

# AN AMBITIOUS AND RESPONSIBLE BUDGET

**CONCORDIA UNIVERSITY'S 2022-23 BUDGET  
FALL 2022 BUDGET CONVERSATIONS**

November 3 and 10, 2022

CONCORDIA



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# THE LARGER CONTEXT

## FACTORS INFLUENCING BUDGETS

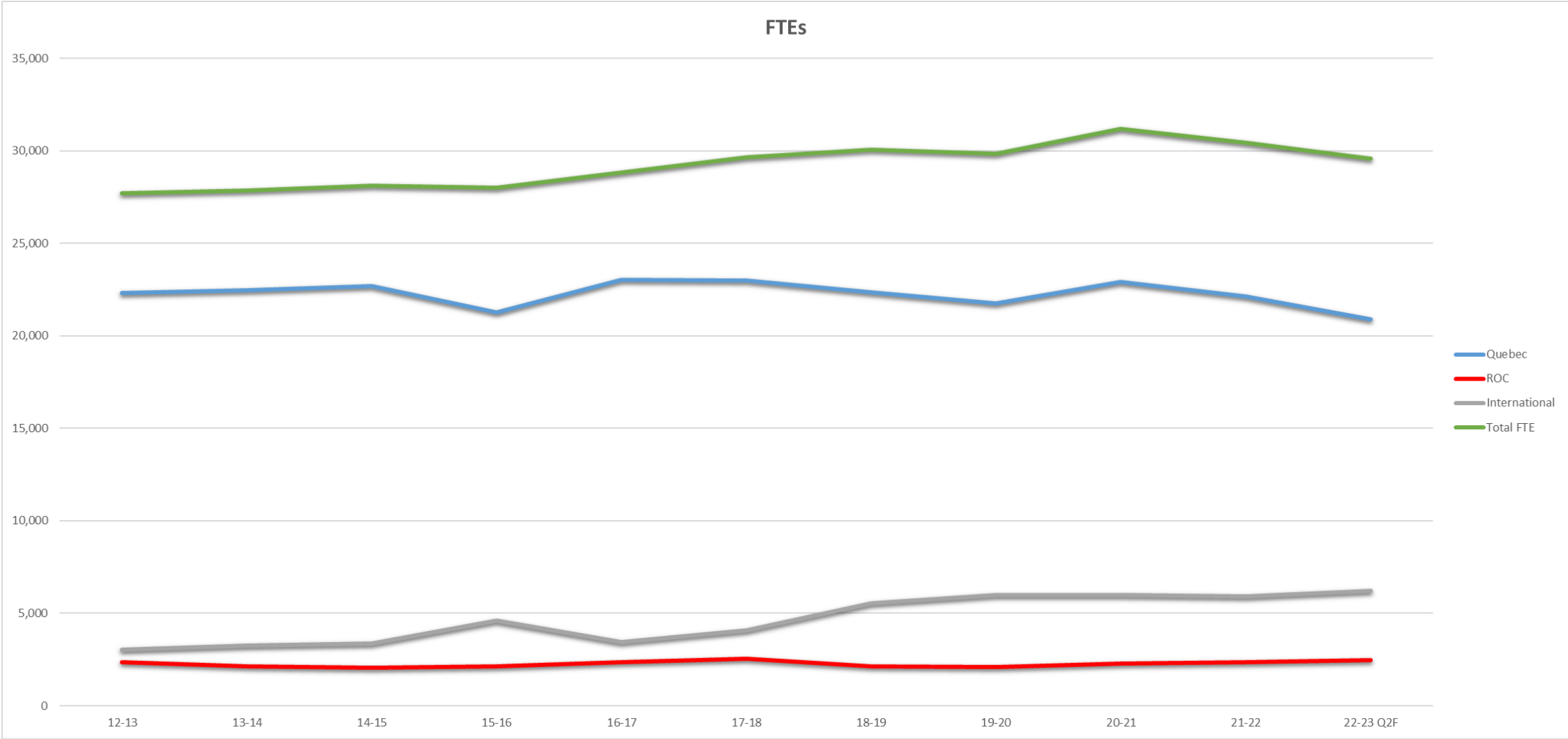
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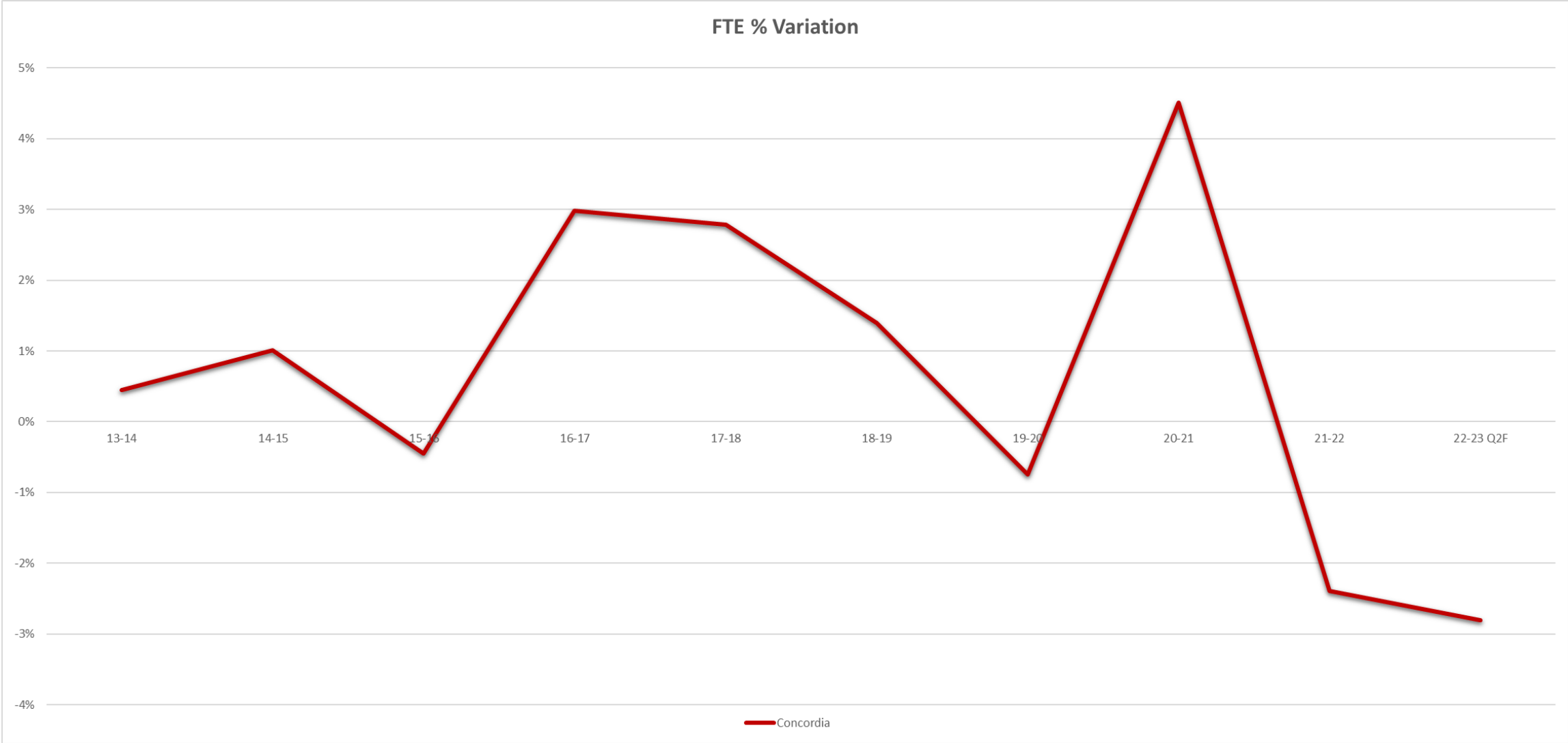
# Current situation

