



Budget Conversations 2024-25 and 2025-26

January 2025



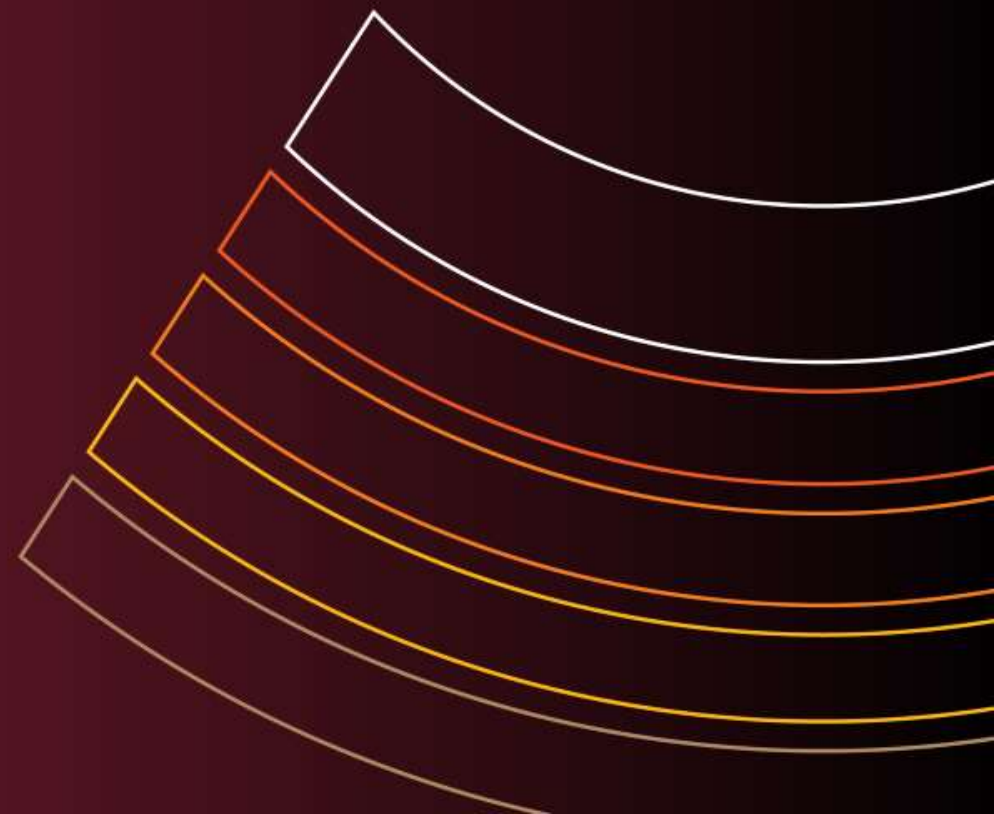
Key messages

- Concordia faces significant financial challenges in the coming years
- The projected starting deficit for the 2025-26 fiscal year is \$79.5M
- Falling short of minimum enrolment targets will further increase the deficit
- We are committed to achieving a balanced budget by 2028-29



FINANCIAL UPDATES

Progress and challenges for 2023-24 and 2024-25



Recovery plan: as approved by the Board of Governors and the Ministry of Higher Education (\$M)

Fiscal year	Surplus (deficit) at year-end
2021-22	12.9
2022-23	(31.4)
2023-24	(29.1)
2024-25	(34.5)
2025-26	(31.6)
2026-27	(26.5)
2027-28	(15.3)
2028-29	Balanced budget

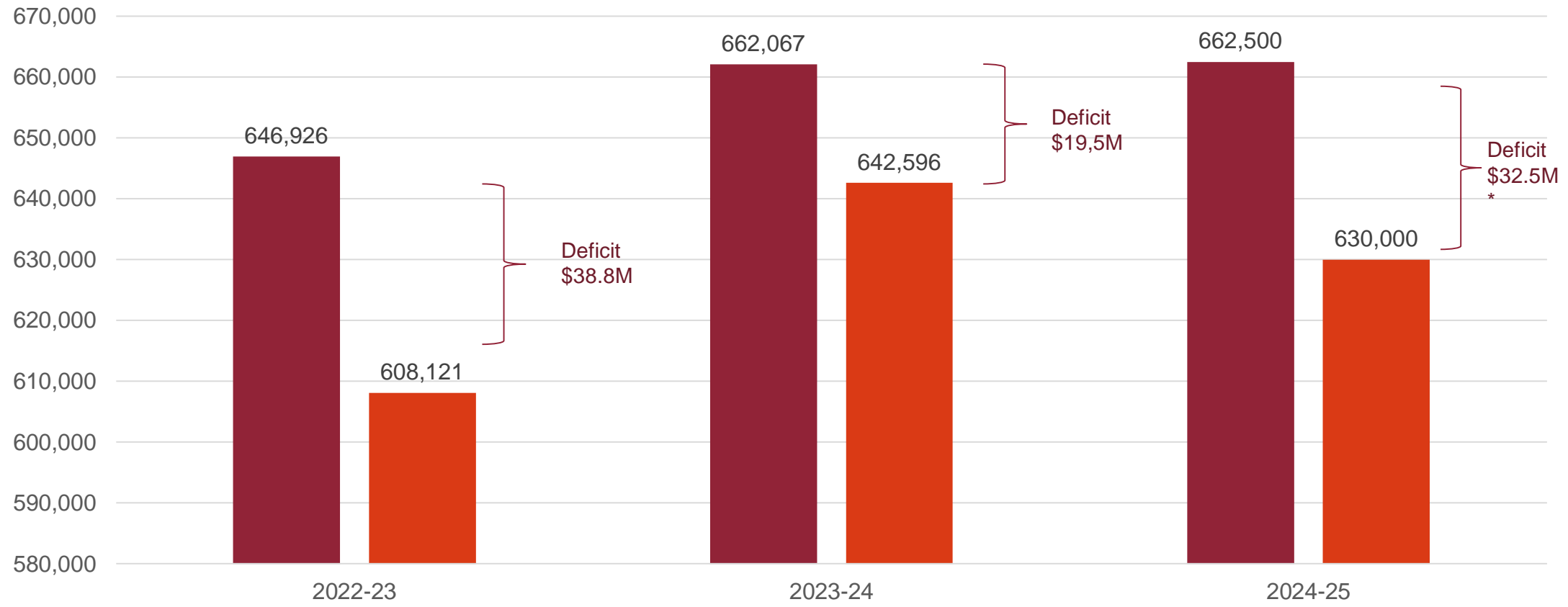
Financial overview and progress

- **Where we are now:**

- Achieved approved deficit of \$29.1M for the 2023-24 fiscal year as per the recovery plan
- On track to reach the approved recovery plan deficit of \$34.5M for the 2024-25 fiscal year
- Focused on reducing costs and stabilizing enrolment
- Aim to return Concordia to a balanced budget by the 2028-29 fiscal year

