



Report on the Annual
Final Budget Estimates

2008 - 2009

June 26, 2008

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FOREWORD

This budget report is prepared annually and in a format consistent with previous years to enhance comparability. The report provides detailed information regarding the annual budget process, assumptions in 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 that include direct research, major capital projects, trust and endowments. As these resources are intended for restrictive purposes and not available for general operating purposes, they are not included in the operating budget and only accounted for annually in the audited financial statements.

This budget is intended as a "Final Budget". This budget 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.

BUDGET 2008-09 - OVERVIEW

This overview provides a brief summary of the operating budget situation facing Brock University for 2008-09. The 2008-09 Final Budget is presented as a balanced budget. The balancing of the operating budget continues to be a challenge and will be in the foreseeable future. The strategy employed for 2008-09 involved a deliberate reserving of all available resources that were set aside from their original plan and all new grant announcements.

Understanding the challenge in balancing the operating budget can be best understood by examining the major elements that impact the revenue and expenditure estimates. They are:

- ✚ Salary and Benefit Costs:
 - Account for almost 80% of total operating budget expenditures. The salary and benefit costs are predictable and inflationary.

- ✚ Grants and Tuition Revenues:
 - 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 have recently been funded as one-time. Tuition revenue changes from enrolment activity are predictable but the rates are only predictable once announced by the government.

To review these major elements in further detail:

Salary and benefit costs

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 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 112 new full-time faculty and 52 new staff positions being added since 2003-04. In addition, significant increases were made to part-time teaching budgets as the double cohort moved through the system. 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.

The ability to fund these initial investments in faculty and staff positions arose largely from increases in government quality and accessibility funding. However, there is no commitment to provide any on-going funding to cover the annual inflationary component that arise from rate and benefit costs.

Provincial operating grant funding

The 2005 Ontario budget *Reaching Higher Plan* was the government's commitment to significant investments into postsecondary education over the next five years to achieve their goals of access, quality and accountability. Significant undergraduate accessibility funding was received in the past for year-over-year undergraduate growth which arose primarily from the double cohort students. However, since 2005-06 this grant has only been paid on a one-time basis and, an amount of \$3 million of undergraduate accessibility funding ended in 2006-07 as the double cohort graduated. None of this grant was earned in 2007-08 nor expected to be earned in 2008-09 or the foreseeable future.

Significant investments have been received through quality funding but this has only been committed on an annual basis. Funding had ranged from \$2.5 million in 2005-06 to \$4.5 million in 2007-08. The \$1.7 million of additional funding in 2007-08 came from the government's year end flexibility with underspent funds from a graduate envelope. Since it was announced unexpectedly in March 2008, all of this funding was carried forward to assist in balancing 2008-09.

New per-student graduate funding to support the expansion of graduate education was earned in 2007-08 and is expected to continue into 2008-09 as the Ministry assigns new enrolment targets. However, the fellowship packages and the resources needed to fund these graduate students almost entirely used this additional funding. Furthermore, the graduate growth has been significant for Brock University but graduate grants and tuition revenue is a relatively smaller portion of the total revenue base.

The predictability of new funding announcements is uncertain. In March 2007 one-time grant funding was received. The first was a graduate grant of \$673,814 and the second was a very significant grant of \$6,615,454.

New specific purpose grants for Campus Renewal Program were announced in January 2008 of \$4,573,700 and in March 2008 of \$6,747,200. The program is similar to the Facilities Renewal Program with added flexibility for security enhancements across all university sectors. Even though these grants are for specific purposes, operating budget relief can be partially achieved by releasing operating budgets that would have otherwise been spent on these eligible projects.

Tuition Revenue

With total enrolments leveling off and tuition rates set to government prescribed maximums, additional revenue is generated but is not sufficient to fund all incremental operating budget increases.

As the double cohort graduated in 2006-07, total enrolments did decline in 2007-08 and are projected to increase slightly in 2008-09. The undergraduate intake enrolment targets, even though aggressive, are achievable. The graduate expansion is planned to achieve most of the remaining Ministry allocated enrolment targets by 2008-09.

In 2006, the government's tuition policy allowed for increases within prescribed limits and categories from 2006-07 until 2009-10 to an overall maximum annual increase of 5%. All government funded programs will be increased to the allowable limits and non-government funded programs have had similar increases. With these known and multi-year guidelines, additional tuition revenue from rate increases has provided a predictable revenue source.

Impact to the 2008-09 Budget

Even with the best revenue assumptions and budget increases limited to those that meet contractual obligations the financial pressures for 2008-09 are as challenging as they were in developing the 2007-08 budget. These challenges included the requirement to find the \$3,899,827 utilized from the accumulated operating surplus to balance the 2007-08 budget.

In 2007-08, the University conducted its first reduction exercise since the current budget process was first 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 in order to minimize and ultimately defer the impact of another target reduction exercise in 2008-09, all available funds during the mid-year and those identified throughout the year were held in reserve to assist with the financial pressures in 2008-09. In addition, all base budgets were held to 2007-08 levels and only minimal increases beyond those contractual obligations were approved. As a result, sufficient funds from new one-time grant announcements, preserving global funds and utilizing accumulated operating surpluses have been identified to balance the 2008-09 budget.

Impact to Future Budget Planning

The strategy of utilizing one-time resources to balance the budget, in part, reflects the way in which Ontario universities have recently been funded with additional one-time grants. The strategy ensures that all general operating surpluses generated at year end from underspending or through additional unexpected revenues are shared university-wide to minimize the impact of a reduction exercise. Finally, it ensures that in-year distribution of global funds and reserves are first considered in light of the following years budget pressures.

However, this strategy is not sustainable in the long term. New additional base budget increases in all areas across the campus are continually being requested. It will be difficult to ignore the need for these additional investments without impacting the quality of education to our students.

What can be done?

- ✚ Redeployment of resources to support the Academic plan and mission critical areas
- ✚ Incentive budgeting to help motivate and sustain revenue generation
- ✚ Continued examination of cost containment opportunities and incentives
- ✚ Increases to endowment funds to alleviate the operating budgets used for student bursary and fellowship funding
- ✚ Further encouragement of entrepreneurial opportunities across all university sectors that provide revenue generating possibilities
- ✚ Cost-neutral strategies and initiatives that avoid additional burden to expenditure budgets

Most of these strategies have been underway in varying degrees, but continued emphasis and further development with a multi-year and longer term focus is needed.

As these financial pressures are not unique to our university, and exist at all Ontario universities, we still remain hopeful that the provincial government will support funding that is predictable and on-going with annual escalation increases.

FINANCIAL REVIEW OF THE BUDGET CHALLENGE

As budget revenue estimates and projected expenditures were being developed, it became clear the financial pressures for 2008-09 were expected to be as challenging as they were in developing the 2007-08 budget. These challenges included the requirement to find the \$3,899,827 utilized from the accumulated operating surplus to balance the 2007-08 budget. As the first strategy to minimize the impact of another target reduction exercise that may occur again in 2008-09, all available funds identified at the 2007-08 mid-year were held until final confirmation of government grants and a clearer picture of the 2008-09 financial situation was known. During January through April, additional one-time resources through projected fiscal savings and government grant announcements together provided enough resources to close the gap for 2008-09.

The budget challenge for 2008-09 can be explained by examining the major components:

➤	Balanced 2007-08 budget with approved one-time funding	(4.9)
	Accumulated surplus used to balance budget	(3.9)
	2007-08 approved one-time target reductions	(1.0)
➤	2007-08 in-year budget shortfalls that will continue	(4.5)
	Flat Fee – “grandfathering” impact to existing students	(2.0)
	Enrolment related variances	
	– FTEs – course enrolments and flow through	(0.5)
	– BIUs – grant loss from flow through	(1.5)
	– Graduate expansion less than planned	(0.5)
➤	2008-09 additional revenues less than contractual obligations	(5.2)
	Tuition rate increases net of activity decreases	1.8
	Expenditures – contractual obligations	(7.0)
	Total Financial Challenge Before Initial Strategies	\$(14.6)
➤	Initial Budget strategies included the following:	
	Preserving all available funds from 2007-08 at mid-year	3.1
	Utilization of remaining accumulated operating surplus	1.5
	Remaining Challenge, as estimated in January 2008	\$(10.0)
	Identification of 2007-08 resources continued to be identified	
	Releasing Minor Capital Budget Operating Expenditures	5.5
	Utilizing One-time Quality Grant announced in March	1.7
	Projected Budget Developer department savings	0.8
	Improved Tuition and Investment Revenue Estimates	2.0
	Remaining Challenge, as estimated in June 2008	NIL

BUDGET DEVELOPMENT

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

The following section provides background and review of the 2008-09 budget development, process, guidelines, timelines, fiscal forecast process and the development of the annual enrolment/revenue model.

