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2021 November 19 - Board of Trustees Finance and Administration Committee Agenda and Minutes

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EAST TENNESSEE STATE UNIVERSITY
BOARD OF TRUSTEES
FINANCE AND ADMINISTRATION COMMITTEE
NOVEMBER 2021 MEETING

11:00am–12:00pm EST
Friday
November 19, 2021

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

AGENDA

- I. Call to Order
- II. Roll Call
- III. [Approval of the Committee Minutes from September 17, 2021](#)
- IV. [Approval of Fiscal Year 2022 October Revised Budgets – King \(10 minutes\)](#)
- V. [Presentation of Fiscal Year 2021 Unaudited Financial Statements – King \(10 minutes\)](#)
- VI. [Quarterly Financial Update – King \(10 minutes\)](#)
- VII. [Presentation of Tuition Transparency Report – King \(5 minutes\)](#)
- VIII. [Quarterly Report on Agreements over \\$250,000 – King \(5 minutes\)](#)
- IX. [Approval of D.P. Culp Student Center Debt Service, Operations, and Renewal and Replacement Funding – King \(10 minutes\)](#)
- X. Other Business
- XI. Adjournment

EAST TENNESSEE STATE
UNIVERSITY BOARD OF TRUSTEES

ACTION ITEM

DATE: November 19, 2021

ITEM: Approval of the Minutes of September 17, 2021

COMMITTEE: Finance and Administration Committee

RECOMMENDED ACTION: Approve

PRESENTED BY: Adam Green
Board Secretary

The minutes of the September 17, 2021 meeting of the Finance and Administration Committee are included in the meeting materials

MOTION: I move that the Board of Trustees adopt the resolution, approving the minutes as outlined in the meeting materials.

RESOLVED: The reading of the minutes of the September 17, 2021 meeting of the Finance and Administration Committee is omitted, and the minutes are approved as presented in the meeting materials, provided that the Secretary is authorized to make any necessary edits to correct spelling errors, grammatical errors, format errors, or other technical errors subsequently identified.

EAST TENNESSEE STATE UNIVERSITY
BOARD OF TRUSTEES
FINANCE AND ADMINISTRATION COMMITTEE

MINUTES

September 17, 2021
Johnson City, Tennessee

The East Tennessee State University Board of Trustees' Finance and Administration Committee met on Friday, September 17, 2021, at 11 a.m. in the East Tennessee Room of the D.P. Culp Student Center.

I. Call to Order

In the absence of Finance and Administration Committee Chairman Steve DeCarlo, Vice-Chairman Ron Ramsey called the meeting to order at 11 a.m.

II. Roll Call

Board Secretary Dr. Adam Green led the roll call. Because Trustee Dorothy Grisham participated remotely, in accordance with Tennessee Code § 8-44-108 section (c) (3), Dr. Green asked Trustee Grisham for the record if she could clearly hear so that she could participate in the meeting, and if she would identify any persons present in the room with her from which she was participating in the meeting. She reported that she could hear and was alone.

Additionally, Dr. Green reported that since a Trustee is participating remotely, should any votes be taken, they must be taken by roll call.

Committee members present were:

Trustee Kara Gilliam (non-voting student member)

Trustee Linda Latimer

Trustee Ron Ramsey

Trustee Dorothy Grisham (participating remotely)

Absent: Committee Chairman Steve DeCarlo and Trustee Kelly Wolfe

Dr. Green reported to Trustee Ramsey that a quorum was present. In addition to the Committee members, Trustees Janet Ayers, Virginia Foley, and Melissa Steagall-Jones also participated in the meeting.

III. Approval of the Finance and Administration Committee Minutes of April 23, 2021.

The minutes of the Finance and Administration Committee of April 23, 2021 were approved as submitted, with Trustee Dorothy Grisham making the motion to approve,

and Trustee Linda Latimer seconding the motion. The motion passed unanimously after a roll call vote.

IV. Quarterly Financial Update

Dr. B.J. King, Chief Financial Officer for Business and Finance, reviewed tables summarizing financial activities for the university through the fourth quarter of fiscal year 2020-21. The comparison is current year to prior year for the same 12-month period. Dr. King noted that these are not final numbers, but they give a good reflection of 2020-21. She reviewed tables found in the agenda materials including:

- Unrestricted Educational and General (E&G) Revenues & Expenditures by Unit;
- Unrestricted Educational and General (E&G) Revenues & Expenditures by Class;
- Operating Funds Revenues and Expenditures by Fund Type; and
- Operating Funds Revenues by Source and Expenditure by Class.

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

As an information item, Dr. King provided the committee with a list of contracts and purchase orders that exceed \$250,000, covering the time period of April 2021-June 2021.

VI. Business and Finance Fraud Training

Ms. Karen Glover, Associate Vice President/Comptroller, presented an overview of annual fraud training, conducted in June 2021, for employees of the Business and Finance Division. Employees were educated in ways to identify fraudulent emails and actions that should be avoided when they receive a fraudulent email. The training was provided through Zoom sessions allowing the employees to view the presentation containing real life examples on their screen. She noted that an added benefit this year was the fact that the training sessions were recorded so that they can be viewed by new employees.

President Brian Noland thanked Ms. Glover and her staff for their work in this area.

VII. Capital Projects and Facilities Update

Mr. Jeremy Ross, Chief Operating Officer, presented an update on Capital Planning and Design and Campus Operations.

He began his presentation with a brief discussion of Capital Maintenance, totaling \$13.6 and Capital Disclosures, totaling \$76.6 million. He explained that the Capital Disclosures projects are those that we are not seeking state funding for at this time.

He also discussed Housing, totaling \$30 million. His presentation included conceptual plans and snapshots for housing renovations currently under way and those to take place. Renovations are planned for Lucille Clement, Stone Hall, Powell Hall, and Buc Ridge. Conceptual plans included plans to transform group bathrooms to updated “spa bathrooms” and adding multipurpose spaces, gathering areas, kitchens, and other collaborative spaces for students.

He also provided an update on three capital outlay requests, totaling \$139.3 million:

- **New Academic Building:** \$51.8 is requested to construct a new academic building. \$3.25 million has been approved for planning. Future funding for construction and completion will be sought when matching funds of \$3.3 million is in hand.
- **Brown Hall Renovation:** \$45.8 is requested to renovate ETSU’s largest and most-utilized academic building.
- **Integrated Health Services Building:** \$41.7 million is requested to construct a new building and renovate backfill spaces at Innovation Park. This building could be a gateway to Innovation Park and a centerpiece of community outreach and workforce development. The project was submitted to the state just six weeks ago when the state announced that they would take new building proposal submissions that focus on workforce development and outreach.

