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### 2017 May 26 - Board of Trustees Finance and Administration Committee Minutes

Board of Trustees, East Tennessee State University

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EAST TENNESSEE STATE UNIVERSITY  
BOARD OF TRUSTEES  
FINANCE AND ADMINISTRATION COMMITTEE

MINUTES

May 26, 2017  
Johnson City, Tennessee

The East Tennessee State University Board of Trustees Finance and Administration Committee held a called meeting at 9 a.m. on Friday, May 26, 2017, in the President's Conference Room in Burgin Dossett Hall on ETSU's main campus in Johnson City, Tennessee.

**I. Call to Order**

Mr. Steven DeCarlo, chair of the Finance and Administration Committee, called the meeting to order.

**II. Roll Call**

Secretary Dr. David Linville informed Chair DeCarlo he did not detect a physical quorum present but noted that a quorum did exist by the inclusion of those members participating by electronic means. In accordance with Tennessee Code 8-44-108 section (b) (2), Secretary Linville offered to the committee the following circumstances that necessitated holding the meeting:

- To review and approve fees on the agenda, review the budget proposal for 2017-18, and approve necessary policies and rules prior to the full Board of Trustees meeting on June.
- The prompt necessity of this committee's meeting did not provide adequate time for this committee's membership to make necessary arrangements to be physically present for a quorum.
- For these reasons, Secretary Linville contended that participation by a quorum of the committee for members by electronic or other means of communication is necessary.

Secretary Linville asked Chair DeCarlo that a motion be made and a roll call vote be taken for a determination on the necessity of holding the meeting. An affirmative vote, he explained, signifies that a necessity does exist for the meeting to proceed while a dissenting vote signifies that a necessity does not exist for the meeting to proceed.

Trustee Jim Powell made the motion that a necessity did exist for the meeting to proceed. It was seconded by Trustee Ron Ramsey and received unanimous approval.

Trustees in attendance were:

Steven DeCarlo, chair (via WebEx)  
James Powell

Ron Ramsey

Absent committee members were:

Dorothy Grisham

Nathan Farnor

Guests in attendance included: ETSU President Brian Noland; Dr. B.J. King, acting CFO; Board of Trustees Secretary Dr. David Linville; Deputy Secretary Nathan Dugger; Joe Smith of University Relations; Ramona Williams, vice provost for Enrollment; Quillen College of Medicine's Doug Taylor; Brian Henley, director of Admissions; Margaret Pate, associate vice president for Budget and Financial Planning; Kathy Feagins, director of the Scholarship Office; Gordon Anderson, dean of the College of Arts and Sciences; Dr. Rich Rhoda, interim dean of the College of Education (via telephone); WJHL reporter Will Morris; Johnson City Press reporter Nathan Baker; and Kristen Swing of University Relations (taking minutes).

Remarks by Secretary of the Board regarding telephonic meetings: Secretary Linville asked two questions in accordance with Tennessee Code 8-44-108 section (c)(3). He asked Chair DeCarlo (participating electronically) if he was able to clearly hear the individuals in the President's Conference Room, to which he said yes. He asked if the trustees physically present could hear Chair DeCarlo. Trustees Ramsey and Powell affirmed.

### **III. Approval of the Finance and Administration Committee Minutes of April 28, 2017**

Trustee Powell made a motion to accept the minutes from the April 28, 2017, meeting of the Finance and Administration Committee. Trustee Ramsey seconded the motion and the minutes were unanimously approved via roll call.

### **IV. Adoption of Finance and Administration Policies**

- a. Deposit and Investment of Funds
- b. Cash Receipts, Deposits and Petty Cash
- c. Collection of Accounts Receivable
- d. General Purchasing, Receipt of Materials and Payment of Invoices
- e. Employee Performance Evaluation Procedures

Dr. B.J. King, acting chief financial officer, explained that five policies related to Finance and Administration were before the committee for adoption, four of which are related to the finance side and one that is a Human Resources/Employee policy. She said that policies would be working their way through committees and the full Board of Trustees as part of the process of transitioning to a new governing structure. She noted that none of the policies presented had changed substantially and all had been reviewed by staff. Chair DeCarlo asked whether there would be more policies going forward. Dr. King affirmed, noting that staff was working as quickly as possible to move them through the process. She noted that the five presented to the committee would be placed on the June 9 agenda for approval by the full Board of Trustees.

Trustee Jim Powell made a motion to adopt the policies for recommendation to the full Board of Trustees. It was seconded by Ron Ramsey and unanimously approved by roll call vote.

Following the vote, ETSU President Brian Noland further explained that other policies would be coming out of the other board committees and would also be included in the agenda materials for the full Board of Trustees. He projected that these types of adjustments to policies would be coming to the Board of Trustees at every meeting for the next year. Dr. King added that staff has prioritized the policies, bringing forth the most critical policies first. Secretary Linville pointed out that after the initial round, policy changes will not have to go to the Board for approval unless they substantially change the policy.

**V. Rule on Residency Classification**

Dr. King explained that there are certain policies that are actually considered rules and must be taken as separate items by the committee. The Rule on Residency Classification, because it has a financial impact, was brought to the Finance and Administration Committee (rather than the Academic and Student Affairs Committee since it is a student policy). Quillen College of Medicine's Doug Taylor informed committee members that he has dealt with the current residency guidelines at ETSU since 1975 and noted there has been a problem with them since that time. He said they are very difficult to understand and interpret, and noted they have had to implement "rules of thumb" to deal with things in a fair and equitable way. With the change in governing structure, Mr. Taylor sat down with others at the institution to restructure and improve the rule. He said they clarified a number of definitions and made substantial changes to make it more understandable. He said the definitions from the old guidelines are from 1975. The proposed changes include adjustments to definitions of such words as "parent," "continued enrollment" and "emancipated person." The changes also removed referral to other Tennessee Board of Regents schools. The changes also introduced sections addressing those serving in the military and clarified what is considered "evidence" of residency. In further explaining a rule versus a policy, Secretary Linville noted that any policies that involve individuals who are not part of the ETSU community already are considered a rule. As such, a rule must be filed with the Secretary of the State and Attorney General's offices. Chair DeCarlo asked whether each of the former TBR universities will start to handle this differently, to which Secretary Linville said yes, noting that a lot of it is related to unique geographical locations. Trustee Powell made a motion to approve the Rule on Residency Classification. It was seconded by Trustee Ramsey and unanimously approved via roll call vote.

**VI. Approval of 2017-2018 Salary Increase Proposal and April 2017 Equity Pay Plan Methodology**

Dr. King explained that the committee had gone through the methodology in detail during its April 28 meeting at which time Dr. King showed the processes ETSU goes through to allocate funds put into place by the governor of Tennessee for pay increases. She reminded the committee that the recommended 3 percent pool will be partially funded by

the state appropriations and partially funded by the university. As proposed, it will include a 2 percent across-the-board salary increase with a \$500 minimum increase. The remaining 1 percent will be used in an equity pool, with a \$3,000 maximum increase. Dr. King explained that the committee was being asked to approve the proposed pay methodology for the next fiscal year. Chair DeCarlo pointed out that the \$156,000 line on Page 47 listed under the College of Pharmacy should actually be a 0 and Dr. King affirmed. Trustee Powell made a motion to approve the pay methodology. It was seconded by Trustee Ramsey and unanimously approved by a roll call vote.

## **VII. Approval of Mandatory and Non-Mandatory Fee Requests**

Dr. King explained that the institution is proposing a 3.97 percent increase in mandatory fees, which is within the Tennessee Higher Education Committee range and its cap of 4 percent. She noted that there is also a proposed 2 percent fee increase for the Quillen College of Medicine and a proposed 3 percent increase for the Gatton College of Pharmacy. In addition to the mandatory fee increases, Dr. King said a number of non-mandatory fee increases are being proposed that do not affect every student. The non-mandatory fees are fees such as course fees, lab fees or materials fees that students pay depending on the classes they are taking. They are additional fees placed on courses and programs that are more expensive to operate. Dr. King informed the committee that this is the methodology THEC prefers the university use in increasing fees. Trustee Powell made a motion to approve the mandatory and non-mandatory fee requests. It was seconded by Trustee Ramsey and unanimously approved by roll call vote.

## **VIII. Discussion Items**

### **A. 2017-18 Budget Proposals**

Dr. King provided a Powerpoint presentation titled “ETSU 2017-2018 Budget Proposal.” It included a review of the governor’s budget recommendations. The main campus total recommended increase is approximately \$4.3 million; the recommended increase for Quillen College of Medicine is \$1.5 million; and the recommended increase for Family Medicine is nearly \$400,000. The total for the university in increased state appropriations is \$6.3 million. The governor’s budget also included funding for capital, including \$17.25 million for Lamb Hall renovations and another \$8.7 million for capital maintenance projects. Dr. King briefly reviewed the salary improvements proposed and just approved by the committee. Going back to the Lamb Hall money, Trustee Ramsey asked whether the \$5.7 million match needed from the university was in the bank. Dr. Noland said no and noted that he had made the decision to hold off on initiating a fundraising campaign until after the state money was in hand.

Dr. King then discussed the Fall 2017 enrollment projection, which is based on an enrollment decline of 250 students. She said she is hopeful the decline will not occur, but noted the budget was based on that decline to remain conservative. Additional slides showed that we were in the middle of state institutions when it came to the amount of state appropriations awarded this year. Another slide indicated we consistently have stayed beneath the peer average for tuition and mandatory fees, peers being those across the nation. She also shared a slide that

showed ETSU is consistent with other schools in Tennessee as far as mandatory fee increases last year. A recap of the tuition and fees proposal showed the increase for an undergraduate student at \$111 per term. In summary, Dr. King said that our proposed budget is balanced; the increase is one of the lowest in 20 years at the university; the institution's unrestricted state funding is up \$3.4 million; and funding is being made available for faculty and staff salary increases.

Chair DeCarlo asked if, in the past, the university was able to know what other universities were doing as far as increases in tuition and fees. Dr. King said that will be a change with the new governance structure because, in the past, that was information the institution knew on the forefront and now it will not be verified until after ETSU has made its decision on increases. She did, however, note that CFOs at the institutions are having weekly phone calls and discussing it.

In looking more closely at the main campus budget process, Dr. King noted that a budget call took place based on the ideas of what was going to happen over the next year. She said the institution is looking at \$6.5 million in additional revenues (from appropriation, fee increases) and deductions from an enrollment decline and expanded scholarship programming. She pointed out the main revenues for the institution, with the main drivers being tuition and fees at 65.07 percent and state appropriations at 27.08 percent. Other slides showed that non-mandatory fees are mostly course and materials fees; athletics is driving sales and services; the vast majority of grants and contracts are local (for example, University School); and housing is the largest auxiliary revenue.

In addressing the allocation of the \$6.5 million in net new funding, Dr. King explained that budget hearings and a lot of dialogue across campus helped to determine how it would be used. Most of the new money will go to invest in the people who work at the university, with \$3.3 million going to salary increases and \$2.7 million going to fund new positions, the majority of which are in instruction.

In terms of the expenditure budget, the largest expenses are instruction and student services.

In looking at the Quillen College of Medicine budget, Dr. King reported a revenue increase of \$1.8 million and an expenditure increase of \$731,000. She shared information related to the College of Medicine and MEAC revenue budget, noting that MEAC runs the institution's family practice groups and represents 42 percent of the revenue. State appropriations make up roughly 32 percent of the revenue and residents participation makes up 14 percent of the revenue. Instruction, meanwhile, is the largest expenditure at 67 percent.

In looking at the Family Medicine budget, Dr. King reported a revenue increase of \$400,000 for the year. State appropriations represent 43.59 percent of the revenue budget and the largest expenditure is instruction (66 percent).

In looking at the Gatton College of Pharmacy, Dr. King noted that the pharmacy school is self-funded and receives no state appropriations. The Gatton College of Pharmacy has a revenue increase of \$173,000 and an expenditure budget decrease of \$101,000. The pharmacy school is almost entirely tuition and fee dependent and instruction is the No. 1 function.

Trustee Ramsey asked about the University of Tennessee's pharmacy school and its proposal brought to THEC recently. Dr. Noland said UT has brought to THEC a proposal in which out-of-state students within a 200-mile radius of any UT teaching site ultimately can pay \$10,000 less to attend UT than a Tennessee resident pays to go to the Gatton College of Pharmacy. The original agreement to create the Gatton College of Pharmacy indicated the school would be self-funded and receive no state appropriations. Committee members indicated it may be time to reevaluate that original agreement as UT's policy takes effect for this year's incoming class. As UT drops its rates for out-of-state students, it becomes more attractive, Dr. Noland said. He also said ETSU is looking at proposing a base appropriation for the college of pharmacy of \$1.7 million to \$2 million. The proposal would need to be done in early fall to get it to the state and potentially included in the governor's budget announced in November 2017. Trustee Ramsey noted that the rules have changed and there is no reason not to do it. He also noted that a difference of \$10,000 per year to attend would mean it costs the average pharmacy student \$40,000 more to attend ETSU than UT for the four years of pharmacy school. The Gatton College of Pharmacy has a projected class size of 82. In the fall of 2016-17, there were 513 applicants that resulted in 169 offers extended to ultimately make up the class of 80 students. Dr. Noland emphasized the importance of ensuring a level of quality in the students selected to attend Gatton.

In summary of the budget process for the university, Dr. King said it was a lengthy and thorough process with low tuition increases recommended. She said the committee will have another meeting on June 9, prior to the full board meeting, where she hopes they will vote on the budget.

Chair DeCarlo asked a question about the Quillen College of Medicine budget's natural classification where it showed 21 percent for "other salaries." Dr. King explained that 21 percent represents salaries for residents and clerical support staff. Chair DeCarlo also asked about the possibility of attracting the 250 students that the institution has projected as an enrollment decline. Dr. Noland said that, for the past three years, enrollment has been within 20 to 50 students of the projection. He said staff is working toward flat enrollment, but noted that every indicator suggests enrollment will be down 200-250 students. However, he noted there is an unknown in the number of students who will transfer after completing Tennessee Promise. Dr. Noland said it would be very difficult to be down any more than what the enrollment decline the budget has been built upon.

**B. Proposal for a Pilot In-State Equivalent Tuition Rate for Community Colleges of Appalachia**

Dr. Richard Rhoda, interim dean of the College of Education, presented via telephone a proposal to create a three-year pilot program in which faculty and staff of Community Colleges of Appalachia member institutions can enroll in three graduate higher education programs for the in-state equivalent tuition cost. The three programs that would be involved in the program would be the Master of Education in Student Personnel; the Doctor of Education in Postsecondary and Private Sector Leadership; and the Certificate in Community College Leadership. All coursework in those programs is done online. Dr. Rhoda said this would hopefully bring out the best at ETSU and the Community Colleges of Appalachia organization. He said he has spoken with the seven Tennessee institutions that are part of the CCA as well as the TBR and all think this would be a great experiment. Dr. King said this would allow these individuals to go through the program and be charged an in-state rate. The university will then be able to pull data and see the performance of the programs in the pilot and the impact financially to the university. Trustee Ramsey asked if the only impact would be a positive one to which Dr. King said that was the hope. Dr. Rhoda said enrollment would be modest at first, but hopefully would be 25 new students for a new cohort. Dr. Noland said the realization of 25 new students would equate to a net revenue of \$212,000 as a result of the pilot. Chair DeCarlo asked if this had been done anywhere else, but Dr. Rhoda said it may be new. Dr. Noland noted that being linked to the CCA provides an opportunity to help market the programs as the preferred programs of the organization. The proposal will be brought to the full board in June and will return to the committee in June as well.

**C. Proposal for a Pilot In-State Equivalent Tuition Rate for Social Work BSW and MSW Programs in Asheville and Abingdon**

Dr. Gordon Anderson, dean of the College of Arts and Sciences, presented on a proposal that would allow students enrolling in the BSW or MSW programs at ETSU sites in North Carolina and Virginia to do so at the in-state tuition rate equivalent even if they live beyond the region to do so. The idea would be that in-state tuition rate is given based on the students being enrolled at those sites rather than where they live. Both the MSW in Asheville and the BSW in Abingdon require students to work about 50 percent online and 50 percent on site. With cohorts of anywhere between 12-20 students, Dr. Anderson said adding another group at each location would mean the addition of 24-36 new students at ETSU. The three-year pilot program would help prevent ETSU from pricing itself out from getting out-of-state students, Dr. King said. Dr. Noland added that, the Board of Trustees will likely be presented with a holistic repackaging of out-of-state fees, likely next year, for consideration. The complete restructuring of out-of-state fees is in part a result of the state Promise programs being created in surrounding states.

**IX. Other Business**

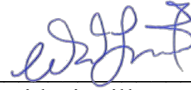
There was no other business.



**X. Adjournment**

Chair DeCarlo adjourned the meeting.

Respectfully submitted,



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David Linville  
Secretary of the Board of Trustees

Approved by the Board of Trustees at its June 9, 2017 meeting.



EAST TENNESSEE STATE  
UNIVERSITY

EAST TENNESSEE STATE UNIVERSITY  
BOARD OF TRUSTEES  
Finance and Administration Committee  
May 26, 2017 MEETING

9:00 AM EDT  
Friday  
May 26, 2017

President's Conference Room  
Burgin Dossett Hall Room 206  
1276 Gilbreath Drive  
Johnson City, TN

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AGENDA

- I. Call to Order
- II. Roll Call
- III. [Approval of the Finance and Administration Committee Minutes of April 28, 2017](#)
- IV. [Adoption of Finance and Administration Policies](#)
  - A. [Deposit and Investment of Funds](#)
  - B. [Cash Receipts, Deposits and Petty Cash](#)
  - C. [Collection of Accounts Receivable](#)
  - D. [General Purchasing, Receipt of Materials, and Payment of Invoices](#)
  - E. [Employee Performance Evaluation Procedures](#)
- V. [Rule on Residency Classification](#)
- VI. [Approval of 2017-18 Salary Increase Proposal and April 2017 Equity Pay Plan Methodology](#) (includes Attachments A-C)
- VII. [Approval of Mandatory and Non-Mandatory Fee Requests](#) (includes Attachments D-H)
- VIII. Discussion Items
  - A. [2017-18 Budget Proposals](#)
  - B. [Proposal for a Pilot In-State Equivalent Tuition Rate for Community Colleges of Appalachia](#)

C. Proposal for a Pilot In-State Equivalent Tuition Rate for Social Work  
BSW and MSW Programs in Asheville and Abingdon

IX. Other Business

X. Adjournment

EAST TENNESSEE STATE UNIVERSITY  
BOARD OF TRUSTEES

ACTION ITEM

DATE: May 26, 2017  
ITEM: Approval of the Minutes of April 28, 2017  
PRESENTED BY: B.J. King, Acting Chief Financial Officer

The minutes of the April 28, 2017 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 28, 2017 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 28, 2017  
Johnson City, Tennessee

The East Tennessee State University Board of Trustees Finance and Administration Committee held its first meeting at 2 p.m. on Friday, April 28, 2017, in the President's Conference Room in Burgin Dossett Hall on ETSU's main campus in Johnson City, Tennessee.

**I. Call to Order**

Mr. Steven DeCarlo, chair of the Finance and Administration Committee, called the meeting to order.

**II. Roll Call**

Secretary Dr. David Linville informed Chair DeCarlo he did not detect a physical quorum present; however a quorum does exist by the inclusion of those members participating by electronic means. In accordance with Tennessee Code 8-44-108 section (b) (2), Secretary Linville offered up to the committee the following circumstances that necessitated the reason for holding the meeting:

- ETSU will undergo an accreditation visit by the Southern Association of Colleges and Schools Commission on Colleges on May 15-17.
- It is necessary for the Finance and Administration Committee of the Board of Trustees to meet in order to review the committee charge and proposals with history of salary increases and fees on today's agenda to better understand the trustees' role prior to the visit by SACS.
- The prompt necessity of this committee's meeting did not provide adequate time for this committee's membership to make necessary arrangements to be physically present for a quorum.
- For these reasons, Secretary Linville contended that participation by a quorum of the committee for members by electronic or other means of communication is necessary.

Secretary Linville asked Chair DeCarlo that a motion be made and a roll call vote be taken for a determination on the necessity of holding the meeting. An affirmative vote, he explained, signifies that a necessity does exist for the meeting to proceed while a dissenting vote signifies that a necessity does not exist for the meeting to proceed.

