

**Monitoring Report to the
Middle States Commission on Higher Education
from
EDINBORO UNIVERSITY OF PENNSYLVANIA
Edinboro, PA 16444**

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March 1, 2015

Subject of the Follow-Up Report:

To warn the institution that its accreditation may be in jeopardy because of insufficient evidence that the institution is in compliance with Standard 3 (Institutional Resources). To note that the institution remains accredited while on warning. To request a monitoring report, due March 1, 2015, documenting that the institution has achieved and can sustain compliance with Standard 3, including but not limited to, evidence of (1) development and implementation of strategies to measure and assess the sufficiency of institutional resources to support the institution's mission and goals; (2) development of a financial plan to address the FY15 projected budget deficit; (3) review of the enrollment management plan to assess optimal enrollment; and (4) steps taken to improve the institution's long-term financial viability and sustainability. In addition, to request that the monitoring report also document (1) further development and implementation of a comprehensive planning process that links long-range planning to decision making and budgeting processes (Standard 2); and (2) further development and implementation of a sustained assessment process to evaluate and improve the total range of programs and services and the achievement of institutional mission, goals, and plans (Standard 7). A small team visit will follow submission of the monitoring report. To direct a prompt liaison guidance visit to discuss the Commission's expectations. The date for the Periodic Review Report will be set when accreditation is reaffirmed.

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Introduction and Scope of Monitoring Report

Edinboro University (EU) is pleased to submit its Monitoring Report to the Middle States Commission on Higher Education (MSCHE) to provide requested information associated with the accreditation warning issued by the Commission in June 2014, which followed a decennial comprehensive self-study and site visit to Edinboro University in March 2014. The recommendation of the site team, accepted by the Commission, was that EU met all Standards, with the exception of Standard 3 (Institutional Resources). The focus of this report is to address the specific requests for evidence identified by the Commission in Edinboro University's Statement of Accreditation Status, as listed below. Edinboro University is adding to its many existing processes and practices related to Standard 3, as identified in the original self-study and incorporated herein by reference, in order to address the deficiencies identified by the site visit team. This Monitoring Report documents the University's progress in the past eight months toward addressing issues identified by the Commission. Edinboro University believes this progress to be significant and substantial, to the extent of establishing full compliance with Standard 3, and is grateful to the visiting team and Commission for its work to guide its institutional responses.

- A. The Commission has requested a monitoring report documenting that Edinboro University (EU) has achieved and can sustain compliance with Standard 3, including but not limited to, evidence of
 - 1. development and implementation of strategies to measure and assess the sufficiency of institutional resources to support the institution's mission and goals;
 - 2. development of a financial plan to address the FY15 projected budget deficit;
 - 3. review of the enrollment management plan to assess optimal enrollment; and
 - 4. steps taken to improve the institution's long term financial viability and sustainability.

- B. In addition, the Commission requests that the monitoring report also document
 - 1. further development and implementation of a comprehensive planning process that links long-range planning to decision making and budgeting processes (Standard 2); and
 - 2. further development and implementation of a sustained assessment process to evaluate and improve the total range of programs and services and the achievement of institutional mission, goals, and plans (Standard 7).

The remainder of this Monitoring Report is organized to address each of these areas in turn.

A.1. Development and implementation of strategies to measure and assess the sufficiency of institutional resources to support the institution's mission and goals.

During the first six months of the current fiscal year (FY 2015) EU developed and began implementation of both short- and long-term strategies to ensure sufficient resources to support its institutional mission and goals. The first steps in this process were to fully understand the assumptions underlying the annual budget and to improve the regular reporting of current year financial results to include routine budget variance reporting and analysis at the institutional level.

The Past: Inadequate Processes and Reporting

The numerous conflicting reports and messages concerning the state of institutional finances explicated in the visiting team report reflected a lack of adequate reporting practices to evaluate financial performance or position. As late as June 2014, based on a budgeted \$5.5 million deficit and despite yearlong efforts to reduce expenditures, the former CFO reported the year would end with a projected \$4.9 million Education & General operating deficit. Barely six weeks later, following year-end closing, the actual operating deficit for these funds was reported to be approximately \$61K (later adjusted in audit to \$110K; including designated activities such as Athletics the total deficit was \$412K). ([COT Presentation Sep 2014; Financial Report FY14 to PASSHE](#); [COT Presentation Jul 2014](#); [EU Audited Financial Statement FY14](#))

Upon analysis of the structure of the budget in comparison to current operations at the start of the 2015 fiscal year, the new Edinboro CFO determined that the discrepancy between reported and actual deficits in FY 2014 was due to multiple factors:

1. no budget-to-actual variance analysis had been performed for revenues or expenses in making year-end projections;
2. no periodic "soft closes" of finances were performed to assess year-to-date actual performance in comparison to budget;
3. expense projections had assumed full expenditure of many salary lines that had been unfilled for much or all of the fiscal year; and
4. budget projections excluded revenue projections for activity not already recorded and assumed full expenditure of centrally pooled salary funds that had been conservatively budgeted over multiple fiscal years and ultimately ended the year with significant positive variances.

In short, EU had not tracked its actual financial performance in the course of the fiscal year and instead waited until year-end close to evaluate actual revenue and expense outcomes. Compared to year-end close, the early June projection had excluded \$1.1 million in summer revenue and over-estimated total expenses by \$3.7 million. At the conclusion of FY 2014, actual results were significantly better than both the original budget and midyear forecasts. This inaccurate information had also been reported to the MSCHE visit team in March 2014 and EU's Council of Trustees in early June.