President Noland clarified that the Academic Building, the Integrated Health Services Building, and Brown Hall renovations projects have not yet been funded by the State of Tennessee. Mr. Ross noted that the planning for the Academic Building has been funded and the project has been approved by the State Building Commission. President Noland thanked the Board of Trustees for its leadership in assisting with the acquisition of planning funds for the Academic Building and stated that he is optimistic that the University will receive full funding for the Academic Building through the Governor’s 2022 budget process.

Mr. Ross concluded his presentation with a discussion of expectations versus reality in the time of COVID-19. He mentioned challenges, including labor shortages, supply chain delays, and other variables affecting projects and operations on campus. He followed this with stories of how ETSU employees and the ETSU community are remaining committed to the mission of the university despite the challenges they are currently facing. He commended them for prioritizing people and for continuing their good work in difficult times.

VIII. Foundation Update

Ms. Pam Ritter, Vice President for University Advancement, provided an update to the Committee on the status of the Foundation, including investment portfolio information and expenditures on behalf of the University.

Ms. Ritter provided an update on the four units of the University Advancement Office: University Development, National Alumni Association, ETSU Foundation, and the Martin Center. In her ETSU Foundation Financial Overview, she commended the work of investment manager Goldman Sachs over the past year and a half. She mentioned that the market continues to grow, and as of Aug. 31, 2021, the endowment was slightly over \$119 million, up from \$84 million experienced in March 2020.

Ms. Ritter reviewed assets by fund type and classification and also compared FY incomes from 2020 and 2021. She mentioned that the incomes are higher this year than last year. She reviewed earnings required for distribution, stating that the Foundation Board approved a 2/3/4 earnings distribution again this year. She also covered the FY21 transfers to and payments on behalf of ETSU.

Finally, Ms. Ritter provided an update on the Foundation's five-year Comprehensive Campaign: The Campaign for ETSU. The Foundation's goal was \$25 million per year by 2026. In 2020-21 they raised \$35 million. She added that the Campaign for ETSU's total goal was \$120 million by June 30, 2022. By Sept. 15, 2021, the campaign had already exceeded the goal and raised \$122.3 million.

IX. Other Business

No other business was brought before the Committee.

X. Adjournment

Trustee Dorothy Grisham made a motion to adjourn the meeting. Trustee Linda Latimer seconded the motion.

EAST TENNESSEE STATE UNIVERSITY
BOARD OF TRUSTEES

ACTION ITEM

DATE: November 19, 2021
ITEM: October 2021 Revised Budgets
COMMITTEE: Finance and Administration Committee
RECOMMENDED ACTION: Approve
PRESENTED BY: B.J. King, Chief Financial Officer

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

The three budgets prepared each year are:

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

The Board of Trustees will consider the October 2021 revisions to the 2021-22 budgets for the one formula funded unit, two non-formula units and one self-funded unit. During the April 23, 2021 meeting, the Board of Trustees adopted the proposed 2021-22 budgets for the university. The proposed budgets for the fiscal year are based on the estimates for revenue and expenditures known at the time the budget is prepared. The fall enrollment and adjusted appropriation figures for revenue budgets have been received along with adjustments from fiscal year-end closing that provides for the carryforward of budgets for operational expenses. Details of the original and revised budgets are outlined in the following materials.

MOTION: I move that the Board of Trustees adopt the October revisions to the 2021-22 university budget.

RESOLVED: Upon the recommendation of the Finance and Administration Committee, the Board of Trustees approves the university's October revisions to the 2021-22 university budget.

Main Campus October Revised Budget

	Actual 20-21	Original 21-22	October Revised	Increase (Decrease)
Revenue	\$ 257,646,700	\$ 271,968,800	\$ 266,760,600	\$ (5,208,200)
<u>Expenditures and Transfers</u>				
Instruction	\$ 101,757,538	\$ 111,077,600	\$ 121,844,100	\$ 10,766,500
Research	3,382,885	4,038,600	7,581,800	3,543,200
Public Service	2,545,371	2,781,300	3,178,700	397,400
Academic Support	22,245,924	24,667,200	28,580,000	3,912,800
Student Services	24,615,706	25,178,400	26,082,500	904,100
Institutional Support	17,075,965	18,559,000	22,025,100	3,466,100
Facilities	15,003,038	17,958,000	18,846,200	888,200
Scholarships	33,302,817	35,340,500	33,926,200	(1,414,300)
Total before transfers	219,929,244	239,600,600	262,064,600	22,464,000
Debt Service	5,775,895	5,861,900	5,658,600	(203,300)
Non-Mandatory Transfers	7,323,449	3,123,400	2,667,600	(455,800)
Auxiliaries Exp & Tnfrs	18,478,984	23,178,800	24,624,600	1,445,800
Total	\$ 251,507,572	\$ 271,764,700	\$ 295,015,400	\$ 23,250,700

FT Unrestricted and Auxiliary Positions	Original 21-22	October Revised	Increase (Decrease)
Faculty	711	714	3
Administration	40	39	(1)
Maint/Tech/Support	473	467	(6)
Professional Support	525	536	11
Sub Total	1,749	1,756	7
Auxiliaries	44	44	0
Total	1,793	1,800	7

Personnel details –

Faculty	CON 4; GSL 1; Reclassified Prof Supp (2)
Administration	Reclassified Prof Supp (1)
Maint/Tech/Prof	Sevier Cty 1; Reclassified Prof Supp (7)
Prof Support	Reclassified 10; Media & Comm 1; Advisement 1; IRB (1)

Quillen College of Medicine October Revised Budget

	Actual 20-21	Original 21-22	October Revised	Increase (Decrease)
Revenue	\$ 63,264,277	\$ 66,740,400	\$ 67,711,700	\$ 971,300
<u>Expenditures and Transfers</u>				
Instruction	\$ 40,364,981	\$ 47,075,200	\$ 50,384,400	\$ 3,309,200
Research	1,762,046	3,965,900	5,164,300	1,198,400
Academic Support	6,315,672	7,682,700	7,624,400	(58,300)
Student Services	1,590,230	1,679,900	2,072,500	392,600
Institutional Support	3,376,912	3,496,200	3,827,300	331,100
Facilities	4,270,562	6,799,100	6,980,600	181,500
Scholarships	255,000	260,000	265,000	5,000
Total before transfers	57,935,403	70,959,000	76,318,500	5,359,500
Debt Service	95,894	105,000	105,000	-
Non-Mandatory Transfers	7,191,249	(4,379,300)	(8,090,900)	(3,711,600)
Total	\$ 65,222,546	\$ 66,684,700	\$ 68,332,600	\$ 1,647,900

