

University of Hartford

Series N Revenue Bonds Report Update

June 24, 2024



**UNIVERSITY
OF HARTFORD**

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Overview

Stephen Mulready, *Acting President*

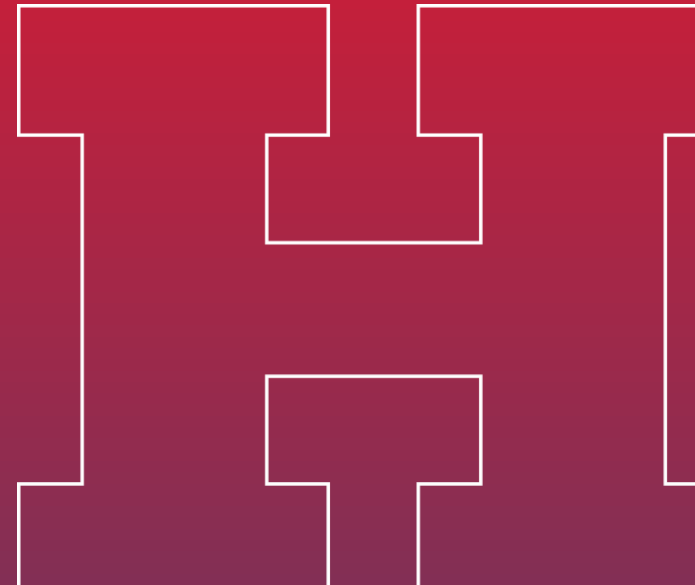
Enrollment

Molly Polk, *Vice President for Marketing and Enrollment*

Financial Management

Jamie Skowyra, *Vice President of Finance and Chief Financial Officer*

Questions





Stephen Mulready

Acting President



Financial Stabilization is the Focus

Key objectives this year:

1. 2023YE Budget to meet the bond covenants
2. Examine current projections and assumptions in 2024 plan
3. Begin to right size the organizational structure

Financials – Corrective Actions

- Budgets

Budget reductions

5-10% for each cabinet organization

- Structure

Cabinet

- Position elimination
- Structural changes
- Voluntary salary reductions

Academic Leadership

- Structural changes
- Shared leadership
 - Hartt & HAS
 - A&S and Hillyer

- People

People

- Staff reductions
- Faculty searches suspended
- Compensation studies

Benefits

- Health insurance 80%/20% split
- HSA UHart match phased out in 3 years
- Basic Life Insurance: Changed from 2x to 1x
- TIAA Retirement: 1-2% reduction under review

Program Review

- Discontinue
- Modify/Watch
- Grow

New Academic Programs

In the last six years, UHart has launched many diverse and in-demand new academic programs. New programs account for 21% of undergraduate incoming and 24% of graduate incoming for Fall 2024. This year, there were 815 current students enrolled in new programs.

- Aerospace Engineering
- Business Analytics (+ master's)
- Construction Management and Technology
- Computer Science (master's)
- Computer Science and Engineering
- Data Science
- Digital Media and Journalism
- Environmental Science
- Exercise Science
- Healthcare Administration
- Integrated Communication (master's)
- Music (master's)
- Nursing
- Nursing Practice (doctorate)
- Occupational Therapy (master's)
- Robotics
- Sports Management
- Stage Management & Technical Theatre
- Supply Chain & Logistics Management

Development and Strategic Partnerships

Renewed focus on industry partnerships, state support, and donor engagement around strategic action plan priorities

- Hosted President Biden, Governor Lamont, Senator Blumenthal and others for a number of high-profile events this year
- \$11.9M raised total cash and pledges as of May 31, 2024.
- Including \$8.6M for restricted, current use purposes; \$930K unrestricted; and \$2.4M for endowment.
- Not included in the above, secured an additional \$2.8M in new planned gift pledges for the future

Noteworthy Gift/Funding Updates:

- \$3M in scholarship support from Stanley Black and Decker
- \$1M naming gift for track and field (opening Fall 2024), in addition to \$1.6M raised
- \$1M raised for Hillel Center project (opening Fall 2024)
- \$800k in new federal and state appropriations

StanleyBlack&Decker



Hartford HealthCare



CONNECTICUT



Welcome President Lawrence P. Ward

- Begins tenure as UHart's 7th president July 1, 2024
- Currently vice president for learner success and dean of campus life at Babson College in Wellesley, Massachusetts. Previously associate dean for academic programs at American University.
- Accomplishments include providing vision and oversight for major capital construction projects; advancing fundraising priorities that enhance student well-being and engagement; reimagining the student success infrastructure; building a championship intercollegiate athletics culture
- Graduate of University of Connecticut, University of Michigan, and University of Pennsylvania



