



# Spring 2020 E&G Interim Budget Update

(Interim BUDRPT – March 6, 2020)  
(General Fund; High Level)

**FY 2019-20 (Current Year)**

**FY 2020-21 (Request Year)**

Budget Subcommittee • March 31, 2020

Planning and Budget • April 2, 2020

# FY 2019-20 and FY 2020-21 Enrollment Projection Revisions (Submitted to PASSHE on March 6, 2020)

	FY2019-20				FY2020-21				Revised Enrollment Projections FY 2020-21 vs. FY 2019-20	
	Original Projection	Revised Projection	Change from Original:		Original Projection	Revised Projection	Change from Original:		Amount	Percent
	October 2019	February 2020	Amount	Percent	October 2019	February 2020	Amount	Percent		
<b>Annualized FTE Enrollment</b>										
Resident Undergraduate	6,900.07	6,892.50	(7.57)	-0.1%	6,849.31	6,759.99	(89.32)	-1.3%	(132.51)	-1.9%
Nonresident Undergraduate	647.33	638.87	(8.46)	-1.3%	641.97	659.39	17.42	2.7%	20.52	3.2%
Resident Graduate	523.78	533.08	9.30	1.8%	523.78	540.92	17.14	3.3%	7.84	1.5%
Nonresident Graduate	62.06	60.63	(1.43)	-2.3%	62.06	60.80	(1.26)	-2.0%	0.17	0.3%
<b>Total FTE Enrollment</b>	<b>8,133.24</b>	<b>8,125.08</b>	<b>(8.16)</b>	<b>-0.1%</b>	<b>8,077.12</b>	<b>8,021.10</b>	<b>(56.02)</b>	<b>-0.7%</b>	<b>(103.98)</b>	<b>-1.3%</b>

## Enrollment Assumptions (Revised Projections):

**2020 Summer I (FY 2019/20)** Consistent with 2019 summer I.

**2020 Summer II (FY 2020/21)** Consistent with 2019 summer II.

**2020 Fall-UG FT (FY 2020/21)** Net decrease in UG enrollment across all categories, except transfer and second degree, (primarily first-time (38) and continuing (73) due to declines in overall continuing rates (weighted average of last two years official rates).

Headcount			
Enrollment Category	Revised	Original	Difference
FT (FT/PT)	2,000	2,038	(38)
Transfer (FT/PT)	396	384	12
Returning (FT/PT)	128	132	(4)
Continuing (FT/PT)	5,029	5,102	(73)
Second Degree (FT/PT)	26	26	0
Non Degree (FT/PT)	325	332	(7)
<b>Total</b>	<b>7,904</b>	<b>8,014</b>	<b>(110)</b>

Increase in UG out-of-state enrollment is projected due to expansion of the Good Neighbor Out-of-State scholarship program.



# FY 2019-20 and FY 2020-21 Enrollment Projection Revisions (cont).

(Submitted to PASSHE on March 6, 2020)

## 2020 Fall-Grad (FY 2020/21)

Projections increased based on actual enrollment activity and the ongoing Hanover Research engagement which is looking at those programs that have room to grow, including those that can be converted to distance education as the educational delivery mode.

Headcount			
Enrollment Category	Revised	Original	Difference
FT/PT	725	677	48
<b>Total</b>	<b>725</b>	<b>677</b>	<b>48</b>

## FY 2020/21 Residency - Fall/Spring

UG FT based on fall 2019 official composition of in-state/out-state plus 31 due to expansion of the Good Neighbor Out-of-State scholarship program; UG PT based on weighted average of official composition of in-state/out-state for three prior fall semesters; Grad FT and PT based on official enrollment composition for fall 2019.

## 2020/21 Winter Enrollment (FY 2020/21)

Consistent with winter 2020.



# FY 2019-20 E&G Budget Update (General Fund)

<b>Original E&amp;G General Fund Projected Deficit -9/4/19; Planned Use of Inst Res (BUDRPT21 submission)</b>	<b>\$(5,149,179)</b>
<b>Changes from Original Projection:</b>	
FY 2019-20 Tuition Revenue Shortfall	(853,974)
FY 2019-20 Fee Revenue Shortfall (Student Success, Registration fees)	(75,292)
FY 2019-20 Interest Income Lower than Originally Projected	(75,000)
FY 2019-20 Salary and Benefits Net Savings Above Original Projection ( <b>original projection = \$6.0MM; mid-year revised projection = \$6.6MM</b> ) <sup>1</sup>	640,110
FY 2019-20 President/VP/Dean Controlled Operating Expenses Below Original Projection (based on historical spending patterns)	953,085
FY 2019-20 Other Operating Expenses Below Original Projection (other operating expense budgets include: utilities, student information system (MyHusky), telecom, lifecycle replacement-equipment and computers, president's discretionary, etc.) (based on historical spending patterns)	692,720
<b>Revised E&amp;G General Fund Projected Deficit-3/6/20; Planned Use of Inst Res (Interim BUDRPT 21 submission)</b>	<b>(\$3,867,530)</b>

\$364,156 more use of Institutional Reserve funds over original projection

Savings supplement President/VP/Dean and Strategic Initiatives carryforward reserve funds

Savings supplement Other Operating Expense budgets carryforward reserve funds

Improvement = \$1,281,649



# Key Assumptions Used for FY 2020-21 E&G Interim Budget Update

## Tuition:

- ❑ **1.5% increase in tuition rates**; 0.7% decrease in annualized FTE enrollment compared to original enrollment projection.