FT Unrestricted Positions	Original 21-22	October Revised	Increase (Decrease)
Faculty	158	158	-
Administration	7	7	0
Maint/Tech/Support	110	108	(2)
Professional Support	88	90	2
Total	363	363	0

Family Medicine October Revised Budget

	Actual 20-21	Original 21-22	October Revised	Increase (Decrease)
<u>Revenue</u>	\$ 18,214,550	\$ 18,191,400	\$ 18,448,600	\$ 257,200
<u>Expenditures and Transfers</u>				
Instruction	\$ 12,399,769	\$ 12,298,300	\$ 12,820,300	\$ 522,000
Research	184,398	286,400	251,400	(35,000)
Academic Support	3,488,543	3,882,300	3,936,900	54,600
Institutional Support	1,376,403	1,627,300	1,727,700	100,400
Facilities	407,260	499,200	423,000	(76,200)
Total before transfers	17,856,373	18,593,500	19,159,300	565,800
Non-Mandatory Transfers	336,313	(397,000)	(269,000)	128,000
<u>Total</u>	\$ 18,192,686	\$ 18,196,500	\$ 18,890,300	\$ 693,800

FT Unrestricted Positions	Original 21-22	October Revised	Increase (Decrease)
Faculty	35	35	-
Administration	-	-	-
Maint/Tech/Support	52	52	-
Professional Support	29	29	-
<u>Total</u>	116	116	-

Gatton College of Pharmacy October Revised Budget

	Actual 20-21	Original 21-22	October Revised	Increase (Decrease)
Revenue	\$ 10,624,894	\$ 9,610,800	\$ 9,974,700	\$ 363,900
<u>Expenditures and Transfers</u>				
Instruction	\$ 6,323,887	\$ 6,538,200	\$ 7,158,600	\$ 620,400
Research	122,609	112,500	480,800	368,300
Academic Support	1,190,306	1,181,500	1,358,000	176,500
Student Services	559,914	655,800	711,400	55,600
Institutional Support	533,977	566,300	630,200	63,900
Facilities	483,345	341,700	487,100	145,400
Scholarships	418,314	13,000	213,700	200,700
Total before transfers	9,632,352	9,409,000	11,039,800	1,630,800
Debt Service	676,668	675,000	675,600	600
Non-Mandatory Transfers	(450,773)	(473,200)	855,800	1,329,000
Total	\$ 9,858,247	\$ 9,610,800	\$ 12,571,200	\$ 2,960,400

FT Unrestricted Positions	Original 21-22	October Revised	Increase (Decrease)
Faculty	35	33	(2)
Administration	1	2	1
Maint/Tech/Support	14	12	(2)
Professional Support	15	12	(3)
Total	65	59	(6)

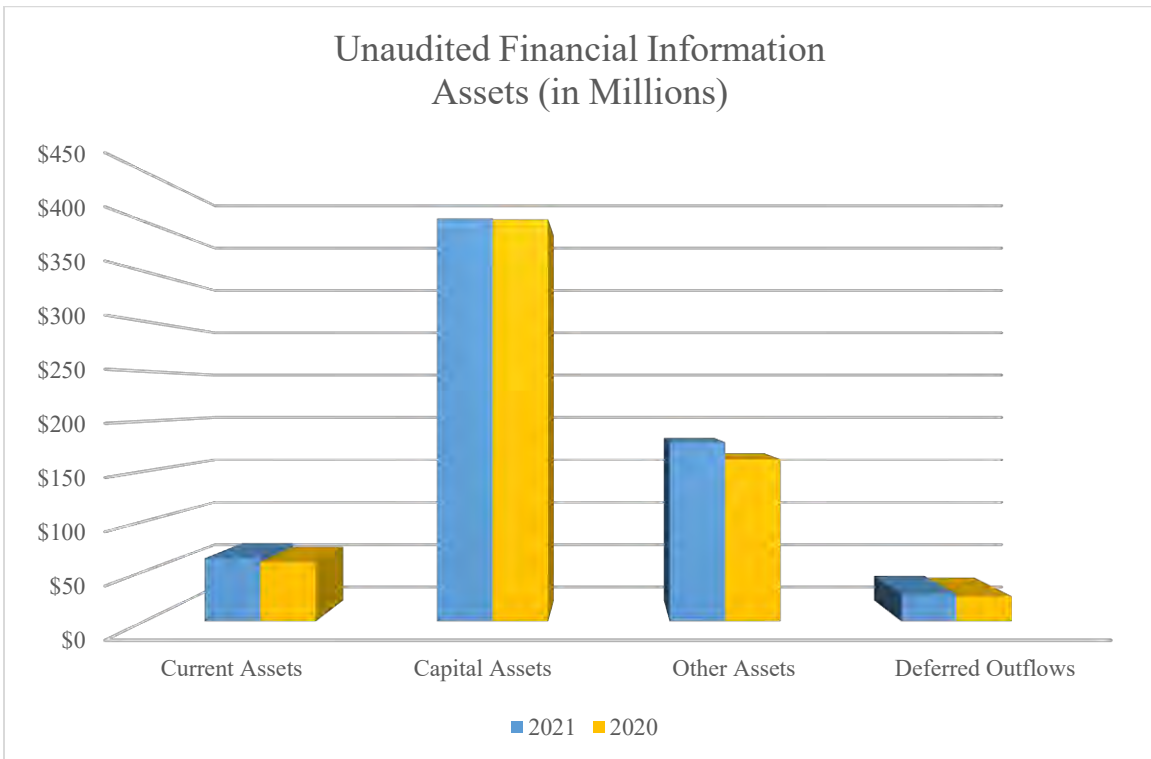
EAST TENNESSEE STATE UNIVERSITY
BOARD OF TRUSTEES

INFORMATION ITEM

DATE: November 19, 2021
ITEM: FY21 Unaudited Financial Statements
COMMITTEE: Finance and Administration Committee
PRESENTED BY: B.J. King, Chief Financial Officer

