Ohio | Department of Higher Education

Mike DeWine, Governor
Randy Gardner, Chancellor

To: Senator Matt Dolan, Chairman, Senate Finance Committee
Representative Scott Oelslager, Co-Chairman, House Finance Committee
Representative Jamie Callender, Co-Chairman, House Finance Committee
Senator Vernon Sykes, Ranking Minority Member, Senate Finance Committee
Representative Jack Cera, Ranking Minority Member, House Finance Committee
Ms. Kimberly Murnieks, Director, Office of Budget & Management
Ms. Wendy Zhan, Director, Legislative Service Commission

From: Randy Gardner
Chancellor

Date: May 26, 2020

Subject: Third Quarter Financial Reports for FY20

Please find enclosed the quarterly financial reports for the third quarter of fiscal year 2020, 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*.

Of the 37 public colleges and universities, 29 answered yes to at least one of the twelve questions in their third quarter report. Most of the affirmative answers were related to the impact of COVID-19 on their SB 6 Composite Scores. Specifically, most institutions are experiencing an unanticipated decrease in operating cash and investments; and per the sixth question are experiencing other circumstances that could negatively impact their SB 6 score.

At the time these third quarter answers were compiled, institutions were anticipating reductions in State Share of Instruction (SSI) support in FY20, although they did not yet know the amounts. The size and scope of FY20 SSI reductions is now known, and May and June SSI payments to each college and university are being reduced as a result. This will almost certainly lead to further financial challenges that will be revealed in their upcoming fourth quarter reports.

Most institutions have provided pro-rated spring semester 2020 refunds to students, and these refunds, which are estimated to be in the range of $200 million statewide, have been particularly significant for university campuses that provide on campus housing and dining services. Also, there is lost revenue resulting from the cancellation of scheduled in-person, on campus events and activities. At the same time, institutions are incurring significant costs associated with the rapid transition to remote instruction of their entire curriculum. Several have also referenced the un-budgeted yet significant cost of cleaning and sanitizing the campus.

In the third quarter reports, many campuses addressed the actions that they are taking to respond to the loss of revenue, such as hiring freezes, furloughs, position eliminations, tightened controls on discretionary spending, and elimination of campus athletic offerings. Several also acknowledged the uncertainty of future enrollments and state funding and their potential impact on FY21. It should be noted that Shawnee State has acknowledged that their SB 6 score could fall below 1.75 in FY20. A composite score below 1.75 for two consecutive years results in an institution being placed on fiscal watch.

As noted, not all institutions have responded that they anticipate negative impacts in FY20. Some community colleges, and one university, have even reported anticipated increases in their composite scores for FY20. This is likely a result of timing rather than an indication of increasing financial strength. Now that the SSI reductions for the fourth quarter are known, and the impact of COVID-19 on summer session enrollment and other revenue and cost impacts are clearer, it is likely that projected FY20 composite scores will deteriorate further. ODHE is monitoring the financial status of all our colleges and universities very carefully, and we are willing to discuss the information in this report at greater depth if it would be helpful.

Should you have any questions concerning the content of the enclosed reports, you are welcome to contact me on my personal cell phone at 614-448-7462.

Enclosures

The following yes responses have been received:

<u>Universities</u>

Bowling Green State University, FY20 projected composite score 3.1, expect spring enrollment up 0.1%.

- Composite Score # 1 An unanticipated decrease in operating cash and investments?
- Composite Score # 4 Any unanticipated losses (e.g. casualty or investment)?
- Composite Score # 6 Any other facts or circumstances that could negatively impact the SB 6 composite score? *During December 2019, the Novel Coronavirus (COVID-19) was discovered in the country of China. The COVID-19 was subsequently declared a world-wide pandemic by the World Health Organization. On March 13, 2020, the President declared a National Emergency Concerning the Novel Coronavirus Disease (COVID-19) Outbreak. As a result, Bowling Green State University converted its delivery of instruction to an online format through the remainder of Fiscal Year 2020 (FY20). The economic impact from the effects of the COVID-19 outbreak on BGSU as well as the national, state, and local economies are expected to result in a decrease in operating and non-operating revenues of approximately 5% with a corresponding decrease in projected expenditures of approximately 3% through the end of FY20.*

  BGSU is working diligently on the effective delivery of online instruction and student support until the pandemic reaches a point that we can safely return students to campus. Cost containment measures are being aggressively pursued while making every effort to retain the effective and valuable academic core of BGSU.

Central State University, FY20 projected composite score 4.0, expect spring enrollment up 5.7%.

