

**Interim Report on the Budgetary Effect of COVID-10
Discussed at the July 10, 2020 Meeting of the Faculty Senate
Committee on Fiscal Planning and Budgeting**

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This report summarizes the estimates of the financial budget gaps projected for the various FY 2021 COVID-19 scenarios. The background for the analysis is (1) the page titled "Simple Scenarios, and (2) the page titled "FY 2021 Scenario Planning, each of which are included at the back of this report.

These estimates basically "replicate" the estimated budget gaps that were first presented to the Board of Trustees on May 14-15, and in some cases subsequently revised. Note that a number of the gap components (e.g. graduate tuition revenue, indirect cost recovery, auxiliary service revenue etc.) are based on inputs provided by individual schools and administrative units to the GWU finance division, and could not be independently replicated.

Source of Data and Estimates

The page titled "Simple Scenarios" is taken entirely from the presentation made to the BOT on May 14-15. The first four columns of the page titled "FY 2021 Scenario Planning are also taken from the same BOT presentation, The next columns (with numbers in red) represented a simple "reanalysis" of the undergraduate revenue shortfall estimates in the first four columns using projection assumptions included in the BOT report and the enrollment projections included in the page titled "Simple Scenarios plus other budget information provided by EVP Diaz at the June 12 meeting of the Fiscal Planning and Budgeting Committee.

On-Campus Scenario:

Estimated Budget Gap: \$107 to 117 Million

key undergraduate enrollment assumption:

- **incoming international students decline by 2/3s; replaced by an offsetting increase in undergraduate domestic students;**

- continuing international students decline by 2/3s but not replaced,
- An additional \$2 million is subtracted to account for the 5% fall housing discount.

The overall gap of \$117 million should be reduced by \$9.6 million if an adjustment is made for the fact that tuition revenue for the 2019 summer session is up not down.

The estimates in the on-campus scenario are those that were presented to the faculty senate by Mark Diaz at the most recent full senate meeting, as well as the meeting of this committee.

The total gap is made up of two pieces;

- (1) a recurring revenue shortfall of approximately 90 million (slightly adjusted from the original estimate of \$85million and adding in lost housing revenue due to closing early in the fall), The revenue shortfall has two components: (a) the estimated shortfall in undergraduate net revenue which was originally estimated to be on the order of \$45 million -- an amount which can be calculated from the data and assumptions presented in the "Simple Scenario, and (b) the remaining amounts based on estimates provided by the schools and other academic units.

The key assumptions undergirding the undergraduate net revenue shortfall are: (i) little or no change in incoming and continuing domestic undergraduates, (ii) a drop in incoming international students of 2/3s with this drop in numbers offset by a corresponding increase in undergraduate admissions, and (iii) a drop in continuing international students of 2/3s not offset by domestic students. An adjustment to the initial estimate is warranted to reflect the fact that revenue for the 2019 summer session is up not down.

- (2) The second component is made up of one-time expenses associated with opening up in Fall 2021. Of this latter total, \$17 million are expenses incurred to make the campus and classes "safe," and the remaining amount consists of severance pay (assuming layoffs) plus other one-time costs,

Blended-Hybrid Scenario

Estimated Gap: \$218 to \$236 million

Key Undergraduate Enrollment Assumption:

- Undergraduate enrollments are 20% less than in the On-campus scenario.
- \$2 million is subtracted to account for fall tuition discount

The overall gap of \$236 million should be reduced by \$14.4 million due to increased summer session tuition

These estimates are entirely based on the presentation to the May 14-15 BOT meeting. The blended-hybrid columns under the heading “FPB Meeting 7/10/2020” include an estimate of the projected revenue shortfall based on the data that is presented in the “Simple Scenario.” The key assumption is that relative to the “Open Campus Scenario” the number of incoming and continuing undergraduates would decline by 20% (also stated in the BOT presentation). This decline results in a slightly larger estimated projected shortfall of \$97,900 rather than \$97,300 presented in the “2021 Planning Scenario Handout”. All other estimated shortfall amounts are the same as assumed in the BOT presentation. As in the on-line case, auxiliary service revenue is reduced by \$2 million to reflect the fall 2020 housing discount; finally an adjustment should be made to account for the fact that summer session 2019 revenue is up not down/

