

EAST TENNESSEE STATE UNIVERSITY
BOARD OF TRUSTEES
FINANCE AND ADMINISTRATION COMMITTEE

MINUTES

February 17, 2023
Johnson City, Tennessee

The East Tennessee State University Board of Trustees' Finance and Administration Committee met on Friday, February 17, 2023, at 9:50 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 9:50 a.m.

II. Roll Call

Board Secretary Dr. Adam Green conducted the roll call.

Committee members attending were:

Committee Chair Steve DeCarlo
Trustee Charles Allen
Trustee Allen Archer
Trustee Dorothy Grisham
Trustee Dr. Linda Latimer
Trustee Dr. Lisa Piercey
Trustee Ron Ramsey

Dr. Green informed the chair that a quorum was physically present.

Other Trustees who attended the committee meeting included: Melissa Steagall-Jones and Dr. Virginia Foley

III. Approval of the Committee Minutes from November 18, 2022

The minutes from the November 18, 2022, meeting of the Finance and Administration Committee were approved as submitted with Trustee Dorothy Grisham making the motion and Trustee Dr. Lisa Piercey seconding the motion. The motion passed unanimously.

IV. Action Item: Approval of College of Medicine and College of Pharmacy FY24 Tuition

Michel Beaver, Associate Vice President for Tax and Revenue Services, summarized proposed changes in tuition for the Quillen College of Medicine for FY24. She reminded the committee that the M4 tuition rate for fiscal year 2023-24 was approved at the April 2022 Board of Trustees meeting with the restructuring of tuition and curriculum. Beaver indicated that Quillen is implementing an accelerated track program that students can complete in three years. The college is proposing that students in the program pay 1.15 times the traditional student tuition rate in their M2 and M3 years.

Ms. Beaver informed the committee that the Gatton College of Pharmacy is not requesting a change in tuition and will rely on continued savings from retirement incentives and college reserves to balance its budget. Beaver added that the university continues to seek state support for the College of Pharmacy, which operates like a private college and is fully funded through student fees and philanthropic donations.

Trustee Allen made a motion that these tuition proposals be approved. Trustee Grisham seconded the motion. It passed unanimously.

V. Action Item: Approval of Housing and Meal Plans for FY24

Ms. Beaver reported that ETSU's Department of Housing and Residence Life is requesting an increase from 5.28 to 5.63 percent for the next year to support inflationary costs of utilities, custodial, and personnel services reminding the committee that there was no increase in housing rates for the current fiscal year. Even with that increase, ETSU's rates will remain far below those of most public universities.

President Noland noted that ETSU may be the only housing entity in Johnson City that did not raise rates during 2022 and that the proposed increases partially cover inflationary costs for the upcoming year.

Trustee DeCarlo asked if ETSU conducts an analysis of off-campus rates. Dr. Joe Sherlin, Vice President for Student Life and Enrollment, responded that the university does review the local market, particularly apartments, and that we are competitive.

Ms. Beaver presented information on proposed rates for university meal plans for the 2023-24 academic year. She reported that the university is requesting a 3.13 percent (or \$55 per term) increase in the Silver meal plan, with similar increases in other plans. ETSU's payments to the food service vendor, Sodexo, are increasing by almost 8.5 percent, through the terms of our contract. President Noland indicated that the university is currently subsidizing the difference in order to avoid passing an 8.5 percent increase on to students.

Ms. Beaver added that ETSU is currently second lowest in per meal cost among the state's public universities.

Trustee Ramsey made a motion to approve the housing and meal plan increases as presented. Trustee Piercey seconded the motion. It passed unanimously.

VI. Discussion of Comparative Tuition and Mandatory Fees for Tennessee Public Universities

Ms. Beaver reminded the committee that there were no tuition and mandatory fee increases for the current year per the policy guidance provided by THEC. She reviewed tuition and fee totals from all the state's public universities, and this data shows that ETSU continues to be an affordable option in the state, with ETSU fees remaining below the state average.

Trustee DeCarlo asked about the amount of surveying ETSU conducts among incoming students on price and location. Dr. Sherlin answered that students are surveyed regularly, and that cost of attendance is the lead indicator. He reiterated that affordability is especially important for ETSU students.

VII. Discussion of Preliminary Tuition and Mandatory Fees for FY24 Budget Development

Ms. Beaver reported that the Tennessee Higher Education Commission has proposed a zero to three percent increase in tuition and mandatory fees for in-state undergraduate students. For budget development purposes, ETSU is proposing a 2.95 percent (or \$114 per term) increase in tuition to help fund the salary pool and the Student Government Association's wellness initiative. Staff is also proposing a 2.45 percent increase in mandatory fees for budget development purposes. These funds would be directed toward student-focused activities.

Discussion ensued about the problems created by the THEC cap on fee increases, particularly as it relates to ETSU's ability to fund the university's portion of faculty and staff salary improvements. President Noland pointed out that ETSU's fee increases come in below the THEC cap, but that the cap does not allow the university to fully cover the costs of the prescribed salary increase match.

VIII. Discussion of Proposed Salary Pool for FY24 Budget Development

Margaret Pate, Senior Associate Vice President for Budget and Financial Planning, reported that ETSU could receive \$4.4 million in salary improvement money from the state if the governor's proposed budget is approved. The governor's budget proposes an increase in the salary pool of five percent. Pools are funded at the level of 55 percent by the state and 45 percent by the institution. The cost to the main campus for fully funding

the pool would be \$3.6 million. That money would have to come through tuition increases, enrollment growth, or reallocation of other expenditures or appropriation dollars. She said that since funding for the salary pool is dependent on student enrollment, any salary adjustments approved by the Board of Trustees would be implemented in November 2023. Ms. Pate added that the College of Medicine and Family Medicine have \$4 million in salary improvement funding earmarked in the governor's budget.

IX. Quarterly Financial Update

As part of the quarterly financial update, Ms. Pate presented a series of tables found in the meeting materials and indicated that changes in revenues reflect increased state appropriations for the year, a special \$19 million appropriation for the new Oracle Enterprise Resource Planning system, and income from the Higher Education Emergency Relief Act. Changes in expenditures reflect salary increases implemented in November, inflationary factors affecting operations, and campus activities returning to normal after the pandemic.

Discussion centered around the Oracle Enterprise Resource Planning system. President Noland pointed out that all public universities in Tennessee will be transitioning to the new system and that ETSU is the first to undergo that transition. The Oracle system will replace Banner, which, President Noland said, is technology the university has employed for almost 20 years.

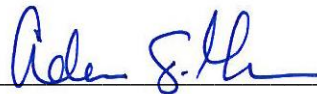
X. Other Business

There was no other business to come before the committee.

XI. Adjournment

The meeting was adjourned by Trustee DeCarlo.

Respectfully submitted,



Adam Green
Secretary of the Board of Trustees

Approved by the Board of Trustees at its April 21, 2023 meeting.