

**Comprehensive Planning Narrative
Kutztown University of Pennsylvania**

As Submitted

May 22, 2024



Signature, President



Signature, Chief Academic Officer



Signature, Chief Financial Officer

Executive Summary

Please insert the Executive Summary chart from the CPP Excel file. Provide a brief (one page) narrative describing the university's financial projections and how the university will achieve at a minimum a balanced operating result and at least demonstrate progress toward meeting the minimum student/faculty ratio. Items in red must have an explanation detailing the university's strategies to address the negative trends.

University budget projections should be balanced annually, without the use of reserves, and demonstrate fulfillment of progress towards meeting the associated minimum fall student/faculty ratio during the projection period. Universities should also outline how they are stabilizing reserve levels against the 40% goal associated with university financial sustainability ratios.

Universities that received university-specific communications from the chancellor for the fall 2023 summarized Comprehensive Planning Process (CPP) submission must address those items in this Executive Summary.

Executive Summary

	(\$ in Millions)								
	Actual	Reforecast	Projected						
	Goal	FY 2022-23	FY 2023-24	FY 2024-25	% Change	FY 2025-26	% Change	FY 2026-27	% Change
Revenues and Use of Supplemental Resources/Adjustments Less Expenditures & Transfers		\$1.6	\$0.0	\$0.0	0.0%	\$0.00	0.0%	\$0.0	0.0%
Total Estimated Unrestricted Net Assets		\$75.5	\$85.0	\$87.8	3.3%	\$83.5	-4.9%	\$79.6	-4.6%
Total Estimated End of Year Cash Balance		\$93.0	\$102.5	\$105.3	2.8%	\$101.0	-4.1%	\$97.2	-3.8%
Annualized FTE Enrollment		6,648.05	6,875.20	6,875.20	0.0%	6,875.20	0.0%	6,875.20	0.0%
Fall FTE Student/Fall FTE Faculty Ratio	19.4	17.8	18.6	18.7		19.0		19.3	
Net Tuition Revenue per FTE Student*		\$6,092	\$6,276	\$6,255	-0.3%	\$6,318	1.0%	\$6,375	0.9%

*Undergraduate academic year tuition revenue less institutional aid/annualized undergraduate FTE enrollment. Note: this estimate may include aid awarded to graduate students.

Kutztown University continues to follow a path to financial sustainability that was originally planned out in the fall of 2019. We have remained focused on three primary goals centered around increasing new enrollment, improving our retention rate, and right sizing our annual operating budget. Our commitment has paid off in the form of tangible results which are validated by improving financial indicators. First, our freshmen enrollment of 1,392 in the fall of 2019 has grown to 1,594 in fall 2023 with a 4-year average of 1,550 which represents a much more sustainable level and closely approaching our annual goal of 1,600. Second, our freshmen cohort retention rate of 74.2% in fall 2019 increased as high as 79.3% in fall 2022 with a 4-year average of 77.3% which is just under our long-term target of 78%. We did see a decline in fall 2023 to 74.8%, but we have many initiatives in place to ensure that is a one year setback rather than the beginning of a trend. Finally, and most impressively, we have paired back our expenses over recent years to more align with our recurring revenues. This hard work helped us move from sustainability plan 2 (orange) to sustainability plan 1 (yellow) in fall 2021. We have continued to improve our financial indicators since that time and were able to attain green results for all three financial indicators in the most recent fiscal year ended June 30, 2023. Our annual operating margin improved from being consistently negative to a positive 2.3%. Our annual primary reserve ratio improved to 41.6% which represents our highest single year result in over 5 years. Our minimum reserves, as measured in days of cash needed to cover expenses, has increased by 60 and now stands at a very healthy 229 days. We have also made great progress by increasing our student-to-faculty ratio from 16.7 in fall 2019 to 18.6 in fall 2023. The next step is to ensure we can maintain these impressive single year results moving into the future.

We anticipate similar financial results for fiscal year 2023-24 as we have benefitted from additional state appropriations, the one-time CSFRF funds, stable enrollment, and modest fee increases. These positive changes should account for approximately \$8.9 million in additional revenue. With more revenue, we are able to cover increases in salaries, benefits, and student financial aid while significantly increasing our unrestricted net assets and cash balances. These funds will be set aside for future years as we address deferred maintenance needs across campus and strategically plan for larger building renovations. Even with the additional revenue and projected positive financial results, we continue to better align our workforce with our student enrollment. We reduced our fall FTE faculty by 9.5 this past fall which helped us improve our student-to-faculty ratio from 17.8 to 18.6 in one year's time. These types of actions will help set us up for success in future years when additional enrollment, higher tuition, and greater appropriations are not guaranteed.

For fiscal year 2024-25, we are projecting a modest increase to total revenues as we benefit from a 7.7% increase to state appropriation (slightly more than the 6.5% allocation to the System) but lose the CSFRF revenue that was spread out over the prior two years. We are anticipating flat enrollment which we believe is attainable after seeing our fall FTE enrollment in the prior year increase by 1.6% representing our first enrollment increase in several years. We have built in modest fee increases to our housing and dining auxiliary operations as previously approved by our Council of Trustees. The financial challenge moving forward is covering the full impact of the recently approved collective bargaining agreements. We will see our salary and benefit costs increase by \$9 million or 8.5% in just one year. Thanks to our prior efforts in right sizing our budget, we are able to weather this storm without having to make drastic reductions. The primary impact will be seen in a smaller transfer to plant and a more modest increase to our net assets and cash balances. This will have less of a short-term impact but may limit our options in future years.

