

# **Board of Governors**

## **November 29, 2011**

### **2012-2013 Operating and Ancillary Budget Framework**

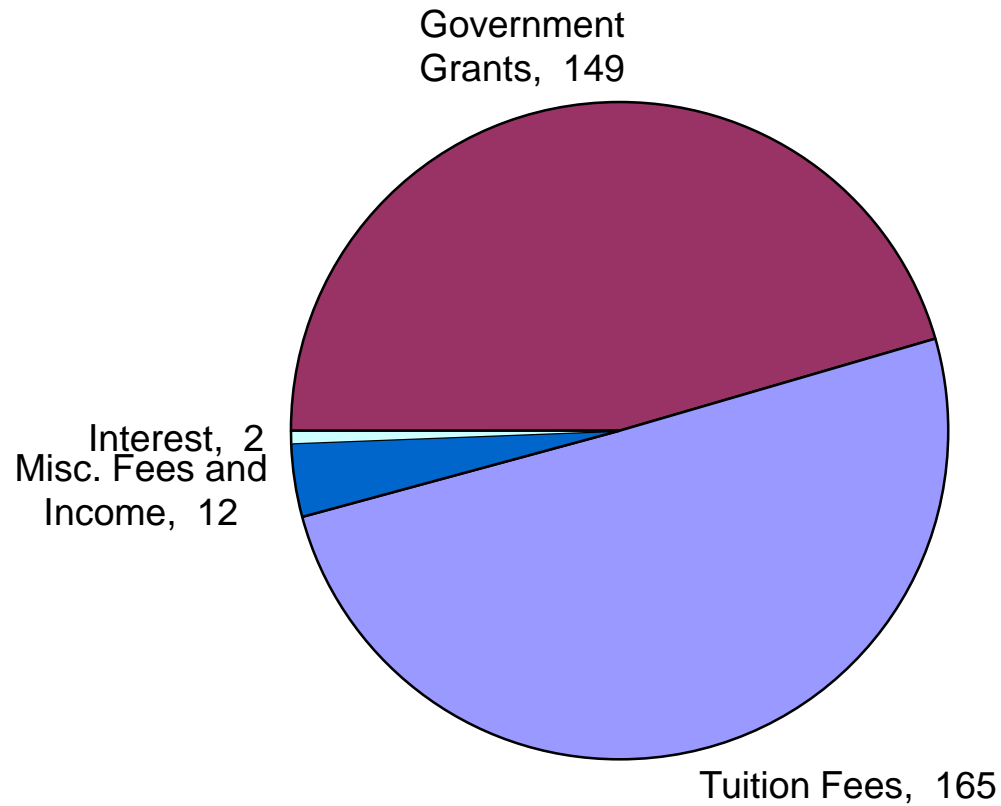
## Presentation Outline

- Financial Overview;
- Changes since April 26, 2011 when 2011-2012 Budget was approved;
- 2012-2018 Planning Framework;
- Recommendation;
- Ancillary Budget

