

June 30, 2019 E&G Unrestricted Net Assets

BUDGET SUBCOMMITTEE – OCTOBER 7, 2019

PLANNING AND BUDGET- OCTOBER 10, 2019

6/30/19 TOTAL E&G Unrestricted Net Assets*

(* Does not include unfunded liabilities (compensated absences, postretirement benefits, or pension liability)

6/30/19 URNA* System-Wide Perspective:

- Balances range from \$(33,249,415) to \$104,862,177
- Bloomsburg University has the 4th largest balance



E&G Net Asset Balance Detail	6/30/19
Technology Initiatives (Technology Tuition Fee Fund)	\$ -
Academic/Student Affairs/SEM Initiatives (Academic Enhancement Fee Fund)	3,223,247
Sustainability Initiatives	200,977
Scholarships	281,208
President/VP/Dean Residual Budget Carryforwards (E&G General Fund)	2,278,511
Student Information System (MyHusky)	225,330
Other	1,969,349
Self-Supporting Operations	4,197,337
Reserve-Institutional	14,880,115
Reserve-Strategic Initiatives (New FY 2018)	452,887
Reserve-Utilities	372,777
Reserve-Miscellaneous	1,189,658
Outstanding Commitments (contractual)	1,541,896
Total E&G Net Asset Balance-6/30/19	\$ 30,813,292

E&G Plant Fund Net Asset Detail	6/30/19
Maintenance and Repair	\$ 417,099
Waller Expansion (Arts and Administration Building)	12,520,000
Academic Initiatives (previously Early Learning Center; name changed 9/19/19)	322,059
Intersection Upgrade	265,000
Pedestrian Bridge-Lightstreet Road	67,403
Sewer Upgrade	56,953
Other	70,427
Contingency Reserve	3,062,903
Outstanding Commitments (contractual)	1,490,641
Total Educational and General Plant Fund Net Asset Balance-6/30/19	\$ 18,272,485

Grand Total-Educational and General Net Asset Balance-6/30/19	\$ 49,085,777
Grand Total-Educational and General Net Asset Balance-6/30/18	54,604,492
Decrease in Net Assets	<u>\$ (5,518,715)</u>

Planned Use of June 30, 2019 Carryforward (Unrestricted Net Assets)-Educational and General Fund

- Collaborative effort across all divisions of the University.
- Use of carryforward plans are provided by division leaders, as part of the fiscal year-end process, to the Budget Office via a standard reporting template. **Cabinet reviews and approves/disapproves use of carryforward plans.**
- Divisions are instructed to include only those June 30, 2019 carryforward funds that are **planned to be spent** in FY 2019-20, FY 2020-21, and FY 2021-22. **Funds are to be used for one-time projects and initiatives. Execution of these funds is being scrutinized more closely.**
 - For example, one-third of the President/VP/Dean residual carryforward budgets remaining at 6/30/19 were swept to help balance the 2019-20 E&G General Fund budget (\$437,205), unused 2018-19 E&G General Fund base operating budgets (\$953,649), which typically would have rolled into the President/VP/Dean residual carryforward budgets were swept to help balance the 2019-20 E&G General fund budget, and there were minimal planned use of carryforward plans approved for the Academic Enhancement (AE) fund. Rather, the majority of the AE carryforward at 6/30/19 (\$1,833,701) was swept into a central account under the control of the President's office where requests for use will be reviewed and prioritized.

Planned Use of June 30, 2019 Carryforward (Unrestricted Net Assets)-Educational and General Fund (cont.)

- Examples of planned use of Educational and General fund (non-plant) carryforward balances:
 - Balance E&G General Fund projected budget deficit
 - Balance E&G Special Programs/Self-Supporting budget deficits
 - Strategic enrollment management initiatives (recruitment and retention initiatives, marketing materials, etc.)
 - Strategic planning initiatives
 - Capital projects (soundproof rooms, Hartline Science Center hoods)
 - Branding and web design
 - Equipment
 - Software
 - New academic programming
 - Faculty and staff professional development
 - Program development and expansion
- The entire plan will be placed on the web by the end of the week. Link will be sent to committee members at that time.

June 30, 2019 Unrestricted Net Assets Summary

- June 30, 2019 unrestricted net asset balance = \$49,085,777 (63% resides in the Educational and General fund and the remainder, 37%, resides in the Educational and General Plant fund).
- Use of Educational and General (non-plant) carryforward plans obtained from President/VPs/AVPs/Deans as part of fiscal year-end reporting process. Included funding for all plans approved by Cabinet.

	BALANCE BUDGET			STRATEGIC/ONE-TIME INITIATIVES			TOTAL		
	FY 2019-20	FY 2020-21	FY 2021-22	FY 2019-20	FY 2020-21	FY 2021-22	FY 2019-20	FY 2020-21	FY 2021-22
E&G General Fund:									
Prior Year(s) Unsued Operating Budgets/Carryforward	\$ 1,613,630			\$ 984,410	\$ 289,837	\$ 78,332	\$ 2,598,040	\$ 289,837	\$ 78,332
Institutional Reserve	3,535,548	5,631,378	4,376,690	665,695	670,805		4,201,243	6,302,183	4,376,690
Total E&G General Fund	\$ 5,149,178	\$ 5,631,378	\$ 4,376,690	\$ 1,650,105	\$ 960,642	\$ 78,332	\$ 6,799,283	\$ 6,592,020	\$ 4,455,022
E&G Self-Supporting Funds:									
Self-Supporting Carryforward	\$ 222,125	\$ 66,300	\$ 63,428	\$ 956,574	\$ 55,000	\$ 55,000	\$ 1,178,699	\$ 121,300	\$ 118,428
Total E&G Self-Supporting Funds	\$ 222,125	\$ 66,300	\$ 63,428	\$ 956,574	\$ 55,000	\$ 55,000	\$ 1,178,699	\$ 121,300	\$ 118,428
Total E&G-All Funds	\$ 5,371,303	\$ 5,697,678	\$ 4,440,118	\$ 2,606,679	\$ 1,015,642	\$ 133,332	\$ 7,977,982	\$ 6,713,320	\$ 4,573,450

June 30, 2019 Unrestricted Net Assets Summary (cont.)

- Majority of Educational and General Plant fund balances are earmarked for projects and will be expended in accordance with capital project completion plans. The institution's unrestricted net assets will significantly decrease as the new Arts and Administration building is completed with the spend of \$12.520MM set aside in the E&G Plant fund for its completion.
- Planned use of carryforward (unrestricted net assets) is subject to change pending the results of ongoing strategic enrollment management efforts, continued master plan implementation, and the ongoing evaluation of the financial sustainability of university programs and services.
- As part of System Redesign, a University Financial Sustainability Policy has been drafted and is awaiting Board approval (October 16-17). Annual reporting mechanisms that allow stakeholders to have greater awareness of each university's academic, financial, and operational conditions (e.g. financial risk assessment, university financial statements) will be used to determine university financial status/health. University net asset balances will be a key indicator in the determination.

Key Challenges

- Enrollment-new and continuing (**retention is a problem**)
- Increases in fixed personnel costs (salaries and benefits; hospitalization, retirement, etc.); unknowns associated with the final outcome of the collective bargaining agreements still being negotiated/finalized/ratified.
- Funding for facilities renewal
- Appropriation uncertainty
- Pressure to keep tuition rates as low as possible
- Inability to maintain/increase unrestricted net asset balances given current resource and cost structure
- Vulnerability of unrestricted net asset balances as a result of the NCHEMS report and Board of Governors action to forgive Cheyney University system loans

Discussion