Trustee Ron Ramsey made the motion that a necessity did exist for the meeting to proceed. It was seconded by Chair DeCarlo and received unanimous approval.

Trustees in attendance were:

Steven DeCarlo, chair (via WebEx)  
Dorothy Grisham (via WebEx)  
James Powell (via WebEx)  
Ron Ramsey  
Nathan Farnor (non-voting)

Guests in attendance included Dr. B.J. King, acting CFO; Deputy Secretary Nathan Dugger; and Kristen Swing of University Relations (taking minutes).

### **III. Remarks by Secretary of the Board regarding telephonic meetings**

Secretary Linville asked Chair DeCarlo and Trustees Powell and Grisham (all participating electronically) two questions in accordance with Tennessee Code 8-44-108 section (c)(3). He asked them if they were able to clearly hear the individuals in the President's Conference Room, to which they all said yes. He asked if trustees physically present could hear the three individuals electronically participating. Trustees Ramsey and Farnor affirmed. Secretary Linville also asked Chair DeCarlo and Trustees Powell and Grisham to identify any persons present in the room with them. Trustee Grisham said she was alone in her office. Trustee Powell said he was alone in his residence in Limestone, Tennessee. Chair DeCarlo said he was alone as well.

### **IV. Action Items**

There were no action items on the agenda for the meeting. Chair DeCarlo pointed out there would be no voting on anything at this meeting.

### **V. Discussion Items**

#### **A. Committee Charge, Section 4 of Bylaws**

Dr. B.J. King explained that the committee's scope of responsibility is comprised of 14 areas including approving and recommending to the full Board of Trustees the university operating budgets and student tuition and fee rates. She said the meeting would focus in three areas included in the committee's scope of responsibility:

1. Approve and recommend to the Board guidelines governing the administration's submission of a proposed annual operating budget and appropriations prior to their submission to other state agencies and officials.
2. Approve and recommend tuition and fee rates for adoption by the board.
3. Approve and recommend to the Board of Trustees any personnel policy matter requiring Board approval (i.e.: salary increases).

Dr. King said she did not have the budget documents for the committee today, but felt the meeting was laying the groundwork for the decisions that the group will have to make at its next meeting. At the next meeting of the committee, the budgets will be available for ETSU main campus, College of Medicine, College of Pharmacy and Family Practice.

Chair DeCarlo asked how far in advance of that meeting committee members will receive those documents for review. Dr. King said the university is supposed to submit its budget to the Tennessee Board of Regents one week from April 28. At that time, she said she

would have the information to bring forward to the committee. Dr. King said budget documents are ready for the College of Medicine, College of Pharmacy and Family Practice but the main campus budget is still being worked on. Next Friday (May 5), Dr. King said she would submit to the TBR, which is required for review of debt service coverage and technical correctness. TBR then submits the budgets to the Tennessee Higher Education Committee.

Dr. King said she hopes to be on a different timeline next year, with the Board of Trustees recommendation on tuition and fees being ready in March to go along with the student recruitment season.

#### **B. Salary Increase History and Proposal for 2017-18**

Dr. King explained that the university received Governor Bill Haslam's recommended budget in which he outline a 3 percent salary pool. The state's appropriation covers approximately 60 percent of what is needed for a 3 percent pool and ETSU must come up with the other 40 percent. In total, the 3 percent salary pool equates to \$3.3 million, with approximately \$2 million coming from Haslam and \$1.3 needed from the university. Dr. King said the only way to fund that is through an increase in tuition and fees. She pointed out that the Governor fully funded the College of Medicine and Family Practice pool and the College of Pharmacy does not receive state appropriations so it had to come up with the \$156,000 it would take for a 3 percent salary pool. The College of Pharmacy came up with the funds through a student fee increase.

Dr. King said it is very hard to receive a budget recommendation from the governor and not fund it because employees believe it will be funded. She said a committee on campus decides how salary increases are implemented. That committee recommended a 3 percent pool with institutional funding to make up the difference. That same committee recommended the funds be used for a 2 percent across-the-board increase with a minimum/floor of \$500 to take care of the employees at the bottom of the pay scale. The recommendation for the remaining 1 percent is that it be put in a pool to be allocated through a market equity increase. There would be a \$3,000 cap, meaning the largest payment out of that pool would be \$3,000, which would allow for more funds to be distributed to people in lower ranks. Dr. King said that committee's proposal was taken to ETSU President Brian Noland, who agreed with it and signed off on it.

Dr. King provided a document sharing ETSU's equity pay plan methodology. The document included data put together for the university's compensation plan. She said it is updated each year.

The committee, at its next meeting, will look at the proposal and vote on it to recommend to the full Board of Trustees at its June 9 meeting.

Trustee Grisham asked if this proposal is similar to what has been done in the past regarding the equity route. Dr. King affirmed that this is standard operating procedure and said the committee that reviews the methodology is not new to the university. Chair DeCarlo asked about the Board committee's role in the process versus the university

committee's role. Dr. King said Dr. Noland signed a document saying the TBR is not required to approve the recommendation of the institution's Market Salary & Equity Committee because there has been no change in methodologies. In the future, Dr. King said, if the university changes its methodology, it would go before the Board of Trustees for approval. She said the university does feel it needs to look at the methodology every year and decide if it needs to change.

Trustee Ramsey asked if the campus decides how to distribute the 1 percent. Dr. King said yes, adding that Human Resources does a lot of work to figure it out.

Dr. King said the plan is to implement in October with it being retroactive to July 1. Chair DeCarlo asked if that was normal and Dr. King said yes. She explained that the institution does not know what funding it will have until August because it is dependent on student fees. October has traditionally worked well for the payroll department and Human Resources has all the data by then. The equity portion takes data crunching and gets verified by both HR and Internal Review.

Chair DeCarlo made an observation that the governor is supporting his 3 percent pool with, in essence, 2 percent funding. Trustee Ramsey compared it to what the state does in K-12 school systems. He said, often, school systems have more teachers than the minimum required by the state, but the state only gives them money for the 3 percent for the minimum required. It is up to the school systems to decide if it will make up the rest or give a smaller salary increase to all of its teachers. Dr. King said that is how it works at ETSU as well. She said the university has the latitude to not go with the 3 percent pool, but it'd be very hard to tell employees that. She said she is even concerned that it may be being perceived as a 3 percent across-the-board salary increase rather than a 3 percent pool.

Trustee Powell said this is the time for this committee to learn how this process operates and not make any changes to it. Trustee Ramsey agreed, saying there are changes that they could recommend but this year, they should go with what they've got in front of them. Chair DeCarlo and Trustee Grisham agreed.

Dr. King said, in the future, it would be good to schedule a committee meeting later in the year where they bring in an HR person to walk through the whole thing.

### **C. History of Other Operating Expenses**

Dr. King pointed out that salaries and benefits are the biggest expenses at the university. She provided a five-year comparative of operating expenses by natural classification and by functional/program classification. She said those are two different ways to look at the expenditures (Pages 14 and 15 of materials).

Dr. King addressed some variances seen on the Expenditures and Transfers by Natural Classification chart.

- A salary increase between 2011-12 and 2012-13, and another between 2012-13 and 2013-14, were related to across-the-board salary increases of



3 percent. She said all of the institution's restricted and grant funds also participated in the salary increase.

- The significant increase in benefits from 2011-12 to 2012-13 was due to a requirement to reclassify the university's graduate assistant tuition remissions as an employee benefit instead of being put in the scholarship line.
- A change in the benefits line from 2013-14 to 2014-15 was due to a change in the way the institution reported pensions. Dr. King said it was a huge shift required under governmental standards. She also said the State of Tennessee is one of the top five states in this country in the funding of pensions, noting that the pension fund is 93-97 percent funded. Trustee Ramsey compared that to Illinois, where the pension fund is 23 percent funded. In Tennessee, Ramsey said the fund is approaching \$40 billion and the state saw a 13 percent return on that last year. Chair DeCarlo said it was amazing the state has done that. Trustee Ramsey said in the 1970s, the state went to the TCRS system and almost everybody is in it.
- Chair DeCarlo asked about the maintenance and repair growth between 2012-13 and 2015-16. Dr. King said the university started working on maintenance projects that fell by the wayside in bad years and also got more state appropriations for those projects. Chair DeCarlo asked if it is going to be a big number for the next three to five years. Dr. King said we've got a lot of capital projects going on.
- Dr. King pointed out that utilities went down last year due to a cost decrease for natural gas.
- Dr. King said the institution had been depreciating buildings over 40 years, but decided it was more reasonable to depreciate them over 60 years, making for the decreased number in that line.

Dr. King addressed some variances seen on the Expenditures and Transfers by Function chart, pointing out that instruction is our No. 1 function on campus, as it should be. Trustee Farnor asked where benefits fall in and Dr. King said they fall under instruction.

#### **D. History of Student Fees**

Dr. King said that although we are severing from the TBR, we still are operating under the auspices of THEC. THEC, in the fall, came up with what they think the appropriation should be and what our tuition and fee increase should be for mandatory fees. That information is given to the governor's office and sets the stage for the governor to make his recommendation. Then we get the governor's budget and he may be above or below THEC's recommendation for the state appropriation. This year, the governor budgeted \$7 million more than THEC recommended, which meant a \$450,000 impact for ETSU. THEC waits for the legislative session to close and then comes out with a binding tuition limit, which is expected to occur on May 10 or May 11. The university must stay within that binding limit. Dr. King said we have been told this year their range is 0-4 percent, meaning the maximum increase in maintenance and mandatory fees would be 4 percent (calculated at 15 credit hours). Dr. King said if we went with the 4 percent increase that is still one of the lowest we have had in the last 25 years. In the last five years, the increase

at ETSU has been 3.2 percent in 2016-17; 4.3 percent in 2015-16; 5.9 percent in 2014-15; 7.8 percent in 2013-14; and 7.2 percent in 2012-13. Dr. King provided charts to show ETSU increases in maintenance and fees as compared to other Tennessee universities (Page 17 of materials).

Dr. King said she is proposing that, next year, this talk take place in February and is finalized in March. She said if we could come up with what our Board of Trustees wants by then, that allows prospective students to know what the tuition and fees will be to come to ETSU in the fall.

Dr. King said the university only gets revenue from two places: the state and from students. She said they are trying to keep costs as low as possible. She noted that a 1 percent tuition increase generates \$1.1 million. THEC expects a 2.7 percent inflation rate at the university, which would mean a 1.7 percent fee increase just to cover inflation. Then we need to come up with 40 percent of the salary pool. At a minimum, that means we need \$3.2 million from tuition and fees. The \$464,000 in additional appropriations gets us down to \$2.7 million that we need. The proposal brings in \$3.46 million, making the institution net better by \$750,000 on a \$200 million budget. Tuition increases proposed for the College of Medicine and College of Pharmacy are based on cost studies, Dr. King added.

With maintenance fees, there is a 3.17 percent increase. Last year it was a 2.5 percent increase. The 3.17 percent increase equates to \$111 per semester more.

#### **E. Initial Review of Mandatory and Non-Mandatory Fee Requests**

##### *Mandatory Fee Requests*

Dr. King shared a chart detailing mandatory fee requests (Page 20). She said all of them have been discussed with the Student Government Association's executive committee. She explained that leaders always ask the SGA for input when proposing mandatory fee requests. Dr. King pointed out that ETSU is one of the few schools without a facilities fee, which allows for a pool of funds for basic classroom and campus renovations (i.e.: upgrades to classrooms and sidewalk repair). The proposal is for a \$40 fee per term that will generate \$1.1 million. Existing fees for which increases are proposed include the technology access fee and the student activity fee. The technology access fee has not been increased since 2001. An increase of \$13 per semester is being proposed for the student activity fee, with \$7 for library operation, to have the library open 24 hours per day, five days a week, and \$6 for program expansion at the Center for Physical Activity. Dr. King said the executive staff has approved all three proposed mandatory fee increases and SGA has supported them.

##### *Non-mandatory Fee Requests*

Dr. King explained that when THEC does its binding limit process, those are things all students should pay. Non-mandatory fees are fees that students pay based on their program of study, specific courses they are taking, etc. Dr. King shared a chart outlining non-mandatory fee requests (Page 21 of materials). The first two items listed are not non-mandatory fee requests, but Dr. King wanted to address them.

The establishment of a credit card convenience fee is being recommended. Dr. King said the university has never done this before because TBR would not allow it. This would pass on credit card charges for online payments to the end user. Currently, the university eats the cost, to the tune of \$552,000 last year alone. \$500,000 of that, Dr. King said, is related to transaction fees. She pointed out that the University of Tennessee already does this. It reduces expenses the university is bearing. Trustee Ramsey agreed with the proposal saying it is not a cost the university can afford to eat.

Dr. King also addressed an increase to meal plans at a rate of 2.54 percent. This is in the contract the university has with Sodexo and while it will generate \$55,000, the university is really just a pass-through because that money goes to Sodexo.

Twelve non-mandatory fee requests are also proposed. They include increases to Appalachian Studies individual instruction; chemistry lab fees; geosciences field lab fee; applied music fee; computing specialized course fee; engineering technology course fee; graduate school application fee; online course fee and Global Sports Leadership cohort fee. New non-mandatory fees are being proposed in areas including Appalachian Studies recording lab; Communication and Performance; ensemble music; and exercise science cardiovascular testing and EKG.

Chair DeCarlo asked if the list includes only non-mandatory fees for which increases are being requested. Dr. King said yes and pointed out that others asked for increases but, this year, the institution went through structured budget hearings from major elements of campus. Groups presented wish lists to a budget advisory group and these fees percolated up through that process. Some were determined that could be paid for in another way, Dr. King said. She called the budget hearings process “the most thoughtful process we’ve had in place in a number of years.” Chair DeCarlo pointed out that this proposal included four new fees and 10 increases and asked how many other fees we charge. Dr. King was not sure of the exact number, but said she felt it was triple that many. Chair DeCarlo noted that this was a proposed increase of \$2 million in fees and he felt more time needed to be spent on the fee process. Trustee Powell said there were probably opportunities to reduce costs, but also noted that these are necessary items that the state will not fund. Trustee Powell also noted that ETSU is so much cheaper than a private school. Chair DeCarlo said it is the committee’s responsibility to understand the increase in fees in the aggregate and he was trying to look at the big picture, which is that fees are going up by \$2 million. He specifically pointed out the proposal for an increase in the online course fee and a portion of the justification for that fee being a Customer Relationship Management (CRM) for the entire campus.

#### **F. Next Steps**

Dr. King said the group needs to see what it is comfortable recommending. Chair DeCarlo said the committee needs to meet again before the June 9 full Board of Trustees meeting. He said May 26 was originally proposed, but with it being the Friday before the Memorial Day holiday, it might be better to look at a date before or after the holiday

weekend. He said staff will reach out to the group to see what is available for everyone. Trustees Ramsey and Grisham aired their preferences for morning meetings.

**VI. Information Item**

Dr. King let the committee know that state law was revised in 2015 to require local governments to establish an internal control manual for the institution. All of that is in flux with the severance from the TBR, but it is Dr. King's understanding that the university is required to have one each for the university, the Foundation and the Research Foundation. In the process of working those up, Dr. King will be bringing to upcoming meetings policies for the committee's review and approval. At the latest, the manual will be to the group by the June 9 meeting so it can be recommended for approval.

**VII. Other Business**

There was no other business.

Chair DeCarlo adjourned the meeting at 3:53 p.m.

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Dr. B.J. King

Date  
Acting Chief Financial Officer

EAST TENNESSEE STATE UNIVERSITY  
BOARD OF TRUSTEES

ACTION ITEM

DATE: May 26, 2017  
ITEM: Adoption of Finance and Administration Policies  
PRESENTED BY: B.J. King, Acting Chief Financial Officer

The table below provides a summary of the Finance and Administration policies for adoption. Complete policies follow.

<u>Policy Name</u>	<u>Old Policy #</u>
<i>Deposit and Investment of Funds</i> Summary – establishes requirements of depository institutions and investments, required collateral, and approvals for accounts.	TBR 4:01:01:10
<i>Cash Receipts, Deposits and Petty Cash</i> Summary – establishes procedures for deposit of funds, recording receipts and management of petty cash.	TBR B-080, ETSU FP-2 and FP-3
<i>Collection of Accounts Receivable</i> Summary – establishes procedures for collection of all accounts receivable owed to the university	TBR B-010, ETSU FP-10
<i>General Purchasing, Receipt of Materials, and Payment of Invoices</i> Summary – establishes procedures for procurement, receipt and payment for goods and services.	TBR 4:02:10:00, ETSU FP-4 and FP-5
<i>Employee Performance Evaluation Procedures</i> Summary – establishes the schedule and procedures for employee evaluations	PPP-36

**Policy Title:** Deposit and Investment of Funds

**Policy Type:** Finance/Administration

**New/revised:** Revised

**Old Policy #:** 4:01:01:10

**Approval level:**  Board of Trustees [Select box for appropriate level of anticipated final approval]  
 President  
 Vice President  
 Other (specify here)

**Purpose:** The following policy on the deposit and investment of funds for the university shall apply to all funds, regardless of source, which are received by the university.

All depositories which provide deposit or investment services shall agree to comply with the terms of this policy, and with the requirements of Chapter 4 of Title 9 of Tennessee Code Annotated (T.C.A.) as amended, and the latter provisions shall control in the event of conflict. Words and phrases used in this policy shall have the same definition and meaning as in T.C.A. § 9-4.

**Definitions:**

- Collateral Security - means securities which may be accepted as collateral for deposits.
- Compensating balances - means the amount of funds allowed to remain in an account.
- Default - may include but is not limited to:
  - The failure of any qualified public depository to return any public deposit, including earned interest in accordance with the terms of the deposit contract.
  - The failure of any qualified public depository to pay any properly payable check, draft or warrant drawn by the public depository.
  - The failure of any qualified public depository to honor any valid request for electronic transfer of funds.
  - The failure of any qualified public depository to account for any check, draft, warrant, order, deposit certificate or money entrusted to it.
  - The issuance of any order of any court or the taking of any formal action by any supervisory authority, which has the effect of restraining a qualified public depository from making payments of deposit liabilities.
  - The appointment of a conservator or receiver for a qualified public depository; or
  - Any other action which the treasurer determines to place public deposits in jeopardy.
  - Failure to provide the required collateral.
- Deposit Insurance - means the insurance provided by the Federal Deposit Insurance Corporation.
- Eligible Collateral - shall have the meaning set forth in T.C.A. § 9-4-103. For savings institutions securing local government deposits, eligible collateral shall also include securities described in T.C.A. § 9-1-107(a)(2) under such additional conditions as the treasurer deems appropriate.
- Loss - includes but is not limited to:
  - The principal amount of the public deposit;
  - All accrued interest through the date of default;

- Additional interest at the rate the public deposit was earning on the total of the principal amount of the public deposit and all accrued interest through the date of default, through the day of payment by a liquidator or other third party or through the date of sale of eligible collateral by the treasurer or his agent; and
- Attorney's fees incurred in recovering public deposits.
- Market Value - means current market price.
- Depository - means any bank, savings and loan association or savings bank (collectively referred to as savings institutions) located in the state of Tennessee which is under the supervision of the Department of Financial Institutions, the United States Comptroller of the Currency, or the Office of Thrift Supervision, and which has been appropriately designated to hold public deposits by a public depositor.
- Required Collateral - means eligible collateral, excluding accrued interest, having a market value equal to or in excess of the greater of the average daily balance or average monthly balance of public deposits multiplied by the qualified public depository's collateral-pledging level as required by the collateral pool board. (T.C.A. § 9-4-502)
- Trust Receipts - means a receipt issued by the trustee custodians in lieu of the actual deposit of eligible collateral, it is subject in all respects to the claims and rights of the institution to the same extent as though such collateral had been physically deposited with the institution.
- Trustee Custodian - means a financial institution designated to hold eligible collateral on behalf of the state treasurer and a qualified public depository pursuant to T.C.A. § 9-4-108.

