

# *Youngstown State University Budget Update*



May 8, 2020

# Pre-COVID19 - FY 2020

1. FY 2020 expenses were made possible by increased revenue:
  - House Bill 166:
    - Change in state of Ohio tuition policy = \$2.4 million
    - 2% increase in SSI funding = \$700,000
    - Helped stabilize YSU's budget and enable some investments.
2. But a structural budget deficit remains = **(\$4.9 million)**
3. YSU's enrollment level declined by 3.6% on FTE basis.
  - Result: Additional revenue variance of approximately **(\$4 million)**
4. Health care insurance costs spiked during first half of FY 2020:
  - 27% increase in YSU's costs, December 2019 vs. December 2018
5. On track for a balanced budget:
  - YSU is managing revenue shortfall through spending controls and resource reallocation.
6. Uncertainty about the future:
  - Demographic shifts indicative of a shrinking student population.
  - Higher education market challenges.

# Post-COVID19 - FY 2020

1. All of those pre-COVID19 challenges still exist.
2. New challenges have emerged:
  - Partial mid-semester fee refunds to students: **(\$3 million)** in lost revenue to YSU.
  - State of Ohio tax receipts declining sharply: \$159 million in March alone!
    - State Higher Ed. funding cut by 15% (April – June): **(\$1.6 million)** in lost revenue for YSU\*
    - \* FY 2020 state funding reduction updated 5/6/20 per OBM document.
  - YSU investment portfolio has declined in value by \$4 million since 3/31/20:
    - Projected loss in investment income: **(\$500,000)**.
    - YSU Foundation endowment value is down by **(\$30 million)** on quarterly basis
      - YSU Foundation furloughed all staff to 0.80 FTE to reduce expenses.
3. Federal CARES Act funding:
  - YSU's allocation = \$10.4 million
  - 50% or \$5.2 million for student financial aid
  - 50% or \$5.2 million for institutional support
    - Expected to mitigate risk of FY 2020 year-end deficit.
4. Austerity measures are possible this year to prepare for challenging FY 2021 next year.

# *FY 2021 Budget Planning*

1. State tax receipts are projected to continue to slide downward
  - Gov. DeWine ordered ODHE to plan for 20% reduction in higher ed. funding in FY21:
    - Impact on YSU: **(\$8.7 million)** in lost revenue next year
2. Negative results in the financial markets likely to persist:
  - YSU investment income estimated to fall by **\$500,000** to **\$1 million** next year.
  - YSU Foundation's scholarship support likely to decline in FY 2021.
3. Enrollment uncertainty:
  - *Example:* 5% FTE enrollment decline = **(\$5.5 million)** in lost revenue to YSU.
4. If fall semester is remote instruction, there will be additional revenue losses for YSU auxiliary operations:
  - Housing & Dining Services: **(\$6 million)**
  - Parking Services: **(\$1.7 million)**

# *FY 2021 Budget Planning (cont.)*

YSU Administration must plan for the worst case scenario.

1. YSU's long-term financial sustainability must be preserved.
2. COVID-19 has accelerated need to implement structural budget changes already established by Strategic Planning documents and BOT resolutions.
3. Increase in tuition by 2.1% to 4.1% planned next year, as permissible by HB 166.
  - \$2.4 million in revenue possible (depending on enrollment levels)
  - Tuition elasticity is not limitless but YSU's relative affordability is an advantage.
4. Reduce spending: comprehensive review underway.
  - Salary reductions already announced for Excl. Prof. & Admin. staff:
    - 2% reduction for \$65,000 - \$99,999 salary range
    - 6% reduction for \$100,000 - \$124,999 salary range
    - 8% reduction for \$125,000 - \$174,999 salary range
    - 10% reduction for \$175,000 - \$299,999 salary range
    - 15% reduction for \$300,000 + salary range (one person)
    - Total approximate savings: \$700,000

# *Questions and observations*