For fiscal years 2025-26 and 2026-27, we are following the System guidance to reflect a more modest 2% increase to state appropriations and no increase to the undergraduate in-state tuition rate. We continue to project flat enrollment which we believe is backed by our substantial investment in student financial aid of \$16 million and supported by the enrollment trends within the counties that represent our primary source of new students. We have built in modest fee increases for our auxiliary operations, but the overall impact only results in a revenue increase of approximately \$2.5 million or 1.5% in the two future years. These conservative assumptions do put a strain on our ability to balance our budget and will require additional cost cutting measures. We have reflected additional reductions to our fall FTE faculty in the amount of 5 FTE per year which we believe we will be able to attain through normal turnover and retirements in lower enrolled academic departments. This action is needed to balance the budget in the out years and will result in a student-to-faculty ratio of 19.3 which is just shy of the System average from 2010. We also see a reduction in our debt principal payments in future years as we continue to pay off old debt that was borrowed to support renovations across campus. In order to address our deferred maintenance needs, we are showing a substantial investment in a future residence hall renovation in the amount of \$20 million spread across these two future years. The impact of those plans would result in a slight decline to our unrestricted net assets and cash balances through 2026-27. These plans are still under consideration but certainly represent an acceptable use of reserves and a clear justification behind the declining balances displayed in the above chart.

As displayed and explained throughout this CPP submission, we believe Kutztown University has shown tremendous progress in improving its financial sustainability as measured by the State System and are confident that we are positioned well to address future challenges. We are committed to a balanced budget without the use of cash reserves and will continue to take the necessary steps on an annual basis to ensure that is achieved.

Part 1: Strategic Goal Narrative

Complete one page for each of the university's top three strategic goals and the strategies used to achieve them in a financially sustainable way, including expected outcomes for specific student populations.

Please note whether the goal item is new or continuing from prior CPP submissions. Continuing goals should describe status against outcomes in the narrative below.

- Enrollment stabilization and/or growth – include anticipated sources of new enrollments as well as improvements in student success (e.g., measured in 1st to 2nd year retention and 4- and/or 6-year graduation rates). Goal should address demographic cliff considerations (refer to demographic and market share supplemental information).
- Diversity, Equity, and Inclusion – include anticipated sources of new enrollments as well as reductions in underrepresented minority (URM) attainment gaps (measured in 1st to 2nd year retention and 4- and/or 6-year graduation rates).
- Sustainability - Address alignment of academic program arrays and resources with enrollment. As applicable, also describe how capacity will be created for investments, deferred maintenance requirements, or other long-term sustainability considerations.

Identifying Strategic Goals Within Major Strategy Categories

Strategy Categories (Check all that apply):		☒ Student Success	☒ Financial Sustainability
☐ New	☐	☒ Affordability	☐ Academic Program Array
☒ Continuing	☒	☒ Diversity/Equity/Inclusion	☐ Workforce
Strategic Goal:		Maintain freshmen enrollment of 1,600 and increase transfer enrollment to 500 by fall 2026, increase graduate enrollment by 1.25% annually, with additional focus on continuing education.	
Strategic Goal(s) description and populations impacted:			
Student recruitment is essential to boosting excellence and enhancing diversity in an institution's student body, as well as a foundation for financial sustainability. The university enrolled 1,595 freshmen in fall 2022 and 1,594 in fall 2023. With the further implementation and refining of our new financial aid awarding processes, we feel confident that we will continue to recruit a freshmen class of 1,600.			
Anticipated/Achieved student success, DEI, or financial sustainability outcomes:			
Since the inception of the CPP, our freshmen enrollment has increased from 1,392 in fall 2019 to 1,594 in the most recent fall 2023 including an all-time high 31% minority students. This sustained improvement is primarily due to our work with RNL in developing a financial aid optimization model that was started in fall 2020.			
New transfer undergraduate student enrollment had been down the past few years, but we were able to realize a 2% increase for fall 2023. We will need to further refine our recruiting and aid strategies to achieve this goal.			
Graduate enrollment has been relatively consistent over the past few years after a significant increase in FY 2019-20.			
Strategy funding and resources:			
This is our fifth consecutive year working with a Strategic Enrollment Management (SEM) Consultant specializing in Financial Aid Optimization. The annual cost for this agreement is \$72,500.			
Current strategy includes an annual investment of \$3.5 million in student financial aid to secure the incoming freshmen/transfer class.			
Multi-campus and Systemwide implications, if applicable:			
This initiative will put KU (as usual) in direct competition with other PASSHE Schools.			
A coordinated effort between PASSHE schools who would accept students who are denied from another PASSHE school would assist in 'keeping' some students in the System instead of them going to other postsecondary schools.			

Identifying Strategic Goals Within Major Strategy Categories

Strategy Categories (Check all that apply):		<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 5%; text-align: center;">X</td> <td style="width: 55%;">Student Success</td> <td style="width: 5%; text-align: center;">X</td> <td style="width: 35%;">Financial Sustainability</td> </tr> <tr> <td style="text-align: center;">X</td> <td>Affordability</td> <td style="text-align: center;">X</td> <td>Academic Program Array</td> </tr> <tr> <td style="text-align: center;">X</td> <td>Diversity/Equity/Inclusion</td> <td></td> <td>Workforce</td> </tr> </table>		X	Student Success	X	Financial Sustainability	X	Affordability	X	Academic Program Array	X	Diversity/Equity/Inclusion		Workforce
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New															
Continuing	X														
Strategic Goal:	Increase freshmen cohort retention rate by 1%, annually, fall 2024-fall 2026, maintain university persistence rate of 68% through fall 2026.														
Strategic Goal(s) description and populations impacted:															
Recognizing the opportunity to enhance retention and completion rates for students, KU will develop and implement additional programs and services designed to encourage student persistence to degree completion.															
Anticipated/Achieved student success, DEI, or financial sustainability outcomes:															
After three consecutive years with our retention rate ranging from 77% to 79%, we experienced a dip to 75% in fall 2023. We continue to refine our retention initiatives and have rolled out an early alert system (Starfish) to help us assist students as they encounter challenges during their transition to college. We are also utilizing the Title III grant funds that we received to engage in activities designed to support our underrepresented student populations and their success. Our persistence rate for fall 2023 was significantly ahead of prior years at 69% primarily due to our efforts to increase our retention rate which peaked at 79% in fall 2022.															
Strategy funding and resources:															
Initiatives will be funded through grant, foundation, and university funds. Additional revenues will be realized as part of increased tuition dollars due to increased overall enrollment.															
Multi-campus and Systemwide implications, if applicable:															
As we increase success at KU, our articulated programs with other PASSHE schools should benefit from additional graduate students. These include: Kutztown University-Lock Haven University articulation agreement (B.S. Psychology/KU leading to M.S. Sport Science/LHU). 3+2 articulation agreement between Kutztown University and East Stroudsburg University (various KU CLAS B.S. and B.A. degrees leading to Master of Public Health at ESU). MOU between KU B.A. Anthropology and Indiana University of Pennsylvania leading to M.S. Applied Archaeology degree.															

