

Report on the Annual
Final Budget Estimates

2009 - 2010

June 25, 2009

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FOREWORD

This budget report is prepared annually and in a format consistent with previous years in order to enhance comparability. The report provides detailed information regarding the 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.

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.

This budget is intended as a "Final Budget". It is based on the best available assumptions concerning revenues and expenditures. 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 Office of the Associate Vice-President of Finance.

EXECUTIVE SUMMARY

For the first time since this new budget development process was initiated at Brock University in 2003-04, the 2009-10 Final Budget is not presented as an in-year balanced budget. This is very disconcerting. The 2009-10 Final Budget is presented with a projected accumulated deficit but also with a multi-year recovery strategy so that the operating budget will be back in balance by the end of 2013-14. This proposal is not presented without some trepidation, as Brock University has been required to present balanced budgets to the Board of Trustees. In addition, years of fiscally responsible spending from all Budget Developers has ensured that the university has not posted a year end actual shortfall since 2003-04.

It is unlikely that Brock would have been faced with a multi-year recovery plan had it not been for the global economic crisis that has exacerbated the financing challenges that we and all other universities were under. Brock's operating budget can no longer be balanced annually and will require a recovery plan linked to the next four-year economic cycle. Fortunately, Brock will begin this multi-year recovery plan with no accumulated operating deficit. Thus, Brock will join with many other Ontario universities that present multi-year budget plans and are allowed by their Boards to present in-year deficits as long as a plan is presented that will bring the university back into a balanced budget over a three to four year time horizon.

To address the fiscal situation for 2009-10, the university adopted a multi-year plan involving budget reductions and revenue enhancements, resulting in a balanced budget by 2013-14. Dealing with the matter over several years, rather than all in 2009-10, means that a modest operating deficit will accumulate for several years, but the University will be able to pay it off in subsequent years. Attempting to close the estimated financial gap of \$17.4 million in one year by a combination of ongoing expenditure reductions and recurring revenue increases would have done massive and probably irreparable damage to the University's operations. It is hoped that this multi-year recovery strategy provides time to be more creative in generating additional revenue and to allow for the revenue strategies to take hold. It will mitigate the need for budget reductions in the second and subsequent years of the exercise and provide flexibility for reversals of reduction strategies undertaken in the event that the economy and government revenues recover (with the hope that government will provide significant *ongoing* enhancements to universities).

In May 2009, the final 2009-10 base budget shortfall was at \$19.9 million, an increase over the \$17.4 million estimated shortfall in the fall of 2008. This increase is due to pension plan valuation costs identified in March and the additional branding investments approved in January. However, the revenue enhancement and expenditure reduction target exercise generated \$8.3 million, which was more than the planned target of \$7.7 million. As well, the 2008-09 year end savings projected during the March fiscal forecast and updated preliminary year end results is now estimated at \$2.8 million. This results in projected 2009-10 year end accumulated deficit at \$8.8 million. The multi-year plan presented to the Board of Trustees in February of this year estimated that this figure would be \$8.7 million. Therefore, we are currently on track for the first year of the multi-year recovery plan.

REVIEW OF THE OPERATING BUDGET SITUATION

In 2005-06, the operating budget was balanced. In 2006-07, the budget was balanced with an accumulated surplus resulting mainly from underspending in previous years.

In 2007-08, the University conducted its first reduction exercise since the current budget process was implemented in 2003-04. Even though Budget Developers demonstrated great cooperation and support in submitting budget reductions, it was not enough to close the shortfall. Therefore, the shortfall was closed within a level that could be managed with the accumulated operating surpluses (generated from the previous two years) that had been held in reserve for exactly this purpose.

Given the inherent difficulties and challenges that a budget reduction exercise causes in an organization and to avoid another target reduction exercise in 2008-09, the strategy to utilize one-time resources was used to balance the 2008-09 budget.

The one-time funds came from deliberately reserving of all available resources that were set aside from their original plan, all new grant announcements and utilizing the remaining accumulated surplus. This strategy ensured that all general operating surpluses generated at year end from underspending or through additional unexpected revenues were shared university-wide and that the distribution of global funds and reserves were first considered in light of the following year's budget pressures. These resources in 2008-09 amounted to \$12.6 million dollars.

The strategy of utilizing one-time resources to balance the 2008-09 budget reflected, in part, the way in which Ontario universities had been funded in previous years. A number of significant new one-time grants were provided to Ontario universities. This funding was welcomed and needed, however, given its one-time nature it made assumptions concerning future funding streams uncertain.

Given that these financial pressures were not unique to Brock but exist at all Ontario universities, we remained hopeful that provincial government funding would soon be on-going with annual escalation increases. Those hopes were dashed once the global economic crisis hit.

With the "savings account" being depleted in balancing 2008-09, we begin 2009-10 with a 2008-09 base shortfall of \$12.6 million. Adding to that were inflationary costs on the expenditure base, which were only minimally offset by the additional revenue from government-controlled tuition rate increases. Assuming a stable enrolment base and level government funding, the projected shortfall for 2009-10 was estimated, in late November, 2008, at \$17.4 million.

GLOBAL ECONOMIC CRISIS AND IMPACT ON BROCK

The economic financial impact varies among universities depending on asset mix and equity exposure of endowment, pension and other investments held. We will review how the economic crisis has impacted Brock.

Endowment

Unlike Canadian universities with large endowments, Brock was not dependent on endowed funds to support the operating budget. Other universities have suspended or reduced their payout. Brock's 2009-10 payout rate in support of bursaries and scholarships was reduced from 4.5% to 3%. This distribution from the endowment fund will not be covered by the operating fund but will have to be recovered by future earnings of the endowment fund.

Pension

The severity of the impact to a university 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.

Brock's pension plan valuation was due as at June 30, 2008. The "Report on the Actuarial Valuation for Funding Purposes as at July 1, 2008" shows the Plan had a funding shortfall of \$4,203,000 at July 1, 2008 on an ongoing basis. In comparison, the actuarial valuation report for July 1, 2005 indicated that the Plan had a funding excess of \$1,743,000 and an unfunded liability of \$1,162,000 at July 1, 2002.

Since the Plan is back into a funding shortfall, the University is required to fund the minimum guarantee service costs. Commencing July 1, 2008, the University was required to pay an annual payment of \$1,027,000. This annual payment is required until the next valuation in 2011. The greatest impact on the Plan's funding shortfall was increasing salary wage costs and actuarial assumptions regarding life expectancies. Even though market values did have some impact since the 2005 valuation, the market meltdown will have a much larger impact on the actuarial valuation if markets have not substantially recovered by the next valuation due in 2011.

Debt Management

There has been no impact on current debt service obligations as the majority of all debt obligations are long-term and the current debt due in December 2009 is fully funded with a sinking fund.

Short-term Investments

No surplus cash funds were held in assets in the equity market. However, the fixed income portfolio has had to be closely monitored and managed to minimize any realized losses from raising cash prior to maturity of the bonds. It is expected that investment income will likely decline in the near future with expected lower returns and surplus cash eroding.

Provincial Funding

As all Canadian universities are dependent on provincial funding, forecasts of provincial budgets will have the largest impact on revenue projections. General purpose provincial grants represent about 50% of Brock's operating budget revenue. As a result of the global economic crisis and its impact on the Ontario economy, it was unlikely that the provincial government will be in a position to increase base operating budgets or provide the one-time funding from year end flexibility that we have become dependent on in the last few years.

However, given the financial needs of Ontario universities, the province did announce in their March 26, 2009 provincial funding one-time operating budget relief. We are very grateful for this one-time 2008-09 year end funding of \$1.7 million that has certainly alleviated costs in that fiscal year. It has helped Brock preserve a year end operating surplus that will be used to offset the sizable 2009-10 gap. Again, since this funding is one-time we cannot assume a recurrence in 2009-10 and the best we can expect for 2009-10 is level funding.

FUTURE OUTLOOK & MULTI-YEAR RECOVERY STRATEGY

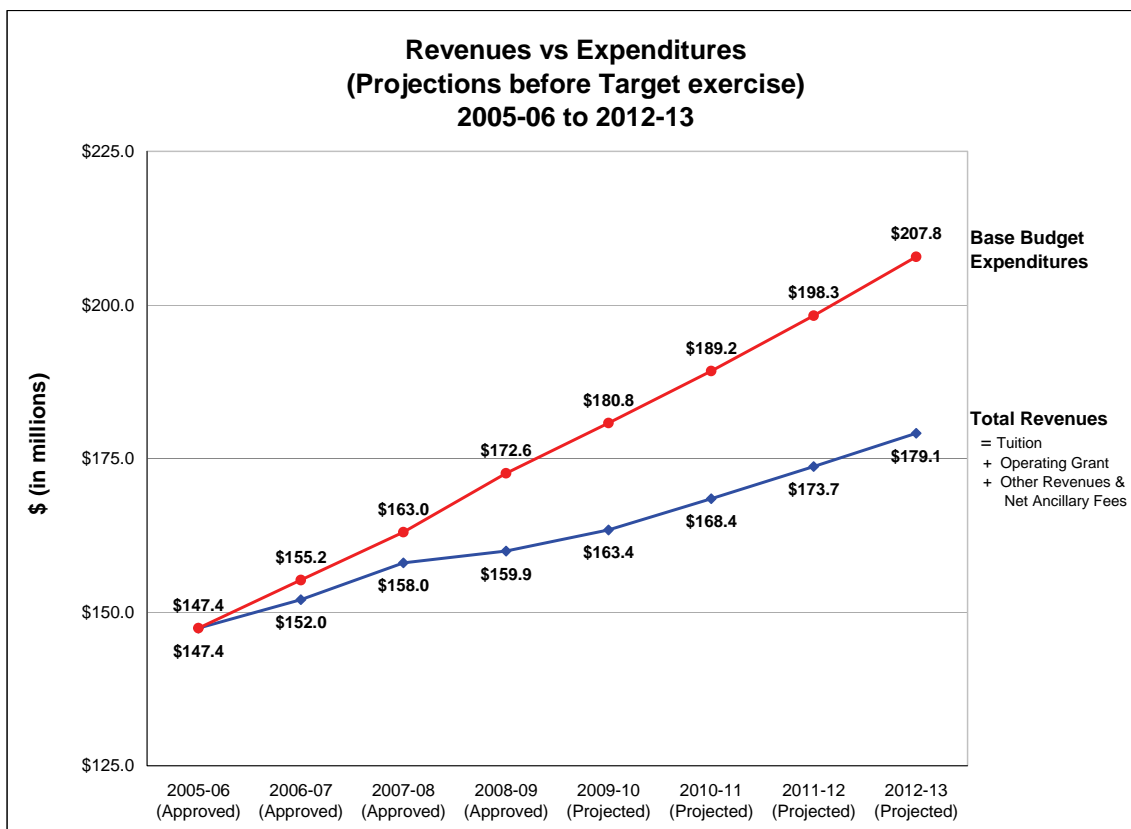
For the next four years, the financial challenges are significant if not daunting. Understanding the challenge in balancing the operating budget can be best understood by examining the major elements that impact revenue and expenditure estimates.

Salary and benefit costs account for almost 80% of total operating budget expenditures. The salary and benefit costs are predictable and inflationary. It is currently assumed that these inflationary costs alone will average 5% to 6% per annum.

Combined revenues from provincial operating grants and tuition fees account for almost 80% of the total operating budget revenues. The majority of provincial grants are known but not inflationary. Also, any additional grants in recent years have been provided on a one-time basis. We have assumed that some modest increase in government operating grants will occur beginning in 2010-11.

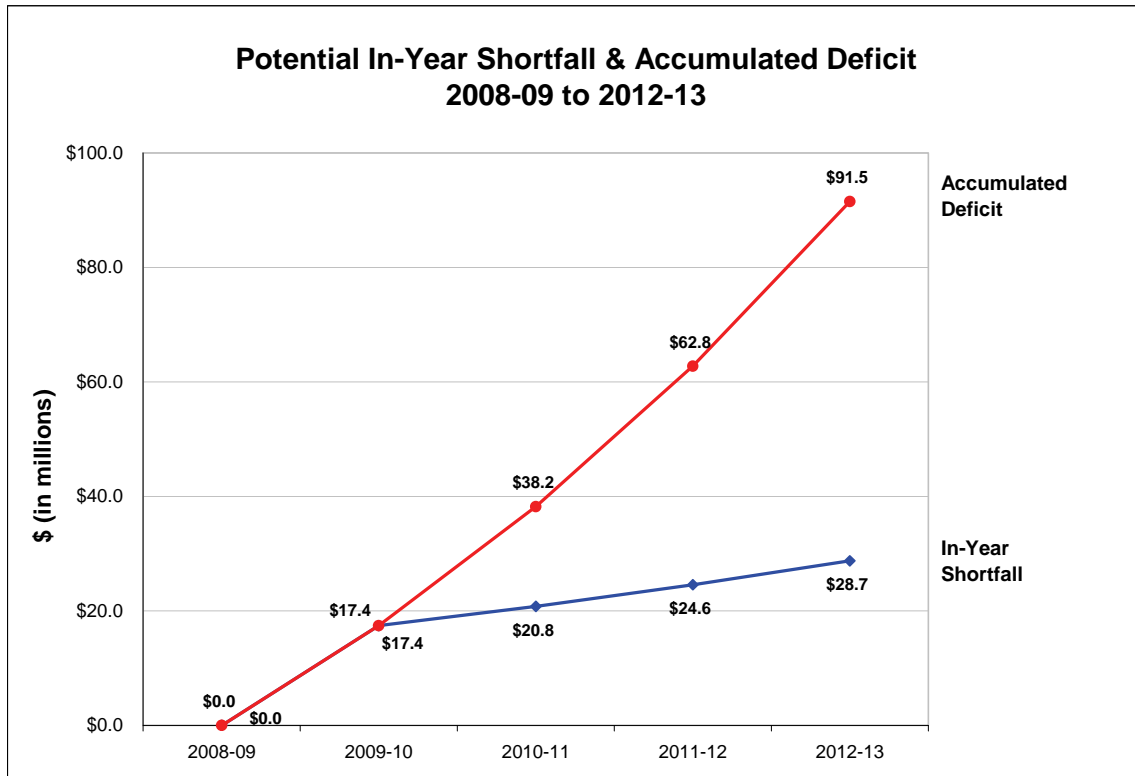
Tuition revenue changes from enrolment activity are predictable as they are within the control of the university and supported by the enrolment model. Tuition rates are only predictable once announced by the government. The current government tuition policy ends in 2009-10. However, we have assumed that the government's tuition policy will continue and will generate additional tuition revenue of 4.5%. Enrolment levels are assumed to be level.

