

CONCORDIA

# CONCORDIA UNIVERSITY BUDGET 2020-2021

NEW APPROACH FOR A NEW ENVIRONMENT  
OCTOBER 2020

# Agenda for the Budget Conversations

- The 2020-2021 Context
- Section One: What's happening now for the 2020-2021 Operating Budget
- Section Two: A new integrated approach
- Section Three: Monitoring and longer term planning
- Your questions and comments

THE 2020-2021  
**CONTEXT**

# Institutional agility in the face of COVID-19

- Faculty/CTL quick and effective pivot to **remote class delivery**
- Increase in **cybersecurity** and **on-campus health and safety initiatives**
- **\$70,000 SHIFT award** to support transformative responses to current health crisis
- Free community subscription for **Udemy** learning platform for non-academic courses
- Move on-line of major events like **Orientation, Open House, Shuffle and Convocation**
- New sharing channels created, including **CU Cares, CU@Home**

# Academic agility in the face of COVID-19

- International research **collaboration to test artisanal facemasks**
- **Collaboration with Henan University of Technology** to advance research combatting COVID-19
- Creation of **web-based tool to reduce risk of indoor transmission**
- Adaptation of **literacy programming** to the reality of COVID-19 school closures in Kenya
- **Psychology research** on how aging population is coping with the lockdown; and how stress is affecting what media people seek as pandemic relief

# Performance in uncertain times

- **Catherine Mulligan** named president of Canadian Society for Civil Engineering and fellow of Canadian Academy of Engineering
- **Jason Edward Lewis** co-leads multinational effort to imagine future of AI from Indigenous perspectives
- SSHRC awards \$2.5M for collaborative research led by **Steven High** on deindustrialization and rise of populism
- PhD grad **Shide Salimi** heads to Harvard to continue research in energy-efficient buildings
- PhD student **Jamilah Dei-Sharpe** recognized for her role in creating the National Black Graduate Network
- **Roch Glitho** appointed Canada's first Ericsson/ ENCQOR 5G Industrial Research Chair in Cloud and Edge Computing for 5G and Beyond, valued at \$2.67M
- **CSLP** receives \$1.8M FRQSC grant to continue research into pedagogies with social benefit

# Rankings successes

## Concordia:

- **#1 in North America:** under 50 years (2020 THE Young University Rankings)
- **#1 in Canada:** quality education (2020 THE Impact Rankings)
- **#2 in Canada,** comprehensive universities: average size/number SSHRC grants (2020 *Maclean's* University Rankings)
- **#6 in Canada,** comprehensive universities: reputation (2020 *Maclean's* University Rankings)
- **Top 500** in the world (QS World University Rankings, 2020)
- **Top 25** research universities in Canada (Research Infosource, 2019)

## Programs:

- **#1 in Canada, top 100 in the world: Art & Design** (2020 QS World University Rankings by Subject)
- **#2 in Canada, 67th in the world: John Molson Executive MBA program** (*The Economist*)
- **#4 in Canada: John Molson MBA** (2018 Bloomberg Businessweek's Best B-Schools)
- **#4 in Canada, top 150 in world: Comm. & Media Studies** (2020 QS World University Rankings by Subject)

# The 2020-2021 context

- Uncertainty of revenue, student numbers and level of expenses
- Major transformation in our academic and research mission
- MES grants based on 2018-2019 distribution model
- First year of a new Quebec tuition funding model
- \$300 million authorization of expenditure and additional \$25 million for COVID-19 investments
- COVID-19 in 2019-2020: \$5 million investment
- Operating deficit in 2020-2021



