



University Sustainability Plan Update

April 11, 2013



Sustainability Plan: Objectives

- ▣ **Position EOU to:**
 - **Meet the needs of our Students**
 - **Meet the demands of the region—educational, economic, social and cultural**
 - **Be financially viable in both the short and long-term**

- ▣ **Provide stability of funding in order to invest in programs and services**

Sustainability Plan: Working Paradigm

- ▣ Discontinue reliance on state appropriation
- ▣ Self-generating revenues
- ▣ Longer term budgeting and forecasting
- ▣ Anticipate changes
- ▣ “Live within our means”
- ▣ Continual refinement and evaluation

Fund Balance Implications

▣ OUS Board Policy:

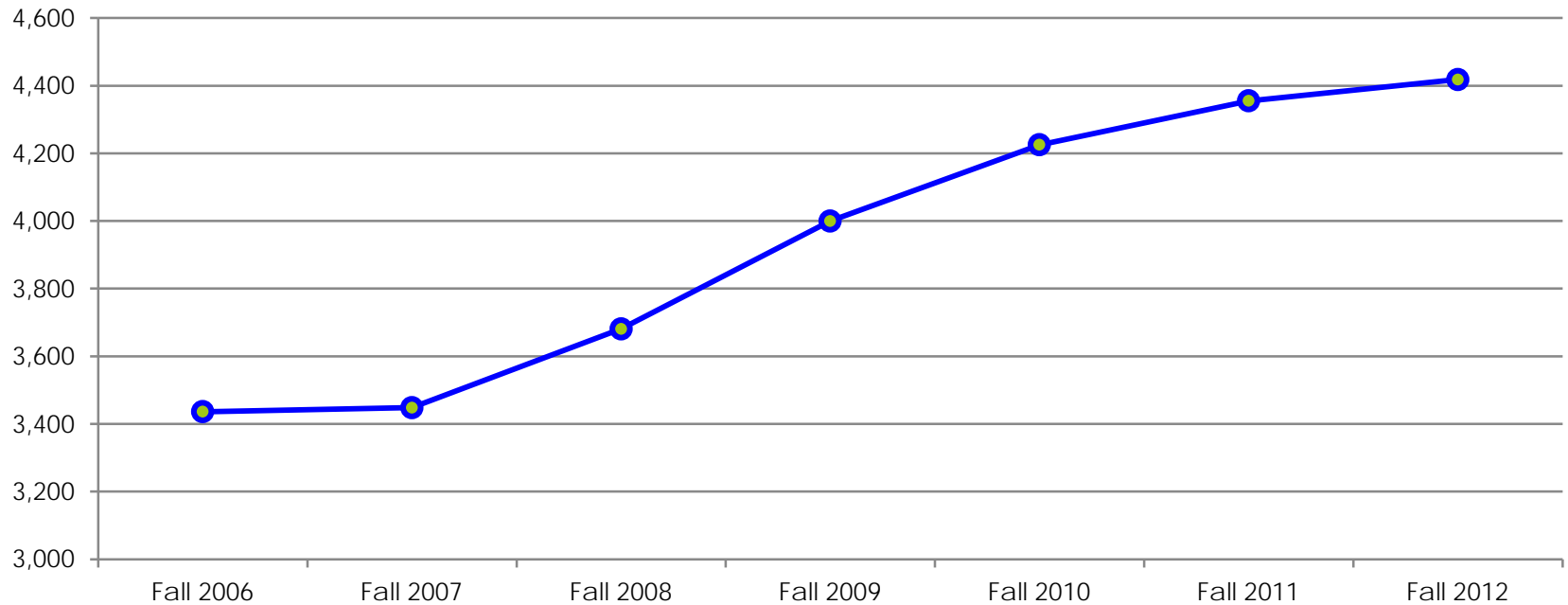
- **“...institution presidents shall advise the Board in the event projected or actual ending balances for the biennium either fall below 5 percent or rise above 15 percent of revenues. Included in the information provided by the presidents will be an explanation for the variance and a plan to rebalance the budgeted operations fund balances over time to approximately 10 percent of annual budgeted operations revenues.”**

▣ NWCCU:

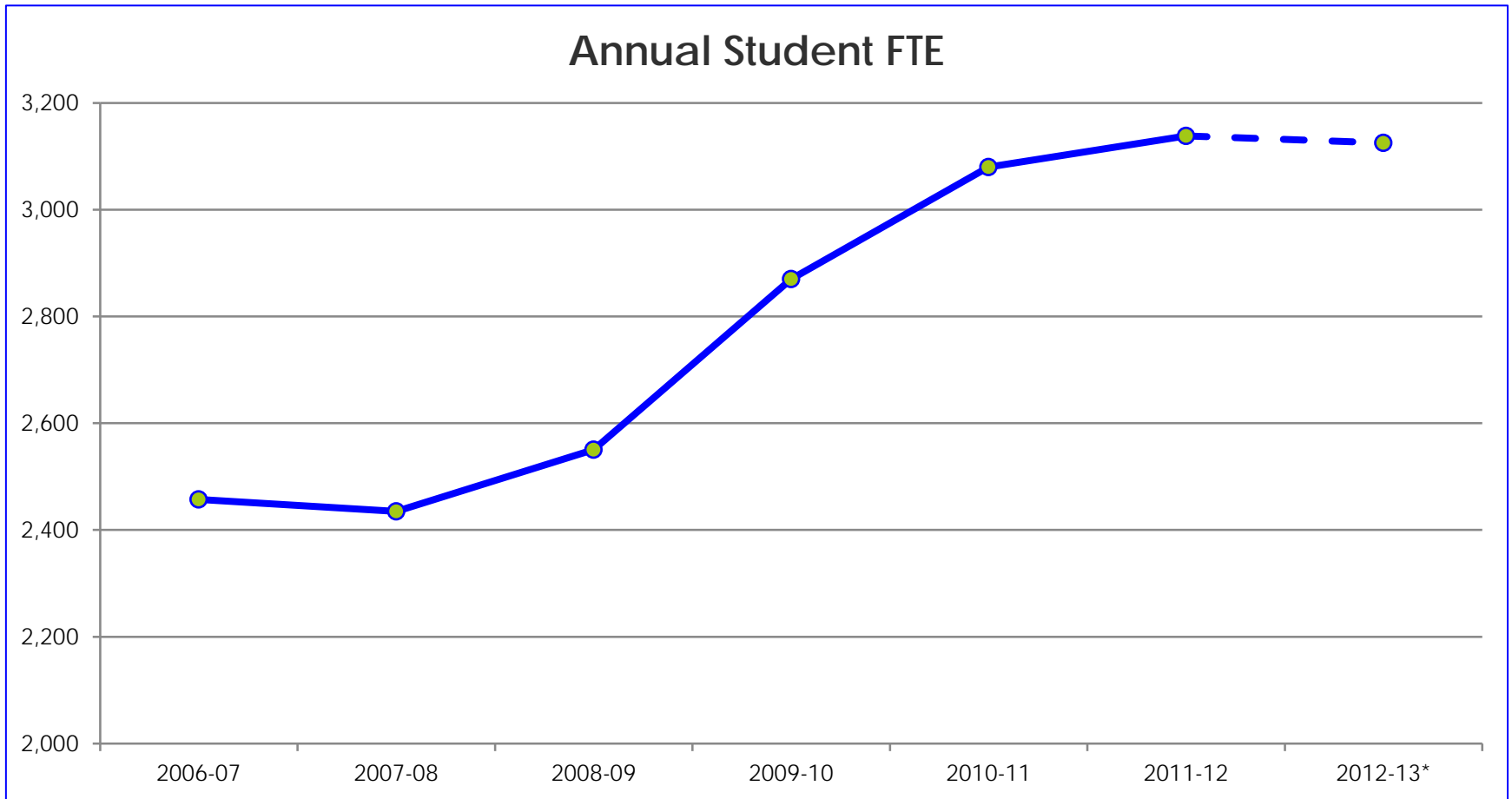
- **“The institution demonstrates financial stability with sufficient cash flow and reserves to support its programs and services. Financial planning reflects available funds, realistic development of financial resources, and appropriate risk management to ensure short-term solvency and anticipate long-term obligations, including payment of future liabilities.”**

