Implications of COVID-19 on FY 2021 Planning Considerations

While much remains uncertain, the following scenario was used to create the FY 2021 Operating Budget:

- 8% Decline in Semester Credit Hours versus Fall 2019
- 5% State Formula Appropriation Reduction
- 5% State Non-Formula Appropriation Reductions
  - ALERRT and TXSSC excluded

This represents, approximately, a 9.5% reduction across the university’s primary fund group.
Future Impacts

- We expect the financial impacts of COVID-19 to last at least five years.

- **State of Texas Revenue Streams**
  - Oil and gas tax revenue and sales tax fund is a significant portion of the state of Texas budget. Both will likely be slow to return.
  - The Comptroller in the certification revenue estimate for the 2020-2021 biennium available for general-purpose spending to have a projected ending shortfall of $4.58 billion.
  - The State is already telling us to plan for another appropriation reduction in 2021-2022 and 2022-2023.

- **Base Year for Formula Funding**
  - Our enrollment this year (Summer 2020, Fall 2020, and Spring 2021) sets our formula funding for the following two years regardless of our enrollment changes in the future.

- **Multi-year Impact of Enrollment**
  - Enrollment declines travel through the enrollment pipeline and can take up to four years to correct.
FY 2021 Operating Budget

Revenues
$640,806,747

- Appropriations for Operations: 14.8%
- Appropriations for CORE Research: 0.7%
- Appropriations for Capital Improvement: 8.5%
- Appropriations for Benefits: 4.2%
- Sales and Services: 15.7%
- Other: 2.0%
- Tuition & Registration Fees: 54.1%
FY 2021 Operating Budget
Revenues

(Does Not Include Service Departments, Gifts and Grants)

<table>
<thead>
<tr>
<th>Revenues</th>
<th>FY 2020</th>
<th>FY 2021</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tuition &amp; Registration Fees</td>
<td>$357,824,300</td>
<td>$346,372,337</td>
<td>($11,451,963)</td>
</tr>
<tr>
<td>Appropriations for Operations</td>
<td>$99,424,471</td>
<td>$94,878,615</td>
<td>($4,545,856)</td>
</tr>
<tr>
<td>Appropriations for CORE Research</td>
<td>$5,028,961</td>
<td>$4,777,513</td>
<td>($251,448)</td>
</tr>
<tr>
<td>Appropriations for Capital Improvement</td>
<td>$54,532,431</td>
<td>$54,383,958</td>
<td>($148,473)</td>
</tr>
<tr>
<td>Appropriations for Benefits</td>
<td>$26,711,842</td>
<td>$26,711,842</td>
<td>$0</td>
</tr>
<tr>
<td>Sales and Services</td>
<td>$116,755,500</td>
<td>$100,568,070</td>
<td>($16,187,430)</td>
</tr>
<tr>
<td>Other</td>
<td>$14,876,953</td>
<td>$13,114,412</td>
<td>($1,762,541)</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$675,154,458</strong></td>
<td><strong>$640,806,747</strong></td>
<td><strong>($34,347,711)</strong></td>
</tr>
</tbody>
</table>
FY 2021 Operating Budget

Expenses
$640,806,747

- Faculty Salaries 21.2%
- Staff Salaries 20.3%
- Benefits 12.9%
- Utilities 5.0%
- Financial Aid 6.6%
- Capital Improvements 14.5%
- Other (Operating) 19.5%
**FY 2021 Operating Budget Expenses**

(Does Not Include Service Departments, Gifts and Grants)

