

Fiscal Year
2021-22

System Sustainability Plan Update Mid-Year Sustainability Progress Summary Due: February 22, 2022

University: **Kutztown University, Plan Level 1**

Enrollment Projections; Actuals (Fall/Spring Freeze Dates)—Update new "Charts for Sustainability" tab in CPP template with revised 2021-22 and 2022-23 data; copy table here.

| | FY 2019-20 | FY 2020-21 | % Change from Prior Year | Original FY 2021-22 Projections* | % Change from Prior Year | Revised FY 2021-22 Projections | % Change from Prior Year | Original FY 2022-23 Projections* | % Change from Prior Year | Revised FY 2022-23 Projections | % Change from Prior Year |
|--|-----------------|-----------------|--------------------------|----------------------------------|--------------------------|--------------------------------|--------------------------|----------------------------------|--------------------------|--------------------------------|--------------------------|
| Actual Freeze | | | | | | | | | | | |
| Fall FTE Enrollment | | | | | | | | | | | |
| Undergraduate | 6,609.80 | 6,410.73 | -3.0% | 6,169.20 | -3.8% | 6,114.67 | -4.6% | 6,150.73 | -0.3% | 6,114.67 | 0.0% |
| Graduate | 520.50 | 500.08 | -3.9% | 493.25 | -1.4% | 491.92 | -1.6% | 494.50 | 0.3% | 491.92 | 0.0% |
| Total Fall FTE Enrollment | 7,130.30 | 6,910.81 | -3.1% | 6,662.45 | -3.6% | 6,606.59 | -4.4% | 6,645.23 | -0.3% | 6,606.59 | 0.0% |
| Projected | | | | | | | | | | | |
| Annualized FTE Enrollment | | | | | | | | | | | |
| Undergraduate (includes clock hour) | 6,604.27 | 6,376.07 | -3.5% | 6,212.98 | -2.6% | 6,081.83 | -4.6% | 6,212.98 | 0.0% | 6,081.83 | 0.0% |
| Graduate | 655.33 | 666.59 | 1.7% | 686.26 | 3.0% | 643.75 | -3.4% | 686.26 | 0.0% | 643.75 | 0.0% |
| Total Annualized FTE Enrollment | 7,259.60 | 7,042.66 | -3.0% | 6,899.24 | -2.0% | 6,725.58 | -4.5% | 6,899.24 | 0.0% | 6,725.58 | 0.0% |

*Submitted September 2021

Personnel Projections and Actuals (Fall)—Update new "Charts for Sustainability" tab in CPP template with revised 2021-22 and 2022-23 data; copy table here.

| | FY 2019-20 | FY 2020-21 | % Change from Prior Year | Original FY 2021-22 Projections* | % Change from Prior Year | Revised FY 2021-22 Projections | % Change from Prior Year | Original FY 2022-23 Projections* | % Change from Prior Year | Revised FY 2022-23 Projections | % Change from Prior Year |
|--|---------------|---------------|--------------------------|----------------------------------|--------------------------|--------------------------------|--------------------------|----------------------------------|--------------------------|--------------------------------|--------------------------|
| Fall FTE Faculty, net of shared faculty | 428.21 | 397.94 | -7.1% | 375.59 | -5.6% | 376.11 | -5.5% | 344.75 | -8.2% | 359.11 | -4.5% |
| Annualized Unrestricted FTE Faculty, net of turnover | 425.58 | 394.51 | -7.3% | 373.00 | -5.5% | 376.48 | -4.6% | 344.75 | -7.6% | 359.11 | -4.6% |
| Annualized Unrestricted FTE Nonfaculty, net of turnover | 440.57 | 417.06 | -5.3% | 405.65 | -2.7% | 404.13 | -3.1% | 408.88 | 0.8% | 404.13 | 0.0% |
| Fall FTE Student/Fall FTE Faculty Ratio | 16.7 | 17.4 | | 17.7 | | 17.6 | | 19.3 | | 18.4 | |

*Submitted September 2021

Unrestricted Financial Projections—Update new "Charts for Sustainability" tab in CPP template with revised 2021-22 and 2022-23 data; copy table here.

