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2022 November 18 - Board of Trustees Finance and Administration Committee Agenda and Minutes

Board of Trustees, East Tennessee State University

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EAST TENNESSEE STATE UNIVERSITY
BOARD OF TRUSTEES
FINANCE AND ADMINISTRATION COMMITTEE
NOVEMBER 2022 MEETING

9:30 – 10:30 a.m. EST
Friday
November 18, 2022

East Tennessee Room
D.P. Culp Student Center
412 J.L. Seehorn Road
Johnson City, TN

COMMITTEE MEMBERS

Steve DeCarlo, Committee Chair
Charles Allen, Jr.
Allen Archer
Dorothy Grisham
Dr. Linda Latimer
Dr. Lisa Piercey
Ron Ramsey

—

AGENDA

- I. Call to Order
- II. Roll Call
- III. [Approval of the Committee Minutes from September 16, 2022](#)
- IV. [Presentation of Tuition Transparency Report – King \(5 minutes\)](#)
- V. [Action Item: Approval of Fiscal Year 2023 October Revised Budgets – King \(10 minutes\)](#)
- VI. [Action Item: Naming of the Millennium Center Building – Ritter \(5 minutes\)](#)
- VII. [Quarterly Report of Agreements \\$250,000 or greater – Roberts \(5 minutes\)](#)
- VIII. [Quarterly Financial Report – King \(10 minutes\)](#)
- IX. [Budget Model and Operational Efficiency Assessment Update – Hoff \(20 minutes\)](#)
- X. Other Business
- XI. Adjournment

EAST TENNESSEE STATE UNIVERSITY
BOARD OF TRUSTEES

ACTION ITEM

DATE: November 18, 2022

ITEM: Approval of the Minutes from September 16, 2022

COMMITTEE: Finance and Administration Committee

RECOMMENDED ACTION: Approve

PRESENTED BY: Dr. Adam Green
Board Secretary

The minutes of the September 16, 2022 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 September 16, 2022 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

September 16, 2022
Johnson City, Tennessee

The East Tennessee State University Board of Trustees' Finance and Administration Committee met on Friday, September 16, 2022, at 9:45 a.m. in the East Tennessee Room of the D.P. Culp Student Center.

I. Call to Order

Committee Chair Steven DeCarlo called the meeting to order at 9:45 a.m.

II. Roll Call

Board Secretary Dr. Adam Green led the roll call and confirmed to the Committee Chair that a quorum was present.

Committee members present were:

Trustee Charles Allen
Trustee Allen Archer (*non-voting student member*)
Trustee Dorothy Grisham
Board Chair Dr. Linda Latimer
Trustee Ron Ramsey
Committee Chair Steven DeCarlo

III. Action Item: Approval of the Finance and Administration Committee Minutes from April 22, 2022

The minutes from April 22, 2022, were approved as submitted, with a motion by Trustee Grisham and a second by Trustee Ramsey. The motion passed unanimously.

IV. Action Item: Approval of Dual Enrollment Tuition and Fee Adjustment

Dr. Heather Levesque, Director of Undergraduate Admissions, provided the committee with an update on the passage of the Hope Expansion Bill, which made changes to the tuition reimbursement scholarship structure for the state's Dual Enrollment programs. The ETSU Board of Trustees approved an increase in the Dual Enrollment fee to \$181 per credit hour or \$543 for a three-hour course in April 2022. After the April meeting, the HOPE Expansion Bill changed the dual enrollment grant to \$538.65, which includes \$513 in tuition and a \$25.65 Dual Enrollment Access Fee for five courses. ETSU has been applying an institutional scholarship of \$4.35 to offset this difference.

The proposed adjustment in tuition for Dual Enrollment courses to \$538.65 for a three credit hour course was approved as submitted, with Board Chair Dr. Latimer making the motion and Trustee Grisham seconding the motion. The motion passed unanimously.

V. Action Item: Approval of Delegation of Authority for Dual Enrollment Tuition and Fee Adjustments

Dr. Levesque also presented a proposal to the committee for consideration of the delegation of authority to change Dual Enrollment tuition and fees at the institutional level when TSAC changes the state funding rate. Such action would be taken upon a recommendation from the Office of Undergraduate Admissions and approved by the University President.

The proposed recommendation was approved as submitted, with Board Chair Dr. Latimer making the motion and Trustee Grisham seconding the motion. The motion passed unanimously.

VI. Action Item: Approval of College of Medicine Summer Term Tuition

Dr. B.J. King, Chief Financial Officer, presented a proposal to the committee for approval of the Quillen College of Medicine's (COM) summer term tuition. In the February 2022 meeting, the Board approved a new curriculum and tuition structure for the COM that was aligned with peer institutions. The curriculum and tuition were implemented for the 2022-23 academic year. Quillen leadership has determined that the college needs to create a summer term at the conclusion of the academic year to ensure the timely progression of students toward degree completion.

The College is requesting tuition of \$2,200 for the two short terms or \$4,000 for the entire term. This requested tuition has been determined by considering the current tuition structure and the fees charged by similar institutions for their summer term.

The proposed summer term tuition for the COM was approved as submitted, with Trustee Ramsey making the motion and Trustee Grisham seconding the motion. The motion passed unanimously.

VII. Action Item: Campus Housing Five-Year Prospective

The Campus Housing five-year prospective was presented by Dr. Joe Sherlin, Vice President for Student Life and Enrollment, and Laura Bailey, Associate Vice President, Facilities and Capital Planning. Housing rates for FY 2024-27 were also presented for approval.

The presentation included an overview of on-campus housing goals, as summarized below:

- The occupancy target for campus housing is 3500 students by 2026.
- Over the next several years, existing housing facilities will be renovated to make them more competitive and to enhance student living conditions.
- The housing program and student experience will encourage student involvement and success by promoting relationships with the institution, peers, and faculty.

Next, a summary of progress since the fall of 2020 was presented to the Trustees as follows:

- In fall 2022, housing occupancy increased from 45 percent to 100 percent capacity.
- Campus meal plan participation is at an all-time high of over 257 students.
- 150 beds that had been used for administrative purposes during the pandemic have been reclaimed. To support ETSU's learning communities, five faculty members, including the Honors Dean, have taken up housing in residence halls.
- A \$25 million renovation plan has been approved, focusing on existing facilities to bring them up to contemporary standards.
- The freshmen class size has increased by approximately 20 percent over the last two years.

Ms. Bailey stated that two independent consultants evaluated ETSU's housing portfolio and concluded that it merits an investment. The structures have solid construction and excellent infrastructure. Ms. Bailey also discussed recent renovations to Stone and Carter Halls. Future challenges as the university moves forward with the renovation and deferred maintenance plan, as noted below, were also discussed:

- Residence halls are currently at full capacity and ETSU will need to move into the occupancy management phase.

- The university will explore long-term lease agreements with off-campus partners to assist students in finding off-campus housing, particularly for upper-class students.
- Project management will be complex due to supply chain delivery delays.
- Powell Hall will undergo extensive renovations.
- High housing occupancy will be necessary to generate sufficient revenue for future building projects. Rental rates will remain low. Because ETSU's housing rates are significantly lower than those of its institutional peers, reasonable rate increases could be considered. A reduction in TSSBA debt service over the next few years will also provide additional funding for new construction opportunities and a new residence facility.
- COVID procedures for housing were discussed. At this time, students testing positive for COVID are encouraged to isolate at home, and if this is not possible, a number of rooms have been held in stock for students to isolate.
- Supply chain issues are leveling off, but it is expected that the university will continue to see challenges through the next two years.
- The university will lose a few rooms over the course of the renovations because ETSU is enhancing community spaces and providing for the overall experience.
- The university is observing an increase in graduate student and professional housing demand. This matter is being discussed and public/private partnerships for graduate and professional housing are under consideration.
- A discussion ensued around a suggestion to look at other universities and their public/private partnership models for off-campus housing and real estate. President Noland stated that Ms. Cathy Ball, the new city manager of Johnson City, and the leadership team would be presenting at the Board of Trustees meeting later in the day to walk through the development plan for the West Walnut Street Project. It is anticipated that Ms. Ball and her leadership team would discuss factors such as zoning regulations and other constraints on the corridor.

The proposed plan for housing rate increases for FY 2024-27 was submitted for approval. Furthermore, the proposed five-year prospective for Campus Housing was approved with the understanding that future adjustments to rates will be proposed based on renovation schedule and market and inflation analysis. Trustee Ramsey made the motion and Trustee Grisham seconded the motion. The motion passed unanimously.

VIII. Quarterly Financial Report

Dr. King presented the Quarterly Financial Reports as an informational item comparing information from June 2021 to June 2022.

A report of Financial Activities for State Educational and General Funds included:

- Revenue for unrestricted funds—Tuition and fee revenues decreased on both the Main Campus due to the out-of-state tuition reset and at the College of Pharmacy due to enrollment declines. State appropriations increased for all appropriation units. Revenues for grants and contracts increased.
- Expenditures for unrestricted funds—Salaries and benefits decreased due to actuarially determined pension expenses based on FY 2021. An increase in on-ground campus activities led to a rise in operating expenses. Capital expenditures increased due to in-kind gifts. Scholarship expenditures decreased primarily due to the out-of-state tuition and scholarship reset.

Financial Activities for Current Operating Funds (Unrestricted, Restricted, Auxiliaries funds) include:

- Revenues— Tuition and fees declined on main campus and College of Pharmacy. State Appropriations increased for three units. Other sources of income increased with the reopening of athletics operations and medical clinics. Auxiliaries increased.
- Expenditures - Salaries and benefits declined, driven by the pension expense entry that is based on actuarial data from FY21. Operating expenditures increased with campus-based activities. Capital decreased, primarily in restricted funds. Scholarships increased with student emergency HEERF grants.