The MSCHE visiting team was also presented with budget projections for FY 2015, FY 2016, and FY 2017, indicating an \$8.1 million deficit projected for FY 2015 and growing deficits thereafter. ([FY15-17 Budget Projections](#)) These projections were similarly predicated on full year funding of all open positions (including many positions that had remained unfilled for years) as well as full expenditure of all pooled funds. In addition to overstating expenses, no management interventions to increase revenues or reduce expenses were anticipated in these models. **Indeed, the FY 2015 budget projection presented to the MSCHE visiting team failed to incorporate \$7.3 million in E&G expense savings compared to budget that EU realized in FY 2014.**

The Present and Future: New Processes and Leadership

Under new financial leadership beginning in July 2014, a FY 2015 Education and General budget was recommended to the Council of Trustees predicated on the (near) breakeven result from FY 2014 plus anticipated changes in revenues and expenses in the coming year. These included (1) approximately \$1 million less in tuition revenue due to continuing enrollment declines; (2) approximately \$2.6 million of added expense for contractual salary and benefit increases; (3) approximately \$500K in salary and benefits for new strategic hires in finance, enrollment management, institutional research and student retention; and (4) an additional \$600K in institutional contingency funds. ([FY15 Budget Summary](#); [COT Presentation Jul 2014](#)) This yielded a FY 2015 Education and General budget with a \$4.5 million operating deficit. Because many cost-saving initiatives in FY 2014 were implemented mid-year and would yield a full year's savings in FY 2015, even this budget formulation was inherently conservative, while still reducing the deficit compared to the prior year budget. By the end of the first quarter of FY 2015, and following EU's first ever quarterly soft financial close, the projected deficit for the fiscal year sat at approximately \$3.7 million, attributable to these ongoing expense saving gains from base budget reductions during FY 2014. ([FY15 Q1 Closing](#)) The mid-year close, effective December 31, 2014, showed a projected annual deficit of \$2.1 million, demonstrating further progress in financial management.¹ ([FY15 Q2 Closing](#))

¹ Based on Spring 2015 enrollments subsequent to the 12/31/14 close, the current year deficit may be as low as \$1 million. Beginning in March 2015, EU will conduct monthly financial closes and budget-to-actual variance analyses.

In addition to these measures, in the current fiscal year EU reassessed the availability of unrestricted net assets to support operations going forward. The 2014 visiting team had been told that *“EU had \$9.4M in reserves at the start of fall 2013. If we do not cut expenses significantly to lessen the shortfall this year and the projected shortfall of over \$10M next year we will run out of all reserve funding early next year and cannot sustain our operations.* (former Interim CFO, Lori Gardea)” In fact, at the time this alarming statement was conveyed to the visiting team, under the Pennsylvania State System of Higher Education (PASSHE) Board of Governor’s Policy 2011-01 outlining “University Financial Health Indicators,” EU had reported unrestricted net assets of \$16.4 million even after conservative, voluntary encumbrances for all future debt service and lease payments of \$18.1 million. In other words, the university truly had \$34.5 million of unrestricted (plant fund) net assets at its disposal. ([Financial Report FY13 to PASSHE](#), see Tab 12) At the conclusion of FY 2014, with these voluntary encumbrances removed, and including commitments for funding several capital projects in FY 2015, ***EU identified over \$31 million in unrestricted net assets that may be used to fund future operations.*** ([Financial Report FY14 to PASSHE](#), see Tab 12) These unrestricted net assets exclude additional resources from private philanthropy potentially available to the university should a true condition of fiscal exigency exist. ([Gift and Endowment Balances](#))

As these accounting process improvements, clarifications and corrections were being discovered and effected, EU openly communicated and clarified these new understandings and approaches to both its Council of Trustees and to its faculty. ([All Faculty Meeting Presentation Oct 2014](#); [COT Presentation Jul 2014](#))

EU’s enrollment declines, increasingly competitive external environment, and the need to improve services while controlling costs remain serious and significant. With FY 2014 closed and funding for the FY 2015 budget deficit identified, EU developed a five-year enrollment-driven revenue and expense budget model. This revenue-driven model compares available revenues to expenses by program category (e.g., Instruction, Academic Support, etc.) and is presented in detail in section A.4 of this report. Based on this model, a portion of annual tuition increases and support service cost savings will be applied to deficit reduction. At the same time, strategic initiatives will be funded from new tuition revenues. Under all probable enrollment scenarios, EU will return to generating net surpluses by FY 2018 and will not consume more than \$3.5 million of the \$31 million in unrestricted net assets already identified, at which time those funds will be annually repaid to the plant fund by the Education and General fund.

EU’s internal assessment of its long-range fiscal outlook was externally validated in February 2015 by the results of the State System’s comprehensive financial assessment of all institutions in the System. The Office of the Chancellor developed its assessment tool as a means of reporting overall and specific institutional risks to the State System Board of Governors. The analysis utilizes longitudinal assessments

of market demand, operating efficiency and financial performance as well as an assessment of management risk. ([PASSHE Financial and Operations Dashboard](#)) Many of the market and financial indicators overlap with Moody's institutional financial strength analysis. As a result of the analysis, PASSHE identifies EU as having moderate overall risk based largely on strengths in matriculation ratios, quality and maintenance of physical plant facilities, and unrestricted net assets available for investment. Institutional weaknesses in costs per student, operating margins and debt leverage are areas of focus in the institution's long-range financial plan. Overall, PASSHE's assessment of EU is that it poses lesser financial performance risk than a number of PASSHE peer institutions that do not have its brand, physical plant and unrestricted net asset strengths.