- Three fiscal years with COVID-19 impacts have required resilience and agility.
- Since March 2020, we have invested more than \$37M in strategic initiatives.
- After averaging 1.5 percent growth in student population, over 10 years, we are experiencing two years of decline:
  - 2.7 percent for 2021-22
  - About 2 percent (projected) for 2022-23.
- We are currently in a deficit situation.

# 10-year history of full-time equivalents (FTEs)



# 10-year history of FTEs





# Notable investments in operations

- Increases in salary and contractual obligations \$15.5
- Software, cybersecurity and UNITY \$ 2.1
- Capital needs \$ 7.5
- Academic and research activities \$ 4.6
- Sustainability plan \$ 1.0

# PRIORITIES FOR 2022-23

**TEACHING  
& LEARNING**

**RESEARCH  
& INNOVATION**

**SCHOOL  
OF HEALTH**

**SUSTAINABILITY**

**STUDENT  
SERVICES**

**EQUITY, ACCESSIBILITY, DECOLONIZATION**

**DIGITAL TRANSFORMATION**





# TEACHING AND LEARNING



**RESEARCH AND  
INNOVATION**



- A5 Wide Grip Push Ups → Front Planks
- A5 Single Leg Glut Bridges.
- A6 Supermans → Hold.
- A7 Cobra Push Ups / Bird Dogs
- A8 Side Planks
- A9 A8 ; other side

- B6 REST.
- B7 Burpees / DB Squats
- B8 Staggered Push-Ups
- B9 ... Taps

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PERFORM Centre

# SCHOOL OF HEALTH

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# SUSTAINABILITY

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## WELCOME CREW

HAVE QUESTIONS? ASK OUR STUDENT MENTORS



We are here to help you

new@concordia.ca  
514-848-2422  
514-848-2423  
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# STUDENT SERVICES

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# FOUR PRINCIPLES

## **PRUDENCE**

We manage our resources to maximize and safeguard public funds

## **CONTINUITY**

We make decisions to stabilize the short term and plan for the long term

## **AGILITY**

We adapt to the new environment, which includes much uncertainty

## **LONG-TERM FINANCIAL SUSTAINABILITY**

We protect the long-term capacity of the university to develop and innovate

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# OPERATING BUDGET:

## AMBITION AND RESPONSIBILITY

# Three pillars



- 1) Comprehensive budget model that integrates both operating and capital activities with close cash-flow monitoring



- 2) Integrated planning to align budget allocations with strategic goals and objectives



- 3) Debt-per-FTE ratio is the key indicator by which to assess and maintain our long-term sustainability

