

UNIVERSITY OF GUELPH

OMAFRA Agreement - 2009/2010 Preliminary Budget

For Presentation to the Board of Governors

April 15, 2009

University of Guelph
OMAFRA Agreement – 2009/2010 Preliminary Budget

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A: The OMAFRA Agreement: Background

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

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

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

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

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

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

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

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

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

B: Agreement Renewal

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

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

C: Major Budget Assumptions for fiscal 2009/2010:

The OMAFRA Agreement is managed as a segregated, self-supporting budget within the University's consolidated operating fund. Funds are allocated to organization units within the University's overall structures and all employees funded under the Agreement are employees of the University. Funding is concentrated in the colleges (particularly OAC and OVC which together account for 33% of funding), the Laboratory Services units (27%) and Guelph research stations operations (10%). In delivering the

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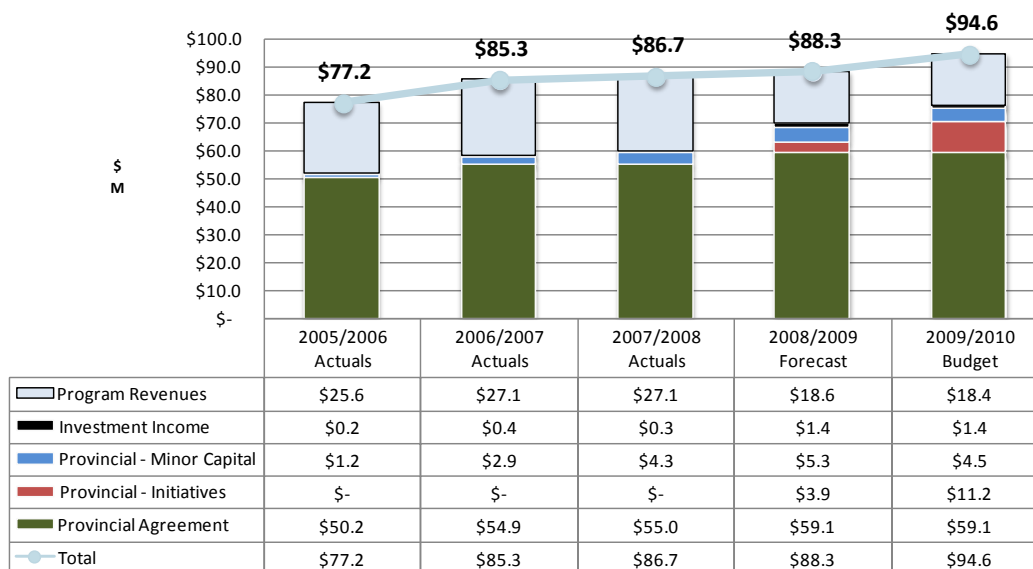
programs under the Agreement, units follow all University operating policies/procedures including those covering health and safety, employment practices and financial management. Units receiving Agreement funding are accountable for any deficits and funding, unspent at the end of the fiscal year, may be carry-forward into the following year.

The 2008/2009 fiscal year was a transition year during which efforts were concentrated on establishing new program and project reporting structures and priorities in the context of both new OMAFRA priorities and the enhanced funding (e.g., New Initiatives). This is reflected in the small increase in actual spending relative to 2007/2008. The following section describes the 2009/2010 OMAFRA Agreement budget assumptions for total revenues, program allocations and the estimated cost of increases to salaries and benefits charged to the Agreement budget. It is expected as new projects/initiatives begin to become operational, increased spending will follow.

C.1 Agreement Revenue:

In 2009/2010, Agreement revenue is budgeted at \$94.6 million consisting of \$74.8 million from the province (OMAFRA) and \$19.8 million in revenues from investment income and the sale of goods and services. (Refer to chart below). Agreement revenues (17% of total University revenue) are, irrespective of source, restricted for use in supporting approved research and services programs in the Agreement.

OMAFRA Agreement - Revenues by Source



In meeting their budget targets, units have been encouraged to raise revenues or cost recoveries from external research, service fees or other sources such as facilities cost recoveries. This is especially the case in the Laboratory Services Divisions where over 50% of their funding comes in the form of external user fees. In this respect, units are expected to build on their research and services infrastructure capacities to generate additional revenues in support of program objectives.