# 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

# SECTION ONE

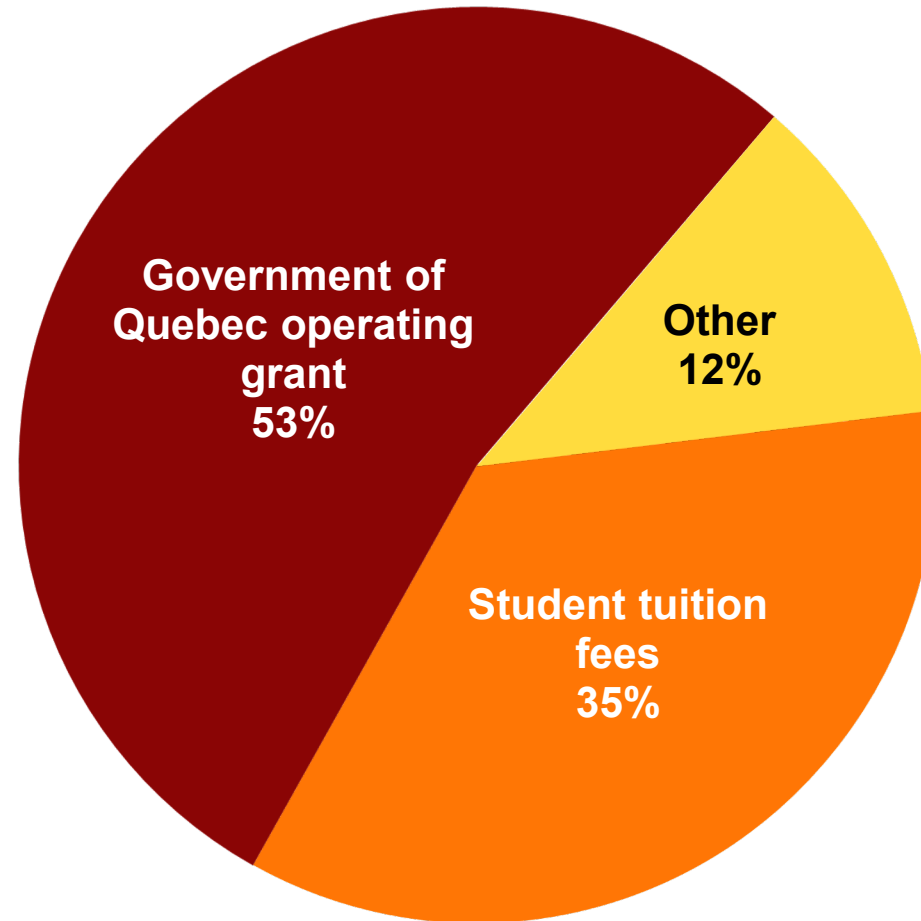
**WHAT'S HAPPENING NOW FOR THE  
2020-2021 OPERATING BUDGET**

# Sources of revenue

## Confirmed

Provincial grants proposal protects 53% of our sources of revenue (similar to other anglophone universities)

Note: Provincial grants represent at least 67% of total revenue for francophone universities



## At risk

47% (more than \$245M) of our sources of revenue are at risk, depending on the number of students (domestic and international) and other revenues, such as residences, conferences, commercial rentals, etc.

# Key elements to consider

- COVID-19 loss of revenues, investments and impacts
- Reallocation of resources to adapt to the COVID-19 context
- Strategic investments to support our academic and research mission
- Create conditions to support innovation
- Balanced budget prior to COVID-19 adjustments in 2019-20
- Monitoring summer/fall/winter enrolment and fluctuation

# Concordia 2020-2021 Operating Budget Summary

In millions of \$

Description	2019-2020 Budget	2019-2020 Actuals	2020-2021 Budget	Variance			
				Budget 2020-2021 vs. Actuals	%	Budget 2020-2021 vs. 2019-2020	%
Total Revenue	\$539.8	\$531.7	<b>\$523.1</b>	(\$8.6)	- 1.6%	(\$16.7)	- 3.1%
Total Expenses	\$538.6	\$536.6	<b>\$560.9</b>	\$24.3	4.5%	\$22.3	4.1%
Operating Surplus (Deficit) before COVID-19	\$1.2	(\$4.9)	<b>(\$37.8)</b>	(\$32.9)		(\$39)	
COVID-19 Impact		\$5.0	<b>\$20.7</b>	\$15.7			
Total Operating Surplus (Deficit)		\$0.1	<b>(\$17.1)</b>	(\$17.2)			