Molly Polk



*Vice President for Marketing
and Enrollment*



2024 FAFSA CHALLENGES

TRADITIONAL TIMELINE

FAFSA opens in October; results received by UHart in late October*

Ellucian (Banner) releases system updates to load and process FAFSA results once in October

First round of financial aid award letters are sent in mid-December

Priority Decision Deadline: May 1

Incoming student actions following May 1 decision (Orientation, housing, course registration, class schedules, billing)

UPDATED TIMELINE

FAFSA opened in late December; results received by UHart in **April – many with errors**

Ellucian (Banner) released system updates to load and process FAFSA results in **four phases**

First round of financial aid award letters were sent **April 11**. Significant follow up to correct errors.

Priority Decision Deadline Changed to June 1 at UHart and many peer schools

Results: Enrollment decisions were/are significantly behind schedule but still increasing; high-need students and families impacted most. Adjustments made to all incoming student actions based on delays and timeline changes.

**95% of full-time first year students completed a FAFSA for Fall 2023*

Fall 2024 UG Incoming Class

Full-Time First Year & Transfer Students

Application and Admit YOY								
	Apps 24	Apps 23	Apps 22	Apps 21	Admits 24	Admits 23	Admits 22	Admits 21
Hartford Art School	672	662	530	473	452	404	343	335
College of Arts & Sciences	4771	4895	4614	4525	3845	3927	3638	3400
Barney School of Business	2184	2004	1786	1793	1766	1550	1388	1358
Hillyer College (admits include referrals)	39	44	48	37	908	1000	891	1293
College of Educations, Nursing, and Health Professions	3349	3413	3186	3230	2730	2824	2667	2507
College of Engineering, Technology, and Architecture	2012	2058	1918	1693	1703	1774	1633	1400
The Hartt School	1746	1558	1484	1681	586	574	554	537
University Totals	14773	14634	13566	13432	11990	12053	11114	10830

Fall 2024 UG Incoming Class

Full-Time First Year & Transfer Students

Net Deposits – YOY June 20					
	Fall 24	Fall 23	Fall 22	Fall 21	Fall 2020
Hartford Art School	111	95	90	93	116
College of Arts & Sciences	241	308	240	238	244
Barney School of Business	160	173	137	101	134
Hillyer College	113	176	116	197	179
College of Educations, Nursing, and Health Professions	313	328	311	248	277
College of Engineering, Technology, and Architecture	245	253	246	199	203
The Hartt School	155	135	129	100	143
University Totals	1338	1468	1269	1176	1296

Graduate Fall Applications, Admits, Deposits

Newly Enrolled – Fall 2024 vs. Fall 2023						
	Apps Fall 2024	Apps Fall 2023	Admits Fall 2024	Admits Fall 2023	Deposits Fall 2024	Deposits Fall 2023
College of Arts & Sciences	662	594	226	139	93	71
Barney School of Business	406	562	215	313	106	92
College of Education, Nursing, & Health Professions	61	61	46	49	36	39
College of Engineering, Technology, & Architecture	194	256	103	130	43	38
The Hartt School	345	325	142	153	57	47
University Totals	1,668	1,798	732	784	335	287

BA/BS First-Year Retention Rate (Fall to Fall)

Entering Cohort	Overall Retention Rate	BIPOC	PELL-Eligible	1 st Generation
Fall 2021	74%	66%	64%	65%
Fall 2022	79%	73%	72%	72%
Fall 2023*	83%	78%	77%	79%

* As of June 4, 2024

Jamie Skowyra

*Vice President of Finance
and Chief Financial Officer*



FY24 & FY25 Overview

- **FY24**

- Continued emphasis on controlling costs
- Year-end projected operating budget expected to be within \$321K of budget on budget of \$166.1M
- Revenues expected to be within \$146K of budget, with 4.5% endowment draw.
 - Somewhat higher tuition discount offset in part by better-than-expected auxiliary facilities performance.
- Expected DSCR of 1.13

- **FY25**

- Estimates based on year-end FY24 projections
- Budget based on conservative enrollment forecast-deposits currently 32 higher than budget enrollment figure with continued deposit activity
- Continued reduction in operating deficit foreseen-drop from \$7.4M at FYE 24 to \$2.6M at FYE 25

