

Operating Budget for Fiscal Year 2019

For Consideration by the Board of Trustees
March 23, 2018

Executive Overview

Purpose of Report

The purpose of this report is to review the FY 2019 operating budget of the University of San Francisco and to recommend its approval by the Board of Trustees. 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 its Leadership Team.

The report outlines budgeted revenue and expense categories and details the spending plan for FY 2019 using updated enrollment targets and projections (as of March 7, 2018) and revenue forecasts, along with the Board's approved tuition and fee rates.

Recommendation

The proposed FY19 unrestricted operating budget was approved by the President on March 9, 2018. The President recommends that the Board of Trustees approves the proposed FY 2019 unrestricted operating budget.

Process

Vice presidents approve unit 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 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 2019 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 3.8%).
- The tuition increase for graduate programs varies by program. Generally, Arts & Sciences, Nursing & Health Professions, and Management graduate tuition increases by 3.4%.
- Tuition for programs associated with the former College of Professional Studies, the School of Law, and the School of Education increases by rates varying from 1.0% to 1.9%.
- Residence hall rates, and meal plan rates, increase by 3.9% and 2.6%, respectively.

Enrollment projections of 10,826 student headcount and 293,715 student credit hours (SCHs)

- A decrease of 112 SCHs (a 1.0% decrease) from the FY 2018 budget and a decrease of 260 (2.3%) from FY 2018 actuals (as of March 7, 2018).
- The enrollment projections include the following new master's programs beginning in FY 2019: Public Leadership (Arts & Sciences); Public Health in Orange County (Nursing); Dual Degree Public and Behavioral Health (Nursing); and Teaching English as a Second or Other Language in San Jose (Education).

FY 2019 total operating budget is \$467.6 million

- The tuition (net of exceptions) budget of \$419.6 million increases by \$9.1 million, or 2.2%, from the FY 2018 Board budget and \$4.2 million, or 1.0%, from FY 2019 forecasted actuals (as of March 5, 2018).
- The financial aid budget of \$105.7 million increases \$8.7 million, or 8.9%, from the FY 2018 Board budget and decreases \$3.7 million, or -3.4%, from FY 2018 forecasted actuals. The University's overall discount rate increases to 25.2% — up from 23.6% in the FY 2018 Board budget and down from 26.3% with respect to FY 2018 forecasted actuals.
- The net tuition budget of \$314.0 million increases by \$393,000, or 0.1%, from the FY 2018 Board budget and \$7.9 million, or 2.6%, from FY 2018 forecasted actuals.
- The proposed FY19 budget includes anticipated unit savings of approximately \$10.7 million. These cuts are being identified by management and will be implemented by the start of FY 2019.

FY 2019 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>
Business & Finance Division	\$ -	\$ -	-	\$ 737,813	\$ 737,813	Janitorial Contract - Annual Contract Increase
	\$ -	\$ -	-	\$ 63,828	\$ 63,828	Gas Utility Increase
	\$ -	\$ -	-	\$ 83,065	\$ 83,065	Electric Utility Increase
	\$ -	\$ -	-	\$ 18,189	\$ 18,189	Increase in Facilities Annual Contracts
	\$ -	\$ -	-	\$ 7,626	\$ 7,626	Increase in Facilities Supplies - Soap, Paper & Liners
	\$ -	\$ -	-	\$ 10,431	\$ 10,431	Cogen Maintenance
	\$ -	\$ -	-	\$ 59,643	\$ 59,643	Water Utilities Increase
	\$ -	\$ 200,001	2.0	\$ -	\$ 200,001	Furniture Services Team Funding Increase
Subtotal	\$ -	\$ 200,001	2.0	\$ 980,595	\$ 1,180,596	
Development Division	\$ -	\$ -	-	\$ 93,000	\$ 93,000	Development FY19 Non-Discretionary/Contractual Increases
	\$ -	\$ -	-	\$ 300,000	\$ 300,000	Development General Operating Budget Increase
Subtotal	\$ -	\$ -	-	\$ 393,000	\$ 393,000	
ITS Division	\$ -	\$ -	-	\$ 790,310	\$ 790,310	FY19 ITS Contractual Hardware/Software/Services Maintenance Increases
	\$ -	\$ -	-	\$ 1,492,526	\$ 1,492,526	Hardware/Software/Services Maintenance Increases Non-Discretionary
	\$ -	\$ -	-	\$ 390,000	\$ 390,000	Workday Licenses
	\$ -	\$ 330,000	3.0	\$ -	\$ 330,000	ITS FTE - Workday (3)
Subtotal	\$ -	\$ 330,000	3.0	\$ 2,672,836	\$ 3,002,836	
Marketing Communications	\$ -	\$ -	-	\$ 40,000	\$ 40,000	OMC FY19 Non-Discretionary/Contractual Increases

FY 2019 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>
Provost Division	\$ -	\$ 73,499	1.0	\$ -	\$ 73,499	Pre-Professional Health Service Adviser Position
	\$ -	\$ -	-	\$ (174,240)	\$ (174,240)	Branch Campuses Facilities - Lease Escalations and Terminations
	\$ -	\$ -	-	\$ 20,000	\$ 20,000	OCLC/Innovative & Other Library Systems - Contractual Increases
	\$ -	\$ -	-	\$ 151,219	\$ 151,219	Gleeson Library Periodicals & Databases Contractual Increases
	\$ -	\$ -	-	\$ 40,000	\$ 40,000	Iron Mountain Data & Records Management
	\$ -	\$ -	-	\$ 2,602	\$ 2,602	USFFA Faculty Development Fund Increase
	\$ -	\$ 3,527,216	-	\$ -	\$ 3,527,216	FY19 Faculty Compensation Increases
Subtotal	\$ -	\$ 3,600,716	1.0	\$ 39,581	\$ 3,640,297	
Student Life Division	\$ -	\$ 64,435	0.2	\$ -	\$ 64,435	Learning Center Peer Tutoring Program
	\$ -	\$ 60,382	-	\$ 10,000	\$ 70,382	USF 101: Expedition USF
	\$ 20,000	\$ 27,500	1.0	\$ 75,000	\$ 82,500	Parent and Family Weekend Programming
	\$ -	\$ -	-	\$ 15,396	\$ 15,396	Valet Parking Labor Rate Increase
	\$ -	\$ 78,660	1.0	\$ -	\$ 78,660	Additional Campus Safety Dispatcher
	\$ -	\$ 48,586	0.5	\$ -	\$ 48,586	Career Counselor for Graduate Students
	\$ -	\$ 176,128	1.0	\$ -	\$ 176,128	Black Achievement Success and Engagement (BASE) Program Staff
Subtotal	\$ 20,000	\$ 455,690	3.7	\$ 100,396	\$ 536,086	
University	\$ -	\$ -	-	\$ 500,000	\$ 500,000	FY19 Operating Reserves Increase
	\$ -	\$ -	-	\$ 844,880	\$ 844,880	FY18 Budget Balancing Entry Cleared
	\$ -	\$ 3,049,325	-	\$ -	\$ 3,049,325	FY19 Staff and Student Compensation Increases
Subtotal	\$ -	\$ 3,049,325	-	\$ 1,344,880	\$ 4,394,205	
Grand Total	\$ 20,000	\$ 7,635,731	9.7	\$ 5,571,288	\$ 13,187,019	

