

MEMORIAL UNIVERSITY BUDGET PROPOSAL

Thursday, May 11, 2017

PROVINCIAL BUDGET RECONCILIATION

(EXCLUDING MEDICINE)

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

CHALLENGES

PROVINCIAL BUDGET CHANGES

2017-18 2018-19 2019-20 Cumulative

Millions of Dollars

• Provincial grant reduction	11.9	6.1	6.1	24.1
• Attrition reduction	0.0	3.0	0.0	3.0
• Grant in Lieu	4.0	4.0	4.0	12.0

DEFERRED MAINTENANCE PROGRAM

- Memorial no longer receives funding from the provincial government for its program, effective fiscal 2015-16. Amount was previously \$10M 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.

MAJOR PROPOSAL COMPONENTS

- \$13.4M of expenditure cuts over next three years
- Tuition freeze to continue for NL students
- Tuition for all existing students to remain at current rates until 2021
- \$50 per course (Undergrad) and \$167 per semester (Graduate) campus renewal fee
- \$50 per semester student services fee
- New non-NL students starting September 2018 will have a 30% increase in tuition rates. Applies to undergraduate, graduate, diploma and certificate programs

MAJOR COMPONENTS

1. Expenditure Cuts
2. Tuition Changes
3. Campus Renewal Fee
4. Student Services Fee

1. EXPENDITURES CUTS

REDUCTIONS BY PORTFOLIO 2012-13 TO 2016-17

Portfolio	Administrative Cuts (\$M)	Percentage
President	\$1.6	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%
Total	\$12.5	3.9%

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

NEW EXPENDITURE CUTS

1. In 2017/18 Expenditures will be cut by \$6.0M
2. In 2018/19 Expenditures will be cut by \$ 2.2M and an additional \$3.0M of attrition cuts will be implemented for a total of \$5.2M in that year.
3. In 2019/20 Expenditures will be cut by an additional \$2.2M.

Total cuts for the three-year period will be \$13.4M.

IMPACT ON NON-ACADEMIC PORTFOLIOS

- Reduced permanent staff complements (including flatter/leaner management)
- Reduced services
- Elimination of discretionary expenditures

IMPACT ON ACADEMIC PORTFOLIOS

- Reduced permanent faculty complements (salaries comprise 98% of academic unit budgets)
- Reduced permanent staff complements
- Elimination of discretionary expenditures

