

# Operating Budget for Fiscal Year (FY) 2018

For Consideration by the Board of Trustees  
March 24, 2017

## **Executive Overview**

### ***Purpose of Report***

The purpose of this report is to review the FY 2018 Operating Budget of the University of San Francisco and to recommend its approval by the Board. The Center for Institutional Planning and Effectiveness (CIPE) prepared this report and the budget therein in consultation with the executive officers of the University and the Leadership Team.

The report outlines revenue and expense categories and details the spending plan for FY 2018 using updated enrollment targets and projections (as of March 1, 2017) and revenue forecasts, along with the Board of Trustees' approved tuition and fee rates.

### ***Recommendation***

The proposed FY18 unrestricted operating budget was approved by the President on February 22, 2017 and presented to the President's Cabinet and the deans on February 15, 2017. The President recommends that the Board of Trustees approves the proposed FY 2018 unrestricted operating budget.

### ***Process***

Vice presidents approve departmental plans, contractual increases, and planned reductions or changes, which are presented for discussion and prioritization at Leadership Team and Cabinet meetings. The President makes final funding decisions in consultation with the Provost.

The School of Law develops its own budget, which is reviewed by the Law faculty and administrators under separate funding policies. The Provost also reviews this budget. The School of Law budget is included in this report.

## **FY 2018 Operating Budget Highlights**

### ***Tuition, room, and board increases***

- Traditional undergraduate tuition increases by 3.9% (with tuition, fees, room and board, the typical traditional undergraduate student cost of education increase is 3.6%).
- The tuition increase for graduate programs varies by program. Generally, Arts & Sciences, Nursing & Health Professions, and Management graduate tuition increases by 3.4%; rates for professional studies, Law, and School of Education programs increase by 1.9%.
- Residence hall rates, and meal plan rates, increase by 2.4%.

### ***Enrollment projections of 10,938 student headcount and 298,784 student credit hours (SCHs)***

- An increase of 564 SCHs (a 0.2% increase) from the FY 2017 budget and a decrease of 1,964 (0.7%) from FY 2017 actuals (as of March 1, 2017).
- The enrollment projections include the following new programs beginning in FY 2018: Computer Science Bridge (Arts & Sciences); Energy Systems Management (Arts & Sciences); Urban and Public Affairs (Arts & Sciences); Pre-Analytics (Arts & Sciences); Entrepreneurship and Innovation (Management); and Special Education in Pleasanton (School of Education).

### ***FY 2018 total operating budget is \$457.1 million***

- The tuition (net of exceptions) budget of \$410.6 million increased by \$16.6 million, or 4.2%, from the FY 2017 Board budget and \$11.2 million, or 2.8%, from FY 2017 forecasted actuals (as of March 6, 2017).
- The financial aid budget of \$97.0 million increased \$11.0 million, or 12.8%, from the FY 2017 Board budget and \$2.3 million, or 2.5%, from the FY 2017 forecasted actuals. The University's overall discount rate will increase to 23.6% — up from 21.8% in FY 2017 Board budget and slightly down from 23.7% from the FY 2017 forecasted actuals. Non-Law financial aid is increasing by \$11.5 million. Law financial aid is decreasing by \$480,000.
- The net tuition budget of \$313.6 million increased by \$5.5 million, or 1.8%, from the FY 2017 Board budget and \$8.8 million, or 2.9%, from FY 2017 forecasted actuals.
- The FY18 proposed budget here includes anticipated unit savings of approximately \$7.1 million. These cuts are being identified by management and will be implemented by the start of FY 2018.

**FY 2018 University Non-Law planning priorities include:**

<u>Division</u>	<u>Revenue</u>	<u>Compensation</u>	<u>FTE Count</u>	<u>Expenditures</u>	<u>Total</u>	<u>Description</u>
<i>PRESIDENT</i>	\$ -	\$ -	-	\$ 200,000	\$ 200,000	President Unit Match Current Actual (True-up)
<b>Subtotal</b>	<b>\$ -</b>	<b>\$ -</b>	<b>-</b>	<b>\$ 200,000</b>	<b>\$ 200,000</b>	
<i>GENERAL COUNSEL DIVISION</i>				175,000	175,000	Human Resources Unit Match Current Actual (True-up)
	\$ -	\$ -	-	125,000	125,000	Office of General Counsel Unit Match Current Actual (True-up)
<b>Subtotal</b>	<b>\$ -</b>	<b>\$ -</b>	<b>-</b>	<b>\$ 300,000</b>	<b>\$ 300,000</b>	
<i>PROVOST DIVISION-NON SCHOOLS</i>	\$ -	\$ 3,497,628	-	\$ -	\$ 3,497,628	FY18 Faculty Compensation Increases
	\$ -	\$ -	-	\$ 51,797	\$ 51,797	FY18 USFFA Faculty Development Fund Increase
	\$ -	\$ -	-	\$ 141,467	\$ 141,467	Gleeson Library  Geschke Center Periodicals and Databases Subscriptions Contractual Increase
	\$ -	\$ -	-	\$ 8,350	\$ 8,350	Hardwick Day Contract Extension (9/18/15-7/31/2017)
	\$ -	\$ -	-	\$ 250,000	\$ 250,000	International Relations Unit Match Current Actual (True-up)
	\$ -	\$ -	-	\$ 6,756	\$ 6,756	Net Price Calculator
	\$ -	\$ -	-	\$ 8,958	\$ 8,958	OCLC & INNOVATIVE Contractual Increase
	\$ -	\$ -	-	\$ 50,000	\$ 50,000	SEM Human Capital Project
	\$ -	\$ 123,000	-	\$ -	\$ 123,000	USFFA Post-Sabbatical Merit Recognition Fund
<b>Subtotal</b>	<b>\$ -</b>	<b>\$ 3,620,628</b>	<b>-</b>	<b>\$ 517,328</b>	<b>\$ 4,137,956</b>	
<i>DEVELOPMENT DIVISION</i>	\$ -	\$ -	-	\$ 45,000	\$ 45,000	Development FY18 Non-Discretionary/Contractual Increases
<b>Subtotal</b>	<b>\$ -</b>	<b>\$ -</b>	<b>-</b>	<b>\$ 45,000</b>	<b>\$ 45,000</b>	
<i>MARKETING COMMUNICATIONS</i>	\$ -	\$ -	-	\$ 40,000	\$ 40,000	OMC FY18 Non-Discretionary/Contractual Increases
	\$ -	\$ -	-	\$ 15,000	\$ 15,000	OMC Project Management and Reporting System (Replacement for ServiceNow)
	\$ -	\$ 13,440	-	\$ 3,000	\$ 16,440	USF Web and Digital Communications Enhancements: Base
<b>Subtotal</b>	<b>\$ -</b>	<b>\$ 13,440</b>	<b>-</b>	<b>\$ 58,000</b>	<b>\$ 71,440</b>	

***FY 2018 University Non-Law planning priorities (continued):***

<u>Division</u>	<u>Revenue</u>	<u>Compensation</u>	<u>FTE Count</u>	<u>Expenditures</u>	<u>Total</u>	<u>Description</u>
<i>BUSINESS &amp; FINANCE DIVISION</i>	\$ -	\$ -	-	\$ 10,454	\$ 10,454	Cogeneration Plant Maintenance
	\$ -	\$ -	-	\$ 80,646	\$ 80,646	Electric Utility
	\$ -	\$ -	-	\$ 18,230	\$ 18,230	Facilities Annual Contracts
	\$ -	\$ -	-	\$ 7,404	\$ 7,404	Facilities Supplies – Soap, Paper & Liners
	\$ -	\$ -	-	\$ 600,000	\$ 600,000	FY18 Debt Service Augmentation
	\$ 205,797	\$ -	-	\$ 567,911	\$ 362,114	FY18 Net Merchant Fees and Property Tax Expenses Increases
	\$ -	\$ -	-	\$ 174,190	\$ 174,190	Gas Utility
	\$ -	\$ -	-	\$ 301,814	\$ 301,814	Janitorial Contract – Annual Contract Increase
	\$ -	\$ -	-	\$ 56,267	\$ 56,267	Water Utilities
	\$ 1,472,250	\$ -	-	\$ 1,472,250	\$ -	Food Service Rate and Volume Increase
<b>Subtotal</b>	<b>\$ 1,678,047</b>	<b>\$ -</b>	<b>-</b>	<b>\$ 3,289,166</b>	<b>\$ 1,611,119</b>	
<i>STUDENT LIFE DIVISION</i>	\$ (20,000)	\$ -	-	\$ -	\$ 20,000	Career Services Revenue Decrease
	\$ -	\$ 121,000	0.92	\$ -	\$ 121,000	Counseling and Psychological Services Crisis Manager/Clinical Care Coordinator
	\$ (25,000)	\$ -	-	\$ 40,000	\$ 65,000	One Card Match Current Actual (True-up)
	\$ 100,000	\$ 199,405	2.00	\$ -	\$ 99,405	Patrol Staffing
<b>Subtotal</b>	<b>\$ 55,000</b>	<b>\$ 320,405</b>	<b>2.92</b>	<b>\$ 40,000</b>	<b>\$ 305,405</b>	
<i>ITS DIVISION</i>	\$ -	\$ -	-	\$ 455,152	\$ 455,152	FY18 Contractual Hardware/Software/Services Maintenance Increase
	\$ -	\$ -	-	\$ 232,767	\$ 232,767	FY18 PCI compliance life-cycle management, maintenance, and support
	\$ -	\$ 275,000	2.00	\$ 725,000	\$ 1,000,000	FY18 Security and Infrastructure Systems Maintenance, Support & Refresh
<b>Subtotal</b>	<b>\$ -</b>	<b>\$ 275,000</b>	<b>2.00</b>	<b>\$ 1,412,919</b>	<b>\$ 1,687,919</b>	
<i>UNIVERSITY</i>	\$ -	\$ -	-	\$ 488,000	\$ 488,000	e-Procurement System
	\$ -	\$ 68,750	-	\$ -	\$ 68,750	Fair Labor Standards Act Adjustments
	\$ -	\$ -	-	\$ 1,189,302	\$ 1,189,302	FY17 Base Budget Balancing
	\$ -	\$ -	-	\$ 1,000,000	\$ 1,000,000	FY18 Non-Law Operating Reserves Increase
	\$ -	\$ 3,251,925	-	\$ -	\$ 3,251,925	FY18 Staff and Student Compensation Increases
<b>Subtotal</b>	<b>\$ -</b>	<b>\$ 3,320,675</b>	<b>-</b>	<b>\$ 2,677,302</b>	<b>\$ 5,997,977</b>	
<b>Grand Total</b>	<b>\$ 1,733,047</b>	<b>\$ 7,550,148</b>	<b>4.92</b>	<b>\$ 8,539,715</b>	<b>\$ 14,356,816</b>	

