

# MEMORIAL UNIVERSITY BUDGET TOWN HALL

Thursday, April 27, 2 p.m.

# BUDGET UPDATE

# PROVINCIAL BUDGET RECONCILIATION (EXCLUDING MEDICINE)

		<b>\$\$</b>
<b>Government Grant 2016-17</b>		<b>\$ 318,704,900</b>
<b>2017-18 Adjustments</b>	<b>\$\$</b>	
<b>Salaries and Benefits - MUNFA Collective Agreement Annualization</b>	<b>1,586,800</b>	
<b>Grant In Lieu of Tuition Freeze (White Paper)</b>	<b>4,000,000</b>	
<b>Reversal of One-Time 2016-17 Grant Adjustments</b>	<b>2,733,000</b>	
<b>Grant Reductions (\$5,432,500 + \$6,500,000)</b>	<b>(11,932,500)</b>	
<b>Total 2017-18 Adjustments</b>		<b>(3,612,700)</b>
<b>Government Grant 2017-18</b>		<b>\$ 315,092,200</b>

FOR AN UPDATE ON THE PENSION PLAN PLEASE SEE RECENT MUNFA BULLETIN

# 2016-2017 BUDGET REVIEW

Millions

## Reductions/Negative Impacts

• Provincial grant reduction	\$8.3
• Pension contributions increase	1.1
• Attrition	<u>3.0</u>
	<u>12.4</u>

## Revenue Increases/Expenditure Cuts

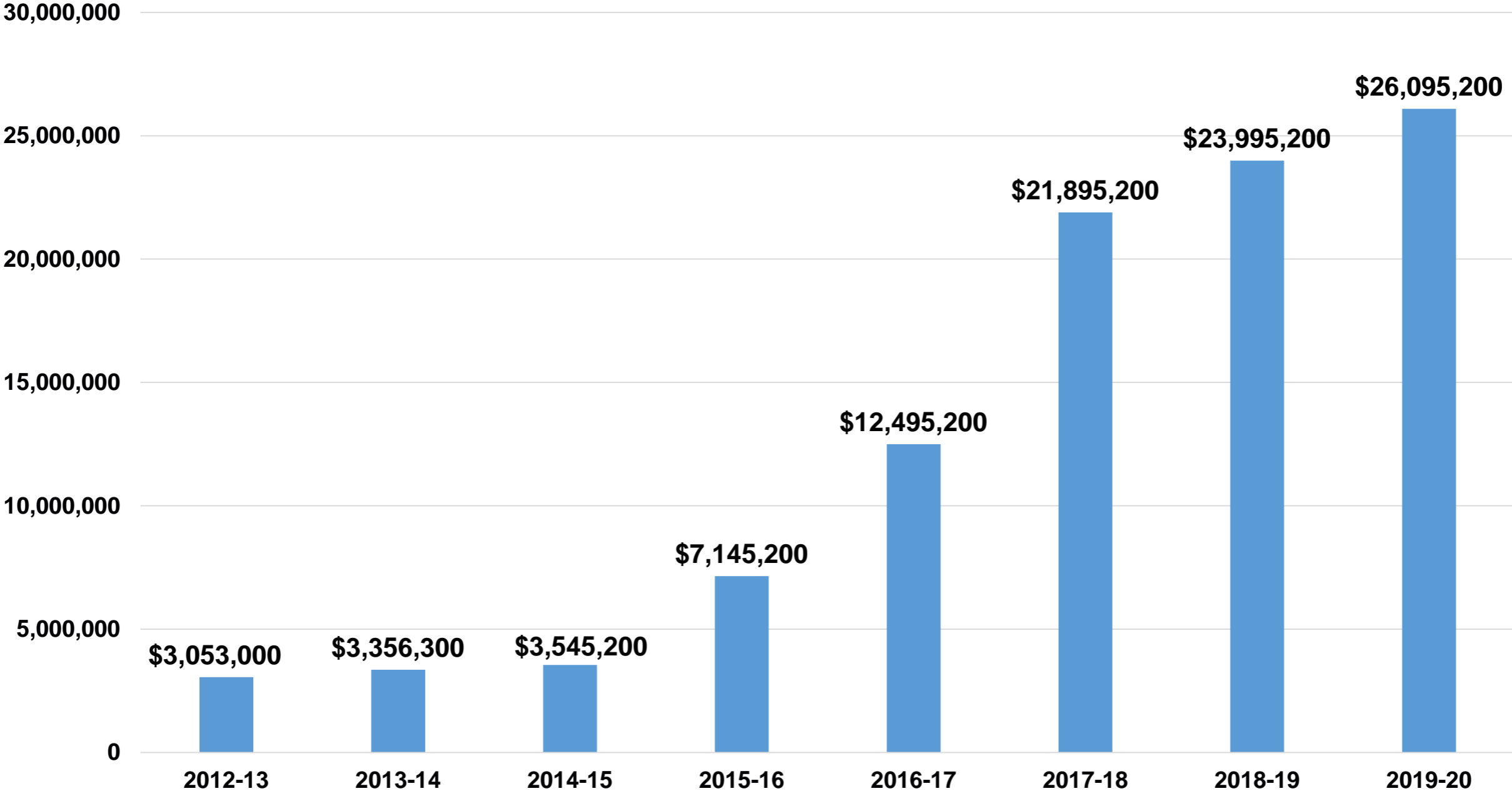
• Provincial grant in lieu of tuition increase	4.0
• Attrition	3.0
• Administrative budget cuts	4.1
• Travel reduction	<u>1.3</u>
	<u>\$12.4</u>