## Board of Governors Schedule

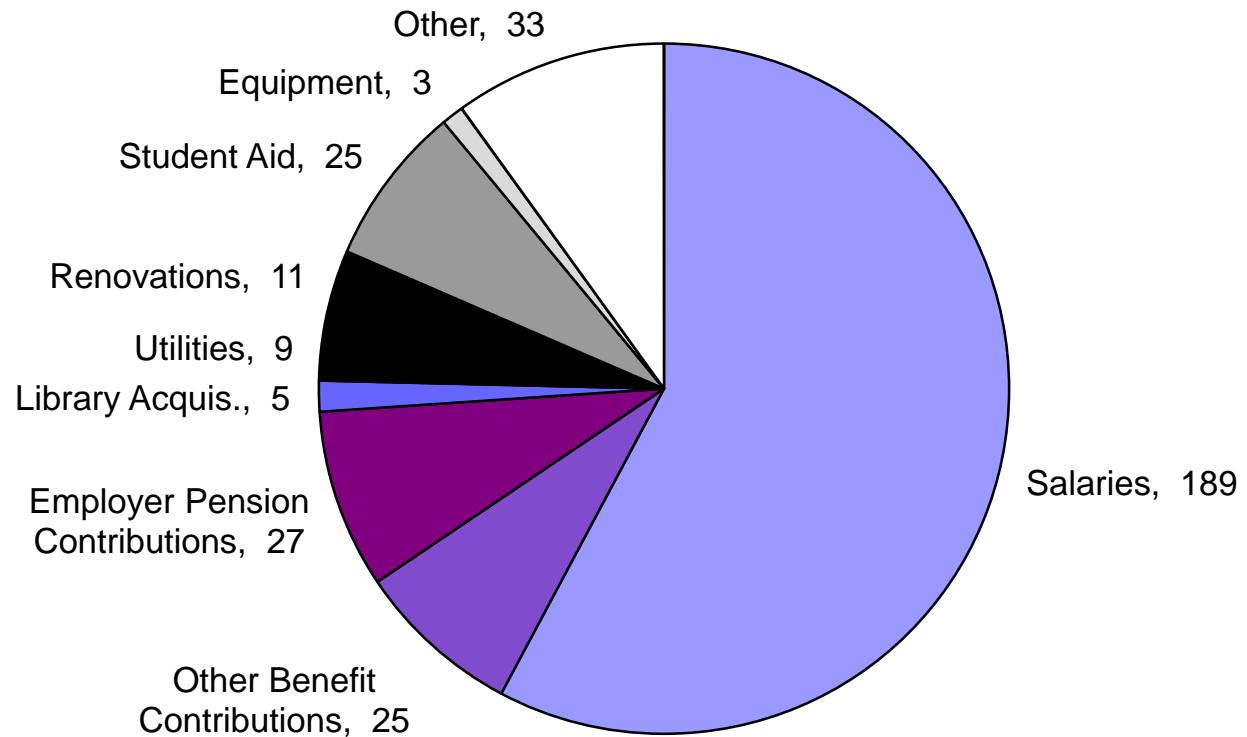
- September 2011
  - Financial Update;
  - 2010-2011 Financial Statements;
- November 2011
  - 2012-2013 Operating and Ancillary Budget Framework;
- March-April 2012
