ETSU Budget Update
February 2025

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Background

In the fall of 2023, ETSU began a multi-phase process to evaluate the institutional budget model and make critical updates that, when implemented, will allow for the strategic realignment of resources to support growth and innovation. The effort was led by Christy Graham, Chief Financial Officer and Vice President for Business and Finance and Jim Harlan, faculty member and distinguished chair in the College of Business and Technology. Christy and Jim served as co-chairs for an advisory group convened throughout this process to provide feedback on elements of the budget update as they emerged (see Appendix A for a list of committee members). The work was also informed by the recommendations provided by Huron in 2022 after a thorough budget model review. Additionally, the rpk GROUP provided staff support to the committee and the committee co-chairs.

Throughout the year, the committee co-chairs, with the support of the rpk Group, engaged in deep data analysis and surfaced recommendations, which were shared with the committee for input. The committee co-chairs met regularly with the ETSU leadership team to share recommendations, provide feedback and comments from the committee, and serve in an overall advisory support role as the leadership team made final decisions.

The budget update process was driven by the following **priorities**:

- Create a budget model that is fair, transparent and predictable.
- Ensure that no one unit (college or administrative function) experiences an overly significant or disruptive loss or gain from one year to the next.
- Identify funds to support an annual strategic initiative fund for the ETSU leadership team (for FY26, the initiative is market-based salary increases).
- Account for how the model will function in terms of both growth as well as declines in enrollment.
- Set base budget amounts that appropriately fund colleges and administrative units to accomplish their strategic priorities.

While this effort was successful in improving several resource allocation-related processes, opportunities remain for additional assessment and improvement, which are detailed in Appendix D, and there are important considerations related to implementation of the model that are documented in Appendix E. Overall, this model is a shift away from a decentralized model focused primarily on the colleges to a slightly more centralized model that prioritizes both colleges and administrative units. This shift was an intentional decision made by the leadership team, based on feedback from stakeholders throughout the University who were dissatisfied with the limited focus of the prior model on student credit hours, the lack of opportunity to appropriately increase funding for administrative units and functions, the inability to make progress on campus priorities such as salary enhancement, and the need to better align resource allocation with ETSU's strategy.

There is agreement across all stakeholders engaged in this process on the need for routine review of the overall budget model and unit base budgets. The suggested timeline for the review is every three (3) years.

Key Topics & Updates

Base Budget Adjustments

Prior to this initiative, ETSU most recently revised its budget model in 2017. In the 2017 model, base budgets were not evaluated or reset. Rather, base budgets were frozen at 2017 levels, and the adopted budget model made annual adjustments based on a formula that relied on student credit hours for academic units and general performance and/or resource needs for administrative units.

Colleges

The evaluation of base budgets considered historical trends for Colleges in student credit hour production, degree production, headcount enrollment, faculty (filled and vacant), and spending. The result of the data analysis was that two colleges, the College of Business and Technology and the College of Public Health, grew over the period (2019-2023), while the other colleges experienced a net decline in both headcount and student credit hours without proportional spending reductions. Specific data for each college can be found in Appendix B, but the base budget adjustments that were decided for College are outlined in Table 1 below.

In addition to the data review, the committee co-chairs met with the dean of each college at least twice to discuss the data and recommendations, and the deans as a group were engaged on multiple occasions to discuss the data analysis. Initial recommendations were provided by the committee co-chairs to the leadership team, and the leadership team determined the final budget adjustments for each college.

Table 1: Academic Unit Base Budget Adjustments

College	Decision (Year of Implementation)
College of Arts & Sciences	$500k reduction (FY26)[1]; additional $250k (FY27)
College of Business & Technology	$535k increase (FY25); $150k increase (FY26)
Clemmer College	No change to base after restructure
College of Health Sciences	$690k reduction (FY26)
College of Nursing	$1M reduction (FY25) and additional $500K reduction (FY26)
College of Public Health	$250k increase (FY25); $150k increase (FY26)

It is important to note that at the same time the analyses to determine base adjustments was happening, the Colleges and overall academic administration went through a significant restructuring which caused several departments to move from one college to another. The analysis that informed the base budget decisions was modified to reflect the new structure. Units that moved from one college to another or were broken apart and split across colleges were accounted for and historical data was remapped to align with the new (current) structure.

[1] These funds will remain in the College and will be directed towards salary enhancements.

Administrative Units
To reset base budgets for administrative units, spending and personnel trends were the primary data used because other key performance indicators have not historically been established for those units and therefore were unavailable to help support resource allocation and reallocation decisions. Moving forward, all administrative functions will have performance and resource-related metrics that ETSU can use to inform annual adjustments.

In addition to the data review, the committee co-chairs met with the head of each division (and/or department heads in some instances) at least twice to discuss the data and recommendations. Initial recommendations were provided by the committee co-chairs to the leadership team, and the leadership team determined the final budget adjustments for each division.

Table 2: Administrative Unit Base Budget Adjustments

Administrative Unit	Decision (Year of Implementation)
Central[2]	$2M reduction (FY25)
Budget/Finance	$150,000 increase[3] (FY26)
Facilities & Maintenance	$2M increase[4] (FY25)
Library[5]	$200,000 increase (FY26)
Office of Research[6]	$400,000 increase (FY26)

If the unit is not mentioned in the table above, then there was no base adjustment made to the budget as part of the development of the new budget process.