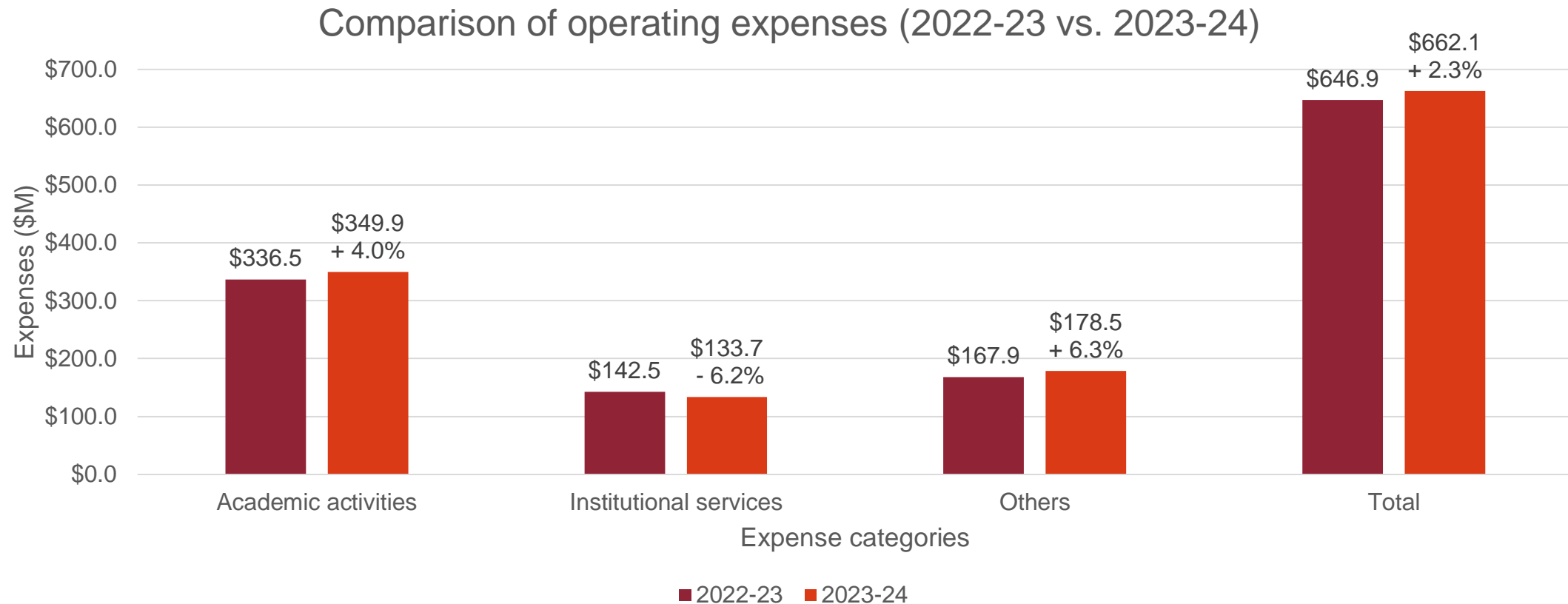
- To consult our financial statements, *Système d'information financière des universités* (SIFU) reports and other financial information, please visit <https://www.concordia.ca/financial-services/statements.html>

Financial statements: operating fund expenses vs. revenues



*Recovery plan: \$34.5M

Financial statement: operating expenses (\$M)



Other expenses: Support to research, services to community, future benefits, ancillary services, interests on bank loans

Budget situation in 2023-24

- Revenues \$642.6M
- Expenses \$662.1M
- A cut of 7.8% was applied in year across all sectors

Budget situation in 2024-25

- Forecasted revenues \$630M
- Expenses \$664.5M
- A cut of 3.86% was applied in the initial budget for the academic and research sectors and a cut of 8.05% was applied to all other sectors

Summary of 2024-25 challenge (\$M)

	Forecast 2024-25
First forecast: January 2024	\$(78.9)
Savings already identified and confirmed*	\$8.6
Subtotal	\$(70.3)
Proposed deficit	\$(34.5)
Budget adjustments / challenge	\$(35.8)
Challenge coming from:	
• Loss in revenues from changes to the tuition fee structure	\$15.0
• Rise in expenses due to increase in salaries and higher service costs	\$20.8
• Total	\$35.8

*\$6.5M (use of specific grants) + \$2.1M (pension fund & benefits savings)

Budget adjustments per sector

	2023-24 7.8%	2024-25 3.86% Provost- VPRGS, 8.05% Other	2 year cummulative budget adjustment	% of 23-24 budget
OFFICE OF THE PRESIDENT	230,000	-	230,000	8.0%
PROVOST AND VP ACADEMICS	28,860,000	13,136,083	41,996,083	12.3%
OFFICE OF THE VP COMMUNICATIONS	810,000	783,117	1,593,117	16.4%
OFFICE OF THE VICE PRESIDENT FINANCE	970,000	1,008,441	1,978,441	15.8%
UNIVERSITY SECRETARIAT	540,000	519,183	1,059,183	16.4%
VP SERVICES & SUSTAINABILITY	8,720,000	7,962,193	16,682,193	16.3%
UNIVERSITY ADVANCEMENT	970,000	932,533	1,902,533	16.4%
VP RESEARCH & GRADUATE STUDIES	2,160,000	979,982	3,139,982	12.3%
	43,260,000	25,321,533	68,581,533	13.4%

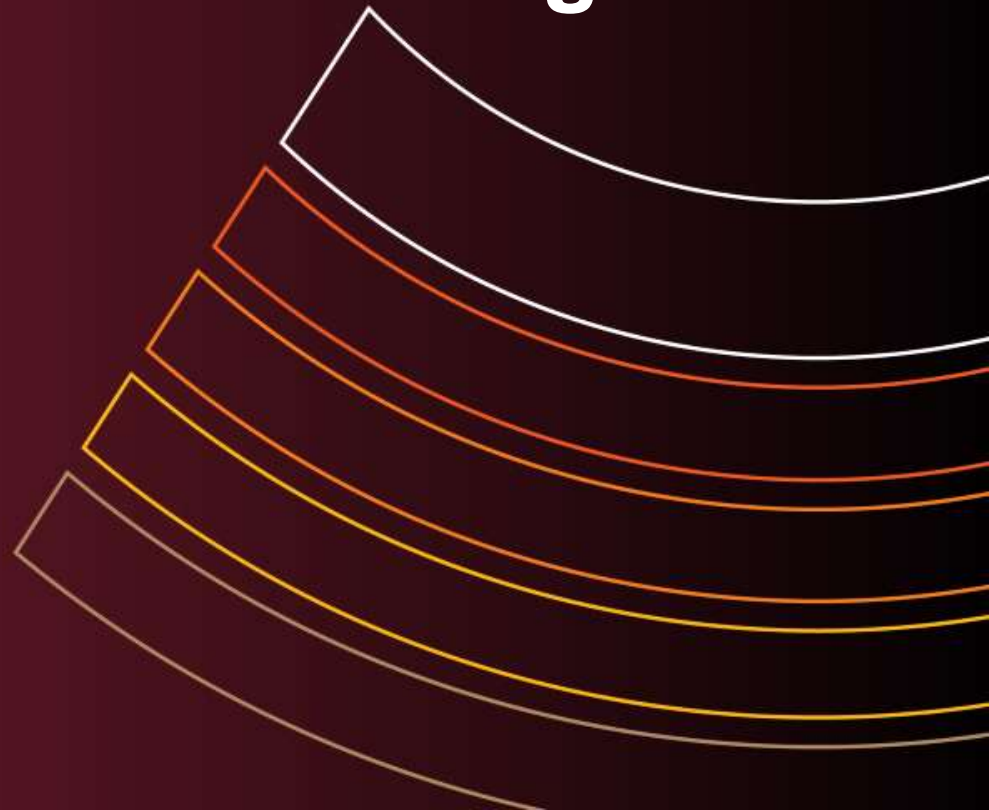
Some significant measures to achieve 2024-25 target

