

Operating Budget for Fiscal Year 2025

For Consideration by the Board of Trustees
March 22, 2024

Executive Overview

Purpose of Report

The purpose of this report is to review the fiscal year 2025 operating budget of the University of San Francisco and to recommend its approval by the Board of Trustees. The Office of Planning and Budget prepared this report and the budget therein in consultation with the executive officers of the University and the University Budget Advisory Council (UBAC*).

The report outlines budgeted revenue and expense categories and details the spending plan for fiscal year 2025 using updated enrollment targets and projections (as of the Spring Census update) and revenue forecasts, along with the Board's approved tuition and fee rates.

Recommendation

The President has approved the 2025 unrestricted operating budget herein and recommends that the Board of Trustees approves the proposed fiscal year 2025 unrestricted operating budget.

Process

Vice presidents approve unit plans, contractual increases, and planned reductions or changes, which are presented for discussion and prioritization at the University Budget Advisory Council and Cabinet meetings. The President makes final funding decisions in consultation with the Vice President for Business and Finance.

The School of Law develops its own budget, which is reviewed by Law faculty and administrators under separate funding policies. The Provost also reviews and approves this budget. The School of Law budget is included in this report as it is incorporated into the University's overall proposed fiscal year 2025 operating plan.

*Per UBAC's bylaws: Aligned with the mission of the university, UBAC will advise the President, Provost and Cabinet regarding the university's budget, providing a vital link between the university leadership and the community. In this advisory role, UBAC will make recommendations on the university budget and financial plan, accounting for both current and future needs. In support of the university's strategic goals of developing inclusive and participatory shared governance as well as mission-driven resource stewardship, UBAC will educate the university community about budget processes and considerations, providing feedback from the multiple perspectives of campus stakeholders. To foster transparency, UBAC will serve with the goal of making all of the University's financial decisions and processes more accessible and transparent to the USF community. UBAC is composed of five administrators, five faculty members, five staff members, and three students.

FY 2025 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 increases for graduate programs varies by program.
 - Arts and Sciences tuition rates increase by 2.9%, the Master of Public Administration has a one-time increase of 13.4% to bring total program costs in line with similar programs in Arts & Sciences.
 - School of Education tuition rates increase by 1.9%.
 - School of Law JD increases tuition rates by 1.9% for full-time students and 3.9% for part-time students as per unit costs are currently too low. The Law LLM (ICL and IPTL) programs increase by 2.9% while the LLM in Taxation and Master of Legal Studies in Taxation increase by 3.9%.
 - School of Management MBA tuition rate increases by 2.9%, the EMBA program rate increases by 1.9%, and the Masters of Marketing Intelligence increases by 3.1%. The Master of Science in Entrepreneurship & Innovation and the Master of Science in Information Systems are increasing at higher rates of 10.0% and 10.2%, respectively, so that program costs will be comparable to similar programs in the School of Management.
 - School of Nursing and Health Professions increases tuition rates by 2.9% for the Master of Science in Digital Health Informatics and Master of Nursing, the Master's Entry MSN increases by 3.9%, the Doctor of Nurse Practice Program increases by 0.9%. The Masters of Public Health, the Doctor of Psychology, and the Executive Doctor of Nursing Practice programs will see no increase.
- Residence hall rates increase by 3.5%, and meal plan rates also increase by 3.5%.

Enrollment projections of 9,434 student headcount and 252,189 student credit hours (SCHs)

- A decrease of 10,894 SCHs (a 4.1% decrease) from the FY 2024 budget and a decrease of 1,715 SCHs (a 0.7% decrease) from FY 2024 actuals (as of Spring Census update).

FY 2025 total operating budget is \$515.1 million

- The tuition (net of exceptions) budget of \$448.6 million decreases by \$3.8 million, or 0.8%, from the FY 2024 Board budget* and increases \$12.7 million, or 2.9%, from FY 2024 forecasted actuals (as of February 16, 2024).
- The unrestricted financial aid budget of \$143.1 million decreases \$1.6 million, or 1.1%, from the FY 2024 Board budget and increases \$7.4 million, or 5.4%, from FY 2024 forecasted actuals. The University's unfunded discount rate decreases to 31.9% — down from 32.0% in the FY 2024 Board budget and up from 31.2% with respect to FY 2024 forecasted actuals. The University's FY 2025 total (unfunded and funded) discount rate is 35.6%, with a total undergraduate rate of 42.7%, and a total graduate rate of 14.9%.
- The net tuition budget of \$305.5 million decreases by \$2.2 million, or 0.7%, from the FY 2024 Board budget and increases \$5.3 million, or 1.8%, from FY 2024 forecasted actuals.
- The proposed FY25 budget includes university-level and division additional revenues and savings of \$58.0 million.

*FY 2024 Board budget is the budget that was approved in June 2023.

FY 2025 University planning priorities include:

<u>Division</u>	<u>Primary Unit</u>	<u>Revenue</u>	<u>Compensation</u>	<u>FT FTE</u>	<u>Expenditures</u>	<u>Total</u>	<u>Description</u>
Business & Finance Division	Facilities Management	\$ -	\$ -	-	\$ 15,182	\$ 15,182	Cogen Maintenance
		\$ -	\$ -	-	\$ 37,408	\$ 37,408	Facilities Annual Contracts
		\$ -	\$ -	-	\$ 436,974	\$ 436,974	Janitorial Contract - Annual Contract Increase
		\$ -	\$ -	-	\$ 930,240	\$ 930,240	Gas Utilities
		\$ -	\$ -	-	\$ 84,714	\$ 84,714	Water Utilities
		\$ -	\$ -	-	\$ 950,099	\$ 950,099	Electric Utilities
		\$ -	\$ -	-	\$ 69,328	\$ 69,328	Recology - Annual Contract Increase
		\$ -	\$ -	-	\$ 180,000	\$ 180,000	Additional Overtime Required
Subtotal		\$ -	\$ -	-	\$ 2,703,945	\$ 2,703,945	
ITS Division	CIO	\$ -	\$ -	-	\$ 515,203	\$ 515,203	ITS Contractual Hardware/Software/Services Maintenance Increases
		\$ -	\$ -	-	\$ 93,371	\$ 93,371	Masonic East Annual Operating Infrastructure Maintenance Cost
Subtotal		\$ -	\$ -	-	\$ 608,574	\$ 608,574	
Marketing Communications Div	Office Marketing Communications	\$ -	\$ -	-	\$ 89,500	\$ 89,500	OMC Contractual and Licensing Increases
Subtotal		\$ -	\$ -	-	\$ 89,500	\$ 89,500	
Provost Division	Provost Pass Through	\$ -	\$ -	-	\$ 41,992	\$ 41,992	USFFA Faculty Development Fund Increase
	Gleeson Library	\$ -	\$ -	-	\$ 105,510	\$ 105,510	Existing Contract Increases
	Enrollment Management	\$ -	\$ -	-	\$ 124,514	\$ 124,514	Strategic Enrollment Management Contractual Increases
Subtotal		\$ -	\$ -	-	\$ 272,016	\$ 272,016	
Student Life Division	Student Life	\$ -	\$ -	-	\$ 11,794	\$ 11,794	End2End Public Safety Dispatch Software (ARMS)
		\$ -	\$ -	-	\$ 1,200	\$ 1,200	UWill Mental Health Services
Subtotal		\$ -	\$ -	-	\$ 12,994	\$ 12,994	
University	University	\$ -	\$ 4,973,652	-	\$ -	\$ 4,973,652	Faculty Compensation Increase Pools Funded
		\$ -	\$ 4,485,525	-	\$ -	\$ 4,485,525	Staff Compensation Increase Pools Funded
Subtotal		\$ -	\$ 9,459,176	-	\$ -	\$ 9,459,176	
Grand Total		\$ -	\$ 9,459,176	-	\$ 3,687,029	\$ 13,146,206	

New Academic Programs, Law School, Student Housing, and Reserves:

- For FY 2025, the incremental expense budgets for new programs are funded by the reallocation of budgetary resources within the Division of Academic Affairs rather than through the creation of new expense budgets. Planned investments here include: Bachelor of Science in Public Health of \$166,207, Bachelor of Science in Neuroscience of \$160,328, Bachelor of Science in Biotechnology of \$151,328, Master of Arts in Teaching and Master's in Counseling Psychology with a concentration in Marriage and Family Therapy of \$198,850, Data Engineering Concentration of \$10,000, Master of Science in Accounting (Intensive Andersen Program) of \$246,075, and Master of Science in Entrepreneurship & Innovation of \$110,000.
- Reallocation has been achieved by cleaning up budgets associated with programs or cohorts that have been suspended or that have seen material declines in enrollment.
- These new academic programs are projected to contribute \$6.4 million in net tuition.
- Law revenues increase by \$3,917,390 and its expenses increase by \$3,541,794. Law's contribution will increase a total of \$375,596 providing a total contribution to overhead of \$5.7 million.
- Student housing revenue increases by \$530,835, with accompanying expense increases of \$39,404. Dedicated reserves for student housing revenue are budgeted at \$1,118,864, or 3.0% of student housing revenue.
- Total university reserves increase by \$1.5 million for a total of \$9.4 million or 1.8% of the university gross revenue budget of \$515.1 million.