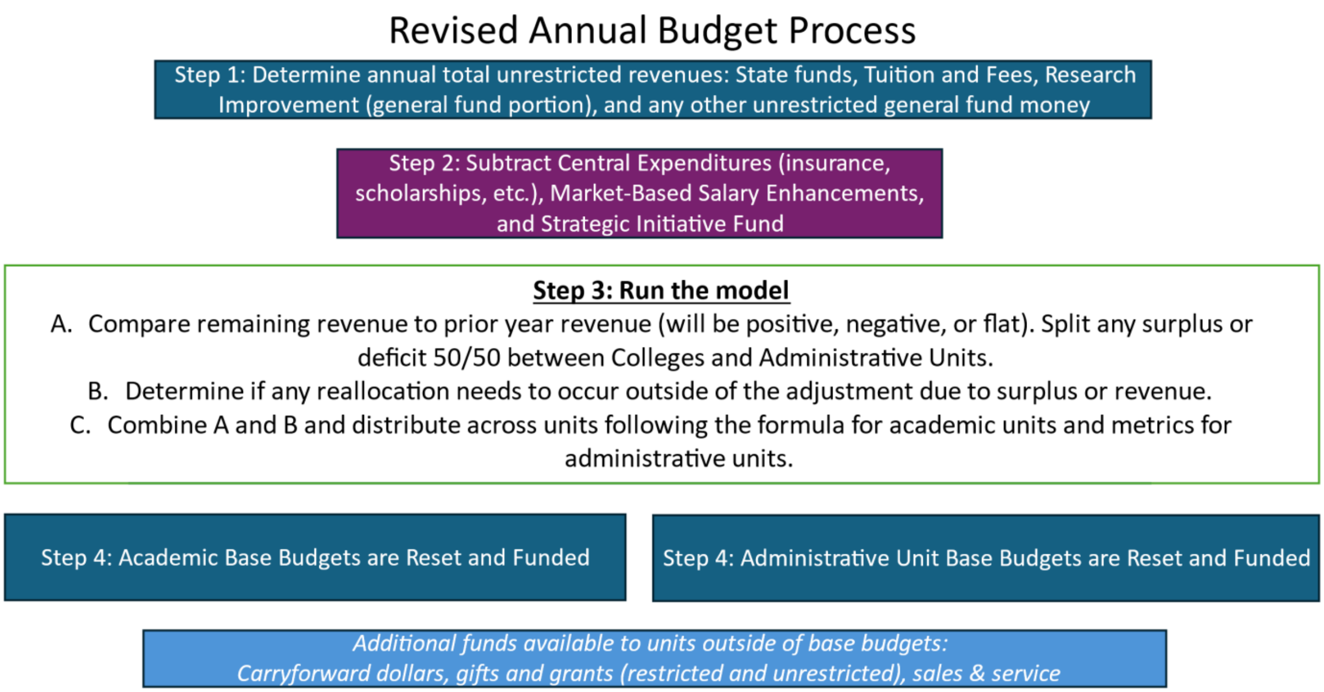
[2] This refers to the central administration budget that is not associated with a specific Vice President or division. Items that are budgeted in this unit include employee benefits, insurance, and scholarships, among others. There has been annual fallout in excess for $2M for the last three years, which prompted ETSU leaders to be comfortable with reducing the budget for this area by $2M.
[3] This increase is related to the change in the indirect cost recovery formula, explained on page 12.
[4] This increase was awarded to address the multi-million-dollar repair and maintenance backlog and to create an appropriate base budget for the unit.
[5] Both the Library and Office of Research increases are also due to the change in the indirect cost recovery formula, explained on page 12.
[6] Both the Library and Office of Research increases are also due to the change in the indirect cost recovery formula, explained on page 12.

Annual Adjustment Process

Prior to this budget refresh process, ETSU was operating on a model that was decentralized, formulaic, and primarily applied to the colleges. Administrative units had no explicit mechanism for budget adjustments, and college budgets were adjusted up or down based solely on student credit hour production. A formula applied a dollar value to student credit hours, and the change in student credit hours was multiplied by the dollar value to yield the targeted reduction or increase. The tight alignment of resource allocation to student credit hour production did not allow for strategy to be a factor in reallocation, nor did it consider the relationship between student credit hour growth and actual revenue growth (all student credit hours had the same value, regardless of whether those credit hours brought in proportional revenue).

In figure 1 below, the revised annual budget process is outlined at a high level. Following the figure, each step is explained in more detail.

Figure 1: Revised Annual Budget Process



At the end of the fiscal year, units are reviewed to determine if there are any unspent funds. Those funds follow the carryforward procedure.

Step 1: The annual adjustment process for this revised model is one that is dependent in part on the overall financial context of the University. If ETSU generates additional net new revenue compared to the prior year, then there are funds to allocate. If ETSU brings in less revenue than the prior year, then there is a deficit to distribute. The model also has a step for reallocation (step 3, part B), which will allow the leadership team to contextualize quantitative data and reallocate across colleges and administrative units in alignment with the University's priorities. It broadens the resource allocation decisions beyond simply growth or decline in student credit hours. See Figure 1 below for a capture of the flow.

A shift in this model from prior models is factoring non-course-related fees into the overall revenue picture. In prior models, fees flowed directly to colleges outside of base budgets. In this model, college-level and institutional-level fees are treated the same as tuition and will be used to fund base budgets. Course-specific fees that are directly related to higher expenses in particular courses will not be a part of base budgets as those should go directly to the department that requires those resources to deliver their courses. Course-specific fees should be fully expended in the academic year for which they are charged.

