

Eastern Kentucky University  
Board of Regents  
Minutes of a Special Called Meeting

Location:  
Center for the Arts, Main Stage

December 5, 2016  
9:00 a.m.

**Call to Order**

A special meeting of the Eastern Kentucky University Board of Regents convened at 9:03 a.m. on December 5, 2016 at the Stage, Center for the Arts at Eastern Kentucky University, Richmond, Kentucky. Mr. Craig Turner, Chair of the Board, presided. Mr. Turner noted the presence of a quorum. The following members were present:

**Present:**

Ms. Janet Craig  
Mr. Alan Long  
Mr. Bryan Makinen  
Mr. Collin Potter  
Dr. Richard Day  
Mr. Lewis Diaz  
Mr. Craig King  
Mr. Craig Turner  
Mr. Ramakrishna "Vasu" Vasudevan  
Mr. Craig King  
Ms. Nancy Collins  
Ms. Holly Wiedemann

**Other persons present at the meeting were:**

Dr. Michael Benson, President  
Dr. Janna Vice, Provost & Senior Vice President of Academic Affairs  
Dr. Laurie Carter, Executive Vice President & University Counsel  
Mr. Barry Poynter, Vice President for Finance & Administration  
Mr. Stephen Lochmueller, Director of Athletics  
Dr. David McFaddin, Vice President for Engagement & Regional Stewardship  
Mr. Nick Perlick, Vice President for Development & Alumni Relations  
Mr. Jeremy Raines, Executive Assistant to the President and Board of Regents  
Ms. Dana Fohl, Deputy University Counsel & Secretary to the Board of Regents  
Members of the faculty & staff  
Members of the media

## Action Items

### **A. Discussion and/or action on proposed budget cuts and academic program suspensions or modifications**

After calling the meeting to order, Mr. Turner yielded the floor to President, Dr. Michael T. Benson.

#### **President Benson made the following remarks:**

The University attempted to have a more deliberative and participatory process as we discussed the necessary budget cuts to meet the reduction in state appropriations. We involved the University wide budget review committee, which worked throughout summer and fall. We are focusing on 4 fundamental pillars of the ECU strategic plan: academic distinction and excellence, student success and focus on student experience, service to our region, and campus revitalization.

Is the result perfect? No it is not. To decide is to divide, but we have endeavored to be transparent and communicative, and we will continue to do so.

I will call on Barry Poynter to do a summation of what we've done campus wide. Then David McFaddin will present on performance based funding as we currently know it. The report from the state-wide performance based funding work group was submitted to the Governor last Friday. Then, Janna Vice will report regarding our recommendations or program suspensions and revisions.

Thanks to the Board for trust, thanks to leadership team, and thanks to colleagues for making difficult decisions.

#### **Barry Poynter made the following remarks:**

The 2017-18 Budget Analysis Summary and Update was presented to the Board. A copy is included with a copy of the official minutes and incorporated herein by reference.

While the issue of outsourcing portions of facility services is being explored, outsourcing will come back before the Board.

In terms of capacity to educate, the likely student enrollment capacity is about 18,500.

Regent Janet Craig commented that the University can no longer rely on the ability to make up the state appropriation shortfall in tuition dollars. We must focus on stellar programs and student success. We should increase outreach and corporate partnerships. We need to focus on beefing up student success and development efforts.

Chair Turner commented we will develop a long-term planning group to look at performance based funding score card and figure out how we need to keep changing to remain sustainable.

**Chair Turner made the following remarks:**

As a University, we had to cut \$11 million dollars to make up for the shortfall in cuts to state appropriations. About 30 days ago, the landscape was changed. By the Chair's request, we get to 13 million. If we only did what we were required to cut, we were going to sit here and wait for something else to happen to us. I appreciate your and the committee's amended request for an additional 2 million dollars to reinvest.

**Dr. David McFaddin:**

The board will receive the written report out this afternoon regarding performance based funding, along with cursory instructions on how to decipher the code. For good or bad, there is nothing simple about higher education. This is a complex model.

EKU, Morehead State University, and Murray State University voted NO on the sectors and weighted structure that are emerging from the performance based funding workgroup.

We are the state's #1 destination for transfer students. It is vitally important to remain in that position. We want to capture that 90+ and graduation point. Adult completer and transfer work will pay major dividends. The operational component is key. The amount of square footage we have to maintain on this campus is astronomical. The Martin-era buildings are 40, 50, 60 years old. The Moore building had a major catastrophe.

