



# 2015/16 CONSOLIDATED BUDGET

Approved by the Board of Governors

*June 4, 2015*

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## EXECUTIVE SUMMARY

McMaster University's consolidated budget encompasses the operating, ancillary, research, capital and trust funds. The operating budget predominantly supports the achievement of strategies aligned to the University's mission and priorities identified within *Forward with Integrity (FWI)*. The *FWI* priorities are included within the Strategic Mandate Agreement (SMA) along with supporting strategic objectives and key measurement targets (or metrics) committed to the Ministry of Training Colleges and Universities (MTCU). The SMA is an evolving process designed by the Province to drive differentiation, quality and financial sustainability. The current SMA expires in March 2017, at which time a second phase of the SMA is anticipated.

In 2014/15 the new McMaster budget model completed its first year, achieving transparency around resource distribution and cost of support services. Work is ongoing to assess the effectiveness of the budget model in incenting and rewarding activities aligned to driving strategic priorities and objectives while minimizing costs. The budget model has resulted in a number of Faculties having their base budgets held at 2013/14 amounts until current activities result in a resource allocation greater than 2013/14 funding levels. These faculties are considered to be "held harmless" from the impact of changing to the new budget model, and receive the hold-harmless funding top-up from the newly created strategic University Fund. Currently, three Faculties' resource allocations are held flat. The operating budget pressure experienced by some Faculties under the activity-based model has caused significant focus on revenue generation opportunities and cost cutting measures.

Post-implementation review of the budget model is ongoing. In addition, the funding formula review, initiated by the MTCU, is understood to drive the differentiation policy framework, align funding to SMA objectives, and promote financial sustainability across the sector. This may result in a revised formula, which in turn may require a realignment of the model.

Finally, at the time of preparing this consolidated budget the Provincial government proposed new legislation requiring publicly-funded organizations, like McMaster, to make available relevant planning documents, such as the SMAs signed by Ontario universities, alongside the financial results of the institution. This consolidated budget represents the University's 2015/16 budget to support current strategic priorities and plans for 2016/17 and 2017/18. The budgets have been built to support the University mission and deliver on the *FWI* priorities and objectives and commitments within the SMA.

The 2014/15 Operating Fund in-year deficit is projected to be \$28.6 million on a cash basis (compared to a budgeted deficit of \$32.8 million). The in-year deficit, similar to the prior year, includes net one-time and non-recurring expenditures of \$41.6 million, and in the absence of these expenditures the Operating Fund is structurally balanced. The Operating Fund revenue incorporates the 3% undergraduate tuition framework cap, the Provincial policy lever funding reductions, the international student recovery, and a reduction in the municipal tax grant. The Operating Fund expenditures include normal salary inflation and step increases tied to collective bargaining agreements, commitments to the pension and post-retirement plans and other strategic investments planned by Faculties and departments. Strategic investments include both infrastructure upgrades and program developments aligned to McMaster's SMA. Overall in 2014/15, the Operating Fund represents 58.8% of McMaster's consolidated budget (56.7% in 2013/14). On the accrual basis, the consolidated surplus across all funds is projected at \$74.5 million, vs. last year's actual of \$86.4 million (restated from \$46.4 million due to new pension accounting rules). Once again the main reason for the surplus compared to the original budget is higher-than-

expected investment returns (10% vs 6%). Investment income earned on specific internally restricted reserves, such as the nuclear reactor decommissioning obligation, the bond sinking fund, and the post-retirement fund is recognized in consolidated income in the year earned. The positive returns on specific funding reserves contribute to McMaster's long term financial health, viability, and sustainability able to support long-term liabilities while the Operating Fund focuses within the more immediate term on delivering upon the mission and priorities set out in the SMA.

Included in the operating, ancillary and research funds are benefit costs and an operating budget to fully fund pension and non-pension benefits costs. In 2014/15 Stage 2 Solvency Relief was received on the salaried (Plan 2000) and hourly plans, resulting in funding deficiency payments being spread over a ten-year period ending in 2022/23. The research and operating departments incurred benefit costs averaging 30% of salary in 2014/15, trending downward in 2015/16 by 1% to 2% on average.

The Operating Fund budget deficit for 2015/16 is \$12.7 million, including net one-time spending of \$19.2 million, and is therefore balanced on a structural basis with an ongoing surplus of \$6.5 million. The consolidated budget is a \$54.3 million surplus on an accrual basis. The consolidated budget includes the operating results of the ancillary units, the research fund, the capital fund, and the trust fund (including internal reserves for long-term and future-oriented obligations), as well as specifically externally funded programs. Capital plans include new investments in a Living Learning Centre (a multi-purpose building including residential and teaching space), the research facility BEAM/Fraunhofer (IZI), and over \$8 million in deferred maintenance spending across academic and research buildings. These capital plans involve a review toward additional financing, if needed, affecting budget years 2015/16 and beyond.

## CONTEXT

### **Strategic Mandate Agreements and Forward with Integrity**

The Ministry of Training, Colleges and Universities (MTCU) and McMaster University signed a three-year Strategic Mandate Agreement (SMA), which outlines McMaster's areas of strength and growth and supports the vision, mission and mandate of the University. In the SMA, April 2014 to March 2017, McMaster makes a commitment to realize three key priorities, which align to the principles within *Forward with Integrity (FWI)*. These priorities are to:

- Strengthen research excellence and graduate education and training, while integrating research into our academic mission;
- Develop a distinctive, personalized, engaging student experience;
- Enhance connections between McMaster and the communities we serve, locally, provincially, nationally, and around the globe.

