Update on Recent Announcements
Provincial Update

Ministry of Training Colleges and Universities (MTCU) announced:

- **Tuition Fee Reduction:**
  Colleges and universities required to reduce tuition fees by 10% for 2019/2020 and freeze in 2020/2021
    - Impacts ~93% of our students
    - Excludes international students, full cost recovery programs, and diploma students

- **Student Choice Initiative**
  Student fees can be charged mandatory basis (required to be paid by all registered students) while other fees considered optional
    - Anticipating largest impact on student associations and government
    - Still awaiting details from government

- **Changes to OSAP**
  - Reduction in needs based grants

- **Strategic Mandate Agreement Renewal (SMA3)**
Provincial Update: Impact on Budget

**OSAP changes**
- Impact unknown at this time but anticipate some impact on our student aid (e.g., Student Access Guarantee (SAG))

**Tuition Fee Reduction Impact**

**Estimated Impact of 10% Cut to Tuition***

<table>
<thead>
<tr>
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<th>Based on 18/19 Fees</th>
<th>With 10% Reduction</th>
<th>Tuition Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Main Campus</td>
<td>172.17</td>
<td>154.95</td>
<td>(17.22)</td>
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<tr>
<td>Guelph Humber</td>
<td>32.41</td>
<td>29.17</td>
<td>(3.24)</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>204.58</strong></td>
<td><strong>184.12</strong></td>
<td><strong>(20.46)</strong></td>
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</table>

*Using 2019/2020 enrolment projections for impacted students only
Academic Priorities

Guiding all priorities: U of G is a top comprehensive university that is both learner-centered and research intensive.

- Internationalization
- Teaching and Learning
- Faculty Renewal
- Strategic Enrolment Management Plan
- Strategic Initiatives
University Budgeting
Finding Balance

Incremental Revenues
- Tuition
- Enrolments
- Provincial Grants

Compensation
- Infrastructure
- Strategic Investments

New Expense Commitments
Preliminary General Operating Budget
Starting Budget Assumptions

☐ **Tuition:**
  - Reduce tuition fee levels for funding eligible programs by 10% for Spring 2019/2020 relative to 2018/2019 levels
  - Tuition fees for 2020/2021 frozen at the 2019/2020 levels
  - Conservative estimate for international fee increases – still being confirmed with Colleges

☐ **Operating Grants:**
  - Assumes a freeze in 2019/20 to the corridor funding and performance funding at this time
  - Provincial budget (April 11)

☐ **Division & College Budgets:**
  - Assumes that all base budgets of budget planning units are kept whole from the previous year
Undergraduate domestic intake is maintained at 2018-19 levels

International enrolment was increased by 100 in 2019-20 and 120 in 2020-21
Preliminary General Operating Budget
Budget Assumptions: Recoveries, Expenditures & Investments

☐ Other Revenue/Recoveries:
  ▪ Revenue Loss from Joint Venture with Guelph Humber ($1.5M)
  ▪ Ancillary Recoveries 2.0% Inflation ($165K)

☐ Compensation:
  ▪ Salary Increase (2.0% to 3.5% between Employee Groups)
  ▪ Pension (In Review) Going concern no change ($12.8M Base)

☐ Other Expenditures:
  ▪ Student Aid: (In Review) No Change
  ▪ IT Infrastructure: $1.2M for University IT System Projects
  ▪ Library Information Resources: 3% Subscription Inflation
  ▪ Utilities: (Recognized Efficiencies) Budget Reduced $7M
  ▪ Capital Debt Servicing: No Change
  ▪ Strategic Investments: No Change ($1.4M Base)
## Preliminary General Operating Budget