| | FY 2019-20 | FY 2020-21 | % Change from Prior Year | Original FY 2021-22 Projections* | % Change from Prior Year | Revised FY 2021-22 Projections | % Change from Prior Year | Original FY 2022-23 Projections* | % Change from Prior Year | Revised FY 2022-23 Projections | % Change from Prior Year |
|---|--------------------|---------------------|--------------------------|----------------------------------|--------------------------|--------------------------------|--------------------------|----------------------------------|--------------------------|--------------------------------|--------------------------|
| Total E&G Budget | | | | | | | | | | | |
| Total Revenues | \$125,118,641 | \$122,592,938 | -2.0% | \$124,425,302 | 1.5% | \$123,879,732 | 1.0% | \$120,967,669 | -2.8% | \$119,659,765 | -3.4% |
| Total Expenditures and Transfers to Plant Funds | 121,793,262 | 121,833,109 | 0.0% | 120,969,370 | -0.7% | 120,423,800 | -1.2% | 120,967,669 | 0.0% | 119,659,765 | -0.6% |
| Revenues Less Expenditures/Transfers to/(from) Plant Funds | \$3,325,379 | \$759,829 | -77.2% | \$3,455,932 | 354.8% | \$3,455,932 | 354.8% | \$0 | -100.0% | \$0 | n/a |
| Surplus/(Deficit)—Excludes Transfers to/(from) Plant Funds | \$2,732,419 | \$523,824 | | \$3,535,389 | | \$3,535,389 | | \$435,669 | | \$435,669 | |
| Use of Supplemental Resources for One-Time Needs/ Strategic Initiatives | \$0 | \$0 | | \$0 | | \$0 | | \$0 | | \$0 | |
| One-Time COVID Funds (revenue recognition adjustment) | n/a | \$3,455,932 | | (\$3,455,932) | | (\$3,455,932) | | n/a | | n/a | |
| Supplemental Resources/Adjustments Less Expenditures & Transfers | \$3,325,379 | \$4,215,761 | | \$0 | | \$0 | | \$0 | | \$0 | |
| Use of Supplemental Resources for Operations (to Balance Budget) | \$0 | \$0 | | \$0 | | \$0 | | \$0 | | \$0 | |
| Total Auxiliary Budget | | | | | | | | | | | |
| Total Revenues | \$34,587,281 | \$31,397,612 | -9.2% | \$45,591,566 | 45.2% | \$44,991,566 | 43.3% | \$42,678,542 | -6.4% | \$41,840,310 | -7.0% |
| Total Expenditures and Transfers to Plant Funds | 35,415,052 | 30,558,479 | -13.7% | 39,291,112 | 28.6% | 38,691,112 | 26.6% | 42,678,542 | 8.6% | 41,840,310 | 8.1% |
| Revenues Less Expenditures/Transfers to/(from) Plant Funds | (\$827,771) | \$839,133 | n/a | \$6,300,454 | 650.8% | \$6,300,454 | 650.8% | \$0 | -100.0% | \$0 | n/a |
| Surplus/(Deficit)—Excludes Transfers to/(from) Plant Funds | \$2,731,197 | \$1,781,422 | | \$10,702,639 | | \$10,676,639 | | \$5,524,343 | | \$2,955,219 | |
| Use of Supplemental Resources for One-Time Needs/ Strategic Initiatives | \$0 | \$0 | | \$0 | | \$0 | | \$0 | | \$0 | |
| One-Time COVID Funds (revenue recognition adjustment) | n/a | \$6,300,454 | | (\$6,300,454) | | (\$6,300,454) | | n/a | | n/a | |
| Supplemental Resources/Adjustments Less Expenditures & Transfers | (\$827,771) | \$7,139,587 | | \$0 | | \$0 | | \$0 | | \$0 | |
| Use of Supplemental Resources for Operations (to Balance Budget) | \$0 | \$0 | | \$0 | | \$0 | | \$0 | | \$0 | |
| Total Unrestricted (E&G and Auxiliary) Budget | | | | | | | | | | | |
| Total Revenues | \$159,705,922 | \$153,990,550 | -3.6% | \$170,016,868 | 10.4% | \$168,871,298 | 9.7% | \$163,646,211 | -3.7% | \$161,500,075 | -4.4% |
| Total Expenditures and Transfers to Plant Funds | 157,208,314 | 152,391,588 | -3.1% | 160,260,482 | 5.2% | 159,114,912 | 4.4% | 163,646,211 | 2.1% | 161,500,075 | 1.5% |
| Revenues Less Expenditures/Transfers to/(from) Plant Funds | \$2,497,608 | \$1,598,962 | -36.0% | \$9,756,386 | 510.2% | \$9,756,386 | 510.2% | \$0 | -100.0% | \$0 | n/a |
| Surplus/(Deficit)—Excludes Transfers to/(from) Plant Funds | \$5,463,616 | \$2,305,246 | | \$14,238,028 | | \$14,212,028 | | \$5,960,012 | | \$3,390,888 | |
| Use of Supplemental Resources for One-Time Needs/ Strategic Initiatives | \$0 | \$0 | | \$0 | | \$0 | | \$0 | | \$0 | |
| One-Time COVID Funds (revenue recognition adjustment) | \$0 | \$9,756,386 | | (\$9,756,386) | | (\$9,756,386) | | \$0 | | \$0 | |
| Supplemental Resources/Adjustments Less Expenditures & Transfers | \$2,497,608 | \$11,355,348 | | \$0 | | \$0 | | \$0 | | \$0 | |
| Use of Supplemental Resources for Operations (to Balance Budget) | \$0 | \$0 | | \$0 | | \$0 | | \$0 | | \$0 | |

