Carleton UNIVERSITY

Canada's Capital University

2019-2020 Operating Budget

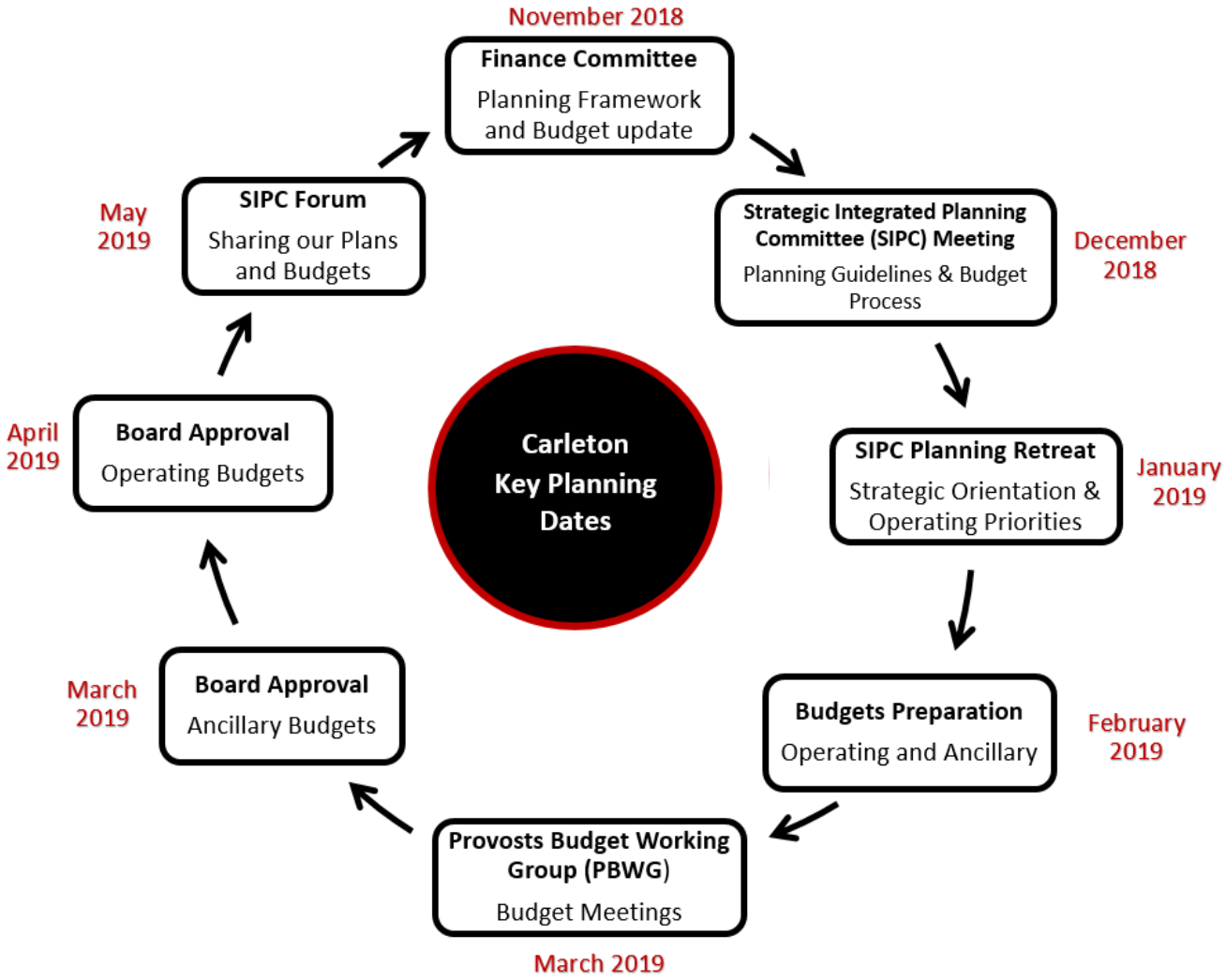
Finance Committee

April 11, 2019

Carleton UNIVERSITY

Canada's Capital University

Key Planning Dates



Planning Principles

- Enhancing our Academic Mission
- Aligning with our SIP and SMA-2
- Transparency and clarity
- Financial stability and sustainability
- Revenue generation and diversification

