

**2013-14**

# **Budget Report**

Including  
supplementary  
financial  
information

Approved by  
the Board of Trustees

June 27, 2013





# Executive summary

This budget report has been prepared thanks to the collaboration of a significant number of contributors throughout Brock University. It represents the first step in what will be an ongoing and iterative process of making the financial operations of the University increasingly open and transparent.

This report has been a redesign of budget reports from previous years. Input and recommendations for future budget reports and related information would be appreciated and can be emailed to [budgetreport@brocku.ca](mailto:budgetreport@brocku.ca)

This report seeks to document the fiscal budget environment, which was discussed throughout the budget development process as well as highlighting the process itself. It acknowledges the University has not had a balanced budget since 2007-08 causing the University's cash flow to decline. It foreshadows that the status quo will lead to more significant budget deficits given the Ministry of Training, Colleges and Universities will be cutting the operating grant by one per cent in 2014-15 and regulated tuition cannot increase more than three per cent. Information with respect to revenues and expenses by object and function, including planned capital expenses, has been provided.

The University is the sum of its students, faculty, staff, volunteers, supporters and the external community. This report was designed to encourage discussion, thought and recommendations for future planning purposes. Comments can be sent to [budgetreport@brocku.ca](mailto:budgetreport@brocku.ca)





# Table of contents

## Governance at Brock University 2

Board of Trustees 2

Senate 3

## Leadership at Brock University 5

## Integrated Strategic Plan and Strategic Mandate Agreement 6

## Budget development 6

## Fiscal budget environment 7

Government policy 7

Infrastructure 8

Pension funding obligations 9

## Historical financial snapshot 10

## Current financial snapshot 11

## 2013-14 budget 11

Funding budget 11

Reconciliation of funding budget to financial statements 12

Revenue assumptions 14

Expense assumptions 20

Funding budget by function 22

Mitigation target 23

## Responsibility centre snapshots 25

## Appendix A 39

Enrolment definitions 39

## Appendix B 39

Tuition fee policy 39

This report contains forward looking information. In preparing the 2013-14 budget report, certain assumptions and estimates were necessary. The assumptions and estimates are based on information available to management at the time of preparing the 2013-14 budget. Users of this information are cautioned that actual results may vary.

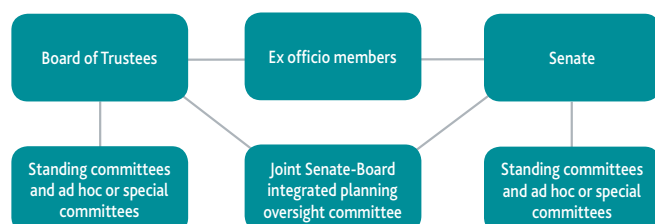
**Note:** Throughout the text in this budget report, financial values have been rounded to the nearest thousand.



# Governance at Brock University

The University was incorporated in 1964 through The Brock University Act (the Act), a Statute of the Province of Ontario. The University is governed by the Act and its bylaws (the Bylaws). The Act provides that except as otherwise specifically assigned to the Senate, the government, conduct, management and control of the University's property and the conduct of its business and affairs is vested in the Board of Trustees (the Board). The Senate is responsible for the education policy of the University. This bicameral system of governance, consisting of two governing bodies – the Board and the Senate – is shown below.

## The bicameral system of governance

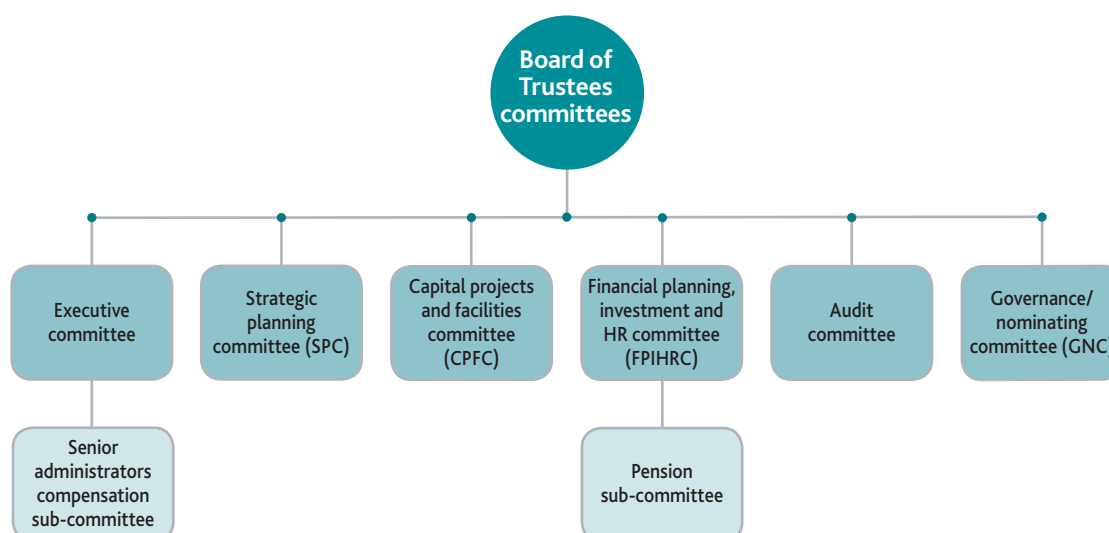


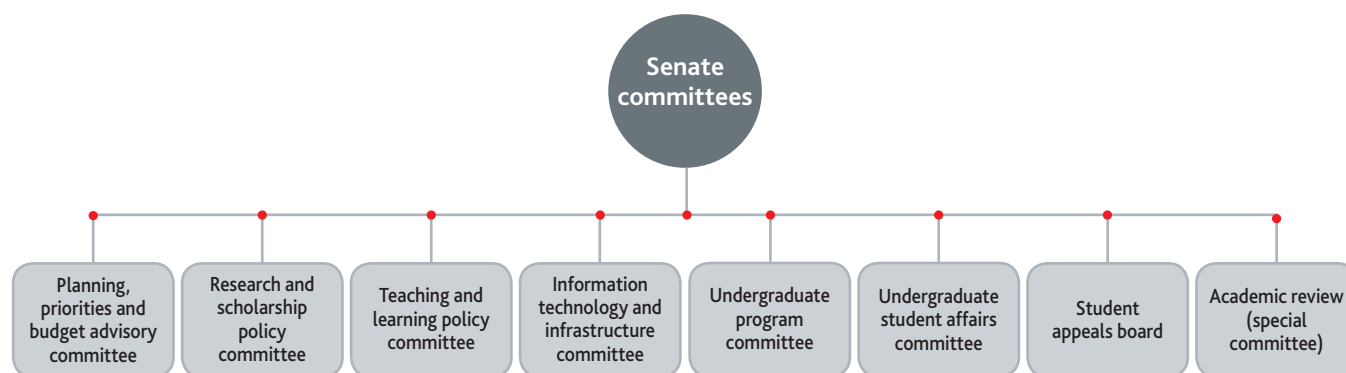
## 2013-14 Board of Trustees

The Board consists of 32 members, including 21 community members elected by the Board, as well as three Brock students, three faculty members and three staff members elected by their respective constituencies. The Chancellor and the President and Vice-Chancellor are ex officio members of the Board.

### Board of Trustee members

- Lee Belding (student member – CPFC)
- David Blackmore (lay member – CPFC & FPIHRC)
- Jeffrey Cairns (lay member – CPFC & FPIHRC)
- Allan Cole (chair – FPIHRC, Lay Member – SPC)
- Aurora Di Fruscia (lay member – CPFC & FPIHRC)
- Nick DiPietro (committee vice-chair – FPIHRC, lay member SPC)
- Roland Erman (student member – executive committee)
- Glen Fell (lay member – audit committee and CPFC)
- Kristine Freudenthaler (lay member – CPFC and SPC)
- Ned Goodman (Chancellor)
- Dennis Hewko (chair-CPFC, lay member – audit committee and SPC)
- Paul House (lay member – audit committee and GNC)
- Carolyn Hurst (lay member – CPFC and SPC)
- Geraldine Jones (staff member – executive committee)
- Rudi Kroeker (immediate past chair of the Board, committee chair – GNC)
- Jack Lightstone (President and Vice-Chancellor)
- Kelly Lockwood (faculty member – SPC)
- Laura Menechella (lay member – FPIHRC and SPC)
- Philip Nardangeli (staff member – SPC)
- Joseph Robertson (chair of the Board)
- Maureen Sabia (chair – audit committee, lay member – GNC)
- Mike Sawyer (staff member – CPFC)
- Abe Schwartz (chair-SPC, lay member – audit committee)
- Hugo Sorensen (committee vice-chair – SPC, lay member – FPIHRC and GNC)
- Betty-Lou Souter (lay member – FPIHRC and GNC)
- Leanne Standryk (lay member – GNC and SPC)
- Terry Suess (committee vice-chair – CPFC, lay member – audit committee and CPFC)
- John Suk (Chair-Elect of the Board)
- Susan Sydor (faculty member – executive committee)
- Mary-Louise Vanderlee (faculty member – CPFC)
- Noel Vijeyakumar (student member – SPC)
- Helen Young (lay member – audit committee and SPC)





## Senate

The Senate currently consists of 67 members, including 36 elected full-time teaching staff and professional librarians, two members of the Board, six undergraduate and two graduate students and one Alumni Association representative elected by their respective constituencies. There are also 20 ex officio members of the Senate

### 2013-14 Senate members

#### Members ex officio

- Ned Goodman (Chancellor)
- Jack Lightstone (President and Vice-Chancellor)
- Murray Knuttila (Provost and Vice-President, Academic)
- Greg Finn (Vice-Provost and Associate Vice-President, Academic)
- Anna Lathrop (Vice-Provost, Teaching and Learning)
- Ejaz Ahmed (Dean – Faculty of Mathematics and Science)
- Fiona Blaikie (Dean – Faculty of Education)
- Don Cyr (Dean – Goodman School of Business)
- Ingrid Makus (Acting Dean – Faculty of Social Sciences)
- Douglas Kneale (Dean – Faculty of Humanities)
- Neil McCartney (Dean – Faculty of Applied Health Sciences)
- Michael Plyley (Dean – Faculty of Graduate Studies)
- Barb Davis (Registrar)
- Margaret Grove (University Librarian)
- Joe Robertson (Chair – Board of Trustees)
- Roland Erman (BUSU, Vice-President, University Affairs)
- Kim Meade (Vice-Provost and Associate Vice-President, Student Services)
- Gary Libben (Vice-President, Research)
- Thomas Winger (Acting Interim-President, Concordia Seminary)
- David Cullum (Interim Associate VP, IT and Chief Information Officer)

#### Elected full-time teaching staff/professional librarian representatives:

- Tansu Barker
- Jeff Boggs
- Dipanjan Chatterjee
- Rick Cheel
- Bareket Falk
- Catherine Hands
- Calvin Hayes
- Scott Henderson
- Kamini Jaipal-Jamani
- Russell Johnston

- Nota Klentrou
- Dan Malleck
- Francine McCarthy
- Lynn McCleary
- Jane McLeod
- Deborah McPhee
- Carol Merriam
- Diane Miller
- Laurie Morrison
- Roberto Nickel
- Beatrice Ombuki-Berman
- Linda Rose-Krasnor
- Barbara Sainty
- Larry Savage
- Erin Sharpe
- John Sivell
- Mark Spencer
- Philip Sullivan
- Susan Sydor
- Lucie Thibault
- Ron Thomson
- Mary-Louise Vanderlee
- David Vivian
- David J. Whitehead
- Sakoleta Widrick
- Barbra Zupan

#### Representatives of the Board of Trustees

- Abe Schwartz
- John Suk

#### Alumni Association representative

- Jason Sykes

#### Undergraduate student representatives

- Jayne Crawley
- Lashkar Dehal
- Kaitlin Gibson
- Drew Ursaki
- Kevin Wilson
- Christopher Yendt

#### Graduate student representatives

- Sofia Ramos
- Kshitij Verma





The following are the 2013-14 Planning, Priorities and Budget Advisory Committee (PPBAC) members:

### **PPBAC – elected members**

- Deborah McPhee (GSB) – chair
- Linda Rose-Krasner (SS) – vice-chair
- Carol Merriam (HUM) – chair, governance committee
- Scott Henderson (SS) – chair, information technology and infrastructure committee
- Kamini Jaipal-Jamani (EDUC) – chair, research and scholarship policy committee
- Rick Cheel (M&S) – chair, teaching and learning policy committee
- Philip Sullivan (AHS) – vice-chair, undergraduate student affairs committee

### **PPBAC – students**

- Kiel Ormerod – graduate student
- Christopher Yendt – undergraduate student

### **PPBAC – ex officio**

- Susan Sydor – Senate Chair
- Jack Lightstone – President and Vice-Chancellor
- Murray Knuttila – VP, Academic and Provost
- Greg Finn – Vice-Provost and Associate VP, Academic
- Douglas Kneale – Faculty Dean
- Neil McCartney – Faculty Dean

# Leadership at Brock University



**Jack Lightstone**  
President and Vice-Chancellor

**Jack Lightstone** took office for a five-year term as President and Vice-Chancellor of Brock University on July 1, 2006. In June 2010, he was re-appointed to a second five-year term, effective July 1, 2011. Before coming to Brock, Lightstone spent 30 years at Concordia University in Montreal. A longtime professor of Religion at Concordia, he served, from 1989 to 1992, as Associate Vice-Rector, Academic (Research). He was also Provost and Vice-Rector (Vice-President) from 1995 to 2004, and led an extensive academic planning process through a difficult period of budget restrictions and into a period of major renewal and expansion. Lightstone received his BA from Carleton University in 1972, and his MA (1974) and PhD (1977) at Brown University in Rhode Island. He has written and lectured extensively in his academic field, and remains an active scholar funded by external peer-reviewed grants. He is the author of six books and is widely published in scholarly and professional journals. He is fluent in English, French and Hebrew.



**Murray Knuttila**  
VP, Academic and Provost

**Murray Knuttila** became Brock's senior academic operating officer on July 1, 2009. He came to Brock from the University of Regina, where his most recent position was Associate Vice-President (Academic). Prior to his term as AVP, he was Dean of Arts (1995-2002), Assistant Dean of Arts (1985-1989) and head of the Department of Sociology and Social Studies (1990-1995). Knuttila also has considerable senior administration and governance experience outside the university sector. He was the chair of the Regina Qu'Appelle Regional Health Authority (2002-2007) and received the University of Regina Alumni Award for Outstanding Public Service in 2007. In 2005, he was awarded a Saskatchewan Centennial Medal. He is a past member of the Canadian Foundation for Innovation. Knuttila received his BA (Honours) and MA in Sociology from the University of Regina. His PhD is from the University of Toronto.



**Gary Libben**  
VP, Research

**Gary Libben** is a scholar and academic administrator who is a leader in advancing interdisciplinary research. Before coming to Brock, he served as Associate Vice-President (Research) at the University of Calgary. A psycholinguist who studies how words are represented and processed in the mind, Libben was named in 2008 as a Fellow of the Royal Society of Canada. He is a former president of the Canadian Linguistics Association, co-founder of The Mental Lexicon Journal and was a founding director of the University of Alberta's Centre for Comparative Psycholinguistics. He has also been director of Words in the Mind, Words in the Brain, a project funded by the Social Sciences and Humanities Research Council of Canada. Before joining the University of Calgary in 2009, Libben (BA Psychology '76, Concordia University; MA Applied Linguistics '82, Concordia University; PhD Linguistics '87, McGill University) was at the University of Alberta from 1992 to 2008, where he was a professor of Linguistics.



**Brian Hutchings**  
VP, Finance & Administration

**Brian Hutchings** joined Brock as the Vice-President, Finance and Administration in November 2012. Before starting his position at Brock, Hutchings was a senior staff member at the Niagara Region where he was the Commissioner of Corporate Services as well as Regional Treasurer. Hutchings is a Certified General Accountant. He earned his Bachelor of Commerce degree from Saint Mary's University and completed his certification in human resource management from Canadore College and his Public Executive Program at Queen's University. His community involvement has included serving with the Ontario Trillium Foundation, the Hamilton Tiger-Cats Alumni, the St. Catharines and District United Way and the West Lincoln Memorial Hospital Board. In 2003, he was named Citizen of the Year by the Grimsby Chamber of Commerce, in 2008 received the Niagara Award from Niagara College, in 2011 he received the BEC Partnership award and in 2013 was awarded the Leadership Niagara Honorary Diploma.



# Integrated Strategic Plan and Strategic Mandate Agreement

Brock University's Integrated Strategic Plan, which has been endorsed by both the Board and the Senate, sets out the University's strategic priorities, representing the principles of allocation of the University, as follows (The full Integrated Strategic Plan can be viewed at [brocku.ca/webfm\\_send/18651](http://brocku.ca/webfm_send/18651)):

- Ensure Brock is a preferred place to work and study.
- Support Brock's undergraduate student-centred focus while maintaining excellence in graduate education.
- Foster excellence in research, scholarship and creativity.
- Serve the social, cultural and economic well-being of the University, as well as the local, national and global communities.
- Encourage transdisciplinary initiatives.
- Promote internationalization.
- Practise accountability, fiscal responsibility and stewardship.

Brock University's Strategic Mandate Agreement (SMA), which was prepared in response to the Ministry of Training, Colleges and Universities request that every college and university in Ontario prepare a document that would articulate the mandate and vision of each institution, was the culmination of a sustained process of integrated strategic planning and was informed by the Integrated Strategic Plan. The academic policy and goals of the University, as detailed in the three priority objectives described in the SMA, are as follows (The full Strategic Mandate Agreement submission can be viewed at [brocku.ca/webfm\\_send/23510](http://brocku.ca/webfm_send/23510)):

- Serving the 21st century learner – putting students first.
- Promoting transdisciplinary research and developing new graduate and undergraduate programs.
- Building a network of partnerships that promote prosperity through entrepreneurship, innovation and creativity.

## Budget development

The budget is an estimate, a plan to allocate resources in advance for the maximum benefit of stakeholders. It is a method to authorize spending authority and establish revenue targets of academic and non-academic units within Brock University.

The 2013-14 budget process was one of consultation with over 25 budget meetings held in addition to unit specific meetings. Every effort was made to ensure the budget was consistent with the academic mission of the University, to work towards the Integrated Strategic Plan and the Strategic Mandate Agreement.

