

ISSUE:

2009/10 Budget Estimates

BACKGROUND:

The University has received its grant from the **Department of Education** and the **Department of Health and Community Services** for Fiscal Year 2009/10, with increases of **\$17,084,600** and **\$6,076,100** over the previous year, respectively. The increases, which cover operating and capital expenses as shown in Table 1 and 2 (attached), were provided to address the University's needs in the areas of salary and benefit increases, energy costs, strategic initiatives, and costs associated with the expansion of the Faculty of Medicine.

Furthermore, the Provincial Government is providing \$4 million for Deferred Maintenance and \$1 million for Teaching Equipment as continuing money. The Federal Government is again providing a special grant of \$4,333,161 towards the indirect costs of research.

The University Administration is recommending a balanced budget based on the following assumptions and considerations:

1. Tuition revenues for the University (excluding the Faculty of Medicine) have been decreased by \$762,600 to \$36,191,500, which represents the 2008/09 final Tuition Revenue. This tuition revenue budget reduction will be distributed across all budget envelopes. Tuition fees remain unchanged for domestic and Graduate students. Tuition revenues for the Faculty of Medicine remain unchanged from 2008/09.
2. There is a \$5 million shortfall in funding from the Department of Education for Salary, Benefits and General Operating requirements. As a result, a number of budget reductions are being imposed on units to balance the budget. A detailed list of the budget reductions is as follows:

Salaries - 25% Step Funding	\$ 520,400
Salaries - LUMUN Collective Agreement Increases	\$ 533,600
General Operating Inflation	\$ 621,000
Energy Cost - St. John's	\$ 527,700
Energy Cost - SWGC	\$ 34,600
Insurance Premiums	\$ 46,000
Library Holdings Inflation	\$ 618,700
Pension Plan Expense Increase (0.6%)	\$ 1,206,500
General Budget Reduction	\$ 975,000
	\$ 5,083,500

3. The Provincial Government provided the University with \$3,440,000 for new Strategic Initiatives as detailed in Table 3.

The resulting estimates for the University and Faculty of Medicine are summarized in Tables 4 and 5, respectively.

The individual units of the University will be provided with their budget allocations based on the changes above and then the measures required to live within these allocations will be reviewed by the Administration. A summary will be presented to the Board at a later date.

One significant item that has not been factored into the budget proposal is the review of salary levels for employees occupying Bands 7 to 11 of our compensation system. This review was presented to the Board at the February meeting with the intent of having it considered as part of this budget process. Given the impact on our operating budget (\$520k) it is recommended that consideration of implementing the recommended changes be deferred until the severity of budget measures can be more fully assessed.

RECOMMENDATION:


The Administration recommends the approval of the budget estimates for the fiscal year 2009/10 as presented in the attached Table 5 and 6.

COMMUNICATION CONSIDERATIONS:

The approved budget allocations will be communicated by the President and Vice-Presidents to the Deans, Directors, Principal of Sir Wilfred Grenfell College and the Executive Director of the Marine Institute.

 s. 40(1)
Deborah Collis, Director
Financial and Administrative Services

 s. 40(1)
Kent Decker
Vice-President (Administration and Finance)

 s. 40(1)
Dr. H.E.A. Campbell
Acting President and Vice-Chancellor

May 13, 2009
Date

Table 1: Increases in the Provincial Government Grant from the Department of Education (excluding the Faculty of Medicine) - Details

On March 26, 2009, the Provincial Government released the budget providing the University with an increase in the University's regular operating grant (excluding the Faculty of Medicine) in the amount of \$21,074,600. The increase in the grant covered the following:

OPERATING:

1. Salaries and Benefits			
1.1. Step Increases (Faculty and Staff)	\$1,609,200		
1.2. Staff Collective Agreement Salary Increases	3,575,000		
1.3. MUNFA Collective Agreement Salary Increases	1,164,400		
1.4. MUNFA Collective Agreement - Sept 2009 (Note A)	1,818,900		
1.5. Benefit Increases on Salary Increases	632,100	\$8,799,600	
2. Grant-in-Aid of Tuition Freeze			
2.1. Energy Costs - St. John's	500,000		
2.2. Water Grant - City of St. John's	116,200		
2.3. City Taxes - Corner Brook	14,200		
2.4. MUNFA Collective Agreement Salary Increases (Note B)	687,900		
2.5. Benefits Increase - Group Health and Dental	840,700		
2.6. Benefits Increase - Salary Increases	2,612,600		
2.7. Capital Campaign	128,400	4,900,000	
3. Strategic Initiatives			
3.1. Growing Health Care - Nursing	145,000		
3.2. Growing Health Care - Pharmacy	1,500,000		
3.3. Growing Professional Schools - Education	130,000		
3.3. Growing Professional Schools - Business	350,000		
3.5. Growing Professional Schools - Engineering	330,000		
3.6. Growing Professional Schools - Marine Institute	300,000		
3.7. Mass Communication During a Crisis	200,000		
3.8. SWGC Autonomy Implementation	500,000		
3.9. CEE Operating Funding	480,000		
3.10. Grad Studies - Graduate School Fellowships	1,000,000		
3.11. Marine Institute - School of Ocean Technology	575,000		
3.12. Marine Institute - Development of the Holyrood Marine Base	315,000		
3.13. Marine Institute - Research & Development	100,000		
3.14. Post Degree Fast-Track Social Work Program	450,000		
3.15. Backflow Prevention Program	1,000,000	7,375,000	
TOTAL OPERATING			\$21,074,600
CAPITAL:			
4. Federal Infrastructure Funding		10,500,000	
5. Multi-Beam Sonar Mapping (MV Anne Pierce)		1,435,000	
6. Off-set by Cash Flows on Approved Projects		(15,925,000)	
TOTAL CAPITAL			(\$3,990,000)
TOTAL PROVINCIAL GRANT INCREASE			\$17,084,600

Notes

- A. Budget (Salaries and 10% Benefits) provided for MUNFA Collective Agreement effective September 1, 2009 to be held pending conclusion of negotiations.
- B. MUNFA Collective Agreement Salary Increases provided did not cover full cost of MUNFA Agreement.

Table 2: Increases in the Provincial Government Grant from the Department of Health for the Faculty of Medicine - Details

On March 26, 2009, the Provincial Government released the budget providing the Faculty of Medicine with an increase in the University's regular operating grant in the amount of \$5,076,100. The increase in the grant was provided to cover the following:

OPERATING:

1. Salaries and Benefits		
1.1. Step Increases (Faculty and Staff)	\$213,700	
1.2. Collective Agreement Salary Increases (Faculty and Staff)	1,262,500	\$1,476,200
2. General Operating		
2.1. Energy Costs	157,200	157,200
3. Medical School Expansion - New Salary/Programming and Operating Costs		3,442,700

TOTAL OPERATING

\$5,076,100

CAPITAL:

4. Medical School Expansion		1,000,000
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TOTAL CAPITAL

\$1,000,000

TOTAL PROVINCIAL GRANT INCREASE

\$6,076,100

Table 3: Strategic Initiatives Funding Requests Submitted to the Provincial Government in 2008 for 2009/10

Rank	INITIATIVE	Requested	GOVT Funded	Unfunded
GROUP A - PEOPLE				
GA-01	Graduate School Fellowships	\$5,200,000	\$1,000,000	\$4,200,000
GA-02	Student Recruitment and National & International Marketing	\$2,085,000	\$0	\$2,085,000
GA-03	Marketing Critical Marine Careers	\$300,000	\$0	\$300,000
GA-04	Retention and Recruitment	\$4,000,000	\$0	\$4,000,000
GA-05	Meeting Needs of Students with Disabilities	\$220,000	\$0	\$220,000
GA-06	Skilled Trades & Apprentice Training / Hiring & Retaining Foreign Students / MUCEP / Career & Employment Service (SWGC)	\$1,064,000	\$0	\$1,064,000
GA-07	Creation of an Institute of Legal Studies and Research	\$600,000	\$0	\$600,000
GA-08	Post Degree Fast-Track Social Work Program	\$450,000	\$450,000	\$0
GA-09	Creation of an Aboriginal/Northern Studies Degree Program	\$1,100,000	\$0	\$1,100,000
	TOTAL PEOPLE INITIATIVES	\$15,019,000	\$1,450,000	\$13,569,000
GROUP B - ECONOMIC DEVELOPMENT				
GB-01	Marine Institute / Oceans	\$3,025,000	\$675,000	\$2,350,000
GB-02	Ethnomusicology	\$345,000	\$0	\$345,000
GB-03	Chair for Sustainable Design and Enterprise	\$50,000	\$0	\$50,000
	TOTAL ECONOMIC DEVELOPMENT INITIATIVES	\$3,420,000	\$675,000	\$2,745,000
GROUP C - FOUNDATIONS				
GC-01	Deferred Maintenance - Five Year Plan / Faculty of Science - Infrastructure Renewal	\$25,167,500	\$0	\$25,167,500
GC-02	MI Building - Expansion, Operating Costs, Deferred Maintenance	\$7,310,000	\$0	\$7,310,000
GC-03	SWGC: Laboratory Upgrades / Expansion of the Information Commons / Fine Arts Building & Recreation Facilities Upgrades	\$1,345,000	\$0	\$1,345,000
GC-04	Student Affairs and Services Increased Staffing Requirements / Core Operational Budget for Distance Education and Learning Technologies / Engineering One - Incremental Teaching Resources	\$1,805,000	\$0	\$1,805,000
GC-05	Banner Finance Upgrade & Purchase Two New Modules / Standard IT Support System for Students	\$720,000	\$0	\$720,000
GC-06	Development of the Holyrood Marine Base	\$315,000	\$315,000	\$0
GC-07	QE II Renovations / MI Laboratories and Shops Upgrades / MI Electronic Charts Display Information Systems	\$1,500,000		\$1,500,000
GC-08	Backflow Prevention Program	\$1,000,000	\$1,000,000	\$0
GC-09	SWGC - Virtual Workstations/Personal Digital Assistant Pilot/TV Replacement	\$430,000	\$0	\$430,000
GC-10	Ocean Sciences Centre: Enhance Infrastructure for Cold/Deep Ocean Research	\$5,000,000	\$0	\$5,000,000
	TOTAL FOUNDATIONS INITIATIVES	\$44,592,500	\$1,315,000	\$43,277,500
GROUP D - HEALTH				
GD-01	Training of Doctoral Level Clinical Psychologists	\$149,000	\$0	\$149,000
GD-02	College of Inter-Professional Health Education	\$1,158,000	\$0	\$1,158,000
GD-03	Social Work Liaison in Labrador	\$575,000	\$0	\$575,000
	TOTAL HEALTH INITIATIVES	\$1,882,000	\$0	\$1,882,000
	TOTAL INITIATIVES	\$64,913,500	\$3,440,000	\$61,473,500

Table 4: Revenue, Expenditure and Capital Estimates for the University (excluding the Faculty of Medicine) for 2009/10

	FINAL BUDGET 2008-2009	INCREASE / (DECREASE)	BUDGET 2009-2010
OPERATING:			
TUITION	36,954,100	(762,600)	36,191,500
OTHER INCOME	1,200,000		1,200,000
GRANTS			
PROVINCIAL GOVERNMENT GRANTS	227,442,800	21,074,600	248,517,400
FEDERAL GOVERNMENT GRANT	4,333,161		4,333,161
TOTAL OPERATING REVENUE	269,930,061	20,312,000	290,242,061
CAPITAL:			
DEFERRED MAINTENANCE	4,000,000		4,000,000
TEACHING EQUIPMENT	1,000,000		1,000,000
WHITE PAPER INFRASTRUCTURE	2,400,000		2,400,000
RESIDENCES - ST JOHN'S AND SWGC	17,800,000	(8,394,100)	9,405,900
SWGC ACADEMIC BUILDING	6,800,000	(6,800,000)	-
CAPITAL CONTINGENCY	3,825,000	(730,900)	3,094,100
FEDERAL INFRASTRUCTURE FUNDING	-	10,500,000	10,500,000
STABLE WATER SUPPLY - OSC	1,000,000		1,000,000
MULTI-BEAM SONAR MAPPING	-	1,435,000	1,435,000
DEBT SERVICING - SWGC	423,000		423,000
TOTAL CAPITAL REVENUE	37,248,000	(3,990,000)	33,258,000
TOTAL REVENUE	307,178,061	16,322,000	323,500,061
TOTAL ESTIMATED EXPENDITURES	307,178,061		323,500,061
CURRENT YEAR SURPLUS/(SHORTFALL)	-		-

Table 5: Revenue, Expenditure and Capital Estimates for the Faculty of Medicine for 2009/10

	<u>FINAL BUDGET 2008-2009</u>	<u>INCREASE / (DECREASE)</u>	<u>BUDGET 2009-2010</u>
OPERATING:			
TUITION	3,125,000		3,125,000
OTHER INCOME	1,188,100		1,188,100
GRANTS			
PROVINCIAL GOVERNMENT GRANTS			
- Operating	32,610,300	1,633,400	34,243,700
- Med School Expansion - Operating	2,000,000	3,442,700	5,442,700
TOTAL GRANTS	<u>34,610,300</u>	<u>5,076,100</u>	<u>39,686,400</u>
TOTAL OPERATING REVENUE	<u>38,923,400</u>	<u>5,076,100</u>	<u>43,999,500</u>
CAPITAL:			
MED SCHOOL EXPANSION - CAPITAL	2,000,000	1,000,000	3,000,000
TOTAL CAPITAL REVENUE	<u>2,000,000</u>	<u>1,000,000</u>	<u>3,000,000</u>
TOTAL REVENUE	<u>40,923,400</u>	<u>6,076,100</u>	<u>46,999,500</u>
TOTAL ESTIMATED EXPENDITURES			46,999,500
CURRENT YEAR SURPLUS/(SHORTFALL)			<u>-</u>

ISSUE:

2010/11 Budget Estimates

BACKGROUND:

The University has received its grant from the **Department of Education** and the **Department of Health and Community Services** for the Fiscal Year 2010/11, with increases of **\$49,766,800** and **\$9,815,000** over the previous year, respectively. The increases cover operating and capital expenses as shown in Table 1 and 2 (attached).

