

Operating Budget

THE NEW CONTEXT OF GLOBALIZATION
REQUIRES US TO ACT AS A UNIVERSAL BODY
WITH A UNIVERSAL MISSION
REALIZING AT THE SAME TIME
THE RADICAL DIVERSITY OF OUR SITUATIONS.

IT IS AS A WORLDWIDE COMMUNITY
AND SIMULTANEOUSLY
AS A NETWORK OF LOCAL COMMUNITIES
THAT WE SEEK TO SERVE OTHERS
ACROSS THE WORLD
SUBSIDIARITY GENERAL NICOLAS.

THE JOHN J.
HEMMINGSON
CENTER

Gonzaga is a premier liberal arts-based university recognized nationally for providing an exemplary Jesuit education that empowers its graduates to lead, shape and serve their chosen fields and the communities to which they belong.

GONZAGA UNIVERSITY

MISSION STATEMENT & STRATEGIC PLAN COMMITMENTS

Gonzaga University Mission Statement

Gonzaga University is an exemplary learning community that educates students for lives of leadership and service for the common good. In keeping with its Catholic, Jesuit, and humanistic heritage and identity, Gonzaga models and expects excellence in academic and professional pursuits and intentionally develops the whole person – intellectually, spiritually, culturally, physically, and emotionally.

Through engagement with knowledge, wisdom, and questions informed by classical and contemporary perspectives, Gonzaga cultivates in its students the capacities and dispositions for reflective and critical thought, lifelong learning, spiritual growth, ethical discernment, creativity, and innovation.

The Gonzaga experience fosters a mature commitment to dignity of the human person, social justice, diversity, intercultural competence, global engagement, solidarity with the poor and vulnerable, and care for the planet. Grateful to God, the Gonzaga community carries out this mission with responsible stewardship of our physical, financial, and human resources.

Gonzaga Strategic Plan - Institutional Commitments

Commitment 1: Foster Responsibility for Shared Mission

The Catholic, Jesuit University is a place that facilitates the constructive dialogue between the Church and the culture. Today – at a time of great change in higher education, as well as the Society of Jesus – Gonzaga University seeks to participate fully in the mission of the Jesuits by leading both at the center and at the frontiers, fostering engagement between and across faith traditions and cultural groups, and embracing the tensions that accompany the search for awareness, compassion and inclusivity. Gonzaga will facilitate opportunities that afford all members of its community a chance to gain a common understanding of, and commitment to, the distinctively Catholic and Jesuit mission of the institution as it is reflected in their work.

Commitment 2: Animate Academic Excellence Across the Institution

Academic excellence is an imperative of the Ignatian magis, the powerful desire for the more and the better on behalf of our students and the world. Academic excellence thrives when skilled and accomplished teacher-scholars and aspiring students come together to explore human knowledge, traditions and value systems from around the world, through a multitude of disciplinary and interdisciplinary conversations. It is distinguished by a vision of education as profoundly liberating for the human spirit and by an embrace of the practices of adaptation, innovation and risk in service to mission that have marked Jesuit higher education from its beginning. Academic excellence grows when faculty and staff are committed to advancing the creation and integration of knowledge, refining pedagogies to improve student learning, adopting appropriate technologies in teaching and research, and extending opportunities for civic, entrepreneurial, scholarly and global engagement to provide our students with the most transformative educational experience possible. The practice of critical and reflective inquiry, ongoing pursuit of pedagogical and scholarly excellence and extensive engagement with local and global contexts, prepare Gonzaga University students so that they may transform the contemporary world.

Commitment 3: Provide An Integrative Jesuit Educational Experience for Our Students

Gonzaga University exists to guide, challenge and support its students in the Jesuit tradition, from the beginning of their relationship with the University through a course of study and co-curricular experience that leads to graduation and the granting of a degree or credential. Integral to this work is the conviction that a Gonzaga education must join the development of characteristics emblematic of mature persons with a rich academic experience to form the “whole person.” The institution is bold, reflective and deliberate in supporting students as they secure their academic credentials while taking advantage of an integrative learning process that prepares them both for the immediate future and for a life of service and leadership in a constantly changing global society.

Jesuit education holds two priorities in relationship to one another: care for, and attention to, the individual student (cura personalis) and a belief that education is about increasing individuals’ capacities for engagement with the world. In recognition of this, Gonzaga University strives to create an environment in which students learn to integrate the totality of the educational experience into a mature, sound and moral basis for transformative action beyond the campus setting.

Commitment 4: Optimizing Institutional Stewardship and Sustainability

A healthy institution evidences a strong connection between individual capacity and organizational culture, as well as between infrastructure and individual and organizational performance. The University’s faculty and staff are the repository of institutional knowledge and skill. In a climate of rapid social, demographic and technological change, it is critical that faculty and staff be supported in efforts both individually and collectively to adapt to and master the changing environment. Additionally, the institution must attend to those platforms and functions that are essential to the creation and maintenance of the dynamic learning and living environment that comprises the integrative Jesuit educational experience. These necessities are made possible by the University meeting revenue and fundraising goals, efficiently deploying resources against institutional needs, and effectively managing our assets, all with the overarching goal of generating sufficient wherewithal to feed our basic needs and fund the path to premier status.

