

Granite State College

Keene
STATE COLLEGE

Plymouth State
UNIVERSITY



**University of
New Hampshire**

University System
of New Hampshire

House Finance Division II Budget Presentation

February 26, 2021

USNH is a public resource that serves, and belongs to, all of us.

Workforce Development

- Most affordable bachelor's degree option, adult learner opportunities, continuing education, professional development, and micro-credentialing.
- Leveraging federal grants to support and grow the behavioral health, social work, and education workforce statewide.

Research Excellence

- Over \$140 million/year in research expenditures, with support from NOAA, NASA, NSF, and NIH.
- Cooperative Extension translates university research to support our communities and economy.

Community Impact

- Over \$2.4 billion in annual economic impact, delivering significant return on taxpayer investment.
- STEMbassadors provide no-cost, hands-on programming and professional development to more than 13,000 NH schoolchildren and teachers.
- Encouraging a healthier NH by identifying environmental factors leading to ER visits, combating underage e-cigarette use, and increasing the “bike-ability” of communities.
- Hosting the NH Small Business Development Center and other business support and outreach programs.

Public Mission – COVID-19



High-capacity testing



Health care workforce



Surge facilities and housing



PPE, supplies & equipment



Hosting the legislature



Vaccine distribution

On Campus Learning – COVID-19

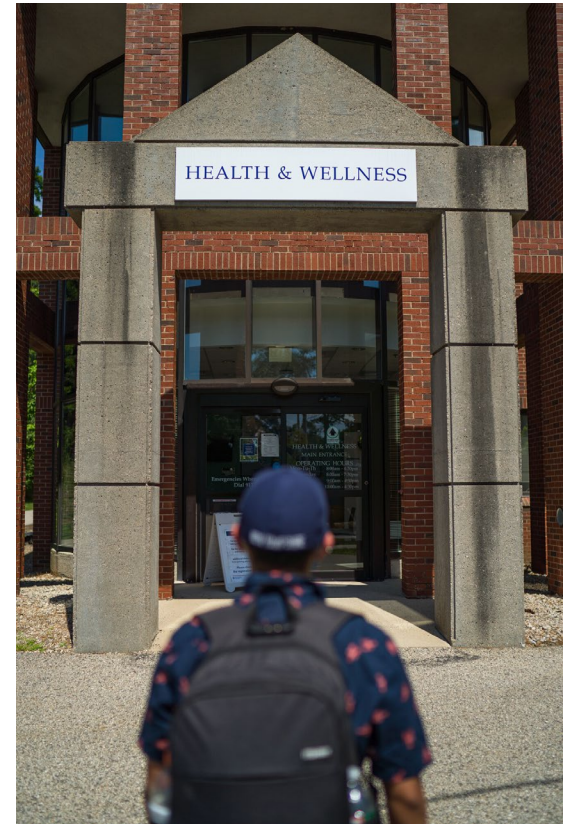
Spring Calendar adjustments

Continued testing and public health campaigns

Flexible learning

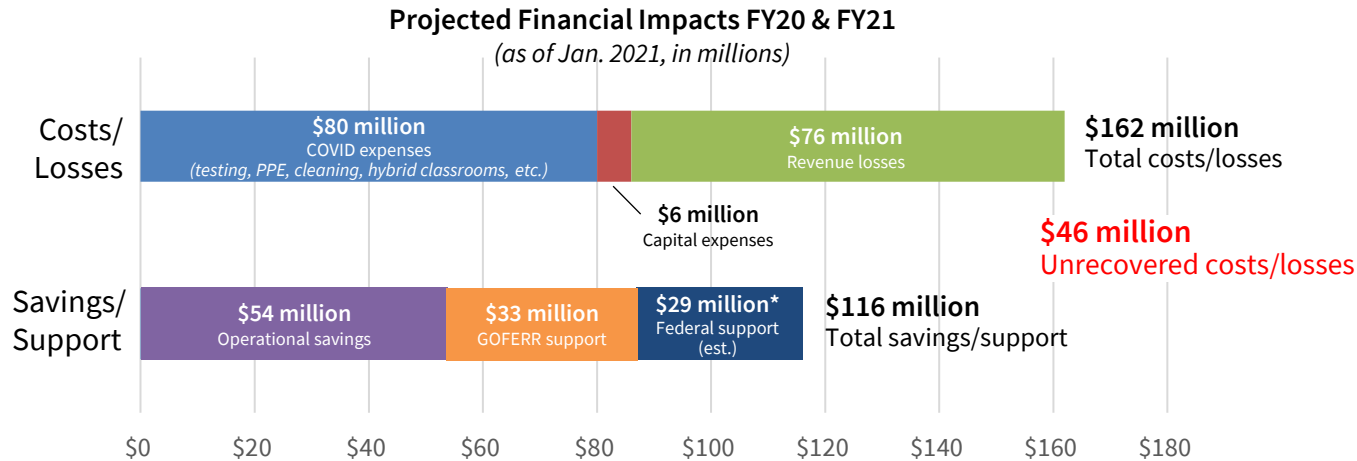
Student engagement and support services

Graduation



COVID-19 Costs

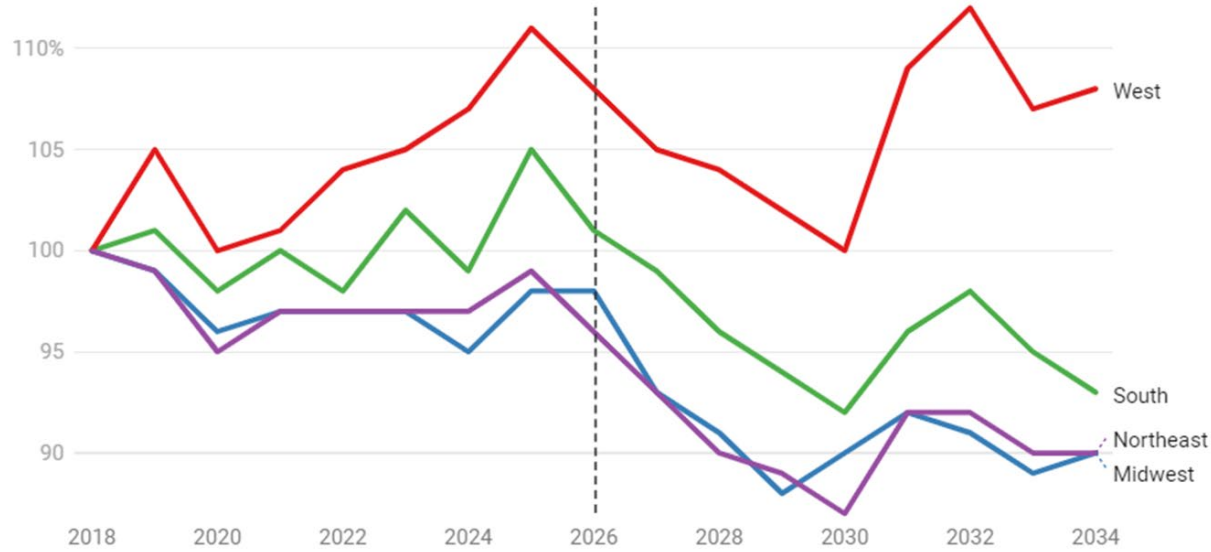
Bringing students, faculty and staff safely back to our campuses this academic year has been a successful but costly endeavor. The support received from the state GOFERR and the federal relief/stimulus bills have had a significant impact on USNH’s ability to successfully provide on-campus education and services during the fall 2020 semester. Costs and losses will continue to grow and would increase significantly were it necessary to close or severely restrict operations.



*Note: Does not include federal support to postsecondary students which passed through the institutions as part of the CARES Act nor does this include the student share of the most recent federal relief bill.