Highlights of the Provincial Government funding include:

- Step and general salary increases in accordance with collective agreements.
- \$5.0 million grant-in-aid of tuition freeze. Table 1, Section 2 details the allocation of this funding as proposed by senior administration.
- \$2.0 million for the Graduate School Fellowship budget.
- \$3.0 million for Sir Wilfred Grenfell College Autonomy.
- \$294,500 for the Doctoral Clinical Psychology Program.
- \$800,000 continued funding for National and International Marketing.
- \$1.4 million increase for Deferred Maintenance.
- Capital cash flow requirements for the construction of new residences in St. John's (500 beds) and Corner Brook (200 beds).
- Continuing funding for the expansion of the Faculty of Medicine.

The Federal Government is again providing a special grant of \$4,233,743 towards the indirect costs of research.

Tuition revenue for the University (excluding the Faculty of Medicine) is budgeted at the 2009/10 final tuition revenue amount, which includes \$998,125 for the International Undergraduate Tuition Attribution Model. Tuition revenue for the Faculty of Medicine has been increased by \$600,000 for 2010/11. Tuition fees remain unchanged for Undergraduate and Graduate students.

The University Administration has undertaken a thorough budget review in consultation with envelope heads and is recommending a balanced budget. The resulting estimates for the University are summarized in Tables 3 and 4, respectively.

RECOMMENDATION:

The Administration recommends the approval of the budget estimates for the fiscal year 2010/11 as presented in the attached Table 3 and 4.

COMMUNICATION CONSIDERATIONS:

The approved budget allocations will be communicated by the President and Vice-Presidents to the Deans, Directors, and Executive Director of the Marine Institute.

[Redacted]

s. 40(1)

Deborah Collis, Director
Financial and Administrative Services

[Redacted]

s. 40(1)

Kent Decker
Vice-President (Administration and Finance)

[Redacted]

s. 40(1)

Dr. Christopher W. Loomis
President and Vice-Chancellor
Pro Tempore

May 4/10
Date

Table 1: Provincial Government Grant Increases from the Department of Education

On March 29, 2010, the Provincial Government released the budget providing the University with an increase in the University's regular operating grant (excluding the Faculty of Medicine) in the amount of \$24,200,900 and with a net increase in the University's capital grant of \$25,565,900. The increase in the grants covered the following:

OPERATING:

1. Salaries and Benefits			
1.1. Step Increases (Faculty and Staff)	\$1,908,100		
1.2. Staff Collective Agreement Salary Increases	3,968,800		
1.3. MUNFA Collective Agreement Salary Increases	8,018,000		
1.4. Benefit Increases on Salary Increases	1,389,500	\$15,284,400	
2. Grant-in-Aid of Tuition Freeze			
2.1. LUMUN Salary Increases	144,500		
2.2. Benefits Increase - Group Health and Dental	814,700		
2.3. Benefits Increase - Salary Increases	121,800		
2.4. Energy Cost - SWGC	20,300		
2.5. Energy Cost - Harlow	20,000		
2.6. Water Grant - City of St. John's	66,924		
2.7. Municipal Taxes - City of Corner Brook	11,776		
2.8. Entrance Scholarships	600,000		
2.9. Salary Review - Bands 7-11	600,000		
2.10. Research Start Up Funds	1,000,000		
2.11. Research Support	500,000		
2.12. New Occupational Health and Safety Regulation Cost Implications	400,000		
2.13. Psychiatric Services for Students	200,000		
2.14. President's Contingency	500,000	5,000,000	
3. Strategic Initiatives			
3.1. Growing Health Care - Nursing	87,000		
3.2. Mass Communication During a Crisis - Capital	(300,000)		
3.3. SWGC Autonomy	3,000,000		
3.4. Back Flow Prevention - Capital	(1,000,000)		
3.5. Marine Institute - Holyrood Marine Base - Capital	(100,000)		
3.6. Centre for Environmental Excellence Operating	(65,000)		
3.7. Graduate Fellowships	2,000,000		
3.8. Doctoral Level Clinical Psychology Program	294,500	3,916,500	
TOTAL OPERATING			\$24,200,900

CAPITAL:

4. Deferred Maintenance		1,400,000	
5. Residences - St. John's & Corner Brook		(12,500,000)	
6. Residences - New - St. John's (500 Beds)		10,000,000	
7. Residences - New - Corner Brook (200 Beds)		8,000,000	
8. Residences - Upgrade - St. John's		7,500,000	
9. Academic Building - Corner Brook		8,200,000	
10. Stable Water Supply - Ocean Sciences Centre		(1,000,000)	
11. Sonar Mapping - M.V. Anne Pierce		(1,435,000)	
12. Lab Safety Repairs		1,800,000	
13. Simulator Transfer and Upgrade - Marine Institute		2,159,900	
14. North West River Learning Center - Renovations		1,441,000	
TOTAL CAPITAL			\$25,565,900

TOTAL PROVINCIAL GRANT INCREASE**\$49,766,800**

Table 2: Provincial Government Grant Increases from the Department of Health & Community Services

On March 29, 2010, the Provincial Government released the budget providing the Faculty of Medicine with an increase in the University's regular operating grant in the amount of \$3,815,000 and with an increase in the University's capital grant of \$6,000,000. The increase in the grants was provided to cover the following:

OPERATING:

1. Salaries and Benefits		
1.1. Step Increases (Faculty and Staff)	\$213,700	
1.2. Collective Agreement Salary Increases (Faculty and Staff)	1,744,100	\$1,957,800
2. General Operating		
2.1. Energy Costs	157,200	157,200
3. Medical School Expansion		1,700,000
TOTAL OPERATING		<u><u>\$3,815,000</u></u>

CAPITAL:

4. Medical School Expansion		6,000,000
TOTAL CAPITAL		<u><u>\$6,000,000</u></u>
TOTAL PROVINCIAL GRANT INCREASE		<u><u>\$9,815,000</u></u>

Table 3: Revenue, Expenditure and Capital Estimates for the University (excluding the Faculty of Medicine) for 2010/11

OPERATING:

TUITION	36,191,500	1,103,050	37,294,550
OTHER INCOME	1,200,000	0	1,200,000
GRANTS			
PROVINCIAL GOVERNMENT GRANT	248,517,400	24,200,900	272,718,300
FEDERAL GOVERNMENT GRANT	4,333,161	(99,418)	4,233,743
TOTAL OPERATING REVENUE	290,242,061	25,204,532	315,446,593

CAPITAL:

Deferred Maintenance	4,000,000	1,400,000	5,400,000
Furniture & Teaching Equipment	1,000,000	0	1,000,000
White Paper - Infrastructure	2,400,000	0	2,400,000
Residences - St. John's & Corner Brook	12,500,000	(12,500,000)	0
Residences - New - St. John's (500 Beds)	0	10,000,000	10,000,000
Residences - New - Corner Brook (200 Beds)	0	8,000,000	8,000,000
Residences - Upgrade - St. John's	0	7,500,000	7,500,000
Academic Building - Corner Brook	10,500,000	8,200,000	18,700,000
Stable Water Supply - Ocean Sciences Centre	1,000,000	(1,000,000)	0
Sonar Mapping - Anne Pierce	1,435,000	(1,435,000)	0
Lab Safety Repairs	0	1,800,000	1,800,000
Simulator Transfer and Upgrade - Marine Institute	0	2,159,900	2,159,900
North West River Learning Center - Renovations	0	1,441,000	1,441,000
Debt Expenses - SWGC	423,000	0	423,000
TOTAL CAPITAL REVENUE	33,258,000	25,565,900	58,823,900
TOTAL REVENUE	323,500,061	50,770,432	374,270,493
TOTAL ESTIMATED EXPENDITURES	323,500,061		374,270,493
CURRENT YEAR SURPLUS/(SHORTFALL)	0		0

Table 4: Revenue, Expenditure and Capital Estimates for the Faculty of Medicine for 2010/11

	<u>BUDGET 2009-2010</u>	<u>INCREASE / (DECREASE)</u>	<u>BUDGET 2010-2011</u>
OPERATING:			
TUITION	3,125,000	600,000	3,725,000
OTHER INCOME	1,188,100	13,900	1,202,000
PROVINCIAL GOVERNMENT GRANT	39,686,400	3,815,000	43,501,400
TOTAL OPERATING REVENUE	<u><u>43,999,500</u></u>	<u><u>4,428,900</u></u>	<u><u>48,428,400</u></u>
CAPITAL:			
MED SCHOOL EXPANSION	<u>3,000,000</u>	<u>6,000,000</u>	<u>9,000,000</u>
TOTAL CAPITAL REVENUE	<u><u>3,000,000</u></u>	<u><u>6,000,000</u></u>	<u><u>9,000,000</u></u>
TOTAL REVENUE	<u><u>46,999,500</u></u>	<u><u>10,428,900</u></u>	<u><u>57,428,400</u></u>
TOTAL ESTIMATED EXPENDITURES	46,999,500		57,428,400
CURRENT YEAR SURPLUS/(SHORTFALL)	<u><u>0</u></u>		<u><u>0</u></u>

ISSUE:

2011/12 Budget Estimates

BACKGROUND:

The University has received its grant from the **Department of Education** and the **Department of Health and Community Services** for the Fiscal Year 2011/12, with increases of **\$39,247,900** and **\$19,368,206** over the previous year, respectively. The increases cover operating and capital expenses as shown in Table 1 and 2 (attached).

Highlights of the Provincial Government funding include:

- \$15.6 million step and general salary increases in accordance with collective agreements.
- \$13.8 million for the Pension Plan.
- \$5.3 million grant-in-aid of tuition freeze.
- \$2.0 million for the Graduate School Fellowship budget.
- \$200,000 for the Native Liaison Office.
- \$500,000 for Grenfell Campus Renewed Governance.
- \$123,200 for the Doctoral Clinical Psychology Program.
- \$4.6 million increase for Deferred Maintenance.
- \$3.0 million for Lab Safety Repairs.
- \$350,000 for the Ocean Safety and Research Simulator.
- Capital cash flow requirements for the construction of new residences in St. John's (500 beds) and Corner Brook (200 beds).
- Continuing funding for the expansion of the Faculty of Medicine.

The \$5.3 million grant-in-aid of tuition freeze will be allocated throughout the fiscal year by Senior Executive to cover expenses for additional space, initiatives of the Teaching and Learning Framework, initiatives of the Research Plan, the implementation of position based budgeting, and Board Secretariat implementation.

The Federal Government is again providing a special grant of \$4,278,500 towards the indirect costs of research.

Tuition revenue for the University (excluding the Faculty of Medicine) is budgeted at the 2010/11 final tuition revenue amount, which includes \$1,443,750 for the International Undergraduate Tuition Attribution Model. Tuition revenue for the Faculty of Medicine has been increased by \$100,000 for 2011/12. Tuition fees remain unchanged for Undergraduate and Graduate students.

The University Administration has undertaken a thorough budget review in consultation with envelope heads and is recommending a balanced budget. The resulting estimates for the University are summarized in Tables 3 and 4, respectively.

RECOMMENDATION:

Table 1: Provincial Government Grant Increases from the Department of Education

On April 19, 2011, the Provincial Government released the budget providing the University with an increase in the University's regular operating grant (excluding the Faculty of Medicine) in the amount of \$33,424,800 and with a net increase in the University's capital grant of \$5,823,100. The increase in the grants covered the following:

OPERATING:

1. Salaries and Benefits			
1.1. Step & Collective Agreement Increases (Faculty and Staff)	\$10,000,300		
1.2. Benefit Increases on Salary Increases	1,000,000		
1.3. Pension Plan	13,801,000	\$24,801,300	
2. Grant-in-Aid of Tuition Freeze			5,300,000
2.1. Space			
2.2. Teaching and Learning Framework			
2.3. Position Based Budgeting Implementation			
3. Strategic Initiatives			
3.1. Graduate Fellowships (continuance from 2010-11)	2,000,000		
3.2. Grenfell Campus Renewed Governance	500,000		
3.3. Centre for Environmental Excellence Operating	500,000		
3.4. Native Liaison Office	200,000		
3.5. Doctoral Level Clinical Psychology Program	123,500		3,323,500

TOTAL OPERATING**\$33,424,800****CAPITAL:**

4. Deferred Maintenance			4,600,000
5. Residences - New - St. John's (500 Beds)			6,000,000
6. Residences - New - Corner Brook (200 Beds)			2,000,000
7. Residences - Upgrade - St. John's			1,500,000
8. Academic Building - Corner Brook			(6,226,000)
9. Lab Safety Repairs			1,200,000
10. Simulator Transfer and Upgrade - Marine Institute			(2,159,900)
11. North West River Learning Center - Renovations			(1,441,000)
12. Ocean Safety and Research Simulator			350,000

TOTAL CAPITAL**\$5,823,100****TOTAL PROVINCIAL GRANT INCREASE****\$39,247,900**

Table 2: Provincial Government Grant Increases from the Department of Health & Community Services

On April 19, 2011, the Provincial Government released the budget providing the Faculty of Medicine with an increase in the University's regular operating grant in the amount of \$7,510,959 and with an increase in the University's capital grant of \$11,857,247. The increase in the grants was provided to cover the following:

OPERATING:

1. Salaries and Benefits		
1.1. Step Increases (Faculty and Staff)	\$648,400	
1.2. Collective Agreement Salary Increases (Faculty and Staff)	3,828,900	
1.3. Health and Dental Plan Premiums	131,400	\$4,608,700
2. General Operating		
2.1. General Operating Inflation	238,200	
2.2. Energy Costs	208,800	
2.3. Insurance Premiums	2,500	
2.4. Library Holdings	58,900	508,400
3. Medical School Expansion		2,393,859

TOTAL OPERATING		<u>\$7,510,959</u>
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CAPITAL:

4. Medical School Expansion		<u>11,857,247</u>
TOTAL CAPITAL		<u>\$11,857,247</u>

TOTAL PROVINCIAL GRANT INCREASE		<u><u>\$19,368,206</u></u>
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Table 3: Revenue, Expenditure and Capital Estimates for the University (excluding the Faculty of Medicine) for 2011/12

