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### 2020 July 13 - Campus Budget Update

Office of the President, East Tennessee State University

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**East Tennessee State University  
Campus Budget Update  
July 13, 2020**



# ETSU's Core Values, Consistency in Mission

Purpose of the Normal School Law of 1909: 'For the education and professional training of teachers for the public schools of the state.' In a broader sense, the act focused squarely on improving living conditions in the regions of the three normal schools.

Four general principles recognized by our first president, Sidney Gilbreath:

1. Support goal of regional service
2. Scholarship
3. The study of education as a science, practice in teaching
4. A knowledge of the conditions and needs of the State.



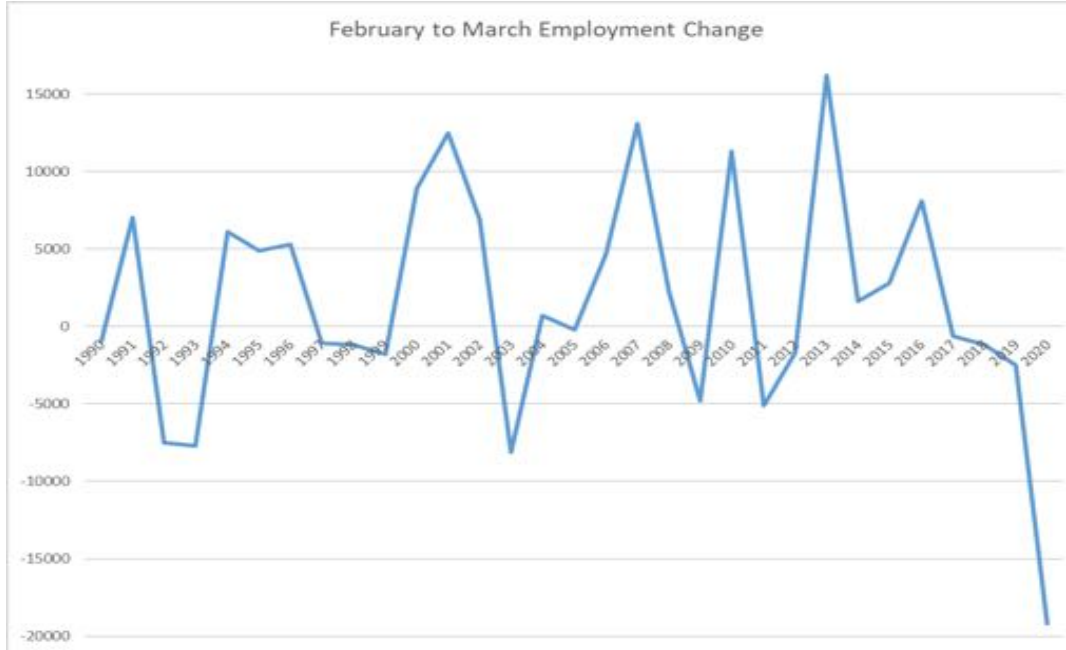
*Sidney Gilbreath*



# Impact of COVID-19 on Higher Education

An endless series of Chronicle articles such as *This Will Be One of the Worst Months in the History of Higher Education: Layoffs, declarations of financial exigency, and closures are imminent* (R. Kelchen, 7-7-20) project financial ruin for many institutions.

As recently noted in the Chronicle, furloughs, layoffs, the nonrenewal of contracts, and a permanent reduction of workplace has been spurred by the onset of COVID-19 (<https://www.chronicle.com/article/as-covid-19-pummels-budgets/248779>).



# Impact of COVID-19 on Higher Education

- Ohio University has terminated 140 union employees, 149 administrators, and 53 instructional faculty members for Fall 2020. All remaining employees will be furloughed (without pay) for up to 18 days and senior administrators will take a 10 to 15 percent salary reduction.
- The University of Alaska's Board of Regents eliminated 39 academic departments and reduced/merged another five programs.
- Stanford University recently cut 11 athletic programs from its portfolio.
- Central Washington University proclaimed a state of financial exigency.
- In Maryland, nearly half of the \$413 million in the first round of state budget cuts caused by COVID-19 will affect higher education. The \$186 million in cuts to higher education approved last week by the Maryland Board of Public Works “likely will cause faculty furloughs, pay cuts and reductions in student financial aid.” (Miller and Condon, Baltimore Sun, 7-7-20).
- Missouri Western State University will lay off roughly 70 administrative employees and 50 faculty members (20 with tenure) over the next two years. Furthermore, it will phase out approximately fifty academic majors.





# Enrollment Update and Projections for Fall 2020-21



# Fluid Enrollment Landscape

Enrollment Projections Fall 2020 as of 7/10/2020 Day-to-Day			
Date	Fall 2020	Fall 2019	Delta
4/10/2020 vs 4/12/2019	3,962	6,239	(2,277)
4/17/2020 vs 4/19/2019	5,888	6,736	(848)
4/24/2020 vs 4/26/2019	6,668	7,125	(457)
5/1/2020 vs 5/3/2019	7,209	7,788	(579)
5/8/2020 vs 5/10/2019	7,635	8,082	(447)
5/15/2020 vs 5/17/2019	8,114	8,283	(169)
5/22/2020 vs 5/24/2019	8,487	8,437	50
5/29/2020 vs 5/31/2019	8,785	8,582	203
6/5/2020 vs 6/7/2019	9,151	9,256	(105)
6/12/2020 vs 6/14/2019	9,529	9,400	129
6/19/2020 vs 6/21/2019	9,951	10,086	(135)
6/26/2020 vs 6/28/2019	10,279	10,298	(19)
7/3/2020 vs 7/5/2019	10,648	10,493	155
7/10/2020 vs 7/12/2019	11,026	11,374	(348)
<b>Projected/Actual</b>	<b>13,173</b>	<b>13,589</b>	<b>(416)</b>

Fall 2019 Projected/Actual represents the actual non-audit enrollment.

Fall 2020 Projected/Actual represents the projected non-audit enrollment base on a comparison to 2019 where on 7/12/2019 ETSU had enrolled 83.7% of students for fall 2019. Using the same ratio of enrollment captured as of 7/10/2020 this would yield a final undergraduate and graduate enrollment of down 416 students. These ratios exclude medicine and pharmacy.



# ETSU Enrollment – Projections for Fall 2020<sup>7</sup>

<b>Student Level</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020*</b>	<b>Delta</b>
Undergrad	11,392	11,065	11,323	11,268	11,151	10,735	-416
Graduate	2,335	2,354	2,441	2,457	2,437	2,437	0
Medicine	535	542	531	534	538	538	0
Pharmacy	325	324	313	315	315	315	0
<b>Total</b>	<b>14,587</b>	<b>14,285</b>	<b>14,608</b>	<b>14,574</b>	<b>14,441</b>	<b>14,025</b>	<b>-416</b>





# ETSU Freshmen – Projections for Fall 2020 8

## ETSU Fall First-Time Freshmen Characteristics

	Fall 2015	Fall 2016	Fall 2017	Fall 2018	Fall 2019	Fall 2020*	Delta 1-YR
<b>Headcount</b>	1,999	1,886	2,050	1,976	1,786	1,616	<b>-170</b>
<b>Average HS</b>	3.4	3.5	3.4	3.5	3.5	3.5	-
<b>Average ACT</b>	23	23	23	23	24	24	-
Scholarships							
<b>Faculty</b>	166	167	145	140	129	NA	<b>NA</b>
<b>Deans</b>	92	76	88	92	62	NA	<b>NA</b>
<b>Provost</b>	237	245	234	263	237	NA	<b>NA</b>
<b>Presidential</b>	80	82	78	89	95	NA	<b>NA</b>
<b>Total</b>	<b>575</b>	<b>570</b>	<b>545</b>	<b>584</b>	<b>523</b>	<b>NA</b>	<b>NA</b>



# Impact of COVID-19 on Enrollment

A recent survey by McKinsey & Company found significant enrollment uncertainty in the case of a remote fall semester.

