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UNIVERSITY OF
CENTRAL
ARKANSAS

ROI Campus Forum

ROI Overview
plus
Review of Drivers of
Financial Planning: Taking
Care of People

September 28, 2021



ROI Campus Forums in Spring 2020

- Jan. 30 Making Efficient Use of Department Budgets
- Feb. 18 Importance of Enrollment, Retention, & Student Success
- Mar. 3 UCA's Performance & Prospects with ADHE Productivity Model
- Mar. 12 Drivers of Financial Planning: Taking Care of Our People
- Apr. 2 Drivers of Financial Planning: Ensuring Success of Students
- Apr. 22 Drivers of Financial Planning: Stewards of the Public Trust

Main Objectives in Annual Governance & Budgeting Process

- Cautious Optimism
- Focus on Student Success
- Maintain Stable Reserves
- Minimize the Financial Impact to Students

Top Leadership Priorities

- Focus on Enrollment & Student Success Initiatives
- Academic Program Improvements & Expansion
- Technology Refresh
- Maximize Scholarship Options & Responsiveness
- Salary Competitiveness & Operational Efficiencies
- Address Rising Facility Costs & Facility Needs
- Fundraising to a New Level

Strategic Plan Goals

Support for Student
Success

Demonstrated
Excellence of
Graduates

Position the university
to thrive and play a
strong role in
addressing grand
challenges for
Arkansas.



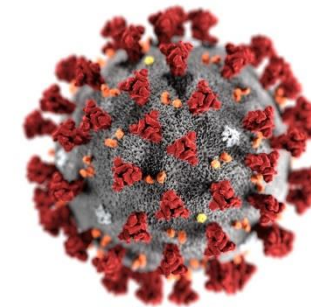
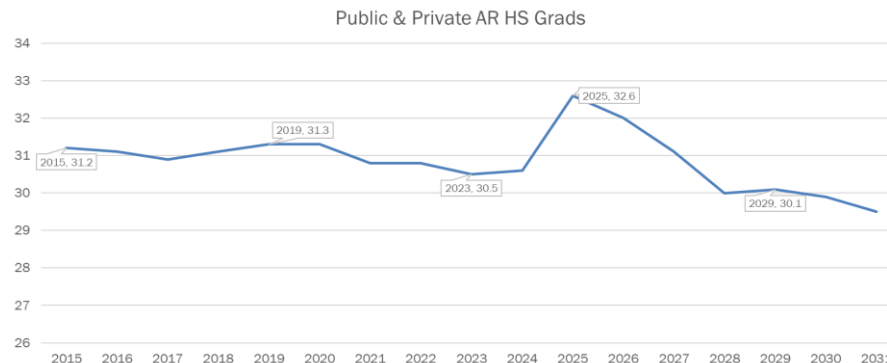
“[ROI] is important to ensure that UCA remains a choice university and positioned to fulfill our mission and thrive during an era of uncertainty for public and private universities and colleges.” – *UCA Convocation, August 2019*

Pandemic's Relation to "Normal"...and Future



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We began ROI to prepare for the enrollment declines, not to address COVID. Any winding down of the pandemic and return to "normal" does not change our focus on the enrollment outlook.



We have managed the pandemic's financial impact successfully so far due to the work already underway with ROI. That work cannot stop.

Regional 4-Year Institutions Must Brace for Impact



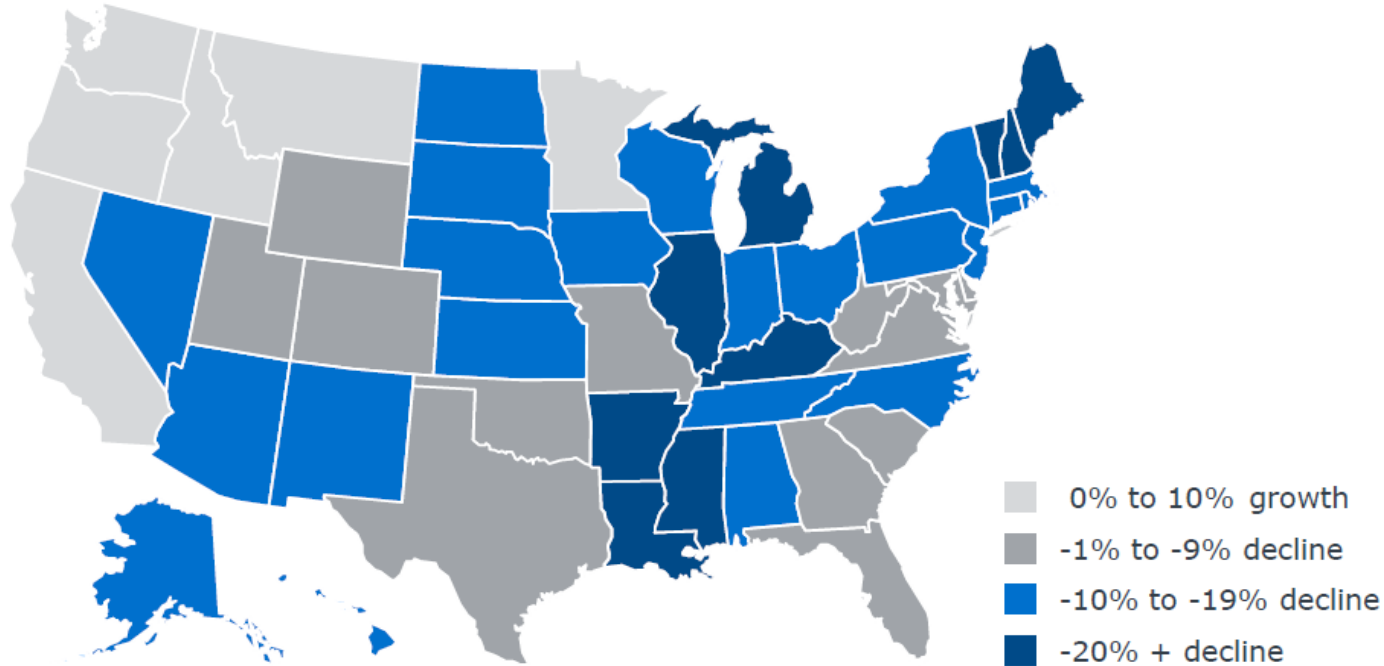
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Slim Glimmer of Hope Across Nation For Regional Institutions

