

Report on the Annual

**Final Budget Estimates
2007 - 2008**

June 28, 2007

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FOREWORD

The 2007-08 Final Budget is presented as a balanced budget. As reported in the 2006-07 Final Budget Estimates (June 2006) it was predicted that the financial challenge for 2007-08 would be even greater than that experienced for 2006-07. The reliability of this prediction can be best understood by examining the major factors that affect the operating budget. They are as follows:

- i. Provincial operating grant funding
 - ii. Enrolment Planning
 - iii. Tuition Fees
 - iv. Salary and benefit costs
 - v. Student Assistance
- i. 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. Quality funding was received in 2005-06 of \$3.6m and rose to \$4.8m by 2006-07. In addition, over \$20 million of additional funding has been received from the Accessibility funding for year-over-year undergraduate growth (primarily from the double cohort). This significant increase in new incremental quality and accessibility funding has enabled the university to invest in over 110 new faculty and 52 new staff positions since 2003-04. In addition to various strategic base budget increases, increases to student scholarships and bursaries, new general initiatives funding of over \$5 million has been provided to departments and divisions.

However, the predictability of new funding announcements is uncertain. Even with the negotiation of multi-year accountability agreements that outline the targets and results expected from the government's "Reaching Higher" investments, it is not possible to predict the extent of new funding from these agreements. The following summarizes what we do know:

- The third year (2007-08) of the *Reaching Higher Plan* shows that the year-over-year new funding would level off and thus reduces expectations for additional quality funding.
 - The accessibility grant will be reduced as the year-over-year undergraduate growth declines in 2007-08 as the majority of the double cohort exists in 2006-07.
 - Substantial new funding is available in each of 2006-07 and 2007-08 to fund the expansion of graduate education. However, Ministry assigned enrolment targets have to be reached by 2007-08 in order to receive any of this new funding. A significant grant is included in the 2007-08 budget estimates assuming graduate targets are achieved.
 - In March 2007 one-time grant funding was received. The first was a one-time grant for graduate scholarships of \$673,814. The second was a very significant grant of \$6,615,454. This will accommodate a number of infrastructure capital and deferred maintenance projects.
- ii. Enrolment Planning - Previous year enrolment estimates indicated that total undergraduate enrolment would decline if first year intake levels remained constant, as the double cohort graduated in 2006-07. Early in 2006-07, it was decided that this decline would be partially ameliorated with a 2007-08 undergraduate intake increase

of 400 over 2006-07 levels. Furthermore, graduate expansion is planned to achieve allocated enrolment targets by 2007-08.

- iii. Tuition Fees - 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%. After years of minimal increases and frozen tuition rates, tuition revenue has provided a new predictable revenue source.
- iv. Salary and benefit costs - As is normally the case, salary and benefit costs continue to be the most predictable and measurable expenditures, given the known salary base on which contractual annual rate increases are calculated.
- v. 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 2007-08 will reach \$7.8 million.

Even with the best revenue assumptions and budget increases limited to those that meet contractual obligations, the 2007-08 operating budget was facing a significant shortfall. Since this current budget process was first implemented in 2003-04, this was the first year that the budget exercise required Budget Developers to examine and submit potential expenditure reductions. The reduction exercise was not taken lightly and Budget Developers demonstrated great cooperation and support in submitting budget reductions that could close the shortfall. The shortfall was closed within a level that could be managed with the accumulated operating surpluses (generated from the last two years) that had been held in reserve for exactly this purpose. Even with budget reductions, the 2007-08 operating budget will reach \$191 million, which represents an increase of \$8.5 million or 4.7% over 2006-07. It also represents a remarkable \$43.5 million or 29.5% increase since the 2003-04 operating budget.

What are the predictions for 2008-09?

The outlook for 2008-09 will continue to be a financial challenge. The incremental new revenue sources will not likely keep pace with the expected contractual expenditures. Furthermore, on-going expenditures in the 2007-08 budget have been covered with one-time sources (departmental carryforwards and accumulated operating surpluses) that will need to be covered again in 2008-09 with additional revenue sources or budget reductions.

Since these financial pressures are not unique to our university, but exist at all Ontario universities, we remain hopeful that the provincial government will continue to respond with new quality funding announcements and, in addition, transfer the earmarked federal funding (announced in the Federal 2007 budget) to the postsecondary sector.

The 2008-09 budget development process will begin much earlier than any previous year. This will allow Budget Developers the time and opportunity to explore and implement revenue enhancing and cost containment strategies. Furthermore, an incentive based budget model is under development. It is expected that a new budget model will encourage the development of new revenue sources and cost saving strategies.

BUDGET DEVELOPMENT PROCESS

The current budget development process was first initiated at Brock University for the 2003-04 budget year. Many changes and improvements to the process have been implemented over the years and will continue to be made in the future.

GUIDING PRINCIPLES

The starting point of any budget is the development of budget “Principles”. The following principles were established for 2007-08 and have been for the most part the same principles used in recent years for allocating resources and approving budget requests:

1. The fiscal capacity of the University.
2. The operating budget is balanced.
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 mission and the development of the “directional statements” articulated in the Final Report of the President’s Task Force on Planning and Priorities (Feb, 1999).
5. In support of the development of a revenue and incentive based budget system.
6. Revenue generating activity and entrepreneurial efforts are encouraged through revenue sharing arrangements.
7. Encourage innovation and long-term planning toward becoming a comprehensive and research-intensive institution.
8. 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.

TIMELINES AND PROCESS

The “Timelines and Process” for 2007-08 (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.

ENROLMENT PROJECTIONS

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. Beginning with the 2004-05 budget, Senior Management created the (ACID) mandate and assigned the committee with the responsibility of developing an annual enrolment/revenue model that will inform the enrolment and revenue (tuition and grant) projections that are incorporated into the annual budget process. The model has undergone on-going re-development and refinement as actual experiences of the previous year are examined and new information is made available. Along with the mandate for enrolment/revenue projections, ACID was also asked 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.

FINAL BUDGET

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” will be submitted to the Board of Trustees regularly throughout the year as changes in information about revenues and expenditures occur.

FISCAL FORECAST PROCESS

The fiscal forecast process is an important aspect of the budget development. The fiscal forecast process monitors revenues and expenditures against the budget and results in projecting those revenues and expenditures to year-end.

The “2006-07 Final Budget Estimates” report was presented and approved at the June 22, 2006 meeting of the Board of Trustees. Reports are made regularly to the Board of Trustees throughout the year as changes in those revenues and expenditures estimates occur as follows:

The first fiscal forecast occurs at the mid-year budget review. This provides an opportunity for Budget Developers to analyze financial changes that have occurred since the final budget estimates were determined and approved in June. It is assumed that the approved budget would suffice if no mid-year review adjustments are requested and it is expected that Budget Developers absorb and manage minor variances. Budget Developers have the opportunity to voluntarily meet with the Vice-Presidents and President to present their mid-year review request. This “2006-07 Mid-Year Budget Review” report was submitted to the Board of Trustees in November 2006.

The second fiscal forecast report occurs as of January 31 and includes information where significant changes have occurred since the mid-year review was presented in November

The third fiscal forecast report occurred as of March 31. Budget Developers complete the third phase of the annual fiscal forecast in conjunction with the next year’s budget development. During this process they are required to include projections of the current budget to the end of the fiscal year.

Final fiscal results and audited results are presented in June and September respectively.

ENROLMENT/REVENUE MODEL FOR 2007-08

The Advisory Committee on Institutional Data (ACID) has responsibility for developing an enrolment/revenue model to inform the annual budget process. Two models have been developed to project enrolments and revenue. The current model (used for 2005-06 and 2006-07 projections) has proven to be more accurate than the first model (used for 2004-05 projections). The Committee decided to continue using the current model for 2007-08 enrolment and revenue projections and has attempted to develop 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 Special Programs), IELP (Intensive English Language Program), and Education In-Service.

Category:	2007-08 Projections (change over 2006-07 actual)		
	Fall Headcount Change:	Activity Change:	Revenue Change:
Undergraduate (A) Spring/Summer Sessions (Excludes Nursing)		FFTEs: + 35	\$152,301
		BIUs: + 44	\$141,374
		Total:	\$293,675
(B) Fall/Winter DOMESTIC Undergraduate - Eligible (Excludes Nursing)	-246	FFTEs: -221	(\$961,670)
		BIUs: -374	(\$1,384,208)
		Total:	(\$2,345,878)
(C) Fall/Winter VISA	-81	FFTEs: -73	(\$841,139)
		BIUs: Not applicable	Not applicable
		Total:	(\$841,139)
(D) Fall/Winter NURSING	+14	FFTEs: + 25	\$108,786
		BIUs: + 50	\$196,413
		Total:	\$305,199
(E) Total, Undergraduate	-313	FFTEs: -234	(\$1,541,722)
		BIUs: -280	(\$1,046,422)
		Total:	(\$2,588,144)
Graduate	+88	FFTEs: + 221	\$459,388
		BIUs: + 271	\$1,021,754
		Total:	\$1,481,142
Total, All Activity: (Before Adding in Tuition Rate changes)	-225	FFTEs:	(\$1,082,334)
		BIUs:	(\$24,668)
		Total:	(\$1,107,002)

THE 2007-08 BUDGET CHALLENGE

As outlined in the Foreword, 2007-08 would continue to be a budget challenge and, as predicted, a larger challenge than the previous year.

