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2019 April 26 – Board of Trustees Finance and Administration Committee Agenda and Minutes

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EAST TENNESSEE STATE UNIVERSITY
BOARD OF TRUSTEES
FINANCE AND ADMINISTRATION COMMITTEE
APRIL 2019 MEETING

10:15-11:45am EDT
Friday
April 26, 2019

The Millennium Center
2001 Millennium Pl
Johnson City, TN

AGENDA

- I. Call to Order
- II. Roll Call
- III. [Approval of the Finance and Administration Committee Minutes of February 22, 2019](#)
- IV. [Tuition for the Colleges of Medicine and Pharmacy FY20](#)
- V. [Salary Increase for FY20](#)
- VI. [Discussion of Proposed Non-Mandatory Fees](#)
- VII. [Discussion of Comparative Mandatory Fees](#)
- VIII. [Quarterly Reports of Agreements \\$250,000 or Greater](#)
- IX. Other Business
- X. Adjournment

EAST TENNESSEE STATE UNIVERSITY
BOARD OF TRUSTEES

ACTION ITEM

DATE: April 26, 2019
ITEM: Approval of the Minutes of February 22, 2019
COMMITTEE: Finance and Administration Committee
RECOMMENDED ACTION: Approve
PRESENTED BY: David Linville, Secretary

The minutes of the February 22, 2019 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 February 22, 2019 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

February 22, 2019
Johnson City, Tennessee

The East Tennessee State University Board of Trustees' Finance and Administration Committee met on Friday, February 22, 2019, at the Millennium Center on State of Franklin Road in Johnson City, Tennessee.

I. Call to Order

Finance and Administration Committee Chairman Steve DeCarlo called the meeting to order at 10:15 a.m.

II. Roll call

Trustees in attendance were: Steve DeCarlo, Jim Powell, Ron Ramsey, and Keyana Miller (non-voting student member). Board secretary Dr. David Linville informed Chairman DeCarlo that a quorum was present.

Other guests present at the meeting were Dr. Brian Noland, ETSU President; Dr. B.J. King, ETSU Chief Financial Officer; Dr. David Linville, Associate Vice President for Health Affairs; and Melissa Nipper, Assistant Director for Communications.

III. Approval of the Finance and Administration Committee Minutes of November 16, 2018

The minutes of the Finance and Administration Committee Minutes of November 16, 2018, were approved as submitted, with Trustee Powell making the motion to approve and Trustee Ramsey seconding. The motion passed unanimously.

IV. Discussion of Unaudited Comparative University Financial Ratios

The Composite Financial Index (CFI) ratios from the university's unaudited financial statements were presented at the November Committee meeting. Since that meeting, comparative information from the locally governed institutions (LGIs) and the University of Tennessee system has become available and allows a presentation in comparison for universities in the State of Tennessee.

Dr. B.J. King, ETSU's Chief Financial Officer, presented the comparison of ratios in Tennessee Higher Education. She noted that ETSU's return on net assets went from

7.3% in FY 2017 to 11% in FY 2018. This return on net assets is substantially higher than the return on net assets averages at other LGIs and the UT system. Dr. King explained that the growth to ETSU's asset base is due to major construction projects that are feeding into the university's capital assets. In FY 2018, ETSU had growth of \$10 million in grants receivable, with \$8 million of that from the City of Johnson City for the Fine Arts Center. She also noted that the ETSU Foundation, which is included in this calculation, grew its assets in FY 2018, due to increases in gifts and investment income. Dr. King explained that all of these numbers impact ETSU's net operating revenues and make the university look better comparatively than other schools. She also added that ETSU's numbers are a point of pride and an indication that the university is doing a good job managing its budget.

ETSU's CFI for FY 2018 was 3.05, which was above the standard of 3.0, higher than the average of LGIs (2.24) and the average of the UT System (2.20). To provide a frame of reference for the Committee, ESTU President Dr. Brian Noland asked Dr. King what level of a CFI would begin to cause concern either from the Board's perspective or the U.S. Department of Education when considering institutional liability from a financial perspective. Dr. King stated that the industry standard is a 3.0, and institutions that go below a 1.0 are on a watch. However, she added that she would be concerned if the ETSU went below a 2.0, which it has not done in the last three years.

V. Discussion of Budget Process Flowchart and Governor's Budget Calendar

As another information item, Dr. King presented a Budget Process Flowchart, created at the request of Dr. Wilsie Bishop, Vice President for Health Affairs. The Flowchart provides an illustration of the internal and external activities involved in campus budgeting. It depicts the calendar and deliberations involved in determining revenues and allocating financial resources to units for academic and administrative priorities.

Dr. King explained that the calendar for preparation of FY 2020 budget differs from the flowchart due to the inauguration of the new Governor and the budget calendar for the State. In 2018 and in other typical years, the University would be able to come to the February board meeting requesting approval on proposed student tuition and fees and possible salary increases for faculty and staff. However, since the Governor's State of the State is not occurring until after this meeting (March 4, 2019), the University is in a "holding pattern," with additional time to discuss these items. The University's Budget Hearing will not be held until the week of April 1.

Dr. King suggested that the Finance Committee use the advantage of time to hold a discussion about several possible ways to approach tuition and fees increases.

She began the discussion by pointing out that in November 2018, the Tennessee Higher Education Commission recommended a \$3.8 million, or 5.9%, increase in the appropriation for ETSU. The state support for the main campus would be almost \$70 million, which is about 26% of the October budget. THEC also proposed a binding limit, which won't be final until THEC meets to approve it in May.