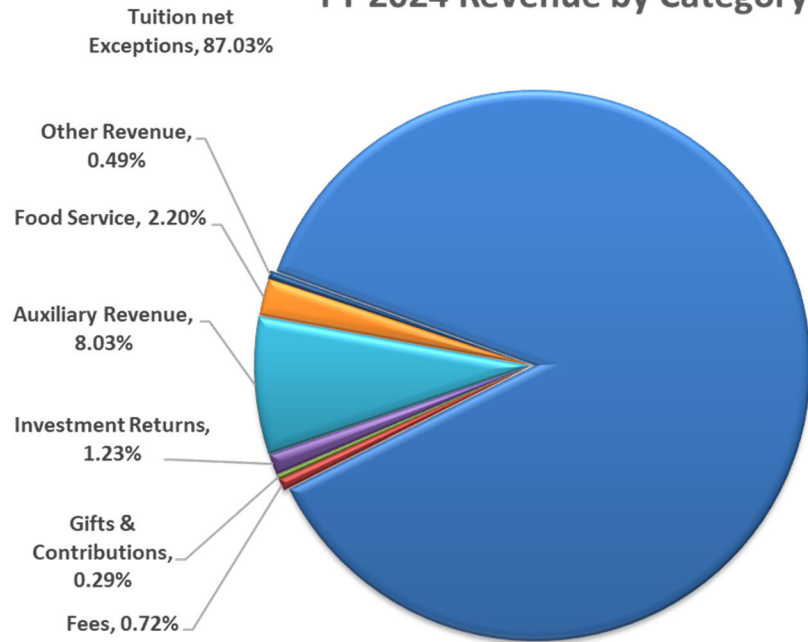
FY 2025 Unrestricted Operating Budget Creation Process Goal

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.

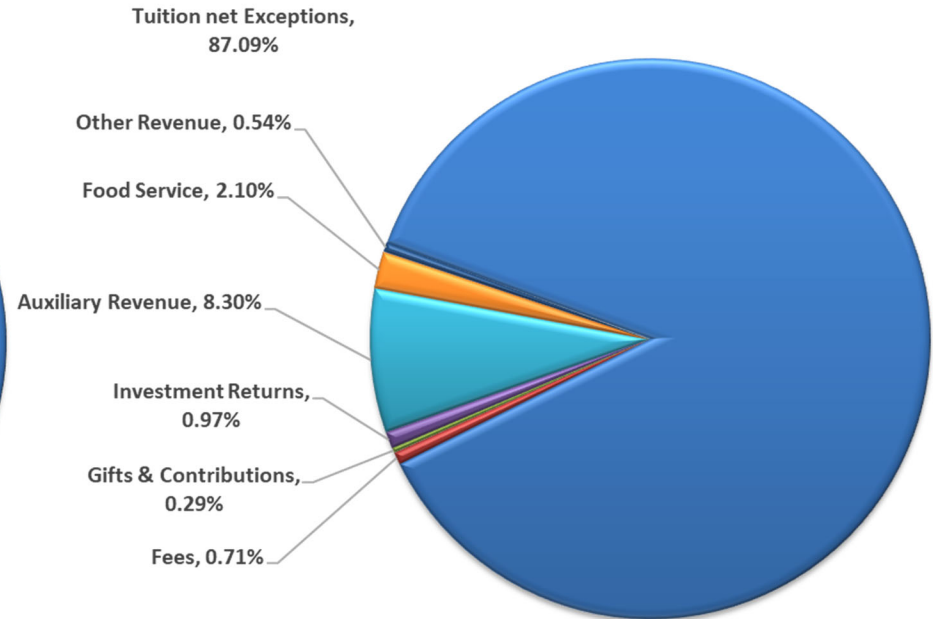
FY 2025 Unrestricted Operating Budget Creation Process Highlights

- Non-tuition revenue items were identified by the responsible managers and reviewed by the vice presidents, Cabinet, the Provost, 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, as well as the University Budget Advisory Council, with ultimate funding decisions made by the President.
- New capital requests were reviewed by the University Budget Advisory Council, Cabinet members, the Vice President for Business and Finance, and the President.
- Employee compensation was determined by contractual obligations with bargaining units, as well as the President's directives concerning compensation for exempt staff and executives now finalized.
- Tuition revenue budgets were based on enrollment targets and projections (supplied by the Division of Academic Affairs), as well as Board-approved tuition rates. The Board of Trustees also approved preliminary enrollment targets and projections at its winter meeting. Those projections have been modified and are reflected in this document.
- Institutional financial aid expenses were based on a combination of historical, forecasted, and targeted discount rates, as well as estimates of available restricted resources, i.e., gifts and endowment income.

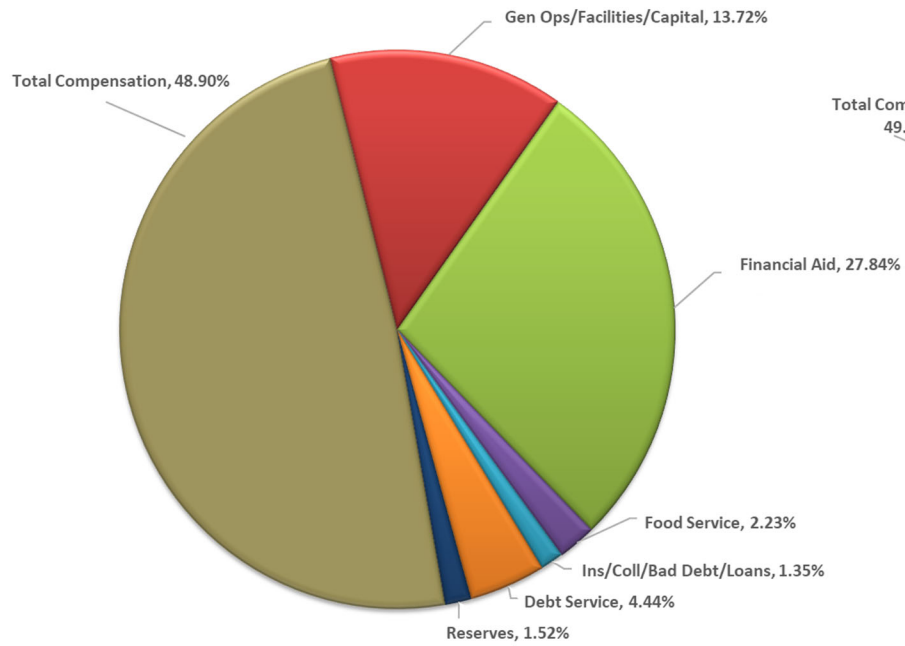
FY 2024 Revenue by Category



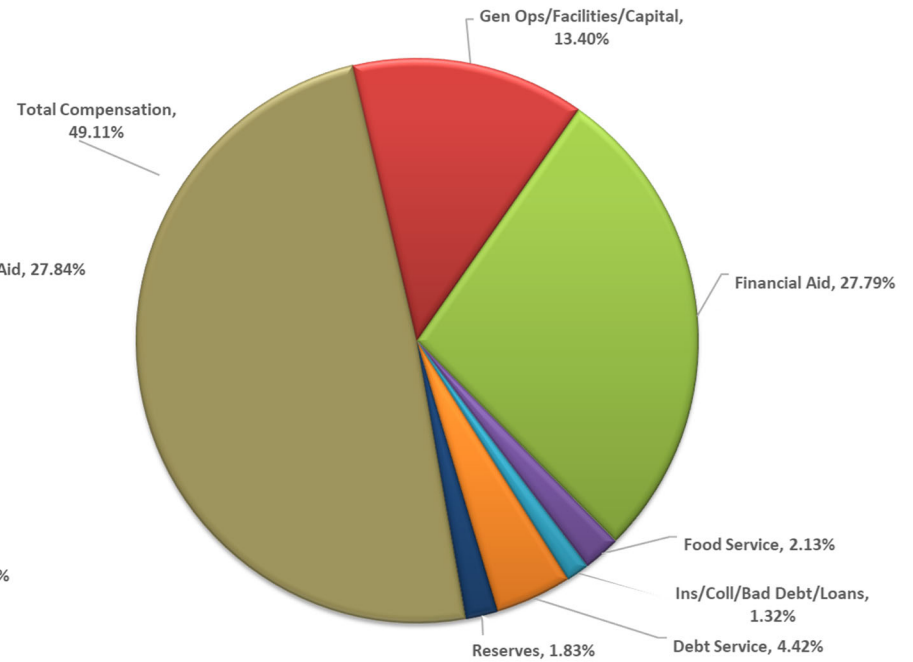
FY 2025 Revenue by Category



FY 2024 Expense by Category



FY 2025 Expense by Category



FY 2025 Proposed Operating Budget by Category

Across the University

The \$515.1 million operating budget for FY 2025 is based on the University's plan to welcome 9,434 continuing and new students across all of its campuses. The current fiscal year's Board budget includes one-time budget savings of \$39.6 million made in order to balance the current fiscal year's budget. By their nature, these one-time savings are cleared in generating the FY 2025 budget. Meeting the university's total FY25 budget balancing gap of \$58.0 million, management has identified additional revenues and expense savings totaling the same (see pages 18 and 19 for details) with \$37.3 million being base budget and the remaining \$20.7 million in one-time budget.

