

Financial Operating & Capital Plan Reviews FY 2009



Budget Forum

February 25, 2008

- **Improve the Integration of Strategic Planning and Financial Operations Management**
 - Simplify and Clarify Current Business Processes
 - Develop Guidelines and Procedures for the Use of Designated, Endowed Spending, and Reserve Funds
 - Improve Accountability to Reduce the Growth Rate for Expenses

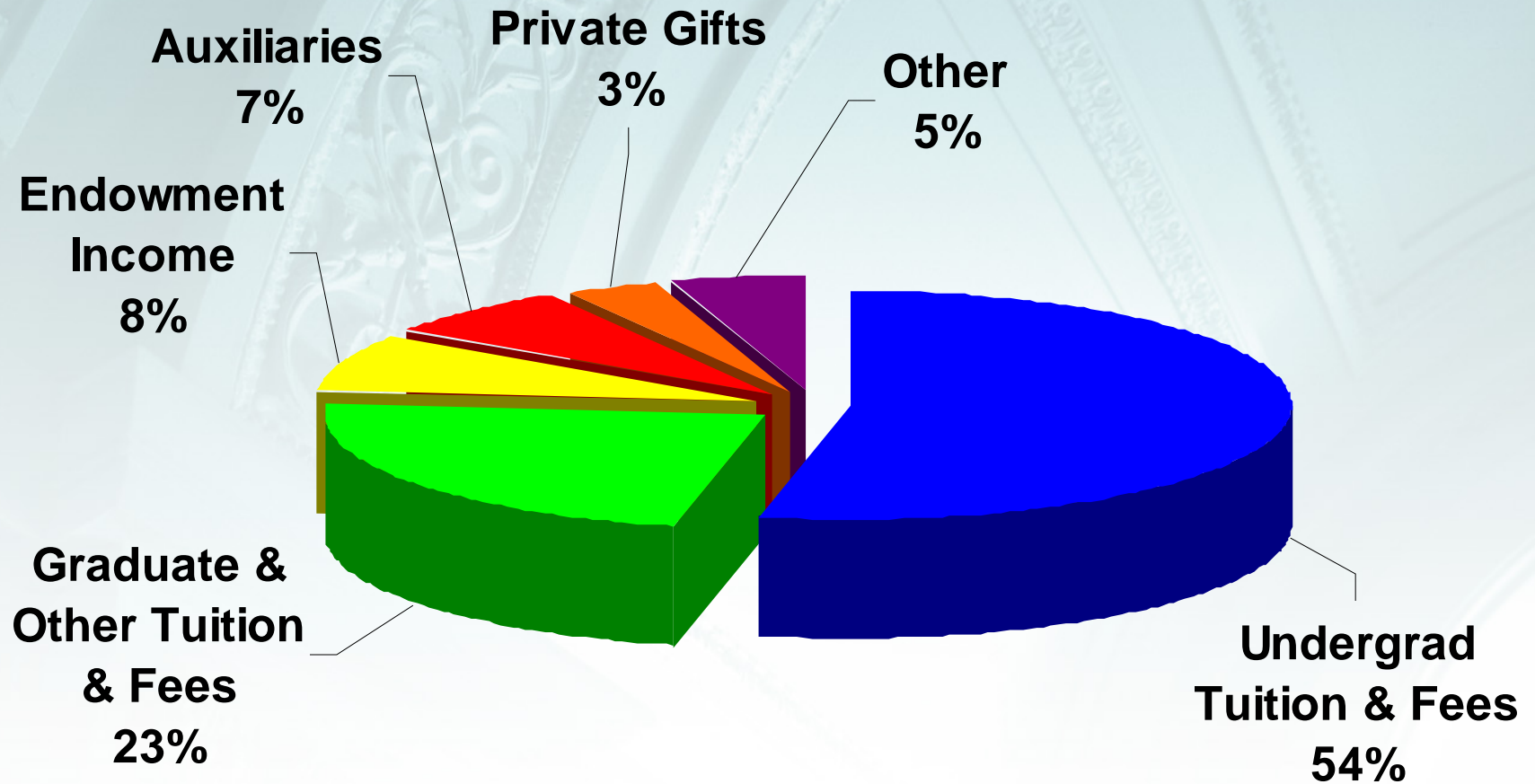
- **Implement an Integrated Capital Budgeting Process**
 - Develop a Transparent Project Planning, Approval, and Funding Process

Budget Process (September – January)



