

Final Budget Report 2011 - 2012

June 23, 2011

TABLE OF CONTENTS

	<u>Page</u>
Foreword	3
Executive Summary	4
Background on the Operating Budget Situation	5
Budget Assumptions	5
Progress on the Multi-Year Recovery Strategy	7
Process and Results of the Target Exercise	11
Budget Development and Monitoring	13
Financial Highlights of the 2011-12 Budget	18
Major Components of Revenue	19
Revenue Assumptions and Estimates	20
Major Components of Expenditures	31
Expenditure Assumptions and Estimates	32
Appendices	40
I Operating Budget	
II Timelines & Process	
III Definitions and Counting Students	
IV Enrolment Charts – Headcounts	
V Enrolment Tables – Headcount, FTEs, BIUs	

FOREWORD

The annual budget report includes all of the general operating financial activities of the University. There are other financial activities of the University, including direct research, major capital projects, trust and endowments. As these resources are intended for restrictive purposes and are not available for general operating purposes, they are not included in the operating budget but accounted for annually in the audited financial statements.

The annual budget report is prepared annually and in a format consistent with previous years in order to enhance comparability. Budget reports for all years since 2004-05 are available at <http://www.brocku.ca/finance/university-financial-information>.

This 2011-12 Budget Report provides detailed information regarding the 2011-12 annual budget process, revenue and expenditure estimates and detailed financial information to enable the reader to gain a better understanding of Brock University's operating budget.

This budget is intended as a "Final Budget". It is based on the best available assumptions concerning revenues and expenditures at this time. With the fiscal forecast process in place, updated "projections" are submitted to the Board of Trustees regularly throughout the year as changes in information about revenues and expenditures occur.

Questions or further information regarding this report may be directed to the Associate Vice-President of Finance or the Vice-President, Finance and Administration.

EXECUTIVE SUMMARY

On February 18, 2011, Dr. Jack Lightstone, President and Vice-Chancellor, issued a message to the Brock community titled “Preparation of the 2011-12 Operating Budget”. Some of those key messages are included in this executive summary.

We are now in the third year of a multi-year recovery strategy. The strategy included a four-year process to eliminate a structural deficit in the operating budget. If the structural deficit had not been addressed, such structural gaps become greater each year and an accumulated operating deficit would grow in excess of \$90 million by the end of 2012-13.

When we began this four-year process, we calculated that we must increase revenues and/or reduce expenditures each year for four years by an amount equal to about five per cent of our annual base operating expenses. After that four-year period, with our accumulated deficit no longer growing as a result of yearly operating deficits, we could decide how we would repay our accumulated deficit, and over how many years.

The first year (2009-10) of the four-year process relied mostly on expenditure reduction to achieve the five per cent goal. The second year (2010-11) relied more on increasing global revenues by about three per cent and reduced expenditures by two per cent to achieve the overall five per cent target.

Now, two years later, we are well on our way to considerably reducing the projected growth of an accumulated operating deficit to just over \$20 million by the end of 2012-13. This is a significant improvement thus far, but if we do not eliminate the annual structural operating deficit completely our accumulated operating deficit will continue to grow. By the end of 2012-13, it would be \$20 million and not the original \$90 million projected, but each year after 2012-13 that deficit would continue to accumulate.

During the fall of 2010, the results of our continued efforts to increase retention exceeded our expectations. On that basis, this third year (2011-12) budget exercise is a repeat of last year’s where revenue enhancements of 3.2 per cent will cover two-thirds of the five per cent target, leaving the remaining of 1.8 per cent to be identified through a departmental target exercise.

Dr. Jack Lightstone concluded his community message with his appreciation for “the continued commitment of all members of the Brock community in this difficult exercise of putting our financial affairs, and therefore our future, on a more sustainable footing.”

BACKGROUND ON THE OPERATING BUDGET SITUATION

The current decentralized budget development process was first initiated at Brock in 2003-04. In each year since that time, operating budgets had been balanced annually. A structural deficit (where ongoing expenditures are greater than ongoing revenues) became apparent in 2006-07. The 2006-07 budget was balanced with one-time reserves from an accumulated surplus (resulting mainly from under spending in previous years). In 2007-08, the University conducted a reduction exercise to eliminate most of the shortfall. The remaining gap was closed with an amount from the accumulated operating surplus that had been held in reserve for exactly that purpose.

To avoid another target reduction exercise in 2008-09, the strategy was to utilize one-time funds to balance the 2008-09 budget. The one-time funds came from additional unplanned grant revenues and general operating surpluses generated at year end from under spending. With the “savings account” being depleted in balancing 2008-09, the next fiscal year began with a base structural shortfall of \$12.6 million. This shortfall had to be addressed as it was estimated that the accumulated operating deficit would spiral upward to more than \$90 million by the end of 2012-13.

Adding to the base structural shortfall from 2008-09 were incremental inflationary costs that exceeded additional revenue. This brought the total projected shortfall for 2009-10 to \$17.4 million. Eliminating a shortfall of \$17.4 million all in one year would have caused severe irreparable damage to the University as it would have required an 11.5 per cent reduction.

Therefore, that year a multi-year recovery strategy was developed and presented to the Board of Trustees to recover the 2009-10 shortfall, and each subsequent year’s annual shortfall over the four-year economic cycle.

BUDGET ASSUMPTIONS

In developing multi-year projections, four critical assumptions need to be considered: inflationary costs, government funding, tuition rate, and enrolment projections.

Inflationary Costs

Inflationary costs on base expenditures are usually the most predictable as they are often within the University’s knowledge and control. As salary and benefit costs account for almost 80 per cent of total operating budget expenditures, any assumptions regarding salary rate increases obviously have the most significant impact on the expenditure projections. With the provincial budget in March 2010, the government introduced the Public Sector Compensation Restraint to Protect Public Services Act, 2010 (Bill 16) to freeze compensation in the Ontario Public Service and the Broader Public Sector non-bargaining employees for two years (March 24, 2010 to March 31, 2012). Furthermore, market rates of negotiated settlements within the province have been referenced in updating the expenditure assumptions since 2009. With the target reduction exercise, most inflationary non-salary costs have been managed within existing budgets or kept to a minimum wherever possible. Some mission-critical investments have been made to support the student experience, revenue-generating ideas and the academic strategic plan.

Government funding

Government funding in recent years actually has become more predictable, at least when estimating annual cash flows of the base operating grants. Base operating grants have increased as accessibility grants have been rolled-in, but overall the base funding has remained stable. It originally was assumed in February 2009 that base operating grants would increase by about two per cent (\$1.5 million), effective 2010-11, to support annual cost escalation. However, with the provincial fiscal situation, it is now assumed that operating grants will not increase but, at a minimum, would remain stable.

New government funding is more difficult to predict. In recent years, the government's new funding has been almost entirely in support of enrolment growth at both the undergraduate and graduate levels. The funding of enrolment growth is dependent on Brock's growth in comparison to the system and the ability of the government to fund the entire system's growth. In 2009, Brock was projecting only stable enrolment with no year-over-year BIU growth and thus no increase to undergraduate accessibility grants. Since that time, a moderate increase to the intake target has been projected going forward. Furthermore, the significant increase experienced in retention has addressed the projected revenue enhancements needed. With both the increased intake and the retention improvement, the year-over-year BIU increases have significantly increased new accessibility funding. It has always been the assumption that Brock and the provincial university sector would be fully funded for growth.

Tuition Rate

It was announced in March 2010 that the current government tuition policy would be in place for two more years, with no changes, except for the requirement to contribute 10 per cent of additional revenue from tuition fee increases to bursaries and other student assistance programs. Therefore, given the tuition policy, the increases to tuition rate have been estimated at the overall average rate increase for Brock of about 4.5 per cent. This assumption remains unchanged from 2009.

Enrolment projections

Tuition revenue changes from enrolment activity are generally predictable as they are within the control of the University and supported by the enrolment model. It was assumed in February 2009 that enrolment levels would be stable, but since that time modest intake increases and significant retention improvements have occurred. This has resulted in increases in enrolment levels and significant increases to base tuition revenues.

The assumptions and the financial impact for the 2011-12 budget are detailed in this budget report.

PROGRESS ON THE MULTI-YEAR RECOVERY STRATEGY

In 2009-10, given the projections of revenue and expenditures and the need to achieve a balanced budget over a four-year cycle, revenue enhancements and/or expenditure savings target of about \$7.5 million or five per cent in each year, were required. The multi-year recovery strategy included a four-year process to eliminate a structural deficit in the operating budget. The following summarizes the progress after two years and the plan for this third year of 2011-12.

2009-10: Year 1

As presented in June 2009, the plan was to find five per cent on average and reduce the projected shortfall of \$17.4 million by \$7.7 million. This would finish the year with an accumulated shortfall of \$8.7 million. Even though the final gap was greater than projected at \$19.9 million, the target exercise generated more than planned at \$8.3 million. The 2008-09 results ended with a \$2.8 million surplus instead of the projected \$1 million. The combined effect was that 2009-10 was still on track with the accumulated deficit projected at \$8.8 million.

By fall 2009, the financial outlook for 2009-10 was much better than had been projected, with improvements in retention generating additional enrolments, which increased tuition revenue and government accessibility grants. By March 2010, the projections were even better with the Ministry's announcement that the undergraduate accessibility grants would be fully funded and an increase in the general quality/access grants. The additional tuition and the grants combined to generate \$6.1 million more funding than was projected. Modest investments were made at mid-year to undergraduate scholarships and support for revenue generating initiatives. With the final year-end results and an improvement of almost \$6 million for 2009-10, the opening accumulated deficit going into 2010-11 was down to \$4.8 million. This was a marked improvement from the \$8.8 million originally projected in 2009.

2010-11: Year 2

In February 2010, the financial projections for 2010-11 were better than had been projected in February 2009. With the improvement in the 2009-10 mid-year revenue projections and the ongoing impact to base revenues, as well as modest increases to enrolment targets and softened inflationary costs, the projections now had the in-year shortfall at \$10.3 million and the accumulated deficit at the end of 2010-11 at \$19.1 million.

The original plan was to find, on average, five per cent of reductions and/or revenue enhancements. However, the improvement on the revenue side provided the opportunity to reset the target for the 2010-11 budget exercise to two per cent. The lowering of the target was also viewed as an opportunity to provide time for revenue-enhancing investments to be made so they could begin to take hold in future years.

By the end of April 2010, the final projections for 2010-11 had improved even more. The final government grant announcements for the undergraduate accessibility and the general quality/access grant were better than projected. As well, the two per cent target exercise of \$3.1 million came in at \$3.5 million. The improvement of revenue projections provided the opportunity to make a number of strategic investments into base budgets of \$1.6 million that

provide University-wide support. Once all budget figures were finalized in April 2010, the in-year shortfall improved by \$1.2 million to \$9.1 million. With the final improvement in the 2009-10 actual results of \$6 million the accumulated deficit at the end of 2010-11 was at \$11.9 million. This was a marked improvement from the \$19.1 million deficit projected in February 2010.

Since the 2010-11 budget was approved in June 2010 and as reported in January 2011, the operating results had improved by \$3.5 million from additional tuition and grant revenues realized from increased retention enrolments. This was offset by \$600,000 for ongoing investments made to the Faculties. As well, one-time funds of \$700,000 held from 2009-10 were released. Thus, as reported in February 2011, the 2010-11 budget had improved by a total of \$3.6 million. In March 2011, a further improvement from projected year-end under spending was estimated at \$950,000. At the time of writing, the in-year shortfall is now projected at \$4.5 million and the accumulated operating deficit is projected for April 30, 2011 at \$7.3 million. This is an improvement over the \$11.9 million projected back in June 2010.

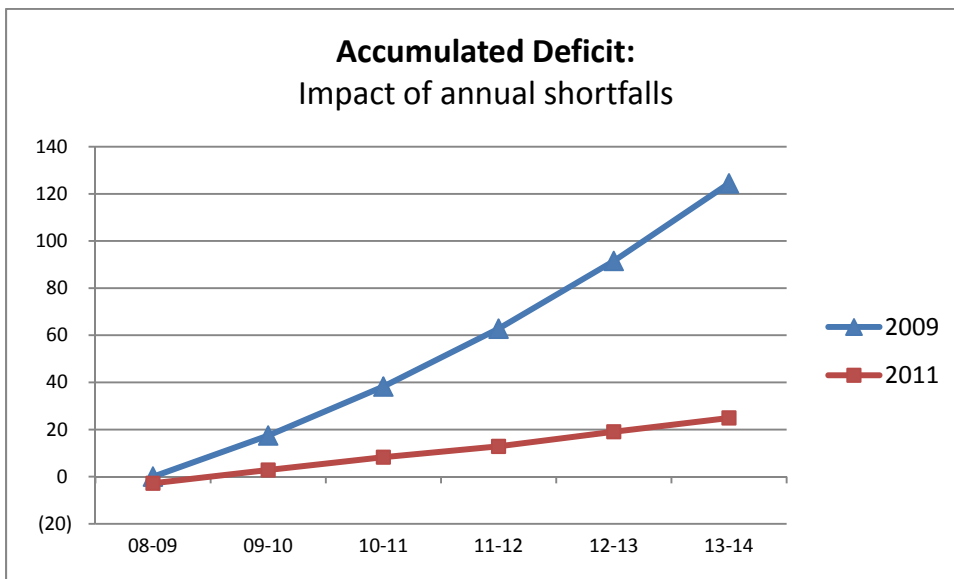
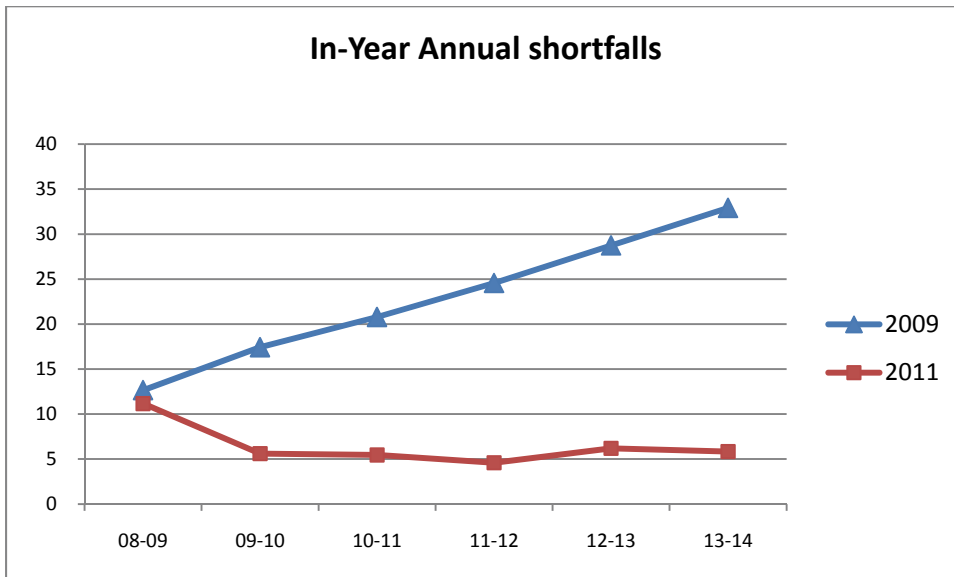
The Results After Two Years

Through a combination of global revenue enhancements and departmental target reductions the first two years of the four-year process has achieved better than expected results as the following chart depicts (in thousands):

	2009-10		2010-11	
Global Net Revenues	\$1,140	0.7%	\$6,268	4.1%
Departmental ongoing targets	6,776	4.5%	3,191	2.1%
Target achieved	<u>\$7,916</u>	<u>5.2%</u>	<u>\$9,459</u>	<u>6.2%</u>
<i>Target set in 2009</i>	<i>\$7,600</i>	<i>5.0%</i>	<i>\$7,600</i>	<i>5.0%</i>

We have not eliminated totally our structural operating deficit, but have reduced considerably the projected growth of an accumulated operating deficit. Had the multi-year strategy not commenced in 2009-10, the University was projected to incur an accumulated operating deficit of more than \$90 million by the end of 2012-13, a deficit that would have continued to grow.