The budget challenge for 2007-08 can be explained by examining major elements:

1. 2006-07 budget shortfall and use of one-time sources for on-going expenditures
2. Total in year revenues less than in-year expenditures
3. Use of “one-time savings” generated from accumulated operating surpluses

Snapshot of Financial Gap

Roll in 2006-07 in-year shortfall		\$(6,589,129)
Preliminary 2007-08 incremental increases:		
Total net revenues	4,497,801	
Total expenditures	(9,084,963)	
2007-08 in-year shortfall		(4,587,162)
Total shortfall		(11,176,291)
Utilize all of accumulated surplus		3,899,827
Remaining shortfall		\$(7,276,464)

Explanation of the of Financial Gap

1. 2006-07 budget shortfall and use of one-time sources for on-going expenditures

As reported in the 2006-07 Final Budget Estimates (June, 2006) significant challenges occurred in balancing the operating budget. The total projected expenditures were covered with:

- Utilization of the 2004-05 accumulated operating surplus of \$2.6m.
- Departmental 2005-06 surplus to cover Dean’s additional budgets in support of part-time teaching and graduate scholarships in the amount of \$2.2m

In addition the 2006-07 mid-year budget review showed a further net shortfall of \$1.7m resulting from less than projected graduate tuition and grant expansion revenues. This shortfall was covered by:

- utilizing unspent global budgets (carried forward from 2005-06 surplus, thus not base funding) of \$1.1m
- and .6m of the 2005-06 accumulated surplus.

The financial impact is that a total of \$6.5m one time sources were used to cover 2006-07 on-going expenditures and therefore this is the starting point shortfall for the 2007-08 budget exercise.

2. Total in year revenues less than in-year expenditures

Early 2007-08 projections indicated that new incremental revenues even at \$4.5m would not be sufficient to cover both the new incremental expenses of about \$9m and to cover the 2006-07 shortfall of \$6.5m. The total 2007-08 gap was estimated at \$11.1m.

Even with increases in new revenues they were not projected to increase greater than the expenses. The two major revenue sources are tuition and government grants. Most of the double cohort were in their fourth year in 2006-07, thus declines in total enrolment were expected even with increasing the 2007-08 first year intake. This decline impacts both tuition revenue and the undergraduate accessibility grant that is funded based on year-over-year enrolment growth or decline. In addition, 2006-07 quality grant funding was received at a level far below expectations and therefore new incremental funding for 2007-08 has not been assumed. On the expenditure side, salary and benefit costs for all salary groups continue to rise as increased salary rates are negotiated and new positions are approved.

3. Use of “savings” from accumulated operating surplus

The accumulated unrestricted operating surplus at the beginning of 2006-07 of \$7m arose primarily from two years of in-year surpluses of \$2.5m and \$4.2m from 2004-05 and 2005-06 respectively.

The accumulated unrestricted operating surplus as at April 30, 2006 has been utilized as follows:

Balance 2006-07 Budget (as approved, June 2006)	\$2,579,477
Balance 2006-07 Budget (as approved, mid year)	614,838
Balance 2007-08 Budget (as proposed)	\$3,899,827

When the year end results have been presented to the Financial Planning, Audit & Human Resources Committee and ultimately to the Board of Trustees, it has been noted that these surpluses provide reserves for the expected budget pressures in 2006-07 and 2007-08 and that any decisions concerning the disposition of the surplus would be brought to the Board of Trustees for approval. The total accumulated unrestricted operating surplus has been required to balance the 2006-07 and 2007-08 operating budgets.

The 2006-07 operating results will be finalized during the month of June 2007 but, at the time of writing, preliminary indications are that unrestricted operating surpluses will result to again provide a reserve until the 2007-08 revenue estimates are confirmed and global budget expenses are finalized.

2007-08 BUDGET GUIDELINES, PROCESS AND CONSULTATION

As the 2007-08 projections became known, the Vice Presidents and President considered a number of strategies and options for dealing with the financial gap and determined that the gap could not be closed without the support and concerted efforts of all Budget Developers. These efforts would include the exercise of reducing or tightening budget expenditures and/or enhancing revenue opportunities.

Development of Budget Guidelines

The first step was to review with the Senior Advisory Committee (SAC) the 2007-08 budget estimates and the financial gap that would inform the development of 2007-08 draft budget guidelines. The members of SAC suggested significant revisions to the draft guidelines presented. As a result of this consultative process all Budget Developers were advised of the following 2007-08 budget guidelines

1. The 2006-07 base budget will be defined as the original approved 2006-07 budget plus any on-going approvals.
2. The current projected gap between expenditures and revenues will be closed through additional revenue generation or expenditure reductions.
3. Expenditure reductions that may occur to base budgets will consider the following:
 - i. Potential exclusion of university wide contractual, regulatory compliance and other fixed costs;
 - ii. Percentage targets in the amount of 3% and 6%;
 - iii. Opportunity to respond to the Impact on students, programs, services and enrolments;
 - iv. Review of historical (3 yr) department year-end positive variances including carryforwards;
 - v. Potential rebasing adjustments that may occur in the future with a revenue and incentive based budget system;
 - vi. One-time reductions that will enable bridging to permanent reductions.
4. Permanent salaries and benefits costs will be calculated by Human Resources & Finance and will include those additional faculty and staff positions previously approved.
5. Faculty and staff positions will remain at 2006-07 complement levels 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.
6. Vacant or retiring positions may be filled (as normally approved by the reporting Vice-President) but should be reviewed in light of opportunities to achieve expenditure reduction targets.
7. New budget requests and new initiatives will continue to be considered only if cost neutral or self-funded through new revenue or expenditure reductions.
8. 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 for prioritization and review by Facilities Management.

Process and Consultation

The process and consultation follows the “Timelines & Process” document (Appendix II) that is issued annually. In addition, special meetings and workshops are held with Budget Developers and constituents as needed. The following highlights the regular and special steps taken during this 2007-08 budget process to keep Budget Developers and constituents informed:

- ✓ In mid-January, the enrolment projections, preliminary revenue estimates, contractual salary and non-salary expenditures estimates, the status of government funding and the tuition fee policy, the financial gap and guidelines were shared with the Budget Developers. In addition, workshops were held by the Finance Department to assist all budget developers and those that assist in the budget process to help in their understanding of the 2007-08 budget process and guidelines.
- ✓ In late February budget updates were conducted with the Senate Budget Advisory Committee, the Planning, Finance & Human Resources Committee and the Board of Trustees to review the details of the budget estimates, financial gap and guidelines.
- ✓ During the first week of March, all Budget Developers met with the Vice-Presidents and President. This is part of the normal process each year, but new this year was the requirement to present revenue enhancements and reduction targets and discuss how the targets will impact students, services, programs and enrolments.
- ✓ The Vice-Presidents and President reviewed all revenue enhancement and expenditure reduction targets and selected targets in consideration of the implications identified.
- ✓ In mid March, 2007 Budget Developers were advised of the targets selected in their area and were requested to proceed with the finalization of their 2007-08 budget request by early April.
- ✓ On March 21, 2007, the “President Report on the 2007-08 Budget Process” was provided to the Board of Trustees and the Budget Developers. The report was issued to the entire Brock community as it was placed on the home page of the Brock website for broad public access.
- ✓ Subsequent budget presentations were conducted with Budget Developers and other constituents to review, at a summary level, the targets submitted and selected.
- ✓ By the end of April 2007, 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 is 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.

Summary of Targets Selected

A large part of the budget process and consultation was working cooperatively with Budget Developers in addressing the budget guideline regarding potential budget reductions. Since this was not a mandatory or an across-the-board cut, various scenarios were required in reviewing what a 3% and a 6% reduction would entail. In response to feedback from Budget Developers they were provided with time from mid January to the end of February to explore various options and review those options and implications with members of their department and/or division as required.

Budget Developers were provided the opportunity to identify university wide contractual, regulatory compliance and other fixed costs that should not be reduced. The undergraduate bursaries, graduate fellowships, library acquisitions, IT acquisitions, debt service and other university wide global contracts were excluded from the target exercise.

Of the almost \$8,200,000 of targets submitted by Budget Developers, \$5,900,000 was selected in addition to \$500,000 from global budgets. These targets included a combination of revenue enhancements, on-going budget reductions and one-time budget reductions to enable Budget Developers time to bridge to more permanent reductions. This amount closed the financial gap within \$850,000 of the \$7,300,000 target and it was determined that this remaining gap could be closed through a number of other global budget reductions and revenue enhancements as the budgets were finalized.