GONZAGA UNIVERSITY
FY2018-19 AND FY2019-20 UNRESTRICTED OPERATING BUDGET
SELECTED BUDGET ASSUMPTIONS

| Enrollment Assumptions: | FY2017-18 | | FY2018-19 | | FY2019-20 | |
|--|-----------------|-----------|-----------------|------------------------|--------------------|------------------------|
| | Adjusted Budget | Actual | Proposed Budget | Target (as applicable) | Provisional Budget | Target (as applicable) |
| Freshman Fall Enrollment (Original Budget was 1,175) | 1,219 | 1,257 | 1,175 | 1,175-1,200 | 1,200 | 1,200-1,250 |
| Transfer Fall Enrollment | 120 | 126 | 120 | Greater than 120 | 120 | Greater than 120 |
| Freshman Tuition Discount Rate | 45.0% | 47.5% | 45.0% | At budget | 45.0% | At budget |
| Undergraduate Fall Headcount | 4,772 | 4,810 | 4,824 | Greater than budget | 4,791 | Greater than budget |
| Freshman to Sophomore Retention Rate | 91.0% | 94.0% | 91.0% | Greater than budget | 91.0% | Greater than budget |
| Undergraduate Fall to Spring Retention Rate | 96.0% | 96.7% | 96.0% | At budget | 96.0% | At budget |
| Net Tuition Revenue per Student ** | \$ 23,109 | \$ 22,727 | \$ 23,998 | \$23,250 - \$24,000 | \$ 24,888 | \$24,250 - \$25,000 |
| Graduate Credit Hours * | 27,382 | 28,622 | 29,201 | At budget | 30,715 | At budget |
| Law 1L Fall Headcount (3-year program) | 95 | 108 | 115 | At budget | 115 | At budget |
| Law 1L Fall Headcount (2-year program) | 15 | 11 | 15 | At budget | 15 | At budget |
| Law Fall Headcount | 294 | 316 | 335 | At budget | 344 | At budget |

The assumptions above represent the more significant revenue assumptions within the operating budget that are subject to variability based upon economic conditions and other external factors.

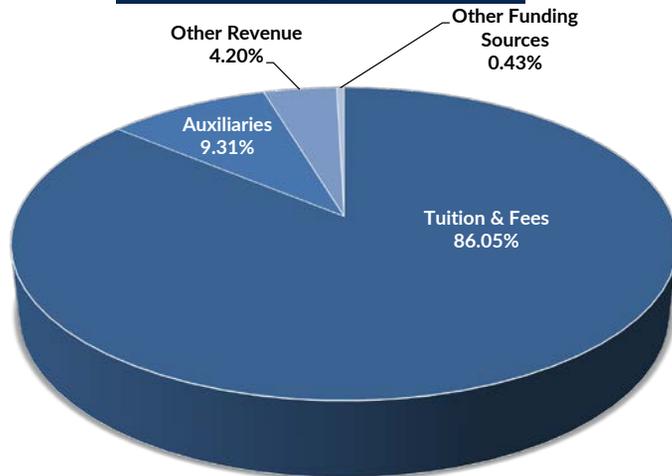
* Refer to Appendix 2B for a summary of graduate credit hours by school/program

** Estimated for FY2018 Actual

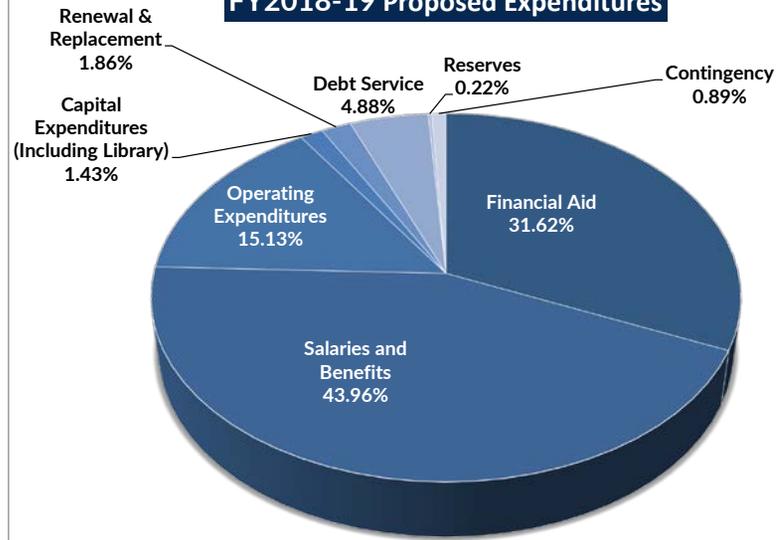
GONZAGA UNIVERSITY
FY2018-19 PROPOSED UNRESTRICTED OPERATING BUDGET
SUMMARY OPERATING BUDGET

