

E&G Budget Update (BUDRPT21)

FY 2018-19 (Prior Year)

FY 2019-20 (Current Year)

FY 2020-21 (Request Year)

FY 2021-22 (Future Year)

BUDGET SUBCOMMITTEE – SEPTEMBER 19, 2019

PLANNING AND BUDGET – SEPTEMBER 19, 2019

UNIVERSITY FORUM – SEPTEMBER 25, 2019

New Budget Process



Multiyear

- Aligns with System/university goals
- Supports multiyear pricing strategies
- Requires earlier processes to support decision making (if submitting a multiyear pricing proposal)
- Includes projections for one additional year – current year, request year, and FUTURE year

Consistency in Use of Definitions and Assumptions

- **Enrollment projections** - realistic, based on historical experience, projected demographic changes, net projected impact of new academic programs, and align with the new goal setting template (due to PASSHE in December 2019)
- **FTE employee complement** - shift to estimated annualized FTE employees expected to be employed each year, inclusive of estimated FTE associated with turnover
- **Salaries for permanent faculty positions** – universities must budget all new/vacant permanent faculty positions at a rank and step of Assistant Professor, step 3, but are allowed flexibility (with justification) to budget at an alternate rank and step
- **Salaries for nonrepresented positions** – universities must budget all new/vacant nonrepresented positions at the top of the second quartile on the position's pay grade, but are allowed flexibility (with justification) to budget at an alternate salary.

New Budget Process



Consistency in Use of Definitions and Assumptions (cont.)

- **Retirement contributions for new/vacant positions** – universities must budget retirement contribution rates based on historical trend data provided by the Office of the Chancellor
- **Salary and benefit turnover (dollars and FTE employees)** – universities must budget turnover dollars based on historical trends provided by the Office of the Chancellor and may adjust if deemed appropriate. FTE associated with turnover dollars must be based on historical averages.

Other

- Incorporation of tuition and state appropriation increase assumptions (1.5% and 2.0%, respectively, in both FY 2020-21 (request year) and 2021-22 (future year))
- Requirement that budgets must be balanced for ALL fiscal years, including the request and future years

Board of Governors E&G Budget Request Summary FY 2018-19 Through FY 2021-22

Revenue/Sources	Prior Year (Actual) FY 2018/19	Current Year (Projected) FY 2019/20	Percent Change	Request Year (Projected) FY 2020/21	Percent Change	Future Year (Projected) FY 2021/22	Percent Change
Tuition	\$76,619,130	\$74,935,354	-2.2%	\$75,495,364	0.7%	\$77,211,933	2.3%
Fees	21,594,723	21,219,522	-1.7%	21,354,235	0.6%	21,736,176	1.8%
State Appropriation	37,575,747	38,405,845	2.2%	39,173,961	2.0%	39,957,440	2.0%
All Other Revenue	6,872,775	6,402,090	-6.8%	6,449,547	0.7%	6,461,976	0.2%
Planned Use of Carryforward ¹	3,873,428	7,977,982	106.0%	6,713,320	-15.9%	4,573,450	-31.9%
Total Revenue/Sources	\$146,535,803	\$148,940,793	1.6%	\$149,186,427	0.2%	\$149,940,975	0.5%
Expenditures and Transfers							
Compensation Summary:							
Salaries and Wages	\$74,206,103	\$73,605,326	-0.8%	\$75,432,165	2.5%	\$75,424,033	0.0%
Benefits	36,570,460	36,950,262	1.0%	38,579,307	4.4%	39,741,396	3.0%
Subtotal, Compensation	\$110,776,563	\$110,555,588	-0.2%	\$114,011,472	3.1%	\$115,165,429	1.0%
Student Financial Aid ²	3,506,373	4,281,724	22.1%	4,751,724	11.0%	5,041,724	6.1%
Utilities	2,372,162	2,537,864	7.0%	2,582,000	1.7%	2,636,800	2.1%
Other Services and Supplies	23,967,593	26,314,393	9.8%	24,517,874	-6.8%	23,925,236	-2.4%
Subtotal, All Services and Supplies	\$29,846,128	\$33,133,981		\$31,851,598		\$31,603,760	
Capital Expenditures and Transfers	6,802,861	5,251,224	-22.8%	3,323,357	-36.7%	3,171,786	-4.6%
Total Expenditures and Transfers	\$147,425,552	\$148,940,793	1.0%	\$149,186,427	0.2%	\$149,940,975	0.5%
Revenue/Sources Less Expenditures/Transfers	(\$889,749)	\$0		\$0		\$0	

¹⁻² See next slide

Board of Governors E&G Budget Request Summary FY 2018-19 Through FY 2021-22

Planned Use of Carryforward¹ - FY 2018-19 includes funds that were earned prior to FY 2018-19 and expended for specific one-time strategic purposes in FY 2018-19.

FY 2019-20 (current year) includes funds earned in previous years that are being brought into the current year budget to balance the E&G General fund budget (\$5,149,179)/self-supporting budgets (\$222,125) and to fund initiatives approved by Cabinet (\$2,606,678).

FY 2020-21 (request year) includes funds earned in previous years that are being brought into the request year budget to balance the E&G General Fund budget (\$5,631,378)/Special Programs-Self Supporting budget (\$66,300) and to fund initiatives approved by Cabinet (\$1,015,642).

FY 2021-22 (future year) includes funds earned in previous years that are being brought into the request year budget to balance the E&G General Fund budget (\$4,376,690)/Special Programs-Self Supporting budget (\$63,428) and to fund initiatives approved by Cabinet (\$133,332).

Student Financial Aid² - Includes institutional scholarship funding as follows:

FY 2019-20 - \$2,777,656

FY 2020-21 - \$3,242,656

FY 2021-22 - \$3,532,656

Institutional scholarship funding is comprised of the following scholarship programs: BU Academic Excellence, Academic Success, Good Neighbor (out-of-state), BU Council of Trustees, BU Husky Merit, Professional Experience Grants (PEGS), Verizon/Integra Retention Grants, Military (SEP), Women's' Athletic Teams (Title IX).

Board of Governors E&G Budget Request Summary FY 2018-19 Through FY 2021-22

Annualized FTE Enrollment							
	Prior Year (Actual) FY 2018/19	Current Year (Projected) FY 2019/20	Percent Change	Request Year (Projected) FY 2020/21	Percent Change	Future Year (Projected) FY 2021/22	Percent Change
In-State Undergraduate	7,102.30	6,900.07	-2.8%	6,849.31	-0.7%	6,907.38	0.8%
Out-of-State Undergraduate	676.53	647.33	-4.3%	641.97	-0.8%	647.67	0.9%
In-State Graduate	505.50	523.78	3.6%	523.78	0.0%	523.78	0.0%
Out-of-State Graduate	61.38	62.06	1.1%	62.06	0.0%	62.06	0.0%
Total FTE Enrollment	8,345.71	8,133.24	-2.5%	8,077.12	-0.7%	8,140.89	0.8%

Budgeted Annualized FTE Employees							
	Prior Year (Actual) FY 2018/19	Current Year (Projected) FY 2019/20	Change	Request Year (Projected) FY 2020/21	Change	Future Year (Projected) FY 2021/22	Change
Faculty	465.08	479.75	14.67	480.00	0.25	480.00	-
AFSCME	298.27	322.69	24.42	325.61	2.92	326.63	1.02
Nonrepresented	95.50	115.86	20.36	118.40	2.54	118.40	-
SCUPA	50.54	58.31	7.77	59.88	1.57	59.88	-
All Other	53.76	55.55	1.79	56.42	0.87	56.50	0.08
Estimated FTE Associated with Turnover		(69.00)		(69.00)		(69.00)	
Total Annualized FTE Employees	963.15	963.16	0.01	971.31	8.15	972.41	1.10

FY 2018-19 (Prior Year)

June 2019 COT Projection vs. Actual – E&G (General Fund)