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

Functional Area	On-going		One-time		Revenue	
Administrative	\$ 394,000	6.3%	\$ 76,000	1.2%		
Ancillary/Partial Revenue	173,000	4.6%	4,000	.1%	495,000	13.2%
Facilities, Security & IT	405,000	3.0%	124,000	.9%		
Faculties	2,058,000	2.9%	880,000	1.3%		
Academic Support	271,000	2.6%	70,000	.7%	405,000	3.9%
Student Services & Athletics	162,000	2.1%	20,000	.3%	352,000	4.6%
Total	\$3,463,000	3.1%	\$1,174,000	1.1%	\$1,252,000	1.1%

Except for the financial commitment, the Budget Developers will have the flexibility to amend the nature of 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. The main types of revenues enhancements included service fees, rate and activity increases. Non-salary budgeted expenditure reductions included equipment, postage, travel & conferences, printing, photocopying and reductions to other non-essentials (e.g. food at all meetings). Part-time budgets included adjustments to 2006-07 actual levels and the development of activity based budgets as opposed to lump sum historical amounts. Full-time salary budget changes involved adjusting budgets to reflect savings from retirements and different starting salaries, voluntary reductions and expected delayed hires.

2007-08 BUDGET – FINANCIAL HIGHLIGHTS

With the utilization of the accumulated operating surplus, the 2007-08 Draft Final Budget is balanced as follows:

Total Estimated Revenues	\$187,439,699
Total Estimated Expenditures	<u>191,339,496</u>
Current Estimated Shortfall	(3,899,827)
Utilization of 2005-06 Accumulated Surplus	<u>3,899,827</u>
2007-08 Budget Shortfall	Nil

Full financial details for the total 2007-08 revenue and expenditure estimates, as compared to the 2006-07 originally approved budget (June 2006) are provided in Appendix II.

The following analysis highlights the major increases (decreases) for the 2007-08 revenue and expenditure estimates over the 2006-07 original approved budget (June 2006).

Revenues:

Total revenues are expected to increase by **\$7,253,221 or 4%**. The major increases (decreases) over the 2006-07 original approved budgets are due to:

Tuition:	
Net activity decrease	\$(1,407,000)
Rate increases	2,810,000
Tuition fee structure	<u>2,500,000</u>
	3,903,000
Incidental fees (Co-op, Health & Athletics)	492,000
Contributions from IELP & faculty international programs	328,000
Government Operating Grants:	
Undergraduate Accessibility	(1,299,000)
Graduate Expansion funding (i)	605,000
Quality - new funding	-
Quality - 2006-07 actual vs. originally estimated (ii)	(1,418,000)
Nursing Collaborative & Completion	621,000
Other	9,000
Specific Purpose Grants with matching expenditures	109,000
Gross Revenues from Ancillary Operations (iii)	3,251,000
Investment Income	500,000
Miscellaneous revenues	152,000
2007-08 net revenue increases over 2006-07	<u>\$7,253,000</u>

2007-08 BUDGET – FINANCIAL HIGHLIGHTS, continued

Expenditures:

Total expenses are expected to increase by **\$8,573,571 or 4.7%**. The major increases (decreases) over the 2006-07 original approved budget are due to:

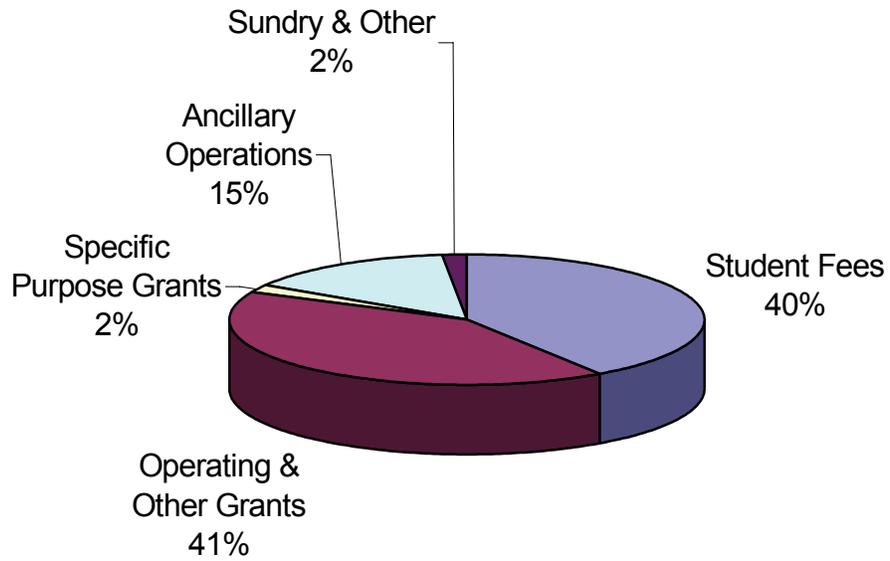
On-going impact of 2006-07 approvals	
New positions - 46 faculty, 2 staff	\$ 700,000
Part time teaching	1,170,000
Graduate scholarships	424,000
Mid-year approvals	
New positions - 2 faculty; 4 staff	607,000
Undergraduate bursaries	469,000
Salary compensation & benefit costs – known and estimated	7,633,000
Plaza 2006 (annualized) and John DeCew operating costs	577,000
Specific purpose grants with matching revenues	109,000
Gross expenses from Ancillary Operations (iii)	<u>2,766,000</u>
Expenditure increases - sub-total	14,455,000
Final targets selected from revenue enhancements and expenditure reductions	
Revenue enhancements (excluding Ancillary) (iii)	(967,000)
One-time budget reductions	(74,000)
On-going budget reductions (iv)	(3,045,000)
Recruitment, relocation and start up (v)	(695,000)
Use of faculty carryforward surplus (as proposed by Deans)	<u>(1,100,000)</u>
	(5,881,000)
2007-08 net expenditure increases over 2006-07	<u>\$8,574,000</u>

Excess of incremental net expenditures over revenues	\$(1,321,000)
Opening 2006-07 Budget Shortfall	<u>\$(2,579,000)</u>
Opening 2007-08 Budget Shortfall	<u>\$(3,900,000)</u>

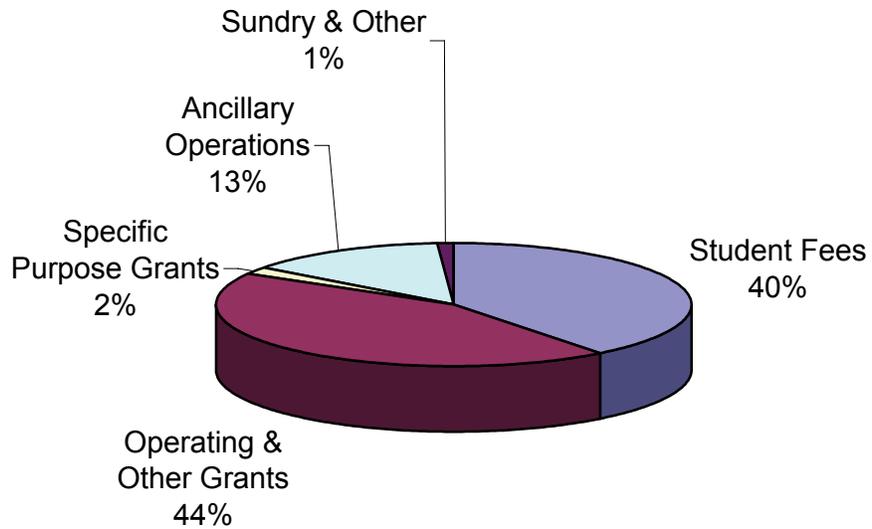
Notes:

- (i) Total grant expected of \$1,717,837 less portion already in 2006-07 base of \$1,112,584
- (ii) Assumes Quality Funding received in 06/07 of \$4,830,982 will continue
- (iii) Net profit increase from Ancillary Operations is \$485,000
- (iv) Many budget reductions will not necessarily reduce actual spending however, should reduce the amount of unspent budgets at year end
- (v) 2006-07 reflected 46 new faculty positions & new hires.

2007-08 Revenue Estimates



2006-07 Revenue Estimates



2007-08 REVENUE ESTIMATES - COMMENTARY

The following highlights the significant categories of the 2007-08 Budget Revenue Estimates.

TUITION REVENUE

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 will be quite different for the coming years, because the double cohort students are moving out of the system. Graphs depicting the enrolment trend over the seven year period from 2002 to 2008 are shown in Appendix III.

In 2007-08, a decline in total undergraduate enrolment is expected, as 2006-07 was Year IV for much of the double cohort. The number of new full-time Year I students will change as follows (*please refer to Appendix IV for an explanation on “counting students” and corresponding definitions*):

Year 1 intake, full-time students (Fall headcount)	2006-07 (actual)	2007-08 (projected)
Domestic 101s (directly from secondary school)	2,446	2,550
Domestic 105s (not directly from secondary school)	524	800
VISA students	75	122
Total:	3,045	3,472

The following projections are based on the flow-through of current students and the targeted intake for 2007-08:

Category	2006-07 (actual)	2007-08 (projected)
Headcount of all students as at November 1	17,453	17,228
FTEs	16,831	16,817
BIUs	23,308	23,213

Based on the enrolment projections for 2007-08, the revenue (tuition and grant) generated by undergraduate students will decrease by \$2,588,144; the revenue generated by graduate students will increase by \$1,481,142; and total revenue will decrease by \$1,107,002 (please refer to the Summary of ACID Projections on page 7).