Supporting EU's Mission and Goals

To align new investments with the strategic plan, EU has established a new Budget & Planning Team (BPT) focused on developing detailed annual budget recommendations for approval by the President and Council of Trustees. This team is focused on budget allocation recommendations and is co-chaired by the Provost and CFO. The BPT includes the Director of Budget and Payroll, AVP of Financial Operations, VP of Student Affairs, VP of University Advancement, a leadership representative from the faculty union and an additional faculty representative. (See BPT agenda and review materials: Exhibits [13](#), [14](#), [15](#), [16](#)) The BPT does not replace the Planning & Budget Committee (PBC), which is comprised of approximately 25 faculty, students, alumni, trustees and administrators; this latter group works on specific budget initiatives and provides broad input regarding progress in fulfillment of the EU Strategic Plan. For example, currently three subcommittees of the PBC are working to identify and operationalize mission-supportive revenue initiatives to incorporate into the FY 2016 operating budget. ([PBC Agendas](#))

A.2. Development of a financial plan to address the FY15 projected budget deficit.

As noted above, the FY 2015 projected budget deficit of \$8.1 million presented to the 2014 MSCHE visiting team assumed the expenditure of approved (but not necessarily filled) faculty and staff salary lines, as well as full expenditure of various pooled salary funds including FICA/retirement expenses, student wages and temporary faculty pools that had been conservatively budgeted to prevent over-expenditures. ([FY15-17 Budget Projections](#)) When the FY 2015 budget was aligned with actual FY 2014 operating results (i.e., expense pool budgets were set at the levels of actual prior year expenditures plus known changes for the coming year), the projected deficit for FY 2015 was determined to be \$4.5 million. At mid-year (as of 12/31/14), the deficit for FY 2015 was estimated at \$2.1 million based on year-to-date actual activity. ([FY15 Q2 Closing](#)) EU is continuing to identify and implement cost savings through potential shared service partnerships with other PASSHE institutions, by reducing the size of the faculty complement and partially using temporary faculty to backfill faculty retirements, and by realizing administrative

and support cost reductions through workforce reductions and changes in procurement. ([MOU between EU and IUP](#); [Academic Affairs Plan](#); [Shared Service Meeting Agenda](#))

In late July 2014, the FY 2015 budget was presented to the Council of Trustees for approval with a recommendation that the projected deficit be funded via a repayable loan from plant fund unrestricted net assets. This recommendation was approved.

Optimal Enrollment at Edinboro University

Historically, EU has depended primarily on traditional undergraduate students from the state public high school feeder system. Going forward the university is broadening its program array to expand graduate programming and incorporate additional nontraditional student populations, while working to improve student outcomes for its traditional undergraduates. (See [Academic Affairs Plan](#).) The investments in new strategies to improve retention and recruitment described above, the promising results of new business models (e.g., Porreco College), assessment of current program revenues and costs (Net Revenue Analysis by Department: [AY2013-2014, Fall 2014](#)), and commitment to improved student outcomes ([Retention Plan](#)) all bear on the question of determining EU's optimal enrollment. Many of these strategies are in their first or second year of implementation, with others to be implemented in the near future.

During the past four years of enrollment declines, amounting to 17.8% total full-time equivalent students from Fall 2010 to Fall 2014, EU has reduced its teaching faculty complement by 14.5%. PASSHE's recent analysis of EU's future enrollments, based on current market shares of high school graduates in Pennsylvania counties, indicates the "trough" in headcount enrollments will occur in FY 2016 after which EU's enrollments will gradually grow to approximately 7,500 headcount by Fall 2019 ([PASSHE Financial and Operations Dashboard](#)) compared to 6,839 in Fall 2014. This level of increase is consistent with the assumptions in EU's long range financial model discussed in the next section.

EU is working to further improve its data and process infrastructure to support strategic enrollment management efforts on an ongoing basis. As the initiatives identified throughout this Monitoring Report are implemented over time, EU anticipates adjusting its enrollment goals and workforce requirements based on marketplace realities. EU is realizing significant success through these efforts to date, and anticipates ongoing improvements going forward.

A.3. Review of the enrollment management plan to assess optimal enrollment.

Edinboro University's leadership team is keenly aware that its revenue streams are enrollment-dependent and is actively working to strengthen its competitive position with strategies to support achievable and sustainable enrollment levels.

Enrollment Management Planning: Recruitment, Retention, and Integration

In June 2014, EU hired a new Assistant Vice President for Enrollment Services reporting directly to the President. The new AVP immediately began assessment of the institution's Strategic Recruitment Plan (SRP) for undergraduate students. This included a full review of staffing, recruitment strategies and support systems, and scholarship and financial aid awarding practices. The revised SRP defines recruitment strategies for the University and provides detailed projected enrollment values expected from those strategies. ([Undergraduate Strategic Recruitment Plan](#)) Projections for student enrollment at the undergraduate level show modest growth through 2020 based on strategies defined in the report, and consistent with improved demographics in our traditional in-state catchment areas as presented in the PASSHE financial analysis for the University. ([PASSHE Financial and Operations Dashboard](#)) Preliminary results for the Fall 2015 in-coming class are positive. As of February 16, 2015, compared to the same week in the previous year, freshmen applications are up 13%, admits are up 16.9%, and deposits up 23.5%; out-of-state freshmen deposits are up 113.2%.² ([Weekly Admissions Summary](#)) Edinboro's success is also evidenced through its strong performance in the [PASSHE Enrollment Summary Report](#) (February 2015) showing Edinboro first among the fourteen universities in annual growth in new freshmen deposits, and second in growth in applications.

Targets for graduate student enrollment are generated by the Office of the Dean of the School of Graduate Studies and Research as presented in the Graduate Strategic Enrollment Management Plan. ([Grad School SEM Plan](#)) This plan presents strategies and initiatives to sustain enrollments in existing programs and to increase graduate enrollments through strategic marketing and new program development.

