

Faculty Senate
University Budget Update
February 1, 2021
Kevin Reynolds and Steve Percy

 Faculty Senate Budget Update

Focus/Caveats

- General Fund
- Major revenue streams (state support and tuition revenue)
- Based on current information forecasts are just that

Agenda

- Enrollment changes
- General Fund Revenue changes - historical and future forecasts
- Closing the gap
- Use of reserves to provide a glide path
- Higher Education Emergency Relief Fund (HEERF) Funds
- 3 Year plan

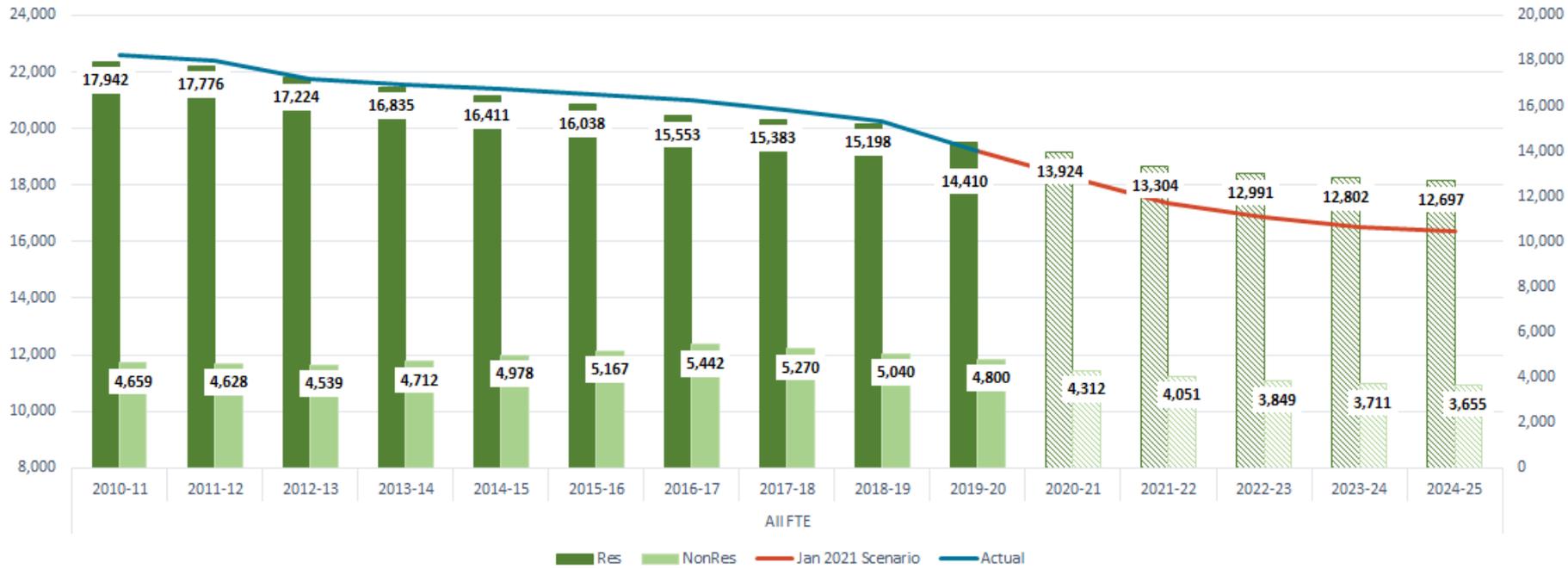
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Updated Enrollment Information

- » Winter 2021 (as of 1/25/21)
 - Overall SCH down 7.1% (Undergrad -8.2%)
- » Fall 2021 (FY22)
 - Applications for first-time students down 26% (-28% in-state)
 - Transfer recruitment is still very early in cycle but initial indicators are down further than freshmen
 - Modeling a further 6.8% (approx.) decline in new first-time and transfer students
- » Enrollment Forecast for 2022
 - November modeled -2.7% based on Fall 4th week numbers and enrollment plan
 - January - new forecast of -4.8%
 - Will be updated again for the April F&A meeting

