

Financial Update
Information Session for Faculty and Staff
January 15, 2013

Speaking Notes
Dr. Sean E. Riley
President and Vice Chancellor

Schwartz Auditorium

2:15pm-3:00pm

Good afternoon to everyone and thank you for coming today.

I thought I would make an introduction to this session to review the state of the University's finances.

Everyone in the University seeks to maintain and enhance the academic mission of StFX University. There may be different views of how to do it, but our future depends ultimately on collaborative and constructive solutions to our challenges.

One of the hats I wear is Chair of the Budget Committee. I will speak to you today, wearing that factual hat.

For those who are part of the budget committee, what I am going to say is full of contentions points for discussion, from differing views. But the summation is factual and unavoidable.

The fact is we are in the most serious financial crises this year in living memory. I can say this because our financial year ends in 90 days, on March 31, 2013. I am not talking about future years here. It's now.

The main difference, over the years, is the University revenue:

	Audited 2009-10	Audited 2010-11	Audited 2011-12	Budget 2012-13	Projected 2013-14
Revenues	\$ 69,657,642	\$ 71,043,976	\$ 70,621,344	\$ 69,952,832	\$ 68,870,920

Next year our revenue will be less than the revenue five years ago.

Up until this year we have found ways to balance our revenue and expenses. Everyone has contributed to this: faculty, support services, and management.

Everyone has been forced to cope with constraint in the past three years. We have deferred some spending and reduced some operating costs.

Behind this is reduced government funding.

We have been working hard to fight the NS Government cut strategy. Government reductions for the University has been in the last two years, 4% and, 3%, and for next year minus 3% for a total of minus 10%

We were recently informed by the NS Government that there will be an increase of 1% for 2014/15 and increase of 1% for 2015/16.

We have been saying to the government that the tuition allowed does not permit us to cover costs.

We have been seeking all other means of special funding for example, innovation grants.

The other solution is to sharply increase enrollment. But we are faced with a highly competitive national recruitment market, up against institutions spending millions of dollars.

This year we undershot our enrollment target by 60 students, 1.5%.

The net effect is no revenue or at least low revenue for the next few years.

It's no longer a question of allocating revenue- there is not enough revenue to cover current expenditures under any scenario.

In November the Budget Committee considered that our deficit was \$2.5 million dollars. The ancillary deficit was \$1.5 million. And, we knew that other factors including collective bargaining, early retirements or restructuring costs could add to the deficit.

If the problem is revenue, next comes expenditures.

Here are various views. I can list a number of opinions, as could you.

But what I am pointing to is the order of the challenge. If you don't increase sharply, enrollment, somewhere in the University we will have to have less employment.

When all is said and done, all accounting provisions aside for example:

\$2 million means impacts on people and jobs.

Take 2 million,

The orders of magnitude are:

20 positions at \$100,000 is \$2 million

40 positions at \$50,000 is \$2 million

These are the types of decisions and terrible impacts that we are faced with as a Budget Committee and as community today.

The situation is dangerous for our ability to deliver the education, research, and support services in our academic mission.

I know this subject is a cause for contention. I am painfully aware of many contrary views.

But that is what the Budget Committee is currently dealing with, and it does influence what we can do in the future.

We all want StFX to continue to be the fine academic institution that it is; but to do that, we must survive and be sustainable, and the current budgetary situation poses an extremely serious challenge to this.

