



San José State
UNIVERSITY

Financial Analysis of San Jose State University

Howard Bunsis

Professor of Accounting, Eastern Michigan University

Chair, AAUP Collective Bargaining Congress

April 2014

Roadmap and Overall Results

- **Financial condition of the CSU System and the State of California**
 - **Result: CSU and the State are doing much better, and the future looks bright**
- **Financial condition of SJSU:**
 - **Result: SJSU is in solid financial condition, with sufficient reserves and cash flows**
- **Priority examination: Is the SJSU administration being true to the core academic mission?**
 - **Result: The administration is not doing well on this score, as the number of administrators is growing much faster than the number of instructional faculty**

The Financial Condition of The CSU System and the State of California

CSU System: Basic Setup

- **There are 23 Cal State campuses, with the 25 Trustees of the System hiring the Chancellor (Timothy White) and the campus presidents**
- **There are also 92 University-related Auxiliary Organizations (there were 82 in 2002). These contain the endowments of the individual campuses (78% of the total), as well as organizations covering student housing, dining, and bookstores.**
- **The ones related to SJSU are:**
 - **Associated Students of San Jose State University**
 - **San Jose State University Research Foundation**
 - **Spartan Shops, Inc. (San Jose)**
 - **The Student Union of San Jose State University**
 - **The Tower Foundation of San Jose State University**

CSU System 2013 Balance Sheet

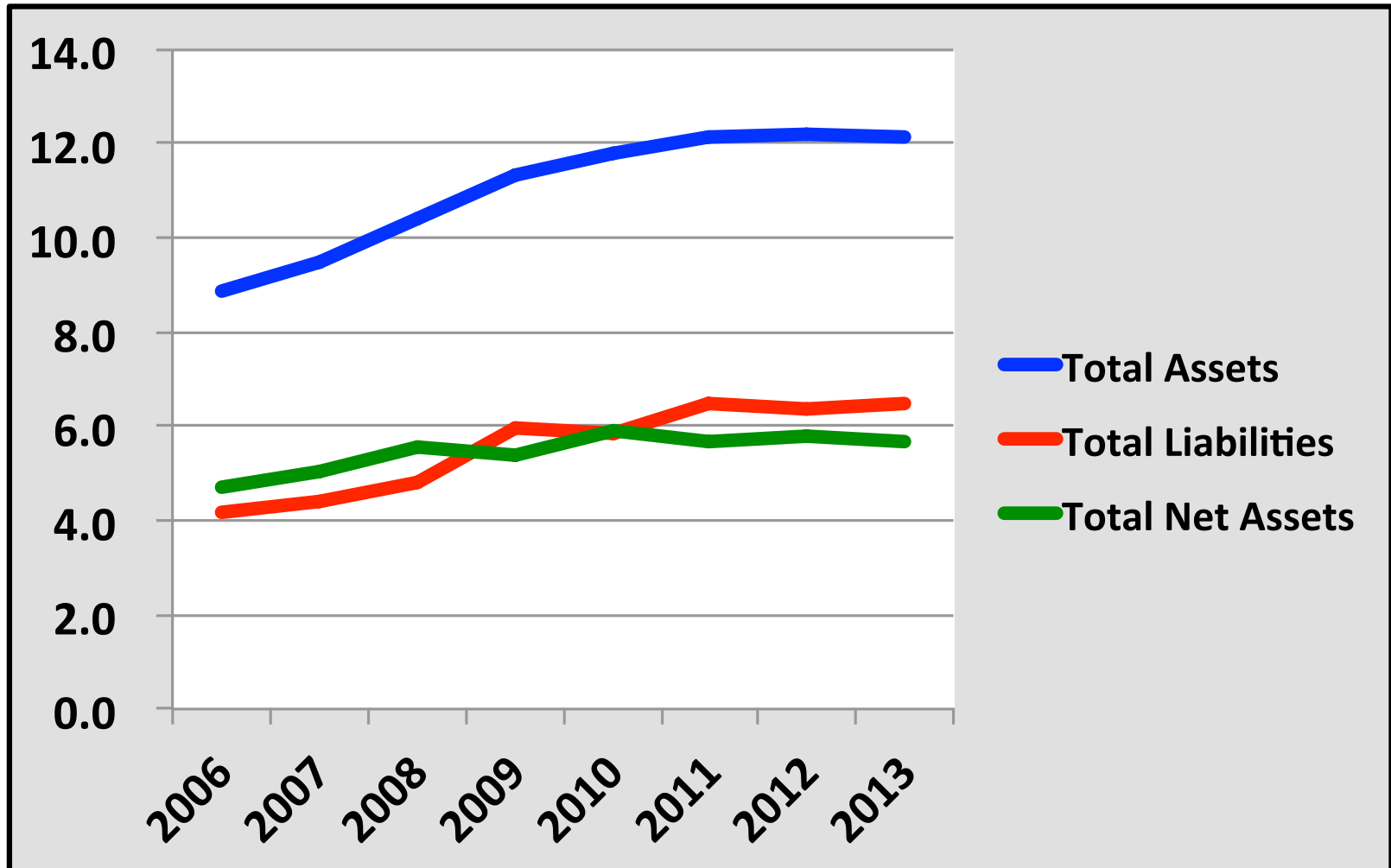
Source: CSU Audited Financial Statements

In Billions	2013 University	2013 Auxiliaries	2013 Total CSU System
Total Assets	12.12	3.73	15.85
Total Liabilities	6.47	1.41	7.88
Total Net Assets	5.65	2.32	7.97
% of Total Assets			
Total Assets	100%	100%	100%
Total Liabilities	53%	38%	50%
Total Net Assets	47%	62%	50%

- The System has over \$12 billion of assets, compared to \$6 billion of liabilities.
- The System certainly is not broke
- We will later break down how much of the net assets represent true reserves for the System, and then do the same for CSUSM

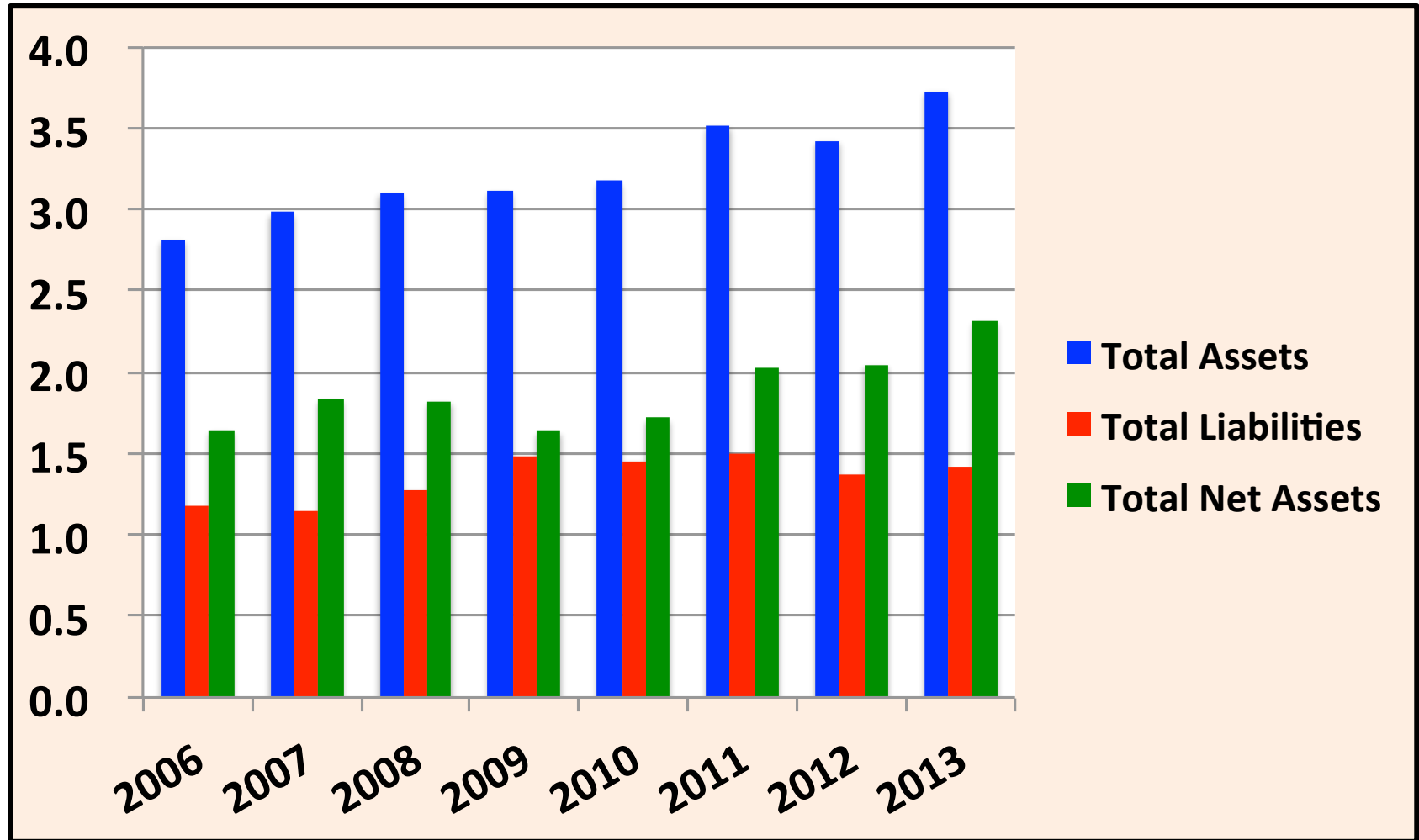
CSU System Balance Sheet – Universities Only

Source: CSU Audited Financial Statements, in Billions



CSU System: Auxiliaries Only Balance Sheet

Source: CSU Audited Financial Statements

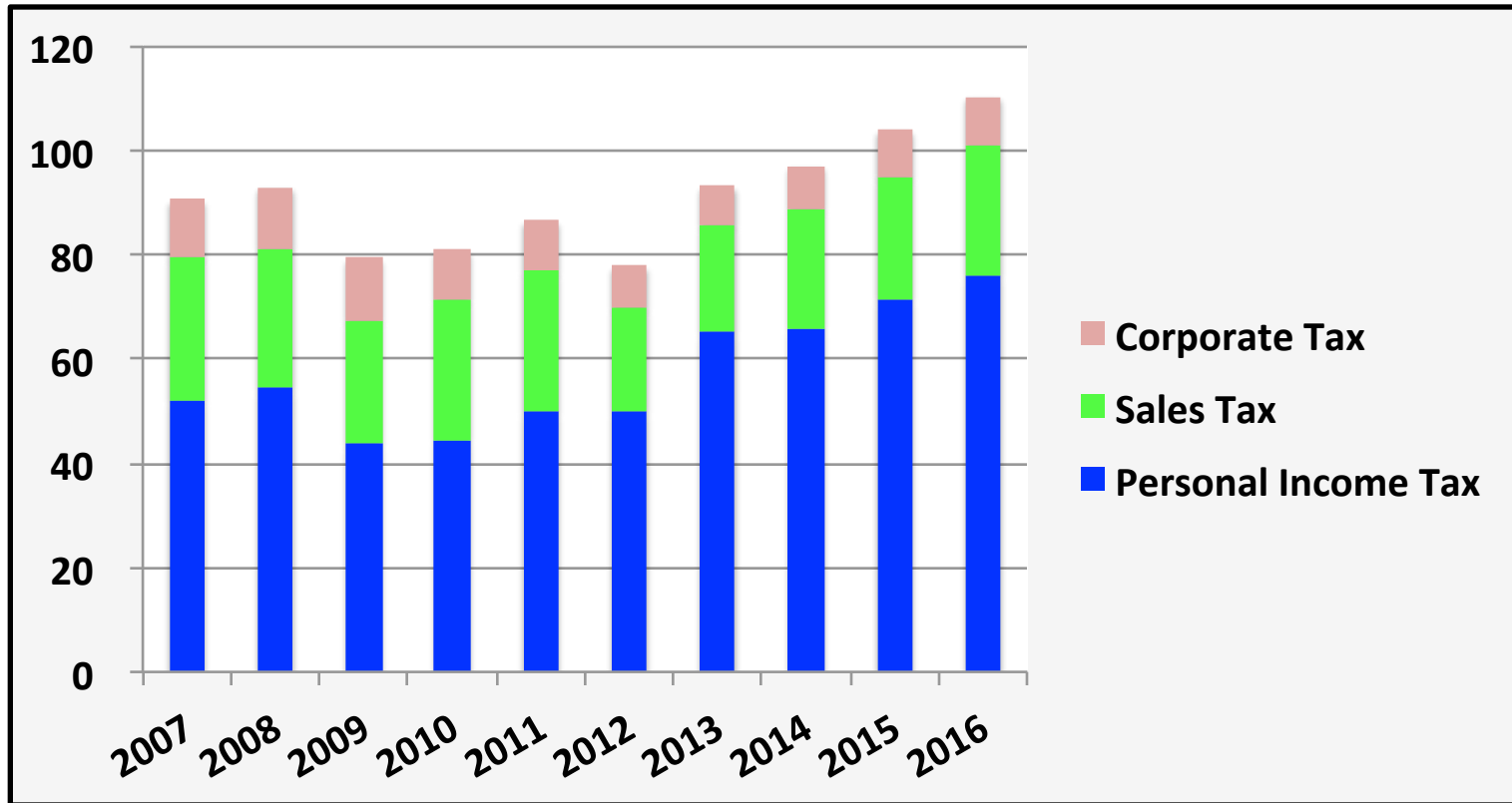


Discussion of CSU Balance Sheet

- The balance sheet demonstrates that any claim that CSU is broke or in financial distress is preposterous
- The rest of this analysis only examines the Universities, though in the past, the CSU administration has used the auxiliaries for their own purposes.
- It is advantageous that assets have been growing, especially over the last few years
- We have also seen a corresponding growth in net assets
- In the rest of the report, we will determine:
 - Of the \$7.97 billion of net assets, how much represents true reserves?
 - Whether SJSU has significant reserves

State of California Main Taxes Over Time

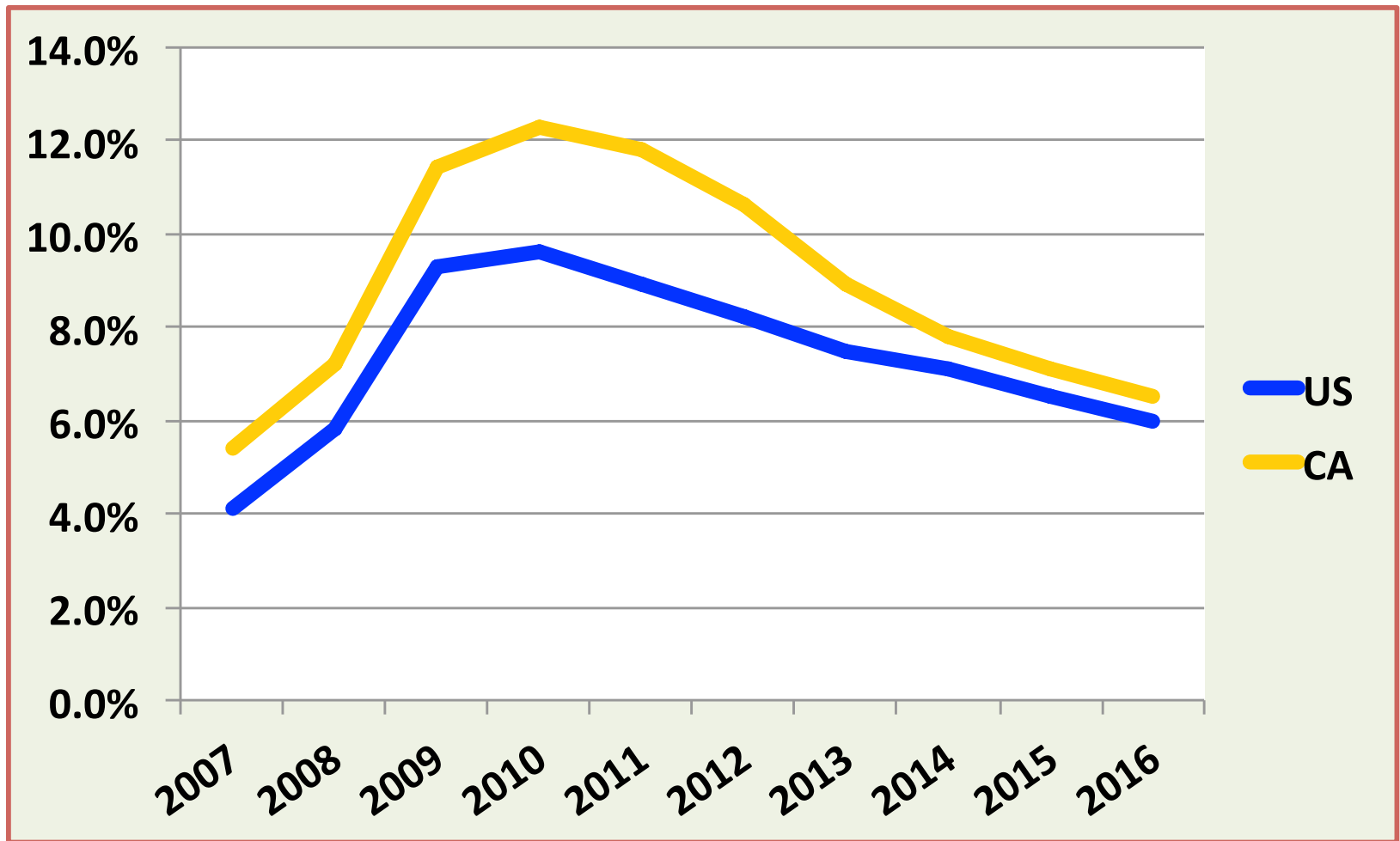
Source: Legislature Analyst's Office; 2014 to 2016 are projections



General Fund	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Personal Income Tax	51.943	54.289	43.700	44.575	49.779	50.000	65.000	66.000	71.400	75.900
Sales Tax	27.445	26.813	23.700	26.741	26.983	19.800	20.500	22.800	23.600	24.900
Corporate Tax	11.158	11.926	12.000	9.500	9.838	8.100	7.700	8.300	8.900	9.500
All Other	5.341	9.621	4.800	6.225	7.692	6.600	2.600	4.700	3.700	3.500
Total Revenues	95.887	102.649	84.200	87.041	94.292	84.500	95.800	101.800	107.600	113.800

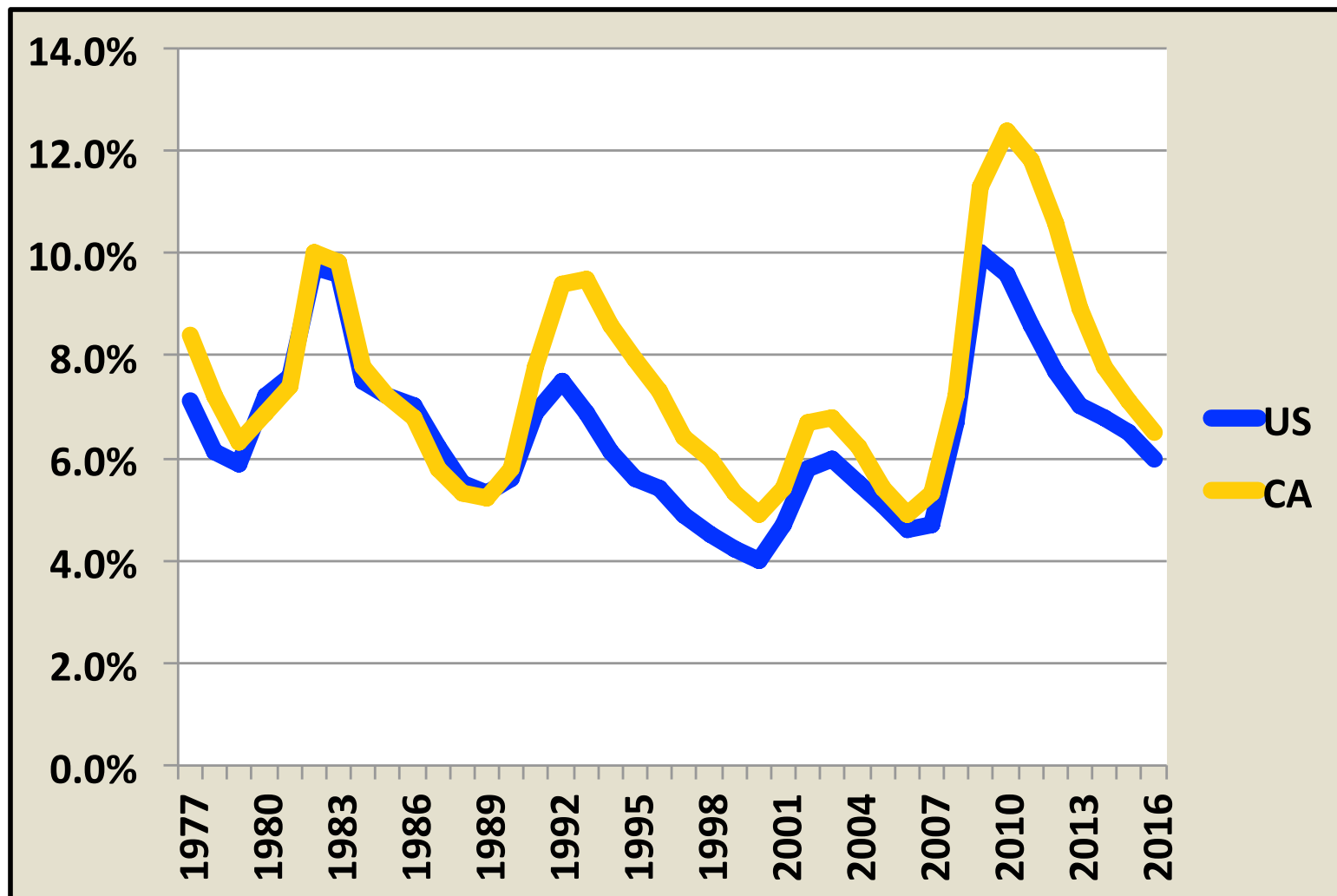
US and California Unemployment Rates, 2007 to 2016

Source: Legislative Analyst's Office; 2014 to 2016 are projections



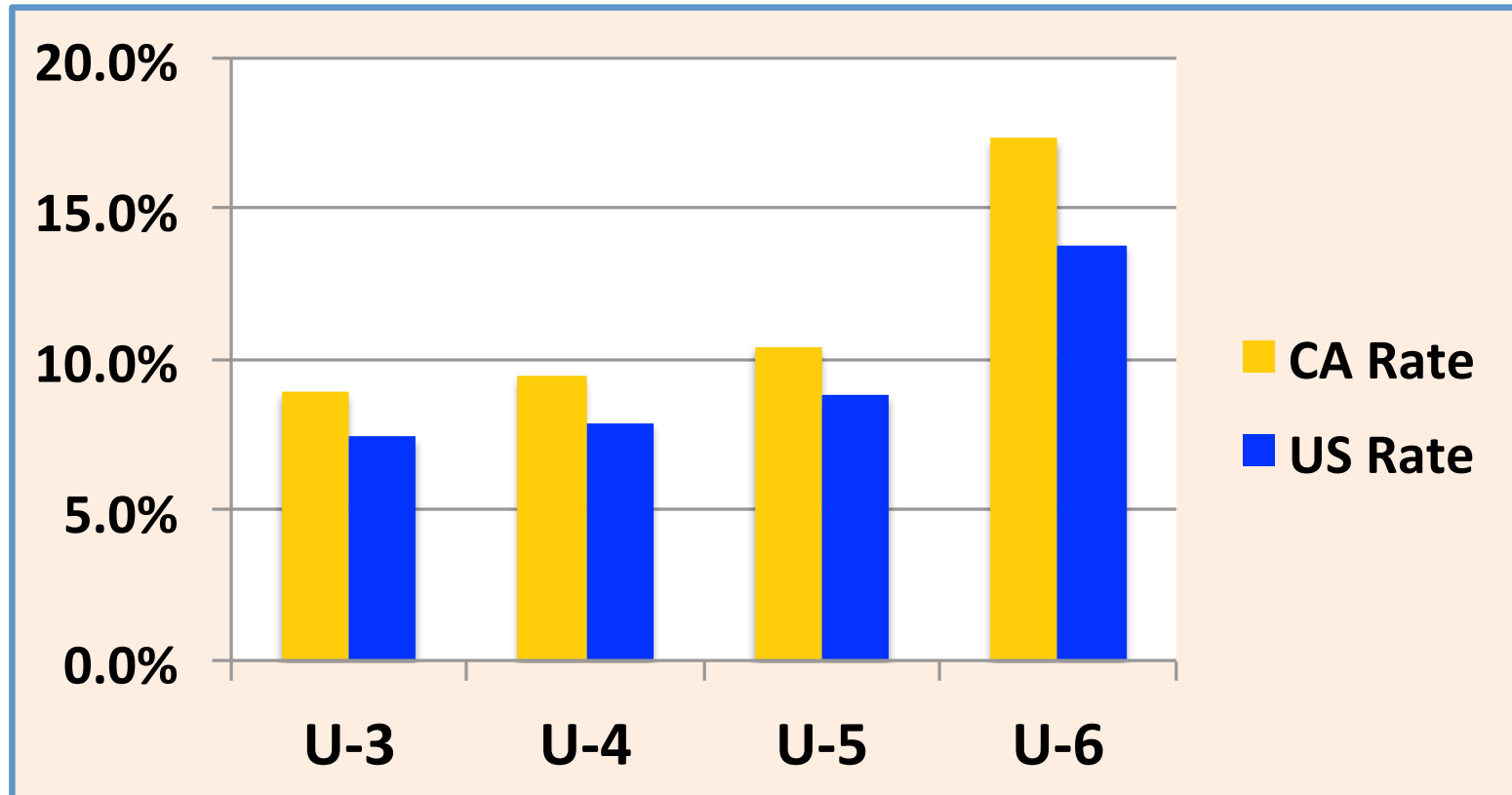
Longer Term View of Unemployment Rates, US vs. CA

Sources: California LAO and US Bureau of Labor Statistics



Alternative Measures of Unemployment

Source: US Bureau of Labor Statistics, Calendar 2013 Rates



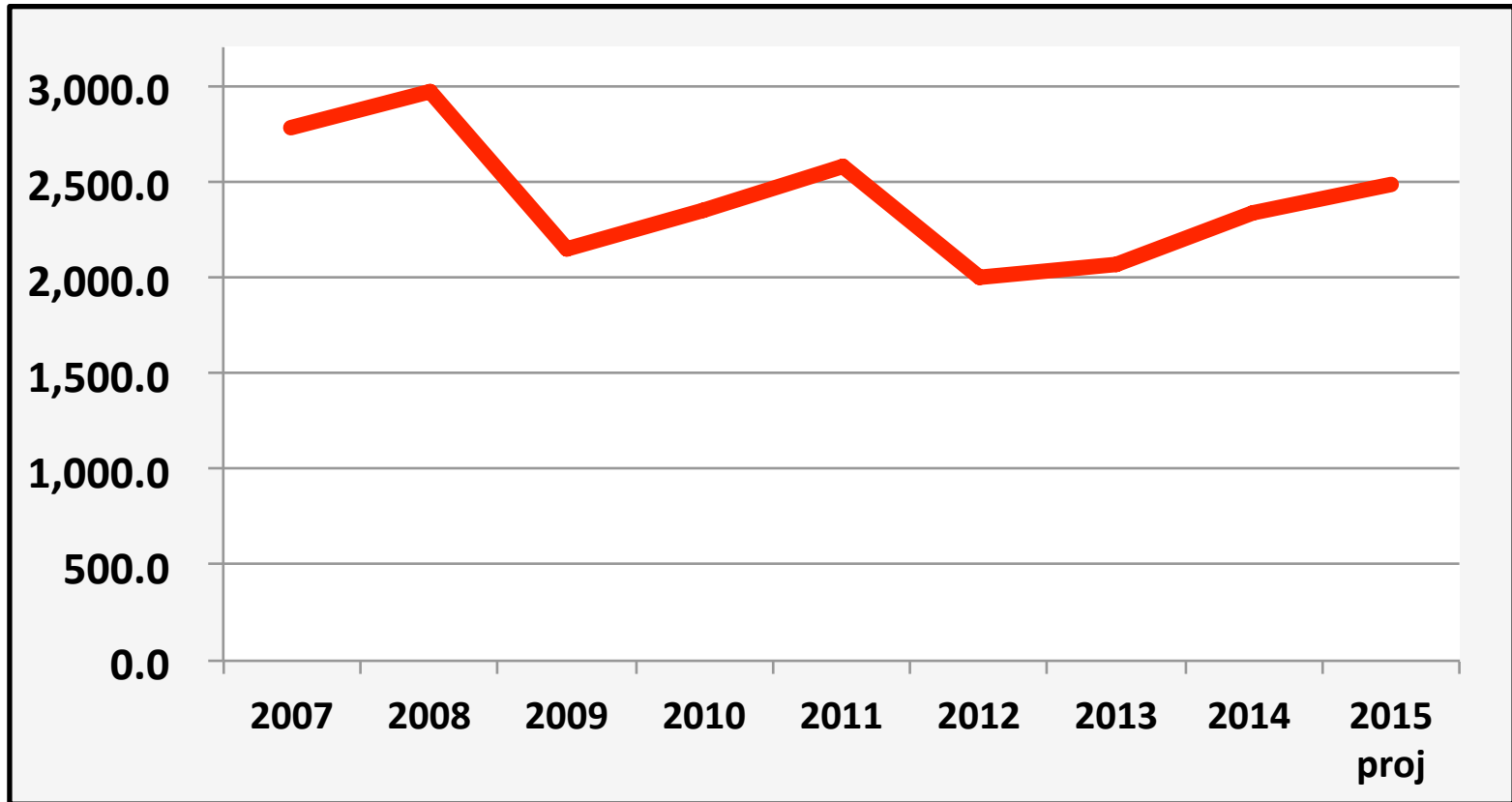
Metric	CA Rate	US Rate	Definition
U-3	8.9%	7.4%	Official Unemployment Rate
U-4	9.4%	7.9%	U-3 + discouraged workers
U-5	10.4%	8.8%	U-4 + Marginally attached
U-6	17.3%	13.8%	U-5 + part time workers who want full time

Discussion of State of California Metrics

- The State has come back from the recession, as personal income tax revenues are slated to increase significantly over the next few years. Some of that increase is due to the passage of Proposition 30. Personal taxes are the dominant revenue source for the state.
- These increases in revenue are why the State is expecting future budget surpluses; however, as we will see, higher education spending is expected to have only modest increases
- The unemployment news is mixed:
 - It is positive that the rate is declining, and is expected to decline
 - The decline in the unemployment rate is not as steep as the decline in the rate after prior recessions
 - The U6 rate is very high for the State, indicating that a lot of people have either given up or are working part time when they prefer more stable employment

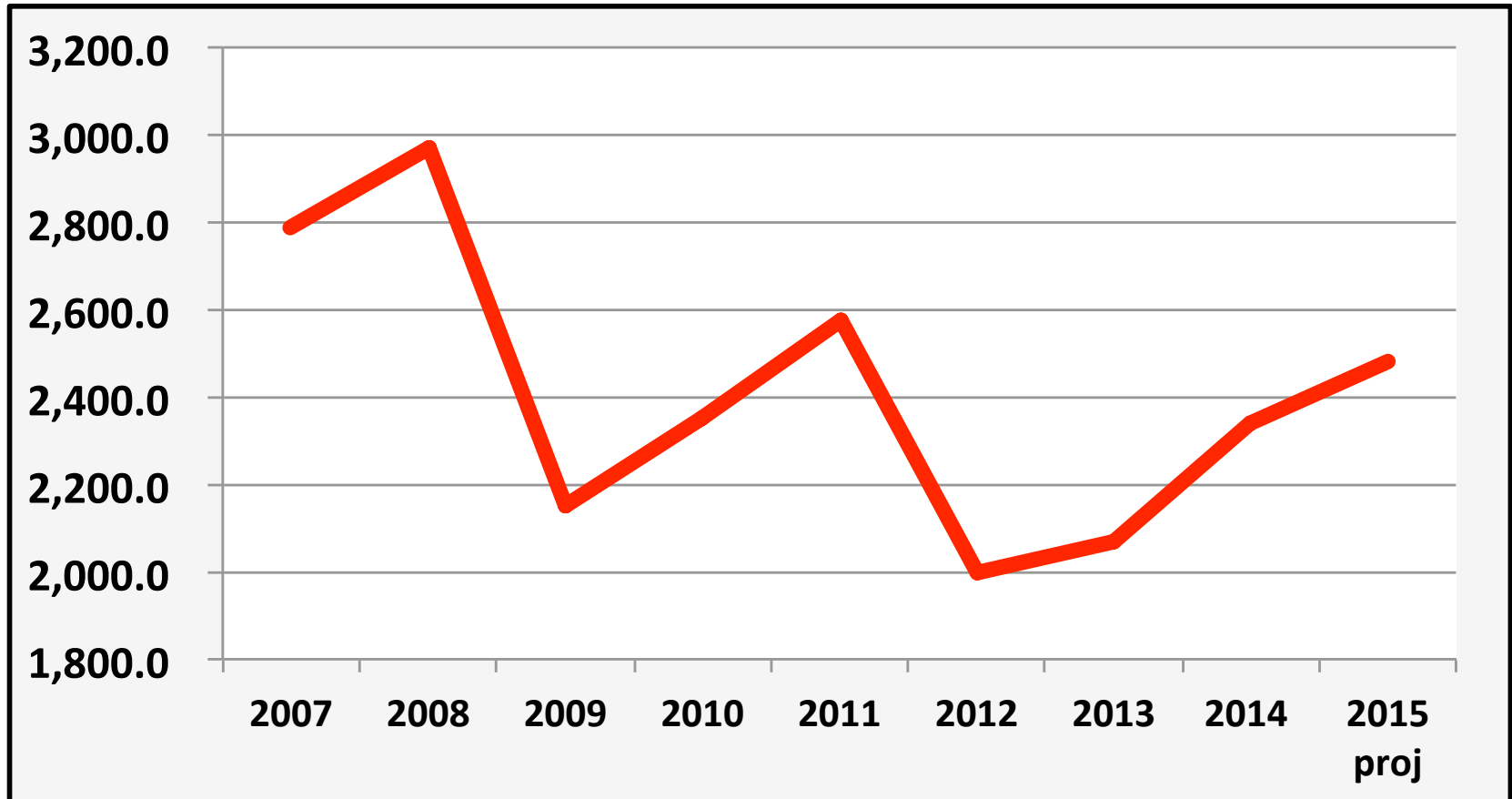
Higher Ed Operating Appropriation for all CSU

Source: LAO and CSU Audited Financial Statements; Amounts in Millions



2007	2008	2009	2010	2011	2012	2013	2014	2015 proj
2,784.3	2,970.5	2,153.3	2,349.4	2,576.7	1,996.4	2,068.5	2,340.0	2,480.4

Same Slide, Different Scale



State Appropriation to CSU in the Future

- Assuming the increases are as stated in the CSU audited financial statements and the LAO higher education document (**dated February 12, 2014**), then CSU will get:
 - A 13.1% increase for 2013-14
 - A 6.0% increaser for 2014-15
- The LAO (legislature) has asked for even more of an increase, or a total of \$18 million for 2014-15 over 2013-14 levels
 - Governor is at a \$142M increase for all CSU
 - Legislature is at \$160M increase for all CSU

From the LAO Higher Education Analysis

- ***Governor Proposes Continuation of His Multiyear Budget Plan.*** The Governor's 2014-15 budget proposal for the universities is the second year of a four-year budget plan introduced last year. Specifically, the Governor proposes to: (1) provide UC and CSU each with \$142 million in unallocated base increases, (2) maintain an extended freeze on student tuition, (3) provide CSU with more flexibility to make decisions on capital projects (such flexibility was provided to UC beginning in 2013-14), and (4) not link funding with enrollment or other specific purposes.
- ***Serious Concerns With Governor's Approach.*** Similar to last year, we have serious concerns about the Governor's overall budgetary approach for the universities and recommend the Legislature reject it. Most troubling, the Governor's budget does not link university funding to specific purposes. Instead, his plan includes large unallocated increases tied only to keeping tuition flat. Further, the Governor's approach to CSU capital outlay takes funding decisions out of the regular budget process. This overall budgetary approach diminishes the Legislature's role in key decisions and allows the universities to pursue their own interests rather than state-identified priorities.

