

**Comprehensive Planning Narrative  
Kutztown University of Pennsylvania**

**As submitted  
September 13, 2021**

**Reports should be no more than 15 pages.**

## Executive Summary

*Provide a brief (one page) narrative of the university's plan, based on the projected enrollment, revenue, and expenditure information provided in the completed templates. Consider copying and pasting from Sustainability Plan Version 2 narrative, then update as appropriate.*

### Executive Summary:

Kutztown University's plan toward financial sustainability began with fiscal year 2018/19 when we balanced our E&G budget, without the use of cash reserves, for the first time in eight years. We have remained focused on this approach and continued this difficult work by balancing our budget without the use of cash reserves for the 4<sup>th</sup> consecutive year in 2021/22. This was accomplished on an annual basis through a combination of new revenue and base budget reductions. We realized significant budget savings from position eliminations, faculty retirements, and reductions to department operating budgets and debt service obligations. Moving away from using cash reserves to balance the budget was a huge step in the right direction. These efforts are beginning to show clear results in the form of improving financial indicators. KU's unrestricted net assets and yearend cash balances are now at their highest levels since June 30, 2017.

Kutztown University remains committed to right-sizing our annual expenses moving forward as we face increasing salary and benefit costs for our employees. We have maintained a modified hiring freeze for all staff positions since January 2019. This has resulted in the elimination of many staff positions across the E&G and Auxiliary operations, redistribution of work, in some cases reduction of services, and careful review of any proposal to fill a vacant position at Cabinet. We continue to consider consolidation of services and reduction of the workforce in all areas of the university including non-represented employees. On the academic side, we have made significant strides in realigning our faculty complement with our lower student enrollment. This includes the elimination of recently vacated tenure track lines and reductions to our temporary faculty assignments. These efforts have led to a steady increase in our student to faculty ratio over the past few years. We have no plans to use unrestricted net assets or cash reserves to balance our annual operating budget in future years.

Our overall success will require stabilizing enrollment and a modest growth in revenue based on fee increases in line with the rate of inflation. Our plans to stabilize enrollment include increased recruitment efforts and improving our retention rate. The primary strategy to achieve this goal will be through financial aid optimization and an increased investment in institutional student aid over the next three years. Our additional investment in scholarships will be aided by the Kutztown University Foundation as they have embarked on a comprehensive fundraising campaign. In 2020/21, the Kutztown Foundation raised a record breaking \$10,250,332. The other strategies behind our enrollment goals are discussed in more detail in the following section. We believe that our enrollment projections are realistic and achievable.

The financial projection set forth in the sustainability template is attainable and as displayed will lead to small but steady improvement in our financial indicators resulting in Kutztown University being in good standing with the State System criteria for financial sustainability.

## Part 1: Strategy Narrative

### Identifying strategic goals within major strategy categories

|  |  |                            |   |                          |
|--|--|----------------------------|---|--------------------------|
| <b>Strategy Categories<br/>(Check all that apply):</b>   | X  | Student Success            | X | Financial Sustainability |
|  | X  | Affordability              |   | Academic Program Array   |
|  | X  | Diversity/Equity/Inclusion |   | Other                    |
| <b>Strategic Goal:</b>   | Increase freshmen enrollment to 1,600 and increase transfer enrollment to 575 by fall 2022, increase graduate enrollment by 1.25% annually, with additional focus on continuing education. |                            |   |                          |
| <b>Strategic Goal(s) description and populations impacted:</b>   |  |                            |   |                          |
| 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 1,521 freshmen in fall 2020 and projected to enroll 1,507 in fall 2021. With the further implementation and refining of our new financial aid awarding processes, we feel confident that we will attain 1,600 freshmen by 2022.   |  |                            |   |                          |
| <b>Anticipated student success, DEI, or financial sustainability outcomes:</b>   |  |                            |   |                          |
| <ul style="list-style-type: none"> <li>• Increase freshmen enrollment to 1,600 and increase transfer enrollment to 575 by fall 2022, increase graduate enrollment by 1.25% annually, with additional focus on continuing education.               <ul style="list-style-type: none"> <li>○ The Enrollment Management division led an effort to work collaboratively to increase new undergraduate student enrollment.</li> <li>○ Since the inception of the CPP, freshmen net deposits are up 10.41% or 145 students. Transfer net deposits are down year over year, this is not unexpected due to declines in community college enrollment since the start of the pandemic.</li> <li>○ Graduate enrollment is up 3.26% year over year, date to date.</li> </ul> </li> </ul> |  |                            |   |                          |
| <b>Strategy funding and resources:</b>   |  |                            |   |                          |
| Strategic Enrollment Management (SEM) Consultant   |  |                            |   |                          |
| Financial Aid Optimization: \$60,000 – Continuation for second year  |  |                            |   |                          |
| <b>Multi-campus and Systemwide implications, if applicable:</b>  |  |                            |   |                          |
| 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.  |  |                            |   |                          |

