

**BOARD OF TRUSTEES
FINANCE AND ADMINISTRATION COMMITTEE**

**June 25, 2021 @ 9:30 a.m.
Morris University Center, Room 214**

Agenda

1.0 Action Items

**1.1 Resolution F12-21
Approval of Shawnee State University's FY2022 Operating Budget (General Fund and Auxiliary Funds)**

Dr. Elinda Boyles, Interim Vice President for Finance and Administration, will present this resolution for approval of the proposed operating budget for fiscal year 2022 to submit to the Board of Trustees for adoption.

2.0 Information and Reports

- 2.1** Dr. Boyles will update the Committee on the projected FY2021 operating budget performance and related financial matters.
- 2.2** Mr. Greg Ballengee, Controller, will brief the Committee on the cash reserves investment portfolio and monthly performance.
- 2.3** Ms. Malonda Johnson, Director, Human Resources, will brief the Committee on the impact of personnel furloughs from spring 2021 to summer 2021.
- 2.4** Mr. Butch Kotcamp, Director of Facilities, will present the Capital Project status report.
- 2.5** Mr. Chuck Warner, Director, ITS, will brief the Committee on the implementation of the Jenzabar cloud student business system (J1).

Shawnee State University

Financials Update

Finance and Administration Committee
June 25, 2021

RESOLUTION F12-21

APPROVAL OF SHAWNEE STATE UNIVERSITY'S FY2022 OPERATING BUDGET (GENERAL AND AUXILIARY FUNDS)

WHEREAS, the proposed FY2022 operating budget (general and auxiliary funds) was developed with the goals of returning operations to normalcy and allocating resources to regain pre-pandemic momentum for growth and expansion; and

WHEREAS, the projected revenues include increased state funding allocations that are incorporated in the statewide budget bill, a decline in tuition and student fees due to expected continuing student decline resulting from the impact of the pandemic, and moderate growth in income from residential housing, meal plans, commissions, rental fees, events, and other auxiliary income based on the assumption that the lifting of restrictions for Covid-19 will be maintained throughout the academic year; and

WHEREAS, projected expenditures are increased due to the reinstatement of furloughed and reduced salaries realized during FY2021, increased expenses to fully return the institution to pre-pandemic operations, adjustments to absorb contractual obligations that were partially reimbursed by grant funds in FY2021, and increased investment to achieve the growth and expansion initiatives aligned with the University's Five-Year Strategic Plan; and

WHEREAS, a favorable net operating outcome is fully expected due to grant-funded adjustments for direct expense reimbursements and revenue replacement anticipated for such items as: the University's continued response to health, safety and security required to mitigate Covid-19 and possible variants, lost revenue from the projected AY2021-22 enrollment decline, and the additional support anticipated for students in the forms of financial grants and lost revenue resulting from the potential discharging of some portion of student debt, as permitted under the Cares Act and the American Rescue Act (HEERF III); and

WHEREAS, due to the auditing process needed to verify that the use of HEERF as planned is permissible, the President has determined that it is prudent and transparent to present a draft FY2022 operating budget without these adjustments along with a draft version that capture broad categories of grant funds; and

WHEREAS, the unadjusted Net Operating performance for FY2022 reflects a \$2.17 million potential use of reserves;

THEREFORE, BE IT RESOLVED, the Shawnee State University Board of Trustees approves the FY2022 operating budget as presented, effective July 1, 2021.

(June 25, 2021)

FY2021 Projected Operating Budget

Based on 5/31/2021 actuals

Revenues

- State funding reinstated midyear
- Tuition revenue – flat AY2019-20 enrollment
- Housing & meals 24% decline due to release of housing residents (pandemic)
- Other income – significant decline due to event & other activities cancelled (pandemic)
- Miscellaneous revenue up due to sale of property
- Revenue adjustment: CRF & HEERF adjustments include
 - \$1,345,633 from FY20 eligible expenditures
 - \$2.5M for estimated lost revenue

Expenditures

- Compensation:
 - Budgeted salaries include reductions for 2020 & 2021 furloughs & RIF actions
- Non-compensation:
 - Reflects shift in work assignments as a result of pandemic; meal plan costs higher due to increased unit cost (scaled based on # of meal plans)
 - CRF & HEERF adjustments as of 5/31/21
 - Additional adjustments expected during year-end closing process