  - Present 2012-2013 Operating and Ancillary Budget for approval

## 2011-2012 Budgeted Operating Revenues: \$328 million



Source: Operating and Ancillary Budgets 2011-12  
Finance/OIRP 2011-08-17

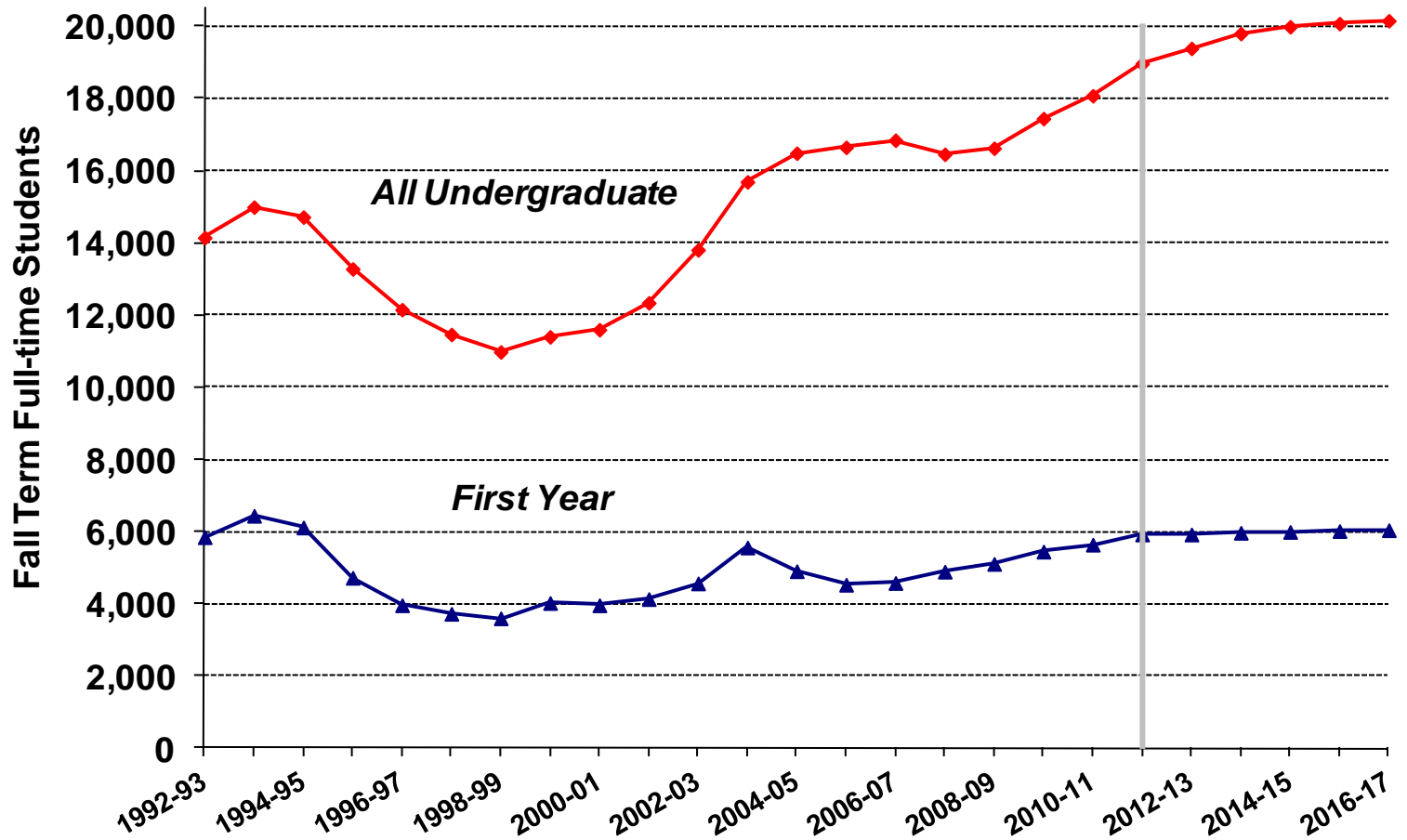
## 2011-2012 Budgeted Operating Expenditures: \$327 million