BUDGET PROCESS & GUIDELINES

As the 2008-09 budget estimates became known, the Vice Presidents and President considered a number of strategies and options for dealing with the financial gap and for determining the development of the 2008-09 budget guidelines

Budget Developers were advised that the extensive and formal budget development process would be delayed for all units (except ancillary and partial revenue generating areas) until greater certainty existed regarding the level of government funding and the finalization of other budget estimates.

The decision to delay the process recognized that the major divisional budget development usually involves extensive work and involvement from other members of a unit and it seemed unreasonable to engage faculty and staff to undertake this process without final guidelines.

It was recognized that the process could not be delayed too long as opportunities to make strategic decisions may be lost and some Budget Developers indicated a desire to proceed with aspects of the budget development process (e.g. part-time teaching requirements) but were advised that some of the work may need to be amended once final budget guidelines were known.

In early March, more certainty regarding the 2008-09 budget guidelines were known and Budget Developers were asked to complete their preliminary 2008-09 budget request under the following preliminary guidelines:

- i. The original approved 2007-08 budget plus on-going budget approvals and centrally funded budget adjustments (e.g. salary rate increases) would form the 2008-09 base budget.
- ii. Only permanent and additional faculty and staff positions as previously approved (e.g. at mid-year) would continue into 2008-09 except where it could be demonstrated (and as normally approved by the reporting Vice-President), that new positions are created from existing on-going salary budgets.
- iii. Vacant or retiring positions would be filled (as normally approved by the reporting Vice-President) but should be reviewed in light of opportunities to reserve and hold budget savings.

Budget Developers were advised that since a gap was still expected that it was incumbent on all Budget Developers, while preparing their 2008-09 budget requests, to identify opportunities to delay spending or reserve funds. It would be these funds that could be called upon if a reduction exercise was necessary to close the remaining 2008-09 gap.

Given the delay in the formal process and the uncertainty, the budget meetings that were normally held in March for all Budget Developers did not occur. However, Budget Developers were advised that if they had concerns regarding their ability to manage the 2008-09 budget, under the preliminary guidelines, they would need to discuss those concerns with their respective Vice-President. In addition, they could request a meeting with the President and Vice Presidents to present budget concerns.

BUDGET TIMELINES

The “Timelines and Process” for 2008-09 (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. In addition, special meetings and workshops are held with Budget Developers and constituents as needed. The following highlights the regular and special steps taken between January and May 2008 to keep Budget Developers and constituents informed:

- ✓ In early January very preliminary revenue and expenditure estimates and the financial gap was shared with Budget Developers and with the Senate Budget Advisory Committee.
- ✓ In February budget development updates were provided to the Financial Planning, Audit & Human Resources Committee and the Board of Trustees to review the details of the preliminary budget estimates, and the financial gap.
- ✓ Budget salary schedules as developed by Finance including approved positions and individual salary costs as generated by Human Resources were reviewed by all Budget Developers by early February.
- ✓ Budget Developers for Ancillary and partial revenue generating areas (e.g. Conference Services, Parking, Bookstore, IELP, Recreation Services, Centre for the Arts & Residence) were required to submit their 2008-09 budget requests by the end of February.
- ✓ In order to allow Facilities Management the opportunity to review any departmental minor capital renovation requests were due from all Budget Developers by early February.
- ✓ In early March, a memo was sent to all Budget Developers providing an update and the preliminary guidelines necessary to prepare their 2008-09 budget requests by the end of March.
- ✓ In late April, Budget Developers were provided an opportunity to meet directly with the President and Vice Presidents to present budget concerns.
- ✓ By early May, all budget submissions had been reviewed in detail by the Finance Department including analysis to confirm that targets had been met and summary financial results to verify 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, Senate Budget Advisory Committee and other key constituents.

FISCAL FORECAST PROCESS

The Fiscal Forecast Process is an integral and important aspect of the 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 “2007-08 Final Budget Estimates” report was presented and approved at the June 28, 2007 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 occur 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 “2007-08 Mid-Year Budget Review” report was submitted to the Board of Trustees in November 2007.
- The second fiscal forecast report occurred as of January 31 and included information where significant changes had occurred since the mid-year review was presented in November.
- The third fiscal forecast report occurred as of March 31. Budget Developers completed the third 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.
- Final fiscal results and audited results are presented in June and September respectively.

ENROLMENT/REVENUE MODEL

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

Senior Management develops the enrolment targets through consultation with the Deans. The targets are then used by The Advisory Committee on Institutional Data (ACID) to update the 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 2008-09 undergraduate projections, the double cohort “effect” on retention was removed, the tracking of concurrent students was improved, and spring/summer admissions were added for Visa and Domestic 105s. As well, the graduate model has been adjusted to reflect flow-through by cohort. As usual, the Committee has developed enrolment scenarios which are separate for each of:

- a) Spring and Summer sessions (eligible undergraduate excluding Nursing);
- b) The Fall/Winter session (eligible undergraduate excluding Nursing);
- c) International (“VISA”) students;
- d) Nursing; and
- e) Graduate Students.

The Committee has excluded from its consideration programs which are subject to “special revenue sharing arrangements”, such as the ISP (International Student Programs), IELP (Intensive English Language Program), and Education In-Service programs.

The following chart displays the 2008-09 projections relative to the change over the 2007-08 actuals.

Category:	2008-09 Projections (change over 2007-08 actuals)			
	Revenue Type:	Activity Change:		Revenue Change:
1.0 ACTIVITY				
1.1 Undergraduate				
1.1.1 Spring/Summer <i>(excluding Nursing)</i>	Tuition	FFTEs:	0	\$0
	Grant	BIUs:	0	\$0
	Total:			\$0
1.1.2 Fall/Winter Domestic Eligible <i>(excluding Nursing)</i>	Tuition	FFTEs:	-187	(\$755,993)
	Grant	BIUs:	-284	\$0
	Total:			(\$755,993)
1.1.3 Fall/Winter VISA	Tuition	FFTEs:	+14	\$174,412
	Grant	BIUs:	0	\$0
	Total:			\$174,412
1.1.4 Fall/Winter NURSING	Tuition	FFTEs:	+15	\$111,064
	Grant	BIUs:	+30	\$117,848
	Total:			\$228,912
1.1.5 Total, Undergraduate:	Tuition	FFTEs:	-158	(\$470,517)
	Grant:	BIUs:	-254	\$117,848
	Total:			(\$352,670)
1.2 Graduate (Headcount and FFTEs shown are Eligible and Ineligible; BIUs are Eligible only)	Tuition	FFTEs:	+228	\$255,168
	Grant	BIUs:	+218	\$810,761
	Total:			\$1,065,929
1.3 Total, All Activity (Before adding in tuition rate changes)	Tuition	FFTEs:	+70	(\$215,349)
	Grant	BIUs:	-36	\$928,608
	Total:			\$713,259

2008-09 BUDGET – FINANCIAL HIGHLIGHTS

Full financial details for the total 2008-09 revenue and expenditure estimates, as compared to the 2007-08 originally approved budget (June 2007) are provided in Appendix I.

The following analysis highlights the major increases (decreases) for the 2008-09 revenue and expenditure estimates over the 2007-08 original approved budget (June 2007).

Revenues:

Total revenues are expected to increase by **\$7,551,183 or 4.0%**. The major increases (decreases) over the 2007-08 original approved budgets are due to:

Tuition:	
Rate increases	\$3,000,000
Actual activity decrease during 2007-08	(800,000)
Projected activity decrease over 2007-08 actual	(218,000)
Flat Fee Structure changes during 2007-08	(2,000,000)
Other & Incidental Fees	210,000
Government Operating Grants:	
Undergraduate Accessibility	(1,521,000)
Graduate Expansion funding	462,000
Nursing Collaborative & Completion	118,000
Specific Purpose Grants with matching expenditures:	
Campus Renewal Program	6,747,000
Other Grants	660,000
Gross Revenues from Ancillary Operations	(290,000)
Other Revenues - Investment Income & Sundry	1,183,000
2008-09 net revenue increases over 2007-08	<u>\$7,551,000</u>

