

Academic Council Budget Update

Presented By Craig Elliott, CFO and Robert Bailey, Provost
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Agenda

- 1. 2017-18 Budget**
- 2. Ten Year Forecast**
- 3. 2018-19 Budget**
- 4. Questions/Comments**

2017-18 Budget



Revenue

- Our final enrolment numbers for 2016/17, used as the basis for fixed Grant funding in 2017/18, were higher than our budget estimates resulting in an incremental \$700K of grant revenue.
- Day 10 enrolment numbers are approximately 320 FTE ahead of budget, but still within our enrolment corridor with MAESD. This will generate an additional \$3.0M in tuition from FTE growth, and the recalculation of Engineering tuition.
- Other revenue will have a one-time favourable increase of \$3.2M from the settlement of a historical PST rebate claim

Expense

- On the expense side, we anticipate a number of open positions within the faculties despite our efforts to fill these during the spring/summer. This is estimated to reduce expenses for 2017/18 only by \$1.5M
- Across all departments and faculties we anticipate another \$.5M in saving from lower expenditures

YE Forecast vs Budget at Q2

- Given the revenue and expense updates we just discussed, we are now anticipating a surplus of \$13.6M
- We had planned for a surplus of \$4.7M (\$2.5M for building/deferred maintenance, and \$2.2M contingency)
- The Budget Working Group (BWG) have canvassed SLT to solicit expenditures of a strategic nature, within their areas of responsibility. The BWG prioritized these items and proposed an incremental \$3.5M in spending - \$0.9M Base, and \$2.6M OTO for this year. The senior leadership team have approved these additional expenses.
- Budget holders will be notified of approved items in their area, and Finance will follow-up with the forecasting of these expenses for Q3

Breakdown of Addition In-year Spend for 2017-18

- Base Budget \$0.9M
 - e.g. Disease Surveillance Nurse
 - e.g. JobE increases from appeals
 - e.g. Cybersecurity insurance
 - e.g. Faculty OPEX increase
- One Time Only \$2.6M
 - e.g. Atrium modification
 - e.g. IT Capital
 - e.g. Branding
 - Faculty Capital Fund
 - e.g. Compustat Research Insight Database (FBIT)
 - e.g. Digital Technology Tool Kit Enhancement (FEdu)
 - e.g. OPG X-Lab (FESNS)
 - e.g. Engineering & Innovation Design Studio (FEAS)
 - e.g. Resilient Minds (FHSci)
 - e.g. Genetic analyzer (FSci)
 - e.g. City Innovation Lab (FSSH)

YE Forecast vs Budget at Q2

- If we allocate \$2.5M toward our next building, and spend an additional \$3.5M, we will still have a surplus of \$7.6M
- We are proposing that the remaining surplus of \$7.6M also be allocated toward a new building.

Ten Year Forecast



Key Points From Ten Year Forecast at Q1

- The long term forecast we presented with the 2017/18 budget was balanced for the 10 year period with surpluses in the first five years offset by losses in the last five years
- In the updated 10 Year Forecast for Q1 2017/18 we can see the impact of higher FTE enrolment levels generating approx. \$47M additional Grant and Tuition revenue over the 10 year period.
- The higher FTE attract additional costs in terms of new hires to maintain current student/faculty ratios, and administration/faculty ratios. Other additional items include \$1M/year in administration salaries with the introduction of JES, changes to CPP costs, added costs for new minimum wages legislation, and latest estimates of contract settlements. Total additional expenses over the 10 year period are \$25M
- The Net impact is a surplus, excluding OTO items in 2017/18, of \$19M over the next ten years or roughly \$2M per year.
- This \$2M per year is the amount that we will focus on in the upcoming 2018/19 budget as it frames the amount of additional ASKS that can be funded

