

**UNIVERSITY OF GUELPH**

**OMAFRA Agreement - 2006/2007 Preliminary Budget**

For Presentation to the Board of Governors

April 20, 2006

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**OMAFRA Agreement – 2006/2007 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, diploma education and services to the agri-food sector in the province of Ontario. This Agreement, which is unique in the Ontario university system provides 16% or approximately \$74.4 million (in fiscal 2004/2005) of total University revenues, a significant portion of which funds 90 faculty FTEs (Full Time Equivalents), and 457 staff FTEs working at a variety of locations across Ontario. The Agreement also provides operating, equipment and infrastructure costs including University main campus infrastructure costs of approximately \$6.4 million. In addition to research and teaching on the Guelph campus, under the Agreement the University operates programs and delivers services at a number of provincially-owned facilities across Ontario including:

- 3 regional campuses of the University of Guelph at Alfred and Kemptville located near Ottawa, and Ridgetown in south-western Ontario,
- a major laboratory testing facility located in Guelph and
- agricultural research stations located across Ontario including three major research stations located near Guelph at Arkell and Elora .

The Agreement also provides funding for both provincial agricultural diploma education which includes nearly 900 students enrolled in the Associate Diploma in Agriculture program and the Veterinary Clinical Education Program (VCEP) in the Ontario Veterinary College (OVC) which supports the clinical education of veterinary students. The current five year Agreement ends as of March 31, 2007.

**Funding:** Total 2005/2006 OMAFRA Agreement revenues are forecast to be \$75.7 million (\$74.4 million in fiscal 2004/2005). They are derived from three major sources: \$50.5 million in provincial funding from OMAFRA, \$3.1 million in tuition revenues (diploma and continuing education) and \$22.1 million in revenues earned from operations of programs and facilities under the Agreement. These revenues consist of items such as the sale of goods and services including laboratory services, continuing education and professional certification programs and materials, the sale of farm products and special provincial funding (e.g., for facilities renovations and repairs). With provincial funding support having been at a constant \$50.5 million since fiscal 2001, any cost increases including coverage of general cost increases such as salaries and benefits or new program investments have been funded by a combination of increases in non-provincial revenues and cost recoveries or by reallocating resources within programs. While non-provincial funding has grown substantially over the past several years to help offset cost increases (non-provincial revenues now form 30% of total funding compared to 22% in fiscal 2000), program reallocations are required in order to keep the total Agreement funding in balance. This restructuring has been reflected in the past several years' budgets and continues to provide the main context for OMAFRA budget planning (Refer to section below on Budget Context).

**Reporting and Restrictions:** Agreement funds are managed by University college/departments 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 Operating Budget. Any unspent funds or deficits in a fiscal year are restricted within the Agreement and are carried forward in total to the next fiscal year. Each year, the OMAFRA budget is presented to the University's

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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. 2006/2007 Budget Context**

**B.1: Restructuring Costs:**

In 2002/2003, significant restructuring was initiated to change the way the University manages the Agreement with OMAFRA. Each step of this restructuring has been carried out in consultation with the Ministry. The steps taken were designed to eliminate a \$6.181 million structural deficit projected for the 2002/2003 fiscal year, to develop a more business-like approach for cost recovery throughout the various activities supported by the Agreement, and to strategically change the research directions under the Agreement to reflect shifting priorities toward value chains, bio-products, food and health. The base budget reductions of \$6.181 million were largely completed in 2003/2004, and the remaining reductions were implemented in 2004/05. The total costs associated with this restructuring such as position redundancies and program relocations were \$4.285 million. A plan to fund these accumulated costs no later than March 31, 2007 (end of the current agreement) was approved by both the Board of Governors and OMAFRA. At the end of fiscal 2005/2006 it is projected that these accumulated costs will have been reduced to \$0.956M. In 2006/2007 it is planned to complete the repayment of these costs using both a combination of revenues and program re-allocations as required. (refer to Section D).

The fiscal measures put in place over the past three years, and continuing into 2006/07, are designed to stabilize the finances in all aspects of the Agreement by building in mechanisms to deal with incremental costs on an annual basis. Incremental costs associated with salaries and benefit increases are \$1.3 million (about 1.7% of total revenue) annually, and the restructuring efforts have been aimed at creating revenue as the main source to cover them.

- ◆ Laboratory Services Division and the VCEP program in OVC have been moved to a fixed-funding model, wherein their allocation from the provincial funds is fixed at \$9 million and \$4.7 million, respectively. Revenues and cost reallocations from within those units are now being used to cover incremental costs.
- ◆ A significant reduction in personnel costs on the Guelph campus assigned to the Agreement, coupled with a go-forward plan for a fixed-funding model for technical support, is positioning units to use non-OMAFRA research revenues to assist in dealing with incremental staff costs.
- ◆ The regional campuses already receive a fixed, base allocation of provincial funding under the agreement with the objective of developing new revenues or cost re-allocations to deal with incremental costs.
- ◆ The research stations are moving to a fixed-funding model. Revenues will be generated through access charges to cover annual incremental costs.<sup>1</sup>

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<sup>1</sup> The development of a cost recovery model for research station operations was begun during the 2005/06 fiscal year. The restructuring of research programs was initiated with research in food and the environment. The plant and animal programs will be revised in 2006/2007. Some of the priorities and resources in the former animals and plants program form the basis of the new program in bio-products, which began in 2005/2006. The balance of animals and plants resources will form the new Sustainable Production Systems program.

