

# **Final Budget Estimates 2006-2007**

**June 22, 2006**

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## FOREWORD

The 2005 Ontario Budget was unprecedented in that it positioned the postsecondary education system as its centerpiece. The *Reaching Higher Plan* is the government's commitment to significant investments into postsecondary education over the next five years to achieve their goals of access, quality and accountability. In 2005-06, new funding was provided to individual universities upon submission of Interim Accountability Agreements which required commitments to and demonstrated investments in advancing quality and supporting excellence.

Additional resources to the education sector are expected in the second year of the *Reaching Higher Plan*, however the details are not known. Announcements regarding the share to be allocated to the University sector and ultimately individual universities have not been made. It is expected that multi-year accountability agreements regarding the individual universities' commitment to access and quality will have to be completed before grant announcements are made for 2006-07.

Brock University's 2006-07 Final Budget includes significant investments (such as 46 new faculty positions) in supporting a high level of quality education and in the process of becoming a comprehensive university. In addition, significant resources are required to maintain the faculty, staff and physical infrastructure that supports the highest level of student enrolment in Brock's history. The number of full-time equivalent students will reach almost 17,000 as the double cohort moves into fourth year. Accessibility grants have provided Brock University with \$21,558,000 of additional funding (since 2001-02) for year-over-year incremental undergraduate student growth. This funding is not expected to increase after 2005-06 as the government transitions from undergraduate enrolment growth funding to quality, access and graduate expansion funding.

The University's 2006-07 operating budget will reach \$180,000,000, which represents an increase of \$35,000,000 or 24% since the 2003-04 operating budget. Financial planning for 2006-07 has been a challenge. The significant new expenditures in faculty positions, additional staff resources and the known or estimated salary and non-salary contractual obligations have far exceeded the expected new incremental revenue. Significant cost savings resulted from the refinancing of existing debt as a result of the new bond issue (refer to Expenditure Estimates, page 25, for further details). Even with these savings, the shortfall was originally estimated to be \$7.8 million and did not include any accommodations for the additional budget initiatives or minor capital projects that have been requested at \$9.3 million and \$13.5 million respectively. With the cooperation and support of budget developers, the shortfall was reduced to \$2.6 million and this residual shortfall has been accommodated within the accumulated operating surplus. The 2006-07 Final Budget is presented as a balanced budget.

The 2006-07 Final Budget includes the operating financial activities of the university. The other major financial activities of the university include research, capital projects, trust and endowments. These are intended for specific purposes and accounted for annually in the audited financial statements. To provide an appreciation of the total financial activities of the university, a consolidated financial report has been provided for information purposes (see Appendix V).

## **BUDGET PROCESS**

In the development of the current budget a number of “Principles” have been used in allocating resources and approving budget requests. They are as follows:

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 primacy of the University’s academic mission
5. The five “directional statements” articulated in the Final Report of the President’s Task Force on Planning and Priorities (Feb, 1999)
  - “continued evolution as a comprehensive university”.....
  - “commitment to students”.....
  - “focus on career-related and/or experiential learning”.....
  - “strengthened commitment to the Niagara region”.....
  - “continued commitment to enhancing Brock’s academic reputation and image”.....
6. The Report of the Long-Range Planning Committee (2003) as approved
7. The additional cost increases for support services, both academic and non-academic, which are driven by planned and unanticipated enrolment growth.

In January 2006, Budget Developers were advised that final guidelines might require refinement once 2006-07 financial estimates and expected provincial funding were confirmed. In the interim, the following were provided as the basic 2006-07 budget assumptions:

- That the 2005-06 base budget will be rolled over to 2006-07, including the original approved 2005-06 budget plus any on-going approvals from the mid-year review.
- Permanent salaries and benefits costs will be calculated by Human Resources & Finance and will include those additional faculty and staff positions previously approved.

The “Timelines and Process” for 2006-07 (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.

An important part of the budget process is the development of the enrolment projections. The Advisory Committee on Institutional Data (ACID) prepared the 2006-07 enrolment and revenue model, which directly informs the revenue estimates.

All budget submissions are reviewed in detail by the Finance Department and year-over-year summaries are completed. Each year, the Budget Developers have the opportunity to present their budget directly to the Vice-Presidents and President. New this year was the requirement to discuss how their Departmental/Divisional Strategic Plans related to and influenced their budget submission. In addition, they were invited to provide comments and feedback on planning for a multi-year budget process.

Formal presentations were made to Budget Developers, the Senate Budget Advisory Committee, the Planning, Finance & Human Resources Committee of the Board of Trustees and the Board of Trustees regarding the enrolment projections, preliminary revenue estimates, contractual salary and non-salary expenditures estimates, the status of government funding and the new tuition fee policy, and the financial challenges for 2006-07.

Detailed information regarding the budget development procedures and instructions provided to Budget Developers, is available on the Brock University Finance website [www.brocku.ca/finance/staffbudgeting](http://www.brocku.ca/finance/staffbudgeting).

## **FISCAL FORECAST PROCESS**

With the implementation of the current budget development process, a fiscal forecast procedure was introduced to monitor revenues and expenditures against the budget and to forecast projections to year-end. The “2005-06 Interim Budget Estimates” report was submitted to the Board of Trustees on June 23, 2005. Reports were then made regularly to the Board of Trustees throughout the year to review changes in revenues and expenditures 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 had 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. Budget Developers have the opportunity to voluntarily meet with the Vice-Presidents and President to present their mid-year review request. Those requests were incorporated into the “2005-06 Mid-Year Review Budget Update” report submitted to the Board of Trustees on November 24, 2005.
- The second fiscal forecast report occurred as of January 31, 2006 and included information about significant changes that had occurred since the Mid-Year Review was presented in November.
- The third fiscal forecast report occurred as of March 31, 2006. In conjunction with the 2006-07 Budget Development, Budget Developers were required to include projections of their 2005-06 budget to the end of the fiscal year and review those projections with the Vice-Presidents and President during the March budget meetings.
- Final fiscal results and audited results are presented in June and September respectively.

### Final Budget

This budget is intended as a “Final Budget”. Even though a number of revenue estimates exist without formal Ministry announcements, 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.

## ENROLMENT/REVENUE MODEL FOR 2006-07

The Advisory Committee on Institutional Data (ACID) has responsibility for the development of an enrolment/revenue model to inform the annual budget process. Two models have been developed to project enrolments and revenue. The current model (first used for 2005-06 projections) has proved to be more sophisticated and more accurate than the first model (used for 2004-05 projections). The Committee determined to continue using the current model for 2006-07 enrolment and revenue projections.

The Committee has attempted to develop enrolment scenarios which are separate for each of:

- a) Spring and Summer sessions (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 programs.

The following is a summary of ACID projections of revenue change due to changes in enrolments and in tuition rates for 2006-07:

Category	Headcount Change	FTE Change	Tuition Change	BIU Change	Grant Change
Undergraduates Spring/Summer	<b>0</b>	<b>0</b>	\$0	<b>0</b>	\$0
Domestic Undergraduate Fall/Winter	39	36	\$150,624	123	\$0
VISA Ugrad. Fall/Winter	-52	-48	- \$531,806	n/a	n/a
Nursing	0	0	\$0	0	\$0
Undergraduate Total	-13	-12	-\$381,182	123	0
Graduate	113	281	\$600,540	296	\$859,584
Total	<b>100</b>	<b>269</b>	<b>\$219,358</b>	<b>419</b>	<b>\$859,584</b>
Revenue Change Due to Tuition Rate Increase			<b>\$2,457,000</b>		
GRAND Total	<b><u>100</u></b>	<b><u>269</u></b>	<b><u>\$2,676,358</u></b>	<b><u>419</u></b>	<b><u>\$859,584</u></b>

## BUDGET CHALLENGE

The second year (2006-07) of the Ontario Government's *Reaching Higher Plan* indicates that additional resources will be provided to the education sector. Details of how this funding will be allocated to the university sector and to individual universities are, however, not known. In February, it was confirmed that preliminary revenue, contractual salary and non-salary expenditure estimates for 2006-07 indicated that the University was facing a shortfall between revenues and expenditures. After "rolling up" all the budget developers' requests in March 2006, a significant shortfall of \$7.8 million existed. This shortfall grew, in part, as a result of allowing the first "roll up" to include budget requests beyond the basic budget guidelines. The Budget Committee struggled with this shortfall knowing that Board policy prevented it from knowingly approving a deficit budget.

