

# Operating Budget for Fiscal Year 2021

For Consideration by the Board of Trustees  
March 27, 2020



## **Executive Overview**

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

The purpose of this report is to review the fiscal year 2021 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, its Leadership Team, and the recently-established University Budget Advisory Council (UBAC).

The report outlines budgeted revenue and expense categories and details the spending plan for fiscal year 2021 using updated enrollment targets and projections (as of March 3, 2020) and revenue forecasts, along with the Board's approved tuition and fee rates.

### ***Recommendation***

The proposed fiscal year 2021 unrestricted operating budget was approved by the President on March 2, 2020. The President recommends that the Board of Trustees approves the proposed fiscal year 2021 unrestricted operating budget.

### ***Process***

Vice presidents approve unit plans, contractual increases, and planned reductions or changes, which are presented for discussion and prioritization at the University Budget Advisory Council, 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 as it is incorporated into the University's overall proposed fiscal year 2021 (FY 2021) operating plan.

## **FY 2021 Operating Budget Highlights**

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

- Traditional undergraduate tuition increases by 4.4% (with tuition, fees, room and board, the typical traditional undergraduate student cost of education increase is 4.2%).
- 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 program's tuition will increase by 2.6%, and the Master of Nonprofit Administration program's tuition will increase by 1.9%. Both the Master of Science in Information Systems and Master of Public Administration programs will see tuition increases of 1.9%.
- Tuition rate increases for the School of Education and the School of Law will be 1.9%.
- Residence hall rates, and meal plan rates, increase by 4.4% and 2.4%, respectively.

### ***Enrollment projections of 10,464 student headcount and 282,187 student credit hours (SCHs)***

- A decrease of 11,631 SCHs (a 4.0% decrease) from the FY 2020 budget and a decrease of 8,154 SCHs (a 2.8% decrease) from FY 2020 actuals (as of March 3, 2020).
- The enrollment projections include the following two new master's programs beginning in FY 2021: Master of Science in Marketing Intelligence (Management), Master of Public Health in Orange County (Nursing), and a new Bachelor of Science in Engineering (Arts & Sciences).

### ***FY 2021 total operating budget is \$488.9 million***

- The tuition (net of exceptions) budget of \$436.7 million decreases by \$0.707 million, or 0.2%, from the FY 2020 Board budget and increases \$3.9 million, or 0.9%, from FY 2020 forecasted actuals (as of March 3, 2020).
- The financial aid budget of \$124.4 million decreases \$2.8 million, or 2.2%, from the FY 2020 Board budget and decreases \$1.2 million, or 0.9%, from FY 2020 forecasted actuals. The University's overall discount rate decreases to 28.5% — down from 29.1% in the FY 2020 Board budget and down from 29.0% with respect to FY 2020 forecasted actuals.
- The net tuition budget of \$312.3 million increases by \$2.1 million, or 0.7%, from the FY 2020 Board budget and increases \$5.1 million, or 1.7%, from FY 2020 forecasted actuals.
- The proposed FY21 budget includes anticipated unit savings of approximately \$9.0 million. These cuts are being identified by management and will be implemented by the start of FY 2021.

**FY 2021 University Non-Law planning priorities include:**

<u>Division</u>	<u>Revenue</u>	<u>Compensation</u>	<u>FTE</u>	<u>Expenditures</u>	<u>Total</u>	<u>Description</u>
<b>Business &amp; Finance Division</b>						
	\$ -	\$ -	-	\$ 146,874	\$ 146,874	Electric Utility Increase
	\$ -	\$ -	-	\$ 19,297	\$ 19,297	Facilities Annual Contracts Increase
	\$ -	\$ -	-	\$ 8,090	\$ 8,090	Facilities Supplies Increase - Soap, Paper & Liners
	\$ -	\$ -	-	\$ 11,066	\$ 11,066	Cogen Maintenance Increase
	\$ -	\$ -	-	\$ 112,859	\$ 112,859	Gas Utility Increase
	\$ -	\$ -	-	\$ 158,912	\$ 158,912	Janitorial Contract Increase- Annual Contract Increase
	\$ -	\$ -	-	\$ 84,540	\$ 84,540	Water Utilities Increase
	\$ -	\$ -	-	\$ 350,000	\$ 350,000	Lone Mountain Dining Commons - Facilities Related Expenses (one-time)
	\$ -	\$ 257,044	5.0	\$ 157,000	\$ 414,044	Lone Mountain East Housing - Facilities Related Expenses (one-time)
<b>Subtotal</b>	<b>\$ -</b>	<b>\$ 257,044</b>	<b>5.0</b>	<b>\$ 1,048,638</b>	<b>\$ 1,305,682</b>	
<b>Development Division</b>						
	\$ -	\$ -	-	\$ 90,000	\$ 90,000	Non-Discretionary/Contractual Increases
<b>Subtotal</b>	<b>\$ -</b>	<b>\$ -</b>	<b>-</b>	<b>\$ 90,000</b>	<b>\$ 90,000</b>	
<b>Information Technology Services Division</b>						
	\$ -	\$ -	-	\$ 1,570,000	\$ 1,570,000	Infrastructure Technology Replacement Capital Fund
	\$ -	\$ -	-	\$ 319,310	\$ 319,310	Contractual Hardware/Software/Services Maintenance Increase (Existing Contractual Increase)
	\$ -	\$ -	-	\$ 272,772	\$ 272,772	Hardware/Software/Services Maintenance Increase (Non-Discretionary)
<b>Subtotal</b>	<b>\$ -</b>	<b>\$ -</b>	<b>-</b>	<b>\$ 2,162,082</b>	<b>\$ 2,162,082</b>	
<b>Marketing Communications</b>						
	-	-	-	85,000	85,000	Non-Discretionary/ Contractual Increases
<b>Subtotal</b>	<b>\$ -</b>	<b>\$ -</b>	<b>-</b>	<b>\$ 85,000</b>	<b>\$ 85,000</b>	

***FY 2021 University Non-Law planning priorities (continued):***

<u>Division</u>	<u>Revenue</u>	<u>Compensation</u>	<u>FTE</u>	<u>Expenditures</u>	<u>Total</u>	<u>Description</u>
<b>Provost Division</b>						
	\$ -	\$ -	-	\$ 51,500	\$ 51,500	Terra Dotta Database for ISSS - Annual License
	\$ -	\$ 73,562	-	\$ 127,079	\$ 200,641	Engineering Summer Zero
	\$(280,000)	\$ -	-	\$ (25,000)	\$ 255,000	Reverse Commencement Fee
	\$ -	\$ -	-	\$ 148,071	\$ 148,071	Gleeson Library Periodicals & Databases - Contractual Increases
	\$ -	\$ -	-	\$ 21,000	\$ 21,000	OCLC/Innovative and Other Library Systems Contractual Increases
	\$ -	\$ 5,540,646	-	\$ -	\$ 5,540,646	Faculty Compensation Increase Pool
<b>Subtotal</b>	<b>\$(280,000)</b>	<b>\$ 5,614,207</b>	<b>-</b>	<b>\$ 322,650</b>	<b>\$ 6,216,857</b>	
<b>Student Life Division</b>						
	\$ -	\$ 188,571	1.0	\$ -	\$ 188,571	Black Achievement Success and Engagement (BASE) Program Staff and Faculty Support
	\$ -	\$ 100,375	1.0	\$ -	\$ 100,375	Disability Specialist Position - Student Disability Services
<b>Subtotal</b>	<b>\$ -</b>	<b>\$ 288,946</b>	<b>2.0</b>	<b>\$ -</b>	<b>\$ 288,946</b>	
<b>University</b>						
	\$ -	\$ -	-	\$ 962,633	\$ 962,633	University Reserves Increase
	\$ -	\$ (1,000,002)	-	\$ -	\$ (1,000,002)	Increase Staff Compensation Contraexpense Pool
	\$ -	\$ 3,879,310	-	\$ -	\$ 3,879,310	Staff Compensation Increase Pool
<b>Subtotal</b>	<b>\$ -</b>	<b>\$ 2,879,308</b>	<b>-</b>	<b>\$ 962,633</b>	<b>\$ 3,841,941</b>	
<b>Grand Total</b>	<b>\$(280,000)</b>	<b>\$ 9,039,505</b>	<b>7.0</b>	<b>\$ 4,671,003</b>	<b>\$ 13,990,508</b>	