EOU's Financial Trends and Trajectory

Fall Term Headcount

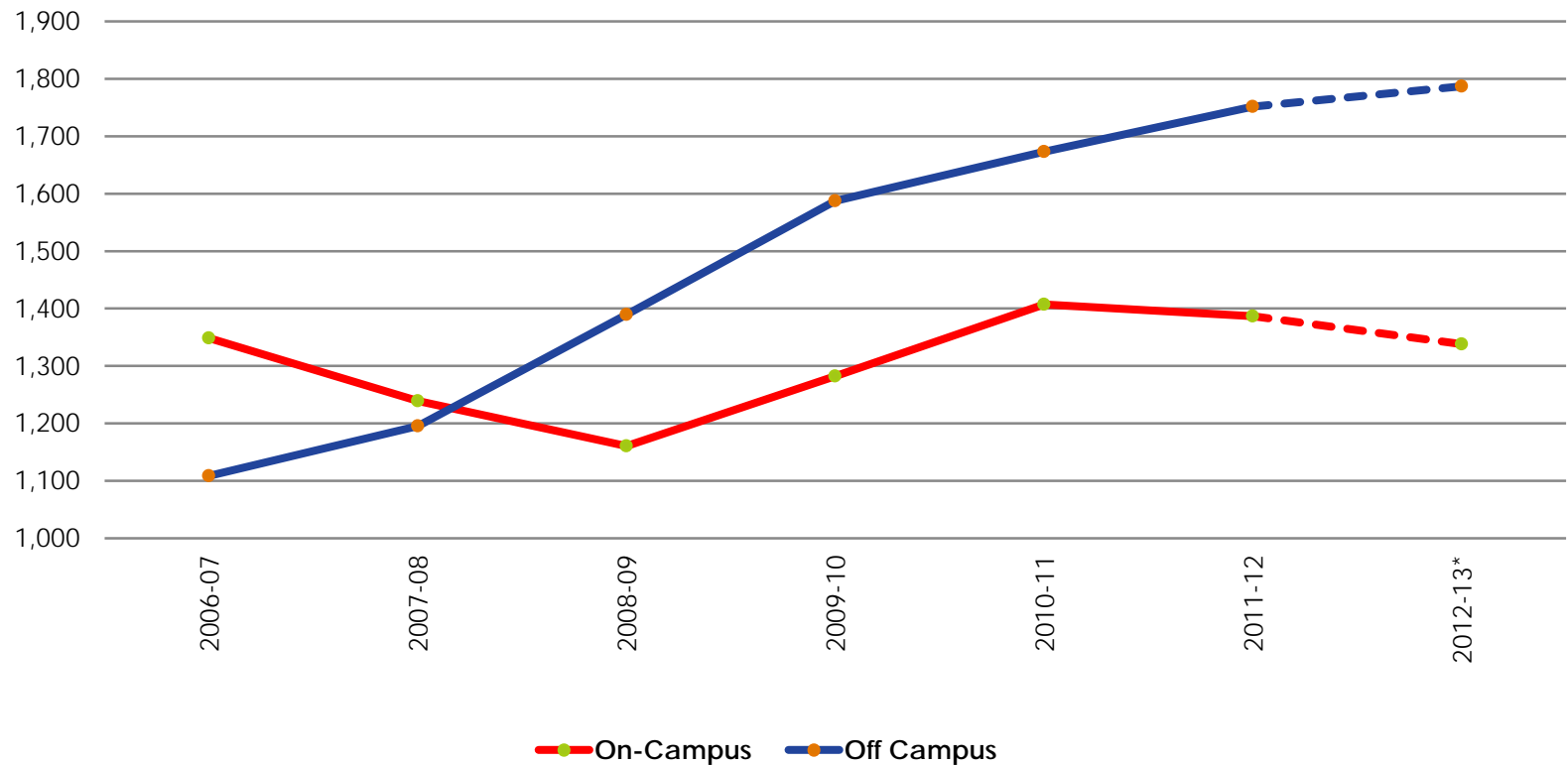


EOU's Financial Trends and Trajectory



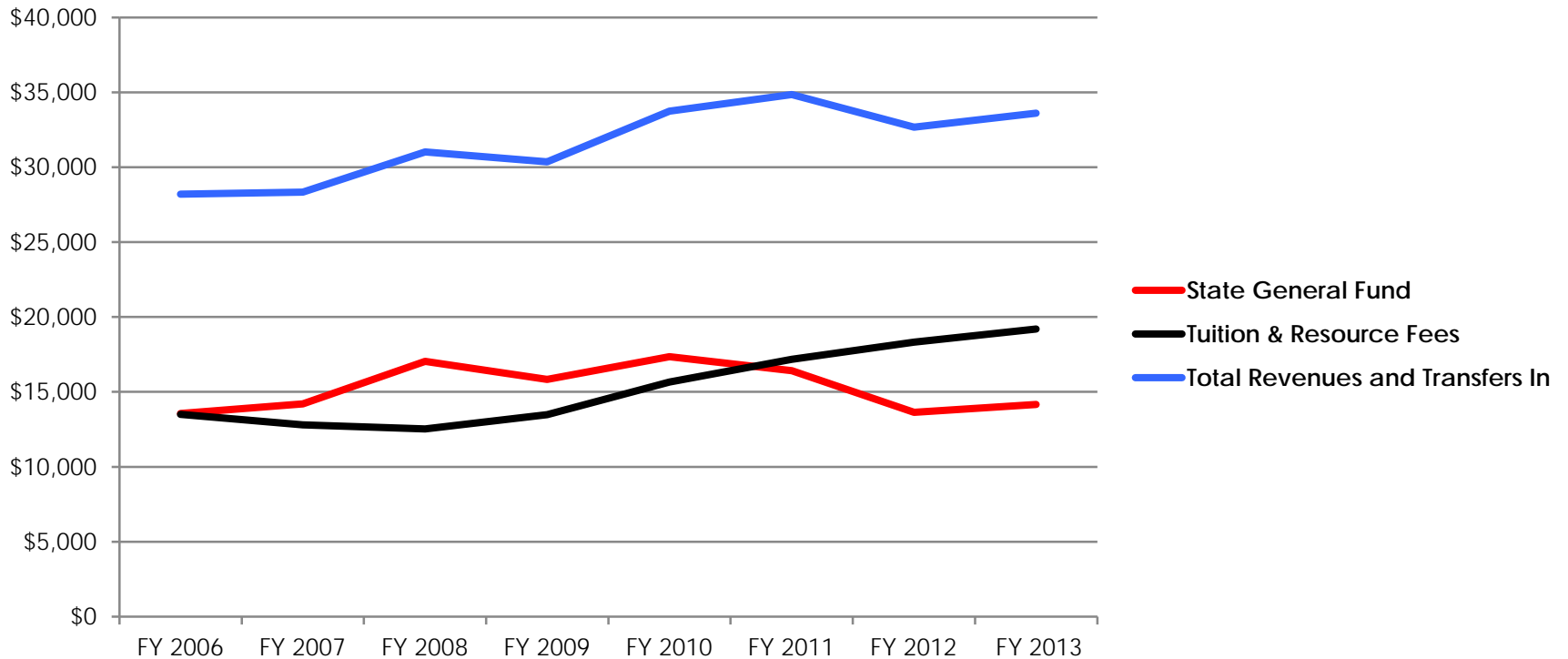
EOU's Financial Trends and Trajectory

FTE By Campus



EOU's Financial Trends and Trajectory

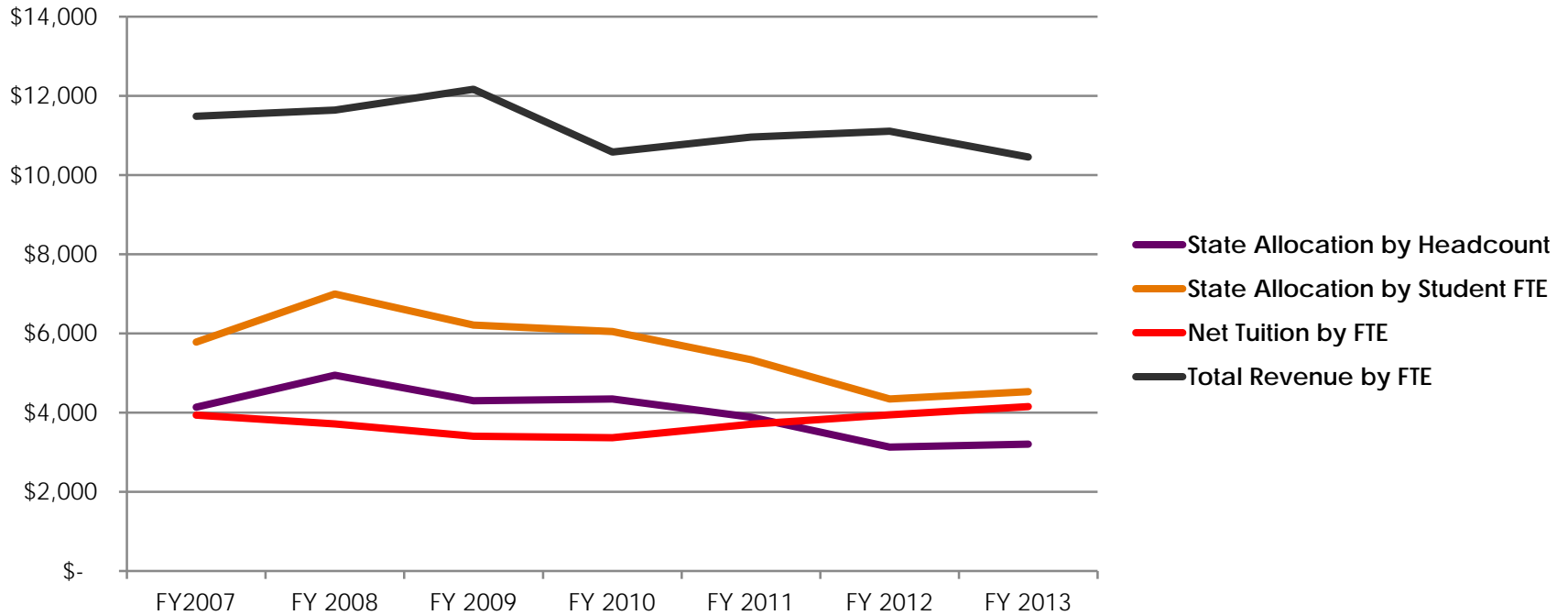
Major Revenue Drivers



Dollars in '000s, FY 2013 Projected

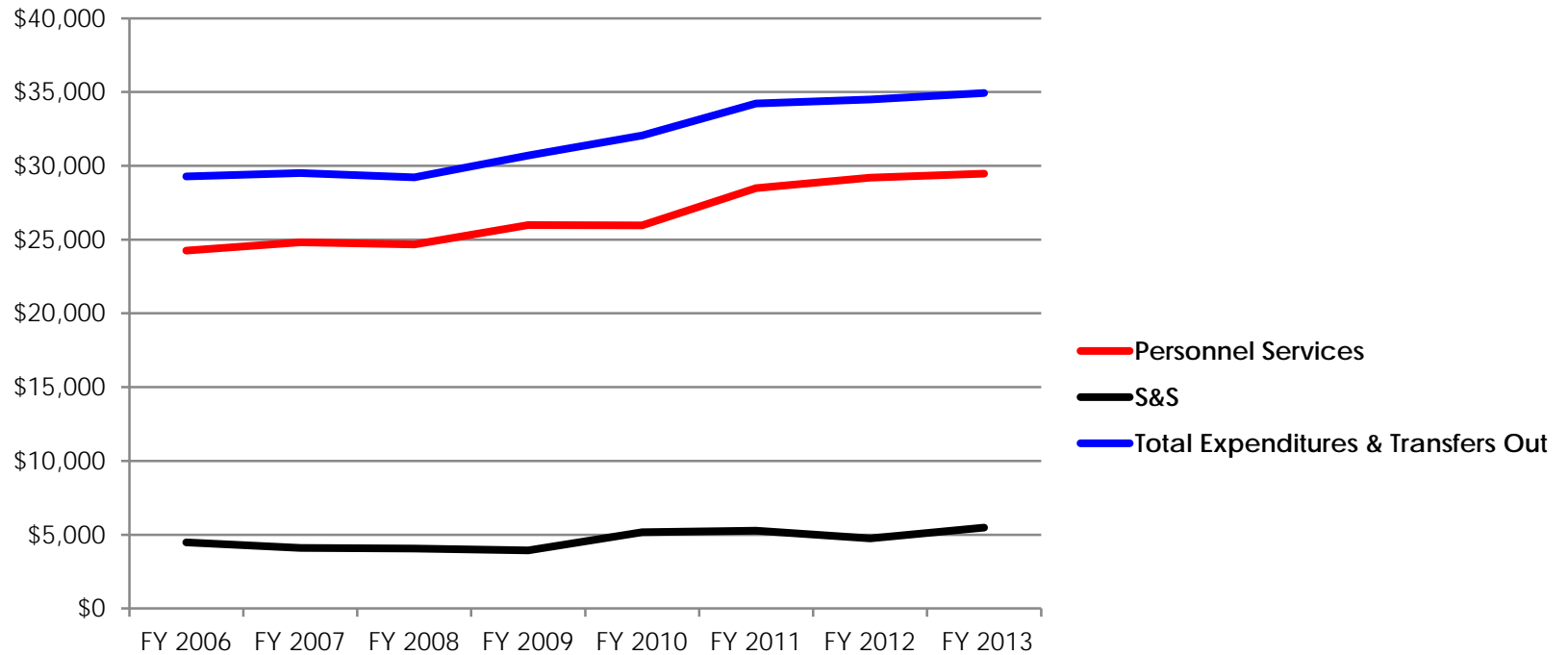
EOU's Financial Trends and Trajectory

Revenue by Student



EOU's Financial Trends and Trajectory

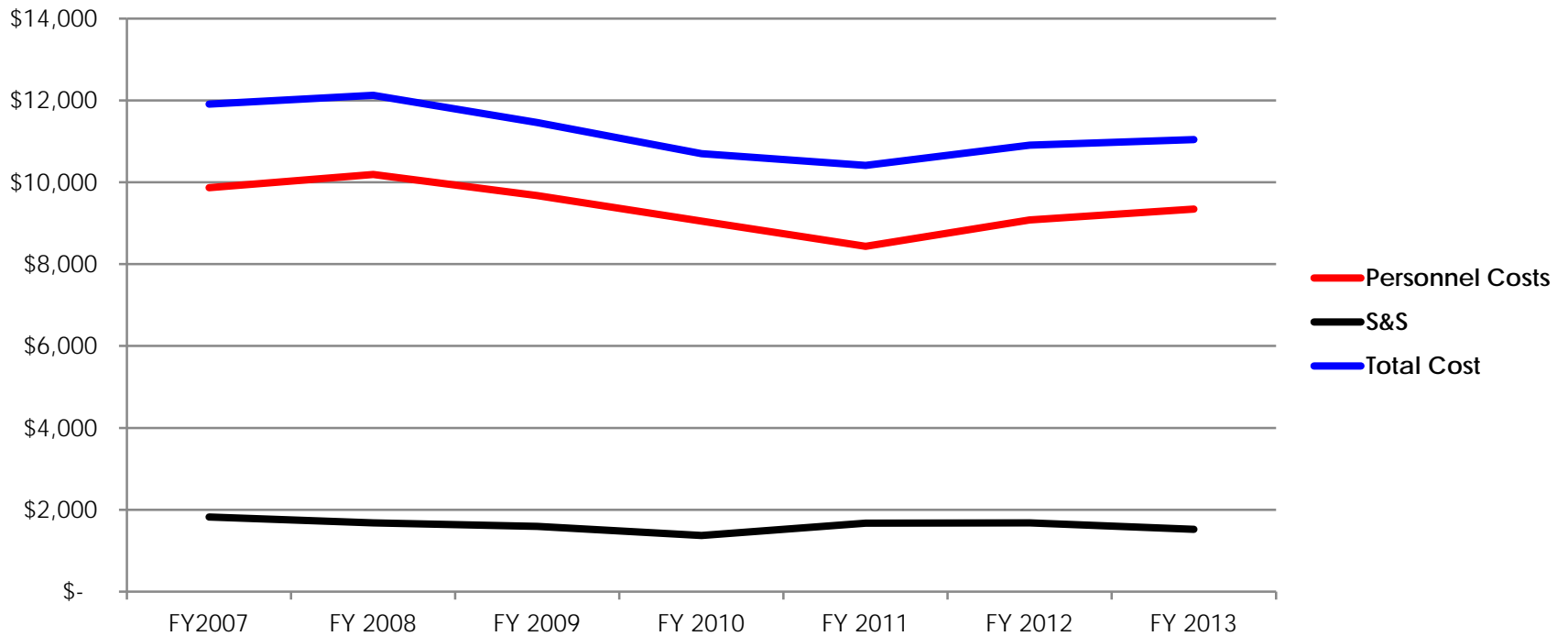
Major Cost Drivers



Dollars in '000s, FY 2013 Projected

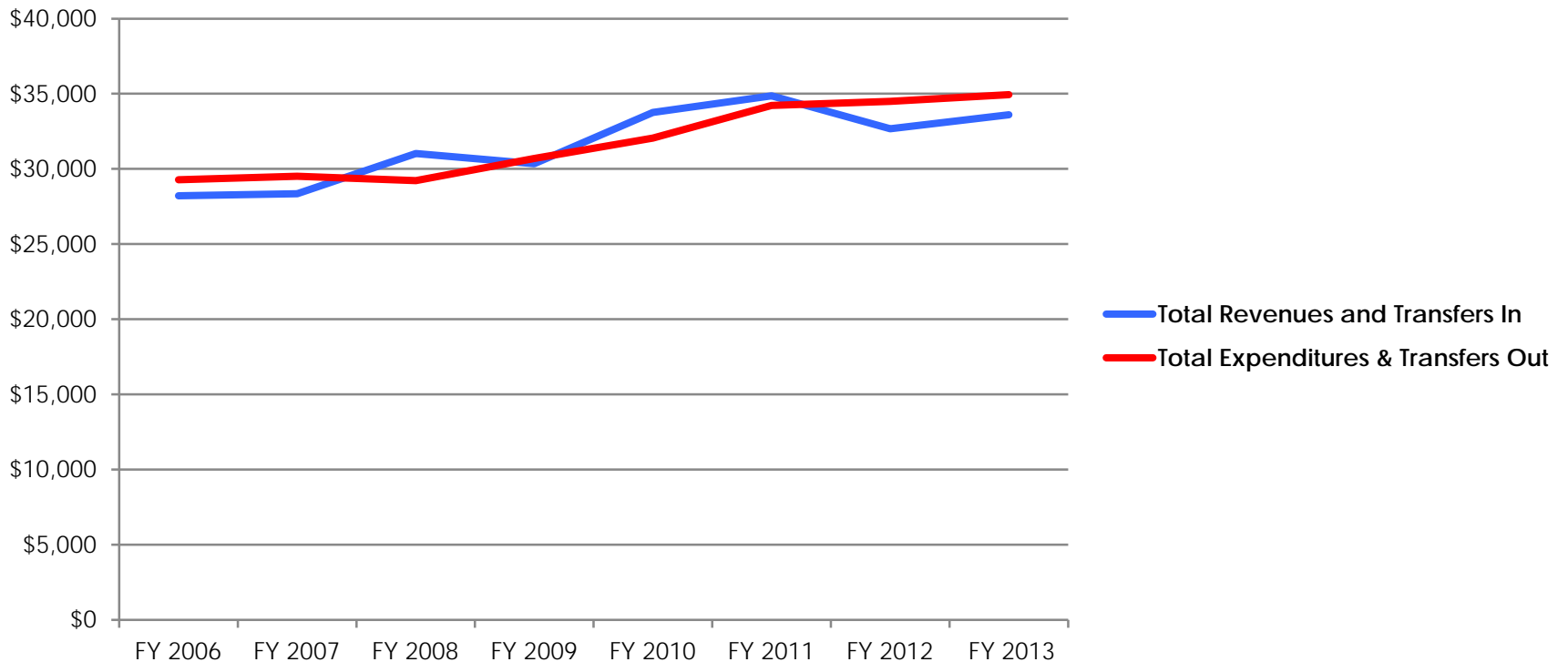
EOU's Financial Trends and Trajectory

Costs Per Student



EOU's Financial Trends and Trajectory

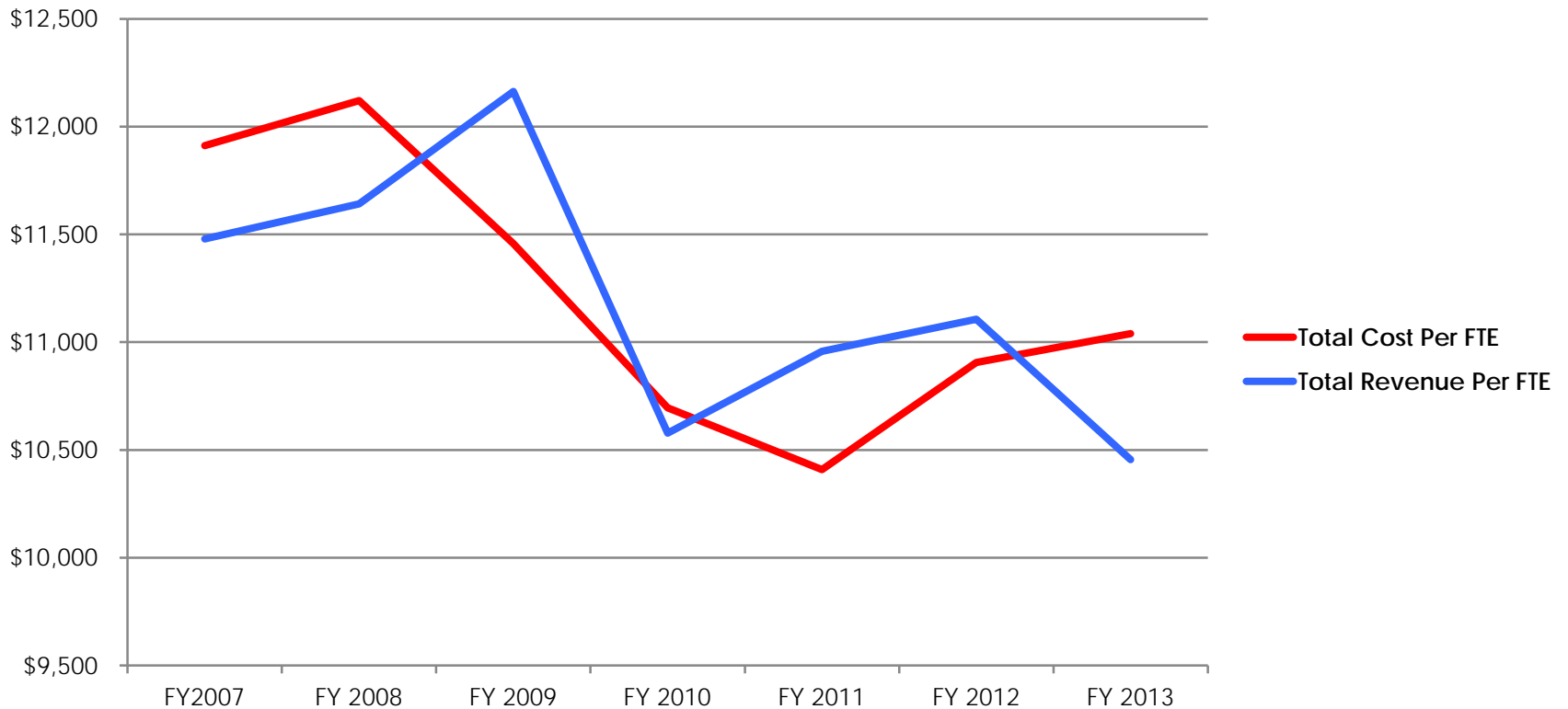
Revenue & Expenses



Dollars in '000s, FY 2013 Projected

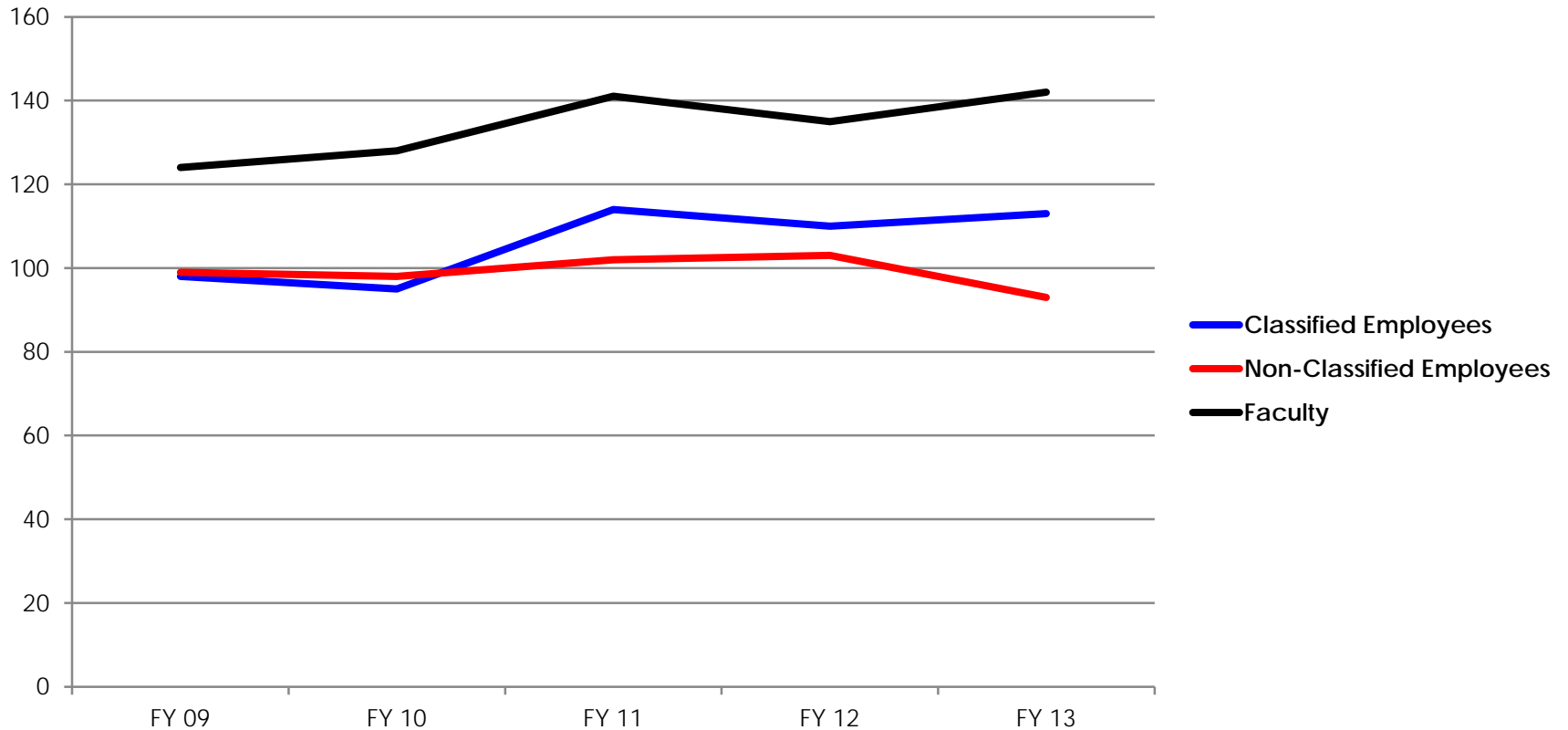
EOU's Financial Trends and Trajectory

