FY16 BUDGET FORUM

February 20, 2015

Michael Hindery
Vice President for Finance and Administration
“It’s Always a Great Day to be a Bronco!”

- 1,320 entering freshman in fall 2014
- Launched Illuminate
  www.scu.edu/alumni/illuminate
- Have raised $17.5M for the new law school building
- 17.3% return on investments
- 50 years of women’s athletics
- 6 faculty recognized as 2014 Women of Influence by Silicon Valley Business Journal
- Completed long-term strategic plan
- Rhodes Scholar
  Aven Satre Meloy
- Have raised $18M for Edward M. Dowd Art & Art History Building
- Recycled water = 40% of total campus water consumption
- Freshman to sophomore retention rate 96%
- One of the highest among SCU peer institutions
- 12 newly recruited tenure track faculty & 6 new lecturers in FY15
- $50.5M of new gifts raised in FY 2014
- $50.5M of new gifts raised in FY 2014

Feb. 20, 2015
Agenda

- Integrated Strategic Plan
- Facilities Plan
- Budget Process & Considerations
- FY16 Salary Pool
- Capital Plan
- Questions
Overview

- The university's financial fundamentals are very solid
- 3.5% merit salary pools
Integrated Strategic Plan: Goals

www.scu.edu/santaclara2020

1. Imparting a transformational Jesuit education
2. Fashioning a more humane, just, and sustainable world
3. Fostering innovation and entrepreneurship in service of humanity
4. Advancing contemporary theological studies, education, and ministry
5. Increasing diversity, access, and affordability
6. Enhancing Santa Clara’s reputation and national visibility
Integrated Strategic Plan: Impact

- **A transformed Santa Clara University**
  - STEM
  - Increased visibility of arts and humanities
  - Law School
  - Athletics
  - Increased enrollment and satisfaction

- **Programs to meet the growing and changing Silicon Valley and its needs**
  - Engagement with the Silicon Valley

- **An endowment of $1.3B in FY23**
  - $415M in distributions to the operating budget over the next nine years
  - $422M in additions to principal
  - $460M in endowment earnings (portfolio return)
  - Assumption: 5% annual return
All projects will have:
• Steering Committee
• Executive Committee
Capital Projects: Costs and Sources

ALL PHASES

Total Capital Costs: $593M

- Total Fundraising/Gifts: $448M
- University Resources: $145M
Edward M. Dowd Art & Art History Building

An innovative facility that encourages and inspires collaboration, visual literacy, scholarship, and creativity to develop uniquely creative thinkers and imaginative problem solvers.
WHY BOTHER TO BUDGET?

SO WE CAN WORRY BEFORE WE SPEND MONEY, AS WELL AS AFTERWARDS!
University Budget Council (UBC)

- Amy Connell, Assistant Provost
- Harry Fong, Associate VP for Finance
- James Hall, Faculty Representative, Management
- Mike Hindery, Chair, VP for Finance & Administration
- Dennis Jacobs, Provost & VP for Academic Affairs
- Lisa Kloppenberg, Dean, School of Law
- James Lyons, VP for University Relations
- Robert Numan, President-Elect, Faculty Senate, Psychology
- Michael Sexton, VP for Enrollment Management
- Robin Reynolds, University Budget Director
- Ed Ryan, Vice Provost
- Claire Shaw, President, Staff Senate
Budget Planning Process

**MACRO:**
Budget development at the aggregate level for operating revenue and expense.

- **JUNE:** New fiscal year begins
- **AUG/SEPT:** Macro Budget Planning for next fiscal year
- **MAY:** Compensation budgets finalized after salary planning is completed
- **OCT:** New funds requests for the coming fiscal year submitted for review
- **OCT thru DEC:** University Budget Council develops macro budget
- **FEB:** University Board of Trustees approves budget recommendations
- **MAR:** Micro budget revenue and expense allocations confirmed
- **JUNE:** All budgets are balanced and loaded into PeopleSoft

**MICRO:**
Budget development at the unit level.

Feb. 20, 2015
FIVE GUIDING PRINCIPLES

1. Maintaining the *lowest possible cost of education* by controlling tuition and room and board rate increases and funding financial aid.

2. Increasing SCU’s ability to *recruit and retain* talented *faculty* and *staff*.

3. Making *investments* which *support the strategic plan*.

4. *Investing in information technology* to enhance the learning environment and maintain SCU’s position in the Silicon Valley.

5. *Responsibly steward costs and expenses*.
Undergraduate Financial Aid

We are budgeted to spend $84.8M in FY16 on student financial aid.

Santa Clara currently meets 74% of students’ financial need.

The average award in FY15 from all sources is $25,280.

