

Sunset Public Hearing Questions for
Local Governing Boards of Trustees of the Board of Regents State Universities
(East Tennessee State University Board of Trustees)
Created by 49-8-101 and 49-8-201, *Tennessee Code Annotated*
(Sunset termination June 2019)

1. Provide a brief introduction to the board, including information about its purpose, statutory duties, and staff.

The purpose of the East Tennessee State University Board of Trustees (ETSUBT) is to serve as the governing body of the university with its powers set forth in *Tennessee Code Annotated* (T.C.A.) § 49-8-203 et seq. Consistent with state law, the Board is responsible for control of its organization and administration, its constituent parts, and its financial affairs. As provided by state law and outlined within its bylaws, the Board has the responsibility to:

- A. Establish policies controlling the scope of the educational opportunities to be offered by the University and also policies determining its operation;
- B. Have full authority to determine and to control the activities and policies of all organizations and activities that bear, or that may be carried under, the name of the University;
- C. Review and approve the mission of the University;
- D. Direct any matters of administration of executive action exclusively through the President of the University;
- E. Control the election and removal of the University President and the fixing of his/her compensation;
- F. Grant tenure and/or promotion to eligible members of the faculty upon the positive recommendation of the President;
- G. Prescribe admission, progression, and retention requirements for the University and particular programs of instruction;
- H. Approve the academic calendar;
- I. Approve guidelines governing the administration's submission of a proposed annual operating budget and appropriations request to state agencies and officials;
- J. Approve the University's proposed capital outlay budgets and requests for capital outlay appropriations prior to their submission to other state agencies and officials;
- K. Approve the final operating and capital outlay budgets for the next fiscal year after the General Assembly has enacted annual appropriations for the University.

The composition of the Board, the terms of office, and the conditions of membership are as provided in T.C.A. § 49-8-201 et seq. Eight of the ten-member Board of Trustees for ETSU are appointed by the Governor of Tennessee with confirmation by the Tennessee General Assembly. The ETSU Faculty elects the faculty trustee who serves a two-year term on the board. The Board selects a

student trustee to serve each year via a process developed by ETSU student leadership. The ETSU Board of Trustees assumed formal responsibility at its first meeting called by Governor Haslam on March 24, 2017.

The leadership of the Board was elected by the Trustees as their inaugural meeting with Scott Niswonger serving as Chair of the Board and David Golden as Vice Chair of the Board. Dr. Brian Noland is President of the University, and Dr. David Linville serves as Secretary of the Board. There are two staff members who provide part-time assistance to support board operations.

2. Provide a list of board members and indicate how membership complies with Section 49-8-201, *Tennessee Code Annotated*.

Name	Term Length (years)	Term Ends
Janet Ayers (alumna, TN resident)	4	6/30/20
Stephen DeCarlo (alumnus)	4	6/30/20
David Golden (TN resident)	6	6/30/22
Dorothy Grisham (alumna, TN resident)	3	6/30/19
Linda Latimer (alumna, TN resident)	3	6/30/19
Scott Niswonger (TN resident)	4	6/30/20
Jim Powell (TN resident)	3	6/30/19
Ron Ramsey (alumnus, TN resident)	6	6/30/22
Fred Alsop (Faculty Trustee)	2	6/30/19
Keyana Miller (Student Trustee)	1	6/30/19

The term of service for the initial gubernatorial appointments to the ETSU Board of Trustees are staggered. After the terms of the initial trustees expire, successors are appointed for six-year terms. The faculty trustee is selected by the faculty through a process overseen by the Faculty Senate and serves a two-year term. The non-voting Student Trustee is selected annually by the ETSU Board of Trustees and serves a one-year term. The board membership meets the statutory requirements for numbers of alumni and Tennessee residents.

Governor Haslam appointed the eight initial trustees in October 2016. These individuals were confirmed by the Tennessee General Assembly in February 2017 and began official service with Governor Haslam’s call for the first ETSU Board of Trustees Meeting on March 24, 2017. The current Faculty Trustee, Dr. Fred Alsop, was elected through the Faculty Senate’s process and began service at the Board’s first meeting. The current student trustee, Ms. Keyana Miller, is the second student to serve, succeeding Mr. Nathan Farnor, after having been selected by the Board at its April 27, 2018 meeting.

