

EAST TENNESSEE STATE UNIVERSITY
BOARD OF TRUSTEES
FINANCE AND ADMINISTRATION COMMITTEE
SEPTEMBER 2024 MEETING

10:20 – 11:00 a.m. EDT
Friday
September 13, 2024

East Tennessee Room
D.P. Culp Student Center
412 J.L. Seehorn Road
Johnson City, TN

COMMITTEE MEMBERS

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

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AGENDA

- I. Call to Order
- II. Roll Call
- III. [Approval of the Committee Minutes from May 24, 2024](#)
- IV. [Action Item: Approval of Facilities Master Plan – Ross \(15 minutes\)](#)
- V. [Quarterly Financial Update – Graham \(10 minutes\)](#)
- VI. [Quarterly Report of Agreements \\$250,000 or greater – Graham \(5 minutes\)](#)
- VII. [CFO Update – Graham \(10 minutes\)](#)
- VIII. Other Business
- IX. Adjournment

EAST TENNESSEE STATE UNIVERSITY
BOARD OF TRUSTEES

ACTION ITEM

DATE: September 13, 2024

ITEM: Approval of the Minutes from May 24, 2024

COMMITTEE: Finance and Administration

RECOMMENDED ACTION: Approve

PRESENTED BY: Dr. Adam Green
Board Secretary

The minutes of the May 24, 2024 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 May 24, 2024 meeting 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

May 24, 2024
Johnson City, Tennessee

The East Tennessee State University Board of Trustees' Finance and Administration Committee met on Friday, May 24, 2024, at 10:24 a.m. in the East Tennessee Room of the D.P. Culp Student Center.

I. Call to Order

Trustee Ron Ramsey called the meeting to order at 10:24 a.m.

II. Roll Call

Board Secretary Dr. Adam Green conducted the roll call. The following committee members were physically present:

Committee Chair Steve DeCarlo
Trustee Charles Allen
Trustee Dorothy Grisham
Trustee Ron Ramsey
Trustee Aamir Shaikh

Other Trustees in attendance were Dr. Steph Frye-Clark, Melissa Steagall-Jones, and Tony Treadway.

III. Approval of the Committee Minutes from February 16, 2024, and April 5, 2024

The minutes from the February 16, 2024, and April 5, 2024, meetings of the Finance and Administration Committee were approved as submitted, with Trustee Charles Allen making the motion and Trustee Steve DeCarlo seconding the motion. The motion passed unanimously.

IV. Action Item: Approval of Tuition and Mandatory Fees for FY25

ETSU Chief Financial Officer Christy Graham reported that in light of the changes made by the Tennessee Higher Education Commission (THEC) to their state-wide tuition and fee policy for FY25, staff has revised the original proposal that was presented to the committee at the April 5, 2024 meeting as well as what was originally presented in the packet of agenda items to the committee for this meeting. (Board Secretary Dr. Adam Green distributed an amendment

incorporating those changes.) Ms. Graham presented the adjusted recommendation for tuition and mandatory fees for the 2024-25 academic year. In doing so, she explained that the Tennessee Higher Education Commission based tuition models on a core Consumer Price Index of 4% and flat enrollment. THEC did not include a salary allocation in its request. The inflation factor for the three state-supported units at ETSU equates to an appropriation increase of \$1.2 million. Governor Bill Lee's proposed budget for an expenditure increase and a partially funded 3% salary pool was \$5 million. In recommending tuition and fees, ETSU also considers the total cost of attendance. Tuition and fees increased by 2.85% in FY24. Ms. Graham pointed out that a comparison of tuition and mandatory fees shows that ETSU continues to be comparable to other public institutions of higher education in the state and below the national average. She added that ETSU continues to look for ways to mitigate rising costs to students. Reviews of academic and administrative areas are ongoing and should identify ways to improve services, reduce costs, and allow assets to be used more effectively for students.

Ms. Graham reminded the committee that THEC proposed a zero to 4% tuition and mandatory fee limit at its November 2023 meeting. She reported that the commission revised the range at its May 2024 meeting and approved a 0 to 5.5% limit.

Ms. Graham indicated that ETSU is proposing a 5.25% increase in total tuition and mandatory fees for all classes of undergraduate students on the main campus: 5.36% in tuition and 4.8% in fees. This equates to a total increase for the full-time undergraduate student of \$213 per semester for tuition and \$48 per semester for fees.