Given these assumptions, the gap between revenues and expenses will increase significantly as inflationary costs continue to outpace additional tuition rate increases on a stable enrolment base. This gap exists even after assuming moderate increases to government funding beginning in 2010-11. The following chart depicts how the gap between revenues and expenses will continue to widen with each passing year if no action is taken.



FUTURE OUTLOOK & MULTI-YEAR RECOVERY STRATEGY, continued

The next chart demonstrates how each in-year shortfall will add to the accumulated deficit which could potentially rise to \$92 million by 2012-13 million, if no action was taken.



Obviously, a potential \$92 million accumulated deficit is unacceptable for the future well-being of Brock University as we must keep the University on sound financial and academic footings for future generations. Immediate reductions are not desirable but necessary.

However, eliminating the projected shortfall in 2009-10 of \$17.4 million all in one year would cause severe damage to the University as it represented an 11.5% reduction. Therefore, a strategy to recover the 2009-10 shortfall, and each subsequent year's annual shortfall over the four -year economic cycle, was proposed.

This strategy attempts to minimize the adverse effects in the earlier phases of a multi-year strategy to the students, staff and faculty and to the quality of teaching and learning, particularly with attention to the academic mission.

FUTURE OUTLOOK & MULTI-YEAR RECOVERY STRATEGY, continued

In order to achieve a balanced budget over the course of the economic cycle, a combination of revenue enhancements and cost reduction initiatives will be required in each of the next four years. The estimated in-year shortfall (current year expenditures in excess of current year revenues) will average about 3%. In order to balance the annual budget shortfall and repay the accumulated operating deficit over the next year and several subsequent years, an annual increase to revenues or reduction of expenditures by about 5% in each of the next four years is required.

If the assumptions concerning revenues and expenses hold true and 5% revenue enhancements or expenditure reductions are achieved, then by 2012-13 revenues begin to outpace expenditures, which will continue into 2013-14.

This strategy will result in an accumulated deficit being incurred in 2009-10 of just under \$9 million, rising to about \$13 million in 2010-11 and 2011-12. Then, as revenues exceed expenses, the accumulated deficit will begin to decrease in 2011-12 to about \$8.5 million and is projected to be eliminated by the end of 2013-14.

When the government is in a position to increase university ongoing revenues, our university we will be better poised to use those additional revenues to make strategic investments to develop the University for having gone through this target reduction exercise.

In order to address this multi-year recovery plan a number of strategies are currently underway:

- In July, 2008 the Resource Allocation Working Group (RAWG) co-chaired by the Dean, Faculty of Education and the Associate Vice-President, Finance was formed to develop the Brock University Resource Allocation Model (BRAM). In early March 2009, RAWG presented their "Report on the Brock Resource Allocation Model" to the President, Vice-President Academic and Vice-President Finance & Administration. This report presented an "Alpha" version of BRAM which is intended to be a transitional model which will move the University from a historically based incremental budgeting system to a fully developed activity-based budget system in a Beta version. In May, 2009 RAWG II was formed and will continue to work throughout 2009-10 on this Beta version. One outcome of RAWG II will be the development of a model that will provide a shadow budget for the 2010-11 budget.
- In the fall of 2008, a Revenue Generation and Cost Containment Strategies Task Force, chaired by the Vice-President, Finance & Administration was formed and continues to meet on a regular basis. The Task Force developed a number of ideas during the fall meetings, as well as those submitted and encouraged from the Town Hall meetings and in the President's community message of March 3, 2009. During 2009-10, this committee will continue to meet and begin establishing working groups with the responsibility for putting these various ideas into action.

FUTURE OUTLOOK & MULTI-YEAR RECOVERY STRATEGY, continued

- In January 2009, the Board of Trustees, Trustees Emeriti and the President's National Advisory Council held a strategic retreat which focused on the financial challenge facing the University and on generating imaginative ideas. These ideas were summarized by the President's Office and the Vice-President, Finance & Administration brought them forward to the Revenue Generation and Cost Containment Strategies Task Force for discussion and possible action.
- A number of strategies are being explored with the bargaining units to collectively find ways to remove barriers that inhibit flexibility in managing the day-to-day operations of the university (e.g. class schedules). It is hoped that these university-wide initiatives will help to minimize the impact of future across-the-board reductions on departments and divisions.
- Brock will continue to develop a culture of open dialogue and transparency so that the Brock community will actively work together in a collegial way to find creative ideas and initiatives that could produce other revenue streams two, three or four years hence.

2009-10 REVENUE AND REDUCTION TARGET STRATEGY

The decision to undertake a budget reduction exercise is not an easy one. Since 2003-04 when this budget development process was initiated, the first reduction exercise took place for the 2007-08 budget. As previously noted, a similar process was not undertaken during 2008-09 as all available resources were used to balance that year. Also, as previously explained, the future financial sustainability of the university would be in jeopardy if some immediate action was not undertaken. Even with the inherent difficulties and challenges that a budget reduction exercise causes in an organization we cannot sacrifice the future of the University in order to relieve ourselves of responsibility for completing this difficult exercise.

Even though this exercise may be relatively new for Brock, it certainly has been an on-going practice for years at many other universities. Under our current budget model all resources for salary increases and positions are centrally funded. Additional 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.

Given that some departments and divisions have more opportunities to generate revenues and some others have limited opportunity to reduce costs, an across-the-board mandatory cut was not undertaken. Rather, a strategic approach was taken in order 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.

If the target reduction had been an across-the-board cut, then 5% would have been required from all units. However, a target of 7% had been requested of all units. As implications were considered, some units experienced a target greater than 5% and some less. This ensured that, on average, the 5% target requirement for 2009-10 was met.

As well, Budget Developers were provided the opportunity to identify 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 were excluded from the target exercise.

During March 2009, Budget Developers had the opportunity to present their revenue enhancement and expenditure reduction targets directly to the President, Vice-President, Academic and Vice-President, Finance & Administration and to discuss how the targets will impact students, services, programs and enrolments. The Associate Vice-President, Academic, Associate Vice-President, Finance and the Budget Administrator were also in attendance. Each and every unit participated cooperatively and was collegial throughout this exercise.

2009-10 REVENUE AND REDUCTION TARGET STRATEGY, continued

Non-salary budgeted expenditure reductions included adjusting discretionary budgets (such as equipment, postage, travel & conferences, printing, photocopying) and reductions to other non-essentials (e.g. food at meetings). Part-time budgets included adjustments to actual activity levels. Full-time salary budget changes involved adjusting budgets to reflect savings from retirements and starting salaries, voluntary reductions and delayed hires. The main types of revenues enhancements include service fees and rate and activity increases.

A summary of the Faculty targets selected were detailed and shared with the Senate Budget Advisory Committee in early May. Also, Faculties were given tuition credit for any agreed upon fall intake targets and increases to spring/summer enrolments. Of the targets selected for the Faculties, consideration was given to minimizing the impact on several core mission requirements, based on input from 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 and both full-time 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 at 2008-09 levels

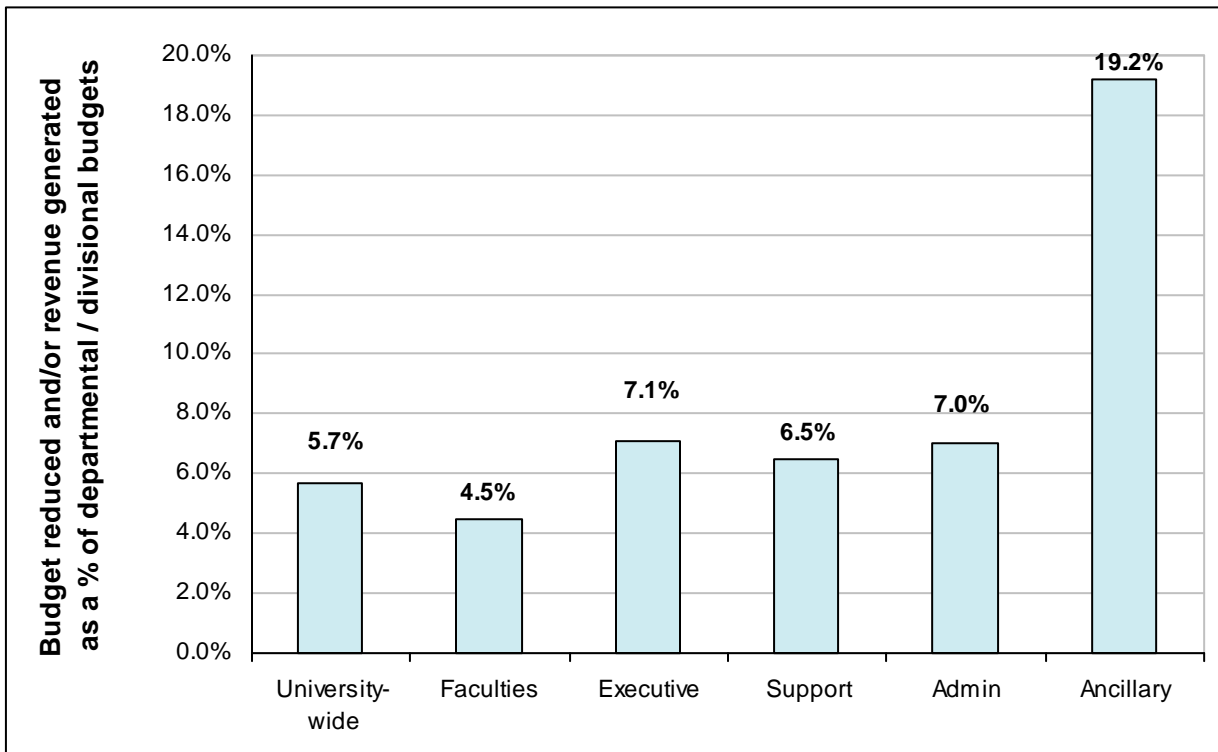
Except for the financial commitment, Budget Developers will have the flexibility to amend the nature of their targets. As these scenarios were presented in early March, the nature of the budget reductions and/or revenue enhancements may change depending on year end results, activity shifts or other budget changes and assumptions that typically occur.

As well it is our plan throughout 2009-10 to monitor the impact that these reduction targets have actually had on students, services, programs and enrolments. Also, in preparation of the following year's process, the revenue and expense assumptions will be revisited and we will evaluate the impact of the target reductions as we look forward to 2010-11.

The 2009-10 average target came in slightly higher than planned, at 5.7%. This amounts to \$8.3 million, \$6.9 million in expenditure reductions and \$1.4 million in ongoing increased revenues. This 5.7% was not evenly distributed across all sectors of the University. The budget exercise was limited to 4.5% in the Faculties (rather than the 5% originally announced) because other units outside the Faculties contributed 8.1% in reduced costs and/or revenue enhancements.

2009-10 REVENUE AND REDUCTION TARGET STRATEGY, continued

The following chart summarizes the targets selected, by functional area, as a percentage of the departmental/divisional budgets.



The targets selected included a combination of revenue enhancements, on-going budget reductions and one-time budget reductions as consideration was given to the implications of the target reductions identified. The following table summarizes these target combinations in terms of dollars by functional area:

Functional Area	On-going Expense	One-time Expense	On-going Revenue	Total Target	%
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 University Wide	\$5,330,988	\$1,517,772	\$1,444,860	\$8,293,620	5.7%

OVERVIEW OF THE 2009-10 BUDGET

In November, 2008 preliminary budget revenue estimates and projected expenditures were developed. By mid-December, 2008, preliminary financial information was shared with Budget Developers. During the period of February to April 2009, budget submissions were completed and reviewed for completeness. By the end April 2009 final calculations of university wide expenditures and revenue budgets were completed. By mid-May 2009, summary university financial budget information reports and year-over-year summaries and analysis were prepared to verify and confirm the preliminary budget estimates.

The draft final budget was presented at the May meeting of the Financial Planning, Audit and Human Resources Committee and included an analysis that highlighted the differences between the preliminary estimates and this Final Budget. For details refer to *Appendix I*.

Currently, the 2009-10 accumulated deficit is projected to be \$8,887,949, which is consistent with that presented to the Financial Planning, Audit and Human Resources Committee in February.

The following summarizes the changes in the major assumptions in projecting the 2009-10 projected shortfall:

	Preliminary	Final
	<i>Figures in (000's)</i>	
08-09 Base Budget Shortfall (balanced with one-time funds)	\$(12,653)	\$(12,653)
Revenue Projections:		
Tuition Revenue increases	3,427	3,985
Government operating grant increases	-	171
Total Incremental Revenues	3,427	4,156
Expenditure Projections:		
Inflationary on-going increases to base expenses	(7,704)	(9,016)
Branding Investments	(495)	(1,411)
Pension Plan Valuation Costs	-	(1,027)
Total Incremental Expenses	(8,199)	(11,454)
09-10 Shortfall, before target reduction & savings	\$(17,425)	\$(19,951)
Target Reduction 09-10	7,685	8,294
Expected 08-09 year end surplus	1,000	2,769
Projected 09-10 Base Budget Shortfall	\$ (8,740)	\$ (8,888)

OVERVIEW OF THE 2009-10 BUDGET, continued

Summary

The final tuition revenues produced a positive variance of \$558,021 from a combination of rate and activity. There was a very slight decrease in the assumed average rate increase of 4.48% (versus the 4.5% originally assumed). Also, there is an increase in activity as a result of ACID's enrolment model which is now forecasting activity levels slightly above 08-09 actual results.

