

UNIVERSITY OF GUELPH

OMAFRA Agreement - 2010/2011 Preliminary Budget

For Presentation to the Finance Committee of the Board of Governors

May 25, 2010

University of Guelph
OMAFRA Agreement – 2010/2011 Preliminary Budget

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A: The OMAFRA Agreement: Background

Background: Since its formation in 1964, the University of Guelph has had an agreement (the Agreement) with the Ontario Ministry of Agriculture Food and Rural Affairs (OMAFRA) to provide research, education and services to the agri-food sector in the province of Ontario. On April 1, 2008 the Agreement was renewed for 10 years which included increased funding and revised program structures. Under the Agreement¹ the University is contracted to deliver innovative research and services in agri-food, environmental sustainability, and animal and human health. Programs are; research (seven research themes), two programs in the Laboratory Services division, the AFL – Agri-Food Laboratory and the AHL – Animal Health Laboratory and finally, a Veterinary Clinical Education Program (VCEP) which assists in the clinical training of veterinary students in the OVC (Ontario Veterinary College)

In addition to the delivery of programs, the University operates the facilities designated under the Agreement located across Ontario. They comprise 14 research stations, a major laboratory testing facility in Guelph and 3 regional campuses. Included are a wide variety of buildings (residences, research labs, barns and administrative) located on 6,600 acres of land. There are two major classifications of operational responsibilities accompanying these facilities:

1. Those owned by the Agricultural Research Institute of Ontario² across Ontario including:
 - 3 regional campuses of the Ontario Agricultural College (OAC) at Alfred and Kemptville located near Ottawa, and Ridgeway in south-western Ontario,
 - 14 agricultural research stations located across Ontario including two large research stations located near Guelph at Arkell and Elora.
2. The Laboratory Service building in Guelph owned by the Province. The responsibility for operations and maintenance of the Laboratory Service building in Guelph remains with the province, through Ontario Realty Corporation.

For ARIO owned properties, the costs of minor capital projects for facilities are funded through separate funds held by ARIO. Priorities for capital projects are set as part of a joint (OMAFRA, ARIO and University) planning process. Key considerations are animal care, health and safety, energy efficiencies and program effectiveness.

The Agreement also provides operating, equipment and infrastructure costs including support for University main campus indirect research costs of \$11.0 million.

For program management purposes, Agreement funds are transferred to University colleges or divisions as specific program allocations approved jointly by the University and OMAFRA. All revenues received are restricted under the terms of the Agreement and are reported separately within the University's OMAFRA Agreement Operating Budget. Any unspent funds or deficits in a fiscal year are

¹ Under the renewed agreement, training and diploma programs were transferred to the University under a special arrangement (and funding) with MTCU (Ministry of Training Colleges and Universities). Historically these programs had been part of prior agreements between OMAFRA and the University.

² ARIO is an operational services agency reporting to the Minister of OMAFRA. It is provincially incorporated under the ARIO Act (1962). In 2007/2008, the province transferred ownership of most of the facilities (excluding the Laboratory Services building in Guelph) to ARIO. At the same time, OMAFRA amended the Agreement transferring \$7.1 million and building and operations and maintenance to the University. Responsibility for the operations and maintenance of the Laboratory Service building in Guelph remains with the province, through Ontario Realty Corporation.

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restricted within the Agreement and are carried forward in total to the next fiscal year. Each year, the OMAFRA Agreement budget is presented to the University's Board of Governors after details on the overall level of provincial support and program priorities are reviewed and key budget assumptions are confirmed with OMAFRA.

B: Agreement Renewal

On April 1, 2008 a new 10 year Agreement was executed between the University of Guelph and OMAFRA. The renewal was accompanied by a major increase in funding for the first five years of renewal period. The following is a summary of the highlights and changes incorporated for that renewal.

1. Total provincial funding increased \$21.3 million to \$76.1 million per year for the first five years of the new Agreement. The increase was an important confirmation of the importance of the relationship between the University and the province in the delivery of key research and services in the provincial agri-food sector. The new funding was allocated both to ensure capacity of the research and laboratory services infrastructure and to provide more research funding to researchers accessible under a competitive process in the seven research themes.
2. The enhanced funding included a major one-time allocation, received by the University in April 2008 of \$56.0 million. Under the new Agreement, these New Initiative funds will provide funding of \$11.2 million in each of the next five years at which time the \$56 million will have been fully consumed. (It is expected that prior to the end of the five year period, discussions will occur with OMAFRA as to the adjustments in the form of a reduction in services or replacement funding that will be necessary when this funding ends.)
3. The transfer of the training and diploma education programs to the MTCU (Ministry of Training Colleges and Universities); Most of this transfer impacted the regional campuses (there is a small diploma program operated on the University of Guelph main campus). The transfer was initiated to consolidate education under the University's MTCU budget and focus the new Agreement on core objectives (agri-food, environmental sustainability, and animal and human health) and to encourage enrolment planning at the regional campuses consistent with MTCU funding and policy guidelines. The transfer to MTCU funding included an annual grant of \$4.5 million which now flows from MTCU to the University (and then to OAC which is responsible for the delivery of these programs).

