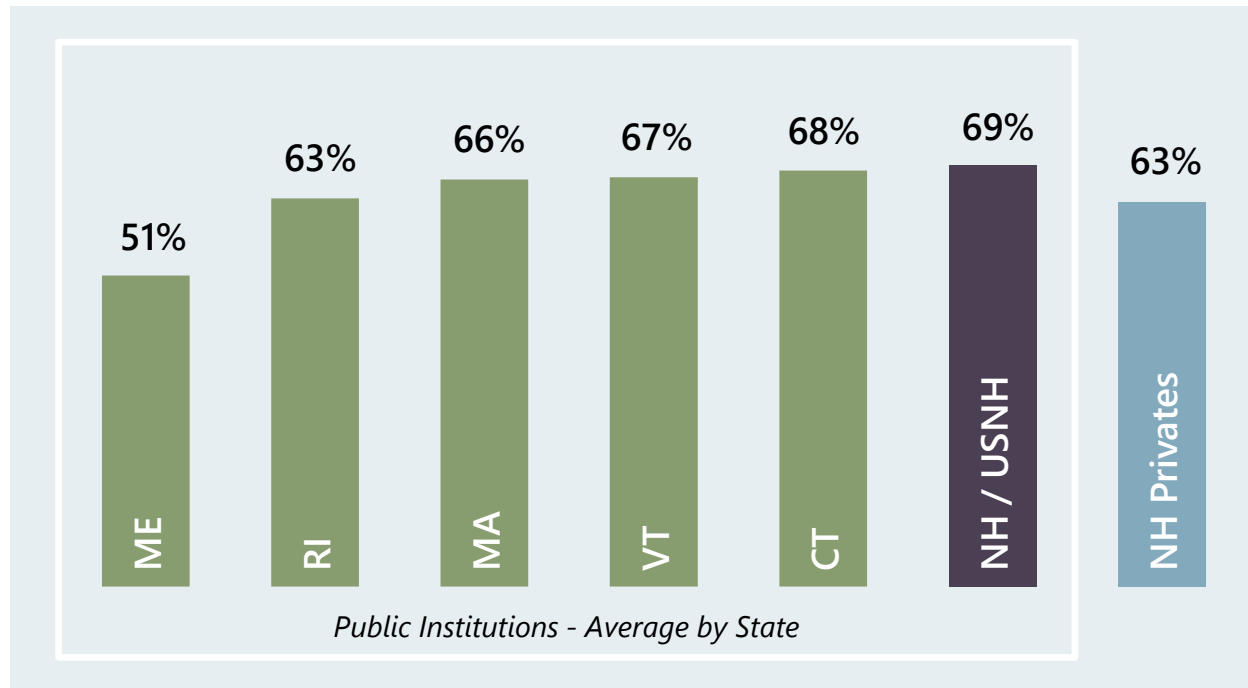


USNH Request for State Operating Support
In Fiscal Years 2022 and 2023

Governor's Budget Hearing
November 20, 2020

Graduation Rates Are Critical to Meeting Workforce Needs

Bachelor's 6-Year Graduation Rates

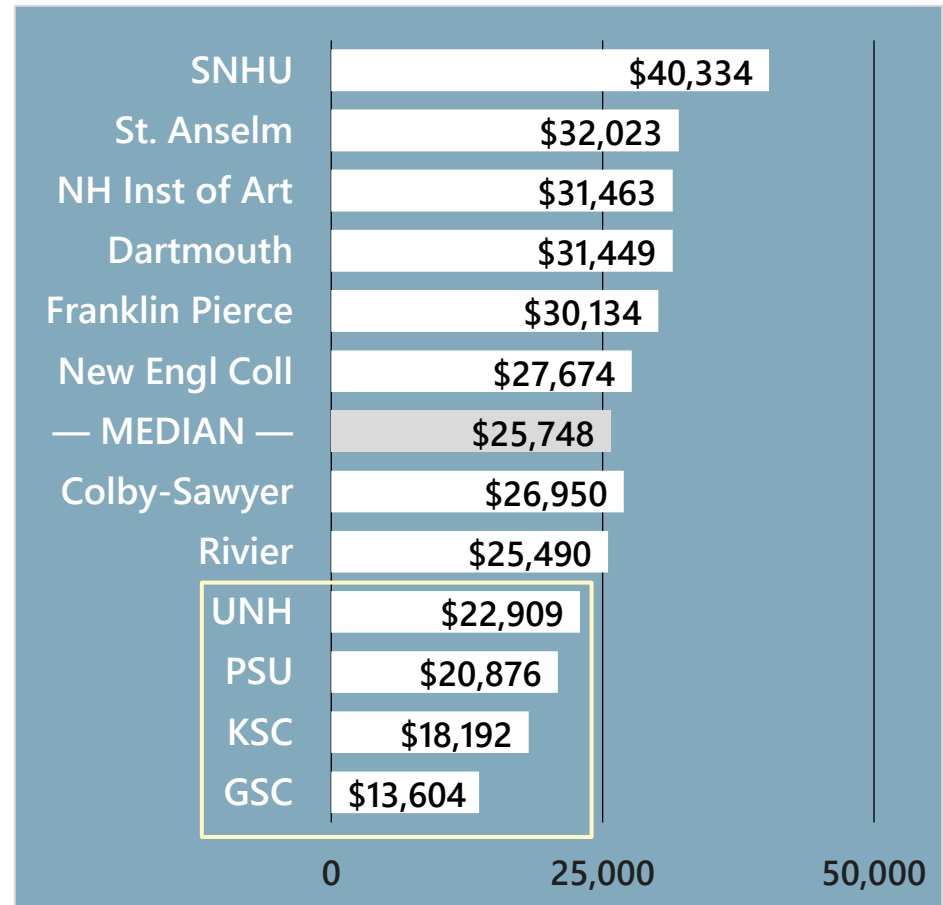


Source: IPEDS Graduation Rates. FY17 comparator data not available.

Public Higher Ed Offers Affordable Options

Average Net Price of Attendance *U.S. College Scorecard*