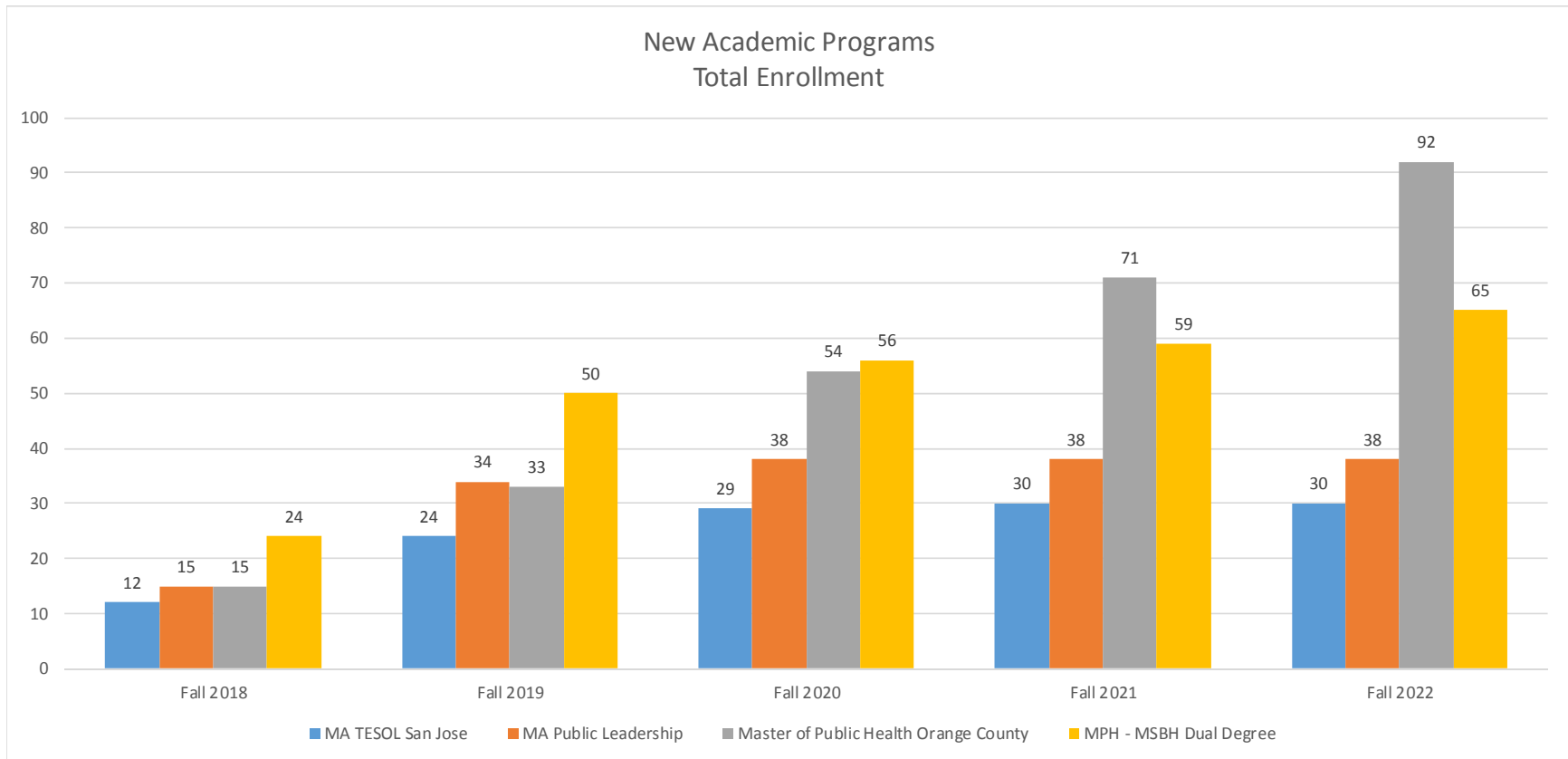
New and Continuing Academic Programs:

New and Continuing Academic Programs	Salary & Benefit	Faculty FTE	Staff FTE	Expenditure	Total
CS Bridge Program	6,942	-	-	17,500	24,442
MA Urban and Public Affairs	-	-	-	15,000	15,000
MSAN - MS Analytics	18,372	1.00	(1.00)	43,000	61,372
MS Computer Science	6,593	-	-	(3,500)	3,093
MS Energy Systems	116,262	1.00	-	(5,000)	111,262
MA Educational Technology	(84,497)	-	(0.50)	(43,666)	(128,163)
Master of Nonprofit Administration	-	-	-	6,000	6,000
MS Entrepreneurship and Innovation	242,025	1.00	-	(5,000)	237,025
MSFA Hybrid Program	(34,907)	-	-	(66,431)	(101,338)
BSN Sacramento	134,295	1.00	-	-	134,295
Master of Public Health Online	59,721	-	-	(79,680)	(19,959)
Master of Public Health Sacramento	2,037	-	-	15,250	17,287
MSN Orange County	93,901	-	-	-	93,901
Online DNP	-	-	-	(29,520)	(29,520)
MA TESOL San Jose	14,152	-	-	13,000	27,152
MA Public Leadership	287,061	-	1.50	67,539	354,600
Master of Public Health Orange County	255,054	1.00	1.00	45,000	300,054
MPH - MSBH Dual Degree	44,225	-	-	-	44,225
Grand Total	\$ 1,161,236	5.00	1.00	\$ (10,508)	\$ 1,150,728

- The continuing and new academic programs are projected to contribute \$22,590,358 in net tuition (tuition net scholarships and also net any Pearson Embanet revenue share).
- Law revenues decrease by \$2,586,006; its expenses increase \$151,927; there is a planned transfer in of \$2,524,899 from Law's restricted resources to maintain its financial contribution to the university.
- Student housing revenue increases by \$912,340, with accompanying expense increases of \$862,317; both include bringing St. Anne's dormitory online. Dedicated reserves for student housing revenue are budgeted at \$746,168 (3.0%), an increase of \$27,370 over its adopted budget of \$718,798 in FY 2018.
- For FY19, the incremental expense budgets enumerated in the table above will be funded by reallocation of budgetary resources within the Division of Academic Affairs rather than through the creation of new expense budgets.
- Reallocation will be achieved by cleaning up budgets associated with programs or cohorts that have been suspended or that have seen significant declines in enrollment. Some of these programs include: the Bachelor of Science in Management (BSM) program, the Master of Science in Financial Analysis (MSFA) program, the online Master of Public Health Program, and the RN-to-MSN program.

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 2019.



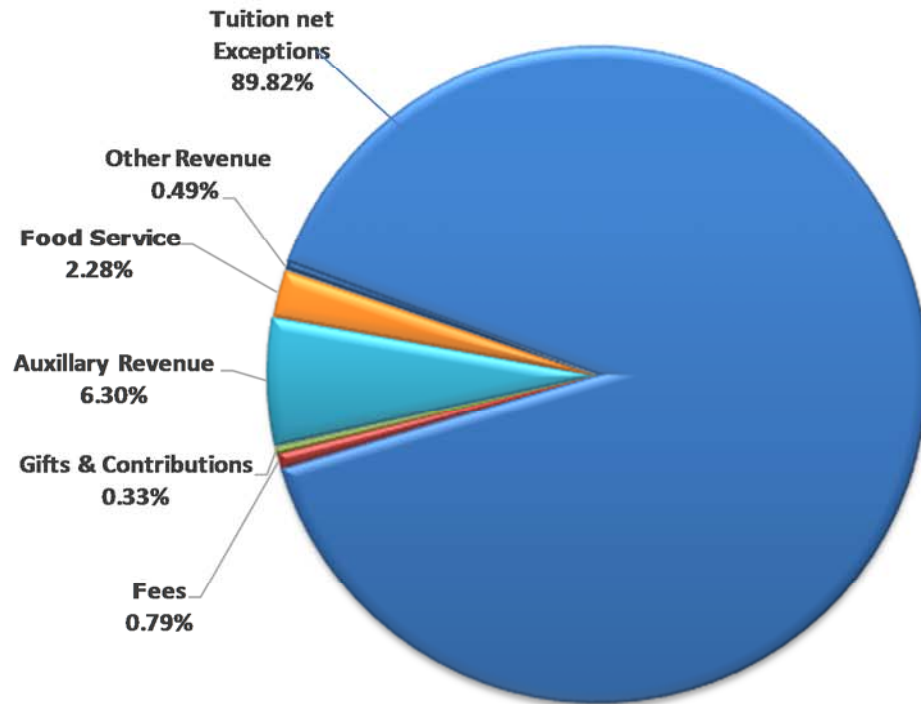
FY19 Unrestricted Operating Budget Creation Process Goal

The primary goals of the budget creation process are (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 enrollment growth in 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.