# Support for academic and research missions

Faculty base budgets, teaching and research	<b>\$12.7M</b>
Digital Strategy – 3-year investment plan (2020-2021 investment)	<b>\$1.8M</b>
Cybersecurity – 5-year investment plan (2020-2021 Investment)	<b>\$1.0M</b>
Support for research and academic initiatives	<b>\$3.0M</b>
<ul style="list-style-type: none"><li>• Cities Institute</li><li>• Equity Office</li><li>• Task Force on Systemic Racism</li><li>• Online Learning</li><li>• Support for Strategic Research</li><li>• District 3 and the innovation ecosystem</li><li>• Concordia Health Initiative</li></ul>	

BIBLIOTHÈQUE  
R. HOWARD-WEBSTER

# SECTION TWO

A NEW INTEGRATED APPROACH

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## Three pillars

- Comprehensive Budget Model that integrates operating and capital activities — with close cash-flow monitoring
- Multiple scenarios to manage the Operating Budget
- Debt-per-FTE ratio becomes the key indicator to assess and maintain our long-term sustainability



# The proposed approach – including COVID-19

Most Likely Scenario



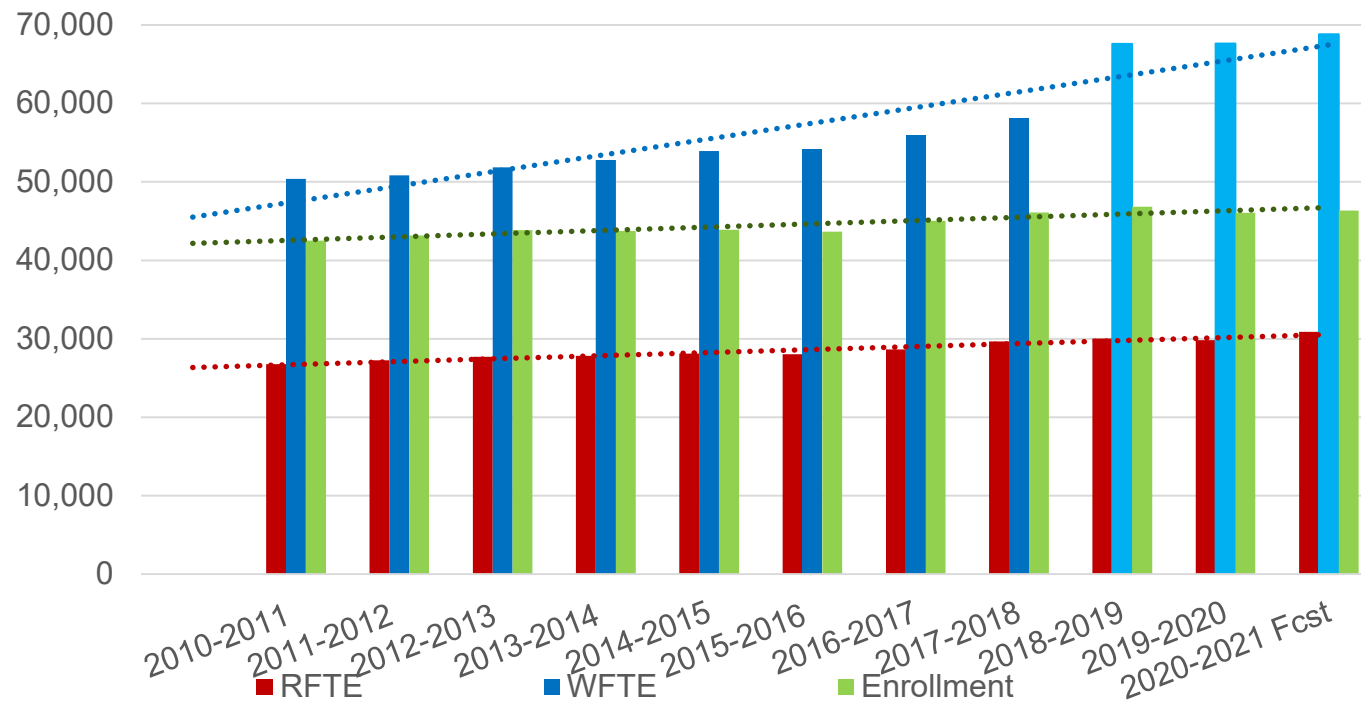
Size of Deficit -%	Size of Deficit - \$( <sup>1</sup> )	Economies by Sectors	Use of Reserves ( <sup>2</sup> )	Deficit	Debt-per-FTE - 2023
< 3% of Budget	\$0 to \$17M	1%	1%	1%	\$10,080 - \$10,650
≥ 3% and < 5%	\$17M to \$28M	1%	2%	2%	\$10,650 – \$11,020
≥ 5% and < 8%	\$28M to \$45M	1%	2%	5%	\$11,020 - \$11,600
≥ 8% and < 10%	\$45M to \$56M	2%	2%	6%	\$11,600 - \$11,970
≥ 10%	Over \$56M	3%	2%	Remaining	> \$12,000