FY2021 Projected Net Operating \$5,273,064

Revenues		FY21 Consolidated Budget	FY21 EOY Projection	% from FY21 Budget
State Funding				
	SSI	\$11,843,169	\$13,567,123	14.6%
	Supplement	\$3,495,630	\$4,037,456	15.5%
	Sub Total	\$15,338,799	\$17,604,579	14.8%
Student Fees				
	Tuition & Fees	\$26,969,238	\$26,733,616	-0.9%
	Housing & Meals	\$3,162,008	\$2,399,431	-24.1%
	Sub total	\$30,131,246	\$29,133,047	-3.3%
	Less Inst & Aux scholarships	(\$5,380,353)	(\$5,490,181)	2.0%
	Sub total	\$24,750,893	\$23,642,866	-4.5%
Other Income				
	Grants & Contracts	\$707,539	\$559,209	-21.0%
	Sales & Service Fees	\$480,683	\$389,013	-19.1%
	Miscellaneous Revenue	\$464,497	\$1,040,443	124.0%
	Sub Total	\$1,652,719	\$1,988,665	20.3%
TOTAL OPERATING REVENUE		\$41,742,411	\$43,236,110	3.6%
<i>Revenue Adjustment (CRF & HEERF)</i>			\$3,845,633	
TOTAL ADJUSTED OPERATING REVENUE			\$47,081,743	
Expenditures				
Compensation				
	Salaries	\$21,383,401	\$21,647,691	1.2%
	Benefits	\$8,761,942	\$8,978,786	2.5%
	Sub total	\$30,145,343	\$30,626,477	1.6%
Non-Compensation				
	Professional Services/Communication	\$1,659,210	\$2,032,179	22.5%
	Equipment, Maint, Service Contracts	\$3,792,093	\$3,369,069	-11.2%
	Meal Plan Expense	\$1,549,803	\$1,775,768	14.6%
	Supplies, Travel, Ent., Misc.	\$3,175,548	\$2,165,274	-31.8%
	Utilities	\$1,560,000	\$1,123,425	-28.0%
	Sub Total	\$11,736,654	\$10,465,715	-10.8%
TOTAL OPERATING EXPENSE		\$41,881,997	\$41,092,192	-1.9%
<i>Expense (comp & non-comp) Adjustment (CRF & HEERF)</i>			(\$848,238)	
TOTAL ADJUSTED OPERATING EXPENSE		\$41,881,997	\$40,243,954	-3.9%
	Gross Margin	(\$139,586)	\$6,837,789	
	As % of Revenue	-0.3%	14.5%	
	Net Transfer to Capital Fund	(\$1,564,725)	(\$1,564,725)	
	Net Operating	(\$1,704,311)	\$5,273,064	

