

EAST TENNESSEE STATE UNIVERSITY  
BOARD OF TRUSTEES  
FINANCE AND ADMINISTRATION COMMITTEE

MINUTES

February 19, 2021  
Johnson City, Tennessee

The East Tennessee State University Board of Trustees' Finance and Administration Committee met on Friday, February 19, 2021, at 10:45 a.m. at the Martin Center for the Arts on State of Franklin Road in Johnson City. Due to the extraordinary circumstances surrounding the COVID-19 pandemic, only board members and staff attended in person; public attendance to the meeting was available via livestream.

**I. Call to Order**

Steve DeCarlo, Chairman of the Finance and Administration Committee, called the meeting to order.

**II. Roll Call**

Deputy Board Secretary Nathan Dugger led the roll call.

Because Trustee Dorothy Grisham participated remotely, in accordance with Tennessee Code § 8-44-108 section (c) (3), Mr. Dugger asked Trustee Grisham for the record if she could clearly hear so that she could participate in the meeting, and if she would identify any persons present in the room with her from which they were participating in the meeting. She reported that she could hear and was alone.

Additionally, Mr. Dugger reported that since there are Trustees participating remotely, should any votes be taken, they must be taken by roll call.

Committee members present were:

- Trustee Dorothy Grisham (participating remotely)
- Trustee Austin Ramsey (non-voting student member)
- Trustee Ron Ramsey
- Board Chairman Scott Niswonger
- Trustee Kelly Wolfe
- Committee Chairman Steve DeCarlo

Mr. Dugger reported to Chairman DeCarlo that a quorum was present. In addition to the Committee members, Trustees Virginia Foley, Linda Latimer, and Melissa Steagall-Jones also participated in the meeting.

**III. Approval of the Committee Minutes from November 13, 2020**

The minutes of the Finance and Administration Committee Minutes of November 13, 2020, were approved as submitted, with Trustee Ron Ramsey making the motion to approve, and Trustee Wolfe seconding the motion. The motion passed unanimously after a roll call vote.

#### **IV. Approval of Housing and Food Service Rate Increases for FY22**

Dr. B.J. King, Chief Financial Officer for Business and Finance, presented the proposed housing and meal plan increase for upcoming academic year. She reminded committee members that Housing and Food Service auxiliary units did not increase student fees for the 2020-21 academic year. However, for the upcoming year, Housing proposes increases of 1.9 to 2 percent, and rates for meal plans will increase an average of 3.28 percent, which is aligned with the contractual agreement with Sodexo and is based on the consumer price index for Meals Away from Home. Dr. King also noted that ETSU conducted a survey of food service costs, and ETSU's costs are the lowest in East Tennessee and are among the lowest of any public university in Tennessee.

Trustee Wolfe moved that the Finance and Administration recommend that the Board of Trustees adopt a resolution to approve the proposed rates for Housing and Food Service for 2021-22 as presented at the meeting. Board Chairman Niswonger seconded the motion, and it passed unanimously after a roll call vote.

#### **V. Discussion of Potential Salary Pool for FY22 for Budget Development**

Dr. King announced that the Governor's Budget was released on Feb. 8, 2021 and the proposed budget includes funding for a two-step salary increase. The first pool of funds is for an increase effective Jan. 1, 2021, and will be provided retroactively once state funds are received by the university. The second pool is for an FY22 increase, which is included in the Governor's proposed budget. Neither of these pools are fully funded by the state, and will require tuition increase or offsetting institutional funds to fund the increases on the main campus. A fully funded match for the main campus would require a \$2.5 million tuition increase. Staff is exploring options to implement the increase such as a one-time bonus, increasing pay for some lower-level pay categories on campus, as well as increasing all the permanent full and part-time employees in some manner. Management is proposing implementing the increase in January 2022 when there is certainty of state funding amount and tuition revenues for the fall.

#### **VI. Discussion of Comparative Tuition & Mandatory Fees for Tennessee Public Universities**

Dr. King outlined the criteria that the Board of Trustees must consider when evaluating increases in tuition and mandatory fees. She noted that those criteria were approved by the Board in the past and are detailed in the Board agenda materials. She also discussed the comparative tuition and fees tables contained in the Board packet for public universities in Tennessee. Only one institution, Tennessee Tech, increased tuition last year, and that was due to a structural tuition reset. She further noted that ETSU continues to be an affordable option in Tennessee, and that last year, ETSU was the first among public institutions in Tennessee to announce that they would not increase tuition and fees due to the hardships facing students and their families during the COVID-19 pandemic.

## **VII. Discussion of Preliminary Tuition/Maintenance Fees for Budget Development**

Dr. King shared with Committee members that staff is currently engaged in FY22 budget development process and she will present a preliminary budget proposal to the Committee at their meeting on March 26, 2021. Furthermore, she noted that Quillen College of Medicine and Bill Gatton College of Pharmacy have completed market studies and are not proposing tuition increases for their respective colleges for FY22.

