

University of San Francisco



Three-Year Financial Plan

University of San Francisco Three-Year Financial Plan



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USF at a Glance

Institutional Snapshot

- Year founded: 1855
- Number of colleges/schools: 5
- Number of faculty, librarians, and staff: 2,026 (as of 11/1/25)
- Campus locations: 4
- Accreditations: 12

Student Profile (as of fall 2025 census, 9/5/25)

- Total undergraduate and graduate enrollment: 8,796
- Geographic diversity (states/countries represented): 45 states/32 countries
- First-generation student percentage: 40.9%
- Demographic diversity metrics

| | |
|--------------------|-------|
| African American | 7.4% |
| Asian | 22.4% |
| Hispanic or Latino | 25.0% |
| International | 9.8% |
| Native American | 0.1% |
| Pacific Islander | 0.2% |
| Two or More | 9.1% |
| Unknown | 1.1% |
| White | 24.8% |



- Average first-time first-year student high-school grade point average (GPA): 3.71

Financial Overview

- FY 2026 operating revenue: \$493 million
- Endowment size: \$643 million (as of 12/31/25)
- Annual fundraising total: \$35 million (as of 12/31/25)
- Financial aid awarded: \$337 million (academic year 2025-2026)
- Percentage of students receiving aid: 69% (academic year 2025-2026)

Introduction

Planning is not a one-time exercise. It is an ongoing institutional discipline that helps organizations respond to immediate pressures while also preparing thoughtfully for emerging opportunities and risks. In higher education, where demographic shifts, changing student expectations, inflationary pressures, regulatory complexity, and market competition continue to shape the landscape, planning must be both adaptive and grounded in mission. Institutions that plan well are better positioned to make informed decisions, align resources with priorities, and navigate uncertainty with greater clarity and confidence.

The University of San Francisco has not been immune to the challenges affecting higher education nationally. Like many institutions, USF is operating in an environment where financial pressures require careful stewardship, disciplined decision-making, and a sustained commitment to mission-centered priorities. Over a two-year timeframe, the University has been engaged in addressing a structural budget gap in which expenses have exceeded revenue. This has required difficult but necessary action, resulting in approximately \$50 million to \$60 million in base budget reductions. These intentional measures are designed to stabilize the institution's financial pathway and strengthen its ability to move forward with greater resilience.

At its best, planning provides a framework for balancing near-term realities with long-term aspirations. It allows an institution not only to respond to current challenges, but also to clarify what must be preserved, what must be strengthened, and where reimagination is needed. For USF, this work has required a deliberate focus on aligning expenditures with available resources while preserving the quality of the student experience and the core commitments of the University. Fiscal planning, therefore, is not separate from mission. It is an expression of mission stewardship. It helps ensure that the institution can continue to serve students effectively, invest strategically, and remain accessible and affordable over time.

A key strength of this year's effort has been the engagement of the USF community. We are deeply grateful for the thoughtful participation of faculty, librarians, staff, and leadership across the institution, whose ideas and suggestions helped guide the development of the FY 2027 operating budget. The community's engagement strengthened both the substance and the integrity of the process. It helped ensure that budget development was informed not only by financial necessity, but also by practical knowledge, shared values, and a broad understanding of institutional impact. This kind of engagement matters, especially in periods of constraint, because it produces stronger solutions and reinforces shared responsibility for the institution's future.

The most developed work reflected in this three-year financial plan is the FY 2027 operating budget. The actions taken to achieve \$25 million base budget spending reductions for FY 2027 were carried out thoughtfully by all units of the University. Decisions were not made lightly, nor were they pursued in a uniform way without regard to context. Units across the institution were asked to evaluate their operations carefully, identify efficiencies, reconsider spending assumptions, and make difficult choices in

support of the broader financial plan. Throughout this process, the University sought to proceed with discipline, transparency, and care. While reductions of this scale are inherently challenging, the process was designed to focus not only on what needed to be reduced, but on how those reductions could be implemented responsibly.

Central to these efforts has been student impact. As the University worked through the FY 2027 budget decisions, the student experience remained a centerpiece of its thinking. This commitment reflects a fundamental principle: financial sustainability must support academic quality, student access, and student success. Even as the institution addresses structural financial pressures, it remains committed to doing its best to keep a USF education accessible and affordable. That commitment requires continued examination of how resources are deployed, which investments are most critical, and how the University can organize itself in ways that are both mission-aligned and cost-effective.

At the same time, this three-year financial plan makes clear that the work does not end with FY 2027. The development of the FY 2028 and FY 2029 operating budgets is now underway and remains a work in progress. That next phase will build on the steps already taken while recognizing that further work is still needed to achieve lasting financial balance. As the University continues this effort, it is committed to working through a process that helps reaffirm, and in some areas reimagine, the institution in a more cost-effective way while remaining attentive to mission, quality, and affordability.

This distinction is important. FY 2027 reflects work that has been substantially developed and shaped through extensive community input. FY 2028, by contrast, represents the next stage of planning and decision-making. It is still being developed and will require continued rigor, creativity, and collaboration across the institution. By presenting both the completed FY 2027 budget work and the developing FY 2028 and FY 2029 outlook, this three-year financial plan offers a realistic view of where the University stands today and the work that remains ahead.

This three-year financial plan is intended to guide and support the University's fiscal investments by connecting financial decisions to institutional priorities and by offering a clear view of the choices necessary to advance stability. It also explains how spending reductions to date were carried out thoughtfully across all units of the University. These actions were not merely reactive measures. They were part of a broader, intentional effort to stabilize the institution and create a more sustainable financial pathway.

To support that understanding, this three-year financial plan includes the FY 2027 operating budget, previews what FY 2028 and FY 2029 currently look like, and concludes with a comprehensive view of the overall finances of the University. This forward-looking perspective is essential. Multi-year planning provides the visibility needed to assess whether current actions are sufficient, where pressures may continue to emerge, and what additional decisions may be required. It also helps the institution avoid overly narrow thinking by placing annual budget decisions within a longer financial trajectory.

The comprehensive financial view presented in this three-year financial plan is important because the University's fiscal condition cannot be understood through isolated decisions or individual budget adjustments alone. A broader perspective helps frame the scale of the challenge, the progress already made through the FY 2027 budget process, and the work still underway for FY 2028 and beyond. It reinforces the principle that planning is cumulative and continuous. Each year's budget is part of a larger story about the University's direction, sustainability, and ability to fulfill its mission.

In this moment, planning remains one of the University's most important tools for navigating complexity. It allows USF to respond to present demands while keeping sight of the future it seeks to build. It creates the structure for disciplined action, informed choices, and shared accountability. Most importantly, this three-year financial plan helps make clear that the University has taken significant steps through the FY 2027 budget, while also acknowledging that the FY 2028 and FY 2029 budgets remain under development as part of an ongoing effort to strengthen the institution's long-term financial health.

While all units of the University participated in the base budget adjustments, it is important to underscore that the actions developed for implementation in both the curricular and cocurricular areas were centered on the theme of student impact. This focus helped ensure that budget decisions were made with careful attention to the student experience, academic progress, and access to the programs, services, and support structures that are essential to student success. Even in a period requiring significant financial discipline, the University worked to shape these adjustments thoughtfully so that mission-critical investments in students remained at the forefront of decision-making.



Strategic Enrollment Management Fiscal Year 2027 Eric Groves, Vice President

The projected financial and enrollment outlook for the University of San Francisco (USF) indicates several key trends in Net Tuition Revenue (NTR) and headcount. For Fiscal Year 2027, NTR is expected to decline by over \$8 million. This decrease is primarily attributed to a larger graduating class that had a lower discount rate and a higher per-student NTR, while the incoming class is anticipated to generate a lower NTR per student. Additionally, the previous three graduating classes are contributing to a drag on overall enrollment numbers.