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**B.2 Transfer of Assets:**

In August 2005, the province announced that on April 1, 2006 ownership of all previously provincially-owned assets associated with the Agreement (land and buildings) would be transferred to the Agricultural Research Institute of Ontario (ARIO)<sup>2</sup>. The transfer also included full<sup>3</sup> responsibility for the operations and maintenance of these lands and buildings (buildings associated with 14 agricultural stations and the 3 college locations as well as 6,600 acres of land) to the University. The terms of the Agreement have been amended to reflect transfer of this responsibility along with \$4.3 million additional funding transferred annually to the University. (These funds started flowing on April 1, 2006.) In addition, the costs of capital projects (costs greater than \$10,000) will be funded separately, through funds held by ARIO. Priorities for capital projects will be set as part of a joint (OMAFRA, ARIO and University) planning process. Key considerations will be health and safety, energy efficiencies and program effectiveness.

**C. Major Budget Assumptions for fiscal 2006/2007:**

Table A summarizes the results of the major planning assumptions for the 2006/2007 Agreement budget. The total initial budget challenge (estimated expenses greater than revenues) at the start of the 2006/2007 budget process was estimated at \$2.286 million or 3.2% of the total budget (refer to section D). Included in this is a provision of \$0.956 million to be allocated towards completion of the repayment of the accumulated unfunded transition costs and estimated incremental costs of \$1.330 million for personnel cost increases for 2006/2007.

In addition, the Agreement was amended effective April 1, 2006 to include full responsibility for facilities operations and maintenance of sites occupied by the University of Guelph for OMAFRA under the Agreement. The annual agreement funding was increased by \$4.3 million from \$50.5 million to \$54.8 million. Previous to this change, some locations within the Agreement had varying levels of responsibility for facility maintenance and utility costs. The increased responsibility includes costs for utilities, repairs and maintenance, cleaning and housekeeping services, roads and grounds and security for both University occupied locations and for other tenants who have leases for space at some locations (primarily staff from other branches of OMAFRA and other federal and provincial ministries).

What follows is a summary of the major changes (**incremental to base budget**) proposed for the Agreement Budget in fiscal 2006/2007. The overall target is to cover incremental costs and to generate \$0.956 million in net revenues to eliminate the net accumulated transition costs.

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<sup>2</sup> ARIO is an advisory body to the province reporting the Minister of OMAFRA. It is provincially incorporated under the ARIO Act (1962).

<sup>3</sup> Prior to this transfer, responsibility for the operations and maintenance of the properties were split between the province, through Ontario Realty Corporation (\$4.3M) and the University, under the Agreement (\$2.2 million). The transfer (and amended Agreement) reflects the consolidation of these responsibilities.

**D. Summary of 2006/2007 OMAFRA Budget Assumptions:**

**Salary and Benefit Cost Increases (incremental costs):**

Under the current arrangement, the Agreement budget is responsible for covering cost increases for mainly staff (non faculty) salaries and benefits. *(Note: Agreement financial support for 83.4 FTE's [full-time equivalents] of faculty effort is recorded as an annual fixed i.e., no exposure to salary or benefit cost increases, charge of \$7.915 million.)* It is estimated that the costs of salary and benefit increases for staff supported by the Agreement will be **\$1.330 million** in the 2006/2007 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 all University employee groups charged to the Agreement. (Five of the six major employee groups included on Agreement funding have contracts covering the period of this budget).

In meeting the budget target, units have been encouraged first to raise revenues or cost recoveries from external research, increased enrolments or other sources. Diploma tuition and ancillary fees provide a source of revenue to assist in meeting budget targets. Schedules A and B contain fee increases proposed for 2006/2007. Also, units are expected to build on their research and teaching infrastructure capacities to generate additional revenues to support operations. In addition to new revenues, a key solution for meeting the challenge of cost-increases involves the introduction of cost-recoveries of OMAFRA funded research infrastructure costs from all users (research programs).

For the 2006/2007 cost increases, units have already provided plans to absorb them within their existing OMAFRA budget through revenue increases or by reallocating costs to other funding sources. The plan for the 23 positions reduction in OAC started in 2005/2006 included allowances for the 2006/2007 cost increases. It is not expected at this time, that there will be any further reductions in staff complement in fiscal 2006/2007 as a result these cost increases.

**Incremental Facilities Operations and Maintenance:**

With the acceptance of full responsibility for facility operating costs on April 1, 2006, within provincially owned locations, additional net<sup>4</sup> costs will be assumed by the University within the OMAFRA Agreement. The amendment to the Agreement (signed in March 2006) provides for a **\$4.300 million** annual increase in the transfer payment to pay for the incremental costs of the new responsibilities including utilities and minor maintenance (projects less than \$10,000) at the locations.

**Estimated 2006/2007 Transition Repayment:**

The costs of completing the major 2002/2003 restructuring of the Agreement (\$6.181 million in cost re-allocations) totalled \$4.285 million to the end of 2003/2004. These costs were all one-time and will be covered over several years from Agreement revenues. To date, \$3.329 million has been repaid with an additional **\$0.956 million** designated for 2006/2007 (refer to section E below). It is planned to accelerate repayments as revenues and cost recoveries become available.

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<sup>4</sup> Net of rental/lease revenue from external tenants at the locations.