FINANCIAL UPDATE

FACULTY & STAFF

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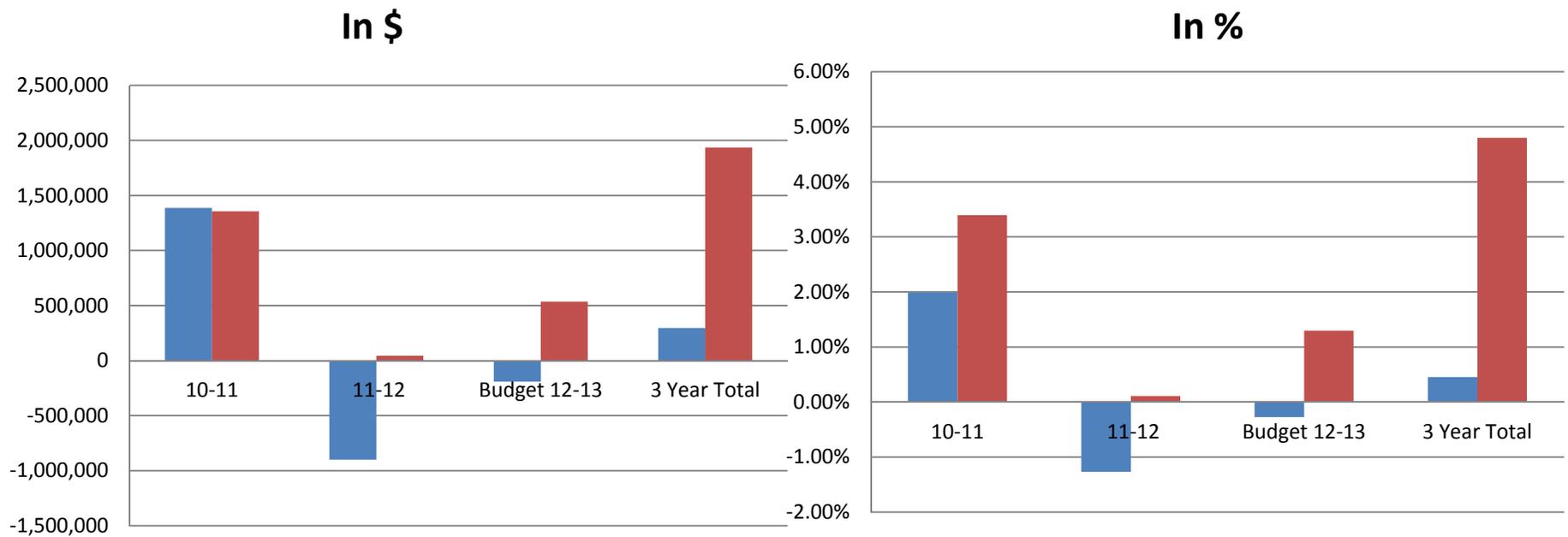
OPERATING BUDGET REVENUES

	Audited 2009-10	Audited 2010-11	Audited 2011-12	Budget 2012-13	Projected 2012-13
Revenues	\$ 69,657,642	\$ 71,043,976	\$ 70,621,344	\$ 69,952,832	\$ 68,870,920

