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2024 February 16 - Board of Trustees Audit Committee Agenda and Minutes

Board of Trustees, East Tennessee State University

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EAST TENNESSEE STATE UNIVERSITY
BOARD OF TRUSTEES
FINANCE AND ADMINISTRATION COMMITTEE
FEBRUARY 2024 MEETING

10:20 – 11:00 a.m. EST
Friday
February 16, 2024

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

COMMITTEE MEMBERS

Steve DeCarlo, Committee Chair
Charles Allen, Jr.
Dorothy Grisham
Dr. Linda Latimer
Ron Ramsey
Aamir Shaikh

—
AGENDA

- I. Call to Order
- II. Roll Call
- III. [Approval of the Committee Minutes from November 17, 2023](#)
- IV. [Action Item: Approval of College of Medicine FY25 Tuition – Graham \(5 minutes\)](#)
- V. [Action Item: Approval of Housing and Meal Plans for FY25 – Graham \(10 minutes\)](#)
- VI. [Discussion of Comparative Tuition and Mandatory Fees for Tennessee Public Universities – Graham \(10 minutes\)](#)
- VII. [Discussion of Proposed Salary Pool for FY25 Budget Development – Graham \(5 minutes\)](#)
- VIII. [Quarterly Report of Agreements \\$250,000 or greater – Roberts \(5 minutes\)](#)
- IX. [Quarterly Financial Update – Graham \(10 minutes\)](#)
- X. Other Business
- XI. Adjournment

EAST TENNESSEE STATE UNIVERSITY
BOARD OF TRUSTEES
AUDIT COMMITTEE

MINUTES

February 16, 2024
Johnson City, Tennessee

The East Tennessee State University Board of Trustees' Audit Committee met on Friday, February 16, 2024, at 11:12 a.m. in the East Tennessee Room of the D.P. Culp Student Center.

I. Call to Order

Committee Chair Melissa Steagall-Jones called the meeting to order at 11:12 a.m.

II. Roll Call

Board Secretary Dr. Adam Green conducted the roll call. The following committee members were physically present:

Committee Chair Melissa Steagall-Jones
Trustee Dorothy Grisham
Trustee Dr. Linda Latimer
Trustee Ron Ramsey
Trustee Tony Treadway

Other trustees in attendance were Charles Allen, Dr. Steph Frye-Clark, and Aamir Shaikh.

III. Approval of the Committee Minutes from November 17, 2023

The minutes from the November 17, 2023, meeting of the Audit Committee were approved as submitted with Trustee Tony Treadway making the motion and Trustee Dorothy Grisham seconding the motion. The motion passed unanimously.

IV. Action Item: Revisions to the FY24 Audit Plan

Ms. Martha Winegar, Associate Director of the Office of Internal Audit at ETSU, presented the report. Ms. Winegar indicated that her office had received two fraud, waste, or abuse concerns since October, and she requested approval to add those to the 2024 Audit Plan. Because of these additions and some personnel changes, she requested that two audits be removed from the current year plan: ITS general controls and grade changes. In addition, the staff is requesting

that the Family Medicine timekeeping follow-up review be deferred until Voyager implementation is completed.

Trustee Grisham made a motion that the revisions be approved, and Trustee Treadway seconded the motion. It passed unanimously.

V. Recommendation Log Status as of January 31, 2024

Ms. Winegar directed the committee’s attention to information included in members’ packets on the status of prior audit recommendations. She said her office is continuing to perform follow-up reviews to ensure that prior recommendations have been addressed. She reported that since October, three follow-up reviews have been completed, which indicated that corrective actions have been taken to improve controls. She added that three investigations, seven audits, and three follow-ups are in process.

VI. Annual Public Safety and Clery Report Update

Mr. Jeremy Ross, Chief Operating Officer, introduced Mr. Jeff Blanton, formerly with the Federal Bureau of Investigation, who is now Assistant Vice President for Administration and Director of Emergency Management at ETSU. Mr. Blanton presented highlights from the Clery Report, which includes information regarding crimes committed on campus and within a one-mile radius of campus, as well as at satellite campuses, during 2022. In summarizing the report, Mr. Blanton indicated that most crime statistics at ETSU have gone down over the reporting period. He said there were no arrests last year at any of ETSU’s satellite campuses. Crime was down on the main campus. According to the report, two prominent violations were theft and liquor violations, and even those were down from previous years. There were only 12 alcohol-related violations reported in 2022, and there were 10 theft of property violations. There has also been a decrease in drug violations compared to 2020 and 2021.