More from the Higher Education Analysis

- **Recommend Alternative Approach That Designates Funding for Specific Purposes.** We recommend the Legislature return to its traditional budgetary approach for the universities. Using a workload approach, we lay out a specific alternative to the Governor's plan. **Our alternative funds 2 percent enrollment growth at CSU to serve eligible students who might otherwise be denied admission.** (For UC, we include no enrollment growth since the university continues to accept all eligible students.) Our alternative also funds inflation and other workload cost increases at both universities. **In total, our plan provides UC with \$186 million and CSU with \$209 million —\$44 million and \$18 million more, respectively, than the Governor's plan.** Because we assume that the state and students share in these cost increases, the amount of state support provided to the universities is \$100 million lower under our alternative. (This would be offset by an associated \$38 million increase in Cal Grant costs.)

Per LAO Budget Outlook (Higher Education Section)

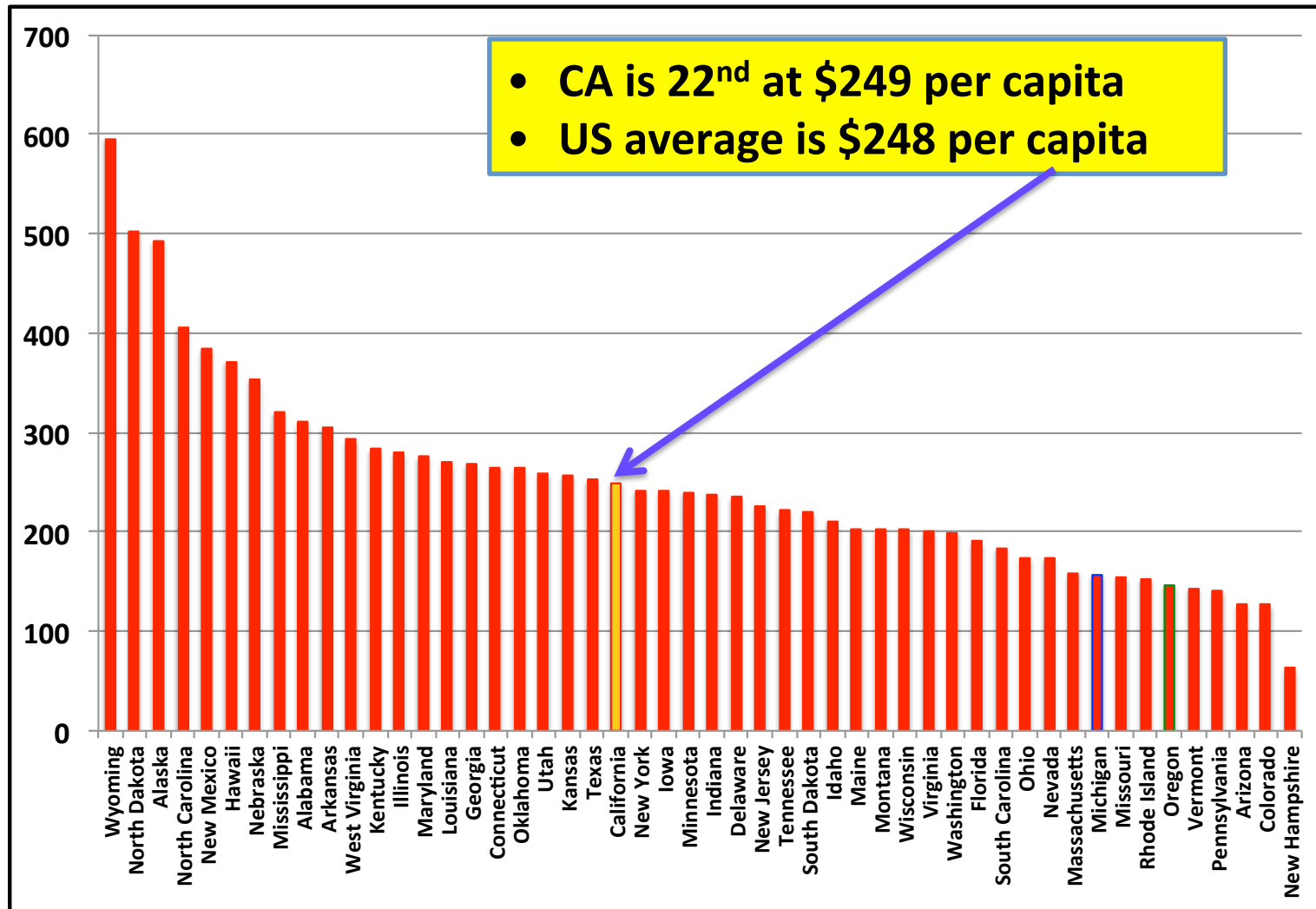
November 2013

- **Unlike many other areas of the state budget that are constrained by constitutional or federal requirements, the Legislature has significant discretion over university and financial aid expenditures. At the same time, the universities have greater control over their total operating budget than most state agencies because they have the ability to raise additional revenue by increasing student tuition. These factors mean that expenditures on the universities and financial aid are very sensitive to future legislative actions and the systems' future decisions on tuition levels.**
- ***Assumes No COLA or Enrollment Changes for Universities.* Our forecast assumes the state does not provide COLAs for the universities, consistent with state law regarding no automatic COLAs for most state programs. In addition, we assume no enrollment changes at either CSU or UC. Changes in enrollment at CSU and UC typically are driven by changes in the college-age population and the universities' eligibility policies.**

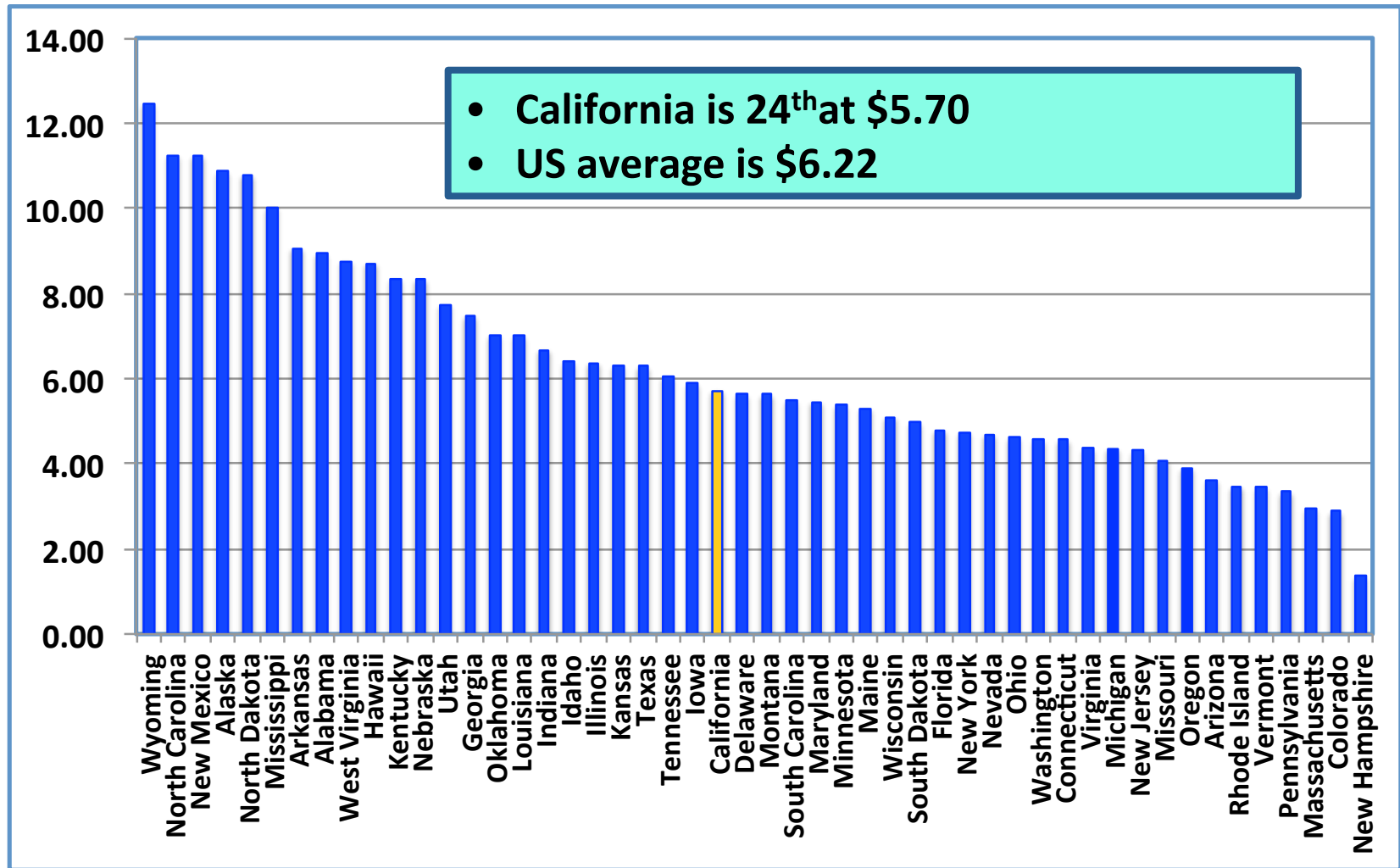
More from LAO Budget Outlook

- **Our demographic projections show declines in the traditional college-age population in each year of the forecast period, with the number of 18-24 year olds 7 percent lower in 2020 compared to 2014. Regarding the universities' eligibility targets, the state's Master Plan for Higher Education calls for CSU and UC to draw from the top 33 percent and 12.5 percent of high school graduates in the state, respectively.**
- **CSU reports more than 20,000 eligible students annually being denied admission in recent years**

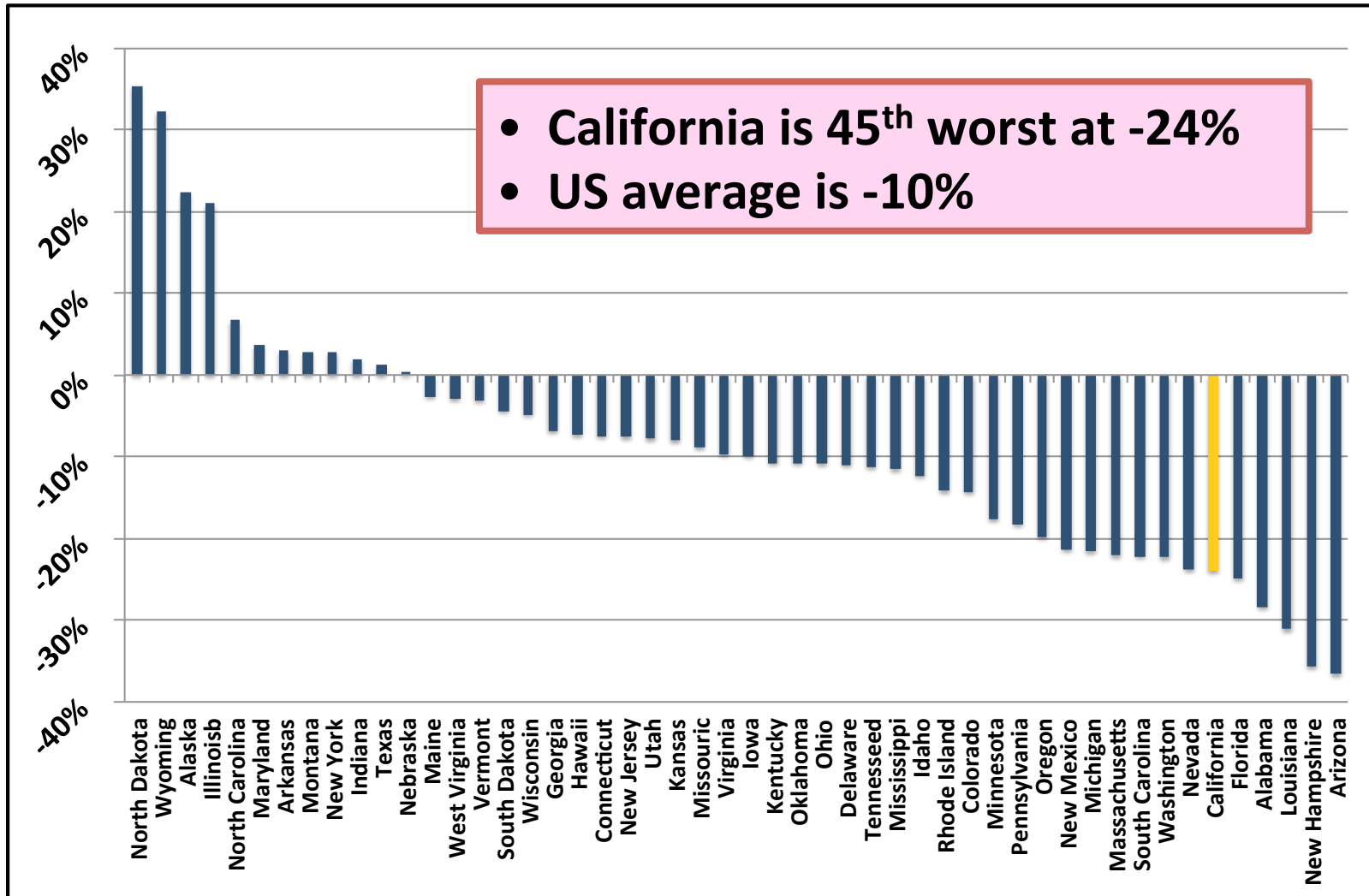
California Higher Ed Appropriation vs. Other States: Level Per Capita per Grapevine Study, 2013



California Higher Ed Appropriation vs. Other States: Level Per \$1,000 of Income per Grapevine Study, 2013

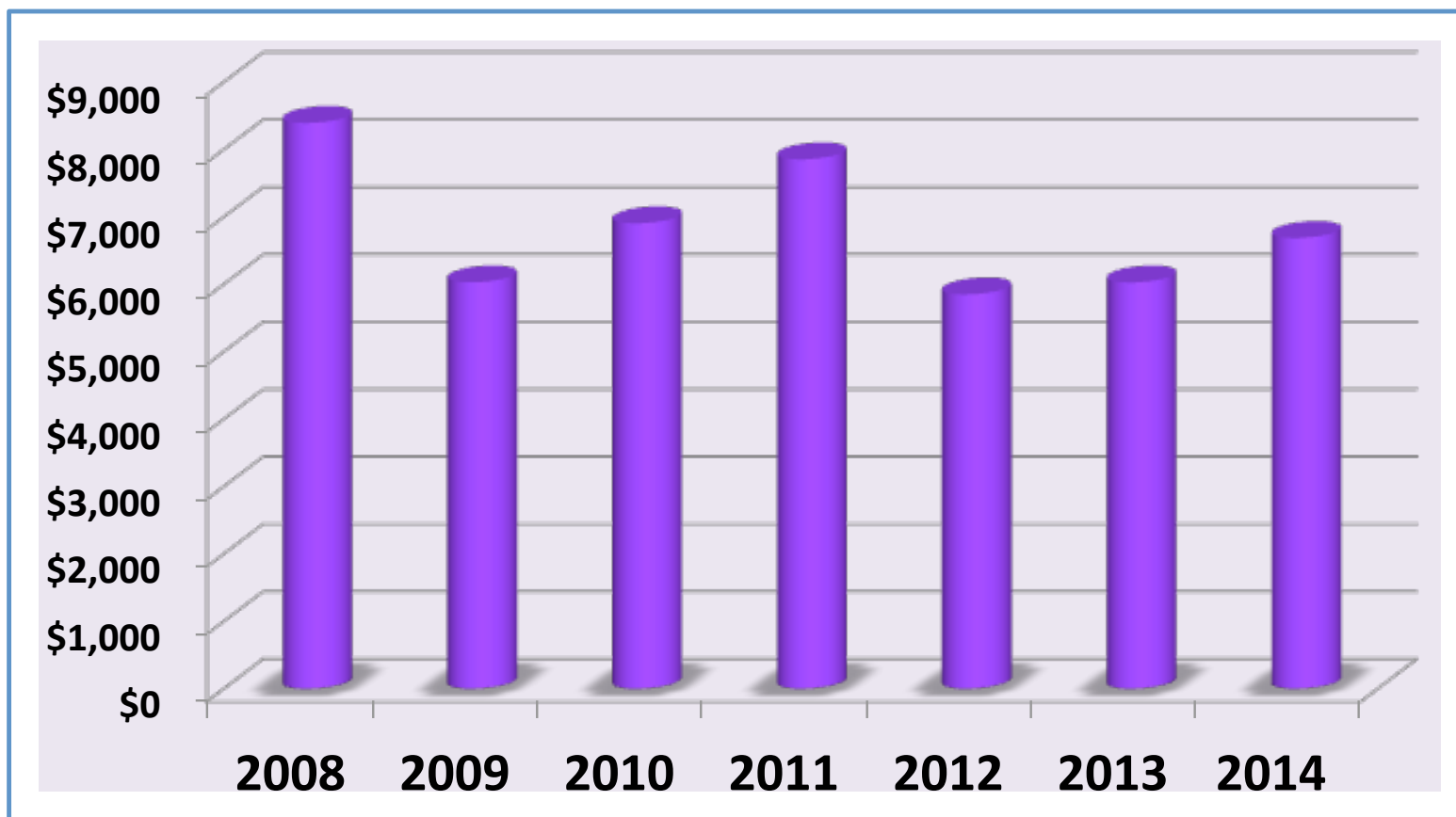


California Higher Ed Appropriation vs. Other States: Change from 2008 to 2013 per Grapevine Study, 2013



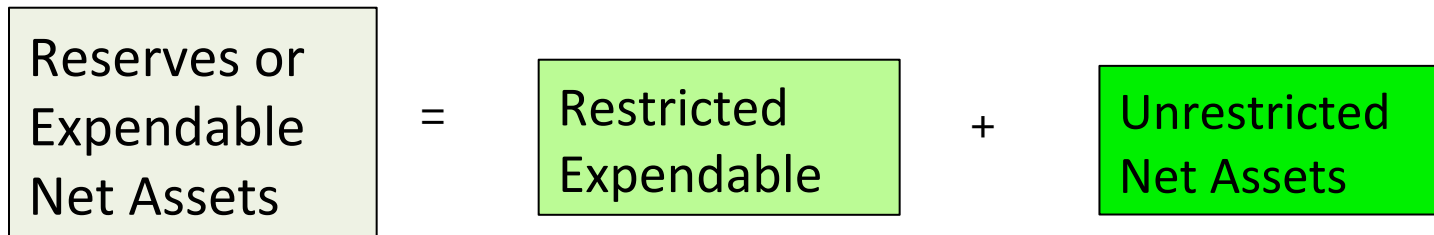
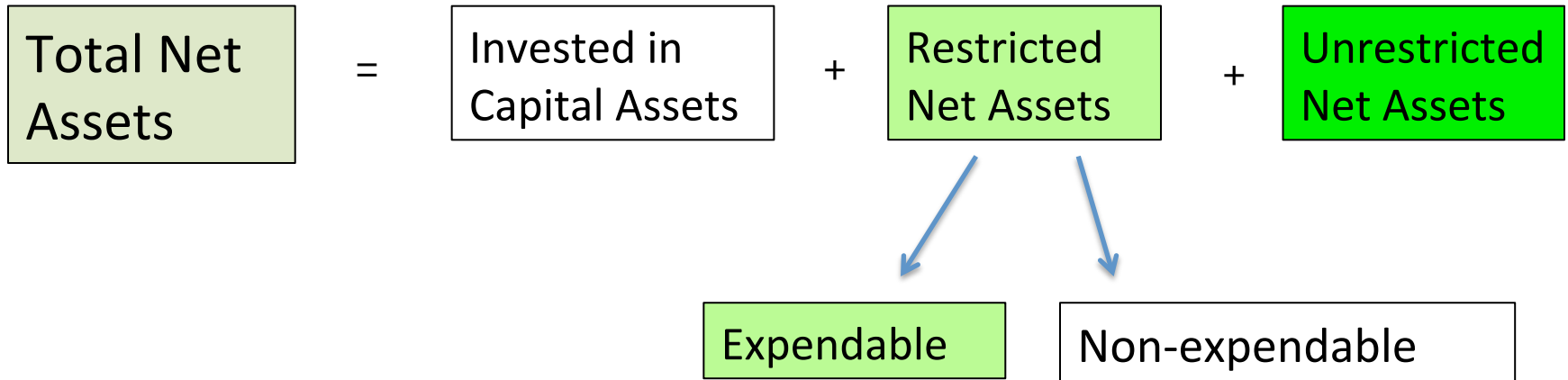
Operating Appropriation per Student

Source: LAO and Audited Statements



	2008	2009	2010	2011	2012	2013	2014
Appropriation	2,970.5	2,153.3	2,349.4	2,576.7	1,996.4	2,068.5	2,340.0
Enrollment	353,915	357,223	340,289	328,155	341,280	343,227	350,000
Appropriation per Student	\$8,393	\$6,028	\$6,904	\$7,852	\$5,850	\$6,027	\$6,686

Reserves



First Two Components of Net Assets

- From the prior chart, when we examine net assets, the first two categories are not considered part of true reserves:
 - Invested in capital assets are the value of the buildings, and universities need the buildings to operate. Since the university will not sell the buildings, their value is not considered when analyzing the financial health of the institution
 - Restricted non-expendable represents funds donated to the university and the principal can never be spent. SJSU has zero in this category of net assets for the university, but has \$18M for the SJSU Foundation and other SJSU Auxiliary organizations

Definition of Restricted Expendable Reserves

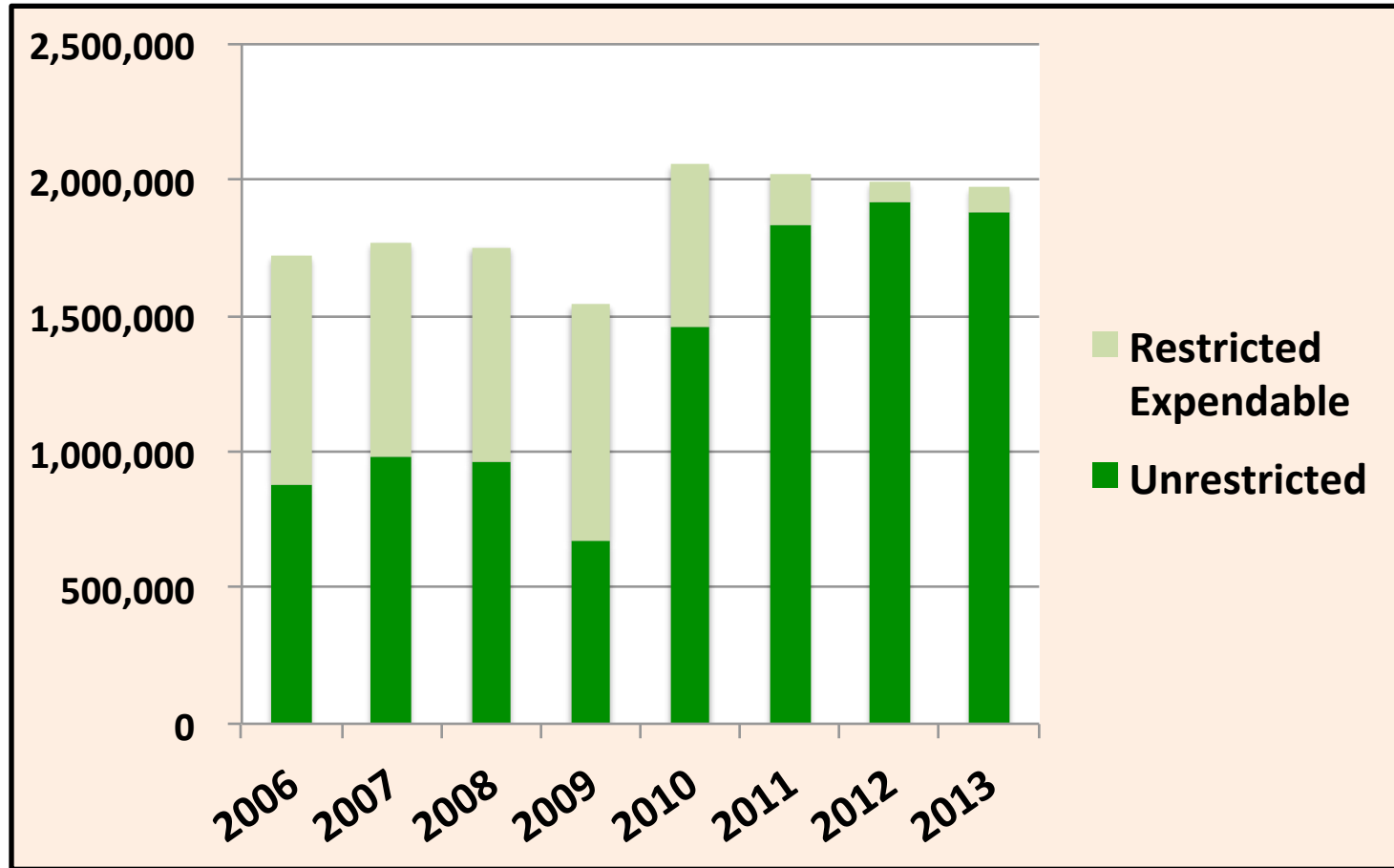
- **Restricted-expendable net assets represent funds that can only be used for a specific purpose. For example, a bond sinking fund is set up for future principal and interest payments, and the University is not allowed to use any of those funds for any purpose except paying off the debt (the fund cannot be used for faculty salaries, for example).**
- **For example, a bond sinking fund is set up for future principal and interest payments, and the University is not allowed to use any of those funds for any purpose except paying off the debt (the fund cannot be used for faculty salaries, for example). However, the existence of these assets still helps the University. Let's say you have a home mortgage, and all of your future house payments are covered in a fund. You cannot touch this fund for anything but house payments. The existence of this fund still helps your overall financial situation.**

Definition of Unrestricted Reserves

- **The administration will claim that unrestricted is not unrestricted, as they have designated those funds for particular purposes (they belong to the departments is often heard)**
- **However, the Board can reverse those designations. If the designations were a set in stone “no-way-you-can-get-out-of-them commitments”, the external auditors would put them in the restricted-expendable or restricted nonexpendable categories.**
- **Therefore, unrestricted is really unrestricted.**

CSU Reserves

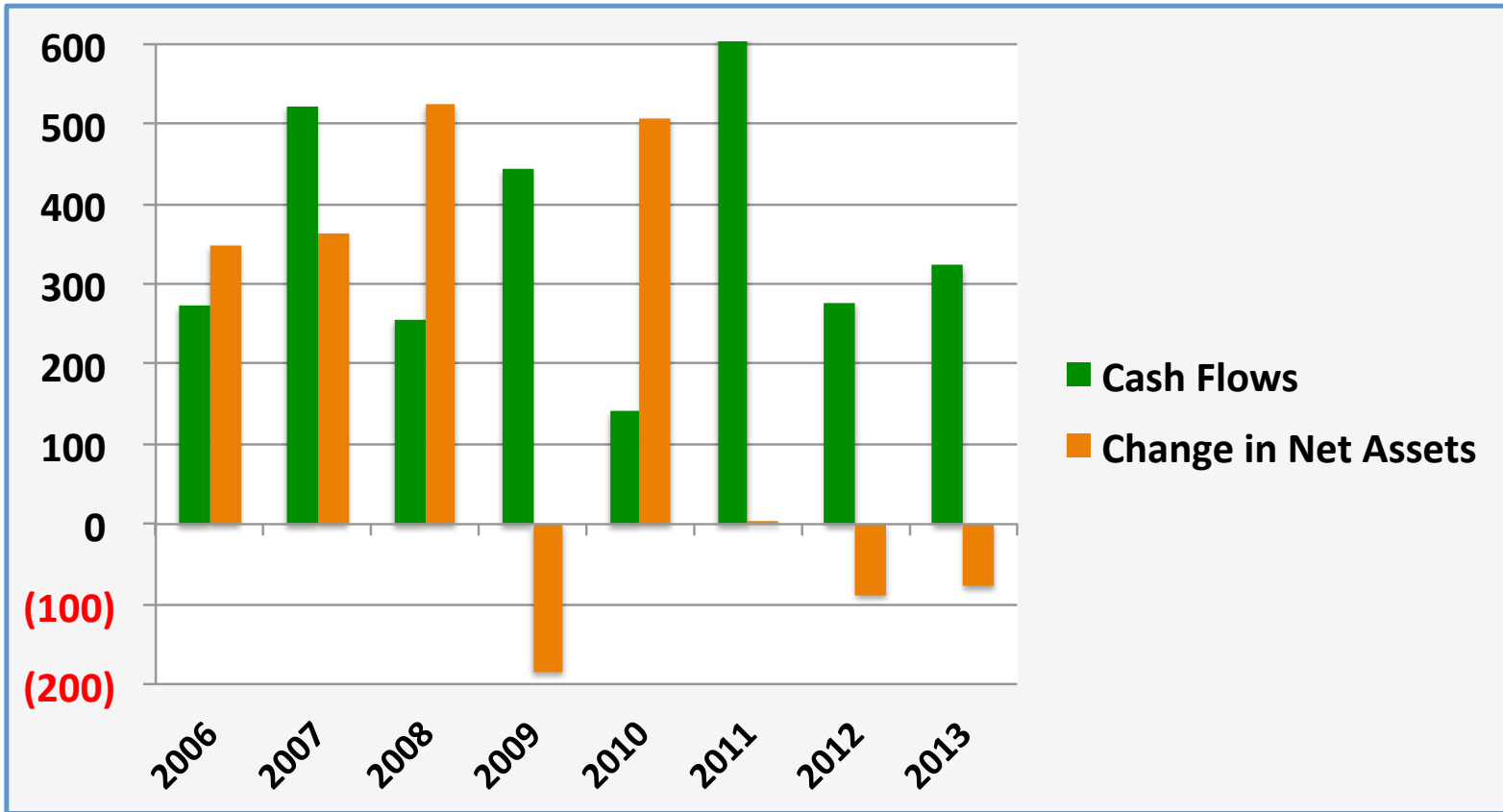
Source: CSU Audited Financial Statements: Amounts in Thousands