A number of supplementary budget meetings were held to review analyses and potential strategies and options in dealing with the challenge. The details of the draft budget, the shortfall and the challenge were shared with Budget Developers to obtain their assistance and cooperation in implementing strategies to address the challenge.

The financial highlights of the challenge and the strategies identified are as follows:

Shortfall estimated in mid-April	\$(7,877,641)
Strategies Identified	5,298,165
Current Estimated Shortfall	(2,579,476)
Utilization of 2004-05 Operating Surplus	2,579,476
Remaining Shortfall	-

The improvement of \$5,298,165 was achieved through the following strategies:

1. Detailed analysis of increases requested to the approved base budget:

Adherence to the 2006-07 basic budget guidelines were reviewed and increases were prioritized according to:

- those previously identified during the 2005-06 mid-year review,
- involving contractual obligations,
- necessary to deal with student growth (e.g. PT costs)
- as a result of the expanded facilities (e.g. utility costs).

This process resulted in a reduction of **\$700,000** to the base budget increases requested.

2. Review revenue generation possibilities:

The Quality Improvement Fund (QIF) fund estimate was increased by **\$500,000** from the original estimate of \$2.0 million to a revised estimate of \$2.5 million. A certain level of risk exists with this grant and is explored in more detail in the Revenue Estimates section.

Preliminary 2005-06 revenues were reviewed to determine whether the actual results would alter the assumptions and projections for 2006-07. This exercise increased revenue estimates by **\$1,500,000** as follows:

- In April, the final announcement of the 2005-06 Tuition Compensation Grant resulted in an increase of about \$390,104, which has an on-going impact as it is rolled into base funding.

- The 2005-06 year end results for tuition revenue indicate that revenue is higher by about \$379,000. Since the 2005-06 actual is the starting point for 2006-07, the tuition revenue projections have been increased by this amount.
- A closer review of 2005-06 actual sundry revenues suggests that these revenues are expected to continue at the same level in 2006-07, resulting in increased revenue projections of \$200,000.
- Meetings were held with Budget Developers for the Ancillary Operations (Parking, Bookstore, Centre for the Arts, Recreation Services) to review 2005-06 year end results and to determine whether this level of activity could be maintained in 2006-07. This exercise resulted in an increase of contributions in the amount of \$500,000, both from increasing revenues or reducing expenses so that contributions were at least consistent with 2005-06 actual results.

### 3. Expenditure estimate review

A few expenditure estimates done earlier in the budget development process were reviewed by Budget Developers, resulting in a reduction to operating costs of **\$570,000** and deferring the timing of commitments of **\$215,000** until 2007-08. Also a number of global expenditures were reviewed in relationship to 2005-06 spending and this resulted in estimates being revised downward by **\$700,000**. Offsetting this was the addition of **\$322,000** for new budget requests that were considered a high priority.

### 4. Review of surplus carryforwards

An agreement exists to allow the Library and Faculties to carry forward surpluses (excluding benefits) to the next fiscal year. Meetings were held with the Deans to review the 2005-06 estimated surpluses to be carried forward and to be used specifically for 2006-07 additional budget requests. Those meetings demonstrated support and cooperation from the Deans to use 2005-06 surpluses to cover their additional budget requests of **\$1,455,000** beyond the basic budget guidelines. Even after accommodating these increases, surpluses will remain for the Deans to accommodate further budget requirements in 2006-07.

### 5. Utilization of 2004-05 accumulated surplus

The accumulated unrestricted operating surplus of \$2.8 million resulted primarily from the surplus that arose at the end of fiscal 2004-05 in the amount of **\$2,495,236**. When the year end results were presented to the Planning, Finance & Human Resources Committee of the Board of Trustees and ultimately to the Board of Trustees, it was noted that this surplus provided a reserve for the expected budget pressures in 2006-07 and that any decisions concerning the disposition of the surplus would be brought to the Board of Trustees for approval. The accumulated unrestricted operating surplus is now required to balance the 2006-07 operating budget. The 2005-06 operating results will be finalized during the month of June 2006 but preliminary unaudited actual results indicate an unrestricted operating surplus in the range of 2% to 3% will be available as a reserve for 2006-07. This is in addition to the surpluses being carried forward to accommodate Budget Developers budget increases. Once the 2005-06 operating surplus is confirmed, it will be held in a reserve until the government grant announcements are made and global budget expenditures are finalized.

## 2006-07 FINANCIAL - HIGHLIGHTS

With the utilization of the accumulated operating surplus, the 2006-07 Final Budget is balanced. Appendix 1 provides full details of the 2006-07 Final Budget Revenue and Expenditure Estimates.

Total revenues (excluding the impact of the one-time Facilities Renewal Grant) are expected to increase by **\$9,504,000 or 5.5%**. The major increases over 2005-06 are due to:

**Tuition:**

Net activity increases	\$ 220,000
Rate increases	2,500,000
2005-06 on-going revenue increases	1,650,000
<b>2006-07 Incremental New Operating Grants:</b>	
Quality Improvement Fund – unfunded BIUs	550,000
Quality Improvement Fund – new funding	2,500,000
Graduate Expansion Funding	859,000
Gross Revenue from Ancillary Operations	1,000,000
Other	<u>225,000</u>
<b>Total Revenues</b>	<b><u>\$9,504,000</u></b>

Total expenses (excluding the impact of the one-time Facilities Renewal Grant) are expected to increase by **\$12,083,000 or 6.9%**. The major increases over 2005-06 are due to:

New faculty positions (46) and staff positions (2)	\$3,650,000
Salary rate increases for CUPE 4207	520,000
Part time teaching budget increases	1,800,000
Use of faculty carryforward surplus	(1,100,000)
Recruitment, relocation and start up	485,000
Library acquisitions	300,000
<b>Full fiscal impact of 2005-06 approvals</b>	
19 faculty, 12 staff positions and salary rate increases	1,900,000
On-going mid-year approvals	756,000
Utility costs	1,000,000
Plaza 2006 and 573 Glenridge operating costs	537,000
New initiatives (Sch 5s)	322,000
Global budget requirements	2,800,000
Guaranteed minimum pension savings	(565,000)
Debt service savings	(1,400,000)
Gross expenses from Ancillary Operations	875,000
Base budget priority additions	370,000
Graduate fellowships net of carryforward surplus	(250,000)
Other	<u>83,000</u>
<b>Total Expenses</b>	<b><u>\$12,083,000</u></b>

## 2007-08 FINANCIAL OUTLOOK & MULTI-YEAR PLANS

Budget planning for 2007-08 has begun. The financial challenge is expected to be even greater than experienced for 2006-07. Enrolment estimates developed through the ACID committee indicate that undergraduate enrolment will begin to decline as the double cohort graduates and the undergraduate intake level remains constant. It is not expected that this decline can or should be entirely offset by increases in graduate enrolment. This leveling or decline in tuition revenue will partially be offset by rate increases. According to the third year (2007-08) of the *Reaching Higher Plan*, the year-over-year new funding appears to level off, which will reduce expectations for additional government funding. It is hoped that the multi-year accountability agreements will produce some level of predictability in government funding.