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C: Major Budget Assumptions for fiscal 2010/2011:

C.1 Financial Framework:

The OMAFRA Agreement is managed as a segregated, self-supporting budget within the University's consolidated operating fund. Funds are allocated to organization units within the University's overall structures and all employees funded under the Agreement are employees of the University. Funding is concentrated in the colleges (particularly OAC and OVC which together account for 33% of funding), the Laboratory Services units (27%) and Guelph research stations operations (10%). In delivering the programs under the Agreement, units follow all University operating policies/procedures including those covering health and safety, employment practices and financial management. Units receiving Agreement funding are accountable for any deficits and funding, unspent at the end of the fiscal year, may be carried-forward into the following year.

C.2 Summary of Overall Agreement Financial Position

The OMAFRA Agreement, as a self-supporting budget, is required to cover all incremental cost³ changes within total Agreement revenues. Annual budget objectives of the Agreement require major units/programs/locations to reallocate resources within their budgets to cover all annual costs increases including salaries and benefit increases. Typically annual provincial funding is fixed from year to year, so while the priority has been to create new revenue as the main source to cover these expense increases, cost reallocations within the total funds available often are required.

Since 2008, when the major increase in funding balanced most program funding to expenses, the annual increases in expenses have been covered using a combination of one-time and base adjustments. While major efforts have been made to absorb the structural cost increases in the Agreement, a portion of these solutions continue to be one time cost recoveries and transfers.

The Table on the following page summarizes the recent changes to the structural position of the Agreement budget. It indicates two major features of this year's budget:

1. The overall budget will be balanced using a combination of both one-time and base solutions.
2. The structural deficit is projected to be approximately \$1.7 million, an increase of \$0.475 million over 2009/2010. While the structural deficit is still small compared to the overall budget (less than 2%), at the current rate of change, it will continue to grow with cost increases unless more permanent solutions are found. Therefore it is planned through the remaining three years of the current agreement to develop a multi-year plan to return the agreement to a structural balance.

³ Incremental costs are annual cost increases primarily related to basic increases in faculty and staff compensation increases however Agreement funding must also provide for cost increases in a wide variety of commodities (farm and laboratory supplies) as well as the costs of running large and diverse facilities in locations across Ontario. As with other components of the University budget, many of these cost increases are base or structural. To cover these requires equivalent adjustments i.e., structural, to avoid the creation of structural deficits.

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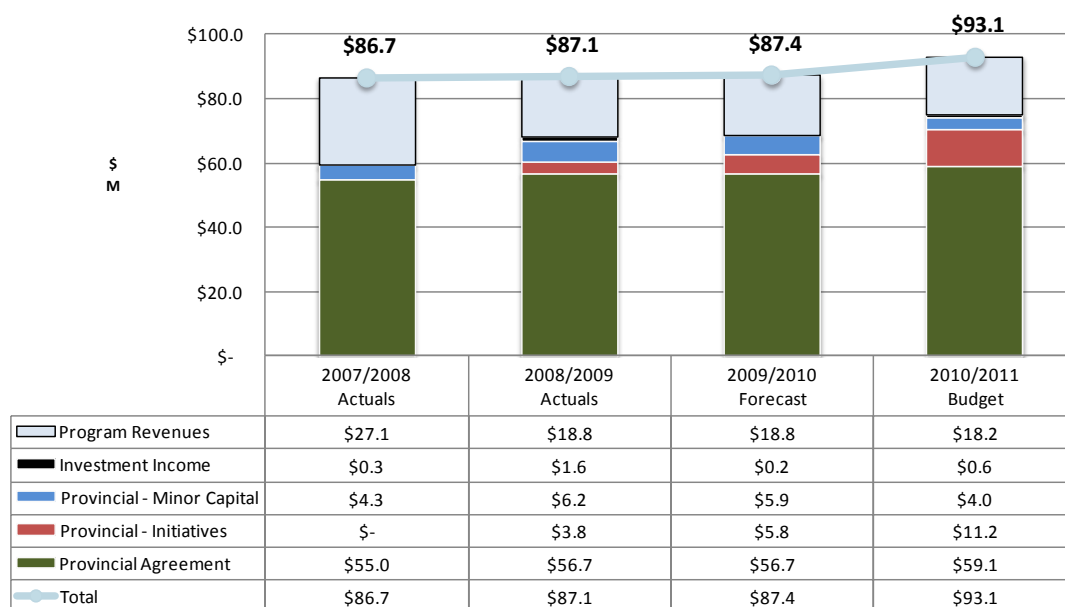
Agreement Budget Surplus (Deficit) (in millions of dollars)	Base	One-Time	Total
Opening Position (Base Deficit)	(1.230)		(1.230)
Interest Income Reduction	(0.800)		(0.800)
Provision for Compensation 2010/2011	(1.260)		(1.260)
2010/2011 Agreement Budget Position	(3.290)		(3.290)
Revenues, Recoveries and Cost Savings			
Divisional (Lab Services Division) Revenues	0.565		0.565
Cost Recoveries and Transfers from Other Funds	0.780	1.145	1.925
Reduction in Administrative Support	0.240		0.240
Contingency Funds		0.350	0.350
Unspent Carry-forwards from Prior Year		0.210	0.210
Closing Agreement Budget Position	(1.705)	1.705	-