Revenues	FY21 Consolidated Budget	FY22		
		Consolidated Budget	\$ from FY21 Budget	% from FY21 Budget
State Funding				
SSI	\$11,843,169	\$13,812,759	\$1,969,590	16.6%
Supplement	\$3,495,630	\$4,636,500	\$1,140,870	32.6%
Sub Total	\$15,338,799	\$18,449,259	\$3,110,460	20.3%
Student Fees				
Tuition & Fees	\$26,969,238	\$26,129,661	(\$839,577)	-3.1%
Housing & Meals	\$3,162,008	\$3,149,290	(\$12,718)	-0.4%
Sub total	\$30,131,246	\$29,278,951	(\$852,295)	-2.8%
Less Inst & Aux scholarships	(\$5,380,353)	(\$5,548,908)	(\$168,555)	3.1%
Sub total	\$24,750,893	\$23,730,043	(\$1,020,850)	-4.1%
Other Income				
Grants & Contracts	\$707,539	\$762,250	\$54,711	7.7%
Sales & Service Fees	\$480,683	\$703,000	\$222,317	46.3%
Miscellaneous Revenue	\$464,497	\$525,000	\$60,503	13.0%
Sub Total	\$1,652,719	\$1,990,250	\$337,531	20.4%
TOTAL OPERATING REVENUE	\$41,742,411	\$44,169,552	\$2,427,141	5.8%
<i>Revenue Adjustment (CRF & HEERF)</i>				
TOTAL ADJUSTED OPERATING REVENUE				
Expenditures				
Compensation				
Salaries	\$21,383,401	\$23,511,957	\$2,128,556	10.0%
Benefits	\$8,761,942	\$9,528,161	\$766,219	8.7%
Sub total	\$30,145,343	\$33,040,119	\$2,894,776	9.6%
Non-Compensation				
Professional Services/Communication	\$1,659,210	\$1,871,382	\$212,172	12.8%
Equipment, Maint, Service Contracts	\$3,792,093	\$3,814,464	\$22,371	0.6%
Meal Plan Expense	\$1,549,803	\$1,475,547	(\$74,256)	-4.8%
Supplies, Travel, Ent. Misc.	\$3,175,548	\$3,140,492	(\$35,056)	-1.1%
Utilities	\$1,560,000	\$1,429,175	(\$130,825)	-8.4%
Sub Total	\$11,736,654	\$11,731,060	(\$5,594)	-0.05%
TOTAL OPERATING EXPENSE	\$41,881,997	\$44,771,179	\$2,889,182	6.9%
<i>Expense (comp & non-comp) Adjustment (CRF & HEERF)</i>				
TOTAL ADJUSTED OPERATING EXPENSE	\$41,881,997	\$44,771,179	\$2,889,182	6.9%
Gross Margin	(\$139,586)	(\$601,627)	(\$462,041)	331.0%
As % of Revenue	-0.3%	-1.4%	-19.0%	
Net Transfer to Capital Fund	(\$1,564,725)	(\$1,567,276)	\$2,551	0.2%
Net Operating	(\$1,704,311)	(\$2,168,903)	(\$459,490)	27.0%

FY2022 DRAFT Operating Budget

Revenue Assumptions:

- State funding per State Biennial Budget
- Student fees – enrollment down 6%; offset by rate increase
- Housing & meal plans – return to nearly normal (FY2020 level)
- Scholarships – athletic expansion, increase for housing scholarships, some reduction in presidential scholarships
- Other income – assumes return to nearly normal – events, conferences, etc.

Expenditure Assumptions:

Compensation:

- Restoration of reduced & furloughed salaries & related benefits of ≈ \$1.25M
- Salary adjustment pool of ≈ 2.5%
- New positions for DEI operation, adjustments for reorganization, investments aligned with strategies for expansion, succession, and to strengthen internal controls

Non-Compensation:

- Projected supplies, software, laboratory, classroom needs as requested by unit budget managers
- Replace/upgrade of equipment (one-time) for facilities operation, ongoing software licenses, marketing & other professional services
- Restore travel for recruitment, academic and other essential meetings
- Utilities savings estimate based on trend, new controls, and depends on environmental conditions

Projected net operating (\$2,168,903)