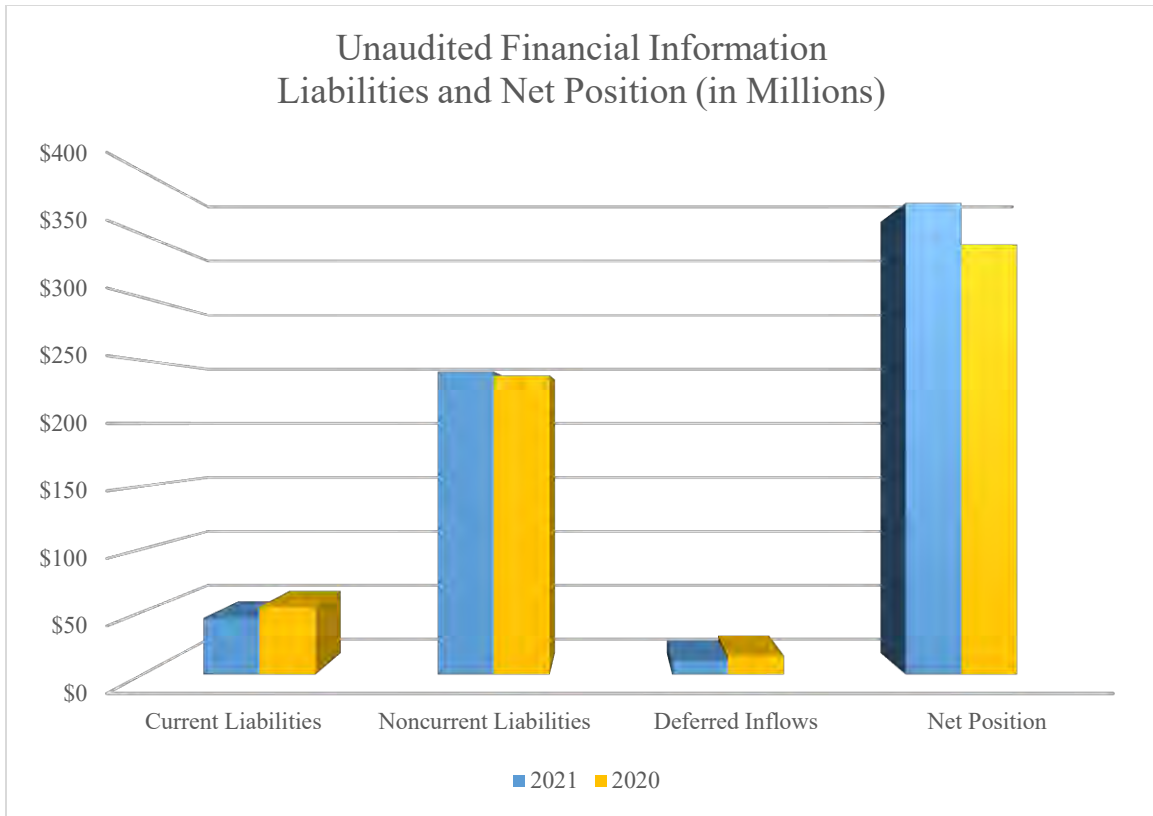
The accounting records for East Tennessee State University are closed and the fiscal year financial statements have been forwarded to State Audit for review. A finalized audit report should be available by the April Board of Trustees meeting.

Included below are charts and explanation of variance to 2020 funding cycle for key components of the institution’s unaudited financial reports.



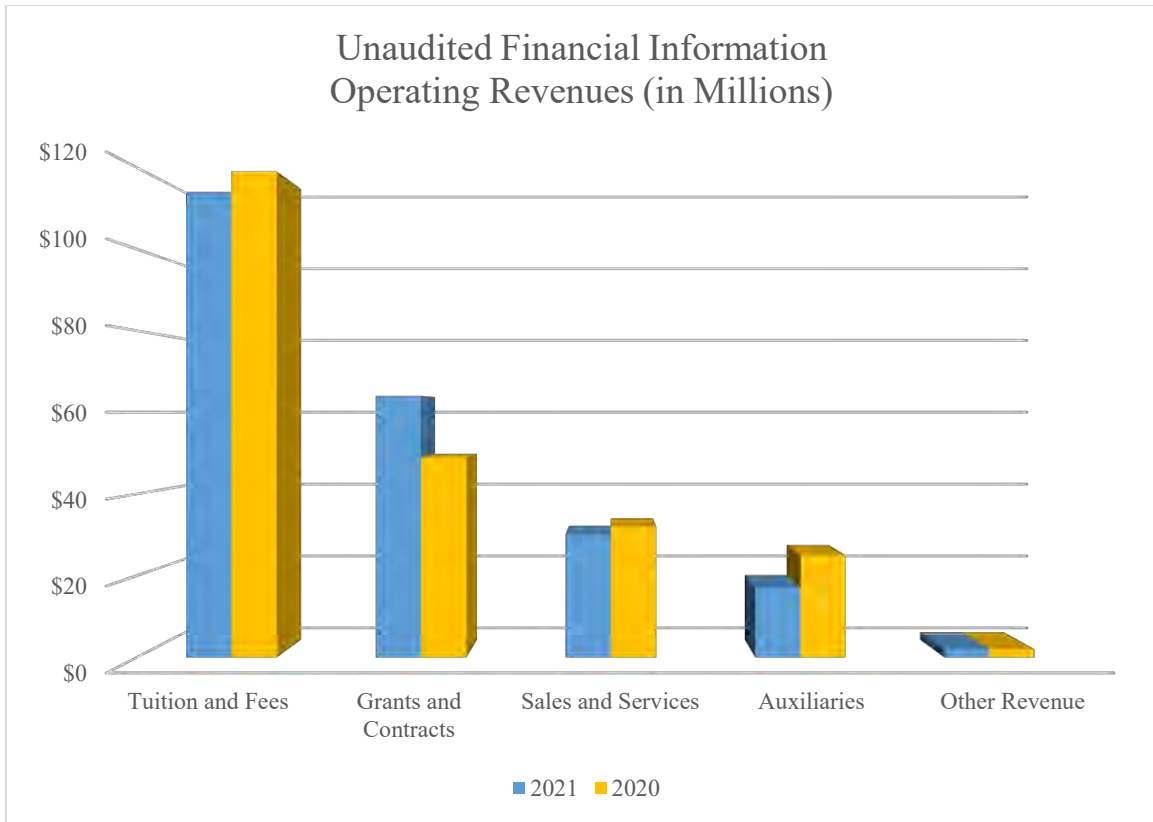
Comparison of Assets for fiscal year 2021 to fiscal year 2020

- ◆ Current cash reserves increased \$4.1 million from 2020 to 2021. Current accounts receivable decreased a total of \$1.9 million during the same time period. The largest decrease was a decline in the amounts due from the ETSU Foundation and Medical Education Assistance Corporation of \$1.4 million. The university experienced an increase of \$1.4 million in prepaid expenses in 2021. This increase is a result of the university's response to new guidance issued regarding the treatment of the assignment of Perkins Loans. Perkins Loans that are in default more than two years are required to be assigned back to the Department of Education by June 30, 2022.
- ◆ Capital assets, net of depreciation, continued to increase as construction of the Martin Fine Arts Center and the renovation of D.P. Culp Center completed. These projects were completed in Fall 2020.
- ◆ Other assets increased in 2021 as a result of a growth in noncurrent cash during this time period. The largest growth occurred in renewal and replacement funds as well as retirement of indebtedness funds.
- ◆ The university underwent a refunding of TSSBA bonds in February 2021. TSSBA refinanced nineteen bonds at lower interest rates. A portion of the refunding resulted in an increase of deferred loss on debt refunding of \$2.5 million which will be amortized over the life of the debt. Deferred outflows of resources related to pensions decreased in 2021 as the university's proportionate share of deferred outflows of legacy TCRS plan decreased.