## Part 1: Strategy Narrative

### Identifying strategic goals within major strategy categories

| <b>Strategy Categories (Check all that apply):</b>   | X   | Student Success            | X | Financial Sustainability |  |           |              |                                |        |        |                                |        |        |            |       |        |
|--|---|----------------------------|---|--------------------------|--|-----------|--------------|--------------------------------|--------|--------|--------------------------------|--------|--------|------------|-------|--------|
|  | X   | Affordability              | X | Academic Program Array   |  |           |              |                                |        |        |                                |        |        |            |       |        |
|  |   | Diversity/Equity/Inclusion |   | Other                    |  |           |              |                                |        |        |                                |        |        |            |       |        |
| <b>Strategic Goal:</b>   | Increase freshmen cohort retention rate by 1%, annually, fall 2020-fall 2023, increase university persistence rate to 68% by fall 2023. |                            |   |                          |  |           |              |                                |        |        |                                |        |        |            |       |        |
| <b>Strategic Goal(s) description and populations impacted:</b>   |   |                            |   |                          |  |           |              |                                |        |        |                                |        |        |            |       |        |
| 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.   |   |                            |   |                          |  |           |              |                                |        |        |                                |        |        |            |       |        |
| <b>Anticipated student success, DEI, or Financial Sustainability outcomes:</b>   |   |                            |   |                          |  |           |              |                                |        |        |                                |        |        |            |       |        |
| <ul style="list-style-type: none"> <li>• Increase freshmen cohort retention rate by 1%, annually, fall 2020-fall 2023, increase university persistence rate to 68% by fall 2023</li> <li>• As of September 6, 2021, Retention and Persistence rates are improving as follows:               <ul style="list-style-type: none"> <li>○ Retention continues to outpace our goals, the goal outlined for fall 21 is 76%.</li> <li>○ Persistence is slightly behind the prior year, but that is due to a 5% increase in 4-year graduation rates. We are experiencing a shift in persistence due to a decrease in time to degree.</li> </ul> </li> </ul>   |   |                            |   |                          |  |           |              |                                |        |        |                                |        |        |            |       |        |
| <table border="1" style="margin: auto; border-collapse: collapse;"> <thead> <tr> <th style="width: 50%;"></th> <th style="width: 20%;">Retention</th> <th style="width: 30%;">Continuation</th> </tr> </thead> <tbody> <tr> <td>Fall 2020, returning Fall 2021</td> <td style="text-align: center;">78.17%</td> <td style="text-align: center;">65.50%</td> </tr> <tr> <td>Fall 2019, returning Fall 2020</td> <td style="text-align: center;">77.60%</td> <td style="text-align: center;">66.77%</td> </tr> <tr> <td>Difference</td> <td style="text-align: center;">0.57%</td> <td style="text-align: center;">-1.27%</td> </tr> </tbody> </table> |   |                            |   |                          |  | Retention | Continuation | Fall 2020, returning Fall 2021 | 78.17% | 65.50% | Fall 2019, returning Fall 2020 | 77.60% | 66.77% | Difference | 0.57% | -1.27% |
|  | Retention   | Continuation               |   |                          |  |           |              |                                |        |        |                                |        |        |            |       |        |
| Fall 2020, returning Fall 2021   | 78.17%  | 65.50%                     |   |                          |  |           |              |                                |        |        |                                |        |        |            |       |        |
| Fall 2019, returning Fall 2020   | 77.60%  | 66.77%                     |   |                          |  |           |              |                                |        |        |                                |        |        |            |       |        |
| Difference   | 0.57%   | -1.27%                     |   |                          |  |           |              |                                |        |        |                                |        |        |            |       |        |
| <b>Strategy funding and resources:</b>   |   |                            |   |                          |  |           |              |                                |        |        |                                |        |        |            |       |        |
| Initiatives will be funded through grant, foundation, and university funds.  |   |                            |   |                          |  |           |              |                                |        |        |                                |        |        |            |       |        |
| Additional revenues will be realized as part of increased tuition dollars as a result of increased overall enrollment.   |   |                            |   |                          |  |           |              |                                |        |        |                                |        |        |            |       |        |
| <b>Multi-campus and Systemwide implications, if applicable:</b>  |   |                            |   |                          |  |           |              |                                |        |        |                                |        |        |            |       |        |
| Kutztown University-Lock Haven University articulation agreement (B.S. Psychology/KU leading to M.S. Sport Science/LHU). Agreement signed and effective Fall 2020.   |   |                            |   |                          |  |           |              |                                |        |        |                                |        |        |            |       |        |
| 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). Under review by State System Academic Affairs and State System Legal; likely to be effective for Fall 2020.  |   |                            |   |                          |  |           |              |                                |        |        |                                |        |        |            |       |        |
| 4+1 agreement between Kutztown University and Slippery Rock University for SRU B.S. Computer Science students to pursue M.S. Computer Science degree at KU. Agreement under review by SRU administration.  |   |                            |   |                          |  |           |              |                                |        |        |                                |        |        |            |       |        |
| 3+2 affiliation agreement between Kutztown University and Slippery Rock University leading to M.S. Physician Assistant degree at SRU. SRU is currently drafting the agreement/conversations started.   |   |                            |   |                          |  |           |              |                                |        |        |                                |        |        |            |       |        |
| MOU between KU B.A. Anthropology and Indiana University of Pennsylvania leading to M.S. Applied Archaeology degree. Agreement signed and effective Fall 2020.  |   |                            |   |                          |  |           |              |                                |        |        |                                |        |        |            |       |        |