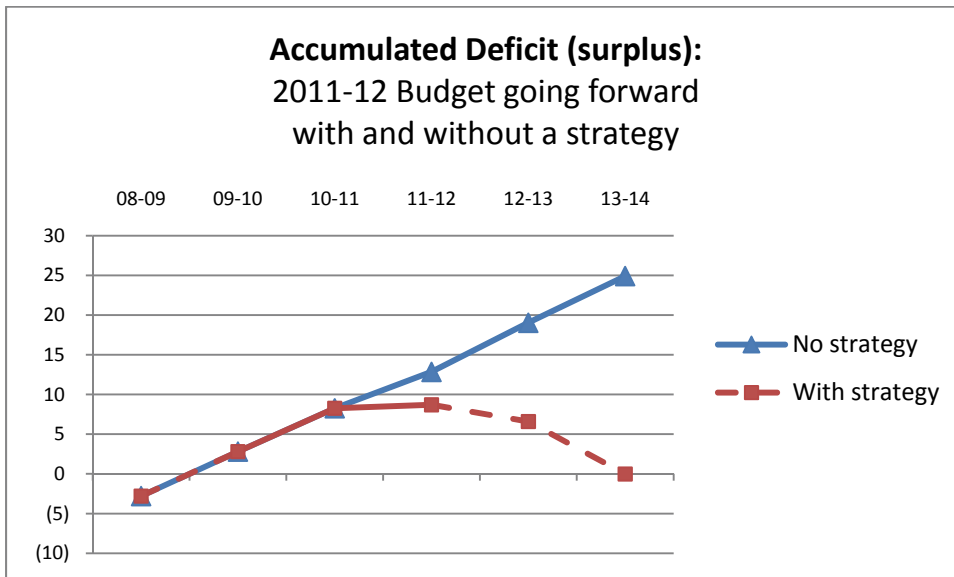
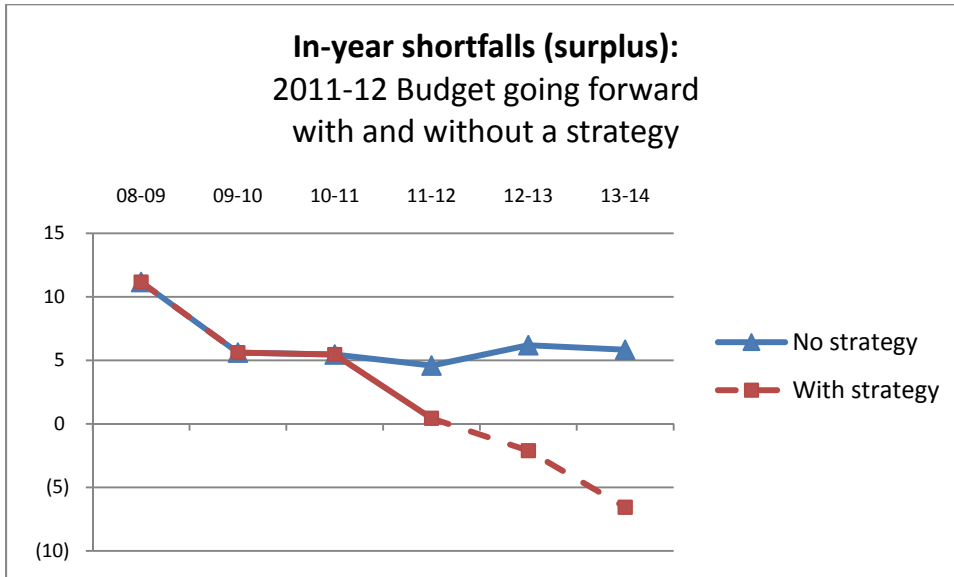
Now, two years later, if we were not to complete the last two years of the four-year process, we would incur an accumulated operating deficit of just over \$20 million by the end of 2012-13. This is a marked improvement but would still be a significant deficit that would continue to grow. This trend is depicted in the following two tables showing where we were in 2009 and where we are now in 2011:



2011-12: Year 3

In February 2011, the assumptions concerning 2011-12 and beyond were changed to reflect the improvement in base revenues from 2010-11 and the modest increases in enrolment activity and moderating of inflationary expenditure increases. This year's budget exercise proceeded on the assumption that additional revenue enhancements, in an amount of \$4.8 million or 3.2 per cent would leave the remaining \$2.8 million or 1.8 per cent to be identified through departmental targets to achieve the overall target of \$7.6 million or five per cent. Even with these improvements in assumptions, an annual shortfall still exists of just under \$1 million. The projected April 30, 2012 accumulated deficit of \$8.3 million is significantly less than the \$19.5 million projected in February 2010 and even the \$12.8 million projected in February 2011. The following charts graphically indicate what further progress toward the goal of eliminating the structural deficit will be achieved by this third-year's budget exercise and as required in the next two years.

The “with strategy” line on the chart represents the trending of our in-year operating revenues beginning to outpace base expenditures all that more quickly and the accumulated deficit is retired at an accelerated rate.



PROCESS AND RESULTS OF THE TARGET EXERCISE

Under our current budget model, all resources for salary increases and positions are centrally funded. Extra costs are covered by additional revenue resources, and when the expenditures exceed the revenues, the shortfall has to be managed by an exercise that involves the entire University. As in previous years, Budget Developers identified University-wide contractual, regulatory compliance, and other fixed costs, that should not be reduced. Thus undergraduate bursaries, graduate fellowships, library acquisitions, IT acquisitions, debt service and other fixed contracts have been excluded from the target exercise.

The decision to undertake a budget reduction exercise is not an easy one but the future projections indicated that the gap between revenues and expenses would continue at an unsustainable rate. In order to return the University to a balanced position, multi-year revenue enhancements or expenditure reductions were required.

In 2009-10, an across-the-board departmental five per cent target exercise was not undertaken. Rather, a strategic approach was taken to provide the opportunity to consider the impact that a reduction would have on a particular unit's programs, services and on students, faculty and staff. In 2010-11 and 2011-12, an across-the-board target of two per cent and 1.8 per cent respectively for all units was put in place. However, Budget Developers still had the opportunity to present their revenue enhancement and expenditure reduction targets directly to the President, Vice-President, Academic and Vice-President, Finance and Administration and to discuss how the targets would impact students, services, programs and enrolments.

In each year, the target reductions have attempted always to minimize the adverse effects to students, staff and faculty and to the quality of teaching and learning, particularly with attention to the academic mission. Annually, a summary of the Faculty targets selected were detailed and shared with the Senate Budget Advisory Committee in mid-May. The core of the budget process was to minimize the impact on several fundamental mission requirements, based on input from all constituents of the University:

- Maintain the integrity of the seminar/small-group learning environment.
- Limit dramatic increases in class and seminar sizes.
- Minimize the impact on faculty, full- and part-time staff.
- Minimize the impact on part-time student employment.
- Maintain current levels of Library services.
- Maintain student financial aid and assistance.
- Maintain course offerings year over year.

For 2011-12, the targets selected included a combination of revenue enhancements, ongoing budget reductions and one-time budget reductions as consideration was given to the implications of the identified target reductions. The submitted targets of 1.8 per cent or \$2.8 million are summarized in the following table by functional area:

2011-12: Target Exercise

<u>Functional Area</u>	<u>Ongoing</u>	<u>Onetime</u>	<u>Total Amount</u>	<u>%</u>
Executive	38,452		38,452	1.8
Administrative Areas	393,449	60,396	453,845	1.8
Ancillary/Partial Revenue	104,232		104,232	2.1
Academic & Student Support	301,959	24,651	326,610	1.7
Faculties	1,873,787	-	1,873,787	1.8
Total	\$2,711,879	\$85,047	\$2,796,926	1.8%

The previous years' target reductions and revenue enhancements as presented annually in the budget reports are presented below for comparative purposes:

2010-11: Target Exercise

<u>Functional Area</u>	<u>Expense</u>		<u>Revenue</u>	<u>Total</u>	<u>%</u>
	<u>Ongoing</u>	<u>Onetime</u>	<u>Ongoing</u>	<u>Amount</u>	
Executive	44,939	-	-	44,939	2.0%
Administrative Areas	495,441	21,125	15,000	531,566	2.1%
Ancillary/Partial Revenue		122,500	305,165	427,665	2.4%
Academic/Student Support	187,158	126,040	130,315	443,513	2.3%
Faculties	1,488,447	-	524,285	2,012,732	2.0%
Total	\$2,215,985	\$269,665	\$974,765	\$3,460,415	2.1%

2009-10: Target Exercise

<u>Functional Area</u>	<u>Expense</u>		<u>Revenue</u>	<u>Total</u>	<u>%</u>
	<u>Ongoing</u>	<u>Onetime</u>	<u>Ongoing</u>	<u>Amount</u>	
Executive	162,864	-	-	162,864	7.1%
Administrative Areas	1,403,573	168,139	25,000	1,596,712	7.0%
Ancillary/Partial Revenue	574,330	95,956	261,345	931,631	19.2%
Academic/Student Support	316,054	536,794	381,042	1,233,890	6.5%
Faculties	2,874,167	716,883	777,473	4,368,523	4.5%
Total	\$5,330,988	\$1,517,772	\$1,444,860	\$8,293,620	5.7%

BUDGET DEVELOPMENT AND MONITORING

This section provides background and review of the 2011-12 budget development including principles and guidelines; process and timelines; updates and monitoring; and annual enrolment/revenue model.

Budget Principles and Guidelines

The following principles and guidelines were shared in early February 2011, by the President, Vice-President Academic and Vice-President, Finance and Administration to Budget Developers in preparation of their budgets for 2011-12. There are approximately 35 main Budget Developers that represent a major division, department or financial unit of the University.

Principles

1. The fiscal capacity of the University.
2. The operating budget is balanced over a four-year economic cycle (by the end of fiscal 2013-14) as approved by the Board of Trustees.
3. The contractual, policy and legal obligations of the University to employees, students and the public.
4. The financial health of the University is a prerequisite to sustaining our teaching, learning, research and creative activities
5. In support of the Academic Strategic Plan.
6. In support of the development of the new Brock resource allocation budget model.
7. Undergraduate and graduate enrolment activity will be increased or, at a minimum, maintained at annually established target levels.
8. Revenue-generating activity and entrepreneurial efforts are strongly encouraged through revenue-sharing arrangements that benefit both the individual units and the University at large.
9. Encourage innovation and long-term planning toward becoming a comprehensive and research-intensive institution.
10. Further enhance openness and transparency of the budget process through sharing of budget allocation priorities and decisions with faculty, staff, students and the broader University community.

Guidelines

1. The 2011-12 “ongoing revenue enhancement or savings target” is 1.8 per cent on the 2010-11 base budget (excluding non-compressible budgets). For ancillary operations and cost recovery programs, the target is on the 2010-11 contribution.
2. The target of 1.8 per cent can be achieved through a combination of on-going revenue enhancement from net new external revenues or savings from cost reductions to the University’s current operating budget. Targets need to consider the impact on students, programs and services. One-time savings will only be considered for those strategies that enable bridging to permanent reductions that may require a multi-year (2-3) graduated saving strategy.
3. Faculty units are encouraged to engage in any number of initiatives appropriate to their fields and which build on and expand our recent discussions regarding new and innovative pedagogical approaches, flexible course offering and scheduling, new and revised programming, alternate and mixed modes of delivery, and other inventive means of carrying out our mission. Such measures must be presented in a concrete

- and specific format so as to allow for the determination of their actual impact on revenues and/or costs.
4. The 2010-11 base budget (including salaries and benefits) can be found on the online budget development system. In some instances, there may be adjustments made to the budget that need to be taken into account and thus your base budget will be verified by Finance.
 5. Non-compressible budgets are defined as those costs that are University-wide contractual, regulatory compliance and other fixed costs (e.g. utilities, insurance, debt service, mandated student bursaries).
 6. Permanent salaries and benefits costs have been calculated by Human Resources and Finance and include additional faculty and staff positions previously approved.
 7. Vacant positions must be carefully reviewed in light of opportunities to achieve savings targets. All salary savings (including those from temporary delayed hires) will be considered toward the savings target.
 8. Consistent with the practice prior to 2010-11, the savings between the retiring faculty or staff member and the approved starting salary will be returned to the centre, except as specifically approved by the VP Academic or VP Finance and Administration.
 9. New budget requests and new initiatives (Schedule 5) that are self-funded or generate net new external revenues will be considered.
 10. Minor capital requests (Schedule 7) for central funding are to be minimized to those that are essential (e.g. those that sustain programs and services or ensure regulatory compliance) and can be submitted to Facilities Management for review and prioritization.
 11. IT requests (Schedule 8) for central funding that are essential for programs and services will be submitted on-line to Information Technology Services for review and prioritization.