As is normally the case, expenditure costs will continue to be more predictable and measurable given the salary base on which contractual salary rate increases are done. In addition, expenditures for the university's physical infrastructure and investments to support the undergraduate and graduate programs will need to be addressed. Of course financial support is needed to support the academic, student services and administrative areas of the university that will be faced with additional demands for their services.

On a positive note, significant savings have been realized with the new bond issue in 2005 for the refinancing of the long-term debt. Furthermore, it has provided a stable and predictable level of debt service costs for the foreseeable future (refer to Expenditure Estimates section for further details).

It is expected that different budget models will need to be explored so that strategic cost containment and new revenue generating strategies can be identified in time for decisions to be made for 2007-08.

### Multi-Year Budget Planning

In addition to the planning for 2007-08, the current budget process will be extended focus to look at 2008-09 and 2009-10. Multi-year estimates for expenditures are generally easier to develop given assumptions around salary rate increases and inflationary cost factors. The enrolment/revenue model developed through ACID incorporates undergraduate retention assumptions that assist with future enrolment predictions and resulting impacts to tuition revenue projections. Revenue assumptions impacted by government announcements have always been more difficult, given that announcements on grants and tuition rate policies have occurred annually and often many months into the fiscal year to which they relate. However, the government's *Reaching Higher Plan* has a multi-year focus and certainly provides universities with some level of predictability for future funding.

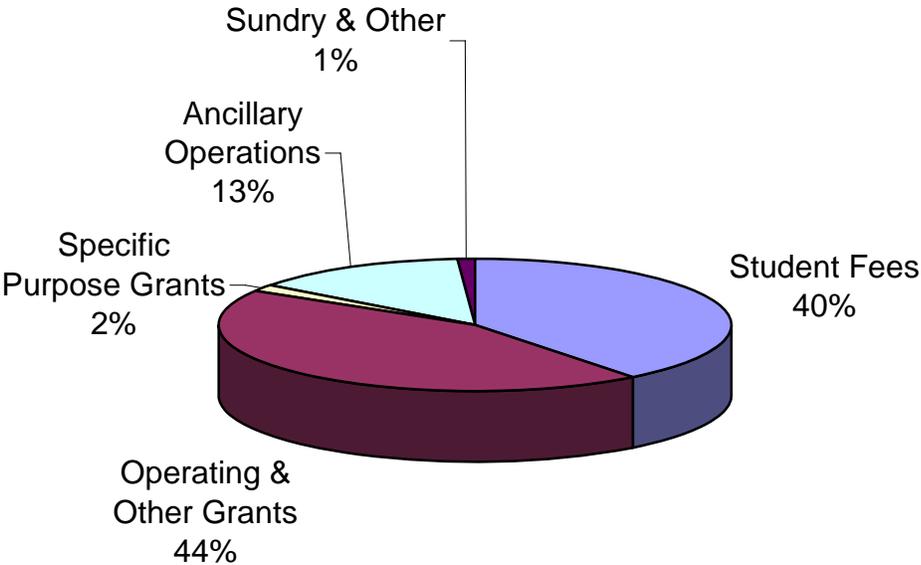
Key elements that have a multi-year focus include:

- The tuition policy announced in April 2006 is in effect from 2006-07 until 2009-10
- The *Reaching Higher Plan* provided for new investments for postsecondary education from 2005-06 until 2009-10
- Multi-year accountability agreements will be submitted by universities to secure individual university funding

- Graduate expansion funding based on allocated enrolment targets are being established for 2006-07 and 2007-08

During the 2006-07 budget meetings, Budget Developers were invited to provide their views on a multi-year budget process and how it would assist them in their planning. The responses were all in support of a multi-year budget plan and, in fact, many departments already have aspects of their budget on a multi-year basis either through their strategic plans or equipment replacement plans. Budget Developers will be asked to submit their best estimates for the next two to three years as part of the 2007-08 and beyond budget process.

# 2006-07 Revenue Estimates



## **2006-07 REVENUE ESTIMATES - COMMENTARY**

*The following highlights the significant categories of the 2006-07 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 gradually moving out of the system.

For next year, most of the double cohort students will enter their fourth year; the number of new domestic full-time Year I students admitted directly out of secondary school will decrease from **2,697** in 2005-06 to **2,400** in 2006-07, while the number of other new Year I students (Domestic and VISA) will remain the same as in 2005-06. The following projections are based on the flow-through of current students and the targeted intake for 2006-07:

- a) the “headcount” of students as at November 1<sup>st</sup> is expected to grow from **17,409** in 2005 to **17,509** in 2006;
- b) FTEs will increase from **16,594** in 2005-06 to **16,863** in 2006-07; and
- c) BIUs will increase from **23,003** in 2005-06 to **23,422** in 2006-07.

Based on the enrolment projections for 2006-07, the tuition revenue generated by undergraduate students will decrease by **\$381,182**; the tuition revenue generated by graduate students will increase by **\$600,540**; and total tuition revenue will increase by **\$219,358** (refer to page 6 for details).

While overall enrolments will slightly increase for 2006-07, enrolments for 2007-08 and beyond are projected to decrease, 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 **642** and graduate FTEs will increase by about **236** for 2007-08 (See Appendix III). ACID is going to do further work on projections for 2008-09 and beyond.

Please refer to Appendix IV for an explanation on “counting students” and corresponding definitions.

### **Government Tuition Policy Announcement**

In April 2006, The Ministry of Training, Colleges and Universities issued guidelines for implementation of tuition fee policy. The main highlights of the new tuition fee policy are:

- Applies to funded programs only
- All funded programs are now regulated
- Ancillary fees are not covered
- In effect for 2006-07 until 2009-10
- Tuition increases will have to be tied to quality
- Base year is the frozen tuition levels of 2005-06
- Tuition fee rate revenue is capped at 5% overall
- Separate maximum limits for “1<sup>st</sup> year of study” and continuing years.
- Maximums are in place as follows:
  - Arts & Science & Other Programs:
    - 1<sup>st</sup> Year 4.5%
    - Continuing years 4.0%
  - Professional and Graduate Programs:
    - 1<sup>st</sup> Year 8.0%
    - Continuing years 4.0%

### **Brock’s Tuition Policy Decision and Financial Implications**

After much deliberation and review, including an analysis of the implications to the student fee assessment system, the following has been put into effect (as of May 1, 2006) for the academic year 2006-07:

- Rate increase would be the same for 1st year and continuing years
- Undergraduate funded – 4% increase to domestic and Visa fees
- Professional and Graduate funded programs – 4% increase to domestic and Visa fees
- 2007-08 – to be reviewed