In August 2014, EU filled the new position of Director for Academic Success and Student Retention. This individual provides leadership for the Academic Success Center, the First Year Experience (FYE) program, and university-wide strategies and initiatives for student retention. The University Retention Report outlines these strategies and provides projections for retention rates moving forward. ([Retention Plan](#))

These recruitment and retention projections provide the foundation for the budget planning projections through 2020; they influence and are influenced by the Academic Affairs Program Array and Personnel Plan. ([Academic Affairs Plan](#))

Having experienced significant enrollment declines since 2010, EU has both the physical plant capacity and sufficient faculty to support additional enrollments and higher levels of retention with minimal additional marginal costs. While the number

² Growth in out-of-state deposits is associated with the University's pilot tuition project which lowers the out-of-state rate from 150% of the in-state rate to 105%.

of FTE teaching faculty have also declined during this period, program moratoria and course section consolidations have also increased efficiency in the offering of academic programming.³ Low marginal costs associated with additional enrollments is one of the drivers behind EU's out-of-state pricing strategy noted by the visiting team as a recent accomplishment.

To further support the integration of recruitment and retention goals and strategies, EU has established a Strategic Enrollment Management Team co-chaired by the Provost and Vice President for Finance and Administration and includes the AVP of Enrollment Services, AVP of Financial Operations, Director of Academic Success and Student Retention, Director of Institutional Research and Assessment, all academic deans and an academic department chair. This group is charged with planning and assessing enrollment management activities throughout the academic year. (SEM Charge and Agendas: Exhibits [28](#), [29](#)) In addition, the Office of Institutional Research and the Office of Admissions issue weekly enrollment and recruitment reports to members of the SEM team and President's executive staff. (See [Weekly Admissions Summary](#); [Sample Enrollment Management Update](#))

Enrollment Management and Changes in Additional Locations

To continue to address the alignment of resources with institutional priorities, EU had evaluated and made the decision to close operations at its additional location in Meadville (PA). This change took effect with the fall 2014 semester and is consistent with the recommendation of the March 2014 MSCHE site team. In addition, the decision was made in spring 2015 to end the offering of Education programming at the additional location at Lawrence Crossing (Butler County Community College); a teach-out plan is currently under development along with a substantive change proposal for the MSCHE in this regard.⁴

At the same time, EU has expanded offerings at its Porreco campus in Erie. Enrollments already exceed 200 student in its first year of operations as "The Community's College," offering sub-baccalaureate programming at community college price points via private scholarship support to decrease student out-of-pocket costs. ([Porreco College Summary](#)) Porreco College enrollments are addressed separately in the undergraduate [Strategic Recruitment Plan](#), with programming and staffing addressed in the [Academic Affairs Program Array and Personnel Plan](#). This initiative is part of EU's [2013-2018 Strategic Plan](#) and directly supports the institution's mission to meet the evolving needs of the broader community.

³ The [Academic Affairs Program Array and Personnel Plan](#) identifies the list of recent program moratoria and the decline in teaching faculty FTE by 14.5% between 2010 and 2014.

⁴ A financial break-even analysis demonstrated that there was a low probability of continuing the program without financial losses. The strategic decision was also made to offer the BSED in Early Childhood Education online to a broader audience and focus resources on main campus and at the Porreco College location.

A.4. Steps taken to improve the institution's long term financial viability and sustainability.

Edinboro University recognizes that by far the greatest percentage of its future operating revenues will derive from student tuition and fees, and its available funding to support programs and services will be predicated on revenue levels from those sources. Consistent with recent practice, it is likely that state appropriations will not change significantly while mandated salary and benefit costs will continue to inflate. Competition for enrollments based on programs and costs will intensify among both private and public institutions.

EU's strategic plan outlines how its institutional initiatives will enable it to thrive in this new competitive environment, maintaining its public mission and identity while managing its finances based on available revenues. The past two fiscal years are testaments to EU's financial agility.

To provide a framework for future investments, EU has developed a multi-year, revenue-driven budget model based on enrollments and assuming modest tuition and fee rate increases with almost no increase in state appropriation support. This model is similar to budget models utilized by private nonprofit institutions of higher education and was developed for EU by its new Chief Financial Officer, Guilbert Brown, who has developed similar models for public and private institutions over the past 30 years.⁵

EU's long range budget model provides for eventual elimination of the current operating deficit, based on one-half of future tuition increases and three-quarters of revenues from enrollment growth going toward deficit reduction. Expense reductions through greater efficiencies in institutional support and plant operation and maintenance also contribute to deficit reduction. Mission-critical programs of instruction, student services and academic support grow as a function of tuition rate increases, changes in enrollment and baseline inflation increases. Within these assumptions are sufficient funding increase levels to support the academic program staffing plan, likely levels of collective bargaining compensation increases and investments supporting strategic initiatives. As EU has successfully done in its last two fiscal years – for instance, funding significant compensation increases in FY 2015 while still managing to reduce total instructional expenditures – a combination of incremental funding additions and base budget reallocations will be used to realize these outcomes based on program revenues and cost savings opportunities.

⁵ One of Mr. Brown's enrollment and financial models is showcased in the recent AACRAO book, "SEM and Institutional Success: Integrating Enrollment, Finance and Student Access." He has also developed budget model training programs for the National Association of College and University Business Officers (NACUBO) and the American Association of Collegiate Registrars and Admissions Officers (AACRAO).

The base year for EU’s long range model is the projected FY 2015 operating results. These results have been updated since the [second quarter close](#) to include additional tuition revenues from students who registered in early January.⁶

Model Assumptions

The model assumptions are summarized below.

Instructional costs	Increase by 2.5% annually plus 1/2 the rate of tuition increases; increase or decrease by the rate of change in enrollments.
Academic Support and Student Services	Increase by 1.5% annually plus 1/2 the rate of tuition increases; increase or decrease by the rate of change in enrollments.
Institutional Support and Plant O&M	Decrease by 1.5% per year
Scholarships and Fellowships	Increase by the level of tuition rate increases.

