

East Tennessee State University

Digital Commons @ East Tennessee State University

Board of Trustees Agendas and Minutes

Agendas and Minutes

9-21-2018

2018 September 21 – Board of Trustees Finance and Administration Committee Agenda and Minutes

East Tennessee State University

Follow this and additional works at: <https://dc.etsu.edu/bot-agendas-minutes>



Part of the [Higher Education Commons](#)

Recommended Citation

East Tennessee State University, "2018 September 21 – Board of Trustees Finance and Administration Committee Agenda and Minutes" (2018). *Board of Trustees Agendas and Minutes*. 54.
<https://dc.etsu.edu/bot-agendas-minutes/54>

This Agendas and Minutes is brought to you for free and open access by the Agendas and Minutes at Digital Commons @ East Tennessee State University. It has been accepted for inclusion in Board of Trustees Agendas and Minutes by an authorized administrator of Digital Commons @ East Tennessee State University. For more information, please contact digilib@etsu.edu.

EAST TENNESSEE STATE UNIVERSITY
BOARD OF TRUSTEES
FINANCE AND ADMINISTRATION COMMITTEE
SEPTEMBER 2018 MEETING

10:15-11:45 am EDT
Friday
September 21, 2018

The Reece Museum
363 Stout Drive
Johnson City, TN

AGENDA

- I. Call to Order
- II. Roll Call
- III. [Approval of the Finance and Administration Committee Minutes of April 27, 2018](#)
- IV. [Capital Project Update](#)
- V. [College of Nursing Insurance Payments Bank Account](#)
- VI. [Quarterly Reports of Agreements \\$250,000 or Greater](#)
- VII. [Overview of the Tuition Transparency and Accountability Act](#)
- VIII. Other Business
- IX. Adjournment

EAST TENNESSEE STATE UNIVERSITY
BOARD OF TRUSTEES

ACTION ITEM

DATE: September 21, 2018

ITEM: Approval of the Minutes of April 27, 2018

COMMITTEE: Finance and Administration Committee

RECOMMENDED ACTION: Approve

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

The minutes of the April 27, 2018 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 April 27, 2018 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

April 27, 2018
Johnson City, Tennessee

The East Tennessee State University Board of Trustees Finance and Administration Committee met at 10:15 a.m. on Friday, April 27, 2018, in the third floor meeting room of the D.P. Culp University Center.

I. **Call to Order**

Chairman Steven DeCarlo called the meeting to order at 10:17 a.m.

II. **Roll Call**

Kristen Swing, in the absence of Dr. David Linville, led the roll call. Trustees in attendance were:

Steven DeCarlo
Dorothy Grisham
Jim Powell
Ron Ramsey

Others in attendance were: Pam Ritter, university advancement/ETSU Foundation; Margaret Pate, budget office; Karen Glover, financial services; Scott Carter, intercollegiate athletics; Kristen Swing, university relations; Karen King, information technology; B.J. King, business and finance; Greg Aloia, Clemmer College; Barbara Love, College of Medicine Finance and Administration; Sue Taylor, College of Medicine Finance and Administration; Jeremy Ross, chief operating officer; Amanda Mowell, university relations; and Joe Smith, university relations (taking minutes).

III. **Approval of Minutes from February 23 and March 29 meetings**

Minutes from the February 23 and March 29 meetings were presented and approved.

IV. **Policies for Approval**

Dr. B.J. King presented two policies – the Passenger Van Policy and the Hazardous Materials Policy – for approval. Both were previously existing policies but have been revised to reflect current operations of the university and the foundation. The new format provides for the policy and the procedure to be separate within the document. Ron Ramsey made a motion to approve the two new policies, and Jim Powell seconded the motion. Motion passed.

V. **Supplemental Non-Mandatory Fee and Graduate Nursing eRate Fee Adjustment**

Dr. King presented on a fee adjustment that was first discussed during the called meeting on March 29. The proposed fee is a nursing course fee for graduate programs to fund the faculty required for the program. The \$150-per-credit-hour fee increase would be implemented over a two-year period: \$75 in 2018-19 and \$75 for 2019-20. Out-of-state students taking the program 100 percent online are paying an eRate that is 1.5 times higher than the in-state graduate maintenance fees. To prevent these students from paying a significantly higher rate, a fee decrease of \$150 will be implemented over a two-year period (\$75 in 2018-19 and \$75 for 2019-20). Ron Ramsey made a motion to recommend the approval of the fees, and Steven DeCarlo seconded the motion. Motion passed.

