



STATE OF THE UNIVERSITY ADDRESS

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AUGUST 20, 2021

A large, stylized blue globe with a network of white lines and dots overlaid on it, set against a dark blue background with a starry pattern.

State of the University



STATE OF THE UNIVERSITY ADDRESS

Our State of the University Address is an opportunity to celebrate successes and share priorities moving forward. It has been a challenging year, but I want to emphasize two overall points:

- ▶ We have been very successful.
- ▶ Thank you.



Success Is Shared

Our successes do not belong to leadership. They represent the collective efforts of all of us. My starting point for the State of the University is our vision of the future. As we revisit our goals, let's ask ourselves: What can I do to advance this aspect of the vision? Not what my dean or department chair or the person sitting next to me can do, but what can I do?



Our Shared Vision

We express our vision in these three statements:

We will be the unquestioned global leader in aviation and aerospace higher education.

I would argue we are, but we continue to grow as we move into the future.

We will earn a reputation for student success.

Everything we do should advance the goal of preparing every student for a better future.

We will be the definitive source for innovation and excellence in aerospace education and research.

We continue to make progress in research achievements and recognition.



New Leaders Expand the Vision

Academic leadership expands our vision. We welcome two new deans: Dr. James Gregory at the College of Engineering in Daytona Beach and Dr. Zafer Hatahet at the College of Arts and Sciences at Prescott.

I ask all of our leaders to realize that we are expanding our vision collectively. Work with your teammates to drive our success.



STATE OF THE UNIVERSITY ADDRESS



Our Pandemic Year

Starting last spring, the Covid-19 epidemic presented new challenges to campus operations. We had to reinvent or postpone some events and sometimes adapt to new ways of doing things. We still found ways to excel. For example, even though our Golden Eagles in Prescott competed under new restrictions, they were still national champions. Overall we saw high compliance with our safeguards, which reflects our aviation safety culture.

COVID19 – YEAR IN REVIEW

CAMPUS OPERATIONS (past year)

- Very strong compliance
- Driven by aviation safety culture
- Near normal campus operations

ACADEMIC PROGRAMS (past year)

- Classroom contact ~ 120,000 hours
- Flight/Sims/Instruction ~ 170,000 hours

13th National Championship

It Took the Efforts of Many – Thank You

Academic Programs in 2021

It took creativity and dedication from many to continue our academic programs. Over the past academic year, Embry-Riddle delivered:

- ▶ 120,000 hours of classroom time, with classroom contact.
- ▶ 170,000 hours of flight and simulator time and instruction and one-on-one instruction in the flight programs.



Financial Outlook

Embry-Riddle performed exceptionally well thanks to the disciplined financial management team lead by Dr. Randy Howard. We also benefited from strong, continuing guidance by our Board of Trustees, which recognizes our good stewardship and endorses our expansion. Ultimately, everything we accomplished together paid off in overall financial stability.

HIGHER ED EMERGENCY RELIEF FUND

<p>EMERGENCY FINANCIAL AID</p> <ul style="list-style-type: none"> ▪ \$21.4M ▪ Supported almost 5,000 students to date <p>INSTITUTIONAL EXPENSES</p> <ul style="list-style-type: none"> ▪ \$26.6M <p>TOTAL</p> <ul style="list-style-type: none"> ▪ \$48.0M 	<p>Higher Education Emergency Relief Fund</p>
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Relief Funding

Our students and institution benefited from the higher education emergency relief fund (HERF). This funding came in three payments. It supported nearly 5,000 students with financial aid with roughly \$21.4 million. About \$26.6 million was directed to added expenses.



STATE OF THE UNIVERSITY ADDRESS

STRONG FINANCIAL PERFORMANCE

**INVESTMENTS IN PEOPLE, PROGRAMS, INFRASTRUCTURE ...
... WHILE BUILDING RESERVES**

- IFS – increased almost 90% since FY15
- Strategic Plan investments – \$12M
- Salary, wages and benefits
- Capital – approximately \$400M over last 5 years
- Academic programs
- Added faculty/staff as enrollment grew

All Campuses Have Performed Well

Financial Stability

Even taking this emergency funding out of the equation, we have enjoyed strong financial performance for the past six or seven years. Our financial stability has allowed us to invest in people, programs and infrastructure while building our reserves.

Institutional financial support (IFS) increased institutionally funded scholarships almost 90% since FY15.

Guided by our annual review of the strategic plan, we have continued to invest in our five goals. Our salaries, wages and benefits remained ahead of the national average and we awarded increases during the pandemic year.