# BASE BUDGET REDUCTIONS BY PORTFOLIO 2012-13 TO 2016-17

Portfolio	Administrative Cuts	Percentage
President	\$1.6M	13.6%
Academic	\$4.8	2.5%
Grenfell Campus	\$1.2	3.9%
Marine Institute	\$1.0	2.9%
Research	\$0.9	6.8%
Administration and Finance	\$3.0	6.8%
<b>Total</b>	<b>\$12.5</b>	<b>3.9%</b>

- IN ADDITION TO THE COST OF INFLATION / HST ETC.
- EXCLUDES ATTRITION (\$3M IN 2016/17)

# 2017-18 TO 2019-20 BUDGET OUTLOOK – CUMULATIVE CUTS



# COMPARISON OF COST PER STUDENT

# COST PER STUDENT

- Significant issues with both Memorial cost per student and the comparison to “average university cost”:
  - Calculation of Memorial’s FTEs excludes all Marine Institute certificate and diploma students including industrial response training. The MI costs include research conducted on behalf of commercial clients that do not relate to student FTEs. All these activities are core mandate for MI.
  - Faculty of Medicine at Memorial is funded through the Department of Health and Community Services and is used to fund salaried physicians that provide 20% service to Memorial and 80% health services. Includes 179 positions at a cost of \$25M
  - Average Canadian university is not a valid comparator to Memorial
  - Memorial data is from 2015, does not include last two years of budget cuts

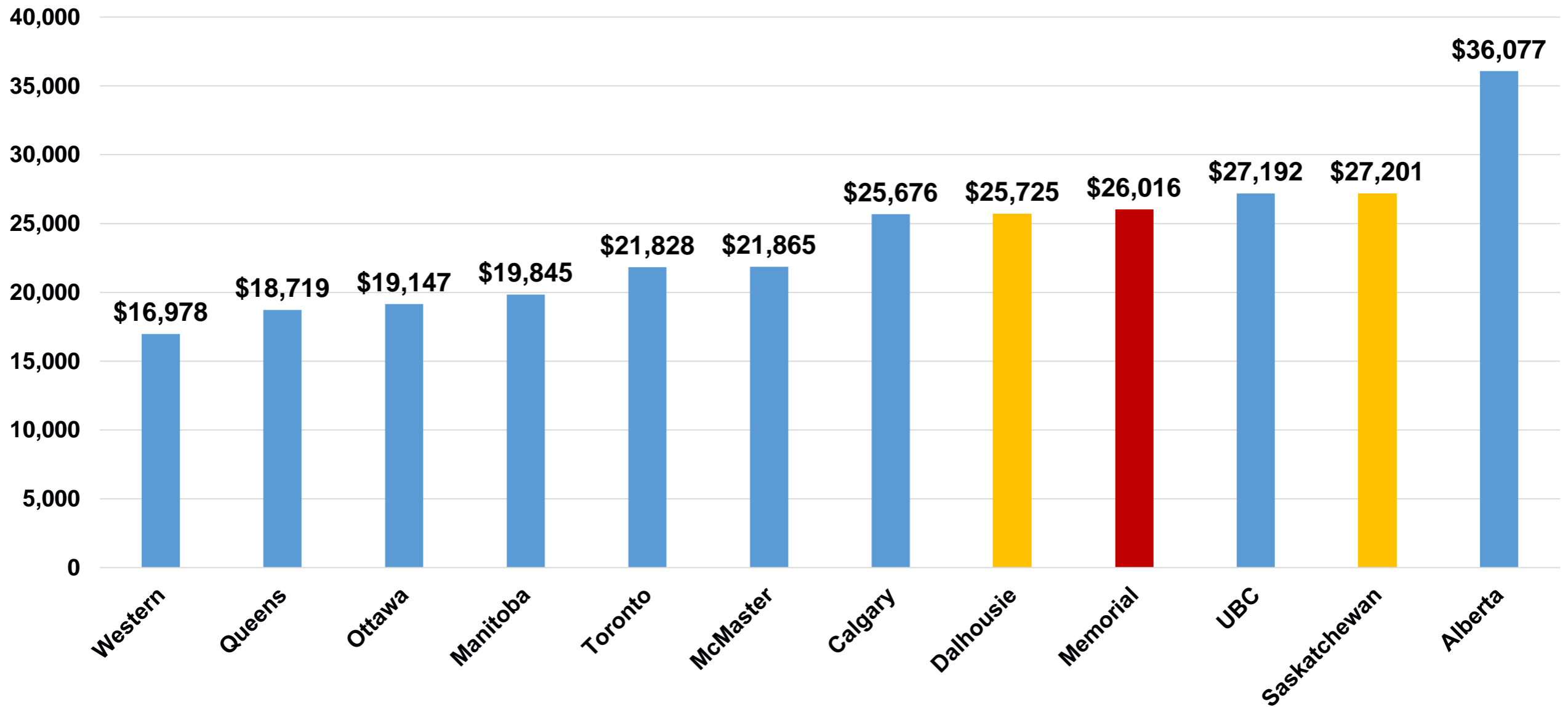


# COST PER STUDENT (2016)

Campus	Exp per FTE Univ Student			Cost per Memorial Student		
	\$ Exp	FTE	\$ per FTE	\$ Exp	FTE	\$ per FTE
Grenfell Campus	33.8m	1,259	26,869	33.8m	1,259	26,869
Marine Institute	49.6m	202	245,472	40.5m	1,663	24,357
Faculty of Medicine	68.5m	703	97,494	48.8m	703	69,484
MUN (excl. above)	315.6m	13,241	23,835	315.6m	13,241	23,835
<b>Total</b>	<b>467.5m</b>	<b>15,405</b>	<b>30,351</b>	<b>438.8m</b>	<b>16,866</b>	<b>26,016</b>

