

Current Budgetary Challenges

Queen's Managerial and Professional Group

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October 26, 2023

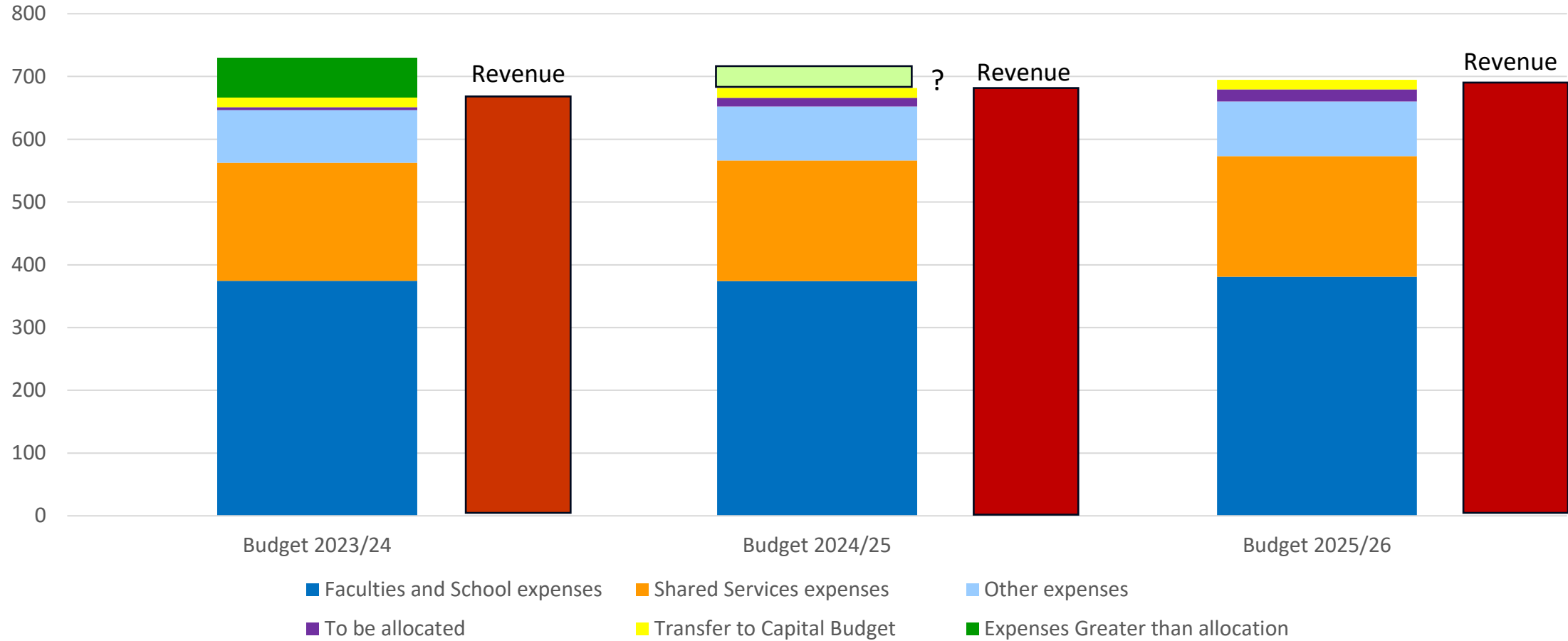


OFFICE OF THE PROVOST AND
