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**2007/2008**  
**MTCU INITIAL BUDGET POSITION**

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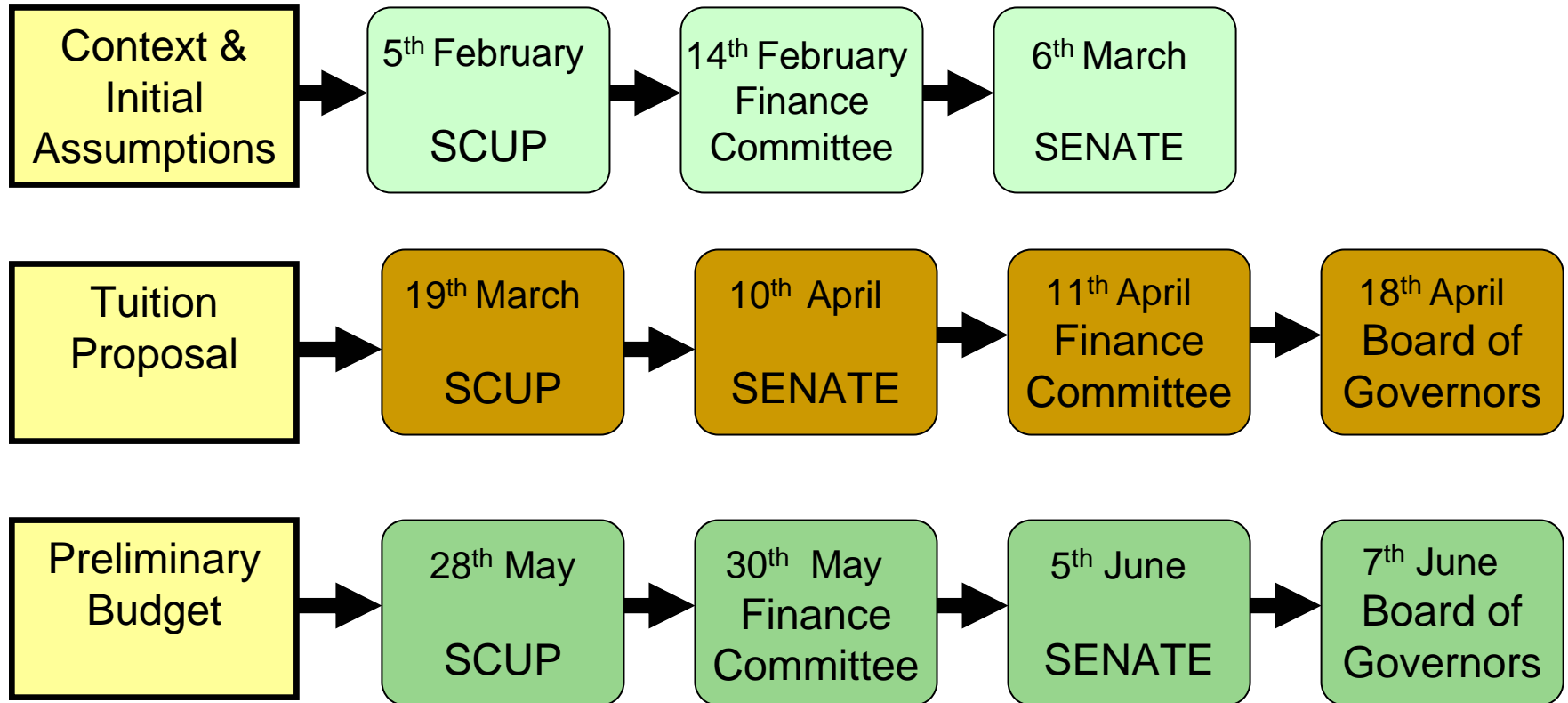
**February 5, 2007**