Revenue

Due to enrollment net decreases and rate increases, tuition revenue (net of tuition exceptions) is budgeted to decrease by \$3.8 million. Fee revenue budgets reflect a decrease in discontinued School of Management programs. Investment Returns sees a decrease interest income. Auxiliary revenue includes a 3.5% room rate increase as well as increased summer guest housing, Koret Health and Recreation Center memberships, and events management revenues. Food service revenue net decreases includes a volume adjustment. The increase to other revenues reflects an increase for Law.

Financial Aid Expense

Institutional financial aid is a combination of merit awards and need-based aid. Unfunded financial aid budgets will decrease, in aggregate, by 1.1%. This decrease will account for the University's recent and planned enrollment composition, discounting practices, and restricted funding.

Other Expenses

Compensation, general operating, facilities, and capital, food service, insurance premium, and debt service expenditure budgets will all see decreases. Please refer to pages 14, 15 and 16 for more details.

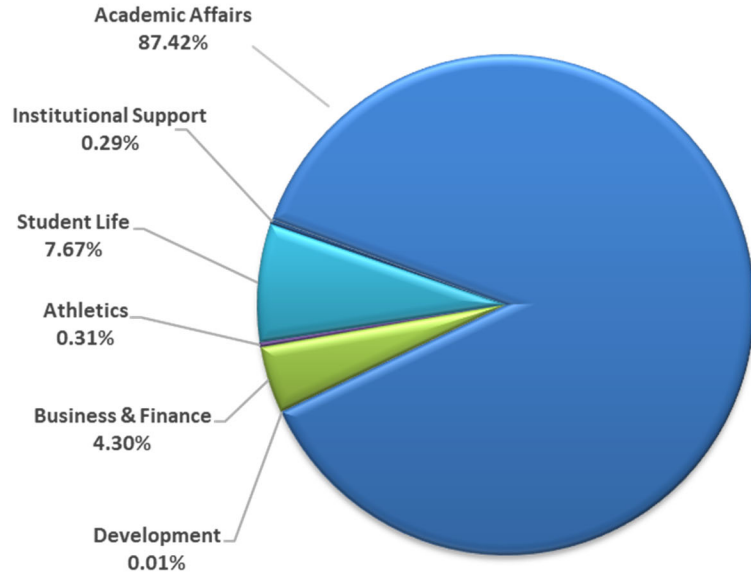
University Reserves

University operating reserves increase \$1.5 million to \$9.4 million, or 1.8% of operating revenue budgets.

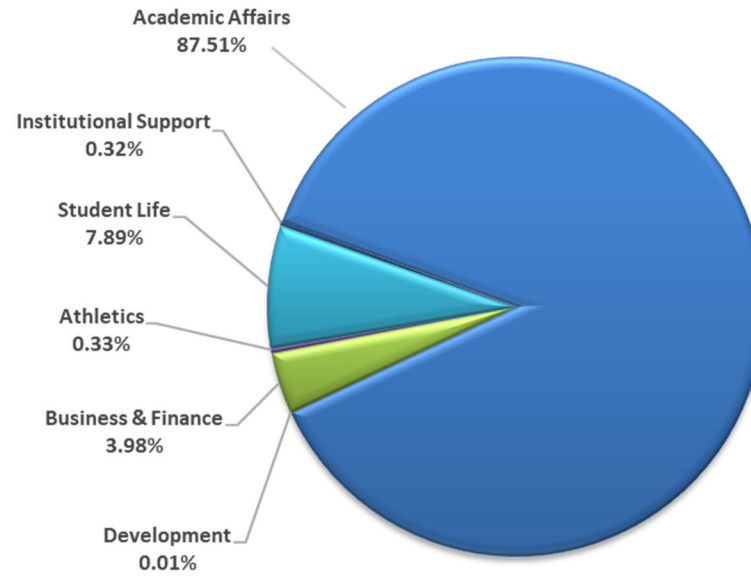
FY 2025 Budget Creation (in \$1,000's)

Revenue	FY 2024 Budget	FY 2025 Budget	Change	Change %
Tuition net Exceptions	452,403	448,599	(3,804)	-0.8%
Fees	3,763	3,651	(112)	-3.0%
Gifts & Contributions	1,523	1,502	(21)	-1.4%
Investment Returns	6,384	4,994	(1,390)	-21.8%
Auxiliary Revenue	41,745	42,746	1,001	2.4%
Food Service	11,453	10,797	(656)	-5.7%
Other Revenue	2,527	2,802	275	10.9%
Total Revenue	519,799	515,091	(4,708)	-0.9%
Expense				
Total Compensation	254,175	252,964	(1,211)	-0.5%
Gen Ops/Facilities/Capital	71,308	69,040	(2,268)	-3.2%
Financial Aid	144,731	143,143	(1,588)	-1.1%
Food Service	11,603	10,947	(656)	-5.7%
Ins/Coll/Bad Debt/Loans	7,015	6,819	(195)	-2.8%
Debt Service	23,073	22,768	(305)	-1.3%
Reserves	7,895	9,410	1,515	19.2%
Total Expense	519,800	515,091	(4,708)	-0.9%
Net Balance	(1)	-	1	0

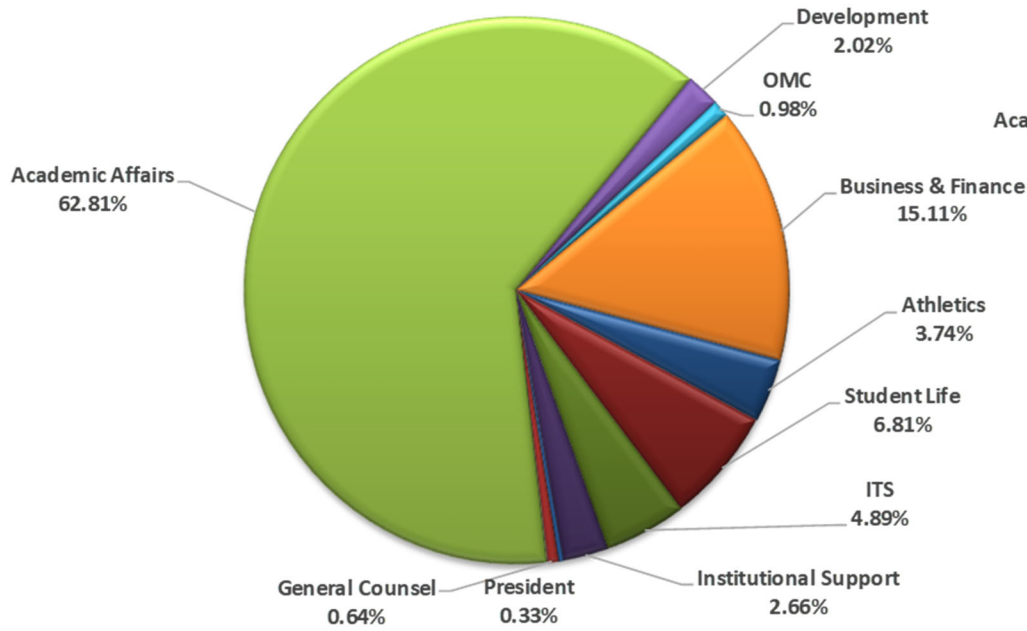
FY 2024 Revenue by Primary Functional Areas



