



LOCK  
HAVEN  
UNIVERSITY  
OF PENNSYLVANIA

# LHU

## Budget Summary

## University Days

January 8, 2009

# Current Economic Environment

- Current recession affects LHU in two important ways:
  - Commonwealth projected fiscal 2008-09 budget deficit of \$1.7 billion resulted in mid-year appropriation reduction of \$1,024,754.
  - Rising unemployment (and uncertainty about job security) challenge families' ability to pay for college education.
- Most analysts project that the current economic challenges will persist at least into fiscal year 2009-10.

*“Colleges probably won’t begin to feel the full impact of the downturn until the fall, when they enroll their next incoming classes.” Roger Goodman, analyst at Moody’s*

# LHU Numbers

- 88% of E & G revenue is based on student enrollment (tuition and appropriation) but enrollment only grew by 1% in FA 08.
- After the mid-year reduction, Commonwealth appropriations for current year are actually \$611,000 lower than previous year.
- 79% of E & G expense is in personnel cost and these costs are projected to increase by 5.1% in fiscal 2008-09.

*Result: Expenses are growing at a higher rate than revenues—  
not a sustainable model.*

# Actions to Address Current Year Challenge

- Open positions not filled - \$190,622
  - FA&T - \$140,311
  - Academic Affairs - \$50,311

*(Above is in addition to \$450,000 in annual savings from reducing five administration/staff positions already reflected in budget.)*
- Reduce overload and overtime - \$350,000
- Reduce discretionary operating budgets
  - 75% reduction in out of state travel - \$185,000 (based on last year's actual spent by division)
  - 20% reduction in student employment - \$166,540 (based on remaining budget as of 11/08 by division)
  - President's budget - \$73,000
  - Technology obsolescence - \$125,000
  - Other - \$55,500

## Current Financial Status – FY 2008-09 E&G (\$M)

<b>Revenue/Funding Sources</b>	<b><u>FY 07-08</u></b>	<b><u>FY 08-09</u></b>	<b><u>Change</u></b>
Tuition & Fees	\$35.7	\$36.2	\$.5
State Appropriations	23.5	22.9	<.6>
Other Sources	<u>2.1</u>	<u>1.5</u>	<u>&lt;.6&gt;</u>
Subtotal	61.3	60.6	<.7>
Carry Fwd Fund Bal.	<1.1>	.3	1.4
Total Rev./Sources	60.2	60.9	.7
<b>Expenditures &amp; Transfers</b>			
Personnel	45.8	48.1	2.3
Services, Supplies, Equipment	12.5	12.6	.1
Debt Service	.3	.2	<.1>
Transfer to Plant Funds	<u>1.6</u>	<u>0.0</u>	<u>&lt;1.6&gt;</u>
Total Expen./Transfers	<u>60.2</u>	<u>60.9</u>	.7
REVENUE LESS EXPENDITURES/ TRANSFERS	0.0	0.0	

# Ongoing Actions to Prepare for 2009-10 & Beyond

- Continue to review suggestions from University community – in concert with Fiscal Management Committee.
- Restrict hiring to essential positions that cannot be deferred.
- Improve student retention rates.
  - Foundations of Excellence
  - Structured Summer Program
- Increase enrollment
  - Advertising campaign emphasizing LHU's affordability and quality
  - Revamped web site