

ROI 2.0

Using ROI 1.0 (FY'18 to FY'22)
to inform and guide decisions for
FY'23 through FY'27

Goals for Today

1. Even greater transparency and participation than ROI 1.0 including a first field trip to the sausage factory
2. Courage to see around the next corner...and the next four or so
3. Understanding and appreciating our unique situation relative to 90 percent of colleges
4. Confidence (not cockiness) and pride (the good kind)
5. Empowerment because ignorance is not always blissful (and I trust that you really want to know)



ROI Campus Forums in Spring 2020 and Fall 2021

- 1/20 Making Efficient Use of Department Budgets
- 2/20 Importance of Enrollment, Retention, & Student Success
- 3/20 UCA's Performance & Prospects with ADHE Productivity Model
- 3/20 & 9/21 Drivers of Financial Planning: **Taking Care of Our People**
- 10/21 Drivers of Financial Planning: **Ensuring Success of Our Students**
- 11/21 Drivers of Financial Planning: **Being Stewards of the Public Trust**

Even more commitment and focus on these goals during this next phase of ROI

Clear Outcomes for Each of the Next Five Years

- Develop budgets grounded in reality - not hopes and wishes
- Expect limited state funding growth and very modest tuition increases
- Will continue to find 75% of “new” money from reallocation within existing budget
- Continue to avoid furloughs and layoffs
- Continue to avoid benefit cuts
- Invest in our growing academic programs (we cannot starve them) as well as services
- Will not defer maintenance
- Will not draw on endowment corpus
- Create pools for strategic COLA’s and one-time bonuses
- Will fund advancement and promotion pools each year
- Will maintain budget reserves



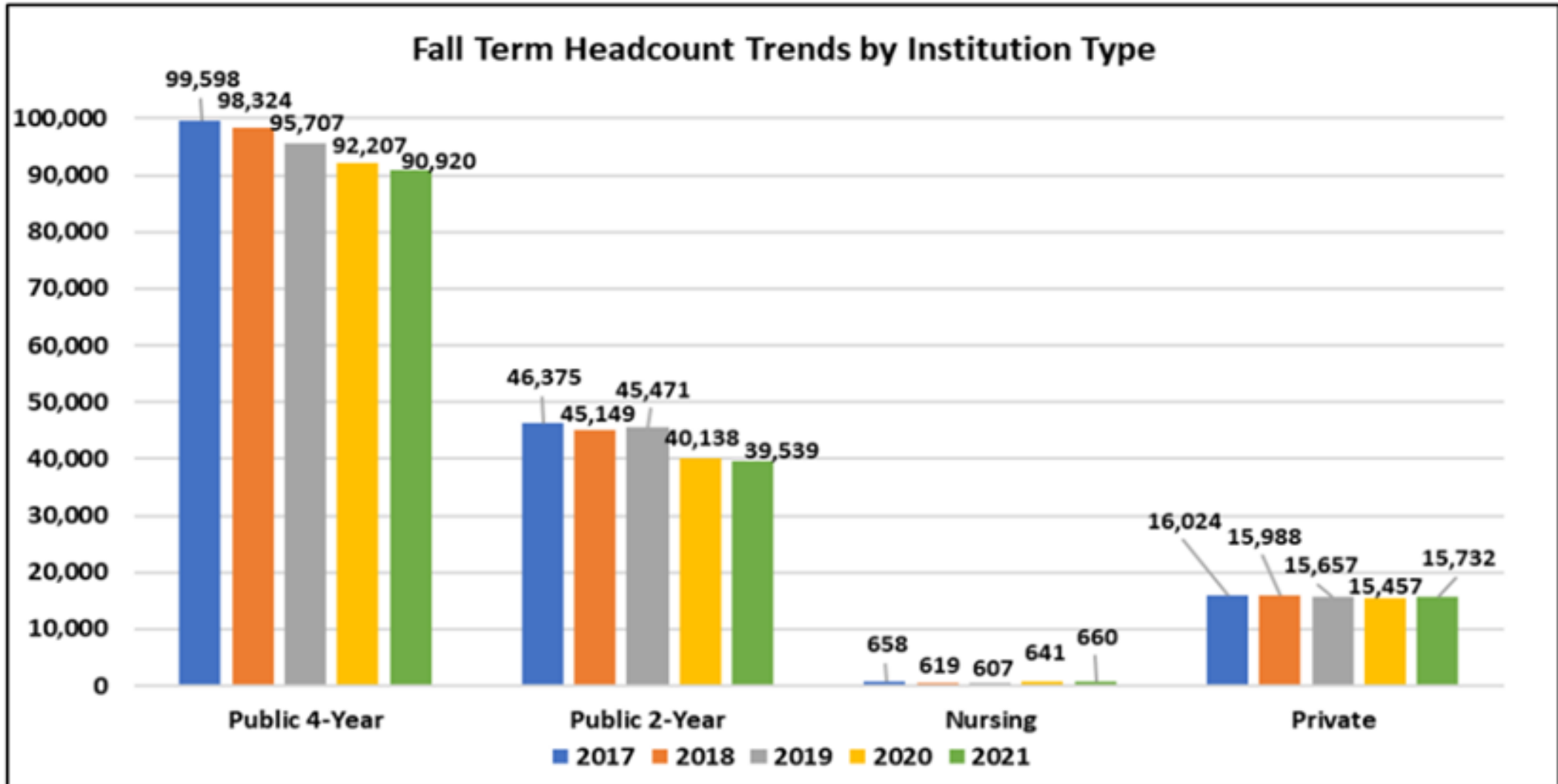
That was the “what.” Now for the....



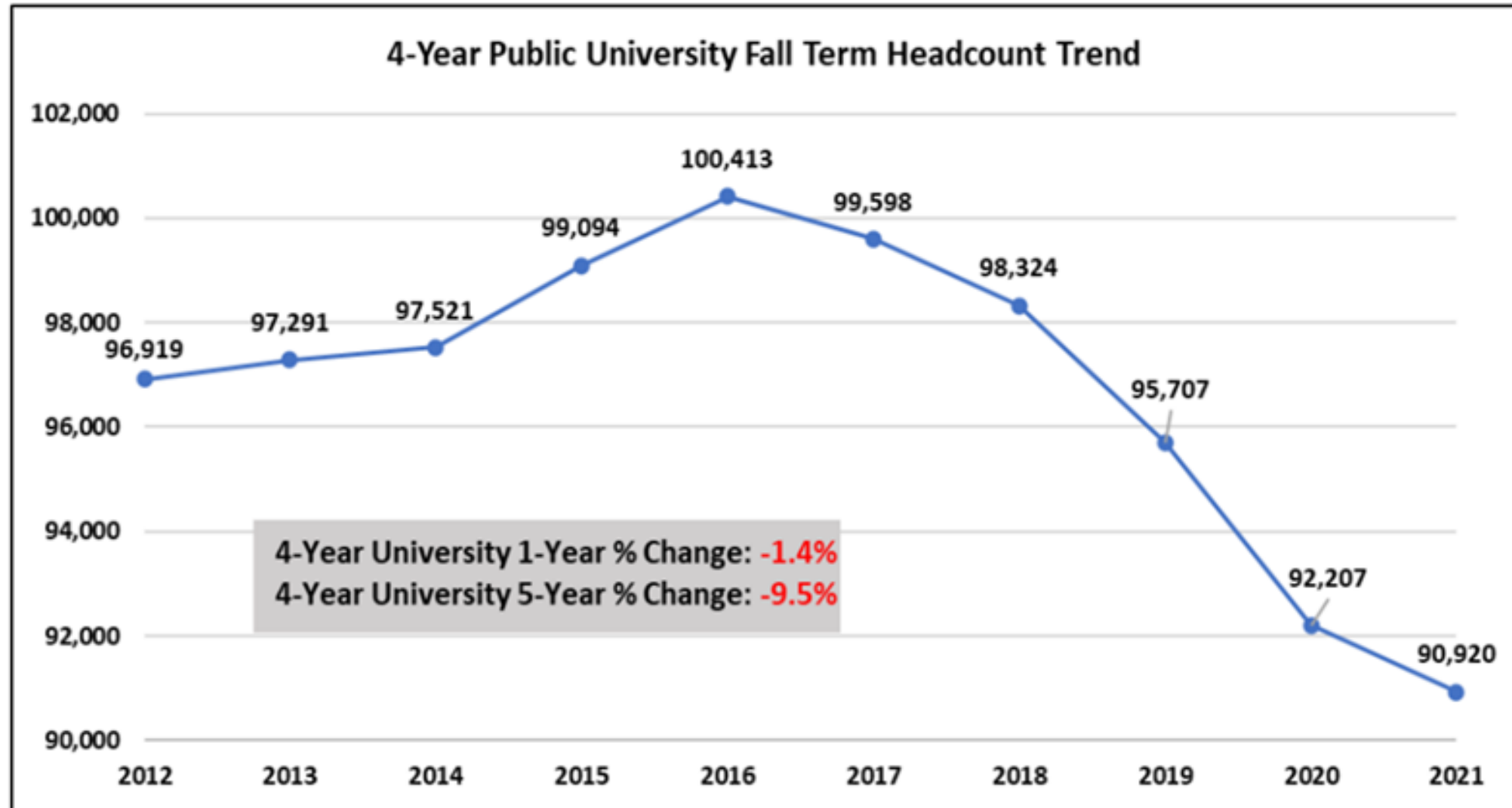
“[ROI] is important to ensure that UCA remains a choice university and positioned to fulfill our mission and thrive during an era of uncertainty for public and private universities and colleges.”