E&G (General Fund)	FY 2018-19 Original BUDRPT Submission <i>dollars in millions</i>	FY 2018-19 Interim BUDRPT Submission <i>dollars in millions</i>	FY 2018-19 June 2019 COT Update <i>dollars in millions</i>	FY 2018-19 (Prior Year) FINRPT (Actuals) <i>dollars in millions</i>	Variance (Actuals Less Original Projection) <i>dollars in millions</i>	Variance (Actuals Less June 2019 COT Update) <i>dollars in millions</i>	Actuals as a % Of June 2019 COT Update
Revenue							
Tuition	\$ 78.5	\$ 77.0	\$ 76.6	\$ 76.6	\$ (1.9)	\$ -	100.0%
Fees	5.7	5.7	5.7	5.6	(0.1)	(0.1)	98.2%
Total Tuition and Fees	\$ 84.2	\$ 82.7	\$ 82.3	\$ 82.2	\$ (2.0)	\$ (0.1)	99.9%
State Appropriation	37.6	37.6	37.6	37.6	-	-	100.0%
All Other Revenue	2.1	2.7	2.7	2.9	0.8	0.2	107.4%
Total Revenue	\$ 123.9	\$ 123.0	\$ 122.6	\$ 122.7	\$ (1.2)	\$ 0.1	100.1%
Expenditures and Transfers							
Compensation (Salaries & Benefits)	\$ 105.5	\$ 104.2	\$ 103.7	\$ 104.2	\$ (1.3)	\$ 0.5	100.5%
Operating and Capital Expenditures	22.1	22.0	19.1	19.4	(2.7)	0.3	101.6%
Transfers	3.5	3.5	3.5	3.8	0.3	0.3	108.6%
Total Expenditures and Transfers	\$ 131.1	\$ 129.7	\$ 126.3	\$ 127.4	\$ (3.7)	\$ 1.1	100.9%
Revenue Less E&G Expenditures/Transfers	\$ (7.2)	\$ (6.7)	\$ (3.7)	\$ (4.7)	\$ 2.5	\$ (1.0)	
Planned Use of Carryforward for One Time Initiatives/Projects	\$ 3.4	\$ 3.4	\$ 3.4	\$ 2.9	\$ (0.5)	\$ (0.5)	
Budgetary Surplus/(Deficit)	\$ (3.8)	\$ (3.3)	\$ (0.3)	\$ (1.8)	\$ 2.0	\$ (1.5)	

FY 2018-19 (Prior Year)

June 2019 COT Projection vs. Actual – E&G (Special Programs/Self-Supporting Funds)

E&G (Special Programs/Self-Supporting)	FY 2018-19 Original BUDRPT Submission <i>dollars in millions</i>	FY 2018-19 Interim BUDRPT Submission <i>dollars in millions</i>	FY 2018-19 June 2019 COT Update <i>dollars in millions</i>	FY 2018-19 (Prior Year) FINRPT (Actuals) <i>dollars in millions</i>	Variance (Actuals Less Original Projection) <i>dollars in millions</i>	Variance (Actuals Less June 2019 COT Update) <i>dollars in millions</i>	Actuals as a % Of June 2019 COT Update
Revenue							
Tuition	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	100.0%
Fees	16.3	16.3	16.3	16.0	(0.3)	(0.3)	98.2%
Total Tuition and Fees	\$ 16.3	\$ 16.3	\$ 16.3	\$ 16.0	\$ (0.3)	\$ (0.3)	98.2%
State Appropriation	-	-	-	-	-	-	100.0%
All Other Revenue	4.1	4.1	4.1	3.9	(0.2)	(0.2)	95.1%
Total Revenue	\$ 20.4	\$ 20.4	\$ 20.4	\$ 19.9	\$ (0.5)	\$ (0.5)	97.5%
Expenditures and Transfers							
Compensation (Salaries & Benefits)	6.3	\$ 6.3	\$ 6.3	\$ 6.5	\$ 0.2	\$ 0.2	103.2%
Operating and Capital Expenditures	14.3	14.3	14.3	11.6	(2.7)	(2.7)	81.1%
Transfers	2.0	2.0	2.0	1.9	(0.1)	(0.1)	95.0%
Total Expenditures and Transfers	\$ 22.6	\$ 22.6	\$ 22.6	\$ 20.0	\$ (2.6)	\$ (2.6)	88.5%
Revenue Less E&G Expenditures/Transfers	\$ (2.2)	\$ (2.2)	\$ (2.2)	\$ (0.1)	\$ 2.1	\$ 2.1	
Planned Use of Carryforward for One Time Initiatives/Projects	2.0	\$ 2.0	\$ 2.0	\$ 1.0	\$ (1.0)	\$ (1.0)	
Budgetary Surplus/(Deficit)	\$ (0.2)	\$ (0.2)	\$ (0.2)	\$ 0.9	\$ 1.1	\$ 1.1	
Combined Accounting Surplus/(Deficit)-All E&G Funds	\$ (9.4)	\$ (8.9)	\$ (5.9)	\$ (4.8)			
Combined Budgetary Surplus/(Deficit) - All E&G Funds	\$ (4.0)	\$ (3.5)	\$ (0.5)	\$ (0.9)			

FY 2018-19 (Prior Year) E&G (General Fund) Compensation Variance (\$.5MM)

- Majority of additional expense over June 2019 COT updated projection is attributed to the erroneous double counting of the 2018 healthcare settlement refund in the interim/COT projection updates (\$.4MM). The settlement refund was erroneously reported as both revenue and additional salary/benefit savings. It should have only been reported as revenue. Had this error not occurred, the variance between the COT projection update and actual would have been \$.1. This variance is due to small deviations from the updated projection (year end accruals, summer school, etc.).

FY 2018-19 (Prior Year)
E&G (General Fund)
Other Revenue/Source Variances

Revenue/Source Category	FY 2018-19 June 2019 COT Update <i>dollars in millions</i>	FY 2018-19 (Prior Year) FINRPT (Actuals) <i>dollars in millions</i>	Variance (Actuals Less Projection) <i>dollars in millions</i>	Actuals as a % Of Interim BUDRPT Submission
Fees	\$ 5.7	\$ 5.6	\$ (0.1)	98.2%
Other Revenue	\$ 2.7	\$ 2.9	\$ 0.2	107.4%
Planned Use of Carryforward	\$ 3.4	\$ 2.9	\$ (0.5)	85.3%
Total-Revenue/Source	\$ 11.8	\$ 11.4	\$ (0.4)	96.6%

The overall net decrease is comprised of the following:

Fees - decrease attributed to drop in enrollment over what was originally projected.

Other Revenue - increase primarily attributed to more interest earnings than projected in June 2019 (conservative estimate) (\$.1).

Planned Use of Carryforward – the decrease is primarily attributed to an under execution of submitted planned use of carryforward plans as submitted to the budget office by leadership.

**FY 2018-19 (Prior Year)
E&G (General Fund)
Operating & Capital and Transfers Variances**

Expenditure Category	FY 2018-19 June 2019 COT Update <i>dollars in millions</i>	FY 2018-19 (Prior Year) FINRPT (Actuals) <i>dollars in millions</i>	Variance (Actuals Less Projection) <i>dollars in millions</i>	Actuals as a % Of Interim BUDRPT Submission
Operating & Capital	\$ 19.1	\$ 19.4	\$ 0.3	101.6%
Transfers	\$ 3.5	\$ 3.8	\$ 0.3	108.6%
Total-Operating & Capital and Transfers	\$ 22.6	\$ 23.2	\$ 0.6	102.7%

The increase is comprised of the following:

Operating & Capital – increase primarily attributed to operating expenses ending higher than projected (\$.6MM), unbudgeted use of carryforward funds for non-strategic initiatives (\$.2MM), and budget transferred in to the E&G General fund from the E&G Special Programs and Self-Supporting funds and expended within the E&G General fund (\$.2MM). These increases were offset by less than planned use of carryforward for strategic/one-time initiatives (\$.5MM) and planned use of carryforward that was budgeted in the operating line but expended in the transfer line (\$.1MM).