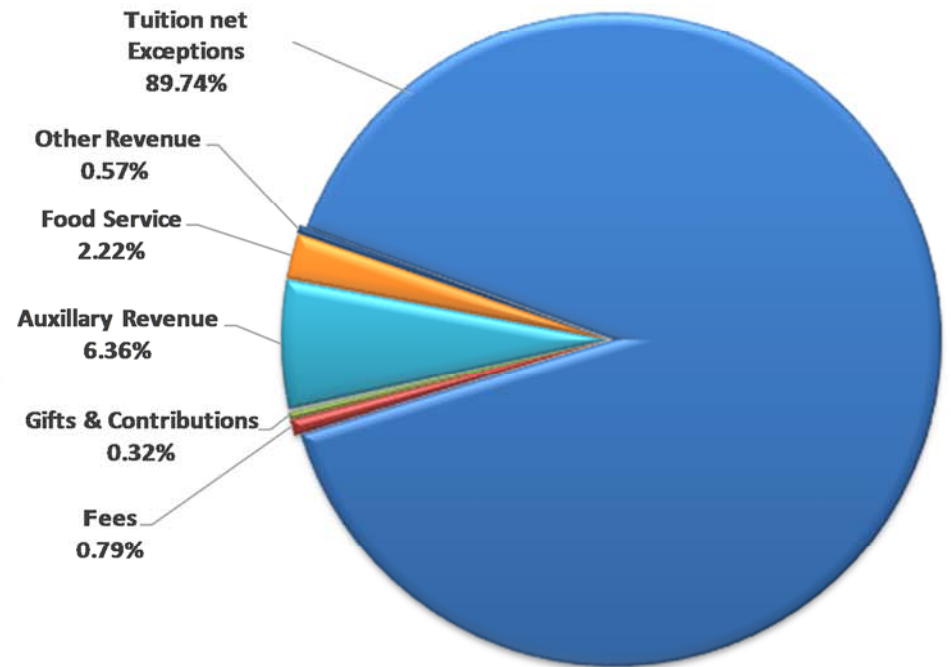
FY19 Unrestricted Operating Budget Creation Process Highlights

- Non-tuition revenue items were identified by the responsible managers and reviewed by the vice presidents, Leadership Team, Cabinet, and the President.
- Additional revenue and expense budget requests were submitted through the University's online tool, Budget Assist, for consideration by 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, as well as the President's preference concerning the size of the merit compensation increase pool for exempt staff and executives.
- 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.

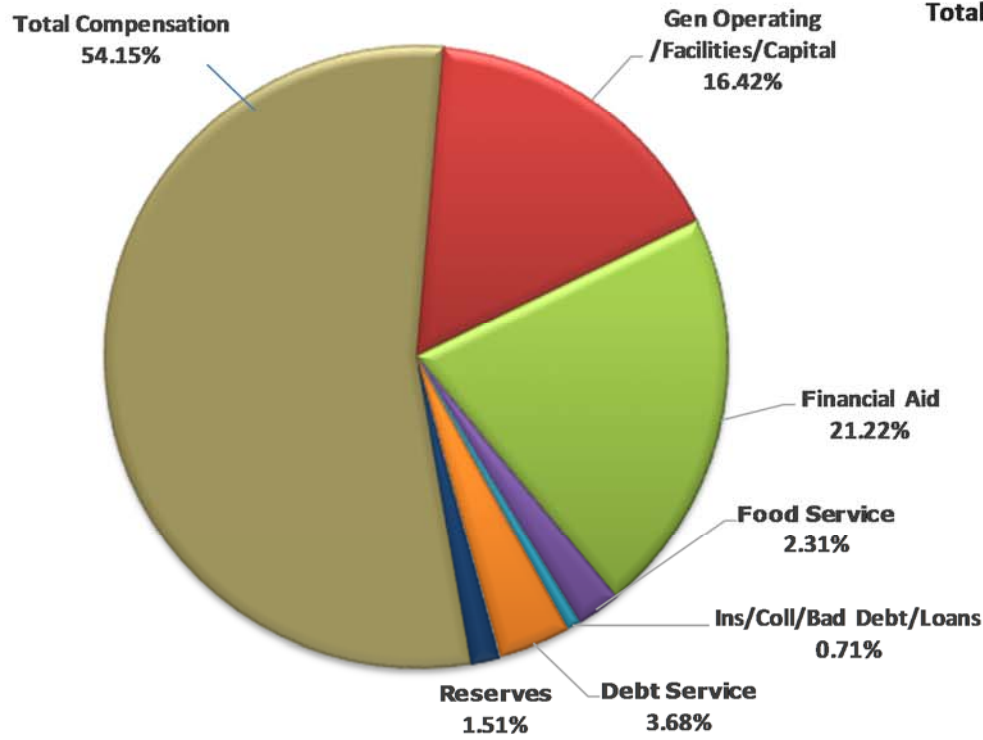
FY 2018 Revenue by Category



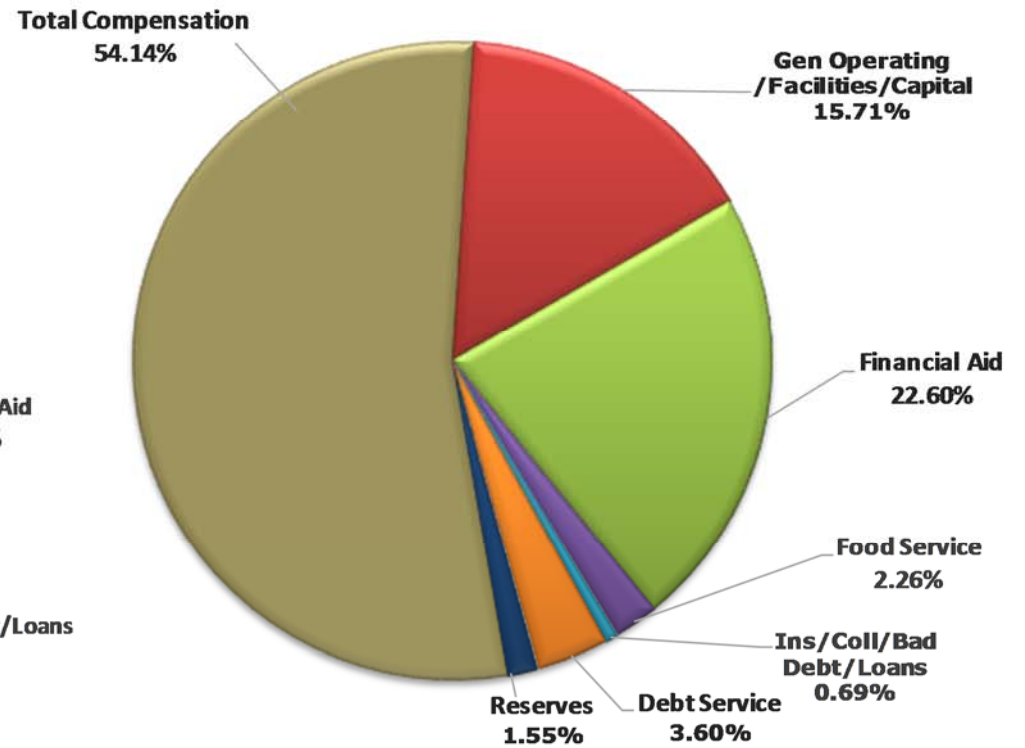
FY 2019 Revenue by Category



FY 2018 Expense by Category



FY 2019 Expense by Category



FY 2019 Proposed Operating Budget by Category

Across the University

The \$467.6 million operating budget for FY 2019 is based on our plan to welcome 10,826 returning and new students to the University across all of its campuses. Compared to the current fiscal year's adopted budget, FY 2019 revenue is expected to increase \$10.5 million from FY 2018 revenue due to enrollment composition, rate increases in tuition and room rates, and adjustments to fees and auxiliary revenue.

Revenue

Tuition revenue (net of tuition exceptions) is budgeted to increase by \$9.1 million in total. Fees revenue includes increases for health clinic and Law fees; annual gifts stays flat; investment returns include a quasi-endowment distribution; auxiliary income includes a 3.9% room rate increase; food service revenue stays flat due to a volume adjustment; and other revenue includes a decrease caused by reclassifying executive education as a restricted activity.

Financial Aid Expense

Institutional financial aid is a balance of merit awards and need-based aid. Financial aid will increase by 8.9% in order to account for enrollment composition and to supplement current financial aid practices aimed at maintaining the competitiveness of the University's strategic enrollment management efforts. Law will 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).