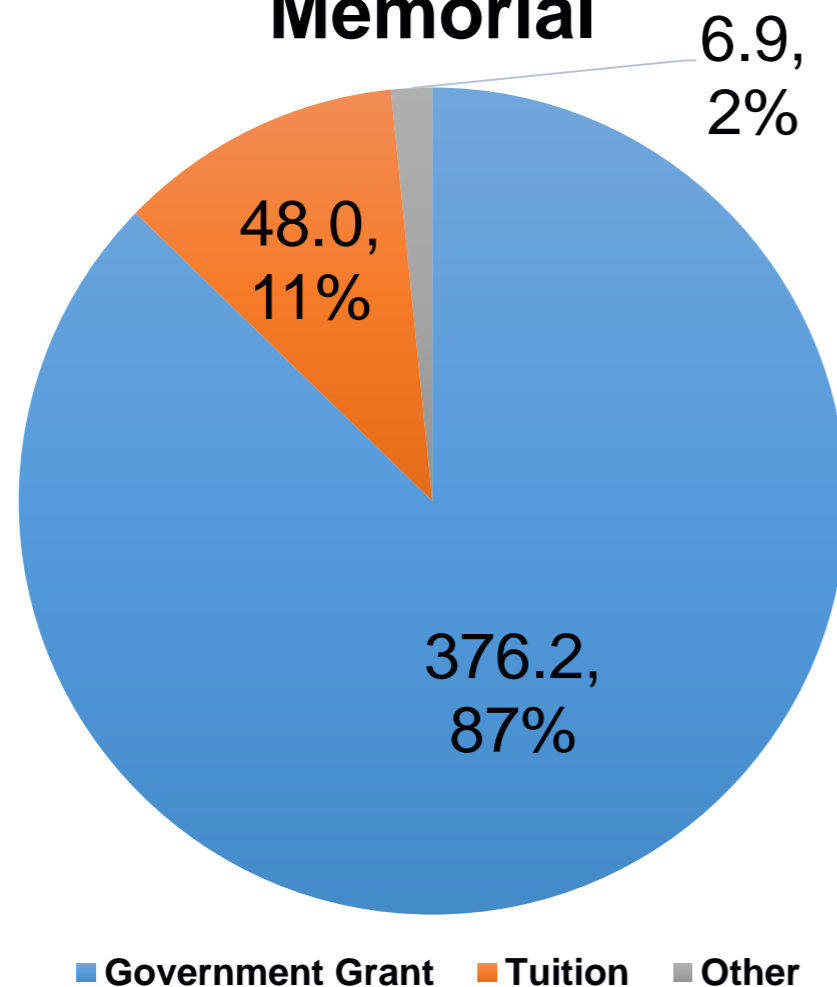
# A COMPARISON: UNIVERSITIES WITH MEDICAL SCHOOLS