Transfers - increase primarily attributed to planned use of carryforward that was budgeted in the operating line but expended in the transfer line (\$.1MM) and unbudgeted use of carryforward funds for non-strategic initiatives (\$.4MM). These increases were offset by unbudgeted, non-carryforward, transfers into the E&G General fund from other funds (\$.2).

June 30, 2019

E&G Fund (All Funds)-Fund Balance Detail

Description	6/30/18	6/30/19	Variance from Prior Year
Technology Initiatives (Technology Tuition Fee Fund)	\$ 395,107	\$ -	\$ (395,107)
Academic/Student Affairs/SEM Initiatives (Academic Enhancement Fee Fund)	3,573,594	3,223,247	(350,347)
Sustainability Initiatives	215,977	200,977	(15,000)
Scholarships ¹	233,671	281,208	47,537
President/VP/Dean Residual Budget Carryforwards (E&G General Fund)	2,007,824	2,278,511	270,687
Student Information System (MyHusky)	390,319	225,330	(164,989)
Other ²	2,079,093	1,969,349	(109,744)
Self-Supporting Operations ³	3,800,918	4,197,337	396,419
Reserve-Institutional	19,982,750	14,880,115	(5,102,635)
Reserve-Strategic Initiatives (New FY 2018)	410,509	452,887	42,378
Reserve-Utilities	153,358	372,777	219,419
Reserve-Miscellaneous	1,075,437	1,189,658	114,221
Outstanding Commitments	1,257,913	1,541,896	283,983
Total	\$ 35,576,471	\$ 30,813,292	\$ (4,763,179)

FY 2020 Reduction to Balance E&G General Fund Budget	Available 7/1/19
\$ -	\$ -
-	3,223,247
-	\$ 200,977
-	281,208
(1,390,853)	\$ 887,658
-	225,330
-	\$ 1,969,349
-	4,197,337
(3,535,548)	\$ 11,344,567
-	452,887
(222,777)	\$ 150,000
-	1,189,658
	\$ 1,541,896
\$ (5,149,178)	\$ 25,664,114

¹ Includes Verizon Retention/Integra College Grant funds.

² Includes Special Program funds (Indirect Cost, Financial Aid Administrative Allowance, COST FSA, Off-Campus Incentive, etc.) and the majority of E&G General Funds that carryforward to self (Office of Technology, Telecom Ctr, PBX and Voicemail, Market Research and Brand Development etc.).

³ Includes camps, conferences, Speech and Hearing Clinic, shuttle bus operation, BU Card Center, Student Health Center, et

Tuition, Fees,
Appropriation, and
Other revenue
LESS
Expenditures and
Transfers

June 30, 2019 Institutional Reserve Balance

=

\$14,880,115

Less Planned Use/Commitments:

FY 2019-20		FY 2020-21		FY 2021-22	
Cover E&G General Fund Deficit	\$3,535,547	Cover E&G General Fund Deficit	\$5,631,378	Cover E&G General Fund Deficit	\$4,376,690
Branding Campaign-Year 2	665,695	Branding Campaign-Year 3 (final year)	\$670,805		
Total	\$4,201,242	Total	\$6,302,183	Total	\$4,376,690

=

Uncommitted Institutional Reserve Balance

\$0

- Institutional reserve provides the university a **short-term** cushion to balance the projected E&G General Fund budget deficit. Structural changes to the budget must continue (retention improvement; ongoing faculty, staff, and administration workforce planning and program cost review; personnel cost improvement initiatives) as full drawdown of the reserve is not financially prudent.

Strategic Initiatives Reserve Fund

- Created at the end of FY 2018 by President Hanna in response to:
 - the underutilization of divisional carryforward plans in comparison to plans submitted
 - the underutilization of annual operating budgets
 - historic use of carryforward plans
- Funds will help ensure that the institution's planning processes, resources, and structures be aligned with strategic priorities as we fulfill the institution's mission and goals.
- Reserve is funded as follows:
 - Annual transfer of 15% of remaining operating/capital E&G General departmental budgets (no transfer made in FY 2019; funds redirected to help E&G General fund projected budget deficit)

June 30, 2019

Strategic Initiatives Reserve Balance

=

\$452,887

June 30, 2019

Unrestricted E&G Plant Fund-Fund Balance Detail

6/30/19 Unrestricted Fund Balance Designated for E&G Plant Activities (Net of Commitments-\$1,490,641 ¹)	
Maintenance and Repair	\$ 417,099
 Capital Projects:	
Waller Expansion (Arts and Administration Building)	\$ 12,520,000
Early Learning Center	322,059
Intersection Upgrade	265,000
Pedestrian Bridge-Lightstreet Road	67,403
Sewer Upgrade	56,953
Other	70,427
Total Capital Projects	\$ 13,301,842
 Contingency Reserve	 \$ 3,062,903
 Total Designated for E&G Plant Activities	 \$ 16,781,844

¹ Majority of commitments are associated with the third floor Greenly Center buildout, Lightstreet Road pedestrian bridge, and electrical distribution phases 5 & 6.

Key Revenue/Expenditure Drivers
FY 2019-20 (Current Year)
FY 2020-21 (Request Year)
FY 2021-22 (Future Year)

Budget Category/Driver	FY 2019-20 (Current Year) Inc/(Dec) Over Prior Year	FY 2020-21 (Request Year) Inc/(Dec) Over Prior Year	FY 2020-21 (Future Year) Inc/(Dec) Over Prior Year
Tuition	0.0%	1.5%	1.5%
Annualized FTE Enrollment	-2.5%	-0.7%	0.8%
Fees:			
Mandatory Fees Set by the Council of Trustees	0.0%	1.5%	1.5%
Technology Tuition Increase (set by the Board of Governors)	0.0%	1.5%	1.5%
State Appropriation	2.2% System-wide	2.00%	2.00%
Compensation¹:			
Salaries:			
Faculty-Steps/GPI (CBA expired 6/30/19) (2019-20 increase = residual of spring 2019 GPI)	2.50% or 5.0%/1.25%	0.00%/0.00%	0.00%/0.00%
AFSCME-Steps/GPI	1.69%/3.00%	2.25%/1.50%	1.69%/2.38%
Nonrepresented-Steps/GPI	0.00%/0.00%	0.00%/0.00%	0.00%/0.00%
SCUPA-Steps/GPI (CBA expired 6/30/19) (2019-20 increase = residual of January 2019 step)	1.25%/0.00%	0.00%/0.00%	0.00%/0.00%
Coaches-Steps/GPI (CBA expired 6/30/19) (2019-20 increase = residual of January 2019 salary adj)	1.25%/0.00%	0.00%/0.00%	0.00%/0.00%
SPFPA (Police)-Steps/GPI (CBA expires 8/31/20)	1.13%/0.00%	0.00%/0.00%	0.00%/0.00%
OPEIU (Nurses)-Steps/GPI (CBA expired 6/30/19) (2019-20 increase = residual of January 2019 step)	1.13%/0.00%	0.00%/0.00%	0.00%/0.00%
Benefits:			
Healthcare-PEBTF Plan (AFSCME, SCUPA)	0.00%	3.29%	3.39%
Healthcare-PPO (Faculty/Coaches)	7.83%/7.70%	4.00%	4.00%
Healthcare-PPO (Nonrepresented, SPFPA, OPEIU)	7.70%	4.00%	4.00%
Annuitant Hospitalization-AFSCME	-18.59%	0.00%	4.00%
Annuitant Hospitalization-Faculty, Nonrep, SCUPA, Coaches	0.00%	4.00%	4.00%
Retirement:			
TIAA/CREFF	0.00%	0.00%	0.00%
SERS (Class AA (vast majority of employees))	4.07%	3.97%	4.00%
PSERS Retirement/Healthcare Premium Assistance	2.6%/1.2%	1.4%/0.0%	1.3%/0.0%
Services/Supplies and Capital Expenditures:			
Base Operating Budgets ²	Continued reduction put into effect in FY14	Continued reduction put into effect in FY14; additional reduction effective FY21	Continued reductions put into effect in FY14 and FY21
CPI (where appropriate)	2.4%	2.5%	2.5%

¹FY 2019-20 projections based on anticipated start dates for all authorized vacant positions. FY 2020-21 and 2021-22 projections are consistent with FY 2019-20 projections and include the reintroduction of frozen positions, where appropriate.