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For 2009/2010 key revenue assumptions are:

- “Agreement Base Revenue”, the core funding from the province, will remain fixed at \$59.1 million. This is received as a quarterly transfer payment from OMAFRA to the University.
- In addition there is an annual New Initiatives allocation of \$11.2 million representing one fifth of the \$56 million advance received in April 2008. 2009/2010 is year 2 of this 5 year allocation. The agreement is credited with the interest earned on the balances advanced to the University on both the transfer payment and the New Initiatives which is estimated at \$1.4 million in 2009/2010. Due to the one-time nature of this funding, the University is matching only one-time expenses to the New Initiatives Funding.
- OMAFRA also funds investment in the provincially owned properties for minor capital projects and repairs. The preliminary allocation for 2009/2010 is \$4.5 million (\$5.3 million in 2008/2009).
- Completing funding are external revenues generated from agreement facilities primarily for lab testing services and the sales of produce. These revenues are credited to the units and programs providing the goods and services. The preliminary 2009/2010 estimate is \$18.425 million.

Refer to Table C.1 for a summary of 2009/2010 Agreement revenues

Table C.1

Summary of Revenues by Major Source	
(in thousands of dollars)	
<i>(A)</i> Agreement Programs	<i>(B)</i> Agreement Revenue
Provincial - Agreement Base Revenue	59,100
Provincial - New Initiatives (Year 2 of 5)	11,200
Provincial - Minor Capital	4,500
Total Provincial Funding	74,800
Agreement Investment Income (Year 2 of 5)	1,400
Total Provincial Funding and Investment Income	76,200
Program Revenues	18,425
Total Agreement Revenue 2009/2010	94,625

“Program Revenues” are earned and managed by the units responsible for delivering the associated services and therefore are not allocated centrally. While they do not directly form part of Agreement-level allocations they do support cost increases for which units are responsible.

Table C.2 (following page) summarizes proposed allocation of the revenue components; provincial funding and investment income by program for the 2009/2010 Agreement Budget. Major envelopes consist of approved programs e.g., research, laboratory services (AHL, AFL) and VCEP. (Program funding is then divided into projects which are assigned to units (e.g. colleges, regional campuses, Laboratory Services Division and research stations) for program delivery.

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Table C.2

Funding Allocation of Provincial and Investment Income					
By Major Program:					
(In thousands of dollars)					
Current Programs	Agreement Programs			Minor Capital Projects	Total OMAFRA Agreement
	Renewed Agreement	New Initiatives	Total		
Research Programs	26,870	5,700	32,570		32,570
KTT - Knowledge Translation & Transfer		1,000	1,000		1,000
HQP - Graduate Enhancement Program		1,000	1,000		1,000
Facilities Operations & Maintenance	7,130		7,130	4,500	11,630
Total Research & Support Programs	34,000	7,700	41,700	4,500	46,200
Lab Services - AHL	6,100	1,500	7,600		7,600
Lab Services - AFL	5,200		5,200		5,200
VCEP	5,200	1,000	6,200		6,200
Service Costs	10,000	1,000	11,000		11,000
Total Provincial and Investment Income	60,500	11,200	71,700	4,500	76,200

The “Renewed Agreement” column totaling \$60.500 million represents the allocation of the provincial revenue plus the Investment income. The \$11.200 million New Initiatives revenue is allocated for new and enhanced program objectives established by the renewed Agreement. The Minor Capital Projects column contains the allocation of the additional funds provided by OMAFRA for facilities renewal.

C.2 Expenditure Assumptions:

The OMAFRA Agreement is a self-supporting budget and is required to cover all incremental cost increases within total Agreement revenues. The fiscal objectives of the Agreement require major units/programs/locations to find resources within their allocations of provincial support to cover all annual costs increases including salaries and benefit increases. Major efforts have been made at creating revenue as the main source to cover these expense increases however if sufficient revenues are not found, cost reallocations within the total funds available are required. This practice continues under the Renewed Agreement procedures.

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C.2.1 Salary and Benefit Cost Increases (incremental costs):

While less concentrated in personnel costs than the University's MTCU Operating Budget, the OMAFRA Agreement budget is challenged with similar compensation cost increases. Approximately 50% of the Agreement funding is allocated for personnel costs comprised of 106 full-time faculty and veterinarian FTEs (Full Time Equivalents), and 394 regular full-time staff FTEs working facilities across Ontario.