| Gross Revenue & Other Sources | FY2017-18 Adjusted Base Budget | Proposed Changes | FY2018-19 Proposed Budget | Percentage Change |
|--|--------------------------------------|----------------------|------------------------------|----------------------|
| Tuition & Fees | \$ 252,360,641 | \$ 17,212,447 | \$ 269,573,088 | 6.82% |
| Auxiliaries | 28,125,111 | 1,050,974 | 29,176,085 | 3.74% |
| Other Revenue | 11,337,232 | 1,825,864 | 13,163,096 | 16.11% |
| Other Funding Sources | 1,742,270 | (382,994) | 1,359,276 | -21.98% |
| Total Gross Revenue & Other Sources | \$ 293,565,254 | \$ 19,706,291 | \$ 313,271,545 | 6.71% |
| Expenditures | | | | |
| Financial Aid | \$ 91,165,043 | \$ 7,882,750 | \$ 99,047,793 | 6.04% |
| Salaries and Benefits | 130,563,981 | 7,165,672 | 137,729,653 | 16.08% |
| Operating Expenditures | 44,575,810 | 2,825,597 | 47,401,407 | 64.54% |
| Capital Expenditures (Including Library) | 4,377,819 | 117,022 | 4,494,841 | 2.25% |
| Renewal & Replacement | 5,208,507 | 615,000 | 5,823,507 | 4.22% |
| Debt Service | 14,588,569 | 700,000 | 15,288,569 | 233.33% |
| Reserves | 300,000 | 400,250 | 700,250 | 14.37% |
| Contingency | 2,785,525 | - | 2,785,525 | 0.00% |
| Total Expenditures | \$ 293,565,254 | \$ 19,706,291 | \$ 313,271,545 | 6.71% |

FY2018-19 Proposed Revenue



FY2018-19 Proposed Expenditures

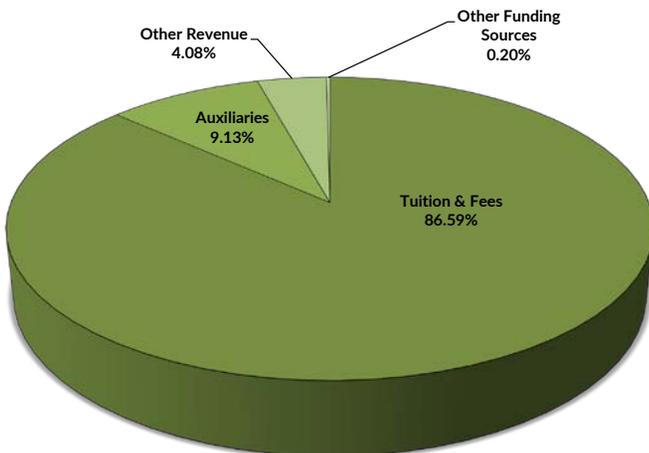


Certain prior year balances have been reclassified to be in conformity with the FY2017-18 presentation. The total adjusted base budget for FY2018-19 increased by \$1,783,760 from the original budget due to increased undergraduate enrollments.

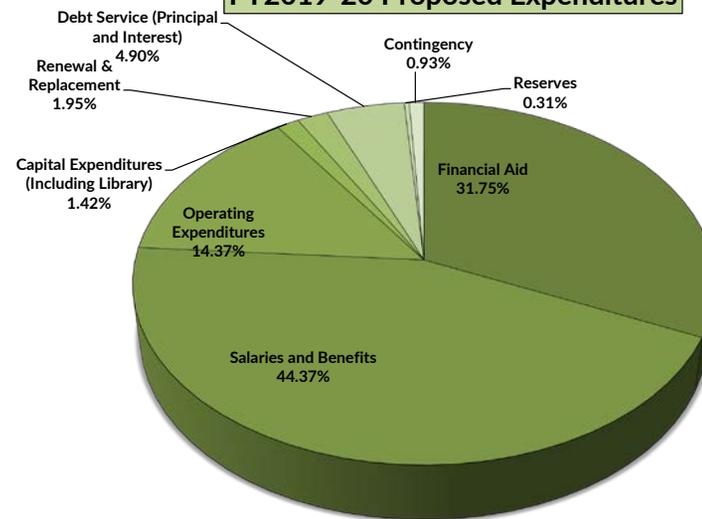
GONZAGA UNIVERSITY
FY2019-20 PROVISIONAL UNRESTRICTED OPERATING BUDGET
SUMMARY OPERATING BUDGET

| Gross Revenue & Other Sources | FY2018-19 Proposed Adjusted Base Budget | Provisional Changes | FY2019-20 Provisional Budget | Percentage Change |
|--|---|------------------------|------------------------------------|----------------------|
| Tuition & Fees | \$ 269,573,088 | \$ 9,284,252 | \$ 278,857,340 | 3.44% |
| Auxiliaries | 29,176,085 | 209,388 | 29,385,473 | 0.72% |
| Other Revenue | 13,163,096 | (26,471) | 13,136,625 | -0.20% |
| Other Funding Sources | 1,359,276 | (709,448) | 649,828 | -52.19% |
| Total Gross Revenue & Other Sources | \$ 313,271,545 | \$ 8,757,721 | \$ 322,029,266 | 2.80% |
| Expenditures | | | | |
| Financial Aid | \$ 99,047,793 | \$ 3,203,700 | \$ 102,251,493 | 3.23% |
| Salaries and Benefits | 137,729,653 | 5,142,742 | 142,872,395 | 3.73% |
| Operating Expenditures | 47,401,407 | (1,128,721) | 46,272,686 | -2.38% |
| Capital Expenditures (Including Library) | 4,494,841 | 75,000 | 4,569,841 | 1.67% |
| Renewal & Replacement | 5,823,507 | 465,000 | 6,288,507 | 7.98% |
| Debt Service (Principal and Interest) | 15,288,569 | 500,000 | 15,788,569 | 3.27% |
| Reserves | 700,250 | 300,000 | 1,000,250 | 42.84% |
| Contingency | 2,785,525 | 200,000 | 2,985,525 | 7.18% |
| Total Expenditures | \$ 313,271,545 | \$ 8,757,721 | \$ 322,029,266 | 2.80% |

FY2019-20 Proposed Revenue



FY2019-20 Proposed Expenditures



The FY2018-19 provisional budget presented above includes numerous estimates that will be adjusted as needed to incorporate specific revenues and/or expenditures when they are known or can be more accurately estimated.