- Composite Score # 1 An unanticipated decrease in operating cash and investments?
- Composite Score # 4 Any unanticipated losses (e.g. casualty or investment)?
- Composite Score # 6 Any other facts or circumstances that could negatively impact the SB 6 composite score?
  The projected impact to the 3rd and fourth quarter is approximately $5.1M. This shortfall is due to COVID-19 impact to CSU. The University is preparing to issue refunds of $3.1M in housing and dining adjustment to students enrolled in the Spring. In addition, the University had sanitation, operational costs and online delivery costs related to changing to fully on-line.

  The University expects cash reserves to be severely impacted by this event. The expected 20% state budget cut will exacerbate this position. This cut will reduce our cash by approximately $800k in addition to the $3.1M for student refunds. The CARES Act will help offset by $1.8M but the University will be forced to make up the difference through its reserves and cuts that we are making to operations and staff. We expect cash reserves to be reduced by approximately $3.0M by year end.

  The University Investment losses were minimal due to the limited investment dollars in its reserves. All of the University's funds are in accounts that have no exposure to market swings. The COVID-19 event has significantly impacted operations and has caused significant losses to the University's operations both financially and operationally. However, no insurance related claims are pending related to this event.

The University stopped all discretionary spending, no travel, hiring moratorium, capital projects, reduction in utilities and delays in vendor payments with service providers. The University has solicited Alumni fundraising, corporate emergency funds, leverage grants and foundation resources, University Reserves and Federal and State support from the Stimulus Acts.

The University has realigned its business model to reflect an anticipated lower enrollment and cash reserve position. We are planning to reduce our workforce and reduce some of our major contracts to meet the projected drop in enrollment and cash position.

The University will have enough cash to continue to operate during this uncertain time. However, if deeper cuts are made by the state or if enrollment projections are less than expected, cash reserve balances could be in jeopardy in the 1st quarter of FY21. The University has contingency plans in place if events are worse than expected.

Cleveland State University, FY20 projected composite score 4.0, expect spring enrollment down 1%.

- ❖ Reportable Events # 6 Relative to its original budget for the fiscal year, did your institution experience any actual or anticipate any projected financial changes (such as unbudgeted decreases in revenues or unbudgeted increases in expenditures) that will result in a substantially reduced fund balance or larger deficit this fiscal year? *Anticipated SSI funding reduction from State, in addition to higher expenses, due to impact from COVID-19 shutdowns. Estimated financial impact = $7M.*
- ❖ Composite Score # 1 An unanticipated decrease in operating cash and investments? *Higher use of cash due to response to COVID-19 and move to remote teaching and learning (e.g., student refunds, added expenses) Estimated cash impact = $3M.*
- ❖ Composite Score # 4 Any unanticipated losses (e.g. casualty or investment)? *Unrealized market loss due to unstable economic environment resulting from the COVID-19 health care crisis Estimated financial impact = $8M.*

Kent State University, FY20 projected composite score 3.6, expect spring enrollment down 2.8%.

- ❖ Reportable Events # 6 Relative to its original budget for the fiscal year, did your institution experience any actual or anticipate any projected financial changes (such as unbudgeted decreases in revenues or unbudgeted increases in expenditures) that will result in a substantially reduced fund balance or larger deficit this fiscal year?
- ❖ Composite Score # 1 An unanticipated decrease in operating cash and investments?
- ❖ Composite Score # 4 Any unanticipated losses (e.g. casualty or investment)?
- ❖ Composite Score # 6 Any other facts or circumstances that could negatively impact the SB 6 composite score?
  On March 9, 2020 Governor Mike DeWine declared a state of emergency for Ohio as a result of the COVID-19 outbreak in the state. On March 10, 2020 Kent State University responded by issuing communications to its faculty and students to begin remote instruction through April 13, 2020 and has subsequently extended through the remainder of the Spring 2020 semester and most of the Summer semester (to-date, the Summer lll offerings are undecided). Students have moved out of the residence halls and have been refunded housing, dining, and parking charges for the remainder of the Spring semester.

On March 16, the university began to reduce on-campus operations and asked employees to begin working from home. Many buildings are closed and all on-campus university events have been cancelled through July 4, 2020.

University leadership has taken several steps to ensure the financial stability of the university. On April 27, 2020, President Todd Diacon communicated to the university community, the necessary steps the university is taking to ensure the short term and long-term financial health of the institution and laid out a plan to balance the FY2021 budget by reducing expenses by 20%. The plan includes difficult decisions to freeze hiring, suspend travel, reduce spending, and delay most building projects. Further, non-represented employee wages will be reduced for fiscal year 2021 on an income-based sliding scale. The university is also planning to offer a voluntary separation plan. To achieve a 20% reduction in the FY2021 budget, the university will inevitably need to require lay-offs and job abolishment.

