Finance, Audit, and Infrastructure
COMMITTEE
March 27, 2020
MEETING DATE

BOARD OF TRUSTEES – FINANCE AUDIT AND INFRASTRUCTURE COMMITTEE

SUBJECT; Monthly Financial Performance Reports Through February 29, 2020

PRESENTED BY: Sommer Todd

FY2019 to 2020 Financial Analysis #1

Revenue

Tuition and Fee revenue for Fiscal Year 2020 exceeded the approved budget by $5.7M (4%).

While this is welcome news, it must be pointed out that enrollment has yet to stabilize. Enrollment and therefore tuition revenue have declined each year over 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%*	*-$13.2M -8.1%*
Change in Revenue	*-$1.1M -0.3%*	*-$17.8M -5.8%*	*-$10.4M -3.6%*	*-19.8M -7.1%*
Change in Expenses	*-$14.1M -4.1%*	*-$53.2M -16.1%*	*-$17.9M -6.4%*	*-$3.4M -1.3%*

Tuition and Fees are 58% of total revenues and therefore the key to the financial health of the institution.

State appropriations, at 33%, are the second largest source of total revenues. SSI allocations from the Ohio Department of Higher Education (ODHE), indicate revenue will exceed budget by $650k or 1%.

Facilities and Administrative (F&A) revenue has been further reduced by $1M for a total reduction of $1.7M (26%). This is per the recalculated forecast by Research and Sponsored Programs. The change is due to the separation of some of our most active F&A producing researchers.

COVID-19 impacts will require certain refunds. Sales and Service revenue is expected to reduce due to cancelled events. It is too early to estimate this reduction or the correlating expense reductions and / or sunk costs.

Anticipated year end unrestricted interest income has declined by $440k from previously reported amount. This is due to decline in equity markets impacting the Raider Asset Management fund and decline in interest rates impacting yield on fixed income. Changes in market value of private equity investments are not reflected due to lag in reporting.

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

In summary, total actual revenues for FY20 are expected to be approximately $19.8M (7%) below FY19 actual.

Expenses

Balancing the budget over the last several years has been achieved 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.

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.

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

Actual To Date Expenses are understated for the month by $200k in procard purchases made on cards issued through our new banking arrangement. This is due to interfacing issues.

The result of current changes to our operating situation project a net operating surplus of $1.5M. We are monitoring several items which remain outstanding and could impact that number substantially.

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 70% of the 2020 adopted budget versus 74% in 2019.

The categories with significant percentage variances represent changes from the Adopted Budget to Anticipated Year End totals. When calculating percent of Anticipated Year End, the percentages are more in line with the prior fiscal year.

FY2019 to FY2020 Single Month Comparison #3

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

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

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

The increase in Other Expenses relates to the change in operations with Chartwells and a timing difference for entries related to residence services.

Overall both revenues and expenses are tracking similarly.

BOARD RESOLUTION REQUESTED: For information only