VICE-PRINCIPAL ACADEMIC

Agenda

1. Introduction
2. The university's financial situation
3. Next steps
4. Q & A

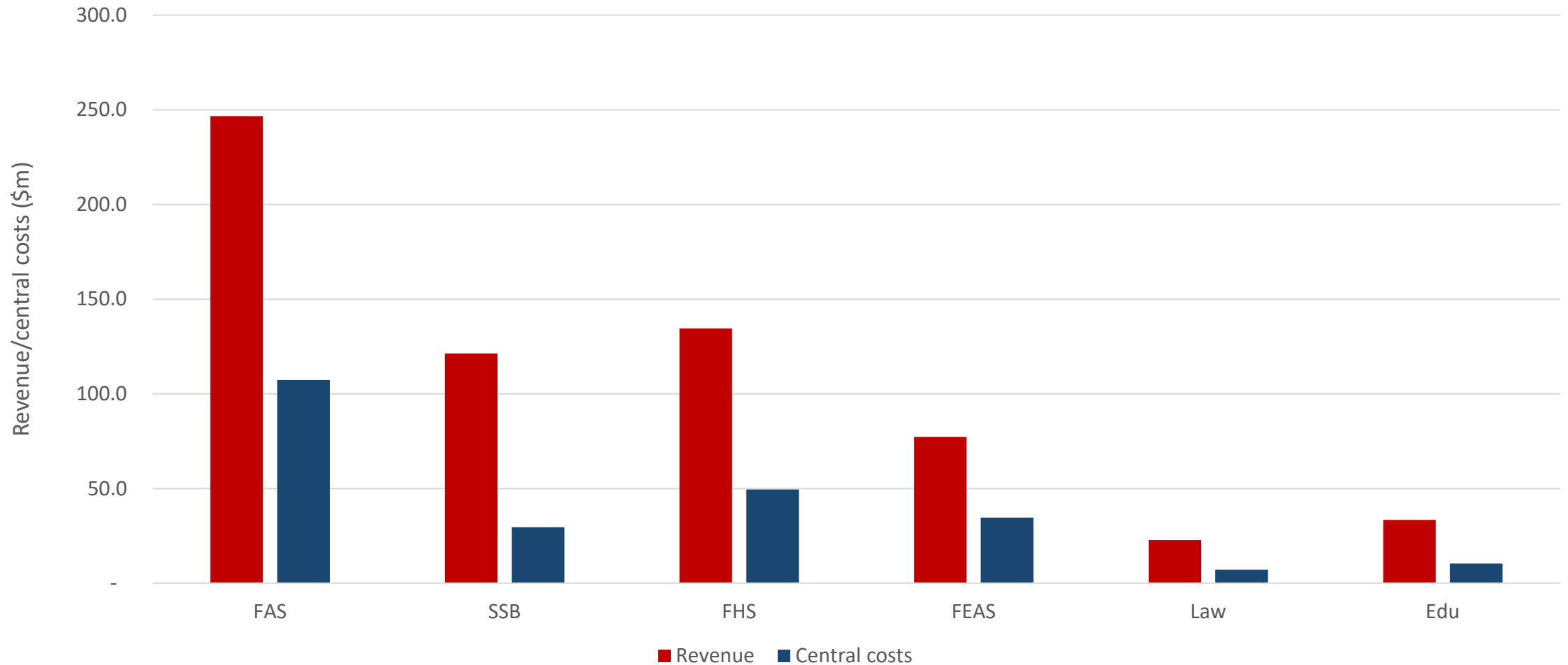
Budget 2023-24 – 2025-26



Why has growth in expenditure exceeded revenue?