VI. **2018-19 Budget Proposals**

Dr. King discussed how the university has conducted budget hearings across campus and that the results were presented by the vice presidents for each division to the President and the Budget Advisory and Strategic Planning Committee.

According to Dr. King, Governor Haslam's recommendations for ETSU for 2018-19 are operational increases of \$3,946,600 (main campus), \$1,269,300 (College of Medicine), and \$352,800 (Family Medicine), for a total increase of \$5.5 million. The proposed budget also includes \$8.6 million for capital maintenance and a 2.5 percent salary pool, of which 60 percent is funded by the state. ETSU is proposing a 2.5 percent increase across the board, with a minimum floor of \$500.

ETSU's 2018-19 budget was built with a projected enrollment decline of 100 students. For in-state undergraduate students taking 15 credit hours in the fall and spring semesters, the proposed tuition and mandatory fee increase is 2.91 percent or \$262. Last year, the increase was 3.97 percent or \$344.

The proposed maintenance fee increase of 2.74 percent will be used to fund the \$1.2 million unfunded salary pool, increases in scholarships, and adjust for inflation and budgeted enrollment decline.

Dr. King provided a summary of the proposed 2018-19 budgets for main campus, Quillen College of Medicine, and Family Medicine. The proposed budget for main campus includes \$259,316,800 in revenue from all sources and \$259,133,730 in proposed expenditures and transfers. Projected revenues for the Quillen College of Medicine (excluding support from the Medical Education Assistance Corporation) is \$61,208,700. Most of the new dollars for 2018-19 will support instruction. Additional support from the Medical Education Assistance Corporation, which represents 39 percent of the College of Medicine's budget, for 2018-19 is \$39,137,200. For ETSU Family Medicine, the proposed 2018-19 budget includes \$17,146,000 in revenue. Revenue for Family Medicine is based on state

appropriations, clinical revenue, resident physician participation (hospital contracts), and other sources.

Dr. King added that the revenue budget for the Gatton College of Pharmacy is \$11,489,200 and includes tuition and fees and other sources; the College of Pharmacy receives no state appropriations.

Dr. King again noted that a thorough budget hearing process had taken place and that ETSU is recommending low tuition increases and that investments of significant institutional resources are being made with the 2.5 salary increase pool. The state is continuing to invest in campus maintenance projects.

Jim Powell made a motion to approve the 2018-19 budget proposals and Ron Ramsey seconded the motion. Motion passed.

VII. Capital Project Approval

A proposed list of capital outlay and capital maintenance projects was reviewed, which included \$76 million for a humanities building and to backfill spaces in two buildings as well as \$9.2 million in capital maintenance. Jeremy Ross talked about ETSU's five-year plan and emphasized how the construction of the new humanities building will enhance the university's retention rates.

Steven DeCarlo made a motion to approve the list of the capital projects to be submitted to the Tennessee Higher Education Commission, and Ron Ramsey seconded the motion. Motion passed.

VIII. Project Calendar and Overview

Mr. Ross provided an update on capital projects currently taking place on campus. Work on the Martin Center for the Arts continues, and the project may be completed by 2019 but not occupied. Following graduation, offices from the D.P. Culp University Center will be relocated to various building on campus as the major renovation project begins.

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

Dr. King discussed a list of agreements, which include both expenditures and revenues, with amounts totaling \$250,000 or greater for the period of January 2018 – March 2018.

X. Other Business

No other business items were discussed.

XI. Adjournment

The meeting adjourned at 11:31 a.m.

EAST TENNESSEE STATE UNIVERSITY
BOARD OF TRUSTEES

INFORMATION ITEM

DATE: September 21, 2018

ITEM: Capital Project Update

COMMITTEE: Finance and Administration Committee

PRESENTED BY: Jeremy Ross, Chief Operating Officer

The presentation provides an update to some aspects of the physical plant operations of the university including specific information related to the university's current capital projects and the management of space during these projects.

EAST TENNESSEE STATE UNIVERSITY
BOARD OF TRUSTEES

ACTION ITEM

DATE: September 21, 2018

ITEM: College of Nursing Insurance Payments Bank Account

COMMITTEE: Finance and Administration Committee

RECOMMENDED ACTION: Approve

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

The university would like to establish two new bank account to assist in oversight and processing for payments made and received.

The College of Nursing is requesting a separate account for patient and insurance payments for nurse managed clinics. The new account will allow the university to segregate ACH insurance payments for clinic billed services that are managed through the third-party payment processor. These deposits are currently made to the university operating fund and are manually identified by College of Nursing staff which is a time consuming task. Providing a separate account will enhance efficiencies in the billing and collection of patient accounts.

