

General Faculties Council Budget Briefing

September 26, 2016



Agenda

1. The Planning Context
2. Enhanced Budget Communications Program
3. 2016 – 2017 CIP Approved Budget and Assumptions
4. Budget Updates
5. Risks and Pressures

For the Public Good, Au service de l'intérêt public

- University's institutional strategic plan
- One long-term multi-layered plan to guide decision making
- Informs resource allocation/re-allocation decisions
- Supported by equitable, meaningful and relevant quantitative and qualitative measures including financial

Enhanced Budget Communications Program

- *Better community understanding of the U of A's financial resources*
- Regular updates and conversations, on an annual cycle
- Led by president, provost, VP finance, Resource Planning, Internal Communications
- Program to include town hall, Gold College, staff orientations, the Quad, website, other briefings
- Next community update October, 2016



Consolidated Budget 2016-17 (\$'000)

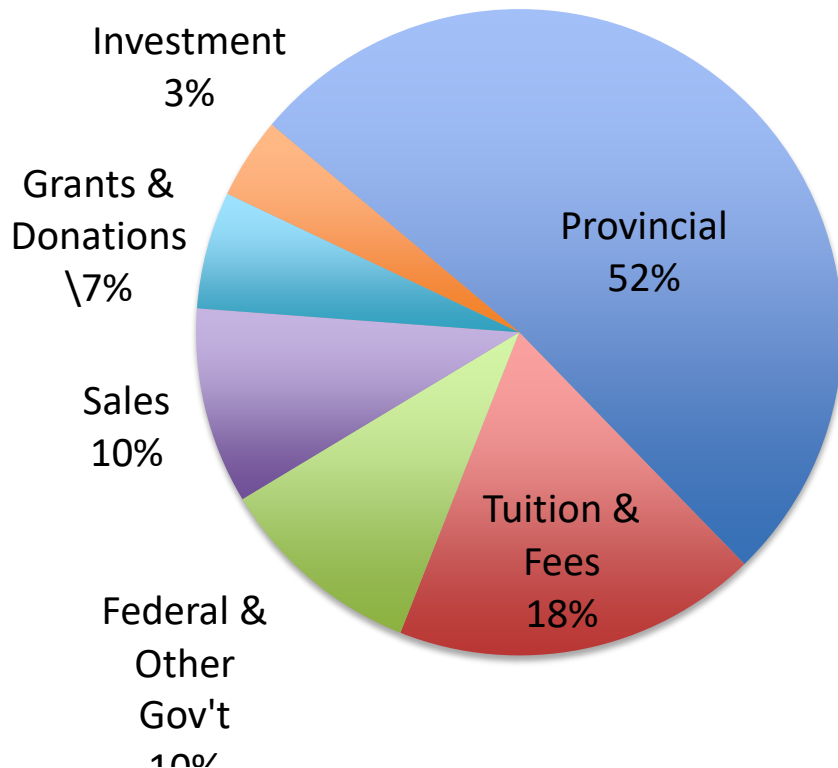
Approved CIP 2016

	<u>Operating</u>	<u>Ancil.</u>	<u>Research</u>	<u>Capital</u>	<u>Special Purpose</u>	<u>TOTAL</u>
Revenue:						
Provincial & Other Gov't	656,882	-	296,872	127,770	71,708	1,153,232
Tuition and Related Fees	332,440	1,938	-	-	-	334,378
Other (donations, sales, etc)	<u>107,233</u>	<u>96,346</u>	<u>141,339</u>	<u>18,894</u>	<u>25,182</u>	<u>388,994</u>
Total Revenue	1,096,555	98,284	438,211	146,664	96,890	1,876,603
Expense:						
Salary & Benefit	817,277	29,118	218,172	-	54,100	1,118,667
Non Salary & Benefit	229,400	56,014	185,890	33,488	39,290	544,082
Amortization	<u>47,556</u>	<u>10,684</u>	<u>-</u>	<u>117,993</u>	<u>-</u>	<u>176,233</u>
Total Expense	1,094,233	95,816	404,062	151,481	93,390	1,838,982
Excess (Deficiency)	2,322	2,468	34,148	(4,817)	3,500	37,621
Unrestricted Net Assets	(179,615)	36,461	73,083	616	-	(69,455)