The base operating grants are projected to remain unchanged. The two grants that do move with growth are Nursing and Graduate expansion. Slight increases are projected.

Final salary estimates are projected to be above the preliminary estimate by \$591,105 and the graduate fellowship budget required an additional base funding increase of \$158,195. Other contractual obligations were specifically identified through the 09-10 budget development process by Budget Developers and, although individually not significant, amounted to \$562,586. Thus, total variance on expenditures amounted to \$1,311,886.

Branding investment costs include the additional amounts approved in January to the "Bring the Brock Brand to Life" budget. The amount of \$916,000 is in addition to the preliminary approval made at the mid-year review. The total amount of \$1,411,000 includes costs for the brand repositioning "umbrella" and the undergraduate recruitment media campaigns.

The pension plan has a funding shortfall of \$4,203,000 at July 1, 2008 on an ongoing basis. Commencing July 1, 2008, the University is required to make an annual payment of \$1,027,000.

The final results of the reduction and revenue enhancements represent a total of \$8,293,620 (includes, one-time expenditure reductions of \$1,517,772, on-going revenue enhancements of \$1,444,860, and on-going expenditure reductions of \$5,330,988).

At the time of writing, the 2008-09 operating results were still being finalized. However, as reported in the March fiscal forecast, an operating budget improvement of \$1,806,558 was projected as well as confirmed savings in a number of department budgets and additional other revenues. This improvement is now estimated at \$2.8 million. These preliminary year-end results are still subject to other potential year-end adjustments and the external audit, which commenced in early June 2009.

BUDGET DEVELOPMENT, PROCESS AND GUIDELINES

The current budget development process was first initiated at Brock University for the 2003-04 budget year. Overall the process has remained relatively consistent, but changes and improvements to the process have evolved.

The following section provides background and review of the 2009-10 budget development process, guidelines, timelines, fiscal forecast process and the development of the annual enrolment/revenue model.

BUDGET PRINCIPLES & GUIDELINES

The following principles and guidelines were shared by the President, Vice-President Academic and Vice-President, Finance & Administration to Budget Developers in January, 2009.

Principles:

1. The fiscal capacity of the University.
2. The operating budget is balanced over a 4-year economic cycle 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 sustains the academic plan as articulated in the Brock 2014 “*knowledge, engagement, transformation*”.
5. In support of the development of the new Brock resource allocation budget model.
6. Undergraduate and graduate enrolment activity will be increased or, at a minimum, maintained at current target levels.
7. Revenue generating activity and entrepreneurial efforts are strongly encouraged through revenue sharing arrangements.
8. Encourage innovation and long-term planning toward becoming a comprehensive and research-intensive institution.
9. 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 current projected in-year shortfall between incremental 2009-10 expenditures and revenues, in addition to an amount that recovers a portion of the 2008-09 base structural shortfall will be closed through savings targets of 7%.
2. Savings targets are defined as a combination of additional net new external revenues and cost reductions to the University’s current operating budget.
3. The 2008-09 base budget will be defined as the Board of Trustees approved 2008-09 budget including any on-going approved budget reallocations but excluding non-compressible budgets. The Budget - Finance Department will confirm the base amount.
4. 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).

BUDGET PRINCIPLES & GUIDELINES, continued

5. Savings targets that may occur to base budgets will consider the following:
 - i. Impact on students, programs and services;
 - ii. One-time savings that will enable bridging to permanent reductions;
 - iii. Plans that include a multi-year (2-3) graduated saving strategy.
6. Permanent salaries and benefits costs will be calculated by Human Resources & Budget – Finance and will include additional faculty and staff positions previously approved.
7. Faculty and staff positions will be, as an initial starting point, at the 2008-09 complement levels. They will not be increased, except where it can be demonstrated (and as normally approved by the reporting Vice-President), that new positions are created from existing on-going salary budgets.
8. Vacant or retiring 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.
9. New budget requests and new initiatives that are self funded or generate net new external revenues will be considered.
10. Minor capital requests 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 for central funding that are essential for programs and services will be collected and submitted to Information Technology Services for review and prioritization.

BUDGET PROCESS & TIMELINES

The “Timelines and Process for 2009-10” (*Appendix II*) 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 regular and special steps taken between December 2008 and May 2009 to keep Budget Developers and constituents informed:

Planning Stages with Budget Developers

- In mid-December, 2008, preliminary financial information was orally shared with Budget Developers.
- An overview of the world economic situation and its impact on Bock University was presented to the Board of Trustees at the Strategic Issues Session held on January 8, 2009.
- On January 15, 2009, a memorandum was issued to Budget Developers from the President, Vice-President, Academic and Vice-President, Finance & Administration explaining the budget situation along with the timelines and process, and the 2009-10 “Budget Development – Principles & Guidelines” which provided guidance for Budget Developers in preparing their submissions.

BUDGET PROCESS & TIMELINES, continued

Communication with Constituents

- On January 19, 2009, a “Message from President Jack Lightstone” was issued to the Brock community.
- Also, in January, further meetings were held with Budget Developers and the Senate Budget Advisory Committee to review the world economic situation and the financial impact on Brock, the required target savings exercise, timelines & process and budget principles & guidelines.
- As well, meetings were held with the Faculty Association and staff unions to review information regarding the 2009-10 Budget Development process.
- In February, the President conducted five separate Town Hall sessions to faculty, staff, and student organizations.
- In February, budget development updates were provided to the Financial Planning, Audit & Human Resources Committee and to the Board of Trustees to review the details of the preliminary budget estimates, and the financial gap.
- Specific meetings were held between the President and Vice-President, Finance & Administration with the executive members of the Faculty Association, staff unions and student organizations.
- As a follow up to the Town Halls, President Jack Lightstone issued a message to the Brock community on March 3, 2009.

Budget Development and Meetings

- Budget Developers had the opportunity to present their revenue enhancement and expenditure reduction proposals directly to the President, Vice-President, Academic and Vice-President, Finance & Administration and to discuss how the targets would impact students, services, programs and enrolments. These meetings were held during the week of March 9-13th.
- The Vice-Presidents and President held several meetings and reviewed in detail all revenue enhancement and expenditure reduction proposals and then selected targets in consideration of the implications identified.
- Subsequent budget meetings were conducted with Budget Developers to share, at a very summary level, the targets selected.
- Budget Developers were advised individually of the revenue enhancement and expenditure reduction targets selected by the President, Vice-President, Academic and Vice-President, Finance & Administration.

Budget Decisions and Follow-up

- In April, the Financial Planning, Audit & Human Resources Committee and the Board of Trustees were updated on the revenue enhancement and expenditure reduction targets.
- During early April, Budget Developers were completing the budget schedules and entering their budget requests to the on-line BUDDE system. Final submission of the departmental and divisional 2009-10 budget requests was completed by mid-April.

BUDGET PROCESS & TIMELINES, continued

- Throughout March, the Revenue Generation and Cost Containment Strategies Task Force, chaired by the Vice-President, Finance & Administration continued to meet. The Task force reviewed ideas developed during the fall meetings, as well as those submitted and encouraged from the Town Halls and contained in the President's community message of March 3, 2009. In addition, the Task Force reviewed the suggestions brought forward from the Board of Trustees' strategic session held in January 2009.
- After the provincial budget, the Ministry issued a memo (on March 31, 2009) outlining 2008-09 one-time year end funds that would be available to universities. To explain the funds available to Brock and the impact that these funds may have on the 2009-10 budget, President Jack Lightstone issued a message to the Brock community on April 3, 2009.

Budget Finalization

- The Advisory Committee on Institutional Data (ACID) completed its enrolment and revenue projections by the end of April 2009.
- By late April, all budget submissions had been reviewed and checked for completeness and accuracy by the Budget Administrator. Final calculations of university wide benefits and global expenditure and revenue budgets were finalized.
- By mid May, summary university financial budget information reports were prepared and reviewed by the Budget Administrator and the Associate Vice-President, Finance. Year-over-year summaries and analysis were prepared to verify and confirm preliminary budget estimates.
- As in previous years, a draft final budget was presented at the May meeting of the Financial Planning, Audit and Human Resources Committee. The draft final budget was also shared with Budget Developers, the Senate Budget Advisory Committee and other key constituents.

FISCAL FORECAST PROCESS

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

The “2008-09 Final Budget Estimates” report was presented and approved at the June 26, 2008 meeting of the Board of Trustees. Fiscal Forecast reports were made regularly to the Board of Trustees throughout the year, as changes in revenues and expenditures estimates occurred as follows:

- The first fiscal forecast occurred at the mid-year budget review. This provided an opportunity for Budget Developers to analyze financial changes that had occurred since the final budget estimates were determined and approved in June. It was assumed that the approved budget would suffice if no mid-year review adjustments were requested and it was expected that Budget Developers absorb and manage minor variances. Budget Developers had the opportunity to voluntarily meet with the Vice-Presidents and President to present their mid-year review request. The “2008-09 Mid-Year Budget Review” report was submitted to the Board of Trustees in early December 2008.
- The next fiscal forecast report occurred as of March 31. Budget Developers completed this phase of the annual fiscal forecast in conjunction with the next year’s budget development. During this process they were required to include projections of the current budget to the end of the fiscal year.
- Annually the final fiscal results are presented to the Board of Trustees at its June meeting and the audited financial statements are presented and approved at the first Board meeting in September.

ENROLMENT/REVENUE MODEL

An important part of the budget process is the development of the enrolment projections.

Senior Management develops enrolment targets through consultation with the Deans. The targets are then used by The Advisory Committee on Institutional Data (ACID) to update its enrolment and revenue model.

The Advisory Committee on Institutional Data (ACID) is responsible for developing an annual enrolment/revenue model which informs the enrolment and revenue (tuition and grant) projections that are incorporated into the annual budget process.

The enrolment/revenue model has undergone continual re-development and refinement as actual experiences of the previous year are examined and new information becomes available. Along with the mandate for enrolment/revenue projections, ACID is required to develop a means to more directly and clearly relate actual revenue received to activity levels reported and so estimates from this model are continually monitored against actual results and communicated through the fiscal forecast process.

For 2009-10 projections, additional modifications to the model were made. Students taking a coop work term in either the Fall or Winter term were excluded, and Domestic 101s (admitted direct from High School) who were admitted full time but registered with a part time course load in their initial year were added.

As usual, the Committee developed enrolment scenarios which were 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; and
- e) Graduate students.

As has been the case since the 2005-06 projections, excluded from the projection model are programs subject to “special arrangements”, such as the ISP (International Student Programs), IELP (Intensive English Language Program), and Education In-Service programs.

ENROLMENT/REVENUE MODEL, continued

The following chart displays the 2009-10 projections relative to the change over the 2008-09 actuals.

2009-10 Projections (change over 2008-09 actuals)				
Category:	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:	21	\$279,443
	Grant	BIUs:	32	\$0
	Total:			\$279,443
1.1.3 VISA	Tuition	FFTEs:	35	\$444,607
	Grant	BIUs:	-	-
	Total:			\$444,607
1.1.4 NURSING	Tuition	FFTEs:	17	\$80,343
	Grant	BIUs:	33	\$130,152
	Total:			\$210,495
1.1.5 Total, Undergraduate:	Tuition	FFTEs:	72	\$804,393
	Grant:	BIUs:	65	\$130,152
	Total:			\$934,545
1.2 Graduate (FFTEs shown are Eligible and Ineligible; BIUs are Eligible only)	Tuition	FFTEs:	82	\$335,516
	Grant	BIUs:	72	\$225,770
	Total:			\$561,286
1.3 Total, All Activity (Before adding in tuition rate changes)	Tuition	FFTEs:	154.74	\$1,139,909
	Grant	BIUs:	136.32	\$355,922
	Total:			\$1,495,831

2009-10 BUDGET – FINANCIAL HIGHLIGHTS

Full financial details for the total 2009-10 revenue and expenditure estimates are provided in **Appendix I**. Comparative information includes the Approved “Final” Budget as approved by the Board of Trustees in June, 2008. New this year is the comparison to the adjusted “Working” Budget. The working budget (updated throughout the year with fiscal forecasts) typically includes previous year carry forwards, mid-year approvals and global budget reallocations, etc. However, to provide a better comparison to the requested 2009-10 Budget the 2008-09 working budget has been adjusted to exclude one-time budgets that have been made available from 07-08 carry forwards. Variances between the 2009-10 requested budget and the 2008-09 approved and adjusted working budget have also been provided.

The following analysis highlights the major increases (decreases) for the 2009-10 revenue and expenditure estimates over the 2008-09 adjusted “Working” Budget.