<table>
<thead>
<tr>
<th>Expenses</th>
<th>FY 2020</th>
<th>FY 2021</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Faculty Salaries</td>
<td>$148,109,320</td>
<td>$135,830,029</td>
<td>($12,279,291)</td>
</tr>
<tr>
<td>Staff Salaries</td>
<td>$137,437,538</td>
<td>$130,271,097</td>
<td>($7,166,441)</td>
</tr>
<tr>
<td>Benefits</td>
<td>$83,170,568</td>
<td>$82,803,453</td>
<td>($367,115)</td>
</tr>
<tr>
<td>Utilities</td>
<td>$33,621,270</td>
<td>$31,899,005</td>
<td>($1,722,265)</td>
</tr>
<tr>
<td>Financial Aid</td>
<td>$42,946,465</td>
<td>$42,511,361</td>
<td>($435,104)</td>
</tr>
<tr>
<td>Capital Improvements</td>
<td>$91,658,969</td>
<td>$92,834,609</td>
<td>$1,175,640</td>
</tr>
<tr>
<td>Other (Operating)</td>
<td>$138,210,328</td>
<td>$124,657,193</td>
<td>($13,553,135)</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>$675,154,458</td>
<td>$640,806,747</td>
<td>($34,347,711)</td>
</tr>
</tbody>
</table>

(Does Not Include Service Departments, Gifts and Grants)

<table>
<thead>
<tr>
<th>Expenses</th>
<th>FY 2020</th>
<th>FY 2021</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>People</td>
<td>$368,717,426</td>
<td>$348,904,579</td>
<td>($19,812,847)</td>
</tr>
<tr>
<td>Facilities</td>
<td>$125,280,239</td>
<td>$124,733,614</td>
<td>($546,625)</td>
</tr>
<tr>
<td>Financial Aid</td>
<td>$42,946,465</td>
<td>$42,511,361</td>
<td>($435,104)</td>
</tr>
<tr>
<td>Other (Operating)</td>
<td>$138,210,328</td>
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<td><strong>TOTAL</strong></td>
<td>$675,154,458</td>
<td>$640,806,747</td>
<td>($34,347,711)</td>
</tr>
</tbody>
</table>
Major Changes from the FY 2020 Budget to the FY 2021 Budget
Appropriation Changes

GR Formula Funding ($4,294,330)

Other Appropriations ($5,458,405)
(Gr Dedicated Funds)

Non-Formula Funding ($1,095,170)
(Including CORE Funds)

Total Appropriation Changes ($10,847,905)
Non-Appropriation Changes

Designated Tuition  ($6,969,824)
(net of scheduled tuition and fee increase and implementation of differential tuition offset by 8 percent enrollment decline)

Interest Income  ($3,317,000)

Auxiliary Account Contributions  ($351,000)

Other Items  $33,495

Total Non-Appropriation Changes  ($10,604,329)
Summary of Funds Reductions

Appropriation Changes
(from slide 9)

($10,847,905)

Non-Appropriation Changes
(from slide 10)

($10,604,329)

Funds Reductions for General Operations

($21,452,234)
Summary of Funds Available

Funds Reductions
(from slide 11)  ($21,452,234)

Prior Year Funds Available  $2,312,656

Total Funds Reductions for General Operations  ($19,139,578)
## Approved Uses of Funds

### Investments in New Academic Programs

<table>
<thead>
<tr>
<th>Program</th>
<th>Total Allocation</th>
<th>FY21 Allocation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Doctor of Philosophy in Applied Anthropology</td>
<td>$1,376,583</td>
<td>$258,278</td>
</tr>
<tr>
<td>Doctor of Philosophy in Computer Science</td>
<td>$1,248,029</td>
<td>$165,939</td>
</tr>
<tr>
<td>Master of Science in Quantitative Finance and Economics</td>
<td>$502,093</td>
<td>$415,814</td>
</tr>
<tr>
<td>Master of Science in Construction Management</td>
<td>$347,350</td>
<td>$283,045</td>
</tr>
</tbody>
</table>
## Approved Uses of Funds