- **Current situation**
- Debt-per-FTE as at April 30, 2020: \$ 5,666
- Upper tolerance limit Debt-per-FTE as per Concordia Policy (CFO-4): \$12,000

(1) Deficit includes COVID-19 investments and loss of revenues, including tuition fees and self-funded revenues

(2) 2% of budget = around 15% of accumulated reserves. Total value of reserves as at April 30, 2020: \$66M

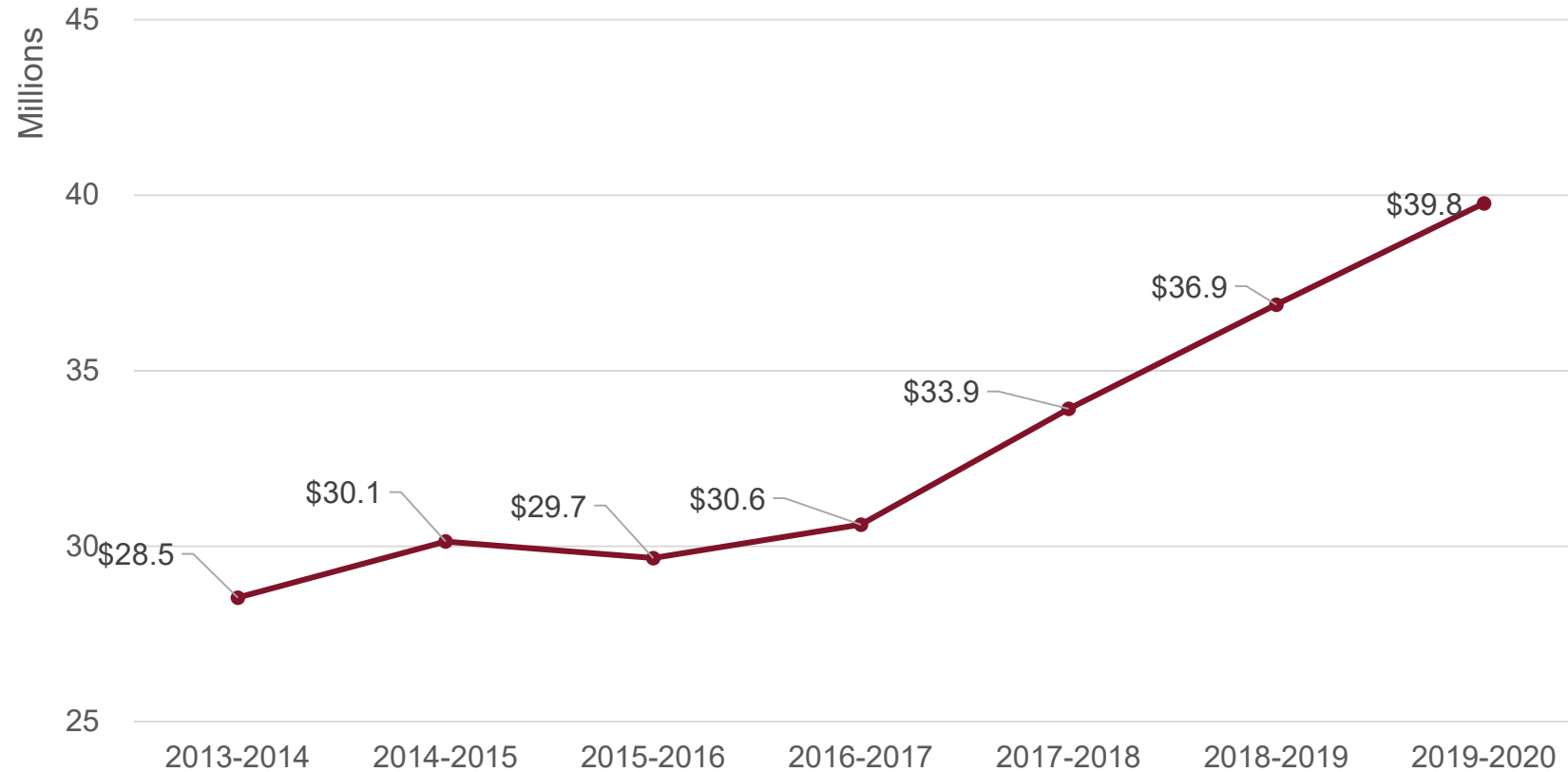
# 10-year history of FTEs, WFTEs and head count for credited programs