	<u>BUDGET 2010-2011</u>	<u>INCREASE / (DECREASE)</u>	<u>BUDGET 2011-2012</u>
OPERATING:			
TUITION	37,294,550	1,594,405	38,888,955
OTHER INCOME	1,200,000	0	1,200,000
GRANTS			
PROVINCIAL GOVERNMENT GRANT	270,647,300	33,424,800	304,072,100
FEDERAL GOVERNMENT GRANT	4,233,743	44,757	4,278,500
TOTAL OPERATING REVENUE	<u>313,375,593</u>	<u>35,063,962</u>	<u>348,439,555</u>
CAPITAL:			
Deferred Maintenance	5,400,000	4,600,000	10,000,000
Furniture & Teaching Equipment	1,000,000	0	1,000,000
White Paper - Infrastructure	2,400,000	0	2,400,000
Residences - New - St. John's (500 Beds)	10,000,000	6,000,000	16,000,000
Residences - New - Grenfell Campus (200 Beds)	8,000,000	2,000,000	10,000,000
Residences - Upgrade - St. John's	7,500,000	1,500,000	9,000,000
Academic Building - Grenfell Campus	18,700,000	(6,226,000)	12,474,000
Lab Safety Repairs	1,800,000	1,200,000	3,000,000
Simulator Transfer and Upgrade - Marine Institute	2,159,900	(2,159,900)	0
North West River Learning Center - Renovations	1,441,000	(1,441,000)	0
Ocean Safety and Research Simulator	0	350,000	350,000
Debt Expenses - Grenfell Campus	423,000	0	423,000
TOTAL CAPITAL REVENUE	<u>58,823,900</u>	<u>5,823,100</u>	<u>64,647,000</u>
TOTAL REVENUE	<u>372,199,493</u>	<u>40,887,062</u>	<u>413,086,555</u>
TOTAL ESTIMATED EXPENDITURES	<u>372,199,493</u>		<u>413,086,555</u>
CURRENT YEAR SURPLUS/(SHORTFALL)	<u>0</u>		<u>0</u>

Table 4: Revenue, Expenditure and Capital Estimates for the Faculty of Medicine for 2011/12

	<u>BUDGET 2010-2011</u>	<u>INCREASE / (DECREASE)</u>	<u>BUDGET 2011-2012</u>
OPERATING:			
TUITION	4,028,375	100,000	4,128,375
OTHER INCOME	1,248,635		1,248,635
PROVINCIAL GOVERNMENT GRANT	45,792,541	7,510,959	53,303,500
TOTAL OPERATING REVENUE	<u><u>51,069,551</u></u>	<u><u>7,610,959</u></u>	<u><u>58,680,510</u></u>
CAPITAL:			
MED SCHOOL EXPANSION	<u>4,042,753</u>	<u>11,857,247</u>	<u>15,900,000</u>
TOTAL CAPITAL REVENUE	<u><u>4,042,753</u></u>	<u><u>11,857,247</u></u>	<u><u>15,900,000</u></u>
TOTAL REVENUE	<u><u>55,112,304</u></u>	<u><u>19,468,206</u></u>	<u><u>74,580,510</u></u>
TOTAL ESTIMATED EXPENDITURES	55,112,304		74,580,510
CURRENT YEAR SURPLUS/(SHORTFALL)	<u><u>0</u></u>		<u><u>0</u></u>

Scott, Tina

From: Decker, Kent
Sent: May-16-12 1:24 PM
To: Scott, Tina; Collis, Deborah
Cc: Collins, Glenn; Tibbo, Carol; VP Admin
Subject: RE: 2012/13 Budget Estimates

Debbie;

Would you provide Tina with the final numbers please.

Thanks,

Kent

From: Scott, Tina
Sent: May 16, 2012 1:20 PM
To: Decker, Kent
Cc: Collins, Glenn; Tibbo, Carol; VP Admin
Subject: 2012/13 Budget Estimates

Hi Kent,

At the meeting of the Finance Committee and Board of Regents held on May 10, 2012, it was noted that the numbers in the Board yellow were not the latest. For the purpose of the Board correspondence and Board minute, I am wondering if you could provide me with the latest 2012/13 budget estimates?

Thank you,

Tina

Secretary to the Board of Regents
Memorial University of Newfoundland
Arts and Administration Building, Rm. A2031
St. John's, NL Canada A1C 5S7
T 709 864 8281
www.mun.ca/regents

**Meeting of the Finance Committee
of the Board of Regents
May 10, 2012**

ISSUE:

2012/13 Budget Estimates

BACKGROUND:

*22,816,500 - As per d. Col/15
11/24/22/12*

The University has received its grant from the **Department of Advanced Education and Skills** and the **Department of Health and Community Services** for the Fiscal Year 2012/13, with increases of **\$19,277,900** and **\$1,571,200** over the previous year, respectively. The increases cover operating and capital expenses as shown in Table 1 and 2 (attached). The University also received a base budget reduction from the **Department of Advanced Education and Skills** of **\$3,053,000** and from the **Department of Health and Community Services** of **\$850,000** as a result of government's cost reduction measures.

Highlights of the Provincial Government funding include:

- \$5.0 million step and general salary increases in accordance with collective agreements.
- \$0.8 million increase for the Pension Plan solvency funding.
- \$5.5 million grant-in-aid of tuition freeze.
- \$2.1 million for Marine Institute base funding.
- \$1.7 million for Faculty of Engineering expansion.
- \$0.1 million for the Doctoral Clinical Psychology Program.
- \$10 million for Deferred Maintenance
- \$4.4 million for Lab Safety Repairs.
- \$0.3 million for Marine Institute Ocean Safety and Research Simulator.
- \$0.1 million to complete the Grenfell Campus Academic Building.
- Capital cash flow requirements for the construction of new residences in St. John's (500 beds) and Corner Brook (200 beds).
- Continuing funding for the expansion of the Faculty of Medicine.

There are no new capital projects for Memorial University funded in the budget. However, the provincial government recognizes the critical role of modern infrastructure at the University to propel its economic strategy, especially related to ocean science and technology. The government has committed to work closely with the University to identify priorities and begin the planning process.

The \$5.5 million grant-in-aid of tuition freeze will be allocated throughout the fiscal year by Vice Presidents' Council to cover expenses to enable major strategic initiatives and academic priorities such as planning for new science building, implementation of the frameworks (research, teaching and learning, and engagement), and alternative on/off-campus space.

The Federal Government is again providing a special grant of \$4,346,640 for indirect costs of research expenses.

Tuition revenue for the University (excluding the Faculty of Medicine) is budgeted at the 2011/12 final tuition revenue amount, which includes \$1,510,000 for the International Undergraduate Tuition Attribution Model. Tuition revenue for the Faculty of Medicine has been

increased by \$137,000 for 2012/13. Tuition fees remain unchanged for Undergraduate and Graduate students.

In order to absorb the \$3,903,000 base budget reduction the University will reduce administrative costs across all units and will focus on administrative savings and ensure that the impact academic programming and student academic activities is minimal.

The University Administration has undertaken a thorough budget review in consultation with envelope heads and is recommending a balanced budget. The resulting estimates for the University are summarized in Tables 3 and 4, respectively.

RECOMMENDATION:

The Administration recommends the approval of the budget estimates for the fiscal year 2012/13 as presented in the attached Table 3 and 4.

COMMUNICATION CONSIDERATIONS:

The approved budget allocations will be communicated by the President and Vice-Presidents to the Deans and Directors.

s. 40(1)
Deborah Collis, Director
Financial and Administrative Services

s. 40(1)
Kent Decker
Vice-President (Administration and Finance)

s. 40(1)
Dr. Gary Kachanoski
President and Vice-Chancellor

Date *May 2, 2012*

Table 1: Provincial Government Grant Increases from the Department of Advanced Education and Skills

On April 24, 2012, the Provincial Government released the budget providing the University with an increase in the University's regular operating grant (excluding the Faculty of Medicine) in the amount of \$10,312,500 and with a net increase in the University's capital grant of \$8,965,400. The grant increases are provided to cover the following:

OPERATING:

1. Salaries and Benefits			
1.1. Step & Collective Agreement Increases (Faculty and Staff)	\$2,808,400	*	
1.2. Benefit Increases on Salary Increases	280,800	*	
1.3. Pension Plan	835,000		\$3,924,200
2. Grant-in-Aid of Tuition Freeze			5,500,000
3. Strategic Initiatives			
3.1. Native Liaison Office	16,200		
3.2. Doctoral Level Clinical Psychology Program	138,100		
3.3. Marine Institute - Base Budget	2,069,000		
3.4. Faculty of Engineering - Expansion	1,718,000		3,941,300
4. Government Cost Reduction			(3,053,000)
TOTAL OPERATING			<u>\$10,312,500</u>

CAPITAL:

5. Residences - New - St. John's (500 Beds)			11,000,000
6. Residences - New - Corner Brook (200 Beds)			3,800,400
7. Residences - Upgrade - St. John's			2,200,000
8. Academic Building - Corner Brook			(12,340,740)
9. Lab Safety Repairs			4,389,430
10. Ocean Safety and Research Simulator			19,310
11. Grenfell Campus - Debt Servicing			(103,000)
TOTAL CAPITAL			<u>\$8,965,400</u>
TOTAL PROVINCIAL GRANT INCREASE			<u>\$19,277,900</u>

* University currently in discussion with Government regarding funding for current MUNFA and MI Instructor Collective Agreement Increases.

Table 2: Provincial Government Grant Increases from the Department of Health & Community Services

On April 14, 2012, the Provincial Government released the budget providing the Faculty of Medicine with an increase in the University's regular operating grant in the amount of \$1,471,200 and with an increase in the University's capital grant of \$100,000. The grant increases are provided to cover the following:

OPERATING:

1. Salaries and Benefits			
1.1. Step Increases (Faculty and Staff)	\$528,400		
1.2. Collective Agreement Salary Increases (Faculty and Staff)	985,600		
1.3. Benefit Increases on Salary Increases	302,800		
1.3. Health and Dental Plan Premiums	87,000		\$1,903,800
2. General Operating			
2.1. General Operating Inflation	269,600		
2.2. Energy Costs	112,200		
2.3. Insurance Premiums	2,100		
2.4. Library Holdings	33,500		417,400
3. Government Cost Reduction			(850,000)
TOTAL OPERATING			<u>\$1,471,200</u>
CAPITAL:			
4. Medical School Expansion			100,000
TOTAL CAPITAL			<u>\$100,000</u>
TOTAL PROVINCIAL GRANT INCREASE			<u>\$1,571,200</u>

Table 3: Revenue, Expenditure and Capital Estimates for the University (excluding the Faculty of Medicine) for 2012/13

	<u>Budget 2011-2012</u>	<u>Increase/ (Decrease)</u>	<u>Budget 2012-2013</u>
OPERATING REVENUE			
Provincial Government Grant	304,071,800	10,312,500	314,384,300
Tuition	38,888,950	0	38,888,950
Departmental Revenue	45,000,000	0	45,000,000
Federal Government Grant	4,278,500	68,140	4,346,640
Other Income	1,200,000	0	1,200,000
TOTAL OPERATING REVENUE	<u>393,439,250</u>	<u>10,380,640</u>	<u>403,819,890</u>
CAPITAL REVENUE			
Deferred Maintenance	10,000,000	0	10,000,000
Furniture & Teaching Equipment	1,000,000	0	1,000,000
White Paper - Infrastructure	2,400,000	0	2,400,000
Residences - New - St. John's (500 Beds)	16,000,000	11,000,000	27,000,000
Residences - New - Corner Brook (200 Beds)	10,000,000	3,800,400	13,800,400
Residences - Upgrade - St. John's	9,000,000	2,200,000	11,200,000
Academic Building - Corner Brook	12,474,000	(12,340,740)	133,260
Lab Safety Repairs	3,000,000	4,389,430	7,389,430
Ocean Safety and Research Simulator	350,000	19,310	369,310
Debt Expenses - GC	423,000	(103,000)	320,000
TOTAL CAPITAL REVENUE	<u>64,647,000</u>	<u>8,965,400</u>	<u>73,612,400</u>
TOTAL REVENUE	<u>458,086,250</u>	<u>19,346,040</u>	<u>477,432,290</u>
TOTAL ESTIMATED EXPENDITURES	<u>458,086,250</u>		<u>477,432,290</u>
SURPLUS/(DEFICIT)	<u>0</u>		<u>0</u>

Table 4: Revenue, Expenditure and Capital Estimates for the Faculty of Medicine for 2012/13

	<u>Budget 2011-2012</u>	<u>Increase/ (Decrease)</u>	<u>Budget 2012-2013</u>
OPERATING REVENUE			
Provincial Government Grant	50,763,600	1,471,200	52,234,800
Tuition	4,363,000	137,000	4,500,000
Other Income	1,248,635	0	1,248,635
TOTAL OPERATING REVENUE	<u><u>56,375,235</u></u>	<u><u>1,608,200</u></u>	<u><u>57,983,435</u></u>
CAPITAL REVENUE			
Medical School Expansion	15,900,000	100,000	16,000,000
TOTAL CAPITAL REVENUE	<u><u>15,900,000</u></u>	<u><u>100,000</u></u>	<u><u>16,000,000</u></u>
TOTAL REVENUE	<u><u>72,275,235</u></u>	<u><u>1,708,200</u></u>	<u><u>73,983,435</u></u>
TOTAL ESTIMATED EXPENDITURES	<u><u>72,275,235</u></u>		<u><u>73,983,435</u></u>
SURPLUS/(DEFICIT)	<u><u>0</u></u>		<u><u>0</u></u>

ISSUE:

2013/14 Budget Estimates

BACKGROUND:

The University has received its grant from the **Department of Advanced Education and Skills** and the **Department of Health and Community Services** for the Fiscal Year 2013/14, with adjustments of **(\$19,813,900)** and **\$1,691,800** over the previous year, respectively. The increases cover operating and capital expenses as shown in Table 1 and 2 (attached). The Faculty of Medicine received an operating base budget reduction from the **Department of Health and Community Services** totalling **\$1,730,000**.

Highlights of the Provincial Government funding include:

- \$4.1 million step and general salary increases in accordance with collective agreements. Step and general salary increases were not provided to the Faculty of Medicine.
- \$0.9 million increase for the Pension Plan solvency funding.
- \$3.8 million grant-in-aid of tuition freeze.
- \$2.3 million for Marine Institute base funding.
- \$1.1 million for Faculty of Engineering expansion.
- \$0.8 million for Master of Nursing Nurse Practitioner Program transfer from Eastern Health
- \$10 million for Deferred Maintenance
- Capital cash flow requirements for the Lab Safety Repairs.
- Capital cash flow requirements for the construction of new residences in St. John's (500 beds) and Corner Brook (200 beds).
- Capital cash flow requirements for the residences upgrades in St. John's.
- \$1.5 million net increase in Medicine Operating Budget due to \$2.5 million for expansion, \$0.7 million for student accommodations, and \$1.7 million general operating budget reduction.
- Continuing funding for the expansion of the Faculty of Medicine.