There is only 5% of the state appropriation in the model this year. But, the model is designed to handle 100% of resources. \$600 million dollars could be run through this model and be reallocated to the public institutions across Kentucky.

There is a hold harmless provision in the recommendation for KSU. However, high profile members from legislature and executive branch encouraged the committee not to include those provisions. I'm not sure what that means for the future of those provisions.

As for now, this is a proposal and a recommendation to the Governor, and subject to and likely to change.

We spoke to the fact that this new structure is removing the old distinction between the Research I and comprehensive institutions. We are throwing out 100 years of history by putting all universities in a pool together. This is a fundamental shift in where we are. In 1997, HB 1 was passed in which it set forth the missions and goals of the institutions. Those are gone, and this is the new normal.

We certainly continue to encourage the Board to be engaged in this legislative session. Our voice must be heard and we must engage in the process. Please continue to dialogue with the policy makers.

The performance based funding model has to be approved by the legislature.

## **Dr. Janna Vice**

Dr. Janna Vice made a presentation to the Board on the recommendations regarding program review. A copy is included with the official copy of these minutes and incorporated herein by reference.

Dr. Vice made the following comments:

Thanks to the Board for allowing us time to go through our policies and processes as we reviewed the programs. There is a list of programs recommended for suspension. We will continue to teach the content, however standing down the program will limit new students seeking degrees in these programs.

Theatre is going to redesign to certificates.

These reductions result in no tenured faculty reductions.

The redesigned programs have a charge to be more marketable and efficient by Fall 2017.

There are three programs to retain but reduce costs by Spring 2017.

We will retain and review the Applied Ethics minor and reevaluate in 2018.

With continuation of journalism, we intend to continue The Progress and let it remain independent student newspaper. We will work with Dean and department chair to see what the future support may be.

Chair Turner asked Dr. Vice for clarification as there was originally 21 programs on the list to be evaluated. Dr. Vice responded that the list before the Board today is the original list. There is cost savings in this suspension, redesign, retain and reductions.

Increasing enrollment is critical. The main thing that put these programs on the suspension list was the low enrollment and low numbers of students graduating over time. One of the areas that continues to be promising for enrollment is our E-campus programs.

Suspending programs is something we have done on an annual basis. We would not have some of our doctorates today if we had not suspended programs on the way to get there. We will continue to look at what's marketable and to focus on efficiency.

What's our current enrollment and what's capacity with e-campus?

We are currently right at 3,000 on E-campus. The capacity is very great to increase that enrollment number. With E-campus, its marketability. Our first class started with 6 students. Infrastructure is fairly minimal except for technology support. The potential is very great, but the real key is putting the right programs on and getting faculty support to make sure those programs are high quality. The worst thing we could do is put poor quality out there and get the reputation to just take easy courses online. Part of this savings is a better negotiation with Pearson to bring the University's split up to the tune of about \$400K this new contract term.

Regent Janet Craig commented that how the programs closures is communicated to students is very important.

Chairman Turner noted that we should continue to look at programs on an annual basis to stay efficient.

**Chairman Craig Turner:**

I've had the honor to be on the Board about 10 years. This is the most engaged Board without a doubt that I have been a part of. As well as one that has tried to be the most transparent Board. Sometimes we may come across as harsh and blunt, but that's not the intent. The intent is to speak candidly and openly to resolve our problems. I will make some comments. I am not trying to be politically incorrect, but this is for me to speak openly so you know where we are.

The financial issues that we are facing today are not new.

I served as finance chair several years before assuming the role as Chairman of the Board of Regents. During those early years, I realized that we needed to reevaluate our academic programs, expenditures, enrollment and revenue models. I was concerned about the repeated use of one-time money to balance our budget and help meet our needs.

When I became Chairman in 2013, the Board of Regents instituted a voluntary budget reallocation based on some of these concerns. Part of the plan at that time was to institute an in depth academic program review which did not occur. The sacrifice of the 2013 efforts primarily impacted staff positions.

We generated revenue to improve our facilities and provide some long overdue wage increases. We reallocated funding for student success measures including scholarship dollars and our enrollment, graduation and retention rates have all improved. In 2015-2016, we attained the highest enrollment in the history of the University. 2016-2017 saw the second highest enrollment in the history of the University. During that time we have had the most academically prepared classes in ECU history.

