



# University of Guelph

## OMAFRA Agreement - 2011/2012 Preliminary Budget

For Presentation to the Finance Committee of the Board of Governors

April 6, 2011

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## **A: The OMAFRA Agreement: Background**

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**Background:** Since its formation in 1964, the University of Guelph has had a contract (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<sup>1</sup> with a focus on the delivery of innovative research and services in agri-food, environmental sustainability, and animal and human health. Specific major programs include; research (seven research themes and two support programs), two programs in the Laboratory Services division (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)

Under the Agreement, the University operates designated provincial facilities 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 Ontario<sup>2</sup> across Ontario including:
  - 3 regional campuses of the Ontario Agricultural College (OAC) at Alfred and Kemptville located near Ottawa, and Ridgetown 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.

Total Agreement funding equals \$95 million consisting of \$75 million in provincial funds and \$20 million in revenues derived from the operation of Agreement-funded facilities such as the Laboratory Services Division. The Agreement currently supports 460 University faculty, veterinarian and support staff positions and forms a critical component in the University's overall research capacity. The Agreement also provides operating, equipment and infrastructure costs including support for University main campus indirect research costs of \$11.0 million.

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<sup>1</sup> 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. The transfer to MTCU funding included an annual grant of \$4.5 million which now flows from MTCU to the University (and then to OAC which is responsible for the delivery of these programs).

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

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## **B: 2008 Agreement Renewal**

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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. A major component of the increase funding consisted of the allocation over five years of a one-time allocation, received by the University in April 2008 of \$56.0 million. Under the new Agreement, these funds designated as the New Initiatives Fund were to provide \$11.2 million in each of the next five years at which time the \$56 million (plus interest) would 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.)

## **C: Major Budget Assumptions for fiscal 2011/2012:**

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### **C.1 Financial Framework:**

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The OMAFRA Agreement is managed as a segregated, self-supporting budget within the University's consolidated operating fund. As a self-supporting budget, programs and units are required to cover all incremental cost<sup>3</sup> changes within total Agreement funding sources. Annual budget objective for major units/programs/locations is to reallocate resources within their budgets to cover all annual costs increases including salaries and benefit increases. Typically annual provincial funding is fixed from year to year, so while the priority has been to create new revenue as the main source to cover these expense increases, cost reallocations within the total funds available often are required.

Funds are allocated to organization units within the University's overall organizational structure and all employees funded under the Agreement are employees of the University. 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 program revenues received are restricted under the terms of the Agreement and are reported separately within the University's OMAFRA Agreement Operating Budget.

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

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

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delivering the programs under the Agreement, units follow all University operating policies/procedures including those covering health and safety, employment practices and financial management.

Units receiving Agreement funding are accountable for any deficits and funding, unspent at the end of the fiscal year, may be carried-forward into the following year. Any unspent funds or deficits in a fiscal year are restricted within the Agreement and are carried forward in total to the next fiscal year.

Each year, the OMAFRA Agreement budget is presented to the University’s Board of Governors.

