

EAST TENNESSEE STATE UNIVERSITY
BOARD OF TRUSTEES
FINANCE AND ADMINISTRATION COMMITTEE
MARCH 2023 CALLED MEETING

11 a.m. – 12 p.m. EDT
Tuesday
March 28, 2023

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

COMMITTEE MEMBERS

Steve DeCarlo, Committee Chair
Charles Allen, Jr.
Allen Archer
Dorothy Grisham
Dr. Linda Latimer
Ron Ramsey

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AGENDA

- I. Call to Order
- II. Roll Call
- III. [Action Item: Approval of Salary Pools for FY24 – Graham](#)
- IV. [Action Item: Approval of Tuition and Mandatory Fees for FY24 – Graham](#)
- V. [Discussion of Spring Estimated and July Proposed Budgets – Graham](#)
- VI. Other Business
- VII. Adjournment

EAST TENNESSEE STATE UNIVERSITY
BOARD OF TRUSTEES

ACTION ITEM

DATE: March 28, 2023

ITEM: Approval of Salary Pools for FY24

COMMITTEE: Finance and Administration Committee

RECOMMENDED ACTION: Approve (Roll Call Vote)

PRESENTED BY: Christy Graham
Chief Financial Officer

In his annual State of the State address, Governor Lee presented his 2023-24 budget for the State of Tennessee. In addition to a broad range of project specific and general operating investments, the budget proposes a five percent salary pool for higher education.

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

The table below illustrates the approximate funding through additional revenue sources required to fully support a five percent salary pool for the main campus. These calculations are based on the data files obtained from THEC and align with the Governor’s budget documents released February 6, 2023.

	\$ Needed for Pool	State 55% Funding for Pool	Funding through Other Appropriations or Efficiencies
Main Campus 5%	\$8,033,000	\$4,406,500	\$3,605,400

Staff has yet to develop a plan for the distribution of any salary improvement funding. Due to the uncertainty of enrollment, staff is proposing holding state appropriations for salaries in designated pools until the State budget is adopted and enrollment for Fall 2023 is finalized. Any Board of Trustees approved salary adjustments will be implemented in November 2023.

The history of salary enhancements at ETSU is provided below:

Year	Across-the Board			Equity Increase		Service Bonus
2023-24	TBD			TBD		TBD
2022-23	4.0%	\$1200 min	(2)(6)			
2021-22	3.5%	\$700 min	(2)(3)			
2020-21 (1)	0.0%					\$500 (4)(5)
2019-20	2.0%	\$500 min	(2)			
2018-19	2.5%	\$500 min	(2)			
2017-18	2.0%	\$500 min	(2)	1% pool	\$3,000 ceiling	
2016-17	2.0%	\$500 min	(2)			
2015-16	2.0%	\$500 min	(2)	Pharmacy faculty only		
2014-15	0.0%					
2013-14	1.5%	\$250 min	(2)	4.25%		
2012-13	2.5%	\$750 min	(2)	8.5%	\$5,000 ceiling	

- (1) No funding for salary increase was included in the final state budget for FY21. An appropriation amendment in spring 2021 provided funding for a one-time bonus payment in June 2021.
- (2) Employees with annual performance evaluations which are unsatisfactory or performance far below expectations do not participate in salary increases.
- (3) Maximum increase \$10,000.
- (4) Employed April – May 30, 2021
- (5) Service bonus is prorated based on percentage of contract.
- (6) Maximum increase \$7,000.

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

RESOLVED: The proposed salary pools for 2023-2024 are approved as presented in the meeting materials contingent on the approval of the Governor’s budget.