² Other known or anticipated adjustments are included (i.e. BU Academic Excellence Scholarship program expansion, Academic Success Scholarship program-Year 3 and Year 4 cohorts; Good Neighbor (out-of-state) Scholarship program-Year 2, 3, and 4 cohorts, BU Council of Trustees Scholarship program-Year 1, 2, and 3 cohorts; BU Husky Merit Scholarship-Year 1, 2, and 3 cohorts; approved base budget increases (Admissions); removal of Summer Prep Academy grants (program eliminated) ; etc.).



Operating Expense Reduction, Effective 2020-21

Description	FY 2019 Original	FY 2018 Remaining	FY 2017 Remaining	Two-Year Average Remaining at FYE
President	\$ 217,400	\$ 64,557	\$ 46,296	\$ 55,427
AA - Provost	409,821	154,883	116,355	135,619
AA - Ast VP AA	6,120	2,521	5,546	4,034
AA - Technology	222,687	63,182	51,834	57,508
AA - Library	502,389	698	41,345	21,022
AA - ZCOB	82,229	22,639	22,036	22,338
AA - COLA	151,952	32,048	73,371	52,710
AA - COE	66,145	20,761	35,064	27,913
AA - COST	108,289	18,371	13,395	15,883
AA - Graduate Studies	210,832	40,709	66,662	53,686
Finance & Administration	1,366,070	65,967	66,585	66,276
SEM	1,539,207	299,825	324,205	312,015
Student Affairs	208,789	29,789	41,413	35,601
University Advancement	2,539,487	53,367	26,862	40,115
Total	\$ 7,631,417	\$ 869,316	\$ 930,968	\$ 900,142

- Communicated to Vice Presidents, Assistant Vice Presidents, Deans, and Directors by Dr. Hanna on July 22, 2019 (after 0% tuition increase was enacted by the Board of Governors)
- Reductions based upon average **unspent** funds from FY 2017 and FY 2018
- The last time E&G General fund base operating budgets was reduced was in FY 2013-14. Since that time annualized FTE enrollment has dropped by 1,287 or 13% (through FY 2018-19)

FY 2019-20 (Current Year)

Educational and General Fund (General, Special Programs, Self-Supporting)	FY 2019-2020 (Current Year Operational) <i>dollars in millions</i>	FY 2019-2020 (Current Year Initiatives Funded by Carryforward- Approved by Cabinet) <i>dollars in millions</i>	FY 2019-2020 Total <i>dollars in millions</i>
E&G Revenue			
Tuition	\$ 74.9	\$ -	\$ 74.90
Fees	21.2	-	21.20
Total Tuition and Fees	\$ 96.1	\$ -	\$ 96.1
State Appropriation	38.4	-	38.4
All Other Revenue	6.4	-	6.4
E&G Sources			
Planned Use of Carryforward-Initiatives Approved by Cabinet	-	\$ 2.6	2.6
Total Revenue/Sources	\$ 140.9	\$ 2.6	\$ 143.5
E&G Expenditures and Transfers			
Compensation Summary:			
Salaries and Wages	\$ 73.6	\$ -	\$ 73.6
Benefits	37.0	-	37.0
Subtotal, Compensation	\$ 110.6	\$ -	\$ 110.6
Student Financial Aid	4.3	-	4.3
Utilities	2.5	-	2.5
Other Services and Supplies	24.6	1.6	26.2
Capital Expenditures and Transfers	4.3	1.0	5.3
Total Expenditures and Transfers	\$ 146.3	\$ 2.6	\$ 148.9
Revenue/Sources Approved by Cabinet for Initiatives less Expenditures/Transfers	\$ (5.4)	\$ -	\$ (5.4)
Planned Use of Carryforward-Balance E&G General Fund Budget	\$ 5.2	\$ -	\$ 5.2
Planned Use of Carryforward-Balance E&G Self-Supporting Budget	\$ 0.2	\$ -	\$ 0.2
Budgetary Surplus/(Deficit)	\$ 0.0	\$ -	\$ 0.0

Funds earned in previous years that are being brought into the budget to fund initiatives approved by Cabinet.

Funds earned in previous years that are being brought into the budget to cover the projected E&G General Fund and E&G Self-Supporting Fund deficits.

FY 2019-20 (Current Year)

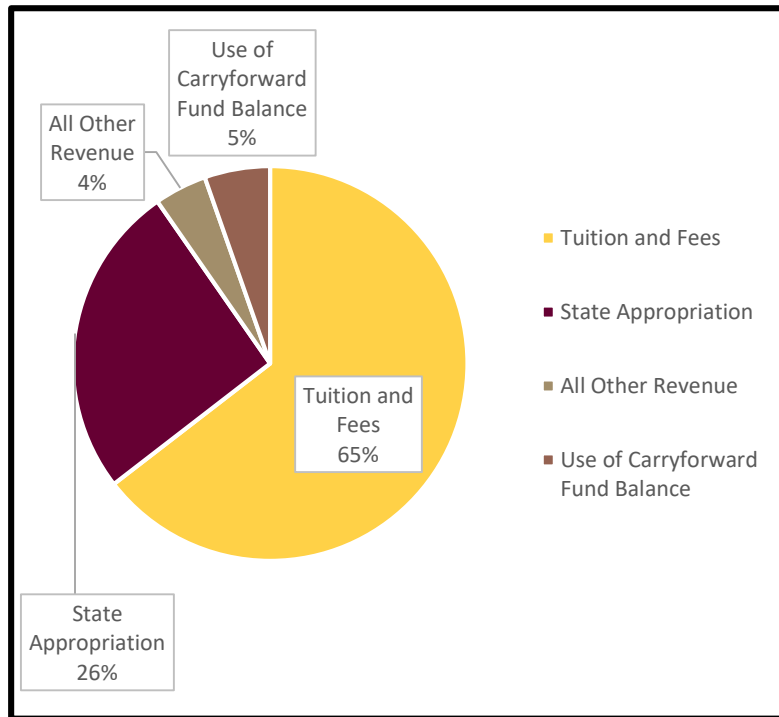
Key Expenditure/Transfer Changes

Expenditure Category	FY 2019-20 Projection dollars in millions	FY 2018-19 Actuals dollars in millions	Inc/(Dec) \$ dollars in millions	Inc/(Dec) %
Compensation	\$ 110.6	\$ 110.8	\$ (0.2)	-0.2%
Student Financial Aid	4.3	3.5	0.8	22.9%
Utilities	2.5	2.4	0.1	4.2%
Other Services and Supplies	26.2	24.0	2.2	9.2%
Capital Expenditures and Transfers	5.3	6.8	(1.5)	-22.1%
Total	\$ 148.9	\$ 147.5	\$ 1.4	0.9%