VII. Other Business

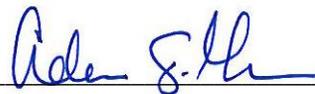
There was no other business to come before the committee.

VIII. Executive Session to Discuss Active Audits, Enterprise Risk Management, and Review University Risks and Related Internal Controls

The committee meeting was adjourned at 11:32 a.m. so that members could go into executive session to discuss active audits, enterprise risk management, and review university risks and related internal controls.

IX. Adjournment

Respectfully submitted,



Adam Green
Secretary of the Board of Trustees

EAST TENNESSEE STATE UNIVERSITY
BOARD OF TRUSTEES

ACTION ITEM

DATE: February 16, 2024

ITEM: Approval of the Minutes from November 17, 2023

COMMITTEE: Finance and Administration Committee

RECOMMENDED ACTION: Approve

PRESENTED BY: Dr. Adam Green
Board Secretary

The minutes of the November 17, 2023 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 November 17, 2023 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

November 17, 2023
Johnson City, Tennessee

The East Tennessee State University Board of Trustees' Finance and Administration Committee met on Friday, November 17, 2023, at 9:40 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 9:40 a.m.

II. Roll Call

Board Secretary Dr. Adam Green conducted the roll call. The following committee members were physically present:

Committee Chair Steve DeCarlo
Trustee Charles Allen
Trustee Dorothy Grisham
Trustee Dr. Linda Latimer
Trustee Aamir Shaikh

Other Trustees in attendance were Janet Ayers, Melissa Steagall-Jones, and Tony Treadway.

III. Approval of the Committee Minutes from September 15, 2023

The minutes from the September 15, 2023, meeting of the Finance and Administration Committee were approved as submitted, with Trustee Charles Allen making the motion and Trustee Linda Latimer seconding the motion. The motion passed unanimously.

IV. Presentation of Tuition Transparency Report

ETSU Chief Financial Officer Christy Graham reminded the committee that each year, governing boards are required to provide a report to the Tennessee General Assembly's Office of Legislative Budget Analysis on expenditures of revenues derived from tuition and fee increases. Since there was no increase in tuition and fees for FY23 at ETSU, our report will be a very simple one.

V. Action Item: Approval of FY24 October Revised Budgets

Ms. Graham reported that within the October 2023 revised budget presented for the Board's consideration is a 4.5% salary enhancement for ETSU regular employees, with an increase in the minimum wage to \$13.65 per hour and a salary ceiling of \$7,500 per employee. The revised budgets for Quillen College of Medicine, Family Medicine, and Gatton College of Pharmacy contain a 4.5% salary enhancement as well as the elevation of entry compensation to \$15 per hour.

Ms. Graham provided a brief summary of the revenue and expense elements of the proposed October budget revision for the main campus. The revised October budget for the main campus and auxiliary expenditures comes to just over \$360 million. Ms. Graham provided a similar analysis for the College of Medicine budget, the Family Medicine budget, and the College of Pharmacy budget. The revised budget for Pharmacy reflects the \$2.5 million state appropriation for the college that was approved earlier this year by the Tennessee General Assembly.

President Noland indicated that the 4.5% salary enhancement is the largest percentage increase in faculty and staff salaries in the modern history of the university. He also explained that the \$7,500 cap will allow the university to drive resources down toward those on the entry level of the wage scale. He also added that the revised minimum wage is a double-digit increase in salaries at that level.

President Noland noted that the revised October budget includes approximately \$1.5 million for a one-time \$500 transition bonus for full-time, benefits-eligible employees that will be applied to paychecks in the month preceding the Voyager/ERP go-live month, to help with the transition from 12 pay periods to 26 pay periods.

The FY24 October Revised Budget was approved unanimously, after a motion by Trustee Allen, seconded by Trustee Grisham.

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

Mr. Ryan Roberts, Director of Procurement and Contracts, reported these contracts/purchase orders that exceed \$250,000, for the period of April through June 2023:

- Assessment Technologies Institute for an extension and amendment of the contract for NCLEX assessment and preparation for RN licensure, in the amount of \$569,449
- McNeely Pigott & Fox Public Relations to develop a media plan, execute the buy, measure campaign performance, optimize base data and analytics, and offer creative consultation, \$260,000
- Belfor, for emergency mitigation services due to the 2022 freeze event, \$477,470

- Amazon Web Services software service charge, \$255,000

Mr. Roberts informed the committee of one RFP that is in process: broker services for medical residents' health insurance.