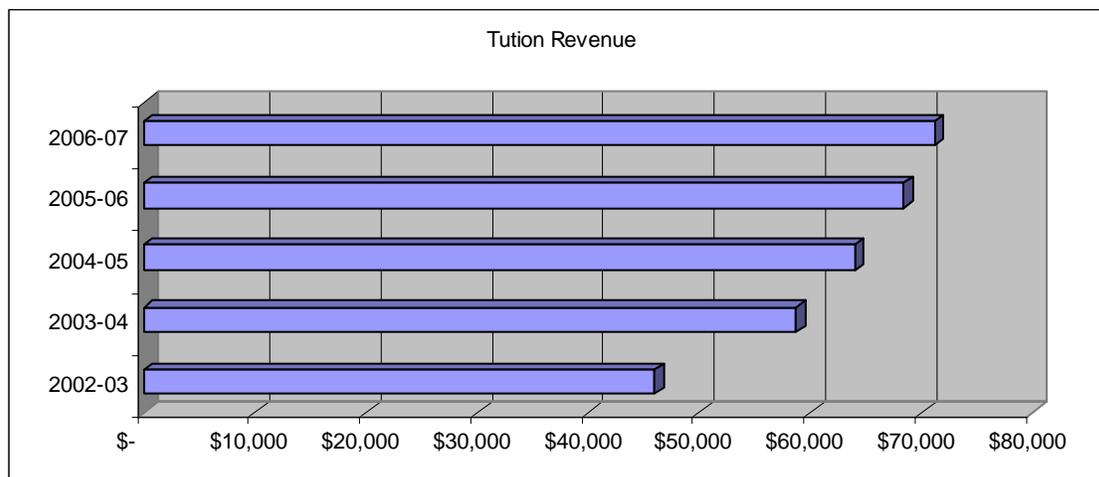
Applying a 4% across the board increase to the 2005-06 actual tuition base and the tuition from enrolment growth is expected to generate additional tuition revenue of **\$2,504,633**.

### **Set-Aside Bursary**

For over 10 years, the Ministry has required that 30% of tuition increases be “set-aside” for student financial assistance (bursaries and scholarships). With tuition rates frozen for the last two years, the amount set aside has remained unchanged. The new government tuition policy no longer requires that any portion of tuition rate increases be set-aside for student financial aid. Access guarantees will inform the required level of student financial aid in the future however; the financial commitment is currently unresolved. Therefore, the budget amount for 2006-07 remains at \$3,600,000.

### **Total Student Tuition and Fee Revenue**

The total budgeted tuition of \$71,253,114 includes tuition, incidental fees and the net contributions from special funding arrangements offered to the IELP and Graduate ISP programs. Projections are that tuition revenue will increase by 6.2% over 2005-06 approved budget levels. A five-year comparison follows:



**GOVERNMENT GRANTS**

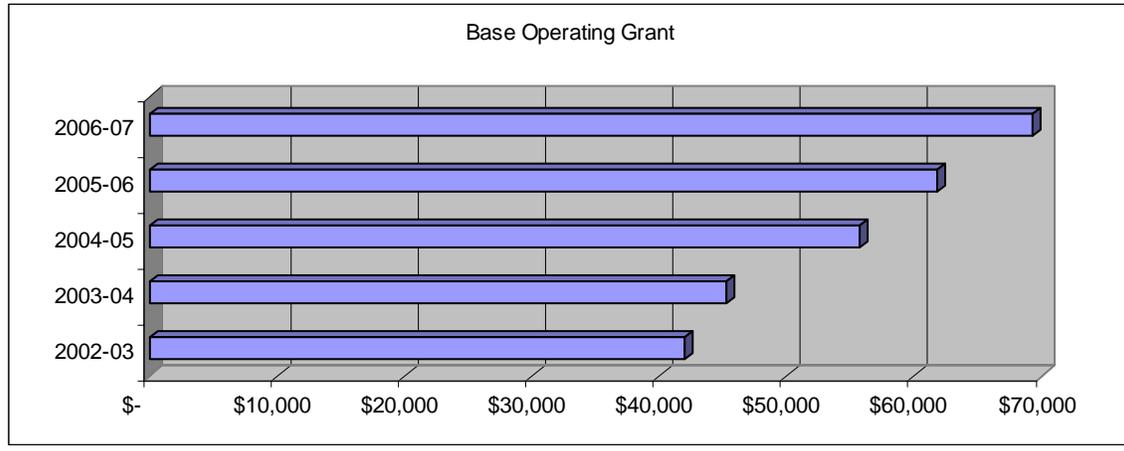
The Ministry of Training, Colleges and Universities’ 2006-07 grant announcements are not known at the time of writing. The following estimates are based on the University’s best assumptions regarding expected grant revenues.

**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 given range of its agreed level. Since 2001-02, increases to the Basic Operating Grant have come from the undergraduate enrolment growth paid through “Accessibility Grants”. To ensure a consistent level of operating grant funds, the Ministry has rolled (or paid) the accessibility funding into the base operating grant. In addition, the Ministry phased out the previous government’s Quality Assurance Funding of \$2,341,000 and included it into the base grant. Furthermore, the tuition compensation grant that was provided in lieu of tuition rate increases during the tuition freeze of the last two years has also become part of the base operating grant. The Basic Operating Grant for 2006-07 is thus calculated as follows:

2005-06 Basic Operating Grant	\$61,853,717
plus 2005-06 Grants:	
Quality Assurance Fund	2,340,998
Accessibility Undergraduate	2,995,434
Accessibility Graduate	253,000
Tuition Compensation	<u>1,907,115</u>
= 2006-07 Basic Operating Grant	<b><u>\$69,350,264</u></b>

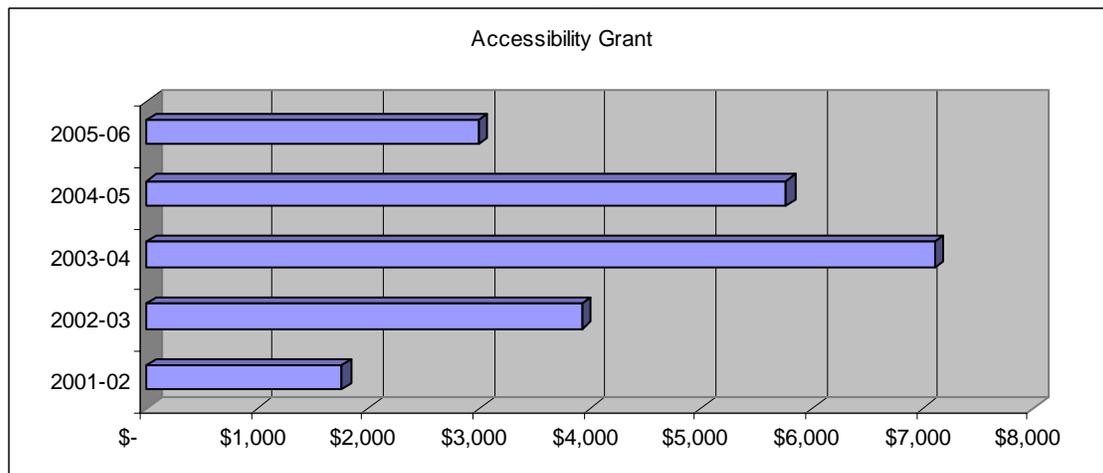
A five-year comparison follows:



**Undergraduate Accessibility Growth Fund**

In 2001-02, the government introduced an Undergraduate Accessibility Fund to assist universities in coping with an 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. Full average funding for year-over-year undergraduate enrolment growth has been the government’s University funding priority. However, the government is shifting away from funding undergraduate enrolment growth to focusing on accessibility and quality measures. As a result no accessibility grants have been assumed for fiscal 2006-07.

The following shows the actual funding in the amount of \$21,558,000 from the undergraduate accessibility grant since its inception:



**Accessibility Fund Growth - Graduate**

This funding envelope is a relatively smaller grant for Brock. It is based on five indicators of graduate enrolment (FTEs, & BIUs), degrees granted, federally sponsored research and graduate awards and scholarships.