- University Budget Council (UBC) Meetings
 - Budget Requests, Projections, and Plans are Presented by Key University Departments
- Different Scenarios and Assumptions Established to Help Develop Planning Models
- Budget Planning Models / Options Presented to the UBC
- Proposed Operating / Capital Plans Reviewed by President
- Trustee Finance Committee Review & Recommendations
- Executive Committee Board of Trustees Review & Approval

FY 2009 Revenue Budget



Total: \$311M

Revenue Assumptions



■ Undergraduate Program

- 4,650 Full Time Students
- Set Tuition Rate to Maintain Our Competitive Advantage With Comparable California Private Institutions
 - +5.4% Undergraduate Cost of Education
 - Tuition + Room & Board Increase
 - \$34,950 Undergraduate Tuition Rate

Revenue Assumptions - continued



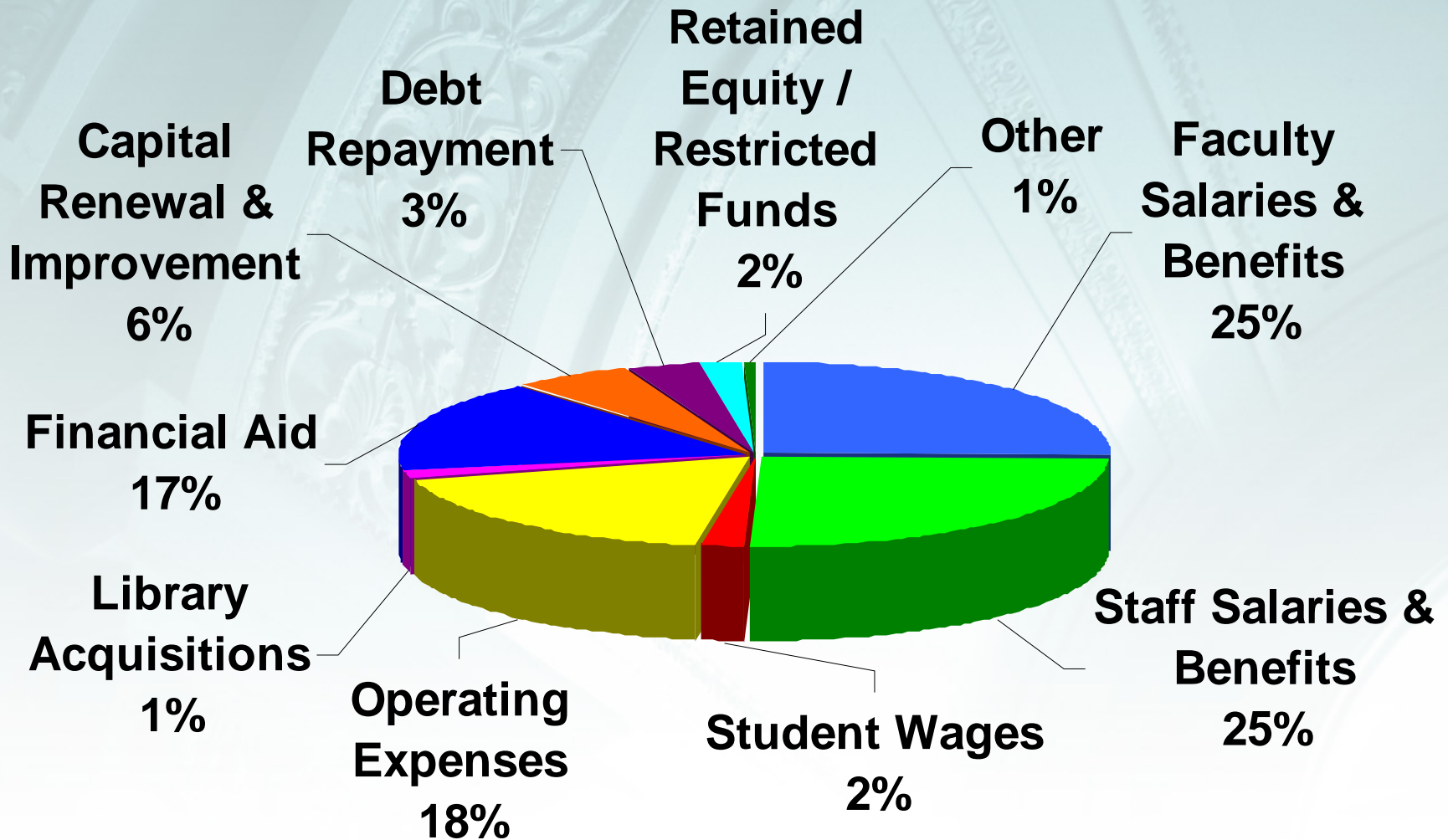
■ Graduate & Other Programs

- Stable Enrollment in Law, Business, Education, Counseling Psychology, and Pastoral Ministries
- Engineering Program Rebuilding Enrollment
- 4% Law School Tuition Rate Increase; 3% Tuition Rate Increase for Other Programs