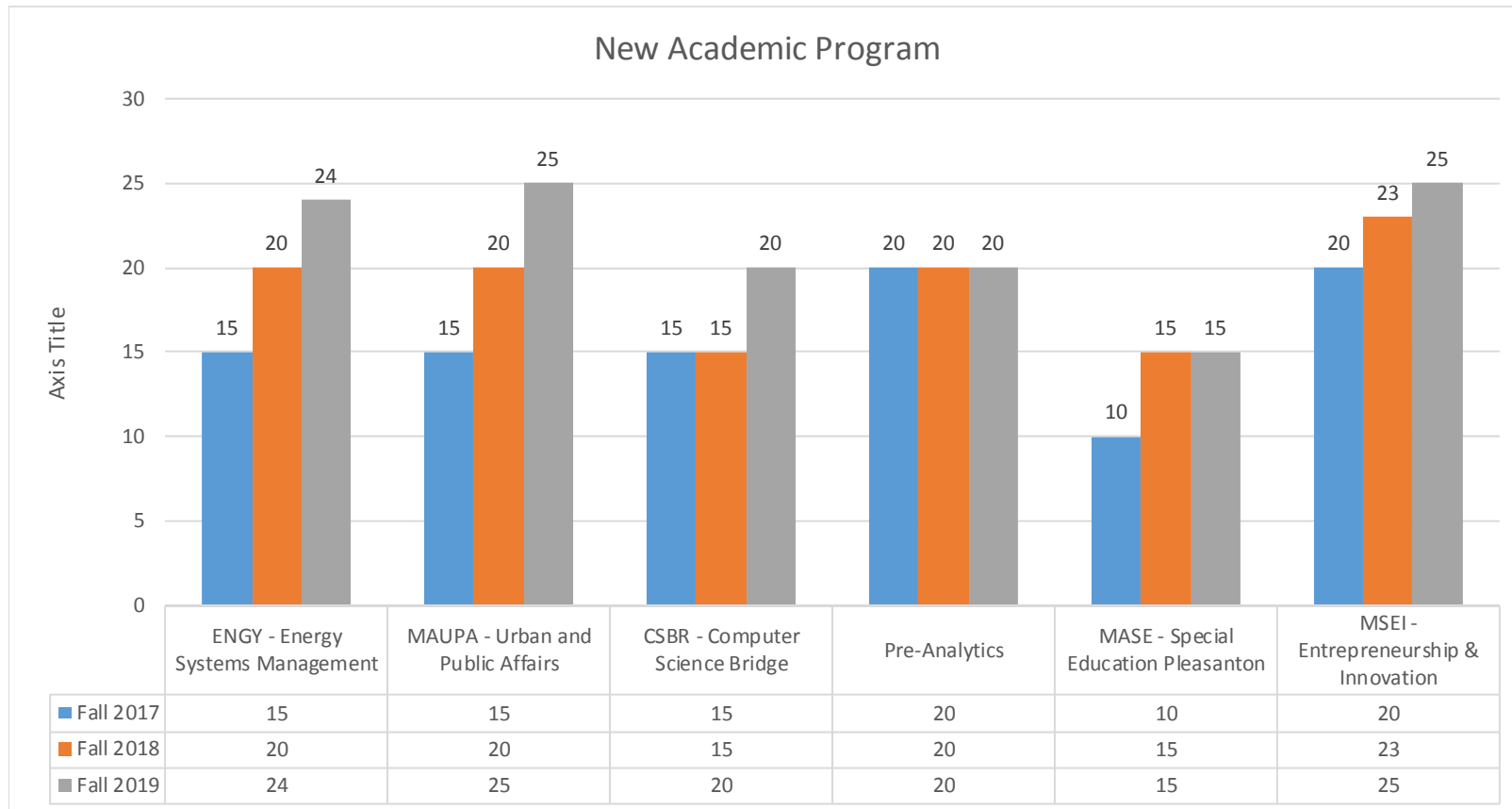
***New and Continuing Academic Programs:***

<b>New and Continuing Academic Programs</b>	<b>Sal &amp; Ben</b>	<b>Faculty FTE</b>	<b>Staff FTE</b>	<b>Expenditures</b>	<b>Total</b>
BSN VANAP - Nursing for VA Students	222,944	1.00	1.00	-	222,944
MSN - Nursing	152,723	1.00	-	-	152,723
MPH - Public Health Online	32,841	-	-	(9,840)	23,001
MSCS - Computer Science	219,788	1.00	0.50	65,750	285,538
DNP - Nursing Practitioner	5,189	-	-	(14,760)	(9,571)
MAPC - Professional Communication	63,346	0.50	-	(17,881)	45,465
MAUPA - Urban and Public Affairs	(8,219)	-	-	-	(8,219)
CSBR - Computer Science Bridge	213,489	1.00	0.50	47,500	260,989
MSESM - Energy Systems Management	261,253	1.00	0.50	75,000	336,253
MSEI - Entrepreneurship and Innovation	5,818	-	-	45,000	50,818
MPH - Public Health Sacramento	67,898	-	-	35,000	102,898
MAMS - Migration Studies	25,181	-	-	-	25,181
MASE - Special Education Pleasanton	69,521	-	-	44,613	114,134
MS Analytics Bridge	19,454	-	-	33,760	53,214
MSFA - Part Time Financial Analysis	-	-	-	(72,569)	(72,569)
MA Human Rights Education	2,950	-	-	(1,000)	1,950
MS Analytics	11,973	-	-	(27,500)	(15,527)
Nursing Kaiser EL-DNP Cohort	(86,973)	-	-	4,971	(82,002)
Masters of Non-Profit Administration	232,255	1.00	0.50	(11,000)	221,255
MA Museum Studies	12,186	-	-	-	12,186
MS Healthcare Informatics	22,216	-	-	-	22,216
MA Digital Technologies in Teaching and Learning	(91,107)	(1.00)	-	15,166	(75,941)
MS Organizational Development	-	-	-	90,000	90,000
MS Environmental Management	51,563	-	0.50	-	51,563
<b>Grand Total</b>	<b>\$ 1,506,289</b>	<b>5.50</b>	<b>3.50</b>	<b>\$ 302,210</b>	<b>\$ 1,808,499</b>

- The continuing and new academic programs (listed above) are projected to contribute \$7,912,879 in net tuition (tuition net scholarships and also net any Pearson Embanet revenue share).
- Law revenues decreased by \$1,527,456; its expenses decreased by \$1,292,419.
- Student housing revenue increased by \$749,830, with accompanying expense increases of \$338,392. Dedicated reserves for student housing revenue are budgeted at \$718,798 (3.0%), an increase of \$255,542 over its adopted budget of \$463,256 in FY 2017.

***New Academic Program Development***

The following table presents enrollment head count projections for a selection of the University's new academic programs starting in fiscal year 2018.



### ***FY18 Unrestricted Operating Budget Creation Process Goal***

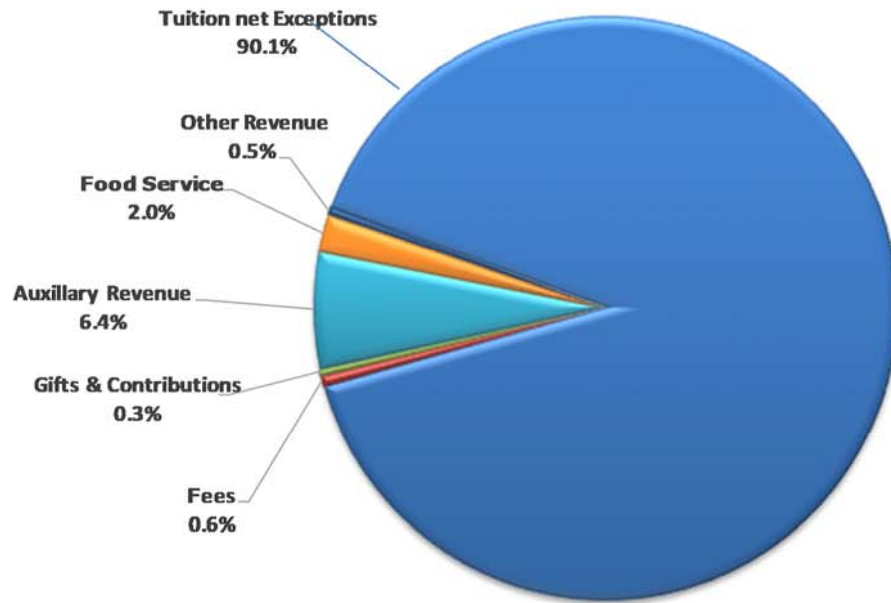
The primary goal of the budget creation process is (1) to align college-, school-, and division-level goals and activities with the vision, mission, and strategic priorities of the University and (2) to promote innovation that is reflected in both new academic programs and existing academic offerings. While collecting and reviewing requests for new budget allocations, we strongly encourage academic and service units to fund reconfigured programs and required new costs through budget reallocation.