**As Of February 27, 2019**

### In millions

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<tr>
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<td><strong>Revenues</strong></td>
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<td>Operating Grants</td>
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<td>Tuition</td>
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<td>(7.4)</td>
<td>205.8</td>
<td>9.6</td>
<td>215.4</td>
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<td>Other Institutional Revenues</td>
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<td>59.4</td>
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<td>Revenue Recoveries</td>
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<td>66.5</td>
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<td>Other Income</td>
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<tr>
<td><strong>Total Revenue &amp; Recoveries</strong></td>
<td>526.0</td>
<td>(6.1)</td>
<td>519.9</td>
<td>10.1</td>
<td>530.0</td>
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<tr>
<td><strong>Salaries &amp; Benefits</strong></td>
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<td>Salaries</td>
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<td>Benefits</td>
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<td><strong>Total Salaries &amp; Benefits</strong></td>
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<td><strong>Other Institutional Costs</strong></td>
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<td>Operating Costs &amp; Recoveries</td>
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<td>71.9</td>
<td>0.4</td>
<td>72.3</td>
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<td>Infrastructure (IT/Lib/Utilities)</td>
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<td>(5.5)</td>
<td>32.0</td>
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<td>33.2</td>
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<td>Student Aid</td>
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<td>Capital Debt Servicing</td>
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<td>23.4</td>
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<tr>
<td>Strategic, Academic &amp; Research Support Funds</td>
<td>11.7</td>
<td>0.1</td>
<td>11.8</td>
<td>0.0</td>
<td>11.8</td>
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<tr>
<td><strong>Total Other Institutional Costs</strong></td>
<td>165.8</td>
<td>(2.8)</td>
<td>163.1</td>
<td>1.6</td>
<td>164.7</td>
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<tr>
<td><strong>Total Expenses</strong></td>
<td>532.0</td>
<td>7.5</td>
<td>539.5</td>
<td>13.4</td>
<td>552.9</td>
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<tr>
<td><strong>Budget Surplus (Deficit)</strong></td>
<td>(5.9)</td>
<td>(13.6)</td>
<td>(19.6)</td>
<td>(3.3)</td>
<td>(22.9)</td>
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</tbody>
</table>
Preliminary General Operating Budget
Potential Changes to Preliminary Budget Position

- Budget as of Feb 27, 2019
  - 2019 2020 Preliminary Budget Deficit $19.6M

- Preliminary Assumptions Likely to Change Before Budget Plan Approval
  - In Review
    - Student aid (i.e., impact of SAG/TSA changes)
    - Pension going concern review
    - Tuition rate setting for international
    - OMAFRA funding
    - Provincial operating grant – possible update with Provincial Budget (Apr 11)
    - Changes in enrolment projections for domestic and international
Strategic Budget Planning
Strategic Budget Planning

Immediate Plan

- An advisory committee has been struck to review budget expenditures and potential savings (bi-weekly meetings)
- Non-personnel budgets under preliminary review
- Operational review for immediate savings
- Shore up deficit using Operating Fund Reserves (Excluding Benefits Reserves)
- April 2019 Projected (Unofficial) Pension Reserves\(^1\) $26M, Division Reserves $87M

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1 Pension Reserves (Employee Benefits Reserve) includes minor balances for other benefits such as PDR. Majority of the balance is for Pension Solvency.
Strategic Budget Planning
Medium to Long Term Plan

- Medium Term Plan
  - Aim for 12-15 month gap planning timeline
  - Budget deficit mitigation engagement process
    - Initial Workshop in April 2019 – all College leadership
    - Subsequent meetings to follow

- Long Term Plan
  - Certain Strategies will be a multi-year approach
Important Dates
## University Budget Plan Cycle 2019/2020

### Key Dates

<table>
<thead>
<tr>
<th>Agenda</th>
<th>Date</th>
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<tbody>
<tr>
<td>Budget Assumption/Consultations</td>
<td>December 2018 – January 2019</td>
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<tr>
<td>Finance Committee</td>
<td>February 27, 2019</td>
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<tr>
<td>Senior Administration</td>
<td>March 1 – 15, 2019</td>
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<tr>
<td>College Communications</td>
<td>March 18 – 27, 2019</td>
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<tr>
<td>Student Budget Committee</td>
<td>March 26, 2019</td>
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<td>Employee Group Leaders Meeting</td>
<td>March 26, 2019</td>
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<tr>
<td>Townhall Meeting</td>
<td>April 1, 2019</td>
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<tr>
<td>Finance Committee</td>
<td>April 2, 2019</td>
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<tr>
<td>Board of Governors</td>
<td>April 17, 2019</td>
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<tr>
<td>Follow Up Townhall Meeting</td>
<td>TBD</td>
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<tr>
<td>Special Governance Meeting</td>
<td>May (TBD)</td>
</tr>
</tbody>
</table>
Thank you!

Questions?