

Operating Budget for Fiscal Year 2020

For Consideration by the Board of Trustees
March 29, 2019

Executive Overview

Purpose of Report

The purpose of this report is to review the FY 2020 operating budget of the University of San Francisco and to recommend its approval by the Board of Trustees. The Center for Institutional Planning and Effectiveness (CIPE) prepared this report and the budget therein in consultation with the executive officers of the University and its Leadership Team.

The report outlines budgeted revenue and expense categories and details the spending plan for FY 2020 using updated enrollment targets and projections (as of February 28, 2019) and revenue forecasts, along with the Board's approved tuition and fee rates.

Recommendation

The proposed FY20 unrestricted operating budget was approved by the President on February 27, 2019. The President recommends that the Board of Trustees approves the proposed FY 2020 unrestricted operating budget.

Process

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

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

FY 2020 Operating Budget Highlights

Tuition, room, and board increases

- Traditional undergraduate tuition increases by 4.6% (with tuition, fees, room and board, the typical traditional undergraduate student cost of education increase is 4.4%).
- The tuition increase for graduate programs varies by program. Generally, Arts & Sciences, Nursing & Health Professions, and Management graduate tuition increases by 3.4%. The Master of Global Entrepreneurial Management, Master of Nonprofit Administration, and Master of Science in Organization Development programs all will see no increase.
- Tuition for programs formerly associated with the College of Professional Studies, as well as programs at the School of Law and the School of Education, increases by 1.9%.
- Residence hall rates, and meal plan rates, increase by 4.6% and 2.5%, respectively.

Enrollment projections of 10,718 student headcount and 293,818 student credit hours (SCHs)

- An increase of 103 SCHs (a 0.04% increase) from the FY 2019 budget and a decrease of 1,050 SCHs (-0.4%) from FY 2019 actuals (as of February 28, 2019).
- The enrollment projections include the following two new master's programs beginning in FY 2020: Applied Economics (Arts & Sciences) and Public Health in Orange County (Nursing). The M.S. in Applied Economics will replace the M.A. in Economics.

FY 2020 total operating budget is \$488.4 million

- The tuition (net of exceptions) budget of \$437.4 million increases by \$17.7 million, or 4.2%, from the FY 2019 Board budget and \$15.4 million, or 3.6%, from FY 2019 forecasted actuals (as of February 28, 2019).
- The financial aid budget of \$127.2 million increases \$21.6 million, or 20.4%, from the FY 2019 Board budget and increases \$11.0 million, or 9.5%, from FY 2019 forecasted actuals. The University's overall discount rate increases to 29.1% — up from 25.2% in the FY 2019 Board budget and up from 27.5% with respect to FY 2019 forecasted actuals.
- The net tuition budget of \$310.2 million decreases by \$3.8 million, or -1.2%, from the FY 2019 Board budget and increases \$4.4 million, or 1.4%, from FY 2019 forecasted actuals.
- The proposed FY20 budget includes anticipated unit savings of approximately \$11.5 million. These cuts are being identified by management and will be implemented by the start of FY 2020.

FY 2020 University Non-Law planning priorities include:

<u>Division</u>	<u>Revenue</u>	<u>Compensation</u>	<u>FT FTE</u>	<u>Expenditures</u>	<u>Total</u>	<u>Description</u>
Business & Finance Division						
	\$ -	\$ -	-	\$ 85,000	\$ 85,000	University Insurance Increase
	\$ -	\$ -	-	\$ 10,744	\$ 10,744	Cogen Maintenance
	\$ -	\$ -	-	\$ 85,558	\$ 85,558	Electric Utility
	\$ -	\$ -	-	\$ 18,735	\$ 18,735	Facilities Annual Contracts
	\$ -	\$ -	-	\$ 7,855	\$ 7,855	Facilities Supplies - Soap, Paper & Liners
	\$ -	\$ -	-	\$ 65,743	\$ 65,743	Gas Utility
	\$ -	\$ -	-	\$ 178,642	\$ 178,642	Janitorial Contract
	\$ -	\$ -	-	\$ 79,027	\$ 79,027	Water Utility
Subtotal	\$ -	\$ -	-	\$ 531,304	\$ 531,304	
Development Division						
	\$ -	\$ -	-	\$ 500,000	\$ 500,000	Campaign: Public Phase Launch Events and Counsel (One-time Support)
	\$ -	\$ -	-	\$ 200,000	\$ 200,000	Campaign: Public Phase Launch and Ongoing Fundraising Support (Base funding)
	\$ -	\$ -	-	\$ 90,000	\$ 90,000	Non-Discretionary/Contractual Increases
	\$ -	\$ -	-	\$ 32,250	\$ 32,250	GiveCampus Fundraising and Engagement Platform
Subtotal	\$ -	\$ -	-	\$ 822,250	\$ 822,250	
ITS Division						
	\$ -	\$ -	-	\$ 61,650	\$ 61,650	Digital Accessibility Compliance Funding (co-submitted by ITS and OMC)
	\$ -	\$ -	-	\$ 584,879	\$ 584,879	Contractual Hardware/Software/Services Maintenance Increase (Existing Contractual Increase)
	\$ -	\$ -	-	\$ 808,526	\$ 808,526	Hardware/Software/Services Maintenance Increase (Non-Discretionary)
	\$ -	\$ 92,125	1.0	\$ -	\$ 92,125	IT Specialist Moved from School of Law to Hilltop
Subtotal	\$ -	\$ 92,125	1.0	\$ 1,455,055	\$ 1,547,180	
Marketing Communications Division						
	\$ -	\$ 150,165	0.8	\$ 10,000	\$ 160,165	Centralize Management of Editorial/Marketing Content Strategy
	\$ -	\$ -	-	\$ 65,000	\$ 65,000	Non-Discretionary/Contractual Increases
Subtotal	\$ -	\$ 150,165	0.8	\$ 75,000	\$ 225,165	

FY 2020 University Non-Law planning priorities (continued):

<u>Division</u>	<u>Revenue</u>	<u>Compensation</u>	<u>FT FTE</u>	<u>Expenditures</u>	<u>Total</u>	<u>Description</u>
Provost Division	\$ 280,000	\$ -	-	\$ 25,000	\$ (255,000)	Commencement Fee
	\$ -	\$ -	-	\$ 155,202	\$ 155,202	Library Periodicals and Databases - Contractual Increases
	\$ -	\$ -	-	\$ 21,000	\$ 21,000	OCLC/Innovative and Other Library Systems - Contractual Increases
	\$ -	\$ 4,635,532	-	\$ -	\$ 4,635,532	Full- and Part-Time Faculty Compensation Increases
	\$ -	\$ 12,300	-	\$ -	\$ 12,300	Sabbatical Support and Merit Recognition Fund Increase
	\$ -	\$ -	-	\$ 49,500	\$ 49,500	USFFA Faculty Development Fund Increase
Subtotal	\$ 280,000	\$ 4,647,832	-	\$ 250,702	\$ 4,618,534	
Student Life Divis	\$ -	\$ 96,250	0.9	\$ -	\$ 96,250	Counseling and Psychological Services Triage Clinician
	\$ -	\$ 13,613	0.1	\$ -	\$ 13,613	Increase in FTE for Existing CAPS Clinician
	\$ -	\$ 11,200	-	\$ 80,000	\$ 91,200	New Student Programs (i.e., Orientation Programs)
	\$ -	\$ -	-	\$ 33,991	\$ 33,991	Additional Disability Shuttle
	\$ -	\$ 112,281	1.0	\$ -	\$ 112,281	Additional Patrol Officer
	\$ -	\$ -	-	\$ 3,475	\$ 3,475	Campus Shuttle Driver Services (WeDriveU)
	\$ 15,000	\$ -	-	\$ 15,000	\$ -	Career Services Revenue/General Operating Adjustment
Subtotal	\$ 15,000	\$ 233,344	2.0	\$ 132,466	\$ 350,810	
University	\$ -	\$ -	-	\$ 2,400,000	\$ 2,400,000	Operating Reserves Increase
	\$ -	\$ 3,750,183	-	\$ -	\$ 3,750,183	Staff Compensation Increases
Subtotal	\$ -	\$ 3,750,183	-	\$ 2,400,000	\$ 6,150,183	
Grand Total	\$ 295,000	\$ 8,873,649	3.8	\$ 5,666,777	\$ 14,245,426	