## Part 1: Strategy Narrative

### Identifying strategic goals within major strategy categories

|  |   |   |                          |
|--|---|---|--------------------------|
| <b>Strategy Categories<br/>(Check all that apply):</b>   | <input type="checkbox"/> Student Success            | X | Financial Sustainability |
|  | <input checked="" type="checkbox"/> Affordability   |   | Academic Program Array   |
|  | <input type="checkbox"/> Diversity/Equity/Inclusion |   | Other                    |
| <b>Strategic Goal:</b>   | Continue to Right-size the Annual Operating Budget  |   |                          |
| <b>Strategic Goal(s) description and populations impacted:</b>   |   |   |                          |
| During this challenging period of declining revenues, the university is committed to eliminating positions and cutting operating costs to the level required to preserve our net assets. A balanced budget, where annual recurring revenues match our annual expenses, is paramount.   |   |   |                          |
| <b>Anticipated student success, DEI, or Financial Sustainability outcomes:</b>   |   |   |                          |
| <ul style="list-style-type: none"> <li>• Continue to Right-size the Annual Operating Budget               <ul style="list-style-type: none"> <li>○ Kutztown University has maintained a modified hiring freeze for all staff positions since January 2019. This has resulted in the elimination of 75 staff positions across the E&amp;G and Auxiliary operations, redistribution of work, in some cases reduction of services, and careful review of any proposal to fill a vacant position at Cabinet. Work is continuing to review consolidation of services and reduction of the workforce in all areas of the university including non-represented employees.</li> <li>○ We have cut \$2.8 million from operating budgets across the university and asked departments to reevaluate all nonessential spending. The University has also reduced spending on non-deferred maintenance projects.</li> <li>○ We have made significant reductions to the temporary faculty pool as enrollment has declined and have eliminated many faculty tenure track lines as they became vacant. In total, we have reduced our faculty FTE by 52 over the past two years.</li> <li>○ In future years, we plan to make further cuts to budgeted faculty lines as we move toward increasing our student to faculty ratio.</li> <li>○ We have merged departments, realigned divisions, and eliminated upper level management positions.</li> <li>○ We have no plans to use unrestricted net assets or cash reserves to balance our annual operating budget.</li> </ul> </li> </ul> |   |   |                          |
| <b>Strategy funding and resources:</b>   |   |   |                          |
| Cost of both phased retirement and faculty retirement incentives.  |   |   |                          |
| <ul style="list-style-type: none"> <li>• Raise \$6M+ annually               <ul style="list-style-type: none"> <li>○ In FY 2021, the Foundation raised \$10,250,332.</li> </ul> </li> </ul>  |   |   |                          |
| <b>Multi-campus and Systemwide implications, if applicable:</b>  |   |   |                          |
| KU has engaged in Shared Services with the Eastern Regional Procurement Office in order 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

Provide a brief description of the university's realistic enrollment projections, including:

1. Rationale for the projections and what the university is doing to achieve those projections (new academic programs, fees, etc.). Include only approved academic programs.
2. Explanation of any specific new revenue associated with those projections (new programs, pricing or fees (both E&G and Auxiliary).
3. Anticipated impact of the COVID-19 pandemic and the university's associated mitigation strategies on enrollment.

### Rationale for enrollment trends and projections:

Kutztown University's overall enrollment plan will drive recruitment and awarding, with the goal of effecting yield, in conjunction with increased investment in institutional student aid (additional \$2 million per year). The new plan was put in place for Fall 2020 with the greater impact in Fall 2021 when we will have time to fully implement all phases of the new financial aid strategy. In addition, we continue to expand our reach and add new avenues toward attracting students. We have completely redesigned our website, we have completed a rebranding initiative, we have joined the common application, we have increased high school visits and bus trips, and we have developed new partnerships with local community colleges and surrounding high schools.

The University's other primary goal in support of enrollment is to increase the freshmen cohort retention rate by 1% annually through Fall 2023. Achieving this goal would bring the university 78% (fall 2021 currently stands at 78.17%, which is well ahead of goal). Retention efforts have been expanding over the past few years at KU and now include many best practices.