INCREMENTAL TOTAL REVENUES

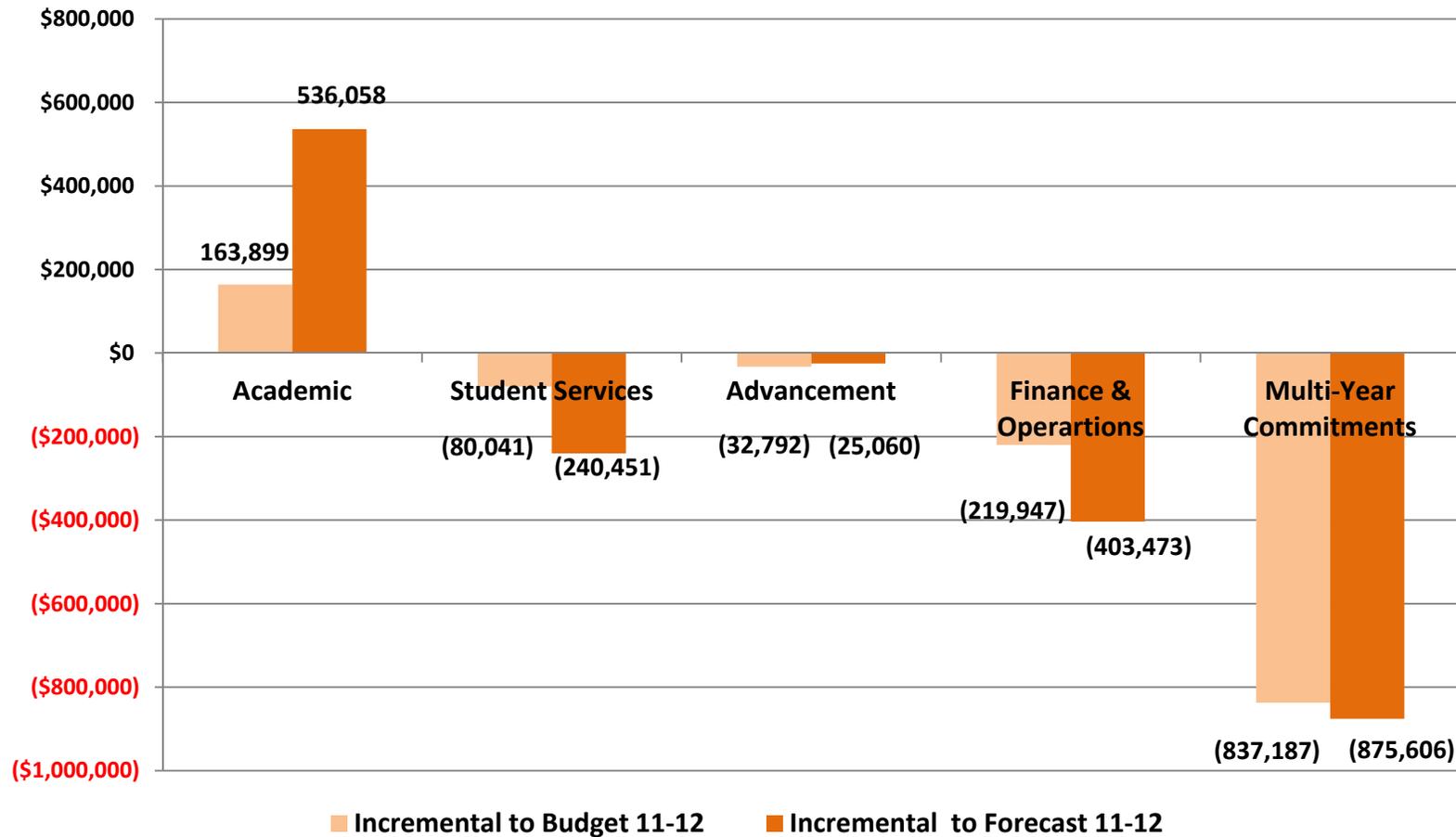
compared to

INCREMENTAL ACADEMIC EXPENDITURES (ENVELOPE A)



BUDGET 2012-2013

Envelope Allocations, Incremental Change from 2011-2012



OPERATING BUDGET PROJECTED DEFICIT

	Budget 2012-13	Projected 2012-13
Revenues	\$ 69,952,832	\$ 68,870,920
Expenditures	\$ 70,358,606	\$ 71,719,000
Operating Budget Surplus/(Deficit)	<u>\$ (405,774)</u>	<u>\$ (2,848,080)</u>

CONSOLIDATED BUDGET PROJECTED DEFICIT

	Budget 2012-13	Projected 2012-13
Revenues	\$ 69,952,832	\$ 68,870,920
Expenditures	\$ 70,358,606	\$ 71,719,000
Operating Budget Surplus/(Deficit)	<u>\$ (405,774)</u>	<u>\$ (2,848,080)</u>
Ancillary Budget Surplus/(Deficit)	\$ 408,752	\$ (1,578,000)
Consolidated Budget Surplus/(Deficit)	<u>\$ 2,978</u>	<u>\$ (4,426,080)</u>

GOVERNMENT FUNDING AND TUITION POLICY

Revenue Source	12/13	13/14	14/15	15-16
Government Funding	-3.00%	-3.00%	1.00%	1.00%
Tuition	3.00%	3.00%	3.00%	0-3%
Total	0.00%	0.00%	2.00%	0.5 - 2%

OPERATING BUDGET

	Projected 2012-13	Forecast 2013-14	Forecast 2014-15	Forecast 2015-16
Revenues	\$ 68,870,920	\$ 68,688,567	\$ 70,076,806	\$ 70,501,399
Expenditures	\$ 71,719,000	\$ 73,720,953	\$ 75,905,424	\$ 77,922,537
Operating Budget Surplus/(Deficit)	<u>\$ (2,848,080)</u>	<u>\$ (5,032,386)</u>	<u>\$ (5,828,618)</u>	<u>\$ (7,421,138)</u>

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