

University of Guelph

2007/2008 Preliminary MTCU (Ministry of Training, Colleges and Universities) Operating Budget

For the fiscal year May 1, 2007 to April 30, 2008

*For presentation to the Board of Governors
June 7, 2007*

Table of Contents

Description	Page #
A. Context	1
A.1 Definitions	1
A.1.1 MTCU – Ministry of Training, Colleges and Universities	1
A.1.2 OMAFRA – Ontario Ministry of Agriculture, Food and Rural Affairs	2
A.1.3 Operating Budget	3
A.1.4 Ancillary	3
A.2 Integrated Planning and the Budget Process	3
A.3 Managing the Base Deficit	4
A.4 2007/2008 Budget Challenges.....	5
A.5 Enrolment Planning.....	6
A.6 Provincial Operating Grants.....	8
B. Institutional Expenditure Commitments:	10
B.1 Provision for Salaries and Benefits	10
B.2 Estimated Utilities and Other Institutional Operating Costs	11
C. Incremental Investment Proposals.....	12
C.1 Graduate Enrolment.....	12
C.2 Undergraduate Enrolment.....	14
C.3 Undergraduate Student Assistance	14
C.4 Priorities Investment Fund	14
C.5 Institutional Support Costs	15
C.6 Capital Infrastructure Debt Servicing	15
D. Proposals to Meet the Budget Target.....	16
D.1 Revenue/Recovery Assumptions.....	16
D.1.1 Provincial Operating Grants	16
D.1.2 Tuition and Enrolment Revenues	18
D.1.3 Cost Recoveries from Ancillaries	18
D.1.4 Cost Recoveries from Fund Raising	18
D.1.5 Investment Income	18
D.2 Expenditure Proposals.....	19
D.2.1 Contribution to Personnel Cost Increases (CPCI).....	19
D.2.2 Year End Savings	19
E. Remaining Deficit	19

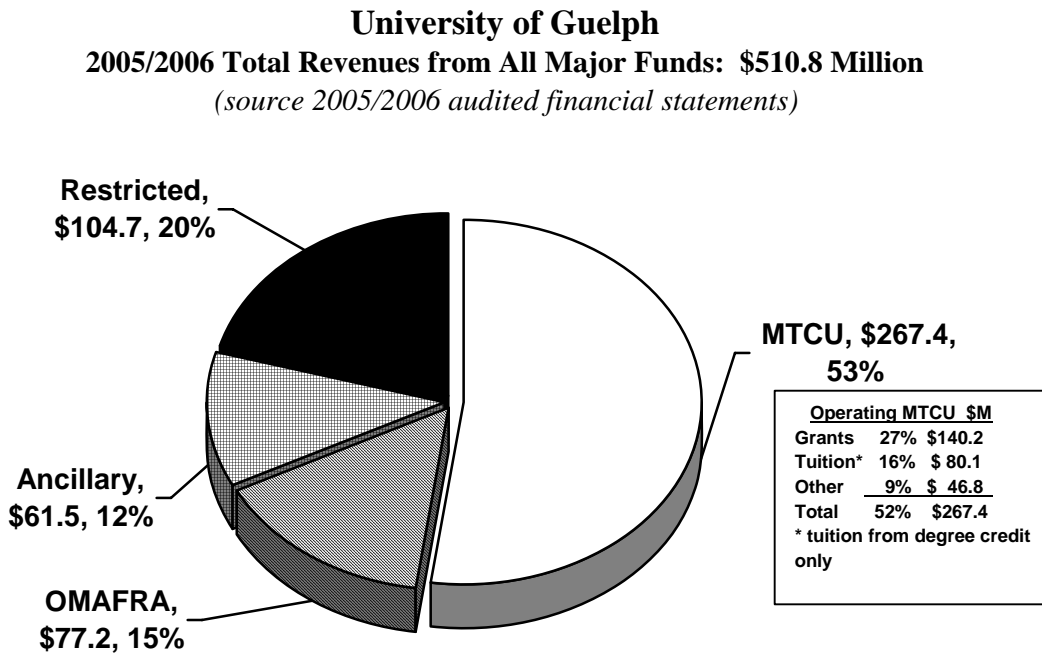
University of Guelph
2007/2008 Preliminary MTCU Operating Budget

F. 2006/2007 Forecast (Budget vs. Pre-audit Actual Results).....	20
F.1 Departmental Carry-forward Funds	20
F.2 Institutional Carry-forward Funds	20
F.3 Deficit Repayment.....	20
G. Summary of 2007/2008 MTCU Preliminary Budget Assumptions and Objectives	22
H. <i>Graphs and Tables</i>	23
<i>Graph A Undergraduate Semester One Enrolment Full-time Headcount</i>	24
<i>Graph B Total Headcount Enrolment by Semester</i>	24
<i>Table A 2007/2008 Prelim. MTCU Operating Budget by Unit & Major Expense Category</i>	25-28
<i>Table B 2007/2008 Prelim. MTCU Operating Budget Summary by Major Rev. and Exp. Cat.....</i>	29-30
<i>Table C MTCU Pre-Audit Results for 2006/2007.....</i>	31
<i>Table D Full-time Equivalents (FTE's) for MTCU funded Budgeted Positions</i>	32-34

A. Budget Context:

A.1 Definitions:

Total University of Guelph revenue is derived from a variety of sources including government grants, tuition and other fees, research contracts, donations and endowment income. In fiscal 2005/2006 revenues from all sources totaled \$510.8 million (\$499.7 million in 2004/2005). Many of these funds are restricted for specific purposes and cannot be used to support ongoing teaching, research and infrastructure operations. All major graduate and undergraduate teaching costs are managed and funded within the “**MTCU Operating Budget**”. The following chart presents all 2005/2006 University revenues by source:



* Note: **Restricted** funds are derived from a large variety of sources including capital, sponsored research, donations and endowments.

A.1.1 MTCU:

The Ministry of Training, Colleges and Universities (MTCU) is the provincial ministry responsible for the administration of grants and regulated fees for all post-secondary institutions in the province. Until 1996, MTCU controlled tuition fee increases for all degree programs through strict formulas that removed grant income from an institution should a fee increase exceed the maximum allowed. In the late nineties the province moved to a position from where all tuition fees were regulated to a complex arrangement of deregulated, partially deregulated and fully regulated fees. Currently there is no provincial support for international student enrolments allowing each university to set these fees (completely deregulating these fees); some programs are partially deregulate (whereby universities could choose to either raise certain fees and lose grant income or remain inside the provincial tuition framework). These programs include all graduate and specified professional undergraduate programs such as Medicine, Law, Dentistry, Veterinary Medicine and Engineering, Business and Computing Science. All other undergraduate fees continue under MTCU rules that allow a maximum average increase in any year (without penalty of loss of grants). MTCU also mandated that up to 30% of these fee increases be set aside for needs-based student financial assistance. In 2000/2001, the province announced a five-year “cap” (to 2004/2005) on all regulated tuition fees that limited annual increases to

no more than 2% of the 1999/2000 maximum regulated fee. The 30% set-aside applied to those increases.

In the fall of 2003, the province announced that post-secondary fees would be “frozen” at current levels. The freeze applied to all regulated programs (programs which received some amount of provincial grant support). To offset the lost revenues associated with this freeze the province allocated a compensating grant to each institution based on projected lost income net of the 30% set-aside for student aid. For fiscal 2006/2007 the freeze was lifted and a new framework was introduced limiting increases to between 4.5 and 4% with an overall increase in revenue from tuition increases on provincially regulated programs, not to exceed 5% at the institutional level. (refer to table below)

Provincially Funded Program Increases	Provincial Maximum	
	Entering	Continuing
<i>full-time per semester fees</i>		
Undergraduate – regular	4.5%	4.0%
Undergraduate - professional ¹	8.0%	4.0%
Graduate – all programs	8.0%	4.0%

For compulsory non-tuition student fees (such as athletics and student health fees), MTCU requires that University and student groups agree on a protocol for fee increases. The University of Guelph has such a protocol with student groups under which students vote to accept or reject changes other than CPI adjustments on these fees, through referendum. All tuition fees and compulsory non-tuition student fees are presented to the Board for approval.

NOTE; At its April 18, 2007 meeting, the University’s Board of Governors approved new 2007/2008 fee schedules for both regulated and deregulated programs as well as compulsory non-tuition student fees consistent with provincial rules. Fees were taken for approval in April to permit discussions with students (prior to leaving at the end of the semester). The budgetary impact of the changes in fees is recorded in section D.1.2 of this budget.

A.1.2 OMAFRA

Ontario Ministry of Agriculture, Food and Rural Affairs (OMAFRA): unique in the Ontario university system is a contract for ongoing research, services and education between OMAFRA and the University of Guelph. In fiscal 2004/2005, total revenues within the contract were \$77.2 million consisting of \$50.2 million in OMAFRA contract payments and \$27.0 million in diploma fees and revenues from the sale of goods and services. On April 1, 1997 the University and OMAFRA expanded their contract whereby operations of 3 colleges of agricultural technology (CAT), several horticultural research stations and two major laboratory testing facilities were assumed by the University. These colleges became the three regional campuses of the University of Guelph. The contract was renewed for a five-year period on March 31, 2002 (ending March 31, 2007) and subsequently extended for one year to allow time for a comprehensive long-term renegotiation of the agreement. Included in the total contract are \$14 million in costs incurred in the MTCU Operating budget for research faculty full-time equivalents and infrastructure costs such as physical plant, academic and administrative services which are recovered by the MTCU Operating budget annually from contract revenues.

¹ Professional programs include: business, veterinary, computing, engineering and landscape architecture.

Although the OMAFRA contract is restricted (accounted for separately) and must have a balanced budget, it is considered part of the University's total Operating Budget as it funds a total of 90 University faculty positions; 450 full-time University staff and operating and infrastructure costs. A detailed presentation on the entire OMAFRA budget is presented separately to the Board.

A.1.3 Operating Budget:

The University's total Operating Budget of \$344.6 million in 2005/2006 revenues (67.5% of total University 2005/2006 revenues) is composed of two major sub-funds described above: the MTCU Operating Budget with \$ 267.4.0 million in revenues and the OMAFRA Contract with \$77.2 million in revenues. OMAFRA has very specific reporting requirements, defined as part of the contract with the Ontario Ministry of Agriculture, Food and Rural Affairs.

A.1.4 Ancillary:

Ancillary operations are self-funded service operations managed by the University. Total 2005/2006 revenues of \$61.5 million or 12% of total University revenues, for the five University ancillary operations are derived mainly from the sales of goods and services. Separate budgets are prepared and approved by the Board for each operation. As these units are self-funded, they are charged for all support services including utilities, rent and administration provided by the MTCU portion of the Operating fund. In 2005/2006 the ancillary units were charged approximately \$8.0 million for such services. Two Ancillary Services, Hospitality Services and Parking Services also provide a portion of their annual net income to fund special academic capital projects, \$0.200 million and \$0.442 million respectively. In addition, these units may (subject to availability) assist the MTCU Operating budget in meeting its overall budget target. (Parking Services contributes \$0.400 million annually for this purpose.)

A.2: Integrated Planning and the Budget Process:

The University starts its annual budget preparation process with a review of multi-year budget objectives. These include:

- 1) To continue the development of resource allocations in the context of Integrated Planning objectives and priorities including:
 - Meeting University enrolment objectives and graduate enrolment growth targets as submitted to MTCU
 - Sustaining and enhancing the quality of teaching and the student learning experience
 - Positioning for the competitive environment
- 2) To balance and stabilize the budget including:
 - managing any deficit repayment requirement
 - managing the University's structural or base net position

To address both the challenge to respond to the need for the effective allocation of resources and the continued uncertain provincial funding environment, in 2005/2006, the University initiated a formal integrated planning process. The initial 2006/2007 Integrated Plan (available on the University's Website; www.uoguelph.ca) included the major academic units. In 2007/2008 the Plan was expanded to include the Finance and Administrative divisions. Full implementation which will include comprehensive resource allocation planning (including physical space) will take several years. (The next steps include the development of measurements by which programs and decisions may be assessed and new resource (dollars, space and people) allocation mechanisms.) In 2007/2008 units began setting multi-year goals to enable Deans and Directors to consider longer term implications of decisions for meeting their budget targets. Operational plans developed from Integrated Planning will help establish priorities for the longer term restructuring of faculty and staff complements, planning for new space and establishing enrolment plans and methods of program delivery. (The 2007/2008

Integrated Plan is prepared and presented as a separate document and will be available as part of the presentation of this budget.)

While not fully implemented, key priorities identified in the second iteration of Integrated Planning have been included as part of the 2007/2008 budget resource allocation decisions. These include the creation and allocation of the Priorities Investment Fund (PIF) and establishing graduate enrolment targets and related funding support (refer to section C.1)

A.3: Managing the Base Deficit:

When measured against its past budget objectives, the University realized several key successes over the past years including the elimination of a structural deficit and the repayment of the several one-time deficits due to restructuring costs, in accordance with Board approved plans². Over the period 2001 to 2006 the University has managed to balance cost increases and investments while meeting our fiscal responsibilities. Over that period, there have been new investments to address issues of quality and growth (approximately 25% increase in enrolments) and at the same time all cost increases necessary for critical expenses such as salaries and benefits and utilities were funded.