Categories	Savings (\$M)
Payroll	\$15.0
Cash & investment	\$4.0
Benefits plan	\$0.8
Reduced contributions (D3, K1, etc,)	\$2.6
Vacation/credit banks	\$2.5
Règles budgétaires & grants	\$6.5
Cleaning & transportation schedules	\$0.3
HVAC & energy savings	\$0.6
Security adjustments	\$0.3



2025-26 OUTLOOK

Current landscape and anticipated challenges



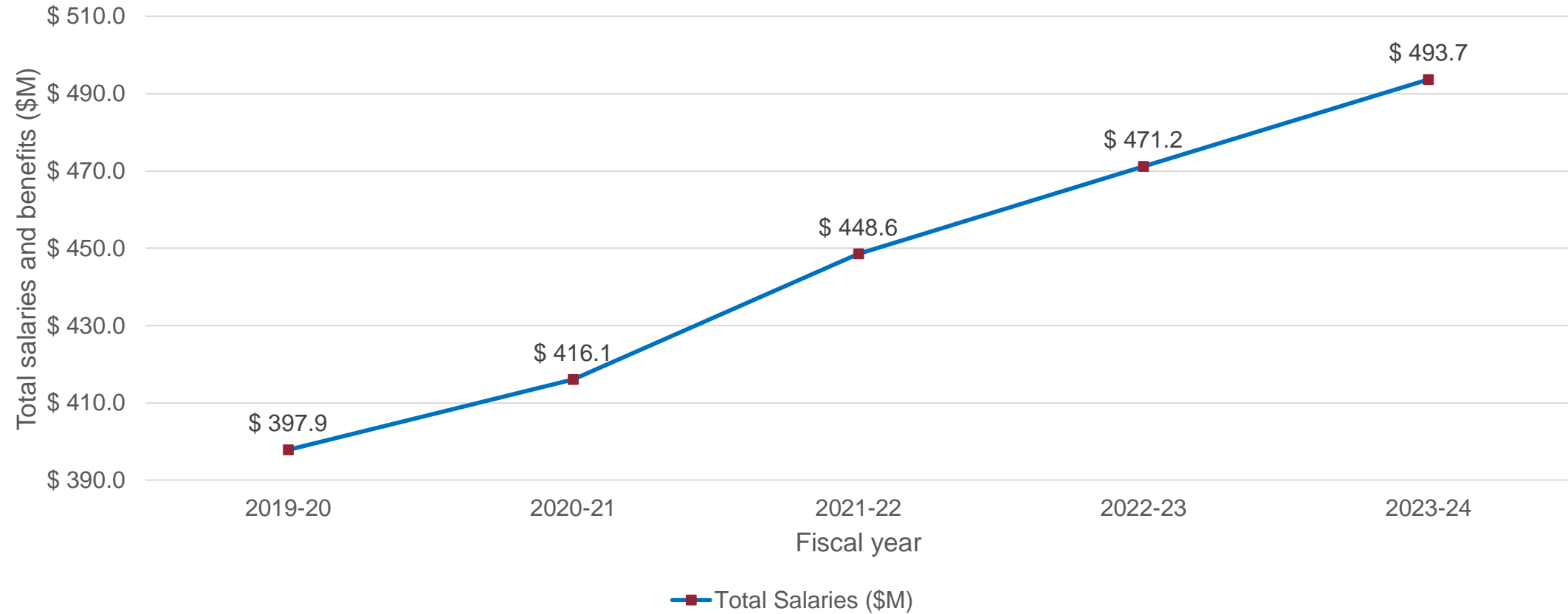
Closing the gap: 2025-26 recovery plan overview

- **Must close the 2025-26 fiscal year with a deficit of \$31.6M or less**
 - Geopolitical events, rising salaries and enrolment decline impacting budget
- **Deficit projections:** the loss of students and reduced government funding contributes to a **\$44.9M shortfall** and a **projected starting deficit of \$79.4M** for the 2025-26 fiscal year

Breaking down the \$79.4M 2025-26 deficit

2024-25 deficit	\$(34.5)M
Revenue reductions <ul style="list-style-type: none">• Impacted by declining student numbers and funding formula adjustments	\$(11.2)M
Salary increases	\$(26.7)M
Contract indexation	\$(5.0)M
Canada Scholars Awards	\$(2.0)M
Total starting deficit	\$(79.4)M

Evolution of salary



Source: SIFU Report

Student enrolment scenarios for 2025-26

Scenario (2025-26 compared to 2024-25)	New registrations	Total number of students
Decline in new registrations	About (900 to 1,000)	About (1,900 to 2,000)
Equal number of new registrations	0	About (1,100)
Equal number of total students	+1,000	Around 0*