2019-20 Operating Priorities

1. Improving SMA2 Metrics – e.g. student retention and graduation rate, experiential learning and high impact practices
2. Enhancing research excellence and impact though interdisciplinary research clusters
3. Fostering innovation, industry partnerships and social and economic development at the local, national and international level
4. Supporting community engagement, specifically the revitalization of our relationship with Indigenous peoples
5. Making Carleton more effective and efficient in achieving its mission including holistic integration of digital technologies, development of optimal facilities, identification and fostering of talent, and other professional and administrative functions

Longer-term:

- Diversifying and increasing revenue from sources other than government
- Defining our story and communications to raise our profile and reputation

Budget Prioritization Process

- RPC Chairs Submitted Proposals to the Group of RPC Chairs, including:
  - Usage of any Carry Forward Funds
  - 2% Base Budget Reduction, Referring to Priorities
  - Requests for Additional Resources, Referring to Priorities and Distinguishing between Base and Fiscal Requests
- PBWG Prioritized Requests and Recommended the 2019-20 Budget

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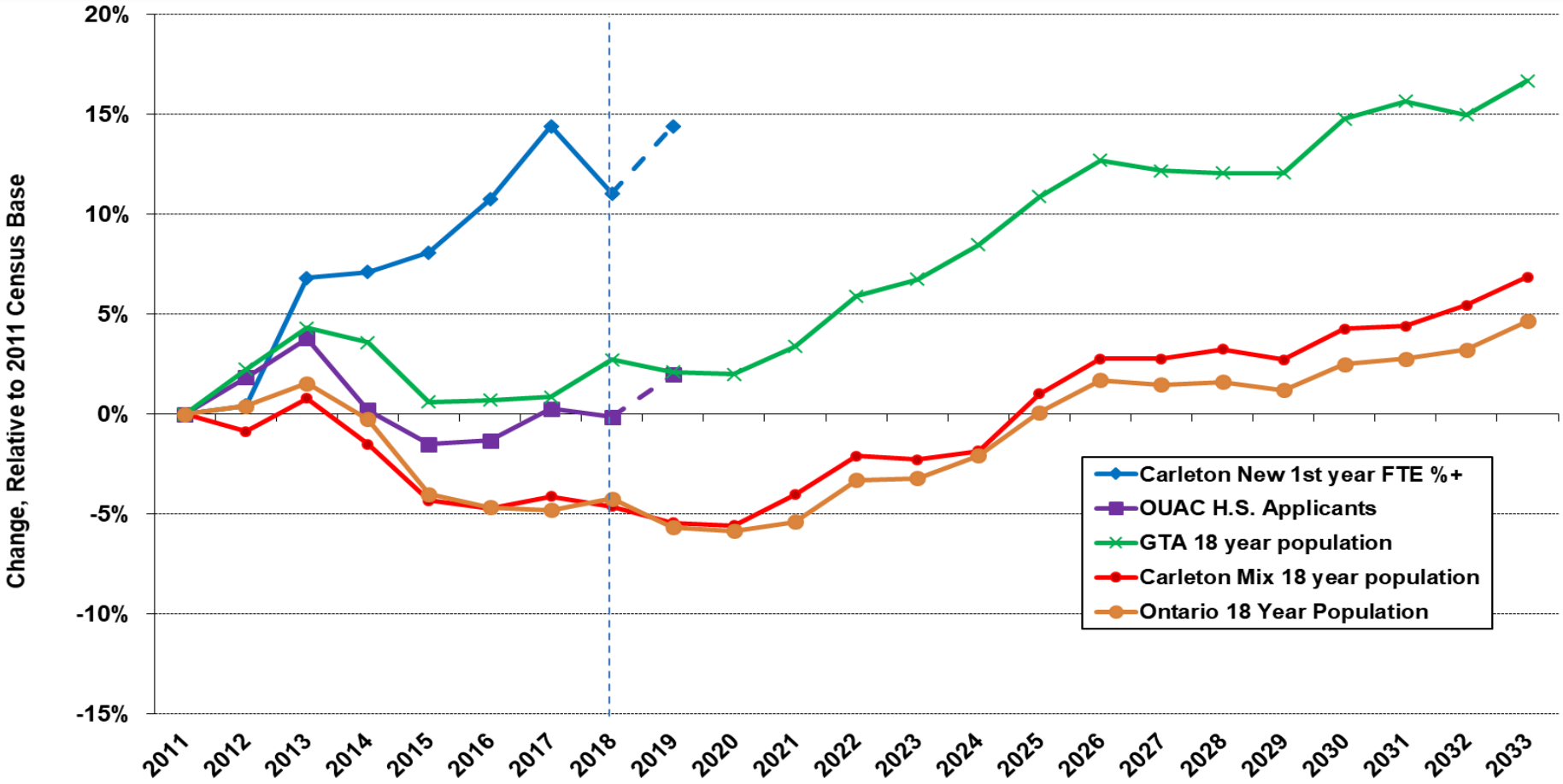
Projected Change in 18-year-old Population in Ontario: Carleton Impact