In the following table the MTCU Operating Budget is presented for the years from 2002/2003 to 2006/2007. It illustrates the elimination of a base deficit of \$9.4 million (in 2002/2003) that had been covered using one-time savings derived mainly from employer pension contributions and year end savings. At the end of fiscal 2006/2007 the base deficit in the MTCU Operating Budget was \$1.800 million. In order to meet budget targets in 2006/2007, a number of one-time net revenues (from Parking Services on 2005/2006 Year-end results were used. Refer to both the Preliminary 2006/2007 MTCU Operating Budget and the University's Semester Financial Report for August 31, 2006). The \$1.800 million base deficit is the starting point for 2007/2008 Budget Assumptions.

	02/03	03/04	04/05	05/06	06/07	4YR CHG
Institutional Operating Grants	104.5	115.3	124.5	133.7	138.6	32.6%
Enrolment & Tuition	66.7	77.0	80.6	80.6	87.0	30.4%
Other Revenues	35.4	36.9	38.3	39.2	40.4	14.1%
Research Overhead Recoveries	12.1	16.7	16.4	16.5	17.1	41.0%
Other Inst. Recoveries	14.8	15.8	16.9	18.5	18.0	21.6%
Total Revenues	233.5	261.7	276.7	288.5	301.0	28.9%
Salaries	139.3	154.2	165.4	171.4	174.0	24.9%
Benefits	27.9	31.0	34.8	36.8	39.0	39.4%
Operating	47.1	46.2	42.3	42.3	48.2	2.5%
Utilities	16.4	16.8	19.3	20.0	19.8	21.0%
Capital Infrastructure	2.4	3.5	6.3	9.4	9.8	308.3%
Student Assistance	7.5	10.5	8.7	8.7	9.9	31.9%
Deficit Repayment	2.2	1.7		2.0	2.0	
Total Costs	242.9	263.9	276.9	290.7	302.8	24.7%
Base Surplus (Deficit)	(9.4)	(2.2)	(0.2)	(2.2)	(1.8)	
One-time (Costs) or Savings	9.4	2.2	(9.2)	1.0	1.8	

NOTE: The Deficit Repayments refer to repayment of the one-time restructuring costs of several position-reduction programs implemented in 1997 and in 2004/2005 and 2005/2006.

² In recent years these have included e.g., SERP (a Special Early Retirement Program) initiated in 1996 at a one-time cost of \$26 million and two restructuring programs in 2004/2005 and 2005/2006 at a combined cost of \$11.8 million. Any approved deficits associated with these plans were repaid by the end of 2006/2007.

A.4 2007/2008 Budget Challenges:

Each year in preparing the MTCU Operating Budget, the University is normally faced with several challenges. The principal one had been to balance the major structural (base) revenue and expenditure components of the budget, to ensure there are sufficient funds to meet institutional commitments and at the same time be able to make strategic and focused investments in those areas identified as priorities for the University.

The University of Guelph, like other universities in Ontario, is facing significant cost increases in a number of critical areas including salaries and benefits, utilities, equipment and maintenance of its physical infrastructure. It should be noted that cost increases (excluding capital and deferred maintenance costs) for the university sector in Ontario are on average about 4-5% per year reflecting the specialized nature of many expenses in delivering graduate and undergraduate programs and research. For many years, provincial funding has failed to recognize necessary general cost increases in the transfers made to universities creating increasing pressures on existing budgets to maintain the quality of programs and still meet balanced budget objectives.

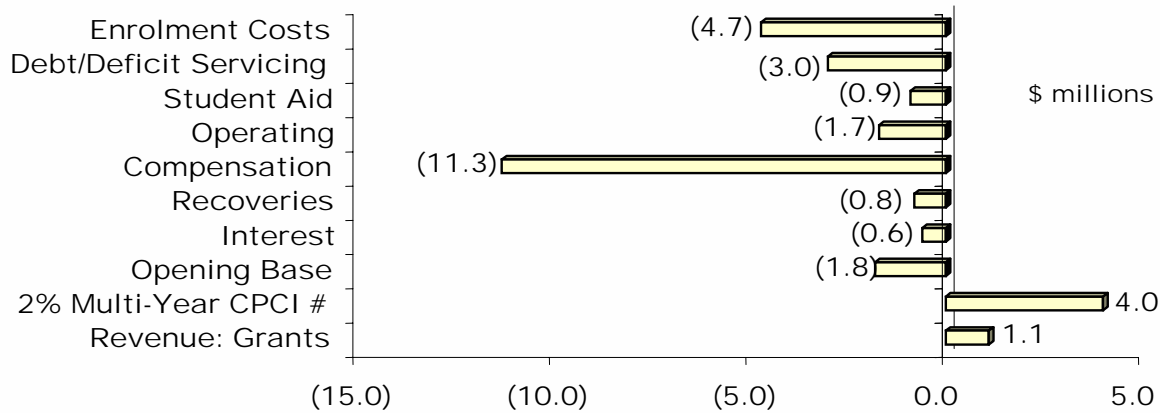
For the 2007/2008 budget process the University was presented with several events which collectively have combined to make balancing of the base budget in this fiscal year a major challenge. These are:

1. The continued erosion of base provincial support through the lack of any provision for general cost increases and as important, the destabilization of provincial grants through the conversion of base funding to more targeted annual funding. Further complicating financial planning are provincial government funding announcements which occurred in the 2006/2007 fiscal year that contained major changes throughout the fiscal year, from past provincial practices both in terms of the size and the type (base versus one-time) of grant funding levels.
2. The need to remain competitive in our compensation of our faculty and staff in an environment where demand for post-secondary education in many jurisdictions has made recruitment and retention a major challenge.
3. Covering University's costs of employee and retiree benefits especially extended health and dental programs where cost increases especially for drugs, continue to far exceed normal inflation.
4. The costs of funding the University's defined benefits pension plans has effectively increased by 300% to over \$45 million per year creating a major cash-flow deficit which will require the University to finance (borrow) and ultimately repay from the Operating Budget over future years.
5. The annual costs of replacement of critical physical plant infrastructure is now estimated at \$15-\$20M million per year for which the provincial funding is \$1.6 million forcing the University to borrow and incur debt servicing costs from the Operating Budget.

When the impact of all of these factors was considered, the University estimated that its starting budget challenge (expenses in excess of revenues) for 2007/2008 was \$19.7 million. Composition of the initial \$19.7 million is presented in the following chart

Composition of Initial Base Deficit \$19.7M - 2007/2008

Expressed as Incremental Changes to the Base



CPCI: Contribution to Personnel Cost Increases: annual budget planning target for each college/directorate to contribute for salary and benefit cost increases.

Given the size of the initial budget challenge (\$19.7 million is approximately 6% of the total expenditure base budget) and lack of provincial funding information it was decided that the University should delay the Budget presentation until after the provincial fiscal year end (March 31) was complete to allow time to press for more information on 2007/2008 funding levels and refine expenditure and year end (2006/2007) estimates.

With the levels of current provincial funding and the size of the initial budget challenge, the University will not eliminate the structural deficit in its 2007/2008 budget. The University realizes it is imperative that we address the structural deficit in order to be able to sustain its longer term financial stability. Accordingly, actions have been initiated to establish a five-year fiscal plan to address the structural budget problem. Solutions will involve a combination of revenue increases and cost controls. This plan will be developed in association with the Integrated Planning process. While structural solutions are developed a combination of one-time funds and if required, approved deficit financing will be used to ensure we maintain and deliver quality education and research programs.

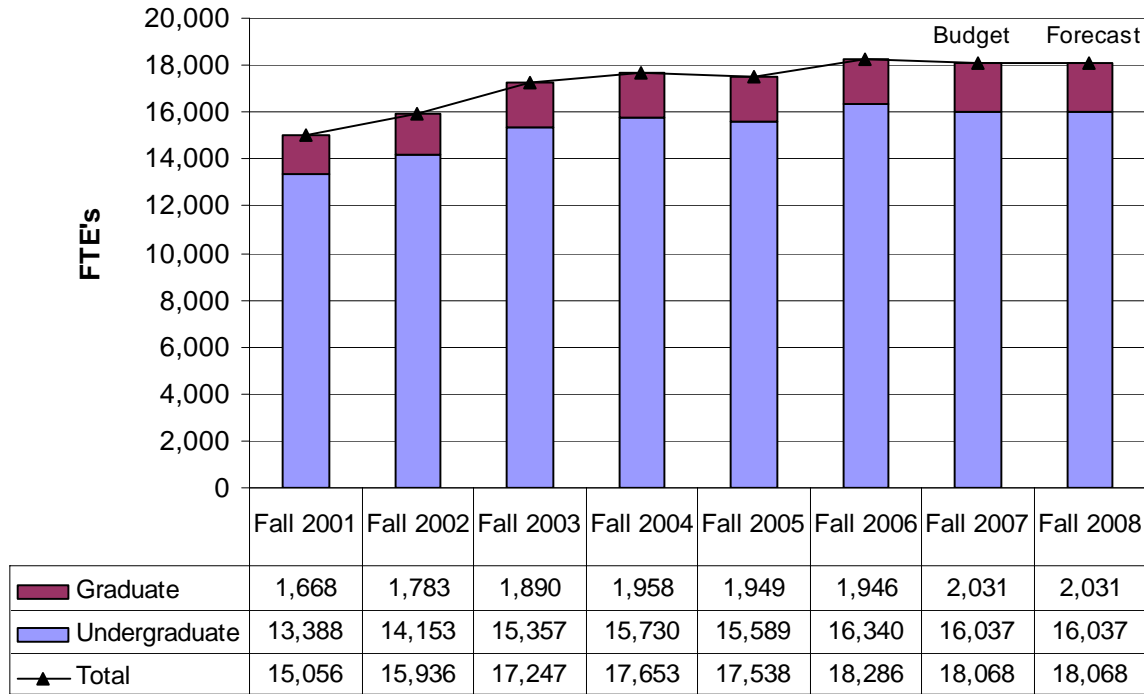
Even with the delay in the budget this year, there are still a number of critical assumptions made in the Preliminary Budget that will not be confirmed until later in the fiscal year. These assumptions include enrolment and provincial funding (e.g., provincial funding dependent on fall enrolments is not confirmed by the province until after November). As the University receives confirmation of the financial impact of these events, they will be factored into the budget.

A.5: Enrolment Planning:

The University has established a strategic target enrolment target of 18,000 students for the main campus. This was determined to be the number of students that could be accommodated by the main campus physical infrastructure under current program delivery assumptions. Originally, based on MTCU projections related to the double cohort (elimination of grade 13 in Ontario), the University of Guelph expected to increase its enrolment each year and reach maximum enrolment by 2007/2008. These predictions proved to be an underestimate of the number of students applying to university. Coupled with an increase in acceptances, which exceeded the system average, the University of Guelph effectively achieved its maximum enrolment of 18,000 in 2004/2005, three years ahead of

schedule. Refer to the following chart which shows FTE³ (full-time equivalent) student enrolments at the University.

Full-Time Equivalent (FTE) Enrolment



The complexity of the enrolment planning is compounded by several issues: (1) the impact of flow-through enrolment on planning which means that decisions on the current and preceding years must be integrated into longer-term plans; (2) the extended time scale of faculty recruitment (on average it takes at least 8-10 months to recruit faculty); and (3) the variability of program demand and competition for students which means there can be significant shifts in the applicant pool between academic programs and institutions from year to year. Competition has increased with the recent entry of other universities offering programs very similar to our most popular majors. (4) Shifting provincial priorities which redirects funding towards varying levels and types of education program e.g., elimination of grade 13 (the double cohort) in 2005/2006 which supported undergraduate growth and in 2006/2007 the shift to graduate enrolment growth.

For 2007/2008, the University of Guelph has set intake targets⁴ which will establish undergraduate enrolment at about 16,000 FTE's. For graduate enrolment, targets have been set that are consistent with our proposed targets provided to MTCU as part of a provincial goal to see a 40% increase in graduate enrolments in Ontario. For funding purposes, eligible graduate "growth" will be measured against 2004 levels. Guelph has set a growth goal, against this target, of approximately 330 or 20%.

³ FTE or Full-Time Equivalent in the context of enrolment refers to the conversion of actual head counts (part-time, graduate and undergraduate in each semester) into common equivalents. For example a full-time undergraduate student registered for 2 semesters in a year is considered 1 FTE and a full-time graduate student registered for 1 semester is considered 1 FTE. MTCU uses FTE's as its measure of enrolment across institutions.

⁴ While the University may set undergraduate intake (semester 1) targets, actual intake may significantly vary from this target. Offers are made to students in a very competitive environment and "yield" rates (percentage of offers who actually enrol) may vary significantly from year to year. For example in 2006/2007 the University set its undergraduate intake target at 3,400 students and just over 4,200 actually enrolled. Refer to Graph A.

Universities across Ontario are all competing for the provincial funding for graduate growth creating a significant demand for graduate students. In response to this competitive situation the University of Guelph has enhanced its graduate student support programs with funding from additional provincial Accessibility grants. This funding is subject to actual growth that will not be determined until the fall of 2007 (Refer to section C.1).

A.6: Provincial Operating Grants:

Provincial grants (about 50% of our revenue) are based on provincial funding announcements that contained general commitments both to provide “full-cost” grant funding per student⁵ incremental enrolment (referred to as “Accessibility” funding) and under the “Reaching Higher”⁶ program of 2004, to respond to the need to improve the “quality” (as determined by the province) of existing programs.