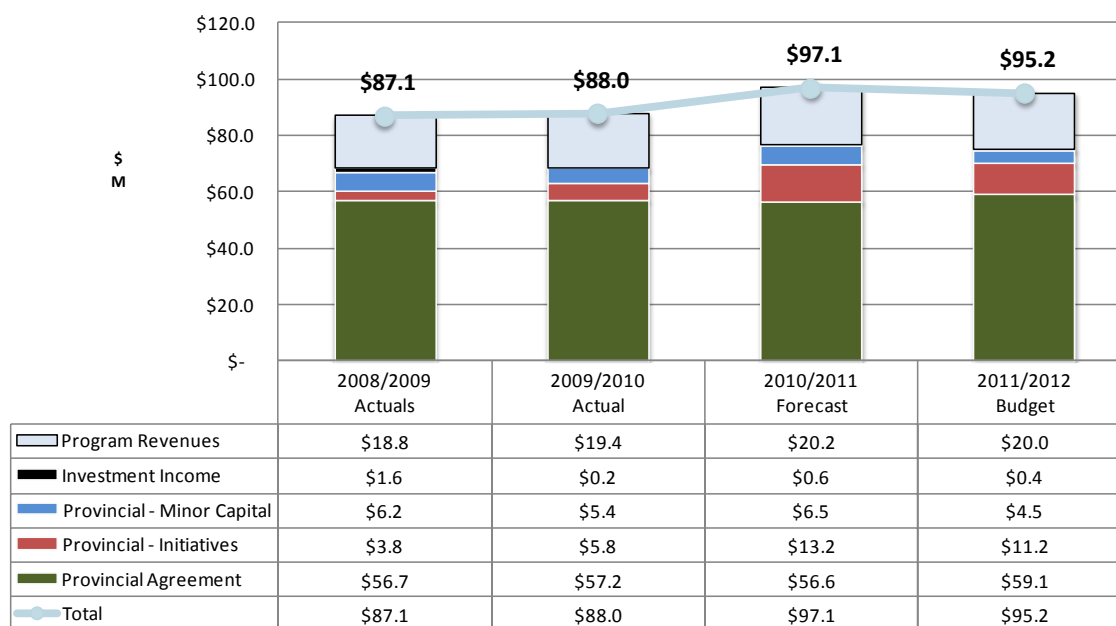
The following sections will describe 2011/2012 revenue and expense assumptions (and summarized) for the Agreement.

**C.1 Agreement Revenue:**

In 2011/2012, Agreement revenue is budgeted at \$95.2 million consisting of \$74.8 million from the province (OMAFRA) and \$20.4 million in revenues from investment income and the sale of goods and services. (Refer to Chart A below).

**OMAFRA Agreement - Revenues by Source**

**Chart A**



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

For 2011/2012 key revenue assumptions are:

- “Agreement Base Revenue”, the core funding from the province, will remain at \$59.1 million. This is received as a quarterly transfer payment from OMAFRA to the University. At this time there is no confirmation from OMAFRA that funding will not be at this level for 2011/2012 (there was a one-time reduction of \$1 million in fiscal 2010/2011) therefore this assumption remains a risk.

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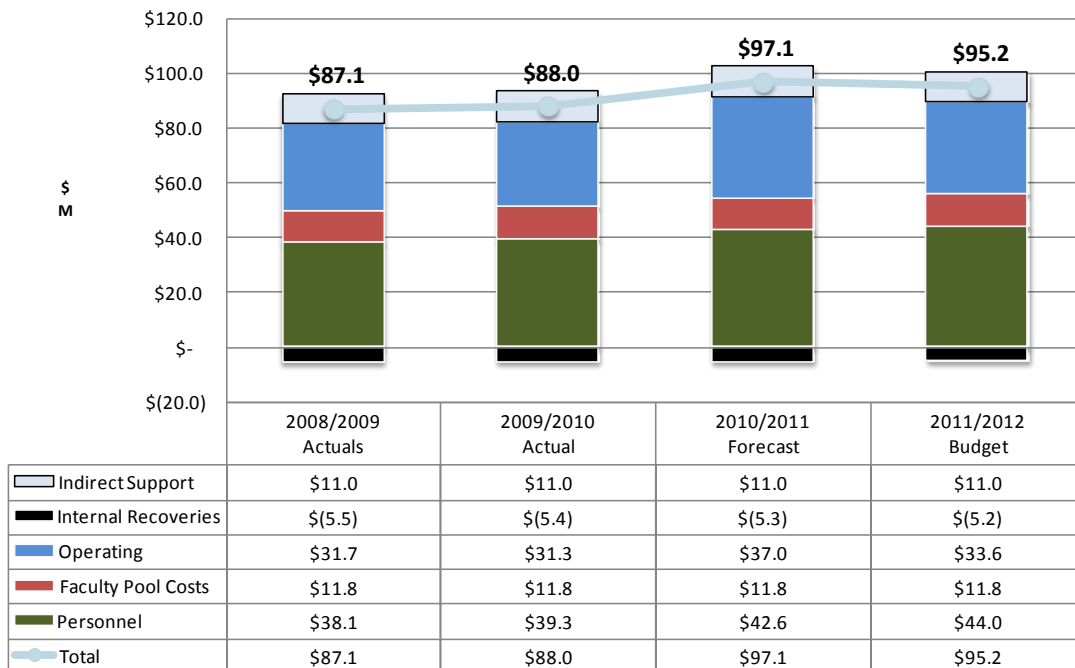
- In addition there is an annual New Initiatives allocation of \$11.2 million representing one fifth of the \$56 million advance received in April 2008. 2011/2012 is year 4 of this 5 year allocation. Due to the one-time nature of this funding, the University is matching only one-time expenses to the New Initiatives Funding.
- OMAFRA also funds investment in the provincially owned properties for minor capital projects and repairs. The preliminary allocation for 2011/2012 is \$4.5 million (\$6.5 million in 2010/2011).
- “Investment Income” is credited to the agreement for interest earned on the balances advanced to the University on both the transfer payment and the New Initiatives which is estimated at \$0.450 million in 2011/2012. This is a significant reduction from the original target of \$1.400 million annually at the beginning of the renewed agreement. Due to the large drop in interest earned on secure short term investments, agreement expenditure plans will be further reduced by \$0.710 million in 2011/2012 in addition to the \$0.240 million base reduction in the 2010/2011 budget.
- “Program Revenues” are external revenues generated from agreement facilities primarily for lab testing services and the sales of produce. These revenues are credited to the units and programs providing the goods and services. The preliminary 2011/2012 budget amount is \$20.0 million. These revenues are earned and managed by the divisions/colleges responsible for delivering the associated services and therefore are not allocated centrally.

