Student’s Union

Presentation by Martin Ferguson-Pell, Acting Provost
Phyllis Clark, Vice-President (Finance & Administration)

October 8, 2013
1. University budget overview
2. Recap of government decisions
3. Proposed plans
4. Tuition
5. Questions
## INSTITUTIONAL STRUCTURE
(CONSOLIDATED)

| OPERATING | Revenue: grants, tuition/fees, investment, etc.  
| Expense: salaries & benefits, utilities, etc. |
| --- | --- |
| ANCILLARY | Self-financing units.  
e.g. bookstore, residences and parking |
| CAPITAL | Restricted. Funded by Province, donations, mortgages for capital projects, e.g. NINT |
| RESEARCH & OTHER | External funding for restricted activities.  
e.g. sponsored research, donations and contracts |

### CONSOLIDATED BUDGET  
($1.7 BILLION)  

<table>
<thead>
<tr>
<th>UNRESTRICTED</th>
</tr>
</thead>
</table>
$1.7 Billion Budget

- Tuition & Fees: 16%
- Provincial Government: 45%
- Sales of Products & Srvs: 13%
- Federal & Other Gov't: 11%
- Amortization (deferred capital contrib): 7%
- Donations & Grants: 5%
- Investment Income: 3%

Source: Comprehensive Institutional Plan 2012
INSTITUTIONAL STRUCTURE
(CONсолIDATED)
EXPENDITURES

$1.7 Billion

Unrestricted
59%
(general operating)

Restricted
41%
(e.g. research, capital, donations, endowment, ancillaries, etc.)

Source: Audited Financial Statements, 2012-13
INSTITUTIONAL STRUCTURE (CONSOLIDATED) EXPENDITURES BY TYPE

$1.7 Billion

- Salaries 51%
- Materials, Supplies and Services 21%
- Amortization 10%
- Benefits 10%
- Scholarships and Bursaries 5%
- Utilities 3%

Source: Audited Financial Statements, 2012-13
INSTITUTIONAL STRUCTURE (OPERATING)

REVENUE SOURCES

$949 Million Budget

- Tuition Fees: 29%
- Provincial Government: 62%
- Sales of Products & Services: 7%
- Other Gov't, Donations & Grants: 1%
- Investment Income: 1%

Source: Comprehensive Institutional Plan 2012
INSTITUTIONAL STRUCTURE (OPERATING)
BUDGETED EXPENDITURES BY TYPE

$954 Million Budget

- Salaries: 63%
- Benefits: 14%
- Utilities: 5%
- Repairs & Maintenance: 8%
- Scholarships and Awards: 3%
- Materials, Supplies & Services: 3%
- Capital Acquisitions: 4%

Source: Comprehensive Institutional Plan 2012
PRIMARY OPERATING BUDGET REVENUE VS. PRIMARY OPERATING BUDGET EXPENSES

*Centrally available funding
• Take the time to plan
• Achieve a balance over three years
• Board approves CIP with three year plan

<table>
<thead>
<tr>
<th>Targeted Budget Reductions</th>
<th>Year 1 2013-14</th>
<th>Year 2 2014-15</th>
<th>Year 3 2015-16</th>
</tr>
</thead>
<tbody>
<tr>
<td>$28 M</td>
<td>$26 M</td>
<td>$30 M</td>
<td></td>
</tr>
</tbody>
</table>
## 2013-14 Budget Reductions

### Faculties

1. 1.5% ATB of faculties’ portion of base  
   - $7.6 M
2. 25% reduction travel and hosting  
   - $2.0 M
3. Provost initiatives (Extension, programming)  
   - $2.5 M
4. Graduate funding (BU, AR, SC, FGSR, PER)  
   - $5.0 M

**Total:** $17.1 M  
60% of $28m total reduction to Base

### Support (3.0% ATB plus 25% reduction to travel and hosting)

1. Provost (Libraries, HSC, Scholarships, AICT)  
   - $7.8 M
2. VP F&O  
   - $1.4 M
3. VP Research  
   - $0.4 M
4. VP UR  
   - $0.3 M
5. VP F&A  
   - $1.2 M
6. Governance  
   - $0.2 M
7. VP Advancement  
   - $0.4 M

**Total:** $11.7 M  
41% of $28m total reduction to Base

### Grand Total  
$28.8
AUGUST 16
MINISTER REQUIRES
BALANCED BUDGET IN TWO YEARS

Original three year plan

<table>
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<tr>
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<td>Targeted Budget Reductions</td>
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Revised two year plan

