

SBC

FINANCIAL OVERVIEW

October 19 2016

Topics

- **Financial “features”**
 - Of universities
- **Our Current Overall Position**
 - 2015 2016 and net position
- **Budget Planning**
 - Risks and Opportunities
 - Major Goals
 - Budget Process and timelines

Three Major Drivers of Finance

1. Restrictions

- Funding with “strings”
- Reporting
- Multiple layers of accountability

2. Funds

- “Vertical” Reporting across fund
- Budgeting is a plan AND “authority to spend”

3. Cash is the unit of measure

- Historical
- Stakeholders want cash control
- Debt - a very recent source of “funding”

Restrictions – just a few examples

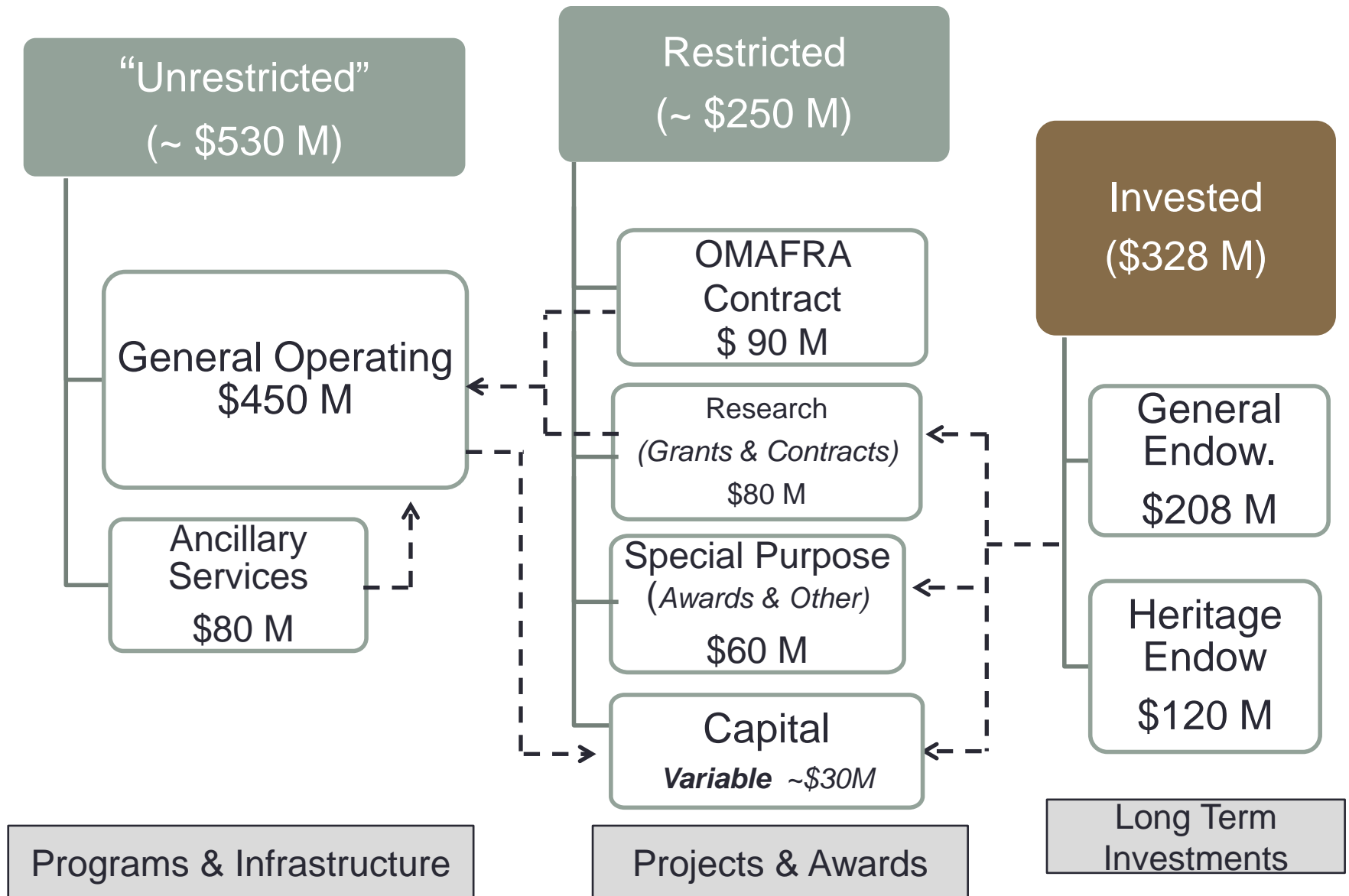
“Externally”
Restricted

Unrestricted



- Donation with specific conditions
- Tri-council research grants
- Gov't grants for capital projects
 - OMAFRA - Contract
- Donation with College conditions
- Indirect costs for research (Gov't)
- Provincial operating grants for program
 - Fees – Compulsory
- Donation with no conditions
- Indirect costs for research (industry)
- Provincial Basic Operating grant
 - Tuition - Credit
 - Tuition – Non Credit