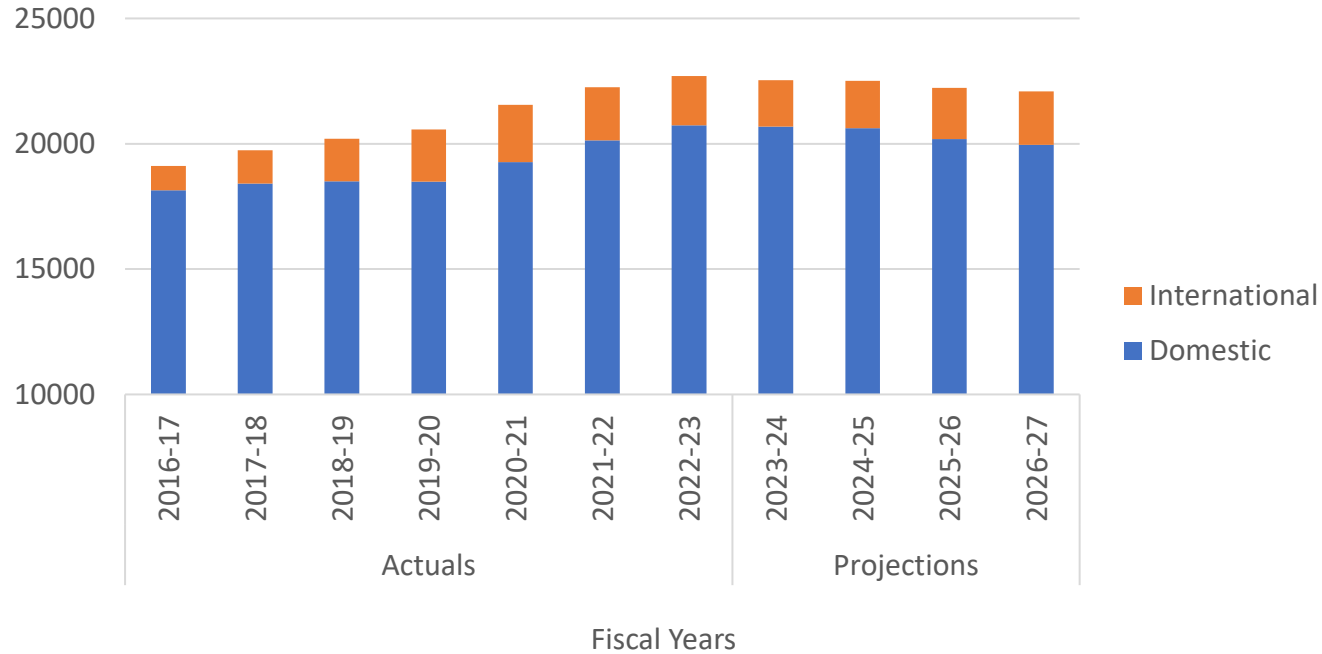
- Increasing costs
 - Salary increases, (note that salaries comprise 67% of expenditure)
 - Inflation (16% increase since 2019)
- Falling revenue
 - 10% cut in tuition for ON residents in 2019 and ongoing tuition freeze
 - Falling international student enrolment; admissions falling since 2019
- Expenditure has been allowed to rise during times of plenty and not reduced quickly enough when times became tougher

Revenue is earned by faculties through student load; central charges follow an activity-based cost allocation model