Despite these challenges, headcount is projected to increase from 8,880 in Fall 2026 to 10,362 by Fall 2029. However, it is important to note that the average net tuition per student is expected to be lower compared to Fall 2022. In response to these dynamics, USF has implemented strategic initiatives to address the financial outlook, including earlier financial aid awards, earlier admissions offers, enhanced marketing efforts, targeted outreach, and refined messaging that emphasizes the value of a USF education.

Looking ahead, while the incoming class for Fall 2026 shows promise, concerns about yield remain. A strong focus on effective messaging, value proposition, targeted marketing, and strategic enrollment planning will be critical in achieving the University's multi-year revenue goals. Overall, USF is committed to attracting the "Right Student, at the Right Time, with the Right Value Proposition," aligning its efforts with the USF Brand Promise.



Office of the Provost
Fiscal Year 2027
Eileen Fung, Provost and Vice President, Academic Affairs

The academic mission of the University of San Francisco is defined by its unwavering commitment to student success — to developing graduates who are intellectually prepared, professionally competent, and grounded in the values of a Jesuit education. That commitment has served as the guiding principle for every budget and operational decision made across Academic Affairs this year. Through a combination of strategic workforce management, program consolidation, operational restructuring, and the careful stewardship of academic resources, our schools and college have met their fiscal obligations while continuing to prioritize faculty development, curriculum relevance, and the educational support structures that drive student achievement. The outcomes of that sustained effort are evident: improved licensure and career outcomes, growing enrollment, strengthened accreditation standing, and a faculty culture oriented toward excellence and innovation.

The year ahead presents a more complex set of challenges. The fiscal strategies that preserved academic quality in FY 2027 have largely reached their limits, and FY 2028 will require decisions of greater consequence — decisions that carry real implications for faculty, librarians, staff, programs, and ultimately students. Navigating this next phase responsibly will demand more than operational efficiency. It will require a deliberate and coordinated institutional commitment to reinvestment in the academic enterprise — in faculty capacity, in pedagogical innovation, in student support, and in the curricular development that keeps a USF education relevant and transformative. The pages that follow reflect the plans, challenges, and aspirations of our academic units, each grounded in the conviction that student success is not a metric to be managed — it is a mission to be pursued.

You will read summaries from each school/college/library that reflect the different approaches taken. Common principles but feedback from each unit was honored & recognized.



College of Arts and Sciences
Fiscal Year 2027
Jeff Paris, Dean

Undergraduate enrollment at the University of San Francisco, due to two small cohorts moving through their degree pathways, is lower than any time in many years. Graduate enrollment, while still strong, is threatened by unwelcome national policies restricting student borrowing and imposing visa and immigration restrictions. The College of Arts & Sciences has been proactive in addressing the financial and academic ramifications. First, through a strict limitation on full-time faculty hires for three consecutive years. And second, through the careful deployment of existing faculty to student recruitment, retention, and success in their path to graduation; to the building of new academic programs, and the maintenance of continuing ones; to delivering Core curriculum classes and institutional learning outcomes to every undergraduate, not just those in the College.

In the three academic years from 2023-2026, an expected 39 full-time Arts & Sciences faculty will have retired or left for other employment, with just a handful being replaced by term or tenure-track faculty, and only as needed to secure academic requirements in these programs. The total number of full-time faculty has in this way declined to fewer than 250, for a student body of about 4,000. Meanwhile, the College also continues to grow its offerings to meet current and future projected demand, now with 32 majors, 20 graduate programs, 13 “4+1” combined undergraduate and master’s degree programs, and two graduate academic certificates. We also host an Honors College, five Living Learning Communities, emerging Horizon Collective courses, dozens of academic minors, Writing and Speaking Centers, and more.

Dramatic reduction of full-time faculty requires shoring up academic and service priorities. A strong culture of assessment helps with on-the-fly adjustments to degree offerings, and the comparatively rapid development of new programs. Faculty service is directed to recruitment and retention, to shared governance in matters such as the new Core Curriculum, and to our “Transfer Champion” program dedicated to increasing both yield and retention for our transfer student population. These dedicated service responsibilities, with a smaller full-time faculty, heightens the need to maintain the College’s proud history of supporting individual and collective faculty excellence through teaching development, research support, and leadership development, examples of which follow.

A highlight of College support for research has been two annual three-day *CAS Writing Retreats*. They typically include over twenty faculty at each, able to devote their entire attention to a measurable writing goal over multiple days. The College has also hosted monthly, on-campus one-day retreats, creating structured writing time for all. The College collaborates with the *Center for Research and Scholarly Activity (CRASE)* on research skills seminars, visiting faculty talks, and salons. The *CAS Dean’s Award for Faculty Excellence in Scholarly and Creative Work* is awarded annually to five individual faculty. Finally, the College organizes and supports the distribution of typically over \$1M annually in *Faculty Development Funds*, with extensive, year-round support from Dean’s office staff.

The College hosts inclusive learning pedagogy workshops such as *Moment to Movement: Evolving & Sustaining Anti-Racist Pedagogy* now in its fifth year, and the *Science Education Partnership & Assessment Laboratory (SEPAL)*, now in its second year. Along with the services and activities provided by the *Center for Teaching Excellence (CTE)* and year-long *Faculty Learning Communities*, faculty are able to access numerous opportunities for cutting edge teaching techniques and strategies.

For Chairs and Program Directors, the College hosts informational and developmental workshops, focusing on conflict resolution strategies, on scheduling best practices, on universal design and disability access, on understanding adjunct faculty contractual requirements, and more. For a wider audience, we have created two monthly social gatherings: “Communi-teas” (for STEM faculty and tech staff) and “Humani-teas” (for Humanities faculty and friends).



School of Education
Fiscal Year 2027
Shabnam Koirala Azad, Dean

The School of Education has experienced steady growth over the last decade and significant growth over the past four years, a 47% increase in new students entering in the Summer and Fall from 2022 to 2025, with additional admits in the Spring. With a total student population upwards of 1200, we are now the largest school of education in Northern California and among the largest in California. We also have programs in five different locations across the Bay Area and in Sacramento. Concurrently, we have increased our contribution margin to the University every year. Over the past nine years, the School of Education, like others, has actively participated in the University's cost-cutting and budget reallocation efforts. During this period, we have grown our student population while managing with reduced general operating budgets and fewer faculty and staff positions.

To meet institutional budget goals while sustaining growth, the School has implemented multiple measures such as, academic program consolidation and closure, staff efficiency and role restructuring, faculty reductions through attrition, and internal budget rebalancing and reprioritizing. While supporting budget needs these measures have had an impact on general workload and constraints on resources to support our graduate students with a unique set of needs.

Our ability to grow despite budget constraints has been supported by innovative partnerships and fundraising. We have established partnerships with organizations such as Kaiser Permanente and the Northern Sonoma County Healthcare Foundation, which ensure a steady pipeline of students into our programs at no cost to highly motivated students. We have also engaged in residency programs with school districts utilizing state-funded grants. These partnerships help offset expenses while generating sustainable revenue streams. Aggressive fundraising efforts, particularly for unrestricted current gifts, have enabled us to create new programming and initiatives that elevate the School's profile. The Center for Humanizing Education and Research and the Center for Community Counseling and Wellness are two examples—entities funded through philanthropy that significantly enhance the visibility, profile, and prestige of the School and the University. These efforts have allowed us to offer student research grants, faculty research support including annual writing retreats and other research activities that also led to the University's recent designation as an R2 institution.

