



BOARD OF TRUSTEES – FINANCE, AUDIT, GOVERNANCE, AND COMPLIANCE COMMITTEE

SUBJECT; Monthly Financial Performance Reports Through January 31, 2022

PRESENTED BY: Sommer Todd

FY2021 to 2022 Financial Analysis #2

While the Board approved a budget anticipated a draw from reserves, operationally the focus has been to reduce expenditures to minimize the draw from reserves. Further, the long-term goal of achieving fiscal stability by aligning operating expenditures with a smaller enrollment base continues to be a guiding principle. With only five months remaining in the current fiscal year, material updates can be made to anticipated expenditures. Anticipated revenues and expenditures have been evaluated and updated based on forecasts prepared by University Fiscal Services Managers.

FY2022 Revenue

Anticipated **Tuition and Fee** revenue for Fiscal Year 2022 exceeds the approved budget by \$5.5M (4.2%) based on actual enrollments. The update incorporates actual enrollment data for Spring 2022. Actuals are anticipated to exceed budget primarily due to the increase in graduate international student enrollment. As a cautionary note, the tuition and fee revenue for the current fiscal year is anticipated to be \$3.3M (2.4%) lower than FY21 actuals.

While the current year to date actual is \$752k primarily resulting from unrealized gains in private equity, anticipated **Interest Income** revenue is reported at zero consistent with the budgeted amount. The forecast is prudent given the volatility in both equity and fixed income markets. This revenue is not base budgeted as it cannot be relied on as a source of consistent income for operating expenditures.

Revenue in the **Gifts and Contributions and Other Revenues** category has been adjusted to consider insurance proceeds related to the Student Union fire, an increase in activity at the Nutter Center, and increases in anatomical gifts for the Boonshoft School of Medicine. The insurance proceeds are a passthrough and will cover the expenditures associated with the Student Union fire.

Total revenues for FY 2022 are expected to be approximately \$7M (3.1%) above budget but \$10M (4.1%) below FY21 actuals.

FY2022 Expenses

Reflected in the updated anticipated expenditures, is the intentional discipline exerted across all areas demonstrating fiscal responsibility.

Compensation is anticipated to be \$10.6M below approved budget. A tight labor market combined with discipline in hiring has resulted in a decline of \$7.6M in anticipated spend. An additional \$3M reduction is the result of incentivized faculty separations.

Scholarship and Fellowship actuals are \$2.5M below budget. This is the result a decline in domestic undergraduate and graduate enrollments, an optimization of financial aid, and increased utilization of external grants for graduate support.

The **Other Expense** category has been reduced by \$2.1M reflecting savings throughout divisions and colleges across the University.

With these changes, the University is projecting an \$11.1M operating surplus for FY 2022.

Trend

The five-year trend for enrollment, tuition and fees, operating revenues and expenses demonstrate the continued need for conservative fiscal management.

Fiscal Year	2018	2019	2020	2021	2022
Enrollment ¹	17,108	15,558 -9.1%	13,744 -11.7%	12,234 -11.0%	11,469 -6.3%
Tuition and Fees	\$173.8M	\$163.4M -6.0%	\$150.2M -8.1%	\$138.8M -7.6%	\$135.5M -2.4%
Total Operating Revenues	\$288.2M	\$277.8M -3.6%	\$255.1M -8.2%	\$243.6M -4.5%	\$234.8M -3.6%
Total Operating Expenses	\$277.7M	\$259.8 -6.4%	\$252.9M -2.7%	\$200.2M -20.8%	\$223.8M 10.2%

FY2021 to FY2022 Actual Comparison #4

This report compares the actual results to date as a percent of the annual budget for the current fiscal year. It also provides the actual results for the same time period of the prior fiscal year as a percent of the actual annual results of the prior fiscal year.

Revenue

Revenues are tracking similarly to the prior year in most categories.

There is a percentage variance of note in **Facilities and Administration** as a result of institutional Higher Education Emergency Relief Funds (HEERF) spending concentrated in the first half of the fiscal year. The anticipated year end number has not been revised as HEERF spending will decline in the second half of the fiscal year.

The **Other Revenues** category has been reforecast to account for insurance proceeds related to the Student Union fire, an increase in activity at the Nutter Center, and increases in anatomical gifts for the Boonshoft School of Medicine.

Expenses

Actual Expenses to date relative to annual budget for the current fiscal year are tracking favorably. Expenditures for the prior fiscal year were abnormally low as a result of relief funding covering certain COVID related expenses and lower expenses due to remote operations.

¹ Census day Fall Headcount

Contracted Labor/Professional Services is at 56% of budget and tracking appropriately. The variance to last year is the result of the increased spend for international recruiting, increased activity at the Nutter Center, and other operating activities such as interpreters due to increased presence on campus.

Information and Communications is at 52% of the approved budget and tracking appropriately. The variance to last year is the result of a relative return to normal, from remote operations. There are increases in promotion and outreach in Enrollment Management and Marketing, increase in subscription spend in University Library and increased activity in athletics requiring audio/visual support.