The Payroll Office is requesting a separate account for the deposit and remittance to the State of Tennessee trust fund for other post-employment benefits (OPEB). The State is establishing an OPEB trust fund in January 2019. The university will be billed for the future benefit liability for active employees, the unfunded actuarial accrued liability for prior service of active employees, and the unfunded actuarial accrued liability for prior service of retirees. The requested bank account would operate similar an existing account used by Payroll to deposit and remit current employee and employer contribution for health insurance. The accounts need to be segregated to facilitate balancing the billing between the university and the state for the two employee benefit plans.

The university currently maintains eight bank accounts as follows:

- FTB Master
- FTB Operating
- FTB Payroll
- FTB Petty cash
- FTB State insurance payments
- FTB Families First grant
- Civis Nursing Clinic – Hancock County
- Farmers State Nursing Clinic – Mountain City

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

RESOLVED: The proposed bank accounts are approved as presented in the meeting materials.

EAST TENNESSEE STATE UNIVERSITY
BOARD OF TRUSTEES

INFORMATION ITEM

DATE: September 21, 2018

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

COMMITTEE: Finance and Administration Committee

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

Included in the meeting materials are a list of agreements, both expense and revenue, with amounts totaling \$250,000 or greater for the period April - June 2018.

**January - March 2018
Contracts / Purchase Orders over \$250,000**

Contract/ PO Date	Start	End	Contractor	Description of Services/Products	Contract / PO Amount	Competitive	Fiscal Review approval
4/10/2018			Workspace Interiors	Furniture for Building 60	\$360,052	Yes	N/A
5/16/2018			Pomeroy IT Solutions	Servers	\$365,532	Yes	N/A
5/21/2018			McKesson Drug	Pharmaceuticals	\$400,000	No	Requirement of Grantor, Expenses Reimbursed
6/5/2018	6/1/2018	5/31/2023	AXIS Security	Security services for the University	\$2,000,000	Yes	N/A
6/27/2018	7/1/2018	6/30/2028	Van Wagner Sports & Entertainment	Sponsorship Sales and Multi-Media Rights - Revenue	(\$15,000,000)	Yes	N/A

RFPs - Awarded, In-Process and Upcoming							Status
				Beverage vending and pouring rights. Auxiliary Services. Est. \$4.5 mil revenue over 10 years.			In process at June 30.

EAST TENNESSEE STATE UNIVERSITY
BOARD OF TRUSTEES

INFORMATION ITEM

DATE: September 21, 2018

ITEM: Overview of the Tuition Transparency and Accountability Act

COMMITTEE: Finance and Administration Committee

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

The Tuition Transparency and Accountability Act was passed by the General Assembly during the past legislative session. There are several provisions of the law that modify current practices. These include

- Requiring public university governing boards to post 15 day prior notice and justification for proposed increases in tuition;
- Each February university governing boards shall provide the office of legislative budget analysis a report detailing the expenditure of revenues derived from the tuition and fee increases from the prior year;
- Beginning August 1, 2019, public 4-year institutions shall provide every accepted student with a non-binding, predictive cost projection for a student's chosen field of study over a four-year period.

Dr. King provides the committee with an overview of the new statute.

EAST TENNESSEE STATE UNIVERSITY
BOARD OF TRUSTEES
FINANCE AND ADMINISTRATION COMMITTEE

MINUTES

September 21, 2018
Johnson City, Tennessee

The East Tennessee State University Board of Trustees Finance and Administration Committee met at 10:15 a.m. on Friday, September 21, 2018, in the multipurpose room of the Reece Museum on ETSU's main campus in Johnson City, Tennessee.

I. Call to Order

Trustee Steven DeCarlo, chair of the Finance and Administration Committee, called the meeting to order at 10:19 a.m.

II. Roll Call

Secretary Dr. David Linville called the roll. Committee members in attendance were:

Steven DeCarlo, chair
Dorothy Grisham
Keyana Miller
Ron Ramsey
Jim Powell

Secretary Linville told Chair DeCarlo he had a quorum.

Others in attendance were: Jeremy Ross, chief operating officer; B.J. King, chief financial officer; Pam Ritter, University Advancement/ETSU Foundation; Bill Flora, Faculty Senate; James Batchelder, College of Clinical and Rehabilitative Health Sciences; and Amanda Mowell, University Relations (taking minutes).

III. Approval of the Finance and Administration Committee Minutes of April 27, 2018

Trustee Powell made a motion to approve the minutes from the April 27 meeting. It was seconded by Trustee Grisham and unanimously approved.