Step 2: The University must fund several expenses annually that are not a part of any unit's base budget. Those things include scholarships, utilities, benefits, and insurance. ETSU will detail those expenditures annually for the campus community to ensure there is transparency about how those central expenditures impact the amount of revenue that flows to the colleges and administrative units. In addition to central expenditures, ETSU has a stated priority to fund salary increases that will bring positions across the university to the market rate. The exact amount of funding needed for this has yet to be determined as of the writing of this report, but again, ETSU leadership will share the details of that during the annual budget process so that there is transparency in how much revenue will be allocated towards that priority.

One new component of this budget refresh is the establishment of a **Strategic Initiative Fund**. This is a pool of resources that is held centrally and allocated during the annual budget hearing process. The first awards from the strategic initiative fund will occur for the FY26 budget and the final process is still being determined by the leadership team. However, the general principles are:

1. The initial funding source for FY26 initiatives is carryforward dollars from FY24. In October of 2024, the leadership team reviewed the fallout from FY24 and put $1.2M of that fallout in the newly established strategic initiative fund. The fund will be resourced annually at the discretion of President, but annual fund allocations cannot exceed 1% of total ETSU revenues.
2. The purpose of the fund is to seed projects and initiatives that advance the ETSU strategic plan. Requests for funds should be for time-limited projects and cannot be used for a recurring revenue need, such as salaries. Requests should also explain why the initiative requires funding in excess of unit base budgets and available resources.
3. The award of funds will occur via the annual budget hearing process Faculty and staff can propose ideas for strategic initiatives to their respective division leaders and those leaders will communicate the ideas they support in the budget hearing meetings. The final decision on the award of funds will come from the President.

More detail will come related to the strategic initiative fund as it is operationalized in early 2025 for FY26 budget planning.

<u>The intent in scenarios of revenue growth is to still have ample funds to allocate to colleges and administrative units after Step 2 is completed. There is not an expectation that this step will consume all revenue gains.</u>

Step 3: *Colleges*

In the prior model, annual budget adjustments for Colleges were based on student credit hours. Meaning, as student credit hours declined, College budgets were cut. In this revised model, the metrics that will inform annual adjustments are student credit hours, degrees produced, and research and scholarly activity. The definitions for each are below.

- Student Credit Hours: The number of student credit hours produced at all levels (lower-division undergraduate, upper-division undergraduate, and graduate), taken at the end of term.
- Degree Production: The number of degrees awarded at the end of each term, including bachelor's, master's, professional and doctoral. Certificates are not included.
- Premiere Research & Scholarly Productivity: See table below for the detailed explanation.[7]

Table 3: Research & Scholarly Productivity Metric Inputs and Initial Calculation Approach

Research Metric Inputs (per FY)	**Research Emphasis**	**Calculated Contribution** [8]
External awards	External Funding	Total amount/$100,000
IP Disclosures resulting in institutional ownership	External Funding	# of disclosures
Q1 publications (or equivalent)	Institutional Reputation	# of pubs
Q2 publications (or equivalent)	Institutional Reputation	# of pubs x 0.5
National or international scholarly reach/recognition (e.g., Invited, paid for, national or international presentations; awards; concerts; features; galleries; press releases; screenings)	Institutional Reputation	# of events

Each metric carries a different weight: student credit hours account for 70%, degree production accounts for 25%, and research and scholarly productivity accounts for 5%.

[7] It is important to note that this component of the model was designed by a subgroup of the broader committee and was fully supported by all members of the committee. However, the determination of the weighting of the metric in the overall formula was decided by the leadership team. [8] It is recommended that the overall metric be revised routinely to ensure alignment with our vision and measures valued by ETSU.

The metrics will be organized according to the calendar year. Meaning, 2023 will include the Spring 2023 term, the Summer 2023 term, and the Fall 2023 term. While this approach crosses two academic years, the timing of the data allows for greater predictability and planning as the data will be available to inform budget decisions in March of any year.

Each college's performance on the metrics will be an average three-year annual change. See Table 4 below for an example of the calculation using 2020-2023 student credit hour data:

Table 4: Student credit hours per year to demonstrate average annual change calculation

	Student Credit Hours				Average Annual Change			
	2020	**2021**	**2022**	**2023**	**2020-2021**	**2021-2022**	**2022-2023**	**Avg (20-23)**
CAS	153,703	141,657	142,765	148,869	(12,046)	1,108	6,104	(1,611)
CBAT	66,954	65,839	66,018	69,516	(1,115)	179	3,498	854
CC	22,979	22,584	22,065	21,579	(395)	(519)	(486)	(467)
CHS	42,547	40,879	40,424	40,073	(1,668)	(455)	(351)	(825)
CON	45,461	42,076	40,442	33,637	(3,385)	(1,634)	(6,805)	(3,941)
CPH	23,064	23,286	24,116	23,929	222	830	(187)	288
	354,708	336,321	335,830	337,603	(18,387)	(491)	1,773	(5,702)

See Appendix E for a budget timeline which includes the data collection timing.

Here is an example scenario:
ETSU enrollment increases and in FY2028 there is $1M in net new revenue to allocate after the strategic initiative fund is resourced and central expenditures are covered. The $1M is split 50/50 across the academic and administrative units for allocation, so $500,000 is available to award to colleges.

The $500,000 would be distributed in the following way:

- $350,000 (70%) will be distributed to colleges that have a three-year average annual increase in student credit hours
- $125,000 (25%) will be distributed to colleges that have a three-year average annual increase in degree production

- $25,000 (5%) will be distributed to colleges that have improved performance on the research and scholarly productivity metric

The scenario would be the same in the instance of a $1M deficit, except the deficit would only be allocated to colleges with declining productivity on the three metrics.

