



2018-2019 Budget Briefing

General Faculties Council

March 19, 2018

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President and Vice-chancellor

## **Good news in Budget 2018 (over 5 years):**

- \$925M over five years to the Tri-Councils
- \$231.3M for the Research Support Fund
- \$275M for international, interdisciplinary, fast-breaking and higher-risk
- \$540M investment in the National Research Council and federal laboratories
- \$763M for the Canada Foundation for Innovation (CFI)
- \$210M for the Canada Research Chairs (CRC) Program—  
focused on Tier II

## **Provincial Funding Review**

- Uncertainty around funding review continues

## **Fee Regulation**

- Review of Tuition Fee Regulation continues
- Freeze on domestic tuition and MNIFs extended into 2018-19

## **Revenue Generation**

- Government has slowed the approval process or temporarily stopped the capacity of the university to generate new revenue streams

## **Provincial Government Fiscal Position**

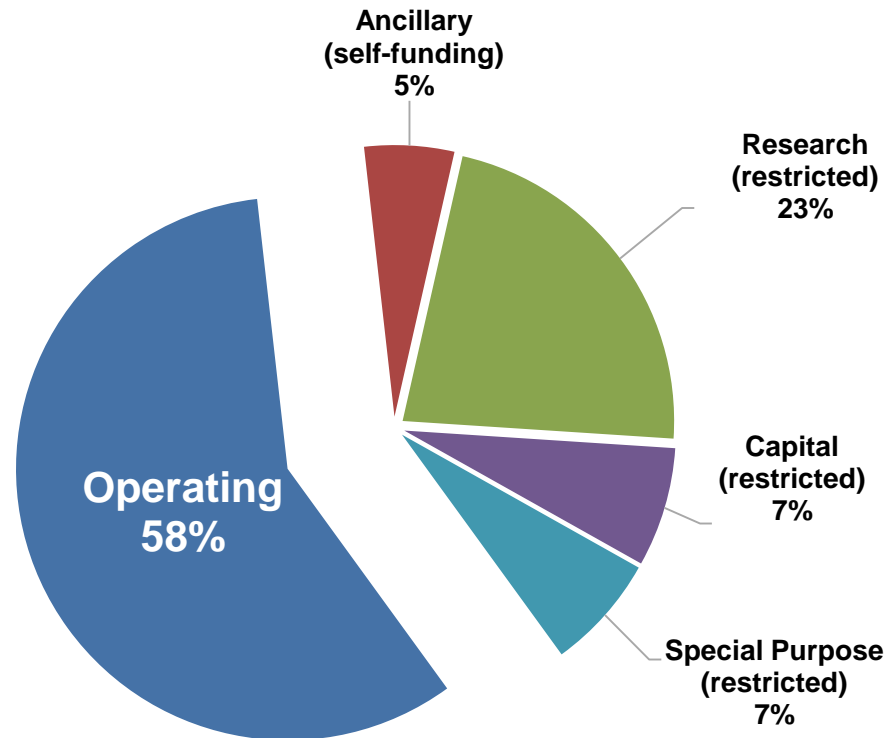
- Q3 Fiscal Update projected a provincial deficit of \$9.1 billion
- Provincial in-year reductions of \$400 million announced
- Premier references compassionate belt-tightening
- Ministry requested reduction in discretionary spending for 2017-18