The following sections will describe 2010/2011 revenue and expense assumptions (summarized above) in more detail for the Agreement.

C.3 Agreement Revenue:

In 2010/2011, Agreement revenue is budgeted at \$93.1 million consisting of \$74.3 million from the province (OMAFRA) and \$18.8 million in revenues from investment income and the sale of goods and services. (Refer to chart below).

OMAFRA Agreement - Revenues by Source



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Agreement revenues (17% of total University revenue) are, irrespective of source, restricted for use in supporting approved research and services programs in the Agreement.

For 2010/2011 key revenue assumptions are:

- “Agreement Base Revenue”, the core funding from the province, will remain fixed at \$59.1 million. This is received as a quarterly transfer payment from OMAFRA to the University.
- In addition there is an annual New Initiatives allocation of \$11.2 million representing one fifth of the \$56 million advance received in April 2008. 2010/2011 is year 3 of this 5 year allocation. Due to the one-time nature of this funding, the University is matching only one-time expenses to the New Initiatives Funding.
- OMAFRA also funds investment in the provincially owned properties for minor capital projects and repairs. The preliminary allocation for 2010/2011 is \$4.0 million (\$5.9 million in 2009/2010).
- “Investment Income” is credited to the agreement for interest earned on the balances advanced to the University on both the transfer payment and the New Initiatives which is estimated at \$0.600 million in 2010/2011. This is a significant reduction from the original target of \$1.400 million annually at the beginning of the renewed agreement. Due to the large drop in interest earned on secure short term investments, agreement expenditure plans will be reduced by \$0.800 million in 2010/2011.
- “Program Revenues” are external revenues generated from agreement facilities primarily for lab testing services and the sales of produce. These revenues are credited to the units and programs providing the goods and services. The preliminary 2010/2011 estimate is \$18.235 million. These revenues are earned and managed by the divisions/colleges responsible for delivering the associated services and therefore are not allocated centrally.

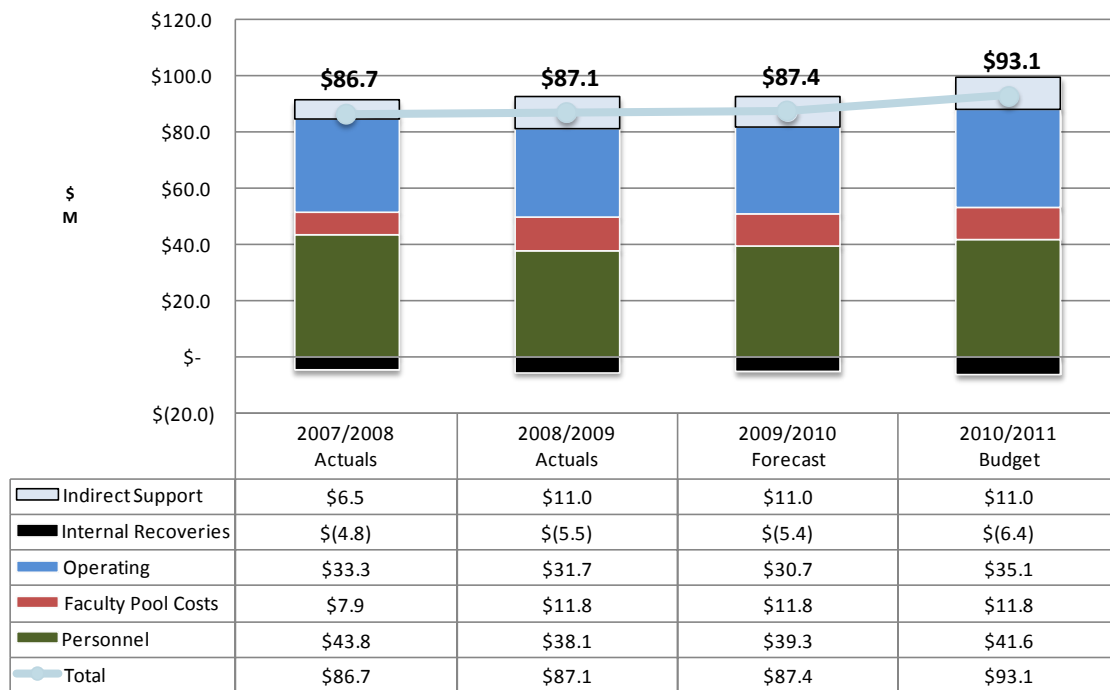
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C.4 Expenditure Assumptions:

For 2010/2011, total expenses are budgeted to be \$93.1 million (equal to revenues). (Refer to graph below.)

\$41.6 million or 45% of the budget is allocated to direct personnel salary and benefit costs. Assumptions for compensation cost increases reflect overall University assumptions. Other major cost components include two major transfers; “faculty pool costs” (\$11.8 million) to the University’s MTCU budget to support mainly faculty research costs and the Indirect costs of research support (\$11.0 million). “Operating Costs” (\$35.1 million) include a wide range of operating costs for direct research operating costs and facility and infrastructure support. This category also contains funds transferred for specific research projects and in prior years have been lower than budgeted due to the slower pace of new research theme implementations. Total expenses are offset to some extent (\$6.4 million in 2010/2011), by “Internal Recoveries” reflecting fees charged to internal University departments for services provided by Agreement-funded units. Examples include Lab Services charges for sample testing.

OMAFRA Agreement - Expenses by Category



C.4.1 Salary and Benefit Cost Increases (incremental costs):

While less concentrated in personnel costs than the University’s MTCU Operating Budget, the OMAFRA Agreement budget must fund similar compensation cost increases. Approximately 55% of the Agreement funding is allocated for personnel costs (direct and pooled support) comprised of 107 full-

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time faculty and veterinarian FTEs (Full Time Equivalents), and 391 regular full-time staff FTEs working facilities across Ontario.

The 107 faculty and veterinarian FTE's are funded in two ways:

- 30 FTE's are charged directly (actual salaries and benefits including annual increases) to Agreement funds. These consist of 10 regular faculty appointments (all at the regional campuses) and 20 veterinary positions (in the Laboratory Services Division and OVC).
- 77 FTE's consisting of 65 research FTE's (mainly associated with the Guelph campus) and 12 veterinary clinical education in OVC FTE's are supported indirectly through "pooled" funds. These "pooled" funds are fixed dollars transferred to the University, in effect purchasing capacity or access to a notional number of FTE's. The "pools" are presently fixed at \$11.815 million per year effectively transferring the cost increases for these FTE's to the University. Over time annual personnel cost increases will "discount" the numbers of FTE's funding by the fixed-dollar "pools".

University units with program allocations in the Agreement budget are responsible for covering cost increases for employee (faculty and staff) salaries and benefits directly charged to Agreement programs. It is estimated that the costs of salary and benefit increases for faculty and staff directly charged to the Agreement will be **\$1.260 million** in the 2010/2011 fiscal year. The assumptions used in this estimate are consistent with the assumptions used in all of the University's general budget planning and contain provisions for increases for University employee groups charged to the Agreement.

C.5 Incremental Revenues, Recoveries and Cost Savings:

The plan to cover cost-increases for 2010/2011 will include several actions including increases in external revenues, the increase in cost-recovery of OMAFRA-funded research infrastructure costs from all users (non-OMAFRA research programs) and expense reductions. More specifically for 2010/2011, it is plan to:

- Increase external revenues of \$0.565 million in the Labs Services Division. These revenues are earned from a variety of laboratory testing services provided to external clients on a contractual or fee-for-services basis. Revenues growth in the Lab Services Division continues to be strong and this target is considered feasible.
- Increased transfers totalling \$1.925 million from increases to fees for services provided by the Agreement to other funds in the University. These include continuing one-time sources such as support from other research funds, transfers from MTCU and net livestock sales.
- Reduced funding for administrative support. Currently there is a fixed formula that provides funds for administrative support to the colleges based on levels of research faculty effort within the OMAFRA research themes. This formula has remained at the same level over a number of years. A reduction in the number of research faculty FTE's awarded in the renewed agreement and a decrease in the formula will result in \$0.240 million in base savings within the Agreement.
- To offset the remaining gap in funding to balance the agreement budget for the 2010/2011 fiscal year, \$0.350 million in centrally held contingency funds and \$0.210 million in uncommitted carry-forward funds will be used (refer to Section C.5).

