• Planning Framework
• Summary Financial Projections
• Budget Analysis
• Pension Plan
• Enrolment Projections
• Financial Risks
• Recommendation
Planning Framework

- **May**
  - Share Plans and Measure Progress

- **April**
  - Refine Planning

- **March**
  - Receive Budget Decisions

- **February**
  - Budget Requests Submitted to FPG

- **January**
  - Complete Preliminary Planning and Share Plans

- **June to October**
  - Implement Operational Plans

- **November**
  - Start Planning Cycle for Coming Year (Preliminary Planning)

- **December**
  - Communication of Budget Priorities and Framework

Carleton Planning Framework

Board of Governors April 24, 2017 #4
The University’s Goal is to maintain a balanced operating budget that will permit progress towards institutional priorities as outlined in the Strategic Integrated Plan.
Carleton University will be known nationally and internationally:

... for its research and teaching in programs which respond to the needs of society today and which anticipate the needs of the future.

... as a university that promotes research excellence and connectedness. It will be recognized as a leader in research that focuses both on tangible outcomes and the development of knowledge with longer-term impacts.

... for being student centered, linking its academic endeavours and student supports to empower students as productive and engaged citizens in an increasingly diverse world.

... as a university that nurtures leadership, encourages innovation, recognizes achievement and embraces sustainability
Government Policies:

• Strategic Mandate Agreement (June 2017)
• Net Tuition Billing (New OSAP rules)
• Federal Budget 2017-18 (*Innovation and Skills*)

Operational Priority Areas:

• Leadership Succession
• Student Services
• Research Support & Infrastructure
• CUASA and CUPE 2424 Collective Agreements
2017-18 BUDGETED OPERATING REVENUES

Total: $470 Million

- Tuition Fees (58%), $274M
- Misc. Fees and Income (3%), $16M
- Interest (2%), $8M
- Government Grants (37%), $172M

Source: Operating and Ancillary Budgets 2017-18
Finance/OIRP 2017-03-30
2017-18 Budgeted Operating Expenditures

Total: $470 Million

- Salaries (54%), $252M
- Staffing Costs (72%), $337M
- Employer Pension Contributions (11%), $53M
- Other Benefit Contributions (7%), $33M
- Library Acquisitions (1%), $6M
- Utilities (2%), $10M
- Facilities (8%), $38M
- Equipment (2%), $9M
- Student Aid (7%), $32M
- Enrolment Incentive (3%), $16M
- Campaign Matching (1%), $5M
- Other (4%), $17M

Source: Operating and Ancillary Budgets 2017-18
Finance/OIRP 2017-03-30
## 2017-18 Budget Analysis

<table>
<thead>
<tr>
<th></th>
<th>2016-17 Budget ($000)</th>
<th>2016-17 Projected Results ($000)</th>
<th>2017-18 Budget ($000)</th>
<th>Variance to 2016-17 Budget ($000)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Government Grant</strong></td>
<td>167,512</td>
<td>174,969</td>
<td>171,744</td>
<td>4,232</td>
</tr>
<tr>
<td><strong>Tuition Fee</strong></td>
<td>258,830</td>
<td>264,715</td>
<td>274,202</td>
<td>15,372</td>
</tr>
<tr>
<td><strong>Investment Income</strong></td>
<td>7,180</td>
<td>12,975</td>
<td>8,250</td>
<td>1,070</td>
</tr>
<tr>
<td><strong>Other Income</strong></td>
<td>12,232</td>
<td>16,317</td>
<td>15,873</td>
<td>3,641</td>
</tr>
<tr>
<td><strong>Total Income</strong></td>
<td>445,754</td>
<td>468,976</td>
<td>470,069</td>
<td>24,315</td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td>445,754</td>
<td>468,976</td>
<td>470,069</td>
<td>24,315</td>
</tr>
<tr>
<td><strong>Operating Results</strong></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

Notes 2017-18 Budget vs. 2016-17 Budget:

1. **Government Grant** - Higher due to accessibility funding from increased 2016-17 enrolment
2. **Tuition Fees** - Higher 2016-17 enrolment and 2017-18 fee increases
3. **Investment Income** – Projected return of 2.7%
4. **Total expenses** increases from salaries and benefits, pension, student aid, and general operating costs
Government Grants +$4.2M

- Higher 2016-17 enrolment of 2.5%
- No further increases in grants expected during coming Strategic Mandate Agreement (SMA): 2017-18 to 2020-21
- Return to “corridor” system (negotiated mid-point based on 2016-17 levels))
- Shift of grants from enrollment to differentiation funds (92% and 8%)
Tuition Revenue + $15.4M

- $5.9M coming from 2016-17 enrolment growth and $9.5M from fee increases

- Targeting flat growth (new) undergraduate, 4% (new) graduate

- Overall Growth - Undergraduate 1.1%, graduate 2.6%

- Domestic tuition fee increases of 3% overall and 3% to 8% for international
Investment Income +$1.0M

- Expected returns of 2.7% on invested funds available: 5% on equity and 1.6% on fixed income
- Decision to shift $100M from fixed income to equity funds by Investment Committee starting in 2016-2017
- Returns in excess of budget to be held in reserve to equalize investment revenues in years of negative return
Other Income + $3.6M

- Recovery of $2.2M overhead contribution from endowment funds – previously waived due to poor investment returns
- Increased Co-op fees of $0.5M (higher enrolment)
- Re-classification of fall student orientation of $0.5M
Total Expenses +$24.3M

Significant Items:

- Annual recurring Increases $17.2M
  (e.g. wages, benefits, student support, utilities)

- New Base Budget Allocations $ 1.1M

- Annual investments in projects/initiatives $ 6.7M
### Additional Budget Allocations + $7.8M ($6.7M + $1.1M)

**Students & Enrolment**
- Student support positions: 0.3 base
- Retention and graduation initiatives: 0.2
- Experiential learning enhancements: 0.3
- Transfer Credit - advisors and coordinators: 0.3

**Research & International**
- Grant & research support positions: 0.2 base
- Outreach activities/communications: 0.2 base
- Research support grants and awards: 0.4
Additional Budget Allocations + $7.8M ($6.7M + $1.1M)

FASS
  • Renovations $0.1

FPA
  • Faculty positions (new programs) 0.3 base

Sprott
  • Program support positions 0.3

Science
  • Renovation biology labs 0.3
  • Health Science equipment 0.2
<table>
<thead>
<tr>
<th>Department</th>
<th>Costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Engineering &amp; Design</td>
<td></td>
</tr>
<tr>
<td>Faculty positions</td>
<td>$0.1 base</td>
</tr>
<tr>
<td>Academic Administration</td>
<td></td>
</tr>
<tr>
<td>Teaching and Learning Initiatives</td>
<td>$0.4</td>
</tr>
<tr>
<td>Strategic initiatives fund</td>
<td>$0.3</td>
</tr>
<tr>
<td>President’s Office</td>
<td></td>
</tr>
<tr>
<td>Sexual Assault support position</td>
<td>$0.1</td>
</tr>
<tr>
<td>Communications support</td>
<td>$0.2</td>
</tr>
<tr>
<td>Advancement</td>
<td></td>
</tr>
<tr>
<td>Campaign support &amp; legal</td>
<td>$0.3</td>
</tr>
</tbody>
</table>
### Finance & Administration

<table>
<thead>
<tr>
<th>Item</th>
<th>$M</th>
</tr>
</thead>
<tbody>
<tr>
<td>IT Security enhancements</td>
<td>0.6</td>
</tr>
<tr>
<td>Learning space improvements</td>
<td>1.5</td>
</tr>
<tr>
<td>ISSC Funding</td>
<td>0.5</td>
</tr>
<tr>
<td>Perimeter security and surveillance systems</td>
<td>0.3</td>
</tr>
<tr>
<td>Wireless network optimization</td>
<td>0.3</td>
</tr>
<tr>
<td>Maintenance and project management systems</td>
<td>0.3</td>
</tr>
</tbody>
</table>
## 2017-18 Budget Analysis