**C.2 Expenditure Assumptions:**

For 2011/2012, total expenses are budgeted to be \$95.2 million (equal to revenues). (Refer to Chart B).

**OMAFRA Agreement - Expenses by Category**

**Chart B**



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

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While less concentrated in personnel costs than the University’s MTCU Operating Budget, the OMAFRA Agreement budget funds similar rates of compensation cost increases. The total Agreement compensation budget consists of \$55.8 million, \$44.0 million in direct<sup>4</sup> and a further \$11.8 million that is charged based on a “pooled”<sup>5</sup> basis. This funding supports personnel costs (direct and pooled support) for 105.2 full-time faculty and veterinarian FTEs (refer to Table below), and 359 regular full-time staff FTEs working in facilities across Ontario.

OMAFRA Funding for Faculty/Veterinarian FTE’s	LAB Services	Regional Campuses	OAC Guelph	OVC Research	OVC VCEP	Other Colleges	Total
<b>Veterinarian – Direct</b>	<b>16.0</b>						<b>16.0</b>
<b>Faculty- Direct</b>		<b>8.2</b>					<b>8.2</b>
<b>Veterinarian –“Pool”</b>					<b>4.0</b>		<b>4.0</b>
<b>Faculty – “Pool”</b>			<b>41.8</b>	<b>11.4</b>	<b>12.0</b>	<b>11.8</b>	<b>77.0</b>
<b>Total FTE’s</b>	<b>16.0</b>	<b>8.2</b>	<b>41.8</b>	<b>11.4</b>	<b>16.0</b>	<b>11.8</b>	<b>105.2</b>

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 **\$0.840 million** in the 2011/2012 fiscal year. The pooled funding will remain fixed at 2010/2011 levels. The assumptions used in this estimate are consistent with the assumptions used in all of the University’s general budget planning and contain provisions for increases for University employee groups charged to the Agreement.

**C.2.2 Meeting the 2011/2012 Budget Target and the Structural Deficit**

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In 2008, the major increase in funding balanced most program funding to expenses. Over the course of the past three years, given that program funding is essentially fixed, incremental cost increases without the matching level of base adjustments, have contributed to the creation of structural deficit. To date this deficit has been managed (resulting in balanced budgets) using a combination of one-time and base adjustments. While efforts have been made to absorb the structural cost increases in the Agreement, a portion of these solutions continue to be one time cost recoveries and transfers.

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<sup>4</sup> “Direct” refers to salaries and benefits of individuals that are charged to the Agreement budget based on the actual salary of the incumbent. Direct costs vary with the salary rate changes that are associated with the individual employee charged to the Agreement.