CREDIT RATING AGENCY ACTIONS

Rating Action: Moody's upgrades Embry-Riddle Aeronautical University's (FL) rating to A2; outlook revised to stable

Fitch Affirms Embry-Riddle Aeronautical University, FL Revs at 'A+'; Outlook Revised to Positive

Very Positive Outcomes – More to Do

Credit Ratings Upgraded

An institution's credit rating is a measure of confidence in its financial performance and it has a major impact on how investment risk is viewed. Our credit rating was upgraded. We work with the two major rating agencies, Moody's and Fitch. With both, we have done very well. We were one of only a handful of academic institutions upgraded by Moody's last year and we should be very proud of that. Last spring, we were also the only private university in Florida with an "A+" (or equivalent) rating from the top three agencies.

ONGOING CAPITAL INVESTMENTS

Prescott Wind Tunnel

Daytona Wellness Center

\$400 Million Invested by Board of Trustees Over Past 5 Years !!

Flight Operations

Prescott Student Union

All Campuses Have Performed Well

Capital Expenditures

Over the last five years, we have dedicated \$400 million to capital expenditures. New resources include a wind tunnel and a new student union on the Prescott Campus and a wellness center under construction in Daytona Beach.

We have also developed new academic programs and added faculty and staff to serve our growing enrollment.

Enrollment Management

Research & Innovation

Student Success

Global Strategy

Philanthropy & Alumni

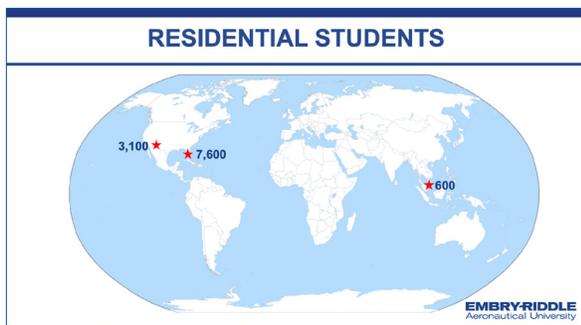
STRATEGIC PLAN

Strategic Plan Progress

We update our progress against the strategic plan annually. We award each goal a green, yellow or red light rating. For example, enrollment management encompasses seven metrics we track annually. We met four goals (green). One goal is between 90% and 100% of our metric (yellow). Two goals, related to graduate enrollment and worldwide enrollment, are not yet met (red). This green-yellow-red rating gives us a quick reference on areas we need to improve.



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Enrollment Management Status

Enrollment management extends to the student body on three campuses. There are roughly 3,100 students at Prescott, 7,600 students in Daytona Beach and approximately 600 students in Singapore.



We Are a Global Online Educator

In addition to our residential campuses, our Worldwide Campus serves almost 22,000 adult learners and military personnel around the globe. We have Embry-Riddle students in South America, Africa, India ... all over the map. Last spring, the Worldwide team was instrumental in ensuring that our residential campuses smoothly transitioned to online classes.

Our instructional and IT experts know how to deliver online education and we earn consistent top rankings in this increasingly competitive area.



NEW ACADEMIC PROGRAM

- Master of Space Operations

US NEWS and WORLD REPORT

- Online Bachelor's (#1)
- Online Bachelor's for Veterans (#1)
- Online Bachelor's in Business (#7)
- Aerospace Engineering – Undergraduate (#1, #8)

All Campuses Have Performed Well

Innovative Programs Attract Students

Last spring, our Board of Trustees approved the Master of Space Operations program. This program is an opportunity to increase our contribution to the commercial space sector, military missions and Space Force. The program is off to a strong start, with double or triple the initial enrollments we projected. We expect this program will do quite well and it supports long-term student success in the marketplace.



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**Global Strategy Status**

We hit one global strategy goal at a double-green level. The other goal is not yet met (red). Our global strategy emphasizes that aviation and aerospace are inherently global endeavors. This year was difficult for students and faculty to travel to the U.S. or study abroad. We continue to focus on international programs, including our work in Brazil.

SUPPORTING OUR GLOBAL STRATEGY

AVIATION ENGLISH

- Brazil
 - 325 students in 2021 cohort
 - 1,300 students contracted
- Israel
 - Ongoing discussions

AVIATION AWARENESS SHORT COURSE

- Portuguese



Aerospace Touches all Corners of the Globe

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Our Aviation English program in Brazil now serves 325 students. In Air Traffic Control Aviation English, we reach another 1,300 students. We have translated our aviation awareness program into Portuguese for the Brazilian audience. We are in discussion with Israel to explore a similar Aviation English offering. Aviation English is a strength where we can establish ownership.