Overall enrolments will decrease for 2007-08 and are expected to continue on a downward trend into 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.

A preliminary projection indicates that, in comparison to 2006-07, undergraduate FTEs will decrease by about 234 and graduate FTEs will increase by about 221 for 2007-08 (Please refer to Appendix V). ACID is going to do further work on projections for 2008-09 and beyond.

Government Tuition 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 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 tuition policy allows for tuition fee differentiation based on program and program year of study and distinguishes separate maximum limits for “1st year of study” and continuing years but the average overall tuition increase is not to exceed 5% (excluding changes in enrolment activity).

Tuition Fees – Government Funded Programs

As permitted and defined by the Ontario government's 2006 tuition fee policy, Brock will be assessing differentiated fees between: (a) first and continuing program year of study and (b) "arts & science and other undergraduate programs" and "professional undergraduate and graduate programs" as follows:

MAXIMUM ALLOWABLE FEE INCREASE		
PROGRAM (i) TYPE	PROGRAM YEAR	
	First Year	Continuing Years
Arts & Science and Other Programs	4.5%	4%
Professional (ii) and Graduate Programs	8%	4%
Total Tuition Increase	5%	

- i. Program Categories are as defined by the Ministry (Appendix A to the Policy)
- ii. For Brock, the Professional Undergraduate Programs included Computer Science and Business

Tuition Fees – Non-Government Funded Programs

Fees increases for non funded cost recovery and international students were proposed only after relative fee comparisons with competitive markets. The Board of Trustees approved fee increases to a number of non-government funded programs on March 1, 2007. Fees for international students were increased by 6%.

Tuition Fee Structure

As approved by the Board of Trustees on March 1, 2007, Brock University will be implementing changes in the tuition fee structure for 2007-08. Similar to models at other universities, Brock will be adopting 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 will pay on a per credit basis. Students taking beyond 5.0 credits will pay on a per credit basis for the additional credits taken.

Incidental Fees and Contributions from Other Programs

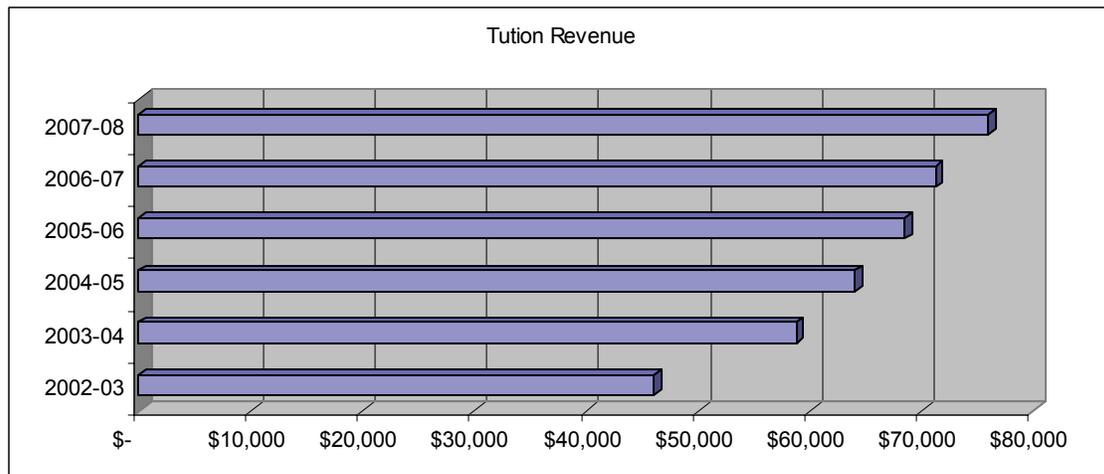
Incidental fees include the Athletic fee and the Health Services ancillary fees which have increased by CPI in accordance with the ancillary fee protocol between the university and the Brock University Student's Union. Incidental fees also include the Co-op fee revenues that have increased from activity and rates as approved by the Board of Trustees on March 1, 2007. Contributions from other programs are from a number of special funding arrangements offered to the IELP and graduate international cohort programs.

Budgetary Financial Implications

The estimated 2007-08 financial implications over the 2006-07 approved are as follows:

Net activity decrease	\$(1,407,000)
Rate increases	2,810,000
Tuition fee structure	<u>2,500,000</u>
	3,903,000
Incidental fees (Co-op, Health & Athletics)	492,000
Contributions from IELP & faculty international programs	<u>328,000</u>
	\$4,723,000

In summary, the total budgeted tuition revenue (including tuition, incidental fees and the net contributions from special funding arrangements) in the amount of \$75,976,117 is estimated to increase by \$4,723,003 or 6.6% over 2006-07 approved budget levels. A five-year comparison follows:



GOVERNMENT GRANTS

The Ministry of Training, Colleges and Universities' 2007-08 grant announcements are not known at the time of writing. Preliminary announcements occur in late summer with final announcements being made periodically throughout the fiscal year. However, the following estimates are based on the University's best assumptions regarding expected grant revenues.

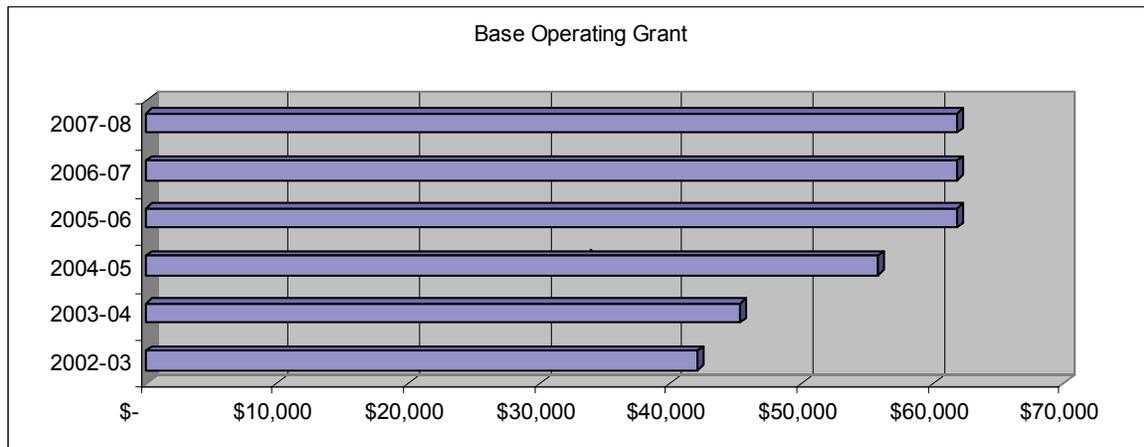
In August, 2006 and for the first time, in keeping with the objectives and commitments of the Governments "Reaching Higher Plan, the Ministry provided each institution with a three year funding allocation. This certainly assisted the budgeting process.

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 of +/- 3% range of its agreed level. This corridor funding system is currently under review

Therefore the 2007-08 operating grant estimate of \$61,886,129 is based on the August, 2006 three multi-year funding announcement and is exactly the amount received in 2006-07.

As the following chart demonstrates the basic operating grant has leveled off over the last three years:



The Quality Assurance and the Tuition Compensation are at constant funding levels and will continue to be paid as per the August, 2006 three year funding announcement. They are not being rolled into base funding as previously thought until the review of the corridor funding is completed.

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 a three-year full average funding for year-over-year undergraduate enrolment growth was introduced. This grant rose significantly during the double cohort. 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
- How individual university's growth is relative to all Ontario Universities
- Government funding provided for this purpose.

However, the Ministry has provided flexibility so that any growth beyond what is accommodated can be reallocated from the Access to Higher Quality Education fund so that all students would be considered fully funded.