Projected Change in 4-Year Regional HEI-Going Students by State, 2017-2029

Regional:

Research universities + liberal arts colleges ranked outside of Top 100 (USNWR rankings)



Regional HEIs Face Demographic Decline and Increasing Competition

-152K 2029 Projected Demand vs. 2017 Projected Demand



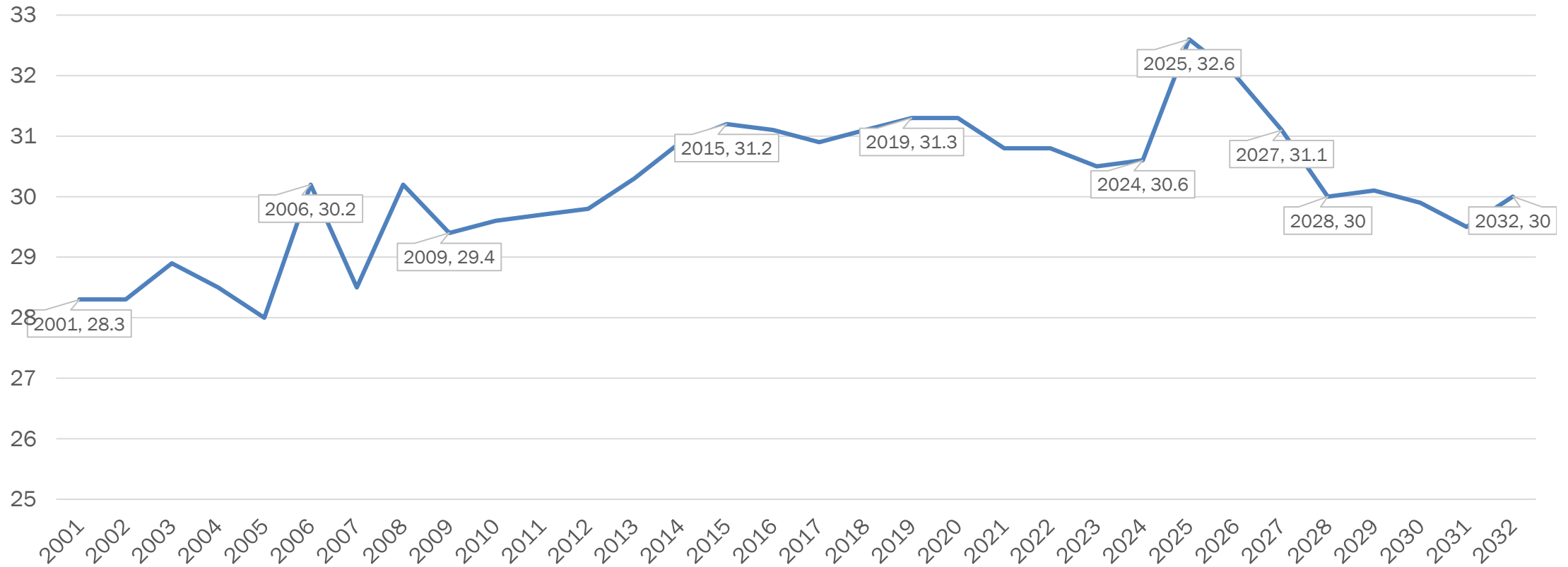
If appropriations fall, public national HEIs may recruit students from regional HEIs to boost revenues.

An 18 Year Old Must Be Born 18 Years Ago



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Public & Private AR HS Grads