Budget Process and Timelines

The budget development process requires that the following schedules (as applicable) need to be completed by each Budget Developer. The schedules and instructions are available on the Finance web site at <http://www.brocku.ca/finance/faculty-and-staff/budgeting>

Schedule 1	Online budget development system (referred to as BUDDE)
Schedule 2	Revenue Projections Worksheet
Schedule 3(a)	Permanent Faculty and Staff – Full and Part-time on benefits
Schedule 3(b)	Faculty – Limited Term Appointments
Schedule 4(a)	Part Time Non-teaching Salary
Schedule 4(b)	Part Time Teaching Salary
Schedule 5	Additional Budget Resources
Schedule 6	Feedback and Action Sheet
Schedule 7	Minor Capital Renovations Requests
Schedule 8	Information Technology Requests

The Timelines and Process for 2011-12 (**Appendix III**) is consistent with those followed in previous years and outlines the significant steps of the process as communicated to Budget Developers and other constituent groups throughout the University. The following highlights the major steps of this year's process and actions taken to keep Budget Developers and constituents informed:

- On January 17 and 24, the President, Vice-President, Academic and Vice-President, Finance and Administration met to review the multi-year projections and to discuss the

target strategy for 2011-12. The Associate, Vice-Provost Academic, Associate Vice-President, Finance and the Budget Administrator also attended the meetings.

- On February 14, Budget Developers were presented with an overview of the 2011-12 budget and updated multi-year projections. As well, the 2011-12 budget principles and guidelines were presented to Budget Developers to help them prepare their budget projections and targeted savings submissions.
- On February 18, the President issued an email message titled “Preparation of the 2011-12 Operating Budget” to the Brock community regarding the background to, and parameters for, the preparation of the 2011-12 operating budget.
- Over two weeks beginning March 14, all Budget Developers presented their 2011-12 budget requests and targeted savings submissions directly to the President, Vice-President, Academic and Vice-President, Finance and Administration. The Associate, Vice-Provost Academic, Associate Vice-President, Finance and the Budget Administrator also attended the meetings.
- On March 30, Budget Developers were advised by a memo from the Vice-President, Academic and Vice-President, Finance and Administration that the budget meetings had concluded and that all decisions regarding additional budget requests would be deferred until later in April once the 2011-12 budget and 2010-11 year-end results were more final.
- During April, Budget Developers finalized their departmental and divisional 2011-12 budget requests incorporating the target submissions to the on-line BUDDE system.
- Budget submissions were reviewed in detail and checked for completeness and accuracy by the Budget Administrator.
- Final calculations and comparisons to preliminary estimates of University-wide global expenditures and salary and revenue budgets were finalized.
- The Advisory Committee on Institutional Data (ACID) confirmed the final enrolment and revenue projections for 2011-12.
- Financial budget reports were prepared and reviewed by the Budget Administrator and the Associate Vice-President, Finance.
- On May 2, the Vice-Presidents and President met to review the financial budget reports and the variance analysis summary.
- On May 19, the Draft Final budget was presented at the May meeting of the Financial Planning and Human Resources Committee.
 - The Final Budget was presented to the Financial Planning, Audit and Human Resources Committee at the June 16, 2011 meeting.
 - The Final Budget is approved by the Board of Trustees annually in June.

Budget Updates and Monitoring

Periodic budget updates and the Fiscal Forecast Process is an integral and important aspect of budget development and has been so since the decentralized budget development process began with the 2003-04 fiscal year. The fiscal forecast process monitors actual revenues and expenditures against the budget and results in updating budget projections on revenues and expenditures to year-end.

The projected operating budget and the Fiscal Forecast reports are shared regularly with the Financial Planning and Human Resources Committee and with the Board of Trustees as changes in revenues and expenditures estimates occur. The process is as follows:

- The annual report of the final budget estimates is presented and approved annually at the June meeting of the Board of Trustees.
- The first budget update occurs with the mid-year budget review. This process provides an opportunity for Budget Developers to analyze financial changes that have occurred since the final budget estimates were determined and approved in June. It is assumed that the approved budget suffices if no mid-year review adjustments are requested and it is expected that Budget Developers absorb and manage minor variances. Budget Developers may voluntarily meet with the Vice-Presidents' and President to present their mid-year review request. The Mid-Year Budget Review is presented at the November meeting of the Financial Planning and Human Resources Committee and submitted to the Board of Trustees in early December.
- The second update occurs with the January 31 results. Information is provided regarding the operating budget actuals for the period ending and how they compared to the mid-year projected budget. This report is presented at the February meeting of the Financial Planning and Human Resources Committee.
- The third update occurs with the March 31 results. Information is provided regarding fiscal results for the period ending and also incorporates the impact of the final government grant announcements and a review of Budget Developers' year-end projections. Budget Developers complete this phase of the annual fiscal forecast in conjunction with the next year's budget development. During this process they are required to include projections of the current budget to the end of the fiscal year.
- The final fiscal update occurs for the year ending April 30. The final fiscal results are presented to the Financial Planning and Human Resources Committee and the Board of Trustees at the June meetings.
- The audited financial statements are presented and approved at the first Board meeting in September.

The Enrolment/Revenue Model

Another integral part of the budget process is the development of tuition revenue and enrolment-based grant estimates. These annual estimates and periodic budget updates are derived directly from the enrolment and revenue model. This model is developed annually and monitored throughout the year by the Advisory Committee on Institutional Data (ACID).

Senior management develops enrolment targets through consultation with the Deans. The targets are then used by ACID to update its enrolment and revenue model. Along with the mandate for enrolment and revenue projections, ACID is required to continually monitor actual revenue and actual enrolment and to report findings to the campus community. These findings inform the budget updates through the fiscal forecast process.

As background, in late 2003, ACID became responsible for developing an enrolment and revenue projections model to inform the 2004-05 budget process. Since then, the model has evolved. The first version, used for 2004-05 projections, worked well, but it did not include the retention behaviours of different student groups, such as 101s (those students entering directly from high school) versus 105s, or domestic versus international (visa) students. Thus, from the 2005-06 projections forward, the model was revised to take into account undergraduate student populations by group (domestic 101s, domestic 105s, and visa) and academic progression.

For the 2008-09 projections, further refinements to the undergraduate model were made. The double-cohort effect on retention was removed, the tracking of concurrent students was improved, and spring/summer admissions were added for visa and domestic 105s. As well, the graduate enrolment model was adjusted to reflect flow-through by cohort.

Two additional modifications were made for the 2009-10 projections. Students taking a coop work term in either the Fall or Winter term were excluded. Domestic 101s who were admitted full-time but registered in a part-time course load in their initial year were added.

As of the fall of 2010, the co-op program introduced a for-credit work term co-requisite course but the model continues to exclude students on work term. Currently, 80 per cent of students on a work term register in regular credit courses. This behaviour did not change in 2010-11 and is not expected to change in 2011-12.

To forecast growth, we need to understand where change will occur. Historical analysis of student retention and progression through program has identified that change patterns are driven primarily by undergraduate degree-seeking students.

The model is based on the return pattern of undergraduate students pursuing their first degree and who entered within the previous seven years. These students typically account for 90 per cent of the undergraduate degree-seeking population. Eligible (for government funding) FTEs are relevant for determining grant and tuition revenue, while ineligible FTEs generate only tuition. As usual, ACID has developed enrolment scenarios which are separate for each of:

- a) Spring and Summer sessions (eligible undergraduate excluding Nursing)
- b) The Fall/Winter session (eligible undergraduate excluding Nursing)
- c) International (visa) students
- d) Nursing
- e) Graduate students

As has been the case since 2005-06, excluded from the model are programs subject to special arrangements. These include the following ineligible programs:

- a) All ISP programs, such as MBA (ISP), MEd (ISP), MA in Applied Linguistics (TESL) (ISP), and IMacc
- b) Native Teacher Education Program (NTEP)
- c) In-service Education
- d) ESL & Testing Services

Also excluded are the following eligible (for government funding) programs:

- a) Enterprise Education (discontinued in 2009)
- b) Teacher Education (formerly called Pre-Service Education) – expected reductions due to the Ministry applied enrolment cap and funding limit are accounted for outside of the enrolment behaviour model
- c) Adult Education
- d) Spring/Summer undergraduate sessions

The summary chart for 2011-12 enrolment/revenue projections is included in this budget report on page 23. The full “Enrolment/Revenue Projections 2011-12” report is issued annually in early June and is available from the Office of Institutional Analysis.

FINANCIAL HIGHLIGHTS OF THE 2011-12 BUDGET

Full financial details for the total 2011-12 revenue and expenditure estimates are provided in *Appendix I*. This provides total revenues by major category and expenditures by functional departmental/divisional reporting. This presentation is useful as it provides gross revenues and expenses and is presented in a manner that is consistent with previous periods and facilitates budget control and monitoring. The following comparative financial information is provided:

- 2010-11 Approved Budget (June 2010)
- 2010-11 Final Working Budget (April 2011)
- 2011-12 Draft Final Budget (May 2011)
- The variances between the 2011-12 Draft Final Budget and 2010-11 Approved Final

The following provides a summary comparison of the 2011-12 revenue and expenditure estimates to 2010-11 (refer to *Appendix I* for greater detail):

	2011-12	2010-11
Total Revenues	\$223,437,364	\$211,305,154
Total Expenditures	<u>224,426,585</u>	<u>220,406,084</u>
In-year Budget Shortfall	(989,221)	(9,100,930)
Accumulated operating deficit, opening	<u>(7,310,676) (ii)</u>	<u>(2,805,221)</u>
Accumulated operating deficit, ending	<u><u>\$(8,299,897)</u></u>	<u><u>\$(11,906,151) (i)</u></u>

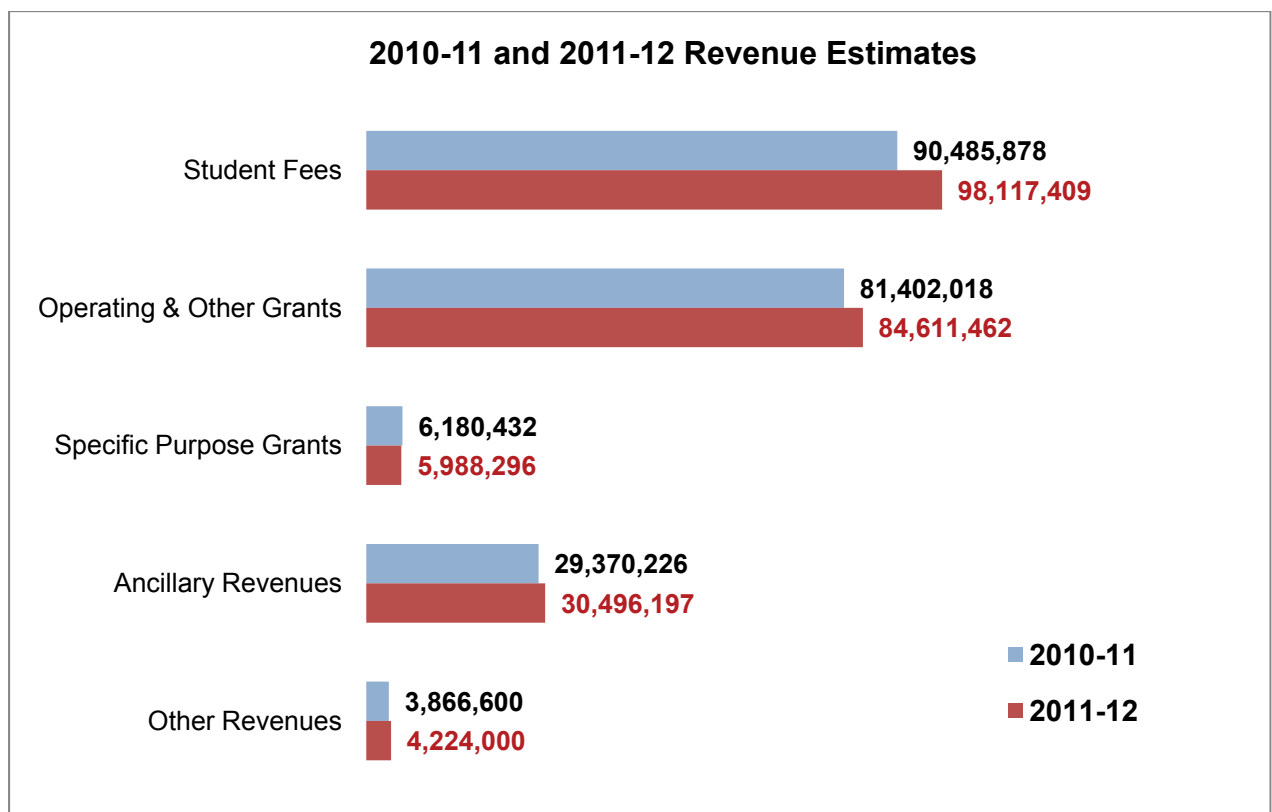
As reported to the Financial Planning and Human Resources Committee in April 2011, the operating results have improved by \$4,505,455. The impact to the accumulated operating deficit is summarized below:

Accumulated operating deficit, originally projected for April 30, 2011		\$(11,906,151) (i)
Improvement in operating results		
Tuition and grant	\$3,545,475	
Investments with Faculties	(600,000)	
Release of one-time funds	<u>700,000</u>	3,645,475
Additional projected year-end under spending		<u>950,000</u>
Accumulated operating deficit, revised projected for April 30, 2011		<u><u>\$(7,310,676) (ii)</u></u>

MAJOR COMPONENTS OF REVENUE

To summarize, the major categories of the revenues for the operating budget are as follows:

	2011-12		2010-11	
Student Fees	\$98,117,409	44%	\$90,485,878	43%
Operating & Other Grants	84,611,462	38%	81,402,018	39%
Specific Purpose Grants	5,988,296	2%	6,180,432	2%
Ancillary Revenues	30,496,197	14%	29,370,226	14%
Other Revenues	<u>4,224,000</u>	<u>2%</u>	<u>3,866,600</u>	<u>2%</u>
Total Revenues	<u>\$223,437,364</u>	<u>100%</u>	<u>\$211,305,154</u>	<u>100%</u>



