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There was a question raised about House Bill 453, and I've got to tell you, it has been one of the more concerning and amusing conversations I've had in a while.

When I talk to folks from Economics, we talk about marginal costs, and I buy their argument. I think that is a discussion that we are pretty familiar with. But then, when I talk to faculty in Accounting they laugh. They say that this is an argument that accounting and economics folks have been having for decades.

But for my purposes, it comes down to this: We do not have a choice but to follow Government Accounting Standards. They are called GASB standards, and they are pretty involved. That's the way universities in the state of Kentucky, and I suppose nationally, have to account for things. Tuition must be posted as revenue. Scholarships must be posted as expense. We budget \$2 million in that category - and let me hasten to add I'm speaking only about HB 453, not about the tuition waiver EKU offers internally - but we have to account for revenue and expense and that is presently budgeted at \$2 million. And if we did not have to post that, then our \$25 million target would go down by a couple of million. That's real money in terms of how we budget as far as I can tell. Now this argument, I assume, will go on, but that is why I wrote what I did in my senate report this month. I did not make it up, and I had my language checked by our financial folks before I sent it out.

Respectfully submitted,

Richard