*Our targeted scenario

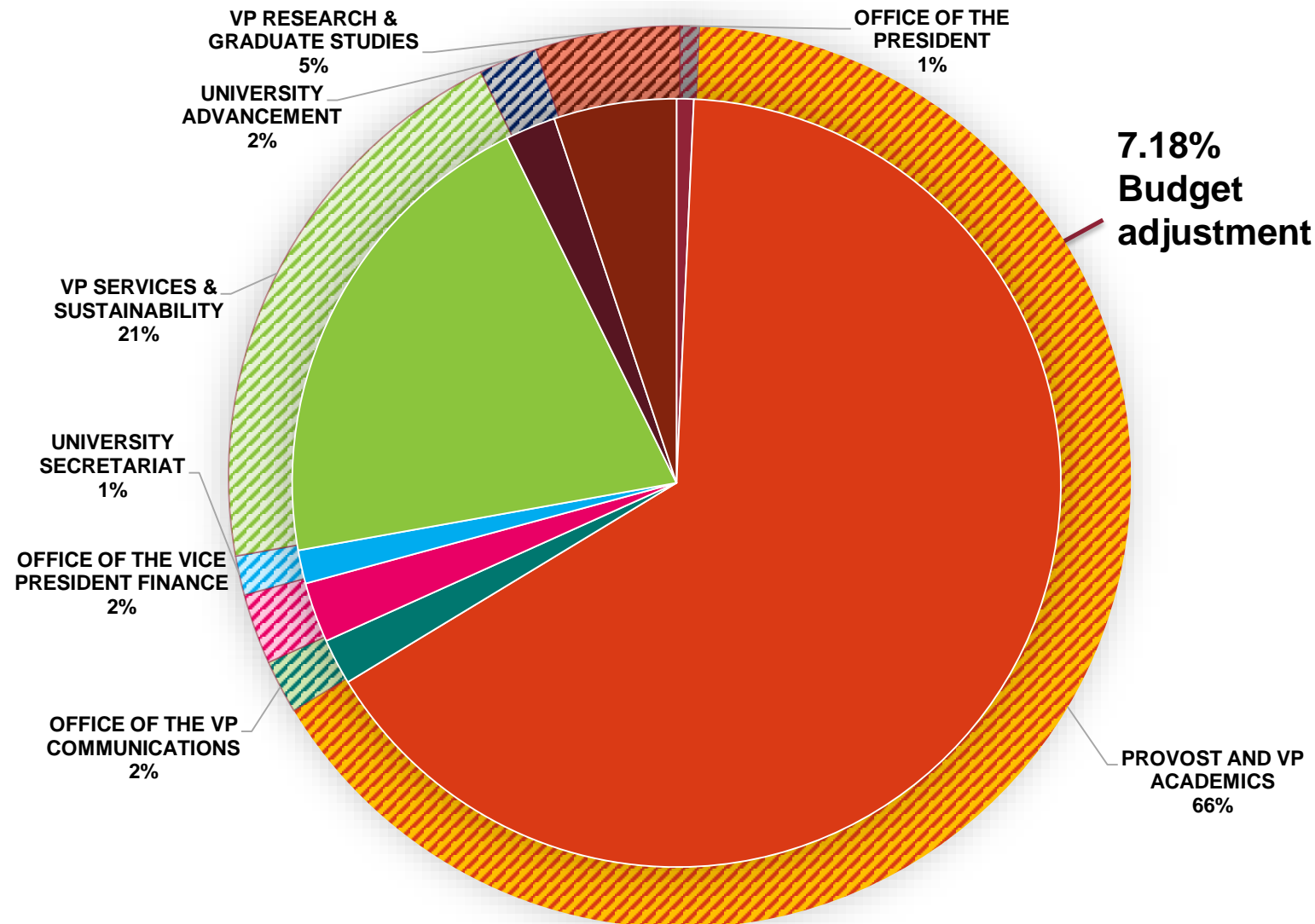
Budget framework 2025-26

Description	Decline in new registrations	Equal number of new registrations	Equal number of total students
Initial deficit (Starting point)	\$(84.1)M	\$(79.4)M	\$(79.4)M
Budget adjustments (Central)	\$15.0M	\$15.0M	\$15.0M
Budget adjustments (All sectors)	\$37.5M (7.18%)	\$32.8M (6.28%)	\$23.8M (4.56%)
Subtotal (Deficit)	\$(31.6)M	\$(31.6)M	\$(40.6)M
Continued reduction in Registrations			
1,000 more new registrations	\$0	\$0	\$9.0M
Deficit (Recovery plan)	\$(31.6)M	\$(31.6)M	\$(31.6)M

2025-26 Budget adjustments per sector

	2023-24 7.8%	2024-25 3.86% Provost- VPRGS, 8.05% Other	2025-26 7.18% of 24-25 budget	3 year cumulative budget adjustment	% of 23-24 budget
OFFICE OF THE PRESIDENT	230,000	-	269,987	499,987	17.5%
PROVOST AND VP ACADEMICS	28,860,000	13,136,083	24,602,458	66,598,541	19.5%
OFFICE OF THE VP COMMUNICATIONS	810,000	783,117	722,770	2,315,887	23.8%
OFFICE OF THE VICE PRESIDENT FINANCE	970,000	1,008,441	948,200	2,926,641	23.4%
UNIVERSITY SECRETARIAT	540,000	519,183	527,030	1,586,214	24.6%
VP SERVICES & SUSTAINABILITY	8,720,000	7,962,193	7,705,170	24,387,364	23.9%
UNIVERSITY ADVANCEMENT	970,000	932,533	792,432	2,694,966	23.3%
VP RESEARCH & GRADUATE STUDIES	2,160,000	979,982	1,931,953	5,071,935	19.9%
	43,260,000	25,321,533	37,500,000	106,081,533	20.7%

2025-26 budget adjustments by sector: scenario 1 (7.18%)



Key strategies to balance the 2025-26 fiscal year budget

- **Maintain hiring freeze**
 - Essential to controlling payroll costs, the largest budget item
 - Freeze on staff hiring and closure of vacant positions
 - Strategic use of attrition to reduce expenses
- **Continue cutting expenses across units**
 - Ongoing reduction of non-essential spending (e.g., travel, external contracts)
 - Streamlining operations, optimizing services
 - Maximizing operational efficiencies (e.g., energy savings, shared services)

Key strategies to balance the 2025-26 fiscal year budget (continued)

- **Seek alternative revenue sources**
 - Exploring new revenue streams beyond student enrolment
 - Continuing to increase revenues from self-funded units, ancillary services and investment returns

A brief overview of long-term financial sustainability and debt management

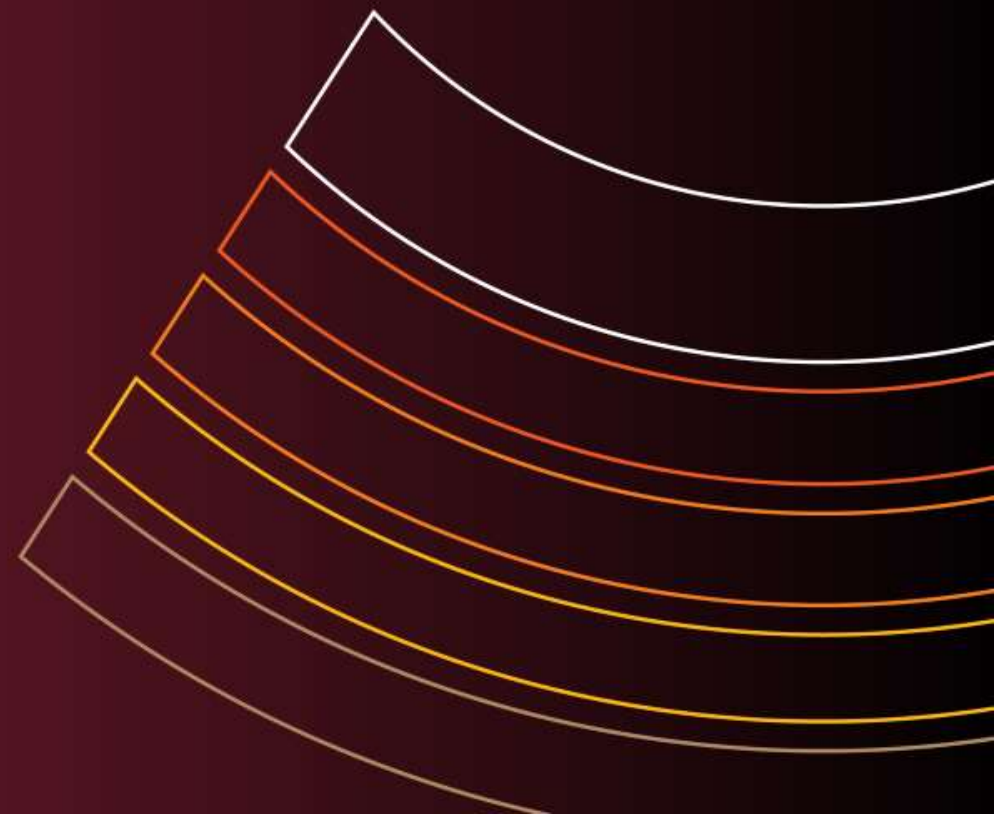
- **Our long-term financial sustainability and debt management** are guided by the Capital, Funding and Financing Policy (CFO-4)
- **13 key ratios** are used to monitor long-term financial sustainability
- Two critical ratios:
 - **Debt-to-FTE:** Measures how much debt we can afford
 - **Debt burden:** Indicates the portion of our budget required for interest costs and capital repayment

