

To: Faculty Senate
From: Joanne K. Glasser
Re: President's Report
Date: March 29, 2006

I wish to express my appreciation to those of you who were able to attend the Campus Update this morning and hope that you found the update and slide presentation informative. The slide presentation is available on the ECU website.

The following updates for my April report include a number of items that came before the Board at its regular quarterly meeting on March 27, 2007, and also information that I shared in my remarks this morning:

State Budget Update

The general assembly has been in negotiations in recent weeks to develop the 2006-07 state budget. The higher education community has been intensely interested and involved in those discussions. I have spent a considerable amount of time in the state capitol and on the telephone with our elected leaders throughout Kentucky, articulating the needs of ECU, our academic programs, our faculty and our students, current and future. As reported in the media in recent days, the Executive Budget, House Budget and Senate Budget have varied in their recommendations for support for the Kentucky postsecondary education system. I wish to share with you, as of today, that ECU anticipates receiving for FY 06-07 state appropriations in the amount of \$1.2 million. It is important to note that although state appropriations have risen the last two years after two years of decline and budget cuts, ECU has experienced a net five-year decrease in appropriations per full-time-equivalent student.

With respect to capital project funding, I remain cautiously optimistic that the House-Senate Conference Committee will fund our new science building at the \$54 million level. While this would be very good news for us, this amount is well below the \$83 million we requested, and we will have to build the facility in phases if we are funded at the \$54 million level. I want to thank Dr. Malcolm Frisbie for shepherding the programming and design process for this critical project.

Also, our dairy merger project with the University of Kentucky was fully funded at approximately \$5 million in both the House and Senate budgets.

Additionally, I remain hopeful that our state appropriations will be increased and that we will also receive additional funding for a new Manchester campus.

Tuition Increase

At Monday's Board meeting, our Regents approved a tuition increase of \$266 per semester for full-time, in state, undergraduate students. Even with this increase there is no expectation of any change in our relative position as one of the most affordable institutions of higher education in Kentucky. The bold step our Regents took last year to raise our 2005-2006 tuition looks even wiser now in hindsight. As you may recall, last

April the Board approved a larger increase for 2006-07 of \$400 per semester when it approved two years of tuition increases – one for 05-06 and another for 06-07.

The Board's action on Monday was in response to the CPE's action that placed a cap on tuition increases at all public universities in Kentucky. On April 5, 2006, I will be going before the CPE to formally request its approval of Monday's revised tuition increase, which is the maximum allowed by CPE. As a result of the cap imposed by the CPE, our gross tuition revenues will be \$3.5 million less than the revenue that would have been generated under the original Board-approved tuition plan for 06-07. This certainly limits our ability to fund a number of initiatives that would have otherwise been possible.

While no decision to increase tuition is made lightly, we must have adequate revenues to support our mission. I believe ECU remains a tremendous educational value for our students, a quality education that is both affordable and accessible.

FY 2006-07 Budget Guidelines

The new tuition rates, along with a proposed increase for FY 2006-2007 of \$1.2 million in state appropriations and some internal reallocations form the basis of the budget guidelines that the Board also approved at Monday's meeting. It is important to keep in mind that the internal reallocations are not cuts and these are guidelines, not the final budget. Should the remainder of this General Assembly session result in state appropriations substantially different than we expect today, we'll make any necessary adjustments and go back to the Board with new recommendations. The final budget will be presented for Board approval on June 12, 2006.

Although we are disappointed that we are unable to carry through with our original Board-approved tuition plans for 2006-2007, we still believe this to be a progressive budget for the University and one that will allow us to continue to move forward in academic programs and services, recruit and retain quality faculty, and maintain health care benefits.

After months of thorough and thoughtful analysis, the Budget Advisory Council made budget guideline recommendations to me, which I, in turn, recommended to the Board of Regents. The Budget Advisory Council is chaired by Provost Chapman and comprised of the deans, the Faculty Senate Chair, the Staff Council Chair, the Executive Vice-President of the SGA, and representatives from administrative units across campus.

While not ideal, the recommended guidelines are designed to meet our immediate needs, move our Strategic Plan forward, and position the University as well as possible for continued growth and success.

I wish to share with you some highlights from these guidelines that incorporate the following academic initiatives and priorities recommended by the Provost to support faculty and academic programming:

PGA/PGM Program

\$230,000

Faculty Initiatives (recommended by the Provost)	
Staff three-tier advising in University college	\$270,000
Partial funding for faculty computer replacement plan (3 year replacement plan)	<u>\$130,000</u>
	\$630,000

This new funding is in addition to the \$750,000 pool of funds provided to the Provost in the FY 05-06 budget for academic initiatives. Among other initiatives, these funds have been allocated for 5 new faculty positions (Social Work, Justice and Safety, Teacher Education, Master-Public Health, and Baccalaureate Nursing).

Additionally, these budget guidelines incorporate an across-the-board 3.5 percent cost-of-living salary adjustment. The estimated cost of this increase, along with corresponding benefits, is approximately \$3.9 million dollars.

We are also requesting an additional \$150,000 in new funding to support strategic initiatives recommended by our Strategic Planning Committee and initial funding in the amount of \$100,000 to begin to establish a pool of funds for the QEP.

The guidelines also include funding for fixed costs increases in the amount of \$3.1 million. These fixed costs increases include insurance, facilities costs including utilities, and benefits costs increases (health plan and retirement).

Other Board Action

In other business, the Board:

- Approved recommendations for promotion and tenure and faculty emeritus nominations
- Approved Resident Hall rate changes and proposed dining rate changes
- Approved a health insurance recommendation that maintains all current benefits, adds a fourth tier/option in all three plans offered (PPO High, PPO Low, and Economy Plan) to give employees another cost savings option over the family plan, and provides for the following third party administrators for health insurance and related benefits:
 - Medical – Anthem (current provider)
 - Pharmacy – Express Scripts
 - Mental Health – Behavioral Medicine
 - Employee Assistance Plan – Behavioral Medicine
- Approved the dedication of land adjacent and north of the Ashland fire science and laboratory building to the Department of Agriculture for laboratories to include soil judging and surveying.

I also shared with the Board the attached summary of faculty accomplishments since our last Board meeting.

Capital Campaign

The Capital Campaign total has now exceeded thirteen million dollars in gifts and pledges. Cash gifts year to date are running forty-two percent ahead of last year this time. (\$2.1 million current year to date versus \$1.5 million last year to date).

Alumni Weekend

Please make your calendars for Alumni Weekend, April 28-30. Events include the rededication of the Keen Johnson Building on the afternoon of April 28, 2006 and the Hall of Distinguished Alumni Induction Banquet on the evening of April 29, 2006.

Thank you for your continued dedication to Eastern Kentucky University and your service on Faculty Senate.

Respectfully submitted,

Joanne K. Glasser
President