Over the past five years, we have significantly enhanced our capacity to provide academic and social support within the School, which has increased retention rates and our ability to continue attracting students from a range of backgrounds. These student services are delivered by our existing pool of human resources—both faculty and staff—who often support these efforts beyond their regular roles and responsibilities. This investment in student support has been critical to our growth and reputation. Our students require specialized advising, clinical placement support, licensure guidance, and professional mentorship that generic University services cannot adequately provide.

The School of Education has demonstrated resilience and innovation in growing enrollment and revenue while absorbing significant budget reductions over nine years. However, there is a limit to how far efficiencies can stretch without compromising quality, capacity, and institutional integrity. The School of Education remains committed to contributing to the University's efforts to balance its budget. We will continue striving to maintain our current size, innovate, and remain at the forefront of educational scholarship and practice.



School of Law
Fiscal Year 2027
Johanna Kalb, Dean

The University of San Francisco School of Law (SOL) is one of fewer than 200 law schools in the United States accredited by the American Bar Association’s Council on Legal Education. It has a proud tradition of producing practice-ready attorneys, including more than 350 judges and multiple former justices of the California Supreme Court. In the last seven years, the SOL has engineered a remarkable turnaround in student outcomes, increasing first-time California bar passage from 33 percent to 82 percent with corresponding improvement in 10-month employment outcomes for graduates. As a result, applications to the SOL are on the rise, along with the credentials of the applicant pool. For Fall 2026, applications have consistently been up at least 50 percent over last year, more than doubling the increase to schools in California and nationally.

Due to its budget structure, SOL is supporting the University’s path toward financial equilibrium not by cutting but by working to increase its contribution to our shared resources both directly and indirectly. SOL has exceeded its budgeted financial contribution in FY 2025 and FY 2026 and is projected to do so in FY 2027. Additionally, SOL is collaborating with SEM to support undergraduate recruitment through highlighting distinctive opportunities available to USF undergraduates through the 3+3 and 4+3 programs and the newly launched accelerated Master of Legal Studies degree. SOL is also identifying other areas where pooling resources can help to offset cuts, for example through collaborative programming for students or alumni and interdisciplinary fundraising.



School of Management
Fiscal Year 2027
Otgo Erhemjamts, Dean

SOM enrollment has declined significantly from Fall 2015 through Fall 2025. Total graduate enrollment fell from 732 to 411 (a 43.9 percent decline) and undergraduate enrollment dropped from 2,291 to 994 (a 56.6 percent decline) — driven overwhelmingly by a collapse in international student enrollment and a decline in the legacy College of Professional Studies (CPS) enrollment. For instance, in Fall 2015, the SOM enrolled 640 undergraduate and 107 graduate students from China. By Fall 2025, those numbers had dropped to 31 and 12, respectively — a staggering 95.2 percent undergraduate decline and 88.8 percent graduate decline among Chinese students.

Rather than waiting for conditions to improve, the SOM took ownership of what was within its control. Faculty redesigned the BSBA core curriculum — shortening it from 52 to 40 units — to give students greater flexibility to double major or pursue a minor, with a stronger emphasis on career-relevant skills and experiential learning. Leveraging this redesigned core, the school launched an accelerated dual BS/MS program in Fall 2025 — creating a faster, higher-value pathway to a graduate degree.

On the graduate side, we overhauled our entire program portfolio: sunsetting four programs, launching three new online programs and a Masters in Management (MIM) in Business Tech program, and redesigning every remaining program — MSEI, MSIS, MBA FT, MBA PT, and EMBA — except for the MSMI, which the SOM launched in 2020. Due to sunsetting of the legacy CPS programs, and launching new online programs, SOM graduate enrollment has stabilized, growing 3.5 percent from 370 in Fall 2022 to 383 in Fall 2025.

In parallel, the SOM right-sized its operations. We reduced full-time faculty from 86 to 47 (a 45.3 percent reduction) and professional staff from 72 to 37 (a 48.6 percent reduction) between FY 2016 and FY 2026 by allowing retirements to go unfilled and returning vacant lines to the University. Together, these efforts produced tangible results: completely overhauled and mission-aligned undergraduate and graduate programs, a leaner and more agile organization, expanded corporate and community partnerships, diversified revenue streams, improved visibility and rankings, accelerated fundraising, and a robust roadmap in our newly finalized "SOM Strategic Plan 2030."

During their February 2026 visit, the AACSB accreditation peer-review team recognized our accomplishments in a challenging macro environment. The team praised the SOM as a "model of Jesuit business education" — noting that we are "light years ahead" of where we were at our last visit in February 2021.

Even amid these wins, we were determined to protect our people as we worked through the FY 2027 budget savings plan. Through careful workforce management, we avoided layoffs and non-renewals entirely. However, the path forward has narrowed: the FY 2028 budget planning process will present much harder choices.

The faculty, staff, and leadership of the SOM have accomplished an enormous amount — and we can no longer sustain doing more with less. To capitalize on the momentum we have built and execute on SOM Strategic Plan 2030, we need the University's support through strategic investment. Without it, further cuts will erode that momentum, put our people at serious risk of burnout, and jeopardize the delivery of our experientially-focused programs — a concern the AACSB peer-review team independently raised in February 2026.



School of Nursing and Health Professions
Fiscal Year 2027
Eileen Fry-Bowers, Dean

The USF School of Nursing and Health Professions (SONHP) is a fully accredited, high-performing school whose nationally respected BSN program, post-pandemic growth, and strong graduate outcomes reinforce the University's reputation with California's leading health systems. Programs in nursing, public health, and psychology require sufficient faculty, facilities, and student support to meet accreditation and regulatory expectations. Sustaining enrollment growth—driven by new academic programs, expanded DNP offerings, and strengthened partnerships—depends on rebuilding faculty capacity, developing and supporting faculty effectively, and stabilizing student outcomes.

Faculty Capacity

- Overall decline: Occupied budgeted faculty lines have dropped from a pre-pandemic average of 64.5 to 57 in FY 2026, with 20 unoccupied, leaving only 37 full-time faculty.
- Nursing: Currently 23 full-time faculty, down from 26 in Fall 2025. Three retirements by May 2026 will reduce ranks to 19, insufficient to staff four prelicensure programs, an online MSN, and a multi-track DNP program across three campuses.
- Public Health: Reduced to four full-time faculty (down from six), with two vacant lines including the MPH Program Director role, despite rapid BSPH growth.
- Psychology: Teach-out programs require continued faculty, limiting flexibility to reduce lines.

Impact on Student Outcomes

- Licensure/Certification: NCLEX and NP pass rates must remain above 80% to meet accreditation requirements.
- Accreditation: Program outcomes are linked to accreditation status.
- Instructional quality: Heavy reliance on part-time faculty creates uneven teaching quality. Research shows higher proportions of full-time faculty are strongly associated with stronger NCLEX performance and reduced regulatory risk.

Faculty Support Initiatives

- Development and retention: Faculty retreats, curriculum workshops, and instructional design partnerships support translation of new program outcomes into course-level plans and assessments.
- Technology and tools: Investment in applications to support data-informed dashboards will help faculty monitor student performance and refine instruction and decrease administrative workload. Teaching assistants and reduced administrative burden further support effectiveness.
- Professional growth: Faculty receive development funds each semester, standardized onboarding, mentoring, sabbatical opportunities, and access to grant writing and statistical support.

- Recognition: Faculty accomplishments are celebrated monthly and formally each semester, reinforcing morale and retention.

Strategic Path Forward

- By meeting savings targets through unoccupied line eliminations and retirements while selectively filling critical vacancies, SONHP will rebuild faculty capacity, enhance faculty support and ensure ongoing development, and stabilize outcomes to sustain its reputation for excellence.



