Finance, Audit, and Infrastructure
COMMITTEE
May 22, 2020
MEETING DATE

BOARD OF TRUSTEES – FINANCE AUDIT AND INFRASTRUCTURE COMMITTEE

SUBJECT; Monthly Financial Performance Reports Through April 30, 2020
PRESENTED BY: Sommer Todd

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, that is 13.4M (8.2%) lower than FY 19. This is the largest source of revenue and therefore key to the financial health of the institution.

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%*	*-$13.4M -8.2%*
Change in Revenue	*-$1.1M -0.3%*	*-$17.8M -5.8%*	*-$10.4M -3.6%*	*-27.2M -9.8%*
Change in Expenses	*-$14.1M -4.1%*	*-$53.2M -16.1%*	*-$17.9M -6.4%*	*-$7.8M -3.0%*

State appropriations are the second largest source of total revenues. The Ohio Department of Higher Education (ODHE) announced a 3.8% reduction to FY20 SSI revenue. The result is a $3.3M reduction compared to the anticipated amount for the current fiscal year.

Facilities and Administrative (F&A) revenue is tracking to end at $4.7M. This is a total reduction of $2M (30%) 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 $9.3M with refunds continuing to be processed. This is a decline of 28% compared to the approved budget.

Anticipated year end unrestricted interest income is $1M.

The refunds to housing, meals and parking are expected to be covered through the institutional portion of the CARES act.

In summary, total actual revenues for FY20 are expected to be approximately $6.7M (2.6%) below FY20 budget and approximately $27.2M (9.8%) 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. With cost saving measures that have and will be put in place for FY2020, we are expecting the same.

To date, 35 faculty have selected to participate in the Faculty Voluntary Retirement Incentive Plan. The university will incur related compensation expense of $4.2M 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.

With implemented cost saving measures, we now expect to be below approved budget for supplies, travel, Maintenance and Repairs and Utilities, and Other expenses.

Information and Communications expenses lower compared to our last report however, 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 $1.5M.

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 85% of the 2020 adopted budget versus 89% in 2019.

Revenue

Facilities and Administrative revenue is at 62% of approved budget compared to 76% in FY2019. This is due to the loss of active researchers and access to campus.

Sales and Service and Other revenues are lagging due to cancelled events and refunds related to COVID-19 closures.

Expenses

Compensation is tracking at 5% less than FY2019. If that maintains, the year end for FY2020 will be lower than projected.

Contracted Labor/Professional Services is inflated due to pending and imminent litigation identified by General Counsel.

Supplies expense is inflated for the comparison time period however, implemented cost saving measures will drive expenses down for the remainder of the fiscal year.

Maintenance and Repairs and Utilities expenses are tracking down by 10% compared to FY2019 and are expected to be less than approved budget. Among other savings in this reporting category, utilities are down due to campus closure.

FY2019 to FY2020 Single Month Comparison #3
This report presents the results for the month of April for the current and previous fiscal year.

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

The variance in Sales and Service are representative of event cancellations. Those from Other revenue are representative of campus closure due to COVID-19.

Information and Communications expenses are up compared to fiscal year 2019 due to approved spend, for marketing efforts.

All other expense categories are down due to campus closure and implemented cost saving measures.

BOARD RESOLUTION REQUESTED: For information only