

System Sustainability Plan Update Mid-Year Sustainability Progress Summary

Due: February 22, 2021

University:	Indiana 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 Fall FTE enrollment targets of 7,983 FTE at the Fall Freeze and annualized FTE enrollment (including clock hours) of 9,248; to reduce faculty personnel expenditures by \$6.7 million [49.2 FTE] and non-faculty personnel expenditures by \$7.5 million (80.1 FTE); to reduce operating expenses by \$3.04 million; and to reduce campus footprint expenditures by \$857k	
Revenue	<p>Narrative on progress from university, referring to tables on the back page</p> <ul style="list-style-type: none"> • Undergraduate: • Graduate • Noncredit Bearing (if applicable) • Clock Hour (if applicable) • Explanation of any new specific revenue <p>Revenues for IUP are lower than projected in the CPP submitted in September by 1.2% for FY2020-21. Fall FTE enrollment increased from our original projection of 7,898 to 8,036. Despite some positive increases in enrollment, we are projecting a decrease in tuition and fee revenue when compared to our September CPP submission, because of larger than predicted declines in out-of-state and international students. The decline in these students who pay a higher rate resulted in an overall decrease to our projected revenue. As a result, IUP modified its enrollment projections in the CPP for this year and next.</p> <p>Annualized FTE enrollment was originally projected to be 9,248 FTE in the CPP. The revised projection is 8,743 FTE. Though we also exceeded the headcount enrollment for spring, lower credit hour generation for spring and lower enrollment in clock hour programs in both fall and spring attributed to this decrease. Mid-year progress was updated to reflect lower revenue resulting from clock hour programs.</p> <p>Overall, fall 2020 headcount enrollment exceeded CPP projections. The fall combined undergraduate and clock hour headcount and credit generation for out-of-state and, more significantly, international undergraduate students, however, fell below projections. In-state credit generation for undergraduates exceeded projections as did graduate in-state credit generation. Graduate out-of-state and international credit generation also fell below projections. The percentage of students who were full time (12+ credits for undergraduate and 9+ credits for graduate) in fall 2020 exceeded fall 2019 in both the undergraduate and graduate levels.</p> <p>In spring, though again exceeding the headcount projections, the number of overall credit hours generated fell below projections, primarily in the undergraduate, in-state category. Unlike fall, the percentage of undergraduate students who were taking 12+ credits fell below the percent of students taking 12+ credits in spring 2020. The proportion of graduate students who were taking 9+ credits exceeded the proportion in spring 2020.</p> <p>Fall to spring retention of the fall 2020 freshman cohort exceeded expectations with a rate of 87.75%, which is the highest rate in five years and exceeded the five-year average rate of 83.62%. This suggests higher retention to fall 2021.</p> <p>Due to lower occupancy in the residence halls than originally projected and decreased board plan participation, auxiliary housing and dining revenue projections were lowered by 12.7% compared to the CPP.</p> <p>Note about HEER II funds and planned use: Pending more guidance regarding the acceptable uses of HEER II funds IUP will finalize a plan for the use of these funds. Currently the areas we have identified as potential uses include reimbursement for lost revenues as well as technology expenses and faculty training that will incur from extended distance working. The HEER II funds of \$10M are thus not reflected in this CPP update, but will be added once final determinations are made, potentially reducing the draw on reserves.</p>	