In approaching the 2013-14 budget, a review of the University's method of establishing the budget in prior years was conducted to determine its success and viability for the future. In addition, a thorough review of other University budget processes was conducted. Initially this review was performed to gather information for future budgets. Inevitably, as a result of these

reviews, the beginnings of a new approach for establishing the budget did evolve. This approach incorporated the following objectives, which are fully discussed below:

1. No rescission targets.
2. A request for units to fully capture all revenues and expenses in the budget.
3. Dig deep to invest where investment is critical.

### 1. No rescission targets

It was communicated at the beginning of the budget process that there would be no rescission targets established; however, the need for change may have been best captured in a June 28, 2013 letter to the Brock community from the President regarding a Program Review. The President detailed the need to change the strategy of focusing on rescission targets to improve the financial stability of the University. The President explained, "In the past several years, (Brock) attempted to address its fiscal imbalance by growing revenues and by 'belt-tightening' in the budgets in all departments, units and Faculties. That approach has taken (Brock) as far as it can go with it, but if (Brock) continues to use this as (its) primary cost-cutting tool, (Brock) will reach the point where (Brock) has starved all (its) programs, and none will be supported at the level they need in order to maintain excellence." The President identified that the University must shift resources and reduce expenses in a different way. As part of this shift, a Presidential Task Force has been established to conduct a Program Review of all administrative and academic programs, units and services at the University, with the goal to have the review completed by the end of calendar 2013. For more information on the Program Review, visit [brocku.ca/program-review](http://brocku.ca/program-review)

### 2. A request for units to fully capture all revenues and expenses in the budget

Every effort was made as part of the 2013-14 budget process to include all revenues and expenses in the budget, thus resulting in an accurate budget reflecting the complete financial position of the University. As communicated at the beginning of the budget process, this was not the case in prior years, as indicated by the fact that approved budgets from previous years were different than actual operating results by approximately \$50 million. This process ultimately eliminated the need to use one-time carry forward reserves from the prior year for the current year's spending. Having no carry forward reserves and ensuring all revenues and expenses are budgeted allows all users of the budget to better analyze the financial operations of the University. Although every attempt was made to fully capture revenues and expenses in the 2013-14 budget, this task is ongoing and will continue to be worked on throughout the year, with continued reporting to the Board and the Senate.

### 3. Dig deep to invest where investment is critical

The University needs to increase its investment in critical areas in order to ensure Brock is meeting the priorities set out in the Strategic Mandate Agreement and the Integrated Strategic Plan. The 2013-14 budget strove to meet a number of these needs through strategic investment in necessary deferred maintenance, online course development and funding for transdisciplinary institutes.



# Fiscal budget environment

The fiscal budget environment for the University has been dominated by government policy, infrastructure and pension funding obligations. This statement should not detract from the emphasis put on the Strategic Mandate Agreement or Integrated Strategic Plan. It serves to highlight three areas that significantly impact budget development.

## Government policy

The University has a strong and positive relationship with the Province of Ontario (the province) and acknowledges the necessity of many of the decisions it has had to make given current fiscal constraints. The province continues to be an exceptional supporter of the University as demonstrated through its financial contributions to recent infrastructure projects, including the Cairns Family Health and Bioscience Research Complex and the Marilyn I. Walker School of Fine and Performing Arts.

Nevertheless, recent decisions by the province have had a significant impact on the University's funding budget in 2013-14, reducing funding by \$2.5 million on a net basis and \$3.1 million on a gross basis.

In March 2013, the province established a new tuition framework. The framework established that the University's average tuition increase for domestic students who are enrolled in government-funded programs can be no greater than three per cent. Previously the allowable average increase was five per cent to which the University's average increase was around 4.5 per cent. Moreover, the tuition framework continues to require 10 per cent of the tuition increase to be set aside for student financial aid, resulting in a net increase to tuition of only 2.7 per cent ( $3\% \times (100\% - 10\%)$ ). Tuition regulations for international students remain unregulated. More information on tuition revenue can be found starting on page 14.

The University is supportive of initiatives that provide affordable education for its students. This budget includes over \$13 million in student awards, which equates to 10 per cent of tuition. (Note: This figure does not include the number of students employed throughout the University.) That said, the new tuition policy is estimated to have reduced University revenues by \$1.1 million in 2013-14 and will have a compounding impact moving forward recognizing tuition represents 47 per cent of total operating revenues of which approximately 75 per cent is regulated.

Recent decisions by the province have also had a significant impact on the University budget by way of its grants. Government grants represent 33 per cent of total operating revenues of which approximately 88 per cent is directly

related to enrolment in government-funded programs. In 2013-14, the province cut the University's core government funding by one per cent. This is estimated to reduce the University's revenues by \$826,000 on an ongoing basis. An additional one per cent cut is scheduled for 2014-15 which will further reduce the University's revenue by \$850,000 on an ongoing basis. More information on grants can be found starting on page 16.

The impact of these cuts was compounded by the province's introduction of the International Student Recovery in 2013-14, which further reduces the Basic Operating Grant by \$750 per international student. This is estimated to have reduced the University's revenue by an additional \$489,000 in 2013-14. In addition, the province withdrew the \$75 per student subsidies for non-PhD international students, which was included as part of the Grant in Lieu of Municipal Property Taxation, to help offset the cost of property taxes, resulting in reduction of the grant by \$64,000. Finally, starting in 2012-13, the province began to phase out the Queen Elizabeth II Aiming for the Top Scholarship. This represents a reduction of \$600,000 in 2013-14 (Note: the offsetting scholarship expense also decreased by \$600,000).

The summative impact these decisions by the province on the University's funding budget is a permanent, ongoing reduction of \$2.5 million on a net basis and \$3.1 million on a gross basis. Going forward, Table 1 shows the University will be limited in 2014-15 to an increase of 0.94 per cent on 80.58 per cent of its revenue. (Note: the table assumes all tuition and grants are MTCU regulated – three per cent increase and one per cent decrease). The observation that the majority of the revenue line will be limited to about a one per cent increase is still made, even if adjusted to 75 per cent of tuition and 88 per cent of grants being regulated.

Table 1

	Total revenue	Increase/decrease	Total revenue increase
<b>Tuition</b>	47.16%	2.7%	1.27%
<b>Grants</b>	33.42%	-1.0%	-0.33%
<b>Total</b>	80.58%		0.94%

To illustrate per-student funding (combined tuition and government grant), Table 2 from the Council of Ontario Universities 2012 has been provided to illustrate that Ontario universities are the lowest or second lowest of all provinces, depending on approach, as illustrated in the table.

In addition to provincial considerations, the federal government cut the Federal Indirect Costs Program by 5 per cent reducing funding by \$104,000. More information can be found on page 19.

Summary table – interprovincial comparison of per-student funding

Table 2

Province	Provincial grants only		Provincial grants and net tuition revenue			
	Per FTE students		Per weighted enrolment unit		Per FTE students	
	\$	Rank	\$	Rank	\$	Rank
Newfoundland and Labrador	\$19,142	1	\$9,444	1	\$21,827	1
Prince Edward Island	14,581	4	8,639	2	19,571	4
Nova Scotia	9,213	9	5,075	9	15,271	8
New Brunswick	10,119	8	5,611	8	15,931	6
Quebec	12,290	5	5,650	7	14,847	9
Ontario	8,233	10	4,251	10	13,603	10
Manitoba	11,818	7	6,801	5	15,446	7
Saskatchewan	15,088	3	7,651	3	19,580	3
Alberta	15,631	2	7,359	4	19,748	2
British Columbia	12,183	6	5,954	6	17,926	5
Canadian average	\$10,654		\$5,322		\$15,229	
Canadian average excluding Ontario	\$12,707		\$6,177		\$16,607	
Ontario as a % of the average of the rest of Canada	65%		69%		82%	

Source: Council of Ontario Universities

## Infrastructure

### i. New infrastructure

The University's expanded research footprint is highlighted by the new Cairns Family Health and Bioscience Research Complex (the CFHBRC). The facility now contains:

- Four Canada Research Chairs/Ontario Distinguished Researchers in biotechnology, green chemistry, plant pathology and science and health.
- Six health research scientists focusing on diabetes, cancer, infectious diseases, tropical diseases, West Nile virus and malaria.
- Niagara Health System research scientists.
- A business incubator to spin out research and development, and bring innovations to market (BioLinc).

The facility also provides much-needed teaching and learning space and increases the University's capacity to train students in advanced knowledge areas by:

- Reducing crowding of faculty members and students in research laboratories.
- Providing high quality, state-of-the-art research laboratories for human health, biosciences, biotechnology and green science.
- Facilitating multi- and inter-disciplinary research across Faculties and departments by co-locating these disciplines in one major research facility.
- Providing opportunities for inter-university and inter-disciplinary research collaborations with the co-located McMaster University's Niagara Campus of the Michael G. DeGroote School of Medicine.
- Providing office spaces for faculty and graduate students near their research laboratories.
- Increasing interactive space for undergraduate and graduate students.

Despite the tremendous benefit of this facility to the University, the ongoing operating costs continue to be digested with limited revenue growth to date. The facility now requires annual operating payments of interest and principal of \$1.9 million and utility and operating costs of \$2.9 million. These costs do not include incremental research costs or activity costs such as those related to the business incubator.

This budget also includes \$317,000 for principal and interest payments for 198 St. Paul St. which will house the Marilyn I. Walker School of Fine and Performing Arts (MIWSFPA). The University expects it will issue \$20 million in debt on this project early in 2014. In the 2014-15 budget, the principal and interest payments will increase to \$1.27 million (with the following assumptions – \$20 million of debt, four per cent interest amortized over 25 years) and utility and operating costs of \$1.5 million, will be required. At the time of preparing this budget, all space considerations with respect to moves and potential moves have not been finalized nor have multi-year enrolment projections been made. Presently, the school is planning to host 500 students.

### ii. Deferred maintenance

The University has \$117.4 million (as of May 2013) in deferred maintenance requirements that have accumulated over a number of years of under investing. This figure is based on the comprehensive facilities condition assessment performed by VFA Canada Corp. (VFA) in May 2013 which updated Brock's facility condition database. This balance is estimated to grow by 2020 by another \$27.5 million for an anticipated total of \$144.9 million, if left unaddressed. Although this level of maintenance is not obviously apparent when walking the halls of the University, the reality is that much of the deferred maintenance is related to roofs, HVAC, electrical, plumbing and accessibility. An important observation is



that this deferred maintenance figure does not include information technology or roads and parking space. The specific classifications of areas of deferred maintenance are included in Table 3.

Table 3

(\$000s)	Academic and related infrastructure	Residences	Total
Electrical systems	29,403	3,986	33,389
HVAC system	30,220	1,544	31,764
Site	20,120		20,120
Exterior enclosure	9,024	1,489	10,513
Other	17,468	4,169	21,637
<b>Total</b>	<b>106,235</b>	<b>11,188</b>	<b>117,423</b>

Source: VFA Facility Asset Condition Database

In the last number of years, the University has contributed \$608,500 per year to deferred maintenance paid for by the province through its Facilities Renewal Program. The 2013-14 budget increased the deferred maintenance budget by \$2.5 million, as well as an additional \$250,000 for an asbestos audit to a total of \$3.4 million. The specific items included in the deferred maintenance budget are detailed in Table 4.

## Pension funding obligations

Although the Brock University Pension Plan does not have a solvency issue, the going concern shortfall was determined to be \$35 million in the most recent actuarial funding valuation as

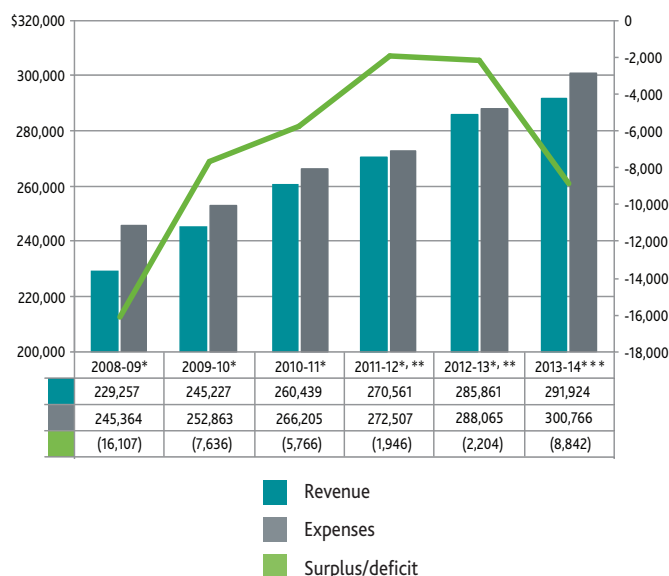
of July 1, 2011. The greatest impact on the plan's funding shortfall is increasing salary wage costs and actuarial assumptions regarding life expectancies as well as market conditions. The annual payments increased to \$5.8 million in 2012-13 from \$1.1 million previously, and will remain the same until a new valuation is performed as of July 1, 2014. This new valuation will determine if the annual payment will remain stable or if it will increase or decrease. The recent performance of the plan is expected to have a positive impact on the obligation, due to the strong returns during the University's 2012-13 fiscal. However, these gains may be offset by changes to the actuarial assumptions used to determine the pension obligation. Draft mortality tables that were unveiled by the Canadian Institute of Actuaries in July 2013, which are used to measure the obligations for retirees in the future, shows the life expectancy of both males and females have increased. As noted in a report by Towers Watson, "Long Life – The Latest Threat to Pension Finances," dated Aug. 6, 2013: "As life expectancy increases, plan sponsors will need to cover higher numbers of pensioners for longer periods of time, increasing pension liabilities and requiring larger pension contributions. Although the effect will vary from plan to plan, adoption of the proposed mortality tables and acceptance of the study's prediction of future mortality improvements could also immediately increase pension accounting liabilities by five per cent to 10 per cent for many plans." For more information on the Brock University Pension Plan, visit [brocku.ca/hr-ehs/pension-new](http://brocku.ca/hr-ehs/pension-new)

Table 4

Item	Amount	Construction period	Selectional rationale
<b>Facilities renewal program (FRP) funds</b>			
573 Glenridge air handling unit replacement (phase 2)	\$219,000	2013-14	
High voltage equipment renewal program	75,000	2013-14	
Annual controls conversion program	75,000	2013-14	
Accessibility audit program	65,000	2013-14	
Classroom modernization program – WH202	95,000	2013-14	
Facility condition audits	40,000	2013-14	
IT infrastructure renewal	39,500	2013-14	
<b>Total FRP funds</b>	<b>\$608,500</b>		
<b>University operating budget funds</b>			
Mackenzie Chown fire alarm replacement	\$1,700,000	2013-14	Out of date and can no longer be maintained
Facility improvements to support ITS classroom upgrades	45,000	2013-14	
Thistle west roofs (sections 13,14,16,18)	170,000	2013-14	Failed condition
Welch Hall roofs (sections 16,17)	50,000	2013-14	Failed condition
Mackenzie Chown G Block roof	290,000	2013-14	Failed condition
Hamilton campus roof (Section 1)	160,000	2013-14	Poor condition
Paint booth code compliance	45,000	2013-14	Ontario Building Code, Ontario Fire Code
Nitrogen storage room upgrades	40,000	2013-14	Various provincial codes
	<b>\$2,500,000</b>		
Asbestos audit and inventory	250,000	2013-14	
<b>Total University funding budget funds</b>	<b>\$3,358,500</b>		

# Historical financial snapshot

Chart 1: Multi-year revenues, expenses and surplus/deficit (\$000s)



\* Represents figures prepared in accordance with Canadian generally accepted accounting policies for not-for-profit organizations (2008-09 to 2010-11) and in accordance with Canadian accounting standards for not-for-profit organizations (2011-12 and 2012-13), and have been audited by KPMG LLP (Independent Auditors).

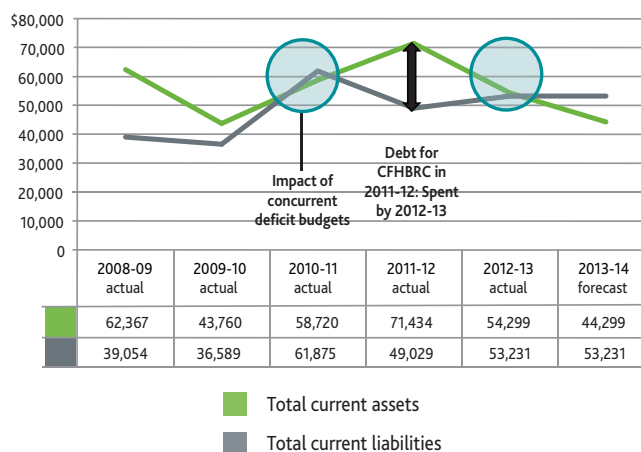
\*\* Figures reported are before the pension obligation adjustment.

\*\*\* Represents budget figures which have been adjusted to make the figures comparable to NFPS financial statements. See page 12 for a reconciliation to the approved budget. The mitigation target has been presented as a reduction in operating expenses for the purpose of this graph.

A six-year snapshot of the University's financial history in Chart 1 mimics the tremendous growth story of the University where enrolment grew 17 per cent since 2008-09 and revenue and expenses grew by 27 per cent and 23 per cent respectively. It also highlights the University's ongoing annual deficit (representing how much expenses are greater than revenue in any given year), not to be confused with the accumulated deficit which is reported in the audited financial statements of the University as unrestricted net assets with an accumulated deficit balance of \$54.8 million as of April 30, 2013.

One might question if the accumulated deficit means the University will soon be out of money. The answer is complicated, and ultimately without immediate action, the answer could be yes. As shown in Chart 2, with the exception of 2011-12 when debt increased over \$22 million resulting in a temporary increase in the cash balance, starting in 2010-11 the University's working capital has been minimal or negative. Working capital represents the operating liquidity of an entity and indicates whether the entity has enough short-term assets to cover its short-term liabilities. In the case of the University, it is calculated as current assets (cash, accounts receivable, government grants receivable, prepaid expenses and other assets, and inventories) minus current liabilities (accounts payable and accrued liabilities, deferred revenue, deferred contributions, and the current portion of long-term debt).

Chart 2: Multi-year total current assets and liabilities (\$000s)



Based on a review of the audited financial statements for 2012-13, the cash balance is \$35.7 million at April 30, 2013. It is interesting to note that the cash balance dropped to \$21.5 million in July 2013 and monthly payroll (including benefits and pensions) is approximately \$14.7 million per month. The reason this cash balance exists, in light of the accumulated deficit, is that the University has expensed items but has not made the payment. In this case an accounts payable or accrued liability is established. Similarly, employee future benefit obligations of \$21 million have been expensed but no funding has been put aside to specifically pay for these future obligations to retirees. As well, accounts such as deferred revenue and deferred contributions representing tuition collected in advance of the beginning of term, donations, pre-funded government grants (including at times research dollars) exist. This means the University has received cash in advance of when they have to spend the dollars. Cash flow will be a significant discussion point of the 2014 – 15 budget recognizing the deteriorated position of working capital.