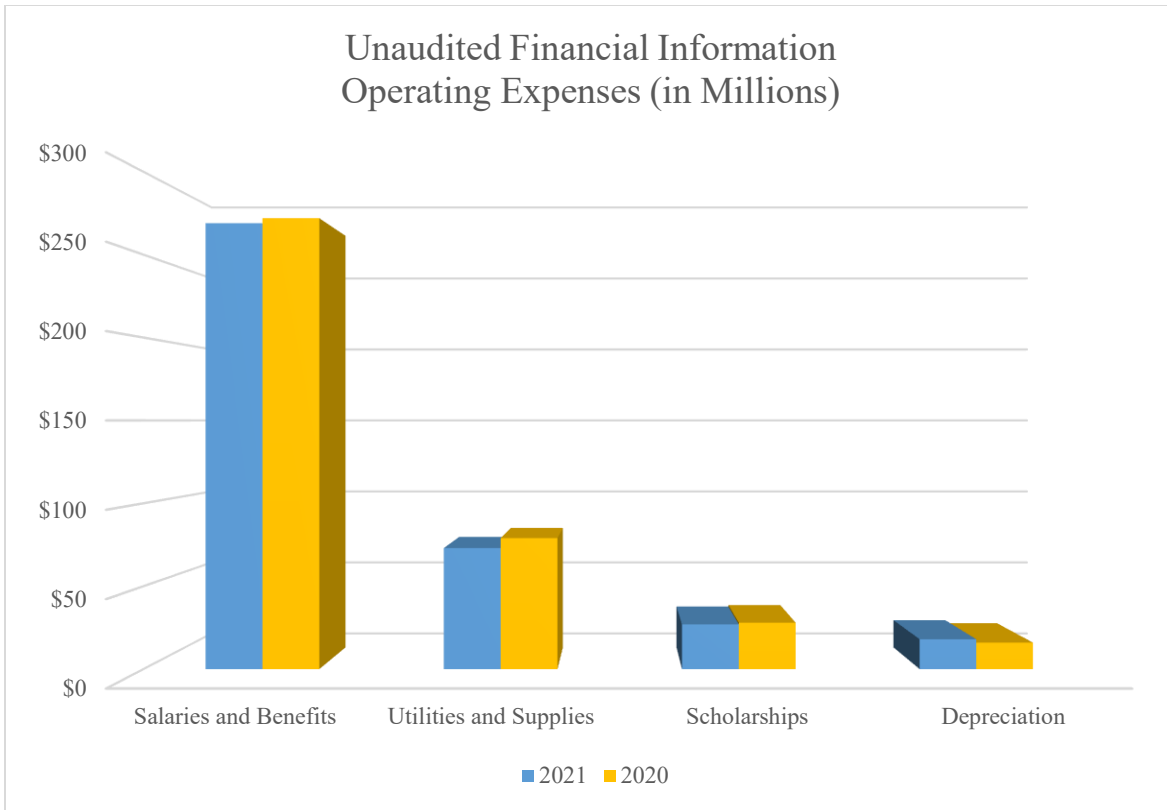
Comparison of Liabilities for fiscal year 2021 to fiscal year 2020

- ◆ Current liabilities decreased by \$3.9 million as construction of the Martin Fine Arts Center and the renovation of D.P. Culp Center were completed. Unearned revenue also decreased by \$5.2 million in 2021 after experiencing an increase of \$1.6 million in the previous year in grants and contracts.
- ◆ The university’s portion of the TCRS net pension liability under the closed plan increased by \$4.7 million and noncurrent compensated absences increased by \$1.18 million. The university’s noncurrent proportionate share of the OPEB liability decreased by \$1.989 million.
- ◆ Deferred inflows of resources decreased with reductions in university’s proportionate share related to pensions and other postemployment benefits.
- ◆ Net investment in capital assets increased as construction projects including the Martin Fine Arts Center and D.P. Culp Center completed during 2021.
- ◆ Restricted expendable net position increased mainly due to an increase in amounts restricted for debt service.
- ◆ Unrestricted net assets increased due to increases in renewal and replacement funds in anticipation of future projects.



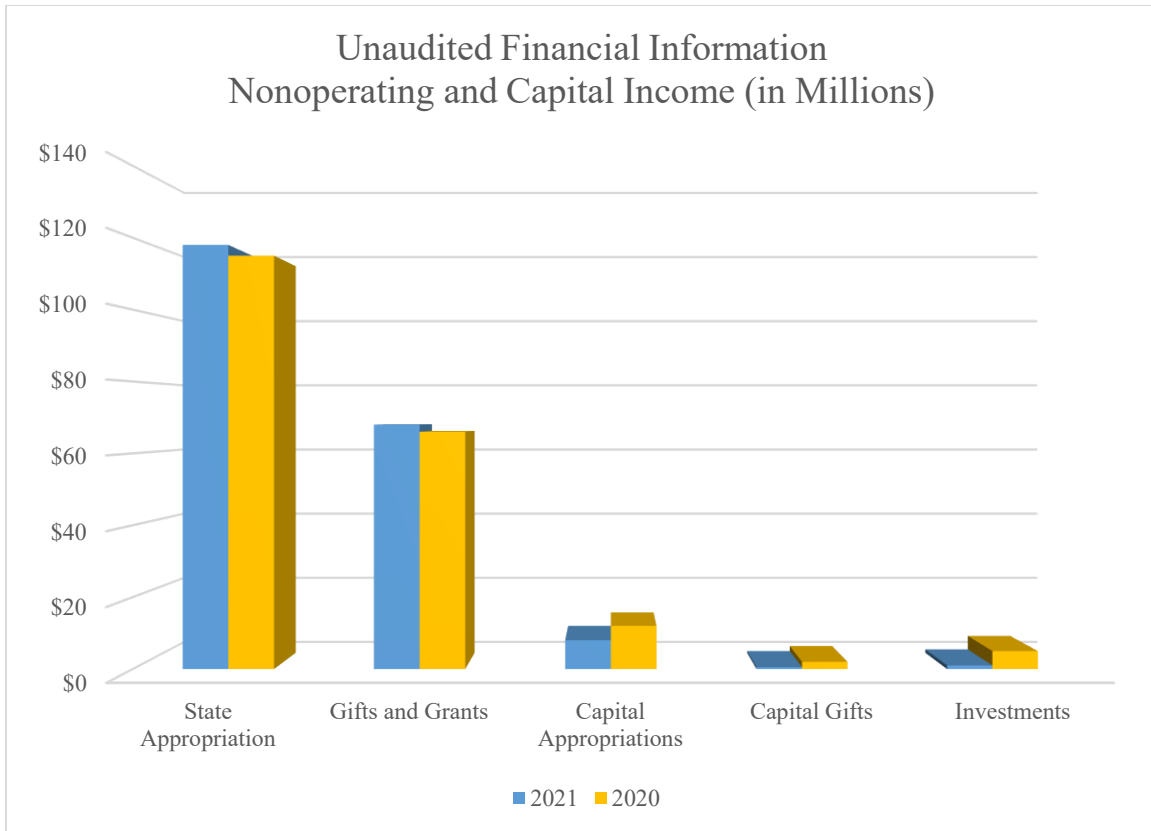
Comparison of Fiscal Year 2021 to Fiscal Year 2020