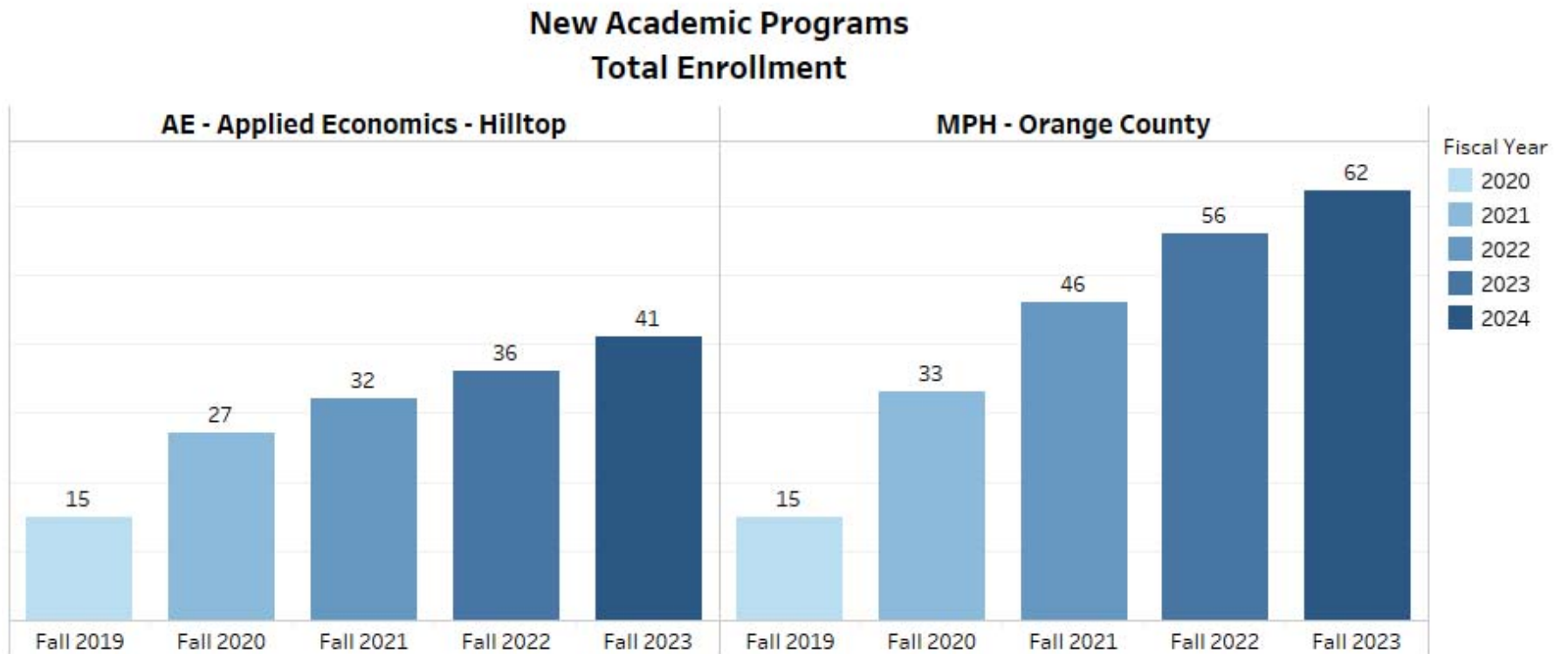
New and Continuing Academic Programs:

New and Continuing Academic Programs	Salary & Benefit	Faculty FTE	Staff FTE	Expenditure	Total
CS Bridge	761	-	-	12,500	13,261
MAUPA (MAUA+MOPA)	(5,907)	-	-	20,000	14,093
DS - Data Science	(46,417)	-	-	(1,000)	(47,417)
MA Public Leadership	93,840	-	0.50	-	93,840
MSCS - Computer Science	(21,880)	-	-	(1,250)	(23,130)
MS Energy Systems Management	7,627	-	-	5,000	12,627
MA Migration Studies	109,394	1.00	-	-	109,394
MS Entrepreneurship and Innovation	17,963	-	-	(10,500)	7,463
BSN Sacramento	158,786	-	-	-	158,786
Master of Public Health Online	4,041	-	-	-	4,041
Master of Public Health - Sacramento Campus	2,098	-	-	10,000	12,098
MSN Orange County	2,631	-	-	-	2,631
Online Doctor of Nursing Practice	126,694	1.00	-	-	126,694
MS Applied Economics	39,984	-	-	93,000	132,984
Master of Public Health - Orange County	19,523	-	-	13,000	32,523
Grand Total	\$ 509,141	2.0	0.5	\$ 140,750	\$ 649,891

- The continuing and new academic programs are projected to contribute \$20,930,776 in net tuition (tuition net scholarships and also net any Pearson Embanet revenue share).
- Law revenues decrease by \$155,136. Its net expenses increase \$4,900,924 with an additional \$4,993,976 for scholarships.
- Student housing revenue increases by \$1,176,360, with accompanying expense increases of \$131,331. Dedicated reserves for student housing revenue are budgeted at \$781,459 (3.0% of student housing revenue), an increase of \$35,291 over its adopted budget of \$746,168 in FY 2019.
- For FY20, the incremental expense budgets enumerated in the table above will be funded by reallocation of budgetary resources within the Division of Academic Affairs rather than through the creation of new expense budgets.
- Reallocation will be achieved by cleaning up budgets associated with programs or cohorts that have been suspended or that have seen significant declines in enrollment.

New Academic Program Development

The following table presents enrollment head count projections for the University's new academic programs starting in fiscal year 2020.



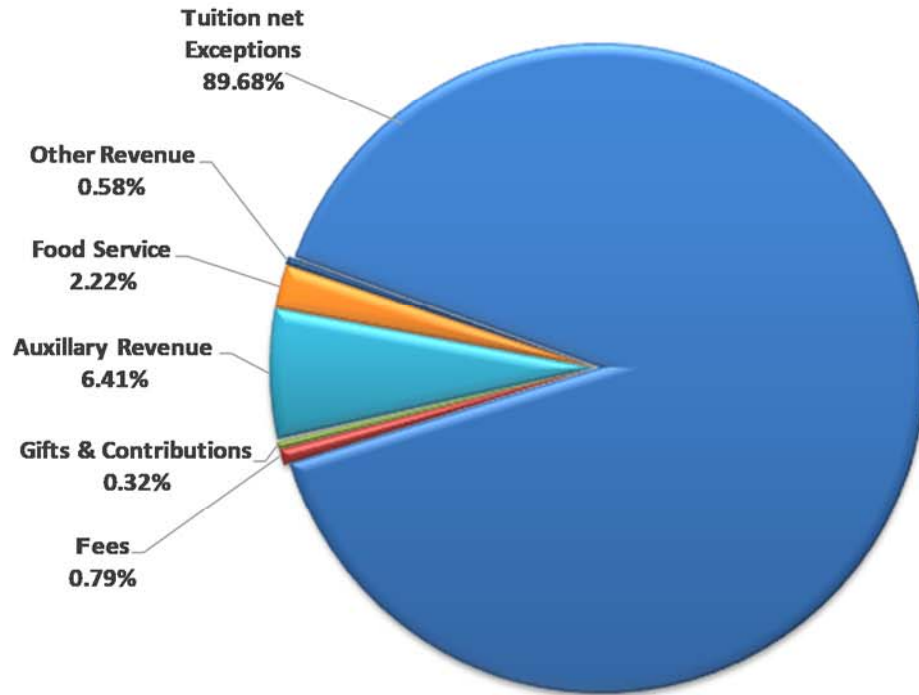
FY20 Unrestricted Operating Budget Creation Process Goal

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.

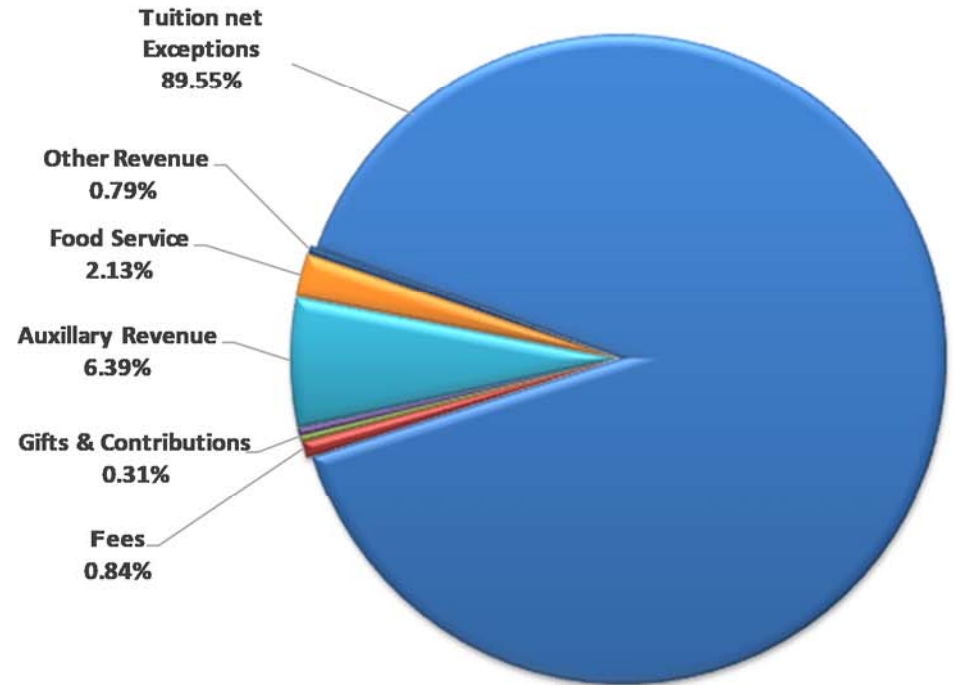
FY20 Unrestricted Operating Budget Creation Process Highlights

- Non-tuition revenue items were identified by the responsible managers and reviewed by the vice presidents, Leadership Team, Cabinet, 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, with ultimate funding approval made by the President and the Provost.
- New capital requests were reviewed by the Cabinet and the President and the Provost.
- Employee compensation increases were based on contractual (or forecasted contractual) obligations with bargaining units, as well as the President's directives concerning the size of the merit compensation increase pool for exempt staff and executives.
- Tuition revenue budgets were based on enrollment targets and projections (supplied by the Division of Academic Affairs), as well as Board-approved tuition rates.
- Institutional financial aid expenses were based on historical, forecasted, and targeted discount rates.