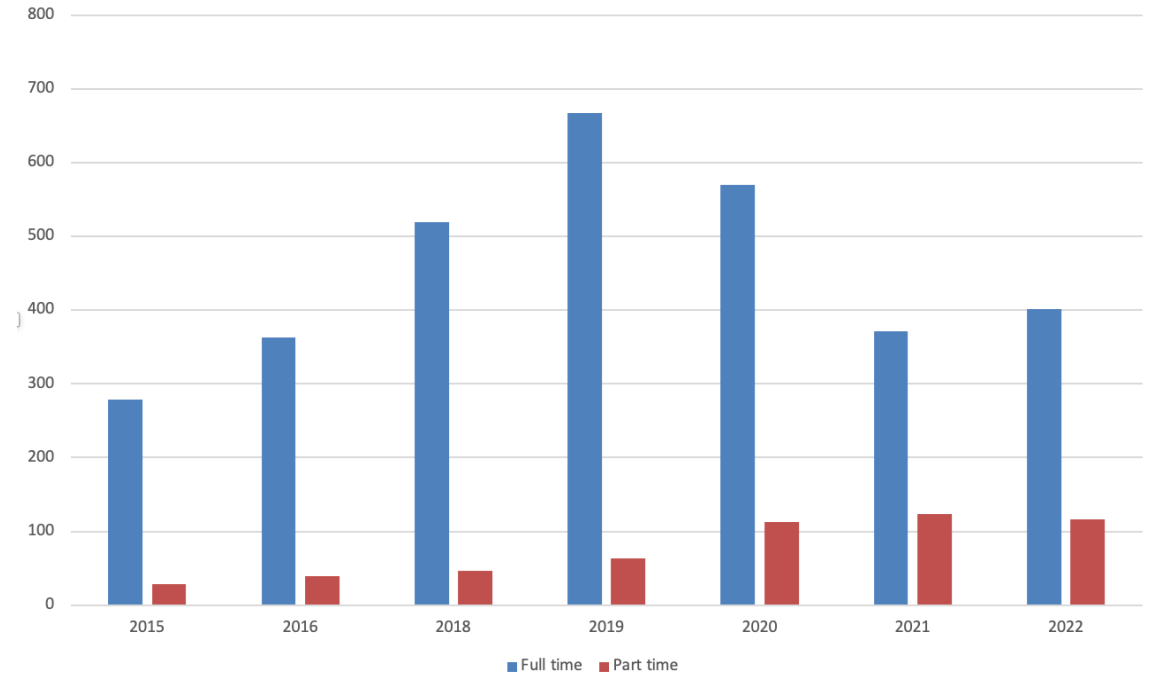
Enrolment: Undergraduate

Undergraduate (Full-Time Headcount)



Note that tuition plus provincial grants for teaching provide \$635M of the \$660M operating budget