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

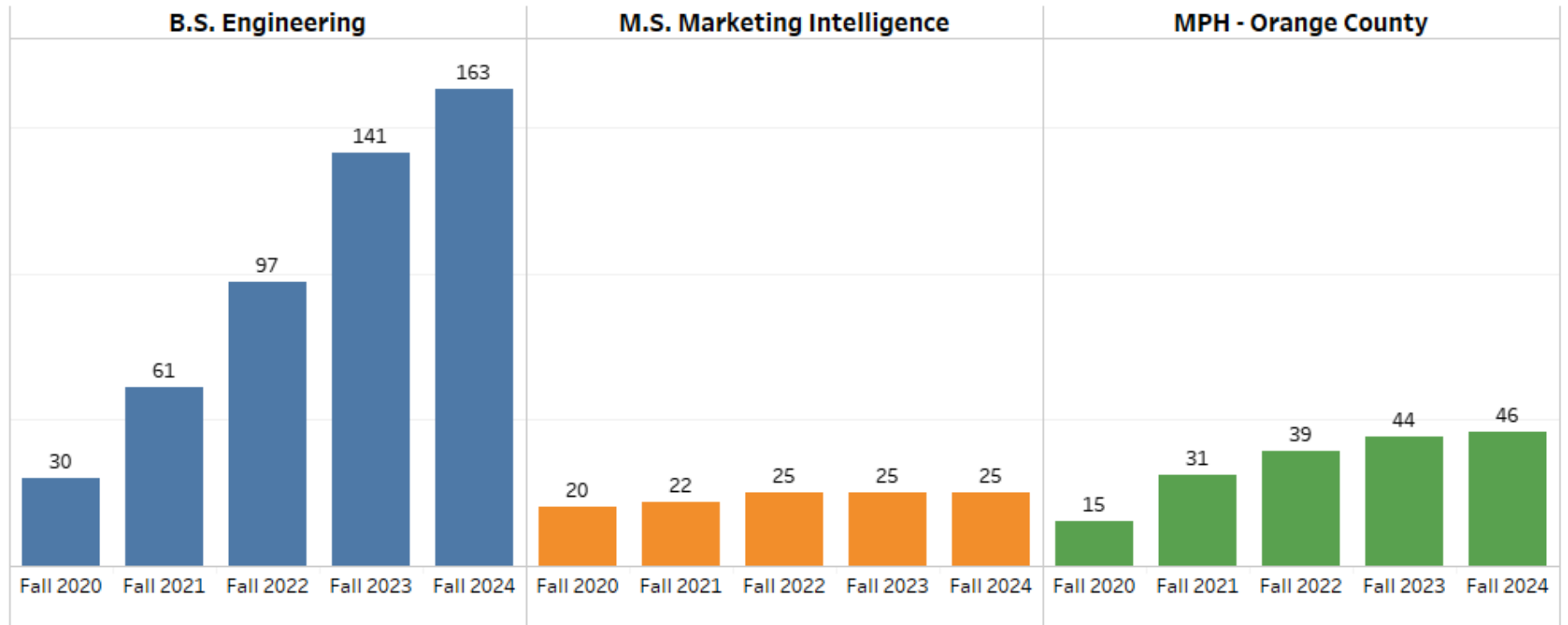
<b>New and Continuing Academic Programs</b>	<b>Salary &amp; Benefit</b>	<b>Faculty FTE</b>	<b>Staff FTE</b>	<b>Expenditure</b>	<b>Total</b>
CS Bridge	580	-	-	12,500	\$ 13,080
MAUPA (MAUA+MOPA)	(11,128)	-	-	(10,000)	\$ (21,128)
MS Computer Science	2,929	-	-	(26,250)	\$ (23,321)
MS Applied Economics	10,416	-	-	(17,500)	\$ (7,084)
PSM Biotech	57,560	-	0.5	(12,765)	\$ 44,795
BS Engineering	23,431	-	-	25,000	\$ 48,431
MA Public Leadership	155,194	1.0	-	49,461	\$ 204,655
MA Migration Studies	(103,365)	(1.0)	-	-	\$ (103,365)
MS Energy Systems	(129,918)	(1.0)	-	-	\$ (129,918)
MS Marketing Intelligence	313,763	1.0	1.0	46,000	\$ 359,763
MS Public Administration Online	(178,001)	(1.0)	-	-	\$ (178,001)
BSN Sacramento	168,174	1.0	-	-	\$ 168,174
Master in Public Health - Sacramento Campus	2,161	-	-	4,000	\$ 6,161
MS Nursing Online	33,057	1.0	-	44,300	\$ 77,357
Executive Leadership DNP	-	-	-	338,461	\$ 338,461
<b>Grand Total</b>	<b>\$ 344,852</b>	<b>1.0</b>	<b>1.5</b>	<b>\$ 453,207</b>	<b>\$ 798,058</b>

- The continuing and new academic programs are projected to contribute \$8,084,496 in net tuition (tuition net scholarships, and also net any Pearson Embanet revenue share).
- Law revenues increase by \$1,175,754. Its net expenses decrease \$181,245. FY 2021 now sees a balance of Law operating revenues and its direct operating expenses.
- Student housing revenue increases by \$1,146,745, with accompanying expense increases of \$460,220. Dedicated reserves for student housing revenue are budgeted at \$815,861 (3.0% of student housing revenue), an increase of \$34,402 over its adopted budget of \$781,459 in FY 2020.
- For FY21, 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 material declines in enrollment.

### ***New Academic Program Development***

The following table presents enrollment headcount projections for the University's new academic programs starting in fiscal year 2021.

### **New Academic Programs Total Enrollment**





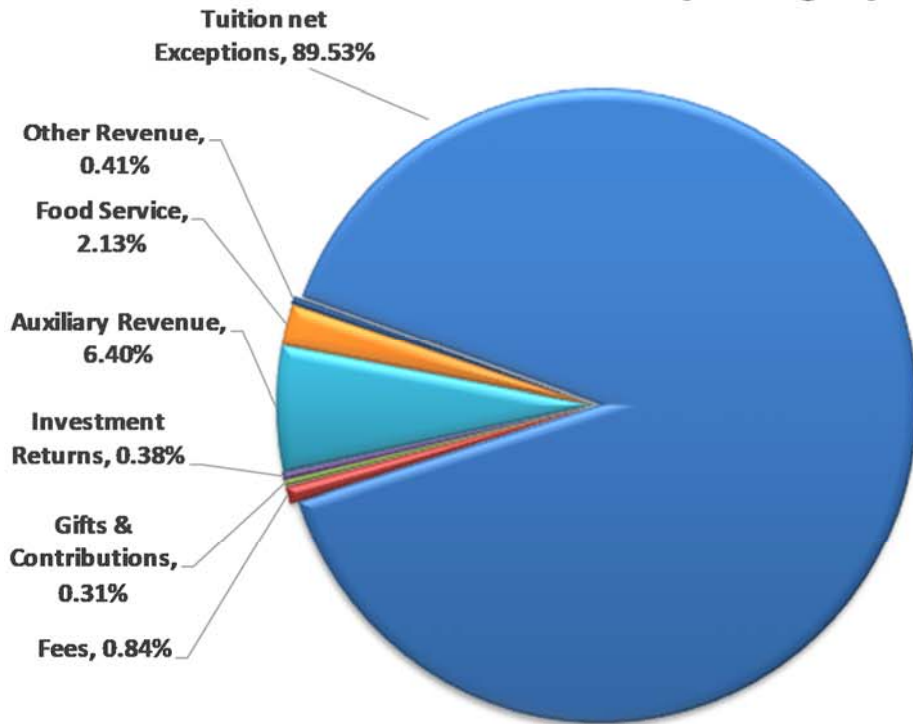
### ***FY21 Unrestricted Operating Budget Creation Process Goal***

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.

