July 27, 2020
Newsletter

FY-2021 General Fund Budget and Enrollment

In April the Gaber Administration projected a FY-2021 General Fund budget deficit of $36 million based on a 7.5% FTE enrollment decline of $14 million and an SSI cut of $22 million. As reported in our newsletter of July 23, 2020, the $22 million SSI cut will now be only about $5 million. This results in the projected FY-21 UT budget receiving an additional $17 million and decreasing the General Fund FY-21 budget deficit from $36 million to $19 million.

After the projected $36 million deficit was announced in April, the colleges were assigned FY-21 budget cuts to be submitted to the Administration by June 30, 2020. For example, Arts & Letters had to take a FY-21 cut of $4.1 million out of a budget of about $24 million. All of the colleges and administrative units took budget cuts of about 10% to 19%. These drastic cuts resulted in pay cuts, furloughs, and terminations for CWA and PSA employees. Staff with many years of service were terminated.

Most of the colleges and units met the assigned budget cuts. Because the original FY-21 budget deficit of $36 million is covered by the budget cuts assigned to the colleges and administrative units, the FY-21 General Fund budget should now have a projected surplus of $17 million based on the SSI increase.

The budget wild card is our Fall 2020 FTE enrollment which to date has been down more than the projected 7.5%. Some administrators (not all) have been pointing to enrollment and suggesting that further employee cuts may be needed. However, the FTE enrollment has been improving and should be close to the projected 7.5%. The 7.5% decline was budgeted as a revenue decrease of $14 million. As a rule of thumb, each 1% change in enrollment is about a $2 million change in revenue.

In the UT July 5, 2020 Enrollment Tracking report, the UT Fall 2020 FTE enrollment was projected to be down 13.6%, equivalent to a loss of 1984 students. As of today, Monday, July 27, 2020, the FTE equivalent Tracker enrollment projection is 8.9%, equivalent to a loss of 1348 students.

With three weeks to go, we may reach the budgeted 7.5% enrollment decrease by the start of classes on August 17th. Our final enrollment report to the State is due about two weeks after classes start.

Most if not all Ohio colleges and universities have projected enrollment declines for this Fall. BGSU has budgeted for an enrollment decline of 10%. Akron is currently projecting a 15% enrollment decline and is using it as an excuse to lay-off 96 FT faculty including at least 80 tenured Associate and Full Professors. These include two Distinguished Professors.

Enrollment data is measured by both headcount and FTE. Our tuition revenue and SSI payment are tied to FTE. University administrators have typically switched back and forth between headcount and FTE, depending on which figure best supports the always present administrative agenda. For example, past UT Administrations reported the highest enrollment figure to *The Blade* which tends to be headcount. The present UT Administration has tracked both, but uses FTE for budget projections.

The projected 7.5% enrollment decline is covered by the cuts submitted on June 30, 2020. If our FTE enrollment decline does exceed the 7.5%, the impact should be less than $2 million and will be offset by the SSI improvement of $17 million leaving a FY-21 General Fund budget surplus of $15 million. Based on this surplus, further academic cuts in the General Fund budget are not necessary. Nonetheless, some administrators (not all) are talking about another round of cuts which would again hit the CWA and PSA. To their credit, some Deans are pushing back. Faculty and Chairs are encouraged to stand with the Deans and push back on any further employee cuts.

The real threat to the UT FY-21 finances is not the General Fund enrollment, but the COVID-19 virus which would impact both the Auxiliary budget and UTMC budget.

As previously reported, the Auxiliary budget is a UT cash cow with revenues from dorms and food service. If we again go 100% on-line because of the virus, the losses in Auxiliary budget revenue could exceed $20 million.

UTMC is already projected to incur a FY-21 budget deficit, as it has over the last three years. The UTMC first quarter FY-21 projected budget deficit is over $3 million without the virus. As reported by President Gaber, the COVID-19 impact this past March, April, and May caused UTMC revenue losses of over $1 million a week.

The bottom line is that enrollment is not a basis for further employee cuts in the General Fund budget which is running a surplus. The Administration should not threaten the General Fund with another round of employee cuts. We are in a wait-and-see mode as to what the virus will bring.

UT-AAUP Executive Board