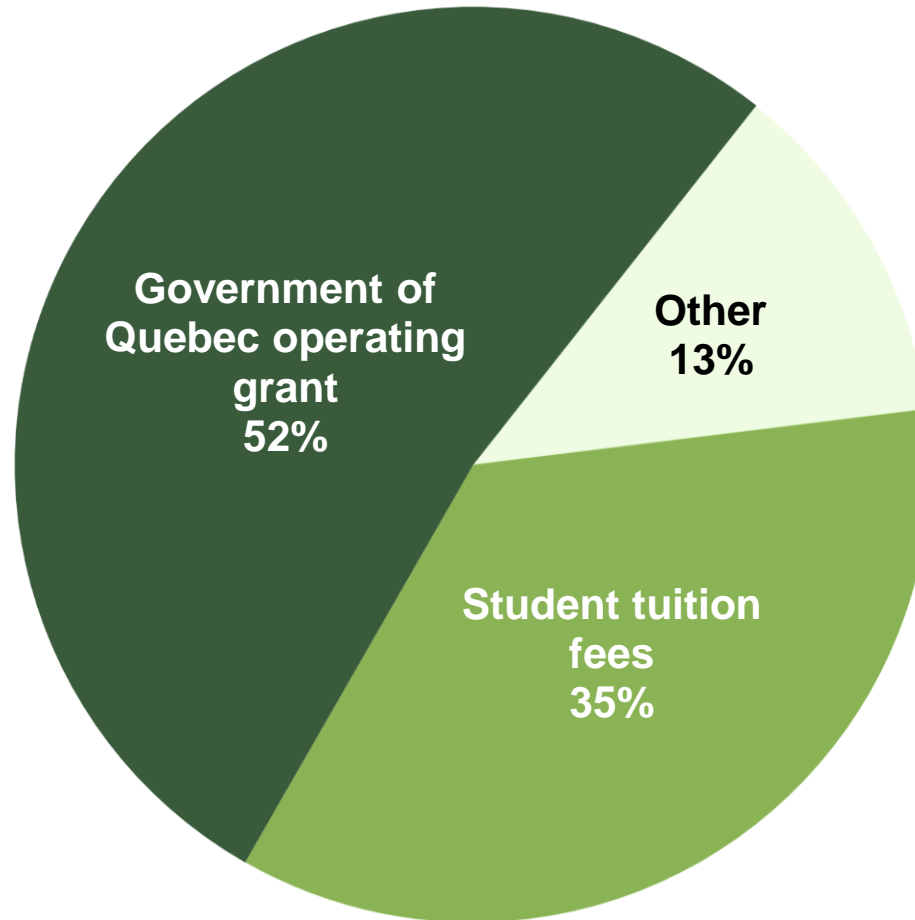


# Sources of revenue for 2021-22

## Grants

**Government of Quebec grants (\$287M) represent 52% of revenue** (similar to other anglophone universities)

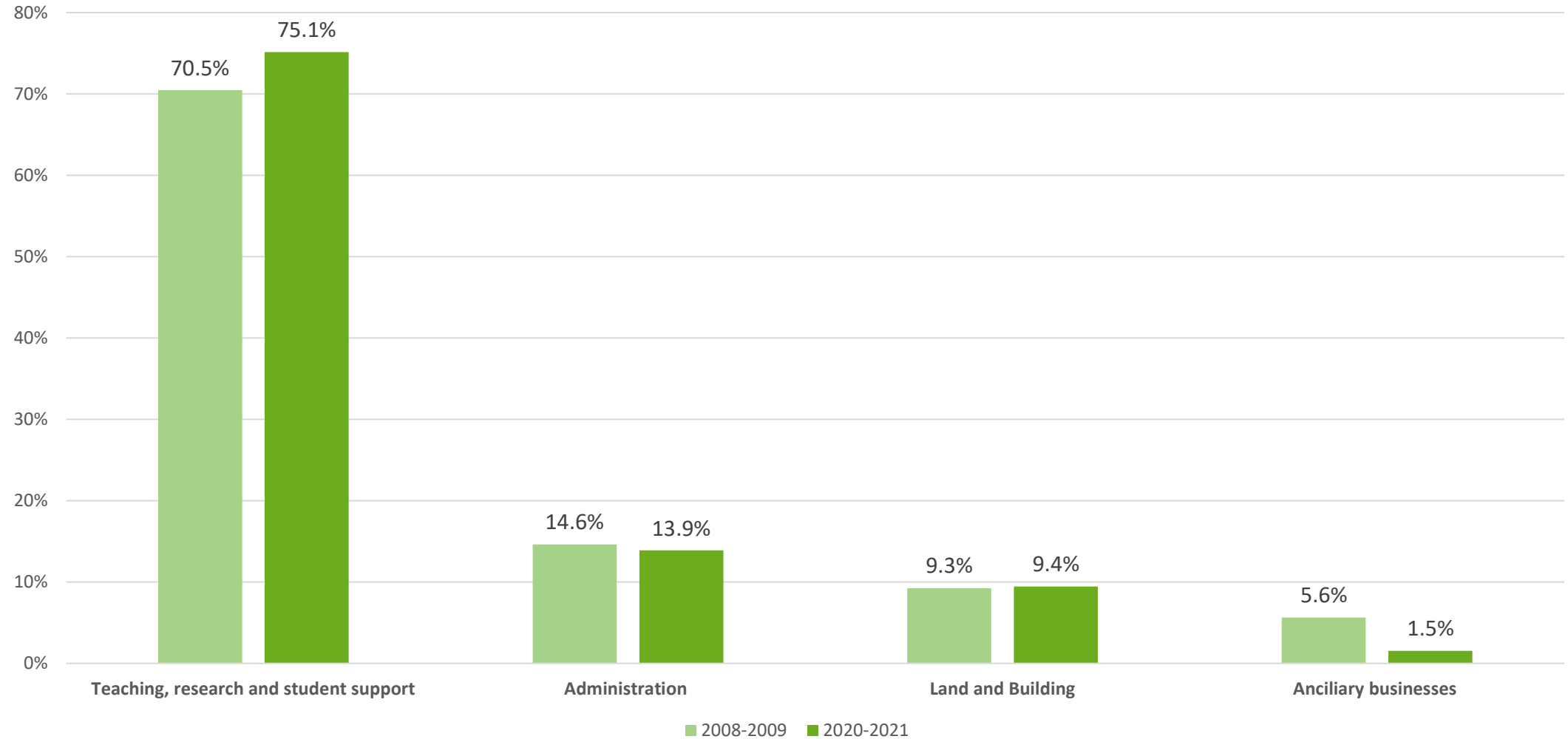
**Note:** Quebec universities network average: 66% of total revenue



## Other sources

**48% (\$263M) of our revenues depend on the number of students, combined with revenues from ancillary services like residences, conferences, commercial rentals, etc.**

# Investment priorities since 2008-09



Source: SIFU Reports

# March 2022 additional grants (\$M)

Two envelopes: one-time and catch-up	Province	Concordia
▪ Salary indexation from 2019-20 to 2021-22	147.9	10.9
▪ COVID-19 costs recovery	19.7	12.2
▪ Other specific grants	<u>7.7</u>	<u>0</u>
▪ <b>Total</b>	<u><b>175.3</b></u>	<u><b>23.1</b></u>