After looking at the proposed binding limit, Dr. King ran preliminary calculations. Based on what the information she had at the time (which was not final), ETSU might have a 2.3% tuition increase at 15 credit hours.

Next, she looked at what the Higher Education Price Index (HEPI) determined the inflation is for higher education. It was 2.8%. With Dr. King's 2.3% estimate, the University would be about \$500,000 below what HEPI indicates is necessary for inflation.

As ETSU was looking at its budget landscape in December 2018, another LGI proposed a block tuition rate. This raised conversations about the viability of something like this at ETSU. Dr. King noted that block tuition actually reduces revenue in the future and is not sustainable without guaranteeing other increases in revenue to offset the negative increase in revenue over time. If there is an economic downturn and the state did not increase – or even reduced – its appropriation, the institution would have to retreat from block tuition. However, a block tuition rate is desirable to market to students and parents because it guarantees tuition for all four years. More recently, it appears that the other LGI has moved away from considering block tuition.

Then in January 2019, a UT campus proposed a “15 in 4” rate, which re-centers the tuition model from 12 credit hours to 15 credit hours. Unlike block tuition, this tuition model is revenue generating.

With extra time this year because of the delayed State of the State Address, the ETSU Budget and Strategic Planning Committee met in February to consider several options for tuition. They assembled a technical team of people who work in the system with tasks such as assessing fees, registration, financial aid, and recruitment. They are examining what other institutions do and are writing a literature review to analyze the options.

Dr. King provided four options to the Finance Committee and requested that the committee discuss these and offer their input. All of these options would require approval of the Student Government Association. The options include:

- A. **A tuition increase based on Dr. King's calculations of THEC's recommendation:** Dr. King pointed out that ETSU Institutional Research did a

comparative analysis of four years in the past, and found that if this plan was in place, the institution would have lost \$300,000 in revenue by implementing this revenue-neutral model.

- B. **A combination of the block plan and the “15 in 4” approach:** While a block plan is not feasible, Dr. King pointed out that they are still exploring if a marriage of these two plans is possible.
- C. **A flat “15 in 4” approach:** This plan would require buy-in from all areas of campus, guaranteeing that the University has the resources in place to get everyone through in four years. Since this is a revenue-generating approach, the university would invest the extra revenue in tools and programs that could ensure students finish in four years.
- D. **Option A, with an adjustment of course fees:** This option goes back to the increase suggested in Option A, but also looks at a way to simply and adjust course fees.

The following items were considered during the discussion of tuition and fees:

- The discussion began with a question from Trustee Miller, who asked if ETSU knows what the other LGI schools were planning for tuition and fees increases. Dr. King said she did not, and mentioned that ETSU was the first to announce tuition and fees last year.
- Trustee Ramsey asked if tuition was locked in for four years, does the University have to stay at the THEC recommendation. Dr. King answered that if an institution cannot stay under THEC’s guiding limit at 15 credit hours, which is what they use to calculate it, the University has to get special approval to increase it and there has to be justification.
- President Noland pointed out that in the discussion of the available options, the committee must consider both how a decision would impact enrollment, but also the inherent risks associated with the decision. He emphasized that the University is a unique position with “the gift of time” to consider possible options before the legislature possibly locks in the tuition and the University’s hands are tied.
- Trustee Miller asked how ETSU would compare to other institutions if it chose the “15 in 4” model. Dr. King answered that ETSU’s tuition would be higher than some of the other schools with this model, but likely not as high as others. She then asked why other schools might be frightened of a “15 in 4” plan. Dr. King pointed out that this plan would require academic support systems in place to work just as hard as the students to make sure that they can graduate in four years.

- Trustee Powell asked if the ultimate goal was to increase enrollment. President Noland said increasing enrollment was a goal, but another inherent goal is to stabilize revenue.
- Chairman DeCarlo asked if ETSU had the resources in place to implement a “15 in 4” and if it was right for the institution. Trustee Miller pointed out that her advisers, professors, and others do guide students toward graduating in 4 years and that this mentality is already built into the culture of ETSU.

President Noland asked the Committee if it would be helpful to prepare some scenarios to distribute to members so they could examine the numbers before a decision is made at the April Finance Committee. They agreed that it would, and Chairman DeCarlo also requested that the committee be able to review any data from other institutions that would be appropriate to consider.

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

As an information item, Dr. King provided the committee a list of contracts and purchase orders that exceed \$250,000, covering the time period of October-December 2018.

VII. Other Business

There was no additional business to come before the committee.

VIII. Adjournment

Chairman DeCarlo adjourned the meeting at 11:23 a.m.

EAST TENNESSEE STATE UNIVERSITY
BOARD OF TRUSTEES

ACTION ITEM

DATE: April 26, 2019

ITEM: Tuition for the Colleges of Medicine and Pharmacy for FY20

RECOMMENDED ACTION: Approve

COMMITTEE: Finance and Administration Committee

PRESENTED BY: B.J. King, Chief Financial Officer

The College of Medicine and the College of Pharmacy are proposing tuition increases for the next academic year. The academic calendars for these units require we assess fees at an earlier date than for the main campus students.

