

FY 2008 Financial Operating Plan Review



Budget Forum

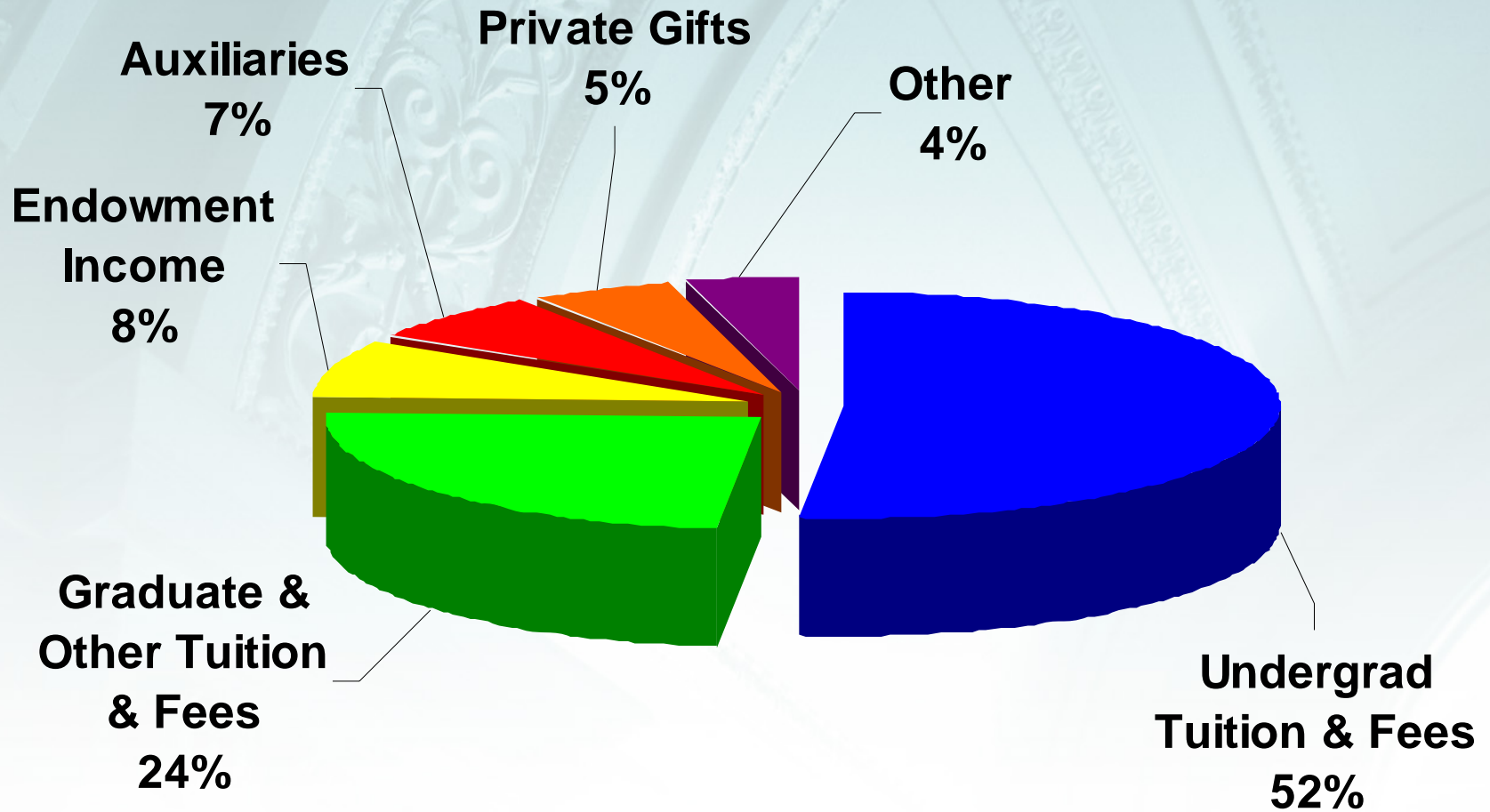
February 22, 2007

Budget Process



- University Budget Council (UBC) Meets Beginning in Summer To Discuss Strategic Planning Assumptions
- Budget Requests, Projections, and Plans are Presented by Key University Groups to the UBC for Further Analysis
- Different Scenarios and Assumptions are Discussed and Decisions are Made to Help Develop Planning Models
- Budget Planning Models are Prepared and Adjusted
- Presentation Made to the Chair and Full Trustee Finance Committee
- Presented to the Board of Trustees for Approval in January