Reallocating across colleges (Step 3, Part B)

In addition to allocating new revenue or spreading a deficit, there may also be instances where resources should be reallocated across colleges as enrollment patterns and institutional priorities shift. For example, if ETSU revenue was flat compared to the prior year, but two colleges experienced growth over the time of analysis and two colleges experienced a decline, ETSU may want to shift resources away from the declining colleges towards the growing colleges. There is no perfectly formulaic way to determine the amount that should be reallocated, and the ability to reduce expenses in colleges as enrollment declines is limited due to many fixed costs, but the model that is used to allocate a surplus or deficit can also be used to model reallocation once a target dollar amount to move is established.

ETSU will use a data-informed approach to make these reallocations. The data that will be reviewed includes the annual formula metrics (student credit hours, degree production, and research and scholarly productivity), as well as other available metrics such as faculty, staff, and headcount enrollment. This quantitative data would be considered alongside qualitative factors, such as an understanding of what might be driving a decline or increase, whether those fluctuations require resources to shift to accommodate the change, and how mission is impacted by any adjustments. For example, student demand for some programs may be declining, but the University could choose to sustain those programs because of the critical need for that discipline in the region.

Again, once an overall dollar amount for reallocation is determined, the model and accompanying formula can be used to distribute that reallocation.

Step 3: ***Administrative Units***

The annual adjustment process for administrative units will differ from the academic units, in part because metrics for each administrative unit are unique. During the budget review and refresh, each administrative unit established their own performance and resource metrics (see Appendix C).

For annual adjustments, each administrative unit will engage in an annual budget hearing during which they will report on the results of their metrics. The results of the metrics will be used by ETSU leadership to determine if a unit should receive additional resources or receive a budget reduction. This is similar to the current process for administrative units, with the main change being the formal adoption and approval of metrics for each unit.

Step 4: Once all allocation of revenue surplus or deficits occur, reallocations are applied, and market-based salary increases are applied, colleges and administrative units have new base budget amounts.

Adjustments to Budget Practices

While the process of establishing base budgets, formulas, and processes for annual adjustments is critical, it is also essential that practices that impact resource allocations are examined and modified to support strategic resource allocation. The three practices that were updated in this process are carryforward, indirect cost recovery formula, and vacancy management. Additional processes and practices for ETSU to continue evaluating and updating are included in Appendix D.

Carryforward

At the start of the process, a key discussion point was the amount of carryforward or 'fallout' that occurred annually. While carryforward dollars were helpful to ETSU over the past several years in building the University's reserve fund, which is currently 10% of total annual operating expenses, continuing to see millions of unspent dollars accumulate annually is an indication that resources are not allocated appropriately to support strategy.

The committee engaged in this work was very active in determining the new carryforward practices. A subcommittee of the larger group was formed to focus on this topic, and their recommendations regarding the 60/40 split and the exclusion of research-related unrestricted revenues were implemented in the final decisions.

Moving forward, carryforward dollars will be treated as follows:

1. Unspent state appropriations, tuition revenue, and student fees will be treated the same. The balances from each of those revenue sources will be split 60/40 with Central (the unit keeps 60% and central administration keeps 40%). This happens before the carryforward cap is applied (see number 3).
2. All unspent IDC and sales and service revenue are retained by the unit.
3. Each division will have a cap on the amount of carryforward they are allowed to accumulate in total. The recommended cap is 8% of the three-year average total unrestricted operating expenses. Funds that fall within the cap include the C index (state appropriations and tuition) and student fees. Funds that do not fall within the cap include special programs, unexpended contracts, R&R, IDC, and start-up funds.
4. All dollars that are swept by the central administration through enforcing the cap will go into a **Capital Improvement Fund**. This fund is separate and distinct from the strategic initiative fund. Establishing parameters for qualified projects and operationalizing of the capital improvement fund will be determined by the chartered Capital Improvement Fund Team who is chartered to complete its recommendations by May 2025.

The reasons for the changes to carryforward are:

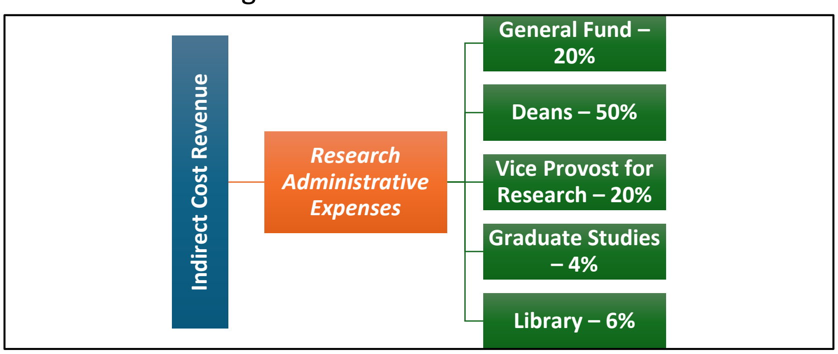
- Student fees are charged to support additional costs associated with the courses for which the fee is charged, yet student fee carryforward balances grew significantly from 2019-2023. This was in part because those dollars were allowed to be carried forward by units at 100% (central administration did not take a portion of those dollars). In this new approach, student fee dollars are treated the same at state appropriations and tuition which removes the incentive to save fee dollars.