GONZAGA UNIVERSITY
FY2018-19 PROPOSED UNRESTRICTED OPERATING BUDGET
REVENUE AND OTHER SUPPORT SUMMARY

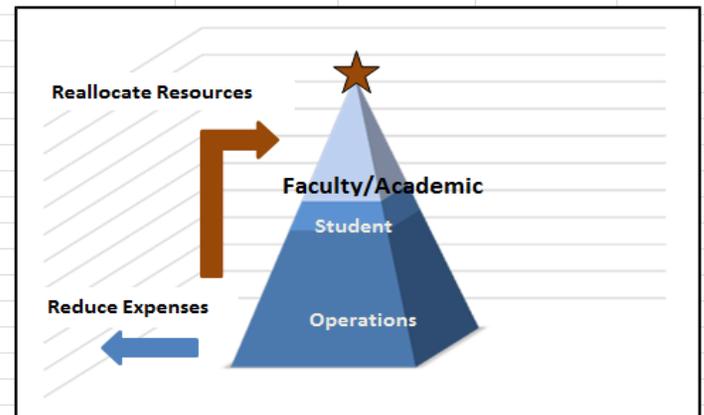
| | TOTAL REVENUES & OTHER SUPPORT | FY2017-18 Adjusted Base Budget | FY2018-19 Proposed Budget | Dollar Change | % Change | % of Gross Revenue |
|-----------|--|--------------------------------|---------------------------|---------------|----------|--------------------|
| 1 | Tuition and Fees | | | | | |
| 2 | Undergraduate - on-campus | \$ 193,319,553 | \$ 203,639,247 | \$ 10,319,694 | 5.34% | 65.29% |
| 3 | Florence | 9,111,360 | 10,294,404 | 1,183,044 | 12.98% | 3.30% |
| 4 | Other Study Abroad | 3,451,968 | 4,279,370 | 827,402 | 23.97% | 1.37% |
| 5 | Less: Institutional Financial Aid | (86,184,902) | (92,908,797) | (6,723,895) | 7.80% | -29.79% |
| 6 | Graduate | 26,293,740 | 28,087,535 | 1,793,795 | 6.82% | 9.00% |
| 7 | Less: Reserve for Graduate Revenue | (225,000) | (225,000) | - | N/A | -0.07% |
| 8 | School of Ed - Site Based Programs | 2,443,660 | 1,829,925 | (613,735) | -25.12% | 0.59% |
| 9 | Law (including Florence & China) | 11,514,885 | 14,141,250 | 2,626,365 | 22.81% | 4.53% |
| 10 | Less: Institutional Financial Aid | (4,980,141) | (6,138,996) | (1,158,855) | 23.27% | -1.97% |
| 11 | Doctoral | 959,175 | 959,175 | - | 0.00% | 0.31% |
| 12 | ESL & Other | 347,100 | 365,617 | 18,517 | 5.33% | 0.12% |
| 13 | Fees | 5,144,200 | 6,201,565 | 1,057,365 | 20.55% | 1.99% |
| 14 | Total Tuition and Fees - Net | \$ 161,195,598 | \$ 170,525,295 | \$ 9,329,697 | 5.79% | 54.67% |
| 15 | Total Tuition and Fees - Gross | \$ 252,360,641 | \$ 269,573,088 | \$ 17,212,447 | 6.82% | 86.43% |
| 16 | Auxiliary Revenue | | | | | |
| 17 | Dining | \$ 11,115,450 | \$ 11,797,344 | \$ 681,894 | 6.13% | 3.78% |
| 18 | Less: Sodexo Cost of Sales | (8,356,726) | (8,582,928) | (226,202) | 2.71% | 2.75% |
| 19 | Housing & Off Campus Rentals | 15,947,661 | 16,076,741 | 129,080 | 0.81% | 5.15% |
| 20 | Zag Shop (net commission) | 660,000 | 800,000 | 140,000 | 21.21% | 0.26% |
| 21 | Other Auxiliaries | 402,000 | 502,000 | 100,000 | 24.88% | 0.16% |
| 22 | Total Auxiliary Revenue - Net | \$ 19,768,385 | \$ 20,593,157 | \$ 824,772 | 4.17% | 6.60% |
| 23 | Total Auxiliary Revenue - Gross | \$ 28,125,111 | \$ 29,176,085 | \$ 1,050,974 | 3.74% | 9.35% |
| 24 | Other Revenue | | | | | |
| 25 | Athletic Sales and Services | \$ 5,690,598 | \$ 6,520,345 | \$ 829,747 | 14.58% | 2.09% |
| 26 | Sales and Services | 3,214,208 | 4,158,457 | 944,249 | 29.38% | 1.33% |
| 27 | Fund for Gonzaga | 1,500,000 | 1,600,000 | 100,000 | 6.67% | 0.51% |
| 28 | Other Revenues | 932,426 | 884,294 | (48,132) | -5.16% | 0.28% |
| 29 | Total Other Revenue | \$ 11,337,232 | \$ 13,163,096 | \$ 1,825,864 | 16.11% | 4.22% |
| 30 | Total Revenues - Net | \$ 192,301,215 | \$ 204,281,548 | \$ 11,980,333 | 6.23% | 65.49% |
| 31 | Total Revenues - Gross | \$ 291,822,984 | \$ 311,912,269 | \$ 20,089,285 | 6.88% | 100.00% |
| 32 | Other Support | | | | | |
| 33 | Law School Funding - LSF | \$ 400,000 | \$ - | \$ (400,000) | -100.00% | 0.00% |
| 34 | Law School Funding - Reserves | 1,342,270 | 1,359,276 | \$ 17,006 | 100.00% | 0.43% |
| 35 | Total Other Support | \$ 1,742,270 | \$ 1,359,276 | \$ (382,994) | -21.98% | 0.43% |
| 36 | TOTAL REVENUES & OTHER SUPPORT- NET | \$ 194,043,485 | \$ 205,640,824 | \$ 11,597,339 | 5.98% | 65.64% |
| 37 | TOTAL REVENUES & OTHER SUPPORT - GROSS | \$ 293,565,254 | \$ 313,271,545 | \$ 19,706,291 | 6.71% | 100.00% |