Identifying Strategic Goals Within Major Strategy Categories

Strategy Categories (Check all that apply):		<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 30%;"></td> <td style="width: 30%;">Student Success</td> <td style="width: 10%; text-align: center;">X</td> <td style="width: 30%;">Financial Sustainability</td> </tr> <tr> <td style="text-align: center;">X</td> <td>Affordability</td> <td></td> <td>Academic Program Array</td> </tr> <tr> <td></td> <td>Diversity/Equity/Inclusion</td> <td style="text-align: center;">X</td> <td>Workforce</td> </tr> </table>			Student Success	X	Financial Sustainability	X	Affordability		Academic Program Array		Diversity/Equity/Inclusion	X	Workforce
	Student Success	X	Financial Sustainability												
X	Affordability		Academic Program Array												
	Diversity/Equity/Inclusion	X	Workforce												
New Continuing	 X														
Strategic Goal:		Continue to Right-size the Annual Operating Budget.													
Strategic Goal(s) description and populations impacted:															
After years of declining revenues, the university has benefitted from a substantial increase in state appropriation funding over the past two years. This additional revenue has allowed the university to cover rising personnel costs without the need to significantly reduce our workforce or make base budget reductions to operating lines. This has been a welcomed change after many years of reducing faculty, staff, and cutting discretionary spending. A balanced budget, where annual recurring revenues match our annual expenses, is still our primary focus.															
Anticipated/Achieved student success, DEI, or financial sustainability outcomes:															
Achieved financial sustainability outcomes in support of our efforts to right-size the annual operating budget: ○ We have maintained a balanced budget without the use of cash reserves for the past six consecutive years. ○ We have stopped multiple years of enrollment declines as evidenced by our annualized FTE enrollment for fiscal year 2023-24 outpacing the previous two years. ○ We continue to receive a larger share of the annual increases to state appropriation due to our success with the enrollment metrics tied to the allocation formula. ○ We continue to reduce our FTE faculty to align with our enrollment as evidenced by the increase in our student-to-faculty ratio from 16.7 in fall 2019 to 18.6 in fall 2023. This was achieved by reducing our fall FTE faculty by 88 (441 to 353). ○ After years of a negative annual operating margin, we achieved a positive 2.3% in fiscal year 2022-23 and expect another positive result in fiscal year 2023-24. ○ We continue to improve our annual primary reserve ratio with the most recent year (fiscal year 2022-23) surpassing the 40% System target at 41.6%. ○ Our minimum reserves in days have increased from 169 in fiscal year 2018-19 to 229 in fiscal year 2022-23. ○ We have no plans to use unrestricted net assets or cash reserves to balance our annual operating budget in future years.															
Strategy funding and resources:															
The university has reallocated base budget funding to fully support our increased student aid. In FY 2023, the KU Foundation completed a comprehensive campaign that raised \$46,852,180 in gifts and pledges. These dollars continue to support student scholarships and significant capital improvements.															
Multi-campus and Systemwide implications, if applicable:															
KU has engaged in Shared Services with the Eastern Regional Procurement Office to reduce personnel costs. Additionally, KU is providing Human Resource Management for the Office of the Chancellor.															

Part 2: Enrollment Projections Used for Revenue Assumptions and Long-Term Demographic Patterns

Provide a brief description of the university's realistic enrollment projections for the projection period. To provide greater understanding of all enrollment projections, all universities are requested to provide information regarding categories noted below (New Enrollment, Retention, and Net Tuition Revenue).

In a supplemental file located within the CPP workspace, data has been supplied to outline both demographic and market share patterns in modeled projections for each university through 2037. The nationwide demographic cliff of high school graduates presents important planning considerations for universities surrounding long-range enrollment outlooks. Below, universities should provide narrative commentary on their respective demographic trends and associated readiness planning and insert a chart that reflects projected in-state undergraduate enrollments through 2037.

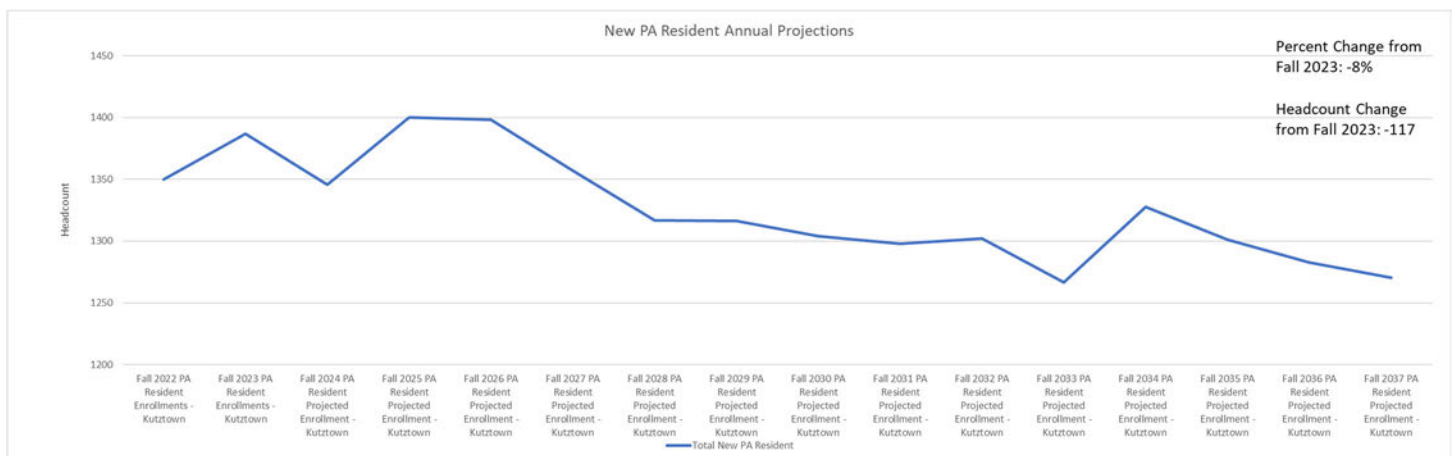
Lastly, a supplemental exhibit of enrollment projections by class level must be provided to outline where changes are anticipated (see supplemental exhibit), including rationale for the projections and what the university is doing to achieve those projections by student segment and relevant new enrollment and retention data.