Revenues and Expenses By FTE



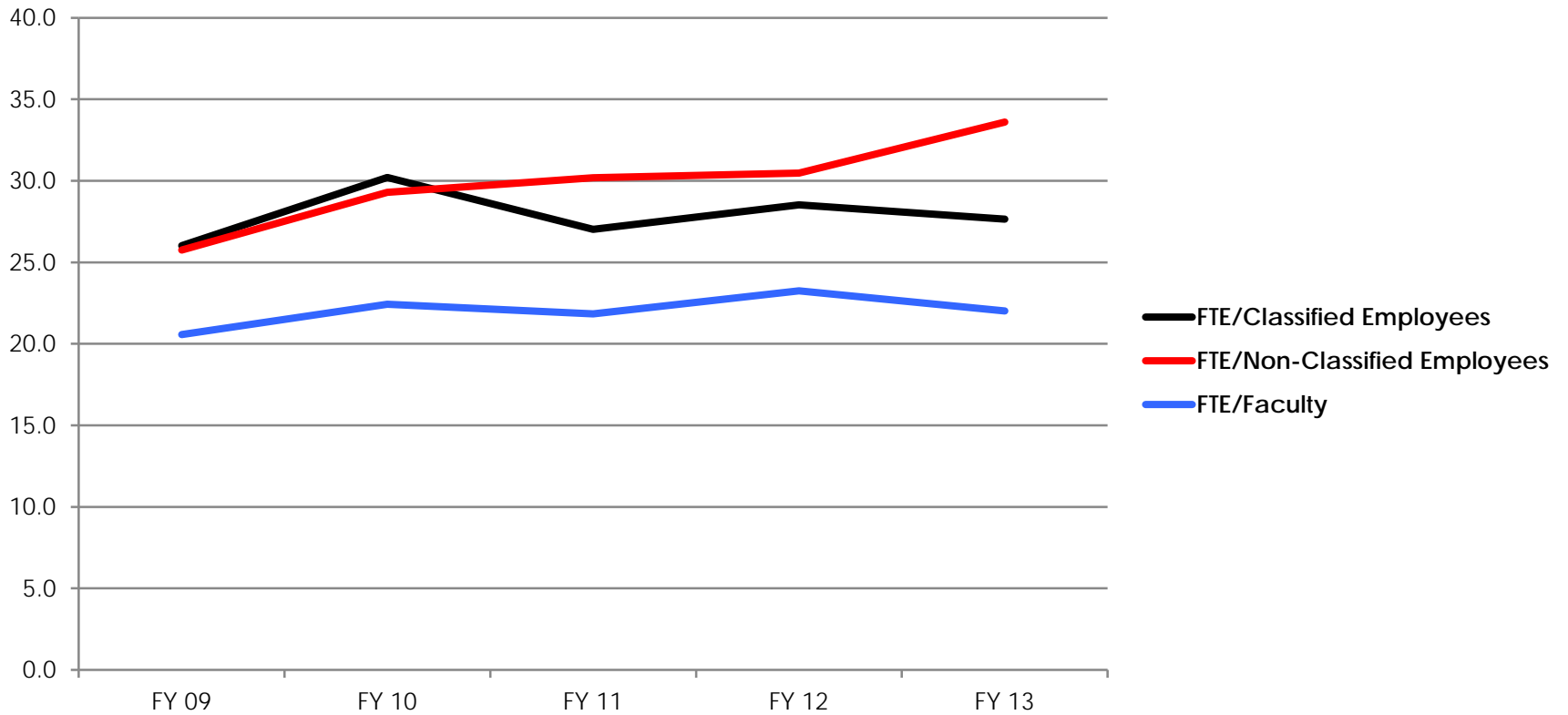
EOU's Financial Trends and Trajectory

Faculty and Staff



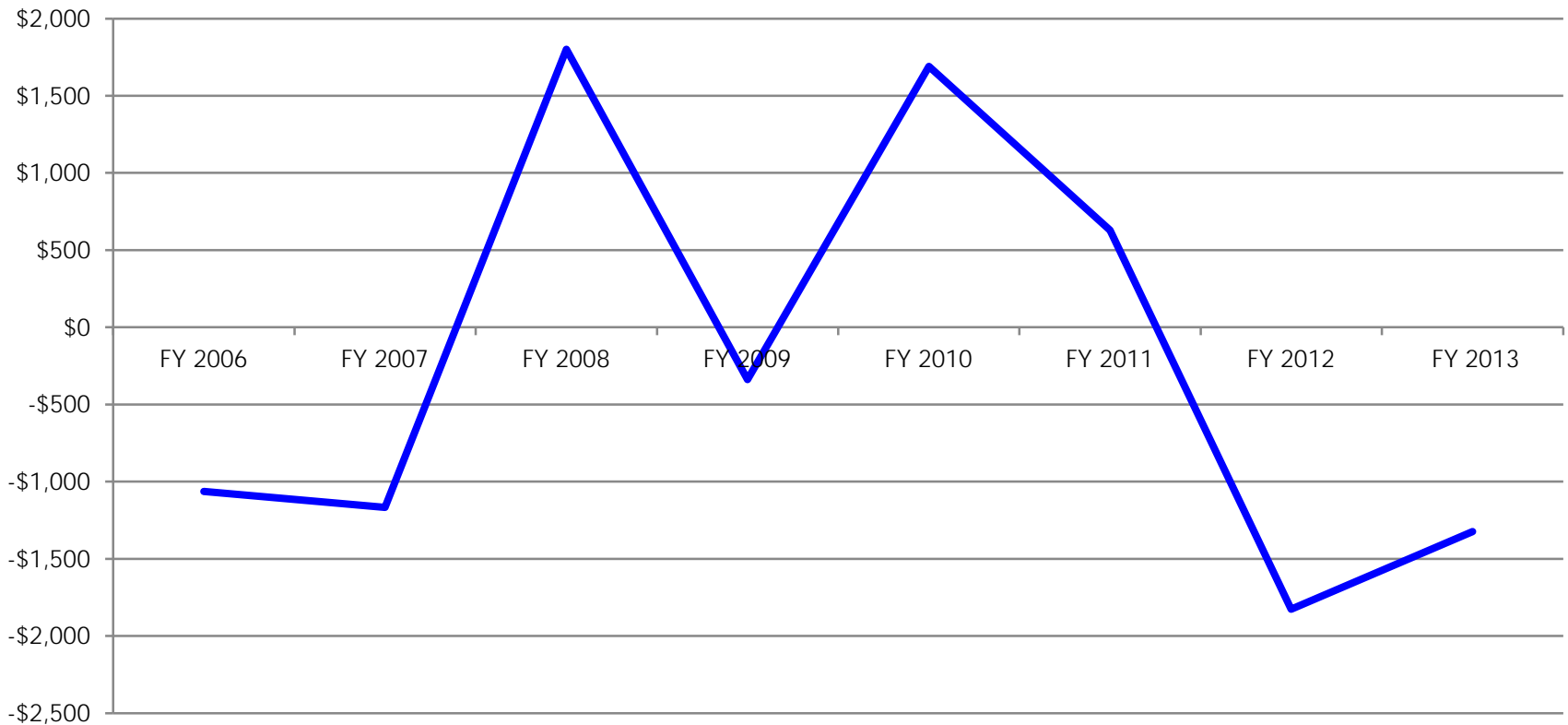
EOU's Financial Trends and Trajectory

Student FTE/Employee Category



EOU's Financial Trends and Trajectory

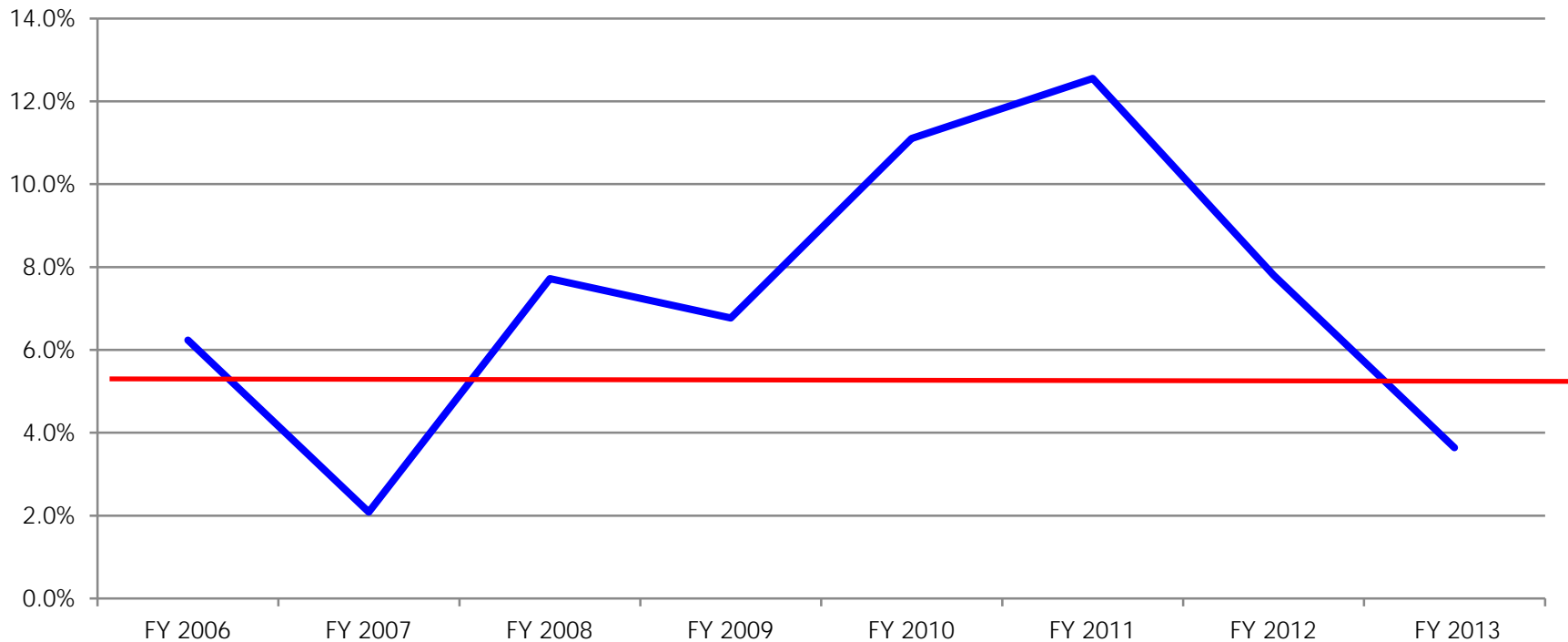
Net Proceeds from Operations



Dollars in '000s, FY 2013 Projected

EOU's Financial Trends and Trajectory

Fund Balance as a Percent of Operating Revenues



Current Short-Term Issues

- ▣ **Increased Service and Supply spending trend**
 - increased by 14%
- ▣ **Decrease in Small-Scale Energy Loan Program (SELP) Revenue**
 - decreased by approximately \$210,000
- ▣ **Increased tuition remission trend**
 - increased by approximately \$500,000
- ▣ **Increased overtime trend**
- ▣ **Enrollment (retention, new students, etc.) flattened**

Short-Term, One-Time Solutions