- Budgeted total net revenue (line 30) increases 6.23% or \$11.9M. This compares to 0.84% or \$1.6M in the FY2017-18 budget. Budgeted total gross revenue (line 31) increases 6.88% or \$20.1M. This compares to 2.66% or \$7.5M in the FY2017-18 budget.
- Undergraduate on-campus gross revenue (line 2) increases 5.34% or \$10.3M due to a 4.5% rate increase coupled with an increase in budgeted headcount of 52. Budgeted Fall 2018 enrollment is 4,824 compared to 4,772 in Fall 2017. The increase is primarily due to the FY2017-18 senior class (original freshman cohort 1,048) being replaced by a larger senior class in FY2018-19 (original freshman cohort 1,335).
- Budgeted undergraduate net tuition revenue per student increases to \$23,998, which is 5.6% over the March, 2018 projection of \$22,727.
- The 7.8% increase in institutional financial aid (line 5) reflects the 2017-18 increased freshman enrollment and the increased freshman discount rate of 47.52% which was originally budgeted at 45%. The 2018-19 freshman discount rate is budgeted at 45%. Without the one-time increase of endowment spending, undergraduate aid would have increased by approximately \$1.2M more or 9.2%.
- Graduate gross revenue (line 6) increases 6.82% or \$1.79M. The differential pricing for graduate programs resulted in tuition increases ranging from 0% in Theology & Leadership to 2.58% for the Sports and Athletic Administration program. Increased rates account for \$356K of the revenue increase, and an overall credit increase of 1,819 accounts for \$1.44M of the increase. The School of Education credit production increases by 994 credits due primarily to adding two new programs. The School of Leadership Studies increases credit production by 1,021 due to two new concentrations, more focused use technology, and greater exposure to the Leadership program through non-degree offerings. Other programs had smaller increases or slight declines. See Appendix 2B for the detail of graduate credits and revenue.
- Site-Based revenue (line 8) decreases by \$614K due primarily to declines in Canadian cohorts. See Appendix 2B for the detail of graduate credits and revenue.
- Law gross revenue (line 9) increases 22.81% or \$2.6M. The budgeted headcount is increases from 294 in FY2017-18 to 335 in FY2018-19. The actual Fall 2017 headcount of 316 exceeded budget by 22 students. The increase in enrollment, including the Florence summer program, accounts for \$2.04M of the increase, and a tuition increase of 5.06% accounts for \$581K of the increase.
- Fee revenues (line 13) increase by 20.55% or \$1.06M due to a \$20 per semester increase in the technology fee, increased enrollment, and increased Study Abroad program fees due to increased enrollment.
- Auxiliary gross revenue (line 23) increases 3.74% or \$1.05M. Dining gross revenue (line 17) increases by 6.13% or \$682K due to a 4.5% rate increase and changes in the mix and participation in the board dining plans. Dining net revenue increases 16.5% or \$456K due to a reduction in the overall cost of dining paid to Sodexo. Housing revenue (line 19) decreases 0.81% or \$129K due primarily to decreasing demand for upper division housing and off campus rentals. Housing rates increased approximately 2.6% across all units. Zag Shop commissions increase 21.21% due primarily to increased apparel sales. Other Auxiliaries includes a 24.88% increase in projected Hemmingson Center rental revenue.
- Other revenues (line 29) increase by 16.11% or \$1.8M. Athletic revenue (line 25) increases by 14.58% or \$830K due to a new 10 year IMG commission contract. Sales and Services revenue (line 26) increases 29.38% or \$944K due primarily to increased short term investment revenues and increased rebates from Concur, Sodexo, and Bulldog Bucks.
- Other Support (line 35) is comprised of transitional funding for the Law School which decreases 21.98% or \$383K. The Law School is planning to expend \$1.36M of its reserve fund, primarily to cover the institutional overhead obligation.

