Update on Financial Analysis for the University Governance Task Force

DRAFT Report
Presented on
December 10, 2013
Historical Trends

Cost Per Degree

- EOU
- OUS Average
Historical Trends

Cost of Instruction--Lower and Upper Division

- EOU LD
- OUS LD
- EOU UD
- OUS UD
Historical Trends

Revenue Per Student

- Tuition
- State Investment
- Total Revenue

Tuition and State Investment show a downward trend from 2008 to 2012, while Total Revenue also sees a decline but remains relatively stable compared to Tuition and State Investment.
Historical Trends

Annual FTE

![Graph showing historical trends in annual FTE over a seven-year period, with a steady increase from year 1 to year 5, followed by a plateau.]
Historical Trends

EOU Graduates


680  700  720  740  760  780  800  820  840  860  880
Financial Sustainability Action Plans

- Use of Delaware Data Set for cost structures
- Narrowing of academic programmatic offerings
- Low Enrolled Course Policy
- Increasing capacity through restructuring of release time practices
- Revamping of adjunct and overload salary structures
- Out of region students and on-line growth
Financial Plans Moving Forward

**Major and Key Assumptions:**

- **Enrollment Growth:** In projecting revenues, we are approaching this very conservatively and utilized the OUS data
  - (NOTE: we have prepared multiple scenarios from -6% to 6%)
- **Under Graduate Resident Tuition Increases:** no increase for FY14, 3% increase for FY15 and beyond
- **Salary Increases:** reasonable increases based on past CBA’s and fiscal condition
  - (NOTE: we are in negotiations and do not presume any set outcome)
- **S&S budgets:** increased by inflation in FY 14; increased by 4% following years
Financial Plans Moving Forward

• Impacts of personnel budget reductions: minimum one year lag time due to CBA implementation schedule
• Investments in strategic academic programs based on multiple factors
• On-going implementation of reduction of adjuncts based on increased capacity policies
• Staff investment in FY 16 and FY 17
## Net Change to Fund Balance

<table>
<thead>
<tr>
<th></th>
<th>FY 13</th>
<th>FY14</th>
<th>FY15</th>
<th>FY16</th>
<th>FY17</th>
<th>FY18</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Revenues</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FY 13 Actual</td>
<td>$34,201</td>
<td>$33,769</td>
<td>$34,926</td>
<td>$35,870</td>
<td>$36,843</td>
<td>$37,847</td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FY 13</td>
<td>$36,392</td>
<td>$34,947</td>
<td>$34,402</td>
<td>$33,334</td>
<td>$35,056</td>
<td>$37,274</td>
</tr>
<tr>
<td><strong>Net Change</strong></td>
<td>($2,191)</td>
<td>($1,178)</td>
<td>$524</td>
<td>$2,535</td>
<td>$1,787</td>
<td>$572</td>
</tr>
<tr>
<td><strong>Fund Balance</strong></td>
<td>$535</td>
<td>($643)</td>
<td>($119)</td>
<td>$2,416</td>
<td>$4,204</td>
<td>$4776</td>
</tr>
<tr>
<td><strong>FB %</strong></td>
<td>1.6%</td>
<td>-1.9%</td>
<td>-0.3%</td>
<td>6.7%</td>
<td>11.4%</td>
<td>12.6%</td>
</tr>
</tbody>
</table>

Note: Significant portion of the Fund Balance decline in FY 13 is due to the AR adjustment.
Financial Impacts of Governance

- No model “Guarantees” fiscal sustainability and none are “free”
- Marginal costs Analysis:
  - Cost differentials between models are nominal
  - TRU Memorandum for Shared Services
Fiscal Focus for Governing Board

- Insights for new, or enhanced, revenue opportunities
  - Fundraising, new programs, etc.
  - Representation to the HECC, etc.
- As EOU “can not be all things to all people” which structure is best aligned to assist in determining:
  - How best to distinguish EOU
  - Areas/programs to excel/invest
  - Where, and how, to compete most effectively
  - Risk assessment of fiscal/financial decisions
- Ensure programmatic efforts meet regional economic needs and statewide goals (40-40-20)
Role of Affiliated Model

- Multiple discussions with OSU and Ed Ray
  - “No dowry”
  - Potential for reasonable control over mission
  - Potential for program collaboration
  - Costs associated with governance will be shared
  - AGB Report:
    - Ambiguity over accountability and roles
    - Loss of autonomy

- Support of the model:
  - Some faculty support, others are very concerned
  - Student and community support is non-existent
Update on Financial Analysis for the University Governance Task Force

DRAFT Report
Presented on
December 10, 2013
## Revenues

<table>
<thead>
<tr>
<th></th>
<th>FY 13 Actual</th>
<th>FY14</th>
<th>FY15</th>
<th>FY16</th>
<th>FY17</th>
<th>FY18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Tuition</td>
<td>$18,981</td>
<td>$18,558</td>
<td>$19,116</td>
<td>$19,604</td>
<td>$20,108</td>
<td>$20,628</td>
</tr>
<tr>
<td>State Allocation</td>
<td>$14,101</td>
<td>$14,517</td>
<td>$15,112</td>
<td>$15,566</td>
<td>$16,033</td>
<td>$16,513</td>
</tr>
<tr>
<td>Other</td>
<td>$532</td>
<td>$535</td>
<td>$537</td>
<td>$540</td>
<td>$543</td>
<td>$545</td>
</tr>
<tr>
<td>Total Revenues</td>
<td>$34,201</td>
<td>$33,769</td>
<td>$34,926</td>
<td>$35,870</td>
<td>$36,843</td>
<td>$37,847</td>
</tr>
</tbody>
</table>
## Expenses

<table>
<thead>
<tr>
<th></th>
<th>FY 13 Actual</th>
<th>FY14</th>
<th>FY15</th>
<th>FY16</th>
<th>FY17</th>
<th>FY18</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Personnel</strong></td>
<td>$29,758</td>
<td>$29,321</td>
<td>$28,663</td>
<td>$27,452</td>
<td>$28,938</td>
<td>$30,851</td>
</tr>
<tr>
<td><strong>S&amp;S</strong></td>
<td>$6,227</td>
<td>$5,211</td>
<td>$5,315</td>
<td>$5,448</td>
<td>$5,666</td>
<td>$5,949</td>
</tr>
<tr>
<td><strong>Capital</strong></td>
<td>$407</td>
<td>$415</td>
<td>$423</td>
<td>$434</td>
<td>$451</td>
<td>$474</td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td>$36,392</td>
<td>$34,947</td>
<td>$34,402</td>
<td>$33,334</td>
<td>$35,056</td>
<td>$37,274</td>
</tr>
</tbody>
</table>