

Fiscal Year
2020-21

System Sustainability Plan Update

Mid-Year Sustainability Progress Summary

Due: February 22, 2021

University:	Kutztown University, Plan Level 2		
	Summary of Progress <i>(All yellow highlighted areas to be completed by submitting university)</i>		Reviewer Comments <i>(To be completed by other CAOs/CFOs after February 22, 2021)</i>
Fiscal Year Milestones	To achieve enrollment targets of 6,950 FTE at the Fall Freeze and 7,076 FTE on an annualized basis; to reduce Fall FTE faculty by 31 and begin to improve our student to faculty ratio; to maintain a balanced E&G budget without the use of cash reserves or one-time funds.		
Revenue	<p>Narrative on progress from university, referring to tables on the back page</p> <ul style="list-style-type: none"> Undergraduate: As anticipated our enrollment is down in this category; however, we increased the size of our freshmen class by 10% due to the new RNL merit scholarships and in spite of the COVID pandemic. We also saw improvements to retention of 3.13% and persistence/continuation of 1.56% for Fall 2020. Both of these improvements outpaced our target of 1%. Graduate: Annualized FTE enrollment is expected to be flat versus FY 2019-20 and up 2.8% versus our initial projection for the current year. This has been achieved through growth of our Reading Specialist program within the College of Education, increased enrollment in our MBA program, and additional students within the Computer Science graduate program. Explanation of any new specific revenue: The university is slated to receive \$11.5 million in CRRSAA funds this Spring, of which, \$7.8 million can be used directly for institutional needs. We anticipate using these funds to cover the significant lost revenues within our auxiliary operations. 		
Expenditures	<p>Narrative on progress from university, referring to tables on the back page</p> <ul style="list-style-type: none"> Faculty: Reductions to faculty FTE have been substantial and are on track as projected. Nonfaculty: Reductions to nonfaculty positions are greater than expected as the university maintains a strict policy for granting exceptions to the hiring freeze. We continue to see turnover at every level of the university and only move forward on filling the most critical needs. Operating: Scholarship expense represents the most significant increase. Campus Footprint: The current year action of closing an older existing residence hall was put off due to the need for isolation and quarantine beds on campus during the current pandemic. Planned Use of Unrestricted Net Assets: The university has no plans to use unrestricted net assets to balance the annual E&G operating budget. We will be using some funds to complete construction projects and to replace our existing phone system which is at end of life. Auxiliary Enterprises: The auxiliary revenues, specifically housing and dining, have been the most adversely impacted since the start of the pandemic. The occupancy rate at the university has dropped below 50% and has resulted in nearly \$12 million of lost revenues. We hope to offset that loss with the new federal aid funds. 		
Summary of Progress Against Milestones	The university slightly missed (within 0.5%) its milestones for enrollment, Faculty FTE reductions are right on target, and the E&G budget has been adjusted to keep revenues and expenses in line. Year-end projected net assets are in line with projections in the sustainability plan. The university believes it will meet the milestones as set forth in the fiscal year goals above.		<i>To be competed at Joint Review Session:</i> The university has exceeded [met, partially met] mid-year [year-end] milestones for enrollment, personnel expenditure/FTE reductions, operating expenditures, and campus footprint reductions. Year-end projected net assets are in line with projections in the sustainability plan. The university believes it will exceed [meet, partially meet, will not meet] all milestones as set forth in the fiscal year goals above.
Potential Loan Need in current year: \$0	CAO/CFO Recommendations? No/Yes (see below) Action plan required? No/Yes (see below)		Overall ranking: <i>(To be competed at Joint Review Session)</i>
CAO/CFO Recommendations—To be completed at Joint Review Session (To be scheduled for early March 2021)			
There are no recommendations for follow-up activity for this reporting period. [Because enrollment projections were not met, a mid-course correction action plan and updated projections should be submitted by ...]. [Because sustainability plan actions were not achieved ...].			
Key:	Exceeds Expectations	Meets Expectations	Partially Meets Expectations
	Does Not Meet Expectations		

Kutztown University

FY 2020-21 Mid-Year Sustainability Progress Summary

Sustainability Plan Executive Summary—Copy or summarize from CPP Narrative

For fiscal year 2020/21, the university once again offset the loss of revenue, due a decline in enrolment, by implementing significant budget reductions. For 2020/21, we eliminated 30 FTE faculty (20 recently vacated tenure-track faculty lines and 10 temporary faculty), 10 recently vacated staff positions, realized \$1.1 million in savings from faculty retirements, and cut operating budgets by 10% for the 2nd consecutive year. In future years, we plan to make further cuts to budgeted faculty lines as we move toward increasing our student to faculty ratio. We have no plans to use unrestricted net assets or cash reserves to balance our annual operating budget.

Our overall success will require stabilizing enrollment and 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 four years. Our additional investment in scholarships will be aided by the Kutztown University Foundation as they have embarked on a comprehensive fundraising campaign. In 2019/20, the Kutztown Foundation raised a record breaking \$8,841,458. We believe that our enrollment projections are realistic and achievable. For Fall 2020, we had an 10% increase in the size of the freshmen class, as well as, a 2% increase in retention and a 1% increase in continuation.

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.

