 15, in the Millennium Center on ETSU's main campus in Johnson City, Tennessee.

I. Call to Order

Steve DeCarlo, Chairman of the Finance and Administration Committee, called the meeting to order at 9:47 a.m.

II. Roll Call

Deputy Board Secretary Nathan Dugger led the roll call. Committee members present were:

Chairman Steve DeCarlo
Trustee Dorothy Grisham
Trustee Ron Ramsey
Trustee Kelly Wolfe
Trustee Cristopher Santana (non-voting student member)

III. Approval of Minutes of the Finance and Administration Committee September 20, 2019

The minutes for the September 20 Finance and Administration Committee meeting were reviewed. Trustee Wolfe made a motion for approval, and Trustee Grisham seconded the motion. The minutes were unanimously approved.

IV. October 2019 Budget Revisions

Dr. B.J. King, Chief Financial Officer for Business and Finance, reviewed October 2019 revisions to the 2019-20 budgets for the one formula funded unit, two non-formula funded units and one self-funded unit. During the June 17, 2019 meeting, the Board of Trustees adopted the proposed 2019-20 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.

Dr. King provided an overview of the revisions, noting that the total adjustment to revenue was \$1.9 million. The expense adjustment was \$17.86 million.

Overall, tuition was down due to enrollment being lower than expected. However, the course fee enhancements approved last spring made up for some of the tuition decline. Another adjustment to the budget was due to the \$1.5 million supplemental state appropriation for the Center for Rural Health Research, which was received after the July budget was prepared.

Highlights of some of the reasons for revisions to the expenditures and transfers in the main campus budget included:

- **Instruction:** Increase in course fees and carryforward of fees for instructional purposes.
- **Research:** Center for Rural Health Research appropriation and carryforward of some research improvement dollars.
- **Public Service:** The College of Nursing's additional investments in community practice.
- **Academic Support:** This increase was primarily due to the new budget model, allowing colleges and divisions to carry forward 50% of their unspent budget that accrues to their unit.
- **Student Services:** Down slightly due to the reclassification of some athletic scholarships to scholarship program expenditure category.
- **Institutional Support:** Vice presidents not part of academic support carryforward division funds in this category.
- **Facilities:** Operation of plant is going up in some of the expenditures because there were some carryforward and changes in pro rata charges through facilities office.
- **Scholarship:** Increase due to shifting of scholarships and additional scholarships.

Also included in the October revisions were the budgets for Quillen College of Medicine, Family Medicine, and Bill Gatton College of Pharmacy. Dr. King noted that these are more specialized and she briefly summarized changes.

During the overall discussion of budgets, Chairman DeCarlo asked Dr. King if she could provide a trending chart from the past 10 years so that the Committee could examine trends. Dr. King said she could provide these numbers at a future meeting.

Trustee Ramsey made a motion that the Committee recommend that the Board of Trustees adopt the October revisions to the 2018-19 university budget. Trustee Wolfe seconded the motion. The motion passed unanimously.

V. FY19 Unaudited Financial Statements

As an information item, Dr. King presented the FY19 Unaudited Financial Statements, which have been forwarded to State Audit for review. She reviewed charts and accompanying notes provided in the Committee members' packets.

Dr. King also reviewed the audit process for the committee, informing them that there would be an exit conference with representatives of State Audit to go over the report of the financials and compliance. The Audit Committee and executive staff are always invited to this meeting. The date has not yet been set.

Dr. King noted that she does not expect any changes and that Board members would receive via U.S. Mail the audited statements from State Audit. The finalized audit report will also be presented to the Board of Trustees at the spring quarterly Board meeting.

VI. FY19 Unaudited Composite Financial Index

Dr. King presented the Composite Financial Index (CFI) for review as an information item. The ratios were published in Ratio Analysis in Higher Education by KPMG and Prager, McCarthy & Sealy LLC. The ratios are intended to provide a measure of financial health of the institution. The CFI consists of four individual ratios, which are outlined in the members' packets.