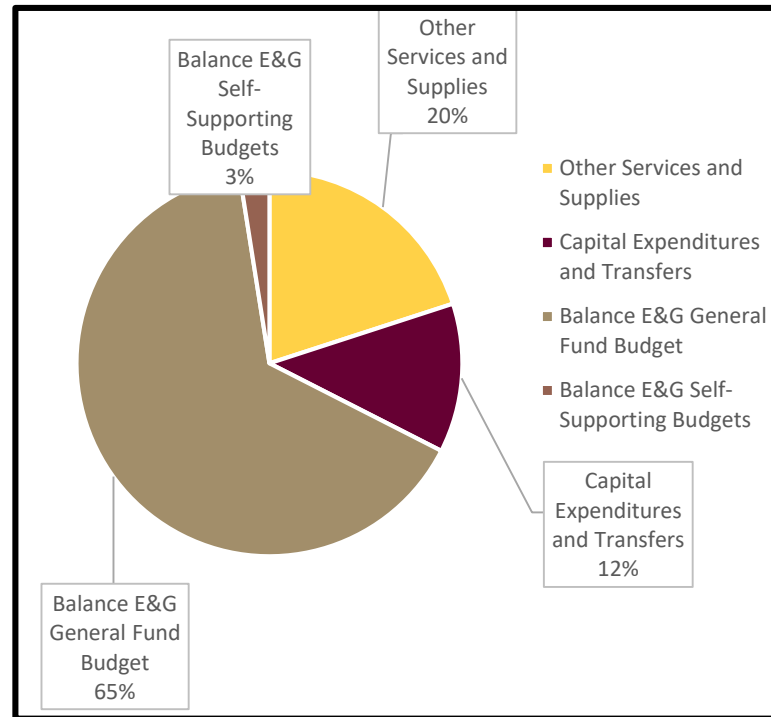
- Projected increases in student financial aid, utilities, and other services and supplies offset by a net decrease in capital expenditures and transfers comprise the majority of the net increase:
 - **Student Financial Aid**-projected increase attributed to four-year, renewable cohort based Academic Success Scholarships (expanded), BU Academic Excellence Scholarships (expanded), Good Neighbor Scholarships (OOS), and the newly created BU Council of Trustees and BU Husky Merit Scholarships (transfer students). All of these scholarship programs were approved by the Council of Trustees. In addition, an increase to Women’s Athletic Teams Scholarships (Title IX) was authorized. All of these scholarship programs were approved by the Council of Trustees. Four cohorts will be in place for the COT approved scholarship by fall 2023.
 - **Utilities**-projected increase primarily attributed to the construction associated with the new Arts and Administration Building, while existing buildings remain on line during the construction period.
 - **Other Services & Supplies**-projected increase primarily attributed to a net decrease in planned use of carryforward (\$1.0MM) offset by under executed operating budgets in FY 2018-19 (\$3.0MM)
 - **Transfers**-majority of projected decrease is primarily attributed to carryforward funded expenses incurred in FY 2018-19 that will not recur in FY 2019-20 (\$2.0MM; Campus Gateway project, Greenly third floor buildout, equipment for new Arts and Administration building, etc.) and the elimination of the plant contingency transfer (\$.4MM) as it’s been determined that plant contingency is at an adequate level, due to conservative usage, to begin the 2019-20 fiscal year (this budget item is also eliminated for the FY 2020-21 and 2021-22 projections). These decreases are offset by a \$.6MM planned increase in use of carryforward for capital strategic initiatives (soundproof rooms-Haas, Hartline Science Center hoods, and nursing equipment) and a planned increase in use of carryforward for equipment replacement, primarily within the Administration and Finance division. (\$.4MM).

FY 2019-20 (Current Year) E&G Budget Projection Dashboards

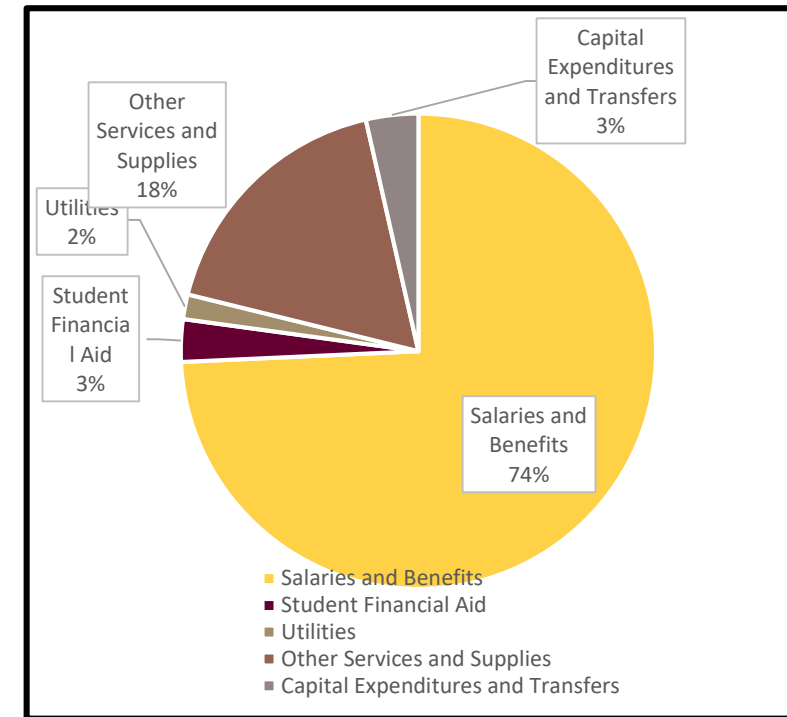
Revenue/Sources Summary



Planned Used of CF Detail-Initiatives¹ and to Balance Budgets



Expenditures and Transfers Summary



¹ Approved by Cabinet

Key Unknowns

FY 2019-20 (Current Year)

(not built into budget projections)

- Final results of collective bargaining negotiations
 - All collective bargaining agreements, with the exception of AFSCME and SPFPA (security and police), are expired and being negotiated
- Pay Increases for Nonrepresented employees
 - No pay adjustments have been approved by the Board of Governors for nonrepresented employees
- Final impact resulting from action taken by the Board of Governors regarding the potential forgiveness of Cheyney's outstanding System debts
 - Most current estimate of impact to BU = \$2.6MM; Estimate of potential impact provided by the State System Office and was developed by prorating the outstanding debt (\$30.5MM) based on each university's share of the E&G appropriation
 - A System-wide taskforce will be established to determine a final allocation of the outstanding debt by university

FY 2020-21 (Request Year)

Educational and General Fund (General, Special Programs, Self-Supporting)	FY 2020-2021 (Request Year Operational) <i>dollars in millions</i>	FY 2020-2021 (Request Year Initiatives Funded by Carryforward- Approved by Cabinet) <i>dollars in millions</i>	FY 2020-2021 Total <i>dollars in millions</i>
E&G Revenue			
Tuition	\$ 75.5	\$ -	\$ 75.50
Fees	21.4	-	21.40
Total Tuition and Fees	\$ 96.9	\$ -	\$ 96.9
State Appropriation	39.2	-	39.2
All Other Revenue	6.4	-	6.4
E&G Sources			
Planned Use of Carryforward-Initiatives Approved by Cabinet	-	\$ 1.0	1.0
Total Revenue/Sources	\$ 142.5	\$ 1.0	\$ 143.5
E&G Expenditures and Transfers			
Compensation Summary:			
Salaries and Wages	\$ 75.4	\$ -	\$ 75.4
Benefits	38.6	-	38.6
Subtotal, Compensation	\$ 114.0	\$ -	\$ 114.0
Student Financial Aid	4.8	-	4.8
Utilities	2.6	-	2.6
Other Services and Supplies	23.6	0.9	24.5
Capital Expenditures and Transfers	3.2	0.1	3.3
Total Expenditures and Transfers	\$ 148.2	\$ 1.0	\$ 149.2
Revenue/Sources Approved by Cabinet for Initiatives less Expenditures/Transfers	\$ (5.7)	\$ -	\$ (5.7)
Planned Use of Carryforward-Balance E&G General Fund Budget	\$ 5.6	\$ -	\$ 5.6
Planned Use of Carryforward-Balance E&G Self-Supporting Budget	\$ 0.1	\$ -	\$ 0.1
Budgetary Surplus/(Deficit)	\$ 0.0	\$ -	\$ 0.0

Funds earned in previous years that are being brought into the budget to fund initiatives approved by Cabinet.