<sup>5</sup> “Pooled” refers to the method of funding whereby the Agreement provides a fixed pool of dollars to purchase a notional level of FTE’s (Full-Time Equivalents) of employee effort. The funding level of the pool does not change year over year reflecting salary increases. Those increases are absorbed in the fund where the direct charge for the employee is located e.g., the MTCU Operating Budget. Over time annual personnel cost increases will “discount” the numbers of FTE’s funding by the fixed-dollar “pools”

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The Table below summarizes the recent changes to the structural position of the Agreement budget. It indicates that a structural deficit of \$1.310 million will be covered using a variety of both one-time and structural solutions in fiscal 2011/2012.

<b>Agreement Budget Surplus (Deficit)</b> (in millions of dollars)	<b>Base</b>	<b>One-Time</b>	<b>Total</b>
<b>Opening Position (Base Deficit)</b>	<b>(1.010)</b>		<b>(1.010)</b>
Interest Income Reduction	(0.710)		(0.710)
Provision for Compensation 2010/2011	(0.840)		(0.840)
<b>2010/2011 Agreement Budget Position</b>	<b>(2.560)</b>		<b>(2.560)</b>
<b>Revenues, Recoveries and Cost Savings</b>			
Divisional (Lab Services Division) Revenues	0.395		0.395
Cost Savings, Recoveries and Transfers from Other Funds	0.855	0.600	1.455
Contingency Funds		0.525	0.525
Unspent Carry-forwards from Prior Year		0.185	0.185
<b>Closing Agreement Budget Position</b>	<b>(1.310)</b>	<b>1.310</b>	<b>-</b>

A number of units have made structural reductions or reallocations in costs to reduce the amount of one-time solutions required to balance the budget. These plans include several actions such as increasing external revenues and cost-recoveries of research infrastructure costs from non-OMAFRA research programs users. In addition, expense reductions have been made particularly where the opportunity to reduce positions arises. More specifically for 2011/2012, plans include:

- Increase external revenues of \$0.395 million in the Labs Services Division. These revenues are earned from a variety of laboratory testing services provided to external clients on a contractual or fee-for-services basis. Revenue growth in the Lab Services Division continues to be strong and this target is considered feasible.
- Base cost savings of \$0.855 million across a number of units. OAC, which will realize \$0.687 million of this savings, will reallocate approximately 3 FTE's of administrative and technical staff effort on the Guelph campus to other funds and delete positions made vacant from retirements. At the Alfred, Kemptville and Ridgetown campuses, approximately 7 vacant positions are being closed or transferred to other funds. For the Guelph Research Stations, sufficient base funds are set aside to cover the 2011/2012 estimated cost increases.
- One time funds will be used from transfers totalling \$0.600 million from increases to fees for services provided by the Agreement to other funds in the University. These include continuing one-time sources such as support from other research funds, transfers from MTCU and net livestock sales.
- To offset the remaining gap in funding to balance the agreement budget for the 2011/2012 fiscal year, \$0.525 million in centrally held contingency funds and \$0.185 million in uncommitted carry-forward funds will be used.



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With a major component of the remaining structural deficit in OAC, a multi-year process has been initiated to restructure costs in the agreement in order to balance their share of the budget on the Guelph, Alfred, Kemptville and Ridgetown campus locations. This will initially involve elimination of current vacant positions, freezing future vacant positions and reallocating costs to other funding sources. As plans evolve, the priority will be to make adjustments without the need for involuntary elimination of positions however, subject to the success of other efforts, this option may be necessary.

More details on the 2011/2012 Agreement budget and supporting notes are provided in the following sections. Table D.1 provides a summary of the Agreement budget by units and object type.

### C.3 Forecast for 2010/2011:

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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 2010/2011 it is forecast that, overall units with OMAFRA Agreement funding will carry-forward a net \$16.802 million. This is historically higher than normal but less than the amount carried forward at the end of 2010/2011. The significant increase in funding received effective April 1, 2008 is now being fully employed in research activities and prior year carryforward balances are being reduced.

## D: Appendices

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In this section are a series of detailed tables with explanatory notes providing additional information on the 2011/2012 OMAFRA Agreement budget.