- The CSU System has almost \$2 billion of reserves at the end of 2013
- We will put some context on the \$2 billion to determine its relevance

CSU Cash Flows vs. Change in Net Assets

Source: CSU Audited Financial Statements: Amounts in Millions



- The change in net assets = Total revenues – Total expenses
- Cash Flows = Cash inflows – Cash Outflows
- The difference between the two metrics is due to the fact that the change in net assets includes non-cash items such as depreciation expense and paper gains and losses on investments

Summary of Ratio Definitions and Benchmarks

Ratio	Numerator	Denominator	Weight in Formula
Primary Reserve	Total Reserves	Annual Expenses	40.0%
Viability	Total Reserves	Total Debt	22.5%
Net Asset	Change in Net Assets	Total Revenues	12.5%
Cash Flow	Operating Cash Flows	Total Revenues	25.0%
	Level of Ratio		
	Poor	Average	Excellent
Primary Reserve	Less than 10%	15% to 25%	More than 50%
Viability	Less than 30%	50% to 100%	More than 250%
Net Asset	Anything Negative	1% to 3%	More than 5%
Cash Flow	Anything Negative	1% to 3%	More than 5%

Fichtenbaum-Bunsis Ratios

Ratio Scores						
	0	1	2	3	4	5
Primary Reserve Ratio	< -10%	-10% to 4.99%	5.00% to 9.99%	10.00% to 24.99%	25.00% to 49.99%	> 50%
Viability Ratio	< 0%	0% to 29.99%	30.00% to 59.99%	60.00% to 99.99%	100% to 249.99%	> 250%
Net Asset Ratio	< -5%	-5.00% to 0.00%	0.00% to 0.99%	1.00% to 2.99%	3.00% to 4.99%	> 5%
Cash Flow Ratio	< -5%	-5.00% to 0.00%	0.00% to 0.99%	1.00% to 2.99%	3.00% to 4.99%	> 5%

- A perfect score is 5.0
- To be in financial exigency, there needs to be two consecutive years below 1.75

CSU System Background Data on Ratios

	2006	2007	2008	2009	2010	2011	2012	2013
Total Reserves	1,717,420	1,766,881	1,751,881	1,540,332	2,053,001	2,018,169	1,988,023	1,969,309
Total Expenses	4,995,697	5,191,814	5,759,480	5,857,956	5,629,128	6,085,503	6,253,631	6,452,595
Primary Reserve Ratio	34%	34%	30%	26%	36%	33%	32%	31%
Total Reserves	1,717,420	1,766,881	1,751,881	1,540,332	2,053,001	2,018,169	1,988,023	1,969,309
Debt	2,361,832	2,565,046	2,876,160	3,301,402	3,580,146	3,582,907	3,709,980	3,846,104
Viability Ratio	73%	69%	61%	47%	57%	56%	54%	51%
Net Cash Flows	274,039	522,740	256,281	444,093	142,473	639,970	277,476	324,160
Total Revenues	5,344,513	5,556,280	6,282,986	5,673,724	6,137,206	6,088,720	6,165,552	6,375,178
Cash Flow Margin	5.1%	9.4%	4.1%	7.8%	2.3%	10.5%	4.5%	5.1%
Change in Net Assets	348,816	364,466	523,506	(184,232)	508,078	3,217	(88,079)	(77,417)
Total Revenues	5,344,513	5,556,280	6,282,986	5,673,724	6,137,206	6,088,720	6,165,552	6,375,178
Net Asset Ratio	6.5%	6.6%	8.3%	-3.2%	8.3%	0.1%	-1.4%	-1.2%

- Why is the change in net assets negative in 2012 and 2013, but cash flows positive in those years?
- Because the change in net assets includes non-cash expenses, such as depreciation expense. When that is taken out, we see positive cash flows

CSU System Composite Ratio Scores

	2006	2007	2008	2009	2010	2011	2012	2013
Viability Ratio	73%	69%	61%	47%	57%	56%	54%	51%
Primary Reserve Ratio	34%	34%	30%	26%	36%	33%	32%	31%
Cash Flow Ratio	5.1%	9.4%	4.1%	7.8%	2.3%	10.5%	4.5%	5.1%
Net Asset Ratio	6.5%	6.6%	8.3%	-3.2%	8.3%	0.1%	-1.4%	-1.2%
Composite Score	3.92	3.98	3.67	3.17	3.58	3.45	3.21	3.24

- The composite score is based on the ratios
- 5.0 is perfect
- 1.75 is trouble
- 3.24 for the CSU System in 2013 is solid

CSU System Moody's Rating

- **Moody's assigns Aa3 to California State University's \$172.4M Lease Revenue Bonds, Aa2 to CSU Bonds**
- **20 Sep 2013**
- **“The Aa2 rating and stable outlook for the System-wide Revenue Bonds of California State University reflects its strong market position and student demand as the nation's single largest four-year higher education system, ample unrestricted balance sheet liquidity and its ability to weather substantial state funding reductions through significant tuition increases and launching expense management initiatives. Other strengths are anticipation that the state will continue to show improving economic and revenue trends, as well as an expectation of moderation of the system's debt issuance. Offsetting the strengths are continued material reliance on state appropriations from State of California (rated A1, stable) for operating support and moderately high balance sheet leverage relative to comparably rated large systems or universities.”**

Strengths per Moody's

- **“The system's key credit strength is the strong student demand driven by the system's 23 campuses located throughout the state, as well as its established access mission, with enrollment of over 370,000 full-time equivalent (FTE) students for fall 2012.**
- **Rising student-related revenues provide a buffer against declining state funding.**
- **Balance sheet resources are ample, with \$3.80 billion of total financial resources for FY 2012 and unrestricted monthly liquidity of \$2.85 billion.**
- **The CSU has strong central financial and budget oversight producing favorable operating cash flow to manage through substantial state funding cuts, including implementing fee increases, enrollment caps and expense management initiatives as needed.**
- **The system demonstrates active system central governance and oversight, coupled with increased operating independence, including a centralized debt management function and capital needs assessment, ability to retain and invest student fee revenues and autonomy in setting tuition and fees.”**

Challenges per Moody's

- **“The CSU has endured through a history of deep state funding cuts through FY 2012 totaling nearly \$970 million or 31% from FY 2008 to FY 2013, with still significant reliance on state funding for operations at 30% of FY 2012 total revenues.**
- **Balance sheet leverage rose substantially in recent years from debt issuance, with expendable resources to pro-forma debt of 0.57 times and pro-forma debt-to-revenues of 0.76 times (including the State Public Works Board bonds for which the state provides debt service payments in its appropriations).**
- **Future debt issuance is expected to fund continuing capital needs requiring sustained pledged revenue growth to support increasing debt service.”**

Summary of Financial Condition – Bond Ratings

	CSU System	State of California	CSU Rank	CA Rank
Moody's	Aa2/Aa3	A1	2nd or 3rd highest out of 24	5th highest out of 24
S&P	AA-	A	4th highest out of 24	6th highest out of 24

**CSU, SJSU, or the State of California Broke?
NO WAY!**



Why does CSU have strong bond ratings:

- High level of Reserves
- Solid operating cash flows

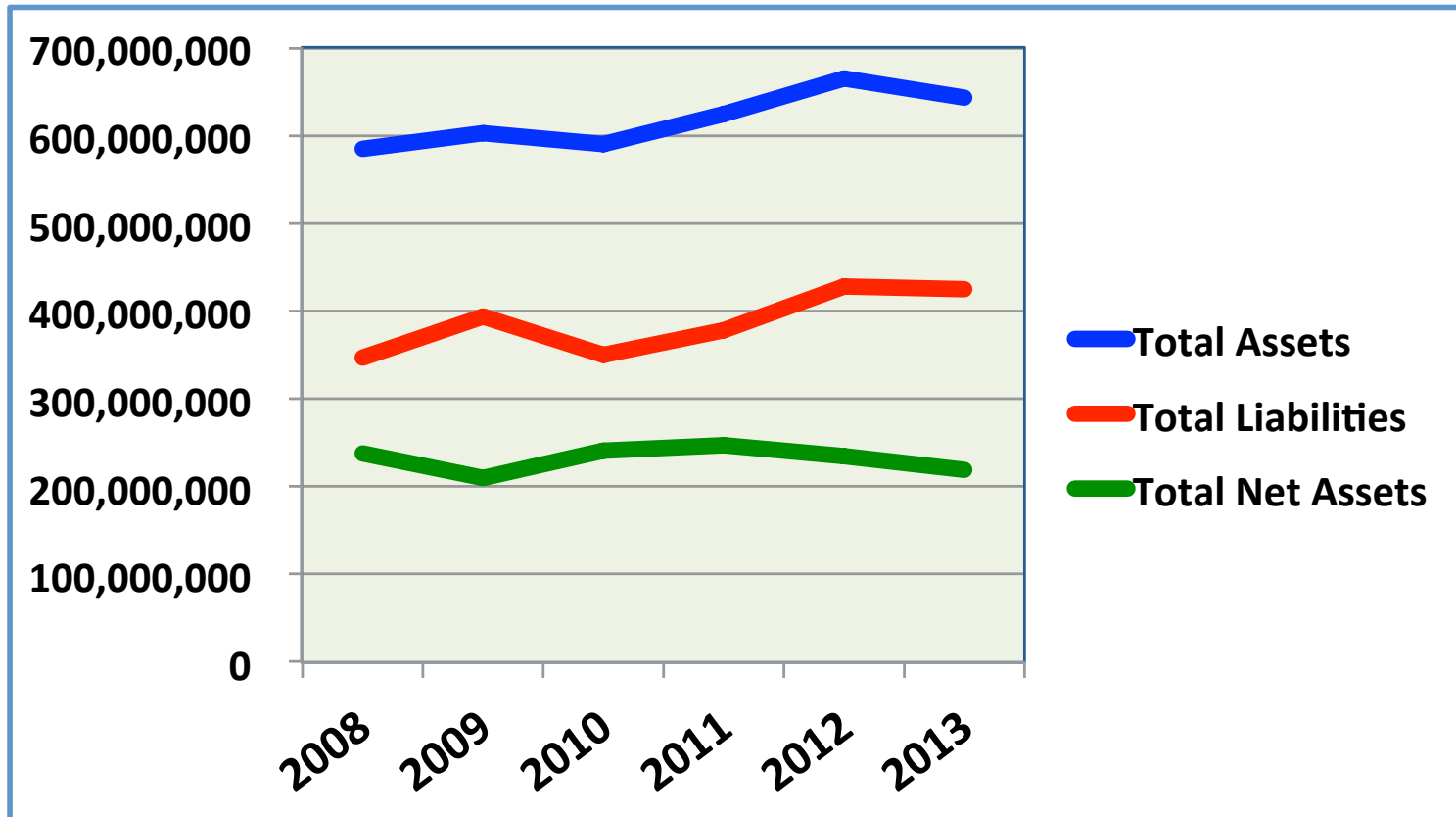
Discussion of Ratios and Bond Ratings of the CSU System

- Overall, the CSU System does have \$2 billion in reserves. The System Office insists that most of this money is spoken for, and cannot be touched. The reality is that these reserves can be touched, but there is no need to tap into them now, as the System is generating significant cash flows each year
- The bond ratings are high for a reason – high reserves and strong cash flows. This is the opinion of an outside independent agency
- The System certainly has the ability to enroll more students, hire more faculty, and pay faculty appropriate compensation.

Financial Condition of SJSU – Ratio Analysis

SJSU Balance Sheet

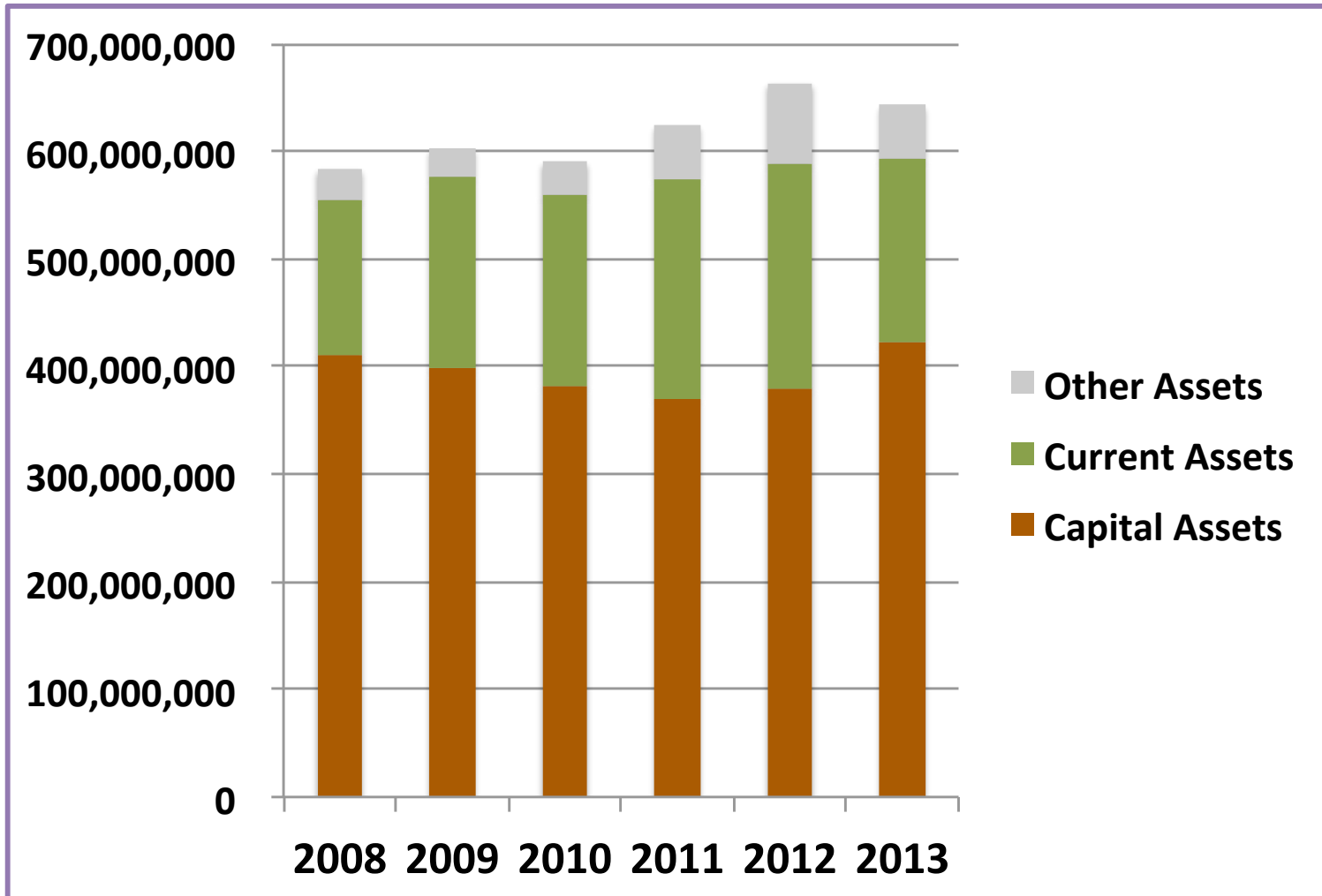
Source: CSU Audited Financial Statements



- This indicates that SJSU is certainly not broke
- The increase in assets and liabilities in 2011-12 was likely due to construction and borrowing of the Student Union

SJSU Asset Breakdown

Source: CSU Audited Financial Statements



There is Plenty of Activity Between the Alleged Firm Walls of the Auxiliary Orgs and the University

Source: 2013 CSU Audited Financial Statements

SAN JOSE STATE UNIVERSITY

Transactions with Related Entities

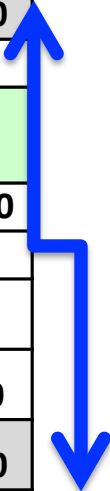
Year ended June 30, 2013

	<u>Campus</u>
Payments from discretely presented component units for salaries of personnel working on contracts, grants, and other programs	\$ 4,134,000
Payments from discretely presented component units for other than salaries	4,964,000
Payments to discretely presented component units for services, space, and programs	13,763,000
Gifts (cash or assets) from discretely presented component units	2,785,000
Accounts receivable from discretely presented component units	1,186,000
Accounts payable to discretely presented component units	(97,000)
Payments to the Office of the Chancellor for administrative activities	424,000
Payments to the Office of the Chancellor for state pro rata charges	1,620,000
Accounts receivable from the Office of the Chancellor	56,000
State lottery appropriations received	2,507,000

SJSU Net Asset Detail

Source: CSU Audited Financial Statements

	2008	2009	2010	2011	2012	2013
Total Assets	584,365,806	602,644,350	591,104,564	624,338,290	663,315,000	642,760,000
Total Liabilities	346,222,987	392,721,208	349,350,983	376,456,613	428,385,000	423,890,000
Total Net Assets	238,142,819	209,923,142	241,753,581	247,881,677	234,930,000	218,870,000
Components of Net Assets	2008	2009	2010	2011	2012	2013
Invested in Capital	150,298,342	139,907,698	127,098,941	111,153,512	99,836,000	128,747,000
Nonexpendable	2,759,780	2,648,163	2,482,209	1,876,977	1,813,000	1,586,000
Expendable	14,713,425	11,259,780	11,780,749	9,267,025	10,384,000	7,952,000
Unrestricted	70,371,272	56,107,831	100,391,682	125,584,163	122,897,000	80,585,000
Total Net Assets	238,142,819	209,923,472	241,753,581	247,881,677	234,930,000	218,870,000



- The first two categories of net assets do not tell us anything about the financial health or flexibility of SJSU
- The latter two categories – expendable and unrestricted, tell us something, as they are the two components of reserves

Breakdown of Restricted Expendable Net Assets

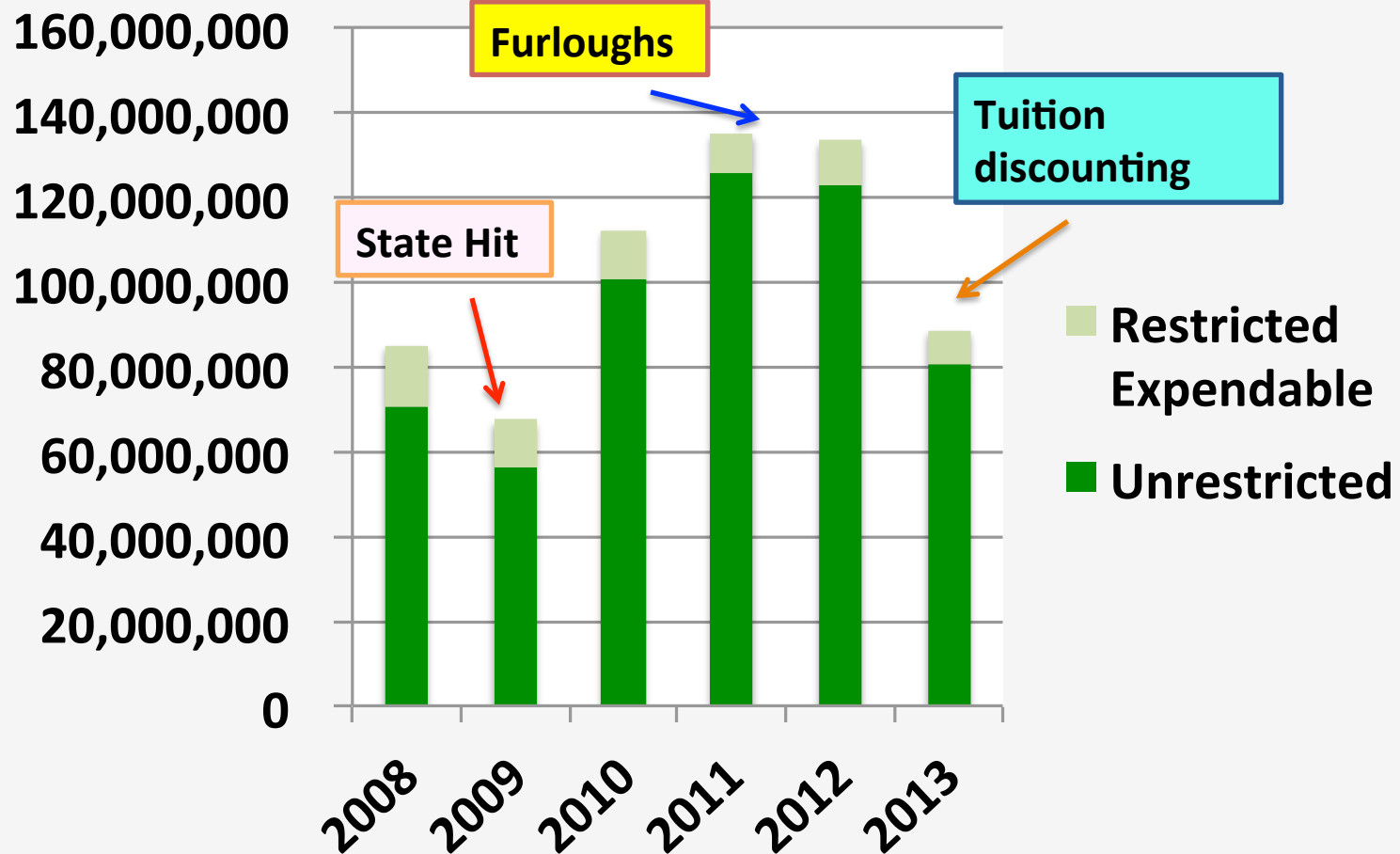
Source: CSU Audited financial Statements

	2008	2009	2010	2011	2012	2013
Scholarships	3,104,533	3,315,159	5,444,927	4,107,586	2,574,000	2,628,000
Loans	5,489,546	5,100,018	5,122,199	5,159,439	5,275,000	5,324,000
Capital Projects	6,119,346	2,844,273	1,213,623	0	1,764,000	0
Debt Service	0	0	0	0	771,000	0
Total Restricted Expendable	14,713,425	11,259,450	11,780,749	9,267,025	10,384,000	7,952,000

- Note how the last line here matches the 3rd to last row of the bottom panel on the prior slide.
- These numbers represent money set aside for the future needs associated with each item

SJSU Reserves

Source: CSU Audited financial Statements



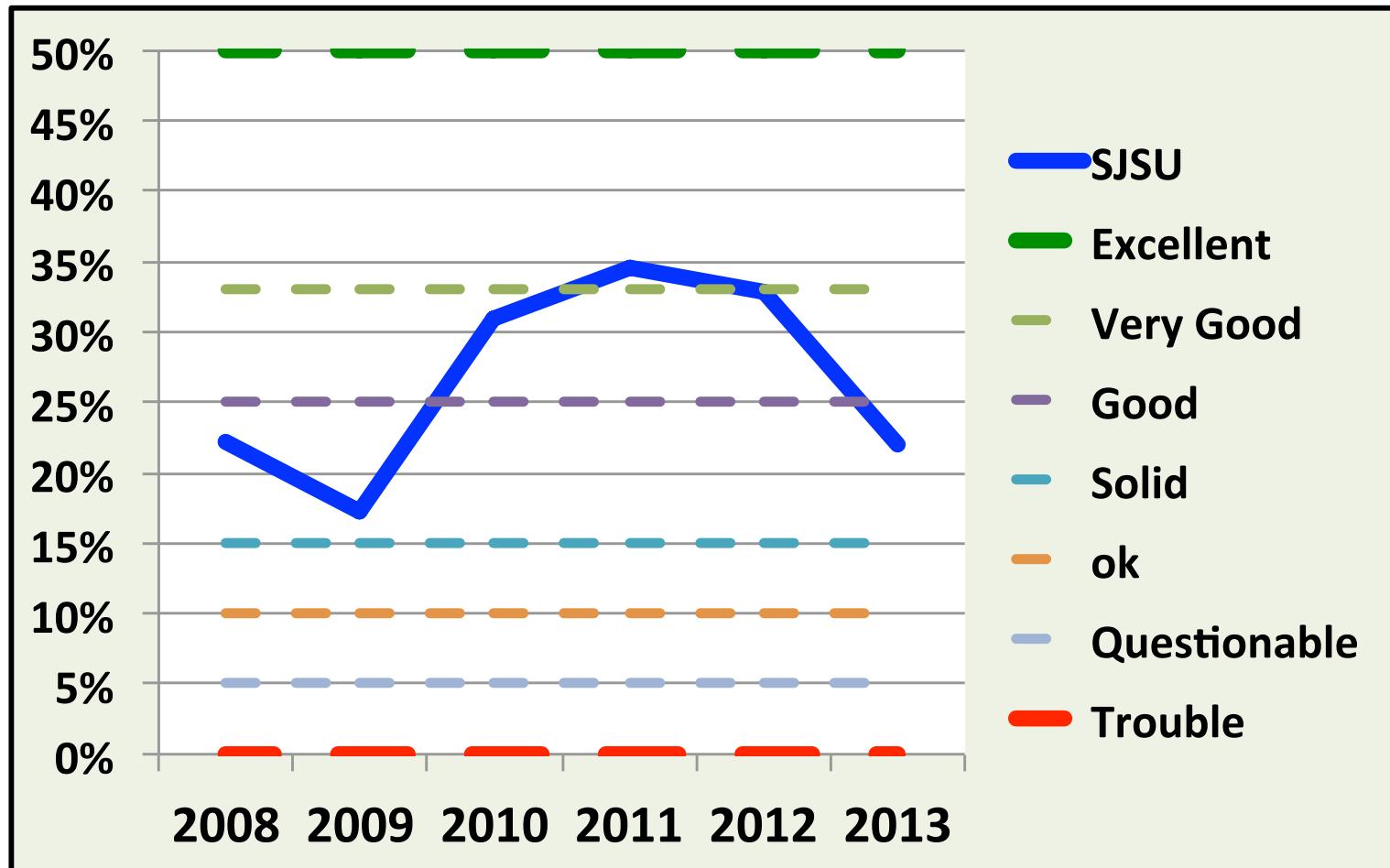
SJSU Reserves in Context

Source: CSU Audited financial Statements

	2008	2009	2010	2011	2012	2013
Unrestricted	70,371,272	56,107,831	100,391,682	125,584,163	122,897,000	80,585,000
Restricted Expendable	14,713,425	11,259,780	11,780,749	9,267,025	10,384,000	7,952,000
Total Reserves	85,084,697	67,367,611	112,172,431	134,851,188	133,281,000	88,537,000
Total Expenses	382,143,330	391,838,309	361,869,273	390,623,125	406,824,000	402,622,000
Primary Reserve Ratio	22%	17%	31%	35%	33%	22%

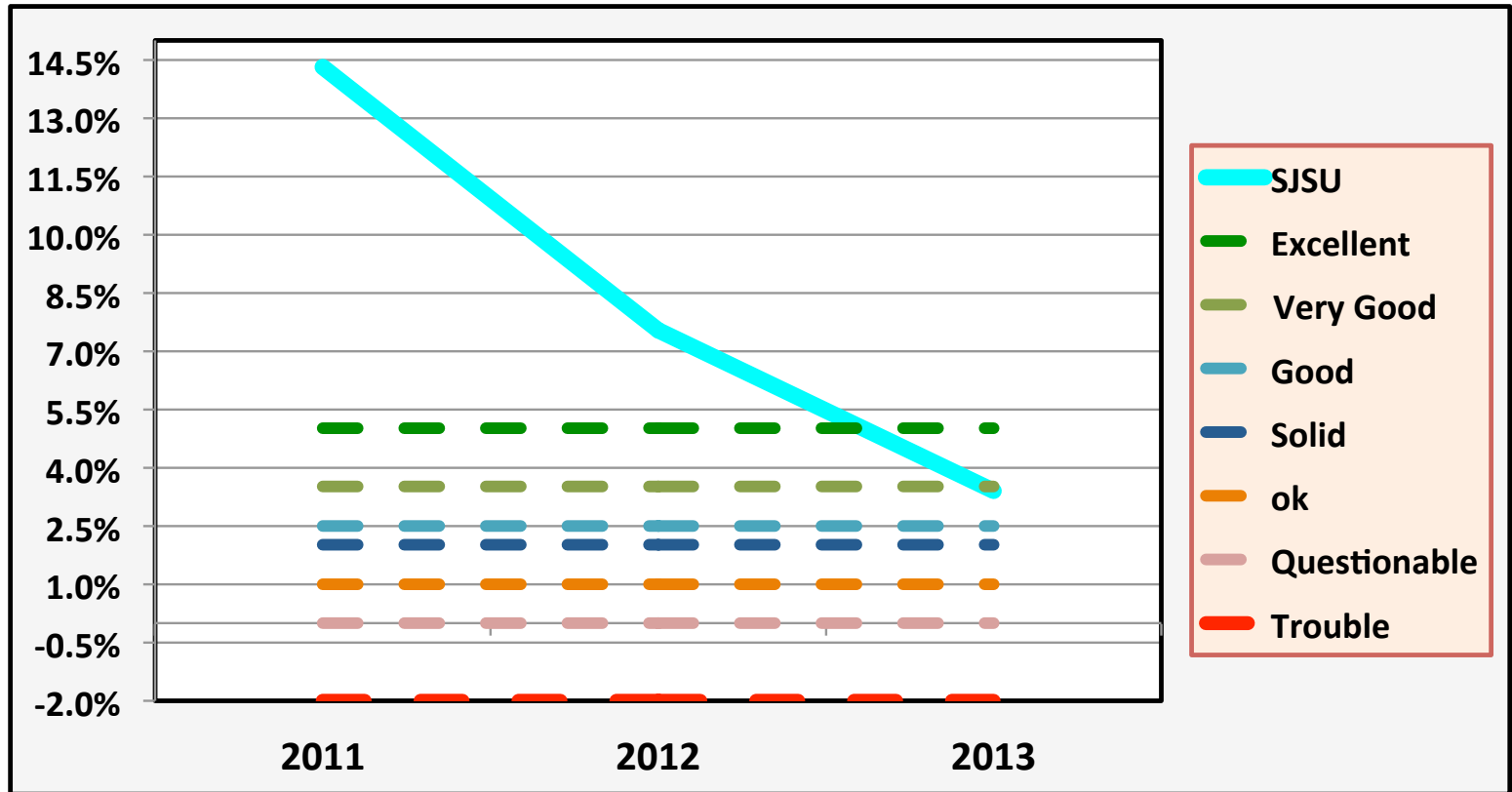
- For reserves, we need context: How large is \$88.5 Million? 22% corresponds to 2-3 months worth of expenses
- We compare reserves to total expenses, creating the primary reserve ratio, which is defined as reserves over total expenses. Total expenses is a proxy for the size of the university
- What is a good primary reserve ratio? See next slide

Primary Reserve Ratio in Context



SJSU Cash Flows

Source: CSU Audited financial Statements



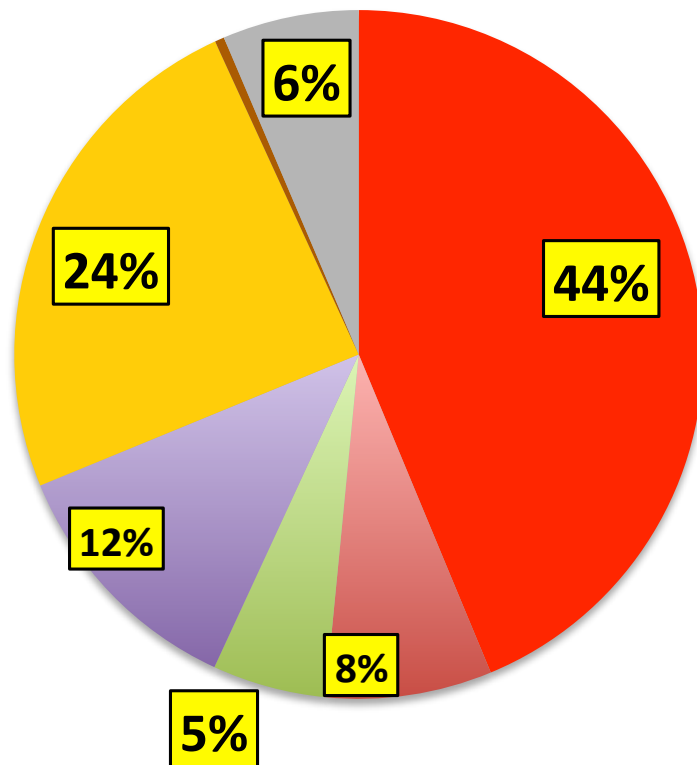
	2008	2009	2010	2011	2012	2013
Operating Cash Flows		50,803,427		56,879,367	29,721,000	13,157,000
Total Revenues		363,618,632		396,751,221	393,872,000	386,562,000
Cash Flow Ratio		14.0%		14.3%	7.5%	3.4%