International Student Admissions

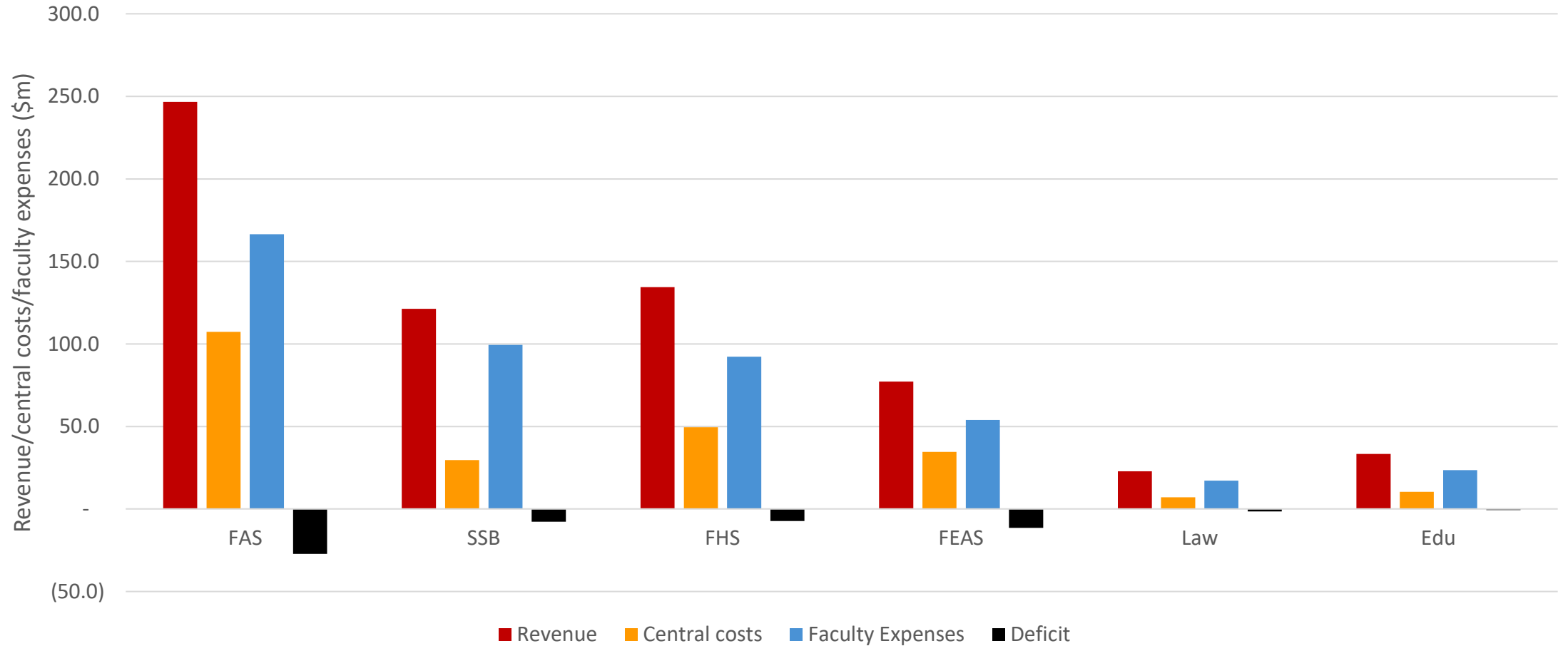


Since 2019
Biggest falls:
China
USA
Taiwan

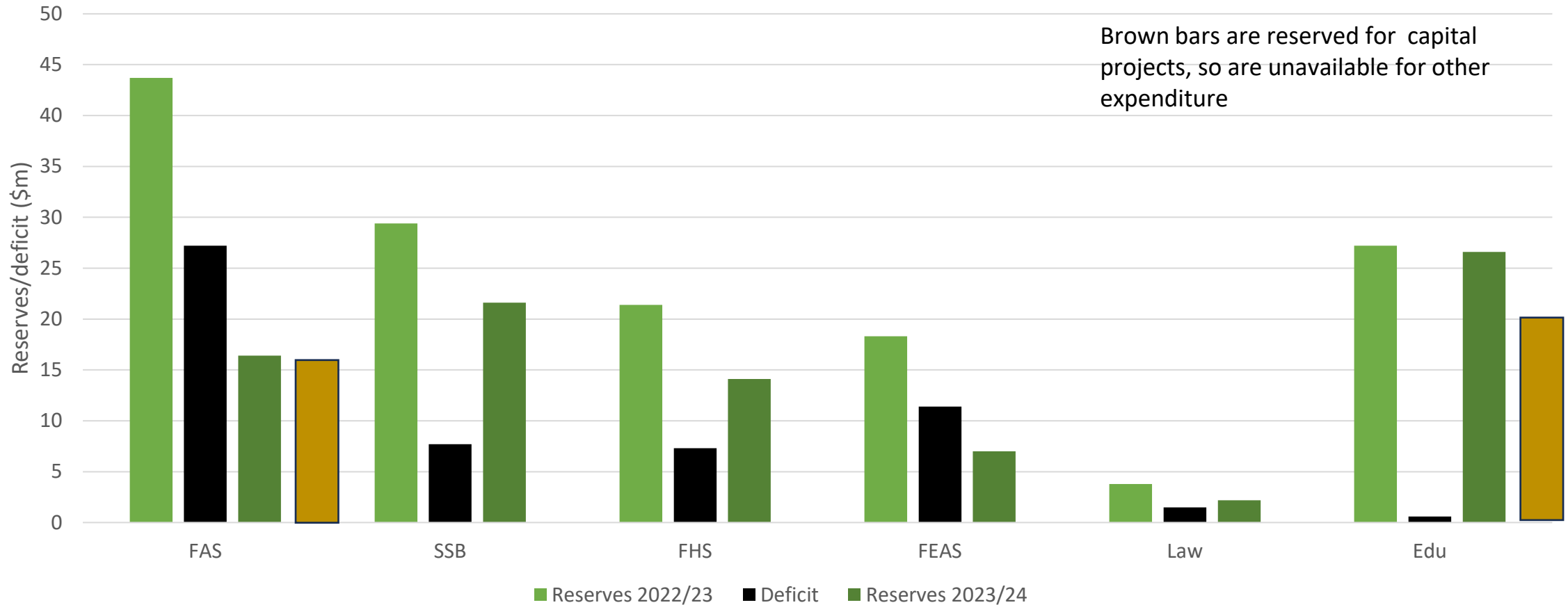
Biggest gains:
India
South Korea
UK

2023-24 budget by faculty:

Total revenue, central costs, and faculty expenses

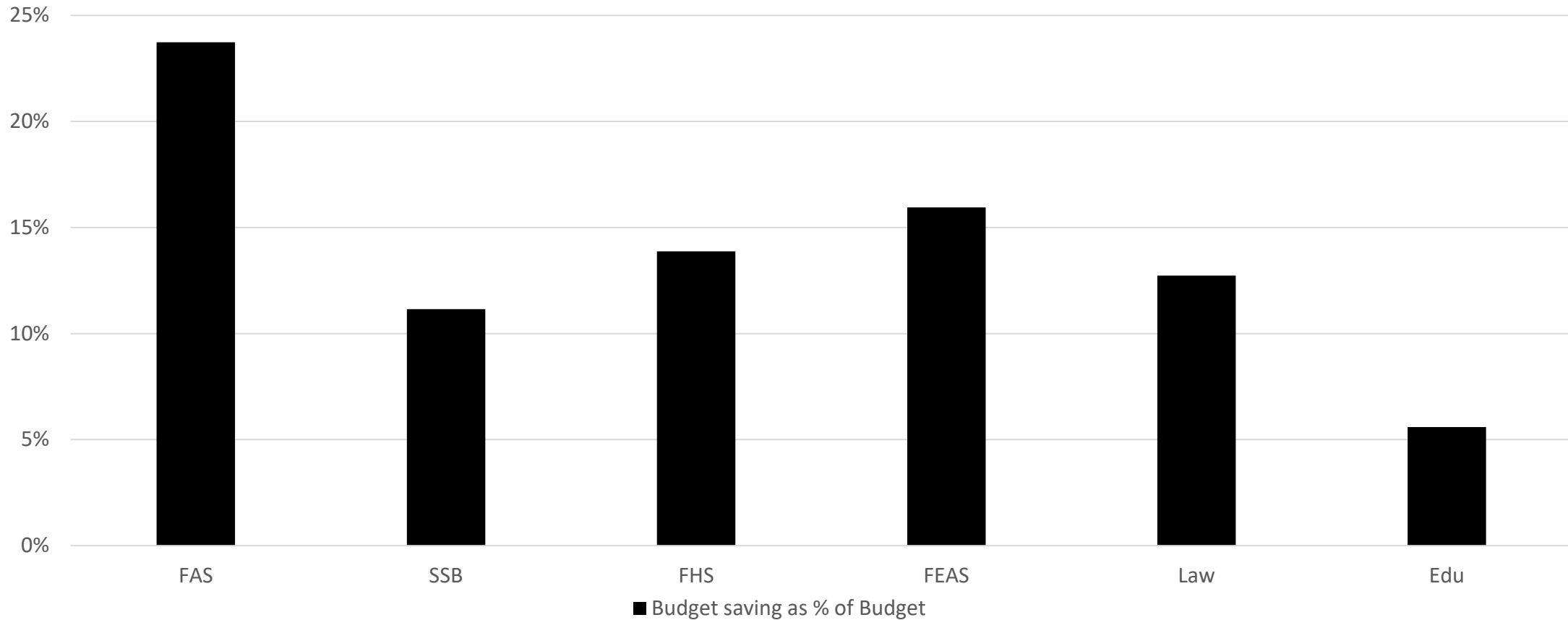


Deficits in 2023-24 can be covered by reserves, but not for much longer

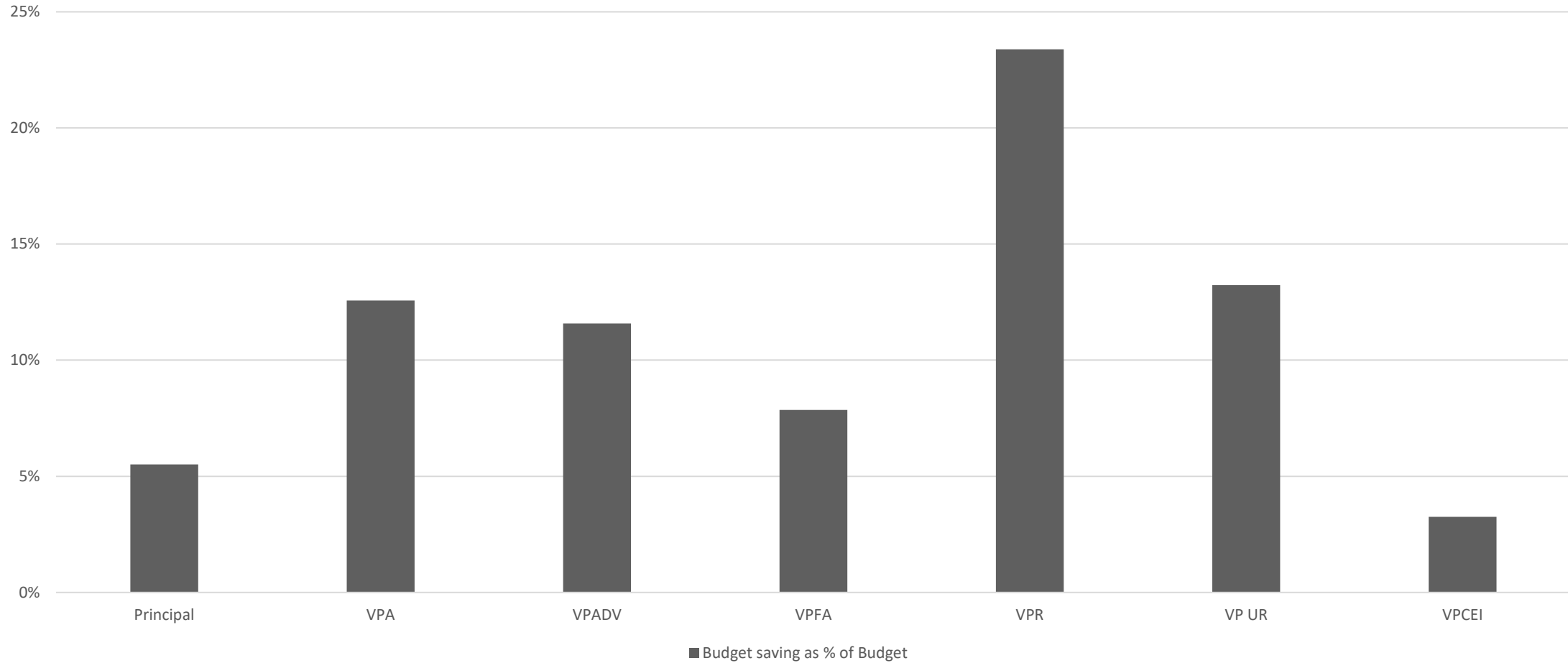


Reserves in FAS are essentially gone by the end of 2023-24;
those in FEAS won't last another year; FHS maybe to the end of 2024-25

Faculty required savings (deficit + salary increases) over two years as a percentage of current budget



Shared Services deficit + salary increases over two years as percentage of current budget



How do we fix this? First, we need to cut costs now

- The immediate budget deficit is an acute problem; it can only be addressed by cutting costs from the institution.
 - Hiring freeze was implemented in May 2023 for full-time operating budget positions; this is having an impact.
 - Budget cuts have been disseminated for 2024-25 and 2025-26 to allow all units to plan the necessary cuts.
 - Requiring shared services to be structurally balanced by 2024-25 and faculties and schools to be structurally balanced by 2025-26.