Annual net price for NH undergrads after financial aid – includes tuition, mandatory fees, books and supplies, room and board, and other living expenses as calculated for financial aid.

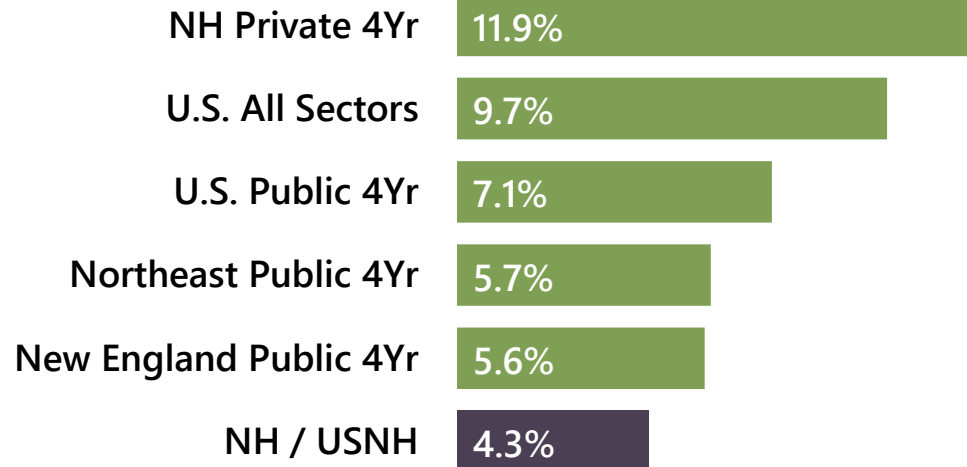


Data from U.S. Department of Education, U.S. College Scorecard, 3/2020. FY18 most recent available.

Average undergraduate net price for first-time full-time freshmen receiving federal aid, after all grant/scholarship aid. For public schools this is the average net price for in-state students.