Enrolment Based Grants (Accessibility): In the 2001 Ontario Budget, the Province announced special measures to alleviate anticipated enrolment pressures emerging from the double cohort, including an increase in operating grants to universities. In every year since, the province has announced revisions to the original estimates and programs reflecting the changing demand for post-secondary education and new provincial priorities. (New “growth” funding, for either graduate or undergraduate enrolments is transferred to universities as “Accessibility” grants). The critical working assumption made by the University in estimating the Accessibility grants is that “full-cost” grant funding will be provided for all eligible⁷ incremental growth. Accessibility funding is to be distributed to each university in Ontario based upon actual year-over-year increases in eligible enrolment at each university. Because actual enrolments are not confirmed until November (for fall) and February (for winter), when enrolments are verified and reported to the Ministry, the University normally does not know the actual distribution of this provincial grant until well into the fiscal year (MTCU confirmations can be as late as March - our fiscal year ends in April).

Historically, estimates of total demand for undergraduate programs, in any one year, for the university system have exceeded Ministry estimates (and therefore funding provided in that year) which has resulted in “discounting”. Discounting refers to a less than full-cost grant provided for student increases as the fixed dollars provided in annual Ministry budgets are spread over more students than were provided for. Discounting creates further uncertainty in our planning as it is not known when the province will meet the full-cost grant funding promised as part of the challenge to meet increasing demand for university education. To date the MTCU has attempted to fully fund past enrolment growth although this funding may be several years in actually being realized in the University’s transfer payments.

In 2006/2007 the University of Guelph undergraduate enrolments grew by approximately 700 students. This resulted in \$2.4 million in additional (over our preliminary budget target) 2006/2007 Accessibility grant funding which was only 80% of full-cost funding. It is uncertain at this time as to when 2006/2007 full-cost funding for undergraduate our growth will be provided on this growth or whether undergraduate growth in 2007/2008 for the university system will be fully funded.

⁵ “Full cost” funding refers to the commitment by the Province to fund new student enrolments at a level reflecting the total provincial grant income per student in accordance with the established funding formula. Prior to this commitment, provincial grants were effectively fixed and universities received only tuition revenue for new enrolments effectively discounting provincial grants received per student. A full-cost grant level is on average approximately \$6,800 per undergraduate student and between \$12,000 (masters) and \$27,000 (PhD) per graduate student in the Ontario university system.

⁶ In this program the province announced the commitment of \$6.2 billion over six years in new investments in post-secondary education (colleges and universities and student assistance) in Ontario. 2007/2008 is the fourth year of this program in which most of the funds were targeted for incremental activities (e.g., growth in graduate students) and efforts continue with MTCU to determine institutional allocations.

⁷ Enrolment in unregulated categories e.g., international students, is not eligible for any provincial grant support.

In its 2004 “Reaching Higher” budget, the province announced that the “accessibility” grant funding priority would shift from undergraduate to graduate student growth. Funding is being provided to those universities that can achieve certain growth targets for new graduate enrolments. The University of Guelph has established targets for graduate growth and has made several major reallocation decisions to assist us in achieving these targets in an increasingly competitive environment (refer to section C.1).

“Quality” Based: In the 2004 “Reaching Higher” budget, the province announced that a new fund (QIF - Quality Improvement Fund) was to be created with the objective of improving the quality of post secondary education in the province. Allocation of this grant to individual institutions is based upon each institution’s relative share of total system (measured using weighted enrolments) and the total funding available. Universities are required to account for these funds each year in a separate report (Multi-Year Agreement) to MTCU demonstrating spending on certain quality measures (e.g., faculty hires) of education. In the 2006/2007 Preliminary Budget (May 2006) it was estimated that the University of Guelph would have received \$6.1 million in 2006/2007 and that funds we received in 2005/2006 under this envelope of \$4.8 million would have been rolled into our basic grant, in effect providing \$11.1 million over the two years. This had been provincial practice in the past with a number of programs and seemed logical in that related expenditures were mainly on-going structural commitments. In late August of 2006, however, it was announced that the QIF grant of 2005/2006 was one-time and that funding, for a number of older (complete) programs would not be rolled into the Basic grant but maintained as separate allocations.

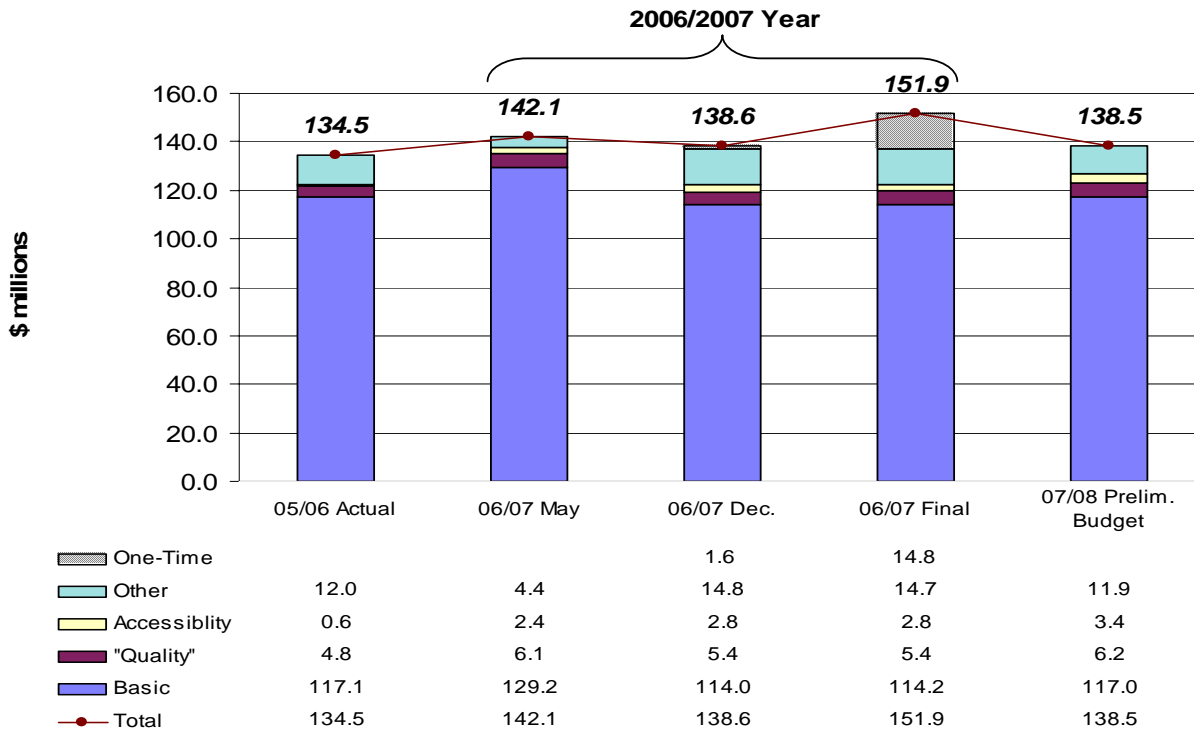
Furthermore, in March 2007 the province announced a major one-time allocation to all universities under “2006/2007 year end” transfers. The University of Guelph’s share for its on-campus programs was \$12.7M. Even though these funds fell into the 2006/2007 fiscal year it is planned to carry them forward into 2007/2008 to assist in meeting the 2007/2008 budget target.

It is clear that the provincial funding environment has changed as reflected in the use of more targeted and one-time grants and the continuing absence of funding for basic cost increases. The University is assuming there will be no increase to funding for inflation on existing costs and any additional provincial funding we receive will be dependent on either enrolment growth or improvements in quality under the terms of the Quality Improvement Fund. Details of estimates of the financial impact of provincial funding in the context of the overall budget are contained in section D.1.1.

The following chart plots the progression of the changes in MTCU funding over the course of two fiscal years as well as budget assumptions for 2007/2008.

For 2007/2008, at this time, it is currently expected that the University will receive \$138.5M in institutional operating grants (Down from \$151.9M in 2006/2007 and an increase of only \$4M or 3% over what we received in 2005/2006).

MTCU Operating Grants 05/06, 06/07 and 07/08 (Budget)



Section B: Institutional Expenditure Commitments

Section B quantifies the major components of the University's institutional expenditure commitments for fiscal 2007/2008. (These commitments consist of inflationary and non-discretionary costs such as salaries, benefits, insurance and utilities.) It should be noted that these commitments exclude incremental adjustments to department allocations as well as budgetary expenditure adjustments necessary to meet overall University budget targets. Sections C and D of this document detail those changes as well as estimates of revenues including the financial impact of the province's funding announcements.

B. 1: Provision for Salaries and Benefits

A provision of \$11.300 million has been made to cover 2007/2008 estimated costs of salary and benefit increases. Salaries and benefits which make up 70% of MTCU Operating Budget costs, include the salary costs of nine employee groups. For 2007/2008 three of these groups (the faculty association, which is negotiating its first collective agreement with the University, the professional staff association and CUPE 1334; trades and custodial staff) are negotiating for 2007/2008. This category of expense also includes estimates for temporary and contracted labour and all associated employer benefit costs. Estimates include a provision for the increased costs of agreements with all employee groups and adjustments to cover projected changes to employer benefits costs. Employer benefit costs include both statutory benefits such as CPP (Canada Pension Plan) and EI (Employment Insurance), and other benefits such as pension (refer to following note on pension contributions), extended health and dental

coverage for current and retired employees. Final allocation in the budget of the costs of salaries and benefits will be made to unit budgets upon the implementation of salary increases over the course of the fiscal year.

2007/2008 Pension Contributions: Due to provincially-legislated funding requirements for all defined benefit plans in Ontario, the University of Guelph is required to make cash contributions to its pension plans (as the plan “sponsor”) based on assumptions that the University might cease operations and must have funds available to meet all accumulated pension obligations at specified dates (at a minimum of every three years). On September 30, 2006 the University was required to determine that “wind-up” position (using proscribed formula and rules) resulting in the requirement to contribute at the rate of \$47 million annually to its pension plans. In the base budget is a provision of \$16 million. Rather than fund the increase in contributions (above the base budget provision) from the 2007/2008 MTCU Operating Budget, the University is planning to borrow (repayment from the Operating Budget will be required in the future) the difference. At this time efforts are underway both to seek relief from these rules from the province and to review the benefit design of our plans with the objective of reducing our contribution requirements to sustainable levels (including repayment of this deficit). The 2007/2008 impact is, at this time, limited to a reduction in investment income of \$0.600 million as normal operating cash-flows from all non-endowment funds are used to finance this requirement.

B.2: Estimated Utilities and Other Institutional Operating Costs

This category includes provisions for major University operating accounts such as utilities, insurance, legal expenses and funding for new space. .

- New Space: Funding (Base) for the maintenance and housekeeping costs of new space coming into service in the Science Complex (Phase 2B). Costs include staff and operating expenses (ex utilities). \$0.375M
 - Funding (Base) for the increased costs of central computing and communications infrastructure. These costs consist of mainly “price” increases on external contracted services in support of central support hardware and software (e.g., the networking services, campus services including network security, university-wide licenses for administrative and academic support systems.) \$0.350M
 - Funding (Base) provided for the increased costs of a number of central expense items primarily, insurance and legal expenses. \$0.060M
 - Decrease in overall cost of utilities of \$0.500M; The University undertakes regular reviews of both hydro and natural gas (campus heating) rates with the objective of reducing exposures to possible significant rate changes. This is accomplished through locking in prices for future supply and participating with other universities in bulk buying where possible. In 2007/2008 it is expected that savings (relative to the base budget will be realized mainly on campus heating –natural gas.) In addition, significant investments are being made in central plant infrastructure to improve the efficiency of utility supply and consumption including new steam lines, energy distribution controls and in certain cases retrofitting of building components. (It should be noted that utility costs are in large part subject to climate/temperature variations. The budget assumes “normal” range over the course of the fiscal year.)
- | | | |
|---------|--|-------------------|
| | | <u>\$(0.500)M</u> |
| • TOTAL | | \$0.285M |

Section C. Incremental Investment Proposals

Section C. contains the estimated incremental budgetary impact of new investment proposals and including capital debt obligations. A total of \$9.015 million in new funding has been targeted for new expenses including funds for academic planning (in addition to new funds, re-allocations were made from existing University funds to address some of the priorities identified in the Integrated Plan), the operating costs of new construction and high priority support services.

C.1: Graduate Enrolment

A key priority in the University multi-year planning has been to respond to the need for additional graduate enrolments. The objective was established in the context of Integrated Planning as a need to strengthen graduate enrolment to support both our teaching programs and the research enterprise. Making this growth feasible, is a major provincial funding priority in which targets for graduate enrolment growth were agreed to with the MTCU. (MTCU has negotiated graduate growth targets with eligible universities in Ontario.)

The 2007/2008 Budget contains a number of key assumptions related to graduate growth, its costs and provincial support. Many of these assumptions recognize the increasingly competitive environment for graduate students through the creation of funds to enable colleges to recruit high quality graduate students to the University. These additional funds have been established from a combination of new resources (funded from increased provincial accessibility grants are earned only if we grow our graduate enrolments) and the reallocation of existing funds. Because accessibility grants related to graduate growth are dependent on actual growth as measured on November 1, 2007, estimates in this budget will be adjusted based on actual growth realized in the fall of 2007.