- Units have accumulated large carryforward balances over the last several years with most balances exceeding 8% of the unit's three-year average annual unrestricted expenditures. The rationale for this level of saving across units differs, but a primary savings goal is to support capital-related improvements to campus facilities. While saving in pursuit of capital project goals is appreciated, each unit saving independently without an institutional priority list results in projects taking longer to complete because funds take longer to accumulate. If resources were pooled and a priority list established, projects could be completed faster. The 8% cap allows units to save to weather any enrollment and related budgetary impacts as well as to address minor facilities-related improvement projects but will not allow units to save for major capital-related projects. Instead, the funds captured via the carryforward cap will be pooled in the capital projects fund to support approved and prioritized projects. Establishing parameters for qualified projects and operationalizing the capital improvement fund will be determined by the chartered Capital Improvement Fund Planning Committee who is scheduled to develop its recommendations by May 2025.

Indirect Cost Recovery (IDC) Formula

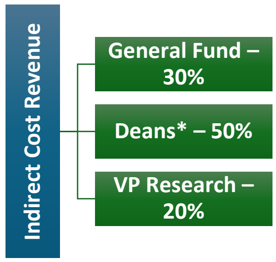
Research grants and other sponsored program grants often recoup facilities and administrative (F&A) costs, or indirect costs (IDCs). IDCs, according to federal regulations, are not directly related to sponsored program awards but are necessary for grant recipients to conduct their work. The IDC amount associated with grants is dependent on the source of the funds. IDC dollars are distributed across multiple areas according to a formula.

The formula through 2024 was:



In the "Research Administrative Expenses" box above were several positions devoted to supporting the grant administration process and represented 17% of all IDC dollars in 2023. Moving forward, those positions will be a part of the base budgets for the units where those positions are located (Finance and Research), which will allow 100% of IDC dollars to be distributed via the formula.

The new formula for implementation in FY2025 is:



This change does remove graduate studies and the library from the formula. However, the library received a base budget adjustment to account for this loss (see base budget section on page 6), and graduate studies has sufficient carryforward to replace this lost revenue for several years as they pursue a more sustainable path without this revenue source.

The net impact of this change, had it been applied using FY2023 numbers, is detailed in Table 5 below.

Table 5: FY23 Example Impact of IDC Recommended Formula Change

	Current		Proposed		Difference
Research Administrative Expenses	**17%**	**$548,532**	**0%**	**0**	**-$548,532**
Available for Allocation		**$2,686,486**		**$3,235,019**	
General Fund	18%	$567,127	30%	$970,506	$403,378
Library	*4%*	*$134,912*	*0%*	*$0*	*-$134,912*
SGS	*2%*	*$71,731*	*0%*	*$0*	*-$71,731*
	24%	**$773,771**	**30%**	**$970,506**	**$196,735**
Deans	**45%**	**$1,463,009**	**50%**	**$1,617,509**	**$154,500**
Research	**14%**	**$449,707**	**20%**	**$647,004**	**$197,297**
		$3,235,019		**$3,235,019**	**$0**

Vacancy Management

When this budget evaluation began, the management of vacancies differed across divisions and departments. Moving forward, vacancies will be managed at the division leader level. For Colleges, this means that the Provost will manage vacancies. As positions are vacated, the decision on what to do with the vacancy will be made by the division leadership.

Appendix A: Committee Members

Strategic Resource Alignment Committee Members:

- Joe Bidwell, Dean of the College of Arts & Sciences
- Jeff Blanton, Associate Vice President of Administration/Operations
- Joseph Chappell, Assistant Vice Provost of Institutional Research
- Lori Erickson, Assistant Vice President, Human Resources
- David Finney, Director of Fiscal Affairs
- Christy Graham, Chief Financial Officer and Vice President for Business and Finance (Co-Chair)
- Nicholas Hagemeier, Chief Research Officer
- Jim Harlan, faculty member and distinguished chair in the College of Business and Technology (Co-Chair)
- Stephen Hendrix, faculty member in the Department of Computing, and past president of faculty senate
- Karen King, Chief Information Officer
- Candy Massey, Project Manager in IT
- Pam Mims, Associate Dean, Clemmer College of Education
- Margaret Pate, Senior Associate Vice President for Budget and Financial Planning
- Mark Proffitt, Assistant Dean, College of Arts & Sciences
- Deborah Slawson, Professor and Chair of the Department of Community and Behavioral Health
- Beth Wiley, Assistant Vice President for Advancement Services
- Randy Wykoff, Dean of College of Public Health

Appendix B: College Data

Base adjustments were made through a process of reviewing the data below in addition to considering the impacts of the academic restructure, recent and upcoming initiatives within the colleges, and the overall strategic priorities of the institution. Each dean and their respective teams met with the project leaders, the Provost, and in some instances, the President, to discuss the data and provide the appropriate context to the numbers. No final decisions were based solely on the numbers (base adjustments were not formulaic), but rather on a multitude of factors and by considering the data in the context of each individual college.

Data Definitions:

- Student credit hours (SCH): End of term for the fall, spring and summer terms for each academic year, with the exception of 2024 which did not include the summer term. All data was pulled for these analyses in June of 2024.
- Spend: Actual spending from all unrestricted sources (including fees).
- Spend per SCH: Spending divided by student credit hours.
- Faculty and staff, both filled and vacant: Reported filled and vacant positions from annual reports to the Tennessee Higher Education Commission; only reflects positions that are funded via unrestricted dollars (not grant positions).