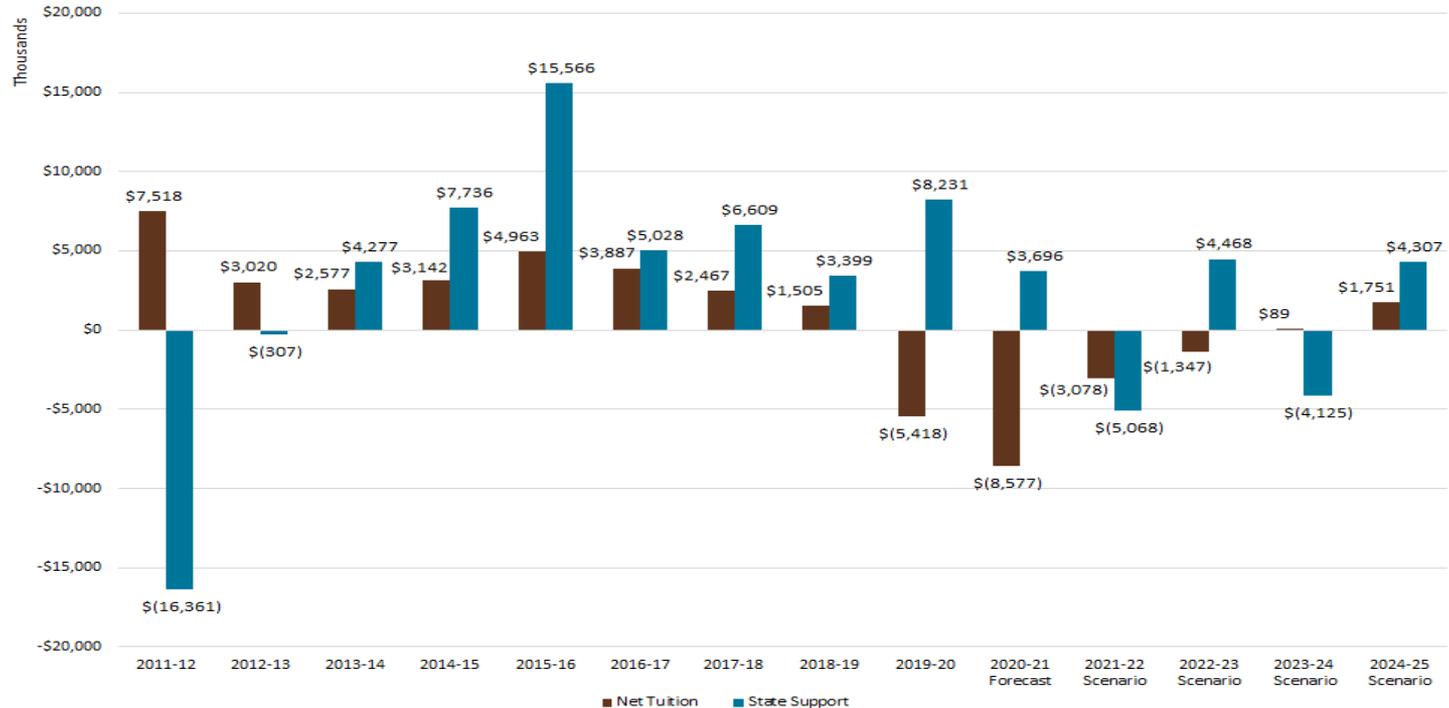
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Fiveyear Enrollment Forecast (January update)