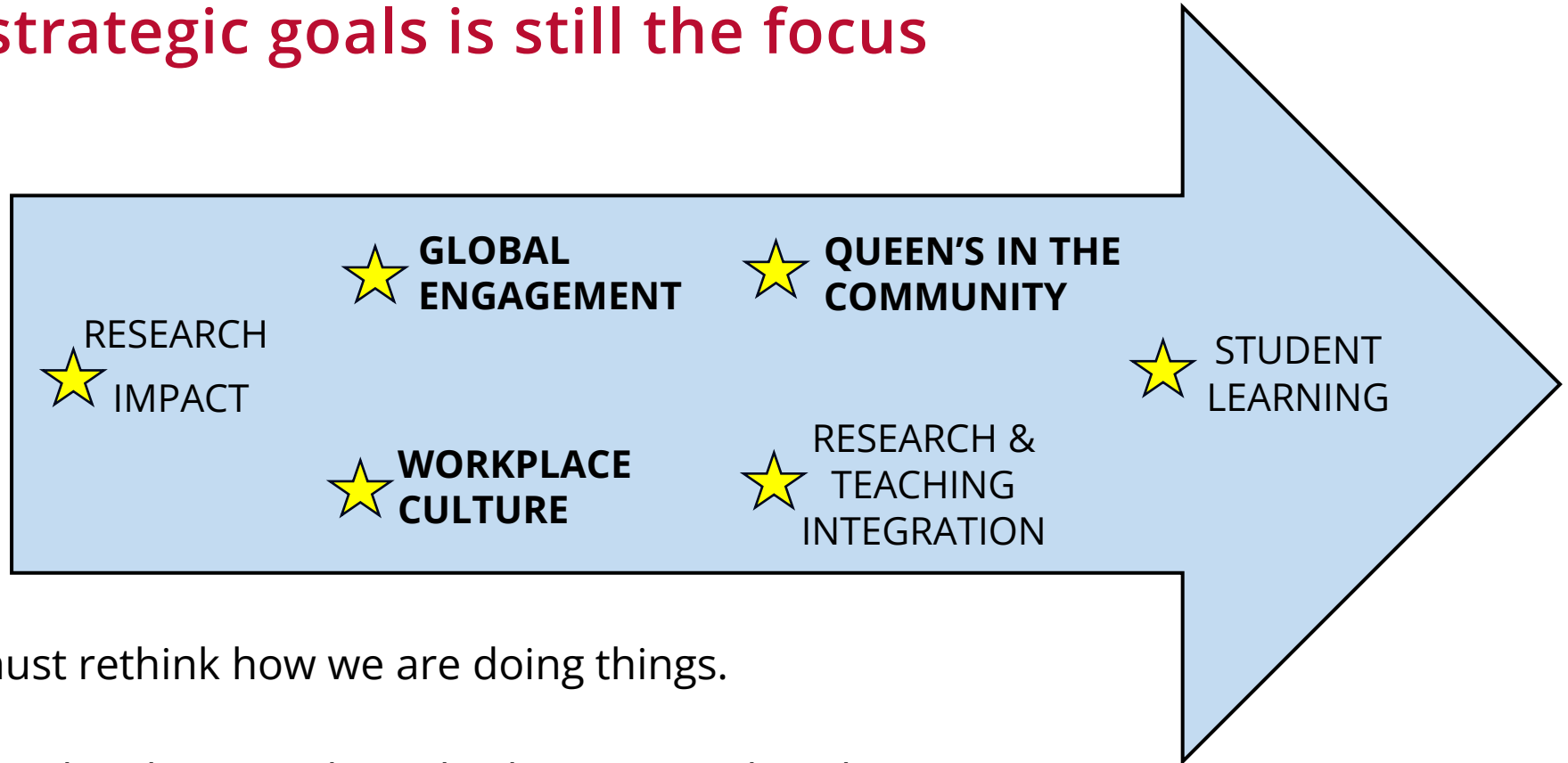
- While we do this, we also need to protect the core academic mission of the university and advance our strategic goals.

Next steps, we need to ensure this doesn't happen again

- We need to look critically at both our cost structures and revenue generation to ensure the budget deficit problem does not recur.
 - An examination of the provision of professional services to determine the most effective method of service delivery
 - Creation of working group on non-degree programming to explore opportunities for revenue diversification and cost efficiencies
 - Increase in international recruitment efforts, especially in new markets.
- There is unallocated funding of approximately \$14M in 2024-25 held in the University Fund that will be used to protect the academic mission, invest in opportunities to create efficiencies, and advance strategic priorities.

Delivering on strategic goals is still the focus

QUEEN'S
STRATEGY



We must rethink how we are doing things.



We'll nudge things in the right direction, rather than take sweeping, wholesale action in satisfying the goals



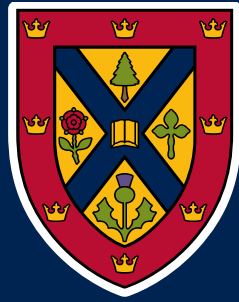
Much of the strategy can be delivered by re-purposing funds. As an example, classroom renovation budget: we can renovate to innovate, for flexible teaching options.

Longer-term goals

- There is a more substantial budget for delivery of strategic projects.
- Reserves are built for strategic investment.



Q & A



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