FY 2008 Revenue Budget



Total: \$293M

Revenue Assumptions



➤ Undergraduate Program

- 4,650 Students Budgeted for FY 2008
 - Strategically Admit Transfer Students in Areas of Underutilized Capacity
 - FY 2007 Projection: 4,779 Students
 - FY 2006 Actual: 4,703 Students

- Set Tuition Rate to Maintain Our Competitive Advantage With Comparable California Private Institutions
 - +5.7% Undergraduate Cost of Education
 - Tuition + Room & Board Increase
 - \$33,000 FY 2008 Undergraduate Tuition Rate

Revenue Assumptions - continued



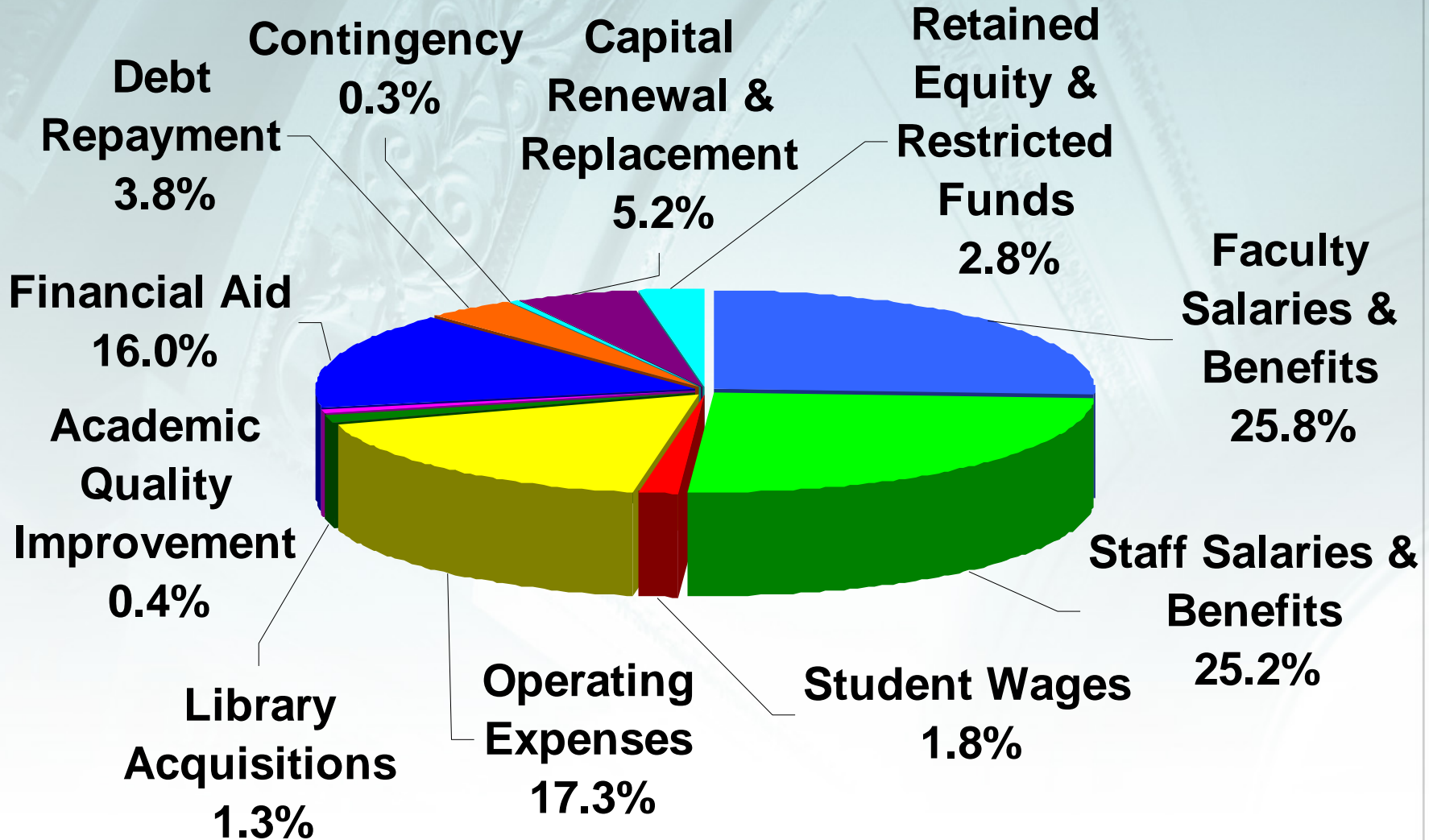
➤ Graduate & Other Programs

- Stable Enrollment in Law, Business, Education, Counseling Psychology, and Pastoral Ministries
 - Reduce Graduate Engineering Enrollment Target
- Set Tuition Rates Appropriate to Market for Each Program

➤ Endowment & Private Gifts

- Implement Newly Approved Policy to Moderate Spending Fluctuations from Year to Year
 - Spending Limited to 5% Over / Under Previous Year

FY 2008 Expense Budget



Total: \$293M

Expense Assumptions



➤ Faculty & Staff Compensation & Benefits

- 3.5% Merit Based Pool
- \$1.2M New Tenured / Tenure-Track Faculty, Senior Lecturers, and Renewable Term Lecturers
- \$1.0M New Staff Positions
- \$1.2M for Market & Equity Adjustments
 - Equity for Faculty and Staff Salary Reclassifications
 - Staff Market Compensation Project
- 13% Benefits Cost Increase
 - Driven By 21% (\$2.3M) Projected Health Care Insurance Increases

Expense Assumptions - continued



➤ **Operating Expenses**

- Major Cost Elements:
 - Operating Expenses
 - Mailing, Copies, Travel, Contracted Services, Supplies
 - Technology
 - Student Services
 - Facility and Equipment Maintenance
 - Utilities, Taxes & Insurance

➤ **Library Acquisitions**

- 5% Annual Increase

