

**Comprehensive Planning Narrative
Western Integrating Universities of Pennsylvania**

**As submitted
September 10, 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:

At its July 2021 meeting, the BOG approved the integration of California, Clarion, and Edinboro universities effective July 1, 2022. The integration seeks to improve the financial sustainability of each university by:

- Expanding program breadth while maintaining essential residential character at each campus
- Capitalizing on existing strengths at all institutions
- Investing in new areas to serve new students who need our help, growing enrollment, driving regional economic development
- Re-tooling and strengthening supports for all students
- Reducing administrative cost; investing savings in student success

The financial projections prepared in spring 2021 were updated to include events that occurred prior to the board vote. In April 2021, the board voted to freeze tuition for the 2021-2022 fiscal year. As such, the 1% planning assumption that was included for the integrating universities was removed from FY 21-22, which reduced the revenues for each subsequent year as well. The impact of this adjustment was a reduction in net revenue of approximately \$2 million for each year of the plan.

In May 2021, further guidance was issued from the Department of Education regarding the allowable uses and regulations surrounding the COVID-19 Stimulus funds received from the Coronavirus Response and Relief Supplemental Appropriations Act, 2021 (CRRSAA) and American Rescue Plan Act of 2021 (ARPA). The West was awarded approximately \$31.6 million of institutional funds in total for these two programs and the estimated distribution and recognition of these funds was determined and incorporated for both fiscal year 2021 and 2022. Further, additional expenses in connection to the response to COVID-19 continue to be identified and confirmed.

The Commonwealth budget enacted in June 2021 identified one-time funds that can address System Redesign and Sustainability priorities. Funds totaling \$11.0 million in fiscal year 2022 and \$12.5 million in 2023 have been modelled in Edinboro's CPP for FY 22 and FY 23, the impact of which is also reflected in the Western integrating universities CPP's.

Several other changes have occurred or are expected to occur and have been updated in this CPP submission.

Planned efficiency improvements in the custodial and maintenance areas previously planned did not materialize as expected last fiscal year; however, they may be able to be realized by reducing the AFSCME complement between FY 23 and FY 26.

The System actively monitors the negative Fall enrollment trends in light of the evolving circumstances with COVID-19 for prospective students and their families across integrating and non-integrating universities. As a result, the enrollment projections that were provided in the April 2021, have been adjusted to reflect the downturn that was and will be seen by the Western integrating universities in FY 22, FY 23 and FY 24.

A few new initiatives are being explored and implemented to assist in our financial sustainability efforts.

Edinboro University is Implementing the "Retired Scots" program to increase the conversion of retirement eligible faculty and staff to retired status. This program is designed to continue to make the transition from teaching to retirement emotionally and socially attractive from FY 22 to beyond FY 26. As a result, the current snapshot of Edinboro's retirement eligible faculty and staff, approximately 50

FTE, representing potential savings that exceeds \$5,400,000 in wages and benefits, is potentially available, but **not** currently modelled between FY 23 and FY 26 as savings for the integrating universities.

Undergrad and Graduate Strategic Marketing and Sales Plan investments are being planned as well as a 1% increase in retention rates.

Edinboro University began work in FY 21 to subdivide and sell two of their Highlands dorms (H7 and H8) so that the property includes a large flat parcel directly adjacent to the dorms, which is ideal for a neighborhood of ranch-style, single-floor, two-bedroom, age-friendly homes, for which there is a healthy market in Edinboro. Edinboro's intent is to design the RFP to focus on a buyer in the assisted living market or senior housing market to create experiential learning opportunities for nurses, social workers and business majors at the Edinboro campus. Their goal is to generate \$20,000,000 from the monetization of this excess dorm capacity and the adjacent land, which we believe to be a conservative estimate. Because of the complexities involved in trying to sell a university owned asset that sits on commonwealth property, this has been modelled as one-time new revenue in FY 24, which we believe to be reasonable.

Online program growth, administrative workforce savings, and operational efficiency continue to be presented in the CPP as they were in the April submission.

Neither the one-time investment monies earmarked for integration nor the associated integration costs paid by these funds are reflected in the CPP's as there is no effect on the bottom line. These funds are strictly earmarked for the cost (mostly IT costs) of integration.

For the success of the integrations and the state system as a whole, additional support from the Commonwealth is crucial.

