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**

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

Source: Comprehensive Institutional Plan 2016
Institutional Structure (consolidated)

Revenue

Provincial 52%

Tuition & Fees 18%

Federal & Other Gov't 10%

Sales 10%

Grants & Donations \7%

Investment 3%

Investment 3%

Expense

Salaries & Benefits 61%

Materials, Supplies & Svrs. 17%

Amort. 9%

Scholarship 5%

Maint. 5%

Utilities 3%

Source: Comprehensive Institutional Plan 2016
## Consolidated Budget Projections

### Approved CIP 2016

<table>
<thead>
<tr>
<th></th>
<th>Budget</th>
<th>2017-18</th>
<th>2018-19</th>
<th>2019-20</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>1,876,603</td>
<td>1,891,309</td>
<td>1,935,480</td>
<td>1,985,061</td>
</tr>
<tr>
<td>Expense</td>
<td>1,838,982</td>
<td>1,867,013</td>
<td>1,925,719</td>
<td>1,986,081</td>
</tr>
<tr>
<td><strong>Excess (Deficiency)</strong></td>
<td>37,621</td>
<td>24,296</td>
<td>9,761</td>
<td>(1,020)</td>
</tr>
<tr>
<td>Investment in Capital Assets</td>
<td>(47,860)</td>
<td>(23,044)</td>
<td>(11,698)</td>
<td>(27,445)</td>
</tr>
<tr>
<td>Unrestricted Net Assets, Beginning</td>
<td>(59,216)</td>
<td>(69,455)</td>
<td>(68,203)</td>
<td>(70,140)</td>
</tr>
<tr>
<td><strong>Unrestricted Net Assets, Ending</strong></td>
<td>(69,455)</td>
<td>(68,203)</td>
<td>(70,140)</td>
<td>(98,605)</td>
</tr>
</tbody>
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Source: Comprehensive Institutional Plan 2016
## CIP Budget Assumptions & Sensitivities

### Approved CIP 2016

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

<table>
<thead>
<tr>
<th>Enrolment targets</th>
<th>IT infrastructure</th>
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<tbody>
<tr>
<td>Exchange rates</td>
<td>Carbon levy</td>
</tr>
<tr>
<td>Equity markets</td>
<td>Minimum wage</td>
</tr>
<tr>
<td>Fund development</td>
<td>Deferred maintenance</td>
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<tr>
<td></td>
<td>Pension/Benefits</td>
</tr>
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</table>
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