**Research and Innovation Status**

Our research and innovation goal earned a double-green rating, which means we doubled our original target. Our high level of achievement is due in part to our growing business partnerships.

After several years of upward trajectory, this was a record year for research and innovation, with research expenditures approaching \$27 million. Dr. Remzi Seker, Dr. Nan Guzman and the entire staff have done an outstanding job in supporting our growing number of contracts and grants.

RESEARCH & INNOVATION - RECORD YEAR

RESEARCH EXPENDITURES

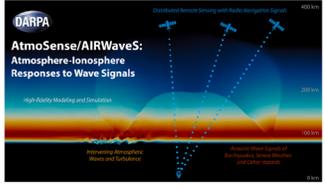
- \$26.9M (record)

BUSINESS PARTNERSHIPS

- 8 SBIR/STTR awards

INVENTIONS

- 8 patent disclosures
- 5 patent applications
- 2 patents issued



Sustained Growth for Several years

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Through business partnerships and faculty collaboration, we established eight SBIRs (small business innovation research areas). We are also engaged in STTRs, similar programs focused on technology. Patent disclosures are increasing, with two patents issued. Our success in this area expands our role in the aerospace research and innovation ecosystem.



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CENTERS OF EXCELLENCE (CoEX)	
PURPOSE	<ul style="list-style-type: none"> Select research themes where ERAU has a competitive advantage Serve as interdisciplinary research home for faculty
CRITERIA	<ul style="list-style-type: none"> Recognized history of success Critical mass of faculty willing to work together Ability to be self-sufficient Strong leadership
<div style="border: 1px solid black; padding: 2px; display: inline-block;">A Model for Future Research Investments</div>	

PRIORITY – CoEX STRATEGIC HIRING	
<div style="border: 1px solid black; padding: 2px; display: inline-block;">A Model for Future Research Investments</div>	

Identifying Centers of Excellence

We are identifying a limited number of centers of excellence where we can own the discipline. Embry-Riddle should be the go-to place for multidisciplinary expertise in critical areas supporting aviation and aerospace. We cannot do everything in every area. Focusing on centers of excellence will provide a model for research investment and strategic hiring. Establishing a center of excellence will bring together experts from different colleges and departments. Competitively, the sum will be bigger than the parts.

The leadership team applies simple criteria: Do we have a recognized history of success in this area (rather than something we aspire to be good at)? Do we have a critical mass of faculty willing to work together from different colleges and disciplines? Do we have the ability to be self-sufficient and attract external funding? Do we have strong leaders capable of targeting opportunities outside the institution?

In less than two years, our increased focus on aviation and aerospace cybersecurity has attracted more than \$6 million in external funding. This success supports 12 graduate students and five undergraduates. Cybersecurity is an area that will continue to grow at Embry-Riddle.

Potential Centers of Excellence

Potential centers of excellence might include data science, artificial intelligence and autonomous systems, which our new College of Engineering dean in Daytona Beach could help define and support. We are increasing our resources in flight research with the addition of a new presidential fellow in Daytona Beach.

RESEARCH PARK ECONOMIC IMPACT	
SUCCESS TO DATE	<ul style="list-style-type: none"> Business growth – supporting local economy High-paying jobs Student opportunities Return of alumni
NEXT PHASE	<ul style="list-style-type: none"> Expand research park New building
<div style="border: 1px solid black; padding: 2px; display: inline-block;">"Go To" Place for Aero Innovation</div>	

Research Park Status

When I arrived at Embry-Riddle, our research park in Daytona Beach had just opened. I have seen how long it has taken other universities to establish successful research parks – with progress counted in decades, not years. Yet we continue to see impressive growth in job creation, support to the local economy and internships. We are also seeing alumni return to work for resident companies.

We are expanding and constructing a new manufacturing building as well as additional research hangars. I want our research park to be known as the go-to place for aerospace innovation and entrepreneurship.



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PHILANTHROPIC SUPPORT			
Measurement	Target	Progress	
Total Gift Productivity	\$20M	\$8.3M	●
Total donors (Households)	4,100	5,261	●
Gifts raised \$50K+ & < \$1M	30	27	●
Scholarships – current	\$1.0M	\$1.4M	●
Scholarships – endowment	\$2.5M	\$1.2M	●

Generous Donors – We can do Better!

Philanthropy and Alumni Relations Status

The pandemic made fundraising and engagement events challenging over the past year. We raised money, but fell short of our goals. Unfortunately, we were could not host or participate in many face-to-face events, but we did reach out through virtual gatherings with alumni and friends of the university. Our total number of donors has gone up, as have year-to-year scholarship contributions. We appreciate this generosity.