Source: Ontario Ministry of Finance: *Ontario Population Projections Update, 1986-2041* (Updated Spring 2018)
Ontario University Application Centre (OUAC) yearly statistics, OIRP Data cubes
"Carleton Mix" is calculated based on actual Ontario enrolment mix Ontario intake (Fall 2017).
OUAC data from 2019 is as at March 7, 2019
Office of Institutional Research and Planning: 2019-03-20

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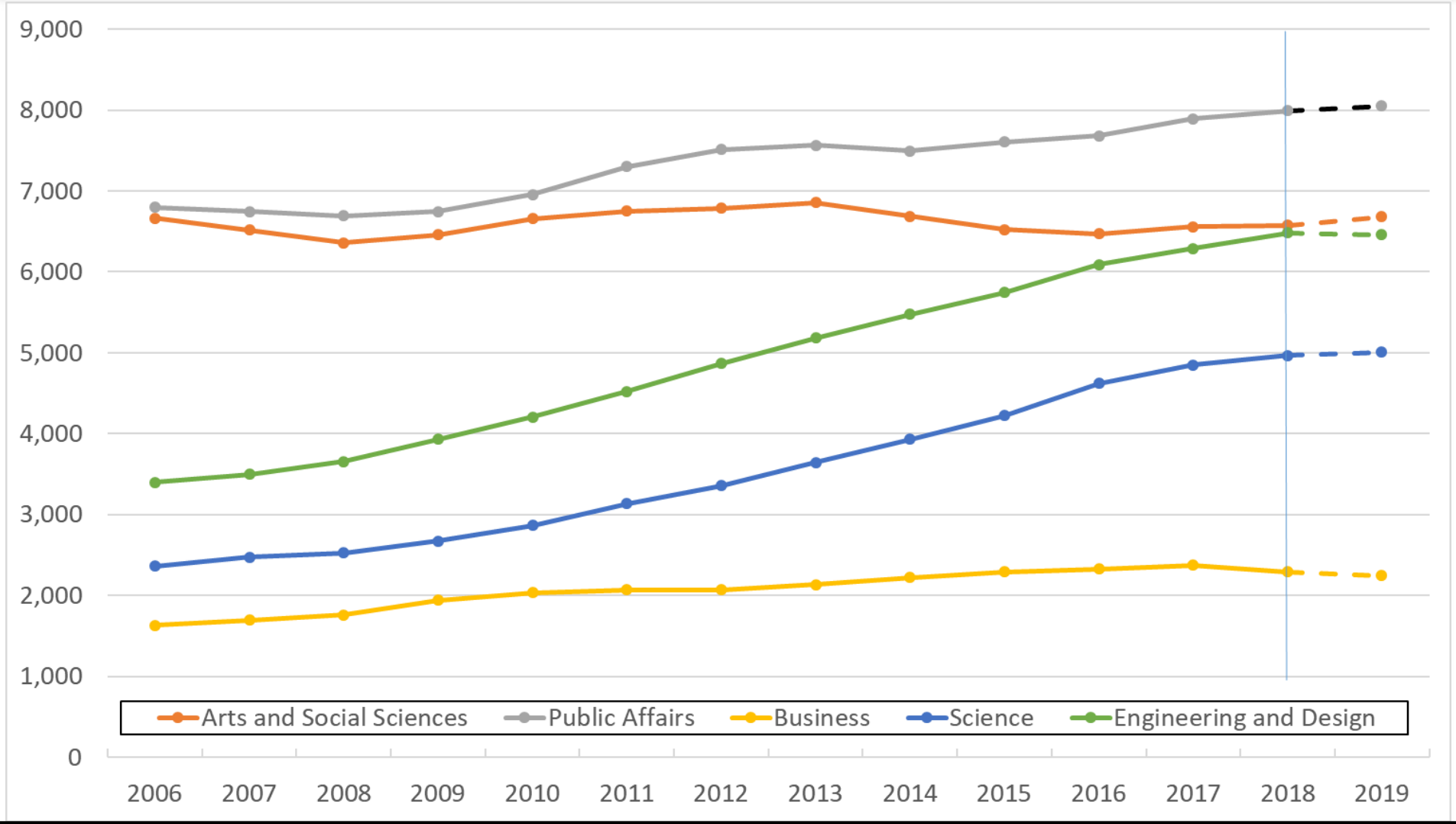
Enrolment Growth by Faculty