### Investments in New Academic Programs Continued

<table>
<thead>
<tr>
<th>Program</th>
<th>Total Allocation</th>
<th>FY21 Allocation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Master of Science in Integrated Agricultural Sciences</td>
<td>$381,940</td>
<td>$19,891</td>
</tr>
<tr>
<td>Master of Science in Marketing, Research and Analysis</td>
<td>$433,806</td>
<td>$20,856</td>
</tr>
<tr>
<td>Master of Science in Data Analytics and Information Systems</td>
<td>$502,422</td>
<td>$21,351</td>
</tr>
<tr>
<td>Bachelor of Science in Health Sciences</td>
<td>$337,078</td>
<td>$1,456</td>
</tr>
</tbody>
</table>
# Approved Uses of Funds

## Investments in New Academic Programs Continued

<table>
<thead>
<tr>
<th>Program</th>
<th>Total Allocation</th>
<th>FY21 Allocation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bachelor of Science in Civil Engineering</td>
<td>$3,922,228</td>
<td>$935,507</td>
</tr>
<tr>
<td>Minor in African-American Studies</td>
<td>$104,466</td>
<td>$364</td>
</tr>
<tr>
<td><strong>Total Investments in New Academic Programs</strong></td>
<td><strong>$9,155,995</strong></td>
<td><strong>$2,122,501</strong></td>
</tr>
</tbody>
</table>
Approved Uses of Funds

Tenure & Promotion and ULP $604,108
Scholarships and Financial Aid $1,243,037
Hardware/Software Maintenance $807,250
Utilities $402,012
Maintenance and Custodial Contracts $230,920
Benefits $375,610
Approved Uses of Funds

Property and Vehicle Insurance $479,177

Enrollment Services Contract $530,700

911 Consolidated Communications Center $47,075

Bobcat Travel System $31,680

Future-Year Academic Program Commitments $2,507,044

Total Approved Uses of Funds $9,381,114
Summary of FY 2021 Budget Changes from FY 2020

Funds Reduction for General Operations ($19,139,578)
(From slide 12)

Approved Uses of Funds ($9,381,114)
(From slide 17)

Total Budget Reductions to Core Operations ($28,520,692)

The FY 2021 Budget is Balanced
CARES Act Funding

- A nationwide stimulus package, the Coronavirus Aid, Relief, and Economic Security (CARES) Act provided approximately $14 billion for higher education funding.

- Texas State received $39.7 million of CARES Act funding which has all been spent or committed.
  - $36,393,302 is dedicated to students
    - Summer Financial Aid/Grants - $19,777,305
    - Fall Financial Aid - $7,862,078
    - Refunds/Credits - $8,753,919
  - $3,260,285 was used to defray costs associated with moving all classes online during the spring semester

- The university has received very little outside support to help offset the millions of dollars that we are spending on COVID testing, personal protective equipment, HVAC modification, classroom technology upgrades to allow for remote learning, other COVID-related safety measures we are taking.
Enrollment Revenue Explained

- We budgeted for an 8% enrollment decline and are only at a 2.5% decline. Isn’t that good news?
  - The short answer is yes!
  - As mentioned earlier, we budgeted for a ($6,969,824) loss of tuition revenue if enrollment was down 8%.
  - \( \frac{2.5}{8} = \frac{31.25}{100} \) of $6,969,824 = $2,178,070

- The longer answer:
  - An “8% enrollment decline” from a budget standpoint really means an “8% enrollment-based revenue decline.”
  - There are three elements to net tuition revenue that need to be considered:
    - The number of semester credit hours we are billing
    - Changes to institutionally-funded financial aid
      - 1.1% increase in institutional aid = ($3,358,354)
    - Changes to student accounts payable
      - 0.6% increase in uncollected student bills = ($710,059)
Gift Total By Constituency
As of August 31, 2020
Total $18,602,366
FY2020 Fundraising By Use
As of August 31, 2020
Total New Gifts and Contributions: $18,602,366

- Faculty and Research Support, $8,038,780
- Academic Scholarships, $3,752,364
- Athletic Scholarships, $4,745,199
- Student Programs, $1,392,043
- Facilities, $673,980
Questions?