<p style="text-align: center;">Expenditures</p>	<p>Narrative on progress from university, referring to tables on the back page</p> <ul style="list-style-type: none"> • Faculty: • Nonfaculty: • Operating: • Campus Footprint: • Planned Use of Unrestricted Net Assets: • Auxiliary Enterprises (if applicable) <p>Since July 1, 2019, through attrition, there has been a reduction in faculty FTE of about 72 positions equaling \$8,585,464. Also since July 1, 2019, through restructuring and attrition, we have reduced a total of 114.99 FTE non-faculty positions resulting in a savings in salaries and benefits of \$11,035,497. This number includes a total of 84.66 FTE positions in the AFSCME, SCUPA and other unions and 30.33 FTE non-represented (management) positions. These numbers are not necessarily presented in the charts below because the charts below are showing end of year actuals compared to budget at July 1, 2019. Some of these positions were vacant at the time they were eliminated.</p> <p>We have exceeded our FY 2020-21 faculty workforce reduction target of 49.2 FTE (as submitted on September 4th) by an additional 6.5 faculty FTE for a total reduction of 55.7 FTE.</p> <p>Our FY2020-21 non-faculty workforce reduction target was 80.1 FTE, our mid-year progress is 27.7 FTE with another 3.0 FTE to be projected to be reduced by June 30, 2021. Due to mid-year and partial year separations, we have identified another 14.62 FTE and \$1.5 million that will count towards our FY2021-22 progress. We still have an unmet non-faculty workforce reduction target of 117.9 FTE and \$11 million reduction in budget in non-faculty positions for this year that have not been reflected in the CPP Mid-Year Progress Report tables. However, some significant non-faculty FTE reductions will occur later in this current fiscal year due to timing and bargaining unit contractual processes. We did not reflect them in the revised projections yet.</p> <p>Further reductions in non-faculty workforce are not yet in the projected numbers as IUP is working through the process with the various bargaining units as required by the CBA's, specifically for AFSCME and SCUPA. An example is that a comparison of IUP and other state system schools revealed that IUP is significantly overstaffed within our clerical series positions. Progress is being made to reduce overall clerical staffing by 50 FTE and approximately \$3.2 million in budget by FY2021-22. This will be accomplished through a combination of converting some clerical staff from 12 month to 9-month employees and through position eliminations and layoffs. This progress will most likely count towards our FY2021-22 progress; however, if we were to assume an effective date of May 1, 2021, there would be additional progress (approximately 8 FTE) towards our FY2020-21 progress (this is not reflected in the chart below). Additionally, there is projected to be an additional 6.23 reduction in SCUPA positions and IUP is working with the bargaining unit through the process required for reductions to those positions.</p> <p>IUP has not made any assumptions in this progress report regarding ESLP savings, to be conservative. Any reductions in positions, budget savings and costs associated with the ESLP will be incorporated in the next version/update of the CPP.</p> <p>IUP decreased operating budgets by 50% this fiscal year, which resulted in savings of \$2.7 million. This budget reduction will occur next fiscal year as well.</p> <p>Total Unrestricted Net Assets are projected to decline by approximately \$5 million more than was projected in the CPP from a beginning balance of \$81.9 million to CPP projection of \$66.2 million, now at \$61.2 million.</p> <p>Revised deficits for this year are: Unrestricted \$13 million, Auxiliary \$7 million, total deficit of \$20 million, which is a projected increase of \$5 million due to increased revenue losses and workforce reductions occurring later in the fiscal year than originally planned in the CPP.</p>	
	<p style="text-align: center;">Summary of Progress Against Milestones</p>	<p>To be financially sustainable within a two-year period of time, IUP's goals had to be aggressive and progress is being made. The university is making positive progress and has partially met year-end milestones for enrollment, personnel expenditure/FTE reductions, operating expenditures, and campus footprint reductions. Year-end projected net assets are worse than projections in the sustainability plan due to timing of the non-faculty and faculty workload reductions and changes in enrollment projections. The university believes it partially met all milestones as set forth in the fiscal year goals above and will meet or closely meet the two-year CPP plan targets for balancing the budget and meeting financial sustainability. Due to enrollment factors, revenues were lower than projected. Workforce reductions are met for faculty workforce targets for the current year. For non-faculty targets, they will partially be met. Total full year expense reductions for non-faculty will not be reflected for a portion of pending reductions as they will occur later in this fiscal year of 2020-2021 than originally planned in the CPP. No ESLP savings or costs are included in this progress report, to be conservative in projections, as well.</p>
<p>Potential Loan Need in current year: \$0</p>	<p>CAO/CFO Recommendations? No/Yes (see below) Action plan required? No/Yes (see below)</p>	<p>Overall ranking: (To be competed at Joint Review Session)</p>
<p>CAO/CFO Recommendations—To be completed at Joint Review Session (To be scheduled for early March 2021)</p> <p>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 ...].</p>		

Key:	Exceeds Expectations	Meets Expectations	Partially Meets Expectations	Does Not Meet Expectations
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Indiana University
FY 2020-21 Mid-Year Sustainability Progress Summary

Sustainability Plan Executive Summary (from the IUP CPP dated September 4, 2020)

Indiana University of Pennsylvania (IUP) is an important economic engine for Western Pennsylvania with an economic impact of \$564 million according to a recent state system economic impact. The planned multi-pronged approach described in the following narrative addresses declining student enrollments and revenues and sets IUP on a path to greater stability and financial sustainability. In January 2020, IUP submitted a five-year financial sustainability plan that was based on realistic enrollment projections and reductions in expenses through employee attrition and other operating expense reductions to ensure we met full financial stability in the five-year period. This was considered a doable plan for IUP unless there were unforeseen circumstances that would arise to dramatically change the enrollment projections. That unforeseen circumstance took place with the coronavirus pandemic. IUP's enrollment was projected to decline further than was projected in January. In June 2020, IUP submitted two Financial Sustainability Plans: 1) Version 2a which is based on enrollment declines of -4.5% more than projected in V1 (totaling an 8.2% decline from Fall 2019) and 2) Version 2b which is based on enrollment declines of an additional 10 percentage point decline compared to Version 2a, as was a required assumption per the Chancellor's instructions. Version 2b assumed a 14.5% decline in enrollment for Fall 2020 compared to V1 and is a 17.8% decline from Fall 2019. Given further projected enrollment declines and the need to demonstrate financial sustainability within two years rather than five IUP will exert much more effort to meet this timeframe. In addition, IUP is required to meet student/faculty and student/nonfaculty ratio targets equal to ratios that IUP had in 2010-2011 within the two-year plan in June.