Dr. King pointed out that the institution has favorable ratios in three of the four categories: Return on Net Assets, Primary Reserve, and Viability. The only ratio that is down is Net Operating Revenues. Dr. King indicated that this ratio had been above or at industry standard in the past. She reported that the University is in the process of working with a consultant who can help examine the funnel of potential students and what mix of tuition and scholarships would best serve ETSU students. Dr. King believes that the consultant will help fine tune these areas and thus improve the Net Operating Ratios.

All the ratios combined make up the CFI, which is at 3.29. This is higher than the industry standard – 3.0.

Finally, Dr. King told the Committee that at the spring quarterly Board meeting, she would be able to present comparative numbers to show how other schools performed.

VII. FY19 Federal Funds Report for State of Tennessee

The 2019 Public Chapter 480 requires state agencies to prepare and submit a financial report to the Department of Finance and Administration comparing the federal receipts and federal budget estimates for the fiscal year with a plan for a 5%, 25% and 100% reduction in these federal funds. They were provided a template for this mandatory report. ETSU prepared and submitted the report to the state legislature, as required.

Ms. Karen Glover, Comptroller, reviewed ETSU's report, which was in the Committee's packet, emphasizing that it was a hypothetical report and that they were not anticipating any of the potential reductions examined.

VIII. Quarterly Reports on Agreements \$250,000 or greater

As an information item, Dr. King provided the committee with a list of contracts and purchase orders that exceed \$250,000, covering the time period of April-June 2019.

IX. Policy Development and Administrative Rule Making

Trustee Wolfe made a motion to table this agenda item and move it to the Audit Committee for review at their next meeting. Trustee Ramsey seconded the motion. It passed unanimously.

X. Other Business

No other business was brought before the committee.

XI. Adjournment

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

EAST TENNESSEE STATE UNIVERSITY
BOARD OF TRUSTEES

ACTION ITEM

DATE: February 21, 2020

ITEM: Approval of the College of Medicine and College of Pharmacy FY21 Tuition

COMMITTEE: Finance and Administration Committee

RECOMMENDED ACTION: Approve

PRESENTED BY: B.J. King
Chief Financial Officer

The College of Medicine and the College of Pharmacy are proposing tuition increases for the next academic year. The academic calendars for these units require we assess fees at an earlier date than for the main campus students.

| | 2019-20 | 2020-21 | | | Revenue | Justification |
|--------------------------------|----------|----------|-------------|------------|-----------|----------------------|
| | | Proposed | \$ Increase | % Increase | Generated | |
| | Per term | | | | | |
| College of Medicine M1, M2, M4 | \$16,417 | \$16,745 | \$328 | 2.0% | \$135,000 | Cost study conducted |
| College of Medicine M3 | \$21,835 | \$22,271 | \$436 | 2.0% | \$65,000 | Cost study conducted |
| College of Pharmacy | \$18,958 | \$19,243 | \$285 | 1.5% | \$176,000 | Cost study conducted |

The Board approved out of state tuition for the College of Medicine to be calculated at 30% of the in-state rate. Out of state tuition for M1, M2, and M4 will be \$5,024, and \$6,682 for M3 in addition to the proposed in-state fees above.

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

RESOLVED: The proposed tuition for the College of Medicine and College of Pharmacy for 2020-21 is 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: February 21, 2020

ITEM: Approval of Housing and Food Service Non-Mandatory Charges for FY21

COMMITTEE: Finance and Administration Committee

RECOMMENDED ACTION: Approve

PRESENTED BY: B.J. King
Chief Financial Officer

| East Tennessee State University | | | | | | |
|---|-------------------|-------------------|-----------------|-----------------------|----------------------------------|---|
| FY20-21 Auxiliary Unit Non-Mandatory Fee Request | | | | | | |
| Description | Current | Proposed | Increase | Prior Increase | Revenue Generated | Justification |
| Residence Halls | \$1,995 - \$5,240 | \$2,030 - \$5,340 | \$35-\$100/term | \$80 - \$100/term | \$145,000 | Housing is a 100% auxiliary enterprise operation. |
| Apartments | \$2,930 - \$3,995 | \$2,990 - \$4,070 | \$60-\$75/term | \$55 - \$355/term | \$94,000 | Housing is a 100% auxiliary enterprise operation |
| Silver 7 day Any Time Meal Plan | \$1,804 | \$1,804 | \$0/term | \$46/term | Revenue passed through to Sodexo | The Sodexo contract increase is 3.1% and is based on the consumer price index for Meals Away From Home. For FY21, the increase will not be passed on to students as a dining survey is conducted. |