The University is showing declining enrollment for Fall 2021 and flat enrollment for Fall 2022. We believe it is realistic to show that declining trend finally changing due to the previously explained recruitment and retention initiatives that are funded and now in place. At that point our freshmen class will be back to 1,600, our new transfers will be at 575, and our retention rate will be on the rise. Our graduate enrollment is projected to increase by 5% over the next four years. Even in light of the projected decline of overall graduate degrees in higher education, we are projecting an increase due to the addition of the Counselor Education – Addictions Program and continued demand for graduate degrees in the education sector.

### Explanation of any new specific revenue:

The current financial projection shows changes in revenue due to the above enrollment projections and a slight increase in fees of 1.0% in FY 2022/23 and beyond (as instructed). At this point, the University does not have an alternate tuition proposal in development. However, we have engaged a firm to complete a tuition pricing study so we have the data to make an informed decision in the future. The University is also exploring new academic programs and collaborations, but plans that aren't approved are not displayed in the current financial projection.

### FTE Enrollment

#### COPY AND PASTE FROM PROJECTIONS TEMPLATE

|  | FY 2019-20      | FY 2020-21      | % Change     | FY 2021-22      | % Change     | FY 2022-23      | % Change     | FY 2023-24      | % Change    |
|--|-----------------|-----------------|--------------|-----------------|--------------|-----------------|--------------|-----------------|-------------|
| <b>Fall FTE Enrollment</b>             |                 |                 |              |                 |              |                 |              |                 |             |
| Clock Hour                             | 0.00            | 0.00            | n/a          | 0.00            | n/a          | 0.00            | n/a          | 0.00            | n/a         |
| Undergraduate                          | 6,609.80        | 6,410.73        | -3.0%        | 6,169.20        | -3.8%        | 6,150.73        | -0.3%        | 6,212.24        | 1.0%        |
| Graduate                               | 520.50          | 500.08          | -3.9%        | 493.25          | -1.4%        | 494.50          | 0.3%         | 499.45          | 1.0%        |
| <b>Total Fall FTE Enrollment</b>       | <b>7,130.30</b> | <b>6,910.81</b> | <b>-3.1%</b> | <b>6,662.45</b> | <b>-3.6%</b> | <b>6,645.23</b> | <b>-0.3%</b> | <b>6,711.68</b> | <b>1.0%</b> |
| <b>Annualized FTE Enrollment</b>       |                 |                 |              |                 |              |                 |              |                 |             |
| Undergraduate (includes clock hour)    | 6,604.27        | 6,376.07        | -3.5%        | 6,212.98        | -2.6%        | 6,212.98        | 0.0%         | 6,275.11        | 1.0%        |
| Graduate                               | 655.33          | 666.59          | 1.7%         | 686.26          | 3.0%         | 686.26          | 0.0%         | 693.12          | 1.0%        |
| <b>Total Annualized FTE Enrollment</b> | <b>7,259.60</b> | <b>7,042.66</b> | <b>-3.0%</b> | <b>6,899.24</b> | <b>-2.0%</b> | <b>6,899.24</b> | <b>0.0%</b>  | <b>6,968.23</b> | <b>1.0%</b> |

### Part 3: Financial Overview – E&G

*Provide a brief description of the university's assumptions for the Educational and General (E&G) revenues and expenses. Consider copying and pasting from September 2020 CPP or February 2021 Sustainability Progress submission narrative, then update as appropriate.*

#### **E&G Revenues:**

The university has seen its revenue decline over the past couple years in line with the drop-in enrollment, due to the lack of a tuition rate increase, and as a result of the pandemic. For fiscal year 2021/22, we are projecting an increase to the instructional service fee as a result of an approved increase from 10% of tuition to 15% of tuition for all graduate level courses. We also anticipate an increase in certain student fees, such as the Health Center, as we return to more face to face classes and students remain on campus. Moving forward we are projecting a modest increase to revenue in line with the anticipated 1.0% annual increase to tuition and fees and due to a slight projected increase in enrollment of 1.0% in FY 2023-24. As instructed, state appropriations reflect a 2% increase in the future years of the plan.

#### **E&G Expenses:**

The University continues to make tough but necessary reductions to our personnel complement. We have eliminated approximately 50 vacant staff positions from the E&G budget over the past three years. For 2021/22, we have reduced our faculty FTE by 20, and realized significant savings from faculty retirements. We will need to eliminate another 45 faculty positions over the next two years in order to meet the student to faculty ratio from 2010-11. This may require not filling tenure-track lines as they become vacant, a further reduction to our temporary faculty pool, course management optimization, and continued increases in student retention and persistence and therefore overall enrollment.