Applicants/Targets - Fall 2019

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Ontario University Application Centre Systems Data – First Year Undergraduate

	2019	2018	% +-
Applicants	151,326	148,333	2.0%
Confirmations	n/a	(Final) 100,724	(up 1.9% from 2017)
Applicants (H.S. – 'OUAC 101s')	91,761	89,652	2.4%

Carleton University First Year Undergraduate

	2019	2018	% +-
Applicants	23,374	22,950	1.8%
Approved	12,795	11,203	14.2%
Confirmed	1,484	1,349	10.0%

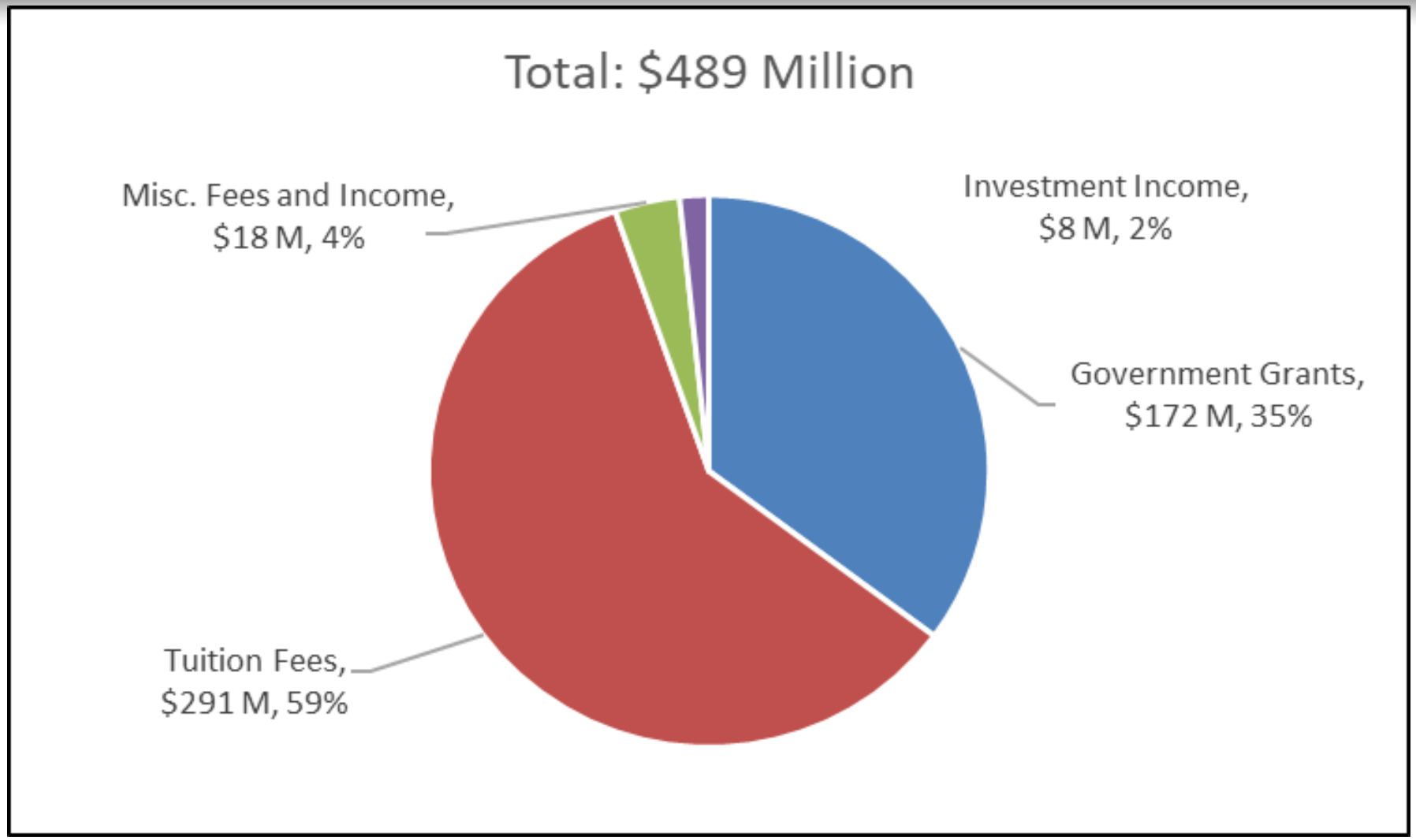
Carleton University Target (Full-time Fall)