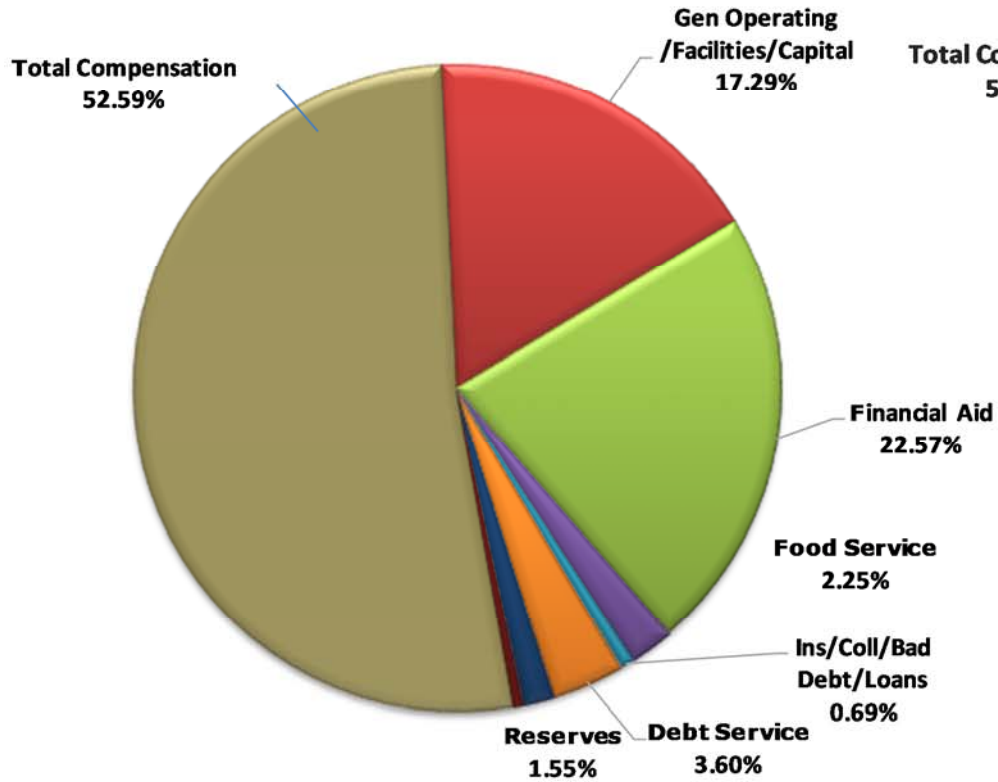
FY 2019 Revenue by Category



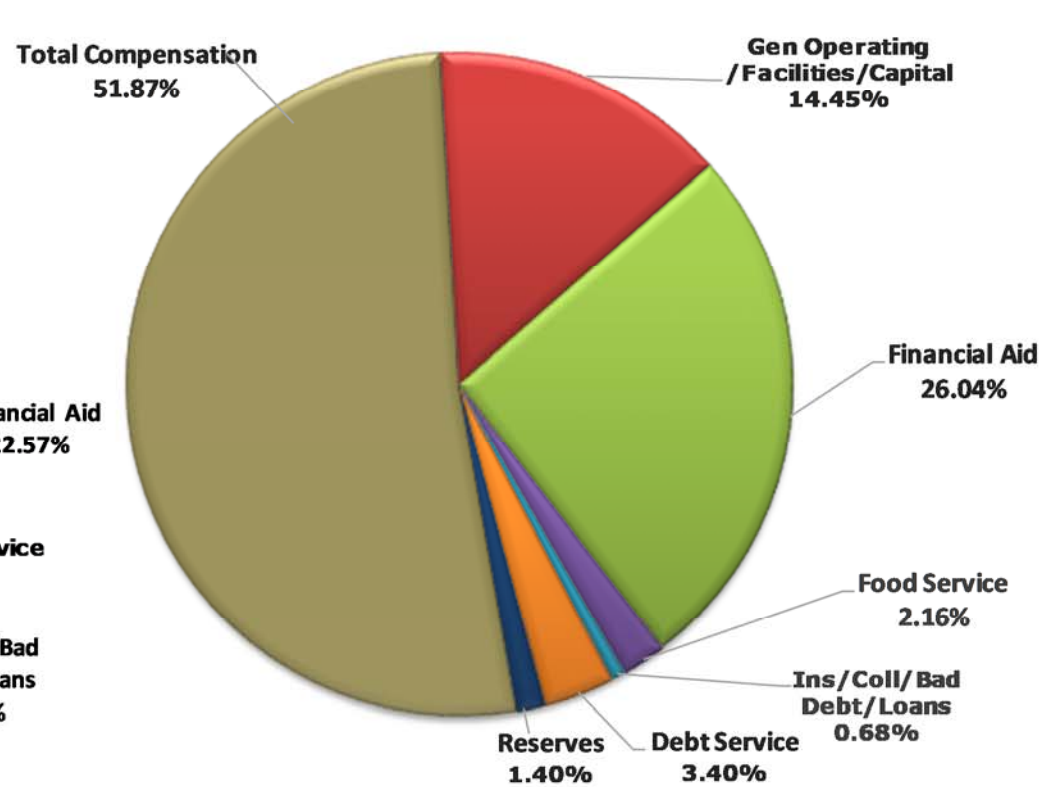
FY 2020 Revenue by Category



FY 2019 Expense by Category



FY 2020 Expense by Category



FY 2020 Proposed Operating Budget by Category

Across the University

The \$488.4 million operating budget for FY 2020 is based on our plan to welcome 10,718 returning and new students to the University across all of its campuses. Compared to the current fiscal year's adopted budget and savings identified in order to balance the current fiscal year's adopted budget, FY 2020 revenue is expected to increase \$20.5 million from FY 2019 revenue due to enrollment composition, rate increases associated with tuition and housing, and adjustments to fees, investment returns, auxiliary and other revenue budgets.

Revenue

Tuition revenue (net of tuition exceptions) is budgeted to increase by \$17.7 million. Fee revenue budgets reflect new commencement participation fees and increased application fee activity. The School of Law is planning on increases in annual gifts. The current investment returns budget increases on account of planned increases in current interest income, and greater anticipated income from the University's quasi-endowments. Planned changes to auxiliary revenue reflects a 4.6% room rate increase and adjustments at the School of Law. Food service revenue is planned to be flat due to a volume adjustment. Increases to other revenues include adjustments from Campus Safety, the McCarthy Center, and the Office of the Registrar.

Financial Aid Expense

Institutional financial aid is a combination of merit awards and need-based aid. Unfunded financial aid budgets will increase, in aggregate, by 20.4%. This increase will account for the University's recent and planned enrollment composition, and true up FY19 unfunded financial aid budgets to reflect unanticipated record high levels of discounting of current 1L students at the School of Law, as well as more generous-than-planned discounting of fall 2018 Hilltop matriculating undergraduates.