### ***FY18 Unrestricted Operating Budget Creation Process Highlights***

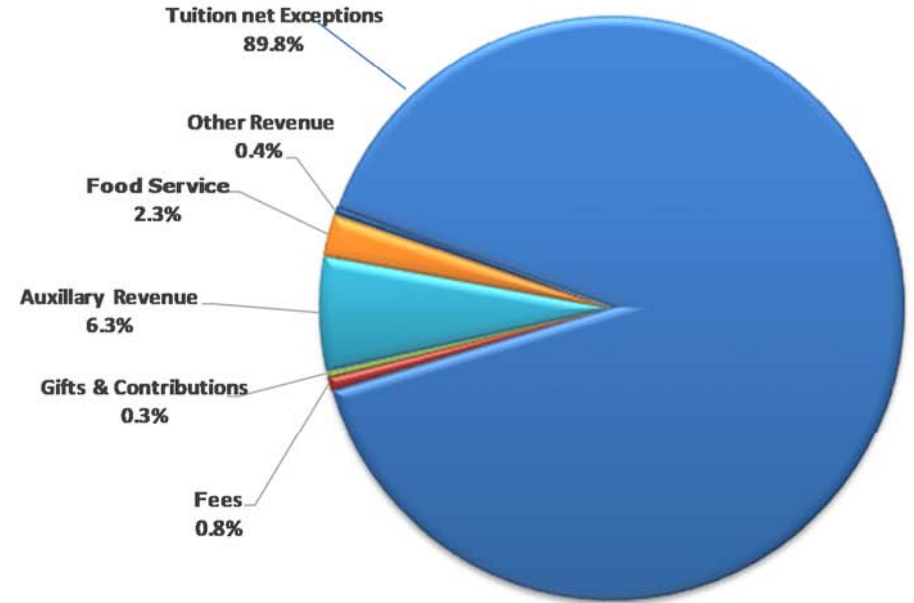
- Non-tuition revenue items were identified by the responsible managers and reviewed by the Leadership Team, vice presidents, Cabinet, and the President.
- Additional revenue and expense budget requests were submitted through the University's online tool, Budget Assist, for consideration by the respective unit and division leaders, with ultimate funding approval made by the President.
- New capital requests were reviewed by the Cabinet and the President.
- Employee compensation increases were based on contractual (or forecasted contractual) obligations with bargaining units.
- Tuition revenue budgets were based on enrollment targets and projections (supplied by the Division of Academic Affairs), as well as Board-approved tuition rates.
- Institutional financial aid expenses were based on historical and forecasted discount rates.



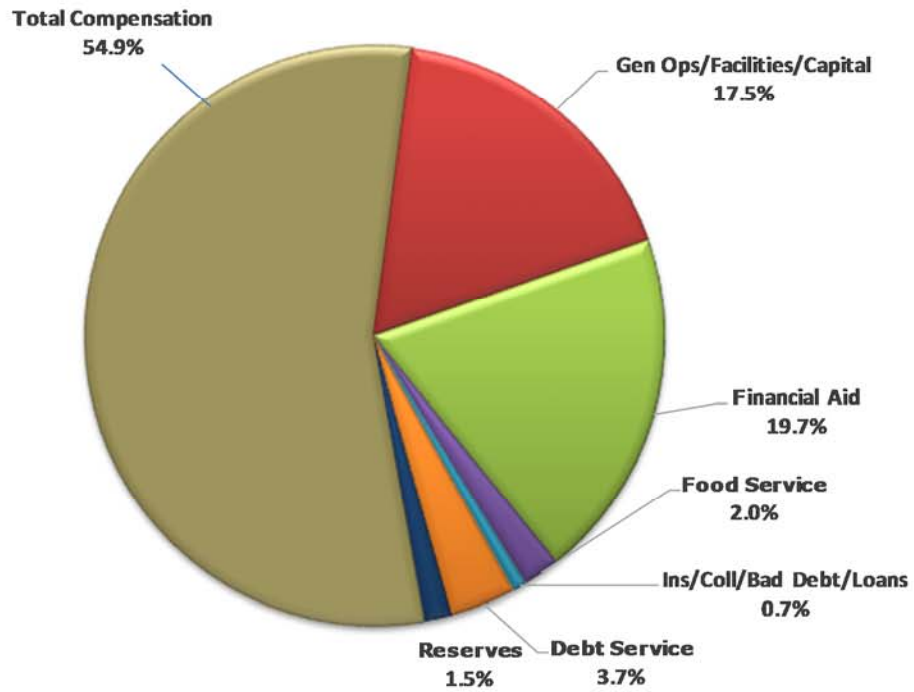
**FY 2017 Revenue by Category**



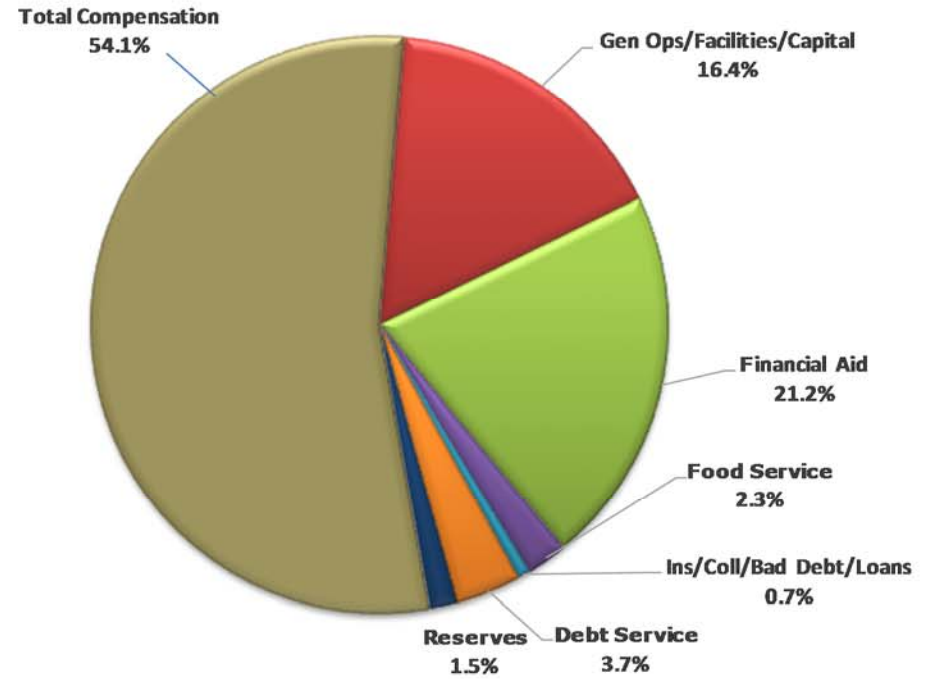
**FY 2018 Revenue by Category**



**FY 2017 Expense by Category**



**FY 2018 Expense by Category**



## FY 2018 Proposed Budget by Category

### *Across the University*

The \$457.1 million operating budget for FY 2018 is based on our plan to welcome 10,938 returning and new students to the University across all our campuses. Compared to the current fiscal year's adopted budget, FY 2018 revenue is expected to increase \$19.8 million from FY 2017 revenue due to increased enrollment; rate increases in tuition, room, and board; and adjustments to fees and auxiliary revenue.

### *Revenue*

Tuition revenue (net of tuition exceptions) is budgeted to increase by \$16.6 million in total. Auxiliary income includes a 2.4% room rate increase and increased parking and Koret revenues; food service revenue sees a rate and volume adjustment; fees revenue includes increases for student fees and international program pass-through fees.

### *Financial Aid Expense*

Institutional Financial Aid (FA) is a balance of merit awards and need-based aid. FA will increase by 12.8% in order to account for increased enrollment and to supplement current FA practices aimed at maintaining the competitiveness of the University's strategic enrollment management efforts. Non-Law FA will increase by \$11.5 million. The School of Law will decrease its operating FA by \$480,000 and continue to make greater use of its restricted resources for financial aid.

### *Other Expenses*

Combined General Operating/Facilities/Capital will see a decrease; most other expense categories will see increases (see pages 14 and 15 for expense category details).

