

2012 – 2013

Operating Budget Report

**Including
Supplementary Financial Information**

**Approved by the
Board of Trustees**

June 28, 2012

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FOREWORD

This **2012-13 Operating Budget Report** provides detailed information regarding the 2012-13 annual operating budget process, revenue and expenditure estimates and detailed financial information to enable the reader to gain a better understanding of Brock University's operating budget.

The annual operating budget report is prepared annually and in a format consistent with previous years in order to enhance comparability. Consistent with many other universities, the Board of Trustees approves the Operating Budget annually.

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

The annual operating budget report includes all of the general operating and ancillary financial activities of the University. The operating budget represents approximately 80 – 85% of total university expenditures depending on annual levels of research funding and other expenditures. The other financial activities of the University include direct research, major capital projects, trust and endowments. As these resources are intended for restrictive purposes and are not available for general operating purposes, they are not included in the operating budget but accounted for annually in the audited financial statements. New this year is the inclusion in this report of "Supplementary Financial Information" that will review the capital projects, cash and debt information.

A variety of historical financial information (budget reports, audited financial statements, audited pension statements and DBRS credit rating reports) are available on the Brock University Financial Services website at <http://www.brocku.ca/finance/university-financial-information>.

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

Part A

Operating Budget

The following section provides extensive information on the major categories of the 2012-13 Operating Budget Revenue and Expenditure Estimates as presented in Table 1 (pages 19-20)

BACKGROUND ON THE OPERATING BUDGET SITUATION

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

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

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

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

SUMMARY OF THE MULTI-YEAR RECOVERY STRATEGY

In 2009-10, given the projections of revenue and expenditures and the need to achieve a balanced budget over a four-year cycle, revenue enhancements and/or expenditure savings target of about \$7.5 million or five per cent in each year, were required. The multi-year recovery strategy included a four-year process to eliminate a structural deficit in the operating budget. The following summarizes the progress after three years and the plan for this fourth year of 2012-13.

2009-10: Year 1

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

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

2010-11: Year 2

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

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

By the end of April 2010, the final projections for 2010-11 had improved even more. The final government grant announcements for the undergraduate accessibility and the general quality/access grant were better than projected. As well, the two per cent target exercise of \$3.1 million came in at \$3.5 million. The improvement of revenue projections provided the opportunity to make a number of strategic investments into base budgets of \$1.6 million that provide University-wide support. Once all budget figures were finalized in April 2010, the in-year shortfall improved by \$1.2 million to \$9.1 million. With the final improvement in the 2009-10 actual results of \$6 million the accumulated deficit at the end of 2010-11 was at \$11.9 million. This was a marked improvement from the \$19.1 million deficit projected in February 2010.

Since the 2010-11 budget was approved in June 2010 and as reported in January 2011, the operating results had improved by \$3.5 million from additional tuition and grant revenues realized from increased retention enrolments. This was offset by \$600,000 for ongoing investments made to the Faculties. As well, one-time funds of \$700,000 held from 2009-10 were released. Thus, as reported in February 2011, the 2010-11 budget had improved by a total of \$3.6 million. With the final improvement in the 2010-11 actual results of \$1.3 million the accumulated deficit at the end of 2010-11 was just under \$7 million. This was a marked improvement from the \$11.9 million projected back in June 2010 when the budget was originally approved.

2011-12: Year 3

In February 2011, the assumptions concerning 2011-12 and beyond were changed to reflect the improvement in base revenues from 2010-11 and the modest increases in enrolment activity and moderating of inflationary expenditure increases. The budget exercise

proceeded on the assumption that additional revenue enhancements, in an amount of \$4.8 million or 3.2 per cent would leave the remaining \$2.8 million or 1.8 per cent to be identified through departmental targets to achieve the overall target of \$7.6 million or five per cent. Even with these improvements in assumptions, an annual shortfall was estimated of just under \$1 million. The projected April 30, 2012 accumulated deficit of \$8.3 million was significantly less than the \$19.1 million projected in February 2010 and even the \$12.8 million projected in February 2011.

During the 2011-12 mid-year, total revenue was projected to increase by \$2.7 million from tuition and government grants. Additional resources (for contractual obligations, expenditure pressures from increased enrolments and revenue sharing commitments) were approved in the amount of \$1.3 million. This left \$1.3 remaining as a reserve and it was noted in February, as the 2012-13 budget and multi-year projections were discussed, that this mid-year reserve would be released to support the overall operating budget results.

The pension catch-up contribution for the period of July 1, 2011 to April 30, 2012 amounted to \$3.9 million. With the \$1.7 million held in reserve from the 2010-11 year end results an additional \$2.2 million was required in 2011-12. As projected during the March fiscal forecast, there would be modest improvements in other global revenues and expenditures of about \$1.1 million. At the time of writing, this had improved by a further \$.8 million. In summary, the mid-year reserve and operating improvements would cover the 2011-12 pension payment and the \$1 million in-year deficit originally projected. Therefore, the 2011-12 preliminary year end operating results are balanced and the accumulated operating deficit would be reduced to just under \$7 million.

2012-13: Year 4

This year an additional \$7.5 million was achieved from the overall target exercise of 2.1 per cent or \$3.6 million plus improvements on-going from 2011-12 of \$1.3 million and new global revenues of \$2.6 million. The year ended April 30, 2013 would have projected an in-year surplus of \$1.3 million before the increase pension plan payment of \$4.8 million. This is an important point, as 2012-13 is the first year since 2009-10 where the university has been able to eliminate its structural deficit (that is, annual revenues are now projected to be greater than annual expenditures). In 2009-10, the structural deficit was \$17.4 million. This is a tremendous achievement to have eliminated this over the four years as planned.

Regrettably, the significant increase to the pension payment has overshadowed those good results with the annual payment increase of \$4.8 million for a total of \$5.8 million. The 2012-13 in-year shortfall, after the pension payment, is estimated at \$3.5 million. At the time of writing, the amount available from 2011-12 year end underspending and/or from carryforward reserves is estimated at \$3.5 million which is enough to eliminate the in-year deficit projected. Therefore the accumulated deficit for April 30, 2013 would remain unchanged from the April 30, 2012 level which is estimated at \$6.9 million. Notwithstanding that this is a significant amount, it is still a fraction of the accumulated operating deficit that was estimated to grow in excess of \$90 million by the end of 2012-13 had the university not responded to its financial situation back in 2009-10.

RESULTS OF THE TARGET EXERCISE (including prior years)

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

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

The on-going revenue enhancement or savings target for 2012-13 was 2.5%. This target could have been reduced to 1.5% in recompense for a plan for significant pedagogical and/or operational reform to be implemented for the 2013-14 budget year.

Targets could be achieved through a combination of on-going external revenue enhancement or savings resulting from cost reductions to the University's current operating budget. Targets needed to consider the impact on students, programs and services. Faculty units were encouraged to engage in any number of initiatives appropriate to their fields and which build on and expand recent discussions regarding new and innovative pedagogical approaches, flexible course offerings and scheduling, new and revised programming, alternate and mixed modes of delivery, and other inventive means of carrying out the University's mission. Such measures were to be presented in a concrete and specific format so as to allow for the accurate determination of their impact on revenues and/or costs. Administrative, Ancillary and Student Service areas were also encouraged to work collaboratively to consider initiatives that collectively can achieve an overall unit or divisional target.

The following summarizes the target exercise results for 2012-13 and for the previous years:

2012-13: Target Exercise

Functional Area	Revenue & Expense	Onetime	Total Amount	%
Executive	55,989		55,989	2.5
Administrative Areas	835,768	54,000	889,768	3.4
Ancillary/Partial Revenue	415,237		415,237	2.2
Academic & Student Support	431,077	71,934	503,011	2.6
Faculties*	1,674,128	87,866	1,761,994	1.6
Total	\$3,412,199	\$213,800	\$3,625,999	2.1%

**Includes \$384,305 credit for tuition revenue generated globally.*

2011-12: Target Exercise

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

2010-11: Target Exercise

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

2009-10: Target Exercise

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

BUDGET DEVELOPMENT AND MONITORING

This section provides background and review of the 2012-13 budget development including principles and guidelines; process and timelines; updates and monitoring; and annual enrolment/revenue model.

Budget Principles and Guidelines

The following principles and guidelines were shared in early February 2012 to Budget Developers (that represent a major division, department or financial unit of the University) in preparation of their budgets for 2012-13:

Principles:

1. A balanced operating budget will be achieved as quickly as possible and in a manner approved by the Board of Trustees.
2. The contractual, policy and legal obligations of the University to employees, students and to the public will be met.
3. The financial health and fiscal capacity of the University are prerequisites to sustaining our teaching, learning, research and creative activities.
4. The Budget will support Faculty strategic priorities and the interdisciplinary initiatives identified in the Integrated Strategic Plan and in Faculty Strategic Plans.
5. The Budget will be informed by the continued progress and development of the evolving resource allocation budget model.
6. Undergraduate and graduate enrolment will be maintained at annually-established activity target levels.
7. Revenue generating activity and entrepreneurial efforts will be strongly encouraged through the use of revenue sharing arrangements that benefit both the individual units and the University at large.
8. The openness and transparency of the budget process will be continually enhanced through the sharing of budget allocation priorities and decisions with faculty, staff, students and the broader university community.

Guidelines:

1. The on-going revenue enhancement or savings target for 2012-13 is 2.5%. This target may be reduced to 1.5% in recompense for a plan for significant pedagogical and/or operational reform to be implemented for the 2013-14 budget year.
2. The 2012-13 on-going revenue enhancement or savings target will be calculated on the 2011-12 base budgets (including salaries and benefits) as per the on-line budget development system. The base budget can exclude non-compressible budgets which are defined as those costs that are university-wide contractual, regulatory compliance and other fixed costs (e.g. utilities, insurance, debt service, mandated student bursaries). For ancillary operations and cost recovery programs the target is based on the 2011-12 base contribution.
3. Targets may be achieved through a combination of on-going external revenue enhancement or savings resulting from cost reductions to the University's current operating budget. Targets need to consider the impact on students, programs and services.
 - a) Faculty units are encouraged to engage in any number of initiatives appropriate to their fields and which build on and expand recent discussions regarding new and innovative pedagogical approaches, flexible course offerings and scheduling, new and revised programming, alternate and mixed modes of delivery, and other inventive

- means of carrying out the University's mission. Such measures must be presented in a concrete and specific format so as to allow for the accurate determination of their impact on revenues and/or costs.
- b) Administrative, Ancillary and Student Service areas are also encouraged to work collaboratively to consider initiatives that collectively can achieve an overall unit or divisional target.
4. Permanent salaries and benefits costs have been calculated by the Offices of Human Resources and Finance and include any additional faculty and staff positions previously approved. Vacant positions must be carefully reviewed in light of opportunities to achieve savings targets. All salary savings (including those from temporary delayed hires) will be considered toward the savings target. Savings resulting from the difference between the retiring faculty or staff member and the approved starting salary will be returned to the centre, except as specifically approved by the Budget Committee to be counted toward any target savings.
 5. Funding for new budget initiatives or requests (Schedule 5) for central funding that are very critical for programs and services may be submitted. Those that are self-funding initiatives will be considered at any time and will be given the highest priority.
 6. Minor capital requests (Schedule 7) for central funding are to be restricted to those that are essential (e.g. those that sustain programs and services or ensure regulatory compliance) and must be submitted to Facilities Management for review and prioritization.
 7. IT requests (Schedule 8) for central funding that are essential for programs and services must be submitted on-line to Information Technology Services for review and prioritization. The annual call for requests will take place early in the fall of 2012, but requests can be made at any time.

Budget Process and Timelines

There are approximately 35 main Budget Developers (e.g. Dean, Associate Vice-President or Director) that represent a major division, department or financial unit of the university.

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

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

The Timelines and Process for 2012-13 (*Appendix I*) is consistent with those followed in previous years and outlines the significant steps of the process as communicated to Budget Developers and other constituent groups throughout the University. The following

highlights the major steps of this year's process and actions taken to keep Budget Developers and constituents informed:

- ❖ During the month of January the following occurred:
 - ACID (Advisory Committee on Institutional Data) updated the multi-year enrolment, and tuition and grant revenue projections.
 - Finance updated the multi-year global revenues and expenditure assumptions.
 - Detailed salary schedules for budgeted salary requirements were prepared by Finance and sent to Budget Developers for their detailed review.
- ❖ On January 11 and January 23, the President, Vice-President, Academic and Vice-President, Finance & Administration met to review the updated enrolment projections, revenue and expenditure assumptions and the impact on the multi-year projections and recovery strategy.
- ❖ On January 25, a presentation was made to Budget Developers to provide an overview of the 2012-13 budget and multi-year projections and potential target strategies as well as preliminary process and timelines.
- ❖ On February 2, the Financial Planning and Human Resources Committee (FPHR) was presented with the following information:
 - Overview of key assumptions, financial projections and strategy of the multi-year budget projections as compared to where we were in February 2011,
 - A financial summary of the 2012-13 budget projections and impact to multi-year budget projections,
 - Proposed multi-year recovery strategy.
- ❖ On February 16, the President made a presentation to the Board of Trustees on various pedagogical ideas and the potential financial impact in the future under various options.
- ❖ On February 24, the 2012-13 Principles & Guidelines were provided as guidance to Budget Developers in preparing their budget projections and targeted savings submissions.
- ❖ During March, Budget Developers submitted their 2012-13 budget requests and updated 2011-12 budget projections to the on-line BUDDE system.
- ❖ During the week of March 19, Budget Developers presented their 2012-13 budget, target strategies and innovative plans with the Budget Committee (President and Vice Chancellor Jack Lightstone, Provost and Vice President, Academic Murray Knuttila, Vice Provost and Associate Vice President, Academic Greg Finn and Interim Vice President, Finance Joanne McKee).
- ❖ On April 12, the FPHR Committee was updated on the:
 - budget development activities to date and those that had occurred since the February meeting,
 - budget development currently underway including next steps,
 - provincial and federal budget and its impact on universities.
- ❖ During the month of April, the 2012-13 budget estimates were finalized by Finance:
 - comparisons to preliminary estimates were updated and reviewed,
 - budget requests and target submissions were reviewed in detail and checked for completeness and accuracy,
 - final calculations of university-wide global expenditures and salary and revenue budgets were finalized.
 - year-over-year summaries and analysis were prepared to verify and confirm preliminary budget estimates.