SJSU Revenue Analysis

SJSU 2013 Revenue Distribution

Source: CSU Audited Financial Statements

Total Revenue = \$386.6 Million



- Tuition and Fees
- Auxiliaries
- Grants and Contracts
- Pell Grants
- State Operating Appropriation
- State Capital Appropriation

Full SJSU Revenues Distribution in Dollars

Source: CSU Audited Financial Statements

	2008	2009	2010	2011	2012	2013
Tuition and Fees	118,097,255	129,546,096	143,421,211	144,790,388	180,393,000	169,069,000
Grants and Contracts	12,933,071	28,086,120	39,335,576	22,994,682	20,080,000	20,638,000
Fed (mostly Pell) Grants	23,426,824	26,982,910	34,230,633	40,905,010	45,041,000	46,008,000
Auxiliaries	26,434,939	29,580,185	25,379,036	24,276,804	27,076,000	30,184,000
State Operating Appropriation	170,265,317	121,223,739	126,258,091	134,946,951	94,372,000	94,193,000
State Capital Appropriation	6,235,690	0	465,000	149,504	1,529,000	1,711,000
Other	36,936,871	28,199,582	24,610,165	28,687,882	25,381,000	24,759,000
Total Revenues	394,329,967	363,618,632	393,699,712	396,751,221	393,872,000	386,562,000

SJSU Revenue Distribution in Percentages

Source: CSU Audited Financial Statements

	2008	2009	2010	2011	2012	2013
Tuition and Fees	30%	36%	36%	36%	46%	44%
Grants and Contracts	3%	8%	10%	6%	5%	5%
Fed (mostly Pell) Grants	6%	7%	9%	10%	11%	12%
Auxiliaries	7%	8%	6%	6%	7%	8%
State Operating Appropriation	43%	33%	32%	34%	24%	24%
State Capital Appropriation	2%	0%	0%	0%	0%	0%
Other	9%	8%	6%	7%	6%	6%
Total Revenues	100%	100%	100%	100%	100%	100%

Tuition Discounting

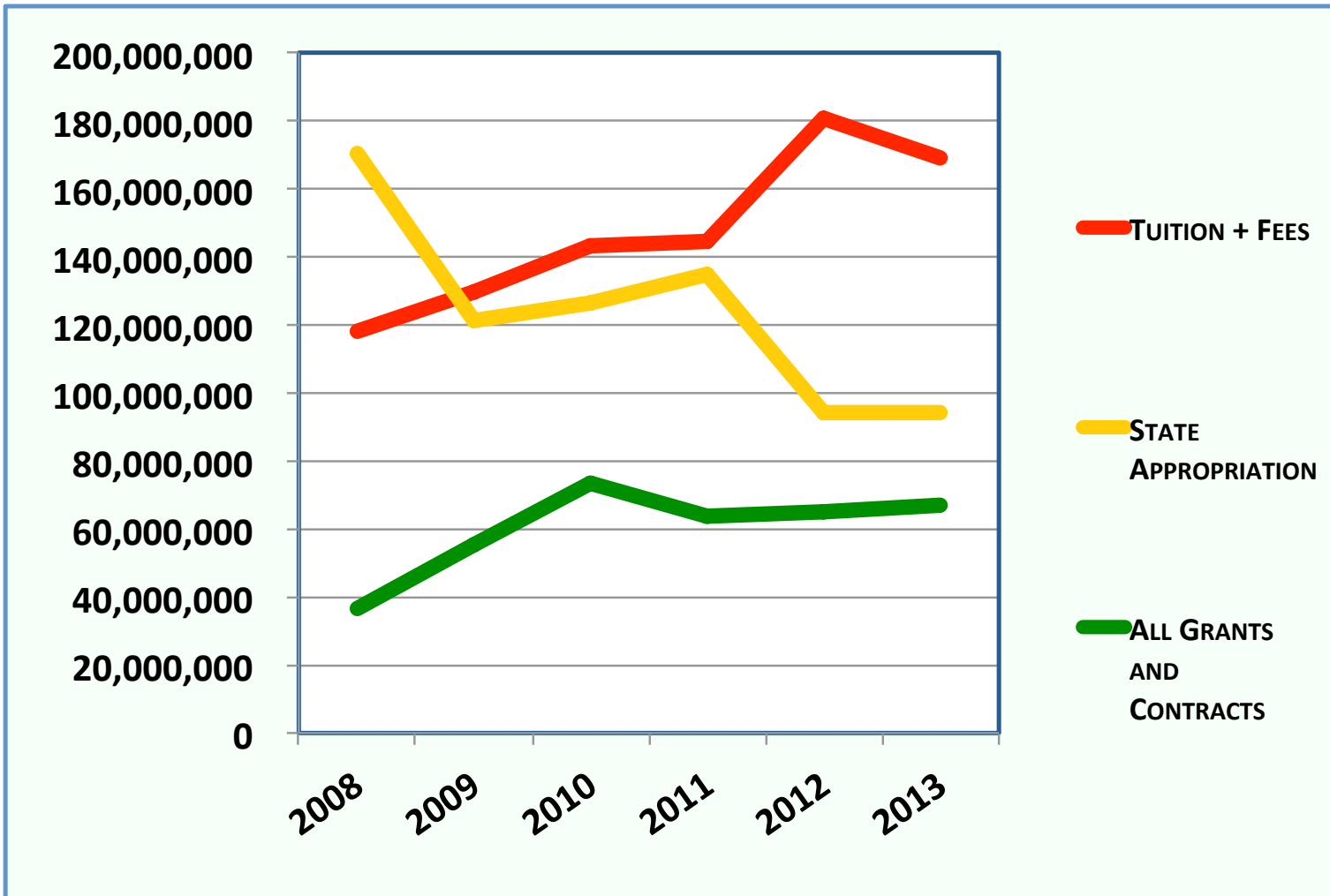
Sources: CSU Audited Financial Statements

IPEDS (Integrated Postsecondary Education Data System of the US Dept. of Education)

	2008	2009	2010	2011	2012	2013
Tuition, Gross	145,243,025	160,692,621	180,283,982	191,694,601	235,205,000	242,185,000
Allowance	27,145,770	31,146,525	36,862,771	46,904,213	54,812,000	73,116,000
Tuition, Net	118,097,255	129,546,096	143,421,211	144,790,388	180,393,000	169,069,000
Discount Rate	19%	19%	20%	24%	23%	30%

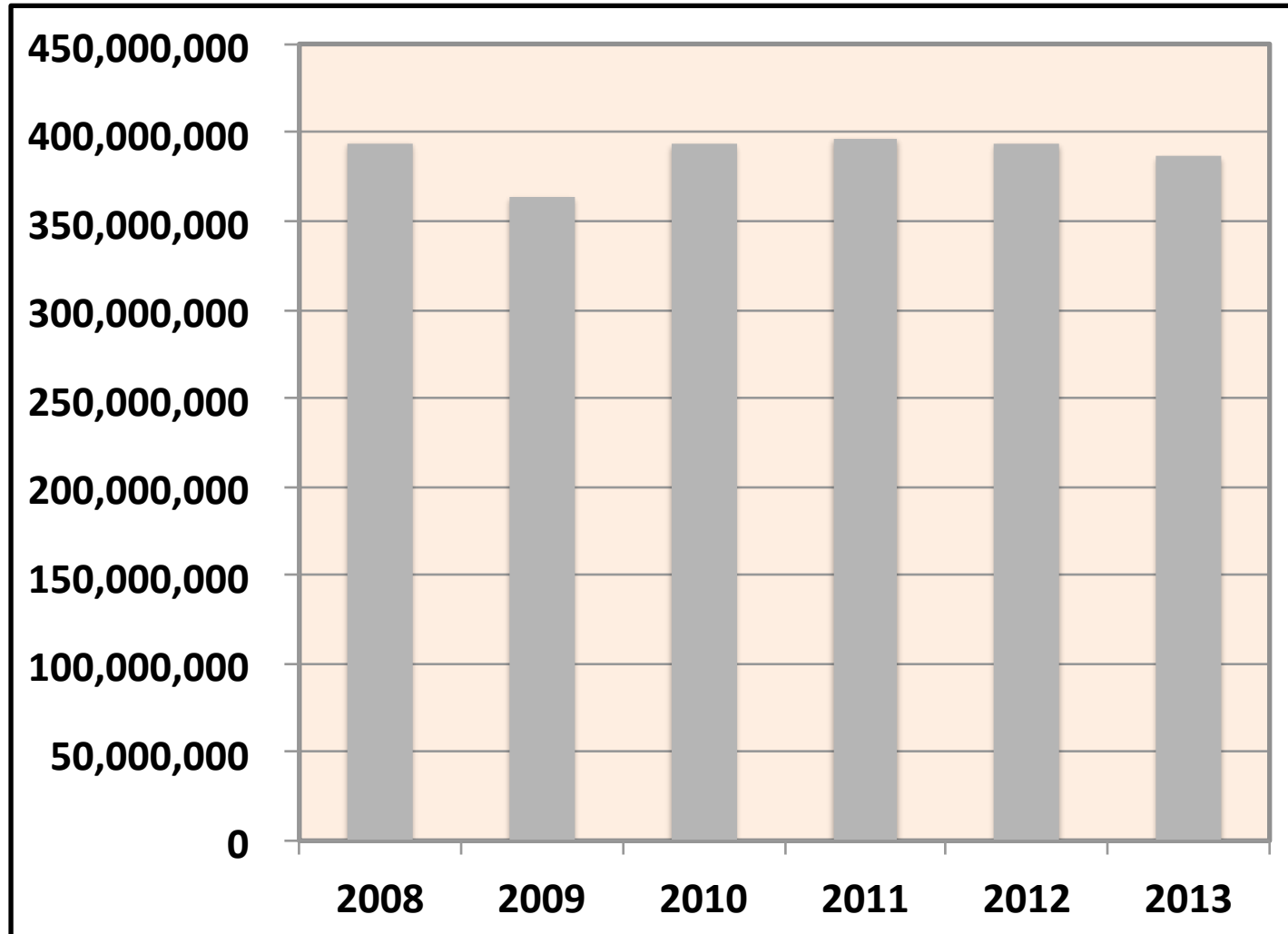
Main SJSU Revenues Over Time

Source: CSU Audited Financial Statements



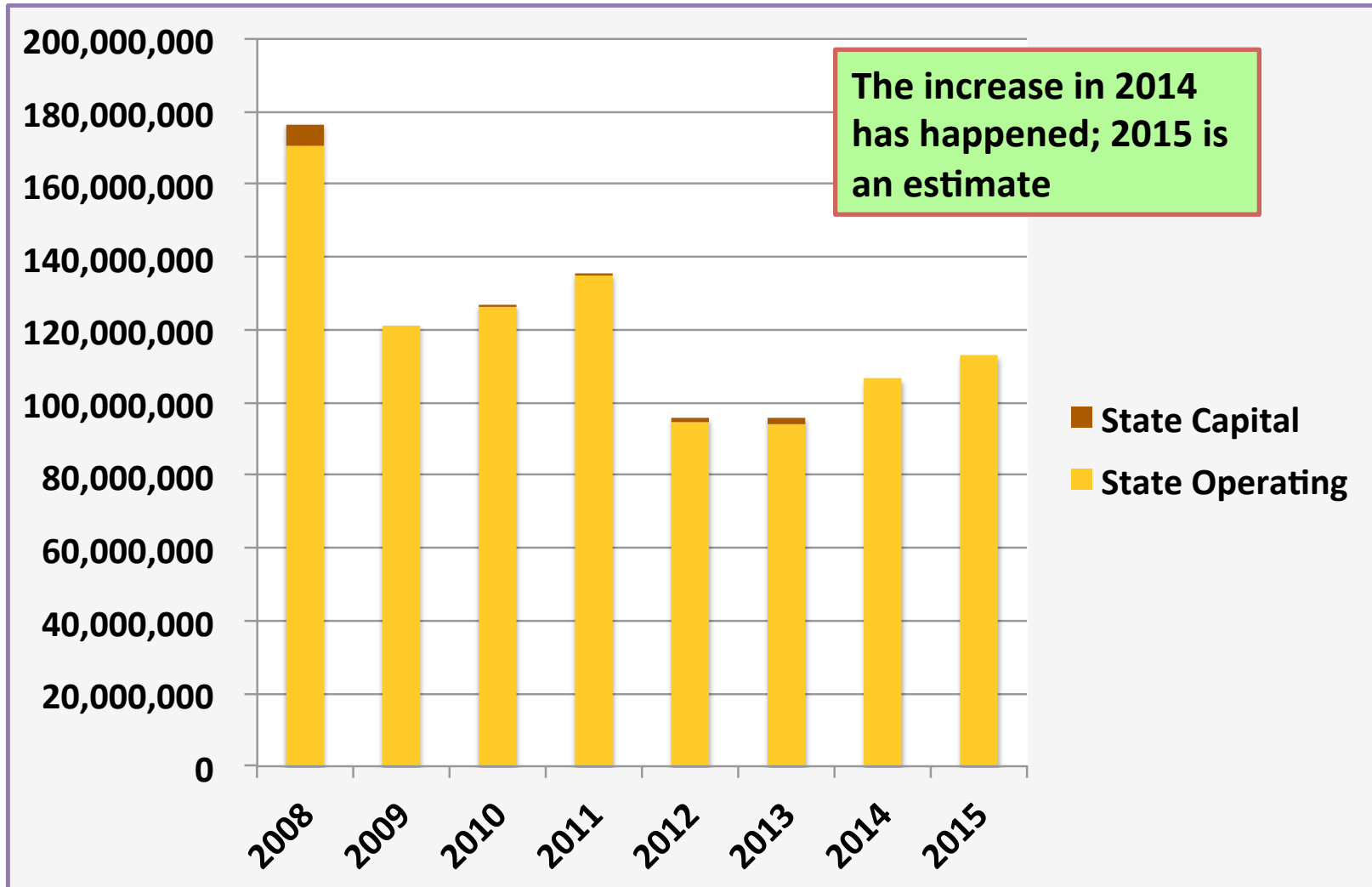
Total SJSU Revenues Over Time

Source: CSU Audited Financial Statements



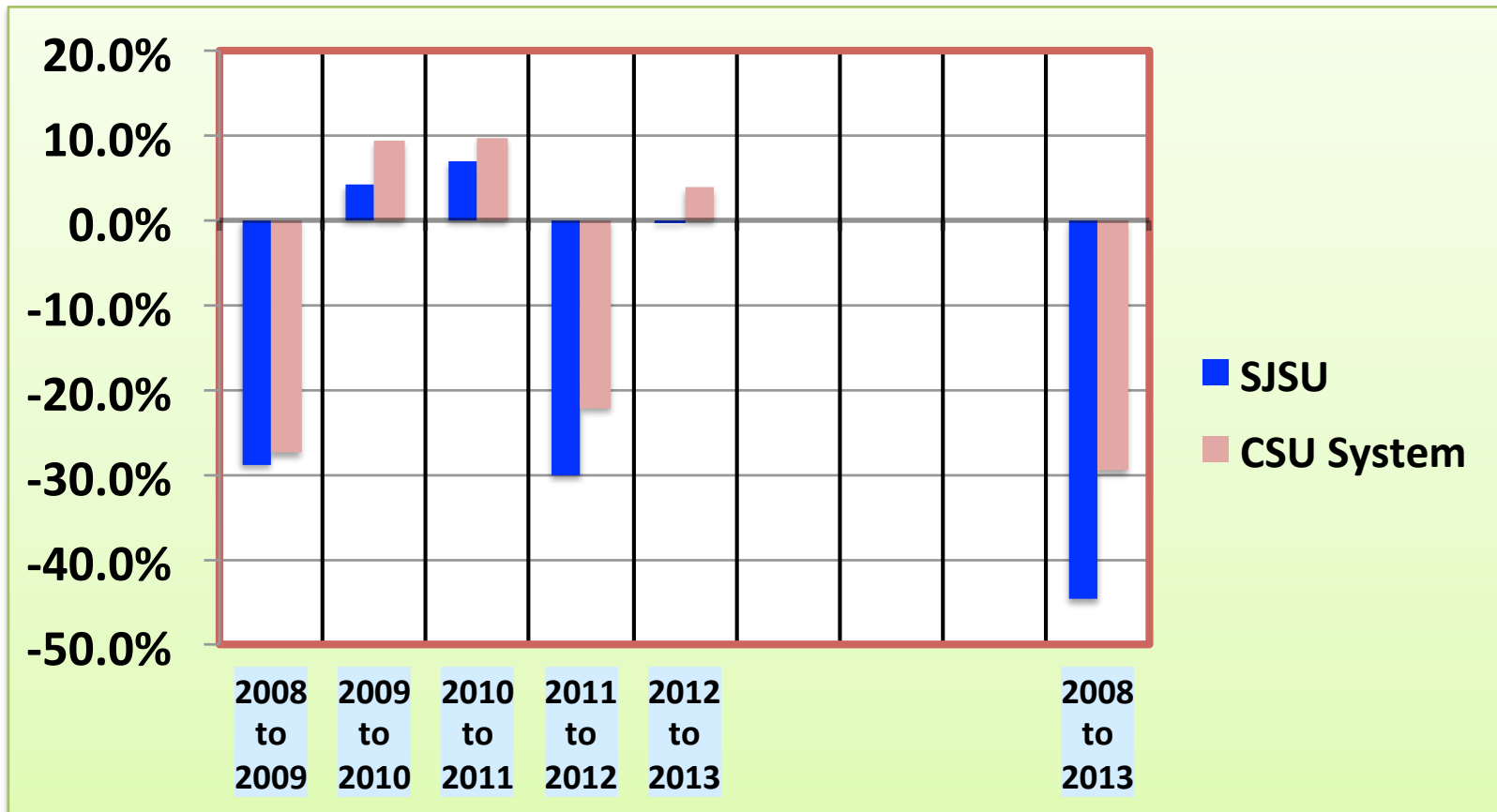
SJSU State Appropriation

Source: CSU Audited Financial Statements



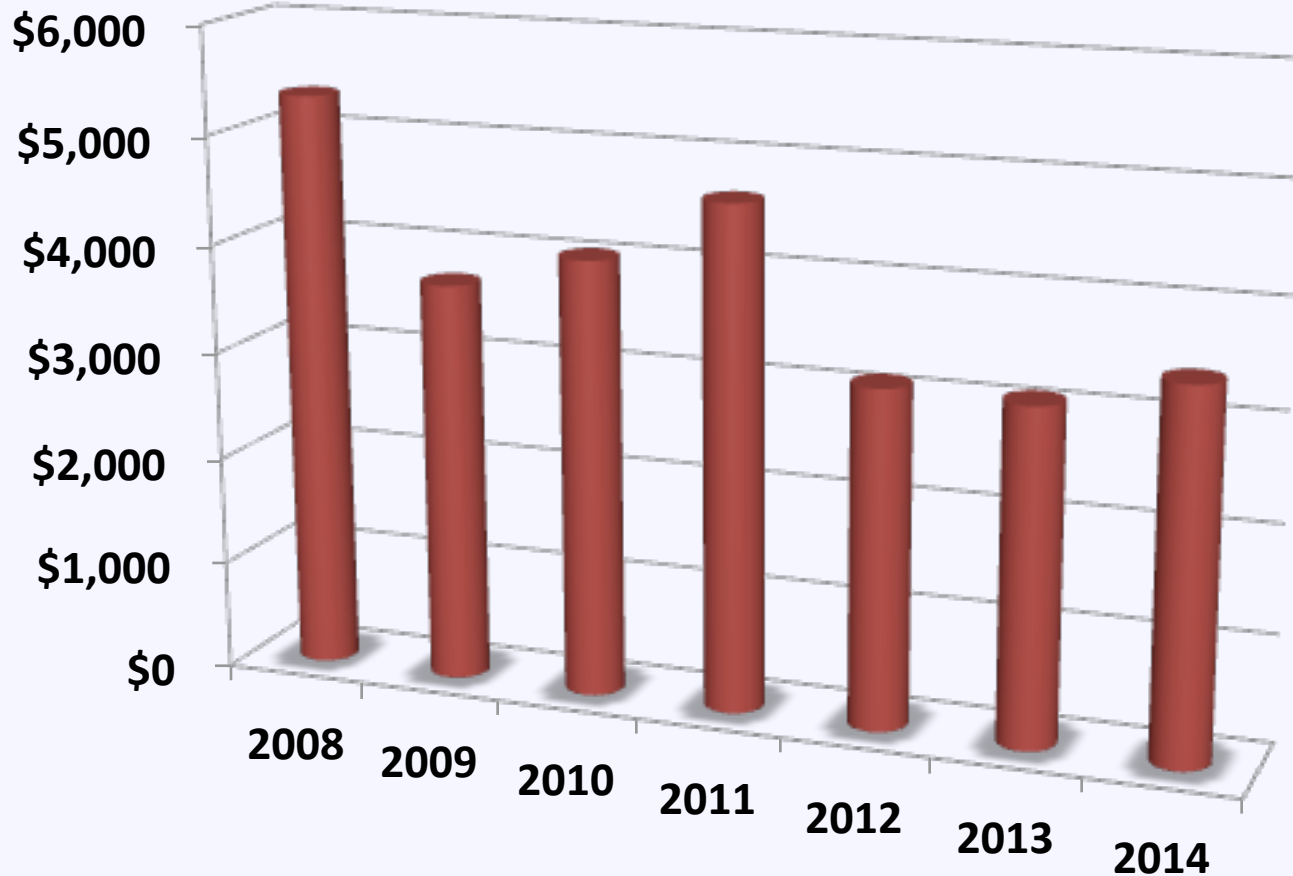
Percentage Change in State Appropriation: CSU System vs. SJSU

Source: CSU Audited Financial Statements



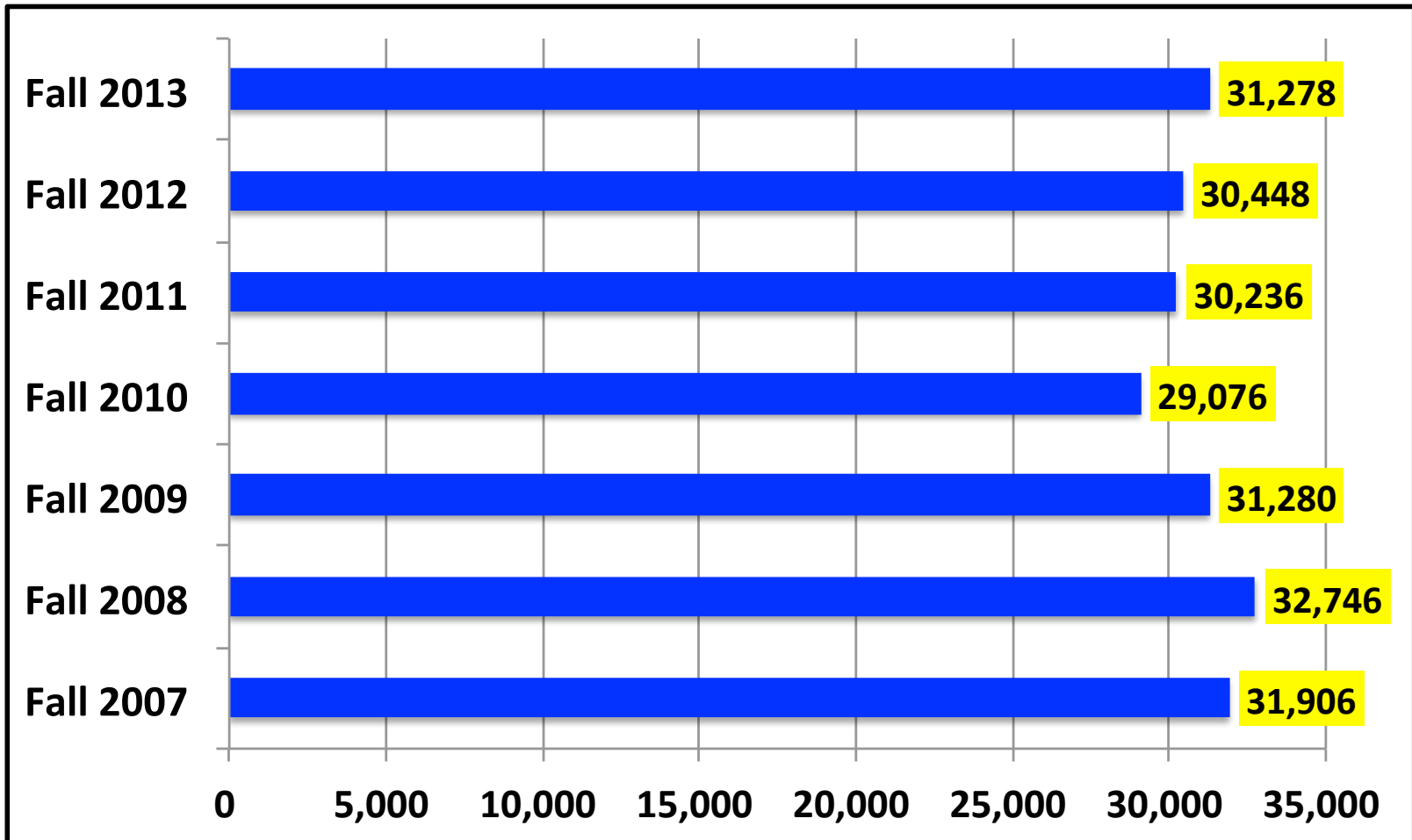
SJSU State Appropriation per Student

Sources: CSU Audited Financial Statements and
http://www.calstate.edu/AS/stat_reports/2013-2014/f13_01.htm



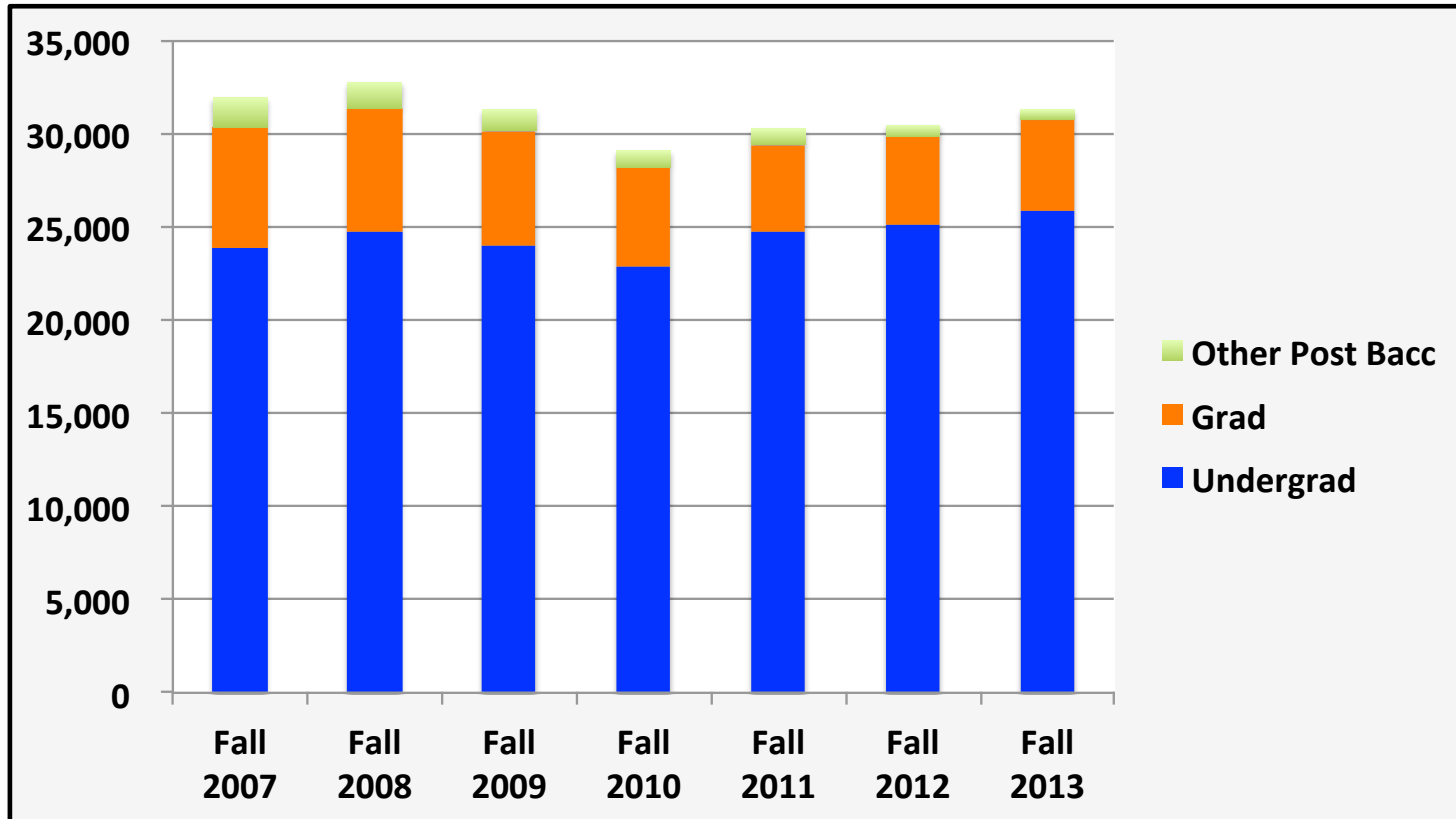
Fall Headcount Enrollment

Source: http://www.calstate.edu/AS/stat_reports/2013-2014/f13_01.htm



Enrollment By Level

Source: http://www.calstate.edu/AS/stat_reports/2013-2014/f13_01.htm



	Fall 2007	Fall 2008	Fall 2009	Fall 2010	Fall 2011	Fall 2012	Fall 2013	% Change 07 to 13
Undergrad	23,808	24,708	23,941	22,838	24,681	25,109	25,825	8.5%
Grad	6,531	6,610	6,188	5,323	4,717	4,710	4,904	-24.9%
Other Post Bacc	1,567	1,428	1,151	915	838	629	549	-65.0%
Total	31,906	32,746	31,280	29,076	30,236	30,448	31,278	-2.0%

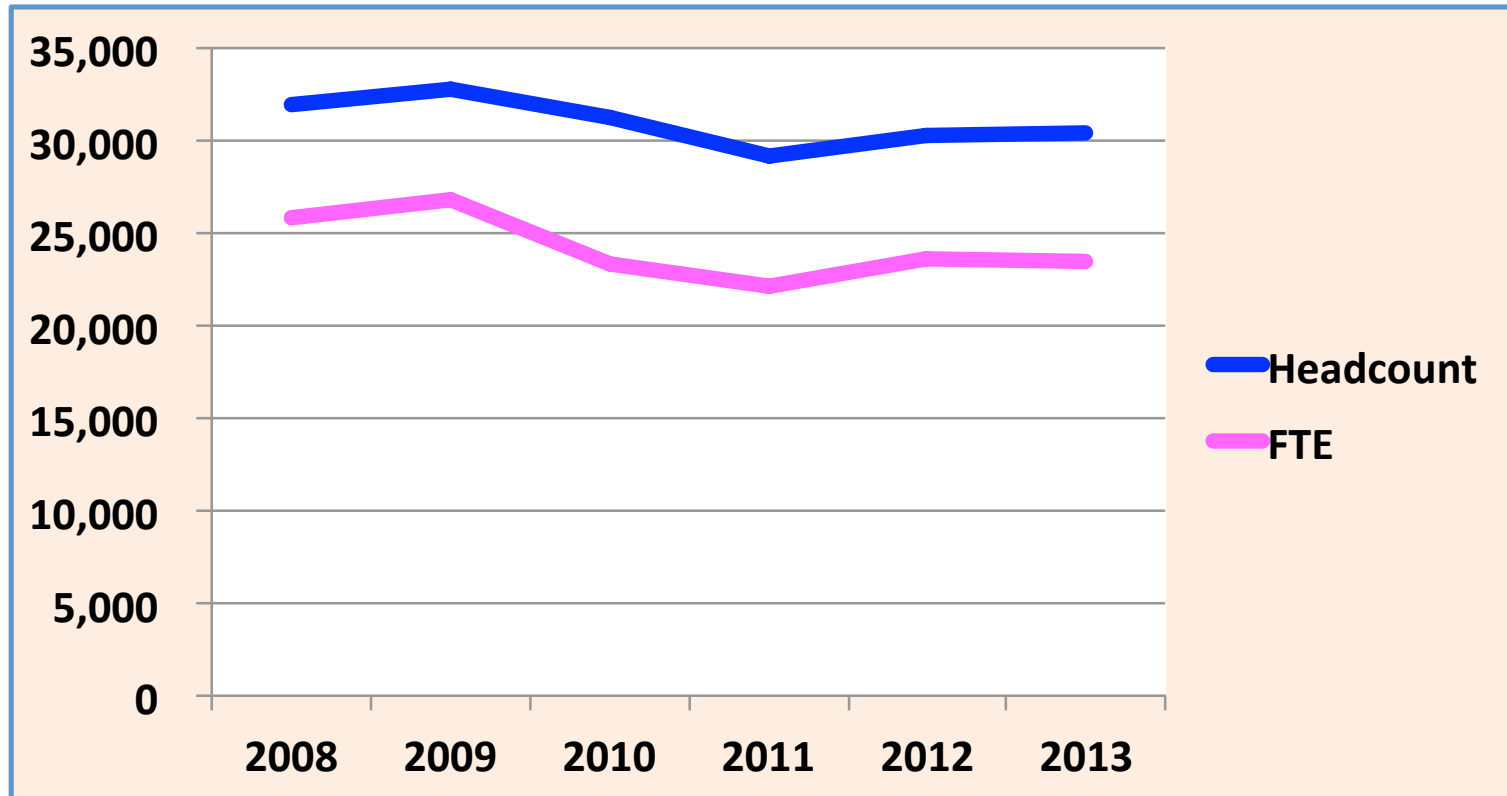
More Detail on Full Time/Part Time Enrollment