FY2022 DRAFT Operating Budget - Adjusted

Revenues	FY21 Consolidated Budget	FY22 Consolidated Budget	\$ from FY21 Budget	% from FY21 Budget
State Funding				
SSI	\$11,843,169	\$13,812,759	\$1,969,590	16.6%
Supplement	\$3,495,630	\$4,636,500	\$1,140,870	32.6%
Sub Total	\$15,338,799	\$18,449,259	\$3,110,460	20.3%
Student Fees				
Tuition & Fees	\$26,969,238	\$26,129,661	(\$839,577)	-3.1%
Housing & Meals	\$3,162,008	\$3,149,290	(\$12,718)	-0.4%
Sub total	\$30,131,246	\$29,278,951	(\$852,295)	-2.8%
Less Inst & Aux scholarships	(\$5,380,353)	(\$5,548,908)	(\$168,555)	3.1%
Sub total	\$24,750,893	\$23,730,043	(\$1,020,850)	-4.1%
Other Income				
Grants & Contracts	\$707,539	\$762,250	\$54,711	7.7%
Sales & Service Fees	\$480,683	\$703,000	\$222,317	46.3%
Miscellaneous Revenue	\$464,497	\$525,000	\$60,503	13.0%
Sub Total	\$1,652,719	\$1,990,250	\$337,531	20.4%
TOTAL OPERATING REVENUE	\$41,742,411	\$44,169,552	\$2,427,141	5.8%
<i>Revenue Adjustment (CRF & HEERF)</i>		<i>\$3,000,000</i>		
TOTAL ADJUSTED OPERATING REVENUE	\$41,742,411	\$47,169,552	\$5,427,141	13.0%
Expenditures				
Compensation				
Salaries	\$21,383,401	\$23,511,957	\$2,128,556	10.0%
Benefits	\$8,761,942	\$9,528,161	\$766,219	8.7%
Sub total	\$30,145,343	\$33,040,119	\$2,894,776	9.6%
Non-Compensation				
Professional Services/Communication	\$1,659,210	\$1,871,382	\$212,172	12.8%
Equipment, Maint, Service Contracts	\$3,792,093	\$3,814,464	\$22,371	0.6%
Meal Plan Expense	\$1,549,803	\$1,475,547	(\$74,256)	-4.8%
Supplies, Travel, Ent. Misc.	\$3,175,548	\$3,140,492	(\$35,056)	-1.1%
Utilities	\$1,560,000	\$1,429,175	(\$130,825)	-8.4%
Sub Total	\$11,736,654	\$11,731,060	(\$5,594)	-0.05%
TOTAL OPERATING EXPENSE	\$41,881,997	\$44,771,179	\$2,889,182	6.9%
<i>Expense (comp & non-comp) Adjustment (CRF & HEERF)</i>		<i>(\$1,000,000)</i>		
TOTAL ADJUSTED OPERATING EXPENSE	\$41,881,997	\$43,771,179	\$1,889,182	4.5%
Gross Margin	(\$139,586)	\$3,398,373	\$3,537,959	2534.6%
As % of Revenue	-0.3%	7.2%	145.8%	
Net Transfer to Capital Fund	(\$1,564,725)	(\$1,567,276)	\$2,551	0.2%
Net Operating	(\$1,704,311)	\$1,831,097	\$3,540,510	207.7%

ADJUSTED FY2022 OPERATING BUDGET ANTICIPATED CRF & HEERF ADJUSTMENTS*

- Lost Revenue (\$3,000,000)
 - Enrollment and Other Income declines
 - Debt Forgiveness – eligible students
- Expenditure Reimbursements (\$1,000,000)
 - Compensation for Health Team, Safety & Security, Staff support related to ongoing facility sanitization and cleaning
 - Supplies, testing and vaccination costs
 - Needs for laboratories, classrooms, offices per CDC and local health guidelines
 - Ongoing communication, signage, etc.
- Capital Projects (\$1,000,000)
 - Air quality and technology projects

*Amounts are estimates. Final adjustments dependent upon verification of eligibility for HEERF (e.g., rules established by ARP, CRF, CARES) by independent auditors.

Projected net operating \$1,831,097

“Moody's revises Shawnee State University's (OH) outlook to stable; affirms Baa3”

Rationale for Revision of Outlook

- The revision of the outlook to stable reflects Shawnee State University's (SSU) move away from operating cash flow deficits, due primarily to government operating support combined with expense reductions in fiscal 2020. The university's improved operating performance in fiscal 2020 and further improvement expected in fiscal 2021 combined with federal relief, will stem long-term liquidity declines.

Ratings Outlook

- The stable outlook reflects Moody's expectation that SSU will be able to maintain positive operating cash flow margins and sound debt service coverage aided by state operating support. The stable outlook is also predicated on no further declines in liquidity.

Factors – Upgrade or Downgrade

Upgrade

- Sustained strengthening of operating cash flow and debt service coverage
- Substantial growth in spendable cash and investments, providing a stronger cushion relative to debt and operations
- Stabilization in enrollment leading to steady tuition revenue growth

Downgrade

- Further decline in unrestricted monthly days cash on hand
- Failure to continue gains in operating performance including return to debt service coverage below 1x
- Disruption or sustained decline in state funding