- Nearly half of the students surveyed report being very likely to change their plans: 15 percent are very likely to defer by at least a semester, and up to 45 percent are very likely to look for a different institution. The most commonly cited reasons include doubts about the quality of remote learning, the lack of campus experience, and college costs, the latter of which may be seen as too high for an online experience.
- If institutions shift to remote learning in the fall, 32 percent of students report that they are most likely to look for schools with better online capabilities, 29 percent would look for lower cost of attendance, and 25 percent would look for greater job-placement resources.
- The vast majority of students (83 percent) expect a tuition discount in the case of a remote fall semester, which, combined with potentially lower enrollment, would significantly impact university revenues.

(<https://www.mckinsey.com/industries/social-sector/our-insights/covid-19-and-us-higher-education-enrollment-preparing-leaders-for-fall#>).



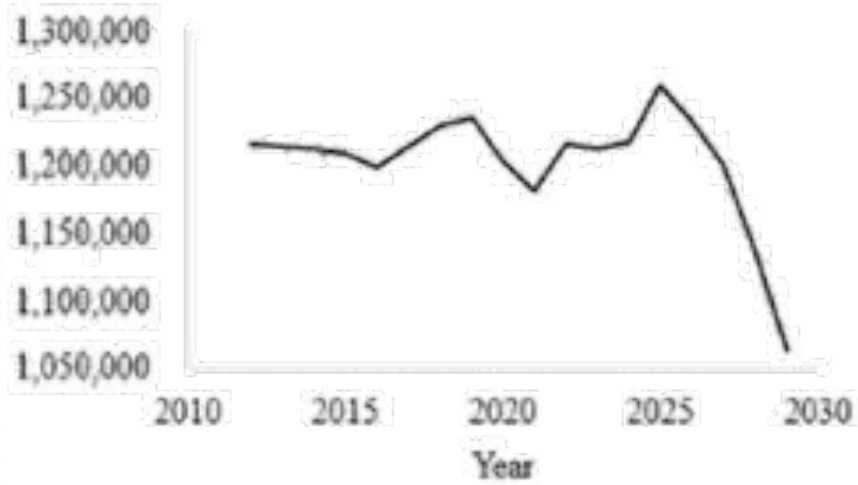
# Impact of COVID-19 on Enrollment

- ACE projects that international enrollment could drop by 25 percent if institutions shift to remote learning in the fall.
- The bond ratings agency Fitch anticipates that annual enrollment declines for Fall 2020 could range from 5 to 20% for many colleges and universities. Private colleges could experience more meaningful financial effects than public colleges, given a higher reliance on tuition and student fee revenues.
- A recent report by Eduventures indicates that adult students may not be enrolling in higher education in the COVID-19 recession. The report cites early evidence that FASFA applications by independent students aged 24 or older, were down by 9 percent for the initial months of 2020.
- SimpsonScarborough has predicted that four-year colleges may face a loss of up to 20% in fall enrollment based on surveys of more than 2,000 college-bound high school seniors and current college students in March, just after the coronavirus began spreading in the United States, and in April, after three weeks of record unemployment claims.

