

A hand in a dark suit jacket is shown from the top right, holding a black chess piece (a knight) and moving it across a chessboard. The chessboard is in the foreground, with various pieces in white and black. The background is a plain, light-colored wall. The overall image is semi-transparent, serving as a background for the text.

# Strategic Restructuring

Faculty Finance Committee Recommendations

Spring 2023

Alan Green – Senate Data Officer

# Budget Overview – 3 parts

**STETSON UNIVERSITY**  
**DELAND CAMPUS**  
**2022-2023 PROPOSED BUDGET (IN THOUSANDS)**

## 1. Hope

- Tuition revenue for next year \$3.5 million higher than this year.
  - 5.5% tuition increase
  - Budgeted incoming class of 750 FTIC and 125 transfer

## 2. Deficit

- Drawing an additional \$4.2 million from the endowment
  - 7.5% draw from endowments that support operations
  - Far above even the Covid rate

| Description   | Final 2021-2022 | Projected 2022-2023 | Proposed 2023-2024 | Proposed vs. Projection | % Change | SUMMARY COMMENTS   |
|---|-----------------|---------------------|--------------------|-------------------------|----------|--|
| <b>Average budgeted undergraduate FTE enrollment</b>            | 2657            | 2381                | 2306               | -75                     | -3.2%    |  |
| <b>Revenues:</b>  |                 |                     |                    |                         |          |  |
| <b>Undergraduate Tuition &amp; Fees</b>                         |                 |                     |                    |                         |          |  |
| Gross Tuition & Fees (fall & spring)                            | 134,968         | 124,528             | 127,264            | 2,736                   | 2.2%     | FTIC 750, Transfers 125  |
| Less: Unfunded Scholarships & Grants                            | (76,806)        | (73,787)            | (75,909)           | (2,122)                 | 2.9%     | Increase in Ease Grant to Offset                                     |
| Less: Funded Scholarships & Grants                              | (7,623)         | (10,828)            | (8,000)            | 2,828                   | -26.1%   | Less use of endowed accumulated balances                             |
| <b>Net Undergraduate Tuition &amp; Fees (fall &amp; spring)</b> | 50,539          | 39,913              | 43,355             | 3,442                   | 8.6%     |  |
| Net Summer Undergraduate Tuition & Fees                         | 1,823           | 1,000               | 2,100              | 100                     | 5.0%     | Tuition Increase   |
| <b>Total Net Undergraduate Tuition &amp; Fees</b>               | 52,362          | 41,913              | 45,455             | 3,542                   | 8.5%     |  |
| <b>Graduate Tuition and Fees</b>                                |                 |                     |                    |                         |          |  |
| Graduate Tuition & Fees   | 7,813           | 8,265               | 8,596              | 331                     | 4.0%     | Increase in SoBA Programs  |
| Less: Scholarships & Grants                                     | (1,391)         | (1,266)             | (1,227)            | 39                      | -3.1%    |  |
| <b>Net Graduate Tuition &amp; Fees</b>                          | 6,422           | 6,999               | 7,369              | 370                     | 5.3%     |  |
| <b>Gifts and Grants</b>   |                 |                     |                    |                         |          |  |
| Annual, Restricted & Scholarship Gifts                          | 2,408           | 3,000               | 3,200              | 200                     | 6.7%     | Projected Increase with more staff                                   |
| Federal Grants  | 1,952           | 1,825               | 1,605              | (220)                   | -12.1%   | No FEMA grant  |
| <b>Total Gifts and Grants</b>                                   | 4,360           | 4,825               | 4,805              | (20)                    | -0.4%    |  |
| <b>Endowment Distribution &amp; Investment Income</b>           |                 |                     |                    |                         |          |  |
| Unrestricted Investment Income                                  | 1,005           | 585                 | 543                | (42)                    | -7.2%    |  |
| Endowment Support   | 12,873          | 16,414              | 21,066             | 4,277                   | 25.5%    | 7.5% Distribution applied only to Endowments that support Operations |
| <b>Total Investment Income</b>                                  | 13,349          | 17,374              | 21,609             | 4,235                   | 24.4%    |  |
| <b>Educational Services and Other Revenue</b>                   |                 |                     |                    |                         |          |  |
| Sale of Educational Services                                    | 1,187           | 1,444               | 1,323              | (121)                   | -8.4%    | Reduction of PACE Programs   |
| Athletics Revenues  | 2,014           | 1,701               | 1,734              | 33                      | 1.9%     |  |
| Prior Year Surplus  | 4,400           | 4,000               | 200                | (3,800)                 | -95.0%   |  |
| Other Sources of Revenue  | 1,520           | 3,389               | 2,113              | (1,276)                 | -37.7%   | No one-time trust support in FY24                                    |
| <b>Total Educational Services and Other Revenue</b>             | 9,121           | 10,534              | 5,370              | (5,164)                 | -49.0%   |  |
| <b>Auxiliary Services Revenue</b>                               |                 |                     |                    |                         |          |  |
| Dining Services   | 7,920           | 8,068               | 8,273              | 205                     | 2.5%     | Dining Plan Increase   |
| Residence Halls   | 14,279          | 14,345              | 15,050             | 705                     | 4.9%     | Fee Increase, Chaudoin Online  |
| Other Auxiliary Services  | 458             | 569                 | 614                | 45                      | 7.9%     |  |
| <b>Total Auxiliary Services Revenue</b>                         | 22,657          | 22,982              | 23,937             | 955                     | 4.2%     |  |
| <b>Total Revenues</b>   | 108,271         | 104,627             | 108,545            | 3,918                   | 3.7%     |  |

