

Budget Planning Council Meeting Agenda

June 3, 2020 • 11:00 am – 1:00 pm
TEAMS Meeting

1. OU Budget Challenges: Contributing Factors PPT – John Day
2. Enrollment Update – Candance Boeninger
3. Questions: FY21 Budget Development

Future Topics:

Date	Discussion Topics	Presenter
June 10, 2020	CIP Update & OU Budget Challenges	Steve Wood & John Day
June 17, 2020	June Update: FY21 Budget & Operating Reserves	Katie, John, Deb

Budget Planning Council (BPC) Meeting Notes
June 3, 2020 11:00 AM – 1:00 PM
TEAMS Meeting

BPC Members in Attendance: Deb Shaffer, Elizabeth Sayrs, Amanda Graham, Robin Muhammad, Tim Epley, Florenz Plassmann, Andrew Fodor, Sara Helfrich, Jason Pina, Dale Masel, Janie Peterson, Kaelyn Ferris, Susan Williams, Jayden McAdams, Matthew Shaftel

BPC Members Absent: Austin McClain, Randy Leite

Non-voting Members: Katie Hensel, Chad Mitchell, John Day, Jim Sabin, Dawn Weiser, Cary Frith, Candace Boeninger, Tanner Jarman, Jennifer Cox, Jennifer Kirksey, Rosanna Howard, Richard Danylo, Shelley Ruff

Analysis of Budget Challenges and Contributing Factors – John D

- John's ppt for today originated back in January for use in Dean's meetings and other conversations related to understanding how current budget challenges have evolved and has been updated throughout the spring – it provides a synopsis of the issues and factors that led to the pre-COVID FY21 budget challenges; it covers the last several years of trends which have built-up, now compounded by COVID pandemic
- Enrollments are a huge driver –
 - Athens UG is major factor; 1990->2016 was steady growth; 2017 begins a precipitous decline
 - Thru 2016, slight downturns were able to be corrected through enrollment management actions
 - 2016 -> Fall 2019 UG decline of 11%, Fall 2019 enrollments are back to 2000 levels and the past reversal trend is not occurring
 - Freshmen class decline has been 17% over same period
 - On-Campus Graduate enrollments, typically full-time students, have been steady with some recent decrease but most are not fee-paying so enrollment depends mostly on the number of assistantships
 - Off-Campus Graduate are typically part-time students; net revenue impacts of their enrollments are less; many programs are revenue sharing with program vendors, low non-resident fees, The revenues for these programs are not equivalent to offset the loss in traditional graduate programs
 - eCAM Undergraduate Enrollments – mostly RN-to-BSN; there were high enrollments in Ohio in the beginning for those needing the new required credential; however, that in-state backlog is now mostly through the pipeline and this program has shifted to attracting non-resident students, which equates to lower profits due to the decreased tuition to compete, combined with the loss of state subsidy for these students. Additionally, these students earn degrees faster than other students, leading to lower revenue per degree conferred than in most other programs.
- Freshmen Enrollments
 - Demographic changes over the years with fewer high school (HS) graduates in Ohio from 2011 through today, with the exception of 2016 and 2018, so the overall pie is smaller – many factors have contributed to a declining ratio of available HS graduates (those attending a 4-year public university)
 - As this decline in HS graduates has been occurring, OHIO had actually picked up more than its traditional share of in-state freshmen
 - BUT while OHIO was enjoying success in the recent past, our peers responded with effective marketing and scholarship campaigns to compete, they garnered freshmen and have been successful at reducing our share
 - Our market position in the state has been declining, indicating a need to revisit OHIO's enrollment strategies and marketing initiatives. By Fall 2019, market share for OHIO had

dropped back down closer to past levels; the new marketing branding initiatives will not have immediate impact so lower enrollment trends will likely continue

- The maturity of the all-in OHIO Guarantee versus the guarantees introduced by our IUC peers at later dates, which were not required and do not include all fees, makes it appear that OHIO is a more expensive option; explaining to parents involves complicated comparisons and messaging and it is likely hurting OHIO since cost is such an important issue to families. In addition, the room and meal plan rate options that OHIO displayed sometimes resulted in OHIO's cost appearing less favorably.
- Other contributors to decline in enrollments have been the larger upper-class student cohorts graduating and being replaced with smaller incoming cohorts, OHIO's success increasing the 4-year graduation rates, freshmen are coming in with credits from CC+ of up to 1-year worth of credit, etc.
- UG enrollments and credit hour production trends by college were shared; the charts reflect varying impacts across those colleges; graduate enrollments stats across colleges were also shared and have similar variability
- Projecting enrollments is additionally confounded by the introduction of the Common App several years back when applications went up significantly from around 20,000 to over 26,000; the impact of these applications on enrollments is not consistent with past yield experience
 - Consultants have been engaged to assist with scholarship leveraging strategies which have helped to stem the decline at best
 - Competition, marketing, pricing, scholarship aid are all factors in the decline
 - Enrollments are declining nationally for similar traditional residential programs
 - OHIO offers a rural, residential experience at a higher cost in comparison to our peers who are in larger cities, often closer to home and, in some cases, supporting larger commuter populations
- Faculty and staff were added in the colleges during the enrollment growth years; the continued decline in enrollments requires a closer look at college staffing levels and a need to reduce
 - Revenues from tuition and SSI are declining with little to no opportunity for growth
 - Net revenues have also been impacted by growing scholarship aid and payments to vendors for graduate off-campus programs
 - In the past, the Board approved the use of reserves for bridging to successful enrollment and program growth; those growth projections have not been met and reserve usage cannot be a long-term bridging option
 - OHIO's largest expense is personnel – salary and benefits grow each year due to inflationary pressures greater than traditional CPI
- The system is unsustainable and demands dramatic cost changes
 - Expense inflation is beyond revenue growth options
 - Must change business model to return to sustainability
 - People intensive operation – salary and benefits are largest expense category