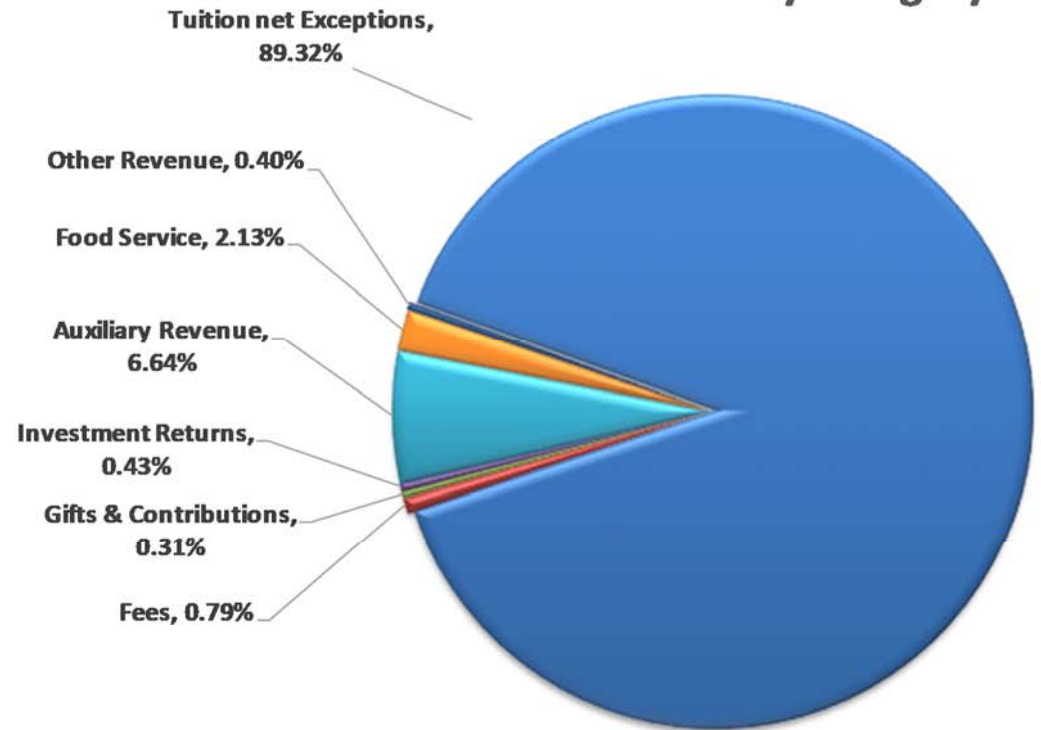
### ***FY21 Unrestricted Operating Budget Creation Process Highlights***

- 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, as well as the University Budget Advisory Council, with ultimate funding decisions made by the President and the Provost.
- New capital requests were reviewed by the University Budget Advisory Council, Cabinet members, the Provost, and the President.
- 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. The Board of Trustees also approved the aforementioned enrollment targets and projections at its winter meeting.
- Institutional financial aid expenses were based on a combination of historical, forecasted, and targeted discount rates.

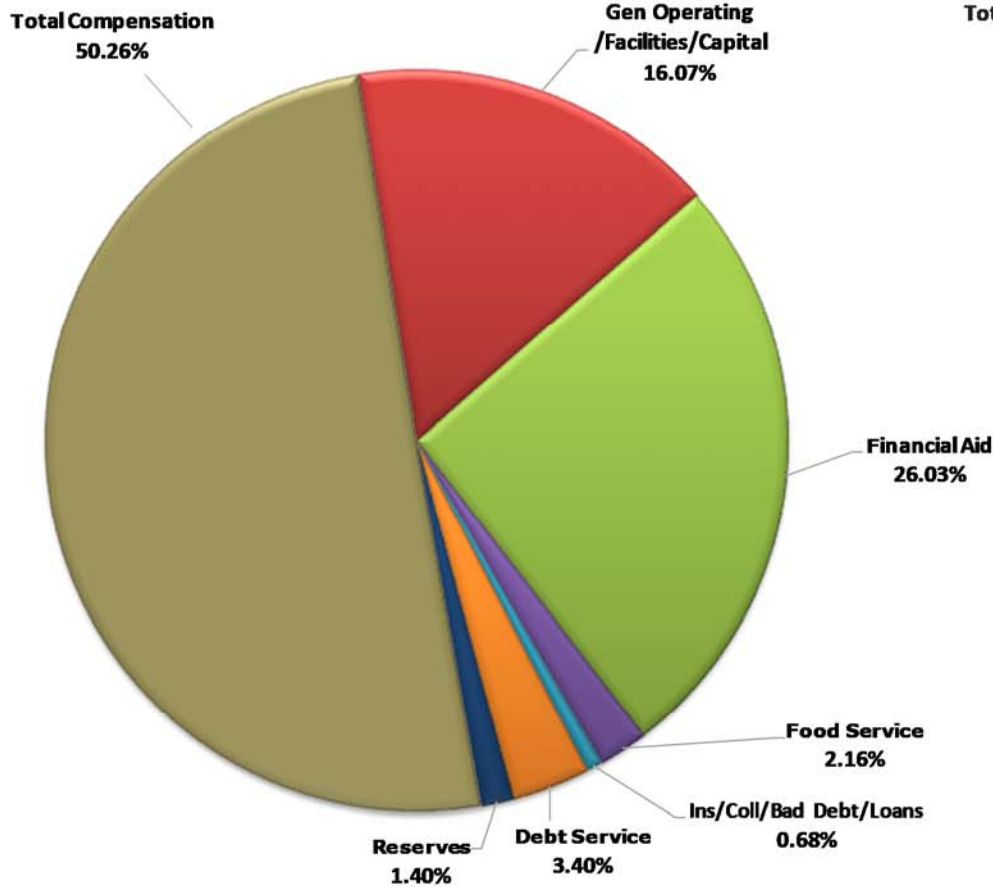
### FY 2020 Revenue by Category



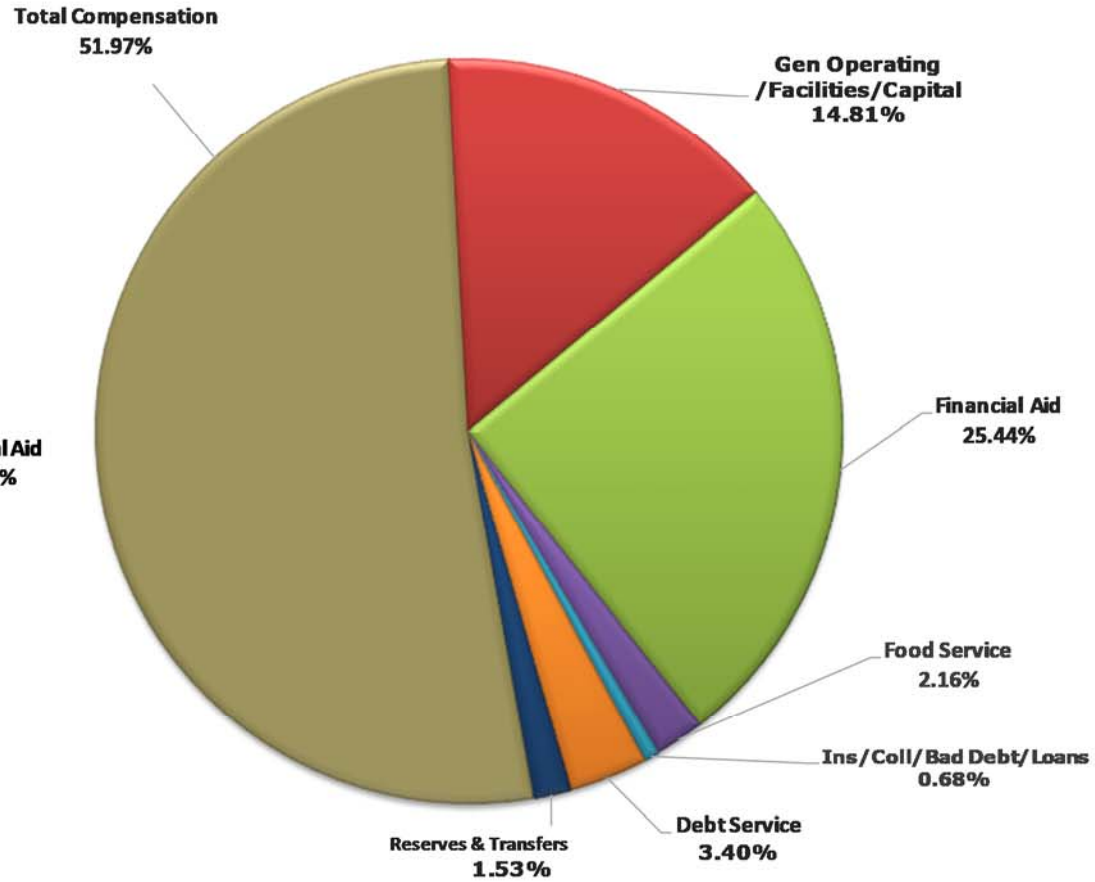
### FY 2021 Revenue by Category



**FY 2020 Expense by Category**



**FY 2021 Expense by Category**



## FY 2021 Proposed Operating Budget by Category

### ***Across the University***

The \$488.9 million operating budget for FY 2021 is based on the University's plan to welcome 10,464 continuing and new students across all of its campuses. Compared to the current fiscal year's adopted budget (as well as savings identified in order to balance the current fiscal year's adopted budget), FY 2021 revenue is expected to increase \$0.343 million from FY 2020 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 decrease by \$0.707 million. Fee revenue budgets reflect the removal of commencement participation fees. The current investment returns budget increases on account of greater anticipated income from the University's quasi-endowments. Planned changes to auxiliary revenue reflects a 4.4% room rate increase. Food service revenue is planned to be flat due to a volume adjustment. Decreases to other revenues include adjustments from the University's Housing, Alumni Engagement and Career Services functions.