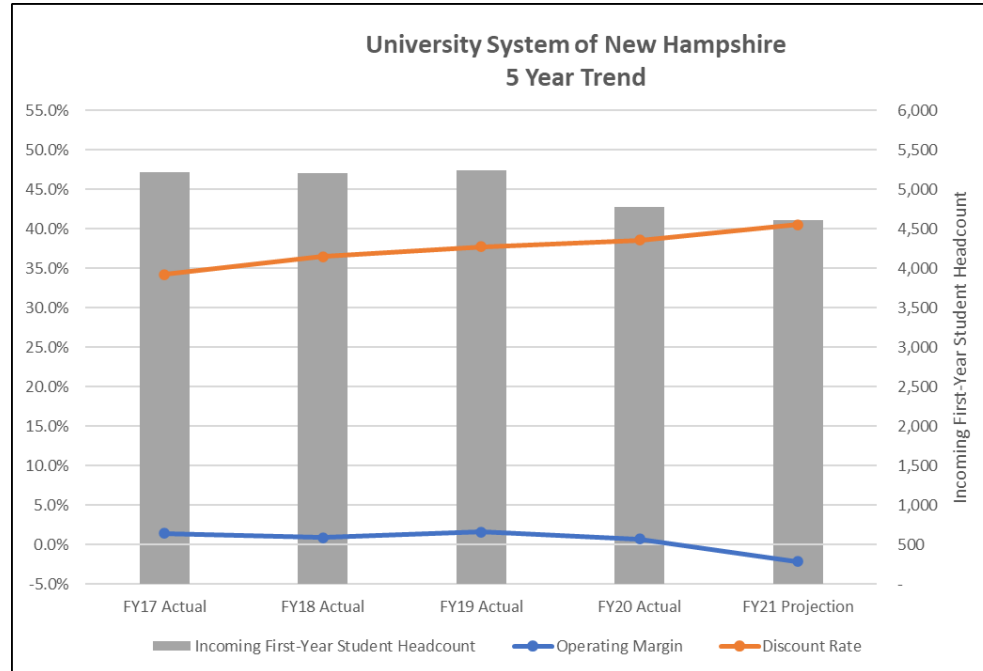
Shrinking Enrollment, Increased Need

4-Year Regional Colleges



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

Shrinking Enrollment, Increased Need



| | FY17 Actual | FY18 Actual | FY19 Actual | FY20 Actual | FY21 Projection |
|--|-------------|-------------|-------------|-------------|-----------------|
| Incoming First-Year Student Headcount | 5,217 | 5,199 | 5,242 | 4,777 | 4,612 |
| Operating Margin | 1.5% | 0.9% | 1.6% | 0.7% | -2.1% |
| Discount Rate | 34.2% | 36.5% | 37.7% | 38.5% | 40.5% |
| State of NH General Appropriations | \$81.0 | \$81.0 | \$81.0 | \$85.5 | \$88.5 |

- USNH performed financial modeling 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, fundraising and more.
- The modeling assumes flat State funding at \$88.5 million in FY 22 and 23.
- **Accordingly, a roadmap has been developed and work is well underway to achieve \$70 million in cost reductions (9% of budget) by FY 23.**

Charting USNH's Financial Future

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

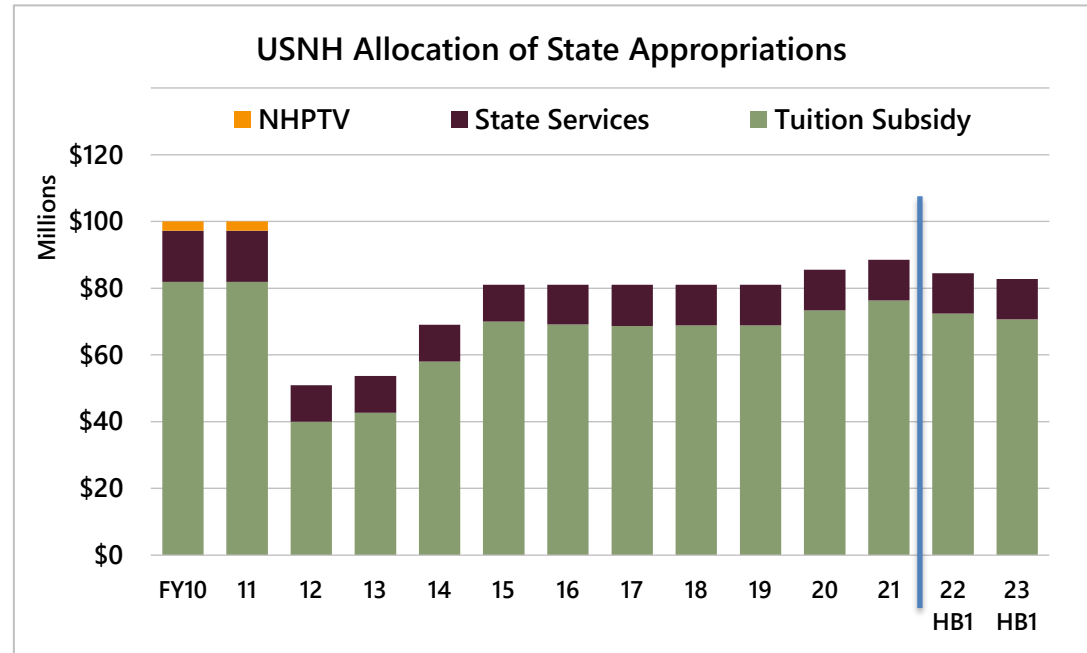
USNH FY 22/23 State Operating Budget Request

Flat funding of \$88.5 million would support 1) an in-state tuition freeze, 2) maintenance of state services, and 3) the USNH fiscal roadmap. As introduced, the budget proposal cuts the current appropriation by \$4.5 million with an additional reduction in FY 23.