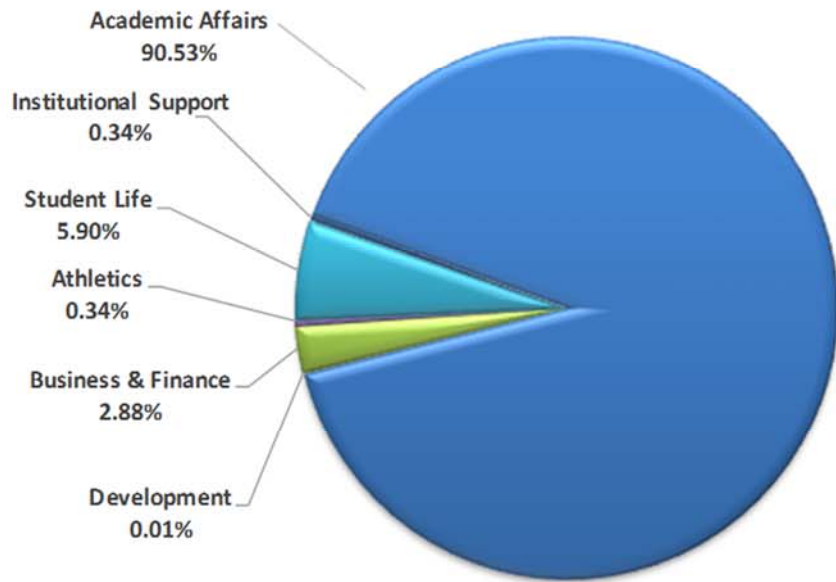
### *University Reserve*

University Reserves increases \$510,000 to \$6.9 million, or 1.60% of aggregate non-Law expense budget.

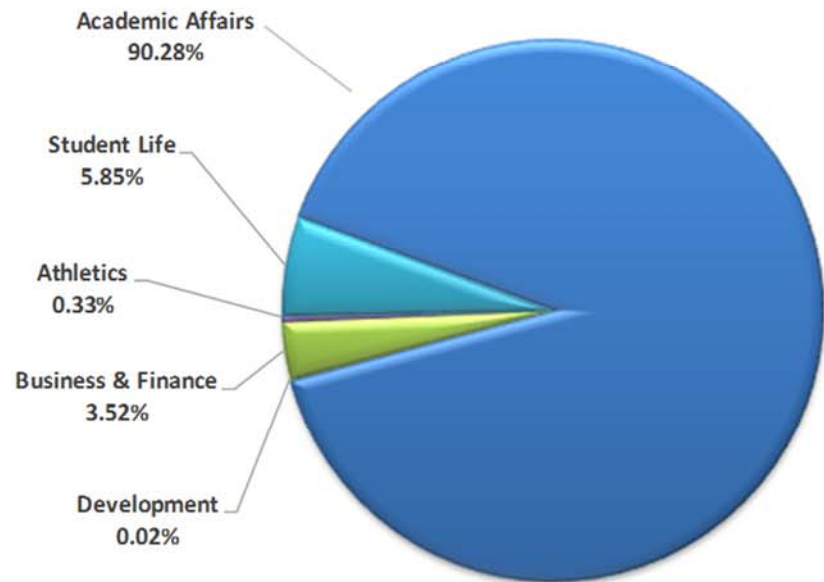
### FY 2018 Budget Creation (in \$1,000's)

Revenue	FY 2017 Budget	FY 2018 Budget	Change	Change %
Tuition net Exceptions	394,029	410,584	16,555	4.2%
Fees	2,685	3,616	931	34.7%
Gifts & Contributions	1,500	1,500	-	0.0%
Investment Returns	195	195	-	0.0%
Auxiliary Revenue	27,944	28,777	833	3.0%
Food Service	8,928	10,400	1,472	16.5%
Other Revenue	2,041	2,042	1	0.1%
<b>Total Revenue</b>	<b>437,322</b>	<b>457,114</b>	<b>19,792</b>	<b>4.5%</b>
<b>Expense</b>				
Total Compensation	240,091	247,514	7,423	3.1%
Gen Ops/Facilities/Capital	76,456	75,080	(1,376)	-1.8%
Financial Aid	85,978	96,990	11,012	12.8%
Food Service	8,928	10,550	1,622	18.2%
Ins/Coll/Bad Debt/Loans	3,240	3,240	(0)	0.0%
Debt Service	16,227	16,827	600	3.7%
Reserves	6,402	6,912	510	8.0%
<b>Total Expense</b>	<b>437,322</b>	<b>457,114</b>	<b>19,792</b>	<b>4.5%</b>
<b>Net Balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

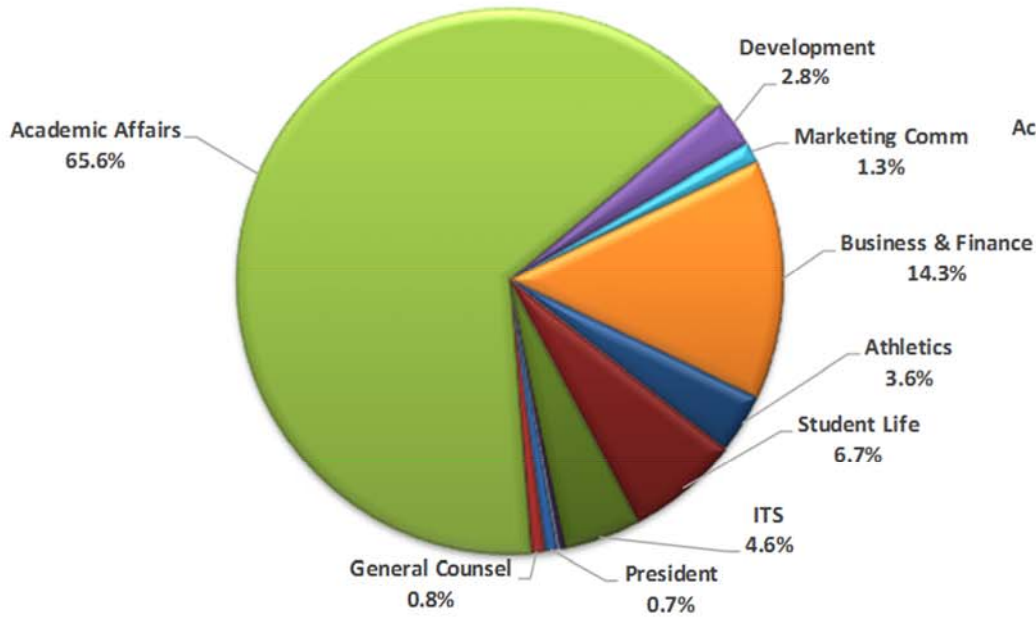
**FY 2017 Revenue by Primary Functional Areas**



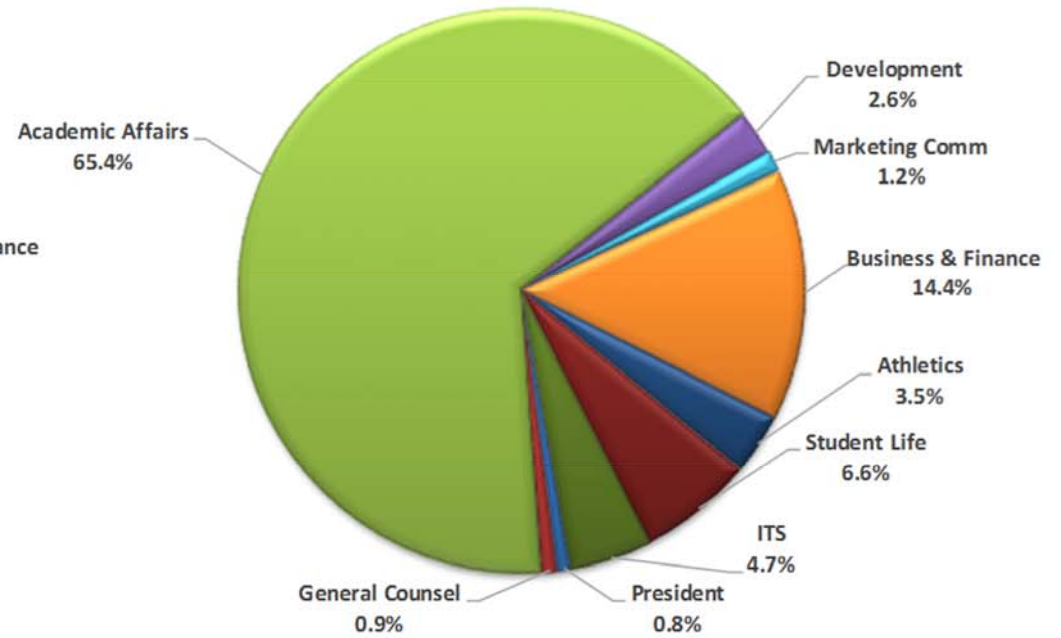
**FY 2018 Revenue by Primary Functional Areas**



**FY 2017 Expense by Primary Functional Areas**



**FY 2018 Expense by Primary Functional Areas**



## FY 2018 Proposed Budget by Primary Functional Areas

Highlighted changes are from the University's current FY 2017 Board budget. Additionally, for comparison purposes, the current reporting hierarchy, or chart of accounts, is applied to the previous fiscal year. While we highlight proposed changes to the FY 2018 budget resulting from planning efforts, changes from the FY 2017 Board Budget also include management adjustments made within the fiscal year.

### Revenue Changes

- Academic Affairs increase is due to enrollment projections as of March 1, 2017, adjusted by tuition increases approved by the Board of Trustees in December 2016. These projections include enrollments in new programs (see page six).
- Business & Finance increase is due to an increase to student fees, space rental revenue, as well as the movement of the University's gifts and contributions budget.
- Athletics increase is due to an adjustment to auxiliary and other revenues.
- Student Life increase is due to a student housing and patrol service revenue increases.
- Institutional Support decrease is due to the movement of the University's gifts and contributions budget.

