WRIGHT STATE UNIVERSITY

Finance, Audit, Governance, and Compliance
COMMITTEE
February 18, 2021
MEETING DATE

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

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

FY2020 to FY2021 Actual Comparison #2

We are now half way through the fiscal year and the timing of this report enables an updated presentation of major revenue and expense categories.

Tuition and Fees are the primary source of revenue for the University. For all the reasons discussed in prior meetings the adopted budget was conservative in approach and assumed a twenty two percent decline in enrollment based on data fourteen weeks prior to the start of Fall 2020. The decline in enrollment for Fall 2020 was closer to eleven percent resulting in the tuition and fee revenue being adjusted upward by 6M in the September 2020 report to this committee.

The decline in Spring 2021 enrollment continues but is closer to thirteen percent and the resulting upward adjustment of 6.2M in tuition and fee revenue is reflected in the current report.

Overall, tuition and fee revenue for the year is currently performing 12.2M better than budget. However, it remains a matter of significant concern that anticipated tuition and fee revenue for FY 2021 is 12.2M below actual for FY 2020.

Summarized below are the trends in enrollment and tuition and fee revenue for FY 2017 through FY 2021.

Fiscal Year	*2017*	*2018*	*2019*	*2020*	*2021 Estimate*
Enrollment Change (Fall term, year on year)	*-1.6%*	*-3.7%*	*-9.0%*	*-11.7%*	*-11.4%*
Tuition and Fee Change	*-$7.0M -3.6%*	*-$14.1M -7.5%*	*-$10.5M -6.0%*	*-$13.2M -8.1%*	*-$12.2M -8.1%*

State Appropriations are the second largest source of revenue for the University. Initial guidance provided by the Ohio Department of Higher Education (ODHE) highlighted a 20% reduction in state support. guidance was adjusted to a four and a half percent reduction in July which reflected an upward adjustment of 12.8M in the September 2020 report.SSI has now been fully restored based upon the most recent news from the State That news results in a further upward adjustment of 4M in this report.

Overall, anticipated State appropriations are 16.9M above budget.

Facilities and Administrative (F&A) revenue has been revised upward by 0.5M relative to budget in this report.

Sales and Service, and Gifts and Contributions and Other revenues were revised downward as events were postponed, cancelled or held virtually. A reduction of 5.2M to anticipated revenue was reported at the October meeting. These revenues have been further adjusted downward by 0.8M in this report. Overall, these revenue categories are estimated at 6M lower than originally anticipated.

Revisions to these estimates above have a cumulative effect of an increase of 9.9M to revenues relative to the previous report.

Of significant note, is that Interest Income is anticipated to be 7.245M higher than previously reported, primarily as a result of a substantial increase in the market value of one of the private equity investments held by the University. The unrealized gain in market value is reflected as interest income and is subject to market volatility and should not be relied on as a source of consistent income for operating expenditures.

The combined impact of incorporating new information through December 31, 2020 is an increase of 17.2M in anticipated total revenue relative to the estimate presented previously.

Overall, total revenues are estimated at 30.9M higher than budget.

As reported previously to this committee, no changes were made in prior reports to anticipated expenditures for FY 2021. With the completion of the first half of the fiscal year, changes have been made to anticipated expenditures and are being reported accordingly.

Compensation is anticipated to be 4.4M below budget as a result of attrition and paused position searches. An additional reduction of 1.4M in compensation is attributable to using CARES Act funds resulting in a reported downward revision of 5.4M.

Contracted Labor/Professional Services are estimated to be 0.4M above budget.

The Supplies line item was initially set higher than baseline to account for uncertainty regarding the need for typically unbudgeted COVID related expenses not covered by relief funds. The use of relief funds for eligible COVID related expenditures combined with a lower need for typical supplies during remote operations result in downward revision of 3M to this category.

The continuation of the impact of COVID on Travel and Events is reflected in the downward revision of this category by 0.6M.

The downward revision of 2M to Maintenance, Repairs, and Utilities is primarily the result of a lower spend on utilities for the current fiscal year.

Scholarships and Fellowships are anticipated to be 3M below budget. The decline in overall enrollment and especially new student and international enrollment is resulting in a downward revision. Further, the impact of remote operations has led to a decline in the need for graduate assistants in several units.

The university wide focus on critical expenditures and operating in a remote environment is further reflected in an anticipated decline of 1.5M to Other Expenses. The sale of a leased property is accounted for by a reduction of 3M to this line item. Further, the use of CARES funds to reimburse the University for eligible expenditures beginning March 2020 is accounted for by an additional reduction of 4.4M to this line item. While the actual decline in expenditures is 1.5M, the reported decline to this category is 8.9M.

The reduction of expenditures by 14.2M relative to budget combined with the impact of the sale of the leased property and reimbursements from CARES funds is reflected as a 23M decline in total expenditures.

The One-Time Impacts section of this reports lists the unique events impacting the operating budget. The three unique but significant events are the sale of a leased property, use of CARES Act funds to reimburse the University for eligible expenses beginning March 2020, and the significant unrealized gain in market value of a private equity and other investments. This is a combined positive impact of 16.1M to the bottom line.

FY2021 Anticipated Year End #3

This report tracks changes to Anticipated Year End estimates of unrestricted general and auxiliary operating revenue and expenses for fiscal year 2021.

FY2020 to FY2021 Actual Comparison #4

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.

Revenue

Tuition and Fees and State Appropriations are tracking higher compared to FY2020 as actuals will come in higher than originally budgeted.

Sales and Service and Other revenues are down as expected with the update to anticipated year end amounts.

Interest Income was removed from the base budget and will fluctuate throughout the fiscal year reflecting actual market conditions. As previously discussed, unrealized gains from private equity and other investments has resulted in one-time revenue of 7.2M.

Expenses

Most expenses are tracking lower in FY2021 due to support from the university community as we continue to focus on critical expenditures.

FY2020 to FY2021 Single Month Comparison #5

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

The variance in Tuition and Fees revenue is further indication of late registrations.

The difference in Sales and Service and Other Revenues are representative of the current environment.

Spending was down overall in December compared to the prior fiscal year. While expenditures are up in Information and Communications for marketing, there were CARES Act reimbursements for eligible expenses in this category creating a positive variance.