Total productivity is an area that needs work and our particular focus is building endowments to feed student scholarships. We have done well under the circumstances, and we will do even better.

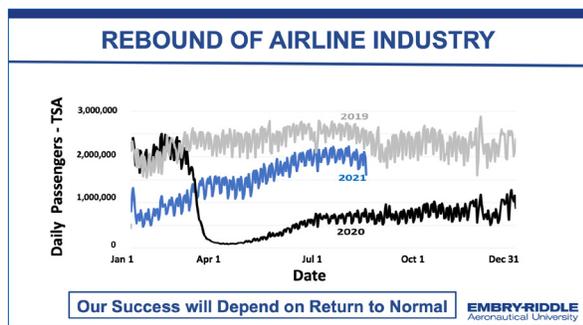
2022 U.S. News & World Report Rankings

Academically, we are building on a positive reputation. Most universities would love to have one or two programs in a national top 10 ranking. U.S. News & World Report ranked Embry-Riddle Aeronautical University in its top 10 in five categories: Best for Veterans, Best Undergraduate Aerospace / Aeronautical / Astronautical Engineering Programs and Most Innovative. The university also ranked highly as a Best Southern Regional University and Best Value. Rankings also recognized the Daytona Beach Campus for the third-highest proportion of international students compared to universities in the South.*

** Information is updated based on 2022 rankings, which were released after the State of the Union Address on August 20.*



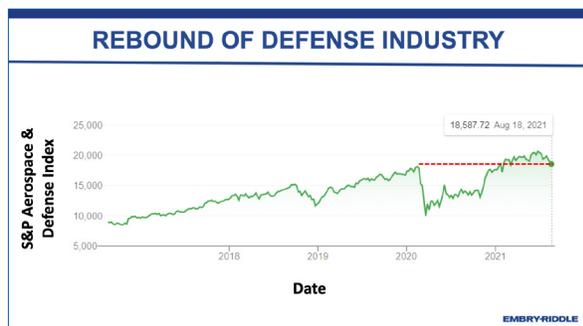
STATE OF THE UNIVERSITY ADDRESS



Recovery Is Underway

The recovery of the aviation/aerospace industry is showing positive momentum. Consider airline passenger traffic. This three-year graph tracks pre-pandemic traffic and the recovery. In the professional aviation sector, we see an average of about 2 million passengers per day, back from a dramatic dip in March and April of 2020. This traffic is a good indicator for the demand for our graduates. Commercial aircraft and ancillary areas show similar promise as people return to flights and airports. Both Colleges of Aviation report significant interest in our graduates and our flight instructors have taken jobs as airline pilots.

We do not want to see air traffic drop to pre-vaccine, spring 2020 levels. Our ability to provide a pipeline of students depends on how robust the industry remains. We are heading in the right direction, but we have to remain careful.



Defense Industry Is Strengthening

The Standard & Poor's Defense Index offers a snapshot of the strength of the defense industry, which slipped in the spring of 2020. Defense is now experiencing a resurgence, back to pre-pandemic performance.

Defense employers will need the talent we provide and we have the enrollment on our campuses to feed this pipeline.

A RETURN TO NORMAL

CAMPUS OPERATIONS

- Must continue our culture of safety compliance
- Personal responsibility for your actions
- Vaccines are available!

ACADEMIC PROGRAMS

- Expecting large fall enrollment growth
- Industry demand is high
- However, a return of COVID will have negative impact

Students Counting on Us – Don't Let Up

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Compliance Remain Critical

To continue normal operations, we must continue our culture of safety compliance. We were able to do this consistently last year. I encourage everyone to get fully vaccinated. Think about colleagues, students, friends and family. Please also wear masks indoors. It is important to protect ourselves and others, as we did last year. Please keep it up.

A RETURN TO NORMAL

RESTART OF PRESIDENTIAL SPEAKER SERIES

- Tom Conard
 - ✓ VP Boeing
 - ✓ ERAU graduate
- Colonel Mark Tillman (retired)
 - Pilot/Commander AF 1
 - 9/11

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Guest Perspectives

We will bring back our Presidential Speaker Series this fall. Our first guest will be Tom Conard, an alumnus who is now a vice president at Boeing. We will also welcome Colonel Mark Tillman, a retired U.S. Air Force pilot who captained Air Force One. He was the commander on 9/11 who returned the president from Florida to Washington, D.C. after the terrorist attacks. Colonel Tillman spoke at our Worldwide graduation. We look forward to hearing his first-person account.