	2019	2018	% +-
First Year	6,463	6,275	3.0%
First Year (New)	5,498	5,322	3.3%
Undergraduate	21,625	21,380	1.1%
Total Enrolment (All Students)	31,379	31,061	1.0%

OUAC data as at Mar. 7, 2019; Carleton data as at March 27, 2019 (with matched dates in 2018)

2019-20
OPERATING BUDGET

Projected Revenues



Year Over Year Revenue Changes

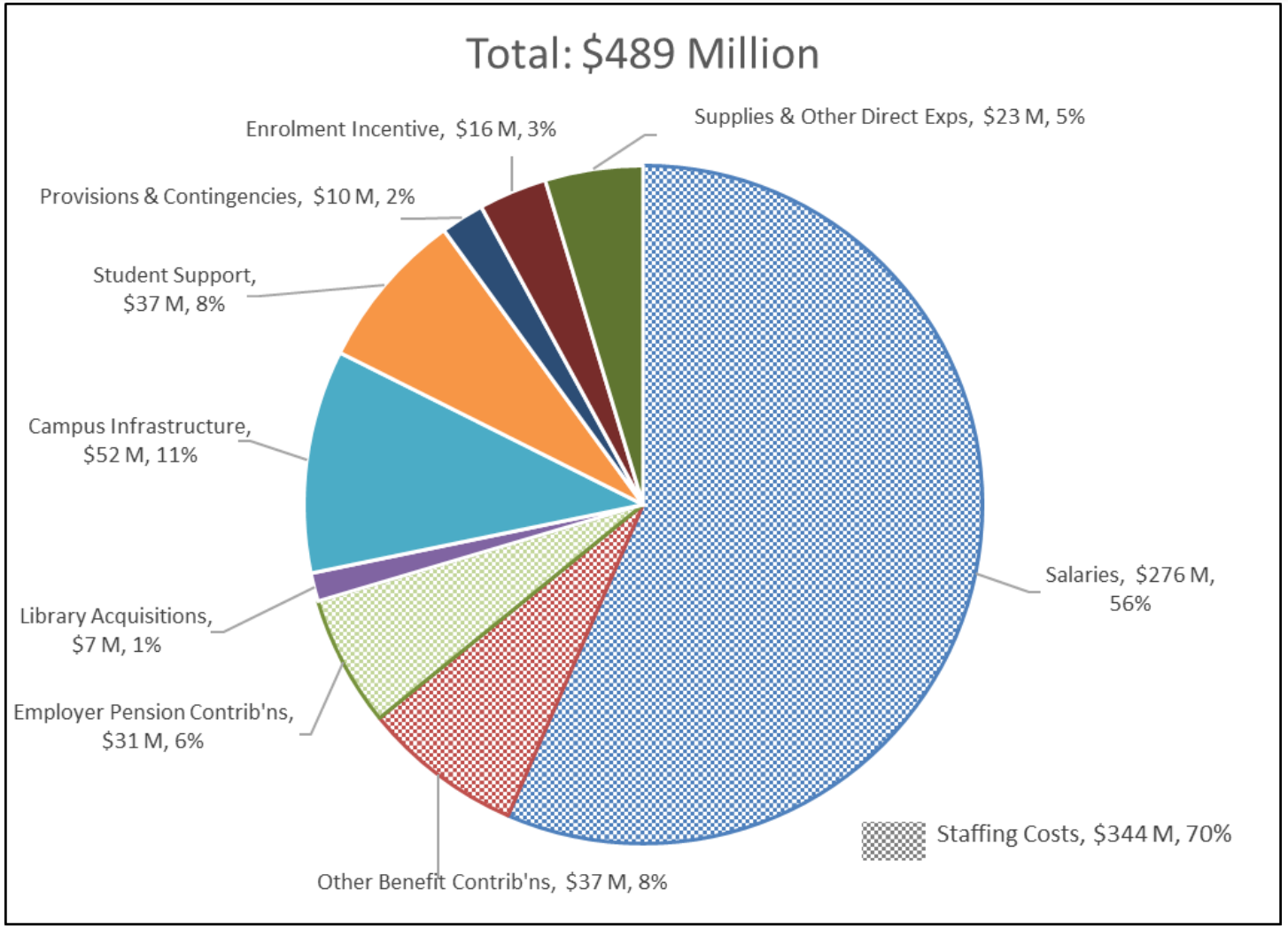
Tuition Revenue $291.1M, - $15.9M

- $2.7M due to 2018-19 enrolment shortfall;
- $13.2M from 2019-20 domestic (10%) fee decreases, offset by enrolment growth and flow-through
- Targeting 3% growth for Undergraduate (new) and 4.5% for Graduate (new) - *will get us back to 2017-18 levels*
- Overall Growth (with flow-through): Undergraduate 1.1%, and Graduate 1.5%
- International tuition fee increases of between 0-8%