– *UCA Convocation, August 2019*

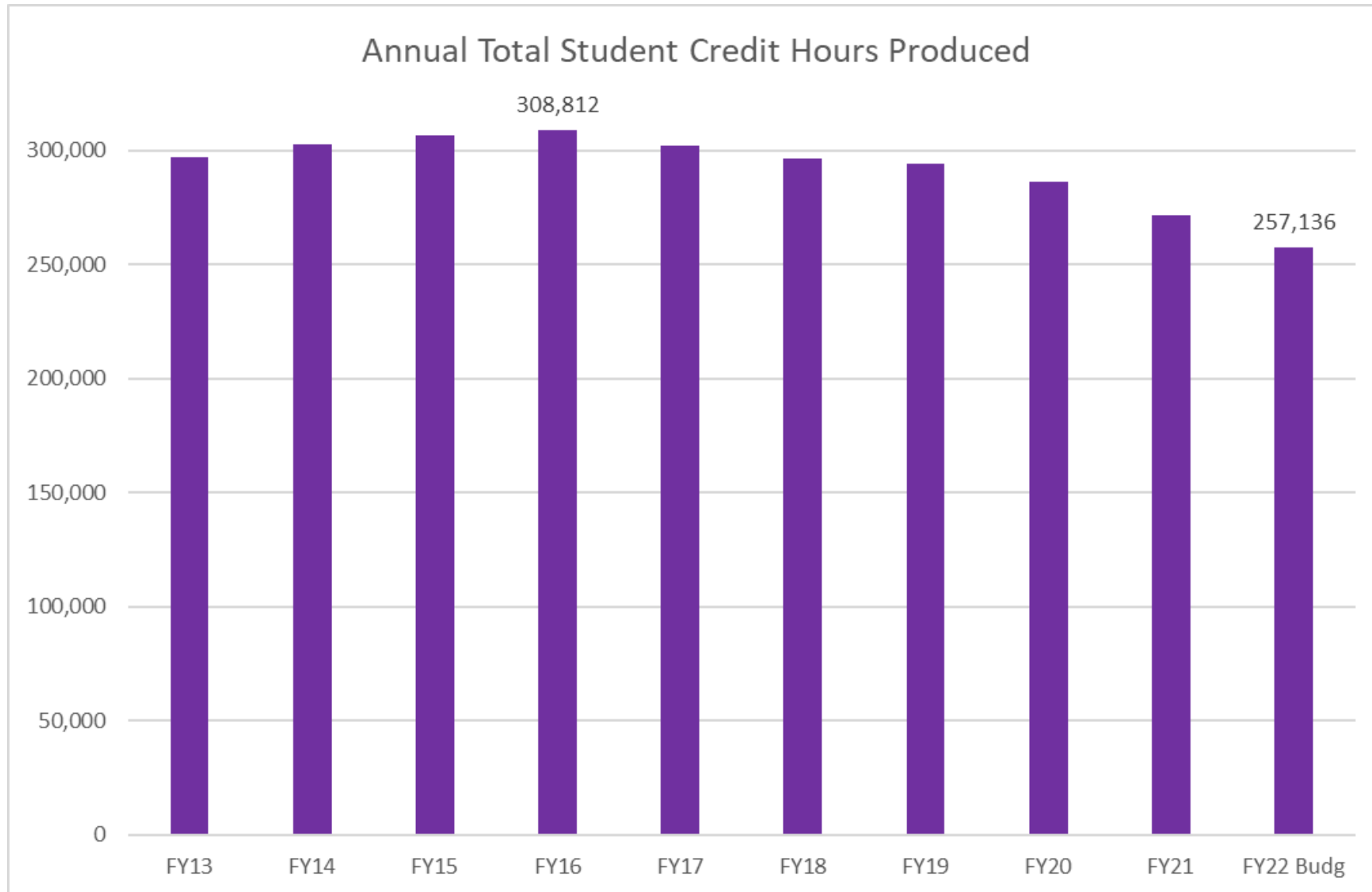
Arkansas Headcount Trends



Arkansas Four Year University Headcount Trend



UCA Student Credit Hour Trend



Arkansas Forecast – Roughly another 10% decline

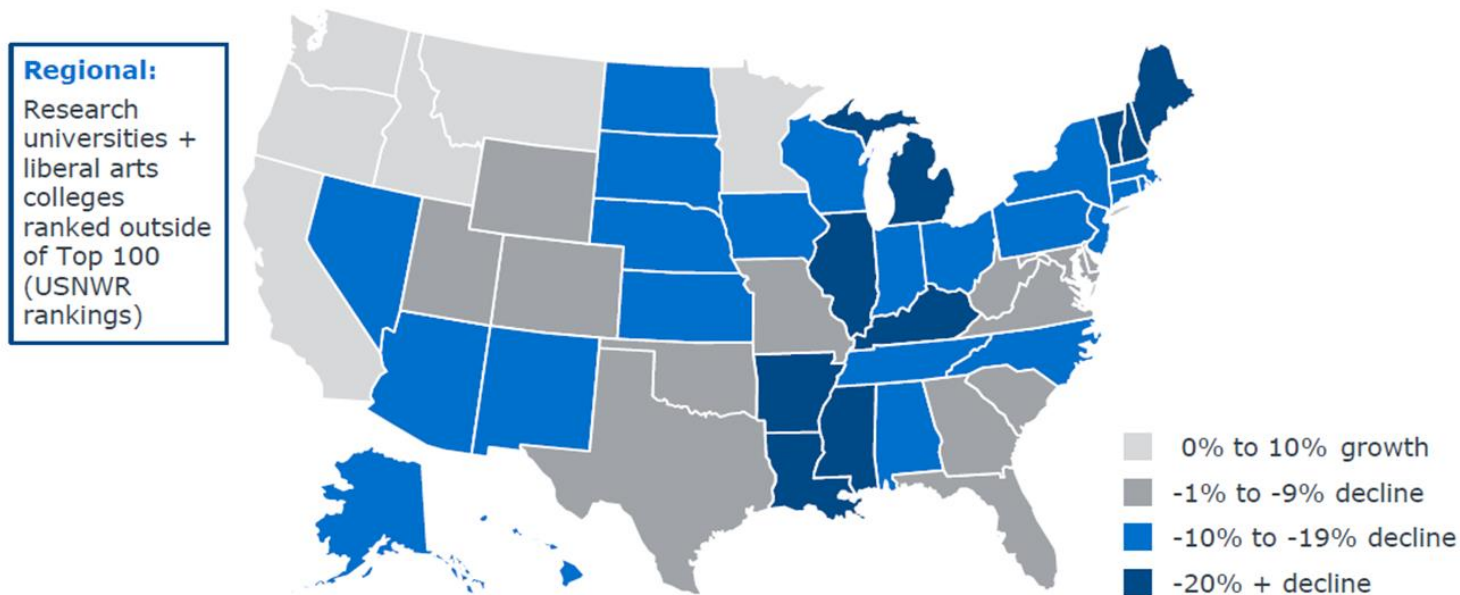
Regional 4-Year Institutions Must Brace for Impact