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PRIORITIES IN COMING YEAR	
<p>ACADEMIC PROGRAMS</p> <ul style="list-style-type: none"> Focus on “added-value” in our degree programs Ex: Business acumen (2017 State of the University) 	
<p>VETERANS</p> <ul style="list-style-type: none"> Partner with industry on Veteran career opportunities 	
<p>Keys to Success – Look Beyond Curriculum</p>	
<p>EMBRY-RIDDLE Aeronautical University</p>	

PRIORITIES IN COMING YEAR	
<p>RETENTION, RETENTION, RETENTION</p> <ul style="list-style-type: none"> Must be a top priority for EVERYONE 	
<p>DIVERSITY AND INCLUSION</p> <ul style="list-style-type: none"> Continue to solicit industry for scholarship support Restart collegiate coordinators program 	
<p>ENROLLMENT MANAGEMENT</p> <ul style="list-style-type: none"> Focused marketing of select programs 	
<p>Keys to Success – Everyone Can Help</p>	
<p>EMBRY-RIDDLE Aeronautical University</p>	

Priorities for 2022

From an independent and industry perspective, our reputation for academic programs, faculty and research is excellent. Our academic teams, deans, department chairs and faculty do a great job of staying on top of research and adding value to our curriculum. What do I mean by added value?

In a past State of the University Address, I mentioned business acumen as something employers want. Do our engineering students understand business? Do our business students understand basic technology? Communication is another core skill. How well do our students analyze and express data and ideas to supervisors, colleagues, peers and customers?

When I visit industry leaders, they tell me that the ability to distill terabytes of data and share it as clear, concise, actionable insight and decisions is critically important. So, a foundation in business and technology, communication and data interpretation are areas to emphasize as we move forward. We want to put Embry-Riddle graduates at the front of the line for employment and advancement.

Connecting Veterans with Careers

Strengthening the connection between veterans (on both residential and Worldwide campuses) and employers is a success story that we will build on. We will continue to offer virtual career fairs and encourage industry representatives to visit and spend time with veterans. This connection benefits our industry, our students and our country.

Retention Is a Priority

Student retention is a priority and encouraging retention is a shared responsibility. Don't expect advisors or department chairs or faculty alone to keep students on course to graduation. When a student does not finish studies with us, that is a painful failure for all of us. Students choose Embry-Riddle because of who we are and who we can help them become. We have to do all that it takes to help them get through their programs. It takes all of us.

Diversity and Inclusion Matter

We are committed to diversity and inclusion. Two years ago, we established a grassroots, collegiate coordinator program to support this goal. Unfortunately, we had to curtail face-to-face engagement during the pandemic. However, we are reintroducing activities. Embry-Riddle will continue to solicit industry scholarships for underrepresented students.

Focused Marketing

Enrollment marketing focuses on select programs. Many programs attract enough applicants, but we have identified programs with growth potential, which we are marketing aggressively.



STATE OF THE UNIVERSITY ADDRESS

- Build on foundational knowledge we gained in summer.
- Recognize and accept that we operate in a new normal.
- Focus on the factors we CAN influence.
- Everyone is part of solution. Step up. Challenge others.
- Be a role model for our students.
- Don't slow down. Keep moving forward!

OUR RESPONSIBILITY (2020)

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It Took All of Us

Overall, the key to success is that everyone must help. Those of you who have been involved in athletics recognize the value of the team concept. One person doesn't win the game. Everybody must put a shoulder into it and make it work.

Last year, I said: "Build on foundational knowledge we gained over the previous summer." We did build on our knowledge and move forward even though we could not have known the unprecedented demands that were ahead. We accepted and operated in a new normal. I challenged everyone to focus on factors we could control and recognize our role as part of the solution. People stepped up and served as role models. Consequently, we enjoyed a successful year together.

- Focus on factors we **CAN** influence.
 - ✓ GET VACCINATED
 - ✓ WEAR A MASK INDOORS
- **EVERYONE** is part of solution.
- Be a **ROLE MODEL** for our students.

OUR RESPONSIBILITY (2021)

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Three Requests Moving Forward

As we move into 2022, I have three requests to continue our safety culture.

Focus on factors we can influence. When we get into an automobile, we put our seatbelts on. When we have a young child in the car, we put them in a seatbelt. When we go out to the flight line, we make sure aircraft is safe before we fly. We have experience in making safety part of our daily lives.

Wear a mask and consider vaccination. Safety practices we can choose include wearing masks and seeking full vaccination. Those are actions to help us through this next year. I repeat: everyone is part of the solution. Don't look to the person to your right or left and expect them to manage it, you are part of the solution.

Be a role model for students. Students notice our behavior in and out of the classroom.



Thank You !

Thank You

Thank you for what has been an excellent year. Thank you for all that you do and all that you will do for this institution moving forward.