

Rising to the Challenge

2013-14 UPEI Operating Budget Budget Highlights

Balanced Budget

- UPEI faced a shortfall of \$9 million between revenues and expenditures. The budget strikes a balance between tuition revenue increases and expenditure reductions to preserve services, maintain quality, and keep tuition affordable.

Student Impact

- Tuition will increase 4%. This translates to \$21 per course or \$210 per year for a student taking ten courses. UPEI tuition fees will remain among the lowest in the Atlantic Provinces for both Canadian and international undergraduate students. The average annual increase since 1977 is 6%, since 2003, 3.1%.
- There are no program cuts associated with this budget.
- A library resource fee has been added at a rate of \$4 per course or \$40 per year for full-time students. This will help offset the impact of HST.

HR Impact

- Throughout the budget process, UPEI administration across campus made decisions to try to minimize impact on students and staff.
- Budget reductions will mainly impact salary budgets though non-salary budgets will also be decreased.
- An HR transition team is currently finalizing staff reductions/changes. The implementation plan regarding the staffing impacts of the budget will begin in coming weeks.

Budget Pressures

- The status quo (0%) provincial operating grant combined with the normal inflationary pressures on the UPEI budget, such as salary increments, benefit costs, heat, electricity, HST, deferred maintenance, and other costs, necessitated difficult budget decisions.
- UPEI is a people-based institution and most of its expenditures (73%) are for salaries and benefits. Other major expenditure categories include utilities, departmental supplies, scholarships, equipment, and library materials.
- The recent global economic recession presented both immediate and longer-term challenges for the UPEI budget. The decline in global equity markets has negatively impacted our pension funds. Based on the April 30, 2011 Actuarial Valuation, the UPEI Pension Plan has a \$35 million deficit and an 80% funding ratio.

- The Province is in the process of negotiating an agreement with the other three Atlantic Provinces to fund AVC. The operating grant estimate contained in this budget is based upon the latest information available.

Enrolment Landscape

- UPEI has increased student enrolment over the last few years allowing UPEI to maintain strong enrolments, while other universities in the region have seen reduced numbers. However in 2012-13, we started to see a flattening in enrolment growth, mainly due to the reducing number of PEI high school graduates.
- This budget requires the maintenance of enrolments at 2012-13 levels and sets a target of 945 incoming first-year undergraduate students.

Revenue Opportunities

- The UPEI student recruitment team is pursuing proactive strategies to increase student enrolment though the University continues to take a cautious approach when including enrolment-based revenues in its core budget. UPEI will look for unique programming alternatives to attract both domestic and international students.
- Ancillary revenues are generated by the bookstore, residences, food and conference services, vending, and parking. Residence, Food and Conference Services is operating under a business plan that funds its operational and capital expenditures, and which contributes \$150,000 to the central University budget.