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

- Includes \$1.5M for New Construction Debt
- Additional \$1M for Prior Debt Obligation

Expense Assumptions - continued



➤ **Capital Renewal & Replacement**

- Reserves Set Aside to Provide for Capital Equipment and Facilities Renewal
- \$2M Added Over 3 Years for Replacement of Student Residential Facilities
- \$250K Annual Increase for Technology Infrastructure

➤ **Retained Equity / Capital Improvements**

- Operating Fund Maintained to Build Equity and Provide for Internally Funded Capital Projects

- **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 Financial Status Reports

- **Improve the Capital Budgeting Process**
 - Work Closely with the Provost Office, Deans, and the President's Staff to Develop a Transparent Project Planning and Funding Process

Appendix

University Budget Council (UBC)



Bob Warren, Chair
Narendra Agrawal
Lucia Gilbert
Charles Erekson
Harry Fong
Margaret Russell
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

Les Goodchild

Jim Koch
Donald Polden
Barry Posner
Atom Yee

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

UBC Meeting Schedule



Date

Topic

July 6, 2006

Strategic Planning Assumptions

August 17

Endowment Strategies

August 22

Technology

Sept. 6

Capital Planning / Facilities Renewal & Replacement

Sept. 25

Capital Campaign and Gift Plan

Oct. 18

Undergraduate Enrollment / Tuition / Financial Aid

Oct. 25

Graduate Enrollment / Tuition / Financial Aid

Nov. 6

Law School Enrollment & Financial Plan /

Nov. 13

Auxiliary Services Financial Plan

Nov. 27

Faculty & Staff Compensation / Fringe Benefits

Nov. 29

Preliminary Financial Operating Plan Review

Dec. 7

Finance Committee Chair Briefing

Jan. 18, 2007

Meeting with Trustees Finance Committee

Jan. 19

Board of Trustees Meeting