- ❖ During the month of May the following was completed:
 - Deans completed their innovative strategies and ideas that may take hold in 2013-14 and modeling the potential financial impact.
 - The Advisory Committee on Institutional Analysis (ACID) completed the enrolment and revenue projections and prepared an annual report.
 - The Budget Committee met to review the financial budget reports and the variance analysis summary.
 - On May 17, the Draft Final Operating budget was presented to the Financial Planning and Human Resources Committee.
 - On May 18, the Draft Final Operating budget was presented to the Senate Budget Advisory Committee.
 - On May 23, Senate Budget Advisory presented their report to Senate.
- ❖ During the month of June the Final Operating Budget report was:
 - Presented to the Financial Planning and Human Resources Committee on June 14.
 - Approved by the Board of Trustees on June 28.

Budget Updates and Monitoring

Periodic budget updates and the fiscal forecast process is an integral and important aspect of budget development and has been so since the decentralized budget development process began with the 2003-04 fiscal year. The projected operating budget and fiscal forecast reports are shared regularly with the Financial Planning and Human Resources (FPHR) Committee and with the Board of Trustees as changes in revenues and expenditures estimates occur. The following outlines the process undertaken during 2011-12:

- The “Final Budget Report - 2011-12” was approved at the June 23, 2011 meeting of the Board of Trustees.
- The first budget update occurred with the mid-year budget review. This process provided an opportunity for Budget Developers to analyze financial changes that occurred since the final budget estimates were determined and approved in June. As well revenue assumptions impacted by actual fall enrolment was a major part of the mid-year update. The “Mid-Year Budget Review - 2011-12” report was presented at the November meeting of the FPHR Committee and submitted to the Board of Trustees in December.
- The second update occurred with the March 31 fiscal forecast report. Information was provided regarding fiscal results for the period ending and incorporated the impact of any final government grant announcements and a review of Budget Developers’ year-end projections. In conjunction with the 2012-13 budget development Budget Developers were required to include projections of their 2011-12 budget to the end of the fiscal year.
- The next fiscal update occurred with the year ending April 30, 2012. The preliminary year end results are analyzed and the unaudited results are shared with the FPHR Committee and the Board of Trustees at the June meetings.
- The final update occurs with the April 30, 2012 audited financial statements which are presented in September to the Audit and FPHR Committees and the Board of Trustees for approval.

The Enrolment/Revenue Model

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

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

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

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

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

As of the fall of 2010, the co-op program introduced a for-credit work term co-requisite course but the model continues to exclude students on work term. Currently, 80 per cent of students on a work term register in regular credit courses. This behaviour did not change in 2010-11 or 2011-12. Therefore no modification was incorporated in the model for this program change.

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

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

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

- d) Nursing
- e) Graduate students

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

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

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

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

BIU projections could be affected by a shift in program mix. For example, in 2012-13, the average BIU/FTE ratios for first-year students and for all upper-year students combined is assumed to remain the same as in 2011-12. However, the following program mix factors may affect the extent to which this assumption will hold true:

- a) The mix between Arts & Science programs and other programs (such as Business and Applied Health Sciences), due to the different BIU/FTE weights between these two categories.
- b) The student program mix between Arts programs and Science programs. On average, students in Science programs have a higher BIU/FTE weight.
- c) Within Arts or Science programs, the program mix between Honours and Non-Honours students. The following factors determine whether a student can be reported as an “Honours” student: 1) the student must declare the intent for “Honours”, and 2) the student’s academic performance must meet the minimum requirement for honours standing.

Any of the above program mix changes in 2012-13 vs. 2011-12 could result in a shift in the BIU/FTE ratios, which will result in a shift in projected BIU changes.

The summary chart for 2012-13 enrolment/revenue projections is included in this budget report on page 23. The full “Enrolment/Revenue Projections 2012-13” report is issued annually in early June and is available from the Office of Institutional Analysis.

FINANCIAL HIGHLIGHTS OF THE 2012-13 BUDGET

Full financial details for the total 2012-13 revenue and expenditure estimates are provided in the Table 1 that follows on pages 19 and 20. The table provides total revenues by major category and expenditures by functional departmental/divisional reporting. This presentation is useful as it provides gross revenues and expenses and is presented in a manner that is consistent with previous periods and facilitates budget control and monitoring. The following comparative financial information is provided:

- 2011-12 Approved Budget (June 2011)
- 2012-13 Final Budget (June 2012)
- The variances between the 2012-13 Final Budget and 2011-12 Approved Final

The following provides a summary comparison of the 2012-13 revenue and expenditure estimates to 2011-12 as summarized on Table 1:

	2011-12	2012-13
Total Revenues	\$222,720,914	\$233,867,889
Total Expenditures	<u>222,683,135</u>	<u>231,531,339</u>
Surplus, before Pension Payment	37,779	2,336,550
Annual Pension Payment	<u>1,027,000</u>	<u>5,808,000</u>
Deficit, after Pension Payment	(989,221)	(3,471,450)
Appropriated from 11/12 for pension		<u>3,472,306</u>
Surplus remaining after appropriation		856
Accumulated operating deficit, opening	<u>(6,967,136)</u>	<u>(6,967,136)</u>
Accumulated operating deficit, ending	<u>\$(7,956,357)</u>	<u>\$(6,966,280)</u>

Total Revenues

The major categories of the revenues for the operating budget are as follows:

	2011-12	%	2012-13	%
Student Fees	\$97,282,319	44%	\$107,007,655	46%
Operating & Other Grants	84,541,462	38%	85,775,456	37%
Specific Purpose Grants	6,176,936	2%	5,640,204	2%
Ancillary Revenues	30,496,197	14%	30,734,574	13%
Other Revenues	<u>4,224,000</u>	<u>2%</u>	<u>4,710,000</u>	<u>2%</u>
Total Revenues	<u>\$222,720,914</u>	<u>100%</u>	<u>\$233,867,889</u>	<u>100%</u>

Total Revenues for 2012-13 are projected to be \$233,867,889 which is \$11,146,975 or 5 per cent higher than the 2011-12 approved budget. The increase is explained as follows:

Tuition Revenue	9,725,336
Government Grants:	
Basic Operating	(104,039)
Enrolment Based	1,232,028
General Access	(9,384)
Performance Fund	115,827
Other Grants	<u>(438)</u>
Specific Purpose Grants with matching expenditures	1,233,994 (536,732)

Gross Revenues from Ancillary Operations	238,377
Other Revenues	<u>486,000</u>
2012-13 revenue increases over 2011-12	<u>\$11,146,975</u>

Total Expenditures

The major categories of the expenditures for the operating budget are as follows:

	2011-12	%	2012-13	%
Academic Faculties	\$107,727,474	48.2	\$113,047,094	47.7
Academic Support & Student Services	33,439,093	14.8	34,890,698	14.7
Executive, Administration, Facilities	44,525,897	19.9	46,493,781	19.6
Ancillary Expenditures	27,035,623	12.1	27,211,705	11.5
Other Global Expenditures	3,778,112	1.7	4,247,857	1.7
Specific Purpose Grants	<u>6,176,936</u>	2.8	<u>5,640,204</u>	2.4
Total Expenditures, excluding pension	\$222,683,135		\$231,531,339	
Annual Pension Payment	<u>1,027,000</u>	.5	<u>5,808,000</u>	2.4
Total Expenditures, including pension	<u>\$223,710,135</u>	100%	<u>\$237,339,339</u>	100%

Total operating expenditures before the pension payment for 2012-13 are projected to be \$231,531,339 which is \$8,848,204 or four per cent higher than the 2011-12 approved budget. Total expenses are \$4,781,000 higher for the pension payment. The total increase of \$13,629,264 is explained as follows:

Increases to Departmental/Divisional Base budgets	
Faculties	\$5,319,620
Academic Support & Student Services	1,451,605
Facilities	1,648,658
Executive & Administration	319,226
Gross expenses from Ancillary Operations	176,082
Other Global Expenditures	469,745
Specific Purpose Grants with matching revenues	<u>(536,732)</u>
Expenditure increases, before pension	8,848,204
Pension Payment	<u>4,781,000</u>
2012-13 expenditure increases over 2011-12	<u>\$13,629,204</u>

Operating In-Year Shortfall and Accumulated Deficit

The in-year shortfall, before the pension increase of \$4,781,000 was projected to be a surplus of \$1,309,550. This is an important figure, as 2012-13 is the first year since 2009-10 the university has been able to eliminate its structural deficit. That is annual revenues are projected to be greater than annual expenditures. In 2009-10 the structural shortfall was \$17.4 million. It is a tremendous achievement to have eliminated this over the four years as planned.

Regrettably, the significant pension payment has overshadowed those good results with the annual payment of \$5,808,000 which is an increase of \$4,781,000 over the previous payment required of \$1,027,000.

The 2012-13 in-year shortfall, after the pension payment, is estimated at \$3,471,450. At the time of writing, the amount available from 2011-12 year end underspending and/or from carryforward reserves is estimated at \$3,472,306 which is enough to eliminate the in-year shortfall projected.

As reported at the April meeting of the Financial Planning Human Resources Committee the April 30, 2012 accumulated deficit was forecasted at \$7,652,047. With 2011-12 year-end positive variances the in-year shortfall for 2011-12 is expected to be eliminated. Therefore the accumulated deficit for both the April 30, 2012 and 2013 year ends are projected to remain at just under \$7 million. Notwithstanding that this is a significant amount, it is still a fraction of the accumulated operating deficit that was estimated to grow in excess of \$90 million by the end of 2012-13 had the university not responded to its financial situation back in 2009-10.

Full financial details for the total 2012-13 revenue and expenditure estimates are provided in the Table 1 that follows on pages 19 to 20. This provides total revenues by major category and expenditures by functional departmental/divisional reporting. This presentation is useful as it provides gross revenues and expenses and is presented in a manner that is consistent with previous periods and facilitates budget control and monitoring.

TABLE 1

BROCK UNIVERSITY OPERATING BUDGET

2011-12	2012-13	2012-13
Approved	Final	Incr/(Decr)
Budget	Budget	Over 2011-12
June-11	Jun-12	Approved Budget

Revenues

Student Fees

Tuition Revenue	93,638,285	102,988,097	9,349,812	10%
Incidental Fees	2,520,595	2,704,400	183,805	7%
Contribution from Other Tuition	1,123,439	1,315,158	191,719	17%
sub-total	97,282,319	107,007,655	9,725,336	10%

Operating & Other Grants

Basic Operating Grant	74,049,606	73,945,567	(104,039)	0%
Total Enrolment Based Grants	5,331,685	6,563,713	1,232,028	23%
General Access/ Quality Grant	3,791,087	3,781,703	(9,384)	0%
Performance Fund	700,684	816,511	115,827	17%
Other Grants	668,400	667,962	(438)	0%
sub-total	84,541,462	85,775,456	1,233,994	1%

Specific Purpose Grants

Facilities Renewal Grants	608,500	608,500	-	0%
Federal - Indirect Costs Program	2,034,592	2,000,000	(34,592)	-2%
Other Grants	3,533,844	3,031,704	(502,140)	-14%
sub-total	6,176,936	5,640,204	(536,732)	-9%

Gross Revenues from Ancillary Operations

Bookstore & Printshop Operations	11,998,337	11,534,811	(463,526)	-4%
Residences	13,920,660	14,578,663	658,003	5%
Conference Services	1,575,000	1,575,000	-	0%
Parking	3,002,200	3,046,100	43,900	1%
sub-total	30,496,197	30,734,574	238,377	1%

Other Revenues

Investment Income	1,250,000	1,600,000	350,000	28%
Rental & Sundry	2,974,000	3,110,000	136,000	5%
sub-total	4,224,000	4,710,000	486,000	12%

Total Revenues

222,720,914	233,867,889	11,146,975	5%
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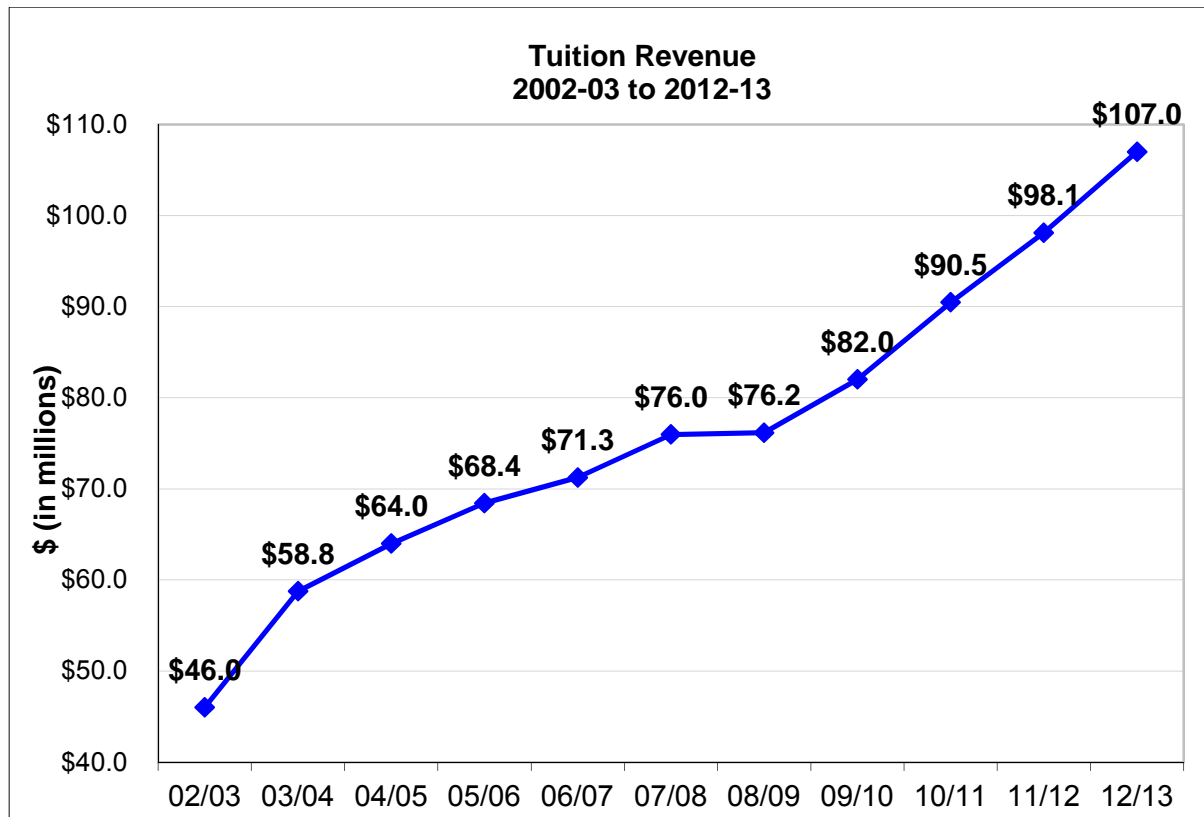
TABLE 1