- ◆ Tuition and fee revenues decreased during 2021; no fee increase was instituted by the university during Fiscal Year 2021. Student enrollment decreased as the majority of classes were moved online in response to the COVID-19 pandemic.
- ◆ Revenues from grants and contracts increased due to an increase in nongovernmental grants and contracts. During fiscal year 2020, the university received several new private grants, including three totaling \$5.8 million.
- ◆ The residence halls continued to experience a decrease in occupancy during fiscal year 2021 as the university transitioned to an online learning environment in response to the COVID-19 pandemic. Housing and Residence Life revenues decreased by \$4.2 million while food service experienced a decrease in revenues of \$2 million.



Comparison of Operating Expenses FY 2019 to FY 2018

- ◆ Salaries and benefits decreased slightly due to employee participation in the retirement incentive program. Participating staff positions had an effective date of October 31, 2020 and faculty had an effective date of January 31, 2021.
- ◆ Operating expenses decreased during 2021 with a reduction in use of facilities due to remote work by employees. Travel was significantly curtailed during the fiscal year.
- ◆ Scholarships declined slightly as a result of reductions in enrollment for the 2021-22 academic year.
- ◆ Depreciation increased as the Martin Fine Arts Center and D.P. Culp Center projects were completed and capitalized.



Comparison of Nonoperating and Capital Income FY 2021 to FY 2020

- ◆ State appropriations increased in fiscal year 2021 with a \$1.1 million state investment in College of Medicine Pediatrics and a \$1.4 million supplemental appropriation for compensation implemented as an employee bonus in June.
- ◆ Nonoperating grants and contracts increased during 2021 due to the additional receipt of Department of Education Higher Education Emergency Relief Fund (HEERF) awards totaling \$14.1 million.
- ◆ Capital appropriations decreased from 2020 to 2021 due to a decrease in appropriation funded expenditures for capital projects.
- ◆ Capital grants and gifts decreased due to a decrease in capital gifts received from the ETSU Foundation.
- ◆ Investment income decreased in 2021 as interest rates on investments declined due to market conditions for investments available to the university.

EAST TENNESSEE STATE UNIVERSITY
BOARD OF TRUSTEES

INFORMATION ITEM

DATE: November 19, 2021

ITEM: Quarterly Financial Update

COMMITTEE: Finance and Administration Committee

PRESENTED BY: B.J. King
Chief Financial Officer

The tables below summarize financial activities for the university through the first quarter of fiscal year 2021-22. The comparison is current year to prior year for the same three-month period.

Table 1 – Unrestricted E&G Revenues and Expenditures by Unit

Unrestricted E&G Year-to-Year Comparisons Revenues and Expenditures by Appropriation Unit Year-to-Date 9-30-2020 & 9-30-2021				
	FY2020-21	FY2021-22	Change \$	%
REVENUES				
By Appropriation Unit				
Main Campus	\$98,807,322.67	\$98,605,464.00	(\$ 201,858.67)	(0.20%)
Medicine/Family Med	18,374,823.15	21,687,147.52	3,312,324.37	18.03%
Pharmacy	5,405,998.29	4,978,427.91	(427,570.38)	(7.91%)
TOTAL REVENUE	\$122,588,144.11	\$125,271,039.43	\$2,682,895.32	2.19%
 EXPENDITURES				
By Appropriation Unit				
Main Campus	\$65,366,466.76	\$64,622,605.72	(\$ 743,861.04)	(1.14%)
Medicine/Family Med	18,276,765.47	19,206,602.82	929,837.35	5.09%
Pharmacy	3,031,886.25	2,376,105.75	(655,780.50)	(21.63%)
TOTAL EXPENSE	\$86,675,118.48	\$86,205,314.29	(\$ 469,804.19)	(0.54%)

Table 2 – Unrestricted E&G Revenues by Source and Expenditures by Class

Unrestricted E&G Year-to-Year Comparisons Revenues by Source and Expenditures by Natural and Functional Classification Year-to-Date 9-30-2020 & 9-30-2021				
	FY2020-21	FY2021-22	\$	Change %
REVENUES				
By Revenue Source				
Tuition and Fees	\$88,697,494.74	\$84,781,403.40	(\$3,916,091.34)	(4.42%)
State Appropriations	29,013,300.00	31,828,700.00	2,815,400.00	9.70%
Grants, Contracts, Gifts	296,520.81	341,399.05	44,878.24	15.13%
Other	4,580,828.56	8,319,536.98	3,738,708.42	81.62%
TOTAL REVENUE	\$122,588,144.11	\$125,271,039.43	\$2,682,895.32	2.19%
EXPENDITURES				
By Natural Classification				
Salaries & Benefits	\$58,534,936.18	\$58,855,575.31	\$ 320,639.13	0.55%
Operating	10,990,869.67	11,988,403.49	997,533.82	9.08%
Capital/Equipment	262,988.63	299,830.80	36,842.17	14.01%
Scholarships/Fellowships	17,481,595.63	15,068,304.69	(2,413,290.94)	(13.80%)
Transfers to Other Funds	(595,271.63)	(6,800.00)	588,471.63	(98.86%)
TOTAL EXPENSE	\$86,675,118.48	\$86,205,314.29	(\$469,804.19)	(0.54%)
EXPENDITURES				
By Functional Classification				
Instruction	\$41,115,752.21	\$40,096,816.42	(\$1,018,935.79)	(2.48%)
Research	1,672,359.25	1,233,898.49	(438,460.76)	(26.22%)
Public Services	560,859.80	502,416.79	(58,443.01)	(10.42%)
Academic Support	8,430,382.58	8,761,007.52	330,624.94	3.92%
Student Services	5,946,718.34	7,387,803.41	1,441,085.07	24.23%
Institutional Support	6,817,027.50	6,955,523.33	138,495.83	2.03%
Physical Plant	5,260,208.80	6,206,367.64	946,158.84	17.99%
Scholarships/Fellowships	17,467,081.63	15,068,280.69	(2,398,800.94)	(13.73%)
Transfers to Other Funds	(595,271.63)	(6,800.00)	588,471.63	(98.86%)
TOTAL EXPENSE	\$86,675,118.48	\$86,205,314.29	(\$469,804.19)	(0.54%)