Graduate enrolment planning is by its nature, a difficult task. This is made more difficult by the Ontario system-wide demand created for graduate students as universities compete for one of the largest (and only guaranteed) provincial funding envelopes of new funding. For the purposes of this budget, growth of approximately 120 students (relative to our 2004 eligible graduate enrolment base) has been used. This is considered a conservative target (Our overall growth target is 330. It is estimated given the difficulty that most universities are having in achieving their targets that the province will commit to another year of graduate support and that we will meet this target by 2008/2009)

The following table outlines the main graduate growth allocations*. (**More detailed allocation procedures are contained in Resource Allocation Guideline #1 prepared as part of the Integrated Plan*)

University of Guelph
2007/2008 Preliminary MTCU Operating Budget

		Estimate
C. 1.1	<p>GROWTH ENVELOPE: Targeted base funding for “growth” (FTE’s relative to Fall 2004) in the number of eligible graduate students. Funds will be allocated to colleges based on a fixed formula of \$7,500 per eligible masters student growth and \$12,500 per eligible doctoral student growth. In order to qualify for this funding, a college must achieve <u>overall net growth</u> over Fall 2004. The College entitlements for 2007-08 will be calculated as follows:</p> <ol style="list-style-type: none"> 1. Calculations will be made at the Masters and Doctoral levels. 2. Master’s Entitlement = \$7,500 times (Fall 2007 Eligible FTE count less Fall 2004 Eligible FTE count. 3. Doctoral Entitlement = \$12,500 times (Fall 2007 Eligible FTE count less Fall 2004 Eligible FTE count less adjustment received in 2006/2007*) <p>Note: Allocations under this envelope are dependent on actual enrolments realized.</p>	\$1.000M
C.1.2	<p>TRI-COUNCIL TOP UP’S: Allocations for “top-up” awards of \$5,000 each, for all eligible full-time students who are recipients of federal granting council awards.</p>	\$0.850M
C.1.3	<p>GRADUATE SUPPORT FUNDS: Graduate support funds for</p> <ul style="list-style-type: none"> • 2007 graduate intakes: <ul style="list-style-type: none"> ○ Masters: \$1,125 for the year, Doctoral: \$3,350 for the year • Second Year of enrolment in program: <ul style="list-style-type: none"> ○ Masters: \$1,125 for the year, Doctoral: \$3,350 for the year • Third Year of enrolment in program: <ul style="list-style-type: none"> ○ Masters: \$0 ,Doctoral: \$3,350 for the year <p>Full time -masters students eligible to receive this funding will receive funding for a maximum of 6 semesters, and Full-time Doctoral students will receive funding for a maximum of 9 semesters</p>	\$1.400M
C.1.4	<p>INTERNATIONAL GRADUATE STUDENT AWARDS: (centrally allocated to students). It was determined that even though international graduate students are not eligible for MTCU grant support, they form a critical component of both University research and our international strategic objectives. This allocation also recognizes the increases in international student tuition and will be allocated based on both merit and needs considerations.</p>	0.300
C.1.5.	<p>The current University Graduate Awards Fund in the University’s base budget will be discontinued and allocated toward new allocations (above). All other award programs will remain in place.</p>	(1.500)
	<ul style="list-style-type: none"> • TOTAL 	\$2.050M

I

C.2 Undergraduate Enrolment

In the fall of 2006 the University exceeded its enrolment intake target for undergraduate students by approximately 800 (the 2006/2007 Preliminary Budget had set 3,400 as the target – 4,200 actual offers were accepted). In the context of prior years' budget restraint and in order to meet the need to maintain quality in teaching programs, \$4.700M has been allocated in 2007/2008 to those academic and academic support units directly impacted by this enrolment increase (e.g., library, student services). In total 33 faculty and 6 staff positions will be added to address this enrolment pressure. The following is the current distribution of this funding:

• College of Arts: Funding for 6 faculty positions and other teaching support salaries and expenses.	\$0.742M
• College of Social and Applied Human Sciences Funding for 11 faculty positions and other teaching support salaries and expenses.	\$0.910M
• College of Management and Economics: Funding for 6 faculty positions and other teaching support salaries and expenses. .	\$0.534M
• College of Biological Science: Funding for 6 faculty positions and other teaching support salaries and expenses. .	\$0.621M
• College of Physical and Engineering Science; Funding for 4 faculty and 4 staff positions and other teaching support salaries and expenses.	\$0.455M
• Ontario Veterinary College: funds in support of Biomedical Science degree program.	\$0.025M
• Support Services including Student Services, the Library, Registrar's Office	\$0.415M
• Funding (one-time) for capital projects related to improved quality and quality and contingency funds for in year adjustments.	\$0.998M
• TOTAL	\$4.700M

C.3 Undergraduate Student Assistance:

The 2007/2008 budget contains \$0.900M for increased funding of undergraduate student awards. These are mainly for entrance awards and are considered necessary based on the increased competition for quality undergraduate students.

C.4 Priorities Investment Fund

The 2007/2008 Preliminary Budget reflects one of the key operational outcomes of the introduction of the University's Integrated Planning process. In 2007/2008, for the first time a Priorities Investment Fund (PIF) of \$2.900M was created from funds reallocated from colleges and certain academic support (Student Services, Library, Computing and Communication Services and units reporting to the Associate Vice-President Academic.) While the \$2.900M is budget neutral as there is no net allocation from institutional funds, allocations have been made based on priorities established in the Integrated Plan. Details of the allocation of these funds are contained in the Integrated Plan.

C.5 Institutional Support Costs

In 2007/2008, the Integrated Planning process had certain central support services establish specific priorities in support of both the University's strategic and academic priorities. These priorities were considered critical in "enabling" the overall objectives recognized in the Integrated Plan and in support of growth in both undergraduate and graduate enrolments. An increase of \$0.365 million has been allocated for a number of activities/initiatives.

- | | |
|---|----------|
| <ul style="list-style-type: none"> • Funding (one-time) for Environmental Health and Safety to develop on-line web based training programs to assist departments in meeting training requirements in a number of areas such as asbestos awareness, bio safety awareness and laboratory and radiation safety. | \$0.065M |
| <ul style="list-style-type: none"> • Funding (one-time) for Financial Services to assist in the development of a number of new training programs including research financial compliance, travel and use of the Financial Reporting System (FRS). | \$0.100M |
| <ul style="list-style-type: none"> • Funding (Base) in Human Resources for the addition of a professional compensation specialist position to focus on internal and external market analyses relative to compensation and job evaluation plans. | \$0.085M |
| <ul style="list-style-type: none"> • Funding (Base) for Physical Resources to for the addition of a energy technologist to continue efforts on effective energy consumption and conservation. | \$0.060M |
| <ul style="list-style-type: none"> • Funding (one-time) for Campus Community Police and Fire Prevention Services to assist in the planning and acquisition of new technology for improved security measures including the upgrade of emergency preparedness related equipment. | \$0.055M |
| <ul style="list-style-type: none"> • TOTAL | \$0.365M |

C.6: Capital Infrastructure Debt Servicing

In May 2006, a plan⁸ was presented to the Board of Governors in which the University sought approval to borrow external funds over a five year period (2006 to 2010) for the purpose of financing specific capital maintenance expenditures. These expenditures are required to address the critical deferred maintenance capital infrastructure that can no longer be deferred. It is estimated that the University's total deferred maintenance (excluding residences) on the Guelph campus is \$300M and we should be spending \$15M-\$20M per year to maintain our ability to operate building and utility delivery systems safely and effectively. Against this need, the province provides \$1.6M annually. As part of this five year plan, the University will need to provide \$1.000M annually for debt servicing on the total debt incurred over the five years (currently estimated to total \$63M excluding Student Housing Services which as an ancillary operation will be funding its own capital costs related to residence buildings).

⁸ The request was summarized in a document entitled "The Capital Renewal Financing – Five year plan 2006/2007 to 2010/2011" (the Plan). Under the terms of the approval for spending, the University may borrow to finance the costs of the program with the provision that debt servicing is to be allocated from the MTCU Operating Budget annually.

D: PROPOSALS TO MEET THE BUDGET TARGET:

D.1 Revenue/Recovery Assumptions:

D.1.1: Provincial Operating Grants;

Provincial grants form approximately 50% of the University's operating fund revenue base. As many are "targeted", there are several categories of grant envelopes that must be estimated as part of the budgeting process. The following summarizes the major assumptions and envelopes expected, at this time, to impact the 2007/2008 budget. The University constantly monitors these grants (implemented through MTCU) and significant updates are factored into the budget as they become known. Typically provincial grants are base or structural as the province has normally "rolled" targeted program funding into our basic grant. As indicated in section A.6, provincial funding, in addition to becoming more difficult to predict our grant funding, has become more targeted and less stable (more one-time funding).

For the 2007/2008 preliminary budget, it is estimated that grants will increase by \$1.500 million over the existing base. These estimates are based on the following assumptions:

- **Basic Grant:** The Basic Grant which represents most provincial funding, is not expected to increase other than through the reclassification of existing targeted grants. (Normally as targeted programs are completed, the related grant is reclassified as part of the Basic Grant. This is referred to being "rolled into the base"). While the Basic Grant will increase as existing funding is rolled into the Basic Grant, there is no new funding expected (or announced) in 2007/2008 for annual inflationary cost increases. In the university sector, these types of cost increases range from 4-5%.
- **Accessibility Fund:** This envelope funds increased enrolment in any one year, either undergraduate or graduate, depending on current provincial government policy. Prior to 2005/2006 funding under this envelope was targeted at undergraduate growth primarily as a result of the impact of the double cohort.

In its 2005 budget the province announced multi-year funding for graduate growth (it is not certain at this time whether undergraduate growth will be funded or not). For the Preliminary MTCU 2006/2008 budget an estimated increase of \$1.500 million in graduate accessibility grant funding has been made based on graduate growth and the assumption that the University will enroll approximately 120 new eligible graduate students⁹. (Note: as accessibility grants are confirmed in any one year, it has been the province's practice to roll these grants into the Basic Grant.)

For undergraduates the University is assuming a reduction in overall undergraduate enrolments for two main reasons. First, intakes will be reduced from last year in an attempt to hold our undergraduate enrolments to around 16,000 and second, the graduation of the double cohort "bulge" in 2007/2008. This will mean a small drop (about 300 students overall) in our undergraduate enrolment resulting in a \$0.900 million reduction in our accessibility grants.

⁹ It is not yet confirmed what the total amount of 2007/2008 funding available will be. In addition, final allocations are dependent on a number of factors including total system growth, the mechanism by which funds will be allocated to each institution and the total pool of funds available for graduate growth.

- **Quality Improvement Fund:** In its 2004 provincial budget, the province announced that a new fund was to be created with the objective of improving the quality of post secondary education in the province. Allocation of this grant to individual institutions is based upon each institution's relative share of total system (measured using weighted enrolments) and the total funding available. Universities are required to account for these funds each year in a separate report to MTCU demonstrating quality improvements in a number of categories related to the student learning environment. In August 2006 it was announced that this grant was one-time and would not be rolled into our basic grant as had been predicted. At this time the University is estimating a small increase of \$0.800 million relative to our funding in 2006/2007.

The University also receives several other smaller grants such as Performance grants (funding based on overall graduation rates and the employment rates of our graduates) and the Research Infrastructure grant (based on our share of federal granting council awards) as well as several restricted funds e.g., "Tax" grant (flowed to the City of Guelph in lieu of property taxes). Overall, it is expected that these grants will remain relatively unchanged at 2006/2007 levels.

The University will continue to monitor provincial funding announcements through the course of the fiscal year although it is uncertain at this time whether much more clarity will be readily available especially given the provincial election scheduled for the fall of 2007.

The following table summarizes the estimate of provincial operating grants for 2007/2008 compared to the 2006/2007 base.

MTCU OPERATING GRANTS (2007/2008 Preliminary Budget)

<i>Name</i>	<i>Start Year</i>	<i>Current Base \$</i>	<i>Rolled Into Base \$</i>	<i>2007/2008 Assumptions</i>	<i>2007/2008 Base \$</i>
Quality Assurance Fund	2004	3.90			3.90
Accessibilty- Undergraduate	2001	2.40		(0.90)	1.50
Accessibilty- Graduate	2001	0.40		1.50	1.90
Quality Improvement Fund	2006	5.40		0.80	6.20
Performance grants	2001	1.60			1.60
ATOP Grant	2000	2.90	(2.90)		-
Tuition Compensation	2005	4.00			4.00
Miscellaneous Restricted	Base	1.40			1.40
Research Infra Grant	Base	1.00			1.00
Basic Grant	Base	114.00	2.90	0.10	117.00
TOTAL		137.00	-	1.50	138.50

D.1.2: Tuition and Enrolment Revenues:

Tuition Fees:

At its April 18, 2007 meeting, the University's Board of Governors approved new 2007/2008 fee schedules for both regulated and deregulated programs as well as compulsory non-tuition student fees consistent with provincial rules. Tuition fee details for 2007/2008 are provided in the materials presented at that meeting.

Enrolment: Consistent with the University's longer term strategic plan the University has set its fall 2007 target for semester 1 (first year) undergraduates at 3,900. Current graduate enrolment levels assume the University will grow approximately 120 (over 2004 levels). Enrolment estimates are presented in Graphs A and B (attached). The graphs also show the historical head counts and the impact of the changes due to earlier enrolment plans.

All proposed tuition increases and the net impact of enrolment (graduate and undergraduate combined) are expected to generate \$3.100 million in additional revenues.

D.1.3: Cost Recoveries from Ancillaries:

A 4.0% increase in the general cost recovery charges to Ancillaries will be made in 2007/2008 to help offset increases in centrally provided services. These increases were factored into the 2007/2008 budget of each ancillary unit. The total combined increase in cost-recoveries from Ancillaries is \$0.250 million.