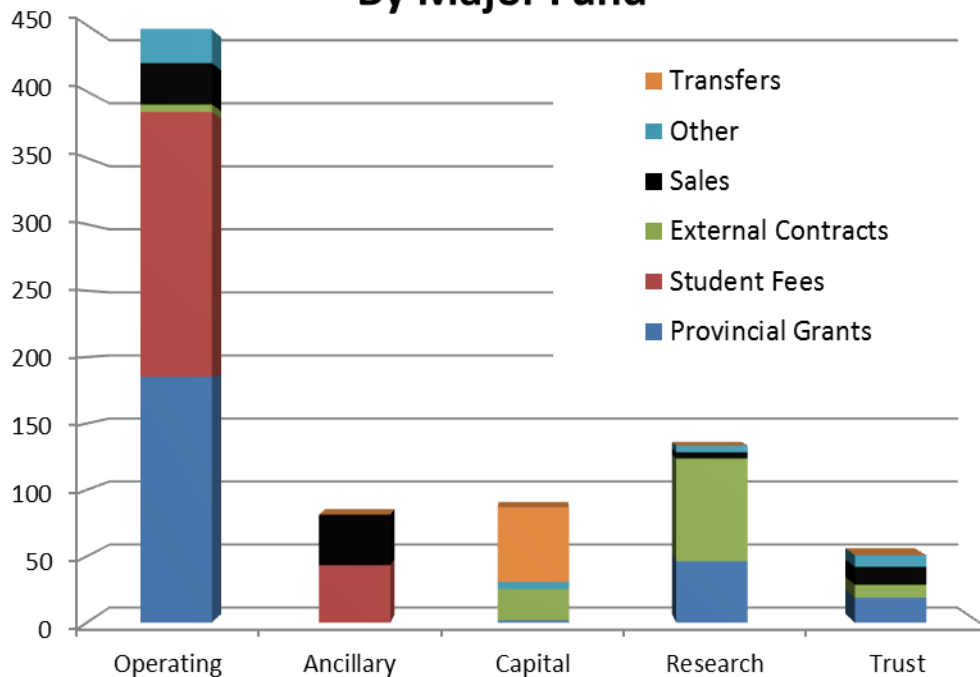
Major Fiscal Building Blocks



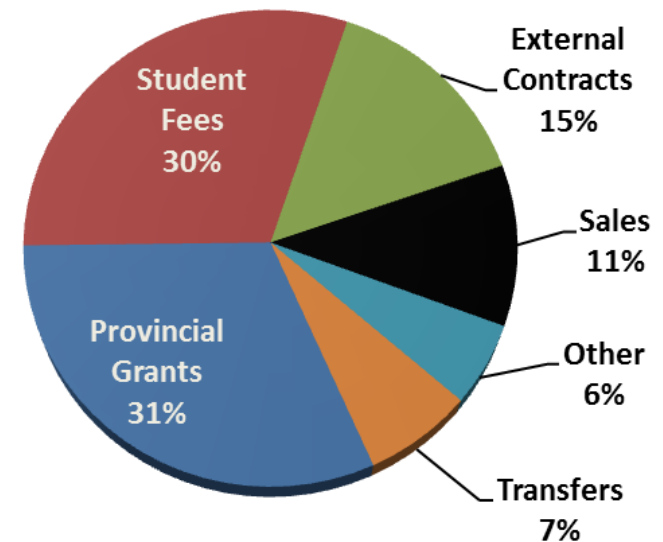
Sources of funds across major funds

Operating equals all Other Funds (~\$800M)