## Budget Considerations

- Revenue:
  - Enrolment Forecast:
    - Undergraduate;
    - Graduate;
  - Tuition Fee Framework;
  - Government Funding;
- Expenditures:
  - Pension Plan

# Undergraduate Enrolment

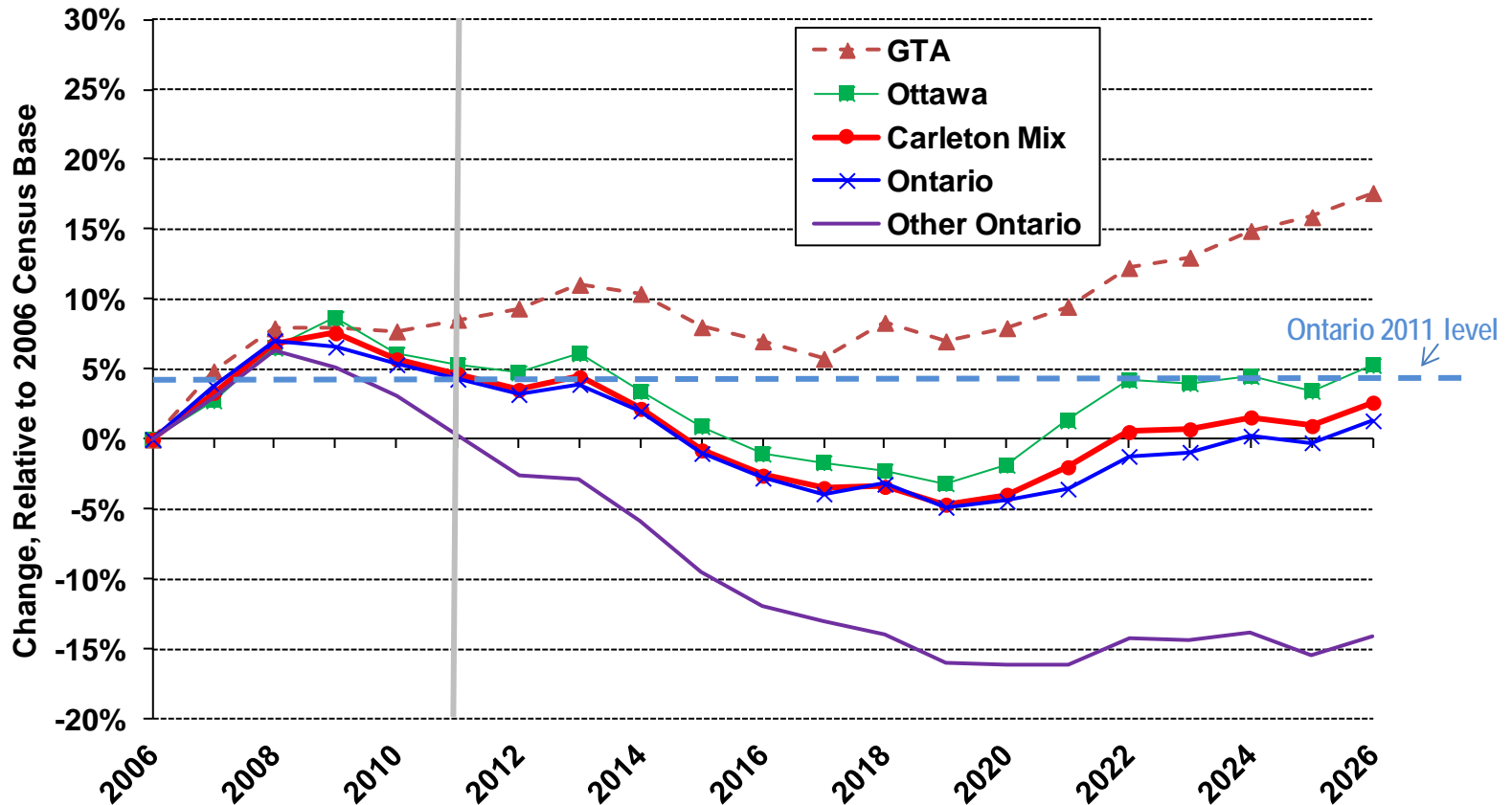