- ▣ **The use of auxiliary funds as an inner-institutional transfer**
 - **Capital expenditures have been covered by OUS; therefore, a portion of these funds may be available to assist in achieving the required fund balance requirement. Allows EOU to manage the situation without OUS intervention.**
- ▣ **Furlough days for non-classified employees (executive and administrative faculty) of one day per month**
- ▣ **S&S, overtime and hiring freezes**

While these are important fiscal levers and may provide EOU a pathway toward a 5 percent fund balance, they do NOT alter the long-term trajectory and long-term sustainability.

Long-Term Issues

- ▣ Revenues will remain flat:
 - State funding decreasing on a per student basis offset, by tuition increases
 - Enrollments are projected to remain relatively flat
- ▣ Increases in personnel costs
 - PEBB, PERS, etc.
- ▣ Personnel cost as percentage of revenues remains too high
- ▣ Maintenance of a wide array of programs
 - We are trying to be “All things to all people.”

Impact of Long Term Issues

- ▣ Continued, and widening gap, between Revenues and Expenses
- ▣ Negative fund balance (impossible)
- ▣ Loss of control at the institutional level
 - either we deal with our issues or someone else will

Sustainability Plan—Targeted Reductions

- **Reductions in non-instructional activities:** **\$1.742 million**
 - **Flattening of Administrative Positions** **\$585,000**
 - **Administrative Unit Review**
 - **Salary Reductions** **\$513,000**
 - **Elimination of Non-Essential Overtime** **\$130,000**
 - **Implementation of Energy Audit Finding** **\$ 64,000**
 - **Campus Closure for Energy Conservation** **\$450,000**

- **Reductions in instructional related activities:** **\$1.838 million**
 - **ERIP, Adjustments to the Overload and**
 - **Adjunct Salary Scale** **\$1,000,000**
 - **Academic Program Review** **\$838,000**