### ***Financial Aid Expense***

Institutional financial aid is a combination of merit awards and need-based aid. Unfunded financial aid budgets will decrease, in aggregate, by 2.2%. This decrease will account for the University's recent and planned enrollment composition, as well as reduced discounting of fall 2019 Hilltop matriculating undergraduates.

### ***Other Expenses***

General operating, facilities, and capital expenditure budgets will collectively see a decrease in their levels. Transfers In includes an adjustment for Law's planned support from their restricted resources; see pages 17 and 18 for details.

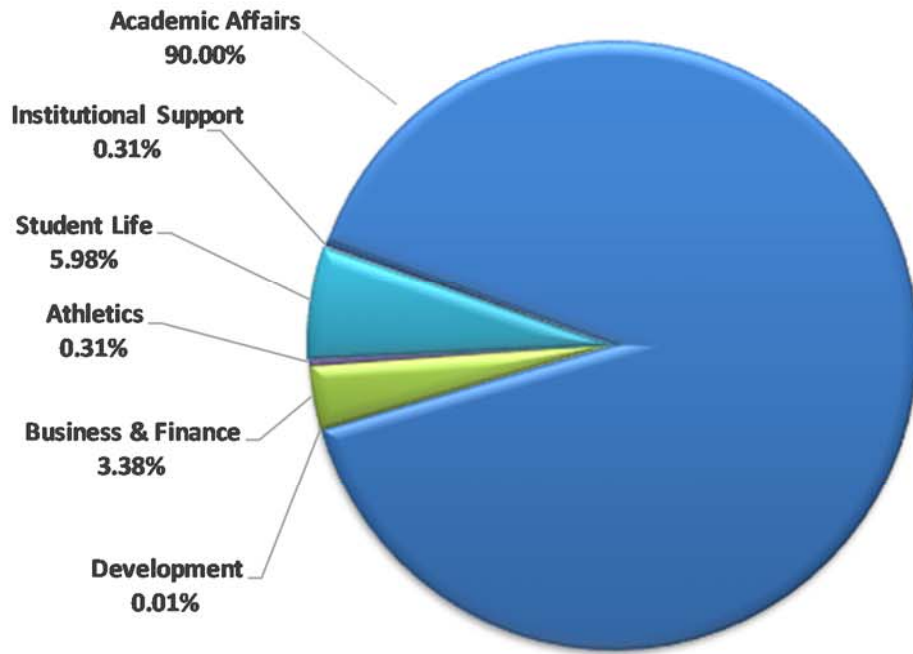
### ***University Reserves and Transfers***

University Reserves increases a net \$997,000 to \$7.8 million, or 1.6% of operating revenue budgets.

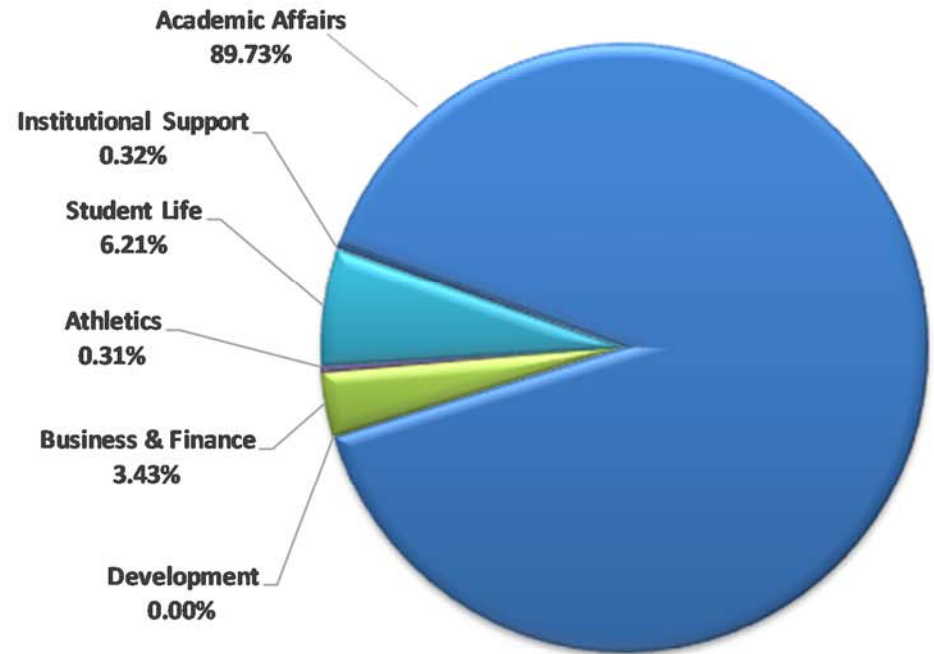
### **FY 2021 Budget Creation (in \$1,000's)**

<b>Revenue</b>	<b>FY 2020 Budget</b>	<b>FY 2021 Budget</b>	<b>Change</b>	<b>Change %</b>
Tuition net Exceptions	437,359	436,653	(707)	-0.2%
Fees	4,120	3,839	(281)	-6.8%
Gifts & Contributions	1,503	1,503	-	0.0%
Investment Returns	1,845	2,084	239	13.0%
Auxiliary Revenue	31,274	32,442	1,168	3.7%
Food Service	10,400	10,400	-	0.0%
Other Revenue	2,009	1,932	(77)	-3.8%
<b>Total Revenue</b>	<b>488,510</b>	<b>488,853</b>	<b>343</b>	<b>0.1%</b>
<b>Expense</b>				
Total Compensation	245,519	254,079	8,560	3.5%
Gen Ops/Facilities/Capital	78,502	72,395	(6,107)	-7.8%
Financial Aid	127,169	124,381	(2,788)	-2.2%
Food Service	10,550	10,550	-	0.0%
Ins/Coll/Bad Debt/Loans	3,325	3,325	(0)	0.0%
Debt Service	16,627	16,627	(0)	0.0%
Reserves	6,818	7,815	997	14.6%
Transfer In	-	(319)	(319)	N/A
<b>Total Expense</b>	<b>488,510</b>	<b>488,853</b>	<b>343</b>	<b>0.1%</b>
<b>Net Balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

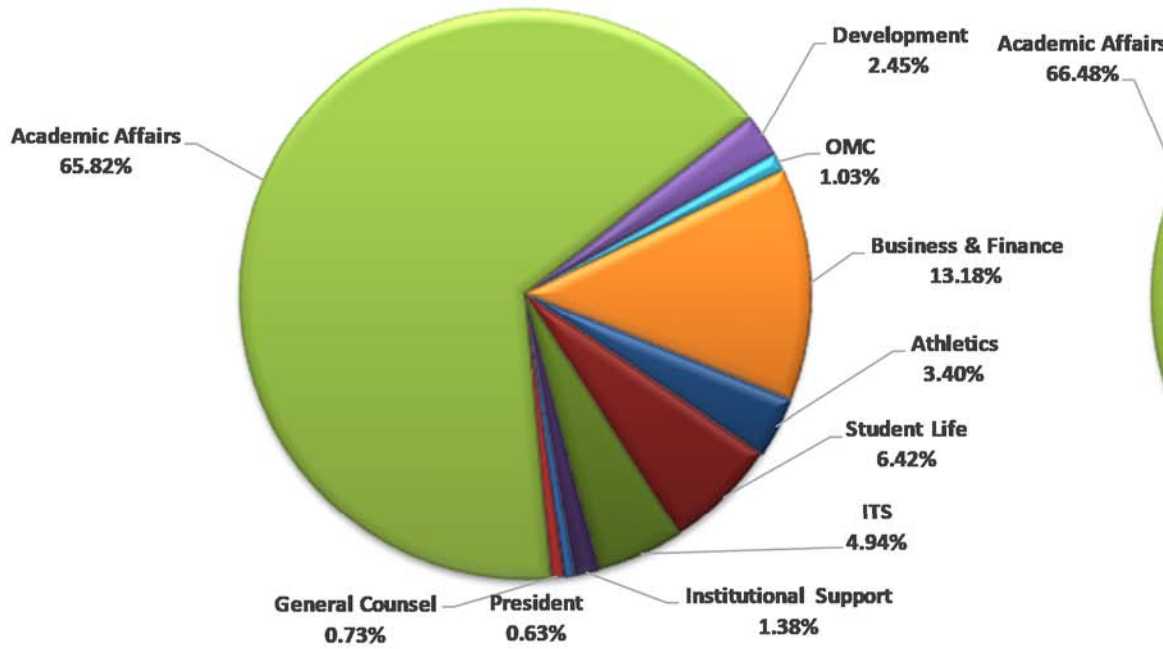
**FY 2020 Revenue by Primary Functional Areas**