There are no new capital projects for Memorial University funded in the budget. However, the provincial government recognizes the critical role of modern infrastructure at the University to propel its economic strategy, especially related to ocean science and technology. The government has committed to work closely with the University to identify priorities and begin the planning process.

The \$3.8 million grant-in-aid of tuition freeze will be allocated throughout the fiscal year by Vice Presidents' Council to cover expenses to enable major strategic initiatives and academic priorities such as planning for new science building, implementation of the frameworks (research, teaching and learning, and engagement); and inflation for expenses such as increased water tax \$400,000 and energy \$750,000, etc.

The Federal Government is again providing a special grant of \$4,318,800 for indirect costs of research expenses.

Tuition revenue for the University (excluding the Faculty of Medicine) is budgeted at the 2012/13 final tuition revenue amount, which includes \$2,190,000 for the International Undergraduate Tuition Attribution Model. Tuition revenue for the Faculty of Medicine has been increased by \$428,000 for 2012/13. Tuition fees remain unchanged for Undergraduate and Graduate students.


The University Administration has undertaken a thorough budget review in consultation with envelope heads and is recommending a balanced budget. The resulting estimates for the University are summarized in Tables 3 and 4, respectively.

RECOMMENDATION:

The Administration recommends the approval of the budget estimates for the fiscal year 2013/14 as presented in the attached Table 3 and 4.

COMMUNICATION CONSIDERATIONS:

The approved budget allocations will be communicated by the President and Vice-Presidents to the Deans and Directors.

 s. 40(1)
Dr. David Wardlaw /
Provost and Vice-President (Academic)

 s. 40(1)
Kent Decker /
Vice-President (Administration and Finance)

 s. 40(1)
Dr. Gary Kachanoski
President and Vice-Chancellor

Date April 30, 2013

Table 1: Provincial Government Grant Increases from the Department of Advanced Education and Skills

On March 26, 2013, the Provincial Government released the budget providing the University with an increase in the University's regular operating grant (excluding the Faculty of Medicine) in the amount of \$13,041,900 and a decrease in the University's capital grant of \$32,855,800. The grant increases are provided to cover the following:

OPERATING:

1. Salaries and Benefits			
1.1. Step & Collective Agreement Increases (Faculty and Staff)	\$3,740,600		
1.2. Benefit Increases on Salary Increases	374,100		
1.3. Pension Plan	872,000		\$4,986,700
2. Grant-in-Aid of Tuition Freeze			3,800,000
3. Strategic Initiatives			
3.1. Clinical Psychology (Transfer to HCS)	(50,000)		
3.2. Native Liaison Office	23,800		
3.3. Marine Institute - Simulator Operating	50,000		
3.4. Marine Institute - Base Funding - Annualization 2012-13	345,500		
3.5. Marine Institute - Base Funding	1,957,000		
3.6. Faculty of Engineering - Expansion	1,138,000		
3.7. Master of Nursing Nurse Practitioner Program from Eastern Health	790,900		4,255,200

TOTAL OPERATING

\$13,041,900

CAPITAL:

4. Residences - New - St. John's (500 Beds)			(16,086,800)
5. Residences - New - Corner Brook (200 Beds)			(10,971,400)
6. Residences - Upgrade - St. John's			(2,475,000)
7. Academic Building - Corner Brook			(133,260)
8. Lab Safety Repairs			(2,500,030)
9. Ocean Safety and Research Simulator			(369,310)
10. Grenfell Campus - Debt Servicing			(320,000)

TOTAL CAPITAL

(\$32,855,800)

TOTAL PROVINCIAL GRANT INCREASE

(\$19,813,900)

Table 2: Provincial Government Grant Increases from the Department of Health & Community Services

On March 26, 2013, the Provincial Government released the budget providing the Faculty of Medicine with an increase in the University's regular operating grant in the amount of \$1,491,800 and with an increase in the University's capital grant of \$200,000. The grant increases are provided to cover the following:

OPERATING:

1. Salaries and Benefits		
1.1. Step Increases (Faculty and Staff)	\$0	
1.2. Collective Agreement Salary Increases (Faculty and Staff)	0	
1.3. Benefit Increases on Salary Increases	0	\$0
2. Medical School Expansion (2012-13 Expenses)		1,916,800
3. Medical School Expansion (2013-14 Expenses)		555,400
4. Government Operating Budget Reduction		(1,730,400)
5. Student Accommodations in Rural Newfoundland & Labrador		750,000
TOTAL OPERATING		<u>\$1,491,800</u>
CAPITAL:		
6. Medical School Expansion		200,000
TOTAL CAPITAL		<u>\$200,000</u>
TOTAL PROVINCIAL GRANT INCREASE		<u>\$1,691,800</u>

Table 3: Revenue, Expenditure and Capital Estimates for the University (excluding the Faculty of Medicine) for 2013/14

	<u>Budget 2012-2013</u>	<u>Increase/ (Decrease)</u>	<u>Budget 2013-2014</u>
OPERATING REVENUE			
Provincial Government Grant	317,113,700	13,041,900	330,155,600
Tuition	39,072,530	1,198,470	40,271,000
Departmental Revenue	45,000,000	2,000,000	47,000,000
Federal Government Grant	4,317,700	1,100	4,318,800
Other Income	1,200,000	0	1,200,000
TOTAL OPERATING REVENUE	<u>406,703,930</u>	<u>16,241,470</u>	<u>422,945,400</u>
CAPITAL REVENUE			
Deferred Maintenance	10,000,000	0	10,000,000
Furniture & Teaching Equipment	1,000,000	0	1,000,000
White Paper - Infrastructure	2,400,000	0	2,400,000
Residences - New - St. John's (500 Beds)	27,000,000	(16,086,800)	10,913,200
Residences - New - Corner Brook (200 Beds)	13,800,400	(10,971,400)	2,829,000
Residences - Upgrade - St. John's	11,200,000	(2,475,000)	8,725,000
Academic Building - Corner Brook	133,260	(133,260)	0
Lab Safety Repairs	7,389,430	(2,500,030)	4,889,400
Ocean Safety and Research Simulator	369,310	(369,310)	0
Debt Expenses - GC	320,000	(320,000)	0
TOTAL CAPITAL REVENUE	<u>73,612,400</u>	<u>(32,855,800)</u>	<u>40,756,600</u>
TOTAL REVENUE	<u>480,316,330</u>	<u>(16,614,330)</u>	<u>463,702,000</u>
TOTAL ESTIMATED EXPENDITURES	<u>480,316,330</u>		<u>463,702,000</u>
SURPLUS/(DEFICIT)	<u>0</u>		<u>0</u>

Table 4: Revenue, Expenditure and Capital Estimates for the Faculty of Medicine for 2013/14

	<u>Budget 2012-2013</u>	<u>Increase/ (Decrease)</u>	<u>Budget 2013-2014</u>
OPERATING REVENUE			
Provincial Government Grant	52,234,800	1,491,800	53,726,600
Tuition	4,363,000	428,000	4,791,000
Other Income	1,340,850	62,750	1,403,600
TOTAL OPERATING REVENUE	<u><u>57,938,650</u></u>	<u><u>1,982,550</u></u>	<u><u>59,921,200</u></u>
CAPITAL REVENUE			
Medical School Expansion	7,000,000	200,000	7,200,000
TOTAL CAPITAL REVENUE	<u><u>7,000,000</u></u>	<u><u>200,000</u></u>	<u><u>7,200,000</u></u>
TOTAL REVENUE	<u><u>64,938,650</u></u>	<u><u>2,182,550</u></u>	<u><u>67,121,200</u></u>
TOTAL ESTIMATED EXPENDITURES	<u><u>64,938,650</u></u>		<u><u>67,121,200</u></u>
SURPLUS/(DEFICIT)	<u><u>0</u></u>		<u><u>0</u></u>

ISSUE:

2014/15 Budget Estimates

BACKGROUND:

The University has received its grant from the **Department of Advanced Education and Skills** and the **Department of Health and Community Services** for the Fiscal Year 2014/15, with net grant adjustments of **(\$12,512,600)** and **\$3,144,400** over the previous year, respectively. The changes in the grant from the Department of Advanced Education and Skills provide for operating and capital expenses as shown in Table 1 (attached). The Faculty of Medicine has not yet received details of the budget adjustment from the Department of Health and Community Services. Details will be communicated to the Board once they are received.

Highlights of the Provincial Government funding from the Department of Advanced Education and Skills include:

- \$2.0 million general salary increases in accordance with the “template” for collective agreements and where the agreements have been signed. Step increases were not provided for 2014/15.
- \$0.2 million decrease for the Government spend analysis for such items as bulk fuel, preferred airline travel, fleet insurance, and light duty vehicles.
- \$4.0 million grant-in-aid of tuition freeze.
- \$1.9 million for Marine Institute base funding (year 3 of 3).
- \$1.1 million for Faculty of Engineering expansion (year 3 of 8).
- \$8.4 million for Deferred Maintenance, representing a decrease of \$1.6 million from 2013/14
- Capital cash flow requirements for the Lab Safety Repairs.
- Capital cash flow requirements for the residences upgrades in St. John’s.

There are no new capital projects for Memorial University funded in the budget. However, the provincial government recognizes the critical role of modern infrastructure at the University to propel its economic strategy, especially related to ocean science and technology. The government has committed to work closely with the University to identify priorities and begin the planning process.

The \$4.0 million grant-in-aid of tuition freeze will be allocated to the infrastructure plan currently being developed by the university community.

The Federal Government is again providing a special grant of \$4,093,900 for indirect costs of research expenses. This amount for 2014-15 is \$135,200 below the 2013-14 grant.

Tuition revenue for the University (excluding the Faculty of Medicine) is budgeted at the 2013/14 final tuition revenue amount, which includes \$2,345,000 for the International Undergraduate Tuition Attribution Model. Tuition fees remain unchanged for Undergraduate and Graduate students.

The University Administration has undertaken a thorough budget review in consultation with envelope heads and is recommending a balanced budget. The resulting estimates for the University (excluding the Faculty of Medicine) is summarized in Table 2 (attached).

RECOMMENDATION:

The Administration recommends the approval of the budget estimates for the fiscal year 2013/14 as presented in the attached Table 3 and 4.

COMMUNICATION CONSIDERATIONS:

The approved budget allocations will be communicated by the President and Vice-Presidents to the Deans and Directors.

Kent Decker
Vice-President (Administration and Finance)

Dr. David Wardlaw
Provost and Vice-President (Academic)

Dr. Gary Kachanoski
President and Vice-Chancellor

Date

Table 1: Provincial Government Grant Increases from the Department of Advanced Education and Skills

On March 27, 2014, the Provincial Government released the budget providing the University with an increase in the University's regular operating grant (excluding the Faculty of Medicine) in the amount of \$8,854,100 and a decrease in the University's capital grant of \$21,366,800. The grant changes are provided to cover the following:

OPERATING:

1. Salaries and Benefits			
1.1. Step Increases (Faculty and Staff)		\$0	
1.2. Collective Agreement Increases (Staff)		1,824,200	
1.3. Benefit Increases on Salary Increases		218,900	\$2,043,100
2. Grant-in-Aid of Tuition Freeze			4,000,000
3. Strategic Initiatives			
3.1. Government Spend Analysis		(188,900)	
3.2. Marine Institute - Base Funding		1,925,000	
3.3. Faculty of Engineering - Expansion		1,075,000	2,811,100
TOTAL OPERATING			<u>\$8,854,200</u>

CAPITAL:

4. Deferred Maintenance			(1,600,000)
5. Residences - New - St. John's (500 Beds)			(10,913,200)
6. Residences - New - Corner Brook (200 Beds)			(2,829,000)
7. Residences - Upgrade - St. John's			(3,725,000)
8. Lab Safety Repairs			(2,299,600)
TOTAL CAPITAL			<u>(\$21,366,800)</u>
TOTAL PROVINCIAL GRANT INCREASE/(DECREASE)			<u>(\$12,512,600)</u>

Table 2: Revenue, Expenditure and Capital Estimates for the University (excluding the Faculty of Medicine) for 2014/15

	Budget 2013-2014	Increase/ (Decrease)	Budget 2014-2015
OPERATING REVENUE			
Provincial Government Grant	317,113,700	8,854,200	325,967,900
Tuition	40,271,000	(626,900)	39,644,100
Departmental Revenue	47,000,000	0	47,000,000
Federal Government Grant	4,229,100	(135,200)	4,093,900
Other Income	1,200,000	0	1,200,000
TOTAL OPERATING REVENUE	409,813,800	8,092,100	417,905,900
CAPITAL REVENUE			
Deferred Maintenance	10,000,000	(1,600,000)	8,400,000
Furniture & Teaching Equipment	1,000,000	0	1,000,000
White Paper - Infrastructure	2,400,000	0	2,400,000
Residences - New - St. John's (500 Beds)	10,913,200	(10,913,200)	0
Residences - New - Corner Brook (200 Beds)	2,829,000	(2,829,000)	0
Residences - Upgrade - St. John's	8,725,000	(3,725,000)	5,000,000
Lab Safety Repairs	4,889,400	(2,299,600)	2,589,800
TOTAL CAPITAL REVENUE	40,756,600	(21,366,800)	19,389,800
TOTAL REVENUE	450,570,400	(13,274,700)	437,295,700
TOTAL ESTIMATED EXPENDITURES	450,570,400		437,295,700
SURPLUS/(DEFICIT)	0		0

**Meeting of the Finance Committee
of the Board of Regents
July 9, 2015**

ISSUE:

2015/16 Budget Estimates

BACKGROUND:

The University has received its grant from the **Department of Advanced Education and Skills** and the **Department of Health and Community Services** for the Fiscal Year 2015/16, with grant reductions of **(\$33,354,600)** and **(\$7,483,700)** over the previous year, respectively. The grant adjustments are detailed in Table 1 and 3 (attached).