	2018-19	2019-20			Revenue	Justification
		Proposed	\$ Increase	% Increase	Generated	
	Per term					
College of Medicine M1, M2, M4	\$16,095	\$16,417	\$322	2%	\$133,000	Cost study conducted
College of Medicine M3	\$21,406	\$21,835	\$429	2%	\$64,000	Cost study conducted
College of Pharmacy	\$18,586	\$18,958	\$372	2%	\$230,000	Cost study conducted

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

RESOLVED: The proposed tuition for the College of Medicine and College of Pharmacy for 2019-2020 is 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: April 26, 2019

ITEM: Salary Increase for FY20

RECOMMENDED ACTION: Approve

COMMITTEE: Finance and Administration Committee

PRESENTED BY: B.J. King, Chief Financial Officer

The Governor’s Budget was released in conjunction with the State of the State address on March 4, 2019. The budget related to higher education can be found at <https://www.tn.gov/content/dam/tn/finance/budget/documents/2020BudgetDocumentVol1.pdf>. No specific recommendation was made for salary for the formula units in higher education while a 2% salary pool was included in appropriations for all higher education non-formula units including the College of Medicine and Family Practice. The Governor’s budget stated appropriation increases for formula units could be used for salaries and or operational expenditures.

Based on the 2% salary pools for the non-formula units, management is recommending a 2% salary increase for the university formula unit. Management is also recommending the increase be implemented as an across the board 2.0% salary increase for fiscal year 2019-20.

Traditionally, the State funds approximately 60% of the funding required for a salary increase. The remaining 40% is funded through student fee increases.

	\$ Needed for 2% Pool	60% Funding For 2% Pool	Funding through Student Fees
Main Campus	\$2,480,000	\$1,523,000	\$957,000

Management is proposing a 2% across-the-board salary increase with a \$500 minimum for all campus units. The table below presents the salary increase implementation for the past ten years with the proposal for fiscal year 2020.

Year	Across-the Board			Equity Increase to Market		Service Bonus
2019-20 (1)	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	
2011-12	3.0%	\$750 min	(2)			\$1,000 2 years + (3)
2010-11	0.0%			Pharmacy faculty only		
2009-10	0.0%					

(1) Proposed 2.0% across-the-board increase with a \$500 minimum.

(2) Employees with annual performance evaluations which are unsatisfactory or performance far below expectations do not participate in salary increases.

(3) Service bonus is prorated based on percentage of contract.

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

RESOLVED: The proposed salary increase for 2019-20 is approved as presented in the meeting materials contingent on the approval of the Governor’s budget and the approval of the THEC binding fee limit in May.

EAST TENNESSEE STATE UNIVERSITY
BOARD OF TRUSTEES

ACTION ITEM

DATE: April 26, 2019

ITEM: Proposed Non-Mandatory Fees for FY20
Fee Simplification for College Course Fee

RECOMMENDED ACTION: Approve

COMMITTEE: Finance and Administration Committee

PRESENTED BY: B.J. King, Chief Financial Officer

A student's fees and charges include the mandatory fees consisting of Tuition and Program Services Fees and non-mandatory fees. The non-mandatory fees are not applicable to every student and are related to courses or programs of study, charges for rental of student housing, and food service meal plans. Any changes to the undergraduate mandatory fees (tuition and program services fees) require consideration of the Board-approved criteria for increasing mandatory fees and a public comment period. Due to the delay in the Governor's budget, ETSU will be considering mandatory fee increases at a later meeting. The non-mandatory fees for courses, rental of student housing, and food service meal plans are being presented for discussion today.

Three colleges are bringing forward fee increases for FY20, the College of Arts and Sciences, College of Business and Technology, and Clemmer College. These come forward as part of a fee simplification process which was conducted this year. The current listing of fees applied to courses on the student account is now five pages long and difficult to understand or apply. Through a process of categorizing fees together by subject, we are reducing the listing of course fees to a one page presentation. The new structure will be easier to understand by students, parents, and employees, and it will also be easier to implement and maintain. The reclassification and assessment by course subject will generate additional revenue for the colleges, and there will be investments made to improve the student experience with equipment, facilities, faculty, and materials/technology with the increased funding for each college.

The College of Arts and Sciences is proposing moving from a fee presentation of 26 fees to a three tier fee assessment. The subjects within the college have been categorized into the three tiers of

- **Arts, Humanities and Social Sciences Course Fee**- Applies to AFAM, ANTH, APST, ARTA - art appreciation only, ARTH, BLUE - except Lessons, CJCR, COMM, DANC,

ENGL, ENVS, FREN, GERM, GREK, HIST, HUMT, JAPN, LATN, MATH, MUSC - except Lessons, PREH, PMGT, PHIL, PSCI, RELI, SOAA, SOCI, SPAN, SPCH, STAT, STOR, THEA, WMST

- ***Science, Lab, Clinical and Art Studio Course Fee*** - Applies to ADVR, ARTA - studio classes, ASTR, BIOL, CHEM, GEOG, GEOL, GEOS, JOUR, MCOM, PHYS, PSYC, PUBR, RTVF.
- ***BLUE and MUSC Lessons Course Fee***– Applies to BLUE and MUSC applied lessons. The funds derived from this simplified fee structure will be used to -
- ***Provide more competitive and enriching high impact student experiences in research, learning, and career exposure. Differentiate and enhance our general education curriculum to provide competitive foundational learning outcomes.***

The fee revenue will be used to support high impact activities for undergraduate and graduate students that are vital in preparing them for success in today's ever-changing global environment. These will include -