Finally, the university will begin utilizing funding from its intermediate term investment pool to supplement working cash through the remainder of FY2020 and into FY2021 in anticipation of lost revenue due to declining enrollments and reductions in state support.

The duration and continued impact of the COVID-19 pandemic are unknown. The university's leadership will continue to exercise prudent management to remain in good financial standing while providing a high-quality educational experience.

Miami University, FY20 projected composite score 4.7, expect spring enrollment down 4.1%.

- ❖ Reportable Events # 6 Relative to its original budget for the fiscal year, did your institution experience any actual or anticipate any projected financial changes (such as unbudgeted decreases in revenues or unbudgeted increases in expenditures) that will result in a substantially reduced fund balance or larger deficit this fiscal year? *Due to the recent COVID19 virus we are making refunds to students for a prorated portion of housing, dining, and fees; amount TBD.*
- ❖ Composite Score # 1 An unanticipated decrease in operating cash and investments? *Due to the recent COVID19 virus we are making refunds to students for a prorated portion of housing, dining, and fees; anticipated investment losses due to unprecedented capital market volatility; amounts TBD.*
- ❖ Composite Score # 4 Any unanticipated losses (e.g. casualty or investment)? *Anticipated investment losses due to unprecedented capital market volatility; amounts TBD.*

Northeast Ohio Medical University, FY20 projected composite score 3.7, expect spring enrollment down 1.7%.

- ❖ Reportable Events # 6 Relative to its original budget for the fiscal year, did your institution experience any actual or anticipate any projected financial changes (such as unbudgeted decreases in revenues or unbudgeted increases in expenditures) that will result in a substantially reduced fund balance or larger deficit this fiscal year?
- ❖ Composite Score # 1 An unanticipated decrease in operating cash and investments?
- ❖ Composite Score # 2 An increase in uncollectible accounts receivable?
- ❖ Composite Score # 6 Any other facts or circumstances that could negatively impact the SB 6 composite score? *COVID-19.*

The Ohio State University, FY20 projected composite score 4.7, expect spring enrollment down 0.4%.

- ❖ Reportable Events # 6 Relative to its original budget for the fiscal year, did your institution experience any actual or anticipate any projected financial changes (such as unbudgeted decreases in revenues or unbudgeted increases in expenditures) that will result in a substantially reduced fund balance or larger deficit this fiscal year?
- ❖ Composite Score # 6 Any other facts or circumstances that could negatively impact the SB 6 composite score? *Effective March 22, 2020, Ohio State is under a state of emergency due to the COVID-19 outbreak. In order to comply with the restrictions from the Ohio Governor, classes have transitioned to virtual learning for the remainder of spring and for summer semester. Students have moved out of the residence halls and are being refunded housing, dining and recreation fees for the remainder of spring term. All university employees who can do so are required to work from home. Major facilities on campus are closed, and all campus events have been canceled through July 6. In addition, the university has been impacted by the recent decline in the equity market and a corresponding decline in the valuation of the university's Long-Term Investment Pool.*

  The COVID-19 outbreak has dramatically changed OSU Wexner Medical Center operations, with a full focus on preparing for the predicted surge, shutting down non-critical procedures, switching to more telemedicine and clearly a focus on testing and treating COVID-19 patients. The financial impact of COVID-19 on the medical center financials is still being assessed.

  University leadership has taken a range of financially prudent steps in response to the coronavirus outbreak, including new controls on cash reserves, restrictions on procurement spending, a temporary hiring pause and budget contingency planning. Additional details on each of these initiatives is provided below.

  Controls on Cash Reserves – Every area of the university has been instructed to make all attempts to retain as much of its current (FY2020) budget as possible. Any spending (including planned spending) of current cash reserves must be approved by either the provost (for all academic units), the chancellor (for the Wexner Medical Center) or the university's chief financial officer (for all support units excluding the Office of Academic Affairs).
  Restrictions on Procurement Spending – All university leaders are being asked to control discretionary spending, including procurement activity, in case the COVID-19 effects are with us for an extended period. College/unit senior fiscal officers have been added as "level 2 approvers" for all procurement activity to ensure that proposed purchases are strictly necessary.

  Hiring Pause – Ohio State has implemented a temporary hiring pause, which applies to most faculty, staff and student positions. Any hiring through June 30, 2020 will be focused on maintaining adequate staffing levels in essential service areas, including law enforcement and public safety, hospitals and health services, child care for children of parents performing essential services to the university and medical center, limited meal preparation and service, facility utilities, residential support and other areas determined to be essential by the university.