McMaster's alignment to the MTCU's differentiation policy framework is codified in the SMA along with institutional strategic targets (and/or metrics) associated with:

1. **Jobs, Innovation, and Economic Development:** McMaster commits to launching a Centre for Student Entrepreneurship. The measure for innovation is the number of active licenses held and jobs measured by graduate employment rates and the number of graduates employed full-time in a related job.
2. **Teaching and Learning:** Experience is measured by the percentage of courses that incorporate experiential learning opportunities and the percentage of courses that deploy technology-enabled learning approaches.
3. **Student Population:** McMaster is committed to continuing its efforts to increase diversity and create avenues for under-represented and at-risk students. Measures include the number and proportion of Aboriginal, first generation, students with disabilities, francophone students, and international students learning at McMaster, along with the proportion of learners receiving OSAP.
4. **Research and Education:** McMaster measures successes across many areas of the University and tracks level of industrial funding, along with research capacity, focus, impact, and international competitiveness metrics.
5. **Program Offerings:** McMaster identifies its ten current areas of strength and five areas for growth.
6. **Institutional Collaboration to Support Student Mobility:** McMaster builds upon its credit transfer program strength and commits to further develop partnerships with other Ontario universities and colleges to facilitate student mobility. Metrics include the number of jointly held college/university programs, number of transfer applicants and registrants, and the number of college graduates enrolled in university programs.

The SMA is an evolving process whereby historical Multi-Year Accountability Agreement reporting is expected to be replaced by annual reporting aligned to the SMA commitments and metrics. This

consolidated budget plan, with its three-year outlook, has been built to facilitate faculty and department alignment to the SMA and *FWI* strategic priorities.

## **Revenue Generation Environment**

Operating revenue primarily comes from Provincial grants and tuition paid by students. Demographic decline of university-age individuals is projected across Ontario with risk of variable enrolment decline across different Ontario regions. Revenue decline from MTCU and tuition will occur if domestic enrolment drops and is not offset with international enrolment. An increase in the domestic participation rate, which has been the Province's goal for some time, may offset the demographic decline.

Enrolment risk is monitored by the number of applications to McMaster. For 2014/15, applications increased over the prior year while the applicant pool was beginning to decline. Demographic decline is projected to peak in 2021. Some Ontario regions will recover more quickly than others and conceivably some regions may experience a permanent decline from today's levels. Recovery for many regions is not expected to occur until 2036<sup>1</sup>. Regions connected to the Greater Toronto Area (GTA), like Halton and Hamilton's main campus, due to its transportation infrastructure, are projected to be less affected than, for example, northern universities, and may in fact recover and grow more quickly.

As announced in the 2012 budget and unadjusted in the 2015 budget, the Provincial government continues to apply policy lever reductions to four Provincial funding envelopes targeted to produce savings to the government totaling \$81 million over 2013/14 and 2014/15. Based on the 2015 budget communications, the policy levers now appear to be permanent base reductions. In addition, the International Student Recovery, whereby the Provincial government reduces each university's operating grant funding by \$750 per international student (except for PhD students) enrolled in 2014/15, has been implemented. This funding reduction has not been translated to higher required student fees at McMaster.

The University has limited fee-setting autonomy and may only increase tuition for government funded programs within the Provincial government's tuition fee framework (currently set until 2017). McMaster's policy is to apply the capped tuition fee increases within the framework in order to support the quality of education our students receive. As there is no grant funding for international students, increases in international student fees that began in 2012/13 will continue and be monitored relative to our key peers<sup>2</sup>.

MTCU has announced a process to modernize the University funding model. A key goal of the funding model review is to align funding supports with the differentiation policy framework, including SMA targets and metrics, and drive quality and financial sustainability. Fiscal 2017/18 will be designated a transition year with the expectation of full implementation of recommended funding model changes in 2018/19. The funding formula review is proceeding along with consideration of the expected demographic decline affecting universities differently by region. In addition, there is a risk that expansion funding will be targeted only to Toronto and the GTA.

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<sup>1</sup> The Ministry of Finance report created from Statistics Canada data is available at <http://www.fin.gov.on.ca/en/economy/demographics/projections/projections2013-2041.pdf>

<sup>2</sup> Key peers include members of the G6, a group of leading research-intensive universities in Ontario. The G6 universities are McMaster University, University of Ottawa, Queen's University, University of Toronto, University of Waterloo, and the University of Western Ontario.

Application demand will continue to be monitored relying on reputation and quality, along with transportation infrastructure servicing the GTA, to evaluate continued enrolment levels.

### **Unfunded Liabilities in Pension and Non-Pension Post-Retirement Benefit Programs**

McMaster University maintains pension and non-pension post-retirement (extended health and dental) benefit programs for most groups of full-time employees. Both defined benefit (DB) pension and group RRSP plans exist. Most employees are members of the DB pension plans.