VII. Quarterly Financial Report

Ms. Christy Graham, Chief Financial Officer, presented the quarterly financial update comparing operating revenues and expenditures from the current year to the prior year. The report covered the first quarter of the fiscal year. Ms. Graham noted that revenue is growing at the same rate as expenses. A breakdown of revenue by source shows a slight (0.1%) decrease in tuition and fees. The budget reflects flat enrollment with a 2.9% tuition increase. Current operating revenue by source shows a total revenue increase of 1.9%.

VIII. CFO Update

Ms. Graham provided an update on the work of the Strategic Resource Alignment Advisory Committee. The committee is in the data-gathering stage and remains on track with the timeline presented during the last Board of Trustees meeting.

Ms. Graham then gave a status report on the Voyager (Oracle) transition. She indicated that January 1 had been targeted as the go-live date, but that date has now been extended to July 1. She said tremendous progress has taken place, but there are some areas that will require additional evaluation and testing. And the July 1 date will provide a clean start for the fiscal year. Chairman DeCarlo stated that he believes the delay is a wise decision, and President Noland added that more time to train employees is vital to the success of the effort. Ms. Graham told the committee that integrity of financial statements was also a key component in the recommendation to delay.

IX. Other Business

There was no other business to come before the committee.

X. Adjournment

Trustee DeCarlo adjourned the meeting at 10:19 a.m.

EAST TENNESSEE STATE UNIVERSITY
BOARD OF TRUSTEES

ACTION ITEM

DATE: February 16, 2024

ITEM: Approval of College of Medicine FY25 Tuition

COMMITTEE: Finance and Administration Committee

RECOMMENDED ACTION: Approve

PRESENTED BY: Christy Graham
Chief Financial Officer and
Vice President of Business and Finance

The following provides an overview of the tuition and fee recommendations for the College of Medicine for the 2024-25 academic year. As a proportion of the base budget, tuition generated revenues comprise 17 percent of the college’s total budget. As part of the college’s focused effort to maximize affordability, staff is not requesting an increase in tuition for FY25. Through the use of efficiencies, unused clinical reserves, and other revenue opportunities, the college will utilize those resources to cover inflationary cost increases.

The program service fee will increase as applicable with the main campus fee increase. The following chart outlines the tuition request for the College of Medicine for the 2024-25 academic year.

Current 2024-25 Tuition – Annualized		
	Tuition	Program Service Fees
M1 – M4	\$36,480	TBD

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

RESOLVED: The proposed tuition for the College of Medicine for 2024-25 is approved as presented in the meeting materials contingent on the approval of the Governor’s budget.

EAST TENNESSEE STATE UNIVERSITY
BOARD OF TRUSTEES

ACTION ITEM

DATE: February 16, 2024

ITEM: Approval of Housing and Meal Plans for FY25

COMMITTEE: Finance and Administration Committee

RECOMMENDED ACTION: Approve

PRESENTED BY: Christy Graham
Chief Financial Officer and
Vice President of Business and Finance

The proposed 2024-25 housing rates reflect an effort by the campus to account for items such as deferred maintenance and additional debt service, as well as increased inflationary costs for utilities, maintenance, custodial, and staffing. Given that housing has been operating at 100% capacity, staff has worked to enhance capacity within ETSU's existing portfolio of residence halls. For 2024-25 triple occupancy rooms will be created in West Hall and quad apartments will be deployed at Buc Ridge. This adjustment will increase the number of beds on campus by 287. The following chart provides an overview of proposed housing rates for 2024-25.