Table 3 – Operating Funds Revenues and Expenditures by Fund Type

Current Operating Funds (Unrestricted/Auxiliaries/Restricted)
 Year-to-Year Comparisons
 Revenues and Expenditures by Fund Type
 Year-to-Date 9-30-2020 & 9-30-2021

	FY2020-21	FY2021-22	Change	
			\$	%
REVENUES				
Unrestricted E&G	\$122,588,144.11	\$125,271,039.43	\$2,682,895.32	2.19%
Auxiliaries	8,921,043.90	12,393,937.92	3,472,894.02	38.93%
Restricted Funds	34,951,008.92	42,137,897.21	7,186,888.29	20.56%
TOTAL REVENUE	\$166,460,196.93	\$179,802,874.56	\$13,342,677.63	8.02%
EXPENDITURES				
Unrestricted E&G	\$86,675,118.48	\$86,205,314.29	(\$469,804.19)	(0.54%)
Auxiliaries	1,345,886.02	1,321,025.48	(24,860.54)	(1.85%)
Restricted Funds	35,071,133.52	41,967,849.94	6,896,716.42	19.66%
TOTAL EXPENSE	\$123,092,138.02	\$129,494,189.71	\$6,402,051.69	5.20%

Table 4 – Operating Funds Revenues by Source and Expenditures by Class

Current Operating Funds (Unrestricted/Auxiliaries/Restricted)				
Year-to-Year Comparisons				
Revenues by Source and				
Expenditures by Natural and Functional Classification				
Year-to-Date 9-30-2020 & 9-30-2021				
	FY2020-21	FY2021-22	Change	
			\$	%
REVENUES				
Tuition and Fees	\$89,060,975.29	\$85,260,206.61	(\$3,800,768.68)	(4.27%)
State Appropriations	29,137,300.00	31,955,200.00	2,817,900.00	9.67%
Grants, Contracts, Gifts	34,573,418.38	41,668,467.23	7,095,048.85	20.52%
Other	4,767,459.36	8,525,062.80	3,757,603.44	78.82%
Auxiliaries	8,921,043.90	12,393,937.92	3,472,894.02	38.93%
TOTAL REVENUE	\$166,460,196.93	\$179,802,874.56	\$13,342,677.63	8.02%
EXPENDITURES				
By Natural Classification				
Salaries & Benefits	\$67,886,378.99	\$68,256,812.43	\$370,433.44	0.55%
Operating	15,163,000.77	16,599,348.39	1,436,347.62	9.47%
Capital/Equipment	445,770.15	299,830.80	(145,939.35)	(32.74%)
Scholarships/Fellowships	40,126,298.11	44,344,998.09	4,218,699.98	10.51%
Transfers to Other Funds	(529,310.00)	(1,900.00)	527,410.00	(99.64%)
TOTAL EXPENSE	\$123,092,138.02	\$129,499,089.71	\$6,406,951.69	5.21%
EXPENDITURES				
By Functional Classification				
Instruction	\$ 43,381,057.42	\$ 41,205,447.32	\$(2,175,610.10)	(5.02%)
Research	3,762,662.77	3,566,383.91	(196,278.86)	(5.22%)
Public Services	8,088,700.34	9,405,187.79	1,316,487.45	16.28%
Academic Support	8,471,841.07	8,795,878.43	324,037.36	3.82%
Student Services	6,012,491.63	7,612,634.44	1,600,142.81	26.61%
Institutional Support	7,299,109.89	7,338,447.99	39,338.10	0.54%
Physical Plant	5,423,274.42	6,261,271.75	837,997.33	15.45%
Scholarships/Fellowships	39,836,424.46	43,994,712.60	4,158,288.14	10.44%
Transfers to Other Funds	(529,310.00)	(1,900.00)	527,410.00	(99.64%)
Auxiliaries	1,345,886.02	1,321,025.48	(24,860.54)	(1.85%)
Aux Trsfrs to Other Funds	-	-	-	0%
TOTAL EXPENSE	\$123,092,138.02	\$129,499,089.71	\$6,406,951.69	5.21%

EAST TENNESSEE STATE UNIVERSITY
BOARD OF TRUSTEES

INFORMATION ITEM

DATE: November 19, 2021

ITEM: Annual Tuition Transparency Report for State Legislature
per T.C.A. 4-7-16

COMMITTEE: Finance and Administration Committee

RECOMMENDED ACTION: Approve

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

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

49-7-1604

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

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



Compliance with 2018 Public Acts, Chapter 614
 Tuition Transparency and Accountability Act
 T.C.A. §49-7-1604

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

For Fiscal Year 2020-21	
Total Tuition and Mandatory Fee increase @ 15 credit hours	0.00%
Tuition Sources and Uses	
Tuition increase of 0.00% = \$0	
Effect of Average Cost of Attendance per student = \$0 per semester @ 15 credit hours	
Effect on Student Financial Aid = None	
Uses of Revenues	Dollars
Match requirement for benefits	\$0.00
Inflationary costs for facilities and other operations	0.00

Other Mandatory Fees Sources and Uses	
Other Mandatory Fees increase of 0.00% = \$0.00; fee caps at 8 credit hours	
Effect of Average Cost of Attendance per student = \$0 per semester @ 8 credit hours	
Effect on Student Financial Aid = None	
Uses of Revenues	Dollars
	\$0.00

EAST TENNESSEE STATE UNIVERSITY
BOARD OF TRUSTEES

INFORMATION ITEM

DATE: November 19, 2021

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

COMMITTEE: Finance and Administration Committee

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

Included in the meeting materials are a list of agreements, both expense and revenue, with amounts totaling \$250,000 or greater for the period of July 2021 – September 2021.