Funding the DB pension plans continues to be challenging. Both the hourly and salaried pension DB plans have significant funding deficits resulting in required special payments to the plans. The University has applied for and received Stage 2 Solvency Relief for the Salaried (Plan 2000) and the Hourly Pension Plan. The solvency relief program spreads pension plan deficit payments over a ten-year period. As of July 1, 2014, the salaried pension (Plan 2000) funding shortfall was estimated at approximately \$252 million on a going-concern basis<sup>3</sup> and the solvency<sup>4</sup> shortfall at that date was \$197 million. The pension plan deficiencies will require the University to contribute approximately \$186 million in special payments into the plan over the next eight years, in addition to current service costs. The \$186 million in special payments required is \$170 million less than the projection made last year due mainly to Stage 2 Solvency Relief combined with actual interest returns and the future interest rate assumption.

Non-pension post-retirement programs (such as extended health and dental benefits) also have an unfunded deficit. As of April 2014, the present value of the expected future cost of non-pension post-retirement obligations was estimated at \$251 million (\$225 million in April 2013). The post-retirement investment reserve continues to be monitored for its ability in the future to alleviate this cost burden from the Operating Fund, a key objective associated with this obligation solution.

To help address underfunding in both the pension and non-pension plans, changes in plan design and increases to both employee and employer contributions have been implemented. Further detail on post-retirement benefit programs is included in Appendix E. Additional sector-wide work is underway examining the value of merging defined benefit plans into a multi-employer jointly-sponsored pension plan (ME-JSPP). Among other considerations, the benefits of moving toward a ME-JSPP for employees would be pension plan sustainability and portability within the sector. For universities, the benefits of a ME-JSPP include the fact that the risks and rewards of future plan deficiencies would move to a 50:50 sharing model with plan employees. McMaster is actively engaged in the JSPP modelling, as well as a number of representatives from our unionized groups and associations. At this stage it is uncertain how the process will unfold as both the employer and employee constituents examine plan affordability and risk.

Finally, the Provincial government will be introducing an Ontario Registered Pension Plan (ORPP) for all employees who are not enrolled in a defined benefit DB plan. This legislated pension plan would be in addition to the current Federal government's Canadian Pension Plan. The ORPP will increase employer costs by 1.9% (up to a salary or wage of \$90,000) for every non-DB staff

<sup>3</sup> The going-concern valuation assumes that the pension plan will be maintained indefinitely and has a long-term time horizon.

<sup>4</sup> The solvency valuation assumes that the institution ceases to exist. The solvency measurement is lower than the going-concern valuation because asset gains are taken into account immediately under this methodology, whereas the going-concern measurement using a smoothing approach to accounting for gains or losses over a five year period.

member. In addition, the university will also be required to modify systems to enable a matching 1.9% contribution to be taken from staff. The implementation date for the ORPP is expected within the budget planning horizon.

### **Uncertainty in Financial Markets**

Financial markets have a significant impact on McMaster's financial position through the investment returns on pension plans and both internal and external endowments. The endowment fund investment policy uses a diversified asset allocation strategy that includes a mixture of equities (60%) and fixed income (40%). Annual net returns have been widely variable as reflected in the chart below.

Fiscal	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15*
Rate of Return	17.1%	11.5%	0%	10.1%	14.7%	10.0%

*\*projected rate of return in the investment pool*

The University's objective for its endowment funds' annual rate of return is to earn an annualized 5.0% real rate of return after expenses over the long term. Budgeted investment income for 2015/16, and each year thereafter, is based on a net 6.0% return. The fluctuating investment returns affect the University's ability to make long-term outlook-based spending allocations for strategic priorities. The positive investment trend for the last three years has strengthened the University's financial position and continues to allow for some financial flexibility to deal with pension and non-pension funding needs and strategic capital priorities. Short-term rates of return are expected to remain low in 2015/16.

### **Cost Pressures**

McMaster faces significant cost pressures, which force difficult choices in order to continue to invest in the research-focused student-centered University mission. Present and future challenges to operating performance include:

- Inflationary pressures of over \$15 million per year. Salary and benefit contribution costs continue to rise. Demand for highly qualified faculty, staff and researchers, nationally and internationally, is expected to continue, requiring McMaster to compete for talent and resulting in pressure on the University's financial position. Other major cost pressures where there is less control include: utilities, additive operating costs related to new buildings, and US exchange rates.
- Maintaining the quality of education by increasing teaching by tenured, tenure-track or teaching-track faculty while ensuring an optimal student:faculty ratio. This may be difficult to attain with increasing enrolment and reduced faculty numbers. In addition, ensuring equity in compensation has highlighted a gender gap that will be closed with increased salaries for female faculty members in 2015/16.
- A need to review and potentially reallocate resources across the University to sustain and advance the new enterprise-wide resource planning system (Mosaic). The costs associated with systems renewal and sustainability are considerable and require balancing among other priorities and strategies. In addition, the learning curve associated with

implementing multiple system modules has placed staffing pressures on all operating envelopes.

- The costs of maintaining new and current space to appropriate standards. The University continues to fall behind on deferred maintenance, which now totals approximately \$285 million. Increased operating allocations to address this backlog will reach steady state of over \$10 million in 2016/17. In addition, MTCU has announced increased deferred maintenance funding for the sector for future years.
- With the projected decline in the university-age demographic, there will be competition among universities to attract students. Currently McMaster does not extensively advertise. A marketing strategy is under consideration and would result in increased costs.
- McMaster's need for increased capacity for both existing and projected enrolment. Space constraints are impacting both admission targets and commitments to research.
- The costs of compliance with increasing regulatory and reporting requirements, such as the Access for Ontarians with Disabilities Act (AODA), for which no external funding is budgeted.