- increased undergraduate research opportunities in collaboration with faculty members through a pool of funds allocated to competitive student research grant proposals
 - career exposure through internships, field trips, and speaker series
 - scholarship funds for students who study abroad for short-term or extended periods
 - enhanced laboratory facilities in the sciences
 - upgraded studios and practice spaces for students in the arts
 - experiential education opportunities supported through innovative programs that engage students across disciplines
 - opportunities to participate in inter-professional initiatives in the health sciences
 - investment in resources in support of research, grants management, and student learning outcomes
- ***Create and enhance existing programs that address student progress and retention.*** Impact on students begins in high school (or before), and continues during their time as a student in the College of Arts and Sciences, through graduation and beyond. Funds will be allocated to hire individuals who will
 - develop bridges to K-12 schools, including summer enrichment programs for students and teachers in Arts and Sciences disciplines
 - nurture and recruit prospective students to the college
 - advise and otherwise seek to retain students at ETSU and in our majors
 - engage our graduates as resources for our departments and as financial donorsFunds will also be used to develop improved recruitment materials, to support digital recruitment activities, to enhance the new student experience at orientation and new freshman year initiatives, and to support learning and living-learning communities.
 - ***Address key faculty and student compensation issues and support professional development.***

The student academic experience encompasses classroom instruction, laboratory, studio and field work, study sessions and tutoring, and academic advising. It involves full-time and

part-time faculty, graduate assistants, supplemental instruction as well as peer mentors, tutors, and professional and faculty advisors. To ensure that each part of that experience is as strong as possible, it is important that we hire and retain the best faculty, staff, and students in those roles. Resources will be allocated to improve and permanently fund part-time faculty and lecturer salaries and to support their professional development. (Part-time faculty salaries have not increased significantly in 20 years and lag well behind our peers.) The fee will allow for increased graduate assistant stipends and summer support for graduate students, thereby enhancing the quality of our graduate student pool. It will also support increased supplemental instruction and peer mentoring, especially at the lower levels, and other forms of classroom support, as well as increased department and other unit operating and travel budgets that will allow departments to address needs specific to their area.

- ***Provide funds for modification and renovation of teaching and research spaces.***

While Facilities Management is expected to maintain a basic level of functionality and safety in all academic facilities, recruitment and retention of students in the College of Arts and Sciences, and at ETSU as a whole, will be impacted by the quality of our facilities and the presence of resources that are unavailable or superior to those at their high schools or at community colleges. With the exception of the Martin Center for the Arts, due to open in 2020, and the anticipated Humanities Building, all academic buildings housing programs in the College of Arts and Sciences are at least 40 years old. While some renovations and updates have occurred over the years, many classroom and laboratory facilities are in desperate need of improvements, and both functional and aesthetic improvements are needed for student gathering and study spaces.

- Science laboratories - Upgrades to some teaching and research laboratories have been made, notably the organic chemistry teaching laboratories, and research upgrades through HHMI and NSF grants, but many have not. Funds will be allocated to laboratory improvements, beginning with those deemed to have the greatest need and which serve the largest numbers of students, which will enhance the student experience by facilitating experiential learning. Funds will also be provided for smaller instrument maintenance, replacement and upgrades, and grant matching funds for larger purchases.
- Arts facilities - Funds will be used to increase the scope of work that can be performed in art studios, graphic design classrooms, theatre and dance studios and shops, and music and bluegrass teaching spaces. These will include space renovations to make them more functional. Upgraded and supported equipment and resources will be made available to students in studios, rehearsal and recording spaces, and performance venues, including increased access to new technology that keeps pace with innovations in the arts fields.
- Classrooms and other teaching spaces - Where appropriate, funds will be used to enhance technology, both hardware and software, in classrooms and computer laboratories. Funds will be used to facilitate innovative teaching methods, as well as provide dedicated student spaces in our academic buildings.

- ***Improve diversity among our faculty, staff, students, and learning outcomes.***

We will also direct funds to activities that support and promote diversity, including the Language and Culture Resource Center (LCRC) which engages primarily with the Hispanic student population and the area's Hispanic community, interdisciplinary programs including Women's Studies, and Africana Studies. We will consider investing resources to support

a college-wide Director or Associate Dean of Diversity to provide a centralized role for both college diversity initiatives and linkages to university resources and programs, and we will allocate funds to attract tenure-track and visiting faculty from underrepresented groups, and to recruit students from underrepresented groups.

- ***Develop a source of strategic investment and contingency funds.***
Careful initial allocation of this fee revenue will also allow the college to develop a reserve fund to address unanticipated expenses or a downturn in state or university funding, and to support new programs prior to their producing new revenue through the university budget model.
- ***Restore funds currently generated by the discontinued fees from the new consolidated fee structure.***
 - Bluegrass band fees, and music ensemble fees are used to support the cost of instructors, musical instruments, equipment, materials, performance attire, and travel. Recording lab course fees are used for maintenance, repair, and replacement of recording lab equipment. Funds support recruitment, marketing, public relations, and managing events.
 - Materials fees are used to cover the costs of supplies and disposable equipment used in laboratory and field courses; for maintenance, upkeep, and repairs of larger equipment used in teaching laboratories; purchase of computer hardware and software, and license fees; and minimal support for student research, and student and faculty travel on field trips. Fees also cover the costs of classroom and studio materials, equipment, technology, and related repairs and replacements; costuming and set construction for theatre and dance; and course materials for introductory courses in art history, theatre, and dance.