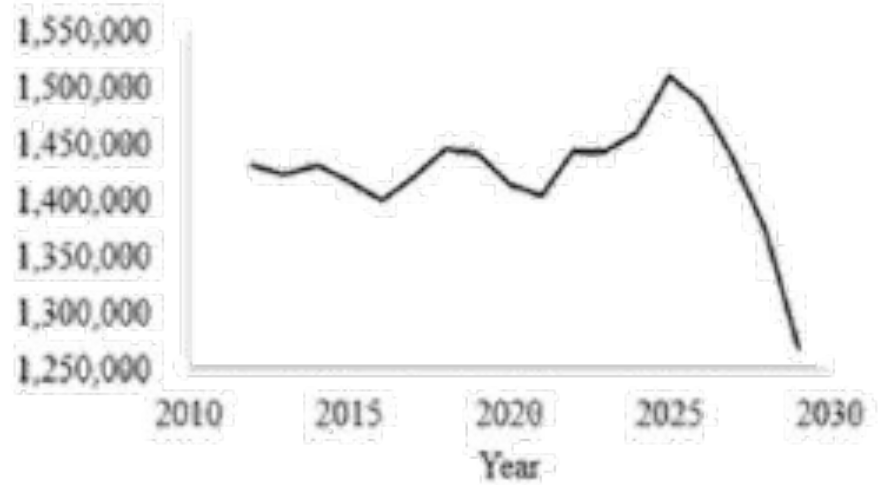


# Forecasted Number of Students Attending College <sup>11</sup>

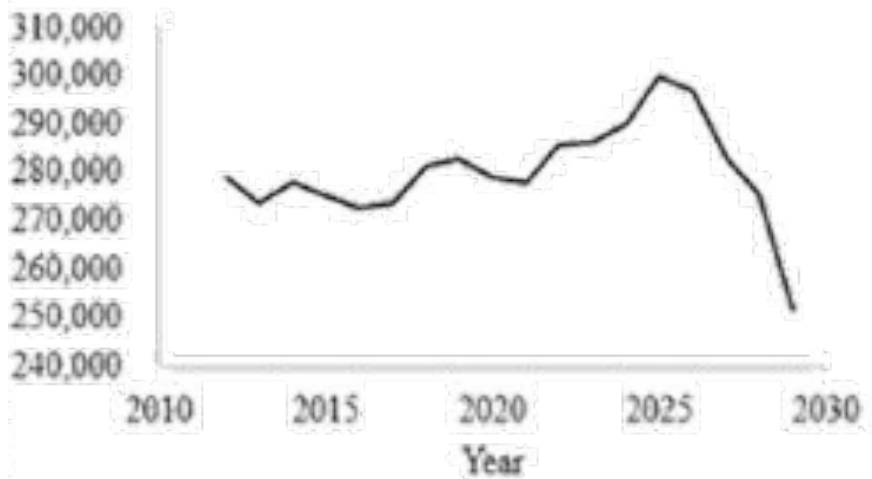
a) Two-year colleges



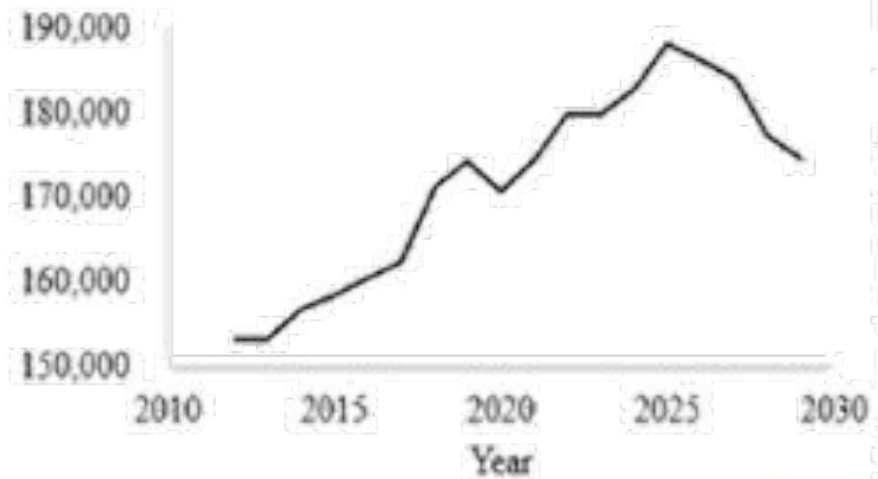
b) Regional colleges and universities



c) National colleges and universities



c) Elite colleges and universities



# Budget Overview



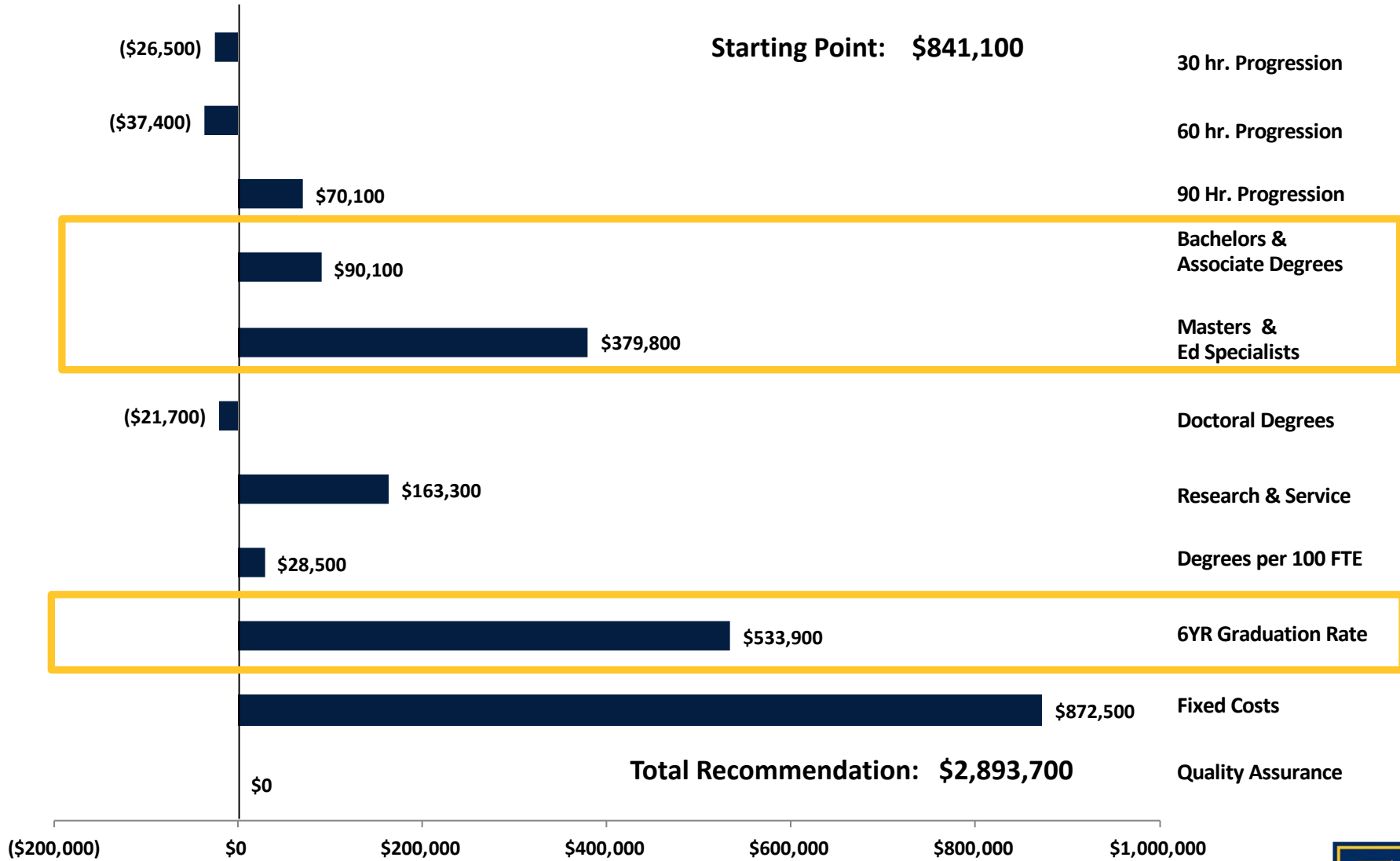
# THEC Outcomes-Based Formula Components

<b>Outcome</b>
Student Progression: 30 Credit Hours
Student Progression: 60 Credit Hours
Student Progression: 90 Credit Hours
Bachelors Degrees
Masters Degrees
Doctoral/Law Degrees
Research/Grant Funding
Degrees per 100 FTE
Graduation Rate