Revenues:

Total revenues are expected to increase by **\$1,172,012 or .6%**. The major increases (decreases) over the 2008-09 original approved budget (June 2008) are due to:

<u>Tuition:</u>		
Actual activity increase during 2008-09	\$ 784,053	
Projections over 2008-09 actual levels:		
Rate increases	3,789,122	
Projected activity increase	<u>1,139,908</u>	
Total Tuition Revenue		5,713,083
Other Tuition Sharing & Incidental Student Fees		375,093
<u>Government Grants:</u>		
Operating Grants		(108,369)
Specific Purpose Grants with matching expenditures:		
Campus Renewal Program (one-time 08-09)		(6,747,200)
Other Grants		(19,626)
Federal – Indirect Costs Program		113,056
Gross Revenues from Ancillary Operations		1,489,375
Other Revenues – Rental Sundry		<u>356,600</u>
2009-10 net revenue increases over 2008-09		<u>\$1,172,012</u>

2009-10 BUDGET – FINANCIAL HIGHLIGHTS, continued

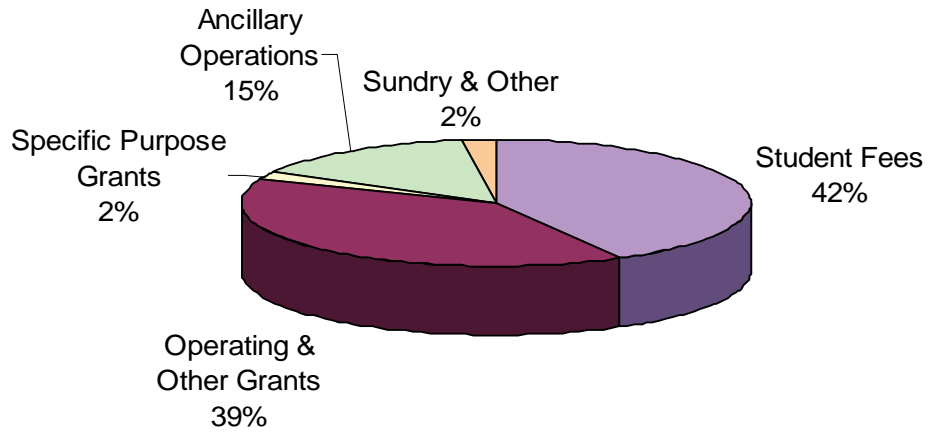
Expenditures:

Total expenses are expected to increase by **\$176,118 or .1%**. The major increases over the 2008-09 original approved budget (June 2008) are due to:

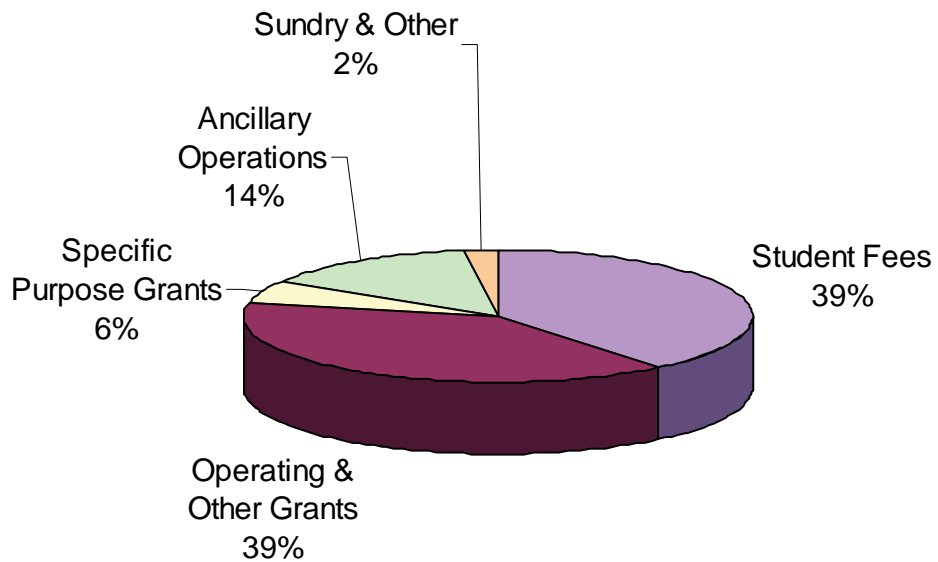
Increases to Departmental/Divisional Base budgets	
Faculties	\$4,013,833
Academic Support & Student Services	1,271,413
Executive, Administration, Facilities	1,797,988
Other Global Expenditures	(1,370,997)
Specific Purpose Grants with matching revenues:	
Campus Renewal Program (one-time 08-09)	(6,747,200)
Other Grants	(19,626)
Federal – Indirect Costs Program	113,056
Gross expenses from Ancillary Operations	<u>1,117,651</u>
2009-10 net expenditure increases over 2008-09	\$ 176,118
Excess of incremental revenues over expenditures	\$ 995,894
Opening 2008-09 budget shortfall	<u>(12,653,387)</u>
2009-10 budget shortfall	(11,657,493)
Estimated ending 2008-09 accumulated operating surplus (deficit)	2,769,544
Estimated ending 2009-10 accumulated operating surplus (deficit)	<u>\$(8,887,949)</u>

<i>The following sections provide extensive details on the major categories of the 2009-10 Budget Revenue Estimates and Expenditures.</i>

2009-10 Revenue Estimates



2008-09 Revenue Estimates



2009-10 REVENUE ESTIMATES - COMMENTARY

The following highlights the significant categories of the 2009-10 Budget Revenue Estimates.

TUITION REVENUE

Tuition revenue represents almost 42% of total operating budget revenue. The total budgeted tuition revenue (including tuition, incidental fees and the net contributions from special funding arrangements) in the amount of **\$82,256,820** is estimated to increase by \$6,088,176 or 8% over 2008-09 approved budget levels. The tuition revenue budget is determined by projected enrolment and by tuition rates for 2009-10.

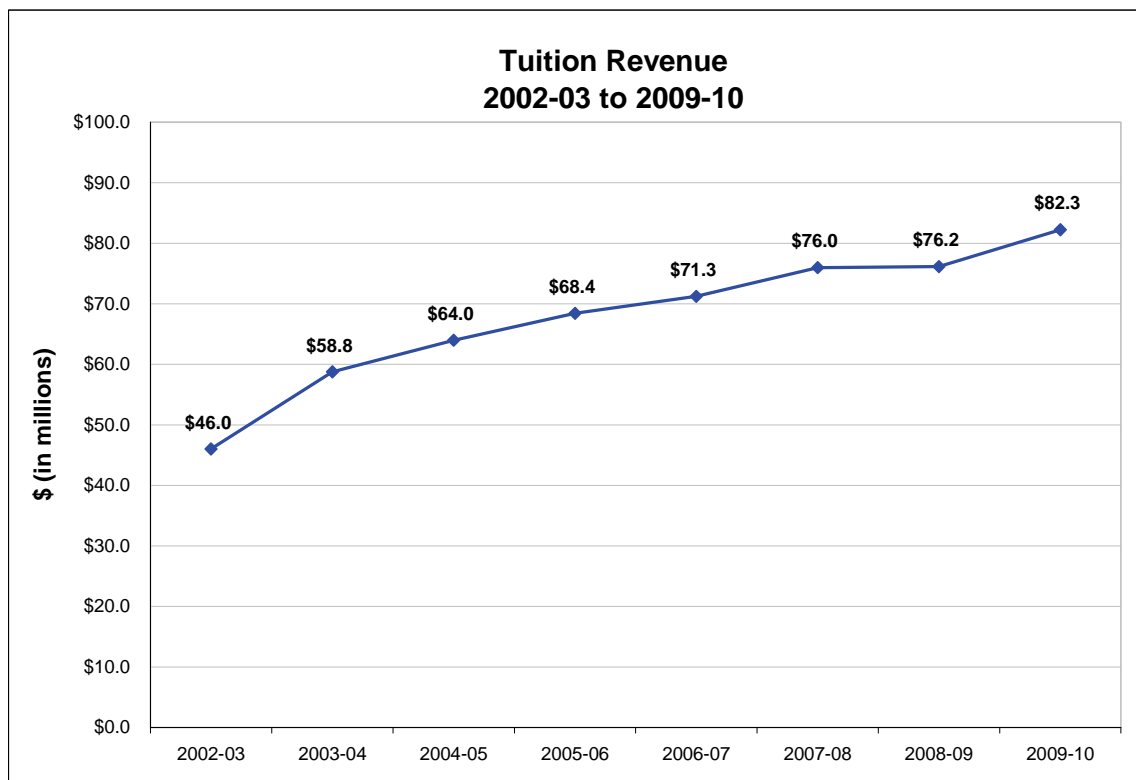
The estimated 2009-10 financial implications over the 2008-09 approved are:

Increase of actual tuition over 2008-09 approved budget \$ 784,053

Projections over 2008-09 actual levels:

Rate increases	3,789,122	
Projected activity increase	<u>1,139,908</u>	4,929,030
Total Tuition		5,713,083
Other Tuition Sharing & Incidental Fees		<u>375,093</u>
2009-10 Tuition Budget over 2008-09 Approved budget		\$6,088,176

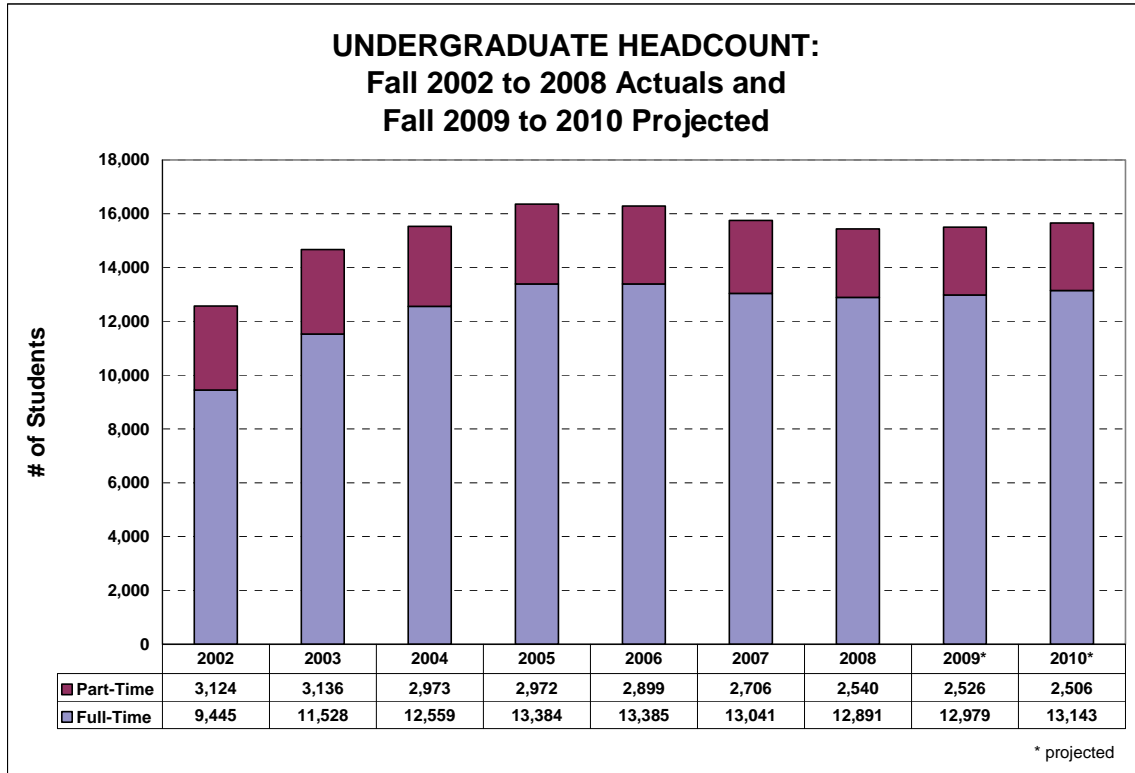
Tuition levels have grown steadily over the several years as the following chart depicts:



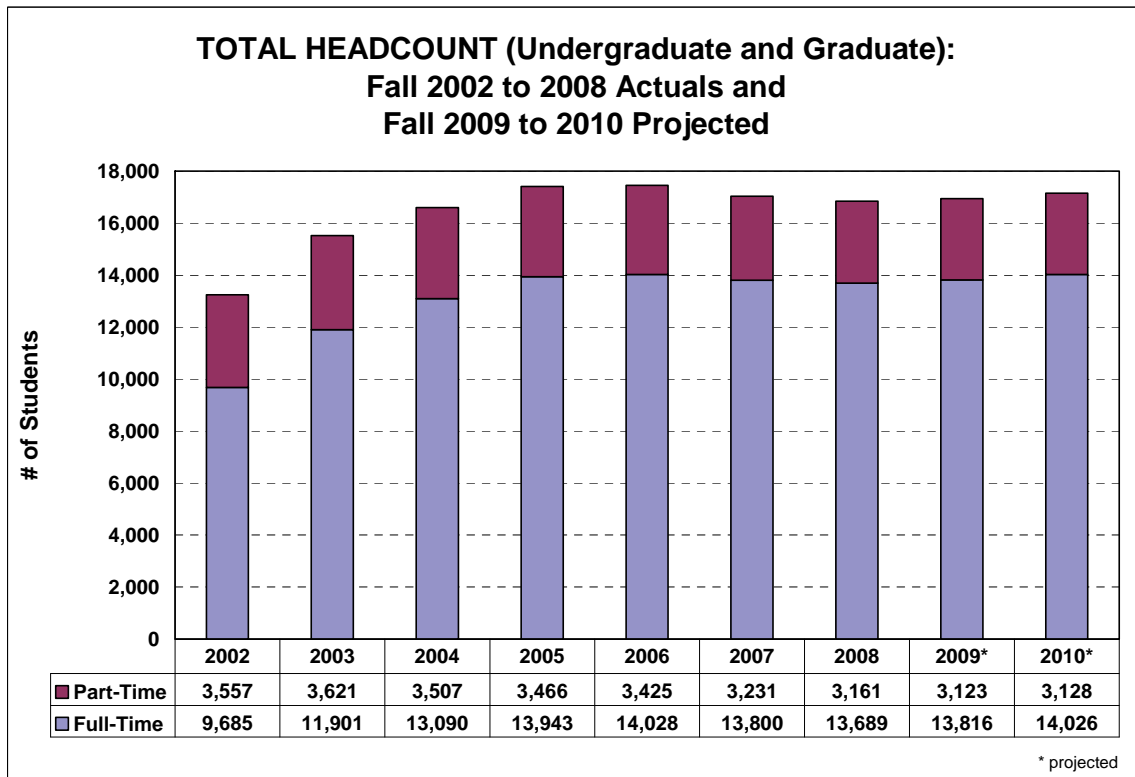
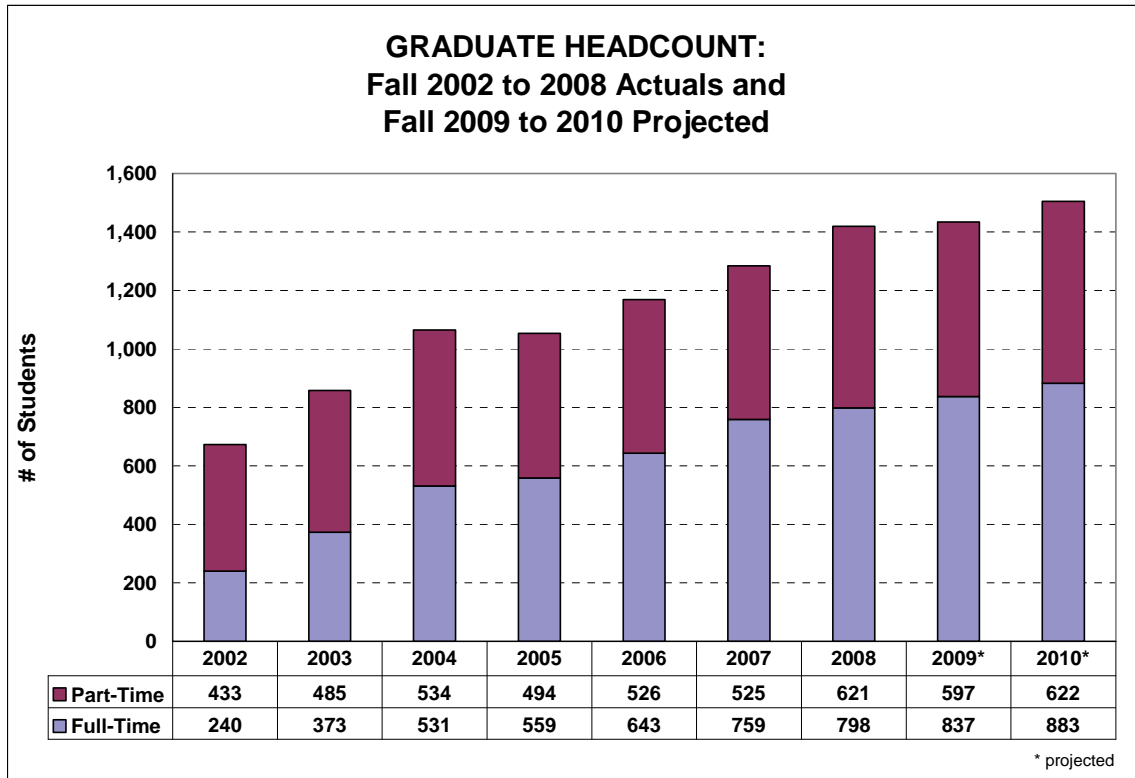
TUITION REVENUE, continued

