CHRISTOPHER NEWPORT
UNIVERSITY

July 15, 2024

Mr. Tom Allison
State Council of Higher Education for Virginia
101 N. 10th Street, 10th Floor
James Monroe Building
Richmond, VA 23219

Mr. Allison,

Please find Christopher Newport University's updates to our Six Year Plan in this letter and in the responses to the questions that follow.

The Six Year Plan narrative submitted last year highlighted a principal initiative of President William G. Kelly to undertake a strategic planning process. We are pleased to report that *The Strategic Compass*, CNU's new strategic plan, is nearing completion, and we will begin implementation during the Fall of 2024. The Compass outlines four key priorities or compass points: I) Advance the power and the promise of the liberal arts, II) Connect with our community, III) Create a stronger culture of inclusion, and IV) Build a foundation to thrive. All four of these priorities and the initiatives that will follow support the Commonwealth's higher education priorities.

President Kelly has also initiated a review of the University's Mission, Vision, and Values to ensure they align with the Compass and reflect the evolving world of higher education. The Mission, Vision, and Values have not been revised for many years. The University will follow all SCHEV policies concerning the upcoming changes to the Mission.

Two technology items worth highlighting offer the potential to create great opportunities while posing cost challenges: Artificial Intelligence (AI) and Enterprise Resource Planning (ERP) systems. AI has the ability to transform higher education pedagogy and numerous administrative processes. Along the way, however, AI is also a significant future cost driver. We have explored opportunities for our students, faculty and staff to leverage AI across our campus and the costs are substantial and unpredictable. We would also like to highlight our support for W&M's proposal asking the Commonwealth to fund a consortium of institutions to procure a modern Enterprise Resource Planning (ERP) system. Like our sister institutions, many of our systems are dated and inadequate. Without state funding, we will be unable to procure new systems. A modern ERP system would allow CNU and our sister institutions the opportunity to consolidate outdated systems in favor of a single system allowing for efficiencies across our campuses. We are not requesting funds for either of these initiatives at this time, but we are likely to do so in the next biennium.

In addition, please see the attached responses to questions 1 through 5.

Sincerely yours,

Sarah Herzog

Sarah Herzog
Chief Financial Officer
Associate Vice President

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1. **How have you used the Fact Pack data provided last year with the public, your governing board, students, faculty, etc.?**

The Fact Pact data has been used in multiple settings, helping to inform short and long term strategies. In particular, we were able to identify that Christopher Newport University retained out-of-state students in the Commonwealth after graduation at almost double the average rate of all of our sister institutions. As the Commonwealth seeks to grow talent pipelines, we have used this data to advocate for greater out-of-state tuition autonomy to help us attract additional out-of-state students to CNU. We have also used the enrollment trends graphs to illuminate discussions about the future of our university with our Board of Visitors and our faculty and staff. This data has been helpful as we prepare the University's Strategic Compass.

2. **Changes in admissions, enrollment, and retention due to disruptions of the new FAFSA form and your plan to mitigate the impact.**

For academic year 2024-25, the U.S. Department of Education (USED) rolled out the "Simplified FAFSA" which significantly changed the collection of student and parent financial data and the subsequent calculation of aid eligibility, moving from the previous Expected Family Contribution (EFC) to the Student Aid Index (SAI). Unfortunately, the rollout was mired in delays as USED encountered issues in updating the FAFSA. The application, usually available in October, was not available to students until the end of December, with data and analysis not provided to institutions of higher education (IHE) until March 11, 2024. Initially, when data were sent to IHEs, it came in very small batches. After providing initial data, additional errors in processing and the formula were discovered, requiring USED to reprocess nearly 20% of FAFSA applications. Reprocessing did not begin until early May 2024, further delaying aid offers to impacted students.

In part, due to the issues and delays with the FAFSA rollout and processing, students across the nation have been slow in completing the FAFSA. As of June 7, 2024, 44% of the Class of 2024 have completed the FAFSA, which is an approximate 13% drop from the previous academic year (https://www.ncan.org/page/fafsatracker).

As of June 20, 2024, Christopher Newport University reported an 8% drop in FAFSA applications among all first-time-in-college students for Fall 2024 (prospective, admitted, and attending). However, among only admitted students, the drop was approximately 7% less than 2023-24, and for deposited/enrolling students, the drop was smaller still at just under 1.5%. For returning students, sophomores have been completing the FAFSA at virtually the same rate for 2024-25 as in 2023-24. Overall, data for returning students are promising with FAFSA applications down only slightly (3%).

In an attempt to mitigate the effects of the rollout, Christopher Newport shifted the standard response (deposit) date for first-time-in-college students for Fall 2024 from May 1 to May 15 for all admitted students who had completed the FAFSA. The adjustment was to allow students more time to receive and review their financial aid offers. In addition, the priority FAFSA filing date was extended for all FAFSA filers an additional two months - from March 1 until April 30.