### **Table D.1: OMAFRA Agreement Preliminary 2011/2012 Budget, By Unit and Major Expense Category**

Table D.1 shows the 2011/2012 OMAFRA Opening Base Budget across major revenue and expense categories by organizational unit.

### **Table D.2: OMAFRA Agreement 2010/2011 Forecast of Results, by Unit**

Table D.2 presents the 2010/2011 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 Equivalents (FTE'S)**

Table D.3 contains the FTE's counts by organizational unit detailing Faculty and CARG & Staff positions for the fiscal years 2007/2008 to 2011/2012 (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 2011/2012 Budget, By Unit and Major Expense Category**

(A) Revenues	(B) Total Personnel	(C) Faculty Pool Costs	(D) Operating	(E) Dept Cost Recovery	(F) = (B)+(C)+(D)+(E) Total Expenses	(G) One Time Revenues and Recoveries	(H) = (A)+(F)+(G) Net 10/11 OMAFRA Budget	Notes	
<b><u>Institutional Revenues</u></b>									
Renewed Agreement	(59,100)						(59,100)		
New Initiatives	(11,200)						(11,200)		
Minor Capital Funding	(4,500)						(4,500)		
Investment Income	(450)						(450)		
<b>Total Institutional Revenues</b>	<b>(75,250)</b>						<b>(75,250)</b>	<b>#1</b>	
<b><u>Institutional Expenses</u></b>									
<b><u>Teaching Units</u></b>									
College of Arts	-	9	-		9		9		
College of Biological Sciences	258	668	256		1,182		1,182		
College of Social & Appl. Human Sciences	52	137	48		237		237		
College of Management and Economics	66	223	118		407		407		
OAC Guelph	(284)	6,816	6,376	3,328	(247)	16,273	(535)	15,454	
Alfred Campus	(336)	1,083		1,680	(606)	2,157		1,821	
Kemptville Campus	(1,105)	3,482		3,688	(587)	6,583		5,478	
Ridgetown Campus	(519)	3,659		2,926	(871)	5,714		5,195	
<b>Total: Ontario Agricultural College</b>	<b>(2,244)</b>	<b>15,040</b>	<b>6,376</b>	<b>11,622</b>	<b>(2,311)</b>	<b>30,727</b>	<b>(535)</b>	<b>27,948</b>	<b>#2</b>
Ontario Veterinary College - VCEP		2,996	1,900	1,304		6,200		6,200	
Ontario Veterinary College - Research		1,156	1,742	581		3,479	(65)	3,414	
College of Physical & Eng. Sciences		748	760	473		1,981		1,981	
<b>Total Teaching Units</b>	<b>(2,244)</b>	<b>20,316</b>	<b>11,815</b>	<b>14,402</b>	<b>(2,311)</b>	<b>44,222</b>	<b>(600)</b>	<b>41,378</b>	
<b><u>Other Programs and Services</u></b>									
Guelph Research Station Operations	(2,457)	6,199		6,315	(795)	11,719		9,262	<b>#3</b>
Program Support Accounts		193		617		810		810	<b>#4</b>
Lab Services Division (AHL and AFL)	(15,278)	17,317		12,820	(2,059)	28,078		12,800	
Central Support Costs		-		11,000		11,000		11,000	<b>#5</b>
<b>Total Other Programs &amp; Services</b>	<b>(17,735)</b>	<b>23,709</b>	<b>-</b>	<b>30,752</b>	<b>(2,854)</b>	<b>51,607</b>	<b>-</b>	<b>33,872</b>	
<b>Total Agreement Expenses</b>	<b>(19,979)</b>	<b>44,025</b>	<b>11,815</b>	<b>45,154</b>	<b>(5,165)</b>	<b>95,829</b>	<b>(600)</b>	<b>75,250</b>	
<b>Net Agreement Budget</b>	<b>(95,229)</b>	<b>44,025</b>	<b>11,815</b>	<b>45,154</b>	<b>(5,165)</b>	<b>95,829</b>	<b>(600)</b>	<b>0</b>	