BROCK UNIVERSITY OPERATING BUDGET		2011-12 Approved Budget June-11	2012-13 Final Budget Jun-12	2012-13 Incr/(Decr) Over 2011-12 Approved Budget	
Expenditures					
Academic Faculties					
Faculty of Applied Health Sciences		13,482,195	14,309,224	827,029	6.13%
Faculty of Business		17,031,795	17,889,831	858,036	5.04%
Faculty of Education		13,874,519	14,784,509	909,990	6.56%
Faculty of Humanities		19,911,056	20,672,639	761,583	3.82%
Faculty of Math & Science		16,419,828	17,450,665	1,030,837	6.28%
Faculty of Social Sciences		27,008,081	27,940,226	932,145	3.45%
sub-total		107,727,474	113,047,094	5,319,620	4.94%
Academic Support & Student Services					
Library Department		4,975,389	5,111,355	135,966	2.73%
Library Acquisitions		2,497,875	2,497,875	-	0.00%
Research & VP Research		1,606,385	1,537,157	(69,228)	-4.31%
Graduate Studies & Fellowships		5,328,127	6,299,536	971,409	18.23%
VP Acad, Co-op, CPI, CARP		2,636,027	2,630,684	(5,343)	-0.20%
Financial Aid - Set Aside		4,120,000	4,470,000	350,000	8.50%
Financial Aid - Operating Support		2,505,500	2,505,500	-	0.00%
ESLS/ IMD		481,281	493,312	12,031	2.50%
AVP, Registrar, Recruitment, Student Support Services		9,288,509	9,345,279	56,770	0.61%
sub-total		33,439,093	34,890,698	1,451,605	4.34%
Executive, Administration, Facilities					
Facilities Mgmt Operating Costs		12,670,975	14,862,639	2,191,664	17.30%
Facilities Mgmt - Utilities & Co-gen Plant		4,731,634	4,188,628	(543,006)	-11.48%
Interest & Principal		2,282,271	2,282,271	-	0.00%
Campus Security, Emergency Management Plan		1,568,278	1,542,191	(26,087)	-1.66%
Information & Technology Services/Acquisitions		7,343,435	7,544,357	200,922	2.74%
President & University Secretariat		1,180,418	1,183,412	2,994	0.25%
Planning, Internal Audit and Human Rights & Equity		457,380	470,270	12,890	2.82%
VP Finance/Admin, Finance, HR & Health & Safety		5,819,717	5,738,543	(81,174)	-1.39%
BCA, Athletics, Recreation, St. David's Road, Other Comm. Serv.		4,267,446	4,400,982	133,536	3.13%
VP Advancement, Develop., Alumni, Telegrad, Mktg & Comm.		4,204,343	4,280,488	76,145	1.81%
sub-total		44,525,897	46,493,781	1,967,884	4.42%
Gross Expenses from Ancillary Operations					
Bookstore & Printshop Operations		10,243,569	9,758,942	(484,627)	-4.73%
Residences		13,920,404	14,578,663	658,259	4.73%
Conference Services		1,257,650	1,249,700	(7,950)	-0.63%
Parking		1,614,000	1,624,400	10,400	0.64%
sub-total		27,035,623	27,211,705	176,082	0.65%
Other Global Expenditures		3,778,112	4,247,857	469,745	12.43%
Specific Purpose Grants					
Facilities Renewal Grants		608,500	608,500	-	0.00%
Federal - Indirect Costs Program		2,034,592	2,000,000	(34,592)	-1.70%
Other Grants		3,533,844	3,031,704	(502,140)	-14.21%
sub-total		6,176,936	5,640,204	(536,732)	-8.69%
Total Expenditures		222,683,135	231,531,339	8,848,204	3.97%
Surplus, before Pension Payment		37,779	2,336,550	2,298,771	
Pension Payment		(1,027,000)	(5,808,000)	(4,781,000)	
Deficit, after Pension Payment		(989,221)	(3,471,450)	(2,482,229)	
Appropriated from 11/12 for Pension			3,472,306		
Surplus Remaining			856		
Accum. Operating Deficit, beginning of year		(6,967,136)	(6,967,136)		
Accumulated Operating Deficit, end of year		(7,956,357)	(6,966,280)		

REVENUE ASSUMPTIONS & ESTIMATES

TUITION REVENUE

Total tuition revenues for 2012-13 are expected to be **\$107,007,655**. The tuition fee increases have grown steadily and more than doubled over ten years as the following chart depicts:



Tuition Revenue

Tuition revenue represents almost 46% of total operating budget revenue and is estimated to increase by \$9,725,336 or 10% (compared to \$7,611,442 or 9% in the previous year). This year's increase is due to the additional enrolment increases experienced during 2011-12 of \$1,777,572 that was reported in the 2011-12 mid-year budget report and will continue into 2012-13. As well activity and rate increases are expected to occur in 2012-13 of \$2,021,208 and \$4,951,032 respectively. Also included is a conservative estimate of additional revenues of \$600,000 estimated to materialize from the pedagogical innovations that will begin during 2012-13. Other tuition includes incidental fees (co-op fees, Health Services, athletics and intramural fees) and contributions from the IELP (Intensive English Language Program), and various international programs. Increases have occurred in incidental fees to reflect actual revenue levels. Faculties have increased contributions to achieve targets. The following summarizes the changes in the 2012-13 budget over the 2011-12 approved budget:

Actual activity increase during 2011-12	\$ 1,777,572
Projections over 2011-12 actual levels:	
Projected activity increase	2,021,208
Rate increases	4,951,032
Other Tuition Sharing & Incidental Student Fees	375,524
Estimate new revenue from Pedagogical Innovations	600,000
Total Tuition Revenue	\$ 9,725,336

Enrolment Projections

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

The following chart displays that the **Year 1 intake** for domestic and visa students are projected at 3,780 for 2012-13, which is over 100 more than 2011-12 actuals. The chart indicates that the 2011-12 actual results are slightly lower than projected (lower by 37).

Year 1 intake, undergraduate full-time students (head count enrolment as at November 1)	2010-11 Actual	2011-12 Projected	2011-12 Actual	2012-13 Projected
Domestic 101s (directly from secondary school)	2,928	2,933	2,889	3,008
Domestic 105s (not directly from secondary school)	577	600	608	600
Subtotal Domestic 101 and 105 undergraduate students:	3,505	3,533	3,497	3,608
visa students	136	172	171	172
Total:	3,641	3,705	3,668	3,780

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

All students (undergraduate and graduate)	2010-11 Actual	2011-12 Projected	2011-12 Actual	2012-13 Projected
Headcount enrolment	17,877	18,056	18,190	18,303
FFTEs	18,180	18,370	18,012	18,098
Yearly BIUs	25,077	25,418	24,723	24,816

Enrolment/Revenue Model for 2012-13

The Enrolment/Revenue Model developed through ACID projects head count enrolment, translates head count enrolments into FFTEs, converts FFTEs to BIUs, and calculates tuition and grant revenue. Eligible (for government funding) fiscal full-time equivalents (FFTEs) are relevant for determining tuition revenue and grant revenue, while ineligible FFTEs generate only tuition. Refer to Appendix II for Definitions and Counting Students. The

following chart from the ACID “Enrolment/Revenue Projections 2012-13” report displays the projected change of 2012-13 over the 2011-12 actuals:

Category:	2012-13 Projections (change over 2011-12 actuals)			
	Revenue Type:	Activity Change:		Revenue Change:
1.0 ACTIVITY				
1.1 Undergraduate				
1.1.1 Spring/Summer Domestic <i>(excluding Nursing)</i>	Tuition	FFTEs:	0	\$0
	Grant	BIUs:	0	\$0
	Total:			\$0
1.1.2 Fall/Winter Domestic <i>(excluding Nursing)</i>	Tuition	FFTEs:	129.6	\$1,140,278
	Grant	BIUs:	161.3	\$571,685
	Total:			\$1,711,963
1.1.3 Visa	Tuition	FFTEs:	47.0	\$673,881
	Grant	BIUs:		
	Total:			\$673,881
1.1.4 Nursing	Tuition	FFTEs:	-14.1	(\$67,148)
	Grant	BIUs:	-28.2	(\$120,132)
	Total:			(\$187,280)
1.1.5 Total, Undergraduate:	Tuition	FFTEs:	162.5	\$1,747,011
	Grant:	BIUs:	133.1	\$451,553
	Total:			\$2,198,564
1.2 Graduate *	Tuition	FFTEs:		\$274,197
	Grant	BIUs:		\$0
	Total:			\$274,197
1.3 Total, All Activity	Tuition	FFTEs:	162.5	\$2,021,208
	Grant	BIUs:	133.1	\$451,553
	Total:			\$2,472,761
2.0 TUITION RATE				\$4,951,032
3.0 GRAND TOTAL				
Total, Activity + Rate	Tuition	FFTEs:	162.5	\$6,972,240
	Grant	BIUs:	133.1	\$451,553
	Total:			\$7,423,793
Tuition Set Aside**				(\$280,000)

*Graduate headcount and FFTEs are both eligible and ineligible; BIUs are annual eligible only. Two assumptions regarding graduate expansion grant projections are: 1) the additional projected 10.8 PhD growth will be funded through a conversion of the 23.6 unused Masters spaces (similar to last summer's MTCU policy).; and 2) Brock would receive at least 15.5 PhDs (~last year's bridge fund --\$413,219) from the 600 graduate spaces to be allocated for 2012-13.

**Total undergraduate tuition is expected to increase by \$1,747,011 in 2012-13 over 2011-12, but \$280,000 of this amount has to be added to set aside for bursaries.

Fee and Rate Setting Process

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

A proposed list of the upcoming academic year tuition fees is brought forward annually to the Financial Planning and Human Resources Committee and to the Board of Trustees for approval. Given that the government's announcement on tuition fees took place on March 8, 2012, the approval was brought forward in April this year. This timing is important to ensure critical timelines are met for setting fees in the student information system, calendars, publications and payment notifications. Generally, tuition rate increases are effective for the next Fall/Winter session. Tuition rate increases may be effective for the next Spring/Summer session where the cohort for the 2012-13 academic year begins prior to the Fall session. Approved tuition fees for 2012-13 can be found on the Brock University website at <http://www.brocku.ca/finance/students>.

Tuition Fee Policy – Government Funded Programs

The 2012-13 tuition fees for domestic students in government funded undergraduate and graduate programs were approved by the Board of Trustees on April 26, 2012 to the maximum percentages as allowed by the government's tuition guidelines.

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

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

On March 8, 2012, the Ministry announced the extension of the current tuition framework for one year to tuition fees at colleges and universities. In addition, the government placed a moratorium on increasing or establishing flat and deferral fees for 2012-13. Universities cannot introduce changes to the structure of their tuition fee payment or deferral schedules or introduce new flat fee structures but can increase existing flat fees by the annual percentages allowed under the tuition fee framework.

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

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

The following chart displays the government tuition guidelines:

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

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

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

Having implemented the Ontario government's tuition policy of fee differentiation, the 2012 fee structure will result in seven differentiated rates for each program type (First year / 2011 Continuing / 2010 Continuing / 2009 Continuing / 2008 Continuing / 2007 Continuing / 2006 and prior Continuing). The number of differentiated rates has resulted into a complex multi-rate matrix.

Tuition Fees – Non-Government Funded Programs

Visa students in graduate and undergraduate programs are not eligible for provincial government funding and therefore universities are not governed by the government's tuition policy in setting tuition rates for this student group. This year a differentiated approach was taken with undergraduate versus graduate international students as well as benchmarking to fees charged at other Ontario universities. On April 26, 2012 the Board of Trustees approved the 2012-13 undergraduate visa rates to be increased by 13.7% and that approximately 5.5% would be set aside for awards and need-based bursaries. The graduate visa rates were also approved to increase in 2012-13 by 5%.

Tuition fee increases for various other non-funded cost recovery programs and international students were also approved by the Board of Trustees on April 26, 2012 after comparisons with competitive markets were presented.

Residence Fees

Residence fees are brought forward in February to the Financial Planning and Human Resources Committee and to the Board of Trustees for approval on February 16, 2012. The Residence fees include costs associated with providing the room, utilities, phone, and network/cable TV connection, and residence life program and activities. Approved Residence fees for 2012-13 can be found on the Brock University website at <http://www.brocku.ca/residence/residence-admissions/fees>.

Compulsory Non-Tuition-Related Ancillary Fees

Compulsory non-tuition-related ancillary fees are established by student referendum or according to the Ancillary Fee Protocol as agreed to with the Student Unions. Some existing fees can increase automatically only after the CPI has accumulated to 5% since the last fee increase or where fees are system wide fees applicable to all Ontario University students. Ancillary fees are all assessed and collected by the University and are either administered by the University or by the BUSU (Brock University Students' Union) or the GSA (Graduate Students' Association) and are effective for the fall 2012 term unless otherwise stated. These fees were presented to the Board of Trustees on April 26, 2012.