The 106 faculty and veterinarian FTE's are funded in two ways:

- 29 FTE's are charged directly (actual salaries and benefits including annual increases) to Agreement funds. These consist of 9 regular faculty appointments (all at the regional campuses) and 20 veterinary positions (in the Laboratory Services Division and OVC).
- 77 FTE's consisting of 65 research FTE's (mainly associated with the Guelph campus) and 12 veterinary clinical education in OVC FTE's are supported indirectly through "pooled" funds. These "pooled" funds are fixed dollars transferred to the University, in effect purchasing capacity or access to a notional number of FTE's. The "pools" are presently fixed at \$11.815 million per year effectively transferring the cost increases for these FTE's to the University. Over time annual personnel cost increases will "discount" the numbers of FTE's funding by the fixed-dollar "pools".

University units with program allocations in the Agreement budget are responsible for covering cost increases for employee (faculty and staff) salaries and benefits directly charged to Agreement programs. It is estimated that the costs of salary and benefit increases for faculty and staff directly charged to the Agreement will be **\$1.280 million** in the 2009/2010 fiscal year. The assumptions used in this estimate are consistent with the assumptions used in all of the University's general budget planning and contain provisions for increases for all University employee groups charged to the Agreement.

In addition to new revenues, a key solution for meeting the challenge of cost-increases involves the cost-recovery of OMAFRA-funded research infrastructure costs from all users (non-OMAFRA research programs). For 2009/2010 cost increases, units are preparing plans to absorb these costs within their existing OMAFRA allocations. There are a number of operational reviews underway to find the best usage of Agreement resources and while, at this time, no involuntary reduction in staffing levels is underway, over the course of the fiscal year this action may be necessary.

C.2.2 Forecast for 2008/2009:

Consistent with University policy, University units with OMAFRA funding may carry-forward unspent allocations into the following fiscal year however they are also responsible for any OMAFRA-program deficits. In fiscal 2008/2009 it is forecast that, overall units with OMAFRA Agreement funding will carry-forward a net \$9.845 million. This is historically higher than normal reflecting the significant increase in funding received effective April 1, 2008 and the prudent position taken to carefully restructure programs to ensure the effective use of this new funding. Most of the carry-forward is captured in centrally (unallocated accounts) pending approval of project proposals and program restructuring to meet new Agreement objectives.

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While most units are reflecting positive carry-forward; three units are carrying significant deficits. These include two regional campuses of OAC (Kemptville and Ridgetown) and the Guelph Research Station Operations (RSO).

- For the two regional campuses challenges are similar and mainly structural. Increasing costs and reduced research and service revenues will require significant restructuring in order to bring these units into balance. OAC has initiated plans to reduce costs and positions in these units. In Kemptville, initially three vacated positions will be deleted. Further plans are underway to reduce expenses (personnel and operating). For all regional campuses, a major restructuring effort is planned by OAC and the Office of Research to reposition these units in the context of the new Agreement including the transfer of education and training to MTCU funding. It is expected that over the course of the next two years the OMAFRA-related deficit in both campuses will be resolved.
- For several years, RSO has experienced fiscal challenges mainly associated with rapidly increasing costs for maintaining capital and operationally intensive research stations. Commodity and energy price increases are contributing factors as is the competing demands to cover compensation cost increases on a fixed budget and deliver the capacity demanded by the research programs. The new Agreement assisted in relieving some of this pressure and the deficit has been reduced significantly. In addition efforts continue to increase cost-recoveries for services with mixed results.

D: Appendices

In this section are a series of detailed tables with explanatory notes providing additional information on the 2009/2010 OMAFRA Agreement budget.

Table D.1: OMAFRA Agreement Preliminary 2009/2010 Budget, By Unit and Major Expense Category

Table D.1 shows the 2009/2010 OMAFRA Opening Base Budget by major revenue and expense category plus one-time budget assumptions for forecast carry-forwards from the 2008/2009 budget, New Initiatives funding and minor capital expenses by organizational unit.