# Current financial snapshot

Having discussed the financial position of the University, a rational question is, “How did we get here?” It was not one decision or item that brought about this deficit. Those partaking in the 2013-14 budget discussions would certainly have noted a number of key factors that currently exist at the University that did not exist a couple of years ago. These being:

Pension deficit annual payment	\$5.8 million
Utility, operating costs and debt payments of the CFHBRC	\$4.8 million (revised Sept. 30/13)
Deferred maintenance	\$2.5 million
Transdisciplinary institutes	\$1 million
Government funding cuts (new tuition policy, operating grant cut, international student tax, reduced property tax funding)	\$2.5 million
<b>Total</b>	<b>\$16.6 million</b>

The structural budget deficit (referring to the recurring budget deficit) before the \$7.5 million in mitigation measures is \$14.5 million (Senate Report – Meeting #611, June 25, 2013 and Board Report – Meeting #6 (2012-13) Cycle 5 – June 27, 2013). While it is not these items alone that have caused the deficit, they are significant recurring expenses with limited direct offsetting funding. Specific to the pension, the University’s actuary, Mercer Canada Limited, has noted the University should expect a pension payment of at least this amount into the foreseeable future, and the government funding cuts are permanent and increasing in 2014-15.

These payments make the current deficit a little different from the historical financial challenges the University has faced. Specifically because this deficit did not arise from building capacity in preparation to teach additional students (capacity at the University is reportedly maxed), these items as noted are limited in direct offsetting funding, at least in the near term.

This in itself is the reason for the change in the budget process, including the push to budget all revenue and expenses and to perform a Program Review of both academic and non-academic programs. While perhaps not desirable, the financial condition of the University requires everyone to think of budgeting a little differently. The financial health of the University is notably consistent with priority No. 7 of the University’s Integrated Strategic Plan, which is as follows: practice accountability, fiscal responsibility and stewardship.

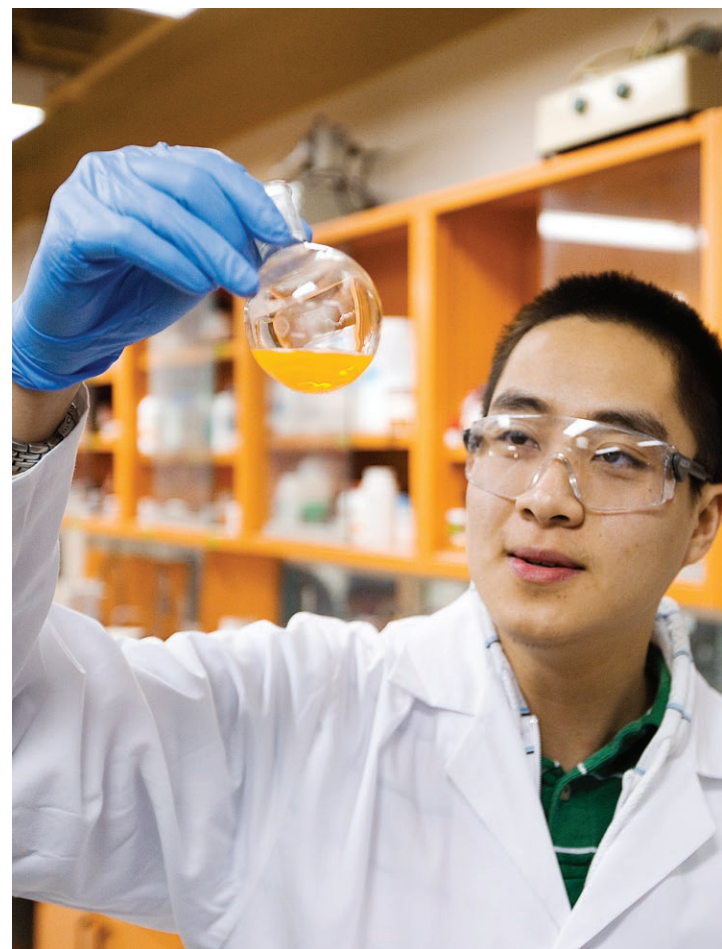
# 2013 – 14 budget

## Funding budget

Table 5 details the funding budget for 2013-14 in comparison to the 2012-13 budget. As a result of the change in approach to preparing the 2013-14 budget, specifically the request for units to budget all revenue and expenses, some reclassifications were made to the 2012-13 budget for comparison purposes when the funding deficit was not impacted. To this extent, even with the reclassifications, readers are cautioned when making year-over-year comparisons as the 2012-13 budget was prepared with greater focus on net budgeting and absent of an attempt to prepare a complete budget.

Table 5

(\$000s)	2012-13 budget	2013-14 budget
Revenue		
Student fees	122,309	135,075
Grant revenue	91,030	91,850
Other revenue	47,291	47,894
<b>Total revenues</b>	<b>260,630</b>	<b>274,819</b>
Personnel costs	(185,715)	(199,049)
Operating costs	(78,386)	(90,275)
<b>Total costs</b>	<b>(264,101)</b>	<b>(289,324)</b>
Mitigation target		7,505
<b>Funding deficit</b>	<b>(3,471)</b>	<b>(7,000)</b>



## Reconciliation of funding budget to financial statements

This year the Board requested the University's funding budget also be prepared in accordance Canadian accounting standards for not-for-profit organizations (NFPS). In order to accomplish this task, certain accounting entries and reclassifications are required. Tables 6 to 9 detail these entries and compare the 2013-14 NFPS budget to the 2012-13 externally audited financial statements. (Note: explanations of these adjustments and reclassifications are shown on page 13).

Table 6

(\$000s)	2013-14 funding budget	NFPS adjustments	Notes	Re-class.	2013-14 NFPS budget	2012-13 NFPS actual
Revenue						
Student fees	135,075				135,075	124,963
Grant revenue	91,850	(609)	1		91,241	92,815
Other revenue	47,894	21,903	2-4	(4,189)	65,608	68,083
<b>Total revenues</b>	<b>274,819</b>	<b>21,294</b>		<b>(4,189)</b>	<b>291,924</b>	<b>285,861</b>
Personnel costs	(199,049)	(834)	8-9	380	(199,503)	(187,253)
Operating costs	(90,275)	(22,302)	2-7	3,809	(108,768)	(100,812)
<b>Total costs</b>	<b>(289,324)</b>	<b>(23,136)</b>		<b>4,189</b>	<b>(308,271)</b>	<b>(288,065)</b>
Mitigation target	7,505				7,505	
<b>Funding deficit</b>	<b>(7,000)</b>	<b>(1,842)</b>			<b>(8,842)</b>	<b>(2,204)</b>

Table 7

Notes	Reconciliation of NFPS adjustments (\$000s)
1	Capital grants (609)
2	Amortization of deferred capital contributions 5,657
3	Research, including fellowships 14,742
4	Endowments 1,504
	<b>Total revenue adjustments 21,294</b>
2	Amortization of capital assets (14,543)
3	Research, including fellowships (14,742)
4	Endowments (1,504)
5	Internal financing 1,438
6	Principal payments 1,340
7	Capital purchases 5,709
8	Employee future benefits (2,134)
9	Pension 1,300
	<b>Total costs adjustments (23,136)</b>

When reviewing the above chart, it should be noted that there can be a number of timing differences between years, specifically in terms of spending of deferred capital contributions and endowment spending.

In order to compare the 2012-13 NFPS financial statements to the 2013-14 funding budget on a more detailed basis, as is performed throughout the remainder of this report, the following chart adjusts the 2012-13 financial statement figures to a funding basis. (Note: explanations of these adjustments and reclassifications are shown on page 13).

Table 8

(\$000s)	2012-13 NFPS actual	Funding adjustments	Notes	Re-class.	2012-13 funding actual	2013-14 funding budget
Revenue						
Student fees	124,963				124,963	135,075
Grant revenue	92,815	674	1		93,489	91,850
Other revenue	68,083	(19,708)	2-4	4,189	52,564	47,894
<b>Total revenues</b>	<b>285,861</b>	<b>(19,034)</b>		<b>4,189</b>	<b>271,016</b>	<b>274,819</b>
Personnel costs	(187,253)	2,134	8	(380)	(185,499)	(199,049)
Operating costs	(100,812)	21,672	2-7	(3,809)	(82,949)	(90,275)
<b>Total costs</b>	<b>(288,065)</b>	<b>23,806</b>		<b>(4,189)</b>	<b>(268,448)</b>	<b>(289,324)</b>
Mitigation target						7,505
<b>Funding deficit</b>	<b>(2,204)</b>	<b>4,772</b>			<b>2,568</b>	<b>(7,000)</b>

Table 9

Notes	Reconciliation of funding adjustments (\$000s)
1	Capital grants 674
2	Amortization of deferred capital contributions (5,657)
3	Research, including fellowships (12,974)
4	Endowments (1,077)
	<b>Total revenue adjustments (19,034)</b>
2	Amortization of capital assets 14,543
3	Research, including fellowships 12,974
4	Endowments 1,077
5	Internal financing (1,728)
6	Principal payments (771)
7	Capital purchases (4,423)
8	Employee future benefits 2,134
	<b>Total costs adjustments 23,806</b>



## Explanation of adjustments:

1. Grants received by the University to be used for future capital purchases are included as part of deferred capital contributions in the NFPS financial statements and later amortized over the useful life of the capital item it funded. The grants adjusted here are included as part of grant revenue in the funding budget. The NFPS adjustment represents the elimination of facilities renewal funds from the 2013-14 budget. The funding adjustment represents the inclusion of the facilities renewal funds actually received in 2012-13 as well as a portion of the graduate enrolment capital expansion grant which was included in deferred capital contributions in 2012-13.
2. Amortization of deferred capital contributions and capital assets, while not cash inflows or outflows, are required for NFPS financial statements. The actual figures per the NFPS financial statements are included/eliminated as part of the NFPS adjustments and funding adjustments, respectively.
3. Research grants for restricted purposes and the offsetting research expenses, including fellowships, have not been included as part of the funding budget due to the limited line of sight regarding spending patterns on the funds to which they are related; however, they are included as part of the NFPS financial statements. An estimate has been included as part of the NFPS adjustments, based on the average of the prior three year actual figures. The actual revenue and expense per the NFPS financial statements has been eliminated as part of the funding adjustments.
4. Endowment spending (mainly in the form of scholarships) is included as an expense, with an offsetting revenue as part of the NFPS financial statements, but is not recorded as part of the funding budget. The estimate of endowment spending for 2013-14 has been included as part of the NFPS adjustments, along with the offsetting revenue. The actual endowment spending per the NFPS financial statements along with the offsetting expense, has been eliminated as part of the funding adjustments.
5. Principal payments of the internally financed projects are not included in the operating statement of the NFPS financial statements. The 2013-14 budgeted principal payments related to internally financed projects have been eliminated in the NFPS adjustments. The actual principal payments related to internally financed projects in 2012-13 have been included as part of the funding adjustments. The interest revenue and offsetting interest expense are netted on the operating costs line of the funding budget, and therefore no adjustment is required. Principal debt payments, while they represent a cash outflow, are not considered an expense for the operating statement of the NFPS financial statements as they reduce a liability. The 2013-14 budgeted principal debt payments have been eliminated in the NFPS adjustments. The actual principal debt payments in 2012-13 have been included as part of the funding adjustments.
6. While capital purchases represent a cash outflow, they are not considered an expense for the operating statement of the NFPS financial statements as they are added to the balance sheet of the NFPS financial statements and later amortized over their useful life. In 2013-14, the University expects \$5.709 million in in-year budgeted capital purchases, which have been eliminated as part of the NFPS adjustments (Note: the difference versus the \$5.1 million reported to the Board is a result of a reclassification of the capital amount related to the facilities renewal funds – see adjustment #1). The 2012-13 actual capital purchases have been included as part of the funding adjustments.
7. Employee future benefits represent health, dental and in some cases health-care spending accounts paid to faculty and staff in retirement. The \$2.134 million is the net actuarially calculated benefit that current faculty and staff have earned. At 2012-13, the cumulative total of employee future benefits earned is \$20.992 million. The University has not put aside any funds to pay for these future benefits during 2012-13.
8. The annual pension liability payment of \$5.8 million calculated by the University's actuary is recorded as an expense in the funding budget as it represents a cash outflow. However, \$1.3 million of the \$5.8 million represents the estimated "paydown" of the pension liability if the actuarial assumptions are met. The NFPS financial statements require only \$4.5 million to be expensed and the remaining \$1.3 million is shown as reduction to the pension liability in the NFPS adjustments.

## Explanation of reclassifications:

Included as part of total budgeted revenues is \$4.189 million of internal charges between departments within the University. The NFPS reclassification removes these charges, and the funding reclassification includes these charges, as they are not included as part of the NFPS financial statements. (Note: \$380,000 of the internal charges is offset in personnel costs and \$3.809 million of the internal charges is offset in operating costs.)

## Revenue assumptions

### Student fees

Student fees include both tuition and fee revenue and represent more than 49 per cent of total revenue. Student fees are budgeted to be \$135.1 million for 2013-14, which is detailed in Table 10. Student fees increased \$12.8 million over the 2012-13 budget and \$10.1 million as compared to actual 2012-13.

Table 10

(\$000s)	2012-13 budget	2012-13 actual	2013-14 budget
Tuition revenue	118,376	121,079	129,601
Fee revenue	3,933	3,884	5,474
<b>Total student fees</b>	<b>122,309</b>	<b>124,963</b>	<b>135,075</b>

Table 11

(\$000s)	2012-13 budget	2012-13 actual	2013-14 budget	2013-14 budget vs. 2012-13 budget	
				Activity	Rate
<b>Tuition revenue budgeted in Global (determined by ACID)</b>					
Domestic (Computer Science & Business)	18,455		19,878	241	1,182
Domestic (other)*	64,845	82,631	67,464	340	2,279
Visa	14,450	13,724	16,644	672	1,522
<b>Total undergraduate</b>	<b>97,750</b>	<b>96,335</b>	<b>103,986</b>	<b>1,253</b>	<b>4,983</b>
Domestic	5,137	5,077	5,532	175	220
Visa	2,322	2,323	2,794	271	201
<b>Total graduate</b>	<b>7,459</b>	<b>7,400</b>	<b>8,326</b>	<b>446</b>	<b>421</b>
Net incremental Spring/Summer tuition increase over 2012-13**			1,500	1,500	
Tuition adjustments***	(1,624)	(803)	(2,090)		(466)
<b>Total tuition revenue budgeted in Global</b>	<b>103,585</b>	<b>102,952</b>	<b>111,722</b>	<b>(1)</b>	<b>3,199</b>
<b>Tuition revenue budgeted in respective department</b>					
Professional Masters Preparation Certificate Program (Business) (PMPCP)	350	537	480	(2)	
International Masters Business Administration (IMBA)	3,160	4,254	4,019	(2)	
International Master of Accountancy (IMAcc)	1,770	2,110	1,972	(2)	
Professional Masters Preparation Certificate Program (Education) (PMPCP)	350	561	525	(3)	
International Masters of Education (MEd)	1,048	1,084	1,089	(3)	
Masters of Arts Applied Linguistics (MA LING)	175	180	182	(4)	
<b>Total international student programs (ISPs)</b>	<b>6,853</b>	<b>8,726</b>	<b>8,267</b>		
Continuing Teacher Education — Additional Qualifications (AQ)	942	829	1,091	(3)	
Centre for Adult Education and Community Outreach (CAECO)****	1,160	1,247	1,484	(3)	
Other education programs	332	319	227	(3)	
Intensive English Language Program (IELP)	3,985	4,391	4,919	(5)	
Summer English Language Program (SELP)	539	949	322	(5)	
Centre for Applied Disability Studies (CADS)*****		862	953	(6)	
Non-credit programs (Continuing Education & Youth University)	980	804	616	(5)	
<b>Total other self-funded programs</b>	<b>7,938</b>	<b>9,401</b>	<b>9,612</b>		
<b>Tuition revenue budgeted in respective department</b>	<b>14,791</b>	<b>18,127</b>	<b>17,879</b>		
<b>Total tuition revenue</b>	<b>118,376</b>	<b>121,079</b>	<b>129,601</b>		

\* All Domestic Undergraduate for Actual 2012-13, is shown as Domestic (other).

\*\* The estimate for tuition related to programs offered in spring/summer 2013 was not determined by ACID.

\*\*\* Tuition adjustments include a provision for employee tuition waivers, a provision for bad debts, etc.

\*\*\*\* Includes Aboriginal Adult Education

\*\*\*\*\* No CADs budget for revenue was prepared in 2012-13.

Departments the tuition revenue is reported in: (1) Global; (2) Goodman School of Business; (3) Faculty of Education; (4) Faculty of Humanities; (5) Student Services; (6) Faculty of Social Sciences

### Tuition revenue

Tuition revenue, defined as a fee charged for educational instruction, is budgeted to be \$11.2 million over the 2012-13 budget and \$8.5 million over actual 2012-13 due to additional enrolment and increased fees. The process for budgeting tuition revenue takes into consideration these two key assumptions (enrolment and increased fees).

Tuition revenue is determined by one of two methods: tuition revenue for the majority of the undergraduate and graduate programs (as well as Enrolment-based Grant estimates) was estimated directly from the enrolment and revenue model, which is developed and monitored by the Advisory Committee on Institutional Data (ACID); tuition revenue for all other programs, as detailed in the following chart, was estimated by the respective Faculty or department in conjunction with the budget committee.

In general, the tuition revenue for programs budgeted by ACID is included in the University Global Department, while the other programs' tuition is reported in the respective departments. Table 11 details the tuition revenue by program type, separated into where the tuition is reported. For the tuition revenue budgeted by the ACID committee, the change over the 2012-13 budget has also been separated between the increase due to activity (enrolment) and rate (increased tuition fees).