More details on the 2010/2011 Agreement budget and supporting notes are provided in the following sections. Table D.1 provides a summary of the Agreement budget by units and object type.

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C.6 Forecast for 2009/2010:

Consistent with University policy, University units with OMAFRA funding may carry-forward unspent allocations into the following fiscal year however they are also responsible for any OMAFRA-program deficits. In fiscal 2009/2010 it is forecast that, overall units with OMAFRA Agreement funding will carry-forward a net \$14.345 million. This is historically higher than normal reflecting the significant increase in funding received effective April 1, 2008 and the prudent position taken to carefully restructure programs to ensure the effective use of this new funding. Most of the carry-forward is captured centrally (unallocated accounts) pending approval of project proposals and program restructuring to meet new Agreement objectives.

D: Appendices

In this section are a series of detailed tables with explanatory notes providing additional information on the 2010/2011 OMAFRA Agreement budget.

Table D.1: OMAFRA Agreement Preliminary 2010/2011 Budget, By Unit and Major Expense Category

Table D.1 shows the 2010/2011 OMAFRA Opening Base Budget across major revenue and expense categories by organizational unit.

Table D.2: OMAFRA Agreement 2009/2010 Forecast of Results, by Unit

Table D.2 presents the 2009/2010 forecast actual results compared to budget by unit, with projected carry forwards for operations by organizational unit.

Table D.3: OMAFRA Direct Funded Full Time Equivalentents (FTE'S)

Table D.3 contains the FTE's counts by organizational unit detailing Faculty and CARG & Staff positions for the fiscal years 2006/2007 to 2010/2011 (Preliminary). FTE's are the budgeted positions for full time faculty and staff directly charged to the OMAFRA agreement. In addition the agreement supports Faculty positions in the MTCU budget by a fixed cost transfer (see note #3 on table D.3 for more information on the MTCU faculty transfer).

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Table D.1

Table D.1 - Preliminary 2010/2011 Budget, By Unit and Major Expense Category

	(A) Revenues	(B) Total Personnel	(C) Faculty Pool Costs	(D) Operating	(E) Dept Cost Recovery	(F) = (B)+(C)+(D)+(E) Total Expenses	(G) One Time Revenues and Recoveries	(H) = (A)+(F)+(G) Net 10/11 OMAFRA Budget	Notes
<u>Institutional Revenues</u>									
Renewed Agreement	(59,100)							(59,100)	
New Initiatives	(11,200)							(11,200)	
Minor Capital Funding	(4,000)							(4,000)	
Investment Income	(600)							(600)	
Total Institutional Revenues	(74,900)							(74,900)	#1
<u>Institutional Expenses</u>									
<u>Teaching Units</u>									
College of Arts		-	7	-		7		7	
College of Biological Sciences		49	423	-		472		472	
College of Social & Appl. Human Sciences		24	179	-		203		203	
College of Management and Economics		1	9	-		10		10	
OAC Guelph	(284)	3,763	7,207	391	(247)	11,114	(540)	10,290	
Alfred Campus	(336)	1,079		1,331	(606)	1,804		1,468	
Kemptville Campus	(1,131)	3,119		3,456	(416)	6,159		5,028	
Ridgetown Campus	(519)	3,466		2,529	(739)	5,256	(150)	4,587	
Total: Ontario Agricultural College	(2,270)	11,427	7,207	7,707	(2,008)	24,333	(690)	21,373	#2
Ontario Veterinary College - VCEP		2,431	1,900	1,869		6,200		6,200	
Ontario Veterinary College - Research		587	1,895	-		2,482	(80)	2,402	
College of Physical & Eng. Sciences		97	195	-		292		292	
Total Teaching Units	(2,270)	14,616	11,815	9,576	(2,008)	33,999	(770)	30,959	
<u>Other Programs and Services</u>									
Guelph Research Station Operations	(2,226)	6,094		6,247	(656)	11,685	(475)	8,984	#3
Program Support Accounts		187		1,830		2,017	(460)	1,557	#4
Lab Services Division (AHL and AFL)	(13,739)	17,112		11,486	(2,059)	26,539		12,800	
Central Support Costs		-		11,000		11,000		11,000	#5
Total Other Programs & Services	(15,965)	23,393	-	30,563	(2,715)	51,241	(935)	34,341	
<u>Unallocated Program Funds</u>									
Total Research Project Operating		2,600		5,000		7,600		7,600	#6
New Initiatives Projects (KTT,HQP)		1,000		1,000		2,000		2,000	#7
Total Agreement Expenses	(18,235)	41,609	11,815	46,139	(4,723)	94,840	(1,705)	74,900	
Net Agreement Budget	(93,135)	41,609	11,815	46,139	(4,723)	94,840	(1,705)	0	