# Breakdown of Funding Formula Component Parts: ETSU

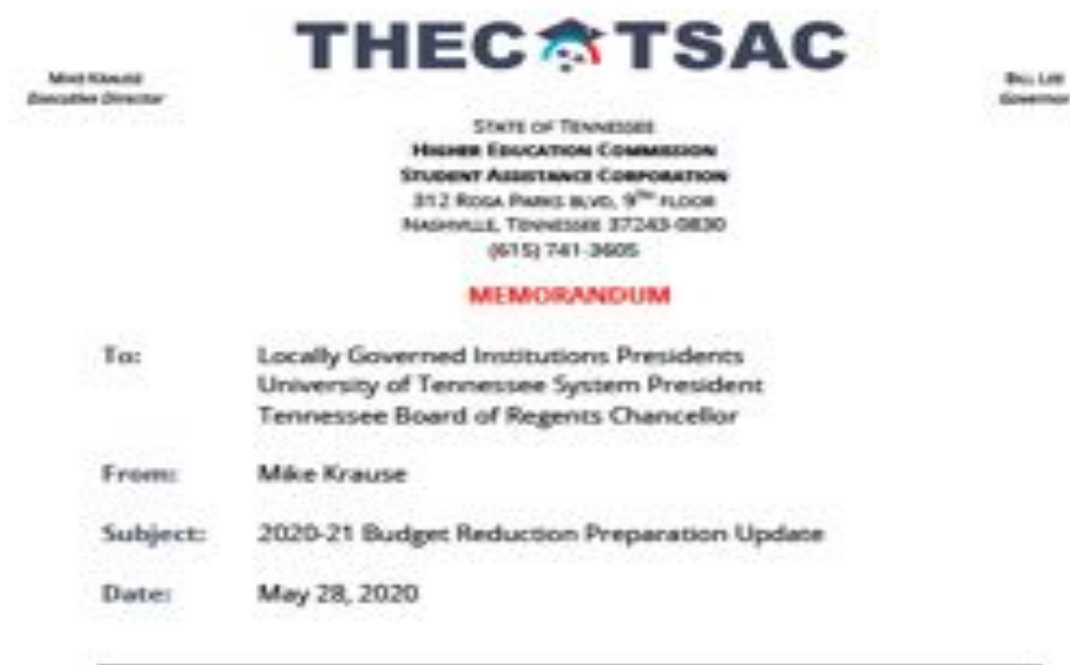


# THEC Outcomes-Based Funding - Original

Academic Formula Units	2019-20 Appropriation	2020-21 Formula Calculation	Breakdown of 2020-21 Changes		2020-21 Changes	2020-21 Recommendation	Percent Change	Percent Funded
			Outcomes Formula Adjustments	Share of New Funding				
<b>LGI Universities</b>								
Austin Peay	\$50,503,100	\$76,111,000	\$263,700	\$1,671,500	\$1,935,200	\$52,438,300	3.8%	68.9%
<b>East Tennessee State Univ.</b>	<b>\$69,479,000</b>	<b>\$105,044,500</b>	<b>\$586,800</b>	<b>\$2,306,900</b>	<b>\$2,893,700</b>	<b>\$72,372,700</b>	<b>4.2%</b>	<b>68.9%</b>
Middle Tennessee	\$107,399,400	\$158,590,000	-\$1,618,200	\$3,482,900	\$1,864,700	\$109,264,100	1.7%	68.9%
Tennessee State	\$41,795,200	\$61,600,800	-\$706,800	\$1,352,800	\$646,000	\$42,441,200	1.5%	68.9%
Tennessee Tech	\$56,597,500	\$85,458,500	\$404,200	\$1,876,800	\$2,281,000	\$58,878,500	4.0%	68.9%
University of Memphis	\$123,370,700	\$184,595,400	-\$243,600	\$4,054,000	\$3,810,400	\$127,181,100	3.1%	68.9%
<b>Subtotal</b>	<b>\$449,144,900</b>	<b>\$671,400,200</b>	<b>-\$1,313,900</b>	<b>\$14,744,900</b>	<b>\$13,431,000</b>	<b>\$462,575,900</b>	<b>3.0%</b>	<b>68.9%</b>
<b>Community Colleges</b>	<b>\$291,614,000</b>	<b>\$441,592,400</b>	<b>\$2,932,700</b>	<b>\$9,698,000</b>	<b>\$12,630,700</b>	<b>\$304,244,700</b>	<b>4.3%</b>	<b>68.9%</b>
<b>UT Universities</b>								
UT Chattanooga	\$58,905,900	\$88,588,800	\$183,800	\$1,945,500	\$2,129,300	\$61,035,200	3.6%	68.9%
UT Knoxville	\$244,059,300	\$365,012,200	-\$592,400	\$8,016,200	\$7,423,800	\$251,483,100	3.0%	68.9%
UT Martin	\$35,108,200	\$50,848,900	-\$1,191,500	\$1,116,700	-\$74,800	\$35,033,400	-0.2%	68.9%
<b>Subtotal</b>	<b>\$338,073,400</b>	<b>\$504,449,900</b>	<b>-\$1,600,100</b>	<b>\$11,078,400</b>	<b>\$9,478,300</b>	<b>\$347,551,700</b>	<b>2.8%</b>	<b>68.9%</b>
<b>Total Colleges and Universities</b>	<b>\$1,078,832,300</b>	<b>\$1,617,442,500</b>	<b>\$18,700</b>	<b>\$35,521,300</b>	<b>\$35,540,000</b>	<b>\$1,114,372,300</b>	<b>3.3%</b>	<b>68.9%</b>
TN Colleges of Applied Technology	\$75,301,400	\$112,865,900	-\$18,700	\$2,478,700	\$2,460,000	\$77,761,400	3.3%	68.9%
<b>Total Academic Formula Units</b>	<b>\$1,154,133,700</b>	<b>\$1,730,308,400</b>	<b>\$0</b>	<b>\$38,000,000</b>	<b>\$38,000,000</b>	<b>\$1,192,133,700</b>	<b>3.3%</b>	<b>68.9%</b>



# Shifting State Budget Landscape Post-COVID 19



As discussed in the State Funding Board meeting, Tennessee's GDP is expected to contract sharply in the second quarter of 2020. As such, yesterday, I was notified by Finance and Administration Commissioner Burch Eley that higher education needs to prepare a plan to meet a target reduction of 12 percent.

THEC will, of course, be modeling this plan utilizing the reduction methodology previously briefed in the Fall 2019 Commission Meeting materials. I encourage you to start convening your campus leaders to strategize how your institution(s) will respond to such a reduction.

As you are aware, the Commission delayed a vote on tuition and fee binding ranges earlier this month. It is our intent to convene a special called meeting to approve revised ranges as soon as the General Assembly adjourns sine die. THEC will initiate discussions around tuition needs with you and your fiscal officers as soon as we are able to model reduction scenarios for each institution.

- ETSU received a directive from THEC to reduce our state funded budget by 12% on 5/28/2020.
- The campus worked the entire month of June to develop strategies to meet this directive.
- On 6/26/2020, we were informed by THEC that our budget was held harmless by Gov. Lee.
- Overall budget was still reduced slightly due to state mandates and technical formula adjustments by THEC.

