FY 2024 Budget Hearing Agenda

Clayton State University

Institutional leadership should be prepared to address the following four agenda topics. One or two additional items for discussion may be added by the institution, if time allows.

1. Enrollment Management

2. Strategic Academic Program Alignment

3. FY23 Budget Update and FY24 Budget Planning

4. Use of Data to Drive Decisions

5.

6.

Executive Summary – please provide an overview of the critical points of your budget narrative in a two page (maximum) executive summary.

Need to do this-KLH

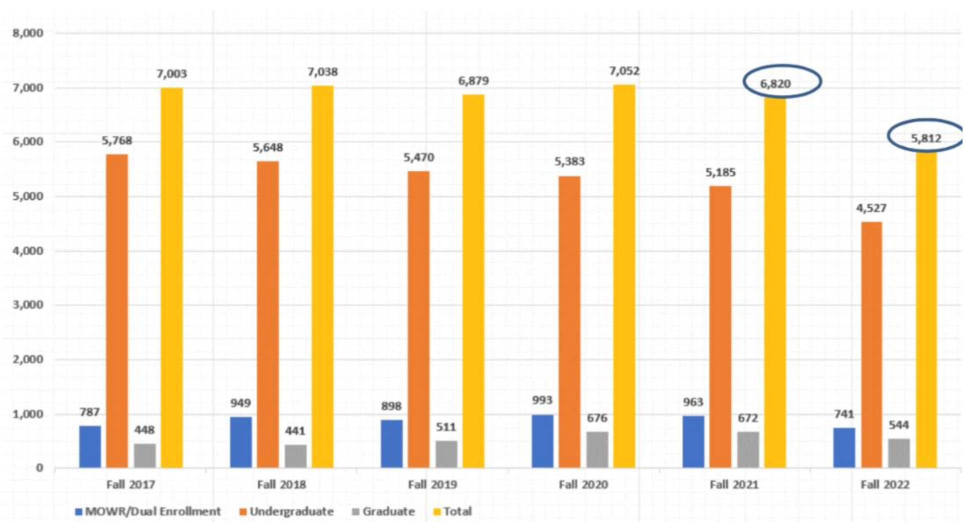
FY 2024 Budget Narrative
Clayton State University

1) Discuss enrollment trends during Fall 2020 to 2022. What are your enrollment projections for the next two years? Discuss factors impacting enrollment and discuss strategies for recruitment and enrollment. Differentiate trends across different campuses or instruction modality as relevant.

Enrollment Trends

Clayton State University's enrollment peaked in Fall 2020 at 7,052 students (Table 1 A). This was realized through the enrollment of the largest new student class in the University's recent history, made possible by test optional admissions for dual enrollment and undergraduate students, and improved continuing student re-registration rates. For Fall 2021, Clayton State saw a decline in enrollment that can be attributed to more competitive test optional requirements and decreases in re-registration rates. For Fall 2022, Clayton State was impacted by the delayed announcement to be test optional for Fall 2022 resulting in many applicants being initially denied. Furthermore, the decision to keep testing for dual enrollment students had a significant impact on new dual enrollment students which resulted in a 222-student decrease from Fall 2021 to Fall 2022 even though applications remained the same during that period.

Table 1A: Clayton State University Historical Fall Enrollment



Enrollment Projections

Clayton State University uses the enrollment projections from the Carl Vinson Institute as a guiding principle for enrollment projections and the subsequent budget development process. The projections for FY24 are not currently available. The announcement that Clayton State will remain test optional through Summer 2024 will help with building enrollment projections for FY24. However, the decision to not return dual enrollment to test optional will negatively impact the ability to recruit and enroll dual enrollment students as private institutions and the Technical College System of Georgia have chosen to remain test optional and/or have lower GPA requirements for admissions. Graduate student enrollment growth remains a strong opportunity Clayton State University. In FY23, the University successfully launched the first class of Cybertechnology students and the Master of Data Science degree was approved and will launch in FY24. Clayton State University recognizes its greatest opportunity to increase enrollment is by retaining students through improved in-class and out-of-class experiences. This topic is addressed in question five. For FY 24, the following enrollments are anticipated:

Table 1B.

Student Type	Fall 2023	Spring 2024	Summer 2024
Dual Enrollment	750	680	110
Undergraduate	4,730	4,350	2,220
Graduate	520	500	320
Total Enrollment	6,000	5,530	2,650

Enrollment Strategies

In November 2021 university leadership came together for a full day Enrollment Summit. This event included divisional and cross-divisional working sessions designed to foster discussion and the development of action items to support future enrollment growth. This resulted in action plans from within each division around opportunities for employees to contribute their divisional expertise to support enrollment growth. The Cabinet then identified three action items to support enrollment growth for Fall 2022 and beyond. One successful initiative from the Enrollment Summit was the expansion of athletics teams. Using an investment of $7,500, the Athletics Department was able to increase student-athletes by 57 students from Fall 2021 to Fall 2022 which resulted in roughly $490,000 in new revenue. In addition, the University invested $10,000 in customer service training for the Division of Enrollment Management and Student Success to enhance the prospective and current student experience from admissions to registering for classes.

Clayton State University also engaged with Rufallo Noel Levitz (RNL) over two days in February 2022. This engagement resulted in a comprehensive opportunity analysis report focused on the following areas: undergraduate admissions and recruitment, graduate admissions and recruitment, financial aid, marketing and web optimization, student success, and faculty engagement. The results from this report will also be used to further develop the comprehensive communication plan action item that was identified in the Enrollment Summit.

In March of 2022, the Vice President for Enrollment Management and Student Success resigned. The University is using this as a strategic opportunity to reintegrate the Division of Enrollment Management and Student Success under the Division of Academic Affairs. The goal of this approach is to align enrollment and student success efforts within the academic enterprise to improve overall enrollment efforts. Clayton State University anticipates completing this by December 2022. The University has launched a national search for the next Assistant Vice President for Enrollment Management. This new leadership role will be responsible for drafting the University's next strategic enrollment management plan, as the last one was developed in 2017 as part of the last strategic plan.

A process audit is being conducted during the Fall 2022 semester to increase efficiency and internal controls in the department of Admissions. The audit will address inconsistent processes and identify opportunities to increase applications, timely admissions decisions, and risk management strategies.

2) Discuss enrollment trends for non-traditional student populations. Specifically address steps your institution is taking to increase the enrollment of adult learners. What percentage of dual enrollment students enroll at your institution after high school, and what steps are taken to retain these students?

Enrollment Trends and Strategies for Adult Learners

The enrollment landscape for non-traditional/adult learner students is becoming increasingly competitive with the expansion of more national online institutions. For the past five years, the University have experienced decreasing enrollments for non-traditional undergraduate students (Table 2A). As part of the RNL opportunity analysis, RNL identified that enrollment of non-traditional students and adult learners directly coincides with overall US unemployment. The strong labor market has negatively impacted the University's ability to recruit non-traditional and adult learners. However, Clayton State remains committed to serving this population. For FY23 the University is launching the *DreamPath* initiative that is designed to help students with some college education find the best and quickest path to completing their college degree. *DreamPath* will provide students with technologically enhanced experiences, while allowing students the flexibility to transfer accepted courses and complete either a bachelor or associate degree. Depending on the degree completion program that is chosen, students may have the flexibility of selecting 8- or 15-week courses to fulfill their academic requirements. This allows students to move to degree completion at an accelerated pace if they choose.

Table 2A Non-Traditional Undergraduate Enrollment

	Fall 2018	Fall 2019	Fall 2020	Fall 2021	Fall 2022
Non-Traditional Undergraduate	1,773	1,621	1,480	1,456	1,220
% Non-Traditional Undergraduate (including DE (Dual Enrollment))	26.9%	25.5%	23.2%	23.7%	23.1%
% Non-Traditional Undergraduate (excluding DE)	31.5%	29.6%	27.5%	28.1%	26.8%

Enrollment Trends and Strategies for Dual Enrollment Students

Clayton State University identified improving the conversion rate of dual enrollment students to degree-seeking students as a key enrollment growth opportunity. After seeing a decline in Fall 2020 the University has now seen two years of increases in conversion rates. Clayton State invested significant resources during FY22 and FY23 to relocate the Fayette County instructional site to a renovated school in partnership with Fayette County Public Schools. This now affords the University the opportunity to offer college-level lab sciences at the site as well as offer the Nursing BSN (Bachelor of Science in Nursing) program at that location. This provides a unique pathway for high school students to complete key pre-requisites for the BSN while in high school.