Total Revenues for 2011-12 are projected to be \$223,437,364 which is \$12,132,210 or 6 per cent higher than the 2010-11 approved budget. The increase is explained as follows:

Tuition:

Actual activity increase during 2010-11	\$ 1,792,402	
Projections over 2010-11 actual levels:		
Rate increases	4,473,625	
Projected activity increase	1,345,415	
Other Tuition Sharing & Incidental Student Fees	(20,089)	
Total Tuition Revenue		7,631,531

Government Grants:

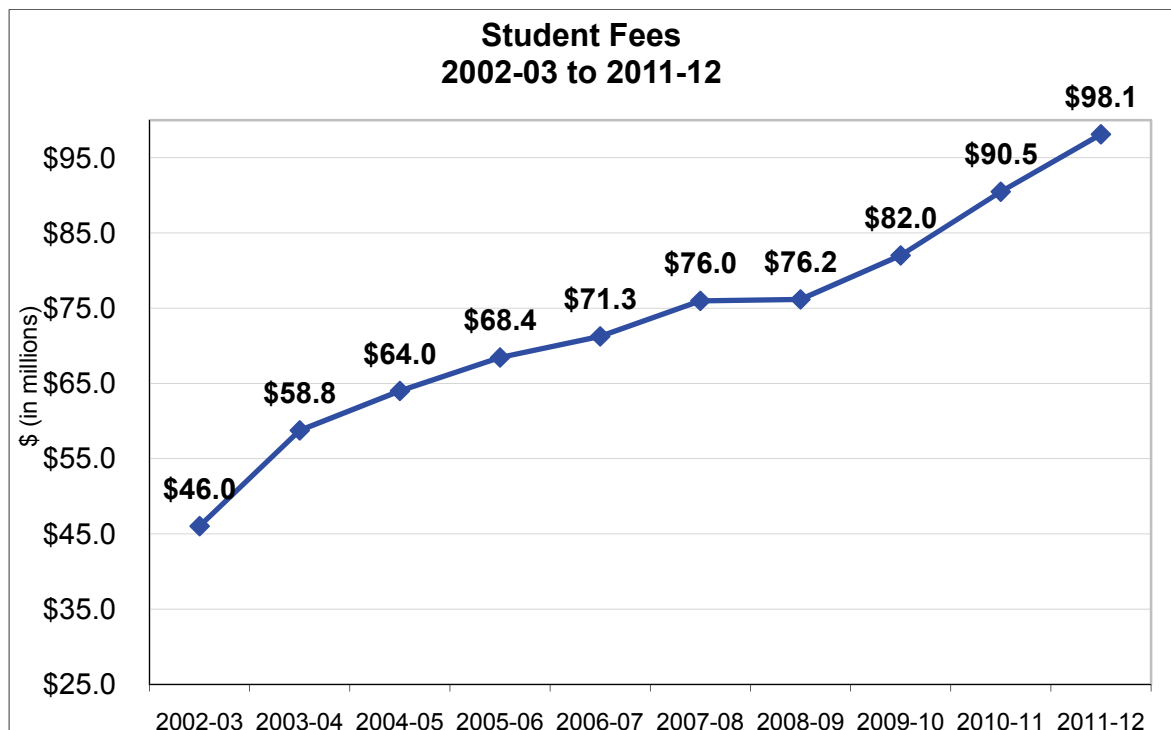
Basic Operating Grant	(416,041)	
Enrolment Based Grants	3,842,613	
General Access/Quality Grants	(163,139)	
Performance Fund	1,441	
Other Grants	(55,430)	
Total Government Grants		3,209,444
Specific Purpose Grants with matching expenditures		(192,136)
Gross Revenues from Ancillary Operations		1,125,971
Other Revenues		357,400
2011-12 net revenue increases over 2010-11		<u>\$12,132,210</u>

The following section provides extensive information on the major categories of the 2011-12 Budget Revenue Estimates as summarized above and detailed in Appendix I

REVENUE ASSUMPTIONS & ESTIMATES

STUDENT FEES

Total budgeted student fees revenue represents almost 44 per cent of total operating budget revenue. The total budgeted revenue of **\$98,117,409** (including tuition revenue of \$94,834,535, incidental fees of \$2,278,500 and the net contributions from special funding arrangements of \$1,004,374) is estimated to increase by \$7,631,531 or 8 per cent over 2010-11 approved budget levels. Total revenues from student fees have grown steadily over the several years and more than doubled over nine years as the following chart depicts:



Incidental Fees

Incidental fees include the Athletic fee and the Health Services ancillary fees, which are governed by the Ancillary Fee Protocol between the University and the Brock University Students' Union. Some existing fees can increase automatically only after the CPI has accumulated to 5 per cent since the last fee increase. The Athletic and Health Services ancillary fees administered by the University can increase in 2011-12 because CPI has accumulated to 7 per cent since the last fee increase in 2007-08. Additionally, the Recreation Facilities fee and the Zone Fitness fee student referendums allow for annual CPI increases and thus have increased by the Ontario CPI of 2.5 per cent.

Incidental fees also include Co-op fee revenues. In 2009-10, students in co-op work terms paid administrative fees, which are set by University administration. Effective in 2010-11, co-op work terms are now a new co-op education credit course and generated tuition revenues. This was approved by Senate on March 24, 2010. Total Incidental Fees are budgeted in 2011-12 to be **\$2,278,500**, which is a decrease of \$147,600 over the 2010-11 Approved Budget. The decrease relates to the co-op terms that are transitioning from co-op fees to credit courses and reflected in tuition revenues.

Contributions from Other Tuition

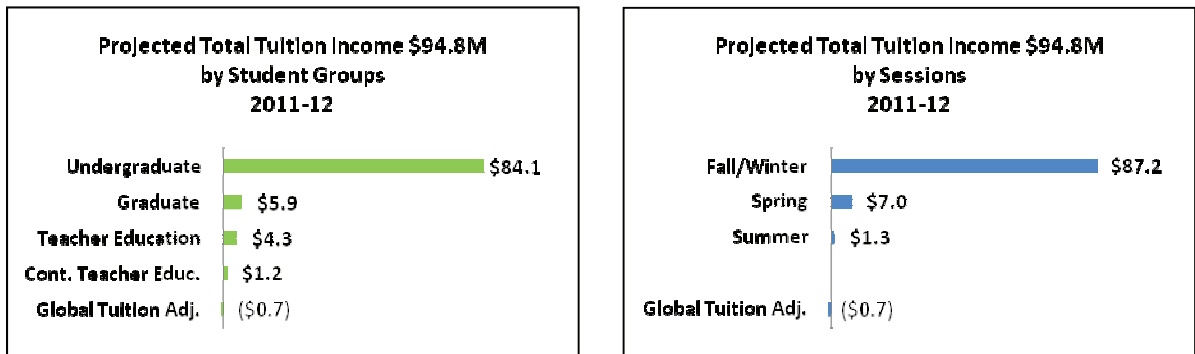
There are a number of special funded arrangements offered to the IELP (Intensive English Language Program) and Graduate – International Student Program (ISP). These programs retain the gross revenue and expenses but are required to make a contribution to the University based on gross revenues. Included in this category are the contributions expected from IELP and the graduate international cohort programs. Contributions from Other Tuition are budgeted in 2011-12 to be **\$1,004,374**, which is an increase of \$167,689 over the 2010-11 Approved Budget. There are no significant changes expected in this group but some Faculties have increased the contributions to achieve targets.

Tuition Revenue

The tuition fee revenue is budgeted at **\$94,834,535** and is determined from projected undergraduate, graduate and visa enrolment based on tuition rates for 2011-12. Tuition revenue represents almost 42 per cent of total operating budget revenue and is estimated to increase by \$7,611,442 or 9 per cent over 2010-11 approved budget levels. The increase is due to the additional enrolment increases experienced during 2010-11 of \$1,740,000 that will continue into 2011-12, in addition to the activity and rate increases expected to occur in 2011-12 totaling \$5,871,000. The incremental financial implications and total budgeted tuition revenue amounts over the 2010-11 approved budget are summarized below:

Final approved tuition budget (June 24, 2010)	\$87,223,093
Approved mid-year budget changes (Nov. 30, 2010)	<u>1,739,673</u>
Revised 2010-11 tuition budget	88,962,766
Incremental 2010-11 actual tuition over revised budget	52,729
Projected incremental 2011-12 over 2010-11:	
Due to activity:	1,345,415
Due to rate:	<u>4,473,625</u>
2011-12 Projected tuition revenue	<u>\$94,834,535</u>

The following two charts show the projected total tuition income by student groups and by academic sessions:



Enrolment Projections

The single-most important generator of revenue for the University is its enrolment. Two key assumptions in projecting enrolment include intake targets in Year 1, and retention behaviour of current students. Many factors, such as changes in retention strategies or policies and/or changes in the economic situation, could affect student retention behaviour, and the impact of such changes on student retention is very difficult to predict.

The following chart displays that the Year 1 intake for domestic and visa students are projected at 3,705 for 2011-12, which is about 30 more than 2010-11 actuals. The chart indicates that the 2010-11 actual results were on target to the projected.

Year 1 intake, undergraduate full-time students (head count enrolment as at November 1)	2009-10 Actual	2010-11 Projected	2010-11 Actual	2011-12 Projected
Domestic 101s (directly from secondary school)	2,799	2,883	2,928	2,933
Domestic 105s (not directly from secondary school)	540	600	577	600
Subtotal Domestic 101 and 105 undergraduate students:	3,339	3,483	3,505	3,533
visa students	175	172	169	172
Total:	3,514	3,655	3,674	3,705

The following chart displays the actuals and projections for all students by headcount, FTEs and BIUs (see Appendix III Definitions and Counting Students):

All students (undergraduate and graduate)	2009-10 Actual	2010-11 Projected	2010-11 Actual	2011-12 Projected
Headcount enrolment	17,493	17,733	17,877	18,056
FFTEs	17,613	17,890	18,180	18,370
Yearly BIUs	24,136	24,387	25,077	25,418

Enrolment/Revenue Model for 2011-12

The Enrolment/Revenue Model developed through ACID projects head count enrolment, translates head count enrolments into FFTEs, converts FFTEs to BIUs, and calculates tuition and grant revenue. Eligible (for government funding) fiscal full-time equivalents (FFTEs) are relevant for determining tuition revenue and grant revenue, while ineligible FFTEs generate only tuition. Refer to Appendix III for Definitions and Counting Students. The following chart from the ACID “Enrolment/Revenue Projections 2011-12” report displays the projected change of 2011-12 over the 2010-11 actuals:

Category:	2011-12 Projections (change over 2010-11 actuals)			
	Revenue Type:	Activity Change:		Revenue Change:
1.0 ACTIVITY				
1.1 Undergraduate				
1.1.1 Spring/Summer Domestic <i>(excluding Nursing)</i>	Tuition	FFTEs:	0	\$0
	Grant	BIUs:	0	\$0
	Total:			\$0
1.1.2 Fall/Winter Domestic <i>(excluding Nursing)</i>	Tuition	FFTEs:	183.60	\$1,361,252
	Grant	BIUs:	253.80	\$947,529
	Total:			\$2,308,781
1.1.3 Visa	Tuition	FFTEs:	16.80	\$231,350
	Grant	BIUs:		
	Total:			\$231,350
1.1.4 Nursing	Tuition	FFTEs:	5.40	\$31,675
	Grant	BIUs:	10.80	\$46,008
	Total:			\$77,683
1.1.5 Total, Undergraduate:	Tuition	FFTEs:	205.80	\$1,624,277
	Grant:	BIUs:	264.60	\$993,537
	Total:			\$2,617,814
1.2 Graduate *	Tuition	FFTEs:	-26.32	-\$278,862
	Grant	BIUs:	96.99	-\$87,108
	Total:			-\$365,970
1.3 Total, All Activity	Tuition	FFTEs:	179.48	\$1,345,415
	Grant	BIUs:	361.59	\$906,429
	Total:			\$2,251,844
2.0 TUITION RATE				\$4,473,624
3.0 GRAND TOTAL				
Total, Activity + Rate	Tuition	FFTEs:	179.48	\$5,819,039
	Grant	BIUs:	361.59	\$906,429
	Total:			\$6,725,468

*Graduate headcount and FFTEs are both eligible and ineligible; BIUs are annual eligible only. Grant is based on eligible summer and fall FTEs up to the Master's and PhD caps set by Ministry.

Fee and Rate Setting Process

Universities, through their individual acts of incorporation, have full authority to establish their own fee levels. The government, however, through the Ministry of Training, Colleges and Universities (MTCU), issues Tuition Fee Policy guidelines for government-funded courses. According to the guidelines, an institution will be penalized through a grant reduction for fees charged above the permitted levels. Universities have full discretion over tuition fee increases for non-government funded courses.

A proposed list of the upcoming academic year tuition fees is brought forward annually in February to the Financial Planning and Human Resources Committee and to the Board of Trustees for approval. This timing is important to ensure critical timelines are met for setting fees in the student information system, calendars, publications and payment notifications. Generally, tuition rate increases are effective for the next Fall/Winter session. Tuition rate increases may be effective for the next Spring/Summer session where the cohort for the 2011-12 academic year begins prior to the Fall session.

Compulsory non-tuition-related ancillary fees are established through a referendum or have to follow the established Ancillary Fee Protocol agreement that is in place between the University and the Brock University Students' Union (BUSU). Some existing fees can increase automatically only after the CPI has accumulated to 5 per cent since the last fee increase or where system-wide fees are applied to all Ontario university students. Ancillary fees are all assessed and collected by the University and are either administered by the University, BUSU or the GSA (Graduate Students' Association).

Management determines miscellaneous administrative and fee-for-service costs. The departments that provide these services and assess the fees include the Registrar's Office, Graduate Studies, Student Accounts Finance, Career, International and Library Services. The fees are reviewed annually to ensure they cover current costs. The Department of Recreation Services annually reviews Walker Complex membership rates for use by students, staff, faculty and community members. As well, Parking Services annually proposes new permit and visitor rates. Ancillary, miscellaneous administrative and service fees were brought forward in the spring to the Financial Planning and Human Resources Committee for information.

Government Tuition Fee Policy

On April 10, 2006, the Ministry issued a Guideline for Implementation of Tuition Fee Policy for Publicly Assisted Universities that was in effect from 2006-07 until 2009-10 and provided a regulatory framework for all publicly funded programs.