Loan Repayment Is an Indicator of Educational Quality

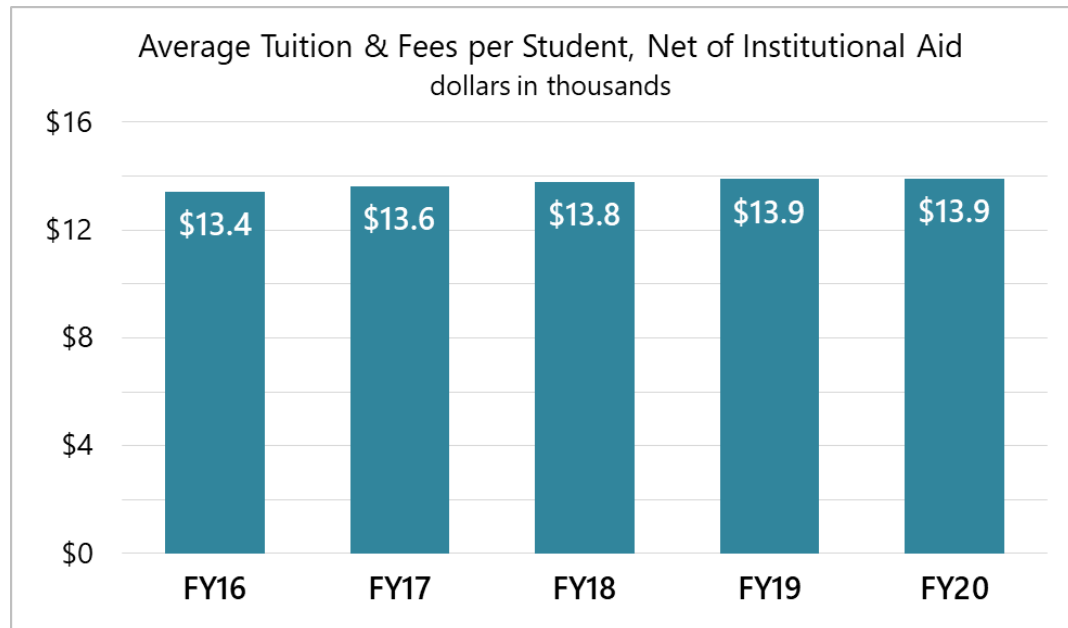
*Official 3-year rates released 9/39/2020
Borrowers entering into repayment in 2017*



USNH consistently ranks among the top public systems in the U.S. with the lowest average loan default.

Data from U.S. Department of Education, National Student Loan Data System.

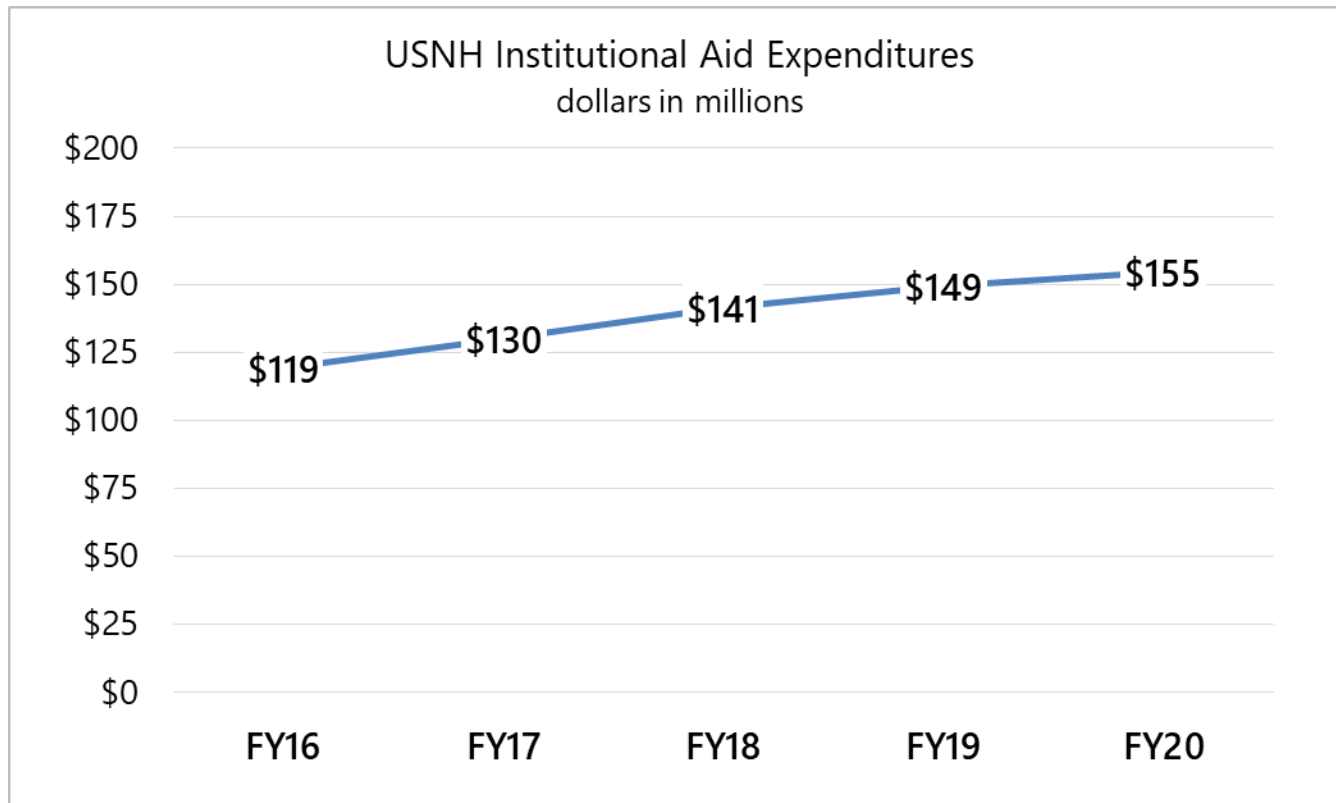
Average Tuition & Fees per Student Net of Institutional Aid