## **Expanding number of universities**

- Grande Prairie, Red Deer, ACAD

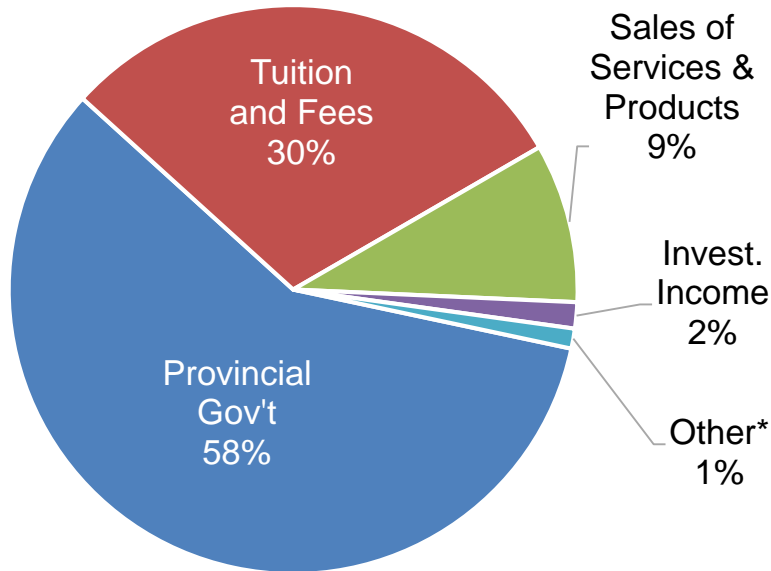
# 2018-19 Consolidated Budget By Fund

Only 58 percent of consolidated budget can be used for funding the core operations of the university.

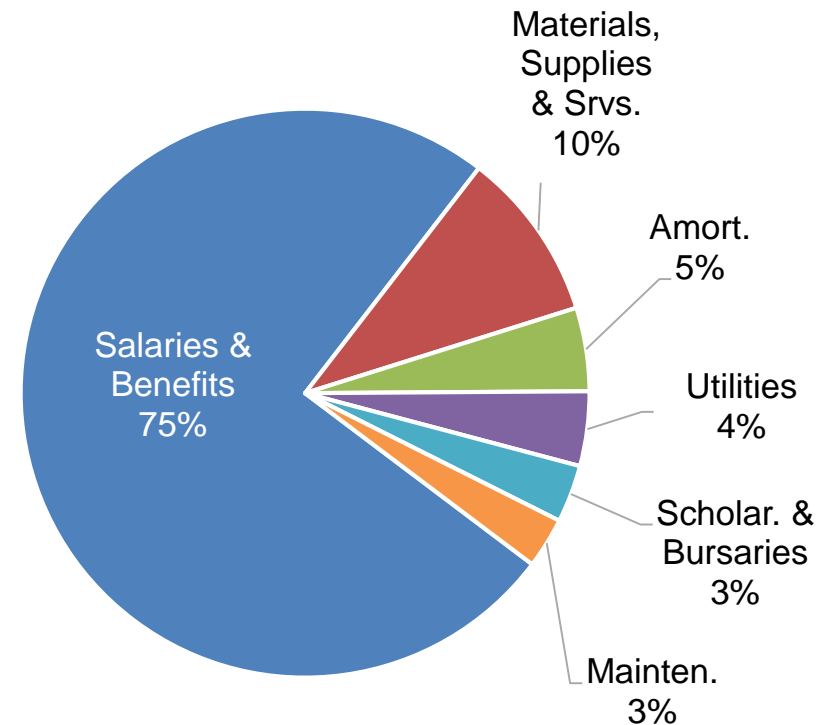


# 2018-19 Operating Budget by Revenue Source and Expense

**Operating Revenue:  
\$1,140 million**



**Operating Expense:  
\$1,143 million**



\* Grants and Donations (\$11.3M) and Federal/Other Gov't (\$1.6M)