Also recommended is a \$15 increase for new out-of-state undergraduate students and a similar percentage increase for out-of-state students in graduate tuition.

Assuming flat enrollment, Ms. Graham said this should result in an increase in revenue of \$5.4 million, which will help fund ETSU's portion of the salary pool of \$2.2 million and an additional \$1.6 million salary pool to address Fair Labor Standards Act changes and other salary needs. President Noland noted and clarified that all revenues generated from the enhanced fee level would be diverted toward salaries and benefits.

Trustee DeCarlo made a motion that the Finance and Administration Committee recommend the adoption of the following amended resolution by the Board of Trustees:

The proposed tuition increase and mandatory fees for 2024-25 of 5.25% is approved as presented in accordance with the Governor's budget and the THEC binding tuition limit.

Trustee Grisham seconded the motion. It passed unanimously.

V. Action Item: Approval of Spring Estimated and July Proposed Budgets

Ms. Graham told the committee that since budgets had to be submitted to the state by May 5, the figures being presented to the committee are very similar to those presented at the April meeting. Adjustments will be made in the October revised budgets based on the new tuition rates and the salary pool.

Ms. Graham summarized the following main elements of these budgets:

- The main campus budget shows revenue, exclusive of auxiliaries, increasing in July by 4.7%. The primary increases are tuition revenue, state appropriations (increasing by \$5.1 million), and interest revenue (increasing by \$2.4 million). Auxiliary revenue is budgeted to increase by more than \$6 million. Expenses are projected to increase by 4.9%.
- Expenses by function follow past trends. Instruction moved from 40% of total expenses last year to 39% this year.
- The College of Medicine expects an increase in tuition revenue of approximately \$700,000. Expenses are decreasing due to a decrease in salaries and benefits that have shifted to Family Medicine.
- The Family Medicine revenue is increasing by nearly 10%, and correlating expenses are increasing by some 9.5%, primarily because of personnel costs that shifted from the College of Medicine.
- The College of Pharmacy's revenue is similar to the estimated spring budget, which reflects a flat amount of state appropriations and no tuition increase. Increased expenses are for accreditation purposes, and the difference will come from the college's reserves.

Trustee Grisham made a motion that these budgets be approved as presented. Trustee DeCarlo seconded the motion. It passed unanimously.

VI. Action Item: Capital Budget Submittals and Disclosures

Ms. Laura Bailey, Associate Vice President for Capital Planning and Facilities Services, began by requesting the committee's approval of the Brown Hall Renovation Phase II capital outlay project. This submittal to the state will be for Phase II construction at \$49.5 million.

In the category of capital demolition, Ms. Bailey reported one request, for the chimney and support structure to be demolished at the Power House at a cost of \$225,000.

In capital maintenance, Ms. Bailey reported a total request of \$16,940,000 to be submitted to the state for possible funding. The list includes safety lighting and fire alarm system phase II; multiple roof replacements; safety steam line repairs and replacement; primary electrical repairs and replacement; exterior/structural repairs and replacement; HVAC and plumbing repairs in multiple buildings; and electrical upgrades in several buildings.

Capital disclosures total \$95,650,000 and include:

- A residence hall at \$40,000,000
- A parking garage at \$55,000,000
- Campus wide paving and repair at \$300,000
- Millennium Center parking garage elevator upgrades at \$350,000

President Noland pointed out that the items on the disclosures list are self-funded projects for possible completion in the future, for which the state requires advance notification.

Trustee Grisham made a motion that the capital budget submittals and disclosures be approved and sent to the state for possible funding. Trustee Allen seconded the motion. It passed unanimously.

VII. Quarterly Financial Update

Ms. Graham presented a year-to-year comparison of the university's financial condition from March 23, 2023, to March 24, 2024. That comparison is affected by the December 2022 receipt of a state appropriation of \$20 million to fund the ERP project. This was recorded as E&G revenue as instructed by the state, and it is not recurring funding. If it were removed, instead of a \$4.3 million reduction in main campus revenues, there would be a \$15.7 million increase.

Ms. Graham reported that there was a 9% increase in College of Medicine revenue and a reduction in College of Pharmacy revenue. Pharmacy graduated a larger class than the number that had entered, and there was a reduction in tuition revenue as a result of lowering tuition. State appropriations began in October 2023 for Pharmacy.