Enrolment Planning Activity

The single most important generator of revenue for the University is its enrolment. In the past few years, increases in enrolment have helped to cover rising operational costs. The enrolment picture is now different than in the recent past because the “double cohort” students have mostly moved out of the institution. Graphs depicting enrolment trends for undergraduate, graduate and total headcount over the nine year period from 2002 to 2010 are shown below:



TUITION REVENUE, continued



TUITION REVENUE, continued

In 2009-10, an increase in total undergraduate enrolment is expected. The number of new full-time Year I students (excluding Nursing) will change as follows (please refer to *Appendix III* for an explanation on “counting students” and corresponding definitions):

Year 1 intake, undergraduate full-time students (head count enrolment as at Nov 1)	2008-09 (actual)	2009-10 (projected)
Domestic 101s (direct from secondary school)	2,874	2,775
Domestic 105s (not direct from secondary school)	542	600
Subtotal:	3,416	3,375
VISA students	125	172
Total:	3,541	3,547

The following projections are based on the flow-through of graduate and undergraduate students and the targeted intake for 2009-10:

All students (undergraduate and graduate), as at Nov 1	2008-09 (actual)	2009-10 (projected)
Head count enrolment	16,850	16,939
FFTEs	16,646	16,801
Yearly BIUs	22,916	23,124

Based on the enrolment projections for 2009-10, the revenue (tuition and grant) generated by all undergraduate students will increase by \$934,545; the revenue generated by graduate students will increase by \$561,286; and total revenue from activity (before adding in rate changes) will increase by \$1,495,831 (please refer to the Summary of ACID Projections on page 23).

In terms of FFTEs (Fiscal Full-Time Equivalents), a preliminary projection indicates that, in comparison to 2008-09, undergraduate FFTEs will increase by about 73 and graduate FFTEs will increase by about 82 for 2009-10 (Please refer to *Appendix IV* Enrolment Tables).

TUITION REVENUE, continued

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 & 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, Audit 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 2009-10 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 University Students' Union. Some existing fees can increase automatically only after the CPI has accumulated to 5% since the last fee increase or where fees are system wide fees applicable to all Ontario University students. Ancillary fees are all assessed and collected by the University and are either administered by the University or by the BUSU (Brock University Students' Union) 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 and the Coop Office. 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 are brought forward in April to the Financial Planning, Audit and Human Resources Committee for information.

TUITION REVENUE, continued

Government Tuition Fee Policy

On April 10, 2006, the Ministry issued a “Guideline for Implementation of Tuition Fee Policy for Publicly Assisted Universities” that is in effect from 2006-07 until 2009-10. It provides a regulatory framework for all publicly-funded programs, but does not apply to programs or for student categories that are ineligible for MTCU operating grant funding (e.g. full cost recovery/self-funded programs, fees for international students) and ancillary fees.

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

- Distinguishes separate maximum limits for “1st year of study” and “continuing years”.
- Tuition fees may increase within specified limits with the average tuition increase not to exceed 5% (excluding changes in enrolment activity).

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

Effective in 2007-08, our tuition fee framework had been established to reflect the maximum allowable limits for each program category in the above Guidelines. The professional and graduate program category includes our Computer Science and Business Undergraduate programs and all Graduate (Master and PhD) programs.

The implementation of the government’s tuition policy has resulted in the 2009 fee structure having four differentiated rates for each program type: i) First year 2009, ii) 2008 Continuing, iii) 2007 Continuing and iv) 2006 and prior Continuing. Going forward, the number of differentiated rates will continue to compound into a complex multi-rate matrix.

TUITION REVENUE, continued

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 not eligible for provincial government funding and therefore are not governed by the government's tuition policy. In consideration of the increases to domestic students and the competitive market, the VISA rates will increase by 5% (raised by 4% in 2008-09) 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 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.

Each year, the new tuition fee structure applies to students in their first entry year and each subsequent year. Effective in 2009-10, the flat tuition fee continues to apply to students with an entry year of 2007-08, 2008-09, and will now apply to students whose entry year is 2009-10.

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 Student's Union. For 2009-10, ancillary fees administered by the University are not in a position to increase since the CPI has not accumulated to 5% since the last fee increase in 2007-08. Incidental fees also include Coop fee revenues, which have increased slightly due to projected enrolment levels. A Coop rate will increase by 3.02% for each term. As well a new term fee was added to Term 2.

Total revenue is increasing due to the flow through of coop students and slightly higher activity levels.

Contributions from Other Programs

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. No significant changes in the contributions to revenue over the 2008-09 adjusted budget are expected in this group.

GOVERNMENT GRANTS

Operating Grants represents almost 40% 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 sometimes be predicted with relative accuracy, but many are not fully known until The Ministry of Training, Colleges and Universities announce them throughout the fiscal year. Final announcements are 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 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). In a corridor model, funding remains stable as long as the University maintains enrolment within a +/- 3% range of its agreed level.

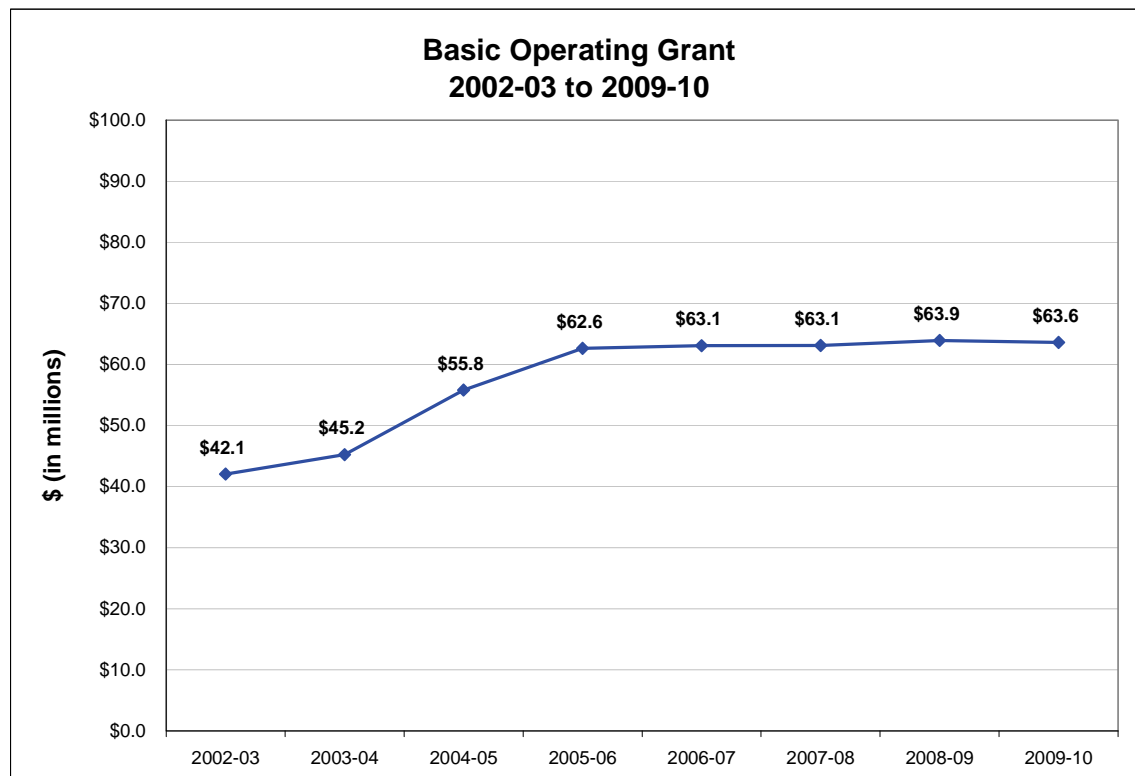
The 2005 Ontario budget *Reaching Higher Plan* was committed to investments designed to improving access, quality and accountability in the postsecondary sector.

Included in the "quality" grant was "per-student funding" (also known as "unfunded BIUs") that had been calculated at a point in time. The government was committed to fully funding the system for these unfunded BIUs over a three year period and rolling this amount into base funding. The basic operating grant has increased through increases from the unfunded BIUs (for Brock, primarily unfunded graduate students). By 2008-09 Brock had received its full funding.

Therefore we estimate that the 2009-10 Basic Operating Grant will be the same as in 2008-09 which is **\$63,590,805**.

GOVERNMENT GRANTS, continued

The following chart depicts how the basic operating grant has increased slightly over the last four years as the “per-student funding” has been rolled into our base funding. The significant increase for 2003-04 to 2005-06 was due to the “roll-ins” of the Undergraduate accessibility grant. Since 2005-06, this grant has been paid only on a one-time basis.



Quality Assurance and Tuition Compensation Grants

The Quality Assurance Fund of **\$2,340,998** represents funding from a previous government’s quality initiative program. The Tuition Compensation grant of **\$1,907,115** was provided in lieu of tuition rate increases during the tuition freeze of 2005-06 & 2004-05. Both of these grants remained constant and will continue to be paid each year.

Graduate Expansion Grant

The 2005 Ontario budget *Reaching Higher Plan* committed to a new investment to substantially expand graduate education. Brock had been assigned an enrolment growth allotment for graduate expansion from 2004-05 to 2011-12 of 164.5 Masters and 17.5 PhDs (Eligible FTEs, Fall and Summer). In 2008-09, Brock had increased by 149.6 Masters and 14.9 PhDs over 2004-05. It is predicted that Brock will achieve the above allocated targets in 2009-10. Therefore, comparing to 2008-09, Brock will increase its Masters by 14.9 and PhDs by 2.6 in 2009-10. This increased enrolment over 2008-09 will translate to a graduate expansion grant increase of \$225,770 over the 2008-09 actual. The total grant projected to be received in 2009-10 is **\$2,220,823**.

Quality Improvements Fund

The 2005 Ontario budget *Reaching Higher Plan* was also committed to investments designed to improve access, quality and accountability in the postsecondary sector. Funds were provided to universities to increase access to high quality postsecondary education across the province. With accountability comes the requirement for each university to sign multi-year agreements (MYA's) that will monitor the use of all operating and Reaching Higher funds against the Reaching Higher goals of access, quality and accountability.

With the exception of the per-student funding, the quality funds are not guaranteed to become base funding.

In preparing the 2009-10 grant estimates, the overriding assumption is that quality funding will continue at the same level as in 2008-09 (excluding any one-time year end announcements). The level funding is estimated at **\$2,861,590**.

Quality/Sustainability Grant

On March 31, 2009 the Ministry announced \$81.7 million of one-time funding for Universities. \$25.5 million was for undergraduate accessibility enrolment growth (Brock's share was nil) and \$36.2 million for "quality enhancements that universities have made to their educational programs" and \$20 million for financial sustainability from "pension shortfalls and other expenditure restraint measures due to the current economic environment". The allocations of these two grants were calculated based on activity share of the Basic Operating Grant and as such Brock's share was \$1,696,900 or 3.019%. Since this funding is one-time we cannot assume a recurrence in 2009-10.

Nursing Collaborative and Completion Grant

A separate Nursing grant is funded through a 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 for the 2009-10 Collaborative and Degree Completion program has been estimated at **\$2,113,979** which is an increase of \$325,053 over the 2008-09 approved budget.