Housing Rates (per semester)

FY24 - FY25

BUILDING	Housing Rate FY24	Housing Rates FY25	Variance	Variance %
LUNTSFORD	2,500	2,700	200	8.0%
WEST (triple)*	2,135	1,900	(235)	-11.0%
CARTER DOUBLE	2,225	2,400	175	7.9%
CARTER SINGLE	2,225	2,400	175	7.9%
CARTER PRIVATE	3,325	3,500	175	5.3%
CARTER - APT	2,450	2,625	175	7.1%
CENTENNIAL - 2BR	3,200	3,375	175	5.5%
CENTENNIAL - EFF	3,485	3,675	190	5.5%
CENTENNIAL - 1BR	3,850	4,050	200	5.2%
DAVIS	2,350	2,550	200	8.5%
DOSSETT	2,135	2,300	165	7.7%
GOVERNORS	2,800	3,050	250	8.9%
LUCILLE CLEMENT	2,150	2,300	150	7.0%
L. CLEMENT SINGLE	3,100	3,300	200	6.5%
POWELL	2,135	2,375	240	11.2%
STONE	2,225	2,450	225	10.1%
Residence Hall Average	2,643	2,809	166	6.3%
BUC RIDGE, P1, 4 BEDROOM	3,250	3,550	300	9.2%
BUC RIDGE, P1, 2 BEDROOM	3,450	3,775	325	9.4%
BUC RIDGE, P1, 2 BEDROOM (2 per room)**		3,200		
BUC RIDGE, P2, 2 BEDROOM	3,625	3,950	325	9.0%
BUC RIDGE, P2, 2 BEDROOM (2 per room)**		3,350		
BUC RIDGE, P3, 2 BEDROOM	3,825	4,125	300	7.8%
BUC RIDGE, P4, 2 BEDROOM	3,825	4,125	300	7.8%
BUC RIDGE, P4, 1 BEDROOM	3,975	4,275	300	7.5%
BUC RIDGE, P4, EFFICIENCY	3,875	4,175	300	7.7%
BUC RIDGE, P4, SUPER 2 SINGLE	4,270	4,570	300	7.0%
BUC RIDGE, P4, SUPER 2 DOUBLE**	3,825	3,425	(400)	-10.5%
BUC RIDGE, P5, EFFICIENCY	3,125	3,425	300	9.6%
BUC RIDGE, P5, 1 BEDROOM	3,375	,675	300	8.9%
Buc Ridge Total	3,675	3,817	142	3.9%

*Expanded Capacity from two person rooms to three person rooms

**Expanded Capacity from two person apartments to four person apartments

Private Rooms for Residence Halls are double the regular rate.

The proposed adjustment to meal plan rates is based on market increases as projected by Sodexo, ETSU’s food service provider. It should be noted that for the second year in a row, the meal plan cost to students below do not fully fund inflationary costs passed on by the contracted food service provider. These inflationary factors will be addressed in subsequent years. Business and Finance staff prepared a meal plan price comparison to other Tennessee public universities and ETSU remains low compared to other institutions. For FY24, other unlimited seven-day plans with similar dining dollars range from \$2,075 per semester (\$6.11/meal) to \$2,968 (\$8.71/meal).

Meal Plan Rates (per semester)

	Cost FY24	Proposed Cost FY25	% increase	Dining Dollars	Guests	Price per meal
Silver	1,975	2,075	5.1%	100	10	6.27
Gold	2,100	2,175	3.6%	200	10	6.27
Platinum	2,330	2,430	4.3%	400	10	6.44
5 day	1,720	1,775	3.2%	100	5	7.44
5 day limited	1,720	1,775	3.2%	100	5	7.44

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

RESOLVED: The proposed rates for Housing and Meal Plans for 2024-25 are approved as presented in the meeting materials.

EAST TENNESSEE STATE UNIVERSITY
BOARD OF TRUSTEES

INFORMATION ITEM

DATE: February 16, 2024

ITEM: Discussion of Comparative Tuition and Mandatory Fees for Tennessee Public Universities

COMMITTEE: Finance and Administration Committee

PRESENTED BY: Christy Graham
Chief Financial Officer and
Vice President of Business and Finance

As required by TN Code § 49-7-1605, The Board of Trustees must consider certain criteria when considering an increase in tuition and mandatory fees. Those criteria include:

1. Level of state support;
2. Total cost of attendance;
3. Efforts to mitigate the financial effect on students;
4. Tennessee Higher Education Commission (THEC) binding tuition and mandatory fee increase ranges;
5. Other factors affecting the university's financial stability such as projected student enrollment; university enrollment goals; market and cost factors for higher education; new program or new facility cost; and cost related to operations, programs of study, or individual courses.

Staff has outlined the following parameters that will guide budget planning for FY25.