Enrollment Fluctuations

AR Public School Enrollments by Class, Fall 2020



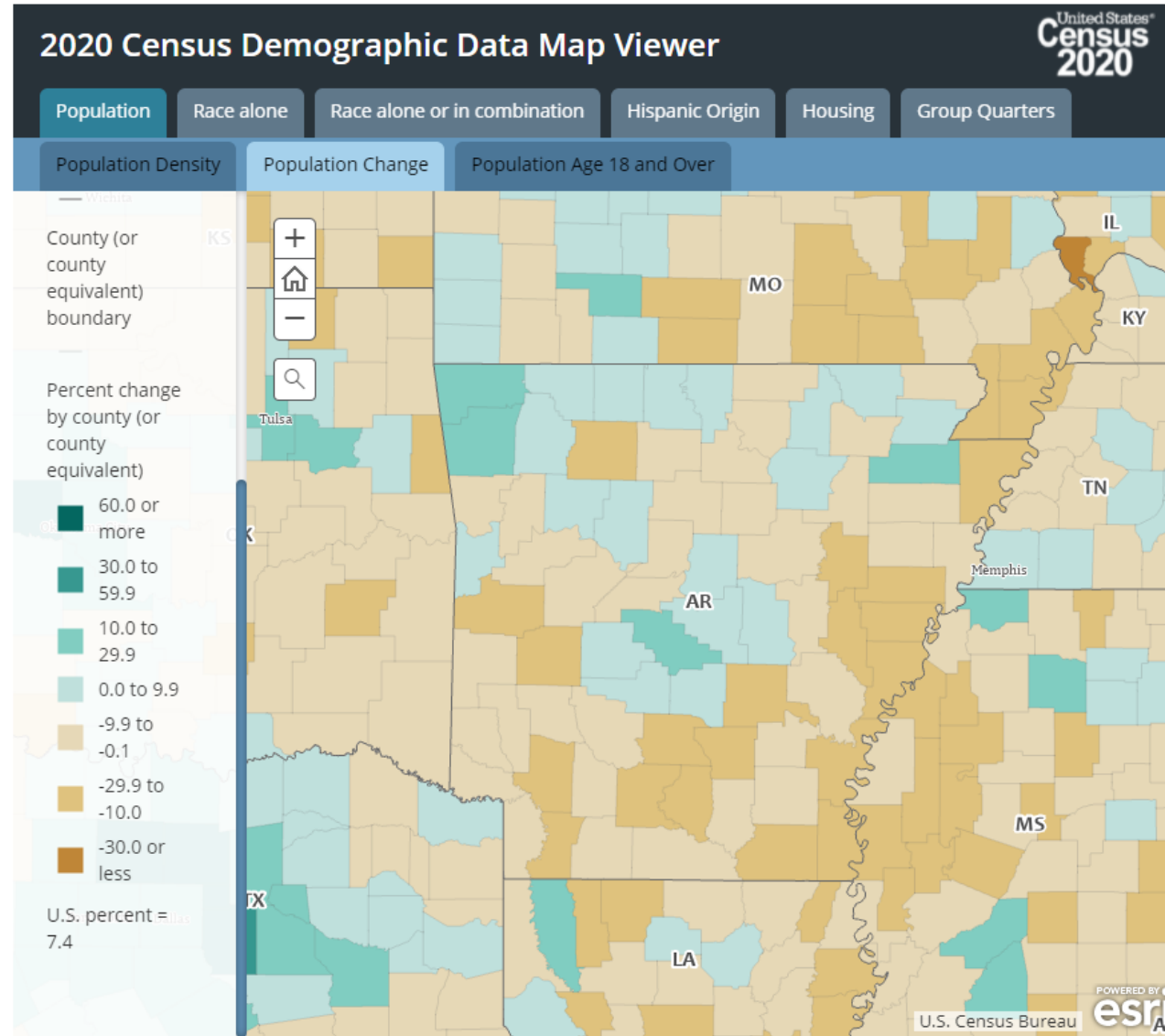
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General Population Changes



