BUDGET TOWN HALL

Innovative Solutions to Meet the Needs of a Growing and Vibrant Community

October 14, 2014
MacEwan Student Centre
Community Report Summary

- Moving forward in research and scholarship
- Evolving how we teach and learn
- Competing on the global stage
- Strengthening our community connections

QS Ranking

Among universities under 50 years old

#1

Performance

Within Top 5 in Canada

20/40
Calgary is a growing and vibrant community. Post-secondary education (PSE) will be essential to sustain growth. PSE capacity in Calgary is insufficient to meet growing demand. Capacity shortfall is expected to intensify in the next few years. Need to plan now to meet growing demand.
Roadmap for Discussion

1. Historical perspective on work done
2. Greater challenges lie ahead
3. Financial 101
4. Planning for the unknown
5. Where do we go from here?
Beginning in 2011-2012, a commitment was made to increase Campus Alberta grants across the province by 2 per cent annually for three years to address inflation. The gap between committed and received is $36 million.
Thanks to Our Community

We have been able to manage budget gaps by reducing costs (e.g., creating efficiencies, eliminating positions, freezing salaries, replacing retirees with new staff at lower salaries levels) and growing revenue.
Although we made great progress, we still have work to do. The salary and benefits portion of budgets in some faculties is in excess of 90%, which means they will have little flexibility to accommodate inflationary cost increases.

Examples of inflationary pressures:
- Increasing compliance
- Cost of goods and services
- Increased construction costs
- Foreign exchange
Where Do We Go From Here?

We receive a considerable amount of feedback from people in our community who ask good questions about the budget. The most common questions we receive are...

“Couldn’t we use our savings instead of increasing tuition each year?”

“Since we have savings, should we still be concerned about cost increases such as salaries?”

“Why do we have money to build buildings but not to pay for inflationary cost increases?”
Our 2014-15 consolidated budget: $1,218M

Consolidated Revenue

- Campus Alberta Grant $420
- Other GoA Grants $161
- Federal / Other Government, $140
- Donations and Other Grants, $126
- Student Tuition and Fees, $218

Consolidated Expense

- Salaries and Benefits, $703
- Materials, Supplies & Services, $264
- Scholarships, $78
- Amortization of Capital Assets, $106
- Federal / Other Government, $140
- Donations and Other Grants, $126
- Student Tuition and Fees, $218
Unrestricted net assets are an important indicator of financial health. As a guideline, we have established a target of a positive UNA balance of roughly 5% (~$65M) of our budget to address challenges and leverage opportunities.
Accumulated Surplus

For the Year Ended March 31, 2014

<table>
<thead>
<tr>
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<th>$M</th>
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<tbody>
<tr>
<td>Unrestricted Net Assets</td>
<td>73</td>
</tr>
<tr>
<td>Internally Restricted Net Assets</td>
<td>253</td>
</tr>
<tr>
<td>Investment in Capital Assets</td>
<td>210</td>
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<tr>
<td>Total</td>
<td>536</td>
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Revenue-Expense Gap

There is a growing gap between our revenue growth and expense growth.
It will be more challenging to balance future budgets because future revenue growth is not expected to offset what we expect to be higher cost growth than we have seen in recent years.
Government may restore the remainder of the $147M cut from Alberta’s post-secondary sector in Budget 2013?

*Amount restored linked to the creation of new student spaces
Planning for the Unknown

There is tremendous uncertainty in future government funding. We are developing our 2015-16 budget based on four scenarios.

**EXPECTING:** 0% (i.e., no increase to our 2014-15 Campus Alberta grant)
Creativity and Innovation

Not the only thing we will do.........
Encouraging Growth and Innovation

Calgary is the economic engine of the nation with significant growth projected well into the future. Sustaining this pace depends on the availability of a well-educated, highly-trained workforce. Government forecasts significant enrolment growth for Calgary over the next 5-10 years. Currently, the PSE system in Calgary lacks the capacity necessary to meet this growing demand.
In response to funding challenges, other universities have made deep cuts to specific programs (including program elimination) in order to balance their budgets.
We plan to **grow** to meet the province’s increasing demands by encouraging program innovation, which will expand the choices available to students.

**EXAMPLES**
- Stackable Certificates
- Online learning
- Dual/collaborative degrees
Next Steps

Faculty and Unit Budgeting
VP Budgeting
Allocation / Reallocation
Budget Review and Approval

October
November
December
January-March

Government Budget announced typically in March (which may result in further institutional budget refinement)
Summary

1. We Have Come a Long Way
   “On the Path to Financial Sustainability”

2. Our Community has Been Helpful
   “Greater Challenges Lie Ahead”

3. We are Developing Innovative Solutions
   “To Meet the Needs of a Growing and Vibrant Community”