Highlights of the Provincial Government funding from the Department of Advanced Education and Skills include:

- \$9.1 million general salary increases in accordance with collective agreements.
- \$4.0 million grant-in-aid of tuition freeze and a \$4.0 million one-time budget reduction.
- \$6.7 million base budget reduction.
- \$20.95 million reduction for the Pension Plan Special Payment
- \$8.4 million reduction for Deferred Maintenance and \$1.0 million reduction for Classroom/Teaching Infrastructure Fund.

The \$4.0 million grant-in-aid of tuition freeze from 2014-15 will be allocated to fund critical deferred maintenance projects.

The Federal Government is again providing a special grant of \$4,143,880 for indirect costs of research expenses. This amount for 2015-16 is \$49,980 above the 2014-15 grant.

Tuition revenue for the University (excluding the Faculty of Medicine) is budgeted at the 2014/15 final tuition revenue amount. Tuition fees remain unchanged for Undergraduate and Graduate students for 2015-16.

The resulting 2015-16 budget estimates for the University (excluding the Faculty of Medicine) and the Faculty of Medicine are summarized in Tables 2 and 4.

RECOMMENDATION:

The Administration recommends the approval of the budget estimates for the fiscal year 2015/16 as presented in the attached Table 2 and 4.

COMMUNICATION CONSIDERATIONS:

The approved budget allocations will be communicated by the President and Vice-Presidents to the Deans and Directors.



s. 40(1)

Dr. Noreen Golfman, Provost and Vice-President (Academic)



s. 40(1)

Kent Decker
Vice-President (Administration and Finance)



s. 40(1)

Dr. Gary Kachanoski
President and Vice-Chancellor

July 2, 2015

Table 1: Provincial Government Grant Increases from the Department of Advanced Education and Skills

On April 30, 2015, the Provincial Government released the budget providing the University with a decrease in the University's regular operating grant (excluding the Faculty of Medicine) in the amount of \$18,664,300 and a decrease in the University's capital grant of \$14,690,300. The detailed grant adjustments are as follows:

OPERATING:

1. Salaries and Benefits			
1.1. Step Increases (Faculty and Staff)		\$0	
1.2. Collective Agreement Increases (Staff)		8,112,300	
1.3. Benefit Increases on Salary Increases		973,400	\$9,085,700
2. Grant-in-Aid of Tuition Freeze			4,000,000
3. Non-Salary Operating			
3.1. Faculty of Engineering - Expansion		0	
3.2. One-Time Budget Reduction		(4,000,000)	
3.3. Base Budget Reductions		(6,700,000)	
3.4. Pension Plan		(20,950,000)	
3.5. Efficiency Savings		(100,000)	(31,750,000)
TOTAL OPERATING			<u>(\$18,664,300)</u>
CAPITAL:			
4. Deferred Maintenance			(8,400,000)
5. Teaching Equipment			(1,000,000)
6. Residences - New - St. John's (500 Beds)			(4,400,500)
7. Lab Safety Repairs			(889,800)
TOTAL CAPITAL			<u>(\$14,690,300)</u>
TOTAL PROVINCIAL GRANT INCREASE/(DECREASE)			<u>(\$33,354,600)</u>

Table 2: Revenue, Expenditure and Capital Estimates for the University (excluding the Faculty of Medicine) for 2015/16

	<u>Budget 2014-2015</u>	<u>Increase/ (Decrease)</u>	<u>Budget 2015-2016</u>	<u>Forecasted Expenditures</u>	<u>Budget 2015-2016 Surplus/ (Deficit)</u>
OPERATING BUDGET					
Provincial Government Grant					
Operating Grant	338,819,000	(18,664,300)	320,154,700	313,954,700	6,200,000
HRDC (Federal Government) - MI	1,000,000	0	1,000,000	1,000,000	0
Total Provincial Government Grant	339,819,000	(18,664,300)	321,154,700	314,954,700	6,200,000
Tuition Revenue					
St. John's Campus	34,154,200	(251,600)	33,902,600	33,902,600	0
St. John's Campus - IUGS	2,345,000	423,125	2,768,125	2,768,125	0
Grenfell Campus	2,650,900	(142,400)	2,508,500	2,508,500	0
Marine Institute Campus	494,000	80,435	574,435	574,435	0
Total Tuition Revenue	39,644,100	109,560	39,753,660	39,753,660	0
Federal Government Grant	4,093,900	49,980	4,143,880	4,143,880	0
Other Income	1,200,000	0	1,200,000	1,200,000	0
TOTAL OPERATING BUDGET	384,757,000	(18,504,760)	366,252,240	360,052,240	6,200,000
CAPITAL BUDGET					
Deferred Maintenance	8,400,000	(8,400,000)	0	7,000,000	(7,000,000)
Furniture & Teaching Equipment	1,000,000	(1,000,000)	0	0	0
White Paper - Infrastructure	2,400,000	0	2,400,000	2,400,000 ¹	0
Residences - Upgrade - St. John's	5,000,000	(4,400,500)	599,500	599,500 ²	0
Lab Safety Repairs	2,589,800	(889,800)	1,700,000	1,700,000 ³	0
TOTAL CAPITAL BUDGET	19,389,800	(14,690,300)	4,699,500	11,699,500	(7,000,000)
TOTAL BUDGET	404,146,800	(33,195,060)	370,951,740	371,751,740	(800,000)

Notes

1. Committed to Core Science Architect Fees.
2. Final Installment of multi-year upgrade budget of \$45 Million.
3. Remainder of \$13.5 Million urgent maintenance fund that commenced in 2009.

BUDGET BY ENVELOPE

Board of Regents	636,300
President and Vice-Chancellor	11,115,900
Provost & VP Academic	203,369,300
VP Grenfell Campus	30,280,100
VP Marine Institute	34,320,200
Harlow Campus	508,600
VP Research	13,753,500
VP Administration & Finance	58,981,200
Central (Benefits, Health & Dental Pensioners, Scholarships, MURC & Childcare Grants)	7,087,100
Total Operating	360,052,240
Total Capital	11,699,500
Total Budget	371,751,740

**Budget
2015-2016**

**Framework
for 2016-2017**

Proposed Budget Scenario due Projected Budget Deficit s. 29(1) (a)



Table 3: Provincial Government Grant Increases from the Department of Health and Community Services

On April 30, 2015, the Provincial Government released the budget providing the Faculty of Medicine decrease in the regular operating grant in the amount of \$283,700 and a decrease in the capital grant of \$7,200,000. The detailed grant adjustments are as follows:

OPERATING:	
1. Salaries and Benefits	\$1,787,800
2. Government Reduction Plan	(1,321,500)
3. Translational and Personalized Medicine Initiative (2014-15 One-Time)	(1,000,000)
4. Student Accommodations in Rural Newfoundland & Labrador	250,000
TOTAL OPERATING	<u>(283,700)</u>
CAPITAL:	
5. Medical School Expansion	<u>(7,200,000)</u>
TOTAL CAPITAL	<u>(7,200,000)</u>
TOTAL PROVINCIAL GRANT INCREASE	<u><u>(\$7,483,700)</u></u>

Table 4: Revenue, Expenditure and Capital Estimates for the Faculty of Medicine for 2015/16

	<u>Budget 2014-2015</u>	<u>Increase/ (Decrease)</u>	<u>Budget 2015-2016</u>
OPERATING REVENUE			
Provincial Government Grant	57,871,000	(283,700)	57,587,300
Tuition	4,791,000	153,000	4,944,000
Other Income	1,403,600	354,000	1,757,600
TOTAL OPERATING REVENUE	<u><u>64,065,600</u></u>	<u><u>223,300</u></u>	<u><u>64,288,900</u></u>
CAPITAL REVENUE			
Medical School Expansion	7,200,000	(7,200,000)	0
TOTAL CAPITAL REVENUE	<u><u>7,200,000</u></u>	<u><u>(7,200,000)</u></u>	<u><u>0</u></u>
TOTAL REVENUE	<u><u>71,265,600</u></u>	<u><u>(6,976,700)</u></u>	<u><u>64,288,900</u></u>
TOTAL ESTIMATED EXPENDITURES	<u><u>71,265,600</u></u>		<u><u>64,288,900</u></u>
SURPLUS/(DEFICIT)	<u><u>0</u></u>		<u><u>0</u></u>

**Meeting of the Finance Committee and the Human Relations Committee
of the Board of Regents
May 7, 2015**

ISSUE:

2015/16 Provincial Budget and the Memorial University Pension Plan.

BACKGROUND:

The 2015/16 Provincial Budget resulted in a significant reduction in the funding provided to Memorial to support legislated "Special Payments" to the Memorial University Pension Plan (the Plan). The reduction amounts to \$20.95 million which in the absence of regulatory change will be paid into the Pension Fund from Memorial's operating budget.

The Province has indicated that it will provide a one year deferral of the payment if requested and if Memorial undertakes a review of the Plan in consultation with the Province similar to what has been done with other Public Service Pension Plans. The intent of the review would be to propose appropriate changes to funding and benefit levels to ensure long term sustainability.

The Memorial University Pension Plan is managed in consultation with the University Pensions Committee (the Committee). The Objectives of the Committee are as follows:

Objectives

The University Pensions Committee shall review the operation of the University Pension Plan with the following objectives:

1. To provide advice and information to the Board on all matters relating to pension plans for employees of the University.
2. Without limiting the generality of the foregoing:
 - a. To ensure that the Plan, as administered by the Department of Human Resources, is conducted in a manner consistent with the provisions of The Memorial University Pensions Act.
 - b. To advise the Board on matters relating to any new plan or on revisions to the existing plan.

The Committee is comprised of representatives from the various union and employee groups at Memorial, is chaired by a member of the Board of Regents and has approximately 35 members.

The Committee was presented with the information contained in the Budget at an emergency meeting held on May 5, 2015 for information and consultation purposes. Following discussion the Committee requested further information from our Actuaries regarding the current financial position of the Plan, the impact of the one year deferral,

as well as advice from General Counsel with respect to Memorial's legal obligations. The Members also wanted to hold discussions with their respective groups before taking a formal vote. However, all those present expressed their preliminary support for the deferral, subject to the additional information that has been requested. A number of members also indicated their support conditional upon receiving additional information and transparency on the University's 2015-16 budget and expenditures. The Committee will meet again as soon as the requested information can be gathered and the consultation with memberships can occur.

The Pensions Committee will be holding a further meeting in May to provide additional information to members, following which the recommendation of the Committee will be determined.

Planning for this year's budget will need to start immediately in order to be ready for the July 9th Board Meeting. The nature of this budget planning would be significantly different without a deferral of the Special Payment and as such Administration recommends that the Board should authorize the request immediately. A decision could be made later to not avail of the deferral if that was deemed to be in the best interest of the University.

RECOMMENDATION TO THE BOARD OF REGENTS:

It is recommended that the Board of Regents authorize the administration to work with the Provincial Government requesting it to commence the process necessary to allow relief from the 2015/16 special payment. The administration will have further consultation with the Pension Committee prior to seeking formal approval from the Board for the deferral of the special payment.

COMMUNICATION CONSIDERATIONS:

Communication to the Vice-President (Administration & Finance) for follow up action.

[REDACTED]

s. 40(1)

Kent Decker, Vice-President
(Administration and Finance)

[REDACTED]

s. 40(1)

Dr. Gary Kachanoski
President and Vice-Chancellor

May 7, 2015

**Meeting of the Finance Committee
of the Board of Regents
May 19, 2016**

CONFIDENTIAL

ISSUE:

2016/17 Operating Budget

BACKGROUND:

The University has received its grant from the **Department of Advanced Education and Skills** and the **Department of Health and Community Services** for the Fiscal Year 2016/17, with significant changes in operating grant funding from the 2015/16 fiscal year.

Highlights and recommendations resulting from the Provincial Government funding from the **Department of Advanced Education and Skills** are included in the **2016/17 Operating Budget Report** which is attached.

The funding changes and measures contained in the Report have been the subject of significant consultations with various groups within the University Community including:

- Senate
- Senate Planning and Budget Committee
- Student Unions
- Staff and Faculty Unions
- Deans of Faculties
- Directors of Academic Support and Administrative units

The impact of the budget changes will be significant; however, there is a general agreement on the approach. In particular, there is widespread support for not increasing tuition in the current fiscal year beyond the increases approved in July, 2015.

Highlights of the changes in Provincial Government funding from the **Department of Health and Community Services** are included as a separate section of this document. Consultations with the Faculty of Medicine Senior Management Committee, Faculty Council, student leadership and the general student body have occurred.

Given the relative size of the funding changes to the Faculty of Medicine the Administration will defer recommendations until the July Board of Regents meeting.

RECOMMENDATION:

The Administration recommends the approval of the budget estimates for the fiscal year 2016/17 as presented in the attached 2016/17 Operating Budget Report for the University (excluding the Faculty of Medicine).

COMMUNICATION CONSIDERATIONS:

The approved budget allocations will be communicated by the President and Vice-Presidents to the Deans and Directors.



s. 40(1)

Kent Decker
Vice-President (Administration and Finance)



s. 40(1)

Dr. Noreen Golfman
Provost and Vice-President (Academic)



s. 40(1)

Dr. Gary Kachanoski
President and Vice-Chancellor

May 11, 2016



2016-17 Operating Budget



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2016-17 Operating Budget at a Glance

The operating budget for 2016-17 has been prepared with operating revenues of \$366,114,500 and operating expenditures of \$357,314,500. This operating budget includes the St. John's, Grenfell, Marine Institute and Harlow Campuses, however it excludes the Faculty of Medicine. The budget provides for an \$8.0 million transfer to fund capital and \$800,000 for the budget deficit from budget 2015-16. The following are highlights of the 2016-17 operating budget for the University:

REVENUES

- Department of Advanced Education and Skills Operating Grant increased by \$450,200 over 2015-16. The grant adjustment included such increases as \$3.55 million for signed collective agreements, \$4.0 million for the 2016-17 Grant in aid of Tuition Freeze, the restoration of the 2015-16 \$4.0 million Grant in aid of Tuition Freeze, and \$1.0 million for the Faculty of Engineering and Applied Science Expansion. It also included a base budget reduction of \$3.0 million for attrition, \$2.7 million one-time budget cuts, and an \$8.267 million permanent general budget reduction.
- Tuition revenue budgeted for 2016-17 to increase by \$1.7 million over the 2015-16 budget. \$1.4 million of the increase is due to the 30% fee increase for graduate tuition announced as part of the 2015-16 budget. This increase will be annualized to \$2.0 million for the 2017-18 budget.

