For the Public Good

2018-2019 Budget Briefing

General Faculties Council
March 19, 2018

David H. Turpin
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
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
- Provincial Gov't 58%
- Tuition and Fees 30%
- Sales of Services & Products 9%
- Invest. Income 2%
- Other* 1%

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

Operating Expense: $1,143 million
- Salaries & Benefits 75%
- Materials, Supplies & Svrs. 10%
- Amort. 5%
- Utilities 4%
- Scholar. & Bursaries 3%
- Mainten. 3%
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

**Authority to Spend**
- 2012-13: 821
- 2013-14: 812
- 2014-15: 818
- 2015-16: 847
- 2016-17: 852
- 2017-18: 857

**Structural Deficit**
- 2012-13: 14
- 2013-14: 24
- 2014-15: 23
- 2015-16: 19
- 2016-17: 20
- 2017-18: 19

**Short-term Investment Income**
- 2012-13: 14
- 2013-14: 24
- 2014-15: 23
- 2015-16: 19
- 2016-17: 20
- 2017-18: 19

**Operating Revenue**
- 2012-13: 821
- 2013-14: 812
- 2014-15: 818
- 2015-16: 847
- 2016-17: 852
- 2017-18: 857
## 2018-19 Budget Planning Parameters

<table>
<thead>
<tr>
<th>Revenue</th>
<th>18-19</th>
<th>19-20</th>
<th>20-21</th>
<th>Sensitivity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grant</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>1% = $6.2M</td>
</tr>
<tr>
<td>Domestic Tuition</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>1% = $1.9M</td>
</tr>
<tr>
<td>Tuition Backfill</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td></td>
</tr>
<tr>
<td>International Tuition</td>
<td>3.1%</td>
<td>2.5%</td>
<td>2.5%</td>
<td>1% = 0.9M</td>
</tr>
<tr>
<td>Short-term Investment</td>
<td>$17M</td>
<td>$15M</td>
<td>$13M</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Expenditures</th>
<th>18-19</th>
<th>19-20</th>
<th>20-21</th>
<th>Sensitivity</th>
</tr>
</thead>
<tbody>
<tr>
<td>ATB (NASA &amp; AASUA)</td>
<td>TBN</td>
<td>TBN</td>
<td>TBN</td>
<td>1% = $6.3 M</td>
</tr>
<tr>
<td>Merit (µ NASA &amp; AASUA)</td>
<td>1.1%</td>
<td>1.1%</td>
<td>1.1%</td>
<td>1% = $6.3M</td>
</tr>
<tr>
<td>Benefits¹</td>
<td>4%</td>
<td>4%</td>
<td>4%</td>
<td>1% = $1.6 M</td>
</tr>
</tbody>
</table>

¹ 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

### U15 International Tuition 2017-18

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

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.
Three-Year Budget Reductions and Targets

<table>
<thead>
<tr>
<th>Budget Reductions and Targets</th>
<th>2018-19</th>
<th>2019-20</th>
<th>2020-21</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>4%</td>
<td>2.5%</td>
<td>2.5%</td>
</tr>
</tbody>
</table>

- 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:

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

* Cost per day excludes flex dollars
Combined Residence and Meal Rate Comparison

Combined Rent & Meal Rate

- Saskatchewan
- Calgary
- Alberta
- Manitoba
- McMaster
- Dalhousie
- UBC
- Ottawa
- McGill
- Queens' University

$2,000.00
$4,000.00
$6,000.00
$8,000.00
$10,000.00
$12,000.00
$14,000.00
$16,000.00