

Granite State College

**Keene**  
STATE COLLEGE

**Plymouth State**  
UNIVERSITY



University of  
New Hampshire

University System  
of New Hampshire

# House Finance Division II Fiscal Sustainability Plan

*March 12, 2021*

For more than five years, USNH has been focused on and planning for the headwinds facing higher education, particularly in the Northeast.

## Multi-Year Financial Planning

- Rolling Five Year Financial Projections have been updated and reviewed at every annual strategic retreat since September of 2015. These plans inform strategic initiatives.
- Plans are pressure tested and reviewed during the year.

## Examining the Governance Structure

- In September of 2018 at its strategic retreat, the Board heard from a higher ed industry expert about market trends and various governance structures around the country.
- An in-depth working session centered on impacts of changing structures vs status quo.

## Experience in Other States

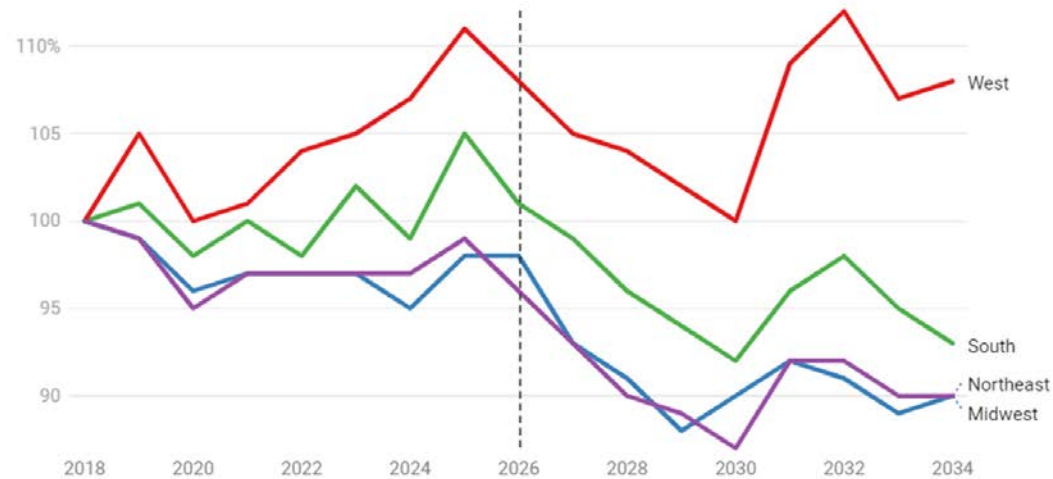
- In September of 2019 at its strategic retreat, the Board received an in-depth five-year forecast of higher ed and the former chancellor from Maine presented on experiences in overhauling its governance structure.

## Campus Work to Identify Opportunities

- In the fall of 2019, UNH undertook a sweeping project to dive deep into administrative and academic work identifying opportunities to increase efficiency and effectiveness.
- Recognizing the success of the UNH project, the rest of USNH embarked on similar work.

# What The Data Shows: Shrinking Enrollment

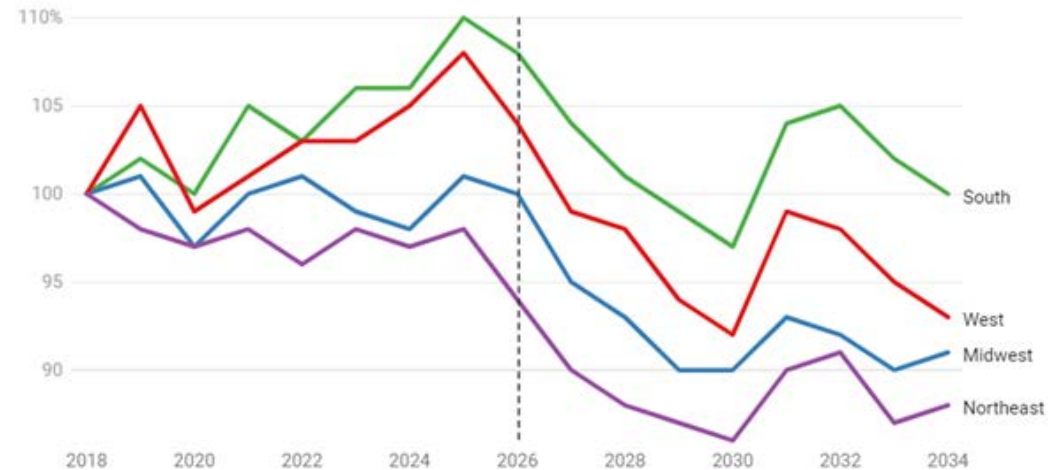
## 4-Year Regional Colleges



Source: Nathan D. Grawe, "The Agile College" • Get the data • Created with Datawrapper