10-year Forecast (in ' 000s)												
	SMA 2			SMA 3			SMA 4			SMA 5		
	17/18 Original Budget	17/18 Fcst	18/19 Fcst	19/20 Fcst	20/21 Fcst	21/22 Fcst	22/23 Fcst	23/24 Fcst	24/25 Fcst	25/26 Fcst	26/27 Fcst	Total 10-year Forecast
REVENUES												
Core Operating Grant, excluding CN grant	\$ 50,437	\$ 50,858	\$ 50,693	\$ 50,617	\$ 52,682	\$ 52,652	\$ 52,619	\$ 52,847	\$ 52,820	\$ 52,810	\$ 53,337	\$ 521,935
<i>Uncertainty in Growth Funding</i>	\$ -	\$ -			\$ (2,066)	\$ (2,035)	\$ (2,002)	\$ (2,230)	\$ (2,203)	\$ (2,194)	\$ (2,721)	\$ (15,450)
CN grant	\$ 4,292	\$ 4,292	\$ 4,417	\$ 4,445	\$ 4,473	\$ 4,476	\$ 4,476	\$ 4,476	\$ 4,476	\$ 4,476	\$ 4,476	\$ 44,483
Debenture Grant	\$ 13,500	\$ 13,500	\$ 13,500	\$ 13,500	\$ 13,500	\$ 13,500	\$ 13,500	\$ 13,500	\$ 13,500	\$ 13,500	\$ 13,500	\$ 135,000
Other Grants	\$ 7,469	\$ 7,811	\$ 8,794	\$ 9,001	\$ 9,001	\$ 9,001	\$ 9,001	\$ 9,001	\$ 9,001	\$ 9,001	\$ 9,001	\$ 88,612
Student Tuition Fees	\$ 78,318	\$ 81,313	\$ 86,147	\$ 90,691	\$ 95,824	\$ 99,988	\$ 105,165	\$ 110,166	\$ 114,922	\$ 119,644	\$ 124,410	\$ 1,028,269
Student Ancillary Fees	\$ 10,950	\$ 10,950	\$ 10,944	\$ 8,886	\$ 9,016	\$ 9,368	\$ 9,424	\$ 9,639	\$ 9,685	\$ 9,741	\$ 9,785	\$ 97,438
Revenues from Ancillary Operations	\$ 3,957	\$ 3,957	\$ 3,957	\$ 3,957	\$ 4,021	\$ 4,086	\$ 4,153	\$ 4,221	\$ 4,291	\$ 4,362	\$ 4,434	\$ 41,438
Donations	\$ 680	\$ 680	\$ 1,075	\$ 1,075	\$ 1,075	\$ 1,075	\$ 1,075	\$ 1,075	\$ 1,075	\$ 1,075	\$ 1,075	\$ 10,355
Other Revenues	\$ 11,886	\$ 15,071	\$ 12,298	\$ 12,154	\$ 12,109	\$ 12,361	\$ 12,604	\$ 12,701	\$ 12,712	\$ 12,723	\$ 12,735	\$ 127,467
Total Revenues	\$ 181,489	\$ 188,432	\$ 191,825	\$ 194,325	\$ 199,635	\$ 204,471	\$ 210,015	\$ 215,395	\$ 220,278	\$ 225,139	\$ 230,032	\$ 2,079,547
EXPENDITURES												
Base Expenditures												
FT Labour	\$ (86,628)	\$ (86,628)	\$ (94,518)	\$ (97,130)	\$ (101,829)	\$ (105,392)	\$ (109,572)	\$ (114,396)	\$ (117,688)	\$ (122,156)	\$ (126,622)	\$ (1,075,931)
PT Labour	\$ (16,311)	\$ (16,311)	\$ (15,811)	\$ (16,539)	\$ (17,351)	\$ (17,687)	\$ (18,062)	\$ (18,489)	\$ (18,904)	\$ (19,301)	\$ (19,696)	\$ (178,151)
Operating Expenses	\$ (73,933)	\$ (73,933)	\$ (72,276)	\$ (72,725)	\$ (73,563)	\$ (74,279)	\$ (75,643)	\$ (76,518)	\$ (77,535)	\$ (78,439)	\$ (79,375)	\$ (754,285)
Capital Expenses	\$ (6,143)	\$ (6,143)	\$ (5,404)	\$ (5,384)	\$ (5,008)	\$ (5,008)	\$ (5,008)	\$ (5,008)	\$ (5,008)	\$ (5,008)	\$ (5,008)	\$ (51,986)
Approved Base Expenditures	\$ (183,015)	\$ (183,015)	\$ (188,008)	\$ (191,778)	\$ (197,751)	\$ (202,366)	\$ (208,284)	\$ (214,412)	\$ (219,135)	\$ (224,903)	\$ (230,701)	\$ (2,060,354)
Budget Surplus/(Deficit)	\$ (1,526)	\$ 5,417	\$ 3,817	\$ 2,548	\$ 1,883	\$ 2,105	\$ 1,731	\$ 983	\$ 1,143	\$ 235	\$ (669)	\$ 19,193
Funded through PY reserves	\$ 1,526	\$ 1,526	\$ 391	\$ 726	\$ 350							\$ 2,993
Additional Q2 Forecast Items		\$ 6,700										\$ 6,700
Total	\$ (0)	\$ 13,643	\$ 4,208	\$ 3,274	\$ 2,233	\$ 2,105	\$ 1,731	\$ 983	\$ 1,143	\$ 235	\$ (669)	\$ 28,887
Total Excluding OTO in 2017/18	\$ (0)	\$ 3,743	\$ 4,208	\$ 3,274	\$ 2,233	\$ 2,105	\$ 1,731	\$ 983	\$ 1,143	\$ 235	\$ (669)	\$ 18,987