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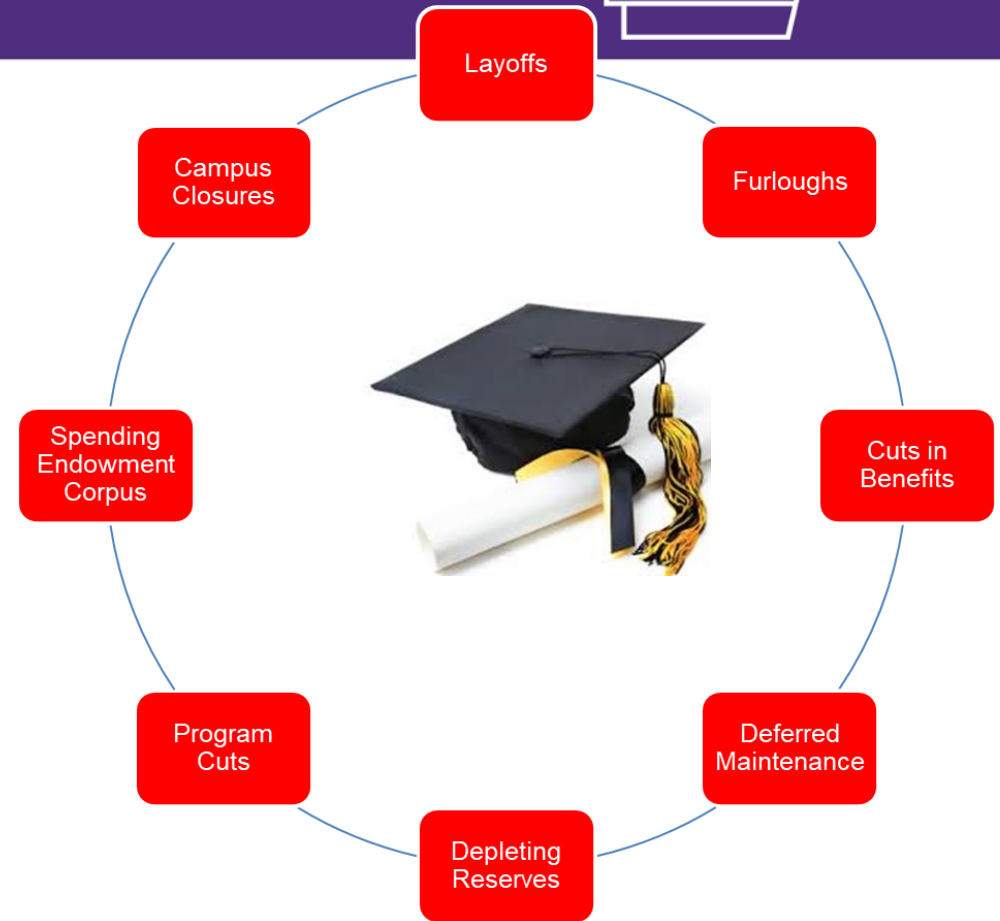
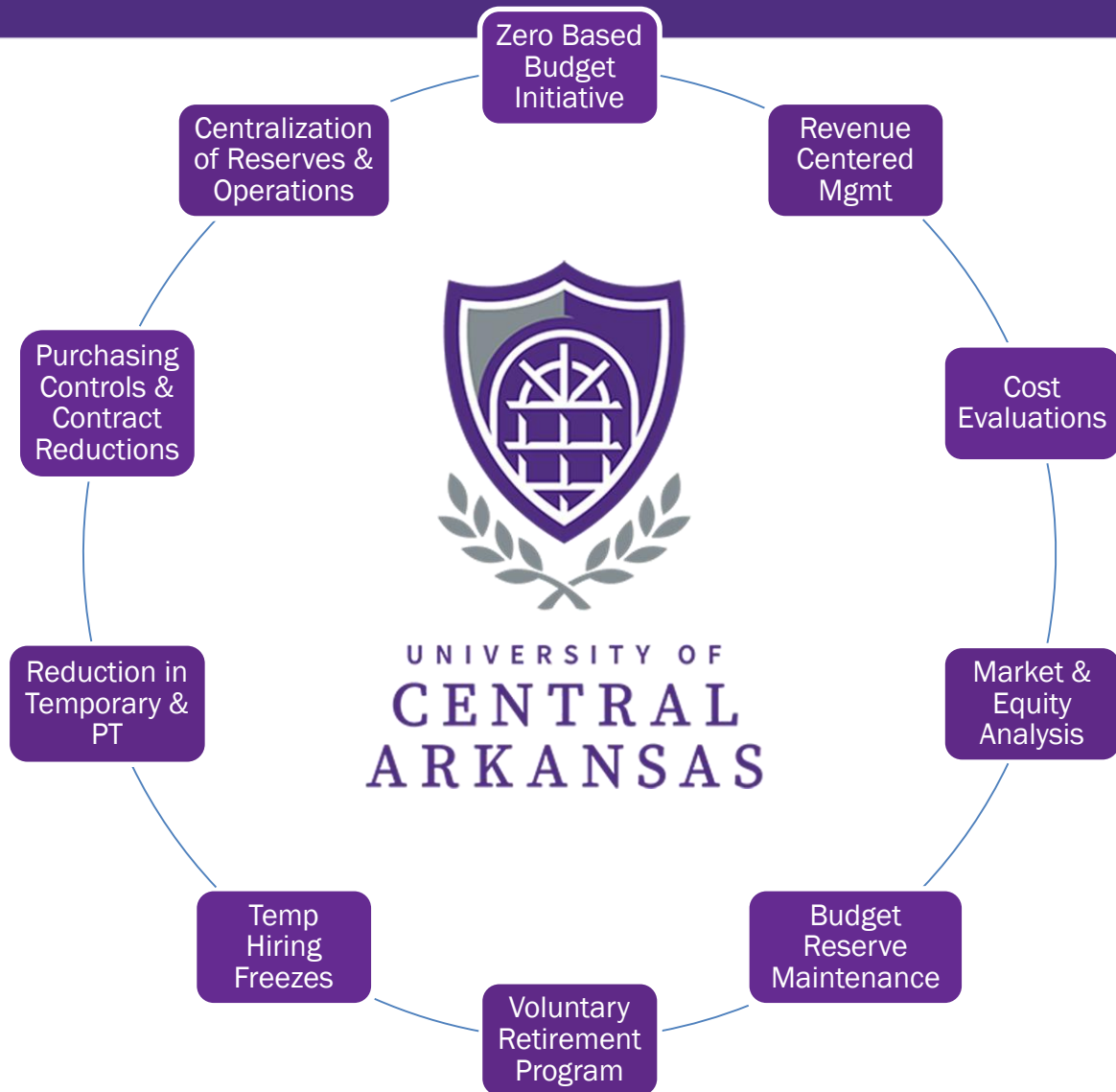
ROI is an ongoing, data-informed, campus-wide effort to optimize our budget in face of unpredictable enrollment trends and limited state funding.

ROI will allow us to align existing resources to support student success, invest in strategic initiatives, build financial reserves, and retain employees at a competitive market salary.

ROI Positions UCA to Avoid the Alternatives



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ROI places UCA in a significantly better position than our peers in and out of state.

- Moody's June & October 2020 Review of UCA



- October 2020 maintained our “A2” rating and “stable outlook” despite placing a “*negative outlook*” nationally on the Higher Education sector

- Moody's Press Releases:

- “The university expects fiscal 2020 to be minimally affected by the coronavirus impact due to a cost savings program [ROI] that was already in the implementation process, with operating performance in line with fiscal 2019.”
 - “It [forward rating] also incorporates that, despite negative impacts from the coronavirus, UCA’s operating performance will remain generally in line with recent years due to the university’s ongoing cost savings program [ROI].”



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Drivers of Financial Planning: Taking Care of People

Critically Important to Everyone



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Our greatest assets are our talented faculty and staff. We must work to retain our talent.