D.1.4: Cost Recoveries from Fund Raising:

In 2005/2006 the University set a goal to raise \$1.000 million annually from unrestricted fund raising to assist in meeting its overall MTCU Operating budget target. Experience over the past several years has indicated that this is not a realistic goal given the nature of donor wishes and the competitive nature of fund raising. It should be noted overall fund raising levels have increased significantly, however, these funds have been directed for specific purposes. Consequently the \$1.000M annual target will be removed from the MTCU Operating Base budget.

D.1.5: Investment Income:

As part of normal day to day operations, the University invests any temporary positive cash flow (from all non-endowment funds including grant, tuition, research and ancillaries) in high quality short term investments. Income from these investments has formed part of the institutional revenue base in the MTCU Operating Budget for many years (it has been about \$2.3M per year.). As overall positive cash flows are reduced in order to pay for mandatory pension contributions (refer to section B.1), this investment income is expected to decline by \$0.600 million in fiscal 2007/2008. Should the pension contribution rate (~\$47M per year) continue it is projected that the University will be borrowing funds to meet operating cash flow requirements sometime in 2008/2009

D.2 Expenditure Proposals:

D.2.1: Contribution to Personnel Cost Increases (CPCI):

As part of the University's multi-year planning process, each year departments are required to contribute base funds annually toward funding the institutional cost increases of salaries and benefits¹⁰. For fiscal 2007/2008 this contribution was set at 2% (the same as 2006/2007). Departments may use a variety of options to identify these funds including the identification of new revenues and cost savings. Attempts will be made to minimize the impact of these budget adjustments on occupied faculty and staff positions however a number of involuntary terminations/departures may be necessary. At this time, units are preparing detailed plans on how to realize their budget targets, including detailed allocations required to meet the 2% contribution target. As these plans are completed, reviewed and approved they will be incorporated in detail into unit budgets. An update on its impact will be presented after plans are finalized. This normally occurs in the fall semester. Overall \$4.000 million in base savings will be realized

D.2.2: 2006/2007 Year End Savings:

As indicated under the description of provincial operating grants (section A.6), in March 2007, a major unexpected one-time allocation to universities from provincial "year end" funds was announced and received. This transfer provided the University of Guelph with an additional \$12.7M in one-time grant funding. At this time, it is assumed that these funds are unrestricted (i.e., may be used for general operating budget purposes). These funds will be used to assist in covering the 2007/2008 base deficit on a one-time basis. In addition, efforts were made to find one-time funds (surplus in 2006/2007) from all other institutional accounts (other grants, enrolments, overheads, contingency accounts). To date pre-audit results (actual results will not be confirmed until the audit of 2006/2007 results is complete in mid July 2007) indicate that \$14.2M in total one-time funds (including the \$12.7 million from provincial year end funds) may be available (refer to section F). It is proposed to use all of these funds to offset some of the 2007/2008 structural costs. It should be noted in doing so the, not only has the University recognized all of the one-time "year end" funding from the province, but almost all of the flexibility from the budget has been removed. This increases our risk of not meeting budget targets especially in the context of uncertain provincial funding and a competitive enrolment environment.

E: Remaining Deficit:

In order to achieve a balanced budget, the University has to identify a further \$0.950M in cost savings or increased revenues. It is proposed to use a variety of potential sources of savings and revenues to achieve this remaining "gap". Over the course of the 2007/2008 fiscal year, the University will identify any additional revenues as both enrolments and grant levels are confirmed. Should these options be insufficient, further adjustments to unit budgets may be required over the course of the 2006/2007 fiscal year. The final specific allocation of this amount will be made and presented to the Board after fall enrolment and MTCU operating grants are confirmed.

It is important to note while we have mainly solved a 2007/2008 budget problem the solutions are not sustainable. The base or structural deficit remaining after all assumptions is estimated at \$14.170 million (this compares to \$1.8 million at the start of the 2007/2008 budget process – in effect we have added almost \$12.4 million to our structural deficit). In the absence of finding base (on-going as

¹⁰ Central funds have been identified to provide funds to units to cover the cost of most salary and benefit increases in 2007/2008. These costs are estimated to be about \$11.300 million (refer to section B.1) or 6% of the unit base budgets. As costs increases occur in units, funds will be transferred from central funds into unit budgets. Units are to contribute 2% of their personnel base budgets, about one third of the total salary and benefit cost increase.

opposed to one-time) solutions to this deficit, it will become the starting point for 2008/2009 budget planning.

All current 2007/2008 budget assumptions, allocated by major organizational unit and expenditure type, are presented with accompanying notes on **Table A**. The 2007/2008 Preliminary MTCU Operating Budget compared to 2004/2005 and 2005/2006 actual and 2006/2007 pre-audit results is presented in **Table B**.

F: 2006/2007 Forecast (Budget versus Pre-audit Actual Results)

Table C shows the pre-audit 2006/2007 net position for the MTCU operating budget by major organizational unit. When reviewing these results it is important to note that the University operates under a policy whereby colleges and divisions (the largest organizational groups at the University) may "carry forward" unspent funds into the following fiscal year. Under this policy, units are also responsible for any deficits incurred. Most departmental deficits are incurred as part of planned restructuring or capital purchases funded over several years. Included in total University carry-forwards are both departmental and institutional funds. Included in institutional funds are revenue and expense accounts such as provincial operating grants, tuition fees (mainly regulated programs), central utilities, general expense and contingency funds.

F.1 Departmental Carry-forward Funds:

These funds are committed for a variety of one-time expenses including outstanding purchase orders, departmental renovations, teaching equipment, professional development funds or faculty start-up funds and, if possible assisting with meeting future years' budget targets. Historically, in each year there has been between 3% and 5% of departmental net budgets unspent at the end of each year. While departmental carry forwards are not normally available to meet overall University budget commitments (such as salary or utility increases) they do provide departments with flexibility in planning for major expenses, encourage multi-year planning and therefore form a critical part of the University's budget management policy.

The pre-audit results for 2006/2007 indicates that total University departmental carry forwards will be down slightly to \$19.275 million in 2006/2007 compared to \$20.941 million in 2005/2006. (Actual carry-forwards will not be confirmed until after the University's year end statements are completed and audited in July.)

F.2 Institutional Carry-forwards Funds:

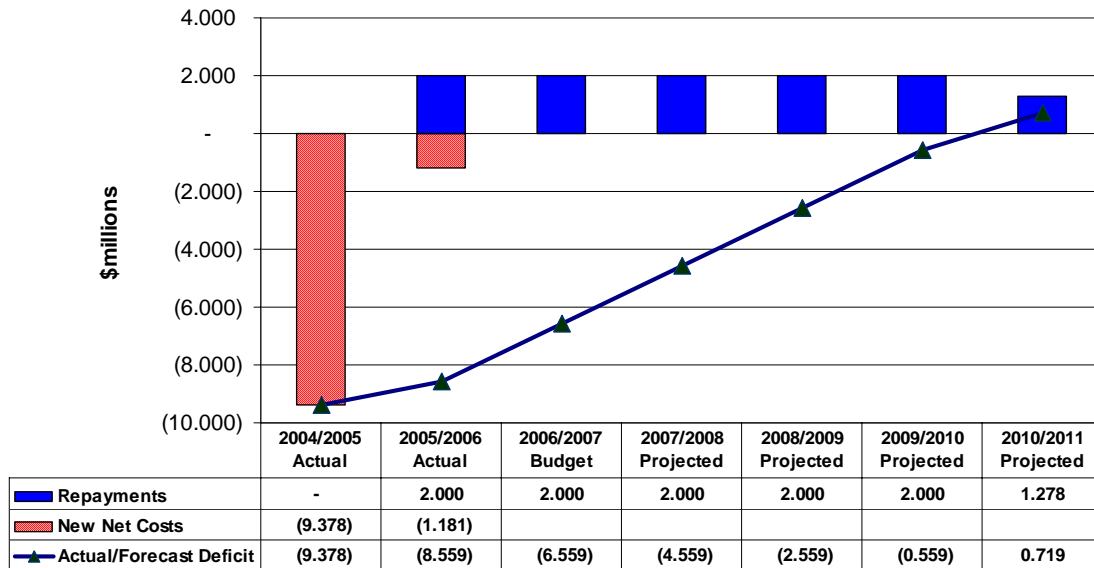
In March 2007, the Provincial government transferred two unexpected one-time grants totaling \$12.7 million to the University. These funds have been included in the institutional surplus that is being transferred to the 2007/2008 budget for temporary base deficit relief. In addition a combination of several other institutional revenue accounts such as miscellaneous fees, research overheads and cost recoveries will add an additional \$1.5 million in surplus one-time revenues. Together the \$14.2 million will be carry forward into 2007/2008 to provide budget relief (refer to D.2.2).

F.3 Deficit Repayment:

At the end of fiscal 2005/2006 the University had an accumulated \$8.559 million deficit as a result of the one-time costs of two enhanced buyout programs implemented in 2004/2005 and 2005/2006. These programs were successful and achieved the objective of allowing unit managers to restructure

their operations/programs without resorting to involuntary layoffs¹¹. The Board approved a plan that required \$2.0 million per year to repay this deficit.

The following chart presents the estimated cash flow of the costs of these enhanced buyout programs and the 2006/2007 approved repayment plan. At the end of fiscal 2006/2007 the accumulated deficit from these two programs was expected to be \$6.559 million with a further expected commitment of \$2.0 million per year to repay the balance.



Repaying the Deficit Early: In order to free the University of the \$2.0 million repayment obligation, it is proposed to use the University's Stabilization Fund¹² of \$6.0 million toward repayment of the deficit of \$8.559 million. In addition \$2.559 million in 2006/2007 funds (\$2.0 million of which was budgeted for deficit repayment and \$0.559 million found from institutional contingency accounts and net revenues) will be used to eliminate this deficit.

¹¹ As college/directorate budgets are composed largely of salaries and benefits costs, up to 90% in some cases, managers usually need to restructure their faculty/staff complements in order to permanently meet their budget targets.

¹² The Stabilization Fund was created starting in 1999/2000 from surplus one-time funds realized from a variety of one-time institutional savings. The purpose of the fund was to provide a reserve to assist in dealing with extraordinary one-time costs and provide relief in serious budget circumstances. The current balance is \$6.0 million and the Stabilization Fund has been reported in the University's audited financial statements annually.

G: Summary of 2007/2008 MTCU Preliminary Budget Assumptions and Objectives:

The following table summarizes the results of assumptions and incremental changes included in the University's 2007/2008 MTCU Operating budget. *(Numbers in brackets indicate an increase in costs or deficit; no brackets indicate an increase in revenues or cost savings.)*

A/B.	Institutional Expenditure Commitments	One Time	Base	Total
A.1	Opening Position (Base Deficit)		(1.800)	(1.800)
B.1	Provision for Salaries and Benefits		(11.300)	(11.300)
B.2	Estimated Utilities and Other Institutional Operating Costs Legal, insurance, new space, computing infrastructure		(0.285)	(0.285)
	Sub Total: Expenditure Commitments		(13.385)	(13.385)

C.	New Investments	One Time	Base	Total
C.1	Graduate Growth and Support Funds		(2.050)	(2.050)
C.2	Enrolment Costs (2006/2007 Undergraduate)	(0.760)	(3.940)	(4.700)
C.3	Student Aid (Undergraduate)		(0.900)	(0.900)
C.4	Priorities Investment Fund	-	-	-
C.5	Support Services	(0.220)	(0.145)	(0.365)
C.6	Capital Renewal: Borrowing Costs		(1.000)	(1.000)
	Sub-total: Investments	(0.980)	(8.035)	(9.015)
	Sub- Total Commitments and Investments	(0.980)	(21.420)	(22.400)

D.	Proposals to Meet the Budget Target	One Time	Base	Total
D.1	Revenue/Recovery Assumptions:			
D.1.1	Provincial Operating Grants		1.500	1.500
D.1.2	Enrolment/Tuition		3.100	3.100
D.1.3	Recoveries from Ancillaries		0.250	0.250
D.1.4	Recoveries from Fund Raising		(1.000)	(1.000)
	Total Revenue/Recovery Assumptions		3.250	3.250
D.2	Expenditure Proposals:			
D.2.1	Unit Budget Contribution (to personnel costs)		4.000	4.000
D.2.2	Institutional Carry-forwards	14.200	-	14.200
D	Total: Solutions	14.200	7.250	21.450