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# Outline of presentation

- **Process and Timelines for developing the 2007/8 budget**
- **Context and Challenges**
  - Internal – inflation/compensation etc.
  - External - grants
- **Initial budget assumptions**
- **Next steps**

# Timeline and Process for developing the 2007/2008 MTCU budget



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# Context and Challenges: Revenues

## ■ Provincial operating grants – shifting funding basis

- ❑ More targeted grants (graduate growth)
- ❑ More one-time grants (Quality Improvement Funding)
- ❑ No confirmation of full-funding for undergraduate growth
- ❑ No support for inflation (continued real decline in funding)
- ❑ No announcements on allocations of 2007/08

## ■ Enrolment

- ❑ Increased competition for undergraduate and graduate students
- ❑ Double cohort “bulge” graduating
- ❑ Increase in graduate intake required

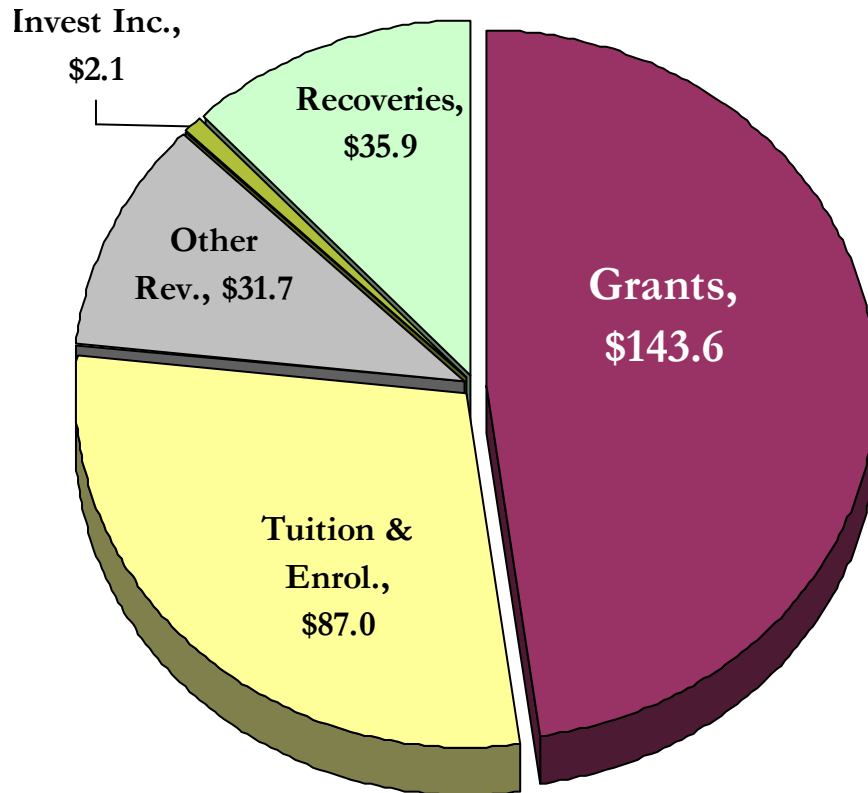
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# Context and Challenges: Expenses

- **Salaries: 60% of the budget**
  - Most employee groups have negotiations in 2007/2008
- **Benefits: 12% of budget**
  - Continue to increase faster than inflation
  - e.g., Major medical coverage 10% per year
- **Pension: major funding required in 2007**
  - \$46M annual contribution requirement – we have \$15M in the Budget
  - Means we will be borrowing until we can find future savings
- **Capital (Deferred) maintenance:**
  - Provincial facilities “renewal” grant: \$1.7M per year
  - Major cash requirements: \$15-\$20M per year – means borrowing