Model Outcomes

Six iterations of EU’s model are included as shown in [Exhibit 33](#) and are summarized in the table below. EU recognizes that the upcoming FY 2016 represents a low point in Pennsylvania’s high school graduate recruitment pipeline, a perspective reinforced by PASSHE’s recent [financial and operations dashboard analysis](#), and is taking aggressive measures to recruit both in- and out-of-state undergraduates preceding a substantial uptick in high school graduates in FY 2017. (See EU’s [Undergraduate Strategic Recruitment Plan](#) for a summary of initiatives and projected enrollments.)

The first two scenarios present baseline model outcomes if (1) there were no changes to EU’s current enrollment levels and mix, and (2) if EU were to experience a further decline in in-state undergraduate enrollments. These scenarios are included to show that EU would have sufficient financial reserves to sustain operations even in the highly improbable events that enrollments remained static or declined, and EU continued to increase its expenditures for instruction, academic support and student services.

The financial outcomes from what EU believes to be more likely enrollment scenarios going forward are shown in model scenarios (3) through (6). These scenarios include enrollment growth resulting from a combination of undergraduate recruitment gains, improved retention and new graduate programs. EU is currently in its first year of a two-year PASSHE pilot pricing initiative whereby

⁶ Including those tuition and fee revenues, EU is projecting a current year (FY 2015) operating deficit of just under \$1 million.

out-of-state undergraduates pay 105% of the in-state tuition rate (shown as “Low Out-of-State Rate” in the table below). Scenarios (3) and (4) assume continuation of this initiative beyond its second year (FY 2016) under differing retention assumptions (“modest” and “more significant” retention gains). Modest retention scenarios assume that existing cohorts persist at long-term historic rates and only new incoming cohorts realize retention improvements. The more significant retention gain scenarios assume the past year’s improved retention trends continue for all cohorts, and new incoming cohorts realize additional improvements. Scenarios (5) and (6) assume the current out-of-state pilot pricing initiative is not continued beyond FY 2016, and reflect the different retention assumptions described above.

Model Scenario	Net Operating Surplus (Loss) in Millions						6 Year Total
	FY 2015 Proj	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	
(1) Steady State Enrollments <i>Constant enrollments based on FY 2015 projection</i>	\$ (0.98)	\$ (1.16)	\$ (2.52)	\$ (2.86)	\$ (4.76)	\$ (5.24)	\$ (17.53)
(2) Enrollment Decline (3.1% beginning FY 2016, then constant) <i>1.8% less than FY 2015 beginning FY 2016, then constant</i>	(0.98)	(2.30)	(3.65)	(4.02)	(5.92)	(6.43)	(23.31)
(3) Low Out-of-State Rate, Moderate Retention <i>105% Out-of-State rate, modest retention gains</i>	(0.98)	(1.16)	(1.37)	0.39	0.77	2.45	0.09
(4) Low Out-of-State Rate, High Retention <i>105% Out-of-State rate, more significant retention gains</i>	(0.98)	(1.16)	(0.55)	1.95	2.77	4.12	6.15
(5) High Out-of-State Rate, Moderate Retention <i>150% Out-of-State rate, modest retention gains</i>	(0.98)	(1.16)	0.09	2.16	2.94	5.46	8.51
(6) High Out-of-State Rate, High Retention <i>150% Out-of-State rate, more significant retention gains</i>	(0.98)	(1.16)	(0.23)	2.67	3.84	5.97	10.11

As noted above, model scenarios (1) and (2) illustrate that even were enrollments to remain unchanged or decline over the next several years, cumulative losses through FY 2020 would be significantly less than the value of unrestricted net assets available to the university **even with no management interventions to reduce losses**. The more likely future enrollment scenarios (3) – (6) yield operating deficits for the next one to two fiscal years before turning positive. These scenarios derive expected enrollments over the period based on the undergraduate and graduate Recruitment Plans (Exhibits [24](#), [27](#)), undergraduate retention rates based on the University's [Retention Plan](#), and planned changes in the [academic program array and faculty complement](#) through FY 2018.

In addition to this long range operating model, the University is making necessary and planned investments in its physical plant. Already ranked second of the fourteen in the PASSHE system based on a composite metric of facility condition and investments to maintain the quality of the physical plant, EU is investing its own plant reserves in facility renovations and deferred maintenance projects. ([Deferred Maintenance Schedule](#))

B.1. Further development and implementation of a comprehensive planning process that links long-range planning to decision making and budgeting processes.

This portion of the Monitoring Report relates to follow-up information requested regarding Standard 2. Over the past nine months, Edinboro University has taken several measures to strengthen ties between its planning, decision-making and budgeting processes.

A Strengthened Budget and Planning Infrastructure

The University has established an enterprise model to serve as its framework for long-range financial planning, established a new Budget & Planning Team (BPT), and a new Strategic Enrollment Management Team. (See BPT exhibits [13](#), [14](#), [35](#); SEM Team exhibits [28](#), [29](#)) In addition it has redesigned its internal budget process to realize the following goals:

- Align budget allocations with available revenues and strategic priorities;
- Engage faculty leadership in developing budgeting strategies and budget recommendations for the President's and Council of Trustees' approval;
- Provide Council of Trustees review and approval of capital budget plans; and
- Provide for the long-range financial stability of the University by ensuring ongoing investments in mission-critical operations and realizing efficiencies in support units.