- Are there any vacancies on the board and, if so, what is being done to fill those vacancies?

There are no vacancies on the Board.

- Per Section 49-8-201, Tennessee Code Annotated, the state university boards shall meet quarterly. How many times did the board meet during the last two fiscal years? How many members were present at each meeting? Please note any meetings where the board did not have a quorum.

The ETSU Board of Trustees has met 10 times since its first meeting on March 24, 2017. A quorum was present for each meeting.

<u>Meeting Date</u>	<u>Trustees in Attendance</u>
March 24, 2017	10
May 8, 2017	9
June 9, 2017	10
August 24, 2017	9
September 8, 2017	10
November 10, 2017	10
February 23, 2018	9
April 27, 2018	9
September 21, 2018	10
November 16, 2018	8

- In accordance with Section 49-8-201, Tennessee Code Annotated, trustees shall be reimbursed all necessary travel expenses they may incur through service to the board. How much was reimbursed during the last two fiscal years?

The University provides Trustees with the opportunity to be reimbursed for necessary travel expenses according to university policy at rates provided in the Comprehensive Travel Regulations of the State of Tennessee.

Fiscal Year 2016-17	
Fred Alsop	\$591.59
Total	\$591.59
Fiscal Year 2017-18	
Fred Alsop	\$29.14
Nathan Farnor	\$538.06
Total	\$567.20
Total Reimbursement	\$1158.79

6. What were the board’s revenues and expenditures for the last two fiscal years?

The ETSU Board of Trustees has no revenue for the last two fiscal years. Below are the budgeted expenditures for board operations. Currently, three individuals are tasked with directly providing routine support for board operations: the Secretary of the Board, the Associate Secretary of the Board, and an executive aide. The individuals support board operations in these roles on a part-time basis as they have other responsibilities within the university. A small component of the Associate Secretary’s salary is assigned to the board’s budget. The equipment costs incurred during FY 2016-17 were primary directed toward IT services to allow the ETSUBT to meet the requirements to live-stream board meetings. The costs incurred in FY 2016-17 pertaining to board support staff were associated with the transition of policies and procedures from TBR to ETSU.

Expenditures	FY 2016-17	FY 2017-18
Travel	\$ 591.59	\$ 567.20
Lodging	\$ 1,027.47	\$ 837.95
Operating	\$ 5,568.43	\$ 17,354.07
Closed Captioning	\$ 2,250.00	\$ 2,800.00
Equipment	\$ 51,335.78	\$ 18,470.00
Board Support Staff	\$ 29,150.00	\$ 3,229.18
Total	\$ 89,923.27	\$ 43,258.40

7. Has the board promulgated rules? If rules have been promulgated, please cite the reference.

The Board has not promulgated any rules.

8. How does the board comply with Sunshine law requirements (Section 8-44-101 et seq., *Tennessee Code Annotated*) for public notice of meetings, prompt and full recording of minutes, and public access to minutes? What procedures does the board have for informing the public of its meetings and making its minutes available to the public?

The ETSU Board of Trustees provides public notice of all meetings on its website in addition to distributing notices to local media. The agenda and meeting materials for each meeting are available to the public prior to the meeting on the Board’s web site. Every meeting of the ETSU Board of Trustees is live streamed with close captioning. Archived recordings of every streamed meeting are also available for public viewing on the Board’s website (<https://www.etsu.edu/trustees/>). Once approved by the Board, minutes are also posted to the web site. The Secretary of the Board maintains the web site.

9. What policies does the board have in place to address potential conflicts of interest by board members, staff and employees?

At its first meeting, the ETSU Board of Trustees adopted a Code of Ethics which includes how trustees address potential conflicts of interest. Annually, each trustee completes a disclosure form which is filed with the Secretary of the Board. Policies are also in place for all university employees which address conflict of interest. The Code of Ethics and policies for university employees adhere to the requirements related to conflict of interest as outlined in *Tennessee Code Annotated* § 12-4-106, § 49-8-204, and § 49-9-207.

