

Faculty Regent Report

April 1, 2024

Dear Senators,

Thank you for continuing to serve in your respective roles for your departments and for our university. Since the last Faculty Senate meeting, the Board of Regents has not convened. The Board's Finance Committee [met today at 11 a.m. in Perkins](#) for receiving an informational update from VP Poynter regarding the 2024-2025 university budget following passage of the state budget bill by the Kentucky General Assembly. The bill was sent to the Governor for consideration on March 28.

The Board's next meeting is scheduled for Wednesday, May 15, 2024. Most of the May meeting's focus will likely be on the university budget as informed by recent appropriations in the state budget as well as enrollment predictions inclusive of new students, retained students, and transfer students. Recent difficulties in the federal roll-out of the intended-to-be-simplified FAFSA system have delayed applications and admission decisions at ECU and at higher education institutions across the country.

State Budget Information:

The state budget bill ([HB6](#)) was delivered to the Governor on March 28. The current bill text (before any line-item vetoes, if any get made) is viewable here:

<https://apps.legislature.ky.gov/recorddocuments/bill/24RS/hb6/bill.pdf>

For anticipated new revenue from the state budget for 2024-2026, there was a modest inflation adjustment provided to ECU for \$2.9M for this upcoming year. The university will also be receiving new revenue for funding up the new additional costs for fire & tornado insurance, resulting in \$3.1M in new revenue. The performance funding model will also yield an increase in \$1M in new revenue.

Finance Committee Updates:

In addition to the state budget information presented above, there was information presented on enrollment. Slight enrollment increases are expected through in-person undergraduate and online enrollment; however, graduate enrollment is likely to decline. The overall budget for now is being conservatively estimated on essentially no enrollment growth. The overall enrollment and tuition and fee revenue should still yield an additional \$3 to \$4M in revenue, of which \$1-2M of the gains will be allocated for student support in scholarships.

The university's administration and the Finance Committee (as of the time of writing this report at 11:30 a.m.) is monitoring the growth of state-mandated waivers for important populations to Kentuckians (e.g. students matriculating to public higher education as [foster or adopted youth](#), and immediate family members of [certain military veteran populations](#) impacted with disability or the death connected to active service). At ECU, this growth has resulted in \$3.2M in waived tuition in 2021-22 to \$4.2M this last year (2023-2024). Across Kentucky, \$25M is waived for

these programs, while noble, ECU is shouldering the greatest amount of this responsibility in terms of students and relative percentage of our enrollment. President McFaddin indicated this topic is one of the top three state-level government relations priorities in the next year and there will be encouragement the state government create an endowment fund at the state-level for these programs that all public institutions can access to support these important populations. Our forecast on this population has been missed for several budget years and has had a seven-figure impact on our budget due to these populations preferring our programs and faculty.

Overall, while there's an increase in revenue from increased state support and tuition that will likely exceed \$11M, there are some areas of the budget where the revenue forecasts will be down, including how much of Foundation revenue is used (down by \$4M) and how much of ECU's strategic reserves (savings/rainy day) is used to build the budget (down by \$2.4M in this budget). There are also some changes in the state retirement system (KERS) liability provided as a subsidy that decrease revenue by \$1.8M.

The President and Vice President Poynter added that they want to present a budget that also invests in our people and our students. The President is aiming to increase support for existing faculty and staff by an additional \$2.5M and to support compression and/or inversion adjustments by an additional investment of \$820,000, and with an expected increase of \$220,000 for supporting expected promoted faculty.

For accomplishing some of these budget objectives, the budget will be built through the \$11+ million in new state and tuition revenue, as well as reducing expenses by \$2.4M through strategic budget reallocations, strategic asset preservation funds, paying off the last of 2012 Series A bond (debt) service, and reducing the KERS unfunded liability. While trying to reduce spending, there are fixed increases expected in our utilities/contracts and insurance, expected increased student debt by \$1M (in students who owe the university), and increases in fire and tornado insurance (up \$3.1M). Some state support for these increases will be helping a lot.

Lastly, the President and Vice President communicated a goal to have wider margins near the end of the fiscal year to stay on budget. Rather than budgeting in a manner that has resulted in increasing cost controls and greater scrutiny in unbudgeted funds in February, March, April and May, it is likely that many budget lines will be reduced to enable units to have greater certainty in their unit- or division-level budgets (and more of their time back from administrative tediousness) during that time. The President communicated the budget is aimed at trying to add to our investment in our people.

Closing: Thank you for your perspectives and as we approach the May board meeting, I'll do my best to share with you agenda items leading up to the meeting. Should you need to reach me, you can reach me at 513-317-9508 or by email at jason.marion@ecu.edu.

Respectfully submitted,
Jason