Metric	Threshold	2024	2023
Debt-to-FTE	< \$12,000	\$5,874	\$6,603
Debt burden	< 5%	3.9%	3.5%

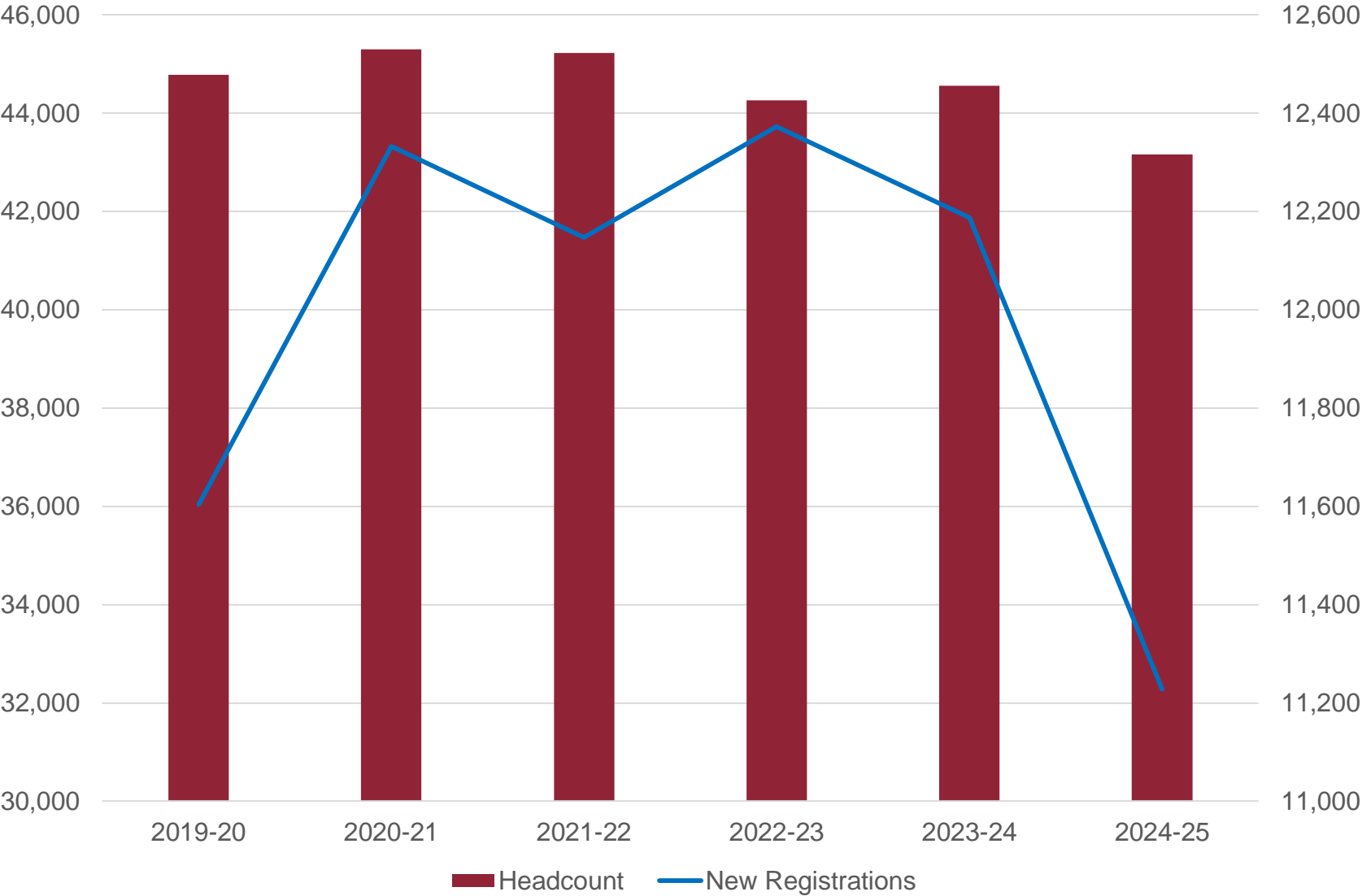


STRATEGIC ENROLMENT

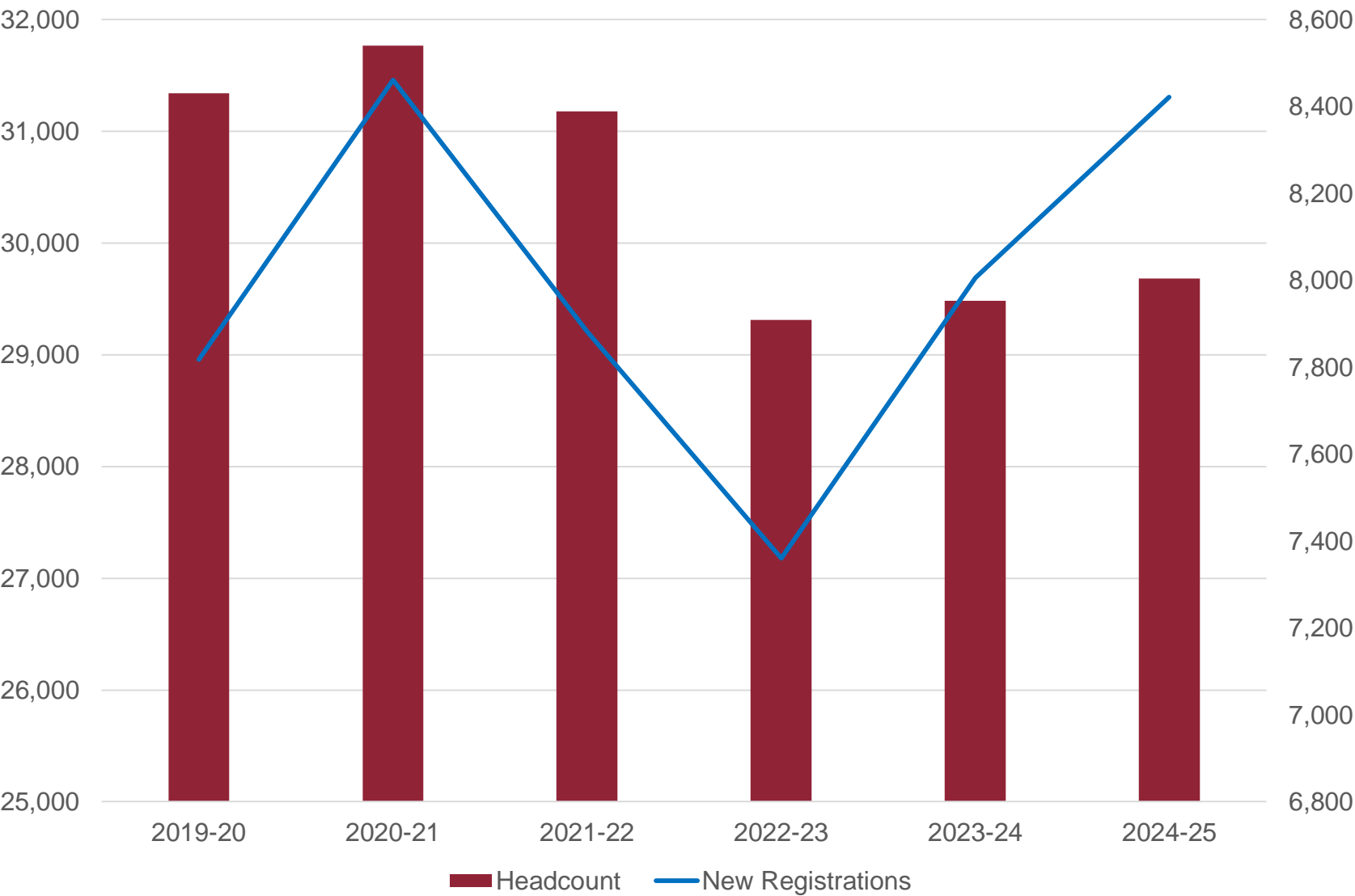
Key strategies for stabilizing and growing enrolment