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**E. Accumulated Transition Costs:**

Given the size and complexity of the 2002/2003 restructuring, \$4.285 million in one-time transition costs were incurred, of which \$1.290 million were covered from additional one-time revenues and savings in that year leaving a net cost of \$2.995 million at the end of fiscal 2003/2004. Since then, additional revenues of \$2.039 million were generated from the net proceeds of livestock sales and interest earned on provincial cash advances and other recovery of costs credited to the Agreement. This leaves an estimated unpaid balance of \$0.956 million as of the beginning of the 2006/2007 fiscal year.

It is budgeted to repay the remaining accumulated balance at the end of fiscal 2006/2007.

<b>Opening Net Accumulated Transition Costs</b> (from fiscal 2004/2005)	(1.456)
<b>Less: Projected available revenues/recoveries/savings in 2004/2005</b> These are specific revenues/recoveries and unallocated budget savings accumulated during the fiscal year and attributed to accelerated repayment of transition costs. Specific revenues are mainly from centrally managed accounts such as interest earned on the Agreement cash flow and the sale of livestock. (The 2004/2005 budget minimum target for repayment was \$0.250 million)	0.500
	(0.956)
<b>Ending Net Accumulated Transition Costs</b> (2005/2006)	
<b>Less: 2006/2007 planned repayment of Transition Costs</b> These are specific revenues identified mainly from centrally managed accounts such as interest earned on the Agreement cash flow and the sale of livestock. Any shortfall in these funds will be covered by other unallocated non-OMAFRA research revenues. The total deficit will be repaid	0.956
	0
<b>Ending Net Accumulated Transition Costs</b> (2006/2007)	

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**E. 2006/2007 OMAFRA Budget – Description of Charts, Tables and Schedules:**

**Chart A: Agreement: Total 2006/2007 Expense Budget by Location**

Chart A estimates the OMAFRA expense budget by major location incorporating the budget assumptions as presented.

**Chart B: Agreement: Diploma Program Enrolments by Location**

Chart B compares the OMAFRA diploma student enrolment by location over a time series 2003/2004 actual to 2006/2007 budget.

**Chart C: Agreement: Revenue by Major Category 2003/2004 to 2006/2007**

Chart C compares the OMAFRA revenues in each major category over a four year period including the 2006/2007 budget.

**Chart D: Agreement: Expenses by Major Category 2003/2004 to 2006/2007**

Chart D compares the OMAFRA expense budget by major category incorporating the budget assumptions as presented.

**Table A: OMAFRA Agreement Preliminary Budget, By Unit and Major Expense Category**

Table A shows the 2006/2007 OMAFRA Opening Base Budget by major revenue and expense category plus budget assumptions for carry forwards, incremental facilities revenues and expenses and repayment targets by organizational group, before final allocation within the base budget.

**Table B: OMAFRA Agreement 2005/2006 Forecast of Results, by Unit**

Table B presents the 2005/2006 forecast actual results compared to budget by unit, for projected carry forwards \* for operations and net accumulated transition costs.

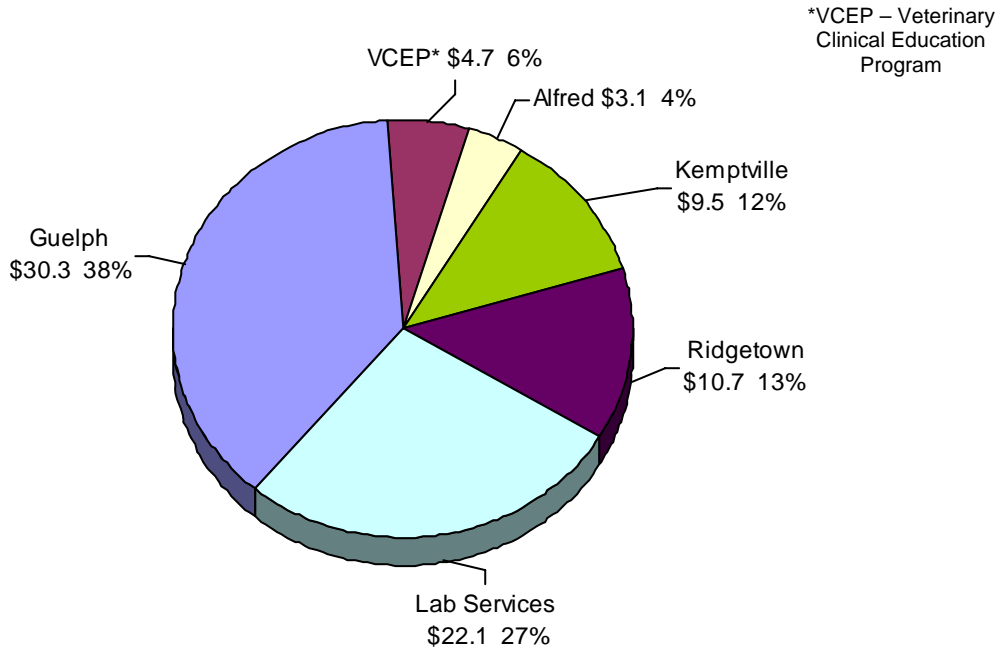
**Schedule A: OMAFRA Diploma Program Tuition Fees**