### **Funding for Indirect Costs of Research**

The indirect cost of research (or research overhead) is typically paid in relation to the direct research costs of a project. Many sponsors provide funding to cover the cost of research overhead. Both the Federal and the Provincial governments provide institutional grants in the amount of \$12 million and \$3 million respectively. The Federal program pays overhead at 19% of all eligible Tri-Agency programs. The Provincial government provides the institutional grant plus typically 40% on Provincially-funded projects. According to University policy, private sector research projects are required to provide an amount of 40% to cover the cost of overhead. Some programs, such as the Canada Foundation for Innovation, do not provide any overhead funding. Overall McMaster receives 11% of direct research costs to compensate for the indirect costs of research. Depending on how indirect costs are defined, the true costs could be as high as 46%.

It is evident that the more successful the University is in securing research grants, the more resources are required from operating and capital funds to pay for the full cost of research. As a highly research-intensive University, this financial requirement is a significant pressure.

### **Long-Term Balance Sheet Challenges and Credit Rating**

The 2014 updated credit rating reports have resulted in unchanged credit ratings. S&P remains at AA- (stable), and DBRS remains at AA (low) - stable, despite a lower Province of Ontario credit rating (S&P AA- (negative)). Although the financial health of the University has improved over the past three years, the ratings have remained unchanged. This is due in part to the continuing pension and non-pension cost pressures, as well as the lower provincial credit rating, given that the Province provides 39.7% of the University's operating budget.

## THE BUDGET PROCESS

### *McMaster Budget Model Overview*

The close of fiscal 2014/15 will complete the first full year of the new McMaster budget model. Under development since 2007, the model aims to strike a balance between providing transparent activity-based funding and maintaining financial flexibility to address strategic goals.

Using the model, a percentage of gross revenue (currently 8%) goes into the University Fund for strategic priorities, and the remainder is allocated to activity units (Faculties) based on how the revenue was generated, e.g. student tuition and Provincial grant income. Support units receive a fixed revenue allocation, which is charged to activity units based on usage/support drivers that are most relevant to the operation of the support unit, e.g. facilities costs are charged out based upon assigned space. Further adjustments to the activity units' allocation are made for research intensity. The net allocation available to the activity units, after support unit costs, is to carry out the academic and research mission aligned to the SMA and FWI. Additional information on the budget model is available at <http://budgetmodel.mcmaster.ca/index.html>. Allocations and hold-harmless levels by envelope are available in Appendix B.

The Faculties are in transition, adjusting to the new resource allocation model. The principles governing implementation of the budget model included promotion of transparency, financial accountability and fairness. These objectives are being met by providing detailed driver data used in model calculations, enabling activity units to analyze all aspects of their operations and plan for revenue generation and cost containment activities. For example, activity units are studying how labs are used in an effort to decrease space costs, which may result in reallocation of underutilized space assisting with current capacity issues and resulting in greater overall efficiency. The implementation of the activity-based allocation methodology has meant that some Faculties must be held harmless at previous allocation amounts until activity rises above previous funding levels. Faculties in hold-harmless are under greater financial constraint until activities surpass current funding levels as these resource allocations are held flat (fixed) while annual expenditure inflation continues to occur.

McMaster's overall focus must remain on maintaining academic and research excellence. Given that the new budget model has just completed Year 1 (2014/15), with Year 0 being the shadow year, there are two years of results available to review the validity, effects and behavior of the model, which has resulted in several adjustments to the various drivers and methodologies employed, in order to maintain that focus. Faculties have a more transparent and controllable resource allocation model, but require a deeper understanding of cost control mechanisms associated with support unit costs to ensure the core mission is not compromised. There must be continuing dialogue and assurance that support units are providing value commensurate with the support costs borne by the activity units. Post-implementation review and adjusting is ongoing and it is anticipated that a major realignment will be required once MTCU releases a new funding formula (potentially for 2016/17).

### *Budgeting Principles and Process*

Accountability for the effective management of the budget is delegated by the Board of Governors to the President. The Budget Committee of the University has the responsibility for oversight of the operating and ancillary funds of the University, which account for two thirds of the annual

expenditures, and recommends the annual budget to the President. In addition, specifically externally funded programs are included in each envelope's submission to the Budget Committee.

The 2015/16 budget and following two-year plans are developed using principles and priorities aligned to the Strategic Mandate Agreement and *Forward with Integrity*:

- The academic and research mission of the University is foremost in the development of guidelines to budget managers.
- Revenue must be strategically allocated in support of the University mission.
- Ongoing and one-time costs need to be identified in order to develop a clear picture of our financial position.
- Envelopes must be structurally balanced with ongoing expenditures less than or equal to ongoing revenues.
- Unfunded priorities must be decided using a rigorous process in a way that is strategic, fair and equitable across the University, and avoids a piecemeal approach.