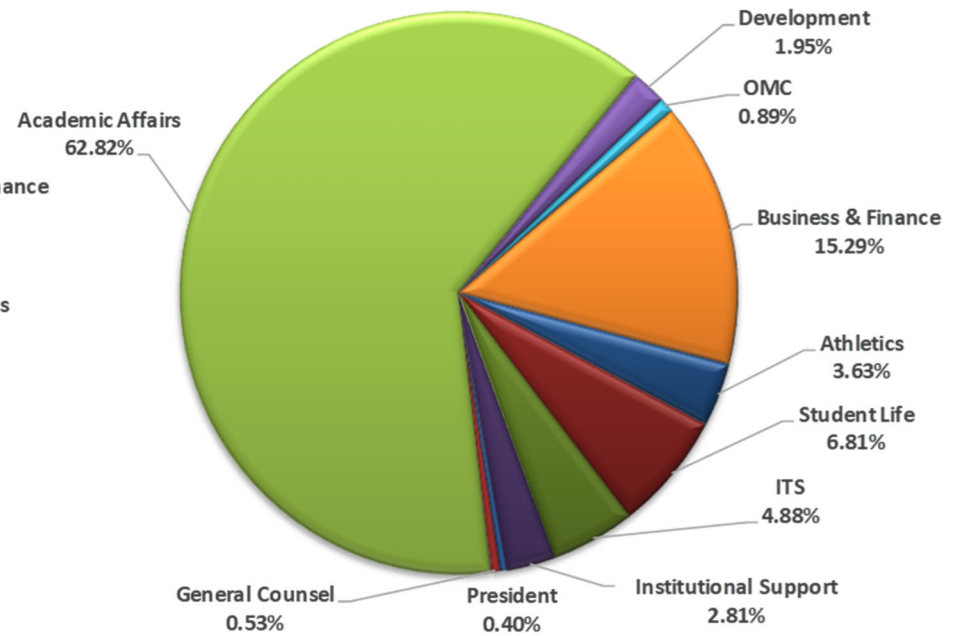
FY 2025 Revenue by Primary Functional Areas



FY 2024 Expense by Primary Functional Areas



FY 2025 Expense by Primary Functional Areas



FY 2025 Proposed Operating Budget by Primary Functional Areas

Revenue Changes

- The Division of Academic Affairs decrease is due to enrollment projections as of February 2024, adjusted by tuition increases approved by the Board of Trustees in December 2023.
- The Division of Business & Finance includes a decrease in interest income and a meal plan volume reduction.
- Athletics increase is due to additional ticket revenue.
- The Student Life increase is due a revenue increases in the Koret Health and Recreation Center as well as a student and summer guest housing revenue increase.

Expense Changes

- Expense budgets in functional areas see decreases due to savings (see pages 18 and 19 for details), and increases for planning priorities (see page three for details) as well as current fiscal year compensation increases.
- President net increase is due to funding of Chancellor’s office.
- General Counsel net decrease include additional savings.
- The Academic Affairs net decrease includes increases for Law, faculty development funding, library collections and databases, and Enrollment Management contractual increases as well as decreases for additional savings.
- Development net reductions include additional savings.
- The Office of Marketing Communications net reductions include contract increases as well as decreases for additional savings.
- The Business and Finance net increase includes increases for overtime, utilities, janitorial service as well as decreases for food service and additional savings.
- The Athletics net decrease includes additional savings.
- The Student Life net decrease includes additional funding for student housing, public safety dispatch software, video and message-based student therapy as well as decreases for additional savings.
- The Information Tech Services net decrease includes increases for contractual hardware/software/services maintenance, and ITS operating costs for Masonic East as well as decreases for additional savings.
- Institutional Support net increase includes an increase to the University’s operating reserves, and the funding of compensation increase pools.

FY 2025 Proposed Budget (in \$1,000's)

Revenue	FY 2024 Budget	FY 2025 Budget	Change	Change %
Academic Affairs	454,401	450,760	(3,641)	-0.8%
Development	32	30	(2)	-6.3%
Business & Finance	22,374	20,477	(1,897)	-8.5%
Athletics	1,593	1,693	100	6.3%
Student Life	39,869	40,620	751	1.9%
Institutional Support	1,519	1,500	(19)	-1.3%
Total Revenue	519,799	515,091	(4,708)	-0.9%
Expense				
President	1,723	2,072	349	20.3%
General Counsel	3,338	2,704	(634)	-19.0%
Academic Affairs	326,492	323,287	(3,205)	-1.0%
Development	10,498	10,028	(470)	-4.5%
OMC	5,119	4,569	(550)	-10.7%
Business & Finance	78,537	78,695	158	0.2%
Athletics	19,447	18,693	(754)	-3.9%
Student Life	35,406	35,060	(346)	-1.0%
ITS	25,394	25,116	(278)	-1.1%
Institutional Support	13,844	14,867	1,023	7.4%
Total Expense	519,799	515,091	(4,708)	-0.9%
Net Balance	-	-	-	-

Enrollment: Projections and Spring Census

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

	FY 2024 Budget		FY 2024 Spring Census		FY 2025 Budget	
	Fall HC	SCH	Fall HC	SCH	Fall HC	SCH
Undergraduate						
Arts & Sciences	3,885	149,781	3,636	140,792	3,606	139,968
Management	1,262	22,973	1,149	21,026	1,114	19,965
Nursing & HP	869	17,010	913	18,183	948	18,374
Undergraduate Total	6,016	189,764	5,698	180,001	5,668	178,307
Graduate						
Arts & Sciences	966	17,158	954	17,638	984	17,323
Management	503	9,850	418	8,185	417	8,613
Nursing & HP	598	15,028	577	14,850	581	14,534
Education	1,020	18,942	1,042	19,661	1,093	19,955
Law	501	12,001	541	13,326	551	13,457
Graduate Total	3,631	73,319	3,532	73,660	3,626	73,882
Visitors	65		86		140	
University Total	9,712	263,083	9,316	253,661	9,434	252,189

The Masters in Public Administration program was moved from Management to Arts & Sciences. The change begins with the FY 2025 Budget.

Enrollment, Revenue, and Expense: FY 2024 Budget vs. FY 2025 Budget

Undergraduate Enrollment

New undergraduate student enrollment is planned to decrease from 1,725 in fall 2023 to 1,570 in fall 2024. The undergraduate continuing student population is planned to decrease from 4,291 in fall 2022 to 4,098 in fall 2023. Overall, undergraduate student enrollment is planned to decrease from 6,016 in fall 2023 to 5,668 in fall 2024.

Graduate Enrollment

Arts and Sciences graduate student enrollment for FY 2025 is planned to increase from 17,158 SCHs in FY 2024 to 17,323 SCHs in FY 2025.

Management projected graduate SCHs are planned to decrease from 10,190 in FY 2024 to 8,613 in FY 2025.

Nursing graduate SCHs are planned to decrease from 15,028 SCHs in FY 2024 to 14,534 in FY 2025.

Education total enrollment, as measured by SCHs, is planned to increase from 18,942 in FY 2024 to 19,955 in FY 2025.

Law total enrollment, as measured by SCHs, is planned to increase from 12,001 in FY 2024 to 13,457 in FY 2025.