Dual Enrollment students who became New Freshman					
	Fall 2018	Fall 2019	Fall 2020	Fall 2021	Fall 2022
Past Dual Enrollment Students	56	53	56	54	50
All New Freshman	539	463	763	595	458
% of Dual Enrollment students who became New Freshman	10%	11%	7%	9%	11%

3) What steps has your institution taken to review existing academic programs for alignment with the institution's mission, industry needs, and budget capacity? Discuss your review of enrollment patterns, program productivity, course schedule efficiency, or other metrics. What actions have been taken to address these findings?

Clayton State collects and reviews assessment plans for each academic degree program on an annual basis. As part of this reporting, each academic program reviews data concerning attainment of program learning outcomes and recommends changes based on that data. In addition, academic degree programs undergo a comprehensive review at least every five years to determine alignment with the institutional mission, quality, viability, and productivity. These reports are reviewed by the deans and provost to make recommendations for continuation, probation, or deactivation/termination. On an ongoing basis, Clayton State reviews major enrollment patterns, program productivity, and one-year retention rates to determine any curricular changes or deactivations. In reviewing enrollment patterns, three programs (Liberal Studies, Middle Grades, and Technology Management) are experiencing deficits in the number of majors at the freshman and sophomore levels (<10 majors). Four programs are below the 10 student, 3-year average threshold in terms of program productivity - Chemistry (5), Mathematics (6), Mathematics with Teacher Certification (2), and Middle Grades (9). One-year retention rate analysis for the Fall 2021 cohort data indicated [NEED THIS DATA].

In addition to the reporting metrics above, the Academic Strategic Alignment process began in May 2022 with the collection of data for the reports supplied by the USG. By June 1, 2022, Clayton State had completed the Course Schedule Analysis Tool, Institutional Key Metrics and Departmental Profile Data, and the Faculty Roster Template. Clayton State held a university-wide forum in June to explain the budget cuts and the process that would be followed to complete the academic strategic alignment. This two-stage shared governance process included 1) a review of the data within academic college task forces consisting of administrators, faculty, and staff to provide recommendations for strategic alignment and 2) a review of the recommendations and data by an academic affairs task force that would generate the final report and decisions.

To align with USG non-renewal dates for instructors, tenure-track, and tenured faculty, academic deans and department chairs began reviewing the data in June along with the dollar amounts associated with the FY24 budget reduction. This was done so that any reduction in force forms could be submitted for approval by the July 1st deadline. At the fall faculty meeting in August, the academic strategic alignment process was presented once again so any faculty who did not attend the June forum were aware of the two-stage process and the purpose of the activity. Additionally, all data reports were updated in August to include summer and fall information related to majors and minors, retention rates, new faculty hires, faculty-student ratios, and number of courses offered. The Course Schedule Analysis Tool was also updated to include the fall schedule of classes with enrollment numbers. While the data update was occurring, academic deans began forming the college level task forces that would undertake the process. In September, college level task forces began analyzing the data to make recommendations to the provost's office. The recommendation reports from the colleges were submitted to the provost's office in mid-October. As of the writing of this narrative, several colleges are still in the process of analyzing data and preparing reports. Recommendations for strategic alignment thus far include changes to the curricula in several majors to better align with current job market needs, redesign of the curriculum to prevent roadblocks to progression, deactivation of two programs that do not have enough majors or credit hour production, and probation for one program that has low production but still generates enough core credit hours to be viable. The academic affairs committee will review college level recommendations during November and December to make strategic decisions concerning the viability of current course and program offerings, alignment with the institutional mission, and resource needs that are necessary to provide Clayton State students with the knowledge and skills necessary to succeed in future careers.

4) How do programs under consideration for inclusion in your next Annual Academic Forecast align with labor market needs? Discuss any high impact practices planned for these programs.

As a result of current budget reductions and the Strategic Alignment Process, Clayton State will not be proposing new programs in FY24.

5) What data are analyzed at your institution to inform progress on student outcomes? How are these data shared with institution leadership and other stakeholders? Include in your discussion any specific software or technology used to monitor or report on the data. Discuss recent findings, and any actions that have been taken to expand successful areas or address areas for improvement.

Clayton State analyzes retention rates and graduation rates by overall, gender, race/ethnicity, housing, college, major, etc. This information is shared with and reviewed by the University's leadership and shared more broadly via the University's website (https://www.clayton.edu/institutional-research/student-rtk).

As part of the Predominantly Black Institution designation from the U.S. Department of Education, Clayton State has been the recipient of two Formula Grants (2016-2021; 2021-2026) and one Competitive Grant (2021-2016). The overarching goals of these grants are to increase one-year retention and 4-year graduation rates by providing academic and student support services along with faculty professional development. It should also be noted that many of the activities embedded within the grants are aligned with Clayton State's Momentum Approach.

Data related to retention and graduation outcomes among students that have participated in grant related activities indicates that these additional support services are having a positive impact on students. Analysis of these results are reported annually to the U.S. Department of Education, are included in Momentum Reports, provided as part of institutional accreditation requirements, and have been shared with the faculty.

In addition, DFW rates are analyzed every semester by class, delivery type (on campus vs online), college, and department. These reports are shared with deans and department chairs as well as the Center for Academic Success to determine curricular changes, faculty professional development, or academic support services (e.g., tutoring, learning assistants, early alerts, etc.). Analysis of DFW rates pre-COVID vs. COVID affected courses, showed a 4.8% increase in the number of courses with DFW rates above 25% with the largest increase occurring during the 2021-2022 academic year when Clayton State was test optional. At the college level, deans, department chairs, and faculty reviewed the data and determined that student engagement had declined despite efforts to consistently connect with students and keep them engaged. At the university level, an alert system was implemented and embedded in D2L so that faculty could report students who were academically at risk. Upon receipt of a report, advisors and academic coaches reached out to students to make them aware of support services such as tutoring.

The increase in DFW rates also resulted in the increase of students moving from academic warning to academic probation and ultimately academic dismissal. These rates occurred at both the undergraduate and graduate levels.

In January 2021, Clayton State transitioned from EAB Student Success Collaborative solution to Target X's retention solution which utilizes the Salesforce platform. This move was done to unite the recruitment and retention data sets as well as to provide expanded functionality to student support offices across campus. As a result of this effort, Clayton State University can now track student engagement markers in real time and automate interventions and communications to students. Clayton State is considering partnering with the USG on a broader Salesforce implementation.

The Office of Career Services tracks students' engagement with career development activities across campus via TargetX. This includes attendance at/participation in career services programs and events as well as on or off-campus internships or Co-ops. In addition, the CareerZone portal for student employment opportunities provides robust tracking of numbers of employers, student contacts and logins, and curated positions. As of early Fall 2022, Career Services has seen (on average) a 125% increase in student participation in career-development related activities, compared to the past two years.

With respect to extra-curricular engagement, the Presence platform is used to manage and track extra-curricular and leadership student engagement and skill development, supporting student retention outcomes.

Clayton State has deployed a business intelligence platform (Metabase) for operational reporting and dashboarding needs. The platform contains approximately 1,000 reports/visualizations with a user base of over 300 faculty and staff. A variety of data sources are exposed within Metabase to enable reporting. Much of the data is student centric such as Banner and Learning Management (D2L). Other than direct reporting available natively within business applications, Metabase is the default University reporting tool.

6) Discuss employee recruitment and retention. What departments of your institution have had the most difficulty in recruiting or retaining faculty or staff? What efforts are being taken to address these challenges? If your institution has conducted any recent compensation studies, please discuss the findings of this study. Include the cost impact and whether your institution has budgeted any funds towards this study in FY23 or plan to in FY24. (*Remember to consult with the USG Office of Human Resources prior to implementing any compensation changes related to these studies.)*

As with employers across the nation, recruiting and retaining faculty and staff is a challenge. Employees are seeking greater pay, more flexible work arrangements and greater career advancement. These challenges are amplified for Clayton State because of its location in metro Atlanta and the number of employers able to offer the opportunities that employees seek.

In reviewing employee recruitment and retention, Human Resources calculated a 30.5% turnover rate for full-time, benefited employees at Clayton State for the period of August 1, 2021, through August 30, 2022. The national average for institutions of higher education was 29% for staff and 34% for administrators according to a survey conducted by Higher Education Publications.

The departments experiencing the greatest turnover were Enrollment, which includes the Center for Advising & Retention, Financial Aid, Recruitment & Admissions, Academic Outreach – Dual Enrollment, Center for Academic Success, and Registrar (100%), Public Safety (66.7%), Parking Services (87.5%), Human Resources (42.8%), and the Office of Budget & Finance (50%). These percentages reflect some positions that may have been vacated one or more times within the reporting period, voluntary retirements, and promotions within the existing department.

Recommendations and actions taken to boost recruitment and retention efforts in these departments include providing salary increases comparative to the market for key areas such as Academic Advisors when sufficient funding was available. The salaries for Academic Advisors were raised to be more competitive in the Atlanta market. Similar market adjustments were made in the recruitment and admissions area and public safety.