### Expense Changes

- Expense budgets in functional areas see changes due to compensation increases, savings allocations, as well as planning priorities and new/continuing academic programs.
- President and General Counsel net increases includes a true-up to actual spending levels.
- Academic Affairs net increase include Law budget adjustments, as well as additional funds for financial aid, faculty compensation increases, new and continuing program faculty, staff, operating and library increases.
- Development and Marketing Communications budgets include savings allocations net non-discretionary or contractual increases.
- Business and Finance net increase includes merchant fees, custodial, and utility contractual increases, as well as food service increases.
- Athletics net increase includes an increase to financial aid.
- Student Life net increase includes additional funding for student housing, public safety patrols officers, as well as a counseling psychologist.
- Information Technology Services net increase includes hardware and software maintenance contracts, security and infrastructure support, and payment card industry compliance.
- Institutional Support includes staff compensation increases, additions to reserves, as well as a holding budget for anticipated University savings.

### FY 2018 Proposed Budget (in \$1,000's)

Revenue	FY17 Budget	FY18 Budget	Change	Change %
Academic Affairs	395,929	412,682	16,753	4.2%
Development	30	80	50	166.7%
Business & Finance	12,576	16,094	3,518	28.0%
Athletics	1,477	1,502	25	1.7%
Student Life	25,810	26,756	946	3.7%
ITS	1	1	-	0.0%
Institutional Support	1,500	-	(1,500)	-100.0%
<b>Total Revenue</b>	<b>437,322</b>	<b>457,114</b>	<b>19,792</b>	<b>4.5%</b>
<b>Expense</b>				
President	3,229	3,603	374	11.6%
General Counsel	3,685	3,985	300	8.1%
Academic Affairs	286,752	299,148	12,396	4.3%
Development	12,150	11,907	(243)	-2.0%
Marketing Comm	5,489	5,412	(77)	-1.4%
Business & Finance	62,366	65,619	3,253	5.2%
Athletics	15,670	16,013	343	2.2%
Student Life	29,159	30,138	979	3.4%
ITS	20,307	21,343	1,036	5.1%
Institutional Support	(1,486)	(54)	1,432	-96.4%
<b>Total Expense</b>	<b>437,322</b>	<b>457,114</b>	<b>19,792</b>	<b>4.5%</b>
<b>Net Balance</b>	-	-	-	-

**Enrollment Projections (as of March 1, 2017)**

(HC = Head Count; SCHs = Student Credit Hours)

	FY 2016 Actual		FY 2017 Actual		FY 2018 Budget		FY 2019 Budget	
	Fall HC	SCH	Fall HC	SCH	Fall HC	SCH	Fall HC	SCH
<b>Undergraduate</b>								
Arts & Sciences	3,586	158,060	3,705	159,969	3,738	160,662	3,751	160,158
Management	2,293	39,715	2,127	38,221	2,000	35,111	1,948	34,245
Nursing	819	14,256	859	15,115	844	15,673	840	15,334
<b>Undergraduate Total</b>	<b>6,698</b>	<b>212,031</b>	<b>6,691</b>	<b>213,305</b>	<b>6,582</b>	<b>211,446</b>	<b>6,539</b>	<b>209,737</b>
<b>Graduate</b>								
Arts & Sciences	847	13,532	916	14,926	967	15,645	1,011	16,183
Management	735	16,027	787	16,733	728	15,908	718	16,098
Nursing	763	17,044	870	20,254	901	21,480	899	21,593
Education	1,088	20,702	1,082	20,584	1,033	20,382	1,022	20,362
Law	595	14,853	605	14,946	578	13,893	548	12,597
<b>Graduate Total</b>	<b>4,028</b>	<b>82,158</b>	<b>4,260</b>	<b>87,443</b>	<b>4,209</b>	<b>87,338</b>	<b>4,198</b>	<b>86,833</b>
<b>Special (Non-degree)</b>	140		131		147		147	
<b>University Total</b>	<b>10,866</b>	<b>294,189</b>	<b>11,082</b>	<b>300,748</b>	<b>10,938</b>	<b>298,784</b>	<b>10,884</b>	<b>296,570</b>

## Enrollment, Revenue, and Expense: FY 2018 Budget vs. FY 2017 Actuals

### *Undergraduate Enrollment*

New undergraduate student enrollment is anticipated to decrease from 2,050 in Fall 2016 to 1,788 in Fall 2017. The undergraduate continuing student population is anticipated to increase from 4,641 in Fall 2016 to 4,794 in Fall 2017. Overall, undergraduate student enrollment is anticipated to decrease from 6,691 in Fall 2016 to 6,582 in Fall 2017.

### *Graduate and Professional Studies Enrollment*

**Arts and Sciences** graduate student enrollment for FY 2018 is anticipated to increase from 14,926 SCHs in FY 2017 to 15,645 in FY 2018.

**Management Graduate** projected SCHs are expected to decrease from 16,733 in FY 2017 to 15,908 in FY 2018.

**Nursing Graduate** enrollment is anticipated to increase from 20,254 SCHs in FY 2017 to 21,480 in FY 2018.

**Education** total enrollment (by student headcount) is anticipated to slightly decrease, resulting in SCHs decreasing from 20,584 in FY 2017 to 20,382 in FY 2018.

**Law** Total enrollment at the School of Law is anticipated to decrease from FY 2017, resulting in 13,893 projected SCHs for FY 2018 versus 14,949 in FY 2017.

### *FY 2018 Budgeted Revenue & Expense by College*

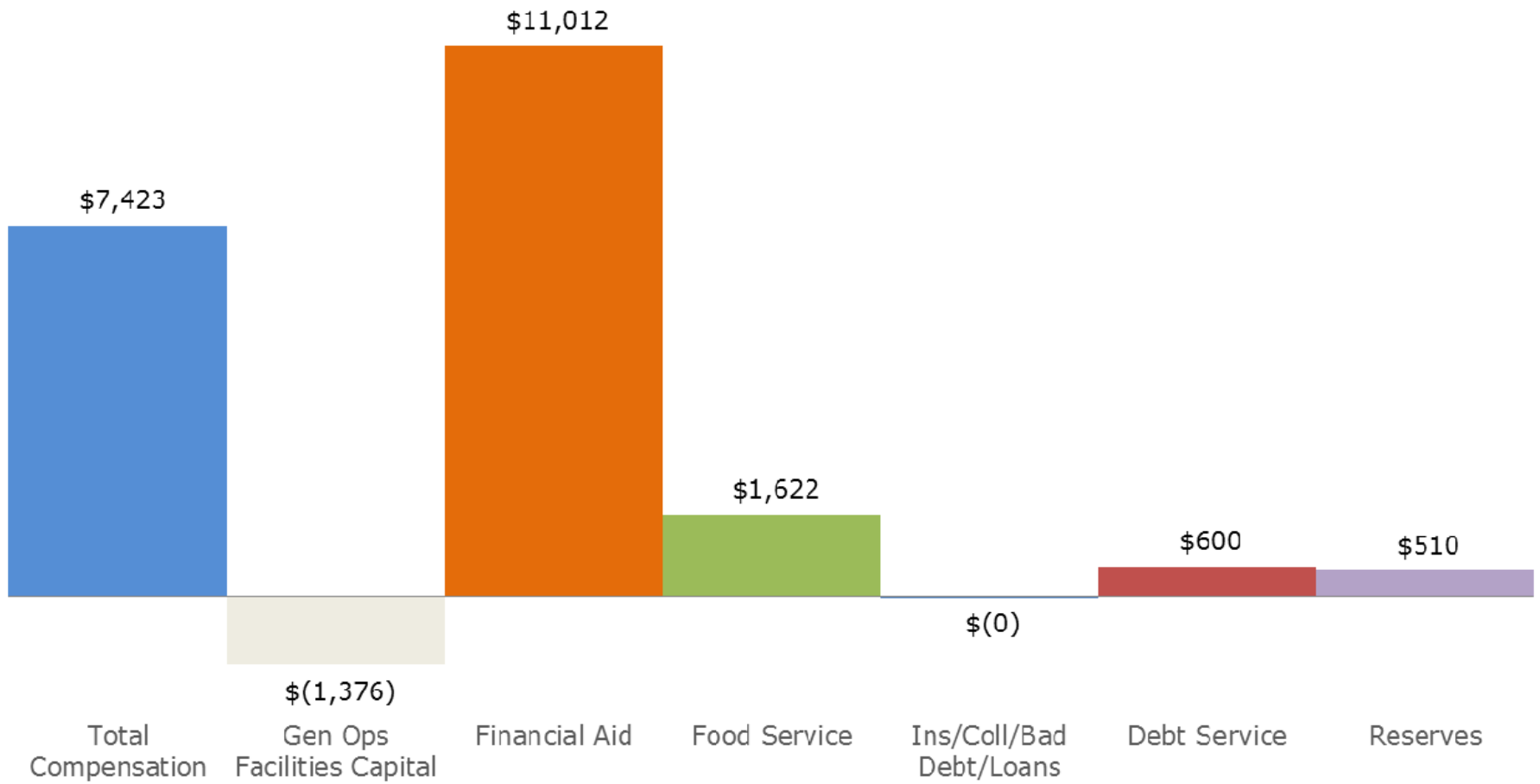
The table lists revenue budgets by teaching college, along with direct expense budgets prior to adding compensation increases (Law budgets, however, include compensation increases). These budgets include new enrollments, approved plans and related expenses. Estimates for financial aid and part-time faculty budget allocations are included.

