Transforming our Future: Implementing Change in a Challenging Environment

President’s Report
Fall Assembly
September 9, 2019
Presentation Outline

• Benchmarking Progress: Surviving the Perfect Storm
• Fall 2019 Student Enrollment Estimate – Bill Sommers (VP for Enrollment Management and Student Success)
• FY2020 Budget – Pam Stevens (VP for Finance/CFO)
• Select New Initiatives
**Primary Goal:** Attain financial stability to provide a world-class liberal arts education for the next generation of professional leaders and model citizens, and to serve as an educational resource for the community.

- **Priority 1:** To invest strategically in recruitment efforts in the tri-state area to impact enrollment.

- **Priority 2:** To create a positive campus environment and rewarding experience for our students, employees, and community.

- **Priority 3:** To increase extramural funding by at least 10% each year over the next five years to achieve a minimum of $3 million annually.
  - OSP (FY2018 $2,321,075.99; FY2019 $1,306,460.90; FY2020 to date $1,734,872.94)
  - SERC (FY2018 $19,493; FY2019 $335,057)

- **Priority 4:** To advance public/private partnerships through Shepherd’s Entrepreneurship and Research Corporation (SERC) to support ongoing and new initiatives.

- **Priority 5:** To create a user-friendly strategic plan to guide our efforts in transforming the future.
Surviving the Perfect Storm

• Shepherd University has experienced a 33% decline in enrollment since FY2012.

• Shepherd’s cash reserves have been trending downward over the past five years due to increased operating expenses and lower than expected revenue.
  - Between FY2018 and FY2021, we must commit $4.27 million to address critical maintenance issues in key residential halls, the Student Center, Snyder Hall and Byrd Science, Knutti Hall, and the Frank Center.

• Free community college in WV and MD are adversely affecting first-time in college enrollment.

• To preserve cash, we must ration the distribution of scarce resources.
The Board of Governors (BOG) Formed a Finance and Operations Task Force

• The purpose is to perform a detailed analysis of the following areas:
  – Revenue Generating Activities
  – Academic Programs
  – Non-academic Programs
  – Expenses - Personnel
  – Expenses - Facilities

• A preliminary report will be made at the September 19th BOG meeting.

• Examples of BOG Assessment:
  – Climate-control is currently outsourced to a vendor, who charged Shepherd $270,500 in FY2019; an RFP for better pricing is under development.
  – Employee travel: FY2018 ($317,604.); FY2019 ($275,962.); FY2020 to date ($27,498.)
Enrollment Management

- Shepherd Enrollment Fall 2019
- Marketing and Recruiting Strategies
# University Enrollment Build
## Fall 2019

<table>
<thead>
<tr>
<th>Headcount by Student Type</th>
<th>Fall 2019 Build</th>
<th>Fall 2019 Targets</th>
<th>% of Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Continuing Undergraduate</td>
<td>1,895</td>
<td>1,793</td>
<td>105.7%</td>
</tr>
<tr>
<td>First-time in College</td>
<td>509</td>
<td>575</td>
<td>88.5%</td>
</tr>
<tr>
<td>Re-admit</td>
<td>30</td>
<td>40</td>
<td>75.0%</td>
</tr>
<tr>
<td>Transfer</td>
<td>270</td>
<td>300</td>
<td>90.0%</td>
</tr>
<tr>
<td>Continuing Graduate</td>
<td>90</td>
<td>100</td>
<td>90.0%</td>
</tr>
<tr>
<td>New Graduate Student</td>
<td>76</td>
<td>50</td>
<td>152.0%</td>
</tr>
<tr>
<td><strong>Total Degree Seeking Enrollment</strong></td>
<td><strong>2,870</strong></td>
<td><strong>2,858</strong></td>
<td><strong>100.4%</strong></td>
</tr>
<tr>
<td>Non-degree Undergraduate</td>
<td>487</td>
<td>400</td>
<td>121.8%</td>
</tr>
<tr>
<td>Non-degree Graduate</td>
<td>40</td>
<td>100</td>
<td>40.0%</td>
</tr>
<tr>
<td><strong>Total University Enrollment</strong></td>
<td><strong>3,397</strong></td>
<td><strong>3,358</strong></td>
<td><strong>101.2%</strong></td>
</tr>
</tbody>
</table>
Marketing and Recruiting
Spring 2020 and Fall 2020