**Schedule B: Schedule of Proposed Non-tuition Compulsory and Ancillary Fees**

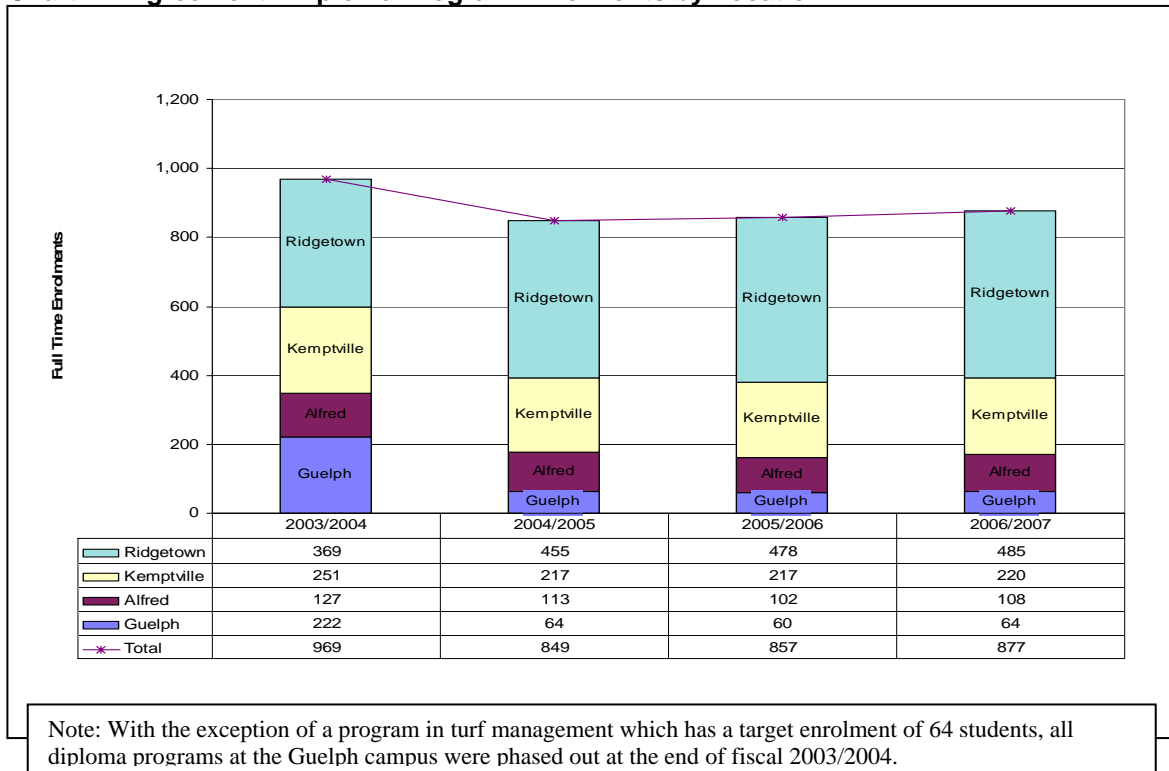
*\* It should be noted that the 2006/2007 Preliminary Budget includes departmental carry-forward funds projected at the end of the previous fiscal year, 2005/2006. (Carry-forwards are departmental unspent funds or net revenues over annual budget targets remaining at fiscal year end committed for open purchases orders, capital equipment, multi-year projects or helping meet future years' departmental budget targets.) The budget determines the total approved expenses/revenue limits for units, however, it is normal to expect departments to under spend in any year. Any funds remaining for carry-forward purposes in fiscal 2005/2006 will be determined at the end of the fiscal year in April 2006.*

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**Chart A: Agreement: Total 2006/2007 Expense Budget by Location: Total \$80.4 Million**



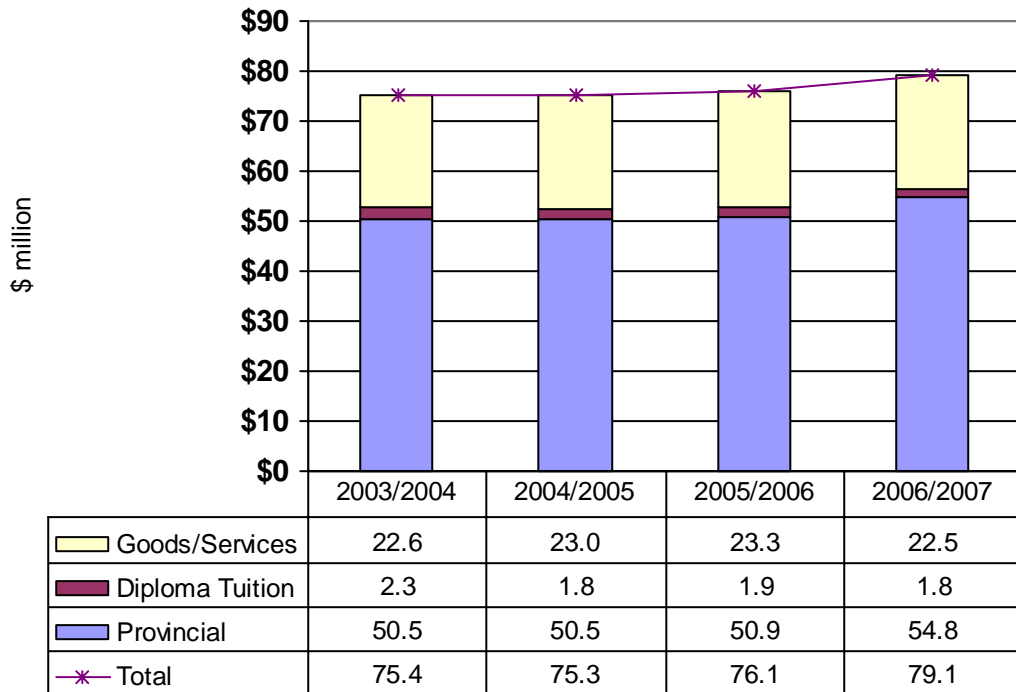
**Chart B: Agreement - Diploma Program Enrolments by Location**