**2016 University Funding Sources
By Major Fund**



**2016 University Total
Major Funding Sources**



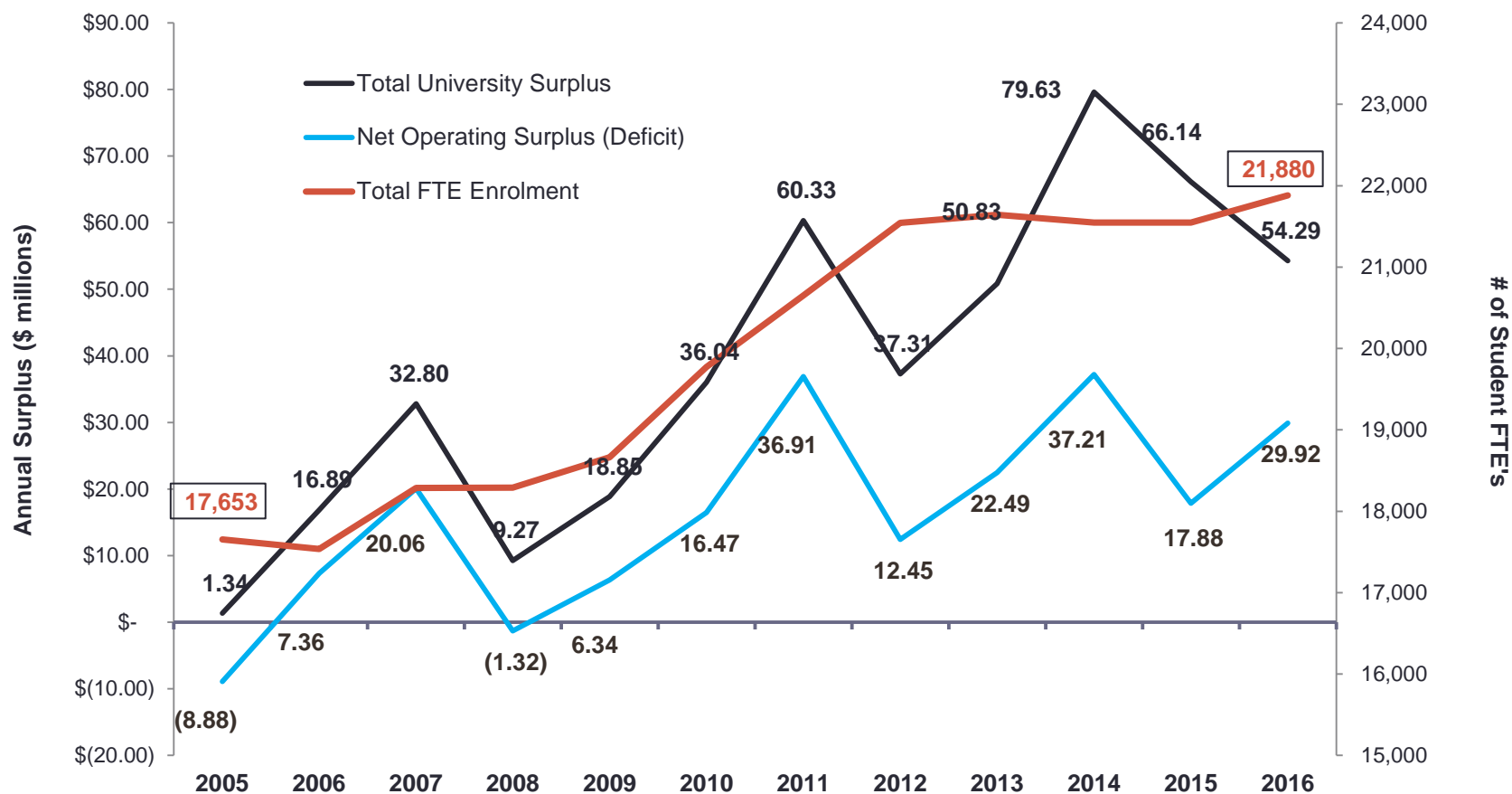
Summary – Actual Net Income by Fund

(2015 2016 Accounting results)

Fund (\$ millions)	2016	2015	CHG	2016 Highlight
Operating	35.2	21.7	13.5	Increased enrolment and flat spending
Capital	35.4	10.3	25.1	Increase activity funded from other unrestricted funds
Ancillary	11.9	7.7	4.2	Increased enrolment (housing) plus real estate sales
Research	2.0	1.7	0.3	No major changes
Trust	(19.2)	13.1	(32.5)	Capital funding
Endowments	(4.9)	12.1	(17.0)	Investment losses – external endowments
TOTAL	60.2	66.6	(6.4)	Investment losses > enrolment gains