**These amounts do not change the 2022-23 Quebec grants total envelope.**

# Impact of additional grants for 2021-22 (\$M)

Description	2021-22 – Initial June 2021 RB <sup>(1)</sup>	2021-22 – March 2022 RB	Impacts
Revenues	550.3	573.4	23.1
Expenses	570.8	570.8	0
Surplus (Deficit)	(20.5)	2.6	23.1

- Good news for 2021-22
- No changes on Règles budgétaires for 2022-23: no changes on our structural challenges

(1) Règles Budgétaires

# MES funding (M\$) – all universities and Concordia

	Province			Concordia			
	Envelope	Growth \$	Growth %	Grants	Growth \$	Growth %	Share
2017-18	\$2,931			\$248			8.4%
2018-19	\$3,110	\$179	6.1%	\$267	\$19	7.7%	8.6%
2019-20	\$3,203	\$93	3.0%	\$273	\$6	2.2%	8.5%
2020-21	\$3,340	\$137	4.3%	\$277	\$4	1.5%	8.3%
2021-22 – June 21	\$3,498	\$158	4,7%	\$290	\$13	4.7%	8.3%
2021-22 – March 22 <sup>(1)</sup>	\$3,673	\$175	5.0%	\$310	\$20	6,9%	8.4%
<b>2022-23</b>	<b>\$3,814</b>	<b>\$141</b>	<b>3.8%</b>	<b>\$311</b>	<b>\$1</b>	<b>0.3%</b>	<b>8.1%</b>

*(1) One-time and catch-up funding of \$23M was confirmed to Concordia by the MES in March 2022*

# Reasons for reduced share of Quebec grants

Our 2022-23 Quebec grant share is 8.1%, down from 8.5% in 2019-20, an impact of \$15.2M.

- Reduction of student population: \$7.6M capacity
- Increase of specific grants, including to smaller, regional universities
  - Total increase for the network \$95.4M - 23.5%
  - Concordia share \$4.8M - 5.0%
- International students:
  - No funding of undergraduate and masters students without thesis (except for France and Belgium)
  - No recruitment grants for anglophone universities. (\$23M for francophone universities)

**Impact:** less revenue from Quebec

- Quebec average 66%
- Concordia 52%

# Considerations related to international students

Year	Quebec Network	Concordia
2011	7%	17%
2021	15%	20%

- They have a positive impact on academics, research, diversity and university life.
- They help diversify our sources of revenue.
- Some are vulnerable to political and economic instability and health issues.
- They need tuition predictability like our 5-year plan for increases to 2023-24.



## Key factors influencing the budget

- Number of students and tuition fees
- Funding from the government of Quebec
- Maintaining strategic investments
- Financial impacts of the pandemic
- Returning to a balanced budget
- Avoiding across-the-board cuts
- Increasing flexibility and resilience to help weather future shocks



# Concordia 2022-23 operating budget summary

In millions of \$	2021-22		2022-23	Variance			
Description	Q3 Forecasts	March Règles Budgétaires <sup>(1)</sup>	Total	Budget 2022-2023 vs. 2021-2022 Q3	%	Budget 2022-23 vs 2021-22 March Règles Budgétaires	%
<b>Total Revenue</b>	\$550.3	\$573.4	<b>\$586.5</b>	\$36.2	6.6%	<b>\$13.1</b>	<b>2.3%</b>
<b>Total Expenses</b>	\$570.8	\$570.8	<b>\$601.5</b>	\$30.7	5.4%	<b>\$30.7</b>	<b>5.4%</b>
<b>Operating Surplus (Deficit)</b>	<b>\$(20.5)</b>	<b>\$2.6</b>	<b>\$(15.0)</b>	\$5.5		<b>\$(17.6)</b>	

<sup>(1)</sup> \$ 23M one-time and catch-up funding announced in March 2022



# Evolution of expenses

## Incremental costs (\$M)

- Salary adjustments – Collective agreements, and contractual obligations \$15.5
- Technology, cybersecurity and UNITY \$ 2.1
- Support for capital investments \$ 7.5
- Interest costs \$ 1.6

## Investment strategy

- Academic and research initiatives \$ 4.6
- Sustainability Plan \$ 1.0
- Future savings \$ (1.6)

**Total evolution of expenses included in the base budget \$ 30.7**

# 5-year structural capacity plan

Through integrated planning, the university will build \$25M in structural capacity

<b>Fiscal Year</b>	<b>Targeted Capacity (\$M)</b>	<b>Deficit / Surplus, End of Fiscal Year (\$M)</b>
2021-22 <sup>(1)</sup>		(20.5)
2022-23	5.5	(15.0)
2023-24	8.0	(7.0)
2024-25	6.0	(1.0)
2025-26	4.0	3.0
2026-27	2.0	5.0

*(1) Structural deficit, excluding one-time and catch-up Quebec grant of \$23M*



# Considerations in preparing the budget

- **No special COVID-19 envelope:** contrary to the last three fiscal years, COVID-related activities are included in the regular budget envelope.
- **Tuition fees increase:**
  - The MES has determined that Quebec, rest of Canada and international regulated students will see their tuition fees and FIOs (*frais institutionnels obligatoires*) increase by 2.64%.
  - In May 2019, the Board of Governors determined that deregulated international students would see their tuitions fees increase by 4.25% up to 8.25% within the 5-year deregulated tuition fees framework from 2019-20 to 2023-24.



## Considerations in preparing the budget (2)

- **Number of students:** status quo compared to 2021-22 – 30,320 FTEs (full-time equivalent). As previously mentioned, actual number of students will be lower.
- **Salary indexation:** 2% per year is the Government Salary Policy (GSP) for fiscal years 2019-20 to 2022-23, embedded in the government of Quebec grant formula.
- **Ancillary services:** we forecasted operations at 80% of capacity compared to pre-COVID-19 levels.