# Budget Overview

## STETSON UNIVERSITY

### DELAND CAMPUS

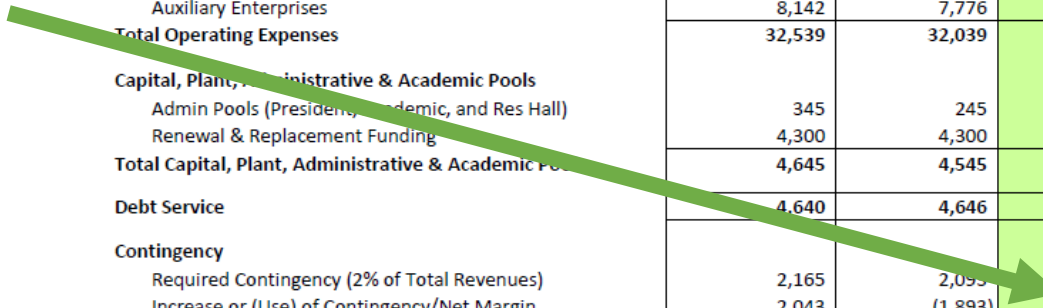
#### 2022-2023 PROPOSED BUDGET (IN THOUSANDS)

| Description  | Final<br>2021-2022 | Projected<br>2022-2023 | Proposed<br>2023-2024 | Proposed<br>vs. Projection | %<br>Change    | SUMMARY<br>COMMENTS                              |
|--|--------------------|------------------------|-----------------------|----------------------------|----------------|--|
| <b>Expenditures:</b>   |                    |                        |                       |                            |                |  |
| <b>Compensation</b>  |                    |                        |                       |                            |                |  |
| Salaries   | 47,754             | 48,728                 | 50,655                | 1,927                      | 4.0%           | Compensation Increase, Staffing Transitions      |
| Employee Benefits  | 15,748             | 15,733                 | 16,674                | 941                        | 6.0%           | Benefits Increase, Insurance Costs               |
| <b>Total Compensation</b>  | <b>63,502</b>      | <b>64,461</b>          | <b>67,329</b>         | <b>2,868</b>               | <b>4.4%</b>    |  |
| <b>Operating Expenses</b>  |                    |                        |                       |                            |                |  |
| Educational & General  | 20,277             | 19,771                 | 20,416                | 645                        | 3.3%           | Orientation, Enrollment Investments, Development |
| Facilities & Utilities   | 4,120              | 4,492                  | 4,341                 | (151)                      | -3.4%          | Positions hired internally                       |
| Auxiliary Enterprises  | 8,142              | 7,776                  | 8,586                 | 810                        | 10.4%          | Increased Food Away from Home, Res Hall Costs    |
| <b>Total Operating Expenses</b>                                  | <b>32,539</b>      | <b>32,039</b>          | <b>33,343</b>         | <b>1,304</b>               | <b>4.1%</b>    |  |
| <b>Capital, Plant, Administrative &amp; Academic Pools</b>       |                    |                        |                       |                            |                |  |
| Admin Pools (Presidential, Academic, and Res Hall)               | 345                | 245                    | 245                   | -                          | 0.0%           |  |
| Renewal & Replacement Funding                                    | 4,300              | 4,300                  | 4,300                 | -                          | 0.0%           | Additional Gift Projected at 500k                |