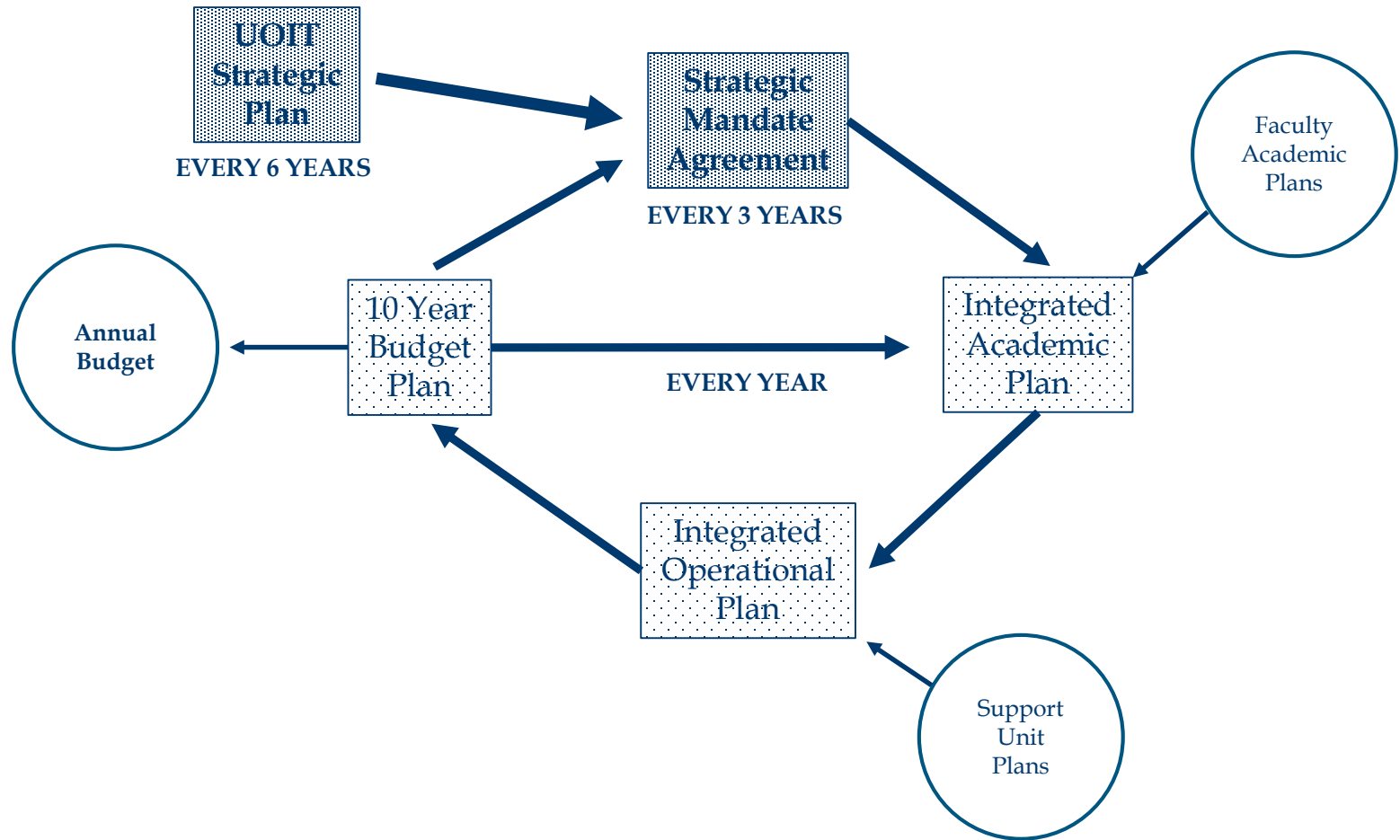
2018-19 Budget



Budget Methodology

- Moving forward we will be using an “Incremental” model of budgeting with “Strategic” allocations of excess revenues over costs
- Each unit will start with their prior year base and be allocated funds to cover fixed costs such as salary and utility increases, contractual obligations, maintenance of faculty/student ratios, and to maintain faculty/staff ratios.
- After these fixed costs are applied, any remaining excess of revenues over expense will be allocated based on budget ASKS which align with UOIT Strategic Plans, Integrated Academic Plans, and Support Unit Plans.
- In order to confirm/validate our starting base position for incremental budgeting, we will introduce the following actions:
 - Unit reviews (faculty and administration) every 5 years to ensure optimum allocation of resources
 - Additional rigor around the replacement or addition of new positions

Budget Inputs



Questions