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% 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 2009-10 would be **\$699,243**, based on the actual grant received in 2008-09.

GOVERNMENT GRANTS, continued

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. 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, provincial Student Bursaries, and Federal Indirect Costs. In most instances, it is expected that all of these grants will approximate 2008-09 actual levels.

Facilities and Campus Renewal Funds

Level funding for the Facilities Renewal Program has been in place for a number of years and it is expected that this grant will be the same as in 2008-09 at **\$904,200**.

Two significant grants for Campus Renewal Projects were announced in January, 2008 of \$4,573,700 (for 2007-08) and in March, 2008 of \$6,747,200 for 2008-09. The restricted requirements of this program are similar to the Facilities Renewal Program with added flexibility for security enhancements across all university sectors. Capital renewal projects that meet the specific guidelines for 2007-08 and 2008-09 have been submitted to the provincial government and have been completed or are still in progress. Further government announcements regarding continuation of this one-time funding have not been made.

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 unchanged at **\$1,886,963**.

Note that the operating budget does not include the direct cost funding for Research nor does it include the direct costs associated with Research.

Undergraduate Accessibility Growth Fund

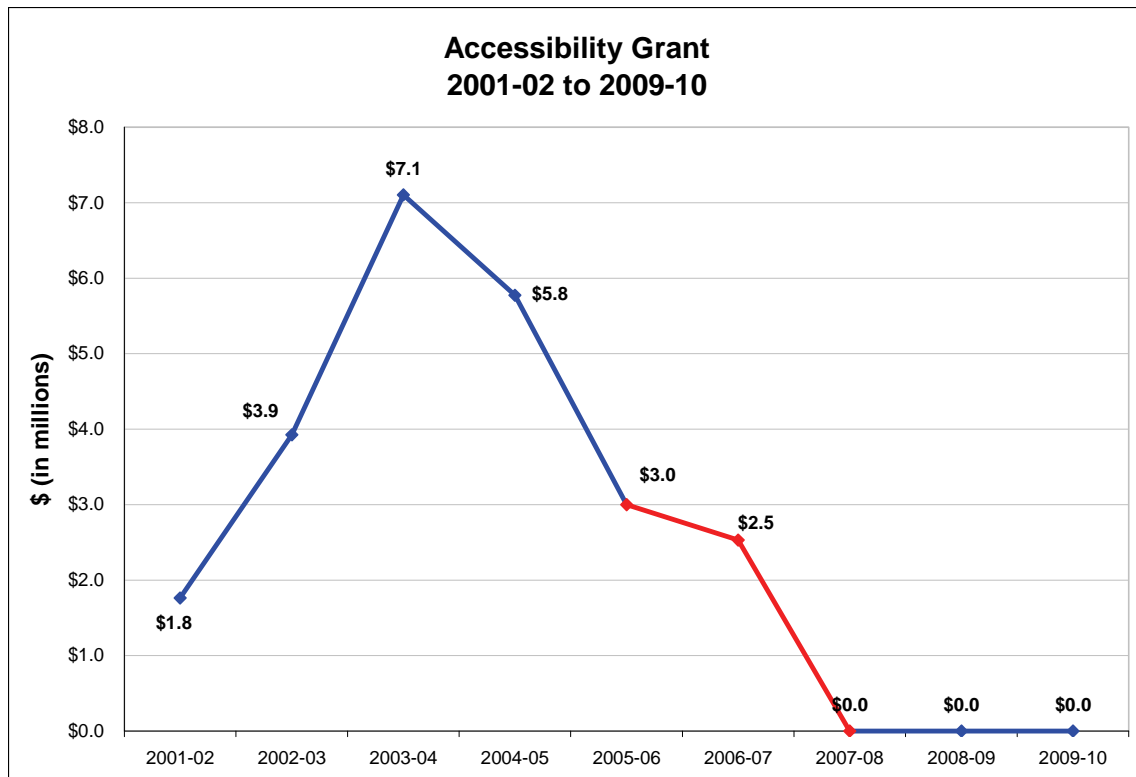
The Ontario government introduced the undergraduate accessibility fund in 2001-02 to ensure that universities were able to cope with the expected enrolment growth due to the “double cohort”. At that time, Universities received an undergraduate accessibility grant based on their year-over-year undergraduate 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. However, since 2005-06, this grant has not been rolled into base and has thus been provided as a one-time grant. Brock received about \$3 million in 2005-06 and about \$2.5 million in 2006-07, but has not received this grant since. This has had a significant impact on the University’s revenue.

Starting in 2005-06, an institution will have received an Undergraduate Accessibility Grant only if there is enrolment growth over 2004-05 undergraduate enrolment. The following is the formula for undergraduate accessibility grants: Undergraduate Accessibility Grant = Change in BOI [Increase in BIU x \$5,440 (BIU Value)] – Change in Formula Fees [Increase in FTEs x \$2,386 (Formula Fees per FTE)]. BOI stands for Basic Operating Income. Based on this formula, in order for an institution to receive a grant, its change in BOI has to be greater than its change in Formula Fees. For example, if an institution’s BIU increase is 4 and FTE increase is 10, the calculated accessibility grant would be $\$21,760(4 \times \$5,440) - \$23,860(10 \times \$2,386) = (\$2,100)$. Since the change in BOI of \$21,760 is less than the change in Formula Fees of \$23,860, the institution would not receive an accessibility grant.

It is projected that, in comparison to 2004-05, Brock’s undergraduate FTEs for 2009-10 will increase by 137 and undergraduate BIUs will increase by only 3.5. Because the change in BOI will be \$19,040, which is much less than the change in Formula Fees of \$326,882, no undergraduate accessibility grant is expected for 2009-10.

GOVERNMENT GRANTS, continued

As the following chart depicts, the undergraduate accessibility grant rose rapidly as the double cohort started moving into the institution in 2002-03 and 2003-04 and then rapidly declined as they moved out of the institution. Since 2005-06, the grant was funded on a one-time basis only.



OTHER REVENUES

Investment Income

Investment income includes the interest that the University receives on the short-term investment of its temporarily invested excess operating cash. These excess cash amounts arise from the government grants, unspent reserves from mid-year and general underspending that is represented in year end carryforward requests. Assuming that the average cash balance and investment returns received throughout the year will be at least levels to 2008-09, it is expected that the 2009-10 budget will be consistent with the 2008-09 budget of **\$2,000,000.**

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 space rental, interest charges on accounts receivable, and fees for transcripts and other administrative service charges. A number of increases from Budget Developers revenue enhancements have increased this budget slightly over the 2008-09 approved budget to **\$2,616,600.**

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 \$3,294,207 (compared to \$2,922,483 and \$2,966,683 for 2008-09 and 2007-08 respectively) on a total financial activity of \$28,557,563. The following chart summarizes the projected gross revenues and expenses for 2009-10 with comparisons provided for 2008-09 and 2007-08.

2009-10

	Revenues	Expenses	Net
Bookstore & Printshop	11,090,000	9,400,066	1,689,934
Residence and Conference	14,542,663	14,258,490	284,173
Parking	2,924,900	1,604,800	1,320,100
Total	\$28,557,563	\$25,263,356	\$3,294,207
	=====	=====	=====

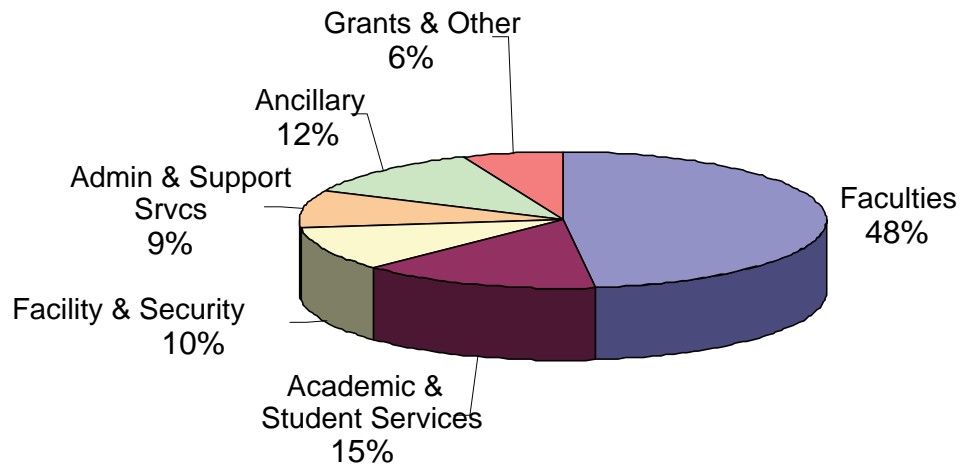
2008-09

	Revenues	Expenses	Net
Bookstore & Printshop	10,404,000	8,766,812	1,637,188
Residence and Conference	13,839,388	13,790,693	48,695
Parking	2,824,800	1,588,200	1,236,600
Total	\$27,068,188	\$24,145,705	\$2,922,483
	=====	=====	=====

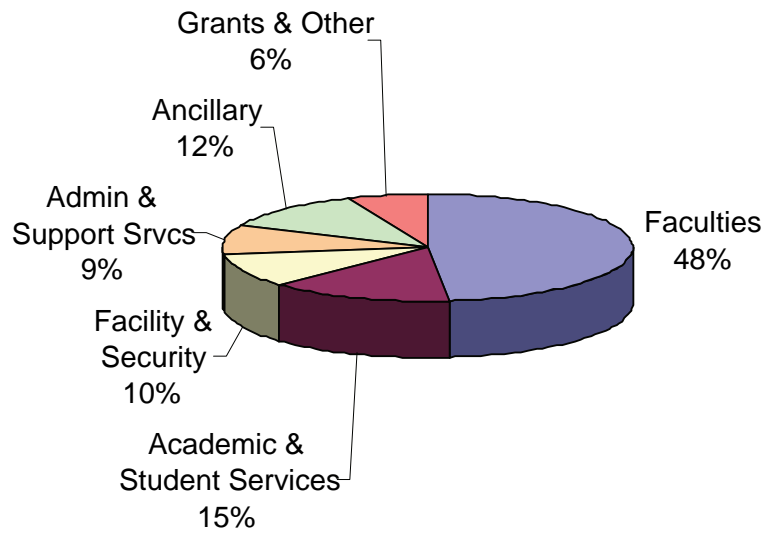
2007-08

	Revenues	Expenses	Net
Bookstore & Printshop	11,211,250	9,502,063	1,709,187
Residence and Conference	13,477,282	13,374,831	102,451
Parking	2,670,000	1,514,955	1,155,045
Total	\$27,358,532	\$24,391,849	\$2,966,683
	=====	=====	=====

2009-10 Expenditure Estimates



2008-09 Expenditure Estimates



2009-10 EXPENDITURE ESTIMATES – COMMENTARY

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, 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 has been included. The following section on the 2009-10 budget expenditure estimates will be highlighted by:

- Type of expense
- Functional area

2009-10 Expenditure Estimates – By Type of Expense

The following highlights the significant items of the 2009-10 Final Budget Expenditure Estimates by major type of expense category.

SALARIES AND BENEFITS

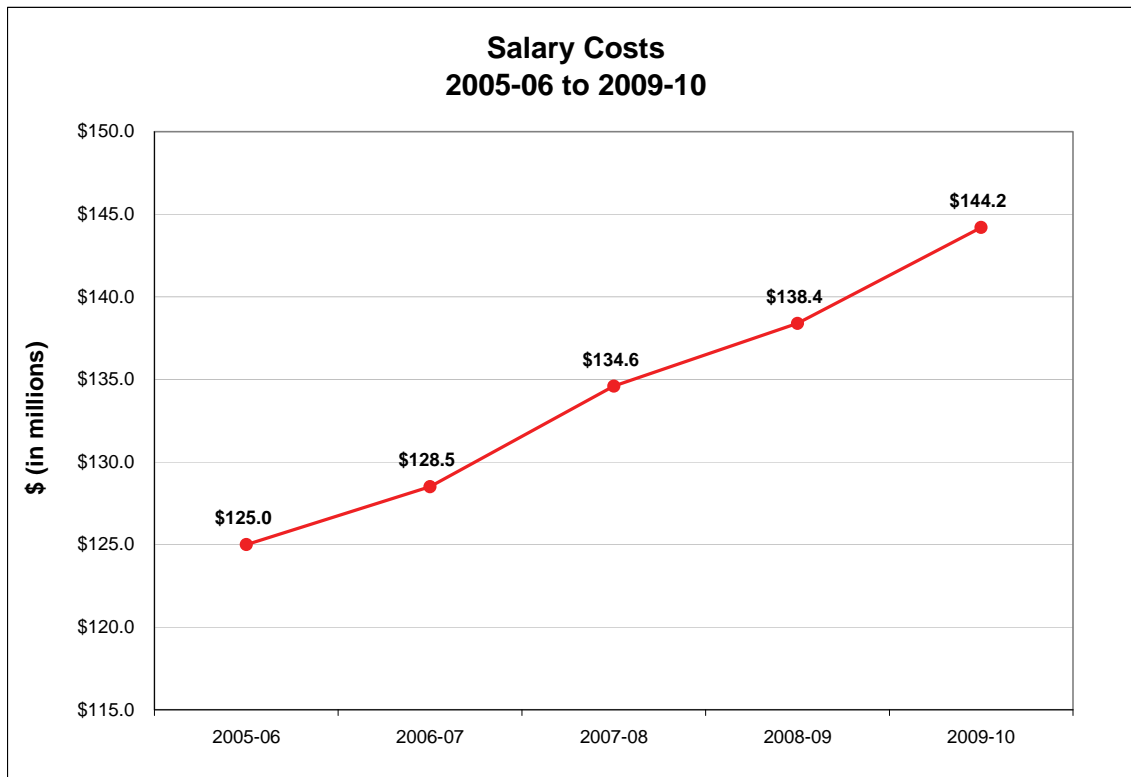
Given the nature of a university's business, it is expected that the largest cost would be salary and benefits of faculty and staff. Also, the estimated future costs are verifiable and normally predictable given the known salary base on which contractual annual rate increases are calculated.