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

RESOLVED: The proposed rates for Housing and Food Service for 2020-21 is approved as presented in the meeting.

EAST TENNESSEE STATE UNIVERSITY
BOARD OF TRUSTEES

INFORMATION ITEM

DATE: February 21, 2020

ITEM: Discussion of Proposed 2.5% Salary Pool for FY21 Budget Development

COMMITTEE: Finance and Administration Committee

PRESENTED BY: B.J. King
Chief Financial Officer

The Governor’s Budget was released in conjunction with the State of the State address on February 3, 2020. The budget related to higher education can be found at <https://www.tn.gov/content/dam/tn/finance/budget/documents/2021BudgetDocumentVol1.pdf>. The Governor’s Budget provided appropriations to fund the state portion of a 2.5% salary pool for higher education employees effective July 1, 2020. The pools were established for the main campus as well as the College of Medicine and Family Medicine.

Based on the 2.5% salary pools for the formula and non-formula units, management is recommending creation of a 2.5% salary pool for the university formula unit. Implementation of the salary increase is under discussion at the time the committee agenda is being prepared.

Traditionally, the State funds approximately 60% of the funding required for a salary increase with related benefits. The remaining 40% is funded through student fee increases.

| | \$ Needed for 2.5% Pool | 60% Funding For 2.5% Pool | Funding through Student Fees |
|-------------|----------------------------|------------------------------|---------------------------------|
| Main Campus | \$3,025,000 | \$2,004,900 | \$1,020,100 |

Management is proposing creation of a 2.5% salary pool with a \$500 minimum for any across the board and a \$3,000 ceiling for any equity. The table below presents the salary increase implementation since fiscal year 2010 through 2021. The proposed increases will be used in preparation of the FY21 budget which will be presented at the next committee meeting.

| Year | Across-the Board | | | Equity Increase to Market | | Service Bonus |
|-------------|------------------|-----------|-----|---------------------------|-----------------|-----------------------|
| 2020-21 (1) | TBD | \$500 min | (2) | TBD | \$3,000 ceiling | TBD |
| 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 | |
| 2011-12 | 3.0% | \$750 min | (2) | | | \$1,000 2 years + (3) |
| 2010-11 | 0.0% | | | Pharmacy faculty only | | |
| 2009-10 | 0.0% | | | | | |

(1) Proposed 2.5% salary pool implemented with a \$500 minimum in the across the board increase and a \$3,000 ceiling on an equity increase.

(2) Employees with annual performance evaluations which are unsatisfactory or performance far below expectations do not participate in salary increases.

(3) Service bonus is prorated based on percentage of contract.

EAST TENNESSEE STATE UNIVERSITY
BOARD OF TRUSTEES

INFORMATION ITEM

DATE: February 21, 2020

ITEM: Discussion of Comparative Tuition and Mandatory Fees in Tennessee Public Universities

COMMITTEE: Finance and Administration Committee

PRESENTED BY: B.J. King
Chief Financial Officer

The Board of Trustees must consider certain criteria when considering an increase in tuition and mandatory fees. Those criteria are –

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.