## Cost Per Student (2016)

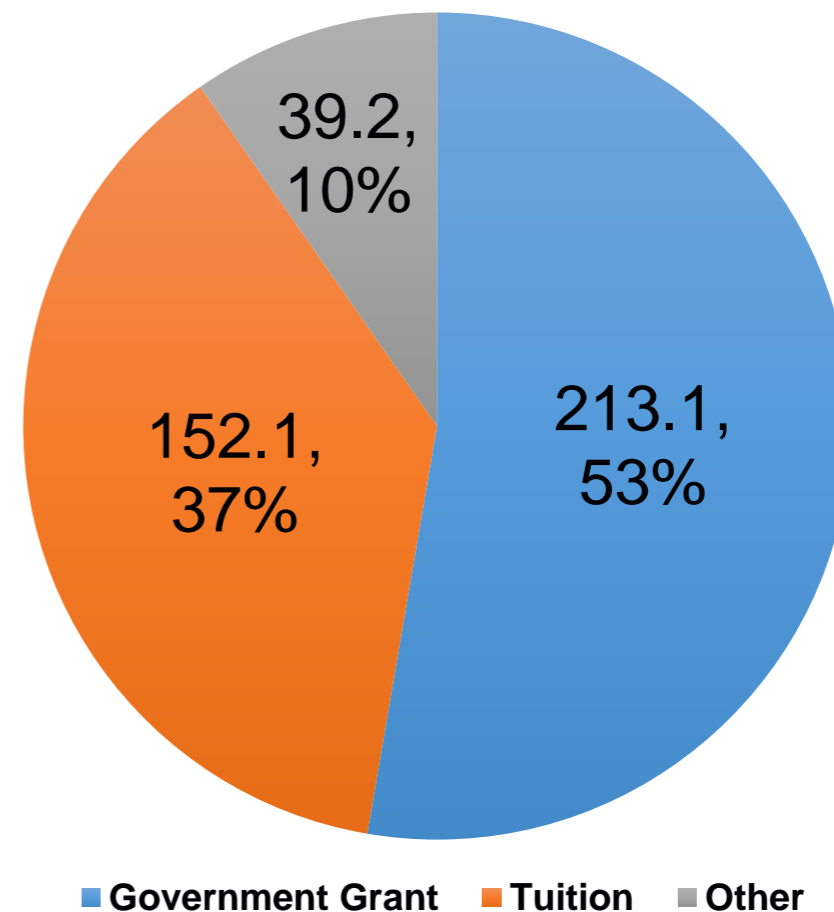


# REVENUE COMPARISON WITH DALHOUSIE (IN MILLIONS)

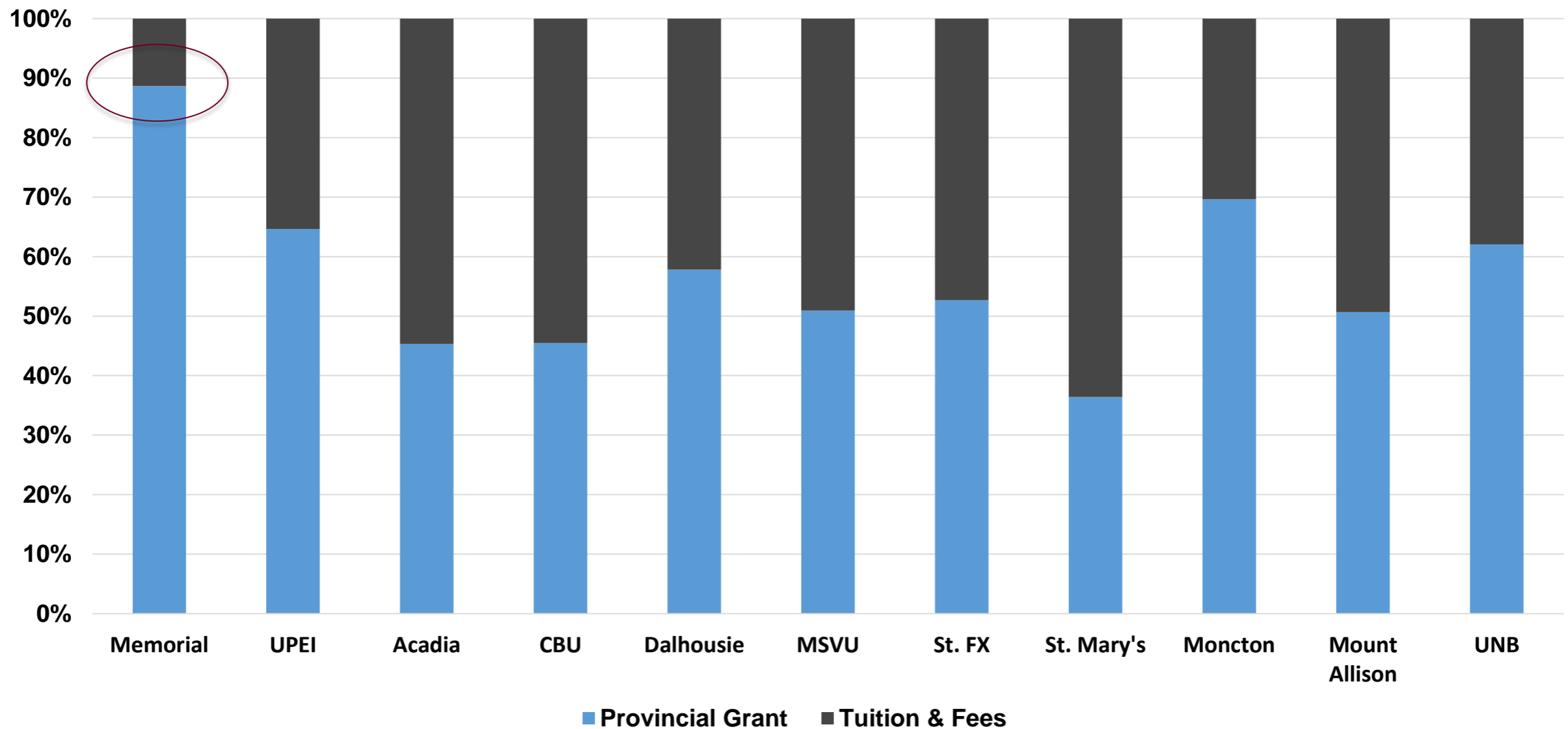
## Sources of Revenue - Memorial



## Sources of Revenue - Dalhousie



# COMPOSITION OF OPERATING REVENUE - PROVINCIAL GRANT VS. TUITION



SOURCE: CAUBO (2014-15)

# REVENUE COMPARISON – GRANT VS. TUITION

	NL	PEI	NS	NB
Provincial Grant	402M	55M	384M	223M
Tuition & Fees	51M	31M	350M	135M

SOURCE: CAUBO (2014-15)



# TRANSPARENCY

- Memorial recognizes the need for transparency and sharing of clear information.
  - Examining mechanisms to provide information

Fact Book: [www.mun.ca/ciap/fact\\_book.php](http://www.mun.ca/ciap/fact_book.php)

Audited Financial Statements: [www.mun.ca/finance/financial\\_statements/](http://www.mun.ca/finance/financial_statements/)

President's Report: [www.mun.ca/president/report/](http://www.mun.ca/president/report/)