Net Income and Enrolment

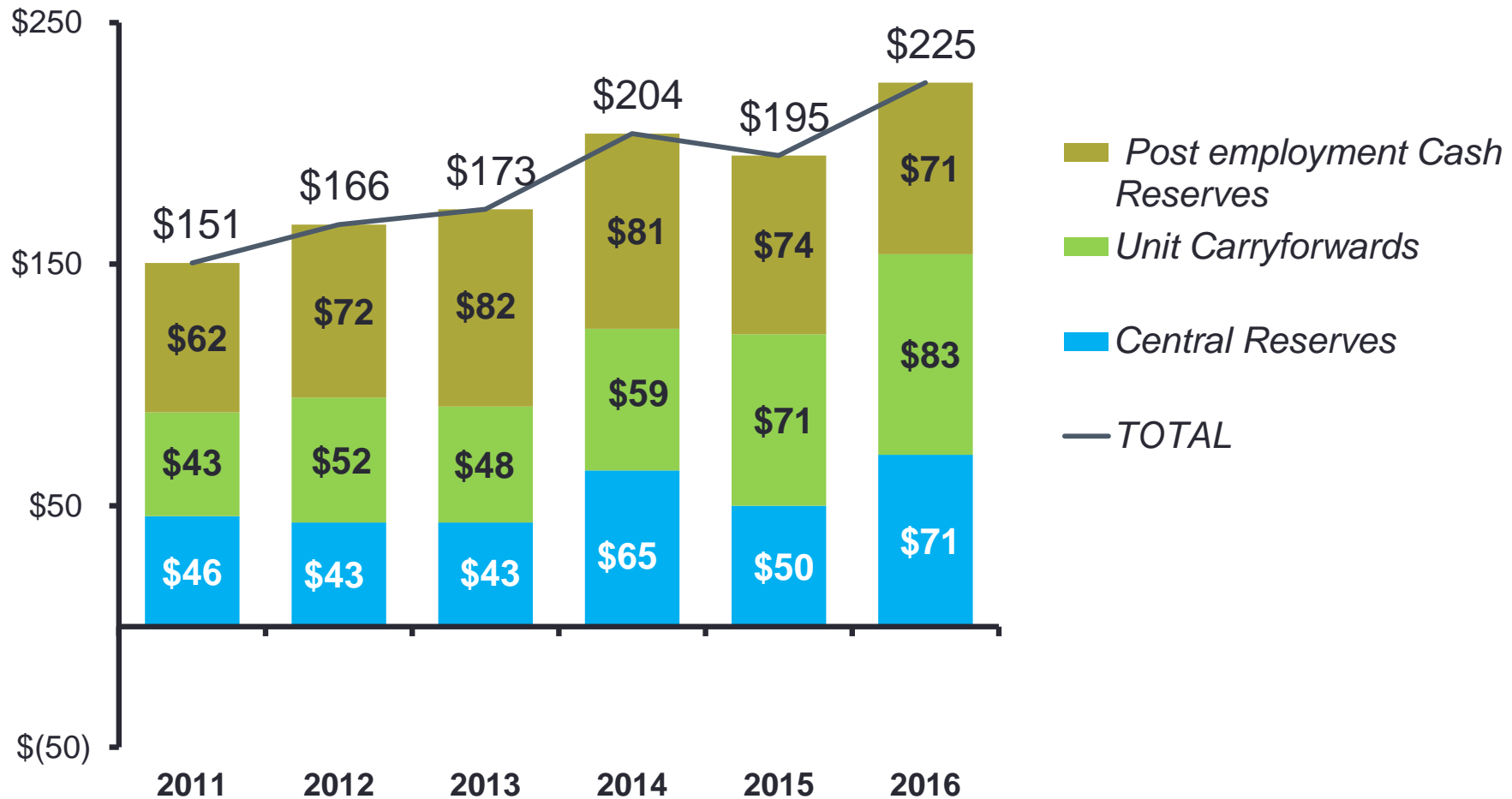
University of Guelph Annual Results



Operating Fund

Reserves and Carry-Forwards – year end values

Operating Fund Net Assets



BUDGET PLANNING 2017 2018

Issues, Topics and Timing

Provincial Planning Framework

Themes and Priorities

- Priorities for the new funding formula are:
 1. *Enhance Quality and Improve the Student Experience*
 2. *Support the existing differentiation process*
 3. *Financial Sustainability*
 4. *Increase Transparency and accountability*

Areas of Differentiation

- Funding will provide a lever for recognizing institutional existing strengths in five key areas of differentiation:
 1. *Highly skilled workforce: innovation in teaching and learning;*
 2. *Access and equity;*
 3. *Community impact and economic development;*
 4. *Research excellence; and*
 5. *Improving the student experience.*