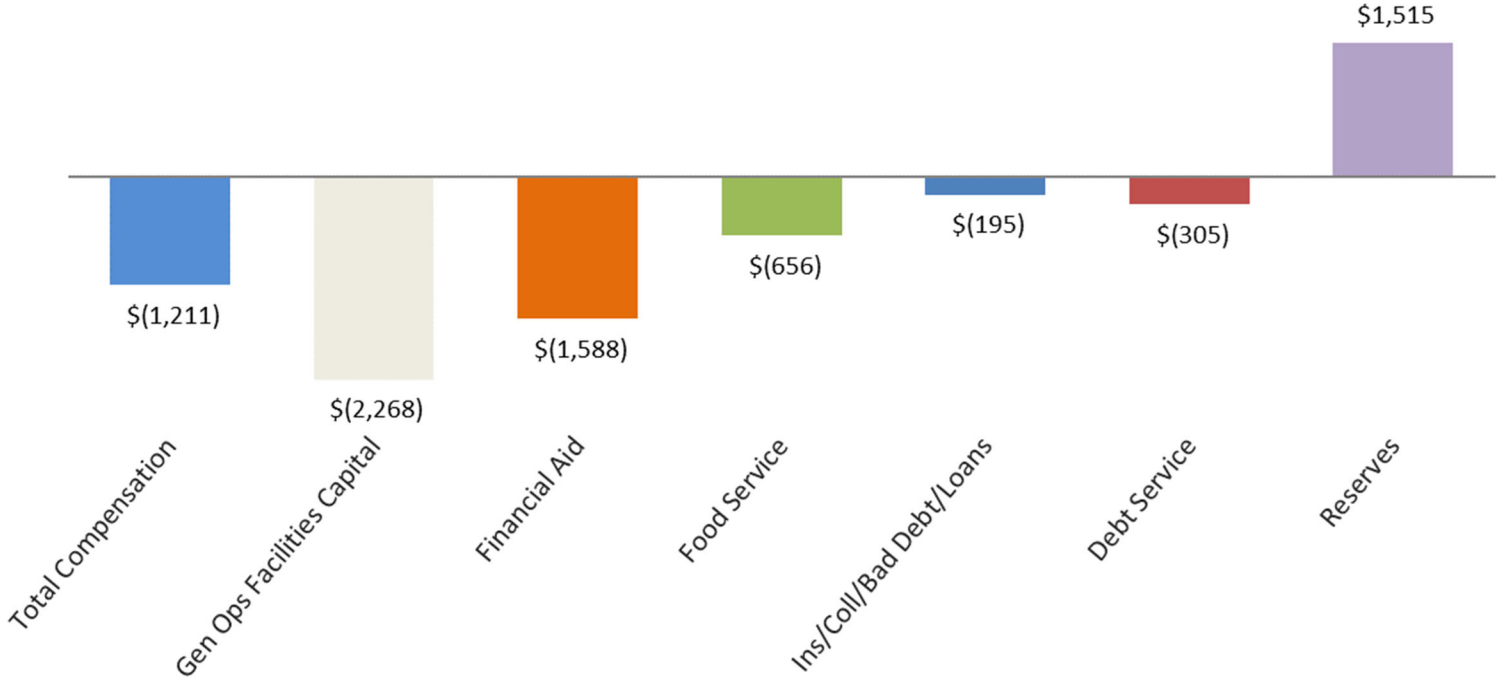
FY 2025 Budgeted Revenue and Expense by School or College

The table lists revenue budgets by teaching college, along with direct expense budgets. These budgets include unit savings, enrollment adjustments, as well as estimated allocations for full-time faculty compensation increases, part-time faculty compensation, and financial aid.

	FY 2025 Budget	Revenue	Expense
Arts & Sciences	\$ 290,731	\$ 188,238	
Management	\$ 50,183	\$ 36,797	
Education	\$ 24,363	\$ 14,892	
Law	\$ 25,810	\$ 20,454	
Nursing	\$ 58,767	\$ 34,905	
	\$ 449,854	\$ 295,285	

*All figures in \$1,000's

FY 2025 Change in Expense Budgets



Changes in Expense Budgets

Total Compensation

Employee compensation constitutes 49.1% of budgeted expenses in FY 2025. 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 division savings, compensation increase pools, and Law adjustments.

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 most scientific equipment. The net decrease of \$2.7 million includes a decrease for division savings of \$6.0 million, increases for planning priorities of \$4.0 million, housing increases of \$43 thousand, Law increases of \$278 thousand, and a decrease of \$719K for FY24 one-time funding expenditures.

Financial Aid

The \$1.6 million decrease in financial aid includes a decrease of \$2.8 million in budgets supporting current undergraduate and graduate (non-Law) financial aid practices. Law increases its operating financial aid funding by \$1.2 million. Other housing financial aid decreases by \$20 thousand.

Food Service, Insurance, Bad Debt, and Debt Service

Food Service decreases by \$656 thousand matching its meal plan revenue net decrease with a volume adjustment. Debt Service decreases by \$305 thousand and Insurance and Bad Debt category decreases by \$195 thousand through identified savings.

Reserves and Transfers In

Reserves are designated for unexpected variations in revenues or expenses. The University will increase its operating reserves by \$1.5 million. The resulting level will represent 1.8% of operating revenue budgets.

Changes in Compensation Budgets

Faculty

Total faculty salaries for FY 2024 see a net decrease of \$657 thousand. The net decrease includes salary increase pools for non-Law faculty which are funded for actual collective bargaining agreements for both full- and part-time faculty. Academic Affairs position savings decrease faculty budgets, while Law increases its faculty budgets.

Staff

Staff salaries for FY 2025 see a net increase of \$36 thousand and include the funding of salary increase pools for both represented and unrepresented staff as well as division savings in position reductions. Law increases its staff budgets.

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 2025, student worker salary pools see a net decrease of \$325 thousand through division savings, as well as increases for minimum wage laws.

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. Total benefits for FY 2025 see a net decrease of \$266 thousand.

<u>Compensation</u>	<u>FY 2024 Budget</u>	<u>FY 2025 Budget</u>	<u>Change</u>
Full-Time Faculty	64,994	63,999	(995)
Part-Time Faculty	22,077	22,415	338
Staff	93,558	93,594	36
Student Staff	8,322	7,997	(325)
Benefits	65,225	64,959	(266)
Total Compensation	254,175	252,964	(1,211)

* All figures in \$1,000's

FY 2024 Board Budget and Forecast Versus FY 2025 Budget

	FY24 Budget	FY24 Forecast [^]	FY25 Budget
Revenue			
Summer Tuition	26,954	27,635	27,716
Fall Tuition	219,006	210,137	216,601
Intersession Tuition	2,885	2,465	2,207
Spring Tuition	206,767	199,116	205,353
Other Tuition	-	118	-
Tuition Waivers & Exceptions	(3,209)	(3,563)	(3,279)
Total Tuition	452,403	435,907	448,599
Scholarships	(144,731)	(135,789)	(143,143)
Tuition Net Scholarships	307,672	300,119	305,456
Fees	3,763	3,396	3,651
Gifts & Contributions	1,523	1,523	1,502
Investment Returns	6,384	6,384	4,994
Auxiliary Revenue	41,745	37,723	42,746
Board Revenue	11,453	10,227	10,797
Other Revenue	2,527	2,379	2,802
Total Revenue	375,068	361,751	371,948
Expense			
Salary & Benefit			
Full-time Faculty	64,994	62,833	63,999
Other Instruction and NTA	22,077	21,910	22,415
Total Faculty	87,071	84,743	86,414
Full-time Staff	90,633	90,583	90,619
Other Staff	2,925	3,556	2,974
Student Staff	8,322	6,711	7,997
Total Staff	101,879	100,851	101,591
Benefits	65,225	64,323	64,959
Total Compensation	254,175	249,917	252,964
Gen Ops/Facilities/Capital	71,308	72,403	69,040
Food Service	11,603	10,377	10,947
Ins/Coll/Bad Debt/Loans	7,015	7,015	6,819
Debt Service	23,073	22,673	22,768
Reserves, Transfers & Internal Bank	7,895	-	9,410
Internal Bank Repayments	-	-	-
Other Transfers	-	-	-
Total Non-Compensations	120,893	112,467	118,984
Total Expense	375,068	362,384	371,948
Operating Surplus/(Deficit)	-	(633)	-

[^] January Fiscal Period Operating Forecast

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

Fiscal Year 2025 Budget Balancing Gap Response

To resolve the university's FY25 budget balancing gap of \$58.0 million, the President identified a two-phase approach. Management identified university-level budget savings totaling \$10.0 million. A division-level effort identified additional revenues and expense savings totaling another \$48.0 million. The total additional revenues and savings by category and division are as follows:

<i>Total Savings</i> CATEGORY	PRESIDENT	GENERAL COUNSEL	ACAD AFFAIRS	DEVELOPMENT	MRKTG COMM	BUS & FIN/ ATHLETICS	STUDENT LIFE	ITS	UNIVERSITY	GRAND TOTAL
Investment Income	-	-	-	-	-	(3,460,000)	-	-	-	(3,460,000)
Realized Gains & Losses	-	-	-	-	-	(400,000)	-	-	-	(400,000)
Auxiliary Revenue	-	-	-	-	-	(500,000)	(635,000)	-	-	(1,135,000)
Other Revenue	-	-	-	-	-	(350,000)	-	-	-	(350,000)
Full-Time Faculty	-	-	(8,669,524)	-	-	-	-	-	-	(8,669,524)
Part-Time Faculty	-	-	(1,980,042)	-	-	-	(24,158)	-	-	(2,004,200)
Full Time Staff	(72,727)	(410,168)	(3,442,173)	(542,364)	(181,200)	(869,830)	(807,337)	(145,455)	-	(6,471,254)
Other Staff	-	(32,587)	-	-	-	-	(233,307)	-	-	(265,894)
Student Staff	-	(10,675)	(437,814)	-	-	(205,000)	(619,218)	-	-	(1,272,707)
Benefits	(27,273)	(162,558)	(5,049,844)	(203,386)	(67,950)	(350,786)	(436,278)	(54,545)	-	(6,352,620)
General Operating	(272,100)	(455,079)	(4,563,151)	(1,211,250)	(1,560,850)	(2,482,000)	(1,157,324)	(3,729,000)	-	(15,430,754)
Scholarships	-	-	(1,250,000)	-	-	(851,000)	-	-	-	(2,101,000)
Facilities Expenses	-	-	(120,000)	-	-	(3,515,000)	(61,896)	-	-	(3,696,896)
Ins/Coll/Bad Debt/Loans	-	(10,311)	-	-	-	(285,000)	-	-	-	(295,311)
Debt Service	-	-	-	-	-	(3,235,000)	-	-	-	(3,235,000)
Capital & Depreciation Expense	-	(6,622)	(149,458)	-	-	(1,675,000)	(40,000)	-	-	(1,871,080)
Reserves	-	-	-	-	-	-	-	-	(1,000,000)	(1,000,000)
Grand Total	(372,100)	(1,088,000)	(25,662,006)	(1,957,000)	(1,810,000)	(18,178,616)	(4,014,518)	(3,929,000)	(1,000,000)	(58,011,240)