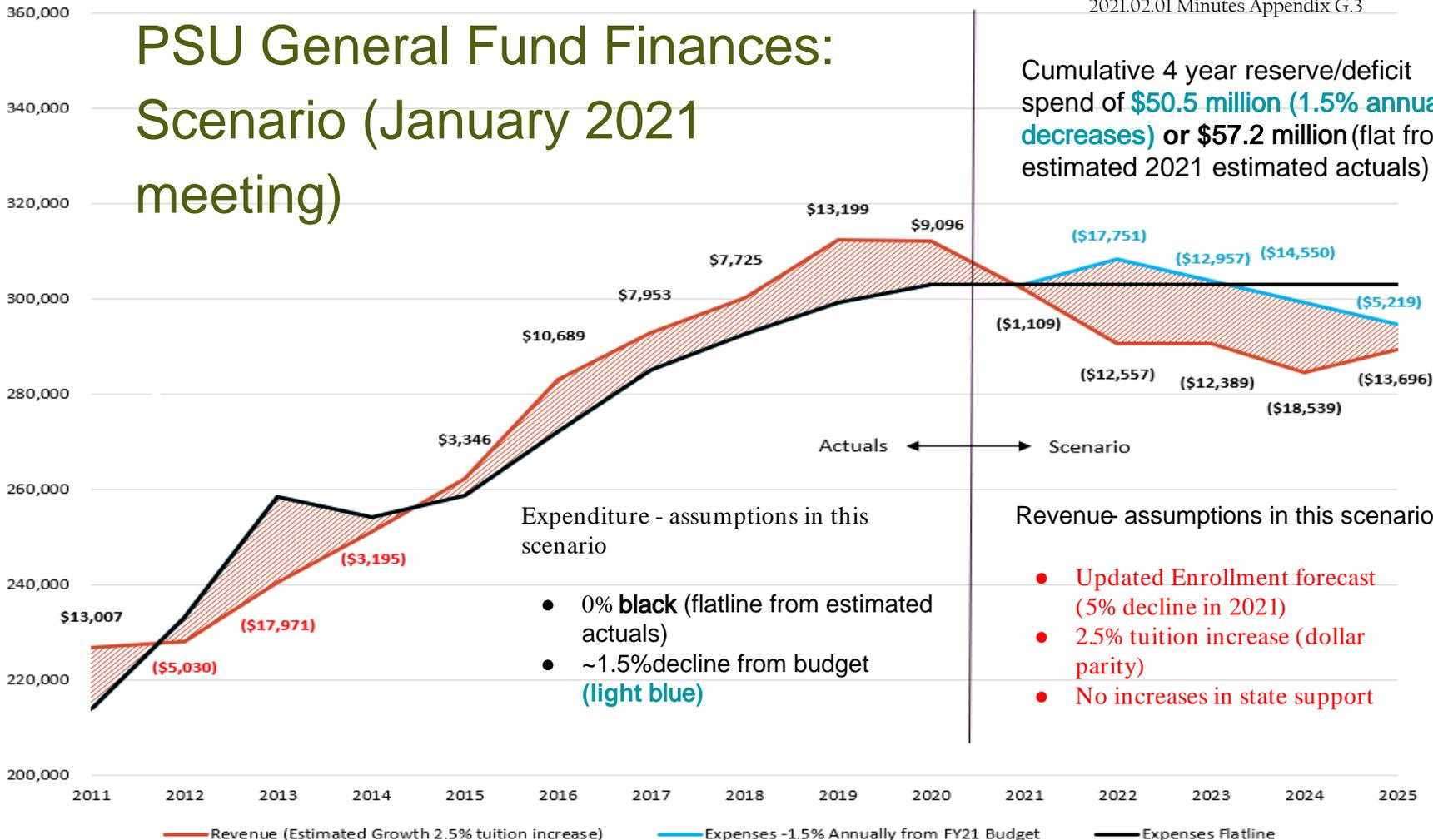
Increased state support offset initial enrollment declines