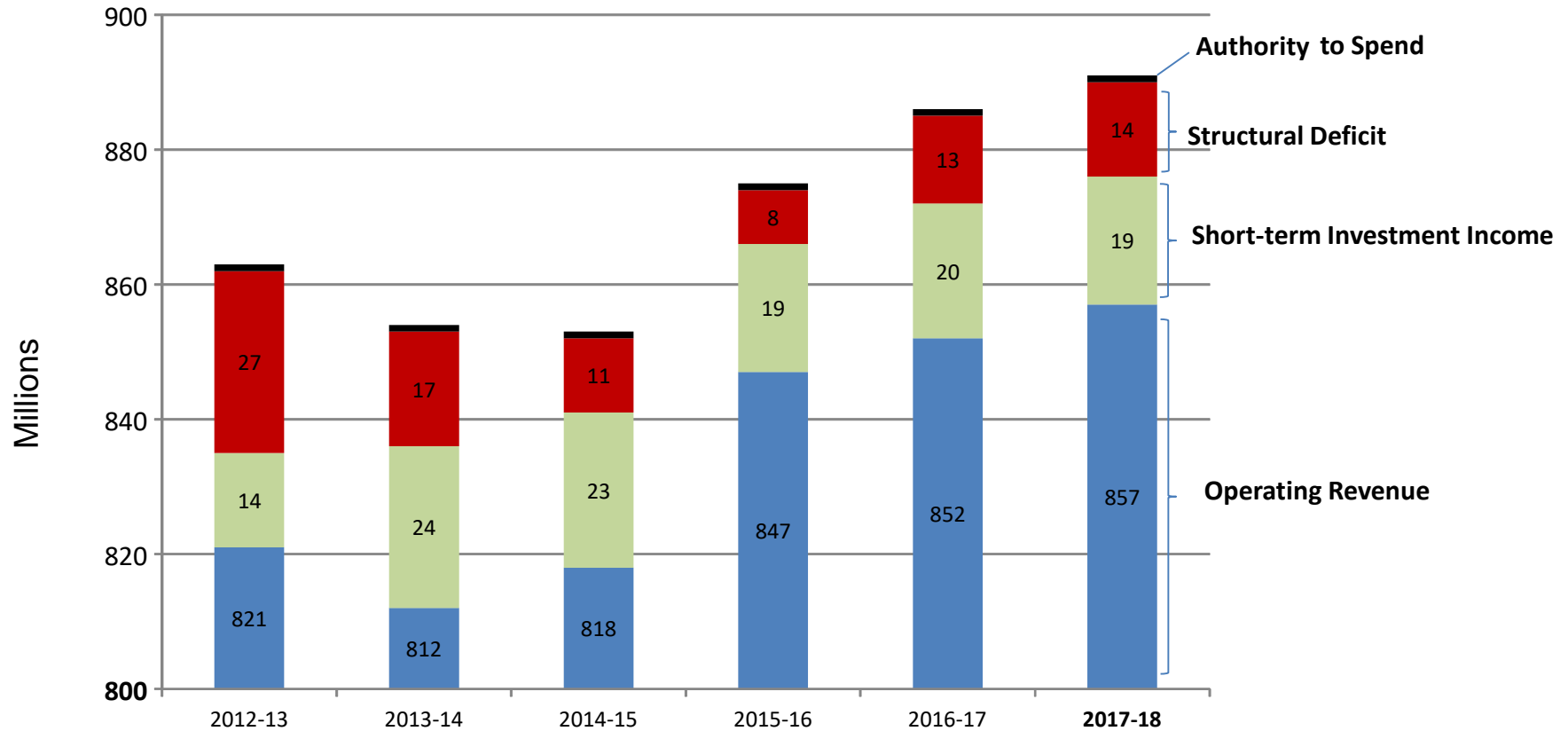
External factors:

- **Costs pressures** in our consumption of goods and services, such as utilities, benefits, and maintenance. (\$14M)

Internal factors:

- Operating spending allocations are outpacing revenues, creating a **structural deficit** in the operating budget of approximately \$14 million.
- There is too much reliance on short-term investment income to reduce the size of the deficit.