The College of Business and Technology proposes combining 13 fees into a three tier fee structure. The subjects within the college have been categorized into the following tiers -

- ***Business Course Fee*** - Applies to ACCT, BADM, ECON, FNCE, MGMT, MKTG, and MSDM.
 - Short term use of funds: Funding for salary enhancements to remain competitive with peer business institutions is a major priority. Renovation of space in the Business Building (Sam Wilson Hall), which would include technology to support business and finance programs. Also growing our footprint in entrepreneurship and innovation by creating an Idea/Lab.
- ***Computing/Engineering/Technology Course Fee*** - Applies to CSCI, CEE, ENGR, ECE, ME, ENTC, INTD, SURV.
 - The proceeds of the Computing/Engineering/Technology Course Fee is used to support technology, facilities, faculty, and related financial needs in the Department of Computing and the Department of Engineering, Engineering Technology, and Surveying. **Short term use of funds:** Renovation of the Millennium Center and equipment, faculty, and infrastructure needed to support the ongoing growth of the Department of Computing to meet student demand. The Millennium Center is in the initial stages of renovation to prepare the facility to be the home of the Department of Computing. It is expected that

\$3-5 million in improvements will be needed to provide for facility renovation, computing and related technology improvements, and equipment infrastructure. The renovated facility is a key component in the Department of Computing's newly-launched Cybersecurity and Modern Networks program. Specialized cybersecurity and Internet of Things instructional labs are to be created, and classroom facilities, student research space, etc. must be developed to support that program and other graduate and undergraduate programs offered by the Department of Computing.

Long term use of funds: The renovation consists of multiple phases. Phase 1 is currently underway with an estimated cost of over \$800,000. Beyond facility renovation, long term uses for the fee include the purchase of software, computer hardware, and other program-expenses required to keep program content up to date and career/research relevant. The Engineering, Engineering Technology, and Surveying department will continue to use course fee revenue for ongoing renovation of Engineering space in Wilson Wallis Hall for growth and expansion will be a priority over the next five years.

- ***Digital Media Specialized Academic Course Fee*** – Applies to DIGM courses.
 - Fee revenue will be used for continued support of DIGM faculty and staff salaries, support for student services, instructional resources provided to the students, and facilities improvements. Investments will be made in cutting edge technology for this discipline. This program supports enrollment growth goals for the college and the university.

The Clemmer College proposes combining 16 fees into one comprehensive fee applicable to the entire college curriculum. The Clemmer College fee would apply to all subjects in the college, which includes COUN, CUAJ, ECED, EDFN, ELPA, HDAL, HSRV, LEAD, MEDA, PEXS, PHED, READ, SALM, SCED, SPED, SRVL.

The funds from the simplified fee structure will be used to:

- ***Continue and enhance activities that support student experiences in high impact practices and the enhancement of job-readiness skills***

Currently, funds from fees support student experiential learning such as teacher residency and field experiences through the hiring of master clinicians and support for field site supervisors and mentor teachers. These practices would continue and be expanded across programs in Clemmer College. Additionally, fees have been used to support technical equipment and lab spaces for some programs. This support would continue and be expanded to support other programs with these needs. Additionally, funds may be used to expand opportunities to serve rural communities through supplementing supervisor and faculty travel as well as technology needs to serve more remote locations in our region.

These funds would also support student participation in job-specialized development resulting in certificates (e.g., Google certification) and provide seed money for the implementation of additional high impact practices including diversity/global learning, student research and professional travel support, and service learning. Although we have some of these initiatives currently underway, our opportunities to expand participation in and the depth of these experiences will be increased by the simplification and unilateral application of fees.

- Develop and expand existing programs that address student progress and retention.***
 The broader application of fees will also aid our efforts to engage and retain our students while also providing impetus funding to develop more programming that allows for innovation and more efficient change. A sustained fee structure will allow for strategic planning efforts around partnerships between Clemmer College and Student Affairs units (e.g. Office of Multi-Cultural Affairs' summer bridge program or the development of support collaborations with the SORC for Clemmer College program specific student organizations). As well, these funds could be used to facilitate an intra-college mentoring and support structure among our graduate and undergraduate populations. Fee funds could also be easily applied to allow for supported time or external collaborations around course/program redesign to make programs more marketable, aligned with current research, or cost efficient. All of the above-mentioned elements of this re-authored fee structure will aid Clemmer College in creating an environment that is intentional in its efforts to recruit, engage, and retain more students that are representative of diverse backgrounds, interests, and career aspirations.
- Provide funds for modification and renovation of teaching, research and student spaces.***
 Similar to statements made by the College of Arts and Sciences, the main buildings that house Clemmer College programs: Warf-Pickel and the ETSU/MSHAAC Mini-Dome are over 45-years old. Enhancements are needed for student space, faculty offices, and lab/research space serving our programs. The programs in the Sport, Exercise, Recreation and Kinesiology programs have experienced encroachment and loss of space by other programs and this loss has directly impacted course/program delivery as well as loss of student credit hours. The funds will support our plans to enhance our facilities to better serve not only the students enrolled in our programs but all ETSU students. We will also have the opportunity to update space and technology to mirror technology currently being utilized in local schools. It is important that we provide the training necessary for our graduates to be ahead of the younger generations they are serving.
- Develop a source of strategic investment and contingency funds for departments and the college.***
 The allocation of fee revenue will include holistic support to the initiatives described above as well as other college-level and department-level strategic initiatives such as support for diversity, salary equity, faculty and staff support, and teaching, research and service opportunities. Additionally, the fee revenue will enable the college and departments to develop contingency funding to address unanticipated expenses, downturn, seed money for starting new project or strategically saving for higher cost/high return on investment initiatives.
 We considered many options as we weigh costs to students and take seriously the opportunity to reinvest these funds in our students, faculty and programs for their success and to achieve our vision and mission.