FY 2020 Budget Creation (in \$1,000's)

Revenue	FY 2019 Budget	FY 2020 Budget	Change	Change %
Tuition net Exceptions	419,646	437,359	17,713	4.2%
Fees	3,689	4,094	404	11.0%
Gifts & Contributions	1,500	1,503	3	0.2%
Investment Returns	795	1,845	1,050	132.1%
Auxiliary Revenue	30,009	31,198	1,189	4.0%
Food Service	10,400	10,400	-	0.0%
Other Revenue	1,903	2,009	106	5.6%
Total Revenue	467,942	488,408	20,466	4.4%
Expense				
Total Compensation	246,088	253,331	7,243	2.9%
Gen Ops/Facilities/Capital	80,899	70,588	(10,310)	-12.7%
Financial Aid	105,609	127,169	21,560	20.4%
Food Service	10,550	10,550	-	0.0%
Ins/Coll/Bad Debt/Loans	3,240	3,325	85	2.6%
Debt Service	16,827	16,627	(200)	-1.2%
Reserves	7,255	6,818	(437)	-6.0%
Transfer	(2,525)	-	2,525	-100.0%
Total Expense	467,942	488,408	20,466	4.4%
Net Balance	-	-	-	-

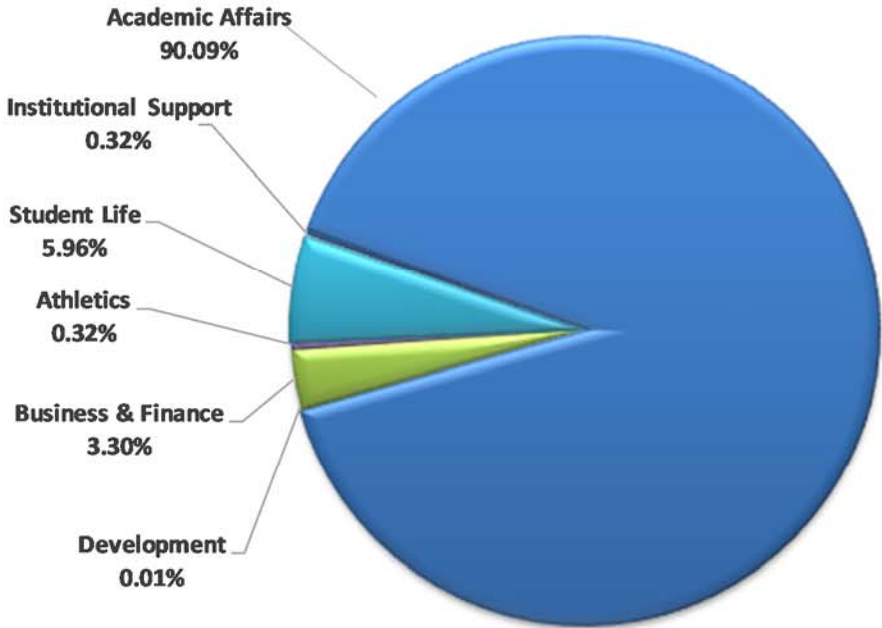
Other Expenses

General operating, facilities, and capital expenditure budgets will collectively see a decrease in their levels, as will the University's debt service budget. Other expense categories will see planned increases; see pages 17 and 18 for details.

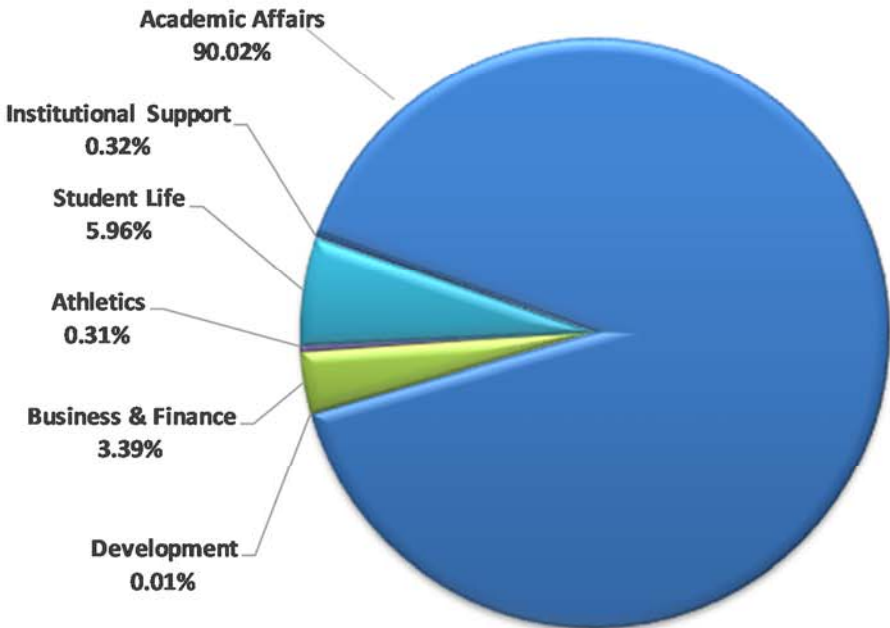
University Reserves and Transfer

University Reserves decreases a net \$437,000 to \$6.8 million, or 1.46% of aggregate non-Law revenue budgets. While \$2.5 million was added to the base funding of Reserves, \$3.0 million was applied on a one-time basis in balancing the FY 2020 operating budget.

FY 2019 Revenue by Primary Functional Areas

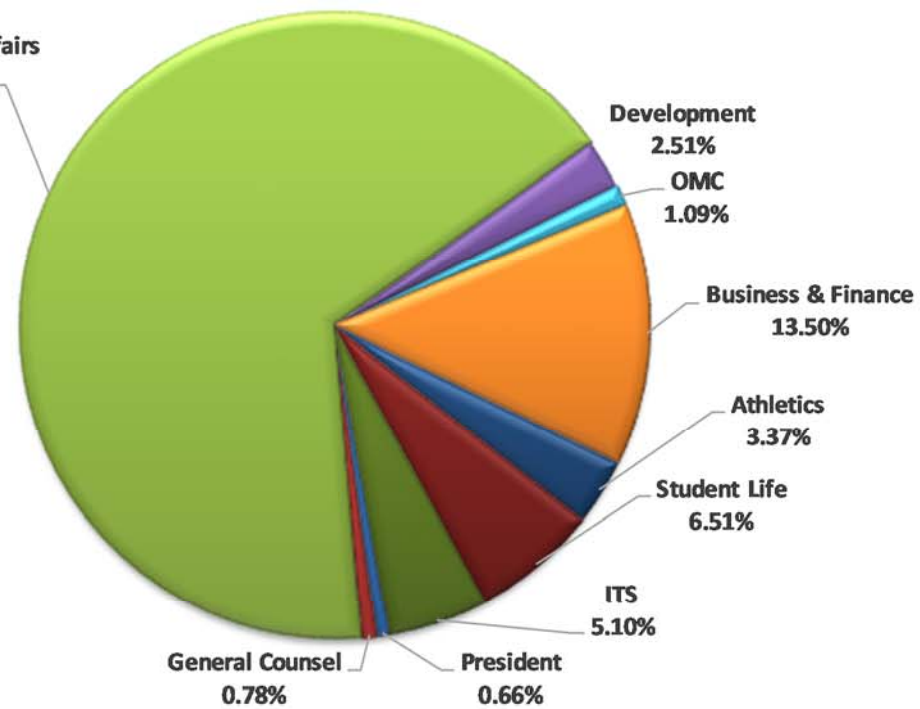
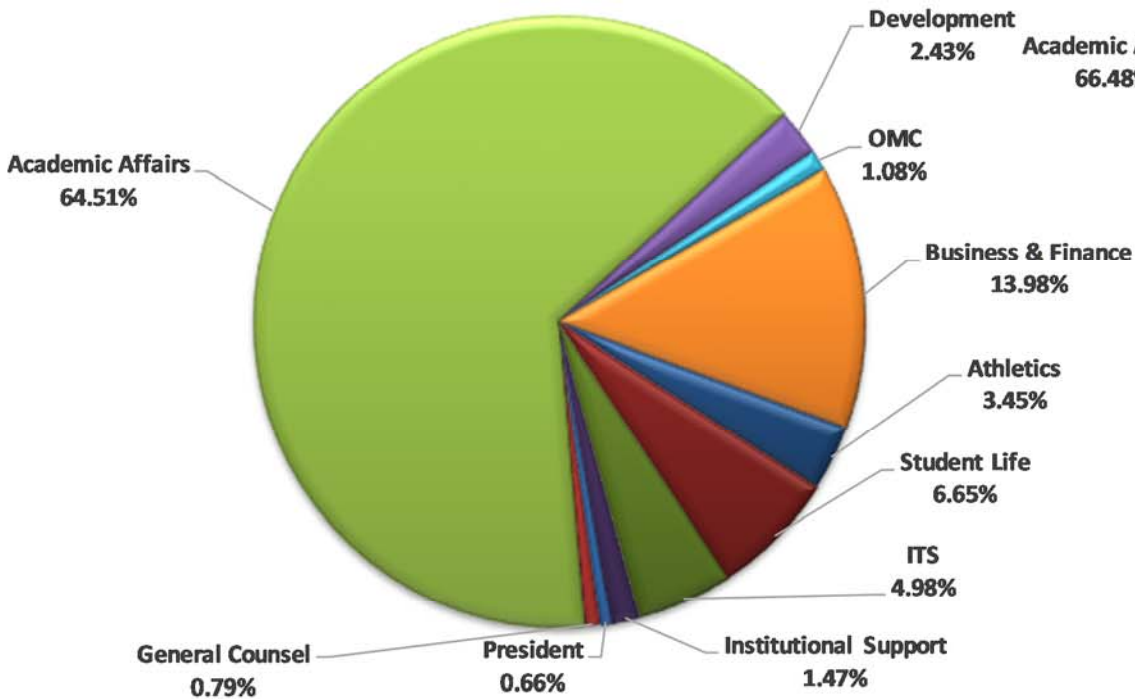


FY 2020 Revenue by Primary Functional Areas



FY 2019 Expense by Primary Functional Areas

FY 2020 Expense by Primary Functional Areas



* Excludes Institutional Support due to contra value

FY 2020 Proposed Operating Budget by Primary Functional Areas

Highlighted changes are from the University's current FY 2019 Board budget. While we highlight proposed changes to the FY 2020 budget resulting from planning efforts, changes from the FY 2019 Board Budget also include management adjustments made within the fiscal year.