Source: SJSU Institutional Effectiveness and Analytics; <http://www.iea.sjsu.edu/>

								Change 07 to 13	
	Fall 2007	Fall 2008	Fall 2009	Fall 2010	Fall 2011	Fall 2012	Fall 2013	Number	Percent
UG FT	18,687	19,914	18,304	18,169	20,011	20,320	20,852	2,165	11.6%
UG PT	5,703	5,273	5,969	4,852	4,793	4,837	5,010	(693)	-12.2%
Other FT	622	605	537	525	530	438	389	(233)	-37.5%
Other PT	317	304	271	205	182	142	123	(194)	-61.2%
Grad FT	3,336	3,333	3,052	2,632	2,513	2,662	2,955	(381)	-11.4%
Grad PT	3,241	3,317	3,147	2,693	2,207	2,049	1,949	(1,292)	-39.9%
Total Less UG FT	13,219	12,832	12,976	10,907	10,225	10,128	10,426	(2,793)	-21.1%
TOTAL Headcount	31,906	32,746	31,280	29,076	30,236	30,448	31,278	(628)	-2.0%

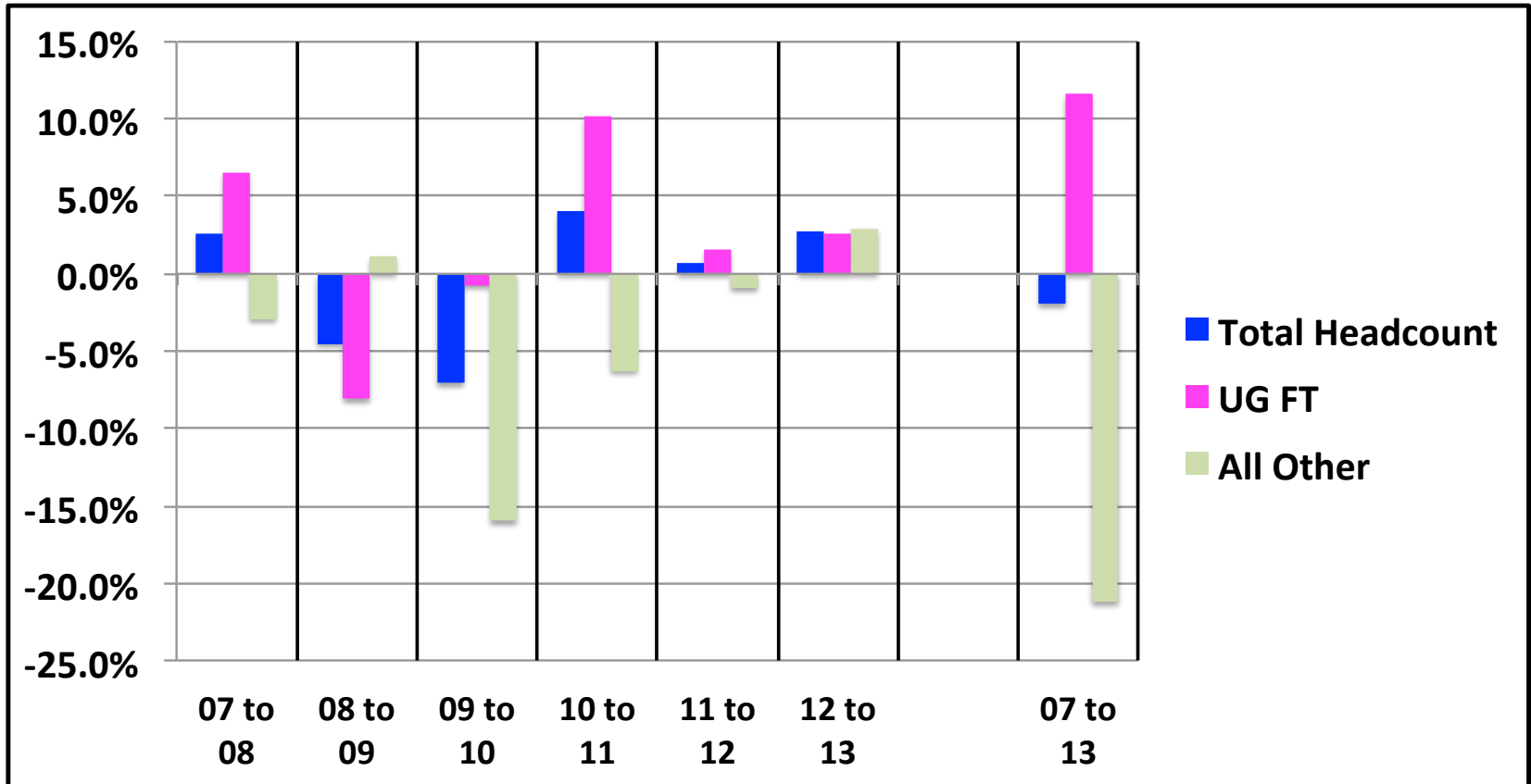
FTE (Full Time Equivalent) vs. Headcount Enrollment

Source: http://www.calstate.edu/budget/enrollment_sufrev/



	2008	2009	2010	2011	2012	2013
Headcount	31,906	32,746	31,280	29,076	30,236	30,448
FTE	25,758	26,742	23,366	22,112	23,559	23,418
Ratio of FTE/HC	0.81	0.82	0.75	0.76	0.78	0.77

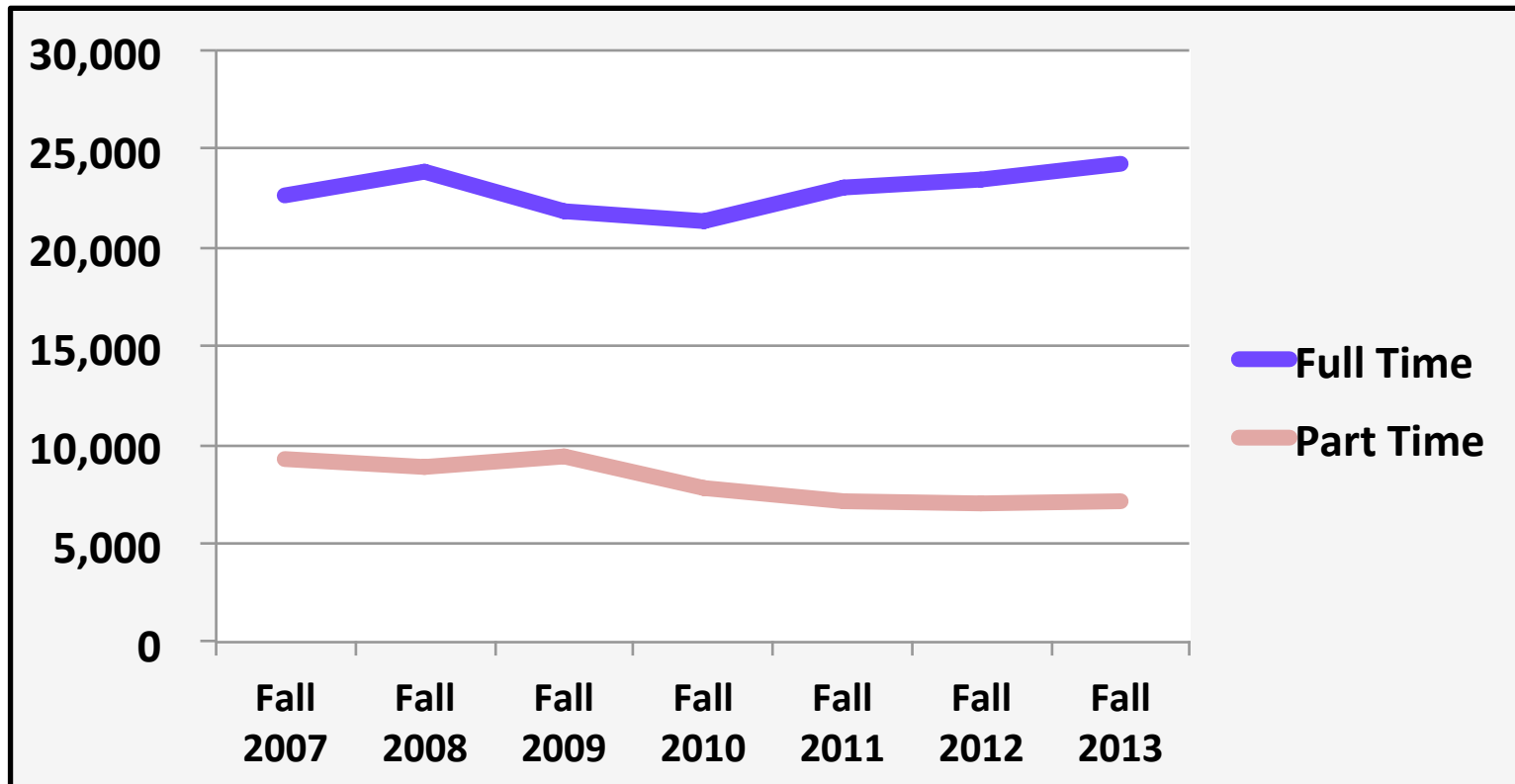
Annual Enrollment Changes



	07 to 08	08 to 09	09 to 10	10 to 11	11 to 12	12 to 13		07 to 13
Total Headcount	2.6%	-4.5%	-7.0%	4.0%	0.7%	2.7%		-2.0%
UG FT	6.6%	-8.1%	-0.7%	10.1%	1.5%	2.6%		11.6%
All Other	-2.9%	1.1%	-15.9%	-6.3%	-0.9%	2.9%		-21.1%

Enrollment By Full Time vs. Part Time

Source: SJSU Institutional Effectiveness and Analytics; <http://www.iea.sjsu.edu/>



	Fall 2007	Fall 2008	Fall 2009	Fall 2010	Fall 2011	Fall 2012	Fall 2013	% Change 07 to 13
Full Time	22,645	23,852	21,893	21,326	23,054	23,420	24,196	6.8%
Part Time	9,261	8,894	9,387	7,750	7,182	7,028	7,082	-23.5%
Total	31,906	32,746	31,280	29,076	30,236	30,448	31,278	-2.0%

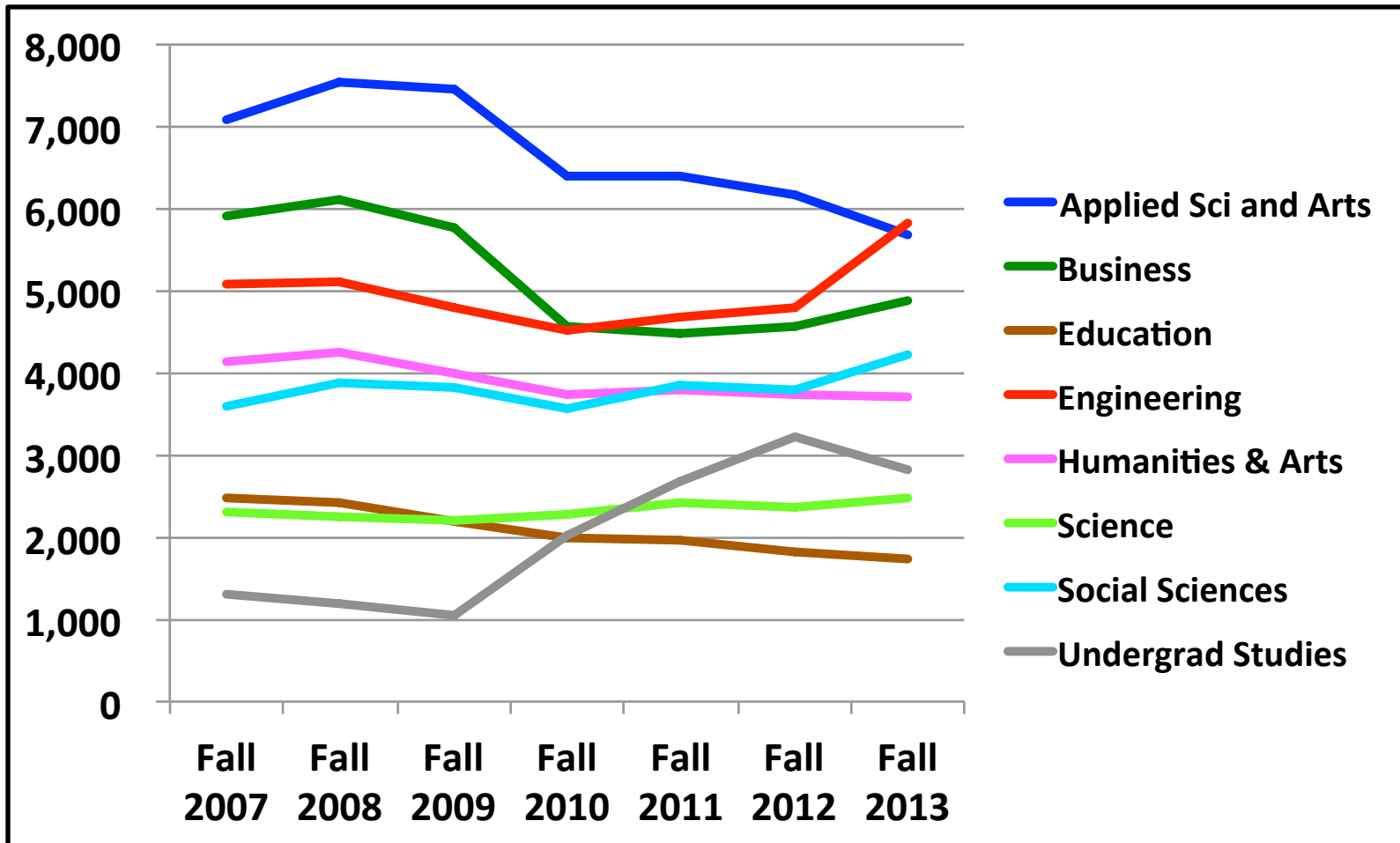
Enrollment by College

Source: SJSU Institutional Effectiveness and Analytics; <http://www.iea.sjsu.edu/>

								Change 07 to 13	
	Fall 2007	Fall 2008	Fall 2009	Fall 2010	Fall 2011	Fall 2012	Fall 2013	Number	Percent
Applied Sci and Arts	7,088	7,538	7,446	6,385	6,395	6,171	5,665	(1,423)	-20.1%
Business	5,903	6,104	5,762	4,563	4,475	4,561	4,872	(1,031)	-17.5%
Education	2,479	2,426	2,183	1,994	1,952	1,819	1,723	(756)	-30.5%
Engineering	5,073	5,118	4,805	4,517	4,692	4,785	5,810	737	14.5%
Humanities & Arts	4,149	4,240	3,998	3,733	3,780	3,733	3,700	(449)	-10.8%
Science	2,310	2,238	2,204	2,282	2,412	2,351	2,465	155	6.7%
Social Sciences	3,599	3,875	3,832	3,561	3,850	3,798	4,220	621	17.3%
Undergrad Studies	1,295	1,197	1,042	2,035	2,676	3,227	2,819	1,524	117.7%

Enrollment by College Graphically

Source: SJSU Institutional Effectiveness and Analytics; <http://www.iea.sjsu.edu/>



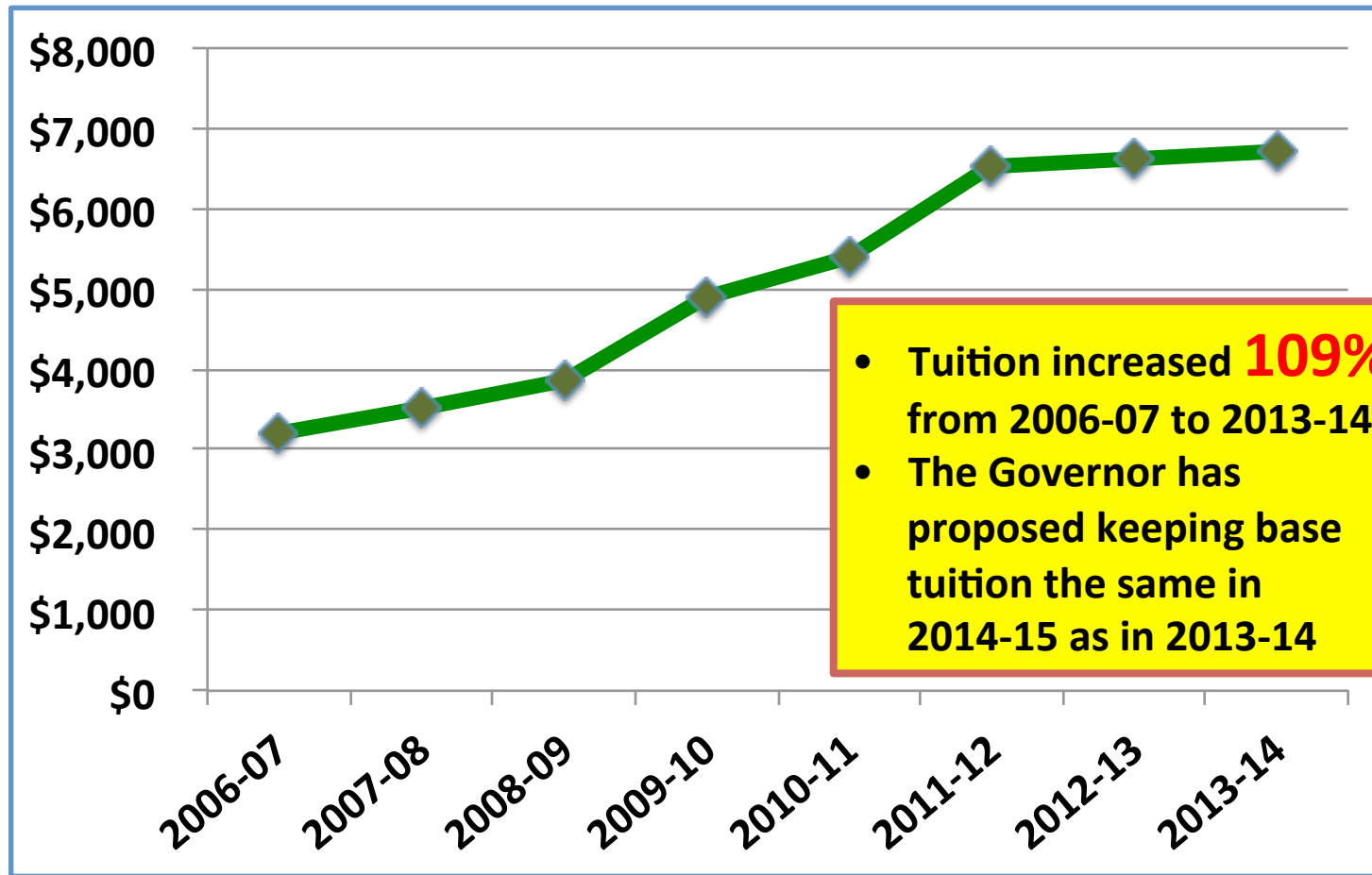
Enrollment by Gender and Geography

Source: SJSU Institutional Effectiveness and Analytics; <http://www.iea.sjsu.edu/>

	Fall 2007	Fall 2008	Fall 2009	Fall 2010	Fall 2011	Fall 2012	Fall 2013
Percent Men	46.3%	46.3%	46.1%	46.8%	47.7%	48.2%	49.3%
Percent Women	53.7%	53.7%	53.9%	53.2%	52.3%	51.8%	50.7%
Entire CSU System							58.2%
	Fall 2007	Fall 2008	Fall 2009	Fall 2010	Fall 2011	Fall 2012	Fall 2013
California	29,183	29,968	28,662	26,799	28,260	28,454	28,868
Non-CA, US	424	408	335	275	268	266	289
Foreign	2,299	2,370	2,283	2,002	1,708	1,728	2,121
Total	31,906	32,746	31,280	29,076	30,236	30,448	31,278
% CA	91.5%	91.5%	91.6%	92.2%	93.5%	93.5%	92.3%
Entire CSU System							95.2%

Resident Undergraduate Tuition and Fees

Source: : <http://www.calstate.edu/budget/fybudget/2014-2015/documentation/15-comparison-institution-fee-rates-table.shtml>



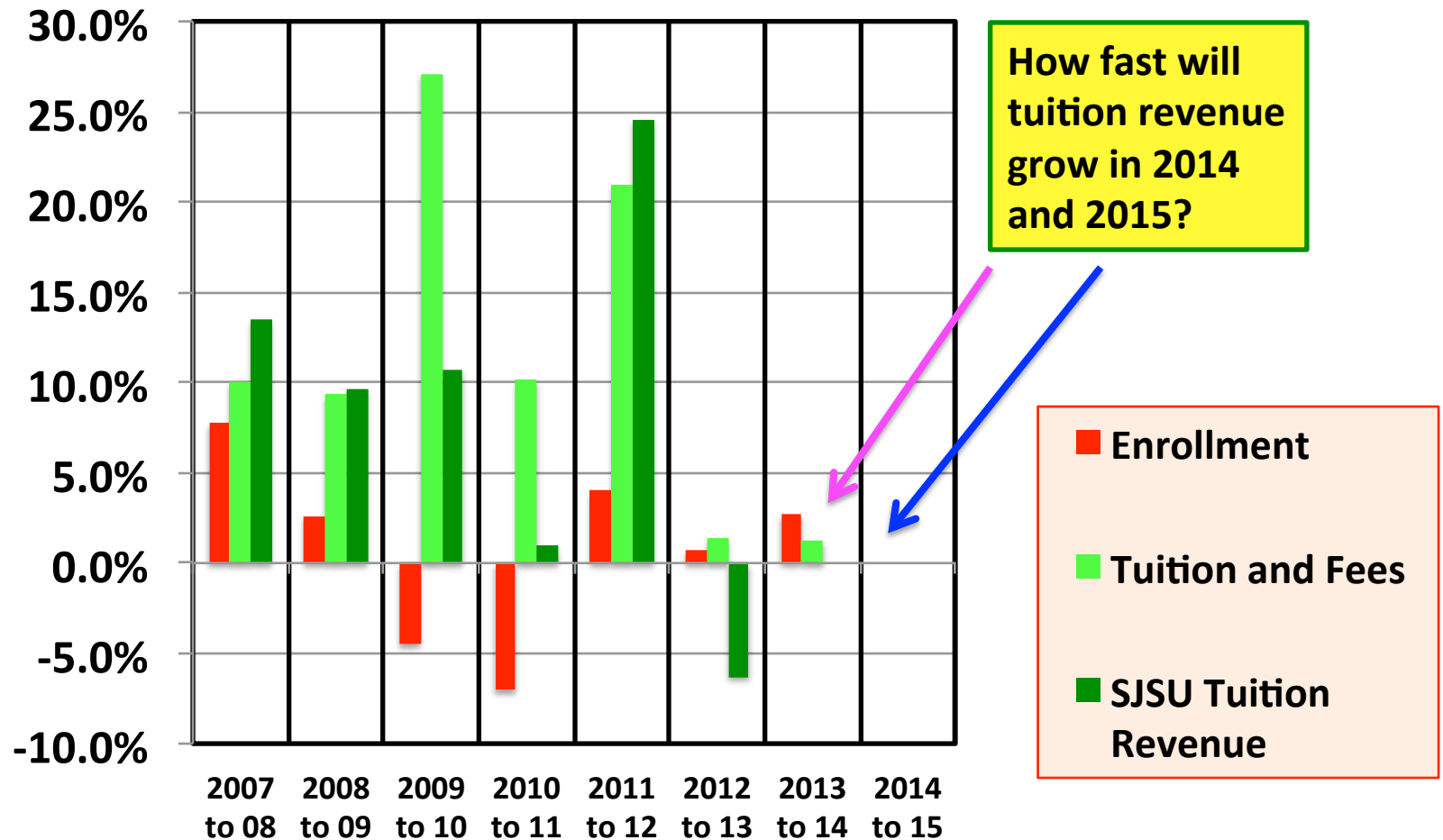
An Aside on Tuition: Levels and Changes

Source: <https://www.calstate.edu/budget/student-fees/comparison-fees/>

Campus	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012/13	2013/14
Rutgers University (Newark, NJ)	\$9,994	\$10,357	\$10,800	\$11,886	\$12,560	\$12,755	\$13,073	\$13,499
Illinois State University (Normal, IL)	\$8,039	\$9,020	\$9,814	\$10,531	\$11,399	\$12,031	\$12,726	\$13,009
University of Connecticut (Storrs, CT)	\$8,660	\$8,852	\$9,338	\$9,886	\$10,416	\$10,670	\$11,362	\$12,022
Wayne State University (Detroit, MI)	\$7,300	\$8,644	\$8,751	\$9,272	\$9,733	\$10,578	\$10,781	\$12,014
University of Maryland, Baltimore County	\$8,622	\$8,708	\$8,780	\$8,872	\$9,171	\$9,462	\$9,764	\$10,068
Arizona State University at Tempe	\$4,690	\$5,122	\$5,664	\$6,846	\$8,134	\$9,720	\$9,724	\$10,002
Georgia State University at Atlanta	\$4,818	\$5,422	\$6,056	\$7,298	\$8,698	\$9,410	\$9,664	\$9,928
George Mason University (Fairfax, VA)	\$6,408	\$6,840	\$7,512	\$8,024	\$8,684	\$9,266	\$9,620	\$9,908
Cleveland State University	\$7,920	\$7,920	\$7,920	\$7,920	\$8,466	\$8,952	\$9,264	\$9,448
University of Wisconsin at Milwaukee	\$6,630	\$7,724	\$7,906	\$8,522	\$9,032	\$9,419	\$9,187	\$9,300
State University of New York at Albany	\$6,727	\$6,018	\$6,087	\$6,698	\$6,830	\$7,172	\$8,483	\$9,230
University of Texas at Arlington	\$6,400	\$7,194	\$7,780	\$8,186	\$8,500	\$8,878	\$8,878	\$8,878
North Carolina State University	\$4,781	\$5,117	\$5,274	\$5,474	\$6,529	\$7,018	\$7,788	\$8,206
University of Nevada at Reno	\$3,684	\$4,029	\$4,711	\$5,262	\$5,561	\$6,372	\$6,623	\$7,824
University of Colorado at Denver	\$5,300	\$5,863	\$6,349	\$6,542	\$7,327	\$7,648	\$8,056	\$7,658
California State University	\$3,199	\$3,521	\$3,859	\$4,893	\$5,390	\$6,519	\$6,610	\$6,695
CSU Rank (out of 16)	16	16	16	16	16	15	16	16
Average w/o CSU	\$6,665	\$7,122	\$7,516	\$8,081	\$8,736	\$9,290	\$9,666	\$10,066
CSU versus Average	(\$3,466)	(\$3,601)	(\$3,657)	(\$3,188)	(\$3,346)	(\$2,771)	(\$3,056)	(\$3,371)
% Changes:	2006-07 to 2009-10	2009-10 to 2013-14	2006-07 to 2013-14					
Average w/o CSU	24%	27%	57%					
CSU	53%	37%	109%					

- Tuition is about levels and changes; CSU has the lowest tuition of these comparable institutions (assuming these comparable institutions) are valid, so the level is low
- However, CSU students and their families have seen larger changes, and that is what the students and families live with

Changes In Tuition Revenue, Enrollment, and Tuition Price



Analysis of New Revenues in 2014

- Additional state money of approximately \$12.2 million
- There was a 2.7% enrollment increase, combined with a small fee increase. It is possible that tuition revenue increased close to 5%, or \$8.5 million
- Total of approximately \$20.7 million dollars for 2014
- It is likely that the CSU System, and SJSU, will see 2013-14 as the best year financially in the last decade.

