Youngstown State University
Budget Update

May 8, 2020
Pre-COVID19 - FY 2020

1. FY 2020 expenses were made possible by increased revenue:
   • House Bill 166:
     • Change in state of Ohio tuition policy = $2.4 million
     • 2% increase in SSI funding = $700,000
     • Helped stabilize YSU’s budget and enable some investments.

2. But a structural budget deficit remains = ($4.9 million)

3. YSU’s enrollment level declined by 3.6% on FTE basis.
   • Result: Additional revenue variance of approximately ($4 million)

4. Health care insurance costs spiked during first half of FY 2020:
   • 27% increase in YSU’s costs, December 2019 vs. December 2018

5. On track for a balanced budget:
   • YSU is managing revenue shortfall through spending controls and resource reallocation.

6. Uncertainty about the future:
   • Demographic shifts indicative of a shrinking student population.
   • Higher education market challenges.
Post-COVID19 - FY 2020

1. All of those pre-COVID19 challenges still exist.

2. New challenges have emerged:
   • Partial mid-semester fee refunds to students: \(\$3\) million in lost revenue to YSU.
   • State of Ohio tax receipts declining sharply: \$159 million in March alone!
     • State Higher Ed. funding cut by 15% (April – June): \(\$1.6\) million in lost revenue for YSU*
     * FY 2020 state funding reduction updated 5/6/20 per OBM document.
   • YSU investment portfolio has declined in value by \$4\ million since 3/31/20:
     • Projected loss in investment income: \(\$500,000\).
     • YSU Foundation endowment value is down by \(\$30\) million on quarterly basis
       • YSU Foundation furloughed all staff to 0.80 FTE to reduce expenses.

3. Federal CARES Act funding:
   • YSU’s allocation = \$10.4\ million
   • 50% or \$5.2\ million for student financial aid
   • 50% or \$5.2\ million for institutional support
     • Expected to mitigate risk of FY 2020 year-end deficit.

4. Austerity measures are possible this year to prepare for challenging FY 2021 next year.
1. State tax receipts are projected to continue to slide downward
   - Gov. DeWine ordered ODHE to plan for 20% reduction in higher ed. funding in FY21:
     - Impact on YSU: ($8.7 million) in lost revenue next year

2. Negative results in the financial markets likely to persist:
   - YSU investment income estimated to fall by $500,000 to $1 million next year.
   - YSU Foundation’s scholarship support likely to decline in FY 2021.

3. Enrollment uncertainty:
   - *Example*: 5% FTE enrollment decline = ($5.5 million) in lost revenue to YSU.

4. If fall semester is remote instruction, there will be additional revenue losses for
   YSU auxiliary operations:
   - Housing & Dining Services: ($6 million)
   - Parking Services: ($1.7 million)
YSU Administration must plan for the worst case scenario.

1. YSU’s long-term financial sustainability must be preserved.

2. COVID-19 has accelerated need to implement structural budget changes already established by Strategic Planning documents and BOT resolutions.

3. Increase in tuition by 2.1% to 4.1% planned next year, as permissible by HB 166.
   • $2.4 million in revenue possible (depending on enrollment levels)
   • Tuition elasticity is not limitless but YSU’s relative affordability is an advantage.

4. Reduce spending: comprehensive review underway.
   • Salary reductions already announced for Excl. Prof. & Admin. staff:
     • 2% reduction for $65,000 - $99,999 salary range
     • 6% reduction for $100,000 - $124,999 salary range
     • 8% reduction for $125,000 - $174,999 salary range
     • 10% reduction for $175,000 - $299,999 salary range
     • 15% reduction for $300,000 + salary range (one person)
     • Total approximate savings: $700,000
Questions and observations