### Provisions and Contingencies

<table>
<thead>
<tr>
<th></th>
<th>2016-17 Budget ($000)</th>
<th>2017-18 Budget ($000)</th>
<th>Variance to 2016-17 Budget ($000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contingencies</td>
<td>8,878</td>
<td>13,788</td>
<td>4,910</td>
</tr>
<tr>
<td>Enrolment Incentives</td>
<td>13,609</td>
<td>11,306</td>
<td>(2,303)</td>
</tr>
<tr>
<td>Pension Plan Deficit</td>
<td>33,400</td>
<td>35,000</td>
<td>1,600</td>
</tr>
<tr>
<td>Building capital projects</td>
<td>8,000</td>
<td>8,000</td>
<td>-</td>
</tr>
<tr>
<td>Student scholarship/bursaries</td>
<td></td>
<td>5,000</td>
<td>5,000</td>
</tr>
<tr>
<td>Campaign matching funds</td>
<td>4,000</td>
<td></td>
<td>(4,000)</td>
</tr>
<tr>
<td><strong>Total Provisions and Contingencies</strong></td>
<td><strong>67,887</strong></td>
<td><strong>73,094</strong></td>
<td><strong>5,207</strong></td>
</tr>
</tbody>
</table>
Ongoing Capital Projects

- New Health Science Building: $52M (Sept. 2017)
- SIF Projects (April 2018):
  - ARISE Building: $29.5M
  - Energy Retrofit: $20.5M
- Co Gen Project: $20.7M (Sept. 2018)

Deferred Maintenance Projects - $14M/Year
July 1\textsuperscript{st}, 2016 Valuation: $M$
- Going concern deficit 80
- Solvency deficit 223

2017-18 Funding:
- Base funding 18
- Required special payments 10
- Appropriation to pension reserve 25

2017-18 Pension Reserve 129
(after appropriation)
### Ontario University Application Centre Systems Data – First Year

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
<th>% +-</th>
</tr>
</thead>
<tbody>
<tr>
<td>Applicants</td>
<td>142,187</td>
<td>136,560</td>
<td>4.1%</td>
</tr>
<tr>
<td>Confirmations</td>
<td>n/a</td>
<td>(Final) 96,775</td>
<td></td>
</tr>
<tr>
<td>Applicants (H.S. – ‘OUAC 101s’)</td>
<td>89,925</td>
<td>88,458</td>
<td>1.7%</td>
</tr>
</tbody>
</table>

### Carleton University First Year

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
<th>% +-</th>
</tr>
</thead>
<tbody>
<tr>
<td>Applicants</td>
<td>23,044</td>
<td>23,283</td>
<td>-1.0%</td>
</tr>
<tr>
<td>Approved</td>
<td>12,126</td>
<td>12,486</td>
<td>-2.9%</td>
</tr>
<tr>
<td>Confirmed</td>
<td>1,562</td>
<td>1,542</td>
<td>1.3%</td>
</tr>
</tbody>
</table>

### Carleton University Target (Full-time Fall)

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
<th>% +-</th>
</tr>
</thead>
<tbody>
<tr>
<td>First Year</td>
<td>6,418</td>
<td>6,398</td>
<td>0.3%</td>
</tr>
<tr>
<td>First Year (New)</td>
<td>5,356</td>
<td>5,356</td>
<td>0.0%</td>
</tr>
<tr>
<td>Undergraduate</td>
<td>20,684</td>
<td>20,454</td>
<td>1.1%</td>
</tr>
<tr>
<td>Total (FT+PT) Enrolment</td>
<td>30,316</td>
<td>29,916</td>
<td>1.3%</td>
</tr>
</tbody>
</table>
• Reduced Enrolment – Demographics

• Strategic Mandate Agreement
  - Funding level (flow through), graduate space

• Structural Revenue Shortfall
  - Govt. funding + tuition ≤ cost increases

• Net Tuition Billing System
  - Consolidation of information from 3rd party and timing of payments
• Approve the 2017-2018 Operating Budget as presented.