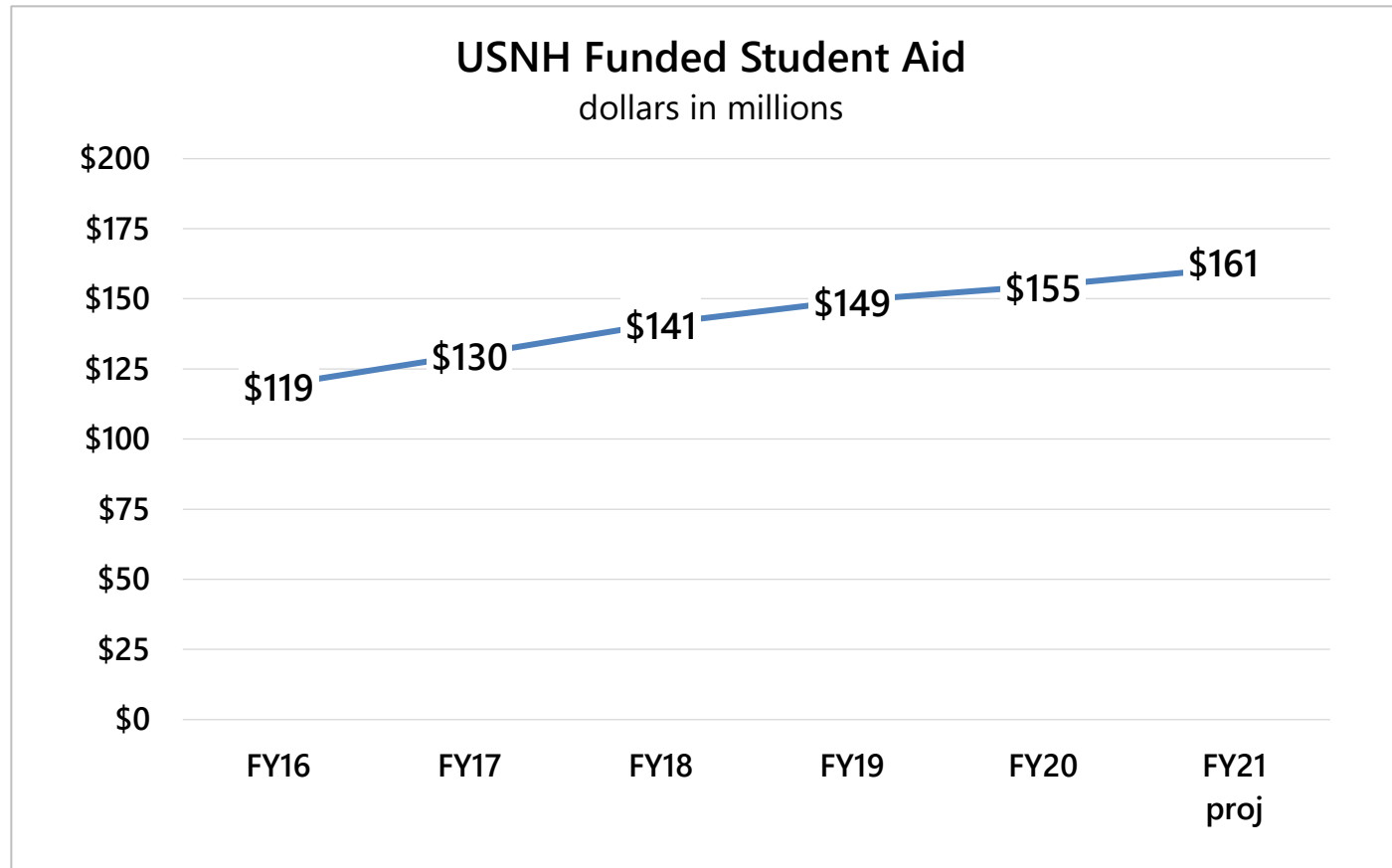
These graphs presented in *The Chronicle of Higher Education* in January 2021 depict the remarkable demographic decline in New England high school students by 2025. This decline will continue to put enormous pressure on higher education.