Dr. King also shared with Committee members that the Tennessee Higher Education Commission has proposed a maximum of 2 percent tuition and fee increase for FY22. She continued that ETSU staff is proposing an increase of 1.98 percent, or \$150 per academic year for tuition. This increase would generate approximately \$2 million in revenue to support institution's match for a salary increases, a pool for faculty tenure increases, funds that the SGA proposed for a wellness initiative, inflationary costs for the university's share of employee benefits, and other operational expenses.

Staff is also proposing a 1.72 percent, or \$33 per academic year increase in the Program Services Fee which will be used to fund student concerts and campus activities, and support increased investments in technology infrastructure. The total proposed tuition and mandatory fee increase is 1.93 percent, or \$183 per academic year.

Dr. King next explained to Committee members that all fee increases are contingent on the passage of the Governor's budget and THEC approval of binding limits on tuition and fees.

Chairman DeCarlo asked if ETSU will be in a position to adjust to the impact of inflation. Dr. King said that we may be trailing behind the inflationary increases. She explained that when preparing proposals for state government, THEC uses the CPI, which was 1.4 percent in the budget submitted to the Governor. It would be a concern should inflation start outgrowing the CPI. However, ETSU must follow the THEC binding limits, and the only way to get outside of those constraints would be to implement a tuition reset, which has been done by other public institutions in the state. Chairman DeCarlo asked when ETSU last implemented a tuition reset. Dr. King explained that ETSU has never implemented a structural tuition adjustment.

## **VIII. Presentation of Comparative FY20 Unaudited Composite Financial Index**

Dr. King presented the Comparative FY20 Unaudited Composite Financial Index (CFI). Compared to the other public universities in the state of Tennessee, ETSU ranks third in the total CFI in FY19, and is in the upper-half in three of the four individual ratios.

## **IX. Quarterly Financial Update**

Dr. King presented the Quarterly Financial Update to the Finance and Administration Committee.

## **X. Quarterly Reports of Agreements \$250,000 or Greater**

As an information item, Dr. King provided the committee with a list of contracts and purchase orders that exceed \$250,000, covering the time period of October-December 2020.

## **XI. Capital Budget Submittals and Disclosures FY 2021-22**

Mr. Ross presented the Capital Disclosures and Capital Maintenance included in agenda materials. He highlighted the capital outlay for the ETSU Academic Building, a \$52 million academic building proposed to be built at the center of ETSU's campus. He also outlined the THEC Capital Outlay Recommendation, which placed the ETSU Academic Building at No. 5. Governor Bill Lee's State of the State address indicated funding would be provided for projects 1-4 and various projects that were prioritized lower on the THEC list.

Mr. Ross also provided the Committee with updates and detailed plans for the ETSU Boulevard Commons, currently under construction. This area will provide a gathering place that connects the campus and enhances ETSU's outdoor offerings.

At the conclusion of Mr. Ross's comments, Chairman DeCarlo revisited the topic of the Academic Building and the concern that it has not be prioritized for funding. Mr. Ross explained that nothing is final yet and deferred to Trustee Ron Ramsey to share his expertise and views. Trustee Ramsey reminded committee members legislative session work is still ongoing.

Trustee DeCarlo asked for a motion that the committee recommend that the Board of Trustees approve the university's submission of the capital outlay, capital maintenance, and disclosed projects to the Tennessee Higher Education Commission.

Trustee Wolfe made the motion, and Board Chairman Niswonger seconded it. The motion passed unanimously after a roll call vote.

## **XII. Profiles and Trends in Human Resources**

Lori Erickson, Assistant Vice President of Human Resources, presented the ETSU Human Resources Trends and Profile. Her report outlined key areas, including the size of ETSU's workforce, salaries, and employee satisfaction.

Ms. Erickson reported that the number of employees grew by 4.8 percent over the past five years with the largest increase in faculty, due in part to grants and research coming in to the University. The largest decrease is in executive and high-level managerial positions. ETSU also has seen a decrease in skilled crafts due to retirement incentives and difficulty in recruitment for skilled craft labor. Tenured faculty grew by about 14.77 percent over the last five years, overall.

Ms. Erickson also noted that a majority of the university budget provides for salaries and benefits for employees. While ETSU's faculty salary rankings compared with peer institutions are low, the university has made significant strides, increasing salaries 8.63 percent over the past several years. When comparing staff salaries to peer institutions, ETSU's rankings are slightly higher.

To conclude her report, Ms. Erickson noted that ETSU continues to do well in the Employee Satisfaction Survey.

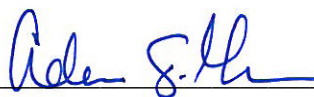
## **XIII. Other Business**

No other business was brought before the Committee.

## **XIV. Adjournment**

Chairman DeCarlo adjourned the meeting.

Respectfully submitted,



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Adam Green  
Secretary of the Board of Trustees

Approved by the Board of Trustees at its April 23, 2021 meeting.