July – September 2021

Contracts / Purchase Orders over \$250,000

Contract/ PO Date	Start	End	Contractor	Description of Services/Products	Contract / PO Amount	\$ Annual Contract	Competitive	Fiscal Review Approval
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None during first quarter

RFPs – In-Process or Upcoming

Managed Internet Service for Housing and Residential Life – Information Technology Services

Remodeling Services – Facilities

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

EAST TENNESSEE STATE UNIVERSITY
BOARD OF TRUSTEES

ACTION ITEM

DATE: November 19, 2021

ITEM: D.P. Culp Center Debt Service, Operations, and Renewal and Replacement funding

COMMITTEE: Finance and Administration Committee

RECOMMENDED ACTION: Approve

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

The D.P. Culp Center Renovation Fee was approved by the Tennessee Board of Regents (TBR) in 2015 to provide funding for the renovation and expansion of the main campus student center. The building renovation costs were \$45,000,000 and were funded in part through \$39,000,000 in bonds. An additional \$5,000,000 of funding was provided through food service and book store auxiliary units. These bonds are being paid from an approved student fee for the debt service which is charged at a rate of \$120 per term.

In November 2017, the College of Medicine submitted a request to the ETSU Board of Trustees to repurpose debt service fees from debt to operations for the COM Student Center. The fees were approved to be split 62% for debt service and 38% for operations. The request for modification of the D.P. Culp debt service fee is to shift 25% of the fee to operations and renewal and replacement funds in a manner consistent with the precedent established in the Quillen debt service adjustment. The debt service would continue to be funded by 75% of the fee. Residual auxiliary fees associated with debt service from the D.P. Culp Center should be directed to student focused auxiliary renewal and replacement projects. This reallocation will allow for improved budgeting for operations of the facility and allow ETSU to plan ahead for renewals and replacements which will be needed for future student projects.

The proposal to repurpose the debt fee would be effective for the FY22 budget year if approved.

MOTION: I move that the Board of Trustees approve reallocation of the D.P. Culp Center debt service fee to operating and renewal and replacements for student focused projects.

RESOLVED: Upon recommendation of the Finance and Administration Committee, the Board of Trustees approves the reallocation of a portion of the D.P. Culp Center debt service fees to operating and renewal and replacements.

EAST TENNESSEE STATE UNIVERSITY
BOARD OF TRUSTEES
FINANCE AND ADMINISTRATION COMMITTEE

MINUTES

November 19, 2021
Johnson City, Tennessee

The East Tennessee State University Board of Trustees' Finance and Administration Committee met on Friday, November 19, 2021, at 11:00 a.m. in the East Tennessee Room of the D.P. Culp Student Center.

I. Call to Order

Committee Chair Steve DeCarlo called the meeting to order at 11:00 a.m.

II. Roll Call

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

Committee Members present were:

Trustee Charles Allen
Trustee Kara Gilliam
Trustee Dorothy Grisham
Board Chair Dr. Linda Latimer
Trustee Ron Ramsey
Trustee Kelly Wolfe
Committee Chair Steve DeCarlo

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

III. Approval of the Finance and Administration Committee Minutes from September 17, 2021

The minutes from September 17, 2021, were approved as submitted, with Trustee Ron Ramsey making the motion and Trustee Dorothy Grisham seconding the motion. The motion passed unanimously.

IV. Approval of Fiscal Year 2022 October Revised Budgets

As an action item, Chief Financial Officer Dr. B.J. King presented the October 2021 revisions to the FY 2021-22 budgets for the one formula-funded unit (Main Campus), two non-formula units (College of Medicine and Family Medicine), and one self-funded unit (College of Pharmacy). During the April 23, 2021 meeting, the Board of Trustees adopted the proposed 2021-22 budgets for the University. The proposed budgets for the fiscal year are based on the estimates for revenue and expenditures known at the time the budget is prepared. The fall enrollment and adjusted appropriation figures for revenue budgets have been received along with adjustments from fiscal year-end closing that provides for the carryforward of budgets for operational expenses. Original and revised budgets were outlined in the committee agenda materials.

In response to questions and comments regarding salary trajectories, President Noland informed the Committee that THEC has made their 2022 budget recommendation and their inflation factor rate is based on a Core Consumer Price Index of 4.2 percent. In comparison, the majority of THEC higher education institutions are implementing an inflation factor of more than six percent.

The recommendation, if adopted, will establish a salary pool, with the Board having discretion over how the funds are distributed. The state will cover approximately one-half of the salary pool and the University will have to fund the remainder from internal resources.

The FY 2022 October Revised Budgets were approved as submitted, with Trustee Kelly Wolfe making the motion and Trustee Ron Ramsey seconding the motion. The motion passed unanimously.

V. Presentation of Fiscal Year 2021 Unaudited Financial Statements

The Fiscal Year 2021 Unaudited Financial Statements included in the agenda materials were presented as an information item. Dr. King informed the Committee that the University's fiscal year 2021 accounting records had been closed, and the fiscal year financial statements had been forwarded to State Audit for review. A finalized audit report should be available by the April Board of Trustees meeting.

VI. Quarterly Financial Update

Dr. King next provided Trustees with an overview of financial activities for the University through the first quarter of the fiscal year including an overview of: (1) Unrestricted E&G Revenues and Expenditures by Unit; (2) Unrestricted E&G Revenues by Source and Expenditures by Class; (3) Operating Funds Revenues and Expenditures by Fund Type; and (4) Operating Funds Revenues by Source and

Expenditures by Class. Detailed information may be found in the committee agenda materials.

VII. Presentation of Tuition Transparency Report

Dr. King presented the Tuition Transparency Report as an information item. Each governing Board reports to the Office of Legislative Budget Analysis information regarding expenditures of revenue derived from any tuition and fees increase in the previous full academic year.

There was no tuition increase in the prior year.

VIII. Quarterly Report on Agreements over \$250,000

The Quarterly Report on Agreements over \$250,000 was presented as an information item.

IX. Approval of the D.P Culp Student Center Debt Service, Operations, and Renewal and Replacement Funding

Dr. King presented a request for modification of the D.P. Culp Student Center debt service fee to shift 25 percent of the fee to operations and renewal and replacement funds in a manner consistent with the precedent established in the Quillen College of Medicine debt service adjustment in 2017 for the COM Student Center. The debt service would continue to be funded by 75 percent of the fee. Residual fees associated with debt service from the D.P. Culp Center should be directed to student-focused auxiliary renewal and replacement projects. This reallocation will allow for improved budgeting for operations of the facility and allow ETSU to plan ahead for renewals and replacements, which will be needed for future student projects. The repurposed debt service fees would be effective for the FY22 budget year.

The proposal passed unanimously, with Trustee Grisham making the motion and Trustee Ramsey seconding the motion.

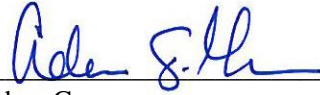
X. Other Business

No other business items were discussed.

XI. Adjournment

The Committee was adjourned with Board Chair Dr. Linda Latimer making the motion and Trustee Virginia Foley making the second.

Respectfully submitted,

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

Adam Green
Secretary of the Board of Trustees

Approved by the Board of Trustees at its February 18, 2022 meeting.