## 2-Year Colleges



Source: Nathan D. Grawe, "The Agile College" • Get the data • Created with Datawrapper

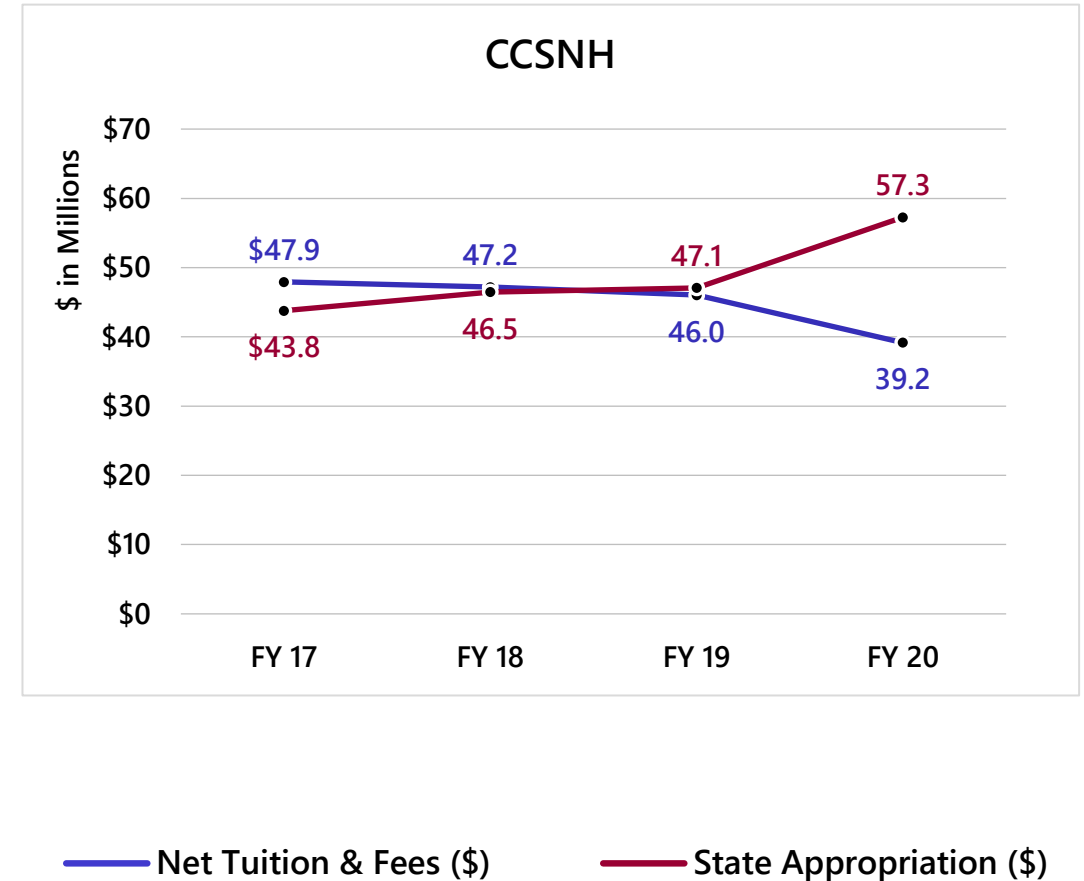
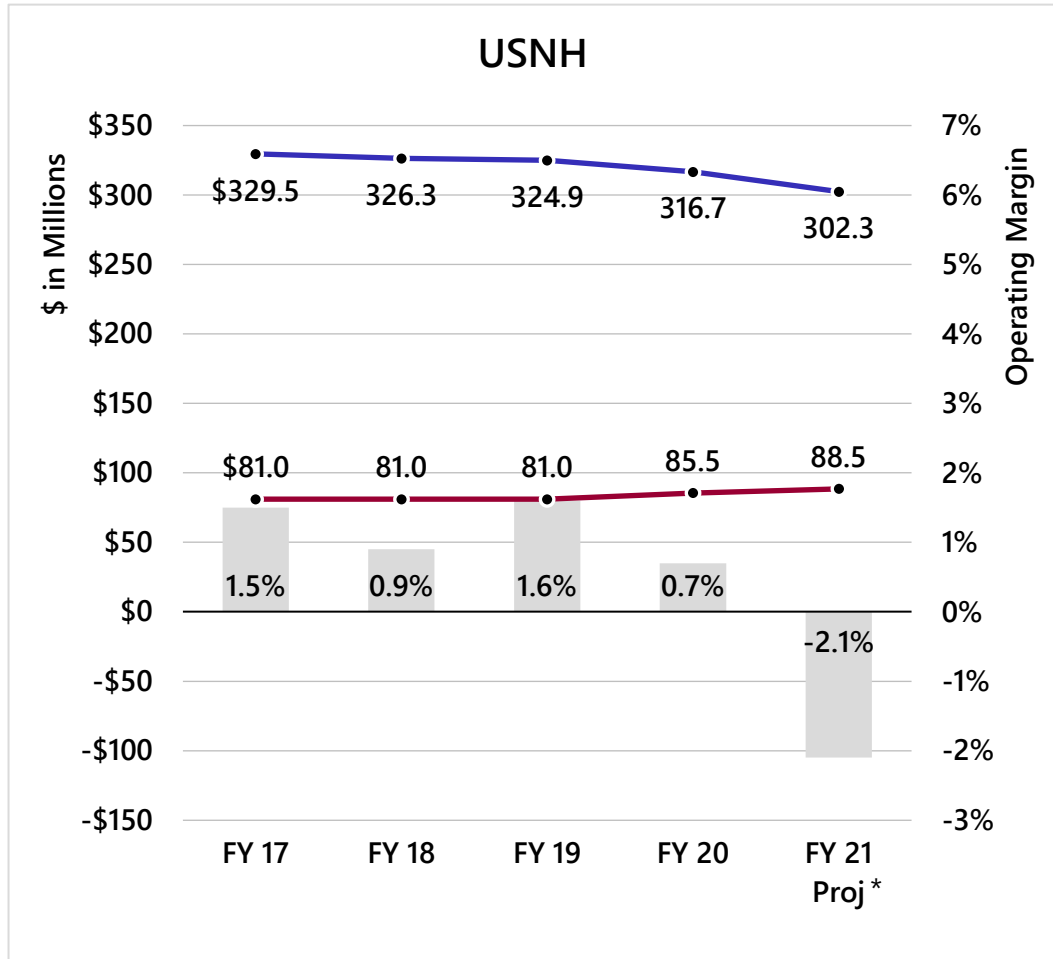
# What The Data Shows: Increasing Direct Student Financial Aid