<b>FY 2018 Budget</b>	<b>Revenue</b>	<b>Expense</b>
Arts & Sciences	\$ 249,085	\$ 145,159
Management	\$ 69,224	\$ 38,100
Education	\$ 20,141	\$ 15,408
Law	\$ 23,277	\$ 19,116
Nursing	\$ 51,026	\$ 25,763

\*All figures in \$1,000's



### FY18 Change in Expense Budgets



## Change in Expense Budget

Highlighted changes are from the University's current FY 2017 Board budget. While we highlight proposed changes to the FY 2018 budget resulting from planning efforts, changes from the FY 2017 Board Budget also include management adjustments made within the fiscal year.

### ***Total Compensation***

Employee compensation constitutes approximately 54.1% of budgeted expenses in FY 2018. This category includes salaries for executive, professional and administrative staff; full- and part-time faculty; student employees; and statutory and employee benefit expenses, such as retirement savings contributions, tuition remission, health insurance, etc. Changes by category of compensation are on the next page and include both continuing and new plans, compensation increases, as well as an adjustment to the full-time faculty anticipated salvage and part-time faculty expenditures. The non-Law staff compensation increase budget pool is within the Institutional Support division; the non-Law faculty compensation increase budget pool is in the Division of Academic Affairs.

### ***General Operating/Facilities/Capital***

This category includes office supplies and equipment, leases, consumable goods and services, building operational costs, janitorial and utility charges, furniture, library holdings, and scientific equipment. The net decrease of \$1.4 million includes increases for planning priorities of \$5.5 million, a net \$1.4 million in management internal reallocations, new and continuing academic programs of \$302K, as well as decreases for anticipated savings of \$7.1 million, decreased revenue share payments to Pearson Compass of \$1.1 million, and planned Law reductions of \$298K.

### ***Financial Aid***

The \$11 million increase in Financial Aid accounts for increased enrollment and supplements current FA practices aimed at maintaining the competitiveness of the University's strategic enrollment management efforts. Non-Law FA will increase by \$11.5 million. The School of Law will decrease its operating FA by \$480,000 and continue to make greater use of its restricted resources for financial aid.

### ***Food Service and Insurance/Collections/Bad Debt/Loans***

The \$1,622K increase in Food Service allows truing up for both the meal plan rate increase and the realized change in volume of activity from the existing budget. The Insurance/Collections/Bad Debt/Loans remains at current budget.

### ***Debt Service and Reserves***

The \$600K increase in Debt Service supports additional debt to fund investments relating to the University's IT security and infrastructure systems. Reserves are designated for unexpected variations in Revenues or Expenses. The University will increase its operating reserves by a net \$510K. The resulting level will represent approximately 1.60% of aggregate FY 2018 non-Law expense budgets.

## Change in Compensation Budgets

### **Faculty**

Tenured, probationary, and term full-time faculty salaries for FY 2018 reflect the net addition of five and one-half new lines for continuing and new academic programs (see page five), as well as compensation increases. Part-time faculty salary budget includes compensation increases as well as support for continuing and new academic programs. Proportional funding of full- and part-time faculty is adjusted to reflect actual activity in this budget through the existence of offsetting budgets for full-time faculty anticipated salvage and part-time faculty expenditures.

### **Staff**

Staff salaries for FY 2018 reflect allocations for compensation increases. New staff positions (totaling 8.42) include those supporting BSN VANAP (1.0 position), MS Computer Science / Bridge (1.0 position), MS Energy Systems Management (0.5 position), MS Environmental Management (0.5 position), Masters of Non-Profit Administration (0.5 position), Public Safety patrol dispatchers (2 positions), IT Security Engineers (2 positions), and a student counseling crisis manager/clinical care coordinator (0.92 position).

### **Student Staff**

Student employment provides an opportunity for students to gain work experience and earn wages to support the cost of attending USF. It is also viewed as an effective use of University resources. For FY 2018, student worker compensation pools see increases due to wage laws, as well as planned incremental activity in new or continuing academic programs.

### **Benefits**

Benefits are budgeted at supporting rates for the University's differing salary categories for employees. Adjustments to benefits budgets are made in proportion to budget changes taking place in different salary categories.

<b>Compensation</b>	<b>FY 2017 Budget</b>	<b>FY 2018 Budget</b>	<b>Change</b>
Full-Time Faculty	62,295	65,714	3,419
Part-Time Faculty	23,990	23,955	(35)
Staff	84,685	86,437	1,751
Student Staff	7,713	8,036	323
Benefits	61,407	63,373	1,966
<b>Total Compensation</b>	<b>240,091</b>	<b>247,514</b>	<b>7,424</b>

\* All figures in \$1,000's

**FY 2017 Board Budget & Forecast versus FY 2018 Board Budget**

	<b>FY17 Budget</b>	<b>FY17 Forecast</b>	<b>FY18 Budget</b>
<b>Revenue</b>			
Tuition net Exceptions	394,029	399,404	410,584
Fees	2,685	3,686	3,616
Gifts & Contributions	1,500	1,181	1,500
Investment Income	425	166	425
Gains & Losses	(230)	111	(230)
Auxiliary Revenue	27,944	28,377	28,777
Board Revenue	8,928	10,365	10,400
Other Revenue	2,041	3,271	2,042
<b>Total Revenue</b>	<b>437,322</b>	<b>446,562</b>	<b>457,114</b>
<b>Expense</b>			
FT Faculty Salary & Benefits	85,655	86,569	90,357
PT Faculty Salary & Benefits	29,508	27,806	29,584
Total Staff Salary & Benefits	124,927	120,303	127,574
Gen Ops/Facilities/Capital	76,456	82,383	75,080
Scholarships	85,978	94,654	96,990
Food Service	8,928	10,365	10,550
Ins/Coll/Bad Debt/Loans	3,240	3,240	3,240
Debt Service	16,227	16,227	16,827
Reserves & Transfers	6,403	475	6,912
<b>Total Expense</b>	<b>437,322</b>	<b>442,023</b>	<b>457,114</b>
<b>Net Balance</b>	<b>-</b>	<b>4,539</b>	<b>-</b>

(All figures in \$1,000's)

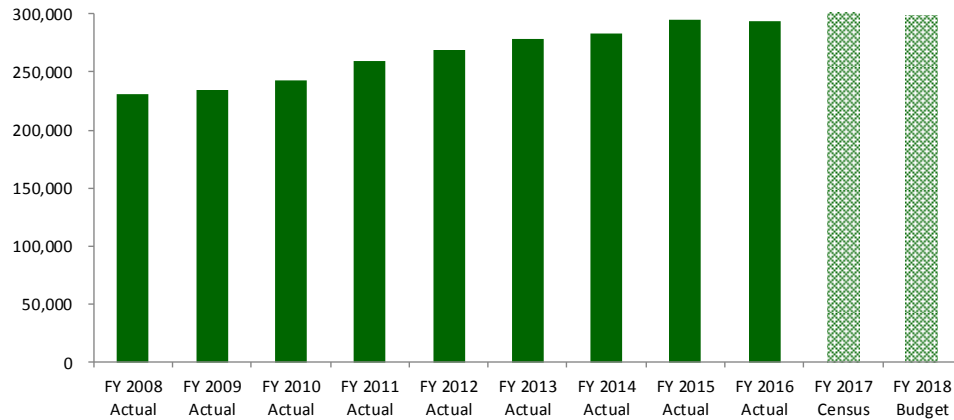
## **Appendix: Historical Analysis**

**Revenue**

Tuition and fees are 90.6% of the revenue portion of FY 2018 operating budget. What follows is a review of the three main factors that influence the University’s revenue: enrollment, tuition rates and financial aid.

**Enrollment in Student Credit Hours (FY 2008 - FY 2018)**

Enrollment in Student Credit Hours (FY 2008 - FY 2018)



Year	Total SCH	% Change	10-year % Change
FY 2008 Actual	231,090	2.2%	
FY 2009 Actual	234,337	1.4%	
FY 2010 Actual	243,068	3.7%	
FY 2011 Actual	259,499	6.8%	
FY 2012 Actual	269,454	3.8%	
FY 2013 Actual	278,528	3.4%	
FY 2014 Actual	283,286	1.7%	
FY 2015 Actual	294,499	4.0%	
FY 2016 Actual	294,223	-0.1%	
FY 2017 Census	300,748	2.2%	
FY 2018 Budget	298,784	-0.7%	29.3%

**Tuition and Fee Income**

Planned tuition and fee revenue increases because enrollment projections and/or tuition rates increase. The FY 2018 budget anticipates that tuition (net of tuition exceptions) and fee revenue will increase by 4.4%. Tuition and fees constitute 90.6% of the FY 2018 revenue budget.

**Financial Aid**

Over the ten-year analysis period, expenditures for University-funded financial aid have increased 159.4%, in contrast with a tuition and fee cumulative increase of 83.4%. As a percentage of tuition, aggregate financial aid has grown from 16.7% to a budgeted 23.6% during this same ten-year period.

The pressure to increase funding for financial aid comes from reduced support from government sources and from the institution's attempt to use financial aid to recruit students for their academic ability, athletic talent, and ethnic and economic diversity. Financial aid awarded is now a balance of merit- and need-based aid.

There is \$97.0 million in aggregate unrestricted financial aid in the FY 2018 operating budget.