| <i>In Millions</i> | Actual | | USNH Requested | | Governor's Budget | | | |
|-------------------------|----------------|---------|----------------|---------|--|-------|---------------|-------|
| | | | | | decrease | | decrease | |
| | | | | | from | | from proposed | |
| | FY22 | FY 21 | FY 22 | FY 23 | FY 22 | FY 21 | FY 23 | FY 22 |
| State Operating Support | \$ 85.5 | \$ 88.5 | \$ 88.5 | \$ 88.5 | \$ 84.0 | -5.1% | \$ 82.8 | -1.4% |
| Strategic Investment | \$ 9.0 | \$ - | \$ - | \$ - | \$ - | | \$ - | |
| | \$ 94.5 | \$ 88.5 | \$ 88.5 | \$ 88.5 | \$ 84.0 | | \$ 82.8 | |
| Biennium totals | \$183.0 | | \$177.0 | | \$166.8 | | | |
| | | | | | \$82.8 million in FY 23 represents 60% of total \$138 million for NH College & University Funding. Admittedly, this is not known. | | | |

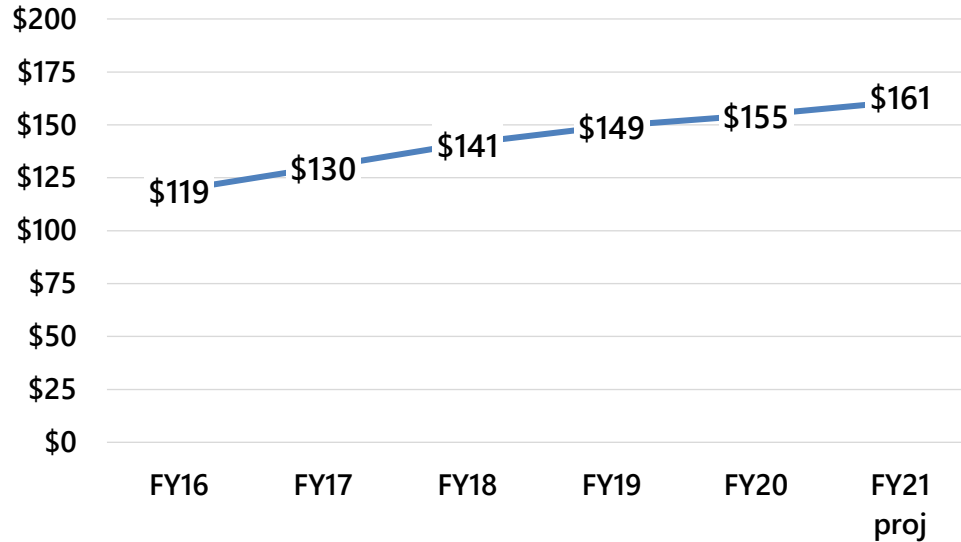
Use of State Operating Funds

State operating dollars are primarily used by USNH to subsidize in-state tuition. Remaining funds support statutory programs that benefit all residents, such as the UNH Cooperative Extension and Agricultural Experiment Station, and other programs. In FY20, the state appropriation funded approximately 10% of USNH's operating expenses.



Direct Student Financial Aid

USNH Funded Student Aid
dollars in millions



Granite Guarantee

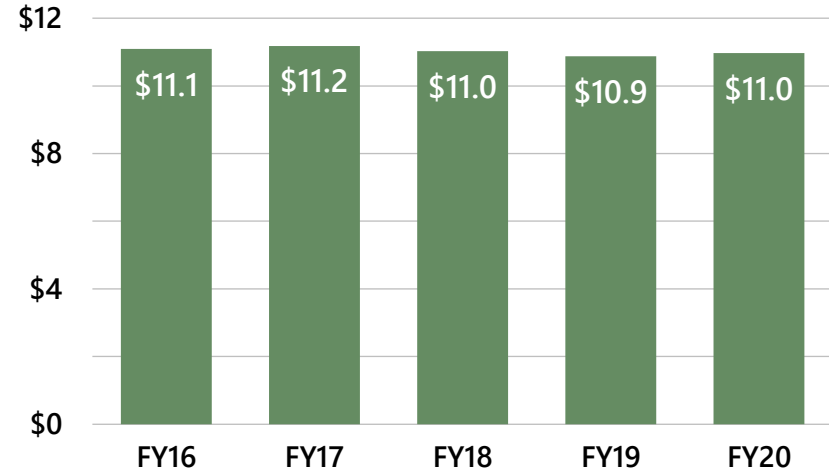
| | Recipient Count | Institutional Aid |
|----------|-----------------|-------------------|
| FY18 | 428 | \$4,001,177 |
| FY19 | 990 | \$8,423,700 |
| FY20 | 1573 | \$14,460,254 |
| FY21 est | 2062 | \$18,771,616 |