At Brock University, the salary base has grown rapidly over the past several years. Significant investments have been made with approximately 115 new full-time faculty budget positions and 59 new staff budget positions being added since 2003-04. These investments add to the salary and benefit base on which annual rate increases apply. Annual rate increases are determined from contractual obligations through negotiated and competitive rate increases for all salary groups.

In addition, significant increases were made in the past to part-time teaching budgets as the double cohort moved through the system. In the recent years the increases to the part-time budgets reflect increased salary rate costs and the higher proportion of graduate TA's.

SALARIES AND BENEFITS, continued

The following graph shows how the salary and benefit costs have risen continually over the last four years to the extent of almost \$20 million during that period.



Faculty and staff (full and part-time) salaries and benefits comprise the most significant portion (approximately \$144,200,000 or 81%) of the University's expenditure budget (excluding the expenses for gross ancillary operations and special purpose grants). The majority of the expenditure increases is due to salary rate and benefit adjustments (known and estimated), new faculty and staff appointments, and the full year impact of 2008-09 faculty and staff appointments and salary rate increases. The following summarizes the major components of the increases for 2009-10:

- Actual salary costs from negotiated contract settlements
- Estimated salary costs for contracts in negotiation or rates to be determined
- New faculty (3) and staff (7) positions.
- The benefit costs associated with increased salary rates and new positions
- Full fiscal impact of 2008-09 approvals of new faculty and staff positions and salary increases (2 months).
- Pension valuation obligations.

At the time of writing, contract settlements are unknown for the CUPE Local 1295 bargaining unit and non-unionized employees. As salary rates are known, actual budgets will be allocated to departments and divisions throughout the year. As most 2009-10 salary rate increases are known actual salary costs have been allocated to budget lines.

SALARIES AND BENEFITS, continued

The bargaining and non-unionized 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 expires June 30, 2011.
- Ontario Secondary School Teachers' Federation (OSSTF) representing support staff completed settled salary negotiations during the fall of 2008. The contract expires April 30, 2010.
- Canadian Union of Public Employees (CUPE Local 1295) representing trades, maintenance, custodial last settled salary negotiations 2006. The contract expired April 30, 2009 and, at the time of writing, negotiations were currently underway.
- CUPE Local 4207 representing teaching assistants, lab demonstrators and part-time instructors last settled salary negotiations in 2007. The contract expires June 30, 2010.
- CUPE Local 2220 representing Rodman Hall employees. This contract expires June 30, 2009.
- CUPE Local 4207 – Unit 2 representing ESL Coordinators. This contract expires June 30, 2010.
- Administration and Professional: Salary adjustments were approved in April, 2009 and are normally announced annually in July.

EMPLOYEE FUTURE BENEFITS

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 "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. In comparison, the actuarial valuation report for July 1, 2005 indicated that the Plan had a funding excess of \$1,743,000 and an unfunded liability of \$1,162,000 at July 1, 2002.

Since the Plan is back into a funding shortfall, the University is required to fund the minimum guarantee service costs. 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.

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 \$2,050 per annum, effective January 1, 2009 which increases to \$2,100 effective January 1, 2010.

EMPLOYEE FUTURE BENEFITS, continued
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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.

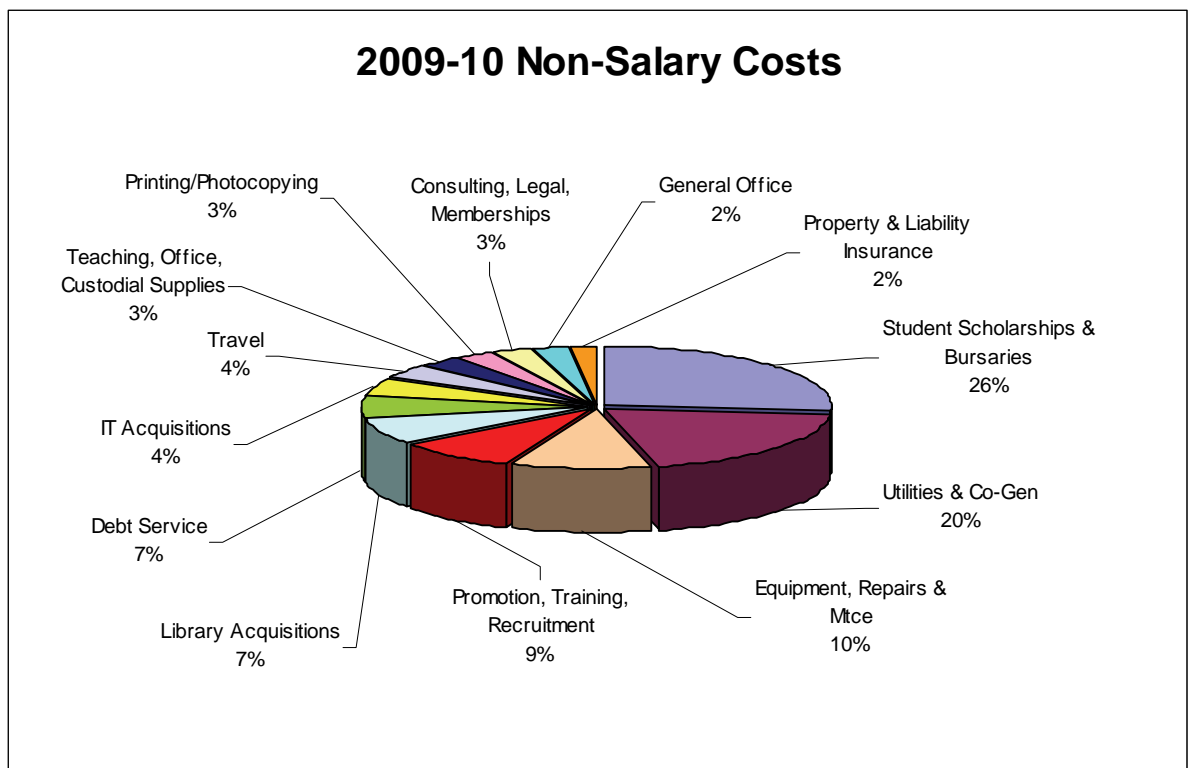
This fund can be used for eligible expenses and any unused funds may be carried over a maximum of one year, subject to Canada Revenue Agency regulations. The budget or cash impact is relatively minimal however, the audited financial statement impact is significant as the actuarial determined accrued liability and the amount to be expensed each year has to be done in accordance with general accepted accounting principles. Full details are disclosed and accounted for in the audited financial statements.

NON-SALARY COSTS

Non-salary expenses represent the remaining 19% 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 from year to year within the categories.

The type of non-salary expenses have not fluctuated greatly from year to year. However with the target reductions this year, some percentages have decreased slightly. Also, a significant increase incurred in the “promotion, training and recruitment” category as a result of the branding investment costs of \$1,411,000 which include costs for the brand repositioning umbrella and the undergraduate recruitment media campaigns.

The graph below has been provided for interest and further understanding of the nature of the 2009-10 budgeted expenses other than salary costs.



DEBT SERVICE EXPENDITURES

In 2005, Brock University issued \$93 million of senior unsecured debentures and joined several other universities in Canada who have pursued this course of financing in recent years. Proceeds from the debentures were used to refinance existing debt and new capital requirements, including the purchase and refurbishment of 573 Glenridge, Plaza Building, Library Commons expansion and an addition to the Faculty of Education building to increase faculty offices and class space.

Dominion Bond Rating Service (DBRS) assigned a rating of A-high, (which was renewed for 2008 at the same rating) to the University which allowed the University to acquire these funds 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 have 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 total debt service costs approximates \$7.9 million with \$5.7 million covered by the ancillary operations and \$2.2 million covered from general operating sources.

MINOR CAPITAL & INFRASTRUCTURE PROJECTS

Two significant grants for Campus Renewal Projects were announced in January 2008 of \$4,573,700 for 2007-08 and in March, 2008 of \$6,747,200 for 2008-09. These one-time capital grants are in support of deferred maintenance and renewal of existing infrastructure, energy efficiency and campus safety and security special requests. These grants have restricted requirements similar to the Facilities Renewal Program with added flexibility for security enhancements across all university sectors. Capital renewal projects that meet the specific guidelines for 2007-08 and 2008-09 have been submitted to the provincial government and have been completed or are still in progress at the time of writing. Further government announcements regarding continuation of this one-time funding have not been made.

2009-10 Expenditure Estimates – By Functional Area

The following highlights the significant items of the 2009-10 Final Budget Expenditure Estimates by functional area.

ACADEMIC FACULTIES

The Academic Faculties include Applied Health Sciences, Business, Education, Humanities, Math & Science and Social Sciences. The largest expenditure budgets within the Faculties are faculty salary costs. The salary costs include known salary increases for BUFA, OSSTF and CUPE 4207 members. Increases to staff and faculty complements have not increased except for two new faculty appointments approved in 2008-09 for the 2009-10 year in the Faculty of Business in support of the AACSB accreditation and one Canada Research Chair (CRC) appointment in the Faculty of Education. The actual increase to 09-10 base budgets amounted to \$7,515,883 or 7.5%. However, once the expense reductions of \$3,502,050 (excluding the 08-09 carry forward and the global tuition revenues) are considered, the final increase over 2008-09 is \$4,013,833 or 4.0%. The revenue and reduction targets for the Faculties were as follows:

One-time	\$ 627,883
On-going	<u>2,874,167</u>
Total Expense Reductions	3,502,050
08-09 Carryforward	89,000
Global Revenue	<u>777,473</u>
Grand Total	\$4,368,523

ACADEMIC SUPPORT AND STUDENT SERVICES

Academic Support includes departments such as the VP, 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 Office of the Associate VP, 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 largest costs in this category include salary for Administration, OSSTF and Librarians. Increases in the budgets represent known salary increases for May and June resulting from 2008-09 and known 2009-10 salary increases for BUFA and OSSTF. The largest non-salary costs in this category include library acquisitions, and graduate and undergraduate bursaries and fellowships. Student Assistance expenditures for support of undergraduate bursaries (in response to access guarantees) and graduate scholarships (as the university grows its graduate enrolment) are both a high priority and large financial commitment. The operating support for 2009-10 will be \$8.9 million.

ACADEMIC SUPPORT AND STUDENT SERVICES

The actual increase to 09-10 base budgets amounted to \$2,031,451 or 6.6%. However, once the target reductions of \$760,038 are accounted the final increase over 2008-09 amounted to \$1,271,413 or 4.1%. Note that \$908,195 or 2.9% of that total increase relates to increases in graduate student fellowships. The revenue and reduction targets for the Academic and Student Support areas were as follows:

One-time expense	\$ 339,567
On-going expense	316,054
Departmental Revenue	<u>104,417</u>
Total Target Reductions	760,038
08-09 Carryforward	197,227
Global Revenue	<u>276,625</u>
Grand Total	\$1,233,890

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 VP, Finance & Administration, Finance and Purchasing, Human Resources, Health & Safety, Internal Auditor, Institutional Analysis, Human Rights & Equity, the University Secretariat, Alumni Relations, VP Advancement, Communications, Development and Donor Relations. Also included are student and community support partial revenue generating services such as the Centre for the Arts, Recreation & Aquatics, and Community Services (Continuing Education, CATI, Hospitality).

A large portion of this category includes non-salary costs for facilities, infrastructure and other global costs such as utilities, the co-generation plant, interest and debt service, audit, legal, consulting costs, pension, insurance, and health and safety costs are also included in this category.

Similar to the Academic Support and Student Services category, the largest costs in this category include salary for Administration, OSSTF and the CUPE 1295 group (representing trades, maintenance, and custodial staff) in the Facilities Management area. Increases in the budgets represent known salary increases for May and June resulting from 2008-09. Estimated increases for increases yet to be determined for CUPE 1295 employees are held globally.

Included in this category are the significant branding investment costs for the “Bring the Brock Brand to Life” budget. The total amount of \$1,411,000 includes costs for the brand repositioning umbrella and the undergraduate recruitment media campaigns.

The actual increase to 09-10 base budgets amounted to \$3,621,725 or 9.05%. However, once the target reductions of \$1,823,737 (excluding the 08-09 carry forward) are accounted for, the final increase over 2008-09 amounted to \$1,797,988 or 4.5%. Note that \$1,411,000 or 3.5% of that total increase relates to the branding investment budget.

EXECUTIVE, ADMINISTRATION AND FACILITIES

The revenue and reduction targets for the Executive, Administrative and Partial Revenue Generating areas were as follows:

One-time expense	\$ 131,189
On-going expense	1,604,923
Departmental Revenue	<u>87,625</u>
Total Target Reductions	1,823,737
08-09 Carryforward	<u>132,906</u>
Grand Total	\$1,956,643

ANCILLARY OPERATIONS

Ancillary Operations include the gross expenses of the Bookstore, Print Shop, Parking, and Residences & Conference Services. Refer to the revenue section (page 40) for further information on gross expenses and net contribution for each category.

The revenue and reduction targets for the Ancillary Operations were as follows:

On-going	
Revenue	\$198,720
Expenses	<u>535,844</u>
Total	\$734,564

With a 2008-09 net contribution of \$2,922,483 this represents an increased target of 25%. Some of these contributions are displayed as expenses to the Ancillary operations and but as a recovery to global expenses.

OTHER GLOBAL EXPENDITURES

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 for salary increases and start-up and recruitment for new faculty until such time as they are approved and budget transfers are made to the specific department or division.

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 37) for further information on the types of grants included in this category.