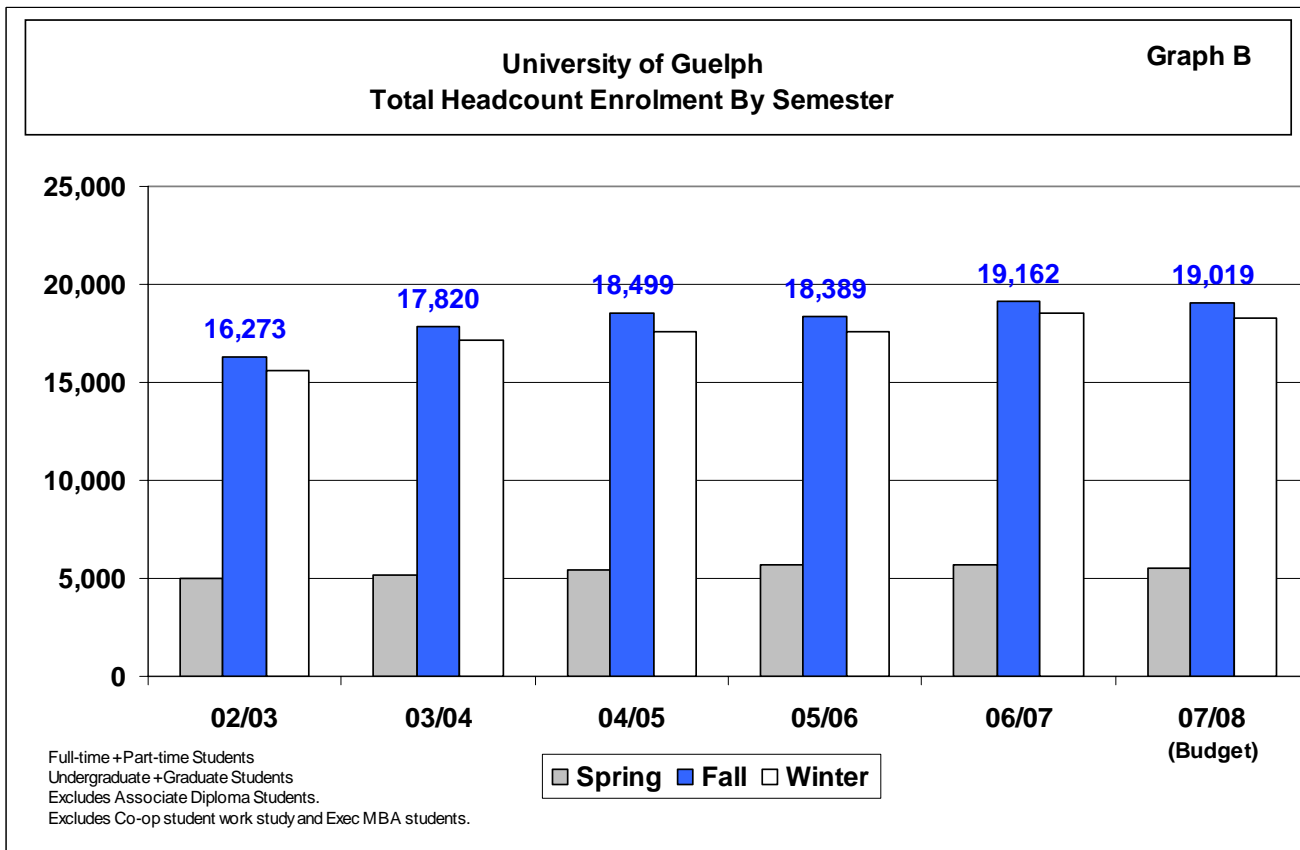
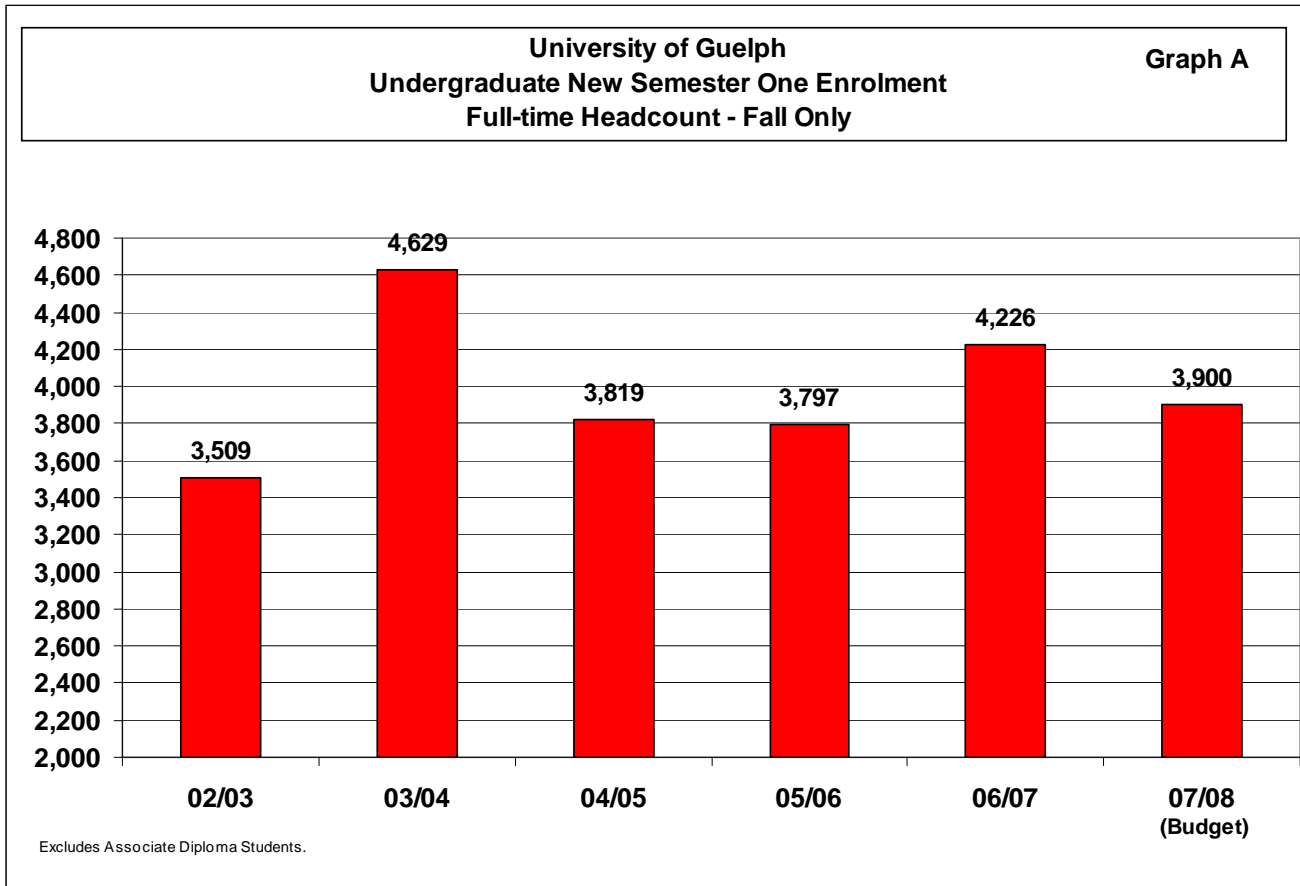
E.	Net Budget Deficits	13.220	(14.170)	(0.950)
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H: Graphs and Tables:

The following Tables present the 2007/2008 Preliminary MTCU Operating Budget in the context of prior year's results:

- Graph A *Undergraduate Semester One Enrolment Full-time Headcount:*
Full-time Degree Program Semester One Total Headcount Undergraduate Enrolment for the fall semester for the years 2002/2003 to 2007/2008 (Budget).
- Graph B *Total Headcount Enrolment by Semester:*
Summary of full-time, part-time undergraduate and graduate student headcounts by semester for the years 2002/2003 to 2007/2008 (Budget).
- Table A *2007/2008 Preliminary MTCU Operating Budget by Unit and Major Expense Category:*
A table showing the 2007/2008 Preliminary MTCU Operating Budget incorporating all budget assumptions, by major category of expense and organizational group.
- Table B *2007/2008 Preliminary MTCU Operating Budget Revenue and Expenses by Major Category:*
A time series showing the 2004/2005 and 2005/2006 actual results, 2006/2007 pre-audit results and the 2007/2008 Preliminary Budget by major categories of revenues, recoveries and expenses.
- Table C *2006/2007 Pre-Audit Results: MTCU Operating Budget Net Expenses by Unit:*
Table showing 2006/2007 pre-audit results compared to 2006/2007 Revised Budget by major organizational group, net of departmental revenues.
- Table D *Full-time Equivalents (FTE's) for MTCU funded Budgeted Positions by Unit and Major Category*
Full-time Equivalents (FTE's) for MTCU funded Budgeted Positions by Unit and Major Category for the years 2002/2003 to 2007/2008 (preliminary).

University of Guelph
2007/2008 Preliminary MTCU Operating Budget
Enrolment Graphs



University of Guelph
2007/2008 Preliminary MTCU Operating Budget
By Unit and Major Expense Category

Table A
(in thousands of dollars)

	(A) Total Personnel (Note #1)	(B) Operating (Note #2)	(C) Internal Recoveries (Note #3)	(D) Budget Contributions CPCI & PIFC (Note #4)	(E) = (A)+(B)+(C)+(D) Total Expenses	(F) External Recoveries	(G) Revenues	(H) = (F)+(G) Total Recoveries & Revenues (Note #5)	(I) = (E)+(H) Net Budget (Note #6)	Notes
<u>Institutional Revenues and Recoveries</u>										
Provincial Grants							138,500	138,500	138,500	
Tuition							90,100	90,100	90,100	
Other							2,312	2,312	2,312	#7
Total Revenues							230,912	230,912	230,912	
<u>Cost Recoveries</u>										
OMAFRA Service Costs - Research						5,912		5,912	5,912	#8
Fed/Prov Research OH Programs						9,000		9,000	9,000	
Research OH Revenue on Grants and Contracts						2,560		2,560	2,560	#9
Total Research Overhead Revenues and Recoveries						17,472		17,472	17,472	#10
OMAFRA Service Costs - Other						573		573	573	#8
Executive Programs						120		120	120	
Ancillary Service Recoveries						7,040		7,040	7,040	#11
Other Cost Recoveries						7,733		7,733	7,733	
Total Institutional Revenues and Recoveries						25,205	230,912	256,117	256,117	#12
<u>Institutional Expenses</u>										
<u>Teaching Units</u>										
College of Arts	19,094	2,558		(714)	20,938	(680)	(31)	(711)	20,227	
College of Biological Science	17,933	2,712	(283)	(697)	19,665	(232)	(50)	(282)	19,383	
College of Social and Applied Human Science	20,632	3,326		(769)	23,189	(1,482)	(110)	(1,592)	21,597	
College of Management and Economics	11,715	3,168	(40)	(376)	14,467	(1,411)	(1,885)	(3,296)	11,171	
Ontario Agricultural College	24,014	3,714	(397)	(855)	26,476	(4,694)	(1,596)	(6,290)	20,186	
Ontario Veterinary College	28,893	7,648	(1,412)	(851)	34,278	(2,807)	(14,536)	(17,343)	16,935	
College of Physical and Engineering Science	21,562	2,344	(101)	(788)	23,017	(367)	(269)	(636)	22,381	
Office of Open Learning	2,740	4,666	(713)	(68)	6,625	(309)	(5,002)	(5,311)	1,314	
Other Teaching Units	1,149	5,210	(418)	(16)	5,925		(104)	(104)	5,821	#13
Priorities Investment Fund		1,244			1,244				1,244	#14
Student Assistance	601	11,235			11,836		(236)	(236)	11,600	#15
Total Teaching Units	148,333	47,825	(3,364)	(5,134)	187,660	(11,982)	(23,819)	(35,801)	151,859	
<u>Library Operations and Information Resources</u>										
Library Operations	8,703	2,371	(266)	(323)	10,485		(701)	(701)	9,784	
Library Information Resources		5,600			5,600				5,600	
Total Library Operations and Info. Resources	8,703	7,971	(266)	(323)	16,085		(701)	(701)	15,384	

University of Guelph
2007/2008 Preliminary MTCU Operating Budget
By Unit and Major Expense Category

Table A
(in thousands of dollars)

	(A) Total Personnel (Note #1)	(B) Operating (Note #2)	(C) Internal Recoveries (Note #3)	(D) Budget Contributions CPCI & PIFC (Note #4)	(E) = (A)+(B)+(C)+(D) Total Expenses	(F) External Recoveries	(G) Revenues	(H) = (F)+(G) Total Recoveries & Revenues (Note #5)	(I) = (E)+(H) Net Budget (Note #6)	Notes
<u>Academic Services</u>										
Office of Research	4,885	929	(574)	(89)	5,151		(66)	(66)	5,085	
Teaching Support Services	1,426	301	(89)	(57)	1,581		(20)	(20)	1,561	
Registrar	4,901	803	(26)	(87)	5,591		(355)	(355)	5,236	
Associate VP Academic	759	322		(14)	1,067		(21)	(21)	1,046	#16
Other Academic Services	407	184	(15)	(16)	560		(32)	(32)	528	#17
Total Academic Services	12,378	2,539	(704)	(263)	13,950		(494)	(494)	13,456	
<u>Student Services</u>										
Student Services	7,168	3,203	(117)	(277)	9,977		(6,729)	(6,729)	3,248	#18
Athletics	3,608	3,968	(244)		7,332		(6,243)	(6,243)	1,089	#19
Total Student Services	10,776	7,171	(361)	(277)	17,309		(12,972)	(12,972)	4,337	
Total Teaching and Academic Services	180,190	65,506	(4,695)	(5,997)	235,004	(11,982)	(37,986)	(49,968)	185,036	
<u>Physical Resources</u>										
Physical Resources Operations	20,706	5,876	(2,757)	(379)	23,446	(2,379)	(125)	(2,504)	20,942	#11
Utilities		21,395	(490)		20,905				20,905	
Total Physical Resources	20,706	27,271	(3,247)	(379)	44,351	(2,379)	(125)	(2,504)	41,847	
<u>Capital Infrastructure Planning</u>										
Renovations/Deferred Maintenance		2,000			2,000				2,000	
Capital Investment Support & Servicing		8,800			8,800				8,800	
Total Capital Infrastructure Planning		10,800			10,800				10,800	
<u>Institutional Services and General Expenses</u>										
Alumni Affairs & Development	3,822	401	(660)	(57)	3,506		(551)	(551)	2,955	
Computing & Comm Services	7,248	1,524	(4,302)	(203)	4,267		(108)	(108)	4,159	
CCS - IT Infrastructure Expenses		2,548			2,548				2,548	
Computing & Communication Services	7,248	4,072	(4,302)	(203)	6,815		(108)	(108)	6,707	
Central Administration Offices	14,965	2,488	(154)	(264)	17,035		(562)	(562)	16,473	#20
University General Expenses and Contingency	176	8,789	(1,296)		7,669		(220)	(220)	7,449	#21
Total Institutional Services and General Exp.	26,211	15,750	(6,412)	(524)	35,025		(1,441)	(1,441)	33,584	
Total Institutional Expenses	227,107	119,327	(14,354)	(6,900)	325,180	(14,361)	(39,552)	(53,913)	271,267	
Net Budget	227,107	119,327	(14,354)	(6,900)	325,180	(39,566)	(270,464)	(310,030)	(15,150)	#22
							Prior Year's Savings (One-Time)		14,200	#22
							Net Budget (after prior year's savings)		(950)	#22