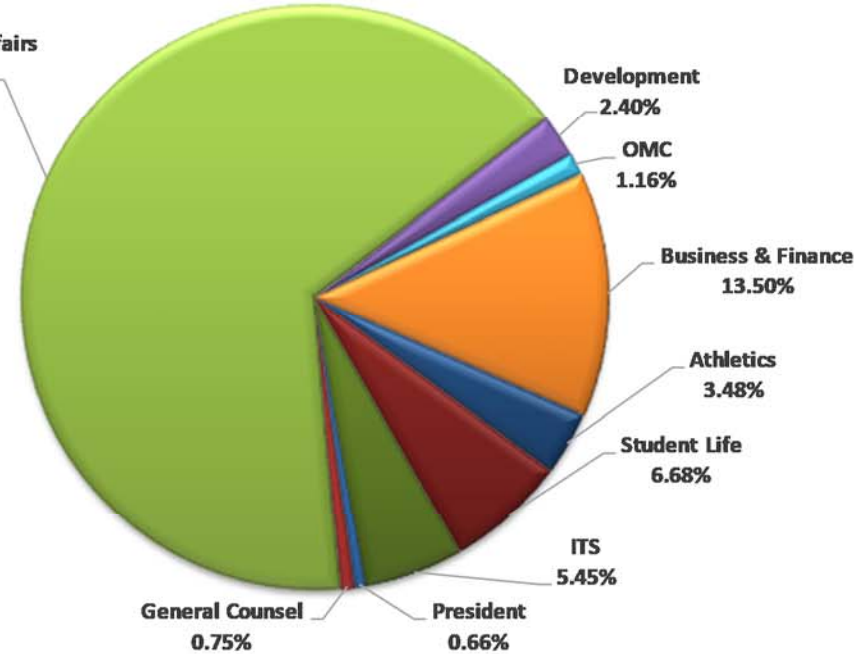
**FY 2021 Revenue by Primary Functional Areas**



**FY 2020 Expense by Primary Functional Areas**



**FY 2021 Expense by Primary Functional Areas**



\* Excludes Institutional Support due to contra value

## FY 2021 Proposed Operating Budget by Primary Functional Areas

Highlighted changes are from the University's current FY 2020 Board budget. While we highlight proposed changes to the FY 2021 budget resulting from planning efforts, changes from the FY 2020 Board budget also include management adjustments made within the fiscal year.

### Revenue Changes

- Academic Affairs decrease is due to enrollment projections as of March 3, 2020, adjusted by tuition increases approved by the Board of Trustees in December 2019. These projections include enrollments in new programs (see page six). The Office of the Registrar sees a small decrease due to the removal of a previously planned commencement fee.
- The Business & Finance increase is due to increased distributions from the university's quasi-endowments.
- The 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.
- The Academic Affairs net increase includes Law budget adjustments, as well as additional funds for faculty compensation increases and library subscription increases.
- Development budgets include the removal of one-time campaign support. Both Development and the Office of Marketing Communications include non-discretionary and contractual increases.
- The Business and Finance net increase includes custodial and utility contractual increases, as well as new housing and dining facilities support budgets.
- The Athletics net increase includes an increase to financial aid.
- The Student Life net increase includes additional funding for student housing, a disability specialist, as well as staff and faculty support for the Black Achievement, Success and Engagement Program.
- The Information Technology Services net increase includes hardware and software maintenance contractual increases, as well as capital support for infrastructure replacement.
- Institutional Support includes staff compensation increases, an increase to the University's operating reserves, as well as a holding budget for approximately \$9.0 million anticipated savings.

### FY 2021 Proposed Budget (in \$1,000's)

Revenue	FY20 Budget	FY21 Budget	Change	Change %
Academic Affairs	439,643	438,646	(997)	-0.2%
Development	41	6	(35)	-85.4%
Business & Finance	16,533	16,777	244	1.5%
Athletics	1,504	1,502	(2)	-0.1%
Student Life	29,227	30,359	1,132	3.9%
ITS	1	1	-	0.0%
Institutional Support	1,500	1,500	-	0.0%
<b>Total Revenue</b>	<b>488,510</b>	<b>488,853</b>	<b>343</b>	<b>0.1%</b>
<b>Expense</b>				
President	3,091	3,227	136	4.4%
General Counsel	3,589	3,700	111	3.1%
Academic Affairs	321,554	323,675	2,121	0.7%
Development	11,975	11,793	(182)	-1.5%
OMC	5,023	5,721	698	13.9%
Business & Finance	64,390	66,301	1,911	3.0%
Athletics	16,627	17,102	475	2.9%
Student Life	31,372	32,805	1,433	4.6%
ITS	24,152	26,757	2,605	10.8%
Institutional Support	6,738	(2,227)	(8,965)	-133.1%
<b>Total Expense</b>	<b>488,510</b>	<b>488,853</b>	<b>343</b>	<b>0.1%</b>
<b>Net Balance</b>	-	-	-	-

## Enrollment Projections (as of March 3, 2020)

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

	FY 2019 Actual		FY 2020 Actual		FY 2021 Budget		FY 2022 Budget	
	Fall HC	SCH	Fall HC	SCH	Fall HC	SCH	Fall HC	SCH
<b>Undergraduate</b>								
Arts & Sciences	3,912	160,932	3,948	157,854	3,818	152,296	3,765	149,604
Management	1,894	33,204	1,717	31,081	1,606	29,169	1,553	28,046
Nursing	867	17,372	845	17,361	811	16,631	853	17,047
<b>Undergraduate Total</b>	<b>6,673</b>	<b>211,508</b>	<b>6,510</b>	<b>206,296</b>	<b>6,235</b>	<b>198,096</b>	<b>6,171</b>	<b>194,697</b>
<b>Graduate</b>								
Arts & Sciences	1,029	17,840	1,048	18,231	1,056	18,110	1,067	17,775
Management	616	13,480	617	13,316	629	13,536	614	13,710
Nursing	798	19,810	811	19,392	888	19,798	921	20,879
Education	1,060	20,802	1,078	20,754	1,081	20,532	1,086	20,869
Law	502	11,772	510	12,352	490	12,115	513	12,485
<b>Graduate Total</b>	<b>4,005</b>	<b>83,704</b>	<b>4,064</b>	<b>84,045</b>	<b>4,144</b>	<b>84,091</b>	<b>4,201</b>	<b>85,718</b>
<b>Non-Degree-Seeking</b>	81		98		85		80	
<b>University Total</b>	<b>10,759</b>	<b>295,212</b>	<b>10,672</b>	<b>290,341</b>	<b>10,464</b>	<b>282,187</b>	<b>10,452</b>	<b>280,415</b>



## Enrollment, Revenue, and Expense: FY 2020 Actuals Versus FY 2021 Budget

### *Undergraduate Enrollment*

New undergraduate student enrollment is planned to increase from 1,667 in fall 2019 to 1,731 in fall 2020. The undergraduate continuing student population is planned to decrease from 4,843 in fall 2019 to 4,504 in fall 2020. Overall, undergraduate student enrollment is planned to decrease from 6,510 in fall 2019 to 6,235 in fall 2020.

### *Graduate and Professional Studies Enrollment*

**Arts and Sciences** graduate student enrollment for FY 2020 is planned to decrease from 18,231 SCHs in FY 2020 to 18,110 SCHs in FY 2021.