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 is \$70 million. The Ministry is distributing 70% of the system FTE targets based on each institution's share of the five indicators and Brock has been assigned a target growth of 113 FTEs (Fall and Summer FTEs, 110 for Masters and 3 for PhDs) by 2007-08 over 2004-05. Based on ACID projections, Brock will reach about 73 of the 110 guaranteed growth target for the Masters and will reach the 2 FTEs for PhDs in 2006-07.

While the Ministry has provided a graduate growth space allocation mechanism, no details have been provided on how the targeted growth will be funded. The graduate funding method for 2005-06 has been adopted. If the ACID projected graduate enrolment is reached, the current estimate of grant revenue increase for graduate growth is **\$859,584**. This amount may change pending further government announcements.

Brock's Graduate Accessibility funding over the last four years follows:

2006-07	\$859,584 (estimated)
2005-06	\$253,000
2004-05	\$270,646
2003-04	\$120,000

#### **Quality Improvement Funding Grant**

The significant feature of the 2005 Ontario Budget was the \$124 million earmarked to improve quality and to ensure equal funding per student (i.e. to fund "unfunded" BIUs). In addition, the Ministry needed to fund the phasing out of the ATOP (Access to Opportunities Program). It was determined that the ATOP program would be phased out over two years and the unfunded BIUs funded over three years, with the remainder allocated to each universities' share of the system and available for advancing quality and supporting excellence. On November 30, 2005, the Ministry issued the 2005-06 Interim Accountability Agreements (IAA). Submissions were made in mid-December. Confirmation of Brock's IAA and release of funds occurred in February 2006. The 2005-06 Quality Improvement Fund for Brock amounted to **\$3,211,640**, comprising the following:

- Advancing Quality \$1,935,137 (3% share of system)
- Supporting Excellence \$516,036 (3% share of system)
- Unfunded BIUs \$648,840 (first 1/3 payment)
- Unfunded BIUs \$111,627 (2006-07 advance payment)

Even though this funding was not guaranteed to become base funding, the quality expenditures approved included on-going costs (primarily the hiring of 19 full-time faculty) and therefore this funding is assumed to continue into 2006-07.

The second year of the Ontario Government's *Reaching Higher Plan* provides additional resources to the Education sector. The portion of funding that is known is the 2<sup>nd</sup> year of the three-year payment for the unfunded BIUs, which is estimated to be **\$537,213**. The details for the expected more significant portion for advancing quality and supporting excellence for the University sector and individual universities are not known at the time

of writing. For budget purposes, the additional 2006-07 Quality Improvement Fund (QIF) fund is estimated at **\$2,500,000**. A certain level of uncertainty and risk exists with this grant estimate, as this projection is not based on government announcements. Even though the estimate is consistent with those of other universities, it is related to the following factors:

- Council of Ontario Universities' estimate of the universities' share of the available new educational funding from the Ontario Government's *Reaching Higher Plan* for 2006-07;
- The total system Quality Improvement Fund being approximately twice the amount provided in 2005-06;
- University allocations in 2006-07 done in a consistent manner.

Therefore, the total expected 2006-07 QIF grant is estimated at **\$6,248,853**.

### **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 2006-07 Collaborative and Degree Completion students has been estimated at **\$1,050,000**. This is roughly the same level as 2005-06 as no growth in this program area is expected. A four-year comparison follows:

2006-07	\$1,050,000 (estimated)
2005-06	\$1,100,000 (estimated)
2004-05	\$1,122,000
2003-04	\$ 925,392

### **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 no change in the level of funding for 2006-07. A four-year comparison follows:

2006-07	<b>\$ 850,936</b> (estimated)
2005-06	\$ 850,936
2004-05	\$ 799,000
2003-04	\$ 895,000

### **Other and Specific Purpose Grants**

The University receives a number of grants funded by the Provincial or Federal governments for specific expenditures. Generally speaking, there are matching expenses 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 2005-06 actual levels. The only exception is the special one-time 2005-06 Facilities Renewal Grant of \$3,668,820, which will not continue in 2006-07.

In late fiscal 2005-06, Brock was approved for three new specific purpose grants that were received from the government’s new “Access and Opportunities Strategies” funding that will assist access to university for certain underrepresented groups. These grants will be spent during 2006-07 and include First Generation pilot funding of \$85,000, First Generation student bursaries of \$25,016, and pilot funding for the Sioux Lookout District Bachelor of Education program in the amount of \$40,000.

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 \$1,469,552, which is up from the \$1,298,342 received in 2005-06. This operating budget does not include the direct cost funding for Research nor does it include the direct costs associated with Research.

**NET CONTRIBUTION FROM ANCILLARY OPERATIONS**

Ancillary Operations includes the gross revenue from the Bookstore, Print Shop, Parking, Residences & Conference Services. Ancillary Operations are expected to contribute \$2,407,533 (compared to \$2,281,425 for 2005-06) on a total financial activity of \$24,107,143. The following chart summarizes the projected gross revenues and expenses for 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 =====

**OTHER REVENUES**

Other revenues repeat but by their nature, can fluctuate from year to year. Some of these revenues include investment, rental, sundry and one-time revenue. It is expected that the 2006-07 revenue budgets will be consistent with 2005-06 actual levels.

**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, ScotiaCassels and UBS. It is expected that the 2006-07 budgets will be consistent with 2005-06 actual levels.

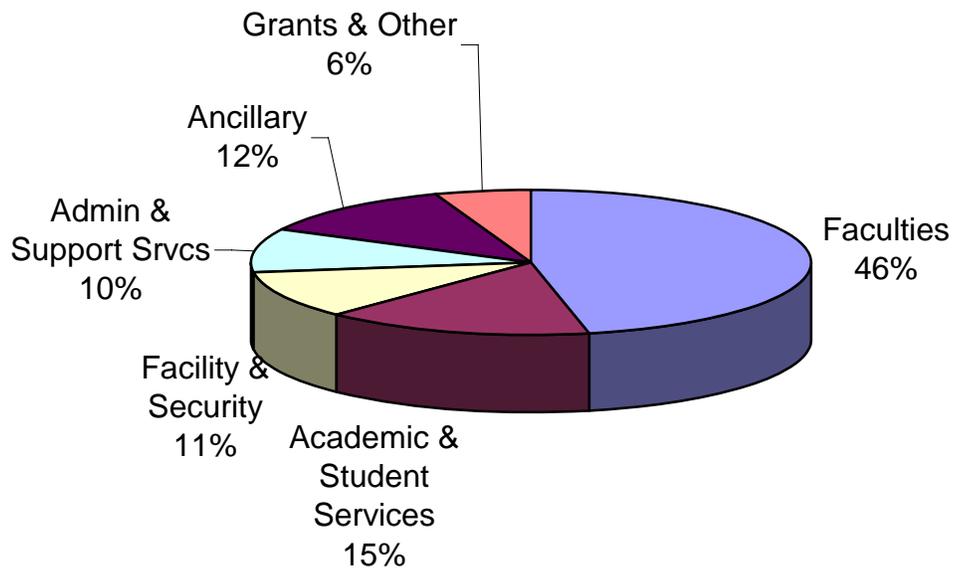
### **Rental and Sundry**

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 Letters of Permission. It is expected that the 2006-07 budgets will be consistent with 2005-06 actual levels and thus increase by about \$200,000 over the 2005-06 budget.

### **One-Time Revenue**

This category is reserved for those revenues that are unexpected or non-recurring by nature such as tax recoveries. We are not currently estimating any revenues from these sources in 2006-07.