Year Over Year Revenue Changes

- Government Grants $172.4M, -$0.2M
- Investment Income $8.2M, no change
- Other Income $17.4M, +$0.6M

Projected Expenses



Year Over Year Expense Changes

Total Expenses $489.1M, - $15.5M

Changes between 2019-20 and 2018-19 opening budgets:

- Salaries and Benefits + $ 9.0M
- Operating Costs - $24.5M

2019-2020 Allocation Changes

Compulsory and Discretionary Allocations * $42.6M

- Academic (Provost's RPC, Faculties, Library) $ 8.3M
- Student Support and Enrolment $ 2.3M
- Research and International $ 1.3M
- Administration $ 5.5M

  (e.g. President's RPC: Communications, Equity and GR; Secretariat and Legal; Finance, HR, IT, Facilities, Security, Advancement)

- University Budget (annual recurring expenses) $12.1M

  (e.g. benefit increases, utilities, student support)

- Provisions and Contingencies $13.1M

**Note: $42.6M available for increases and allocations come from 2% budget reductions ($5.5M) and lower year-over-year provisions and contingencies ($37.5M)*

Compulsory and Discretionary Allocations

Academic (Provost's RPC, Faculties, Library) $ 8.3M

- Enrolment Linked Budget Allocation (ELBA) $4.5M
- Faculty and staff positions $0.9M
- Renovations and Lab fit-up $1.1M
- Research (start-up fund) $0.3M
- Library Collection $0.2M
- Strategic Initiatives $1.3M

Compulsory and Discretionary Allocations

Student Support and Enrolment $2.3M

- Enrolment Management $0.6M
- Student Success $0.7M
- Employability $0.2M
- Staff Positions $0.8M

Compulsory and Discretionary Allocations

Research $ 1.3M

- Research Clusters & Researcher Support $0.6M
- Start up, move in, and equipment costs $0.3M
- Institutional Research Facilitators $0.4M

Compulsory and Discretionary Allocations

Administration $ 5.5M

(e.g. President's RPC, Finance, HR, IT, Facilities, Advancement)

- President's RPC $1.1M
  (Communications, Equity and GR; Secretariat and Legal)
- Advancement $0.4M
  (Planned Giving, Here for Good, sponsorship)
- Research IT Support $1.3M
- Project Management $0.2M
- Regulatory and security $0.8M
  (SMA, IT & Physical Security, PCI, Risk Mgt.)
- Staff Positions $0.9M
- Sustainability improvements $0.5M
- Others $0.3M

Compulsory and Discretionary Allocations

University Budget (annual recurring expenses) $12.1M

(e.g. benefit increases, utilities, student mandated aid)

Student Aid	$ 1.1 M
Employee benefits (incl. Pension Guarantee)	$ 1.9 M
Classroom and facility upgrades	$ 7.2 M
Computing infrastructure	$ 3.6 M
Cleaning contract	$ 0.1 M
Convocations	$ 0.1 M
Insurance	$ 0.1 M
Others	$ 0.4 M
Utilities	$(1.3)M
Inter-fund transfers	$(1.1)M

Compulsory and Discretionary Allocations

Provisions and Contingencies $ 13.1M

- Contingencies 2019-2020 $10.3M
- Enrolment Incentive (ELBA) $ 0.7M
- Capital Projects – Buildings $ 2.1M