FY24 Budget Versus Year-End Projection-Revenue

	FY24 Budget		
	Approved September 2023	FY24 Year-End Projection	\$ Variance
Revenues			
Gross full-time undergrad tuition	164,695,447	165,915,407	1,219,960
Financial aid - full-time undergrad	(99,382,241)	(103,056,275)	(3,674,034)
Net full-time undergrad tuition	65,313,206	62,859,132	(2,454,074)
Online Tuition	1,738,336	1,724,169	(14,167)
Undergrad part-time and other tuition	4,002,073	3,687,808	(314,264)
Graduate tuition	20,430,644	20,516,829	86,185
Undergrad summer tuition	2,889,062	2,416,312	(472,750)
Graduate summer tuition	6,403,289	6,093,329	(309,960)
Gross other tuition	35,463,403	34,438,448	(1,024,955)
Financial aid - other	(5,500,000)	(4,994,596)	505,404
Net other tuition	29,963,403	29,443,851	(519,551)
Total net tuition	95,276,609	92,302,984	(2,973,625)
Dining revenue	18,652,079	19,701,822	1,049,744
Housing revenue	24,902,359	26,034,405	1,132,046
Fees	6,772,056	7,740,258	968,202
Fees - Other	2,315,000	2,344,381	29,381
Unrestricted giving	1,000,000	658,717	(341,283)
Investment income	100,000	480,783	380,783
Endowment income	1,187,442	1,650,000	462,558
Organized activities	3,324,559	3,880,026	555,466
Auxiliary services	1,113,959	1,678,988	565,029
Other revenues	3,879,000	2,197,497	(1,681,503)
Total other revenues	63,246,455	66,366,877	3,120,422
Total revenues	158,523,064	158,669,860	146,797

FY24 Budget Versus Year-End Projection-Revenue

- Total revenues are projected to come in \$147K over budget.
- Net tuition revenue is projected to come in \$3.0M under budget. This is due to the following:
 - Undergraduate tuition coming in \$2.5M under budget due to financial aid trending \$3.7M higher than budget
 - The budgeted blended discount rate was 60.34% compared to the year-end projection tuition discount of 62.11%
 - Graduate and other tuition coming in \$520K under budget due to changes in overall student population
- Dining and housing revenue are projected to come in \$1M and \$1.1M, respectively, over budget due to changes in room mix and an increased number of students in housing compared to the prior year.
- Other revenues are projected to come in \$1.7M under budget due to some one-time payments that did not end up happening.

FY24 Budget Versus Year-End Projection-Expenses

Expenses			
Full-time faculty salaries	27,259,660	29,256,051	1,996,391
Part-time faculty salaries	12,535,100	11,906,371	(628,729)
Total faculty salaries	39,794,760	41,162,422	1,367,662
Full-time staff salaries	30,058,081	28,869,694	(1,188,387)
Part-time staff salaries	3,254,237	3,787,191	532,954
Total staff salaries	33,312,318	32,656,885	(655,433)
Increase to minimum / one time bonus	600,000	-	(600,000)
Total salaries	73,707,078	73,819,307	112,229
Benefits	24,242,082	23,076,999	(1,165,083)
Total salaries and benefits	97,949,160	96,896,306	(1,052,854)

FY24 Budget Versus Year-End Projection-Expenses

Dining expense	14,397,897	16,596,043	2,198,146
Insurance	2,322,431	2,322,431	-
Utilities	5,248,999	4,944,237	(304,762)
Bad debt	1,750,000	1,750,000	-
Debt service	9,345,736	9,345,736	-
Contracted Services-Facilities	12,149,100	11,607,141	(541,959)
Other	3,152,551	2,985,198	(167,353)
Professional Services	2,209,629	1,920,819	(288,810)
Memberships & Subscripts.	1,397,287	1,336,780	(60,507)
Equipment & Furniture	1,273,662	1,202,576	(71,086)
Contracted Services - Non-Facilities	6,840,433	6,644,795	(195,638)
Tuition, Room & Board Expense	1,780,725	1,774,993	(5,732)
Travel And Entertainment	2,844,727	2,475,746	(368,981)
Supplies And Services	3,283,952	3,058,678	(225,274)
Investment Consulting	180,000	180,000	-
Marketing & Advertising	1,113,626	911,747	(201,879)
Restricted fund transfers	(2,400,000)	(791,778)	1,608,222
Budget additions	951,259	951,259	-
Total other expenses	67,842,013	69,216,402	1,374,389
Total expenses	165,791,173	166,112,708	321,535
Surplus / Deficit	(7,268,109)	(7,442,847)	(174,738)

FY24 Budget Versus Year-End Projection-Expenses

- Total expenses are projected to come in \$321K over budget.
- Total salaries and benefits are projected to come in \$1.1M under budget. This is due to fringe benefits coming in \$1.1M under budget.
- Dining expense coming in over by budget by \$2.2M
- The remaining operating expense lines came in under budget as a result of the 5-10% cuts that cabinet made.