On March 29, 2010, the Ministry announced greater financial assistance for postsecondary students and a plan to modernize the Ontario Student Assistance Program (OSAP). The announcement also included the continuation of the current tuition framework for two years, with no changes, except for the requirement to contribute 10 per cent of additional revenue from tuition fee increases to bursaries and other student assistance programs that provide financial aid to students most in need.

The guideline allows for tuition fee differentiation based on program and program year of study as follows:

- Distinguishes separate maximum limits for first year of study and continuing years.
- Tuition fees may increase within specified limits with the average tuition increase not to exceed 5 per cent (excluding changes in enrolment activity).

The following chart displays the government tuition guidelines:

Maximum Allowable Fee Increase		
Program * Type	Program Year	
	First Year	Continuing Years
Arts & Science and Other Programs	4.5%	4%
Professional and Graduate Programs	8%	4%
Total Tuition Increase	5%	

* Program Categories are as defined by MTCU – Appendix A to the Policy

Tuition Fees – Government Funded Programs

Since 2007-08, this tuition framework has been implemented for Brock University programs. The Undergraduate Professional Programs include Computer Science and Business and Graduate Programs include Master of Accountancy, Master of Business Administration, Master of Education, Master of Arts, Master of Science, Master of Business Economics, Master of Applied Disability Studies, PhD Arts and Science, and PhD Education.

Having implemented the Ontario government's tuition policy of fee differentiation, the 2011 fee structure will result in six differentiated rates for each program type (First year / 2010 Continuing / 2009 Continuing / 2008 Continuing / 2007 Continuing / 2006 and prior Continuing). Going forward, the number of differentiated rates will eventually compound into a complex multi-rate matrix.

Tuition Fees – Non-Government Funded Programs

Fee increases for non-funded cost recovery programs and international students are proposed only after relative fee comparisons with competitive markets.

Visa students in graduate and undergraduate programs are ineligible for provincial funding and therefore are not regulated by the government's tuition policy. In consideration of the increases to domestic students and the competitive market, the visa rates will increase by 4 per cent (raised by 4 per cent in 2010-11) for both undergraduate and graduate visa students.

Tuition Fee Structure

As approved by the Board of Trustees on March 1, 2007, Brock University implemented changes in the tuition fee structure for 2007-08. Similar to models at other universities, Brock adopted a flat tuition fee equivalent to the rate of 5.0 credits for all undergraduate students taking a credit load of 4.0 to 5.0 credits in the Fall/Winter session. Students taking less than 4.0 credits pay on a per-credit basis. Students taking beyond 5.0 credits pay on a per-credit basis for the additional credits taken.

Since 2007, the new tuition fee structure applied to students in their first entry year and each subsequent year. Effective 2011-12, the flat tuition fee now applies to all students with a first entry year between 2007-08 to 2010-11. After four years of this gradual implementation, the flat tuition fee is now fully in effect.

OPERATING AND OTHER GRANTS

Operating Grants represents almost 38 per cent of total operating budget revenue. They are typically general purpose and largely impacted by enrolment shifts over the previous year, over a government-determined base year or trends over a number of years. Also, each university's grant is usually funded in direct proportion to its enrolment share of the provincial student enrolment system. Calculation of grants can often be predicted with relative accuracy, but some are not known until the Ministry of Training, Colleges and Universities (MTCU) announce them throughout the fiscal year with final announcements typically confirmed at the end of the province's fiscal year end of March 31.

The following section summarizes the most significant grants. Estimates are based on the University's assumptions regarding expected grant revenues.

Basic Operating Grant

Core government funding comes through Basic Operating Grants. This funding is distributed to universities based on enrolment levels. To approximate the cost of each program, the number of fiscal full-time equivalent (FFTE) students is multiplied by a program weight to determine the number of Basic Income Units (BIUs). Refer to Appendix III for Definitions and Counting Students.

Included in the basic operating grant is an amount for Teacher Expansion Funding that was initiated in 2001-02. As part of the 2010 Ontario Budget announcements, MTCU announced that the Teacher Expansion Funding would be removed from those institutions with a Faculty of Education in recognition that there was an oversupply of qualified teachers in Ontario. The amount of funding that will be removed from this group would be phased-in over the next two years. The decrease in the base grant for 2011-12 of \$416,041 reflects the phased in decrease (approximately two-thirds for 2011-12) of the Teacher Expansion Funding.

As part of the 2011 Ontario budget announcements, MTCU announced that the Undergraduate Expansion grant received in 2009-10 of \$2,557,731 would be rolled into the Basic Operating Grant, thereby making it permanent funding. The 2011-12 Basic Operating Grant is estimated at **\$71,517,907**, which is lower by \$416,041 than 2010-11 due to the reduction for Teacher Education Funding. The Basic Operating Grant is made up of the following components:

	<u>2011-12</u>	<u>2010-11</u>
Basic Operating Grant	\$69,376,217	\$69,376,217
Undergraduate Accessibility - rolled into base	2,557,731	2,557,731
Teacher Education reduction	(416,041)	
Total Basic Operating Grant	\$71,517,907	\$71,933,948

Enrolment Based Grants

The 2011-12 Enrolment Based Grants are estimated at **\$7,863,384**, which is higher by \$3,842,613 than 2010-11. The increase over the approved budget for the enrolment-based grants (undergraduate, graduate and nursing) is due to additional enrolment increases experienced during 2010-11 as well as full funding of increases expected to occur in 2011-12. The certainty of funding for these grants is dependent on achieving enrolment results and on the government funding provided not only to Brock but the entire Ontario university system. The following summarizes the three enrolment-based grants:

a) Graduate Expansion Grant

Since 2008-09, the Graduate Expansion grant refers only to the amount expected to be received based on graduate enrolment growth over and above the 2007-08 level.

Brock's current graduate expansion enrolment allotment for the period of 2004-05 to 2011-12 is 164.5 master's students and 17.5 PhDs (Eligible FTEs, Fall and Summer).

In 2010-11, Brock exceeded the above-allocated PhD target by 25 FTEs and these above-the-target enrolments were unfunded. It is projected that Brock's eligible PhD enrolment is going to increase by another 17 FTEs in 2011-12, which will result in a total of 42 unfunded PhDs in 2011-12. If funded, this would amount to \$1,110,000 of graduate funding and we remain hopeful that these graduate students will be funded. On the master's side, Brock's eligible master's enrolment was slightly less (0.6 FTEs) than the allocated master's target in 2010-11. It is projected that in 2011-12 the master's enrolment is going to further decrease by 8.4 FTEs. Therefore, graduate expansion funding will decrease by \$87,108 for 2011-12 over 2010-11.

b) Undergraduate Accessibility Growth Fund

The Ontario government introduced the undergraduate accessibility fund in 2001-02 to ensure that universities were able to cope with the expected enrolment growth due to the "double cohort". At that time, universities received an undergraduate accessibility grant based on their year-over-year undergraduate enrolment growth. This grant rose significantly during the initial "double cohort" years, and the accessibility grants a university had received up to 2004-05 were rolled into its basic operating grant.

Up to 2010-11, an institution would receive an Undergraduate Accessibility Grant if there is positive enrolment growth over 2004-05 undergraduate enrolment. The Undergraduate Accessibility Grant for growth to 2009-10 of \$2,557,731 was rolled into the base in 2010-11.

In 2010-11, Brock received an Undergraduate Accessibility Grant of \$2,531,699 due to positive enrolment growth over 2009-10 by 672.4 BIUs and 477.3 FTEs. The Ontario government has indicated that the Undergraduate Accessibility Grant for growth in 2010-11 will be rolled into the base. Therefore, the 2011-12 Undergraduate Grant will be funded

based on a positive enrolment growth over 2010-11, the following formula will again be applied:

Undergraduate Accessibility Grant = Change in BOI [Increase in BIU x \$5,442.15(BIU value)] – Change in Formula Fees [Increase in FTEs x \$2,362.14 (adjusted Formula Fees per FTE)]
--

The change in BIUs for 2011-12 over 2010-11 is expected to be **253.8** and the increase in FTEs is expected to be **183.6**. Therefore:

Change in BOI:	253.8 x \$5,442.15	=	\$1,381,218
Change in Formula Fees:	183.6 x \$2,362.14	=	433,689

Undergraduate Accessibility Grant for 2011-12 is expected to be **\$947,529** (\$1,381,218 – \$433,689). The incremental and total budgeted amounts for this grant are summarized in the table below:

Enrolment-based grant: Undergraduate Accessibility Grant								
2010-11 Budget and Actuals							2011-12 Projected	
Final Approved Budget (Jun 24, 2010)	Approved Mid-year Budget Changes (Nov 30, 2010)	Total Budget (as at Nov 30, 2010)	Incremental in 2010-11	Actuals received	Rolled into base in 2010-11	Adjusted Actuals for 2010-11	Projected incremental for 2011-12	2011-12 Requested Budget
a	b	c=a+b	d	e=c+d	f	g=e+f	h	i=g+h
\$3,231,013	\$1,982,364	\$5,213,377	(\$107,343)	\$5,106,034	(\$2,557,731)	\$2,548,303	\$947,529	\$3,495,832

c) Nursing Collaborative and Completion Grant

The following three programs are taken into consideration when predicting enrolment (and revenue):

- Collaborative Nursing (a joint program with Loyalist College);
- Nursing Completion (the final two years of the four-year BScN program) – no longer offered; and
- The four-year BScN program.

The Nursing grant is funded under a separate envelope through the college system envelope. Brock receives its grant through Loyalist College and is paid on a slip-year basis (that is, we are paid based on the enrolment in the prior year).

The grant revenue for Nursing is calculated by multiplying the most recent year's (2009-10) funding rate by 2011-12 projected FTEs. Using this method, Nursing grant revenue is expected to increase by \$46,008. The total grant for 2011-12 is expected to be \$2,374,524.

General Access & Quality Grant

Funds were provided to universities to increase access to high-quality postsecondary education across the province. There is a requirement for each university to sign multi-year accountability agreements (MYAAs) that will monitor the use of the funds against the goals of access, quality and accountability. These quality funds are not guaranteed to become base funding.

In preparing the 2011-12 grant estimates, the assumption is that General Access and Quality grant will continue at the same level as in 2010-11 and is estimated at **\$3,791,087**.

Performance Fund

Since 2000-01, the government has provided Performance Funding. Universities are measured on three indicators: the employment rate of graduates six months after graduation; employment rates two years after graduation; and a cohort-based graduation (degree completion) rate. A benchmark is established for each of the three indicators and universities performing within 10 per cent of the benchmark receive funding based on their share of total BIUs and to what extent they are above or under their benchmark. Given the relatively stable level of funding, we have assumed that the grant for 2011-12 would be **\$700,684** based on the actual grant received in 2010-11.

Specific Purpose and Other Grants

The University receives a number of grants funded by the provincial or federal governments for specific expenditures of the same amount. These grants must be used for the intended purpose. Included in this category are a number of annual special grants relating to Students with Disabilities, Interpreter and Learning Opportunities, Aboriginal, provincial Research Overhead, Municipal Taxes, Womens' Campus Safety and provincial Student Bursaries. In most instances, it is expected that all of these grants will approximate 2010-11 actual levels.

Facilities Renewal Funds

One of the constraints in the 2010 provincial budget was that the Facilities Renewal Program will be reduced to \$26 million (for both colleges and universities) from the 2009-10 level of \$40 million. During the 2011 provincial budget, it was announced that the funding level was to be at the same level as 2010-11, at **\$608,500**.

Federal Indirect Costs Program

The three federal granting agencies (CIHR, NSERC, and SSHRC) support the direct costs of conducting research. The Indirect Costs Program helps universities to defray the indirect costs of federally-supported research. These include operations, maintenance, libraries and technology. The amount is determined based on a formula that incorporates the last three years of research funding from the three agencies. Brock's funding is estimated to be **\$2,034,592**. Note that the operating budget does not include the direct cost funding for Research nor does it include the direct costs associated with Research.

NET CONTRIBUTION FROM ANCILLARY OPERATIONS

Ancillary Operations includes the gross revenue from the Bookstore, Print Shop, Parking, and Residences & Conference Services. Ancillary Operations are expected to contribute \$3,460,574 (compared to \$3,385,250 for 2010-11) on a total financial activity of \$30,496,197. Appendix I reports the gross revenues and expenses separately. The following chart summarizes the net contributions projected for 2011-12 with comparisons to 2010-11.

Approved Budget 2011-12	Revenues	Expenses	Net
Bookstore & Print Shop	11,998,337	10,243,569	1,754,768
Residences	13,920,660	13,920,404	256
Conference	1,575,000	1,257,650	317,350
Parking	3,002,200	1,614,000	1,388,200
Total	\$30,496,197	\$27,035,623	\$3,460,574

Approved Budget 2010-11	Revenues	Expenses	Net
Bookstore & Print Shop	11,422,400	9,698,667	1,723,733
Residences	13,372,826	13,367,488	5,338
Conference	1,675,000	1,370,684	304,316
Parking	2,900,000	1,548,137	1,351,863
Total	\$29,370,226	\$25,984,976	\$3,385,250

OTHER REVENUES

Investment Income

Investment income includes the interest that the University receives on the short-term investment of its excess operating cash. Overall, cash balances are lower than previous years. This is due to carrying the accumulated deficit as well as funding certain capital projects with internal cash reserves instead of carrying external debt. The interest income realized on excess cash balances has been impacted by the current market conditions for money market and bond yields, which have been at historically low levels. The interest income at about 4.5 per cent that is recovered from internally-financed capital projects (Courtyard Marketplace, International Building and the Glenridge Plaza) is expected to be \$850,000. Interest income realized on excess cash balances is expected to be at around one per cent and will approximate the same level as 2010-12, or \$400,000. As a result the 2011-12 budget is still projected at **\$1,250,000**.