The Statement of Net Position was presented to the committee with the following as items of emphasis:

- Cash and investments increased.
- Accounts receivable decreased due to HEERF payment for student outstanding balances in December 2021.
- Net pension asset is based on FY21 actuarial data and increased with the first-time recording of a net pension asset in the closed pension plan.
- Capital assets reflect a change in equipment and library holdings.
- Other assets include accrued loan interest receivable for the Perkins Loan funds, which are in the close-out phase.
- Deferred outflows for pensions and other post-employment benefits (OPEB) is based on FY 2021 performance. The primary driver for the change is the assumptions in the actuarial calculations.
- Accounts payable and accrued liabilities slightly increased.
- Student deposits increased.
- Long-term liabilities decreased with bond payments.
- Deposits held for others increased with hosting camps, conferences, and career fairs.
- Net pension liability was eliminated with the creation of net pension assets.

- Net position increased due to HEERF funds and pension activity.

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

Ryan Roberts, Director of Procurement and Contract Services, presented a list of agreements with amounts totaling \$250,000 or greater for the period of April-June, 2022.

X. Annual Foundation Update

Pam Ritter, Vice President for University Advancement, provided an update on the status of Foundation activities, including investment portfolio information and expenditures on behalf of the University. Highlights from the ETSU Foundation overview included:

- The net production goal for giving in FY 2021-22 was \$19.1 million. By raising \$24 million, the objective was surpassed by 26 percent (this did not include private giving). Private support gifts were \$18.9 million, bringing the total funds raised for FY 2021-22 to \$42.5 million.
- The Model Mill suites were purchased on a five-year lease-to-own basis, approximately equal to five years. The ETSU Foundation has also executed an agreement to purchase the University Plaza shopping complex located at 1735 West State of Franklin Road.
- The comprehensive campaign was completed in 2021-22 with a goal of \$120 million. The goal was exceeded, and the final numbers were revealed at the DPT/Campaign Celebration on October 7, 2022.
- Mini-campaigns to support infrastructure projects have begun.
- The market value for Foundation investments was \$102.7 million as of June 2022.

XI. Capital Projects and Facilities Update

Chief Operating Officer Jeremy Ross presented the committee with an update on Capital Planning and Design and Campus Operations. Mr. Ross presented information regarding ongoing design and construction projects including the East-West Axis, University Commons, Lamb Quad, Lamb Hall, New Academic Building Massing Concepts, Brown Hall, and Integrated Health Services Building.

Mr. Ross also noted that the Tennessee Higher Education Commission (THEC) requires public universities to engage in a master planning process every 10 years. The purpose of a campus master plan is to articulate the multi-year facility needs of an institution in order to accomplish the vision, goals, and objectives established within the institution's strategic

plan. He indicated that feedback would be sought from Board members during the planning process.

XII. Other Business

There were no other business items to discuss.

XIII. Adjournment

Committee Chair Steve DeCarlo adjourned the meeting at 10:20 a.m.

EAST TENNESSEE STATE UNIVERSITY
BOARD OF TRUSTEES

INFORMATION ITEM

DATE: November 18, 2022

ITEM: Presentation of Tuition Transparency Report

COMMITTEE: Finance and Administration Committee

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

Tennessee Code Annotated §49-7 was amended in 2018 and includes the following provision:

49-7-1604

By February 1 of each year, each governing board shall provide a report to the office of legislative budget analysis, for distribution to the general assembly, with information regarding expenditures of revenue derived from any tuition and fees increase in the previous full academic year. The report shall include how revenues were used, the effect on student financial aid, and the effect on the average total cost of attendance per student.

The report below will be delivered to the Office of Legislative Budget Analysis on behalf of the ETSU Board of Trustees.



Compliance with 2018 Public Acts, Chapter 614

Tuition Transparency and Accountability Act

T.C.A. §49-7-1604

By February 1 of each year, each governing board shall provide a report to the office of legislative budget analysis, for distribution to the general assembly, with information regarding expenditures of revenues derived from any tuition and fees increase in the previous full academic year. The report shall include how revenues were used, the effect on student financial aid, and the effect on the average total cost of attendance per student.

For Fiscal Year 2021-22	
Total Tuition and Mandatory Fee increase @ 15 credit hours	1.93%
Tuition Sources and Uses	
Tuition increase of 1.98% = \$2,000,000	
Effect of Average Cost of Attendance per student = \$75 per semester @ 15 credit hours	
Effect on Student Financial Aid = None	
Uses of Revenues	Dollars
Match requirement for salary improvement plus benefits	\$2,000,000

Other Mandatory Fees Sources and Uses	
Other Mandatory Fees increase of 1.72% = \$392,700; fee caps at 8 credit hours	
Effect of Average Cost of Attendance per student = \$16.50 per semester @ 8 credit hours	
Effect on Student Financial Aid = None	
Uses of Revenues	Dollars
SGA Fee– 1) significantly increase quality and number of campus concerts for student 2) increase funds for the SGA directed BUC Fund and 3) SAAC student organization funding.	\$309,400
Upgrade network to facilitate increased online activity, and increase technology network access control security.	\$83,300

EAST TENNESSEE STATE UNIVERSITY
BOARD OF TRUSTEES

ACTION ITEM

DATE: November 18, 2022

ITEM: Approval of Fiscal Year 2023 October Revised Budgets

COMMITTEE: Finance and Administration Committee

RECOMMENDED ACTION: Approve

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

In compliance with Tennessee Code Annotated 49-8-203 (a) (10 (C), ETSU Budget Control Policy requires three budgets be prepared each year and submitted to the Board of Trustees for approval. The university prepares budgets for the one formula funded unit (Main Campus), two non-formula units (College of Medicine and Family Medicine) and one self-funded unit (College of Pharmacy). The three budgets prepared each year are:

- 1) The proposed budget to fund the fiscal year beginning July 1;
- 2) The revised fall budget that is prepared after the fall enrollment cycle and financial statement preparation for the prior fiscal year; and
- 3) The estimated spring budget that is submitted at the same time as the proposed budget for the next fiscal year.

The Board will consider the October 2022 revisions to the 2022-23 budgets for the one formula funded unit, two non-formula units and one self-funded unit. During the April 22, 2022 meeting, the Board of Trustees adopted the proposed 2022-23 budgets for the university. The proposed budgets for the fiscal year are based on the estimates for revenue and expenditures as of the time the budget is prepared. The fall enrollment and adjusted appropriation figures for revenue budgets have been received, along with adjustments from fiscal year-end closing that provides for the carryforward of budgets for operational expenses. Contained within the October 2022 Revised budgets is a four percent salary enhancement for ETSU regular employees, with a floor of \$1,200 and a ceiling of \$7,000. Additionally, details of the original and revised budgets are outlined in the following materials.

MOTION: I move that the Board of Trustees adopt the October revisions to the 2022-23 university budget.

RESOLVED: Upon the recommendation of the Finance and Administration Committee, the Board of Trustees approves the university's October revisions to the 2022-23 university budget.

Main Campus October Revised Budget

	Actual 21-22	Original 22-23	October Revised	Increase (Decrease)
Revenue	\$267,701,640	\$276,650,300	\$283,651,600	\$7,001,300
<u>Expenditures and Transfers</u>				
Instruction	\$102,953,064	\$113,653,400	\$ 131,197,100	\$17,543,700
Research	3,329,497	5,290,900	9,953,600	4,662,700
Public Service	2,790,112	3,190,600	4,482,200	1,291,600
Academic Support	22,137,645	24,881,500	30,636,900	5,755,400
Student Services	25,423,013	26,210,900	29,561,300	3,350,400
Institutional Support	22,586,451	19,267,000	29,273,200	10,006,200
Facilities	19,671,648	19,354,000	20,373,800	1,019,800
Scholarships	30,457,781	29,994,400	29,811,900	(182,500)
Total before transfers	229,349,211	241,842,700	285,290,000	43,447,300
Debt Service	5,844,368	5,658,600	6,193,900	535,300
Non-Mandatory Transfers	(4,636,517)	2,972,500	3,160,500	188,000
Auxiliaries Exp & Tnfrs	25,572,161	25,926,000	28,631,700	2,705,700
Total	\$256,129,223	\$276,399,800	\$ 323,276,100	\$46,876,300

FT Unrestricted and Auxiliary Positions	Original 22-23	October Revised	Increase (Decrease)
Faculty	730	726	(4)
Administration	38	37	(1)
Maint/Tech/Support	467	460	(7)
Professional Support	551	561	10
Sub Total	1,786	1,784	(2)
Auxiliaries	45	45	-
Total	1,831	1,829	(2)

Personnel details –

Faculty	CAS (1); CBAT (1); Reclassified Prof Supp (2)
Administration	Provost (1)
Maint/Tech/Prof	Martin Ctr 2; Reclassified Prof Supp (9)
Prof Support	Reclassified 11; Coordinators (1)

Quillen College of Medicine October Revised Budget

	Actual 21-22	Original 22-23	October Revised	Increase (Decrease)
Revenue	\$67,535,014	\$73,117,500	\$73,737,200	\$619,700
<u>Expenditures and Transfers</u>				
Instruction	\$36,901,487	\$47,647,400	\$57,168,800	\$9,521,400
Research	3,151,176	7,350,900	4,185,700	(3,165,200)
Academic Support	6,949,023	9,277,700	9,759,800	482,100
Student Services	1,809,899	2,488,700	3,306,500	817,800
Institutional Support	3,452,723	3,935,700	4,368,500	432,800
Facilities	5,215,527	7,164,600	7,582,200	417,600
Scholarships	260,000	260,000	260,000	-
Total before transfers	57,739,835	78,125,000	86,631,500	8,506,500
Debt Service	95,407	105,900	105,900	-
Non-Mandatory Transfers	6,265,115	(5,213,200)	(11,340,400)	(6,127,200)
Total	\$64,100,357	\$73,017,700	\$ 75,397,000	\$2,379,300