In addition to these efforts, a committee led by Human Resources reviewed and revised the flexible work arrangement policy to ensure it was relevant to current trends in the workplace. The revised policy gave new guidance to employees as it relates to teleworking, remote work, and flexible schedules. This policy was well received and allowed the managers to boost recruitment and retention efforts.

Human Resources also launched a monthly HR (Human Resources) Newsletter that recognizes new hires and retirees. The newsletter has aided in getting employees acquainted with new colleagues. In addition, Human Resources is encouraging staff to engage in professional development, including the Laker Leadership Academy, lunch and learn opportunities, and SkillSoft certification courses.

The University has considered conducting a comprehensive compensation study; however, the University is not able to fund salary rate changes that might be recommended, leading to additional morale and retention challenges. The state-funded $5000 cost of living increases in Spring 2022 did offer some relief. Nevertheless, each area of the University has been impacted by staffing departures and the inability to hire at a competitive salary.

In conclusion, given current financial challenges, Clayton State will rarely be able to match the market rate on salaries. However, the campus culture, location, and benefits are such that some individuals will continue to find the University attractive. The University is fortunate to have a cadre of employees that are devoted to service and loyal; they have remained out of their desire and commitment to the University. A wonderful example of this is a retired employee who has pledged more than $1M from his estate.

7) What is the financial impact of the actual fall 2022 enrollment achieved at your institution? Describe the enrollment assumptions used in the original budget and the subsequent changes in revenue (increase or decrease) as compared to the original budget. What actions are being taken adjust your FY23 budget based on your actual enrollment? Discuss both E&G and auxiliary funds.

E&G Fund Discussion

Clayton State University saw an unprecedented decline in student enrollment of approximately 1000 students for Fall 2022. Last spring, internal and previous Carl Vinson Institute enrollment projections indicated that the University could anticipate enrollment of at least 6800 students. Consequently, the University took a conservative approach and built the budget with a 6650-headcount. (Table 7A). The University has traditionally budgeted less than enrollment projection tuition estimates, thus building the budget on a 6650 headcount was considered prudent and would buffer against the need to make a mid-year cut. Unfortunately, several factors had a greater impact than anticipated, including the effect of the pandemic and marketplace on student enrollment, a multitude of personnel changes ranging from the departures of a first-time president to the vice president for enrollment management, and the loss of recruiters and other key personnel in the admission's process.

Table 7A. FY23 Budget Build Scenario

CSU FY 23
FY 2023 Budget Build

FY23 BUDGET BUILD SCENARIO

Revenue - 6,650 Fall Enrollment		
	FY23 Budget	
State Appropriation	34,816,866	
Tuition	28,768,665	
Fees & Other General	901,778	
Carry Forward Funds	800,000	
		65,287,309
Expenditures		
Updated current budget with COLA increase for filled/vacant positions	**65,038,244**	
Divisional budget cuts 250K	**(250,000)**	
Funding Available to Distribute		**499,065**
Required Funding Items added:		
University Contingency ***(4930000)***	200,000	
Faculty Promotions including benefits ***(Various)***	45,814	
		245,814
Additional Funds Available		**253,251**
Additional Items Funded:		
VPAA/Provost ***(5010000)***	120,878	
University Contingency ***(4930000)***	132,373	
		253,251
Remaining Funds		**-**

Table 7B. FY 23 Student Headcount-Original and Revised

	ORIGINAL STUDENT HEADCOUNT ASSUMPTIONS FOR FY23 BUDGET BUILD	
FALL	SPRING	SUMMER
6,650	5,897	3,264
Revised 5,856	Revised 5,520	Revised 2,650

The 1000 student decline in August 2022 led to an immediate need for a mid-year budget cut and hiring freeze for FY23. The following **Guiding Principles and Considerations** had already been developed for the FY24 reduction process and were used when the University pivoted to implement a FY23 mid-year cut. (Table 7C).

Table 7C. Guiding Principles and Considerations

CSU BUDGET REDUCTION GUIDING PRINCIPLES AND CONSIDERATIONS
Clayton State University will use the following principles, guided by the university's continuing strategic plan, goals and values, as it develops budget reduction plans:
1. ***Minimize to the greatest extent possible negative impacts on student learning and teaching.***
2. ***Institutional/university-wide priorities will take precedence over individual or divisional priorities.***
3. ***Reduce budgets strategically, not across the board.***
4. ***Successful initiatives for enrollment growth and retention should continue to be supported where feasible.***
5. ***Initiatives to increase revenues will continue to be explored.***
6. ***Challenge the status quo and long-held traditions that are impediments to change.***
7. ***Closer-term decisions to maintain a balanced budget will accompany long-term planning.***
8. ***Each unit should analyze each program and every function within its area and the associated costs. Each recurring expense or cost must be justified for continuation. New expenses must be justified and funded from redirection.***
9. ***Be transparent, collaborative, and accountable in making important decisions that affect the institution.***
10. ***Reduction plan(s) will be communicated to the university community and stakeholders.***

With the above-stated principles in mind, Table 7D details the FY23 revenue shortfall overall projections for Summer and Fall 22, and projected shortfalls for Spring 23 and the first portion of Summer 23 that will total approximately $5,000,000.

Table 7D. Revenue Shortfall Projections for FY 23

FY 23 Revenue Shortfall Projections by Term	Projected Amount
Summer 2022	$180,000
Fall 2022	$2,300,000
Spring 2023	$2,400,000
Summer (1st)	$120,000
TOTAL	$5,000,000

The $5 million dollars will need to be generated across the university and each unit is implementing reductions and cost savings measures that consist of:

OS&E Reductions
Travel Reductions
Academic Strategic Alignment
Outsourcing
Contract Eliminations & Renegotiations
Implementing Savings Strategies to Reduce Costs
Implementation of a Hiring Freeze
Elimination of tasks
Personnel Impacts-holding and eliminating vacant positions, reviewing staffing levels and duty distribution, reorganizations of units.

Each units' portion of the mid-year cut is detailed in Table 7E. and the Hiring Freeze goal in Table 7F.

Table 7E. Divisional Portion of Reduction needed for FY 23 Mid-Year

CLAYTON STATE UNIVERSITY FISCAL YEAR 23	**MID-YEAR REDUCTIONS BY DIVISION**
Academic Affairs	**$879,529**
Enrollment Management	**$297,057**
ITS	**$230,830**
Student Affairs	**$81,784**
Business Operations	**$286,909**
University Advancement	**$143,780**
Spivey Hall	**$16,008**
President's Office	**$64,103**
TOTAL	**$2,000,000**

Table 7F. Salary and Benefits needed to be generated from FY 23 Hiring Freeze

Hiring Freeze Salary/Benefits		Needed Savings Amount
TOTAL		**$3,000,000**

Clayton State must continue to operate in an effective manner, so a process has been created that *in rare circumstances* permits a unit to request a waiver of the hiring freeze. For example, enrollment is a critical need, so a waiver of the hiring freeze was permitted so that a new AVP for Enrollment Management can be recruited.

Working across the university, with employees, deans, department heads, the Planning and Budget Advisory Council (PBAC), and Cabinet the budget reduction and hiring freeze goals were identified to address the shortfalls caused by the precipitous enrollment decline of Fall 2022. Many of the actions and activities that had been identified for FY24 are being accelerated to meet the FY23 situation. The University recognizes that the hiring freeze and associated salary and benefits savings for FY23 is a one-time tool to be used because of the exigent circumstances. For FY24, the University is looking at systemic permanent cuts, realignments, and reorganizations. As of the first quarter of FY23, the hiring freeze/vacant positions has generated: $1,647,302.

The cuts will have and have had a marked impact on the operations and personnel of each area in the University as described below. The university is cutting travel, OS&E, ending contracts and other also planning to halt some very limited HEERF (loss revenue replacement) funded projects and where permissible, utilize those funds to offset some of the revenue shortfalls.

Divisional Actions:

Academic Affairs – Academic Affairs includes the academic colleges, international programs, Center for Excellence in Learning and Teaching, Continuing Education, and the library. As a result of the decline in enrollment in fall 2022, 11 vacant positions were eliminated for FY23. For FY24, $571,717 will be reduced from OS&E, Travel, Casual Labor, Part-time, and student assistant budgets across all units. In addition, approximately $2.7M in faculty and staff positions will be cut as result of combining departments, additional vacancies, and reductions in force.

Business Operations - Business and Operations provides several key services across the entire university ranging from fiscal, procurement, contracting, accounting, billing, campus safety, human resources, auxiliary services to custodial construction/renovation and landscape services. For FY23, the vice president's office has eliminated two Assistant Vice Presidents' roles and reclassified current employees to serve as Executive Directors. In addition, the vice president's office is moving to a shared Executive Assistant model with another division. Overall reductions in the division include reductions in these categories: personnel, OS&E (operating supplies and equipment), travel, student assistant and casual labor. It should be noted that there are some costs such as utilities that are continuing to escalate at a rapid pace and such escalations will have an impact on both Clayton State's general fund budget and the auxiliary budgets as well.