1. **Level of state support** – THEC based the 2024-25 academic year tuition models on a core Consumer Price Index of four percent and flat enrollment. THEC did not include a salary allocation in their request, but anticipate a two to four percent state salary enhancement. The inflation factor for the three state supported units at ETSU equates to an appropriation increase of \$1.2 million.
2. **Total cost of attendance** – Tuition and fees increased by 2.85% in FY24. Tuition and mandatory fees for FY24 at ETSU continue to be comparable to other public institutions

of higher education in the state. A comparison of tuition and mandatory fees are listed below and show that ETSU is below the university average.

3. **Efforts to mitigate the financial effect on students** – The university continues to look for ways to mitigate rising costs to students. Reviews of academic and administrative areas are ongoing and will identify areas to improve services, reduce costs, or allow assets to be used more effectively for students.
4. **THEC binding tuition and mandatory fee increase ranges** – THEC proposed a zero to four percent tuition and mandatory fee limit at their November 2023 meeting. The Commission will vote on a binding limit at their May meeting. With the release of the Governor’s budget, it is anticipated that THEC will approve a zero to four percent tuition and fee increase for FY25.
5. **Other factors affecting the university’s financial stability:**
 - a. Projected student enrollment and university enrollment goals - The university’s enrollment increased for the second time since Fall of 2017, while first time freshmen have increased over the last four years. The university is continuing efforts and activities to grow enrollment as defined in the strategic plan. Tuition and fees must remain competitive in the marketplace, and students should be able to identify the value inherent in the education provided by ETSU over other institutions.
 - b. Market and cost factors for higher education – The market for higher education shows increased competition from community colleges, other state universities, regional private institutions and border state colleges and universities. Faculty and staff salaries are the primary cost driver for the university. New out-of-state tuition rates were implemented for Fall 2021 based on market research and have also reduced out-of-state scholarship expense.
 - c. New program or new facility cost – Costs related to new programs are largely being absorbed in the colleges per the budget model implemented in FY19. Facility costs have primarily been driven by inflationary costs related to utilities and construction expenses.
 - d. Cost related to operations, programs of study, or individual courses – Data from THEC show the core Consumer Price Index increased by four percent. The university’s programs of study and some individual courses are compared to other institutions with similar programs or courses to determine the market pressures for offering the programs.

A five-year history of student maintenance and mandatory fees is presented below in comparison to Tennessee Locally Governed Institutions (LGIs) and the University of Tennessee System:

	Tuition (Maintenance Fees)									
	2019-20	% Incr	2020-21	% Incr	2021-22	% Incr	2022-23	% Incr	2023-24	% Incr
APSU	\$7,044	2.3%	\$7,044	0%	\$7,146	1.45%	\$7,146	0%	\$7,356	2.9%
ETSU	7,572	2.0%	7,572	0%	7,722	1.98%	7,722	0%	7,950	2.9%
MTSU	7,554	2.4%	7,554	0%	7,704	1.99%	7,704	0%	7,908	2.6%
TSU	7,026	1.8%	7,026	0%	7,128	1.45%	7,128	0%	7,332	2.8%
TN Tech ³	8,040	2.3%	9,060	12.7%	9,240	1.99%	9,240	0%	9,510	2.8%
Memphis ²	8,232	2.1%	8,232	0%	8,352	1.46%	8,352	0%	8,520	2.0%
UTC ¹	7,836	13.8%	7,836	0%	7,992	1.99%	7,992	0%	8,232	2.9%
UTK ¹	11,332	2.0%	11,332	0%	11,332	0.00%	11,332	0%	11,332	0.0%
UTM ¹	8,214	2.0%	8,214	0%	8,378	2.00%	8,378	0%	8,546	2.0%
UTS					9,000		9,000		9,000	
Univ. Avg	\$8,092		\$8,208		\$8,399		\$8,399		\$8,569	

¹ UT-Knoxville implemented 15/4 fee structure in 2013-14. UT-Martin implemented 15/4 fee structure in 2016-17. UT-Chattanooga implemented 15/4 fee structure in 2019-20.

Fees shown represent the rates for incoming freshmen in the UT system.

² University of Memphis implemented guaranteed tuition in 2019-20.

Fees shown for UM represent the rates for non-guaranteed tuition.