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

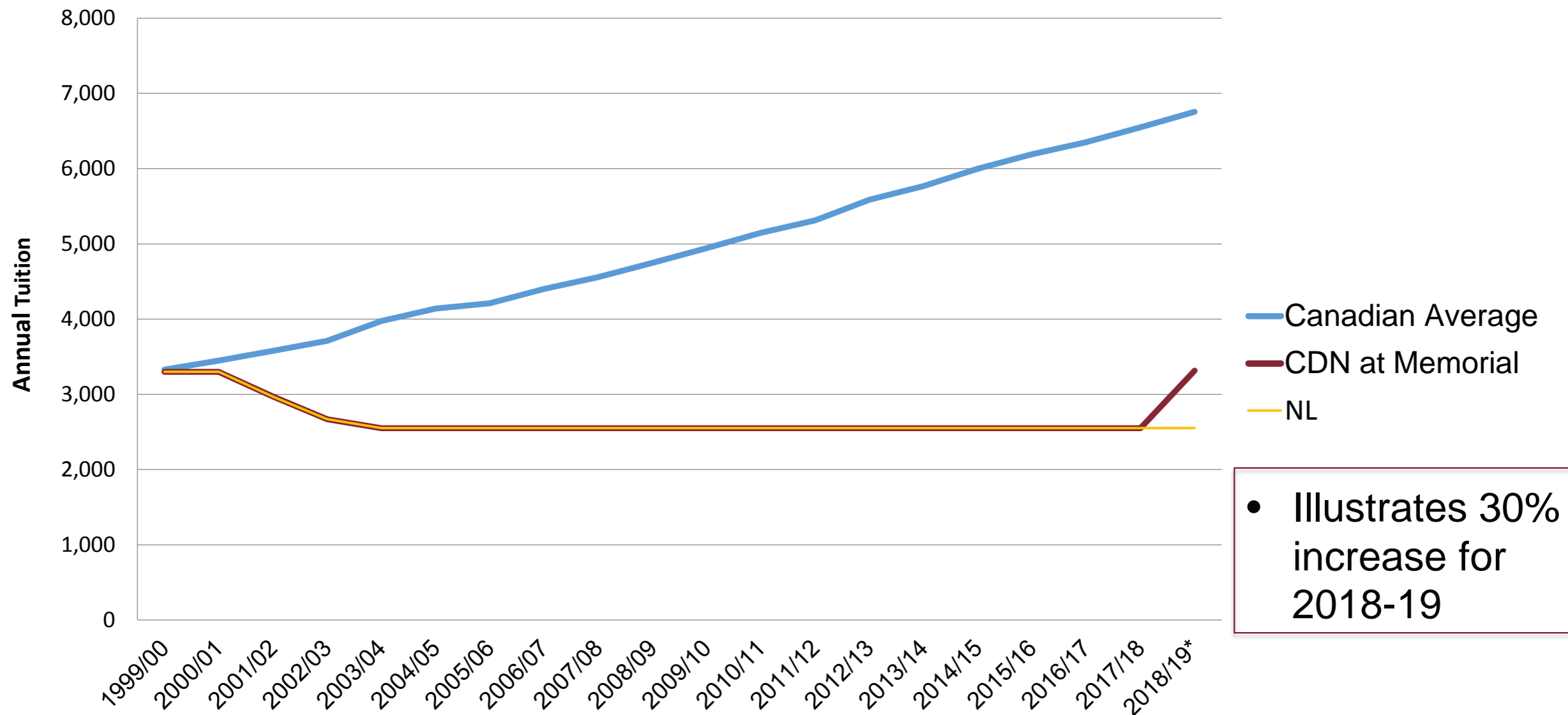
- Fewer staff supports for program delivery
- Reduced capacity to
 - provide critical services to students
 - fulfill operations management mandates
 - ensure compliance management (including research)
 - maximize development opportunities
 - manage and maintain infrastructure

2. TUITION CHANGES

- NL students' tuition rates frozen at current level
- All current non-NL students' tuition rates frozen until fall 2021
- New non-NL students starting September 2018 will have a 30% increase in tuition rates. Applies to undergraduate, graduate, diploma and certificate programs.
- Projected revenue assuming static enrolment: \$1.5M in 2018-19, increasing to \$5.8M annually in 2021-22.