  Budget Contingency Planning – In these troubled times, the university's core mission is more critical than ever. In order to protect the core mission and maintain fiscal stability, university leadership is engaged in active budgetary contingency planning. The ultimate duration and impact of the COVID-19 pandemic are unknown. As responsible stewards of the resources *entrusted to the university, university leadership must plan for multiple contingencies while maintaining and advancing patient care, research and teaching.*

Ohio University, FY20 projected composite score 3.4, expect spring enrollment down 7.1%.

- Reportable Events # 6 Relative to its original budget for the fiscal year, did your institution experience any actual or anticipate any projected financial changes (such as unbudgeted decreases in revenues or unbudgeted increases in expenditures) that will result in a substantially reduced fund balance or larger deficit this fiscal year?
- Composite Score # 1 An unanticipated decrease in operating cash and investments?
- Composite Score # 2 An increase in uncollectible accounts receivable?
- Composite Score # 4 Any unanticipated losses (e.g. casualty or investment)?
Ohio University continues to monitor the impact of COVID-19 on its FY20 revenues and expenses. The institution's April FY20 forecast incorporates the following (previously unbudgeted) changes to its year-end financials: Spring 2020 refunds associated with room, board, and fee revenues credited to student accounts as OU transitioned from in person to online instruction; Increased expenses associated with one-time costs of responding to COVID-19 and the transition to an (100%) online learning platform for the Spring term; Preliminary estimates of investment declines associated with financial markets, as they react to COVID-19 globally; Losses in state support associated with guidance from ODHE and the Governor's Office to plan for up-to 20% reductions in state support; The CARES Act revenue has not yet been incorporated into our projection, as we await confirmation of the timing and allowable uses.

  While we have projected both revenue losses and expense impacts in our financial projections (as attached), these preliminary year-end estimates will continue to change as the institution develops longer term strategies to rebalance its operating budget. We will continue to keep the Chancellor and ODHE advised on significant changes in our financial year-end results.

Shawnee State University, FY20 projected composite score 1.5, expect spring enrollment up 5.4%.

- Composite Score # 1 An unanticipated decrease in operating cash and investments? *Despite increased operating and non-operating revenue (2.8% and 2.27% consecutively) projected for FY2020, Shawnee State University anticipates a decrease in net position in the amount of $2,576,411. The favorable revenue picture is largely due to improved enrollment of 8% fall 2020. Projected improvements in non-operating revenue comes from an increase of $1.5M in the University's state supplement and a significant increase in the mid-year state share of instruction based on performance. The major negative offsets include a 10% increase in scholarship expense, an increase in interest on capital debt of 63.5% and reduction of 25% in capital appropriations. These are compounded by a decrease in auxiliary enterprises net position directly resulting from loss of operating revenue and increased expenses associated with residential housing refunds for the spring semester. The FY2020 performance is further impacted by unanticipated costs related to COVID-19 that includes costs to transition on-ground courses to online, increased technology costs to deliver online instruction and provide remote student and business operations, costs for deep cleaning and sanitation of classrooms, housing, and ongoing security needs. These factors disrupted the University's regular operations and programs that were adopted to achieve a balanced operating budget for FY2020.*

- Composite Score # 6 Any other facts or circumstances that could negatively impact the SB 6 composite score? *Additional factors that could negatively impact the University's FY2020 SB6 score and estimated in the end-of-year projections are: anticipated reduction of summer enrollment, costs associated with preparing campus for staff to return. Actions to address: The University is enforcing hiring freezes with only essential positions being replaced; notices of position reductions are occurring, multiple cost-saving actions continue including salary reductions and other options such as mandatory furloughs and reduced contract terms; An organization restructure plan is under development to streamline operations with special care to reinforce the delivery of quality instruction and essential student life services; Athletic programs are under review for potential reduction; Invoking provisions of faculty contract to address academic costs and assurances for meeting academic program commitments; Target resources to continue to momentum achieved in fall 2020 for enrollment growth; Reviewing property and major infrastructure for potential savings.*

The University of Akron, FY20 projected composite score 2.6, expect spring enrollment down 6.1%.