EAST TENNESSEE STATE UNIVERSITY
BOARD OF TRUSTEES

ACTION ITEM

DATE: March 28, 2023

ITEM: Approval of Tuition and Mandatory Fees for FY24

COMMITTEE: Finance and Administration Committee

RECOMMENDED ACTION: Approve (Roll Call Vote)

PRESENTED BY: Christy Graham
Chief Financial Officer

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

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

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

1. **Level of state support** – THEC based their 2023-24 tuition models on a flat enrollment with an outcomes growth and inflationary adjustment factor of 7.7 percent, which equates to an expenditure increase of \$9.7 million. Governor Lee's proposed budget includes funding sufficient for an expenditure increase and a partially funded five percent salary pool of \$8 million.
2. **Total cost of attendance** – Tuition and fees did not increase in FY23. Tuition and mandatory fees for FY24 continue to be comparable to other public institutions of higher education in the state. A comparison of tuition and mandatory fees is provided in the agenda materials and demonstrates that ETSU is below the university average.
3. **Efforts to mitigate the financial effect on students** – ETSU continues to look for ways to mitigate student base costs and concurrently promote access and affordability. Reviews of academic and administrative areas are ongoing and should identify areas to improve services, reduce costs, or allow assets to be used more effectively for students.

4. **THEC binding tuition and mandatory fee increase ranges** – THEC proposed a zero to three percent tuition and mandatory fee limit at their November 2022 meeting. The Commission is projected to vote on binding tuition limits at their May meeting. With the release of the Governor’s budget, it is anticipated that THEC will approve a zero to three percent tuition and fee increase for FY24.
5. **Other factors affecting the university’s financial stability:**
 - a. Projected student enrollment and university enrollment goals - The university’s enrollment increased for Fall 2022, after two years of declining enrollment due in part to the COVID-19 pandemic. Enrollment had remained relatively flat in years prior. The university is continuing efforts and activities to grow enrollment as defined in the strategic plan. Tuition and fees must remain competitive in the marketplace, and students should be able to identify the value inherent in the education provided by ETSU over other institutions.
 - b. Market and cost factors for higher education – The market for higher education projects a declining number of high school graduates in the region and increased competition from community colleges, other state universities, regional private institutions and border state colleges and universities. Faculty and staff salaries are the primary cost driver for the university. New out-of-state tuition rates were implemented for Fall 2021 based on market research and has also reduced out-of-state scholarship expense. Salary increases were included in the Governor’s proposed budget to fully fund a five percent salary pool while increasing tuition by 2.95 percent for FY24.
 - c. New program or new facility cost – Costs related to new programs are largely being absorbed in the colleges per the budget model implemented in FY19. Facility costs will increase with the construction project for Lamb Hall and the new Academic Building. Other ongoing renovation and maintenance projects could reduce energy costs with efficiencies.
 - d. Cost related to operations, programs of study, or individual courses – The Consumer Price Index shows operational costs increased by 6.5 percent from December 2021 to December 2022. The Higher Education Price Index also shows that inflation for colleges and universities rose 5.2 percent for fiscal year 2022, compared to 2.7 percent in fiscal year 2021. The university’s programs of study and some individual courses are compared to other institutions with similar programs or courses to determine the market pressures for offering the programs.

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

Tuition (Maintenance Fees)

	2018-19	% Incr	2019-20	% Incr	2020-21	% Incr	2021-22	% Incr	2022-23	% Incr
APSU	\$6,888	2.9%	\$7,044	2.3%	\$7,044	0%	\$7,146	1.45%	\$7,146	0%
ETSU	7,422	2.7%	7,572	2.0%	7,572	0%	7,722	1.98%	7,722	0%
MTSU	7,380	2.8%	7,554	2.4%	7,554	0%	7,704	1.99%	7,704	0%
TSU	6,900	2.6%	7,026	1.8%	7,026	0%	7,128	1.45%	7,128	0%
TN Tech ³	7,860	2.7%	8,040	2.3%	9,060	12.7%	9,240	1.99%	9,240	0%
Memphis ²	8,064	0.0%	8,232	2.1%	8,232	0%	8,352	1.46%	8,352	0%
UTC ¹	6,888	0.0%	7,836	13.8%	7,836	0%	7,992	1.99%	7,992	0%
UTK ¹	11,110	0.0%	11,332	2.0%	11,332	0%	11,332	0.00%	11,332	0%
UTM ¹	8,052	3.0%	8,214	2.0%	8,214	0%	8,378	2.00%	8,378	0%
UTS							9,000		9,000	0%
Univ. Avg	\$7,840		\$8,092		\$8,208		\$8,399		\$8,399	