**Policy:**

- I. Depository Accounts
  - A. The university shall maintain one general operating account and one payroll account at an authorized depository for the regular operating and payroll functions of the institution. No additional checking accounts may be opened or maintained unless approved by the President or his or her designee.
  - B. All checks, drafts, or other methods of withdrawing funds from an account must be co-signed by the President and the Chief Financial Officer of the university except when the withdrawal is for purposes of transferring funds to the primary depository account from a secondary depository account. Facsimile signatures may be used on checks, drafts, or other methods of withdrawals; and provided that any authorization or request for withdrawal form shall bear the original or electronic signature of the President or the Chief Financial Officer or designee approved by the President in all cases where expenditures exceed one percent (1%) of the state appropriation to the university.
  - C. The President is authorized to establish one or more checking accounts for the deposit and disbursement of petty cash funds within the business office. Additional petty cash accounts may be authorized by the President for departments external to the business office provided that no account shall exceed one thousand dollars (\$1,000.00). If the custodian of the fund has accepted responsibility for the funds in writing, and has agreed to repay any shortages or expended funds not properly accounted for from the account, then the custodian may be designated as the signatory authority for the account, and the custodian or the Chief Financial Officer of the university shall be authorized to withdraw funds from the account.
  - D. The university will retain written documentation of employees' authority to perform routine activities related to the depository accounts.
  - E. No accounts shall be authorized or established which are complimentary non-interest bearing accounts. When using compensatory balances, the amount of funds allowed to remain in any

checking account should be reasonably related to the number of transactions to be processed through the account during any month, and other servicing costs, if any.

## II. Collateral

- A. All depositories must provide collateral security for deposits and accrued interest in all accounts, including checking, savings, and certificates of deposit. Securities which may be accepted as collateral for deposits shall be limited to those specified in T.C.A. § 9-4-103. All items listed in Section V.J of this policy and items noted in Section V.K are eligible as collateral.
- B. The required collateral accepted as security for deposits at financial institutions that do not participate in the collateral pool shall be collateral whose market value is equal to one hundred five percent (105%) of the value of the deposit and secured thereby; less so much of such amount as is protected by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation. The required collateral accepted as security for deposits at financial institutions participating in the collateral pool will be set by the Department of Treasury.
- C. At the time of designation as the university's depository or at any time thereafter, additional collateral with a market value of one hundred thousand dollars (\$100,000) shall be required where the capital to asset ratio of a savings and loan association, savings bank, or bank is less than five percent (5%). This additional collateral shall be in addition to the collateral required by other provisions of this policy.
- D. The market value of required collateral shall be evaluated by the university monthly and more frequently if required by unusual market conditions. Any depository not providing collateral with a market value as specified in II.B above must provide additional, adequate collateral within two working days of a request by the university. Failure to provide the additional collateral may be considered an act of default.
- E. In the case of a checking account, the market value of the collateral accepted as security for deposits shall be the amount specified in Section II.B based on the highest daily depository book balance in the account for the preceding month excluding large deposits covered below. The amount of the depository balance must be determined on or before the fifth day of the month in question. Large deposits, such as registration receipts, which may result in insufficient collateral, either should be invested immediately or additional collateral should be in place. (If the investment is in a certificate of deposit, the certificate must be collateralized.) Alternatively, depositories may be allowed to post collateral daily to cover the current depository book balance.
- F. Any loss to the institution due to a depository's default shall be satisfied out of collateral pledged by the depository to whatever extent possible. The collateral security shall be liable for any loss, including and not limited to the principal amount of the deposit, for accrued interest through the date of default, for additional interest through the date of recovery on the principal and accrued interest at the rate the deposit was earning, and for attorney's fees incurred in recovering deposits and other losses.
- G. The university must either be provided the actual securities pledged as collateral for deposits, or trust receipts from trustee custodians for the collateral in lieu of the actual delivery of the securities. A trustee custodian is one which meets the requirements of T.C.A. § 9-4-108. When any trustee custodian holds collateral for an institution's depository which is related to the custodian through shared ownership or control, such collateral shall be held in a restricted account at a Reserve Federal Bank or branch thereof or at a Federal Home Loan or branch thereof.
- H. In lieu of the actual deposit of eligible collateral, the university is authorized at its option to accept trust receipts therefore.



1. Trust receipts shall be issued by trustee custodians in a form acceptable to the university following the deposit of eligible collateral with the trustee custodian by an institution's depository.
  2. Eligible collateral deposited with a trustee custodian shall be subject in all respects to the claims and rights of the institution to the same extent as though such collateral had been physically deposited with the university.
  3. Each trust receipt shall be nonnegotiable and irrevocable and shall continue in full force and effect until surrendered by the issuing trustee custodian with the release of the university endorsed thereon.
  4. The university may present the trust receipt at any time to the issuing trustee custodian and upon delivery thereof shall be entitled to receive any and all collateral represented thereby from the trustee custodian, and such collateral shall thereafter be held by the university as if deposited with the university by the depository as collateral, without further liability on the party of the trustee custodian.
  5. Following delivery of the collateral to the university, the university is permitted to register such collateral in the name of the institution and to hold it on behalf of the depository.
- I. For depositories participating in the collateral pool administered by the Department of Treasury, the university will not be responsible for monitoring the collateral securities pledged. As provided in T.C.A. § 9-4-501 through 9-4-523, the Department of Treasury will monitor the collateral securities pledged.

### III. Depository Institutions

- A. Subject to the other requirements of this policy, accounts may be authorized and established at depositories which are either under the supervision of the Department of Financial Institutions, the United States Comptroller of the Currency or the Federal Home Loan Bank Board.
- B. Before a depository may be used by the university for the deposit of funds in a checking account, it must provide documentation verifying the following:
  1. That the depository is supervised by the Department of Financial Institutions of the State of Tennessee, the United States Comptroller of the Currency, or the Federal Home Loan Bank Board;
  2. The capital to asset ratio of the depository as of the current date and the date of the last audited financial statements of the depository;
  3. That the depository can comply with the collateral security requirements for all accounts;
  4. The names of the members of the board of directors and officers of the depository;
  5. The name of the holding company of the depository, if applicable; and
  6. The names of the owners of ten percent (10%) or more of the stock of the depository.
- C. The university shall identify the nature and level of services which must be provided by a depository before a checking account is established. Such services should include but are not limited to the minimum services in the standard request for proposals for depository services as set forth in guidelines established pursuant to this policy. Some or all of these services may be required without charge to the institution.
- D. The university shall solicit proposals from all qualified depositories with offices within a reasonable distance from the campus, and shall determine those depositories which can provide the nature and level of services for accounts as required by the institution on a competitive basis. The agreement with the depository cannot exceed 5 years.

### IV. Depositing Funds

- A. All funds must be deposited in accordance with the ETSU Policy Cash Receipts and Deposits.

V. Investments

- A. All investment decisions shall be in accordance with this policy and must be approved by the Chief Financial Officer or his or her designee.
- B. All investments in which funds are deposited outside the State of Tennessee must be authorized by the President.
- C. A trustee custodian account should be used for handling and holding all investments, other than the Local Government Investment Pool and collateralized certificates of deposit.
- D. All investments must be made subject to "delivery versus payment."
- E. All funds which are received by an institution and which are available for a sufficient period of time for investment in any interest generating medium should be invested within three (3) days after receipt of such funds.
- F. At a minimum, each institution shall determine rates of return on all feasible authorized mediums of investment prior to making an investment; and funds shall be invested in those mediums expected to pay the highest rate for the period of time for which the funds are available for investment.
- G. All investments of funds in certificates of deposits where the period of investment will exceed thirty (30) days shall be determined on the basis of competitive bids, with appropriate records maintained for audit purposes, including the person obtaining the bids, the institutions which submitted the bids, the amount and rate of return of each bid, and the person who approved the investment. Where more than one bid provides the highest rate of return available, investments should be made in such a manner that no one institution making one of the high bids receives a disproportionate amount of the investments on the basis of two or more equal bids over a reasonable period of time. Records shall also be maintained on the basis for selecting LGIP and other investments as an investment medium.
- H. An investment plan should be developed that specifies liquidity requirements for providing cash needed by the university.
- I. Investments of endowments in equity securities shall be limited to funds from private gifts or other sources external to the university. Endowment investments shall be prudently diversified.
- J. Funds of the university may be invested in a savings account or certificate of deposit of any depository provided the requirements of this policy including Sections III.A and III.B, and the collateral security requirements of Section II. are met. Other authorized investments, subject to the limitations of Section V.L, are set forth in T.C.A. § 9-4-602.
- K. All investments via repurchase agreements must include the following:
  - 1. There must be a written agreement in accordance with the standard agreement set forth in guidelines established pursuant to this policy.
  - 2. The agreement must state explicitly that the exchange of assets represents a simultaneous purchase and resale transaction "and is not intended to be collateralized loan."
  - 3. The purchased securities must be transferred to the Trustee Custodian Account.
  - 4. The purchased securities must, at the time of purchase, have a current market value of at least 100% of the amount of the repurchase agreement.
- L. The following terms and conditions shall apply to investments:
  - 1. Prime banker's acceptances must be issued by domestic banks with a minimum AA rating or foreign banks with a AAA long term debt rating by a majority of the rating services that have rated the issuer. The short term debt rating services that rate the issuer (minimum of two ratings must be available). Banker's acceptances shall not exceed five percent of total investments on the date of acquisition. The amount

invested in any one bank shall not exceed five percent of total investments on the date of acquisition.

2. Prime banker's acceptances are required to be eligible for purchase by the Federal Reserve System. To be eligible the original maturity must not be more than 270 days, and it must
  - a. arise out of the current shipment of goods between countries or within the United States, or
  - b. arise out of storage within the United States of goods under contract of sale or expected to move into the channel of trade within a reasonable time and that are secured throughout their life by a warehouse receipt or similar document conveying title to the underlying goods.
3. The combined amount of banker's acceptances and commercial paper shall not exceed thirty-five percent of total investments at the date of acquisition.
4. Prime commercial paper shall not have a maturity that exceeds 270 days. Acquisitions shall be monitored to assure that no more than five percent of total investments at the date of acquisition are invested in commercial paper of a single issuing corporation. The total holdings of an issuer's paper should not represent more than two percent of the issuing corporation's total outstanding commercial paper. Purchases of commercial paper shall not exceed thirty-five percent of total investments at the date of acquisition. Prime commercial paper shall be limited to that of corporations that meet the following criteria:
  - a. Senior long term debt, if any, should have a minimum rating of A1 or equivalent, and short term debt should have a minimum rating of A1 or equivalent, as provided by a majority of the rating services that rate the issuer. If there is no long term debt rating, the short term debt rating must be A1 by all rating services (minimum of two).
  - b. The rating should be based on the merits of the issuer or guarantee by a non-bank.
  - c. A financial review should be made to ascertain the issuer's financial strength to cover the debt.
  - d. Commercial paper of a banking institution should not be purchased.
5. The amount invested in money market mutual funds shall not exceed ten percent of total investments on the date of investment.

#### VI. General

- A. The President or his or her designee may approve exceptions to the requirements of this policy in appropriate cases.

**Policy Title:** Cash Receipts, Deposits and Petty Cash

**Policy Type:** Finance/Administration

**New/revised:** Revised

**Old Policy #:** B-080, FP-2, FP-3

**Approval level:**  Board of Trustees [Select box for appropriate level of anticipated final approval]  
 President  
 Vice President  
 Other (specify here)

**Purpose:** The purpose of this policy is the establishment of procedures for deposit of funds, recording of receipts, and management of petty cash funds.

**Policy:**

I. General

- A. All payments received on behalf of the University must be promptly deposited.
- B. All checks in payment of amounts due the University must be made payable to East Tennessee State University. Checks must not be made payable to departments, department heads, or any University official or employee by name. If checks are received made payable to an individual, they must be appropriately endorsed before transmittal to the Financial Services Office. The endorsement must be preceded by "pay only to ETSU". If a check which is made out improperly is in payment of an item of a repetitive nature, the maker must be instructed to make future checks payable to East Tennessee State University.
- C. All receipts must be deposited intact. No expenditures may be made or checks cashed from cash receipts. No receipts may be retained within a department for departmental use.
- D. No "unofficial" funds may be maintained in any department. Any such funds currently on hand are in violation of this policy and must be transmitted to the Financial Services Office with a statement as to source.

II. Recording of Receipts

- A. All departments or activities regularly receiving funds in routine operations must record each transaction on carbon pre-numbered receipt books, (receipt books can be purchased from office supply stores by each department), or record the transaction on a cash register in the presence of the customer or payee. When the payment involves currency to be recorded in an official receipt book, the original receipt must be delivered to the payer. A notation must be made on each receipt specifying whether payment was by check or cash and the purpose for which the money was collected including course numbers, where applicable.
- B. Departments or activities which are not authorized by the University Financial Services Office to accept payments and do not maintain a receipt book must not accept payment but should direct the payer to the Financial Services Office for the purpose of obtaining an official receipt. Checks which are received by such departments by mail should be promptly forwarded to the Financial Services Office with a statement covering the purpose of the payment.
- C. Every person making a payment to the University for any purpose is entitled to, and must be given an official receipt for any such payment.
- D. When necessary to void a receipt, the original must be retained and stapled to the copy.

III. Transmittal and Deposit of Receipts

- A. Frequency of Transmittals and Deposits – the Family Practice Centers, Registrar’s Office, Off Campus Centers, and other departments having significant daily income must deposit each day's receipts no later than noon of the following day. Other departments must deposit receipts intact within three days; however, a department must deposit funds each day when \$500.00 in funds have been accumulated. Receipts are to be deposited in the Bursar's Office or in a bank account approved by the University.
  - B. Procedure for Preparing Deposits of Receipts with the Financial Services Office
    - 1. When a deposit is prepared by a department maintaining an official receipt book, an adding machine tape must be prepared of the items appearing in the receipt book subsequent to the last deposit. This tape must be attached to the receipt book opposite the last receipt covered by the current deposit, and on it must be noted the date of the deposit and the inclusive receipt numbers. The person presenting the monies to the Financial Services Office for deposit will insure that a copy of the Financial Services Office receipt is attached to the receipt book in the same manner as the adding machine tape.
    - 2. The back of each check should be stamped "For Deposit Only - East Tennessee State University, Department Name" upon acceptance.
  - C. Procedures for Depositing Receipts Off-Campus
    - 1. Off campus centers and clinics may deposit funds in a bank account authorized by the University. A copy of each deposit slip validated by the bank teller must be transmitted to the Financial Services Office with a deposit summary showing the purpose for which funds were collected.
- IV. Special Fiscal Year End Closing Procedures
- A. Under present University and State regulations, all funds received by the Financial Services Office by noon on the last work-day of the fiscal year must be deposited as of that date. Funds receipted by departments as of the close of business on the day prior to the last work-day of the fiscal year must deposit funds in the Financial Services Office or in an authorized bank account by noon of the next day.
  - B. Receipts written after the fiscal year deposit must be dated July 1 or the first work-day in the new fiscal year.
  - C. Final fiscal year deposit slips received by the off-campus centers or clinics must be transmitted immediately to the Financial Services Office for recording.
- V. Custody and Safekeeping of Receipts
- Department heads must insure that proper safekeeping facilities are available and that proper safeguards are taken to protect official funds until deposited. Currency must never be transmitted through US Post Office or campus mail or left overnight in cash registers. If unusually large sums are on hand, arrangements should be made for bank night deposits or overnight storage in the Financial Services Office vault.
- VI. Cash Overage and Shortage
- If at any time a department's petty cash fund or daily receipts should be over or short, the overage or shortage should be reported by telephone to the Financial Services Office (439-4414) immediately. If the amount of overage or shortage is determined to be significant by the University Financial Services Office, a written report regarding the circumstances of the overage or shortage must be submitted to the University Business and Finance office for a formal report to the Chief Financial Officer and the State Comptroller's Office as required by law (T.C.A. § 8-19- 501).
- VII. Petty Cash Funds
- A. When the nature of certain departmental operations requires a fund for frequent cash purchases of minor items, the Financial Services Office will, upon proper justification, advance to

the Department Head a Petty Cash Fund to be maintained by the Department on a custodial basis. Such advances are not chargeable to the department's operating account but are reflected on the accounting records as an advance to the Department Head, who is accountable for proper fiscal and physical control of the fund.

- VIII. Proper Custody and Control of Petty Cash Funds
  - A. The custody and control of Petty Cash Funds may be delegated to appropriate personnel; however, accountability and responsibility for proper use and care of the funds remain with the designated Department or Unit Head.
  - B. The Department Head must insure that facilities for safekeeping of funds are available and must be approved by the Financial Services Office.
  - C. Petty Cash Funds, other than advances used in making change, must be kept separated from all other funds, including personal funds, and not co-mingled.
  - D. The Petty Cash Funds are subjected to audit and should frequently be balanced to ensure that the cash plus paid receipts on hand equal the amount of the fund.
  - E. If, for any reason, petty cash funds are inadvertently deposited or used in a manner not compliant with policy, the Bursar's Office must be notified immediately.
- IX. Limitations on Use of Petty Cash Funds
  - A. Office supplies and materials which are available through other sources may not be purchased through the petty cash account except in emergency situations. If such a purchase is necessary, an explanation must be attached to the voucher.
  - B. Unless exceptions are specially approved by the University Financial Services office, Petty Cash should be used only when the purchase from one vendor is less than twenty- five dollars (\$25.00).
  - C. As a state institution, the University is exempt from the payment of City and State Sales Tax and Federal Excise Taxes. Exemption forms are available from the Financial Services Office.
  - D. Loans or advances to employees for personal use from Petty Cash Funds are forbidden. No checks may be cashed from Departmental Petty Cash Funds.
  - E. Meals, food, flowers, travel, personal services, contractor services, and dues or subscriptions cannot be reimbursed by Petty Cash funds.
  - F. A single petty cash fund may not be used as both a change fund and a disbursement fund.
- X. Securing of Proper Receipts for Petty Cash Expenditures
  - A. Receipts for Petty Cash expenditures must be obtained from the vendor and must meet the following requirements:
    - 1. All receipts must be originals.
    - 2. The receipts must provide a complete description of the materials purchased or service rendered. The only exception is when a firm uses standard business forms and issues their receipt on a standard multi-part form which indicates Customer Copy of Receipt.
    - 3. The vendor's invoice must clearly indicate that it has been paid either by being stamped with the official "PAID" stamp of the firm and containing the name of the firm; by being made out to "CASH SALE"; by having the firm's cash register "CASH SALE".
    - 4. Receipts cannot be accepted for reimbursement which show evidence of alteration.
    - 5. At fiscal year-end, a reimbursement request must be made before June 15th. Unless grant funded, any reimbursement requests not submitted by this time and carried forward must be approved by the Associate Vice President or Comptroller of Financial Services.

6. The index and account to be charged should appear on the request for reimbursement along with the signature of the approving authority.

XI. Reimbursement of Petty Cash Expenditures

Whenever the cash in the fund is depleted to the extent requiring replenishment, or, in any event, at least once each fiscal quarter, the paid invoices should be submitted to the Financial Services Office for reimbursement.

XII. Cash Overage and Shortage

If at any time a department's petty cash fund or daily receipts should be over or short, the overage or shortage should be reported by telephone to the Financial Services Office (439-4212 or 439-4414) immediately. If the amount of overage or shortage is determined to be significant by the University Financial Services Office, a written report regarding the circumstances of the overage or shortage must be submitted to the University Financial Services Office for a formal report to the Chief Financial Officer, the Board of Trustees, and the State Comptroller's Office as required by law (T.C.A. § 8-19-501).

XIII. Closing a Petty Cash Fund

A. If it is deemed that a petty cash fund is no longer needed, all unreimbursed cash disbursement receipts along with all remaining cash should be returned to the Petty Cash Accountant in the Bursar's Office. All receipts must be properly documented with the business purpose of the purchase and the index and account to be charged.

**Policy Title:** Collection of Accounts Receivable

**Policy Type:** Finance/Administration

**New/revised:** Revised

**Old Policy #:** B-010, FP-10

**Approval level:**  Board of Trustees [Select box for appropriate level of anticipated final approval]  
 President  
 Vice President  
 Other (specify here)

**Purpose:** This policy applies to the collection of accounts (the word "accounts" as used herein shall include notes), including student fees, receivable by all departments of East Tennessee State University. Each department accepting accounts receivable are to establish policies and procedures as required by Section II.