	CLARDER							CAFF		
Enrollment	43,162	43,874	43,752	43,903	43,634	45,056	46,093	46,829	46,077	46,981
RFTE	27,245	27,716	27,841	28,122	28,036	28,625	29,666	30,034	29,822	30,876
WFTE	50,811	51,849	52,782	53,916	54,153	55,972	58,150	67,586	67,645	68,806

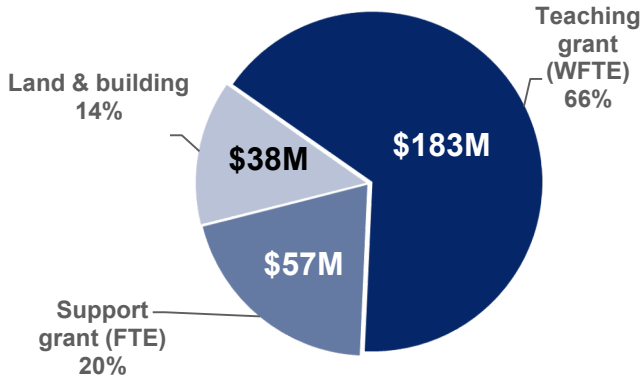
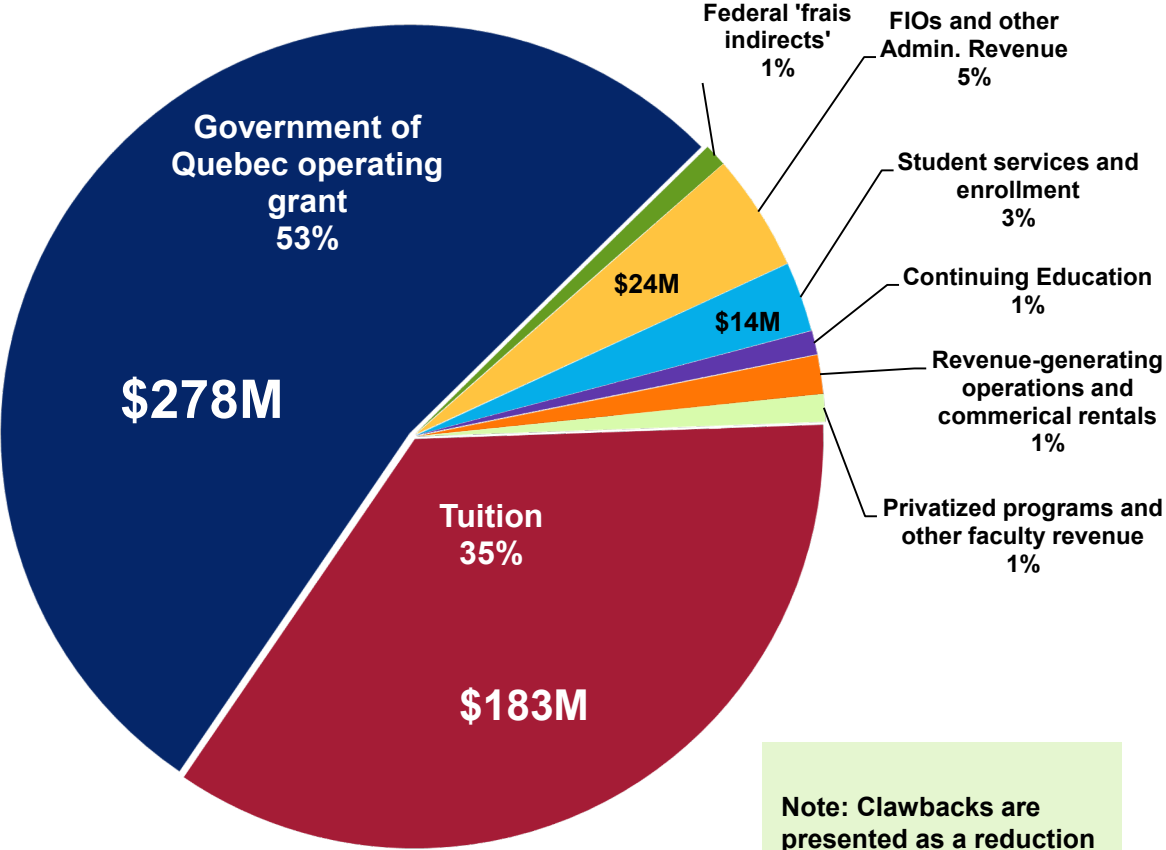
# Recent investments in student support