IV. College of Nursing Insurance Payments Bank Account

Dr. B.J. King presented a request from the university to establish two new bank accounts. The College of Nursing requested a separate account for patient and insurance payments for nurse-managed clinics, which will ease reconciliation through the third-party payment processor. The Payroll Office requested a separate account for the deposit and remittance to the State of Tennessee trust fund for other post-employment benefits (OPEB). The requested bank account would operate similar an existing account used by Payroll to deposit and remit current employee and employer contributions for health insurance.

King reminded committee members that the Board of Trustees is responsible for the approval of banking services. She added that an RFP for University's banking services has been completed and will be brought before the board this afternoon.

Trustee Grisham made a motion to recommend the adoption of the resolution by the Board of Trustees. It was seconded by Trustee Powell and unanimously approved.

V. Quarterly Reports of Agreements \$250,000 or Greater

Dr. King gave a brief overview of the list of agreements, which include both expenditures and revenues totaling \$250,000 or greater for the period April 2018 to June 2018.

King said the \$2 million agreement with AXIS security is for services provided during a five-year period. The amount in this agreement increased from the previous agreement because security needs have also increased. There were several questions about AXIS Security to which Dr. King replied that an RFP was issued and competitive bids were submitted.

King also discussed the revenue contract for sponsorship sales and multi-media rights between the Department of Intercollegiate Athletics and Van Wagner Sports and Entertainment. She said the contract guarantees at least \$750,000 of revenue annually with the possibility of generating \$10 million over the course of the contract. King added that this contract through a third party avoids issues created by the new tax law.

VI. Overview of the Tuition Transparency and Accountability Act

Dr. King provided an overview of the Tuition Transparency and Accountability Act that was passed by the Tennessee General Assembly during the past legislative session. There are several provisions of the law that modify current practices. The first part of the law requires public university governing boards to post 15 day prior notice and justification for proposed increases in tuition, which King said will not be

difficult to do since justification is given for proposed tuition increases when they are presented to the Board of Trustees for approval.

The second part of the law requires university governing boards to provide a report to the office of legislative budget analysis each February detailing the expenditure of revenues derived from the tuition and fee increases from the prior year. King said while this will be a responsibility of the Board of Trustees, the report should be easy to assemble.

The third part of the law drew much discussion. On Aug. 1, 2019, public four-year institutions shall provide every accepted student with a non-binding, predictive cost projection for a student's chosen field of study over a four-year period. King said this is to be provided one time, upon admittance, but the letter would need to be carefully crafted and input would be needed from academic colleges and departments where course fees are determined. Following several questions from committee members, King responded that legal language in the letter may result from a collaboration between universities across the state.

King added that a desire exists for cohort tuition across the state, which ETSU has recently started discussing. Even though cost increases have trended downward, King said implementing it would likely require a substantial fee increase.

VII. Capital Project Update

Mr. Jeremy Ross provided an update on capital projects.

The master plan for the university is updated every 10 years and is due to be reviewed again next year. It has been amended since the last master plan was issued in 2010. Work on the D.P. Culp Center renovation and the Martin Center for the Arts construction continues and both projects are on schedule. Ross also reported that programming for upcoming renovations to Lamb Hall is nearing completion, while renovations to Building 60 on the VA campus were completed on time and under budget. At least seven agencies are involved in the purchase of the Millennium Centre slated to close Oct. 1. Ross said the Millennium Centre offers much needed meeting space during the Culp renovation and presents an opportunity for academic expansion.

Ross also provided an update on the proposed Humanities building to replace the Campus Center Building for an estimated cost of \$76.6 million. The project was presented to the Tennessee Higher Education Commission last year, and made the statewide priority list, but was not funded. Ross said the university hired an architect

to strengthen the contents of the proposal and resubmitted. Results should be available in December.

Additional projects ongoing or recently completed include the football locker room, the installation of 450 door locks to increase campus safety, solar panels installation on the roof of the Sherrod Library, upgrades to several classrooms and the tennis complex, plus turf upgrades at the Mini-Dome and a new outdoor dining area to accommodate the Steak 'n Shake food truck. A portion of the Mini-Dome has been renovated and will be home to the new Benefits and Wellness Center. ETSU received \$9.54 million from the state to fund capital maintenance projects this fiscal year.

VIII. Other Business

No other business items were discussed.

IX. Adjournment

The meeting adjourned at 11:22 a.m.

Respectfully submitted,



David Linville
Secretary of the Board of Trustees

Approved by the Board of Trustees at its November 16, 2018 meeting.