<table>
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<tr>
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<th>Year 2 2014-15</th>
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<tr>
<td>Targeted Budget Reductions</td>
<td>$28 M</td>
<td>$56 M</td>
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</table>
## BUDGET REDUCTION TARGETS FOR 2014-15

<table>
<thead>
<tr>
<th>Category</th>
<th>Budget Reduction</th>
</tr>
</thead>
<tbody>
<tr>
<td>Faculties 7% budget reductions*</td>
<td>$36 M</td>
</tr>
<tr>
<td>Admin Portfolios 8% - 10% budget reductions *</td>
<td>$15 M</td>
</tr>
<tr>
<td>Other savings (central institutional)</td>
<td>$ 5 M</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$56 M</strong></td>
</tr>
</tbody>
</table>

* Overall budget reduction targets. Differential cuts will be applied.
**WHAT HAVE WE BEEN DOING?**

<table>
<thead>
<tr>
<th>Date</th>
<th>Activity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Apr 16-18</td>
<td>Board Strategic Planning Retreat</td>
</tr>
<tr>
<td>Mar 7</td>
<td>Provincial budget</td>
</tr>
<tr>
<td>Mar 10</td>
<td>Emergency Meeting President, Acting Provost and Deans</td>
</tr>
<tr>
<td>July 5</td>
<td>Mini Deans Retreat</td>
</tr>
<tr>
<td>July 19</td>
<td>Second Mini Deans Retreat</td>
</tr>
<tr>
<td>July 22</td>
<td>Formal letter to AASUA regarding compensation re-opener</td>
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<tr>
<td>July 30</td>
<td>Formal letter to NASA regarding compensation re-opener</td>
</tr>
<tr>
<td>July 30</td>
<td>AASUA rejects compensation re-opener</td>
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<tr>
<td>Aug 1</td>
<td>NASA recommend to membership to vote NO to compensation re-opener</td>
</tr>
<tr>
<td>Aug 6</td>
<td>Launch voluntary severance program</td>
</tr>
<tr>
<td>Aug 21</td>
<td>PEC (S) Retreat</td>
</tr>
<tr>
<td>Aug 22</td>
<td>PEC (S) and Deans Retreat</td>
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</table>
POSSIBLE MITIGATION STRATEGIES TO BUDGET REDUCTIONS

Revenue generation

• Indirect costs of research funding
• International student enrolment
• Implement net revenue generating programs
  – (eg. professional course-based masters)
• Fund development

Managing expenditures

• Voluntary severance
• Ren Committee
• Other negotiations
Voluntary Severance ~1%
New external faculty revenue ~1%
Increased enrolment revenue ~1%

Depending on the mitigation strategy 1% in ~ $3 million to $6 million
WHAT HAPPENS AFTER 2014-15?

- Budget challenges will continue
- No forecast increase in Campus Alberta grant
- Marginal increase in tuition revenue
- General inflation 2 to 4 percent
2014-15 TUITION & FEES CONSULTATIONS

- T-BAC/M-BAC process
- R-BAC process
- Ministry confirmed Alberta CPI at 1 percent
- Proposed that 2012-13 general tuition increase by 1 percent for 2014-15
- Consultations on increasing IDF multiplier
- Proposed increase to residence fees
- Possible increases to Athletics and Recreation MNIF
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<tr>
<td>Oct 2</td>
<td>R-BAC consultations</td>
</tr>
<tr>
<td>Oct 10</td>
<td>T-BAC/M-BAC consultations</td>
</tr>
<tr>
<td>Oct - Mar</td>
<td>Consultations/recommendations on Athletics and Recreation Fee (tentative)</td>
</tr>
<tr>
<td>Oct 16</td>
<td>R-BAC consultations</td>
</tr>
<tr>
<td>Oct 30</td>
<td>R-BAC consultations</td>
</tr>
<tr>
<td>Nov 12</td>
<td>T-BAC/M-BAC/R-BAC consultations</td>
</tr>
<tr>
<td>Nov 13</td>
<td>GFC (APC) tuition recommendation to BFPC</td>
</tr>
<tr>
<td>Nov 26</td>
<td>BFPC tuition/residence fee recommendations to Board</td>
</tr>
<tr>
<td>Dec 10</td>
<td>T-BAC/M-BAC consultations</td>
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<tr>
<td>Dec 12</td>
<td>R-BAC consultations</td>
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<td>Dec 13</td>
<td>Board vote on tuition and residence fees</td>
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GO FORWARD STRATEGIES

1. Academic Transformation
2. Sustainable Financial Models
3. Administrative Efficiencies
4. Culture Change
Student’s Union

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October 8, 2013