2008-09 BUDGET – FINANCIAL HIGHLIGHTS, continued

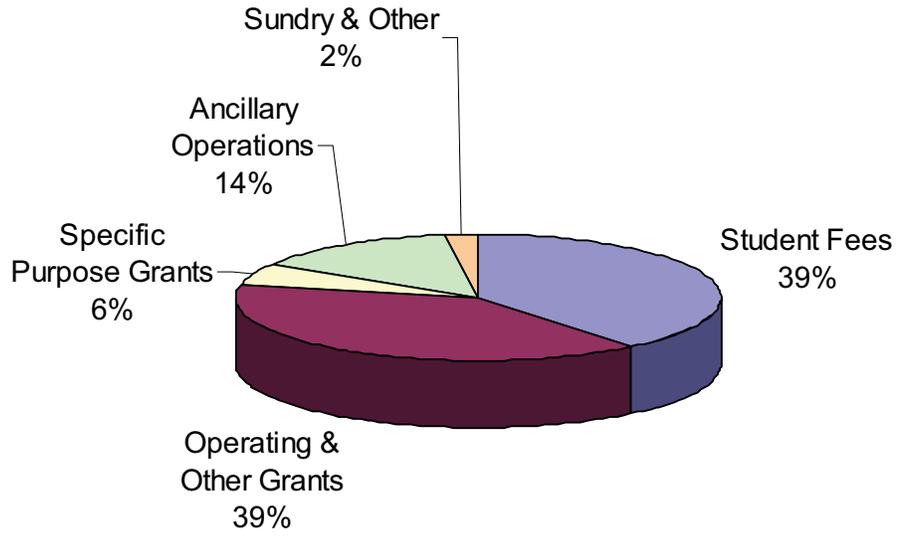
Expenditures:

Total expenses are expected to increase by **\$15,204,743 or 7.9%**. The major increases over the 2007-08 original approved budget (June 2007) are due to:

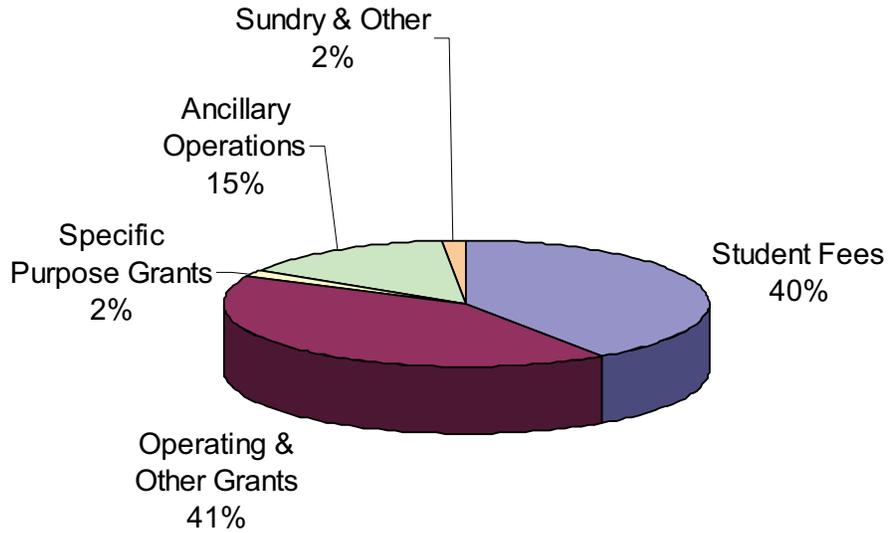
Increases to Base budgets		7,686,000
Specific Purpose Grants - See Revenues		7,273,000
Gross expenses from Ancillary Operations		<u>246,000</u>
2008-09 net expenditure increases over 2007-08		<u>\$15,205,000</u>
Excess of incremental expenditures over revenues		\$ (7,654,000)
Opening 2007-08 Budget Shortfall		\$ (4,999,000)
Utilization of all available funds from 2007-08		
March 2008 one-time Quality Grant		1,700,000
Global funds held from spending		3,100,000
Releasing minor capital operating budgets		2,503,000
Opening 2007-08 Accumulated operating surplus		5,350,000
Originally available	\$1,500,000	
Projected Budget Developer department savings	800,000	
Releasing minor capital operating budgets	3,050,000	
Remaining Excess of Expenditures over Revenues		NIL

<i>The following sections provide extensive details on the major categories of the 2008-09 Budget Revenue Estimates and Expenditures.</i>

2008-09 Revenue Estimates



2007-08 Revenue Estimates



2008-09 REVENUE ESTIMATES - COMMENTARY

The following highlights the significant categories of the 2008-09 Budget Revenue Estimates.

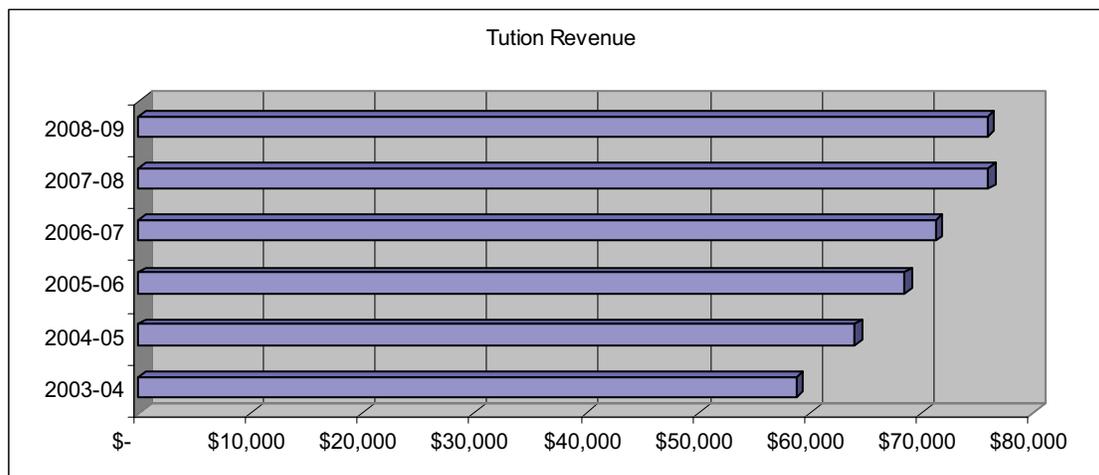
TUITION REVENUE

The tuition revenue represents almost 40% of the 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 **\$76,168,644** is estimated to increase by \$192,527 or 0.3% over 2007-08 approved budget levels. The determination of tuition revenue budget is impacted by the expected enrolment levels from new 2008-09 intake targets, comparisons with previous year intake targets, flow through and retention patterns, and assumptions and changes to tuition rate levels.

The estimated 2008-09 financial implications over the 2007-08 approved are as follows:

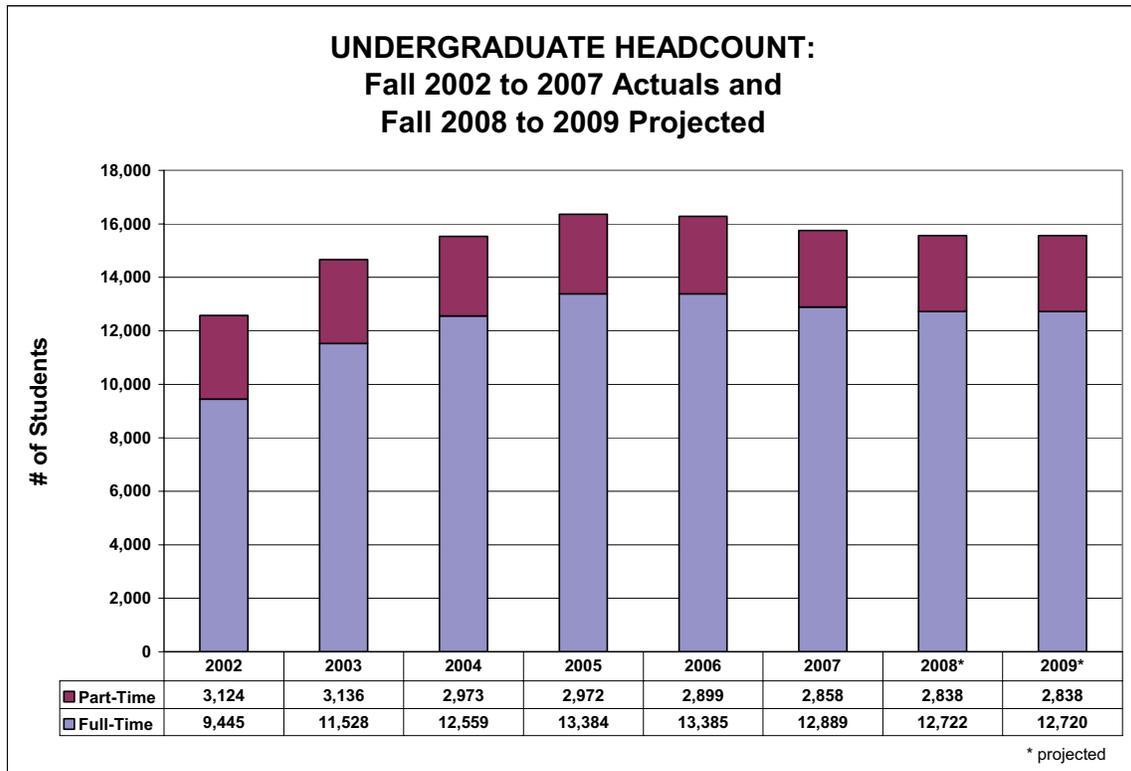
Rate increases	\$3,000,000
Actual activity decrease during 2007-08	(800,000)
Projected activity decrease over 2007-08 actual	(218,000)
Flat Fee Structure changes during 2007-08	(2,000,000)
Other & Incidental Fees	<u>210,000</u>
Expected Tuition over 2007-08 approved budget	\$192,000