# Budget Dashboard 2022-23 vs 2021-22

STUDENTS							
	2021-22		2022-23				
	Budget	Q3	Projections	Variance vs. 2021-22 Budget		Variance vs. 2021-22 Q3	
Domestic and RoC	25,637	24,519	24,519	(1,118)	(4.4)%	0	0
International	6,131	5,801	5,801	(330)	(5.4)%	0	0
<b>Total RFTE</b>	<b>31,768</b>	<b>30,320</b>	<b>30,320</b>	<b>(1,448)</b>	<b>(4.6)%</b>	<b>0</b>	<b>0</b>
Domestic and RoC	56,341	54,435	54,435	(1,906)	(3.4)%	0	0
International	14,317	13,915	13,915	(402)	(2.8)%	0	0
<b>Total WFTE</b>	<b>70,658</b>	<b>68,350</b>	<b>68,350</b>	<b>(2,308)</b>	<b>(3.3)%</b>	<b>0</b>	<b>0</b>

# Budget Dashboard 2022-23 vs 2021-22 (cont'd)

REVENUES							
	2021-22			2022-23			
	Budget	Q3	Projections	Variance vs. 2021-22 Budget		Variance vs. 2021-22 Q3	
Tuition Fees	198,424	195,149	201,868	3,444	1.7%	6,719	3.4%
Operating Grant	289,565	286,964	310,815	21,250	7.3%	23,851	8.3%
Other Academic Revenue	29,332	29,658	30,316	984	3.4%	658	2.2%
Departmental Revenues	38,140	38,500	43,545	5,405	14.2%	5,405	13.1%
<b>TOTAL REVENUES</b>	<b>555,461</b>	<b>550,271</b>	<b>586,544</b>	<b>31,083</b>	<b>5.6%</b>	<b>36,273</b>	<b>6.6%</b>

# Budget Dashboard 2022-23 vs 2021-22 (cont'd)

EXPENSES							
	2021-22		2022-23				
	Budget	Q3	Projections	Variance vs. 2021-22 Budget		Variance vs. 2021-22 Q3	
Total salaries & benefits	<b>407,521</b>	<b>411,000</b>	<b>427,605</b>	20,084	4.9%	16,605	4.0%
Direct expenditures - individuals	<b>12,970</b>	<b>13,500</b>	<b>13,226</b>	257	2.0%	(274)	(2.0)%
Supplies and services	<b>50,990</b>	<b>46,500</b>	<b>52,001</b>	1,011	2.0%	5,501	11.8%
Operating costs	<b>83,541</b>	<b>90,000</b>	<b>92,441</b>	8,900	10.7%	2,441	2.7%
Capital expenditures	<b>15,246</b>	<b>7,300</b>	<b>15,193</b>	(53)	(0.4)%	7,893	108.1%
Transfers	<b>2,394</b>	<b>2,500</b>	<b>2,634</b>	241	10.0%	134	5.4%
Future savings			<b>(1,600)</b>	(1,600)	-	(1,600)	-
Total non salary expenses	<b>165,140</b>	<b>159,800</b>	<b>173,895</b>	8,755	5.3%	14,095	8.8%
<b>TOTAL EXPENSES</b>	<b>572,661</b>	<b>570,800</b>	<b>601,500</b>	<b>28,839</b>	<b>5.0%</b>	<b>30,700</b>	<b>5.4%</b>
<b>DEFICIT</b>	<b>(17,200)</b>	<b>(20,529)</b>	<b>(14,956)</b>				

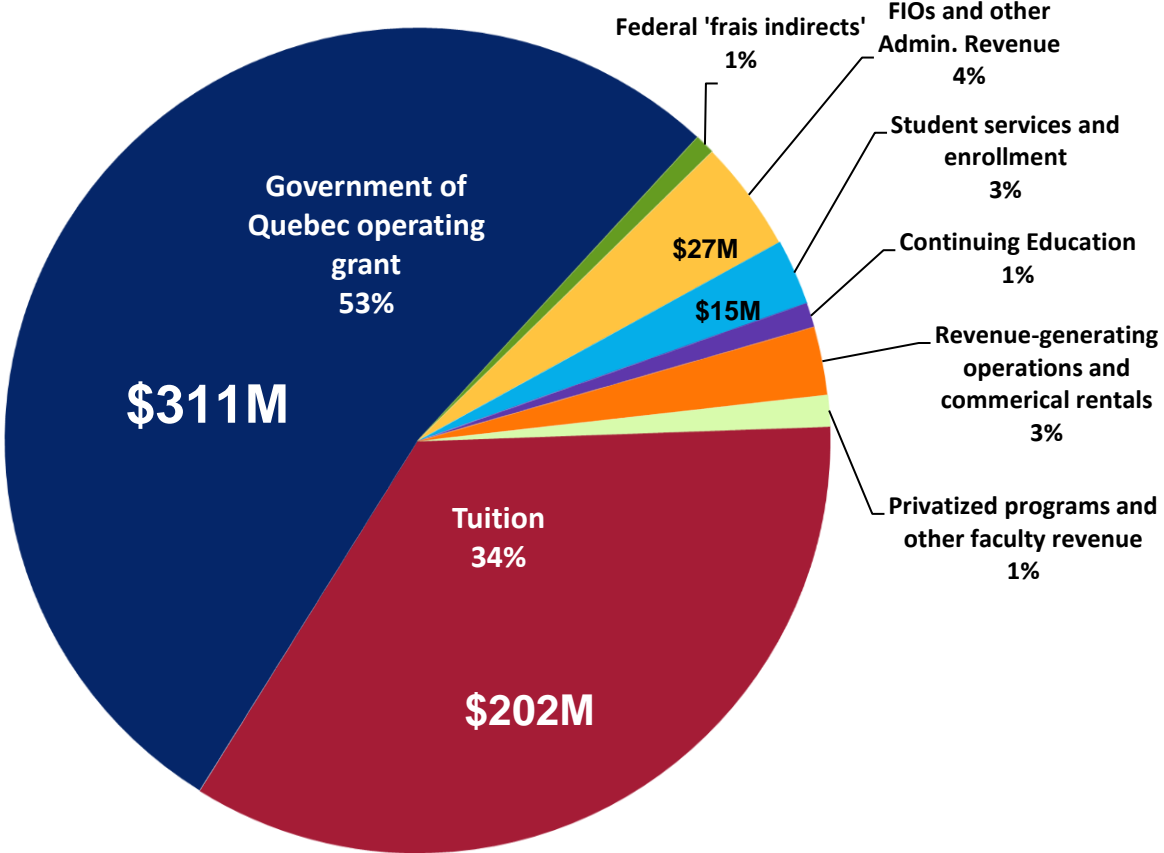
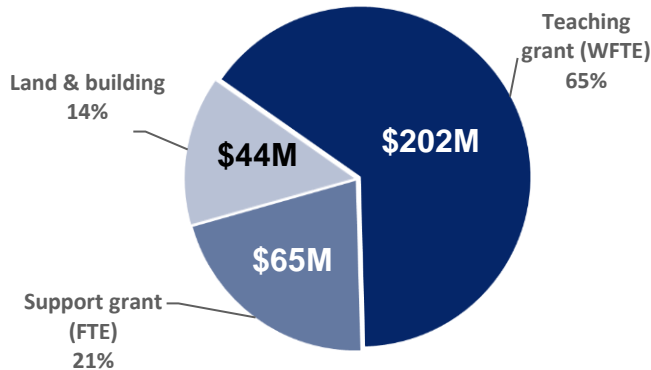