Faculty Senate and Staff Senate have made compensation and competitive salaries an operational and planning priority.

Our Board of Trust joins us in declaring that we have to find a way forward.

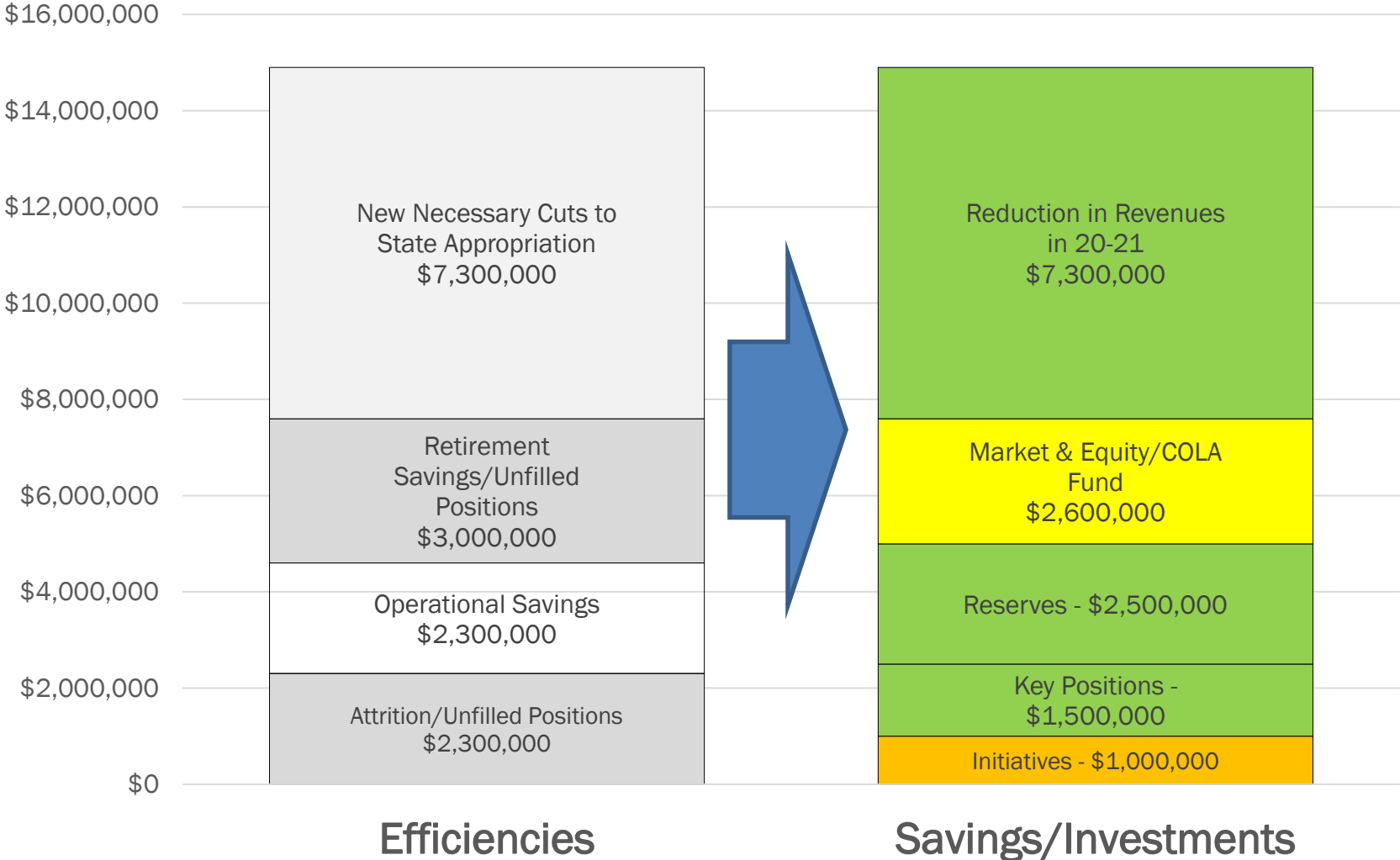
Other Compensation Elements

- Retirement contributions
- Health care benefit package
- BeWell programs
- Tuition discount
- HPER
- Athletics, cultural events, library, etc.
- Flexible schedule opportunities

Resource Optimization Initiative (ROI)



UCA Resource Optimization Initiative – Impact



Significant progress has been made despite COVID-19 dynamic.