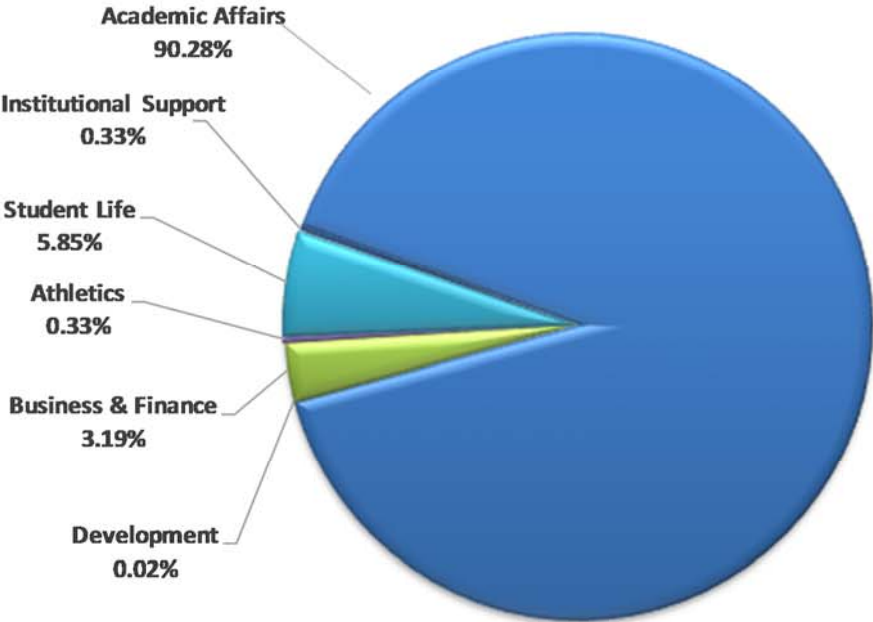
University Reserves and Transfer

University Reserves increases \$342,000 to \$7.3 million, or 1.62% of aggregate non-Law revenue budget. The Transfer category includes a planned transfer in of \$2,524,899 in restricted resources from the School of Law to maintain its financial contribution to the university.

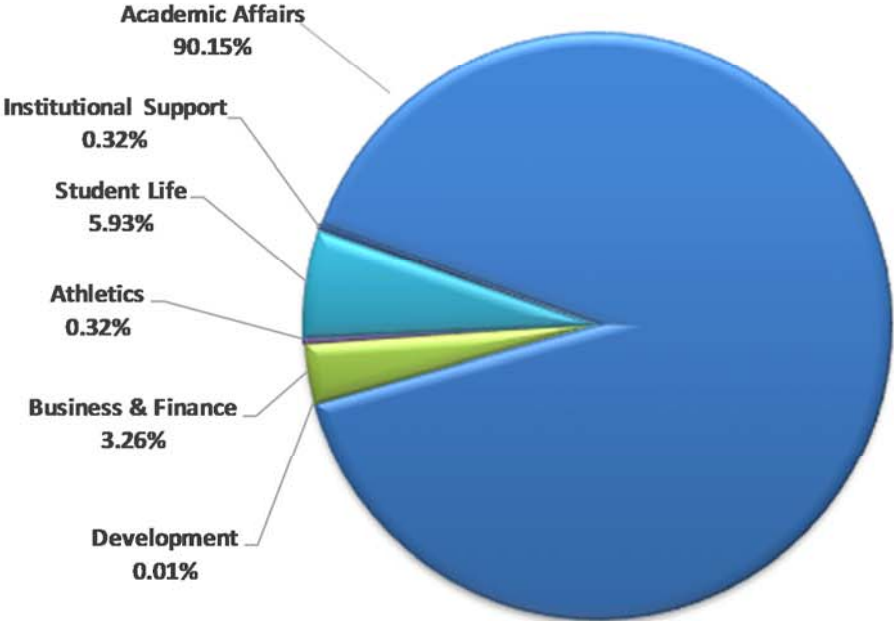
FY 2019 Budget Creation (in \$1,000's)

Revenue	FY 2018 Budget	FY 2019 Budget	Change	Change %
Tuition net Exceptions	410,584	419,646	9,062	2.2%
Fees	3,616	3,674	58	1.6%
Gifts & Contributions	1,500	1,500	-	0.0%
Investment Returns	195	795	600	307.7%
Auxiliary Revenue	28,777	29,744	967	3.4%
Food Service	10,400	10,400	-	0.0%
Other Revenue	2,042	1,853	(189)	-9.2%
Total Revenue	457,114	467,613	10,499	2.3%
Expense				
Total Compensation	247,514	253,145	5,631	2.3%
Gen Ops/Facilities/Capital	75,080	73,461	(1,619)	-2.2%
Financial Aid	96,990	105,659	8,669	8.9%
Food Service	10,550	10,550	-	0.0%
Ins/Coll/Bad Debt/Loans	3,240	3,240	(0)	0.0%
Debt Service	16,827	16,827	(0)	0.0%
Reserves	6,913	7,255	342	4.9%
Transfer	-	(2,525)	(2,525)	N/A
Total Expense	457,114	467,613	10,499	2.3%
Net Balance	-	-	-	-

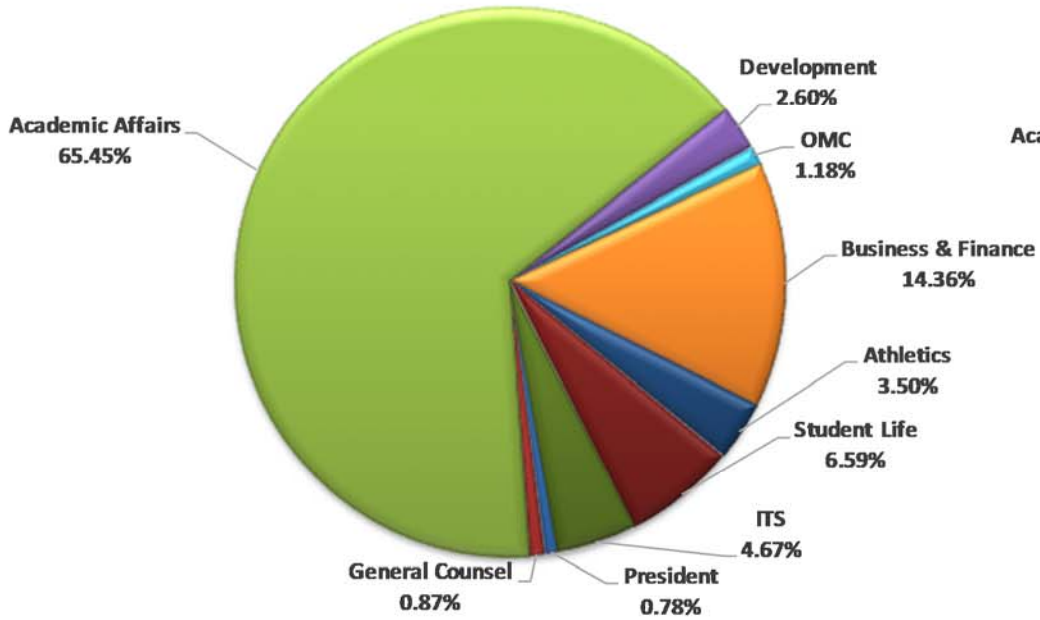
FY 2018 Revenue by Primary Functional Areas