**GONZAGA UNIVERSITY
FY2018-19 PROPOSED UNRESTRICTED OPERATING BUDGET
EXPENDITURES BY ACTIVITY**

| Category | Academics (1) | Student Experience (2) | Financial Aid (3) | Athletics (4) | Facilities & Technology (5) | General Administration & General Institutional (6) | Cost of Goods Sold (7) | Total | Percentage of Total Budget |
|---------------------------------------|----------------------|------------------------|----------------------|----------------------|-----------------------------|--|------------------------|-----------------------|----------------------------|
| Faculty Salaries | \$ 46,049,236 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 46,049,236 | 14.70% |
| Non-Faculty Salaries | 15,437,696 | 9,930,767 | - | 8,602,529 | 11,084,828 | 10,157,490 | - | 55,213,310 | 17.62% |
| Student Wages & Honoraria | 1,225,244 | 1,634,176 | - | 293,294 | 249,037 | 306,635 | - | 3,708,386 | 1.18% |
| Benefits (Including Employee Waivers) | 1,576,104 | - | - | - | - | 31,182,617 | - | 32,758,721 | 10.46% |
| Financial Aid | - | - | 99,047,793 | - | - | - | - | 99,047,793 | 31.62% |
| Other Operating Expenses | 12,816,333 | 2,849,059 | - | 2,600,600 | 6,239,155 | 4,859,318 | - | 29,364,465 | 9.37% |
| Travel | 1,898,971 | 349,491 | - | 2,891,780 | 82,332 | 453,124 | - | 5,675,698 | 1.81% |
| Utilities | 8,780 | - | - | 5,000 | 4,264,536 | - | - | 4,278,316 | 1.37% |
| Capital | 3,099,599 | 156,585 | - | 295,258 | 688,702 | 254,697 | - | 4,494,841 | 1.43% |
| Debt Service | - | - | - | 223,741 | - | 15,064,828 | - | 15,288,569 | 4.88% |
| Facility Renewal & Replacement | - | - | - | - | 3,696,250 | - | - | 3,696,250 | 1.18% |
| Technology Renewal & Replacement | - | - | - | - | 2,127,257 | - | - | 2,127,257 | 0.68% |
| Reserve-Underwater Endowment | - | - | - | - | - | 300,000 | - | 300,000 | 0.10% |
| Reserve-New Facilities | - | - | - | - | 200,250 | - | - | 200,250 | 0.06% |
| Reserve-CRM | - | 200,000 | - | - | - | - | - | 200,000 | 0.06% |
| Contingency | 1,371,900 | 180,596 | - | - | 107,975 | 1,125,054 | - | 2,785,525 | 0.89% |
| Cost of Goods Sold (Dining) | - | - | - | - | - | - | 8,582,928 | 8,582,928 | 2.74% |
| Budget Resizing | - | - | - | - | - | (500,000) | - | \$ (500,000) | -0.16% |
| Total FY2018 Budget | \$ 83,483,863 | \$ 15,300,674 | \$ 99,047,793 | \$ 14,912,202 | \$ 28,740,322 | \$ 63,203,763 | \$ 8,582,928 | \$ 313,271,545 | 100.00% |
| Percentage of Total Budget | 26.65% | 4.88% | 31.62% | 4.76% | 9.17% | 20.18% | 2.74% | 100.00% | |
| FY2018 Adjusted Base | \$ 77,828,685 | \$ 14,801,397 | \$ 91,165,043 | \$ 13,722,501 | \$ 27,316,895 | \$ 60,374,007 | \$ 8,356,726 | \$ 293,565,254 | |
| FY2019 Change from FY2018 Base | \$ 5,655,178 | \$ 499,277 | \$ 7,882,750 | \$ 1,189,701 | \$ 1,423,427 | \$ 2,829,756 | \$ 226,202 | \$ 19,706,291 | |
| Percentage of FY2019 Increase | 28.70% | 2.53% | 40.00% | 6.04% | 7.22% | 14.36% | 1.15% | 100.00% | |

- Notes:**
- (1) Academic Vice President total less School of Law Financial Aid
 - (2) Student Development, Student Financial Services, Admissions, University Mission, Regional Health Partnership, and Hemmingson Center & Auxiliary Services
 - (3) Financial Aid included from all areas including the Law School and Athletic grants-in-aid
 - (4) Athletics and Fitness Center less Athletic grants-in-aid
 - (5) Administration less Human Resources and Regional Health Partnership
 - (6) Office of the President, Finance, University Advancement, Corporation Counsel, University Chancellor, Chief of Staff, and Human Resources
 - (7) Cost of Goods Sold for Sodexo board dining contract