In submitting the CPP in September 2020, we reviewed the enrollment projections that were used in the June 2020 Financial Sustainability Plan 2a and determined that they were still strong projections. We kept the same enrollment projections in the September CPP (V3). IUP understands that it will take strength, commitment, and mindful leadership to work through all the implications of the CPP to be sustainable. As a result, IUP will be better and stronger. Data and projections shown in the CPP are conservative and based on analyses, in which there is a high level of confidence (no deus ex machina assumptions). That said, IUP has launched a number of initiatives that target key drivers of sustainability, of which several important ones are works in progress with expectations that they will be implemented. IUP's financial position will be significantly improved as a result.

IUP has developed three Strategic Goals as part of this CPP that link to the new IUP Strategic Plan: 1) Be a Student-centered university; 2) Embrace the identity and value of IUP as a doctoral research university; 3) Change IUP's culture to embrace and promote diversity, equity, and inclusion. Using the Strategic Goals as a guidepost, IUP's strategic approach to financial sustainability combines: a) enrollment management and marketing/branding strategies to market the university, b) determining the best mix of academic programs to meet student demand and anticipate workforce needs and emerging potential programs, c) identifying the right balance of tuition discounting, institutional aid and scholarships to meet our various students' needs and to reduce the total cost of attendance for students, d) expense reductions primarily in the numbers of employees in all categories through attrition, workforce reductions, and thoughtful planning when essential hires are necessary.

Developing tactics within these strategies is a work in progress and is proceeding in close partnership with our collective bargaining units and other constituency groups. We are simplifying and flattening the organizational structure by eliminating layers and making it more responsive and nimble. We are considering the possibilities of merging both academic and administrative departments and sharing resources and staff. We are eliminating silos to work better and more effectively across units, departments, divisions, and colleges and encouraging collaboration. IUP is reviewing our processes to make them more efficient and student friendly. We will be considering what we continue to do, what we need to stop doing, and what we need to start doing. Everything is on the table and all topics and items are up for discussion and will be analyzed and evaluated. This includes areas that, perhaps, in the past, would never have been discussed. We are expanding opportunities for new revenue generation. There are strategic opportunities for IUP and targeted areas in which we can grow, such as research and grants. But there are other opportunities for growth, as well. IUP needs to be creative and explore big ideas with the goal of looking to the future.

This is the time for us to reinvent IUP. For IUP to not only survive but to thrive, we know we need to continue to work together across all levels and groups to address IUP's financial sustainability and build upon the good work that has been done so far. We have been at this a long time and the pandemic presented unprecedented challenges that all of IUP pivoted swiftly to overcome. We have had thoughtful discussions with many constituency groups including our Strategic Enrollment Planning Committee, University Planning Council, University Budget Advisory Council, Council of Trustees, the deans, and many more. To this end, IUP's submitted plan has been discussed with all of the constituent groups that should be consulted including the various IUP committees, councils and bargaining units. IUP has had interactive discussions beginning with both preliminary budget and financial information with the constituent groups during the Fall and Spring Semesters in FY 2019-20 and continued these discussions through the summer and this new academic year 2020-21.

	Actual FY 2018-19	Actual FY 2019-20	% Change	Original Projection FY 2020-21	% Change	Revised Projection FY 2020-21	% Change Original Projection vs Revised Projection
Enrollment							
Fall FTE Enrollment						Actual Freeze	
Clock Hour	310.98	336.19	8.1%	408.24	21.4%	228.85	-43.9%
Undergraduate (excludes clock hour)	8,472.07	7,620.01	-10.1%	6,932.49	-9.0%	7,052.80	1.7%
Graduate	1,074.32	1,058.89	-1.4%	964.93	-8.9%	982.88	1.9%
Total Fall FTE Enrollment (w/out clock hour)	9,546.39	8,678.90	-9.1%	7,897.42	-9.0%	8,035.68	1.8%
Annualized FTE Enrollment						Projected	
Undergraduate (includes clock hour)	9,035.79	8,099.26	-10.4%	7,982.64	-1.4%	7,475.12	-6.4%
Graduate	1,392.80	1,321.97	-5.1%	1,265.30	-4.3%	1,268.09	0.2%
Total Annualized FTE Enrollment (w/Clock Hr)	10,428.59	9,421.23	-9.7%	9,247.94	-1.8%	8,743.21	-5.5%