**Management** projected graduate SCHs are planned to increase from 13,316 in FY 2020 to 13,536 in FY 2021.

**Nursing** graduate SHCs are planned to increase from 19,392 SCHs in FY 2020 to 19,798 in FY 2021.

**Education** total enrollment, as measured by SCHs, is planned to decrease from 20,754 in FY 2020 to 20,532 in FY 2021.

**Law** total enrollment, as measured by SCHs, is planned to decrease from 12,352 in FY 2020 to 12,115 in FY 2021.

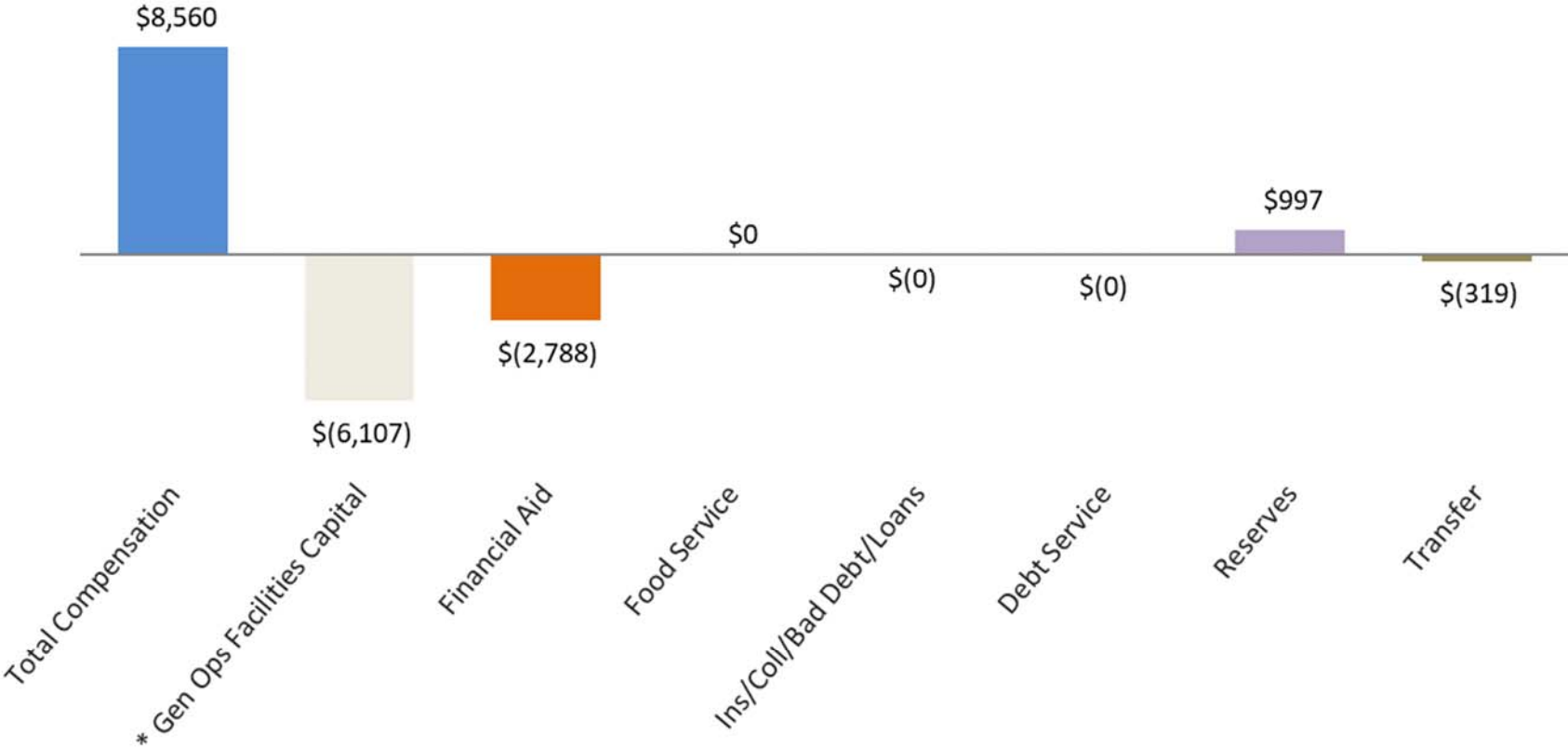
### *FY 2021 Budgeted Revenue & Expense by College*

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.

	<b>FY 2021 Budget</b>	<b>Revenue</b>	<b>Expense</b>
Arts & Sciences	\$ 271,285	\$ 175,975	
Management	\$ 65,017	\$ 40,126	
Education	\$ 22,606	\$ 15,182	
Law	\$ 21,712	\$ 21,712	
Nursing	\$ 57,544	\$ 33,588	
	<u>\$ 438,163</u>	<u>\$ 286,583</u>	

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

### FY21 Change in Expense Budgets



\*Note: Gen Ops Facilities Capital includes a decrease for anticipated savings of \$8.956 million.

## Changes in Expense Budgets

Highlighted changes are from the University's current FY 2020 Board budget. While we highlight proposed changes to the FY 2021 operating budget resulting from planning efforts, changes from the FY 2020 Board Budget also include management adjustments made within the fiscal year.

### ***Total Compensation***

Employee compensation constitutes approximately 52.0% of budgeted expenses in FY 2021. 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 the unit of Institutional Support. The non-Law faculty compensation increase pool is within 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 \$6.1 million includes a decrease for anticipated savings of \$9.0 million, increases for planning priorities of \$3.7 million, decreased revenue share payments of \$625K, a \$500K decrease for one-time FY 2020 funding needs, a net \$418K from management's internal reallocations, housing increases of \$373K, a net decrease of \$345K for Academic Affairs internal funding of new and continuing academic programs, and a net decrease of \$170K for additional campuses lease adjustments.

### ***Financial Aid***

The \$2.8 million decrease in financial aid accounts for the decreased discounting of Hilltop undergraduate matriculants and budgets for current financial aid practices that respond to our challenging net tuition environment. Law maintains its current level of financial aid funding.

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

Food Service remains at its current budget due to a volume adjustment. Both Debt Service as well as the Insurance/Collections/Bad Debt/Loans category remain at their current level of funding.

### ***Reserves and Transfers In***

Reserves are designated for unexpected variations in revenues or expenses. The University will increase its operating reserves by approximately \$1.0 million. The resulting level will represent approximately 1.6% of operating revenue budgets. Law's budget adds a Transfers In target from restricted resources of \$319K.

## Changes in Compensation Budgets

### **Faculty**

Tenured, probationary, and term full-time faculty salaries for FY 2021 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, and incremental support for continuing and new academic programs.

### **Staff**

Staff salaries for FY 2021 reflect allocations for compensation increases. New and continuing academic program adjustments include an additional 1.5 FTE staff support position. Planning priorities result in the funding of an additional seven in staff positions. These include five half-year positions to support new dining and housing facilities coming online in FY 2021: a gardener, a laborer, and three facilities engineers. Two additional positions for new planning priorities include a disability specialist, as well as a program coordinator for the Black Achievement, Success and Engagement Program.

### **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 2021, 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.

<u>Compensation</u>	<u>FY 2020 Budget</u>	<u>FY 2021 Budget</u>	<u>Change</u>
Full-Time Faculty	63,769	67,254	3,486
Part-Time Faculty	24,223	23,849	(373)
Staff	86,689	89,397	2,709
Student Staff	8,023	8,470	447
Benefits	62,817	65,108	2,292
<b>Total Compensation</b>	<b>245,519</b>	<b>254,079</b>	<b>8,560</b>

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

## FY 2020 Board Budget & Forecast Versus FY 2021 Board Budget

	FY20 Budget	FY20 Forecast ^	FY21 Budget *
<b>Revenue</b>			
Tuition net Exceptions	437,359	432,723	436,652
Fees	4,120	3,438	3,839
Gifts & Contributions	1,503	1,225	1,503
Investment Returns	1,845	2,145	2,084
Auxiliary Revenue	31,274	30,031	32,442
Board Revenue	10,400	9,159	10,400
Other Revenue	2,009	2,888	1,932
<b>Total Revenue</b>	<b>488,510</b>	<b>481,610</b>	<b>488,852</b>
<b>Expense</b>			
FT Faculty Salary & Benefits	87,682	84,886	92,474
PT Faculty Salary & Benefits	29,794	26,666	29,454
Total Staff Salary & Benefits	128,043	125,766	132,149
Gen Ops/Facilities/Capital	78,502	84,639	72,396
Scholarships	127,169	125,558	124,381
Food Service	10,550	9,159	10,550
Ins/Coll/Bad Debt/Loans	3,325	3,325	3,325
Debt Service	16,627	16,627	16,627
Reserves, Transfers & Internal Bank	6,818	4,983	7,496
<b>Total Expense</b>	<b>488,510</b>	<b>481,610</b>	<b>488,852</b>
<b>Net Balance</b>	<b>-</b>	<b>-</b>	<b>-</b>

^ February Fiscal Period Operating Forecast

\* This amount included a general operating reduction for anticipated savings of \$8.956 million which will be allocated across other expense categories with management's inputs by June 1, 2020.