# APPENDIX

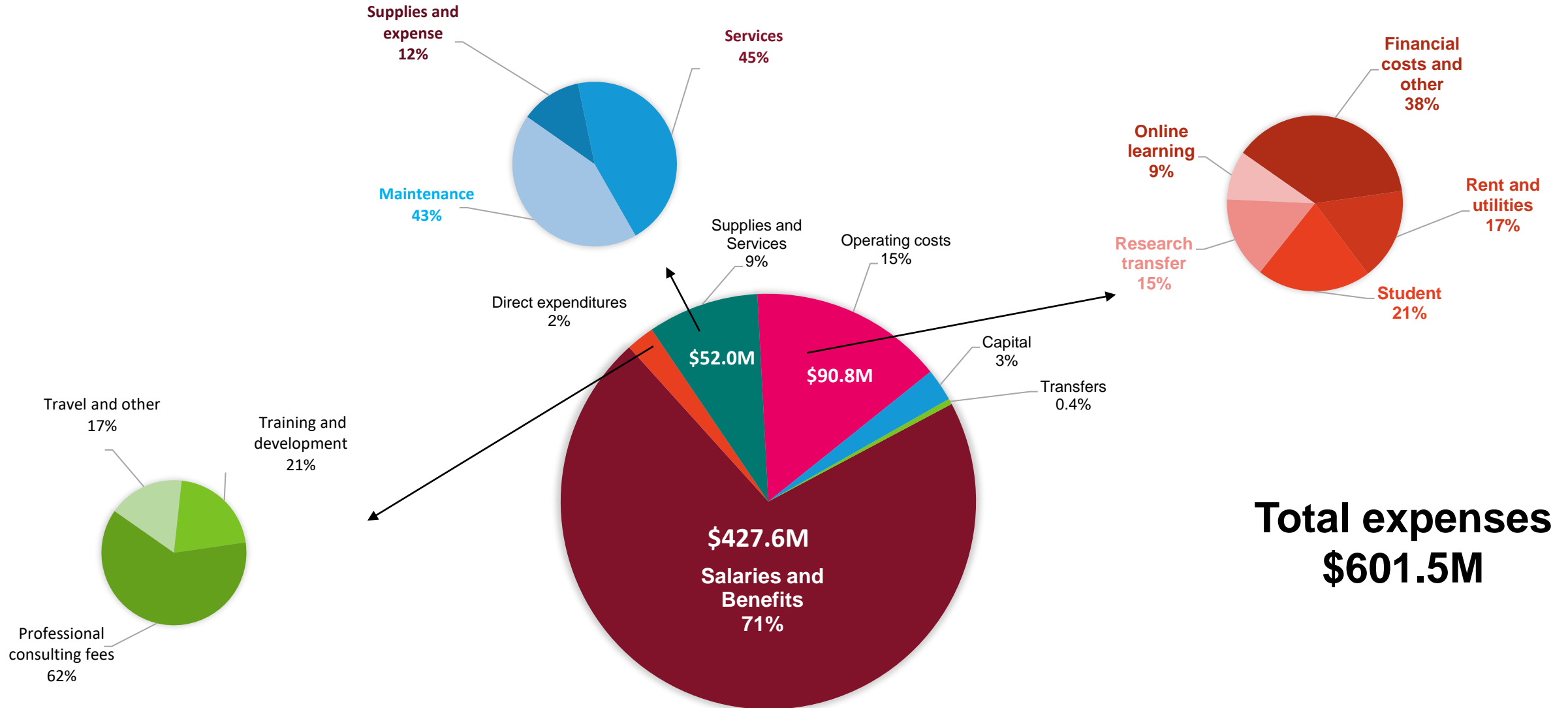
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# Projected revenue 2022-23