Revenue Changes

- Academic Affairs increase is due to enrollment projections as of February 28, 2019, adjusted by tuition increases approved by the Board of Trustees in December 2018. These projections include enrollments in new programs (see page six). The Office of the Registrar sees a small increase due to a new graduation ceremony fee.
- Business & Finance increase is due to increased distributions from the university's quasi-endowments, as well as increases in interest income.
- Student Life increase is due to a student housing revenue increase.

Expense Changes

- Expense budgets in functional areas see changes due to compensation increases, as well as planning priorities and new/continuing academic programs.
- Academic Affairs net increase includes Law budget adjustments, as well as additional funds for financial aid, faculty compensation increases, and library increases.
- Development and Marketing Communications budgets include additional campaign funding, editorial and marketing content management, as well as non-discretionary or contractual increases.
- Business and Finance net increase includes custodial and utility contractual increases, as well as an insurance increase.
- Athletics net increase includes an increase to financial aid.
- Student Life net increase includes additional funding for student housing, a patrol officer, the campus shuttle, a counselor, and new student programs.
- Information Technology Services net increase includes hardware and software maintenance contractual increases, a Law IT specialist, and funding for digital access compliance.
- Institutional Support includes staff compensation increases, a net reduction to the University's operating reserves, as well as a holding budget for anticipated savings.

FY 2020 Proposed Budget (in \$1,000's)

Revenue	FY19 Budget	FY20 Budget	Change	Change %
Academic Affairs	421,571	439,643	18,072	4.3%
Development	55	41	(14)	-25.5%
Business & Finance	15,426	16,533	1,107	7.2%
Athletics	1,502	1,502	-	0.0%
Student Life	27,878	29,127	1,249	4.5%
ITS	1	1	-	0.0%
Institutional Support	1,500	1,500	-	0.0%
Total Revenue	467,943	488,408	20,465	4.4%
Expense				
President	3,079	3,254	175	5.7%
General Counsel	3,701	3,851	150	4.1%
Academic Affairs	301,860	327,818	25,958	8.6%
Development	11,367	12,370	1,003	8.8%
OMC	5,048	5,376	328	6.5%
Business & Finance	65,419	66,585	1,166	1.8%
Athletics	16,167	16,625	458	2.8%
Student Life	31,140	32,124	984	3.2%
ITS	23,306	25,139	1,833	7.9%
Institutional Support	6,856	(4,734)	(11,590)	-169.0%
Total Expense	467,943	488,408	20,465	4.4%
Net Balance	-	-	-	-

Enrollment Projections (as of February 28, 2019)

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

	FY 2018 Actual		FY 2019 Actual		FY 2020 Budget		FY 2021 Budget	
	Fall HC	SCH	Fall HC	SCH	Fall HC	SCH	Fall HC	SCH
Undergraduate								
Arts & Sciences	3,873	161,166	3,914	160,797	3,989	161,038	3,981	160,850
Management	2,085	37,458	1,892	33,163	1,786	32,376	1,742	31,611
Nursing	848	16,163	867	17,372	843	16,665	827	16,007
Undergraduate Total	6,806	214,787	6,673	211,332	6,618	210,079	6,550	208,468
Graduate								
Arts & Sciences	1,006	16,935	1,029	17,816	1,070	18,110	1,113	18,671
Management	735	15,313	638	13,444	612	13,536	631	13,926
Nursing	875	20,452	797	19,820	811	19,798	866	20,690
Education	1,054	20,237	1,059	20,673	1,042	20,532	1,079	21,343
Law	557	13,366	502	11,783	485	11,763	498	11,792
Graduate Total	4,227	86,303	4,025	83,536	4,020	83,739	4,187	86,422
Non-Degree-Seeking	89		81		80		70	
University Total	11,122	301,090	10,779	294,868	10,718	293,818	10,807	294,890

Enrollment, Revenue, and Expense: FY 2020 Budget versus FY 2019 Actuals

Undergraduate Enrollment

New undergraduate student enrollment is planned to decrease from 1,940 in fall 2018 to 1,831 in fall 2019. The undergraduate continuing student population is planned to increase slightly from 4,733 in fall 2018 to 4,787 in fall 2019. Overall, undergraduate student enrollment is planned to decrease from 6,673 in fall 2018 to 6,618 in fall 2019.

Graduate and Professional Studies Enrollment

Arts and Sciences graduate student enrollment for FY 2020 is planned to increase from 17,816 SCHs in FY 2019 to 18,110 SCHs in FY 2020.

Management projected graduate SCHs are planned to increase from 13,444 in FY 2019 to 13,536 in FY 2020.

Nursing graduate SHCs are planned to decrease from 19,820 SCHs in FY 2019 to 19,798 in FY 2020.

Education total enrollment (by student headcount) is planned to slightly decrease, resulting in SCHs decreasing from 20,673 in FY 2019 to 20,532 in FY 2020.

Law total enrollment is planned to decrease from FY 2019, resulting in 11,763 projected SCHs for FY 2020 versus 11,783 in FY 2019.

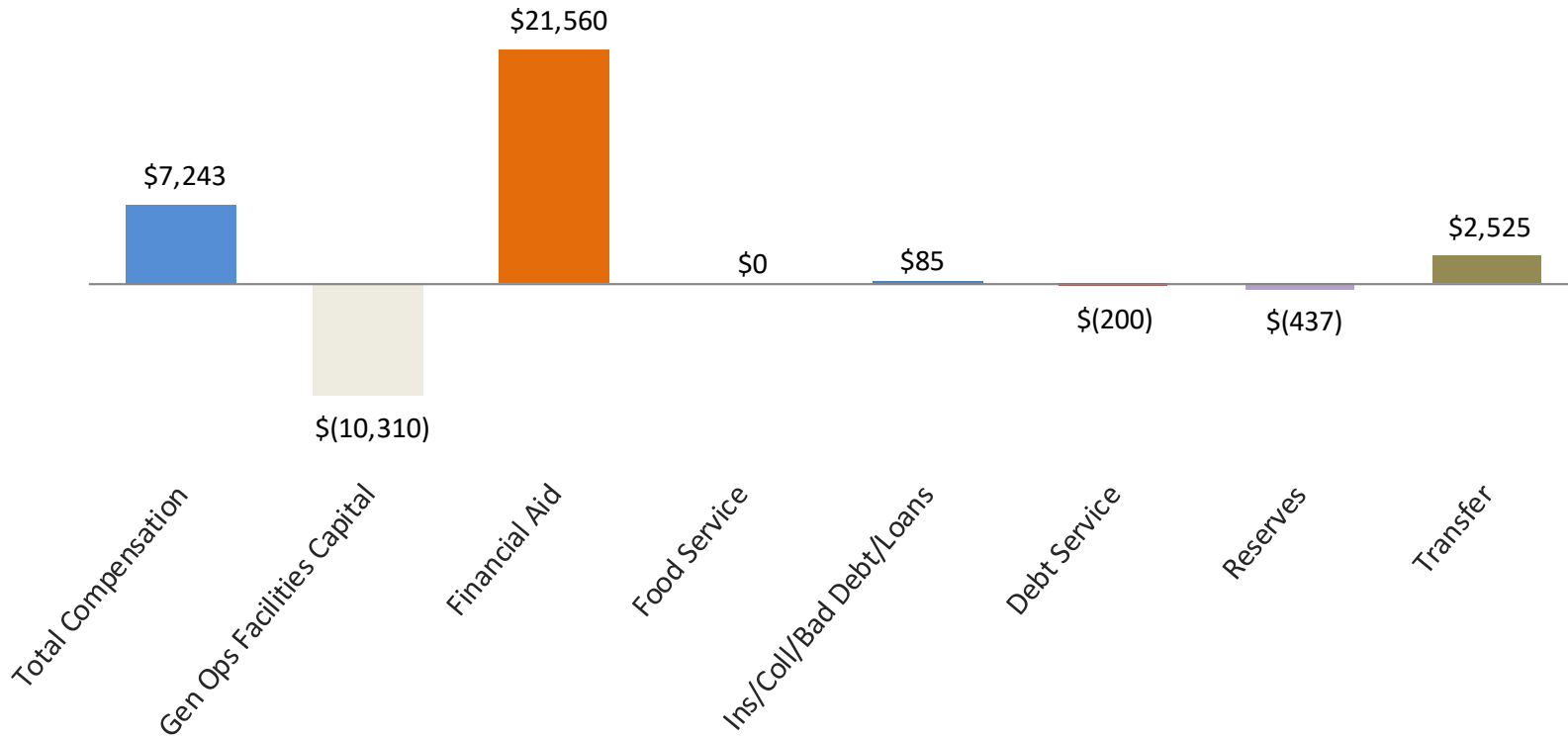
FY 2020 Budgeted Revenue & Expense by College