Student Affairs – The Division of Student Affairs offers an array of resources and programs that enhance the college experience for students through a supportive environment that fosters active participation in meaningful learning experiences, particularly outside the classroom. The Division has been impacted by the significant decrease in enrolled students for Fall 2022, with both state funding and mandatory fee and auxiliaries' revenue being adversely affected. As a result, the Division did not fill five (5) state-funded positions and three (3) auxiliary positions while still realizing a permanent reduction of $10,000 in E&G funds.

Spivey Hall –Spivey Hall serves as a "front door" to the Clayton State campus for arts patrons from the Atlanta metro region and the U.S. at large. The annual budget of $1.9 million includes $1 million in annual contributed income. For FY24, Spivey Hall will cut $32,710 of state funding. Spivey Hall will reduce the artist fee budget by $15,000, cut the number of concerts in the 2023-24 season by 2-3. The remainder of the cut will appear in reductions to replacement of computer equipment, production equipment, and a reduction of $6500 in payments for custodial services for events.

The Office of the President- The President's office has reduced E&G funds by permanently eliminating two (2) state-funded positions and redirecting responsibilities to remaining personnel in the office and from various units to cover core divisional functions. This reduction will result in a savings of $374,774 for FY24.

Information and Technology Services ('ITS') - ITS is the central information technology services organization at Clayton State University providing a full complement of technology services. ITS will achieve its FY23 budget reduction primarily through organizational restructuring, which will reduce the total position count from 37 to 33 and yield a savings of $687,684. ITS is also working to manage expense increases associated with maintenance contracts, consolidating services and administrative tools, and pursuing managed service contracts where possible to simplify overall technology operations. Other cost containment and service enhancement initiatives include: 1. Eliminating desktop printing in lieu of a new, managed service print program based upon leased multi-functional print devices; 2. Standardizing faculty and staff laptop/desktop device refreshment practices; 3. Consolidating business applications where possible - i.e. counseling and health services; and 4. Migrate the CLSU telephony system from on-premise to the Microsoft cloud-based PBX powered by Teams.

University Advancement and External Affairs - University Advancement and External Affairs provides key services across the entire campus in the areas of fundraising and stewardship, website management, marketing, advertising, graphic design, videography, photography, and media relations. Reductions have occurred through the elimination of positions, and reductions from OS&E, Travel, Casual Labor, Part-time, and student assistant budgets.

Auxiliary Funds Discussion

Auxiliary Units are facing similar shortfalls as well as mandatory fee holders.

Table 7G. Mandatory Fee Fall 2022 Shortfall

FALL 2022 MANDATORY FEE ANALYSIS AS OF 9/21/22

FEE	BUDGET	ACTUALS	SURPLUS/(DEFICIT)
Health Fee	208,455	181,533	(26,922)
Parking Fee	154,092	134,142	(19,950)
Laker Card Fee	90,443	80,710	(9,733)
Athletic Fee	770,478	670,712	(99,766)
SAC Fee	531,806	463,481	(68,325)
Student Activity Fee	271,958	236,752	(35,206)
Technology Fee	313,442	275,539	(37,903)
TOTALS	**2,340,674**	**2,042,869**	**(297,805)**

Table 7. Total Projected FY 23 Shortfall in Mandatory Fee Revenues

FY23 Mandatory Fee Revenue Shortfall Projection			Amount
Summer 2022			83,648
Fall 2022*			297,805
Spring 2023*			297,805
Summer 2023*			106,970
*Estimate			
Total			$786,228

Divisional Actions:

Auxiliary Services- For FY23, travel expenses will be eliminated, and restructuring will result from the resignation of the department's AVP. These changes will decrease expenses in all units and contribute to an anticipated operating net profit, despite the decrease in enrollment, with one exception. The Loch Shop (bookstore) is anticipated to post a loss unless the University covers 100% of the dual enrollment book expense. Additionally, there are construction projects in progress for the LakerCard Center and Dining budgets. These units are expected to post losses for FY23 due to the expense of each project. Equity has been accrued in reserves for several years in anticipation of these projects and will cover the loss with those funds.

Student Activities Fund - The Student Activity Fee is a mandatory fee at Clayton State University, currently $60 per semester for full time students. Student Activity Fees fund experienced a positive cash flow of $408,543 mitigated by $347,970 from HEERF funds for lost revenue. The Student Activity Fee fund balance is $696,953. Recent years have seen continuously decreasing funding to most activity fee funded areas (including student organizations), no funding increases, and utilizing funds from vacant positions rather than filling them to help maximize the fund. A significant change to the scope of programs and services offered through Student Activities Fees is unavoidable for FY23.

University Housing (PPV) - University Housing occupancy numbers for Fiscal Year 2022, while seeing some increase from the previous years' pandemic conditions, remained slightly below (Laker Village) or moderately below (Laker Hall) budget target occupancy based on the project proforma. Recent refinancing (2021) of the Laker Village proforma has helped to provide more manageable target occupancy to meet the proforma budget. Still, however, in not exceeding the target occupancy for both facilities in Fall 2022, FY23 operational resources are stretched for all facilities and no additional funds have been realized to be designated for carryover/reserve. Existing and future fund reserves primarily continue to be maintained to ensure the ability to meet the biannual debt service of the proformas and to cover any operational contingency needs. More specific information related to each housing facility is included under question 10. Add Project R&R balance and operational reserve balances numbers.

Technology Fee - Information & Technology Services ('ITS') benefits from a strong Technology Fee reserve balance of $557,786 as of June 30, 2022. The strong reserve balance will help the University overcome a decrease in revenue over the next several years because of declining enrollment while continuing to update classroom and network technologies as in years past. In FY23, Technology Fee revenue is projected to decrease from an original budgeted amount of $733,928 to $653,850. The revenue decrease will prompt a small reduction in force and no reserve contribution. This trend is expected to continue through FY25. Overall, Technology Fee revenue will have decreased from FY17 to FY23 by 22.7% or ($191,863). Total revenue in FY17 was $845,713.

Student Activities Center (PPV) - The mandatory Student Activity Center (SAC) fee for full time students is $115 per semester. The fee supports the maintenance and operations of the SAC and coupled with the debt service refinance in FY18, assists with making payments on a proforma of a 1 percent enrollment growth assumption per year. The SAC experienced a positive cash flow of $23,890 for FY 222, mitigated by $195,000 from HEERF funds for lost revenue. To address decreased SAC mandatory fee revenues due to Fall 2022 enrollment, the SAC will eliminate positions and implement operational efficiencies through staffing reorganization. The SAC fund balance at the end of FY22 was $916,456. The amount held by the System Office as capital liability reserve was $160,738. Add operational reserve balance number.

8) Provide an update on potential actions to address projected FY24 revenue changes for state funds and tuition. Due to FY22 credit hour production at your institution, you have been provided a reduced state funds revenue target for FY24. Use the attached template to list specific actions you may take to reduce expenditures. Projected changes in tuition revenue should be based on enrollment projections for next year.

Increased tuition revenue due actual FY23 enrollment exceeding budget may be incorporated into your plans for FY24. Do not include estimated growth in future years to offset expense reductions.

Like all USG institutions, annual support from the state is critical to Clayton State's budget and increases in appropriations are typically allocated to help the University meet strategic needs as well as mandatory and inflationary cost increases, such as benefits increases. Clayton State remains committed to keeping college affordable. However, the University is not immune from the inflationary and enrollment decline realities. The University is facing large decreases in revenues and higher costs. Table 8A shows the estimated decrease in state funds of $3.43 M and the projected decrease in tuition revenue of another $4.2M for a total of $7.630M.

Clayton State University has managed to navigate challenging times because of its conservative budgeting approach. The University needed to reassess, reimagine, and react quickly to the current environment and realities. The University has already shared with the USG budget leadership and analysts, and the campus the plans for the FY 23 mid-year reduction. The University is well on its way to meeting those targets because leadership moved swiftly.

The University adopted a Zero-Based Budgeting approach this summer for FY24 reduction planning that helped administrators and staff understand their budgets. This meant they were able to use the information from the earlier FY24 cut work and assess which items could be accelerated for the FY23 reduction.

The University continues to consider multiple options and data, acting accordingly. The University has worked diligently to control and manage all the budgetary and operational parameters within its control, but the past years' perfect storm has left the University in a seriously challenging position. The University has the talent to overcome the challenge, but it will involve a lot of tough decisions.