**FY 2008 - FY 2018 Unrestricted Operating Budget  
Tuition & Fee Income/Percent of Total Revenue  
(in thousands of dollars)**

Year	Tuition* & Fees	Total Revenue	% of Total	T&F % Change	10-Year % Change
FY 2008 Actual	\$225,804	\$261,715	86.3%	10.2%	
FY 2009 Actual	\$245,712	\$276,378	88.9%	8.8%	
FY 2010 Actual	\$263,049	\$295,663	89.0%	7.1%	
FY 2011 Actual	\$291,144	\$323,777	89.9%	10.7%	
FY 2012 Actual	\$309,816	\$343,962	90.1%	6.4%	
FY 2013 Actual	\$332,441	\$369,546	90.0%	7.3%	
FY 2014 Actual	\$349,938	\$386,866	90.5%	5.3%	
FY 2015 Actual	\$363,095	\$400,145	90.7%	3.8%	
FY 2016 Actual	\$379,328	\$419,173	90.5%	4.5%	
FY 2017 Forecast	\$403,090	\$446,562	90.6%	6.3%	
FY 2018 Budget	\$414,200	\$457,114	90.6%	2.8%	83.4%

**FY 2008 - FY 2018 Unrestricted Operating Budget  
Financial Aid/Percent of Tuition  
(in thousands of dollars)**

Year	Financial Aid	Tuition*	% of Tuition	Fin Aid % Change	10-Year % Change
FY 2008 Actual	\$37,384	\$223,563	16.7%	17.8%	
FY 2009 Actual	\$44,297	\$241,756	18.3%	18.5%	
FY 2010 Actual	\$51,844	\$259,073	20.0%	17.0%	
FY 2011 Actual	\$55,876	\$286,385	19.5%	7.8%	
FY 2012 Actual	\$60,478	\$304,166	19.9%	8.2%	
FY 2013 Actual	\$65,702	\$325,849	20.2%	8.6%	
FY 2014 Actual	\$69,061	\$340,894	20.3%	5.1%	
FY 2015 Actual	\$74,043	\$364,556	20.3%	7.2%	
FY 2016 Actual	\$83,354	\$376,713	22.1%	12.6%	
FY 2017 Forecast	\$94,654	\$399,404	23.7%	13.6%	
FY 2018 Budget	\$96,990	\$410,584	23.6%	2.5%	159.4%

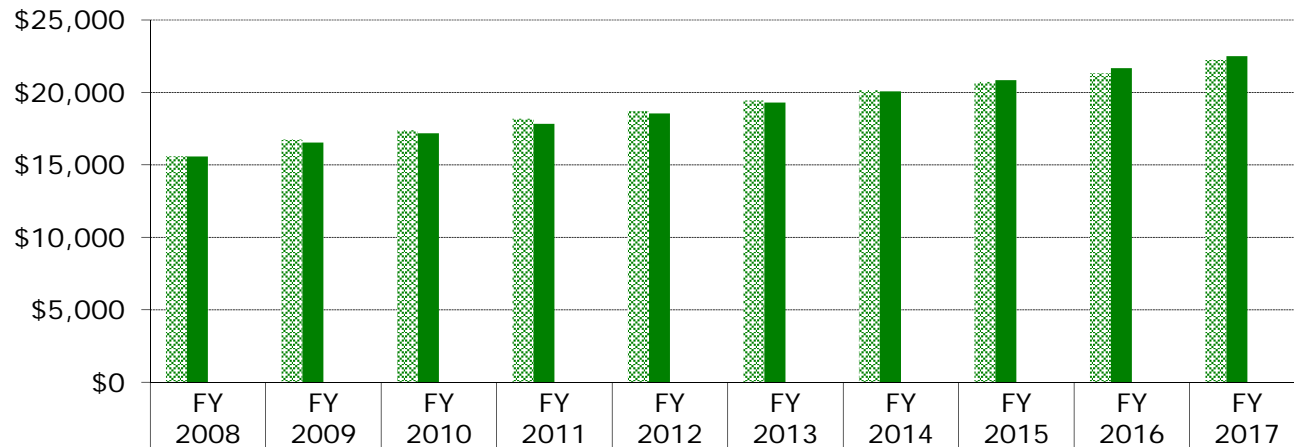
Tuition\* = Tuition + Tuition Exceptions

## Tuition and Fee Rates

Our pricing strategy of generally lower-than-average tuition increases is in response to an important shift in demographics and has been amplified by the so-called “Great Recession” of 2007-2010. This changing economic context provides us with an opportunity to adapt and strengthen the University in a way that is consistent with our mission and long-term aspirations, as expressed in USF 2028. As a result, we are making far-reaching structural adjustments (which include enhancing faculty and staff productivity) so that we may continue to offer a high-quality Jesuit education.

Looking at the University’s ten-year tuition and fee history, prices have increased within a range of 2.9% to 8.4% over the last ten years. Consistent with private higher education trends, tuition rates have historically increased several percentage points above inflation rates. We are striving to maintain quality in our programs, while keeping our tuition rate at levels consistent with our cross-applicant competitor set of schools. There is strong political and social pressure to control the growth of higher education costs. The University is responding to this pressure by systemically reviewing new initiatives in the context of new and reallocated funds. Reacting to limited tuition rate increases has led to targeted efforts to reallocate budget to meet emerging needs.

**West Coast Conference Tuition & Fees per Semester Rate (FY 2008-FY 2017)**



	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
USF	\$15,590	\$16,750	\$17,385	\$18,190	\$18,712	\$19,442	\$20,147	\$20,725	\$21,317	\$22,247
Average excluding USF	\$15,578	\$16,541	\$17,178	\$17,826	\$18,554	\$19,303	\$20,070	\$20,844	\$21,669	\$22,503
USF % Change	8.4%	7.4%	3.8%	4.6%	2.9%	3.9%	3.6%	2.9%	2.9%	4.4%
Avg % Change, Excluding USF	6.7%	6.2%	3.9%	3.8%	4.1%	4.0%	4.0%	3.9%	4.0%	3.8%



## ***Tuition and Fee Comparison***

The University competes with other schools for students, and prospective students pay attention to tuition and fee rates. The graph and table below reflect the historical cost of undergraduate tuition and fees at our peer institutions, and the University's relative position in the list. Recommendations for tuition rates are prepared after examining the University's relative price position with comparable institutions, its projected enrollment, and the impact of alternative rate increases on the entire University operating budget. In our comparison of tuition and fees, the average undergraduate tuition and fees per semester for West Coast Conference colleges and universities increased by 3.8% in FY 2017. USF increased undergraduate tuition and fees by 4.4% in FY 2017.

### **Undergraduate Semester**

	<b>FY 2008</b>	<b>FY 2009</b>	<b>FY 2010</b>	<b>FY 2011</b>	<b>FY 2012</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>
<b>WCC Schools</b>										
Pepperdine University	\$17,350	\$18,385	\$18,925	\$19,540	\$20,376	\$21,386	\$22,451	\$23,346	\$24,171	\$25,011
Santa Clara University	\$16,643	\$17,618	\$18,143	\$18,827	\$19,667	\$20,431	\$21,223	\$22,054	\$22,798	\$23,704
University of San Diego	\$16,282	\$17,136	\$18,072	\$18,686	\$19,291	\$19,985	\$20,696	\$21,414	\$22,293	\$23,070
Loyola Marymount Univ.	\$15,987	\$17,071	\$17,817	\$18,357	\$18,950	\$19,609	\$20,177	\$20,849	\$21,806	\$22,642
<b>USF</b>	<b>\$15,590</b>	<b>\$16,750</b>	<b>\$17,385</b>	<b>\$18,190</b>	<b>\$18,712</b>	<b>\$19,442</b>	<b>\$20,147</b>	<b>\$20,725</b>	<b>\$21,317</b>	<b>\$22,247</b>
St. Mary's College	\$15,540	\$16,625	\$16,955	\$17,715	\$18,575	\$19,225	\$19,945	\$20,690	\$21,465	\$22,180
University of Portland	\$13,945	\$14,770	\$15,470	\$16,165	\$16,890	\$17,630	\$18,435	\$19,260	\$20,125	\$21,007
Gonzaga University	\$13,301	\$14,181	\$14,868	\$15,493	\$16,133	\$16,853	\$17,560	\$18,295	\$19,028	\$19,910
Average including USF	\$14,548	\$16,567	\$17,204	\$17,871	\$18,574	\$19,320	\$20,079	\$20,829	\$21,625	\$22,471
Average excluding USF	\$15,578	\$16,541	\$17,178	\$17,826	\$18,554	\$19,303	\$20,070	\$20,844	\$21,669	\$22,503
<b>USF % Change</b>	<b>8.4%</b>	<b>7.4%</b>	<b>3.8%</b>	<b>4.6%</b>	<b>2.9%</b>	<b>3.9%</b>	<b>3.6%</b>	<b>2.9%</b>	<b>2.9%</b>	<b>4.4%</b>
Avg % Change, Excl. USF	6.7%	6.2%	3.9%	3.8%	4.1%	4.0%	4.0%	3.9%	4.0%	3.8%

## Five-Year Undergraduate Tuition and Fees Trend

The FY 2017 average (excluding USF) annual undergraduate tuition and fees is \$45,468, and the average rate of increase over the past five years has been 4.1% per annum. The average annual USF increase over the past five years has been 3.4%. Over the entire five-year period, the average tuition and fee level (excluding USF) increased 17.3%, while USF's tuition and fees increased 14.4%.