6

Slim Glimmer of Hope Across Nation For Regional Institutions

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



Regional HEIs Face Demographic Decline and Increasing Competition

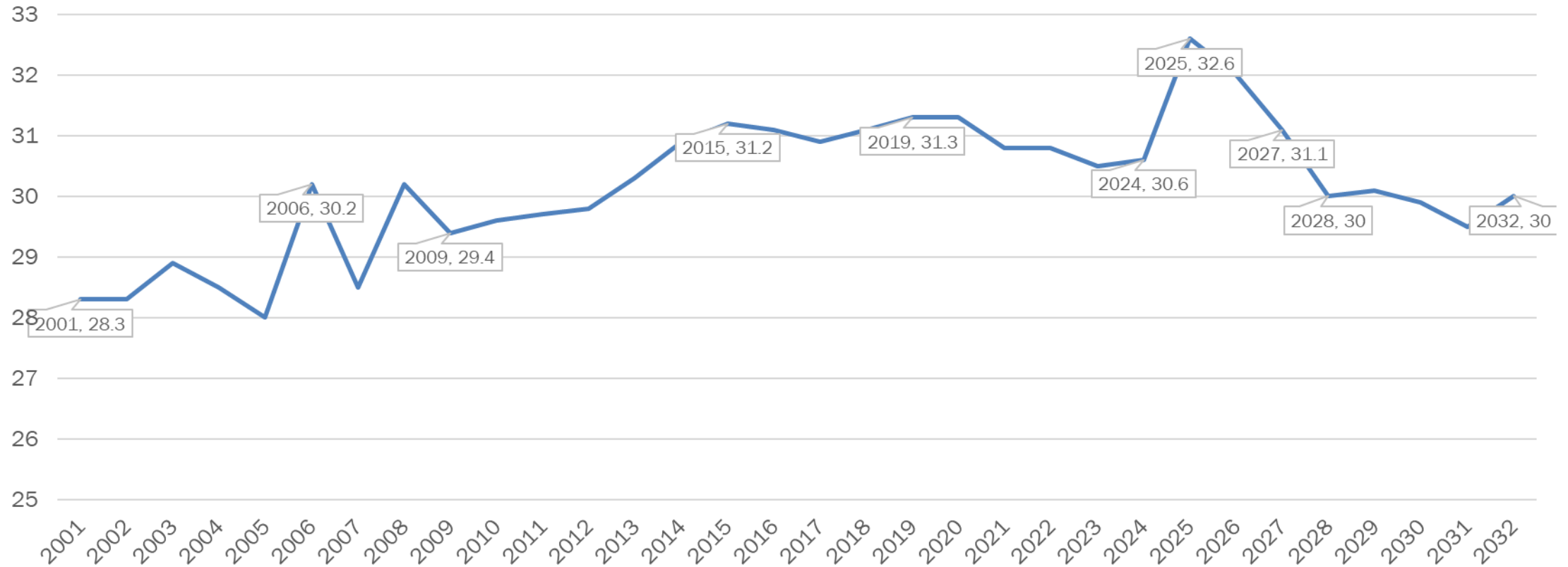
-152K 2029 Projected Demand vs. 2017 Projected Demand



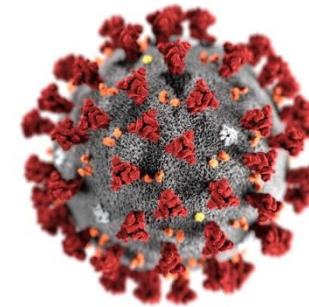
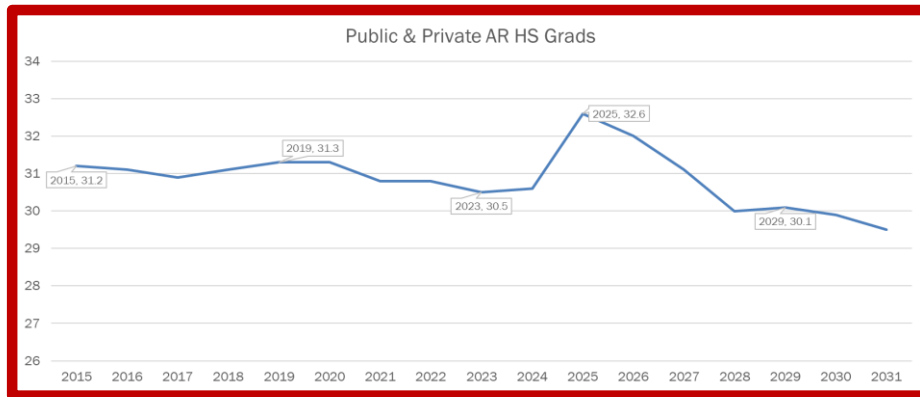
If appropriations fall, public national HEIs may recruit students from regional HEIs to boost revenues.

Arkansas High School Graduate Forecast

Public & Private AR HS Grads



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.

Ten Components of ROI 1.0 (2018 to 2022)

Zero Based
Budgeting

Cost Evaluations
for All Units

Revenue Centered
Management

Market & Equity
Analysis

Budget Reserve
Maintenance

Voluntary
Retirement
Program

Temporary Hiring
Freezes

Reduction in Temp
& PT Positions


Purchasing
Controls &
Contract
Reductions

Centralization of
Reserves & M&O

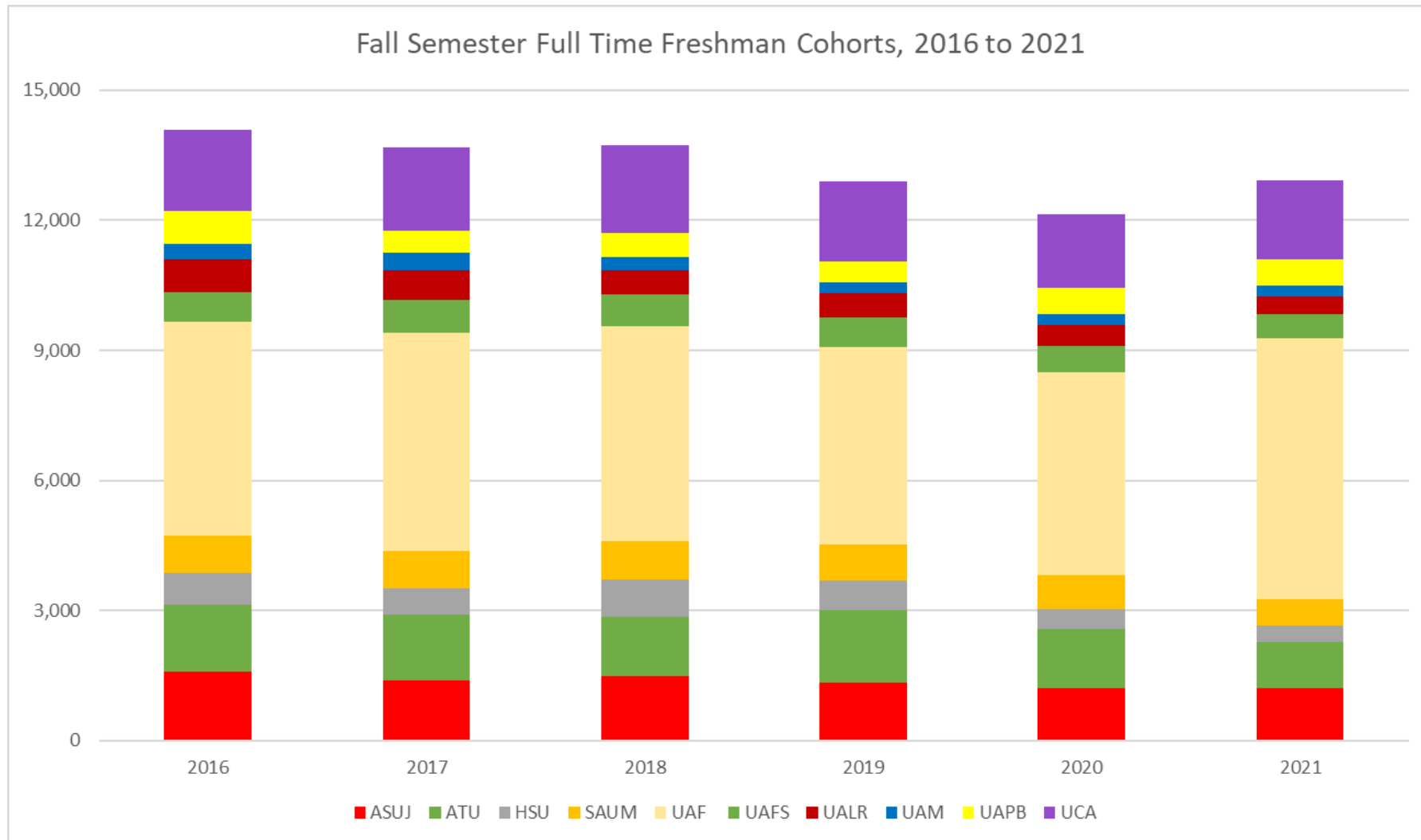
Timeout to reflect on something important in our efforts to bend the curve.