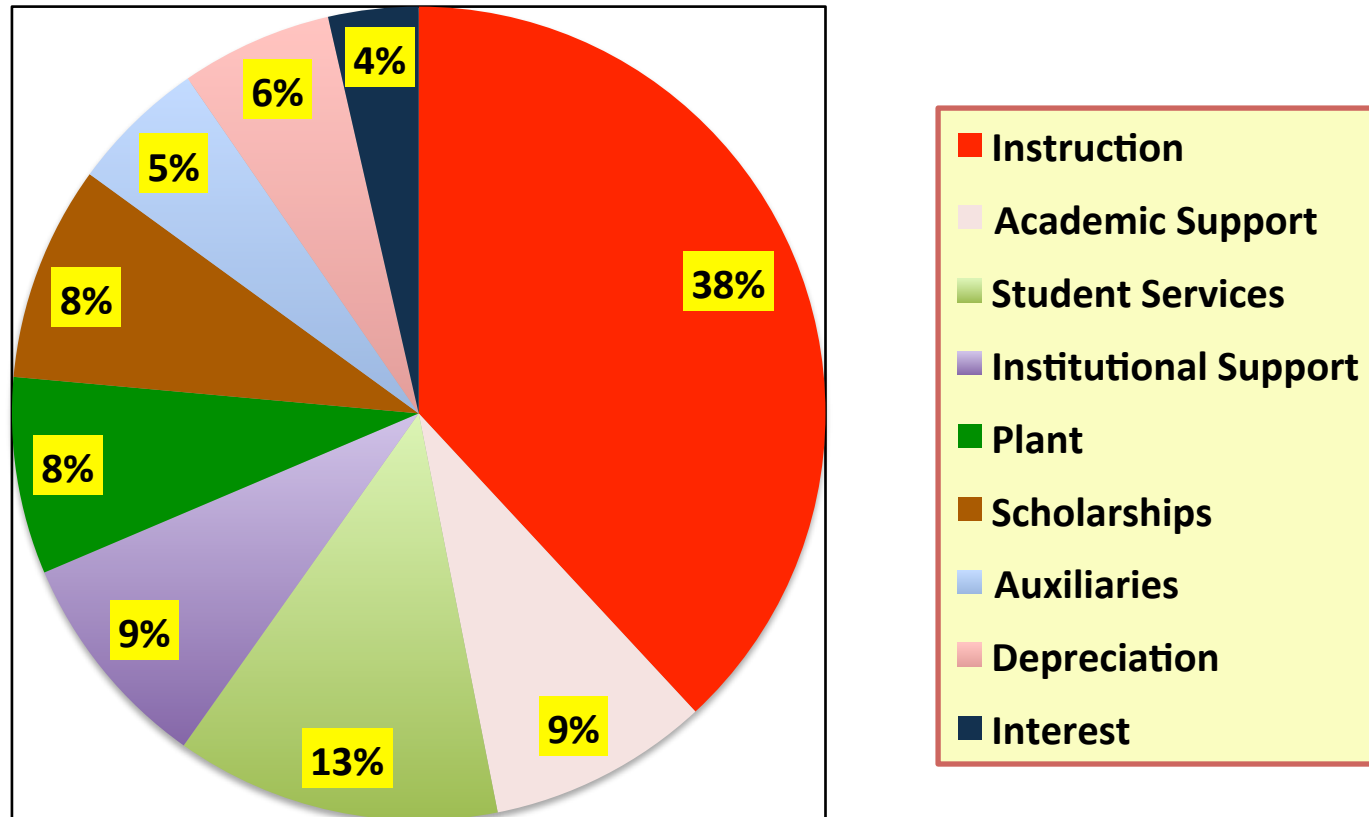
Analysis of New Revenues for 2015

- Additional state money of approximately \$6.4 million
- The enrollment increase is not known; tuition and fees will be either flat or go up very little. The Legislative Analyst Office, in its 2014-15 Higher Ed budget analysis, predicted that the CSU System would bring in an additional 5% of tuition revenue
- We can estimate that this will bring in another \$6.8 Million
- Total of approximately \$13.2 million additional dollars for 2015

**Priorities of the
Administration:
Are They Being True to the
Core Academic Mission?**

SJSU 2013 Expense Distribution

Source: CSU Audited Financial Statements



SJSU Expenses in Dollars

Source: CSU Audited Financial Statements

	2008	2009	2010	2011	2012	2013
Instruction	154,623,647	156,345,832	139,310,729	149,532,540	160,517,000	152,720,000
Public Service	1,056,373	1,260,467	1,358,443	1,257,576	1,600,000	1,727,000
Academic Support	33,211,620	33,820,860	30,493,056	29,340,563	30,180,000	35,250,000
Student Services	42,878,104	43,906,895	41,057,413	45,869,003	48,758,000	51,778,000
Institutional Support	33,263,504	30,335,911	28,148,853	33,623,604	30,050,000	35,281,000
Plant	41,080,631	43,410,699	35,847,184	39,392,109	44,688,000	31,384,000
Scholarships	21,538,827	23,871,244	28,753,691	35,104,026	33,836,000	34,366,000
Auxiliaries	17,732,331	21,696,252	17,852,712	16,551,027	19,464,000	21,598,000
Depreciation	24,007,218	24,551,882	26,518,908	27,474,839	27,620,000	24,159,000
Interest	12,751,075	12,638,267	12,528,284	12,477,838	10,111,000	14,359,000
Total Expenses	382,143,330	391,838,309	361,869,273	390,623,125	406,824,000	402,622,000

SJSU Expense Distribution in Percentages

Source: CSU Audited Financial Statements

	2008	2009	2010	2011	2012	2013
Instruction	40.5%	39.9%	38.5%	38.3%	39.5%	37.9%
Public Service	0.3%	0.3%	0.4%	0.3%	0.4%	0.4%
Academic Support	8.7%	8.6%	8.4%	7.5%	7.4%	8.8%
Student Services	11.2%	11.2%	11.3%	11.7%	12.0%	12.9%
Institutional Support	8.7%	7.7%	7.8%	8.6%	7.4%	8.8%
Plant	10.8%	11.1%	9.9%	10.1%	11.0%	7.8%
Scholarships	5.6%	6.1%	7.9%	9.0%	8.3%	8.5%
Auxiliaries	4.6%	5.5%	4.9%	4.2%	4.8%	5.4%
Depreciation	6.3%	6.3%	7.3%	7.0%	6.8%	6.0%
Interest	3.3%	3.2%	3.5%	3.2%	2.5%	3.6%
Total Expenses	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Auxiliary Revenues and Expenses

Source: CSU Audited Financial Statements

	2008	2009	2010	2011	2012	2013
Auxiliary Revenue	26,434,939	29,580,185	25,379,036	24,276,804	27,076,000	30,184,000
Auxiliary Expense	17,732,331	21,696,252	17,852,712	16,551,027	19,464,000	21,598,000
Surplus	8,702,608	7,883,933	7,526,324	7,725,777	7,612,000	8,586,000

- Auxiliaries typically include housing, dining, student union, bookstore, parking, and athletics
- We will see that athletics is not even close to self-supporting

Instructional Costs in Detail per IPEDS

Integrated Postsecondary Education Data System of the US Dept. of Education

						Change, 2008 to 2012	
	2008	2009	2010	2011	2012	Dollar	Percent
Salaries	108,239,218	109,802,809	98,165,886	103,212,203	107,022,923	(1,216,295)	-1%
Fringe Benefits	32,756,589	35,548,391	33,534,874	36,690,578	38,034,167	5,277,578	16%
Plant	21,316,187	22,798,905	19,074,610	21,328,566	24,686,361	3,370,174	16%
Depreciation	13,020,788	13,399,830	14,306,991	14,876,048	15,257,873	2,237,085	17%
Interest	0	6,876,036	6,759,028	6,756,033	5,585,385	5,585,385	
Other	10,381,379	10,994,632	7,609,969	9,629,759	15,460,183	5,078,804	49%
Total Instruction Costs	185,714,161	199,420,603	179,451,358	192,493,187	206,046,892	20,332,731	11%

- It appears as if instructional costs increased \$20.3 million from 2008 to 2012
- However, salary costs for instructions actually declined
- It is the increase in “other” that is driving the entire increase – and note the amount of “other” was over \$15 million in the most recent year.

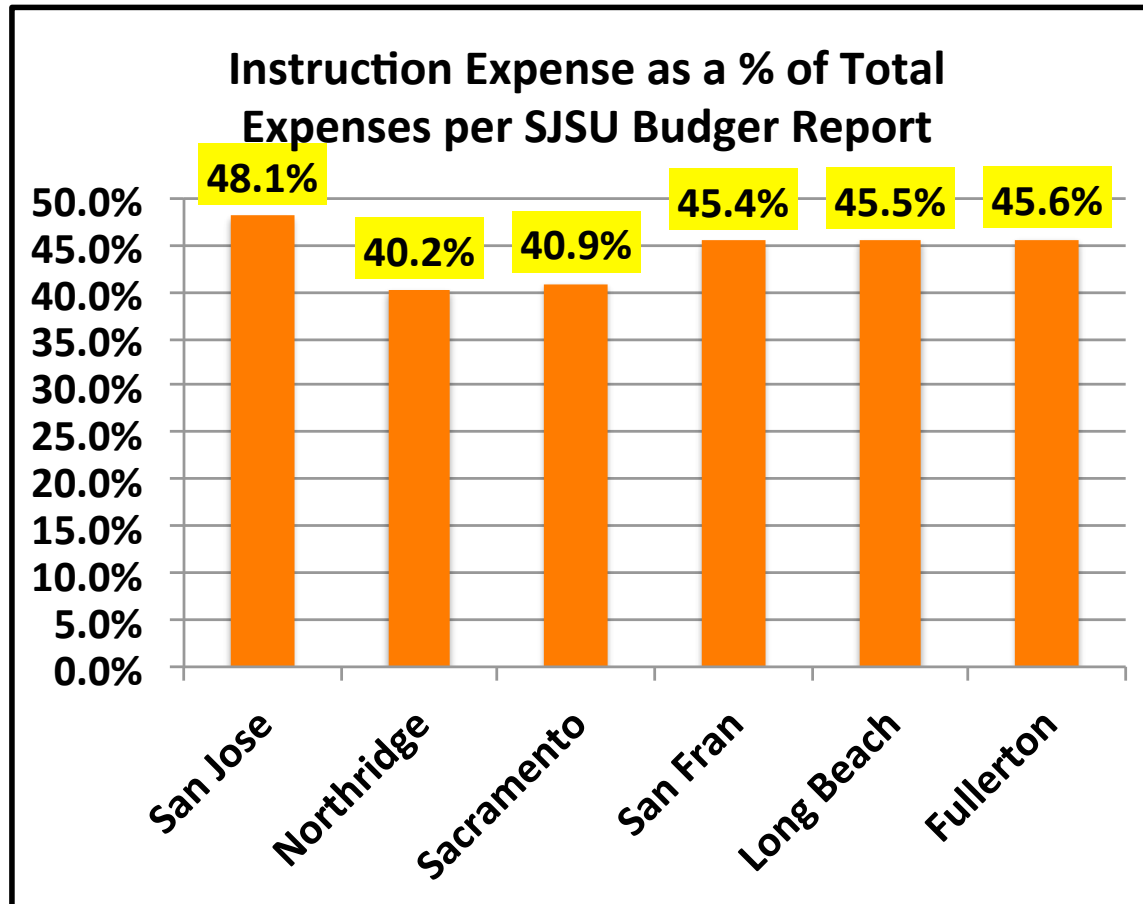
Instruction Expense Under Different Constructs (2012)

Sources: CSU Audited Financial Statements; IPEDS; SJSU Budget Report, 2013/14

Total Instruction Expenses per Audit	160,517,000	
Instruction per IPEDS	206,046,892	
Difference	45,529,892	
Plant + Deprec + Int included in IPEDS	45,529,619	
Missing	(273)	
Instruction per SJSU Budget Report	134,985,838	
Claim of SJSU Budget Document:		
SJSU Instruction is 48% of total expenses, and higher than other CSU's		
Total Expenses per Audit	406,824,000	
Total Expenses per IPEDS	406,889,258	
Total Expenses per SJSU Budget Report	280,867,986	

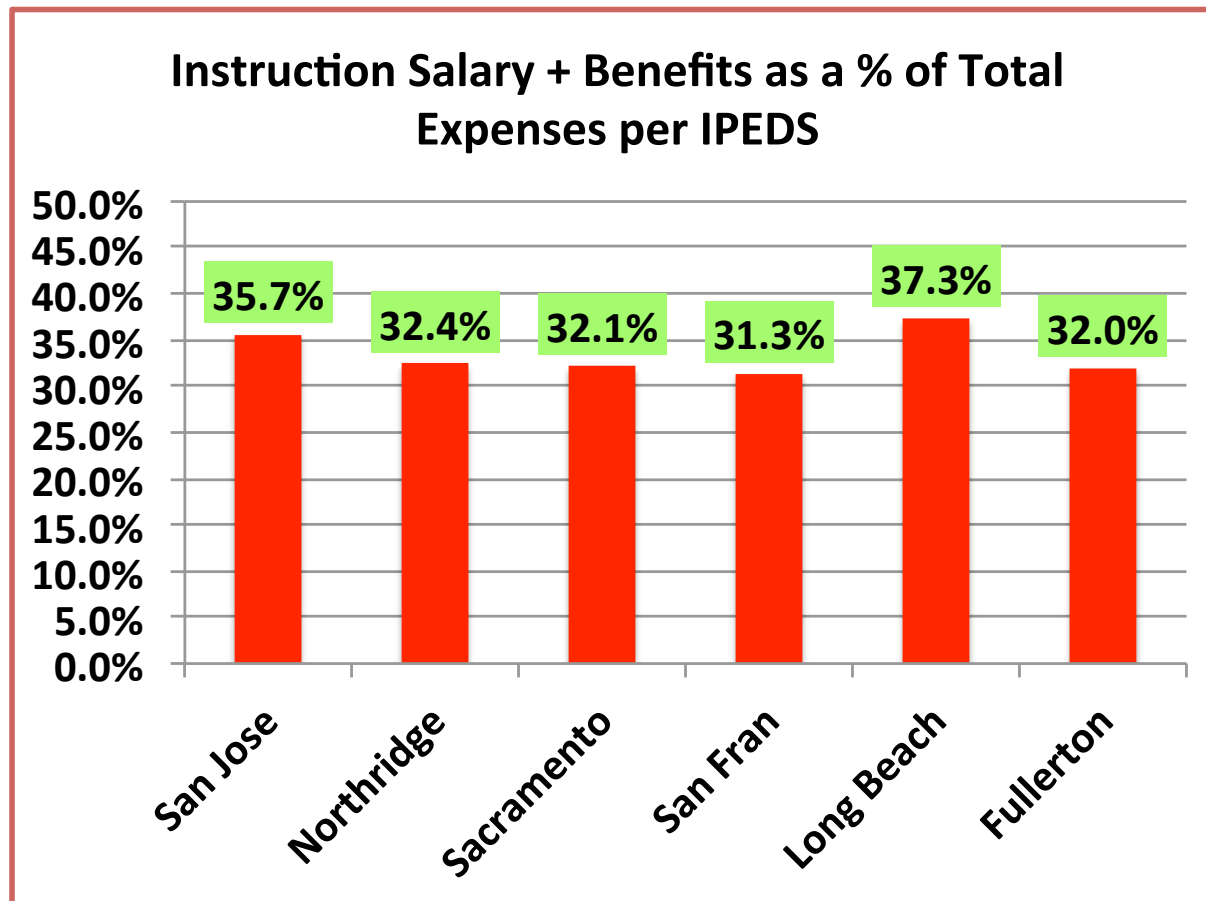
- In the SJSU 2013/14 Budget report, the claim is made that SJSU spends more on instruction than several CSU's
- However, their definition of instruction does not match the audited financial statements or IPEDS
- We will examine these claims per the audited statements and IPEDS

SJSU Vs. Selected CSU's Instruction Expense as a % of Total Operating Expenses Per SJSU Budget Report



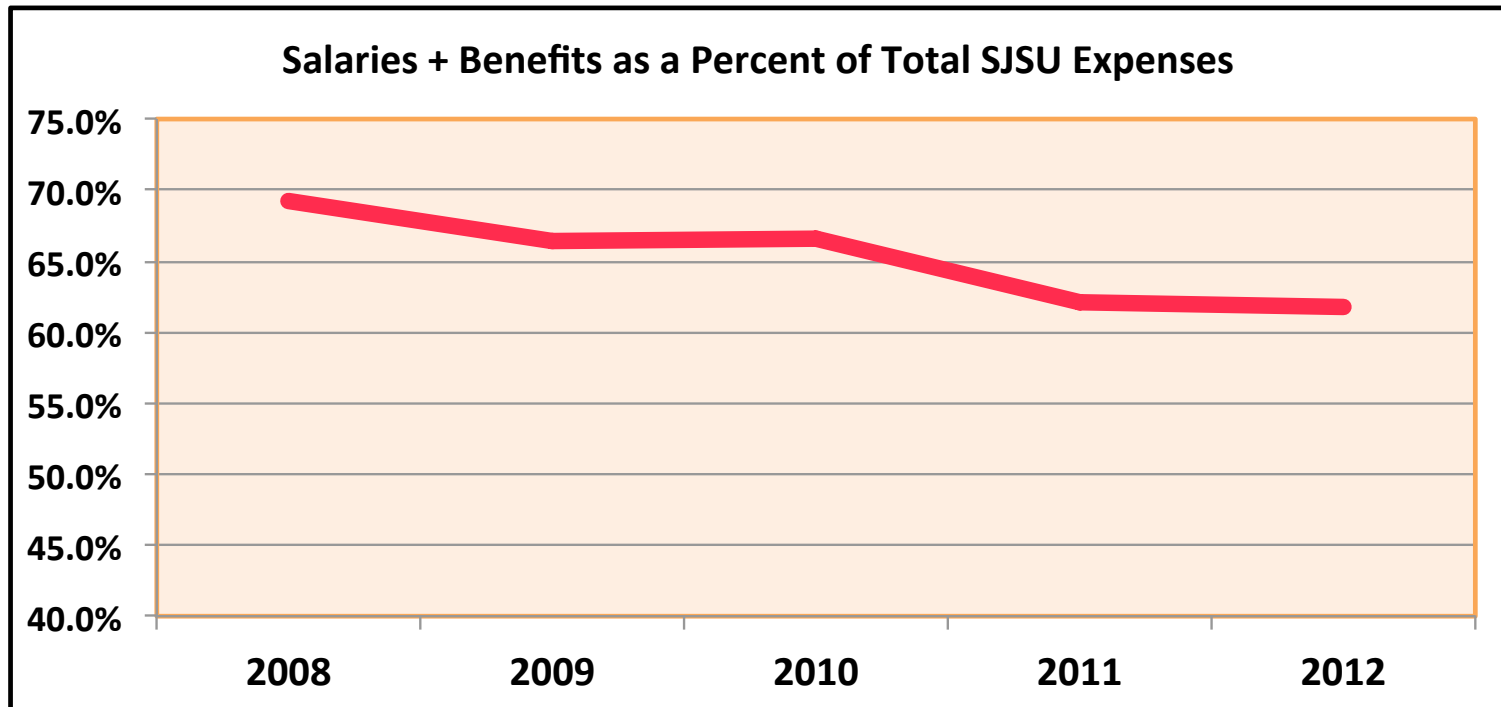
- Per SJSU, SJSU has a higher rate than these CSU's
- SJSU is 5% above the average of the others

SJSU Vs. Selected CSU's: Instruction Expense as a % of Total Operating Expenses Per IPEDS



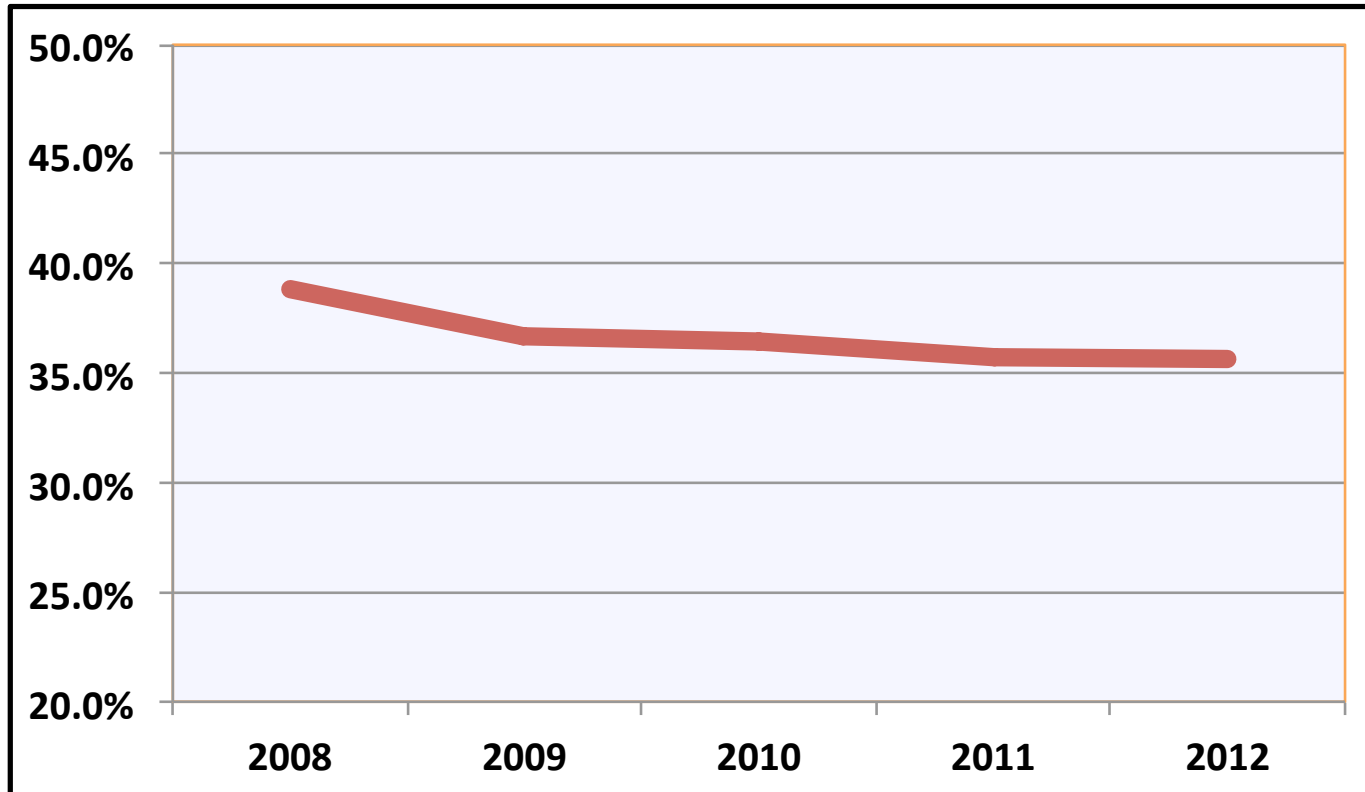
- Here, we isolate the salary and benefit component of instruction, and compare it to total expenses
- SJSU is 2nd highest, and only 3% higher than the average of the others
- Why? SJSU has \$15 million in “other” instruction expenses, versus about \$12 for the others

Total Salaries and Benefits as a Percent of Total SJSU Expenses per IPEDS



	2008	2009	2010	2011	2012
Total Salaries	188,822,477	194,939,254	176,406,570	176,451,850	181,695,454
Total Benefits	62,159,832	68,641,923	63,932,090	66,805,403	69,515,002
Total Salaries and Benefits	250,982,309	263,581,177	240,338,660	243,257,253	251,210,456
Total SJSU Expenses	362,849,819	396,659,499	361,097,193	391,231,504	406,889,258
Salaries + Benefits as a % of Total SJSU Expenses	69.2%	66.5%	66.6%	62.2%	61.7%

Instruction Salary and Benefits as Percent of Total SJSU Expenses per IPEDS



	2008	2009	2010	2011	2012
Instruction Salaries + Benefits	140,995,807	145,351,200	131,700,760	139,902,781	145,057,090
Total SJSU Expenses	362,849,819	396,659,499	361,097,193	391,231,504	406,889,258
Instruction Salaries + Benefits as a % of Total SJSU Expenses	38.9%	36.6%	36.5%	35.8%	35.7%

Number of Employees, FTE Basis

Source: <http://www.calstate.edu/budget/final-budget-summaries/>

	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Management	187.2	191.4	186.1	191.8	178.5	181.6	167.3
Academic	1,238.9	1,260.6	1,243.5	1,207.0	1,307.0	1,273.8	1,277.2
Support Staff	1,530.0	1,522.0	1,378.6	1,272.0	1,384.2	1,331.5	1,210.8
Total	2,956.1	2,974.0	2,808.2	2,670.8	2,869.7	2,786.9	2,655.3

- It appears as if more academic employees are being employed
- We will see that this is based on an increased hiring of part time faculty

Number of Employees per IPEDS

IPEDS data on employees only through 2012-13

Total Full Time Employees	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
Instruction	758	765	738	693	706	697
Non-Instruction	1,340	1,338	1,338	1,215	1,254	1,276
Total	2,098	2,103	2,076	1,908	1,960	1,973
Change, 2007-08 to 2012-13	Number	Percent				
Instruction	(61)	-8%				
Non-Instruction	(64)	-5%				
Total Employees	(125)	-6%				
Enrollment	(1,458)	-5%				

- This is IPEDS data at the broadest level
- It appears as if employee groups are down; we will break down both instruction and non-instruction categories

IPEDS Employees per New 2013 Classification

Position	Number	Total Salary	Avg Salary
Management	69	\$9,632,832	\$139,606
Healthcare	26	\$2,114,148	\$81,313
Computer, Eng, Science	145	\$10,441,848	\$72,013
Business and Finance	303	\$20,145,820	\$66,488
Library/Instructional Support	74	\$4,524,636	\$61,144
Maintenance	80	\$4,743,096	\$59,289
Community Svc, Media	210	\$12,075,432	\$57,502
Production/Moving	26	\$1,327,260	\$51,048
Office/Admin Support	192	\$8,063,532	\$41,998
Service	151	\$5,832,348	\$38,625
Total FT Non-Instruction	1,276	\$78,900,952	\$61,835

Number and Type of Non-Instructional Employees per IPEDS

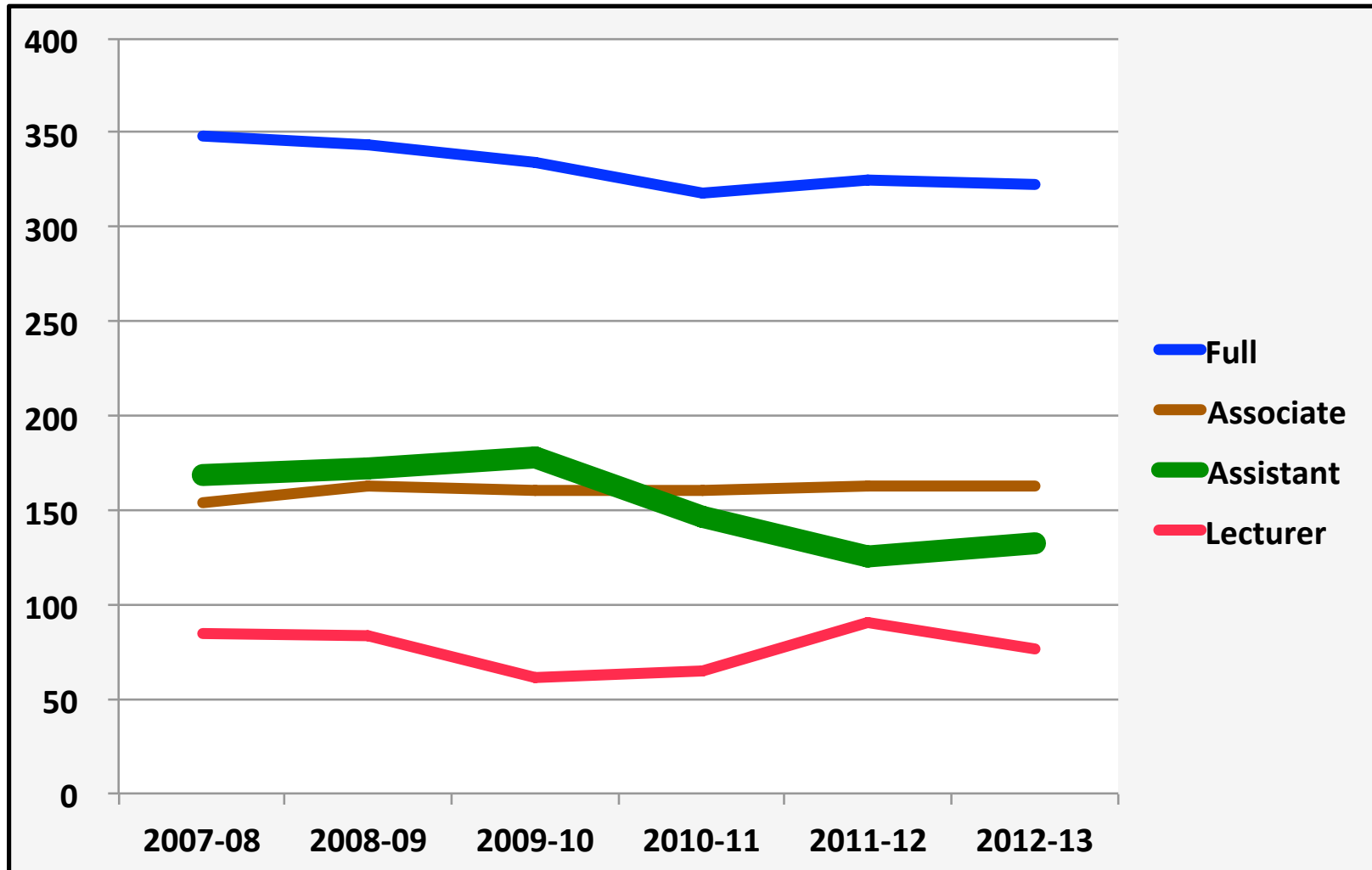
	2007-08	2008-09	2009-10	2010-11	2011-12	# Change	% Change
Executive/Admin/Mgrl	60	65	72	57	65	5	8%
Other Professional	643	661	657	629	650	7	1%
Technical	151	141	144	129	133	(18)	-12%
Clerical	223	219	220	169	174	(49)	-22%
Skilled Crafts	85	83	78	70	71	(14)	-16%
Maintenance	178	169	167	161	161	(17)	-10%
Total FT Non-Instruction	1,340	1,338	1,338	1,215	1,254	(86)	-6%

- For 2012-13, there are new categories, per the prior slide
- There are 69 management employees for 2012-13

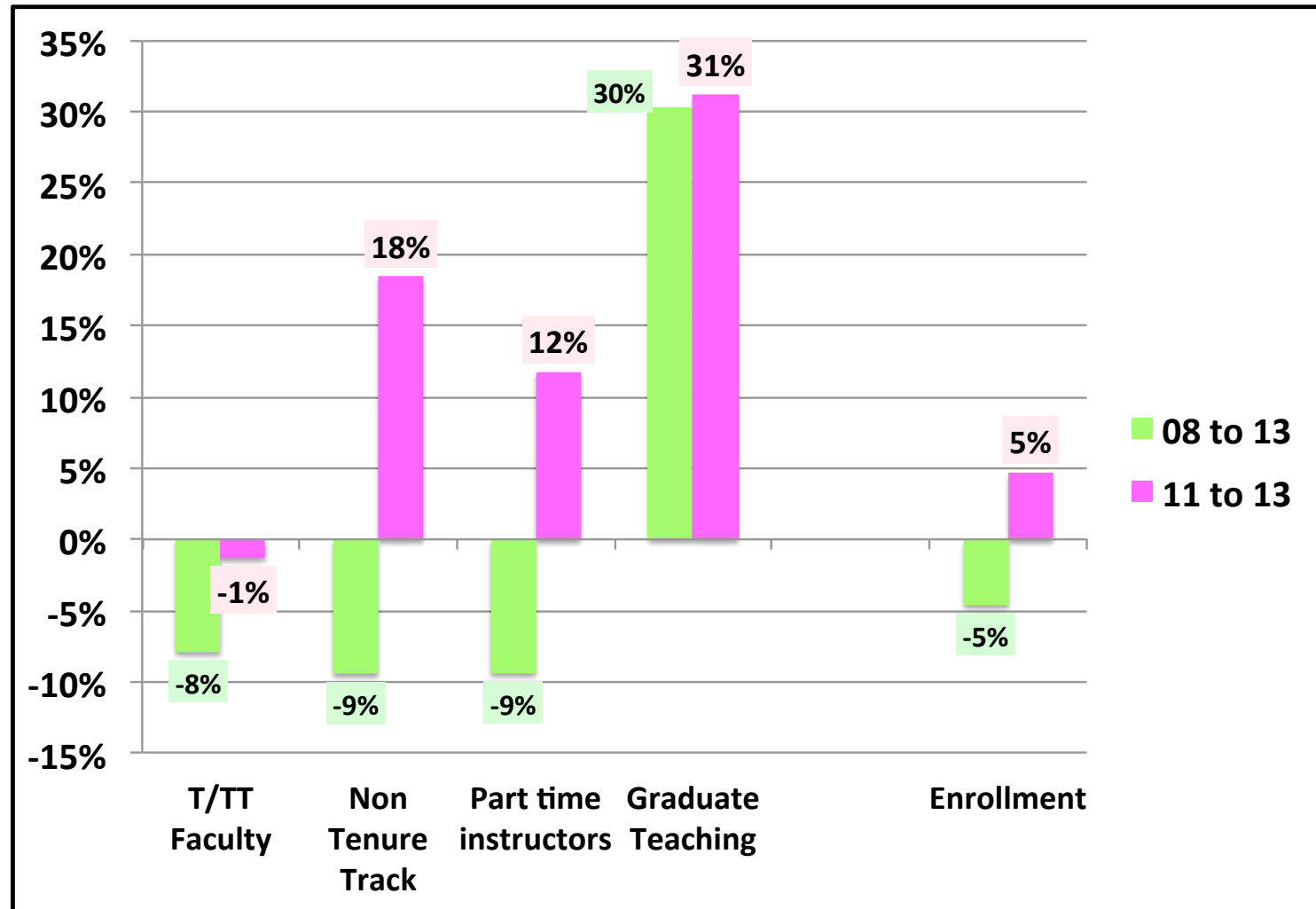
Number of Faculty Over Time per IPEDS

	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	# Change 07-08 to 12-13
Full	348	343	334	318	325	323	(25)
Associate	154	163	161	160	163	163	9
Assistant	169	172	178	147	125	132	(37)
Lecturer	85	84	61	65	90	77	(8)
No Rank	2	3	4	3	3	2	0
Total	758	765	738	693	706	697	(61)
Tenure/Tenure Track	673	681	677	628	616	620	(53)
Non Tenure Track	85	84	61	65	90	77	(8)
Part time instructors	1,131	1,159	979	917	1,055	1,025	(106)
Graduate Teaching	142	173	150	141	173	185	43
Graduate Research	61	47	33	34	38	42	(19)
Total Grad Students	203	220	183	175	211	227	24
Enrollment	31,906	32,746	31,280	29,076	30,236	30,448	(1,458)