**Policy:**

- I. General Statement on Accounts Receivable
  - A. Each department shall, to the maximum extent possible, require payment in advance for all services and goods provided by the department, and thereby avoid the creation of accounts receivable.
  - B. The Board policy on Payment of Fees and Enrollment of Students requires (with limited exceptions) that all assessed fees be paid in advance by a student before he or she is considered enrolled for any academic term.
  - C. It is recognized that accounts and notes receivable may be generated from certain programs and activities, including but not limited to student payment plans, student loan programs, family practice or other medical programs, housing utilities, traffic and parking fines, library fines, bad checks, contracts, the rental of property, and any damage, loss or liability to the university by others. Each department, subject to the approval of the University Comptroller, is authorized to require any person to pay a deposit, post a security bond, or provide appropriate insurance to ensure full payment of any potential obligation to the university arising from any program or activity.
  - D. Pursuant to T.C.A. § 28-1-113 there is no time limit on the university's authority to collect receivables unless otherwise expressly provided by statute.
- II. General Collection Procedures
  - A. Each department shall establish a systematic process and procedures for the collection of accounts receivable from all persons, including students and employees of the University. The collection procedures and forms of each department are subject to the approval of the University Comptroller or his or her designee. The University Comptroller will, upon request, assume responsibility of the collection of certain departmental accounts receivable subject to the receipt of appropriate documentation of such obligations.
  - B. Collection efforts should begin no later than thirty (30) days after the occurrence of the obligation or other fixed due date.
  - C. Except as otherwise hereinafter provided, a minimum of three (3) letters of contact or billing requesting payment should be sent by the department at 30-day intervals once an account becomes delinquent. An account becomes delinquent based on the payment criteria established by the university for the type of debt involved. For debts greater than \$100, the third letter



should indicate that the account will be referred to a collection agency if payment is not received with a specified period of time. Sending letters by certified mail is optional.

- D. When the university's established collection efforts for the type of debt have failed to produce payment, these accounts are classified as defaulted. Any defaulted receivable of \$100 or more shall be referred to a collection agency within a reasonable time after the final collection letter is sent if the debtor does not respond. Referral of accounts under \$100 are not required. Except as provided for under Section E employee receivables and Section F student receivables, no additional collection efforts are required for accounts under \$100. See procedures for write-off of accounts receivable.
- E. Employee receivables (including student employees) may result from, among other things, traffic and parking fines, library fines, university services or bad checks. If the procedures in Section II.B. have been met and the debt is still delinquent, the debt can be recouped from the employee's paycheck.
  - 1. Procedure for withholding
    - a. In order to recoup the amount owed from the employee's paycheck, notice of intent to withhold must be sent to the employee by registered or certified mail, email, or personally delivered.
      - i. The notice should inform the employee of the amount alleged to be owed and should specify that he may elect to pay the debt in full, authorize deductions from his paycheck or, if the employee is terminating, the check for accrued but unused annual leave, or contest the intent to withhold through a university or TUAPA hearing.
      - ii. Subsequent to receiving a pre-deprivation notice of the debt owing, the employee, within 15 calendar days of receipt of such notice, must:
        - a) Pay the debt in full;
        - b) Authorize the university to withhold a designated amount from each subsequent paycheck or, if the employee is terminating, from the accrued but unused annual leave until the debt is paid in full;
        - c) Elect to contest the intent to withhold through an institutional hearing; or,
        - d) Elect to contest the intent to withhold through a contested case hearing held pursuant to T.C.A. § 4-5-301, et seq.
    - b. If the employee elects an institutional hearing, the employee shall appear on behalf of himself but is entitled to be advised by counsel.
      - i. The Chief Financial Officer or his/her representative, or a representative of the department involved in the debt, shall be present to represent the university.
      - ii. The case will be heard before one hearing officer designated to hear all cases on that date.
      - iii. The hearing officer must be an individual who is not so closely connected with the collection of the debt that he/she cannot render an unbiased and objective decision on the validity of the debt.
      - iv. Such hearing should be held within one week of the decision to elect the hearing.
      - v. The hearing officer shall render his/her decision on the validity of the debt. If the debt is ruled valid, the debt shall be deducted from the

- employee's payroll check beginning at the end of the next appropriate pay period in accordance with deduction schedules.
- vi. If the employee elects a TUAPA hearing, the Office of University Counsel should be notified immediately.
  - vii. If the employee refuses to pay, authorize deduction, or specify or waive a hearing process, a TUAPA hearing must be initiated.
  - viii. The employee's failure to appear at either an institutional or TUAPA hearing will constitute default, or, if a prima facie case is presented that the debt is owed, it will be deemed valid; the appropriate deductions may then be made.
  - ix. Additionally, if a TUAPA hearing, a Default Order must be issued.
  - x. If the employee does not appeal the Default Order, funds may be deducted as specified.
2. Limitations on Amounts to be Withheld. The deduction from any check shall not exceed the maximum deductible under state garnishment laws.
    - a. The maximum amount of disposable earnings of an individual for any work week which is subjected to garnishment may not exceed:
      - i. Twenty-five percent (25%) of his disposable earnings for that week; or
      - ii. Thirty (30) times the federal minimum hourly wage at the time the earnings for any pay period become due and payable, whichever is less.
    - b. In the case of earnings from any pay period other than a week, an equivalent amount shall be in effect.
    - c. These limits are applicable to retirement funds, but are not applicable to checks for accumulated annual leave.
    - d. Additionally, the above limits do not apply to employee overpayments.
  3. Retirement Funds. If a former employee is found to owe a debt to the state, retirement funds may be utilized to pay off the amount owing to the extent permitted by Tennessee law.
    - a. The same procedural steps outlined in II.E.1. for notice and the opportunity for a hearing must be followed.
    - b. Accumulated retirement contributions of a former employee terminated for any reason and for which he has made application, or monthly benefits of a retired employee are subject to withholding to the extent permitted by Tennessee law.
    - c. A copy of the final order resulting from an institutional or TUAPA hearing, or a signed waiver of hearing and written agreement of the former employee authorizing deductions should be sent to the director of the retirement system along with a written request to withhold, specifying the reason for the claim and the total amount involved.
  4. Recovery of Overpayments to Employees. Unlike cases in which the employee owes the university money, in instances of overpayments to employees there is no obligation to provide a hearing.
    - a. The university is obligated, however, to attempt to recoup the funds. The university should advise the employee in writing of the overpayment and the university's proposed actions to correct the overpayment.
    - b. The method of repayment will depend upon the amount of the overpayment, the time which has elapsed between the overpayment and its discovery, the hardship which immediate repayment might cause the employee because of amount of current salary and personal expenses, the culpability of the

employees in not reporting the overpayment, and the longevity as well as the expectation that the employee will remain in state government until the repayment is completed.

- c. If a current employee receives overpayment, the refund may be made in one of the following ways:
    - i. Repayment by the employee by cash or check; or,
    - ii. Adjustment of deductions to be made automatically from the employee's paycheck, either with a single deduction or a series of deductions made from each paycheck until the full amount is recovered.
    - iii. The amount of partial payments recovered by the latter method should be reasonable and systematic so that full recovery will be completed within the shortest period possible.
  - d. If overpayment is discovered after the employee terminates employment with the state, an account receivable should be established.
    - i. The former employee should be notified of the overpayment, the circumstances of the overpayment and a request that the employee contact the appropriate campus official.
    - ii. If the employee has not received his final paycheck, the appropriate deduction from that check can be made.
    - iii. If the final paycheck has been received, negotiations for reimbursement should be initiated.
    - iv. If repayment cannot be negotiated or collected, the account should be turned over to the collection agency.
    - v. In the event collection is not possible, proper write/off procedures should be followed.
  - e. In instances in which the employee has agreed to systematic deduction(s) from his paycheck(s), written authorization from the employee is encouraged.
- F. Students must pay any past due debts and obligations incurred in prior terms and all known debts and obligations incurred during the current term before being permitted to pre-register for any future terms. An amount owed under the university installment (deferred) payment plan for enrollment fees which is not yet considered due shall not cause a hold to be placed on the students records. A notice stating the specific amount due should be sent to each student prior to completion of registration. Pursuant to T.C.A. § 49-9-108, no grade reports, certificates of credit, diplomas or transcripts will be issued to any student with any unpaid or delinquent debt or obligation owed to the university unless such debt is secured by notes or other written contracts providing for future payment under federal or state education or student assistance acts. In addition, once a petition for bankruptcy has been filed, all holds should be lifted. The university has no obligation to provide student grade reports, etc., unless specifically requested to do so. Accurate records of all correspondence, telephone calls and personal contacts with borrowers shall be maintained and all receivables should be aged at least annually. The university must comply with record maintenance, safekeeping, and retention regulations for federally-funded loans.

### III. Federal Student Loan Program Collections

- A. Collection officers should consult the most recent legal authorities concerning federal loans. These authorities include interpretative materials, issues letters, manuals, Congressional Acts and the Federal Department of Education Regulations. The collection procedures for notes receivable are explained in detail by these authorities and includes but is not limited to the following areas of responsibility:

1. Pre-Loan Counseling
2. Exit Interviews
3. Grace Period Notices
4. Skip Tracing
5. Due Diligence Billings for On-time Borrowers
6. Deferments and Cancellations
7. Delinquent Loan Billings
8. Default and Acceleration
9. Write Off and Assignment Procedures
10. Billing Loans Not Written Off

IV. Returned Check Collections

- A. For any student who tenders payment of fees by a check that is subsequently dishonored by the bank, and the check is not redeemed within the specified time period, the university has the option to not consider this student enrolled at the university. At the discretion of the university, the student may be considered enrolled and will be assessed the applicable returned check fee, the late registration fee, and will be denied grade reports, transcripts and future registration privileges until such dishonored check is redeemed.
- B. Any person other than a student or employee who tenders a check for payment for goods or services which is subsequently dishonored shall be given the opportunity to redeem the check and pay the amount due in cash or money order within 10 days.
- C. A total of three notices shall be sent for any unpaid check with the third notice being the "Final Notice" before the account is referred to an outside collection agency. Please consult the procedures detailed in Section II A-F of this policy.
- D. A check presented for payment of any goods or services which is subsequently dishonored shall be treated as an accounts receivable. Any transactions that have been processed should be charged back to the departmental account when possible and appropriate.
- E. Receipt of one or more bad checks from any person may result in that person becoming ineligible to make payments by check thereafter, or to have any check cashed by the university. A record of individuals who have written bad checks should be maintained.

V. Rent Collections

The terms of the lease should be consulted in the event of failure by the tenant to timely pay rent. In counties with populations more than 200,000 according to the 1970 federal census, the Tennessee Residential Landlord and Tenant Act (the ACT) applies and provides, at T.C.A. § 66-28-505, that upon noncompliance with the rental agreement, the landlord shall deliver a written notice to the tenant specifying the noncompliance and stating that the rental agreement will terminate upon a date not less than thirty (30) days after receipt of the notice. If the noncompliance is not remedied in fourteen (14) days, the rental agreement shall terminate as provided in the notice. If the tenant remits the rental but subsequently again fails to pay rent within a 6 month period, the rental agreement may be terminated upon at least fourteen (14) days written notice specifying the noncompliance and the date of termination of the rental agreement. In counties where the ACT applies, written notice is required when rent is unpaid unless otherwise specifically waived in a written rental agreement. In counties where the ACT does not apply, it will provide guidance concerning landlord/tenant issues. Generally, the length of the notice period equals the rental period, for example, 30 days notice is required where rent is due monthly. In the event the rent remains unpaid at the end of the month, the university should proceed with an action to evict the tenant. Accrued rents which are unpaid shall be treated as accounts receivable of the university and collection procedures detailed in Section II should be followed.

## VI. Collection Agencies

- A. General. The university may contract for collection services through one or more companies.
  - 1. The service should provide for the referral of all types of delinquent accounts and notes from the university to the designated company only after university collection efforts have been exhausted.
  - 2. The terms of the contract and RFP govern all collection actions.
  - 3. Unless otherwise prohibited by law or regulation, any note, contract or lease which may result in accounts receivable to the university should contain a provision pursuant to which the person will be responsible for the costs of collection and reasonable attorneys' fees in the event of default, and should further provide for the assignment of the account or note to the proper agency.
- B. Billing Services. The university may use an outside billing service to collect payments on accounts receivable. The service should be familiar with all provisions of loan programs and provide prompt, clear and accurate bills.
- C. Credit Bureaus. The university may report all loans when made to a credit bureau. The university must obtain the borrower's consent to report loans not in default by including a statement in the promissory note or some other document that is signed by the borrower at the time the loan is made.
- D. Collection Agency. Accounts that are still delinquent 30 days after the final collection letter should be turned over to a collection agency. Receivables less than \$100 are not required to be turned over to a collection agency.
- E. Reporting Requirements. The collection agency should be required to report the status of delinquent loans periodically to the university.
- F. Revised Repayment Plan. A revised repayment plan agreement should be signed by the borrower if the borrower returns to repayment status.
- G. Recalling Accounts from Collection Agency. No account should be recalled from a collection agency other than debts eligible for deferment, postponement, cancellation, bankruptcy, death, disability or some other mitigating circumstance (university error, etc.).
- H. No account should be recalled in order for a borrower to re-enroll or obtain a transcript.
- I. The borrower should pay the accelerated amount plus collection costs to the collection agency.

## VII. Bankruptcy

The Bursars Office of East Tennessee State University will designate at university contact for all bankruptcy claims regarding accounts and notes receivables. All bankruptcy claims and debt documentation should be sent to the Bursars Office to be forwarded to the Tennessee State Attorney General's Office. No further action against the debtor should be taken until notice of final discharge is received from the Tennessee State Attorney General's Office.

## VIII. Litigation

- A. After all other attempts at collection have failed with general accounts receivables, the university must authorize litigation of any account of \$500 or more providing that the litigation costs do not exceed the amount which can be recovered. Generally, the collection services contract will provide for litigation where appropriate.
- B. If a federal loan cannot be litigated for any of the following reasons, it should be assigned to the U.S. Department of Education: (1) Borrower has no assets (2) Address Unknown (SKIP) (3) Debtor is incarcerated (4) Debtor is on Public Assistance, (5) Unable to serve borrower with court papers, (6) Litigation is in process and debtor skips, (7) Expected cost of litigation exceeds amount to be recovered from borrower.

**Policy Title:** General Purchasing, Receipt of Materials, and Payment of Invoices

**Policy Type:** Finance/Administration **New/revised:** Revised

**Old Policy #:** 4:02:10:00, FP-4, FP-5

**Approval level:**  Board of Trustees [Select box for appropriate level of anticipated final approval]  
 President  
 Vice President  
 Other (specify here)

**Purpose:** The purpose of this policy is the establishment of procedures for purchasing, receipt of materials, and payment of invoices.

**Policy:**

I. General

Purchases made with University funds must adhere to sound, ethical business practices. No financial commitment may be made by any employee of the University without specific written authority of the President. University officials authorized to approve purchases of goods and services must exercise prudent judgment when expending funds or determining if an expenditure is appropriate.

II. Principles

- A. The purchase must comply with this policy and the laws of the State of Tennessee for the purchase of goods and services.
- B. The purchase must support the mission and purpose of the University.
- C. The purchase must not be personal in nature.
- D. The amount expended should be reasonable.
- E. Employees of the University serve the interests of the State of Tennessee and must comply with the University Conflict of Interest Policy.
- F. The President of the University has delegated authority to the Associate Vice President for Procurement and Contract Services and the Purchasing Director to make purchase commitments. The President of the University has delegated authority to the Associate Vice President for Procurement and Contract Services to sign contracts for the University when they are associated with purchase orders. No employee has authority to make any purchase commitment, enter into any contract for goods or services, or otherwise take action with respect to third parties which may be construed as financially binding to the University except through the authority of Procurement and Contract Services, unless specifically authorized by other applicable University policy or in writing by the President. This policy applies to all expenditures of funds administered by the University, regardless of origin. This policy does not apply to agency funds set up with ETSU Business Financial Services.
- G. The ETSU Standard Bid Terms and Conditions and the ETSU Code of Ethics in Procurement and Contracting (Appendix A) are adopted as minimum standards in the procurement of goods and services.
- H. Except as specifically provided in other university policies and guidelines, authority pursuant to those policies shall not include the purchase or lease of real property, the purchase of insurance, or purchases for capital outlay projects from any fund source whatsoever.

- I. No employee of the University responsible for initiating or approving requisitions shall accept or receive, directly or indirectly, from any person, firm or corporation to whom any contract may be awarded, by rebate, gift or otherwise, any money or anything of value whatsoever, or any promise, obligation or contract for future awards or compensation. Whenever any contract/purchase order is awarded contrary to this provision, the contract/purchase order shall be void and of no effect, and if the violation was intentional, the employee responsible for the purchase shall be liable for any state funds paid contrary to this provision.

### III. Definitions

- A. Banner Finance System - A computerized on-line system used to produce and maintain the University's financial records for the eBucs System. The Banner Finance System is the official system of record for all procurement transactions created in eBucs.
- B. Conflict of Interest - A conflict of interest occurs when the personal interests, financial or otherwise, of a person who owes a duty to the Board of Trustees or the University (all employees) actually or potentially diverge with the person's professional obligations to and the best interests of the Board of Trustees and University. It is a conflict of interest for any person or any company with whom such person is an officer, a director, or an equity owner of greater than 1% interest to bid on any public contract for products or services for a governmental entity if such person or a relative of such person is a member of a board or commission having responsibility for letting or approving such contract. For purposes of this section only, "relative" means spouse, parent, sibling, or child (T.C.A. § 12-3-106(b)(2003)). It is the policy of the University that no employee shall use his/her employment for personal benefit. Any appearance of favoritism or influence in doing business is prohibited.
- C. Unlawful Employee Activities - It is unlawful for any employee to bid on, sell, or offer for sale, any merchandise, equipment or material, or similar commodity, to the state of Tennessee or to have any interest in the selling of the same to the state during that person's term of employment and for six months thereafter (T.C.A. § 12-4-103). Disclosure of any such transaction by an employee or member of the employee's family or by a business in which an employee or member of the employee's family has any significant (more than 4%) ownership interest or for which an employee or employee family member serves as an officer is required by this policy. Family member includes the spouse and children (both dependent and non-dependent) of a person covered by this policy.
- D. eBucs System - A computerized electronic procurement (eProcurement) system used to manage the University's procurement process online. The eBucs application includes modules that address each step in the procurement process: shop and compare, create requisition, requisition approval process, create and distribute purchase order, process invoices, and receipt management.
- E. Minority-Owned business - A continuing, independent, for-profit business which performs a commercially useful function and is at least 51% owned and controlled by one or more minority individuals who are impeded from normal entry into the economic mainstream because of past practices of discrimination based on race or ethnic background in accordance with the provisions of T.C.A. § 12-3-802.
- F. Non-Competitive Purchases and Contracts - Purchases and contracts made when items or services are unique and possess specific characteristics that can be filled by only one source.
- G. Procard - The procurement card program available for purchases of goods less than \$5,000.
- H. Service Disabled Veteran business - Tennessee service-disabled veteran means any person who served honorably on active duty in the Armed Forces of the United States with at least a twenty percent (20%) disability that is service-connected meaning that such disability was incurred or aggravated in the line of duty in the active military, naval or air service. "Tennessee service

disabled veteran owned business" means a service-disabled veteran owned business that is a continuing, independent, for profit business located in the state of Tennessee that performs a commercially useful function, and is at least 51% owned and controlled by one (1) or more service-disabled veterans in accordance with the provisions of T.C.A. § 12-3-802.

- I. Small business - A business which is independently owned and operated, in accordance with the provisions of T.C.A. § 12-3-802, and is not dominant in its field of operation.
- J. Surplus Property - Any University property such as movable equipment or supplies (not real property such as land or buildings) a department determines to be excess to its needs and for which the department has no foreseeable requirement.
- K. Woman - Owned business- A women-owned business that is a continuing, independent, for-profit business which performs a commercially useful function, and is at least 51% owned and controlled by one or more women; or, in the case of any publicly owned business, at least 51% of the stock of which is owned and controlled by one or more women and whose management and daily business operations are under the control of one or more women in accordance with the provisions of T.C.A. § 12-3-802.

