



**East Tennessee State University  
Office of the President**

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**TO:** ETSU Senior Leadership and Deans

**FROM:** Dr. Brian Noland 

**DATE:** November 18, 2020

**SUBJECT:** Budget Update

As we move through the month of November, more accurate data regarding the university's overall budget landscape are available. In particular, we are now able to assess the level of funding that will be returned to the colleges and units through the distribution of fallout dollars. In reviewing the comprehensive budget reports provided to my office by Dr. B.J. King, a few key themes emerge:

1. Faculty and staff across campus continue to demonstrate good stewardship in the management and oversight of their budgets.
2. The decentralized budget model continues to be successful.

**Update on 2020 Carryforward Funds and Fee Revenues:**

A summary of the 2020 carryforward report shows:

- Due to stewardship efforts across campus, a total of \$3.8 million was realized through fallout dollars. Of those dollars, colleges and units received \$1.8 million in carryforward funds; consistent with the need to build the university's reserve funds, \$1 million was placed in general university reserves; and the remaining \$1 million in carryforward funds will be used to fund operating, employee benefits, and state property insurance premium increases, longevity payments related to the retirement incentive program, investments in enrollment systems, and fully cover faculty promotion.
- Colleges and units had \$2.6 million in remaining carryforward funds from the prior year (FY18-19). Units retain and carry forward 100% of these funds.
- Most units have student fee revenues from FY20 that will be carried forward into FY21. The FY20 net fee revenue carried forward for all unit totals \$11.8 million, up from \$9.4 million last year.

### **Salary and Compensation:**

- The Tennessee Higher Education Commission has opted for the second year to exclude any salary recommendations in their budget presentation for the Commission and the Governor. However, salary enhancement funding will not be known until after the Governor's budget is released.

### **Budget Hearings for 2021-22 Year:**

In preparation of budget hearings that will begin in December, the Senior Leadership team has agreed on the following budget principles to guide the budget development for FY22:

- The expectation is that there will be no new funding available in the Governor's budget next year other than inflationary operating increases.
- No new dollars should be requested during the budget process. However, sources may be identified through college's/unit's reallocation of funds, carryforward funds, or net fee revenue to support new positions and/or new initiatives that are mission critical and aligned with the Strategic Plan.
- Internally funded new initiatives must include a timeline for implementation and a fiscal note with revenues or reductions to support the funding. Fiscal notes should include cost increases for administrative units outside of the unit making the proposal or a statement that there are no administrative impacts outside of the unit.
- Plans must be presented for any renovation or capital project that will be funded through internal funds. The total renovation costs and anticipated costs of operations of new space should be detailed.
- Units should review the fallout and fee carryforward funds in the attached PDF document and prepare plans to present to unit supervisors at scheduled budget hearings for the use of the funds.
- Senior Leadership team member units will be presenting information of budget priorities in scheduled budget hearings in December. Each unit scheduled for a budget hearing should complete the attached Excel budget template forms to prioritize and summarize information prior to the budget hearing.

In closing, I again want to commend our faculty and staff for their stewardship efforts and other strategic investments that, as a result, have positioned the institution to realize \$3.8 million in carryforward funds this fall. During these challenging times your leadership and fiscal restraint will allow us to strengthen our reserves, maintain current essential services and programs, establish new initiatives that are critical to our mission, and enhance our financial stability to the greatest extent possible.

Thank you.