The variance in **Scholarships and Fellowships** is the result of a decline in domestic undergraduate and graduate enrollments, an optimization of financial aid, and increased utilization of external grants for graduate support.

The **Debt** category variance will correct when entries are posted.

Finally, the variance in **Other Expenses** is related to the difference in the actual year end amount for FY2021, where entries related to federal and state relief funds were recorded, compared to the budgeted spend for FY2022.

FY2021 to FY2022 Single Month Comparison #5

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

Sales and Service revenue is up by nearly \$500k as a result of athletics ticket sales and guarantees, increased activity at the Nutter Center, and parking permit revenue.

The **Compensation** variance is a timing difference. The first FY2021 incentivized separation payments along with the final FY2020 voluntary separation payments were processed in December. This included amounts accrued as operating expenditures in FY2021 and the \$800K expenditure recognized in FY2022 that was identified related to later participation. The accrual reversal for FY2021 is what we see in the January report. In February, we will see a \$742K accrual reversal for the final installment for our FY2020 voluntary separation.

As described above **Contracted Labor and Professional Services** are up over spend from the prior January related to increased agent payments for international recruiting, increased activity at the Nutter Center, contract vs compensation payments for our Interim Provost, and other operating activities such as interpreters due to increased presence on campus

The **Maintenance and Repairs and Utilities** variance includes timing differences in CaTS for Maintenance Agreements with Adobe, CollegeSource2, and Touchnet. We will see positive timing differences for Adobe and Oracle in February. The variance also includes increased cost for purchased utilities.

The change in **Other Expenses** from the prior year is related to a timing difference for reimbursement to WOEf for Lake Campus housing, paid in March last year, and an entry in FY2021 to record sale proceeds for Research Park. The Research Park accounting entry is recorded as reduction to expenses.



FY2022 Financial Analysis
Unrestricted Funds Including Auxiliaries
Through January 31, 2022
(000's)

Description	FY2021			FY2022		
	Annual Budget	Year End	To Date	Annual Budget	Actual To Date	Anticipated Year End
Revenues:						As of 1/31/2022
Tuition and Fees	\$ 125,835	\$ 138,763	\$ 138,014	\$ 129,993	\$ 135,242	\$ 135,500
State Appropriations	66,137	83,022	46,139	83,210	48,495	83,210
Facilities and Administrative	4,500	5,508	2,657	4,500	3,281	4,500
Sales and Service	9,685	4,514	3,251	7,553	5,624	7,048
Interest Income	39	10,226	7,219	-	752	-
Gifts and Contribution and Other Revenues	4,101	2,859	1,748			
				2,429	3,754	4,525
Operating Revenues	\$ 210,297	\$ 244,892	\$ 199,028	\$ 227,685	\$ 197,148	\$ 234,783
Expenses:						
Compensation	\$ 161,546	\$ 156,385	\$ 88,047	\$ 161,872	\$ 86,585	\$ 151,306
Contracted Labor/Professional Services	6,501	4,363	1,750	7,263	4,052	7,263
Supplies	7,100	2,994	1,782	4,325	2,222	4,325
Travel and Events	2,054	808	243	2,346	883	2,346
Information and Communications	6,928	5,739	2,411	6,850	3,535	7,058
Maintenance and Repairs and Utilities	13,971	11,761	7,937	13,770	8,691	13,770
Scholarships and Fellowships	28,038	24,917	23,227	26,101	22,411	23,854
Debt	8,103	9,224	8,102	7,794	-	7,794
Other Expenses	6,755	(15,943)	(6,014)	8,249	2,340	6,118
Operating Expenses	\$ 240,996	\$ 200,248	\$ 127,485	\$ 238,570	\$ 130,719	\$ 223,834
Net	\$ (30,699)	\$ 44,644	\$ 71,543	\$ (10,885)	\$ 66,429	\$ 10,949
Reserves	\$ (30,699)			\$ (10,885)		\$ -
Total Expenses	\$ 210,297	\$ 200,248	\$ 127,485	\$ 227,685	\$ 130,719	\$ 223,834
Net	\$ -	\$ 44,644	\$ 71,543	\$ -	\$ 66,429	\$ 10,949