BROCK UNIVERSITY OPERATING BUDGET

	2008-09 Approved Final Budget June-08	2008-09 Adjusted Working Budget	2009-10 Requested Budget	2009-10 Incr/(Decr) Over Adj. Working	2009-10 Incr/(Decr) Over 2008-09 Approved	
Revenues						
Student Fees						
Tuition Revenue	73,033,373	73,883,373	78,746,456	4,863,083	5,713,083	7.8%
Incidental Fees	2,233,000	2,393,000	2,414,600	21,600	181,600	8.1%
Contribution from Other Tuition	902,271	1,121,644	1,095,764	(25,880)	193,493	21.4%
sub-total	76,168,644	77,398,017	82,256,820	4,858,803	6,088,176	8.0%
Operating & Other Grants						
Basic Operating Grant	63,925,907	63,590,805	63,590,805	-	(335,102)	-0.5%
Quality Assurance Fund	2,340,998	2,340,998	2,340,998	-	-	0.0%
Tuition Compensation - grant	2,068,522	2,068,522	1,907,115	(161,407)	(161,407)	-7.8%
New Graduate Expansion	2,180,425	2,139,425	2,220,823	81,398	40,398	1.9%
Quality Improvements Fund	2,845,325	2,845,325	2,861,590	16,265	16,265	0.6%
Quality/Sustainability Grant		1,696,900		(1,696,900)	-	
Nursing Collaborative & Completion Grant	1,788,926	1,983,926	2,113,979	130,053	325,053	18.2%
Performance Fund	674,968	674,968	699,243	24,275	24,275	3.6%
Other Grants	759,592	759,592	741,741	(17,851)	(17,851)	-2.4%
sub-total	76,584,663	78,100,461	76,476,294	(1,624,167)	(108,369)	-0.1%
Specific Purpose Grants						
Facilities Renewal Grants	904,200	904,200	904,200	-	-	0.0%
Federal - Indirect Costs Program	1,773,907	1,773,907	1,886,963	113,056	113,056	6.4%
Campus Renewal	6,747,200	6,747,200		(6,747,200)	(6,747,200)	
Other Grants	1,462,729	1,519,038	1,443,103	(75,935)	(19,626)	-1.3%
sub-total	10,888,036	10,944,345	4,234,266	(6,710,079)	(6,653,770)	-61.1%
Gross Revenues from Ancillary Operations						
Bookstore & Printshop Operations	10,404,000	10,404,000	11,090,000	686,000	686,000	6.6%
Residences & Conference Services	13,839,388	13,907,701	14,542,663	634,962	703,275	5.1%
Parking	2,824,800	2,824,800	2,924,900	100,100	100,100	3.5%
sub-total	27,068,188	27,136,501	28,557,563	1,421,062	1,489,375	5.5%
Other Revenues						
Investment Income	2,000,000	2,000,000	2,000,000	-	-	0.0%
Rental & Sundry	2,260,000	2,525,000	2,616,600	91,600	356,600	15.8%
sub-total	4,260,000	4,525,000	4,616,600	91,600	356,600	8.4%
Total Revenues	194,969,531	198,104,324	196,141,543	(1,962,781)	1,172,012	0.6%

BROCK UNIVERSITY OPERATING BUDGET

2008-09 Approved Final Budget June-08	2008-09 Adjusted Working Budget	2009-10 Requested Budget	2009-10 Incr/(Decr) Over Adj. Working	2009-10 Incr/(Decr) Over 2008-09 Approved
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Expenditures

Academic Faculties

Faculty of Applied Health Sciences	12,194,284	12,545,761	12,926,464	380,703	732,180	6.0%
Faculty of Business	15,005,296	15,226,270	15,975,858	749,588	970,562	6.5%
Faculty of Education	14,151,705	14,277,571	14,623,105	345,534	471,400	3.3%
Faculty of Humanities	18,379,883	18,527,115	18,843,500	316,385	463,617	2.5%
Faculty of Math & Science	15,259,472	15,327,114	15,672,414	345,300	412,942	2.7%
Faculty of Social Sciences	24,692,973	24,911,287	25,656,105	744,818	963,132	3.9%
sub-total	99,683,613	100,815,118	103,697,446	2,882,328	4,013,833	4.0%

Academic Support & Student Services

Library Department	4,813,444	5,019,806	4,851,962	(167,844)	38,518	0.8%
Library Acquisitions	2,347,875	2,347,875	2,347,875	-	-	0.0%
Research & VP Research	1,351,823	1,460,337	1,520,963	60,626	169,140	12.5%
Graduate Studies & Fellowships	4,051,609	4,083,546	5,005,821	922,275	954,212	23.6%
VP Acad, Co-op, CTLET, Athletics, CARP	4,258,117	4,385,916	4,230,003	(155,913)	(28,114)	-0.7%
Financial Aid - Set Aside	3,429,000	3,429,000	3,429,000	-	-	0.0%
Financial Aid - Operating Support	1,455,500	1,455,500	1,455,500	-	-	0.0%
AVP, Registrar, Recruitment, Support Student Services	9,080,283	9,369,178	9,217,940	(151,238)	137,657	1.5%
sub-total	30,787,651	31,551,158	32,059,064	507,906	1,271,413	4.1%

Executive, Administration, Facilities

Facilities Mgmt Operating Costs	11,893,625	12,042,384	11,908,364	(134,020)	14,739	0.1%
Facilities Mgmt - Utilities & Co-gen Plant	5,358,738	5,358,738	5,313,225	(45,513)	(45,513)	-0.8%
Interest & Principal	2,235,283	2,235,283	2,248,271	12,988	12,988	0.6%
Campus Security	1,461,981	1,507,039	1,446,245	(60,794)	(15,736)	-1.1%
Emergency Management Plan	20,000	20,000	18,500	(1,500)	(1,500)	-7.5%
Information & Technology Services/Acquisitions	7,455,196	7,709,094	7,322,579	(386,515)	(132,617)	-1.8%
President & University Secretariat	1,367,009	1,458,747	1,405,975	(52,772)	38,966	2.9%
Planning, Internal Audit and Human Rights & Equity	463,825	473,131	441,018	(32,113)	(22,807)	-4.9%
VP Finance/Admin, Finance, HR & Health & Safety	5,371,559	5,597,659	5,502,775	(94,884)	131,216	2.4%
BCA, Recreation, Other Community Services	1,741,514	1,680,337	1,575,051	(105,286)	(166,463)	-9.6%
VP Advancement, Develop., Alumni, Telegrad, Marketing & Comm.	2,671,132	3,418,427	4,655,847	1,237,420	1,984,715	74.3%
sub-total	40,039,862	41,500,839	41,837,850	337,011	1,797,988	4.5%

Gross Expenses from Ancillary Operations

Bookstore & Printshop Operations	8,766,812	8,771,078	9,400,066	628,988	633,254	7.2%
Residences & Conference Services	13,790,693	13,874,972	14,258,490	383,518	467,797	3.4%
Parking	1,588,200	1,588,200	1,604,800	16,600	16,600	1.0%
sub-total	24,145,705	24,234,250	25,263,356	1,029,106	1,117,651	4.6%

Other Global Expenditures

	2,078,051	149,629	707,054	557,425	(1,370,997)	-66.0%
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Specific Purpose Grants

Facilities Renewal Grants	904,200	904,200	904,200	-	-	0.0%
Federal - Indirect Costs Program	1,773,907	1,773,907	1,886,963	113,056	113,056	6.4%
Campus Renewal	6,747,200	6,747,200		(6,747,200)	(6,747,200)	-100.0%
Other Grants	1,462,729	1,478,392	1,443,103	(35,289)	(19,626)	-1.3%
sub-total	10,888,036	10,903,699	4,234,266	(6,669,433)	(6,653,770)	-61.1%

Total Expenditures

	207,622,918	209,154,694	207,799,036	(1,355,657)	176,118	0.1%
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Difference between Revenue and Expenses

	(12,653,387)	(11,050,370)	(11,657,493)	(607,124)	(995,894)	7.9%
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Carryforward from 07/08 - Global

	7,303,616	7,303,616				
Projected Improvement to Operating Surplus		962,987				
Operating Surplus (Deficit) after Appropriations	(5,349,771)	(2,783,767)	(11,657,493)			
Accumulated Operating Surplus, Beginning	5,553,311	5,553,311	2,769,544			
Accumulated Operating Surplus (Deficit), Ending	\$ 203,540	\$ 2,769,544	\$ (8,887,949)			



Brock University
Budget Development 2009-10
Timelines & Process

Budget schedules available on Finance website	Dec.1
Preliminary Budget discussions with: CAD/CAA	Dec.9
FAD & other Budget Developers	Dec.17
Open on-line 09/10 Budget Development to Budget Developers	Dec.21
Meeting with Budget Developers to review Budget Process & Guidelines	Jan.14
Finance distribute Permanent Employees on Benefits (Schedule 3) to Budget Developers	
Deans	Jan.14
All (except Deans)	Jan.16
Budget Developers submit Salary Schedule 3 to Finance:	
All (except Deans)	Feb.2
Deans	Feb.6
Residence Preliminary Budget submission (re: rate setting)	Jan.29
Review current status of 2009-10 Budget Development with:	
Senate Budget Advisory Committee	Jan.22
Financial Planning, Audit and Human Resources Committee	Feb.5
Board of Trustees	Feb.26
Budget Developers submit Schedule 7/Minor Capital Renovation Requests directly to Facilities	Feb.6
Town Hall Meetings with Faculty, Staff, Student Unions	Feb.10, 11
Budget Developers submit Preliminary Budget Targets to Finance as per guidelines:	
All (except Deans)	Feb. 19
Deans	Feb. 26
Finance compilation and analysis of Budget Developer's Preliminary Budget Targets	Mar.6
President and VPs meetings with Budget Developers to review Preliminary Budget Targets	Mar.9-13
Budget Developers submit 08/09 Year End Projections on-line (for FPAHR April mtg)	Mar.16
Target Budget decisions communicated to Budget Developers	Mar.25
Budget developers finalize 2009-10 Budget (including Revenue & Part Time Salary Schedules):	
All (except Deans)	Apr.9
Deans	Apr.17
On-line budget development access closed to all Budget Developers	Apr.17
Review status of 2009-10 Budget Development with:	
Financial Planning, Audit and Human Resources Committee	Apr.16
Senate Budget Advisory Committee	Apr.23, May 5
Board of Trustees	Apr.30
Finance compilation and analysis of 2009-10 Budget	May 1
Review "Draft" Final Budget with:	
Financial Planning, Audit and Human Resources Committee	May 14
Senate Budget Advisory Committee	May 21
Senate	Jun 03
Formal presentation and submit Final Budget for approval to :	
Financial Planning, Audit and Human Resources Committee	Jun 18
Board of Trustees	Jun 25
Approved budgets available to Budget Developers	Jun 30
Mid-Year Review - Budget Update and meetings	end of October
Review updated 2009-10 Budget with:	
Budget Developers (SAC, CAD, FAD & other Directors)	November
Senate Budget Advisory Committee	November
Review update 2009-10 budget and approval of variances with:	
Financial Planning, Audit and Human Resources Committee	November
Board of Trustees	November
Commence cycle for 2010-11	December

Counting Students (Definitions)

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.

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 FFTE 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 FFTEs) 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).

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
2002	9,445	3,124	12,569	240	433	673	9,685	3,557	13,242
2003	11,528	3,136	14,664	373	485	858	11,901	3,621	15,522
2004	12,559	2,973	15,532	531	534	1,065	13,090	3,507	16,597
Change:	825	-1	824	28	-40	-12	853	-41	812
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:	88	-14	74	39	-24	15	127	-38	89
2009*	12,979	2,526	15,505	837	597	1,434	13,816	3,123	16,939
Change:	164	-20	144	46	25	71	210	5	215
2010*	13,143	2,506	15,649	883	622	1,505	14,026	3,128	17,154

FFTEs (Fiscal Full-Time Equivalents)

Year	Undergraduate			Graduate			Total		
	Eligible	Ineligible	Total	Eligible	Ineligible	Total	Eligible	Ineligible	Total
2002-03	9,783.5	1,400.0	11,183.5	856.1	177.3	1,033.4	10,639.6	1,577.3	12,216.9
2003-04	11,661.0	1,332.9	12,993.9	991.9	362.0	1,353.9	12,652.9	1,694.9	14,347.8
2004-05	12,504.0	1,400.1	13,904.1	1,185.2	552.7	1,737.9	13,689.2	1,952.8	15,642.0
Change:	752	108	860	42	51	93	794	158	952
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:	38	35	73	56	26	82	94	61	155
2009-10*	12,767.1	1,404.2	14,171.2	1,778.4	851.2	2,629.6	14,545.4	2,255.4	16,800.8
Change:	115	36	151	122	-6	116	237	30	267
2010-11*	12,882.1	1,440.1	14,322.1	1,900.6	844.9	2,745.5	14,782.6	2,285.0	17,067.6

Yearly BIUs (Basic Income Units)

Year	Undergraduate			Graduate			Total		
	Eligible	Ineligible	Total	Eligible	Ineligible	Total	Eligible	Ineligible	Total
2002-03	13,698.6	2,300.0	15,998.6	949.0	200.0	1,149.0	14,647.6	2,500.0	17,147.6
2003-04	16,053.9	2,156.1	18,210.0	1,099.7	400.0	1,499.7	17,153.6	2,556.1	19,709.7
2004-05	17,614.5	2,221.5	19,836.0	1,326.3	597.5	1,923.8	18,940.8	2,819.0	21,759.8
Change:	927	181	1,107	67	70	136	993	250	1,243
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:	65	53	117	72	19	91	136	72	208
2009-10*	17,868.3	2,220.0	20,088.3	2,081.1	954.9	3,036.0	19,949.4	3,174.9	23,124.3
Change:	177	54	230	161	3	164	337	57	394
2010-11*	18,044.9	2,273.8	20,318.7	2,241.6	957.9	3,199.5	20,286.5	3,231.7	23,518.2

* = estimated