## Granite Guarantee

	Recipient Count	Institutional Aid
FY18	428	\$4,001,177
FY19	990	\$8,423,700
FY20	1573	\$14,460,254
FY21 est	2062	\$18,771,616

# What The Data Shows: Net Tuition Has Been Declining Before the Significant Future Headwinds



\* FY 21 projected operating margin excludes one-time COVID related costs.

# What The Data Shows: Increasing Out of State Competition

## Resident High School Grad Enrollment Out of State

	4-Yr Enrollment	"Exporter Rank"
NH	57.9%	1
VT	55.9%	3
New Engl Avg	47.1%	
US Avg	25.7%	

	2- and 4-Yr Enrollment	"Exporter Rank"
VT	52.0%	1
NH	48.4%	2
New Engl Avg	38.4%	
US Avg	19.5%	

New England and US average of states excludes NH. VT ranks 3rd highest in 4-year enrollment migration after Hawaii at 57.7%.

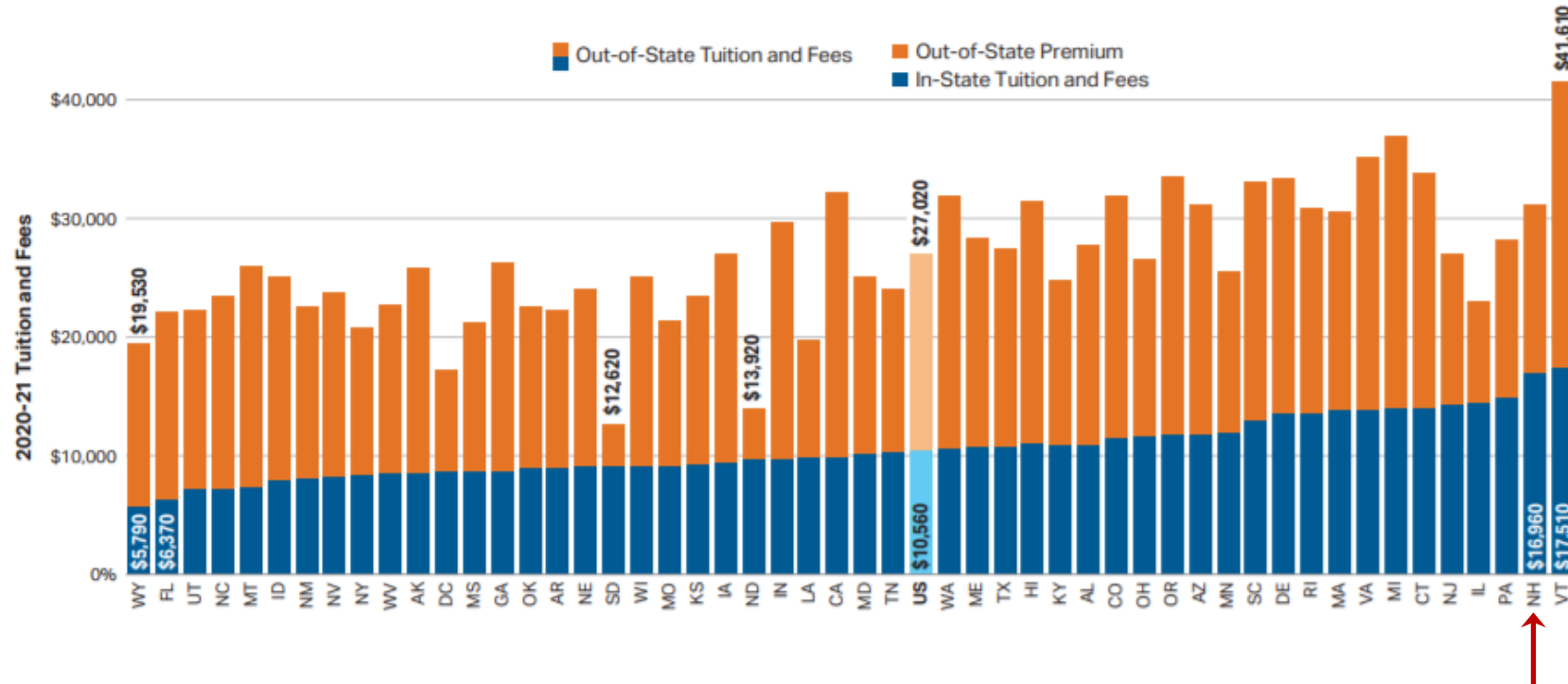
NH is a top exporter of college going high school graduates. Competition from out-of-state institutions will intensify further as the demographics decline. UMaine and UMass Lowell already provide in-state pricing to out-of-state students.

# What The Data Shows: NH Has Second Highest Tuition and Fees in the US

## Tuition and Fees by State: Public Four-Year

In 2020-21, average published tuition and fees for full-time in-state students at public four-year institutions range from \$5,790 in Wyoming and \$6,370 in Florida to \$16,960 in New Hampshire and \$17,510 in Vermont.