1. Column A "Total Personnel" includes budgeted salary and benefit costs for all regular full-time, contract and part-time employees.
2. Column B "Operating Costs" include the budgeted amount departments have allocated for a great variety of costs such as equipment purchases, maintaining day-to-day operations, travel and renovations.
3. Column C "Internal Recoveries" are non-cash transfers based on inter-departmental services provided such as telephone, mail, laboratory, physical resources work orders, vehicle rentals and printing.
4. Column D "Budget Contributions CPCI & PIFC" are budget contributions from units equivalent to 2% of net base budget for the Priorities Investment Fund Contribution (PIFC) and 2% of personnel base budget for Contribution to Personnel Cost Increases (CPCI).
5. Column H "Total Recoveries and Revenues" of \$310.0M includes Provincial Grants of \$138.5M, Credit Tuition of \$90.1M, Other revenue of \$2.3M, Cost Recoveries of \$25.2M and Departmental Revenues of \$53.9M.
6. Column I "Net Budget" is the total of departmental expenses less departmental cost recoveries and revenues for each major unit. Net budget is the total allocation amount that unit managers are accountable for. Any surplus or deficit at year-end is determined using the Net Budget versus Net actual results and all deficits and surpluses within policy limits are charged or credited to the unit's budget as a Carry-forward into the following year's budget.
7. Other Revenues includes interest and general revenues. The prior year's Table A included Student Support Fees as Other Revenues however for 2007/08 the SSF has been budgeted in departmental revenues (\$1.703 M) in the units providing the services to students.
8. OMAFRA Cost Recoveries of \$6.485M are for services provided by the MTCU budget (e.g., utilities and space costs). This recovery is for research related initiatives (\$5.912M) and other non-research activities (\$0.573M) In addition, OMAFRA will transfer \$7.915M (as a fixed dollar transfer) in support of 85 faculty full time equivalents (FTE's) budgeted in the MTCU budget but contributing to OMAFRA projects. Recoveries for the research faculty, (73 FTE's of faculty effort), are allocated to the colleges according to faculty time awarded to OMAFRA research projects.
9. Research OH Revenue on Grants and Contracts are the annual overhead charges for externally funded research activities (non-government sources).
10. Total Research Overhead Revenues and Recoveries represents the total funds received by the MTCU budget for services provided as research support.
11. Ancillary Service Recoveries for the 2007/2008 Preliminary MTCU budget excludes the recovery related to custodial and other services performed by Physical Resources for Student Housing Services. These recoveries of \$2.379M are now reported as External Recoveries in Physical Resources.
12. Total Institutional Revenues and Recoveries include provincial operating grants, tuition, general revenues and external recoveries received for central funding purposes. This excludes external departmental revenues and recoveries or funds received for restricted purposes.
13. Other Teaching includes: BA Counselling Office, London Semester, Advanced Analysis Centre and Academic Support funds which includes Research Support, Academic Contingency and Special Projects.
14. The Priorities Investment Fund includes a re-investment of \$2.9M in teaching quality of which \$2.656M has been allocated in the preliminary budget to priorities identified in the Integrated Plan. The balance of \$1.244M includes the unallocated portion of the \$2.9M (\$0.244M) as well as graduate teaching support of \$1.0M

(see section C.1 above).

prior year leaving an unallocated target of \$0.950M to be covered from in-year sources (see sections. D.2.2 and E on page 19)

15. Student Assistance has increased by \$1.95M for 2007/2008 related to a \$0.900M increase in Undergraduate Entrance Scholarships and a net increase of \$1.050M for Graduate support and awards in addition to the \$1.0M in graduate support in Note 14 above.
16. Associate VP Academic includes the Associate Vice-President's discretionary funds, Educational Research and Development Unit and the Centre for International Programs.
17. Other Academic Services includes: MacKinnon Building Mgmt, Dean of Grad Studies, War Memorial/Rozanski Hall Operations, and miscellaneous academic support funds.
18. Student Services Revenues includes: MTCU Accessibility Grant for Students with Disabilities, Student Health Services Fee, Student Support Fee, Health and Performance Centre revenues, and Child Care revenues.
19. Athletics revenues include: Student Athletic Fees, Student Athletic Building Fees and user fees from athletic programs and facility rentals.
20. Central Administration Offices includes: Human Resources, Senior Administrative Offices, Financial Services, Campus Community Police and Fire Prevention Services, Communications and Public Affairs, Human Rights and Equity Office, Office of Investment Management, and Environmental Health and Safety.
21. General Expenses include costs incurred for property taxes, memberships, legal, auditing and external services, insurance, convocation and banking charges.
22. The net Preliminary MTCU Operating Budget contains a net structural deficit of \$15.150M. This deficit is primarily being covered in 2007/2008 by one-time savings of \$14.2M from the

University of Guelph
2007/2008 Preliminary MTCU Operating Budget
Summary By Major Revenue and Expense Categories

Table B
(in thousands of dollars)

	<u>2004/05</u> <u>Actual</u>	<u>2005/06</u> <u>Actual</u>	<u>2006/07</u> <u>Pre Audit</u>	<u>2007/08</u> <u>Budget</u>	Notes
Revenue					
MTCU Grants - Institutional	127,550	134,471	151,875	138,500	#1
MTCU Grants - Departmental	5,572	5,773	5,909	5,620	#2
Tuition - Credit	80,134	80,059	87,181	90,100	
Tuition - Non-Credit	5,467	5,303	6,018	5,575	#3
Investment Income	1,944	2,038	2,063	1,413	#4
Other Revenue	28,530	30,378	32,978	29,256	
Total Revenue	<u>249,197</u>	<u>258,022</u>	<u>286,024</u>	<u>270,464</u>	
Cost Recoveries					
OMAFRA Cost Transfer - Research	13,757	13,752	13,827	13,827	
FICP/RPF Research Support	8,875	8,878	9,237	9,000	#5
Research OH on Grants and Contracts	1,646	2,336	2,634	2,560	
Total Research Overhead Revenue & Recoveries	<u>24,278</u>	<u>24,966</u>	<u>25,698</u>	<u>25,387</u>	
OMAFRA Cost Transfer - Other	568	573	573	573	
Fundraising Recovery	-	370	-	-	
Executive Programs	-	120	120	120	
Guelph Humber Recoveries	4,144	4,907	4,380	4,067	#6
Ancillary Services Recoveries	8,620	9,067	9,864	9,419	#7
Other Institutional Recoveries	13,332	15,037	14,937	14,179	
Total Revenues and Recoveries	<u>286,807</u>	<u>298,025</u>	<u>326,659</u>	<u>310,030</u>	
Expenses					
Salaries	166,570	168,317	179,319	183,591	
Benefits	32,128	35,805	39,122	43,516	
Operating	50,782	49,149	53,649	54,768	
Utilities	19,608	21,209	19,959	20,905	
Scholarships and Bursaries	8,127	7,239	9,719	11,600	
Other Institutional Transfers	6,732	8,688	9,798	10,800	#8
Budgeted Carryforwards from Prior Year				19,275	#9
Restructuring Costs	9,378	1,181		-	#10
Total Expenses	<u>293,325</u>	<u>291,588</u>	<u>311,566</u>	<u>344,455</u>	
Change in Fund Balance	(6,518)	6,437	15,093	(34,425)	
Add: Funds From Prior Year - Departmental	12,463	15,323	20,941	19,275	
Add: Funds From Prior Year - Institutional			6,000	14,200	#11
Less: Funds Transferred to Appropriations	<u>(15,323)</u>	<u>(20,941)</u>	<u>(33,475)</u>	<u>-</u>	
Net Increase (Decrease) in Fund Balance	<u>(9,378)</u>	<u>819</u>	<u>8,559</u>	<u>(950)</u>	
Unappropriated Fund Balance - Opening	<u>-</u>	<u>(9,378)</u>	<u>(8,559)</u>	<u>-</u>	
Unappropriated Fund Balance - Closing	<u><u>(9,378)</u></u>	<u><u>(8,559)</u></u>	<u><u>-</u></u>	<u><u>(950)</u></u>	

1. The MTCU Institutional Grants include the primary provincial operating funds received by the University. For more information see section A.6 of this budget document for detailed discussions of the various components of the MTCU Institutional Grants.
2. The MTCU grants credited directly to department budgets are targeted for specific projects and include the \$5.0 million Special Grant OVC receives for clinical education and Student Affairs receives approx \$0.6 million in support of special needs students. In 2006/2007, there were also a number of one-time MTCU grants targeted to provide opportunities for under-represented categories of students.
3. Non-Credit Tuition includes fees for distance learning, continuing education and executive programs.
4. Interest Income credited to the MTCU budget from earnings on the operating portfolio will decline in 2007/2008 due the cash flow demands including increased pension contributions.
5. FICP/RPF Research support is funding from two major grants: the Federal Infrastructure Cost Program (FICP) and the provincial Research Performance Fund (RPF). These funds are restricted to the indirect costs of research activity and are reported to funding agencies annually. Over the past several years this funding has provided significant budget assistance in covering cost increases. In the absence of these funds additional budget adjustments (reductions/reallocations) would have been required to meet the overall University budget target.
6. The Colleges and several academic support units receive recoveries from Guelph-Humber for services provided (course development and delivery, student support services). Total recoveries in unit MTCU budgets are expected to decline slightly as rates of support have declined and development activity is expected to be reduced.
7. The MTCU operating budget recovers the costs of services (primarily utilities and space charges) provided to Ancillary operations as well as contributions to specific projects in the MTCU operating budget. For 2007/2008, there is a 4% increase included in costs. Also for 2007/2008, the portion of the recovery that supports environmental services provided by Physical Resources to Student Housing Services (\$2.379 M) is now being managed directly between the units. In 2006/2007, \$0.7 M from Parking Services was contributed to general MTCU budget relief.
8. Other Institutional Recoveries represents the support for the cost of capital infrastructure financing (see section C.3 in budget narrative above for more details).
9. The one-time departmental carry-forwards are unspent funds in the prior year that will be upon approval, added to unit budgets (subject to confirmation of final year end results) in 2007/2008.
10. In 2004/2005 and 2005/2006, a total of \$10.6 M in restructuring costs were incurred in order to meet budget targets. The deficit incurred by these costs has been fully paid at the end of the 2006/2007 fiscal year.
11. The MTCU operating budget Stabilization Fund accumulated \$6.0 M from unallocated excess revenues in prior years which was contributed to re-pay the accumulated net restructuring costs (see note #10 above) at the end of the 2006/2007 fiscal year. For 2007/2008, there are \$14.2 M in excess revenues, primarily from one-time year end MTCU grants received in March 2007, that will be contributed to offset the budget shortfall in 2007/2008.

University of Guelph
2007/2008 Preliminary MTCU Operating Budget
MTCU Pre-Audit Results for 2006/2007

Table C

	06/07 Budget	06/07 Actual	Variance + (-)	Notes
<u>Institutional Revenues and Recoveries</u>				
Provincial Grants	138,600	151,875	13,275	#1
Tuition Revenue	87,000	87,181	181	
Other Revenues	4,401	5,005	604	#2
Total Institutional Revenues	230,001	244,061	14,060	
Total Research Overhead Revenues and Recoveries	17,072	17,783	711	#3
Other Cost Recoveries	12,157	11,957	(200)	#4
Total Institutional Revenues and Recoveries	259,230	273,801	14,571	
<u>Teaching Units</u>				
College of Arts (COA)	19,427	19,725	(298)	
College of Biological Science (CBS)	20,716	18,276	2,440	
College of Social and Applied Human Science (CSAHS)	21,404	19,907	1,497	
College of Management and Economics (CME)	9,934	9,937	(3)	
Ontario Agricultural College (OAC)	20,317	18,687	1,630	
Ontario Veterinary College (OVC)	20,293	17,750	2,543	
College of Physical and Engineering Science (CPES)	22,120	21,413	707	
Office of Open Learning	3,572	1,023	2,549	
Other Teaching Units	4,213	3,348	865	
Student Assistance	12,540	10,218	2,322	#5
Total Teaching Units	154,536	140,284	14,252	#6
Library Operations and Information Resources	15,947	15,842	105	
Academic Services	15,137	13,745	1,392	
Student Services	6,746	4,822	1,924	
Total Teaching and Academic Services	192,366	174,693	17,673	
Total Physical Resources	42,079	41,633	446	
Capital Infrastructure Planning	9,800	9,798	2	
Institutional Services and General Expenses	33,530	32,354	1,176	#7
University Contingency	396	230	166	
Total Institutional Costs	278,171	258,708	19,463	
Annual Operating Income (Expense)	(18,941)	15,093	34,034	
Transfer From Prior Year (Departmental Carryforwards)	20,941	20,941		
Transfer From Stabilization Fund		6,000		#8
Total Transfers from Appropriations	20,941	26,941		
Total Funds Available	2,000	42,034		
Less: Carryforward to 07/08 - For Budget Relief		14,200		#9
Less: Carryforward to 07/08 - Departmental		19,275		#10
Total Carryforwards to 07/08		33,475		
Net Increase(Decrease) in Fund Balance	2,000	8,559		#11
Opening Deficit: From Prior Year Restructuring Costs	(8,559)	(8,559)		#11
Total University Surplus (Deficit)	(6,559)	0		#11

Notes:

#1. Provincial grants exceeded budget due to \$12.6 million in unexpected year end one-time grants. All other categories of MTCU grants were within the revised budget.