Sustainability Plan—Actions to Date

- ▣ 14 non-faculty positions eliminated
- ▣ 5 non-faculty positions moved to alternative funding sources
- ▣ 3 faculty positions were eliminated
- ▣ Early Retirement Incentive Program (ERIP) annual savings is approximately \$100,000
- ▣ Campus closure implemented with annual savings in excess of \$100,000
- ▣ S&S reductions realized in year 1 of \$330,000
- ▣ Overtime, Temp, and other classified pay reduced in year 1 by nearly \$120,000
- ▣ Adjunct on-line salary revision implemented in Winter Term 2013

Sustainability Plan—Actions to Date

- ❑ **“One Dean Model” was deemed not feasible**
 - Created Associate Dean model
- ❑ **Many academic program action plans did not realize cost savings and/or FTE reductions**
 - Religious Studies and MODL were recently reduced for upcoming years
- ❑ **Overload salary matrix revisions not implemented**
- ❑ **General Education Credit reduction not fully implemented**
- ❑ **Non-instructional savings realized \$1.56M (92% of proposed savings)**
- ❑ **Instructional savings realized \$479K (27% of proposed savings)**

What was learned...

- ❑ Strategic reduction and refocus of programs, across the University, is necessary
- ❑ Action plans provided a pathway, but most did not succeed in reducing costs
- ❑ Investment in focused programs based on student and regional demand is critical to future sustainability
- ❑ Personnel costs remain the key driver of our fiscal condition
- ❑ Must aim for a fund balance beyond 5 percent—minimum of 8.5 percent, ideally 10 percent (\$2.5M to \$3M rather than \$1.5M in reserves)
- ❑ Self-generating revenue (tuition increases, non-resident tuition) are a *part*—not the entire—solution of the financial solution
- ❑ Leadership and a commitment to implementing the plan by facing the brutal facts, is required

What is needed...