Fiscal Year 2025 Budget Balancing Gap Response (continued)

The \$58.0 million in total savings included base savings of \$37.3 million and one-time savings of \$20.7 million. The breakdown of these base and one-time savings follows:

<i>Base Savings</i>										
CATEGORY	PRESIDENT	GENERAL COUNSEL	ACAD AFFAIRS	DEVELOPMENT	MRKTG COMM	BUS & FIN/ ATHLETICS	STUDENT LIFE	ITS	UNIVERSITY	GRAND TOTAL
Investment Income	-	-	-	-	-	(3,460,000)	-	-	-	(3,460,000)
Realized Gains & Losses	-	-	-	-	-	(400,000)	-	-	-	(400,000)
Auxiliary Revenue	-	-	-	-	-	(500,000)	(50,000)	-	-	(550,000)
Other Revenue	-	-	-	-	-	(350,000)	-	-	-	(350,000)
Full-Time Faculty	-	-	(3,860,473)	-	-	-	-	-	-	(3,860,473)
Part-Time Faculty	-	-	(899,063)	-	-	-	(24,158)	-	-	(923,221)
Full Time Staff	-	(410,168)	(1,867,639)	(320,000)	(82,000)	(869,830)	(261,723)	(145,455)	-	(3,956,815)
Other Staff	-	(32,587)	-	-	-	-	(44,734)	-	-	(77,321)
Student Staff	-	(10,675)	(274,043)	-	-	(205,000)	(619,218)	-	-	(1,108,936)
Benefits	-	(162,558)	(2,387,715)	(120,000)	(30,750)	(350,786)	(188,301)	(54,545)	-	(3,294,655)
General Operating	(31,800)	(455,079)	(1,555,469)	(137,000)	(130,000)	(2,482,000)	(750,046)	(1,800,000)	-	(7,341,394)
Scholarships	-	-	(1,250,000)	-	-	(851,000)	-	-	-	(2,101,000)
Facilities Expenses	-	-	-	-	-	(3,515,000)	(61,896)	-	-	(3,576,896)
Ins/Coll/Bad Debt/Loans	-	(10,311)	-	-	-	(285,000)	-	-	-	(295,311)
Debt Service	-	-	-	-	-	(3,235,000)	-	-	-	(3,235,000)
Capital & Depreciation Expense	-	(6,622)	(141,000)	-	-	(1,675,000)	-	-	-	(1,822,622)
Reserves	-	-	-	-	-	-	-	-	(1,000,000)	(1,000,000)
Grand Total	(31,800)	(1,088,000)	(12,235,402)	(577,000)	(242,750)	(18,178,616)	(2,000,076)	(2,000,000)	(1,000,000)	(37,353,644)
<i>One-time Savings</i>										
CATEGORY	PRESIDENT	GENERAL COUNSEL	ACAD AFFAIRS	DEVELOPMENT	MRKTG COMM	BUS & FIN/ ATHLETICS	STUDENT LIFE	ITS	UNIVERSITY	GRAND TOTAL
Investment Income	-	-	-	-	-	-	-	-	-	-
Realized Gains & Losses	-	-	-	-	-	-	-	-	-	-
Auxiliary Revenue	-	-	-	-	-	-	(585,000)	-	-	(585,000)
Other Revenue	-	-	-	-	-	-	-	-	-	-
Full-Time Faculty	-	-	(4,809,051)	-	-	-	-	-	-	(4,809,051)
Part-Time Faculty	-	-	(1,080,979)	-	-	-	-	-	-	(1,080,979)
Full Time Staff	(72,727)	-	(1,574,534)	(222,364)	(99,200)	-	(545,614)	-	-	(2,514,439)
Other Staff	-	-	-	-	-	-	(188,573)	-	-	(188,573)
Student Staff	-	-	(163,771)	-	-	-	-	-	-	(163,771)
Benefits	(27,273)	-	(2,662,129)	(83,386)	(37,200)	-	(247,977)	-	-	(3,057,965)
General Operating	(240,300)	-	(3,007,682)	(1,074,250)	(1,430,850)	-	(407,278)	(1,929,000)	-	(8,089,360)
Scholarships	-	-	-	-	-	-	-	-	-	-
Facilities Expenses	-	-	(120,000)	-	-	-	-	-	-	(120,000)
Ins/Coll/Bad Debt/Loans	-	-	-	-	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-	-	-	-	-
Capital & Depreciation Expense	-	-	(8,458)	-	-	-	(40,000)	-	-	(48,458)
Reserves	-	-	-	-	-	-	-	-	-	-
Grand Total	(340,300)	-	(13,426,604)	(1,380,000)	(1,567,250)	-	(2,014,442)	(1,929,000)	-	(20,657,596)

FY 2025 Restricted Fund Forecast (in 1,000's):

Revenue	FY 2025 Forecast
Endowment Distribution	23,000
Grants & Contracts	8,000
Restricted Gifts (exlcuding endowments)	16,000
Total Revenues	47,000
Expense	
Scholarships	22,000
Compensation (Salary & Benefits)	11,000
Program	14,000
Total Expenses	47,000
Net Balance	-

- The FY 2025 Restricted Fund Forecast represents all restricted (not spendable until specific purpose or criteria are met) revenues and expenses. These figures are not precise and have been estimated based on historical data. There are many unknown factors and uncertainty associated with them.
- The endowment distribution is based on 4.5% of the average market value of the endowment pools prior three years ending 12/31/2023. This figure will be adjusted once the valuation of 12/31/2023 has been finalized. The purpose percentages on historical endowments include 59% to endowed scholarships, 29% to program, and 12% to endowed faculty.
- Grants and Contracts include estimated Federal, State, City/County, Corporate, and Foundation revenues. Grants and contracts expenses will increase proportionately to increases in grants and contracts revenue.
- Restricted Gifts include all other estimated gift related contribution revenue. This does not include endowment contributions.
- Scholarships, compensation, and program expenses represent all forecasted expenses that meet the criteria and purpose of endowments, grants & contracts, and restricted gifts.

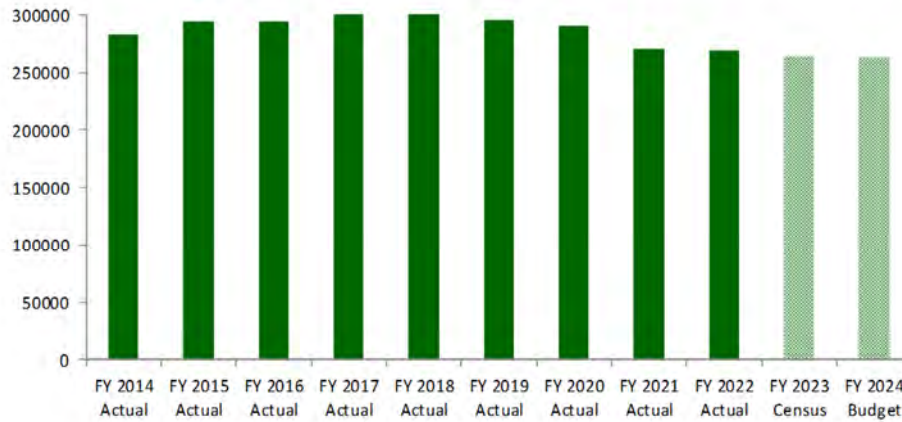
Appendix: Historical Analysis

Revenue

Tuition and fees make up 87.8% of the gross revenue in the FY 2025 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 2015 - FY 2025)

Enrollment in Student Credit Hours (FY 2015 - FY 2025)



Year	Total SCH	% Change	10-year % Change
FY 2015 Actual	294,499	4.0%	
FY 2016 Actual	294,223	-0.1%	
FY 2017 Actual	301,323	2.4%	
FY 2018 Actual	301,090	-0.1%	
FY 2019 Actual	295,212	-2.0%	
FY 2020 Actual	290,577	-1.6%	
FY 2021 Actual	269,721	-7.2%	
FY 2022 Actual	268,648	-0.4%	
FY 2023 Actual	264,091	-1.7%	
FY 2024 Census	253,828	-3.9%	
FY 2025 Budget	252,189	-0.6%	-14.4%

Tuition and Fee Income

Planned tuition and fee revenue increases because enrollment projections and/or tuition rates increase. The FY 2025 budget anticipates that tuition (net of tuition exceptions) and fee revenue will increase by 3.0% from the FY 2024 forecast. Tuition and fees constitute 87.8% of the FY 2025 gross revenue budget.