FT Unrestricted Positions	Original 22-23	October Revised	Increase (Decrease)
Faculty	161	165	4
Administration	6	5	(1)
Maint/Tech/Support	108	108	-
Professional Support	96	96	-
Total	371	374	3

Family Medicine October Revised Budget

	Actual 21-22	Original 22-23	October Revised	Increase (Decrease)
<u>Revenue</u>	\$19,596,819	\$18,526,700	\$19,368,500	\$841,800
<u>Expenditures and Transfers</u>				
Instruction	\$12,856,016	\$12,651,200	\$ 13,790,400	\$1,139,200
Research	134,414	287,500	263,700	(23,800)
Academic Support	3,476,060	3,902,400	3,989,800	87,400
Institutional Support	1,476,966	1,663,400	1,648,600	(14,800)
Facilities	387,633	405,000	657,900	252,900
Total before transfers	18,331,089	18,909,500	20,350,400	1,440,900
Non-Mandatory Transfers	1,183,000	(372,700)	(856,100)	(483,400)
<u>Total</u>	\$19,514,089	\$18,536,800	\$19,494,300	\$957,500

FT Unrestricted Positions	Original 22-23	October Revised	Increase (Decrease)
Faculty	32	30	(2)
Administration	-	-	-
Maint/Tech/Support	52	51	(1)
Professional Support	30	31	1
<u>Total</u>	114	112	(2)

Gatton College of Pharmacy October Revised Budget

	Actual 21-22	Original 22-23	October Revised	Increase (Decrease)
Revenue	\$10,168,630	\$8,286,500	\$8,447,100	\$160,600
<u>Expenditures and Transfers</u>				
Instruction	\$5,575,416	\$5,782,400	\$ 6,421,800	\$639,400
Research	123,827	99,800	461,500	361,700
Public Service	-	-	470,000	470,000
Academic Support	1,361,854	1,466,100	1,567,500	101,400
Student Services	559,468	663,300	841,000	177,700
Institutional Support	509,084	515,400	548,600	33,200
Facilities	396,872	343,400	446,700	103,300
Scholarships	185,372	13,000	-	(13,000)
Total before transfers	8,711,893	8,883,400	10,757,100	1,873,700
Debt Service	675,123	672,900	673,100	200
Non-Mandatory Transfers	849,956	(1,269,800)	(498,800)	771,000
Total	\$10,236,972	\$8,286,500	\$ 10,931,400	\$2,644,900

FT Unrestricted Positions	Original 22-23	October Revised	Increase (Decrease)
Faculty	30	29	(1)
Administration	2	1	(1)
Maint/Tech/Support	12	12	-
Professional Support	12	12	-
Total	56	54	(2)

EAST TENNESSEE STATE UNIVERSITY
BOARD OF TRUSTEES

ACTION ITEM

DATE: November 18, 2022

ITEM: Naming of the Millennium Center Building

COMMITTEE: Finance and Administration Committee

RECOMMENDED ACTION: Approve

PRESENTED BY: Pam Ritter
Vice President for University Advancement

Graduates from the ETSU College of Business and Technology have achieved prominent roles in business, industry, and technology including, one of ETSU's most distinguished graduates, Mr. James Brinkley.

Mr. Brinkley attended the University School at ETSU, and it was on our campus where he first met his future wife, Nellie. He began his academic journey at what was then East Tennessee State College. His education was interrupted by service in the United States Navy, and after serving in the Pacific and receiving an honorable discharge, he returned to campus and completed his undergraduate degree in business administration in 1960. For 25 years, James worked with the Social Security Administration in Tennessee, Alabama, and Florida, and Nellie became a real estate agent.

The Brinkleys were awarded the 2010 Tennessee Board of Regents' Award for Excellence in Philanthropy for their devoted support to ETSU. In 2012, James was honored with the Outstanding Alumnus award from ETSU, and was later inducted into the College of Business and Technology Hall of Fame.

The lifetime giving of James and Nellie Brinkley to ETSU is approximately \$8 million. Through their estate planning, both James and Nellie have provided scholarship opportunities to ETSU students, particularly those who struggle to meet their educational costs. Staff recommends that the Millennium Center, home to programs offered by the College of Business and Technology, be renamed as the *James and Nellie Brinkley Center* in honor of their steadfast philanthropic support.

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

RESOLVED: Upon the recommendation of the Finance and Administration Committee, the name of the East Tennessee State University Millennium Center shall be the James and Nellie Brinkley Center in recognition of the significant contributions of the Brinkleys.



EAST TENNESSEE STATE
UNIVERSITY



James and Nellie Brinkley

Naming Request

About James and Nellie Brinkley

- The late James Brinkley spent 25 years working for Social Security Administration.
- The late Nellie Brinkley served as a real estate agent.
- Together, they developed a manufactured home community in Orange Park, Florida.
- The couple also operated several car washes.



EAST TENNESSEE STATE
UNIVERSITY

About James and Nellie Brinkley

- Met on campus where James was a student at University School.
- James entered ETSC, but left to serve in U.S. Navy.
- After receiving Honorable Discharge, he returned and completed his undergraduate degree in Business Administration.



Champions for Higher Education

- Lifetime giving to ETSU is approximately \$8 million.
- Created scholarships to assist students, particularly those who had difficulty in financing their education.



Recognition of Generosity

- Tennessee Board of Regents' Award for Excellence in Philanthropy (2010)
- James Brinkley – Outstanding Alumnus (2012)
- James Brinkley – College of Business and Technology Hall of Fame (2016)



Millennium Center

- ETSU assumed ownership in 2018
- Teaching facility for College of Business and Technology
- Still used as an events space



James and Nellie Brinkley Center



EAST TENNESSEE STATE UNIVERSITY
BOARD OF TRUSTEES

INFORMATION ITEM

DATE: November 18, 2022

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

COMMITTEE: Finance and Administration Committee

PRESENTED BY: Ryan Roberts
Director of Procurement and Contract Services

Included in the meeting materials are a list of agreements with amounts totaling \$250,000 or greater for the period of July 2022 – September 2022. This report does not include contracts or agreements associated with revenue, software/systems maintenance agreements, contracts with the federal government, and construction projects which are approved through the State Building Commission.

July - September 2022

Contracts / Purchase Orders over \$250,000

Contract/ PO Date		Contractor	Description of Services/Products	Contract / PO Amount	\$ Annual Contract	Competitive	Fiscal Review Approval
Start	End						
07/01/22	06/30/25	Highstreet IT Solutions	RFP – ERP implementation	\$8,272,860/ 3 yrs	\$2,757,620	Yes	N/A – Bid
07/01/22	06/30/23	Workspace Interiors	Lamb Hall Renovations – furniture	\$585,643	\$585,643	Yes	N/A - Bid
07/01/22	01/20/25	Medical Education Assistance Corp	College of Nursing electronic health record and billing services	\$581,043/ 3 yrs	\$232,417	No	N/A Exempt
07/01/22	06/30/27	Premier Transportation LLC	Motor coach transportation	\$2,100,000	Per trip PO basis	Yes	N/A - Bid
09/06/22	09/05/22	PLAE Vertical Inc	Flooring removal and installation – 2 rooms in Center for Physical Activity	\$262,607	\$262,607	Yes	N/A - Bid

RFI/RFPs – In-Process and Upcoming

Security Services for Athletics and Housing

This report does not include contracts or agreements associated with revenue, software/systems maintenance agreements, contracts with the federal government, and construction projects which are approved through the State Building Commission.

EAST TENNESSEE STATE UNIVERSITY
 BOARD OF TRUSTEES
INFORMATION ITEM

DATE: November 18, 2022

ITEM: Quarterly Financial Update

COMMITTEE: Finance and Administration Committee

PRESENTED BY: B.J. King
 Chief Financial Officer

The tables below summarize financial activities for the university through September of fiscal year 2022-23. The comparison is current year to prior year for the same three-month period.

Table 1 – Unrestricted E&G Revenues by Unit and Revenue Source

Unrestricted E&G Year-to-Year Comparisons Year-to-Date 9-30-2021 & 9-30-2022				
	FY2021-22	FY2022-23	Change	
			\$	%
REVENUES				
By Appropriation Unit				
Main Campus	\$98,605,464.00	\$102,511,408.50	\$3,905,944.50	3.96%
Medicine/Family Med	21,687,147.52	20,914,542.35	(772,605.17)	(3.56%)
Pharmacy	4,978,427.91	4,118,663.25	(859,764.66)	(17.27%)
TOTAL REVENUE	\$125,271,039.43	\$127,544,614.10	\$2,273,574.67	1.81%
By Revenue Source				
Tuition and Fees	\$84,781,403.40	\$83,304,889.02	(\$1,476,514.38)	(1.74%)
State Appropriations	31,828,700.00	35,893,880.00	4,065,180.00	12.77%
Grants, Contracts, Gifts	341,399.05	690,446.35	349,047.30	102.24%
Other	8,319,536.98	7,655,398.73	(664,138.25)	(7.98%)
TOTAL REVENUE	\$125,271,039.43	\$127,544,614.10	\$2,273,574.67	1.81%