Enrollment Projections; Actuals (Fall/Spring Freeze Dates)—Update new “Charts for Sustainability” tab in CPP template with revised 2020-21 data; copy table here.

Enrollment	FY 2018-19	FY 2019-20	% Change	FY 2020-21	% Change	Revised	
						FY 2020-21	% Change
Actual Freeze							
Fall FTE Enrollment							
Undergraduate	7,052.80	6,609.80	-6.3%	6,449.00	-2.4%	6,410.73	-0.6%
Graduate	474.67	520.50	9.7%	501.25	-3.7%	500.08	-0.2%
Total Fall FTE Enrollment	7,527.47	7,130.30	-5.3%	6,950.25	-2.5%	6,910.81	-0.6%
Projected							
Annualized FTE Enrollment							
Undergraduate	6,982.33	6,604.27	-5.4%	6,437.50	-2.5%	6,383.80	-0.8%
Graduate	618.71	655.46	5.9%	638.91	-2.5%	657.09	2.8%
Total Annualized FTE Enrollment	7,601.04	7,259.73	-4.5%	7,076.41	-2.5%	7,040.89	-0.5%

Personnel Projections and Actuals (Fall)—Update new “Charts for Sustainability” tab in CPP template with revised 2020-21 data; copy table here.

Annualized FTE Employees, Net of Turnover	FY 2018-19	FY 2019-20	% Change	FY 2020-21	% Change	Revised	
						FY 2020-21	% Change
Fall FTE Faculty, net of shared faculty	441.22	428.21	-2.9%	396.75	-7.3%	397.97	0.3%
Annualized Unrestricted FTE Faculty	437.87	425.04	-2.9%	396.75	-6.7%	394.81	-0.5%
Annualized Unrestricted FTE Nonfaculty	485.88	440.57	-9.3%	435.85	-1.1%	419.76	-3.7%
Total Unrestricted FTE Employees	923.75	865.61	-6.3%	832.60	-3.8%	814.57	-2.2%
Fall FTE Student/Fall FTE Faculty Ratio	17.1	16.7	-2.4%	17.5	5.2%	17.4	-0.9%

Annual Summary Projections and Actuals

Expenditure Category	Projected Year-End Reductions/Savings	Mid-Year Actual Reductions	Revised Projected Year-End Reductions
Faculty Personnel	28.29 FTE \$2.4M	30.13 FTE \$2.4M	30.13 FTE \$2.4M
Non-Faculty Personnel	4.72 FTE \$0.5M	18.31 FTE \$1.0M	20.81 FTE \$1.25M
Operating	\$1.0M		\$1.0M
Campus Footprint	\$0	\$0	\$0
Cash and Reserves Complete only if loan requested	Beginning Balance 7/1/2020	Projected Ending Balance 6/30/21	Revised Projected Ending Balance
Unrestricted Net Assets	\$60,142,837	n/a	n/a
Days of Cash on Hand	189 days	n/a	n/a

Unrestricted Financial Projections—Update new “Charts for Sustainability” tab in CPP template with revised 2020-21 data; copy table here.

Finances	FY 2018-19	FY 2019-20	% Change	FY 2020-21	% Change	Revised FY 2020-21	% Change
Total E&G Budget							
Total Revenues	\$128,336,244	\$125,112,503	-2.5%	\$122,524,118	-2.1%	\$119,674,118	-2.3%
Total Expenditures and Transfers to Plant Funds	128,864,818	121,787,124	-5.5%	122,524,118	0.6%	119,674,118	-2.3%
Revenues Less Expenditures/Transfers to Plant Funds	(\$528,574)	\$3,325,379	n/a	\$0	-100.0%	\$0	n/a
Surplus/(Deficit)—Excludes Transfers to Plant Funds	(\$663,520)	\$2,732,419	n/a	\$157,785	-94.2%	\$875,000	454.6%
Total Auxiliary Budget							
Total Revenues	\$42,656,738	\$34,587,281	-18.9%	\$36,099,290	4.4%	\$24,699,290	-31.6%
Total Expenditures and Transfers to Plant Funds	42,624,288	35,415,057	-16.9%	36,099,290	1.9%	29,650,000	-17.9%
Revenues Less Expenditures/Transfers to Plant Funds	\$32,450	(\$827,776)	-2650.9%	\$0	n/a	(\$4,950,710)	n/a
Surplus/(Deficit)—Excludes Transfers to Plant Funds	\$6,663,291	\$2,731,192	-59.0%	\$3,730,467	36.6%	(\$4,950,710)	-232.7%
Total Unrestricted (E&G and Auxiliary) Budget							
Total Revenues	\$170,992,982	\$159,699,784	-6.6%	\$158,623,408	-0.7%	\$144,373,408	-9.0%
Total Expenditures and Transfers to Plant Funds	171,489,106	157,202,181	-8.3%	158,623,408	0.9%	149,324,118	-5.9%
Revenues Less Expenditures/Transfers to Plant Funds	(\$496,124)	\$2,497,603	n/a	\$0	-100.0%	(\$4,950,710)	n/a
Surplus/(Deficit)—Excludes Transfers to Plant Funds	\$5,999,771	\$5,463,611	-8.9%	\$3,888,252	-28.8%	(\$4,075,710)	-204.8%