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**Notes for Table D.1**

**Notes:**

1. See section C.2 on page #5 for details on the Total Institutional Revenue within the Agreement for 2011/2012.
2. Ontario Agricultural College (OAC) includes the regional campus locations in Alfred, Kemptville and Ridgetown. In 2011/2012, OAC will transfer a total of \$0.535 million from other funds on a one-time basis in support of the incremental costs in the OMAFRA Agreement including net revenues generated by other programs.
3. Guelph Research Station Operations are a number of animal and land based research facilities on campus and in the surrounding Guelph area. For 2011/2012, this unit reallocated costs and increased program revenues to cover all increased costs as a result of salary and benefit cost increases over the prior years.
4. The Program Support Accounts are centrally administered funds used for specific research infrastructure including discretionary accounts managed by the Research Program Directors and contingency funds for facilities and maintenance of provincially owned locations. In 2011/2012, a total of \$0.710 million in contingency funds and uncommitted carry forwards will be used on a one-time basis to balance the Agreement budget.
5. Central Support Costs are the indirect cost transfers to the MTCU budget in support of the OMAFRA agreement. For 2011/2012, \$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.

**Column Definitions:**

**Column A:** Total revenues of \$95.229 million include both agreement advances from OMAFRA, investment income and revenues within units. Unit revenues are external cash charges for services provided by agreement locations primarily through the sale of goods and services.

**Column B:** Total Personnel includes the salary and benefit costs for all faculty and staff charged directly to OMAFRA projects including approximately 383 FTE's of regular full-time positions.

**Column C:** Faculty Pool Costs are fixed transfers to the MTCU budget in support of faculty effort on research projects (65 FTE's) and VCEP (12 FTE's). The OVC Health Science Centre has 4 Veterinarian positions. An additional 8.2 FTE's of faculty positions are recorded and funded as direct costs of the program (In column B). These 8.2 faculty positions are located in the regional campuses at Ridgetown (4.5), Kemptville (1.9) and Alfred (1.8). There are also 16 Veterinarian positions in the Labs for a total of 24.2 direct funded OMAFRA FTE's in the Faculty agreement. In total,

there are 105.2 FTE's of faculty positions supported by the OMAFRA Agreement.

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

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

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

**Column G:** One Time Revenues and Recoveries are unit contributions to the structural deficit in the 2011/2012 OMAFRA Agreement. These funds are primarily cost recoveries and transfers of uncommitted funds used to offset the cost increases in the agreement on a one time basis within the fiscal year. These solutions do not permanently reduce the structural deficit created by increased costs.

**Column H:** Net 2011/2012 OMAFRA Budget is the total of departmental expenses less departmental cost recoveries and revenues for each major unit. The net budget is the total allocation amount with which budget managers are controlled and measured at the end of each fiscal year. 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 - 2010/2011 Forecast of Results, Net Expenses by Unit

	10/11 Budget	10/11 Forecast	Surplus/ (Deficit)	
<b><u>Agreement Funding:</u></b>				
Provincial Funding - Renewed Agreement	58,100	58,100	0	#1
Provincial Funding - New Initiatives	11,200	11,200	0	#2
Investment Income	600	608	8	#3
Total Agreement Funding	69,900	69,908	8	
<b><u>Agreement Expenses:</u></b>				
<b><u>Teaching Units</u></b>				
College of Arts (COA)	7	7	0	
College of Biological Science	1,101	953	148	
College of Social & Applied Human Sciences	366	323	43	
College of Management & Economics	200	97	103	
OAC - Guelph	17,755	14,984	2,771	
Alfred Campus	1,262	1,160	102	
Kemptville Campus	4,557	4,505	52	
Ridgetown Campus	3,784	4,059	(275)	#4
Total Ontario Agricultural College	<b>27,358</b>	<b>24,708</b>	<b>2,650</b>	
Ontario Veterinary College - Research	3,740	3,416	324	
Ontario Veterinary College - VCEP	7,478	7,478	0	
Total Ontario Veterinary College (OVC)	<b>11,218</b>	<b>10,894</b>	<b>324</b>	
College of Physical & Eng Science	1,579	748	831	
Total Teaching Units	41,829	37,730	4,099	
<b><u>Academic Services</u></b>				
New Initiatives Programs	10,045	527	9,518	#5
Guelph Research Stations and Animal Facilities	8,645	7,498	1,147	
AVP Agrifood	63	(42)	105	
Laboratory Services Division	17,432	15,507	1,925	#6
OMAFRA Indirect Costs	11,000	11,000	0	
Net Agreement Expenses	89,014	72,220	16,794	
<b>Annual Operating Surplus (Deficit)</b>	(19,114)	(2,312)	16,802	
Add: Transfers from Appropriations - Operations	19,114	19,114		
<b>Funds Available</b>	0	16,802		#7
Less: Transfers to Appropriations - Operations		(16,802)		
<b>Net Revenue(Expense)</b>	0	0		