*Submitted September 2021

Reviewer Comments

(To be completed by CAOs/CFOs after February 22, 2022)

In the first CPP review process, Kutztown laid out its strategies to stop its reliance on institutional one-time funds; its leadership should be commended for the success in its efforts to do so. The revised FY 2021-22 data suggests the university will end with an even better positive financial performance than originally estimated. Revised estimates for FY 2022-23 are built upon level enrollment (even though trends reflect annual enrollment declines). Is this a realistic enrollment assumption? Also, although FY 2022-23 reflects declining faculty complement, it is projected at 15 FTE more than included in the September estimate. (CUP) Yes, interested in learning more about the increase of 15 FTE in faculty complement. (ESU) Same here (CU) (SL)

KU: Thanks for the positive feedback. As reflected in the above chart, we have made difficult decisions over the past two years to reduce our workforce by 85 FTE which have allowed us to keep our expenses in line with our annual revenues. We believe our projected enrollment for FY 22-23 is quite realistic. We are currently tracking well ahead on freshmen deposits compared to the previous two years, we have improved our retention rate significantly over the past few years, and we continue to invest aggressively in student aid.

We have reduced our faculty FTE by 52 over the past two years and plan to reduce that number by another 17 for Fall 2022. This is a change from our original projection, which called for a reduction of 30 for Fall 2022, but please don't confuse this for an increase as suggested above. We continue to reduce our faculty FTE each year in a prudent fashion, through tenure track retirements and reductions to the limited number of temporary faculty we employ. We have improved our student to faculty ratio from 16.7 to a projected 18.4 in Fall 2022. We plan to further reduce our faculty moving forward but realized that the original projection of 30 in one year was a bit optimistic considering our planned course offerings and required number of sections needed to meet our students' needs, as well as our current complement of tenured and tenure-track faculty. By putting forward a more realistic reduction target, we were able to make changes in other areas and ensure that our budget remains balanced without the use of cash reserves.

Original projections included a significant investment in university funded scholarships but the trend shows enrollment declines and level enrollment for FY 2022-23. (ESU) (SL)

KU: The trend of declining enrollment displayed in the above chart is for overall enrollment. We continue to invest in university funded scholarships to the tune of about \$3 million per year for each incoming class of new students. Fiscal year 2022-23 will be our 3rd year using this financial aid optimization model which will max out at \$12 million total in fiscal year 2023-24. This strategy is not without risk, but we have seen increases in first-year students the past two years and smaller overall enrollment declines than some of our peer institutions, and we have continued to balance our budget during this time frame. We believe this approach has reduced student debt, improved retention, and will help us hit our first-year student target of 1,600.

What impact has this aggressive use of scholarships had on your revenue per student? (SL)

KU: On average, our financial aid optimization strategy is reducing our revenue per student by about \$2,000, but we have increased our freshmen class since engaging RNL and driven overall net revenue. Prior to implementing the model, our freshmen class had dropped to below 1,400 (Fall 2019). Since implementing the strategy, we have seen consecutive classes of around 1,500 even during challenging times including a pandemic. We are on pace to bring in a freshmen class of 1,600 for Fall 2022, which is our enrollment target, and a 15% improvement over Fall 2019, the final year prior to implementing the strategy.

The University appears to be adjusting well to enrollment challenges. Budgets are decreased in outyears accordingly and ratios and the overall financial position improves. The University seems to be making significant strides toward increased sustainability, with unrestricted net assets increasing. (WCU).

Overall Ranking (to reflect joint voting process – TBD):

Key: Exceeds Expectations Meets Expectations Partially Meets Expectations Does Not Meet Expectations

CAO/CFO Recommendations – To reflect joint voting process (TBD)