**Total revenue**  
**\$586.5M**

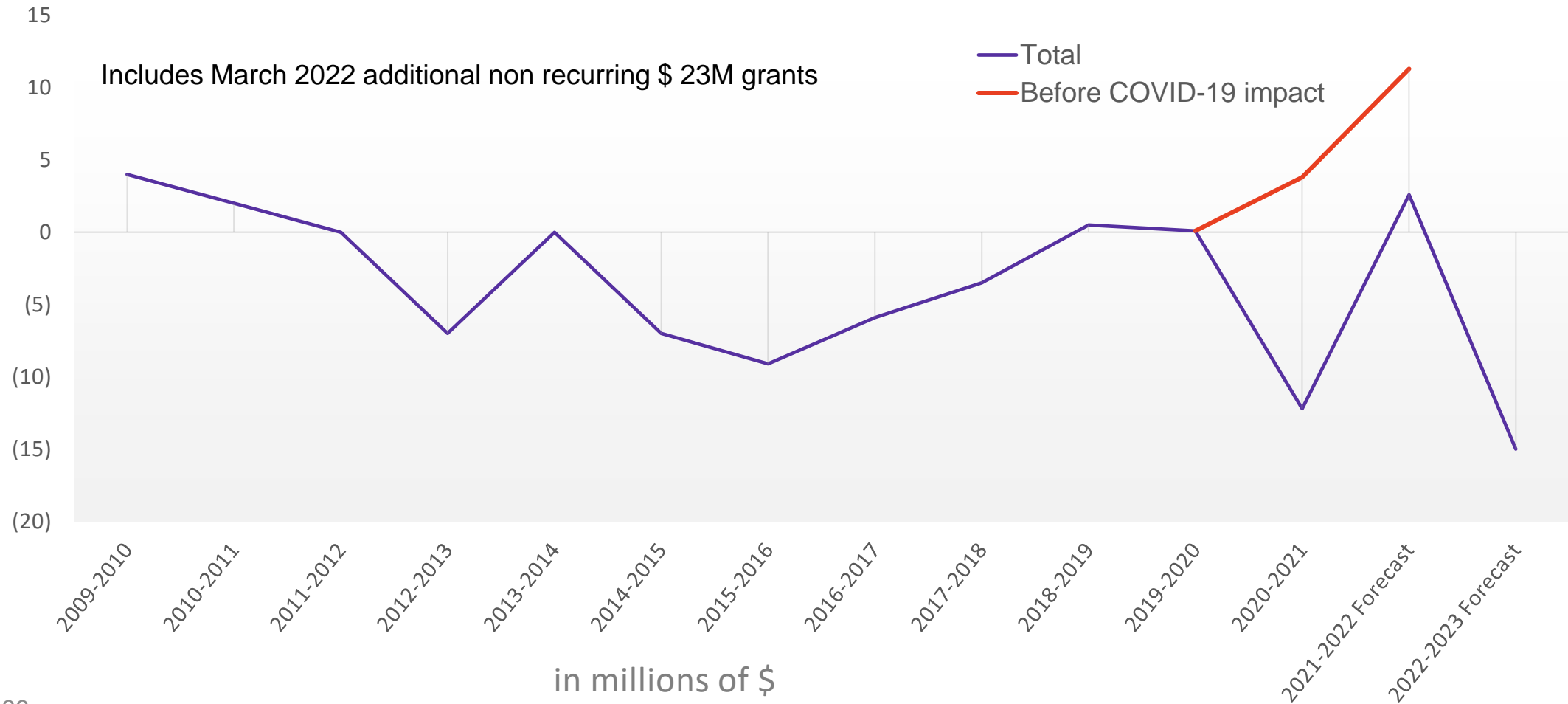


# Projected expenses 2022-23



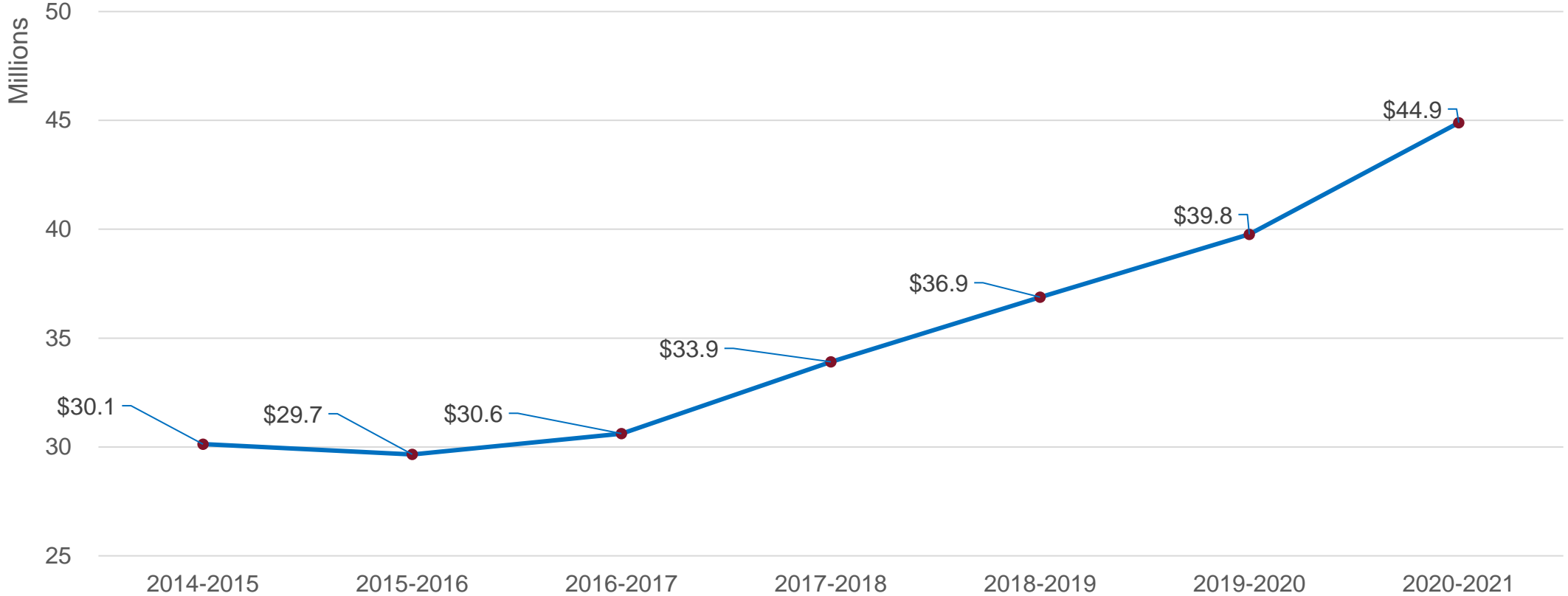
# Evolution of surplus (deficit) – operating fund