The University continues to reduce its annual operating budgets. We permanently cut \$2.8 million from the annual operating budget over the past three years (10% annually). This has been accomplished by thoroughly reviewing non-essential spending and cutting back on other expendables. We have also begun a university-wide print study to see how we can save on toner and equipment repairs. The only large increase in operating spending is due to our projected investment in student financial aid. Based on direction from RNL, we plan to increase our institutional aid by about \$3 million per year over the next three years. This is a strategic investment that comes with some risk, but is intended to stop our enrollment decline and maintain our academic profile. Our financial projections show a decline in debt principal payments due to final payments on our Graduate Center building and changes in the AFRP entry. Based on our multi-year assumptions, we will be able to restore our previous level of E&G support toward deferred maintenance and in conjunction with our annual KEY 93 allocation, we will have a recurring source to help address our future needs.

### Part 3: Financial Overview – AUXILIARY

Provide a brief description of the university’s assumptions for the Auxiliary revenues and expenses. Consider copying and pasting from September 2020 CPP or February 2021 Sustainability Progress submission narrative, then update as appropriate.

#### Auxiliary Revenues:

The University has a very strong auxiliary operation; however, the COVID-19 pandemic has caused some financial challenges in the most recent years. The university refunded \$9.4 million to students during the spring 2020 semester due to ceasing operations in the residence halls and dining facilities. For FY 2020/21, we re-opened all auxiliary facilities, operations, and services but experienced a lower occupancy rate of 45% due to classes being moved online and students choosing to live at home. We also provided a 10% reduction in auxiliary fees as the university decided to ask students to move off campus before Thanksgiving break, a reduction of about 2 weeks of on campus services. For FY 2021/22 our occupancy rate has returned to normal levels, and we believe our decisions throughout the pandemic have put us in a strong financial position. The decision to stay open, combined with the COVID relief funding, allowed us to strengthen our cash balances during this challenging period. The future years financial projections are based on the previously discussed enrollment and conservative fee increases of 1.0%.

#### Auxiliary Expenses:

The University has eliminated several vacant staff positions from the auxiliary budget over the past three years. We have made strides toward supplementing our custodial workforce with outsourced labor, but current shortages in the labor market have presented some challenges. We continue to review and reduce operating budgets where feasible. We participated in the joint RFP for Dining Services and realized a substantial cost savings for the current year. We have made significant investments in recent years to renovate six of our eight traditional residence halls, as well as, our large dining facilities in support of our 24/7 dining program. These investments have left us in great shape and should only require typical deferred maintenance spending on some of our older auxiliary facilities. We have made the decision to close one of our older non-renovated residence halls, Johnson Hall, for the current fiscal year resulting in significant personnel and utilities savings. We will reassess our plans and potentially consider demolition of certain older auxiliary facilities as we move forward.

#### Unrestricted FTE Employees and Associated Metrics

#### COPY AND PASTE FROM PROJECTIONS TEMPLATE

|   | Target | FY 2019-20 | FY 2020-21 | % Change | FY 2021-22 | % Change | FY 2022-23 | % Change | FY 2023-24 | % Change |
|---|--------|------------|------------|----------|------------|----------|------------|----------|------------|----------|
| Fall FTE Faculty, net of shared faculty                 | n/a    | 428.21     | 397.94     | -7.1%    | 375.59     | -5.6%    | 344.75     | -8.2%    | 329.75     | -4.4%    |
| Annualized Unrestricted FTE Faculty, net of turnover    | n/a    | 425.58     | 394.51     | -7.3%    | 373.00     | -5.5%    | 344.75     | -7.6%    | 329.75     | -4.4%    |
| Annualized Unrestricted FTE Nonfaculty, net of turnover | n/a    | 440.57     | 417.06     | -5.3%    | 405.65     | -2.7%    | 408.88     | 0.8%     | 413.88     | 1.2%     |
| Fall FTE Student/Fall FTE Faculty Ratio                 | 20.4   | 16.7       | 17.4       |          | 17.7       |          | 19.3       |          | 20.4       |          |
| Annualized FTE Student/Annualized FTE Nonfaculty Ratio  | n/a    | 16.5       | 16.9       |          | 17.0       |          | 16.9       |          | 16.8       |          |



## Part 4: Overall Impact on Unrestricted Net Assets

*Provide a brief description of the university's planned use of unrestricted net assets, including any strategic initiatives and capital investments. Consider copying and pasting from September 2020 CPP or February 2021 Sustainability Progress submission narrative, then update as appropriate.*

### **Overall Impact on Unrestricted Net Assets:**

The University was able to increase unrestricted net assets by \$10 million as of June 30, 2021. This was accomplished primarily due to our efforts to stay open, return to face to face classes where possible, and provide a safe residential experience for our students. Those decisions along with the one-time COVID relief funds have put KU in a strong financial position as we enter fiscal year 2021/22.

Unrestricted net assets should continue to increase gradually over the next three years as we maintain a balanced budget and spend less on capital improvements. In fiscal year 2021-22, we anticipate renovating the DeFrancesco academic building that houses our College of Business. The bulk of this project is DGS funded, but will require a contribution of more than \$2 million from the University, which may impact unrestricted net assets.