Rental and Sundry

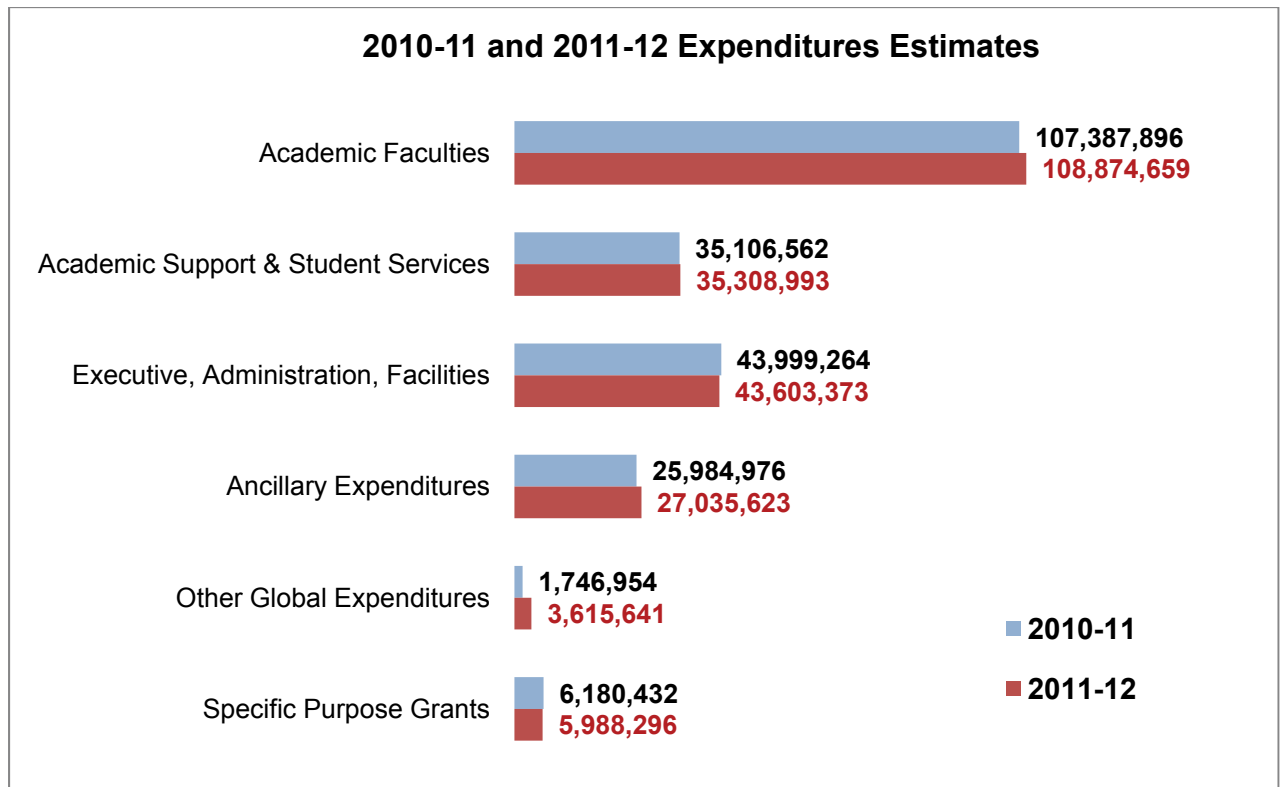
The largest portion of this revenue category is Brock's share of the fees charged by the Ontario Universities' Application Centre. Also included are revenues from other general revenues, space rental, interest charges on accounts receivable, and fees for transcripts and other administrative service charges. This budget has been relatively stable from year to year and is estimated to be at **\$2,974,000** for 2011-12, which includes a projection of additional ancillary revenues.

MAJOR COMPONENTS OF EXPENDITURES

To summarize, the major categories of the expenditures for the operating budget are as follows:

	2011-12	%	2010-11	%
Academic Faculties	\$108,874,659	48.5	\$107,387,896	48.7
Academic Support & Student Services	35,308,993	15.7	35,106,562	15.9
Executive, Administration, Facilities	43,603,373	19.4	43,999,264	20.0
Ancillary Expenditures	27,035,623	12.0	25,984,976	11.8
Other Global Expenditures	3,615,641	1.6	1,746,954	.8
Specific Purpose Grants	5,988,296	2.7	6,180,432	2.8
Total Expenditures	\$224,426,585	100%	\$220,406,084	100%

2010-11 and 2011-12 Expenditures Estimates



Total expenditures for 2011-12 are projected to be \$224,426,585, which is \$4,020,501 or two per cent higher than the 2010-11 approved budget. The increase is explained as follows:

Increases to Departmental/Divisional Base budgets		
Faculties		\$1,486,763
Academic Support & Student Services		202,431
Executive, Administration, Facilities		(395,891)
Gross expenses from Ancillary Operations		1,050,647
Other Global Expenditures		1,868,687
Specific Purpose Grants with matching revenues:		
Facilities Renewal Grants	45,500	
Federal – Indirect Costs Program	20,468	
Other Grants	(258,104)	
Total Specific Purpose Grants		<u>(192,136)</u>
2011-12 net expenditure increases over 2010-11		\$4,020,501

The following section provides extensive information on the major categories of the 2011-12 Budget Expenditures as summarized above and detailed in Appendix I.

EXPENDITURE ASSUMPTIONS & ESTIMATES
--

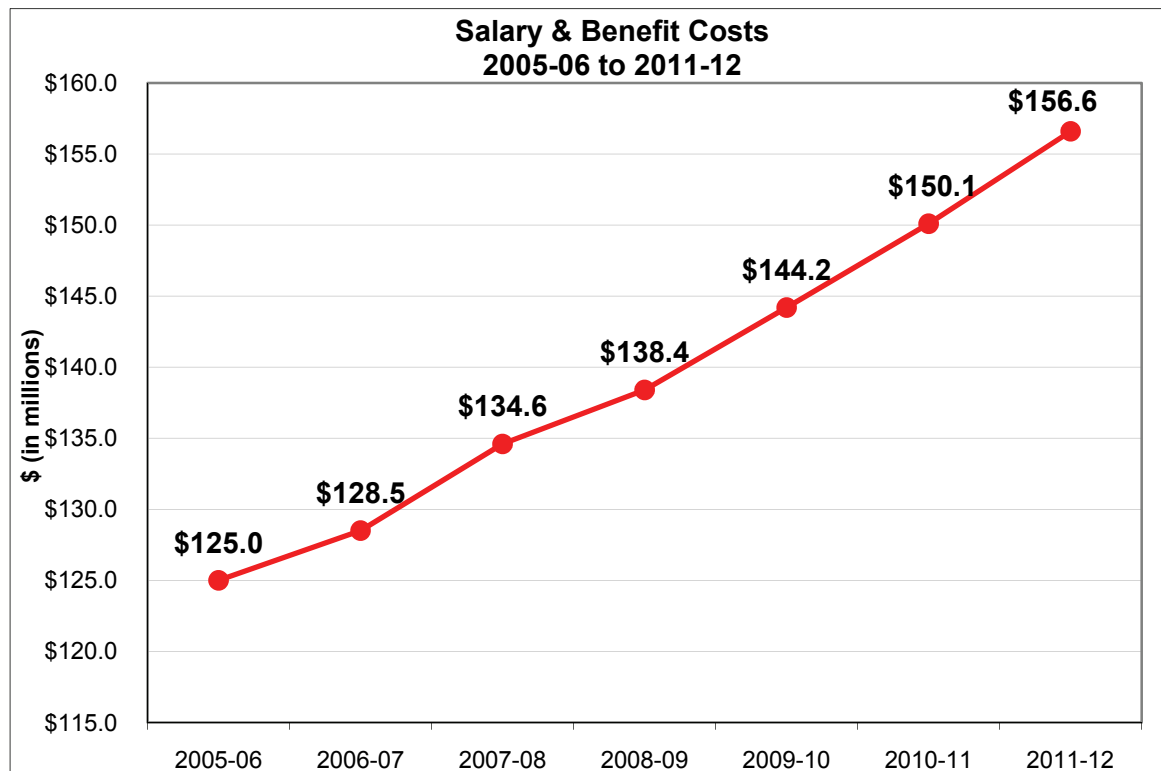
Budget Developer's prepared expenditure budgets as defined by their functional area of responsibility. The functional departments and/or divisions are generally defined by the organization structure (e.g. Academic, Student Services and Administration). Budgets are developed, analyzed and variances explained by these functional areas and thus expenditures are summarized in this format. This presentation is useful as it provides expenses in a manner that is consistent with previous periods and facilitates budget control and monitoring. However, there are categories of expenses (e.g. salaries) that weave through and impact all departments and/or divisions and thus information on these major categories of expenses has been included. The following section on the 2011-12 budget expenditure estimates will be reviewed and focus on:

- 1) Salaries and Benefits
- 2) Non-Salary Costs
- 3) Functional Divisions

1) SALARIES AND BENEFITS

Given the nature of a university's business, it is not surprising that the largest cost would be salary and benefits of faculty and staff. Faculty and staff (full and part-time) salaries and benefits comprise the most significant portion (approximately \$156,650,000 or 82 per cent) of the University's expenditure budget, excluding the expenses for gross ancillary operations and special purpose grants.

The following graph shows how the salary and benefit costs have risen continually by almost \$30 million over the last several years.



At Brock University, the salary base has grown rapidly over the past several years. Significant investments have been made with more than 115 new full-time faculty budget positions and more than 60 new staff budget positions being added during 2003-04 and 2006-07. Since that time, minimal positions have been added from central funds, but new positions have been created from time-to-time with other resources (e.g. converting part-time into full-time). These investments add to the salary and benefit base on which annual rate increases apply.

The expenditure increases are relatively consistent from year to year as follows:

- Actual salary costs from negotiated contract settlements.
- Estimated salary costs for contracts in negotiation or rates to be determined.
- The benefit costs associated with increased salary rates and new positions.
- Full fiscal impact of 2010-11 approvals (i.e. two faculty members, three Deans returning to faculty and seven staff positions).
- The full-year impact of 2010-11 faculty and salary increases (two months).
- Three Deans returning to faculty and seven additional staff positions (four of which were self-funded)

The bargaining and non-bargaining salary groups of the University are:

- Brock University Faculty Association (BUFA) representing faculty and professional librarians last settled salary negotiations in July, 2008. The contract expired June 30, 2011.

- Ontario Secondary School Teachers' Federation (OSSTF) representing support staff settled salary negotiations during the spring of 2011. The contract expires April 30, 2012.
- Canadian Union of Public Employees (CUPE Local 1295) representing trades, maintenance, and custodial last settled salary negotiations in the fall of 2010. The contract expires April 30, 2013.
- CUPE Local 4207 – Unit 1 representing teaching assistants, course coordinators, lab demonstrators and part-time instructors settled during the spring of 2011. The contract expires June 30, 2013.
- CUPE Local 2220 representing Rodman Hall employees settled salary negotiations during the spring of 2011. The contract expires June 30, 2012.
- CUPE Local 4207 – Unit 2 representing ESL co-ordinators settled during the spring of 2011. The contract expires June 30, 2013.
- Administration and professional represents the non-bargaining staff. With the provincial budget in March 2010, the government introduced the Public Sector Compensation Restraint to Protect Public Services Act, 2010 (Bill 16) to freeze compensation in the Ontario Public Service and the Broader Public Sector non-bargaining employees for two years (March 24, 2010 to March 31, 2012 except for step and merit increases that will proceed as per existing and defined processes.

Except for CUPE Local 1295, all salary increases (known and estimated) have been set aside globally or estimated and allocated to departmental lines. As actual rates are known by individuals additional budget amounts will be allocated to departments and divisions throughout the year from the global estimates. Any variances between these global estimates and actual salaries are brought forward during the year through mid-year budget updates.

Benefit costs include employer contributions to the Brock University Pension Plan, dental, medical, and statutory taxes (CPP, EI, EHT and WSIB). These costs do increase as many are a percentage of the employee's base salary, but significant enhancements have not increased the University benefit costs. The University benefit budgets are estimated using an average experience percentage for each salary group. Actual benefit costs by employee are determined through the payroll system and are charged directly to the cost centre along with the employee's actual salary costs. Any savings between the benefit amount budgeted and actual benefit costs are not available for general purpose spending by a Budget Developer and are recaptured centrally at the end of the year to support other University-wide benefit and salary costs.

Employee Future Benefits

Pension Plan

The University provides pension benefits to employees primarily through a hybrid pension plan. It is essentially a defined contribution but with a minimum benefit guarantee. Under this arrangement, the University and employees are required to make contributions based on a specified percentage of the employee's earnings. The amount of pension benefits provided to employees is based upon the accumulation of contributions and investment earnings thereon, when the employee retires, subject to a guaranteed minimum benefit amount.

The severity of the market meltdown that occurred in 2008 and the impact to a university's financial situation depends on whether their pension fund is a defined benefit or defined

contribution plan. The risks and rewards of investment returns are borne by the employer with a defined benefit plan but with the pensioner with a defined contribution plan. Since Brock's plan is primarily a defined contribution plan (with a minimum guarantee component), the greatest impact is borne by the pensioners.

The "Report on the Actuarial Valuation for Funding Purposes as at July 1, 2008" shows the plan has a funding shortfall of \$4,203,000 at July 1, 2008 on an ongoing basis. So commencing July 1, 2008, the University was required to pay the estimated current service cost of \$606,000 and the minimum annual special payments to amortize the deficiency of \$421,000 for an annual payment of \$1,027,000. This is budgeted within the Human Resources department global budget. This annual payment is required until the next valuation on July 1, 2011. The greatest impact on the plan's funding shortfall was increasing salary wage costs and actuarial assumptions regarding life expectancies. As the next valuation is due as of 2011 the impacts to the funding of the pension plan and its impact to the operating budget will be known in early 2012. Given market conditions that have occurred since 2008, it is expected that the annual payments will be increased significantly. Budget impacts will be brought forward during the 2011-12 budget updates.

Other Non-Pension Post-Employment Benefits

The University also has a number of defined benefit programs that provide employees with benefits upon retirement or cessation of active service. Under the terms of this agreement, faculty retiring on or after July 1, 2006, are at least 55 years of age and have worked at the University for at least eight years are entitled to a health-care spending account (HCSA) of \$2,100 per annum, effective January 1, 2010 which increases to \$2,150 effective January 1, 2011.