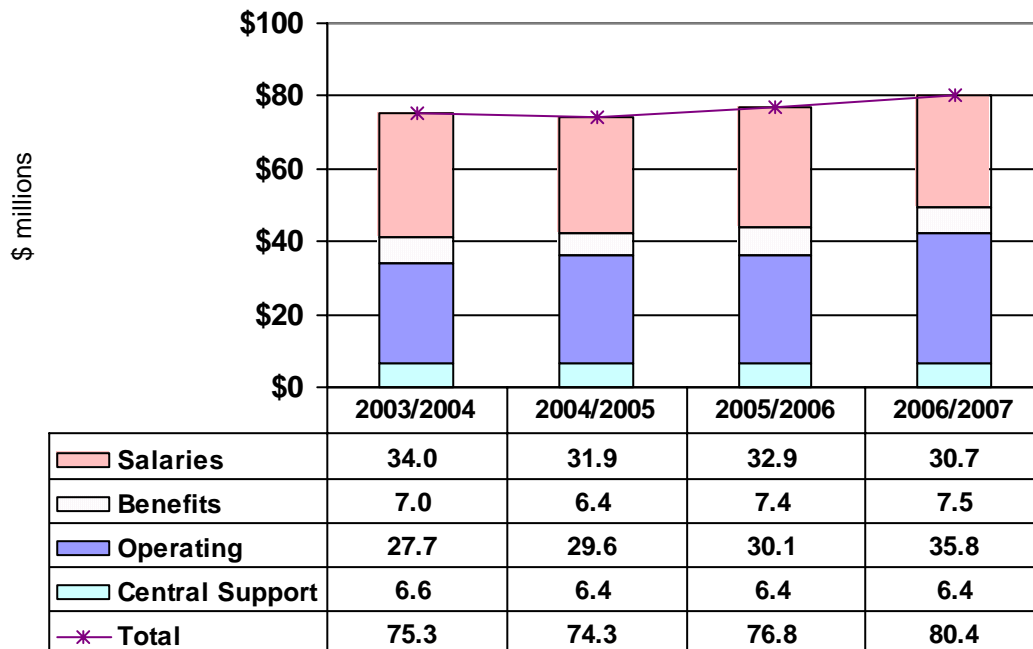


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**Chart C: Agreement: Revenue by Major Category 2003/2004 to 2006/2007**



**Chart D: Agreement: Expenses by Major Category 2003/2004 to 2006/2007**



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**By Unit & Major Expense Category**  
**Table A**

	(A) Total Personnel	(B) Faculty Pool Costs	(C) Operating	(D) Dept Cost Recovery	(E) = (A)+(B)+(C)+(D) Total Expenses	(F) Revenues	(G) = (E)-(F) Base Budget	(H) Forecast Carry- Forwards	(I) Incremental Facilities Costs	(J) Other Budget Revisions	(K) =(G)+(H)+(I)+(J) Preliminary Net Annual Budget	Notes
<b>Institutional Revenues</b>												
Provincial Funding						50,500	50,500		4,300		54,800	
<b>Total Institutional Revenues</b>						<b>50,500</b>	<b>50,500</b>		<b>4,300</b>		<b>54,800</b>	
<b>Institutional Expenses</b>												
<b>Teaching Units</b>												
College of Biological Sciences	44	130	416		591		591	322			913	
College of Social & Appl. Human Sciences	23	72	220		314		314	36			350	
OAC Guelph	3,436	4,782	3,436	(265)	11,388	(173)	11,216	(290)			10,926	
Alfred College	2,473		1,096	(190)	3,378	(1,188)	2,190	(369)	133		1,954	
Kemptville College	5,502		2,699	(315)	7,886	(4,280)	3,606	372	1,280		5,258	
Ridgetown College	6,167		2,837	(287)	8,717	(4,678)	4,039	920	1,056		6,015	
<b>Total: Ontario Agricultural College</b>	<b>17,577</b>	<b>4,782</b>	<b>10,068</b>	<b>(1,058)</b>	<b>31,369 #2</b>	<b>(10,319)</b>	<b>21,050</b>	<b>633</b>	<b>2,469</b>	<b>0</b>	<b>24,152 #1</b>	
Ontario Veterinary College - VCEP	2,147	1,400	1,153		4,700		4,700				4,700	
Ontario Veterinary College - Research	515	1,433	544		2,492		2,492	41			2,533	
College of Physical & Eng. Sciences	82	98	289		469		469	143			612	
<b>Total Teaching Units</b>	<b>20,389</b>	<b>7,915</b>	<b>12,690</b>	<b>(1,058)</b>	<b>39,935</b>	<b>(10,319)</b>	<b>29,617</b>	<b>1,175</b>	<b>2,469</b>	<b>0</b>	<b>33,261</b>	
<b>Academic Services</b>												
Guelph Research Station Operations	4,587		2,498	(25)	7,060	(1,716)	5,344	(1,285)	1,142		5,201	
Exigency & LRF	-		350		350	(650)	(300)			(300)	(600) #3	
Program Support Accounts			151		151		151	135	689		975 #4	
Other Unallocated Central OMAFRA Funds	33		246		279		279			(656)	(377) #5	
Lab Services Division	13,187		8,458	(1,345)	20,300	(11,300)	9,000	1,800			10,800	
Central Support Costs	-		6,410		6,410		6,410				6,410	
<b>Total Academic Services</b>	<b>17,806</b>	<b>0</b>	<b>18,113</b>	<b>(1,370)</b>	<b>34,550</b>	<b>(13,666)</b>	<b>20,884</b>	<b>650</b>	<b>1,831</b>	<b>(956)</b>	<b>22,409</b>	
<b>Total Expenses</b>	<b>38,195</b>	<b>7,915</b>	<b>30,803</b>	<b>(2,428)</b>	<b>74,485</b>	<b>(23,984)</b>	<b>50,500</b>	<b>1,825</b>	<b>4,300</b>	<b>(956)</b>	<b>55,669</b>	
Carryforward from Prior Years								(1,825)			(1,825) #6	
<b>Net Annual Budget</b>	<b>38,195</b>	<b>7,915</b>	<b>30,803</b>	<b>(2,428)</b>	<b>74,485</b>	<b>(74,484)</b>	<b>(0)</b>	<b>0</b>	<b>0</b>	<b>956</b>	<b>956 #7</b>	