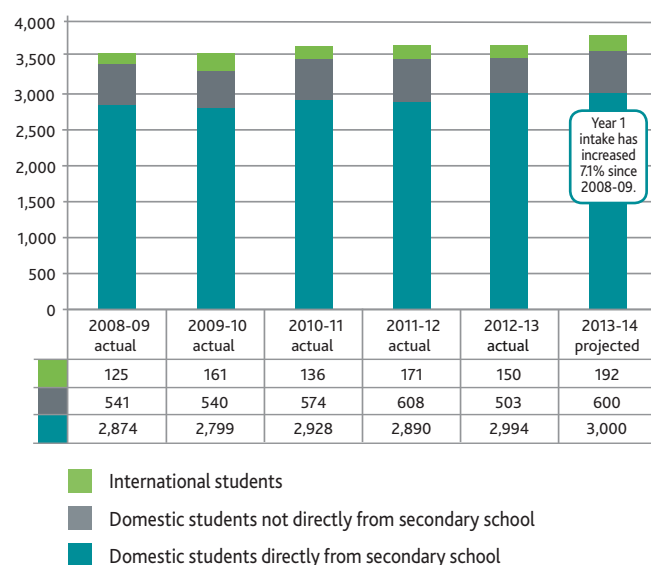
### i) Enrolment projections

As part of the enrolment/revenue model developed through ACID, there are two key assumptions in projecting enrolment: intake targets for Year 1 and retention behaviour of current students.

As part of the model, students are classified on the basis of their admission status. Based on observation, each group behaves differently in terms of their retention status: (1) domestic students directly from secondary school, (2) domestic students not directly from secondary school and (3) international students.

A. Year 1 intake: Chart 3 displays the headcount projections for undergraduate Year 1 (full time) intakes as compared to prior years.

**Chart 3: Year 1 intake headcount (undergraduate)**



B. The Year 1 intake figures are then combined with retention and progression rates, as well as movement to and from full-time and part-time status (retention behaviour), to determine a total returning undergraduate headcount. This retention behaviour is determined by reviewing historical enrolment patterns. As an example, Table 12 shows the return or retention rates of students who entered the University directly from secondary school in 2011 into the 2012-13 year.

C. ACID then translates these enrolment figures into full-time equivalents (FTE) based on average course load, which is then used to calculate tuition. The eligible (for government funding) FTEs are then converted to basic income units (BIU), which are used to calculate grant revenue. See Appendix A for definitions of measures of enrolment.

**Table 12**

2012 domestic directly from secondary school cohort	# students	% students
Entered in 2011 as Year 1	2,915	
<b>Activity in 2012-13</b>		
Returned full-time as a Year 1 student	876	30%
Returned full-time as a Year 2 student	1,627	56%
Returned as part-time Year 1 student	38	1%
Returned as part-time Year 2 student	22	1%
Not registered	352	12%
<b>Total</b>	<b>2,915</b>	<b>100%</b>

### ii) Fee and rate setting

Universities, through their individual acts of incorporation, have full authority to establish their own fee levels. However, the Ontario government, 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 for the majority of programs was brought forward to the financial planning, investment and human resources committee and to the Board of Trustees. The remainder of the tuition fees was approved by the Board of Trustees as part of the approval of the 2013-14 budget. Approved tuition fees for 2013-14 can be found on the Brock University website at [brocku.ca/finance/students](http://brocku.ca/finance/students). See Appendix B for an explanation of the tuition fee policies for both government-funded programs and non-government-funded programs.

### Tuition set-aside

Since 1996-97, the Ontario government has required a percentage of revenue derived from tuition increases to be set aside for student financial assistance. As of 2010-11, the requirement was 10 per cent of the tuition increase. Total tuition set-aside included in the 2013-14 budget is \$5.07 million, an increase of \$600,000 over the 2012-13 budget as presented in the 2012-13 budget report (\$179,000 increase since the mid-year projections), representing scholarships and bursaries (\$4.12 million) and funding for student employment (\$0.95 million). The set-aside funds are included in the Student Services' Department operating expenses.

### Fee revenue

Fee revenue is budgeted to be \$5.474 million which is \$1.5 million over the 2012-13 budget and \$1.6 million over 2012-13 actual. Student fee revenue includes both ancillary fees and certain program/course specific fees.

Ancillary fees are established by student referendum according to the ancillary fee protocol and agreed to with the Brock University Students' Union (BUSU). Some existing fees



can increase automatically only (i.e. only after the CPI has accumulated to five per cent since the last fee increase) or 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, BUSU or the GSA (Graduate Students' Association). The ancillary fees discussed here are those retained by the University.

Ancillary fees are budgeted to be \$3.8 million in 2013-14 and increased \$1.4 million over the 2012-13 budget. The majority of this increase is a result of the new Brock University Student Life Fee. This fee was established as part of the student referendum held in March 2013. It is a mandatory fee of \$20 levied to all undergraduate students to support Brock Student Health Services/Student Services, Recreation Services and Athletics. This fee is budgeted to generate \$1.66 million in 2013-14, with \$1.21 million reported as part of the Recreation Services and Athletics Departments and \$0.45 million in the Student Services Department. (Note: As a result of the new Student Life Fee, Recreation Services Department revenue for fitness memberships decreased by \$591,000 from the 2012-13 budget as the students who are charged the Student Life Fee will no longer have to purchase fitness memberships.)

Also included as part of the total ancillary fees is the athletic, intramural and recreational program fee (separate from the Student Life Fee) which represents \$1.29 million in the 2013-14 budget, consistent with the 2012-13 budget and is reported in the Recreation Services and Athletics Departments. The health services fee is \$437,000 for 2013-14, consistent with the 2012-13 budget reported in the Student Services Department. Decreases in other ancillary fee revenues offset the increases noted.

Program/course specific fees of \$1.7 million were included as part of fee revenue in the 2013-14 budget. Program-specific fees are charged by the program in which a student is enrolled, while course-specific fees are charged by the University for the reasonable cost of such things as field trips, learning materials and clothing retained by the student. Included in this figure are the co-op fees (reported in the Co-op Department), representing \$866,000 in 2013-14, and the ESL ancillary fees for international students (reported in the Student Services Department), representing \$700,000 in 2013-14.

## Grant revenue

Grant revenue includes operating grants and specific purpose grants and represents 33 per cent of total revenue, and is budgeted to be \$91.85 million for 2013-14, which is detailed in Table 13. Grant revenue increased \$0.8 million over the 2012-13 budget and \$1.6 million less than 2012-13 actual. (Note: the 2012-13 budget did not include certain specific purpose grants, see Table 16 on page 18).

### Operating grants

- Operating grants represent more than 31 per cent of the total budget revenue. They are typically general purpose and largely impacted by enrolment shifts over the previous year,

Table 13

(\$000s)	2012-13 budget	2012-13 actual	2013-14 budget
<b>Operating grants</b>			
Basic Operating Grant	73,946	73,946	72,685
Enrolment-based grants	7,543	7,589	8,142
General Access and Quality Grant	3,782	3,776	3,782
Performance Fund	817	785	817
Other grants	666	647	483
<b>Total operating grants</b>	<b>86,754</b>	<b>86,743</b>	<b>85,909</b>
<b>Specific purpose grants</b>	<b>4,276</b>	<b>6,746</b>	<b>5,941</b>
<b>Total grant revenue</b>	<b>91,030</b>	<b>93,489</b>	<b>91,850</b>

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 MTCU announces them throughout the year. The following section summarizes the most significant grant estimates based on the University's best assumptions available at the time of preparing the budget.

### Basic Operating Grant

- The core of the government funding comes from the Basic Operating Grant, combined with enrolment-based grants. This funding is distributed to universities based on enrolment levels, using basic income units (BIU).
- In general, the Basic Operating Grant represents the base grant that the University receives based on historical enrolment levels. Further growth enrolment past these base amounts are captured in the enrolment based grants, as discussed below. The base enrolment levels for the Undergraduate Accessibility Growth Fund are 2010-11 and 2007-08 for the Graduate Expansion Grant.
- As outlined in the 2012 Ontario Budget, beginning in 2013-14 funding to post-secondary institutions will reflect a range of saving measures, including a reduction to college and university operating grants using Policy Lever Savings and the International Student Recovery. In April 2013, the MTCU outlined the specifics of these reductions to the operating grants.
- The Policy Lever Savings include a reduction of \$40 million in 2013-14 and \$81 million in 2014-15 to college and university operating grants with each sector's share of the total saving target determined based on the sector's proportional share of the enrolment-based grants. The effect on Brock University is an \$826,000 permanent base reduction in 2013-14 (\$772,000 to the Basic Operating Grant, \$45,000 to the Undergraduate Accessibility Grant and \$9,000 to the Graduate Expansion Grant).
- The International Student Recovery reduces the basic operating grant by \$750 for every undergraduate and master's level international student, commencing with new

student admission in 2013-14. This reduces Brock's Basic Operating Grant by an additional \$489,000 in 2013-14.

- Overall, the Basic Operating Grant decreased \$1,261,000 compared to the actual grant received in 2012-13. The Basic Operating Grant is reported as part of the University Global Department.

#### Enrolment-based grants

- As detailed in Table 14, the 2013-14 enrolment-based grants include the Undergraduate Accessibility Fund, the Graduation Expansion Grant and the Nursing Grant. These are estimated at \$8,142,000 which is higher by \$553,000 than the 2012-13 actuals and \$599,000 higher than the 2012-13 approved budget. 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.
- All the grant revenue related to enrolment-based grants is shown as part of the University Global Department.

Table 14

(\$000s)	2012-13 budget	2012-13 actual	2013-14 budget
Undergraduate Accessibility Fund	3,366	3,461	3,567
Graduate Expansion Grant	1,450	1,440	1,854
Nursing Grant	2,727	2,688	2,721
<b>Total enrolment-based grants</b>	<b>7,543</b>	<b>7,589</b>	<b>8,142</b>

- **Undergraduate Accessibility Fund:** The Ontario government introduced the undergraduate accessibility fund in 2001-02 to ensure universities were able to cope with the expected enrolment growth. The University receives this grant if there is positive BIU growth over the base year which is currently 2010-11. The following formula is used by the MTCU to calculate the grant amount: Change in BOI [increase in BIU x BIU value] – change in formula fees [increase in FTEs x formula fee]. Since Brock's undergraduate enrolment will continue to increase in 2013-14, assuming full funding, Brock's total Undergraduate Accessibility Grant in 2013-14 will be the amount received in 2012-13 plus the amount due to additional growth. Table 15 details the calculation for the increase in the 2013-14 budgeted grant over the grant actually received in 2012-13.
- In addition, as described above, as part of the 2012 Ontario budget the Undergraduate Accessibility Fund grant has had a permanent base reduction of \$45,000 in 2013-14, resulting in a net increase of \$106,000 over 2012-13 actuals.

Table 15

2013-14 budget			
	Increase over 2012-13 actual	Average BIU value/formula fee (\$000s)	Increase x fee (\$000s)
BIUs	52.8	5.403	285
FTEs	56.7	2.362	(134)
<b>Undergraduate Accessibility Fund</b>			<b>151</b>

**Note:** See Appendix A for a definition FTE and BIU.

The Marilyn I. Walker School of Fine and Performing Arts will transform the former Canada Haircloth textile mill into an innovative teaching facility whose 500 students, faculty and staff will help revitalize downtown St. Catharines when they relocate from Brock's main campus in 2015.



- **Graduate Expansion grant:** The Ontario government provides funding to Universities for master's and PhD FTEs up to a maximum number of FTEs. In June 2012, the MTCU announced the 2012-13 graduate enrolment allocation, with Brock's allotment at 589.4 master's students and 85.7 PhD students. In 2012-13, Brock exceeded the master's allotment by 24.0 FTEs and the PhD allotment by 13.1 FTEs, resulting in an unfunded amount of \$600,000. In May 2013, the MTCU announced that in 2013-14, Brock is eligible for one-time funding to cover the over-the-target graduate enrolment growth. Up to 20 additional graduate spaces are eligible for this one-time funding. As a result, the Graduate Expansion Grant is estimated to increase by \$423,000 compared to the grant actually received in 2012-13. In addition, as described above, as part of the 2012 Ontario budget the Graduate Expansion Grant has had a permanent base reduction of \$9,000 in 2013-14, resulting in a net increase to the budget of \$414,000.
- **Nursing Collaborative and Completion Grant:** The Nursing Grant is funded separately through the college system envelope. Brock received its grant through Loyalist College and was paid on a slip-year basis (based on enrolment in the prior year). The grant revenue is calculated by multiplying the most recent year's (2010-11) funding rate by 2013-14 projected FTEs. Using this method, the grant is expected to increase \$33,000 over the amount received in 2012-13.

### General Access and Quality Grant

- The MTCU provides funds to universities to increase access to high-quality post-secondary education across the province. There is a requirement for each university to sign multi-year accountability agreements (MYAA) 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. For Brock University's 2011-12 MYAA, visit [brocku.ca/vp-academic/public-accountability](http://brocku.ca/vp-academic/public-accountability)
- In preparing the 2013-14 grant estimates, it was estimated that the General Access and Quality Grant will continue at the same level as budgeted in 2012-13 and is estimated at \$3,782,000 and is reported as part of the University Global Department.

### Performance Fund

- Since 2000-01, the MTCU 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 BIU and to what extent they are above or under their benchmark. For Brock University's Performance Funding indicators, visit [brocku.ca/finance/faculty-and-staff/institutional-analysis/pfi](http://brocku.ca/finance/faculty-and-staff/institutional-analysis/pfi)

- Given the relatively stable level of funding, the 2013-14 funding is budgeted at \$817,000 based on the same level as was estimated in 2012-13 and is reported as part of the University Global Department.

### Other operating grants

- Other operating grants include the Access Fund for Students with Disabilities (\$423,000), which provides funding for support services for students with disabilities. As well as the Interpreter Fund (\$45,000) which provides a portion of the funds the University uses to support students with hearing impairments. Both of these grants are reported in the Student Services Department. The Provincial Research Overheads Infrastructure Envelope (\$189,000), is also included in other operating grants, and is reported as part of the University Global Department.
- Also included in other operating grants is a contingency of \$174,000 (offsetting grant revenue). This contingency was established to help mitigate the risk that the grants may not be fully funded to the budgeted levels.

### Grant revenue – specific purpose grants

- The University receives a number of grants funded by the provincial or federal governments for specific expenditures of the same amount which are detailed in Table 16. Budget amounts, in both revenues and offsetting expenses, have been adjusted to reflect expected funding levels.

Table 16

(\$000s)	2012-13 budget	2012-13 actual	2013-14 budget
Facilities Renewal Funds	609	609	609
Federal indirect cost program	672	1,960	1,856
Grant in Lieu of Municipal Taxation	1,100	1,160	1,036
Aiming for the Top	800	337	200
Graduate Enrolment Capital Expansion Grant*		825	750
First Generation Project Grant*		440	440
Other grants	1,095	1,415	1,050
<b>Total specific purpose grants</b>	<b>4,276</b>	<b>6,746</b>	<b>5,941</b>

\* These grants were not included as part of the budget in 2012-13.

### Facilities Renewal Funds

- The provincial Facilities Renewal Funds are meant for deferred maintenance of academic space. The total grant for both colleges and universities is \$26 million (reduced from \$40 million in the 2010 provincial budget). This grant is funded in direct proportion to the university's enrolment share of the provincial student enrolment. It was confirmed that the funding level would remain unchanged at \$609,000.
- The grant revenue related to the Facilities Renewal Funds is held in the University Global Department.



### Federal Indirect Costs Program

- The Federal Indirect Costs Program is a Government of Canada funding program to assist Canadian post-secondary institutions in offsetting the cost of administering research awards from the three federal granting councils (Natural Sciences and Engineering Research Council, Social Sciences and Humanities Research Council and the Canadian Institute of Health Research). Brock receives funding to support the indirect costs incurred on Tri-Council-funded research through the program. These costs can include maintenance of libraries, laboratories, salaries for staff or students who provide research administration support, training costs for workplace health and safety, or the administrative costs associated with getting a patent for an invention.
- 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 \$1,856,000 for 2013-14, which is approximately \$100,000 less than was received in 2012-13. A portion of the grant revenue related to the Federal Indirect Costs Program is reported as part of the Office of Research Services (\$940,000), with the remaining budgeted grant being allocated to the following areas: the Library (\$290,000), Facilities Management (\$266,000), the Faculties (\$285,000), and the Human Resources Department (\$75,000).
- Note: the funding budget does not include research grants for restricted purposes or the offsetting research expenses, they are, however, included in the NFPS financial statements. An adjustment was made to the funding budget as part of the reconciliation to NFPS financial statements on page 12 of this report.

### Grant in Lieu of Municipal Taxation

- The MTCU provides subsidies to universities to pay their municipal taxes. As part of the 2012 Ontario budget, subsidies for non-PhD international students of \$75/student was eliminated, resulting in a reduction of the grant by \$124,000 over the amount actually received in 2012-13.
- The grant revenue related to the Grant in Lieu of Municipal Taxation is shown as part of the University Global Department.

### Queen Elizabeth II Aiming for the Top Scholarship

- The MTCU provides funding for this scholarship to Ontario students who have shown academic excellence at the high school level and are attending a post-secondary school in Ontario. It was announced as part of the 2012 Ontario budget that this program is being phased out over three years starting in 2012-13, thereby reducing the budget in 2013-14 to \$200,000. (Note: the offsetting scholarship expense also decreased to \$200,000).
- The grant revenue related to this scholarship is shown as part of the Student Services Department.

### Graduate Enrolment Capital Expansion Grant

- The MTCU provides capital funding to support the expansion of graduate education. The value of the grant is determined based on the graduate enrolment growth (two-year slip) up to a maximum of 237 Master's and 55 PhD FTEs.

In 2013-14, the grant is expected to be \$750,000. The reduction versus 2012-13 of \$75,000 is the result of converting 49 unused master's into 19 PhDs in the prior year, so that the University could receive the grant for over-the-target PhDs.

- The University has assigned this grant to specifically fund a portion of the debt payments for the CFHBRC as the building supports graduate education. (Note: In 2012-13, this grant was not included as part of the funding budget nor was the offsetting debt payment for CFHBRC).
- The grant revenue related to the Graduate Enrolment Capital Expansion Grant is shown as part of the University Global Department.

### First Generation Project Grant

- The MTCU provides funding for the First Generation Project (FGP) through the First Generation Project Grant. The purpose of the FGP is to provide service and support to enrolled first generation students (parents/guardians who have not attended a post-secondary institution) through orientation, peer support, mentoring, academic workshops and other unique academic services tailored for first generation students. It was confirmed that the funding level would remain unchanged at \$440,000.
- The grant revenue related to the FGP Grant is shown as part of the Student Services Department.