**GONZAGA UNIVERSITY
FY2018-19 PROPOSED UNRESTRICTED OPERATING BUDGET
TOTAL UNRESTRICTED EXPENDITURES SUMMARY**

| Category | FY 2018 Adjusted Base Budget | Proposed Changes | FY2019 Proposed Budget | Percentage Change |
|---------------------------------------|------------------------------|----------------------|------------------------|-------------------|
| Faculty Salaries | \$ 43,198,363 | \$ 2,850,873 | \$ 46,049,236 | 6.60% |
| Non-Faculty Salaries | 53,105,274 | 2,108,036 | 55,213,310 | 3.97% |
| Student Wages & Honoraria | 3,494,784 | 213,602 | 3,708,386 | 6.11% |
| Benefits (Including Employee Waivers) | 30,765,560 | 1,993,161 | 32,758,721 | 6.48% |
| Financial Aid | 91,165,043 | 7,882,750 | 99,047,793 | 8.65% |
| Other Operating Expenses | 26,816,622 | 2,547,843 | 29,364,465 | 9.50% |
| Travel | 5,200,937 | 474,761 | 5,675,698 | 9.13% |
| Utilities | 4,201,525 | 76,791 | 4,278,316 | 1.83% |
| Capital | 4,377,819 | 117,022 | 4,494,841 | 2.67% |
| Debt Service | 14,588,569 | 700,000 | 15,288,569 | 4.80% |
| Facility Renewal & Replacement | 3,296,250 | 400,000 | 3,696,250 | 12.14% |
| Technology Renewal & Replacement | 1,912,257 | 215,000 | 2,127,257 | 11.24% |
| Reserve-Underwater Endowment | 300,000 | - | 300,000 | 0.00% |
| Reserve-New Facilities | - | 200,250 | 200,250 | 0.00% |
| Reserve-CRM | - | 200,000 | 200,000 | 0.00% |
| Contingency | 2,785,525 | - | 2,785,525 | 0.00% |
| Cost of Goods Sold (Dining) | 8,356,726 | 226,202 | 8,582,928 | 2.71% |
| Total Expenses | \$ 293,565,254 | \$ 20,206,291 | \$ 313,771,545 | 6.88% |
| Budget Re-Sizing | - | (500,000) | (500,000) | 0.00% |
| Total | \$ 293,565,254 | \$ 19,706,291 | \$ 313,271,545 | 6.71% |
| Proposed One-Time Funding | | | \$ 870,981 | |

- Overall, the proposed 6.71% or \$17.7M net increase in the expense base is allocated as follows: salaries and benefits (36.0%); institutional financial aid (40.0%); operating expenses (19.9%) which includes other operating, travel, utilities, capital, and debt service; reserves and contingency (5.2%) which includes renewal & replacement, reserves, and contingency; Cost of Goods Sold (1.1%).
- Faculty Salaries increase 6.6% or \$2.85M. The FY2017-18 increase was 3.7% or \$1.6M (excluding base reductions of \$727K). The increase includes a 3.5% faculty salary pool of \$1.5M for CUPA and other survey adjustments, promotions, and changes to the sabbatical and adjunct pools. The increase also includes \$946K for new faculty positions in high demand and/or core areas in Nursing and Human Physiology, Biology, Chemistry, Mathematics, Religious Studies, Women's Studies, Sports and PE, and Foley Library. Also included are two new faculty positions for new programs in the School of Education funded with new revenue and two post doctoral positions for under-represented minorities. The School of Law faculty salaries increase by \$411K to increased enrollment.
- Non-Faculty Salaries increase 3.97% or \$2.1M. The FY2017-18 increase was 3.0% or \$1.6M (excluding base reductions of \$1.38M). The increase includes a 3.0% staff salary pool of \$1.57M for across-the-board increases and/or staff benchmarking, promotions, annualizations, and new positions. The increase also includes \$197K for new staff positions in high demand and/or compliance areas including Nursing, The Foley Library and ITS; \$200K for enrollment based needs in Florence the Law School; and \$135K for Athletic staffing needs funded by IMG commissions.
- Student Wages & Honoraria increases by 6.11% or \$214K due to increases in the State of Washington minimum wage.
- Travel increases by 9.13% or \$475K. Athletics travel increased by \$414K, of which \$324K was funded with the IMG Contract. Other increases include \$41K for Florence and \$20K for the School of Engineering and Applied Science.
- Operating expenses increase by 9.5% or \$2.55M. The increase includes: Academic Vice President \$1.65M, primarily in Florence and Study Abroad due to increased enrollments; \$320K for Athletics funded by the IMG contract; \$315K for Chief Information Officer for contractual increases; \$158K for Finance General Institutional expenses; \$82K for Student Development Resident Advisor room and board waivers; and \$25K for Chief of Staff for Admissions. See Appendix 1.
- Capital expenses increase 2.67% or \$117K primarily for the Foley Library and Athletics (funded by the IMG contract).
- Debt service increases 4.8% or \$700K due to the Gonzaga Community Bank debt service.
- Renewal & Replacement base funding increases 11.8% or \$615K. The technology renewal and replacement increase of 11.4% is funded from an increase in the mandatory technology fee. The 12.14% in the plant renewal and replacement reflects a multi-year and multi-source approach for implementing Sightlines facility stewardship recommendations including using excess net revenue at fiscal year end.
- Reserves for the Underwater Endowment remains unchanged in FY2018-19. The FY2017-18 reserve for new facilities of \$248K was allocated to the operating costs for new facilities completed in FY2018, and a new reserve for of \$200K is proposed to annualize those operating costs and to establish a reserve for the Woldson Performing Arts Center. A new reserve of \$200K is proposed for the anticipated implementation of a Constituent Relationship Manager (CRM) system for undergraduate and graduate admission areas, Virtual Campus, and University Advancement
- The Dining Cost of Goods Sold increases by 2.71% or \$226K due to a 4.5% increase in the board rates coupled with changes in meal plan participation.
- The proposed budget includes a \$500K budget re-sizing component that reflects an institutional commitment initiated by the Cabinet, Deans, and others to thoroughly examine and analyze current practices and implement either expense saving initiatives or revenue generating activities in FY2018-19, with continuation of these efforts into FY2019-20. The formalization of cross-functional work groups to tackle this effort is currently under way.
- The proposed budget is contingent upon one-time funding of \$870,981, funded as a FY2018 year end transfer pending Board of Trustees approval. The funding is requested for the academic area to address high demand areas and/or core funding.