Financial Aid

Over the ten-year analysis period, expenditures for university-funded financial aid have increased 90.8%, in contrast with a tuition and fee cumulative increase of 23.1%. As a percentage of tuition, aggregate financial aid has grown from 20.6% to a budgeted 31.9% during this same ten-year period.

The pressure to increase funding for financial aid comes from reduced support from government sources, as well as 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 a balance of merit- and need-based aid.

There is \$143.1 million in aggregate unrestricted financial aid in the FY 2025 operating budget.

**FY 2015 - FY 2025 Unrestricted Operating Budget
Tuition & Fee Income/Percent of Total Revenue**
(in thousands of dollars)

Year	Tuition* & Fees	Total Revenue	All Other Revenues	T&F % of Total	T&F % Change	10-Year % Change
FY 2015 Actual	\$367,352	\$406,540	\$39,188	90.4%	4.98%	
FY 2016 Actual	\$378,743	\$418,237	\$39,494	90.6%	3.10%	
FY 2017 Actual	\$402,253	\$446,220	\$43,967	90.1%	6.21%	
FY 2018 Actual	\$420,181	\$465,098	\$44,917	90.3%	4.46%	
FY 2019 Actual	\$425,283	\$472,420	\$47,137	90.0%	1.21%	
FY 2020 Actual	\$436,333	\$476,237	\$39,904	91.6%	2.60%	
FY 2021 Actual	\$418,077	\$426,177	\$8,100	98.1%	-4.18%	
FY 2022 Actual	\$430,135	\$490,070	\$59,935	87.8%	2.88%	
FY 2023 Actual	\$439,175	\$499,049	\$59,874	88.0%	2.10%	
FY 2024 Forecast	\$439,304	\$497,540	\$58,236	88.3%	0.03%	
FY 2025 Budget	\$452,250	\$515,091	\$62,841	87.8%	2.95%	23.1%

**FY 2015 - FY 2025 Unrestricted Operating Budget
Financial Aid/Percent of Tuition**
(in thousands of dollars)

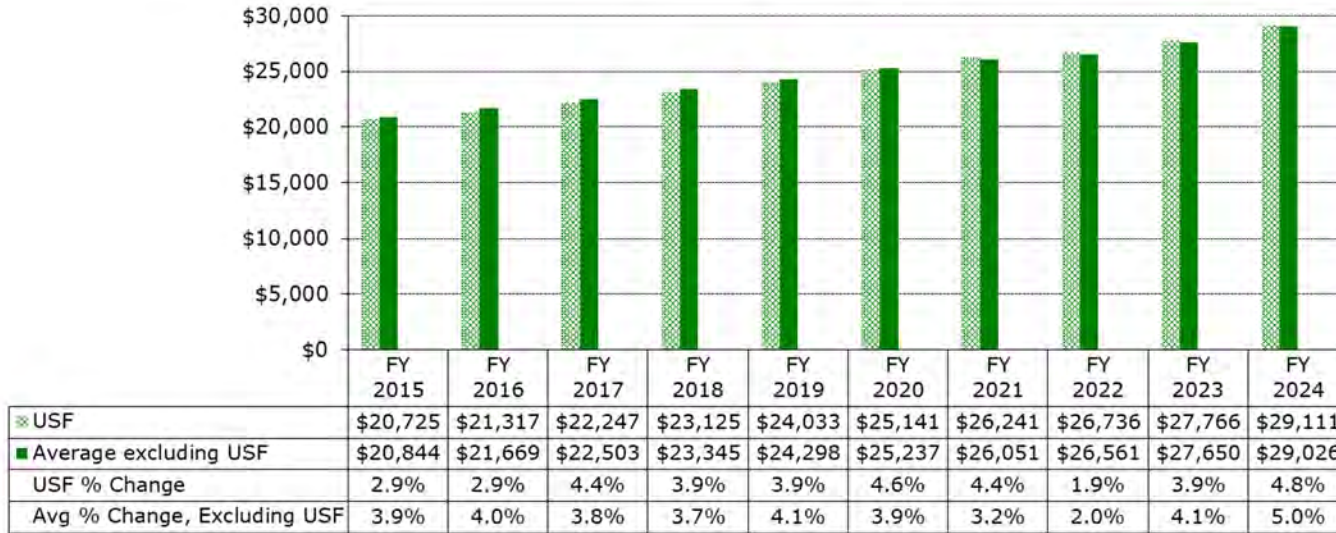
Year	Financial Aid	Tuition*	Net Tuition	FA % of Tuition	FA % Change	10-Year % Change
FY 2015 Actual	\$75,007	\$364,473	\$289,465	20.6%	8.6%	
FY 2016 Actual	\$82,966	\$375,814	\$292,849	22.1%	10.6%	
FY 2017 Actual	\$93,447	\$398,673	\$305,226	23.4%	12.6%	
FY 2018 Actual	\$108,926	\$416,295	\$307,369	26.2%	16.6%	
FY 2019 Actual	\$116,394	\$421,587	\$305,192	27.6%	6.9%	
FY 2020 Actual	\$123,916	\$433,077	\$309,161	28.6%	6.5%	
FY 2021 Actual	\$115,281	\$415,447	\$300,167	27.7%	-7.0%	
FY 2022 Actual	\$126,208	\$427,234	\$301,026	29.5%	9.5%	
FY 2023 Actual	\$131,599	\$435,963	\$304,364	30.2%	4.3%	
FY 2024 Forecast	\$135,789	\$435,907	\$300,119	31.2%	3.2%	
FY 2025 Budget	\$143,143	\$448,599	\$305,456	31.9%	5.4%	90.8%

Tuition* = Tuition + Tuition Exceptions

Tuition and Fee Rates

Looking at the University’s ten-year tuition and fee history, rates have increased within a range of 1.9% to 4.8% per year over the last ten years. USF tuition rate increases have generally been slightly below comparable universities. 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 charges 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 systematically reviewing new initiatives in the context of new and reallocated funds. Reacting to limited tuition rate increases has led to targeted efforts to reallocate budgets to meet emerging needs.

West Coast Conference Tuition & Fees per Semester Rate (FY2015 - FY2024)



The University competes with other schools for students, and prospective students pay attention to tuition and fee rates. The table below details 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 4.8% in FY 2024. USF increased undergraduate tuition and fees by 5.0% in FY 2024.

Undergraduate Semester

	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
WCC Schools										
Pepperdine University	\$23,346	\$24,171	\$25,011	\$25,996	\$26,966	\$27,946	\$29,001	\$29,851	\$31,321	\$33,245
Santa Clara University	\$22,054	\$22,798	\$23,704	\$24,769	\$25,693	\$26,643	\$26,652	\$27,930	\$28,767	\$29,768
University of San Diego	\$21,414	\$22,293	\$23,070	\$23,861	\$24,679	\$25,593	\$26,432	\$26,432	\$27,277	\$28,222
Loyola Marymount University	\$20,849	\$21,806	\$22,642	\$23,261	\$24,329	\$25,417	\$26,489	\$26,763	\$28,139	\$29,683
USF	\$20,725	\$21,317	\$22,247	\$23,125	\$24,033	\$25,141	\$26,241	\$26,736	\$27,766	\$29,111
Saint Mary's College	\$20,690	\$21,465	\$22,180	\$22,843	\$23,855	\$24,594	\$25,330	\$25,784	\$26,786	\$28,067
University of Portland	\$19,260	\$20,125	\$21,007	\$22,013	\$22,952	\$23,909	\$24,932	\$24,932	\$25,906	\$27,450
Gonzaga University	\$18,295	\$19,028	\$19,910	\$20,673	\$21,613	\$22,555	\$23,520	\$24,235	\$25,355	\$26,750
Average including USF	\$20,829	\$21,625	\$22,471	\$23,318	\$24,265	\$25,225	\$26,075	\$26,583	\$27,665	\$29,037
Average excluding USF	\$20,844	\$21,669	\$22,503	\$23,345	\$24,298	\$25,237	\$26,051	\$26,561	\$27,650	\$29,026
USF % Change	2.9%	2.9%	4.4%	3.9%	3.9%	4.6%	4.4%	1.9%	3.9%	4.8%
Avg % Change, Excluding USF	3.9%	4.0%	3.8%	3.7%	4.1%	3.9%	3.2%	2.0%	4.1%	5.0%

Five-Year Undergraduate Tuition and Fees Trend

Considering a broader set of peer institutions beyond WCC members, the FY 2024 average (excluding USF) annual undergraduate tuition and fees is \$58,488, and the average rate of increase over the past five years has been 3.6% per annum. The average annual USF increase over the past five years has been 3.6%. Over the entire five-year period, the average tuition and fee level (excluding USF) increased 19.4%, while USF's tuition and fees increased 19.5%.