Tuition levels are same as the previous year, but have grown steadily over the past five years as the following chart depicts:

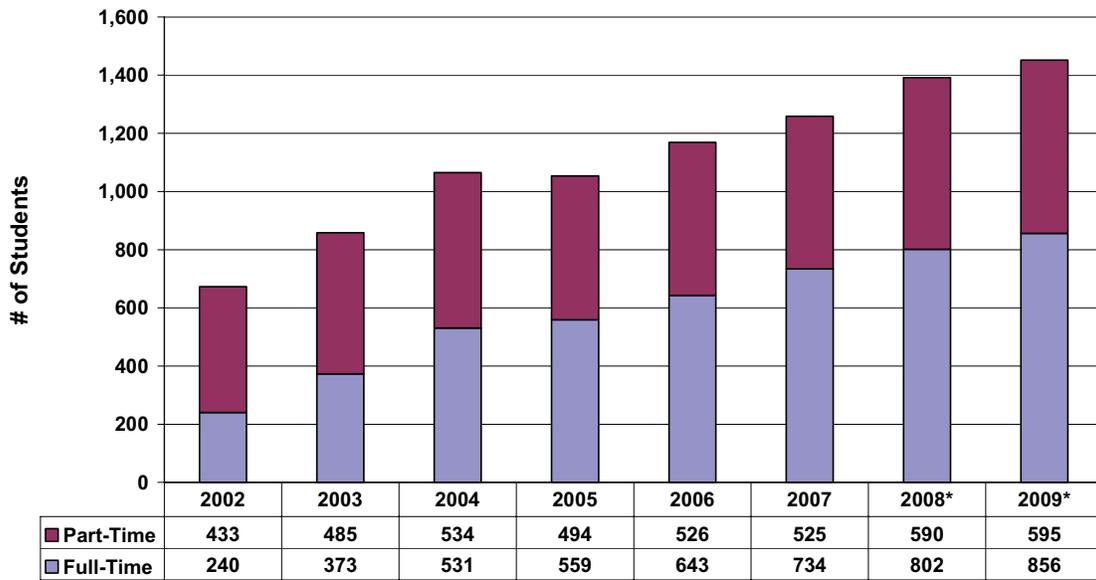


Enrolment Planning Activity

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 the rising operational costs. The enrolment picture is different than in the past because the double cohort students have moved out of the system. Graphs depicting the enrolment trends for undergraduate, graduate and total headcount over the eight year period from 2002 to 2009 are shown below:

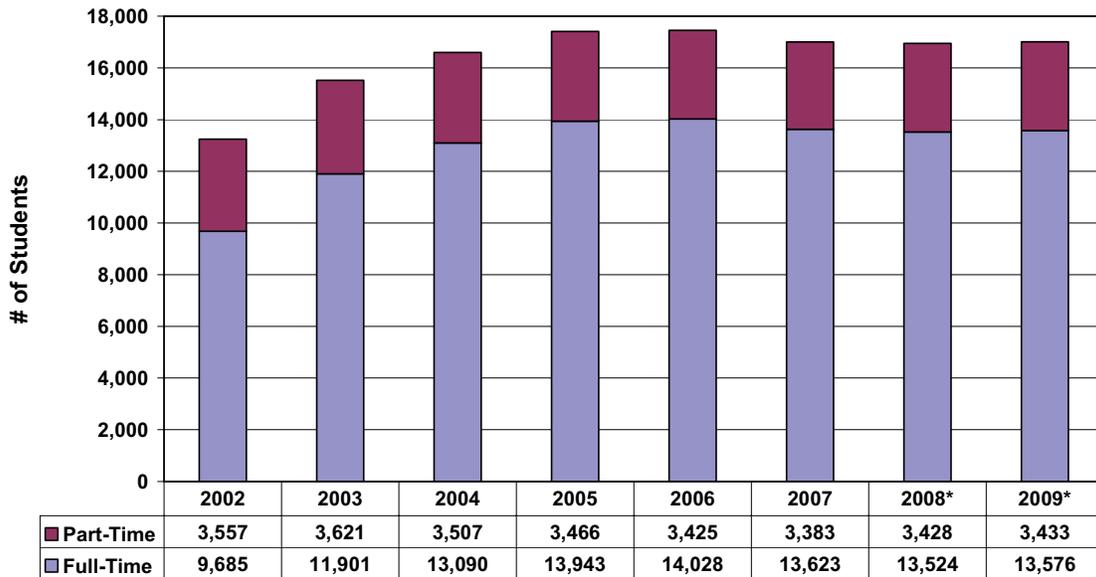


**GRADUATE HEADCOUNT:
Fall 2002 to 2007 Actuals and
Fall 2008 to 2009 Projected**



* projected

**TOTAL HEADCOUNT (Undergraduate and Graduate):
Fall 2002 to 2007 Actuals and
Fall 2008 to 2009 Projected**



* projected

In 2008-09, a decline in total undergraduate enrolment is expected. The number of new full-time Year I students will change as follows (please refer to Appendix III for an explanation on “counting students” and corresponding definitions):

Year 1 intake, full-time students (Fall headcount)	2007-08 (actual)	2008-09 (projected)
Domestic 101s (directly from secondary school)	2,741	2,695
Domestic 105s (not directly from secondary school)	536	600
VISA students	133	172
Total:	3,410	3,467

The following projections are based on the flow-through of current students and the targeted intake for 2008-09:

Category	2007-08 (actual)	2008-09 (projected)
Headcount of all students as at November 1	17,006	16,950
FTEs	16,474	16,544
BIUs	22,541	22,544

Based on the enrolment projections for 2008-09, the revenue (tuition and grant) generated by undergraduate students will **decrease by \$352,670**; the revenue generated by graduate students will **increase by \$1,065,929**; and total revenue will **increase by \$713,259** (please refer to the Summary of ACID Projections on page 13).

The Fall headcount will decrease for 2008-09, mainly because of the phasing out of the double cohort students and the expectation that growth in graduate students will not compensate for the decrease in undergraduates.

In terms of FFTEs (Fiscal Full-Time Equivalents), a preliminary projection indicates that, in comparison to 2007-08, undergraduate FFTEs will **decrease by about 158** and graduate FFTEs will **increase by about 228** for 2008-09 (Please refer to Appendix IV).

Government Tuition Policy

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 guidelines for tuition fees for government funded courses. A penalty in the form of a grant reduction for fees charged above permitted levels is included in these guidelines.

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 regulated 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.
- Principle that tuition fees 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

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

To note, having implemented the Ontario government’s tuition policy of fee differentiation in 2007, the 2008 fee structure will result in three differentiated rates for each program type (First year / 2007 Continuing / 2006 and prior Continuing). Going forward, the number of differentiated rates will compound into a complex multi-rate matrix.

Tuition Fees – Non-Government Funded Programs

Fee increases for non-funded cost recovery programs and international students were 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 4% (raised by 6% in 2007-08) for both undergraduate and graduate visa students.

Tuition Fee Structure

As approved by the Board of Trustees on March 1, 2007, Brock University implemented changes in the tuition fee structure for 2007-08. Similar to models at other universities, Brock adopted a flat tuition fee equivalent to the rate of 5.0 credits for all undergraduate students taking a credit load of 4.0 to 5.0 credits in the Fall/Winter session. Students taking less than 4.0 credits pay on a per credit basis. Students taking beyond 5.0 credits pay on a per credit basis for the additional credits taken. The Executive Committee of the Board of Trustees agreed on July 18, 2007 that the implementation of the "flat fee" tuition rate structure in 2007-08 for returning students with entry years prior to 2007-08 would be postponed. For 2008-09, the new tuition fee structure will continue to apply to students who were in their first entry year in 2007-08 and in 2008-09.

Incidental Fees and Contributions from Other Programs

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. Since the CPI has not accumulated to 5% since the last fee increase in 2007-08 there will be no rate increase to either the Athletic or Health Services fee. Total revenue is decreasing due to lower activity levels projected. Incidental fees also include the Co-op fee revenues, which have decreased slightly due to projected enrolment levels, however, rates will increase by 4%. Contributions from other programs are from a number of special funding arrangements offered to the IELP and Faculty graduate international cohort programs.

GOVERNMENT GRANTS

Operating Grants represents almost 40% of the total operating budget revenue. They are typically general-purpose and largely impacted from 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 relative share in the provincial system. Calculation of grants can sometimes be predicted with relative accuracy, but are not known until preliminary announcements by The Ministry of Training, Colleges and Universities are made periodically throughout the fiscal year with final announcements confirmed at the end of the province's year end March 31.