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

	FY 2020 Budget	Revenue	Expense
Arts & Sciences	\$ 274,299	\$ 173,315	
Management	\$ 67,150	\$ 46,689	
Education	\$ 21,669	\$ 15,156	
Law	\$ 20,536	\$ 21,894	
Nursing	\$ 55,175	\$ 32,899	
	<u>\$ 438,830</u>	<u>\$ 289,954</u>	

*All figures in \$1,000's

FY20 Change in Expense Budgets



Changes in Expense Budgets

Highlighted changes are from the University's current FY 2019 Board budget. While we highlight proposed changes to the FY 2020 operating budget resulting from planning efforts, changes from the FY 2019 Board Budget also include management adjustments made within the fiscal year.

Total Compensation

Employee compensation constitutes approximately 51.9% of budgeted expenses in FY 2020. This category includes salaries for executive, professional and administrative staff; full- and part-time faculty; student employees; and statutory and employee benefit expenses, such as retirement savings contributions, tuition remission, health insurance, etc. Changes by category of compensation are on the next page and include both continuing and new academic program plans, as well as compensation increases. The non-Law staff compensation increase pool is within Institutional Support. The non-Law faculty compensation increase pool is in the Division of Academic Affairs.

General Operating/Facilities/Capital

This category includes office supplies and equipment, leases, consumable goods and services, building operational costs, janitorial and utility charges, furniture, library holdings, and most scientific equipment. The net decrease of \$10.3 million includes a decrease for anticipated savings of \$11.5 million, increases for planning priorities of \$3.2 million, a net \$209K in management internal reallocations, Academic Affairs internal funding of new and continuing academic programs for a net decrease of \$475K, decreased revenue share payments of \$1.1 million, housing increases of \$36K, and a planned Law reduction of \$610K.

Financial Aid

The \$21.6 million increase in financial aid accounts for increased discounting of Hilltop undergraduate matriculants and supports current financial aid practices aimed at maintaining the competitiveness of the University's strategic enrollment management efforts in a challenging environment. Law's increase of \$5.0 million includes a true-up to its current level of discounting.

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

Food Service remains at its current budget due to a volume adjustment. Insurance/Collections/Bad Debt/Loans sees an \$85K increase for insurance costs; Debt Service decreases by \$200K capturing a reclass of some of its expense budget to the general operating category.

Reserves and Transfer In

Reserves are designated for unexpected variations in revenues or expenses. The University will decrease its operating reserves by a net \$437K. The resulting level will represent approximately 1.46% of aggregate FY 2020 non-Law revenue budgets. While \$2.5 million was added to the base funding of Reserves, \$3.0 million was applied on a one-time basis in balancing the FY 2020 operating budget. Law's budget removes its Transfer In target from restricted resources of \$2.5 million.

Changes in Compensation Budgets

Faculty

Tenured, probationary, and term full-time faculty salaries for FY 2020 reflect the addition of two lines for continuing and new academic programs (see page five), movement of a line to endowed funding, reductions made within the School of Law, as well as compensation increases. Part-time faculty salary budget includes compensation increases, an increased budget for the School of Law, as well as support for continuing and new academic programs.

Staff

Staff salaries for FY 2020 reflect allocations for compensation increases. New and continuing academic program adjustments include one-half staff position. Law plans a reduction in staff compensation while planning priorities result in the funding of 3.8 new staff positions. These include: Law IT specialist (within ITS; 1 position), OMC Content Director (0.8 position), Counseling and Psychological Services Triage Clinician (0.9 position) and Clinician (0.1 position), and Public Safety Patrol Officer (one position).

Student Staff

Student employment provides an opportunity for students to gain work experience and earn wages to support the cost of attending the University. It is also viewed as an effective use of University resources. For FY 2020, student worker compensation pools see increases due to wage laws, as well as planned incremental activity in new or continuing academic programs. Law plans a reduction in student worker compensation.

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.

Compensation	<u>FY 2019 Budget</u>	<u>FY 2020 Budget</u>	<u>Change</u>
Full-Time Faculty	64,330	65,622	1,292
Part-Time Faculty	24,420	25,238	818
Staff	86,365	89,480	3,116
Student Staff	8,074	8,228	153
Benefits	62,899	64,764	1,864
Total Compensation	246,088	253,331	7,243

* All figures in \$1,000's

FY 2019 Board Budget & Forecast Versus FY 2020 Board Budget

	FY19 Budget	FY19 Forecast	FY20 Budget
Revenue			
Tuition net Exceptions	419,646	421,995	437,359
Fees	3,689	3,664	4,094
Gifts & Contributions	1,500	1,426	1,503
Investment Returns	795	1,200	1,845
Auxiliary Revenue	30,009	29,878	31,198
Board Revenue	10,400	9,918	10,400
Other Revenue	1,903	2,412	2,009
Total Revenue	467,943	470,492	488,408
Expense			
FT Faculty Salary & Benefits	88,453	85,128	90,230
PT Faculty Salary & Benefits	30,036	28,760	31,169
Total Staff Salary & Benefits	127,598	125,590	131,932
Gen Ops/Facilities/Capital	80,899	83,723	70,588 *
Scholarships	105,609	116,164	127,169
Food Service	10,550	9,918	10,550
Ins/Coll/Bad Debt/Loans	3,240	3,240	3,325
Debt Service	16,827	16,627	16,627
Reserves & Transfers	4,730	(1,180)	6,818
Total Expense	467,943	467,969	488,408
Net Balance	-	2,522	-

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

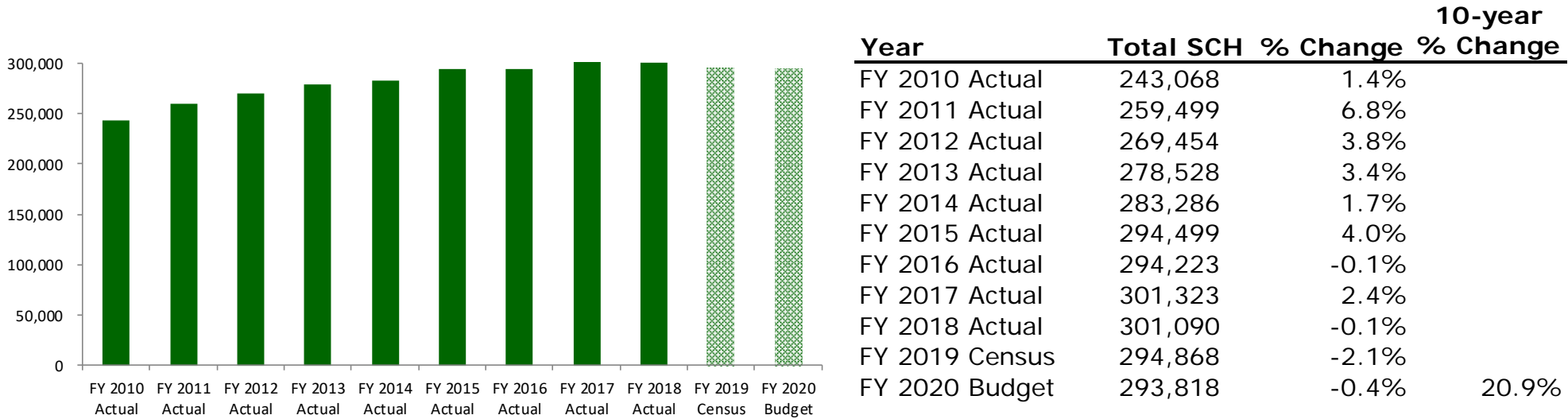
* This amount included a reduction for anticipated savings of \$11.5 million which will be allocated across other expense categories with management's inputs by June 1, 2019.