Ms. Graham told the committee that total E&G revenue to date is up 6.5% if the ERP funds are eliminated but flat if ERP funds are included. Expenditures are increasing at a slower rate than revenue.

VIII. Presentation of FY22 and FY23 Composite Financial Index

Ms. Graham explained that these ratios were originally designed for private institutions and modified for public institutions in 2002. They are intended to provide a measure of financial health. There are four ratios which are calculated and then weighted to produce a single

Composite Financial Index measure. The resources of the ETSU Foundation are included. Those ratios are: Primary Reserve, Viability, Return on Assets, and Net Operating Revenues. Ms. Graham told the committee that for FY22, ETSU's composite score was well above the average and ranked as one of the highest among Tennessee's locally-governed institutions. For FY23, comparative numbers across the state are not available, but ETSU's score increased from a 4.56 to a 6.12, which indicates that we are in solid financial condition.

IX. Quarterly Report of Agreements \$250,000 or Greater

Ms. Graham reported seven contracts and purchase orders exceeding \$250,000:

- Frontier Health: For Chair of the Department of Psychiatry
- Dillow-Taylor Funeral Home: For transport, embalming, and cremation of donated bodies
- Southwest Contract: For Buc Ridge furniture
- Belfor: For mitigation due to a freeze event
- Elsevier: For access to collections and subscriptions
- EAB Global: For Student Success Collaborative
- BSN Sports: For athletics supplier agreement

RFI/RFPs that are in process or upcoming include:

- Broker services for medical residents' health insurance
- Production company for Student Government Association major events
- Family Medicine sites custodial services

X. Other Business

There was no other business to come 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: September 13, 2024

ITEM: Approval of ETSU Campus Master Plan

COMMITTEE: Finance and Administration

RECOMMENDED ACTION: Approve

PRESENTED BY: Jeremey Ross
Chief Operating Officer

The presentation provides the updated ETSU Campus Master Plan for review and approval. The Campus Master Plan is a direct link and documentation between ETSU's strategic plan, facilities planning, and ultimate capital appropriation requests. The Campus Master Plan is also the reference document for THEC and all State Building Commission action for ETSU.

[Click here](#) to view a copy of the updated ETSU Campus Master Plan.

Primary components for the ETSU Campus Master Plan Update are:

- Main Campus Plan
- Mountain Home VA Campus Plan
- Academic Space Optimization Update
- Housing Plan Update
- Parking Plan Update
- Acquisition and Disposition
- Capital Improvement and Implementation Plan

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

RESOLVED: The Board of Trustees approves the ETSU Campus Master Plan as presented in the meeting materials facilitating its submission for approval by the Tennessee Higher Education Commission.

EAST TENNESSEE STATE UNIVERSITY
BOARD OF TRUSTEES

INFORMATION ITEM

DATE: September 13, 2024

ITEM: Quarterly Financial Update

COMMITTEE: Finance and Administration

PRESENTED BY: Christy Graham
Chief Financial Officer and
Vice President of Business and Finance

The tables below summarize financial activities for the university through the June of fiscal year 2023-24. The comparison is current year to prior year for the same twelve-month period.

Table 1 – Unrestricted E&G Revenues by Unit and Revenue Source

Unrestricted E&G Year-to-Year Comparisons Year-to-Date 6-30-2023 & 6-30-2024				
	FY2022-23	FY2023-24	Change	
			\$	%
REVENUES				
By Appropriation Unit				
Main Campus	\$263,908,817	\$283,124,940	\$19,216,123	7.28%
Medicine/Family Med	90,583,733	98,090,300	7,506,568	8.29%
Pharmacy	8,728,365	8,433,351	(295,013)	(3.38%)
TOTAL REVENUE	\$363,220,914	\$389,648,591	\$26,427,677	7.28%
By Revenue Source				
Tuition and Fees	\$161,956,557	\$162,059,026	\$102,469	.06%
State Appropriations	145,646,113	161,549,725	\$15,903,612	10.92%
Grants, Contracts, Gifts	11,726,921	12,605,040	\$878,119	7.49%
Other	43,891,323	53,434,800	\$9,543,477	21.74%
TOTAL REVENUE	\$363,220,914	\$389,648,591	\$26,427,677	7.28%