### Other specific purpose grants

- Included in other specific purpose grants are a number of annual special grants, the largest of which is the Aboriginal Student Success Funding from the MTCU, which supports Aboriginal students through funding for student support initiatives, academic enrichment and partnership initiatives. The 2013-14 budget for this funding is \$323,000 of which \$113,000 is reported in the Faculty of Education and \$210,000 in Student Services.
- Also included in other specific purpose grants are the following: Holistic Niagara Wellness Project, Womens' Campus Safety, provincial student bursaries, Canadian Heritage Funding, Canada Council and Ontario Arts Council and other smaller special grants.
- The revenue related to these grants are shown as part of a number of departments, including Student Services, Faculty of Humanities, Center for the Arts and Human Resources.

### Other revenue

Other revenue includes revenue from ancillary operations, residence fees, internal chargebacks, investment income and sales and services and represents 17 per cent of total revenue. As detailed in Table 17, other revenue is budgeted to be \$47.89 million and increased \$0.6 million over the 2012-13 budget and decreased \$4.7 million from the 2012-13 actual. Revenue from residence fees and ancillary operations will be discussed in the snapshot section of this report on pages 35 and 38, respectively.

Table 17

(\$000s)	2012-13 budget	2012-13 actual	2013-14 budget
Ancillary revenue	17,751	17,089	17,258
Residence fees	14,579	14,730	15,101
Internal chargebacks	4,686	4,189	4,189
Investment income	800	1,549	1,020
Sales and services	9,475	15,007	10,326
<b>Total other revenue</b>	<b>47,291</b>	<b>52,564</b>	<b>47,894</b>

### Internal chargebacks

Internal chargebacks represent revenue received by units within the University for services those units have performed for other units within the University. The offsetting expenses are within either operating costs or personnel costs of those units that received the service. As part of the reconciliation to NFPS financial statements a reclassification of these revenues was performed on page 12 of this report. Included in the 2013-14 budgeted internal chargebacks are charges for Printing and Digital Services (\$1,846,000), Central Receiving and Mail Services (\$280,000), Information Technology Services (\$1,171,000), Facilities charges for water and snow plowing (\$481,000), Human Resources charges for Temporary Employment Services (\$380,000), Faculty of Mathematics and Science charges for Machine and Electronic Shop (\$19,000) and Advancement charges for Marketing and Communications Services (\$12,000).

### Investment income

Investment income represents the interest that the University receives on short-term investments. These funds are invested in accordance with the University's investment policies.

### Sales and services

Income generated from sales and services represents a wide variety of sources, including the following: miscellaneous fees for services as a result of a request or action by a student, including withdrawal fees, applications to graduate to cover gown rentals and letters of permission, fees charged by the Finance Department on student accounts, including deferral fees and interest, Centre for the Arts season tickets, Ontario University Application Centre revenue, rental income (e.g. Heritage Place Plaza), health service charges and aquatic centre revenue, including instructional fees.

The decrease in sales and services of \$4.7 million versus 2012-13 actual is the result of the following: \$1.4 million related to one-time revenue received in 2012-13 related to tax claims and accounts receivable adjustments, \$0.6 million related to the decrease in fitness membership revenue, \$0.5 million related to fundraising for athletic teams which is not currently included in the University budget, \$0.3 million revenue related to firefighter screening services which are no longer offered at Brock University, as well as a number of smaller revenue sources which were not included in the 2013-14 budget. As previously discussed, although every attempt was made to fully capture revenues and expenses in the 2013-14 budget, this task is ongoing and will continue to be worked on throughout the year, with continued reporting to the Board and the Senate.

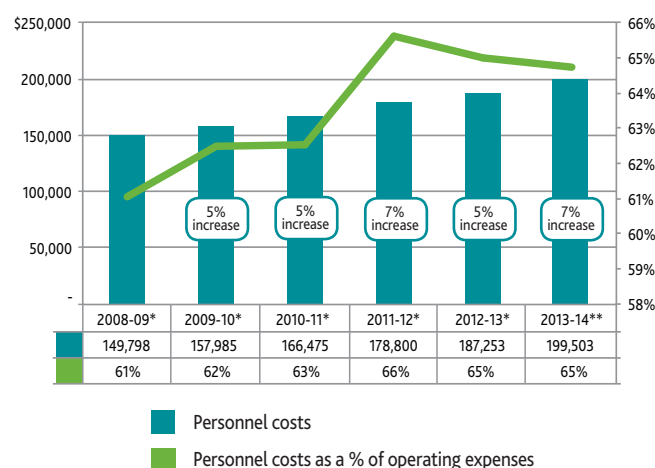
## Expense assumptions

Budget developers prepared expenditure budgets as defined by their functional area of responsibility. The responsibility centres are generally defined by the organization structure. Starting on page 25 of this report, each of the responsibility centres is defined and the corresponding revenue, operating costs and personnel costs are reported.

### Personnel costs

Personnel costs include both salaries and benefits and represent 69 per cent of the total budgeted costs. They have increased \$13.4 million over the 2012-13 budget and \$13.6 million over 2012-13 actual. If expenses for amortization and direct research activities are removed from the calculation, salaries and benefits represent 72 per cent of the total expenses per the NFPS financial statements for 2012-13. Chart 4 shows how the personnel costs have risen continually over the past several years (Note: the 2013-14 budget in the graph has been adjusted to make the figures comparable to the NFPS financial statements.) Since 2008-09 personnel costs have risen 33 per cent, while revenue has only increased 28 per cent over the same period.

Chart 4: Personnel costs (\$000s)



\* Represents figures prepared in accordance with Canadian generally accepted accounting policies for not-for-profit organizations (2008-09 to 2010-11) and in accordance with Canadian accounting standards for not-for-profit organizations (2011-12 and 2012-13), and have been audited by KPMG LLP (Independent Auditors).

\*\* Represents budget figures which have been adjusted to make the figures comparable to NFPS financial statements. See page 12 for a reconciliation to the approved budget.

Personnel costs have increased over the past several years, mainly from salary rate increases. Positions have been added primarily to coincide with increased activity and offsetting revenue growth. Salary increases, which were known for 2013-14 at the time of preparing this report, have been allocated to departmental lines and the others are included as part of the Global University Department.

Personnel costs have increased from \$185.7 million in the 2012-13 budget to \$199.0 million in the 2013-14 budget, an increase of \$13.3 million (approximately 2/3 academic and 1/3 non-academic). This increase is the result of the following: \$4.8 million due to salary rate increases, \$3.4 million due to the equivalent of approximately 43 new permanent or multi-year contract positions (20 academic and 23 non-academic), \$2.6 million

of personnel costs increases which have no net budget impact (i.e. directly funded through increased grant or other revenue or transfer of funding dollars) and \$2.5 million related to other increases including, part-time hours, new short-term contracts, retirement health-care spending, long-term disability pension costs and personnel costs related to positions which existed in 2012-13 but were not included in the 2012-13 budget. (Note: The funding budget does not include part-time salaries directly related to research grants. They are, however, included in the NFPS financial statements on the Research, including fellowships expense line on the statements. An adjustment was made to the funding budget as part of the reconciliation to NFPS financial statements on page 12 of this report.)

Benefits costs include 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 employees' base salary. Included in personnel costs is funding of the Brock University Pension Plan obligation. The 2013-14 payment is budgeted to be \$5.8 million, which has been allocated to each of units' respective budgets. This amount consists of two types of payments. The first is the University's current service cost for the minimum guarantee supplemental benefits of the pension plan of \$2.35 million. The second portion goes towards funding the \$35 million going-concern shortfall, of which \$3.45 million is budgeted for 2013-14.

## Operating costs

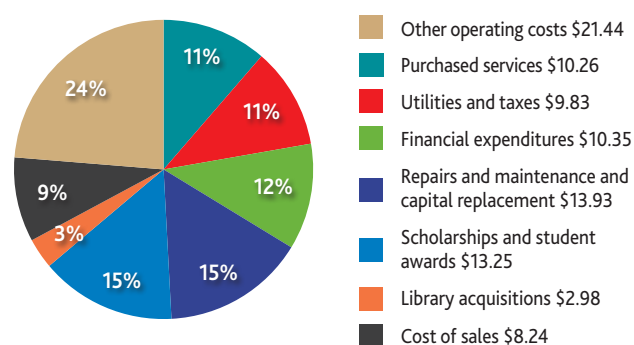
Non-personnel operating costs (operating costs) represent 31 per cent of the total budgeted expenditures of the University. Operating costs increased \$11.9 million over the 2012-13 budget and \$7.3 million over 2012-13 actual.

For the purpose of the 2013-14 budget, operating costs have been segregated into eight categories. Due to the nature of the accounting structure, these categories best represent the information at the time of writing this report. A full review of the account structure is currently being performed to enable more precise reporting and segregation of all types of revenue and expenses. See Chart 5 for a breakdown by category.

### Purchased services

Purchased services represent externally purchased services, including information technology services, security services, physician services, printing services, consulting and legal fees and commissions. Also included in purchased services are certain inter-departmental charges such as information technology services.

Chart 5: 2013-14 budget operating costs (\$Ms)



## Utilities and taxes

Utilities and taxes include the cost of heating, hydro and water as well as property taxes. The majority of these expenses are reported in Facilities Management and the Department of Residences.

## Financial expenditures

Financial expenditures include both internal and external financing costs. Net internal financing costs are \$1.438 million which represent the principal payments of the internally financed projects. External financing costs of \$8.917 million represents both interest and principal payments of the University's debt. The largest component of external financing costs is the annual interest payment of the University's \$93 million senior unsecured debenture of \$4.6 million, which is reported in the following responsibility centres: \$2.5 million in the Department of Residences, \$0.5 million in Parking Services and \$1.6 million in University Global Department. Also included in financial expenditures is \$1.9 million in interest and principal annual payments for residence buildings which is reported in the Department of Residences and \$1.9 million payment related to the CFHBRC debt, the majority of which is reported in University Global Department. Debt and interest payment of \$0.3 million for the 198 St. Paul St. building (reported in University Global Department) and \$0.1 million for St. David's Road (reported in University Services), make up the remaining external financing costs.

## Repairs and maintenance and capital replacement

Repairs and maintenance and capital replacement costs include all costs related to performing routine activities related to the maintenance of devices, building and grounds, repairs either major or minor of devices, buildings and grounds, as well as any minor or major capital purchases. Note: capital purchases which have been internally or externally financed would not be included in this category. The related interest and principal payments are included as part of the financial expenditures category. Included in this category is the funding related to the facilities renewal program of \$0.6 million, as well as the additional \$2.75 million, which was added to the 2013-14 budget to start to reduce the University's backlog in deferred maintenance.

## Scholarships and student awards

Funding from the 2013-14 budget in support of undergraduate students includes entrance scholarship funding and financial-need bursaries. The funding requirements are determined from tuition set-aside and the Student Access Guarantee (SAG) requirements. Scholarships and student awards related to tuition set-aside of \$4.12 million has been described in the tuition revenue section of this report.

The SAG is an initiative created by the MTCU to help support post-secondary students in Ontario and states that no qualified Ontario student should be prevented from attending post-secondary education because of a lack of financial support programs. The MTCU requires all colleges and universities that receive public funding to provide enough financial aid to cover a student's assessed needs for expenses directly relates to his or her program that are not fully met by OSAP. The University-funded



awards, budgeted in 2013-14, to support the SAG is \$2.5 million, which is reported in the Student Services Department.

Also included are scholarships and student awards of \$401,000 which are funded by government grants (reported in Student Services Department) and \$227,000 of awards funded by other responsibility centres.

Graduate fellowships of \$6.0 million are also included as part of the reported scholarship and student awards.

### Library acquisitions

The 2013-14 budget library acquisitions represents the funding for purchasing of resources, including electronic, print and other materials for the library.

### Cost of sales

Cost of sales represents the cost of purchasing the items for resale by the Ancillary Operations.

### Other operating costs

Other operating costs represent all other costs not included in the above seven categories, including administrative expenses, insurance, teaching supplies, marketing and branding expenses, varsity and team costs, artists fees and other costs.

## Funding budget by function

Table 18 details the funding budget by function where all personnel costs, operating costs and revenue have been grouped by their responsibility centre, which have in turn been grouped as either academic or non-academic. (Note: Each responsibility centre is described in the "snapshot" section of this report, starting on page 25.)

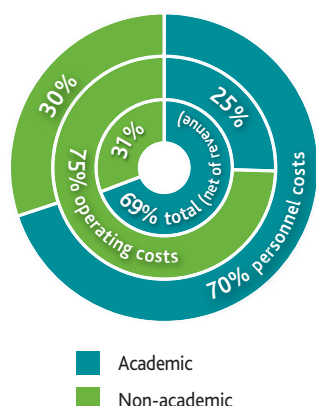
Table 18

(\$000s) Responsibility centres	Personnel costs	Operating costs	Total	Revenue	Total (net of revenue)
<b>Academic responsibility centres</b>					
Faculty of Applied Health Science	16,336	449	16,785	73	(16,712)
Goodman School of Business	22,006	3,147	25,153	7,625	(17,528)
Faculty of Education	18,274	2,478	20,752	4,854	(15,898)
Faculty of Humanities	22,563	1,261	23,824	483	(23,341)
Faculty of Mathematics and Science	19,113	838	19,951	195	(19,756)
Faculty of Social Sciences	30,588	1,511	32,099	1,097	(31,002)
Faculty of Graduate Studies	1,067	6,450	7,517	169	(7,348)
Library	5,236	3,493	8,729	451	(8,278)
Research Services	2,225	1,507	3,732	1,066	(2,666)
Centre for Pedagogical Innovation	1,075	494	1,569	3	(1,566)
<b>Total academic</b>	<b>138,483</b>	<b>21,628</b>	<b>160,111</b>	<b>16,016</b>	<b>(144,095)</b>
<b>Non-academic responsibility centres</b>					
Advancement	2,870	1,446	4,316	170	(4,146)
Board of Trustees	-	27	27	-	(27)
Leadership	3,688	565	4,253	-	(4,253)
Facilities Management	11,178	11,608	22,786	1,884	(20,902)
Finance and Administration	14,201	5,839	20,040	2,963	(17,077)
University Services	1,535	2,542	4,077	3,197	(880)
Centre for the Arts	1,053	899	1,952	1,234	(718)
Co-op Programs Office	1,173	96	1,269	890	(379)
Department of Residences	2,579	12,522	15,101	15,101	-
Student Services	14,985	13,721	28,706	12,078	(16,628)
Recreation Services and Athletics	3,480	2,004	5,484	4,046	(1,438)
Ancillary Operations	2,813	12,034	14,847	17,258	2,411
<b>Total non-academic</b>	<b>59,555</b>	<b>63,303</b>	<b>122,858</b>	<b>58,821</b>	<b>(64,037)</b>
<b>Total academic and non academic</b>					
	<b>198,038</b>	<b>84,931</b>	<b>282,969</b>	<b>74,837</b>	<b>(208,132)</b>
<b>Reconciliation to funding budget</b>					
Global	1,011	5,344	6,355	199,982	193,627
<b>Total before mitigation target</b>	<b>199,049</b>	<b>90,275</b>	<b>289,324</b>	<b>274,819</b>	<b>(14,505)</b>
<b>Mitigation target</b>					<b>7,505</b>
<b>Overall total</b>	<b>199,049</b>	<b>90,275</b>	<b>289,324</b>	<b>274,819</b>	<b>(7,000)</b>

Overall, the net operating costs related to all the responsibility centres of \$208.1 million, of which 69 per cent is shown here as academic and 31 per cent as non-academic, are being covered by the University Global Department, (which is mainly operating grants and student fees) as well as the funding deficit.

As shown in Chart 6, academic personnel costs represent 70 per cent of the total personnel costs before the University Global Department, with non-academic responsibility centres representing 30 per cent of the personnel costs. However, this split is quite different when looking at operating costs, where academic responsibility centres represent only 25 per cent and non-academic represent 75 per cent of operating costs, before the University Global Department. This heavy weighting of operating costs on non-academic responsibility centres is a result of the fact that a large portion of the overall University operating expenses are reported in non-academic responsibility centres, including utilities and taxes, the majority of the repairs and maintenance costs and capital replacement costs, and scholarships and student awards (other than those included in the Faculty of Graduate Studies), and the majority of debt payments.

**Chart 6: Operating and personnel costs by cost centre**



Throughout 2013-14, there will be a review performed on internal charges within departments, contributions to the University as well as allocations. Given the current nature of these charges, it is important to make some additional observations from Table 18 as follows:

The Faculty of Graduate Studies shows a net deficit of more than \$7.3 million, with operating costs of \$6.5 million, of which approximately \$6 million is scholarships and student awards (graduate fellowships).

The Department of Residences shows total costs of \$15.1 million with a balanced budget after revenue. It should be noted that this balanced budget is after this department has made debt payments (interest and principle) of \$4.4 million and a \$1.1 million contribution to the University Global Department, in addition to rent payments and utility and maintenance costs of the residences.

Ancillary Operations adds \$14.8 million of total costs to the non-academic budget; however after netting the revenue generated by the operations, the benefit to the University's deficit is a \$2.4 million net surplus, which is after a \$700,000 contribution to the University Global Department.

Although the Student Services Department contributes a \$16.6 million net deficit to the University, it should be noted that almost \$7 million of the operating costs are scholarships and student awards related to undergraduate students.

As noted in the introduction to this report, we look to you, the readers, for suggestions on how revenues and expenses should be grouped going forward. It would be greatly appreciated and can be emailed to [budgetreport@brocku.ca](mailto:budgetreport@brocku.ca)

## Mitigation target

As part of the 2013-14 funding budget, a deficit mitigation target of \$7.505 million was identified to reduce the deficit to \$7 million. It was directed by the Board of Trustees to University staff to identify and implement deficit mitigation measures to meet this target. An open letter to the Brock community from the President, dated Aug. 9, 2013, sets out a number of these measures, which will be introduced. In this letter, the President noted that "these measures have been discussed with several governance bodies at the University, including Senate; the senate planning, priorities and budget advisory committee; the Board of Trustees executive committee and the Board's financial planning, investment and human resources committee." Further, he noted that "this deficit mitigation effort is NOT part of the Program Review currently being undertaken by a Presidential Task Force. The Program Review is a longer-term initiative, whose results could take several years to implement. Rather, the deficit mitigation measures discussed in this letter are intended to take effect in the current budget year and produce permanent, recurring savings." The following are the measures identified in the letter:

- A six-month hiring delay for all non-teaching positions that became vacant on or after Aug. 1, 2013.
- Encouraging expanded use of the voluntary vacation buyback program.
- A review of University positions for redundancy.
- Reduced non-essential travel paid from the operating budget.
- Reduced food and drink service at all meetings paid from the operating budget.
- Suspension of non-essential equipment purchases paid from the operating budget.
- Constraint with respect to usage of professional development reimbursement and research accounts where possible.