Examples of ROI Progress



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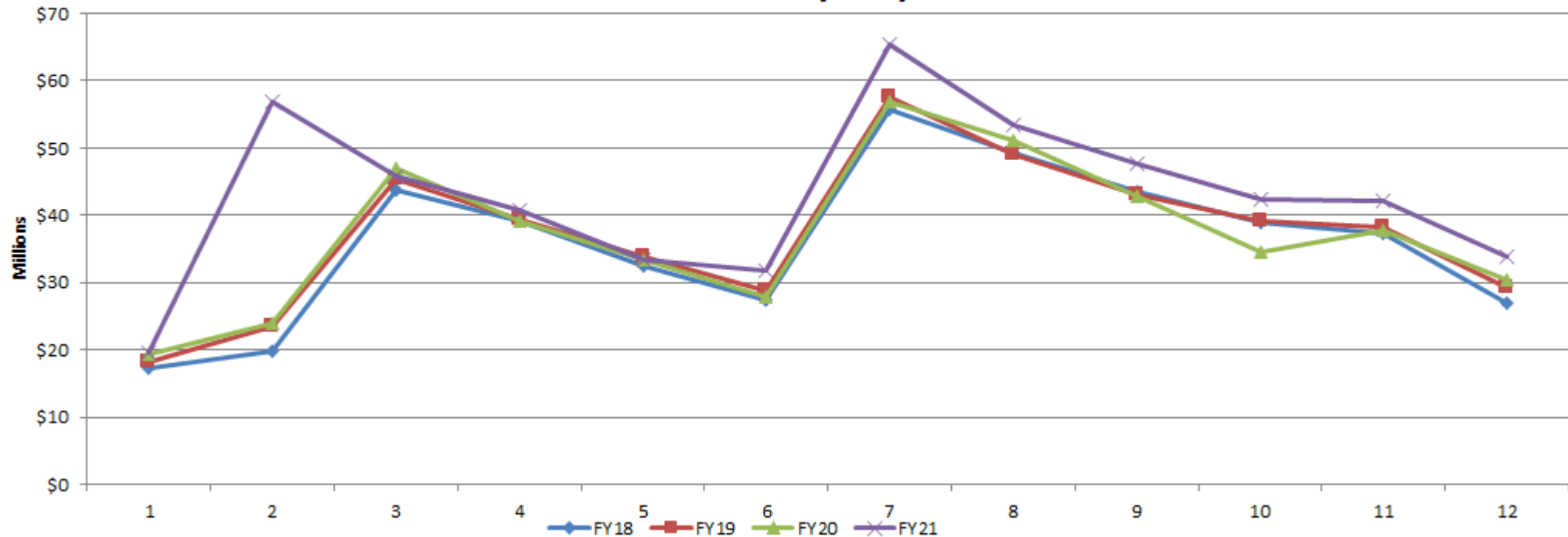
- **FY 2020-21**
 - November 2020 2% Bonus for employees making \$85K or less; \$500 cap
 - December 2020 Health Benefit Holiday for Dental and Health plans
 - No increase in health insurance premiums for CY 2021
- **FY 2021-22**
 - \$1.8 million toward FY22 2% COLA for all UCA employees
 - \$220k for FY22 faculty salaries for promotions & advancement
 - \$200k for FY22 adjustments based on Market and Equity analysis
 - Update at 2nd ROI forum on October 19th

Examples of ROI Progress



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**University of Central Arkansas
Unrestricted / Unallocated Cash
E&G and Auxiliary Only**