Gleeson Library
Fiscal Year 2027
Shawn Calhoun, Dean

Gleeson Library - 2+ Year Plan

Gleeson Library—its facilities, collections, services, librarians, and staff—remains central to the student learning experience. The Library provides access to scholarly resources, teaching and research support, and heavily used academic space, including study areas, meeting rooms, and student support services. Investments in staff, collections, and technology contribute directly to student retention, degree completion, faculty productivity, and institutional reputation.



To meet FY 2027 savings targets and prepare for FY 2028 (with FY 2029 addressed as the next two years develop), the Library is implementing a two-year strategy focused on stabilization, recalibration, and alignment.

Two-Plus Year Strategy Framework

The Library’s plan is a two-year fiscal strategy addressing its share of USF’s structural deficit while protecting essential academic services. A third year will be incorporated as implementation progresses.

Year 1 – FY 2027: Stabilization & Protection of Academic Staff and Services

FY 2027 reductions will be achieved primarily through base savings from returning vacant librarian, staff, and administrative lines. There will be minimal cuts to collections. While minimizing disruption, this will increase strain on remaining staff.

Year 2 – FY 2028: Structural Implementation and Realignment

Year 2 anticipates staff reductions through layoffs and furloughs along with deeper cuts to materials and services. Mission-critical services will be prioritized, but service reconfiguration will be necessary. Third year plans will develop as FY 2027 & FY 2028 continue to emerge.

From Sustained Effort to Strategic Alignment

Prolonged cost-reduction efforts carry real operational strain and contribute to what many describe as “budget fatigue.” Even so, the Library remains committed to disciplined planning, strategic decision-making, and transparent communication. Gleeson Library will continue evolving intentionally—protecting what matters most, recalibrating where necessary, and aligning its work with USF’s academic future.

The Library will meet its required reallocations. Sustaining academic services while

building on the financial foundation now being established will require coordinated multi-year planning and institutional partnership. This strategy reflects a commitment to responsible stewardship while continuing to support student success and the University's academic mission.



Division of Student Life
Fiscal Year 2027
Shannon Gary, Vice President

The mission of the Division of Student Life is to support the holistic wellbeing, co-curricular development, and academic and professional success of every student at the University of San Francisco. This mission is realized through deep, integrated partnerships with our colleagues in Academic Affairs and throughout other areas of the University. This is done with the intention of ensuring that the student experience is seamless across both the classroom and the campus community. While each office within Student Life maintains a specialized area of expertise, our collective work is dedicated to collaborating with the University's schools, the college, libraries, and various supportive offices. By providing students with intentional connections and initiatives, we foster a culture of holistic learning, academic persistence, and professional readiness. Our goal is to ensure that every student is equipped to navigate the resources available to them, allowing them to activate their full potential and achieve positive post-graduate outcomes within a developmental framework.

Central to our strategy is the promotion of student retention and persistence. Student Life is committed to engaging students so they may succeed individually, socially within their communities, and academically. This comprehensive approach involves the ongoing support of students who are currently thriving, while simultaneously prioritizing the identification and care of those who may be struggling or at risk. This work is not done in isolation. Units within Student Life deliver signature programs and services through a model of broad, intentional collaboration across the institution. By bridging the gap between intra-divisional units, inter-divisional units, and faculty partners within the various schools and colleges, we ensure that student support is a shared University expectation rather than a siloed responsibility.

We currently find ourselves at a critical inflection point as a University. Navigating the present financial landscape requires us to make difficult, yet necessary, decisions to ensure the continued longevity and health of the institution. Throughout this process, the preservation of a high-quality student experience has remained our primary consideration. The Division of Student Life approached the necessary budgetary reductions with a focus on operational efficiency and the responsible stewardship of University resources. While some impact on student-facing services is unavoidable, we have prioritized adjustments that we anticipate will have a minimal effect on the overall student journey, allowing us to sustain our most vital core supportive measures.

To meet these fiscal goals, we have identified several specific budget reduction areas. This includes the elimination of six full-time staff positions, consisting of three currently vacant roles, one departmental restructure involving a staff transfer, a resignation, and an anticipated retirement. We are also implementing a 50% reduction in student salary lines to realign our student employment focus toward more cost-effective work-study candidates. Additional operational efficiencies include the elimination of staff travel, a reduction in department-sponsored printers, and the centralization of software licenses to

reduce redundant costs. Furthermore, we have reduced food-related expenditures for meetings and events, placed a temporary pause on divisional program reviews, and returned budgetary funds from a defunct program. These measures, while challenging, allow us to remain nimble and focused on our primary goal: the success and wellbeing of the USF student body.



FY 2027 Budget & Forward-Looking Budgets for FY 2028 & FY 2029

Executive Overview

Purpose of Report

The purpose of this report is to review the fiscal year 2027 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 2027 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 2027 unrestricted operating budget herein and recommends that the Board of Trustees approves the proposed fiscal year 2027 unrestricted operating budget.

Process

Vice presidents approve unit plans and contractual increases which are presented for discussion and prioritization at the University Budget Advisory Council and Cabinet meetings. Additionally, in efforts to balance the operating budget, Cabinet provides additional adjustments and reductions. The President makes final funding decisions in consultation with the Cabinet.

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 Law's budget. The School of Law budget is included in this report as it is incorporated into the University's overall proposed fiscal year 2027 operating plan.

FY 2027 operating budget includes revenues of \$507.3 million and expenses of \$541.6 million

- The tuition (net of exceptions) budget of \$441.8 million increases by \$13.8 million, or 3.2%, from the FY 2026 Board budget (approved in March 2025) and increases \$12.9 million, or 3.0%, from FY 2026 forecasted actuals (as of March 8, 2026).
- The unrestricted financial aid budget of \$163.9.0 million increases \$21.9 million, or 15.4%, from the FY 2026 Board budget and increases \$15.0 million, or 10.1%, from FY 2026 forecasted actuals. The University's unfunded discount rate increases to 37.1% — up from 33.2% in the FY 2026 Board budget and up from 34.7% with respect to FY 2026 forecasted actuals. The University's FY 2027 total (unfunded and funded) discount rate is 37.6%, with a total undergraduate rate of 45.8%, and a total graduate rate of 16.7%.

- The net tuition budget of \$277.8 million decreases by \$8.1 million, or 2.8%, from the FY 2026 Board budget and decreases \$2.0 million, or 0.7%, from FY 2026 forecasted actuals.
- The proposed FY 2027 budget includes base budget division savings of \$25.0 million. The University's structural deficit decreases \$2.2 million, or 5.9%, from the FY 2026 Board budget and increases \$1.3 million, or 3.8%, from FY 2026 forecasted actuals.

Enrollment projections of 8,880 student headcount and 235,050 student credit hours (SCHs)

- A fall headcount increase of 154 students (a 1.8% increase) from the FY 2026 budget and a fall headcount decrease of 50 students (a 0.6% decrease) from FY 2026 actuals (as of Spring Census update).

Tuition, room, and board increases

- Traditional undergraduate tuition increases by 3.25% (with tuition, fees, room, and board, the typical traditional undergraduate student cost of education increase is 3.25%).
- The tuition increases for graduate programs varies by program.
 - Arts and Sciences tuition rates increase by 2.25%, the Master of Public Administration has an increase of 3.82% 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 2.9% for continuing full-time and part-time students. Law LLM (ICL and IPTL) programs see no increase, the LLM in Taxation and Master of Legal Studies in Taxation increase by 1.9%, and the Tax Writing Certificate (non-Anderson) increases by 2.9%.
 - The School of Management sees no tuition increase for its full-time MBA, Master of Science in Entrepreneurship & Innovation (MSEI), Master of Science in Marketing Intelligence (MSMI), the Master of Science in Information Systems (MSIS), the Master of Science in Accounting (MSA), and the Master of Science in Management (MIM). The EMBA program rate decreases by 7.65% and the Part-time MBA (including Enterprise MBA) rate decreases by 5.56%
 - School of Nursing and Health Professions sees no increases in its tuition rates for the Master's Entry MSN, RN-Master of Nursing, the Masters of Public Health and the Doctor of Nurse Practice Program. The Doctor of Psychology increases its tuition rate by 3.0%.
- Residence hall rates increase by 3.25%, and meal plan rates also increase by 3.25%.