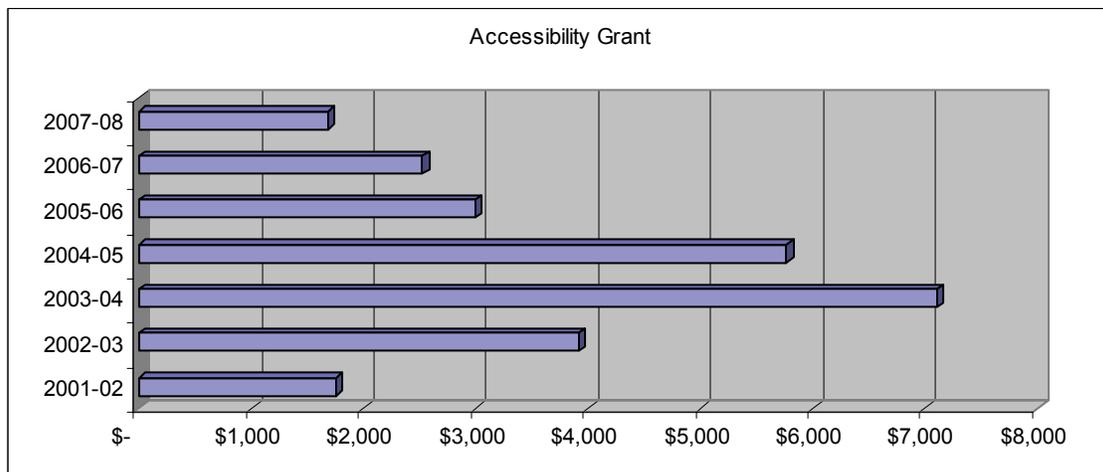
The undergraduate grant entitlement is estimated as follows:

2006-07 grant entitlement based on year-over-year growth	2,939,102
Decrease of 330 undergraduate BIUs from 2006-07	<u>(1,242,834)</u>
2007-08 Estimated Accessibility grant	1,696,268

On April 10, 2007 the actual 2006-07 grant announced was \$2,529,222 which was \$409,880 less than the entitlement as the entire Ontario university system was discounted by about 15%. However, in preparing the 2007-08 grant estimate the following overriding assumptions were made:

- Ministry's funding allocation will follow the same methodology as in 2006-07
- Ontario university system will be fully-funded and all growth will be accommodated

As the following chart depicts, the actual grants have been declining since the highest level in 2003-04:



Accessibility Fund Growth - Graduate

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). For 2006-07, the money available to fund total system growth was \$70 million which will rise to \$170m in 2007-08. Brock has 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. 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 the \$1.1 million originally projected was not earned in 2006-07. Assuming the graduate enrolment target is achieved in 2007-08, the graduate expansion grant would be earned in 2007-08. Based on the most optimistic projections, Brock will reach all of the masters' target of 164 and 7 of the PhDs for a total of 171. Based on the Ministry's funding mechanism, this will generate \$1,717,837 of the graduate expansion grant.

Access to Higher Quality Education Funding (Quality Improvement 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. The actual quality funds received over the last two years and the projected for 2007-08 is as follows:

	Actual 2005-06	Actual 2006-07	Projected 2007-08
Allocated based on share of system	\$2,451,173	3,634,516	2,874,049
Unfunded BIUs	760,467	1,196,466	1,956,933
Total	\$3,211,640	\$4,830,982	\$4,830,982

The 2006-07 was less than the original approved budget of \$6,248,853 by \$1,417,871. This shortfall was experienced at many universities as only a small portion of the new quality funding received in 2006-07 was based on the share of the system. Most of the new quality funding was based on targeted quality initiatives and announced at the end of the fiscal year.

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 full-time faculty (19 in 2005-06 and 46 in 2006-07)).

In preparing the 2007-08 grant estimate the overriding assumption is that quality funding in total will continue at the same level as 2006-07. In addition, the Ministry in August 2006 provided each institution with a three year funding and Brock's allocation was \$4,819,192 which is only slightly lower than the total 2007-08 quality grant estimated at **\$4,830,982**.

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 2007-08 Collaborative and Degree Completion program has been estimated at \$1,671,078 which is an increase of \$196,413 over 2006-07 actual results and an increase of \$621,078 over the 2006-07 approved budget. This increase reflects the projected growth of 25 FTEs in this program area over the 2006-07 actual of 188 FTEs.

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. The annual grant received over the last five years has averaged \$800,000. We have assumed a level of funding for 2007-08 in the amount of \$773,968 based on the actual grant received in 2006-07.

Other and Specific Purpose Grants

The University receives a number of grants funded by the Provincial or Federal governments for specific expenditures of the same amount. This category includes a number of 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 2006-07 actual levels.

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 \$1,500,000 which approximates the \$1,469,552 received in 2006-07. This operating budget does not include the direct cost funding for Research nor does it include the direct costs associated with Research.

2006-07 Year End Grant Announcements

Two special year-end Ministry announcements were made in the last week of March 2007. The first was a one-time grant for graduate scholarships in the amount of \$673,814. The second was a one-time allocation for all Ontario Universities announced in the Provincial budget with Brock's allocation at \$6,615,454. This amount of funding will assist in a number of infrastructure capital, and deferred maintenance requests that could not be accommodated during the 2007-08 operating budget development. Even though received in fiscal 2006/07, these amounts will be carried forward and will be added to the 2007-08 budgets for spending. Refer to page 28 for a list of proposed priority items.

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 \$2,893,183 (compared to \$2,407,533 for 2006-07) on a total financial activity of \$27,358,532. The following chart summarizes the projected gross revenues and expenses for 2007-08 with comparisons provided for 2006-07:

2007-08

	Revenues	Expenses	Net
Bookstore & Printshop	11,211,250	9,502,063	1,709,187
Residence and Conference	13,477,282	13,448,331	28,951
Parking	2,670,000	1,514,955	1,155,045
Total	<u>\$27,358,532</u>	<u>\$24,465,349</u>	<u>\$2,893,183</u>

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	<u>\$24,107,143</u>	<u>\$21,699,610</u>	<u>\$2,407,533</u>

OTHER REVENUES

Other revenues include investment, rental, sundry and one-time revenue. It is expected that the 2007-08 revenue budgets will be consistent with 2006-07 actual levels and thus increase by about \$650,000 over the 2006-07 budget.

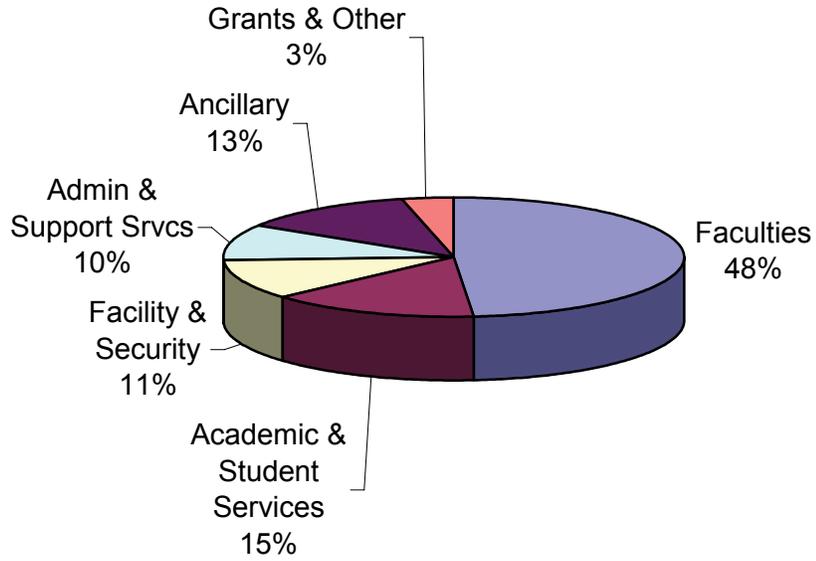
Investment Income

The investment income includes the interest that the University receives on the short-term investment of its excess operating cash. These funds are currently invested in special investment accounts with the Scotiabank and ScotiaCassels. It is expected that the 2007-08 budgets will be consistent with 2006-07 actual levels and thus increase by about \$500,000 over the 2006-07 budget.

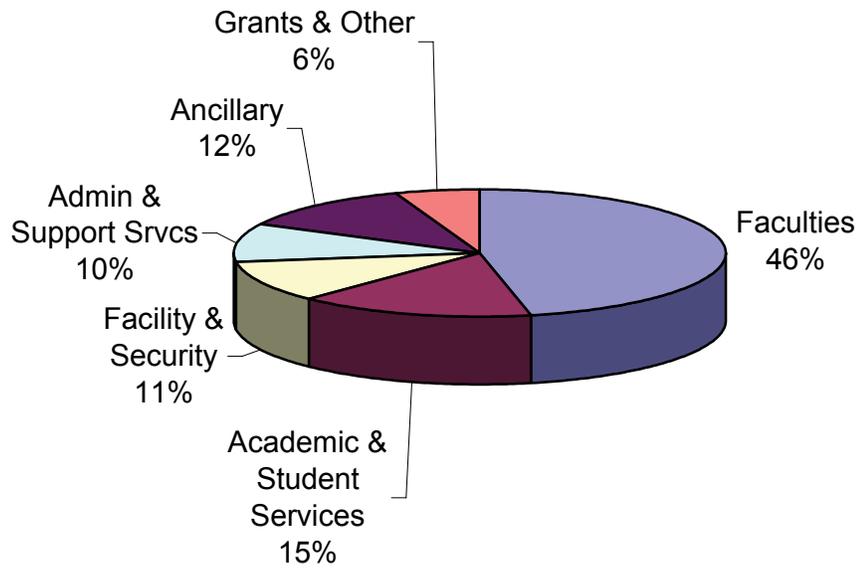
Rental and Sundry

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 2007-08 budgets will be consistent with 2006-07 actual levels and thus increase by about \$150,000 over the 2006-07 budget.