- ▣ **Acknowledgement that we cannot be all things to all people**
 - Commit to our Liberal Arts mission and service to region
 - Be data driven
 - Connection to the Mission and Four Core Themes
 - Are based on regional needs
- ▣ **Academic Program Focus Process**
- ▣ **Continual administrative review of service offerings**
- ▣ **Focus, and invest in educational programs that:**
 - Enhance our mission
 - Accentuate our capability to lead
 - Differentiate us
 - Serve the region in meaningful ways
- ▣ **Apply appropriate procedures, policies and practices**
 - Course minimums
 - Course load management
 - Overtime monitoring
 - Budget/Fiscal oversight
- ▣ **Implementation of Furlough Days for Unclassified Staff (Admin. Fac. and Executive)**
- ▣ **Examination of long held strategies is necessary**

Academic Program Focus Process

▣ Three Key Goals —

- 1. Program structures support student entrance, retention, and completion regardless of location.**
- 2. Program structures reflect sustainable faculty staffing levels, both tenure-track and fixed term, relative to faculty FTE from comparable programs.**
- 3. Program structures reflect sustainable faculty workload assignment, avoiding program reliance on regular overload.**

Academic Program Focus Process

Building on our Spring 2011 Program Review, which established direct program connections to EOU Mission, Core Themes and related Goals, this follow-on process focuses on streamlining & condensing our current set of academic programs to reflect our current needs, as well as our current and projected envelope of resources.

Two primary data categories beyond our current mission critical data — Enrollment & Program Performance, and Program Costs & Revenues — will be developed and examined to draft initial program recommendations to be sent out to program faculty and governance bodies for feedback.

Academic Program Focus Process

- ▣ **Enrollment & Program Performance (most recent institutional data reported, full-year or last full-term)**
 1. 5-year student credit hours generated, both program-specific and service-related.
 2. 3-5 year history of graduates by major/minor/concentration area.
 3. Numbers of students per major/minor/concentration area.
 4. Ratios of students to graduates per major/minor/concentration area.
 5. Requirements/processes for admission to major/minor, if applicable.
 6. Overall curricular structure and completion pathways for students.

Academic Program Focus Process

▣ Program Costs & Revenues

1. Program revenues, totaled from tuition and RAM funding.
2. Program direct instructional costs, broken down by S&S and faculty FTE, tenure-track, fixed term, and adjunct, inload and overload.
3. Productivity ratios, by comparable CIP code (following Delaware Study methodology), both aggregated and broken out for both on-campus and off-campus modalities, tenure-track, fixed term, and adjunct.
4. Comparison of inload course enrollments vs. overload course enrollments by program area.

Overall Planning Principles

- ▣ Open discussions between all members of the EOU community
- ▣ Decisions based on data and tied to our mission, core themes and goals
- ▣ Involve expertise on and off campus
- ▣ Engage shared governance
- ▣ Stick to and work through the plan
- ▣ "Progress is impossible without change, and those who cannot change their minds cannot change anything" George Bernard Shaw

Planning Time Frame

- ▣ On-going as needed:
 - Meetings with Budget and Planning, Faculty Senate, University Council, ASEOU, faculty and staff representative organizations, etc.
- ▣ Mid April—Official declaration, if required, of Academic Program Reductions and Eliminations
- ▣ Early May—First draft released to University
- ▣ May—Feedback and continued fine-tuning
- ▣ Early June—Final draft released

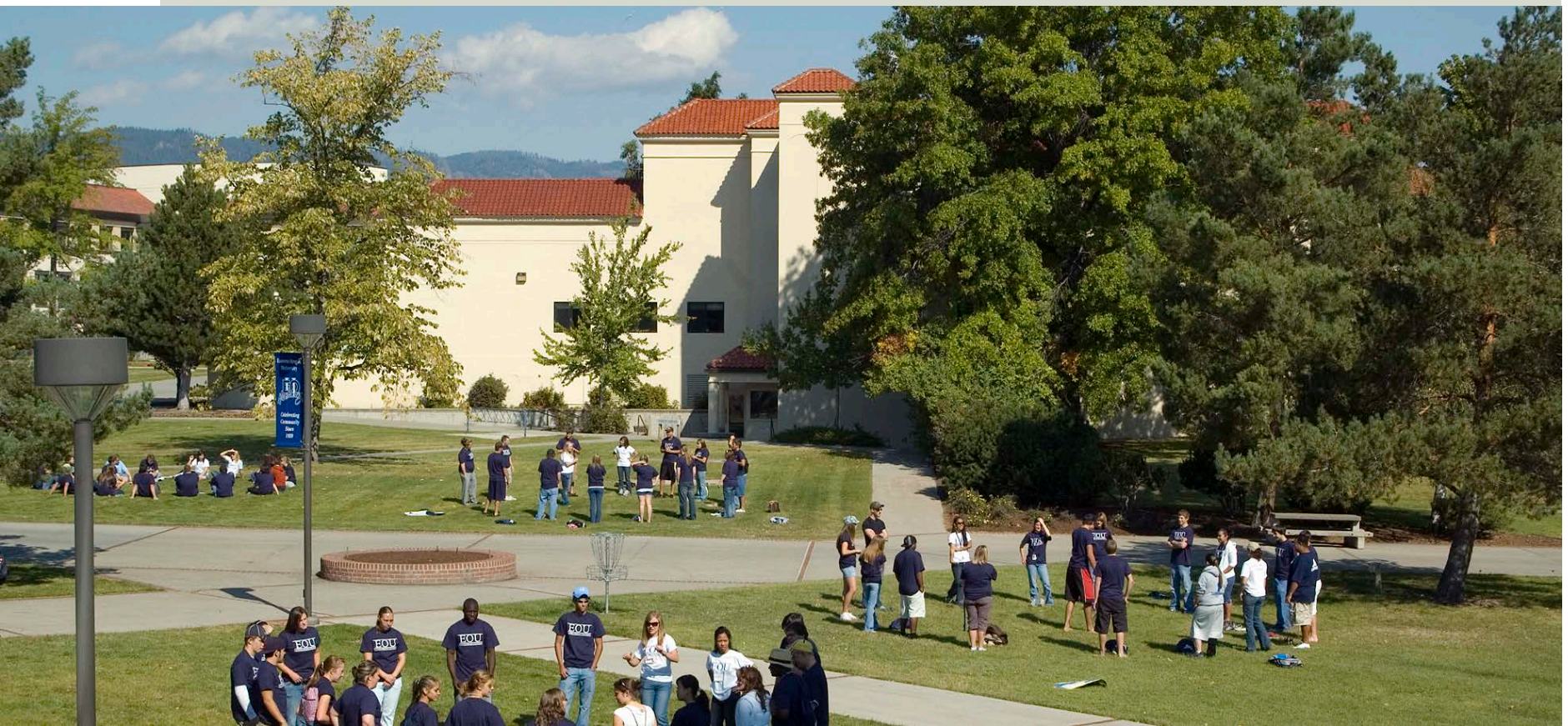
Moving Forward

From Flying the Plane While Rebuilding the Engine

“In time of crisis, we cannot run away to the comfort of the way we’ve always done things. If we do not take charge of our future, it will be determined for us.” (pg. 12)

We Must:

- **Live within our means**
- **Plan for the future, not just today**



University Sustainability Plan Update

Questions