Average annual increase = 0.9%
Cumulative 4-year increase = 3.7%

Reflects total gross tuition and mandatory fee revenue of all students net of institutional aid awarded to all students, divided by total 12-month student FTE.
Financial data from USNH Controller's Office. Student FTE data from UNH, KSC, PSU Institutional Research and GSC Academic Affairs.

Institutional Financial Aid Awarded



FY21 Enrollment Projections

Undergraduate Enrollment

FY21 projected (Fall) total undergraduate enrollment did not decline as much as projected vs Fall 2019 (FY20)

		Fin Model	Projected
Total	Resident	-4.7%	-3.1%
	Nonres	-5.6%	-5.0%
	Total UG	-5.1%	-4.0%

Incoming Freshman Residential Campuses

Did not decline as much as modeled: assumed decline of 5% primarily because of COVID impact, actual decline was 3.5%

Graduate Enrollment

Financial model assumed flat enrollment; projected increase of 5.9% in FY21

Total Discount Rate

1.2% higher (\$6M) as a percentage of Gross Tuition and Fees

	Fin Model	Projected
UNH	38.7%	40.2%
PSU	39.7%	39.7%
KSC	41.6%	42.3%

USNH FY 22/23 State Operating Budget Request

With flat funding of \$88.5 million in each year USNH will freeze in-state tuition while maintaining basic services critical to its mission. With any increase in appropriation above the level requested, USNH commits to first work toward reducing in-state tuition.

USNH State Operating Request
FY 22 and 23
in millions

	FY20	FY21	Total	Requested			% Biennium Increase
				FY22	FY23	Total	
Ongoing State Operating Support	\$ 85.5	\$ 88.5	\$ 174.0	\$ 88.5	\$ 88.5	\$ 177.0	2%
Nonrecurring Strategic Investment	\$ 9.0		\$ 9.0	\$ -	\$ -	\$ -	
Total Request				\$ 88.5	\$ 88.5	\$ 177.0	

COVID Impacts

FY 21 One-Time COVID Costs

Bringing students, faculty and staff safely back to our campuses this academic year has been a successful but costly endeavor. The support received from the State GOFERR made significant impact in the ability of USNH to successfully provide on-campus education and services in the fall 2020 semester.