FY24 Debt Service Coverage Ratio (DSCR)

- FY24 is projected to end in a deficit of \$7.443M
- In order to meet the DSCR, the University will do the following:
 - Take approximately \$6.5M from unrestricted endowment and release the restriction on \$3.7M of endowment investment income
 - We are currently estimating a \$1.4M unrealized gain, if the gain increases towards the end of the fiscal year it will increase the amount to be released from restriction mentioned above
 - Our Debt Service Coverage Ratio requirement is 1.10, our current calculation projects a ratio of 1.13

FY25 Preliminary Budget Versus FY24 Year-End Projection-Revenue

	06/30/24 Year-End Projection	06/30/25 Proposed Budget	Variance	
Revenues	1,318 Incoming Students	1,306 Incoming Students		
Gross full-time undergrad tuition	165,915,407	172,235,434	6,320,027	
Financial aid - full-time undergrad	(103,056,275)	(109,493,487)	(6,437,212)	
Net full-time undergrad tuition	62,859,132	62,741,947	(117,185)	-0.19%
Online Tuition	1,724,169	1,790,486	66,317	
Undergrad part-time and other tuition	3,687,808	3,400,167	(287,641)	
Graduate tuition	20,516,829	21,043,563	526,734	
Undergrad summer tuition	2,416,312	2,809,295	392,983	
Graduate summer tuition	6,093,329	6,574,991	481,662	
Gross other tuition	34,438,447	35,618,502	1,180,055	3.43%
Financial aid - other	(4,994,596)	(5,000,000)	(5,404)	
Net other tuition	29,443,851	30,618,502	1,174,651	3.99%
Total net tuition	92,302,983	93,360,449	1,057,466	1.15%
Dining revenue	19,701,822	20,547,905	846,083	
Housing revenue	26,034,405	26,717,376	682,971	
Fees	7,740,258	8,072,465	332,207	
Fees - Other	2,344,381	2,375,297	30,916	
Unrestricted giving	658,717	700,000	41,283	
Investment income	480,783	500,000	19,217	
Endowment income-UR	1,650,000	2,000,000	350,000	
Endowment income-TR & PR	-	6,400,000	6,400,000	
Organized activities	3,880,026	3,786,397	(93,629)	
Auxiliary services	1,678,988	1,611,400	(67,588)	
Other revenues	2,197,497	3,189,687	992,190	
Total other revenues	66,366,877	75,900,527	9,533,650	14.37%
Total revenues	158,669,860	169,260,976	10,591,116	6.67%

FY25 Preliminary Budget Versus FY24 Year-End Projection-Revenue

- Total revenues are budgeted to come in \$10.6M over the FY24 year-end projection.
- Net tuition revenue is projected to come in \$1.1M over the FY24 year-end projection. This is due to the following:
 - Undergraduate tuition coming in \$117K under the FY24 year-end projection
 - Graduate and other tuition coming in \$1.1M over the FY24 year-end projection
- The increase in net tuition revenue will be complemented by changes in the following revenue lines:
 - Dining revenue will increase \$846K from the FY24 year-end projection
 - Housing revenue will increase \$683K from the FY24 year-end projection
 - Student fee revenue will decrease \$332K from the FY24 year-end projection
 - The endowment spend policy will increase from 4.5% to 9%. The increase to 9% is only planned for FY25 and we do not plan to have a 9% spend after that.
 - Other revenues will increase \$992K from the FY24 year-end projection

FY25 Preliminary Budget Versus FY24 Year-End Projection-Expenses

Expenses					
Full-time faculty salaries	29,256,051	29,156,710	(99,341)		
Part-time faculty salaries	11,906,371	12,429,505	523,134		
Total faculty salaries	41,162,422	41,586,215	423,793	1.03%	
Full-time staff salaries	28,869,694	31,509,971	2,640,277		
Part-time staff salaries	3,787,191	3,683,895	(103,296)		
Total staff salaries	32,656,885	35,193,866	2,536,981	7.77%	
Total salaries	73,819,307	76,780,081	2,960,774	4.01%	
Benefits	23,076,999	23,430,327	353,328		
Total salaries and benefits	96,896,306	100,210,408	3,314,102	3.42%	