# Initial Assumptions: Revenues

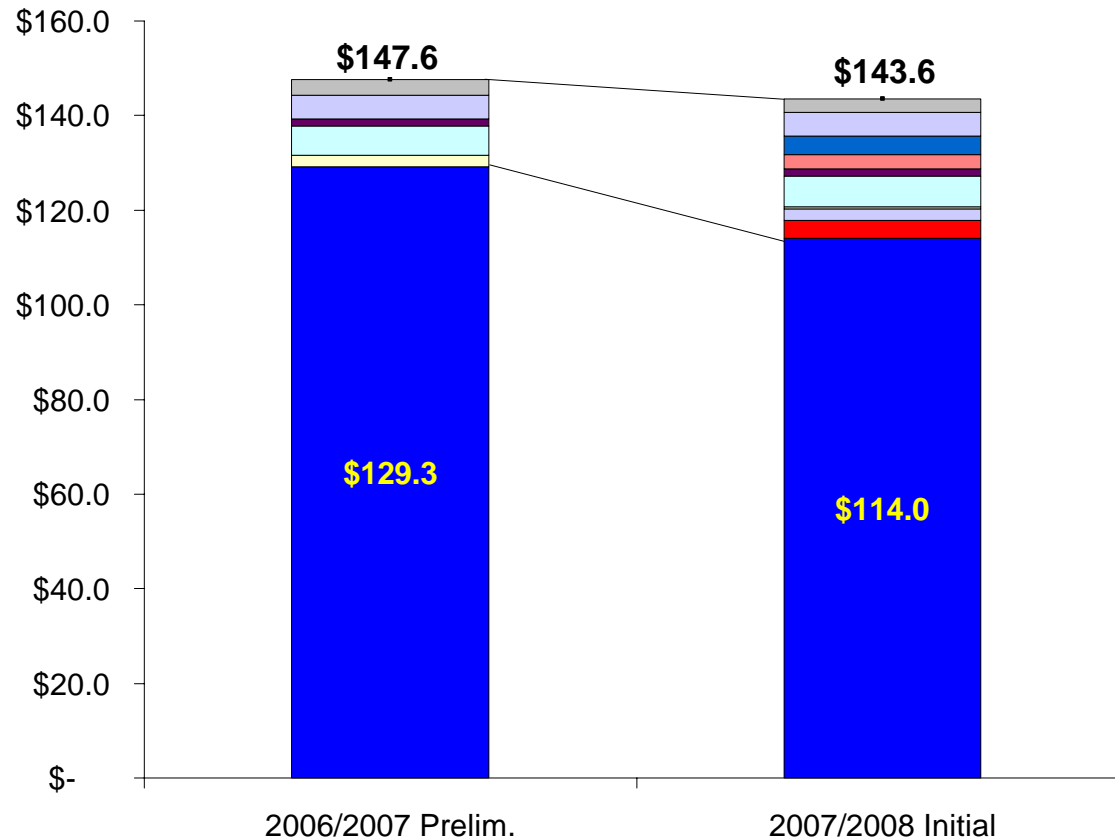
## Starting Base: \$300.3M



### 2007/2008 Assumptions

<input type="checkbox"/> Grants	\$ 1.1
<input type="checkbox"/> Tuition & Enrol.	TBD
<input type="checkbox"/> Invest. Inc.	(\$0.6)
<input type="checkbox"/> Recoveries	(\$0.8)
<input type="checkbox"/> <b>TOTAL</b>	<b>(\$0.3)</b>