## 2006-07 Expenditure Estimates



## **2006-07 EXPENDITURE ESTIMATES – COMMENTARY**

*The following highlights the significant items of the 2006-07 Final Budget Expenditure Estimates by major expense category.*

### **SALARIES AND BENEFITS**

Faculty and staff (full and part-time) salaries and benefits comprise the most significant portion (approximately \$128,500,000 or 80%) of the University's expenditure budget (excluding gross ancillary costs 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 2005-06 faculty and staff appointments and salary rate increases. The following summarizes the major components of the increases for 2006-07:

- Negotiated contract settlements for CUPE 4207 (teaching assistants and part-time instructors)
- Faculty positions (46) and two staff positions
- The benefit costs associated with increased salary rates and new positions
- Full fiscal impact of 2005-06 approvals
  - 19 faculty and 12 staff positions
  - salary increases (2 months)
  - On-going 2005-06 mid-year approvals.

At the time of writing, the rate increases for these salary groups have been estimated and are captured globally. The bargaining and non-unionized salary groups of the University are:

- BUFA (faculty): The contract expires June 30, 2006. Negotiations are currently in progress.
- OSSTF (support staff): Contract expired May 31, 2005. Negotiations are still in progress.
- CUPE Local 1295 (trades, maintenance, custodial): The contract expired April 30, 2006. Negotiations are expected to begin in the summer.
- CUPE Local 4207 (teaching assistants and part-time instructors): Settled salary negotiations in September 2004 for a three-year agreement from July 1, 2004 to June 30, 2007. The average increase for 2006-07 is approximately 7%.
- Administration and Professional: Salary adjustments are currently being reviewed and are typically announced annually in July.

#### **Full Time Complements**

For both 2005-06 and 2006-07, a number of new faculty and staff positions were approved. The majority of the funding for these positions came from the Quality Improvement Fund. In addition, positions were approved when the Budget Developer presented strategies to create full-time staff complements from existing part-time or staff

re-organizations (denoted by\*). The following summarizes the new appointments by year and department/division:

	<b>2006-07</b>	<b>2005-06</b>
<b>Faculty Appointments:</b>		
Business	8	4
Humanities	20	4
Applied Health Sciences	6	1
Education	5	4
Social Sciences	7	5
Mathematics & Science	-	-
Library	-	<u>1</u>
<b>Total</b>	<b><u>46</u></b>	<b><u>19</u></b>

Staff positions:

Student Services and Academic Support:

Academic Integrity Co-coordinator	1	
Residence Operations	2*	1*
Co-op		1
Graduate Studies		1
International Services		1
Registrar's Office		1
Athletics – FT Coach/Coordinator		1
CTLET		1*
Research Health & Safety Officer		1*

Academic Faculties:

Business	1*	1
Humanities		1
Applied Health Sciences		2
Education		1
Social Sciences		1
Mathematics & Science		1

Other Support Services:

FIPA Coordinator	1	
Food Services Manager	1	
Mail Services	1*	
Office of Harassment Prevention		1
Planning		1
Rodman Hall		1
CATI		1*
Facilities – Grounds	1	
Pension Officer		1*
Emergency Health & Safety Officer		1*
<b>Total</b>	<b><u>8</u></b>	<b><u>21</u></b>

### **Part-time Teaching**

Consistent with previous years, Budget Developers were requested to hold their part-time budgets to 2005-06 levels or to fund part-time budget increases with appropriated surpluses. The request for increases into part-time budgets, as the double cohort moves into 4<sup>th</sup> year, amounted to \$1,800,000. About \$1.1 million of this cost will be funded from Faculty 2005-06 appropriated surpluses with the remaining \$600,000 being covered centrally.

### **EMPLOYEE FUTURE BENEFITS**

The University provides pension benefits to employees 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 thereon 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 indicates that the Plan has 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. Based on the July 1, 2002 valuation, the University was required to begin making payments in the amount of \$565,000 for current service costs and special payments toward the deficit. The University's 2006-07 operating budget has been relieved of this cost. However, a portion of these savings may be placed into a reserve as a contingency for future funding requirements.

### **NON-SALARY COSTS**

Budget developers were requested to hold their non-salary operating budgets to 2005-06 levels. That is, budgets would include the original approved 2005-06 budget plus any approvals from the mid-year review. Major non-salary contractual costs and commitments include the following:

- Graduate Fellowships have increased by \$650,000 over the previous year because of the increased number of graduate students at the University. The total budget for fellowships is \$3,427,301. The fiscal impact is a reduction of \$250,000 as \$900,000 is being funded from the 2005-06 unspent fellowships budget.
- Relocation and start up costs for new faculty have been increased by \$485,000 over the 2005-06 base budget. This budget is held in the VP, Academic's office until the faculty allocations are determined.

- Utility costs have increased by \$1,000,000 over the 2005-06 base budget.
- The Library Acquisitions budget has been increased by \$300,000
- Operating costs of about \$537,000 (including utilities) is provided for the new buildings (573 Glenridge and Plaza 2006).
- A number of base budget requests were included in the initial budget but, as outlined in the section “Budget Challenge”, the majority of these requests were removed. However, increases in the amount of \$370,000 were maintained as they were determined to be of a high priority.
- During the 2005-06 mid-year review, a number of quality and high priority expenditure and contractual enhancements were added to a variety of budgets. However, the majority of those enhancements were one-time approvals with only \$755,000 being added to the 2005-06 base budgets.

## **DEBT SERVICE EXPENDITURES**

Brock University has issued \$93 million of senior unsecured debentures. Brock University joins several other universities in Canada who have pursued this course of financing in the last four 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) has assigned a rating of A (high) 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 will be established to ensure adequate funds are available to retire the debt in 2045.

The operating budget implications are that the debt service requirements in 2006-07 will be less by \$1,400,000 than in 2005-06. 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.

## **MINOR CAPITAL PROJECTS**

In 2004-05, special one-time Facilities Renewal funding of \$3,668,820 was received. This entire amount was used to fund Schedule 7 projects. As a result, no base budget funding existed for minor capital requests.

Minor capital requests (Schedule 7s), as submitted by Budget Developers and Facilities Management, amounted to approximately \$13,500,000. In order to accommodate priority

projects, funding came from deferring a number of 2005-06 projects that have not yet started.

Recent federal announcements in support of education infrastructure provide optimism that facilities funding will be received. In the event that this funding does not materialize, an appropriation from 2005-06 operating surplus will be committed for priority projects.

## **NEW INITIATIVES**

A process exists to allow Budget Developers an opportunity to submit additional requests (Schedule 5s) beyond their base budget. During 2004-05, additional accessibility grant revenue of \$2,700,000 was estimated due to higher growth rates and funding values. However, this revenue had been held back for spending until the official grant allocations were confirmed. This funding was confirmed in April 2005 and, as a result, was left unspent at the end of fiscal 2004-05 and carried forward into 2005-06 to address one-time initiatives. In addition, during the 2005-06 mid-year review additional tuition of about \$1,000,000 provided the opportunity to respond to additional budget resources. Since these one-time sources provided the funds for new initiatives, no base budget exists in 2006-07 for further new initiatives.

Given that the majority of the 2005-06 additional budget requests were for one-time commitments, a number of additional funding requests have come forward in 2006-07 in the amount of \$9.3 million. Senior Management has reviewed the Schedule 5 list to identify priority items (in the amount of \$322,000) that required early approval and, in addition, approved a number of self-funded initiatives. Further approvals will be held until grant announcements are confirmed or until additional resources are identified during the mid-year process. An appropriation from 2005-06 operating surplus will be committed for priority projects.