Funds earned in previous years that are being brought into the budget to cover the projected E&G General Fund and E&G Self-Supporting deficits.

FY 2020-21 (Request Year)

Key Expenditure/Transfer Changes

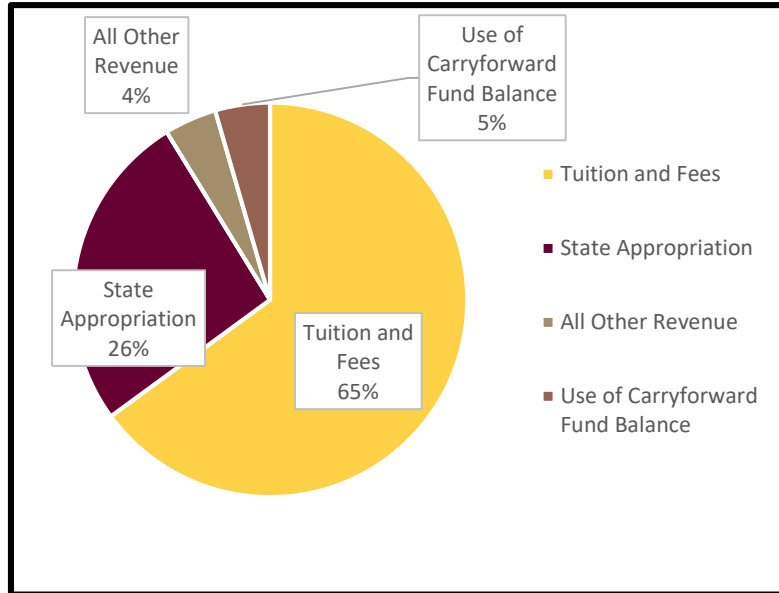
Expenditure Category	FY 2020-21 Projection dollars in millions	FY 2019-20 Projection dollars in millions	Inc/(Dec) \$ dollars in millions	Inc/(Dec) %
Compensation	\$ 114.0	\$ 110.6	\$ 3.4	3.1%
Student Financial Aid	4.8	4.3	0.5	11.6%
Utilities	2.6	2.5	0.1	4.0%
Other Services and Supplies	24.5	26.2	(1.7)	-6.5%
Capital Expenditures and Transfers	3.3	5.3	(2.0)	-37.7%
Total	\$ 149.2	\$ 148.9	\$ 0.3	0.2%

Increases in compensation and student financial aid offset by decreases in other services and supplies and capital expenditure/transfers comprise the majority of the net increase:

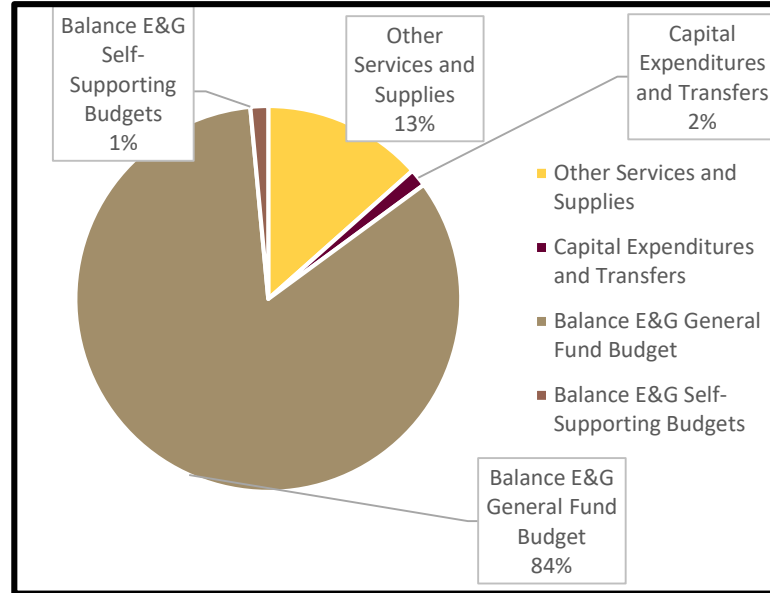
- **Compensation**—includes contractual salary increases (AFSCME only) coupled with **projected** benefit rate increases. Projection also assumes that all authorized (filled and currently vacant) positions will be filled for a full year and includes the reintroduction of 8 positions deemed necessary for operational reasons. Salary and benefit turnover savings calculated based upon a five year historical average and management input (\$7.2MM).
- **Student Financial Aid**-projected increase attributed to four-year, renewable cohort based Academic Success Scholarships (expanded), BU Academic Excellence Scholarships (expanded), Good Neighbor Scholarships (OOS), and the newly created BU Council of Trustees and BU Husky Merit Scholarships (transfer students). All of these scholarship programs were approved by the Council of Trustees. Four cohorts will be in place for the COT approved scholarship by fall 2023.
- **Other Services & Supplies**-projected decrease primarily associated with the reduction of E&G base operating budgets (\$.9MM), and a planned decrease in use of carryforward for strategic initiatives (\$1.0MM).
- **Capital Expenditures and Transfers**-projected decrease is the result of a reduction in planned use of carryforward for strategic initiatives (\$.8MM,) an overall decrease in debt principal payments (\$.2MM), and a \$1.0MM reduction in the annual amount transferred to plant to fund the institution’s capital project plan, taken as a measure to help close the projected E&G General fund budget gap. NOTE: This reduction is also included in the FY 2021-22 projection.

FY 2020-21 (Request Year) E&G Budget Projection Dashboards

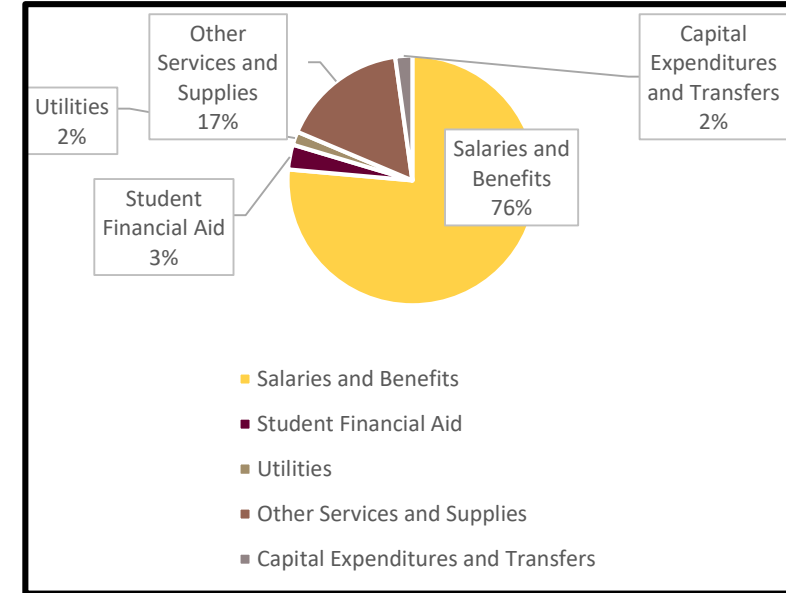
Revenue/Sources Summary



Planned Used of CF Detail-Initiatives ¹ and to Balance Budgets



Expenditures and Transfers Summary



¹ Approved by Cabinet

Key Unknowns

FY 2020-21 (Request Year)

(not built into budget projections)

- Final results of collective bargaining negotiations
 - All collective bargaining agreements, with the exception of AFSCME and SPFPA (security and police), are expired and being negotiated
- Pay Increases for Nonrepresented employees
 - No pay adjustments have been approved by the Board of Governors for nonrepresented employees
- Impacts to the State appropriation allocation as the result of the work being conducted by the System Redesign Budget Project Team to develop a new allocation formula and methodology. This work may impact the 2% State appropriation increase built into the current projection.
- Actual tuition change approved by the Board of Governors. At this time, Bloomsburg University has no plan to submit its own multiyear pricing plan for consideration. The current projection includes a 1.5% tuition increase. Action taken by the Board at its April 2020 meeting may impact this assumption.
- Final impact resulting from action taken by the Board of Governors regarding the potential forgiveness of Cheyney's outstanding System debts
 - Most current estimate of impact to BU = \$2.6MM; Estimate of potential impact provided by the State System Office and was developed by prorating the outstanding debt (\$30.5MM) based on each university's share of the E&G appropriation
 - A System-wide taskforce will be established to determine a final allocation of the outstanding debt by university