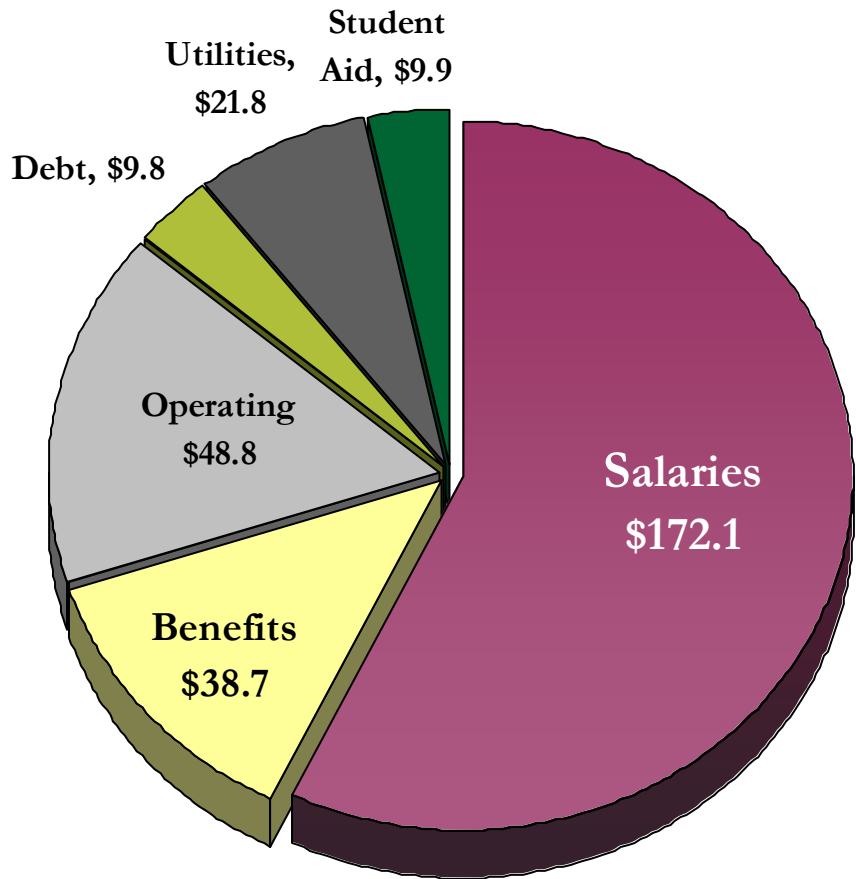
# MTCU Operating Grants: Changing Provincial Funding Bases



\$ millions

# Initial Assumptions: Expenses

## Starting Base: \$302.1M



### 2007/2008 Assumptions

❑ Opening Gap	\$ 1.8
❑ Salaries & Benefits	\$11.3
❑ Operating	\$ 1.7
❑ Utilities	TBD
❑ Student Aid	\$ 0.9
❑ Debt/deficit	\$ 3.0
❑ Enrolment costs	\$ 4.7
❑ LESS: 2% Savings	(\$ 4.0)
<b>❑ TOTAL</b>	<b>\$ 19.4</b>

# Current Net Position: Major Items

	<i>\$M</i>
■ Initial Incremental Expenses:	19.4
■ Initial Incremental Revenues:	( 0.3)
	<hr/>
■ Remaining Gap:	(19.7)
➤ 6% of base	
■ Options	
➤ Freeze positions already in place enrolment growth	
➤ Maximum on tuition	<b>Cannot fill the gap</b>
➤ Reduce operating	<b>Deficit with a multi-year plan</b>

# Tuition framework

## ■ Provincially supported program fees

- Entering undergraduate students
  - 8% professional programs
  - 4.5% in others
- Continuing undergraduate students
  - All programs 4%
- Entering graduate students
  - 8% in all programs
- Continuing graduate students
  - 4% in all programs

**Maximum increase  
brings ~ \$ 3 million  
new revenue**

## ■ International students (no provincial controls)

- Cohort fee in place - 0% for all continuing students

# Next steps:

- **Re-examine revenues and expenditures**
  - Need information from the province/year end/utilities/enrolment/tuition etc.
  
- **Integrated Planning**
  - Create an effective multi-year plan from Integrated Planning
  - Planning imperatives
    - Increasing revenue
      - Graduate growth
      - Distance education fees etc.
      - Program balance
        - Among undergraduate and graduate programs
        - Between undergraduate and graduate programs
        - Between domestic and international programs
    - Cut costs
      - Restructuring / curricular change
      - Compensation structure