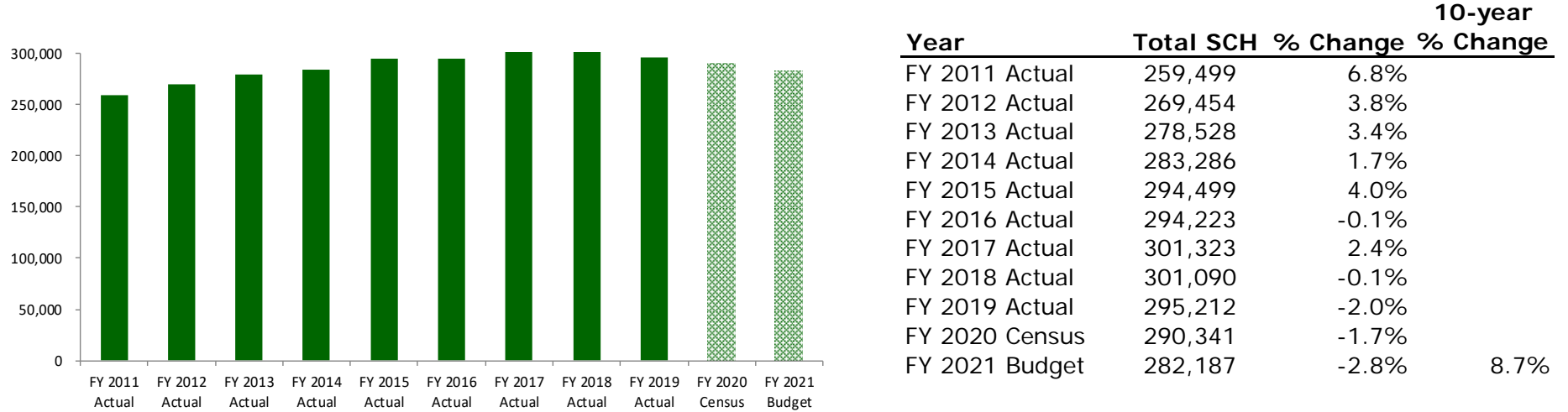
(All figures in \$1,000's)

## **Appendix: Historical Analysis**

**Revenue**

Tuition and fees make up 90.1% of the revenue in the FY 2021 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 2011 - FY 2021)**



**Tuition and Fee Income**

Planned tuition and fee revenue increases because enrollment projections and/or tuition rates increase. The FY 2021 budget anticipates that tuition (net of tuition exceptions) and fee revenue will increase by 1.0%. Tuition and fees constitute 90.1% of the FY 2021 revenue budget.

**Financial Aid**

Over the ten-year analysis period, expenditures for University-funded financial aid have increased 122.6%, in contrast with a tuition and fee cumulative increase of 51.3%. As a percentage of tuition, aggregate financial aid has grown from 19.5% to a budgeted 28.5% during this same ten-year period.

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

There is \$124.4 million in aggregate unrestricted financial aid in the FY 2021 operating budget.

**FY 2011 - FY 2021 Unrestricted Operating Budget  
Tuition & Fee Income/Percent of Total Revenue**  
*(in thousands of dollars)*

<u>Year</u>	<u>Tuition* &amp; Fees</u>	<u>Total Revenue</u>	<u>% of Total</u>	<u>T&amp;F % Change</u>	<u>10-Year % Change</u>
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	\$367,352	\$406,540	90.4%	5.0%	
FY 2016 Actual	\$378,743	\$418,237	90.6%	3.1%	
FY 2017 Actual	\$402,253	\$446,220	90.1%	6.2%	
FY 2018 Actual	\$420,181	\$465,098	90.3%	4.5%	
FY 2019 Actual	\$425,283	\$472,420	90.0%	1.2%	
FY 2020 Forecast	\$436,162	\$481,310	90.6%	2.6%	
FY 2021 Budget	\$440,492	\$488,853	90.1%	1.0%	51.3%

**FY 2011 - FY 2021 Unrestricted Operating Budget  
Financial Aid/Percent of Tuition**  
*(in thousands of dollars)*

<u>Year</u>	<u>Financial Aid</u>	<u>Tuition*</u>	<u>% of Tuition</u>	<u>Fin Aid % Change</u>	<u>10-Year % Change</u>
FY 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	\$75,007	\$364,473	20.6%	8.6%	
FY 2016 Actual	\$82,966	\$375,814	22.1%	10.6%	
FY 2017 Actual	\$93,447	\$398,673	23.4%	12.6%	
FY 2018 Actual	\$108,926	\$416,295	26.2%	16.6%	
FY 2019 Actual	\$116,394	\$421,587	27.6%	6.9%	
FY 2020 Forecast	\$125,558	\$432,723	29.0%	7.9%	
FY 2021 Budget	\$124,381	\$436,653	28.5%	-0.9%	122.6%

Tuition\* = Tuition + Tuition Exceptions

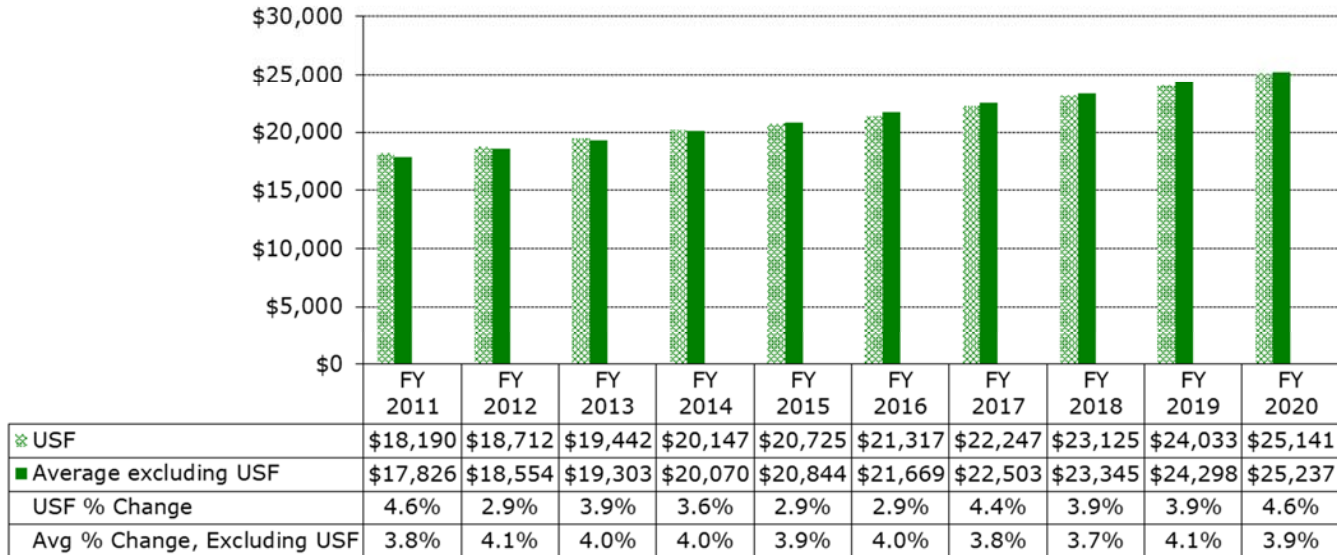


## Tuition and Fee Rates

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, rates 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 charges at levels consistent with our cross-applicant competitor set of schools. There is strong political and social pressure to control the growth of higher education costs. The University is responding to this pressure by 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 2011-FY 2020)**



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

The University competes with other schools for students, and prospective students pay attention to tuition and fee rates. The table below reflects the historical cost of undergraduate tuition and fees at our peer institutions, and the University's relative position in the list. Recommendations for tuition rates are prepared after examining the University's relative price position with comparable institutions, its projected enrollment, and the impact of alternative rate increases on the entire University operating budget. In our comparison of tuition and fees, the average undergraduate tuition and fees per semester for West Coast Conference colleges and universities increased by 3.9% in FY 2020. USF increased undergraduate tuition and fees by 4.6% in FY 2020.

### **Undergraduate Semester**

	<b>FY 2011</b>	<b>FY 2012</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>
<b>WCC Schools</b>										
Pepperdine University	\$19,540	\$20,376	\$21,386	\$22,451	\$23,346	\$24,171	\$25,011	\$25,996	\$26,966	\$27,946
Santa Clara University	\$18,827	\$19,667	\$20,431	\$21,223	\$22,054	\$22,798	\$23,704	\$24,769	\$25,693	\$26,643
University of San Diego	\$18,686	\$19,291	\$19,985	\$20,696	\$21,414	\$22,293	\$23,070	\$23,861	\$24,679	\$25,593
Loyola Marymount University	\$18,357	\$18,950	\$19,609	\$20,177	\$20,849	\$21,806	\$22,642	\$23,261	\$24,329	\$25,417
<b>USF</b>	<b>\$18,190</b>	<b>\$18,712</b>	<b>\$19,442</b>	<b>\$20,147</b>	<b>\$20,725</b>	<b>\$21,317</b>	<b>\$22,247</b>	<b>\$23,125</b>	<b>\$24,033</b>	<b>\$25,141</b>
Saint Mary's College	\$17,715	\$18,575	\$19,225	\$19,945	\$20,690	\$21,465	\$22,180	\$22,843	\$23,855	\$24,594
University of Portland	\$16,165	\$16,890	\$17,630	\$18,435	\$19,260	\$20,125	\$21,007	\$22,013	\$22,952	\$23,909
Gonzaga University	\$15,493	\$16,133	\$16,853	\$17,560	\$18,295	\$19,028	\$19,910	\$20,673	\$21,613	\$22,555
Average including USF	\$17,871	\$18,574	\$19,320	\$20,079	\$20,829	\$21,625	\$22,471	\$23,318	\$24,265	\$25,225
Average excluding USF	\$17,826	\$18,554	\$19,303	\$20,070	\$20,844	\$21,669	\$22,503	\$23,345	\$24,298	\$25,237
<b>USF % Change</b>	<b>4.6%</b>	<b>2.9%</b>	<b>3.9%</b>	<b>3.6%</b>	<b>2.9%</b>	<b>2.9%</b>	<b>4.4%</b>	<b>3.9%</b>	<b>3.9%</b>	<b>4.6%</b>
Avg % Change, Excluding USF	3.8%	4.1%	4.0%	4.0%	3.9%	4.0%	3.8%	3.7%	4.1%	3.9%

## Five-Year Undergraduate Tuition and Fees Trend

The FY 2020 average (excluding USF) annual undergraduate tuition and fees is \$50,862, 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 4.2%. Over the entire five-year period, the average tuition and fee level (excluding USF) increased 16.0%, while USF's tuition and fees increased 17.9%.