University management has outlined the current year assessment are as follows:

- 1) Level of state support – The Tennessee Higher Education Commission based tuition models on a flat enrollment with an inflation factor of 1.7% and an appropriation increase of 4.9% for the universities. The 1.7% inflation factor for the main campus equates to an expenditure increase of \$4.5 million. Governor's budget provides an increase of \$2,004,900 for a 2.5% salary pool and \$2,306,900 for operational expenditures per the budget documents. For ETSU main campus appropriation, the unfunded portion of the 2.5% salary pool is approximately \$1.02 million that will need to be funded through a tuition increase.
- 2) Total cost of attendance – the tuition and mandatory fees for FY20 at ETSU continue to be comparable to other public institutions of higher education in the state. Tables comparing the tuition and mandatory fees for the institutions are below and show that ETSU is below the university average for tuition and mandatory fees.
- 3) Efforts to mitigate the financial effect on students – the university continues to look for ways to mitigate rising costs to students through process improvements geared to reduce costs and through efforts to limit cost increases. The university is deploying an information system to assist in analyzing the efficiencies in how instructional assets are deployed. 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) Tennessee Higher Education Commission (THEC) binding tuition and mandatory fee increase ranges – THEC proposed a 0.0% - 2.0% tuition and mandatory fee limit at their November 2019 meeting. The Commission should vote on a binding limit at their May meeting. All indications are the limit will be 0.0% - 2.0%. The university is proposing a 2.0% tuition and mandatory fee increase. This is a 1.7% increase in tuition/maintenance fees and a 3.3% increase in other mandatory fees compared to a 2.02% and 3.5% increase in the prior year respectively.
- 5) Other factors affecting the university's financial stability such as -
 - a. projected student enrollment and university enrollment goals - The university's enrollment has remained relatively flat over the last few of years. 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 the university over other institutions.
 - b. market and cost factors for higher education – The market for higher education shows a declining number of high school graduates in the region, while there is 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. Pricing for out-of-state tuition shows that the university should discontinue increasing these fees. The university is conducting research on the enrollment pool, tuition pricing and scholarship discounts to determine if any changes in pricing or scholarship activity would increase net tuition revenue and reduce fee increases in the future. Results of the research should inform the structures for academic year 2021-22.
There was funding specifically identified for a 2.5% salary pool for all appropriation units. Historically the state has funded 60% of the salary increase for universities, the remainder of any increase being funded through student tuition. For the main campus, the state funding for a 2.5% salary increase would be \$2,004,900 and the amount to be funded from tuition would be \$1,020,000.
 - c. new program or new facility cost – Costs related to new programs are largely being absorbed in the colleges in the distributed budget model implemented in FY19. Facility costs will increase with the reopening of the expanded D.P. Culp Student Center this year and Martin Fine Arts Center opening. Costs for the facilities will be addressed in the FY21 budget development.
 - d. cost related to operations, programs of study, or individual courses. – The Consumer Price Index shows operational costs are increasing by 1.7%. 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.

The history of student maintenance and mandatory fees for the last five years is presented below with a comparison to the Tennessee Locally Governed Institutions (LGIs) and the University of Tennessee System schools.

Tuition (Maintenance Fees)

| | 2015-16 | % Incr | 2016-17 | % Incr | 2017-18 | % Incr | 2018-19 | % Incr | 2019-20 | % Incr |
|----------------------|---------|-----------|---------|-----------|---------|-----------|---------|-----------|---------|-----------|
| APSU | \$6,248 | 0.8% | \$6,522 | 4.4% | \$6,696 | 2.7% | \$6,888 | 2.9% | \$7,044 | 2.3% |
| ETSU | 6,828 | 3.0% | 7,002 | 2.5% | 7,224 | 3.2% | 7,422 | 2.7% | 7,572 | 2.0% |
| MTSU | 6,756 | 3.1% | 6,930 | 2.6% | 7,176 | 3.5% | 7,380 | 2.8% | 7,554 | 2.4% |
| TSU | 6,378 | 2.9% | 6,528 | 2.4% | 6,726 | 3.0% | 6,900 | 2.6% | 7,026 | 1.8% |
| TN Tech | 7,182 | 10.9% | 7,380 | 2.8% | 7,656 | 3.7% | 7,860 | 2.7% | 8,040 | 2.3% |
| Memphis ² | 7,686 | 3.7% | 7,860 | 2.3% | 8,064 | 2.6% | 8,064 | 0.0% | 8,232 | 2.1% |
| UTK ¹ | 10,678 | 3.0% | 10,914 | 2.2% | 11,110 | 1.8% | 11,110 | 0.0% | 11,332 | 2.0% |
| UTM ¹ | 6,918 | 3.0% | 7,680 | 11.0% | 7,818 | 1.8% | 8,052 | 3.0% | 8,214 | 2.0% |
| UTC ¹ | 6,624 | 3.0% | 6,768 | 2.2% | 6,888 | 1.8% | 6,888 | 0.0% | 7,836 | 13.8% |
| Univ. Avg | \$7,255 | | \$7,509 | | \$7,706 | | \$7,840 | | \$8,092 | |