Table 2 – Unrestricted E&G Expenditures by Appropriation Unit and Classification

Unrestricted E&G				
Year-to-Year Comparisons				
Year-to-Date 9-30-2021 & 9-30-2022				
	FY2021-22	FY2022-23	Change	
			\$	%
EXPENDITURES				
By Appropriation Unit				
Main Campus	\$64,622,605.72	\$66,872,204.68	\$2,249,598.96	3.48%
Medicine/Family Med	19,206,602.82	19,780,111.45	573,508.63	2.99%
Pharmacy	2,376,105.75	2,136,990.59	(239,115.16)	(10.06%)
TOTAL EXPENSE	\$86,205,314.29	\$88,789,306.72	\$2,583,992.43	3.00%
By Natural Classification				
Salaries & Benefits	\$58,855,575.31	\$61,530,572.86	\$2,674,997.55	4.55%
Operating	11,988,403.49	12,907,601.20	919,197.71	7.67%
Capital/Equipment	299,830.80	163,697.58	(136,133.22)	(45.40%)
Scholarships/Fellowships	15,068,304.89	13,947,269.71	(1,121,034.98)	(7.44%)
Transfers to Other Funds	(6,800.00)	240,165.37	246,965.37	3432%
TOTAL EXPENSE	\$86,205,314.29	\$88,789,306.72	\$2,583,992.43	3.00%
By Functional Classification				
Instruction	\$40,096,816.42	\$41,305,362.17	\$1,208,545.75	3.01%
Research	1,233,898.49	1,801,238.20	567,339.71	45.98%
Public Services	502,416.79	736,495.77	234,078.98	46.59%
Academic Support	8,761,007.52	8,789,587.06	28,579.54	0.33%
Student Services	7,387,803.41	7,991,900.75	604,097.34	8.18%
Institutional Support	6,955,523.33	7,757,846.40	802,323.07	11.54%
Physical Plant	6,206,367.64	6,219,441.29	13,073.65	0.21%
Scholarships/Fellowships	15,068,280.69	13,947,269.71	(1,121,010.98)	(7.44%)
Transfers to Other Funds	(6,800.00)	240,165.37	246,965.37	3432%
TOTAL EXPENSE	\$86,205,314.29	\$88,789,306.72	\$2,583,992.43	3.00%

Table 3 – Current Operating Funds Revenues by Fund Type and Revenue Source

**Current Operating Funds (Unrestricted/Auxiliaries/Restricted)
Year-to-Year Comparisons
Year-to-Date 9-30-2021 & 9-30-2022**

	FY2021-22	FY2022-23	Change	
			\$	%
REVENUES				
By Current Fund Type				
Unrestricted E&G	\$125,271,039.43	\$127,544,614.10	\$2,273,574.67	1.81%
Auxiliaries	12,393,937.92	14,302,170.92	1,908,233.00	15.40%
Restricted Funds	42,137,897.21	53,848,840.03	11,710,942.82	27.79%
TOTAL REVENUE	\$179,802,874.56	\$195,695,625.05	\$15,892,750.49	8.84%
REVENUES				
By Revenue Sources				
Tuition and Fees	\$85,260,206.61	\$83,791,346.14	(\$1,468,860.47)	(1.72%)
State Appropriations	31,955,200.00	36,024,180.00	4,068,980.00	12.73%
Grants, Contracts, Gifts	41,668,467.23	53,734,824.18	12,066,356.95	28.96%
Other	8,525,062.80	7,843,103.81	(681,958.99)	(8.00%)
Auxiliaries	12,393,937.92	14,302,170.92	1,908,233.00	15.40%
TOTAL REVENUE	\$179,802,874.56	\$195,695,625.05	\$15,892,750.49	8.84%

Table 4 – Current Operating Funds Expenditures by Fund Type and Classification

Current Operating Funds (Unrestricted/Auxiliaries/Restricted)				
Year-to-Year Comparisons				
Year-to-Date 9-30-2021 & 9-30-2022				
	FY2021-22	FY2022-23	Change	
			\$	%
EXPENDITURES				
By Current Fund Type				
Unrestricted E&G	\$86,205,314.29	\$88,789,306.72	\$2,583,992.43	3.00%
Auxiliaries	1,321,025.48	2,189,986.68	868,961.20	65.78%
Restricted Funds	41,972,749.94	38,384,746.47	(3,588,003.47)	(8.55%)
TOTAL EXPENSE	\$129,499,089.71	\$129,364,039.87	(\$135,049.84)	(0.10%)
EXPENDITURES				
By Natural Classification				
Salaries & Benefits	\$68,256,812.43	\$72,382,621.74	\$4,125,809.31	6.04%
Operating	16,599,348.39	18,868,729.50	2,269,381.11	13.67%
Capital/Equipment	299,830.80	213,868.40	(85,962.40)	(28.67%)
Scholarships/Fellowships	44,344,998.09	37,647,907.07	(6,697,091.02)	(15.10%)
Transfers to Other Funds	(1,900.00)	250,913.16	252,813.16	13106%
TOTAL EXPENSE	\$129,499,089.71	\$129,364,039.87	(\$135,049.84)	(0.10%)
EXPENDITURES				
By Functional Classification				
Instruction	\$41,205,447.32	\$42,462,205.61	\$1,256,758.29	3.05%
Research	3,566,383.91	4,855,815.54	1,289,431.63	36.16%
Public Services	9,405,187.79	10,841,538.65	1,436,350.86	15.27%
Academic Support	8,795,878.43	8,873,717.83	77,839.40	0.88%
Student Services	7,612,634.44	8,137,844.28	525,209.84	6.90%
Institutional Support	7,338,447.99	8,130,824.68	792,376.69	10.80%
Physical Plant	6,261,271.75	6,259,866.82	(1,404.93)	(0.02%)
Scholarships/Fellowships	43,994,712.60	37,361,326.62	(6,633,385.98)	(15.08%)
Transfers to Other Funds	(1,900.00)	250,913.16	252,813.16	13106%
Auxiliaries	1,321,025.48	2,189,986.68	868,961.20	65.78%
Aux Trsfrs to Other Funds	-	-	0	0.0%
TOTAL EXPENSE	\$129,499,089.71	\$129,364,039.87	(\$135,049.84)	(0.10%)

Table 5 – Statement of Net Position - All Funds

STATEMENT OF NET POSITION
Year-to-Date 9-30-2021 & 9-30-2022

	Education and General Funds	Agency, Loan & Endow. Funds	Plant Funds	Total YTD FY23	Total YTD FY22
ASSETS					
Cash	\$108,754,484.17	\$18,063,118.98	\$114,197,542.33	\$241,015,145.48	\$176,247,272.59
Investments	48,899,058.15		13,600,000.00	62,499,058.15	64,398,753.31
Accounts Receivable	26,444,496.70	1,463,954.88		27,908,451.58	31,011,652.17
Prepaid Exp & Inventories	(18,696,670.69)			(18,696,670.69)	(3,856,931.80)
Net Pension Asset	14,640,776.00			14,640,776.00	856,288.00
Capital Assets			409,078,747.72	409,078,747.72	403,525,929.95
Other Assets	99,455.27	482,625.95	23,011.42	605,092.64	1,000,024.22
Total Assets	180,141,599.60	20,009,699.81	536,899,301.47	737,050,600.88	673,182,988.44
DEFERRED OUTFLOW					
Bond Refunding	-	-	6,079,722.00	6,079,722.00	7,534,664.50
Pensions	28,227,492.46	-	-	28,227,492.46	12,941,180.00
OPEB	7,257,809.00	-	-	7,257,809.00	6,669,617.00
Total Def Outflows	35,485,301.46	-	6,079,722.00	41,565,023.46	27,145,461.50

	Education and General Funds	Agency, Loan & Endow. Funds	Plant Funds	Total YTD FY23	Total FY22
LIABILITIES					
Accounts Payable	2,658,221.16	1,228.88	41,586.52	2,701,036.56	4,224,393.22
Accrued Liabilities	22,580,072.85	-	805,032.83	23,385,105.68	25,474,385.98
Student Deposits	807,222.41	17,076.00	-	824,298.41	571,103.96
Unearned Revenue	229,435.65	-	-	229,435.65	(216,513.15)
Compensated Absences	17,759,138.74	-	-	17,759,138.74	17,194,769.72
Long-term Liabilities	-	-	167,336,048.68	167,336,048.68	177,000,465.12
Deposits Held for Others	-	1,535,155.49	-	1,535,155.49	1,333,517.18
Net Pension Liability	-	-	-	-	35,180,898.00
Due to Grantors	-	3,611,607.13	-	3,611,607.13	4,359,362.13
Total Liabilities	44,034,090.81	5,165,067.50	168,182,668.03	217,381,826.34	265,122,382.16
DEFERRED INFLOWS					
Bond Refunding	-	-	77,123.59	77,123.59	453,137.38
Pensions	49,246,318.00	-	-	49,246,318.00	704,883.00
Leases	-	-	294,302.92	294,302.92	-
OPEB	9,470,524.00	-	-	9,470,524.00	9,820,146.00
Total Def Inflows	58,716,842.00	-	371,426.11	59,088,268.11	10,978,166.38
NET POSITION					
Net Investment in Capital	-	-	247,745,297.45	247,745,297.45	233,655,104.14
Restricted Net Position	15,813,931.84	-	13,535,895.61	29,349,827.45	32,541,074.91
Unrestricted Net Position	97,062,036.41	14,844,632.31	113,143,736.27	225,050,404.99	158,031,722.35
Total Net Position	\$112,875,968.25	\$14,844,632.31	\$374,424,929.33	\$502,145,529.89	\$424,227,901.40

EAST TENNESSEE STATE UNIVERSITY
BOARD OF TRUSTEES

INFORMATION ITEM

DATE: November 18, 2022

ITEM: Budget Model and Operational Efficiency Assessment Update

COMMITTEE: Finance and Administration Committee

PRESENTED BY: Dr. Michael Hoff
University Chief Planning Officer and Vice Provost of Planning and Decision Support

An outcome of the Committee for 125 Chapter II process was the identification of the need for the university to review its internal budget model and current operations to identify areas for improvement. Since March of 2022, ETSU has been engaged with Huron Consulting to conduct a review of the current internal budget model and overall operations of the institution in order to recommend changes in process and structures that would yield efficiencies. These efforts will ensure that ETSU is positioned to implement strategic initiatives through the remainder of the 2016-2026 planning cycle.