FY 2021-22 (Future Year)

Educational and General Fund (General, Special Programs, Self-Supporting)	FY 2021-2022 (Future Year Operational) <i>dollars in millions</i>	FY 2021-2022 (Future Year Initiatives Funded by Carryforward- Approved by Cabinet) <i>dollars in millions</i>	FY 2021-2022 Total <i>dollars in millions</i>
E&G Revenue			
Tuition	\$ 77.2	\$ -	\$ 77.20
Fees	21.7	-	21.70
Total Tuition and Fees	\$ 98.9	\$ -	\$ 98.9
State Appropriation	40.0	-	40.0
All Other Revenue	6.5	-	6.5
E&G Sources			
Planned Use of Carryforward-Initiatives Approved by Cabinet	-	\$ 0.1	0.1
Total Revenue/Sources	\$ 145.4	\$ 0.1	\$ 145.5
E&G Expenditures and Transfers			
Compensation Summary:			
Salaries and Wages	\$ 75.4	\$ -	\$ 75.4
Benefits	39.7	-	39.7
Subtotal, Compensation	\$ 115.1	\$ -	\$ 115.1
Student Financial Aid	5.0	-	5.0
Utilities	2.6	-	2.6
Other Services and Supplies	24.0	0.1	24.1
Capital Expenditures and Transfers	3.2	-	3.2
Total Expenditures and Transfers	\$ 149.9	\$ 0.1	\$ 150.0
Revenue/Sources Approved by Cabinet for Initiatives less Expenditures/Transfers	\$ (4.5)	\$ -	\$ (4.5)
Planned Use of Carryforward-Balance E&G General Fund Budget	\$ 4.4	\$ -	\$ 4.4
Planned Use of Carryforward-Balance E&G Self-Supporting Budget	\$ 0.1	\$ -	\$ 0.1
Budgetary Surplus/(Deficit)	\$ 0.0	\$ -	\$ 0.0

Funds earned in previous years that are being brought into the budget to fund initiatives approved by Cabinet.

Funds earned in previous years that are being brought into the budget to cover the projected E&G General Fund and E&G Self-Supporting deficits.

FY 2021-22 (Future Year)

Key Expenditure/Transfer Changes

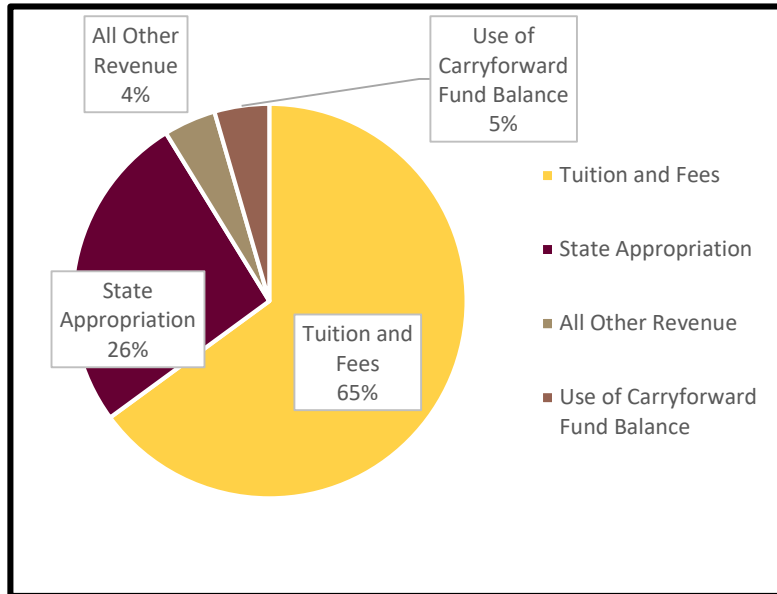
Expenditure Category	FY 2021-22 Projection dollars in millions	FY 2020-21 Projection dollars in millions	Inc/(Dec) \$ dollars in millions	Inc/(Dec) %
Compensation	\$ 115.1	\$ 114.0	\$ 1.1	1.0%
Student Financial Aid	5.0	4.8	0.2	4.2%
Utilities	2.6	2.6	-	0.0%
Other Services and Supplies	24.1	24.5	(0.4)	-1.6%
Capital Expenditures and Transfers	3.2	3.3	(0.1)	-3.0%
Total	\$ 150.0	\$ 149.2	\$ 0.8	0.5%

Net increases comprised of the following:

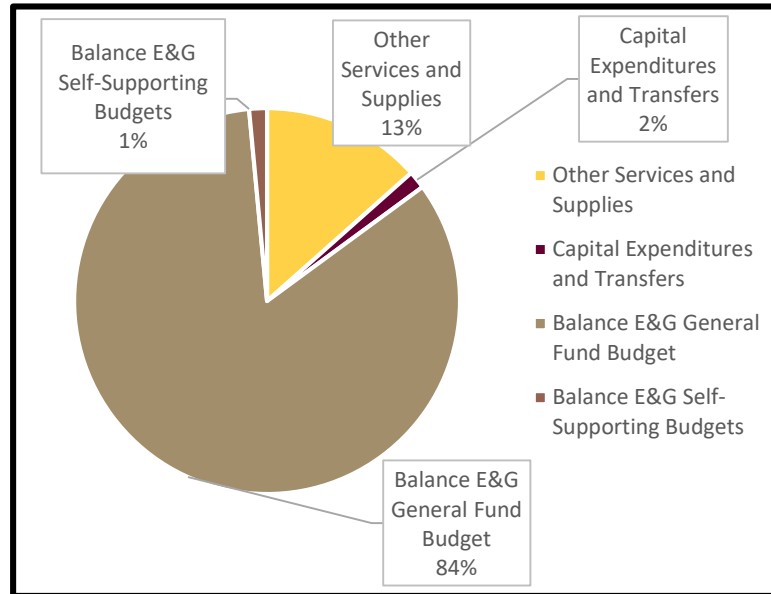
- **Compensation**—includes contractual salary increases (AFSCME only) coupled with **projected** benefit rate increases. Projection also assumes that all authorized (filled and currently vacant) positions will be filled for a full year. Salary and benefit turnover savings calculated based upon a five year historical average and management input (\$7.9MM).
- **Student Financial Aid- Aid**-projected increase attributed to four-year, renewable cohort based Academic Success Scholarships (expanded), BU Academic Excellence Scholarships (expanded), Good Neighbor Scholarships (OOS), and the newly created BU Council of Trustees and BU Husky Merit Scholarships (transfer students). All of these scholarship programs were approved by the Council of Trustees. Four cohorts will be in place for the COT approved scholarship by fall 2023.
- **Other Services & Supplies**-projected decrease is primarily associated with a planned decrease in use of carryforward for strategic initiatives (\$.8MM) offset by a projected increase in expenses due to a projected increase fee revenue (\$.2).
- **Capital Expenditures and Transfers**-projected decrease is the result of a reduction in planned use of carryforward for strategic initiatives (\$.1MM).