Part 1: Strategy Narrative

Complete one page for each of the university's top 2-3 strategies that are moving the university toward achieving their mission and strategic plan within the context of financial sustainability and student success. Copy this page, as needed, to complete for each of the top strategies.

Identifying strategic goals within major strategy categories

Strategy Categories (Check all that apply):	<input type="checkbox"/> Student Success	<input type="checkbox"/> Financial Sustainability
	<input type="checkbox"/> Affordability	<input type="checkbox"/> Academic Program Array
	<input type="checkbox"/> Diversity/Equity/Inclusion	<input type="checkbox"/> Other
Strategic Goal:		
Strategic Goal(s) description and populations impacted:		
<ol style="list-style-type: none"> 1. Additional efficiency improvements in the custodial and maintenance areas may be able to be realized by reducing the AFSCME complement between FY 23 and FY 26. 2. Implement "Retired Scots" program at Edinboro University to increase conversion of retirement eligible faculty and staff to retired status. 3. Identify one undergrad and one grad program with high contribution margins per FTE for inclusion in a new marketing and sales program to strategically increase FY 22-23 enrollment. 4. Identify, evaluate and implement one to three new E&G efforts that will have the greatest short-term impact on retention. 5. Subdivide and sell two of our Highlands dorms so that the property includes a large flat parcel directly adjacent to the dorms. Design the RFP to focus on a buyer in the assisted living market or senior housing market to create experiential learning opportunities for nurses, social workers and business majors. 6. Increase budget for new DEI programming and staff. 		
Anticipated student success, DEI, or financial sustainability outcomes:		
<ol style="list-style-type: none"> 1. Cut expenses via additional furloughs or attritional hiring freezes by \$1,000,000 to \$1,500,000 from FY 23 through FY 26. 2. Cut expenses by increasing retirements by 50 FTE, saving between \$0 and \$5,400,000 from FY23 through FY 26. 3. Increase Grad enrollment in the targeted program by 20 FTE and UG enrollment in the targeted program(s) by 30 FTE to generate additional revenue of \$800,000. 4. Increase first-to-second-year retention 1% year-over-year for the next four academic years and increase the six-year graduation rate by 2%. 5. Generate \$20,000,000 from the monetization of excess dorm capacity in FY 24 or sooner. 6. Increase our Diversity, Equity and Inclusion efforts. Starting in FY 22 with one Director overseeing all three schools to increase programming 		
Strategy funding and resources:		
Items 1 and 2 will require no additional funding. For FY 21-22, item 3 will be financed with an additional \$1,000,000 in the marketing and sales budgets. Item 4 will be financed with an additional \$300,000 in the retention budget.		
Multi-campus and Systemwide implications, if applicable:		
Items 3 and 4 will be implemented in FY 21-22 only at Edinboro as a pilot to determine if expansion can be funded to all campuses in FY 22-23.		

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:

Enrollment has been adjusted for program array and student success improvements as well as online offerings, which results in an annual increase in enrollment of 2% from the initial time of integration.

Explanation of any new specific revenue and expenses:

Key Assumptions – West (June 2021 Projections)

	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
Revenues:				
• 1% enrollment growth from program array and student success initiatives* and 1% tuition and fee rate increase	\$0	\$3,294,619	\$3,360,839	\$3,428,392
• Net revenues for online offerings (5% increase in undergraduate online enrollment and 10% increase in graduate online enrollment)*	0	500,000	700,000	1,600,000
• 1% increase in state appropriation	0	892,702	901,629	910,645
• One-time funds, Redesign and Sustainability	12,500,000	0	0	0
	\$12,500,000	\$4,687,321	\$4,962,468	\$5,939,037
Expenditures:				
• Strategic Sourcing Savings	(\$784,454)	Savings Maintained Annually		
• Executive Leadership, Management, Administrative Support Staffing and Faculty Efficiencies	(5,353,937)	(1,494,745)	(2,257,562)	(3,514,627)
• Salary and benefit rate increases (2%/3%) (includes estimated turnover)	0	4,540,713	4,637,115	4,942,116
• Institutional Aid for Students	0	414,781	423,118	431,623
• Adjustments to debt service payments (to match actual payments in debt schedule)	0	(872,512)	580,712	(693,847)
• Targeted expenditures for retention, technology and support services	352,307	0	0	0
	(\$5,786,084)	\$2,588,237	\$3,383,383	\$1,165,265
Net Positive Impacts	\$18,286,084	\$2,099,084	\$1,579,085	\$4,773,772

*Combination results in an overall 2% annual increase in enrollment.