Support for NH Students

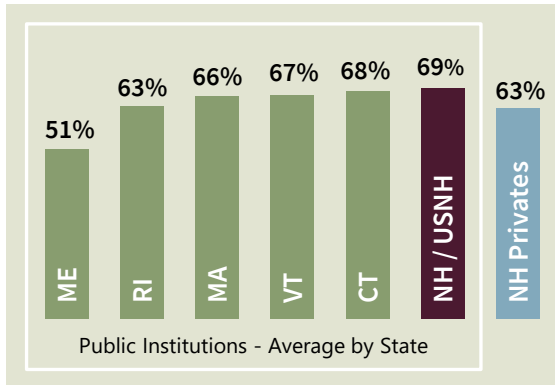
Published Undergraduate Tuition & Mandatory Fees Academic Year 2020-21

| | <u>NH Resident</u> | <u>Out-of-State</u> |
|----------------|--------------------|---------------------|
| UNH Durham | \$18,938 | \$36,278 |
| Plymouth State | \$14,492 | \$23,902 |
| Keene State | \$14,638 | \$24,350 |
| Granite State | \$314/credit | \$365/credit |

Avg. In-State Net Tuition & Fee Rate dollars in thousands

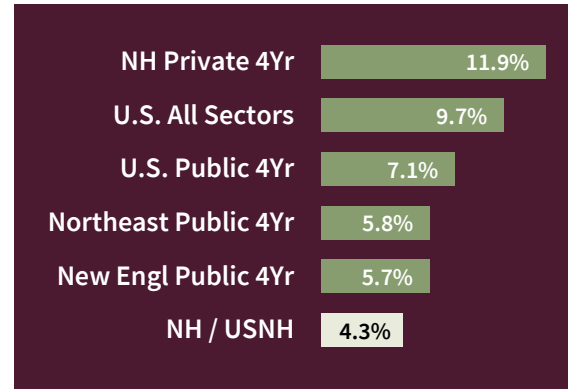


Bachelor's 6-Year Graduation Rate



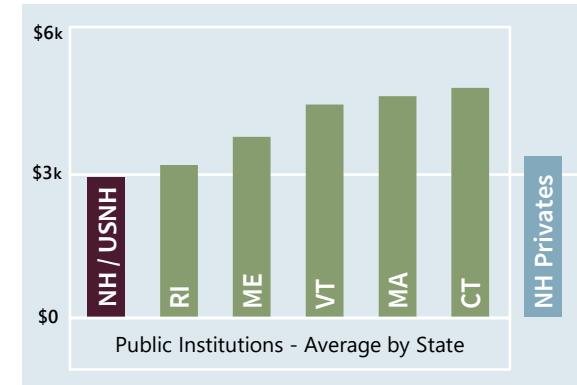
U.S. Dept. of Education, National Center for Education Statistics, IPEDS. FY19 provisional data, most recent available.

Student Loan Default Rate



National Student Loan Data System, official 3-year default rates released 09/2020 on borrowers entering repayment in 2017. New England and Northeast averages exclude NH/USNH.

Administrative Expense per Student



U.S. Dept. of Education, National Center for Education Statistics, IPEDS. FY16-18, 3-year average. Institutional support expense per 12-month FTE. FY18 provisional data, most recent available.

Major performance metrics updated quarterly,
available at: www.usnh.edu/about/publications

UNIQUE Scholarships vs. Loan Repayment

HB 2 would redirect 60% of annual UNIQUE program revenue (~\$10M statewide) from two low-income scholarship programs to a new loan repayment program.

- USNH impact under existing rules: \$200,000 less per year for direct scholarships.

Cuts to NH SBDC and NH IRC

HB 1 zeros out funding for two UNH-related programs typically funded via BEA.

- SBDC is a federal, state, university partnership that supported over 7,000 clients in 2020. Federal regulations require SBDCs to be hosted by a college or university and require a combination of in-kind and cash match to access full federal appropriation.
- UNH has hosted the SBDC for 36 years and last year provided over \$400,000 in direct and in-kind support. The state provided \$440,000 in FY20 & FY21.
- IRC is a state program “to promote applied and basic scientific, engineering, and associated marketing research and technological transfer to support the NH industrial and business community” (RSA 187-A:30).
- UNH has administered this program on behalf of the state since 1991, relying on state appropriations to fund 100% of program costs (\$275,000 in FY 20 & 21).

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