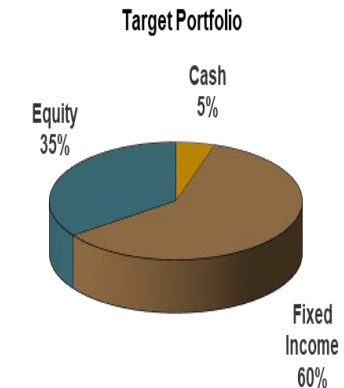
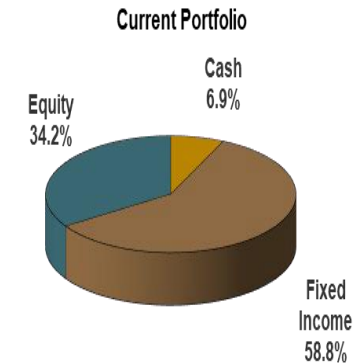
CRF & HEERF Status Investment Portfolio

Greg Ballengee, Controller

Award Description (G/L Unit #)	FY20 Expenditures	FY21 Expenditures (as of 5/31/2021)	Expenditures Charged Directly to Awards	Allocation of Expenses from University Funds (See Section Below)	Total Allocated Expenditures	Total Award Amount	Remaining Award
CARES Act HEERF I Financial Aid (#35040)	\$506,928.00	\$1,279,527.00	\$1,786,455.00		\$1,786,455.00	\$1,786,455.00	\$-
CRRSSA HEERF II Financial Aid (#35040)	\$-	\$1,706,541.00	\$1,706,541.00		\$1,706,541.00	\$1,786,455.00	\$79,914.00
ARP Act HEERF III Financial Aid (#TBD)	\$-	\$-	\$-		\$-	\$4,792,559.00	\$4,792,559.00
TOTAL HEERF FINANCIAL AID AWARDS	\$506,928.00	\$2,986,068.00	\$3,492,996.00	\$-	\$3,492,996.00	\$8,365,469.00	
						Financial Aid Remaining	\$4,872,473.00
CARES Act HEERF I Institutional (#35041)	\$506,928.00	\$1,047,275.10	\$1,554,203.10	\$232,250.90	\$1,786,454.00	\$1,786,454.00	\$-
CRRSSA HEERF II Institutional (#35041)	\$-	\$405,995.10	\$405,995.10		\$405,995.10	\$3,676,771.00	\$3,270,775.90
ARP Act HEERF III Institutional (#TBD)	\$-	\$-	\$-		\$-	\$4,778,815.00	\$4,778,815.00
TOTAL HEERF INSTITUTIONAL AWARD	\$506,928.00	\$1,453,270.20	\$1,960,198.20	\$232,250.90	\$2,192,449.10	\$10,242,040.00	\$8,049,590.90
CARES Act SIP (#35043)	\$-	\$176,226.00	\$176,226.00		\$176,226.00	\$176,226.00	\$-
CRRSSA SIP (#TBD)	\$-	\$-	\$-		\$-	\$230,959.00	\$230,959.00
TOTAL HEERF SIP AWARDS	\$-	\$176,226.00	\$176,226.00	\$-	\$176,226.00	\$407,185.00	\$230,959.00
CRF First allocation (#30100)	\$-	\$430,154.50	\$430,154.50	\$1,380,804.50	\$1,810,959.00	\$1,810,959.00	\$-
CRF Second (Oct 2020) allocation (#30105)	\$-	\$500,891.41	\$500,891.41	\$404,588.59	\$905,480.00	\$905,480.00	\$-
TOTAL CRF AWARDS (FEDERAL PASS-THRU)	\$-	\$931,045.91	\$931,045.91	\$1,785,393.09	\$2,716,439.00	\$2,716,439.00	\$-
CRF Mental Health allocation (#30106)	\$-	\$49,028.00	\$49,028.00	\$-	\$49,028.00	\$49,028.00	\$-
CRF-GEER Mental Health Support #30108)	\$-	\$4,364.75	\$4,364.75	\$-	\$4,364.75	\$83,348.00	\$78,983.25
TOTAL CRF MENTAL HEALTH AWARDS	\$-	\$53,392.75	\$53,392.75	\$-	\$53,392.75	\$132,376.00	\$78,983.25
						Institutional Remaining	\$8,359,533.15
GRAND TOTALS	\$1,013,856.00	\$5,600,002.86	\$6,613,858.86	\$2,017,643.99	\$8,631,502.85	\$21,863,509.00	\$13,232,006.15