The sources of financial aid funding are:
- Endowment
- Spendable gifts
- The tuition discount

4,088 undergraduate students are receiving financial aid in FY15.
Endowment Market Value and Performance

The endowment funds faculty, financial aid, academic programs and athletics

We are budgeted to spend $33.2M in endowment payout in FY16


$499,543 $509,149 $598,657 $676,072 $528,892 $603,618 $716,821 $688,118 $760,218 $875,090

14.2% 16.5% 12.9% 17.7% -1.8% -21.4% 13.9% 20.1% -1.4% 12.5% 17.3%

% notes annual investment performance

$ notes market value
### FY16 Budget Forum

#### Revenue Sources

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<tr>
<th>Source</th>
<th>FY13 Actual</th>
<th>FY14 Actual</th>
<th>FY15 Projected</th>
<th>FY16 Budget</th>
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<td>16.20</td>
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**Sources of revenue aren’t changing — we are tuition dependent**

| TOTAL               | 382.40      | 409.60      | 417.10         | 424.10      |

Feb. 20, 2015
Budget Considerations

UNDERGRADUATE TUITION RATE
A 1% change in the undergraduate tuition rate increases revenue by ~$2M

FACULTY AND STAFF MERIT POOL
A 1% change in the salary merit pool costs ~$1.4M

OPERATIONS & MAINTENANCE
Utilities, IT maintenance contracts and insurance have contracted increases ranging from 3% - 8% resulting expense change of ~$700K

GRADUATE TUITION RATE
A 1% change in all graduate program tuition rates increases revenue by ~$700K

BENEFITS RATE
A 1% change in the benefits rate costs ~$1.5M

ROOM & BOARD RATE
A 1% change in the room and board rate increases revenue by ~$250K

Feb. 20, 2015
Faculty Salary Comparisons
Annually, a faculty salary analysis is conducted using faculty salary information from 21 institutions

- American University
- Babson College
- Bentley University
- Boston University
- Claremont Graduate University
- Claremont McKenna College
- Drexel University
- Fordham University
- George Washington University
- Loyola Marymount University
- Loyola University Chicago
- Northeastern University
- Pepperdine University
- Pomona College
- Scripps College
- Southern Methodist University
- University of Notre Dame
- University of Richmond
- University of San Diego
- University of San Francisco
- Villanova University

Sources: AAUP and CUPA-HR
Faculty Compensation

- Competitive compensation is a priority.

- FY16 budget addresses current market lag.

FY16 budget increases include:

- Merit pool increase: 3.5% - $2.03M
- $800K for promotion increases, market adjustments, and equity
- $1.7M to increase tenure track faculty in support of enrollment increases. Total of 20 full-time equivalents added over two years.
- $1.8M increase over FY15 benefits budget for faculty
Staff Compensation

Annually, a staff salary analysis is conducted using salary information from the following:

**National Survey Sources**
- Mercer
- Hay Group
- Aon
- Towers Watson
- The Conference Board
- World at Work

**Peer and Regional Sources**
- Dice Technology Survey
- World at Work
- CUPA Peer Report
- Stanford, USD, SMC, Pepperdine, UOP, USF, LMU, Chapman, Golden Gate
- UC Schools
- Select CSU Schools
Staff Compensation

- Competitive compensation is a priority.

- FY16 budget addresses current market lag.
Faculty & Staff Additions

- **Faculty:** 20 full-time equivalents over two years
  - 16 Tenure Track positions
  - 4 Renewable Term Lecturer positions

- **Staff:**
  - 17.5 new staff positions
    - 7 fixed term positions funded by restricted funds
  - 12 existing fixed term positions converted – the right thing to do
Cost of Education – focus on accessibility and affordability

- 3.4% tuition rate increase – 2nd lowest in 30 years!
- Undergraduate tuition discount rate increased to 28%
- 3.9% room and board rate increase

Combined total cost of education of $58,725 = a blended increase of 3.5%
FY14 Operating Expenses

- **University Administration & Services**: 23%
- **A&S**: 13%
- **Business**: 9%
- **Engineering**: 4%
- **Law**: 8%
- **ECP**: 2%
- **JST**: 1%
- **Centers of Distinction**: 2%
- **Athletics**: 3%
- **Auxiliary Services**: 3%
- **Financial Aid**: 22%
- **Operations and Maintenance**: 5%
- **Information Technology**: 5%
- **University Administration & Services**: 23%
FY16 BUDGET FORUM

Expenses by Category
($ millions)

<table>
<thead>
<tr>
<th>Category</th>
<th>FY13 Actual</th>
<th>FY14 Actual</th>
<th>FY15 Projected</th>
<th>FY16 Budget</th>
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TOTAL                           | 371.60     | 383.80     | 394.00         | 423.50      |
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Capital Budget

Facilities & Auxiliaries
- Funding for standard renewal & improvement

Information Services
- $5.5M 1st yr of network funding
- $7.6M renewal & improvement

New Construction
- Funding for planning phase of several new construction projects
## FY16 BUDGET FORUM

### Information Services: 10-Year Capital Budget Plan

<table>
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<tr>
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<th>FY16 Request</th>
<th>FY17 Projected Request</th>
<th>FY18 Projected Request</th>
<th>FY19 Projected Request</th>
<th>FY20 Projected Request</th>
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# FY16 Capital Budget

## SOURCE OF FUNDS

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* New construction indicates long-term funding source
THANK YOU