

YSU Budget Advisory Council

Meeting Minutes – January 27, 2020

11:00 a.m. – Kilcawley Center - Cochran Room

Members in attendance: Dr. Charles Howell, Lisa Mudryk, Justin Shaughnessy, Caroline Smith, Mr. Eddie Howard, Dr. Mohan Eunni, Dr. Brien Smith, Dr. Jeff Tyus, Carly Devenburgh, Dr. Jeffrey Coldren, Dr. Tomi Ovaska, Dr. Mike Sherman, Dr. Sara Michaliszyn, Dr. Thomas Wakefield and Neal McNally.

Members absent: Dr. Gregg Sturrus and Elaine Jacobs

1. The meeting convened at 11:00 a.m. Neal McNally provided an update on the university's FY 2020 operating budget. Referring to a [handout](#), Mr. McNally stated that year-to-date revenues through the first fiscal quarter of FY 2020 are mostly tracking on target and as planned with the notable exception of tuition and fee income, which is tracking below budgeted estimates due to the fact that fall semester enrollment levels were 3.6% below budgeted levels on an FTE basis. However, it was noted that this revenue shortfall is being effectively managed, largely through position vacancy control measures that has helped to stabilize personnel expenses, at least through the period of July 1 - September 30, 2019.

Dr. Mike Sherman noted that a large proportion of YSU's tuition and fee income is actually derived from other sources, namely federal financial aid dollars. Neal McNally agreed, stating that some \$80 million in annual tuition and fee income is sourced from federal aid dollars. Provost Brien Smith said this underscores the need to be compliant with all types of federal programs, including research grants, lest YSU place at risk eligibility for federal funding.

A [second handout](#) was distributed detailing the university's expenses for health care insurance claims for the previous 30-month period culminating in December 2019. This document was prepared by the university's health care consultant, Findley, Inc., and shows an upward trend in health care expenses underscored by an extraordinarily costly month of December 2019 that saw YSU's health care expenses climb to nearly \$9.9 million for the first six months of FY 2020. Given that health care insurance costs represent a significant expense in the university's fringe benefit budget, there was consensus that the group should receive a more in-depth briefing from Findley, perhaps at the February meeting.

2. Neal McNally briefed the group on the State Share of Instruction (SSI) funding formula, and particularly the proposed changes under discussion in Columbus that would introduce a new performance measure—post graduation employment

outcomes—as another driver of funding to public universities in Ohio. Currently, YSU receives about \$43 million per year in SSI funding, which is distributed by the Ohio Department of Higher Education (ODHE) through a complex performance-based funding formula that distributes operating appropriations to colleges and universities on the basis of degrees awarded, successful course completions and various “at-risk” factors. So far, neither the ODHE nor the Inter-University Council of Ohio has been able identify a reliable source of employment data for university graduates who may be working outside of the state of Ohio. While there are some repositories that contain self-reported survey data, there apparently doesn’t exist a comprehensive database that links university degrees to job outcomes. Yet, the need to incorporate a job-placement component into the SSI formula is ostensibly mandated by House Bill 166, as workforce outcomes remain top priorities for state policymakers, including Governor DeWine. Rather than relying on survey data to drive SSI funding, it may be possible to reach a compromise in Columbus that would instead use degree-outcomes as a way to derive employment outcomes.

Adding another caveat to the discussion, Caroline Smith and Sara Michaliszyn noted that “gap years” are becoming increasingly common whereby college graduates opt out of the workforce during their first year following graduation. Consequently, YSU may need to develop a way to systematically collect this type of data from YSU alumni, which would likely require a budgetary investment. Any such changes to the SSI formula would be legislated in the next state operating budget bill and become effective no earlier than July 1, 2021.

3. As a follow up to the council’s November 2019 meeting, there was a discussion regarding student fees. Neal stated that ODHE Chancellor Randy Gardner met with the IUC financial officers in Columbus on December 14, 2019, to discuss student fees, and particularly the process that the ODHE is creating to receive requests from universities to increase or create student fees, such as course fees and program fees, which are otherwise prohibited by H.B. 166. Chancellor Gardner indicated that his approval of such fees would be the exception and not the norm, as the legislative intent of H.B. 166 was to restrict growth in ancillary fees, which have proliferated at all Ohio state universities over the years.

At that same meeting in December, Chancellor Gardner seemed receptive to the concept of fee consolidation that was posed by a representative from another Ohio university. Under this model, all ancillary fees would be eliminated and rolled into an averaged-value tuition rate, thereby simplifying students’ tuition bills. Caroline Smith said that she would want to gauge student sentiment before weighing in on behalf of SGA. Sara Michaliszyn reiterated that the current fee structure provides

direct funding to academic departmental budgets. Charlie Howell observed that YSU's current differential fee structure enables program costs to be differentiated, thereby supporting decisions regarding investment in and divestment from programs based on revenue-expense margins. Tomi Ovaska said that he had heard at a recent Academic Senate meeting that unspent student fees may need to be refunded to students, to which Neal McNally responded that no such requirement exists, to his knowledge. Provost Brien Smith agreed that Ohio law does not require student refunds in this manner and asked Dr. Ovaska to email any information that might suggest otherwise.

4. Concerning planning for the FY 2021 budget, Eddie Howard provided an update on student applications and admissions for the fall 2020 semester. Referring to a handout, Mr. Howard noted that fall 2020 applications are down by 8.23% relative to last fall, and that admits are also down by 3.88%. While this does not bode well for YSU's enrollment trajectory, Mr. Howard noted that there remains a large degree of variability in how the numbers may fluctuate between now and next August. Mr. Howard stated that YSU's enrollment management team is working in concert with the colleges, with several college-specific enrollment events scheduled for this spring. Carly Devenburgh observed that YSU does not require prospective students to make a financial deposit and wondered if such a requirement might improve enrollment predictability and yield.

Mike Sherman provided an additional handout with information pertaining to the projected decline in the number of high school graduates over the next ten years in Ohio, as well as in other surrounding states, including Pennsylvania, West Virginia and Michigan. Based on this information, it is highly probable that YSU's FY 2021 budget will need to be based on a planning assumption of declining enrollments, which will further constrict university revenues. Provost Smith noted that the information presented by Mr. Howard and Dr. Sherman relate to new incoming students, but that the notion of *enrollment* also includes retention of current students. Provost Smith suggested that more work is needed to understand YSU's student attrition rate, citing data indicating that YSU continues to lose students who are in good academic standing but fail to matriculate.

Dr. Sherman stated that EAB will be on campus on February 13, 2020, to discuss enrollment and scholarship strategies.

5. Due to time constraints, the remaining items on the meeting agenda were tabled and the meeting adjourned at 12:15 p.m.