10. What were the major accomplishments of the board during the last two fiscal years?

The major accomplishments of the board include:

- Approved a new strategic plan for ETSU through 2026.
- Developed key performance indicators to assess and evaluate progress made toward the goals of the strategic plan.
- Realized increases in overall enrollment, first-time freshman enrollment, graduate enrollment, and ACT scores for the freshman class.
- Approved university budget, tuition/fees, and scholarships in April 2018, marking the first time in the modern history of the university that students were provided input and closure on fees for the upcoming academic year before the summer term.
- Oversaw record increases in the university's retention and graduation rates.
- Oversaw record annual giving and philanthropic support to ETSU.
- Assisted university leadership in planning and implementing changes for growing ETSU's relationship with Ballad Health.

11. Explain how the role of the board has differed from the role of the University President?

The role of the ETSU Board of Trustees (ETSUBT) is to govern the university with priority on establishing the collective vision and advancing the mission of the institution. The ETSUBT is responsible for appointing and evaluating the University President, providing fiscal oversight, participating in strategic planning, ensuring educational program quality, and safeguarding the institution. The ETSUBT's governance responsibility differs from the day-to-day leadership role of the University President. The University President is the chief executive officer of East Tennessee State University and exercises complete executive authority over all component parts of the University, subject to the direction and control of the ETSUBT. The president has ultimate responsibility for leading the University academically, administratively, and financially. The President is the principal spokesperson for the University.

12. What is the structure and function of the board (i.e. officers, committees, etc.)?

As provided in its bylaws, the ETSU Board of Trustees elects a Chair and Vice Chair of the board. The Chair presides over meetings of the Board with the Vice Chair available to serve in the Chair's absence. The Board has four standing committees: Academic and Student Affairs Committee, Audit Committee, Finance and Administration Committee, and Executive Committee. The Chair of the Board is an ex officio, voting member of all standing committees.

13. Briefly describe how the board ensures the university is in compliance with the bond program agreement between the Tennessee State School Bond Authority and the Tennessee Board of Regents.

The budget for the university is approved by the ETSU Board of Trustees. The budget is then submitted to the Tennessee Board of Regents (TBR) for review of compliance with the Tennessee State School Bond Authority covenants under the Second Program Financing Agreement which the university is party to as a member of the State University and Community College System of the State of Tennessee. Included in the budget documents submitted to TBR are specific forms related to debt coverage, additional debt assumed, representations from the university regarding compliance with debt covenants, and current debt outstanding. These forms are prepared and submitted three times each year for ETSUBT and TBR approval.

14. What is the board's role in approving the university budget?

The ETSU Board of Trustees (ETSUBT) reviews and approves three budgets each year. The Board approves the July original budget each spring. The October revised budget is approved in the fall and the estimated budget is approved in the following spring. As part of this process, the Finance and Administration Committee of the ETSBT meets through the spring to review the budget, tuition and fees, salary adjustments, and other items impacting university revenues and expenditures. The work of the Finance and Administration Committee is acted upon by the full board on a regular cycle.

15. What steps does the board take to monitor the financial stability of the university?

The ETSU Board of Trustees receives a review of unaudited financial statements and the university's Composite Financial Index (CFI) each year in the fall after financial statements are prepared and submitted to the Comptroller of the Treasury, Division of State Audit. The audited financial statements are provided to each member of the Board by State Audit upon completion and publication of the audit report.

16. What is the board's involvement in setting tuition and fees? How does the board balance the needs of the university against sensitivity for what students are required to pay?

The ETSU Board of Trustees reviews and approves all student mandatory and non-mandatory fees. The Tennessee Tuition Transparency Act requires the Board to review fee increases in light of established criteria. These criteria were approved by the ETSU Board of Trustees at their November 2018 meeting. The criteria include the level of state support; total cost of attendance; efforts to mitigate the financial effect on students; Tennessee Higher Education Commission (THEC) binding tuition and mandatory fee increase ranges; 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.

17. How does the board monitor academic programs offered by the university? How does the board address low-producing academic programs?