EXPENDITURES

- Provision for annual salary and benefit contribution adjustments from government of \$3.55 million.
- \$1.05 million for a projected increase in contributions to the pension fund resulting from the valuation currently in progress. Employees will match this increase.
- \$8.0 million to be spent on deferred maintenance from the Infrastructure Fund.
- Faculties and Units
 - Base increase of \$1.0 million to support the expansion of the Faculty of Engineering and Applied Science.
 - Base reductions of \$8.4 million applied to faculties, academic support units, and administrative units.

SUMMARY OF CURRENT YEAR IMPACTS

	2016-17
Budget Reductions / Cost Increases	
Provincial Grant Reduction - 3%	(\$8.3)
Provincial Grant Reduction - Attrition	(\$3.0)
Pension Contributions Increase	(\$1.1)
 Revenue Increases / Cost Reductions	
Provincial Grant - 2016/17 Grant in Lieu of Tuition	\$4.0
Base Salary Attrition Savings	\$3.0
Administrative Budget Cuts	\$4.1
Travel Reduction	\$1.3
Net	\$0.0

Introduction

The Administration has prepared the Budget for 2016-17 after consultations with Senate, the Planning and Budget Committee of Senate, Student Unions, Staff and Faculty Unions, Deans of Faculties, and Directors of Academic Support Administrative units. The recommendations in this report form the basis for the budget for the St. John's, Marine Institute, Grenfell and Harlow Campuses (excluding the Faculty of Medicine) with minor adjustments expected as the final allocations are made to individual units within each of the President and Vice-President portfolios. The synopsis in the table below provides a breakdown of the major revenue sources and expenditure components for the 2016-17 recommended operating budget compared with 2015-16.

Budgeted Revenue & Expenditures for 2016-17 and 2015-16

	2016-17		2015-16	
	\$	%	\$	%
OPERATING				
REVENUES				
Provincial Government Grant	318,704,900	87.1%	318,254,700	87.4%
Tuition	42,109,700	11.5%	40,397,475	11.1%
Federal Research Support Fund Grant	4,099,900	1.1%	4,143,800	1.1%
Operating Interest Income	1,200,000	0.3%	1,200,000	0.3%
	366,114,500	100.0%	363,995,975	100.0%
EXPENDITURES				
Salaries and Benefits ¹	303,289,725	82.8%	301,489,325	82.8%
Energy, Water Grant, Taxes & Insurance	15,162,334	4.1%	15,050,930	4.1%
Library Holdings	7,450,712	2.0%	7,450,712	2.0%
Graduate Fellowships	7,407,200	2.0%	7,407,200	2.0%
International Undergraduate Tuition Attribution	2,809,375	0.8%	2,768,125	0.8%
Entrance Scholarships	1,050,000	0.3%	1,050,000	0.3%
Other Costs (Net of Unit Revenues) ²	20,145,154	5.5%	21,579,683	5.9%
	357,314,500	97.6%	356,795,975	98.0%
Operating Surplus/(Deficit)	8,800,000	2%	7,200,000	2%
CAPITAL				
REVENUES				
Provincial Government Grant				
White Paper Infrastructure Matching	2,400,000	0.7%	2,400,000	0.7%
Lab Safety Repairs	852,000	0.2%	1,700,000	0.5%
Residence Upgrades	0	0.0%	599,500	0.2%
Use of Infrastructure Funds	1,200,000	0.3%	0	0.0%
	4,452,000	1.2%	4,699,500	1.3%
Deferred Maintenance	8,000,000	2.2%	8,000,000	2.2%
White Paper Infrastructure Matching	2,400,000	0.7%	2,400,000	0.7%
Lab Safety Repairs	852,000	0.2%	1,700,000	0.5%
Residence Upgrades	0	0.0%	599,500	0.2%
Grenfell Campus Childcare Centre - Govt Clawback	1,200,000	0.3%	0	0.0%
	12,452,000	3.4%	12,699,500	3.5%
Capital Surplus/(Deficit)	(8,000,000)	-180%	(8,000,000)	-170%
TOTAL SURPLUS/(DEFICIT)	800,000		(800,000)	

¹ Increase in Salaries and Benefits due to Collective Agreement increases, increased pension contributions, and \$3.0 Million Attrition budget reduction.

² Faculty and Unit distribution of the budget reductions to the various subcategories will not be known until detailed budgets are received.

Key Components of the 2016-17 Operating Budget

The 2016-17 budget plan and recommendations results in an \$800,000 budget surplus for 2016-17, excluding the Faculty of Medicine.

1) Revenues

a) Provincial Government Grant

The Department of Advanced Education and Skills has confirmed the operating grant will increase by 0.14% (\$450,200) in 2016-17. This includes:

- Increase of \$3.55 million for salaries and benefits for signed collective agreements. Collective Agreements include MI Instructors ending August 31, 2016, LUMUN ending August 31, 2016, and MUNFA ending August 31, 2017.
- Decrease of \$3.0 million in salaries and benefits for attrition. A further \$3.0 million decrease in the grant for attrition is planned for 2018-19.
- Restoration of \$4.0 million for the provincial grant in lieu of a tuition increase for 2015-16.
- Funding increase of \$4.0 million for the provincial grant in lieu of a tuition increase for 2016-17.
- Funding increase of \$1.0 million to continue the expansion of the Faculty of Engineering and Applied Science.
- Base budget reduction of \$8.267 million. Government has notified the university that the grant will be incrementally reduced by \$5.4 million in 2017-18, \$2.6 million in 2018-19 and \$2.6 million in 2019-20. The cumulative decrease in the annual operating grant by 2019-20 will total \$18.9 million.
- One-time budget reduction of \$2.733 million from various operating and capital projects. (Grenfell Campus Childcare Centre capital project \$1.2 million, Engineering Expansion carryover \$1.0 million, Social Work Fast Track carryover \$0.376 million, and Bonne Bay Generator \$0.157 million)

b) Tuition

Tuition revenue for 2016-17 is based on the 2015-16 tuition budget plus adjustments based on the 2015-16 actual tuition received, as well an increase due to the 30% Graduate Tuition Fee increase effective September 2016. Graduate tuition is budgeted to increase \$ 1.4 million in 2016-17 over the 2015-16 tuition revenue.

	2016-17 Budget	2015-16 Actuals	2011-12 Actuals
Revenue			
Undergraduate	33,797,900	33,797,913	34,065,356
Graduate	8,387,900	6,976,443	5,710,610
Work Terms	619,100	619,088	632,485
Revenue Total	42,804,900	41,393,444	40,408,451
Expenses/Adjustments			
Student Development Fund	(659,400)	(659,375)	(688,479)
Other Tuition Adjustments	(35,800)	(35,849)	(647,430)
Expenses/Adjustments Total	(695,200)	(695,224)	(1,335,909)
Net Tuition	42,109,700	40,698,220	39,072,542

Net tuition revenue has increased by \$3.2 million from 2011-12 to the projected net tuition of \$42.1 million for 2016-17. The increase in net tuition revenue has occurred due to a reduction in total registrations that is offset by a shift to a higher percentage of international students and an increased number of graduate students. During this time, the discontinuation of accepting credit cards as payment for tuition has saved the university over \$600,000 per year on net tuition. With the exception of the increases in graduate tuition effective September 2016, tuition rates for Memorial have been frozen at

2003-04 levels (exclusive of special program fees). Appendix B provides undergraduate and graduate tuition fees for Canadian universities for domestic and international students since 2003-04.

Net tuition revenue has increased as a percentage of total operating revenue from 11.16 % in 2011-12 to 11.47% projected for 2016-17. During this period the Provincial Grant has increased by \$26.6 million for the grant in lieu of a tuition increase. The cumulative base increase to the government grant since 2005-16 for the grant in aid of tuition totals \$52.4 million. Of this \$52.4 million, \$8.0 million has been set aside to provide funding for the Core Science Facility mortgage payment that will commence in 2019-20.

c) Federal Research Support Fund Grant (formerly the Indirect Costs of Research Program)

Universities receive an annual grant from the Federal Government to offset a portion of the indirect costs incurred to support federally funded research. The grant provides funding support for a portion of these costs which are imbedded in various departments in the operating budget. For example, the grant supports utility costs for research space on University campuses which are included in the university budget for Energy, Water Grant, Taxes and Insurance. Memorial's share of this federal grant has been budgeted at \$4,099,900 for 2016-17.

d) Operating Interest Income

University cash flows are invested on a short-term basis to generate income that supports operations. The 2016-17 budget includes \$1.2 million. This represents a stable budget over 2015-16 based on current cash flow and interest rates.

2) Expenditures

a) Salaries and Benefits

Compensation costs continue to remain the most significant component of university costs representing about 82% of the operating budget. Budget 2016-17 includes an increase of \$3.55 million for salaries and benefits for signed collective agreements. Collective Agreements include MI Instructors ending August 31, 2016, LUMUN ending August 31, 2016, and MUNFA ending August 31, 2017. It also includes a projected increase of \$1.05 million in the employer portion of payroll deductions for the pension plan. The provincial government has reduced the budget for the university by \$3.0 million in 2016-17 for attrition and this has been incorporated into the 2016-17 salaries and benefits budget.

b) Energy, Water Grant, Taxes and Insurance

The university incurs an expense of \$12.5 million annually, net of recoveries from Eastern Health, for energy (heat and light). With continued low oil prices anticipated for 2016-17, a balanced budget is projected. The annual water grant to the City of St. John's totals \$1.24 million and is projected to increase by \$30,000 in 2016-17. Annual insurance premiums total \$1.13 million and are projected to increase by \$205,000 in 2016-17 due to the reinstatement of HST by the provincial government on insurance premiums.

c) Library Holdings

Library holdings base budget of \$7,450,712 from 2015-16 will be maintained for budget 2016-17. The ability to maintain the current library collection will be impacted by the fluctuating exchange rates and the introduction of HST on books.

d) Graduate Fellowships

Graduate fellowship base budget of \$7,407,200 from 2015-16 will be maintained for budget 2016-17.

e) International Undergraduate Tuition Attribution

International students are charged \$625 more per undergraduate course than domestic students who pay \$255 per undergraduate course. For each incremental undergraduate course registration

over 2006-07 registrations, \$625 is allocated to the International Undergraduate Tuition Attribution Model. Since 2006-07, incremental international course registrations totals 4495 registrations. This translates into an annual budget of \$2,809,375 allocated to supporting international students.

f) Entrance Scholarships

Each year, Memorial University offers a limited number of entrance scholarships to qualifying Canadian students enrolled in Newfoundland and Labrador high schools as well as to students graduating from Canadian high schools outside Newfoundland and Labrador. The operating budget provides \$950,000 annually to domestic entrance scholarships. Entrance scholarships for international undergraduate students are supported through a \$100,000 allocation from the operating budget.

g) Budget Reductions

The operating grant from the provincial government was reduced by \$8,267,200 in 2016-17. Government has notified the university that the grant will be incrementally reduced by \$5.4 million in 2017-18, \$2.6 million in 2018-19 and \$2.6 million in 2019-20. The cumulative decrease in the annual operating grant by 2019-20 will total \$18.9 million. Faculty and unit distribution of the budget reductions to the various subcategories will not be known until detailed budgets are allocated to them following board approval.

h) Grant in Lieu of Tuition

Since 2005-06, the provincial government has provided the university with incremental base budget totaling \$52.4 million as a grant in lieu of tuition increase. The incremental base budget adjustments for 2014-15 and 2015-16 totaling \$8.0 million have been allocated to fund infrastructure projects and the Core Science Facility mortgage payment.

i) Other Costs (Net of Unit Revenues)

Faculty and unit distribution of the budget reductions to the various subcategories will not be known until detailed budgets are allocated to them following board approval. Expenditures in this category will be impacted the HST 2% increase scheduled for July 1, 2016. In addition to the operating budget, Memorial will experience budget impacts as a result of the HST 2% increase (Appendix C).

Appendix A: Provincial Government Grant

The annual provincial government grant has increased by \$46,986,600 since 2010-11, representing a 17.2% increase. The table below provides the details for this cumulative base budget adjustment.

	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	Cumulative Budget Adjustments
Salaries, Benefits & Pension Plan	24,730,300	7,462,800	4,704,800	2,043,100	(11,864,300)	3,550,400	30,627,100 A
White Paper							
White Paper - Grant-in-Aid of Tuition Freeze	5,300,000	5,500,000	3,800,000	4,000,000	4,000,000	4,000,000	26,600,000 B
One-Time Government Adjustment	0	0	0	0	(4,000,000)	4,000,000	0
Total White Paper	5,300,000	5,500,000	3,800,000	4,000,000	0	8,000,000	26,600,000
Government Funded Initiatives							
Science - PsyD Program	123,200	138,100	(50,000)	0	0	0	211,300
Native Liason Office	200,000	16,200	23,800	0	0	0	240,000
Engineering - Growth	0	1,718,000	1,138,000	1,075,000	0	1,000,000	4,931,000
Nursing - Nurse Practioner Program	0	0	790,900	0	0	0	790,900
Nursing - Fast Track Program	0	0	585,200	0	0	0	585,200
MI Campus - Simulator (Operating)	0	0	50,000	0	0	0	50,000
Grenfell Campus - CEE	500,000	0	0	0	0	0	500,000 C
Grenfell Campus - Renewed Governance	500,000	0	0	0	0	0	500,000 D
Marine Institute - Base Funding	0	2,069,000	2,302,500	1,925,000	0	0	6,296,500
Total Government Funded Initiatives	1,323,200	3,941,300	4,840,400	3,000,000	0	1,000,000	14,104,900
Government Reductions							
General Grant Reduction	0	(3,053,000)	(303,300)	(188,900)	0	(8,267,200)	(11,812,400)
Tuition - International Undergrad & All Graduate	0	0	0	0	(4,800,000)	0	(4,800,000)
Student Residence Fee Increase	0	0	0	0	(1,900,000)	0	(1,900,000)
Efficiency Savings	0	0	0	0	(2,000,000)	1,900,000	(100,000)
Attrition	0	0	0	0	0	(3,000,000)	(3,000,000)
Capital - Childcare Centre (One- Time)	0	0	0	0	0	(1,200,000)	(1,200,000)
Engineering - Growth (One-Time)	0	0	0	0	0	(1,000,000)	(1,000,000)
Social Work - Fast Track SI Carryover (One-Time)	0	0	0	0	0	(376,000)	(376,000)
Bonne Bay Generator (One-Time)	0	0	0	0	0	(157,000)	(157,000)
Total Government Reductions	0	(3,053,000)	(303,300)	(188,900)	(8,700,000)	(12,100,200)	(24,345,400)
Total	31,353,500	13,851,100	13,041,900	8,854,200	(20,564,300)	450,200	46,986,600

Notes

- A Pension Plan funding totaling \$20.95 Million was removed from the base operating grant effective 2015-16 .
 B Cumulative Base Budget Adjustment for the White Paper Grant in Aid of Tuition Freeze totals \$52.4 Million.
 C Cumulative Base Budget Adjustment for the Grenfell Campus Centre for Environmental Excellence totals \$2.245 Million.
 D Cumulative Base Budget Adjustment for the Grenfell Campus Renewed Governance totals \$6.5 Million.