**FY2022 Anticipated Year End
Unrestricted Funds Including Auxiliaries
Through January 31, 2022
(000's)**

Description	Annual Budget	Anticipated Year End As of 7/31/2021	Update	Anticipated Year End Through 12/31/2021	Update	Anticipated Year End As of 1/31/2022	Update
Revenues:							
Tuition and Fees	\$129,993	\$129,993		\$131,993	2,000	\$135,500	5,507
State Appropriations	83,210	\$83,210		\$83,210		\$83,210	
Facilities and Administrative	4,500	\$4,500		\$4,500		\$4,500	
Sales and Service	7,553	\$7,553		\$7,553		\$7,048	(505)
Interest Income	0	\$0		\$0		\$0	
Gifts and Contribution and Other Revenues	2,429	\$2,429		\$2,429		\$4,525	2,096
Total Revenues	\$227,685	\$227,685	\$0	\$229,685	\$2,000	\$234,783	\$7,098
Expenses:							
Compensation	\$161,872	\$161,872		\$160,001	1,871	\$151,306	10,566
Contracted Labor/Professional Services	\$7,263	\$7,263		\$7,263		\$7,263	
Supplies	\$4,325	\$4,325		\$4,325		\$4,325	
Travel and Events	\$2,346	\$2,346		\$2,346		\$2,346	
Information and Communications	\$6,850	\$6,850		\$6,850		\$7,058	(208)
Maintenance and Repairs and Utilities	\$13,770	\$13,770		\$13,770		\$13,770	
Scholarships and Fellowships	\$26,101	\$26,101		\$26,101		\$23,854	2,247
Debt	\$7,794	\$7,794		\$7,794		\$7,794	
Other Expenses	\$8,249	\$8,249		\$8,249		\$6,118	2,131
Total Expenses	\$238,570	\$238,570	\$0	\$236,699	\$1,871	\$223,834	\$14,736
Reserves	(10,885)	(10,885)		(7,014)		0	
Net	\$0	\$0		\$0		\$10,949	



**FY2021 To FY2022 Actual Comparison
Unrestricted Funds Including Auxiliaries
Through January 31, 2022
(000's)**

Description	FY2021			FY2022		
	Year End	Actual To Date	% of Year End	Annual Budget	Actual To Date	% of Budget
Revenues:						
Tuition and Fees	\$ 138,763	\$ 138,014	99%	\$ 129,993	\$ 135,242	104%
State Appropriations	\$ 83,022	\$ 46,139	56%	83,210	48,495	58%
Facilities and Administrative	\$ 5,508	\$ 2,657	48%	4,500	3,281	73%
Sales and Service	\$ 4,514	\$ 3,251	72%	7,553	5,624	74%
Interest Income	\$ 10,226	\$ 7,219	71%	0	752	
Gifts and Contribution and Other Revenues	\$ 2,859	\$ 1,748	61%	2,429	3,754	155%
Total Revenues	\$ 244,892	\$ 199,028	81%	\$ 227,685	\$ 197,148	87%
Expenses:						
Compensation	\$ 156,385	\$ 88,047	56%	\$ 161,872	\$ 86,585	53%
Contracted Labor/Professional Services	\$ 4,363	\$ 1,750	40%	7,263	4,052	56%
Supplies	\$ 2,994	\$ 1,782	60%	4,325	2,222	51%
Travel and Events	\$ 808	\$ 243	30%	2,346	883	38%
Information and Communications	\$ 5,739	\$ 2,411	42%	6,850	3,535	52%
Maintenance and Repairs and Utilities	\$ 11,761	\$ 7,937	67%	13,770	8,691	63%
Scholarships and Fellowships	\$ 24,917	\$ 23,227	93%	26,101	22,411	86%
Debt	\$ 9,224	\$ 8,102	88%	7,794	0	0%
Other Expenses	\$ (15,943)	\$ (6,014)	38%	8,249	2,340	28%
Operating Expenses	\$ 200,248	\$ 127,485	64%	\$ 238,570	\$ 130,719	55%
Reserves				(10,885)		
Total Expenses	200,248	127,485	64%	227,685	130,719	57%
Net	\$ 44,644	\$ 71,543		\$ -	\$ 66,429	

**FY2021 to FY2022 Single Month Comparison
Unrestricted Funds Including Auxiliaries
For the Month of January 2022
(000's)**

Description	Variance			
	FY21 Jan Actual	FY22 Jan Actual	%	\$
Revenues:				
Tuition and Fees	\$ 4,331	\$ 4,185	97%	\$ (146)
State Appropriations	6,650	6,928	104%	278
Facilities and Administrative	311	369	119%	58
Sales and Service	24	497	2071%	473
Interest Income	(65)	(218)		(153)
Gifts and Contribution and Other Revenues	148	153	103%	5
Total Revenues	\$ 11,399	\$ 11,914	105%	\$ 515
Expenses:				
Compensation	\$ 13,507	\$ 10,070	75%	\$ 3,437
Contracted Labor/Professional Services	232	755	325%	(523)
Supplies	254	166	65%	88
Travel and Events	60	111	185%	(51)
Information and Communications	266	381	143%	(115)
Maintenance and Repairs and Utilities	605	1,377	228%	(772)
Scholarships and Fellowships	8,750	8,643	99%	107
Debt	-	-		-
Other Expenses	(164)	514	313%	(678)
Total Expenses	\$ 23,510	\$ 22,017	94%	\$ 1,493
Net	\$ (12,111)	\$ (10,103)	83%	\$ 2,008