These measures will be tracked and reported on throughout the year. Visit [brocku.ca/deficit-mitigation](http://brocku.ca/deficit-mitigation)





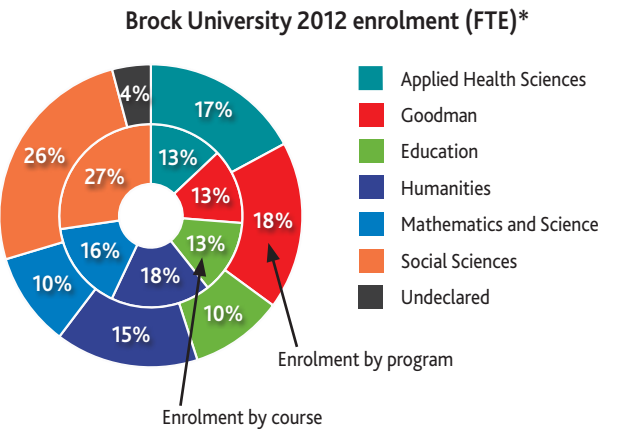


# Responsibility centre snapshots

The following “snapshots” present the revenue and total costs of each of the responsibility centers of the University. The revenue as shown in the Faculties does not include an allocation of the global tuition, as shown on page 14 or operating grant revenue. The revenue shown by the responsibility centre only represents the tuition and fee revenue and grant revenue specifically reported in the respective centres, as shown on pages 14 and 16, as well as any other revenue generated within each centre. Since most of the revenue the University relies on to drive the Integrated Strategic Plan comes from the activities of the Faculties, the University is currently in the process of determining a method to allocate the global tuition and grants to the Faculties. Most universities which do allocate revenue to Faculties use one or a contribution of two methods. The first method is by full-time equivalent (FTE) course enrolment and the second FTE enrolled in the respective program. As shown in the following chart, each method would provide different results depending on the proportion of students allocated to each Faculty.

The total costs as shown in the responsibility centres include salaries, benefits and direct non-personnel costs. An allocation of support service costs has not been performed as part of the 2013-14 budget. For example, undergraduate scholarships are reported in the Student Services Department (page 35) and the hydro expenses are shown in the Facilities Management Department (page 31). The University is currently in the process of determining a method of allocating support service costs using cost drivers.

As discussed previously, it should also be noted that direct research revenue (i.e. revenue from grants, patents, etc.) is not included in the budget. Therefore, although a significant amount of the faculty's time is spent on research, any offsetting revenue directly related to research is not shown in the respective Faculties.



\*Note: the above chart was prepared with information that was available at the time of completing this report. Further vetting of the information is required prior to determining a method of allocation. Users of this information should consult Institutional Analysis prior to using this data.

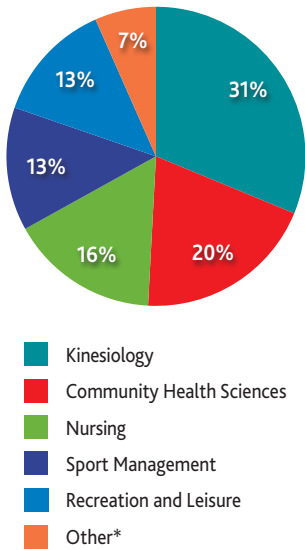
## Faculty of Applied Health Sciences

The Faculty of Applied Health Sciences is dedicated to the goal of understanding health, broadly defined, in order to gain, maintain and restore it. The Faculty does research to discover new and important knowledge and offers the evidence on which to base health policy and practice. The Faculty teaches to communicate what it discovers. The Faculty reaches out to many different communities in Niagara and around the world to make a healthy difference in people’s lives. For information on the Faculty of Applied Health Sciences, visit [brocku.ca/applied-health-sciences](http://brocku.ca/applied-health-sciences) and the Faculty Strategic Plan (2008) at [brocku.ca/webfm\\_send/1030](http://brocku.ca/webfm_send/1030)

2013-14 budget (\$000s)	
Revenue	73
Personnel costs	(16,336)
Operating costs	(449)
Total costs	(16,785)
	(16,712)

**Note:** Personnel costs include \$439,000 (of the \$5.8 million) related to the pension plan contribution.

Total costs by cost centre



\*Note: The Other category for each of the Faculty snapshots includes the Dean’s office as well as any other departments not already included in the chart.

## Goodman School of Business

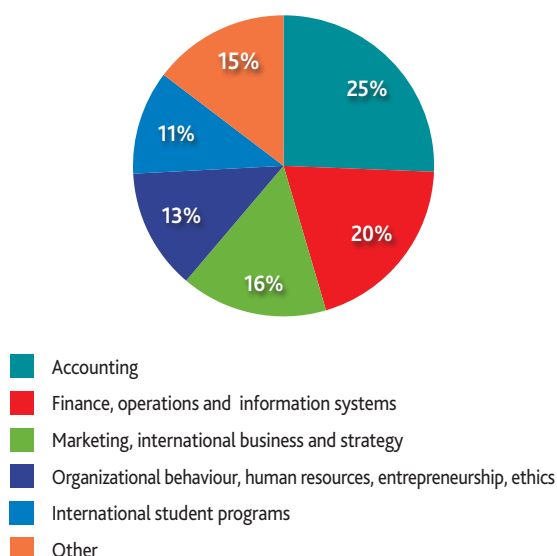
The Goodman School of Business is one of the country's newest and fastest-growing business schools with one of the most international outlooks in Canada. The excellence of the School has been recognized internationally through accreditation by the Association to Advance Collegiate Schools of Business (AACSB) International. For information on the Goodman School of Business, visit the Faculty website at [brocku.ca/business](http://brocku.ca/business) and the Faculty Strategic Plan (2008) at [brocku.ca/webfm\\_send/1029](http://brocku.ca/webfm_send/1029)

**Note:** Revenue includes \$6,529,000 of student fees. Personnel costs include \$763,000 (of the \$5.8 million) related to the pension plan contribution. Operating costs include \$561,000 of purchased services, \$170,000 of capital replacement and repairs and maintenance costs, \$290,000 of research support and \$638,000 of contributions to the University Global Department related to ISP programs.

### 2013-14 budget (\$000s)

Revenue	7,625
Personnel Costs	(22,006)
Operating Costs	(3,147)
Total costs	(25,153)
	(17,528)

Total costs by cost centre



## Faculty of Education

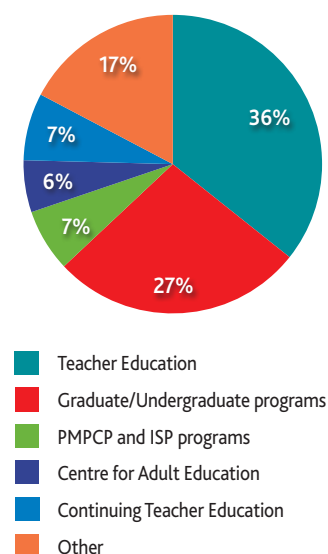
The Faculty of Education focuses on learning as a force of positive change. Grounded in theory and oriented toward practice, the Faculty is a community of learners having an impact on the field of education, the Faculty's disciplines, the lives of students and the communities the University serves. For information on the Faculty of Education, visit [brocku.ca/education](http://brocku.ca/education) and the Faculty Strategic Plan (2013) at [brocku.ca/webfm\\_send/26519](http://brocku.ca/webfm_send/26519)

### 2013-14 budget (\$000s)

Revenue	4,854
Personnel costs	(18,274)
Operating costs	(2,478)
Total costs	(20,752)
	(15,898)

**Note:** Revenue includes \$4,456,000 of student fees and \$201,000 of grant revenue. Personnel costs include \$382,000 (of the \$5.8 million) related to the pension plan contribution. Operating costs include \$346,000 of purchased services, \$150,000 of capital replacement and repairs and maintenance costs and \$401,000 of contributions to the University Global Department related to ISP, Pre-Masters Preparatory Certificate Program (PMPCP) and Continuing Teacher Education – Additional Qualifications (AQ) programs.

Total costs by cost centre



## Faculty of Humanities

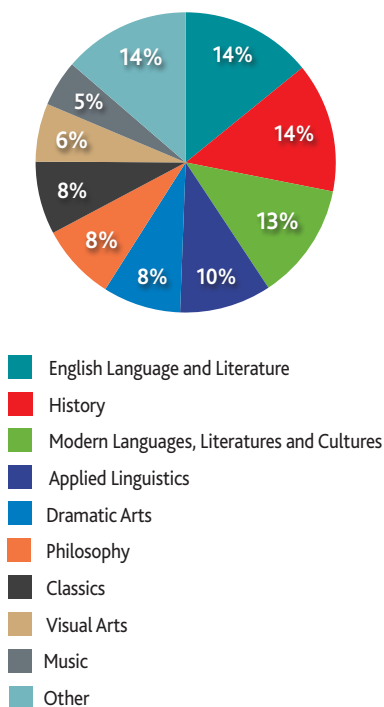
Studying in the Faculty of Humanities allows one to explore the cultural, intellectual and artistic ideas of the world from ancient times to the present. It allows one to think critically about significant works of human heritage, develop excellent problem-solving and communication skills, and acts as a springboard to graduate or professional school and a career in law, education, business, government, the culture industry and any other sector where imagination, reason and passion are required. For information on the Faculty of Humanities, visit [brocku.ca/humanities](http://brocku.ca/humanities) and the Faculty Strategic Plan (2013) at [brocku.ca/webfm\\_send/26310](http://brocku.ca/webfm_send/26310)

**Note:** Revenue includes \$218,000 of student fees and \$152,000 of grant revenue. Personnel costs include \$843,000 (of the \$5.8 million) related to the pension plan contribution. Operating costs include \$128,000 of repairs and maintenance and capital replacement costs.

### 2013-14 budget (\$000s)

Revenue	483
Personnel costs	(22,563)
Operating costs	(1,261)
Total costs	(23,824)
	(23,341)

Total costs by cost centre



## Faculty of Mathematics and Science

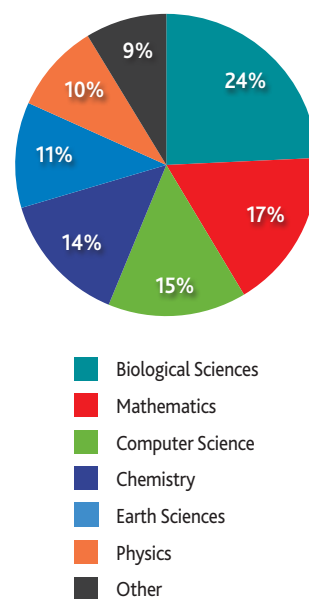
The Faculty of Mathematics and Sciences develops and delivers programs (many with a co-op option) and courses, which provide knowledge and hands-on experiences that serve as a strong foundation for its students. It also promotes science awareness and provides outreach activities. For information on the Faculty of Mathematics and Science, visit [brocku.ca/mathematics-science](http://brocku.ca/mathematics-science) and the Faculty Strategic Plan (2008) at [brocku.ca/webfm\\_send/1036](http://brocku.ca/webfm_send/1036)

### 2013-14 budget (\$000s)

Revenue	195
Personnel costs	(19,113)
Operating costs	(838)
Total costs	(19,951)
	(19,756)

**Note:** Revenue includes \$105,000 of grant revenue from the Federal Indirect Costs Program. Personnel costs include \$732,000 (of the \$5.8 million) related to the pension plan contribution. Operating costs include \$133,000 of repairs and maintenance and capital replacement costs and \$108,000 of scholarships and student awards.

Total costs by cost centre





## Faculty of Social Sciences

The Social Sciences are innovative and exciting fields of study that explore a wide variety of social phenomena.

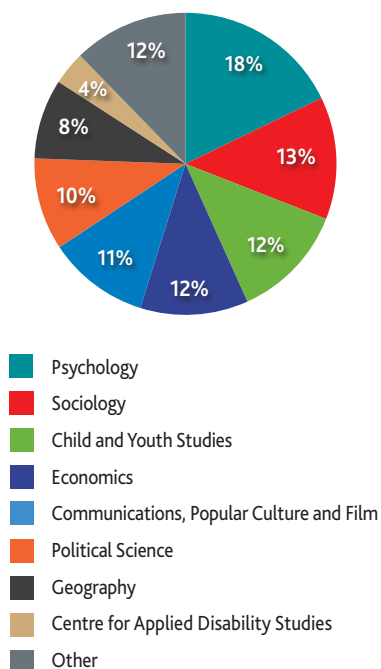
The Faculty of Social Sciences includes traditional social science disciplines such as economics, geography, political science, psychology and sociology, as well as interdisciplinary fields like child and youth studies, film studies, labour studies, popular culture, social justice and equity, tourism and the environment, and women's and gender studies. For information on the Faculty of Social Sciences, visit [brocku.ca/social-sciences](http://brocku.ca/social-sciences) and the Faculty Strategic Plan (2012) at [brocku.ca/webfm\\_send/26312](http://brocku.ca/webfm_send/26312)

### 2013-14 budget (\$000s)

Revenue	1,097
Personnel costs	(30,588)
Operating costs	(1,511)
Total costs	(32,099)
	(31,002)

**Note:** Revenue includes \$953,000 of student fees. Personnel costs include \$1,213,000 (of the \$5.8 million) related to the pension plan contribution. Operating costs include \$122,000 of capital replacement and repairs and maintenance costs and \$112,000 of purchased services.

Total costs by cost centre



## Faculty of Graduate Studies

The University's graduate programs engage students in cutting-edge work that makes a real difference to the quality of human life in the world. More than that, the

programs are about personal possibilities. Graduate students need to move forward, to choose their own path and to contribute to the larger world in unique ways. For information on the Faculty of Graduate Studies, visit [brocku.ca/graduate-studies](http://brocku.ca/graduate-studies) and the Faculty Strategic Plan (2008) at [brocku.ca/webfm\\_send/1033](http://brocku.ca/webfm_send/1033)

### 2013-14 budget (\$000s)

Revenue	169
Personnel costs	(1,067)
Operating costs	(6,450)
Total costs	(7,517)
	(7,348)

**Note:** Operating costs include \$6,047,000 of scholarships and student awards.

### Brian Teichgraf

Honours Bachelor of Accounting

National Honour Roll, Uniform Evaluation (UFE) exam for chartered accountants

Goals: Become a successful business executive. Golf the top 25 courses in Canada.



# Library

The University Library system includes the James A. Gibson Library, housed on eight floors of the Schmon Tower, and the Map, Data and GIS Library, located in Mackenzie Chown. The Library offers rich digital and print collections, individual and collaborative learning spaces and expert instruction and research assistance to students and faculty. For information on the Library, visit [brocku.ca/library](http://brocku.ca/library)

**Note:** Revenue includes \$290,000 of grant revenue related to the Federal Indirect Costs Program. Personnel costs include \$226,000 (of the \$5.8 million) related to the pension plan contribution. Operating costs include \$2,938,000 of acquisitions and \$283,000 of purchased services and \$100,000 of internal financing charges related to the Learning Commons.

2013-14 budget (\$000s)	
Revenue	451
Personnel costs	(5,236)
Operating costs	(3,493)
Total costs	(8,729)
	<b>(8,278)</b>

# Research Services

Research Services, as defined in the 2013-14 budget, includes the Office of Research Services (ORS), the Cool Climate Oenology and Viticulture Institute (CCOVI), the Jack and Nora Walker Canadian Centre for Lifespan Development Research (Centre for Lifespan Development), the Niagara Community Observatory, as well as costs related to research involving animals. (Note: The costs related to the office of Vice-President, Research is included in the Board and Leadership responsibility centre.

2013-14 budget (\$000s)	
Revenue	1,066
Personnel costs	(2,225)
Operating costs	(1,507)
Total costs	(3,732)
	<b>(2,666)</b>

ORS brings together a multitude of services to support a culture rooted in pervasive research and creative activity, first and foremost by assisting the researchers with advice and administrative support, including application processes and financial management. For information on the Office of Research Services visit [brocku.ca/research](http://brocku.ca/research) For information on research involving animals, visit [brocku.ca/research/ethics-and-research-reviews/animals](http://brocku.ca/research/ethics-and-research-reviews/animals)

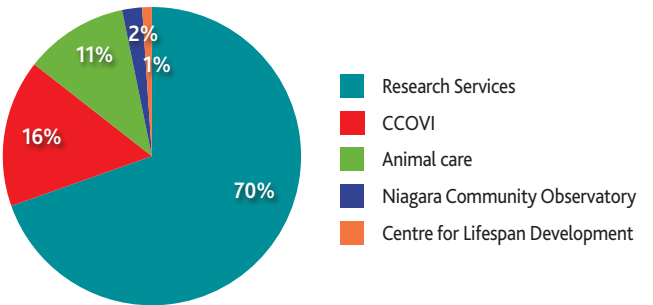
CCOVI has established itself as a successful, internationally-recognized research institute on cool climate viticulture, oenology, wine business and wine culture. Different programs are available to enhance wine knowledge for a wide variety of participants, from wine appreciation courses to the Wine and Spirit Education Trust, the most highly respected wine certification in the industry. For information on CCOVI, visit [brocku.ca/ccovi](http://brocku.ca/ccovi)

The Centre for Lifespan Development is a multidisciplinary collaboration effort dedicated to studying human development across the lifespan, with special strengths in childhood and adolescence. For information on the Centre for Lifespan Development, visit [brocku.ca/lifespan-development-research](http://brocku.ca/lifespan-development-research)

The Niagara Community Observatory works in partnership with the Niagara community to foster, produce, and disseminate evidence-based research on current and emerging issues. For information on the Niagara Community Observatory, visit [brocku.ca/niagara-community-observatory](http://brocku.ca/niagara-community-observatory)

**Note:** Revenue includes \$940,000 of grant revenue related to the Federal Indirect Costs Grant.

Total costs by cost centre



## Centre for Pedagogical Innovation

The Centre for Pedagogical Innovation (CPI), as defined in the 2013-14 budget, also includes Online learning and Service-Learning.