Annual Change in General Fund Revenue by Source



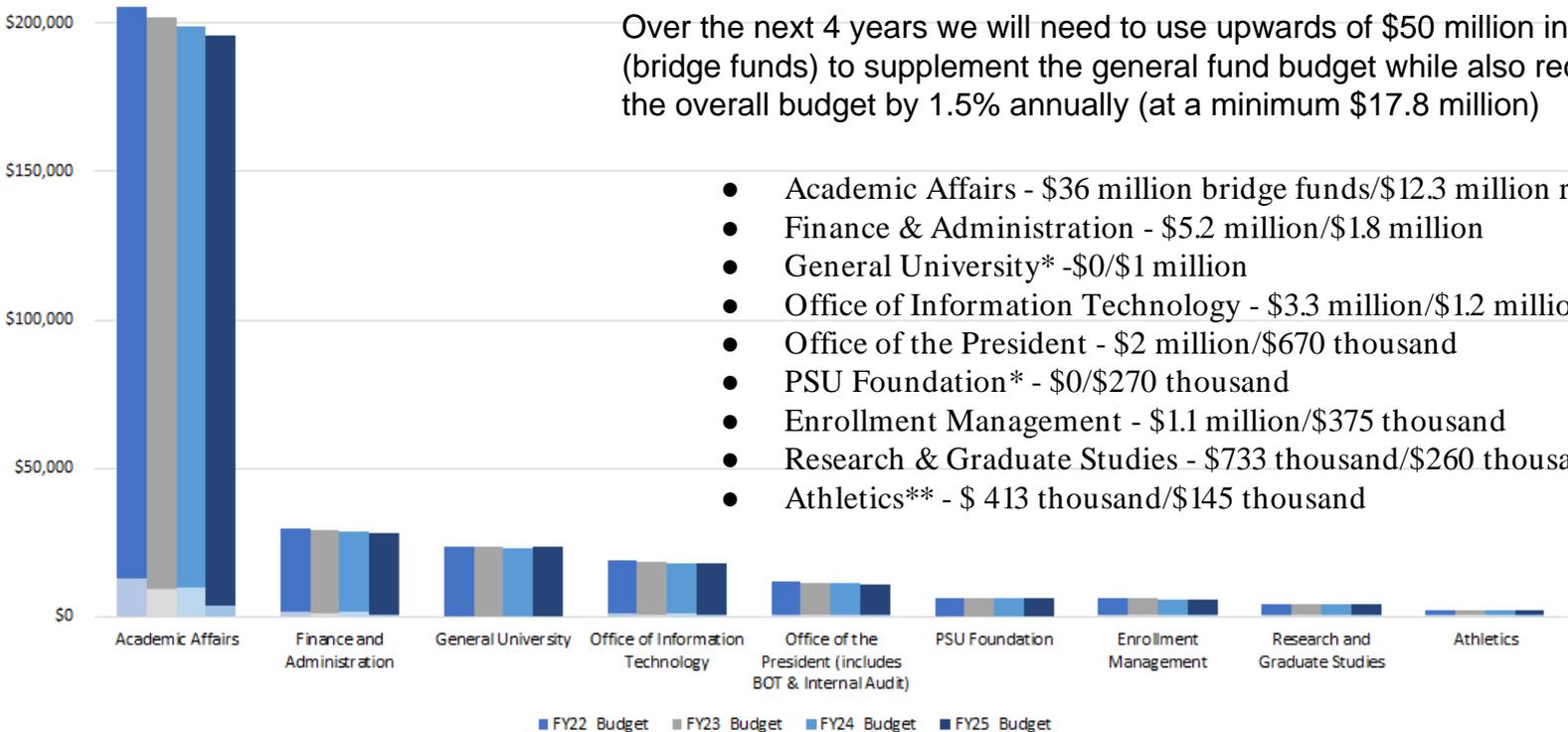
PSU General Fund Finances: Scenario (January 2021 meeting)

Cumulative 4 year reserve/deficit spend of **\$50.5 million (1.5% annual decreases)** or **\$57.2 million** (flat from estimated 2021 estimated actuals)



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PSU General Fund Finances: Scenario (January 2021 meeting)



* Currently there is no plan to use University reserves for the General University and Foundation budgets

**Athletics currently has no management reserves

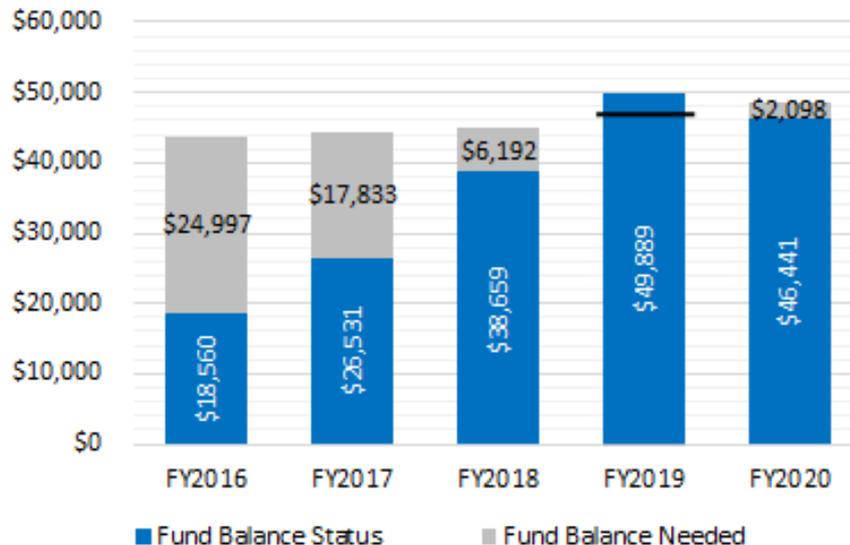
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Reserve Analysis