#### IV. Purchasing

- A. Planning a Purchase - In preparation of the purchase of goods and services, a clear description of the requirements or specifications is the basis for assuring that departmental needs will be met. The approving authority from the ordering department must assure that funds have been appropriated and are available for the purchase of materials, supplies, equipment or services prior to award of a contract. The ordering department is responsible for determining that all items to be purchased are necessary.
- B. Purchase Requisition Procedures - Purchase requisitions should be submitted online by accessing the eBucs system. Purchase requisitions are submitted by the ordering department, approved by the appropriate officials and forwarded electronically to Procurement and Contract Services for processing into a bid or a purchase order.
- C. The purchase requisition should include, but not be limited to the following:
  - 1. Information describing the purpose of the acquisition, technical requirements, bidder qualifications, and any other information considered relevant to the goods or services being acquired. Whenever possible, all specifications for materials, supplies, equipment and services shall be worded or designed so as to permit open and competitive bidding.
  - 2. The quantity or amount of articles or services required.
  - 3. The estimated cost of goods or services.
- D. Additional Purchasing Methods - In addition to the purchase requisition, other purchasing methods, such as the Procard and contract purchases may be available.
- E. Competitive Bidding and Specifications - All purchases valued at \$10,000 or more shall be based upon the principles of competitive bidding except as provided herein. Whenever possible, all specifications for materials, supplies, equipment and services shall be worded or designed so as to permit open and competitive bidding for the supplying of the articles, commodities or services to which they apply. Bid thresholds are set by the State of Tennessee to establish the minimum dollar amount for which any purchase of goods or services must be competitively bid. Currently the bid threshold is \$10,000.
- F. Bidding is required when the total purchase amount is \$10,000 or more. A minimum of three bids is required when the total purchase amount is \$10,000 to \$50,000. Departmental personnel may contact sources of supply for quotes when the amount of the total purchase is \$10,000 but less than \$50,000. Procurement Services will assist in the development of specifications and provide capable suppliers upon request. Procurement Services is also available to obtain the



bids. All bid information is to be attached as internal information on the purchase requisition in eBucs. If available, furnish with the purchase requisition such specifications, catalog pages, brochures, or other data as will provide an adequate basis for determining the quality and functional capabilities of the products being requested.

- G. Procurement Services will issue bids for goods and services \$50,000 or more.
  - H. The University shall actively solicit bids from small, minority, service-disabled veteran, and woman-owned businesses in order to obtain a fair proportion of goods and services from such businesses, whenever possible.
  - I. Non-Competitive Purchases - Goods and services over the bid threshold may be procured without competitive bidding only if such purchases are justified in writing and approved by the President or Purchasing Director or designee.
  - J. Emergency Purchases - Requests for purchases of specific materials, supplies, equipment, or services may be made in the open market for immediate delivery only to meet bona fide emergencies arising from any unforeseen cause. The President or designee must approve all bona fide emergency purchase requests, and a written report on the circumstances of any such emergency justifying the purchase shall be prepared by the ordering department and maintained by the University. All emergency purchases shall, if practicable, be made on the basis of competitive bids.
  - K. Contracts and Agreements - All contracts and agreements will be in conformance with ETSU policy *Contracts and Signature Authority* and other State requirements.
  - L. Contracts \$250,000 and greater require approval by the President. Non-competitive contracts of \$250,000 or more and for a term greater than one (1) year require approval by the President, the Board of Trustees, and State of Tennessee Fiscal Review Committee. (Allow a minimum of 75 days prior to the effective date of the agreement).
  - M. Prohibited Transactions - No personal items shall be purchased through the University or from funds of the University for any employee of the University or any relative of any employee. Personal gifts for employees cannot be purchased with university funds. Whenever any contract/purchase order is awarded to the contrary to this provision, the contract/purchase order shall be void and of no effect, and if the violation was intentional, the employee responsible for the purchase shall be liable for any state funds paid contrary to this provision.
- V. Procurement Cards
- A. Procurement cards (Procards) are to be used only for authorized official institutional business.
  - B. Procurement of goods or services shall be in compliance with this policy and the laws of the State of Tennessee.
  - C. A complete record shall be maintained on each procurement transaction in order to provide a clear audit trail.
  - D. The procurement card manual sets forth all processes and procedures for procurement card purchases to ensure that all transactions are in compliance with this policy and the laws of the State of Tennessee.
  - E. Employee participation in the Procard program is considered a privilege and may be revoked at any time for abuse, inappropriate/fraudulent use, or for program mismanagement.
- VI. Examples of Purchases Not Allowed with University Funds -
- A. Gifts and flowers except for officially sponsored events and student activities
  - B. Personal purchases for employees or students
    - 1. Professional license fees
    - 2. Memberships and license fees examples: civic organizations or professional organizations

- 3. Subscriptions
- 4. Purchases for office use examples: decorations for private offices, coffee pots, microwaves, tissues, food, drinks, cups, plates, etc.
- C. Employee awards/rewards
- VII. Allowed Transactions for Non-Employees with University Funds -
  - A. Honoraria
  - B. Token of appreciation for service rendered - \$50 or less per person
  - C. Incentives/Rewards for participating in research studies, surveys, or projects, or for attending events
  - D. Promotional items for give-away in order to promote departments and departmental programs
  - E. Gift cards: Non-employee and non-resident alien research participant payments are limited to a maximum of \$50 per payment and a total payment of less than \$600 to any one research participant. The department must retain a copy of the research participant name, address, social security number and signature acknowledging receipt of the gift card. Department must be able to show that all the gift cards were distributed. These records are subject to audit by university and State Audit. A request to purchase gift cards should be sent to Accounts Payable for a check to be issued to the vendor. University Procards cannot be used to purchase gift cards.
  - F. Cash payments: Non-employee and non-resident alien research participant payments are limited to a maximum of \$50 per payment and a total payment of less than \$600 to any one research participant. Any individual research participant payment over \$50 must be processed through Accounts Payable via a check to the individual research participant. Complete the **Cash Payment to Research Participants form** and return it to Financial Services before any funds can be distributed. Research participant name, social security number, address and signature acknowledging receipt of the cash must be obtained. Differing from the use of gift cards, the petty cash receipts are returned to the Bursars Office when the petty cash account is closed out at the end of a grant or when the fund is replenished. The receipts are retained in the Bursars vault and are subject to audit by university and State Audit. Note: Whether gift cards or cash are distributed, a method of securing cards or cash is needed.
- VIII. Receipt and Delivery of Materials
  - A. Central Receiving
    - 1. University Purchase Orders and Procard orders specify the location to which orders are to be delivered. University Purchase Orders will normally be delivered to Central Receiving. Procard orders may be delivered to Central Receiving or directly to the department.
    - 2. When deliveries are made to Central Receiving, employees of Central Receiving will:
      - a. Compare the number of cartons or packages with the shipping documents.
      - b. Inspect for visible damage; note damages on the shipping document and obtain the delivery driver's signature.
      - c. Compare the delivery to the purchasing information and make appropriate entries into the eBucs Purchasing System regarding purchase orders.
      - d. Prepare delivery documents.
      - e. Deliver the material or equipment to the appropriate department, and obtain a signature from the person accepting the delivery.
    - 3. To maintain a safe campus environment delivery trucks are generally limited to Central Receiving vehicles. Most deliveries of goods will be made to Central Receiving.
  - B. When deliveries are made to the department, employees of the department will:

1. Compare the material or equipment received with the ordering records immediately upon receipt for conformity as to the specifications and quantity. The date received, quantity and condition of the items should be noted on the ordering records.
  2. Report any deviation from specifications, shortages, damages, etc. to the purchasing agent in writing. The purchasing agent will initiate the communications with the vendor, except for apparent damage in transit, in which case the department should contact Central Receiving, who will file the proper claims with the vendor and shipper.
  3. Complete records on all receiving reports shall be maintained in order to provide a clear audit trail on the receipt of all purchases.
- IX. Surplus Personal Property
- A. Surplus property is personal property (not real property such as land or buildings) owned by the University which has been determined by a department to be obsolete, outmoded, unusable or no longer needed for which future needs do not justify the cost of maintenance and/or storage.
  - B. In some instances, other University departments may want to utilize personal property declared surplus to the needs of another department. Items may be transferred between departments or to surplus property for disposal by accessing the Central Receiving site.
- X. Payment of Invoices
- A. In order to make payment to an outside vendor, the Accounts Payable Section of the Procurement and Contract Services must have the original itemized invoice. Payments will not be made on a statement unless supported by itemized delivery tickets attached thereto. Invoices must not be approved and sent to Accounts Payable for payment until all of the items covered by the invoice have been received in good order. Some purchase order invoices will be received electronically through the eProcurement system.
  - B. Vendors have the right to expect prompt payment by the University after delivery. Each department head is responsible to ensure that invoices are promptly processed for payment and a receipt is created through the eProcurement system when appropriate. Should an invoice not be within 30 days of receipt, the University may be required to pay interest on late payments which will be charged to the requisitioning department.
- XI. Departmental Responsibility in Processing Payments - There are three methods for making payments to vendors. The departmental responsibilities are detailed for each of the methods below.
- A. Pre-Approval of Invoices
    1. Purchases made by purchase order generally will not receive a copy of the invoice. The Accounts Payable Office will ensure that the material has been received, and that the quantity and price on the invoice match that of the PO. Once this match has been established, the Accounts Payable Office will consider the invoice to be pre-approved and will make payment on the appropriate date.
    2. It is the department's responsibility to ensure that the material is as ordered and is in good working order. Creation of a receipt through the eProcurement system, signifies receipt and acceptance of the items on the invoice. Any problems with an item should be reported to Purchasing immediately. Purchasing will freeze the purchase order until the issue can be resolved. This procedure will not be used for the following types of invoices: subscriptions or copiers with varying charges to several departments.
  - B. Invoices on which departmental approval is required
    1. The invoice must be compared to the notation made on the purchase order at the time of delivery to ensure that the material has been received (See paragraph I.B. above). At the same time the unit price must be verified.
    2. Extensions and additions on all invoices must be verified. If errors are noted, the purchasing department must be contacted for instructions in handling.

3. The requisitioner must affix his/her signature of approval on the invoice. Initials, rubber stamp or other facsimile is not permitted. If the purchase order number does not appear on the invoice, it must be written in a conspicuous place. If the invoice is not covered by a purchase order, the index number to be charged must be indicated directly on the invoice.

C. Payment for Procurement Card Transactions

1. The department user will receive a monthly summary statement from the bank that issues the procurement card. Any discrepancies are handled between the departmental purchaser and the vendors. If a particular transaction is in dispute, the departmental purchaser is to communicate directly with the bank. All procurement card records are to be maintained in the department.
2. Accounting will pay the bank on a monthly basis for all procurement card transactions, except those transactions in dispute.

XII. Approval of an Invoice for Payment

A. Approval of an invoice for payment certifies to Accounts Payable that:

1. The merchandise or service has been received, is acceptable and is in conformity to the purchase order,
2. That the index charged is the proper one and that funds are available to cover the expenditure.

**EAST TENNESSEE STATE UNIVERSITY  
CODE OF ETHICS IN PROCUREMENT AND CONTRACTING**

I. The code of ethics was developed by East Tennessee State University, approved by the Board of Trustees, and shall be applicable to all ETSU employees who are primarily responsible for the purchase of goods or services for the institution.

A. Statement of Policy

1. Employees must discharge their duties and responsibilities fairly and impartially.
2. They also should maintain a standard of conduct that will inspire public confidence in the integrity of the institution.

B. General Standards of Ethical Conduct

1. Any attempt to realize personal gain through public employment, inconsistent with the responsible discharge of that public employment, is a breach of public trust.
2. Employees shall base all purchases on the principle of competitive bidding consistent with policies of the Board and the institution.
3. Employees shall grant all competitive bidders equal consideration, regard each transaction on its own merits, and foster and promote fair, ethical and legal trade practices.
4. Employees shall avoid misrepresentation and sharp practices, and demand honesty in sales representations whether offered through the medium of a verbal or written statement, an advertisement, or a sample of a product.
5. Employees shall be receptive to competent counsel from colleagues, and be willing to submit any major controversy through the appropriate appeals processes.
6. Employees shall accord prompt and courteous reception insofar as conditions permit to all who call on legitimate business missions.
7. Employees shall not use without consent the original designs developed by a vendor for competitive purposes.

C. Conflict of Interest

1. It shall be a breach of ethical standards for any employee, in the performance of his or her official duties, to participate directly or indirectly in any proceeding or application, request for ruling or other determination, claim or controversy, or other particular matter pertaining to any contract, or subcontract, and any solicitation or proposal thereof, in which to his or her knowledge:
  - a. he or she or any member of his or her immediate family has a substantial financial interest; or
  - b. a business or organization in which he or she or any member of his or her immediate family has a substantial financial interest as an officer, director, trustee, partner or employee, is a party; or
  - c. any other person, business, or organization with whom he or she or a member of his or her immediate family is negotiating or has an agreement concerning prospective employment is a party.
2. The determination of whether a substantial financial interest exists shall be based upon the criteria identified in TBR Policy No. 1:02:03:10, Conflict of Interest.
3. Direct or indirect participation shall include but not be limited to involvement through decision, approval, disapproval, recommendation, preparation of any part of a purchase request, influencing the content of any specification or purchase standard, rendering of advice, investigation, auditing or in any other advisory capacity.

D. Gratuities

It shall be a breach of ethical standards for any employee or former employee to solicit, demand, accept, or agree to accept from another person, a gratuity or an offer of employment, in connection with any decision, approval, disapproval, recommendation, preparation of any part of a purchase request, influencing the content of any specification or purchase standard, rendering of advice, investigation, auditing, or in any other advisory capacity in any proceeding or application, request for ruling or other determination, claim or controversy, or other particular matter, pertaining to any contract or subcontract and any solicitation or proposal thereof.

E. Contemporaneous Employment Prohibited

It shall be a breach of ethical standards for any employee who is involved in procurement to become or be, while such an employee, the employee of any party contracting with the particular governmental body by which the employee is employed.

**Policy Title:** Employee Performance Evaluation Procedures

**Policy Type:** Human Resources                      **New/revised:** Revised

**Old Policy #:** PPP-36

**Approval level:**         Board of Trustees [Select box for appropriate level of anticipated final approval]

- President
- Vice President
- Other (specify here)

**Purpose:** To assist personnel in professional development and university goal achievement.

**Policy:**

I. General

- a. East Tennessee State University has a firm commitment to performance evaluation of university personnel, whatever their category and level, through the medium of a formalized system. The primary purpose of such evaluation is to assist personnel in professional development and in achieving university goals.
- b. The procedures outlined in this policy apply to every regular full or part-time, non-faculty University employee. Faculty evaluation and the Periodic Review of Administrators policy are addressed under separate programs. Evaluations for Temporary, Adjunct, Graduate Assistants and Student Workers are not conducted using this Procedures Guide.
- c. The University performs, submits, files, and manages the performance evaluations outlined in this document using the electronic eValuations System.

II. Objectives

- a. The formal performance evaluation system is designed to:
  - 1. Maintain or improve each employee's job satisfaction and morale by letting him/her know that the supervisor is interested in his/her job progress and personal development.
  - 2. Serve as a systematic guide for supervisors in planning each employee's further training.
  - 3. Assure considered opinion of an employee's performance and focus maximum attention on achievement of assigned duties.
  - 4. Assist in determining and recording special talents, skills, and capabilities that might otherwise not be noticed or recognized.
  - 5. Assist in planning personnel moves and placements that will best utilize each employee's capabilities.
  - 6. Provide an opportunity for each employee to discuss job problems and interests with his/her supervisor.
  - 7. Assemble substantiating data for use as a guide, although not necessarily the sole governing factor, for such purposes as wage adjustments, promotions, disciplinary action, and termination.

II. Responsibility

- A. The Director of Human Resources has the overall responsibility for the administration of the Performance Evaluation Program and will ensure the fairness and efficiency of its execution by:
  - 1. Maintaining the electronic eValuations System, and ensuring timely and appropriate access to the system for all applicable employees and supervisors.
  - 2. Ensuring electronic eEvaluation forms are completed by a specified date.
  - 3. Reviewing electronic forms for completeness.
  - 4. Identifying discrepancies.
  - 5. Ensuring proper safeguard of the eValuations System.
- B. Immediate Supervisor (Evaluator) is the employee's "evaluator" and has the responsibility for:
  - 1. Continuously observing and evaluating an employee's job performance.
  - 2. Holding periodic counseling sessions with each employee to discuss job performance.
  - 3. Completing electronic eEvaluation forms as required.
- C. Second Level Supervisor: The Second Level Supervisor is the "Evaluator's" supervisor and has the responsibility for:
  - 1. Reviewing the eEvaluation forms for accuracy and objectivity.
  - 2. Investigating and resolving any disagreement(s) between the supervisor and the employee.
- D. Directors/Deans/Vice Presidents: Within their respective areas will:
  - 1. Ensure the proper and timely completion of eEvaluation forms.
  - 2. Ensure that any conflicts identified have been resolved in a fair and equitable manner in accordance with existing regulations.

### III. Procedures

- A. Job Descriptions: Immediate supervisors must provide each employee under their supervision a copy of the employee's official job description. Job descriptions should be updated on a regular basis to avoid inaccuracies. Revisions to job descriptions must be reviewed with the current incumbent to ensure the employee's acknowledgement and understanding of the changes and current job expectations. To update job descriptions for clerical/support and administrative/professional positions, supervisors should utilize the eJobs system to make minor changes; or for major changes supervisors should complete a new Position Classification Questionnaire, and submit the form through the proper signatory chain to the Office of Human Resources.
- B. Counseling Sessions between immediate supervisors and employees will be scheduled periodically. During these sessions, an open dialogue should occur which allows the exchange of performance oriented information. The employee should be informed of how well or how badly he/she has performed to date. In the case of derogatory comments, the employee should be informed of the steps necessary to improve performance to the desired level. Counseling sessions should include, but not be limited to, the following: job responsibilities, performance of duties, and attendance. A memorandum for record will be prepared following each counseling session and maintained by the supervisor.
- C. Annual Performance Evaluations will be prepared during the month of March for each employee having been employed six months or longer. The evaluation period will annually cover March 1st through the end of February of the following year. eEvaluation forms will be completed and electronically submitted through appropriate channels to the Office of Human Resources no later than March 31st of each year. Upon notification from the Office of Human Resources that the Annual Performance Evaluation period is open:
  - 1. The Immediate Supervisor will:



- i. Complete the electronic eValuation form as promptly as possible. The system will prompt you to complete all required fields.
  - ii. Discuss the eValuation with the employee emphasizing strong and weak points in job performance. Commend the employee for a job well done if applicable, and discuss specific corrective action if warranted. Recommendations should specifically state methods to correct weaknesses, and/or prepare the employee for future opportunities. Set mutual goals for the employee to reach before the next performance evaluation (Supervisors can utilize the eValuation Plan to record and maintain goals and objectives).
  - iii. The employee will electronically log-in to the eValuations system and add any written comments or a rebuttal if he/she desires. The employee will be prompted to return the evaluation to their supervisor for additional review/comments or they may "Acknowledge" the eValuation to move it forward to the Second Level Supervisor.
  - iv. Subsequent to the completion of this eValuation by the supervisor and review by the employee, revisions must be discussed by both parties. In addition, if changes in the form are made after the employee has electronically signed the form, the level of authority making the changes must notify the immediate supervisor and employee. The employee and supervisor can view changes directly in the eValuations System.
  - v. Forward the eValuation electronically through the appropriate approval chain. By submitting the eValuation while logged into your account in the System, you are providing your electronic signature.
  - vi. You do not need to retain a hard-copy of the evaluation form. The eValuations System serves as an archive for all evaluations, and may be accessed at any time by the supervisor and employee.
2. The Second Level Supervisor upon receipt will:
    - i. Review the eValuation form for objectivity and accuracy. If the employee has stated that he/she disagrees with the evaluation, the Reviewing Official will attempt to resolve these disagreements prior to forwarding the eValuation form. Comments as to conflict resolutions are required.
    - ii. Electronically forward the eValuation form to Human Resources. By submitting the eValuation while logged into your account in the System, you are providing your electronic signature.
    - iii. The Director/Dean/Vice President will account for all eValuation forms in his/her area of responsibility.
  3. C. Upon Human Resources' receipt of the completed eValuation form, it will be reviewed for completeness and accuracy. Any unresolved problems will be brought to the attention of the next line of authority. The completed forms are not filed in the employee's official personnel folder, but will remain permanently archived in the eValuations System.