## From 2009-10 to 2022-23



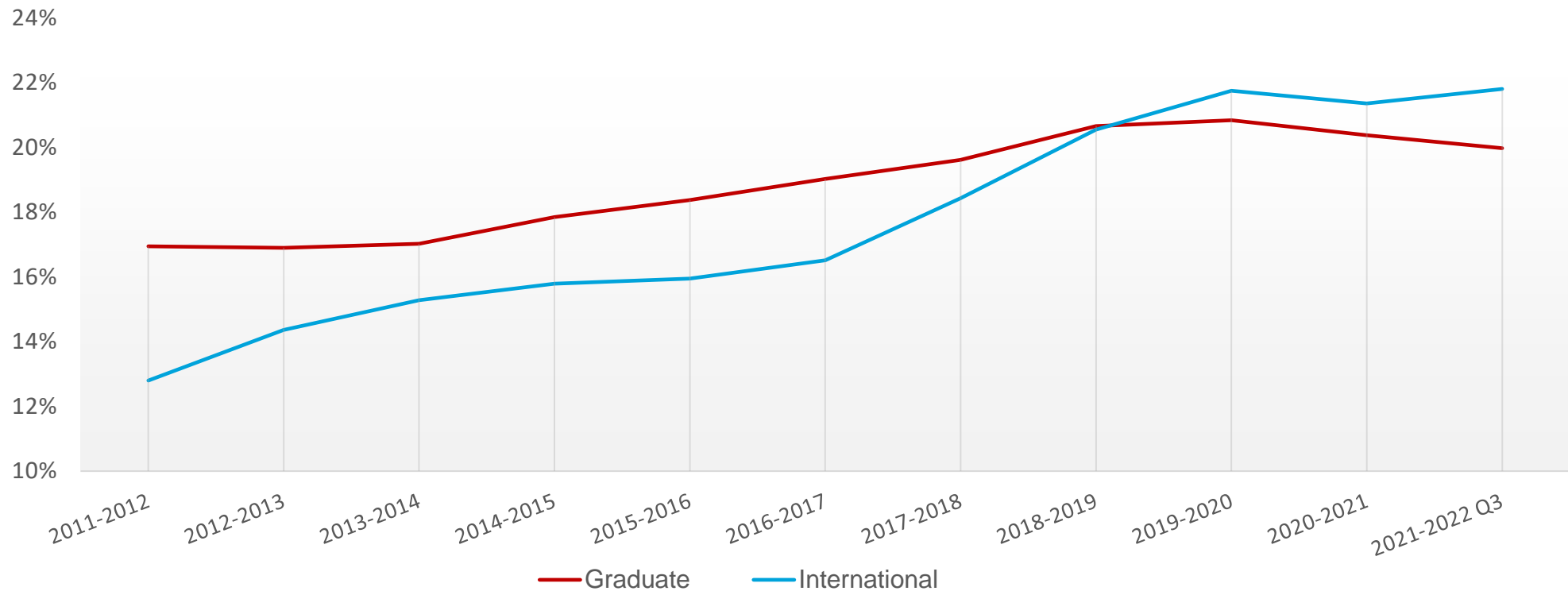
# Recent investments in student support

## Scholarships and Bursaries at Concordia from 2014-15 to 2020-21



Source: SIFU Reports

# Evolution of graduate and international student populations



Graduate	16.9%	16.9%	17.0%	17.8%	18.4%	19.0%	19.6%	20.7%	20.8%	20.4%	20.0%
International	12.8%	14.4%	15.3%	15.8%	15.9%	16.5%	18.4%	20.6%	21.8%	21.4%	21.8%

# Consolidated Results


- |   |                |
|---|----------------|
| <b>1. Operating Budget – Targeted Deficit</b>                     | <b>\$(15)M</b> |
| Necessity to adjust our level of expenses if reduction of revenue |                |
| <b>2. Capital Budget</b>  |                |
| a) Total investments – 2021-22 to 2024-25                         | \$471M         |
| b) Active Debt-to-FTE, including operating fund deficit           |                |
| ▪ April 2021  | \$5,722        |
| ▪ April 2025, targeted forecast                                   | \$11,669       |
| <b>3. Cash Budget</b>   |                |
| a) Line of credit usage at peak                                   | \$371M         |
| b) % of usage at year-end   | 65%            |



# Debt-to-FTE: to Support Our Mission and Strategic Investment

- Debt-to-FTE is used to assess our activities and support our long-term decisions
- Net Debt/FTE – Active: \$12,000 (or \$364M – 80%)
  - Academic and research mission, both operating and capital budgets: maximum upper limit of \$12,000 per FTE, over 3 years.
  - **Actions must be taken if we expect not to comply**
- Net Debt/FTE – Strategic: \$3,000 (or \$91M – 20%)
  - Measures our resources needed to secure our long-term development capacity
  - Represent the non-active business investments
  - Flexible time-frame requires regular monitoring and review of strategy
- Current Debt-per-FTE as of April 30, 2021:
  - Active: \$5,722 -- 48% of capacity
  - Strategic: \$1,348 -- 45% of capacity
  - Total \$7,070 -- 47% of capacity





# Highlights of the 2022-23 Government of Quebec Grants

- **Financial aid support to students (no funding for universities)**  
+ 23%, + \$236M at \$1.3B
- **Specific grants, targeted activities**  
+ 23%, + \$67M at \$347M
- ***Mandats particuliers, régions et universités de petite taille* (no funding for Concordia)**  
+ 16% + \$21M at \$154M
- **General operating grant**  
+ 8% + \$276M at \$3.2B

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