Scholarships and Bursaries at Concordia  
from 2013-2014 to 2019-2020



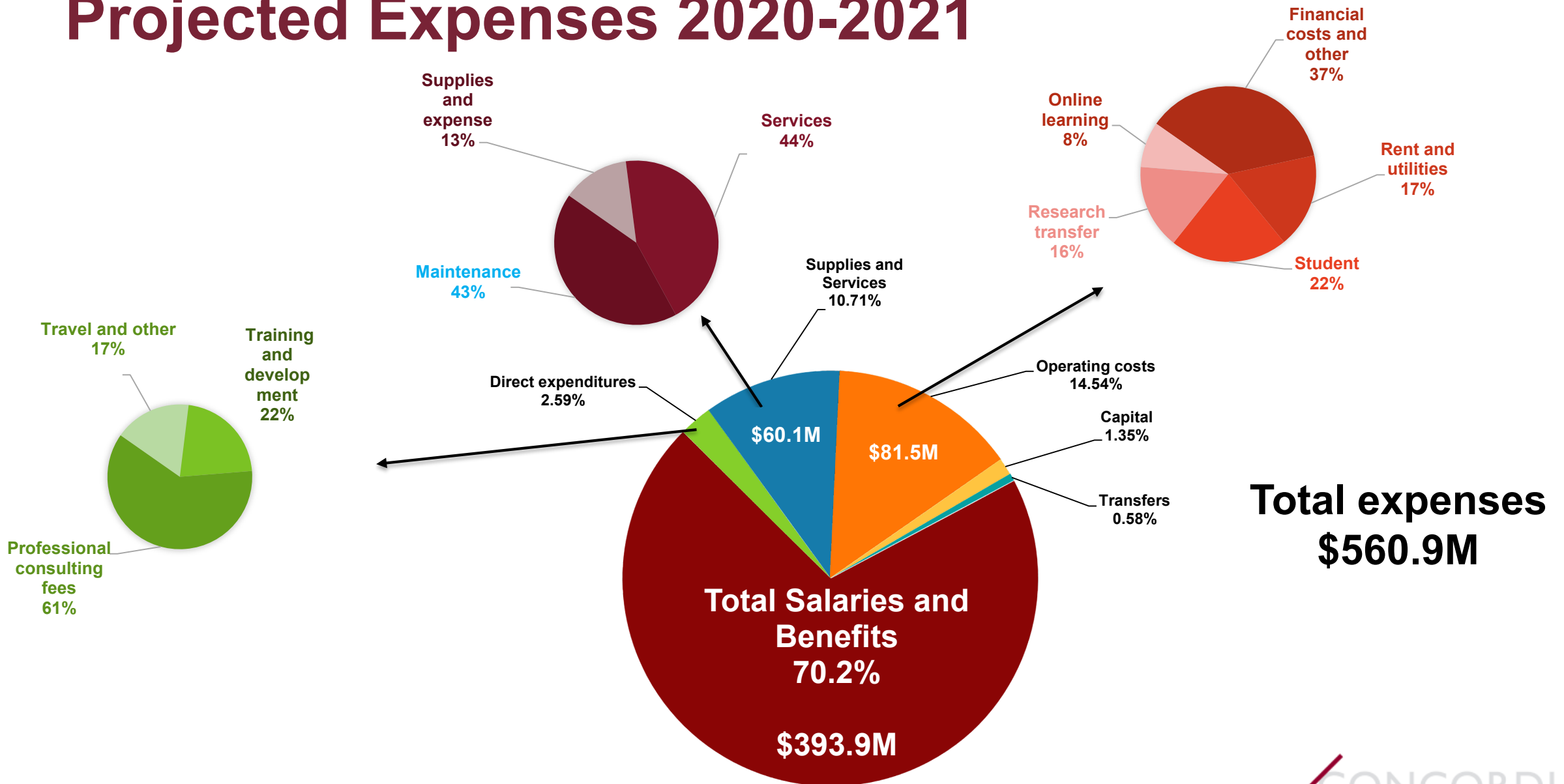
# Projected Revenue 2020-2021

**Total revenue**  
**\$523.1M**



**Note: Clawbacks are presented as a reduction of the operating grant as prescribed by the Government of Quebec**

# Projected Expenses 2020-2021





# SECTION THREE

MONITORING AND LONGER TERM PLANNING

# 2020-2021 monitoring

- Administration: close monitoring of budget, students, revenues and expenses
- Audit Committee: risk management and regular reporting, instituted at the beginning of 2020-2021
- Finance Committee: regular reporting and action plan, including cash-flow monitoring
- Winter 2021 — mostly through distance education
- Evolution of student population
  - Shift from full-time to part-time
  - Decline in first year full-time
  - Impact in future years
- Regular assessment of Debt-per-FTE, to maintain a long-term financial sustainability

# Long-term COVID-19 impact and planning

- COVID-19 impact will remain beyond 2020-2021
- Concordia may be in deficit for three years or more
- COVID-19 recurrent and structural impact will need to be integrated into the budget model for fiscal years 2021-2022 and thereafter
- 2021-2022 budget:
  - Presentation in May 2021
  - 3-year horizon
  - Strategy to address the structural challenges post COVID-19



# Conclusion

- 2020-2021 is a unique context and environment
- Budget 2020-2021 is a transition budget
- Budget 2021-2022 will be long-term oriented to address post COVID-19 structural issues
- We have developed a comprehensive approach to support our four pillars: prudence, agility, continuity, sustainability
- Difficult decisions have been made and with others to come

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