## State Appropriation:

- ❑ **2.0% increase**

## Compensation:

- ❑ Assumes all authorized positions will be filled as of July 1, 2020 or August 24, 2020 (start of the fall semester)
- ❑ Salaries and benefits projections include the pay adjustments associated with all recently negotiated CBAs (except SPFPA)
- ❑ Healthcare and retirement benefit rate increases as provided in the by the Office of the Chancellor (these are estimates)
- ❑ Salary and benefit turnover adjusted to align with revised 2019-20 turnover
- ❑ Projection does not include the costs associated with the Faculty ESLP [13 faculty; projected ESLP plus benefits = \$902K; potential salary and benefit savings if not replaced = \$2.3MM]

## Services/Supplies and Capital Expenditures:

- ❑ Continued reduction in base budgets (put into effect in 2013-14)
- ❑ Additional reduction in base budgets effective FY 2020-21
- ❑ CPI increases where appropriate
- ❑ Other known or anticipated adjustments included (see slide 6 for detail)



# FY 2020-21 E&G Budget Update (General Fund)

<b>Original E&amp;G General Fund Projected Deficit -9/4/19; Planned Use of Inst Res (BUDRPT21 submission)</b>	<b>\$(5,631,378)</b>
<b>Changes from Original Projection:</b>	
Decrease in Projected Tuition and Student Success Fee Revenue due to Revised Enrollment Projections	(627,268)
Net Projected Revenue Increase-New Clinical and Lab Fees (Approved by COT on March 4, 2020)	352,000
Projected Increases in Operating Costs (Athletics Teams Busing, BRIM Insurance Premium, Addition of Women's Golf, and Expansion of Men's/Women's Benches)	(649,258)
Projected Increase in Institutional Aid – Expansion of Good Neighbor OOS Scholarship Program (Approved by the COT December 4, 2019), Addition of Women's Golf, Expansion of Men's/Women's Benches	(540,000)
Net Projected Increase in Salaries and Benefits <sup>1</sup>	(\$559,892)
<b>Revised E&amp;G General Fund Projected Deficit - 3/6/20; Planned Use of Inst Res (Interim BUDRPT 21 submission)</b>	<b>(\$7,655,796)</b>

<sup>1</sup> The salaries and benefits adjustment includes the pay adjustments and associated benefits for all CBAs (except SPFPA) and non-represented employees not included in the original BUDRPT21 submission. The net increase reported above is lower than the projected costs of the recently negotiated CBAs (APSCUF, SCUPA, POA, OPEIU, APSCUF Coaches) and approved pay adjustments for non-represented employees (\$1.9MM) due to salaries and benefits projection adjustments made since the original budget was submitted (i.e. conversion of vacancies from tenure search to temp funded, elimination/freezing of positions, adjustment to projected start dates, etc.).



# 6/30/20 Institutional Reserve (E&G General Fund) Rollforward – Projected

and

## Uncommitted Institutional Reserve Balance Available for Use-FY 2020 and Beyond-Projected

Institutional Reserve Balance 7/1/19	\$	14,880,115
Transfer - FY 2018-19 Unused Operating Budgets		953,649
Transfer - 33% FY 2018-19 Ending President/VP/Dean Residual Budget Carryforward Balances		437,205
Transfer - Utility Reserves		222,777
Original E&G General Fund Projected Deficit-FY 2019-20		(5,149,179)
Projected FY 2019-20 Carryforward to Institutional Reserve		(364,156)
Branding Campaign-Year 2 (FY 2020) as per Planned Use of Carryforward		(665,695)
Branding Campaign-Year 3 (FY 2021) as per Planned Use of Carryforward - Transferred in FY 2019-20		(299,899)
<b>Institutional Reserve Balance 6/30/20-Projected</b>	<b>\$</b>	<b>10,014,817</b>
Branding Campaign-Year 3 (Balance to Complete)		(370,906)
<b>Uncommitted Institutional Reserve Balance Available for Use-FY 2021 and Beyond-Projected</b>	<b>\$</b>	<b>9,643,911</b>



# Key Unknowns Going into FY 2020-21

- Full financial impact of the COVID-19 event on spring, summer, and fall 2020 semesters. Scenarios are being built with the ability to change assumptions for:
  - Enrollment/associated revenue
  - # of students living on campus
  - Tuition rates
  - Appropriations
  - Faculty/Staff complement
  - Changes to other expenses (institutional aid, etc.)
- Final state appropriation allocation
  - System Redesign Taskforce recommendations around collaborative allocation of resources and what it means to be a “sharing” system
- Tuition/technology tuition rates (expected to be set by the BOG on April 2)





# Discussion