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**Notes for Table D.2**

**Notes for Forecast:**

1. While the Agreement Base Revenue is \$59.1 million, in the fourth quarter of 2010/2011, OMAFRA notified the University that a one-time in-year constraint of \$1.0M would be deducted from the Agreement advance. Sufficient one-time restructuring and other funds were identified in order to offset the revenue reduction which protected program delivery. An additional \$6.5 million (\$5.4 million in 2009/2010) in Minor Capital/Repair and other equipment funds were provided for jointly approved projects. The Minor Capital revenues are recorded in the locations/units of the approved projects.
2. OMAFRA provided \$56 million in one-time funds as a strategic commitment to new initiatives in research, animal health and veterinary clinical education. This allocation will be \$11.2 million per year for five years. 2010/2011 was the third of the five years.
3. The University credits the agreement with interest earned on the advances received from OMAFRA. The New Initiatives funding (see note #2 above) represents most of the interest-earning balance. Due to interest rate reductions, the interest earned is forecast to be \$0.608 million (\$0.200 million in 2009/2010).
4. Ridgetown's year-end forecast is a net deficit of \$0.275 million for its OMAFRA supported programs (compared to a deficit of \$0.414 at the end of 2009/2010). This is an accumulated Research Station deficit which resulted from a series of operational problems. There is a detailed plan in place, approved by the Dean of OAC, to resolve this one-time deficit and balance the annual budget. 2010/2011 is the second year of this plan which will see the deficit fully resolved by the end of 2011/2012.
5. The Renewed Agreement included revenues specifically targeted to new initiatives (see note #2 above). These new programs include 7 research themes, a Knowledge Translation and Transfer (KTT) program and an investment in researcher development (HQP). These new programs are continuing to expand their activities and any unspent funds will be carried forward for these specific purposes as part of the five year plan for the programs. The research themes have committed reserve funds forecast at \$6.557 million. The KTT program forecast is \$1.404 million for projects already approved but not yet started and the HQP is forecast at \$1.557 million for student scholars already accepted to the program.
6. The Animal Health Lab (AHL) and the Agri-Food Lab (AFL) programs in the Laboratory Services division are forecasting an overall surplus of \$1.925 million. The division has a significant investment in leading edge testing technology and demands for continual development of new testing protocols. Any net revenues are designated for re-investment in support of these needs.
7. The total of \$16.802 million in funds projected to be available at the end of 2010/2011 (\$19.114 million unspent at the end of 2009/2010) will be carried forward to 2011/2012 for operations. Of this amount, a forecast \$12.134 million is in the New Initiatives programs (\$12.804 million unspent at the end of 2009/2010) and \$4.668 million within Renewed Agreement base budgets (\$6.310 million unspent at the end of 2009/2010).