The 10 Guiding Principles and Considerations were originally developed to guide the FY24 cuts in state appropriations once notice was received from the System Office in April of 2022 of the upcoming $3.35M state appropriation cut (that amount has increased to $3.430M). Fortunately, the Predominantly Black Institutions (PBI) federal grant was funded at a moderate level of $650k. This grant supports several key student success endeavors, that we will be able to continue despite the decreases.

With the above-stated Guiding Principles in mind, Table 8A details the required level of state appropriation and, in the worst case, potential tuition revenue loss, if enrollment does not improve. The $7,630,000 reduction amount is approximately 20% of FY23 State Appropriation (Table 8B).

Table 8A. FY 24 Divisional level proportion of state appropriation and potential tuition/fee revenue cuts

CSU FY24 Allocation of Reductions

Division	STATE APPROPRIATION $3,430,000 Budget Cut	PROJECTED TUITION & FEES $4,200,000 Budget Cut	TOTAL $7,630,000 Budget Cut
Academic Affairs	$1,508,391	$1,847,011	$3,355,402
Enrollment Mgmnt	$509,453	$623,820	$1,133,273
Business & Operations	$492,049	$602,509	$1,094,558
University Advancement	$246,583	$301,938	$548,521
Student Affairs	$140,259	$171,746	$312,005
ITS	$395,874	$484,744	$880,618
Spivey Hall	$27,454	$33,616	$61,070
President	$109,937	$134,616	$244,553
Total	**$3,430,000**	**$4,200,000**	**$7,630,000**

Table 8B. CSU FY 23 State Appropriation

Allocation of State Appropriations
Fiscal Year 2023
Clayton State University

FY 2022 Base Budget	Amount
State Appropriation	$ 27,140,426

FY 2023 Formula Funding - Enrollment and Other Allocations	Amount	Notes
Enrollment Earnings (Loss)	$ 236,659	
COLA Increases	$ 3,499,754	
Special Institutional Fee Elimination	$ 3,828,618	
Maintenance & Operations (M&O)	$ -	
Health Insurance & Retiree Change	$ 78,241	
Teacher's Retirement System - Rate Change	$ 21,014	
Employees' Retirement System - Rate Change	$ 1,928	
Adjustment for State-Wide Billing (DOAS, GTA)	$ 10,226	
Annualize FY22 Adjustments	$ -	
Legislative Adjustments	$ -	
Total of Enrollment and Other Allocations	$ 7,676,440	

Total FY 2023 State Funds Budget $ 34,816,866

FY 2024 Budget Narrative
Clayton State University

We will briefly discuss each unit's plans, which are consolidated in the CLSU FY24 Budget Planning template. Overall, we will eliminate positions, maintain vacancies, and end those positions, reduce travel and OS&E. Since personnel makes up more than 88% of our budget that is the largest category we can look to for savings.

Divisional Actions:

Academic Affairs & Enrollment Management – Elimination of vacant positions in the beginning of FY23 and planned reductions in OS&E, travel, and personnel (faculty and staff) for FY24 will result in approximately $3.35M in budget reductions for Academic Affairs and $1.13M in reductions for Enrollment Management. The University recently made the decision to merge the two divisions which resulted in a reduction of one VP position and one Executive Director position. This resulted in a budget savings of approximately $127,000 after funds were redirected to an AVP for Enrollment Management position. In addition, some reclassification of existing positions will be done to prevent duplication of similar duties across the divisions.

Business Operations -The FY23 reductions, including the elimination of two AVPs and miscellaneous OS&E and travel reductions, will carry forward into FY24, plus savings of an additional $10,000 will be realized from sharing administrative support with another division.

Public Safety- For FY24, the Department of Public Safety will eliminate one full-time sworn corporal position. In addition, Public Safety is holding one sworn patrol officer position vacant in anticipation of additional enrollment challenges. Public Safety auxiliary revenue is facing a drop due to the decreased collection of student parking fees of approximately $18,000 per semester. To compensate, the Department is proposing to raise faculty and staff parking fees as well as increasing the fine amounts on parking citations by $10. Additionally, the Department is exploring outsourcing certain duties to eliminate two full-time dispatch positions within the auxiliary budget.

Budget & Finance - For FY24, a reorganization will be designed and implemented. The operating budget will also be decreased, thereby eliminating some contracted services. The budget reduction in this area may increase processing time for payments and other services delivered.

Facilities Management – The area needs to realize $500,000 in cuts while also knowing that the utility bills for the University will increase. The Department is maintaining a high level of vacancies, deferring maintenance and reducing landscaping and other surface-level services.

Human Resources - For FY24, Human Resources will implement a permanent position cut of the payroll associate position and reduce subscriptions.

University Advancement and External Affairs - The operating budgets for all areas be significantly decreased; the travel budget will be eliminated for all areas except the Office of the Vice President, who will determine institutional priorities when using the remaining funds for team member travel requests, and four positions will be eliminated. Some services will be eliminated, such as some alumni engagement events, publishing a bi-annual magazine/publication, tailored digital design for website redesigns, implementing freelance design, writing and videography services (as needed), and administrative support for the vice president. Limiting the funds available for travel may impact the ability of major gift officers to meet with donors to solicit gifts/donations that will support student success and scholarships, as well as limit the ability to draft the needed application materials to obtain grant funds.

Student Affairs **-** For FY24, the Division of Student Affairs' will eliminate three (3) vacant (state-funded) positions and redirect personnel from various units to cover core divisional functions. In addition, the Division will consolidate and/or eliminate several positions within the auxiliary and mandatory fee areas (Housing and Student Activities).

Information and Technology Services ('ITS') – ITS will meet its FY24 budget reduction by building upon the previously identified FY23 reduction through several key measures: 1. The staff member responsible for DegreeWorks in support of the Core Programs of Study (CPOS) requirement will be transferred to Academic Affairs – including salary responsibility ($74,730); 2. Academic Affairs/Enrollment Services will provide ITS with $40,000 in funding to help off-set the expense of the TargetX/Salesforce support personnel. TargetX/Salesforce is utilized to affect student recruitment and retention business needs; 3. ITS will hold a Business Intelligence Developer role ($119,850) vacant until more information is known about the Fall 2023 enrollment data. In addition, ITS will continue to manage expense increases associated with maintenance/licensing contracts, consolidating services and administrative tools, and pursuing managed service contracts where possible to simplify overall technology operations.

9) Discuss the key financial metrics that explain the financial health of your institution, using the June 30, 2022 annual financial statements as the basis. This discussion should include, at a minimum, trend data for cash, reserves, and student receivable balances. Include other key financial measures or ratios you find important and use charts and graphs as necessary. Discuss any material audit findings.

Clayton State University traditionally has managed to navigate challenging times because of its conservative budgeting approach. The University's financial position was impacted by the COVID-19 pandemic and the changes in operations, behavior, and world economy. This year, a significant reduction in headcount had another unprecedented impact. As a result, FY23 revenues as of the first quarter for State Appropriation, Tuition and Special Institutional Fee changed by the percentages below in Table 9A. Effective Fall 2022, the Special Institution Fee (SIF) was eliminated, thereby resulting in a 100% decrease in SIF from FY22 to FY23. State appropriations for FY23 were increased by cost-of-living adjustments as well as compensation for the loss in revenue from the SIF. These changes account for the 35.78% increase in state appropriation for FY23. Tuition revenue, on the other hand, decreased by 6.89% due to a decrease in enrollment as of the 1st quarter budget amendment. We anticipate an overall 13.58% decrease in tuition revenue from FY22.

Below is data on Revenue, Expenditures, Cash Flow and Changes in Net Position (Tables 9A to 9C).

Table 9A: Selected Revenue categories trends (all sources not listed).

	FY 2020	**FY 2021**	**FY 2022**	**FY 2023 Budget as of Q1 Amend.**	**Percent Change from FY22 to FY23**
State Appropriations	$28,233,759	$26,338,326	$29,794,587	$35,761,866	35.78%
Tuition Revenue	$29,381,571	$28,428,466	$25,353,739	$26,468,665	-6.89%
Special Institutional Fee	$3,796,501	$3,830,336	$3,460,706	$0	-100.00%

Despite cost-cutting measures, some expenditures cannot be readily reduced or eliminated in the short term, thus operating expenses were anticipated to increase by the budgeted amount of $1,031,935 for FY23 as illustrated in Table 9B**.** However, given the need to cut expenses these increases will be netted out.