- Composite Score # 1 An unanticipated decrease in operating cash and investments?
- Composite Score # 4 Any unanticipated losses (e.g. casualty or investment)?
- Composite Score # 6 Any other facts or circumstances that could negatively impact the SB 6 composite score? *COVID-19 has impacted The University of Akron (UA) in a variety of ways including an unanticipated decline in fair market value of investments, as well as necessitating refunds to the students for a portion of housing, dining and certain fees. These revenue losses are expected to be largely offset, in part, with the institutional portion of the CARES Act monies as well as a decrease in expenditures due to the lack of physical presence on campus. UA does not expect a decline in the SB6 Composite Score for FY20 as it relates to COVID-19.*

The University of Toledo, FY20 projected composite score 2.4, expect spring enrollment down 2.1%.

- Reportable Events # 6 Relative to its original budget for the fiscal year, did your institution experience any actual or anticipate any projected financial changes (such as unbudgeted decreases in revenues or unbudgeted increases in expenditures) that will result in a substantially reduced fund balance or larger deficit this fiscal year? *It is anticipated that the effects of COVID-19 will result in a substantially reduced fund balance relative to our original budget.*
- Composite Score # 1 An unanticipated decrease in operating cash and investments? *Operating cash will decrease due to lower enrollment for the summer and fall, lower SSI contributions, and higher COVID-related costs. This will however be offset by stimulus contributions, but the overall net will be negative. On the investment front, the UT investment portfolio took a big hit in March, but is rebounding a bit in April. It is anticipated that the UT investment portfolio will improve slowly over the remainder of calendar 2020 as the economy gets moving again.*
- Composite Score # 2 An increase in uncollectible accounts receivable? *This is anticipated as more people may be unemployed and cannot pay their bill.*
- Composite Score # 6 Any other facts or circumstances that could negatively impact the SB 6 composite score? *There are so many unknowns right now, so the true impact is unknown. But it is fair to say that most likely our score, along with most other schools, will be negatively impacted.*

Wright State University, FY20 projected composite score 2.6, expect spring enrollment down 9%.

- ❖ Reportable Events # 6 Relative to its original budget for the fiscal year, did your institution experience any actual or anticipate any projected financial changes (such as unbudgeted decreases in revenues or unbudgeted increases in expenditures) that will result in a substantially reduced fund balance or larger deficit this fiscal year?
  Total actual revenues are estimated to decline from adopted budget for the following reasons: Related to the COVID 19 emergency, an announced 5% reduction to Wright State University's FY20 State Share of Instruction (SSI) has resulted in a projected revenue decline of approximately $3.6M from the original budgeted amount; Separation of some of WSU's most productive researchers has resulted in a $2.2M reduction to WSU's estimated Facilities and Administrative (F&A) revenue; Sales and service revenues are anticipated to decline from budget by approximately $3M as a result of COVID 19.

  Total actual expenses are estimated to increase from adopted budget for the following reasons: A faculty voluntary retirement incentive has been offered resulting in an estimated increase of $4M in compensation expense from adopted budget.

  The above noted revenue declines and the expenditure increase net with smaller, non-reportable expenditure savings is estimated to result in an $11.6 operating deficit and a change from the University's adopted budget.

- ❖ Composite Score # 6 Any other facts or circumstances that could negatively impact the SB 6 composite score?
  The conditions noted above do not appear to materially impact Wright State's estimated SB6 score at June 30, 2020. The University has taken action to preserve cash reserves and net position by freezing both hiring and discretionary spending. Further budgetary remediation is being pursued in response to COVID 19 and as part of the University's FY 21, 22 and 23 financial plans.

Youngstown State University, FY20 projected composite score 2.6, expect spring enrollment down 3.6%.

- ❖ Composite Score # 1 An unanticipated decrease in operating cash and investments?
- ❖ Composite Score # 4 Any unanticipated losses (e.g. casualty or investment)?
- ❖ Composite Score # 6 Any other facts or circumstances that could negatively impact the SB 6 composite score?
  The COVIC-19 pandemic compelled YSU to move all instructional activity to an off-campus platform in March 2020. This action not only resulted in unforeseen technology expenses, but also resulted in partial refunds of room and board charges, as well as portions of the general and parking fees, thereby negatively impacting the university's cash position. The pandemic has also created market volatility that has negatively affected university investments by $4 million during the third quarter.

  For YSU and countless other universities across the state and nation, a great and immediate concern is finances. Prior to the coronavirus outbreak, YSU had implemented spending controls and resource allocations that placed us on track for a balanced budget for fiscal year 2020. The pandemic created several significant new financial challenges: a $2.2 million cut in state funding over the last three months of this fiscal year; a $3 million revenue loss via student fee refunds;

and a $500,000 drop in the university's investment income. On the other side of the ledger, YSU will receive $10.4 million through the federal CARES Act, half of which will be paid directly to students as financial assistance. The other half will be used to offset university costs. That infusion of $5.2 million should help mitigate risk of a deficit at the end of this fiscal year. As for FY 2021, the projections remain trying: an $8.7 million reduction in state funding, a loss of up to $1 million in investment income, and continued uncertainty in enrollment revenue. As a guideline, each percentage drop in FTE enrollment equals about $1.1 million in lost revenue. Housing, dining and parking revenue, totaling nearly $8 million annually, may also be threatened.