New Students

- National Research Center for College and University Admissions (NRCCUA) Prospective Student Search
- The Common App
- Digital Marketing Partner-Gauge Digital Marketing
- Print Marketing/Communication Campaigns
- Roadshow Recruiting/Alumni Events
- Metro Scholarship and Resident Merit Scholarship Increases (Fall 2020)

Current Students

- Student Success, Persistence, and Graduation Initiatives
- Student Stop-out Initiative (Pilot)
- Advising and Registration Marketing
- Summer Semester Marketing
Financial Overview

- Financial Update
- FY2020 Operating Projection
FY2020 Financial Update
(7/1/19 – 6/30/20)

Target: Eliminate Deficit by FY2022 Year-end

opportunities/challenges/solutions – Revenue:

• Modest Increase in Tuition and Fees; Room and Board Revenues
  - Increase in tuition and fees (Undergraduate: 3.1% In-state; 1% Out-of-state)
    (Graduate: 3.5% In-state; 4.4% Out-of-state)
  - Rate of enrollment has shown a new level of decline; Retention rate remains stable

• Increase in State Appropriation $3,012,287 (50% to replace decrease in total revenues; 50% to reduce deficit)
  - Additional $500,000 as a one-time appropriation (Infrastructure Improvements)

• Potomac Place – Ground lease rent to be paid by Shepherd University Foundation Supporting Organization (approximately $382,050)
Preparing for FY2020 Financial Update (cont.)
Target: Eliminate Deficit by FY2022 Year-end

Opportunities/Challenges/Solutions (cont.)

Emphasis on Cost Containment Through Budget Reductions:

Additional Initiatives: $1,200,000 loan funding obtained
- Interest free energy saving loan from WV Higher Education Policy Commission
- Secured lease financing to replace turf at Ram Stadium (to preserve cash) - -
  Targeted fundraising and philanthropy are supporting monthly payments
- Capital improvements – reduce cost of repairs and maintenance
- Continue early intervention – student account collection (ongoing)
- Retired unused phone lines ($60k/per year) (completed)
- Continue travel oversight and reduced mileage reimbursement
- Continue budget monitoring to ensure responsible spending
- Reduced Service Master services by $267,680 in FY2019 and $90,000 in FY2020
FY2020 Revenue Budget

- PELL - 10%
- Gifts - 3%
- State & Local Grants - 9%
- Appropriation - 23%
- Auxiliary - 25%
- Tuition & Fees - 27%
- Federal Grants/Contracts - 2%
- Other Revenue - 1%
### FY2020 Operating Projection (in thousands)

<table>
<thead>
<tr>
<th></th>
<th>Budget FY2019</th>
<th>Pre-Audited FY2019</th>
<th>Budget to Actual Variance</th>
<th>Budget FY2020</th>
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<tbody>
<tr>
<td>Total Revenue</td>
<td>48,393</td>
<td>52,127</td>
<td>3,734</td>
<td>54,197</td>
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<tr>
<td>Total Expenses</td>
<td>52,452</td>
<td>57,725</td>
<td>5,273</td>
<td>57,743</td>
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<tr>
<td>Increase (Decrease) in Net Position</td>
<td>(4,059)</td>
<td>(5,598)</td>
<td>(1,539)</td>
<td>(3,546)</td>
</tr>
<tr>
<td>Increase (Decrease) in Cash</td>
<td>(2,097)</td>
<td>(1,783)</td>
<td>314</td>
<td>(253)</td>
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<tr>
<td>Ending Cash</td>
<td>9,248</td>
<td>9,211</td>
<td>(37)</td>
<td>8,961</td>
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</tbody>
</table>

* Industry Standard is 90 days
** Better than most other West Virginia institutions

*Days Cash on Hand* | 76 | 67 | -9 | 65**
BOG Task Force
FY2012 – FY2020 Comparison
Revenue/Expenses/Payroll
What’s new on the horizon
Networking with Community Colleges

• A working table comprised of numerous 2+2 agreements involving Shepherd and 54 community colleges has been developed by Drs. Hicks and Beard - - for the purpose of strategic follow up to enhance transition to Shepherd.