Something that we should be proud of and that speaks to us not losing our way and to staying true to our students and our values.

Perspective on the Last Six University Cohorts


						
	Total Fall Full Time Freshman Cohort					
	2016	2017	2018	2019	2020	2021
ASUJ	1,582	1,379	1,493	1,333	1,195	1,199
ATU	1,548	1,514	1,367	1,668	1,388	1,078
HSU	742	615	840	690	457	362
SAUM	846	858	890	832	766	616
UAF	4,938	5,032	4,977	4,562	4,685	6,012
UAFS	683	756	727	679	603	570
UALR	767	705	549	550	478	416
UAM	358	404	311	262	259	249
UAPB	763	506	563	481	600	587
UCA	1,865	1,923	2,023	1,838	1,707	1,842
Total	14,092	13,692	13,740	12,895	12,138	12,931
UCA % of Total	13.2%	14.0%	14.7%	14.3%	14.1%	14.2%

Perspective on the Last Six University Cohorts

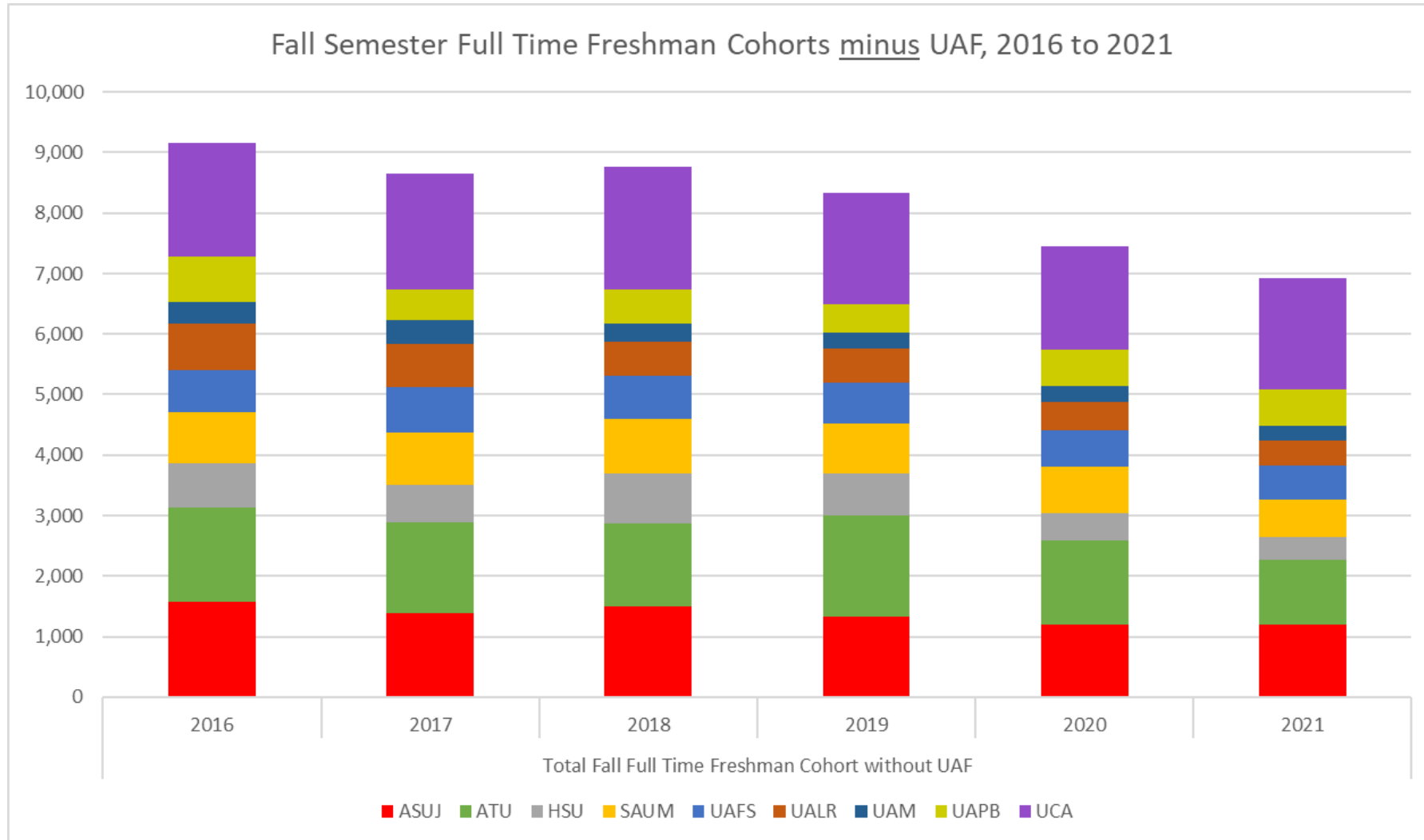


UCA's share increased from 13.2 to 14.2 percent.

Perspective on the Last Six University Cohorts

						
	Total Fall Full Time Freshman Cohort without UAF					
	2016	2017	2018	2019	2020	2021
ASUJ	1,582	1,379	1,493	1,333	1,195	1,199
ATU	1,548	1,514	1,367	1,668	1,388	1,078
HSU	742	615	840	690	457	362
SAUM	846	858	890	832	766	616
UAFS	683	756	727	679	603	570
UALR	767	705	549	550	478	416
UAM	358	404	311	262	259	249
UAPB	763	506	563	481	600	587
UCA	1,865	1,923	2,023	1,838	1,707	1,842
Total	9,154	8,660	8,763	8,333	7,453	6,919
UCA % of Total	20.4%	22.2%	23.1%	22.1%	22.9%	26.6%