#### IV. Probationary Evaluations

- A. New Employees serve a six-month Probationary Period of employment. In the first month of employment, the Office of Human Resources will send the new employee's supervisor an e-mail notification that a Probationary Evaluation has been generated in the eValuations system. Throughout the Probationary Period the supervisor and employee will receive email notifications from the system to complete the evaluation. The evaluation form must be electronically

completed and submitted through the appropriate signatory chain to the Office of Human Resources before the completion of the six-month probationary period.

- B. All newly appointed full-time and part-time regular administrative/professional and support employees are placed under a probationary period of six (6) months of observable performance. During this period, an employee may be terminated without prior notice. A probationary period also applies to an employee who is promoted, transferred or demoted to another position and a new employment contract is required.
- C. Supervisors should make effective use of the initial probationary period with employees. This period is an important time when employees demonstrate abilities to satisfactorily perform assigned duties and responsibilities. Supervisors are encouraged to provide appropriate training, coaching and mentoring for their employees during the probationary period. Employees should receive a written job description and should understand the position requirements and the standards of conduct expected.
- D. Dismissal During the Initial Probationary Period: At any time during an initial probationary period, an employee may be terminated without cause or right of appeal. However, supervisors must provide sufficient documentation to justify dismissal for review/approval through their signatory chain, the appropriate vice president, and the Director of Human Resources. No regular employee shall be terminated without final approval from the Chief Operating Officer. Supervisors are encouraged to contact the Director of Human Resources to discuss employee performance issues during the probationary period.

V. Traits to be Evaluated - The following is a guide which can be used in evaluating an employee's overall performance:

- A. Possesses the knowledge and skills to carry out all aspects of the job.
- B. Demonstrates ability to plan, organize and prioritize work.
- C. Holds self-accountable for assigned responsibilities; sees tasks through to completion and in a timely manner.
- D. Communicates effectively with supervisors and others.
- E. Ability to work independently and with a team.
- F. Reliability (attendance, punctuality, meeting deadlines).
- G. Attends to details in a dependable, conscientious manner.
- H. Produces accurate, thorough and reliable results.
- I. Effectively manages multiple tasks and responsibilities.
- J. Demonstrates fairness toward all subordinates.
- K. Promotes training and development for all employees.
- L. Identifies performance expectations, gives timely feedback.
- M. Delegates authority through clearly stated objectives.
- N. Understands and adheres to institutional Affirmative Action Plan regarding Goals and timetables, grievances/discrimination complaints, disseminating plans to their employees and following university guidelines.

VI. Pitfalls in Making Performance Appraisals

- A. The Isolated Incident - A rating should not be based on a few isolated performance incidents. When this is done, the rating is unfairly influenced by non-typical instances of favorable or unfavorable performances.
- B. The "Halo" Effect - The "Halo" effect occurs when one factor influences ratings on all factors. Examples: An employee's work is of good quality; therefore, other ratings (such as those on promptness or work quantity) are higher than normal. Another employee is frequently absent, with the result that the ratings on other factors are usually low.

- C. The "Cluster" Tendency - The tendency to consider everyone in the work group as above average, average, or below average. Some raters are considered "tough" because they normally "cluster" their people at a low level. Others are too lenient. "Clustering" overall ratings usually indicates that the rater has not sufficiently discriminated between high and low levels of performance.
- D. Rating the Job and Not the Individual - Individuals in higher-rated jobs are often considered superior performers to those in lower-rated jobs. This normally means that confusion exists between the performance appraisal and how the job has been evaluated.
- E. Length of Service Bias - There is a tendency to allow the period of an individual's employment to influence the rating. Normally, performance levels should be higher as an individual gains training and experience, but this is not always the case.
- F. Personality Conflicts - Avoid judgments made purely on the basis of personality traits. Effective, efficient employees do not necessarily agree with everything a supervisor believes in or states.

VII. Suggestions

- A. Consider the entire appraisal period. Try to enumerate high points and low points in performance, and then assign a rating that typifies the individual's normal performance. Do not attempt to assign a rating to a performance indicator and then create justification to support it. Be able to explain the reason for each rating.
- B. Rate each indicator independently. When evaluating more than one person simultaneously, it may be helpful to rate all employees' performances on one indicator rather than one employee's performance on all factors. Use the summary evaluation to give substance to individual factors.
- C. In a group of people in similar jobs, performance is likely to be spread over most performance categories. Review your own record as a rater. Check the tendency to be either "too tough" or "too lenient" in your appraisals.
- D. Consider how an individual is performing in relation to what is expected. Rate the person's performance, not importance of the job.
- E. Recognize that some people may never achieve top ratings, regardless of length of service. Watch closely the progress of newcomers and be ready to recognize superior performance if it is achieved.

VIII. Summary - It is incumbent upon each employee, regardless of level or category, to perform in an exemplary manner reflecting those principles and disciplines upon which this institution was founded. Used constructively, this program of performance evaluation can prove to be a valuable tool regarding individual career advancement, and result in increased productivity throughout all areas of this institution.

**Policy Title:** Policy for Classifying Students In-State & Out-of-State for Paying College or University Fees & Tuition & for Admission Purposes

**Policy Type:** Student

**New/revised:** Revised

**Old Policy #:** TBR 03:05:01:00

**Approval level:**  Board of Trustees  
 President  
 Vice President  
 Other (specify here)

**Purpose:**

As a publicly supported institution of higher education in the State of Tennessee it is necessary to determine an applicant/student's proper classification as "in-state" or "out-of-state" for admissions, tuition and fee payment purposes.

**Policy:**

**I. Definitions**

- A. **"Continuous enrollment"** shall mean enrollment at a higher educational institution or institution of this State as a full-time student, as such term is defined by the governing body of said higher educational institution or institutions, for a normal academic year or years or the appropriate portion or portions thereof since the beginning of the period for which continuous enrollment is claimed. Such person need not enroll in summer sessions or other such inter-sessions beyond the normal academic year in order that his or her enrollment be deemed continuous, notwithstanding lapses in enrollment occasioned solely by the scheduling of the commencement and/or termination of the academic years, or appropriate portion thereof, of the public higher educational institutions in which such person enrolls.
- B. **"Domestic Person"** shall mean a person who is a citizen or lawful permanent resident of the United States.
- C. **"Domicile"** shall mean a person's true, fixed, and permanent home and place of habitation; it is the place where he or she intends to remain, and to which he or she expects to return when he or she leaves without intending to establish a new domicile elsewhere. Undocumented aliens cannot establish domicile in Tennessee, regardless of length of residence in Tennessee.
- D. **"Emancipated person"** shall mean a person who has attained the age of eighteen years, and whose parents have entirely surrendered the right to the care, custody, and earnings of such person and who no longer are under any legal obligation to support or maintain such deemed "emancipated person", and who in fact receives no significant support. The right to determine the significance of such support is reserved for the classifying official. It is considered a reasonable test of emancipation if a parent did or did not claim the applicant/student as a dependent on the last federal income tax submitted. Absent clear and convincing evidence to the contrary, it is presumed that persons under the age of 24 years old are un-emancipated persons.
- E. **"Parent"** shall mean a person's father or mother. If there is a non-parental guardian or legal custodian of an un-emancipated person, then "parent" shall mean such guardian or legal custodian; absent

circumstances indicating that such guardianship or custodianship was created primarily for the purpose of conferring the status of an in-state student on such un-emancipated person.

- F. **“Public higher educational institution”** shall mean a university or community college supported by appropriations made by the Legislature of this State.
- G. **“Residence”** shall mean continuous physical presence and maintenance of a dwelling place within this State, provided that absence from the State for short periods of time shall not affect the establishment of a residence.

## II. Rules for Determination of Status

- A. Every person having his or her domicile in this State shall be classified "in-state" for admissions, tuition and fee payment purposes. In addition all emancipated, domestic persons who maintain continuous residence in this State for longer than 12 consecutive months shall be also classified as “in-state.”
  - 1. For guidance regarding the Eligibility Verification for Entitlement Act (EVEA) see Exhibit 1.
  - 2. Every emancipated person not having his or her domicile in this State shall be classified as “out-of-state” for said purposes. Every emancipated, domestic person not having his or her domicile in this State shall be classified out-of-state for said purposes during their first 12 months of residence in this State.
- B. The domicile of an un-emancipated person is that of his or her parent, except as provided in following: A student is classified “in-state” for admissions, fee and tuition purposes if the student is a citizen of the United State has resided in Tennessee for at least one (1) year immediately prior to admission and has:
  - 1. Graduated from a Tennessee public secondary school;
  - 2. Graduated from a private secondary school that is located in this state; or
  - 3. Earned a Tennessee high school equivalency diploma.
- C. Un-emancipated students of divorced parents shall be classified "in-state" when one parent, regardless of custodial status, is domiciled in Tennessee. The spouse of a person classified as or eligible to be classified as “in-state” shall also be classified as “in-state”, subject to the requirements of T.C.A. Title 4, Chapter 58 (EVEA).
- D. An honorably separated veteran from US military service shall be classified as in-state for admissions, tuition and fee payment purposes upon presentation of appropriate documentation verifying the service and separation status.

## III. Out-of-State Students who are Not Required to Pay Out-of-State Tuition

- A. An un-emancipated, currently enrolled student shall be reclassified out-of-state should his or her parent, having theretofore been domiciled in the State, remove from the State. However, such student shall not be required to pay out-of-state tuition nor be treated as an out-of-state student for admission purposes so long as his or her enrollment at a higher educational institution(s) in this state shall be continuous.
- B. An un-emancipated person whose parent is not domiciled in this State but is a member of the armed forces and stationed in this State or at Fort Campbell pursuant to military orders shall be classified out-of-state but shall not be required to pay out-of-state tuition. Such a person, while in continuous attendance toward the degree for which he or she is currently enrolled, shall not be required to pay out-of-state tuition if his or her parent thereafter is transferred on military orders.
- C. Students living in designated counties in neighboring states are eligible to pay the in-state rate for tuition and fees as undergraduate or graduate students. To be eligible for this benefit at the Quillen College of Medicine, the applicant/student must have been enrolled at and received a degree from ETSU under the foregoing provisions.
  - 1. Students originally admitted to a TBR community college authorized to grant a border county waiver of out-of-state tuition are not entitled to that waiver at ETSU, except as provided in subsection 2.
  - 2. The waiver of out-of-state tuition granted to a border county student at an admitting institution will follow the student ONLY from a community college to ETSU if the student transfers from the

community college after successfully completing an associate's degree UNLESS this condition is waived by the community college as being in the student's best interest.

- D. Part-time students who are not domiciled in this State but who are employed full-time in the State, shall be classified out-of-state but shall not be required to pay out-of-state tuition. This shall apply to part-time students who are employed in the State by more than one employer, resulting in the equivalent of full-time employment.
  - E. Military personnel and their spouses stationed in the State of Tennessee who would be classified out-of-state in accordance with other provisions of these regulations will be classified out-of-state but shall not be required to pay out-of-state tuition. Dependent children who qualify and are selected to receive a scholarship because their parents is a law enforcement officer, fireman or emergency medical service technician who was killed or totally and permanently disabled while performing duties within the scope of their employment shall not be required to pay out-of-state tuition (T.C.A. § 49-4-704).
  - F. Active-duty military personnel who begin working on a degree at ETSU while stationed in Tennessee or at Fort Campbell, Kentucky, and who are transferred or deployed prior to completing their degree, continue to completion without being required to pay out-of-state tuition, as long as he/she completes at least one (1) course for credit each twelve (12) month period after the transfer or deployment. Exceptions may be made in cases where the service member is deployed to an area of armed conflict for periods exceeding twelve (12) months.
  - G. A veteran or other individual eligible to receive educational benefits administered by the United States Department of Veterans Affairs, through any provision of the United States Code, shall not be required to pay out-of-state fees when the veteran or individual is:
    - 1. Enrolled in any public institution of higher education in this state;
    - 2. Utilizing such benefits at the enrolling institution; and
    - 3. Living in the state of Tennessee, regardless of the individual's formal state of residency (T.C.A. § 49-7-1304)
  - H. Students who participate in a study abroad program, when the course/courses in the study abroad program is/are the only course/courses for which the student is registered during that term, shall not be required to pay out-of-state tuition.
  - I. Students who are awarded tuition waiver scholarships for participation in bona fide campus performance-based programs, according to established guidelines, shall not be required to pay out-of-state tuition for the duration of the scholarship.
- III. Honors Programs  
Students selected for participation in specific Honors Programs and who receive a scholarship based on participation in the program, shall not be required to pay out-of-state tuition for the duration of the scholarship.
- IV. Presumption  
Unless the contrary appears from clear and convincing evidence, it shall be presumed that an emancipated person does not acquire domicile in this State while enrolled as a full-time student at any public or private higher educational institution in this State, as such status is defined by such institution.
- V. Evidence to be Considered for Establishment of Domicile  
If a person asserts that he or she has established domicile in this State, or has maintained 12 months continuous residence in the State, he or she has the burden of proving that he or she has done so. Such a person is entitled to provide any and all evidence which he or she believes will sustain his or her burden of proof. ETSU will consider any and all evidence provided to it concerning such claim of domicile but will not treat any particular type or item of such evidence as conclusive evidence that domicile has or has not been established. The final decision shall be at the sole discretion of the appointed ETSU official.
- VI. Appeals

- A. The ETSU classification officer shall be responsible for initially classifying students "in-state" or "out-of-state". Procedures have by which a student may appeal his or her initial classification.
  - B. Process for Appeals
    - 1. Undergraduate Students: Initial residency decisions for undergraduate students are made at the time of application for admission. Students classified as out-of-state who think that they should be classified as in-state, may submit a Residency Inquiry Form. The residency officer will review the appeal and send a written response by mail. If the student's initial appeal is denied, the student may appeal that decision to the Residency Classification Appeal committee.
    - 2. Graduate Students: Initial residency decisions for graduate students are made at the time of application processing. All students submit a Residency Information Form at the time of application to a program. Upon review of the short Residency Information Form, students may be requested to submit a longer Residency Inquiry Form to provide additional information designed to facilitate an accurate residency classification. All students may request to fill out the Residency Inquiry Form if they think that they have inaccurately been classified as an out-of-state student. If, upon review of the Form, this initial appeal is denied, the student may appeal that decision to the Residency Classification Appeal committee.
    - 3. Quillen College of Medicine: Initial residency decisions for medical school applicants are made at the time of application processing and based on information provided with the application. Additional information may be requested as necessary to arrive at an accurate classification. An applicant who believes they have been misclassified may appeal the decision in writing to the classifying official.
  - C. Limitations: Multiple appeals are not permitted unless the appellant can show significant new evidence, which was not available at the time of the original classification/appeal. The Residency Classification Appeal committee reserve the absolute right to determine the significance of any new evidence presented.
- VII. Effective Date for Reclassification
- A. If a student classified out-of-state applies for in-state classification and is subsequently so classified, his or her in-state classification shall be effective as of the date on which reclassification was sought.
  - B. However, out-of-state tuition will be charged for any term during which reclassification is sought and obtained unless application for reclassification is made to the admissions officer on or before the last day of registration of that term.
- VIII. Policy Concerning ETSU Employees, Graduate Assistants and Tuition Scholars
- The following policies shall be applicable to all regular full-time employees, their spouses and children, graduate assistants and tuition scholars at East Tennessee State University for admissions, tuition and fee payment purposes:
- A. All regular full-time employees at East Tennessee State University, their spouses and dependents, shall be classified as in-state students for purposes of admissions, tuition and fee payment when enrolled in courses at ETSU.
  - B. Graduate assistants and tuition scholars shall be classified as in-state students for purposes of fees and tuition at ETSU when they are pursuing graduate studies as a graduate assistant or tuition scholar.
- IX. Policy Effective Date
- These regulations become effective upon approval by the ETSU Board of Trustees and will remain in effect until modified and approved by the same in the future.

Exhibit 1 - Guidance on Eligibility Verification for Entitlements Act (EVEA) (pdf /1.77 MB)

EAST TENNESSEE STATE UNIVERSITY  
BOARD OF TRUSTEES

ACTION ITEM

DATE: May 26, 2017

ITEM: Approval of 2017-18 Salary Increase Proposal and April 2017 Equity Pay Plan Methodology

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

The appropriation in the Governor’s budget which is dedicated to a 3.0 percent salary pool is 60% of the funding needed because the university has other forms of funding available. This leaves an unfunded portion as shown below which has to be made up with an increase in fees to support the pool.

	\$ Needed for 3% Pool	Governor’s Proposed 3% Pool	Funded through Student Fees
Main Campus	\$3,305,500	\$1,983,300	\$1,322,200
Pharmacy	156,000	156,000	156,000
Total	<u>\$3,461,500</u>	<u>\$2,139,300</u>	<u>\$1,478,200</u>

The university has a Market Salary and Equity Committee that considers the Governor’s budget proposal, required institutional funding, the university salary history (Attachment A), makes a recommendation for implementation to the President each year (Attachment B), and updates the equity pay plan methodology (Attachment C).



Attachment A  
*University Salary History*

Year	Across the Board Increase			Equity Increase To Market		Service Bonus		
2017-18	(1)	2.0%	\$500 min	(2)	1% pool	\$3,000 ceiling		
2016-17		2.0%	\$500 min	(2)				
2015-16		2.0%	\$500 min	(2)	Pharmacy faculty only			
2014-15		0.0%						
2013-14		1.5%	\$250 min	(2)	4.25%			
2012-13		2.5%	\$750 min	(2)	8.50%	\$5,000 ceiling		
2011-12		3.0%	\$750 min	(2)			\$1,000.00	2 years + (3)
2010-11		0.0%			Pharmacy faculty only			
2009-10		0.0%						
2008-09		0.0%					\$400.00	3 years + (3)
2007-08		3.0%			12.50%		\$500.00	(3)

(1) Proposed 2% across the board increase with a \$500 minimum. The remaining 1% increase would apply through an equity increase with a \$3,000 maximum.

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

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

Attachment B  
2017-18 Salary Recommendation and Approval



EAST TENNESSEE STATE  
UNIVERSITY

920 W Maple Street  
Johnson City, TN 37614  
P (423) 439-6593

Planning and Decision Support

April 24, 2017

To: Dr. Brian Noland, President ETSU  
From: Dr. Michael Hoff, Chair Market Salary & Equity Committee  
Re: 2017 – 2018 Salary Enhancement Recommendations

Dr. Noland,

Per the Equity Pay Plan, the Market Salary & Equity Committee is required to advise the university annually on the implementation of the equity plan. The Market Salary & Equity Committee met in-person Thursday 4.6.2017 and electronically the week of 4.17.2017 and did not have changes to the equity methodology as proposed for 2016 (attached). According to TBR guideline P-043, we do not need to seek approval from TBR this time since we are not recommending any changes to the methodology. Upon your approval, the ETSUBT Finance and Administration Committee will review and approve this methodology and the following recommendations, and forward to the ETSUBT for final approval for 2017-18. The ETSUBT will approve the salary enhancements as part of the budget. In regards to the distribution of the 3% salary pool, we have two recommendations:

1. We recommend 2% of the available pool be distributed in across the board salary enhancements with a floor of \$500
2. We recommend 1% (or the remainder of above whichever is greater) be distributed according the salary equity plan, with a cap of \$3,000

I have attached and updated version of the methodology to acknowledge the 2017-2018 period of implementation.

I approve this committee recommendation with the enclosed Equity Pay Methodology and forward to the Board of Trustees Finance and Administration Committee for approval and submission to the full Board:

Dr. Brian Noland, President ETSU

4-25-17

Date

Sincerely,

Michael Hoff, Chair Market Salary & Equity Committee

ETSU.EDU

East Tennessee State University  
Equity Pay Plan Methodology  
April 2017

ETSU is committed to providing competitive salaries and wages for faculty and staff. Due to budgetary limitations equity deficits have continued to increase.

Summary of the ETSU Salary Equity Plan:

1. In September 2000 the Tennessee Board of Regents (TBR) approved ETSU's Salary Equity Plan (three-phased plan).
2. In January 2001 Phase 1 was implemented (paid in 25 percent increments).
3. In July 2002 Phase 2 was implemented (paid in 25 percent increments).
4. Phase 3 of the Plan was scheduled for implementation in January 2003. Because of budget restraints Phase 3 was not implemented until October 1, 2004 (paid in 25 percent increments).
5. In October 2007 Equity implemented (paid in 12.5 percent increments).
6. In October 2010 Equity implemented for faculty only in the Gatton College of Pharmacy, a private entity.
7. In October 2012 Equity implemented (paid in 8.5 percent increments).
8. In October 2013 Equity implemented (paid in 4.25 percent increments).

