

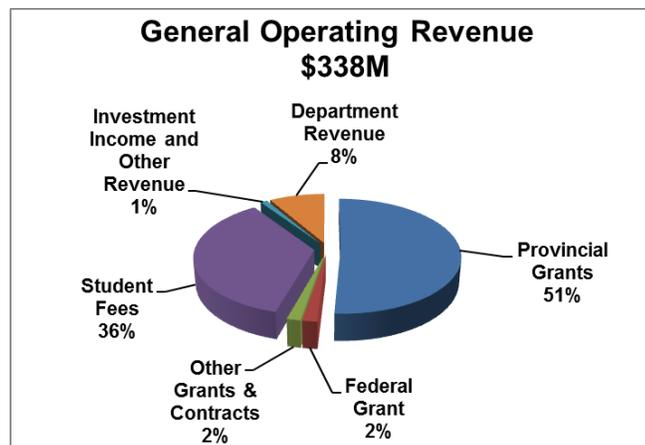
Operating Budget Model – Background

What we're trying to achieve

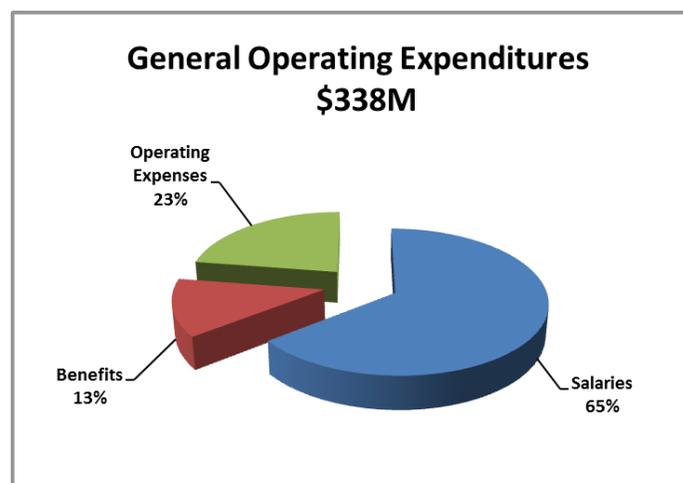
We want to obtain feedback and advice from campus leaders on how the current budget model could be revised to better inform decision making; increase transparency; ensure appropriate incentives exist to achieve our strategic goals; ensure long term financial sustainability and be simple and understandable.

Current Budget Information

The total operating budget for the University for 2015-16 is \$338M. The main sources of revenue are provincial government grant (51%) and student fees (36%) as follows:

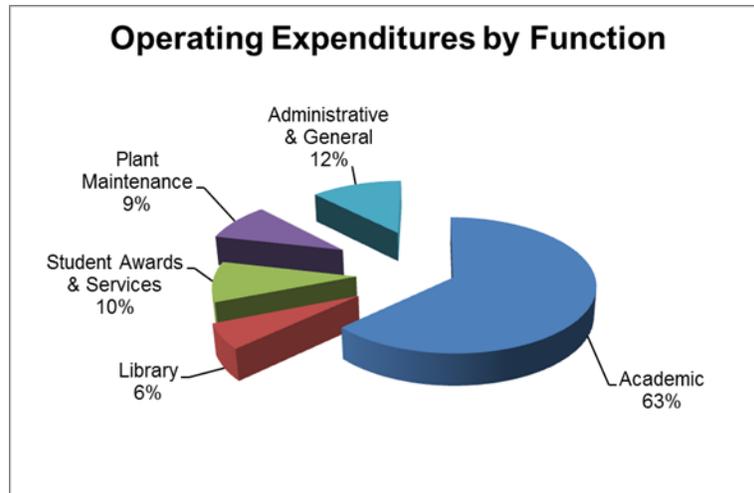


These revenues are used to support operations of the University with the largest portion, 78%, allocated to support the costs of people (salary and benefits):



In keeping with the mission of the university, ~79% of the total operating budget is allocated to academic areas including faculties, research, library, student financial aid and student services, with the

remaining ~21% allocated to facilities and support functions. The following chart outlines expenditures by functional area:



Current Budget Process

For the most part, the base budgets within a unit or department are historically based. Each year, units are allocated the same base budget as was provided in the previous year - plus any new allocations, minus any required budget reductions, plus any salary increases in a given year. Changes to salary budgets are based on institutional collective agreements whereas new allocations and/or budget reductions are recommended by the Integrated Planning Committee for approval by the President and Board of Governors. Additional budget reallocations are undertaken by Vice-Presidents and unit leaders as appropriate.

The Integrated Planning Committee is chaired by the Vice-President Academic and Provost and comprises the 4 Vice-Presidents, the Associate Vice-Presidents from each VP portfolio, the Chief Information Officer, University Secretary and Executive Director, Academic Resource Planning. The role of the Integrated Planning Committee is to operationalize the University's strategic plan by developing a three year planning document and associated resource allocation plan for recommendation to the President. Within this context, the Integrated Planning Committee recommends each year the extent to which strategic resource allocations will be made and/or budget reductions implemented.

In order to assist the Integrated Planning Committee in resource allocation recommendations, the budget office projects the financial outlook for the coming fiscal year and the next two years. This outlook reflects salary increases per collective bargaining agreements and known changes required to meet regulatory requirements (e.g., GST changes, carbon tax) or other statutory requirements (e.g., CPP or EI increases). The outlook also estimates increases to revenue based on tuition changes (currently capped at inflation), enrolment levels or changes in the government grant. This outlook or budget projection is a key piece of information reviewed before determining the extent to which new allocations can be made and/or budget reductions implemented to balance the budget; the University is

required, by provincial legislation, to not have a deficit in any year. At a high level, the VPs and/or President will then communicate with the broader campus on the budget situation for the coming year.

As part of the above process each year the Vice Presidents and the University Secretary (VPs) ask their direct reports to submit prioritized budget requests (or reductions) – both base budget and non-recurring. For smaller allocations these will be determined by each VP within their own resources. If the VP can't fund the request within their overall portfolio budget and the request is an institutional priority it will be considered by the Integrated Planning Committee.

Based on the recommendations of the Integrated Planning Committee to the President and then the Board of Governors, each VP communicates specific budget information to each of their AVPs, Deans, Directors, Executive Directors etc. (direct reports). This information includes specific allocations and/or reductions needed for the coming fiscal year. These changes are incorporated into a Faculty's or Department's budget for the coming fiscal year. Throughout the year, Faculties and Departments can reallocate budget as required to meet operational requirements subject to certain approvals such as those required for new positions. At year end each department and faculty retains 100% of any unspent budget. These unspent funds are allowed to accumulate.