ATIPPA Requests: Responded to 108 requests in 2016

Public Sector Compensation Transparency Act- 2016

Transparency and Accountability Act

# CHALLENGES

# DEFERRED MAINTENANCE PROGRAM

- Memorial no longer receives funding from the provincial government for its program, effective fiscal 2015-16. Amount was previously \$10 M year.
  - Memorial reallocated internally \$7M in 2015-16 and \$8M in 2016-17
- Facilities Condition Index measures relative condition of a building or facility
  - 0-5% (Excellent to Good Condition)
  - 5-10% (Good to Fair Condition)
  - 10-20% (Fair to Poor Condition) ← **University Target 12%**
- Current Index for Memorial: **28.5%**



# DEFERRED MAINTENANCE PROGRAM

- Consultant estimates investment of \$22.5M annually for the next 15 years is required to maintain current campus FCI
- Investment of \$45.0M annually required for the next 15 years to achieve target of 12%
- Alternative is to construct new where reinvestment in old facilities doesn't achieve desired outcomes
- Total Deferred Maintenance required: \$445.0M

# IT INFRASTRUCTURE - EXAMPLES

## ITS Data Centre Storage and Backup Upgrades (\$650k)

- Memorial will run out of storage by July 2017

## Network (\$2.5M - \$4.0M)

- Most universities run network speeds of 1000 mbps and are moving to 10,000 mbps. Memorial is running 10 mbps in data closets.

## Advanced email filtering and SPAM blocking (\$65,000/year)

- Memorial currently uses open source technology that is no longer able to handle advanced threats.

# IMPACT ON UNITS

**VP (ADMINISTRATION & FINANCE) PORTFOLIO**

**PROVOST & VP (ACADEMIC) PORTFOLIO**

**VP (RESEARCH) PORTFOLIO**

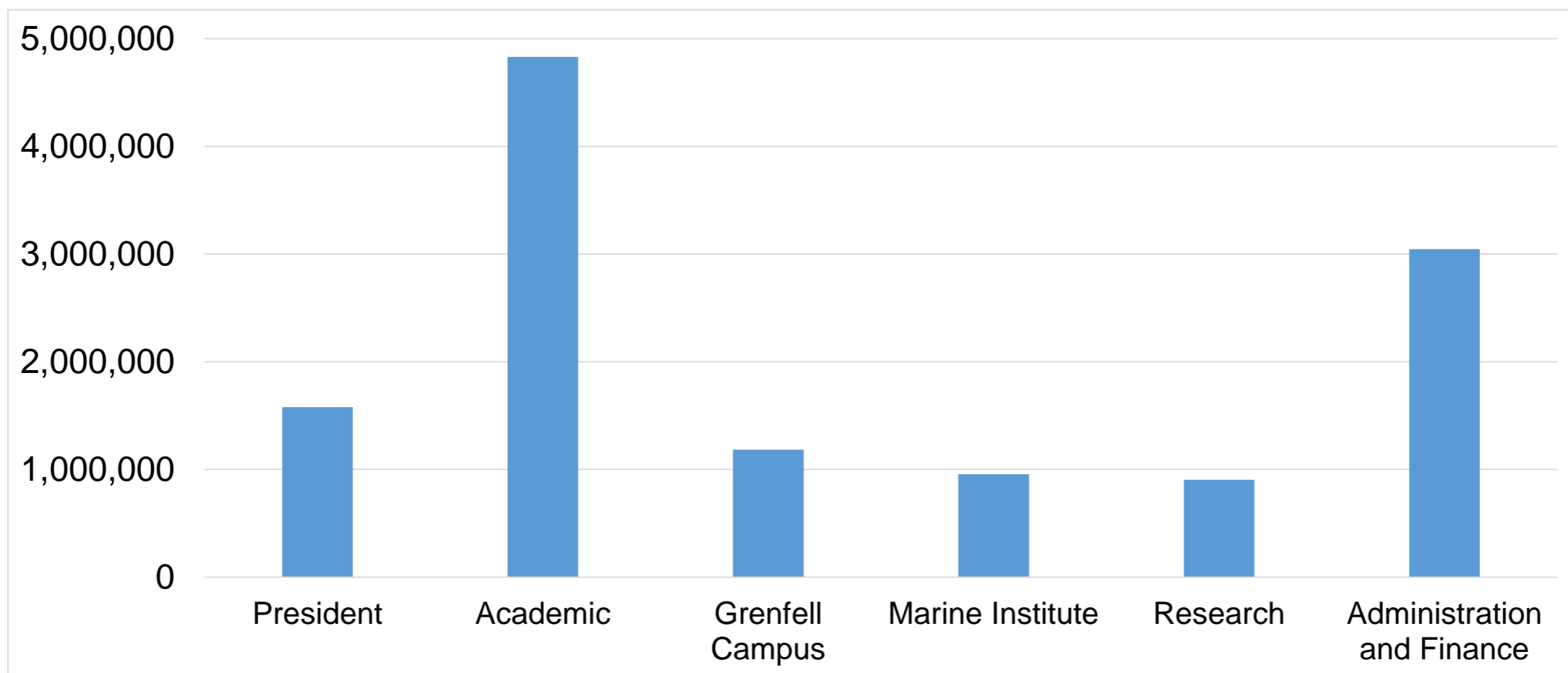
**VP (GRENFELL CAMPUS) PORTFOLIO**

**VP (MARINE INSTITUTE) PORTFOLIO**

**PRESIDENT & VICE-CHANCELLOR PORTFOLIO**

# BASE BUDGET REDUCTIONS BY PORTFOLIO 2012-13 TO 2016-17

- Base budget cuts since 2012 = \$12.5 million (cuts to admin. functions only)



- In addition to the cost of inflation, HST, etc.
- Excludes attrition

# ADMINISTRATION AND FINANCE BUDGET

# VICE-PRESIDENT (ADMINISTRATION AND FINANCE) PORTFOLIO BUDGET 2016-17

	<u>All units</u>
<b>Total Budget</b>	<b>\$57,698,226</b>
<b>Expenditures</b>	
Basic Infrastructure Expenses	<b>18,526,846</b>
Permanent & Contractual Salaries (including benefits)	<b>36,891,456</b>
All Other Operating Expenses	<b>2,279,924</b>

- Basic infrastructure expenses include energy, water, insurance, snow clearing, maintenance contracts for building equipment and software systems.