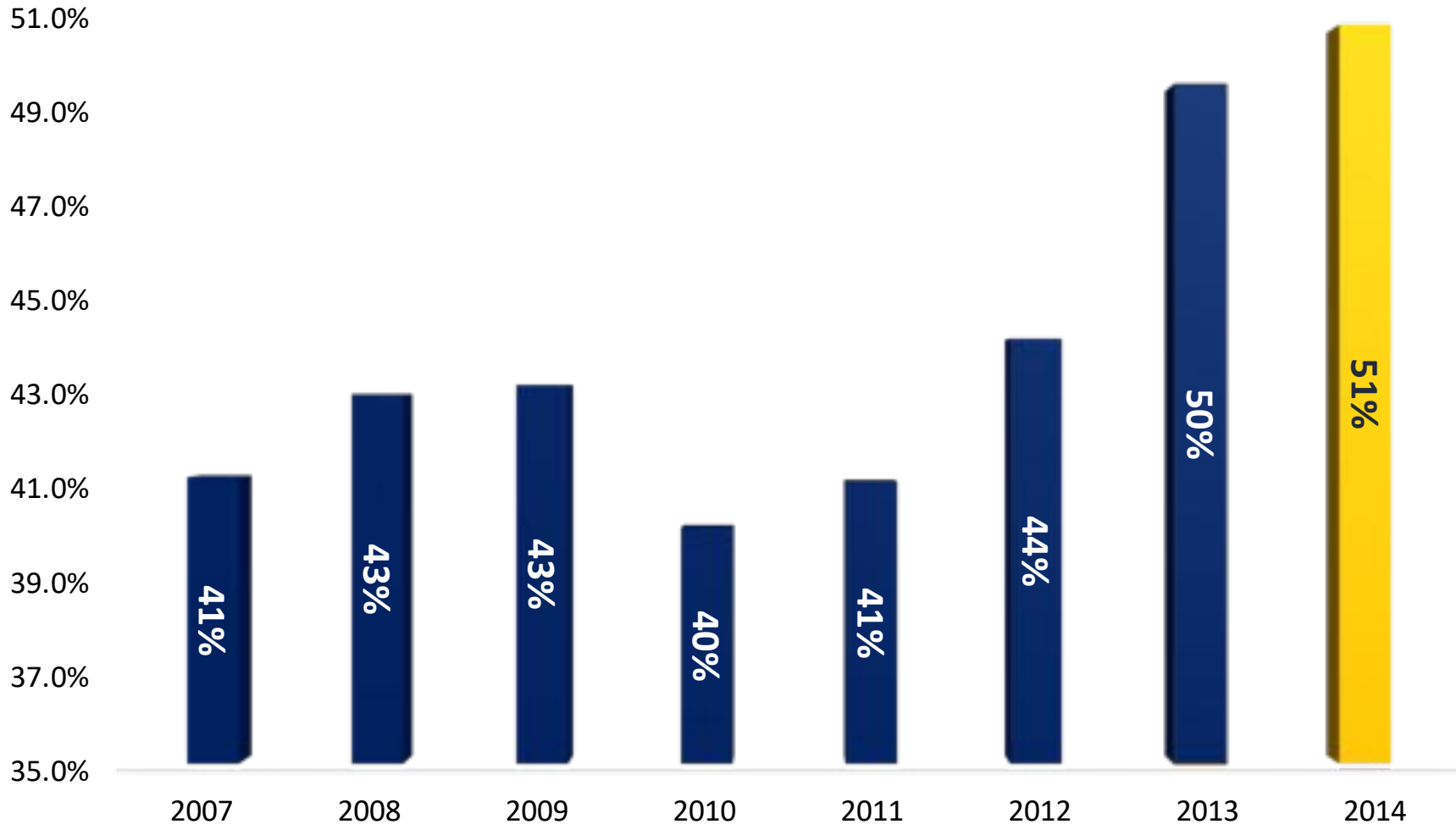


# THEC Outcomes-Based Funding - Revised

Academic Formula Units	2019-20 Appropriation <sup>1</sup>	Breakdown of 2020-21 Changes		2020-21 Changes	2020-21 Recommendation	Percent Change
		Outcomes Formula Adjustments	Share of New Funding			
<b>LGI Universities</b>						
Austin Peay	\$50,503,100	\$263,700	\$0	\$263,700	\$50,766,800	0.5%
<b>East Tennessee<sup>2</sup></b>	<b>69,479,000</b>	<b>586,800</b>	<b>-</b>	<b>586,800</b>	<b>70,065,800</b>	<b>0.8%</b>
Middle Tennessee	107,399,400	(1,618,200)	-	(1,618,200)	105,781,200	-1.5%
Tennessee State	41,795,200	(706,800)	-	(706,800)	41,088,400	-1.7%
Tennessee Tech <sup>2</sup>	56,597,500	404,200	-	404,200	57,001,700	0.7%
University of Memphis	123,370,700	(243,700)	-	(243,700)	123,127,000	-0.2%
<b>Subtotal</b>	<b>\$449,144,900</b>	<b>(\$1,314,000)</b>	<b>\$0</b>	<b>(\$1,314,000)</b>	<b>\$447,830,900</b>	<b>-0.3%</b>
<b>Community College Subtotal</b>	<b>\$291,613,800</b>	<b>\$2,932,900</b>	<b>\$0</b>	<b>\$2,932,900</b>	<b>\$294,546,700</b>	<b>1.0%</b>
<b>UT Universities</b>						
UT Chattanooga	\$58,905,900	\$183,700	\$0	\$183,700	\$59,089,600	0.3%
UT Knoxville <sup>2</sup>	244,059,300	(592,400)	-	(592,400)	243,466,900	-0.2%
UT Martin <sup>2</sup>	35,108,200	(1,191,500)	-	(1,191,500)	33,916,700	-3.4%
<b>Subtotal</b>	<b>\$338,073,400</b>	<b>(\$1,600,200)</b>	<b>\$0</b>	<b>(\$1,600,200)</b>	<b>\$336,473,200</b>	<b>-0.5%</b>
<b>Total Colleges and Universities</b>	<b>\$1,078,832,100</b>	<b>\$18,700</b>	<b>\$0</b>	<b>\$18,700</b>	<b>\$1,078,850,800</b>	<b>0.0%</b>
TN Colleges of Applied Technology <sup>2</sup>	\$75,301,400	(\$18,700)	\$0	(\$18,700)	\$75,282,700	0.0%
<b>Total Academic Formula Units</b>	<b>\$1,154,133,500</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,154,133,500</b>	<b>0.0%</b>



# ETSU Six-Year Cohort Graduation Rate (2007 – 2014)



- Graduation rate measured utilizing ETSU-only data and institutional completion
- The 2014 cohort details information for those students who began as FTFT freshman in 2014 and graduated by 2020\* (projected data)