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**Notes for Table A**

The following numbered notes provide specific details on the more significant components of the amounts on Table A.

**Notes:**

1. Ontario Agricultural College (OAC) includes the regional campus locations in Alfred, Kemptville and Ridgetown.
2. OAC Revenue of \$10.319 million by major category includes Diploma Enrolments (\$1.79 million), Continuing Education (\$4.332 million) and Sales of Goods and Services (\$4.197 million).
3. The budget for Exigency and the Livestock Research Fund (LRF) includes \$0.200 million and \$0.100 million revenue targets for annual contributions to balancing the Agreement budget and \$0.300 million revenue target allocated to the repayment of Accumulated Transition Costs.
4. The Program Support Accounts are centrally administered allotments for specific research infrastructure including a capital equipment budget allocated to Plant Ag growth room renovations, discretionary accounts managed by the Research Program Directors and the funds held centrally to manage the new responsibilities for facilities and maintenance.
5. Other Unallocated Central OMAFRA Funds are agreement funds held as a contingency which will be applied to repayment of accumulated transition costs and include the target for final repayment during 2006/2007.
6. The Carry forward from Prior Years for Operations are forecast to be \$1.825 million. This amount excludes the forecast Accumulated Transition Costs of \$0.956 million at the end of 2005/2006.
7. The planned repayment of Accumulated Transition Costs for 2006/2007 is \$0.956 million. See Section E for details on the Accumulated Transition Costs.

**Definitions:**

"Faculty Pool Costs" are fixed transfers to the MTCU budget in support of faculty effort on research projects (71.4 FTE's) and VCEP (12 FTE's).

"Dept Cost Recovery" are non-cash transfers based on inter-departmental services provided for laboratory and other services.

"Revenues" within units are external cash charges for services provided through either the sale of goods and services to third parties; Agreement services; or diploma and continuing education enrolments.

"Base Budget" is the current net budget by Unit, before the additional estimates and assumptions for the 2006/2007 fiscal year. The Base Budget includes the incorporation of the estimated costs of salary and benefit increases of \$1.33 million within unit targets. The base budget was calculated using the 'Fully Allocated Program' cost model developed during the 2005/2006 fiscal year in consultation with OMAFRA management in order to present the OMAFRA agreement with all costs attributed to the approved programs within the agreement.

"Forecast Carry-forwards" are funds generated by cost savings or net revenues in a fiscal year allocated for spending in the following fiscal year.

"Incremental Facilities Costs" represent the allocation of the increase agreement funding provided to assume full responsibility for operations and maintenance of provincially owned properties occupied by the University for OMAFRA programs.

"Other Budget Changes" include the revenue and cost reallocations required to meet the repayment target for the remaining Accumulated Transition costs.

"Preliminary Net Annual Budget" is the total of departmental expenses less departmental cost recoveries and revenues for each major unit, including forecast carry forwards amounts from the prior year and target reallocation amounts, that at this time have not been specifically resolved within the Agreement base budget. Net budget is the total allocation amount with which budget managers are controlled and measured at the end of each fiscal year. 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.

"VCEP" is the Veterinary Clinical Education Program in the Ontario Veterinary College

"Central Support Costs" are the transfers to the MTCU budget in support of infrastructure provided to the OMAFRA agreement.

"Carry forward from Prior Years for Operations" are the total funds generated by cost savings or net revenues in a fiscal year allocated for spending in the following fiscal year.