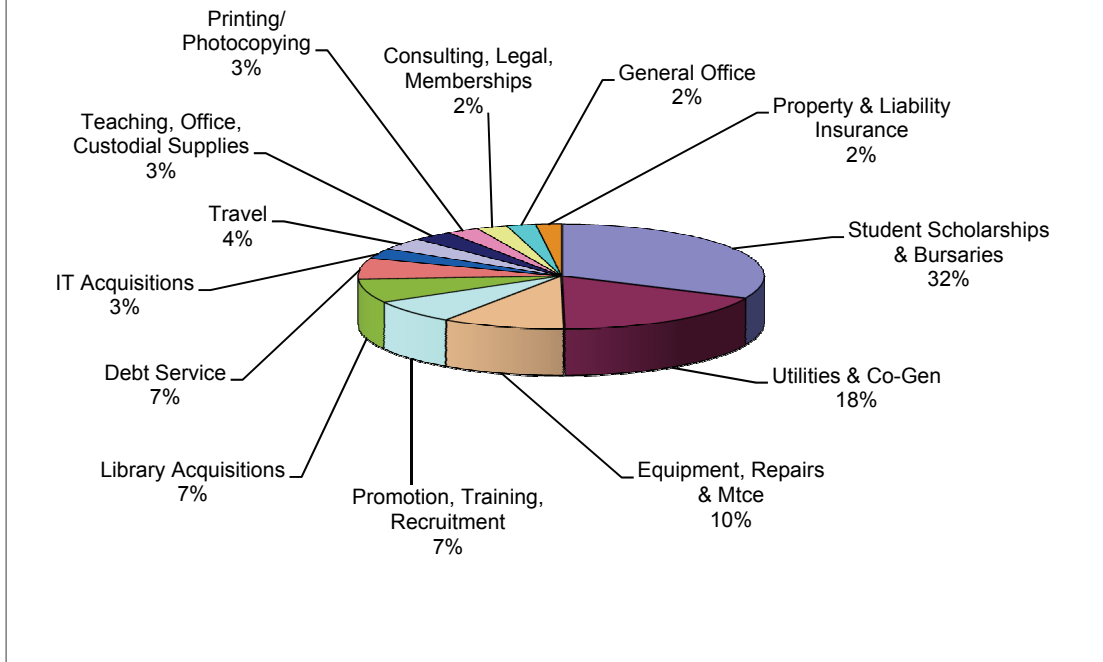
The cost of these programs is determined on an actuarial basis using the projected benefit method prorated on services and management's best estimates regarding assumptions about a number of future conditions including salary changes, withdrawals, mortality rates and expected health-care costs.

The budget or cash impact is relatively minimal with cash payments made annually. However, the audited financial statement impact is significant as liability and the amount to be expensed each year is determined actuarially. At the time of writing, the liability for April 30, 2011 was not known but actuarially determined amount of the liability as of April 30, 2010 was \$11 million and the expense recorded was \$2.8 million.

2) NON-SALARY COSTS

Non-salary expenses represent the remaining 18 per cent of the expenditures (excluding the expenses for gross ancillary operations and special purpose grants). Budget Developers have the flexibility to manage their non-salary budgets and therefore increases or decreases can vary within the categories but have not fluctuated greatly from year to year. The components of the non-salary estimates for 2011-12 are illustrated below.

2011-12 Non-Salary Costs



Debt Service Expenditures

The University has the following debt of \$32 million as at April 30, 2011:

- Residence buildings (Lowenberger/Earp) \$19.4 million
- St. David's Road property \$2.6 million
- CFHBRC building \$10 million

The interest and principle annual payments of about \$2 million for the Residence buildings are covered by the Residence operation. The St. David Road's payments of about \$305,000 annually are covered from the retail rent revenues at that location. The bridge-financing loan for the CHBRC is interest only and will be capitalized until June 2012. The interest and principle payments will be recovered from the fundraising campaign for that building.

In addition, the University has \$93 million of senior unsecured debentures. Proceeds from the debentures were used to refinance existing debt and new capital requirements. These funds were acquired at an annual interest rate of 4.967 per cent over a 40-year term, with the principal due as a bullet payment in 2045. A sinking fund has been established to ensure adequate funds are available to retire the debt in 2045.

The operating budget implications effective with 2006-07 were that the additional interest costs on the new debt acquired and the sinking fund contributions had been more than offset by relief of principal payment savings on retired debt by \$1,400,000. This savings will continue until such time that new debt service requirements from the operating budget are planned.

The annual interest payment on the \$93 million amounts to \$4.6 million and was allocated based on the loans refinanced or new capital acquired at that time. This interest payment and the annual sinking fund payment of \$475,000 is covered in the operating budget as follows:

Residence operations	\$2.5 million
Parking operations	.5
Central	<u>2.1</u>
Total	<u>\$5.1 million</u>

3) FUNCTIONAL DIVISIONS

ACADEMIC FACULTIES

The Academic Faculties include, Applied Health Sciences, Business, Education, Humanities, Mathematics and Science, and Social Sciences. The 2011-12 budget for these six Faculties amount to **\$108,874,659** or 48 per cent of total expenditures. The decrease in the Faculty of Education is due to the reduced expenses for a cost-recovery program for teacher education to reflect lower projected revenues. The Faculties have had base budget increases from known and estimated salary costs, additional faculty and staff complements and mid-year investments. These increases are partially offset by the target reduction of 1.8 per cent. Overall, the net increases to the base budgets are \$1,486,763 or one per cent over the 2010-11 approved budget.

Total salary and benefit costs for full-time and part-time salary groups amount to about \$106.6 million or 97.9 per cent of the total Faculty budgets. The budgeted salary costs include known salary increases for BUFA members which are the largest component of the salary and benefit budgets within the Faculties at an amount of about \$82 million.

Increases to staff and faculty complements have not occurred in recent years but the appointment of three new Deans results in three additional faculty complements added to the Faculty of Applied Health Sciences, Graduate Studies, and Mathematics and Science for 2011-12.

During 2010-11, new base funding of \$600,000 was added to the six Faculties, which included honouring commitments for spring/summer revenue-sharing and an allocation based on the methodology from the Brock resource allocation model (BRAM) that is currently under development. The following summarizes the new base budget allocations:

	Enrolment Commitments	BRAM Allocation	Total Budget Additions
Applied Health Sciences	88,395	32,865	121,260
Business		42,915	42,915
Education	62,992	19,556	82,548
Humanities	63,250	54,595	117,845
Math & Science	113,750	39,655	153,405
Social Sciences		82,027	82,027
Total	<u>\$328,387</u>	<u>\$271,613</u>	<u>\$600,000</u>

The target reduction for the six faculties amounted to \$1,873,787 or 1.8 per cent and was distributed as follows:

Applied Health Sciences	\$ 241,974
Business	293,065
Education	225,410
Humanities	347,702
Math & Science	289,706
Social Sciences	<u>475,930</u>
Total	<u>\$1,873,787</u>

ACADEMIC SUPPORT AND STUDENT SERVICES

Academic Support includes departments such as the Vice-President, Academic and Provost, Library (including acquisitions), Office of Research Services, Graduate Studies (including Fellowship bursaries), Co-op Services, the Centre for Teaching and Learning Educational Technologies, and Athletics.

Student Services includes the Associate Vice-President, Student Services, Registrar, Recruitment, Financial Aid (including undergraduate bursaries and scholarships), Off-Campus Housing, Student Development, Health Services, Career Services, International Recruitment, and International Services.

The 2011-12 budget is **\$35,308,993**, which includes a target reduction by departments of \$342,218 or 1.7 per cent. Therefore the net increase is \$202,431 or one per cent over the 2010-11 approved budget. Included is the required increase to undergraduate bursaries estimated at \$347,000. This is the 10 per cent set-aside from tuition increases in 2011-12 to be used for undergraduate bursaries as required by the provincial government

A large component of non-salary costs are included in this category for library acquisitions, graduate fellowships and undergraduate bursaries and scholarships. These costs have been excluded from the target reduction exercises as they meet the definition of “non-compressible”. For 2011-12, these budgets together total \$13,642,448 or 38.6 per cent of the total Academic Support and Student Services budget.

EXECUTIVE, ADMINISTRATION AND FACILITIES

This category includes campus-support departments such as Facilities Management, Campus Security, Information Technology services, the offices of the President and Vice-President, Finance & Administration, Finance and Procurement Services, Human Resources, Health & Safety, Internal Auditor, Institutional Analysis, Human Rights & Equity, the University Secretariat, Alumni Relations, Vice-President Advancement, Marketing Communications, and Development and Donor Relations. Also included are student and community support partial revenue generating services such as the Centre for the Arts, Recreation and Aquatics, and Community Services (Continuing Education, CATI, Brock One Card and Hospitality).

A large portion of this category includes University-wide budgets for facilities, infrastructure, utilities, co-generation plant, interest and debt service, audit, legal, consulting costs, pension, insurance, and health and safety.

The 2011-12 budget is **\$43,603,373**, which includes a target reduction by departments of \$475,629 or 1.8 per cent. Therefore the net decrease is \$395,891 or minus one per cent over the 2010-11 approved budget. The reduction is due to estimated utility savings of \$630,000 and a reduction to the branding budget of \$500,000. This is offset, in part, by the inclusion of increased costs of \$605,000 for Health & Safety positions and the prorated cost for the plant operating costs and facility manager and supervisor for the new CFHBRC building.

OTHER GLOBAL EXPENDITURES

The 2011-12 budget is **\$3,615,641**, which is an increase of \$1,868,687 over the 2010-11 approved budget. This category includes costs that are not specific to any one department or division, such as consulting and professional allowances. This category also includes global funds that are earmarked for specific purposes such as for salary increases until they are approved and budget transfers that are made to the specific department or division. There are no reserve budgets held in this category. The increase is due to the salary global budget and even though some negotiated salary increases were determined late in the fiscal year the budget transfers to departments had not been completed and therefore remain globally.

ANCILLARY OPERATIONS

Ancillary Operations include the gross expenses of the Bookstore, Print Shop, Parking, and Residences & Conference Services. Refer to the revenue section (page 30) for further information on gross expenses and net contribution for each category.

SPECIFIC PURPOSE AND OTHER GRANTS

The University receives a number of grants that are funded by the provincial or federal government for specific expenditures. Generally speaking, there are matching expenses of the same amount. Refer to the revenue section (page 29) for further information on the types of grants included in this category.



APPENDICES

- I Operating Budget
- II Timelines & Process
- III Definitions and Counting Students
- IV Enrolment Charts – Headcount
- V Enrolment Tables – Headcount, FFTEs, BIUs

BROCK UNIVERSITY OPERATING BUDGET

	2010-11 Approved Final Budget June-10	2010-11 Final Working Budget April-11	2011-12 Final Budget June-11	2011-12 Final Incr/(Decr) Over 2010-11 Approved Budget	
Revenues					
Student Fees					
Tuition Revenue	87,223,093	88,962,766	94,834,535	7,611,442	9%
Incidental Fees	2,426,100	2,426,100	2,278,500	(147,600)	-6%
Contribution from Other Tuition	836,685	836,685	1,004,374	167,689	20%
sub-total	90,485,878	92,225,551	98,117,409	7,631,531	8%
Operating & Other Grants					
Total Basic Operating Grant	71,933,948	71,933,948	71,517,907	(416,041)	-1%
Total Enrolment Based Grants	4,020,771	5,826,573	7,863,384	3,842,613	96%
General Access/ Quality Grant	3,954,226	3,954,226	3,791,087	(163,139)	-4%
Performance Fund	699,243	699,243	700,684	1,441	0%
Other Grants	793,830	839,280	738,400	(55,430)	-7%
sub-total	81,402,018	83,253,270	84,611,462	3,209,444	4%
Specific Purpose Grants					
Facilities Renewal Grants	563,000	608,500	608,500	45,500	8%
Federal - Indirect Costs Program	2,014,124	2,014,124	2,034,592	20,468	1%
Other Grants	3,603,308	3,590,325	3,345,204	(258,104)	-7%
sub-total	6,180,432	6,212,949	5,988,296	(192,136)	-3%
Gross Revenues from Ancillary Operations					
Bookstore & Printshop Operations	11,422,400	11,422,400	11,998,337	575,937	5%
Residences	13,372,826	13,372,826	13,920,660	547,834	4%
Conference Services	1,675,000	1,675,000	1,575,000	(100,000)	-6%
Parking	2,900,000	2,900,000	3,002,200	102,200	4%
sub-total	29,370,226	29,370,226	30,496,197	1,125,971	4%
Other Revenues					
Investment Income	1,250,000	1,250,000	1,250,000	-	0%
Rental & Sundry	2,616,600	2,631,600	2,974,000	357,400	14%
sub-total	3,866,600	3,881,600	4,224,000	357,400	9%
Total Revenues	211,305,154	214,943,596	223,437,364	12,132,210	6%