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Notes for Table D.1

Notes:

1. See section C.2 on page #5 for details on the Total Institutional Revenue within the Agreement for 2010/2011.
2. Ontario Agricultural College (OAC) includes the regional campus locations in Alfred, Kemptville and Ridgetown. In 2010/2011, OAC will transfer a total of \$0.690 million from other funds on a one-time basis in support of the incremental costs in the OMAFRA Agreement including net revenues generated by other programs.
3. Guelph Research Station Operations are a number of animal and land based research facilities on campus and in the surrounding Guelph area. For 2010/2011, this unit will identify \$0.475 million in additional revenues, cost savings and uncommitted carry forwards as one time contributions to balancing the Agreement budget.
4. The Program Support Accounts are centrally administered funds used for specific research infrastructure including discretionary accounts managed by the Research Program Directors and contingency funds for facilities and maintenance of provincially owned locations. In 2010/2011, \$0.460 million in contingency funds and uncommitted carry forwards will be used on a one-time basis to balance the Agreement budget.
5. Central Support Costs are the indirect cost transfers to the MTCU budget in support of the OMAFRA agreement. For 2010/2011, \$11.0 million has been allocated for support of campus infrastructure. This amount consists of \$10.0 million in the Renewed (Base) Agreement and \$1.0 million per year from the 5 year New Initiatives allocation.
6. In 2010/2011 there is \$7.600 million of research project operating funding. This consists of a Renewed Agreement base of \$1.9 million and a \$5.7 million annual allocation (year #3 of 5) from the New Initiatives revenue. In addition, there is a forecast \$6.434 million in unspent project operating to be carried forward from 2009/2010 in year #2 New Initiatives funding. These amounts remain unallocated in the preliminary budget pending completion of award processes and detailed budget planning in the seven research themes of the Renewed Agreement.
7. There are two programs funded by New Initiatives revenues for a Knowledge Translation and Transfer (KTT) program and an investment in researcher development (HQP). Each program is allocated \$1.0 million from the New Initiatives fund annually. In addition, the programs have unspent balances from the prior years forecast to be \$3.681 million (KTT \$1.715 million, HQP \$1.966 million).

Column Definitions:

Column A: Total revenues of \$93.135 million include both agreement advances from OMAFRA, investment income and revenues within units. Unit revenues are external cash charges for services provided by agreement locations primarily through the sale of goods and services.

Column B: Total Personnel includes the salary and benefit costs for all faculty and staff charged directly to OMAFRA projects including approximately 421 FTE's of regular full-time positions.

Column C: Faculty Pool Costs are fixed transfers to the MTCU budget in support of faculty effort on research projects (65 FTE's) and VCEP (12 FTE's). An additional 10 FTE's of faculty positions are recorded and funded as direct costs of the program (In column B). These 10 faculty positions are located in the regional campuses at Ridgetown (5.3), Kemptville (2.5) and Alfred (2). There are also 16 Veterinarian positions in the Labs and 4 in the Veterinary Teaching Hospital for a total of 30 direct funded OMAFRA FTE's in the Faculty agreement.

Column D: Operating expenses include all non-personnel expenses including travel, utilities, supplies and facility maintenance.

Column E: Dept Cost Recovery are non-cash transfers based on inter-departmental services provided for laboratory and other services to other University departments.

Column F: Total Expenses includes column B to E and are the total gross expenses for the Agreement.

Column G: One Time Revenues and Recoveries are unit contributions to the structural deficit in the 2010/2011 OMAFRA Agreement. These funds are primarily cost recoveries and transfers of uncommitted funds used to offset the cost increases in the agreement on a one time basis within the fiscal year. These solutions do not permanently reduce the structural deficit created by increased costs.

Column H: Net 2010/2011 OMAFRA Budget is the total of departmental expenses less departmental cost recoveries and revenues for each major unit. The net budget is the total allocation amount with which budget managers are controlled and measured at the end of each fiscal year. These unit targets do not include Research Project Operating awards that are currently unallocated in the Preliminary budget (see note #6&7 above). Any surplus or deficit at year-end within policy limits is credited to or charged against the unit as a "Carry forward" in the following year's budget.