To develop recommendations for allocating revenues within each program area, the University has established a Budget Planning Team chaired by the VP of Finance and

Administration. The team also includes the Provost/VPAA, Director of Budget & Payroll, Associate Vice President for Financial Operations, Vice President for Student Affairs, Vice President for University Advancement, a leadership representative from the faculty union, and a faculty member representative. The purpose of the team is to review all institutional financial projections including the work of the Strategic Enrollment Management Team and larger Planning & Budget Committee, discuss alternative funding strategies for achieving institutional strategic goals, and recommend a budget proposal to the President for approval. ([BPT Charge and Membership](#))

The larger Planning & Budget Committee (PBC), which was in place at the time of the MSCHE visiting team's report, remains engaged in the university planning and budget processes as a resource for exchanging perspectives and information about the university's financial and strategic plans, and to evaluate specific budgetary proposals and initiatives. For example, in the current budget development cycle the PBC has divided into three working groups to examine new revenue initiatives in targeted areas that would be consistent with the University mission and goals as defined in the Strategic Plan. Working from the Education Advisory Board's "200 Ideas from the Frontier: Alternative Revenues in Higher Education," the working groups have identified potential revenue initiatives for FY 2016 and are working with unit managers to craft implementation plans for those initiatives. At the same time, the PBC remains updated on progress with regard to the University's Strategic Plan. Any revisions to the Plan will be made by the President's Executive Council and brought to the PBC for comment. ([PBC Agendas](#); [Strategic Plan Progress Report](#))

Finally, EU has established a Strategic Enrollment Management Team that meets monthly throughout the year. This team was created to monitor and evaluate all aspects of the strategic enrollment management process including goal-setting recruitment and retention strategy, and to continually assess effectiveness of the process based on outcomes. The SEM Team is co-chaired by the Provost and Vice President for Finance and Administration, and includes the AVP of Enrollment Service, AVP of Financial Operations, Director of Academic Success and Student Retention, Director of Institutional Research and Assessment, all academic deans and an academic department chair. ([SEM Team Charge and Meeting Agenda](#))

A key characteristic of the university's approach to budget and program planning is that it seeks to be proactive rather than reactive. Edinboro University recognizes that it continues to face considerable enrollment and financial challenges. The university also has the financial resources to withstand a period of modest operating deficits as it restructures its academic programs, strengthens its recruitment and enrollment management functions, builds student success and co-curricular support programs and services, and streamlines institutional support functions to realize greater operating efficiency. Initiatives undertaken in only the past few months are expected to yield substantial and lasting improvements to both revenue attainment and student success. Edinboro University is making

investments to support positive impacts on the quality of our programs and the success of our students.⁷

Integration of Advancement Revenue and Capital Project Expenditures in the Planning and Approval Process

In addition, to ensure financial resources are utilized to support the highest institutional program priorities, Edinboro University will be taking a “full funds” approach to annual budget development to include the allocation of endowment proceeds and current fund gifts. Historically, allocation of these funds – representing substantial annual resources supporting scholarships, operating and capital expenses – has been managed largely by the area charged with fundraising (University Advancement) and not incorporated into the institutional budget planning processes. The university will also be taking more a deliberate approach to ensuring the annual budget reflects EU’s very successful and systematic efforts to raise funds in support of strategic goals.⁸

The University is also changing its approach to capital project approval and management. Capital project funding comes from three primary sources: state appropriations, plant fund reserves and private gifts. In the past, only state appropriation capital plans were presented to and approved by the Council of Trustees. In the future, all capital spending plans, including the use of plant fund reserves and private gifts, will be presented to and approved by the Council of Trustees.

B.2. Further development and implementation of a sustained assessment process to evaluate and improve the total range of programs and services and the achievement of institutional mission, goals, and plans.

The measurement and evaluation of institutional effectiveness has continued its evolution since the MSCHE team visit in spring 2014. A number of committees, teams, and new employees have been dedicated to the work of achieving our mission, goals, and plans. Many of the visiting team’s recommendations can be seen woven into the ongoing work of assessing our institutional effectiveness. While Edinboro recognizes the important role that student learning assessment plays in the effectiveness of the institution, the following

⁷ The [Academic Affairs Program Array and Personnel Plan](#) discusses the institution’s work to transform its program array to address new student markets and revenue streams, including the elimination of lower-enrolled programs, and associated personnel actions and investments. Beyond this plan, other recent investments in student success include the approval and filling of the new position of Director of Academic Success and Student Retention, and the multi-year commitment of release time for a faculty coordinator to expand and improve the University’s First Year Experience program. Both of these latter initiatives are directly tied to supporting achievement of elements of the University’s Strategic Plan.

⁸ This will complement the fact that Edinboro’s advancement team has met performance funding target levels for fundraising in each of the last two years and is a leader in the State System in terms of funds raised per size of advancement staff.

brief synopsis focuses heavily on the progress of the greater institutional (i.e. non-academic) components of standard 7.

Progress in Leadership and Organization

The roles of the Director for Institutional Research and Assessment and the Institutional Effectiveness Committee (IEC) have been more firmly defined during the last several months. One of the major responsibilities of the Director is to be the single point of contact for institutional assessment needs.⁹ The IEC serves as an advisory group to the Director, reviewing both the institutional assessment process, and data and information emerging from the many measures associated with the University’s Assessment Plan, as summarized below. ([IEC Charge and Role](#))

Institutional	Both	Student Learning
Strategic Plan Monitoring	National Survey of Student Engagement	Student Learning Outcomes Assessment Reports
Performance Funding Monitoring	Alumni Survey	ETS Proficiency Profile
Divisional Assessment Reports	Annual Program Evaluations	Graduate School Student Satisfaction Survey
“Great Colleges to Work For” - Campus Climate	Academic program reviews (5-year schedule)	
Sightlines (Facilities)	Advising Quality Survey	