FY 21 Projected One-Time COVID Costs			
			<u>in millions</u>
Testing/Tracing			\$ 55
Net Revenue Loss			22
Other Costs			21
<i>(such as PPE, cleaning, facilities modifications)</i>			98
Less Support from State GOFERR			(28)
			<u>\$ 70</u>

Ongoing State Operating Support

Uses of General State Operating Support

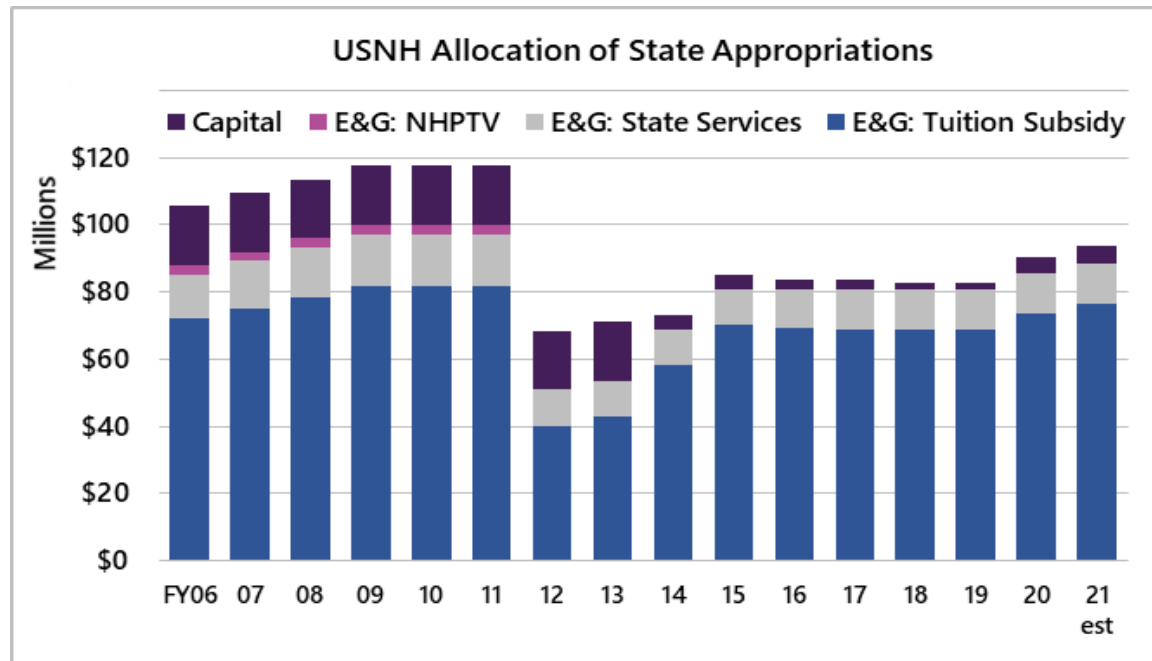
State operating support allows USNH to charge significantly lower tuition for NH resident students as compared to those students who come from out of state.

	Undergraduate Tuition	
	Academic Year 2020-21	
	NH Resident	Out-of-State
UNH Durham	\$15,520	\$32,860
Plymouth State	\$11,870	\$21,280
Keene State	\$11,754	\$21,466
Granite State	\$314/credit	\$365/credit

All Full Time Equivalent Students			
Fall 2020 Enrollment Summary			
	NH Resident	Out-of-State	Total
UNH	7,204	7,546	14,750
Plymouth State	2,250	1,996	4,246
Keene State	1,452	1,659	3,111
Granite State	1,155	297	1,452
	12,062	11,497	23,559

Use of State Funds

State operating dollars are used by USNH to subsidize tuition for NH resident students and to provide need-based financial aid to resident students. The remaining amount is used to fund statutorily required programs that benefit all NH residents such as the UNH Cooperative Extension, the Agricultural Experiment Station, and scholarships for National Guard members.