■ Endowment & Private Gifts

- New Spending Policy Provides a Moderating Effect on Expenditures
 - Maintains Stable Cash Flows to Operations
 - Continues to Grow the Endowment

FY 2009 Expense Budget



Total: \$311M

Expense Assumptions



■ Faculty & Staff Compensation & Benefits

- 4% Merit Based Pool
- \$100K for Year Two Conversion of Arts & Sciences Fixed Term Positions to Renewable Term Lecturers
- \$700K Staff Positions to Improve Academic Quality
- \$500K for Market & Equity Adjustments
 - Faculty Market, Equity, and Promotions
 - Staff Market Compensation Project
- 13% Benefits Cost Increase
 - Driven By 20% (\$2.3M) Projected Health Care Insurance Increases

Expense Assumptions - continued



- **Operating Expenses**

- Departmental Operating Budgets Held to FY 2008 Funding Levels
 - Help Reduce the Growth Rate for Operating Expenses
 - Identify Cost Reduction Initiatives
 - Exceptions Only for Strategic Initiatives

Expense Assumptions - continued



■ Financial Aid

- Improve Strategic Use of Financial Aid to Support Enrollment Goals
 - Undergraduate Financial Aid Budget 25% of Tuition Revenue
 - 19% from Current Unrestricted Fund Tuition
 - 6% from Endowment Income and Annual Gifts

■ Debt Repayment

- Debt Principal and Interest Payments Supported by Operations

Expense Assumptions - continued



■ **Capital Renewal & Improvement**

- Provide for Capital Equipment and Facilities Renewal
- Capital Improvement Projects, including Upgrades to Current Standards and Program Driven Modifications
- \$250K Annual Increase for Technology Infrastructure
- Year 1 of 3 Year Project to Upgrade Classroom Technology

■ **Retained Equity / Reinvested Funds**

- Modest Reserve for Unanticipated Operating Expenditures or Revenue Shortfalls
- Unspent Endowment Allocations Reinvested to the Principal for Growth
- Unspent Gift and School Generated Funds

Capital Budget



- Supports the University's Strategic Plan and Integrated with the University's Financial Operating Plan
- Standardized Process for Initiating, Reviewing, Prioritizing, Funding, and Approving all Major Capital Assets and Capital Improvement Projects
- Systematic Methodology for Evaluating, Comparing, and Selecting Major Capital Projects and Purchases
- Ensure that all Approved Projects have Identified Committed Funding Sources for Design and Construction, Renewal and Replacement, and any Associated Operating Expenses

Budget Forum Presentation



**Available on
University Finance Office Website:**

<http://www.scu.edu/finance>

Questions & Answers

Appendix

University Budget Council (UBC)



Bob Warren, Chair
Narendra Agrawal
Lucia Gilbert
Charles Erekson
Harry Fong
Catherine Montfort
Anna Olmos
Jim Purcell
Dennis Roberts
Atom Yee

Vice President - Administration & Finance
Faculty Representative
Provost
Associate Provost
Associate Vice President – Finance
President, Faculty Senate
President, Staff Assembly Council
Vice President - University Relations
Director, Budget Office
Dean, College of Arts & Sciences

Deans

Dale Larson

Godfrey Mungal
Donald Polden
Barry Posner
Atom Yee

Acting Dean, Education, Counseling
Psychology, and Pastoral Ministries
Dean, School of Engineering
Dean, School of Law
Dean, Leavey School of Business
Dean, College of Arts & Sciences

UBC Meeting Schedule



Date

Topic

July 18, 2007

Strategic Planning Assumptions & Major Parameters

Sept. 13

Fundraising / Technology

Sept. 20

Capital Budget Strategies / Facilities Master Plan

Sept. 27

Endowment Strategies / New Requirements

Oct. 11

Undergraduate Enrollment / Tuition / Financial Aid

Oct. 22

Graduate Enrollment / Tuition / Financial Aid

Nov. 8

Faculty & Staff Compensation / Fringe Benefits

Nov. 15

Auxiliary Services Financial Plan

Nov. 19

New Requirements Review

Nov. 29

Preliminary Financial Operating Plan Review

Dec. 6

Financial Operating Plan & Capital Budget Review

Dec. 13

Finance Committee Chair Briefing

Feb. 1, 2008

Meeting with Trustees Finance Committee

Feb. 10

Executive Committee Board of Trustees Meeting