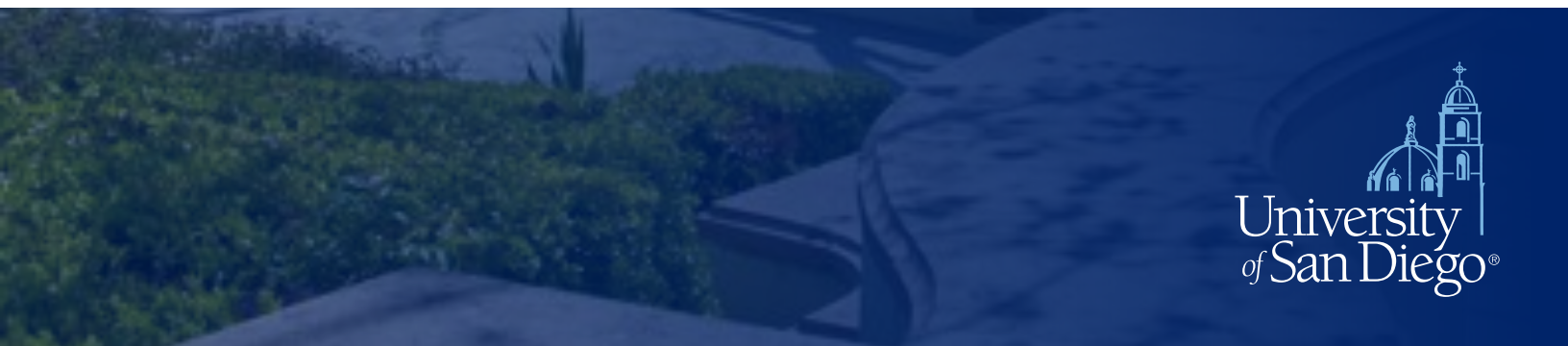




## 2011-12 Operating Budget



# University of San Diego 2011-12 Operating Budget

The University of San Diego's budget is the culmination of discussions, consultations, and deliberations among several university constituencies. Three different committees, the Budget Working Group, the University Budget Committee, and the Finance Committee of the Board of Trustees, meet to evaluate funding sources available and to determine the best use of these resources in the achievement of the university's mission. See Chart 1.

Throughout the budget process, these committees review the university's priorities, recent economic events, prior fiscal year operating results, and current fiscal year operating trends.

## **CHART 1: Budget Committees**

### **Budget Working Group**

Chaired by Executive Vice President & Provost and comprised of the Vice Presidents, Deans, University Senate Chair, Chief Information Officer, and Athletic Director.

- Reviews higher education environment
- Analyzes historical budget assumptions and trends
- Reviews factors impacting the budget
- Proposes budget for review by University Budget Committee

### **University Budget Committee**

Chaired by Executive Vice President & Provost and comprised of Budget Working Group members, faculty representatives, student representatives, and personnel representing academic administration, business services, and auxiliaries.

- Reviews higher education environment
- Discusses priorities to be addressed
- Approves major budget assumptions
- Submits proposed budget for Board approval

### **Finance Committee of the Board of Trustees**

- Provides oversight and guidance
- Evaluates the fiscal integrity of the budget
- Reviews and approves the proposed budget
- Recommends budget to the full Board

### **Board of Trustees**

- Approves final university operating budget

In recent years and in response to economic trends, the university has increased tuition less aggressively to remain competitively priced with peer California schools. Consequently, the fiscal 2011-12 budget includes an across-the-board tuition increase of 3.25%. Meal plans will increase by 5.0%, (which is a \$150 annual increase) and there will be no increases to housing and parking fees.

Regarding financial aid, the university remains committed to its policy of need-blind admissions. For 2011-12, \$2.8 million of new funds will be allocated to financial aid with the continued focus of maintaining a high quality and diverse student body. To be more competitive with its peers, the university is committed to increasing its budgeted undergraduate tuition discount rate to 25.0% by 2012-13 and to maintaining budgeted discount rates for graduate and law students of at least 22.5%.