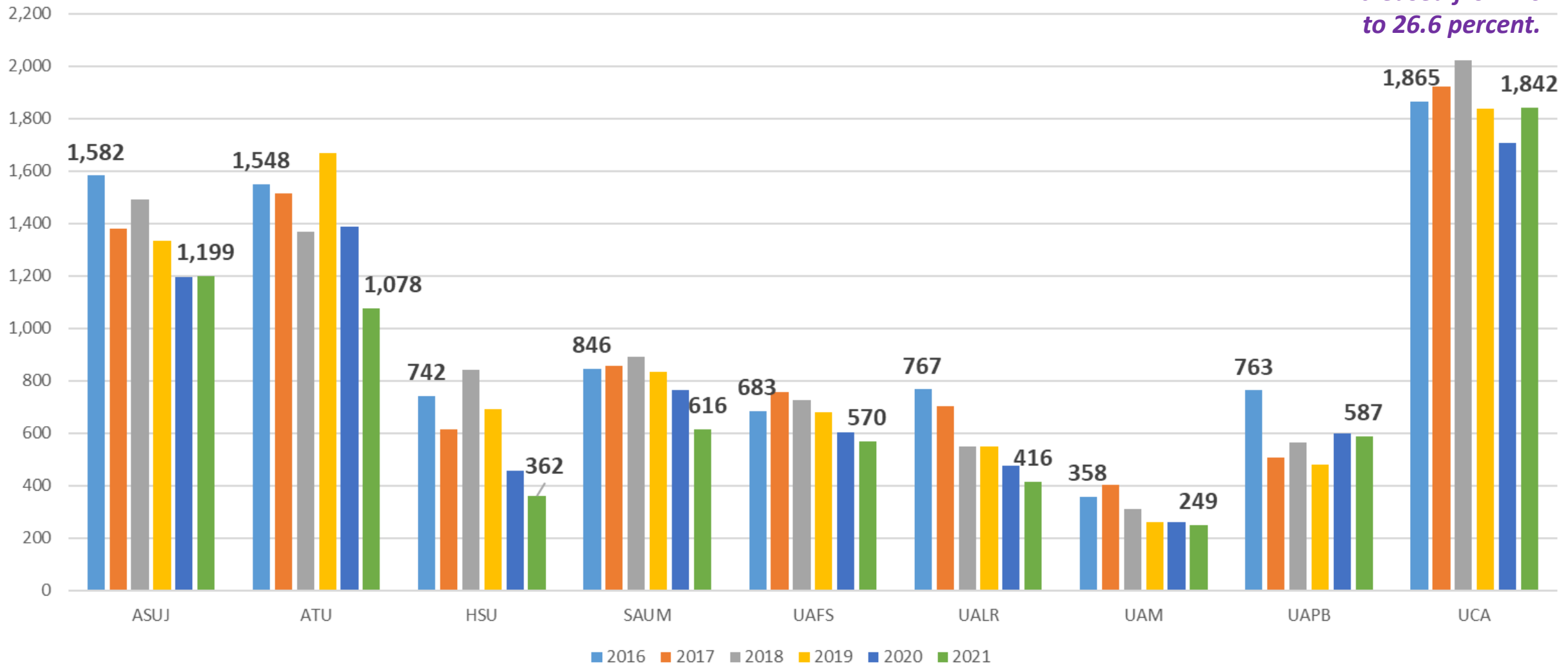
Perspective on the Last Six University Cohorts



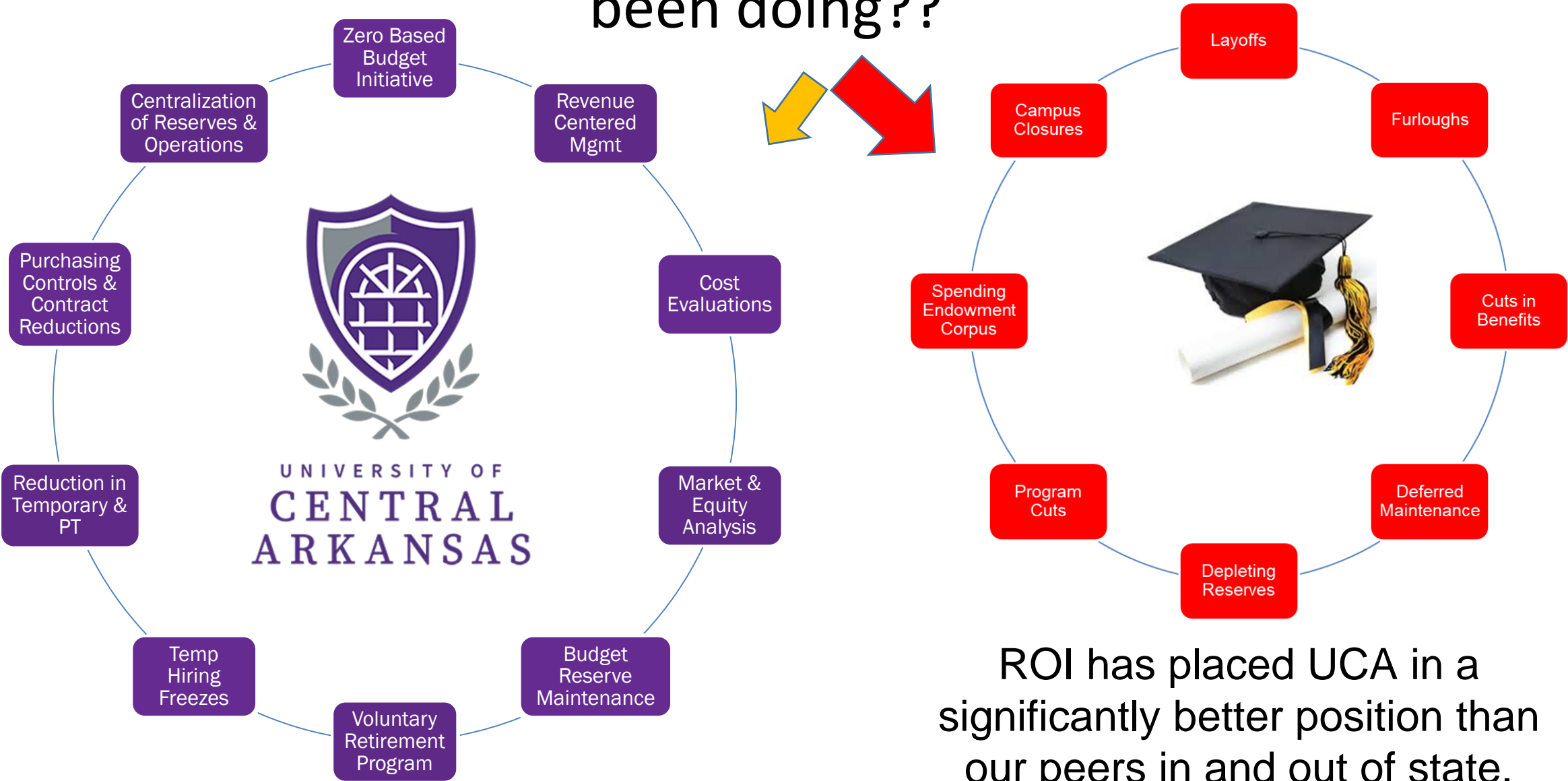
Perspective on the Last Six University Cohorts

Fall Semester Full Time Freshman Cohorts minus UAF, 2016 to 2021

*UCA's share
increased from 20.4
to 26.6 percent.*



So...what in the world have those other universities been doing??



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

What's next? No smoke, no mirrors, and certainly no magic.

Just math, hard work, and determination to understand the drivers, limitations, and opportunities during the next five budget cycles.