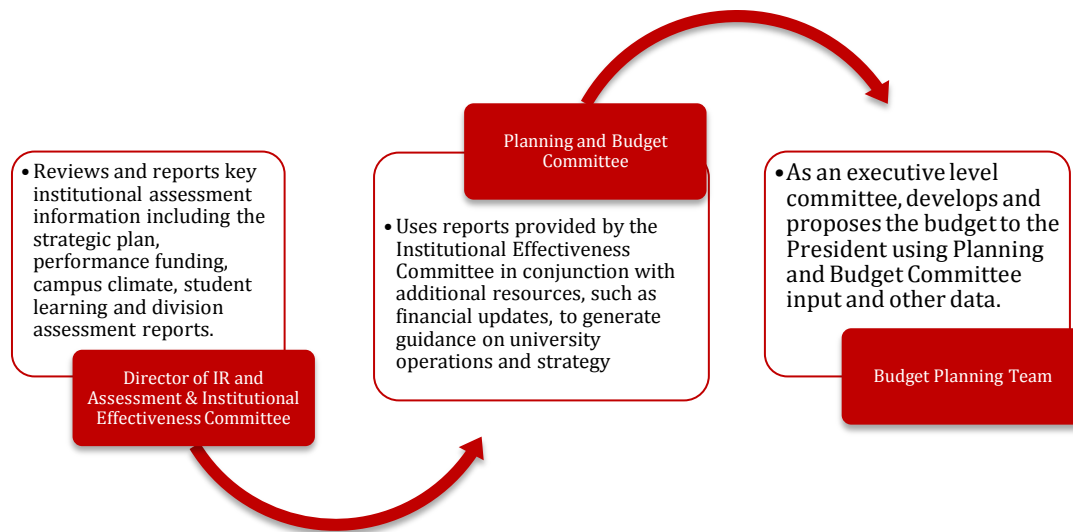
The Director and IEC evaluated the role of institutional (non-academic) assessment on campus in 2015. The original assessment plan had called for non-academic review at the individual department level. However, the time and resource commitment for such a task was not efficient given the 55 individual departments identified. The Committee agreed to begin requesting higher, divisional-level assessment reports, and in particular to focus on those areas tied most directly to the goals of the 2013-2018 Strategic Plan and Performance Funding Indicators, as these most strongly reflected institutional and State System priorities. A schedule was also developed to more systematically review the elements of the Assessment Plan. ([IEC Assessment Plan Review Schedule](#)) These actions represent an example of evaluation of the assessment process itself for improvement. In addition, the IEC identified specific areas for which the institution should develop assessment teams. One of the teams focusses on Strategic Enrollment Management (SEM) with the goal to evaluate and assess recruitment and retention goals and strategies, two areas directly tied to the University’s Strategic Plan 2013-2018. (SEM Charge and Agendas, exhibits [28](#), [29](#)) The need for such a group was also noted in the visiting team report. Other groups that are providing similar institutional assessment include the Data Quality Team and the Porreco College Planning Team.¹⁰

⁹ This directly addresses a recommendation made by the March 2014 MSCHE visiting team.

¹⁰ The Porreco College Planning Team relates directly to assessment of Strategic Plan Goal 5.

Improved Linkages to Planning and Budget

During Edinboro's 2014 site visit, the team suggested that clearer communication regarding the roles of the Institutional Effectiveness and Planning and Budget Committees were needed. Just as the role of the IEC has been clarified, the linkage of the Planning and Budget Committee to institutional effectiveness has also been made more evident. The following diagram shows this linkage.



The Planning and Budget Committee (PBC) has increased its focus on budget transparency through the leadership of Mr. Guilbert Brown, Vice President of Finance and Administration. The Planning and Budget Committee includes 25 members from faculty, administration, trustees, students, and staff. Originally developed to construct the Strategic Plan, the committee spent much of the last year evaluating ideas to contain expenses and generate new revenue, consistent with the University's mission and goals. Presentations on Edinboro's current financial position are regularly provided to the committee; the PBC also receives updates on progress regarding to the Strategic Plan and Performance Indicators, as provided through the Director of Institutional Research and Assessment. This type of information is to inform the PBC as decisions are made regarding updates to the Strategic Plan and for making resource allocation recommendations. This information flow will be expanded as the IEC's systematic review of the elements of the Assessment Plan continues.

As discussed earlier in this report, the Budget Planning Team (BPT) was formed since the time of the site visit in 2014. This expanded structure was based on a recognition that a more focused, executive-level group was needed to assimilate information from the PBC and other sources to develop and evaluate budgets for recommendation to the President and Council of Trustees. ([BPT Charge and Membership](#))

Continued Institutional Assessment and Improvement

Beyond the work noted above, other institutional assessment practices have both continued and improved at the University.

For instance, it is recognized that the University's Strategic Plan (2013-2018) encompasses those goals most critical for the advancement of the University for meeting its mission. Likewise, Performance Funding Indicators are important to University success, but also reflect factors of strategic importance to the State System, of which Edinboro is a member. Therefore, both of these areas are integral to defining what is assessed at the University to ensure institutional improvement.

To address the visiting team's recommendation (Standard 1) to systematically monitor the strategic plan on a systematic basis. A dashboard was developed with metrics to assess the goals of the Strategic Plan to better inform PBC evaluations and executive leadership team decisions. This will allow for adjustment and focus to those areas with high need. Recommendations on areas of need will also be key for the Budget Planning Team as they will recommend budgets for the each fiscal year. Some of these measures include: target graduation rates for the institution, colleges, and programs (Strategic Plan Goal 1, Objective D), target number of new applicants (SP Goal 3, Objective C), and target retention numbers (SP Goal 3, Objective D). The measures are updated at various times throughout the year. ([Strategic Plan Progress Report](#)) The strategies and tactics associated with the Plan are still in place and as their implementation continues; the goal is for the Director of Institutional Research and Assessment and the Institutional Effectiveness Committee to monitor achievement using the dashboard.