Community Colleges

Belmont College, FY20 projected composite score 5.0, expect spring enrollment up 1.2%.

- ❖ Composite Score # 1 An unanticipated decrease in operating cash and investments?
- ❖ Composite Score # 2 An increase in uncollectible accounts receivable?
- ❖ Composite Score # 6 Any other facts or circumstances that could negatively impact the SB 6 composite score?
  Due to our knowledge of negative impacts to our SB6 score for this fiscal year.

Clark State Community College, FY20 projected composite score 3.8, expect spring enrollment up 1.0%.

- ❖ Composite Score # 1 An unanticipated decrease in operating cash and investments?
- ❖ Composite Score # 4 Any unanticipated losses (e.g. casualty or investment)?
- ❖ Composite Score # 6 Any other facts or circumstances that could negatively impact the SB 6 composite score? *Due to COVID19 we expect the following: A decrease in cash due to a cut in Subsidy, a slight decrease in investments, although not significant, a decrease in other revenues (workforce, auxiliary, Performing Arts).*

Columbus State Community College, FY20 projected composite score 4.2, expect spring enrollment up 1.3%.

- ❖ Reportable Events # 6 Relative to its original budget for the fiscal year, did your institution experience any actual or anticipate any projected financial changes (such as unbudgeted decreases in revenues or unbudgeted increases in expenditures) that will result in a substantially reduced fund balance or larger deficit this fiscal year?
- ❖ Composite Score # 1 An unanticipated decrease in operating cash and investments?
- ❖ Composite Score # 2 An increase in uncollectible accounts receivable?
- ❖ Composite Score # 6 Any other facts or circumstances that could negatively impact the SB 6 composite score?
  The COVID-19 global health pandemic has had a significant impact on the College's operations. The College has transitioned to course delivery that is virtual, and Mitchell Hall (MH) retail operations have shut down for the remainder of the fiscal year. As a result, Projected Year-End Operating revenue is estimated to be almost $7.6 million lower than the Revised Budget. Remaining SSI is anticipated to be reduced by 20% ($3.5 million) based on Governor DeWine's announcement of 20% reductions in State spending but specific reductions from the State have not yet been received. The impact on Summer 2020 enrollment is very uncertain at this point; an assumption that Summer 2020 will be below Summer 2019 is assumed within the year-end

projection but the estimate will likely be modified in the coming months as new information unfolds.

Year-End revenues for fees, special courses, and other miscellaneous income are projected significantly down compared to previous estimates due primarily to the expected decrease of Summer 2020 enrollment and the suspension of MH retail operations. Other notable decreases include fees for student payment plans, parking, lab fees, and non-credit courses.

The Resource Planning and Analysis Office will continue to monitor spending. More reliable estimates should be able to be made after a full month of spending is realized under COVID-19 operating protocol.

Cuyahoga Community College, FY20 projected composite score 2.8, expect spring enrollment down 5.8%.

People and organizations around the world are navigating the impact of the coronavirus pandemic, with hundreds of thousands of cases of COVID-19 currently reported worldwide. As of the writing of this document, the full breadth of the financial impact that this pandemic will have on the FY20 financials cannot be known with certainty; however, we anticipate that there will substantial impact in the areas of state subsidy and investment losses. These two changes in projections resulted in CCC's Net Income Ratio decreasing from 0.6 projected at the end of quarter two to 0.2 now being projected at the end of quarter three. This decrease directly impacted the College's overall projected composite score which decreased to 2.8 from the previous 3.2 projected last quarter.

- Composite Score # 4 Any unanticipated losses (e.g. casualty or investment)? *With the impact the pandemic has had on the stock market, the College's investments have been negatively impacted by these fluctuations. Due to these factors, the College saw a substantial decrease in the non-operating revenue being projected for investment income at June 30, 2020 due to unrealized losses now being projected at year-end.*
- Composite Score # 6 Any other facts or circumstances that could negatively impact the SB 6 composite score? *The College is projecting for a decrease in State Share of Instruction payments as the State is looking to make 20 percent budget cuts. This will decrease the College's revenue, therefore negatively impacting the net income ratio. The College has proactively addressed these challenges, creating several taskforce groups to monitor the situation. These groups meet regularly to advise the College on the best methods of moving forward in this ever changing and challenging environment. As additional details come to light and the financial impact of COVID-19 comes into better focus, the College is prepared with a budget change process to reallocate expenditure budgets to areas of greatest need as authorized by the Board of Trustees.*

Edison State Community College, FY20 projected composite score 3.7, expect spring enrollment up 2.4%.