• A meeting between the presidents of Blue Ridge Community and Technical College and Shepherd occurred in July 2019 to discuss areas of mutual interest and forge new partnerships. These include a 2+3 agreement (AA to MBA); purchase of vegetables from Tabler Farm; providing a food and beverage truck for home athletic events; and a joint discussion about a BioInnovation Initiative.
Tabler Farm: Shepherd University Agricultural Center

First Year of Progress:

- Electric service established and substantial building wiring completed
- High-speed internet service established
- Well refurbished and water lines installed
- High tunnel greenhouse constructed and crops being grown
- First open house and two-day Farm-to-School Workshop successfully held
- Former milking parlor: Major exterior renovations, wired for electricity and lights, water lines run to building, interior walls cleaned and primed, tanks for aquaponics donated
- Solar Array: 5.76 kW of production installed and operational producing approximately 8,000 kWh of clean free electricity per year
- Over 100 apple, pear, peach and nectarine trees have been planted
- Apiary: Four honey-bee colonies established and observation hive bees were displayed at the Spring Mills HS STEAM Festival and the Scarborough Library Children's Non-Fiction Collection Celebration
- Collaborations with USDA-NRCS, Martinsburg VA Hospital, WV National Guard, USDA Fruit Research Station, Charles Town VFW, Local Schools, etc.
- An official Advisory Group was formed - comprised of University and community members
# Shepherd Entrepreneurship and Research Corporation (SERC)

<table>
<thead>
<tr>
<th>Projects</th>
<th>Step 1</th>
<th>Step 2</th>
<th>Step 3</th>
<th>Step 4</th>
<th>Step 5</th>
<th>Step 6</th>
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<tr>
<td>Center for Regional Innovation</td>
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<tr>
<td>FASTEnER Lab</td>
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<td>✔</td>
<td>✔</td>
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<tr>
<td>Tabler Farm</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
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<tr>
<td>Society for Creative Writing</td>
<td>✔</td>
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<td>✔</td>
<td>✔</td>
<td>✔</td>
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<td>CMI2</td>
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<tr>
<td>Institute for Civil Political Communications</td>
<td>✔</td>
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Turner and Kenamond
Re-Purpose Opportunities

• A Request for Information (RFI) was distributed on 6/20/19 to eight groups and was placed on Shepherd’s procurement website.

• Two groups responded to the RFI.

Possible Space Uses
There are multiple potential uses to design the remodel of Turner and Kenamond. Possible room use considerations include:

• Quality Improvement Teams
• Software Testing Labs
• Hardware Testing Labs
• Event Space
• Conference Facilities
• Office Space
• Student Groups
• Workforce Training Classrooms
• Academic Classrooms
• Independent Living Facility
• Shepherd witnessed the most successful legislative session in its history in 2019.

• We received a 31% increase in annual state appropriations ($3,012,287), advancing our rank from 10th/10 to 4th/10. $500K of this amount was specifically dedicated for infrastructure improvements.

• Blue Ribbon Commission bill eliminated state-wide master plan and institutional compacts.

• $105 million was added to PEIA reserve fund, allowing a freeze in premiums and any decreases in benefits for at least two years.

• We continue to work closely with our legislators to sustain and advance Shepherd’s annual state appropriations.
The Bonnie and Bill Stubblefield Institute for Civil Political Communications

• Established by the Stubblefield family with a $1 million donation.

• This new entity is housed in the Frank Center, and the inaugural director is Mr. David Welch. David has more than 30 years of experience as a creative and strategic media adviser to political candidates throughout the nation. He has also created award branding campaigns for such organizations as the Edward M. Kennedy Institute for the U.S. Senate, the Biotechnology Industry Organization, and the Society for Neuroscience. Locally, he is the host of the longtime morning radio show, Eastern Panhandle Talk with Rob and Dave.

• The mission of the Institute is to promote civil discourse in political discussions and provide a venue for distinguished speakers, town hall meetings, and possibly gubernatorial and presidential candidates debates.

• The Board of Advisers: Mr. David Welch (ex officio), Dr. Bill Stubblefield, Mr. David Avella, Dr. Scott Beard, Ms. Jordan Jalil, Dr. Ben Martz, Dr. Stephanie Slocum-Schaffer and Mr. Scott Widmeyer.