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

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

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

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

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

Mandatory Fees

	2018-19	% Incr	2019-20	% Incr	2020-21	% Incr	2021-22	% Incr	2022-23	% Incr
APSU	\$1,583	3.5%	\$1,583	0.0%	\$1,583	0%	\$1,615	2.02%	\$1,615	0%
ETSU	1,855	3.6%	1,919	3.5%	1,919	0%	1,952	1.72%	1,952	0%
MTSU	1,826	3.0%	1,870	2.4%	1,870	0%	1,889	1.02%	1,889	0%
TSU	1,107	5.4%	1,157	4.5%	1,157	0%	1,207	4.32%	1,207	0%
TN Tech	1,243	2.1%	1,278	2.8%	1,278	0%	1,282	0.31%	1,282	0%
Memphis	1,637	0.0%	1,704	4.1%	1,704	0%	1,704	0.00%	1,704	0%
UTC	1,776	0.0%	1,820	2.5%	1,820	0%	1,856	1.98%	1,856	0%
UTK	1,896	1.9%	1,932	1.9%	1,932	0%	1,912	-1.00%	1,912	0%
UTM	1,460	3.0%	1,534	5.1%	1,534	0%	1,534	0.00%	1,534	0%
UTS							1,200		1,200	0%
University Average	\$1,598		\$1,644		\$1,644		\$1,615		\$1,615	

Total Tuition and Mandatory Fees

	2018-19	% Incr	2019-20	% Incr	2020-21	% Incr	2021-22	% Incr	2022-23	% Incr
APSU	\$8,471	3.0%	\$8,627	1.8%	\$8,627	0%	\$8,761	1.55%	\$8,761	0%
ETSU	9,277	2.9%	9,491	2.3%	9,491	0%	9,674	1.93%	9,674	0%
MTSU	9,206	2.9%	9,424	2.4%	9,424	0%	9,593	1.79%	9,593	0%
TSU	8,007	3.0%	8,183	2.2%	8,183	0%	8,335	1.86%	8,335	0%
TN Tech ³	9,103	2.6%	9,318	2.4%	10,338	10.99%	10,522	1.78%	10,522	0%
UM ²	9,701	0.0%	9,936	2.4%	9,936	0%	10,056	1.21%	10,056	0%
UTC	8,664	0.0%	9,656	10.4%	9,656	0%	9,848	1.99%	9,848	0%
UTK ¹	13,006	0.03%	13,264	2.0%	13,264	0%	13,244	-0.15%	13,244	0%
UTM ¹	9,512	3.0%	9,748	2.5%	9,748	0%	9,912	1.68%	9,912	0%
UTS							10,200		10,200	0%
University Average	\$9,439		\$9,739		\$9,852		\$10,015		\$10,015	

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

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Rate Per Term

	FY23 Actual	FY24 Proposed	\$ increase	% increase	Additional Revenue	Purpose of Funding
Undergrad Tuition @ 15 cr hr	\$3,861	\$3,975	\$114	2.95%	\$2,941,200	45% salary pool; faculty tenure and promotion funding; inflationary costs for university share of employee benefits, SGA Wellness request year 3 of 3, and other operational costs
*UG Returning O/S & International	\$9,591	\$9,591	\$0	0.0%		
*UG – GA, KY, NC, SC, VA	\$405	\$420	\$15	3.7%		
*UG – 44 other states	\$1905	\$1920	\$15	0.8%		
Graduate Tuition @ 12 cr hr	\$5,076	\$5,076	\$0	0.0%		
Grad Out-of-State @ 12 cr hr	\$7,560	\$7,560	\$0	0.0%		

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

Undergraduate In-State Tuition and Mandatory Fee Request – Per Academic Year				
	2022-23		2023-24	
	Actual	Proposed	\$ Increase	% Increase
Undergrad Tuition @ 15 cr hr	\$7,722	\$7,950	\$228	2.95%
Mandatory Fees	\$1,952	\$2,000	\$48	2.45%
Total UG Tuition and Mandatory Fees	\$9,674	\$9,950	\$276	2.85%

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

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

RESOLVED: The proposed tuition and mandatory fees for 2023-2024 are approved as presented in the meeting materials contingent on the approval of the Governor’s budget and the THEC binding tuition limit.