- Composite Score # 1 An unanticipated decrease in operating cash and investments?
- Composite Score # 4 Any unanticipated losses (e.g. casualty or investment)?
- Composite Score # 6 Any other facts or circumstances that could negatively impact the SB 6 composite score? *A potential decrease in cash due to remaining SSI being reduced, tuition loss, and additional expenses due to moving to a 100 percent distance learning platform for spring and summer would result in us having a net loss for the year and would reduce our SB6 ratio from 3.9*

to 3.7. ESCC is investing time and resources to enhance distance learning platform, using CARES funding to help students with their additional costs and to encourage them to remain in classes, and designing fall semester classes so that they can easily transition to the online platform if needed.

Hocking College, FY20 projected composite score 4.7, expect spring enrollment down 6.5%.

- ❖ Composite Score # 1 An unanticipated decrease in operating cash and investments? *Hocking College, like many other institutions, are dealing with the situation surrounding coronavirus. Hocking College has dorms, which it anticipates providing approximately $600,000 in refunds for spring term 2020. Hocking College also is anticipating a 20% reduction in SSI funding. While these interruptions in cash flow may have some impact on the SB-6 composite score, Hocking College remains financially stable and impact on the composite score will not be significant.*

Lakeland Community College, FY20 projected composite score 2.4, expect spring enrollment down 6.3%.

- ❖ Composite Score # 1 An unanticipated decrease in operating cash and investments? *Due to the pandemic, Lakeland Community College is anticipating a reduction of State Share of Instruction (SSI) for the remainder of FY20. The reduction is estimated at approximately $1,000,000; however, the exact amount is unknown at this time. Also, the College is estimating an additional $450,000 of pandemic-related expenditures during FY20. The College is currently reviewing all operating expenses and will be making reductions as needed.*
- ❖ Composite Score # 4 Any unanticipated losses (e.g. casualty or investment)? *The College is anticipating potential investment losses for FY20 due to the current market conditions; however, the impact for FY20 cannot be projected at this time.*
- ❖ Composite Score # 6 Any other facts or circumstances that could negatively impact the SB 6 composite score? *Liquidity could become an issue.*

Lorain County Community College, FY20 projected composite score 3.6, expect spring enrollment down 6.0%.

- ❖ Composite Score # 1 An unanticipated decrease in operating cash and investments?
- ❖ Composite Score # 4 Any unanticipated losses (e.g. casualty or investment)?
- ❖ Composite Score # 6 Any other facts or circumstances that could negatively impact the SB 6 composite score? *Given the impact of the COVID-19 pandemic and the Governor's stay at home order, the College is experiencing declines in tuition and fees and auxiliary revenues, as well as anticipated declines in State support. At the same time, we are incurring increases in expenditures for cleaning and sanitizing, technology, and instructional simulations, in order to maintain property and increase online capacity to support instruction and student services.*

  These circumstances are leading to an unanticipated decrease in operating cash and investments as well as unanticipated capital purchases. There may also be some increases in uncollectible accounts receivable and decreases in investment income (although not significant).

  To address the above, and the anticipated negative impact on the College's SB 6 composite score for Fiscal Year 2020 and 2021, we are considering multiple scenarios to address anticipated shortfalls, including a strategic hiring freeze, travel limits, and general reductions in operating and capital expenditures.

Marion Technical College, FY20 projected composite score 3.7, expect spring enrollment up 9.2%.

- Composite Score # 1 An unanticipated decrease in operating cash and investments? *Marion Technical College anticipates that their cash position at year end will be affected by a decrease in the state subsidy amount because of state budget adjustments that are the result of the Covid 19 Pandemic. The College is not expecting any investment losses as all investments are held at StarOhio and StarPlus. Marion Technical College has taken steps to curb spending for the remainder of FY20 and is considering several scenarios in budgeting for FY21 as further state budget information becomes available.*
- Composite Score # 6 Any other facts or circumstances that could negatively impact the SB 6 composite score? *Further unknown financial ramifications from Covid 19 could impact Marion Technical College negatively. Marion Technical College plans to budget for FY21 conservatively, in order to be prepared for any unknown negative consequences of the Covid 19 Pandemic.*

North Central State College, FY20 projected composite score 3.5, expect spring enrollment down 0.6%.