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.

Mandatory Fees

| | 2015-16 | % Incr | 2016-17 | % Incr | 2017-18 | % Incr | 2018-19 | % Incr | 2019-20 | % Incr |
|-----------------------|---------|-----------|---------|-----------|---------|-----------|---------|-----------|---------|-----------|
| APSU | \$1,453 | 15.0% | \$1,473 | 1.4% | \$1,529 | 3.8% | \$1,583 | 3.5% | \$1,583 | 0.0% |
| ETSU | 1,649 | 21.7% | 1,669 | 1.2% | 1,791 | 7.3% | 1,855 | 3.6% | 1,919 | 3.5% |
| MTSU | 1,648 | 0.7% | 1,660 | 0.7% | 1,772 | 5.5% | 1,826 | 3.0% | 1,870 | 2.4% |
| TSU | 1,039 | 1.3% | 1,039 | 0.0% | 1,050 | 1.1% | 1,107 | 5.4% | 1,157 | 4.5% |
| TN Tech | 1,171 | -22.5% | 1,171 | 0.0% | 1,217 | 3.9% | 1,243 | 2.1% | 1,278 | 2.8% |
| Memphis | 1,583 | 1.3% | 1,637 | 3.4% | 1,637 | 0.0% | 1,637 | 0.0% | 1,704 | 4.1% |
| UTK | 1,758 | 16.4% | 1,810 | 3.0% | 1,860 | 2.8% | 1,896 | 1.9% | 1,932 | 1.9% |
| UTM | 1,408 | 7.6% | 1,408 | 0.0% | 1,418 | 0.7% | 1,460 | 3.0% | 1,534 | 5.1% |
| UTC | 1,732 | 1.4% | 1,776 | 2.5% | 1,776 | 0.0% | 1,776 | 0.0% | 1,820 | 2.5% |
| University Average | \$1,493 | | \$1,516 | | \$1,561 | | \$1,598 | | \$1,644 | |

Total Tuition and Mandatory Fees

| | 2015-16 | % Incr | 2016-17 | % Incr | 2017-18 | % Incr | 2018-19 | % Incr | 2019-20 | % Incr |
|-----------------------|----------------|-------------------|----------------|-------------------|----------------|-------------------|----------------|-------------------|----------------|-------------------|
| APSU | \$7,701 | 3.2% | \$7,997 | 3.8% | \$8,225 | 2.9% | \$8,471 | 3.0% | \$8,627 | 1.8% |
| ETSU | 8,477 | 6.2% | 8,671 | 2.3% | 9,015 | 4.0% | 9,277 | 2.9% | 9,491 | 2.3% |
| MTSU | 8,404 | 2.6% | 8,590 | 2.2% | 8,948 | 4.2% | 9,206 | 2.9% | 9,424 | 2.4% |
| TSU | 7,417 | 2.7% | 7,567 | 2.0% | 7,776 | 2.8% | 8,007 | 3.0% | 8,183 | 2.2% |
| TN Tech | 8,353 | 4.6% | 8,551 | 2.4% | 8,873 | 3.8% | 9,103 | 2.6% | 9,318 | 2.4% |
| UM ² | 9,269 | 3.3% | 9,497 | 2.5% | 9,701 | 2.1% | 9,701 | 0.0% | 9,936 | 2.4% |
| UTK ¹ | 12,436 | 4.7% | 12,724 | 2.3% | 12,970 | 1.9% | 13,006 | 0.03% | 13,264 | 2.0% |
| UTM ¹ | 8,326 | 3.8% | 9,088 | 9.2% | 9,236 | 1.6% | 9,512 | 3.0% | 9,748 | 2.5% |
| UTC | 8,356 | 2.7% | 8,544 | 2.2% | 8,664 | 1.4% | 8,664 | 0.0% | 9,656 | 10.4% |
| University Average | \$8,749 | | \$9,025 | | \$9,268 | | \$9,439 | | \$10,785 | |

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.