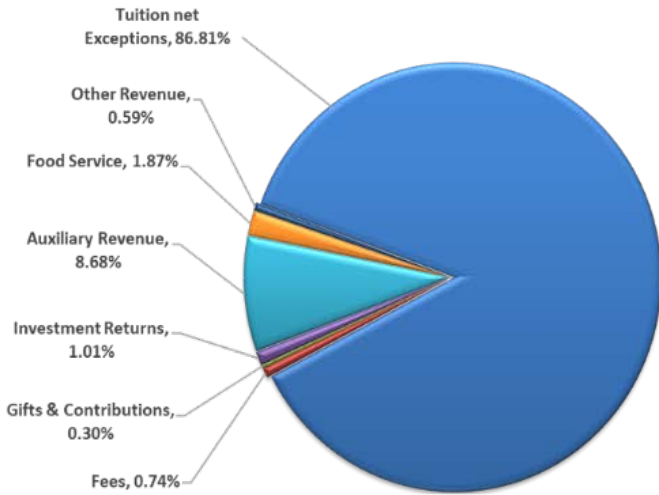
Law School, Student Housing, and Reserves

- Law revenues increase by \$3,432 thousand and its expenses increase by \$2,587 thousand. Law's contribution will increase a total of \$845 thousand providing a total contribution to the University's overhead of \$7.0 million.
- Student housing revenue increases by a net \$911 thousand, with accompanying expense increases of a net \$719 thousand. Dedicated reserves for student housing revenue are budgeted at \$1,160 thousand, or 3.0% of student housing revenue.

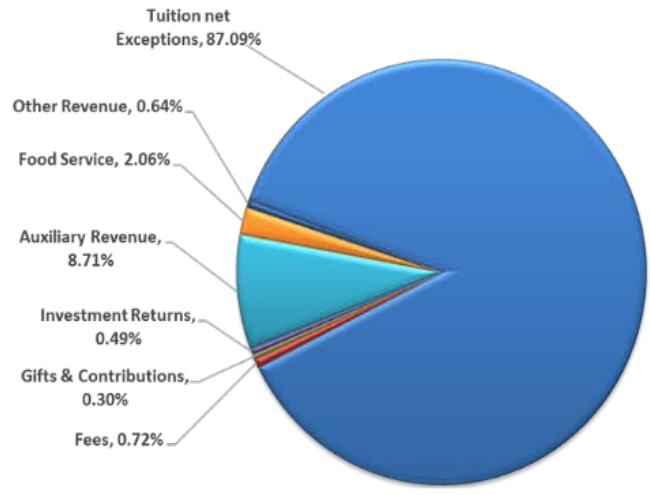
- Total University reserves are budgeted at \$18.4 million or 3.4% of the University expense budget of \$541.6 million.

FY 2027 Proposed Operating Budget by Category

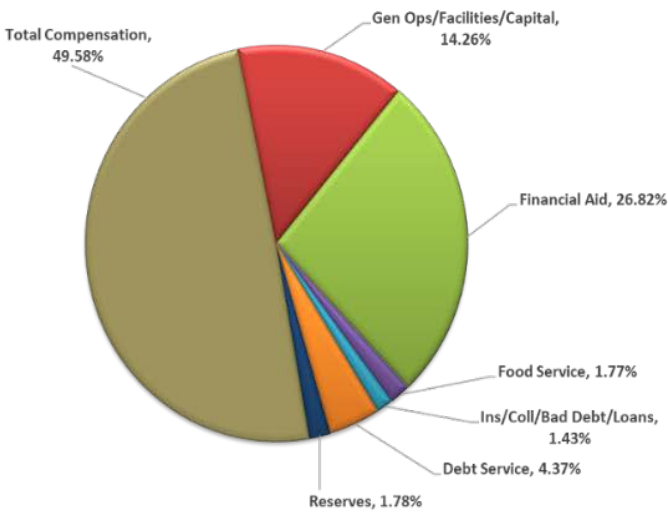
FY 2026 Revenue by Category



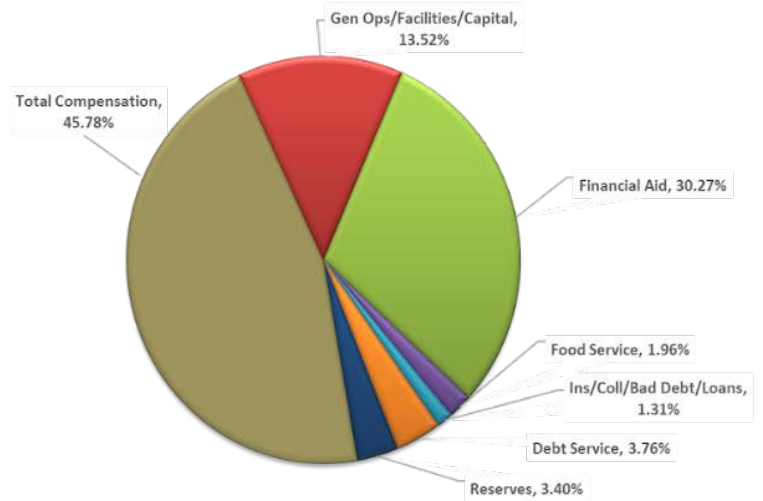
FY 2027 Revenue by Category



FY 2026 Expense by Category



FY 2027 Expense by Category



Across the University

Based upon the University’s plan to welcome 8,880 continuing and new students across all of its campuses, the fiscal year 2027 operating budget includes revenues of \$507.3 million and expenses of \$541.6 million. This proposed budget includes division base budget savings of \$25.0 million.

| FY 2027 Budget Creation (in \$1,000's) | | | | |
|-----------------------------------------------|-----------------------|-----------------------|---------------|-----------------|
| Revenue | FY 2026 Budget | FY 2027 Budget | Change | Change % |
| Tuition net Exceptions | 427,976 | 441,754 | 13,778 | 3.2% |
| Fees | 3,645 | 3,661 | 16 | 0.4% |
| Gifts & Contributions | 1,502 | 1,502 | (0) | 0.0% |
| Investment Returns | 4,994 | 2,470 | (2,524) | -50.5% |
| Auxiliary Revenue | 42,786 | 44,182 | 1,395 | 3.3% |
| Food Service | 9,200 | 10,462 | 1,262 | 13.7% |
| Other Revenue | 2,921 | 3,228 | 307 | 10.5% |
| Total Revenue | 493,025 | 507,259 | 14,234 | 2.9% |
| Expense | | | | |
| Total Compensation | 262,551 | 247,941 | (14,610) | -5.6% |
| Gen Ops/Facilities/Capital | 75,523 | 73,225 | (2,298) | -3.0% |
| Financial Aid | 142,040 | 163,930 | 21,890 | 15.4% |
| Food Service | 9,350 | 10,612 | 1,262 | 13.5% |
| Ins/Coll/Bad Debt/Loans | 7,549 | 7,109 | (440) | -5.8% |
| Debt Service | 23,118 | 20,380 | (2,738) | -11.8% |
| Reserves | 9,414 | 18,411 | 8,997 | 95.6% |
| Total Expense | 529,546 | 541,609 | 12,063 | 2.3% |
| Net Balance | (36,521) | (34,350) | 2,171 | 0 |