Copy of HD/Cupboard Five Year Projection 2022-01-31
 File Edit View Insert Format Data Tools Extensions Help *Last edit was seconds ago* Share

100% \$ % .0 .00 123 Calibri 10 B I U A [Grid] [List] [Align] [Text] [Color] [Background] [Border] [Link] [Image] [Table] [Chart] [Zoom] [Print] [Undo] [Redo] [Find]

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T	U
		2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	
1	Enrollment Projections																				
9	First Time Fall Enrollments (EAB)	2,026			2,076				1,959	1,931	1,902	1,883	1,849	1,829	1,816	1,947	1,924	1,888	1,843	1,790	
10	% Decrease								-1.4%	-1.5%	-1.0%	-1.8%	-1.1%	-0.7%	7.2%	-1.2%	-1.9%	-2.4%	-2.9%		
11	With 0.5% cushion											-2.31%	-1.58%	-1.21%	6.71%	-1.68%	-2.37%	-2.88%	-3.38%		
14	Enrollment by Classification (IR)																				
15	Freshman							2,518	2,473	2,218	2,115	2,260	2,208	2,173	2,147	2,291	2,252	2,199	2,136	2,064	
16	Sophomore							1,861	1,884	1,836	1,757	1,503	1,683	1,646	1,619	1,582	1,701	1,673	1,633	1,585	
17	Junior							2,010	1,944	1,955	1,854	1,730	1,252	1,403	1,367	1,339	1,314	1,414	1,390	1,355	
18	Senior							2,471	2,419	2,373	2,387	2,135	2,151	1,765	1,735	1,716	1,685	1,648	1,706	1,713	
19	Graduate							782	705	752	502	616	671	649	638	615	638	642	636	634	
20	Total							11,450	11,177	10,869	10,335	10,105	9,740	9,405	9,278	9,322	9,381	9,353	9,279	9,130	
21									-2.38%	-2.76%	-4.91%	-2.23%	-3.61%	-3.44%	-1.35%	0.47%	0.63%	-0.30%	-0.79%	-1.61%	
24	Enrollment for Housing																				
25	Freshman											2,260	2,208	2,173	2,147	2,291	2,252	2,199	2,136	2,064	
26	Sophomore											1,503	1,683	1,646	1,619	1,582	1,701	1,673	1,633	1,585	
27	Total											3,763	3,891	3,819	3,766	3,873	3,953	3,872	3,769	3,649	
28	With 0.5% cushion												3.4%	-1.9%	-1.4%	2.8%	2.1%	-2.0%	-2.7%	-3.2%	
29													2.90%	-2.35%	-1.89%	2.34%	1.57%	-2.5%	-3.2%	-3.7%	
33	Cohort	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	
34	Retention Rate by Cohort (IR)																				
35	Freshman to Sophomore	70.2%	69.8%	69.9%	72.4%	72.9%	72.1%	74.1%	74.7%	78.8%	70.7%										
36	Sophomore to Junior	56.2%	56.0%	56.8%	57.6%	59.3%	59.8%	62.9%	63.5%	63.6%											
37	Junior to Senior (Avg Year 2 & Grad 4)	39.4%	39.4%	42.4%	44.2%	45.1%	45.3%	46.9%	47.2%												
38	Graduation (4 Year)	22.5%	22.7%	28.0%	30.8%																
39	Graduation (6 Year)	41.2%	41.1%	43.4%	45.7%																
41	Retention Rate by FY (of remaining cohort)																				
42	Freshman to Sophomore	70.2%	69.8%	69.9%	72.4%	72.9%	72.1%	74.1%	74.7%	78.8%	70.7%	74.1%	74.5%	74.6%	74.5%	73.7%	74.3%	74.3%	74.3%	74.3%	74.2%
43	Sophomore to Junior		80.1%	80.2%	81.3%	79.6%	81.3%	82.9%	84.9%	85.0%	80.7%	83.0%	83.3%	83.4%	83.1%	82.7%	83.1%	83.1%	83.1%	83.1%	83.0%
44	Junior to Senior			70.0%	70.3%	74.6%	76.7%	76.0%	75.8%	74.5%	74.3%	75.4%	75.2%	75.0%	74.9%	75.0%	75.1%	75.0%	75.0%	75.0%	75.0%
45	Graduation (4 Year)				57.2%	57.7%	66.0%	69.7%	62.6%	62.6%	63.7%	65.0%	64.7%	63.7%	64.0%	64.2%	64.3%	64.2%	64.1%	64.2%	64.2%
46	Graduation (6 Year)						47.5%	46.8%	36.3%	33.7%	41.1%	41.1%	39.8%	38.4%	38.8%	39.8%	39.6%	39.3%	39.2%	39.2%	39.3%

The Cascading Impact of Smaller Cohorts

Fall '20 & '21 previewed the enrollment cliff's future impact.

	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Freshman	2,518	2,473	2,218	2,115	2,260	2,208	2,173	2,147	2,291	2,252	2,199	2,136	2,064
Sophomore	1,861	1,884	1,836	1,757	1,503	1,683	1,646	1,619	1,582	1,701	1,673	1,633	1,585
Junior	2,010	1,944	1,955	1,854	1,730	1,252	1,403	1,367	1,339	1,314	1,414	1,390	1,355
Senior	2,471	2,419	2,373	2,387	2,135	2,151	1,765	1,735	1,716	1,685	1,648	1,706	1,713
Other	782	705	752	502	616	671	649	638	615	638	642	636	634
Graduate	1,808	1,752	1,735	1,720	1,861	1,775	1,769	1,772	1,779	1,791	1,777	1,778	1,779
Total	11,450	11,177	10,869	10,335	10,105	9,740	9,405	9,278	9,322	9,381	9,353	9,279	9,130
					-2.23%	-3.61%	-3.44%	-1.35%	0.47%	0.63%	-0.30%	-0.79%	-1.61%

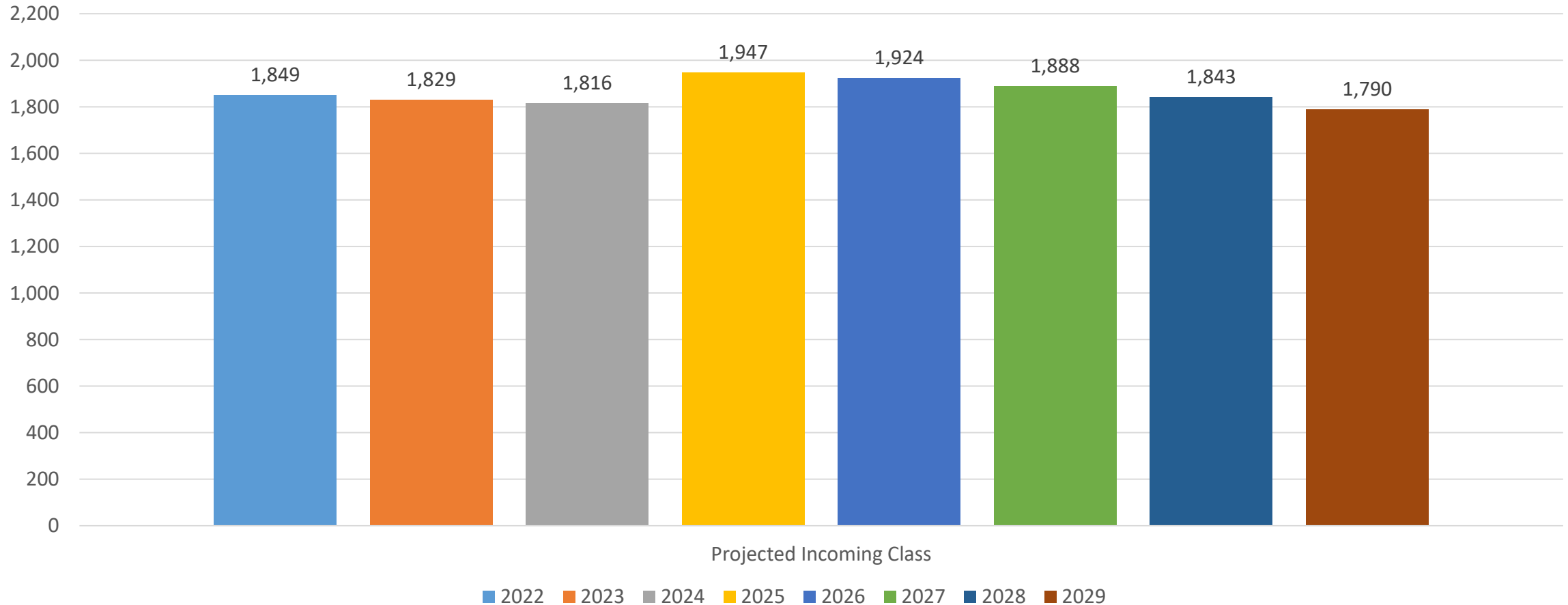
COVID Accelerated Higher Ed's Path Toward the Cliff

Universities and colleges could not kick the can to 2026 and 2027.