Salaries, benefits and pension plan adjustments account for \$30.6 million of the base grant adjustments. Government provides incremental budget adjustments in accordance with collective agreement percentage increases applied to the salary portion of the operating grant. Incremental fringe benefit funding is provided based on 12% of the collective agreement increase. In budget 2015-16, government removed \$20.95 million from the operating grant which was provided annually for the pension plan.

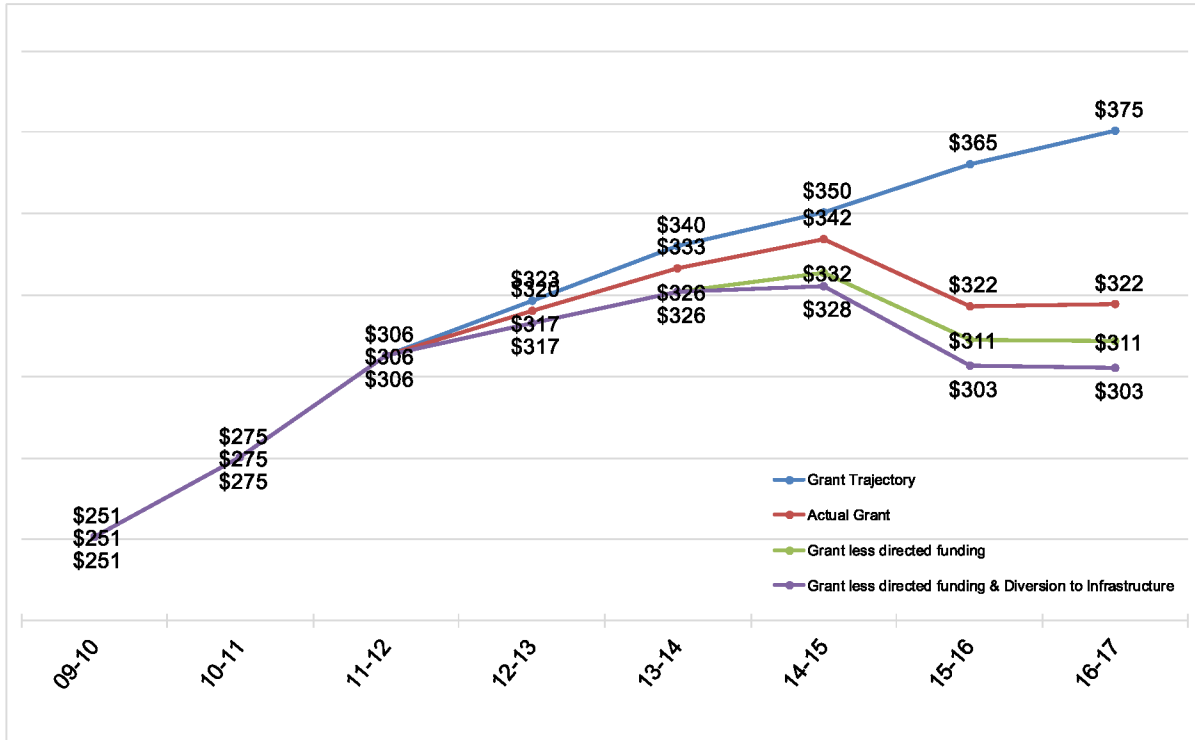
Since 2010-11, \$26.6 million has been provided to the University in support of the tuition freeze. The operating grant to Memorial has cumulatively increased by \$52.4 million for the tuition freeze since 2005-06. The incremental budget adjustments for 2014-15 and 2015-16 totaling \$8.0 million has been allocated to fund infrastructure. The 2016-17 \$4.0 million adjustment has been applied against the 2016-17 \$8,267,000 general grant reduction.

Government has provided over \$14 million since 2011-12 in directed funding for specific areas of the university in support of growth initiatives. The expansion of the Faculty of Engineering has received \$4.9 million in base budget, with a further \$4.5 million projected over the next four years. The Marine Institute has also received \$6.3 million in directed funding from government. Since 2011-12, the Grenfell Campus has received an additional \$500,000 in addition to the \$6.0 million received prior to 2011-12.

Since 2011-12, the university has incurred \$24,345,400 in budget reductions. The table above details the

reductions with general grant reductions totaling \$11.8 million of the total. These budget reductions have been applied to non-academic areas. Government has advised the university regarding future incremental budget reductions totaling \$5.4 million (2017-18), \$2.6 million (2018-19), and \$2.6 million (2019-20). The \$3.0 million reduction for attrition will be increased by an incremental \$3.0 million in budget 2018-19, to total \$6.0 million.

The graph below illustrates the grant history and what the grant would have been without budget reductions.



Note:

- All amounts are in millions of dollars.
- The amount of funding currently available to operate the University is approximately the same as in 2011/12 fiscal year.

The \$53 million difference between the grant trajectory and the actual grant is comprised of the following reductions:

• General Budget Cuts (applied to Admin)	\$11.91 M
• Pension Plan Payment	\$20.95 M
• Salary Steps (4 Years @ \$1.6M incremental per year)	\$ 6.40 M
• Salary Attrition	\$ 3.00 M
• Tuition Revenue	\$ 4.80 M
• Residence Revenue	\$ 1.90 M
• Grant in Lieu of Tuition	\$ 1.50 M
• One-Time Grant Adjustments 2016-17	<u>\$ 2.73 M</u>
Total	<u>\$53.19 M</u>

The \$10.3 million directed funding is for the Marine Institute (\$6.4 million) and the Faculty of Engineering and Applied Science expansion (\$4.9 million) projects which have been approved and funded by

government. \$8.0 million of the operating grant, representing the grant in aid of tuition for 2014-15 and 2015-16, has been diverted to infrastructure.

Appendix B: Tuition Fees for Canadian Universities

UNDERGRADUATE - DOMESTIC													
Area	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Canada	3,975	4,141	4,211	4,347	4,558	4,747	4,942	5,146	5,313	5,586	5,767	5,998	6,191
NL	2,606	2,606	2,606	2,606	2,632	2,619	2,624	2,649	2,649	2,644	2,631	2,660	2,660
PEI	4,132	4,374	4,645	4,947	4,440	4,530	4,969	5,131	5,258	5,474	5,688	5,849	6,119
NS	5,556	6,003	6,323	6,571	6,110	5,877	5,752	5,497	5,722	5,977	6,215	6,483	6,817
NB	4,457	4,719	5,037	5,328	5,590	5,479	5,516	5,647	5,728	5,940	6,112	6,298	6,353
QC	1,865	1,888	1,900	1,916	2,056	2,180	2,309	2,411	2,520	2,565	2,657	2,740	2,799
ON	4,808	4,831	4,933	5,110	5,388	5,667	5,985	6,316	6,815	6,975	7,257	7,562	7,868
MB	3,155	3,235	3,333	3,338	3,271	3,238	3,408	3,593	3,638	3,720	3,790	3,857	3,930
SK	4,645	5,063	5,063	5,063	5,015	5,064	5,173	5,431	5,734	6,106	6,402	6,693	6,885
AB	4,512	4,953	4,838	4,828	5,122	5,308	5,240	5,505	5,663	5,670	5,675	5,738	5,738
BC	4,084	4,735	4,867	4,950	4,922	4,746	4,706	4,758	4,919	4,931	5,018	5,201	5,305
NL as a % of Canada	65.6%	62.9%	61.9%	59.9%	57.7%	55.2%	53.1%	51.5%	49.9%	47.3%	45.6%	44.3%	43.0%

UNDERGRADUATE - INTERNATIONAL													
Area	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Canada	11,272	11,804	12,548	13,205	13,947	14,630	15,943	16,843	17,668	18,267	19,416	20,593	21,932
NL	7,633	8,376	8,376	9,083	9,599	9,322	10,314	9,758	9,758	9,025	9,008	8,942	8,942
PEI	7,519	7,970	8,441	8,981	8,760	8,940	22,846	23,337	24,251	20,881	21,207	21,628	22,687
NS	10,311	11,076	11,804	12,110	12,376	12,405	12,434	12,433	12,884	13,151	13,779	14,136	14,677
NB	8,691	9,210	9,954	10,487	10,990	10,973	11,248	11,660	12,100	12,372	12,856	13,212	13,355
QC	10,622	11,215	11,835	12,349	12,551	13,196	14,868	15,999	16,362	16,670	17,491	18,348	18,966
ON	12,514	12,561	13,481	14,112	15,745	16,891	18,051	19,098	21,037	21,865	23,688	25,392	27,729
MB	5,743	7,006	7,194	9,517	8,457	9,690	11,166	11,754	11,815	12,287	12,588	12,995	14,371
SK	10,336	11,233	11,239	11,239	10,204	10,465	12,618	13,815	14,755	16,081	16,659	17,371	17,921
AB	10,632	11,672	12,739	14,681	13,309	14,399	17,388	17,652	18,505	18,657	18,891	19,826	19,971
BC	13,436	14,583	15,332	15,769	16,463	15,378	16,195	17,170	18,195	16,989	17,865	18,950	19,999
NL as a % of Canada	67.7%	71.0%	66.8%	68.8%	68.8%	63.7%	64.7%	57.9%	55.2%	49.4%	46.4%	43.4%	40.8%

GRADUATE - DOMESTIC														
Area	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17*
Canada	5,164	5,448	6,134	6,479	5,592	5,737	4,860	5,401	5,450	5,916	6,038	6,295	6,432	6,432
NL	2,096	2,096	2,096	2,096	3,686	2,443	2,458	2,456	2,456	2,473	2,506	2,474	2,474	3,216
PEI	2,528	2,693	4,645	4,947	2,875	2,665	4,091	3,913	3,992	4,739	4,820	4,845	4,965	4,965
NS	6,876	7,345	7,666	9,199	7,357	7,734	7,701	7,157	7,427	7,737	8,044	8,182	8,502	8,502
NB	4,434	4,689	5,055	5,285	5,119	5,070	5,074	5,034	5,258	5,442	5,604	5,759	5,759	5,759
QC	1,903	1,927	1,929	1,951	2,370	2,219	2,443	2,601	2,718	2,697	2,726	2,820	2,886	2,886
ON	8,292	8,379	8,686	9,445	8,486	8,256	6,256	7,181	7,682	8,267	8,470	8,759	8,971	8,971
MB	3,764	3,766	3,780	3,780	4,602	3,805	3,936	4,132	4,173	4,294	4,357	4,468	4,552	4,552
SK	4,988	3,668	2,451	2,528	3,533	2,762	3,127	3,434	3,444	4,294	3,610	3,758	3,854	3,854
AB	4,616	5,736	6,978	6,978	6,150	4,948	4,597	4,672	4,676	4,775	4,944	5,715	5,715	5,715
BC	5,201	6,481	10,279	10,409	6,431	7,241	6,230	7,178	7,442	7,362	7,555	7,648	7,801	7,801
NL as a % of Canada	40.6%	38.5%	34.2%	32.4%	65.9%	42.6%	50.6%	45.5%	45.1%	41.8%	41.5%	39.3%	38.5%	50.0%

GRADUATE - INTERNATIONAL														
Area	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17*
Canada	10,818	11,745	12,749	13,059	12,560	12,337	11,678	12,666	12,835	13,159	13,490	13,909	14,350	14,350
NL	2,678	2,723	2,723	2,723	3,464	2,785	2,790	2,790	2,789	2,826	2,848	2,822	2,822	3,669
PEI	6,100	3,000	5,703	6,068	6,053	6,148	7,913	8,026	9,370	10,453	10,780	11,041	11,304	11,304
NS	11,573	12,378	13,671	14,928	14,868	14,493	14,580	14,325	15,071	15,739	15,928	16,482	16,942	16,942
NB	8,080	8,907	8,738	8,969	9,172	8,960	8,978	8,965	9,201	9,574	9,994	10,368	10,479	10,479
QC	10,824	11,186	11,349	11,381	10,957	11,346	12,801	14,623	14,276	14,322	13,760	14,051	14,382	14,382
ON	14,206	15,489	16,869	17,516	15,433	15,283	14,140	14,920	15,943	16,655	17,818	18,816	19,679	19,679
MB	3,802	3,767	7,889	7,889	8,699	7,973	7,814	8,204	8,287	8,558	8,674	8,877	9,945	9,945
SK	5,313	3,544	2,007	2,010	3,716	2,513	2,800	3,517	3,900	5,090	4,815	5,212	5,330	5,330
AB	8,854	13,915	14,277	14,879	11,264	9,324	9,272	9,408	9,439	9,481	9,570	9,748	9,754	9,754
BC	7,624	7,500	11,081	11,173	13,876	13,876	9,794	10,930	11,258	11,523	12,383	11,869	12,103	12,103
NL as a % of Canada	24.8%	23.2%	21.4%	20.9%	27.6%	22.6%	23.9%	22.0%	21.7%	21.5%	21.1%	20.3%	19.7%	25.6%