Revenue

Due to enrollment net increase and tuition rate increases, tuition revenue (net of tuition exceptions) is budgeted to increase by \$13.8 million. Fee revenue budgets reflect an increase in Law and Koret. The investment returns revenue decrease captures updated interest income expectations. Auxiliary revenue increase includes a room rate increase and an increase in Koret memberships. Food service revenue increase includes a rate increase as well as a volume adjustment. The net increase to other revenues reflects a decrease for Law and an increase in the University’s space rental income.

| FY27 Budget | Revenue | Expense |
|--------------------|-------------------|-------------------|
| Arts & Sciences | \$ 262,076 | \$ 204,065 |
| Management | \$ 53,449 | \$ 40,032 |
| Education | \$ 29,742 | \$ 17,417 |
| Law | \$ 31,717 | \$ 24,758 |
| Nursing | \$ 65,998 | \$ 42,783 |
| | \$ 442,981 | \$ 329,055 |

*All figures in \$1,000's

FY 2027 Budgeted Revenue and Expense by School or College

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

Changes in Expense Budgets

Compensation

Employee compensation constitutes 45.8% of budgeted expenses in FY 2027. 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. The net decrease of \$14.6 million includes division savings of \$15.2 million, Law increases of \$622 thousand, a net decrease of \$285 thousand for transfers, and increases for planning priorities of \$240 thousand.

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 \$2.3 million includes division savings of \$8.2 million, increases for planning priorities of \$5.1 million, a net decrease of \$495 thousand for transfers and the return of one-time funding priorities, housing increases of \$431 thousand, Law increases of \$624 thousand, and an increase of \$229K for online partner payments.

Financial Aid

Institutional financial aid is a combination of merit awards and need-based aid. Unfunded financial aid budgets will increase, in aggregate, by 15.4% Including Law, this increase will account for the University's recent and planned enrollment composition, discounting practices, and restricted funding. The \$21.9 million increase in financial aid includes an increase of \$20.3 million in budgets supporting current undergraduate and graduate (non-Law) financial aid practices. Law increases its operating financial aid funding by \$1.3 million and housing financial aid increases by \$250 thousand.

Food Service, Insurance, Bad Debt, and Debt Service

Food Service increases by \$1.3 million with a rate and volume adjustment matching its meal plan revenue increase. Insurance and Bad Debt category decreases by \$440 thousand in division savings. Debt Service decreases by \$2.7 million to capture its repayment schedule update.

Reserves

Reserves are designated for unexpected variations in revenues or expenses. Operating reserves increase \$9.0 million and includes budget pools for potential faculty, librarian, and staff compensation increases currently being negotiated. Its percentage of operating expense budget increases to 3.4% in FY 2027 from 1.8% in FY 2026.

Fiscal Year 2027 Division Base Budget Savings

In furthering the alignment of the University's expense and revenue budgets, leadership identified division base budget savings of \$25 million in the FY 2027 budget. The total division additional revenues and expense savings by type are as follows:

| Division | Revenues | Compensation | Expenditures | Total | % Total |
|---------------------------------|------------------|---------------------|---------------------|-------------------|----------------|
| Academic Affairs | - | 9,677,737 | 2,142,263 | 11,820,000 | 47.3% |
| Business & Finance | 677,366 | 1,241,709 | 1,649,174 | 3,568,249 | 14.3% |
| ITS | - | 450,000 | 1,700,000 | 2,150,000 | 8.6% |
| Athletics | - | - | 1,713,000 | 1,713,000 | 6.9% |
| Student Life | - | 1,047,312 | 208,536 | 1,255,848 | 5.0% |
| Development | - | 619,370 | 569,630 | 1,189,000 | 4.8% |
| Operations | 453,000 | 248,000 | 143,000 | 844,000 | 3.4% |
| Marketing Communications | - | 446,696 | 391,304 | 838,000 | 3.4% |
| General Counsel | - | 539,000 | - | 539,000 | 2.2% |
| Strategic Enrollment Management | - | 522,000 | - | 522,000 | 2.1% |
| President | - | 351,000 | - | 351,000 | 1.4% |
| University | - | 44,903 | 165,000 | 209,903 | 0.8% |
| Total | 1,130,366 | 15,187,727 | 8,681,907 | 25,000,000 | 100.0% |
| % Total | 4.5% | 60.8% | 34.7% | 100.0% | |

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

Three-Year Projection

The following 3-year projection tables bring together the operating budget and non-operating activity to provide a complete picture of the University's revenues and expenses. Fiscal year 2027 operating budgets are detailed in the previous pages; fiscal years 2028 and 2029 operating budgets are projected and will be updated in future budget creation cycles. Non-operating activity includes financial activities that are not managed through the operating budget framework, but contribute to the University's overall financial results. Non-operating activities include revenues and expenses associated with restricted gifts, endowment funds, grants, capital project funds, 101 Howard, Star Route Farms, and other restricted activities. As we work to close the operating budget deficit, we anticipate increasing our current line of credit from \$25 million to \$50 million. This financing will provide a bridge for structural changes and continued cost-savings initiatives throughout fiscal 2027 and 2028.

| Category | Board Budget | | | | Projections | | | | | |
|---------------------|--------------|--------------|--------------|----------|--------------|------------|----------|-------------|------------|----------|
| | FY 2026 | FY 2027 | \$ Change | % Change | FY 2028 | \$ Change | % Change | FY 2029 | \$ Change | % Change |
| REVENUE | 493,024,690 | 507,258,769 | 14,234,079 | 2.9% | 541,744,607 | 34,485,838 | 6.8% | 584,304,726 | 42,560,119 | 7.9% |
| SALARIES & BENEFITS | 262,550,973 | 247,941,157 | (14,609,816) | -5.6% | 248,312,302 | 371,146 | 0.1% | 258,285,592 | 9,973,290 | 4.0% |
| EXPENDITURES | 266,993,883 | 293,667,598 | 26,673,715 | 10.0% | 305,055,916 | 11,388,319 | 3.9% | 327,240,532 | 22,184,615 | 7.3% |
| TRANSFERS | - | - | - | - | - | - | - | - | - | - |
| Grand Total | (36,520,166) | (34,349,986) | 2,170,180 | | (11,623,612) | 22,726,374 | | (1,221,398) | 10,402,214 | |

| Category | Non-Operating | | | | Projections | | | | | |
|---------------------|---------------|-------------|--------------|----------|-------------|-------------|----------|-------------|-----------|----------|
| | FY 2026 | FY 2027 | \$ Change | % Change | FY 2028 | \$ Change | % Change | FY 2029 | \$ Change | % Change |
| REVENUE | 128,636,422 | 104,951,470 | (23,684,952) | -18.4% | 110,555,970 | 5,604,500 | 5.3% | 115,271,313 | 4,715,343 | 4.3% |
| SALARIES & BENEFITS | 28,603,332 | 28,235,883 | (367,449) | -1.3% | 23,228,692 | (5,007,191) | -17.7% | 24,296,816 | 1,068,124 | 4.6% |
| EXPENDITURES | 59,185,096 | 59,220,374 | 35,277 | 0.1% | 57,806,076 | (1,414,298) | -2.4% | 59,760,904 | 1,954,828 | 3.4% |
| TRANSFERS | - | - | - | - | - | - | - | - | - | - |
| Grand Total | 40,847,994 | 17,495,213 | (23,352,781) | | 29,521,202 | 12,025,989 | | 31,213,593 | 1,692,390 | |

| Category | Total | | | | Projections | | | | | |
|---------------------|-------------|--------------|--------------|----------|-------------|-------------|----------|-------------|------------|----------|
| | FY 2026 | FY 2027 | \$ Change | % Change | FY 2028 | \$ Change | % Change | FY 2029 | \$ Change | % Change |
| REVENUE | 621,661,112 | 612,210,239 | (9,450,874) | -1.5% | 652,300,576 | 40,090,338 | 6.5% | 699,576,038 | 47,275,462 | 7.2% |
| SALARIES & BENEFITS | 291,154,305 | 276,177,040 | (14,977,265) | -5.1% | 271,540,994 | (4,636,046) | -1.7% | 282,582,408 | 11,041,414 | 4.1% |
| EXPENDITURES | 326,178,979 | 352,887,971 | 26,708,992 | 8.2% | 362,861,992 | 9,974,021 | 2.8% | 387,001,436 | 24,139,444 | 6.7% |
| TRANSFERS | - | - | - | - | - | - | - | - | - | - |
| Grand Total | 4,327,828 | (16,854,773) | (21,182,601) | | 17,897,590 | 34,752,363 | | 29,992,194 | 12,094,604 | |