The CPI currently provides individual consultations and group workshops about issues related to teaching and learning in higher education. Consulting the CPI can enhance instructors' curriculum design and use of assessments, learning management systems and teaching strategies, both in and outside the classroom. The CPI also has an important role in supporting the instructors who are developing courses as part of the Brock University eLearning Initiative. For information on the CPI, visit [brocku.ca/pedagogical-innovation](http://brocku.ca/pedagogical-innovation) and for information on the eLearning Initiative, visit [brocku.ca/pedagogical-innovation/elearning-initiative](http://brocku.ca/pedagogical-innovation/elearning-initiative)

Service-Learning is a centralized resource for faculty and instructors incorporating service learning components and experiences into courses and academic programs. Service-Learning for students combines academic study, community involvement and critical reflection. The University offers Service-Learning opportunities across all academic programs at various years of study. For more information, visit [brocku.ca/service-learning](http://brocku.ca/service-learning)

**Note:** Operating costs include \$310,000 directly related to support of educational technologies and online learning.

### 2013-14 budget (\$000s)

Revenue	3
Personnel costs	(1,075)
Operating costs	(494)
Total costs	(1,569)
	(1,566)

## Advancement

Advancement, as defined in the 2013-14 budget, includes the University Marketing and Communications Department, the Department of Development and Donor Relations and the Bold New Brock Campaign, the Department of Brock Alumni Relations, including the Annual Fund and the Brock University Alumni Association (BUAA).

### 2013-14 budget (\$000s)

Revenue	170
Personnel Costs	(2,870)
Operating Costs	(1,446)
Total costs	(4,316)
	(4,146)

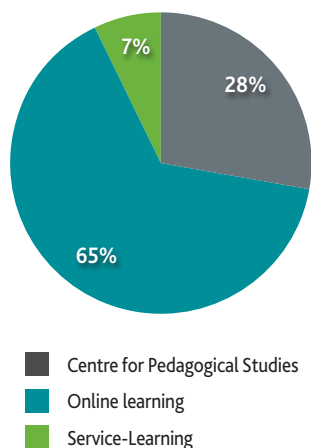
The Marketing and Communications Department provides the University's in-house advertising and public relations services. This department also supports planning and managing of special events. For more information, visit [brocku.ca/marketing-communications](http://brocku.ca/marketing-communications)

The Department of Development and Donor Relations is responsible for philanthropic activity at Brock and conducts fundraising campaigns such as The Campaign for a Bold New Brock. The Campaign for a Bold New Brock was launched with a goal to raise \$75 million to increase endowments for student financial assistance, to invest in teaching and research facilities, to expand knowledge, and to empower Brock's faculty as educators, researchers and innovators. For information on the Office of Development and Donor Relations, visit [brocku.ca/bold-new-brock](http://brocku.ca/bold-new-brock)

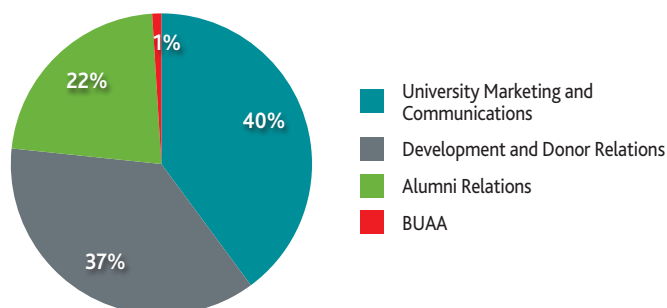
The Department of Brock Alumni Relations is dedicated to advancing the University's mission through alumni engagement, involvement and philanthropy. The department attracts annual gifts from alumni, parents, faculty, staff and other donors in support of institutional priorities. The Annual Fund's goal is to raise funds to support Brock University as a world class educational institution. For information on Alumni Relations visit [brocku.ca/alumni](http://brocku.ca/alumni), and for information on the Annual Fund, see [brocku.ca/bold-new-brock/annual-fund](http://brocku.ca/bold-new-brock/annual-fund)

The BUAA is an autonomous organization championed and governed by a volunteer board of directors. It represents the interests of all Brock University alumni and acts as an advocate on their behalf. For information on the BUAA, visit [brocku.ca/alumni-association](http://brocku.ca/alumni-association)

Total costs by cost centre



Total costs by cost centre



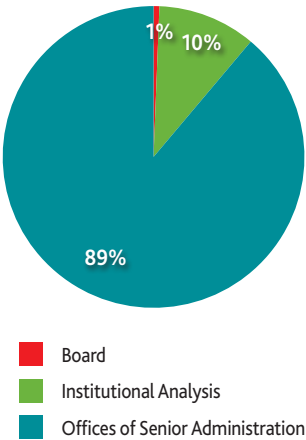


# Board and Leadership

Board and Leadership, as defined in the 2013-14 budget, represents a number of the Offices of Senior Administration, including the following: the President's Office; Office of Provost and Vice-President, Academic; Office of Vice-President, Finance and Administration; Office of Vice-President, Research (Note: see the Research Services responsibility centre for revenue and expenses of the rest of the Research Department), Office of Vice-Provost and Associate Vice-President, Academic; Office of Vice-President University Advancement, Office of the Secretary to the University; as well as the operating costs of the Board of Trustees and the personnel and operating costs of Institutional Analysis and Planning.

Institutional Analysis and Planning gathers, processes, interprets and translates campus data into useful information for University decision makers, the government and the general public, focusing on enrolment, retention and graduation statistics, institutional characteristics, survey analysis and support and ad hoc requests. For information on Institutional Analysis and Planning, visit [brocku.ca/finance/faculty-and-staff/institutional-analysis](http://brocku.ca/finance/faculty-and-staff/institutional-analysis)

Total costs by cost centre

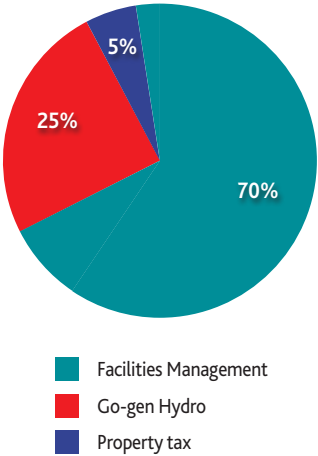


# Facilities Management

Facilities Management is responsible for all activities related to the maintenance, operations and development of the campus facilities and grounds, including management of campus utilities and the co-generation plant, facility maintenance, ground maintenance, construction, code and by-law compliance and custodial operations. The property tax budgeted for the University and the Cairns Family Health and Bioscience Research Complex (CFHBRC) operating costs are also part of Facilities Management, for the 2013-14 budget. For more information, visit [brocku.ca/facilities-management](http://brocku.ca/facilities-management)

Included in revenue is \$1,302,000 of grant revenue related to the Grant in Lieu of Municipal Taxation and the Federal Indirect Cost Program and \$481,000 of revenue related to internal charges to other departments within the University. Personnel costs include \$184,000 (of the \$5.8 million) related to the pension plan contribution. Operating costs include \$7,311,000 of utilities and tax costs (including \$1,200,000 of property tax), \$3,865,000 of repairs and maintenance costs and \$131,000 of purchased services.

Total costs by cost centre



## Finance and Administration

Finance and Administration provides services to faculty, staff and students through a number of departments, including the University's financial services, information technology, human resources, security services, internal audit and legal services.

The Finance Department is responsible for the efficient control of all financial activities of the University including budgeting, accounting, financial reporting, treasury functions, as well as procurement services and shared responsibility for research accounting with Research Services. For information on the Finance Department, visit [brocku.ca/finance](http://brocku.ca/finance)

The Human Resources Department supports and develops University staff and students by providing leadership and services, promoting personal and professional development, building strategic partnerships and fostering a positive, safe and healthy environment. Responsibilities include payroll, pension, benefits, labour relations, learning development and environmental health and safety. For information on the Human Resources Department, visit [brocku.ca/hr-ehs#](http://brocku.ca/hr-ehs#)

### 2013-14 budget (\$000s)

Revenue	2,963
Personnel costs	(14,201)
Operating costs	(5,839)
Total costs	(20,040)
	(17,077)

The Information Technology Services (ITS) Department provides students, faculty and staff with technology resources that support teaching, research and services. These services include computer and network support, high-performance computing, audio visual, telephone, administrative systems and portal access. For information on ITS, visit [brocku.ca/information-technology](http://brocku.ca/information-technology)

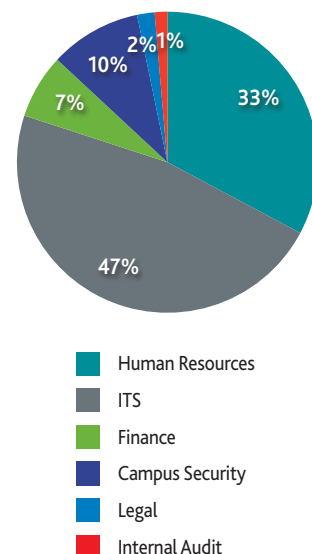
Campus Security is responsible for crime prevention, and to preserving the peace of the campus community, including investigating all crimes and disturbances, enforcing federal, provincial and University statutes, apprehending offenders and providing assistance to the victims of crime. For information on Campus Security, visit [brocku.ca/campus-security](http://brocku.ca/campus-security)

The Internal Audit Department independently assesses the strength of the University's risk and control processes. The department performs consulting engagements, value for money reviews as well as traditional risk and control-based audits. For information on the Internal Audit Department, visit [brocku.ca/internal-audit](http://brocku.ca/internal-audit)

The Legal Services budget was newly established in 2013-14 with the expectation that these services would be created during 2013-14 with the purpose of helping the University mitigate risks and enhance policy development and contract management.

Included in revenue is \$1,551,000 of revenue related to internal charges to other departments. Personnel costs include \$270,000 (of the \$5.8 million) related to the pension plan contribution. Operating expenses include \$3,103,000 of purchased services, \$674,000 of insurance costs and \$1,311,000 of capital replacement and repairs and maintenance costs.

Total costs by cost centre



# University Services

University Services, as defined in the 2013-14 budget, includes the following: Printing and Digital Services, Heritage Place Plaza, Central Receiving and Mail Services, Youth University, Continuing Education and Visitor Services.

2013-14 budget (\$000s)	
Revenue	3,197
Personnel costs	(1,535)
Operating costs	(2,542)
Total costs	(4,077)
	(880)

Printing and Digital Services is the on-campus provider for all official print related to Brock University. It is the print manufacturer and supplier of Brock’s high-end advertising and marketing, as well as smaller jobs required for student assignment or campus events, in addition to managing the 85 multi-functional device copiers across campus and reproducing and inventorying in-stock Brock branded stationary items sold on DB Brock site. For information on Printing and Digital Services, visit [brocku.ca/printing/services](http://brocku.ca/printing/services)

Heritage Place Plaza was built in 2003 across the street from the St. Catharines campus. Businesses housed there include Footnotes at Brock, which is operated by the Campus Store, Avondale Convenience, McDonald’s, Tim Hortons, Pen Financial, Santa Fe Pizza and My Sub. For information on Heritage Place Plaza, visit [brocku.ca/blogs/campus-map/heritage-place-plaza](http://brocku.ca/blogs/campus-map/heritage-place-plaza)

The Central Receiving and Mail Services Department’s goal is to provide timely delivery and processing of mail for the University, including all of the University’s Canada Post lettermail and parcels, all U.S. and international lettermail, registered mail items, priority courier shipments, inter-university transit system, internal mail and packages between departments. For information on Central Receiving and Mail Services, visit [brocku.ca/community-ancillary-services/mail-services](http://brocku.ca/community-ancillary-services/mail-services)

Youth University is a not-for-profit department, which offers a number of programs to the community including field trips for elementary and high school students, youth enrichment programs and trips for local community groups. For information on Youth University, visit [brocku.ca/youth-university](http://brocku.ca/youth-university)

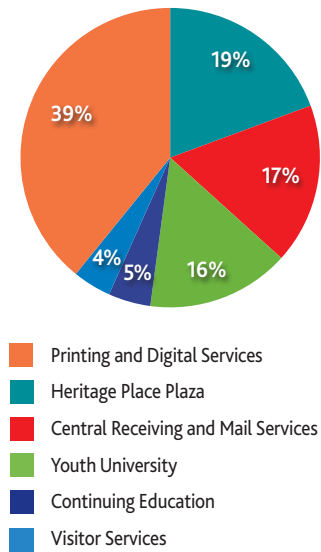
Continuing Education offers a variety of non-credit special interest courses to the Niagara region. For information on Continuing Education, visit [brocku.ca/continuing-education](http://brocku.ca/continuing-education)

Visitor Services is responsible for the operation of the Information Desk in the Schmon Tower and Theal House. For more information, visit [brocku.ca/about/why/visitor-information](http://brocku.ca/about/why/visitor-information)

Included in revenue is \$616,000 of student fees, \$2,126,000 of revenue related to internal charges to other departments (Printing and Digital Services and Mail Services) and \$254,000

of rental income (Heritage Place Plaza). Operating costs include \$1,001,000 of purchased services and \$202,000 of repairs and maintenance and capital replacement costs. Also included in operating costs is \$406,000 of internal financing costs and \$127,000 of financial expenditures, both related to Heritage Place Plaza.

Total costs by cost centre





## Centre for the Arts

The Centre for the Arts (the Centre) is a nationally recognized, not-for-profit performing arts facility. It presents an annual season of critically acclaimed music, dance, theatre, comedy and young audience performances, presenting both national and international artists. The Centre runs the two theatres – the Sean O’Sullivan Theatre and the David S. Howes Theatre, including production facilities, dressing rooms and licensed lounges. For information on the Centre, visit [arts.brocku.ca](http://arts.brocku.ca)

Operating expenses include \$103,000 of purchased services.

### 2013-14 budget (\$000s)

Revenue	1,234
Personnel costs	(1,053)
Operating costs	(899)
Total costs	(1,952)
	(718)

## Co-op Programs Office

Co-operative Education is a program that formally integrates a student’s academic studies with work experience with participating employers. For information on the Co-op Programs office, visit [brocku.ca/co-op](http://brocku.ca/co-op)

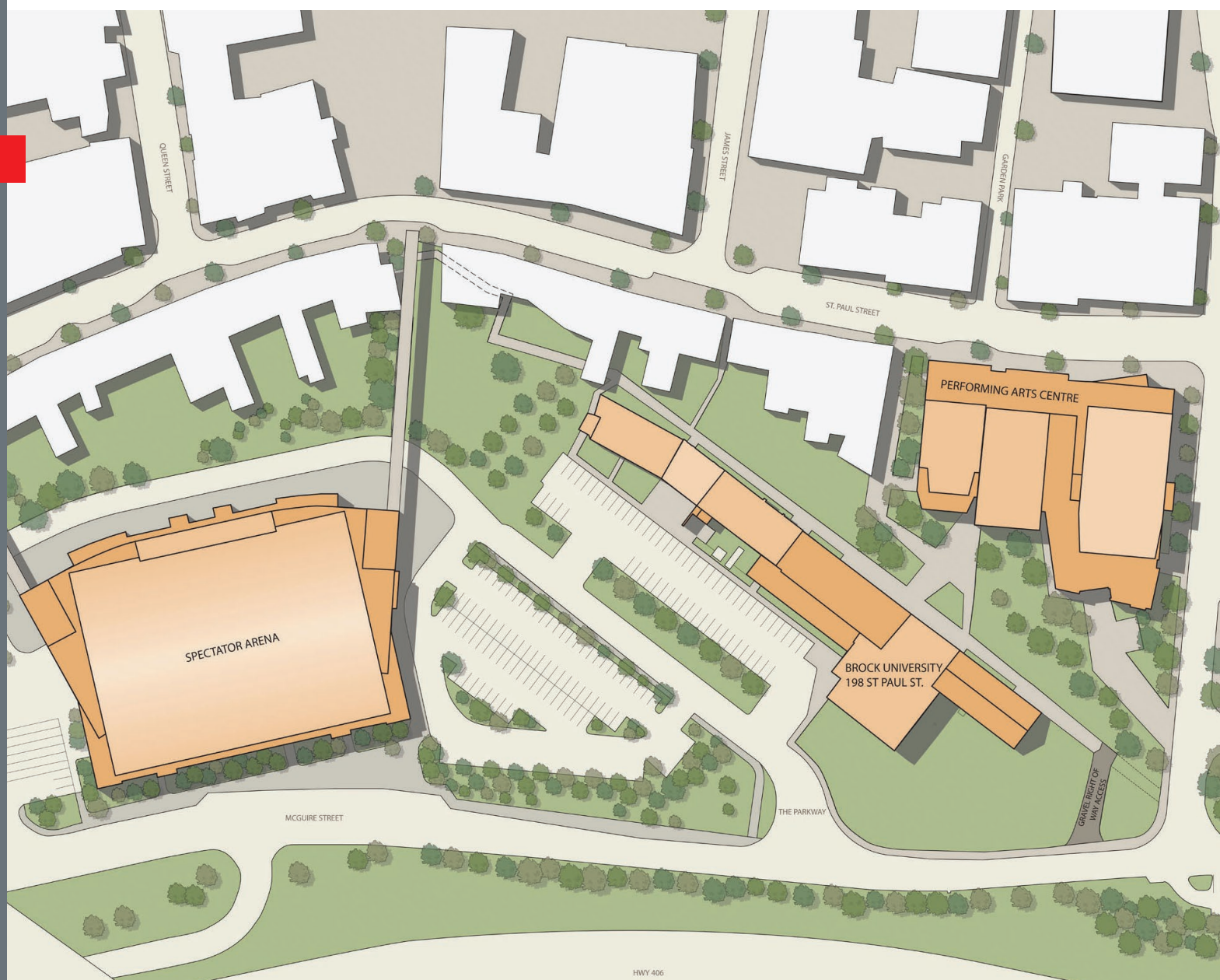
Revenue includes \$866,000 of student fees.

Note: Co-operative Education students pay tuition (applicable half-credit fee for each work term); however like the Faculties, the revenue shown does not include an allocation of the Global tuition.

### 2013-14 budget (\$000s)

Revenue	890
Personnel costs	(1,173)
Operating costs	(96)
Total costs	(1,269)
	(379)

The City of St. Catharines and Brock University have joined forces to develop the downtown area.



## Department of Residences

The Department of Residence is responsible for almost 2,400 students within six residence complexes in a well-managed, safe and supportive environment.