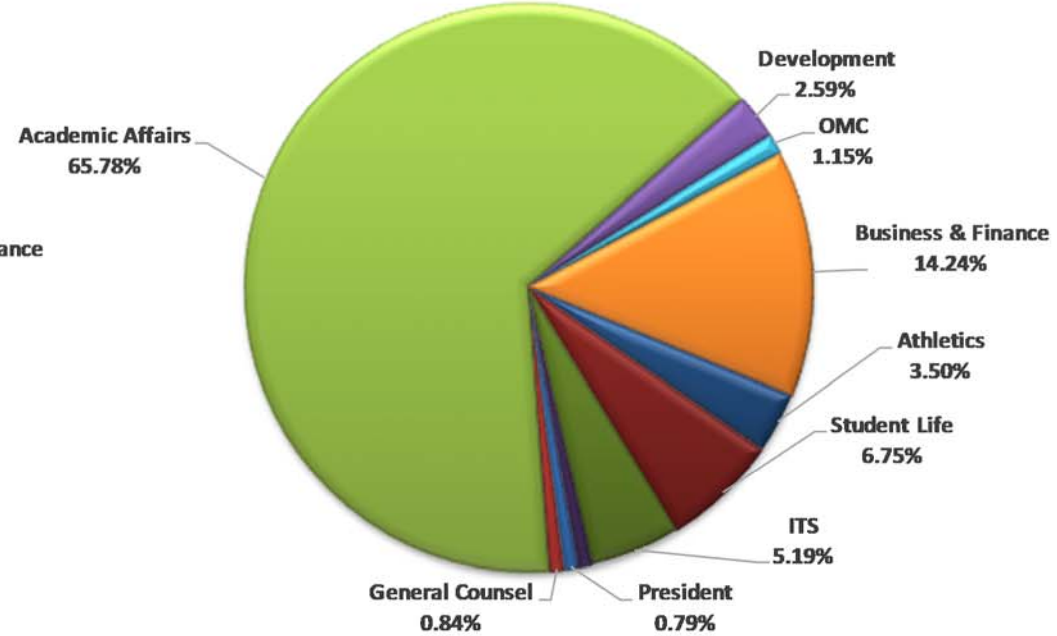
FY 2019 Revenue by Primary Functional Areas



FY 2018 Expense by Primary Functional Areas



FY 2019 Expense by Primary Functional Areas



FY 2019 Proposed Operating Budget by Primary Functional Areas

Highlighted changes are from the University's current FY 2018 Board budget. While we highlight proposed changes to the FY 2019 budget resulting from planning efforts, changes from the FY 2018 Board Budget also include management adjustments made within the fiscal year.

Revenue Changes

- Academic Affairs increase is due to enrollment projections as of March 7, 2018, adjusted by tuition increases approved by the Board of Trustees in December 2017. These projections include enrollments in new programs (see page six).
- Business & Finance increase is due to an increase from the university's quasi-endowment distribution, as well as other revenue from Purchasing.
- Student Life increase is due to a student housing revenue increase.

Expense Changes

- Expense budgets in functional areas see changes due to savings allocations, compensation increases, as well as planning priorities and new/continuing academic programs.
- President includes a staffing true-up to actual spending levels.
- Academic Affairs net increase includes Law budget adjustments, as well as additional funds for financial aid, faculty compensation increases, and new/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 custodial and utility contractual increases, as well as furniture services team funding.
- Athletics net increase includes an increase to financial aid.
- Student Life net increase includes additional funding for student housing, a dispatcher position, parent and family weekend programming, a career counselor, new student orientation, tutoring, as well as the BASE initiative.
- Information Technology Services net increase includes hardware and software maintenance contractual increases, as well as Workday Human Capital Management licenses and staff.
- Institutional Support includes staff compensation increases, additions to reserves, as well as a holding budget for anticipated University savings.

FY 2019 Proposed Budget (in \$1,000's)

Revenue	FY18 Budget	FY19 Budget	Change	Change %
Academic Affairs	412,682	421,551	8,869	2.1%
Development	80	55	(25)	-31.3%
Business & Finance	14,594	15,261	667	4.6%
Athletics	1,502	1,502	-	0.0%
Student Life	26,756	27,743	987	3.7%
ITS	1	1	-	0.0%
Institutional Support	1,500	1,500	-	0.0%
Total Revenue	457,114	467,613	10,499	2.3%
Expense				
President	3,553	3,679	126	3.5%
General Counsel	3,985	3,949	(36)	-0.9%
Academic Affairs	299,198	307,578	8,380	2.8%
Development	11,907	12,104	197	1.7%
OMC	5,412	5,384	(28)	-0.5%
Business & Finance	65,619	66,602	983	1.5%
Athletics	16,013	16,349	336	2.1%
Student Life	30,138	31,567	1,429	4.7%
ITS	21,343	24,267	2,924	13.7%
Institutional Support	(54)	(3,867)	(3,813)	7061.1%
Total Expense	457,114	467,613	10,499	2.3%
Net Balance	-	-	-	-

Enrollment Projections (as of March 7, 2018)

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

	FY 2017 Actual		FY 2018 Actual		FY 2019 Budget		FY 2020 Budget	
	Fall HC	SCH	Fall HC	SCH	Fall HC	SCH	Fall HC	SCH
Undergraduate								
Arts & Sciences	3,704	160,333	3,873	161,051	3,881	160,196	3,926	159,891
Management	2,127	38,252	2,084	37,473	1,898	32,844	1,815	31,427
Nursing	859	15,134	846	16,163	834	16,019	817	15,795
Undergraduate Total	6,690	213,719	6,803	214,687	6,613	209,059	6,558	207,113
Graduate								
Arts & Sciences	917	14,953	1,004	16,910	1,048	17,540	1,038	17,525
Management	787	16,664	713	15,324	682	15,017	703	15,094
Nursing	868	20,277	867	20,453	830	19,909	837	19,768
Education	1,058	20,758	1,052	20,093	1,058	20,066	1,069	20,246
Law	605	14,952	564	13,371	511	12,124	527	11,986
Graduate Total	4,235	87,604	4,200	86,151	4,129	84,656	4,174	84,619
Non-Degree-Seeking	143		83		84		84	
University Total	11,068	301,323	11,086	300,838	10,826	293,715	10,816	291,732

Enrollment, Revenue, and Expense: FY 2019 Budget vs. FY 2018 Actuals

Undergraduate Enrollment

New undergraduate student enrollment is anticipated to decrease from 1,980 in fall 2017 to 1,781 in fall 2018. The undergraduate continuing student population is anticipated to increase slightly from 4,823 in fall 2017 to 4,832 in fall 2018. Overall, undergraduate student enrollment is anticipated to decrease from 6,803 in fall 2017 to 6,613 in fall 2018.

Graduate and Professional Studies Enrollment

Arts and Sciences graduate student enrollment for FY 2019 is anticipated to increase from 16,910 SCHs in FY 2018 to 17,540 in FY 2019.

Management graduate projected SCHs are expected to decrease from 15,324 in FY 2018 to 15,017 in FY 2019.

Nursing graduate enrollment is anticipated to decrease from 20,453 SCHs in FY 2018 to 19,909 in FY 2019.

Education total enrollment (by student headcount) is anticipated to slightly decrease, resulting in SCHs decreasing from 20,093 in FY 2018 to 20,066 in FY 2019.

Law total enrollment is anticipated to decrease from FY 2018, resulting in 12,124 projected SCHs for FY 2019 versus 13,371 in FY 2018.