Enrollment Chart

	Actual	Reforecast	Projected					
	FY 2022-23	FY 2023-24	FY 2024-25	% Change	FY 2025-26	% Change	FY 2026-27	% Change
Fall FTE Enrollment								
Clock Hour	0.00	0.00	0.00	0.0%	0.00	0.0%	0.00	0.0%
Undergraduate	5,988.33	6,080.47	6,080.47	0.0%	6,080.47	0.0%	6,080.47	0.0%
Graduate	484.67	494.00	494.00	0.0%	494.00	0.0%	494.00	0.0%
Total Fall FTE Enrollment (excludes clock hour students)	6,473.00	6,574.47	6,574.47	0.0%	6,574.47	0.0%	6,574.47	0.0%
Annualized FTE Enrollment								
Undergraduate (includes clock hour)	5,992.91	6,209.42	6,204.00	-0.1%	6,191.00	-0.2%	6,185.00	-0.1%
Graduate	655.14	665.78	671.20	0.8%	684.20	1.9%	690.20	0.9%
Total Annualized FTE Enrollment	6,648.05	6,875.20	6,875.20	0.0%	6,875.20	0.0%	6,875.20	0.0%
New Students - Fall First-Time Degree Seeking Undergraduate FTE	1,574.60	1,573.20	1,542.25	-2.0%	1,592.00	3.2%	1,592.00	0.0%
New Students - Fall New Transfer Degree Seeking Undergraduate FTE	342.73	361.47	372.31	3.0%	381.62	2.5%	391.16	2.5%
Fall Graduate FTE (All credit bearing)	484.67	494.00	494.00	0.0%	494.00	0.0%	494.00	0.0%
Second-Year Persistence Rate for First-Time, Full-Time Bachelor Degree Seeking Students	79.3%	74.8%	76.0%	1.6%	77.0%	1.3%	78.0%	1.3%
Six-Year Graduation Rate for First-Time, Full-Time Bachelor Degree Seeking Students	54.1%	56.8%	57.0%	0.4%	57.5%	0.9%	58.0%	0.9%
Unrestricted Institutional Aid	\$ 14,052,963	\$15,975,000	\$16,175,000	1.3%	\$16,175,000	0.0%	\$16,175,000	0.0%
Net Tuition Revenue per FTE Student*	\$6,092	\$6,276	\$6,255	-0.3%	\$6,318	1.0%	\$6,375	0.9%

*Undergraduate academic year tuition revenue less institutional aid/annualized undergraduate FTE enrollment. Note: this estimate may include aid awarded to graduate students.

	Fall 2022 PA Resident Enrollments - Kutztown	Fall 2023 PA Resident Enrollments - Kutztown	Fall 2024 PA Resident Projected Enrollment - Kutztown	Fall 2025 PA Resident Projected Enrollment - Kutztown	Fall 2026 PA Resident Projected Enrollment - Kutztown	Fall 2027 PA Resident Projected Enrollment - Kutztown	Fall 2028 PA Resident Projected Enrollment - Kutztown	Fall 2029 PA Resident Projected Enrollment - Kutztown	Fall 2030 PA Resident Projected Enrollment - Kutztown	Fall 2031 PA Resident Projected Enrollment - Kutztown	Fall 2032 PA Resident Projected Enrollment - Kutztown	Fall 2033 PA Resident Projected Enrollment - Kutztown	Fall 2034 PA Resident Projected Enrollment - Kutztown	Fall 2035 PA Resident Projected Enrollment - Kutztown	Fall 2036 PA Resident Projected Enrollment - Kutztown	Fall 2037 PA Resident Projected Enrollment - Kutztown	Percent Change from Fall 2023	Headcount Change from Fall 2023
Total New PA Resident	1350	1387	1,346	1,400	1,398	1,357	1,317	1,316	1,304	1,298	1,302	1,267	1,328	1,301	1,283	1,270	-8%	-117