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

Basic Operating Grant

Core government funding comes through Basic Operating Grants. This funding is distributed to universities based on agreed 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.

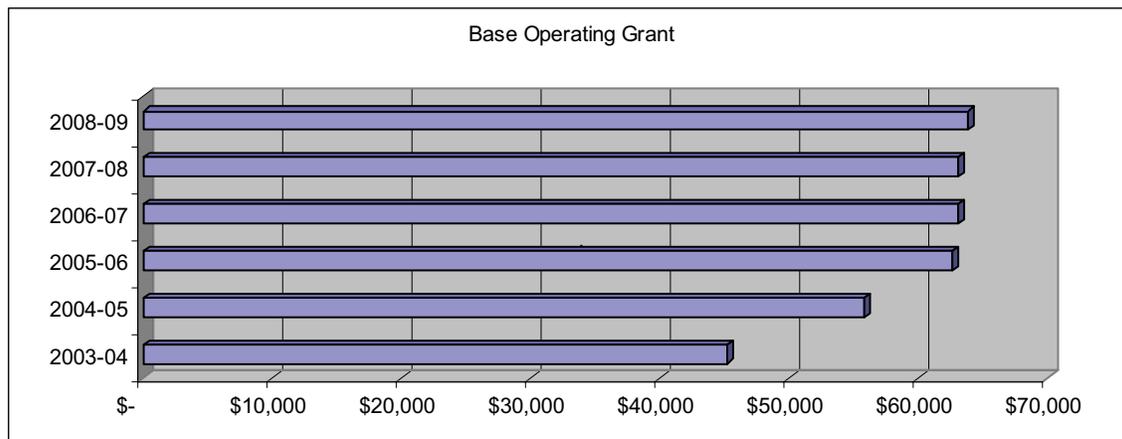
The 2005 Ontario budget *Reaching Higher Plan* was committed to investments designed to improving access, quality and accountability in the postsecondary sector.

Included in the “quality” grant was “per-student funding” (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 University will have received the full funding in the amount of \$2,430,097.

Therefore the basic operating grant is calculated as follows:

Base Grant	\$61,495,810
Per Student funding:	
Earned into base 2007-08	1,620,065
Expected to be paid into base in 2008-09	<u>810,032</u>
2008-09 Base Grant	<u>\$63,925,907</u>
	=====

The following chart depicts how the basic operating grant has increased slightly over the last four years as the “per-student funding” as been rolled into base funding. The significant increase since 2004-05 and 2003-04 was through the base funding of the fully funded undergraduate accessibility grant. Since 2005-06 this grant has only been paid on a one-time basis.



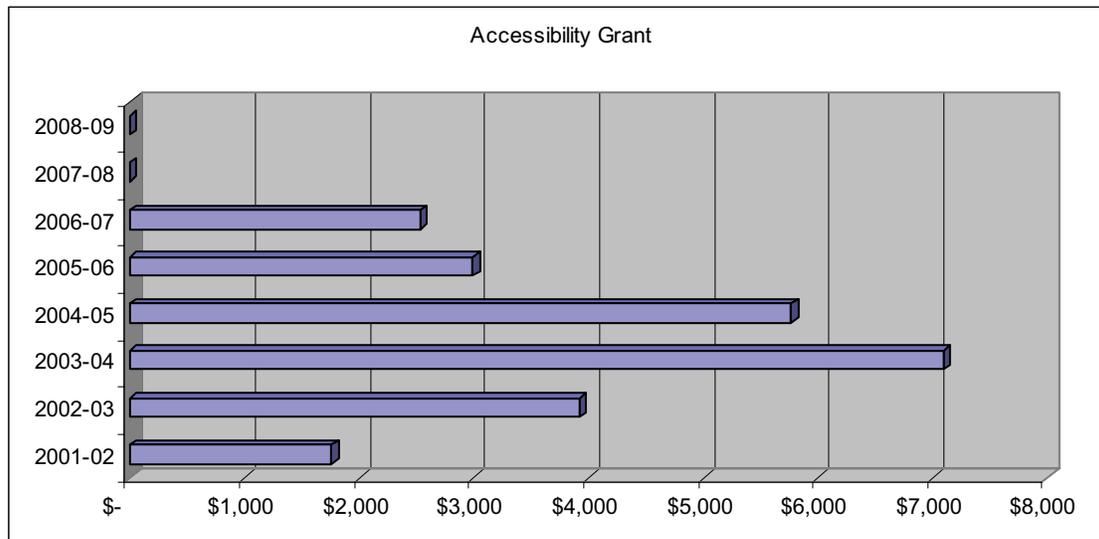
Undergraduate Accessibility Growth Fund

The undergraduate accessibility fund was introduced in 2001-02 to ensure that universities were able to accommodate all willing and qualified students and in coping with the expected increase in students primarily from the double cohort of secondary school grade 12 and grade 13 students entering the university system at the same time. At that time full average funding for year-over-year undergraduate enrolment growth was introduced. This grant rose significantly during the double cohort and was rolled into base grant funding. This explains the large increase to the Base Operating Grant from 2003-04 to 2005-06 as explained previously. However, beginning in 2005-06 this grant was not rolled into base funding and as such has been provided as a one-time grant that fluctuates from year to year depending on three main factors:

- Actual growth or decline from the previous year based on BIUs
- How individual university's growth is relative to all Ontario Universities
- Government funding provided for this purpose.

As Brock University experienced decreases in eligible undergraduate student headcounts and full-time equivalents, the overall BIU level has declined. In 2007-08, an Accessibility grant had been estimated at around \$1.5 million. However, none of this was earned due to the estimated BIUs being impacted more dramatically than originally predicted. This was due to two main factors: year of study and program mix. So as the double cohort moved out of the enrolment projections, these third and fourth year students were not weighted the same as the first and second year students. In addition, program mix and student behaviour patterns changed more than what had been experienced in the last few years. The BIUs are still estimated to be down and as such no undergraduate grant entitlement is estimated for 2008-09.

As the following chart depicts, the undergraduate accessibility grant rose rapidly as the double cohort started moving into the system in 2002-03 and 2003-04 and then rapidly declined as they moved out of the system and graduated in 2006-07.



Tuition Compensation and Quality Assurance Grants

The Tuition Compensation grant of **\$2,068,522** that was provided in lieu of tuition rate increases during the tuition freeze of 2005-06 & 2004-05 and the Quality Assurance Fund of **\$2,340,998** represents funding from a previous governments' quality initiative program. These grants have been at constant funding levels and will continue to be paid each year.

Graduate Expansion Grant

The 2005 Ontario budget *Reaching Higher Plan* committed to a new investment of \$220 million by 2009-10 to substantially expand graduate education, adding 12,000 full-time graduate student spaces by 2007-08, and 14,000 by 2009-10 (over 2002-03). Brock had been assigned a two-year enrolment growth target of 182 FTEs (fall and summer FTEs, 164 for Masters and 18 for PhDs) by 2007-08 over 2004-05. The 2006-07 projections assumed that this growth would be realized in each of the next two years however, the 2006-07 graduate enrolment was flat and thus no grant was earned in 2006-07. The remaining graduate enrolment target was almost entirely achieved in 2007-08 as Brock's eligible fall and summer graduate enrolment was 85.1 for Masters and 11.8 for PhDs and as such the graduate expansion grant earned in 2007-08 was \$1,369,664.

For 2008-09, the government is conducting a review for further allocation of graduate spaces and Brock has submitted a request to earn the remaining portion of the original allocation. In April 2008, MTCU requested that institutions submit their graduate expansion plans for 2008-09 and 2009-10. In the submission, Brock's Masters enrolment is targeted to increase by 69.3 FTEs in 2008-09. This translates to a projected increase of \$718,641 in grant. Growth in PhD enrolment is targeted to be 3.4 FTEs, for a grant increase of \$92,120. In total, grant revenue for graduate growth is estimated to increase by \$810,761 for a total graduate expansion grant of **\$2,180,425**.