| <b>Total Capital, Plant, Administrative &amp; Academic Pools</b> | <b>4,645</b>       | <b>4,545</b>           | <b>4,545</b>          | <b>-</b>                   | <b>0.0%</b>    |  |
| <b>Debt Service</b>  | <b>4,640</b>       | <b>4,646</b>           | <b>4,646</b>          | <b>-</b>                   | <b>0.0%</b>    |  |
| <b>Contingency</b>   |                    |                        |                       |                            |                |  |
| Required Contingency (2% of Total Revenues)                      | 2,165              | 2,093                  | 2,171                 | 78                         | 3.7%           |  |
| Increase or (Use) of Contingency/Net Margin                      | 2,043              | (1,893)                | (2,171)               | (278)                      | 14.7%          |  |
| <b>Total Contingency</b>   | <b>4,208</b>       | <b>200</b>             | <b>-</b>              | <b>(200)</b>               | <b>-100.0%</b> |  |
| <b>Total Expenditures, Contingency and Net Margin</b>            | <b>109,534</b>     | <b>105,891</b>         | <b>109,863</b>        | <b>3,972</b>               | <b>3.8%</b>    |  |
| University Overhead Allocation                                   | (1,263)            | (1,264)                | (1,318)               | (54)                       | 4.3%           |  |
| <b>Total Net Expenditures, Contingency and Net Margin</b>        | <b>108,271</b>     | <b>104,627</b>         | <b>108,545</b>        | <b>3,918</b>               | <b>3.7%</b>    |  |

| <b>Recap Excluding Contingency</b>              |              |            |          |              |  |
|---|--------------|------------|----------|--------------|--|
| Total Revenues                                  | 108,271      | 104,627    | 108,545  | 3,918        |  |
| Total Expenses without Contingency/Reinvestment | 105,326      | 105,691    | 109,863  | 4,172        |  |
| University Overhead Allocation                  | 1,263        | 1,264      | 1,318    | 54           |  |
| <b>Budget Surplus (Deficit)</b>                 | <b>4,208</b> | <b>200</b> | <b>-</b> | <b>(200)</b> |  |

### 3. Risk

- No contingency
  - What happens when enrollments are below target or there are unexpected expenditures?



The Faculty Finance Committee is concerned that this is a status quo budget

- The status quo is the previous strategic plan of athletic expansion, which aimed to increase enrollment to an average of 3,000 while also improving retention and stabilizing finances.
- That plan has failed.
- What will next year look like?

|                             | 2013 | 2023 |
|-----------------------------|------|------|
| Spring Undergrad Enrollment | 2372 | 2341 |
| Prior fall discount         | 62%  | 67%  |
| Prior year retention        | 79%  | 68%  |