For additional information, please see https://www.shepherd.edu/icpc
Transforming Our Future
Overview of Campaign Timetable

I. Campaign Planning and Early Leadership Phase
February 2019 to September 2019 (approximately 7 months)
• Approve campaign title, complete working operating plan
• Identification of campaign leadership (Gat Caperton, Ray Alvarez, R.B. Seam, and Tom Miller)
• Approval and commitment of all partner boards and MOU’s
• Needs assessment begins with campus to determine campaign priorities
• Prioritization of initial campaign objectives and dollar amounts for quiet phase

II. Campaign “Pre-Quiet to Quiet” Phase
September 2019 to September 2022 (approximately 36 months)
• Leadership gift solicitations of partner board members
• Focus on major gifts solicitations
• Determination of public phase campaign $ goals and objectives

III. Campaign Public Phase
September 2022 to June 30, 2024 (approximately 21 months)
• Public announcement event
• Completion of major solicitations to meet goal
• Enhanced annual giving activities in the campaign completion phase to solicit grass roots contributions
SUMMER 2019: COMPLETED

- Emergency Response Guidelines established, published, distributed, and communicated to key stakeholders (deans, department heads, and building managers)
- Evacuation Routes Posted in Classrooms
- Emergency “HOW TO” Posted in Classrooms
- Multi Agency Law Enforcement Active Shooter Training

ONGOING: 2019

- Campus Training for Critical Incidents
- Testing the Plan
- Evaluating Results
- Updating and Improving
FALL 2019: IN PROGRESS

• Develop teams to complete hazard, severity, and probability of impact analysis.

• Develop EOP utilizing the Incident Command System (ICS).
  – Incident Management Team - Tasked with coordinating campus emergency preparedness, ensuring campus communication, and providing direction to departments in coordinated emergency efforts.
  – Threat Assessment Team - Tasked with assessing threats to campus community, planning departmental level plans, and creating a Continuity of Operation Plan (COOP).

• Tabletop exercises with Incident Management Team

• Planned academic building evacuation

• Determine goals/objectives by setting operational priorities - where probability and vulnerability collide.

• Development of Plan and Beyond - Basic plan to launch in Fall focused on broad goals and channels of communication.

• EOP to be updated after completion of Threat Assessment Team analysis.

For Emergencies Dial 911
Shepherd University EOP - Next Steps

Prevention, Mitigation, and Protection:

• Engage Community/Form Collaborative Team - in progress
• Understand the Situation - Form Incident Management and Threat Assessment Teams to complete hazard, severity, and probability of impact analysis throughout Fall 2019.
• Determine Goals/Objectives - Executive Leadership Team (ELT) and Incident Management Team to review Threat Assessment Team analysis.
• Set Operational Priorities - Where probability and vulnerability collide.
• Plan Development and Beyond - Basic plan to launch in Fall 2019 focused on broad goals and channels of communication. EOP to be updated after completion of Threat Assessment Team analysis. Begin addition of Annex plans and COOP.
Additional Advancements

- Shepherd Telehealth will be offered to faculty, staff and those affiliated with Shepherd, such as Lifelong Learning and Wellness Center members, alumni, and retirees - - for a fee of $40 per year for unlimited access.

- A food pantry for students is under development to address food insecurity at Shepherd. Mountaineer Food Bank completed a site inspection of the anticipated location on August 20. The food pantry will open on October 1, 2019.

- Patent Policy for Inventors – Dr. Mary J.C. Hendrix and Mr. Alan Perdue are updating Shepherd’s policy to enhance patent and copyright activity.

- The Take STOC: Smoking and Tobacco Off Campus committee is working on the final details for the cessation of smoking and tobacco products at Shepherd, beginning January 1, 2020. Shepherd will then join the majority of other four-year colleges in West Virginia who also have a similar ban on their campuses.

- A 189 panel, 60.84 kW solar array went into production this summer on the roof of the Scarborough Library. This array will generate thousands of dollars of free clean energy every year and was funded by an $100k EBSCO Solar Grant awarded to Ms. Rachel Hally and Dr. Jeff Groff. This project was completed by Solar Holler based in Shepherdstown and made possible by the work of many individuals including Mr. Dustin Robbins and Mr. Jim King in Facilities.
Transforming our Future

• We are entering a phase of change - - with strict budget constraints, streamlining our operations, and re-inventing our University to meet the evolving needs of our various student populations.

• We need to differentiate ourselves among our peer institutions. We care deeply about our students’ success.

• The next two years will test our resilience - - and our ability to be fiscally responsible. This is not an option. It is an imperative.

• Thank you in advance for all your efforts to implement financial best practices. The institution will emerge with a much brighter future.