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**Forecast Net Expenses\* by Unit**  
**Table B**

In Thousands of Dollars

	<b>05/06 Net Budget</b>	<b>05/06 Net Actuals</b>	<b>Surplus (Deficit)</b>	<b>Notes</b>
<b>Provincial Agreement Revenue</b>	50,860	50,860	0	#1
<b>Institutional Net Expenses</b>				
College of Biological Sciences	723	401	322	
College of Social and Applied Human Sciences	368	332	36	
OAC Guelph	11,203	11,493	(290)	#2
Alfred College	1,966	2,335	(369)	#2
Kemptville College	4,244	3,872	372	
Ridgetown College	5,517	4,597	920	
Total: Ontario Agricultural College	22,930	22,297	633	
Ontario Veterinary College	7,187	7,146	41	
College of Physical and Engineering Sciences	636	493	143	
<b>Total Teaching Units</b>	31,844	30,669	1,175	
Guelph Research Station Operations	4,662	5,947	(1,285)	#3
Lab Services Division	10,707	8,907	1,800	#4
Research Program Support Accounts	354	219	135	#5
Central Support Costs	6,410	6,410	0	
<b>Total OMAF Agreement Operations</b>	53,977	52,152	1,825	
LRF & Exigency Fund	(800)	(527)	(273)	#6
Other Unallocated Central OMAFRA Funds	273	0	273	#6
<b>Additional Repayment of Transition Costs</b>	(527)	(527)	0	
<b>Total Contract Expenses</b>	53,450	51,625	1,825	
<b>Annual Income(Expense)</b>	(2,590)	(765)		
add: Carryforward from Prior Year for Operations	3,090	3,090		
<b>Agreement Funds Unspent</b>	500	2,325		#7
less: Carryforward to Following Year for Operations		(1,825)		
<b>Net Repayment</b>	500	500		
<b>Accumulated Transition Costs</b>				
Balance: End of 2004/2005 Fiscal Year	(1,456)	(1,456)	0	
Net Repayment in 2005/2006	500	500	0	
Balance: End of 2005/2006 Fiscal Year	(956)	(956)	0	

\* Net Expenses: Unit results are shown net of college/division revenues and recoveries (ie Tuition, Produce Sales, Lab Fees)

The following numbered notes provide specific details on the more significant components of the amounts on Table A.

1. Provincial Agreement Revenue of \$50.860 million includes the prior year's base amount of \$50.5 million plus \$0.360 million for one month of the incremental revenue for the facilities operations and maintenance program that started April 1, 2006. In 2005/2006, an additional \$0.977 million (\$1.925 million in 2004/2005) in Minor Capital/Repair funds was provided for jointly approved projects. These revenues were recorded in the locations/units of the approved projects.
2. Within the Ontario Agricultural College, there are two units with forecast deficits for the 2005/2006 fiscal year. The Plant Agriculture department has undergone significant restructuring in recent fiscal years including a reconfiguration of their technical support for faculty involving 23 positions in 2005/2006 where the positions were either vacated through voluntary incentives or incumbents were redeployed in other positions and other funding sources. The deficits incurred during this restructuring process will be recovered from other funding sources. Alfred College has experienced a structural budget problem over the last several years that is being addressed through operational changes, and by seeking external support for new initiatives.
3. Guelph Research Station Operations have a forecast accumulated deficit of -\$1.285 million (-\$0.728 million in 2005/2006) due to the continuing pressure of facilities maintenance and cost inflation at the same time as significant budget reallocations have occurred. During the 2005/2006 fiscal year, a significant restructuring of station management was completed. A process to recover the full cost of research animal and facilities usage from both OMAFRA and other externally funded research projects is being implemented as part of the plan to restore fiscal stability.
4. The Lab Services Division accumulates excess revenue from testing services provided to external customers for the purpose of planned replacement of high value testing technology. As of the end of the 2005/2006 fiscal year, the Labs are expecting a balance of \$1.80 million carried forward for investment in equipment.
5. The Research Program Support Accounts are centrally administered allotments for support of specific research infrastructure such as the \$0.072 million capital equipment budget allocated annually to Plant Ag growth room renovations and \$0.146 million in support funds and discretionary accounts managed by the Research Program Directors.
6. The budget for the Livestock Research Fund (LRF) and Exigency includes \$0.200 million and \$0.100 million revenue targets for annual contributions to balancing the Agreement budget and \$0.500 million revenue target allocated to the repayment of Accumulated Transition Costs. The forecast \$0.273 million shortfall in net livestock sales revenue is due to the timing of sales and low commodity prices. This shortfall will be covered by other unallocated agreement funds available to ensure that the target repayment is made by the end of the fiscal year. With the other available agreement funds, the total repayment of accumulated transition costs for 2005/2006 is expected to be \$0.500 million reducing the remaining balance to \$0.956 million.
7. Of the total \$2.325 million in funds projected to be available at the end of 2005/2006, \$0.500 million was the planned repayment of Accumulated Transition Costs. The remaining \$1.825 million will be carried forward to 2006/2007 for operations.

**University of Guelph**  
**OMAFRA Agreement – 2006/2007 Preliminary Budget**  
**Schedule of Proposed OMAFRA Diploma Program Tuition Fees**