Administrative, Membership, Parking & Service Fees

Administrative Fees are for "fee-for-service" costs. The departments that provide these services and assess the fees include the Registrar's Office, Graduate Services, Student Accounts Finance, Career, International and Library Services. The fees are reviewed annually to ensure they cover current costs.

Additionally, fees are charged by the University for the administration of tuition fees. These fees include such types as late registration fees, deferral fees, interest charges and de-registration fees. As part of the tuition fee announcement on March 8, 2012, the government placed a moratorium on deferral fees for 2012-13 with the intention of conducting a review of tuition administration fees to recommend a standardized approach amongst Ontario Universities. Thus no increases have been proposed on these types of fees pending the government review. Most administrative fees are effective May 1, 2012 and are published by the respective departments responsible for administering and/or collecting the fees.

The Department of Recreation Services annually reviews Walker Complex membership rates for use by students, staff, faculty and community members. As well, Parking Services annually proposes new permit and visitor rates.

The Ancillary, miscellaneous administrative and service fees for 2012-13 were brought forward to the Financial Planning and Human Resources Committee and the Board of Trustees for information on April 26, 2012.

OPERATING AND OTHER GRANTS

Operating Grants represents almost 37% of total operating budget revenue. They are typically general purpose and largely impacted by enrolment shifts over the previous year, over a government determined base year or trends over a number of years. Also, each university's grant is usually funded in direct proportion to its enrolment share of the provincial student enrolment system. Calculation of grants can often be predicted with relative accuracy, but some are not known until The Ministry of Training, Colleges and Universities (MTCU) announce them throughout the year with final announcements typically confirmed at the end of the province's fiscal year end of March 31. The following section summarizes the most significant grant estimates based on the University's best assumptions available at the time of writing.

Basic Operating Grant

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

Included in the basic operating grant is an amount for Teacher Expansion Funding that was initiated in 2001-02. As part of the 2010 Ontario Budget announcements, MTCU announced that the Teacher Expansion Funding would be removed from those institutions with a Faculty of Education in recognition that there was an oversupply of qualified teachers in Ontario. The amount of funding that will be removed from this group is being phased-in over two years, 2011-12 and 2012-13. The actual decrease in the base grant for 2011-12 was \$312,081; and the expected decrease in 2012-13 is \$207,999, for a total decrease of \$520,080 over the two years in Teacher Expansion Funding. No further decreases are expected.

In 2010-11, the MTCU rolled into the Basic Operating Grant the 2009-10, Undergraduate Accessibility grant of \$2,557,731, thereby making it permanent funding. At the end of 2011-12, the MTCU also rolled into base the 2010-11 Undergraduate Accessibility grant of \$2,531,699. Reflecting these changes, the 2012-13 Basic Operating Grant is estimated at **\$73,945,567**, as follows:

	2012-13 Estimated	2011-12 Actuals	2011-12 Approved Budget
Basic Operating Grant	\$69,376,217	\$69,376,217	\$69,376,217
Accessibility Grant-09/10 rolled into base	2,557,731	2,557,731	2,557,731
Accessibility Grant-10/11 rolled into base	2,531,699	2,531,699	2,531,699
Teacher Education Reduction			
<i>Teacher Education Reduction-11/12</i>	<i>(416,042)</i>	<i>(416,042)</i>	<i>(416,042)</i>
<i>Teacher Education Reduction MTCU adjustment- 11/12</i>	<i>103,961</i>	<i>103,961</i>	
<i>Teacher Education Reduction-12/13</i>	<i>(207,999)</i>		
Total Basic Operating Grant	\$73,945,567	\$74,153,566	\$74,049,605

Enrolment Based Grants

The 2012-13 Enrolment Based Grants are estimated at **\$6,563,713**, which is higher by \$451,553 than the 2011-12 actuals and \$1,232,028 higher than the approved budget. The increase in the enrolment-based grants (undergraduate, graduate and nursing) is due to additional undergraduate enrolment increases expected in 2012-13 as well as full funding of increases expected to occur in 2012-13. The certainty of funding for these grants is dependent on achieving enrolment results and on the government funding provided not only to Brock but the entire Ontario university system. Also, it is assumed that Brock would receive the same amount of Graduate Expansion Grant in 2012-13 as in 2011-12 (see details in the section below). The Nursing grant is expected to decrease slightly. The following summarizes the three enrolment-based grants:

Enrolment Based Grant	2011-12 Budget and Actuals					2012-13 Projected	
	Final Approved Budget (Jun 2011) a	Approved Mid-Year Budget Changes (Nov 2011) b	Projected Total Budget (as at Nov 2011) c=a+b	Actual adjustments in 2011-12 d	Final Grant Actuals Received for 2011-12 e=c+d	Projected incremental for 2012-13 f	2012-13 Requested Budget g=e+f
Undergraduate Accessibility Fund	\$964,133	\$1,210,772	\$2,174,905	(\$125,127)	\$2,049,778	\$571,685	\$2,621,463
New Graduate Expansion	\$1,993,028	(\$593,998)	\$1,399,030	\$0	\$1,399,030	\$0	\$1,399,030
Nursing Grant	\$2,374,524	\$285,590	\$2,660,114	\$3,238	\$2,663,352	(\$120,132)	\$2,543,220
Total:	\$5,331,685	\$902,364	\$6,234,049	(\$121,889)	\$6,112,160	\$451,553	\$6,563,713

a) Undergraduate Accessibility Growth Fund

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

Up to 2010-11, an institution would receive an Undergraduate Accessibility Grant if there was positive enrolment growth over 2004-05 undergraduate enrolments. The Undergraduate Accessibility Grant for growth to 2009-10 was rolled into the base in 2010-11. In 2010-11, Brock received an Undergraduate Accessibility Grant of \$2,531,699 and this amount was rolled into the base in 2011-12. Brock received an Undergraduate Accessibility Grant of \$2,049,778 in 2011-12 due to positive enrolment growth over 2010-11 by 522.8 BIUs and 335.2 FTEs. The Ministry of Training, Colleges and Universities has indicated that the 2012-13 Undergraduate Accessibility Grant will be funded based on positive growth over 2010-11. Since Brock’s undergraduate enrolment will continue to increase in 2012-13 over 2011-12, assuming fully funding, Brock’s total the undergraduate accessibility grant in 2012-13 will be the amount received in 2011-12 plus the amount due to additional growth in 2012-13 over 2011-12. The following formula will again be applied:

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

Change in BOI:	161.3*\$5,442.15	=	\$877,818
Change in Formula Fees:	129.6*\$2,362.14	=	\$306,133

Undergraduate Accessibility Grant for 2012-13 over 2011-12 is expected to be **\$571,685** (\$877,818 – \$306,133).

Enrolment-based grant: Undergraduate Accessibility Grant						
2011-12 Budget and Actuals					2012-13 Projected	
Final Approved Budget (Jun 2011) a	Approved Mid-Year Budget Changes (Nov 2011) b	Projected Total Budget (as at Nov 2011) c=a+b	Actual adjustments in 2011-12 d	Final Grant Actuals Received for 2011-12 e=c+d	Projected incremental for 2012-13 f	2012-13 Requested Budget g=e+f
[\$3,495,832 Less \$2,531,699 rolled into base =] \$964,133	\$1,210,772	\$2,174,905	(\$125,127)	\$2,049,778	\$571,685	\$2,621,463

b) Graduate Expansion Grant

Brock's graduate expansion enrolment allotment for the period of 2004-05 to 2011-12 was 164.5 Masters and 17.5 PhDs (Eligible FTEs, Fall and Summer). In summer 2011, the Ministry of Training, Colleges and Universities announced that it would allow for conversion between Master's and PhDs if there were unused spaces in either level. In the announcement, the Ministry also provided a one-time top-up bridge fund for over-the-target graduate enrolment. In 2011-12, Brock exceeded the previously allocated PhD target by 34.5 FTEs. However, Brock under-achieved the allocated Master's target by 49 FTEs and we were able to convert these 49 unused Masters into 19 PhDs. The remaining 15.5 PhD FTEs in 2011-12 were funded through the one-time top-up bridge fund. Therefore, Brock's enrolment growth in PhDs in 2011-12 was fully funded. Also, a result of the conversion, Brock's graduate expansion enrolment allotment was changed to 115.5 Masters and 36.5 PhDs.

For 2012-13 it is projected that Brock's eligible PhD enrolment will increase by 10.8 FTEs and the eligible Masters enrolment will decrease by 23.6 FTEs over 2011-12. We are hopeful that MTCU will again allow us to convert the 23.6 unused Master's into approximately 10 PhDs. Therefore the additional enrolment growth of 10.8 PhD FTEs is expected to be fully funded and such funding will compensate for the decrease in graduate expansion grant due to the enrolment decrease in Master's. Although MTCU has indicated that the one-time top-up bridge fund will not continue in 2012-13, it is assumed that, of the 600 graduate spaces to be allocated for 2012-13, Brock would receive an allotment of at least 15.5 PhDs. Therefore, Brock's enrolment growth in PhDs is expected to be fully funded in 2012-13 and the same amount of graduate expansion grant is expected to be received in 2012-13 as in 2011-12.

The incremental and total budgeted graduate expansion grant amounts are summarized in the table below:

Enrolment-based grant: Graduate Expansion Operating Grant						
2011-12 Budget and Actuals					2012-13 Projected	
Final Approved Budget (Jun 2011) a	Approved Mid-Year Budget Changes (Nov 2011) b	Projected Total Budget (as at Nov 2011) c=a+b	Actual adjustments in 2011-12 d	Final Grant Actuals Received for 2011-12 e=c+d	Projected incremental for 2012-13 f	2012-13 Requested Budget g=e+f
\$1,993,028	(\$593,998)	\$1,399,030	\$0	\$1,399,030	\$0	\$1,399,030

c) Nursing Collaborative and Completion Grant

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

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

The Nursing grant is funded under a separate envelope through the college system envelope. Brock receives its grant through Loyalist College and is paid on a slip-year basis (that is, we are paid based on the enrolment in the prior year). The grant revenue for Nursing is calculated by multiplying the most recent year's (2010-11) funding rate by 2012-13 projected FTEs. Using this method, Nursing grant revenue is expected to decrease by \$120,132. The total grant for 2012-13 is expected to be \$2,543,220.

Enrolment-based grant: Nursing Grant						
2011-12 Budget and Actuals					2012-13 Projected	
Final Approved Budget (Jun 2011) a	Approved Mid-Year Budget Changes (Nov 2011) b	Projected Total Budget (as at Nov 2011) c=a+b	Actual adjustments in 2011-12 d	Final Grant Actuals Received for 2011-12 e=c+d	Projected incremental for 2012-13 f	2012-13 Requested Budget g=e+f
\$2,374,524	\$285,590	\$2,660,114	\$3,238	\$2,663,352	(\$120,132)	\$2,543,220

General Access & Quality Grant

Funds were provided to universities to increase access to high-quality postsecondary education across the province. There is a requirement for each university to sign multi-year accountability agreements (MYAAs) that will monitor the use of the funds against the goals of access, quality and accountability. These quality funds are not guaranteed to become base funding. In preparing the 2012-13 grant estimates, the assumption is that General Access and Quality grant will continue at the same level as in 2011-12 and is estimated at **\$3,781,703**.

Performance Fund

Since 2000-01, the government has provided Performance Funding. Universities are measured on three indicators: the employment rate of graduates six months after graduation; employment rates two years after graduation; and a cohort-based graduation (degree completion) rate. A benchmark is established for each of the three indicators and universities performing within 10 per cent of the benchmark receive funding based on their share of total BIUs and to what extent they are above or under their benchmark. Given the relatively stable level of funding, we have assumed that the grant for 2012-13 would be **\$816,511** based on the actual grant received in 2011-12.

Specific Purpose and Other Grants

The University receives a number of grants funded by the Provincial or Federal governments for specific expenditures of the same amount. Included in this category are a number of annual special grants relating to Facilities Renewal, Students with Disabilities, Interpreter and Learning Opportunities, Aboriginal, provincial Research Overhead, Municipal Taxes, Womens' Campus Safety, provincial Student Bursaries, and Federal Indirect Costs Program. Budget amounts, in both revenues and expenses, have been adjusted to reflect expected funding levels.

Facilities Renewal Funds

One of the constraints in the 2010 provincial budget was that the Facilities Renewal Program (for deferred maintenance of academic space) would be reduced to \$26 million (for both colleges and universities) from the 2009-10 level of \$40 million. This grant is funded in direct proportion to the universities enrolment share of the provincial student enrolment. It was confirmed that the funding level would remain unchanged at **\$608,500**.

Federal Indirect Costs Program

The three federal granting agencies (CIHR, NSERC, and SSHRC) support the direct costs of conducting research. The Indirect Costs Program helps universities to defray the indirect costs of federally-supported research. These include operations, maintenance, libraries and technology. The amount is determined based on a formula that incorporates a base amount and the average of the last three years of research funding from the three agencies. Brock's funding is estimated to be **\$2,000,000**. Note that the operating budget does not include the direct cost funding for Research nor does it include the direct costs associated with Research.

OTHER REVENUES

Investment Income

Investment income includes the interest that the University receives on short-term investments of its excess operating cash as well as interest income recovered from internally-financed capital projects. The interest income at 4.5 per cent is recovered from internally-financed capital projects (Courtyard Marketplace, International Building and the Glenridge Plaza) and will be \$800,000. Interest income realized on excess cash balances will be higher than the 2011-12 approved budget by \$400,000 and is currently estimated at \$800,000. With the total budget at **\$1,600,000**, the increase over 2011-12 is \$350,000 or 28%. Refer to page 48 for cash flow information.

Rental and Sundry

The largest portion of this revenue category is Brock's share of the fees charged by the Ontario Universities' Application Centre. Also included are revenues from other general revenues, space rental, interest charges on accounts receivable, and fees for transcripts and other administrative service charges. Even though fluctuations occur within various categories, the overall budget has been relatively stable from year to year and is estimated to be **\$3,110,000** for 2012-13 is a 5% increase over the previous year.

