



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

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TO: ETSU Senior Leadership

FROM: Dr. Brian Noland

DATE: January 21, 2026

SUBJECT: Budget Call 2026-27

As we begin planning for the FY 2026-2027 budget, I want to thank you for the continued leadership, stewardship, and collaboration that have positioned East Tennessee State University to navigate a period of significant change with discipline and purpose. Over the past several years, ETSU has taken important steps to modernize our budget practices, improve transparency, and better align resources with institutional priorities. These efforts have strengthened our financial foundation and enhanced our ability to make strategic, data-informed decisions in support of our mission.

While enrollment projections remain cautiously stable, and the state continues to demonstrate support for higher education, we must approach FY 2026-2027 planning with a conservative and strategic mindset. Accordingly, this budget call assumes flat enrollment and state appropriations as the baseline planning scenario. This approach allows us to protect the institution against volatility while maintaining flexibility to respond should revenues exceed expectations.

Revised Budget Model: Continued Implementation

FY 2026-2027 represents the second full year of implementation of ETSU's revised budget model. As outlined in the ETSU Budget Update (February 2025) and the Budget Process Handbook, this model reflects a deliberate shift from a decentralized, formula-driven approach to one that emphasizes institutional strategy, performance, and long-term sustainability.

Key elements of the revised model that continue to guide this budget cycle include:

- Base budgets for academic and administrative units have been reset to reflect current enrollment, staffing, and operational realities.
- Annual budget adjustments are driven by the university's overall growth or decline in annual revenue rather than isolated unit-level activity.
- Performance metrics and key performance indicators are central to informing allocation decisions.
- Vacancy management has been centralized at the divisional level.

- A Strategic Initiative Fund has been established to support time-limited, high-impact priorities aligned with ETSU's strategic plan.

Strategic Initiative Fund

The Strategic Initiative Fund (SIF) continues to serve as a key mechanism for advancing ETSU's strategic priorities through targeted, time-limited investments. For FY 2026-2027, the Strategic Initiative Fund is being resourced primarily through enrollment growth that exceeded the assumptions used in the base budget.

The Strategic Initiative Fund for FY 2026-2027 is currently estimated at \$3 million. The final available amount will be confirmed following the Spring census, once enrollment and associated revenue are fully finalized.

SIF requests must continue to meet the core principles of the fund:

- Initiatives must be time-limited and may not create new ongoing financial commitments without an identified funding source.
- Proposals should clearly articulate outcomes, timelines, and how success will be measured.
- Requests must explain why the initiative cannot be supported within existing base budgets or carryforward resources.

Strategic Initiative Fund proposals should be submitted using the designated request form and discussed during budget hearings. Final funding decisions will be made by the President in the Spring 2026 semester.

Budget Hearings and Planning Assumptions

Budget hearings are a central component of ETSU's data-informed and strategy-aligned budget process. For FY 2026-2027, hearings will move beyond discussion of incremental funding needs and focus more intentionally on how existing resources are being deployed to advance institutional priorities.

Budget Hearing Expectations

During budget hearings, each unit is expected to address the following core questions:

- Performance and KPIs: Units must report on their approved key performance indicators and metrics, highlighting trends over time, areas of strength, and areas where performance has declined or requires improvement. Leadership will focus on how metrics are being used to guide decisions – not simply the results themselves.
- Use of Resources: Units should be prepared to explain how current financial and human resources are being used to support student success, operational effectiveness, and strategic priorities. This includes discussing trade-offs, reallocations made within the unit, and actions taken in response to changing demand or performance.

- Vacancy Management: Units must describe how vacancy management has been utilized as a strategic tool. This includes decisions to refill, repurpose, delay, or eliminate positions, and how those decisions align with workload, enrollment, and long-term sustainability.

Planning Assumptions

The following assumptions will guide budget development for FY 2026-2027:

- Budget planning is based on flat enrollment and state appropriations
- Central obligations (including benefits, utilities, salary enhancements, and other mandatory cost increases) will be addressed prior to unit-level allocations.
- All academic and administrative units will participate in annual budget hearings.
- KPIs and metrics will be a primary input into allocation decisions.
- Internally funded initiatives should be discussed during budget hearings and evaluated in the context of vacancy management and overall resource alignment.

In closing, I commend our faculty and staff for their stewardship efforts that have positioned the University to remain in a strong financial position. Your leadership and fiscal restraint has allowed us to strengthen our reserves, maintain current essential services and programs, and enhance our financial stability.

Thank you for all that you do for ETSU.