# Structural Deficit in Operating Budget

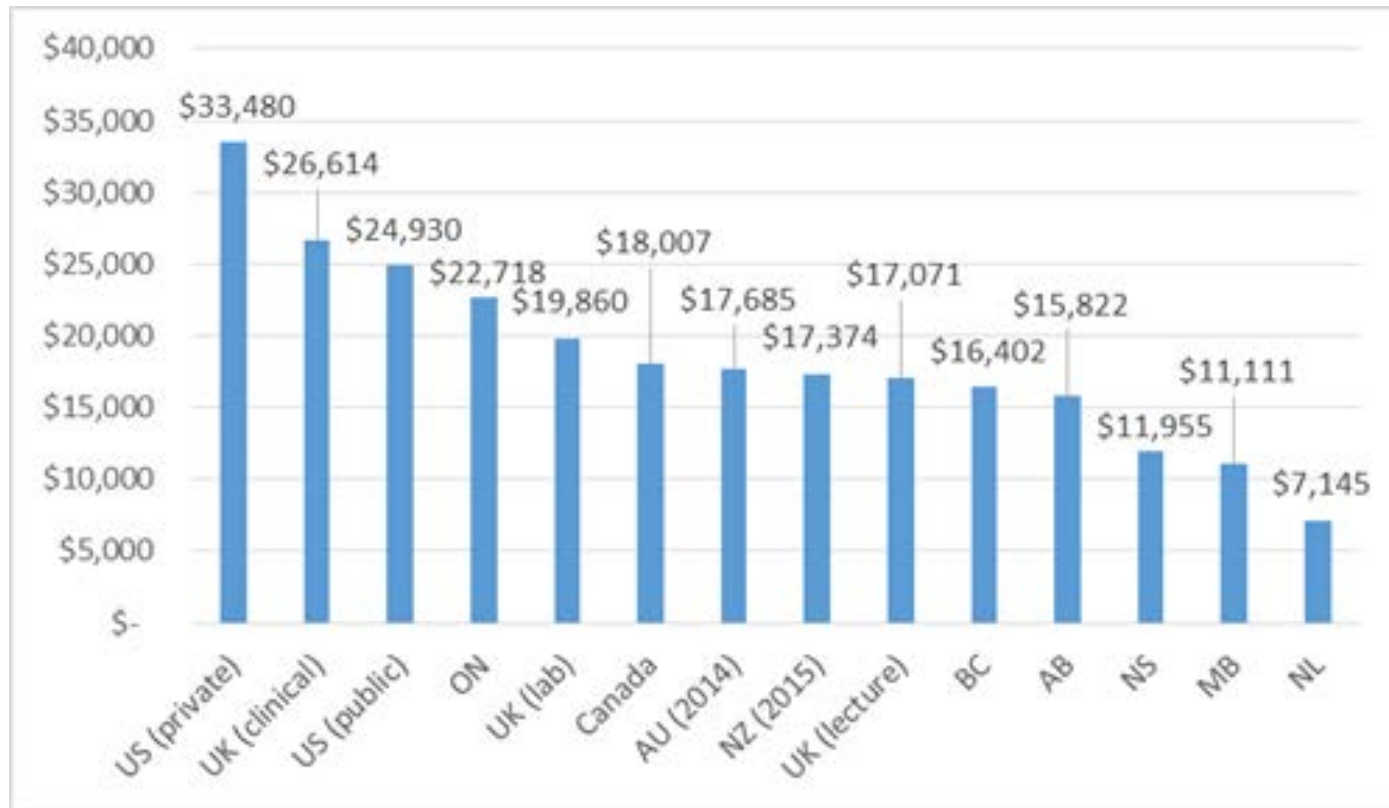


| Revenue  | 18-19  | 19-20  | 20-21  | Sensitivity  |
|--|--------|--------|--------|--------------|
| <b>Grant</b>                                     | 0%     | 0%     | 0%     | 1% = \$6.2M  |
| <b>Domestic Tuition</b>                          | 0%     | 0%     | 0%     | 1% = \$1.9M  |
| <b>Tuition Backfill</b>                          | \$0    | \$0    | \$0    |              |
| <b>International Tuition</b>                     | 3.1%   | 2.5%   | 2.5%   | 1% = 0.9M    |
| <b>Short-term Investment</b>                     | \$17 M | \$15 M | \$13 M |              |
| Expenditures                                     | 18-19  | 19-20  | 20-21  | Sensitivity  |
| <b>ATB (NASA &amp; AASUA)</b>                    | TBN    | TBN    | TBN    | 1% = \$6.3 M |
| <b>Merit (<math>\mu</math> NASA &amp; AASUA)</b> | 1.1%   | 1.1%   | 1.1%   | 1% = \$6.3M  |
| <b>Benefits<sup>1</sup></b>                      | 4%     | 4%     | 4%     | 1% = \$1.6 M |

<sup>1</sup> Note: Average annual increase to benefits will vary subject to actuarial forecasts, pension plan performance and changes in staffing patterns