Appendix: Historical Analysis

Revenue

Tuition and fees make up 90.4% of the revenue in the FY 2020 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 2010 - FY 2020)



Tuition and Fee Income

Planned tuition and fee revenue increases because enrollment projections and/or tuition rates increase. The FY 2020 budget anticipates that tuition (net of tuition exceptions) and fee revenue will increase by 3.7%. Tuition and fees constitute 90.4% of the FY 2020 revenue budget.

Financial Aid

Over the ten-year analysis period, expenditures for University-funded financial aid have increased 145.3%, in contrast with a tuition and fee cumulative increase of 67.8%. As a percentage of tuition, aggregate financial aid has grown from 20.0% to a budgeted 29.1% during this same ten-year period.

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

There is \$127.17 million in aggregate unrestricted financial aid in the FY 2020 operating budget.

**FY 2010 - FY 2020 Unrestricted Operating Budget
Tuition & Fee Income/Percent of Total Revenue**
(in thousands of dollars)

Year	Tuition* & Fees	Total Revenue	% of Total	T&F % Change	10-Year % Change
FY 2010 Actual	\$263,049	\$295,663	89.0%	7.1%	
FY 2011 Actual	\$291,144	\$323,777	89.9%	10.7%	
FY 2012 Actual	\$309,816	\$343,962	90.1%	6.4%	
FY 2013 Actual	\$332,441	\$369,546	90.0%	7.3%	
FY 2014 Actual	\$349,938	\$386,866	90.5%	5.3%	
FY 2015 Actual	\$363,095	\$400,145	90.7%	3.8%	
FY 2016 Actual	\$379,328	\$419,173	90.5%	4.5%	
FY 2017 Actual	\$402,253	\$446,220	90.6%	6.0%	
FY 2018 Actual	\$419,345	\$464,104	90.4%	4.2%	
FY 2019 Forecast	\$425,659	\$470,492	90.5%	1.5%	
FY 2020 Budget	\$441,453	\$488,408	90.4%	3.7%	67.8%

**FY 2010 - FY 2020 Unrestricted Operating Budget
Financial Aid/Percent of Tuition**
(in thousands of dollars)

Year	Financial Aid	Tuition*	% of Tuition	Fin Aid % Change	10-Year % Change
FY 2010 Actual	\$51,844	\$259,073	20.0%	17.0%	
FY 2011 Actual	\$55,876	\$286,385	19.5%	7.8%	
FY 2012 Actual	\$60,478	\$304,166	19.9%	8.2%	
FY 2013 Actual	\$65,702	\$325,849	20.2%	8.6%	
FY 2014 Actual	\$69,061	\$340,894	20.3%	5.1%	
FY 2015 Actual	\$74,043	\$364,556	20.3%	7.2%	
FY 2016 Actual	\$83,354	\$376,713	22.1%	12.6%	
FY 2017 Actual	\$93,447	\$398,673	23.4%	12.1%	
FY 2018 Actual	\$109,402	\$415,485	26.3%	17.1%	
FY 2019 Forecast	\$116,164	\$421,995	27.5%	6.2%	
FY 2020 Budget	\$127,169	\$437,359	29.1%	9.5%	145.3%

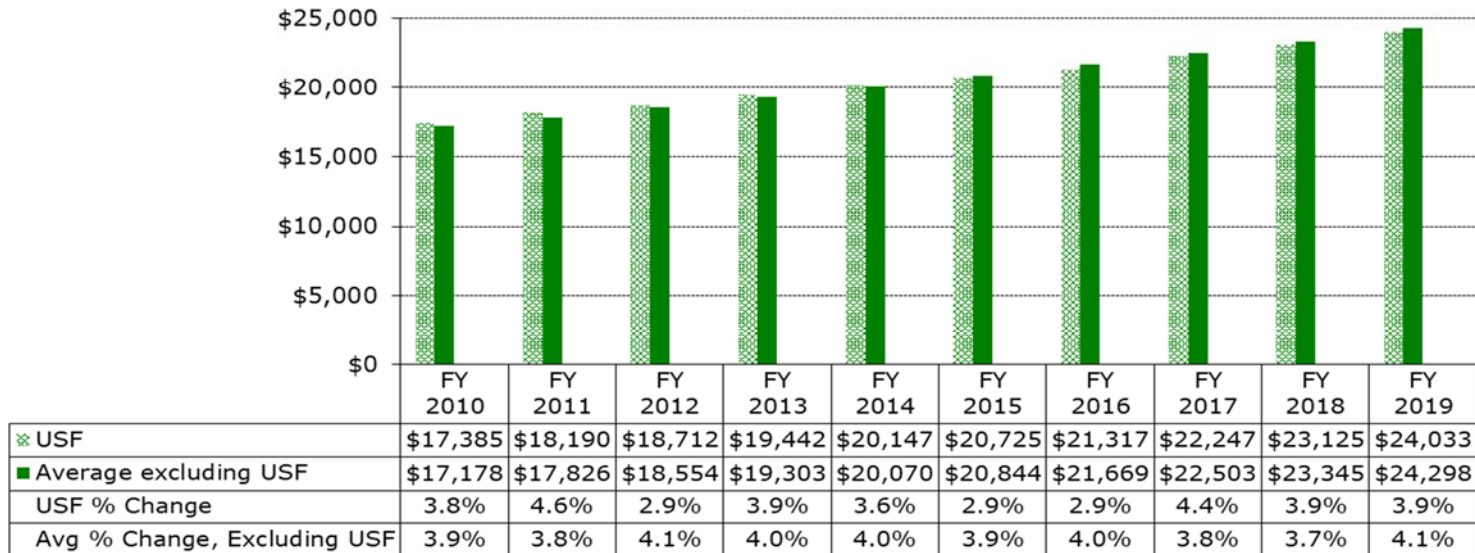
Tuition* = Tuition + Tuition Exceptions

Tuition and Fee Rates

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

Looking at the University’s ten-year tuition and fee history, prices have increased within a range of 2.9% to 4.6% per year over the last ten years. Consistent with private higher education trends, tuition rates have historically increased several percentage points above inflation rates. We are striving to maintain quality in our programs, while keeping our tuition rate at levels consistent with our cross-applicant competitor set of schools. There is strong political and social pressure to control the growth of higher education costs. The University is responding to this pressure by systemically reviewing new initiatives in the context of new and reallocated funds. Reacting to limited tuition rate increases has led to targeted efforts to reallocate budget to meet emerging needs.

West Coast Conference Tuition & Fees per Semester Rate (FY 2010-FY 2019)



Tuition and Fee Comparison

The University competes with other schools for students, and prospective students pay attention to tuition and fee rates. The table below reflects the historical cost of undergraduate tuition and fees at our peer institutions, and the University's relative position in the list. Recommendations for tuition rates are prepared after examining the University's relative price position with comparable institutions, its projected enrollment, and the impact of alternative rate increases on the entire University operating budget. In our comparison of tuition and fees, the average undergraduate tuition and fees per semester for West Coast Conference colleges and universities increased by 4.1% in FY 2019. USF increased undergraduate tuition and fees by 3.9% in FY 2019.

Undergraduate Semester

	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
WCC Schools										
Pepperdine University	\$18,925	\$19,540	\$20,376	\$21,386	\$22,451	\$23,346	\$24,171	\$25,011	\$25,996	\$26,966
Santa Clara University	\$18,143	\$18,827	\$19,667	\$20,431	\$21,223	\$22,054	\$22,798	\$23,704	\$24,769	\$25,693
University of San Diego	\$18,072	\$18,686	\$19,291	\$19,985	\$20,696	\$21,414	\$22,293	\$23,070	\$23,861	\$24,679
Loyola Marymount University	\$17,817	\$18,357	\$18,950	\$19,609	\$20,177	\$20,849	\$21,806	\$22,642	\$23,261	\$24,329
USF	\$17,385	\$18,190	\$18,712	\$19,442	\$20,147	\$20,725	\$21,317	\$22,247	\$23,125	\$24,033
Saint Mary's College	\$16,955	\$17,715	\$18,575	\$19,225	\$19,945	\$20,690	\$21,465	\$22,180	\$22,843	\$23,855
University of Portland	\$15,470	\$16,165	\$16,890	\$17,630	\$18,435	\$19,260	\$20,125	\$21,007	\$22,013	\$22,952
Gonzaga University	\$14,868	\$15,493	\$16,133	\$16,853	\$17,560	\$18,295	\$19,028	\$19,910	\$20,673	\$21,613
Average including USF	\$17,204	\$17,871	\$18,574	\$19,320	\$20,079	\$20,829	\$21,625	\$22,471	\$23,318	\$24,265
Average excluding USF	\$17,178	\$17,826	\$18,554	\$19,303	\$20,070	\$20,844	\$21,669	\$22,503	\$23,345	\$24,298
USF % Change	3.8%	4.6%	2.9%	3.9%	3.6%	2.9%	2.9%	4.4%	3.9%	3.9%
Avg % Change, Excluding USF	3.9%	3.8%	4.1%	4.0%	4.0%	3.9%	4.0%	3.8%	3.7%	4.1%

Five-Year Undergraduate Tuition and Fees Trend

The FY 2019 average (excluding USF) annual undergraduate tuition and fees is \$48,985, and the average rate of increase over the past five years has been 3.8% per annum. The average annual USF increase over the past five years has been 3.8%. Over the entire five-year period, the average tuition and fee level (excluding USF) increased 16.3%, while USF's tuition and fees increased 16.0%.