This review included two steering committees comprised of ETSU faculty, staff, and administrators. One steering committee focused on a Resource Allocation Assessment, and the second committee focused on the operational efficiency assessment. The project was led by Dr. Brian Noland (President) as the executive sponsor, Dr. Kimberly McCorkle (Provost & SVP of Academics), Dr. B.J. King (CFO), Dr. Joe Sherlin, (VP Student Life and Enrollment), and Jeremy Ross (COO) as project sponsors.

Dr. Hoff will update the committee on the review process, recommendations for change, and next steps including governance structure for implementing the recommendations.

Budget Model and Operational Efficiency Assessment Update

East Tennessee State University Board of Trustees
November 18, 2022



NOVEMBER 2022

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Budget and Operational Efficiency Assessment Objectives

ETSU leadership engaged Huron Consulting Group to identify opportunities for improvement in preparation for the upcoming ERP transformation.



Evaluate Budget Development Processes

- **Evaluate** model processes, mechanics, and methodology supporting **central, strategic and capital funding mechanisms**.
- **Discuss and document** relevant **model management infrastructure** including policy, governance, and reporting.



Identify Opportunities for Improvement

- Conduct a **diagnostic review** of operations to assess potential opportunities for efficiency.
- Understand the **strengths and weaknesses** of the current operations.
- Identify areas to better align operations to **support employees** and increase **quality control**.



Develop Roadmap and Implementation Approach

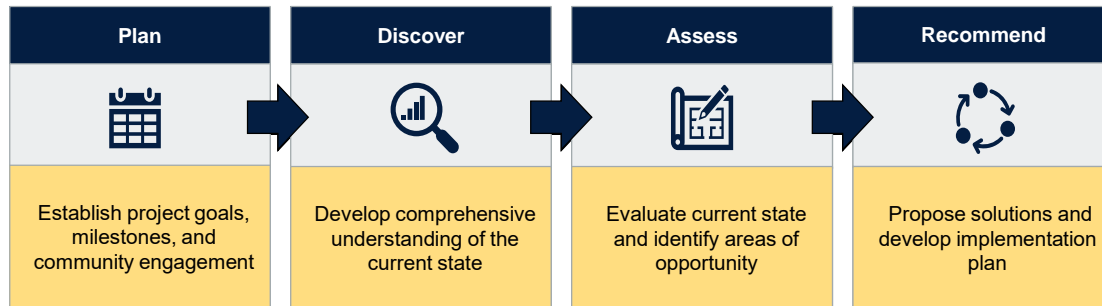
- **Leverage** stakeholder input to **identify opportunities**.
- **Develop a roadmap and approach** detailing timeline, potential roadblocks, stakeholder involvement, and other criticalities for each recommendation.

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Timeline and Key Activities

The Budget and Operational Efficiency Assessment culminated in a comprehensive current state assessment and the identification and prioritization of opportunities to consider. ETSU engaged Huron through the opportunity identification activities (March – August 2022).



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ETSU Campus Engagement

The Budget Model and Operational Efficiency Assessment engaged individuals across the community through various mediums.



Engaging the community throughout the project prepares the institution for change management effort during the upcoming ERP transformation.

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Governance Structure

Huron worked closely with ETSU leadership to identify opportunities for improvement across a broad range of functional areas.

Initiative	Resource Allocation (Budget) Assessment	Operational Efficiency Assessment
Executive Sponsor	President Brian Noland	
Project Sponsors <i>Provide overall direction and make key decisions</i>	<ul style="list-style-type: none"> • Dr. BJ King*, <i>Chief Financial Officer for Business and Finance</i> • Jeremy Ross*, <i>Chief Operating Officer</i> • Dr. Joe Sherlin, <i>Vice President for Student Life and Enrollment</i> • Dr. Kimberly McCorkle*, <i>Provost and Senior Vice President for Academics</i> 	
Steering Committee <i>Vet initial recommendations and assist in institution-wide buy in</i>	<ul style="list-style-type: none"> • David Finney, <i>Dir. of Fiscal Affairs, Adv. Services</i> • Laura Bailey, <i>Assoc. Vice President Facilities Mgmt.</i> • Dr. Karin Keith, <i>Professor and Chair in Dept. of Curriculum and Instruction in Clemmer College</i> • Kristy Buchanan, <i>Assistant Dean for Fiscal Affairs, College of Business and Technology</i> • Dr. Mike Hoff*, <i>Vice Provost for Decision Support and University Chief Planning Officer</i> • Mark Proffitt, <i>Assistant Dean for Budget and Planning, College of Arts and Sciences</i> • Dr. Randy Wykoff, <i>Dean, College of Public Health</i> • Dr. Sharon James McGee, <i>Dean of Graduate Studies</i> • Stephen Hendrix, <i>Past President, Faculty Senate</i> 	<ul style="list-style-type: none"> • Dr. Don Samples, <i>Dean, College of Clinical and Rehabilitative Health Sciences</i> • Dr. Jim Harlan, <i>AFG Chair of Excellence in Business & Tech.</i> • Dr. Karen King, <i>Chief Information Officer</i> • Dr. Leah Adinolfi, <i>Dean of Student Engagement and Director of Assessment</i> • Lori Erickson, <i>Assistant Vice President for HR</i> • Michel Beaver, <i>Associate Vice President, Tax & Revenue Services</i> • Dr. Mike Hoff*, <i>Vice Provost for Decision Support and University Chief Planning Officer</i> • Dr. Nick Hagemeyer, <i>Vice Provost for Research and Chief Research Officer</i>

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Recognizing ETSU Institutional Strengths

Huron met with 48 stakeholders – several of which were engaged multiple times – across a variety of academic and administrative units at ETSU, which led to the identification of observed strengths and areas of opportunity.

Unique Programs

Stakeholders spoke highly of ETSU's unique programs, such as Appalachian Studies, that are a differentiator for students and faculty.

Commitment to ETSU

Individuals demonstrated a commitment to ETSU and recognized change is a necessary component to assure a vibrant future for the university.



Willingness to Adapt

Stakeholders spoke to a willingness of units to address changing needs and demands of students (e.g., launching of new programs).

Student Diversity

Employees expressed a strong commitment to diversity recruitment efforts, with 84% of students receiving some type of financial assistance.

Student Wellbeing

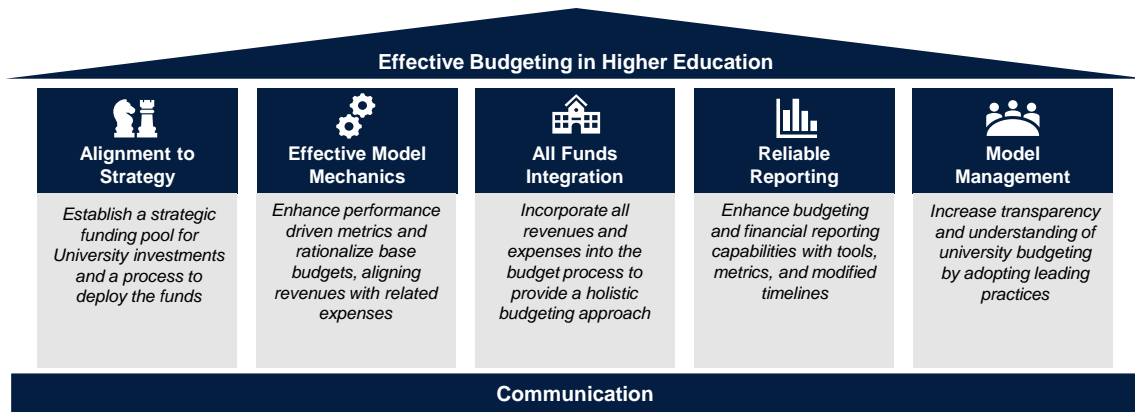
Individuals have ETSU's students and local community in mind while making decisions and are focused on ensuring the well being of the entire ETSU community.

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Budget Model Assessment Outcomes

Building on the foundation of transparency and unit fiscal accountability established during the 2017 model implementation, the budget assessment was centered around the pillars of leading practices for effective resource allocation.

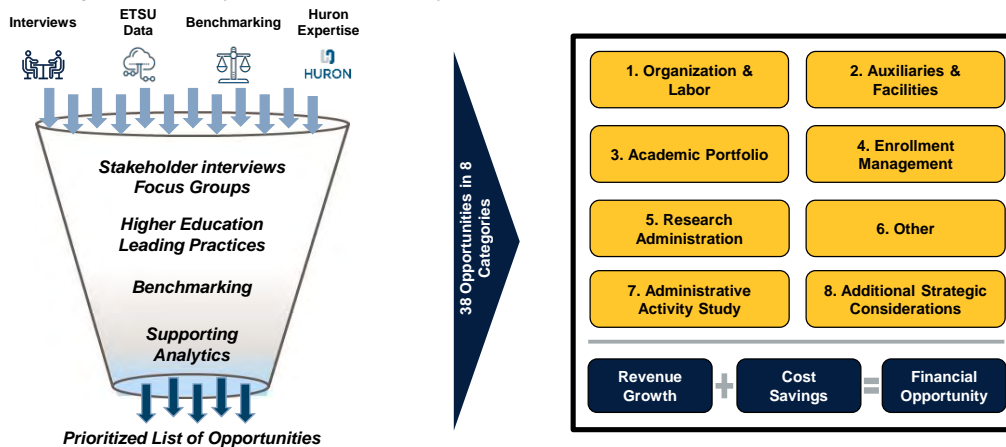


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Operational Efficiency Assessment Outcomes

Huron leveraged stakeholder interviews, financial and operating data, internal and external benchmarking, and industry expertise to identify 38 opportunities.