EAST TENNESSEE STATE UNIVERSITY
BOARD OF TRUSTEES

INFORMATION ITEM

DATE: February 21, 2020

ITEM: Discussion of Proposed Tuition and Mandatory Fee for FY21 Budget Development

COMMITTEE: Finance and Administration Committee

PRESENTED BY: B.J. King
Chief Financial Officer

The Tennessee Higher Education Commission proposed a binding limit of 0% - 2% on mandatory tuition and fees at the November 2019 Commission meeting. University leadership is proposing the following increase based on the criteria for Board approval of tuition and mandatory fees. The proposed increases could be changed based on the approved budget for the State of Tennessee and the THEC tuition increase which will be approved at the May 2020 quarterly meeting. The proposed increases will be used to prepare the budget for fiscal year 2021 which will be presented to the Committee at the next meeting.

| | Maintenance Fee/Tuition Request – Per Semester | | | | Additional Revenue | Purpose of Funding |
|------------------------------|---|-----------------|----------------------------|-------------------|---------------------------|---|
| | 2019-20 Actual | Proposed | 2019-20 \$ Increase | % Increase | | |
| Undergrad Tuition @ 15 cr hr | \$3,786 | \$3,849 | \$63 | 1.66% | \$1,650,000 | 2.5% salary pool; faculty tenure and promotion funding; inflationary costs for university share of employee benefits and other operational costs. |
| Graduate Tuition @ 9 cr hr | \$4,230 | \$4,392 | \$72 | 1.67% | | |
| UG Out of State @ 15 cr hr | \$9,591 | \$9,591 | \$0 | 0.0% | \$0 | |
| Grad Out-of-State @ 9 cr hr | \$7,560 | \$7,560 | \$0 | 0.0% | | |

Mandatory Fee Request – Per Semester Fee Capped at 8 credit hours

| | 2019-20 | 2019-20 | | Additional | |
|---|----------------|-----------------|--------------------|-------------------|---|
| | Actual | Proposed | \$ Increase | Revenue | Purpose of Funding |
| SGA Fee – year 2 of a 2 year request by SGA | \$27.00 | \$38.00 | \$11 | \$262,000 | Significantly increase the quality and availability for the SGA spring and fall concerts and additional funding for BUC Fund. |
| Student Activity Fee – year 1 of a 3 year request | \$159.00 | \$167.00 | \$8 | \$190,000 | SGA Student Wellness Initiative - Provide additional funding for Health Clinic, Counseling Center and SAAC funding for student organizations. |
| Technology Access – year 4 of a 5 year request | \$144.50 | \$157.50 | \$13 | \$364,000 | Increased bandwidth costs, Storage Area Network (SAN) for backup and student network storage, maintenance of 10Gb equipment. |

Undergraduate academic-year costs are shown below to compare to the Tennessee public university tables on page 12 & 13 above.

Undergraduate Tuition and Mandatory Fee Request – Per Academic Year

| | 2019-20 | 2019-20 | | |
|-------------------------------------|----------------|-----------------|--------------------|-------------------|
| | Actual | Proposed | \$ Increase | % Increase |
| Undergrad Tuition @ 15 cr hr | \$7,572 | \$7,698 | \$126 | 1.7% |
| Mandatory Fees | \$1,919 | \$1,983 | 64 | 3.3% |
| Total UG Tuition and Mandatory Fees | \$9,491 | \$9,681 | \$190 | 2.0% |

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.