WCC	School	2014~2015	2015~2016	2016~2017	2017~2018	2018~2019	% chg in 5 yrsB	Avg % chg per yrC
	CA University of Southern California	50,068	51,372	52,567	54,573	56,676	13.2%	3.2%
X	CA Pepperdine University	46,692	48,342	50,022	51,992	53,932	15.5%	3.7%
	NY Fordham University	45,182	46,902	48,654	50,986	52,687	16.6%	3.9%
X	CA Santa Clara University	44,107	45,595	47,407	49,538	51,386	16.5%	3.9%
X	CA University of San Diego	42,828	44,586	46,140	47,722	49,358	15.2%	3.6%
X	CA Loyola Marymount University	41,698	43,611	45,284	46,522	48,658	16.7%	3.9%
X	Bay USF	41,450	42,634	44,494	46,250	48,066	16.0%	3.8%
X	Bay Saint Mary's College	41,380	42,930	44,360	45,686	47,710	15.3%	3.6%
X	OR University of Portland	38,520	40,250	42,014	44,026	45,904	19.2%	4.5%
	WA Seattle University	38,205	39,920	41,495	43,428	45,145	18.2%	4.3%
	IL Loyola University of Chicago	38,536	40,772	42,382	43,115	44,158	14.6%	3.5%
X	WA Gonzaga University	36,590	38,055	39,820	41,345	43,225	18.1%	4.3%
	Average	42,105	43,747	45,387	47,099	48,909	16.3%	3.8%
	Average excluding USF	42,164	43,849	45,468	47,176	48,985	16.3%	3.8%

Notes:

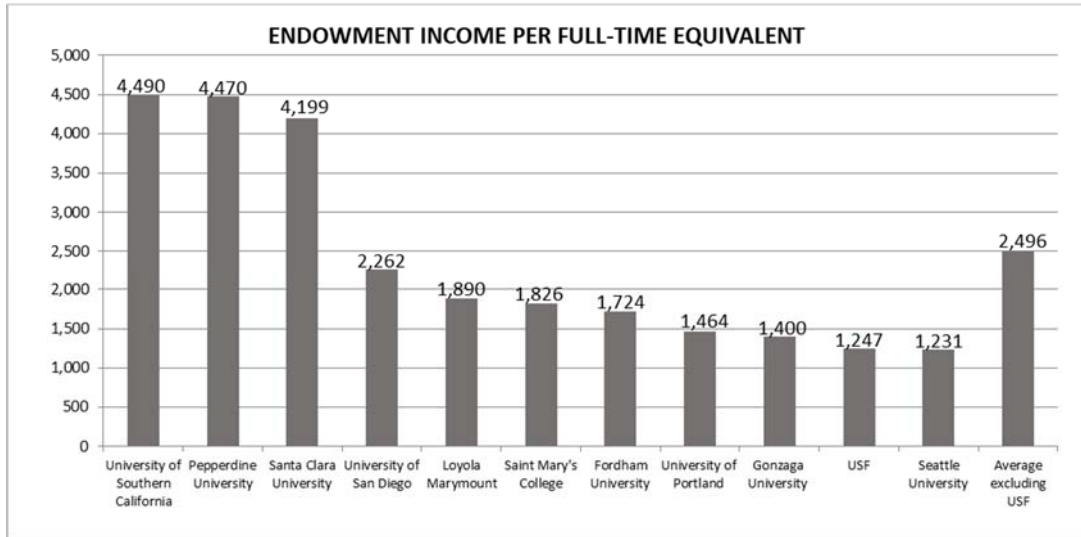
Schools are sorted by 2018/2019 Tuition and Fees column.

^ The "% change in 5 yrs" is the growth from FY15 to FY19.

* The "Avg % change per yr" is an average of the percentage changes from FY15 to FY19.

Endowment (FY 2017)

Among other support, a healthy endowment provides a source of funding for university scholarships. In fiscal year 2017 (i.e., using the latest available data), the average (excluding USF) endowment income (EI) per enrolled full-time equivalent (FTE) of the universities included in the comparison below was \$2,496. USF's EI/FTE is below this average at \$1,247.



WCC	School	2017 Total Endowment (TE) (000)2	4% Endowment Income FY 17 (EI) (000)	2017 Total Enrollment (FTE)3	2017 Total Enrollment TE/FTE	2017 Total Enrollment EI/FTE
CA	University of Southern California	5,128,459	205,138	45,687	112,252	4,490
X CA	Pepperdine University	861,613	34,465	7,710	111,753	4,470
X CA	Santa Clara University	905,858	36,234	8,629	104,978	4,199
X CA	University of San Diego	503,568	20,143	8,905	56,549	2,262
X CA	Loyola Marymount	454,478	18,179	9,618	47,253	1,890
X CA	Saint Mary's College	178,622	7,145	3,913	45,648	1,826
NY	Fordham University	691,077	27,643	16,037	43,093	1,724
X OR	University of Portland	160,884	6,435	4,396	36,598	1,464
WA	Gonzaga University	262,799	10,512	7,506	35,012	1,400
X CA	USF	345,010	13,800	11,063	31,186	1,247
X WA	Seattle University	224,041	8,962	7,278	30,783	1,231
	Average	883,310	35,332	11,886	59,555	2,382
	Average excluding USF	937,140	37,486	11,968	62,392	2,496

Expenses

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

Compensation

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

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

Benefits Expense

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

Year	Benefits	Salaries	Total Expense	Benefits			Salaries	
				% of Salaries	% of Total Expense	Annual % Change	10-year % Change	10-year % Change
FY 2010 Actual	\$38,373	\$114,134	\$295,463	33.6%	13.0%	6.5%		
FY 2011 Actual	\$41,397	\$120,001	\$323,035	34.5%	12.8%	7.9%		
FY 2012 Actual	\$45,376	\$128,582	\$344,180	35.3%	13.2%	9.6%		
FY 2013 Actual	\$47,925	\$138,516	\$365,504	34.6%	13.1%	5.6%		
FY 2014 Actual	\$48,136	\$148,551	\$377,882	32.4%	12.7%	0.4%		
FY 2015 Actual	\$55,167	\$157,987	\$400,145	34.9%	13.8%	14.6%		
FY 2016 Actual	\$58,641	\$170,445	\$422,274	34.4%	13.9%	6.3%		
FY 2017 Actual	\$60,366	\$174,210	\$443,146	34.7%	13.6%	2.9%		
FY 2018 Actual	\$61,464	\$178,155	\$460,358	34.5%	13.4%	1.8%		
FY 2019 Forecast	\$61,148	\$178,330	\$467,969	34.3%	13.1%	-0.5%		
FY 2020 Budget	\$64,764	\$188,567	\$488,408	34.3%	13.3%	5.9%	68.8%	65.2%

USF Five-Year Revenues & Expenses by Category

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

	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
YTD Activity	Actual	Actual	Actual	Forecast	Budget
Tuition & Fees	(378,743)	(402,253)	(420,181)	(425,659)	(441,453)
Gifts	(1,607)	(1,127)	(1,301)	(1,426)	(1,503)
Auxiliary & Other Revenues	(37,887)	(42,839)	(43,617)	(43,407)	(45,453)
Revenue Total	(418,237)	(446,220)	(465,098)	(470,492)	(488,408)
Full-Time Faculty	59,031	62,810	64,531	61,911	65,622
Part-Time Faculty	22,928	22,769	22,839	23,382	25,238
Staff	79,727	81,446	83,400	84,949	89,480
Student Staff	6,562	7,185	7,185	8,087	8,228
Benefits	57,935	60,366	61,674	61,148	64,764
Gen Ops/Facilities/Capital	79,576	85,154	80,560	83,723	70,588
Financial Aid	82,966	93,447	108,926	116,164	127,169
Food Service	8,518	10,311	10,277	9,918	10,550
Debt & Other Expense	19,211	18,984	19,419	19,867	19,951
Reserves & Transfers In/Out	295	675	6,288	(1,180)	6,818
Expense Total	416,746	443,146	465,098	467,969	488,408
Grand Total	(1,491)	(3,074)	0	(2,522)	0

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