| Category | Academic Vice President | Student Development | Athletics | Chief of Staff | University Advancement | Chief Information Officer | Administration | Finance | Office of the President | Mission | Budget Resizing | Total | Percentage of Budget |
|---|-------------------------|---------------------|----------------------|----------------------|------------------------|---------------------------|----------------------|----------------------|-------------------------|---------------------|---------------------|-----------------------|----------------------|
| Faculty Salaries | \$ 46,049,236 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 46,049,236 | 14.70% |
| Non-Faculty Salaries | 15,437,696 | 5,502,858 | 8,602,529 | 2,647,050 | 4,387,885 | 4,349,252 | 10,042,949 | 2,365,959 | 1,070,814 | 806,318 | - | 55,213,310 | 17.62% |
| Student Wages & Honoraria | 1,225,244 | 321,709 | 293,294 | 1,004,716 | 140,928 | 86,398 | 430,862 | 29,806 | 120,611 | 54,818 | - | 3,708,386 | 1.18% |
| Benefits (Including Employee Waivers) | 1,576,104 | - | - | - | - | - | 31,182,617 | - | - | - | - | 32,758,721 | 10.46% |
| Financial Aid | 6,138,996 | - | 6,390,280 | 86,518,517 | - | - | - | - | - | - | - | 99,047,793 | 31.62% |
| Other Operating Expenses | 12,816,333 | 1,437,833 | 2,600,600 | 1,040,996 | 1,322,749 | 3,549,267 | 3,184,859 | 2,770,725 | 560,733 | 80,370 | - | 29,364,465 | 9.37% |
| Travel | 1,898,971 | 37,037 | 2,891,780 | 203,854 | 315,269 | 77,832 | 86,225 | 39,950 | 63,280 | 61,500 | - | 5,675,698 | 1.81% |
| Utilities | 8,780 | - | 5,000 | - | - | 92,815 | 4,171,721 | - | - | - | - | 4,278,316 | 1.37% |
| Capital | 3,099,599 | 11,640 | 295,258 | 82,345 | 163,205 | 433,781 | 348,695 | 58,818 | 1,500 | - | - | 4,494,841 | 1.43% |
| Debt Service | - | - | 146,592 | - | - | - | - | 15,141,977 | - | - | - | 15,288,569 | 4.88% |
| Facility Renewal & Replacement | - | - | - | - | - | - | 3,696,250 | - | - | - | - | 3,696,250 | 1.18% |
| Technology Renewal & Replacement | - | - | - | - | - | 2,127,257 | - | - | - | - | - | 2,127,257 | 0.68% |
| Reserve-Underwater Endowment | - | - | - | - | - | - | - | 300,000 | - | - | - | 300,000 | 0.10% |
| Reserve-New Facilities | - | - | - | - | - | - | - | 200,250 | - | - | - | 200,250 | 0.06% |
| Reserve-CRM | - | - | - | 200,000 | - | - | - | - | - | - | - | 200,000 | 0.06% |
| Contingency | 1,371,900 | 30,881 | - | 11,260 | - | 92,975 | 506,565 | 119,445 | 600,000 | 52,499 | - | 2,785,525 | 0.89% |
| Cost of Goods Sold (Dining) | - | - | - | - | - | - | 8,582,928 | - | - | - | - | 8,582,928 | 2.74% |
| Budget Resizing | - | - | - | - | - | - | - | - | - | - | (500,000) | (500,000) | -0.16% |
| Total FY 2019 Budget | \$ 89,622,859 | \$ 7,341,958 | \$ 21,225,333 | \$ 91,708,738 | \$ 6,330,036 | \$ 10,809,577 | \$ 62,433,921 | \$ 20,826,680 | \$ 2,416,938 | \$ 1,055,505 | \$ (500,000) | \$ 313,271,545 | 100.00% |
| FY2018 Adjusted Base | 82,808,826 | 7,128,537 | 19,888,367 | 84,906,765 | 6,218,808 | 10,073,244 | 59,146,247 | 19,961,355 | 2,395,412 | 1,037,693 | - | 293,565,254 | |
| Change From FY2018 Adjusted Base | \$ 6,814,033 | \$ 213,421 | \$ 1,336,966 | \$ 6,801,973 | \$ 111,228 | \$ 736,333 | \$ 3,287,674 | \$ 865,325 | \$ 21,526 | \$ 17,812 | \$ (500,000) | \$ 19,706,291 | |
| Percentage Change From FY2017 | 8.23% | 2.99% | 6.72% | 8.01% | 1.79% | 8 | 7.31% | 5.56% | 4.34% | 0.90% | 1.72% | 6.71% | |

* Office of the President includes General Counsel

Office of Budget and Financial Analysis

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