East Tennessee State University

FY19-20 Non-Mandatory Fee Request

Description	Current	Proposed	Per Hour Increase	Prior Increase	Revenue Generated	Justification
Replace 26 CAS course fees with simplified 3 tier fee structure.	various rates \$5 - \$200	3 tier structure	Various amounts	Various dates	\$ (890,000)	Simplify fee presentation and assessment. See attached document for current assessments.
CAS Arts, Humanities, and Social Sciences course fee	Various	\$10/cr hr	Various amounts	Various dates	1,000,000	Applies to AFAM, ANTH, APST, ARTA - art appreciation only, ARTH, BLUE - except Lessons, CJCR, COMM, DANC, ENGL, ENV5, FREN, GERM, GREK, HIST, HUMT, JAPN, LATN, MATH, MUSC - except Lessons, PREH, PMGT, PHIL , PSCI, RELI, SOAA, SOCI, SPAN, SPCH, STAT, STOR, THEA, WMST. Fee used for salary enhancements, benefits, professional development, operating expenses and equipment which support student success.
CAS Science, Lab, Clinical and Art Studio course fee	Various	\$50/cr hr	Various amounts	Various dates	2,800,000	Applies to ADVR, ARTA - studio classes, ASTR, BIOL, CHEM, GEOG, GEOL, GEOS, JOUR, MCOM, PHYS, PSYC, PUBR, RTVF. Fee used for salary enhancements, benefits, professional development, operating expenses and equipment which support student success.
CAS BLUE and MUSC Lessons course fee	\$175-\$200	\$200/cr hr	Various amounts	Various dates	200,000	Applies to BLUE and MUSC applied lessons. Fee used for salary enhancements, benefits, professional development, operating expenses and equipment which support student success.

East Tennessee State University

FY19-20 Non-Mandatory Fee Request - continued

Description	Current	Proposed	Per Hour Increase	Prior Increase	Revenue Generated	Justification
Replace 13 CBAT course fees with simplified 3 tier fee structure.	various rates \$35-\$100	3 tier structure	Various amounts	Various dates	Listed below	Simplify fee presentation and assessment. See attached document for current assessments.
Replace CBAT Business Specialized Academic Course Fees with Business Course Fee and apply to all ECON courses.	\$35/cr hr	\$35/cr hr	None - adding 3 additional courses to the fee	FY19 - \$5/cr hr	\$125,000	Simplify fee presentation and assessment. Increased revenue from application to ECON 1050, 2210, 2220. Applies to ACCT, BADM, ECON, FNCE, MGMT, MKTG, MSDM. Fee used for salary enhancements, benefits, professional development, operating expenses and equipment which support student success.
Replace CBAT CSCI and Engineering Specialized Academic Course Fees, and CBAT Technology Course Fee with combined CBAT Computing/ Engineering/ Technology Course Fee.	CSCI at \$40/cr hr Engineering and Technology at \$60/cr hr	\$60/cr hr	\$20/cr hr for CSCI, no increase for Engineering and Technology courses	FY19 - \$5/cr hr for CSCI	360,000	Simplify fee presentation and assessment. Increased revenue from CSCI. Applies to CSCI, CEE, ENGR, ECE, ME, ENTC, INTD, SURV. Fee used for salary enhancements, benefits, professional development, operating expenses and equipment which support student success.
CBAT Specialized Academic Course Fee for Digital Media.	\$100/cr hr	\$135/cr hr	\$35/cr hr	None. Initiated FY02	150,000	Continued support of DIGM faculty and staff salaries, support for student services, instructional resources provided to the students, and facilities improvements. Investments in cutting edge technology for this discipline. Supports enrollment growth goals.

East Tennessee State University

FY19-20 Non-Mandatory Fee Request - continued

Description	Current	Proposed	Per Hour Increase	Prior Increase	Revenue Generated	Justification
Eliminate DHYG fee	\$450/flat	None	None - eliminated	NA	\$(33,000)	Funding replaced with Academic Health Sciences fee
Replace Social Work fee with AHS fee	\$75/flat	\$50/cr hr	\$25/cr hr	NA	175,000	Department moved to College of Clinical and Rehabilitative Health Sciences and the Academic Health Sciences fee will now apply.
Replace 16 Clemmer College course fees with simplified 3 tier fee structure.	\$10 - \$30	Proposed below	Various amounts	Various amounts	See Below	Simplify fee presentation and assessment. See attached document for current assessments.
Replace Clemmer College Specialized Academic Course Fee and PEXS/PHED fees with Clemmer College of Education Course Fee. Application to additional subjects within the college	\$25/cr hr for Ready2Teach Curriculum \$10 - \$30 for PEXS/PHED	\$25/cr hr for all College curriculum	application to additional subjects within the college	None. Initiated FY12	800,000	Simplify fee presentation and assessment. Increased revenue from application to all Clemmer College courses. Applies to all courses in Clemmer - COUN, CUAL, ECED, EDFN, ELPA, HDAL, HSRV, LEAD, MEDA, PEXS, PHED, READ, SALM, SCED, SPED, SRVL. Fee used for salary enhancements, benefits, professional development, operating expenses and equipment which support student success.
Learning support-enhanced course section fee	\$100/course	\$130/course	\$30/course	None. Initiated FY13	32,000	Increase pay from \$1,400 to \$1,500 for LS courses. Professional development for LS instructors.