Discussion:

- *What are the best take-aways from this presentation – how to get info to the community and campus audience?*
 - Enrollment curve shows no revenue growth potential
 - Inflationary expenses exceed revenue opportunity
- *Are there ways to avoid student attrition? UC has been successful it seems...what can we do right now to avoid further erosion of our enrollments?*
 - Current UCM efforts are aimed at helping with messaging and branding
 - Right-sizing faculty - attrition and buy-outs have happened but more needed; what size institution does OHIO want to be and what size should OHIO be
 - OHIO's discount rate has not kept up with our competitors and they have been enticing enrollments by undercutting; but additional scholarship leveraging reduces net revenues if not successful in growing enrollments

- OHIO is holding tuition for Fall 2020 cohort at Fall 2019 rates while our state peers are increasing tuition; we might realize gain in enrollments with some corresponding targeted marketing
- John will be following this presentation with a staffing review for next week's BPC

Enrollment Update – Candace

- Candace's last review looked at the May 13 scenarios for Fall Freshmen, reviewed the upcoming milestones and the pandemic impacts on extending those milestone dates
- Confirmation data informing the May 13 scenario showed up to 20% decrease in confirmed students for the freshman class, but the extension of the May 1 'decision' deadline was an unknown factor as far as its impacts on family decisions
 - June 1 deadline has passed and as of June 3 commitments reflect an 8.9% decline over last year and a 6.2% decline from the 3724 goal
- Milestones still tracking - BSO starts today; signups are down 20% but the move to virtual BSO has had impacts that are not fully understood, and later deposits may be delayed in that step; other indicators are being analyzed but very difficult to project an outcome at this point
- Market share to IUC peers OSU, UC, Miami → the # of student admits that OHIO loses to these 3 competitors is significant
 - OSU is up in freshmen confirmations for Fall 2020 – projecting 8,600 which is around 1,000 more than anticipated; not only are they up in confirms, they are maintaining wait lists for both in- and out-of-state; possibility that their in-state percentage may move from 2/3rd of in-state freshmen to 3/4th in-state, which will have trickle-down impacts to the balance remaining for the other IUC schools. Last year, more than 16% of OSU's freshman class was comprised of students also admitted to OHIO.
 - The May 13 scenarios have been amended for two varying assumptions regarding the UC and OSU peer impact on OHIO new freshman – Scenario C1 is viewed as most appropriate for now, even though it factors in a 19.5% loss due to current deposit melt, which would be anomalous; that scenario results in 73% realization of the enrollment goal
- Candace is hoping that as the Fall 2020 cycle continues through the Summer and into Fall there may be more positive news
- RHE is modeling 4 scenarios – 6%-20% declines in UG FTE over prior year in those 4 scenarios; currently planning at scenario B which projects 8% decline and looking at actuals to see what adjustments might need to be made as the summer goes on. Regional students also experienced delays in action during COVID.
- eCampus UG – Candace will share EduVentures report with BPC members (linked from slide) about how adult enrollments perform during downturns; this pandemic downturn, both public health and economic in nature, may not act like traditional economic downturns; current planning for RHE at 'neutral'; could possibly be a little pessimistic versus other downturns
- On-campus Graduate enrollments will be impacted by international enrollments, but the budget impact of those fewer enrollments may depend on the cost associated with planned stipends that wouldn't happen if the student doesn't enroll
- Graduate Online – analyzing college projections in revenue growth and the basis for projecting growth; if no sound assumptions, those projections will be reduced
- Next Steps
 - SEEC meeting weekly and that information is being synched with budget planning where reasonable
 - BSO will result in students putting courses on their schedules and enrollment impact will become more concrete as those dates conclude
 - Candace will be analyzing impacts of enrollment shifts and why those shifts are occurring – other impacts such as 2020 graduation rates, retention, CC+ transfer trends, etc.
- FY21 scholarship budget will start to firm up as enrollments solidify

Next meetings: Wednesdays, 11am-1pm – June 10, June 17