WCC	School	2015~2016	2016~2017	2017~2018	2018~2019	2019~2020	% change in Average % change	
							5 yrs (B)	per yr (C)
	CA University of Southern California	51,372	52,567	54,573	56,676	58,645	14.2%	3.4%
X	CA Pepperdine University	48,342	50,022	51,992	53,932	55,892	15.6%	3.7%
	NY Fordham University	46,902	48,654	50,986	52,687	54,411	16.0%	3.8%
X	Bay Santa Clara University	45,595	47,407	49,538	51,386	53,285	16.9%	4.0%
X	CA University of San Diego	44,586	46,140	47,722	49,358	51,186	14.8%	3.5%
X	CA Loyola Marymount University	43,611	45,284	46,522	48,658	50,833	16.6%	3.9%
<b>X</b>	<b>Bay USF</b>	<b>42,634</b>	<b>44,494</b>	<b>46,250</b>	<b>48,066</b>	<b>50,282</b>	<b>17.9%</b>	<b>4.2%</b>
X	Bay Saint Mary's College	42,930	44,360	45,686	47,710	49,188	14.6%	3.5%
X	OR University of Portland	40,250	42,014	44,026	45,904	47,818	18.8%	4.4%
	WA Seattle University	39,920	41,495	43,428	45,145	47,090	18.0%	4.2%
	IL Loyola University of Chicago	40,772	42,382	43,115	44,158	46,028	12.9%	3.1%
X	WA Gonzaga University	38,055	39,820	41,345	43,225	45,110	18.5%	4.3%
	Average	43,747	45,387	47,099	48,909	50,814	16.2%	3.8%
	Average excluding USF	43,849	45,468	47,176	48,985	50,862	16.0%	3.8%

### Notes:

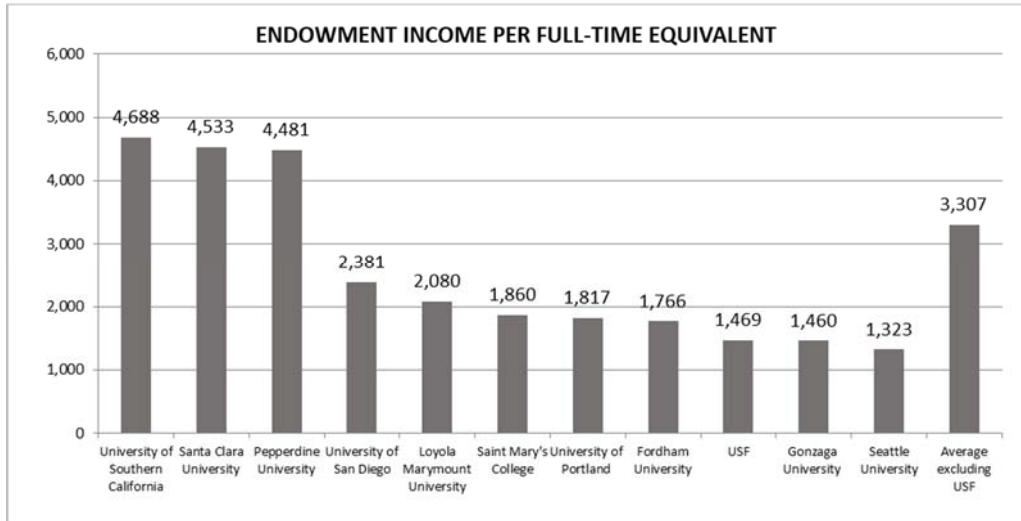
(A) Schools are sorted by 2019/2020 Tuition and Fees column.

(B) The '% change in 5 yrs' is the growth from FY16 to FY20.

(C) The 'Average % change per yr' is an average of the % changes from FY16 to FY20.

## Endowment (FY 2018)

Among other support, a healthy endowment provides a source of funding for university scholarships. In fiscal year 2018 (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 \$3,307. USF's EI/FTE is below this average at \$1,469.



WCC	School	2018 Total Endowment (TE) (000) <sup>2</sup>	4% Endowment Income FY 18 (EI) (000)	2018 Total Enrollment (FTE) <sup>3</sup>	2018 Total Enrollment TE/FTE	2018 Total Enrollment EI/FTE
CA	University of Southern California	5,544,267	221,771	47,310	117,190	4,688
X Bay	Santa Clara University	979,248	39,170	8,642	113,313	4,533
X CA	Pepperdine University	891,846	35,674	7,961	112,027	4,481
X CA	University of San Diego	529,997	21,200	8,905	59,517	2,381
X CA	Loyola Marymount University	471,841	18,874	9,073	52,005	2,080
X Bay	Saint Mary's College	180,474	7,219	3,881	46,502	1,860
X OR	University of Portland	194,396	7,776	4,280	45,420	1,817
NY	Fordham University	729,179	29,167	16,515	44,153	1,766
<b>X Bay</b>	<b>USF</b>	<b>393,399</b>	<b>15,736</b>	<b>10,713</b>	<b>36,722</b>	<b>1,469</b>
WA	Gonzaga University	275,958	11,038	7,563	36,488	1,460
WA	Seattle University	241,184	9,647	7,291	33,080	1,323
	Average	948,344	37,934	12,012	78,949	3,158
	Average excluding USF	1,003,839	40,154	12,142	82,674	3,307

**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 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	\$364,866	34.6%	13.1%	5.6%		
FY 2014 Actual	\$48,136	\$148,551	\$377,882	32.4%	12.7%	0.4%		
FY 2015 Actual	\$54,371	\$158,978	\$405,906	34.2%	13.4%	13.0%		
FY 2016 Actual	\$57,935	\$168,247	\$418,237	34.4%	13.9%	6.6%		
FY 2017 Actual	\$60,366	\$174,210	\$446,220	34.7%	13.5%	4.2%		
FY 2018 Actual	\$61,674	\$177,955	\$465,098	34.7%	13.3%	2.2%		
FY 2019 Actual	\$60,461	\$174,828	\$472,110	34.6%	12.8%	-2.0%		
FY 2020 Forecast	\$60,687	\$176,633	\$481,610	34.4%	12.6%	0.4%		
FY 2021 Budget	\$65,108	\$188,971	\$488,853	34.5%	13.3%	7.3%	57.3%	57.5%

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

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

	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>
<b>YTD Activity</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Forecast</b>	<b>Budget</b>
Tuition & Fees	(402,253)	(420,181)	(425,283)	(436,162)	(440,491)
Gifts	(1,127)	(1,301)	(1,736)	(1,225)	(1,503)
Auxiliary & Other Revenues	(42,839)	(43,617)	(45,401)	(44,223)	(46,858)
<b>Revenue Total</b>	<b>(446,220)</b>	<b>(465,098)</b>	<b>(472,420)</b>	<b>(481,610)</b>	<b>(488,852)</b>
Full-Time Faculty	62,810	64,531	62,176	61,736	67,254
Part-Time Faculty	22,769	22,839	22,053	21,680	23,849
Staff	81,446	83,400	83,138	84,713	89,397
Student Staff	7,185	7,185	7,462	8,504	8,470
Benefits	60,366	61,674	60,461	60,687	65,108
Gen Ops/Facilities/Capital	85,154	80,560	81,369	84,639	72,395
Financial Aid	93,447	108,926	116,394	125,558	124,381
Food Service	10,311	10,277	10,056	9,159	10,550
Debt & Other Expense	18,984	19,419	19,681	19,951	19,950
Reserves & Transfers In/Out	3,749	6,288	9,320	4,983	7,496
<b>Expense Total</b>	<b>446,220</b>	<b>465,098</b>	<b>472,110</b>	<b>481,610</b>	<b>488,852</b>
<b>Grand Total</b>	<b>0</b>	<b>0</b>	<b>(310)</b>	<b>0</b>	<b>0</b>

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