**Financial Projections**  
**Unrestricted Activity (Educational & General and Auxiliary Enterprises)**  
**COPY AND PASTE FROM PROJECTS TEMPLATE**

|   | FY 2019-20          | FY 2020-21          | % Change      | FY 2021-22          | % Change       | FY 2022-23          | % Change       | FY 2023-24          | % Change    |
|---|---------------------|---------------------|---------------|---------------------|----------------|---------------------|----------------|---------------------|-------------|
| <b>Total E&amp;G Budget</b>   |                     |                     |               |                     |                |                     |                |                     |             |
| Total Revenues  | \$125,118,641       | \$122,592,938       | -2.0%         | \$124,425,302       | 1.5%           | \$120,967,669       | -2.8%          | \$123,226,499       | 1.9%        |
| Total Expenditures and Transfers to Plant Funds   | 121,793,262         | 121,833,109         | 0.0%          | 120,969,370         | -0.7%          | 120,967,669         | 0.0%           | 123,226,499         | 1.9%        |
| <b>Revenues Less Expenditures/Transfers to Plant Funds</b>                                      | <b>\$3,325,379</b>  | <b>\$759,829</b>    | <b>-77.2%</b> | <b>\$3,455,932</b>  | <b>354.8%</b>  | <b>\$0</b>          | <b>-100.0%</b> | <b>\$0</b>          | <b>n/a</b>  |
| Surplus/(Deficit)--Excludes Transfers to Plant Funds  | \$2,732,419         | \$523,824           | -80.8%        | \$3,535,389         | 574.9%         | \$435,669           | -87.7%         | \$842,355           | 93.3%       |
| Use of Supplemental Resources for One-Time Needs/ Strategic Initiatives                         | \$0                 | \$0                 | n/a           | \$0                 | n/a            | \$0                 | n/a            | \$0                 | n/a         |
| One-Time COVID Funds (revenue recognition adjustment)   | n/a                 | \$3,455,932         | n/a           | (\$3,455,932)       | n/a            | n/a                 | n/a            | n/a                 | n/a         |
| <b>Revenues and Use of Supplemental Resources/Adjustments Less Expenditures &amp; Transfers</b> | <b>\$3,325,379</b>  | <b>\$4,215,761</b>  | <b>26.8%</b>  | <b>\$0</b>          | <b>-100.0%</b> | <b>\$0</b>          | <b>n/a</b>     | <b>\$0</b>          | <b>n/a</b>  |
| Use of Supplemental Resources for Operations (to Balance Budget)                                | \$0                 | \$0                 | n/a           | \$0                 | n/a            | \$0                 | n/a            | \$0                 | n/a         |
| <b>Total Auxiliary Budget</b>   |                     |                     |               |                     |                |                     |                |                     |             |
| Total Revenues  | \$34,587,281        | \$31,397,612        | -9.2%         | \$45,591,566        | 45.2%          | \$42,678,542        | -6.4%          | \$43,521,152        | 2.0%        |
| Total Expenditures and Transfers to Plant Funds   | 35,415,052          | 30,558,479          | -13.7%        | 39,291,112          | 28.6%          | 42,678,542          | 8.6%           | 43,521,152          | 2.0%        |
| <b>Revenues Less Expenditures/Transfers to Plant Funds</b>                                      | <b>(\$827,771)</b>  | <b>\$839,133</b>    | <b>n/a</b>    | <b>\$6,300,454</b>  | <b>650.8%</b>  | <b>\$0</b>          | <b>-100.0%</b> | <b>\$0</b>          | <b>n/a</b>  |
| Surplus/(Deficit)--Excludes Transfers to Plant Funds  | \$2,731,197         | \$1,781,422         | -34.8%        | \$10,702,639        | 500.8%         | \$5,524,343         | -48.4%         | \$4,085,756         | -26.0%      |
| Use of Supplemental Resources for One-Time Needs/ Strategic Initiatives                         | \$0                 | \$0                 | n/a           | \$0                 | n/a            | \$0                 | n/a            | \$0                 | n/a         |
| One-Time COVID Funds (revenue recognition adjustment)   | n/a                 | \$6,300,454         | n/a           | (\$6,300,454)       | -200.0%        | n/a                 | n/a            | n/a                 | n/a         |
| <b>Revenues and Use of Supplemental Resources/Adjustments Less Expenditures &amp; Transfers</b> | <b>(\$827,771)</b>  | <b>\$7,139,587</b>  | <b>n/a</b>    | <b>\$0</b>          | <b>-100.0%</b> | <b>\$0</b>          | <b>n/a</b>     | <b>\$0</b>          | <b>n/a</b>  |
| Use of Supplemental Resources for Operations (to Balance Budget)                                | \$0                 | \$0                 | n/a           | \$0                 | n/a            | \$0                 | n/a            | \$0                 | n/a         |
| <b>Total Unrestricted (E&amp;G and Auxiliary) Budget</b>  |                     |                     |               |                     |                |                     |                |                     |             |
| Total Revenues  | \$159,705,922       | \$153,990,550       | -3.6%         | \$170,016,868       | 10.4%          | \$163,646,211       | -3.7%          | \$166,747,651       | 1.9%        |
| Total Expenditures and Transfers to Plant Funds   | 157,208,314         | 152,391,588         | -3.1%         | 160,260,482         | 5.2%           | 163,646,211         | 2.1%           | 166,747,651         | 1.9%        |
| <b>Revenues Less Expenditures/Transfers to Plant Funds</b>                                      | <b>\$2,497,608</b>  | <b>\$1,598,962</b>  | <b>-36.0%</b> | <b>\$9,756,386</b>  | <b>510.2%</b>  | <b>\$0</b>          | <b>-100.0%</b> | <b>\$0</b>          | <b>n/a</b>  |
| Surplus/(Deficit)--Excludes Transfers to Plant Funds  | \$5,463,616         | \$2,305,246         | -57.8%        | \$14,238,028        | 517.6%         | \$5,960,012         | -58.1%         | \$4,928,111         | -17.3%      |
| Use of Supplemental Resources for One-Time Needs/ Strategic Initiatives                         | \$0                 | \$0                 | n/a           | \$0                 | n/a            | \$0                 | n/a            | \$0                 | n/a         |
| One-Time COVID Funds (revenue recognition adjustment)   | n/a                 | \$9,756,386         | n/a           | (\$9,756,386)       | -200.0%        | n/a                 | n/a            | n/a                 | n/a         |
| <b>Revenues and Use of Supplemental Resources/Adjustments Less Expenditures &amp; Transfers</b> | <b>\$2,497,608</b>  | <b>\$11,355,348</b> | <b>354.6%</b> | <b>\$0</b>          | <b>-100.0%</b> | <b>\$0</b>          | <b>n/a</b>     | <b>\$0</b>          | <b>n/a</b>  |
| Use of Supplemental Resources for Operations (to Balance Budget)                                | \$0                 | \$0                 | n/a           | \$0                 | n/a            | \$0                 | n/a            | \$0                 | n/a         |
| <b>Total Estimated Unrestricted Net Assets</b>  | <b>\$60,142,841</b> | <b>\$70,304,458</b> | <b>16.9%</b>  | <b>\$72,035,990</b> | <b>2.5%</b>    | <b>\$74,996,002</b> | <b>4.1%</b>    | <b>\$76,924,113</b> | <b>2.6%</b> |
| <b>Total Estimated End of Year Cash Balance</b>   | <b>\$74,440,708</b> | <b>\$85,093,570</b> | <b>14.3%</b>  | <b>\$86,825,102</b> | <b>2.0%</b>    | <b>\$89,785,114</b> | <b>3.4%</b>    | <b>\$91,713,225</b> | <b>2.1%</b> |