#2. Other Institutional Revenues exceeded targets from a variety of sources including increased application fee sharing revenues.

#3. Research Overhead Revenues and Recoveries include overhead received on provincial and federal research grants including the OMAFRA agreement. In addition, overhead received on non government grants and contracts exceeded the budget by \$0.5 million.

#4. Fund Raising contributions to operating (initiated in 2005/2006) are below budget as the majority of unrestricted funds received were directed toward specific high priority projects.

#5. Most of the Student Assistance funds remaining at fiscal year will be allocated for disbursement in the summer.

#6. Included in the total net carry forwards in Teaching units are funds designated for a number of major renovation projects and start up costs of moving into the Science Complex.

#7. Institutional Services includes central administrative offices and support services (e.g. finance, human resources, computing and communication services, fund raising, communications and public affairs and senior admin. offices). All units are reporting small carry-forwards balances for next year targeted mainly to help deal with budget reductions.

#8. In prior years, unallocated excess revenues were set aside in a Stabilization Fund to allow for future uncertainties in annual budgets. Due to the predicted base deficit facing the University in 2007/2008 preliminary budget, it was decided to use the Stabilization Fund to offset the net accumulated costs of prior year's restructuring.

#9. It is forecast that \$14.200 million will be carried forward into 2006/2007 for 2007/2008 one-time budget relief.

#10. It is forecast that \$19.275 million will be carried forward into 2007/2008 for department purposes. This compares to \$20.941 million which was carried forward from 2005/2006 into 2006/2007

#11. The accumulated restructuring costs of \$8.559 million include net expenses of both the 04/05 VERR program plus 05/06 enhanced buy out program. The full balance will be paid off through the use of the Stabilization Fund \$6.0 million, the budgeted repayment of \$2.0 million and an additional \$0.559 million in available institutional surplus from 06/07 year end results.

University of Guelph
2006/2007 Preliminary MTCU Operating Budget
Full-time Equivalents (FTE's) for MTCU funded Budgeted Positions by Unit and Major Category

Table D

College/Division	Position Type	2002/2003	2003/2004	2004/2005	2005/2006	2006/2007	2007/2008 Preliminary	Notes
<u>TEACHING UNITS</u>								
COLLEGE OF ARTS	Faculty	88.5	116.2	134.7	131.0	128.4	135.8	
	Staff	27.3	27.9	29.5	29.5	31.5	31.5	
		<u>115.8</u>	<u>144.1</u>	<u>164.2</u>	<u>160.5</u>	<u>159.9</u>	<u>167.3</u>	
COLLEGE OF BIOLOGICAL SCIENCE	Faculty	85.4	87.2	100.1	100.3	99.4	104.8	#1
	Staff	56.7	58.1	61.0	59.0	55.6	56.4	
		<u>142.1</u>	<u>145.3</u>	<u>161.1</u>	<u>159.3</u>	<u>155.0</u>	<u>161.2</u>	
COLL.OF SOC.& APP. HUMAN SCIENCE	Faculty	148.2	170.4	183.8	177.1	116.0	130.5	#2
	Staff	51.5	54.6	58.0	58.7	40.6	41.0	
		<u>199.7</u>	<u>225.0</u>	<u>241.7</u>	<u>235.8</u>	<u>156.7</u>	<u>171.6</u>	#3
COLLEGE OF MANAGEMENT & ECONOMICS	Faculty				0.3	62.5	72.5	#3
	Staff					24.5	26.5	
					<u>0.3</u>	<u>87.0</u>	<u>99.0</u>	
ONTARIO AGRICULTURAL COLLEGE	Faculty	151.4	170.8	170.7	166.9	151.2	149.6	
	Staff	72.4	71.5	59.4	57.9	63.6	63.1	#4
		<u>223.8</u>	<u>242.3</u>	<u>230.1</u>	<u>224.9</u>	<u>214.8</u>	<u>212.6</u>	
ONTARIO VETERINARY COLLEGE	Faculty	95.3	100.2	115.1	117.2	115.7	116.6	
	Staff	148.6	152.3	155.2	156.8	157.7	159.9	
		<u>243.9</u>	<u>252.5</u>	<u>270.3</u>	<u>274.1</u>	<u>273.4</u>	<u>276.4</u>	
COLL OF PHYSICAL & ENGINEERING	Faculty	115.7	123.5	124.3	119.8	115.8	122.4	
	Staff	59.7	61.1	61.9	58.7	58.3	66.0	#5
		<u>175.4</u>	<u>184.6</u>	<u>186.2</u>	<u>178.5</u>	<u>174.0</u>	<u>188.4</u>	
OFFICE OF OPEN LEARNING	Staff	23.4	26.5	30.4	31.5	34.0	34.5	
OTHER TEACHING UNITS	Faculty	1.0	1.0	1.0	1.0	1.0	1.0	
	Staff	8.0	8.7	8.9	8.7	12.0	12.0	
		<u>9.0</u>	<u>9.7</u>	<u>9.9</u>	<u>9.7</u>	<u>13.0</u>	<u>13.0</u>	
Total Faculty Teaching Units		685.4	769.4	829.6	813.7	790.1	833.3	
Total Staff Teaching Units		447.7	460.7	464.4	460.8	477.7	490.9	
Total Teaching Units		<u>1133.1</u>	<u>1230.0</u>	<u>1294.0</u>	<u>1274.6</u>	<u>1267.8</u>	<u>1324.1</u>	
<u>LIBRARY</u>								
LIBRARY OPERATING	Faculty	20.0	23.1	25.9	26.3	27.6	28.0	
	Staff	91.6	93.1	89.5	82.3	81.6	82.1	#6
		<u>111.6</u>	<u>116.2</u>	<u>115.4</u>	<u>108.6</u>	<u>109.2</u>	<u>110.1</u>	

University of Guelph
2006/2007 Preliminary MTCU Operating Budget
Full-time Equivalents (FTE's) for MTCU funded Budgeted Positions by Unit and Major Category

Table D

College/Division	Position Type	2002/2003	2003/2004	2004/2005	2005/2006	2006/2007	2007/2008 Preliminary	Notes
<u>ACADEMIC SERVICES</u>								
OFFICE OF RESEARCH	Faculty	2.3	3.3	3.9	3.7	3.8	3.9	
	Staff	32.1	38.0	45.3	51.2	54.8	48.8	#7 , #8
		34.4	41.3	49.2	54.9	58.6	52.6	
TEACHING SUPPORT SERVICES	Staff	20.4	20.0	20.5	18.0	17.8	18.8	
ASSOCIATE V/P ACADEMIC	Staff	3.9	6.0	6.0	4.0	7.0	7.0	#9
REGISTRAR	Staff	65.9	69.4	70.2	67.4	66.9	69.2	
OTHER ACADEMIC SUPPORT	Faculty	1.3	1.3	1.3	1.4	1.1	1.0	
	Staff	3.0	3.0	3.0	3.0	3.0	3.0	
		4.3	4.3	4.3	4.4	4.1	4.0	
<u>COMPUTING COMMUNICATION SERVICE</u>	Staff	74.6	75.7	74.0	73.9	72.1	71.4	
<u>STUDENT SERVICES</u>								
STUDENT AFFAIRS	Staff	41.9	44.9	47.9	49.0	49.6	52.0	
STUDENT HEALTH SERVICES	Staff	16.5	17.2	17.1	17.1	17.1	17.2	
ATHLETICS	Staff	25.3	26.9	29.7	29.7	29.7	30.4	
CHILD CARE OPERATIONS	Staff	15.0	15.0	16.6	17.8	18.0	18.0	
		98.7	104.0	111.3	113.6	114.4	117.6	
<u>ALUMNI AFFAIRS & DEVELOPMENT</u>	Staff	30.5	32.7	37.4	38.4	41.7	45.5	#10
<u>PHYSICAL RESOURCES OPERATIONS</u>	Staff	337.8	339.0	341.0	328.4	316.0	319.0	#11
<u>ADMINISTRATION</u>								
HUMAN RESOURCES	Staff	34.0	36.0	35.0	33.3	35.0	36.0	
CENTRAL ADMINISTRATIVE OFFICES	Faculty	3.0	3.0	3.0	3.0	3.0	3.0	
	Staff	47.7	48.6	52.2	54.5	56.8	56.7	
		50.7	51.6	55.2	57.5	59.8	59.7	
FINANCE/PURCHASING/MAIL SERVICES	Staff	50.6	50.0	49.5	45.8	48.4	54.5	#12
CAMPUS COMMUNITY POLICE & FIRE PREVENTI	Staff	24.0	24.0	23.3	24.0	23.6	23.6	
UNIVERSITY GENERAL EXPENSE	Staff	2.7	2.7	3.6	4.9	3.9	2.9	
		712.0	799.9	863.8	848.1	825.6	869.1	
		1365.1	1402.8	1426.2	1403.5	1420.5	1446.9	
		2077.1	2202.8	2290.0	2251.6	2246.0	2316.0	

Definitions:

- FTE's – Full time Equivalents are workforce measures of budgeted positions (normally for full time appointments).
- MTCU funded positions include OVC Special Grant and positions in Guelph units funded by Guelph Humber programs.
- Budgeted Positions: a Budgeted Position is a specific budget account that has been established to record the budget and expenses of individual employment appointments that are in two major categories; regular full time positions and longer term (over 1 year) contractually limited positions
- Faculty: the Faculty category includes all funded positions (filled or vacant) for tenure track faculty and contractually limited position. The Faculty category includes Librarians.
- Staff: the Staff category includes all non-faculty positions budgeted for in the MTCU operating budget.

Notes:

1. The increase of 13 faculty Full Time Equivalent (FTE) in the College of Biological Science (CBS) in 2004/2005 was due to the transfer of 8 Biochemist positions from the College of Physical and Engineering Sciences (CPES) to CBS as well as 6 new growth positions.
2. The planned increase in the College of Social and Applied Human Science (CSAHS) for 2007/2008 includes 11 faculty FTE for increased undergraduate enrolment and funded through the Over Target Adjustment (OTA) (see section C.2).
3. The College of Management and Economics was formed at the beginning of the 2006/2007 fiscal year. It included the amalgamation of the existing business and economics capacity that already existed in the Colleges. This included the transfer of three departments from the College of Social and Applied Human Sciences (CSAHS) and the Professional Programs. The increase in the College of Management and Economics (CME) for 2007/2008 includes 10 new faculty FTE (4 from 06/07 just filled, 6 planned in 07/08) and two staff positions for increased undergraduate enrolment funded through OTA's (see section C.2).

4. The decrease of 12 staff FTE in the Ontario Agricultural College (OAC) for 2004/2005 reflects the closing of Independent Studies.
5. The net decrease of 5 faculty FTE in CPES from 2003/2004 to 2005/2006 relates to the transfer of 8 Biochemists to CBS (see Note 1 above); 7 new positions added to CPES in 2004/2005 funded from various sources; the reduction of 3 faculty positions as part of the 2005/2006 4.5% Budget Contribution; and the deletion of 2 positions in 2005/2006 used for bridging new faculty in prior years.
6. The decrease of 7 staff FTE in Library Operations for 2005/06 resulted from the acceptance of early retirement through the VERR Program.
7. The increase of 7 staff FTE in the Office of Research for 2004/2005 was funded through increased recoveries from external funding sources such as the Research Performance Fund (RPF) and the Federal Indirect Cost Program (FICP).
8. The increase in 6 staff FTE in the Office of Research for 2005/2006 relates to a re-organization of Animal Care Services.
9. The Associate Vice President Academic division represents the consolidation of several academic support units (eg; Centre for Int'l Pgms, Judicial Officer, EDRU) and including 3 positions that were previously located in Central Administrative Offices.
10. The increase in staff FTE in Alumni Affairs and Development (AA&D) between 2002/2003 and 2006/2007 is mainly due to additional Development positions shared between AA&D and the colleges. On May 1, 2007 these positions were converted to 100% AA&D resulting in an increase of 4 staff FTE.
11. The decrease in staff FTE in Physical Resources for 2005/2006 (13 FTE) and 2006/2007 (12 FTE) relates to the 4.5% Budget Contribution and the 2.0% Inflation Contribution respectively.
12. The increase in 6 staff FTE in Finance Services for 2007/2008 relates to the transfer of Research, Financial Services positions from the Office of Research.