There is uncertainty in the revenue budget. The main sources of income are subject to Provincial regulation, with tuition subject to caps and grant funding under review. However, in order to promote realistic three-year plans and a budget to support the academic mission, reasonable estimates of increased enrolment and revenues based on strategic objectives and commitments have been included and allocated to Faculties. Other revenue is budgeted more conservatively, and although welcomed when received may create variances and doubt in the budgeting process.

### **Budget Development**

The Budget Committee issues budget guidelines to envelope managers to provide a uniform basis for summarizing supporting strategic priorities and the development of the 2015/16 budget and following two-year plans. The budget guidelines set fixed allocation levels for support units. For 2015/16, support unit allocations included a modest funding increase to partially defray increased salaries, wages and benefits.

Budgets are developed by envelope managers on the basis of the guidelines. Each of these envelopes is reviewed by the Budget Committee using a standard submission framework, identifying:

- Strategic objectives and their relationship to the Strategic Mandate Agreement and *Forward with Integrity*
- Cost pressures, the actions taken to achieve a balanced budget, effects on the University community, and the related risks
- All one-time costs and the related funding sources
- Capital plans

While receiving budget submissions, the Budget Committee identified unfunded priorities and potentially unacceptable cost-cutting actions. The Committee explicitly prioritized these items for review by the President, recommending some for funding. In consultation with the Vice-Presidents, the Budget Committee and the President undertook their best efforts to fund as many

of these important items as possible. In order to finalize the budget, senior management reviewed the financial position over the three-year planning horizon and made adjustments to ensure continued financial sustainability while promoting the academic mission.

### **Key Assumptions**

Budget assumptions include:

- Domestic tuition rate increase will match that allowed by the MTCU tuition fee framework (see Table 1). International undergraduate and graduate rates are assumed to increase by 6% per year.
- Overall enrolment is projected to modestly increase in accordance with the Strategic Mandate Agreement. Although the demographic pool of applicants is expected to decline, current demand is greater than the number of positions available. Many applicants whose academic record suggests that they could be successful at McMaster must be turned away. Enrolment increases are expected to be maintained through a combination of admitting a greater percentage of eligible applicants, increased participation rates in the applicant pool, and international enrolment.
- The undergraduate enrolment projection model uses the Enrolment Management Team's (EMT) level 1 targets to project each Faculty's intake each year. To project movement between levels 2 and above, within each Faculty and between Faculties, the projection applies a flow-through methodology that incorporates each Faculty's mean retention rates over the past three years.
- To project graduate enrolment, since no level 1 intake targets are set at the graduate level, the graduate enrolment projection model is a flow-through model based on the following two elements:
  - **Each Faculty's historical level 1 intake:** The 2014/15 level 1 intake (i.e. as of November 1, 2014) was applied as the anticipated level 1 intake from 2015/16 to 2017/18.
  - **The transition probabilities of students from levels 2 and above:** Similar to the undergraduate projection, to project movement between levels 2 and above, within each Faculty and between Faculties, the graduate projection applies a flow-through methodology that incorporates each Faculty's average transition rates over the past three years.
- For both undergraduate and graduate enrolment projection models, actual enrolment data at the student level are used to simulate the projections. The projection data includes FTEs, headcount and BIU counts by Faculty, level, registration status, immigration status, and fee category.

Table 1: Key Budget Assumptions

		2014/15 Projection	2015/16 Budget	2016/17 Plan	2017/18 Plan
Enrolment	Undergraduate FFTE's	24,389 +1.1%	24,511 +0.5%	24,633 +0.5%	24,757 +0.5%
	Graduate FTE's	3,760 +2.8%	3,760 Flat	3,760 Flat	3,760 Flat
Operating grants	Basic Operating Grant	-0.9% - final policy lever reductions	Flat	Flat	Flat
	Undergraduate Accessibility Grant BIU rate	-0.7% to \$5,364	Flat	Flat	Flat
	Graduate Expansion Grant rate	Master's -1.0% to \$13,798.21	Flat	Flat	Flat
		PhD -1.0% to \$26,626.32	Flat	Flat	Flat
Tuition rate		<ul style="list-style-type: none"> <li>Overall average domestic tuition fee increase: 3.0% <ul style="list-style-type: none"> <li>Arts &amp; Science Undergraduate or other: 3.0% for all students</li> <li>Professional Undergraduate: 5% for level 1; and 3.4 % for all other levels</li> <li>Graduate Research (with a thesis component): 0% for all students</li> <li>Graduate Professional (course work only): 5% for level 1; and 2.0 % for all other levels</li> </ul> </li> <li>International rate increase 6%</li> </ul>			
Investment return	Long-term	6.0%			
	Short-term	1.0%			
Compensation	Salaries	Average 1.5% across the board increase			
	Benefits	<ul style="list-style-type: none"> <li>Implementation of pension funding measures to promote research: <ul style="list-style-type: none"> <li>Salaried pension 158% of employee contribution</li> <li>Balance of funded from reductions to envelope allocations</li> </ul> </li> </ul>			
	Staffing	Temporary increases for system renewal Retirement incentives offered		Critical vacancies filled	

## ACTIONS TAKEN TO EASE OPERATING BUDGET PRESSURE

At the direction of the Board of Governors, the University is required to present a structurally balanced budget. The 2014/15 budget reflects action taken in five main areas:

### Revenue Generation

Achieving the academic mission is the University's paramount objective. Many of the activities currently underway are designed to increase revenue while simultaneously achieving the University's academic mission. Strategies to increase the revenue base include, but are not limited to:

- Achieving enrolment objectives as committed in the SMA
- Launching innovative new programs like Centre for Student Entrepreneurship; Learn to Lead Academy; EMBA in Digital Transformation; PhD in Cultural Studies, Communication and New Media; a unique bachelor/masters degree in Biomedical Discovery and Commercialization; and the undergraduate program in Biomedical Engineering
- Examining existing academic programs and repackaging them to meet current high-demand areas
- Increasing student access to programs through online offerings and new pathways to degrees
- Removing the unit cap on certain programs to bring tuition fees in line with comparable universities
- Promoting four-year Honours and Combined Honours degrees
- Comparing offerings with other universities to identify opportunities to create distinguishing programs
- Attracting top students through increased financial incentives
- Investigating marketing strategies to counteract the effect of the demographic decline
- Maintaining investment strategies that strike the right balance between risk and return
- Seeking targeted funding for specific resources required by specialized research groups
- Securing revenue from external granting sources like the Ontario Online Initiative and Productivity and Innovation Fund to promote program development
- Developing strategic plans for ancillaries with explicit focus on competitive advantage

### Saving or Reallocating Resources

Costs incurred should directly contribute to the academic mission. Strategies to control costs include:

- Examining detailed budget model data to identify potential efficiencies and opportunities for resource realignment

- Reviewing space allocation and reassigning underutilized areas
- Increasing the share of courses taught by teaching or tenured faculty
- Enforcing minimum teaching loads
- Offering retirement incentives to accelerate strategic faculty renewal
- Conducting organizational reviews to optimize design, effectiveness, and appropriate resource alignment
- Ensuring that costs are accurately shared with affiliates, ancillaries and research projects
- Developing energy strategies to make a material reduction in consumption over time, including air balancing, retrofitting aging buildings, and consideration of building usage
- Ensuring that debt structure can be serviced comfortably while achieving full cost coverage and capital sufficiency

Employee costs account for almost 70% of operating costs and are therefore a major focus of cost-reduction strategies. Historically, these costs have been rising faster than revenues, as compensation increases and the costs of absorbing pension payments into the operating budget have taken effect. For some years, McMaster has been pursuing strategies in labour negotiations, targeted at reducing the rate of increase and establishing greater cost certainty while being mindful of the need to be competitive in the market to ensure effective retention and recruitment. Our partner employee groups have responded productively to bring significant change leading to better financial outcomes. Key successes have included changes to pension benefits and post-retirement benefits, along with employee contribution increases.

### **Control of Envelope Allocations**

From 2008/09 through 2012/13, support unit allocations were frozen with the exception of special funding for strategic priorities. Beginning in 2013/14, allocations to support units were adjusted to partially offset inflationary costs of salaries and wages.

The budget process includes prioritization of costs considered essential to the academic mission. This occurs at first instance in the Faculty submissions. Initial allocations are made from the University Fund for the most important strategic priorities, including program and learning support enhancement and research support. Where approved, ongoing priorities are built into support units' base budgets and allocated to activity units after the first year.

### **Pension Deficit Funding Relief**

Due to the approval of Stage 2 Solvency Relief for both the salaried (Plan 2000) and the Hourly plan, the pension envelope to cover special payments of Plan 2000 will be reduced by \$1.5 million in 2016/17. This reduced support unit budget will release \$1.5 million to the activity units and will not result in any increase to the associated benefit rate.

### **One-time Investment Reserve Transfers**

To temporarily assist the operating budget balancing pressures, five \$3 million one-time transfers from the investment reserve interest income will be made into the operating budget (2015/16 to 2019/20). These transfers will be annually monitored against investment performance to ensure

sufficient continuity of the fund. The investment reserve is used to ensure a continuation of funding in years when interest returns fall below the budgeted 6%. Due to three consecutive investment returns greater than the planned 6%, these one-time transfers are possible without depleting the reserve balance for its intended purpose.

## ENVELOPE HIGHLIGHTS

### Activity Units

#### Faculty of Humanities

In 2014/15, two flagship research initiatives, the L.R. Wilson Institute for Canadian History and the Bertrand Russell Research Centre, had critical funding renewed. There has been investment in new research clusters that focus on Humanities engagement with the digital frontier, the worlds of science, and community-based scholarship. The undergraduate experience is being changed to more clearly encourage the development of communities of interdisciplinary learners, to better highlight the ways in which programs can meet the career aspirations of students, and to expand the access to programs and courses through online learning.

These changes are a creative response to wider concerns about the value of Humanities degrees. Those concerns are challenging but have not undermined the Faculty's determination to address the structural deficit. The deficit remains, but, in spite of a decline in the number of students entering McMaster to take Humanities programs, a narrowing of the gap between expenses and revenue allocation over the next three years is projected.

The Faculty operations and program portfolio will continue to be reviewed, while seeking to recruit and retain more Humanities students by capitalizing on the excitement generated by the opening of the Dr. Robert and Andrée Rhéaume Fitzhenry Studios in 2015 and L.R. Wilson Hall in 2016.