Revenues Risk Areas 2017 2018

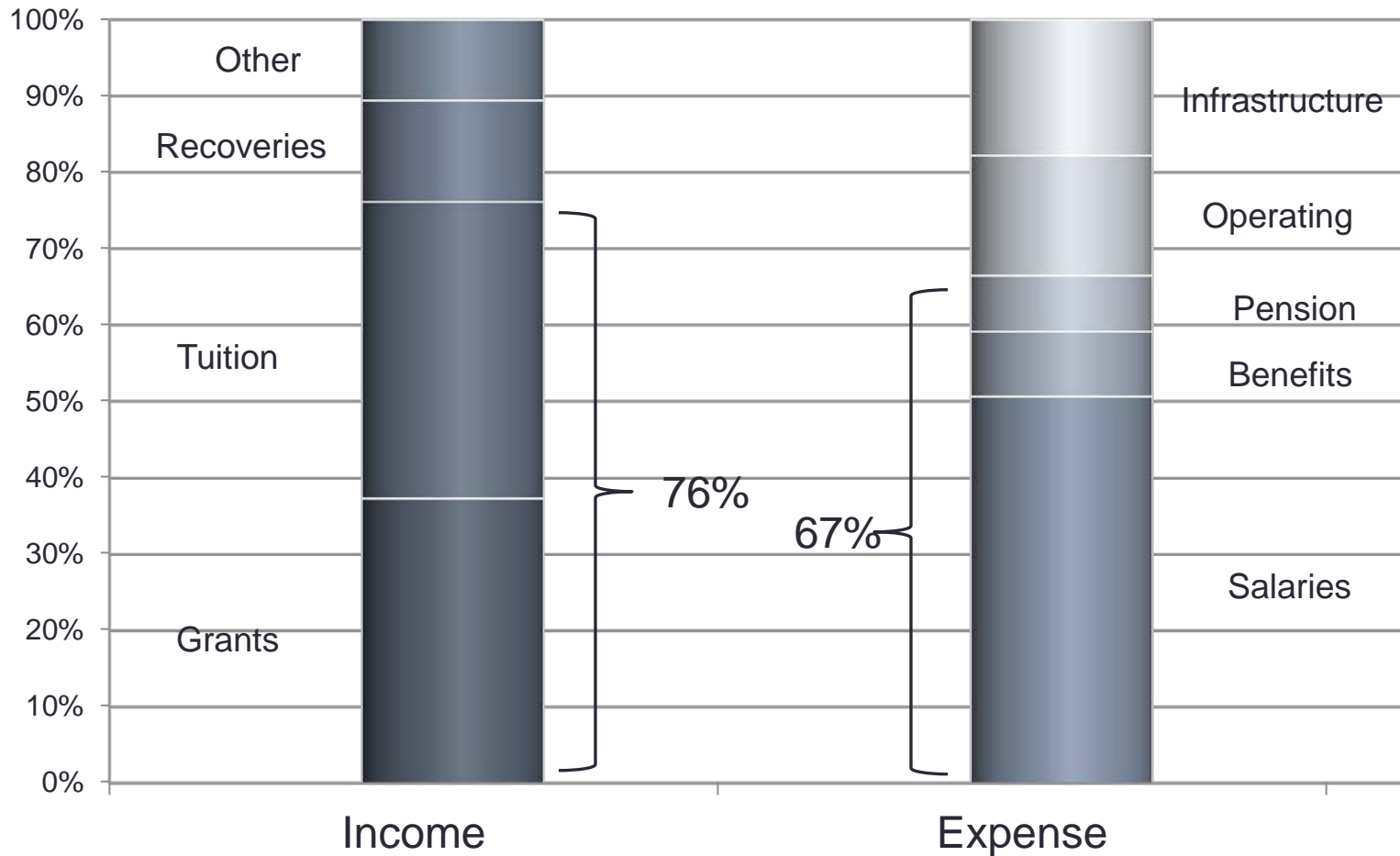
Impact	Mitigation – Short Term	Mitigation Long Term
<i>New Provincial Funding Formula</i>		
<ul style="list-style-type: none"> • \$180M Operating Grants • <u>Enrolment corridor</u> • “Fixed provincial” total funding • Portion Metrics Based 	<ul style="list-style-type: none"> • Province will “Hold Harmless” in 2017 • Consultations & Analysis 	<ul style="list-style-type: none"> • Set metrics & goals • SMA negotiations • Differentiators
<i>New Tuition Framework</i>		
<ul style="list-style-type: none"> • Revenues - \$180M 	<ul style="list-style-type: none"> • No indications 	<ul style="list-style-type: none"> • Review fee structures
<i>Enrolment Demographics and Demand</i>		
<ul style="list-style-type: none"> • Revenues \$180M • Infrastructure & quality 	<ul style="list-style-type: none"> • Targeted increases • Investments 	<ul style="list-style-type: none"> • Investments in quality • Differentiators
<i>OMAFRA Contract Renegotiation for 2018</i>		
<ul style="list-style-type: none"> • 40% of research • \$90M in funding 	<ul style="list-style-type: none"> • Program delivery • Alignment with provincial priorities • Active Engagement 	