BROCK UNIVERSITY OPERATING BUDGET

	2010-11 Approved Final Budget	2010-11 Final Working Budget	2011-12 Final Budget	2011-12 Final Incr/(Decr) Over 2010-11 Approved Budget	
	June-10	April-11	June-11		
Expenditures					
Academic Faculties					
Faculty of Applied Health Sciences	13,270,168	15,044,981	13,482,195	212,027	2%
Faculty of Business	16,741,819	16,202,452	17,031,795	289,976	2%
Faculty of Education	15,190,816	17,187,789	15,021,704	(169,112)	-1%
Faculty of Humanities	19,546,497	20,015,690	19,911,056	364,559	2%
Faculty of Math & Science	16,191,961	17,438,031	16,419,828	227,867	1%
Faculty of Social Sciences	26,446,635	27,651,223	27,008,081	561,446	2%
sub-total	107,387,896	113,540,166	108,874,659	1,486,763	1%
Academic Support & Student Services					
Library Department	4,985,912	5,918,544	4,975,389	(10,523)	0%
Library Acquisitions	2,497,875	2,528,677	2,497,875	-	0%
Research & VP Research	1,593,795	1,745,272	1,516,385	(77,410)	-5%
Graduate Studies & Fellowships	5,376,441	5,296,285	5,328,127	(48,314)	-1%
VP Acad, Co-op, CTLET, Athletics, CARP	4,547,271	4,984,277	4,555,927	8,656	0%
Financial Aid - Set Aside	3,812,972	3,828,969	4,160,000	347,028	9%
Financial Aid - Operating Support	2,505,500	2,495,433	2,505,500	-	0%
AVP, Registrar, Recruitment, Support Student Services	9,786,796	11,127,271	9,769,790	(17,006)	0%
sub-total	35,106,562	37,924,728	35,308,993	202,431	1%
Executive, Administration, Facilities					
Facilities Mgmt Operating Costs	12,502,443	14,305,320	12,978,299	475,856	4%
Facilities Mgmt - Utilities & Co-gen Plant	5,351,512	5,389,774	4,731,634	(619,878)	-12%
Interest & Principal	2,248,271	2,248,271	2,282,271	34,000	2%
Campus Security, Emergency Management Plan	1,566,673	1,582,152	1,568,278	1,605	0%
Information & Technology Services/Acquisitions	7,327,601	8,996,333	7,343,435	15,834	0%
President & University Secretariat	1,402,007	1,453,052	1,389,889	(12,118)	-1%
Planning, Internal Audit and Human Rights & Equity	442,434	469,171	457,380	14,946	3%
VP Finance/Admin, Finance, HR & Health & Safety	7,113,466	8,374,628	7,262,811	149,345	2%
BCA, Recreation, Other Community Services	1,383,350	1,548,207	1,385,033	1,683	0%
VP Advancement, Develop., Alumni, Telegrad, Mktg & Comm.	4,661,507	4,806,071	4,204,343	(457,164)	-10%
sub-total	43,999,264	49,172,979	43,603,373	(395,891)	-1%
Gross Expenses from Ancillary Operations					
Bookstore & Printshop Operations	9,698,667	9,698,667	10,243,569	544,902	6%
Residences	13,367,488	14,698,488	13,920,404	552,916	4%
Conference Services	1,370,684	1,370,684	1,257,650	(113,034)	-8%
Parking	1,548,137	1,569,686	1,614,000	65,863	4%
sub-total	25,984,976	27,337,525	27,035,623	1,050,647	4%
Other Global Expenditures	1,746,954	4,120,283	3,615,641	1,868,687	107%
Specific Purpose Grants					
Facilities Renewal Grants	563,000	608,500	608,500	45,500	8%
Federal - Indirect Costs Program	2,014,124	2,014,124	2,034,592	20,468	1%
Other Grants	3,603,308	3,722,033	3,345,204	(258,104)	-7%
sub-total	6,180,432	6,344,657	5,988,296	(192,136)	-3%
Total Expenditures	220,406,084	238,440,338	224,426,585	4,020,501	2%
Difference between Revenue and Expenses	(9,100,930)	(23,496,742)	(989,221)	(8,111,709)	
Carry forward from 09/10 to 10/11		18,991,287			
Operating Deficit after Appropriations	(9,100,930)	(4,505,455)	(989,221)	(8,111,709)	
Accum. Operating Surplus/(Deficit), beginning of year	(2,805,221)	(2,805,221)	(7,310,676)	4,505,455	
Accumulated Operating Deficit, end of year	\$ (11,906,151)	\$ (7,310,676)	\$ (8,299,897)	\$(3,606,254)	

Brock University
Budget Development 2011-12
Timelines & Process



APPENDIX II

Town Hall Meeting with Faculty, Staff, Student Unions	Oct.25/10
Mid Year Budget Meetings	Nov.15-16/10
Open on-line 10/11 Budget Development to Budget Developers	Dec.1/10
Budget schedules available on Finance website	Dec.22/10
	<u>2011</u>
Finance distribute Permanent Employees on Benefits (Schedule 3) to Budget Developers	
Deans	Jan.12
All (except Deans)	Jan.14
Budget Developers submit Salary Schedule 3 to Finance:	
All (except Deans)	Jan.21
Deans	Jan.26
Residence Preliminary Budget submission (re: rate setting)	Jan.28
Review current status of 2011-12 Budget Development with:	
Senate Budget Advisory Committee	Mar.2
Financial Planning and Human Resources Committee	Feb.10
Board of Trustees	Feb.17
Meeting with Budget Developers to review Budget Timelines, Guidelines & Targets	Feb.14
Budget Developers submit Schedule 7/Minor Capital Renovation Requests directly to Facilities	Feb.28
Budget Developers submit Targets to Finance for meetings	Mar.4
Budget Developers submit Schedule 8/IT Project Requests directly to IT	Mar.9
Budget Developers submit 10/11 Year End Projections on-line	Mar.11
Finance compilation of Budget Developer's Targets	Mar.11
President and VPs meetings with Budget Developers to review Requested Budgets and Targets	Mar.14-25
Budget Developers submit completed Requested Budget (include remaining schedules) with Targets to Finance	Mar.25
On-line budget development access closed to all Budget Developers	Apr.1
Review status of 2011-12 Budget Development with:	
Financial Planning and Human Resources Committee	Apr.14
Senate Budget Advisory Committee	Apr.5, May 4
Board of Trustees	Apr.28
Finance compilation and analysis of 2011-12 Budget	Apr.29
Review "Draft" Final Budget with:	
Financial Planning and Human Resources Committee	May 19
Senate Budget Advisory Committee	May 20
Senate	Jun 6
Formal presentation and submit Final Budget for approval to :	
Financial Planning and Human Resources Committee	Jun 16
Board of Trustees	Jun 23
Approved budgets available to Budget Developers	Jun 30
Mid-Year Review - Budget Update and meetings	end of October
Review updated 2011-12 Budget with:	
Budget Developers	November
Senate Budget Advisory Committee	November
Review update 2011-12 budget and approval of variances with:	
Financial Planning and Human Resources Committee	November
Board of Trustees	November
Commence cycle for 2012-13	December

Definitions and Counting Students

There are essentially three major ways of measuring enrolment at a university in Ontario.

1. Headcount Enrolment:

A “snapshot” of the number of individuals who are attending the university at a particular point in time and the response to the commonly asked question: “How many students does Brock have?”

2. Full-Time Equivalent (FTE) Enrolment:

FTEs are used to provide enrolment expressed as the equivalence to full-time students. For undergraduate students, FTEs are calculated by dividing total course enrolments by 5 (the nominal load of a full-time student). Graduate students are counted on the basis of their registration status such that 1 full-time graduate student equals 1.000 FTE per term and 1 part-time graduate student equals 0.300 FTE per term. A graduate student registers for a summer session is reported as .5 FTEs.

3. Basic Income Units (BIUs):

BIUs are used in reporting enrolment to the Ontario government for funding purposes and represent a weighted enrolment measure. Thus, one FTE undergraduate student in the “Arts” represents 1.0 BIU if enrolled in a pass (three-year) program and 1.5 BIUs if an honours student. Certain programs have higher weights (e.g., Business is 1.5 and Education is 2.0); otherwise Year 1 students (regardless of program) have a weight of 1.0.

“Eligible” BIUs (and FTEs) are those which are associated with programs which have been approved by the Ontario government for funding purposes. Also, certain categories of students are “ineligible” (international, additional qualification and coop on work term being the three largest groups).

APPENDIX IV

ENROLMENT HEADCOUNTS

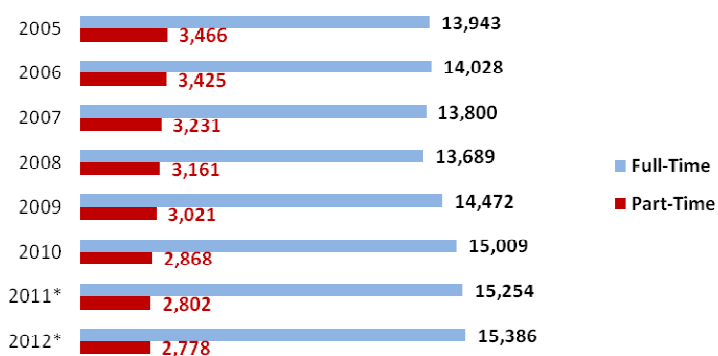
Total Headcount

Fall 2005 to 2010 Actuals
Fall 2011* and 2012* Projected



Total Headcount: Full-time and Part-time

Fall 2005 to 2010 Actuals
Fall 2011* and 2012* Projected



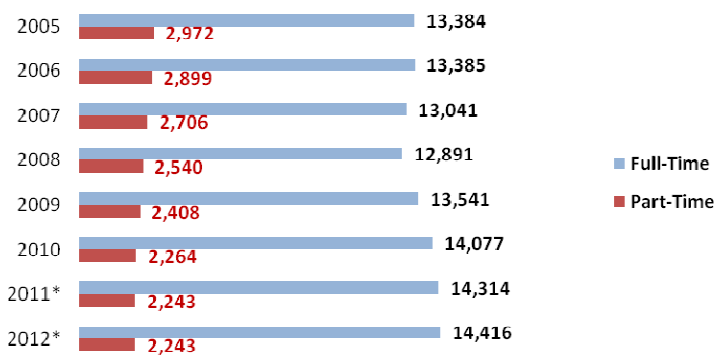
Undergraduate Headcount

Fall 2005 to 2010 Actuals
Fall 2011* and 2012* Projected



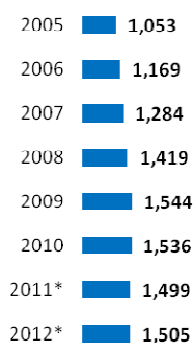
Undergraduate Headcount: Full-time and Part-time

Fall 2005 to 2010 Actuals
Fall 2011* and 2012* Projected



Graduate Headcount

Fall 2005 to 2010 Actuals
Fall 2011* and 2012* Projected



Graduate Headcount: Full-time and Part-time

Fall 2005 to 2010 Actuals
Fall 2011* and 2012* Projected



Enrolment Tables

Fall Head Count Enrolment

Year	Undergraduate			Graduate			Total		
	Full-Time	Part-Time	Total	Full-Time	Part-Time	Total	Full-Time	Part-Time	Total
2005	13,384	2,972	16,356	559	494	1,053	13,943	3,466	17,409
Change:	1	-73	-72	84	32	116	85	-41	44
2006	13,385	2,899	16,284	643	526	1,169	14,028	3,425	17,453
Change:	-344	-193	-537	116	-1	115	-228	-194	-422
2007	13,041	2,706	15,747	759	525	1,284	13,800	3,231	17,031
Change:	-150	-166	-316	39	96	135	-111	-70	-181
2008	12,891	2,540	15,431	798	621	1,419	13,689	3,161	16,850
Change:	650	-132	518	133	-8	125	783	-140	643
2009	13,541	2,408	15,949	931	613	1,544	14,472	3,021	17,493
Change:	536	-144	392	1	-9	-8	537	-153	384
2010	14,077	2,264	16,341	932	604	1,536	15,009	2,868	17,877
Change:	237	-21	216	8	-45	-37	245	-66	179
2011*	14,314	2,243	16,557	940	559	1,499	15,254	2,802	18,056
Change:	102	0	102	30	-24	6	132	-24	108
2012*	14,416	2,243	16,659	970	535	1,505	15,386	2,778	18,164

FFTEs (Fiscal Full-Time Equivalents)

Year	Undergraduate			Graduate			Total		
	Eligible	Ineligible	Total	Eligible	Ineligible	Total	Eligible	Ineligible	Total
2005-06	13,256.0	1,507.7	14,763.7	1,227.0	603.5	1,830.5	14,483.0	2,111.2	16,594.2
Change:	53	-41	12	52	173	225	105	132	236
2006-07	13,308.8	1,466.5	14,775.2	1,279.1	776.2	2,055.3	14,587.9	2,242.7	16,830.5
Change:	-445	-130	-574	198	20	218	-247	-109	-356
2007-08	12,863.9	1,336.8	14,200.8	1,476.9	796.5	2,273.4	14,340.8	2,133.3	16,474.2
Change:	-135	32	-103	245	29	274	111	61	171
2008-09	12,729.4	1,368.9	14,098.3	1,722.2	825.1	2,547.3	14,451.6	2,194.0	16,645.6
Change:	487.4	108.2	595.5	167.2	204.6	371.8	654.7	312.8	967.3
2009-10	13,216.8	1,477.1	14,693.8	1,889.4	1,029.7	2,919.1	15,106.2	2,506.8	17,612.9
Change:	468	34	502	-60	125	65	409	159	567
2010-11	13,685.0	1,510.7	15,195.7	1,829.8	1,154.7	2,984.5	15,514.8	2,665.4	18,180.2
Change:	189	17	206	50	-66	-16	239	-49	190
2011-12*	13,874.0	1,527.5	15,401.5	1,880	1,088.8	2,968.4	15,753.7	2,616.2	18,369.9
Change:	90	2	92	40	25	65	130	27	157
2012-13*	13,964.0	1,529.1	15,493.2	1,920.1	1,113.7	3,033.8	15,884.2	2,642.8	18,526.9

Yearly BIUs (Basic Income Units)

Year	Undergraduate			Graduate			Total		
	Eligible	Ineligible	Total	Eligible	Ineligible	Total	Eligible	Ineligible	Total
2005-06	18,541.0	2,402.0	20,943.0	1,393.0	667.0	2,060.0	19,934.0	3,069.0	23,003.0
Change:	93	-48	45	60	200	260	153	153	305
2006-07	18,633.9	2,354.4	20,988.3	1,452.6	867.3	2,319.9	20,086.5	3,221.7	23,308.2
Change:	-839	-204	-1,042	250	25	275	-589	-179	-768
2007-08	17,795.4	2,150.5	19,945.9	1,702.3	892.5	2,594.7	19,497.7	3,043.0	22,540.6
Change:	8	17	25	307	44	351	315	60	376
2008-09	17,803.8	2,167.1	19,970.8	2,009.4	936.1	2,945.4	19,813.1	3,103.1	22,916.3
Change:	811.6	-55.2	756.3	220.1	243.3	463.4	1,031.7	188.1	1,219.8
2009-10	18,615.3	2,111.8	20,727.2	2,229.5	1,179.4	3,408.9	20,844.8	3,291.2	24,136.0
Change:	654.4	206.9	861.2	-45.7	125.4	79.8	608.7	332.3	941.0
2010-11	19,269.7	2,318.7	21,588.4	2,183.8	1,304.8	3,488.6	21,453.5	3,623.5	25,077.0
Change:	265	25	290	97	-46	51.1	361.6	-20.7	340.9
2011-12*	19,534	2,344	21,878.2	2,280.8	1,258.9	3,539.7	21,815.1	3,602.8	25,417.9
Change:	122	3	124.4	54	-56	-1.5	176.0	-53.1	122.9
2012-13*	19,656.1	2,346.4	22,002.5	2,335.0	1,203.2	3,538.2	21,991.1	3,549.7	25,540.8

* = estimated