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2019-2020 Budget Summary

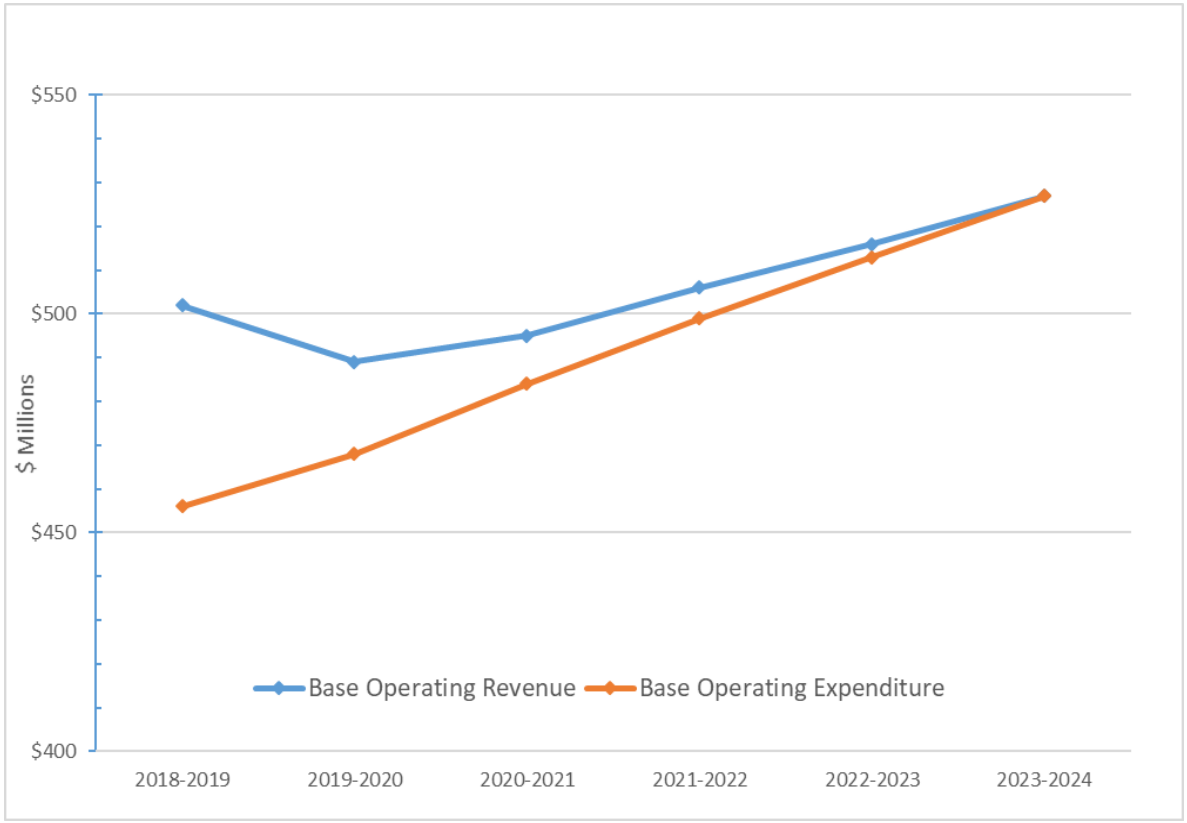
	2018-2019 Budget ($000)	2018-2019 Projected Results ($000)	2019-2020 Budget ($000)	Variance to 2018-2019 Budget ($000)
Government Grant	172,607	176,578	172,392	(215)
Tuition Fee	307,000	304,300	291,100	(15,900)
Investment Income	8,250	8,250	8,250	-
Other Income	16,788	17,590	17,390	602
Total Revenue	504,645	506,718	489,132	(15,513)
Total Expenses	504,645	498,818	489,132	(15,513)
Operating Results	-	7,900	-	-

Notes 2019-2020 Budget vs. 2018-2019 Budget:

1. Government Grant - Small decrease expected from additional Performance grants
2. Tuition Fees - 10% decrease on domestic tuition rates
3. Expenses – 2% budget cut applied to all RPC's