Table D.2: OMAFRA Agreement 2008/2009 Forecast of Results, by Unit

Table D.2 presents the 2008/2009 forecast actual results compared to budget by unit, with projected carry forwards for operations by organizational unit.

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

Table D.3 contains the FTE's counts by organizational unit detailing Faculty and CARG & Staff positions for the fiscal years 2004/2005 to 2009/2010 (Preliminary). FTE's are the budgeted positions for full time faculty and staff directly charged to the OMAFRA agreement. In addition the agreement supports Faculty positions in the MTCU budget by a fixed cost transfer (see note #3 on table D.3 for more information on the MTCU faculty transfer).

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Table D.1

Table D.1 - Preliminary 2009/2010 Budget, By Unit and Major Expense Category

	← Opening Base Budget →						← 2009/2010 One-time Allocations →			Total (K) = (G)+(H) +(I)+(J) Preliminary Annual Budget	Notes		
	(A) Total Personnel	(B) Faculty Pool Costs	(C) Operating	(D) Dept Cost Recovery	(E) = (A)+(B)+(C)+(D) Total Expenses	(F) Revenues	(G) = (E)-(F) Opening 09/10 Base Budget	(H) Forecast Carryforwards from Prior Year	(I) New Initiatives Funding			(J) 2009/2010 Minor Capital Projects	
<u>Institutional Revenues</u>													
Provincial Funding													
Investment Income													
Total Institutional Revenues													
<u>Institutional Expenses</u>													
<u>Teaching Units</u>													
College of Arts	0	7	0		7	7						7	
College of Biological Sciences	50	423	0		473	473	163					636	
College of Social & Appl. Human Sciences	24	179	0		203	203	146					349	
College of Management and Economics	1	9	0		10	10						10	
OAC Guelph	3,497	7,207	45	(240)	10,509	10,509	666					11,175	
Alfred Campus	1,027		1,051	(621)	1,457	(336)	1,121	(49)		430		1,502	
Kemptville Campus	3,102		2,545	(371)	5,276	(1,132)	4,144	(320)		1,270		5,094	
Ridgetown Campus	3,024		1,719	(641)	4,102	(465)	3,637	(251)		800		4,186	
Total: Ontario Agricultural College	10,650	7,207	5,360	(1,873)	21,344	(1,933)	19,411	46	0	2,500		21,957	#2
Ontario Veterinary College - VCEP	2,233	1,900	1,067		5,200	5,200	756	1,000				6,956	
Ontario Veterinary College - Research	501	1,895	0		2,396	2,396	28					2,424	
College of Physical & Eng. Sciences	82	195	0		277	277	(9)					268	
Total Teaching Units	13,541	11,815	6,427	(1,873)	29,910	(1,933)	27,977	1,130	1,000	2,500		32,607	
<u>Other Programs and Services</u>													
Guelph Research Station Operations	4,757		4,979	(126)	9,610	(2,262)	7,348	(294)		2,000		9,054	
Program Support Accounts	192		1,783		1,975	1,975	1,975	314				2,289	#3
Lab Services Division (AHL and AFL)	16,400		11,198	(2,068)	25,530	(14,230)	11,300	2,504	1,500			15,304	
Central Support Costs			10,000		10,000	10,000	10,000		1,000			11,000	#4
Total Other Programs & Services	21,349	0	27,960	(2,194)	47,115	(16,492)	30,623	2,524	2,500	2,000		37,647	
<u>Unallocated Program Operating Funds</u>													
Total Research Project Operating			1,900		1,900		1,900	4,231	5,700			11,831	#5
New Initiatives Projects (KTT,HQP)								1,960	2,000			3,960	#6
Total Agreement Expenses	34,890	11,815	36,287	(4,067)	78,925	(18,425)	60,500	9,845	11,200	4,500		86,045	
less Carryforward from Prior Years								(9,845)				(9,845)	#7
Net Agreement Budget	34,890	11,815	36,287	(4,067)	78,925	(78,925)	0	0	0	0		0	

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Notes for Table D.1

Notes:

1. See table C.1 on page #6 for details on the Total Provincial Funding within the Agreement for 2009/2010.
2. Ontario Agricultural College (OAC) includes the regional campus locations in Alfred, Kemptville and Ridgeway.
3. The Program Support Accounts are centrally administered funds used for specific research infrastructure including a capital equipment budget allocated to Plant Ag growth room renovations, discretionary accounts managed by the Research Program Directors and the funds held centrally to manage the responsibilities for facilities and maintenance of provincially owned locations.
4. Central Support Costs are the indirect cost transfers to the MTCU budget in support of the OMAFRA agreement. For 2009/2010, \$11.0 million has been allocated for support of campus infrastructure. This amount consists of \$10.0 million in the Renewed (Base) Agreement and \$1.0 million per year from the 5 year New Initiatives allocation.
5. In 2009/2010 there is an estimated \$11.831 million of research project operating funding. This consists of a Renewed Agreement base of \$1.9 million and a \$5.7 million annual allocation (year #2 of 5) from the New Initiatives revenue. In addition, there is a forecast \$4.231 million in unspent project operating carried forward from 2008/2009 (\$1.0 million allocated to projects carried over from the previous research awards ('Last Call') and \$3.2 million in year #1 New Initiative funding). These amounts remain unallocated in the preliminary budget pending completion of award processes and detailed budget planning in the seven new research themes of the Renewed Agreement.
6. There are two new programs funded by New Initiatives revenues for a Knowledge Translation and Transfer (KTT) program and an investment in researcher development (HQP).
7. The \$9.845 million in unit carryforwards (see column H) are funded by unspent Agreement revenues brought forward from the prior year.

Column Definitions:

Column A: Total Personnel includes the salary and benefit costs for all faculty and staff charged directly to OMAFRA projects including approximately 423 FTE's of regular full-time staff.

Column B: Faculty Pool Costs are fixed transfers to the MTCU budget in support of faculty effort on research projects (65 FTE's) and VCEP (12 FTE's). An additional 9 FTE's of faculty positions are recorded and funded as direct costs of the program. These faculty positions are located in the regional campuses at Ridgeway (4.5), Kemptville (2.5) and

Alfred (2). There are also 16 Veterinary positions in the Labs and 4 budgeted in the Veterinary Teaching Hospital for a total of 29 FTE's in the Faculty agreement.

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

Column F: Revenues within units are external cash charges for services provided by agreement locations primarily through either the sale of goods and services to third parties.

Column G: Base Budget is the opening net budget by Unit, for the base portion of the Renewed Agreement, before one-time allocations from carry-forwards and other programs.

Column H: The total \$9.845 million in funds are projected to be available at the end of 2008/2009 will be carried forward to 2008/2009 for operations. Of this amount, a forecast of \$7.259 million is in the New Initiatives programs and the remaining \$2.586 million within Renewed Agreement base budgets (compared to \$2.334 million unspent at the end of 2007/2008). The carryforward amount is added to each unit's budget as a one-time increase or decrease in the funds available for that unit for the fiscal year (see table D.2).

Column I: There is \$11.2 million per year from the New Initiatives funding provided by OMAFRA which represents year #2 of a 5 year investment as a strategic commitment to new initiatives in research, animal health and veterinary clinical education.

Columns J: Minor Capital Projects presents the proposed allocation of additional funds from OMAFRA in support of minor capital investments and high priority repairs to equipment and facilities at the provincially owned locations that are managed by the University under the OMAFRA agreement.

Column K: Preliminary Annual Budget is the total of departmental expenses less departmental cost recoveries and revenues for each major unit. The net budget is the total allocation amount with which budget managers are controlled and measured at the end of each fiscal year. These unit targets do not include Research Project Operating awards that are currently unallocated in the Preliminary budget (see note #5&6 above). Any surplus or deficit at year-end within policy limits is credited to or charged against the unit as a "Carry forward" in the following year's budget.