- FY 2019-20 Year End Analysis
- Prior to moves which reduce Central Reserves by \$3 Million
- Fund balance not cash balance

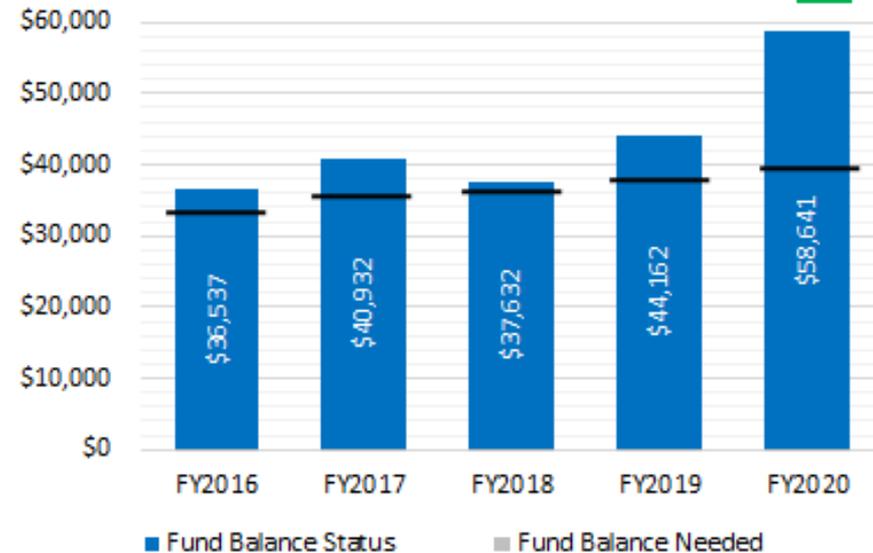
Central Reserves

(thousands)



Operating Reserves

(thousands)



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Federal Stimulus Funds - \$30 Million

- » Higher Education Emergency Relief Fund (HEERF) contained within the COVID-19 supplemental measure \$22.9 Billion
- » Association of Public and Land-Grant Universities (APLU) analysis estimated \$30 Million to PSU
- » US Department of Education will provide more specificity, but we know
 - These are one time, non-recurring funds;
 - The funds must be used to offset revenue losses or COVID-19 related expenses;
 - A minimum of \$8.3 Million must be used for direct student aid;
- » Process
 - Executive Council with input from Faculty Senate Budget Committee and ASPSU
 - Share plan with Board of Trustees

Strategy

Create a 3 year plan to emerge financially resilient while remaining true to our core mission and values and able to respond to evolution in higher education

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Tactics

- A. Bridging the Gap: Cautious use of reserve funds to help balance the budget and cushion impact
- B. Active and Persistent Attention to Enrollment
- C. Active Advocacy: Pushing for State and Other External Support

Tactics

Pursuing Opportunities for Revenue Growth

- A. Investing resources in areas with demonstrable enrollment growth
- B. Exploring expanded online offerings to reach new markets
- C. Growing professional, executive non-credit offerings
- D. Development of Summer Term as expanded learning opportunity

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Tactics

Mediating Expenditures

Tactics Just Outlined are Not Anticipated to Alleviate Pressures on Budget

Expenditure Reduction/Alignment Tactics

- A. Academic Program Review
- B. Student Services Review
- C. Administrative Efficiency Review
- D. OAA Budget Model
- E. Comprehensive Review of Athletics

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THE TIME IS NOW

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*PSU Town Hall
February 22nd 2-4 pm
Stay tuned for more details*

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Questions and Comments