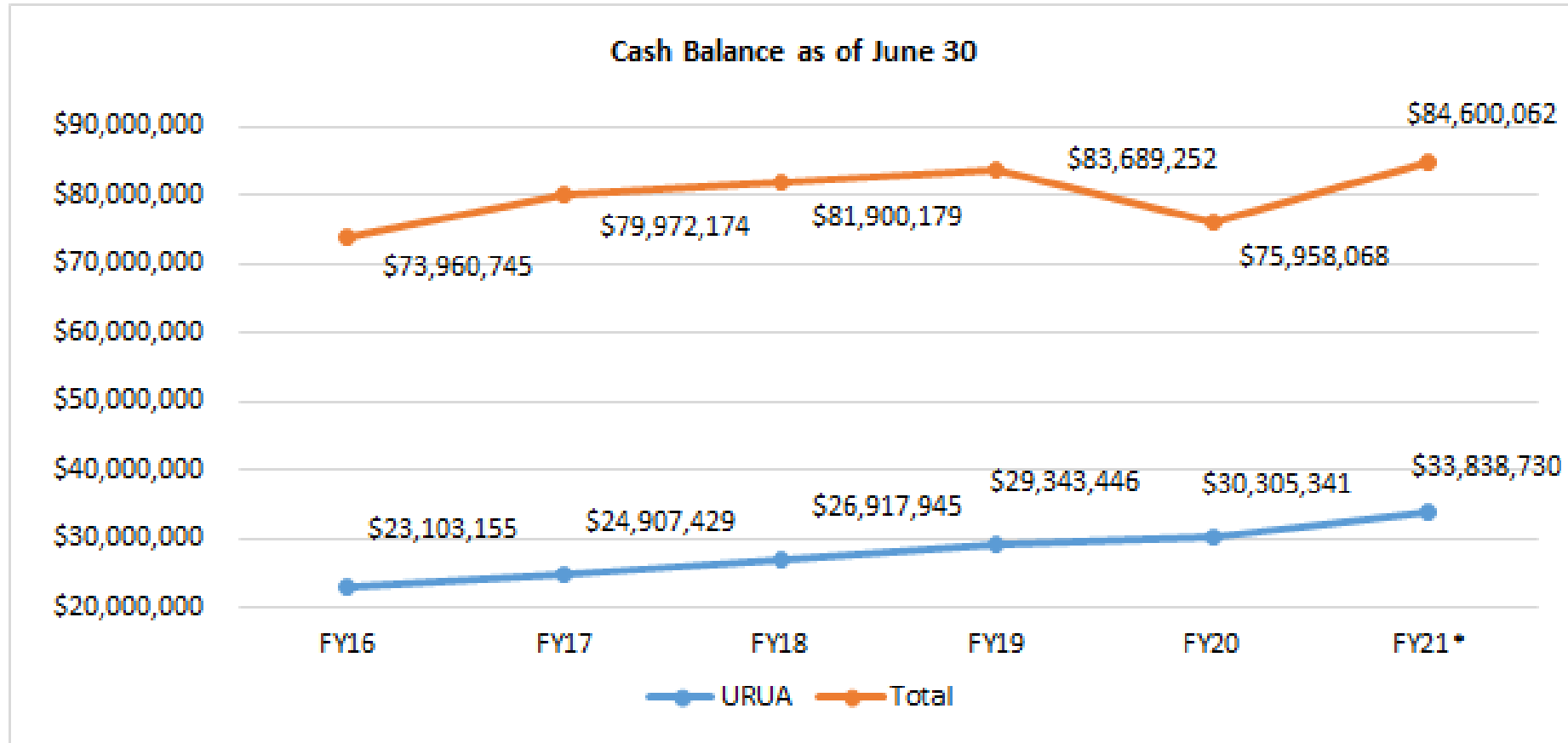


	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun*
FY18	17,381,336	19,868,378	43,788,327	39,070,117	32,435,741	27,320,412	55,762,227	49,386,925	43,483,830	38,898,593	37,203,938	26,917,945
FY19	18,265,029	23,435,290	45,367,014	39,293,510	33,759,630	28,788,328	57,501,874	49,072,193	42,988,377	39,088,003	38,282,253	29,343,446
FY20	19,260,964	23,879,389	46,937,223	39,227,973	33,302,545	27,973,996	56,857,366	51,089,530	42,929,366	34,617,070	37,810,077	30,305,341
FY21	19,667,966	56,862,026	45,813,607	40,795,191	33,382,669	31,861,501	65,463,248	53,444,657	47,624,104	42,473,255	42,055,339	33,838,730

Examples of ROI Progress



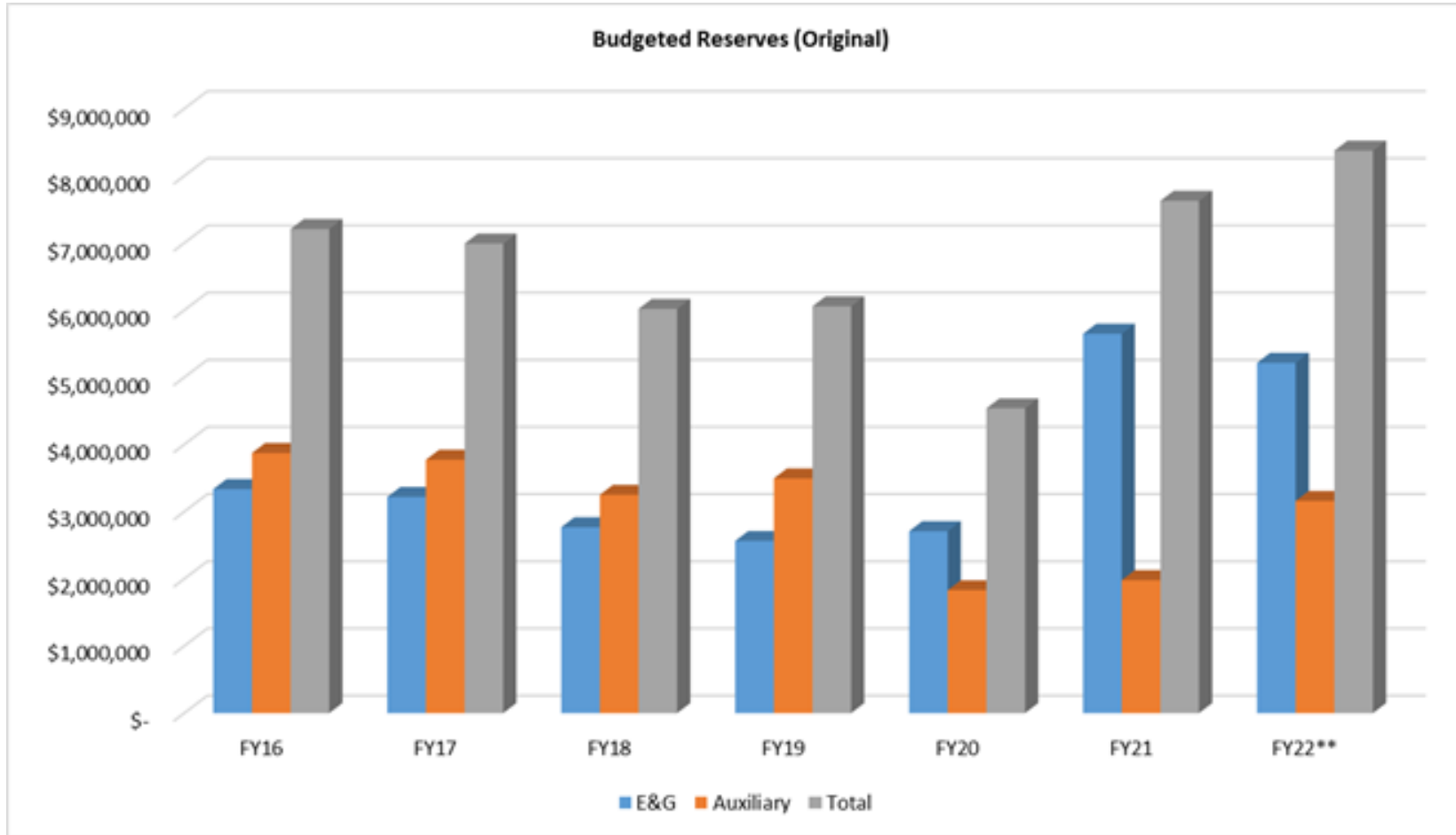
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Examples of ROI Progress