³TTU implemented 15/4 fee structure in 2020-21

	Mandatory Fees									
	2019-20	% Incr	2020-21	% Incr	2021-22	% Incr	2022-23	% Incr	2023-24	% Incr
APSU	\$1,583	0.0%	\$1,583	0%	\$1,615	2.02%	\$1,615	0%	\$1,667	3.1%
ETSU	1,919	3.5%	1,919	0%	1,952	1.72%	1,952	0%	2,000	2.4%
MTSU	1,870	2.4%	1,870	0%	1,888	1.02%	1,888	0%	1,924	1.9%
TSU	1,157	4.5%	1,157	0%	1,207	4.32%	1,207	0%	1,248	3.3%
TN Tech	1,278	2.8%	1,278	0%	1,282	0.31%	1,282	0%	1,320	2.9%
Memphis	1,704	4.1%	1,704	0%	1,704	0.00%	1,704	0%	1,824	6.6%
UTC	1,820	2.5%	1,820	0%	1,856	1.98%	1,856	0%	1,912	2.9%
UTK	1,932	1.9%	1,932	0%	1,912	-1.00%	1,912	0%	2,152	11.2%
UTM	1,534	5.1%	1,534	0%	1,534	0.00%	1,534	0%	1,662	7.7%
UTS					1,200		1,200		1,200	
University Average	\$1,644		\$1,644		\$1,615		\$1,615		\$1,691	

Total Tuition and Mandatory Fees

	2019-20	% Incr	2020-21	% Incr	2021-22	% Incr	2022-23	% Incr	2023-24	% Incr
APSU	\$8,627	1.8%	\$8,627	0%	\$8,761	1.55%	\$8,761	0%	\$9,023	2.9%
ETSU	9,491	2.3%	9,491	0%	9,674	1.93%	9,674	0%	9,950	2.8%
MTSU	9,424	2.4%	9,424	0%	9,593	1.79%	9,593	0%	9,832	2.4%
TSU	8,183	2.2%	8,183	0%	8,335	1.86%	8,335	0%	8,580	2.9%
TN Tech ³	9,318	2.4%	10,338	10.99%	10,522	1.78%	10,522	0%	10,830	2.8%
UM ²	9,936	2.4%	9,936	0%	10,056	1.21%	10,056	0%	10,344	2.8%
UTC	9,656	10.4%	9,656	0%	9,848	1.99%	9,848	0%	10,144	2.9%
UTK ¹	13,264	2.0%	13,264	0%	13,244	-0.15%	13,244	0%	13,484	1.8%
UTM ¹	9,748	2.5%	9,748	0%	9,912	1.68%	9,912	0%	10,208	2.9%
UTS					10,200		10,200		10,200	
University Average	\$9,739		\$9,852		\$10,015		\$10,015		\$10,260	

¹ UT-Knoxville implemented 15/4 fee structure in 2013-14. UT-Martin implemented 15/4 fee structure in 2016-17. UT-Chattanooga implemented 15/4 fee structure in 2019-20.

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EAST TENNESSEE STATE UNIVERSITY
BOARD OF TRUSTEES

INFORMATION ITEM

DATE: February 16, 2024

ITEM: Discussion of Proposed Salary Pool for FY25 Budget Development

COMMITTEE: Finance and Administration Committee

PRESENTED BY: Christy Graham
Chief Financial Officer and
Vice President of Business and Finance

Tennessee Governor Bill Lee presented the State of the State address on February 5, 2024 and concurrently released details related to the FY25 budget. Due to timing considerations, staff has not been able to formalize a decision related to recommended salary enhancements.

Typically, the Governor’s proposed budget provides state funding for 55 percent of the total cost of a salary increase with related benefits for the main campus. The College of Pharmacy, College of Medicine, and Family Medicine receive an appropriation from state funding for non-formula units that covers the totality of the costs of a provided salary enhancement.

The table below illustrates the approximate funding through additional state appropriation needed for a two, three, and four percent salary pool for the main campus. These calculations are based on the files obtained from THEC and the State Division of Finance and Administration.

	Revenue Needed For Pool	State 55% Funding for Pool	Funding through Student Fees
Main Campus 2%	\$3,343,600	\$ 1,842,800	\$ 1,500,800
Main Campus 3%	\$5,015,400	\$ 2,764,200	\$ 2,251,200
Main Campus 4%	\$6,687,200	\$ 3,685,600	\$ 3,001,600

Trustees will consider a formal salary enhancement recommendation in November.