#### Faculty of Business

The DeGroote School of Business (DSB) is on a forward trajectory with several exciting initiatives coming online in the next few years. The new strategic plan provides the essential framework for continued growth in revenue that will guide the Faculty's investment in faculty renewal, programming, and research. Over the coming year the School will open admissions for the EMBA, launch a health management partnership with the Faculty of Health Sciences, install a research center in evidence-based management, and launch the Learn to Lead Academy. All of these directly support the Faculty's goal of transforming business and society.

DSB's financial health continues to be strong and is expected to remain positive over the coming years. The investment in the completion of the fourth floor of the Ron Joyce Centre does not provide for a large contribution to the Faculty's cumulative debt. However, the subsequent years will provide for ongoing contributions with a goal to retire the debt over the coming five to six years.

Establishing comprehensive and relevant key performance indicators will be integral to the full and successful implementation of the School's strategic plan. This work will be undertaken with the involvement of faculty, staff, alumni and industry partners.

#### Faculty of Health Sciences

The Faculty is committed its strategic initiatives of stabilizing research capacity; expanding distributive learning, and increasing inter-professional education and research. Examples of specific initiatives include the School of Nursing's community-embedded learning initiative, new

programs such as the Biomedical Discovery and Commercialization, and research on the use of learning e-portfolios by students taking part in global outreach activities.

Reductions to clinical income are a threat to revenues and the ongoing contribution to the Faculty's academic mission by its clinical faculty. Rising competition for research funding and continued fiscal stress on hospital partners are hard realities that present financial risk in the long-term. The Faculty of Health Sciences is also challenged to maintain balanced budgets with rising costs and flat or declining revenues.

The Faculty of Health Sciences is streamlining operations, including increasing class sizes and reducing the number of staff and faculty across all areas. There is increasing reliance on non-operating fund sources for salary recoveries. A number of exciting new education programs are in development that will increase enrolment.

## Faculty of Engineering

The Faculty of Engineering plans to focus on the student experience over the next year with investments in physical space, professional development for students, and technology, as well as increasing opportunities for international experiences. An integral part of the Faculty's innovative culture is the focus on experiential and problem-based learning that enables students to gain hands-on experience through co-op work terms, internships and other experiences that stimulate learning. Resources have been committed to new undergraduate and graduate scholarship programs with the objective of enhancing the quality of the applicant pool. The number of online course offerings available within the Faculty continues to be increased. Engineering has also established programs to reward excellence among faculty, as well as programs to increase opportunities to engage the community.

The Faculty will end this current fiscal year with a projected increase in surplus, mainly due to slip-year revenue resulting from increased enrolment. Plans are in place to invest in development of current physical space to enhance student experience as well as an ambitious plan to recruit 13 new faculty members. As the faculty recruitment plans detailed in this budget are implemented, the Faculty will be at capacity in terms of space. Further plans to develop the areas of Biomedical Engineering and Systems Engineering are constrained until space issues are resolved. Collaborative relationships within and outside the University have been developed in order to maximize opportunities for future space development.

## Faculty of Social Sciences

In the Faculty of Social Science's quest to build distinctive, effective and sustainable undergraduate experiences, and deepen community collaborations, the Faculty has worked with the Faculty of Health Sciences, Mohawk College and community partners to develop a new undergraduate degree in Health and Community which is proceeding to MTCU for approval. The Faculty continues to expand its Experiential Education offerings, including internship and service learning opportunities. Capacity for faculty to adapt their courses to active learning approaches is being built. The Faculty continues to hire exceptional junior faculty who will build on the existing research excellence. Three new PhD programs have been submitted to MTCU, and research capacity and infrastructure are being improved through the construction of a Big Data lab, IQ2, which includes the Better Data, Better Communities lab, and the formation of a McMaster School of Public Policy. The IQ2 lab will not only enhance faculty research but will attract researchers from around the world to McMaster.

Soft Arts and Social Sciences enrolments constitute the greatest challenge the Faculty's budget. It is imperative that the Faculty engage in creative and effective recruitment and retention strategies, including improved access to residence beds, to ensure that the best students choose McMaster as their first choice.

The Faculty continues to reduce costs where possible, especially those associated with very small classes. Where prudent, new programs have been developed or old ones revamped to make them attractive to students. Data made available through the budget model is being shared with academic units to help inform their allocation decisions. A new public relations position has been hired to aid the Faculty in recruitment and retention at both the undergraduate and graduate levels. Some changes to academic regulations have been completed to improve revenues, and the Faculty is gearing up for more significant curriculum change around three-year BA's and Honours programs to further improve the revenue stream.

## Faculty of Science

The Faculty will be creating a new School of Interdisciplinary Sciences, re-developing the Life Science program, assessing all program and course offerings, reviewing space requirements and revitalizing the faculty complement.

The Faculty of Science is predicted to have a flat allocation until it moves out of the hold harmless threshold. This creates the necessity of absorbing annual salary increases without any further resources. The magnitude of the deficits going forward will require significant effort to attain a balanced budget in the future. The Faculty plans to focus efforts to attain a balanced budget by engaging in activities which allow it to grow in strategic areas, find new revenue streams and generate cost savings in other areas. Actions to increase revenue have been noted including a focus on Advancement; minimizing three-level degree enrolment and increasing four-level; increased domestic PhD graduate enrolment; increased research grants to drive further funds from the Research Investment Fund; internal and external cost recovery reviews; memorandum of agreement development for interdisciplinary programs; reduction of levy drivers with a focus on net assignable square meters; and a Strategic Alignment Fund project to develop a Life Science Laboratory.

