2015-16 University Budget Open Forum

Monday 9 February 2015
10:15 to 11:15 am
CL 127

Realize. It starts with you.
Please note

For faculty, staff, students, and alumni who cannot attend or who are located in Saskatoon, Prince Albert, and other locations, this presentation and the discussion that follows are being video-recorded for archiving and download from www.uregina.ca/orp/budget/budget-2015-16.html

Your presence indicates your consent to have your speech and image recorded and made available from a public webpage for others to view as part of a series of consultations on developing the 2015-16 operating budget of the University.
National picture

- Universities across the country are experiencing difficult financial and demographic challenges.

- University of Manitoba and AUCC president David Barnard tells his campus that Canadian universities “can no longer sustain their operations within the current funding model.”
  
  www.umanitoba.ca/admin/budget_2015-16/message.html

- Enrolment demand is softening in a number of places: e.g., “Seven institutions in Ontario are looking at declines in first-choice applications from Ontario secondary schools of 10% or more.” (HESA, 5 Feb 2015)
Saskatchewanian picture

- Slowing economy is contracting provincial revenues
- Oil royalties volatile; currently down $600-800m
- Premier: “Everything is on the table”
- Minister of Advanced Education: “…likely to be modest, if any, operating increases in 2015-16”
- On Friday 6 February, the Premier announced a salary freeze for out-of-scope employees; asks PSEs to consider the same
- Main areas of growth in recent years at U of R (e.g., Nursing, Engineering) are now full; some other areas are showing substantial multi-year declines
University Revenue, 2014-15
Operating Budget ($m)

$200 million

- $109.7
- $71.2
- $13.5
- $5.8

- Operating Grant
- Tuition/Fees
- Cost Recoveries
- Other
University Expenses
2014-15 Operating Budget ($m)

$200 million

- $147.8
- $34.2
- $7.6
- $7.6
- $2.9

- Salaries and Benefits
- Scholarships
- Library Acquisitions
- Utilities
- Other
University Expenses
Detail of Other Expenditures ($m)

$34.2 million

- Faculty Non-Salary
- Admin Non-Salary
- Contingency
- Bad Debts/Bank Charges/Legal
- Student Services Non-Salary
- Statutory Payments
- Computer Systems
- Space Rental
- Research Non-Salary
- Insurance
- Other

University of Regina
Our Challenges

1. Insufficient increase in 2015-16 revenue to cover:
   • $6.85m increase in salaries & benefits for all employees
   • Increased costs of space rental, utilities, etc.
   • Increased costs for other essentials such as Library acquisitions (impacted by declining Canadian dollar)

2. Structural issue – our costs are increasing more quickly than our tuition and grant revenues

3. We may see static or declining enrolments this year, resulting in flat or declining tuition and fee revenues

4. Inadequate sustaining capital funding for building renovations and teaching equipment, placing additional pressure on the operating budget
2015-16 Revenue Prospects
One Scenario

2014-15 tuition revenue “dividend”  $ 500,000
Operating grant increase of 0%  0
Tuition rate increases averaging 3%  $ 1,883,000
Enrolment decrease of 1%  ($568,000)
Net revenue increase  $ 1,815,000
## 2015-16 Expenditure Estimates

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salary and benefit increases</td>
<td>$6,850,000</td>
</tr>
<tr>
<td>Space rental, utilities, similar increases</td>
<td>$150,000</td>
</tr>
<tr>
<td>Potential reinvestment</td>
<td>$1,000,000</td>
</tr>
<tr>
<td><strong>Increase in costs</strong></td>
<td>$8,000,000</td>
</tr>
<tr>
<td>Retirement program - additional savings</td>
<td>($600,000)</td>
</tr>
<tr>
<td><strong>Net expense increase</strong></td>
<td>$7,400,000</td>
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</tbody>
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Voluntary Incentive Program for Retirement

- Of 75 eligible employees, 51 accepted the offer.
- 19 of the positions were not replaced, with $1.5m of the savings used to help balance the current 2014-15 operating budget.
- 19 of the positions have been refilled on a permanent or temporary basis, or have been approved to be refilled.
- Decisions on remaining 13 positions will be made in coming months as part of deliberations on the 2015-16 operating budget.
- With additional savings from non-replacements of some of the remaining 13, up to $600K could be available to assist in balancing the 2015-16 budget.
Our Challenges

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   • Other essentials such as Library acquisitions (impacted by declining Canadian dollar)

2. **Structural issue – our costs are increasing more quickly than our tuition and grant revenues**

3. Static or declining enrolments, resulting in flat or declining tuition and fee revenues

4. Inadequate sustaining capital funding for building renovations and teaching equipment, placing additional pressure on the operating budget
The 2015-16 Budget Challenge

Net revenue increase  $ 1,815,000
Expense increase    ($ 7,400,000)
Shortfall           ($ 5,585,000)

Shortfall equates to 3.9% of all academic, academic support, and administrative unit budgets.
Our Challenges

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   - Increased costs of space rental, utilities, etc.
   - Other essentials such as Library acquisitions (impacted by declining Canadian dollar)

2. Structural issue – our cost increases outstrip our revenue gains

3. **Static or declining enrolments, resulting in flat or declining tuition and fee revenues**

4. Inadequate sustaining capital funding for building renovations and teaching equipment, placing additional pressure on the operating budget
Tuition and Fee Revenue

• Enrolment: softening demand; growth areas now at capacity
• Tuition and student fee revenue depends on:
  • Recruitment success
  • Enrolment mix: by program, domestic/international, undergraduate/graduate
  • Student retention
  • Tuition fees levels as approved by the Board of Governors
• U of R Arts tuition + fees are 18th lowest among 59 Canadian universities. Our Business & Engineering tuition + fees are 23% & 33% below the average of peer institutions.
• Our student financial assistance is 2nd highest among comprehensive universities.
Our Challenges

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Sustaining capital funding

• This funding is essential to provide a functional, appropriately equipped environment for teaching and learning:
  • Physical plant renewal;
  • Classroom adaptations to accommodate student needs;
  • Equipment and furniture replacements;
  • Addressing a major backlog of deferred maintenance.
• Current grant allows only a few emergency repairs.
• Costs put further pressure on the operating budget, e.g.: The Evergreen computer program and some teaching equipment costs have been shifted to operating budget.
Positives in the 2014-15 budget year

- Searches approved in 2014-15 for 33 tenure-track positions and 10 term positions, plus the conversion of 7 term positions to tenure-track status.
- Support for research activities increased by $458K.
- Operating budget allotments of $200K each to Engineering and Science for teaching equipment renewal.
- CCE is targeted to contribute over $6.7m to the university’s budget, assisting greatly with line Faculty operations, scholarships, and other operating expenses.
Consultation will continue

- A video of the presentation, together with this PowerPoint file, other budget documents, and key dates, will be available for review at [www.uregina.ca/orp/budget/2015-16-budget.html](http://www.uregina.ca/orp/budget/2015-16-budget.html)

- The next presentation and forum will follow province’s budget announcement in late March.

- Consultations will continue in coming weeks with bodies such as CCB and ULT.
A few final thoughts

- This will be a challenging year. We have surmounted challenges before; we will do so again.
- Relative to many universities across the country, we are in a stronger position to weather this downturn in the economy and these challenges to our enrolments.
- Your comments, advice, and questions on all aspects of the budget are welcome. Please send them to budget@uregina.ca
peyak aski kikawinaw
Together We Are Stronger