Table 9B: Expenditures Trend & Projected Increases

Expenses

For the years ended June 30, 2022 and June 30, 2021, expenses by functional classification were as follows:

EXPENSES BY FUNCTIONAL CLASSIFICATION	June 30, 2022	June 30, 2021	Increase/ (Decrease)	% Change
Instruction	$ 32,383,130	$ 30,843,089	$ 1,540,041	4.99 %
Research	599,826	644,036	(44,210)	(6.86)%
Public Service	345,275	218,125	127,150	58.29 %
Academic Support	9,850,744	10,144,885	(294,141)	(2.90)%
Student Services	8,539,637	8,695,273	(155,636)	(1.79)%
Institutional Support	10,139,491	17,763,116	(7,623,625)	(42.92)%
Plant Operations and Maintenance	9,222,823	7,681,432	1,541,391	20.07 %
Scholarships and Fellowships	20,017,695	12,510,213	7,507,482	60.01 %
Auxiliary Enterprises	12,094,982	9,282,292	2,812,690	30.30 %
Total Operating Expenses	$ 103,193,603	$ 97,782,461	$ 5,411,142	5.53 %
Interest Expense	2,314,598	2,281,864	32,734	1.43 %
Total Nonoperating Expenses	$ 2,314,598	$ 2,281,864	$ 32,734	1.43 %
Total Expenses	$ 105,508,201	$ 100,064,325	$ 5,443,876	5.44 %

	FY 2020 Actuals	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Projected	Inc/(Decr)
Instruction	$31,053,446	$30,843,089	32,383,130.00	$32,706,961	$323,831
Research	$379,208	$644,036	599,826.00	$605,824	$5,998
Public Service	$532,060	$218,125	345,275.00	$348,728	$3,453
Academic Support	$9,743,708	$10,144,885	9,850,744.00	$9,949,251	$98,507
Student Services	$9,345,023	$8,695,273	8,539,637.00	$8,625,033	$85,396
*Institutional Support	$20,057,535	$17,763,116	10,139,491.00	$10,240,886	$101,395
Plant Operations and Maintenance	$7,827,676	$7,681,432	9,222,823.00	$9,315,051	$92,228
Scholarships and Fellowships	$11,382,875	$12,510,213	20,017,695.00	$20,217,872	$200,177
Auxiliary Enterprises	$8,329,805	$9,282,292	12,094,982.00	$12,215,932	$120,950
Total	**$98,651,336**	**$97,782,461**	**103,193,603.00**	**$104,225,538**	**$1,031,935**

*FY23 amount will depend on the actuarial calculation of pension and OPEB expense

Clayton State's Statement of Cash Flows presents detailed information about the cash activity of the University during the year and is divided into five sections. The first section addresses operating cash flows and reflects the net cash used by the various operating activities of the University. The second section is related to cash flows from non-capital financing activities, which reflects the cash received and spent for non-capital financing purposes. The third section summarizes cash flows from capital and related financing activities and contains cash used for the acquisition and construction of capital and related items. The fourth section is comprised of the cash flows from investing activities and includes the purchases, proceeds and interest received from investing activities. The fifth, and final, section reconciles the net cash used to the operating income or loss as reflected on the Statement of Revenues, Expenses and Changes in Net Position.

Table 9C: Statement of Revenues, Expenses and Changes in Net Position

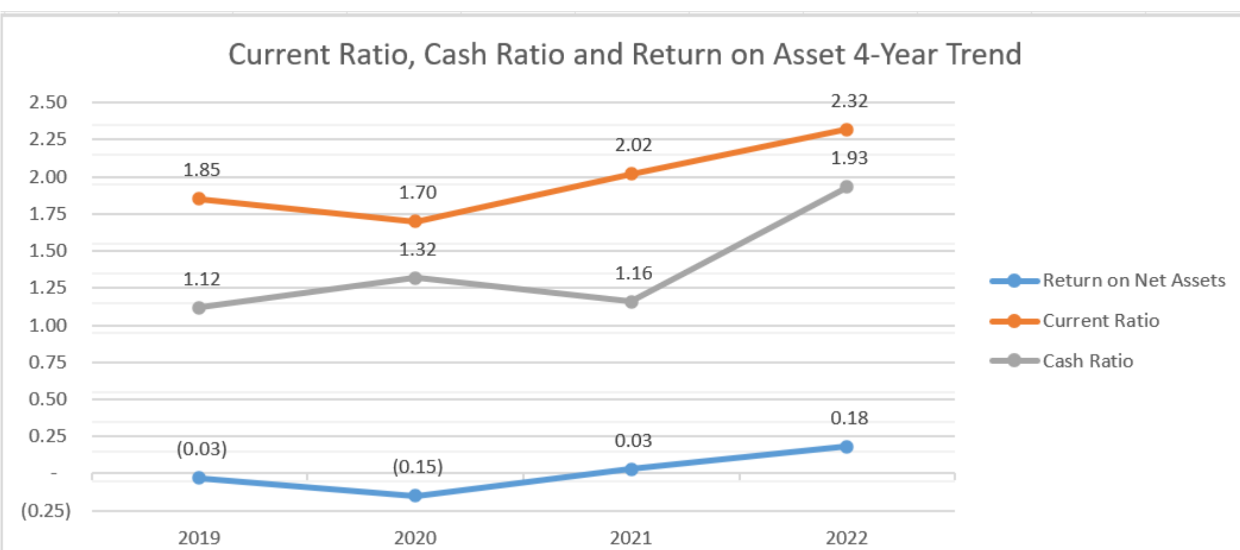
Cash Flows for the Years Ended June 30, 2022 and 2021, Condensed

CONDENSED STATEMENT OF NET CASH FLOWS		June 30, 2022		June 30, 2021
Cash Provided (Used) by:				
Operating Activities	$	(59,482,877)	$	(46,296,678)
Non-Capital Financing Activities	$	74,013,633	$	50,397,889
Capital and Related Financing Activities	$	(7,069,762)	$	(4,912,949)
Investing Activities	$	(2,449)	$	20,390
NET CHANGE IN CASH	$	7,458,545	$	(791,348)
Cash, beginning of year		10,642,775		11,434,123
CASH, end of year	$	18,101,320	$	10,642,775

Cash Position

Clayton State University ended FY22 with a strong cash position. The cash ratio shows how well an institution can pay off its current liabilities with only cash and cash equivalents. This ratio shows cash and cash equivalents as a percentage of current liabilities and in FY22 the ratio is greater than 1 (1.93). The cash ratio increased significantly in FY22 compared to FY21, thereby giving the University the ability to meet all its short-term financial obligations. The current ratio is another useful tool to assess the University's cash position. The current ratio calculation provides the amount of current assets available to pay each $1 in current liabilities. In FY22, the University had $2.32 in current assets for each $1 in current liabilities. This is a notable change from FY21 primarily due to an increase in federal financial assistance related to HEERF. The University's return on net assets also showed an increase from FY21 to FY22 (Table 9D).

Table 9D: Current ratio, Cash ratio and Return on Asset 4 Year Trend



The University has worked diligently to maintain and improve its fiscal position over the years. The federal government's support of higher education during the worst of the pandemic was one element that supported the improvement.

Student Receivables

Clayton State responded to the USG's request to focus on student receivables. Net student account receivables increased by $515,753 from FY21 to FY22 due to timing in receiving payments from third party guarantors. The following measures are being taken to follow-up on student accounts each semester:

- Nelnet Delinquencies: After each Nelnet payment deadline, the Bursar's team reviews the delinquency report and contacts students for alternate payment arrangements. Students who do not meet the agreed deadline are dropped for non-payment, depending on the period in the semester.
- Application of Payment: Application of payment exceptions are reviewed each day and resolved in a timely manner.
- Third party billing: The bursar's team is in regular communication with the VA (Veteran Affairs) accounts receivable representative to reconcile all pending invoices.

Previously the University focused more efforts on contacting students by email, phone calls, and text messages on a biweekly basis; required staff to document due diligence efforts; consistently refer accounts to our collection agency; and write-off appropriate accounts with approval from the State Accounting Office.

HEERF Funding

The CARES (Coronavirus Aid, Relief, and Economic Security) and the HEERF funds were key to helping the University weather the impact of the pandemic. The funds allowed Clayton State to provide much needed resources to students and the campus. FY 23 will see the end of those resources. Clayton State used these funds strategically, awarding student grant funds directly to students, and using institutional funds for costs associated with significant changes to the delivery of instruction such as purchasing equipment and software. The funds were also used to defray institutional expenses including lost revenue, reimbursement for expenses already incurred, technology costs associated with the transition to a remote learning and working environment and payroll. Clayton State also received Minority Serving Institution (MSI) funds. Moreover, the institution was able to utilize these funds to pay outstanding student balances over the course of eight semesters and plans to do same for the last two semesters within the grant's period of performance. The upcoming loss of the ability to do that going forward for FY24 could also result in the potential for some students not being able to pay their balances and not be eligible to enroll in future semester classes which could result in additional impacts to our enrollment. Under HEERF's three staunches Clayton State received the following amounts:

Table 9E: CSU HEERF Staunches Amounts

HEERF	Acronym	Student Aid	Institutional Aid	Total	MSI Allocation	Grand total
I	CARES	3,082,836	3,082,835	6,165,671	405,719	6,571,390
II	CRRSAA	3,082,836	8,565,007	11,647,843	634,557	12,282,400
III	ARPA	10,303,235	9,631,911	19,935,146	1,086,738	21,021,884
Total		16,468,907	21,279,753	37,748,660	2,127,014	39,875,674

Reserves

Our funding partners focused their attention on the USG's institutional reserves and enacted new reporting obligations. Clayton State has always acted thoughtfully and prudently in the use of funds to ensure the greatest return on investment/savings as feasible.