Year-over-year student data

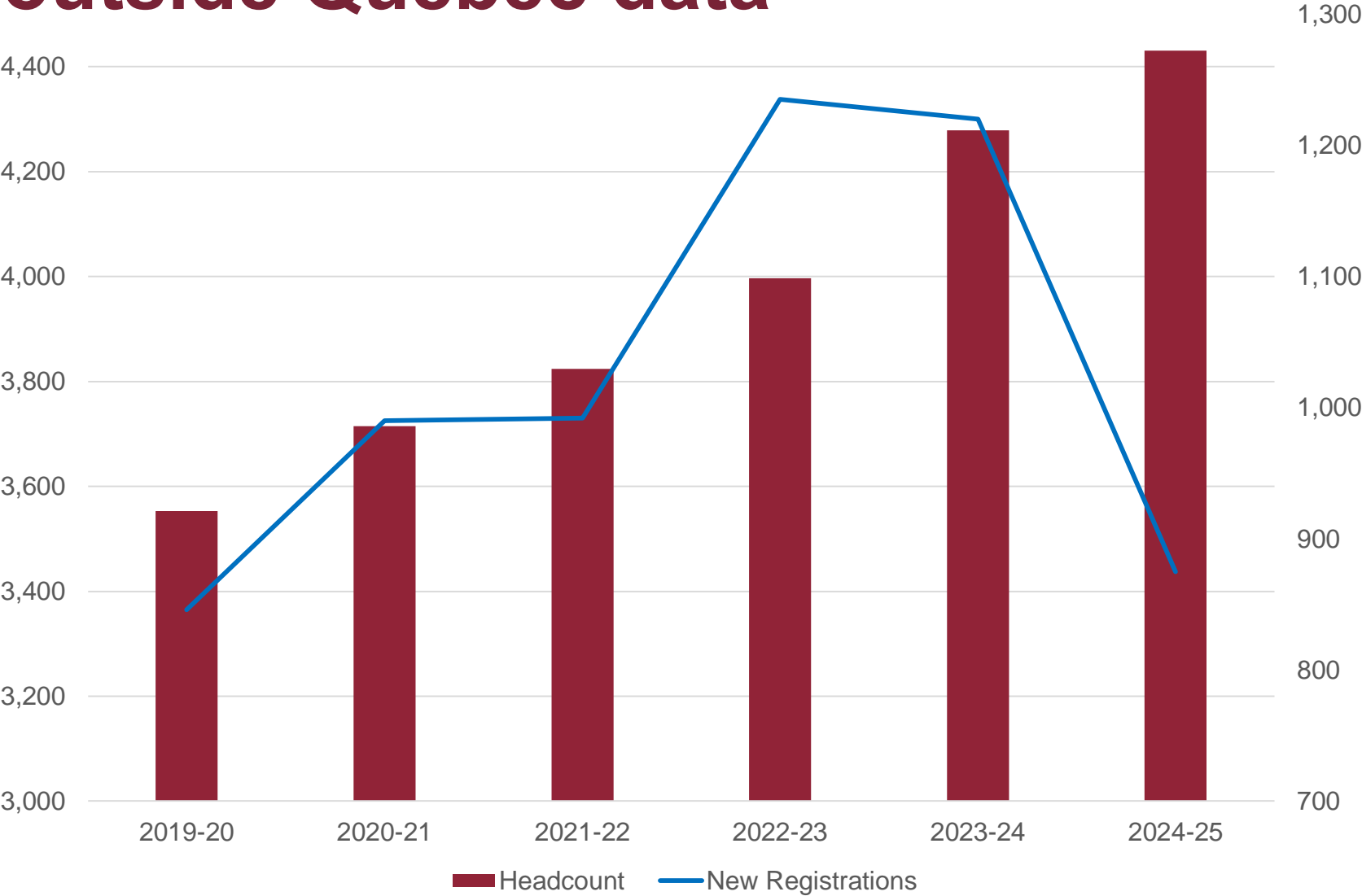


Year-over-year Quebec student data

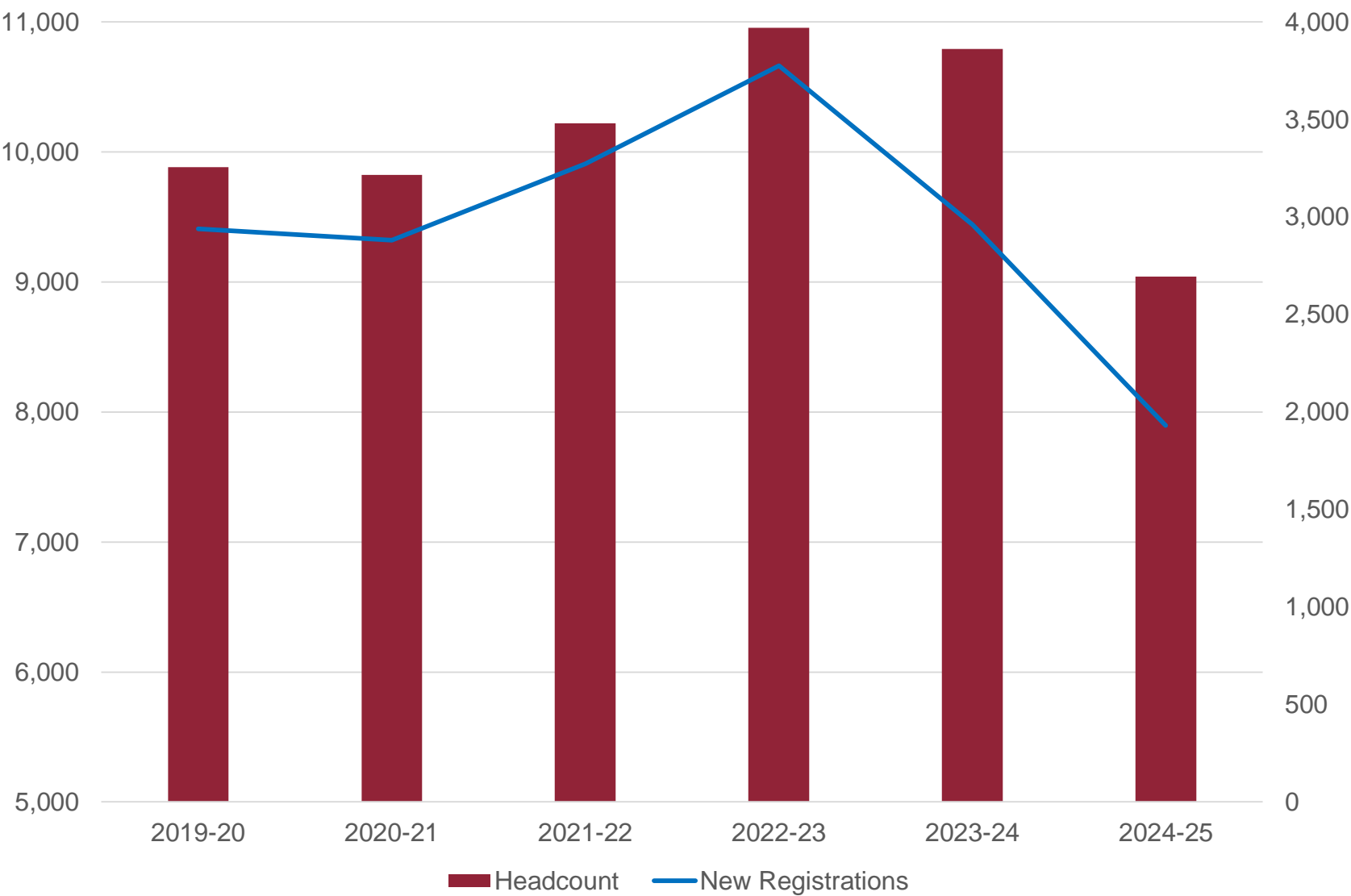