EXPENDITURE ASSUMPTIONS & ESTIMATES
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Budget Developer's prepared expenditure budgets as defined by their functional area of responsibility. The Responsibility Centre's are generally defined by the organization structure (e.g. Academic, Student Services and Administration). Budgets are developed, analyzed and variances explained by these functional areas and thus expenditures are summarized in this format. This presentation is useful as it provides expenses in a manner that is consistent with previous periods and facilitates budget control and monitoring. However, there are categories of expenses (e.g. salaries) that weave through and impact all departments and/or divisions and thus information on these major categories of expenses has been included. Table 2 that follows on page 33 provides a summary view of the major groupings of revenue, net ancillary revenue, responsibility centres and global expenditures.

TABLE 2

OPERATING BUDGET SUMMARIZED BY MAJOR GROUPINGS	2011-12 Approved Budget June-11	2012-13 Final Budget Jun-12	2012-13 Incr/(Decr) Over 2011-12 Approved Budget
<u>Revenues</u>			
Student Fees	97,282,319	107,007,655	9,725,336
Operating & Other Grants	84,541,462	85,775,456	1,233,994
Other Revenues	4,224,000	4,710,000	486,000
Net Ancillary Revenue	3,460,574	3,522,869	62,295
Subtotal	189,508,355	201,015,980	11,507,625
<u>Expense by Responsibility Centre</u>			
Academic Faculties	107,727,474	113,047,094	5,319,620
Library Department	4,975,389	5,111,355	135,966
Research & VP Research	1,606,385	1,537,157	(69,228)
Grad studies/Dean's Office	849,054	867,130	18,076
VP Acad., Co Op, CPI	2,636,027	2,630,684	(5,343)
AVP Student Services, Student Support Services	9,769,790	9,838,591	68,801
Facilities Mgmt Operating Costs	12,670,975	14,862,639	2,191,664
Campus Security, Emergency Mgmt Plan	1,568,278	1,542,191	(26,087)
Information & Technology Services	6,337,257	6,867,901	530,644
President & University Secretariat,	1,180,418	1,183,412	2,994
Planning, Internal Audit, Human Rights & Equity	457,380	470,270	12,890
VP Fin/Admin, Finance, HR & Health & Safety	5,819,717	5,738,543	(81,174)
BCA, Athletics, Recreation, Other Community Services	4,267,446	4,400,982	133,536
VP Advancement, Devel., Alumni, Telegrad, Mktg & Comr	4,204,343	4,280,488	76,145
Subtotal	164,069,933	172,378,437	8,308,504
<u>Global Expenditures</u>			
Library Acquisitions	2,497,875	2,497,875	-
Graduate Fellowships	4,479,073	5,432,406	953,333
Financial Aid Set Aside Bursaries & Scholarships	4,120,000	4,470,000	350,000
Financial Aid Operating Support Bursaries & Scholarships	2,505,500	2,505,500	-
Facilities Mgmt Utilities & Co Gen Plant	4,731,634	4,188,628	(543,006)
IT Acquisitions	1,006,178	676,456	(329,722)
Interest & Principal	2,282,271	2,282,271	-
Pension	1,027,000	5,808,000	4,781,000
Professional Allowances	1,200,000	1,425,740	225,740
Other Global Expenditures	2,578,112	2,822,117	244,005
Subtotal	26,427,643	32,108,993	5,681,350
Total Deficit, after Pension Payment	(989,221)	(3,471,450)	2,482,229
Appropriated from 11/12 for Pension		3,472,306	
Surplus Remaining		856	

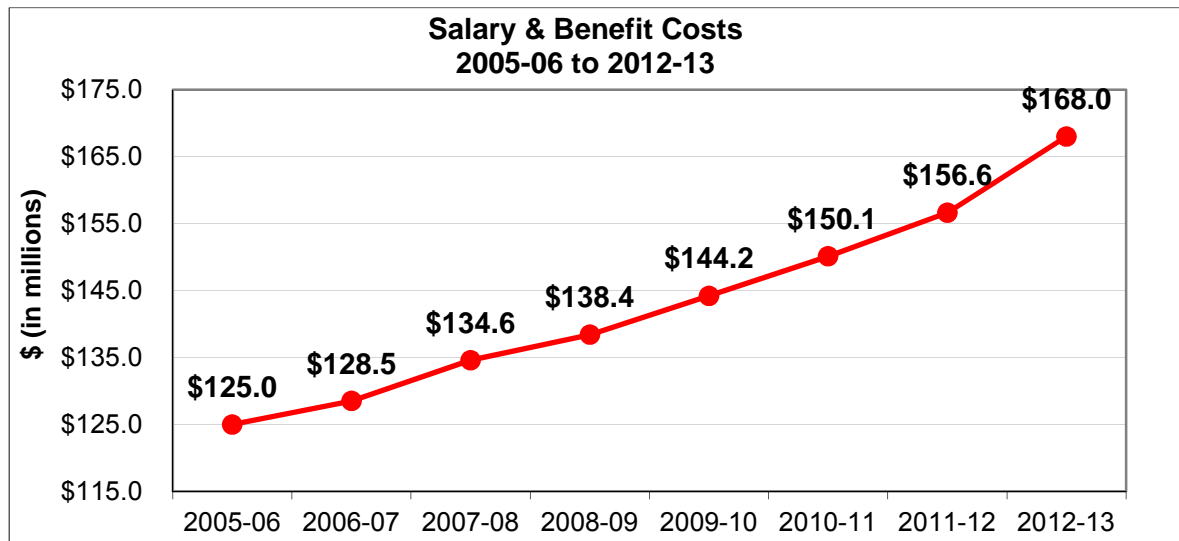
The following section on the 2012-13 budget expenditure estimates will be reviewed and focus on:

- ❖ Salaries and Benefits
- ❖ Non-Salary and Global Costs
- ❖ Highlights by Responsibility Centre
- ❖ Ancillary Operations

SALARIES AND BENEFITS

Given the nature of a university's business, it is not surprising that the largest cost would be salary and benefits of faculty and staff. Faculty and staff (full and part-time) salaries and benefits comprise the most significant portion (approximately \$168,050,000 or 84 per cent) of the University's expenditure budget, excluding the expenses for gross ancillary operations and special purpose grants.

The following graph shows how the salary and benefit costs have risen continually by almost \$43 million over the last several years.



At Brock University, the salary base has grown rapidly over the past several years primarily from salary rate increases. Over the last several years minimal positions have been added from central funds, but new positions have been created from time-to-time with other resources (e.g. converting part-time into full-time). These investments add to the salary and benefit base on which annual rate increases apply.

Benefit costs include faculty professional development accounts, employer contributions to the Brock University Pension Plan, dental, medical, and statutory taxes (CPP, EI, EHT and WSIB). These benefit costs have been increasing as many of these costs are a percentage of the employee's base salary. However, the increases are not a result of significant enhancements to the overall University benefit coverage. The University benefit budgets are estimated using an average experience percentage for each salary group. Actual benefit costs by employee are determined through the payroll system and are charged directly to the cost centre along with the employee's actual salary costs.

The largest increase in base operating budgets is from salary and benefit costs. The cost for salary and benefits of faculty and staff (full and part-time) salaries and benefits comprise the most significant portion (over 80 per cent) of the University's operating expenditure budget. The salary expenditure increases are relatively consistent from year to year as follows:

- Actual salary costs from negotiated contract settlements,
- Estimated salary costs for contracts in negotiation or rates to be determined,
- The benefit costs associated with increased salary rates,
- New positions (e.g. facilities and cleaning staff for CFHBRC),
- Additional positions (e.g. Deans returning to faculty) positions,
- Full-year impact of 2011-12 approvals,
- The full-year impact of 2011-12 faculty and staff salary increases,
- The full-year impact of increases due to job evaluations.

The bargaining salary group costs were all known for 2012-13 except for the OSSTF support staff group. For known salary increases these have been allocated to departmental lines. The estimated costs for OSSTF have been set aside globally. As actual rates are known by individuals additional budget amounts will be allocated to departments and divisions throughout the year from the global estimates. The bargaining salary groups are as follows:

BUFA – Brock University Faculty Association

Number of Employees: 566

Duration: July 1, 2011 to June 30, 2014

Bargaining Status: Ratified by the parties, September 2011.

OSSTF, DISTRICT 35 – Ontario Secondary School Teachers' Federation (Admin Support Staff)

Number of Employees: 238

Duration: May 1, 2010 to April 30, 2012

Bargaining Status: Ratified by the parties, April 2011.

CUPE 1295 – Canadian Union of Public Employees Maintenance & Trades

Number of Employees: 125

Duration: May 1, 2010 to April 30, 2013

Bargaining Status: Ratified by the parties, February 2011.

CUPE 2220 – Rodman Hall

Number of Employees: 3

Duration: July 1, 2009 to June 30, 2012

Bargaining Status: Ratified by the parties, February 2011.

CUPE 4207 (Unit 1) – TAs, Part-time Instructors, etc.

Number of Employees: approx. 1600

Duration: July 1, 2010 to June 30, 2013

Bargaining Status: Ratified by the parties, April 2011.

CUPE 4207 (Unit 2) – ESL Coordinators

Number of Employees: 7

Duration: July 1, 2010 to June 30, 2013

Bargaining Status: Ratified by the parties, April 2011.

CUPE 4207 (Unit 3) – ESL Instructors (*new*)

Number of Employees: 70

Duration: July 7, 2011 to July 6, 2014

Bargaining Status: Ratified by the parties, April 2012.

IATSE 461 – International Alliance of Theatrical Stage Employees (Stagehands) (*new*)

Number of Employees: 10

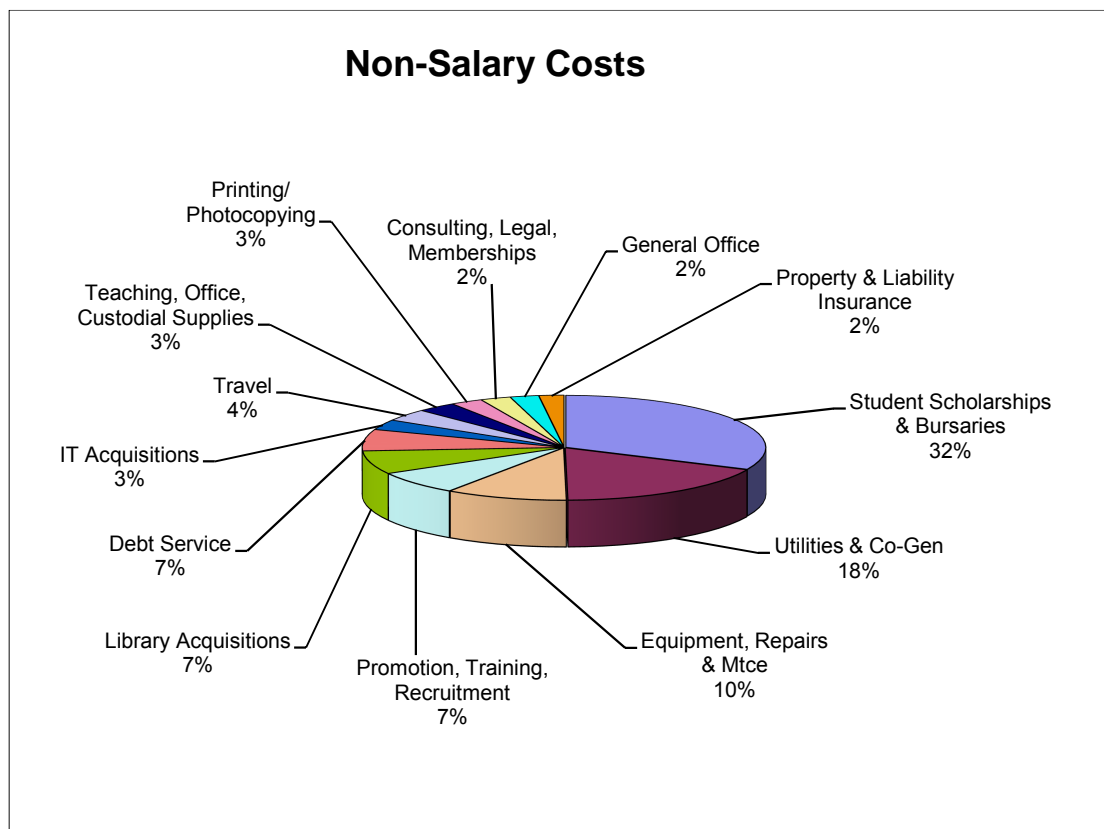
Duration: June 6, 2011 to June 5, 2014

Bargaining Status: Ratified by the parties, March 2012.

The Administration and professional salary group represents the non-bargaining staff. With the provincial budget in March 2010, the government introduced the Public Sector Compensation Restraint to Protect Public Services Act, 2010 (Bill 16) to freeze compensation in the Ontario Public Service and the Broader Public Sector non-bargaining employees for two years (March 24, 2010 to March 31, 2012). For the last two years only step and merit increases proceeded as per existing and defined processes. For 2012-13, salary adjustments were approved in March 2012 and were announced in May. The costs have been set aside globally.

NON-SALARY COSTS

Non-salary expenses represent the remaining 16 per cent of total expenditures (excluding the expenses for gross ancillary operations and special purpose grants). Budget Developers have the flexibility to manage their non-salary budgets and therefore increases or decreases can vary within the categories but have not fluctuated greatly from year to year. The components of the non-salary estimates for 2012-13 are illustrated below.



GLOBAL EXPENDITURES

The follow summaries significant global expenditures as summarized on Table 2 (page 33):

	11/12	12/13	Increase (Decrease)
Library Acquisitions	2,497,875	2,497,875	-
Graduate Fellowships	4,479,073	5,432,406	953,333
Financial Aid Set Aside Bursaries & Scholarships	4,120,000	4,470,000	350,000
Financial Aid Operating Support Scholarships	2,505,500	2,505,500	-
Facilities Utilities & Co Gen Plant	4,731,634	4,188,628	(543,006)
IT Acquisitions	1,006,178	676,456	(329,722)
Interest & Principal	2,282,271	2,282,271	-
Pension	1,027,000	5,808,000	4,781,000
Professional Allowances	1,200,000	1,425,740	225,740
Other Global	2,578,112	2,822,117	244,005
	26,427,643	32,108,993	5,681,350

Graduate Fellowships

During the 2011-12 mid-year budget review, the Faculty of Graduate Studies requested that the value of the fellowships increase to ensure the packages to students were more competitive and requested a volume increase that would be needed in 2012-13. Therefore, it was approved at mid-year that the graduate fellowship budget for 2012-13 would be increased by an amount of \$900,000.