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Strategic Plan Alignment

The opportunities identified in the Budget Model and Operational Efficiency Assessment support and strengthen ETSU's 7 strategic goals.

Empower Employees

Provide employees opportunities to develop new skillsets, further careers, and make ETSU a great place to learn, work, and grow.

Support Strategic Growth

Encompass all facets of the student experience both inside and outside the classroom.

Fiscal Sustainability

Formulate strategies and actions to sustain the programs and infrastructure necessary to meet the core components of ETSU's mission.



Lead the Region

Sustain the strong engagement and service that already exists between the University and community.

Support Teaching Excellence

Strengthen the connection between curriculum and resource allocation.

Ensure Diversity & Inclusion

Improve recruitment, hiring, and retention of employees.

Expand Scholarly Innovation

Establish a collaboratively prioritized approach, and incentivizing behaviors at the institutional level will be critical.






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Strategic Plan information utilizes a combination of the ETSU's Strategic Plan, and Committee for 125 Chapter II.

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ETSU Prioritized Opportunities

Budget Model Optimization	Re-establish the base budgets and further simplify the performance-driven adjustments
Enhancing Services / Title Class & Comp.	Design a sustainable organizational structure to increase quality control
Academic Portfolio Analysis	Evaluate current cost to educate, enhance program offerings, and align current academic offering positioning within the market
Strategic Enrollment Plan	Develop a robust strategic enrollment plan to allow ETSU flexibility and growth within the enrollment market
Research Administration	Optimize research administration operations to further ETSU's Strategic Plan and associated research goals
Housing Transformation	Continue to identify areas of opportunity for the student experience (including housing)

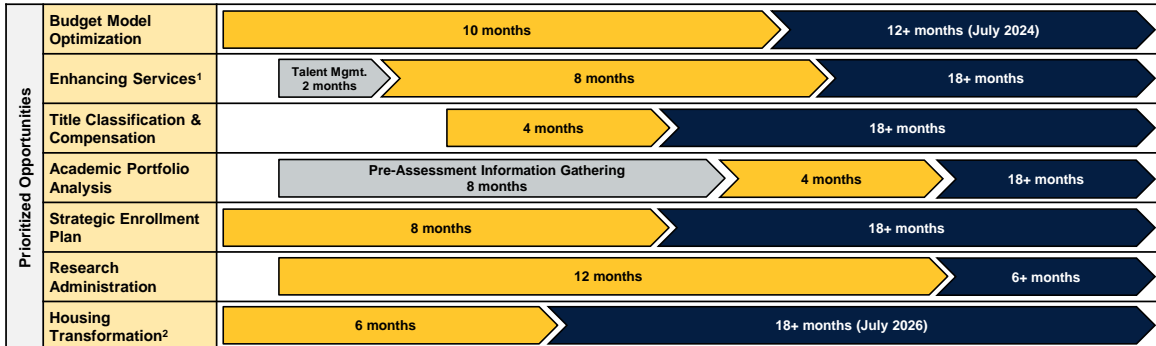
-  **Yield Cost Savings and Efficiencies**
-  **Advance Career Pathing and Enhance Training and Engagement**
-  **Enhance Brand Recognition and Community Engagement**
-  **Make Data-Driven Decisions**
-  **Build Towards Strategic Goals Through Increased Input**

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Timeline to Realization (Prioritized Opportunities)

Planning and design of the prioritized opportunities will begin in November of 2022. Implementation is expected to take between 24 and 36 months.



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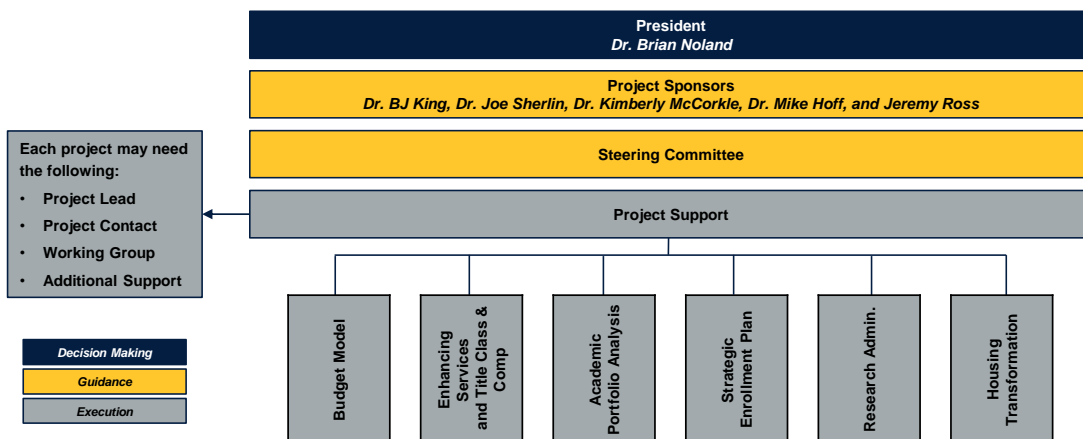
¹ Enhancing Services Assessment / Design will include Pre-Implementation Planning.
² Housing Transformation conversations at ETSU began July 2022 and will end July 2026.

Assessment / Design Implementation

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Project Management Structure

In order to successfully implement the selected opportunities, ETSU should utilize existing governance groups and create strong program support channels.



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Next Steps

ETSU will engage in the following immediate next steps.

1. Confirm a **clear understanding of the prioritized opportunities** and proposed roadmaps for assessment, design, and implementation.
2. **Develop detailed initiative timelines, establish milestones, and sequence execution** to ensure an appropriate assessment, design, and implementation pace that achieves the University's target in a timely manner.
3. Create a **project management structure** to guide the implementation process, measure success, and iterate where there are roadblocks / limitations.
4. Identify **resources that will drive the change** and execute upon each opportunity. These individuals will be held accountable for realizing cost savings in the targeted timeframes.
5. Develop a detailed **change management and change leadership plan** to ensure effective communication, accountability, and measurable results.

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EAST TENNESSEE STATE UNIVERSITY
BOARD OF TRUSTEES
FINANCE AND ADMINISTRATION COMMITTEE

MINUTES

November 18, 2022
Johnson City, Tennessee

The East Tennessee State University Board of Trustees' Finance and Administration Committee met on Friday, November 18, 2022, at 9:30 a.m. in the East Tennessee Room of the D.P. Culp Student Center.

I. Call to Order

Trustee Ron Ramsey called the meeting to order at 9:30 a.m.

II. Roll Call

Board Secretary Dr. Adam Green led the roll call.

Committee members present were:

Trustee Allen Archer

Trustee Dorothy Grisham

Trustee Dr. Linda Latimer

Trustee Dr. Lisa Piercey

Trustee Ron Ramsey

Absent: Trustees Charles Allen and Committee Chair Steve DeCarlo

Trustees Dr. Virginia Foley and Melissa Steagall-Jones also participated in the meeting.

Dr. Green informed the acting committee chair that a quorum was present.

III. Approval of the Finance and Administration Committee Minutes from September 16, 2022

The minutes from the September 16, 2022, meeting of the Finance and Administration Committee were approved as submitted with Board Chair Dr. Linda Latimer making the motion and Trustee Grisham seconding the motion. The motion passed unanimously.

IV. Presentation of Tuition Transparency Report

Staff provided the committee with the institution's annual Tuition Transparency Act Report. In accordance with Tennessee Code Annotated §49-7-1604, the report, included in the agenda materials, will be provided to the Tennessee General Assembly by February 1, 2023.

V. Action Item: Approval of Fiscal Year 2023 October Revised Budgets

In compliance with Tennessee Code Annotated 49-8-203 (a) (10 (C)), ETSU Budget Control Policy requires three budgets be prepared each year and submitted to the Board of Trustees for approval. The university prepares budgets for the one formula funded unit (Main Campus), two non-formula units (College of Medicine and Family Medicine) and one self-funded unit (College of Pharmacy).

Staff presented ETSU's revised October budgets for committee members' consideration. Fall enrollment and adjusted appropriation figures for revenue budgets were revised, along with adjustments from fiscal year-end closing that provides for the carryforward of budgets for operational expenses. Contained within the October 2022 Revised budgets is a four percent salary enhancement for ETSU regular employees with a floor of \$1,200 and a ceiling of \$7,000. Details of the original and revised budgets were included in agenda materials.

Following the presentation, Trustee Steagall-Jones asked a question to clarify whether the budget numbers presented reflected unrestricted or restricted funds. Dr. BJ King responded that the budget presentation included only unrestricted E&G funds and does not include restricted or plant funds.

There was no further discussion by the committee. Trustee Grisham made a motion to approve the budget. Board Chair Latimer seconded. The motion passed unanimously.

VI. Action Item: Naming of the Millennium Center Building

Staff presented a request for naming of the Millennium Center Building in recognition of the achievements and contributions of business leader and ETSU alumnus Mr. James Brinkley and his wife, Nellie. Staff recommended that the Millennium Center, home to programs offered by the College of Business and Technology, be renamed as the *James and Nellie Brinkley Center*. Committee discussion centered on acknowledging Mr. Brinkley's outstanding legacy of service. Trustee Grisham made a motion to approve. Board Chair Latimer seconded. The motion passed unanimously.

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

Staff presented a list of agreements with amounts totaling \$250,000 or greater for the period of June-August, 2022.

VIII. Quarterly Financial Report

Staff presented the Quarterly Financial Reports as an informational item comparing information from September 2021 to September 2022. The presentation included an overview of revenues and expenditures for the unrestricted, restricted, and auxiliary funds and included figures for the main campus, medicine, and pharmacy budget units. Detailed information is located in the committee agenda materials.