On January 19, 2011 the University President established a Salary Equity Task Force to review the institutions then current (2010) Equity Pay Plan. The Task Force's charge was to review the current university salary equity plan and make recommendations for changes. Membership on the Task Force included the Vice President for Finance and Administration (chair); Vice President for Health Affairs/COO; Provost/Vice President for Academic Affairs; Director, Employee Relations, Compensation, and Development; three (3) members appointed by the Faculty Senate; and, three (3) members appointed by the Staff Senate. The Task Force met on a regular basis and completed its review in October 2011. In March 2013 updates were made to the Plan per discussions between the Vice President for Finance and Administration, senior leadership, and the Faculty Senate President, and approved by the University President. In November 2013 updates were made to the Plan per discussions with the Task Force and Faculty Senate, and approved by the University President. In March 2015 updates were made to the Plan per the recommendations from the Market Salary & Equity Committee, and approved by the University President. In March 2016 a minor wording, change was made to the Plan per the recommendations from the Market Salary & Equity Committee, and approved by the University President.

### Administrative/Professional and Classified Staff

The ETSU Salary Equity Plan for administrative and classified staff made use of data supplied by the ETSU Bureau of Business and Economic Research (Rockmore Study). The Plan had completed its original three-year life span before the university could reach full implementation. To stay current with cost-of-living increases the university was required to increase the Rockmore study targets for Phase 2 and Phase 3 by 2.5% and 3% increments respectively. This procedure led to questionable data validity.

A new Equity Plan for administrative and classified staff was established and approved in 2005 and updated in 2012. Market targets for each classification/pay level are determined using a subscription to the web-based system "CompAnalyst Job Analyzer." The system allows current market data to be used to benchmark positions within the Equity Plan. The market target will be CompAnalyst's 60th percentile of the competitive market rate for each job (adjusted for 37.5 hours per week). The 50th percentile represents the data's midpoint.

Averaging targets for several positions within an ETSU pay level determine one market target for each pay level. Positions that are difficult to fill and are sensitive to market pricing, i.e., OIT analysts, public safety officers, research specialists, etc., are approved prior to advertisement to hire at a market rate. Because these positions are advantaged at hire and are close to or at full market target, they will not require individual targets within the equity plan.

### ETSU Faculty (Academic Campus)

The Equity Plan for faculty will compare salaries to three sources and determine the "higher market target." All data is from CUPA-HR's current *Faculty in Higher Education Salary Survey*.

(1) Salaries are first compared to a CUPA-HR Data on Demand Report for ETSU Peer institutions. See Appendix A. (2) Salaries are then compared to a CUPA-HR Data on Demand Report for institutions matching the following criteria: Institutions that are classified as Public; Institutions classified at ETSU's CUPA-HR Budget Quartile; Institutions are not community colleges; Institutions are not "system offices" or similar units that do not actually offer instruction or award degrees; Peer Institutions; Institution is not ETSU. The listing may also include specific additional institutions recommended by departmental faculty, provided that these recommendations are justified on specific grounds of comparability to ETSU. See Appendix B. (3) Salaries are also compared to current national public data from the CUPA-HR *Faculty Salary Survey*, Institution is not ETSU. The "higher market target" of the three sources is used as comparison data.

Faculty increases are based upon rank and discipline (4-digit CIP). Faculty are defined as those persons whose appointments are for a complete academic or fiscal year (to include Lecturers, Post-Doctoral Fellows, Visiting Professors, etc.) Market target will be 60th percentile data.

### ETSU Library Faculty

When determining peer equity, the Committee acknowledges that Library faculty in peer institutions currently proposed in the Equity Plan perform comparable teaching/academic support roles to those at ETSU and are not professors offering instruction in the discipline of Library Science.

### Intercollegiate Athletics

The Equity Plan will not include coaching or athletic training positions. Increases in salaries for these positions are approved through a separate TBR process.

### Executive Staff

The Equity Plan for executive positions will compare salaries to three sources and determine the "higher market target." All data is from CUPA-HR's current *Administrators in Higher Education Salary Survey*. (1) Salaries are first compared to a CUPA-HR Data on Demand Report for ETSU Peer institutions. See Appendix A. (2) Salaries are then compared to a CUPA-HR Data on Demand Report for institutions matching the following criteria: Institutions that are classified as Public; Institutions classified at ETSU's CUPA-HR Budget Quartile; Institutions are not community colleges; Institutions are not "system offices" or similar units that do not actually offer instruction or award degrees; Peer institutions; Institution is not ETSU. The listing may also include specific additional institutions recommended by departmental faculty, provided that these recommendations are justified on specific grounds of comparability to ETSU. See Appendix B. (3) Salaries are also compared to current national public data from the CUPA-HR *Administrators in Higher Education Salary Survey*; Institution is not ETSU. The "higher market target" of the three sources is used as comparison data.

### University High Faculty

In September 2003 the TBR approved a "Pay Plan for the University School." The plan brings ETSU University School faculty to parity with their Washington County contemporaries. Through this plan University School faculty are not eligible for equity, percentage, or across-the-board raises received by other university faculty.

### College of Medicine (COM) Faculty

The Equity Plan for faculty compares salaries to the current Association of American Medical Colleges (AAMC), Southern Region data. Veteran's Administration (VA) and Medical Education Assistance Corporation (MEAC) salaries are added to ETSU salaries to determine a grand total salary. Deficits are paid in accordance with the percentage of time worked at ETSU versus the VA. Faculty increases are based upon rank and discipline.

### College of Pharmacy (COP) Faculty

The Equity Plan for faculty will compare salaries to the current annually published, national faculty salary survey data published by the American Association of Colleges of Pharmacy. The market target will be 60th percentile data. The Plan will also review internal department and College equity. Faculty increases are based upon rank and discipline.

### Post-Doctoral Administrative Staff

Post-doctoral administrative staff are hired in accordance with ETSU Policy PPP-65, *Postdoctoral Recruitment and Education Policy (Basic and Clinical Sciences)*, and are not eligible for equity payments.

### Special Issues:

Stipend and At-Risk/Incentive Pay: The Equity Plan will remove stipend/at-risk payments from the base salaries of ETSU and College of Pharmacy faculty, and all administrators and support staff. College of Medicine faculty stipends remain in their base salary and are considered a necessary part of their total compensation for AAMC comparisons.

Longevity: Longevity payments will not be included in any employee base salary because longevity is considered a bonus payment for lengthy service and must be approved annually by the State Legislature.

Data Substitution: Senior Staff approval is required for use of faculty salary comparison sources other than the CUPA-HR databases specified in this policy.

Budget Considerations: The Equity Plan will be implemented yearly when the budget permits. Deficits will be paid in increments as the budget permits.

Appeal Process: Employees who disagree with their equity pay calculations may appeal in writing to the Office of Human Resources through their appropriate chain of command.

Plan Exclusions: Equity increases are not available for adjunct faculty, post retiree faculty, temporary employees, coaches, athletic trainers, medical school residents, graduate assistants, student workers, University School faculty, employees on terminal leave, and employees receiving an unsatisfactory annual evaluation.

Plan Implementation: The Market Salary & Equity Committee shall advise the University President on Plan implementation.

Appendix A (2016):

Ball State University IN  
Central Michigan University MI  
East Carolina University NC  
Florida Atlantic University FL  
Georgia Southern University GA  
Indiana State University IN  
Marshall University WV  
Oakland University MI  
Old Dominion University VA  
Sam Houston State University TX  
Southern Illinois University (Edwardsville) IL  
Texas Woman's University TX  
University of Arkansas at Little Rock AR  
University of Missouri (Kansas City) MO  
University of North Carolina at Charlotte NC  
University of North Carolina at Greensboro NC  
University of Northern Colorado CO  
University of South Alabama AL  
Wright State University (Main Campus) OH

Appendix B (2016):

Ball State University IN  
Boise State University ID  
Bowling Green State University OH  
California Polytechnic State University-San Luis Obispo CA  
California State University-Fullerton CA  
California State University-Long Beach CA  
Central Michigan University MI  
City Colleges of Chicago IL  
College of William & Mary VA  
East Carolina University NC  
Eastern Michigan University MI  
Florida Agricultural and Mechanical University FL  
Florida Atlantic University FL  
Georgia Southern University GA  
Grand Valley State University MI  
Illinois State University IL  
Indiana State University IN  
James Madison University VA  
Kent State University Main Campus OH  
Louisiana State University Health Sciences Center LA  
Miami Dade College FL

Middle Tennessee State University TN  
Montana State University - Bozeman MT  
Montclair State University NJ  
Northern Arizona University AZ  
Northern Illinois University IL  
Oakland University MI  
Old Dominion University VA  
Portland State University OR  
Sam Houston State University TX  
Southern Illinois University Carbondale IL  
Southern Illinois University Edwardsville IL  
Texas State University - San Marcos TX  
Texas Woman's University TX  
The University of Akron, Main Campus OH  
The University of Montana - Missoula MT  
The University of Texas at El Paso TX  
Towson University MD  
United States Air Force Academy CO  
University of Alaska Fairbanks AK  
University of Arkansas at Little Rock AR  
University of Arkansas Main Campus AR  
University of California-Riverside CA  
University of California-Santa Cruz CA  
University of Idaho ID  
University of Maryland Baltimore County MD  
University of Massachusetts Medical School MA  
University of Mississippi MS  
University of Missouri - Kansas City MO  
University of Nevada-Las Vegas NV  
University of Nevada, Reno NV  
University of New Hampshire NH  
University of North Carolina at Charlotte NC  
University of Northern Colorado CO  
University of North Dakota Main Campus ND  
University of Tennessee Health Science Center TN  
University of Texas at Arlington TX  
University of Texas at Dallas TX  
University of Texas at San Antonio TX  
University of Toledo OH  
University of Vermont VT  
University of Wyoming WY  
Utah State University UT  
Western Kentucky University KY  
Wright State University Main Campus OH



Appendix B inclusions (additions based upon departmental faculty recommendations (2012/13/14) :

Additions in 2012:

Health Professions:

Midwestern State University TX  
The Ohio State University OH  
University of Nebraska Omaha NE  
University of Alabama AL  
University of South Alabama Mobile AL

Arts and Sciences:

Appalachian State University NC  
University of North Carolina Asheville NC  
Radford University VA  
Morehead State University KY  
Eastern Kentucky University KY  
The University of Memphis TN

Additions in 2013:

Marshall University, WVA  
Virginia Commonwealth University, VA  
University of North Carolina-Greensboro, NC  
University of North Carolina-Wilmington, NC  
George Mason University, VA  
Ohio University, OH

Additions in 2014:

University of Kentucky, KY

EAST TENNESSEE STATE UNIVERSITY  
BOARD OF TRUSTEES

ACTION ITEM

DATE: April 28, 2017

ITEM: Approval of Mandatory and Non-Mandatory Fee Requests

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

The history of student fees for the last five years is presented below with a comparison to the other Tennessee Locally Governed Institutions (LGIs) and the University of Tennessee system schools.

Requests for increases in fees are presented in Attachments D - H.

**Maintenance Fees**

	2012-13	% Incr	2013-14	% Incr	2014-15	% Incr	2015-16	% Incr	2016-17	% Incr
Austin Peay	\$5,694	4.2%	\$5,874	3.2%	\$6,198	5.5%	\$6,348	2.4%	\$6,522	2.7%
East Tennessee	5,922	8.3%	6,198	4.7%	6,630	7.0%	6,828	3.0%	7,002	2.5%
Middle Tennessee	5,898	6.8%	6,222	5.5%	6,552	5.3%	6,756	3.1%	6,930	2.6%
Tennessee State	5,772	5.6%	5,844	1.2%	6,198	6.1%	6,378	2.9%	6,528	2.4%
Tennessee Tech	5,748	4.1%	6,096	6.1%	6,474	6.2%	7,182	10.9%	7,380	2.8%
University of Memphis	6,978	8.2%	7,410	6.2%	7,410	0.0%	7,686	3.7%	7,860	2.3%
UT Chattanooga	5,722	6.0%	6,065	6.0%	6,430	6.0%	6,624	3.0%	6,768	2.2%
UT Knoxville <sup>1</sup>	7,802	8.0%	8,648	10.8%	9,493	9.8%	10,190	7.3%	10,858	6.5%
UT Martin <sup>2</sup>	5,978	6.0%	6,336	6.0%	6,716	6.0%	6,918	3.0%	7,375	6.6%
University Average	\$6,168	6.5%	\$6,521	5.7%	\$6,900	5.8%	\$7,212	4.5%	\$7,469	3.6%

1 - The 2013-14 to 2016-17 maintenance rates for students admitted in the Fall 2013 or later at UT Knoxville are flat rates for 15 semester credit hours, regardless of the number of credit hours taken by the student. This policy was approved in 2012 by the UT Board for introduction in Fall 2013. Eventually, each class will be charged for 15 credit hours and tuition increases will be applied to cohorts. The rates represented here are weighted averages.

2 - The 2016-17 tuition rate for full-time students who have completed fewer than 60 credit hours is a flat rate for 15 hours a semester regardless of how many hours the student is enrolled in. Part-time students and full-time students who have completed more than 60 credit hours are charged a flat rate for 12 hours regardless of how many hours the student is enrolled in. The rates represented here are weighted averages.

## Mandatory Fees

	%		%		%		%		%	
	2012-13	Incr	2013-14	Incr	2014-15	Incr	2015-16	Incr	2016-17	Incr
Austin Peay	\$1,224	0.0%	\$1,284	4.9%	\$1,264	-1.6%	\$1,453	15.0%	\$1,473	1.4%
East Tennessee	1,075	1.1%	1,345	25.1%	1,355	.7%	1,504	11.0%	1,597	6.2%
Middle Tennessee	1,594	6.4%	1,618	1.5%	1,636	1.1%	1,648	0.7%	1,660	.7%
Tennessee State	930	5.7%	930	0.0%	1,026	10.3%	1,039	1.3%	1,039	0.0%
Tennessee Tech	1,200	1.9%	1,287	7.3%	1,511	17.4%	1,171	-22.5%	1,171	0.0%
University of Memphis	1,256	0.8%	1,256	0.0%	1,563	24.4%	1,583	1.3%	1,637	3.4%
UT Chattanooga	1,490	12.9%	1,490	0.0%	1,708	14.6%	1,732	1.4%	1,776	2.5%
UT Knoxville	1,290	10.1%	1,414	9.6%	1,510	6.8%	1,758	16.4%	1,810	3.0%
UT Martin	1,103	2.3%	1,178	6.8%	1,308	11.0%	1,408	7.6%	1,408	0.0%
University Average	\$1,240	4.7%	\$1,311	5.7%	\$1,431	9.1%	\$1,477	3.2%	\$1,508	2.1%

## Total Maintenance and Mandatory Fees

	%		%		%		%		%	
	2012-13	Incr	2013-14	Incr	2014-15	Incr	2015-16	Incr	2016-17	Incr
Austin Peay	\$6,918	3.4%	\$7,158	3.5%	\$7,462	4.2%	\$7,801	4.5%	\$7,995	2.5%
East Tennessee	6,997	7.2%	7,543	7.8%	7,985	5.9%	8,332	4.3%	8,599	3.2%
Middle Tennessee	7,492	6.8%	7,840	4.6%	8,188	4.4%	8,404	2.6%	8,590	2.2%
Tennessee State	6,702	5.6%	6,774	1.1%	7,224	6.6%	7,417	2.7%	7,567	2.0%
Tennessee Tech	6,948	3.7%	7,383	6.3%	7,985	8.2%	8,353	4.6%	8,551	2.4%
University of Memphis	8,234	7.0%	8,666	5.2%	8,973	3.5%	9,269	3.3%	9,497	2.5%
UT Chattanooga	7,212	7.3%	7,555	4.8%	8,138	7.7%	8,356	2.7%	8,544	2.2%
UT Knoxville <sup>1</sup>	9,092	8.3%	10,062	10.7%	11,003	9.4%	11,948	8.6%	12,668	6.0%
UT Martin <sup>2</sup>	7,056	5.0%	7,514	6.5%	8,024	6.8%	8,326	3.8%	8,783	5.5%
University Average	7,406	6.1%	7,833	5.8%	8,331	6.4%	8,690	4.3%	8,977	3.3%

1 - The 2013-14 to 2016-17 maintenance rates for students admitted in the Fall 2013 or later at UT Knoxville are flat rates for 15 semester credit hours, regardless of the number of credit hours taken by the student. This policy was approved in 2012 by the UT Board for introduction in Fall 2013. Eventually, each class will be charged for 15 credit hours and tuition increases will be applied to cohorts. The rates represented here are weighted averages.

2 - The 2016-17 tuition rate for full-time students who have completed fewer than 60 credit hours is a flat rate for 15 hours a semester regardless of how many hours the student is enrolled in. Part-time students and full-time students who have completed more than 60 credit hours are charged a flat rate for 12 hours regardless of how many hours the student is enrolled in. The rates represented here are weighted averages.

	Maintenance Fee Per Semester					Revenue Generated	Justification
	2016-17		2017-18		Prior Increase		
	Actual	Proposed	\$ Increase	% Increase			
Undergraduate @ 15hrs	\$3,501	\$3,612	\$111	3.17%	2.50%		
UG Out of State	9,048	9,335	287	3.17%	2.50%	\$3,460,000	Unfunded salary pool \$1,322,200, scholarship increases with tuition, enrollment decline \$1.8M
Graduate @ 9hrs	3,996	4,123	127	3.18%	2.50%		
Grad Out of State	7,128	7,355	227	3.18%	2.50%		
College of Medicine M1, M2, M4	15,469	15,779	310	2.00%	3.00%	\$130,200	Cost study conducted
College of Medicine M3	20,574	20,986	412	2.00%	3.00%	\$59,400	Cost study conducted
College of Pharmacy	17,519	18,045	526	3.00%	3.00%	\$340,000	Cost study conducted

<u>Description</u>	<u>Current</u>	<u>Request Proposed</u>	<u>Increase</u>	<u>Student Exposure to Proposal</u>	<u>Prior Increase</u>	<u>Revenue Generated</u>	<u>Justification</u>	<u>Staff Rec.</u>
Facilities Fee	\$0	\$40/\$5 per hr	\$40/\$5 per hr	Discussed with SGA Executive Committee. Executive Committee was supportive of increase.	None	\$1,120,000	Create a designated pool for specific campus renovation or constructions projects including classroom enhancements and campus improvements.	Support
Technology Access Fee	\$112.50	\$120.50/\$15 per hr	\$8/\$1 per hr	Discussed with SGA Executive Committee. Executive Committee was supportive of increase.	Increased from \$100 to \$112.50 in FY2000-01	\$224,000	Upgrade network to facilitate increased online activity, and increase technology network access control security.	Support
Student Activity Fee	\$143	\$156/\$20 per hr	\$13/\$2 per hr	Discussed with SGA Executive Committee. Executive Committee was supportive of increase.	\$25/\$3 credit hr FY15-16 Culp operating	\$364,000	\$7 - Operation of Library 24/5, adding card swipes to monitor entry to building during late night operations, providing security for building during late night operations. \$6 - Expand programing at Center for Physical Activity for expanding intramural activity and outdoor adventure.	Support