Information on a year-to-year basis as of January 14, 2025

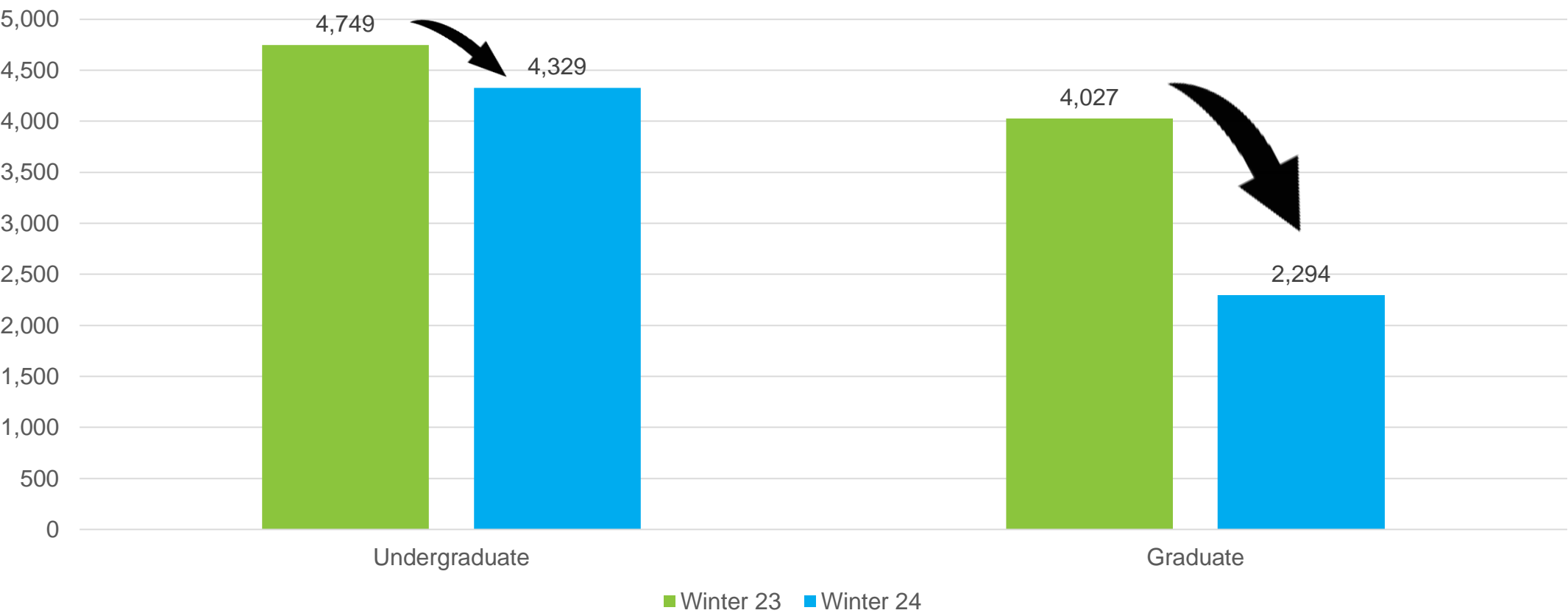
Year-over-year Canadian students from outside Quebec data