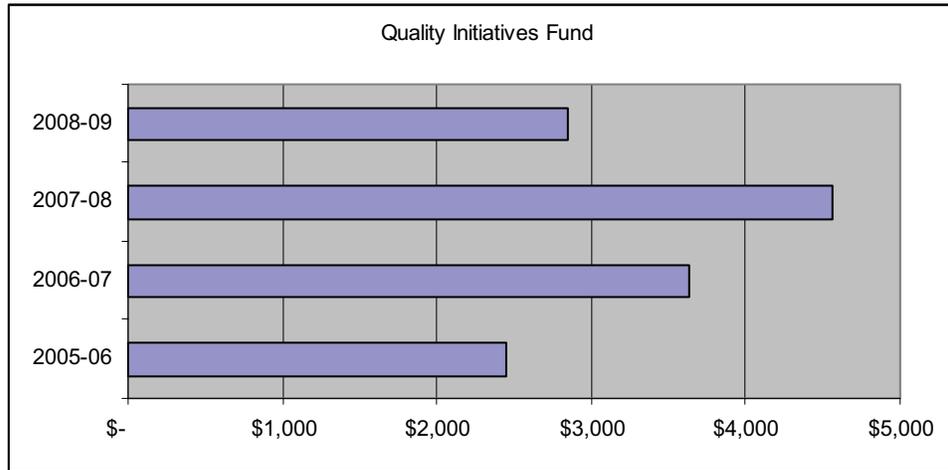
Quality Improvements Fund

The 2005 Ontario budget *Reaching Higher Plan* was also committed to investments designed to improving access, quality and accountability in the postsecondary sector. Funds are being 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. However, the new expenditures from this funding over the last few years have been made primarily on on-going costs (e.g. hiring of 19 full-time faculty in 2005-06 and 46 in 2006-07).

In preparing the 2008-09 grant estimate the overriding assumption is that quality funding will continue at the same level as in 2007-08 (excluding the one-time year end announcements). The level funding is estimated at **\$2,845,325**.

The following chart displays how the actual quality funds received over the few years has fluctuated from \$2.5 million to \$4.5 million based on one-time funding from year end government flexibility.



Nursing Completion and Collaborative 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, in the year following the year during which the student growth is experienced). The grant for the 2008-09 Collaborative and Degree Completion program has been estimated at **\$1,788,926** which is an increase of \$117,848 over the 2007-08 approved budget.

Performance Fund

Since 2000-01, the government has provided Performance Funding. Universities are rated 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 the three indicators and universities performing within 10% of the benchmark receive funding based on their share of total BIUs. We have assumed a level of funding for 2008-09 in the amount of **\$674,968** based on the actual grant received in 2007-08.

Specific Purpose 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, Facilities Renewal Fund and Federal Indirect Costs. In most instances, it is expected that all of these grants will approximate 2007-08 actual levels.

A new specific purpose grant includes a 3-year continuation of the First Generation funding in support of access for first generation initiatives that Brock received first in

2006-07. The three year commitment is in the amount of \$300,000 for 2007-08 and in each of the next two years

Campus Renewal Fund

Another new specific purpose grant is the new Campus Renewal Program announced in January 2008 of \$4,573,700 for 2007-08 and in March, 2008 of **\$6,747,200** for 2008-09. The program is similar to the Facilities Renewal Program with added flexibility for security enhancements across all university sectors. Capital renewal projects for 2007-08 that will meet the specific guidelines have been submitted to the provincial government. Further Capital renewal projects are currently being reviewed and prioritized for 2008-09.

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 **\$1,773,907**.

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

OTHER REVENUES

Investment Income

The investment income includes the interest that the University receives on the short-term investment of its excess operating cash. Investment income continues to exceed budget based on higher than normal excess cash amounts. 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. Also, better returns have been experienced this year as the investment strategy was changed in February 2007. Assuming that the average cash balance and investment returns received throughout the year will be at least those levels in 2007-08, it is expected that the 2008-09 budget will be consistent with 2007-08 actual levels of **\$2,000,000** and thus increase by \$1,150,000 over the 2007-08 budget.

Rental and Sundry

The largest portion of this revenue category is 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. It is expected that the 2008-09 budget of **\$2,260,000** will be consistent with 2007-08 actual levels and the 2007-08 budget.

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 \$2,922,483 (compared to \$2,966,683 and 2,407,533 for 2007-08 and 2006-07 respectively) on a total financial activity of \$27,068,188. The following chart summarizes the projected gross revenues and expenses for 2008-09 with comparisons provided for 2007-08 and 2006-07.

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 =====

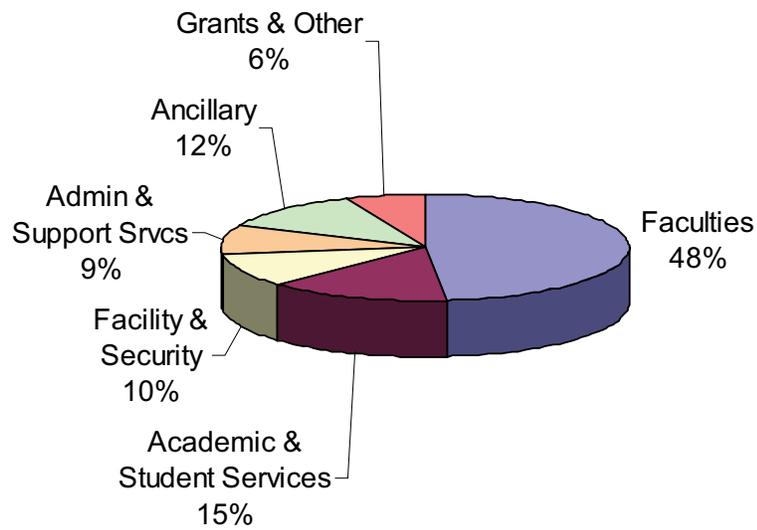
2007-08

	Revenues	Expenses	Net
Bookstore & Printshop	11,211,250	9,502,063	1,709,187
Residence and Conference	13,477,282	13,374,831	28,951
Parking	2,670,000	1,514,955	1,155,045
Total	\$27,358,532 =====	\$24,391,849 =====	\$2,966,683 =====

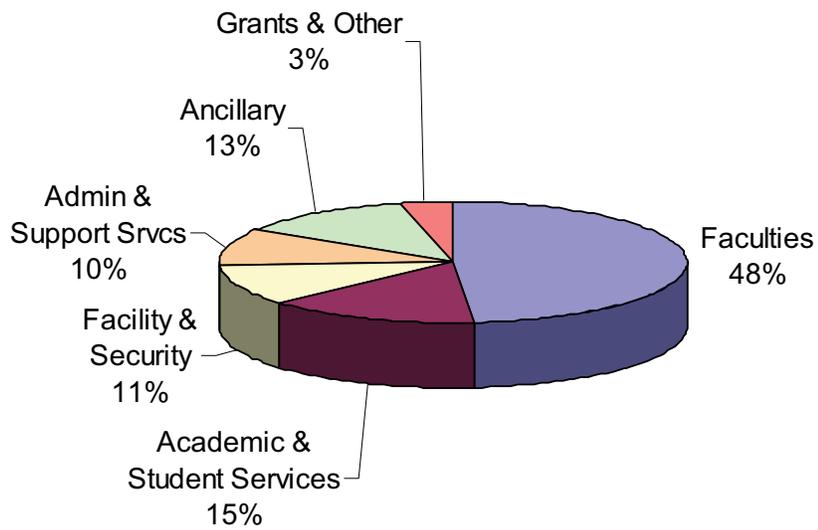
2006-07

	Revenues	Expenses	Net
Bookstore & Printshop	9,682,000	8,229,608	1,452,392
Residence and Conference	12,044,143	12,045,109	(966)
Parking	2,381,000	1,424,893	956,107
Total	\$24,107,143 =====	\$21,699,610 =====	\$2,407,533 =====

2008-09 Expenditure Estimates



2007-08 Expenditure Estimates



2008-09 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. However, there are categories of expenses (e.g. salaries) that weave through and impact all departments and/or divisions and thus information on major categories have been included. The following section on the 2008-09 budget expenditure estimates will be highlighted by:

1. Type of expense
2. Functional area

2008-09 Expenditure Estimates – By Type of Expense

The following highlights the significant items of the 2008-09 Final Budget Expenditure Estimates by major type of expense category.

SALARIES AND BENEFITS

Faculty and staff (full and part-time) salaries and benefits comprise the most significant portion (approximately \$138,400,000 or 80%) 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 2007-08 faculty and staff appointments and salary rate increases. The following summarizes the major components of the increases for 2008-09:

- Actual salary costs from negotiated contract settlements
- Estimated salary costs for contracts in negotiation or rates to be determined
- New faculty (4) and staff (4) positions.
- The benefit costs associated with increased salary rates and new positions
- Full fiscal impact of 2007-08 approvals of new faculty and staff positions and salary increases (2 months).

At the time of writing, contract settlements are unknown for the bargaining units of BUFA and OSSTF. Thus, most 2008-09 salary increases have been estimated in addition to increases for non-unionized employees that have not yet been announced. As salary rates are known, actual budgets will be allocated to departments and divisions throughout the year.

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 2006. The contract expires June 30, 2008 and negotiations are underway.
- Ontario Secondary School Teachers' Federation (OSSTF) representing support staff last settled salary negotiations 2006. The contract expires April 30, 2008 and negotiations are underway.
- Canadian Union of Public Employees (CUPE Local 1295) representing trades, maintenance, custodial last settled salary negotiations 2006. The contract expires April 30, 2009.
- CUPE Local 4207 representing teaching assistants and part-time instructors last settled salary negotiations 2007. Contract expires June 30, 2010.
- Administration and Professional: Salary adjustments are currently being reviewed and are typically announced annually in July.

