

11 June 2012, Regular Quarterly Meeting of the Board of Regents

The board dealt with several financial matters at its June quarterly meeting. We heard a report from representatives from Crowe Horwath, the firm that will be performing the university's external audit again this year, which detailed their timeline and procedures for carrying out the audit. This will be the third year in a row that Crowe Horwath has performed our audit. Typically we change auditing firms after four or 5 years.

Acting VP Barry Poynter provided the board with a financial update for 2011-12. In June, we were running at a similar pace to the year before, but had slowed our expenditure rate a bit in anticipation of a revenue shortfall. VP Poynter anticipated that we would end the year with a \$3-4M deficit, which we would cover with \$2M from the contingency fund and \$2M in deferred maintenance. That would leave us with a contingency fund of \$3-4M. Since the June meeting, the books have been closed on 2011-12, and I believe our financial picture ended up being stronger than VP Poynter had projected. I will learn more about that at the upcoming September meeting. Looking ahead to 2012-13, the budget situation remains critical. VP Poynter and the financial team will closely monitor revenues and expenditures in various categories (e.g., part-time/summer faculty, financial aid, benefits, athletics, enrollment, overloads/overtime) and will provide quarterly reports to VPs so that adjustments to spending can be made throughout the year.

We heard a report from Mr. Tom Coffey, a member of the ECU Foundation Board who has taken on oversight of the Arlington Association. Mr. Coffey reported that the recent changes at Arlington are having a positive effect on its operation. In January 2012, Arlington operated at a \$30,000 per month loss. With the suspension of restaurant operations and other changes, Arlington has been able to turn the deficit into a \$15,000 per month surplus, as of April. Although the changes caused 62 members to leave Arlington, 31 new members subsequently joined, resulting in an increase in revenue.

The investment firm of Hirtle Callahan talked to us about their investment philosophy and strategy used in managing the Foundation funds. It appears that they have a sound, data-informed approach that predicts risks and returns associated with different investment vehicles to guide their decisions about placement of our assets. Investments will be up slightly in FY 2012, but April and May were down months and negated some of the gains that had occurred earlier in the year. I look forward to learning more about the operation of the Foundation when the Foundation and Regents Boards hold a joint meeting, hopefully this fall.

The President informed the Board that the University has released two requests for proposals (RFPs). One seeks proposals to help us manage a major capital campaign. The other is to attempt to hire a management and efficiency consultant who will help us get more bang out of the bucks that we have to spend. As the funding of higher education changes – and will continue to change – rapidly, these two moves seem prudent and timely. VP James Street reported that construction of the new residence hall complex is underway. Bids for the construction part of the project were on target. The new facility is scheduled to be ready for use in the Fall of 2013.

In action items, we approved the detailed budgets for ECU and for Model Laboratory School. We had approved the budget outlines at the April meeting. Since the April meeting, the FPC/SPC and our budget office had refined the budget and produced the detailed spending and revenue lines. The detailed budgets conformed to the budget outlines, and approval went smoothly. We approved a wheelbarrow load of curriculum items that came from the CAA (and which had gone through Senate): 86 program revision, 13 new programs (4 minors, 6 certificates, and 3 options), and four program suspensions. We also approved changes to the academic dishonesty policy that included editorial changes to make the policy clearer and language to guide the implementation of the "FX" grade – failure due to academic dishonesty. We also approved suspension of the planned increase in ACT score necessary for clear admission. Those were scheduled to ramp up effective for admission in the Fall of 2013. The recommendation coming from Enrollment Management is for us to develop criteria that better predict prospective students' readiness for college-level work. These new criteria will likely utilize multiple measures – for example a combination of ACT scores and GPA. The Board was assured that we will have in place new standards for use in the fall of 2014. That means that we need to devise those standards during this academic year.

The Board approved the naming of three facilities to honor members of the ECU family: the Dr. William H. Berge Oral History Center in the Library, the Dr. John L. Vickers Green near the former Vickers Village, adjacent to the Center for the Arts and Business and Technology Building, and the Harold Z. Holmes Exercise Physiology laboratory in the Moberly Building. Finally, the Board recognized the contributions of Rachel Molozzi and David Sloan. Ms. Molozzi has graduated; the new student regent is Madelyn Street. Mr. Sloan resigned due to his appointment on another board. His position on the Board will be filled by Ms. Janie Miller, who has held a variety of high level positions in state government. VP Craig Turner was reappointed to the Board by Governor Beshear.

Other Board Concerns Since the June Meeting

As we all know, President Whitlock announced his intention to retire at the end of this school year at the fall convocation. The Board has not met since June, so we have not had a chance to discuss the implications of President Whitlock's retirement nor our strategy for moving ahead. We have released an RFP to entertain

proposals from consulting firms to help us with the search for a new president. The RFP calls for us to receive proposals in advance of the September meeting. We will be able to talk about those proposals and the logistics of moving forward in conjunction with the meeting. We will convene again on 12 October for a special meeting in which we will interview several consulting firms. A presidential search should be an exciting time for the university. It is a chance for all of us to think hard about who and where we are and who we want to become and where we want to go. The balance we must strike is in making the search as open as possible while also respecting the privacy of applicants. I will be happy to hear your thoughts on the process, and eventually on some of the candidates, as we move forward. I am very appreciative of President Whitlock's leadership over the past five years, and of his gracefulness in announcing his intentions so that we may carry out a thoughtful and smooth transition.

The ECU Board will next convene for a regular quarterly meeting on 28 September. A special meeting will occur on 12 October to review proposals from presidential search consultants. Please feel free to contact me for further information about any of these items or to discuss topics of concern to you.

Respectfully submitted,  
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