Arts & Sciences						*24 (YTD SCH/*	**2019-2023**		**2021-2023**	
	FY19	**FY20**	**FY21**	**FY22**	**FY23**	*Base Budget)*	**#**	**%**	**#**	**%**
SCH	163,083	155,323	143,814	136,875	140,823	*142,894*	(22,260)	-14%	(2,991)	-2%
Spend	$32,611,179	$32,699,787	$31,860,932	$32,707,699	$34,957,125	*$35,652,270*	$2,345,946	7%	$3,096,193	10%
Spend per SCH	$200	$211	$222	$239	$248	*$250*	$48	24%	$27	12%
# of Faculty (filled)	258	256	244	243	241	*242*	-17	-7%	-3	-1%
# of Staff (filled)	64	65	63	62	65	*64*	1	2%	2	3%
# of Faculty (vacant)	6	8	9	10	13	*13*	7	117%	4	44%
# of Staff (vacant)	7	6	3	4	2	*1*	-5	-71%	-1	-33%

Business & Technology						*24 (YTD SCH/*	**2019-2023**		**2021-2023**	
	FY19	**FY20**	**FY21**	**FY22**	**FY23**	*Base Budget)*	**#**	**%**	**#**	**%**
SCH	65,501	63,612	62,656	62,579	65,424	*67,389*	(77)	0%	2,768	4%
Spend	$17,929,709	$17,611,900	$16,219,795	$17,037,763	$18,228,885	*$18,197,700*	$299,176	2%	$2,009,090	12%
Spend per SCH	$274	$277	$259	$272	$279	*$270*	$5	2%	$20	8%
# of Faculty (filled)	96	99	93	97	94	*99*	-2	-2%	1	1%
# of Staff (filled)	30	31	30	31	28	*29*	-2	-6%	-2	-6%
# of Faculty (vacant)	6	5	8	6	15	*10*	9	150%	7	88%
# of Staff (vacant)	2	2	2	1	5	*3*	3	140%	3	140%

Clemmer						*24 (YTD SCH/*	**2019-2023**		**2021-2023**	
	FY19	**FY20**	**FY21**	**FY22**	**FY23**	*Base Budget)*	**#**	**%**	**#**	**%**
SCH	42,279	41,591	38,834	37,512	36,448	*32,195*	(5,831)	-14%	(2,386)	-6%
Spend	$13,799,298	$14,351,088	$13,075,927	$13,023,962	$13,901,230	*$14,907,220*	$101,932	1%	$825,303	6%
Spend per SCH	$326	$345	$337	$347	$381	*$463*	$55	17%	$45	13%
# of Faculty (filled)	76	82	82	76	75	*79*	-1	-1%	-7	-9%
# of Staff (filled)	43	40	31	34	29	*29*	-14	-33%	-2	-6%
# of Faculty (vacant)	6	4	4	11	12	*8*	6	100%	8	200%
# of Staff (vacant)	10	10	6	2	7	*8*	-3	-30%	1	17%

Clinical & Rehab Health Sciences	FY19	FY20	FY21	FY22	FY23	24 (YTD SCH/ Base Budget)	2019-2023 #	2019-2023 %	2021-2023 #	2021-2023 %
SCH	27,820	28,068	27,504	28,443	28,473	*24,503*	653	2%	969	4%
Spend	$9,999,393	$9,877,855	$9,999,013	$10,166,063	$11,120,279	*$11,216,420*	$1,120,886	11%	$1,121,266	11%
Spend per SCH	$359	$352	$364	$357	$391	*$458*	$31	9%	$27	7%
# of Faculty (filled)	55	58	66	60	61	*62*	6	11%	-5	-8%
# of Staff (filled)	25	25	26	25	27	*24*	2	6%	1	3%
# of Faculty (vacant)	7	9	7	11	12	*9*	5	71%	5	71%
# of Staff (vacant)	2	2	1	3	1	*10*	-1	-34%	0	0%

Nursing	FY19	FY20	FY21	FY22	FY23	24 (YTD SCH/ Base Budget)	2019-2023 #	2019-2023 %	2021-2023 #	2021-2023 %
SCH	39,779	45,912	44,089	41,342	36,920	*24,356*	(2,859)	-7%	(7,169)	-16%
Spend	$13,309,708	$15,072,489	$14,717,249	$14,897,248	$15,101,426	*$18,218,850*	$1,791,718	13%	$384,177	3%
Spend per SCH	$335	$328	$334	$360	$409	*$748*	$74	22%	$75	23%
# of Faculty (filled)	66	72	73	77	78	*74*	12	19%	5	7%
# of Staff (filled)	33	47	47	48	43	*46*	10	30%	-4	-9%
# of Faculty (vacant)	12	6	7	7	11	*11*	-1	-8%	4	54%
# of Staff (vacant)	11	13	8	6	13	*15*	2	19%	5	67%

Public Health	FY19	FY20	FY21	FY22	FY23	24 (YTD SCH/ Base Budget)	2019-2023 #	2019-2023 %	2021-2023 #	2021-2023 %
SCH	23,556	22,974	22,825	24,213	24,015	*22,137*	459	2%	1,190	5%
Spend	$7,925,830	$8,063,200	$8,028,356	$8,406,071	$8,943,432	*$8,251,800*	$1,017,602	13%	$915,076	11%
Spend per SCH	$336	$351	$352	$347	$372	*$373*	$36	11%	$21	6%
# of Faculty (filled)	46	46	48	49	50	*52*	4	9%	2	5%
# of Staff (filled)	17	17	20	18	18	*20*	1	6%	-2	-10%
# of Faculty (vacant)	6	10	6	6	9	*6*	3	50%	3	50%
# of Staff (vacant)	4	4	2	4	7	*4*	3	75%	5	250%

Appendix C: Administrative Unit Metrics for Annual Adjustment Process

OFFICE OF ADMINSTRATION

Public Safety/Policing

- Number of Officers per 1,000 students/staff
- Number of yearly call responses (per year/over 3 years)
- Number of Safety walks and security checks (per year/over 3 years)