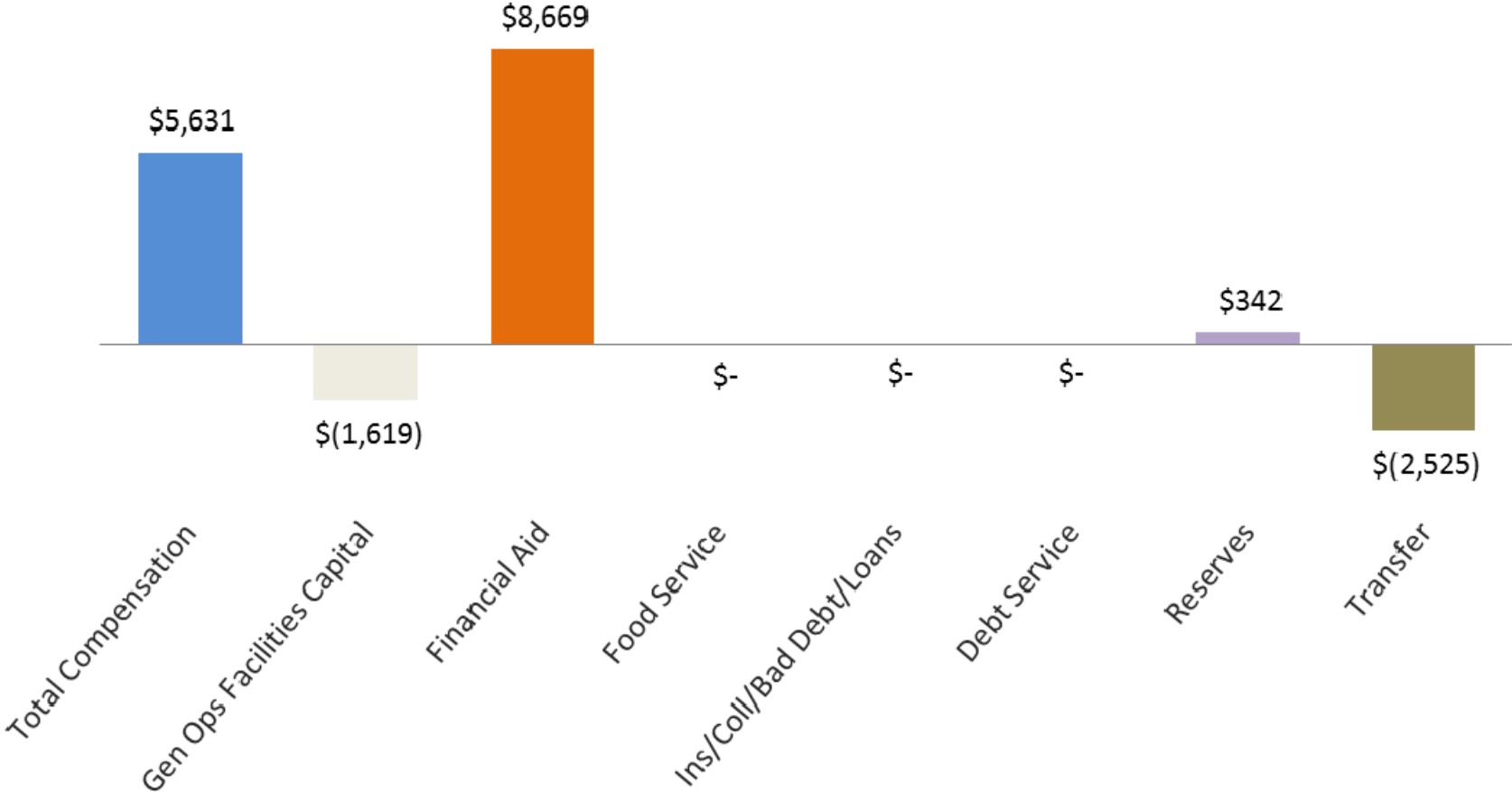
FY 2019 Budgeted Revenue & Expense by College

The table lists revenue budgets by teaching college, along with direct expense budgets. These budgets include new enrollments, approved plans and related expenses, as well as estimated allocations for full-time faculty compensation increases, part-time faculty compensation, financial aid, and tuition share budget.

	FY 2019 Budget	Revenue	Expense
Arts & Sciences	\$	261,108	\$ 163,107
Management	\$	66,483	\$ 42,018
Education	\$	20,467	\$ 15,148
Law	\$	20,691	\$ 17,025
Nursing	\$	52,283	\$ 29,644
	\$	421,033	\$ 266,942

*All figures in \$1,000's

FY19 Change in Expense Budgets



Change in Expense Budgets

Highlighted changes are from the University's current FY 2018 Board budget. While we highlight proposed changes to the FY 2019 operating budget resulting from planning efforts, changes from the FY 2018 Board Budget also include management adjustments made within the fiscal year.

Total Compensation

Employee compensation constitutes approximately 54.1% of budgeted expenses in FY 2019. 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 academic program plans, compensation increases, as well as an adjustment to anticipated full-time faculty compensation salvage and part-time faculty expenditures. The non-Law staff compensation increase pool is within Institutional Support; the non-Law faculty compensation increase 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 \$1.6 million includes a decrease for anticipated savings of \$10.7 million, increases for planning priorities of \$5.1 million, a net \$4.1 million in management internal reallocations, Academic Affairs internal funding of new and continuing academic programs, increased revenue share payments of \$60K, housing increases of \$29K, and planned Law increase of \$83K.

Financial Aid

The \$8.7 million increase in Financial Aid accounts for increased discounting and supports current financial aid practices aimed at maintaining the competitiveness of the University's strategic enrollment management efforts in a challenging environment. Law will continue to make greater use of its restricted resources for financial aid.

Food Service, Insurance/Collections/Bad Debt/Loans and Debt Service

Insurance/Collections/Bad Debt/Loans and Debt Service remain at current budget. Food Service remains at its current budget for a volume adjustment.

Reserves and Transfer In

Reserves are designated for unexpected variations in revenues or expenses. The University will increase its operating reserves by a net \$343K. The resulting level will represent approximately 1.62% of aggregate FY 2019 non-Law revenue budgets. Law revenues decreased by \$2,586,006; its expenses increased \$151,927. There is a planned transfer into the operating fund of \$2,524,899 from Law's restricted resources so as to maintain its expected financial contribution to the university.

Change in Compensation Budgets

Faculty

Tenured, probationary, and term full-time faculty salaries for FY 2019 reflect the addition of five lines for continuing and new academic programs (see page five), reductions made as part of meeting FY18 savings targets, as well as compensation increases. Part-time faculty salary budget includes compensation increases, an increased budget for Law, as well as support for continuing and new academic programs.

Staff

Staff salaries for FY 2019 reflect allocations for compensation increases as well as reductions made as part of meeting FY18 savings targets. New and continuing academic program adjustments will result in a net increase of one staff position. Planning priorities result in the funding of 9.7 new staff positions. These include: Furniture Services Team (2 positions), ITS Workday Human Capital Management support (3 positions), Pre-Professional Health Service Adviser (one position), Learning Center Peer Tutoring program (0.2 position), Parent and Family Weekend programming (one position), Public Safety Patrol Dispatcher (one position), Career Counselor (0.5 position), and Black Achievement Success and Engagement (BASE) program staff (one position).

Student Staff

Student employment provides an opportunity for students to gain work experience and earn wages to support the cost of attending the university. It is also viewed as an effective use of University resources. For FY 2019, 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.

<u>Compensation</u>	<u>FY 2018 Budget</u>	<u>FY 2019 Budget</u>	<u>Change</u>
Full-Time Faculty	65,714	66,481	767
Part-Time Faculty	23,955	24,985	1,030
Staff	86,437	88,631	2,194
Student Staff	8,036	8,338	302
Benefits	63,373	64,710	1,337
Total Compensation	247,514	253,145	5,631

* All figures in \$1,000's

FY 2018 Board Budget & Forecast versus FY 2019 Board Budget

	FY18 Budget	FY18 Forecast	FY19 Budget
Revenue			
Tuition net Exceptions	410,584	415,485	419,646
Fees	3,616	3,861	3,674
Gifts & Contributions	1,500	1,458	1,500
Investment Income	425	1,025	1,025
Gains & Losses	(230)	(230)	(230)
Auxiliary Revenue	28,777	29,463	29,744
Board Revenue	10,400	10,130	10,400
Other Revenue	2,042	2,912	1,853
Total Revenue	457,114	464,104	467,612
Expense			
FT Faculty Salary & Benefits	90,356	88,953	91,411
PT Faculty Salary & Benefits	29,465	28,403	30,856
Total Staff Salary & Benefits	127,693	122,260	130,877
Gen Ops/Facilities/Capital	75,080	81,328	73,462
Scholarships	96,990	109,402	105,659
Food Service	10,550	10,130	10,550
Ins/Coll/Bad Debt/Loans	3,240	3,240	3,240
Debt Service	16,827	16,827	16,827
Reserves & Transfers	6,912	(185)	4,729
Total Expense	457,114	460,358	467,612
Net Balance	-	3,746	-