2007-08 Expenditure Estimates



2006-07 Expenditure Estimates



2007-08 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 2007-08 budget expenditure estimates will be highlighted by:

1. Type of expense
2. Functional area

2007-08 Expenditure Estimates – By Type of Expense

The following highlights the significant items of the 2007-08 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 \$134,600,000 or 82%) of the University's expenditure budget (excluding the expenses for gross ancillary operations and special purpose grants). The majority of the expenditure increases are due to salary rate and benefit adjustments (known and estimated), new faculty and staff appointments, and the full year impact of 2006-07 faculty and staff appointments and salary rate increases. The following summarizes the major components of the increases for 2007-08:

- Actual salary costs from negotiated contract settlements
- Estimated salary costs for contracts in negotiation or rates to be determined
- New faculty (2) and staff (4) positions.
- The benefit costs associated with increased salary rates and new positions
- Full fiscal impact of 2006-07 approvals
 - 46 faculty and 2 staff positions
 - salary increases (2 months)

At the time of writing, contract settlements are known for the bargaining units of BUFA, OSSTF and CUPE 1295. Thus, most 2007-08 salary increases are known. Average rate increases have been allocated to specific department/divisional budgets, which will minimize the budget adjustments required once actual individual salaries are known. The budgets have been captured globally for CUPE 4207 (in negotiation) and non-unionized employees (not yet announced).

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

- BUFA (Faculty and Professional Librarians): Settled salary negotiations in 2006. The contract expires June 30, 2008.
- OSSTF (support staff): Settled salary negotiations 2006. The contract expires April 30, 2008.
- CUPE Local 1295 (trades, maintenance, custodial): Settled salary negotiations 2006. The contract expires April 30, 2008.
- CUPE Local 4207 (teaching assistants and part-time instructors): Contract expires June 30, 2007 and negotiations are underway.
- 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 its employees are required to make contributions based on a specified percentage of the employee's earnings. The pension benefits provided to employees are based upon the accumulation of contributions and investment earnings when the employee retires, subject to a guaranteed minimum benefit amount. As the minimum benefit guarantee is a relatively insignificant 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 outlines that current service costs for supplemental benefits are 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 is also no longer required.

New in 2006

As part of the negotiations with BUFA, a new Health Care Spending Account (HCSA) has been implemented which will provide for future retirees only (those who retire on or after July 1, 2006, are at least 55 years of age and have worked at the University for at least eight years) will become eligible to receive \$2,000 per year in a HCSA. 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 expected to be minimal in 2007-08, however, the audited financial statement impact will be 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 will be disclosed and accounted for in the audited financial statements that are completed near the end of June 2007.

NON-SALARY COSTS

The following schedule summarizes the major non-salary expenses for 2007-08 that would 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 2007-08 the majority of budgets were held to previous levels or decreased as part of the target reduction exercise. The information below has been provided from submitted budgets in these categories and is provided for interest and further understanding of the nature of budgeted expenses other than salary costs.

	(In millions)
Student scholarships & bursaries	\$7.8
Utilities & co-generation	7.1
Equipment, repairs & maintenance	3.4
Library acquisitions	2.4
Debt Service – general budget	2.2
IT acquisitions	1.6
Promotion, training, recruitment, marketing	1.5
Travel	1.3
Teaching, office, custodial supplies	1.1
Printing/photocopying	1.0
Consulting, legal, memberships and audit fees	0.9
General office (postage, phone, subscriptions)	0.8
Property & liability insurance	<u>0.6</u>
Total	\$31.7

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 2006 (which will house 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 2006 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 are 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 in 2007-08 as no new debt has been acquired nor is planned in the near future.

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
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Prior year (2006) federal announcements in support of education infrastructure provide optimism that facilities funding would be received. A one-time allocation for all Ontario Universities was announced in the Provincial budget with Brock's allocation at \$6,615,454. This amount of funding will assist in a number of one-time capital, deferred maintenance, and other special requests that could not be accommodated during the 2007-08 operating budget development.

Since this grant was received in fiscal 2006-07, it will show as revenue on the audited financial statements for the year ending April 30, 2007 but will be included in the internal restricted assets to allow this amount to be carried forward into the 2007-08 budget for spending.

A number of high priority items have been reviewed and considered by Senior Management in the amount of \$4,944,000 with \$1,671,000 held in reserve for later consideration. The following summarizes the projects currently planned (shown in 000's):

Additional 13.8Kv Electrical Feeder	\$2,100
Learning Commons	1,000
Additional Funding for Black Start Generator Project	860
IT Strategic Initiatives	250
Outdoor Student Alert System	225
Campus Wide Asbestos Audit	200
Rodman Hall, Building Code, Gardens & Grounds	257
Applied Health Science Lab (C310)	<u>52</u>
Sub-total proposed projects	4,944
Held in reserve:	
Post Plaza 2006 Additional Projects	285
To be determined	<u>1,386</u>
Total One-Time 2006-07 Year End Grant	<u>\$6,615</u>

2007-08 Expenditure Estimates – By Functional Area

The following highlights the significant items of the 2007-08 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 following accounts for almost all of \$4,329,000 or 4.9% overall increase in the Faculty budgets.

On-going impact of 2006-07 approvals	
New positions - 46 faculty	\$ 680,000
Part time teaching	1,170,000
Mid-year approvals	
New positions - 2 faculty	150,000
Salary compensation & benefit costs – known and estimated	<u>4,370,000</u>
Total Increase	6,370,000
Less: On-going budget reductions	<u>(2,058,000)</u>
Net Increase	<u>\$4,312,000</u>

At the time of writing salary increases for CUPE 4207 are in negotiation and rate increases have not been determined for non-unionized employees and therefore the increases for these salary groups have been estimated and captured globally. Due to the significant impact in the Faculty budgets, the 2006-07 budgets have been restated to include 2006-07 BUFA increases that were previously captured globally so that they are comparable to 2007-08.

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.

Net budget increases in the amount of \$1,200,000 or 4.5% are due to:

Increased budgets from:

- ⇒ Salary increases for BUFA (library) and OSSTF (two year impact) that are in 2007-08 base budgets whereas in the 2006-07 they were captured globally.
- ⇒ Fiscal impact of the 2006-07 staff position (Academic Integrity Co-coordinator)
- ⇒ Investment in Graduate student scholarships
- ⇒ Investment in Undergraduate student bursaries

Offsetting these increases would be the on-going budget reduction targets.

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, Communications and Development and Donor Relations. Also included are student and community support partial revenue generating services such as the Centre for the Arts, Recreation & Aquatics, Rodman Hall and Community Services (Continuing Education, CATI, Hospitality).

Facilities, infrastructure and other global costs such as utilities, the co-generation plant, interest and debt service, pension, insurance, and health and safety costs are also included in this category.

Net expenditure increases in the amount of \$1,900,000 or 5% are due to:

Increased budgets from:

- ⇒ Salary increases that are in 2007-08 base budgets whereas in the 2006-07 they were captured globally for:
 - CUPE (Local 1295- trades, maintenance, custodial)
 - OSSTF (two year impact)
- ⇒ Plant Operating Costs - Plaza 2006 (full year impact) and John DeCew
- ⇒ Staff Positions
 - Fiscal impact of the 2006-07 staff position (Food Services Manager)
 - Fiscal impact of the 2007-08 staff positions (Advancement/Development):
 - (VP, Government Relations and Research Officer)

Offsetting these increases would be the on-going budget reduction targets and revenue enhancements in the partial revenue generating service areas.

ANCILLARY OPERATIONS

Ancillary Operations include the gross expenses of the Bookstore, Print Shop, Parking, and Residences & Conference Services. Refer to the revenue section (page 23) 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 22) for further information on the types of grants included in this category.