EAST TENNESSEE STATE UNIVERSITY
BOARD OF TRUSTEES

INFORMATION ITEM

DATE: February 21, 2020

ITEM: Annual Tuition Transparency Report Submitted to State
Legislature per T.C.A. 4-7-16

COMMITTEE: Finance and Administration Committee

PRESENTED BY: B.J. King
Chief Financial Officer

Tennessee Code Annotated §49-7 was amended in 2018 and includes the following provision

4 - 7-1604

By February 1 of each year, each governing board shall provide a report to the office of legislative budget analysis, for distribution to the general assembly, with information regarding expenditures of revenue derived from any tuition and fees increase in the previous full academic year. The report shall include how revenues were used, the effect on student financial aid, and the effect on the average total cost of attendance per student.

The report delivered to the office of legislative budget analysis on behalf of the ETSU Board of Trustees is included below.



Compliance with 2018 Public Acts, Chapter 614
 Tuition Transparency and Accountability Act
 T.C.A. §49-7-1604

By February 1 of each year, each governing board shall provide a report to the office of legislative budget analysis, for distribution to the general assembly, with information regarding expenditures of revenues derived from any tuition and fees increase in the previous full academic year. The report shall include how revenues were used, the effect on student financial aid, and the effect on the average total cost of attendance per student.

| For Fiscal Year 2018-19 | |
|--|-------------|
| Total Tuition and Mandatory Fee increase @ 15 credit hours | 2.91% |
| Tuition Sources and Uses | |
| Undergraduate tuition increase of 2.74% at 15 credit hours = \$2,048,750 | |
| Effect of Average Cost of Attendance per student = \$99 per semester @ 15 credit hours | |
| Effect on Student Financial Aid = None | |
| Uses of Revenues | Dollars |
| Match requirement for 2.5% salary improvement plus benefits | \$1,048,000 |
| Increase in scholarships to students | 1,000,750 |

| Other Mandatory Fees Sources and Uses | |
|---|-----------|
| Other Mandatory Fees increase of 3.57% at 15 credit hours = \$789,000 | |
| Effect of Average Cost of Attendance per student = \$32 per semester @ 8 credit hours | |
| Effect on Student Financial Aid = None | |
| Uses of Revenues | Dollars |
| Enhance designated pool for specific campus renovation or constructions projects including classroom enhancements and campus improvements. | \$493,000 |
| Upgrade network to facilitate increased online activity, and increase technology network access control security. Year 1 of a 5 year request. | 296,000 |

EAST TENNESSEE STATE UNIVERSITY
BOARD OF TRUSTEES

INFORMATION ITEM

DATE: February 21, 2020

ITEM: Quarterly Reports of Agreements \$250,000 or Greater

COMMITTEE: Finance and Administration Committee

PRESENTED BY: B.J. King
Chief Financial Officer

Included in the meeting materials are a list of agreements, both expense and revenue, with amounts totaling \$250,000 or greater for the period of October 2019 – December 2019.

October - December 2019

Contracts / Purchase Orders over \$250,000

| <u>Contract/ PO Date</u> | <u>Start</u> | <u>End</u> | <u>Contractor</u> | <u>Description of Services/Products</u> | <u>Contract / PO Amount</u> | <u>Competitive</u> | <u>Fiscal Review Approval</u> |
|-------------------------------------|---------------------|-------------------|--------------------------|--|---|---------------------------|--|
| 12/11/19 | 01/01/820 | 12/31/20 | Jaggaer | eBuc electronic procurement system | \$1,427,400/5 years, approx. \$285,480/yr. | No | N/A |
| 12/16/19 | 12/01/19 | 11/30/24 | ProQuest | Subscription service database for Library | \$812,398/5 years, approx. \$162,480/yr. | No | N/A |

RFPs – Awarded, In-Process and Upcoming

Student Marketing Program – Admissions – 5 year agreement

Facilities Renovations –Facilities Management - 5 year agreement

Grant Management Software System – Research and Sponsored Programs – 5 year agreement

This report does not include contracts or agreements associated with construction projects which are approved through the State Building Commission.