Table 9F: CSU Reserves

USG Reserve Funds Report
Clayton State University
Executive Summary

Fund	FY22 Beginning Reserve Balance	FY22 Operating Results	FY22 Ending Reserve Balance	FY22 Reserve Spend for Strategic Uses
Continuing Education	$780,334	($89,507)	$690,827	$125,000
Departmental Sales & Services	$1,294,541	$85,043	$1,379,584	$18,826
Indirect Cost Recoveries	$356,235	$277,877	$634,112	$43,231
Technology Fees	$338,619	$219,068	$557,686	$0
Tuition Carry Forward	$853,694	$8,022	$754,873	$488,736

Fund	FY22 Beginning Reserve Balance	FY22 Operating Results	FY22 Ending Reserve Balance	FY22 Reserve Spend for Strategic Uses
Auxiliary Housing	$2,993,948	$34,452	$3,028,400	$0
Auxiliary Dining	$1,023,400	$235,335	$1,258,735	$0
Auxiliary Stores & Shops	$1,221,197	$98,840	$1,320,036	$0
Auxiliary Health Services	$604,501	$264,623	$869,124	$0
Auxiliary Parking	$478,636	$146,278	$624,914	$61,049
Auxiliary Other	$611,141	$76,293	$687,433	$0
Intercollegiate Athletics	$507,146	$476,563	$983,709	$0
Student Activities	$1,180,975	$432,434	$1,613,409	$0

Clayton State has submitted detailed plans for the use of these reserves and has also reconsidered its use of the reserves, giving the upcoming revenue shortfalls. The units are proactively engaged in cost reductions and reorganizations so as not to dismantle the reserves.

Material Audit Findings

Clayton State had one area with a Material Audit finding that has been corrected.

The Office of Financial Aid underwent an audit from the Georgia Student Finance Commission (GSFC) for FY22. GSFC provided a list to the University of students to be audited for state program administrative compliance. In reviewing FY22, GSFC reviewed the academic years of FY19, FY20, FY21, and FY22 to determine the sample lists' state eligibility. The audit found 45 students with deficits in program administration. The Office of Financial Aid concurred with 44 of the findings and did not concur with 1 of the findings, providing documentation to support the University's position that the programs in question were administered appropriately. Ultimately the audit found that the University was required to return $34,824.46 to GSFC. This has occurred.

The Office of Financial Aid has instituted new internal controls, policies, and procedures to ensure accurate administration of state programs moving forward. New personnel have been assigned to manage the administration of state programs, as well as additional training administered to ensure that the relevant parties are up to date on GSFC guidance.

10) Discuss the financial health of your Auxiliary Enterprise, Athletics, and Student Activities funds. Include an update on the status of the Public Private Venture (PPV) projects at your institution. Specifically note any enterprises or projects that have operated in a deficit and actions to address. Describe expenditure trends, reserve balances, major capital repairs, and the anticipated coverage ratio of your PPV projects in the current year. Include in your discussion any anticipated requests for fee increases or need to draw from the capital liability reserve.

Each auxiliary enterprise is discussed in detail below:

University Health Services

University Health Services (UHS) UHS is a stable, self-supporting auxiliary department. UHS generates "other revenue" to support its departmental operations by charging for services not covered by the mandatory fee such as prescriptions, laboratory services, CPR courses, and vaccinations. The FY22 "other revenue" declined to $50,614 resulting from the pandemic which reduced in-person department operations. The "other revenue" generated by UHS is generally consistent each year and is expected to climb back to its usual generation of $90,000 each year by FY24. Mandatory Fee revenue has declined, impacted by declining enrollment, dual enrollment and online students. For over ten years, UHS mandatory fees have remained constant at $46 per full-time student and $23 per part-time student. To remain financially viable, the Department has reduced full-time positions. Additionally, UHS is no longer able to supplement partial funding of a part-time psychiatrist for Counseling and Psychological Services through inter-departmental transfer of a portion of its fee revenue; psychiatry services are now being provided through the USG mental health initiative. The Department was able to utilize HEERF funding to replace aging medical equipment over the past fiscal year. If necessary, UHS has a fund balance of $869,124 to draw upon for operational shortfalls. There are no current plans to outsource services.

University Housing

University Housing has realized a limited rebound in occupancy numbers as the pandemic has receded, but is challenged by the University's overall enrollment decline. While the University will continue to engage in strategies to increase enrollment, and Housing to increase residents, operational budgets for both housing facilities must be reduced to match current revenues.

Occupancy numbers for FY22, while seeing some increase from the previous year's pandemic conditions, remained slightly below (Laker Village) or moderately below (Laker Hall) budget target occupancy based on the project proforma. Recent refinancing (2021) of the Laker Village proforma has helped to provide more manageable target occupancy to meet the proforma budget. Still, however, in not exceeding the target occupancy for both facilities in FY22, University Housing has realized little to no additional funds to be designated for carryover/reserve. Existing and future fund reserves primarily continue to be maintained to ensure the ability to meet the biannual debt service of the proformas and to cover any operational contingency needs for housing facilities.

Laker Village

Laker Village is an apartment-style residence facility with a required occupancy of 85%. The occupancy level for Laker Village for Fall 2021 was 79.8 (596 residents with 748 available beds). This represents a 4% increase from 2021. Laker Village experienced a negative cash flow of $150,673 for FY22. The cumulative repair and replacement reserve balance for the PPV project at the end of FY22 is $1,583,084. The amounts held by the USG in the PPV Pooled Reserve are $199,926.72. Laker Village aims to ensure a safe and vibrant living/learning community and provide responsive customer service to address resident needs. The University has implemented practices to ensure that the governing and accountability requirements associated with managing tax exempt facilities are met and required items from the PPV checklist are met.

During FY22 several capital improvements were completed, aided by the recent refinancing including new flooring, new furniture, upgraded access control, new HVAC systems and water heaters, and breezeway epoxy (Phase 2).

Laker Hall

The occupancy rate for Fall 2021 was 78.32 percent (354 residents with 452 available beds). During FY22, Laker Hall experienced a positive cash flow of $185,126.

University Housing coordinates with Enrollment Management to increase occupancy, encouraging the benefits of on-campus living, including academic success, social integration, proximity to classrooms, private bedrooms and bathrooms, the quality of the building, maintenance, and security.

Student Activities Center

The Student Activities Center (SAC) is a University PPV project overseen by the Clayton State Foundation LLC Real Estate I entity. The SAC houses the departments of Campus Life, Recreation and Wellness and the Fitness Center. This 62,000 square foot facility provides spaces for students to engage in activities that help to develop their leadership, social and recreational efficacy in a safe and interactive environment.

The mandatory SAC fee for full time students is $115 per semester. The fee supports the maintenance and operations of the SAC, and coupled with the debt service refinance in FY18, assists with making payments on a manageable proforma of a 1 percent enrollment growth assumption per year.

The SAC experienced a positive cash flow of $23,890 for FY22, mitigated by $195,000 from HEERF funds for lost revenue. There was still market hesitancy from COVID around conferences and events during the year impacting external revenue for building support. In FY22, additional revenue generated was $42,700.

The SAC fund balance at the end of FY22 was XXXXXXXX. The capital liability held by USG was $160,738.

Student Activities Fund

The Student Activity Fee is a mandatory fee at Clayton State University, currently $60 per semester for full-time students. Activities funded by the Student Activity Fee enhance campus life, promote student academic and personal success, and uphold and support the mission of the University.

Student Activity Fees experienced a positive cash flow of $408,543 mitigated by $347,970 from HEERF funds for lost revenue. The Student Activity Fee fund balance is $696,953. Recent years have seen continuously decreasing funding to most activity fee funded areas (including student organizations), no funding increases, and utilizing funds from vacant positions rather than filling them to maximize the fund. There are no plans at this time to outsource services and programs but a significant change to the scope of services offered in these areas may be unavoidable if revenue does not increase.

Department of Athletics

The Department of Athletics continues to review ways to become more efficient. Funds continue to be redirected to meet travel, equipment, and team needs.

As FY23 began, the plan was to utilize a small portion of both the athletic reserve and foundation funds to offset any potential declines in athletic fees due to declining enrollment.