# FY21 expenses by sport

| Sport               | Athletes | Discount | Expenses per Athlete | Net tuition per athlete | Academic cost per athlete | Total cost per athlete | Total cost of sport |
|---------------------|----------|----------|----------------------|-------------------------|---------------------------|------------------------|---------------------|
| W Basketball        | 14       | 131.64%  | \$ (63,573)          | \$ (15,959)             | \$ (18,103)               | \$ (97,635)            | \$ (1,366,890)      |
| M basketball        | 15       | 127.68%  | \$ (38,772)          | \$ (13,962)             | \$ (18,103)               | \$ (70,837)            | \$ (1,062,550)      |
| W Indoor Volleyball | 16       | 121.62%  | \$ (17,255)          | \$ (10,905)             | \$ (18,103)               | \$ (46,263)            | \$ (740,211)        |
| W Softball          | 23       | 103.48%  | \$ (24,272)          | \$ (1,755)              | \$ (18,103)               | \$ (44,130)            | \$ (1,014,991)      |
| M Golf              | 10       | 102.72%  | \$ (17,632)          | \$ (1,372)              | \$ (18,103)               | \$ (37,106)            | \$ (371,063)        |
| M Tennis            | 11       | 104.27%  | \$ (16,488)          | \$ (2,154)              | \$ (18,103)               | \$ (36,744)            | \$ (404,187)        |
| W Golf              | 9        | 103.99%  | \$ (16,032)          | \$ (2,013)              | \$ (18,103)               | \$ (36,148)            | \$ (325,329)        |
| W Beach Volleyball  | 17       | 100.99%  | \$ (16,124)          | \$ (499)                | \$ (18,103)               | \$ (34,726)            | \$ (590,348)        |
| M Cross Country     | 9        | 114.00%  | \$ (8,342)           | \$ (7,062)              | \$ (18,103)               | \$ (33,506)            | \$ (301,556)        |
| M baseball          | 49       | 84.84%   | \$ (21,584)          | \$ 7,647                | \$ (18,103)               | \$ (32,040)            | \$ (1,569,960)      |
| W Tennis            | 14       | 97.96%   | \$ (14,856)          | \$ 1,029                | \$ (18,103)               | \$ (31,930)            | \$ (447,014)        |
| W Soccer            | 32       | 97.33%   | \$ (11,487)          | \$ 1,347                | \$ (18,103)               | \$ (28,243)            | \$ (903,789)        |
| M Soccer            | 34       | 87.99%   | \$ (11,307)          | \$ 6,058                | \$ (18,103)               | \$ (23,352)            | \$ (793,964)        |
| W Lacrosse          | 30       | 80.93%   | \$ (13,960)          | \$ 9,619                | \$ (18,103)               | \$ (22,443)            | \$ (673,300)        |
| W Cross Country     | 11       | 82.82%   | \$ (12,508)          | \$ 8,666                | \$ (18,103)               | \$ (21,945)            | \$ (241,396)        |
| M Football          | 125      | 65.50%   | \$ (15,484)          | \$ 17,402               | \$ (18,103)               | \$ (16,185)            | \$ (2,023,159)      |
| W Rowing            | 43       | 77.36%   | \$ (8,266)           | \$ 11,420               | \$ (18,103)               | \$ (14,949)            | \$ (642,818)        |
| M Rowing            | 21       | 65.96%   | \$ (11,390)          | \$ 17,170               | \$ (18,103)               | \$ (12,323)            | \$ (258,783)        |
| Cheerleading        | 36       | 58.19%   | \$ (6,989)           | \$ 21,089               | \$ (18,103)               | \$ (4,003)             | \$ (144,098)        |

# Recommendations

## 1. Reduce Athletics Discount

### A. Stop stacking discount

- No direct cost
- Increase net tuition revenue and retention

### B. Reduce athletics discount overall / eliminate full scholarships

- Increase net tuition revenue and retention

## 2. Eliminate expensive sports

- ### A. Save \$5.5 million by eliminating the 4 most expensive men's and women's sports

| Discount for Student Athlete | Change in probability of Persistence and Retention |
|------------------------------|--|
| 0.50                         | 3.0%   |
| 0.75                         | -0.01%   |
| 1.00                         | -4.2%  |
| 1.25                         | -7.5%  |
| 1.42                         | -9.7%  |

| University        | Sports Eliminated  |
|-------------------|--|
| Appalachian State | Men's Soccer, Men's Tennis, Men's Indoor Track & Field                                       |
| Boise State       | Baseball, Swimming & Diving  |
| Furman            | Baseball, Men's Lacrosse   |
| William and Mary  | Men's Gymnastics, Men's Swimming, Men's Indoor Track and Field, Men's Outdoor Track & Field  |
| Rollins           | Men's + Women's Cross Country  |
| Clemson           | Men's Track & Field + Cross Country (will be discontinued at end of 2020-21 athletic season) |

# Further recommendations



## **Reduce CLaSS spending**

A reduction of \$1.2 million could occur while maintaining average spending per student due to lower enrollment



## **Consider a tuition reset**

Could broaden the applicant pool substantially  
Entails additional risk – recommendation to analyze the option

# Next steps

- The committee has shared these recommendations with President Roellke and incoming CFO DiGorio.
  - The committee has presented these to the Faculty Senate
  - The Senate voted to share them with the Athletics Committee as well
- President Roellke has agreed to share them with the BoT Finance Committee.
- The faculty finance committee is charged with organizing this meeting for faculty questions, feedback, and suggestions.