IX. Budget Model and Operational Efficiency Update

Dr. Mike Hoff provided an update on staff efforts to review the university budget model and streamline operations, both of which were identified as priorities by the Committee for 125 Chapter II. Since March 2022, ETSU has been engaged with Huron Consulting to conduct a review of the current internal budget model and overall operations of the institution in order to recommend changes in process and structures that would yield efficiencies. Dr. Hoff outlined the following goals for this process:

- Yield Cost Savings and Efficiencies
- Advance Career Pathing and Enhance Employee Training and Engagement
- Enhance Brand Recognition and Community Engagement
- Make Data-Driven Decisions
- Build Towards Strategic Goals Through Increased Input

Strategic priorities to support these goals include:

- Optimize the Budget Model
- Enhance Centralized Services
- Analyze and Update the Academic Portfolio
- Refine the Strategic Enrollment Plan
- Enhance Research Administration
- Undertake Housing Transformation

These projects will be advised by ETSU's existing governance groups and supported through executive sponsors, a steering committee, and project work groups.

Following Dr. Hoff's presentation, Trustee Grisham emphasized the university's goal of increasing community engagement as a top priority.

X. Committee Discussions

There was no additional discussion.

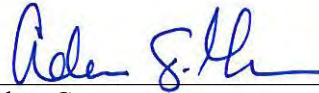
XI. Other Business

No other committee business was brought forward.

XII. Adjournment

The committee was adjourned by Trustee Ramsey.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Adam Green", is written over a horizontal line.

Adam Green
Secretary of the Board of Trustees

Approved by the Board of Trustees at its February 17, 2023 meeting.

EAST TENNESSEE STATE UNIVERSITY
BOARD OF TRUSTEES

INFORMATION ITEM

DATE: November 18, 2022

ITEM: Budget Model and Operational Efficiency Assessment Update

COMMITTEE: Finance and Administration Committee

PRESENTED BY: Dr. Michael Hoff
University Chief Planning Officer and Vice Provost of Planning and Decision Support

An outcome of the Committee for 125 Chapter II process was the identification of the need for the university to review its internal budget model and current operations to identify areas for improvement. Since March of 2022, ETSU has been engaged with Huron Consulting to conduct a review of the current internal budget model and overall operations of the institution in order to recommend changes in process and structures that would yield efficiencies. These efforts will ensure that ETSU is positioned to implement strategic initiatives through the remainder of the 2016-2026 planning cycle.

This review included two steering committees comprised of ETSU faculty, staff, and administrators. One steering committee focused on a Resource Allocation Assessment, and the second committee focused on the operational efficiency assessment. The project was led by Dr. Brian Noland (President) as the executive sponsor, Dr. Kimberly McCorkle (Provost & SVP of Academics), Dr. B.J. King (CFO), Dr. Joe Sherlin, (VP Student Life and Enrollment), and Jeremy Ross (COO) as project sponsors.

Dr. Hoff will update the committee on the review process, recommendations for change, and next steps including governance structure for implementing the recommendations.

Budget Model and Operational Efficiency Assessment Update

East Tennessee State University Board of Trustees
November 18, 2022



NOVEMBER 2022

huronconsultinggroup.com



Budget and Operational Efficiency Assessment Objectives

ETSU leadership engaged Huron Consulting Group to identify opportunities for improvement in preparation for the upcoming ERP transformation.



Evaluate Budget Development Processes

- **Evaluate** model processes, mechanics, and methodology supporting **central, strategic and capital funding mechanisms**.
- **Discuss and document** relevant **model management infrastructure** including policy, governance, and reporting.



Identify Opportunities for Improvement

- Conduct a **diagnostic review** of operations to assess potential opportunities for efficiency.
- Understand the **strengths and weaknesses** of the current operations.
- Identify areas to better align operations to **support employees** and increase **quality control**.

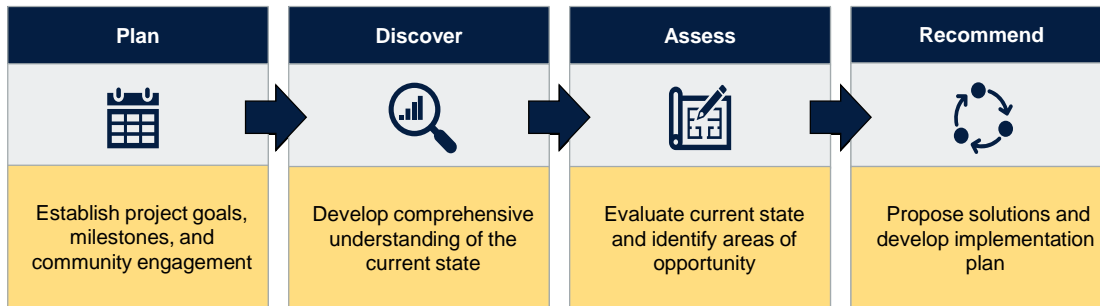


Develop Roadmap and Implementation Approach

- **Leverage** stakeholder input to **identify opportunities**.
- **Develop a roadmap and approach** detailing timeline, potential roadblocks, stakeholder involvement, and other criticalities for each recommendation.

Timeline and Key Activities

The Budget and Operational Efficiency Assessment culminated in a comprehensive current state assessment and the identification and prioritization of opportunities to consider. ETSU engaged Huron through the opportunity identification activities (March – August 2022).



ETSU Campus Engagement

The Budget Model and Operational Efficiency Assessment engaged individuals across the community through various mediums.



Engaging the community throughout the project prepares the institution for change management effort during the upcoming ERP transformation.

Governance Structure

Huron worked closely with ETSU leadership to identify opportunities for improvement across a broad range of functional areas.

Initiative	Resource Allocation (Budget) Assessment	Operational Efficiency Assessment
Executive Sponsor	President Brian Noland	
Project Sponsors <i>Provide overall direction and make key decisions</i>	<ul style="list-style-type: none"> • Dr. BJ King*, Chief Financial Officer for Business and Finance • Jeremy Ross*, Chief Operating Officer • Dr. Joe Sherlin*, Vice President for Student Life and Enrollment • Dr. Kimberly McCorkle*, Provost and Senior Vice President for Academics 	
Steering Committee <i>Vet initial recommendations and assist in institution-wide buy in</i>	<ul style="list-style-type: none"> • David Finney, Dir. of Fiscal Affairs, Adv. Services • Laura Bailey, Assoc. Vice President Facilities Mgmt. • Dr. Karin Keith, Professor and Chair in Dept. of Curriculum and Instruction in Clemmer College • Kristy Buchanan, Assistant Dean for Fiscal Affairs, College of Business and Technology • Dr. Mike Hoff*, Vice Provost for Decision Support and University Chief Planning Officer • Mark Proffitt, Assistant Dean for Budget and Planning, College of Arts and Sciences • Dr. Randy Wykoff, Dean, College of Public Health • Dr. Sharon James McGee, Dean of Graduate Studies • Stephen Hendrix, Past President, Faculty Senate 	<ul style="list-style-type: none"> • Dr. Don Samples, Dean, College of Clinical and Rehabilitative Health Sciences • Dr. Jim Harlan, AFG Chair of Excellence in Business & Tech. • Dr. Karen King, Chief Information Officer • Dr. Leah Adinolfi, Dean of Student Engagement and Director of Assessment • Lori Erickson, Assistant Vice President for HR • Michel Beaver, Associate Vice President, Tax & Revenue Services • Dr. Mike Hoff*, Vice Provost for Decision Support and University Chief Planning Officer • Dr. Nick Hagemeyer, Vice Provost for Research and Chief Research Officer

*Denotes individuals supporting multiple workstreams

Recognizing ETSU Institutional Strengths

Huron met with 48 stakeholders – several of which were engaged multiple times – across a variety of academic and administrative units at ETSU, which led to the identification of observed strengths and areas of opportunity.

Unique Programs

Stakeholders spoke highly of ETSU's unique programs, such as Appalachian Studies, that are a differentiator for students and faculty.

Commitment to ETSU

Individuals demonstrated a commitment to ETSU and recognized change is a necessary component to assure a vibrant future for the university.



Willingness to Adapt

Stakeholders spoke to a willingness of units to address changing needs and demands of students (e.g., launching of new programs).

Student Diversity

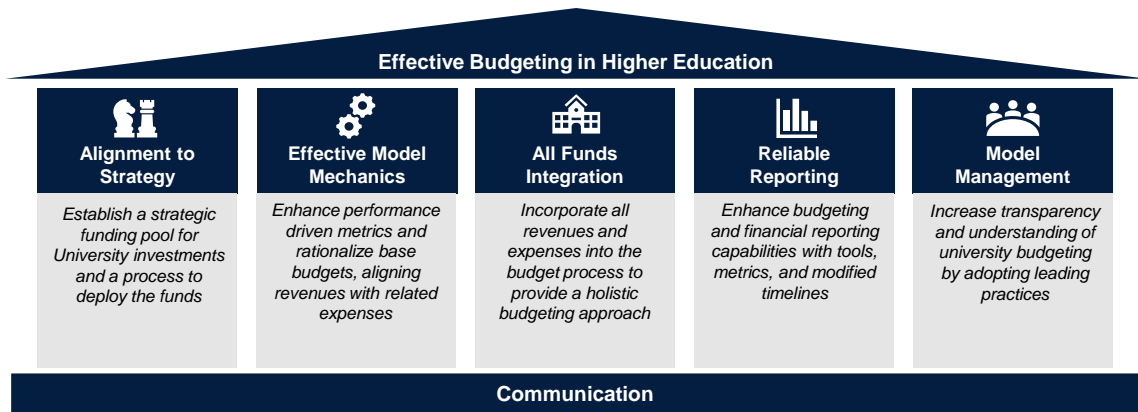
Employees expressed a strong commitment to diversity recruitment efforts, with 84% of students receiving some type of financial assistance.