As I look back to February 8, 2013, I was quoted in a press release as stating:

“My goal as Board chair is to help Eastern run more efficiently ... create resources that give people the tools to do it better. We have to figure out ways to be better stewards and concentrate on what we do best. We want to be sure our hallmark programs remain centers of excellence ... and take the programs that aren't working well and re-evaluate them.”

In life we all face unknown elements that can affect our health, finances, or quality of life that are outside of our control. In late 2015 it was anticipated that higher education would receive additional funding as it had been reduced since 2008. Instead, the 2016 legislative session mandated that higher education budgets be cut - not only for the upcoming fiscal years but money was immediately withheld from the current year's previously approved budget.

The landscape of higher education changed on Election Day 2016. All Kentucky public university budgets were adjusted to assist in shoring up the Commonwealth's failing pension system.

In addition to these drastic budget cuts, University Presidents were notified that Performance Based Funding would be the new metric for higher education. These measures alone are predicted to be the most sweeping changes to state allocations in our history.

Since Eastern Kentucky University's inception in 1874, it has survived World Wars, the Great Depression, the Civil Rights Movement and other political and social unrest. As has always been the case, we will prevail and assure that EKV is here to serve future generations.

Today we have two options.

Option 1:

Do nothing and continue "business as usual".

If we cannot recruit, retain and graduate students from our programs and offer needed student support, we will not survive under the new performance based funding.

Option 2:

We deal with the facts as they have been presented to us and we accept the new rules and ADAPT. State allocation for higher education will continue to decline. It is a fact that the changes to state funding brought new urgency to the need for the program review process. Program review is necessary so that we are making the progress toward graduation required for us to secure the most funding.

Underperforming means a cut in funding for the entire university. The Board of Regents was expecting more program cuts based upon their impact on performance based funding. The President and Provost asked us to consider their recommendation and their commitment to work with Deans and Chairs to continually revise programs to make them more aligned with demand and be more marketable.

We are at a point in time that not making decisions will place us in harm's way. In April, when the University began the 2016-2018 budget review, we committed to engage all sectors of the University and agreed not to make abrupt decisions without input from all parties. To my knowledge, other Universities completed this process quickly and instituted their decisions. Eight months later, we are the only Kentucky university that has not completed their plan.

As I look back, our decision to engage all parties has not had the success that I had hoped. I believe that the longer the process continued, some individuals in leadership roles became frustrated about the dynamics of mandatory change, and thus became angry. They lost focus on the task at hand and began looking at other sectors of the University to complete their financial task.

Nearly eight months after we began this process, I was disappointed that the Faculty Senate Resolution took the position of offering no direction in program suspension/modification until they saw and evaluated what other sectors were contributing.

We cannot opt out of making these decisions and if you don't participate, you have lost your voice. If you cannot contribute to a plan to succeed, you are planning to fail. To thrive in the era of performance funding we have to set new standards for success.

We cannot get through these times building walls. Walls give you a sense of protection, but they also separate...they divide and they can block out what's going on around you.

Our #1 priority is our students' academic success. Every student in a program that is recommended for suspension will be able to complete that program or we can help them find another degree path.

I am an advocate of a University that has stellar academic standing as well as a vibrant campus life which includes housing, community engagement, Greek life, clubs and competitive athletics teams.

Over the past 5 years, we have increased Academic Scholarships \$10M with an additional \$2.8M budgeted in the next fiscal year. The total amount of academic financial aid in 2017-2018 will be over \$33M.

I am aware of commentary that reflects a division between academics and athletics. I would like to clarify the position of the Board of Regents on this matter.

The 2017-2018 Athletics Operating Budget is approx. \$8M. This comprises only 2% of the \$355M University budget. Athletic scholarships total \$6M annually. These student athletes' GPAs, retention rates, graduation rates, and percentage of under-represented minorities are primary factors in performance based funding and exceed the general student body averages.

Additional reductions from the athletics budget would NOT save academic programs. Part of our strategic plan includes an explicit statement that EKV will review programs and make investments in those programs attracting students, producing graduates, and bringing renown to the University. Athletics contributes to all of these.

As a Board of Regents, we continue to support all students. They are the reason for the University. This commitment is unwavering and we are proud of the stellar academic and athletic accomplishments of these young people. The suggestion that we suspend Athletics is not an option. We are committed to our student athletes and the value they bring. It is important that we remain Eastern Kentucky University and not Eastern Kentucky Community College.