*The following highlights the significant items of the 2006-07 Final Budget Expenditure Estimates by functional area.*

## **ACADEMIC FACULTIES**

The largest portion of expenses within the six Faculties is faculty salary costs. The following salary costs account for almost all of \$7,000,000 or 9% increase:

- Full fiscal impact of 2005-06 approvals \$1,600,000
  - 18 new faculty positions
  - 6 new staff positions
  - salary increases (2 months)
- Fiscal impact of 2006-07 approvals \$5,200,000
  - 46 new faculty positions
  - Salary rate increases for teaching assistants and part-time instructors
  - PT Budget Increases

Salary increases for BUFA and OSSTF are in negotiation and rate increases have not been determined for non-unionized employees. At the time of writing, the rate increases for these salary groups have been estimated and captured globally.

## **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.

Cost increases in the amount of \$1,900,000 or 7% are due to:

- Full fiscal impact of 2005-06 approvals
  - 1 new library appointment
  - 4 new staff positions in the Graduate Studies, Coop, International Services, and Registrar offices
  - Salary increases (2 months)
  - On-going 2005-06 mid-year approvals.
  - Library acquisitions
- Fiscal impact of 2006-07 approvals
  - 1 new Academic Integrity Co-coordinator staff position
  - Student mobility financial aid bursaries
  - Recruitment, relocation and start up funding for new faculty (held in the VP Academic budget until allocated to faculties)

Similarly, salary increases for BUFA (library) and OSSTF are in negotiation and rate increases have not been determined for non-unionized employees. At the time of writing, the rate increases for these salary groups have been estimated and captured globally.

## **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, Harassment Prevention, the University Secretariat, Alumni Relations, Communications and Development and Donor Relations. Also included are student and community support ancillary 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 \$350,000 or 0.9% are due to:

- Full fiscal impact of 2005-06 approvals
  - 2 new staff position (Planning and the Office of Harassment Prevention)
  - Salary increases (2 months)
  - On-going 2005-06 mid-year approvals.
- Fiscal impact of 2006-07 approvals
  - Utility costs estimated to increase by \$1,000,000
  - 1 new staff position (Food Services Manager)
  - Plaza 2006 and 573 Glenridge operating costs

Offsetting these increases are the savings realized from the:

- Debt service costs arising from the bond placement (\$1,400,000)
- Minimum guarantee and unfunded liability (\$565,000)

Salary increases for OSSTF are in negotiations, CUPE (Local 1295- trades, maintenance, custodial) will soon begin negotiations, and rate increases have not been determined for non-unionized employees. At the time of writing, the rate increases for these salary groups have been estimated and captured globally.

## **ANCILLARY OPERATIONS**

Ancillary Operations include the gross expenses of the Bookstore, Print Shop, Parking, Residences & Conference Services. Refer to the revenue section (page 19) for further information on gross expenses and net contribution for each category.

## **OTHER 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 minor capital, new initiatives and salary increases until such time as they are approved and budget transfers are completed to the specific department or division. The significant increases in this category are the salary increases for BUFA, OSSTF, CUPE (Local 1295) and rate increases for non-unionized employees. At the time of writing, the rate increases for these salary groups have been estimated and captured globally.

## **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 18) for further information on the types of grants included in this category.



## BROCK UNIVERSITY OPERATING BUDGET

	2005-06	2006-07	06/07 Budget Increase(Decrease) over 05/06 Interim Approved Budget	
	Approved Interim Budget @ June 23, 2005	Final Budget	\$	%
<b>Revenues</b>				
<b>Student Fees</b>				
Tuition Revenue	61,034,312	65,120,464	4,086,152	6.7%
Set-Aside Bursary	3,628,000	3,628,000	-	0.0%
Incidental Fees	1,675,790	1,930,550	254,760	15.2%
Contribution from Other Tuition	736,264	574,100	(162,164)	-22.0%
sub-total	67,074,366	71,253,114	4,178,748	6.2%
<b>Operating &amp; Other Grants</b>				
Basic Operating Grant	62,160,818	69,350,264	7,189,446	11.6%
Accessibility Fund - undergraduate	2,883,176		(2,883,176)	-100.0%
Accessibility Fund - graduate	270,000		(270,000)	-100.0%
Quality Assurance Fund	2,341,000		(2,341,000)	-100.0%
Tuition Compensation - grant	1,525,000		(1,525,000)	-100.0%
Accessibility Fund-New Graduate Expansion		859,584	859,584	
Quality Improvements Fund	3,600,000	6,248,853	2,648,853	73.6%
Nursing Collaborative & Completion Grant	1,100,000	1,050,000	(50,000)	-4.5%
Performance Fund	799,000	850,936	51,936	6.5%
Other Grants	655,895	688,946	33,051	5.0%
sub-total	75,334,889	79,048,583	3,713,694	4.9%
<b>Specific Purpose Grants</b>				
Other Grants	1,083,790	1,323,056	239,266	22.1%
Facilities Renewal Grants	735,000	735,000	-	0.0%
Facilities Renewal Grant - Special One-time	3,668,820		(3,668,820)	-100.0%
Federal - Indirect Costs Program	1,298,342	1,469,552	171,210	13.2%
sub-total	6,785,952	3,527,608	(3,258,344)	-48.0%
<b>Gross Revenues from Ancillary Operations</b>				
Bookstore & Printshop Operations	9,388,145	9,682,000	293,855	3.1%
Residences & Conference Services	11,530,287	12,044,143	513,856	4.5%
Parking	2,187,870	2,381,000	193,130	8.8%
sub-total	23,106,302	24,107,143	1,000,841	4.3%
<b>Other Revenues</b>				
Investment Income	350,000	350,000	-	0.0%
Rental & Sundry	1,700,000	1,900,000	200,000	11.8%
sub-total	2,050,000	2,250,000	200,000	9.8%
<b>Total Revenues</b>	<b>174,351,509</b>	<b>180,186,448</b>	<b>5,834,939</b>	<b>3.3%</b>