**FIGURE CP-6** Average 2020-21 Tuition and Fees at Public Four-Year Institutions and 2015-16 to 2020-21 Five-Year Percentage Changes in Inflation-Adjusted In-State Tuition and Fees, by State

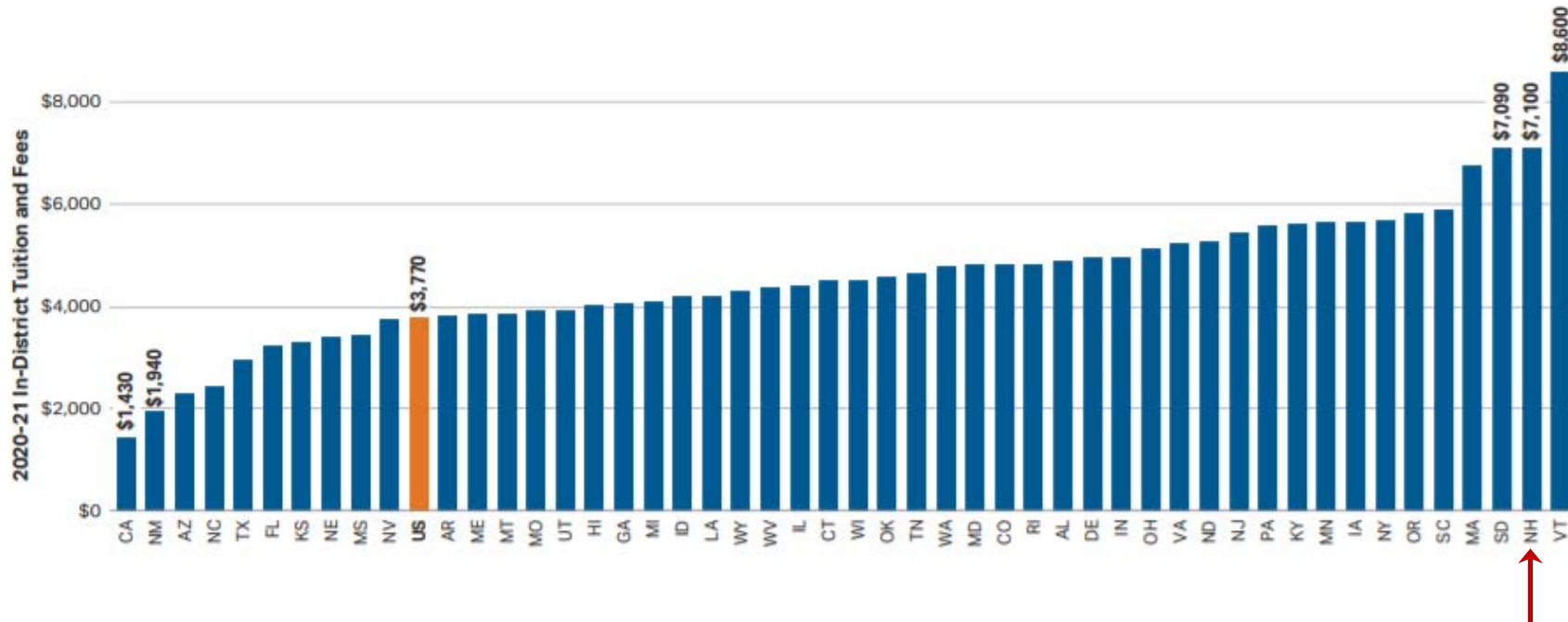


# What The Data Shows: NH Has Second Highest Tuition and Fees in the US

## Tuition and Fees by State: Public Two-Year

In 2020-21, average published tuition and fees for full-time in-district students at public two-year colleges range from \$1,430 in California and \$1,940 in New Mexico to about \$7,100 in South Dakota and New Hampshire and \$8,600 in Vermont.

**FIGURE CP-5** Average 2020-21 In-District Tuition and Fees at Public Two-Year Institutions and 2015-16 to 2020-21 Five-Year Percentage Changes in Inflation-Adjusted In-District Tuition and Fees, by State





# What The Data Shows: NH Is Below Median In Population Per Institution

With ~125K people per public institution, New Hampshire ranks below the median for population per institution and in the bottom quintile for population below age 25 per institution.