Table 2 – Unrestricted E&G Expenditures by Appropriation Unit and Classification

Unrestricted E&G				
Year-to-Year Comparisons				
Year-to-Date 6-30-2023 & 6-30-2024				
	FY2022-23	FY2023-24	Change	
			\$	%
EXPENDITURES				
By Appropriation Unit				
Main Campus	\$246,049,095	\$277,452,883	\$31,403,788	12.76%
Medicine/Family Med	86,115,334	95,459,652	9,344,318	10.85%
Pharmacy	9,443,061	8,209,604	(1,233,457)	(13.06%)
TOTAL EXPENSE	\$341,607,490	\$381,122,139	\$39,514,649	11.57%
By Natural Classification				
Salaries & Benefits	\$248,996,183	\$261,940,885	\$12,944,702	5.20%
Operating	49,358,494	61,122,253	11,763,759	23.83%
Capital/Equipment	1,405,299	1,258,221	(\$147,078)	(10.47%)
Scholarships/Fellowships	26,745,356	26,209,785	(\$535,572)	(2.00%)
Transfers to Other Funds	15,102,157	30,590,995	\$15,488,838	102.56%
TOTAL EXPENSE	\$341,607,490	\$381,122,139	\$39,514,649	11.57%
By Functional Classification				
Instruction	\$168,863,937	\$178,974,472	\$10,110,536	5.99%
Research	9,699,275	9,056,199	(643,077)	(6.63%)
Public Services	3,893,375	5,812,395	1,919,020	49.29%
Academic Support	35,313,201	36,675,463	1,362,262	3.86%
Student Services	31,683,356	34,102,252	2,418,896	7.63%
Institutional Support	26,830,382	32,492,805	5,662,423	21.10%
Physical Plant	23,468,896	27,209,570	3,740,674	15.94%
Scholarships/Fellowships	26,753,411	26,218,937	(534,475)	(2.00%)
Transfers to Other Funds	15,101,657	30,580,046	15,478,389	102.49%
TOTAL EXPENSE	\$341,607,490	\$381,122,139	\$39,514,649	11.57%

Table 3 – Current Operating Funds Revenues by Fund Type and Revenue Source

**Current Operating Funds (Unrestricted/Auxiliaries/Restricted)
Year-to-Year Comparisons
Year-to-Date 6-30-2023 & 6-30-2024**

	FY2022-23	FY2023-24	Change	
			\$	%
REVENUES				
By Current Fund Type				
Unrestricted E&G	\$363,220,914	\$389,648,591	\$26,427,677	7.28%
Auxiliaries	28,884,161	31,797,336	2,913,176	10.09%
Restricted Funds	143,202,438	138,709,455	(4,492,982)	(3.14%)
TOTAL REVENUE	\$535,307,513	\$560,155,383	\$24,847,870	4.64%
REVENUES				
By Revenue Sources				
Tuition and Fees	\$162,911,909	\$163,025,484	113,575	.07%
State Appropriations	146,168,213	161,902,606	15,734,393	10.76%
Grants, Contracts, Gifts	152,396,194	149,419,998	(2,976,196)	-1.95%
Other	44,975,545	54,507,575	9,532,030	21.19%
Auxiliaries	28,855,651	31,299,719	2,444,068	8.47%
TOTAL REVENUE	\$535,307,513	\$560,155,383	\$24,847,870	4.64%