**Schedule A**

<b>TUITION FEES</b> (Note #1)		2005/06 Approved <u>Fee</u>	2006/07 <u>Entering Students</u>		2006/07 <u>Continuing Students</u>	
			<u>Recommended Fee</u>	<u>Change 2005/06 to 2006/07</u>	<u>Recommended Fee</u>	<u>Change 2005/06 to 2006/07</u>
<b>1. ASSOCIATE DIPLOMA IN TURFGRASS MANAGEMENT</b> Guelph Campus						
<b>A. <u>PROVINCIALY FUNDED PROGRAMS</u></b>		<u>Fee Basis</u>				
<b>Full-Time Fees</b>						
Full-Time - Regular Diploma Program	per Semester	\$2,092.00	\$2,186.00	\$94.00	\$2,176.00	\$84.00
<b>Part-Time Fees</b>						
Part-Time - Regular Diploma Program	per Course	\$418.00	\$437.00	\$19.00	\$435.00	\$17.00
<b>B. <u>VISA (INTERNATIONAL) STUDENTS</u></b>						
Full-Time - Regular Diploma Program	per Semester	\$4,865.00	\$6,865.00	\$2,000.00	\$4,865.00	\$0.00
Part-Time - Regular Diploma Program	Per Course	\$974.50	\$1,373.00	\$398.50	\$974.50	\$0.00
<b>2. ASSOCIATE DIPLOMA PROGRAMS</b> Alfred, Kemptville, Ridgetown Campuses						
<b>A. <u>PROVINCIALY FUNDED PROGRAMS</u></b>		<u>Fee Basis</u>				
Full-Time - Regular Diploma Programs	per Semester	\$1,073.00	\$1,121.00	\$48.00	\$1,116.00	\$43.00
Full-Time - Veterinary Technology (Residential) (Note #2)	per Semester	\$1,073.00	\$1,159.00	\$86.00	\$1,116.00	\$43.00
Full-Time - Veterinary Technology Alternative Delivery	per Year	\$1,430.00	\$1,544.00	\$114.00	\$1,487.00	\$57.00
Part-Time - Regular Diploma Programs	per Course	\$215.00	\$224.60	\$9.60	\$223.60	\$8.60
Part-Time - Veterinary Technology Regular Program	per Course	\$215.00	\$232.20	\$17.20	\$223.60	\$8.60
<b>B. <u>VISA (INTERNATIONAL) STUDENTS</u></b>						
Full-Time - Regular Diploma Programs	per Semester	\$2,232.00	\$3,132.00	\$900.00	\$2,232.00	\$0.00
Full-Time - Veterinary Technology (Residential)	per Semester	\$2,232.00	\$3,357.00	\$1,125.00	\$2,232.00	\$0.00
Full-Time - Veterinary Technology Alternative Delivery	per Year	\$2,974.00	\$4,476.00	\$1,502.00	\$2,974.00	\$0.00

**\*Notes**

#1 - The OMAFRA Associate Diploma Programs are not subject to regulation by the Ministry of Training, Colleges and Universities (MTCU). The 2006/07 fees for the Associate Diploma are recommended by the Executive Committee overseeing the education, research and services agreement with the Ontario Ministry of Agriculture Food and Rural Affairs (OMAFRA). All revenues generated from Associate Diploma Programs enrolment are credited to the OMAFRA Agreement budget and do not form any part of MTCU Operating budget income.

#2 - The Veterinary Technology diploma program is classified as a special program for tuition rate purposes. In the Alternative Delivery option, Distance Education modules are completed during the fall and winter months. Students attend the college campus from the beginning of May until the first week of August to complete their hands-on laboratory requirements.

**University of Guelph**  
**OMAFRA Agreement – 2006/2007 Preliminary Budget**  
**Schedule of Proposed Non-tuition Compulsory and Ancillary Fees**

**Schedule B**

<u>Fee Basis</u>	<u>Year of Last Increase</u>	<u>2005/06 Approved Fees</u>	<u>2006/07 Recommended Fees</u>	<u>% Increase</u>	
<b><u>A. Compulsory Fees:</u></b>					
- <b>Diploma</b>					
<b><u>Guelph Campus OAC Diploma Program:</u></b> Same as Guelph Campus credit programs					
<b><u>Alfred, Kemptville and Ridgetown Campuses:</u></b>					
<b><u>Athletic Fee</u></b>					
Full-Time - Alfred	per Semester	2003	30.00	30.00	0.0%
Full-Time - Kemptville	per Semester	2003	25.00	30.00	20.0%
Full-Time - Ridgetown	per Semester	2003	30.00	50.00	66.7%
<b><u>Student Communication Fee</u></b>					
Ridgetown	per Year	2000	40.00	40.00	0.0%
<b><u>Graduation Fee (Convocation)</u></b>					
All locations	per Year	2005	40.00	40.00	0.0%
<b><u>Building Fee - Ridgetown</u></b> (Note 1)					
	per Year	New		32.00	-
- <b>Bachelor of Bio-Resource Management (BBRM)</b>					
<b><u>Ridgetown Campus</u></b> (in addition to those fees charged for Diploma):					
<b><u>Student Services Fee</u></b>					
	per Year	2005	42.76	43.70	2.2%
<b><u>B. Ancillary Fees:</u></b>					
<b><u>Residence Fees - Fall and Winter Semesters</u></b>					
<b><u>Kemptville and Ridgetown:</u></b>					
Double Occupancy	per Semester	2005	910.00	910.00	0.0%
Single Occupancy	per Semester	2005	1,820.00	1,820.00	0.0%
<b><u>Alfred:</u></b>					
Double Occupancy - large	per Semester	2003	975.00	1,025.00	5.1%
Single - small	per Semester	2003	1,200.00	1,260.00	5.0%
Single - medium	per Semester	2003	1,350.00	1,420.00	5.2%
Single - large	per Semester	2003	1,500.00	1,575.00	5.0%
<b><u>Meal Plan Fees</u></b>					
Kemptville	per Semester	2005	1,071.00	1,098.00	2.5%
Ridgetown	per Semester	2005	1,017.00	1,040.00	2.3%

Note 1: New Building Fee for the Rudy H. Brown Rural Development Centre at Ridgetown was approved by student referendum.