WCC		School	2018~2019	2019~2020	2020~2021	2021~2022	2022~2023	2023~2024	% chg in 5 yrsB	Avg % chg per yrC
	CA	University of Southern California	56,676	58,645	61,307	61,911	65,176	68,687	21.2%	3.9%
X	CA	Pepperdine University	53,932	55,892	58,250	59,702	62,642	66,490	23.3%	4.3%
	NY	Fordham University	52,687	54,411	56,387	56,161	58,467	61,992	17.7%	3.3%
X	Bay	Santa Clara University	51,386	53,285	53,947	55,860	57,534	59,536	15.9%	3.0%
X	CA	Loyola Marymount University	48,658	50,833	53,583	53,526	56,277	59,365	22.0%	4.1%
X	Bay	USF	48,066	50,282	52,482	53,472	55,532	58,222	21.1%	3.9%
X	CA	University of San Diego	49,358	51,186	52,874	52,864	54,554	56,444	14.4%	2.7%
X	Bay	Saint Mary's College	47,710	49,188	50,960	51,568	53,572	56,134	17.7%	3.3%
X	OR	University of Portland	45,904	47,818	49,924	49,864	51,812	54,900	19.6%	3.7%
	WA	Seattle University	45,145	47,090	48,890	49,595	51,434	54,560	20.9%	3.9%
X	WA	Gonzaga University	43,225	45,110	47,020	48,470	50,710	53,500	23.8%	4.4%
	IL	Loyola University of Chicago	44,158	46,028	46,986	47,739	49,429	51,756	17.2%	3.2%
		Average	48,909	50,814	52,718	53,394	55,595	58,466	19.5%	3.6%
		Average excluding USF	48,985	50,862	52,739	53,387	55,601	58,488	19.4%	3.6%

Notes:

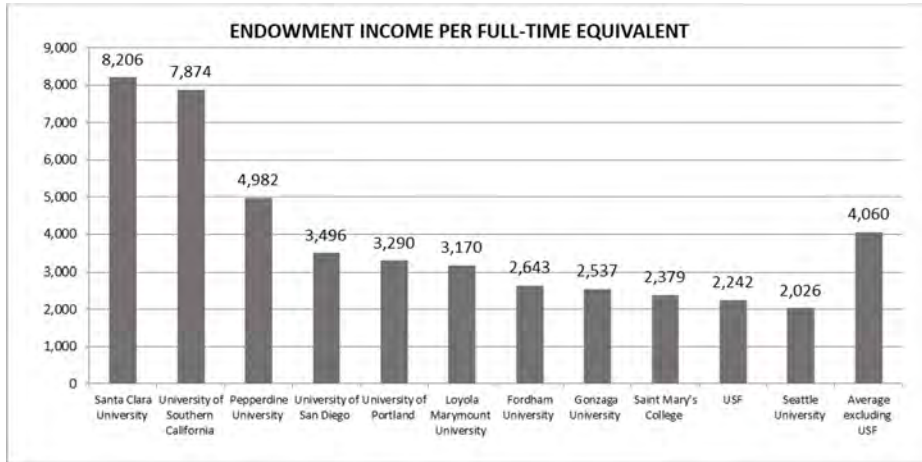
(A) Schools are sorted by 2023/2024 Tuition and Fees column.

(B) The '% change in 5 yrs' is the growth from FY19 to FY24.

(C) The 'Avg % change per yr' is an avg of the % changes from FY19 to FY24.

Endowment (FY 2022)

Among other forms of support, a healthy endowment provides a source of funding for university scholarships. In fiscal year 2022 (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 \$4,060. USF's EI/FTE is below this average at \$3,895.



WCC	School	2022 Total Endowment (TE) (1,000) 2	4.5% Endowment Income (EI) (1,000)	2020-21 Full-time Equivalent (FTE) 3	Total Endowment (TE)/FTE	Endowment Income (EI)/FTE
X	Bay Santa Clara University	1,471,579	66,221	8,070	182,352	8,206
	CA University of Southern California	7,319,123	329,361	41,830	174,973	7,874
X	CA Pepperdine University	1,205,436	54,245	10,889	110,702	4,982
X	CA University of San Diego	652,515	29,363	8,399	77,690	3,496
X	OR University of Portland	297,255	13,376	4,066	73,107	3,290
X	CA Loyola Marymount University	611,334	27,510	8,679	70,438	3,170
	NY Fordham University	972,446	43,760	16,555	58,740	2,643
	WA Gonzaga University	399,604	17,982	7,087	56,386	2,537
X	Bay Saint Mary's College	184,865	8,319	3,497	52,864	2,379
X	Bay USF	478,444	21,530	9,603	49,822	2,242
	WA Seattle University	284,645	12,809	6,322	45,025	2,026
	Average	1,261,568	56,771	11,363	86,554	3,895
	Average excluding USF	1,339,880	60,295	11,539	90,228	4,060

Compensation Expense

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

**FY 2015 - FY 2025 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 2015 Actual	\$54,371	\$158,978	\$405,906	34.2%	13.4%	13.0%		
FY 2016 Actual	\$57,935	\$168,247	\$418,237	34.4%	13.9%	6.6%		
FY 2017 Actual	\$60,366	\$174,210	\$446,220	34.7%	13.5%	4.2%		
FY 2018 Actual	\$61,674	\$177,955	\$465,098	34.7%	13.3%	2.2%		
FY 2019 Actual	\$60,461	\$174,828	\$472,110	34.6%	12.8%	-2.0%		
FY 2020 Actual	\$59,907	\$173,675	\$476,237	34.5%	12.6%	-0.9%		
FY 2021 Actual	\$56,897	\$163,350	\$426,177	34.8%	13.4%	-5.0%		
FY 2022 Actual	\$58,338	\$172,625	\$490,070	33.8%	11.9%	2.5%		
FY 2023 Actual	\$60,103	\$176,146	\$499,048	34.1%	12.0%	3.0%		
FY 2024 Forecast	\$64,323	\$185,594	\$498,172	34.7%	12.9%	7.0%		
FY 2025 Budget	\$64,959	\$188,005	\$515,091	34.6%	12.6%	1.0%	19.5%	18.3%

USF Five-Year Revenues & Expenses by Category

The following table is a summary of all University historical actual revenues and expenses and unrestricted Board 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 2021	FY 2022	FY 2023	FY 2024	FY 2025
YTD Activity	Actual	Actual	Actual	Forecast	Budget
Tuition & Fees	(418,077)	(430,135)	(439,175)	(439,304)	(452,250)
Gifts	(1,130)	(1,661)	(1,501)	(1,523)	(1,502)
Auxiliary & Other Revenues	(6,970)	(58,274)	(58,372)	(56,712)	(61,339)
Revenue Total	(426,177)	(490,070)	(499,049)	(497,540)	(515,091)
Full-Time Faculty	59,517	60,825	60,884	62,833	63,999
Part-Time Faculty	20,570	21,250	21,397	21,910	22,415
Staff	79,792	84,315	86,919	94,140	93,594
Student Staff	3,472	6,235	6,946	6,711	7,997
Benefits	56,897	58,338	60,103	64,323	64,959
Gen Ops/Facilities/Capital	60,151	84,351	82,395	72,403	69,040
Financial Aid	115,281	126,208	131,599	135,789	143,143
Food Service	2,130	9,736	11,540	10,377	10,947
Debt & Other Expense	20,264	27,660	28,158	29,687	29,587
Reserves & Transfers In/Out	8,071	11,152	9,108	0	9,410
Expense Total	426,144	490,070	499,048	498,172	515,091
Grand Total	(33)	(0)	(1)	633	0

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