Instructional Faculty Per IPEDS

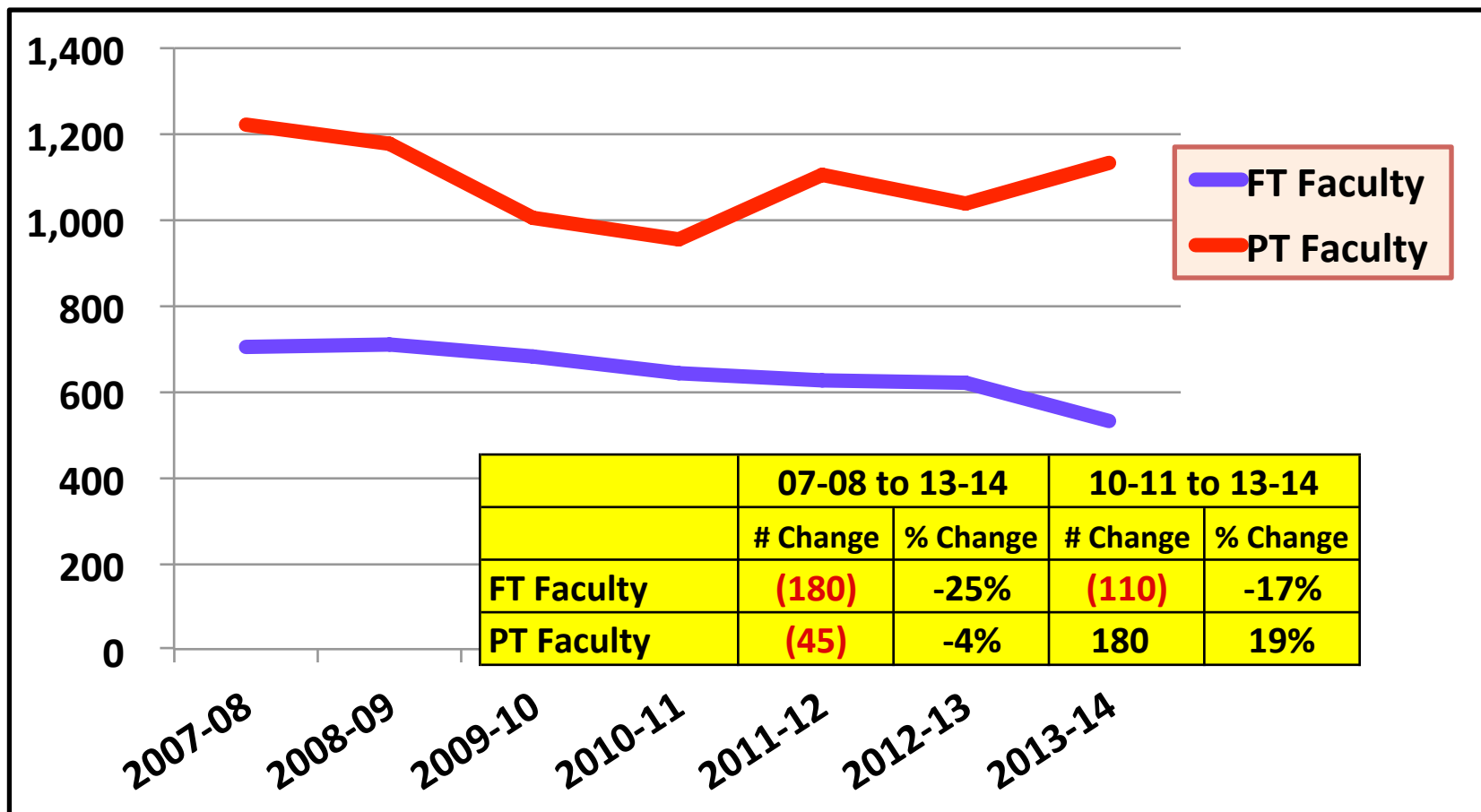


Percentage Change in Number of Employees per IPEDS, 2008 to 2013 and 2011 to 2013



Number of Faculty per Common Data Set

<http://www.csusm.edu/ipa/cds.html>



	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
FT Faculty	703	710	683	640	627	619	530
PT Faculty	1,220	1,178	1,002	953	1,104	1,037	1,133

SJSU Budget:

- **Overall Budget**
- **Student Success Fund**
- **Athletics**

Caveats About Budgets

- The budget analysis is based on the SJSU annual budget reports. There are several problems with the budget:
- **1.** The numbers are all over the place:
 - The first item in the budget has a Base Budget of \$200 million
 - The second item in the budget is the Operating Fund budget of \$279 million
 - The third item in the budget has a total All Funds budget of \$561 million
 - The total expenses for the university in the 2013 audited financial statements were \$402 million

It is hard to know which total to analyze, and what it all means. That is why the audited statements are better as a tool from which to analyze the financial health of the institution

More Problems with Budgets

- **2.** The budget always balances. The budget assumes that all revenues will equal all expenses; of course this will not happen. Talk of budget “holes” and “gaps” describe self-imposed and internally created gaps. They are based on projections, and admins typically predict revenues will be lower than actual, and that expenses will be higher than actual. Then, when reality comes in better than they predicted, they take credit for balancing the budget and being fiscally prudent. In reality, it is simply an exercise in trying to make things look worse than they are, so that later credit can be taken for fixing a self-imposed problem.
- **3.** Budgets are plans; they are a guide to where spending is going. However, what is more relevant in analyzing a university’s finances are actual audited expenses

Total Budgeted Expenditures

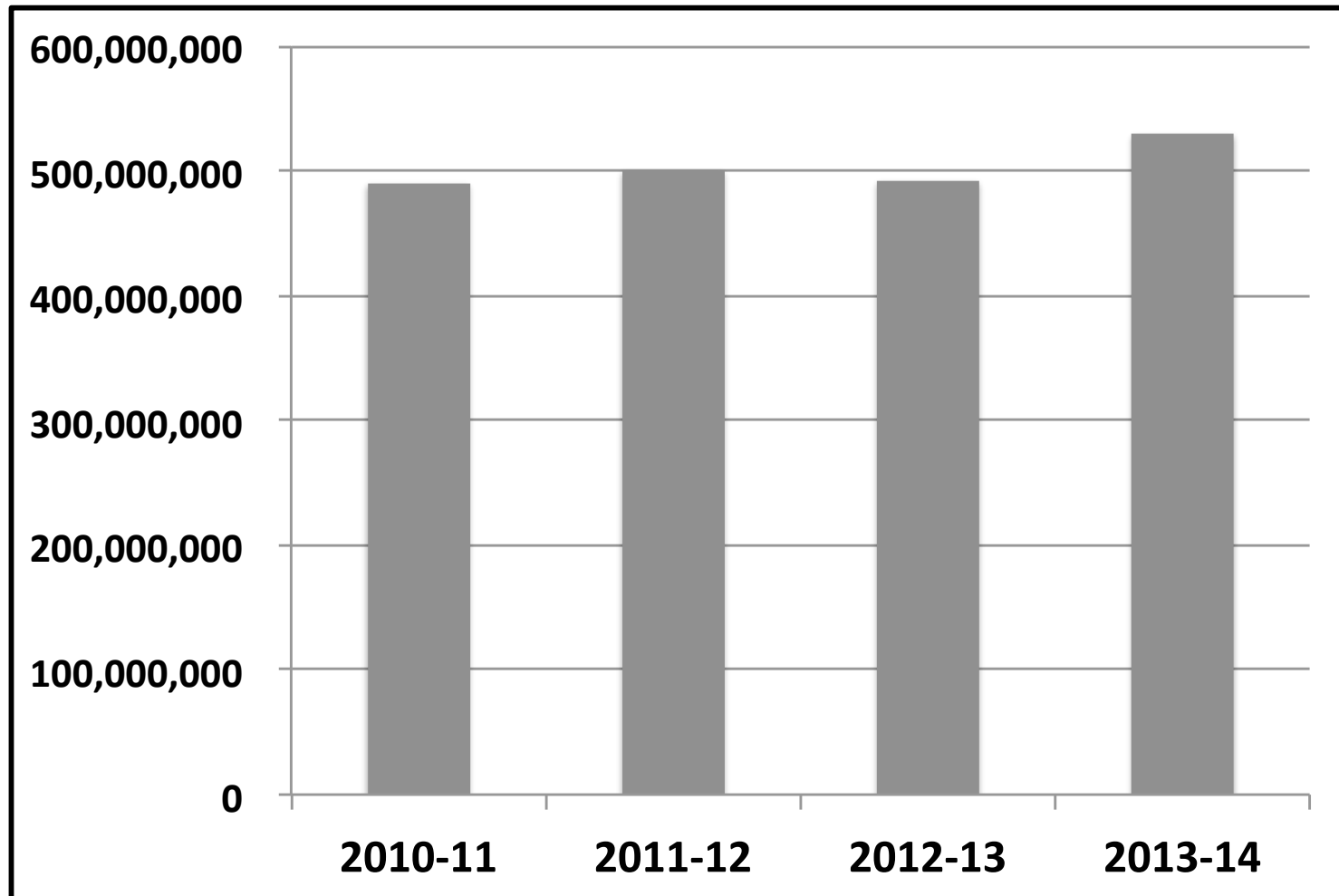
Source: http://www.sjsu.edu/finance/about_us/budget/budget_reports/

	2010-11	2011-12	2012-13	2013-14
President	1,560,529	1,613,257	1,604,294	1,551,390
Academic Affairs	146,745,951	150,964,860	131,088,786	151,681,815
Admin & Finance	29,353,472	34,531,169	29,826,423	35,631,611
Student Affairs	16,319,311	17,044,332	14,208,453	16,194,026
Athletics	5,578,328	5,813,404	5,760,482	6,011,836
Advancement	5,960,377	6,258,391	6,307,730	6,490,607
University Technology	3,889,893	0	0	0
<i>University-Wide</i>	<i>52,159,213</i>	<i>43,980,374</i>	<i>59,730,529</i>	<i>61,730,162</i>
<i>Unallocated</i>	<i>15,476,044</i>	<i>0</i>	<i>0</i>	<i>0</i>
Total Operating	277,043,118	260,205,787	248,526,697	279,291,447
Student Success, Excellence, and Technology Fee	0	0	13,371,564	19,206,370
IRA Student Fee	5,436,656	6,911,208	0	0
Campus Revenue Funds	94,583,647	100,828,282	95,351,683	95,531,561
Campus Auxiliaries	108,960,894	128,437,425	131,697,991	132,782,541
Other Funds	4,679,355	4,564,947	3,490,901	3,301,201
Total Non-Operating	213,660,552	240,741,862	243,912,139	250,821,673
Total All Funds	490,703,670	500,947,649	492,438,836	530,113,120

Note that the 2013-14 report, on page 14, contains an error, as 30 Million of the Housing Fund is counted twice (in campus revenue funds; it is correct above

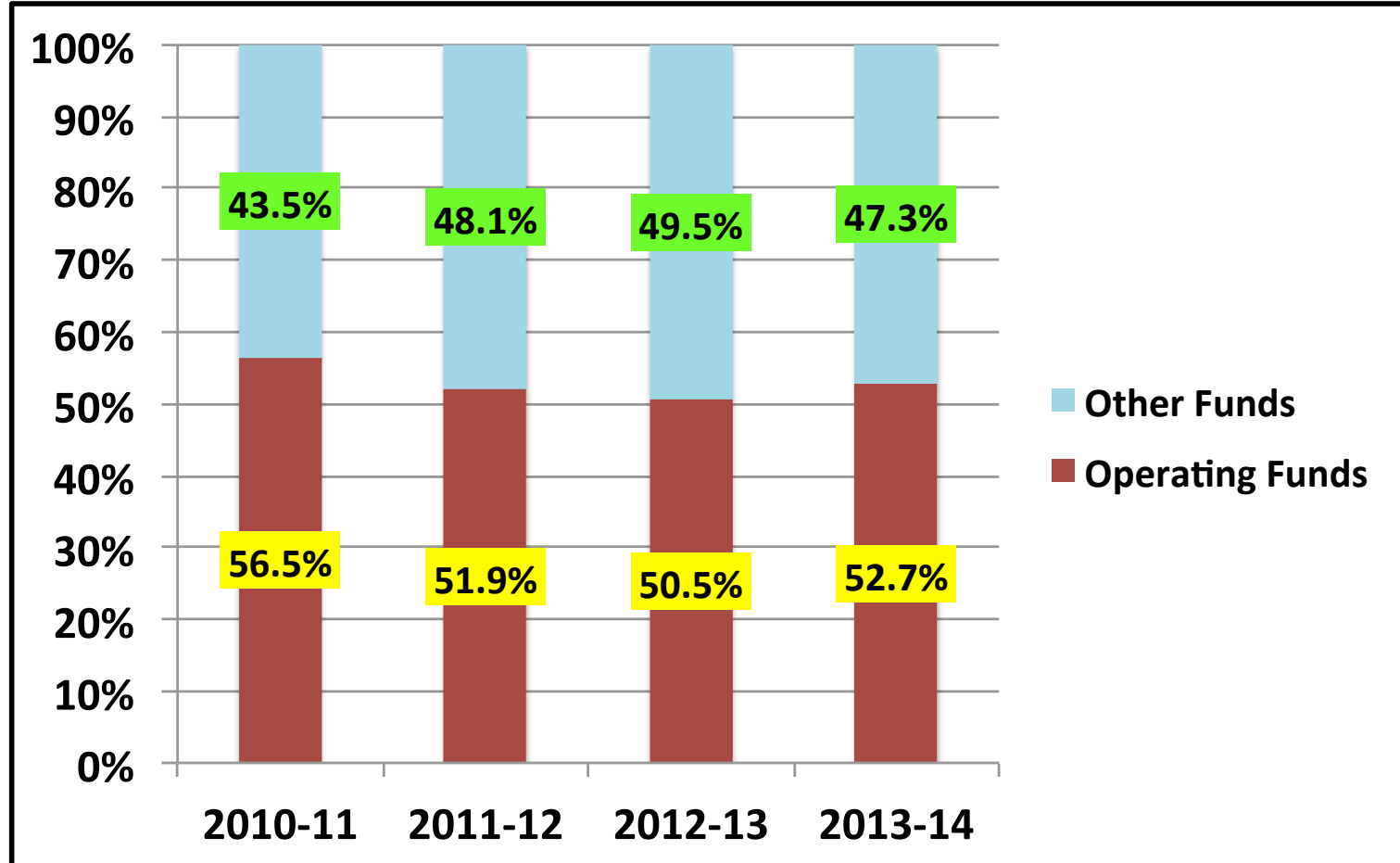
Total Budgeted Revenue, All Funds

Source: http://www.sjsu.edu/finance/about_us/budget/budget_reports/

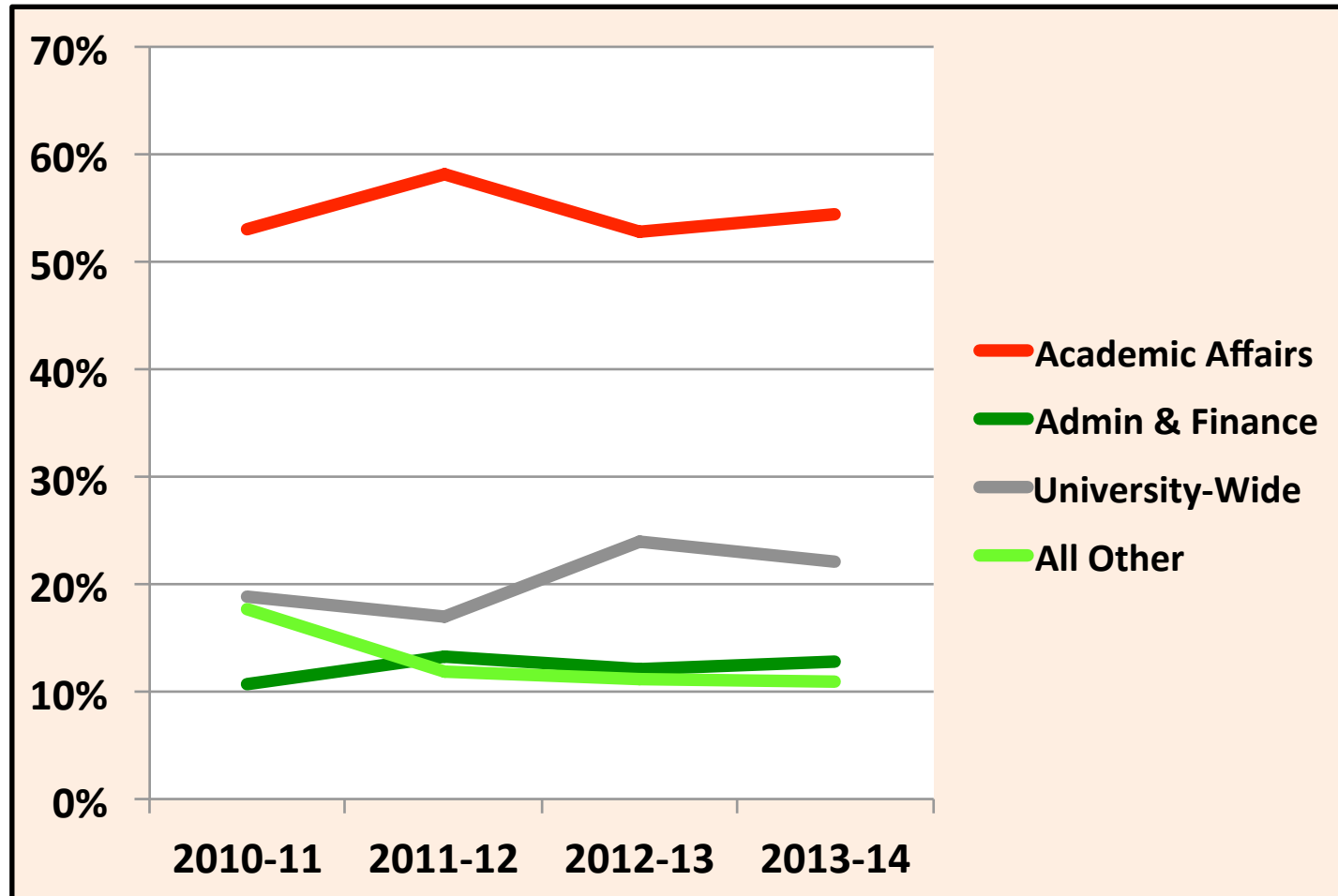


Breakdown of Operating and Other Funds

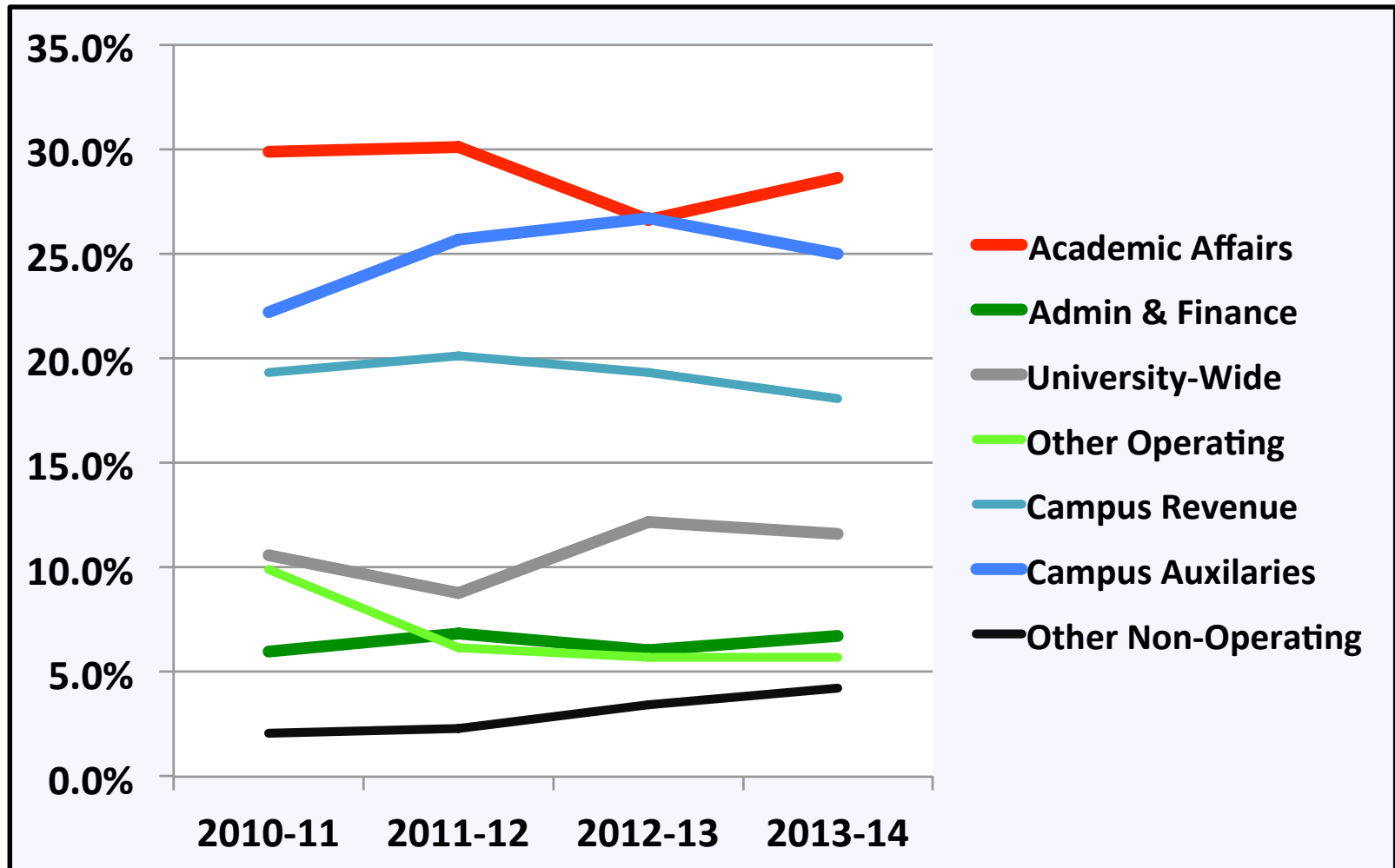
http://www.sjsu.edu/finance/about_us/budget/budget_reports/



Percentage Distribution of Operating Funds



Percentage Distribution of All Funds



Operating Division Cuts in 2013 and 2014

http://www.sjsu.edu/finance/about_us/budget/budget_reports/

Division Reductions	2012-13	2013-14	2012-13	2013-14
Academic Affairs	(24,750,000)	(12,375,000)	75%	61%
Admin & Finance	(5,610,000)	(2,805,000)	17%	14%
Student Affairs	(2,640,000)	(1,320,000)	8%	7%
Advancement	0	0	0%	0%
President	0	0	0%	0%
Athletics	0	0	0%	0%
Undistributed	0	(3,786,950)	0%	19%
Total	(33,000,000)	(20,286,950)	100%	100%

This is the university's explanation for why the 3 divisions were exempted: "Three divisions were exempted from reductions. Intercollegiate Athletics is moving into the Mountain West Conference in July 2013, which causes them to forego revenue distributions in the Western Athletic Conference this year, typically a significant source of program support. University Advancement was exempted because they are a revenue-generating unit. The President's Office was exempted in order to support initiatives that will further SJSU's brand and reputation."

Campus Revenue Funds

http://www.sjsu.edu/finance/about_us/budget/budget_reports/

Campus Revenue Funds	2010-11	2011-12	2012-13	2013-14
Admin & Finance Fund	3,833,311	0	0	0
Housing Funds	30,903,723	27,746,285	28,419,390	31,471,434
Continuing Education	35,159,137	48,579,796	34,758,706	32,097,450
Lottery Fund	266,926	2,169,889	2,159,669	2,137,682
Other	11,138,611	8,839,309	10,181,929	11,534,308
Parking	5,391,850	6,298,304	10,418,125	6,357,031
Student Health	7,890,089	7,194,699	9,413,864	11,933,656
Total Campus Revenue Funds	94,583,647	100,828,282	95,351,683	95,531,561

Campus Auxiliaries

http://www.sjsu.edu/finance/about_us/budget/budget_reports/

Campus Auxiliaries	2010-11	2011-12	2012-13	2013-14
Associated Students	7,473,382	7,491,701	6,631,335	6,933,901
Research Foundation	69,169,000	71,175,000	72,071,000	68,610,000
Spartan Shops	11,968,938	10,628,765	11,840,832	14,075,592
Student Union	7,083,174	7,141,959	7,154,824	9,163,048
Tower Foundation	13,266,400	32,000,000	34,000,000	34,000,000
Total Campus Auxiliaries	108,960,894	128,437,425	131,697,991	132,782,541

Student Success Fee: 2013 and 2014 Allocation

http://www.sjsu.edu/finance/about_us/budget/budget_reports/

Student Success, Excellence, and Technology Fee	2012-13	2013-14
Academic Affairs	2,660,630	9,300,421
Admin and Finance	3,312	1,150,000
Student Affairs	0	151,402
Athletics	6,943,514	7,465,090
University Wide (Excess)	3,764,108	1,139,457
Total	13,371,564	19,206,370

- It is clear that a large amount of the student success fee is being diverted to athletics
- Prior to 2012-13, there was an IRA Student Fee where a similar amount of dollars went directly to athletics
- The University Wide amount is a surplus, and it is very likely they can spend it as the administration wishes

Student Success Fee: 2014 Detail

http://www.sjsu.edu/finance/about_us/budget/budget_reports/

Total Fee Revenues	19,206,370
Detail Expense Allocation:	
Athletics	7,465,090
Student Academic Support Services	2,894,289
Colleges	2,226,243
Next-Gen Classrooms	1,150,000
Library Materials	768,183
Instructional Technology Initiative	532,500
SJSU Equitable Teaching Spaces-Academic Technology	445,361
Student Success Programs-Business	400,182
Peer Connections Program-Student Affairs	336,880
Student Success Programs-Engineering	282,121
Student Success Programs-Humanities & Arts	224,005
Laptop Equipment Loans-Library	200,000
Student Success Center Enhancements-ASA	194,239
Career and Internship Initiative	151,402
Student Success Programs-Social Sciences	148,630
Technology Enhancements & Upgrades-ASA	146,911
eBook Acquisitions for All Colleges-Library	112,221
Writing Handbook for Incoming Frosh	86,450
Lab and Technology Operations for Engineering	82,100
Mentoring Program for Underserved Students	60,000
Chemistry Lab Program Supplement	52,590
Ethics Bowl	37,316
Education Students' Development	30,000
Student Technology Training Coordinator-Library	28,200
Project SHINE Coordinator-Graduate Studies	12,000
Total Expenses	18,066,913
Revenues > Expenses (To reserves or discretionary)	1,139,457

Athletic Revenue and Expense Summary

http://www.sjsu.edu/finance/about_us/budget/budget_reports/

Athletics	2010-11	2011-12	2012-13	2013-14
Revenues:				
Support from Academic Side of the University	5,575,378	5,535,628	5,760,482	6,011,836
Student Success Fee (IRA Fee in 2011 and 2012)	4,325,569	5,703,790	7,140,850	7,465,090
Spartan Foundation	2,160,000	1,980,000	1,565,000	1,750,000
Athletic Revenue	5,265,500	5,627,500	4,151,121	6,074,450
Total "Revenues"	17,326,447	18,846,918	18,617,453	21,301,376
Expenses:				
Salaries and Benefits	7,984,198	8,459,045	9,015,934	10,649,580
Operating Expenses	10,012,549	10,296,688	11,849,569	13,191,482
Total Expenses	17,996,747	18,755,733	20,865,503	23,841,062
Surplus or Deficit	(670,300)	91,185	(2,248,050)	(2,539,686)

When SJSU joined the Mountain West, there was a \$2 million fee, to be paid \$500k per year for 4 years. It does not appear that this expense is considered above

Athletic Revenue Detail

http://www.sjsu.edu/finance/about_us/budget/budget_reports/

	2010-11	2011-12	2012-13	2013-14
Revenues:				
Support from Academic Side of the University	5,575,378	5,535,628	5,760,482	6,011,836
Student Success Fee (IRA Fee in 2011 and 2012)	4,325,569	5,703,790	7,140,850	7,465,090
Spartan Foundation	2,160,000	1,980,000	1,565,000	1,750,000
Athletic Revenue:				
Ticket Sales			1,027,290	1,210,490
Marketing	Detail not reported in the Budget Reports		957,081	478,500
NCAA Distribution			675,000	715,000
Football National TV Bonus			0	600,000
Conference Distribution			576,000	1,451,000
Game Day Guarantees			649,000	1,060,500
Concessions/Parking			266,750	265,960
Other Misc			0	293,000
Total Athletic Revenue	5,265,500	5,627,500	4,151,121	6,074,450

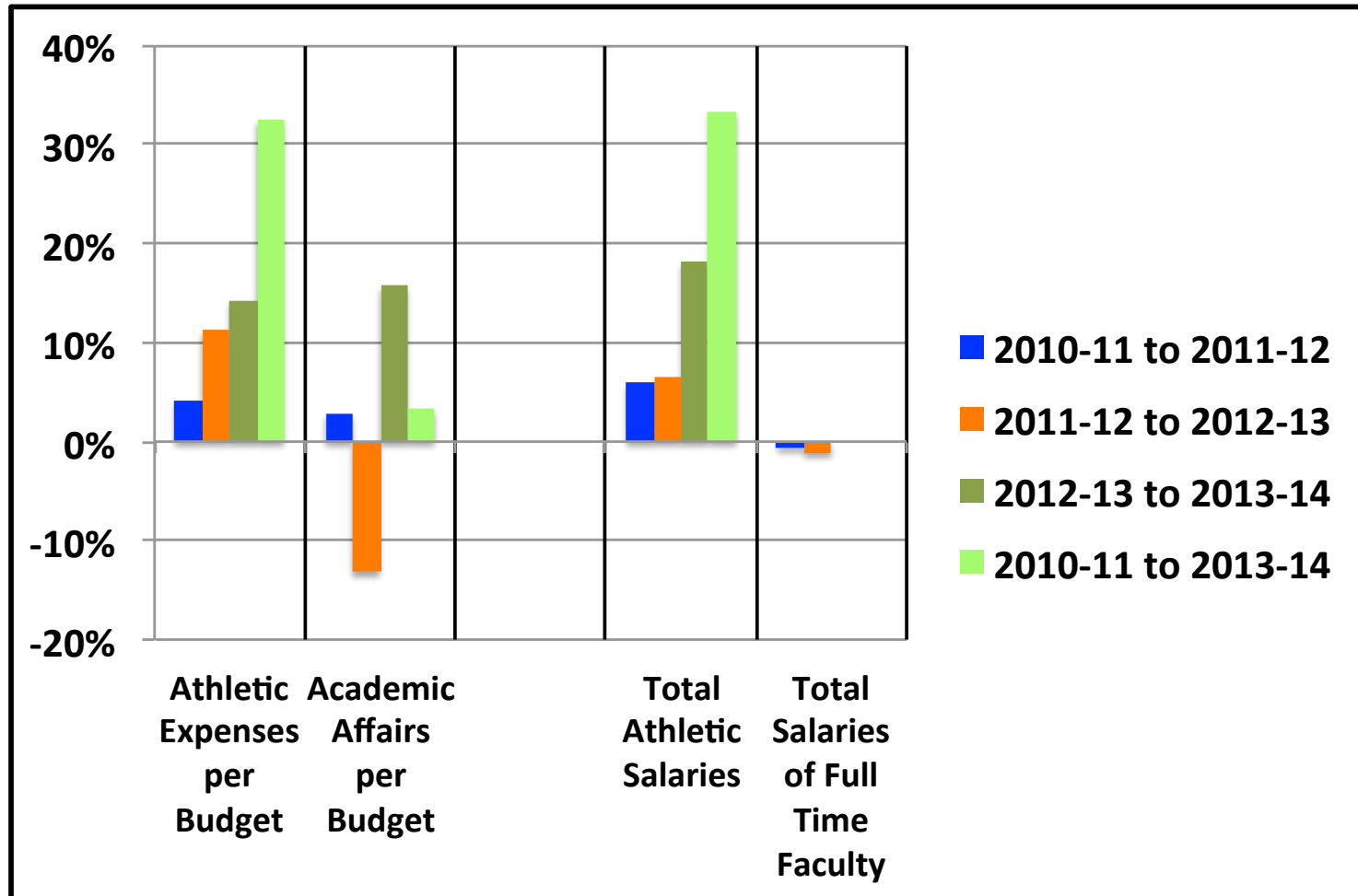
Athletic Expense Detail

http://www.sjsu.edu/finance/about_us/budget/budget_reports/

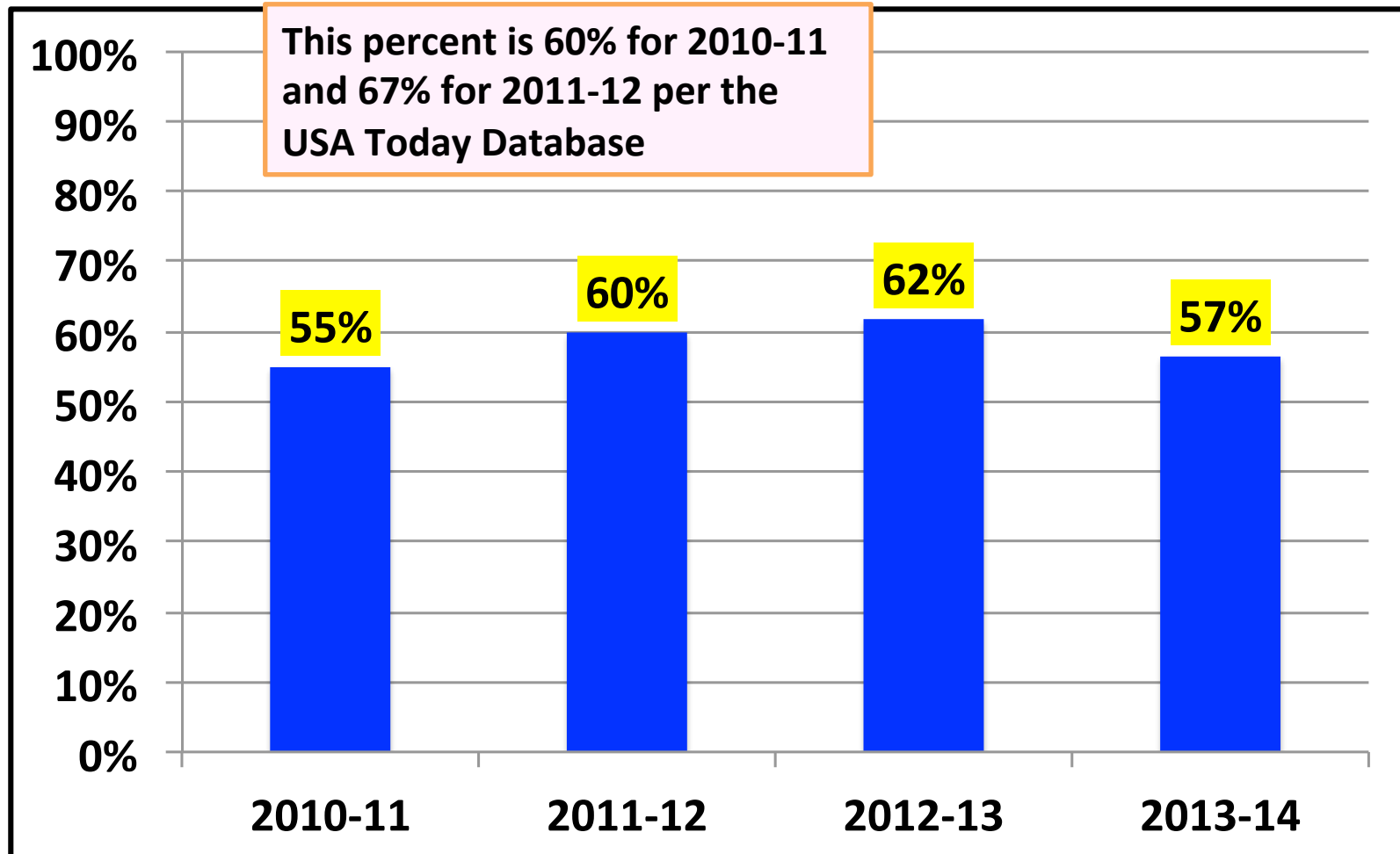
	2010-11	2011-12	2012-13	2013-14
Expenses:				
Salaries	6,073,040	6,432,079	6,713,725	7,627,941
Benefits	1,911,158	2,026,966	2,268,832	2,988,262
Work Study	0	0	33,377	33,377
Total Salaries & Benefits	7,984,198	8,459,045	9,015,934	10,649,580
Grants in Aid	3,584,289	4,407,897	5,369,120	5,277,777
Team Travel	2,377,804	2,312,139	2,781,671	2,764,356
Supplies & Equipment	2,603,329	2,154,149	1,698,513	2,525,659
Training Table/Preseason	341,952	379,966	388,377	535,402
Event Expenses	980,685	924,777	1,256,050	1,668,655
IT Hardware & Software	0	0	205,838	280,453
Miscellaneous	124,490	117,760	150,000	139,180
Total Operating Expenses	10,012,549	10,296,688	11,849,569	13,191,482
Total Expenses	17,996,747	18,755,733	20,865,503	23,841,062