Our original task was to meet the \$11M reduction based upon the new state allocation. However, we have increased the amount of dollars to be generated by the budget reduction so that we have at least \$2M to put back into the University.

We will create a long term planning committee to provide input as to where these investments will have the most impact based upon our Performance Based Funding report card.

Some preliminary suggestions from board and committee members include:

- Faculty/staff salaries
- Deferred maintenance
- Development Office expansion for additional fundraising
- Marketing and Branding
- Further investment in successful programs
- Additional scholarships
- Expand Student Success initiatives
- Programs that bring regional and national attention
- Entrepreneurial and Innovative ideas/programs that will attract donors and other sources of revenue
- Increasing student enrollment efforts
- New student orientation events

The budget cuts represent the harsh reality of our financial times, the political environment and the specific dynamics of a failed pension system in our state. It is ironic that the budget cuts we are suffering are the means to stabilize the pension system that directly impact University employees' retirement.

We also have to be good stewards of the investments in ECU. Whether it is state funding, tuition dollars or a donor's gift. All deserve a return on their investment.

During his time at ECU, former President Bob Martin stated: "Eastern has had a great heritage. Eastern is today a great institution. But neither the Eastern of the past nor the Eastern of the present will be adequate to the demands of the future."

We appreciate everyone's contribution to this process. There have been numerous meetings over the past months and we thank each person who has participated. Be assured that President Benson, I and other board members will continue to make sure the ECU voice is heard in Frankfort.

We have big challenges ahead. It will take all of us working as a team to be successful.

After the Chairman's report, Regent Richard Day requested the opportunity to respond. The Chairman yielded the floor to Regent Day.

**Dr. Richard Day:**

You are not the only Board member who recognized that the Faculty Senate's process in dealing with the proposed program suspensions was delayed and ultimately offered the Board little direction; putting the perceived value of shared governance in some doubt. It's hard for me to argue against this proposition since I have had occasion to fuss at the Senate myself.

But let me offer this suggestion: Don't give up on the faculty or shared governance. In my view, ECU followed the spirit of shared governance and we should do so again whenever the occasion arises. Our democratic principles are not always pretty, but they are important.



Also consider that the Academic Budget Review Committee conducted an in-depth review. The Council on Academic Affairs spent 8 hours agonizing over the issues in one meeting where they laboriously went through program after program and made specific recommendations. And remember, this is everyone's first time through this kind of thing.

The Chairs and Deans made positive suggestions, including incentivizing early retirement, which became part of our plan. They recommended looking for efficiencies in services, reverting to 2013-14 budget levels for academics and athletics, and recommended that we continue to review regional campuses. The Chairs also recommended we reduce operations in auxiliary services like the Center of the Arts, and we continue to look at that.

Chairman Turner then yielded the floor to Regent Janet Craig.

**Ms. Janet Craig:**

Everybody's input is valuable. But, at some point, the buck stops here, and we have to make decisions. But, I would encourage everyone to continue to work together to give us your input so we can make informed decisions that benefit the university as a whole. The fact that, just as Richard said, the fact that we have a voice doesn't mean we always agree with the outcome. In situations like this, that will be the case. But, we must keep our eye on the ball which is Eastern and the students, and I will encourage everyone to keep participating in the process and help us as much as you can.

With those comments, Chairman Turner called for a motion to support the proposed budget cuts and academic review suspensions and modifications as presented. The motion was made by Lewis Diaz. The motion was seconded by Craig King.

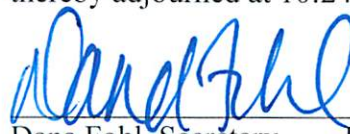
The roll was called and the following Voice Vote: Janet Craig, Alan Long, Lewis Diaz, Craig King, Craig Turner, Ramakrishna "Vasu" Vasudevan, Craig King, Nancy Collins, Holly Wiedemann. Due to their involvements and participation in the university-wide budget review committee, Regents Richard Day, Bryan Makinen, Collin Potter abstained. The motion passed.

**Conflict of Interest**

The Board members were all presented with and signed conflict of interest forms for SACS-COC reaccreditation.

**Adjourn**

A motion was made by Alan Long to adjourn the meeting. The motion was seconded by Bryan Makinen. The motion passed by voice vote, and the special meeting of the Board of Regents was thereby adjourned at 10:24 a.m.

 2.16.17  
Dana Fohl, Secretary      Date