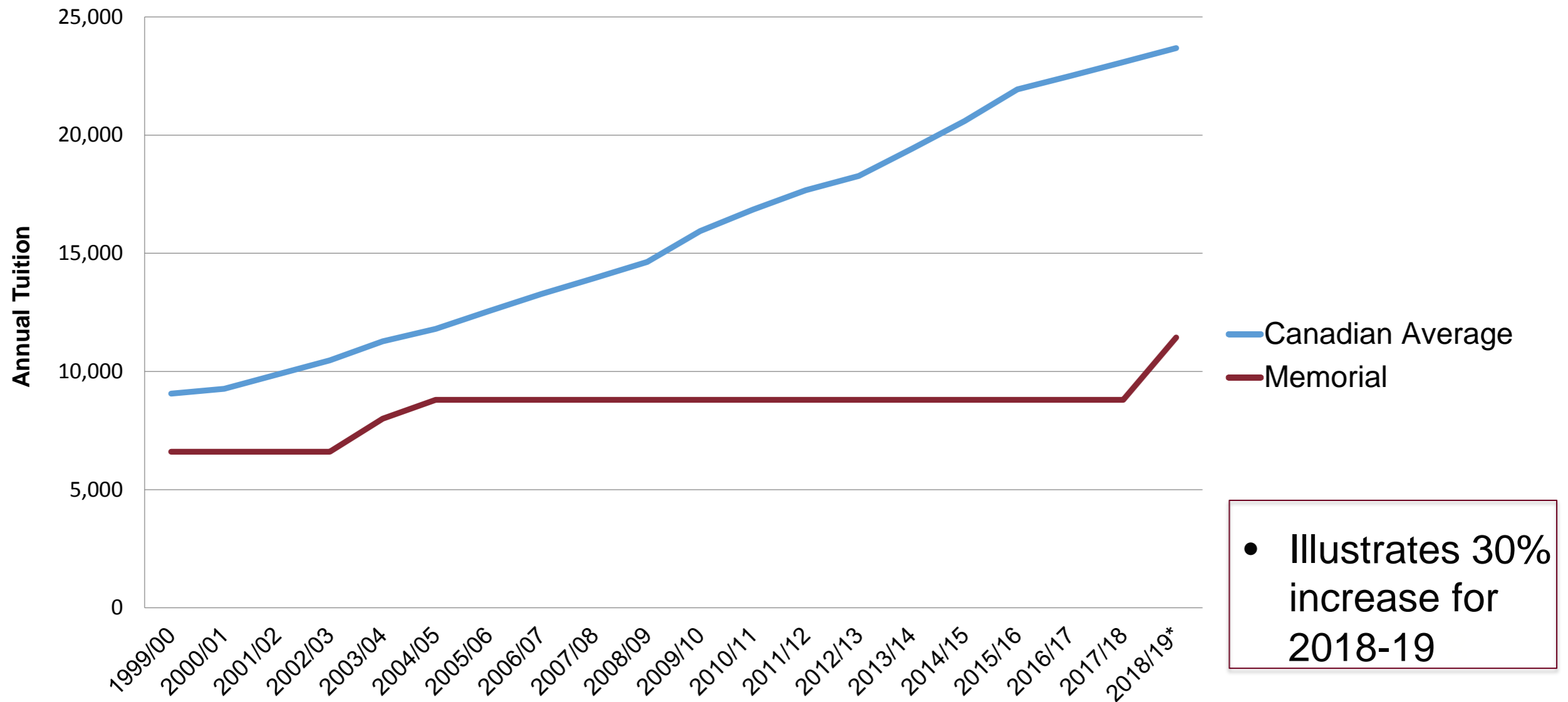
Level	NL and all Existing	New CDN Sept 2018	New INT'L Sept 2018
Undergraduate	\$2,550	\$3,315	\$11,440 (was \$8,800)
Masters (B)	\$1,896	\$2,465	\$3,206 (was \$2,466)
PhD	\$2,664	\$3,463	\$4,497 (was \$3,459)