	FY21	FY22	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Freshman	2,115	2,260	2,208	2,173	2,147	2,291	2,252	2,199	2,136	2,064
Sophomore	1,757	1,503	1,683	1,646	1,619	1,582	1,701	1,673	1,633	1,585
Junior	1,854	1,730	1,252	1,403	1,367	1,339	1,314	1,414	1,390	1,355
Senior	2,387	2,135	2,151	1,765	1,735	1,716	1,685	1,648	1,706	1,713
Other	502	616	671	649	638	615	638	642	636	634
Graduate	1,720	1,861	1,775	1,769	1,772	1,779	1,791	1,777	1,778	1,779
Total	10,335	10,105	9,740	9,405	9,278	9,322	9,381	9,353	9,279	9,130
		-2.23%	-3.61%	-3.44%	-1.35%	0.47%	0.63%	-0.30%	-0.79%	-1.61%

Expectations for Coming Cohorts

Working Estimates of Incoming First time Freshmen

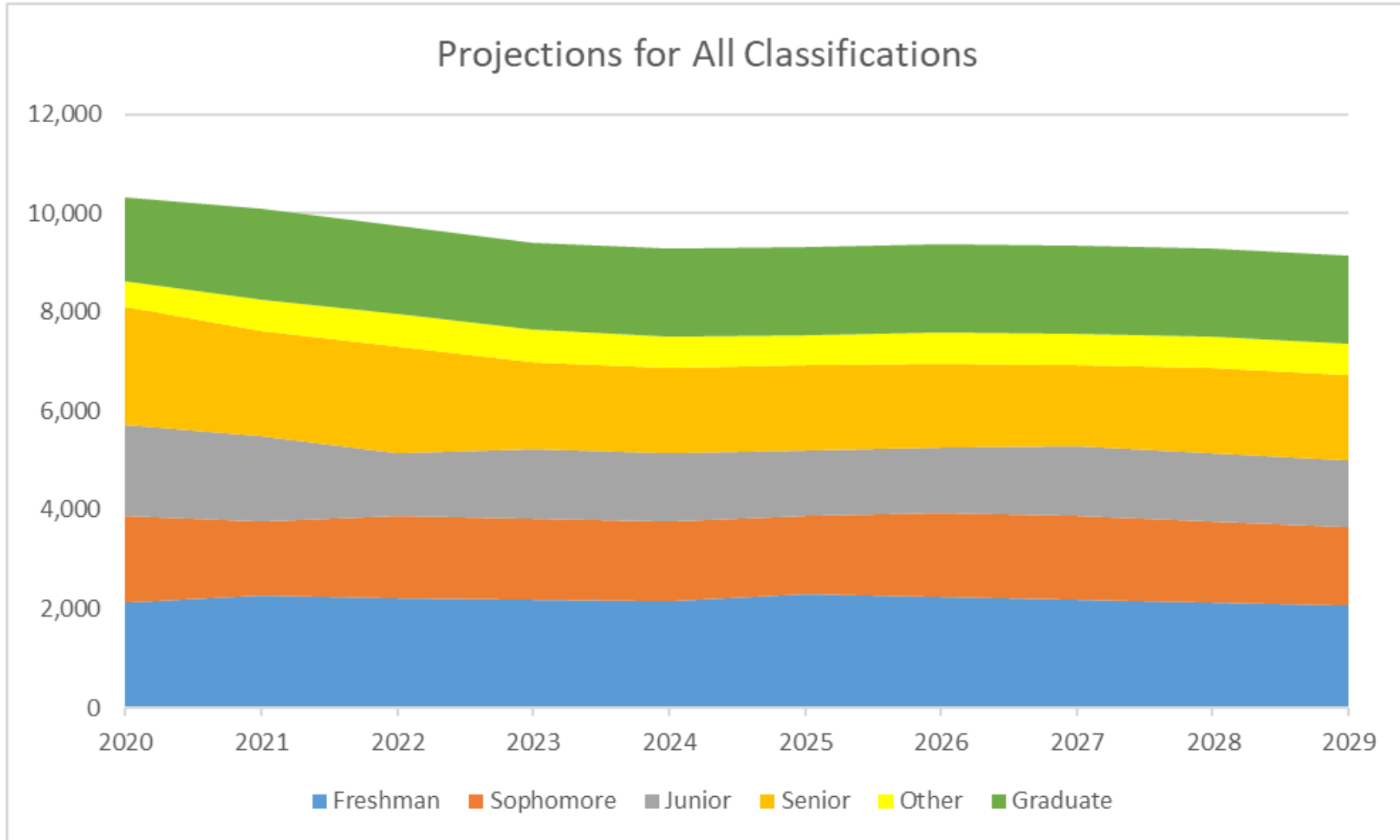


Sugar High from 2007 and 2008 Babies

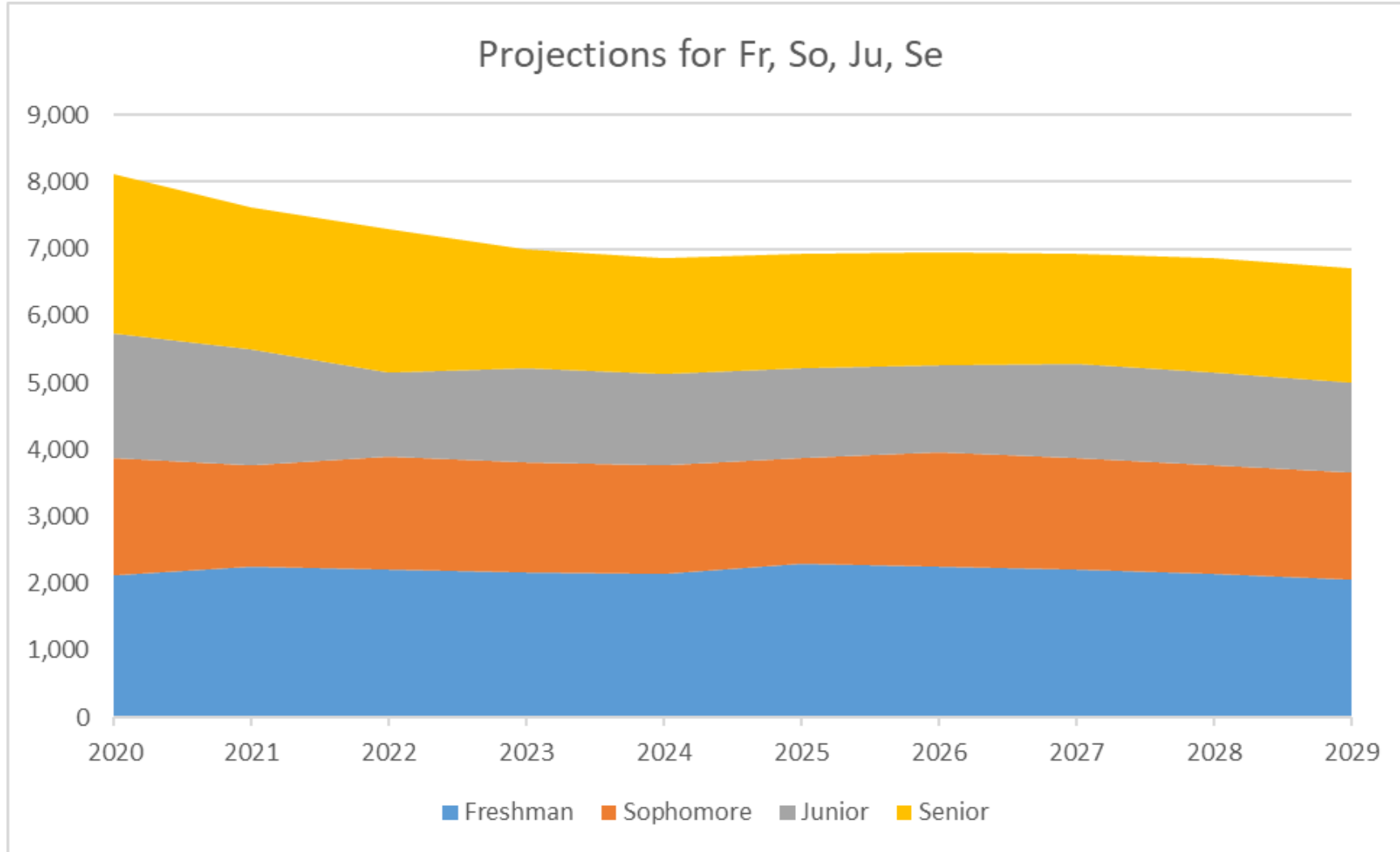
This yields negligible overall positive impact on total enrollment.