# Average International Student Tuition Fees, Selected Jurisdictions, in \$USD



Source: Higher Education Strategy Associates (Dec 2016)

| International                  | Undergrad<br>(Arts & Social Science) |          | M. A.           |           | PhD             |           |
|--------------------------------|--------------------------------------|----------|-----------------|-----------|-----------------|-----------|
|                                | \$                                   | Rank     | \$              |           | \$              | Rank      |
| <b>University of Alberta</b>   | <b>\$21,010</b>                      | <b>8</b> | <b>\$7,058</b>  | <b>13</b> | <b>\$7,058</b>  | <b>13</b> |
| Dalhousie University           | \$16,650                             | 11       | \$17,085        | 7         | \$18,560        | 3         |
| McGill University              | \$17,331                             | 10       | \$16,373        | 8         | \$14,697        | 8         |
| McMaster University            | \$25,905                             | 7        | \$17,096        | 6         | \$17,096        | 6         |
| Queen's University             | \$37,490                             | 2        | \$12,927        | 9         | \$12,927        | 9         |
| Université Laval               | \$16,373                             | 12       | \$19,501        | 3         | \$17,507        | 5         |
| University of British Columbia | \$34,847                             | 3        | \$8,436         | 12        | \$8,436         | 12        |
| University of Calgary          | \$18,338                             | 9        | \$12,696        | 10        | \$12,696        | 10        |
| University of Manitoba         | \$13,517                             | 14       | \$10,240        | 11        | \$10,240        | 11        |
| University of Ottawa           | \$27,343                             | 4        | \$19,260        | 4         | \$16,334        | 7         |
| University of Saskatchewan     | \$15,584                             | 13       | \$5,909         | 14        | \$5,909         | 14        |
| University of Toronto          | \$45,690                             | 1        | \$21,560        | 1         | \$21,560        | 1         |
| University of Waterloo         | \$26,940                             | 5        | \$19,914        | 2         | \$19,716        | 2         |
| Western University             | \$26,614                             | 6        | \$17,694        | 5         | \$17,694        | 4         |
| <b>AVERAGE</b>                 | <b>\$24,545</b>                      |          | <b>\$14,696</b> |           | <b>\$14,316</b> |           |
| <b>AVERAGE w/out U of A</b>    | <b>\$24,817</b>                      |          | <b>\$15,284</b> |           | <b>\$14,875</b> |           |

Source: U15 Data Exchange

- International undergraduate tuition at the U of A is below the U15 average, and a 3.14% increase will not change that position.
- Provinces have different policies for international students. Alberta expects international students to pay the full costs of their education.
- There are only 14 universities listed because Université de Montréal did not submit their data.

|                                      | 2018-19 | 2019-20 | 2020-21 |
|--------------------------------------|---------|---------|---------|
| <b>Budget Reductions and Targets</b> | 4%      | 2.5%    | 2.5%    |

- Offsets cost pressures
- Incorporates reductions in short-term investment income
- Moves to resolve structural deficit

- Quality housing and good nutrition are critical to student academic and experiential success.
- All funds received from students for shelter and food stay within the residence system.
- No student tuition or government funding is invested in residences or dining services.
- Residence and dining services must operate on a breakeven basis. No profit is sought; no loss can be sustained.
- Residences will be operated as a system.
- Student input is highly valued. Students will assist in shaping the development of residence and dining plans and priorities to sustain and improve the residence and food system.

## Assumptions

- Residence Fees 4.0% proposed increase  
(all locations)

- Meal Fees:

|                                   |                    | 2017-18 | Proposed |        | Cost per<br>day after<br>increase |
|-----------------------------------|--------------------|---------|----------|--------|-----------------------------------|
|                                   |                    |         | 2018-19  |        |                                   |
|                                   |                    | Rate    | Rate     | Change |                                   |
| <b><u>Lister Hall</u></b>         | Level 1            | \$4,782 | \$4,999  | 4.54%  | \$19.33*                          |
|                                   | Level 2            | \$4,317 | \$4,400  | 1.92%  | \$23.70*                          |
|                                   | (Flex \$ included) | \$900   | \$300    |        |                                   |
| <b><u>Peter Lougheed Hall</u></b> | Level 1            | \$4,650 | \$4,999  | 7.51%  | \$19.33*                          |
|                                   | (Flex \$ included) | \$400   | \$300    |        |                                   |
| <b><u>Augustana</u></b>           | 8 months           | \$4,297 | \$4,422  | 2.9%   | \$18                              |
|                                   | 4 months           | \$2,247 | \$2,312  | 2.9%   | \$19                              |

\* Cost per day excludes flex dollars

## Combined Rent & Meal Rate