Also since last year, there has been new focus on defining more appropriate institutional metrics associated with performance funding elements. The measures are split amongst categories of student access, student success, and stewardship. Therefore, the metrics are important, not just due to the impact on funding, but by nature they are essential to Edinboro's institutional success and support State System priorities. President Wollman has dedicated significant effort to ensure Edinboro's focus on these measures, including negotiating the optional measures chosen for the university. As shown above, the measurement and evaluation of performance funding metrics are central to the work of institutional assessment. (Performance Funding Reports for [FY13](#) and [FY14](#))

As another example of institutional assessment in practice, EU has recently been recognized by the Chronicle of Higher Education as a "Great College to Work For." While the accolades are welcomed, the instrument was introduced by the President to be a legitimate catalyst and barometer for campus climate and improvement. President Wollman has held numerous campus focus groups and forums to review the results and get feedback on needs. ([Great Colleges Invitation to Focus Group](#), [Invitation to Forums](#), [Summary Presentation for Forums](#)) An assessment of these findings led to a series of half day workshops in fall 2014 provided to all employees on customer service improvement, an initiative consistent with fulfilling Strategic Plan Goal 4.C. Edinboro will continue

this process in the future and has set a target of being recognized in three new survey areas by 2018.

As discussed above, Edinboro continues its commitment to ongoing institutional assessment. Beyond that presented above, many examples of assessment recognized by the 2014 site team continue at Edinboro, including: consistent updating of TracDat to manage planning and assessment data, implementing the National Survey of Student Engagement (2014, 2015), participating in Sightlines (2014), participating in the *Great Colleges to Work For* survey (2014, 2015), and a new Advising Quality Survey (2014, 2015).

Summary and Conclusions

Edinboro University is a sound, financially viable institution committed to excellence, student success, and continuous improvement through assessment. Through its decennial MSCHE self-study process, EU has gained a greater understanding of its challenges and has developed and implemented strategies for improvement. Through this Monitoring Report, EU has addressed the MSCHE Commission's concerns as stated in Edinboro's Statement of Accreditation Status. The University believes that it has provided strong evidence of compliance with Standard 3, and has demonstrated continued development and implementation of activities associated with Standard 2 and Standard 7. Briefly summarized,

- EU has provided evidence to show that the financial status of the University was not accurately represented to the 2014 visiting team by the then CFO. Unrestricted net assets were greatly understated and did not reflect the significant assets later shown to be available.
- The budget deficit reported for FY 2014 to the 2014 site visit team was significantly larger than was actualized at year-end closing. The projected deficit of \$5.5 million was shown in audit to be approximately \$110K for the fiscal year.
- The budget projections for fiscal years 2015, 2016, and 2017 were greatly overstated to the 2014 visiting team by the then CFO. These projections failed to incorporate millions of dollars in E&G expense savings. This monitoring report presents multiple budget scenarios demonstrating much more favorable budget outcomes under reasonable assumptions. In all cases, the individual year and cumulative (through 2020) net operating surpluses (or losses) are easily within the scope of the institutions net assets.
- New budget and financial processes have been established since the Commission decision, further strengthening the University's ability to understand and control its financial future.

- The enrollment management system has been strengthened with the addition of new leadership in key recruitment and retention areas, and the development and improvement of strategic enrollment management plans at both the undergraduate and graduate levels.
- The division of Academic Affairs has formalized its plans for the University's academic program array and has aligned faculty personnel planning accordingly. There is a clear link between enrollment management, academic affairs planning, and institutional financial planning.
- The link between assessment, planning, and budgeting has been strengthened through improvements in existing structures and the creation of new working groups and teams.

List of Exhibits

(All exhibits are PDF documents unless otherwise indicated.)

- [Exhibit 1 – COT Presentation Sep 2014](#)
- [Exhibit 2 – Financial Report \(FINRPT\) FY14 to PASSHE \(Spreadsheet\)](#)
- [Exhibit 3 – COT Presentation Jul 2014](#)
- [Exhibit 4 – EU Audited Financial Statement FY14](#)
- [Exhibit 5 – FY15-17 Budget Projections \(March 2014\)](#)
- [Exhibit 6 – FY15 Budget Summary](#)
- [Exhibit 7 – FY15 Q1 Closing](#)
- [Exhibit 8 – FY15 Q2 Closing](#)
- [Exhibit 9 – Financial Report \(FINRPT\) FY13 to PASSHE \(Spreadsheet\)](#)
- [Exhibit 10 – Gift and Endowment Balances \(Spreadsheet\)](#)
- [Exhibit 11 – All Faculty Meeting Presentation Oct 2014](#)
- [Exhibit 12 – PASSHE Financial and Operations Dashboard](#)
- [Exhibit 13 – Budget Planning Team \(BPT\) Charge and Membership](#)
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- [Exhibit 21 – Net Revenue Analysis by Department AY2013-2014](#)
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- [Exhibit 23 – Retention Plan](#)
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- [Exhibit 25 – Weekly Admissions Summary Feb 16 2015 \(Spreadsheet\)](#)
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- [Exhibit 28 – SEM Team Charge and Meeting Agenda Jan 30 2015](#)
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- [Exhibit 30 – Sample Enrollment Management Update \(Spreadsheet\)](#)
- [Exhibit 31 – Porreco College Summary](#)
- [Exhibit 32 – 2013-2018 Strategic Plan](#)
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- [Exhibit 35 – Budget Planning Team \(BPT\) Meeting Agenda Nov 18 2014](#)
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- [Exhibit 37 – Institutional Effectiveness Committee \(IEC\) Charge and Role](#)

[Exhibit 38 – IEC Assessment Plan Review Schedule](#)

[Exhibit 39 – Edinboro Performance Funding FY13 Report](#)

[Exhibit 40 – Edinboro Performance Funding FY14 Feb 2 2015 Update](#)

[Exhibit 41 – Invitation to Focus Groups for Great Colleges to Work For Results](#)

[Exhibit 42 – Invitation to Great Colleges to Work For Forums](#)

[Exhibit 43 – Great Colleges to Work For Focus Group Results](#)