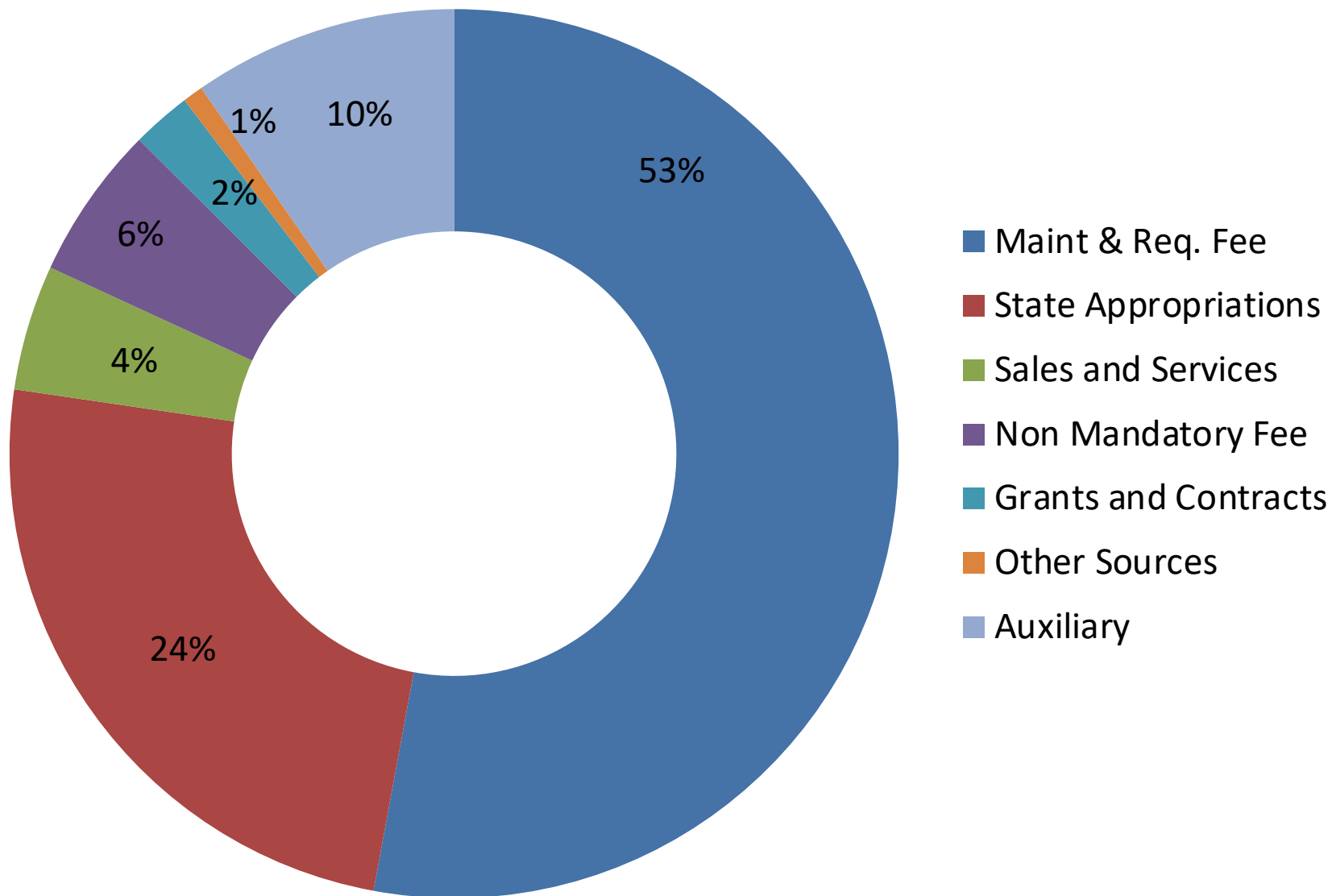
# ETSU Budget Landscape

- ETSU utilizes a decentralized budget process that enhances shared governance and aligns with our 2016-26 strategic plan. However, technical aspects of the implementation process, coupled with changes in the state policy landscape, had a disproportionate impact on the College of Arts and Sciences.
- The 2020-21 budget for ETSU was approved by our Board of Trustees in April. This budget included a zero percent fee increase for all aspects of the institution. At the time of the BOT meeting, the budget was balanced, investments were slated to be made in reserves (\$1m), and salary enhancements were envisioned for the eighth time in nine years.
- The campus budget landscape has been significantly impacted by the COVID-19 outbreak and the subsequent uncertainty around enrollment, CARES funding, future state funding cycles, and a host of other variables.