BROCK UNIVERSITY OPERATING BUDGET

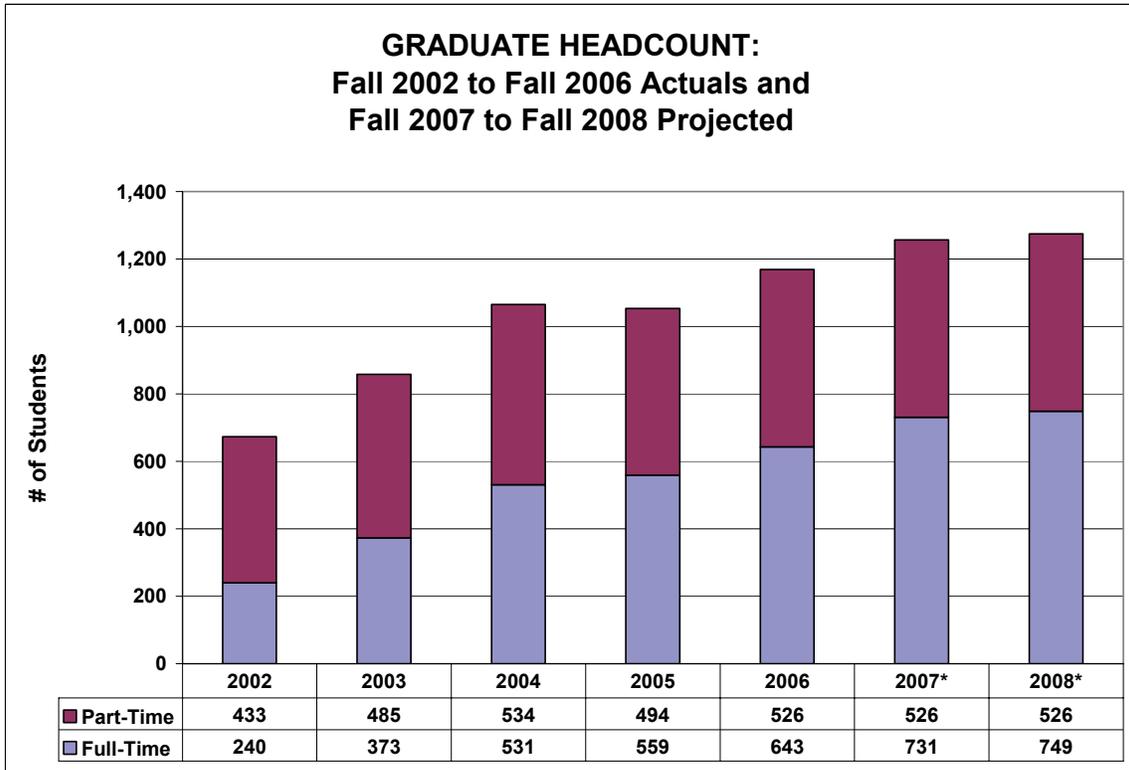
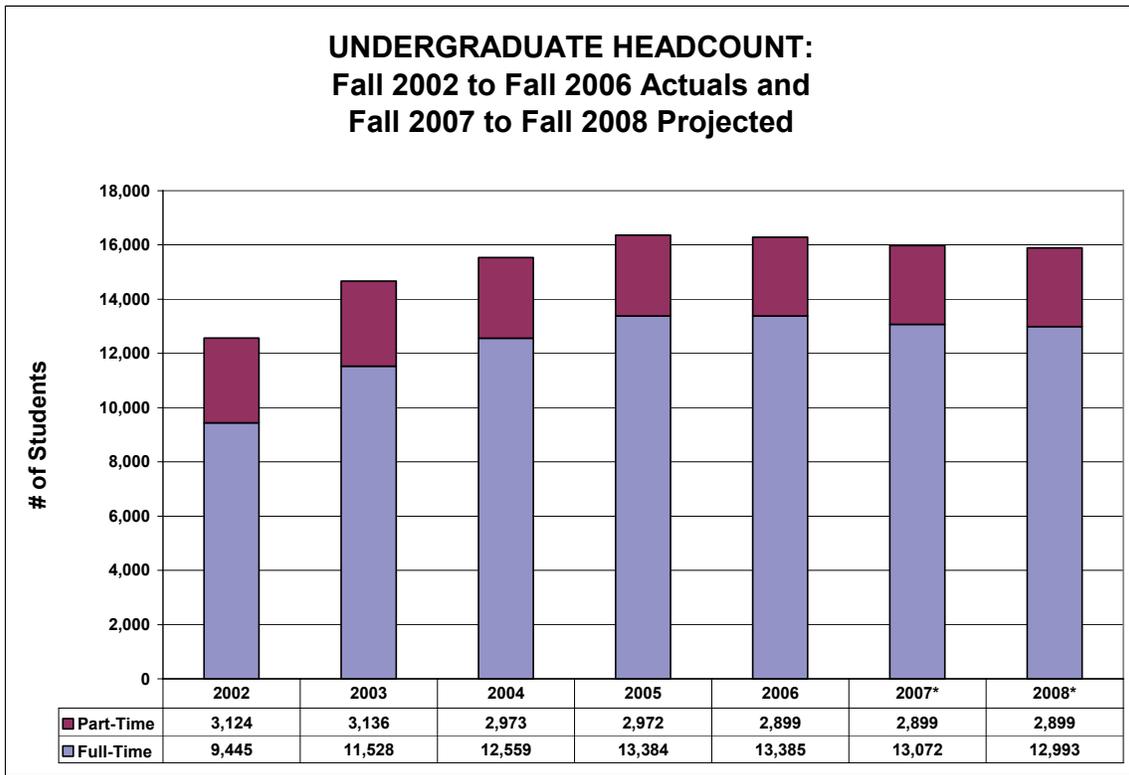
	2006-07	2007-08	2007-08	
	Approved Final Budget	Approved Final Budget	Increase (Decrease) over 2006-07	
Revenues	(June 2006)	(June 2007)	\$	%
Student Fees				
Tuition Revenue	68,748,464	72,651,475	3,903,011	5.7%
Incidental Fees	1,930,550	2,422,371	491,821	25.5%
Contribution from Other Tuition	574,100	902,271	328,171	57.2%
sub-total	71,253,114	75,976,117	4,723,003	6.6%
Operating & Other Grants				
Basic Operating Grant	61,853,717	61,886,129	32,412	0.1%
Accessibility Fund - undergraduate	2,995,434	1,696,268	(1,299,166)	-43.4%
Quality Assurance Fund	2,340,998	2,340,998	-	0.0%
Tuition Compensation - grant	1,907,115	1,907,115	-	0.0%
New Graduate Expansion	1,112,584	1,717,837	605,253	54.4%
Quality Improvements Fund	6,248,853	4,830,982	(1,417,871)	-22.7%
Nursing Collaborative & Completion Grant	1,050,000	1,671,078	621,078	59.2%
Performance Fund	850,936	773,968	(76,968)	-9.0%
Other Grants	688,946	741,890	52,944	7.7%
sub-total	79,048,583	77,566,265	(1,482,318)	-1.9%
Specific Purpose Grants				
Facilities Renewal Grants	735,000	900,000	165,000	22.4%
Federal - Indirect Costs Program	1,469,552	1,500,000	30,448	2.1%
Other Grants	1,323,056	1,236,453	(86,603)	-6.5%
sub-total	3,527,608	3,636,453	108,845	3.1%
Gross Revenues from Ancillary Operations				
Bookstore & Printshop Operations	9,682,000	11,211,250	1,529,250	15.8%
Residences & Conference Services	12,044,143	13,477,282	1,433,139	11.9%
Parking	2,381,000	2,670,000	289,000	12.1%
sub-total	24,107,143	27,358,532	3,251,389	13.5%
Other Revenues				
Investment Income	350,000	850,000	500,000	142.9%
Rental & Sundry	1,900,000	2,052,302	152,302	8.0%
sub-total	2,250,000	2,902,302	652,302	29.0%
Total Revenues	180,186,448	187,439,669	7,253,221	4.0%