DOMESTIC UNDERGRADUATE TUITION 1999-2018



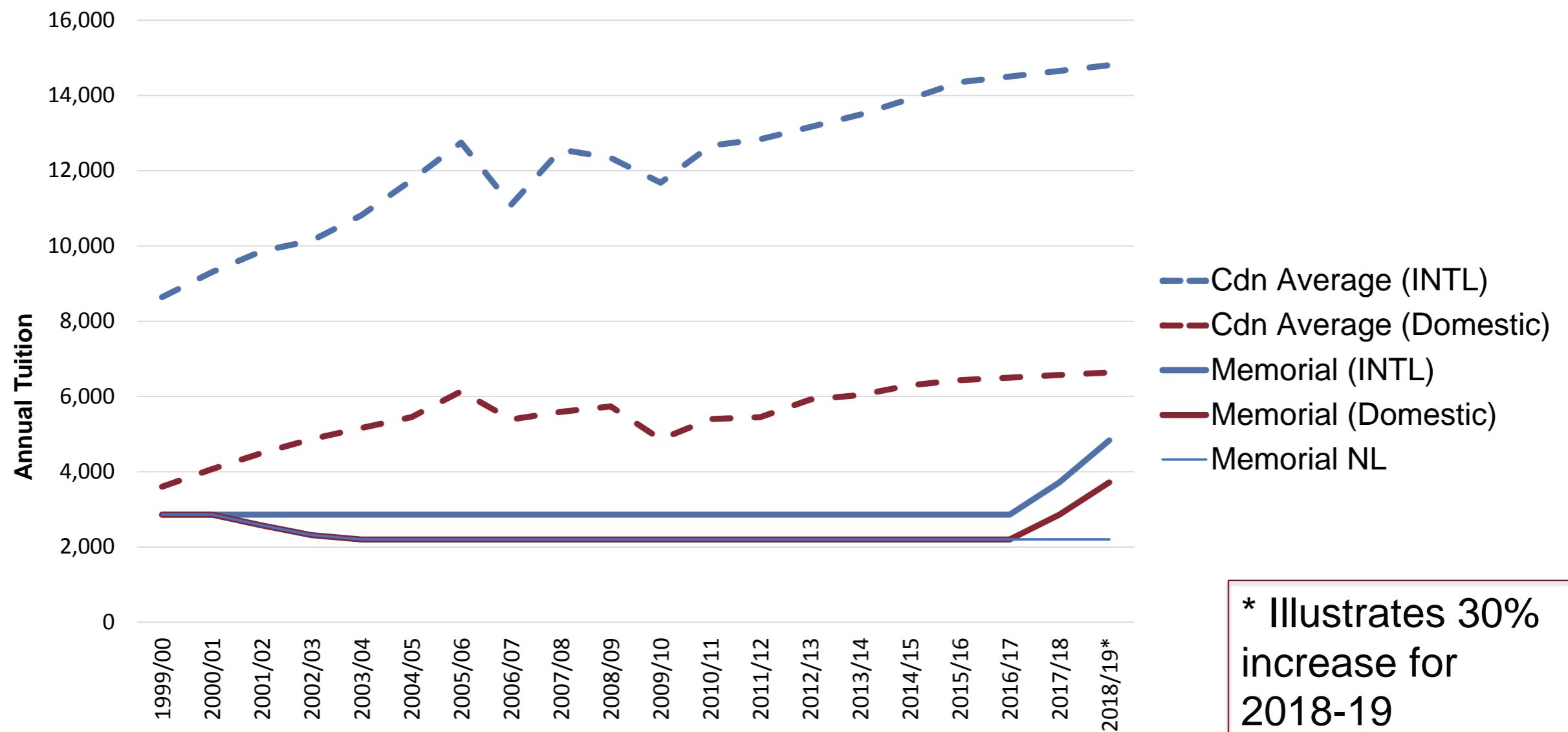
SOURCE: STATISTICS CANADA

INT'L UNDERGRADUATE TUITION 1999-2018



SOURCE: STATISTICS CANADA

GRADUATE TUITION 1999-2018



SOURCE: STATISTICS CANADA

3. CAMPUS RENEWAL FEE

Purpose : Support revitalization of physical and technological infrastructure.

- Fee would apply to all students except graduate students paying continuance
- Beginning in 2017-18 based upon:
 - undergraduate students: \$50 per course implementation
 - graduate students: \$167 per semester implementation
- Projected revenue assuming static enrolment: \$7.2M
- Not general revenue but segregated and reported separately for transparency.

4. STUDENT SERVICES FEE

Purpose : 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 beginning in 2017-18
- Projected revenue assuming static enrolment: \$2.3M