Notes:
Same assumptions are incorporated into the E&G fund and the Auxiliary fund, where applicable;
Turnover assumed to be realized in accordance with historical patterns

Source: PASSHE university CPP projections June 2021

FTE Enrollment

COPY AND PASTE FROM PROJECTIONS TEMPLATE

	FY 2022-23	FY 2023-24	% Change	FY 2024-25	% Change	FY 2025-26	% Change
Fall FTE Enrollment							
Clock Hour	0	0	n/a	0	n/a	0	n/a
Undergraduate	9,243.36	9,367.49	1.30%	9,493.37	1.30%	9,622.70	1.40%
Graduate	2,590.16	2,752.66	6.30%	2,930.99	6.50%	3,125.50	6.60%
Total Fall FTE Enrollment	11,833.52	12,120.16	2.40%	12,424.36	2.50%	12,748.20	2.60%
Annualized FTE Enrollment							
Undergraduate (includes clock hour)	9,343.44	9,458.42	1.20%	9,575.05	1.20%	9,695.04	1.30%
Graduate	3,590.01	3,753.28	4.50%	3,932.39	4.80%	4,127.69	5.00%
Total Annualized FTE Enrollment	12,933.45	13,211.70	2.20%	13,507.44	2.20%	13,822.73	2.30%

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:

See page 4

E&G Expenses:

See page 4

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:
See page 4
Auxiliary Expenses:
See page 4

Unrestricted FTE Employees and Associated Metrics COPY AND PASTE FROM PROJECTIONS TEMPLATE

	Target	FY 2022-23	FY 2023-24	% Change	FY 2024-25	% Change	FY 2025-26	% Change
Fall FTE Faculty, net of shared faculty	n/a	690.3	690.3	0.00%	690.3	0.00%	690.3	0.00%
Annualized Unrestricted FTE Faculty, net of turnover	n/a	686.04	686	0.00%	686	0.00%	686	0.00%
Annualized Unrestricted FTE Nonfaculty, net of turnover	n/a	876.56	859.45	-2.00%	843.45	-1.90%	825.45	-2.10%
Fall FTE Student/Fall FTE Faculty Ratio	n/a	17.1	17.6		18		18.5	
Annualized FTE Student/Annualized FTE Nonfaculty Ratio	n/a	14.8	15.4		16		16.7	

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:

In the near term, it will be necessary to use unrestricted net assets to balance the budget as we make strategic cost reductions as well as investments in student success. Administrative cost savings has been phased in over the first few years of integration to allow for historic knowledge to be retained to assist with implementing the new university. Net assets will be depleted in the first few years of the integration but as cost savings are achieved, strategic investments are made, and revenues are increased, we are hopeful to rebuild our reserves.