EAST TENNESSEE STATE UNIVERSITY
BOARD OF TRUSTEES

INFORMATION ITEM

DATE: March 28, 2023

ITEM: Discussion of Spring Estimated and July Proposed Budgets

COMMITTEE: Finance and Administration Committee

PRESENTED BY: Christy Graham
Chief Financial Officer

In compliance with Tennessee Code Annotated 49-8-203 (a) (1) (C), ETSU policy *Budget Control* requires three budgets be prepared each year and submitted to the Board of Trustees for approval. The university prepares budgets for the one formula funded unit (Main Campus), two non-formula units (College of Medicine and Family Medicine) and one self-funded unit (College of Pharmacy). The three budgets prepared each year are:

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

The Board will consider the 2022-23 spring estimated budgets and the July 2023-24 proposed budgets for the one formula funded unit, two non-formula units and one self-funded unit. In meetings held during the last year, the Board approved the 2022-23 July proposed and October revised budgets. The proposed budgets for the new fiscal year are based on the estimates for revenue and expenditures known at the time the budget is prepared. Details of these budgets are outlined below.

Main Campus Budget

	Actual 21-22	Orig. 2022-23	Oct. Revised	Est. Spring	July Proposed	F23 to F24
Revenue	\$267,701,640	\$276,650,300	\$283,651,600	\$309,870,900	\$299,092,200	\$22,441,900
<u>Expenditures and Transfers</u>						
Instruction	\$102,953,064	\$113,653,400	\$131,197,100	\$132,534,100	\$120,293,000	\$6,639,600
Research	3,329,497	5,290,900	9,953,600	10,284,100	6,154,900	864,000
Public Service	2,790,112	3,190,600	4,482,200	5,103,300	3,969,300	778,700
Academic Support	22,137,645	24,881,500	30,636,900	30,960,600	26,561,000	1,679,500
Student Services	25,423,013	26,210,900	29,561,300	30,426,200	30,407,900	4,197,000
Institutional Support	22,586,451	19,267,000	29,273,200	53,942,400	20,815,400	1,548,400
Facilities	19,671,648	19,354,000	20,373,800	21,638,000	21,335,300	1,981,300
Scholarships	30,457,781	29,994,400	29,811,900	29,453,300	30,221,800	227,400
Total before transfers	\$229,349,211	\$241,842,700	\$285,290,000	\$314,342,000	\$259,758,600	\$17,915,900
Debt Service	5,844,368	5,658,600	6,193,900	6,193,900	6,101,600	443,000
Non-Mandatory Transfers	(4,636,517)	2,972,500	3,160,500	(453,600)	3,017,500	45,000
Auxiliaries Exp & Tnfrs	25,572,161	25,926,000	28,631,700	28,731,600	30,034,800	4,108,800
Total	\$256,129,223	\$276,399,800	\$323,276,100	\$348,813,900	\$298,912,500	\$22,512,700

FT Unrestricted and Auxiliary Positions	Orig. 22-23	Oct. Revised	July Proposed	F23 to F24
Faculty	730	726	727	1
Administration	38	37	37	-
Maint/Tech/Support	467	460	460	-
Professional Support	551	561	570	9
Sub Total	1,786	1,756	1,794	10
Auxiliaries	45	44	45	-
Total	1,831	1,800	1,839	10