- Composite Score # 1 An unanticipated decrease in operating cash and investments?
- Composite Score # 2 An increase in uncollectible accounts receivable?
- Composite Score # 6 Any other facts or circumstances that could negatively impact the SB 6 composite score?
  Did not provide a narrative response.

Northwest State Community College, FY20 projected composite score 3.7, expect spring enrollment up 1.5%.

- Composite Score # 1 An unanticipated decrease in operating cash and investments? Composite Score # 6 Any other facts or circumstances that could negatively impact the SB 6 composite score? *COVID-19 has impacted our lives and is ongoing on a moving basis. Due to the fact that we do not have any debt on our books, we have more flexibility than some. We have increased our cost turning classes and labs over to a remote setting, but we are also trying to decrease our capital spending to help offset these needs. The shortfall in SSI will be around $500,000 for FY20. Our CTS income came to a halt and will take some time to get going again.*

Owens Community College, FY20 projected composite score 4.5, expect spring enrollment down 6.3%.

- Composite Score # 1 An unanticipated decrease in operating cash and investments? *The College has had $4,525,000 in Securities called. The rates of those securities were between 1.84% and 2.04%. The College is working to determine the investment income decrease.*
- Composite Score # 6 Any other facts or circumstances that could negatively impact the SB 6 composite score? *The COVID-19 pandemic has caused the College to experience decreased revenues and increased expenses. The College has been able to minimize the effects to the financials due to expenses reallocations, enrollment that exceeded budgets, and SSI increase due to difference between April Preliminary amount to the November true-up.*

Rio Grande Community College, FY20 projected composite score 3.7, expect spring enrollment down 8%.

- Reportable Events # 6 Relative to its original budget for the fiscal year, did your institution experience any actual or anticipate any projected financial changes (such as unbudgeted decreases in revenues or unbudgeted increases in expenditures) that will result in a substantially reduced fund balance or larger deficit this fiscal year? *Decrease in revenue due to SSI reduction due to Covid19 Pandemic; increase in expense for refunds due to Covid19 Pandemic; increase expense for facilities director contracted services not originally budgeted.*
- Composite Score # 1 An unanticipated decrease in operating cash and investments? *The above decreases in revenue and increase in expense will reduce cash balance.*
- Composite Score # 6 Any other facts or circumstances that could negatively impact the SB 6 composite score? *Our unique relationship with the University of Rio Grande ties our instructional cost to our revenue, so our cost for instructional services will be less than budgeted due to reduction of SSI for May and June. This will reduce the impact on RGCC somewhat.*

Stark State Community College, FY20 projected composite score 4.1, expect spring enrollment down 0.8%.

- Composite Score # 1 An unanticipated decrease in operating cash and investments? *Stark State College will have reduced cash flow based on the reduction of the state subsidy by 1.5 million for the last quarter of FY2020. The college has reduced discretionary spending in all operating departments including hiring.*

Washington State Community College, FY20 projected composite score 4.4, expect spring enrollment up 1.1%.

- Composite Score # 6 Any other facts or circumstances that could negatively impact the SB 6 composite score?
  We acknowledge the Coronavirus Pandemic will impact our financial position. The College is well positioned with sufficient reserves to assist us during these challenging times and while there was not much impact in the financial position as of March 31, we do expect the fourth quarter to be impacted. We have been told to expect a decrease in state share of instruction and we anticipate a decline in enrollment. We have had very few withdrawals during the current spring term and summer enrollment is currently underway which is very close to the prior year.

Zane State College, FY20 projected composite score 2.3, expect spring enrollment up 4.5%.

- Composite Score # 1 An unanticipated decrease in operating cash and investments?
- Composite Score # 4 Any unanticipated losses (e.g. casualty or investment)?
- Composite Score # 6 Any other facts or circumstances that could negatively impact the SB 6 composite score? *The new operating restrictions as a result of COVID-19 will certainly have an impact on the financial future at Zane State College. The forecast reflects, to the best of our ability, the known financial impact on FY20. However, our summer enrollment is flat to last year. Our forecast reflects an anticipated SSI reduction in May and June. We have incurred extra expenses as a result of COVID-19 in converting our courses to online, shifting our operation to working at home, and other unexpected expenditures aimed at protecting our faculty, staff, and students. However, we believe we've identified other expenses in our budget that we will not incur so the impact on total expected expenditures will be minimal.*

Moving in to FY21, the college anticipates a more dramatic financial impact due to COVID-19, but it appears the impact on FY20 will drop our overall score from a 2.9 which we expected at the end of Q2 to a 2.3 reflected in this forecast.