Undergraduate Bursaries & Scholarships

Funding from the operating budget in support of undergraduate students include entrance scholarship funding and financial-need bursaries. The funding requirements are determined from Tuition Set-Aside and Student Access Guarantee (SAG) requirements.

With the extension of the government's tuition fee policy, the current tuition fee set-aside policy will remain the same for 2012-13. The amount of tuition fee set-aside funding to be disbursed annually will be set at the previous year's tuition fee set-aside levels plus 10% of the additional fee revenue resulting from tuition fee increases in the current year, with adjustments to be made for annual enrolment changes i.e. increased/decreased by the annual percentage increase/decrease in fiscal full-time equivalent (FFTE) enrolment. Institutions are expected to disburse all of the tuition fee set-aside funds by August 31 of each year.

To calculate the tuition fee set-aside level for 2012-13, Universities are to use the 2011-12 tuition fee set-aside level as the base, plus 10% of the incremental tuition fee revenue for 2012-13 tuition fee increases based on average tuition in each year and holding enrolment constant at 2012-13 levels (average tuition fee is represented by the enrolment weighted average tuition fee rate), and then adjust for the percentage change in enrolment between 2011-12 and 2012-13. The projected 2012-13 tuition fee set-aside amount is expected to increase by \$280,000 plus a volume increase of \$70,000 for a total increase of \$350,000.

The Student Access Guarantee (SAG) provides for students to be entitled to an amount of funding based on a specified automatic calculation. It is the government's prediction that this automatic funding will be reduced as a result of the 30% Ontario Tuition Grant which will provide the resources to support a number of government funded bursaries to be funded directly by the universities (e.g. Work-study). The impact will be reviewed at mid-year.

Interest and Principal

The debt service amount noted above reflects the global requirement only. The University has \$93 million of senior unsecured debentures. In 2005, proceeds from the debentures were used to refinance existing debt and new capital requirements. These funds were acquired at an annual interest rate of 4.967 per cent over a 40-year term, with the principal due as a bullet payment in 2045. A sinking fund had been established to ensure adequate funds are available to retire the debt in 2045. Since 2006-07 interest and principal payment savings on retired debt amounted to \$1,400,000 annually.

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

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

In addition to the amounts noted above, there is interest and principle annual payments of \$2 million for Residence buildings that are covered by the Residence operation and the St. David Road's payments of \$305,000 that are covered from the retail rent revenues at that location.

Pension Plan Costs

As indicated in the approved budget in June 2011, budget impacts from the pension would be brought forward during the 2011-12 budget updates. The greatest impact on the plan's funding shortfall is increasing salary wage costs and actuarial assumptions regarding life expectancies as well as the market conditions that have occurred since 2008. All pension plans have experienced growing deficits from asset values dropping from the market conditions and record low interest rates causing upward pressure on pension obligations. The actuarial results for July 1, 2011 were known in February 2012 and confirmed the significant increase to the going concern shortfall to \$35 million. Annual payments will increase to \$5.8 million from the current level of \$1.1 million. At the March 12, 2012 joint meeting of the Financial Planning and Human Resources Committee and the Board Executive Committee the valuation results were presented and it was agreed by them that no deferment would be

requested and that the catch-up contribution would be made in April, 2012. The \$5.8 million annually is required until at least the next valuation as of July 1, 2014.

Other Global Expenditures

This category includes costs that are not specific to any one department or division. This category also includes funds held globally, where required, for salary increases and start-up and recruitment for new faculty. Until such time as the amounts are known or approved, then budgets are transferred to the specific department or division. The overall budget is not significantly different than the prior year.

BUDGETS BY RESPONSIBILITY CENTRE

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). Refer to Table 1 on page 20. Budgets are developed, analyzed and variances explained by these functional areas, thus expenditures are summarized in this format. This presentation is useful as it provides expenses in a manner that is consistent with previous periods and facilitates budget control and monitoring.

Academic Faculties

This grouping includes Applied Health Sciences, Business, Education, Humanities, Math & Science and Social Sciences. The 2012-13 budget for these six faculties amount to \$113,047,094 or 47.7% of total expenditures. The largest budget increases to the Faculty budgets are for salary increases, as well as approvals made during the mid-year budget process. The following summarizes the major components of the increases over 2011-12:

Base Budget 2011-12		\$107,727,474
Increases Approved	779,632	
New positions and complement shifts	1,364,622	
Increase Salary and Benefit budgets	<u>4,480,928</u>	6,625,182
Target savings from base budgets		<u>(1,305,562)</u>
Base Budget 2012-13		\$113,047,094

The Faculties have had base budget increases from known and estimated salary costs, additional faculty and staff complements and mid-year investments. These increases total \$6.6 million and are partially offset by the target reductions of \$1.3 million, some of which are still pending review. Overall, the net increases to the base budgets are \$5,319,620 or 4.94% per cent over the 2011-12 approved budget.

Academic Support and Student Services

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

Student Services includes the Associate Vice-President, Accessibility, Student Services, Registrar, Recruitment, Financial Aid (including undergraduate bursaries and scholarships),

Student Life & Community Experience, Student Development, Health Services, Career Services, International Services, International Market Development and English as a Second Language Services (ESLS).

The 2012-13 budget is \$34,890,698 which is 14.7% of total expenditures. This includes an estimate of \$900,000 for graduate fellowships and \$350,000 for undergraduate bursaries. Other increases reflect known salary increases and approvals made during the mid-year budget process which would be offset, in part, by target reductions. The total increase is \$1,451,605 or 4.34% over the 2011-12 approved budget.

Executive, Administration and Facilities

This category includes campus-support departments such as Facilities Management, Campus Security, Information Technology services, the offices of the President and Vice-President, Finance & Administration, Finance and Procurement Services, Human Resources, Health & Safety, Internal Auditor, Institutional Analysis, Human Rights & Equity, the University Secretariat, Alumni Relations, Vice-President Advancement, Marketing Communications, and Development and Donor Relations. Also included are student and community support partial revenue generating services such as the Centre for the Arts, Recreation and Aquatics and Athletics and Community Services (Continuing Education, Youth University, Brock One Card and Dining Services). A large portion of this category includes university-wide budgets for facilities, infrastructure, utilities, co-generation plant, interest and debt service, audit, legal, consulting costs, pension, insurance, and health and safety.

The 2012-13 budget is \$46,493,781 which is 19.6% of total expenditures. The largest increases reflect the plant operating costs for the CFHBRC building in the amount of about \$1,705,000. A reduction is estimated for utility savings in the amount of \$532,000 over the 2011-12 budget. Other increases reflect known salary increases offset, in part, by target reductions. The net increase is \$1,967,884 or 4.42% over the 2011-12 approved budget.

ANCILLARY OPERATIONS

Ancillary Operations includes the gross revenue from the Bookstore, Print Shop, Parking, and Residences & Conference Services. Ancillary Operations are expected to contribute \$3,522,869 (compared to \$3,460,574 for 2011-12) on a total financial activity of \$30,734,574. Table 1 (on pages 19 and 20) displays the gross revenues and expenses separately. The following chart summarizes the net contributions projected for 2012-13.

Approved Budget 2012-13	Revenues	Expenses	Net
Bookstore	11,534,811	9,758,942	1,775,869
Residences	14,578,663	14,578,663	-
Conference	1,575,000	1,249,700	325,300
Parking	3,046,100	1,624,400	1,421,700
Total	\$30,734,574	\$27,211,705	\$3,522,869

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

The following chart provides further information on the categories of expenses and the contributions made by these ancillary operations that are not apparent from the net contribution noted above.

	Bookstore	Print Shop	Conference Services	Parking	Residences
REVENUE					
External/Internal Revenue	11,534,811	1,831,000	1,575,000	3,046,100	14,578,663
EXPENDITURE					
Non-Salary	8,837,500	1,206,275	549,950	675,900	6,715,764
Debt Service Costs	-			510,000	4,431,926
Salary & Benefits	1,173,000	373,167	699,750	438,500	2,380,973
Operating Expenditures	10,010,500	1,579,442	1,249,700	1,624,400	13,528,663
CONTRIBUTIONS					
Operating Budget	1,524,311	251,558	325,300	1,421,700	
Future Debt/Capital Reserve					1,050,000

Part B

Supplementary Financial Information

The following section provides information on

*Capital Related Projects
&
Cash and Debt Information*

CAPITAL RELATED INFORMATION

Overview

In February 2003, the Brock University Board of Trustees approved a new Campus Plan. It was the first significant review and updating of the campus master plan since the original plan was prepared in 1965. The Campus Plan is intended to guide the physical development of the campus for the next thirty years and involved a widely consultative process. Principles and foundations of the campus plan:

1. Provide the full range of facilities and physical infrastructure necessary to fulfill the University's academic mission.
2. Plan for all of the University's properties.
3. Build a quality environment that will be the University's legacy.
4. Pursue design excellence.
5. Pursue a highly compact campus.
6. Provide a strong social infrastructure for the University community.
7. Ensure that the campus is accessible.
8. Continue an open and on-going dialogue about the evolution of the campus.

Facilities Management (Campus Planning, Design & Construction) oversees campus physical planning, design and construction activities in accordance with Brock University policies and procedures and administers the minor and major capital project programs for the University in addition to other responsibilities described below.

Minor Projects include departmental requests for changes to buildings, space or the campus grounds. Examples include adding or modifying electrical outlets, plumbing, built-in cabinetry, lighting changes, remodeling classrooms, offices or labs, removing or adding walls, installing specialized equipment, or landscaping improvements such as benches/gardens. Minor projects may be centrally funded by the University administration, or may be funded by the requesting department.

Major Projects include construction of new buildings, significant renovations to existing buildings, and exterior changes such as new roads, parking lots and landscaped areas. Major projects are funded centrally by the University administration and approved by the Board of Trustees prior to implementation.

Capital Project Budgeting and Funding

Operating Budget:

Approved annually by the Board of Trustees through the operating budget are various capital-related requirements. The following summarizes the various categories of capital spending that may occur from time to time within departmental non-salary budgets:

- Equipment
- Furniture and Furnishings
- Library Books and Periodicals
- IT – software/hardware acquisitions/upgrades
- Repairs and Renovations

The Library and IT departments have the largest equipment related budget for annual acquisition requirements. The Residence operation and Facility Management regularly manage a significant annual deferred maintenance and renovations projects within their operating budgets. The annual capital related spending from the operating department budgets vary from year to year, but in the last few years it has averaged between \$2 to 2.8 million.

Facility Renewal Grants:

Within the operating budget is a specific purpose grant for Facility Renewal that is funded to all Colleges and Universities based on our relative share of the system. As required by MTCU, the Facility Renewal projects have to be approved by MTCU and subject to regular reporting and an external audit. One of the constraints in the 2010 provincial budget was that the Facilities Renewal Program (for deferred maintenance of academic space) would be reduced to \$26 million (for both colleges and universities) from the 2009-10 level of \$40 million. During the 2012 provincial budget, it was confirmed that the funding level would remain unchanged at \$608,500. The following projects have been submitted by Facilities Management to be spent from this grant:

573 Glenridge AHU Replacement	\$270,000
Accessibility Audit Projects	80,000
MCC & High Voltage Equipment Replacement	75,000
Annual Controls Conversion	75,000
Classroom Modernization Program	40,000
IT Cabling Renewal	43,500
Facility Condition Audits	25,000
Total	\$608,500

Deferred Maintenance Projects:

Facilities Management regularly prepares a deferred maintenance renewal and accessibility status report to the Capital Projects and Facilities Committee. Given the growing need for deferred maintenance and the requirement to address the shortfall, the same report has been shared with the Financial Planning & Human Resources Committee. The latest facilities condition assessment report released by the Council of Ontario Universities reported an estimated deferred maintenance backlog of \$69 million for Brock. Even though significant, the credit rating agency considers this to be manageable, in comparison, to other universities. In order to continue to address deferred maintenance, the Budget Committee approved that the savings generated from all energy management and conservation projects conducted by Facilities Management would be shared 25% centrally and 75% for deferred maintenance projects. In 2012-13, with a planned investment of \$456,000 for these projects are expected to yield savings during 2012-13 that will then be redeployed to more energy projects and deferred maintenance projects.

Minor Capital Projects:

A number of high-priority renewal and deferred maintenance projects, funded from operating budgets (e.g. departmental, Facilities Management, Residence Operations) and Facility Renewal Funds (noted above), are expected to be completed during 2012-13. The following highlights the main categories and the expected level of spending for these projects:

Mechanical/HVAC	\$1,599,000
Electrical	925,000
Functional and Space Improvements	706,000
Site and grounds	493,000
Co-generation	300,000
Accessibility	199,000
Structural – interior/exterior	128,000
Environmental	115,000
Total	\$ 4,465,000

Major Capital Projects

Given the significant funds involved in these projects and multi-year funding, these projects are approved as separate projects by the Board of Trustees jointly through the Financial Planning & Human Resources and the Capital Projects and Facilities Committee. The following summarizes the major construction approved projects currently underway during 2012-13:

Cairn's Family Health and Bioscience Research Complex	\$111,450,000
198 St. Paul Street - school of performing arts building	39,600,000

The funding of capital projects come from various sources; global operating, departmental revenue streams or budget savings, government grants, partners and donations. As assembling funds for capital projects can often not meet the need, there is always the pressure that the operating budget will be required to meet debt servicing requirements of capital projects.

Cairn's Family Health and Bioscience Research Complex (CFHBRC)

This project is intended to significantly increase Brock University's inventory of research space (176,530 gross square feet), providing state-of-the-art science research laboratories, for Applied Health Sciences and Biosciences researchers. In conformance with the Campus Plan, this building has been located immediately east of the Plaza Building.