Percent Changes in Athletic and Instruction Expenses and Salaries

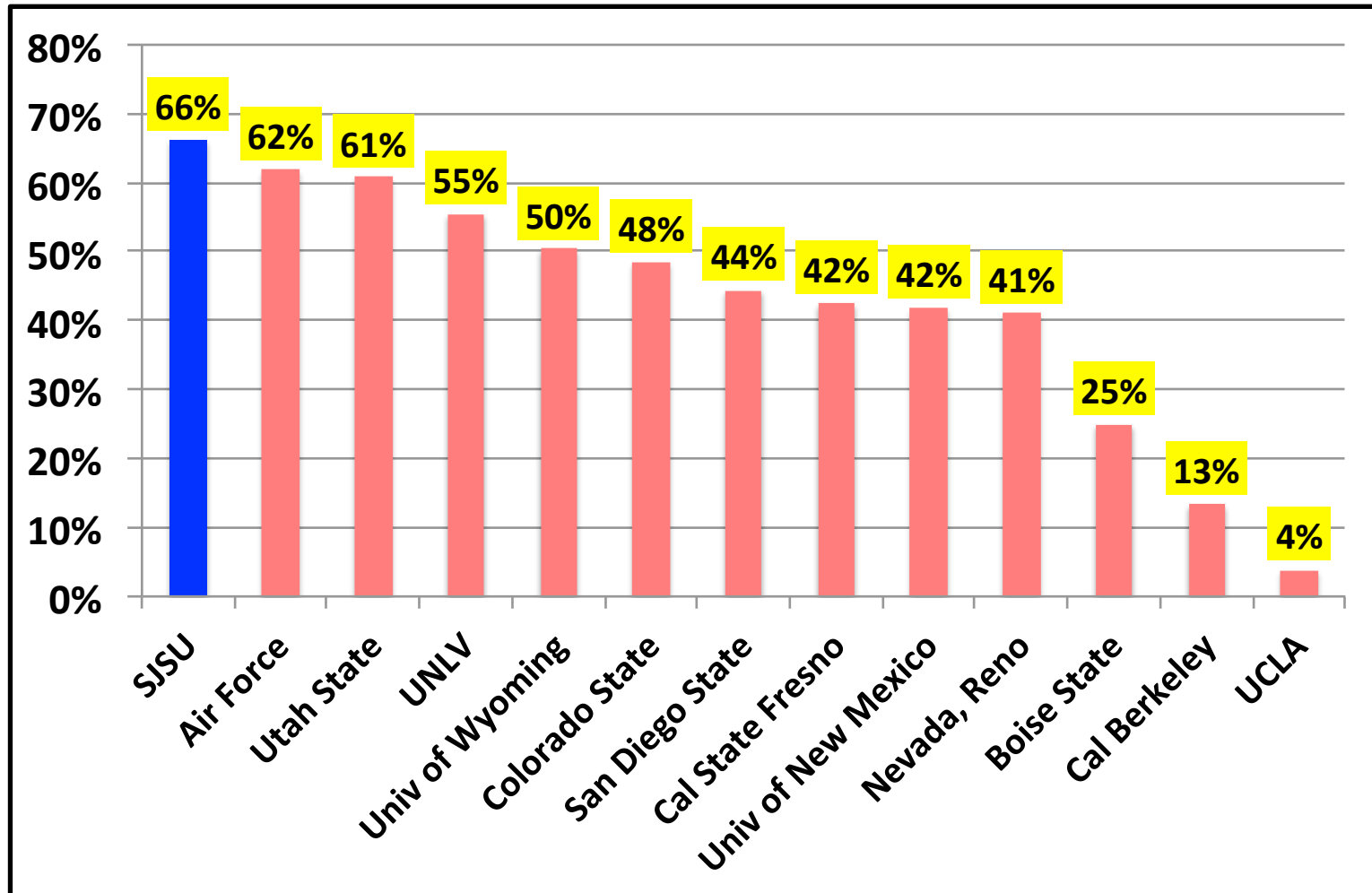
Source: http://www.sjsu.edu/finance/about_us/budget/budget_reports/



Athletics: Percent of Expenses Covered by the Academic Side of the University



Athletic Percent and USA Today, Compared to Mountain West and Others



Salaries: Administration and Faculty

Top 20 SJSU Administrative Salaries, 2013

Source: <http://www.sacbee.com/statepay/#req=employee%2Ftop%2Fyear%3D2013>

President	\$343,000
Football Coach	\$249,000
VP Administration and Finance	\$231,000
Athletic Director	\$222,000
Provost and VP Acad Affairs	\$217,000
VP Student Affairs	\$216,000
Dean, College of Business	\$207,000
VP University Advancement	\$204,000
AVP FD&O	\$196,000
Dean, CASA	\$185,000
Chief of Staff	\$176,000
AVP ITS & Deputy CIO	\$176,000
AVP Finance	\$175,000
Offensive Coordinator, Football	\$174,000
Dean, College of Engineering	\$173,000
Head Basketball Coach	\$172,000
Associate Dean, IES	\$171,000
Dean, Library	\$166,000
Dean, COSS	\$166,000
Dean, CIES/AVP	\$164,000

Mean	\$199,150
Median	\$180,500
Total Salaries	\$3,983,000

Comparison of Top SJSU Administrative Salaries Over Time

Source: <http://www.sacbee.com/statepay/#req=employee%2Ftop%2Fyear%3D2013>

Position	2009	2010	2011	2012	2013
President			\$136,750	\$348,000	\$343,000
Football Coach					\$249,000
VP Administration and Finance			\$77,539	\$231,000	\$231,000
Athletic Director				\$92,700	\$222,000
Provost and VP Acad Affairs				\$192,000	\$217,000
VP Student Affairs	\$161,000	\$176,000	\$212,000	\$216,000	\$216,000
Dean, College of Business	\$202,000	\$194,000	\$207,000	\$207,000	\$207,000
VP University Advancement					\$204,000
AVP FD&O				\$105,000	\$196,000
Dean, CASA	\$179,000	\$174,000	\$185,000	\$185,000	\$185,000
Chief of Staff	\$148,000	\$145,000	\$154,000	\$175,000	\$176,000
AVP ITS & Deputy CIO				\$157,000	\$176,000
AVP Finance	\$84,700	\$157,000	\$178,000	\$175,000	\$175,000
Offensive Coordinator, Football					\$174,000
Dean, College of Engineering					\$173,000
Head Basketball Coach					\$172,000
Associate Dean, IES	\$128,000	\$124,000	\$132,000	\$132,000	\$171,000
Dean, Library		\$158,000	\$167,000	\$166,000	\$166,000
Dean, COSS	\$69,300	\$65,500	\$154,000	\$165,000	\$166,000
Dean, CIES/AVP	\$157,000	\$154,000	\$163,000	\$163,000	\$164,000
Mean	\$141,125	\$149,722	\$160,572	\$180,647	\$199,150
Median	\$152,500	\$157,000	\$163,000	\$175,000	\$180,500

- This follows the same people over time, but only a few changed positions

President's Cabinet

<http://www.sjsu.edu/president/admin/cabinet/index.html>

- **President**
- **Vice President for Administration and Finance**
- **Director, Division of Intercollegiate Athletics**
- **Vice President of University Advancement**
- **Provost and Vice President for Academic Affairs**
- **Vice President for Student Affairs**
- **Chief of Staff, Office of the President**

**Is the core academic mission
appropriately represented?**

SJSU Faculty Salaries - Levels

Source: AAUP Faculty Salary Survey

	2008	2009	2010	2011	2012	2013	2014
Full	\$93,838	\$95,373	\$97,500	\$96,988	\$96,701	\$96,214	\$95,642
Associate	\$76,862	\$78,792	\$78,700	\$78,008	\$77,897	\$76,448	\$76,542
Assistant	\$67,541	\$69,671	\$69,400	\$69,521	\$70,093	\$71,646	\$73,656
Lecturer	\$62,349	\$64,991		\$66,749	\$58,856	\$58,701	\$57,519

SJSU Faculty Salaries – Changes

Source: AAUP Salary Survey

	2008 to 2009	2009 to 2010	2010 to 2011	2011 to 2012	2012 to 2013	2013 to 2014	2008 to 2014	Net of 9.0% Inflation
Full	1.6%	2.2%	-0.5%	-0.3%	-0.5%	-0.6%	1.9%	-7.1%
Associate	2.5%	-0.1%	-0.9%	-0.1%	-1.9%	0.1%	-0.4%	-9.4%
Assistant	3.2%	-0.4%	0.2%	0.8%	2.2%	2.8%	9.1%	0.1%
Lecturer	4.2%			-11.8%	-0.3%	-2.0%	-7.7%	-16.7%

SJSU 2014 Faculty Salaries vs. Other CSU- Levels

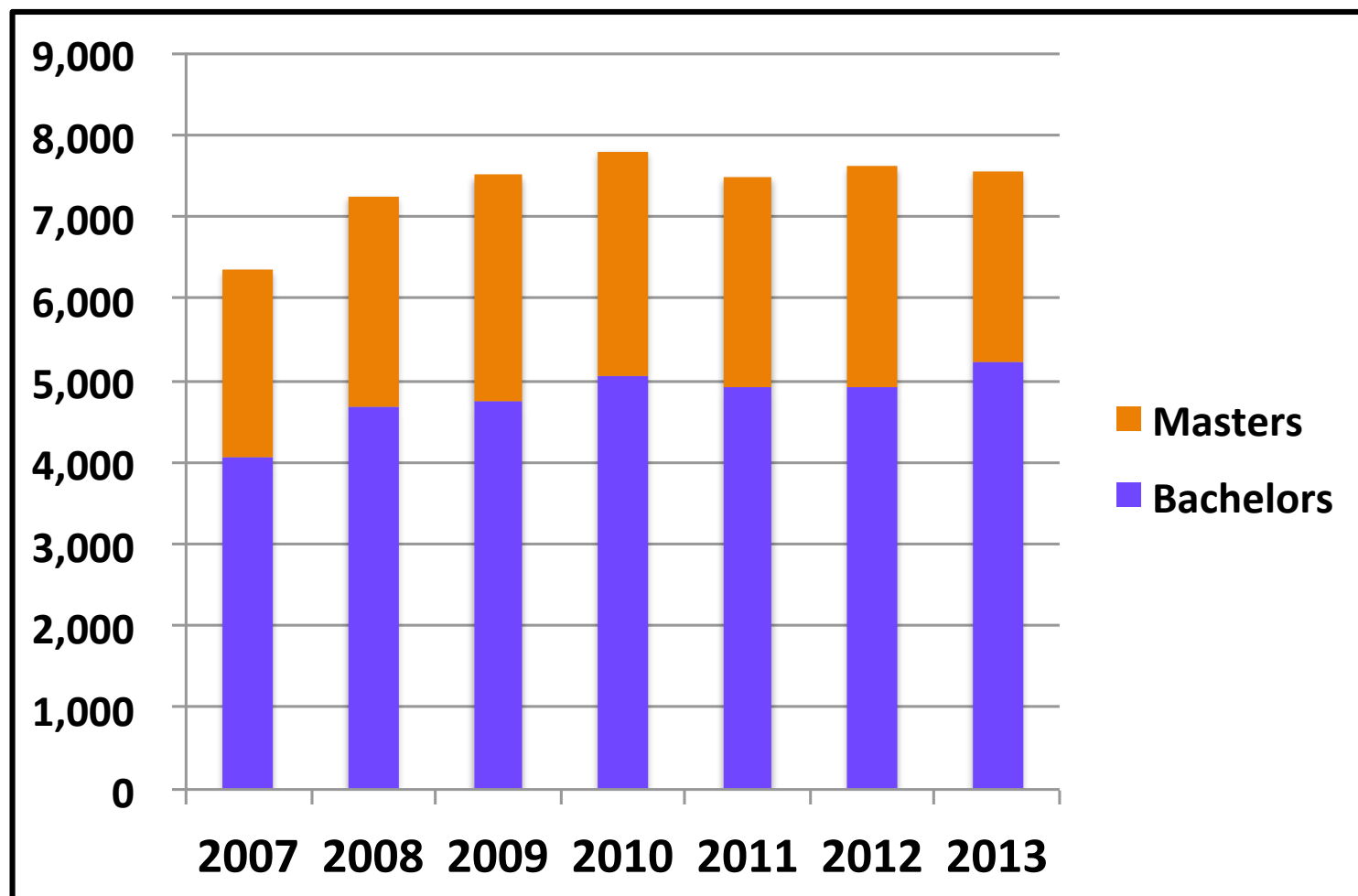
Sources: AAUP Salary Survey

	Full	Associate	Assistant	Lecturer
SJSU Average	\$95,642	\$76,542	\$73,656	\$57,519
Average of Other CSU's	\$92,721	\$74,936	\$68,435	\$54,497
SJSU vs. Average	\$2,921	\$1,606	\$5,221	\$3,022
SJSU Rank (out of 23)	4	10	2	5

Graduation and Persistence Rates, Degrees Conferred, and Class Size

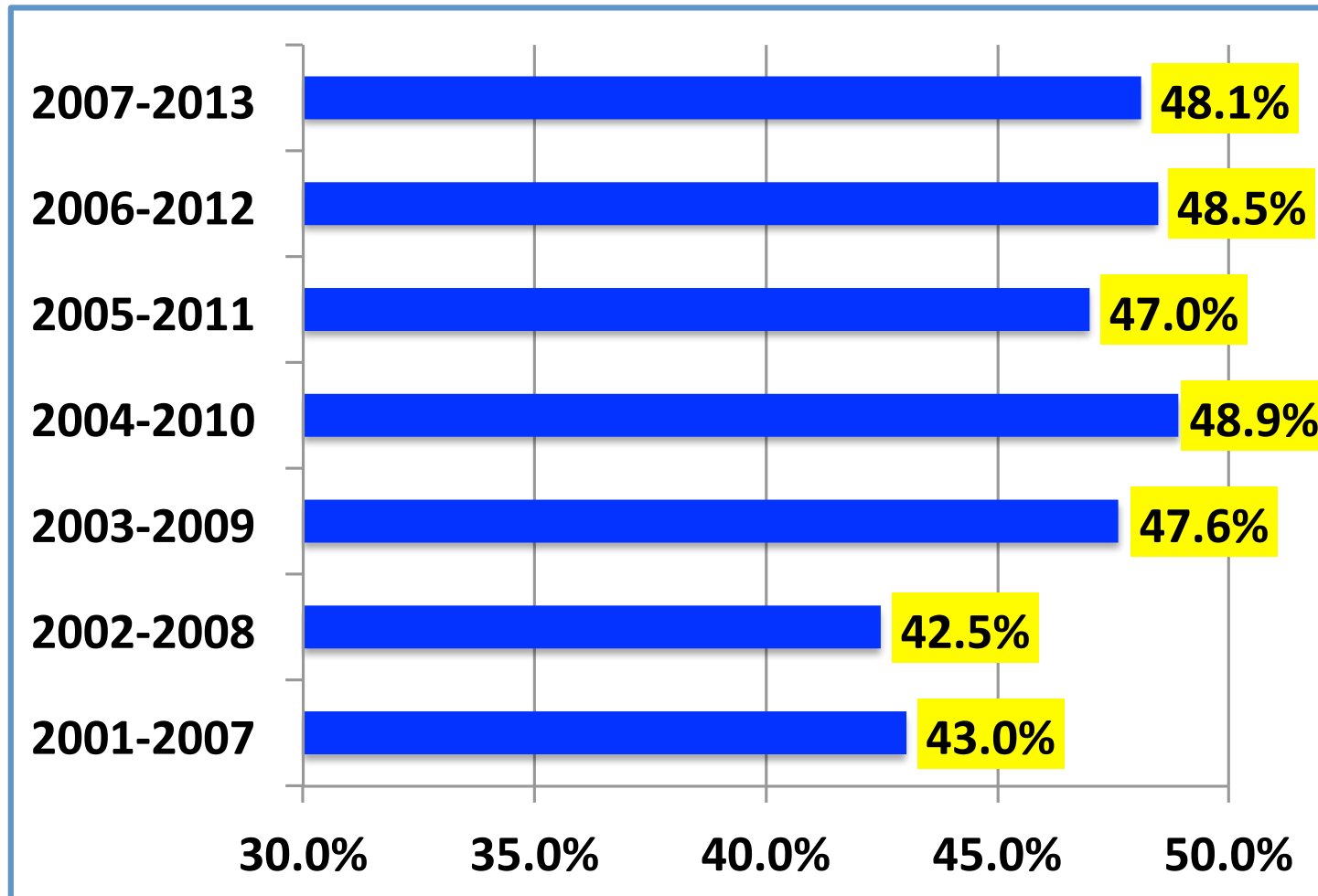
Degrees Conferred

<http://www.iea.sjsu.edu/Reports/CDS/default.cfm> per Common Data Set



Graduation Rates:

6-Year Rates per Common Data Set <http://www.iea.sjsu.edu/Reports/CDS/default.cfm>



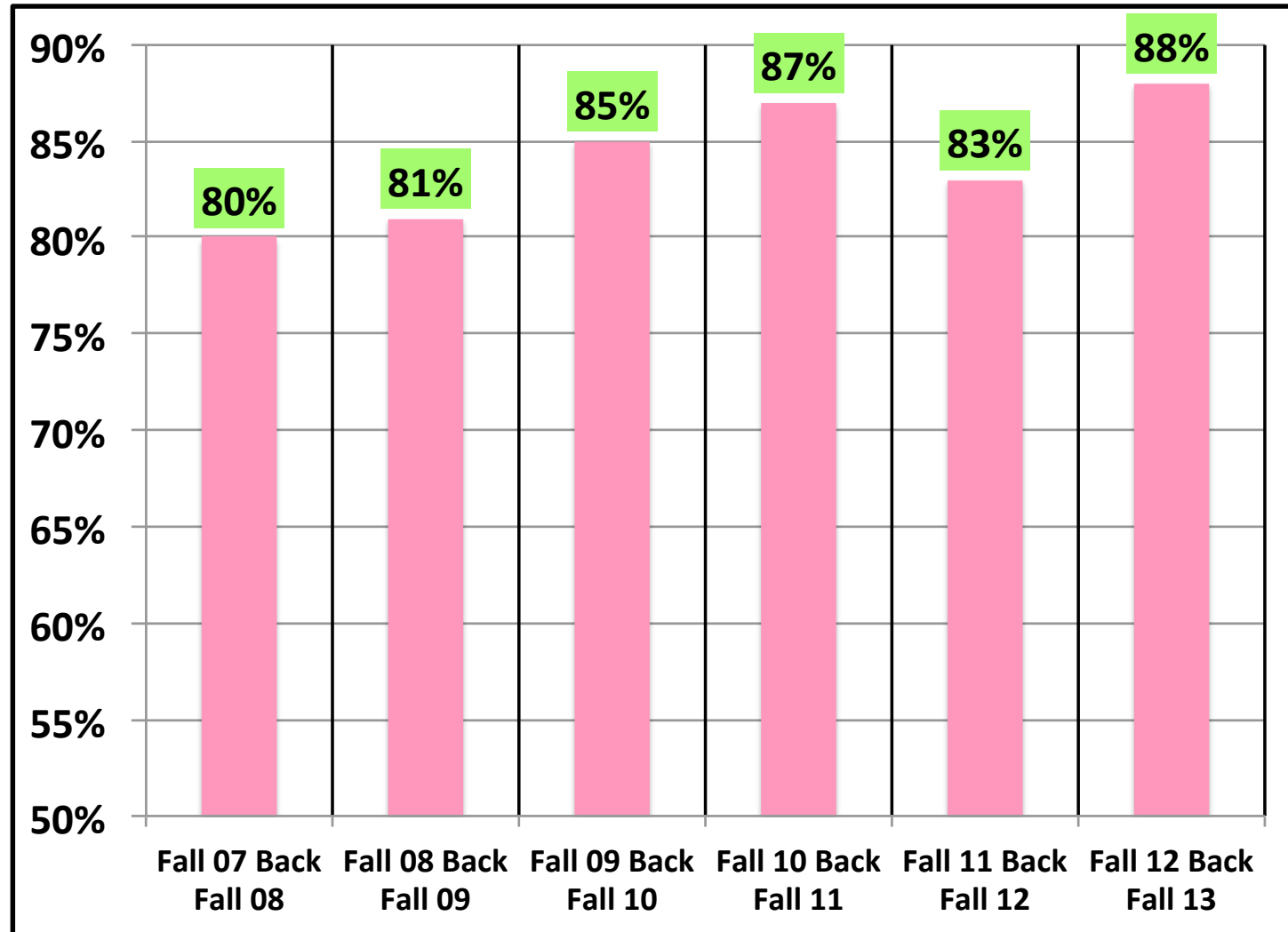
Data Behind Graduation Rates

per Common Data Set <http://www.iea.sjsu.edu/Reports/CDS/default.cfm>

Cohort	# in Cohort	# Grad in 4 Yrs	# Grad in 5 Yrs	# Grad in 6 Yrs	Total Graduating within 6 Years
2001	2573	194	561	352	1107
2002	2526	146	541	386	1073
2003	1820	158	435	274	867
2004	2277	191	561	362	1114
2005	2439	165	614	367	1146
2006	2549	206	620	409	1235
2007	3090	247	792	447	1486
Cohort	4-Year Rate	5-Year Rate	6-Year Rate		
2001	8%	29%	43%		
2002	6%	27%	42%		
2003	9%	33%	48%		
2004	8%	33%	49%		
2005	7%	32%	47%		
2006	8%	32%	48%		
2007	8%	34%	48%		

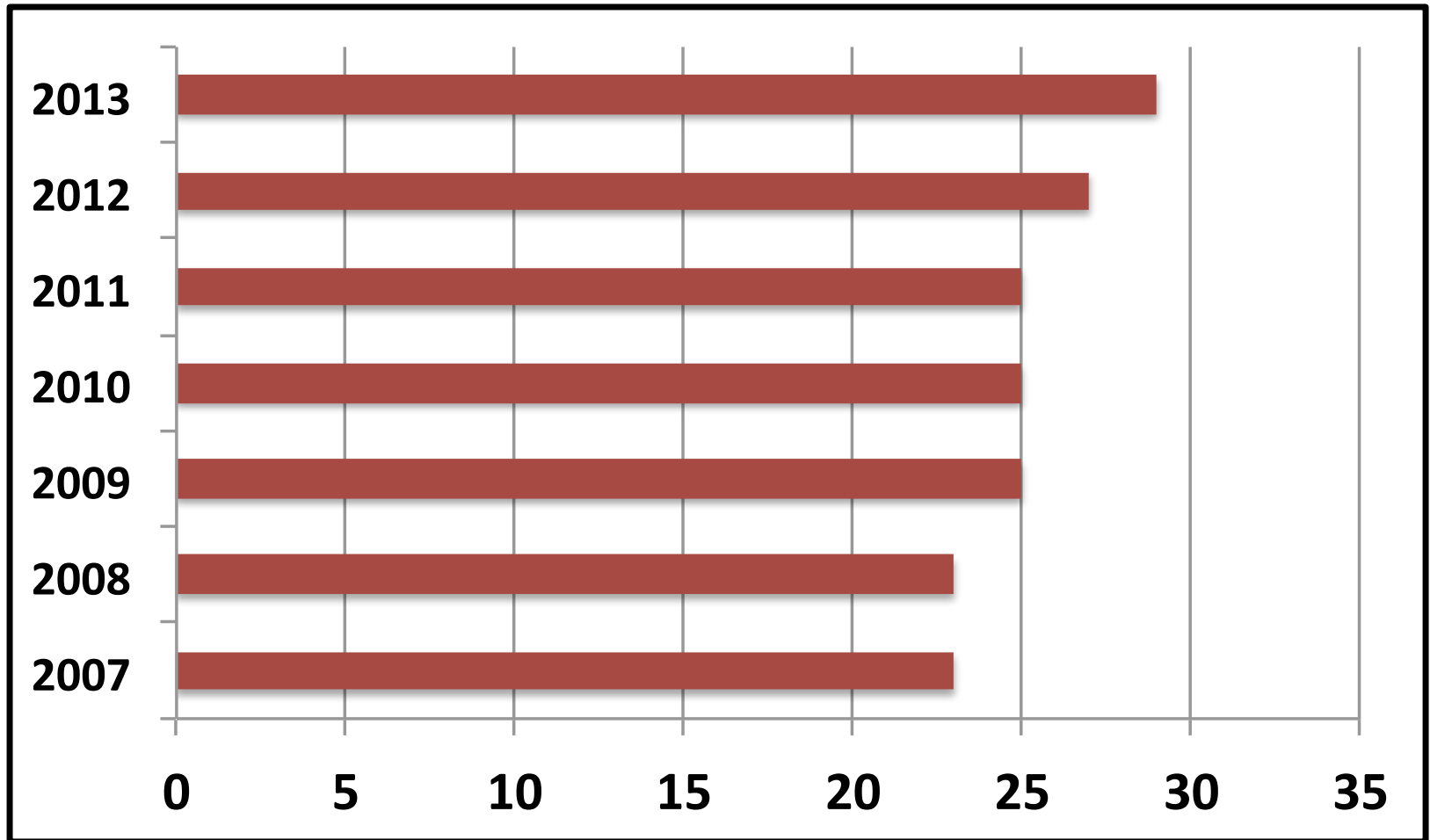
One-Year Retention Rates

per Common Data Set <http://www.iea.sjsu.edu/Reports/CDS/default.cfm>

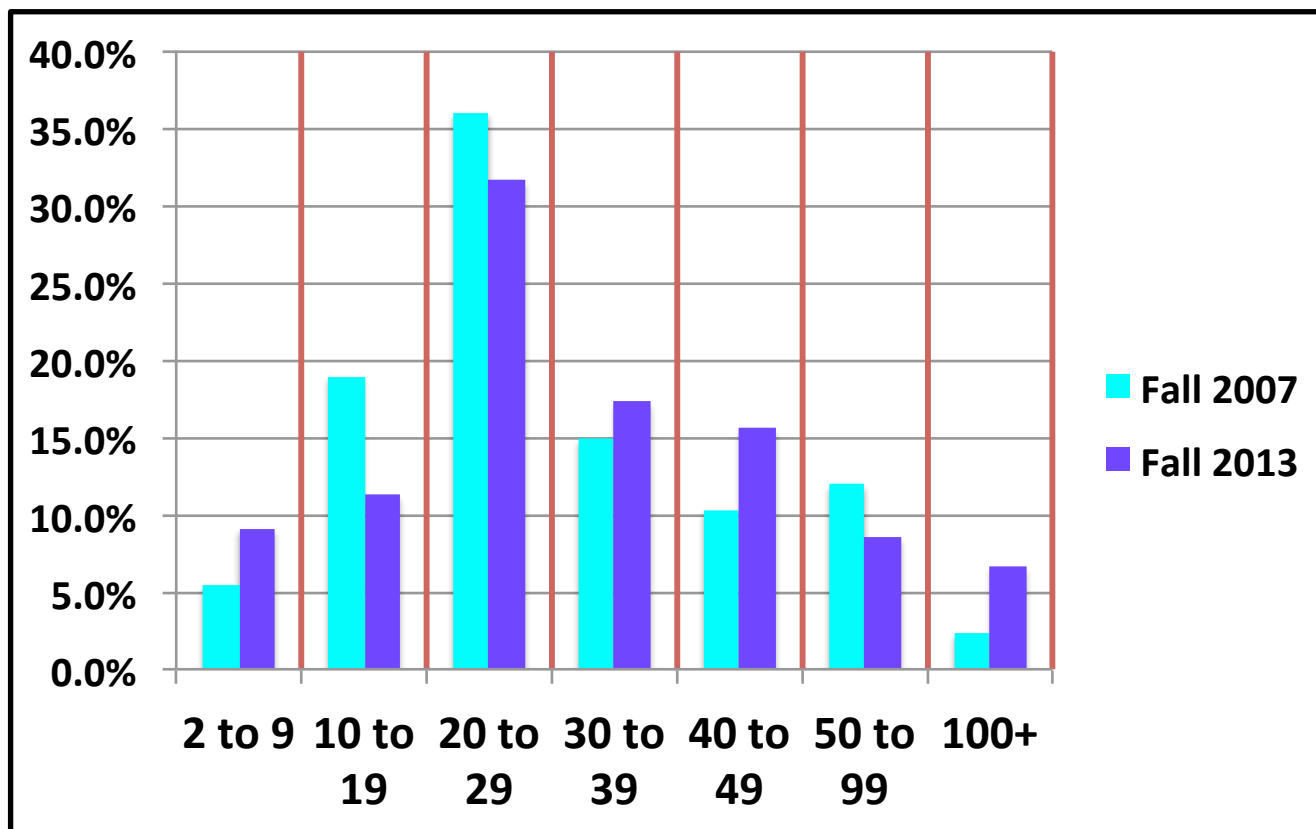


Student Faculty Ratio per Common Data Set

<http://www.iea.sjsu.edu/Reports/CDS/default.cfm>, Fall Term



Class Size per Common Data Set: % of Sections with Specific Class Sizes, Fall 2007 vs. Fall 2013



Size:	Fall 07	Fall 13	# Change	% Change
2 to 20	852	724	-128	-15%
21 to 50	2130	2293	163	8%
> 50	496	540	44	9%
Totals	3478	3557	79	2%

Conclusions

The Financial Condition of CSU System and the State of CA



- Appropriation and enrollment in 2014 and 2015 are up for the CSU System, and state tax revenues are higher

Financial Condition of SJSU



- Despite a huge decline in the state appropriation, reserves and cash flows are fine.
- Any claim of financial hardship are not supported by the evidence – SJSU is NOT BROKE!

Priorities of the Administration



- Faculty costs are a declining share of total expenses; definitive trend in the hiring of part time faculty. Students have larger classes and are paying more and getting less
- Athletics is a major drain, and the Success fee is used for athletics