Shawnee State University Asset Allocation – As of May 31, 2021

Asset Class	Market Value	% of Assets	Target %
Cash Equivalents			
TIAA Cash Deposit Account	\$591,317	6.9%	
Total Cash Equivalents	\$591,317	6.9%	5.0%
Fixed Income			
Fixed Income Separately Managed Account	\$3,301,692	38.6%	
Vanguard Short Term Bond Index Fund	\$873,276	10.2%	
DFA Inflation Protected SEC Fund	\$430,218	5.0%	
PIMCO 1-5 Year U.S. TIPS Index Fund	\$427,319	5.0%	
Domestic Equity			
TIAA-CREF Large Cap Growth Index Fund	\$866,696	10.1%	
TIAA-CREF Large Cap Value Index Fund	\$943,541	11.0%	
Vanguard Mid Cap Growth Index Fund	\$147,638	1.7%	
iShares Russell Mid Cap Value ETF	\$152,773	1.8%	
TIAA-CREF Small Cap Blend Index Fund	\$177,436	2.1%	
Wasatch Small Cap Growth Fund	\$30,570	0.4%	
Cohen & Steers Real Estate Fund	\$21,886	0.3%	
Vanguard REIT Index Fund	\$21,284	0.2%	
Total Domestic Equity	\$2,361,824	27.6%	29.0%
International Equity			
iShares Core MSCI EAFE ETF	\$325,248	3.8%	
Harding Loevner Institutional Emerging Markets Fund	\$154,574	1.8%	
MFS International New Discovery Fund	\$43,698	0.5%	
iShares MSCI EAFE Small Cap ETF	\$42,633	0.5%	
Total International Equity	\$566,153	6.6%	6.0%
Total Equity	\$2,927,977	34.2%	35.0%
Total Portfolio Market Value	\$8,551,799	100.0%	100.0%



Furloughs

Malonda Johnson, Director Human Resources



2021 Summer Furlough Program

Overview

In response to the projected decline in undergraduate enrollment for Fall 2021 and anticipated reduced summer business activity, a summer furlough program was adopted for administrative and staff employees. Furloughs are for a temporary period of unemployment during which employees do not work or receive their normal compensation but continue to receive health and welfare benefits.

Since May 2, 2021, affected employees have been furloughed one day a week and will resume normal work schedules beginning July 18, 2021. To maintain continuity of services, participants have been furloughed on Fridays. Employees not participating in the furlough program are remotely performing the majority of day-to-day tasks on Fridays as well. This enables some savings in energy costs due to the partial closure and reduced HVAC needs of some facilities.

Furloughed employees are eligible to participate in the Ohio Department of Job and Family Services (ODJFS) SharedWork Ohio program, a layoff aversion program the University received approval to implement. Employees remain employed and employers retain trained staff during times of reduced business activity. Participants of the SharedWork program are also eligible to receive benefits under the Federal Pandemic Unemployment Compensation (FPUC) program through the week ending June 26, 2021.

Employee Details

One hundred and eleven (111) employees are included in the furlough program (60 administrators and 51 support staff). To date, one hundred and three (103) have applied for unemployment benefits (54 administrators and 49 support staff). Eighty-seven (87) employees were not included in the furlough program based upon operational and service needs.

SSU's Estimated Expense Reduction

The most recent federal legislation extends full federal funding for Ohio's SharedWork program. The University anticipates approximately \$245,000 in reduced employment expenses from this program.

This savings is in addition to the approximate \$700,000 savings realized from the prior furlough period (May 2020 – August 2020)

Capital Projects

Butch Kotcamp
Director Facilities

CAPITAL PROJECTS STATUS REPORT

May 31, 2021

Library/CFA HVAC Renovation - \$2.2M - Capital

- Includes replacement of all pneumatic and obsolete DDC controls in both buildings. A new generator will be installed in the CFA and will be sized to provide emergency power for both the CFA and Library.
- All new VAV boxes will be installed in the CFA.
- Multiple air handlers will be replaced in the Library. Construction documents complete; bids will be received mid-July. Software and hardware controls package to start mid-June.

Kricker Innovation Hub - \$3.4M (est.) - EDA Grant/Capital/Private

- Contract complete. Project to start June 7.

Paving Project - \$1.286M - Capital

- Architect design complete.
- Paving, sealing, and restriping of all campus roads and parking areas. This project also includes resurfacing the tennis courts.
- Scheduled to begin the last week of June.