		Historical Data						Preliminary	Projections			
		2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27
First-Time, Full-Time Cohort Progress to Undergraduate Degree	Number Enrolled First Year	1,604	1,635	1,392	1,521	1,487	1,595	1,594	1,594	1,550	1,600	1,600
	Second-year Retention Rate	73.7%	74.4%	74.2%	77.4%	77.6%	79.3%	74.8%	74.8%	76.0%	77.0%	78.0%
	Number Retained to Second Year	1,246	1,194	1,213	1,077	1,181	1,179	1,193	1,193	1,211	1,194	1,248
	Third-year Retention Rate	61.6%	63.1%	62.9%	64.5%	66.2%	64.7%	69.1%	69.1%	66.0%	67.0%	68.0%
	Number Retained to Third Year	1,145	1,067	1,009	1,055	921	984	1,028	1,028	1,053	1,068	1,054
	Fourth-year Retention Rate	57.2%	57.9%	58.8%	59.4%	59.1%	60.0%	60.9%	60.9%	63.0%	63.5%	64.0%
	Number Retained to Fourth Year	1,017	1,077	994	953	967	835	927	926	937	1,013	1,020
	Number Graduated by Year Four	655	697	701	665	666	567	n/a	627	625	678	685
	Four-year Graduation Rate	36.8%	37.5%	41.5%	41.5%	40.7%	40.7%	n/a	41.2%	42.0%	42.5%	43.0%
Enrollment by Program Level (Headcount)	Undergraduate	7,489	7,391	7,204	6,941	6,697	6,511	6,431	6,431	6,423	6,406	6,399
	Master's	808	878	940	908	935	911	944	944	950	965	971
	Doctoral/First Professional	32	40	55	43	43	47	52	52	54	56	57
Total Headcount		8,329	8,309	8,199	7,892	7,675	7,469	7,427	7,427	7,427	7,427	7,427
Total FTE		7,603.45	7,527.47	7,130.30	6,910.82	6,606.58	6,473.00	6,574.47	6,574.47	6,574.47	6,574.47	6,574.47
Headcount to FTE conversion		91%	91%	87%	88%	86%	87%	89%	87%	87%	87%	87%

First-Time, Full-Time Cohort includes Bachelor degree-seeking students only.

Enrollment by Program Level includes all students. Undergraduate Nondegree and Certificate-seeking students are included in Undergraduate, Graduate level Certificate, Non-degree, and Teacher Certifications are included in Master's category.

Enter the narrative describing the rationale for enrollment trends and projections within the following categories below:

Fall Undergraduate and Graduate Enrollment (First-time, transfer, and continuing):

For the first time in several years our Fall FTE enrollment increased versus the prior year. Although our total fall headcount was down slightly, we believe the 1.6% increase in Fall FTE enrollment is a very positive sign. The increase was evenly distributed between undergraduate and graduate students. Our first-year class of 1,594 was our second straight cohort at goal which is a significant increase over the previous three years which averaged well below 1,500. We believe our goal of 1,600 is achievable moving forward due to demographic data and our institutional aid awards. Our new transfer numbers were up about 2% versus the prior year but still well below our internal target and behind our historical averages. Continuing students remain strong due to improvements in our retention and persistence rates over the past few years.

Second-Year Persistence Rate:

After improving our retention rate by 5% coming out of COVID and maintaining it within a 77% to 79% range for three consecutive years, we experienced a decline back to 75%. We have many initiatives in place and underway to help us increase our retention rate by 1% per year in hopes of getting back to 78% on a consistent basis moving forward.

Six-Year Graduation Rate:

Our six-year graduation rate has ranged from 52% to 56% over the past several years with our most recent year at 54%. We are striving to increase this graduation rate to 58% by 2026-27 which is in line with our goals to improve our retention and persistence rates over the same period.

Unrestricted Institutional Aid (incorporate information outlined in the new multi-year layering institutional aid tab and how current aid strategies will impact the projection period):

We began working with RNL on a financial aid optimization strategy in late 2019 and in order to land our fall 2020 class. Over that time our scholarship costs have increased from \$4.2 million to over \$12 million per year. We have now recruited four full cohorts under the new institutional aid strategy and reached a more consistent annual cost that is fully funded in our base budget. We have offset the increased costs each year through budget reductions and now increased appropriations, and we firmly believe that we have a sustainable model that will serve us well moving forward.

Net Tuition Revenue:

Now that we have four cohorts enrolled under the new merit scholarship model, we fully expect our net tuition revenue to stabilize and level out over the upcoming years. It had been consistently declining as we initially rolled out the plan and the State System held the tuition rate flat over the same period. We should see modest increases moving forward if we are able to hold enrollment flat.

Enter the narrative describing enrollment assumptions, including supplemental enrollment chart from the CPP workbook. Regarding long-range enrollment trend projections, provide commentary on these trends and associated planning steps.

We are projecting flat enrollment over the three future years which consists of a small decline in undergraduate enrollment offset by a modest increase in graduate enrollment. We believe our projections are reasonable and based on past performance as well as trends within the state of Pennsylvania.

Part 3: Financial Projections Overview

Within the E&G, Auxiliary, and Net Asset sections below, provide additional detail related to the projected revenue and expenditures and impact on the overall university projected operating results.

1. Further outline the financial strategy, addressing revenue and expense alignment, student-to-faculty ratio achievements, and stabilizing reserve levels against the 40% goal associated with university financial sustainability ratios.
2. For high-risk universities and/or universities with housing occupancy below 70% for any year within the projection period and associated outstanding debt, provide a plan, within the Auxiliary section, which addresses occupancy, any associated housing debt, and long-term sustainability.

Financial Overview Chart

	(\$ in Millions)							
	Actual	Reforecast	Projected					
	FY 2022-23	FY 2023-24	FY 2024-25	% Change	FY 2025-26	% Change	FY 2026-27	% Change
Total Unrestricted (E&G and Auxiliary) Budget								
Total Revenues	\$179.6	\$188.5	\$190.5	1.1%	\$193.1	1.3%	\$195.9	1.5%
Total Expenditures and Transfers to Plant Funds	178.6	189.2	190.5	0.7%	193.1	1.3%	195.9	1.5%
Revenues Less Expenditures/Transfers to Plant Funds	\$1.1	(\$0.7)	\$0.0		\$0.0		\$0.0	
Surplus/(Deficit)--Excludes Transfers to Plant Funds	\$10.1	\$15.8	\$7.1		\$7.1		\$7.6	
Use of Supplemental Resources for One-Time Needs/ Strategic Initiatives	0.6	0.7	0.0		0.0		0.0	
Revenues and Use of Supplemental Resources/Adjustments Less Expenditures & Transfers	\$1.6	\$0.0	\$0.0	0.0%	\$0.0	0.0%	\$0.0	0.0%
Total Actual/Estimated Unrestricted Net Assets	\$75.5	\$85.0	\$87.8	3.3%	\$83.5	-4.9%	\$79.6	-4.6%
Total Actual/Estimated End of Year Cash Balance	\$93.0	\$102.5	\$105.3	2.8%	\$101.0	-4.1%	\$97.2	-3.8%
Annualized FTE Enrollment	6,648.05	6,875.20	6,875.20	0.0%	6,875.20	0.0%	6,875.20	0.0%
Fall FTE Student/Fall FTE Faculty Ratio	17.8	18.6	18.7		19.0		19.3	
Annualized Unrestricted FTE Faculty, net of turnover	364.77	355.58	353.71	-0.5%	349.05	-1.3%	344.39	-1.3%
Annualized Unrestricted FTE Nonfaculty, net of turnover	398.12	414.93	421.34	1.5%	420.42	-0.2%	419.49	-0.2%
Total Unrestricted Employee FTE (Annualized)	762.89	770.51	775.06	0.6%	769.47	-0.7%	763.88	-0.7%

