



**BOARD OF TRUSTEES
Report**

To: Board of Trustees & Finance, Assets, and Strategic Infrastructure Committee	Date of Report: 11/19/2024
From: Vice-Principal (Finance and Administration)	Date of Choose Committee or enter Approval: N/A
Subject: Financial Projection as of September 30, 2024	Date of Board Committee Meeting: 12/6/2024

Responsible

to reviewing the amount of PIF investment income that is allocated to operations as part of its 2025-26 budget discussions.

Ancillary Operations

Ancillary Operations are projecting a surplus of \$1.8 million, which is slightly lower than the budgeted surplus of \$ 2.8 million. The majority of this decrease is associated with lower than projected parking revenues resulting in an additional \$0.6 million deficit in comparison to the

6.0 ANALYSIS

A summary version of the 2024- 25 Operating Budget is presented in the table below.

	Amounts presented in millions		
	Approved budget	Projected actuals	Variance
Revenues			
Student Fees	420.7	417.2	(3.5)
Government Grants	223.8	225.8	2.0
Investment Income*	29.4	28.9	(0.5)
Other Revenue**	11.5	11.2	(0.3)
Total Revenues	685.4	683.1	(2.3)
Allocations and Expenditures			
Faculties & Schools Allocations	382.9	379.4	(3.5)
Shared Services Allocations	191.9	191.6	(0.3)
Central Allocations	14.0	16.3	2.3
Utilities	21.0	20.2	(0.8)
Student Aid	30.3	30.3	-
Other Allocations***	20.1	20.1	-
Flow Through Allocations	19.5	19.8	0.3
Indirect Costs of Research to External Entities	0.4	0.4	-
Interfund transfers			
Overhead Cost Recoveries from Ancillaries	(5.9)	(6.2)	(0.3)
Transfer to Capital Budget	11.2	11.2	-
Total Allocations and Expenditures	685.4	683.1	(2.3)
Unit Spending greater (less) than Budget Allocation			
Faculties & Schools Spending greater (less) than Budget Allocation	28.4	28.0	(0.4)
Shared Services Spending greater (less) than Budget Allocation	2.0	3.8	1.8
Central Spending greater (less) than Budget Allocation	5.3	2.8	(2.5)
Total Unit Spending greater (less) than Budget Allocation	35.7	34.6	(1.1)
Surplus (Deficit)	(35.7)	(34.6)	1.1

*Pooled Investment Fund income projection is based on budget of \$5.2 million.

**Other revenue is comprised of unrestricted donations, other income, and research overhead.

***Other allocations is comprised of infrastructure renewal, strategic priority initiatives and contingency.

PIF Investment Income greater than Budget

The annual operating budget includes Pooled Investment Fund (PIF) income of \$5.2 million as noted in the Summary table. At August 30 , 2024, PIF returns were \$ 34.3 million, \$ 29.1 million more than the \$5.2 million budget. Should these returns materialize at April 30, 20 25, the projected operating budget deficit will be \$5.5 million as shown in the table below. T hese returns can change substantially by the April 30, 20 25 fiscal year-end.

The PIF investment income greater than budget, should it materialize, will be allocated to the general capital reserve to fund priorities in support of the University’s academic and research mission, and to cover future PIF investment losses.

Amounts presented in millions	
Operating Budget Projected Surplus (Deficit)	(34.6)
PIF investment income > \$5.2M at August 30 2024	29.1
Deficit IF PIF investment income is realized on April 30, 2025	(5.5)

Revenues

Student Fees

Most of the revenue in the operating fund is derived from enrolment.

Amounts presented in millions		
Type	Variance	Comments
		Undergraduate tuition is projecting a \$2.1 million positive variance.
For Credit - Undergraduate	2.1	<p>Shortfalls against the budget were observed in international enrolment (\$6.6 million) primarily for the Faculty of Arts & Science and the Smith School of Business. Declines in international student enrolment are indicative of the progressively intricate global landscape compounded by the Immigration, Refugees and Citizenship Canada (IRCC) cap on student permits. Most of the decline in expected international enrolment (~170 students) is the result of lower than budgeted intake, as well as lower than planned retention across various programs.</p> <p>The shortfalls in international tuition are being offset by increases in domestic enrolment (\$8.7 million) primarily in the Faculty of Arts & Science, the Smith School of Business, and the Faculty of Health Sciences. The majority of the increase the thef(i)-12.8(s)-6.3 (.)-6.2 9 (005 Tc 01</p>

Government Grants

Government grants are projected to be \$2.0 million above budget, due primarily to targeted expansion of the Nursing program in the Faculty of Health Science. In September 2024, the Ministry of Colleges and Universities signaled a change in methodology for calculating Nursing enrolment growth, which will result in the University receiving grant funding for the Phase 2 Nursing expansion that was unknown at the time the budget was prepared, as well as additional funding for Phase 3 Nursing expansion.

Expenditures

Faculties & Schools Allocations

Faculties and Schools Allocations are expected to be \$3.5 million lower than budget, primarily due to the shortfall in for -credit and non -credit revenue partially offset by the increase in grant revenue. Under the budget model, tuition and grant revenues are attributed directly to the Faculties and Schools.

Central Allocations

Central allocations are comprised of unallocated budget funds and one -time-only allocation from the Postsecondary Education Sustainability Fund. Central allocations are projected to be slightly higher than budget due to projected in-year savings on central expenditures such as utilities. Any reductions in allocation to these central expenditures increase central allocations. These funds are being used to support early retirement/exit packages in the Faculty of Arts and Science, Bader College Operations the Renew Program and other strategic initiatives.

Spending greater than / less than budget allocation

Spending greater or less than budget allocation decreases or increases university carryforwards, respectively.

The University is projecting a drawdown on carryforwards of \$ 34.6 million, compared to the originally budgeted drawdown of \$35.7 million as detailed in the table below.

	Budget	Projected	Variance
Faculties and Schools	28.4	28.0	(0.4)
Shared Services	2.0	3.8	1.8

Clear

Faculties and Schools

Faculties and Schools are projecting an in- year deficit of \$28.0 million against a budgeted deficit of \$28.4 million.

As detailed in the table above, Faculties and Schools have made reductions of \$3.9 million in projected spending to counter the \$3.5 million reduction in their budget allocation. Expenditure reductions include salary and benefit savings associated with deferral and delayed hiring of faculty and staff as well as reduced faculty support funding (research and innovation grants and infrastructure awards) associated with delayed faculty hires. The largest reduction in budget allocation is in the Faculty of Arts and Science resulting in a projected deficit of \$13.3

APPENDIX I – Queen’s University 2024-25 Ancillary Financial Report

REVENUE