EMPLOYEE FUTURE BENEFITS

The University provides pension benefits to employees primarily through a hybrid pension plan. 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. As the minimum benefit guarantee is a relatively smaller portion of the plan, the plan is essentially a defined contribution arrangement.

The actuarial valuation report for July 1, 2005 indicated that the Plan had a funding excess of \$1,743,000 on an ongoing basis, compared to the plan's previous unfunded liability of \$1,162,000 at July 1, 2002. As such, special payments that were determined in the previous valuation have to be suspended. In addition, the actuarial valuation report outlined that current service costs for supplemental benefits were no longer required. In addition, due to a change in the assumption used to convert members' account balances into variable pension, the current service cost for the money purchase conversion charge was also no longer required.

The University also has a number of defined benefit programs that provide employees with benefits upon retirement or cessation of active service. During 2007, the University signed a new agreement with the Brock University Faculty Association (BUFA) which took effect on July 1, 2006. 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 \$2,000 per annum.

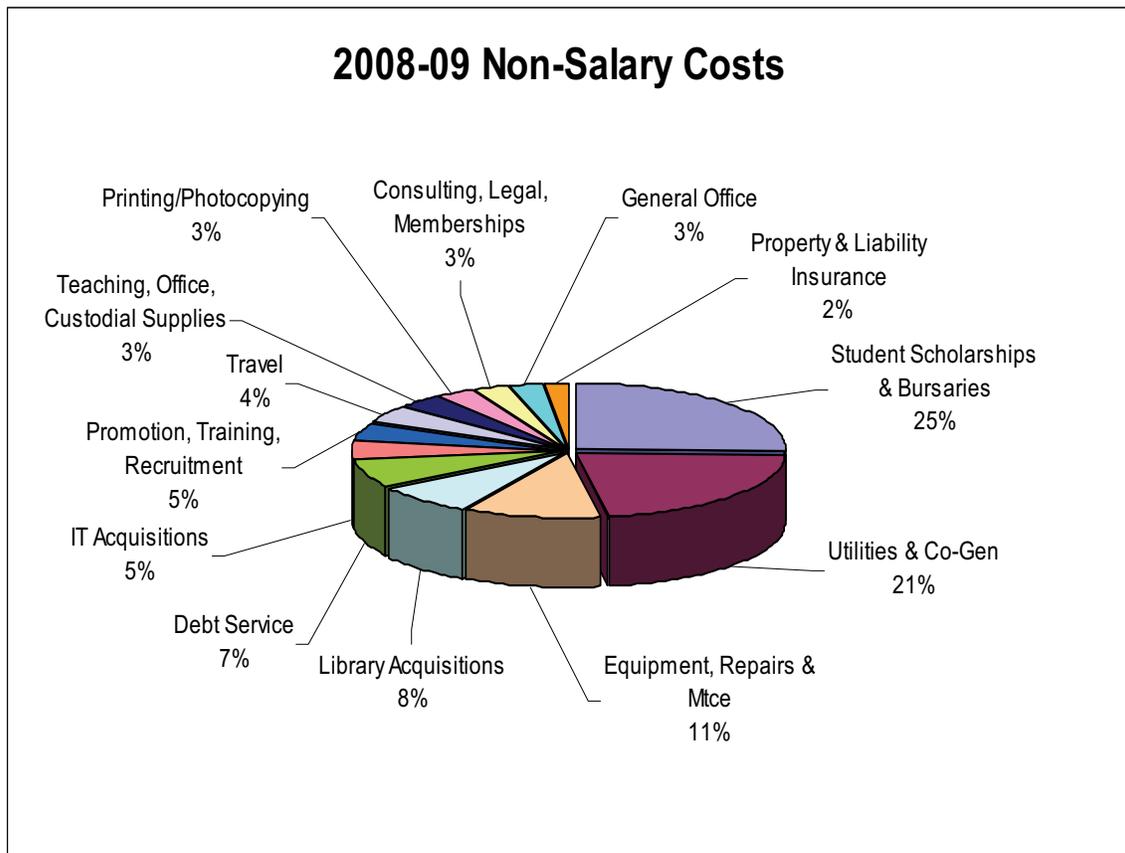
The cost of these programs is determined on an actuarial basis using the projected benefit method prorated on services and management's best estimates regarding assumptions about a number of future conditions including salary changes, withdrawals, mortality rates and expected health care costs.

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 in 2007-08 and 2008-09 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 basis. Full details are disclosed and accounted for in the audited financial statements.

NON-SALARY COSTS

Non-salary expenses represent the remaining 20% 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. However, for 2008-09 the majority of budgets were held to previous levels.

The graph below has been provided for interest and further understanding of the nature of 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 (which includes faculty offices, an expanded campus store and the Lifespan Development Research Centre) and an addition to Welch Hall to increase faculty offices and class space.

Dominion Bond Rating Service (DBRS) assigned a rating of A-high, (which was renewed in 2007 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 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 are 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. The program is similar to the Facilities Renewal Program with added flexibility for security enhancements across all university sectors. Capital renewal projects for 2007-08 that will meet the specific guidelines have been submitted to the provincial government. Further Capital renewal projects are currently being reviewed and prioritized for 2008-09.

This total one-time allocation of \$11,320,900 will assist in a number of one-time capital in support of deferred maintenance and renewal of existing infrastructure, energy efficiency and campus safety and security special requests. Requests have to meet the specific guidelines of this program and address three priority areas:

1. Energy Efficiency – example of eligible expenditures include:
 - Thermal efficient walls and windows,
 - HVAC replacement,
 - Efficient water systems including rainwater and wastewater recycling,
 - Optimizing natural daylight,
 - Lowering lighting power density,
 - High thermal efficiency of boilers.

2. Campus Safety and Security – example of eligible expenditures include:
 - Surveillance cameras in buildings and parking lots,
 - Emergency telephones in remote building locations and parking lots,
 - Availability to contact security personnel at all times,
 - Panic button installations,
 - Improving lighting in remote areas.

3. Renewal of Existing Infrastructure - example of eligible expenditures include:
 - Roof replacement,
 - Fire alarm replacement,
 - Improvements to classrooms and laboratories,
 - Renovating and modernizing buildings to meet the current standard,
 - Repairs and mechanical improvements.

2008-09 Expenditure Estimates – By Functional Area

The following highlights the significant items of the 2008-09 Final Budget Expenditure Estimates by functional area.

ACADEMIC FACULTIES

The Academic Faculties include the following six Faculties:

1. Applied Health Sciences
2. Business
3. Education
4. Humanities
5. Math & Science
6. Social Sciences

The largest expenditure budgets within the Faculties are faculty salary costs. The salary costs include known salary increases for May and June and an estimate for the remaining 10 months of salary rate increases yet to be determined for BUFA and OSSTF members and for non-unionized employees. The increases also include three new faculty appointments in the Faculty of Business for a Canada Research Chair (CRC) and two in support of the AACSB accreditation and one in the faculty of Social Sciences.

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 2007-08. Estimated increases for increases yet to be determined for BUFA and OSSTF members and for non-unionized employees. A large portion of this category includes costs for 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 2008-09 will be \$8.2 million

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, Rodman Hall 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 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 2007-08. Estimated increases for increases yet to be determined for OSSTF and for non-unionized employees.

Also, in this category is the new VP Advancement and approvals for the three new appointments made late in 2007-08 in support of fundraising efforts including major gifts, prospect research and leadership gifts.

ANCILLARY OPERATIONS

Ancillary Operations include the gross expenses of the Bookstore, Print Shop, Parking, and Residences & Conference Services. Refer to the revenue section (page 28) for further information on gross expenses and net contribution for each category.