State	Pop. / Public Institution ('000)	Rank	Pop. <25 Rank
Utah	414	4	1
Rhode Island	354	5	5
New York	244	12	13
Alaska	181	26	21
Hawaii	140	33	38
Minnesota	130	37	36
Vermont	125	40	40
New Hampshire	125	39	41
Arkansas	92	42	43
Kansas	88	43	42
Montana	64	49	49
North Dakota	55	50	50

The median for all states for population per institution is 181k residents per institution, 57k residents per institution higher than NH.

# Charting USNH's Financial Future

- COVID brought urgency to the ongoing work to address the challenges facing higher education. Financial modeling was conducted in the spring of 2020 to ensure post-pandemic fiscal sustainability.
- Several assumptions were made relative to future enrollment, financial aid needs of students, residency mix, state support, fundraising, investment earnings and more in order to project revenue out to FY 23.
- **Using the modeling, informed by the work performed on all campuses to identify opportunities, a roadmap was developed, and work is well underway to achieve the needed \$70 million in cost reductions (10% of budget) by FY 23.**

# Modeling Shows Revenue Is Projected To Significantly Decline

	Base Plus Post Pandemic Trend				FY23 vs FY20 Actual
	FY20 Actual	FY21 P1 Projection	FY22 Projection	FY23 Projection	
Excl DIRECT Grant Contract Rev/Exp					
<b>Total Operating Revenue</b>	751.8	709.6	687.9	684.0	-9.0%
<b>Total Operating Expense</b>	745.5	727.2	746.6	746.6	
<b><i>Operating Margin Inc/(Loss) Before Target Expense Reduction</i></b>	6.3	(17.6)	(58.7)	(62.6)	
<b>Target Expense Reduction</b>			(53.2)	(69.0)	-9.9%
<b><i>Operating Margin Inc/(Loss) After Target Expense Reduction</i></b>	6.3	(17.6)	(5.4)	6.4	
<b><i>Operating Margin %</i></b>	0.8%	-2.5%	-0.8%	0.9%	

Note: Excludes One-Time Costs/Net COVID Revenue Loss in FY20-FY21

- Estimated gap of ~\$70M identified by FY23 post-COVID
- Restructure Plans included:
  - Rolling operating expenses back to FY19 level beginning in FY21
  - Shared Services Opportunities (Financial Services, IT, etc.)
  - Campus-specific restructuring and expense reductions

# Plan to Achieve \$70 Million in Savings by FY 23

	FY21 Projection	FY22 Projection	FY23 Projection
<b>Estimated Savings to Fill the Gap</b>			
<b>Category 1: Across the Board Reductions</b>			
Roll Back Spending To FY19 Actuals (excl one-time adjs) <small>(Savings will be higher as any cost increases from FY19 will need to be absorbed and offset)</small>	10.0	10.0	10.0
<b>Subtotal Category 1</b>	<b>10.0</b>	<b>10.0</b>	<b>10.0</b>
<b>Category 2: Shared Services Optimization</b>			
Employee Benefits Restructuring - net of employee reductions	6.0	15.0	15.0
Procurement	0.0	3.3	5.0
IT	0.0	2.0	3.0
Financial Services	0.0	1.9	3.0
GSC & System Office Synergies	0.0	1.0	2.0
<b>Subtotal Category 2</b>	<b>6.0</b>	<b>23.1</b>	<b>28.0</b>
<b>Category 3: Campus-Specific Expense Reductions To Be Identified; Targets Informed by Huron Analysis</b>			
UNH	0.0	11.7	18.0
PSU	0.0	3.3	5.0
KSC	0.0	5.2	8.0
<b>Subtotal Category 3</b>	<b>0.0</b>	<b>20.2</b>	<b>31.0</b>
<b>Total Projected Savings Targets</b>	<b>16.0</b>	<b>53.2</b>	<b>69.0</b>

# Execution of the Plan

- The primary tool in execution of the plan is an early retirement program offered in the fall of 2020. Fifty percent of those eligible, 480 employees, took advantage of the plan.
- Changes to benefit plans began January 1, 2021. Additional changes are being negotiated.
- IT consolidation is complete and exceeded savings target.
- Wholesale financial and administrative restructure across the system is underway and projected to exceed savings targets starting in FY 22.
- Campus specific initiatives are in progress.

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