In addition to extending the first-time-in-college deposit deadline and the FAFSA priority filing date, Christopher Newport reached out to continuing students to encourage FAFSA submission as soon as the FAFSA became available. The Office of Financial Aid provided webinars on the changes to the 2024-25 FAFSA, sent weekly emails leading up to the priority filing date, texted returning students about priority dates and updates, provided updates on the CNU website and offered evening and weekend appointments to students and families in need of assistance in completing the new FAFSA.

3. **Explain any changes in the "Key Metrics at a Glance" and other changes in your Fact Pack that you feel are important to highlight.**

The additional updated data resulted in only modest changes from the prior year.

4. **Please include detailed updates on your cost control measures as noted in the Six-Year Plan follow-up, including new/ongoing initiatives and where your per-student overall expenditure and institutional/administrative expenditures are trending as a result of your efforts.**

FY 2024 focused reductions were implemented with reallocation of resources enabling reduced internal pressures for tuition and fee increases. FY 2025 processes included a zero-based budgeting initiative which required department and division heads to critically evaluate their expenditures and identify opportunities to find efficiencies. This initiative will be a foundation for identifying cost savings and opportunities to realize operational efficiencies on an ongoing basis.

FY 2024 cost savings initiatives implemented in Dining Services included replacing disposable to-go containers with reusable containers. In Housing, we reduced dependence on third-party housekeeping contractor use, enabling the University to limit rate increases here as well. The increase for the most frequently selected room type and dining plan was kept below 1%.

Given the substantial pressures from inflation and other external factors, these cost saving initiatives have been important in helping limit the financial impact on students and families.

This past year the Going Greener '24 initiative was launched to activate working groups of faculty, staff, and students focused on reducing energy use and waste, developing a campus culture that prioritizes sustainability, and communicating progress of these efforts to our multiple constituencies. For example, occupied cooling and heating set points have been changed to 74° and 69° from the previous setpoints of 73° and 70°. In addition, we have upgraded lighting systems and HVAC control systems throughout campus to reduce energy usage when spaces are unoccupied. This initiative aligns with Strategic Compass Priority IV: Build a Foundation to

Thrive, and is intended to help manage rising utility expenses while also working to help reduce our impact on our climate and natural resources.

We also continue to find efficiencies in our Procurement and Facilities units and expansion of revenue-generating contracts. We have negotiated with several of our contracts to receive a 3% discount on the total annual contract by paying in full, and we have found new vendors that have saved costs by utilizing VASCUPP cooperative contracts.

5. **Describe the anticipated impact of any new federal or state legislative or regulatory requirements on the institution's finances (e.g., Financial Value Transparency and Title IX regulations).**

Gainful Employment (GE) programs and Financial Value Transparency (FVT) regulations. At this time, Christopher Newport University has no Gainful Employment (GE) programs that would be subject to the new Gainful Employment and Financial Value Transparency (FVT) regulations. However, Christopher Newport will complete the required reporting for the Financial Value Transparency Framework for all other required programs.

Should Christopher Newport begin to offer standalone certificates or other non-degree programs for which students receive Title IV aid, there will be added impacts if the program does not meet the expected outcomes, including required student disclosures and acknowledgments and the potential loss of Title IV aid eligibility.

Based on initial reviews of internal data, at this time, Christopher Newport only has one program (Bachelor's in Visual and Performing Arts) that may fail to meet the expected outcome requirements based on a low median income (https://www.regulations.gov/docket/ED-2023-OPE-0089). However, as this is an undergraduate degree program, students enrolling in this program would still be eligible to receive Title IV aid and would not be subject to acknowledgement requirements.

The primary financial impact for Christopher Newport will be the significant time required for staff to develop, test, and report the large-scale data requested by USED by the current due date of October 1, 2024. USED's rule notes an estimated time burden of at least 400 hours for development, testing, and reporting. The National Association of Student Financial Aid Administrators (NASFAA) has submitted multiple requests to USED and Congress indicating that the deadline for reporting should be delayed until July 2025, citing continued impacts of the poor 2024-2025 FAFSA rollout and ongoing issues which Financial Aid Offices face. At this time, the deadline remains October 1.

FLSA minimum standard annual salary change. Effective July 1, 2024, a new U.S. Department of Labor rule updates the FLSA minimum standard annual salary for exempt roles from $35,568 to $43,888. Under this rule, a second increase in the exempt salary threshold to $58,656 is scheduled for January 1, 2025. The compressed timeframe of these adjustments creates additional pressures to increase wages or incur overtime expenses for previously exempt roles. This required funds to be reallocated in order to comply with this rule and balance competing priorities for funding.

Executive Order 30. Additionally, Executive Order 30 will impact our operations, particularly in terms of compliance and regulatory costs. As the university registers Artificial Intelligence models and technologies with the Virginia Information Technology Agency (VITA), we expect to incur additional expenses for staff training and compliance monitoring. We anticipate increased IT personnel costs as we attempt to comply with VITA requirements.

Virginia Military Survivors Dependents Education Program (VMSDEP). Although not new, possible eligibility changes to VMSDEP create uncertainty around the magnitude of expenses to be absorbed by Christopher Newport during a period where SCHEV has projected 40% growth in VMSDEP waivers for FY 2025, and 40% growth again in FY 2026.