FY25 Preliminary Budget Versus FY24 Year-End Projection-Expenses

Dining expense	16,596,043	17,876,677	1,280,634	
Insurance	2,322,431	2,645,765	323,334	
Utilities	4,944,237	5,212,023	267,786	
Bad Debt	1,750,000	1,750,000	-	
Debt Service	9,345,736	9,348,325	2,589	
Contracted Services-Facilities	11,607,141	11,915,630	308,489	
Other	2,985,198	2,990,363	5,165	
Professional Services	1,920,819	2,085,361	164,542	
Memberships & Subscriptions	1,336,780	1,373,216	36,436	
Equipment & Furniture	1,202,576	1,079,035	(123,541)	
Contracted Services-Non-Facilities	6,644,795	6,425,105	(219,690)	
Tuition, Room & Board (RAs & GAs)	1,774,993	1,782,389	7,396	
Travel & Entertainment	2,475,746	2,653,792	178,046	
Supplies	3,058,678	3,257,349	198,671	
Investment Consulting	180,000	200,000	20,000	
Marketing & Advertising	911,747	1,075,054	163,307	
Restricted Fund Transfers	(791,778)	-	791,778	
Budget Additions	951,259	-	(951,259)	
Total other expenses	69,216,401	71,670,084	2,453,683	3.54%
Total expenses	166,112,707	171,880,492	5,767,785	3.47%
Surplus / Deficit	(7,442,847)	(2,619,516)	4,823,331	-64.80%

FY25 Preliminary Budget Versus FY24 Year-End Projection-Expenses

- Total expenses are budgeted to come in \$5.7M over the FY24 year-end projection
- Total salaries and benefits are projected to come in \$3.3M over the FY24 year-end projection due to the new Department of Labor (DOL) rule and known increases in employment contracts.
- Dining expense will come in \$1.3M over the FY24 year-end projection
- Insurance expense will increase approximately 10% or \$323K based on information from our insurance broker
- Utilities will increase approximately \$268K per our energy consultant
- Contracted Service-Facilities will increase \$309K due to a 4% increase in the facilities contract for FY25.
- The restricted fund transfers and budget additions line were put into the appropriate expense categories for FY25.

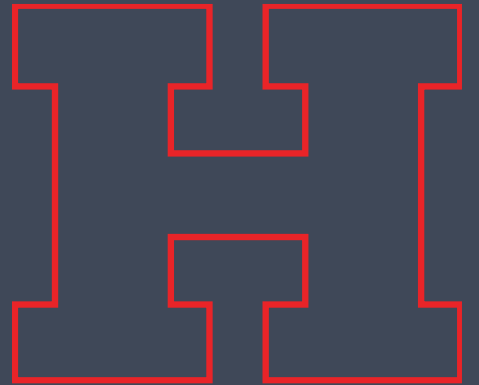
FY25 Preliminary Budget – Key Assumptions

- The budget was built based on 1,306 incoming students, as of June 20, 2024 we had 1,338 deposited incoming students.
- The budget also takes into account an increase in the endowment spend rate from 4.5% to 9%. The total market value of the endowment as of April 30, 2024 was \$194M.
- There were no increases in operating expenses from FY24 to FY25 other than known increases that will occur based on increases in contracts.
- There were no increases in salary and benefits from FY24 to FY25 other than increases related to the new DOL rule and known increases in employment contracts.

FY25 Debt Service Coverage Ratio (DSCR)

- FY25 is projected to end in a deficit of \$2.620M. This deficit is reduced by \$0.353M from the \$2.973M deficit projected in the Independent Consultant's Report of December 2023.
- In order to meet the DSCR, the University will do the following:
 - Release the restriction on \$5.35M of endowment investment income.
 - We are currently using the estimated unrealized gain amount of \$1.4M from the FY24 projection. We will update the estimate based on the final FY24 amount and then continue to update based on FY25 investment activity. If the unrealized gain amount goes above \$1.4M we will need to increase the amount released from restriction.
 - Our Debt Service Coverage Ratio requirement is 1.10, our current calculation projects a ratio of 1.13

Questions?



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