Due to intentional cost cutting and savings efforts over the past two years, as well as assistance from Covid-19 relief funds, the Department established a reserve balance of $983,709. In addition to the athletic reserve, the Department has experienced significant success raising external funds to help supplement operating budgets.

As experienced over the past five years, the Department is expecting to see a continued decline in Athletic Fee revenue. For FY23, the Department has budgeted amounts from both the athletic reserve and foundation lines to supplement the athletics operating budget to account for these decreases in Athletic Fees.

In terms of other revenue, the Department will continue to concentrate on facility rentals, medical billing opportunities and fundraising to increase the reserve and foundation lines. Both accounts will continue to supplement shortfalls in the budget.

Parking Services

Parking Services reserves are healthy at approximately $624,000. Decreased enrollment leading to E&G cuts is shifting historically institutionally funded security items such as emergency alert systems, camera maintenance, and records management systems to the auxiliary budget. Total increased expenditures for auxiliary will be between $90,000 and $100,000 annually. This increase in expense combined with a decreased parking fee revenue will begin to deplete the reserve. No student parking fee increase is expected. A fee increase for employee parking is being discussed with an implementation target of Fall 2023. This fee increase is anticipated to increase revenue by $30,000. An additional increase in the cost for parking citations is also being explored, with an additional $15,000 in revenue expected if implemented.

Technology Fee

The current per semester technology fee is $57 per student and has remained unchanged for over 10 years. Technology Fee funds at Clayton State University are used to address four priorities - student support services, classroom technology, network infrastructure, and academic software needs.

During FY22, multiple hardware refreshment initiatives were undertaken concerning classroom technology and network infrastructure. Much of the funding for these initiatives was garnered through the CARES Act for the Higher Education Emergency Relief Fund (HEERF). Audiovisual equipment in more than 24 classrooms was upgraded to include full Microsoft Teams compatibility. Additionally, equipment has been ordered to upgrade another 30-rooms in 2023. From a network perspective, all buildings switches have been recently upgraded and the CLSU core routers will be replaced in December 2022. New wireless access points have also been acquired in sufficient count to upgrade all campuses in 2023. As a result of the CARES Act funding, the Technology Fee reserve fund was able to realize an FY21 surplus of $206,411, bolstering the University's already stable technology fee ending reserve balance to $557,786. FY21 represented a "savings year", and it will aid up-coming future fiscal years when there will be an inability to contribute similarly to reserves because of enrollment declines.

Auxiliary Services

Auxiliary Services' revenue has been in steady decline mirroring the trend of declining enrollment. The recent resignation of the AVP created an opportunity for a departmental restructuring which will result in personnel expense savings for all units. An operating net profit is anticipated in most budgets for FY23. Prior to Covid, the Auxiliary Services budgets were profitable and contributed to reserves each year. These funds have been saved for the last several years in preparation for several design and construction projects.

LakerCard Center & Other (Vending, Student Printing)

The LakerCard Center budget is tied directly to enrollment and operates on the least amount of margin. Expenses are closely monitored to maintain profitability. The full-time customer service position has been eliminated and student workers are being utilized. A plan to move the LakerCard Center and the Auxiliary Services administration offices to a space behind the bookstore continues, with the design phase of this project complete and construction to begin soon. The anticipated cost of this project (construction and furniture) is $420,000 and will come from reserve funds. The project is estimated to be complete in FY23. LakerCard Center & Other (Vending, Student Printing) Reserve Balance as of June 30, 2022: $687,434

Dining Services

The Dining Service's budget is tied to enrollment, most directly to Laker Hall occupancy which requires a mandatory, semester meal plan. Two redesign and construction projects are planned. The design phase for the Bent Tree Market, which is a new dining concept located in Laker Hall, is complete. New equipment needed for this space (FY22 funds) has been purchased. The construction is scheduled to begin in Spring 2023 and the anticipated completion date is Summer 2023. The anticipated remaining cost of this project is $150,000. The design phase of a redesign of Lakeside Dining Hall is expected to begin in Spring 2023. The anticipated cost of the design, remodel, and new furniture is $600,000. Construction on the Dining Hall will likely begin in December 2023. Expenses for new equipment that may be needed will be covered by reserves if operating net income cannot absorb these each year. New equipment for the Dining Hall, costing $196,000, has recently been purchased. It is anticipated that the cost of these projects will be covered with reserve money, along with the additional $200,000 in capital funds received from the dining contractor, Aladdin, at the most recent contract renewal. Dining Services Reserve Balance as of June 30, 2022: $1,369,736

Loch Shop (Bookstore)

Loch Shop revenue continues to decline per the enrollment trend, but also along with the shift to digital course materials and more competition in the market. The University has partnered with its bookstore contractor, Barnes and Noble, to redesign the bookstore. The design phase is complete, and construction is anticipated to start in late Spring 2023. The anticipated cost of this project is $250,000. $150,000 will be covered by unused capital investment money contributed by the contractor. The remaining $100,000 will be covered by reserves. The Loch Shop (Book Store) Reserve Balance as of June 30, 2022: $1,320,035

11) Is your institution currently participating in or considering any shared services agreements with other USG institutions or local governments? Please describe if so. What functions at your institution may benefit from a shared service, even if not currently under consideration? Are there any support services institution leadership would like to see performed by the Shared Services Center, Information Technology Services, or other units of the University System Office?

Clayton State University participates in the enabling agreement with Aladdin Food Service. Currently, each university negotiates its own meal plan rate increases with Aladdin. An opportunity exists for universities using Aladdin or the USG to work collaboratively to negotiate meal plan rates for participating schools.

University Housing participates in the residential facility arrangement with CGL along with six other USG institutions. Unfortunately, Clayton State has not realized enhanced services levels, rather decreased levels, in the two years of this partnership.

Public Safety provides GCIC service to Atlanta Tech after hours. Public Safety does not have any shared services agreements with USG institutions or local governments outside of mutual aid agreements with Lake City, City of Morrow, Clayton County, and MARTA (Metropolitan Atlanta Rapid Transit Authority) to provide police services mutual aid during critical incidents and emergency situations.

Human Resources could benefit from a shared service agreement with the Shared Services Center or a larger USG institution when job data entry is needed for large projects. The Shared Services Center has indicated that it would be willing to dedicate a team to assist smaller institutions with large job data changes such as merit increases, position changes, and large-scale reorganizations. This service could be useful to Clayton State when these types of projects arise. There have been previous discussions with other USG institutions about a centralized employee relations function that would assist institutions with entry level employee relations inquiries and escalate more serious inquiries to institution practitioners. This would be a helpful service as well.

Another opportunity that might be explored is a campus card provider agreement. About 20 years ago, a statewide agreement was negotiated with Blackboard (now Transact) that provided consistent licensing, hardware pricing, and professional services for USG locations with Blackboard. The agreement also put controls in place for annual license increases. There has been some discussion about the USG issuing an RFP for campus card systems and selecting 2-3 preferred vendors. If this is done, similar standardization should be considered to control expenses and allow institutions to better budget for future years.

Information and Technology Services (‘ITS’) believes that in general, small to medium sized institutions are challenged to meet the new USG compliance requirements (BPM 3.4.4, data governance and management, etc.) based upon existing staffing levels and limited funding for applicable tools. Assistance from the USG would be welcomed. For example, the USG could provide the tool(s) to effectively manage these compliance efforts. The most immediate of which is a data management platform tool like Data Cookbook, Collibra, or One Trust. Secondly, the possibility of establishing a center of excellence within Shared Services to review and approve supplier contracts in a uniform and effective manner. This approach could benefit vendors who most likely conduct business with multiple USG institutions and must comply with review practices at multiple places.

12) Please provide any additional information necessary to understand your institution's strategic outlook and critical risks or significant opportunities that are not already addressed in this narrative or the data sheets.

The University's principal focus is on addressing budget reductions resulting from declining enrollment, and increasing enrollment and retention of students, preparing them for successful careers. The University is working diligently to create and implement a robust strategic enrollment management plan, including recruiting an Associate Vice President of Enrollment Management. The enrollment management plan must address the recruitment of new undergraduate students, as well as the recruitment of non-traditional students returning to start or complete degrees, likely a significant population from the counties that Clayton State primarily serves. The plan will also address the recruitment of graduate students to several growing graduate programs, such as the Master's in Data Science. The recent consolidation of Enrollment Management, and Student Engagement and Student Success under Academic Affairs, align the efforts of recruiting and retaining students to ensure their success.

As with other USG institutions, the end of HEERF funding presents a challenge. Students have grown reliant on the availability of these funds to offset student balances. In coming semesters, students will need to find other sources of funds to pay for their education. Failure to find these sources could exacerbate the enrollment decline.

Recruiting and retaining employees is another challenge for Clayton State. The lure of higher salaries, flexible work arrangements and career advancement offered by employers throughout metro Atlanta will continue to present a challenge for the University.