Notes to Operating Budgets FY 2027 to FY 2029 Projections

FY 2026 Board Operating Budgets – are from the University's Finance system and were approved by the Board in March 2025; Expenditures include unfunded, i.e., University-funded, scholarships.

Key Projections Inputs

FY 2027 to FY 2029 Net Tuition Model – applies University's enrollment projections (which include new, transfer and returning students) as of March 2026, as well as the various tuition rates proposed in the Tuition and Fee Recommendations approved by the Board at its September meeting. The net tuition projections also include financial aid scenarios calculated by applying multiple proposed or modeled undergraduate and graduate discount rates. Restricted, i.e., funded, scholarship projections are considered in arriving at unrestricted, i.e., University-funded, scholarship estimates.

| Net Tuition Model Key Inputs as of 3/13/2026 | | FY26 | FY27 | FY28 | FY29 |
|-----------------------------------------------------|------------------------|---------------|---------------|------------------|------------------|
| New Hilltop UG Fall Targets | | Budget | Budget | Projected | Projected |
| | First Time, First-Year | 1,145 | 1,372 | 1,385 | 1,410 |
| | Transfer | 299 | 277 | 307 | 341 |
| | Total | 1,444 | 1,649 | 1,692 | 1,751 |
| New Hilltop UG Fall Discount Rates | | | | | |
| | First Time, First-Year | 57.1% | 57.9% | 55.2% | 54.3% |
| | Transfer | 39.6% | 49.8% | 49.8% | 49.8% |
| | Total | 53.5% | 56.5% | 54.2% | 53.4% |
| Hilltop UG Second Year Return Rate | | | | | |
| | First Time, First-Year | 82.0% | 80.0% | 80.0% | 79.0% |
| New Graduate Summer/Fall Targets | | | | | |
| | All Colleges | 1,528 | 1,577 | 1,747 | 1,842 |
| Overall USF Enrollment | | | | | |
| | Undergraduate | 5,116 | 5,103 | 5,313 | 5,662 |
| | Graduate | 3,545 | 3,692 | 3,967 | 4,208 |
| | Non-Degree-Seeking | 65 | 85 | 85 | 85 |
| | Total | 8,726 | 8,880 | 9,365 | 9,955 |

FY 2027 Housing Net Revenue Model and Additional FY 2028 to FY 2029 Estimates –

The detailed FY 2027 Housing Net Revenue Model budgets associated revenue applying all the various room rates proposed in the Tuition and Fee Recommendations approved by the Board at its September meeting along with unique bed counts for both fall and spring semesters. Housing fee budgets are line budgeted by management. Formula and management planned expenses are included for Resident Minister and Resident Advisor meal allowances and room scholarships, as well as, maintenance contracts, facilities parts and supplies, repair services, facilities work orders, additional janitorial service requests, and reserves. FY 2028 to FY 2029 estimates grow housing revenue by the primary room rate percent increase Board approved for FY 2027 and expenses by the percent experienced within the FY 2027 model.

FY 2027 Investment Returns – are provided by the Office of Finance and Treasury. FY 2028 and FY 2029 expected returns are held constant.

FY 2027 and FY 2028 Division Base Budget Savings – FY 2027 savings were provided by the vice presidents and total \$25 million. An additional \$25-30 million in savings is projected across the same categories for FY 2028 (\$25 million included here), but utilizing a different methodology.

FY 2027 Compensation and Expenditures – were adjusted for Law’s inputs as well as approved Budget Assist initiatives – the University’s online operating budget request platform – for contractual as well as strategic, discretionary planning priorities. Potential compensation increase pools for FY 2027 are currently being held in Reserves and are included in Expenditures.

FY 2028 to FY 2029 Estimates for Food Service, Compensation, General Operating, Facilities Expenses, and Reserves – Food Service includes the September Board-approved room rate increase which is maintained moving forward; Reserves are targeted at 1.8% of

operating Revenue beginning in FY 2028; two inflation estimates from Wells Fargo are provided for most all other categories - Compensation makes use of the Employment Cost Index while non-compensation categories within Expenditures increase by the Consumer Price Index. To align cost recovery with actual benefit expenses, fringe benefit rates increase beginning in FY 2028. FY 2028 to FY 2029 estimates for ITS hardware/software/services maintenance existing contractual increases are increased at the same rate as that which was included in ITS' associated FY 2027 Budget Assist request.

Notes to Non-Operating Budgets FY 2027 to FY 2029 Projections

Key Projection Inputs

FY 2027 to FY 2029 Scholarships – Non-operating scholarship expense for fiscal years 2027 through 2029 was projected based on expected growth in endowment returns. Endowment scholarships represent roughly 65% of total non-operating scholarships. The estimate assumes annual increases of 8%, proportionate to projected endowment growth. This does not factor increased utilization of endowment and restricted fund balances or financial aid strategy.

FY 2027 to FY 2029 Investments – Investment returns were projected using endowment pool estimates provided by the Treasury office. Total annual return targets are estimated at CPI (3%) plus 5%. Estimates also assume new donations into the endowment are offset by annual endowment distributions and expenses. Investment returns represent a significant portion of non-operating revenues. Market volatility creates uncertainty and potential variability in projected amounts.

FY 2027 to FY 2029 GenOps/Facilities/Capital – Historically, non-operating general operations, facilities, and capital expenses have accounted for approximately 16% of the total expense (remaining 84% from operating resources) for this category. The projections for fiscal years 2027 through 2029 apply this historical ratio to operating budget projections to estimate the non-operating share. These estimates do not incorporate the potential for increased reliance on restricted funds to supplement operating budgets.

FY 2027 to FY 2029 Depreciation – Depreciation represents a significant portion of non-operating expenses at 44%, 50%, and 49% of total projected non-operating expenses for fiscal year 2027, 2028, and 2029 respectively. Depreciation is projected to remain relatively flat over the forecast period in the absence of significant planned capital projects.

FY 2027 to FY 2029 Non-Operating Benefits Fund – The University's total benefit costs have continued to increase, resulting in accumulated shortfalls in the University's overall financial results. Current fringe benefit rates alone are no longer sufficient to fully cover the University's benefit expenses. Fiscal year 2027 is projected to reflect approximately \$6.2 million in non-operating benefits expense.

This projection incorporates compensation forecasts from both operating and non-operating resources, along with projected total University benefit costs adjusted

proportionally to compensation forecasts. In addition to exploring opportunities to manage and reduce University benefits costs, adjustments to fringe benefit rates may be necessary to align cost recovery with actual benefit expenses. The projection assumes no change to the fringe benefit rate in fiscal year 2027, but reflects proposed increases to the rate (from 37.5% to 41.5% for full-time faculty, librarians, and staff) beginning in fiscal year 2028 and fiscal year 2029. The projection further assumes that there will be no changes to employee benefits during the forecast period.