Educational and General (E&G) Revenues and Expenses

E&G Chart

	(\$ in Millions)							
	Actual	Reforecast	Projected					
	FY 2022-23	FY 2023-24	FY 2024-25	% Change	FY 2025-26	% Change	FY 2026-27	% Change
Total E&G Budget								
Total Revenues	\$136.9	\$141.7	\$140.5	-0.9%	\$142.1	1.1%	\$143.9	1.3%
Total Expenditures and Transfers to Plant Funds	136.0	142.5	140.5	-1.4%	142.1	1.1%	143.9	1.3%
Revenues Less Expenditures/Transfers to Plant Funds	\$1.0	(\$0.7)	\$0.0		\$0.0		\$0.0	
Surplus/(Deficit)--Excludes Transfers to Plant Funds	\$3.7	\$10.3	\$1.2		\$1.0		\$0.2	
Use of Supplemental Resources for One-Time Needs/ Strategic Initiatives	0.6	0.7	0.0		0.0		0.0	
Revenues and Use of Supplemental Resources/Adjustments Less Expenditures & Transfers	\$1.5	\$0.0	\$0.0		\$0.0		\$0.0	
Total Actual/Estimated Unrestricted E&G and Plant Net Assets	\$38.2	\$46.9	\$45.7	-2.7%	\$45.9	0.5%	\$45.3	-1.4%
Total Actual/Estimated E&G End of Year Cash Balance	\$55.0	\$63.7	\$62.5	-2.0%	\$62.7	0.4%	\$62.1	-1.0%

Describe the E&G financial projections:

1. If the university has a balanced budget or a surplus, briefly describe: (1) planned new expenditures; (2) transfers for strategic investment; and/or (3) increase in reserves to improve sustainability.

Kutztown University has maintained a balanced E&G budget without the use of cash reserves for the past six years and has made a firm commitment to continue that practice moving forward as detailed in our strategic plan. The work hasn't been easy, and it required significant reductions to our employee workforce which has resulted in increasing our student-to-faculty ratio from 16.7 to 18.6. After several years of significant budget reductions that were needed to right size our annual expenses with declining revenues, we are pleased to see our revenues increasing as the state makes a larger investment in the form of appropriations. These additional dollars will allow us to cover the increased costs associated with the newly agreed upon collective bargaining agreements. Our student financial aid expense has leveled off after four years of increases in the range of \$3 million per year and has become even more manageable with our additional financial resources. Our annual debt payments are also on the decline, which has freed up funding to help cover inflationary cost increases to services and supplies as well as other strategic investments. Our E&G budget continues to generate a slight surplus that is transferred to plant accounts to help us fund deferred maintenance needs across campus. We anticipate a large increase to net assets and cash balances in fiscal year 2023-24 due to additional revenue, salary savings, and the \$10 million in CSFRF funds received in the prior year and fully recognized this year. Net assets and cash balances are projected to remain consistent over the three future years as any large projects will be covered with restricted funds – Key 93 and state capital money.

Auxiliary Revenues and Expenses

Auxiliary Chart

	Actual	Reforecast	(\$ in Millions)					
			Projected					
				%		%		%
	FY 2022-23	FY 2023-24	FY 2024-25	% Change	FY 2025-26	Change	FY 2026-27	Change
Total Auxiliary Budget								
Total Revenues	\$42.7	\$46.8	\$50.0	7.0%	\$51.0	1.9%	\$52.0	1.9%
Total Expenditures and Transfers to Plant Funds	42.6	46.8	50.0	7.0%	51.0	1.9%	52.0	1.9%
Revenues Less Expenditures/Transfers to Plant Funds	\$0.1	\$0.0	\$0.0	0.0%	\$0.0	0.0%	\$0.0	0.0%
Surplus/(Deficit)–Excludes Transfers to Plant Funds	\$6.4	\$5.4	\$5.9		\$6.1		\$7.5	
Use of Supplemental Resources for One-Time Needs/ Strategic Initiatives	0.0	0.0	0.0		0.0		0.0	
Revenues and Use of Supplemental Resources/Adjustments Less Expenditures & Transfers	\$0.1	\$0.0	\$0.0		\$0.0		\$0.0	
Total Actual/Estimated Unrestricted Auxiliary & Plant Net Assets	\$37.3	\$38.0	\$42.1	10.7%	\$37.5	-10.9%	\$34.4	-8.4%
Total Actual/Estimated Auxiliary End of Year Cash Balance	\$38.0	\$38.7	\$42.8	10.5%	\$38.3	-10.7%	\$35.1	-8.3%

Describe the Auxiliary financial projections:

1. For high-risk universities and/or universities with housing occupancy below 70% for any year within the projection period and associated outstanding debt, provide a plan, within the Auxiliary section, which addresses occupancy, any associated housing debt, and long-term sustainability. Insert chart with housing data from the Charts for Narrative tab of the CPP template.
2. If the university has a balanced budget or a surplus, briefly describe (1) new expenditures and/or (2) transfers for strategic investment, deferred maintenance, other.