Construction of the CFHBRC remains on track with completion and occupants began to move-in during May 2012. Federal Knowledge Infrastructure Funding of \$38,000,000 and provincial grant of \$33,500,000 provided the majority of the construction funding. Funding of \$32,000,000 has been identified from various partners, donations and other external and internal funding with, about \$9,000,000 still to be identified. The University established a \$33 million bank facility to manage the timing of the cash flows of this funding and the interest incurred during construction of about \$900,000 has been capitalized as part of this bank loan.

At the time of writing, a prepayment of cash received of approximately \$8,100,000 is expected to be applied to this facility during the summer of 2012 which is estimated will reduce future interest costs by about \$4,580,000. The expected debt service costs during 2012-13 of \$1,600,000 will be fully covered with cash flows from existing capital project funding, so there will be no impact to the operating budget in 2012-13. An updated financing strategy and option review (considering current interest rates, timing of cash flows and the

additional funding requirement) is underway and will be brought forward to the Financial Planning and Human Resources Committee in the fall 2012. Any impact to future operating budgets will be managed to minimize the annual impact to the operating and to ensure that it matches the life of the asset (e.g. 25 years) and provides flexibility for any future contributions to this building.

198 St. Paul Street - School of Performing Arts Building

This project is for the University's Marilyn I. Walker School of Fine and Performing Arts and consists of the creation of modern purpose-built space in the historic Canada Hair Cloth Building located in downtown St. Catharine's and is part of the overall Academic and Cultural Arts Centre project which also includes the City's Performing Arts Centre.

Preliminary engineering and design work has begun and construction is expected to get underway during 2012-13 and to be completed in 2013-14. The project will be funded from a provincial grant of \$26,000,000 with the remaining to be raised from other partner and donor contributions. Bridge financing is currently secured in the event cash is required to manage timing of these contributions.

Other Major Capital Projects

During 2012-13 the other major capital projects underway include the following:

Post-Cairns Moves and Renovation	\$2,260,000
Aquatic Center Renewal	\$3,100,000

Post-Cairns Moves and Renovation

During May 2012, as the majority of the Cairns Family Health and Bioscience Research Complex (CFHBRC) was completed, the occupants including staff, faculty and researchers began moving into the new building. The moves result in significant amounts of vacated existing space on campus requiring renovation and alterations including preparing the labs and offices in order for it to be functional for the new occupants. This post CFHBRC work is extensive and complex and involves renovations in eight buildings comprising 43,000 square feet of offices and labs in over 220 rooms. The project has been divided into five sub projects each of which involves phasing and staging to accommodate the interdepartmental shuffles and changes to the use of space. Included in this work is the expansion and full renovation of the existing aquatic animal lab in Mackenzie Chown Complex C Block, which is one of the more complex sub projects included in this work and is scheduled to commence during the summer of 2012 and continue until September 2013 (over two fiscal years 2012-13 and 2013-14). The cost of this post-CFHBRC project work is estimated at \$2,260,000. It is intended to utilize any funds remaining from the CFHBRC project for this purpose although it is currently projected that this work will require additional funding. At the time of writing, consideration for funding of these renovations to be supplemented from a targeted renovation budget post the St. Paul Street project moves of \$3,500,000. This will leave \$1,300,000 for other renovations. At this time, there is no expectation that funding will be required from the 2012-13 operating budget. In the event, operating funds are required, this project will be funded internally and costs recovered over the expected useful life which is estimated at least 10 years or about \$220,000 annually beginning in 2013-14.

Aquatic Center Renewal

As a result of the visible signs of structural deterioration and prior concerns about the facility condition, a comprehensive facility condition audit was conducted of the Aquatic Centre in 2008 and Facilities Management developed a renewal plan and identified the work as the University's top priority deferred maintenance project and has been approved in the amount of \$3,124,000. Recreation Services have blocked time for the work to take place during an expanded summer 2013 pool shutdown period with the pool returning to service by the end of September 2013. The funding for this project is noted below.

Major Capital Projects – Internally Funded

From time to time, departments or units will fund various minor capital projects and major capital projects. Typically this funding occurs from accumulated savings earmarked for this purpose (e.g. Faculty of Education building addition) or from future revenue streams that are expected to increase from the building expansion (Guernsey Courtyard Marketplace and International Building). Given the significant funds involved in these projects and multi-year funding, these projects are approved as separate projects by the Board of Trustees jointly through the Financial Planning & Human Resources and the Capital Projects and Facilities Committee. The following summarizes the major capital projects that are being funded internally through past and future operating revenue streams:

Aquatic Center Renewal (to begin during 2012-13)

This project will be funded with existing surplus and through internal financing of \$2.78 million. The first payment will be calculated using an interest rate of 1.5%. Each year the payment amount will grow by 2.19% creating an effective interest rate of 3.5% over 20 years. This strategy will protect Brock's investment income opportunity cost from the risk associated with rising interest rates. Additionally, this strategy minimizes the initial funding required from Recreation Services, while allowing inflation and growth from aquatic programs to cover future payment increases.

Guernsey Courtyard Marketplace (completed during 2010-11)

This project was completed in June 2010. The funding of \$4.25 million will be repaid over 10 years at an interest rate of 4.5%, with an annual payment of \$538,542 sourced from revenues generated from the marketplace.

Norman Road (International Building) (completed during 2010-11)

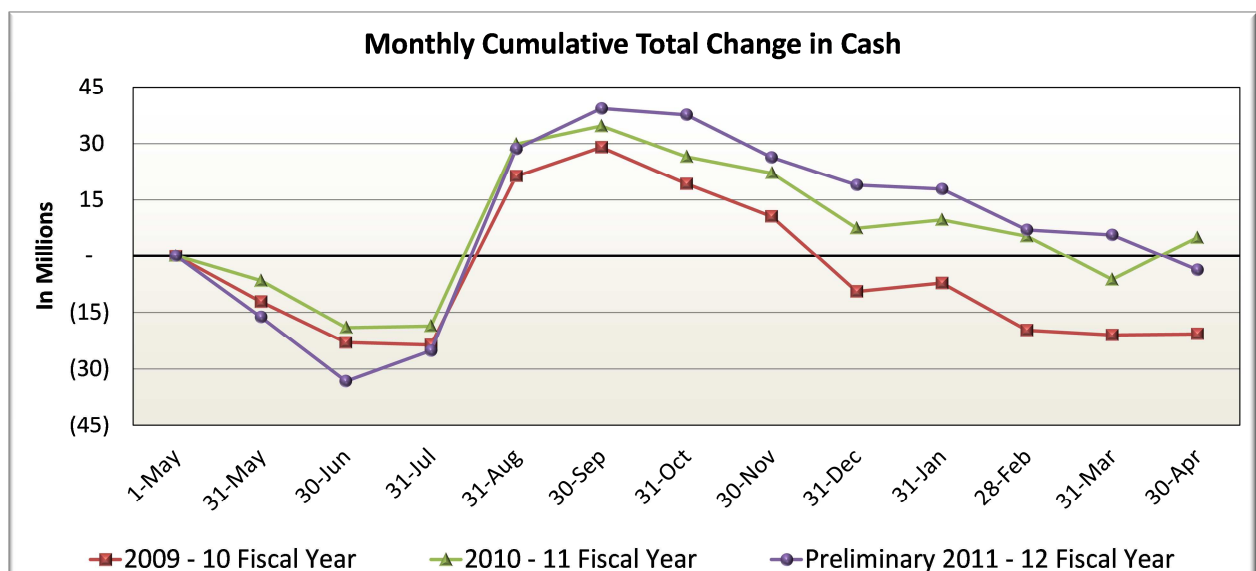
This project was completed in June 2010. The building provides additional space for expansion of the Intensive English Program (IELP)/ International Services. The project was designed in phases so a potential build-out of the property may be realized. The funding of \$14.86 million will be repaid over 16 years at an interest rate of 4.5%, with an annual payment of \$1.04 million sourced from revenues generated from IELP.

	Aquatic Centre Renewal	Courtyard Marketplace	International Building
Project Costs			
Construction Costs	3,123,661	9,000,000	14,860,000
Internal Financing Chargeback	1,227,819	1,122,634	4,994,747
Total Project Costs to Department	4,351,480	10,122,634	19,854,747
Funding			
External Partner	0	4,500,000	0
Departmental Funds	348,383	249,259	3,072,240
Departmental Sources - Future	4,003,097	5,373,375	16,782,507
Total Internal Sources	4,351,480	10,122,634	19,854,747
Terms			
Year Loan Initiated	2012/13	2010/11	2010/11
Internal Financing Rate	3.50%	4.50%	4.50%
Term	20	10	16
Date Paid in Full	30-Apr-32	30-Apr-20	30-Apr-26

CASH AND DEBT INFORMATION

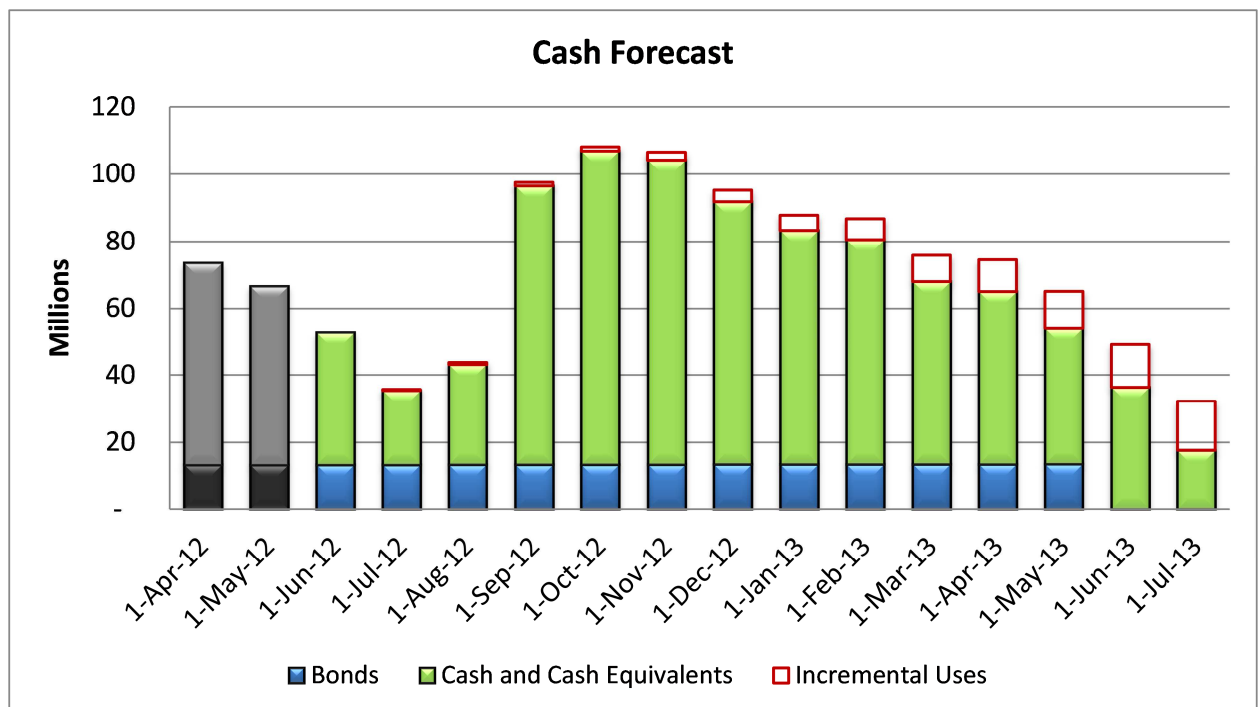
Cash Flow Review

The following graph outlines the monthly flow of cash over the course of the past three fiscal years for the University. The University collects most of its cash in August and September when students are paying tuition and fees. The graph below highlights that the University has been improving its cash flow over the past 3 fiscal years. The year end positive change in cash during the last month of 2010-11 was a result of a spike in account payables. Subsequently, the first few months of fiscal year 2011-12 the University experienced an increase in cash outflow to reduce the liability.



Cash Forecast

The following graph tracks the estimated month end operating and capital surplus balance. The hollow top red box identifies the major additional uses of cash expected as a result of construction payments for Marilyn I. Walker School of Fine and Performing Arts and monthly principal and interest payments commencing on the \$33 million loan for the Cairns Family Health and Bioscience Research Complex. If alternative funding sources other than the operating fund are secured for these incremental uses of cash then the expected cash balance will trend at the top of the hollow boxes. Based on this projection, our fixed income reserve may be liquidated to maintain liquidity early spring 2013, or earlier depending on signs of improvements in the economy that may lead to increases in expected shorter-term interest rates. The University also plans to pay out the 460 St. David's Road loan when it is up for renewal in September of 2013. The remaining balance at that time will be \$2.27 million. This loan will not be paid off prior to renewal as a result of the punitive early payout penalty. Terms of this loan require that the penalty be calculated as total expected interest payments up until time of renewal discounted at the current one year Federal T-bill rate. As a result of this penalty, no economic benefit exists for the University to pay this loan off early given our return on cash exceeds the discount rate.