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Table D.2

Table D.2 - 2008/2009 Forecast of Results, Net Expenses by Unit

	08/09 Budget	08/09 Forecast	Surplus/ (Deficit)	Notes
<u>Agreement Funding:</u>				
Provincial Funding - Renewed Agreement	59,100	59,100	0	#1
Provincial Funding - New Initiatives	11,200	11,200	0	#2
Investment Income	1,400	1,450	50	#3
Total Agreement Funding	71,700	71,750	50	
<u>Agreement Expenses:</u>				
<u>Teaching Units</u>				
College of Arts (COA)	7	7	0	
College of Biological Science	1,099	936	163	
College of Social & Applied Human Sciences	377	231	146	
College of Management & Economics	9	9	0	
Ontario Agricultural College - Guelph	14,329	13,663	666	
Alfred Campus	1,283	1,332	(49)	
Kemptville Campus	4,519	4,839	(320)	#4
Ridgetown Campus	3,976	4,227	(251)	#5
Total Ontario Agricultural College	24,107	24,061	46	
Ontario Veterinary College (OVC)	8,956	8,172	784	
College of Physical & Eng Science	536	545	(9)	
Total Teaching Units	35,091	33,961	1,130	
<u>Academic Services</u>				
New Initiatives Programs (Start-up in 08/09)	6,337	146	6,191	#6
Guelph Research Station Operations	7,526	7,803	(277)	#7
Campus Animal Facilities	122	139	(17)	
AVP Agrifood	638	374	264	
Laboratory Services Division	13,320	10,816	2,504	#8
OMAFRA Indirect Costs	11,000	11,000	0	
Net Agreement Expenses	74,034	64,239	9,795	
Annual Operating Surplus (Deficit)	(2,334)	7,511	9,845	
Add: Transfers from Appropriations - Operations	2,334	2,334		
Funds Available	0	9,845		#9
Less: Transfers to Appropriations - Operations		(9,845)		
Net Revenue(Expense)	0	0		

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Notes for Table D.2

Notes:

1. For 2008/2009 the Agreement Base Revenue of \$59.1 million reflects the \$8.8 million increase in the renewed agreement compared to 2007/2008. (net of the transfer of the \$4.5 Million diploma education program to MTCU). An additional \$4.5 million (\$4.3 million in 2007/2008) in Minor Capital/Repair funds were provided for jointly approved projects. The Minor Capital revenues are recorded in the locations/units of the approved projects.
2. OMAFRA provided \$56 million in one-time funds as a strategic commitment to new initiatives in research, animal health and veterinary clinical education. This allocation will be \$11.2 million per year for five years. 2008/2009 was the first of the five years.
3. The University credits the agreement with interest earned on the advances received from OMAFRA. The New Initiatives funding (see note #2 above) represents most of the interest-earning balance.
4. The Kemptville campus of the Ontario Agricultural College has experienced a structural budget problem over the last several years, The 2008/2009 forecast deficit for OMAFRA supported programs is forecast at \$0.320 million; In 08/09 Kemptville eliminated 3 vacated staff positions and OAC (with the Office of Research) has begun to prepare restructuring plans for all four of its campuses. Specific actions under this plan will be implemented during 2009/2010. Plans will include resolving the Kemptville OMAFRA one-time deficit over the next 2 fiscal years.
5. Ridgetown's year-end forecast is a net deficit of \$0.251 million for its OMAFRA supported programs. This will be addressed under the same restructuring program noted above. It is expected to resolve both the structural and one-time deficit in this unit over the next 2 fiscal years.
6. The 2008/2009 Renewed Agreement included revenues specifically targeted to new initiatives (see note #2 above). These new programs include 7 research themes, a Knowledge Translation and Transfer (KTT) program and an investment in researcher development (HQP). These new programs are in their start up phase and any unspent funds will be carried forward for these specific purposes as part of the five year plan for the programs (see notes #5, #6 Table D.1 on page #11).
7. Guelph Research Station Operations have a forecast accumulated deficit of \$0.277 million (compared to a deficit of \$0.870 million in 2007/2008). The financial position of RSO operations have been improved by the investment in program operations and facilities operations and maintenance costs as part of the renewed agreement. Concerns do remain about a continuing structural budget deficit as a result of inflationary impacts on operational costs.
8. The Animal Health Lab (AHL) and the Agri-Food Lab (AFL) programs in the Laboratory Services division are forecasting an overall surplus of \$2.5 million. This includes an estimated \$1.1 million for a New Initiative program in the AHL and \$1.4 million in net testing revenues earned from other operations. The division has a significant investment in leading edge testing technology and demands for continual development of new testing protocols. Any net revenues are designated for re-investment in support of these needs.
9. The total \$9.845 million in funds projected to be available at the end of 2008/2009 will be carried forward to 2008/2009 for operations. Of this amount, a forecast of \$7.259 million is in the New Initiatives programs and the remaining \$2.586 million within Renewed Agreement base budgets (compared to \$2.334 million unspent at the end of 2007/2008).

