Sensitivity Analysis – State Universities

Base Case shows normalized FY21 figures, while Downside and Pessimistic Cases estimate the impact of certain revenue sensitivities

Sensitivity Lever	Base Case	Downside Case	Pessimistic Case
Tuition and academic fees+	▸ Gross tuition and fees normalized as 3-yr CAGR less 5% ▸ Net revenue per student rate as-reported by institutions	▸ Further 5% decrease from Base Case (cumulative 10% pandemic effect)	▸ Further 10% decrease from Base Case (cumulative 15% pandemic effect)
Residence life and housing	▸ Dormitories open fall 2020 ▸ 19% reduction in overall housing revenue from FY19 (pre-COVID) due to public health density reduction	▸ 5% decrease from Base Case due to lower enrollment assumption	▸ Delayed opening (spring 2021) ▸ 50% decrease in dorm revenue from closed semester ▸ 10% decrease from Base due to lower enrollment assumption
State appropriations	▸ Held at FY20 General Appropriations Act levels without any adjustment items	▸ Further 10% decrease from Base Case* (see note on fringe impact below)	▸ Further 20% decrease from Base Case* (see note on fringe impact below)
Cost savings	▸ Sensitivities exclude cost savings included in as-reported data and are considered instead as a mitigating strategy; normalized costs are the greater of FY20E and FY21F ▸ Entities are proactively working towards identifying and implementing cost savings and/or revenue enhancement opportunities; more work is required to understand stage, timing, and associated risks ▸ No additional costs have been included related to extraordinary pandemic-related activities that may be under consideration		

+ Enrollment projections varied by institution with individual assumptions of the magnitude of projected COVID-19 effects. All showed declines, ranging from -2% to -18%.Normalization process uses gross tuition revenues as driver to control for differences in as-reported assumptions, resulting in scenario assumptions that student mix, list price and discount rate are consistent with institutional trend

* Note: in all adverse scenarios when state appropriations are reduced from as-reported, fringe variance will be absorbed by institutions and increase projected cash cost (i.e. 10% decrease in cash appropriations is 14% decrease to cash flow), Jun-20 end –of-month liquidity position and FY21 forecasts include effects of CARES Act funding where applicable

Sensitivity analysis does not include possible extraordinary costs related to COVID

Source: Internal data