




Department of
Higher Education

John R. Kasich, Governor
John Carey, Chancellor

Memorandum

To: Senator Scott Oelslager, Chairman, Senate Finance Committee
Representative Ryan Smith, Chairman, House Finance Committee
Senator Michael Skindell, Ranking Minority Member, Senate Finance Committee
Representative Jack Cera, Ranking Minority Member, House Finance Committee
Mr. Tim Keen, Director, Office of Budget & Management
Mr. Mark Flanders, Director, Legislative Service Commission

From: John Carey 
Chancellor

Date: August 24, 2018

Subject: Fourth Quarter Financial Reports for FY 2018

Please find enclosed the quarterly financial reports for the fourth quarter of fiscal year 2018, which were submitted by Ohio's 37 public institutions of higher education. Pursuant to Ohio Revised Code §3345.72, these reports are to be distributed to you.

The report contains twelve questions to be answered by the campus fiscal officer or an appropriate designee. The questions are designed to probe for any serious cash flow problems and to provide early warnings of significant problems with the current year budget. The desirable answer to each question is *No*.

Shawnee State University responded to the following questions in the affirmative:

- Relative to its original budget for the fiscal year, [has your institution] experienced any actual or anticipate any projected financial changes that will result in a substantially reduced fund balance or larger deficit this fiscal year?
- [Do you have knowledge] that an unanticipated decrease in operating cash and investments this fiscal year will negatively impact your institution's annual SB 6 composite score?

Shawnee State is projecting FY2018 tuition revenue running at \$2.2 million below budget and \$1.5 million below FY2017 actual. Attached is Shawnee State's action plan to resolve the event and avoid reoccurrence.

Columbus State Community College responded affirmative to the following question:

- [Did or will the institution have] an increase in liabilities that do not occur during normal business operations (including new debt issues)?

Columbus State plans to issue \$13.0 million in new debt during FY2018 and approximately \$9M in FY19. The funding will be used for a new building on campus for their hospitality and tourism center. The project will be supported by \$10 million from the State and \$10 million raised via a fundraising campaign.

Rio Grande Community College responded affirmative to the following question:

- [Relative to its original budget for the fiscal year, did your institution experience any actual or anticipate any projected financial changes that will result in a substantially reduced fund balance or larger deficit this fiscal year?

Since the first quarter, the College's Board of Trustees approved an additional one-time expenditure of \$430,000 that was not included in the original budget for FY18. A portion of the expenditure was reimbursement to Rio Grande University for various small capital projects. The remaining amount was for services rendered and not originally budgeted at the beginning of the fiscal year.

Wright State responded to the following questions in the affirmative:

- Relative to its original budget for the fiscal year, [has your institution] experienced any actual or anticipate any projected financial changes that will result in a substantially reduced fund balance or larger deficit this fiscal year?
- Any other facts or circumstances that could negatively impact the SB 6 composite score?

Wright State identified several significant changes in their budget that will change their end of year projection. Tuition revenue is below the original budget projection due mainly to reductions in enrollment of international students. They have also incurred higher costs in a couple of areas, such as health benefits, than originally anticipated. However, WSU has also taken proactive steps to further reduce overall expenditures and still anticipates that their FY 18 SB 6 score will be high enough to avoid entering fiscal watch next year. Wright State's SB 6 score for FY 17 is 0.8. If it is not above 1.75 in FY 18, then WSU will enter fiscal watch.

I am pleased to report that there were no additional instances of a campus affirmatively responding to any of the six questions.


Should you have any questions concerning the content of the enclosed reports, please contact me at 466-6000.

Enclosures

Date: August 22, 2018

RECOMMENDATION

The Office of the Vice Chancellor of Finance and Data Management has reviewed and analyzed the fourth quarter fiscal year 2018 Senate Bill 6 quarterly reports. The attached memo is ready for the Chancellor's signature.



Signature

8/17/18

Date