Internal and External Debt

as at 'April 30, 2012

in Thousands

Long-Term Debt	Interest Rate	Payment Terms	Date to be Paid in Full	Annual Payment	4/30/2011	4/30/2012
					(Audited) Outstanding Principal	(Unaudited) Outstanding Principal
Earp - Residence	7.200%	Monthly blended payments of principal and interest of \$90,570	October-2028	1,087	10,797	10,477
Lowenberger - Residence	7.200%	Monthly blended payments of principal and interest of \$71,873	October-2028	862	8,569	8,315
460 St. David's Rd	6.270%	Monthly blended payments of principal and interest of \$25,459.50	September-2013	306	2,643	2,497
CFHBRC Building	4.690%	Monthly payments commencing one month past June 29, 2012. Interest rate swap on 28 million of 33 million	July-2037	1,904	10,000	28,000
CFHBRC Building	Prime (Currently 3.0%)	Monthly payments commencing one month past June 29, 2012. Variable portion of 33 million	July-2037	285	0	5,000
Debenture Payable (Bullet)	4.967%	Interest Payable semi-annually \$2,309,000	December-2045	4,618	93,000	93,000
Total Long-Term				9,061	125,008	147,288

Sinking Fund Investment	Required Rate of Return	Payment Terms	Date to be Paid in Full	Annual Payment	Investment Balance	Investment Balance
Debenture Bullet	4.000%	21 annual payments of \$475,000 commencing June 2007, then \$1,449,662 payment in 2028, then 18 annual payments of \$2,424,000 until June 2045	December-2045	475	(2,784)	(3,724)
Total Sinking Fund Investment				475	(2,784)	(3,724)

Internally Financed Project	Interest Rate	Payment Terms	Date to be Paid in Full	Annual Payments	Outstanding Principal	Outstanding Principal
Courtyard Marketplace	4.500%	Annual Payment built into departments budget	April-2020	537	4,251	3,543
International Building	4.500%	Annual Payment built into departments budget	April-2026	1,049	11,788	10,727
Aquatics Roof Renovation	3.500%	Commencing April 2013 principal of \$2,775,278. First payment of \$161,648 calculated using an interest rate of 1.5%. Payment amount will grow annually by 2.19% creating an effective interest rate of 3.5% over 20 years.	April-2032	162	0	0
Total Internally Financed				1,748	16,039	14,270

Short-Term Debt	Interest Rate	Terms / Purpose of Facility	Credit Available	Annual Payments	Outstanding Principal	Outstanding Principal
Operating Line of Credit	Prime -0.55%	Amounts are due on demand / for financing day to day operations of the University.	10,000,000	0	0	0
Operating Line of Credit	Prime	Amounts are due on demand / for financing day to day operations of the University.	5,000,000	0	0	0
Bridging Facility	Prime	Due 3 years from financial close / for assisting in the construction of the CFHBRC and Marilyn Walker School of Performing Arts Buildings.	15,000,000	0	0	0
Total Short-Term				0	0	0

Grand Total				11,285	138,262	157,835
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Part C

Appendices

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

**Brock University
Budget Development 2012-13
Timelines & Process**

APPENDIX I

Open on-line 12/13 Budget Development to Budget Developers	Dec.1, 2011
Budget schedules available to Budget Developers on Finance website	Jan.9, 2012
Finance distributes Permanent Employees on Benefits (Schedule 3) to Budget Developers	
Deans	Jan.19
All (except Deans)	Jan.23
Meeting with Budget Developers to provide Budget Update and Preliminary Timelines & Guidelines	Jan.25
Residence Preliminary Budget submission (re: rate setting)	Jan. 26
Budget Developers submit approved Salary Schedule 3 to Finance:	
All (including Deans)	Feb.1
Review current status of 2012/13 Budget Development with:	
Financial Planning and Human Resources Committee	Feb.2
Senate Budget Advisory Committee	Feb.7
Board of Trustees	Feb.16
Budget Developers submit Schedule 7s to Facilities Management:	
Urgent Life Safety/ Critical Infrastructure	Feb.10
Department/ Faculty Funded	Feb.10
Budget Developers submit Schedule 8s to ITS (online at http://www.brocku.ca/information-technology):	
Urgent or requiring budget for 2012-13 (i.e., accompanied by Schedule 5)	Feb.10
Department/ Faculty funded: continuous intake (prioritized as required)	All Year
Budget Developers submit Targets to Finance for meetings	Mar.9
Budget Developers submit 11/12 Year End Projections on-line	Mar.16
Finance compilation of Budget Developer's Targets	Mar.16
President and VPs meetings with Budget Developers to review Requested Budgets and Targets	Mar.19-23
Budget Developers submit completed Requested Budget with Targets to Finance on BUDDE (on-line budget dev)	Mar.23
(Include Schedules 2,4(a)(b) if applicable)	
On-line budget development access closed to all Budget Developers	Mar.30
Review status of 2012-13 Budget Development with:	
Financial Planning and Human Resources Committee	Apr.12
Senate Budget Advisory Committee	Apr.17
Board of Trustees	Apr.26
Finance compilation and analysis of 2012-13 Budget	Apr.30
Review "Draft" Final Budget with:	
Financial Planning and Human Resources Committee	May 17
Senate Budget Advisory Committee	May 18
Senate	May 23
Formal presentation and submit Final Budget for approval to :	
Financial Planning and Human Resources Committee	Jun 14
Board of Trustees	Jun 28
Approved budgets available to Budget Developers	Jun 30
Budget Developers submit Schedule 7s arising from Faculty/Dept Strat Plans to Facilities Management	October
Budget Developers submit Schedule 8s arising from Faculty/Dept Strat Plans to IT	October
Mid-Year Review - Budget Update and meetings with Budget Developers	October
Commence cycle for Budget 2013-14	October
Review Mid Year 2012-13 Budget with:	
Budget Developers	November
Senate Budget Advisory Committee	November
Financial Planning and Human Resources Committee	November
Board of Trustees	December

Definitions and Counting Students

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

1. Headcount Enrolment:

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

2. Full-Time Equivalent (FTE) Enrolment:

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

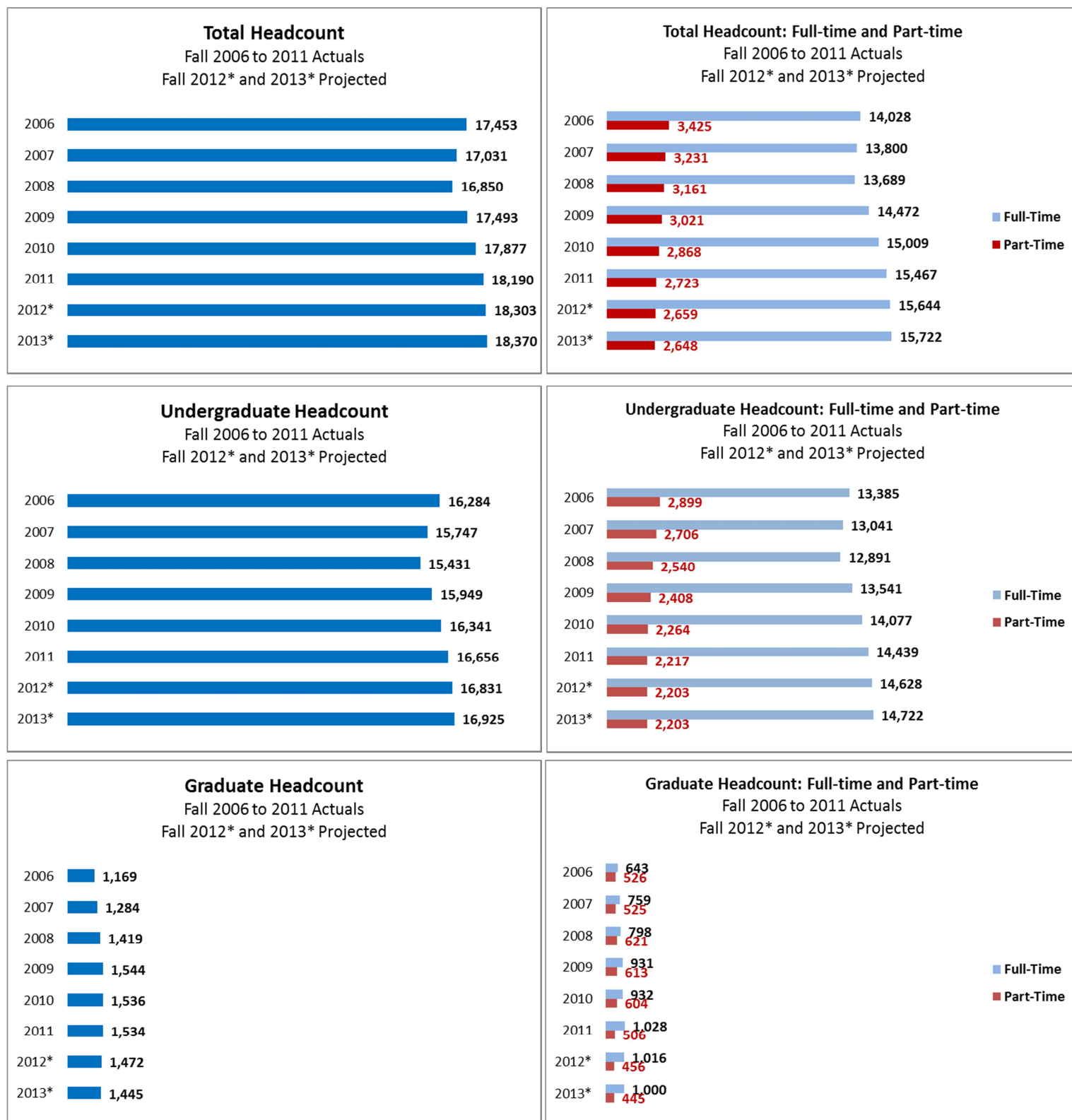
3. Basic Income Units (BIUs):

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

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

APPENDIX III

ENROLMENT HEADCOUNTS



Enrolment Tables

Fall Head Count Enrolment

Year	Undergraduate			Graduate			Total		
	Full-Time	Part-Time	Total	Full-Time	Part-Time	Total	Full-Time	Part-Time	Total
2006	13,385	2,899	16,284	643	526	1,169	14,028	3,425	17,453
Change:	-344	-193	-537	116	-1	115	-228	-194	-422
2007	13,041	2,706	15,747	759	525	1,284	13,800	3,231	17,031
Change:	-150	-166	-316	39	96	135	-111	-70	-181
2008	12,891	2,540	15,431	798	621	1,419	13,689	3,161	16,850
Change:	650	-132	518	133	-8	125	783	-140	643
2009	13,541	2,408	15,949	931	613	1,544	14,472	3,021	17,493
Change:	536	-144	392	1	-9	-8	537	-153	384
2010	14,077	2,264	16,341	932	604	1,536	15,009	2,868	17,877
Change:	362	-47	315	96	-98	-2	458	-145	313
2011	14,439	2,217	16,656	1,028	506	1,534	15,467	2,723	18,190
Change:	189	-14	175	-12	-50	-62	177	-64	113
2012*	14,628	2,203	16,831	1,016	456	1,472	15,644	2,659	18,303
Change:	94	0	94	-16	-11	-27	78	-11	67
2013*	14,722	2,203	16,925	1,000	445	1,445	15,722	2,648	18,370

FFTEs (Fiscal Full-Time Equivalents)

Year	Undergraduate			Graduate			Total		
	Eligible	Ineligible	Total	Eligible	Ineligible	Total	Eligible	Ineligible	Total
2006-07	13,308.8	1,466.5	14,775.2	1,279.1	776.2	2,055.3	14,587.9	2,242.7	16,830.5
Change:	-445	-130	-574	198	20	218	-247	-109	-356
2007-08	12,863.9	1,336.8	14,200.8	1,476.9	796.5	2,273.4	14,340.8	2,133.3	16,474.2
Change:	-135	32	-103	245	29	274	111	61	171
2008-09	12,729.4	1,368.9	14,098.3	1,722.2	825.1	2,547.3	14,451.6	2,194.0	16,645.6
Change:	487.4	108.2	595.5	167.2	204.6	371.8	654.7	312.8	967.3
2009-10	13,216.8	1,477.1	14,693.8	1,889.4	1,029.7	2,919.1	15,106.2	2,506.8	17,612.9
Change:	468	34	502	-60	125	65	409	159	567
2010-11	13,685.0	1,510.7	15,195.7	1,829.8	1,154.7	2,984.5	15,514.8	2,665.4	18,180.2
Change:	414.3	-572.7	-158.4	-95.6	86.0	-9.6	318.7	-486.7	-168.0
2011-12	14,099.3	938.0	15,037.3	1,734.2	1,240.7	2,974.9	15,833.5	2,178.7	18,012.2
Change:	116	47	163	-30	-46	-76	85	1	86
2012-13*	14,214.8	985.0	15,199.8	1,704	1,194.3	2,898.5	15,918.9	2,179.3	18,098.3
Change:	96	-11	85	-61	11	-49	35	1	36
2013-14*	14,311.1	974.1	15,285.2	1,643.2	1,205.8	2,849.0	15,954.3	2,179.9	18,134.2

Yearly BIUs (Basic Income Units)

Year	Undergraduate			Graduate			Total		
	Eligible	Ineligible	Total	Eligible	Ineligible	Total	Eligible	Ineligible	Total
2006-07	18,633.9	2,354.4	20,988.3	1,452.6	867.3	2,319.9	20,086.5	3,221.7	23,308.2
Change:	-839	-204	-1,042	250	25	275	-589	-179	-768
2007-08	17,795.4	2,150.5	19,945.9	1,702.3	892.5	2,594.7	19,497.7	3,043.0	22,540.6
Change:	8	17	25	307	44	351	315	60	376
2008-09	17,803.8	2,167.1	19,970.8	2,009.4	936.1	2,945.4	19,813.1	3,103.1	22,916.3
Change:	811.6	-55.2	756.3	220.1	243.3	463.4	1,031.7	188.1	1,219.8
2009-10	18,615.3	2,111.8	20,727.2	2,229.5	1,179.4	3,408.9	20,844.8	3,291.2	24,136.0
Change:	654.4	206.9	861.2	-45.7	125.4	79.8	608.7	332.3	941.0
2010-11	19,269.7	2,318.7	21,588.4	2,183.8	1,304.8	3,488.6	21,453.5	3,623.5	25,077.0
Change:	685.7	-1,054.9	-369.2	-80.5	96.2	15.7	605.2	-958.7	-353.5
2011-12	19,955.4	1,263.9	21,219.2	2,103.3	1,401.0	3,504.3	22,058.7	2,664.8	24,723.5
Change:	133	71	204	-4	-107	-111.0	129.5	-36.8	92.7
2012-13*	20,088	1,334	21,422.9	2,099.7	1,293.6	3,393.3	22,188.2	2,628.0	24,816.2
Change:	141	-16	124.8	-74	20	-54.5	66.8	3.5	70.3
2013-14*	20,229.7	1,318.0	21,547.7	2,025.3	1,313.5	3,338.8	22,255.0	2,631.5	24,886.5

* = estimated