Facilities – Campus Operations

- Number of custodial staff per square foot
- Number of grounds staff per acre
- Number of work orders and completed work orders (per year/since FY 24-25)
- Unplanned repair spending (per year/since FY 24-25)
- Total square footage changes

Facilities- Capital Planning

- Total number of Capital Projects in planning, design and construction by year (over 3 years)
- Number space requests and completed space requests and total dollar value
- Capital Maintenance Projects in process and completed (per year/over 3 years)
- Total number and dollar amount of leases
- Camps and Conferences – Total Events; Expenses vs Revenue

Environmental Health & Safety

- Building Safety inspections/equipment
- Safety impact incidents or hazard reports (labs, etc.)
- Compliance Reports/Services (Mandatory)

Human Resources

- Total number of all staff and total number of FTEs (per year/over 3 years)
- Total number of all new hires
- Compensation/Promotion/Transfer (per year/over 3 years)
- Turnover Rate
- Number of training and PD programs offered per year

Emergency Management

- Annual Training (Mandatory)
- Revise Building Coordinator Program (To be measured by monthly generated reports)
- After-Action Reviews (AAR)

OFFICE OF THE PROVOST

- Student retention
- Faculty retention
- Graduation rate
- Ratio of academic programs to number of students
- Percent of courses taught by FT faculty
- Number of successful disciplinary accreditations
- Average class size by level (lower division UG, upper division UG, graduate)
- Average student credit hours per faculty FTE
- Student to faculty ratio
- Percent of graduates employed or continuing education
- By college, the number of accredited programs, number of schedule program reviews, and FSSE Scores

OFFICE OF RESEARCH

- Annual grants awarded
- External research expenditures
- PhD completions (not sure this one belongs here)
- Publications and presentations by faculty
- Student involvement in research projects (shared metric of Honors College, Graduate School and Office of Undergraduate Research

LIBRARY

Connections to the Campus & Community (output-based)

- Visits to Sherrod Library (Gate Counts)
- Visits to Electronic Services & Collections (Web Traffic on Library- Created and Curated Sites)
- Service Usage & Interactions (Research Assistance, Instruction/Workshops, Program Attendance, Chat, etc.)

Scale & Scope of Collections (output-based)

- Print & Physical Collections (Number of Items & Usage)
- Electronic Collections (Numbers of Items & Usage; Additional emphasis on works created by ETSU faculty, students, and staff)

Effectiveness of Library Services & Collections (performance-based)

- Student Satisfaction (Overall Rate & Percentages)
- Faculty Satisfaction (Overall Rate & Percentages)

ADVANCEMENT

- Donor & alumni engagement activities per advancement/alumni staff; engagement activities encompass donor visits, calls, and emails as well as events, including the number of participants.
- Net production (revenue earned/realized after costs)
- Philanthropic cash
- Number of active donors
- Alumni giving rate
- Faculty/staff giving rate
- Number of major gift proposals

BUDGET AND FINANCE

- Budget to actual (operating within appropriate financial margin)
- Reserve balance
- Composite financial index (CFI)
- Total size of operating budget
- Audit results (number of audit findings)
- Number of contracts processed

INFORMATION TECHNOLOGY

Operational

- Supported devices per Support Staff
  - The total number of supported devices to the number of ITS technicians.
  - Define: All devices (servers, APs, desktops, laptops, tablets, etc.)
- Project Delivery Time and Success Rate
  - Percentage of IT projects completed on time and within budget
  - Average time taken to complete IT projects from initiation to close.

Security

- Number of Incidents & Time to Detect and Respond
  - Total number of security breaches or incidents within a specific period of time
  - Average time taken to detect and respond to a security threat or incident

Service Delivery

- Ticket Resolution Time
  - Average time taken to resolve service tickets
- User Satisfaction
  - The average satisfaction rating from users regarding ITS services and support.
  - Include incidents, change requests, and activities.
- Number of training activities offered per year

Infrastructure

- Network Performance
    - Measurement of network latency bandwidth utilization, and error rates
    - Average wireless RSSI (Received Signal Strength Indicator)
    - Status of infrastructure upgrade from 1 gig to 10 gig

STUDENT LIFE AND ENROLLMENT MANAGEMENT

Student Success

- Participation in data-supported success initiatives
    - Early alert/attendance referrals
    - Academic coaching
- Matriculation rate/credit load
- First year persistence
- Reduction of access and success gaps (low-income, first generation, underrepresented)
- Graduation rate
- Advisor loads

Student Enrollment

- Enrollment event/participation
- Freshman enrollment
    - Tennessee & out of state
- Military & Veteran enrollment
- International enrollment
- Overall UG enrollment
- Net tuition revenue

Student Life

- Housing occupancy/meal plan participation
- Campus engagement
    - Quantity (participations in programs and activities)
    - Quality (NSSE – Campus environment)
    - First year initiative participation

PRESIDENT

Athletics
- External revenue generated
- Student athlete persistence
- Net tuition revenue from student athletes
- Attendance at athletic events
- Ticket sales

Office of the President
- State funding, including support for specific initiatives and capital projects
- Enrollment
- Graduation rate

University Relations/Marketing & Communications
- Web traffic
- Social media engagement
- Total audience size
  - Social channel following
  - Email newsletter subscriptions
- Podcast downloads
- New student enrollment
- Trademark licensing sales/royalties
  - Repeat 2018 brand awareness and affinity survey and establish reoccurring survey schedule every 2-3 years

Appendix D: Remaining Budget and Resource-Related Items to Address

While the efforts described in this document will move ETSU forward in aligning resources and strategy, there are additional projects, analyses, and workstreams that should be the focus of the coming years for ETSU as the university continues to refine resource allocation practices.