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Table D.2

Table D.2 - 2009/2010 Forecast of Results, Net Expenses by Unit

	09/10 Budget	09/10 Forecast	Surplus/ (Deficit)	
<u>Agreement Funding:</u>				
Provincial Funding - Renewed Agreement	59,100	59,100	0	#1
Provincial Funding - New Initiatives	11,200	11,200	0	#2
Total Agreement Funding	70,300	70,300	0	
<u>Investment Income</u>				
Interest Income Target	1,400	200	(1,200)	
Contingency Funds	(1,200)		1,200	
Net Investment Income	200	200	0	#3
<u>Agreement Expenses:</u>				
<u>Teaching Units</u>				
College of Arts (COA)	7	7	0	
College of Biological Science	802	680	122	
College of Social & Applied Human Sciences	368	321	47	
College of Management & Economics	39	34	5	
OAC - Guelph	14,949	13,880	1,069	
Alfred Campus	1,153	1,112	41	
Kemptville Campus	4,410	4,299	111	
Ridgetown Campus	3,868	4,290	(422)	#4
Total Ontario Agricultural College	24,380	23,581	799	
Ontario Veterinary College - Research	3,181	3,000	181	
Ontario Veterinary College - VCEP	6,998	6,520	478	
Total Ontario Veterinary College (OVC)	10,179	9,520	659	
College of Physical & Eng Science	586	452	134	
Total Teaching Units	36,361	34,595	1,766	
<u>Academic Services</u>				
New Initiatives Programs	10,425	310	10,115	#5
Guelph Research Stations and Animal Facilities	8,259	7,312	947	
AVP Agrifood	216	149	67	
Laboratory Services Division	16,130	14,680	1,450	#6
OMAFRA Indirect Costs	11,000	11,000	0	
Net Agreement Expenses	82,391	68,046	14,345	
Annual Operating Surplus (Deficit)	(11,891)	2,454	14,345	
Add: Transfers from Appropriations - Operations	11,891	11,891		
Funds Available	0	14,345		#7
Less: Transfers to Appropriations - Operations		(14,345)		
Net Revenue(Expense)	0	0		

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Notes for Table D.2

Notes:

1. The Agreement Base Revenue is \$59.1 million. An additional \$5.9 million (\$5.5 million in 2008/2009) in Minor Capital/Repair and other equipment funds were provided for jointly approved projects. The Minor Capital revenues are recorded in the locations/units of the approved projects.
2. OMAFRA provided \$56 million in one-time funds as a strategic commitment to new initiatives in research, animal health and veterinary clinical education. This allocation will be \$11.2 million per year for five years. 2009/2010 was the second of the five years.
3. The University credits the agreement with interest earned on the advances received from OMAFRA. The New Initiatives funding (see note #2 above) represents most of the interest-earning balance. Due to interest rate reductions in 2009/2010, the interest earned is forecast to be \$0.200 million (\$1.594 million in 2008/2009). The budget shortfall that resulted was offset by \$0.194 million in interest carry forwards from 2008/2009, and unallocated contingency funds for a total adjustment of \$1.200 million.
4. Ridgetown's year-end forecast is a net deficit of \$0.422 million for its OMAFRA supported programs. This is an accumulated Research Station deficit which resulted from a series of operational problems. The operational issues are being corrected and there is a detailed plan in place, approved by the Dean of OAC, to resolve this one-time deficit over a three year period that begins May 1/10.
5. The Renewed Agreement included revenues specifically targeted to new initiatives (see note #2 above). These new programs include 7 research themes, a Knowledge Translation and Transfer (KTT) program and an investment in researcher development (HQP). These new programs are in their start up phase and any unspent funds will be carried forward for these specific purposes as part of the five year plan for the programs. The research themes have unallocated balances forecast at \$6.434 million, the KTT program \$1.715 million and HQP \$1.966 million.
6. The Animal Health Lab (AHL) and the Agri-Food Lab (AFL) programs in the Laboratory Services division are forecasting an overall surplus of \$1.45 million. The division has a significant investment in leading edge testing technology and demands for continual development of new testing protocols. Any net revenues are designated for re-investment in support of these needs.
7. The total \$14.345 million in funds projected to be available at the end of 2009/2010 will be carried forward to 2010/2011 for operations. Of this amount, a forecast \$11.667 million is in the New Initiatives programs and the remaining \$2.678 million within Renewed Agreement base budgets (compared to \$2.334 million unspent at the end of 2008/2009).