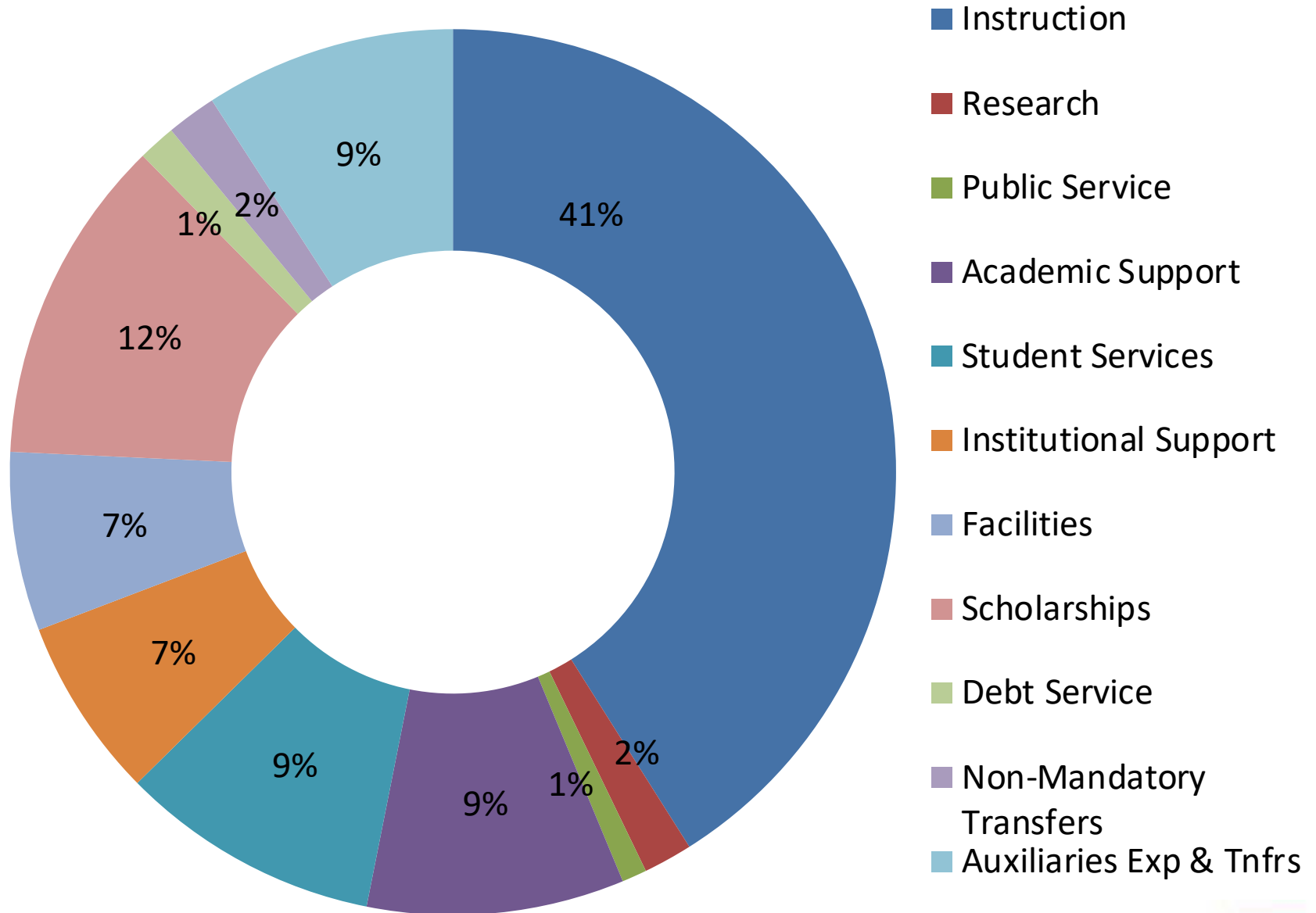




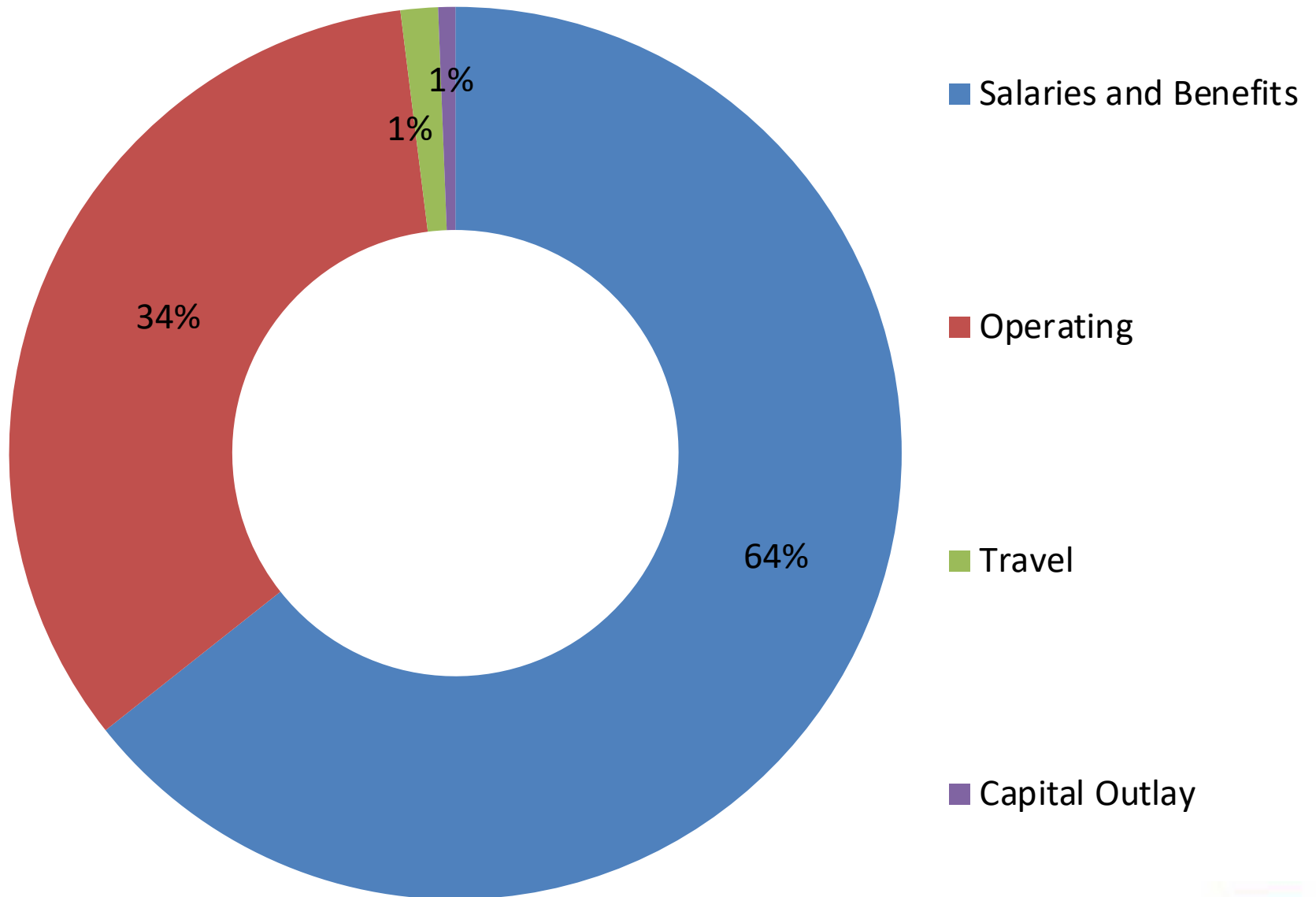
# FY 2019-20 Revenue Budget – Revenue by Source



# FY 19-20 Expenditure Budget By Function



# FY 19-20 Expenditure Budget by Category



# Strategic Options Workgroup



# Workgroup Charge

- In response to Governor Lee and THEC's charge to reduce the state portion of the ETSU budget by 12%, coupled with projected revenue loss from enrollment and other factors as a result of the COVID-19 outbreak, a shared governance workgroup was created to provide budget options for ETSU. The charge to this committee was as follows:
  - *“The workgroup will provide to the president projected budget scenarios for the 2020-21 fiscal year and make actionable recommendations and options in response to each identified scenario to ensure budget and strategic plan alignment. Additionally, this group will be responsible for identifying long term strategies that may be considered for implementation into future university operations.”*



# Workgroup Timeline

Date	Topic	Date	Topic
5/20/2020	Committee charged, budget targets established	6/24/2020	Discuss Implementation Impact
5/27/2020	Review potential tactics and national strategies to reduce expenditures	6/29/2020	Discuss THEC budget update and revised 2020-21 state budget
6/3/2020	Request to budget units for reduction plans	7/1/2020	Set new target with Dr. Noland
6/10/2020	Discuss Voluntary Retirement Incentive Program	7/7/2020	Prioritize budget strategies and tactics
6/18/2020	Review unit level worksheets	7/10/2020	Final Report





# Workgroup Assumptions

- As a commitment to protect the academic core of the university, adjustment targets will be higher for all administrative units (5.3% admin 4.3% academic).
- TAF funding should not be included in the reduction scenarios for such funds are restricted in nature and committed to purposes that do afford reduction beyond corresponding enrollment impacts.
- No recommendations or actions should be taken that increase student costs for the 2020-21 academic year. Given the Board of Trustees' charge to hold costs constant, budget losses will not be offset by student fees or ancillary cost increases.
- The workgroup was charged with providing detailed information for multiple budget scenarios in 2020-21 and aligning tactics in an attempt to balance expenditures and revenues.
  - Those scenarios are contained in Appendix I and Appendix II of their report.
  - The tactics are contained in Appendix III of their report.
- The Colleges of Medicine and Pharmacy, each with independent budgets, will implement their own reduction strategies to meet the demands of their unique instructional and clinical budgets.



# Factors Impacting the 2020-21 Budget

The university is expected to have a revenue shortfall from enrollment and has fixed costs that must be addressed immediately. The total impact of the following items is **\$8,294,676**:

- Enrollment is projected to be down 500 FTE for Fall 2020 and the annualized financial impact will be **\$4,229,000**.
- ETSU is responsible for Other Post-Employment Benefits (OPEB) contributions in the amount of **\$512,000**.
- The centralized cost of Tenure and Promotion adjustments for the 2020-21 year is **\$325,380**.
- College of Arts and Sciences base budget has an estimated **\$1,525,356** structural budget deficit that must be addressed to prevent harmful impacts to the general education core and overall college instruction for the upcoming academic year.
- The removal of the salary enhancement pool approved by the Board of Trustees for 2020-21 results in a **\$1,202,940** reduction to the base budget.
- Implementation of the phased reopening plans outlined by the Future Operations Workgroup is currently underfunded. The workgroup feels strongly there should be a fund of **\$500,000** established to support those plans.



# Budget Adjustment Scenarios

Date: 7.12.2020

Estimates Only

	Scenario 1 Base Approved July 20-21 Budget Enrollment down 100	Scenario 2 (500) Student		Scenario 3 (750) Students		Scenario 4 (1000) Students	
		Admin Reduction	Academic Reduction	Admin Reduction	Academic Reduction	Admin Reduction	Academic Reduction
		-5.3%	-4.3%	-7.3%	-6.3%	-9.3%	-8.3%
		Reduction	Budget	Reduction	Budget	Reduction	Budget
Administrative Unit Reduction							
Administration	13,469,230.00	(713,869.19)	12,755,360.81	(983,253.79)	12,485,976.21	(1,252,638.39)	12,216,591.61
Advancement	2,092,350.00	(110,894.55)	1,981,455.45	(152,741.55)	1,939,608.45	(194,588.55)	1,897,761.45
Business & Finance	3,196,270.00	(169,402.31)	3,026,867.69	(233,327.71)	2,962,942.29	(297,253.11)	2,899,016.89
IT	8,376,090.00	(443,932.77)	7,932,157.23	(611,454.57)	7,764,635.43	(778,976.37)	7,597,113.63
TAF	3,798,680.00	0.00	3,798,680.00	0.00	3,798,680.00	0.00	3,798,680.00
President	3,963,850.00	(210,084.05)	3,753,765.95	(289,361.05)	3,674,488.95	(368,638.05)	3,595,211.95
Athletics	16,025,460.00	(849,349.38)	15,176,110.62	(1,169,858.58)	14,855,601.42	(1,490,367.78)	14,535,092.22
Student Life and Enrollment	7,987,060.00	(423,314.18)	7,563,745.82	(583,055.38)	7,404,004.62	(742,796.58)	7,244,263.42
Student Activities	3,082,400.00	(163,367.20)	2,919,032.80	(225,015.20)	2,857,384.80	(286,663.20)	2,795,736.80
<b>Subtotal Administrative Units</b>	<b>61,991,390.00</b>	<b>(3,084,213.63)</b>	<b>58,907,176.37</b>	<b>(4,248,067.83)</b>	<b>57,743,322.17</b>	<b>(5,411,922.03)</b>	<b>56,579,467.97</b>
Academic Unit Reduction							
Provost & Health Affairs	94,334,810.00	(4,056,396.83)	(98,391,206.83)	(5,943,093.03)	88,391,716.97	(7,829,789.23)	86,505,020.77
<b>Subtotal Academic Unit</b>	<b>94,334,810.00</b>	<b>(4,056,396.83)</b>	<b>(98,391,206.83)</b>	<b>(5,943,093.03)</b>	<b>88,391,716.97</b>	<b>(7,829,789.23)</b>	<b>86,505,020.77</b>
Expense and Revenue Offset Due to Salary Freeze for 2020/21 Fiscal Year							
Salary Enhancement Pool*	1,202,940.00	(1,202,940.00)	0.00	(1,202,940.00)	0.00	(1,202,940.00)	0.00
<b>Total Reduction</b>	<b>157,529,140.00</b>	<b>(8,343,550.46)</b>		<b>(11,394,100.86)</b>		<b>(14,444,651.26)</b>	