The history of salary improvement funding is displayed in the table below:

Year	Across-the Board			Equity Increase to Market	Service Bonus
2024-25	TBD				
2023-24	4.5%	Min wage to	(7)		
		\$13.65/hour			
2022-23	4.0%	\$1,200 min	(1)(2)		
2021-22	3.5%	\$700 min	(2)(3)		
2020-21	(4)	0.0%			\$500 (5)(6)
2019-20	2.0%	\$500 min	(2)		
2018-19	2.5%	\$500 min	(2)		
2017-18	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%	

(1) Maximum increase \$7,000

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

(3) Maximum increase \$10,000

(4) No funding for salary increase was included in the final state budget for FY21. An appropriation amendment in spring 2021 provided funding for a one-time bonus payment in June 2021.

(5) Employed April – May 30, 2021

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

(7) Maximum increase \$7,500

EAST TENNESSEE STATE UNIVERSITY
BOARD OF TRUSTEES

INFORMATION ITEM

DATE: February 16, 2024
ITEM: Quarterly Report of Agreements \$250,000 or greater
COMMITTEE: Finance and Administration Committee
PRESENTED BY: Ryan Roberts
Director, Procurement and Contract Services

Included below is a list of agreements, both expense and revenue, with amounts totaling \$250,000 or greater for the period of October 2023 – December 2023.

October – December 2023

Contracts / Purchase Orders over \$250,000

Contract/ PO Date		Contractor	Description of Services/Products	Contract / PO Amount	\$ Annual Contract	Competitive	Fiscal Review Approval
Start	End						
09/06/23	09/05/24	Ahead Inc.	Cisco Wireless Access Point, Replace legacy units	\$342,807	\$342,807	Yes	N/A

RFI/RFPs –In-Process and Upcoming

- Broker Services for Medical Residents Health Insurance(s) – In-Process
- Transportation, Embalming, & Cremation of Donated Remains – In-Process
- Production Company for SGA Major Events – In-Process
- Family Medicine Site(s) Custodial Services – In-Process
- Facilities Management Professional Cleaning Services Assistance (QCOM and Dorms) – Complete

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

EAST TENNESSEE STATE UNIVERSITY
BOARD OF TRUSTEES

INFORMATION ITEM

DATE: February 16, 2024

ITEM: Quarterly Financial Report

COMMITTEE: Finance and Administration Committee

PRESENTED BY: Christy Graham
Chief Financial Officer and
Vice President of Business and Finance

The tables below summarize financial activities for the university through the second quarter of fiscal year 2023-24. The comparison is current year to prior year for the same six-month period.

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

	Unrestricted E&G Year-to-Year Comparisons Year-to-Date 12-31-2022 & 12-31-2023			
	FY2022-23	FY2023-24	Change	
			\$	%
REVENUES				
By Appropriation Unit				
Main Campus	\$207,767,149	\$200,579,396	(\$7,187,753)	(3.46%)
Medicine/Family Med	44,878,910	49,684,470	4,805,560	10.71%
Pharmacy	8,104,451	6,150,776	(1,953,675)	(24.11%)
TOTAL REVENUE	\$260,750,510	\$256,414,642	(\$4,335,869)	(1.66%)
By Revenue Source				
Tuition and Fees	\$150,060,017	\$150,417,349	\$357,332	0.24%
State Appropriations	92,368,500	79,965,400	(12,403,100)	(13.43%)
Grants, Contracts, Gifts	1,477,608	2,469,291	991,683.44	65.76%
Other	16,844,385	23,562,601	6,718,216	39.88%
TOTAL REVENUE	\$260,750,510	\$256,414,642	(\$4,335,869)	(1.66%)