Jenzabar Project

Chuck Warner
CIO, Director IT

Jenzabar Implementation – Project Timeline

Phase ① Set-up

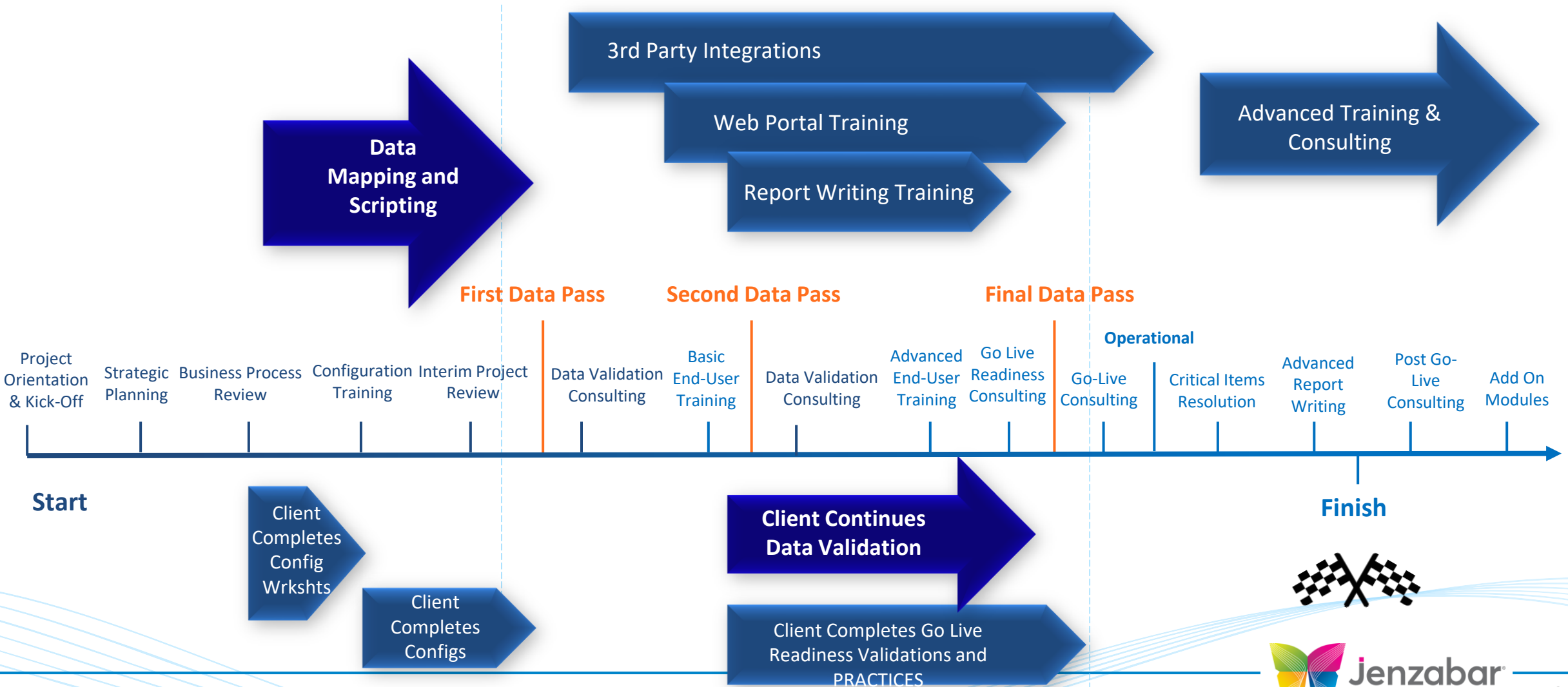
Configuration & Data Mapping

Phase ② Training

Module Training & Data Conversion

Phase ③ Operational

Post Go-Live Consulting



July 2021

August 2021

Su	Mo	Tu	We	Th	Fr	Sa
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31	1	2	3	4

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
27	28	29	30	1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
Final Pass Conversion Run, 5 days, July 12-16						
18	19	20	21	22	23	24
Go-Live Consulting, 5 days, July 19-23						
25	26	27	28	29	30	31
Go-Live Consulting, 5 days, July 26-30						

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