The auxiliary operations at Kutztown University continues to be in a solid financial position. Through modest fee increases and higher occupancy rates our revenues have increased by nearly 10% in fiscal year 2023-24. This additional revenue has allowed us to cover rising personnel costs and address deferred maintenance needs within our many buildings all while maintaining a healthy level of net assets and cash. In housing specifically, we achieved an occupancy rate of over 96% in the fall 2023 semester. In an effort to keep up with student demand and evolving needs for our DSO students we plan to do a minor refresh of an older traditional hall this summer and a full renovation of a 300-bed residence hall in years 2025 through 2027. This investment is significant but based on a real need that has grown more pressing in recent years. The renovation of the 50-year-old building will provide us with more airconditioned beds on campus and still leave two aging buildings that could be closed if occupancy levels drop in the upcoming years. The dining operation has also benefitted from the increased occupancy levels in the form of increased revenue which has allowed us to keep up with inflation and the rising costs from our food vendor, Aramark. We will be completing a brand refresh of our Starbucks location this summer. Overall, we are pleased with our ability to cover the costs of ongoing operations, invest in our facilities, and carry a healthy amount of cash to address unforeseen challenges.

Unrestricted Net Assets

Unrestricted Net Assets Chart

(\$ in Millions)

	Actual	Reforecast		% Change	Projected			
	FY 2022-23	FY 2023-24	FY 2024-25		FY 2025-26	% Change	FY 2026-27	% Change
Total Actual/Estimated Unrestricted Net Assets	\$75.5	\$85.0	\$87.8	3.3%	\$83.5	-4.9%	\$79.6	-4.6%
Total Actual/Estimated End of Year Cash Balance	\$93.0	\$102.5	\$105.3	2.8%	\$101.0	-4.1%	\$97.2	-3.8%
Projected Ratios resulting from the Annual Projection Plan - Will NOT Match Final Metric Results								
Estimated Annual Primary Reserve Ratio	41.6%	n/a	n/a		n/a		n/a	
<i>Estimated End of Year Balance in Net Assets/Total Expenses (From FINRPT)</i>								
Estimated Progress to Unrestricted Net Asset Goal (40%)	45%	49%	48%		45%		42%	
<i>Estimated End of Year Balance in Unrestricted Net Assets/Total Unrestricted Expenses (from CPP)</i>								
Estimated Minimum Reserves	229	n/a	n/a		n/a		n/a	
<i>Unrestricted cash*365/total unrestricted expenses</i>								

Describe the unrestricted net assets projections:

1. Describe the university reserve levels throughout the projection period and the steps undertaken or planned, to stabilize reserves and establish progress towards the 40% unrestricted net asset sustainability goal.

As detailed in the prior sections, Kutztown University is in a strong financial position with a balanced annual budget and increasing net assets. Our financial position has been improved by the \$10 million one-time allocation of CSFRF funds in fiscal year 2022-23 and now the more reliable and substantial increase to state appropriations over the past few years. We have accumulated these reserves with a purpose. First, to address our lagging financial indicators and become a more financially sustainable university. This is evidenced by our steady improvement and current strong standing of our primary reserve ratio (41.6%) and minimum reserves (229 days) which now both fall at the green level for the most recent fiscal year. Second, to address our deferred maintenance needs and invest in our aging facilities so that Kutztown can continue to attract students and operate at a high level. We believe this is not only a good business decision but our responsibility as good stewards of the resources we are given to accomplish our mission.

Part 4: Academic Program Strategies

Part A – Academic Program Array:

To be financially sustainable, it is imperative that the academic program array is aligned with enrollment (not exceeding the number of undergraduate programs that undergraduate enrollments will support) and target faculty complement (based on target student/faculty ratio). These data, together with completions and section size data, are the primary metrics by which the sustainability of the program array can be evaluated, as the number and mix of students are deciding factors in the number and type of programs that can be financially supported.

The academic program array workbook is a planning tool that universities are expected to use, considering data on enrollment and program completers, target faculty complement, and section size, to ascertain whether the number and mix of academic programs is financially sustainable and to inform program array decisions.

University financial projections should show progress towards the associated minimum fall 2010/11 student/faculty ratio goal. Those universities whose student-to-faculty goals exceeded the System average of 19.4 may use the 2010/2011 System average (19.4) as the university goal and for use in the academic program array analysis to determine a sustainable number and mix of programs.

		Fall 22 Actuals	Fall 23 Actuals	Fall 24 Projected	Fall 25 Projected	Fall 26 Projected
Determining Total Target Instructional Faculty						
A. Enter projected Fall SCH (Actual from Enrollment & Conversion Factor tab)		95,641.00	97,135.00	97,039.00	97,039.00	97,039.00
B. Enter conversion factor for your university (Actual from Enrollment & Conversion Factor tab)		14.78	14.77	14.76	14.76	14.76
C. Estimate of PASSHE Student Fall FTE		6,470.97	6,576.51	6,574.46	6,574.46	6,574.46
D. Enter target PASSHE Student/Faculty Ratio (Actual from Enrollment & Conversion Factor tab)		17.80	18.62	19.40	19.40	19.40
E. Target Total Faculty FTE to achieve ratio for SCH provided		363.54	353.20	338.89	338.89	338.89
F. Enter Other Division Non-Classroom Permanent Faculty FTE		8.50	4.60	3.00	4.00	4.00
G. Enter Other Division Non-Classroom Temporary Faculty FTE		4.78	7.50	5.00	4.00	4.00
H. Enter Academic Affairs Non-Classroom Permanent Faculty FTE		8.50	7.50	7.50	7.70	7.70
I. Enter Academic Affairs Non-Classroom Temporary Faculty FTE		0.75	2.00	2.00	2.00	2.00
*Faculty FTE for teach-out of legacy courses (For use by Commonwealth and PennWest)						
J. Subtotal of Instructional Faculty FTE to cover courses		341.01	331.60	321.39	321.19	321.19
K. Grad Adjustment (~AWA)		3.00	3.00	3.00	3.00	3.00
L. Enter Contractual FTE AWA		13.96	14.13	14.13	14.13	14.13
M. Enter Discretionary FTE AWA		12.33	12.58	12.00	12.00	12.00
N. Enter Leave Total FTE (Paid Sick Leave, etc.)		1.83	0.50	0.50	0.50	0.50
O. Enter Sabbatical Total FTE		6.00	6.50	7.50	7.00	7.00
P. Initial total Instructional Faculty FTE to cover courses:		303.89	294.89	284.26	284.56	284.56
Overload contribution:						
Final total Instructional Faculty FTE to cover courses:		303.89	294.89	284.26	284.56	284.56
Class size average needed to achieve goals:		26.62	27.88	28.91	28.88	28.88
Real-life instructional ratio (given rows F through O)		21.29	22.30	23.13	23.10	23.10
Number of current academic programs - 60	split by UG/GR - 41/19	Note: Does not include certificates assumes 90 HC for undergraduate assumes 40 HC for graduate				
Number of UG programs based on Student Fall FTE	72					
Number of GR programs based on Student Fall FTE	25					