Expenses Risk Areas 2017 2018

Impact	Mitigation – Short Term	Mitigation Long Term
<i>Compensation – Major Negotiations (2017)</i>		
<ul style="list-style-type: none"> • 5 groups • \$275M in costs • Sector pressures 	<ul style="list-style-type: none"> • Compensation framework • Resource planning 	<ul style="list-style-type: none"> • Complement Planning • Resource Allocation
<i>Capital Projects – SIF Deadlines April 30, 2018</i>		
<ul style="list-style-type: none"> • \$ 66 M - \$30 million in Federal funding • Post Deadline ineligibility 	<ul style="list-style-type: none"> • Implementation planning and risk assessment 	<ul style="list-style-type: none"> • Sector Consultation for deadline reconsideration
<i>Pension Contributions</i>		
<ul style="list-style-type: none"> • \$93M in new payments Aug 1, 2017 (7 years) • 20% of Budget 	<ul style="list-style-type: none"> • BPS temporary solvency extension in progress 	<ul style="list-style-type: none"> • Provincial-wide solvency relief • Sector-wide JSPP
<i>Infrastructure Needs (IT, space, enrolment, DM)</i>		
<ul style="list-style-type: none"> • Increasing demands • No funding – other than “growth” which will is limited 	<ul style="list-style-type: none"> • Restraint • Heritage Funds (IT, space) 	<ul style="list-style-type: none"> • Multi-year planning with resource allocation

Concentrations in the General Operating Budget

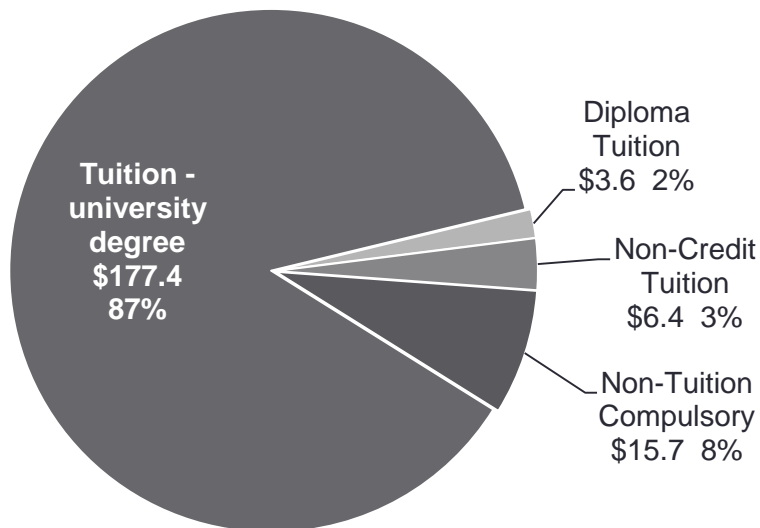
Means - Revenue Opportunities and Expense Challenges



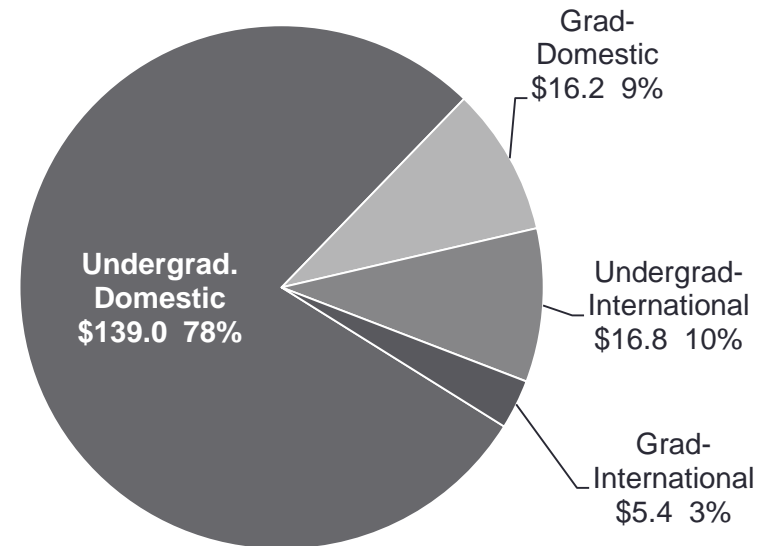
Student Tuition and Fees (main campus)