On-Line Scenario

Estimated Gap: \$329.4 to \$348.5 million

Key Undergraduate Enrollment Assumption:

- Undergraduate enrollments are 30% lower than in the on-campus scenario

The calculations are basically the same as for the blended-hybrid scenario, with the exception that the undergraduate enrollment decline relative to the on-campus scenario is 30%. The lower estimated budget gap reflects an adjustment that should be made for favorable rather than unfavorable summer 2019 tuition.

The table below summarizes the projected undergraduate enrollment

numbers based on assumptions stated in the May 14-15 presentation to the Board of Trustees.

**Summary Undergrad
Enrollment Table Implied by the
"Simple Scenario"**

Total Undergraduate Enrollment in Different Scenarios				
	Base Line	On Campus	Blended Hybrid	On-Line
Incoming	2752	2752	2202	1926
Continuing	7851	6988	5590	4892
Total	10603	9740	77792	6818

2021 Scenario Planning – Simple Sensitivity

Undergraduate Students

	Domestic	International	Total
FY20 Entering Class	2,344	408	2,752
FY20 Total Undergraduates	9,214	1,389	10,603
FY20 Total Net Tuition	\$245,106,380	\$66,402,164	\$311,508,545
Average Net Tuition per Student	\$26,602	\$47,806	\$29,379

FY 2021 Scenario Planning – Modelling Revenue Impact

\$000's	Scenario Impact			FPB Meeting 7/10/2020						
	On-Campus	Blended Hybrid	Online	On-Campus	On-Campus+ Summer	Blended-Hybrid	Blended-Hybrid adjusted	On-Line	On-Line Adjusted	
REVENUES										
Undergraduate Tuition Revenue	(45,234)	(149,332)	(198,516)							
Undergraduate Aid	370	52,089	76,442							
Net Undergrad Tuition	(44,864)	(97,243)	(122,074)			(\$97,900)	(\$97,900)	(\$125,500)	(\$125,500)	
Graduate Tuition Revenue	(10,150)	(20,300)	(40,600)			(\$20,300)	(\$20,300)	(\$40,600)	(\$40,600)	
Online Tuition Revenue										
Non-Degree / Other Tuition Revenue	(639)	(2,557)	(3,835)			(\$2,557)	(\$2,557)	(\$3,835)	(\$3,835)	
Summer Tuition Revenue	(9,600)	(14,400)	(19,200)	(\$9,600.00)	\$0	(\$14,400)	\$0	(\$19,300)	\$0	
Fees (Application, Course, Other)	(500)	(1,403)	(2,763)			(\$1,403)	(\$1,403)	(\$2,763)	(\$2,763)	
Graduate Aid										
Net Student Tuition & Fees	(65,753)	(135,903)	(188,472)			(\$136,560)	(\$122,160)	(\$191,998)	(\$172,698)	
Indirect Cost Recoveries	(1,769)	(7,075)	(10,612)			(\$7,075)	(\$7,075)	(\$10,612)	(\$10,612)	
Auxiliary Enterprises	(11,397)	(56,985)	(113,970)			(\$58,985)	(\$58,985)	(\$113,970)	(\$113,970)	
Endowment Support										
Contributions										
Medical Education Agreements										
Investment Income	(7,000)	(7,000)	(7,000)			(\$7,000)	(\$7,000)	(\$7,000)	(\$7,000)	
Other										
Total Revenues	(85,919)	(206,963)	(320,054)	Revenue Shortfall	(\$92,000)	(\$82,400)	(\$209,620)	(\$195,220)	(\$323,580)	(\$304,280)
				One-Time Expense	(\$25,000)	(\$25,000)	(\$25,000)	(\$25,000)	(\$25,000)	(\$25,000)
				Total Gap	(\$117,000)	(\$107,400)	(\$234,620)	(\$220,220)	(\$348,580)	(\$329,280)