# 2016-2017 SALARY EXPENDITURES

## % of Overall Portfolio

<b>Facilities Management</b>	<b>36.0%</b>
<b>Office of the Chief Information Officer and ITS</b>	<b>28.0%</b>
<b>Human Resources</b>	<b>12.0%</b>
<b>Financial and Administrative Services</b>	<b>11.3%</b>
<b>Office of the Chief Risk Officer</b>	<b>10.2% (6.5% CEP)</b>
<b>VP Admin and Finance (incl. Budget Office)</b>	<b>2.5%</b>

# ACADEMIC PORTFOLIO BUDGET

**(Excluding the Faculty of Medicine)**



# BUDGET PLANNING PROCESS – ACADEMIC PORTFOLIO

- Anticipated reductions for 2017-2020 follow several years of successive cuts, eliminating all non-salary discretionary spending in portfolio:
  - \$4.8M since 2012
- Academic units have largely been held harmless up until this critical point.
  - cuts have been applied to administrative functions
- We can no longer address our fiscal reality without impact on academic programming.

# BUDGET PLANNING PROCESS – ACADEMIC PORTFOLIO

- Units (except Medicine) created plans for anticipated budget reductions for the three-year period 2017-2018 to 2019-2020.
  - This planning exercise began **before** provincial budget delivered further cuts.
- Units were asked to plan for an \$8.9M base reduction for three-year period.
  - Faculties and schools : \$5.3M
  - Academic support units (Library, Registrar's Office, etc.): \$3.6M

# IMPACT ON ACADEMIC PORTFOLIO BY 2020

Projected impact on complement (based on budget reduction plans in absence of any tuition revenue; does not include \$3.6M in attrition):

- Permanent faculty complement: \$4.6M reduction = estimated 33 positions (salaries comprise 98% of academic unit budgets)
- Permanent staff complement: \$3.1M reduction = estimated 51 positions (salaries comprise 75% of academic support unit budgets)

# POTENTIAL EFFECTS OF FACULTY COMPLEMENT REDUCTION

## Academic programming effects:

- Larger class sizes
- More courses taught by short-term contractual faculty
- Reduced capacity for graduate studies growth
- Longer time-to-completion rates
- Places program accreditation at risk

## Research effects:

- Reduced research output
- Reduced grant funding
- Reduced research revitalization

# POTENTIAL EFFECTS OF STAFF COMPLEMENT REDUCTION

- Fewer staff supports for program delivery
- Reduced capacity to
  - provide critical services to students
  - fulfill operations management mandates
  - ensure compliance management (including research)
  - maximize development opportunities
  - manage and maintain infrastructure

# WHERE DO WE GO FROM HERE?

Discussion documents:

1. General Tuition Increase
2. Campus Renewal Fee
3. Student Services Fee
4. Differential Tuition by Program

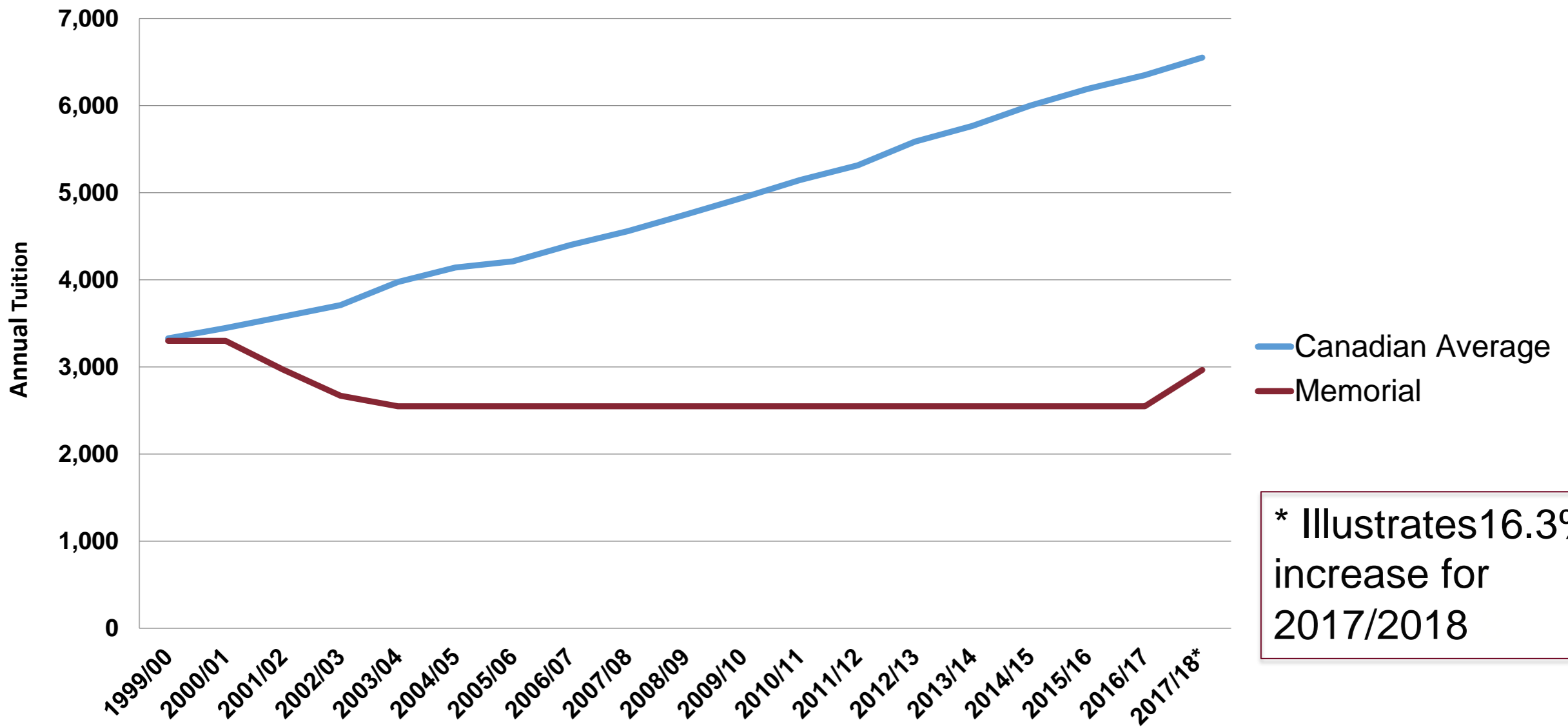
# 1. GENERAL TUITION INCREASE

- 16.3% increase for both undergraduate and graduate programs
- Students from Newfoundland and Labrador would receive a form of rebate to negate the increase.
- Projected revenue assuming static enrolment: \$3.2M
- Annual tuition (including rebate for NL students):

<b>Level</b>	<b>NL *</b>	<b>CDN</b>	<b>INT'L</b>
Undergraduate	\$2,550	2,965	10,233
Masters (B)	1,896	2,205	2,868
PhD	2,664	3,098	4,022

\* NL UNCHANGED AFTER REBATE

# DOMESTIC UNDERGRADUATE TUITION 1999-2017



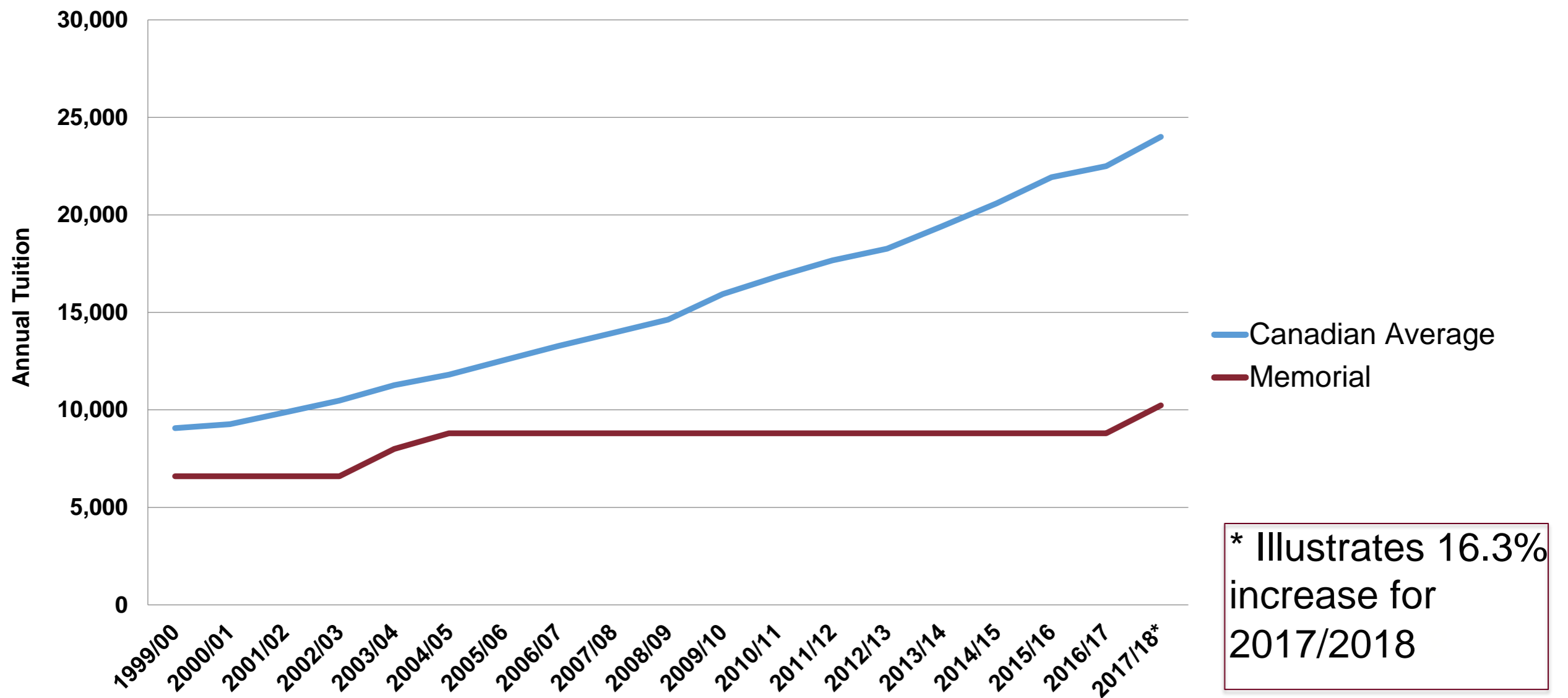
\* Illustrates 16.3% increase for 2017/2018