\*The salary enhancement pool was originally approved by the ETSU Board of Trustees on April 1, 2020. The workgroup is recommending no salary enhancements for fiscal year 2020/21 so it is included as a reduction in scenario 2-4.



# College Budget Adjustments

	Scenario 1 Base	Scenario 2 (500) Students		Scenario 3 (750) Students		Scenario 4 (1,000) Students	
	July 20-21 Budget	4.3%		6.3%		8.3%	
	Enrollment down 100	Reduction	Budget	Reduction	Budget	Reduction	Budget
College							
Academic Affairs	6,788,710.00	(291,914.53)	6,496,795.47	(427,688.73)	6,361,021.27	(563,462.93)	6,225,247.07
Arts & Sciences	25,414,460.00	(1,092,821.78)	24,321,638.22	(1,601,110.98)	23,813,349.02	(2,109,400.18)	23,305,059.82
Business & Technology	14,743,870.00	(633,986.41)	14,109,883.59	(928,863.81)	13,815,006.19	(1,223,741.21)	13,520,128.79
Continuing Studies	2,885,740.00	(124,086.82)	2,761,653.18	(181,801.62)	2,703,938.38	(239,516.42)	2,646,223.58
Education	12,505,180.00	(537,722.74)	11,967,457.26	(787,826.34)	11,717,353.66	(1,037,929.94)	11,467,250.06
Graduate School	1,843,170.00	(79,256.31)	1,763,913.69	(116,119.71)	1,727,050.29	(152,983.11)	1,690,186.89
Honors	967,380.00	(41,597.34)	925,782.66	(60,944.94)	906,435.06	(80,292.54)	887,087.46
CCHRS	8,865,130.00	(381,200.59)	8,483,929.41	(558,503.19)	8,306,626.81	(735,805.79)	8,129,324.21
Heath Affairs	1,326,590.00	(57,043.37)	1,269,546.63	(83,575.17)	1,243,014.83	(110,106.97)	1,216,483.03
Nursing	12,464,030.00	(535,953.29)	11,928,076.71	(785,233.89)	11,678,796.11	(1,034,514.49)	11,429,515.51
Public Health	6,530,550.00	(280,813.65)	6,249,736.35	(411,424.65)	6,119,125.35	(542,035.65)	5,988,514.35
<b>TOTAL</b>	<b>94,334,810.00</b>	<b>(4,056,396.83)</b>	<b>90,278,413.17</b>	<b>(5,943,093.03)</b>	<b>88,391,716.97</b>	<b>(7,829,789.23)</b>	<b>86,505,020.77</b>
variance to base			(4,056,396.83)		(5,943,093.03)		(7,829,789.23)

*It should be noted the AS net reduction will less than what is represented here – their original reduction was \$1.5 million dollars more (total \$2.6 Million) as a result of the carryforward deficit being addressed in this proposal*



# Budget Implementation

- Vacant positions and associated salaries have been highly restricted for the 2020-21 fiscal year.
  - This action was initiated in response to the original budget charge from Governor Lee.
- Purchasing restrictions, travel limitations, operating and utilities maximization, restrictions on new locally funded renovation and maintenance projects, limitations on central temporary and contract hires, etc.
- Voluntary Retirement Incentive Program presented to both faculty and staff.
  - Staff application period has launched and will end on August 14, 2020
    - Current estimates project we will meet the target of 75
  - Faculty application period will begin on August 15, 2020.



# Budget Implementation

- Implement budget adjustments of 5.3% for administrative units and 4.3% for academic units for the 2020-21 academic year and establish a central COVID-19 contingency fund.
  - New revenues will not be distributed through the budget model unless Fall 2020 enrollment surpasses Fall 2019. Any revenue generated from enrollment above the -500 figure will be placed into a central COVID-19 contingency fund.
  - FY 2020 fallout will be distributed according to the budget model. A recommendation on FY 2021 fall-out will be developed in consultation with the colleges.
- Continue the following central cost containment measures:
  - Delay new locally funded capital and deferred maintenance projects
  - Reduce heating, cooling, and airflow in unoccupied buildings
  - Turn off non-emergency lights, equipment, and appliances and close lab hoods in unoccupied buildings
  - Eliminate/minimize the purchase of discretionary goods and services.



# Budget Implementation

- At the college level, it is recommended that the following remain highly restrictive, with exceptions being provided at the Dean's discretion except for areas that would traditionally require the approval of the Vice-President or President:

- Hiring for the 2020-21 budget year, except those hires that are necessary for accreditation requirements and/or essential program delivery. There is an expectation that open positions will not be refilled unless there is justification that the functions/tasks of the position cannot be transferred to current full-time employees.
- Carefully manage travel funds, except that which is required by accreditation, tenure activities, or essential program delivery. Any travel expenditures should prioritize tenure-track faculty and research.
- All new stipend requests. Exceptions will require review of justifications and approval from Deans. When at all possible, review all existing stipends to reallocate or eliminate functions and tasks to prevent future stipends.
- Without causing large scale losses of instructional support, where possible, restrict temporary faculty/staff hiring for 2020-21. Exceptions may be granted for accreditation or essential program delivery.





# Proposed Strategic Planning and Visioning <sup>33</sup>

- ETSU will launch a strategic planning/visioning process that will seek to align mission, operations, and budget.
- The expectation is that planning will be consistent with the process proposed to the University Council in February 2020 and would be an extension of the work of the Committee for 125.
- As part of this process, the institution will review the work of the Committee for 125, examine emerging opportunities, and explore avenues to promote efficiency and effectiveness.
- This process would frame and articulate a vision for ETSU post COVID-19 that would affirm our teaching, research, and service missions.



# Questions and Discussion

“ETSU being a great university is not just important for the university and the students and the faculty. It’s important for this whole region in a way that few other institutions are. When you look at this part of the state, ETSU is **the** dominant institution – I’m not talking about just education. The health and welfare of this region, I think, depend more on ETSU than anything else.”

Tennessee Gov. Bill Haslam  
March 24, 2017