Describe the program array key data points:

1. For number of undergraduate current academic programs that exceed the number supported based on Student Fall FTE (as calculated by the Program Array Tool), please describe the difference between these measures and any relevant considerations (e.g., integration).
2. Describe current or planned steps to further align the program array to enrollment. Include any associated timelines that are incorporated, or to be incorporated, in the projections provided.

Academic Program Strategies Narrative – describes the academic program array as a factor of enrollment, faculty complement, completions, and section size. Together, these establish the foundation upon which the program array can be evaluated, as the number and mix of students reveals the number and type of programs that can be financially supported.

In AY 23-24, after analysis of 5+ years of data for each program, six undergraduate programs were identified by the university to be moved into moratorium. An additional graduate program was identified by a department. For the undergraduate programs, all had regularly under 15 completions, and under 60 students for four of the prior five years at fall freeze. Most were significantly under those numbers. The graduate program that was moved into moratorium at departmental request had falling numbers over the prior five years, with nine students enrolled in the most recent two years.

These programs are currently in a teach-out phase. The impacted programs were:

- Philosophy
- Spanish (and related BSED programs)
- German Studies (and related BSED program)
- Public Administration
- English (Grad)

Faculty in an additional series of programs were asked to work together and collaborate with peers in other programs, in an attempt to create a curriculum with better efficiency and one that should be more appealing to students. That work is in process.

The programs are:

- Anthropology
- Art History
- Geology
- Geography
- Marine Science

Additional attention is being paid to four graduate programs, as well. Those are:

- Arts Administration
- Communication Design
- Music Education
- Public Administration

In the same year, several concentrations were placed into moratorium and other concentrations and certificates – particularly those that may lead to better employability or are directed toward non-traditional students – were added.

After approval of LOIs an MA in Communication Design and a BS in Data Science (LOI approved as Informatics) are in process of being revised for final approval.

In the coming year, we expect to make additional curricular changes to re-envision some of our programs, as noted above, replace programs with poor enrollments with others that may be more interesting to students of today. This will likely include creation of programs in areas of Global and Regional Studies (which may potentially be paired with moratorium for Anthropology as a stand-alone program), and Geo & Marine Sciences (which may potentially be paired with moratorium for Geography, Geology, and Marine Science as stand-alone programs). Additionally, we will continue to move forward into the adult learning and just-in-time career training through campus-based certificates and platforms such as Coursera.

Part B – Academic Program Anticipated Changes:

Additionally, please briefly describe anticipated changes to the academic program array, as applicable, based on the above analysis. Note: this is for academic planning and does not substitute for the new program proposal or notification process. It also does not preclude seizing upon unforeseen or innovative opportunities.

New credentials (degrees, credit-bearing certificates) to be added over the indicated planning period and a brief rationale for why *this* credential and why *this* university.

Next two years (add cells as needed):

6-Digit Program CIP Code	Credential level and type	Program Name	Brief Rationale
05.0122	UG Major	Global and Regional Studies	Program will provide an option for students with an interest in place-based human studies (aligned with political science, anthropology, geography, and history)
40.0601	UG Major	Geo & Marine Science	Program will provide an option for students with an interest in place-based physical studies (aligned with geology, geography, and marine science)
30.7001	UG Major	Data Science	Program will provide an option for students interested in data analysis and/or supply chain analysis, a growing workforce need in the region
50.0402	GR MA	Communication Design	This program provides an option for those interested in a graduate degree in communication design for career advancement, but not seeking to complete a terminal MFA

Next three to five years (add cells as needed):

6-Digit Program CIP Code	Credential level and type	Program Name	Brief Rationale

Credentialing programs being considered for curtailment over the indicated planning period--whether by moratorium or by consolidating with program(s) at one or more State System universities in order to share delivery, and a brief rationale.

Next two years (add cells as needed):

6-Digit Program CIP Code	Credential level and type	Program Name	M	C	Brief Rationale
45.0701	UG Major	Geography	X		Possible moratorium due to enrollment challenges with replacement above
40.0601	UG Major	Geology	X		Possible moratorium due to enrollment challenges with replacement above
45.0201	UG Major	Anthropology	X		Possible moratorium due to enrollment challenges with replacement above
50.1002	GR MA	Arts Administration	X		Possible moratorium due to enrollment challenges

What impact will the above actions have on the academic program array metrics (i.e., student/faculty ratio, average section size, number of programs) in the coming years?

Note: All financial and workload projections are based on the current program array, including approved new programs, and are used to project changes in the student/faculty ratio. In completing this section, address any further changes to the student/faculty ratio based on the proposed changes to program array reflected above.

We anticipate that the changes noted above will increase or help stabilize student enrollment in programs of interest (e.g. Data Science) or programs that are experiencing challenges (geography, geology, anthropology, marine science).