ETSU's *Approval of Academic Programs, Units, and Modifications* policy identifies the approval processes for THEC and ETSU academic actions identified in the THEC Academic Policies. The ETSU Board of Trustees (ETSUBT) must approve Letters of Notification, New Academic Program Proposals, New Academic Units, and any recommended changes for University-level admission, progression, retention, or graduation policies. The university notifies the ETSUBT Academic and Student Affairs Committee of submitted THEC notifications and ETSU internal academic actions at each scheduled Board meeting. Additionally, Quality Assurance Funding reports that include accreditation and program reviews and general education assessments are submitted annually to the ETSUBT. All academic programs undergo a cyclic external peer review on an established cycle. In the case of programs with specialized accreditation, the cycle differs by program but is always in a range of 5-10 years. In the case of programs for which there is no applicable specialized accreditation, the external peer review takes place each seven (7) years. Low-producing programs, identified by THEC, are reviewed by the institution and also submitted to the Board for their review. The last low-producing report, 2017, included the ETSU recommendations for terminations of low-producing certificates.

18. Explain the board's role in the university's internal audit function. What is the board's involvement in both internal and external audit reports, including corrective action plans?

The ETSU Office of Internal Audit and its Director are directly responsible to the ETSU Board of Trustees Audit Committee. The ETSUBT Audit Committee approves the salaries of Internal Audit staff annually, approves the audit plan for the year presented by the staff, and reviews the budget and resources of Internal Audit. The deliberations and actions of the Audit Committee are informed by Internal Audit's work, with the committee regularly receiving reports on activities with included recommendations. The Audit Committee chair provides a brief reporting of its work to all Trustees during each regularly scheduled Board meeting. For audits conducted by the State of Tennessee Comptroller's Office, the Audit Committee reviews results of the examination of financial statements and any other matters related to the conduct of the audits. Follow-up reviews of any state audit finding are performed by Internal Audit and presented to the ETSUBT Audit Committee. For other external audits, including those of the ETSU Foundation, Medical Education Assistance Corporation, and the ETSU Research Foundation, the ETSUBT Audit Committee reviews results of the external auditors' examinations and any other matters related to the conduct of the external audits. The Audit Committee also receives and reviews significant results of internal audits performed. The Committee works with ETSU staff and Internal Audit to assist with the resolution of cooperative issues and ensures the implementation of audit recommendations and corrective action plans.

19. Under the FOCUS Act, there were three areas where universities could request, through THEC, severance from the Tennessee Board of Regents at specific dates in the future: capital project management services, procurements and contracts, and data systems. Has the board requested severance in these three areas and if so, what were the dates and the current status?

ETSU submitted a request to the Tennessee Higher Education Commission for severance from the Tennessee Board of Regents for capital management in February 2017 and for procurement in October 2017. THEC approved severance for both capital project management and procurement at its November 15, 2017 meeting. Since completing the severance process for capital management, ETSU has managed 26 capital projects, issued 4 requests for proposals for designer and construction projects, issued 12 designer agreements and 3 construction contracts.

Severance from the TBR for data systems has not been officially requested. However, the six locally governed universities have been working with THEC on a proof of concept for data submission. The proof of concept is targeted for testing mid spring of 2019.

20. Describe any items related to the board that require legislative attention and your proposed legislative changes.

There are no issues related to the operations of the ETSU Board of Trustees that require statutory change. The structure outlined within the FOCUS Act has served the university, and ETSU does not recommend any changes or revisions to the enabling legislation at this juncture.

21. Should the board be continued? To what extent and in what ways would the absence of the board endanger the public health, safety or welfare of Tennessee citizens?

The ETSU Board of Trustees (ETSUBT) should be continued. The ETSUBT is responsible for the governance of the university and as outlined in TCA has a primary role “in upholding academic standards, intellectual diversity, and academic freedom; budget development; presidential searches and evaluation; the role of higher education in K-12 collaboration; and setting strategic goals.” With the State’s Drive to 55 Initiative anchored by Tennessee Promise and Tennessee Reconnect, the ETSUBT serves to ensure the State’s post-secondary educational goals are brought to fruition. As the sole university member of the State University and Community College System in northeast Tennessee, disbanding the ETSUBT would jeopardize access to higher education, thus endangering the public health, safety and welfare of Tennessee citizens.