(excludes food and housing)

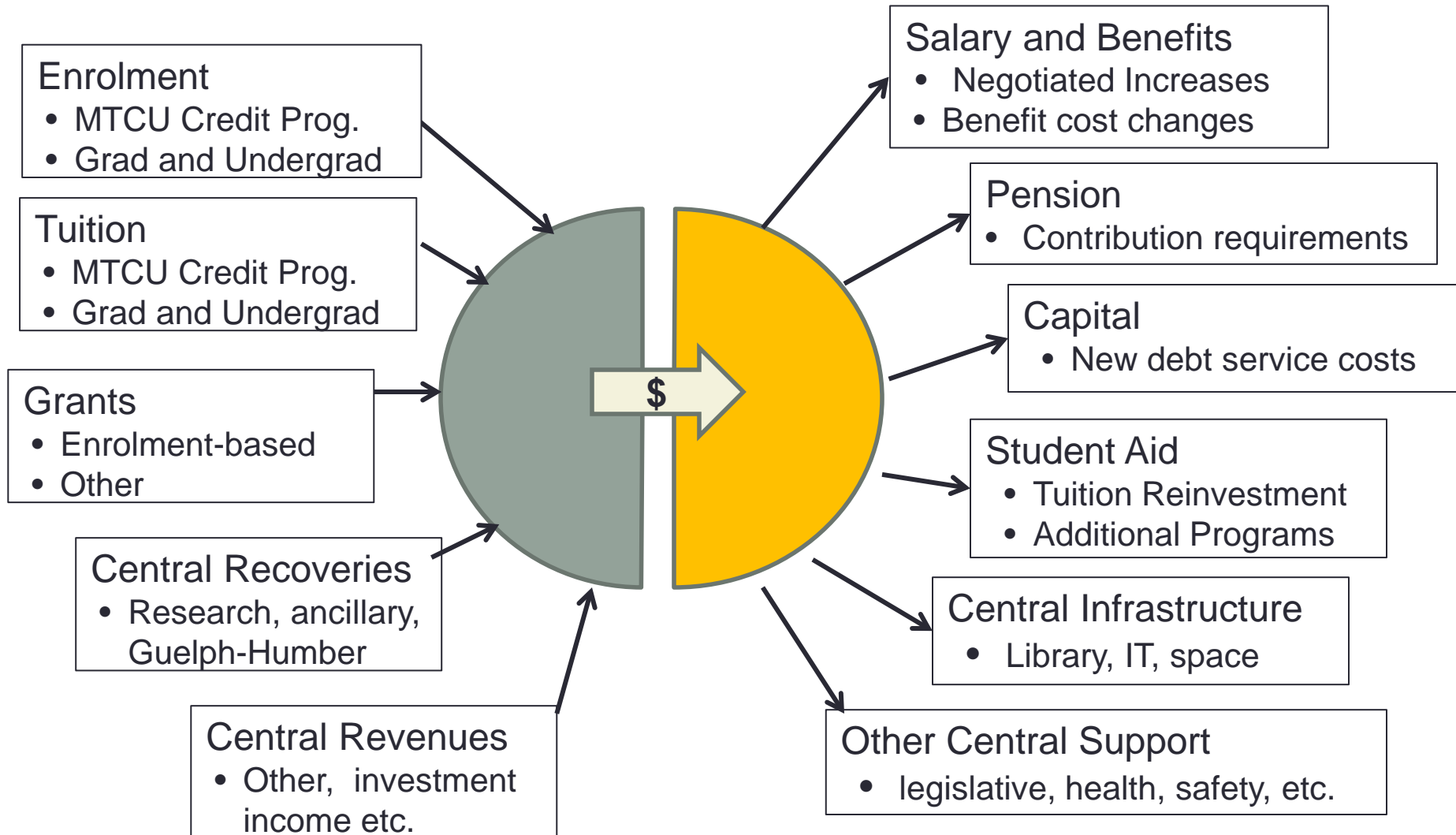
**Student Tuition and Fee
2016 2017 BUDGET Revenue by Type
\$203.1 million**