FY 2021-22 (Future Year) E&G Budget Projection Dashboards

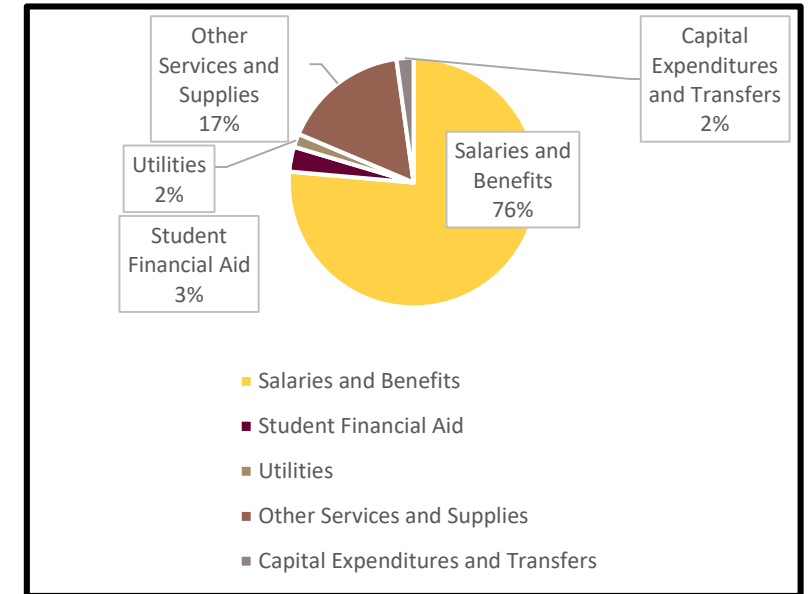
Revenue/Sources Summary



Planned Used of CF Detail-Initiatives ¹ and to Balance Budgets



Expenditures and Transfers Summary



¹ Approved by Cabinet

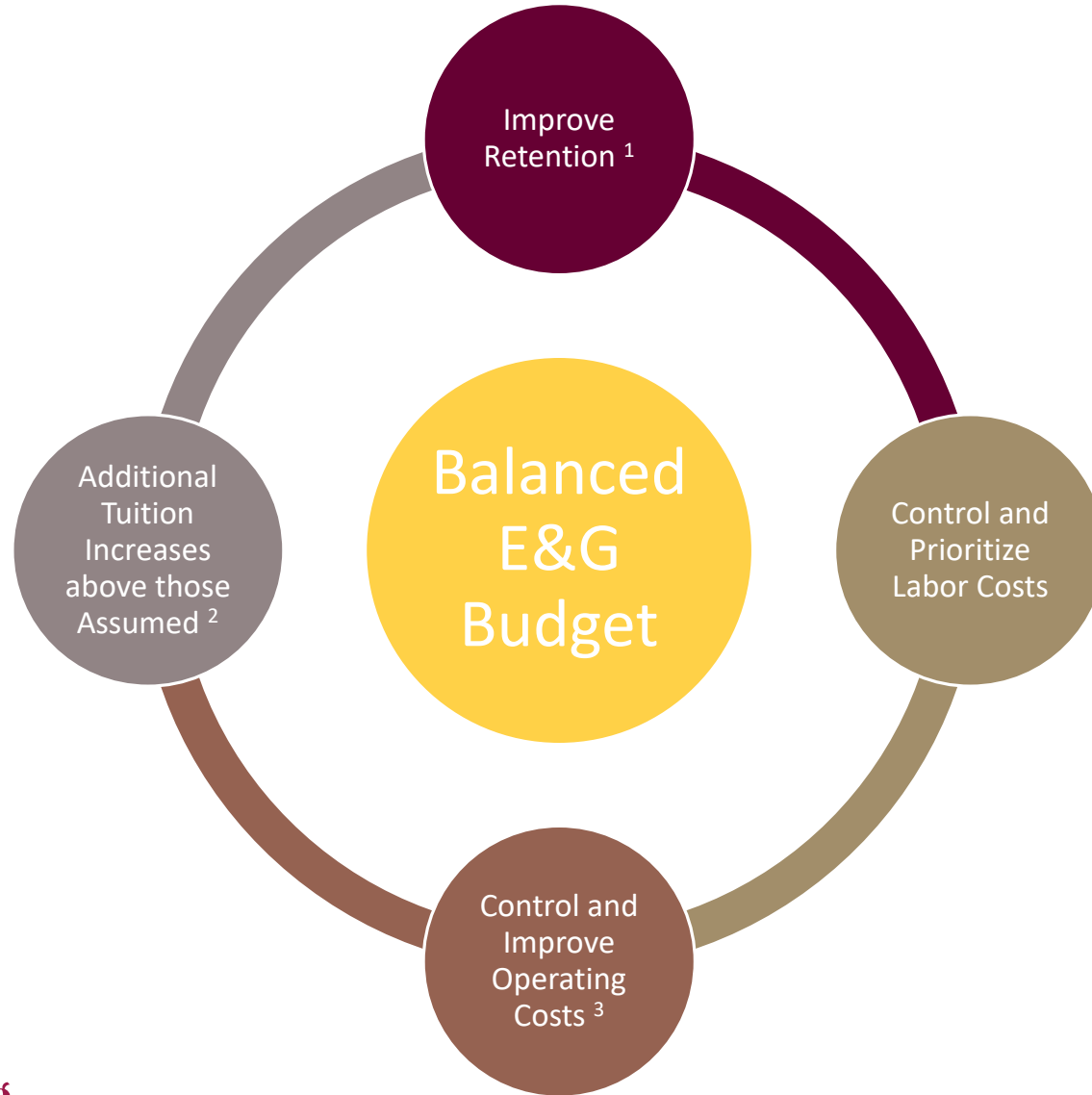
Key Unknowns

FY 2021-22 (Future Year)

(not built into budget projections)

- Final results of collective bargaining negotiations
 - All collective bargaining agreements, with the exception of AFSCME and SPFPA (security and police), are expired and being negotiated
- Pay Increases for Nonrepresented employees
 - No pay adjustments have been approved by the Board of Governors for nonrepresented employees
- Impacts to the State appropriation allocation as the result of the work being conducted by the System Redesign Budget Project Team to develop a new allocation formula and methodology. This work may impact the 2% State appropriation increase built into the current projection.
- Actual tuition change approved by the Board of Governors. At this time, Bloomsburg University has no plan to submit its own multiyear pricing plan for consideration. The current projection includes a 1.5% tuition increase. Action taken by the Board at its April 2020 meeting may impact this assumption.
- Final impact resulting from action taken by the Board of Governors regarding the potential forgiveness of Cheyney's outstanding System debts
 - Most current estimate of impact to BU = \$2.6MM; Estimate of potential impact provided by the State System Office and was developed by prorating the outstanding debt (\$30.5MM) based on each university's share of the E&G appropriation
 - A System-wide taskforce will be established to determine a final allocation of the outstanding debt by university

FY 2020-21 (Request Year) and FY 2021-22 (Future Year)
Budget Balancing Strategy Priorities



¹ See next slide for an illustration of the financial impact of retention declines

² Assuming no changes in enrollment, a 1% increase in tuition, above the 1.5% increase assumption, results in additional revenue:
FY 2020-21 - \$712K
FY 2021-22 - \$1.5MM

³ E&G base operating budget allocations have been reduced by \$.9MM, effective FY 2020-21 as per memo distributed to Vice Presidents, Assistant Vice Presidents, Deans, and Directors, by President Hanna, on July 22, 2019

Financial Impact of Retention Declines Illustration

(presented by Dr. Robert Smith on August 22, 2019 – Incentive Funding Workshop)

SOPHOMORES:

2017 Cohort (UG)	1,853
Retention Rate Fall 2018-72%	1,334
2012 Retention Rate-81%	<u>1,501</u>
Difference	167
Net Tuition and Fee Revenue per Student ¹	\$ 10,954
Lost Revenue (Sophomore)	<u>\$ 1,826,799</u>

JUNIORS:

2016 Cohort (UG)	1,895
Retention Rate Fall 2018-62%	1,175
2012 Retention Rate-69%	<u>1,308</u>
Difference	133
Net Tuition and Fee Revenue per Student ¹	\$ 10,954
Lost Revenue (Junior)	<u>\$ 1,453,048</u>

Total \$ **3,279,847**

¹ Does not include room, board, or auxiliary fees

Discussion