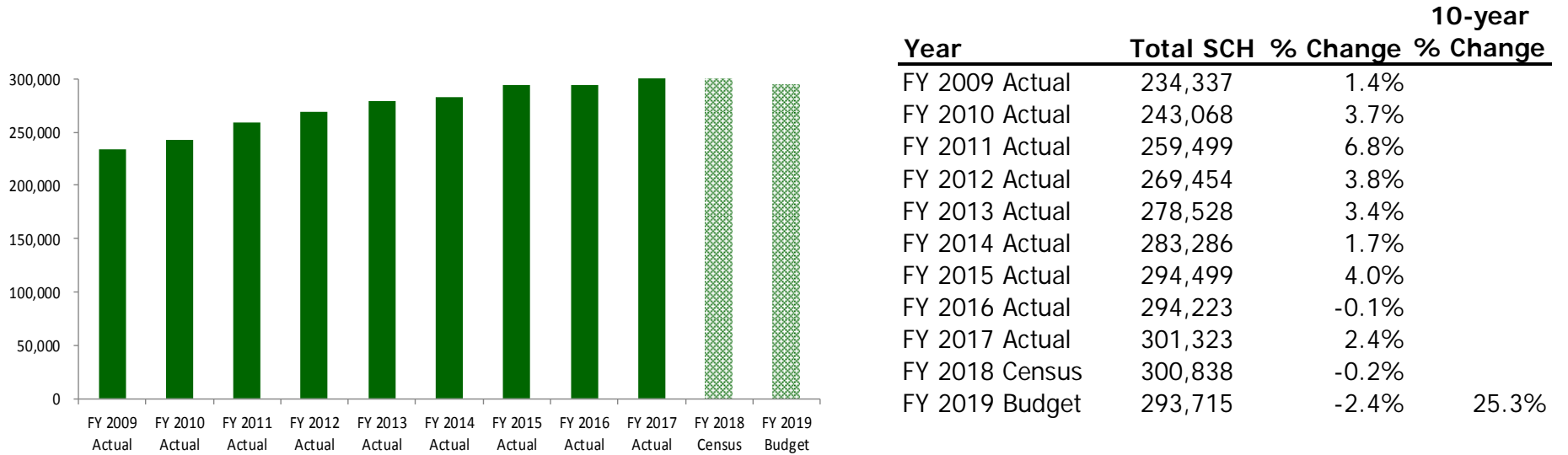
(All figures in \$1,000's)

Appendix: Historical Analysis

Revenue

Tuition and fees make up 90.5% of the revenue in the FY 2019 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 2009 - FY 2019)



Tuition and Fee Income

Planned tuition and fee revenue increases because enrollment projections and/or tuition rates increase. The FY 2019 budget anticipates that tuition (net of tuition exceptions) and fee revenue will increase by 0.9%. Tuition and fees constitute 90.5% of the FY 2019 revenue budget.

Financial Aid

Over the ten-year analysis period, expenditures for University-funded financial aid have increased 138.5%, in contrast with a tuition and fee cumulative increase of 72.3%. As a percentage of tuition, aggregate financial aid has grown from 18.3% to a budgeted 25.2% 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 \$105.7 million in aggregate unrestricted financial aid in the FY 2019 operating budget.

**FY 2009 - FY 2019 Unrestricted Operating Budget
Tuition & Fee Income/Percent of Total Revenue**
(in thousands of dollars)

<u>Year</u>	<u>Tuition* & Fees</u>	<u>Total Revenue</u>	<u>% of Total</u>	<u>T&F % Change</u>	<u>10-Year % Change</u>
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 Actual	\$402,253	\$446,220	90.6%	6.0%	
FY 2018 Forecast	\$419,345	\$464,104	90.4%	4.2%	
FY 2019 Budget	\$423,320	\$467,613	90.5%	0.9%	72.3%

**FY 2009 - FY 2019 Unrestricted Operating Budget
Financial Aid/Percent of Tuition**
(in thousands of dollars)

<u>Year</u>	<u>Financial Aid</u>	<u>Tuition*</u>	<u>% of Tuition</u>	<u>Fin Aid % Change</u>	<u>10-Year % Change</u>
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 Actual	\$93,447	\$398,673	23.4%	12.1%	
FY 2018 Forecast	\$109,402	\$415,485	26.3%	17.1%	
FY 2019 Budget	\$105,659	\$419,646	25.2%	-3.4%	138.5%

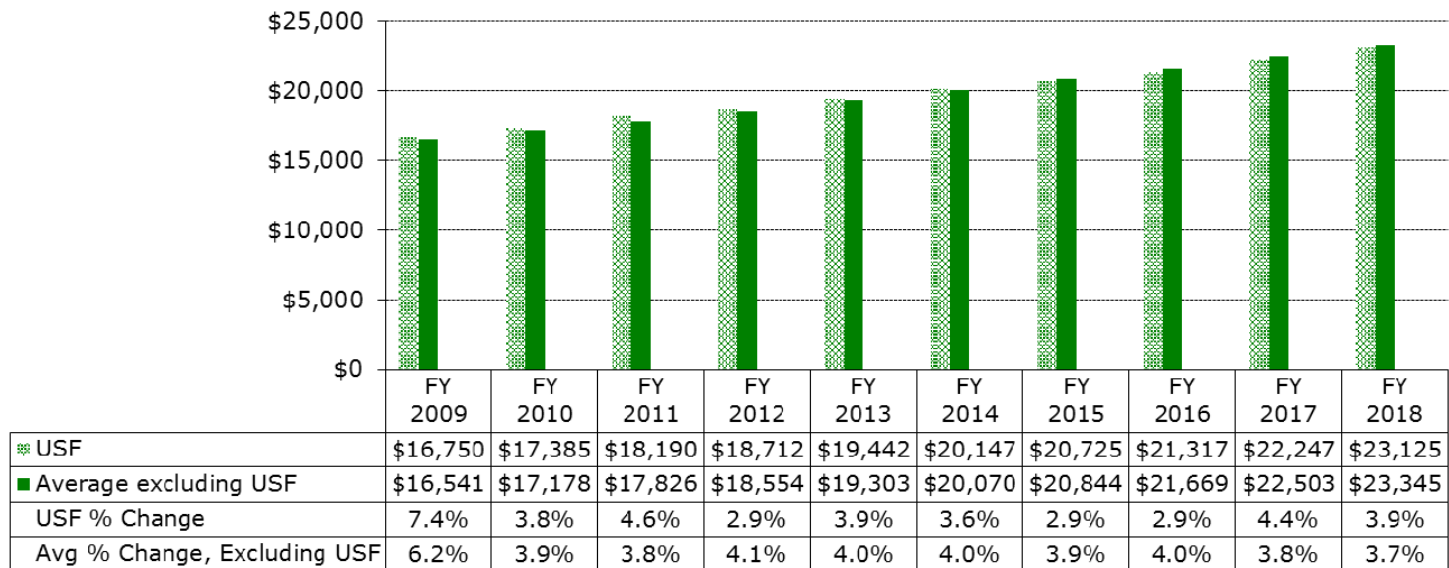
Tuition* = Tuition + Tuition Exceptions

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 7.4% per year 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 2009-FY 2018)



Tuition and Fee Comparison

The University competes with other schools for students, and prospective students pay attention to tuition and fee rates. The table below reflects 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 3.7% in FY 2018. USF increased undergraduate tuition and fees by 3.9% in FY 2018.

Undergraduate Semester

	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
WCC Schools										
Pepperdine University	\$18,385	\$18,925	\$19,540	\$20,376	\$21,386	\$22,451	\$23,346	\$24,171	\$25,011	\$25,996
Santa Clara University	\$17,618	\$18,143	\$18,827	\$19,667	\$20,431	\$21,223	\$22,054	\$22,798	\$23,704	\$24,769
University of San Diego	\$17,136	\$18,072	\$18,686	\$19,291	\$19,985	\$20,696	\$21,414	\$22,293	\$23,070	\$23,861
Loyola Marymount University	\$17,071	\$17,817	\$18,357	\$18,950	\$19,609	\$20,177	\$20,849	\$21,806	\$22,642	\$23,261
USF	\$16,750	\$17,385	\$18,190	\$18,712	\$19,442	\$20,147	\$20,725	\$21,317	\$22,247	\$23,125
Saint Mary's College	\$16,625	\$16,955	\$17,715	\$18,575	\$19,225	\$19,945	\$20,690	\$21,465	\$22,180	\$22,843
University of Portland	\$14,770	\$15,470	\$16,165	\$16,890	\$17,630	\$18,435	\$19,260	\$20,125	\$21,007	\$22,013
Gonzaga University	\$14,181	\$14,868	\$15,493	\$16,133	\$16,853	\$17,560	\$18,295	\$19,028	\$19,910	\$20,673
Average including USF	\$16,567	\$17,204	\$17,871	\$18,574	\$19,320	\$20,079	\$20,829	\$21,625	\$22,471	\$23,318
Average excluding USF	\$16,541	\$17,178	\$17,826	\$18,554	\$19,303	\$20,070	\$20,844	\$21,669	\$22,503	\$23,345
USF % Change	7.4%	3.8%	4.6%	2.9%	3.9%	3.6%	2.9%	2.9%	4.4%	3.9%
Avg % Change, Excluding USF	6.2%	3.9%	3.8%	4.1%	4.0%	4.0%	3.9%	4.0%	3.8%	3.7%

Five-Year Undergraduate Tuition and Fees Trend

The FY 2018 average (excluding USF) annual undergraduate tuition and fees is \$47,176, and the average rate of increase over the past five years has been 4.0% per annum. The average annual USF increase over the past five years has been 3.5%. Over the entire five-year period, the average tuition and fee level (excluding USF) increased 16.9%, while USF's tuition and fees increased 14.8%.

