2012-2013 University Budget

Realize. It starts with you.

May 22, 2012
One in five universities in deficit

By Sean Coughlan BBC News education correspondent

Russell Group universities increased their surpluses - but there are warnings of a "two-tier system"
There are 26 UK universities and higher education institutions in deficit, says a report into the financial health of the higher education sector.
University of California confronts budget deficit

SAN FRANCISCO — The University of California's Board of Regents on Wednesday weighed a possible tuition increase to close a major budget shortfall and named a new chancellor for UC San Diego.
Dal faces tough budget decisions: Report
New budget report warns of budget deficit
Connor Rosine
Jan 30, 2012

The BAC released its first budget report of the year last week (Photo: Connor Rosine)
Dalhousie University is facing a $6.9-million deficit next year, according to the Dalhousie Budget Advisory Committee (BAC).
Cost-cutting looms at U of S

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The University of Saskatchewan is preparing to implement spending cuts, the start of a four-year plan to chop $44.5 million in annual spending.

Details about which parts of the university will be affected have yet to be worked out, but officials said Wednesday they will cut across the board.
University expenditures

- Salaries and Benefits: 75%
- Other Expenses: 17%
- Scholarships: 2%
- Library Acquisitions: 2%
- Utilities: 4%
Growth in U of R operating funding

Annual Change in: U of R Operating Grants, U of R Enrollment & Saskatchewan’s Consumer Price Index (Over 2001 Base Year)
U of R grant vs. credit hours taught
U of R grant vs. credit hours taught
Percentage of credit hours taught by faculties vs. CCE
U of R: provincial operating grant compared to total salaries and benefits
The 2012-13 budget challenge

- Operating grant: we asked for $5.4m but received $1.77m – shortfall of $3.6m

- Nursing grant short $300k of requested $5m

- Total cost of salary increases -- $4.5m
The challenge: operating budget

- Budget cuts of 3% to nearly all budget units.
- Executive offices cut 4%.
- Total cuts to operating budget: $3.4 million.
- About 25 faculty & staff positions eliminated, almost all vacant or people retiring.
- CCE contribution target increased by $1.44 million. Revenue sharing reduced from 25% to 15%.
- No allowances to units for most inflationary costs and sessional salary increases: estimated impact $600,000.
Necessary increases

- Increase in contingency as carryforward moves to 100% retention of surpluses by units
- Potential pension deficit may result in annual payments of $850K
- Space rental costs up $262K
- Faculty retirement costs up $100K
- Costs of IT licences and maintenance: $121K increase
- Cost of copyright licenses: estimated $140k increase
Reinvestments: $1.77 million

- Primarily funded by growth dividend from 2011-12 enrolment increases
- 5 new faculty positions in 3 Faculties and a student advisor
- UR International increase of $240K as enrolments grow
- $120K for the Aboriginal Student Centre
- $327K for research support: EQAL, PARC, project manager, 2 Chairs for Academic Excellence, financial analyst; plus $290K in one-time funding
- $169K more student funding
- Web security analyst
Undergraduate tuition

- Over the past 7 years, the average annual increase in undergraduate fees at the U of R has been 1.6%.

- For 2012-13:
  - Service and course fees are rolled into tuition
  - Tuition increases of 4% for all programs except 9% for BUS and ENG. (These faculties have received reinvestment)
  - Students will pay tuition based on the faculty they are enrolled in
Benefits of new tuition structure

- Eliminates, on a revenue neutral basis, the services fee. Charging on a credit hour basis is more equitable.
- Tuition differentials charged by program reflect program characteristics: demand, cost, earning potential
- Increased transparency: single credit hour cost for all of a student’s courses.
- Otherwise, course fees in business, for example, would be almost 25% of total charge
- Administrative efficiency re tuition assessment, sponsor invoices, and student aid
Graduate tuition

- SK graduate tuition is 3rd lowest in Canada
- Services fee rolled into tuition
- For most programs tuition increases 9%
- JSGS tuition aligned with U of S: MPA up 7.2%
- Levene School of Business programs up 14%, after adjustments for study tour costs where these are incorporated in tuition.
- Graduate international surcharge increased from $600 to $800 per semester
Sustaining capital

- Funding of teaching & other equipment increased by $133K to $793K
- Plant restoration and renovations projects budgeted at $3 million, essentially flat
- Deferred maintenance estimated at more than $100 million
- Cycle for Evergreen replacements increased to 5 years; saves $265K this year
- Debt repayment for past projects remains at $1.1 million
Major capital construction residence project

- $70 million project
- $1 million received from government in 2012-13
- $2.5 million allocated in budget for design
- 608 beds, 180 daycare spaces
- Underground parking
- Occupancy Fall 2015
Major capital construction residence project
The future challenge

- In recent years, the increase in operating grant has come close to covering salary & benefit increases.
- This year’s 1.9% increase in grant is not even close.
- Government has indicated that this level of grant increase is the new norm.
- The U of R has been covering other costs and new spending from the enrolment dividend and tuition hikes.
- The enrolment dividend has shrunk as more teaching is done by CCE (compare 2011-12 tuition revenue at $2.5 million over budget vs. $1.6 million expected surplus).
Three-year budget projections

- Grants and tuition are 92% of university revenue
- Salaries and benefits are 75% of university expenditure
- For the next three years, optimistic modeling suggests a 2% grant increases, 2% enrolment growth, and 5% tuition increases will mean net budget cuts of more than $2 million each year
- We need to change the way we have been operating as the current model is not sustainable
- Your ideas are welcome
Questions?

To read the comprehensive budget plan, go to http://www.uregina.ca/orp/budget.shtml