

Faculty Regent Report to Faculty Senate

October 7, 2024

Dear Senators,

Thank you for your service on Faculty Senate and for helping me ask effective questions during Board meetings. Since our last meeting, there was a Board of Regents meeting on Thursday, September 12 at 12:30 p.m. in Powell 219. A general overview of what was anticipated in that meeting was shared out in our last Faculty Senate meeting and in a Faculty Regent Update on September 9. More information from that meeting is being provided in this report.

The next Board of Regents meeting is scheduled for Thursday, November 14. The expected start time will be 9 a.m. An update with the agenda and location will be sent to all faculty once the agenda is finalized and made available to me. The Board also has an Executive Committee Meeting on Thursday, October 31 at 11 a.m. in Powell 229. For the most current information on the Board meeting dates and agenda items, feel free to go to <https://regents.eku.edu/>. Please know that all meetings of the Board of Regents, including committee meetings, are open meetings and persons are welcome to attend to view and listen to the meeting.

Re-Cap of Board Meeting on September 12:

The Board meeting agenda from September 12 is available on the agenda webpage of the ECU Board of Regents: <https://regents.eku.edu/agendas-0>

Key highlights from the Board meeting are as follows:

- The Student Success Report with a focus on freshman and overall enrollment, along with housing occupancy rates and future opportunities.
- A financial report that provided a comparison of the budget and expenses for year-end (2024) between the adopted and adjusted budget.
- A Construction Projects Update
- An update related to Information Technology

The presentations related to this information shared at the BoR meeting can be observed in a Google Folder of Presentations [[linked here](#)].

For more detailed highlights:

Enrollment

- The Fall 2024 enrollment includes the largest freshman class in history (2,985 students).
- Overall, enrollment is up 4% to 15,598, and enrollment is also up with respect to credit hour generation (185,292 hours, up 4.6%)
- ACT scores were up, and 51% of the freshmen is first-gen.
- Fall online enrollment target was met (4,517 students)
- 72% of Freshman live on campus.

- The overall retention rate fell from 80% to 77% but exceeds the 73.6% average for Kentucky comprehensives.
- Sustained enrollment growth over four years will lead to presumably better financial standing for ECU.

Financial Matters

- The Board heard information regarding Moody's recent updates related to ECU's bond ratings and financial outlook. Moody's affirmed ECU's A2 issuer rating so there is no anticipated financial impact at this time should the university issue bonds in the future. Moody's did revise the university's underlying rating outlook from stable to negative with respect to the A2 rating. The A2 rating is the sixth highest rating and is viewed as upper-medium grade and low credit risk for bond buyers. An A1 rating would be the level above. The reasoning for the change in outlook was related primarily to the university's liquidity and available days of cash-on-hand (savings or reserve funds). The Board conversation included a conversation on the university needing to present budgets in the future that begin to rebuild the university's reserve funds.
 - Prior to the COVID pandemic, the Board and University leadership were planning and [bracing for \\$25 million](#) in reductions due to rapid decline and projected decline in enrollment experienced between 2016 and 2021. From Fall 2016 to Fall 2021, ECU's enrollment fell from 16,681 to 13,984 (<https://irserver2.ecu.edu/factbook/>). The enrollment is now at 15,187.
 - Performance funding that redistributed funds from regional universities to another university in Kentucky, along with a loss of nearly 3,000 students led to the university using reserves considerably to maintain core operations while still finding efficiencies.

- As part of the Board receiving a financial update, Interim CFO Mullins provided an update on the 2024 year end. Ultimately, the university had a -\$8.38M change in net position. The university revenues were \$297.1M and the university expenditures were \$305.4M
 - Part of the revenue challenge that exceeded expectations (negatively) were the amounts of unrealized for tuition. Notably, an appreciable number of students receiving justified (but not state-supported) tuition waivers by state mandate, including students affiliated with foster care and our Veteran populations. Also, there was a considerable amount of money, over one million, in bad debt (students not paying their obligations).

- The President also provided valuable information on the impacts of Performance-Based Funding in Kentucky with respect to our budget at ECU.

- During the Q&A with the Board on financial matters, I did ask about the following:

- The cost of BookSmart and if it is an instructional item in the budget.
 - The cost is over \$8M and is part of the instruction line in the budget, representing between 9-10% of instructional cost.
 - Credit was given to how valuable the program has been for students, but also additional follow-up on trying to find efficiencies was expressed.
- The sustainability of the use of Foundation Funds, notably ones that are not overly restrictive.

Personnel Matters

- During the Academic Affairs portion of the meeting, the Board received a presentation that will also be shared with Faculty Senate related to faculty turnover rates.
- During the meeting, from a question provided to me prior to the meeting, I asked about the focus groups done in the Spring Semester with faculty.
 - I was advised these were part of the Academic Impressions work and that the survey (which has been sent out) would use that information along with survey results for informing their recommendations to ECU.

In addition to the Board Meeting:

Trusteeship Conference: Trustees and Regents, and most university presidents, from across Kentucky attended the *Better Together: Progress Through Partnerships* CPE Trusteeship meeting on September 16 and 17 in Lexington. Slides, videos, and reports related to that meeting are provided by CPE at the following page: <https://cpe.ky.gov/trusteeship>

Government Relations Update: On September 19, ECU's Government Relations expert, Amy Scarborough, provided a substantive summary of issues likely before the General Assembly in the next session. Of particular interest to me was the impact of the 'weighting factors' in the performance funding model that provided UK and UL an additional \$27.7M and \$17.3M for just being research universities. In an equal landscape, with the metrics assigned by the state that are most important, ECU's budget would have increased by \$10.6M this last year. This topic is one that is deserving of great consideration as the model is being actively discussed by the Presidents, selected legislators, and CPE. Thank you to all who attended Amy's presentation.

Closing: Please feel free to review the information provided here and share any thoughts and perspectives with me or your constituents. I am grateful to our peers who have helped me better understand salient issues on the Board's agenda. As always, should you need to reach me, you can reach me at 513-317-9508 or by email at jason.marion@eku.edu. Thank you for your service on Senate.

Respectfully submitted,
Jason