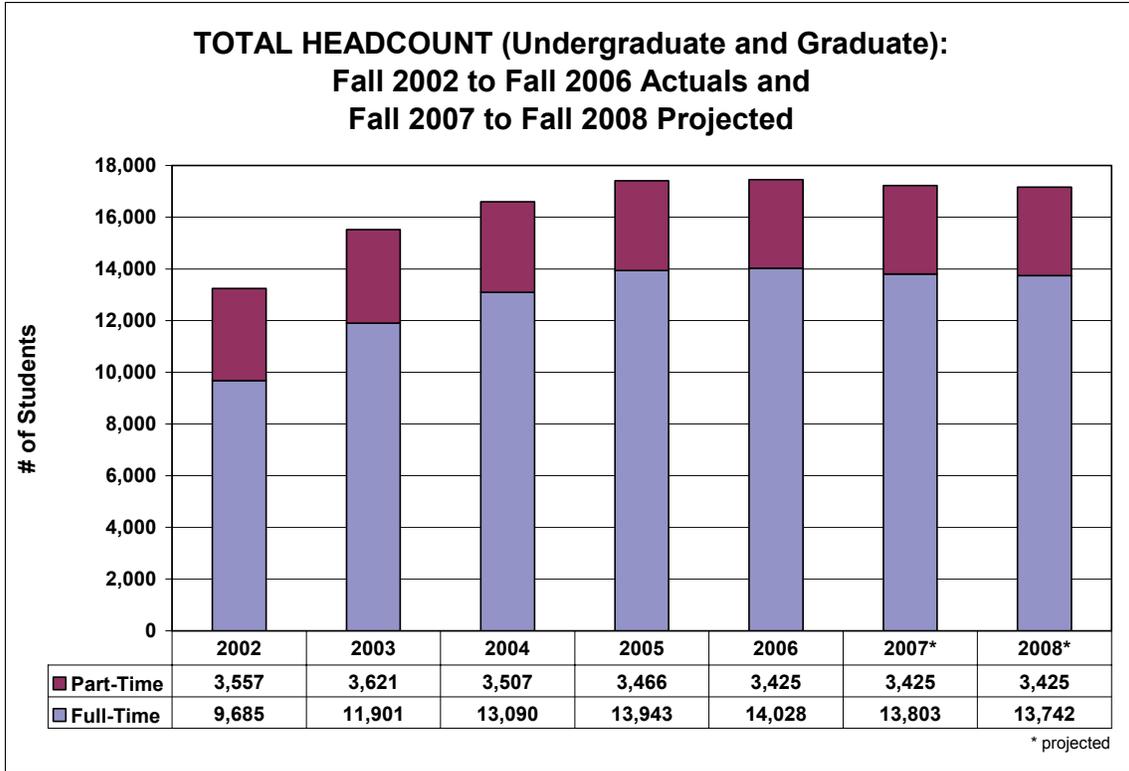
BROCK UNIVERSITY OPERATING BUDGET	2006-07	2007-08	2007-08	
	Approved Final Budget	Approved Final Budget	Increase (Decrease) over 2006-07	
	(June 2006)	(June 2007)	\$	%
	Expenditures			
Academic Faculties				
Faculty of Applied Health Sciences	11,095,998	11,495,074	399,076	3.6%
Faculty of Business	12,896,589	13,732,624	836,035	6.5%
Faculty of Education	13,024,915	13,404,217	379,302	2.9%
Tecumseh Centre		181,656	181,656	
Faculty of Humanities	15,861,000	17,173,911	1,312,911	8.3%
Faculty of Math & Science	14,512,096	14,300,839	(211,257)	-1.5%
Faculty of Social Sciences	21,610,566	23,041,579	1,431,013	6.6%
sub-total	89,001,164	93,329,900	4,328,736	4.9%
Academic Support & Student Services				
Library Department	4,744,387	4,742,717	(1,670)	0.0%
Library Acquisitions	2,347,875	2,347,875	-	0.0%
Research & AVP Research, Brock International	890,699	883,923	(6,776)	-0.8%
Graduate Studies & Fellowships	3,289,945	3,755,297	465,352	14.1%
VP Acad, Co-op, CTLET, Athletics	3,934,233	3,894,857	(39,376)	-1.0%
Financial Aid - Set Aside	3,504,000	3,504,000	-	0.0%
Financial Aid - Operating Support	902,000	1,380,500	478,500	53.0%
AVP, Registrar, Recruitment & Support Student Services	7,933,679	8,279,257	345,578	4.4%
sub-total	27,546,818	28,788,426	1,241,608	4.5%
Executive, Administration, Facilities				
Facilities Mgmt Operating Costs	10,862,879	11,500,366	637,487	5.9%
Interest & Principal	2,240,820	2,287,220	46,400	2.1%
Facilities Mgmt - Utilities & Co-gen Plant	5,245,301	5,666,205	420,904	8.0%
Campus Security	1,363,673	1,360,634	(3,039)	-0.2%
Emergency Management Plan		20,000	20,000	
Information & Technology Services/Acquisitions	7,079,893	7,189,014	109,121	1.5%
President & University Secretariat	1,366,179	1,423,198	57,019	4.2%
Planning, Internal Audit and Human Rights & Equity	425,411	445,288	19,877	4.7%
VP Finance/Admin, Finance, HR & Health & Safety	5,009,186	5,176,943	167,757	3.3%
BCA, Recreation, Other Community Serv., Rodman Hall	1,983,538	1,875,973	(107,565)	-5.4%
VP Advancement, Development, Alumni, Telegrad, Communications	1,713,184	2,227,201	514,017	30.0%
sub-total	37,290,064	39,172,042	1,881,978	5.0%
Gross Expenses from Ancillary Operations				
Bookstore & Printshop Operations	8,229,608	9,502,063	1,272,455	15.5%
Residences & Conference Services	12,045,109	13,448,331	1,403,222	11.6%
Parking	1,424,893	1,514,955	90,062	6.3%
sub-total	21,699,610	24,465,349	2,765,739	12.7%
Other Global Expenditures	3,700,661	3,047,326	(653,335)	-17.7%
Specific Purpose Grants				
Facilities Renewal Grants	735,000	900,000	165,000	22.4%
Federal - Indirect Costs Program	1,469,552	1,500,000	30,448	2.1%
Other Grants	1,323,056	1,236,453	(86,603)	-6.5%
sub-total	3,527,608	3,636,453	108,845	3.1%
Appropriations Carryforward - Budget Developers reduction targets		(1,100,000)		
Total Expenditures	182,765,925	191,339,496	8,573,571	4.7%
In-Year Operating Shortfall	(2,579,477)	(3,899,827)	(1,320,350)	
Accumulated Operating Surplus Opening	7,094,142	3,899,827		
Mid Year Review Shortfall	(614,838)			
Remaining Accumulated Surplus	\$ 3,899,827	(0)		



**Brock University
Budget Development 2007-2008
Timelines and Process**

Open on-line budget development to Budget Developers	Jan.3
Budget schedules available on Finance website	Jan.3
SAC meeting to review Guidelines/ Timelines and Process	Jan.11
Finance distribute Permanent Employees on Benefits (Schedule 3) to Budget Developers	Jan.15
Meeting with FAD and other Directors to review Guidelines/Timelines and Process	Jan.18
Budget Developers (except Deans) submit Salary Schedule 3 to Finance	Jan.29
Residence Preliminary Budget submission (re: rate setting)	Feb.1
Budget Developers (Deans) submit Salary Schedule 3 to Finance	Feb.2
Review Timelines, Process and current status of 2007-08 budget development with: Senate Budget Advisory Committee	Jan.29
Planning, Finance and Human Resources Committee of the Board	Feb.15
Board of Trustees	Mar.1
Budget Developers submit Schedule 7/Minor Capital Renovation Requests directly to Facilities	Feb.23
Budget Developers (except Deans) submit Preliminary Budget Information as per guidelines	Feb.23
Budget Developers (Deans) submit Preliminary Budget information as per guidelines	Feb. 27
President and VPs meetings with Budget Developers to review Preliminary Budget information	March 5-9
Finance compilation and analysis of Budget Developers' Preliminary Budget information proposals	Mar.16
Budget developers (except Deans) finalize 2007/08 Budget (Including Revenue and Part Time Salary Schedules)	Apr.4
Budget developers (Deans) finalize 2007/08 Budget (Including Revenue and Part Time Salary Schedules)	Apr.4
On-line budget development access closed to all Budget Developers	Apr.5
Finance compilation and analysis of Budget Developer's 2007/08 budget submissions	Apr.30
Review status of 2007-08 budget development with: Senate Budget Advisory Committee	Apr.30
Planning, Finance and Human Resources Committee of the Board	Apr.12
Budget Developers (SAC, CAD, FAD & other Directors)	week of Apr.24
Board of Trustees	Apr.26
Review "Draft" Final Budget with: Budget Developers (SAC, CAD, FAD & other Directors)	week of May 22
Planning, Finance and Human Resources Committee of the Board	May 23
Senate Budget Advisory Committee	May 25
Senate	May 30
Formal presentation and submit Final Budget for approval to : Planning, Finance and Human Resources Committee of the Board	Jun 19
Board of Trustees	Jun 28
Approved budgets available to Budget Developers	Jul 4
Mid-Year Review - Budget Update and meetings	end of October
Review updated 2007-08 Budget with: Budget Developers	November
Senate Budget Advisory Committee	November
Review updated 2007-08 Budget and approval of variances with: Planning, Finance and Human Resources Committee of the Board	November
Board of Trustees	November
Commence cycle for 2008-09	Nov/Dec





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:

Also commonly (but erroneously) referred to as Fiscal Full-Time Equivalent (FFTE) Enrolment, this revenue is used to provide enrolment expressed as the equivalence to full-time students and is calculated using enrolment from all sessions measured with great precision.

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 (3 FTEs if registered for three terms) 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
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
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:	-313	0	-313	88	0	88	-225	0	-225
2007*	13,072	2,899	15,971	731	526	1,257	13,803	3,425	17,228
Change:	-79	0	79	18	0	18	-61	0	-61
2008*	12,993	2,899	15,892	749	526	1,275	13,742	3,425	17,167

FFTEs (Fiscal Full-Time Equivalents)

Year	Undergraduate			Graduate			Total		
	Eligible	Ineligible	Total	Eligible	Ineligible	Total	Eligible	Ineligible	Total
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
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:	-161	-73	-234	197	24	221	36	-49	-13
2007-08*	13,147.8	1,393.5	14,541.2	1,475.7	800.3	2,276.0	14,623.4	2,193.8	16,817.2
Change:	-35	-36	-71	20	25	44	-16	-11	-27
2008-09*	13,112.7	1,357.5	14,470.1	1,495.2	825.0	2,320.2	14,607.9	2,182.4	16,790.3

BIUs (Basic Income Units)

Year	Undergraduate			Graduate			Total		
	Eligible	Ineligible	Total	Eligible	Ineligible	Total	Eligible	Ineligible	Total
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
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:	-280	-100	-380	260	24	284	-20	-76	-96
2007-08*	18,353.9	2,254.3	20,608.3	1,712.9	891.4	2,604.3	20,066.8	3,145.7	23,212.5
Change:	-48	-49	-97	58	25	83	10	-25	-14
2008-09*	18,305.8	2,205.0	20,510.9	1,771.2	916.1	2,687.3	20,077.0	3,121.1	23,198.1

* = estimated