In terms of expense growth, the fiscal 2011-12 budget allocates resources to meet the university's highest priorities. In recent years, certain tenured faculty salaries have increasingly fallen behind those of its peers. A portion of the increase in expenses is therefore being allocated to faculty salary equity adjustments. In addition to the faculty equity adjustments, the fiscal 2011-12 budget allows for a 2.50% merit pool for faculty, staff, and administrators.

As the university's tuition rate increases have become less aggressive, the ability to fund merit pool dollars has become increasingly challenging. In an effort to continually fund merit pool dollars, the university embarked on a three-year program to reduce non-instructional salaries by 5.0%. The plan began in 2010-11 and will be completed by 2012-13. To date, 4.1% of the 5.0% goal has been achieved through position attrition and organizational realignment in all divisions. Approximately \$2.9 million in accumulated non-instructional salary savings has been garnered under this program, with 100% of the funds allocated to the salary merit pool.

New resources in 2011-12 will also be used to fund \$312,000 in divisional needs deemed mandatory or most critical such as science equipment, public safety requirements, sign language interpreters, and water utilities. The Tuition Exchange Scholarship Program, a benefit in place for eligible children of university employees, will be permanently funded in 2011-12. To date, the \$300,000 in annual costs for this benefit have been funded by the university's operating surplus. Funds put toward annual deferred maintenance will increase by \$200,000

in 2011-12. Finally, \$150,000 will be allocated to women's athletic scholarships in accordance with a three-year funding plan and Title IX compliance requirements.

The approved operating budget allocation for 2011-12 is summarized in Chart 2. It has been reviewed and approved by the university's Budget Working Group, Budget Committee, Finance Committee, and full Board of Trustees. The Board believes the 2011-12 budget plan appropriately prioritizes the allocation of new resources in accordance with the university's mission and strategic direction.

### CHART 2: 2011-12 Budget Allocation

#### NEW RESOURCES:

Tuition at 3.25%	\$7,844,000
Reduction of Non-Instructional Labor	918,000
Academic Priority Funds	225,000
<b>Total</b>	<b>\$8,987,000</b>

#### ALLOCATION:

Board Allocation to Academic Priorities	\$668,000
Financial Aid	2,815,000
Salary Merit Pool at 2.5%	3,717,000
Faculty Salary Equity Adjustment	825,000
Mandatory & Most Critical Requests	312,000
Benefits	300,000
Facilities Reinvestment	200,000
Women's Athletic Scholarships	150,000
<b>Total</b>	<b>\$8,987,000</b>

The university's 2011-12 operating budget is summarized in Chart 3. The contribution from auxiliaries is shown net of their expenses.

### CHART 3: Budget Summary (in Millions)

	2010-11	Pro-Forma 2011-12	% Increase
<b>SOURCES OF FUNDS:</b>			
Tuition & Fees	\$266	\$274	3%
Auxiliaries, Net	14	14	0%
Other*	5	5	0%
<b>Total</b>	<b>\$285</b>	<b>\$293</b>	<b>3%</b>
<b>USES OF FUNDS:</b>			
Education & General	\$199	\$204	3%
Student Aid	63	66	5%
Debt Service	12	12	0%
Endowment	8	8	0%
Budget Reserve	3	3	0%
<b>Total</b>	<b>\$285</b>	<b>\$293</b>	<b>3%</b>
Net Revenue	\$0	\$0	0%

\* Other sources of funds include unrestricted gifts and investment and athletic income.

You're invited to attend the 2011-12 Budget Forums on March 25, 2011, from 3:00 to 4:00 PM, to be held in the Mother Rosalie Hill Hall Warren Auditorium and March 29, 2011, from 12:15 to 1:15 PM, to be held in the Manchester Conference Center Auditorium. Dr. Julie Sullivan, Executive Vice President & Provost, and Terry Kalfayan, Assistant Vice President for Budget & Treasury, will present the 2011-12 budget planning process and respond to your questions. An update on the USD Endowment, which recently exceeded \$300 million for the first time in our history, will also be discussed.



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of San Diego®

**OFFICE OF BUDGET AND TREASURY**  
5998 Alcalá Park  
San Diego, CA 92110-2492