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

	FY 2022-23	FY 2023-24	% Change	FY 2024-25	% Change	FY 2025-26	% Change
Total E&G Budget							
Total Revenues	\$265,224,739	\$276,009,433	4.10%	\$287,653,964	4.20%	\$301,588,419	4.80%
Total Expenditures and Transfers to Plant Funds	287,903,692	293,996,591	2.10%	303,167,548	3.10%	312,567,717	3.10%
Revenues Less Expenditures/Transfers to Plant Funds	(\$22,678,953)	(\$17,987,158)	n/a	(\$15,513,583)	n/a	(\$10,979,298)	n/a
Surplus/(Deficit)--Excludes Transfers to Plant Funds	(\$22,678,953)	(\$17,987,158)	n/a	(\$15,513,583)	n/a	(\$10,979,298)	n/a
Use of Supplemental Resources for One-Time Needs/ Strategic Initiatives	\$0	\$0	n/a	\$0	n/a	\$0	n/a
One-Time COVID Funds (revenue recognition adjustment)	\$0	\$0	n/a	\$0	n/a	\$0	n/a
Use of Supplemental Resources for Operations	\$10,859,807	\$0	-100.00%	\$0	n/a	\$0	n/a
(to Balance Budget)							
Total Auxiliary Budget							
Total Revenues	\$57,397,029	\$65,301,800	13.80%	\$45,710,618	-30.00%	\$46,123,523	0.90%
Total Expenditures and Transfers to Plant Funds	58,701,386	58,554,229	-0.30%	58,577,807	0.00%	58,047,803	-0.90%
Revenues Less Expenditures/Transfers to Plant Funds	(\$1,304,357)	\$6,747,571	n/a	(\$12,867,189)	-290.70%	(\$11,924,280)	n/a
Surplus/(Deficit)--Excludes Transfers to Plant Funds	(\$1,114,357)	\$6,937,571	n/a	(\$12,677,189)	-282.70%	(\$11,734,280)	n/a
Use of Supplemental Resources for One-Time Needs/ Strategic Initiatives	\$0	\$0	n/a	\$0	n/a	\$0	n/a
One-Time COVID Funds (revenue recognition adjustment)	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Revenues and Use of Supplemental Resources/Adjustments Less Expenditures	(\$1,304,357)	\$6,747,571	\$0	(\$12,867,189)	(\$3)	(\$11,924,280)	\$0
Use of Supplemental Resources for Operations	\$0	\$0	n/a	\$0	n/a	\$0	n/a
(to Balance Budget)							
Total Unrestricted (E&G and Auxiliary) Budget							
Total Revenues	\$322,621,768	\$341,311,233	5.80%	\$333,364,582	-2.30%	\$347,711,942	4.30%
Total Expenditures and Transfers to Plant Funds	346,605,078	352,550,820	1.70%	361,745,355	2.60%	370,615,520	2.50%
Revenues Less Expenditures/Transfers to Plant Funds	(\$23,983,310)	(\$11,239,587)	n/a	(\$28,380,772)	n/a	(\$22,903,578)	n/a
Surplus/(Deficit)--Excludes Transfers to Plant Funds	(\$23,793,310)	(\$11,049,587)	n/a	(\$28,190,772)	n/a	(\$22,713,578)	n/a
Use of Supplemental Resources for One-Time Needs/ Strategic Initiatives	\$0	\$0	n/a	\$0	n/a	\$0	n/a
One-Time COVID Funds (revenue recognition adjustment)	\$0	\$0	n/a	\$0	n/a	\$0	n/a
Revenues and Use of Supplemental Resources/Adjustments Less Expenditures	(\$23,983,310)	(\$11,239,587)	\$0	(\$28,380,772)	\$0	(\$22,903,578)	\$0
Use of Supplemental Resources for Operations	\$10,859,807	\$0	-100.00%	\$0	n/a	\$0	n/a
(to Balance Budget)							
Total Estimated Unrestricted Net Assets	(\$1,435,324)	(\$7,181,411)	n/a	(\$39,627,223)	n/a	(\$67,766,210)	n/a
Total Estimated End of Year Cash Balance	\$19,637,114	(\$15,726,339)	-180.10%	(\$28,172,152)	n/a	(\$56,311,139)	n/a
Projected Ratios resulting from the Annual Projection Plan - Will NOT Match Final Metric Results							
	Target	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26		
Fall FTE Student/Fall FTE Faculty Ratio	n/a	17.1	17.6	18	18.5		
Fall FTE student/Fall FTE faculty							
Estimated Student/Nonfaculty Ratio	n/a	14.8	15.4	16	16.7		
Annualized FTE Student/Annualized FTE Nonfaculty							
Estimated Annual Operating Margin ²	>2%	n/a	n/a	n/a	n/a		
End of Year Surplus/(Deficit)--excluding Transfers to Plant/Total Revenues							
Estimated Annual Primary Reserve Ratio ²	>40%	n/a	n/a	n/a	n/a		
Estimated End of Year Balance in Net Assets/Total Expenses							
Estimated Minimum Reserves ²	>180 days	n/a	n/a	n/a	n/a		
Unrestricted cash*365/total unrestricted expenses							
1Target 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.							
2Ratios 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 CIP Code	Credential level and type	Program Name	Brief Rationale

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

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?

New program ideas proposed for the new integrated university were included in the Program Array analysis document provided to the Board of Governors in spring 2021 and, therefore, are not repeated here. The program array for the new integrated western university will take effect in AY 2022-23. The new integrated western university will be able to combine program and course enrollments to gain economies of scale, use remote learning capabilities to share courses, expand online course offerings, and provide more access to courses in the winter and summer sessions, and will thusly enhance program sustainability. Additionally, the program array can be implemented with the existing faculty complement across the three integrating universities, as reduced by retirements this year. No new tenure track hires are expected during the first year of the integrated university. After full implementation of the synthesized curricula of the new university in 2024, enrollment in programs as well as the BI information will continue to be monitored to determine necessary changes to the academic program array.