Note: "All Undergraduate" includes Degree, Certificate, Diploma, and Special students

Source: historical -- SE5-3, plus estimates based on first-year registrations to date and past retention rates.

OIRP: November 8, 2011

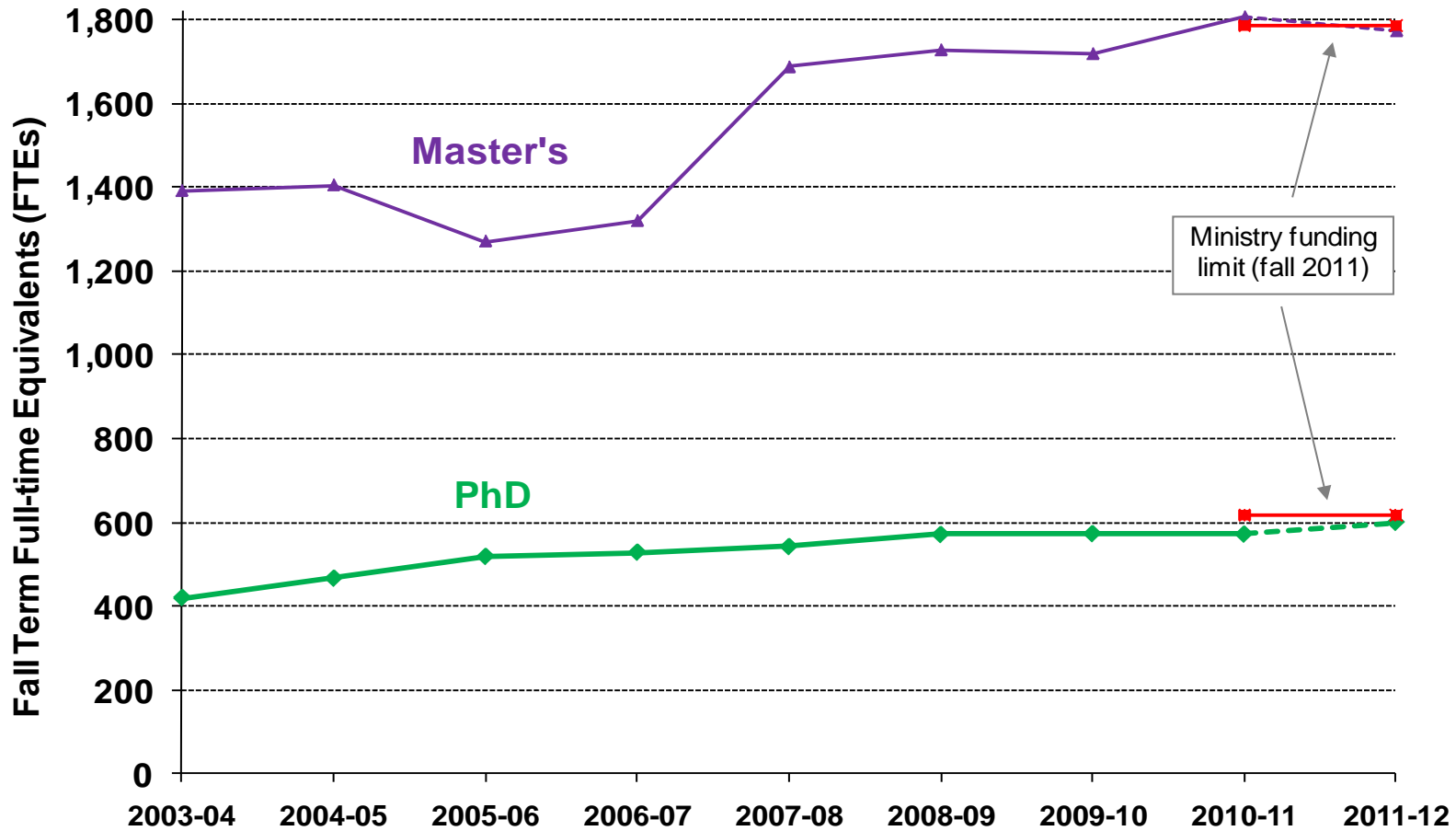
## Projected Change in the 18-Year-Old Population in Ontario