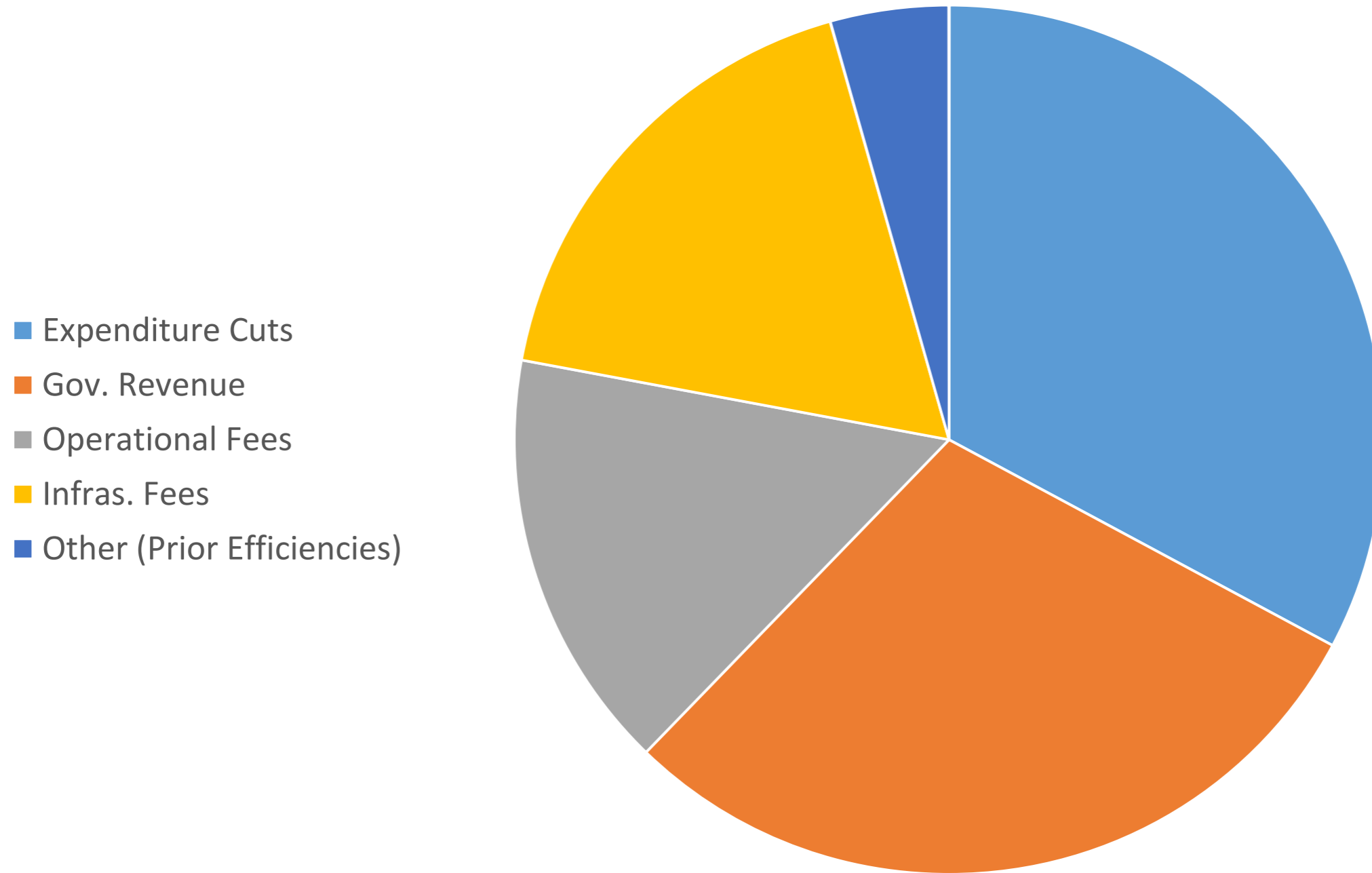
PROJECTED BUDGET IMPACT: 2017-18 TO 2019-20

	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>Cumulative</u>
Reductions/Negative Impacts				
• Provincial grant reduction	\$11.9	\$6.1	\$6.1	\$24.1
• Reduced other income	0.2	0.0	0.0	0.2
• Attrition reduction	0.0	3.0	0.0	3.0
• Campus renewal / infrastructure	4.8	2.4	0.0	7.2
• International U/G support	0.4	0.0	0.0	0.4
• Pension contributions / inflation	<u>3.8</u>	<u>1.0</u>	<u>1.1</u>	<u>5.9</u>
	<u>21.1</u>	<u>12.5</u>	<u>7.2</u>	<u>40.8</u>
Revenue Increases/Expenditure Cuts				
• Expenditure cuts	6.0	2.2	2.2	10.4
• Attrition	0.0	3.0	0.0	3.0
• Grant in lieu of tuition increase	4.0	4.0	4.0	12.0
• Tuition Increase	0.0	1.5	1.5	3.0
• Campus Renewal Fee	4.8	2.4	0.0	7.2
• Student Services Fee	1.5	0.8	0.0	2.3
• 2016/17 grad tuition increase	0.7	0.0	0.0	0.7
• Reduced capital from prior efficiencies	3.7	(1.4)	(0.5)	1.8
• Enrolment changes	<u>0.4</u>	<u>0.0</u>	<u>0.0</u>	<u>0.4</u>
	<u>21.1</u>	<u>12.5</u>	<u>7.2</u>	<u>40.8</u>

PROJECTED BUDGET IMPACT: 2017-18 TO 2019-20

	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>
Campus Renewal / Infrastructure			
• Campus Renewal Fee	4.8	7.2	7.2
• Capital from prior efficiencies	<u>4.3</u>	<u>5.7</u>	<u>6.2</u>
	<u>9.1</u>	<u>12.9</u>	<u>13.4</u>

LATEST PROPOSAL



CONSIDERATIONS

- Aligns with the Provincial Government policy of a tuition freeze for NL students
- Protects all existing students from tuition increases
- Recognizes the need to continue expenditure reductions
- Establishes a modest, stable funding source for campus renewal
- Will impact the quality and diversity of programs