WCC	School	2013~2014	2014~2015	2015~2016	2016~2017	2017~2018	% chg in 5 yrs [^]	Avg % chg per yr [*]
	CA University of Southern California	47,318	50,068	51,372	52,567	54,573	15.3%	3.6%
X	CA Pepperdine University	44,902	46,692	48,342	50,022	51,992	15.8%	3.7%
	NY Fordham University	42,845	45,182	46,902	48,654	50,986	19.0%	4.4%
X	CA Santa Clara University	42,446	44,107	45,595	47,407	49,538	16.7%	3.9%
X	CA University of San Diego	41,392	42,828	44,586	46,140	47,722	15.3%	3.6%
X	CA Loyola Marymount University	40,353	41,698	43,611	45,284	46,522	15.3%	3.6%
X	Bay USF	40,294	41,450	42,634	44,494	46,250	14.8%	3.5%
X	Bay Saint Mary's College	39,890	41,380	42,930	44,360	45,686	14.5%	3.5%
X	OR University of Portland	36,870	38,520	40,250	42,014	44,026	19.4%	4.5%
	IL Loyola University of Chicago	36,660	38,536	40,772	42,382	43,428	18.5%	4.3%
	WA Seattle University	36,465	38,205	39,920	41,495	43,115	18.2%	4.3%
X	WA Gonzaga University	35,120	36,590	38,055	39,820	41,345	17.7%	4.2%
	Average	40,380	42,105	43,747	45,387	47,099	16.7%	3.9%
	Average excluding USF	40,387	42,164	43,849	45,468	47,176	16.9%	4.0%

Notes:

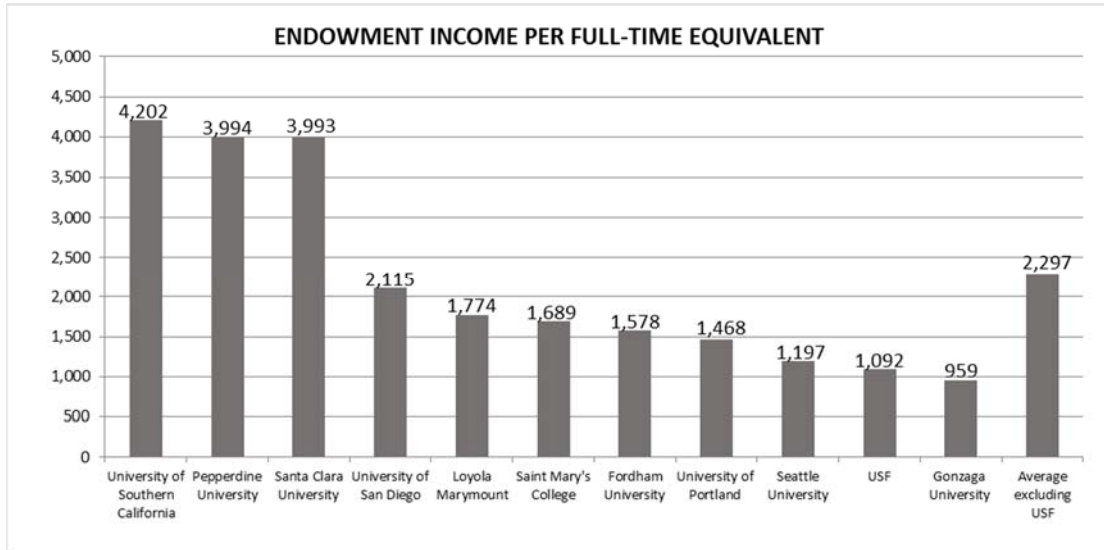
Schools are sorted by 2017/2018 Tuition and Fees column.

[^] The "% change in 5 yrs" is the growth from FY14 to FY18.

^{*} The "Avg % change per yr" is an average of the percentage changes from FY14 to FY18.

Endowment (FY 2016)

Among other support, a healthy endowment provides a source of funding for university scholarships. In fiscal year 2016 (i.e., using the latest available data), the average (excluding USF) endowment income (EI) per enrolled full-time equivalent (FTE) of the universities included in the comparison below was \$2,297. USF's EI/FTE is below this average at \$1,092.



WCC	School	2016 Total Endowment (TE) (000) ²	4% Endowment Income (EI) (000)	2016 Total Enrollment (FTE) ³	2016 Total Enrollment TE/FTE	2016 Total Enrollment EI/FTE
CA	University of Southern California	4,608,714	184,349	43,871	105,051	4,202
X CA	Pepperdine University	781,341	31,254	7,826	99,839	3,994
X CA	Santa Clara University	840,760	33,630	8,422	99,829	3,993
X CA	University of San Diego	449,795	17,992	8,508	52,867	2,115
X CA	Loyola Marymount	413,724	16,549	9,330	44,343	1,774
X CA	Saint Mary's College	164,995	6,600	3,908	42,220	1,689
NY	Fordham University	614,871	24,595	15,582	39,460	1,578
X OR	University of Portland	160,884	6,435	4,383	36,706	1,468
WA	Seattle University	224,041	8,962	7,487	29,924	1,197
X CA	USF	300,350	12,014	11,003	27,297	1,092
X WA	Gonzaga University	181,365	7,255	7,567	23,968	959
	Average	794,622	31,785	11,626	54,682	2,187
	Average excluding USF	844,049	33,762	11,688	57,421	2,297

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.

Year	Benefits	Salaries	Total Expense	Benefits			Salaries
				% of Salaries	% of Total Expense	Annual % Change	10-year % Change
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 Actual	\$60,366	\$174,210	\$443,146	34.7%	13.6%	2.9%	
FY 2018 Forecast	\$61,464	\$178,155	\$460,358	34.5%	13.4%	1.8%	
FY 2019 Budget	\$64,710	\$188,435	\$467,613	34.3%	13.8%	5.3%	79.6%

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>.

	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
YTD Activity	Actual	Actual	Actual	Forecast	Budget
Tuition & Fees	(367,352)	(378,743)	(402,253)	(419,345)	(423,320)
Gifts	(1,251)	(1,607)	(1,127)	(1,458)	(1,500)
Auxiliary & Other Revenues	(37,937)	(37,887)	(42,839)	(43,301)	(42,792)
Revenue Total	(406,540)	(418,237)	(446,220)	(464,104)	(467,613)
Full-Time Faculty	56,328	59,031	62,810	64,693	66,481
Part-Time Faculty	22,428	22,928	22,769	23,092	24,985
Staff	74,350	79,727	81,446	83,240	88,631
Student Staff	5,872	6,562	7,185	7,130	8,338
Benefits	54,371	57,935	60,366	61,461	64,710
Gen Ops/Facilities/Capital	77,428	79,576	85,154	81,328	73,461
Financial Aid	75,007	82,966	93,447	109,402	105,659
Food Service	8,426	8,518	10,311	10,130	10,550
Debt & Other Expense	18,427	19,211	18,984	20,066	20,066
Reserves & Transfers In/Out	13,269	295	675	(185)	4,730
Expense Total	405,906	416,746	443,146	460,358	467,613
Grand Total	(634)	(1,491)	(3,074)	(3,746)	0

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