**Student Tuition University Degree Credit
2016 2017 BUDGET Revenue by Type
\$177.4 million**



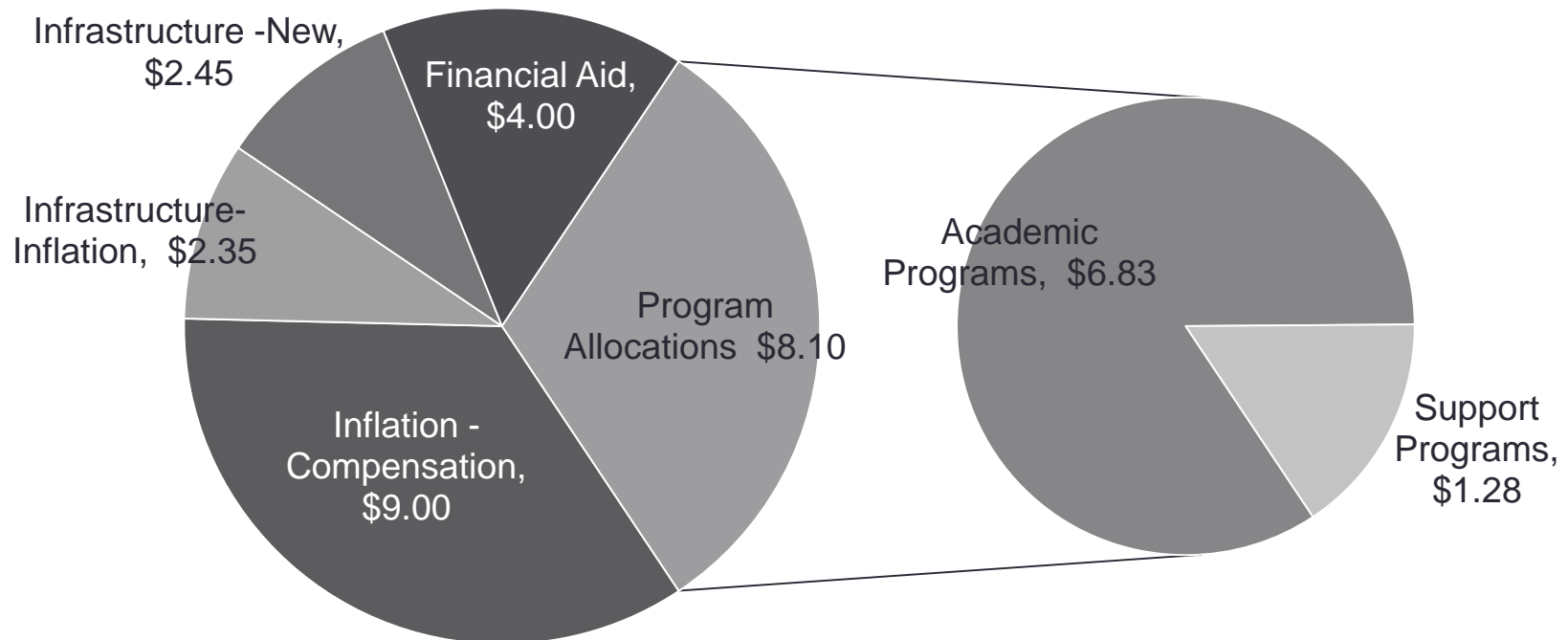
Budget Assumptions



Typical Allocations – Operating Fund

(2016 2017 Budget)

2016 2017 General Operating Funds Summary of Additions \$25.9 million



Priorities Planning Areas

- **Student Teaching and Learning**
 - Learning Experience – both here and post-graduation
 - Support Services
 - Accessibility
- **Enrolment Planning**
 - How much more Undergraduate
 - *International & domestic*
 - *SMA targets*
 - Graduate: how do we achieve our targets
- **Resource Allocation Processes**
 - Moving forward – exploring revenue allocations
 - What is best for Guelph

How much can we afford or not afford to grow?

- **Our Enrolment Growth has “buffered”;**
 - Covering cost increases
 - Need to “reallocate” to fund initiatives
- **But....Sustainability of current levels**
 - *Against demographic trends*
- **Capital Demands**
 - *Classrooms, Housing, study space*
- **Quality of Student Experience**
 - Need structural investment in teaching and support operations