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

Unrestricted E&G				
Year-to-Year Comparisons				
Year-to-Date 12-31-2022 & 12-31-2023				
	FY2022-23	FY2022-23	\$	Change %
EXPENDITURES				
By Appropriation Unit				
Main Campus	\$122,004,384	\$130,106,366	\$8,101,982	6.64%
Medicine/Family Med	43,314,720	45,133,604	1,818,883	4.05%
Pharmacy	5,407,008	4,131,373	(1,275,635)	(23.59%)
TOTAL EXPENSE	\$170,726,113	\$179,371,343	\$8,645,230	5.06%
By Natural Classification				
Salaries & Benefits	\$127,884,114	\$130,717,199	\$2,833,085	2.22%
Operating	29,937,099	32,023,555	2,086,456	6.97%
Capital/Equipment	210,848.34	413,261	202,412	96.00%
Scholarships/Fellowships	15,046,365	15,513,118	466,752	3.10%
Transfers to Other Funds	(2,352,314)	704,210	3,056,524	129.94%
TOTAL EXPENSE	\$170,726,113	\$179,371,343	\$8,645,230	5.06%
By Functional Classification				
Instruction	\$86,332,237	\$87,682,814	\$1,350,577	1.56%
Research	4,851,779	4,949,250	97,471	2.01%
Public Services	1,388,786	2,371,944	983,158	70.79%
Academic Support	17,376,278	18,089,835	713,556	4.11%
Student Services	16,715,504	17,139,628	424,123	2.54%
Institutional Support	18,142,302	19,706,237	1,563,935	8.62%
Physical Plant	13,231,399	13,225,257	(6,143)	(0.05%)
Scholarships/Fellowships	15,040,140	15,513,118	466,752	3.10%
Transfers to Other Funds	(2,352,314)	704,210	3,056,524	129.94%
TOTAL EXPENSE	\$170,726,113	\$179,371,343	\$8,645,230	5.06%

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

**Current Operating Funds (Unrestricted/Auxiliaries/Restricted)
Year-to-Year Comparisons
Year-to-Date 12-31-2022 & 12-31-2023**

	FY2022-23	FY2023-24	Change	
			\$	%
REVENUES				
By Current Fund Type				
Unrestricted E&G	\$260,750,510	\$256,414,642	(\$4,335,869)	(1.66%)
Auxiliaries	28,488,151	30,692,320	2,204,169	7.74%
Restricted Funds	79,419,277	76,209,673	(3,209,604)	(4.04%)
TOTAL REVENUE	\$368,657,938	\$363,316,634	(5,341,304)	(1.45%)
REVENUES				
By Revenue Sources				
Tuition and Fees	\$150,929,237	\$151,300,922	371,685	0.25%
State Appropriations	92,629,400	79,965,400	(12,664,000)	(13.67%)
Grants, Contracts, Gifts	79,266,154	77,461,141	(1,805,012)	(2.28%)
Other	17,353,609	23,907,414	6,553,805	37.77%
Auxiliaries	28,479,539	30,681,757	2,202,218	7.73%
TOTAL REVENUE	\$368,657,938	\$363,316,634	(\$5,341,304)	(1.45%)

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

Current Operating Funds (Unrestricted/Auxiliaries/Restricted)				
Year-to-Year Comparisons				
Year-to-Date 12-31-2022 & 12-31-2023				
	FY2022-23	FY2023-24	Change	
			\$	%
EXPENDITURES				
By Current Fund Type				
Unrestricted E&G	\$170,726,113	\$179,371,343	\$8,645,230	5.06%
Auxiliaries	5,661,071	6,190,819	529,747	9.36%
Restricted Funds	59,313,608	64,394,662	5,081,055	8.57%
TOTAL EXPENSE	\$235,700,793	249,956,825	\$14,256,032	6.05%
EXPENDITURES				
By Natural Classification				
Salaries & Benefits	\$150,278,898	\$155,353,878	\$5,074,980	3.38%
Operating	45,211,719	49,112,751	3,901,032	8.63%
Capital/Equipment	332,885	616,584	283,699	85.22%
Scholarships/Fellowships	42,229,605	44,169,402	1,939,797	4.59%
Transfers to Other Funds	(2,352,314)	704,210	3,056,524	151.56
TOTAL EXPENSE	\$238,700,793	\$249,956,825	\$14,256,032	6.05%
EXPENDITURES				
By Functional Classification				
Instruction	\$88,671,706	\$90,966,370	\$2,294,664	2.59%
Research	12,580,427	12,863,201	282,774	2.25%
Public Services	24,762,294	28,392,146	3,629,852	14.66%
Academic Support	17,617,061	18,281,168	664,108	3.77%
Student Services	17,231,430	17,743,622	512,192	2.97%
Institutional Support	18,960,411	20,561,228	1,600,817	8.44%
Physical Plant	13,294,024	13,297,627	3,601.74	0.03%
Scholarships/Fellowships	39,274,680	40,967,382	1,692,702	4.31%
Transfers to Other Funds	(2,352,314)	693,261	3,045,575	129.47%
Auxiliaries	5,661,072	6,190,819	529,747	9.36%
Aux Trsfrs to Other Funds	-	-	-	0%
TOTAL EXPENSE	\$238,700,793	\$249,956,825	\$14,256,032	6.05%