Student Wellbeing

Individuals have ETSU's students and local community in mind while making decisions and are focused on ensuring the well being of the entire ETSU community.

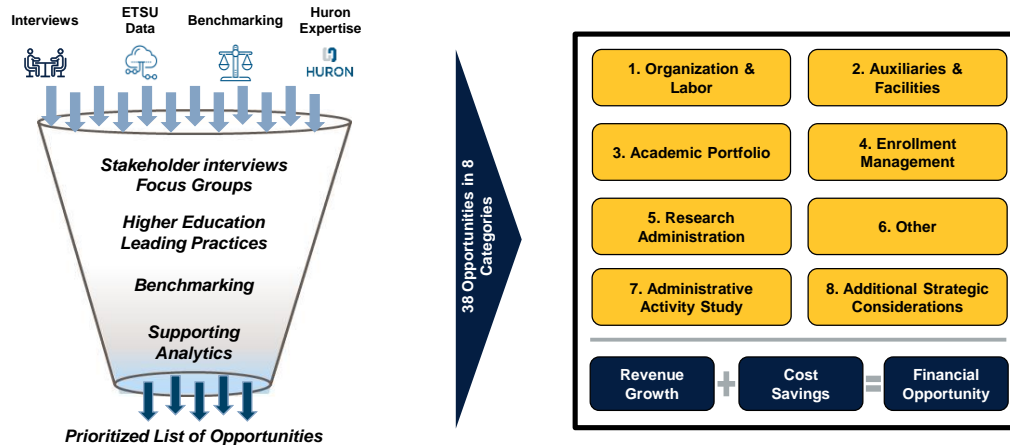
Budget Model Assessment Outcomes

Building on the foundation of transparency and unit fiscal accountability established during the 2017 model implementation, the budget assessment was centered around the pillars of leading practices for effective resource allocation.



Operational Efficiency Assessment Outcomes

Huron leveraged stakeholder interviews, financial and operating data, internal and external benchmarking, and industry expertise to identify 38 opportunities.



Strategic Plan Alignment

The opportunities identified in the Budget Model and Operational Efficiency Assessment support and strengthen ETSU's 7 strategic goals.

Empower Employees

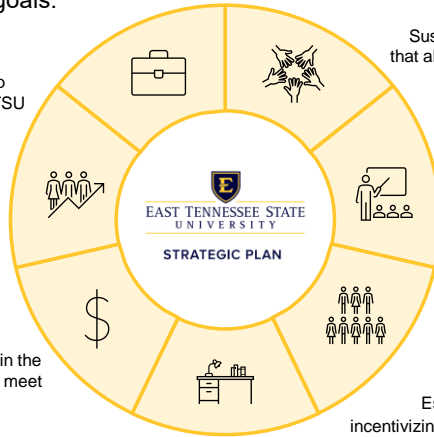
Provide employees opportunities to develop new skillsets, further careers, and make ETSU a great place to learn, work, and grow.

Support Strategic Growth

Encompass all facets of the student experience both inside and outside the classroom.

Fiscal Sustainability

Formulate strategies and actions to sustain the programs and infrastructure necessary to meet the core components of ETSU's mission.



Lead the Region

Sustain the strong engagement and service that already exists between the University and community.

Support Teaching Excellence

Strengthen the connection between curriculum and resource allocation.

Ensure Diversity & Inclusion

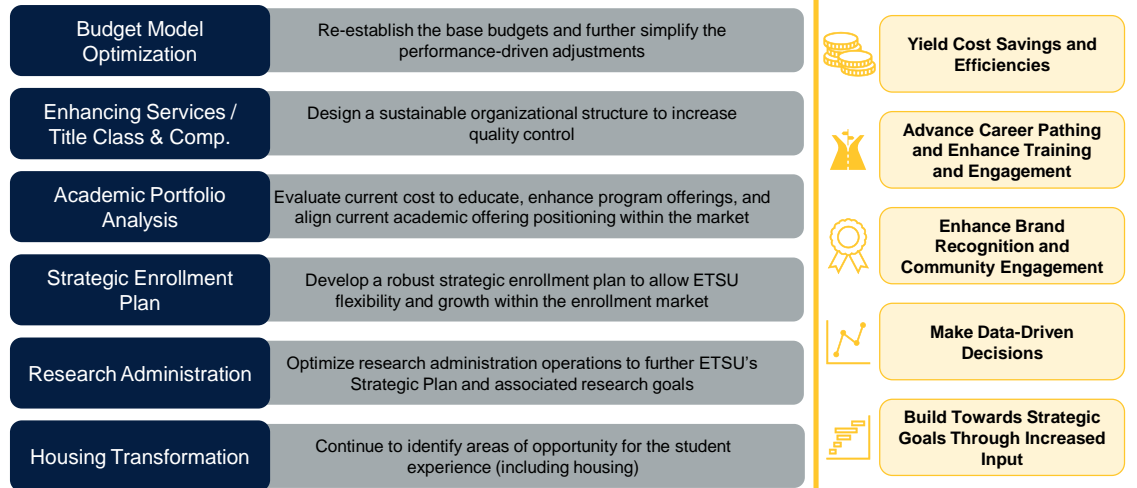
Improve recruitment, hiring, and retention of employees.

Expand Scholarly Innovation

Establish a collaboratively prioritized approach, and incentivizing behaviors at the institutional level will be critical.

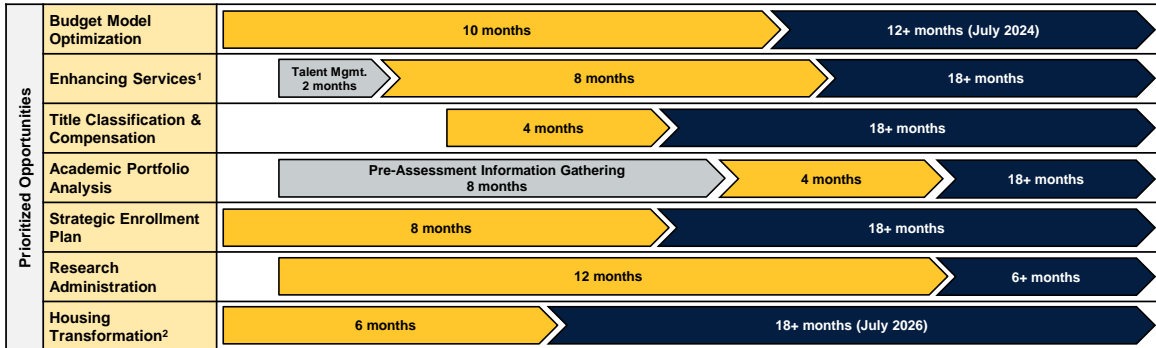
Strategic Plan information utilizes a combination of the ETSU's Strategic Plan, and Committee for 125 Chapter II.

ETSU Prioritized Opportunities



Timeline to Realization (Prioritized Opportunities)

Planning and design of the prioritized opportunities will begin in November of 2022. Implementation is expected to take between 24 and 36 months.

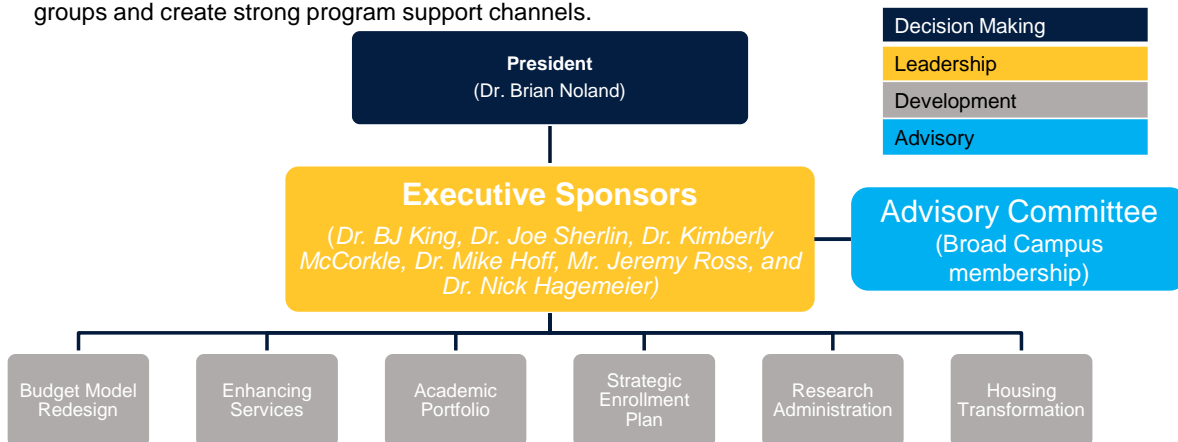


1) Enhancing Services Assessment / Design will include Pre-Implementation Planning.
 2) Housing Transformation conversations at ETSU began July 2022 and will end July 2026.



Project Management Structure

In order to successfully implement the selected opportunities, ETSU should utilize existing governance groups and create strong program support channels.



Next Steps

ETSU will engage in the following immediate next steps.

1. Confirm a **clear understanding of the prioritized opportunities** and proposed roadmaps for assessment, design, and implementation.
2. **Develop detailed initiative timelines, establish milestones, and sequence execution** to ensure an appropriate assessment, design, and implementation pace that achieves the University's target in a timely manner.
3. Create a **project management structure** to guide the implementation process, measure success, and iterate where there are roadblocks / limitations.
4. Identify **resources that will drive the change** and execute upon each opportunity. These individuals will be held accountable for realizing cost savings in the targeted timeframes.
5. Develop a detailed **change management and change leadership plan** to ensure effective communication, accountability, and measurable results.