Ensuring Future Financial Sustainability

Financial Roadmap to FY 23

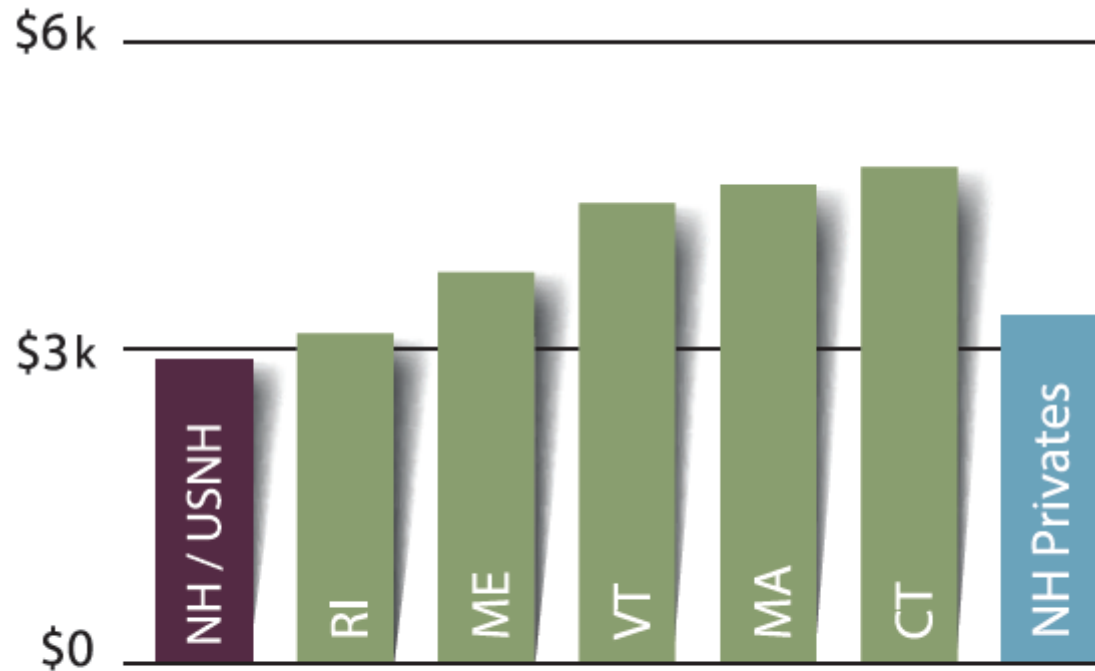
- USNH performed financial modeling in the spring of 2020 looking beyond COVID to ensure it was on a path on fiscal sustainability when the pandemic is behind us. Several assumptions were made relative to future enrollment, financial aid needs of students, residency mix, fundraising and more. The modeling assumes flat State funding at \$88.5 million in each of FY 22 and FY 23.
- **Based on the modeling and with flat State funding, USNH needs to reduce its cost structure by 9% or \$70 million by FY 23.**
- A roadmap has been developed and work is well underway to achieve \$70 million in cost reductions by FY 23.

Projecting FY22/23 Post-Pandemic June 2020 Financial Model

			Base Plus Post Pandemic Trend		FY23 vs FY20 Baseline
	FY20 Baseline	FY21 Projection	FY22 Projection	FY23 Projection	
Excl DIRECT Grant Contract Rev/Exp:					
Total Operating Revenues	741.5	722.2	694.3	686.1	-7.5%
Total Operating Expenses	746.6	746.6	746.6	746.6	
Operating Margin Income/(Loss) Before Target Expense Reduction	(5.1)	(24.4)	(52.3)	(60.4)	
Target Expense Reduction		(16.0)	(53.2)	(69.0)	-9.2%
Operating Margin Income/(Loss) After Target Expense Reduction	(5.1)	(8.4)	0.9	8.5	
Operating Margin %	-0.7%	-1.2%	0.1%	1.2%	

- Estimated gap of ~\$70M identified by FY23 post-COVID
- Restructure Plans included:
 - Rolling operating expenses back to FY19 level beginning in FY21
 - Shared Services Opportunities (Financial Services, IT, etc.)
 - Campus-specific restructuring and expense reductions

Administrative Cost Per Student



Public Institutions - Average by State

U.S. Department of Education, National Center for Education Statistics, IPEDS.
FY16-FY18, 3-year average. Institutional support expense per 12-month FTE.

Economic Impact

- The University System generates over \$2 billion annually in economic impact to the State.
- USNH is the largest provider of an educated workforce in NH.
- It is an economic driver for the State and is a critical component in developing the workforce for the future of the Granite State.