	FY21	FY22	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Freshman	2,115	2,260	2,208	2,173	2,147	2,291	2,252	2,199	2,136	2,064
Sophomore	1,757	1,503	1,683	1,646	1,619	1,582	1,701	1,673	1,633	1,585
Junior	1,854	1,730	1,252	1,403	1,367	1,339	1,314	1,414	1,390	1,355
Senior	2,387	2,135	2,151	1,765	1,735	1,716	1,685	1,648	1,706	1,713
Other	502	616	671	649	638	615	638	642	636	634
Graduate	1,720	1,861	1,775	1,769	1,772	1,779	1,791	1,777	1,778	1,779
Total	10,335	10,105	9,740	9,405	9,278	9,322	9,381	9,353	9,279	9,130
		-2.23%	-3.61%	-3.44%	-1.35%	0.47%	0.63%	-0.30%	-0.79%	-1.61%

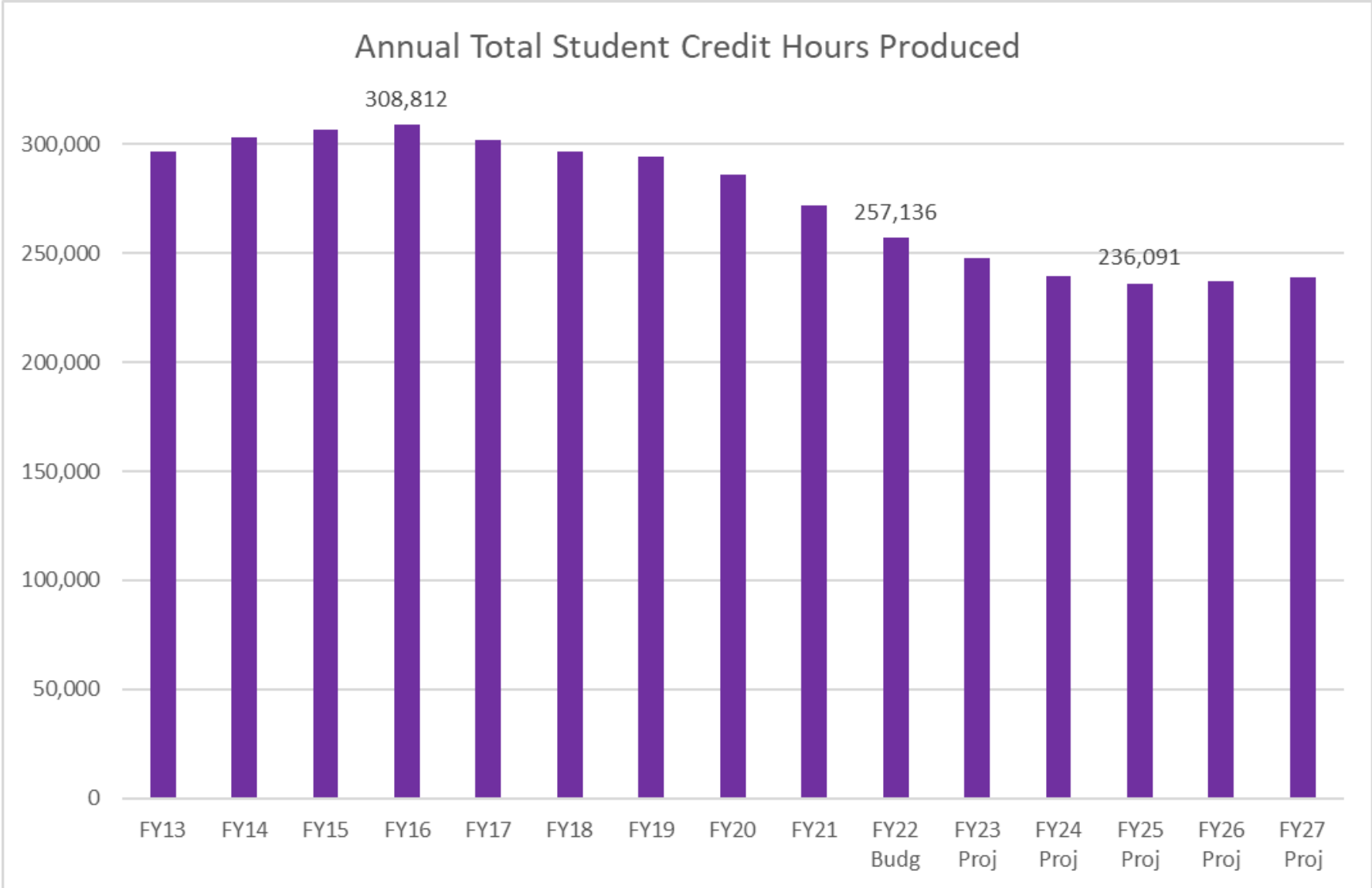
Modeling Likely Enrollment Scenarios



Modeling Likely Enrollment Scenarios



UCA Student Credit Hour Trend & Projection



Continuation of ROI Processes

1. VP's and Division Leads – Current budget work in context of impacts of FY'22, FY'23, and FY'24 – Important decisions in front of us as we work toward a shallower slope in FY'25
2. Continuance of the reallocation of resources to broad ROI priorities of (1) Student success, (2) Invest in strategic initiatives, (3) Maintain and/or build financial reserves, and (4) Retain employees at a competitive market salary
3. University budget development for FY'23, FY'24, FY'25, FY'26, and FY'27

Ten Components of ROI 1.0 (2018 to 2022)

Zero Based
Budgeting

Cost Evaluations
for All Units

Revenue Centered
Management

Market & Equity
Analysis

Budget Reserve
Maintenance

Voluntary
Retirement
Program

Temporary Hiring
Freezes

Reduction in Temp
& PT Positions

Purchasing
Controls &
Contract
Reductions

Centralization of
Reserves & M&O

Likely Components of ROI 2.0 (2023 to 2027)

Zero Based Budgeting

Cost Evaluations for All Units

Revenue Centered Management

Market & Equity Analysis

Budget Reserve Maintenance

Voluntary Retirement Program

Temporary Hiring Freezes

Reduction in Temp & PT Positions

Purchasing Controls & Contract Reductions

Centralization of Reserves & M&O

Reorganization of Departments and Units

Maximize 1300 - 1340 FTE

Streamline Academic Programs

Cut Low Enrolled Programs

Continue the work to avoid furloughs, layoffs, benefit cuts, starving our growing academic programs, deferred maintenance, and endowment spending.

Key Takeaways

- Again, ROI is critically important to budgeting responsibly, promoting student success, ensuring institutional quality and impact, preserving jobs, retaining employees, and achieving market salaries.
- Each of these outcomes are in concert with internal and external expectations.
- Building upon budget health protects against challenging enrollment outlooks and positions us to think carefully about what UCA can do proactively to shape our future.

Key Takeaways

- We have worked diligently to build our position and are proud to be an outlier.
- In the last three years, there is near constant coverage of the budget problems facing higher education in the state and nationally. The next five years will be significantly harder for public and private colleges.
- It took four years of hard work to get uncommon results. We have the knowledge, the tools, and the resolve to achieve the same over the next four years.
- We will shape the next four years.

Questions, Comments, Concerns,
Ideas, Feelings, Insights, etc.