BROCK UNIVERSITY OPERATING BUDGET	2005-06	2006-07	06/07 Budget Increase(Decrease) over 05/06 Interim Approved Budget	
	Approved Interim Budget @ June 23, 2005	Final Budget	\$	%
<b>Expenditures</b>				
<b>Academic Faculties</b>				
Faculty of Applied Health Sciences	9,817,932	10,546,380	728,448	7.4%
Faculty of Business	11,145,486	12,297,623	1,152,137	10.3%
Faculty of Education	11,542,935	12,579,667	1,036,732	9.0%
Faculty of Humanities	13,336,200	15,173,680	1,837,480	13.8%
Faculty of Math & Science	13,236,892	13,808,940	572,048	4.3%
Faculty of Social Sciences	18,960,426	20,641,592	1,681,166	8.9%
sub-total	78,039,871	85,047,882	7,008,011	9.0%
<b>Academic Support &amp; Student Services</b>				
Library Department	4,394,710	4,457,468	62,758	1.4%
Library Acquisitions	2,047,875	2,397,875	350,000	17.1%
Research & AVP Research, Brock International	832,693	890,699	58,006	7.0%
Graduate Studies & Fellowships	3,490,118	3,289,945	(200,173)	-5.7%
VP Acad, Co-op, CTLET, Athletics	4,109,212	5,129,233	1,020,021	24.8%
Financial Aid - Set Aside	3,429,000	3,429,000	-	0.0%
Financial Aid - Operating Support	902,000	977,000	75,000	8.3%
AVP, Registrar, Recruitment & Support Student Services	7,434,146	7,933,679	499,533	6.7%
sub-total	26,639,754	28,504,899	1,865,145	7.0%
<b>Executive, Administration, Facilities</b>				
Facilities Mgmt Operating Costs	8,593,100	9,618,304	1,025,204	11.9%
Interest & Principal	3,779,990	2,240,820	(1,539,170)	-40.7%
Facilities Mgmt - Utilities & Co-gen Plant	5,508,008	6,489,876	981,868	17.8%
Campus Security	1,312,803	1,363,673	50,870	3.9%
Information & Technology Services/Acquisitions	7,259,108	7,079,893	(179,215)	-2.5%
President & University Secretariat	1,167,687	1,366,179	198,492	17.0%
Planning, Internal Audit and Harassment Prevention	284,233	370,411	86,178	30.3%
VP Finance/Admin, Finance, HR & Health & Safety	5,332,794	5,064,186	(268,608)	-5.0%
BCA, Recreation, Other Community Serv., Rodman Hall	1,980,951	1,983,538	2,587	0.1%
Development, Alumni & Telegrad and Communications	1,722,357	1,713,184	(9,173)	-0.5%
sub-total	36,941,031	37,290,064	349,033	0.9%
<b>Gross Expenses from Ancillary Operations</b>				
Bookstore & Printshop Operations	8,087,277	8,229,608	142,331	1.8%
Residences & Conference Services	11,438,479	12,045,109	606,630	5.3%
Parking	1,299,121	1,424,893	125,772	9.7%
sub-total	20,824,877	21,699,610	874,733	4.2%
<b>Other Global Expenditures</b>	5,143,314	6,695,861	1,552,547	30.2%
<b>Specific Purpose Grants</b>				
Facilities Renewal Grants	735,000	735,000	-	0.0%
Facilities Renewal Grant - Special One-time	3,668,820		(3,668,820)	-100.0%
Federal - Indirect Costs Program	1,298,342	1,469,552	171,210	13.2%
Other Grants	1,060,500	1,323,056	262,556	24.8%
sub-total	6,762,662	3,527,608	(3,235,054)	-47.8%
<b>Total Expenditures</b>	174,351,509	182,765,924	8,414,415	4.8%
<b>Excess of Expenditures over Revenues</b>	-	<b>(2,579,476)</b>	(2,579,476)	
<b>Accumulated Operating Surplus 2004-05</b>		<b>2,579,476</b>		
		<b>-</b>		



## Brock University Budget Development 2006 – 2007 Timelines and Process

Budget 2006-07 basic budget development assumptions and Timelines & Process	Jan 9
Preliminary Budget information, instructions, and schedules available on Finance website	Jan 10
Finance distribute Permanent Employees on Benefits (Schedule 3) to Budget Developers	Jan 10
Open on-line budget development to Budget Developers	Jan 10
Refresher workshop for on-line budget development	Jan 19
Budget Developers (except Deans) submit Salary Schedule 3 to Finance	Jan 20
Budget Developers (Deans) submit Salary Schedule 3 to Finance	Jan 27
Residence Preliminary Budget submission (re: rate setting)	Feb 1
Review Timelines, Process and current status of 2006-07 budget development with:	
Planning, Finance and Human Resources Committee of the Board	Feb 9
Senate Budget Advisory Committee	Feb 21
Board of Trustees	Feb 23
All Budget Developers submit Schedule 7/Minor Capital Renovation Requests directly to Facilities Management	Feb 17
On-line budget development access closed to Budget Developers (except Deans)	Feb 17
Budget Developers (except Deans) submit Schedule 2/Revenue & Schedule 4/Part Time Employees	
On-line budget development access closed to Budget Developers (Deans)	Feb 28
Budget Developers (Deans) submit Schedule 2/Revenue & Schedule 4/Part Time Employees	
Submit Schedule 5/Additional Budget Resources to Finance for compilation	Mar 8
Finance compilation and analysis of Budget Developers' proposals	Mar 17
President and VPs meetings with all Budget Developers	Mar 22-30
Review status of 2006-07 budget development with:	
Budget Developers (SAC, CAD, FAD & other Directors)	Mar 21
Senate Budget Advisory Committee	Apr 11
Planning, Finance and Human Resources Committee of the Board	Apr 20
Board of Trustees	May 3
Review "Draft" Final Budget with	
Budget Developers (SAC, CAD, FAD & other Directors)	May 10
Planning, Finance and Human Resources Committee of the Board	May 24
Senate Budget Advisory Committee	May 26
Senate	May 31
Formal presentation and submit Final Budget for approval to:	
Planning, Finance and Human Resources Committee of the Board	June 14
Board of Trustees	June 22
Approved budgets available to Budget Developers	July 4
Mid-year Review – Budget Update and meetings	end of October
Review updated 2006-07 Budget with	
Budget Developers	November
Senate Budget Advisory Committee	November
Review updated 2006-07 budget and approval of variances with:	
Planning, Finance and Human Resources Committee of the Board	November
Board of Trustees	November
Commence cycle for 2007-08	Nov/Dec

## 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:	-13	0	-13	100	13	113	87	13	100
2006*	13,371	2,972	16,343	659	507	1,166	14,030	3,479	17,509
Change:	-697	0	-697	90	10	100	-607	10	-597
2007*	12,674	2,972	15,646	749	517	1,266	13,423	3,489	16,912

### 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:	36	-48	-12	244	37	281	280	-11	269
2006-07*	13,292.0	1,459.7	14,751.7	1,471.0	640.5	2,111.5	14,763.0	2,100.2	16,863.2
Change:	-581	-61	-642	213	23	236	-368	-38	-406
2007-08*	12,711.0	1,398.7	14,109.7	1,684.0	663.5	2,347.5	14,395.0	2,062.2	16,457.2

### 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:	123		123	296		296	419		419
2006-07*	18,664.0	2,402.0	21,066.0	1,689.0	667.0	2,356.0	20,353.0	3,069.0	23,422.0
Change:	-810		-810	277		277	-533		-533
2007-08*	17,854.0	2,402.0	20,256.0	1,966.0	667.0	2,633.0	19,820.0	3,069.0	22,889.0

\* = estimated

### 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).

**Brock University**  
**Consolidated Financial Information**  
**Fiscal 2006-07**  
**(reported in 000's)**

*This is provided for demonstration and information purposes only to show the total estimated financial activities of the university.*

	Operating Budget	Restricted Activities				Total
		Research	Student Awards	Capital Assets	Endowments	
Student Fees	\$ 71,253					\$ 71,253
Operating & Other Grants	79,049					79,049
Research Grants		13,143				13,143
Restricted donations and grants for Student Awards			1,125		3,100	4,225
Other Specific Purpose Grants	3,528					3,528
Gross Revenues from Ancillary Operations	24,107					24,107
Other Revenues	2,250					2,250
Amortization of deferred capital contributions				3,606		3,606
<b>Total Revenues</b>	<b>\$ 180,187</b>	<b>\$ 13,143</b>	<b>\$ 1,125</b>	<b>\$ 3,606</b>	<b>\$ 3,100</b>	<b>\$ 201,161</b>
Academic Faculties	\$ 85,048					\$ 85,048
Academic Support & Student Services	21,572					21,572
Facilities & Security	19,713					19,713
Executive, Administration	17,577					17,577
Gross Expenses from Ancillary Operations	21,699					21,699
Research Expenditures		13,143				13,143
Student Aid, Awards & Scholarships	6,933		1,125		928	8,986
Other Expenditures	6,696					6,696
Specific Purpose Grants	3,528					3,528
Amortization of capital assets				11,750		11,750
<b>Total Expenditures</b>	<b>\$ 182,766</b>	<b>\$ 13,143</b>	<b>\$ 1,125</b>	<b>\$ 11,750</b>	<b>\$ 928</b>	<b>\$ 209,712</b>