East Tennessee State University						
FY19-20 Non-Mandatory Fee Request - continued						
Description	Current	Proposed	Per Hour Increase	Prior Increase	Revenue Generated	Justification
Graduate Nursing Course Fee - Approved 4/27/2018	\$75/cr hr	\$150/cr hr	\$75/cr hr	Approved April 2018 with two year implementation to \$150/cr hr		Cost studies with peer institution nursing programs reveal the graduate programs should be increased \$150 per credit hour to support graduate level faculty. Implementing over two years.

East Tennessee State University						
FY19-20 Auxiliary Unit Non-Mandatory Fee Request						
Description	Current	Proposed	Per Hour Increase	Prior Increase	Revenue Generated	Justification
Residence Halls	\$1,915 - \$5,140	\$1,995 - \$5,240	\$80-\$100/term	FY15 - \$80 - \$285/term	\$153,000	Housing is a 100% auxiliary enterprise operation. There have been no increases in the last four years.
Apartments	\$2,875 - \$3,640	\$2,930 - \$3,995	\$55-\$355/term	FY15 - \$25 - \$35/term	\$115,000	Housing is a 100% auxiliary enterprise operation. There have been no increases in the last four years.
Silver 7 day Any Time Meal Plan	\$1,758	\$1,804	\$46/term	\$40/term	Revenue passed through to Sodexo	Food Services is a 100% auxiliary enterprise operation in contract with Sodexo. The increase is 2.63% and is based on the consumer price index for Meals Away From Home. This increase is part of the contract with Sodexo to provide food service for the campus, including residential students.

EAST TENNESSEE STATE UNIVERSITY
BOARD OF TRUSTEES

INFORMATION ITEM

DATE: April 26, 2019

ITEM: Discussion of Comparative Mandatory Fees

COMMITTEE: Finance and Administration Committee

PRESENTED BY: B.J. King, Chief Financial Officer

	FY19 Tuition	FY19 Fees	Total Tuition & Fees	Estimated with 2.5% Increase
UTK ¹	\$11,110	\$1,896	\$13,006	\$13,330
UTM ²	8,052	1,460	9,512	9,750
UTC ³	6,888	1,776	8,664	9,422 ³
APSU	6,888	1,583	8,471	8,683
ETSU	7,422	1,855	9,277	9,509
MTSU	7,380	1,826	9,206	9,436
TSU	6,900	1,107	8,007	8,207
TTU	7,860	1,243	9,103	9,330
UM	8,064	1,637	9,701	9,944

¹ Implemented 15/4 for Fall 2013

² Implemented 15/4 for Fall 2016

³ Proposed implementation of 15/4 for Fall 2019

EAST TENNESSEE STATE UNIVERSITY
BOARD OF TRUSTEES

INFORMATION ITEM

DATE: April 26, 2019

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

COMMITTEE: Finance and Administration Committee

PRESENTED BY: B.J. King, Chief Financial Officer

In compliance with the ETSU policy *General Purchasing, Receipt of Materials and Payment of Invoices*, all contracts greater than \$250,000 require approval by the President. Furthermore, all non-competitive contracts, including amendments and renewals, with a total value of \$250,000 or more and for a term exceeding one year require approval by the President and the State of Tennessee Fiscal Review Committee.

The university's approval process allows for compliance with T.C.A. § 4-56-107 in providing the Fiscal Review Committee, a joint committee of the Tennessee General Assembly, the information on non-competitive or multi-year agreements and contracts over \$250,000. ETSU is in compliance with the state law in reporting contracts and agreements. Included in the meeting materials are a list of agreements, both expense and revenue, with amounts totaling \$250,000 or greater for the period January through March 2019. None of the agreements are required to be presented to the Fiscal Review Committee as all were created through a competitive bid process. These are presented as an information item to the Board.

January - March 2019

Contracts / Purchase Orders over \$250,000

<u>Contract/ PO Date</u>	<u>Start</u>	<u>End</u>	<u>Contractor</u>	<u>Description of Services/Products</u>	<u>Contract / PO Amount</u>	<u>Competitive</u>	<u>Fiscal Review Approval</u>
01/11/19	01/01/19	06/30/20	Sullivan County TN	Medical Examiner Services	(\$533,585)	No	N/A
01/11/19	01/01/19	06/30/20	Washington County TN	Medical Examiner Services	(\$419,853)	No	N/A
03/04*19	01/01/19	06/30/19	Elsevier	Online library access for collections/subscriptions. TBR contract 103744	\$270,744	Yes	N/A
03/07/19	03/01/19	02/28/24	Holston Medical Group, P.C.	OB/Gyn covered to ETSU Dept of Family Medicine	\$5,500,200 over 5 years	No	N/A
3/15/19	03/09/19	03/21/22	Adobe Systems, Inc.	Adobe digital marketing cloud	\$489,589 over 3 years	No – sole source	Yes
03/18/19	03/01/19	02/28/22	Sycamore Shoals Hospital	OB/Gyn salary support for J. Green and A. Cronin	(\$390,000)	No	N/A

RFPs – Awarded, In-Process and Upcoming

Online access to library collections/subscriptions. (Currently through Harrassowitz)

EAST TENNESSEE STATE UNIVERSITY
BOARD OF TRUSTEES
FINANCE AND ADMINISTRATION COMMITTEE

MINUTES

April 26, 2019
Johnson City, Tennessee

The East Tennessee State University Board of Trustees' Finance and Administration Committee met on Friday, April 26, 2019, at the Millennium Center on State of Franklin Road in Johnson City, Tennessee.