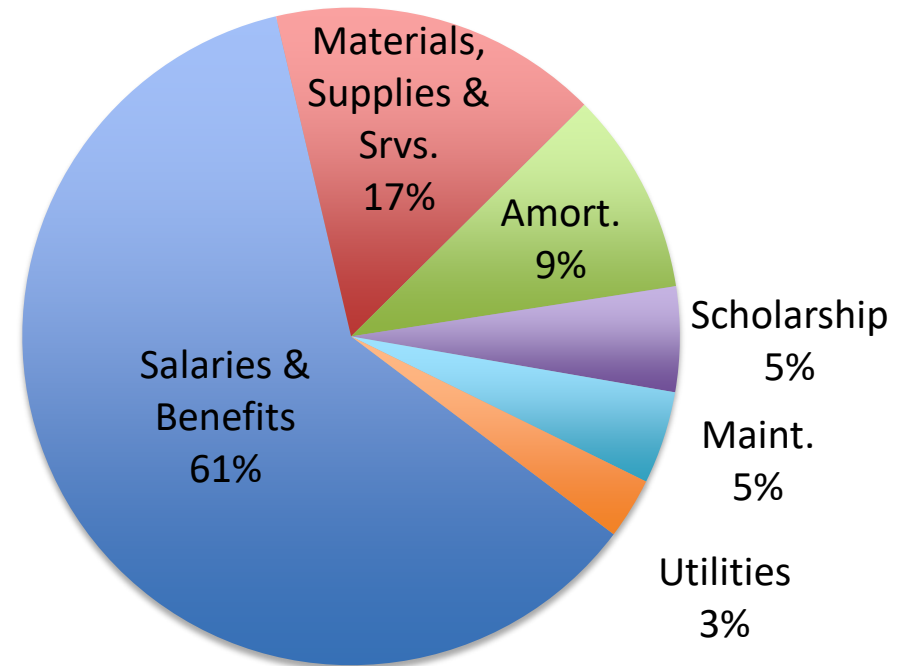
Source: Comprehensive Institutional Plan 2016

Institutional Structure (consolidated)

Revenue



Expense



Source: Comprehensive Institutional Plan 2016

Consolidated Budget Projections Approved CIP 2016

		Projections		
	<u>Budget</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>
Revenue	1,876,603	1,891,309	1,935,480	1,985,061
Expense	1,838,982	1,867,013	1,925,719	1,986,081
Excess (Deficiency)	<u>37,621</u>	<u>24,296</u>	<u>9,761</u>	<u>(1,020)</u>
Investment in Capital Assets	(47,860)	(23,044)	(11,698)	(27,445)
Unrestricted Net Assets, Beginning	(59,216)	(69,455)	(68,203)	(70,140)
Unrestricted Net Assets, Ending	<u>(69,455)</u>	<u>(68,203)</u>	<u>(70,140)</u>	<u>(98,605)</u>

Source: Comprehensive Institutional Plan 2016

CIP Budget Assumptions & Sensitivities

Approved CIP 2016

	2016-17	2017-18(f)	2018-19(f)	2019-20(f)	Sensitivity
Campus AB Grant	2.0%	1.0%	1.0%	1.0%	1% = \$6.1 M
Tuition (CPI) Domestic	0.0%	1.6%	1.6%	1.6%	1% = \$2.7 M
Tuition (CPI) International	1.6%	1.6%	1.6%	1.6%	
Benefits	5.5%	6.5%	6.2%	6.3%	1% = \$1.4 M
UAPP / PSPP	1.2%/4.9%	13.8%/9.5%	11.1%/9.2%	10.7%/8.7%	n/a
Budget Cut	0%				1% = \$7 M

2016-17 Budget Update

OPERATING

- Additional \$4.1 million in Tuition Freeze Funding
- Mandatory Non-Instructional Fees (MNIF) restructured effective 2016-17
 - Five fees modified to three
 - New annual inflation calculation

2016-17 Budget Updates OPERATING (Con't)

AASUA & NASA salary Settlements:

- AASUA three-year agreement July 1, 2015 to June 30, 2018.
 - July 1, 2015 1.5%
 - July 1, 2016 1.0%
 - July 1, 2017 1.5%
- NASA three year agreement April 1, 2016 to Mar 31, 2019
 - April 1, 2016 – 2.50%
 - Dec, 2016 – 1.5% one-time lump sum payment
 - April 1, 2017 – 0%*
 - April 1 – 2018 – TBN%**

*Wage re-opener if the Alberta Government and its employees negotiate a general increase in 2017.

**To be negotiated through a wage and benefit reopener.

2016-17 Budget Updates

CAPITAL

- Additional \$6.5 million in Provincial Infrastructure Maintenance Program funding.
- \$82.5 million of Federal and Provincial Post-Secondary Institutions Strategic Investment Funding for infrastructure upgrades, lab renewals and modernizations.
- Designed as job creation program
 - Federal \$56.3 million
 - Provincial \$26.2 million

Other Budget risks/considerations

- Sustained Alberta economic downturn – impact on government revenues
- Government reviews
 - Funding model
 - Tuition regulation
- University Fiscal Estimates

Enrolment targets	IT infrastructure
Exchange rates	Carbon levy
Equity markets	Minimum wage
Fund development	Deferred maintenance
	Pension/Benefits

Go Forward Timeline

“For the Public Good, Au service de l’intérêt public”

2017-18

- Initiated regular budget process – **Sept. 2016**
- Identify priority areas for investment
- Complete fiscal estimates- **Dec 2016/Jan 2017**
- Draft Comprehensive Institutional Plan (CIP) – **Jan 2017**
- CIP briefings– **Feb 2017**
- Board governance approval – **Feb/Mar 2017**

Ongoing advocacy for stable grant funding increases

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