Attachment F  
Nonmandatory Fee Request

<u>Description</u>	<u>Current</u>	<u>Proposed</u>	<u>Increase</u>	<u>Revenue Generated</u>	<u>Prior Increase</u>	<u>Justification</u>	<u>Staff Rec.</u>
Establish credit card convenience fee	\$0	2.7% of charges		Cost avoidance	N/A	Pass on credit card charges for online payments. Currently costing the university approximately \$500,000. Average charge is \$635, total charges are \$25M.	Support
Increase meal plans per Sodexo	\$1,675	\$1,718	\$43/silver plan	\$55,000	FY2015-16	Food Services is a 100% auxiliary enterprise operation in contract with Sodexo. The increase is 2.54% and is based on the consumer price index for Meals Away From Home. This increase is part of the contract with Sodexo to provide food service for the campus, including residential students.	Support
Increase Appalachian Studies individual instruction	\$150/credit hr	\$175/credit hr	\$25/credit hr	\$6,000 to \$8,000	Increased from \$100 /cr to \$150 one credit applied and \$250 for two-credit applied in FY2005-06	Support individual music instruction, purchase and maintenance of instruments	Support
Appalachian Studies recording lab fee	\$0	\$25/credit hr	\$25/credit hr	\$3,000 to \$5,000	N/A	Class sessions as well as assignments outside of class	Support
Chemistry lab fee	\$30/credit hr	\$40/credit hr	\$10/credit hr	\$8,000	Increased from \$25 to \$30 per lab course in FY2012-13	Will be used to meet the increasing costs of chemicals and glassware	Support
Communication and Performance class fee	\$0	\$5/credit hr	\$5/credit hr	\$15,000	N/A	To support costs of teaching materials, guest artist, debate and forensics support, recording	Support
Increase Geosciences field lab fee	\$35/flat	\$45/flat	\$10/flat	\$4,500	Established FY2013-14	To fund software and increased cost of field trips	Support

<u>Description</u>	<u>Current</u>	<u>Proposed</u>	<u>Increase</u>	<u>Revenue Generated</u>	<u>Prior Increase</u>	<u>Justification</u>	<u>Staff Rec.</u>
Increase Applied Music fee	\$150/credit hr	\$200/credit hr	\$50/credit hr	\$20,000 to \$22,500	Increased from \$100 /cr to \$150 one credit applied and \$250 for two-credit applied in FY2005-06	Supplement payments to professional accompanists, increased cost of instruction, music instruments rental, care and replacements	Support
Ensemble Music Fee - excludes Marching Band	\$0	\$25/credit hr	\$25/credit hr	\$8,000	N/A	Ensemble music, attire and equipment needs	Support
Increase Computing Specialized Course Fee	\$10/credit hr	\$40/credit hr	\$30/credit hr	\$501,144	FY16-17 implemented fee	Continue to provide student support - faculty & staff salaries and benefits, student services, instructional resources, software, equipment and facilities improvement. Funding to support Assistant Professor in Cyber Security.	Support
Increase Engineering Technology course fee	\$20/credit hr	\$60/credit hr	\$40/credit hr	\$308,560	Established FY2009-10	Purchase and maintain needed equipment, purchase supplies needed for student lavatory experiences, and enhance student support services. Funding to support Assistant Professor in Manufacturing and Electronics.	Support
Exercise Science Cardiovascular Testing and EKG fee	\$0	\$20/student	\$20/student	\$4,400	N/A	To cover supplies related to this lab course as well as purchase and service of equipment for teaching use related to the course curriculum	Support
Increase Graduate School application fee	\$45/domestic \$55/international	\$55/domestic \$65/international	\$10/application	\$51,000	Domestic increase from \$45/55 in FY2016-17 FY11-12 \$10/application	Will be used toward the application system/CRM annual costs	Support

<u>Description</u>	<u>Current</u>	<u>Proposed</u>	<u>Increase</u>	<u>Revenue Generated</u>	<u>Prior Increase</u>	<u>Justification</u>	<u>Staff Rec.</u>
Increase Online course fee	\$25/undergrad \$35/grad	\$40/undergrad \$50/grad	\$15/course	\$450,000	Undergraduate increased from \$13/cr to \$25 cr hr and Graduate increased from 19/cr to \$35 in FY2010-11	Increased costs, online growth initiatives and changes associated the TN eCampus. D2L increased price, WebEX costs, marketing increase and the securing of a Customer Relationship Management (CRM) for the campus.	Support
Global Sports Leadership cohort fee for academic cohort 18-19	\$575/cr hr in-state \$630/cr hr out-of - state	\$615/cr hr in-state \$670/cr hr out-of - state	\$40/credit hr	\$16,320	Established in FY2015-16	To cover the increased costs of the required student travel, increases in instructional costs, recruitment expense and increase in faculty salary and benefits.	Support



<u>Type of Fee</u>	<u>Campus Request</u>	<u>Revenue Generated</u>	<u>Prior Increase</u>	<u>Staff Rec.</u>
Residence halls	No change requested	\$ -	No change requested for FY17	Support
Apartments	No change requested	\$ -	No change requested for FY17	Support

Attachment H  
Summary of Maintenance and Mandatory Fees

Appropriation <u>Unit</u>	Current Maintenance <u>Fee Per Year</u>	Current Other <u>Mandatory</u>	Total <u>Mandatory</u>	Requested Other <u>Mandatory</u>	Total Before Maintenance <u>Increase</u>	% increase Before <u>Maint Inc</u>	Projected Maintenance <u>Increase</u>	Total <u>Increases</u>	Projected Total <u>Mandatory</u>	% Increase for Total <u>Mandatory</u>
ETSU Undergrad	\$ 7,002	\$1,669	\$ 8,671	\$122	\$ 8,793	1.4%	\$ 222	\$ 344	\$ 9,015	3.97%
COM M1, M2, M4	30,938	2,009	32,947	122	33,069	0.4%	620	742	33,689	2.25%
COM M3	41,148	2,672	43,820	122	43,942	0.3%	824	946	44,766	2.16%
COP	35,038	1,434	36,472	122	36,594	0.3%	1,052	1,174	37,646	3.22%

EAST TENNESSEE STATE UNIVERSITY  
BOARD OF TRUSTEES

DISCUSSION ITEM

DATE: May 26, 2017

ITEM: 2017-18 Budget Proposals

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

**Main Campus Summary Budget Request**

	Estimated 16-17	Original 2017-18	Increase (Decrease)
<u>Revenue</u>	<u>\$ 232,548,100</u>	<u>\$ 245,890,900</u>	<u>\$ 13,342,800</u>
<u>Expenditures and Transfers</u>			
Instruction	\$ 101,949,500	\$ 100,868,100	\$ (1,081,400)
Research	4,819,600	2,611,500	(2,208,100)
Public Service	2,247,200	2,423,200	176,000
Academic Support	21,546,100	21,314,900	(231,200)
Student Services	28,113,200	28,522,600	409,400
Institutional Support	15,705,000	15,867,100	162,100
Facilities	16,970,500	17,783,600	813,100
Scholarships	19,988,200	23,896,500	3,908,300
Total before transfers	211,339,300	213,287,500	1,948,200
Debt Service	3,039,700	3,078,000	38,300
Non-Mandatory Transfers	3,651,500	4,405,600	754,100
Auxiliaries Exp & Tnfrs	24,875,600	24,859,600	(16,000)
<b>Total</b>	<b>\$ 242,906,100</b>	<b>\$ 245,630,700</b>	<b>\$ 2,724,600</b>

### College of Medicine Summary Budget Request

	Estimated 16-17	Original 2017-18	Increase (Decrease)
<u>Revenue</u>	\$ 56,914,400	\$ 58,778,700	\$ 1,864,300
<u>Expenditures and Transfers</u>			
Instruction	\$ 43,160,700	\$ 44,172,000	\$ 1,011,300
Research	5,773,700	4,607,100	(1,116,600)
Academic Support	6,058,800	6,287,800	229,000
Student Services	1,513,200	1,549,100	35,900
Institutional Support	2,877,400	2,806,500	(70,900)
Facilities	6,447,600	6,508,100	60,500
Scholarships	260,000	260,000	-
Total before transfers	66,091,400	66,190,600	149,200
Debt Service	88,300	88,300	-
Non-Mandatory Transfers	(8,111,800)	(7,479,600)	632,200
<u>Total</u>	<u>\$ 58,067,900</u>	<u>\$ 58,799,300</u>	<u>\$ 731,400</u>

**Family Medicine Summary Budget Request**

	Estimated 16-17	Original 2017-18	Increase (Decrease)
<u>Revenue</u>	\$ 15,874,000	\$ 16,258,300	\$ 384,300
 <u>Expenditures and Transfers</u>			
Instruction	\$ 10,610,800	\$ 10,763,100	\$ 152,300
Research	317,000	310,100	(6,900)
Academic Support	2,979,900	3,005,400	25,500
Institutional Support	1,553,200	1,618,300	65,100
Facilities	305,000	282,000	(23,000)
Debt Service	262,900	262,900	-
<u>Total</u>	\$ 16,028,800	\$ 16,241,800	\$ 213,000

**College of Pharmacy Summary Budget Request**

	Estimated 16-17	Original 2017-18	Increase (Decrease)
<u>Revenue</u>	\$ 11,285,400	\$ 11,459,000	\$ 173,600
<u>Expenditures and Transfers</u>			
Instruction	\$ 6,492,100	\$ 6,825,000	\$ 332,900
Research	481,500	473,100	(8,400)
Academic Support	1,725,700	1,451,800	(273,900)
Student Services	680,400	659,900	(20,500)
Institutional Support	613,400	639,500	26,100
Facilities	528,500	530,100	1,600
Scholarships	332,100	332,000	(100)
Total before transfers	10,853,700	10,911,400	57,700
Debt Service	661,000	661,000	-
Nonmandatory Trfs	45,100	(114,100)	(159,200)
<u>Total</u>	\$ 11,559,800	\$ 11,458,300	\$ (101,500)

**Proposal for a Pilot “In-State-Equivalent” Tuition Rate for Faculty and Staff of Member Institutions of the  
Community Colleges of Appalachia:  
Higher Education Graduate Programs**

Background

- ETSU’s *Mission Statement* asserts that “Education is the university’s highest priority.” It further elaborates that “the institution is committed to increasing the level of educational attainment in the state and region” and that it “honors and preserves the rich heritage of Southern Appalachia . . . and is actively engaged in regional stewardship.”
- ETSU’s Strategic Plan includes a priority to have enrolled by 2026 (1) 18,000 students on-campus, on-line, or at a remote location and (2) 3,500 out-of-state and international students.
- ETSU is pursuing—as a growth agenda—a strategic priority that envisions expanding “the University’s geographical footprint through revision of its tuition policy as it relates to out-of-state students.”
- The Center for Community College Leadership (CCCL) at ETSU was established in 2016. It is committed to be the preeminent source for leadership training, both in the form of graduate degree credit instruction and professional development, for faculty and staff at community colleges in Tennessee and throughout Appalachia.
- The Community Colleges of Appalachia (CCA) is a voluntary association of public community colleges serving the common interests of member colleges and their communities through programs and services responsive to the unique cultural, geographic, and economic development challenges facing the region. The CCA footprint is that of the Appalachian Regional Commission, which represents portions of 13 states. The ARC is a sponsor of the CCA.

Proposal for Pilot

- The Department of Educational Leadership and Policy Analysis requests authorization to initiate a pilot program of “in-state-equivalent” tuition for faculty and staff of CCA member institutions enrolled in the Department’s graduate higher education programs: Master of Education in Student Personnel, Doctor of Education in Postsecondary and Private Sector Leadership, and Certificate in Community College Leadership.
- The designated graduate programs serve three levels of career and leadership development to address the needs of faculty and staff at different stages in their career: post-baccalaureate masters education; post-masters community college-specific certificate; and post-masters doctorate. It should be noted that the certificate program, which was launched in Fall 2016 as part of the CCCL proposal, is designed as a stand alone credential or as a concentration of the Doctor of Education.
- The three-year pilot would apply to all eligible students enrolled in the designated programs beginning with the Fall term (2017-18) and extending through the Spring term (2019-20).

Rationale for Supporting Pilot

- The purpose of the pilot program is to initiate a collaborative relationship between ETSU and the CCA that will be of mutual benefit in fulfilling their respective missions. Other dimensions of the relationship will include the CCA executive director and CCA campus presidents serving on the advisory committee of the CCCL, and collaboration in the design and conducting targeted professional development events for faculty and staff.
- The pilot will advance the ability of CCCL to strategically serve and influence community college leadership in Appalachia.
- All instruction in the designated programs is online, which lessens the significance of students' residence and physical location of instruction. It should be noted, however, that seminars, workshops, and symposia may be convened at ETSU or other locations as part of the programs.
- It also should be noted that the proposal anticipates that over time, faculty and staff from virtually every member college of the CCA could earn graduate credentials from ETSU. Current membership of the CCA includes 68 institutions in states other than Tennessee; a list of the member institutions is appended to this proposal.

#### Evaluation of Pilot

- The three-year period specified for this pilot is an appropriate period from which to assess the effectiveness of marketing, recruiting, and admissions, as well as whether the expectations of the CCA are met successfully.
- Success will be measured in terms of applications received, applications accepted, actual enrollments, student retention, and successful completion.
- Continuation of this collaborative relationship beyond the pilot period will be subject to approval by ETSU and CCA.



### Community Colleges of Appalachia Membership

Alfred State College	Wellsville	NY
Allegheny College of Maryland	Cumberland	MD
Asheville-Buncombe Tech. Comm. College	Asheville	NC
Ashland Comm. and Tech. College	Ashland	KY
Athens Technical College	Athens	GA
Belmont College	St. Clairsville	OH
Bevill State Community College	Jasper	AL
Big Sandy Community Tech. College	Prestonburg	KY
Blue Ridge Community College	Flat Rock	NC
BridgeValley Community and Technical College	South Charleston	WV
Butler County Community College	Butler	PA
Caldwell Community College and Technical Institute	Hudson	NC
Catawba Valley Community College	Hickory	NC
Central Alabama Community College	Alexander City	AL
Chattanooga State Community College	Chattanooga	TN
Cleveland State Community College	Cleveland	TN
Columbia State Community College	Columbia	TN
Community College of Beaver County	Monaca	PA
Community College of Allegheny County	Pittsburgh	PA
Corning Community College	Corning	NY
Dabney S. Lancaster Community College	Clifton Forge	VA
East Mississippi Community College	Scooba	MS
Eastern Gateway Community College	Steubenville	OH
Eastern WV Community & Technical College	Moorefield	WV
Forsyth Technical Community College	Winston-Salem	NC
Garrett College	McHenry	MD
Georgia Northwestern Technical College	Rome	GA
Greenville Technical College	Greenville	SC
Gwinnett Technical College	Lawrenceville	GA
H. Council Trenholm State Community College	Montgomery	AL
Hagerstown Community College	Hagerstown	MD
Haywood Community College	Clyde	NC
Hazard Community & Technical College	Hazard	KY
Hocking Technical College	Nelsonville	OH
Isothermal Community College	Spindale	NC
Jamestown Community College	Jamestown	NY
Jefferson State Community College	Birmingham	AL
Kentucky Comm. & Tech. College System	Versailles	KY
Lanier Technical College	Oakwood	GA
Mayland Community College	Spruce Pine	NC
Maysville Community & Technical College	Maysville	KY
Motlow State Community College	Lynchburg	TN
Mountain Empire Community College	Big Stone Gap	VA
National Association for Community College Entrepreneurship	Springfield	MA

New River Community & Technical College	Beaver	WV
New River Community College	Dublin	VA
North Georgia Technical College	Clarksville	GA
Northeast Alabama Community College	Rainsville	AL
Northeast MS Community College	Boonville	MS
Northeast State Community College	Blountville	TN
Northwest-Shoals Community College	Muscle Shoals	AL
Patrick Henry Community College	Martinsville	VA
Pellissippi State Tech. Comm. College	Knoxville	TN
Pierpont Community Technical College	Fairmont	WV
Rio Grande Community College	Rio Grande	OH
Shelton State Community College	Tuscaloosa	AL
Somerset Community College	Somerset	KY
Southeast KY CTC	Cumberland	KY
Southern State Community College	Hillsboro	OH
Southern Union State Community College	Opelika	AL
Southern WV Community & Technical College	Mt. Gay	WV
Southwest Virginia Community College	Richlands	VA
Southwestern Community College	Sylva	NC
Spartanburg Community College	Spartanburg	SC
Tennessee Board of Regents	Nashville	TN
Tri-County Community College	Murphy	NC
Tri-County Technical College	Pendleton	SC
Virginia Community College System	Richmond	VA
Virginia Highlands Community College	Abingdon	VA
Wallace State Community College	Hanceville	AL
Walters State Community College	Morristown	TN
Washington State Community College	Marietta	OH
Western Piedmont Community College	Morganton	NC
Wytheville Community College	Wytheville	VA
Zane State College	Zanesville	OH

**Proposal for a Pilot “In-State-Equivalent” Tuition Rate for Out-of-State Students  
Living Beyond the Border Counties:  
BSW and MSW Programming in Virginia and North Carolina**

Background

- ETSU’s *Mission Statement* asserts that “Education is the university’s highest priority.” It further elaborates that “the institution is committed to increasing the level of educational attainment in the state and region” and that it “honors and preserves the rich heritage of Southern Appalachia . . . and is actively engaged in regional stewardship.”
- ETSU’s Strategic Plan includes a priority to have enrolled by 2026 (1) 18,000 students on-campus, on-line, or at a remote location and (2) 3,500 out-of-state and international students,
- ETSU is pursuing—as a growth agenda—a strategic priority that envisions expanding “the University’s geographical footprint through revision of its tuition policy as it relates to out-of-state students”
- No department at ETSU has pursued more aggressively the goal of expanding ETSU’s regional geographical footprint than has the Department of Social Work. Its commitment to the extended campus is represented by approved teaching sites where it offers programs in Kingsport, Sevierville, Abingdon, and Asheville.

Proposal for Pilot

- The Department of Social Work requests authorization to initiate a pilot program of “in-state-equivalent” tuition for all out-of-states students enrolled in the Department’s Baccalaureate and Masters programs at its approved teaching sites in Virginia and North Carolina.
- The *three-year pilot* would apply to *all students* enrolled in ETSU’s Social Work program cohorts and cost centers beginning with the Fall term (2017-18) and extending through the Spring term (2019-20).
- The pilot would apply to students in both the Baccalaureate program (BSW) in Virginia (currently, Abingdon) and to those in the Master’s degree program (MSW) in both North Carolina (Asheville) and Virginia (currently, Abingdon).

Rationale for Supporting Pilot

- The purpose of the pilot program is to provide a method for increasing applications and consequent admissions to both BSW and MSW programs at both locations by removing the financial *disincentive* prospective applicants *in the region* encounter when weighing their options about pursuing their education at ETSU as opposed to public or private universities in either of these non-Tennessee locations.
- It is particularly appropriate that the pilot involve Social Work because the department has an historical commitment to access.
- The added benefit of increasing ETSU enrollment in these areas is that of attracting an ever larger proportion of the available market, discouraging attempts by competing institutions to duplicate ETSU programming in our target areas by “soaking up” the most attractive applicants.
- Apart from programming costs to the department (each site—whether in-state or out-of-state—quite unique), our goals remain the same: (1) expanding the contributions offered by the Department of Social Work through its BSW and MSW programming to residents throughout and across our multi-state region, (2) reaching out to new populations of potential students as a method to overcome the geographic challenges mountains and distances provide, (3) generating revenue for ETSU and with that

portion of revenue allotted to the Department of Social Work in order to expand the resource base from which it can address its mission, and (4) improving the quality and relevance of professional/academic programming on behalf of a region that desperately needs it.

- Additional indicators of success include development of additional programming sites (this primarily relating to Virginia) and/or implementation of additional dimensions of departmental programming (e.g., the introduction of elements of BSW programming in Asheville where none currently exists).
- **Caveat:** What is proposed here is *essentially a programming initiative rather than a careful, tightly controlled experimental study*. The purpose is not that of “studying” the effects of an experimental tuition for certain out-of-state students but rather that of concluding whether such an initiative can be successfully employed as part of a comprehensive effort to market BSW and/or MSW educational opportunities toward the goals of achieving market dominance within our geographic/service region.

#### Evaluation of Pilot

- The 3-year period specified for this pilot is necessary for purposes of (1) communicating the competitive costs of our programming to prospective applicants (some of whom are still one or more years removed from being eligible to apply to our programs), (2) examining marketing, recruiting, admission, and capture dynamics as we expand the footprint of our programming into additional market areas of Virginia well beyond the “Border Compact” (e.g., the Wise or Richlands areas), and (3) providing sufficient data to enable some comparisons of market yield and relative revenue generation across pre- and active pilot periods.
- Success will be measured in terms of applications received, applications accepted, actual enrollments, “capture rate,” student retention and successful pursuit of graduation revenue generation. The Department will seek from those data to determine distinctive factors from out-of-state sites compared to Tennessee programming locations.
- Data on these same variables will also be compared for out-of-state programming locations only looking for significant changes between pre- and pilot implementation periods.