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



BROCK UNIVERSITY OPERATING BUDGET

	2007-08 Approved Final Budget (June 2007)	2008-09 Requested Budget	2008-09 Increase (Decrease) Over 2007-08 Approved	
			\$	%
Revenues				
Student Fees				
Tuition Revenue	72,651,475	73,033,373	381,898	0.5%
Incidental Fees	2,422,371	2,233,000	(189,371)	-7.8%
Contribution from Other Tuition	902,271	902,271	-	0.0%
sub-total	75,976,117	76,168,644	192,527	0.3%
Operating & Other Grants				
Basic Operating Grant	63,843,062	63,925,907	82,845	0.1%
Accessibility Fund - undergraduate	1,521,570		(1,521,570)	-100.0%
Quality Assurance Fund	2,340,998	2,340,998	-	
Tuition Compensation - grant	1,907,115	2,068,522	161,407	8.5%
New Graduate Expansion	1,717,837	2,180,425	462,588	26.9%
Quality Improvements Fund	2,874,049	2,845,325	(28,724)	-1.0%
Nursing Collaborative & Completion Grant	1,671,078	1,788,926	117,848	7.1%
Performance Fund	773,968	674,968	(99,000)	-12.8%
Other Grants	741,890	759,592	17,702	2.4%
sub-total	77,391,567	76,584,663	(806,904)	-1.0%
Specific Purpose Grants				
Facilities Renewal Grants	904,200	904,200	-	
Federal - Indirect Costs Program	1,642,479	1,773,907	131,428	8.0%
Campus Renewal		6,747,200	6,747,200	
Other Grants	1,236,453	1,630,729	394,276	31.9%
sub-total	3,783,132	11,056,036	7,272,904	192.2%
Gross Revenues from Ancillary Operations				
Bookstore & Printshop Operations	11,211,250	10,404,000	(807,250)	-7.2%
Residences & Conference Services	13,477,282	13,839,388	362,106	2.7%
Parking	2,670,000	2,824,800	154,800	5.8%
sub-total	27,358,532	27,068,188	(290,344)	-1.1%
Other Revenues				
Investment Income	850,000	2,000,000	1,150,000	135.3%
Rental & Sundry	2,227,000	2,260,000	33,000	1.5%
sub-total	3,077,000	4,260,000	1,183,000	38.4%
Total Revenues	187,586,348	195,137,531	7,551,183	4.0%

BROCK UNIVERSITY OPERATING BUDGET

	2007-08 Approved Final Budget (June 2007)	2008-09 Requested Budget	2008-09 Increase (Decrease) Over 2007-08 Approved	
			\$	%
Expenditures				
Academic Faculties				
Faculty of Applied Health Sciences	11,495,074	12,194,284	699,210	6.1%
Faculty of Business	13,673,058	15,005,296	1,332,238	9.7%
Faculty of Education	13,585,873	14,151,705	565,832	4.2%
Faculty of Humanities	17,504,988	18,379,883	874,895	5.0%
Faculty of Math & Science	14,132,139	15,754,328	1,622,189	11.5%
Faculty of Social Sciences	22,994,620	24,692,973	1,698,353	7.4%
sub-total	93,385,752	100,178,469	6,792,717	7.3%
Academic Support & Student Services				
Library Department	4,742,717	4,813,444	70,727	1.5%
Library Acquisitions	2,347,875	2,347,875	-	0.0%
Research & AVP Research	793,133	856,967	63,834	8.0%
Graduate Studies & Fellowships	3,755,297	4,051,609	296,312	7.9%
VP Acad, Co-op, CTLET, Athletics, CARP	4,063,557	4,258,117	194,560	4.8%
Financial Aid - Set Aside	3,439,000	3,439,000	-	
Financial Aid - Operating Support	1,445,500	1,445,500	-	
AVP, Registrar, Recruitment, Support Student Services	8,417,006	9,080,283	663,277	7.9%
sub-total	29,004,085	30,292,795	1,288,710	4.4%
Executive, Administration, Facilities				
Facilities Mgmt Operating Costs	11,807,833	11,893,625	85,792	0.7%
Facilities Mgmt - Utilities & Co-gen Plant	5,358,738	5,358,738	-	
Interest & Principal	2,287,220	2,235,283	(51,937)	-2.3%
Campus Security	1,360,634	1,461,981	101,347	7.4%
Emergency Management Plan	20,000	20,000	-	
Information & Technology Services/Acquisitions	7,189,014	7,455,196	266,182	3.7%
President & University Secretariat	1,310,498	1,367,009	56,511	4.3%
Planning, Internal Audit and Human Rights & Equity	445,288	463,825	18,537	4.2%
VP Finance/Admin, Finance, HR & Health & Safety	5,176,943	5,371,559	194,616	3.8%
BCA, Recreation, Other Community Services	1,618,396	1,741,514	123,118	7.6%
VP Advancement, Development, Alumni, Telegrad, Comm.	2,339,901	2,671,132	331,231	14.2%
sub-total	38,914,465	40,039,862	1,125,397	2.9%
Gross Expenses from Ancillary Operations				
Bookstore & Printshop Operations	9,502,063	8,766,812	(735,251)	-7.7%
Residences & Conference Services	13,374,831	13,790,693	415,862	3.1%
Parking	1,514,955	1,588,200	73,245	4.8%
sub-total	24,391,849	24,145,705	(246,144)	-1.0%
Other Global Expenditures	3,106,892	2,078,051	(1,028,841)	-33.1%
Specific Purpose Grants				
Facilities Renewal Grants	904,200	904,200	-	
Federal - Indirect Costs Program	1,642,479	1,773,907	131,428	8.0%
Campus Renewal		6,747,200	6,747,200	
Other Grants	1,236,453	1,630,729	394,276	31.9%
sub-total	3,783,132	11,056,036	7,272,904	192.2%
Total Expenditures	192,586,175	207,790,918	15,204,743	7.9%
Difference between Revenue and Expenses	(4,999,827)	(12,653,387)	(7,653,560)	153.1%
Appropriations				
Budget Developers Reduction Targets	1,100,000			
Carryforward from 07/08 one time strategies		7,303,616		
Operating Surplus (Deficit) after Appropriations	(3,899,827)	(5,349,771)		
Accumulated Operating Surplus, beginning	5,349,771	5,349,771		
Accumulated Operating Surplus, ending	\$ 1,449,944	\$ -		



Brock University
Budget Development 2008-09
Timelines & Process

Open on-line 08/09 Budget Development to Budget Developers	Dec.1
Budget schedules available on Finance website	Dec.1
Finance distribute Permanent Employees on Benefits (Schedule 3) to Budget Developers	Jan.14
Meeting with Budget Developers to review Budget Process	Jan.15 & 16
Budget Developers (except Deans) submit Salary Schedule 3 to Finance	Jan.30
Residence Preliminary Budget submission (re: rate setting)	Feb.1
Budget Developers (Deans) submit Salary Schedule 3 to Finance	Feb.6
Review current status of 2008-09 Budget Development with:	
Senate Budget Advisory Committee	Jan.15
Financial Planning, Audit and Human Resources Committee	Feb.14
Board of Trustees	Feb.28
Budget Developers submit Schedule 7/Minor Capital Renovation Requests directly to Facilities	Feb.8
Ancillary and Partial Revenue Generating Areas finalize 2008-09 Budget	Feb.27
Budget Developers submit 07/08 Projections	Feb.29
Budget developers finalize 2008-09 Budget	Mar.28
On-line budget development access closed to all Budget Developers	Mar.31
President and VPs meetings with Budget Developers	Apr.28
Finance compilation and analysis of Budget Developer's 2008-09 budget submissions	May 2
Review status of 2008-09 Budget Development with:	
Financial Planning, Audit and Human Resources Committee	Apr.10
Board of Trustees	May 1
Review "Draft" Final Budget with:	
Financial Planning, Audit and Human Resources Committee	May 21
Senate Budget Advisory Committee	May 22
Senate	May 28
Formal presentation and submit Final Budget for approval to :	
Financial Planning, Audit and Human Resources Committee	Jun 19
Board of Trustees	Jun 26
Approved budgets available to Budget Developers	Jul 4
Mid-Year Review - Budget Update and meetings	end of October
Review updated 2008-09 Budget with:	
Budget Developers (SAC, CAD, FAD & other Directors)	November
Senate Budget Advisory Committee	November
Review update 2008-09 budget and approval of variances with:	
Financial Planning, Audit and Human Resources Committee	November
Board of Trustees	November
Commence cycle for 2009-10	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 Headcount

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:	-496	-41	-537	91	-1	90	-405	-42	-447
2007	12,889	2,858	15,747	734	525	1,259	13,623	3,383	17,006
Change:	-167	-20	-188	68	65	132	-99	45	-56
2008*	12,722	2,838	15,559	802	590	1,391	13,524	3,428	16,950
Change:	-2	0	-2	55	6	60	53	6	58
2009*	12,720	2,838	15,557	856	595	1,451	13,576	3,433	17,008

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:	-172	14	-158	187	41	228	15	55	70
2008-09*	12,691.9	1,350.8	14,042.8	1,663.7	837.2	2,501.0	14,355.7	2,188.0	16,543.7
Change:	-27	24	-3	92	31	123	65	55	120
2009-10*	12,664.9	1,374.8	14,039.8	1,756.0	868.4	2,624.4	14,420.9	2,243.2	16,664.1

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:	-254	12	-242	218	27	246	-36	39	4
2008-09*	17,541.4	2,162.5	19,703.9	1,920.7	919.7	2,840.4	19,462.1	3,082.2	22,544.3
Change:	-39	32	-7	108	30	138	69	62	131
2009-10*	17,502.4	2,194.5	19,696.9	2,028.7	949.8	2,978.5	19,531.1	3,144.3	22,675.4