Finance, Audit, and Infrastructure
COMMITTEE
April 30, 2020
MEETING DATE

BOARD OF TRUSTEES – FINANCE AUDIT AND INFRASTRUCTURE COMMITTEE

SUBJECT; Monthly Financial Performance Reports Through March 31, 2020
PRESENTED BY: Sommer Todd

*Note Anticipated Year End estimates as of April 29, 2020 based on what we know about current situation. Actual Year to Date as of March 31, 2020.

FY2019 to 2020 Financial Analysis #1

Revenue

Tuition and Fee revenue for Fiscal Year 2020 currently exceed the approved budget by $5.7M (4%). However, the anticipated year end amount is lower to reflect refunds for Housing, Meals, and Parking refunds resulting from the transition to remote learning. Tuition and Fees are the largest source of revenue and therefore key to the financial health of the institution.
Tuition and Fee revenue for FY20 is expected to be 15.8M (9.6%) lower than FY19.

Below are enrollment and tuition revenue trends for the last four years.

Fiscal Year	*2017*	*2018*	*2019*	*2020*
Enrollment Change (Fall term, year on year)	*-1.6%*	*-3.7%*	*-9.0%*	*-11.7%*
Tuition and Fee Change	*-$7.0M -3.6%*	*-$14.1M -7.5%*	*-$10.5M -6.0%*	*-$15.8M -9.6%*
Change in Revenue	*-$1.1M -0.3%*	*-$17.8M -5.8%*	*-$10.4M -3.6%*	*-29.1M -10.5%*
Change in Expenses	*-$14.1M -4.1%*	*-$53.2M -16.1%*	*-$17.9M -6.4%*	*$0.8M 0.3%*

State appropriations are the second largest source of total revenues. Recent indication from the Ohio Department of Higher Education (ODHE), is that we can expect a 5% cut in FY20 SSI revenue which will result in a $4.3M reduction compared to the anticipated amount and a $3.6M reduction compared to the approved budget.

Facilities and Administrative (F&A) revenue has been further reduced for a total reduction of $2.2M (33%) relative to the approved budget. The change is due to the separation of some of our most active F&A producing researchers and the inability to conduct research on site.

COVID-19 has impacted and will continue to impact revenue. Consequently, Sales and Service revenue is anticipated to be $9.9M, a decline of 23% to the approved budget.

Anticipated year end unrestricted interest income is $1M. The decline from past reports is due to decline in equity markets impacting the Raider Asset Management fund and decline in interest rates impacting yield on fixed income.

Other Revenues assumed a $3M sale of property which will not occur.

In summary, total actual revenues for FY20 are expected to be approximately $8.6M (3.3%) below FY20 budget and approximately $29.1M (10.5%) below FY19 actual.

Expenses

Operating surpluses over the last several years have been achieved in spite of declining revenues through a combination of not funding certain expenses (maintenance, IT, recruitment, etc.) and one-time savings due to natural attrition and position vacancies. The same is true this year.

To date, 34 faculty have selected to participate in the Faculty Voluntary Retirement Incentive Plan. The university will incur related compensation expense of $4M which will increase if additional faculty members elect to participate.

Contracted Labor / Professional Services expense was increased to accommodate projected (but unbudgeted) legal expenses identified by General Counsel. We expect further increases in this expense category to support remote teaching while face-to-face classes are suspended due to COVID-19.

Supplies expense is up related to computer replacements to accommodate Windows 10 upgrades along with approved costs for CaTS upgrades.

Information and Communications expenses are higher than approved budget as a result of the recently approved marketing plan.

Other expenses include centrally budgeted funds for strategic initiatives and unanticipated capital needs. This anticipated year end expense has been reduced after reviewing available balances and expected spend.

The result of current changes to our operating situation project a net operating deficit of $11M.

FY2019 to FY2020 Actual Comparison #2

This report compares the actual results to date for the current fiscal year as a percent of the annual budget for the current fiscal year. The same calculation is provided for the same time period of the previous year as a percent of the actual annual results of the previous year.

Total revenues are tracking similarly overall from 2019 to 2020. Expenses are at 78% of the 2020 adopted budget versus 82% in 2019.

FY2019 to FY2020 Single Month Comparison #3

This report presents the results for the month of March for the current and previous fiscal year.

Most Revenue and Expense variances in March 2019 compared to March 2020 represent timing differences.

The variance in Sales and Service are representative of event cancellations.

Information and Communications expenses are up compared to fiscal year 2019 due to approved spend, for marketing efforts, with Ring and The Ohlmann Group.

BOARD RESOLUTION REQUESTED:
For information only