WCC	School	2012~2013	2013~2014	2014~2015	2015~2016	2016~2017	% chg in 5 yrs^	Avg % chg per yr*
	CA University of Southern California	45,119	47,318	50,068	51,372	52,567	16.5%	3.9%
X	CA Pepperdine University	42,772	44,902	46,692	48,342	50,022	17.0%	4.0%
	NY Fordham University	41,732	42,845	45,182	46,902	48,654	16.6%	3.9%
X	CA Santa Clara University	40,862	42,446	44,107	45,595	47,407	16.0%	3.8%
X	CA University of San Diego	39,970	41,392	42,828	44,586	46,140	15.4%	3.7%
X	CA Loyola Marymount University	39,217	40,353	41,698	43,611	45,284	15.5%	3.7%
<b>X</b>	<b>Bay USF</b>	<b>38,884</b>	<b>40,294</b>	<b>41,450</b>	<b>42,634</b>	<b>44,494</b>	<b>14.4%</b>	<b>3.4%</b>
X	Bay Saint Mary's College	38,450	39,890	41,380	42,930	44,360	15.4%	3.6%
	IL Loyola University of Chicago	34,938	36,660	38,536	40,772	42,382	21.3%	4.9%
X	OR University of Portland	35,260	36,870	38,520	40,250	42,014	19.2%	4.5%
	WA Seattle University	34,800	36,465	38,205	39,920	41,495	19.2%	4.5%
X	WA Gonzaga University	33,705	35,120	36,590	38,055	39,820	18.1%	4.3%
	Average	38,809	40,380	42,105	43,747	45,387	17.1%	4.0%
	Average excluding USF	\$ 38,802	\$ 40,387	\$ 42,164	\$ 43,849	\$ 45,468	17.3%	4.1%

*Notes:*

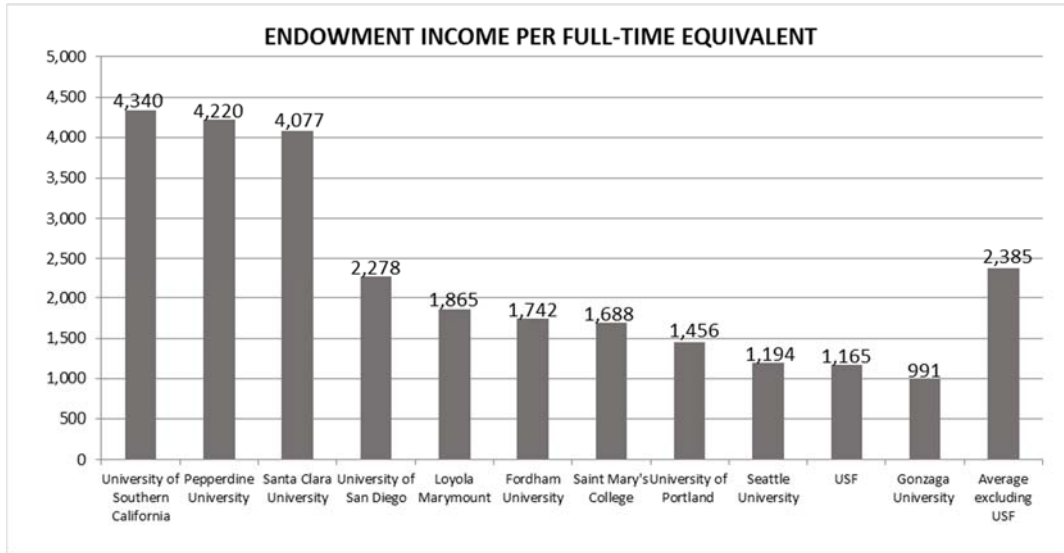
Schools are sorted by 2016/2017 Tuition and Fees column.

^ The "% change in 5 yrs" is the growth from FY13 to FY17.

\* The "Avg % change per yr" is an average of the percentage changes from FY13 to FY17.

## Endowment (FY2015)

Among other support, a healthy endowment provides a source of funding for university scholarships. In fiscal year 2015 (the latest available data), the average excluding USF endowment income (EI) per enrollment full-time equivalent (FTE) of the universities included in the comparison below was \$2,385. USF's EI/FTE is below this average at \$1,165.



WCC	School	2015 Total Endowment (TE) (000) <sup>2</sup>	4% Endowment Income (EI) (000)	2015 Total Enrollment (FTE) <sup>3</sup>	2015 Total Enrollment TE/FTE	2015 Total Enrollment EI/FTE
CA	University of Southern California	4,709,511	188,380	43,401	108,512	4,340
X CA	Pepperdine University	805,154	32,206	7,632	105,497	4,220
X CA	Santa Clara University	884,746	35,390	8,680	101,929	4,077
X CA	University of San Diego	469,984	18,799	8,251	56,961	2,278
X CA	Loyola Marymount	437,792	17,512	9,392	46,613	1,865
NY	Fordham University	665,532	26,621	15,286	43,539	1,742
X CA	Saint Mary's College	170,105	6,804	4,030	42,210	1,688
X OR	University of Portland	157,889	6,316	4,338	36,397	1,456
WA	Seattle University	220,991	8,840	7,405	29,843	1,194
<b>X CA</b>	<b>USF</b>	<b>314,337</b>	<b>12,573</b>	<b>10,797</b>	<b>29,113</b>	<b>1,165</b>
X WA	Gonzaga University	185,647	7,426	7,491	24,783	991
	<b>Average</b>	<b>820,153</b>	<b>32,806</b>	<b>11,518</b>	<b>56,854</b>	<b>2,274</b>
	<b>Average excluding USF</b>	<b>870,735</b>	<b>34,829</b>	<b>11,591</b>	<b>59,628</b>	<b>2,385</b>

**Expenses**

The following appendices address the major areas of the University's expense budget, including employee compensation.

**Compensation**

The Office of the Provost and the deans track the balance between full- and part-time faculty members; faculty teaching, research, and service workloads; and faculty-to-student ratios.

The University is continually making a concerted effort to focus its personnel costs on areas that provide consistently high levels of academic excellence and service quality. In concert with institutional planning and through the annual budgeting process, new and reallocated funds are directed towards these activities.

**Benefits Expense**

Benefits are shown in relation to University salary expense and total expense. USF charges benefits to departments based on salary expense.

**FY 2008 - FY 2018 Unrestricted Operating Budget**  
**Benefits Expense/Percent of Total Expense**  
*(in thousands of dollars)*

Year	Benefits	Salaries	Total Expense	Benefits			Salaries	
				% of Salaries	% of Total Expense	Annual % Change	10-year % Change	10-year % Change
FY 2008 Actual	\$33,024	\$107,350	\$258,612	30.8%	12.8%	12.8%		
FY 2009 Actual	\$36,024	\$113,408	\$276,378	31.8%	13.0%	9.1%		
FY 2010 Actual	\$38,373	\$114,134	\$295,463	33.6%	13.0%	6.5%		
FY 2011 Actual	\$41,397	\$120,001	\$323,035	34.5%	12.8%	7.9%		
FY 2012 Actual	\$45,376	\$128,582	\$344,180	35.3%	13.2%	9.6%		
FY 2013 Actual	\$47,925	\$138,516	\$365,504	34.6%	13.1%	5.6%		
FY 2014 Actual	\$48,136	\$148,551	\$377,882	32.4%	12.7%	0.4%		
FY 2015 Actual	\$55,167	\$157,987	\$400,145	34.9%	13.8%	14.6%		
FY 2016 Actual	\$58,641	\$170,445	\$422,274	34.4%	13.9%	6.3%		
FY 2017 Forecast	\$60,126	\$174,553	\$442,023	34.4%	13.6%	2.5%		
FY 2018 Budget	\$63,373	\$184,141	\$457,114	34.4%	13.9%	5.4%	91.9%	71.5%

**USF Five-Year Revenues & Expenses by Category**

The following report is a summary of all University historical actual revenues and expenses and unrestricted base budgets as organized by general revenue and expense categories. This analysis and other budget-focused analyses are available from the Office of Planning and Budget's web site at <http://myusf.usfca.edu/planning-budget/office-reports>.

	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>
<b>YTD Activity</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Forecast</b>	<b>Budget</b>
Tuition & Fees	(349,938)	(367,352)	(378,743)	(403,091)	(414,200)
Gifts	(1,309)	(1,251)	(1,607)	(1,181)	(1,500)
Auxiliary & Other Revenues	(35,620)	(37,937)	(37,887)	(42,290)	(41,414)
<b>Revenue Total</b>	<b>(386,866)</b>	<b>(406,540)</b>	<b>(418,237)</b>	<b>(446,562)</b>	<b>(457,114)</b>
Full-Time Faculty	54,219	56,328	59,031	62,960	65,714
Part-Time Faculty	19,939	22,428	22,928	22,607	23,955
Staff	68,726	74,350	79,727	81,773	86,437
Student Staff	5,667	5,872	6,562	7,214	8,036
Benefits	48,136	54,371	57,935	60,126	63,373
Gen Ops/Facilities/Capital	80,067	77,428	79,576	82,383	75,080
Financial Aid	69,061	75,007	82,966	94,654	96,990
Food Service	7,606	8,426	8,518	10,365	10,550
Debt & Other Expense	24,615	18,427	19,211	19,466	20,066
Reserves & Transfers In/Out	(154)	13,269	295	475	6,912
<b>Expense Total</b>	<b>377,882</b>	<b>405,906</b>	<b>416,746</b>	<b>442,023</b>	<b>457,114</b>
<b>Grand Total</b>	<b>(8,984)</b>	<b>(634)</b>	<b>(1,491)</b>	<b>(4,539)</b>	<b>0</b>

Note: Revenues are represented within parentheses. All figures are in thousands.