**Projected Ratios resulting from the Annual Projection Plan - Will NOT Match Final Metric Results**

|   | Target <sup>1</sup> | FY 2019-20 | FY 2020-21 | FY 2021-22 | FY 2022-23 | FY 2023-24 |
|---|---------------------|------------|------------|------------|------------|------------|
| <b>Fall FTE Student/Fall FTE Faculty Ratio</b>                                    | 20.4                | 16.7       | 17.4       | 17.7       | 19.3       | 20.4       |
| <i>Fall FTE student/Fall FTE faculty</i>  |                     |            |            |            |            |            |
| <b>Estimated Student/Nonfaculty Ratio</b>   | n/a                 | 16.5       | 16.9       | 17.0       | 16.9       | 16.8       |
| <i>Annualized FTE Student/Annualized FTE Nonfaculty</i>                           |                     |            |            |            |            |            |
| <b>Estimated Annual Operating Margin<sup>2</sup></b>                              | >2%                 | -3.5%      | 0.1%       | n/a        | n/a        | n/a        |
| <i>End of Year Surplus/(Deficit)--excluding Transfers to Plant/Total Revenues</i> |                     |            |            |            |            |            |
| <b>Estimated Annual Primary Reserve Ratio<sup>2</sup></b>                         | >40%                | 33.2%      | 38.4%      | n/a        | n/a        | n/a        |
| <i>Estimated End of Year Balance in Net Assets/Total Expenses</i>                 |                     |            |            |            |            |            |
| <b>Estimated Minimum Reserves<sup>2</sup></b>                                     | >180 days           | 189        | 221        | n/a        | n/a        | n/a        |
| <i>Unrestricted cash*365/total unrestricted expenses</i>                          |                     |            |            |            |            |            |

<sup>1</sup> Target for student/faculty ratio is based on fall 2010 FTE student and fall 2010 FTE faculty. Other targets reflect the procedure/standard requirements for overall financial sustainability.