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Table D.3

Table D.3 - OMAFRA Direct Funded Full Time Equivalents (FTE'S)

College/Division	Position Type	2006/2007	2007/2008	2008/2009	2009/2010	2010/2011 Preliminary	Notes
<u>TEACHING UNITS</u>							
OAC GUELPH	Faculty	0.0	0.0	0.0	0.0	0.0	
	Staff	49.0	46.6	46.3	45.8	45.8	#1
		49.0	46.6	46.3	45.8	45.8	
ALFRED CAMPUS	Faculty	1.0	2.0	1.9	1.9	1.9	
	CARG/Staff	24.1	24.9	10.7	10.7	10.7	#1
		25.1	26.9	12.6	12.6	12.6	
KEMPTVILLE CAMPUS	Faculty	3.0	4.3	2.6	2.5	2.5	
	CARG/Staff	54.4	57.6	33.0	34.0	32.1	#1
		57.4	61.9	35.6	36.5	34.6	
RIDGETOWN CAMPUS	Faculty	5.9	6.3	4.5	5.3	5.3	
	CARG/Staff	64.5	65.1	32.6	33.7	33.7	#1
		70.4	71.3	37.1	39.0	39.0	
OVC - TEACHING DEPARTMENTS	Faculty	0.0	0.0	0.0	0.0	0.0	
	Staff	10.4	10.4	10.4	10.5	9.5	
		10.4	10.4	10.4	10.5	9.5	
OVC - VCEP	Faculty/Vets	0.0	4.0	4.0	4.0	4.0	#2
	Staff	24.6	24.6	24.6	23.6	23.6	
		24.6	28.6	28.6	27.6	27.6	
COLL OF PHYSICAL & ENGINEERING	Faculty	0.0	0.0	0.0	0.0	0.0	
	Staff	1.5	1.3	1.3	1.3	1.3	
		1.5	1.3	1.3	1.3	1.3	
	Total Faculty/Vets Teaching Units	9.9	16.6	12.9	13.7	13.7	
	Total Staff Teaching Units	228.5	230.5	158.9	159.5	156.7	
	Total Teaching Units	238.4	247.1	171.8	173.2	170.4	
<u>ACADEMIC SERVICES</u>							
AVP AGRIFOOD	Staff	64.2	66.8	66.8	67.3	67.1	
		64.2	66.8	66.8	67.3	67.1	
LAB SERVICES DIVISION	Faculty/Vets	0.0	16.0	16.0	16.0	16.0	#2
	Staff	166.1	155.8	165.5	166.8	167.7	
		166.1	171.8	181.5	182.8	183.7	
	Total Faculty/Vets Academic Services	0.0	16.0	16.0	16.0	16.0	
	Total Staff Academic Services	230.3	222.5	232.4	234.1	234.8	
	Total Academic Services	230.3	238.5	248.4	250.1	250.8	
	Total Faculty/Vets	9.9	32.6	28.9	29.7	29.7	
	Total Staff	458.8	453.0	391.3	393.6	391.5	
	Total Faculty and Staff	468.7	485.6	420.2	423.3	421.2	#3

(Excludes Research and VCEP Faculty supported by cost transfer to the MTCU Budget)

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Notes for Table D.3

Definitions:

FTE: Full Time Equivalents measuring budgeted positions for full time faculty, CARG and staff charged directly to the OMAFRA Agreement.

CARG: Instructors and researchers at the regional campus locations of OAC who are members of the College and Academic Research Group. There are a total of 47 RFT FTE's in the CARG group (14.1 OMAFRA, 32.9 MTCU) at the three regional campus locations.

Notes:

1. From 2008/2009, the Diploma Education teaching and the Business Development/Continuing Education programs at the Guelph, Alfred, Kemptville and Ridgetown campus were transferred to MTCU as part of the Renewed Agreement. This change was funded by a \$4.5 million grant now being received from MTCU. This transfer included the support for 76.8 FTE's of regular full time faculty, CARG and staff moving from the OMAFRA Agreement to the MTCU Budget. The details by location are noted in the table below.

2. At the end of 2006/2007, Veterinarian positions formally became part of the University faculty agreement. The current Veterinary positions are located in the Veterinary Teaching Hospital in OVC with 4 of 9 positions funded in the VCEP program of the OMAFRA agreement. In the AHL (Animal Health Labs program in the Labs Services division, there are 16 full-time veterinary positions in the OMAFRA agreement.

3. The total direct funded positions in the preliminary budget of the renewed OMAFRA agreement currently totals 421.2 budget full-time positions for 2010/2011.

In addition, support for 65 FTE's of research faculty awarded research projects in the OMAFRA agreement and 12 FTE's of OVC faculty in the VCEP program are funded by a fixed transfer to the MTCU budget. The total effort for full time position in the OMAFRA agreement totals 498.2 full time equivalents.

Positions transferred to MTCU

Location	Full Time FTE's
Guelph	0.9
Alfred	15.4
Kemptville	26.9
Ridgetown	33.6
Total	76.8