1. Fee simplification – ETSU is interested in resetting tuition in a way that better reflects the total costs for students to attend. At present, students are charged a lot of various fees, some institutional and some college-specific, which makes the cost of attending ETSU somewhat opaque for students. This needs further study to understand available paths forward and the budget implications of any simplification efforts.
2. College of Medicine/FM – Review administrative charge formula.
3. Capital projects – Establish a new committee to define capital projects and outline how the funding will work.
4. New programs – Create an approval, pro forma, and budget process. This should also include how to administer the new program development fund.
5. GTAs/GAs – Analyze costs, particularly tuition waivers and scholarships. This is also related to fully understanding the net revenue of graduate programs.
6. Compensation:
    - Faculty contract lengths – ETSU is experiencing a shift from 9- or 10-month faculty to 11- or 12-month. This should be assessed.
    - Stipends, overloads, and any other compensation outside of base salaries – understand the volume of this and ensure it is being provided consistently across colleges.
7. 'Special Programs' – Review that activity to ensure it falls within the parameters of a special program.
8. Clinics – Review restricted vs. unrestricted and ensure those funds are being recorded in the correct place.
9. Assess duplication of effort and centralized vs. decentralized functions across administrative units and academic units.

Appendix E: Budget Timeline and Considerations for Implementation

2024:

- December 2024
  - Develop charter for Committee to establish the rules and operations of the Capital Improvement Fund begins their work.

2025:

- January 2025:
  - Centrally managed vacancy practice goes into place.
- February 2025:
  - Pull and organize all 2024 (calendar year) academic data for the colleges to inform the annual adjustment process.
  - Administrative units prepare their metrics.
  - Project FY2026 enrollment and associated tuition and fee revenue.
  - Assess the likely state budget impact to ETSU's revenues in FY2026.
  - Hold budget meetings for relevant departments and colleges, which will inform divisional hearings in March.
  - Capital Improvement Fund Planning Committee begins their work.

- March 2025:
  - The leadership team reviews the data and determines if any reallocation will need to occur so that can be modeled.
  - Run the academic annual adjustment formula using the average annual change from 2021-2024 (21-22, 22-23, 23-24).
  - Hold budget hearings for all divisions.
  - Identify projects for the strategic initiative fund.
- April 2025:
  - Build the July FY26 budget.
- May 2025:
  - Capital Improvement Fund Planning Committee completes its work.
- July 2025:
  - IDC formula is applied for FY25 grant activity.
- September 2025:
  - Assess the final revenue impact for ETSU for the 2026 fiscal year.
- October 2025:
  - Release updated FY26 budgets.
  - FY25 carryforward balances are finalized – this is the first year the cap will be in place and funds in excess of the cap will be moved to the capital improvement fund.

2026:

- February 2026:
    - Pull and organize all 2025 (calendar year) academic data for the colleges to inform the annual adjustment process.
    - Administrative units prepare their metrics.
    - Project FY2027 enrollment and associated tuition and fee revenue.
    - Assess the likely state budget impact to ETSU's revenues in FY2027.
- March 2026:
    - The leadership team reviews the data and determines if any reallocation will need to occur so that can be modeled.
    - Run the academic annual adjustment formula using the average annual change from 2022-2025 (22-23, 23-24, 24-25).
    - Hold budget hearings for all administrative and academic units.
    - Determine if any additional academic reallocation will occur in addition to the formula distribution.
- April 2026:
    - Build the July FY27 budget.
- September 2026:
    - Assess the final revenue impact for ETSU for the 2027 fiscal year.
- October 2026:
    - Release updated FY27 budgets.
    - FY26 carryforward balances are finalized.

This pattern should repeat annually with metrics and data being produced in the spring to inform the budget planning for the next fiscal year, and October budgets being released once enrollment numbers and state budget impacts for the fiscal year are finalized.

Considerations for Implementation

Below are areas that multiple committee members and other stakeholders raised as areas to be aware of during the implementation process.

1. **Predictability:** Given the shift away from the formulaic dollar-per-credit-hour adjustment in the prior model, there is concern among some academic leaders that the model will be less predictable. Specifically, there is a worry that as units grow, they will not be immediately provided with additional resources. This is accurate because the revised model is dependent on the overall revenue change of the university, not just individual college activity, and will reward growth only if the university overall experiences revenue growth or if the leadership team reallocates resources from colleges in decline towards colleges experiencing growth. In instances of some colleges growing while others shrink and the overall university remains flat or declines, ETSU leadership will use data as well as consider overall institutional strategy when reallocating. While this approach is less predictable than one that only relies on student credit hours, the model is just as predictable for colleges as it is for the overall University – ETSU relies

on enrollment projections and state revenue projections to build the annual budget, and now the same will be true for the colleges and administrative units.

2. **<u>Reallocation:</u>** As mentioned above, when ETSU experiences overall flat or declining enrollment, the only mechanism for supporting areas that are growing is to move resources away from areas of decline. There is concern among some academic leaders that this reallocation will not occur. The ETSU leadership team will need to be diligent about communicating when reallocation will (or will not) happen, and what data and strategic considerations inform those decisions.
3. **<u>Research & Scholarly Activity:</u>** This is a new element of the model and is a novel approach to recognizing the ways in which academic units contribute to the financial health and reputation of the University. There were mixed ideas within the committee on the overall percentage of the budget model that should be awarded using this new metric, and the leadership team decided that the percentage should start at 5% and can be adjusted over time as the metric is vetted.