<sup>2</sup> Ratios are for one year only; ratios used in the sustainability scorecard are based on a three-year rolling average.

## Part 5: Academic Program Strategies

*Briefly describe anticipated changes to the academic program array, as applicable. 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<br>CIP Code | Credential level<br>and type                | Program Name  | Brief Rationale   |
|-----------------------------|---|---|---|
| 520201                      | MBA   | MBA - Reorganization  | Reorganization of program to add stackable certificates   |
| 520601                      | Certificate-post<br>baccalaureate           | Managerial Decision Making  | Stand-alone/Stackable credential as part of MBA redesign  |
| 520213                      | Certificate-post<br>baccalaureate           | Leadership  | Stand-alone/Stackable credential as part of MBA redesign  |
| 131205; 110101              | UG-Track within<br>BSEd                     | BSEd – Secondary Education<br>7-12: Computer Science                          | Addition of track to support need for computer science educators in secondary K-12 schools.   |
| 030104; 011201              | UG-Track within<br>Environmental<br>Science | BS Environmental Science-<br>Track in Regenerative<br>Agriculture (fall 2022) | In conjunction with leadership and research scientists at Rodale Institute (pioneers of organic farming in US); the Rodale experimental farm is located 5 miles from campus. The Environmental Science program at KU has been a strong program since its inception in the mid-nineteen seventies. |
| 090102                      | Certificate-sub<br>baccalaureate            | Diverse Perspectives in<br>Media Production                                   | Stand-alone/Stackable credential for the Cinema, Television, and Media Production degree to address needs of individuals who have entered the industry without a degree or individuals who need to update skills. Collaborative credential with university in India.                              |
| 090901                      | Certificate-sub<br>baccalaureate            | Organizational<br>Communication   | Stand-alone/Stackable credential for Communication Studies degree to address needs of individuals who have entered the industry without a degree or individuals who need to update skills.  |

|        |              |                              |  |
|--------|--------------|------------------------------|--|
| 500411 | UG-BS degree | Game Development (fall 2022) | Responds to student interest in a growth industry with an interdisciplinary approach (distinct from related concentrations at other PASSHE schools); builds on academic offerings, new eSports facility and an NSF grant focused on women and minorities in STEM |
|--------|--------------|------------------------------|--|

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   |
|--------------------------|---------------------------|--|---|---|---|
| 131001 (131203); 131399  | Track within BSE          | Special Education-Elementary Education 4-8 Math & Social Studies                                     | x |   | Due to PDE changes—will be taught out   |
| 131001 (131203); 131399  | Track within BSE          | Special Education-Elementary Education 4-8 Science & English/Language Arts & Reading                 | x |   | Due to PDE changes will be taught out   |
| 131001 (131203); 131399  | Track within BSE          | Special Education-Elementary Education 4-8 Science and Social Studies                                | x |   | Due to PDE changes will be taught out   |
| 131009 (131203);         | Track within BSE          | Special Education -Visual Impairment Elementary Education 4-8 Math & English/Language Arts & Reading | x |   | Due to PDE changes—will be taught out<br><br>Visual Impairment-Elementary Education 4-8 Language Arts & Reading will be added to our array to address PDE changes |

|  |                  |   |   |  |  |
|--|------------------|---|---|--|--|
|  | Track within BSE | Special Education-Visual Impairment Elementary Education 4-8 Math & Science       | x |  | Due to PDE changes-will be taught out<br><br>Visual Impairment Elementary Education 4-8 Math will be added to our array to address PDE changes |
|  | Track within BSE | Special Education-Visual Impairment 4-8 Math & Social Studies                     | x |  | Due to PDE changes-will be taught out  |
|  | Track within BSE | Special Education-Visual Impairment 4-8 Science & English/Language Arts & Reading | x |  | Due to PDE changes—will be taught out  |
|  | Track within BSE | Special Education-Visual Impairment 4-8 Science & Social Studies                  | x |  | Due to PDE changes—will be taught out  |

**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.*

Teaching out these education program/tracks and substituting programs to meet the new PDE requirements will not cause an immediate increase in the student/faculty ratio due to the teach-out requirement to serve the students in the programs.

New tracks leverage existing relationships with local industry and employers and respond to demand from those industries (Engineering Tech Track for East Penn, Regenerative Agriculture Track with Rodale Institute) or position students to use articulation agreements to continue their educational journeys and respond to local workforce need for trained medical professions with graduate schooling requirements using articulation agreements (Pharmacy Track and LECOM/PCOM). The new certificate programs are projected to increase students taking classes that will enhance industry specific skills taught in current course offerings (i.e. increasing average section sizes for those courses).

The new certificates/tracks/programs will not require additional faculty, will increase enrollment, and therefore, positively influence the student/faculty ratio.