SOURCE: STATISTICS CANADA



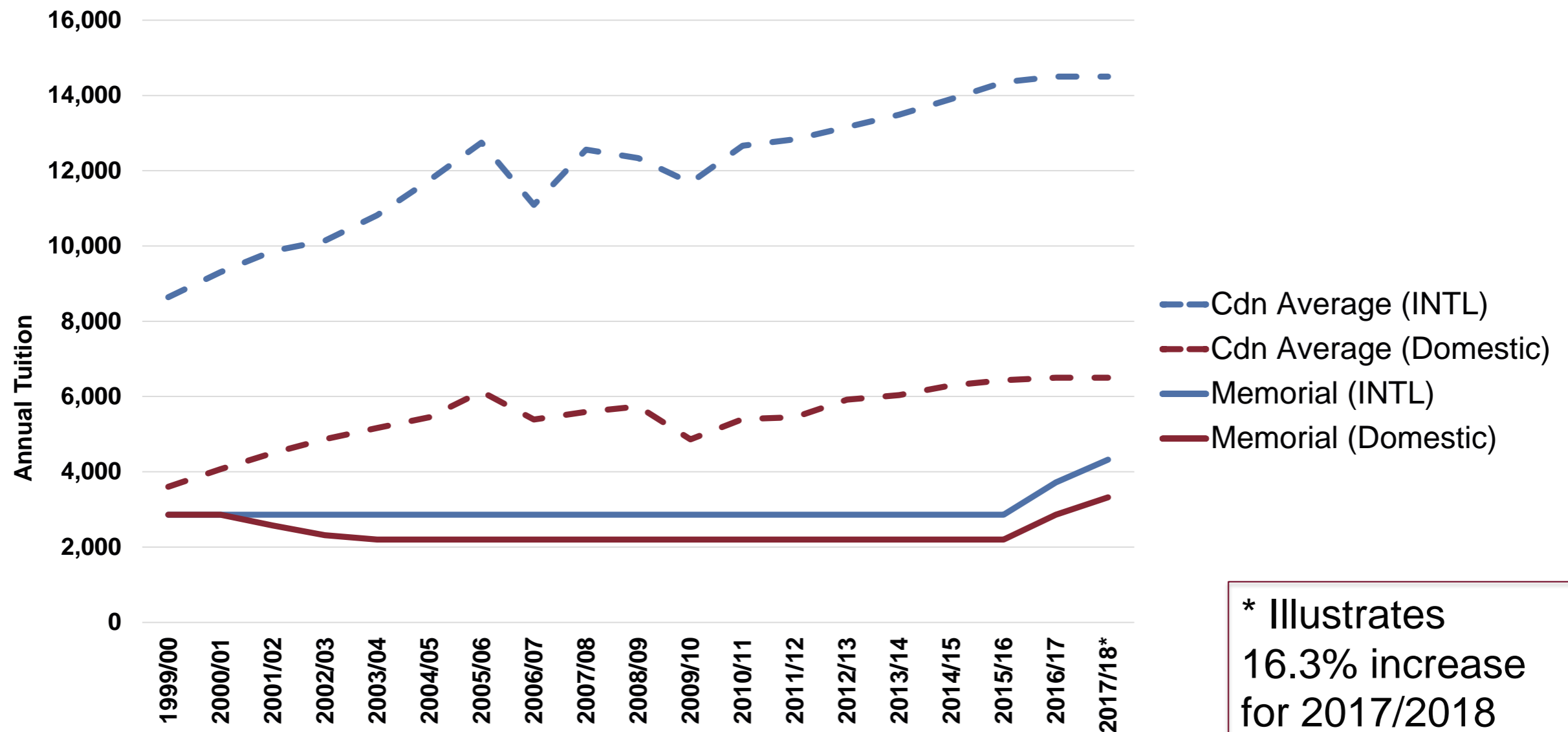


# INT'L UNDERGRADUATE TUITION 1999-2017



SOURCE: STATISTICS CANADA

# GRADUATE TUITION 1999-2017



SOURCE: STATISTICS CANADA

# 2. CAMPUS RENEWAL FEE

Purpose of the fee: Support revitalization of physical and technological infrastructure.

- Fee would apply to all students except graduate students paying continuance
- Annual fee of \$450 per student
  - undergraduate students: \$45 per course
  - graduate students: \$150 per semester
- Projected revenue assuming static enrolment: \$6.5M

# 3. STUDENT SERVICES FEE

Purpose of the fee: Fund services to promote student success and well-being.

- Services covered:
  - professional development and career advising
  - health and wellness
  - advocacy and support
- \$50 per semester for all enrolled students
- Projected revenue assuming static enrolment: \$2.3M

# 4. DIFFERENTIAL TUITION BY PROGRAM

Purpose: Generate additional revenue for professional graduate programs through a market-based approach to tuition.

- Currently, proposals for new graduate programs can recommend differential tuition in order to cover incremental costs.
- Question: should existing programs be subject to differential tuition?

# QUESTIONS?