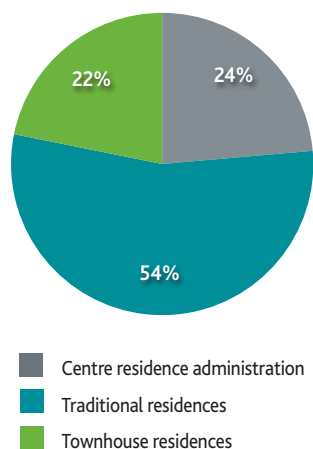
There are four traditional style residences and two townhouse

style residences. The department operates two service desks which operate 24/7 during the term. For information on the Department of Residence, visit [brocku.ca/residence](http://brocku.ca/residence)

The budget for the Department of Residences was based on the following principles: cover and responsibly manage operating costs directly attributed to the residence operation with no reliance on a contribution from Conference Services net revenues; maintain competitiveness within the local housing market and in relation to other academic institutions; fairly consider the impact of fee increases on students during the current economic climate; make payment to the University on outstanding debt; and continue capital investment in facilities. Residence fees were brought forward to the financial planning, investment and human resources committee and to the Board of Trustees for approval on Feb. 14, 2013. The residence fees include costs associated with providing the room, utilities, phone and network/cable TV connection, and residence life programs and activities. The overall average residence fee revenue increased 3.38 per cent ranging from 2.15 per cent to 4.54 per cent depending on residence and bed type. Approved residence fees for 2013-14 can be found at [brocku.ca/residence/residence-admissions/fees](http://brocku.ca/residence/residence-admissions/fees)

Operating costs include \$4,432,000 of financial expenditures, \$2,051,000 for utility costs, \$2,619,000 of capital replacement and repairs and maintenance costs, \$1,084,000 of rent related to the Quarry View Residence (townhouse style), a \$1,050,000 contribution to the University Global Department, and \$1,045,000 for purchased services.

Total costs by cost centre



## Student Services

Student Services, as defined in the 2013-14 budget, includes three main categories of services: The Office of the Registrar and the Student Awards and Financial Aid Office, Student Life Services, Student Services – International. Note: For purposes of this presentation, net expenses of the Office of the Associate Vice-President of Student Services have been allocated to all departments within student services.

### The Office of the Registrar and the Student Awards and Financial Aid Office:

The Office of the Registrar provides a wide range of services, including information on admission, course

information and registration, grade reporting and degree audit, academic advising and convocation. It issues official academic transcripts and is responsible for maintaining the integrity of the University's student academic record. For information on the Office of the Registrar, visit its website at [brocku.ca/registrar](http://brocku.ca/registrar)

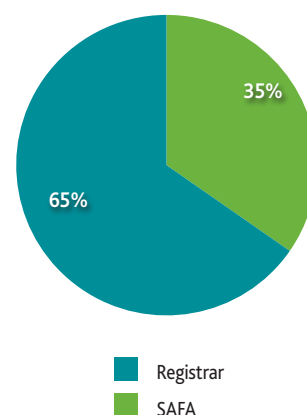
The Student Awards and Financial Aid Office helps students fund their education through government and university assistance programs, and by recognizing student excellence. For information on the Student Awards and Financial Aid Office, visit its website at [brocku.ca/safa](http://brocku.ca/safa)

Included in revenue is \$401,000 of grant revenue. Included in operating costs is \$6,976,000 of scholarships and student awards and \$249,000 of capital replacement costs.

2013-14 budget (\$000s)

Revenue	2,221
Personnel costs	(4,431)
Operating costs	(9,331)
Total costs	(13,762)
	(11,541)

Total costs by cost centre



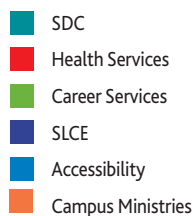
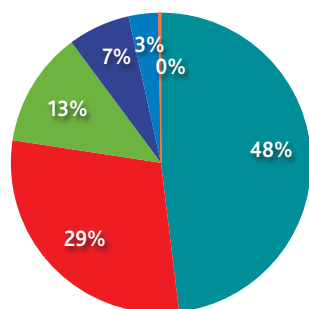
**Student Life Services,**

as defined in the 2013-14 budget, includes the Student Development Centre (SDC), Health Services, Career Services, Student Life and Community Experience (SLCE), Accessibility and Campus Ministries. The SDC supports and promotes the present and future well-being of students through innovative programs, services and partnerships. For information on the SDC, visit [brocku.ca/student-development-centre](http://brocku.ca/student-development-centre) Health Services supports a diverse student population by providing confidential primary health care, prevention programs, wellness education, and strategic medical and academic partnerships. For information on Health Services, visit [brocku.ca/health-services](http://brocku.ca/health-services) Career Services offers a variety of helpful information and resources to support students and alumni with career planning and job search goals. It provides employers and community members with information about on-campus recruiting and promotional opportunities at Brock. For information on Career Services, visit [brocku.ca/career-services](http://brocku.ca/career-services) SLCE provides opportunities for all members of the Brock community to be active and engaged at Brock and within its communities. For information on SLCE, visit [brocku.ca/student-life-community-experience](http://brocku.ca/student-life-community-experience) Accessibility Planning at Brock is a shared responsibility across the whole University and is co-ordinated by the University Accessibility (AODA) co-ordinator, located in the Office of the Vice-Provost and Associate Vice-President of Student Services. For information on Accessibility, visit [brocku.ca/accessibility](http://brocku.ca/accessibility) Campus Ministries, through the Brock University Faith and Life Centre, provides opportunities for friendships, education, spiritual counseling and personal growth. For information on Campus Ministries, visit [brocku.ca/campus-ministries](http://brocku.ca/campus-ministries)

Included in revenue are \$1,334,000 of grant revenue and \$886,000 of student fees. Included in operating costs are \$1,109,000 of purchased services.

**2013-14 budget (\$000s)**

Revenue	3,481
Personnel costs	(6,044)
Operating costs	(994)
Total costs	(7,038)
	<b>(3,557)</b>

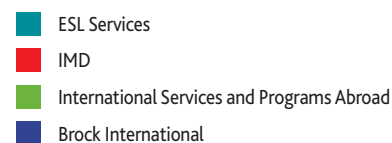
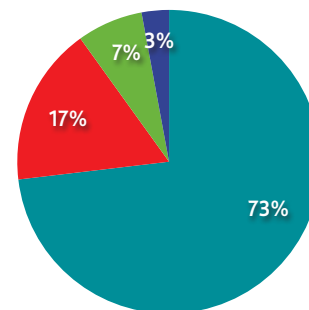
**Total costs by cost centre****Student Services-****International,** as defined

in the 2013-14 budget, includes ESL Services, the Office of International Market Development (IMD), International Services and Programs Abroad and Brock International. ESL Services offers English courses to students from all over the world through a mixture of formal classroom settings (including IELP and SELP programs), and socio-cultural activities. For information on ESL Services, visit [brocku.ca/esl-services](http://brocku.ca/esl-services) IMD has two mandates, the creation of joint venture partnerships to increase international opportunities for students and international student recruitment. For information on IMD, visit [brocku.ca/international-market-development](http://brocku.ca/international-market-development) International Services and Programs Abroad's mission is to help all Brock students, international and Canadian, get the most out of their studies through programs and activities to help international students thrive and through helping Canadian students gain international experiences. For information on International Services and Programs Abroad, visit [brocku.ca/international-services](http://brocku.ca/international-services) Brock International is responsible for a number of institution-wide initiatives, including welcoming international visitors and delegations to the University, managing the visiting international processor and scholar programs, developing and maintaining protocol for institutional agreements and partnerships, promoting international funding opportunities, and facilitating international project development, international policy development, and other international matters of the institution. For information on Brock International, visit [brocku.ca/brock-international](http://brocku.ca/brock-international)

**2013-14 budget (\$000s)**

Revenue	6,376
Personnel costs	(4,510)
Operating costs	(3,396)
Total costs	(7,906)
	<b>(1,530)</b>

Included in revenue is \$6,034,000 of student fees. Included in operating expenses is \$1,174,000 of purchased services, \$679,000 of contributions to the University Global Department related to ESL programs, and \$944,000 of internal financing costs.

**Total costs by cost centre**



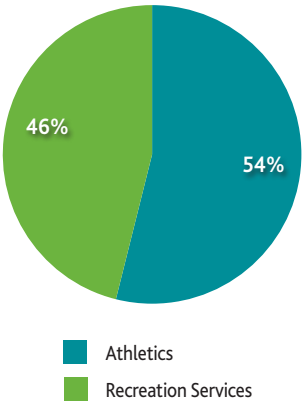
# Recreation Services and Athletics

The Department of Recreation Services operates the facilities in the Walker Complex, including three gymnasias, the recreational 200-metre track, squash courts, the Zone fitness centre, the Eleanor Misener Aquatic Centre and the Leo LeBlanc Rowing Centre, in addition to the four outside tennis courts and seven playing fields. Non-credit instructional programs are offered as well as intramural sport programs that operate seasonally. For information on the Department of Recreation Services, visit [brocku.ca/recreation-services](http://brocku.ca/recreation-services)

The Department of Athletics provides students with the opportunity to take part in athletics both as participants and fans. Varsity sports teams for both men and women include basketball, cross country, curling, fencing, golf, hockey, rowing, rugby, soccer, squash, swimming, volleyball and wrestling and baseball for men. The Department of Athletics also runs the Brock University Athletic Therapy Clinic which provides sports medicine care to varsity and recreational athletes who are full time students. For information on the Department of Athletics, visit [gobadgers.ca](http://gobadgers.ca)

Revenue includes \$2,792,000 of student fees. Operating costs include \$498,000 capital replacement and repairs and maintenance costs, \$278,000 of purchased services and \$165,000 of internal financing costs related to the Aquatic Centre roof.

Total costs by cost centre



# University Global

The University Global Department represents those costs and revenue that are university-wide and have not been allocated to any specific faculty or department. Included as part of University Global revenue is the global tuition as described on page 14 as well as revenue from a number of grants, and the contributions from ISP programs, cost recovery programs and residences. Included in personnel costs is an estimate of salary increases for bargaining groups for which the increases were not known at the time of preparing this report. Included in operating costs are financial debt and interest payments (CFHBRC, 198 St. Paul St. building, debenture payable), deferred maintenance expenses, cost of the 2014 Congress as well as other expense items which were university-wide. In addition, included in operating costs as an offset, is interest income recovered from internally-financed capital projects (Guernsey Market, International Building, 460 St. David's Rd., Aquatics Roof and Library Learning Commons).

2013-14 budget (\$000s)	
Revenue	199,982
Personnel costs	(1,011)
Operating costs	(5,344)
Total costs	(6,355))
	193,627



## 2013-14 budget

(\$000s)	Campus Store	Parking Services	Conference Services	Dining and Hospitality Services	Brock Card	Total Ancillary Operations
Revenue	10,844	3,088	1,650	1,335	341	17,258
Personnel costs	(1,194)	(558)	(714)	(194)	(153)	(2,813)
Operating costs*	(9,072)	(1,212)	(567)	(1,055)	(128)	(12,034)
Total costs	(10,266)	(1,770)	(1,281)	(1,249)	(281)	(14,847)
	578	1,318	369	86	60	2,411

\* Included in Operating costs is cost of sales (COS.) Operating costs do not include a provision to replace current parking lots, or allocated costs such as lighting, security, etc.

## Ancillary Operations

Ancillary Operations, as defined in the 2013-14 budget, includes the Campus Store, Parking Services, Conference Services, Dining and Hospitality Services, and Brock Card. Overall, Ancillary Operations are expected to contribute \$2,411,000 to the University.

### Campus Store

The Campus Store is the sole academic retail centre of Brock University which sell textbooks, computers, memorabilia, clothing, stationery, gifts and more. It also offers a used textbook classified service for students to buy and sell textbooks. It is located in the Plaza Building with a satellite location in the Guernsey Market which opened in July 2013. For information on the Campus Store, visit [bookstore.brocku.ca](http://bookstore.brocku.ca)  
Note: operating costs include \$8,145,000 of cost of sales, and \$680,000 contribution to the University Global Department for rent and maintenance costs and \$100,000 of purchased services.

### Parking Services

Parking Services is responsible for all administrative functions relating to the management, maintaining and planning of campus parking; the issuance of parking permits; the enforcement of parking regulations; the collection of enforcement charges; the acceptance of appeals from such violators; and the processing of refund requests upon withdrawal from the University. For information on Parking Services, visit [brocku.ca/parking-services](http://brocku.ca/parking-services)  
Note: operating costs include \$510,000 of financial expenditures, \$244,000 of purchased services and \$270,000 of repairs and maintenance and capital replacement costs.

### Conference Services

Conference Services provides accommodations and food services for small or large conference groups. The services provided include all the meeting, accommodation and catering needs. Included as part of Conference Services is the Summer Residence Operations which provides accommodations to students, individuals and families who choose to stay on campus during the spring and summer months. For information on Conference Services, visit [brocku.ca/conference-services](http://brocku.ca/conference-services)  
Note: operating costs include \$351,000 of utility costs and \$126,000 of repairs and maintenance and capital replacement costs.

## Dining and Hospitality Services

Brock Dining and Hospitality Services encompasses five key areas: dining services, liquor services, the Pepsi contract, the vending contract and the Guernsey Market. Brock Dining offers quality dining and catering across campus with a wide variety of food options at seven unique dining locations on campus. For information on Dining Services, visit [brocku.ca/dining-services](http://brocku.ca/dining-services)  
Hospitality Services provides the alcohol service details to events on campus. For information on Hospitality Services, visit [brocku.ca/hospitality-services](http://brocku.ca/hospitality-services)  
Note: Operating costs include \$537,000 of internal financing costs related to the Guernsey Market and \$404,000 of capital replacement and repairs and maintenance costs.

### Brock Card

Brock Card oversees the daily operations of meal plans and flex card dollar transactions both on and off campus. The Brock Card is a multi-purpose ID card that serves as a university passport, providing identification and access, while facilitating cashless transactions both on and off campus. For information on Brock Card, visit [brocku.ca/card](http://brocku.ca/card)

# Appendix A

## Enrolment definitions

The following are the three measures of enrolment at an Ontario University:

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 registered 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 B

## Tuition fee policy – government funded programs

On March 28, 2013 the MTCU introduced a new tuition framework, where the tuition fee increases are capped at an average of 3 per cent, which is 2 per cent lower than prior years. Historically due to Brocks student mix, Brock usually achieved close to 4.5 per cent aggregate fee increases. The new tuition framework is estimated to have a negative financial impact of \$1.2 million to the University.

The MTCU guidelines allow 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 3 per cent (excluding changes in enrolment activity).

The following chart displays the government tuition guidelines as well as the approved rate increases for Brock University for 2013-14 compared to previous years:

**MTCU tuition guidelines**

Previous years' maximum allowable fee increase			2013-14 maximum allowable increase		
Program year			Program year		
	First year	Continuing years		First year	Continuing years
Undergraduate Arts and Science and other programs	4.5%	4.0%	Undergraduate Arts and Science and other programs	3.0%	3.0%
Professional* and graduate programs	8.0%	4.0%	Professional* and graduate programs	5.0%	4.0%
<b>Total tuition increase</b>	<b>5.0%</b>		<b>Total tuition increase</b>	<b>3.0%</b>	

**Brock University Board approved rate increases**

Previous years' fee increase			2013-14 increase		
Program year			Program year		
	First year	Continuing years		First year	Continuing years
Undergraduate Arts and Science and other programs	4.5%	4.0%	Undergraduate Arts and Science and other programs	3.0%	3.0%
Undergraduate professional* programs	8.0%	4.0%	Undergraduate professional* programs	5.0%	4.0%
Graduate programs	8.0%	4.0%	Graduate programs	2.75%	0.0%
<b>Total tuition increase</b>	<b>4.5%</b>		<b>Total tuition increase</b>	<b>3.0%</b>	

\* Undergraduate professional programs include Computer Science and Business.



Since 2007-08, this framework has been implemented for Brock University programs. The 2013 fee structure results in eight differentiated rates for each program type (First year/2012 Continuing/2011 Continuing/2010 Continuing/2009 Continuing/2008 Continuing/2007 Continuing/ 2006 prior Continuing). The number of differentiated rates has resulted in a complex multi-rate matrix. This multi-rate matrix means that students who entered Brock University in earlier years, in general pay lower tuition rates than those who started in later years. For example, an undergraduate business student who started in 2007 will pay 22 per cent less tuition than a student who starts in 2013. This differential is less for undergraduate non-professional programs, with a student who started in 2007 paying 2.5 per cent less tuition than a student who started in later years.

Student tuition fee increases will generally be effective for the 2013/14 Fall/Winter session. For the 2014/15 fiscal year, new tuition rate increases will be effective for the 2014 Spring/Summer session to align with the MTCU fiscal year and Brock's academic year.

## Tuition fee policy – non-government funded programs

Visa students in undergraduate and graduate programs and cost recovery 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. A differentiated approach is taken to account for demand, after benchmarking to fees charged at other Ontario universities. The Board of Trustees approved the 2013-14 rates for non-government funded programs, either directly or indirectly through the budget approval, as detailed in the following chart:

	2013-14 rate increase	
	First year	Continuing years
<b>Approved by the Board – directly</b>		
Visa – Undergraduate – Arts/Science and other		8%
Visa – Undergraduate – Business and Computer Science		8%
Visa – Graduate master's and doctoral research programs (MA, MSc, MEd Research, PhD)		5%
Visa – Graduate professional programs (Med, MAcc, MBA)		8%
Continuing Teacher Education – Additional Qualifications (AQ)		0%
Intensive English Language Program (IELP)		8%
International Masters Business Administration (IMBA)		5%
International Master of Accountancy (IMAcc)		5%
Professional Masters Preparation Certificate Program (PMPCP)		3%
International Masters of Education (MEd)		5%
Masters of Arts Applied Linguistics (MA LING)		5%
<b>Approved by the Board – indirectly</b>		
Centre for Adult Education and Community Outreach (CAECO)*, **	3.0%	0%
Visa – CAECO		8.0%
Other Education programs*		Various
Centre for Applied Disability Studies (CADS)*	2.75%	0%
Visa – CADS		8.0%
Non-credit programs (Continuing Education and Youth University)		Various
Summer English Language Program (SELP)		0%

\* Domestic students in these programs are included in the BIUs for government-funded grants

\*\* Includes Aboriginal Adult Education





**Brock University**  
Niagara Region  
500 Glenridge Ave.  
St. Catharines, ON  
L2S 3A1 Canada

T 905 688 5550