Source: Ontario Ministry of Finance: *Ontario Population Projections Update, 2010–2036* (Spring 2011)  
 International immigration is assumed to be 0.9% of the population, slightly lower than Ontario's actual rate over the past 20 years.  
 "Carleton Mix" is calculated based on actual Ontario enrolment mix (averaged from 2008 to 2010).  
 OIRP 2011-11-08



## Grant-Eligible Graduate Enrolment



Sources: table SE5-3 and OIRP enrolment data cubes  
 OIRP: August 30, 2011

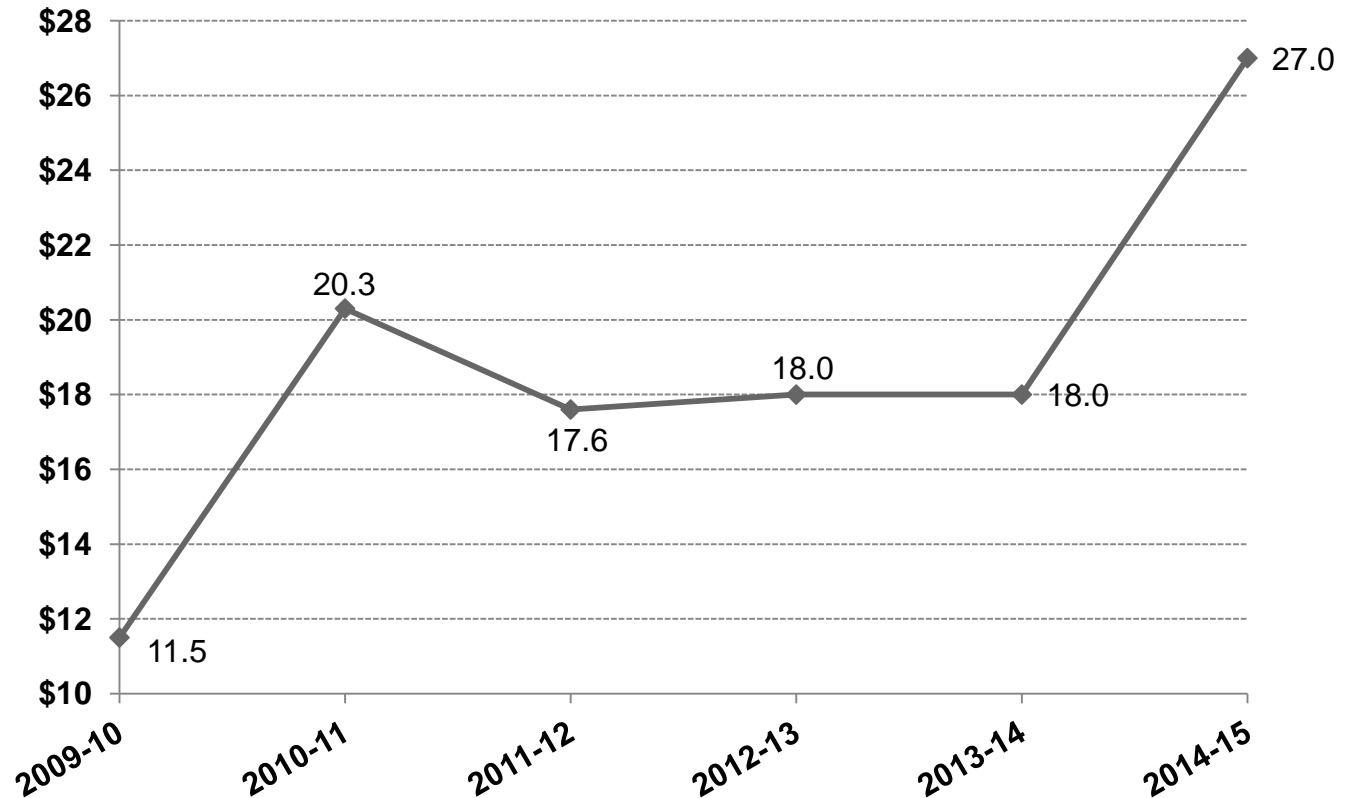
# Ontario Government Policies

- Post-Secondary Education
  - Tuition Fees;
  - Government Grant;
  - Differentiation;
- Other Policies
  - Pensions;
  - Public Sector Compensation Restraint;
  - Broader Public Sector Accountability

## Current Pension Status

- Valuation filed as of July 1, 2010;
- Plan value as of July 1, 2010 was \$688m with a Solvency deficiency of \$59m and Going Concern deficiency of \$48m;
- Two-stage temporary solvency funding relief announced February 10, 2011;
- Stage 1 relief requires “outline of a sustainability plan”;
- Stage 2 relief requires “progress towards sustainability”;
- Wind-up deficiency of \$169m

## Pension Cost to the University (\$m)



\* all numbers include the payment to the Pension Benefits Guarantee Fund of approximately \$1m

## 2010-2011 Budget Parameters

|   | <b>Fall 2010<br/>Actual</b> | <b>----- Fall 2011 -----</b> |                            |
|---|-----------------------------|------------------------------|----------------------------|
|   |                             | <b>April<br/>Assumptions</b> | <b>November<br/>Actual</b> |
| Fall first-year, full-time students                   | 5,642                       | 5,457                        | 5,924                      |
| Fall full-time undergraduates (degree programs)       | 17,798                      | 18,106                       | 18,680                     |
| Fall FT international undergrad (degree programs)     | 1,644                       | 1,762                        | 1,700                      |
| Fall full-time Master's (incl. DPA; excl. MBA abroad) | 1,907                       | 1,931                        | 1,916                      |
| Fall full-time PhD                                    | 764                         | 792                          | 816                        |
| Two-year retention rate                               | 81.2%                       | 81.0%                        | 79.5%                      |

# 2012-2018 Planning Assumptions

## Revenue

- Retention at average of past three years;
- Domestic tuition fees will increase 3% per year after 2011-2012;
- Maintain first-year enrolment for 2012-2013 , then very modest increases;
- Discounted government funding to university sector for undergraduate growth after 2011-2012

# 2012-2018 Planning Assumptions

## Expenditure

- Annual reduction in expenditures of \$1.6m;
- Extraordinary pension payments (started in 2010-2011);
- Annual base fund of \$1m for mission critical initiatives;
- Enrolment-Linked Budget Allocation model in place that provides 40% of net new income from undergraduate growth to faculties

## Major Financial Challenges

- Special payments to Pension Plan will continue for the foreseeable future;
- No framework after 2011-2012 from Provincial Government for tuition or grants; potential cap on undergraduate enrolment (MTCU already caps graduate enrolment);
- CUPE grievances regarding Pension Plan changes;
- Impact of the Ontario Government deficit;
- Demographics;
- Impact of Canadian dollar, and global financial situation, on international recruitment/retention



## Recommendations

- The Administration be directed to develop a 2012-2013 operating budget that will permit progress towards institutional priorities and achieve a surplus of \$1m

## Ancillaries

- **Consists of:**  
Athletics, Bookstore, Health and Counselling Services, Housing and Conference Services, Graphic Services, Parking and University Centre;
- **Planning Framework**  
Mandate to break even i.e.; generate sufficient revenues to fund cost of providing service;
- **Recommendation**  
Develop ancillary budget based on framework