Year-over-year international student data

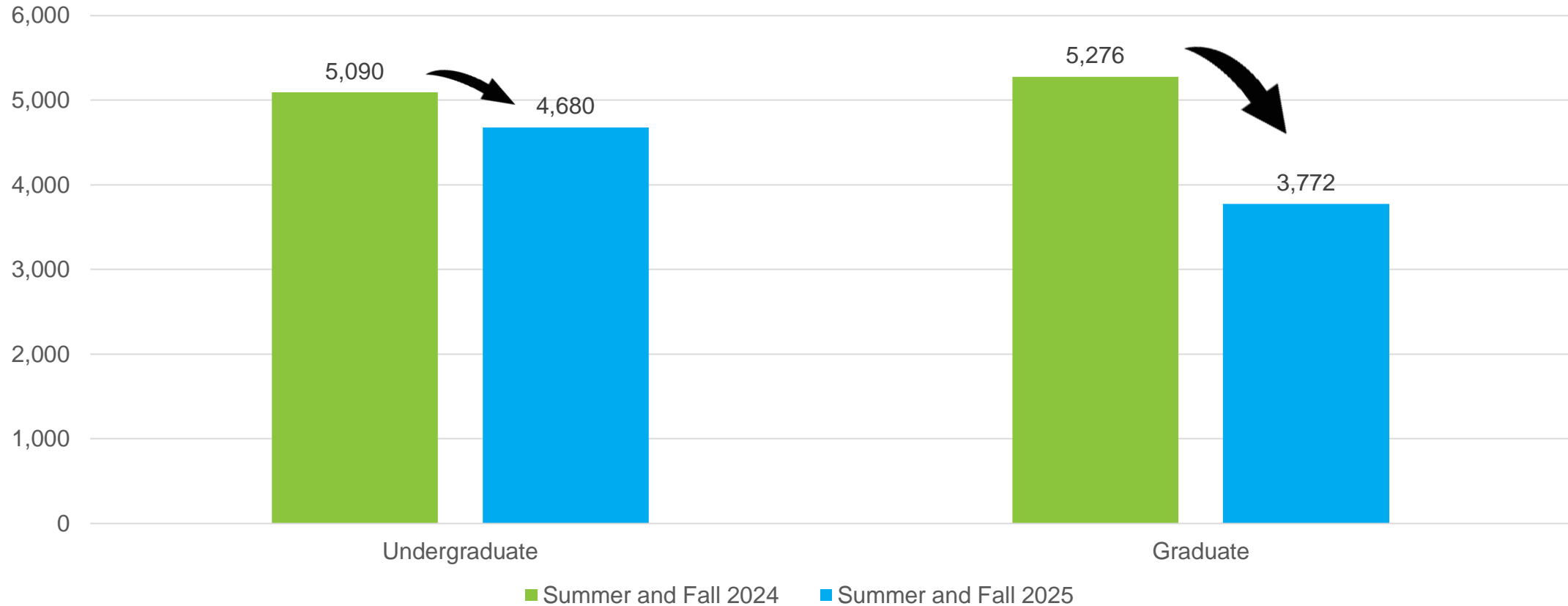


Winter 2024 applications: year-over-year summary



Winter 24 in the Student Information System relates to the Academic year 2024-25 and in calendar date starts in January 2025.

Summer and fall 2025 applications: year-over-year summary



Target for 2025-26

- **Recruit 1,000 net new students**
 - Aiming to stabilize enrolment and reverse recent declines
 - Targeting Quebec and Canadian students due to challenging international factors
 - Focusing on retaining and attracting new students

Financial impact of enrolment decline

- **Shrinking pool of applicants:** government restrictions, shifting demographics and geopolitical instability are limiting the pool of potential students, particularly for international recruitment
- **Revenue shortfall:** enrolment is directly tied to tuition revenue, a major funding source for Concordia (a drop in enrolment leads to a decrease in revenue)

Enrolment efforts required

- **Status quo**

- Without additional efforts, **total enrolment will continue to decline**
- Current enrolment trajectory leads to a **larger-than-forecast deficit**
- Achieving the targeted **\$31.6M deficit** assumes stable enrolment levels

- **Target**

- To stabilize enrolment and avoid further cuts, the university must **recruit 1,000 new students** and retain current enrolment levels
- This will help achieve **flat enrolment** levels, with an **increase in new registrations** compared to the current decline
- Focus will be on increasing Quebec students, maintaining Canadian enrolment and adjusting expectations for international growth

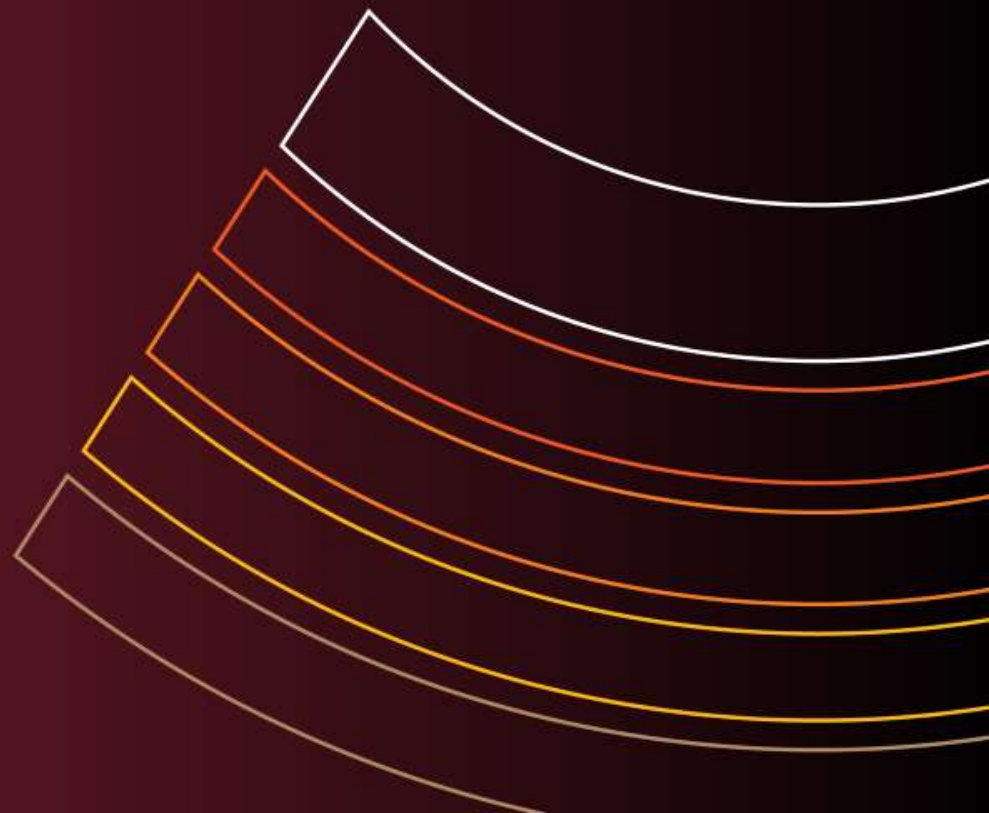
Staying the course

- Focus on achieving cost-reduction and student recruitment goals
- Continued flexibility and collaboration required
- Together, we ensure Concordia's long-term financial stability
- We have the tools and community strength to navigate these challenges



RESOURCES

**Where to access additional
information and FAQs**



Where to find additional information

- Explore detailed insights on Concordia's budget situation
- Access FAQs and additional resources to stay informed

<https://www.concordia.ca/about/administration-governance/office-chief-financial-officer/budget-updates.html>

Questions and discussion





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