Quillen College of Medicine Budget

	Actual 21-22	Orig. 22-23	Oct. Revised	Est. Spring	July Proposed	F23 to F24
Revenue	\$67,535,014	\$73,117,500	\$73,737,200	\$76,105,100	\$80,579,500	\$7,462,000
<u>Expenditures and Transfers</u>						
Instruction	36,901,487	47,647,400	57,168,800	59,838,200	64,668,000	17,020,600
Research	3,151,176	7,350,900	4,185,700	3,592,900	4,908,300	(2,442,600)
Academic Support	6,949,023	9,277,700	9,759,800	9,894,000	9,867,200	589,500
Student Services	1,809,899	2,488,700	3,306,500	3,302,700	3,618,600	1,129,900
Institutional Support	3,452,723	3,935,700	4,368,500	4,339,200	3,962,800	27,100
Facilities	5,215,527	7,164,600	7,582,200	7,606,400	7,400,300	235,700
Scholarships	260,000	260,000	260,000	260,000	260,000	-
Total before transfers	57,739,835	78,125,000	86,631,500	88,833,400	94,685,200	16,560,200
Debt Service	95,407	105,900	105,900	105,900	106,000	100
Non-Mandatory Transfers	6,265,115	(5,213,200)	(11,340,400)	(11,174,700)	(14,311,400)	(9,098,200)
Total	64,100,357	73,017,700	75,397,000	77,764,600	80,479,800	7,462,100
FT Unrestricted and Auxiliary Positions		Orig. 22-23	Oct. Revised		July Proposed	F23 to F24
Faculty		161	163		169	8
Administration		6	5		5	(1)
Maint/Tech/Support		108	108		110	2
Professional Support		96	95		98	2
Total		371	363		382	11

Family Medicine Budget

	Actual 21-22	Orig. 22-23	Oct. Revised	Est. Spring	July Proposed	F23 to F24
Revenue	19,596,819	18,526,700	19,368,500	19,613,500	19,802,700	1,276,000
Expenditures and Transfers						
Instruction	\$12,856,016	\$12,651,200	\$13,790,400	\$14,143,900	\$14,187,400	\$1,536,200
Research	134,414	287,500	263,700	158,700	312,100	24,600
Academic Support	3,476,060	3,902,400	3,989,800	3,820,500	3,914,100	11,700
Institutional Support	1,476,966	1,663,400	1,648,600	1,469,100	1,691,200	27,800
Facilities	387,633	405,000	657,900	697,900	487,500	82,500
Total before transfers	\$18,331,089	\$18,909,500	\$20,350,400	\$20,290,100	\$20,592,300	\$1,682,800
Non-Mandatory transfers	1,183,000	(372,700)	(856,100)	(443,100)	(793,200)	420,500
Total	\$19,514,089	\$18,536,800	\$19,494,300	\$19,847,000	\$19,799,100	\$2,103,300

FT Unrestricted and Auxiliary Positions	Orig. 22-23	Oct. Revised	July Proposed	F23 to F24
Faculty	32	30	31	(3)
Administration	-	-	-	-
Maint/Tech/Support	52	51	51	(1)
Professional Support	30	31	31	1
Total	116	116	114	(1)

Gatton College of Pharmacy Budget

	Actual 21-22	Orig. 22-23	Oct. Revised	Est. Spring	July Proposed	F23 to F24
Revenue	\$10,624,894	\$8,286,500	\$8,447,100	\$ 8,215,400	\$7,909,100	(\$377,400)
<u>Expenditures and Transfers</u>						
Instruction	\$5,575,416	\$5,782,400	\$6,421,800	\$6,107,600	\$4,316,500	(\$1,465,900)
Research	123,827	99,800	461,500	470,400	57,000	(42,800)
Academic Support	-	-	470,000	470,100	470,000	470,000
Student Services	1,361,854	1,466,100	1,567,500	1,603,900	1,579,700	133,600
Institutional Support	559,468	663,300	841,000	819,600	887,400	224,100
Facilities	509,084	515,400	548,600	594,800	537,800	22,400
Scholarships	396,872	343,400	446,700	458,800	403,600	60,200
Total before transfers	185,372	13,000	-	500	13,000	-
Debt Service	\$8,711,893	\$8,883,400	\$10,757,100	\$10,525,700	\$8,265,000	(\$618,400)
Non-Mandatory Transfers	675,123	672,900	673,100	673,100	671,400	(1,500)
Total	849,956	(1,269,800)	(498,800)	(498,800)	(1,027,300)	242,500
<u>FT Unrestricted and Auxiliary Positions</u>						
		Orig. 22-23	Oct. Revised		July Proposed	F23 to F24
Faculty		30	29		29	(1)
Administration		2	1		1	(1)
Maint/Tech/Support		12	12		12	-
Professional Support		12	12		12	-
Total		56	54		54	(2)