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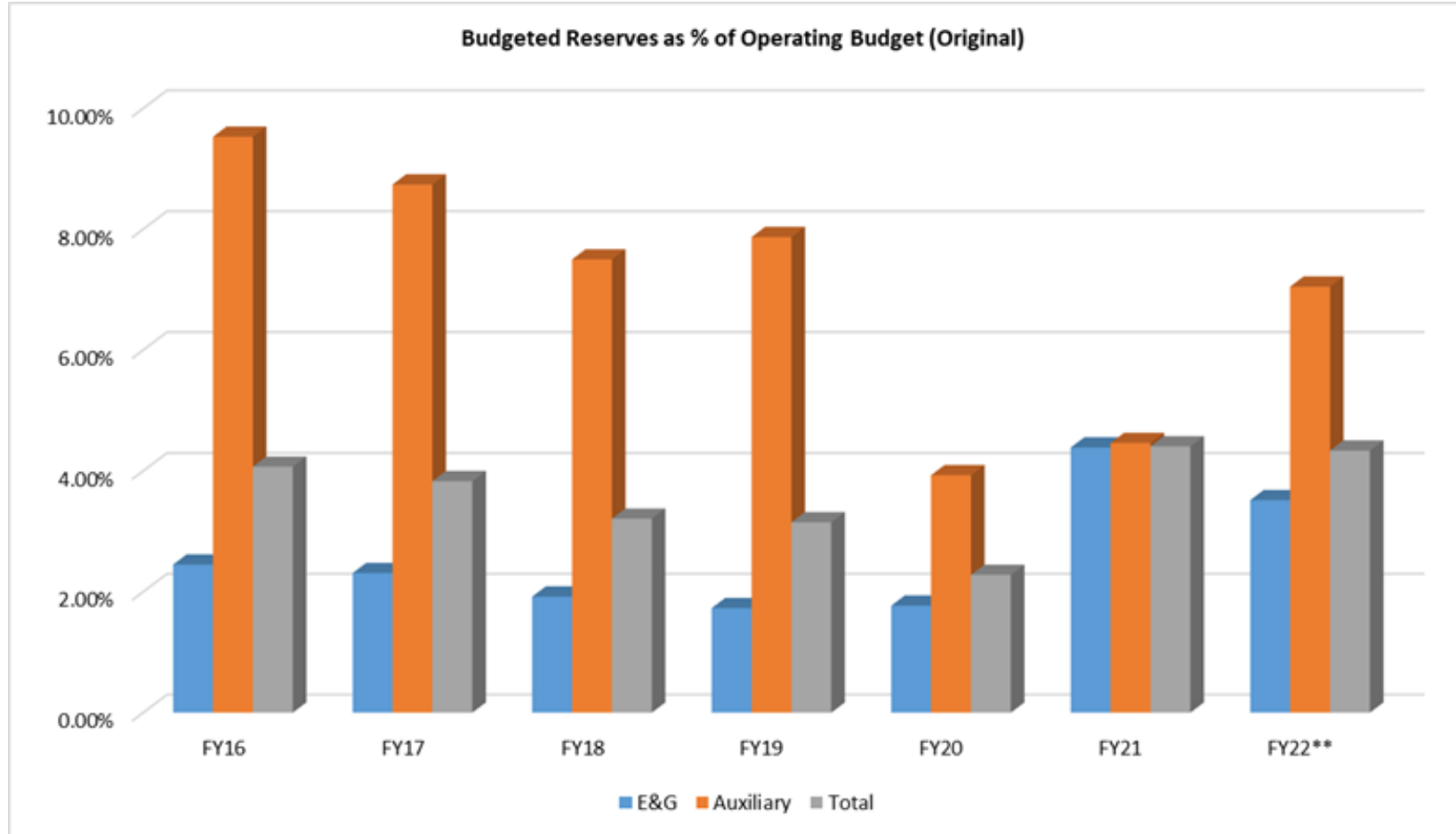


	FY16	FY17	FY18	FY19	FY20	FY21	FY22**
E&G	3,335,997	3,218,557	2,767,675	2,563,137	2,708,653	5,648,084	5,215,933
Auxiliary	3,872,746	3,772,378	3,250,549	3,494,328	1,829,865	1,979,506	3,159,033
Total	7,208,743	6,990,935	6,018,224	6,057,465	4,538,518	7,627,590	8,374,966

Examples of ROI Progress



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	FY16	FY17	FY18	FY19	FY20	FY21	FY22**
E&G	2.45%	2.31%	1.92%	1.73%	1.77%	4.01%	3.52%
Auxiliary	9.53%	8.74%	7.50%	7.87%	3.93%	4.47%	7.05%
Total	4.07%	3.83%	3.21%	3.15%	2.28%	4.12%	4.34%

Key Takeaways from Today

- ROI is critically important to budgeting responsibly, preserving jobs, retaining employees, and achieving market salaries.
- Competitive salaries and compensation considerations are the driving reasons that ROI has set targets for existing funds to be reallocated over the next two budget cycles.
- Building upon budget reserves not only protects against uncertain enrollment cycles but also positions us to think across several budget cycles about what UCA can do proactively -- regardless of the state's funding outlook.



Campus Forums – Fall of 2021 (in X-period)

Sept. 28 **Review of ROI & “Taking Care of Our People”**

Oct. 19 **Ensuring Success of Students**

Nov. 2 **Stewards of the Public Trust**