**University of Guelph**  
**OMAFRA Agreement – 2011/2012 Preliminary Budget**

Table D.3

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

College/Division	Position Type	2007/2008	2008/2009	2009/2010	2010/2011	2011/2012 Preliminary	Notes
<b>TEACHING UNITS</b>							
OAC GUELPH	Faculty	0.0	0.0	0.0	0.0	0.0	
	Staff	46.6	46.3	45.8	45.0	41.9	#1, #2
		46.6	46.3	45.8	45.0	41.9	
ALFRED CAMPUS	Faculty	2.0	1.9	1.9	1.9	1.9	
	CARG/Staff	24.9	10.7	10.7	10.7	8.1	
		26.9	12.6	12.6	12.6	10.0	#1, #3
KEMPTVILLE CAMPUS	Faculty	4.3	2.6	2.5	1.8	1.8	
	CARG/Staff	57.6	33.0	32.1	34.3	33.4	
		61.9	35.6	34.7	36.2	35.2	#1, #3
RIDGETOWN CAMPUS	Faculty	6.3	4.5	5.3	5.3	4.5	
	CARG/Staff	65.1	32.6	33.7	33.7	32.0	
		71.3	37.1	39.0	39.0	36.5	#1, #3
OVC - TEACHING DEPARTMENTS	Faculty	0.0	0.0	0.0	0.0	0.0	
	Staff	10.4	10.4	10.5	9.5	9.5	
		10.4	10.4	10.5	9.5	9.5	
OVC - VCEP	Faculty/Vets	4.0	4.0	4.0	0.0	0.0	
	Staff	24.6	24.6	23.6	0.0	0.0	
		28.6	28.6	27.6	0.0	0.0	#4
COLL OF PHYSICAL & ENGINEERING	Faculty	0.0	0.0	0.0	0.0	0.0	
	Staff	1.3	1.3	1.3	1.3	1.3	
		1.3	1.3	1.3	1.3	1.3	
	<b>Total Faculty/Vets Teaching Units</b>	16.6	12.9	13.7	9.0	8.2	
	<b>Total Staff Teaching Units</b>	230.5	158.9	157.7	134.5	126.2	
	<b>Total Teaching Units</b>	247.1	171.8	171.4	143.5	134.4	
<b>ACADEMIC SERVICES</b>							
AVP AGRIFOOD	Staff	66.8	66.8	66.6	67.0	67.1	
		66.8	66.8	66.6	67.0	67.1	
LAB SERVICES DIVISION	Faculty/Vets	16.0	16.0	16.0	16.0	16.0	
	Staff	155.8	165.5	165.9	164.5	165.7	
		171.8	181.5	181.9	180.5	181.7	
	<b>Total Faculty/Vets Academic Services</b>	16.0	16.0	16.0	16.0	16.0	
	<b>Total Staff Academic Services</b>	222.5	232.4	232.4	231.5	232.8	
	<b>Total Academic Services</b>	238.5	248.4	248.4	247.5	248.8	
	<b>Total Faculty/Vets</b>	32.6	28.9	29.7	25.0	24.2	
	<b>Total Staff</b>	453.0	391.3	390.1	366.0	359.0	
	<b>Total Faculty and Staff</b>	485.6	420.2	419.8	391.0	383.2	#5

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

**University of Guelph**  
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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 44.3 RFT FTE's in the CARG group (12.1 OMAFRA, 32.2 MTCU) at the three regional campus locations.

**Notes:**

1. In 2008/2009, the Diploma Education teaching and the Business Development/Continuing Education programs at the Guelph, Alfred, Kemptville and Ridgeway 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.

**Positions transferred to MTCU**

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

2. OAC is taking the initial steps in their plan to permanently cover the accumulated structural deficit which involves the reallocation of approximately 3 FTE's of administrative and technical staff effort on the Guelph campus to other funds and holding

positions for potential retirements.

3. As part of the OAC plan; the Alfred (2.6 FTE's), Kemptville (2.5 FTE's) and Ridgeway (1.8 FTE's) campuses have a total of 6.9 FTE's of vacant positions being closed or transferred to other funds.
4. As part of a consolidation of the clinical services at OVC into the Health Sciences Centre, 28 veterinarian and staff positions previously charged directly to the VCEP budget are now supported by a fixed transfer on a fee for service basis to the OVC HSC MTCU operating budget. This was a direct transfer of the 28 positions (4 Vets, 2 P&M, 22 USW) with no change in overall FTE count in OVC across all funding sources as a result.
5. The total direct funded positions in the preliminary budget of the renewed OMAFRA agreement currently totals 383.2 budgeted full-time positions for 2011/2012.

In addition, support for 65 FTE's of research faculty awarded research projects in the OMAFRA agreement, 12 FTE's of OVC research faculty and 4 vets 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 464.2 full time equivalents.