Source: Stats Canada

2016-17 Graduate rates are Preliminary with 30% increase for NL

Note: Amounts are Weighted Averages

Appendix C: Summary of Non-Operating Budget Impacts

- The HST will increase by 2% effective July 1, 2016. The approximate impact on university operations is \$2 million per year. Facility construction and deferred maintenance costs will be 2% higher as well.
- Students will pay HST on textbook purchases effective July 1, 2016. The estimated impact is \$400,000 per year.
- The fee to process parking tickets will increase by \$2 per ticket on September 1, 2016 resulting in additional annual costs of \$42,000 to the university.
- The cost of library electronic journals will now be taxed with an estimated impact of \$120,000.
- The tax on insurance premiums will cost an additional \$205,000 per year.
- The total cost to register Memorial's vehicles will increase by \$3,000 per year.
- The Research Development Corporation Ignite Program that provides start-up funds for faculty will end. Memorial received \$1.7 million from this program in 2016.
- The Research Development Corporation Ocean Industries Research Awards (OISRA) will end this year. The program provided total stipends of up to \$500,000 annually to undergraduate and graduate students in support of their studies.
- In addition to the cuts to its operating grant from the Department of Advanced Education and Skills, the Marine Institute is also impacted by significant cuts to other government programs, particularly in the Department of Fisheries and Aquaculture and the Department of Business, Tourism, Culture and Rural Development. The following is a summary of these cuts:
 - The budget allocation to the Centre for Fisheries Ecosystems Research (CFER) was reduced by \$800,000
 - Funding for Fisheries Research Grant Program was reduced by \$200,000. This fund provided MI researchers with grants of up to \$25,000 to support research activity.
 - The \$1 million Fisheries Technology and New Opportunities Program (FTNOP) was not renewed.
 - Elimination of \$1 million in funding for Canadian Center for Fisheries Innovation (CCFI), a separately incorporated entity of Memorial, which flowed \$500,000 per year to the Marine Institute and other parts of Memorial for fisheries and aquaculture research.
 - Funding of \$222,000 from Department of Business, Tourism, Culture and Rural Development for the SmartBay project has been eliminated and the project is now facing shut down if alternate sources of funding cannot be secured.
 - Department of Advanced Education and Skills Employment and Training Division Service Agreement for Youth and Students provided \$100,000 in funding in 2015-16 to the Marine Institute to support work term awards. Information has not yet been received on amount of funding that will be provided in 2016-17.
 - There is also uncertainty with respect to a large number of small programs that funded student activities, such as the Youth and the Oceans conferences, MATE ROV competitions, and Model Boat Races, which were supported by sponsorships from industry and with \$10,000-\$25,000 funding from the provincial government.
- The university has also received notification of the plan by government to cut support for student employment by up to 40%. Last year, Memorial University received \$1.122M in funding for student employment. This amount was divided into four programs: 1) SWASP (on-campus employment for student parents) \$276,680, 2) SECPAP (subsidized co-op placements for students working in small businesses or the non-profit sector) \$522,993, 3) PACE (general on campus employment for students in the summer) \$67,732, and 4) GTEP (subsidized post-graduation employment for new graduates to find employment in their field of study) \$200,000. The provincial government has indicated they will cut support to these Memorial University's student employment programs by \$400,000-\$450,000.

Appendix D: Operations and Budget Review

The Operations and Budget Review (OBR) Secretariat was established in 2013. Building on cost containment measures that had commenced in 2012 it has a mandate to identify measures that would allow Memorial to continue to operate with flat operating funding in order to divert the annual grant in lieu of a tuition increase to the Infrastructure Fund. In order to accomplish this goal, all non-salary cost increases and all salary increases, other than those provided in the Provincial Operating Grant (template increases) would have to be offset by efficiency measures.

The OBR Secretariat was aided in its identification of potential areas of savings by engaging Ernst Young to conduct a benchmarking exercise to identify areas where expenditures at Memorial were inconsistent with peer organizations. This work, coupled with targeted analysis as determined by administration led to a series of efficiency projects. Since its establishment, and working closely with the Vice-Presidents Council, the Secretariat has conducted reviews of many different areas of University operations. The impact of this work has yielded the following results:

- Cost savings/ expense reduction measures \$10.760 M
- Cost avoidance measures \$ 0.465 M
- Space reallocations 18,152 ft²

The below details the OBR Projects from April 2013 to December 2015 that have resulted in the efficiencies above.

Initiative	Annualized cost savings	Annualized cost avoidance	Annualized increased revenue	Budget Transfer	Space reallocated (sq. ft.)
Elimination of credit card fees for student fees payment	\$600,000				
Budget by position model - salary turnover recovery	\$1,600,000				
Offshore Safety and Survival Centre program and operational changes	\$900,000	\$25,000			
Grenfell Campus telecommunications and software licensing consolidation with St. John's	\$57,000				
Grenfell vending contract			\$17,000		
Grenfell campus switch to 8 month contracts or teaching term appointments	\$33,000				
Genomics and proteomics facility staffing reductions	\$53,000				
Animal Care operational changes	\$140,000				12,000
Closure of printing satellite office (Science Building)					422
Closure of printing satellite office (Engineering Building)					640
Reduction of \$400k from Public Engagement Framework		\$400,000			
Transfer of HSC mailroom to Eastern Health	\$13,000				
Cooperative Education reorganization	\$336,000				269
Student Recruitment operational changes	\$108,000				
Department of Chemistry technician position review	\$10,000				
Faculty of Business Administration operational changes	\$253,000				
Faculty of Science supply chain management	\$22,000				1,546
Marketing & Communications operational changes	\$144,000		\$4,000		
Faculty of Medicine operational changes	\$1,000,000				
School of Nursing operational changes	\$137,000				
School of Pharmacy operational changes	\$7,000	\$40,000			
Department of Computer Science operational changes	\$31,000				
Printing Services - position reductions	\$325,000				
Transfer of general offices to Provost Portfolio				\$371,000	1,576
Residence cost recovery	\$1,900,000				
Vehicle replacement - MI	\$8,600				
Relocation of mailroom to Ingstad					1,699
Base budget reductions - 2015/16	\$3,082,327				
Totals	\$10,759,927	\$465,000	\$21,000	\$371,000	18,152

The following is a list of efficiency projects currently in progress.

MyHR - Implementation of a case management system to increase the effectiveness of the service that is provided to clients and to streamline processes and transactions to increase the efficiency of internal processing.

Computer Lab Utilization - Complete an inventory of the current space allocation for computer labs, review usage data, and investigate the potential for managing both central and shared resources in a new and more effective way.

Electronic Purchase Requisitioning - An academic unit pilot in the Faculty of Engineering to implement electronic purchase requisitioning in Banner.

Energy Performance Contract - An EPC program is a comprehensive, self-funded program whereby the equipment and technology the energy services firm installs to modernize buildings and facilities is paid by guaranteed energy and operational savings. The Board of Regents has approved an expansion to the 2009 EPC with Honeywell. Currently the intended scope of the project is approximately \$35 million and approximately \$13 million in deferred maintenance would be addressed. The program will be finalized for the July Board Meeting.



Review of Animal Care Services - An external review is being conducted of Animal Care Services which includes its mandate, services provided, funding model, and cost recovery options.

Parking - The Office of the Chief Risk Officer conducted a review of parking permits in the summer of 2015 resulting in significant reduction and reallocation of permits required to accommodate construction of the Core Science Facility. They are also conducting a review of parking fees and fine structures. The first phase of this review will be presented to the Board on May 19, 2016. A second phase will be evaluated and potentially brought to the Board later in the year.

Travel and Expense Management (currently on hold) - Documentation and analysis of current business and audit processes related to travel and expense claim management, recommendations for improvement to these processes, and software implementation to automate these processes. The project is on hold to allow resources to be allocated to the Payroll Optimization project.

Payroll Optimization - The departments of Human Resources, Information Technology Services, and Financial and Administrative Services are leading a multi-year project designed to improve internal controls and optimize the use of the Banner HR system to take advantage of operational efficiencies and effectiveness.

Conference Services - Residence Operations and the Office of Public Engagement are reviewing the current conferences services operations with the goal of transitioning responsibility from the former to the latter, developing a pilot business model for 2016, and incorporating the service into the Battery facility operation.

Internal Recoveries - The Budget Office is leading a review of internal recoveries with the ultimate goal to develop a policy around internal recoveries, including approval, removal, monitoring, and budget impact.

CAUBO Financial Data Submission - On an annual basis Memorial prepares a submission of financial

data to CAUBO to be included in its publication Financial Information of Universities and College, prepared for CAUBO by Statistics Canada. The annual submission is being reviewed to ensure that Memorial is recording its financial data in the appropriate categories that allows for meaningful comparison with other universities.

[REDACTED]

s. 29(1) (a) s. 35(1) (d)

Microsoft Enrolment for Education Solutions - This joint agreement includes lock in price protection for three years (optional one year extension) and includes Marine Institute, Grenfell Campus, and HSIMS.

[REDACTED]

s. 29(1) (a) s. 35(1) (d)

Owner Controlled Insurance Program – The Chief Risk Officer and the Associate Vice-President Facilities have explored and adopted this model for the Core Science Facility. It will be reviewed for adaptability with future capital projects.

In addition to these changes, the operating units of Memorial have absorbed all inflationary pressures on operating expenses for the past four years. One significant example of such a cost pressure would be the subscription budget at the library which has been impacted by regular inflation coupled with the appreciation of the US Dollar. There are many other examples of significant expenses with uncontrollable inflation as well including such things as elevator maintenance contracts and software maintenance contracts.

s. 29(1) (a)

Appendix E: Operating Budget Framework Fiscal Forecast

Based on information provided to the University by the Provincial Government, the administration is working with the following budget framework fiscal forecast for the 2016-17 to 2019-20 budget years. In 2019-20, the \$8.0 million currently allocated to Deferred Maintenance will be required to fund the Core Science Facility mortgage payment. In addition to this, \$4.0 million will be required annually to cover the building operating costs for the Core Science Facility.

	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>
Reductions				
Provincial Grant Reduction	(\$8.30)	(\$13.70)	(\$16.30)	(\$18.90)
Provincial Grant Reduction - Attrition	(\$3.00)	(\$3.00)	(\$6.00)	(\$6.00)
Pension Contributions Increase	(\$1.05)	(\$5.00)	(\$5.00)	(\$5.00)
Deferred Maintenance	\$0.00	\$0.00	\$0.00	(\$8.00)
Core Science Facility - Building Operating	\$0.00	\$0.00	\$0.00	(\$4.00)
Animal Care/Infrastructure *	\$0.00	TBD	TBD	TBD
Additions & Budget Actions				
Provincial Grant - 2016/17 Grant in Lieu of Tuition	\$4.00	\$4.00	\$4.00	\$4.00
Provincial Grant - 2017/18 Grant in Lieu of Tuition	\$0.00	TBD	TBD	TBD
Provincial Grant - 2018/19 Grant in Lieu of Tuition	\$0.00	\$0.00	TBD	TBD
Base Salary Attrition Savings	\$3.00	\$3.00	\$6.00	\$6.00
Administrative Budget Cuts	\$4.05	\$4.05	\$4.05	\$4.05
Travel Reduction	\$1.30	\$1.30	\$1.30	\$1.30
Inflation	\$0.00	TBD	TBD	TBD
Net	(\$0.00)	(\$9.35)	(\$11.95)	(\$26.55)

*The Animal Care Facility has been identified as Memorial's highest priority project in its Infrastructure Plan. The project has been submitted to the new Strategic Infrastructure Fund (SIF) recently announced by the Federal Government. The Province supports this submission but has not indicated that it will provide the required 50% matching funds.

Appendix F: Administrative Salary Review

Memorial's pay scales for senior administrative managers (SAM Scales) were created in 2008 in response to significant recruitment difficulties. At the time, HAY Consultants were engaged to compare Memorial's senior administrative leadership positions to a national peer group. The peer group consisted of 21 Universities located across Canada. At the time the Board of Regents made the decision that Memorial would follow a 50th percentile (P50) pay policy.

Hay has now been reengaged to conduct a follow-up review. They will conduct a salary survey with the 21 universities used in the initial review. Upon completion of this project, Hay will analyze the information collected and prepare a final report.

Upon Memorial's review of the information, Hay will make recommendations regarding SAM positions and salaries.

[Redacted]

s. 29(1) (a)

[Redacted]

s. 29(1) (a)

Appendix G: Portfolio/Departmental Reorganizations

Organizational Reviews have been conducted on many of the major operating units of the University in the past five years. These reviews have been conducted to ensure we are organized in a manner to provide efficient and effective management of the organization. In each case the final recommendations have been approved by the Board of Regents.

The following is a list of the Reports and date each received Board approval;

Office of the Provost Leadership review	September 8, 2011
VP Administration and Finance Portfolio Reorganization	September 6, 2012
Office of General Counsel Review	September 6, 2012
Office of the University Auditor	September 6, 2012
VP Research Portfolio Reorganization	December 5, 2013
Deputy Provost Student Services Portfolio Review	May 8, 2014/ December 4, 2014
Office of the Chief Risk Officer Organizational Review	July 3, 2014
Facilities Management Organizational Review	July 3, 2014

**MUN - FACULTY OF MEDICINE
PROVINCIAL GOVERNMENT GRANT 2016-17
DEPT OF HEALTH & COMMUNITY SERVICES
ADJUSTMENTS**

	<u>\$</u>
Original Government Grant 2015-16	\$57,587,300
2016-17 Adjustments	
Salaries and Benefits	911,800
Reversal of One-Time Funding	
Accommodations for Medical Students in Rural NL	(250,000)
Translational and Personalized Medicine Initiative	(1,000,000)
Total Reversal of One-Time Funding	(1,250,000)
Government Directed	
Operating Costs - Expansion & Other Costs	740,000
Annualization of 2015-16 Reduction Plan	(627,100)
Accommodations for Medical Students in Rural NL	1,000,000
Accommodations for Medical Students in Rural NL (Base from RHAs)	468,200
Geographic Full Time physicians from Eastern Health to FOM	702,300
Government Renewal Initiative - Travel	(200,000)
Government Renewal Initiative - Hosting	(50,000)
Government Renewal Initiative - HSC Library	(100,000)
Government Renewal Initiative - Fellowships & Scholarships	(50,000)
Government Renewal Initiative - Office of Professional Development	(130,000)
Government Renewal Initiative - Faculty Delay in Hiring 4 PhD faculty positions	(345,000)
Government Renewal Initiative - Adjustment	100,000
Attrition	(459,900)
General Cut - 3%	(1,778,900)
Translational and Personalized Medicine Initiative (One-Time)	1,000,000
Total Government Directed	269,600
2016-17 Operating Grant Adjustment	(68,600)
2016-17 Operating Grant (Estimates 2016)	\$57,518,700