LONG-TERM PROJECTIONS, CAPITAL INVESTMENTS AND RESERVES

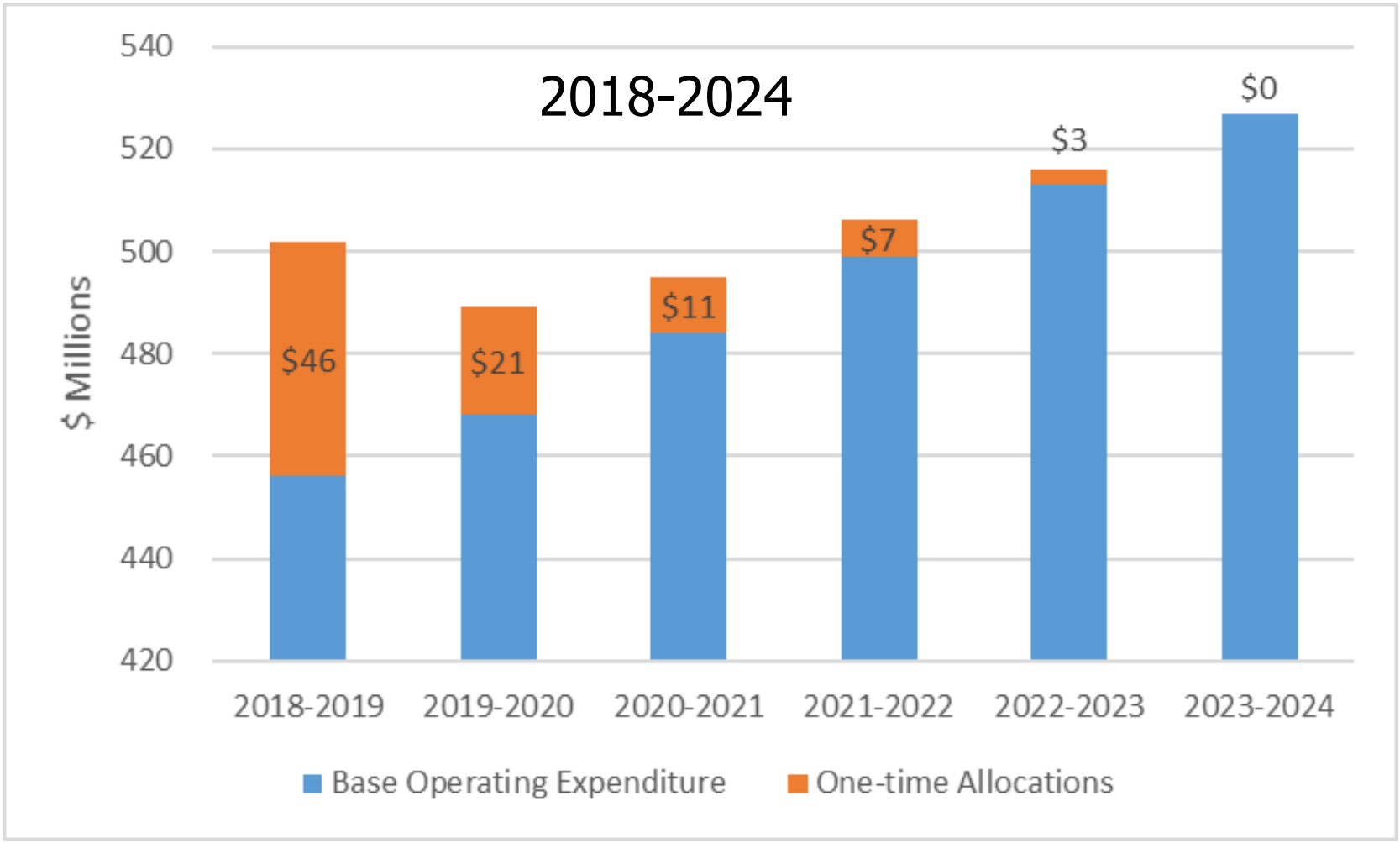
Financial Projections 2018-2024



Assumptions:

- Tuition to increase by 3% starting 2021-2022, with minor grant increase in 2020-2021
- Expenditure growth is 4%, including increases for non-discretionary items and $3M annual base budget reductions
- One-time discretionary budget allocations will disappear by 2023-2024

Discretionary Allocation Forecast



Capital Investments

Ongoing (approved) Projects:

- Health Science Building 4th & 6th Floor Fit-up: $ 9.0M
- ARISE Fit-up $ 8.5M
- Co-Gen Project: $20.7M
- Business (Nicol) Building: $65.1M
- Student Design Centre (Mackenzie Addition) $11.0M

Capital Investments

Potential Future Projects:

- New Athletic/Wellness Facility (estimate): $40M
- University (students) Centre Expansion: $38M
- Replacement of (P9) Parking Garage: $25M
- New Engineering Building (STEM funding): TBD
- New Student Residence (Ancillary): TBD

Internally Restricted Assets ($M)

$Million	2014-15	2015-16	2016-17	2017-18	2018-19 Forecast
General Appropriations	73	89	117	103	**90**
Capital Reserves	120	124	121	92	**78**
Investment Income Equalization	-	-	21	25	**23**
Pension Liability Reserve	91	92	104	129	**129**
Ancillary Reserve Fund	19	20	25	33	**36**
Research Initiatives	21	24	27	39	**39**
Other	13	16	30	27	**20**
Total	337	365	445	448	**415**

Recommendation

Motion to Approve the 2019-2020 Operating Budget as presented