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Table D.3

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

College/Division	Position Type	2004/2005	2005/2006	2006/2007	2007/2008	2008/2009	2009/2010 Preliminary	Notes
<u>TEACHING UNITS</u>								
OAC GUELPH	Faculty	0.0	0.0	0.0	0.0	0.0	0.0	
	Staff	71.5	59.7	49.0	46.6	46.3	46.3	#1
		71.5	59.7	49.0	46.6	46.3	46.3	
ALFRED CAMPUS	Faculty		0.7	1.0	2.0	1.9	1.9	
	CARG/Staff	25.2	24.4	24.1	24.9	10.7	10.7	
		25.2	25.1	25.1	26.9	12.6	12.6	#1
KEMPTVILLE CAMPUS	Faculty	1.0	1.7	3.0	4.3	2.6	2.6	
	CARG/Staff	55.0	55.6	54.4	57.6	33.0	33.0	
		56.0	57.3	57.4	61.9	35.6	35.6	#1
RIDGETOWN CAMPUS	Faculty	4.8	4.8	5.9	6.3	4.5	4.5	
	CARG/Staff	69.5	64.8	64.5	65.1	32.6	32.6	
		74.2	69.6	70.4	71.3	37.1	37.1	#1
OVC - TEACHING DEPARTMENTS	Faculty	0.0	0.0	0.0	0.0	0.0	0.0	
	Staff	11.6	10.5	10.4	10.4	10.4	10.4	
		11.6	10.5	10.4	10.4	10.4	10.4	
OVC - VCEP	Faculty/Vets	0.0	0.0	0.0	4.0	4.0	4.0	#2
	Staff	25.2	24.6	24.6	24.6	24.6	24.6	
		25.2	24.6	24.6	28.6	28.6	28.6	
COLL OF PHYSICAL & ENGINEERING	Faculty	0.0	0.0	0.0	0.0	0.0	0.0	
	Staff	1.6	1.6	1.5	1.3	1.3	1.3	
		1.6	1.6	1.5	1.3	1.3	1.3	
Total Faculty/Vets Teaching Units		5.8	7.1	9.9	16.6	12.9	12.9	
Total Staff Teaching Units		259.5	241.1	228.5	230.5	158.9	158.9	
Total Teaching Units		265.3	248.2	238.4	247.1	171.8	171.8	
<u>ACADEMIC SERVICES</u>								
AVP AGRIFOOD	Staff	59.6	61.0	64.2	66.8	66.8	66.8	
		59.6	61.0	64.2	66.8	66.8	66.8	
LAB SERVICES DIVISION	Faculty/Vets	0.0	0.0	0.0	16.0	16.0	16.0	#2
	Staff	155.7	154.6	166.1	155.8	165.5	168.7	
		155.7	154.6	166.1	171.8	181.5	184.7	
Total Faculty/Vets Academic Services		0.0	0.0	0.0	16.0	16.0	16.0	
Total Staff Academic Services		215.3	215.6	230.3	222.5	232.4	235.5	
Total Academic Services		215.3	215.6	230.3	238.5	248.4	251.5	
Total Faculty/Vets		5.8	7.1	9.9	32.6	28.9	28.9	
Total Staff		474.8	456.7	458.8	453.0	391.3	394.5	
Total Faculty and Staff		480.5	463.8	468.7	485.6	420.2	423.4	#3

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

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Notes for Table D.3

Definitions:

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

CARG: Instructors and researchers at the regional campus locations of OAC who are members of the College and Academic Research Group. There are a total of 51 FTE's in the CARG group (14.25 OMAFRA, 36.75 MTCU) at the three regional campus locations.

Notes:

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

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

3. The total direct funded positions in the preliminary budget of the renewed OMAFRA agreement currently totals 423.4 budget full-time positions for 2009/2010.

In addition, support for 65 FTE's of research faculty awarded research projects in the OMAFRA agreement and 12 FTE's of OVC faculty in the VCEP program are funded by a fixed transfer to the MTCU budget. The total effort for full time position in the OMAFRA agreement totals 500.4 full time equivalents.

Positions transferred to MTCU

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