Financial Statements

The following projection presents an estimated Statement of Activities (SoA) for fiscal year 2027. It is prepared in accordance with generally accepted accounting principles in the United States (U.S. GAAP). It is intended to provide a projection of the University's anticipated financial performance and the expected change in net assets for the fiscal year.

A primary component of this projection is the University's Operating Forecast, prepared by the Office of Planning and Budget, which reflects the revenues and expenses associated with the institution's core educational and administrative functions (unrestricted operating resources).

The Statement of Activities extends beyond the Operating Forecast to include financial activities that are not managed through the operating budget framework, but contribute to the University's overall financial results. These non-operating activities capture revenue and expense transactions associated with restricted gifts, endowment funds, grants, capital project funds, 101 Howard, Star Route Farms, and other restricted transactions. This projection integrates both components to present a comprehensive estimate of fiscal year financial results to provide clarity on how operating performance and non-operating activity collectively influence the University's overall fiscal position.

Current Use Restricted Gift Funds – Gifts provided by donors for a specific purpose that are intended to be spent in the near term rather than invested in perpetuity. These funds are donor-restricted and are recognized as revenue when donor-imposed restrictions are satisfied.

Temporarily Restricted Funds – Temporarily restricted funds are subject to donor-imposed restrictions that limit their use to a specific purpose or time period. In accordance with U.S. GAAP, revenue is recorded when received, but the associated net assets remain restricted until the specified purpose is fulfilled or the time restriction has elapsed.

Endowment (Principal and Appropriation) Funds – Endowment funds consist of donor-restricted gifts and funds designated as endowment funds by the Board. When the Board designates funds as endowments without donor restrictions, they are classified as Board-designated endowments and are included within net assets without donor restrictions in the Statement of Activities. Endowments are invested in perpetuity (principal), and annually appropriated for expenditure by the University in accordance with the University's spending policy and consistent with the standard of prudence prescribed by the Uniform Prudent Management of Institutional Funds Act (UPMIFA). True endowment (donor-restricted) appropriations can be spent only in accordance with donor restrictions.

Grants and Contracts – Funds received from governmental agencies and private foundations to support specific programs, research activities, or institutional initiatives. These resources are typically subject to detailed compliance requirements and are recognized as revenue as allowable expenditures are incurred. Individual principal

investigators control these funds, while the Office of Sponsored Programs and Corporate Foundation Relations Office manages the funds.

Capital Project Funds – Funds designated for the construction, or major renovation of institutional facilities and infrastructure. These resources may originate from restricted gifts, operating budgets, bond proceeds, operating surplus' (if available), and are expended in accordance with the approved scope of the capital project.

Fiscal Year 2027 Statement of Activities Forecast
(In thousands of dollars)

| | Fiscal Year 2027 Forecast | | | Non-Operating Forecast Notes |
|------------------------------------------------------------------------|-------------------------------|-------------------------------------|-----------------|---------------------------------|
| | Operating Budget ¹ | Non-Operating Forecast ² | Total | |
| REVENUES AND OTHER SUPPORT: | | | | |
| Tuition & Fees total ³ | 445,415 | 619 | 446,034 | management fiscal year forecast |
| Less financial aid to students ⁴ | (163,930) | (22,815) | (186,745) | management fiscal year forecast |
| Net student tuition and fees | 281,485 | (22,196) | 259,289 | |
| Auxiliary revenue - residence and dining fees and other ⁵ | 54,643 | 1,256 | 55,899 | based on historical average |
| Grants and contracts | - | 10,978 | 10,978 | based on historical average |
| Investments Income | 2,470 | 4,081 | 6,551 | based on historical average |
| Contributions | 1,502 | 27,192 | 28,694 | based on historical average |
| Contributions in-kind | - | 497 | 497 | management fiscal year forecast |
| Net Realized and Unrealized gains/(losses) on investments ⁶ | - | 53,585 | 53,585 | management fiscal year forecast |
| Change in value of split interest agreements | - | 1,049 | 1,049 | based on historical average |
| Change in value of interest rate swap agreements | - | 100 | 100 | based on historical average |
| Other Revenue | 3,228 | 5,595 | 8,823 | management fiscal year forecast |
| Total revenues and other support | 343,329 | 82,136 | 425,465 | |
| EXPENSES: | | | | |
| Compensation (Salary & Benefits) ⁷ | 247,941 | 21,972 | 269,913 | management fiscal year forecast |
| Gen Ops/Facilities/Capital | 73,225 | 13,994 | 87,220 | management fiscal year forecast |
| Food Service ⁸ | 10,612 | - | 10,612 | management fiscal year forecast |
| Ins/Coll/Bad Debt | 7,109 | 1,220 | 8,330 | management fiscal year forecast |
| Debt Service | 20,380 | (7,096) | 13,284 | management fiscal year forecast |
| Depreciation | - | 28,287 | 28,287 | based on historical average |
| Non-Operating Benefits Fund | - | 6,264 | 6,264 | management fiscal year forecast |
| Total expenses | 359,268 | 64,641 | 423,909 | |
| Reserves | 18,411 | - | 18,411 | |
| INCREASE (DECREASE) IN NET ASSETS | (34,350) | 17,495 | (16,855) | |

¹This column includes the proposed fiscal year 2027 operating budget prepared by the Office of Planning and Budget.

²This column includes a forecast of all non-operating revenues and expenses. Non-operating funds include current use restricted gift funds, temporarily restricted funds, endowment funds, grants and contracts, capital project funds, and activity from 101 Howard and Star Route Farms.

³Non-operating tuition & fees includes tuition from certificate programs, club sports fees, and other Koret Health program fees.

⁴Non-operating scholarships include scholarships from restricted gift sources, such as current use restricted gift funds, endowments funds, and grants.

⁵"Auxiliary revenue - residence and dining fees" and "Auxiliary revenue - other" were grouped together to be consistent with the projections made within the fiscal year 2027 operating budget. They are normally represented on separate lines in the Statement of Activities.

⁶The fiscal year 2027 net realized and unrealized gains on investments were projected using endowment pool target estimates provided by the Treasury office.

⁷Non-operating compensation is projected using the Employment Cost Index from the Wells Fargo Economic

⁸Non-operating food service expenses are projected at zero. All food service expenses flow through the operating budget.

Auxiliary-Other and Other Revenue – These revenue lines include revenues from 101 Howard, Star Route Farms, the Executive Education Certificate Program, and restricted Athletics revenues.

Contributions In-kind – Under U.S. GAAP, the University recognizes contributed goods and services (noncash) that support its operations, programs, or activities. The University

projects the estimated fair value of donated software subscriptions to remain the same as prior years, and recognizes the value of recently contributed software.

Split Interest Agreements – The University has an irrevocable remainder beneficiary interest in charitable remainder trusts and charitable gift annuities. This represents the change in market value on these assets, where donors and the University share the benefits of a contributed asset over time.

Interest Rate Swap Agreements – The University utilizes interest rate swap agreements to mitigate the risk associated with changes in interest rates associated with University debt. Interest rate swap agreements allow the University to pay a fixed rate to the swap counterparty in exchange for a variable rate. Fluctuations in market interest rates will affect the value of the agreements.

Debt Service – The operating forecast debt service line includes projected debt principal and interest payments. Interest payments are recognized as an expense in the Statement of Activities; however, the repayment of principal is recognized as reductions in Notes and Bonds Payable in the Statement of Financial Position. The credit in the non-operating forecast represents the adjustments for the expected principal payments based on debt repayment schedules.