Table 4 – Current Operating Funds Expenditures by Fund Type and Classification

Current Operating Funds (Unrestricted/Auxiliaries/Restricted)				
Year-to-Year Comparisons				
Year-to-Date 6-30-2023 & 6-30-2024				
	FY2022-23	FY2022-23	Change	
			\$	%
EXPENDITURES				
By Current Fund Type				
Unrestricted E&G	\$341,607,490	\$381,122,139	\$39,514,649	11.57%
Auxiliaries	28,673,638	22,797,608	(5,876,030)	(20.49%)
Restricted Funds	132,619,371	135,749,609	3,130,238	2.36%
TOTAL EXPENSE	\$502,900,499	\$539,699,356	\$36,768,857	7.31%
EXPENDITURES				
By Natural Classification				
Salaries & Benefits	\$296,059,005	\$313,967,948	\$17,908,943	6.05%
Operating	89,365,559	103,554,052	14,188,493	15.88%
Capital/Equipment	2,025,165	2,035,506	10,341	.51%
Scholarships/Fellowships	81,688,195	84,474,882	2,786,687	3.41%
Transfers to Other Funds	33,762,575	35,636,967	1,874,393	5.55%
TOTAL EXPENSE	\$502,900,499	\$539,699,356	\$36,768,857	7.31%
EXPENDITURES				
By Functional Classification				
Instruction	\$175,179,236	\$186,037,271	\$10,858,035	6.20%
Research	26,825,122	25,376,561	(1,448,561)	(5.40%)
Public Services	54,061,131	62,821,749	8,760,619	16.21%
Academic Support	35,742,983	37,299,436	1,556,453	4.35%
Student Services	33,232,477	35,416,046	2,183,569	6.57%
Institutional Support	35,091,269	34,068,814	(1,022,456)	(2.91%)
Physical Plant	23,633,066	27,330,993	3,697,926	15.65%
Scholarships/Fellowships	75,359,919	77,940,832	2,580,914	3.42%
Transfers to Other Funds	15,101,657	30,580,046	15,478,389	102.49%
Auxiliaries	17,059,234	18,159,028	1,099,794	6.45%
Aux Trsfers to Other Funds	11,614,404	4,638,580	(6,975,824)	(60.06%)
TOTAL EXPENSE	\$502,900,499	\$539,699,356	\$36,768,857	7.31%

EAST TENNESSEE STATE UNIVERSITY
BOARD OF TRUSTEES

INFORMATION ITEM

DATE: September 13, 2024

ITEM: Quarterly Report of Agreements \$250,000 or greater

COMMITTEE: Finance and Administration

PRESENTED BY: Christy Graham
Chief Financial Officer and
Vice President of Business and Finance

Included below is a list of agreements, both expense and revenue, with amounts totaling \$250,000 or greater for the period of April 2024 – June 2024.

April - June 2024

Contracts / Purchase Orders over \$250,000

Contract/ PO Date		Contractor	Description of Services/Products	Contract / PO Amount	\$ Annual Contract	Competitive	Fiscal Review Approval
Start	End						
9/8/23	9/7/24	MP&F, LLC	Additional provision of \$155,198.04 into existing contact - Advertising	\$440,198	\$440,198	Yes	N/A
5/14/24	4/30/24	NexGen Security	Campus-wide security equipment	\$2,786,192	\$2,786,192	Yes	N/A
7/1/24	6/30/29	Evisions, Inc	Evisions software subscription (Arogos, FormFusion, IntelCheck AP & Payroll)	\$306,863	\$306,863	Yes	N/A
4/15/24	4/15/24	Kbport, LLC	Recording/Debrief Video System	\$298,082	\$298,082	No	N/A
5/14/24	5/14/24	Dell	300 Computers for Student Use	\$317,370	\$317,370	No	N/A

RFI/RFPs –In-Process and Upcoming

Production Company for SGA Major Events – In-Process

Previously, Express AV – Approx. \$300,000 for 5 years (RFP 6810)

Enrollment Consulting RFP – Upcoming this Fall

Previously, Carnegie Dartlet (Fire Engine Red) - \$2,207,675 for 5 years (RFP 6867)

Air Filters RFP – Upcoming this Fall

No prior agreement for this

This report does not include contracts or agreements associated with revenue, software/systems maintenance agreements, contracts with the federal government, and construction projects which are approved through the State Building Commission.

INFORMATION ITEM

DATE: September 13, 2024

ITEM: CFO Update

COMMITTEE: Finance and Administration

PRESENTED BY: Christy Graham
Chief Financial Officer and
Vice President of Business and Finance

Staff will present information that highlights current initiatives within the business and finance enterprise at East Tennessee State University including:

- ERP/EPM Implementation
 - Update on progress.
- Strategic Resource Alignment Advisory Committee
 - Update on progress
 - Focused on identifying metrics to inform the annual adjustment process for both academic and administrative units.
 - On-going activity
 - Carryforward process
 - Indirect Cost distribution formula
 - Vacant Position process
 - Capital Improvement Fund
 - Next Steps
 - Modeling to determine final metrics and parameters of annual adjustment process
 - Documenting the work of the committee and supporting communication efforts.