I. Call to Order

Finance and Administration Committee Chairman Steve DeCarlo called the meeting to order at 10:15 a.m.

II. Roll call

Board secretary Dr. David Linville called the roll and informed Chairman DeCarlo that a quorum was present. Trustees in attendance were:

Steve DeCarlo
Dorothy Grisham
Jim Powell
Ron Ramsey
Keyana Miller (non-voting student member).

III. Approval of the Finance and Administration Committee Minutes of February 22, 2019

The Finance and Administration Committee Minutes of February 22, 2019, were approved as submitted, with Trustee Powell making the motion to approve and Trustee Grisham seconding. The motion passed unanimously.

IV. Tuition for the Colleges of Medicine and Pharmacy FY20

Dr. King presented a recommendation to approve a proposed 2% tuition increase for the College of Medicine and College of Pharmacy for 2019-2020, contingent on the

approval of the Governor's budget. Trustee Ramsey made a motion to approve, with Trustee Powell seconding the motion. The motion passed unanimously.

V. Salary Increase for FY20

Dr. King presented a request for an across-the-board 2% salary increase with a \$500 minimum for all campus units for fiscal year 2019-2020. She explained that no specific recommendation was made for salary for the formula units in higher education, while a 2% salary pool was included in appropriations for all higher education non-formula units including the College of Medicine and Family Medicine. The Governor's budget stated appropriation increases for formula units could be used for salaries and/or operational expenditures. Based on the salary increase for Medicine and Family Medicine and in order to be equitable across the campus, management recommended the across-the-board 2% increase.

Trustee Ramsey made a motion to approve the proposed salary increase as presented contingent on approval of the Governor's budget and the approval of the THEC binding fee limit in May. Trustee Grisham seconded the motion. It passed unanimously.

VI. Discussion of Proposed Non-Mandatory Fees

Dr. King presented recommendations for Non-Mandatory Fees for courses, rental of student housing, and food service meal plans.

Three colleges proposed fee increases for FY20: the **College of Arts and Sciences**, **College of Business and Technology**, and **Clemmer College**. These proposals are part of a fee simplification process that will make it easier for students to understand the fee structure and easier for the university to assess the fees.

- **The College of Arts and Sciences** is moving from a fee presentation of 26 fees to a three-tier assessment – Arts, Humanities and Social Sciences Course Fee; Science, Lab, Clinical and Art Studio Course Fee; and BLUE and MUSC Lessons Course Fee.
- **The College of Business and Technology** proposed combining 13 fees into a three-tier structure – Business Course Fee; Computer/Engineering/Technology Course Fee; and Digital Media Specialized Academic Course Fee.
- **Clemmer College** proposed combining 16 fees into one comprehensive fee applicable to the entire college curriculum, applying to all subjects of the college.

In addition, Dr. King's report included a Graduate Nursing Course Fee that was approved by the board on April 27, 2018.

Dr. King also included recommendations for fee increases for auxiliaries, which included a slight increase.

Trustee Grisham made a motion to approve the Proposed Non-Mandatory Fees/Fee Simplification for College Course Fees for FY20 as presented by Dr. King. Trustee Powell seconded the motion, and it was approved unanimously by the Committee.

VII. Discussion of Comparative Mandatory Fees

Dr. King thanked the Committee for the discussion about Mandatory Tuition and Fees at the February 22, 2019 Committee meeting, where the ideas of possible “15 in 4” and block plans were explored. She told the committee that after discussions with the SGA, they have opted not to move forward with either plan at this time.

While the Tennessee Higher Education Committee (THEC) will not vote on the topic of Mandatory Fees until its May 17 meeting, when Dr. King spoke with THEC, they indicated that they were likely going to recommend a 0-2.5% tuition and mandatory fee increase.

Therefore, Dr. King presented the Committee with an information item: a comparative table of estimated Tuition and Mandatory Fees using a 2.5% increase to show the Committee where ETSU might fare in comparison with other schools. She emphasized that the other colleges had not yet released their increases, so she said this was an estimate using the 2.5%. Using this amount, ETSU was very competitive in pricing.

Dr. King indicated that Mandatory Tuition & Fees item would come before the Committee at special meeting in May for a vote.

VIII. 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 January-March 2019.

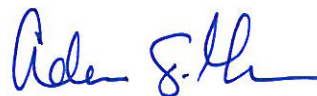
IX. Other Business

Dr. King noted to the Committee that she wanted to thank the ETSU personnel who were in the room and contributed to ETSU’s clean audit report that was discussed in an earlier Audit Committee meeting. Dr. Noland echoed his congratulations and lauded this achievement, as well.

X. Adjournment

Chairman DeCarlo adjourned the meeting at 11:04 a.m.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Adam Green", written in a cursive style.

Adam Green
Secretary of the Board of Trustees

Approved by the Board of Trustees at its September 20, 2019 meeting.