	Actual FY 2018-19	Actual FY 2019-20	% Change	Original Projection FY 2020-21	% Change	Revised Projection FY 2020-21	% Change Original Projection vs Revised Projection
Annualized FTE Employees, Net of Turnover							
Fall FTE Faculty, net of shared faculty	605.26	585.02	-3.3%	535.83	-8.4%	529.36	-1.2%
Annualized Unrestricted FTE Faculty	607.16	589.39	-2.9%	542.11	-8.0%	535.67	-1.2%
Annualized Unrestricted FTE Nonfaculty	699.02	673.75	-3.6%	593.52	-11.9%	627.53	5.7%
Total Unrestricted FTE Employees	1,306.18	1,263.14	-3.3%	1,135.63	-10.1%	1,163.20	2.4%
Fall FTE Student/Fall FTE Faculty Ratio	15.8	14.8	-5.9%	14.7	-0.7%	15.2	3.0%

Note: Prior to submitting the September CPP and following a review of all 19-20 budgeted non-faculty positions, vacancies were excluded from the base CPP numbers. Had these note been excluded our target non-faculty workforce reduction would've been higher than 160 FTE over the two-year period.

Annual Summary Projections and Actuals

Expenditure Category	Projected Year-End Reductions/Savings	Mid-Year Actual Reductions	Revised Projected Year-End Reductions
Faculty Personnel	49.2 FTE \$6,722,328	55.7 FTE* \$6,482,558	55.7 FTE \$6,482,558
Non-Faculty Personnel	80.1 FTE \$7,523,674	27.7 FTE** \$2,470,499	30.7 FTE*** \$2,971,387
Operating	\$3.04 million	\$2.7 million	\$3.04 million
Campus Footprint	\$857,000	\$429,000	\$857,000
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	\$80,950,638	\$66,267,347	\$61,278,449
Days of Cash on Hand	128 days	103 days	95 days

* Included in the 55.7 Faculty FTE reductions are temporary positions. The original estimate of savings resulting from a reduction of 49.2 FTE assumed permanent full time FTE reductions. The reduction to temporaries resulted in lower savings than originally projected.

**Because of partial year savings due to mid-year separations another 14.62 FTE will occur in 21-22 based on actual 20-21 separations

***There are pending reductions not reflected in the non-faculty year-end projected reductions. Discussions with bargaining units are ongoing and will most likely result in additional year end reductions.

****IUP is not requesting a loan, this section was completed for informational purposes only.

Unrestricted Financial Projections—

	Actual FY 2018-19	Actual FY 2019-20	% Change	Original Projection FY 2020-21	% Change	Revised Projection FY 2020-21	% Change Original Projection vs Revised Projection
Finances							
Total E&G Budget							
Total Revenues	\$213,753,618	\$200,559,258	-6.2%	\$191,629,133	-4.5%	\$189,380,933	-1.2%
Total Expenditures and Transfers to Plant Funds	217,103,959	202,004,525	-7.0%	200,590,878	-0.7%	202,400,999	0.9%
Revenues Less Expenditures/Transfers to Plant Funds	(\$3,350,341)	(\$1,445,267)	n/a	(\$8,961,745)	n/a	(\$13,020,066)	n/a
Surplus/(Deficit)—Excludes Transfers to Plant Funds	\$1,673,028	(\$809,986)	-148.4%	(\$5,658,974)	n/a	(\$9,717,295)	n/a
Total Auxiliary Budget							
Total Revenues	\$24,690,455	\$21,942,065	-11.1%	\$21,652,798	-1.3%	\$18,913,531	-12.7%
Total Expenditures and Transfers to Plant Funds	27,717,205	22,556,925	-18.6%	27,877,115	23.6%	26,068,426	-6.5%
Revenues Less Expenditures/Transfers to Plant Funds	(\$3,026,750)	(\$614,860)	n/a	(\$6,224,317)	n/a	(\$7,154,895)	n/a
Surplus/(Deficit)—Excludes Transfers to Plant Funds	(\$2,774,069)	(\$632,450)	n/a	(\$6,124,317)	n/a	(\$7,054,895)	n/a
Total Unrestricted (E&G and Auxiliary) Budget							
Total Revenues	\$238,444,073	\$222,501,323	-6.7%	\$213,281,931	-4.1%	\$208,294,464	-2.3%
Total Expenditures and Transfers to Plant Funds	244,821,164	224,561,450	-8.3%	228,467,993	1.7%	228,469,425	0.0%
Revenues Less Expenditures/Transfers to Plant Funds	(\$6,377,091)	(\$2,060,127)	n/a	(\$15,186,062)	n/a	(\$20,174,961)	n/a
Surplus/(Deficit)—Excludes Transfers to Plant Funds	(\$1,101,041)	(\$1,442,436)	n/a	(\$11,783,291)	n/a	(\$16,772,190)	n/a