Actions to decrease expenditures include reviewing faculty teaching course loads, creating a team to review the support/administration model, reviewing the use of undergraduate TAs and teaching laboratories, reviewing research support to ensure that it is relevant and current, looking at departments to analyze whether there might be efficiencies in consolidation, closing underutilized research support facilities, engaging in program revitalization to further increase retention, and participating in any institutional initiative that encourages faculty revitalization.

## Arts & Science Program

The Arts & Science program is committed to completing the process of faculty renewal by ending a reliance on sessional/retired faculty and establishing new agreements for teaching release, as recommended in the 2014 IQAP reviewers' report. The goal is a stable faculty complement, with core courses to be taught by regular faculty members, where possible on three-year secondments from the Faculties of Humanities, Science, and Social Sciences, as well as by the new tenure-track hire shared by Arts & Science and MIETL. Creative development of collaborations with other units will continue to be an important objective (e.g. provision of experiential learning and student research opportunities), as will an expansion of the McMaster Discovery Program, a successful and significant initiative in community engagement. Plans are underway to establish a better web and

social media presence, partly as a means of developing an international profile and increasing out-of-province admissions. Work is also being done to involve Arts & Science alumni in the promotion of learning opportunities for current students within a culture of scholarly challenge and social responsibility.

## University Fund

The University Fund has the goal of supporting excellence, innovation and renewal in the academic areas of the University by allocating funds to new academic initiatives, unforeseen expenses and emergency issues that arise during the course of the year. By design, the projects supported in this way are short-term and specific with the intention that successful innovations will be funded permanently by different means, keeping the fund free for new initiatives of innovation and excellence. The Office of the Provost is responsible for developing appropriate mechanisms to control and use the University Fund as a strategic tool for the University.

In 2014/15 the University Fund supported strategic priorities including the Research Excellence Fund (\$2.5 million), the Strategic Alignment Fund (\$5.0 million), and base funding for the McMaster Institute for Innovation and Excellence in Teaching and Learning (\$1.7 million). In 2015/16, another \$10.9 million will go toward critical unfunded priorities, such as Mosaic sustainment, utilities and maintenance, research support, and pedagogical quality assurance. Finally, \$16 million will be used in each of 2014/15 and 2015/16 to hold Faculties harmless (at 2013/14 budget levels).

All of these funds enable greater flexibility in achieving the academic mission of the University and support discovery and learning opportunities. We remain challenged to support initiatives crucial to the long term strength of the institution in the face of short term needs.

## Support Units

### Student Affairs

Student Affairs remains committed to providing student-centered programming focused on helping students reach their potential. An expansive range of programs and services are offered; serving the mental and physical health needs of our students, supporting their career development, developing their academic skills, providing accommodations to growing numbers of students with disabilities, and helping first-year and international students' transition to student life.

This year, a Centre for Student Entrepreneurship was successfully launched, aligned to the SMA, and helped secure a \$1 million grant to fund the development of an accelerator space to support new initiatives. In addition, the newly developed comprehensive Mental Health Strategy will be ready for implementation in 2015/16, incorporating case management, mental health training, and research and policy development. A proposal for additional funding has been submitted to the Ministry of Health.

However, the Student Affairs operation is not sustainable in its current configuration. After 2015/16, the current appropriations will be depleted in order to fund the operating deficit. Success in negotiating revised fees with graduate students and part-time students and the re-distribution of undergraduate fees is critical to maintain the current level of services and programs provided to these groups of students. Success in achieving fundraising targets for Athletics & Recreation is also critical.

## University Library

The University Library supports experiential, self-directed learning by embedding library content into the campus' new online courses. The Library enhances the campus' research mission through its growing publishing program (MacSphere, Escarpment Press, Student Journals @ McMaster) and its leading-edge digital scholarship program (via the Lewis & Ruth Sherman Centre for Digital Scholarship). The Library will take the campus lead on research data management in conjunction with the new MacData Institute. The Library supports community engagement at the local level through its Digital Storytelling initiative and its active involvement in the Hamilton Juno celebration. The Library will establish deeper relationships with its peers at Western, Toronto, Queens and Ottawa through the Downsview Preservation Copy Storage Facility.

The University Library faces pressure on its acquisition budget. The cost of scholarly resources climbs far faster than inflation. The prices McMaster pays for many of its resources are determined by "research intensity". McMaster is ranked as a top-tier university in terms of research intensity and pays higher rates for its key information resources as a result. A budget adjustment made in 2012/13 provided significant relief for the last few years. The impact of this adjustment will last until approximately 2017/18 (with the determining factor being the value of the Canadian dollar).

The University Library will support modest but contained increases to its acquisitions budget to support current purchasing power. The University Library will fill a small number of mission-critical positions. Focus will be placed on new roles, fundraising/development, digitization of unique collections and support for scholarly publishing.

## Office of the Registrar

Through modest revenue increases, cautious spending and the continuous assessment of the full staff complement, the Office of the Registrar and Enrolment Services (RO/ES) is poised for a solid fiscal showing in 2015/16. Continuous reviewing of the department's business processes has already allowed the office to initiate many operational changes to create efficiencies and improve customer satisfaction. Some key initiatives related to *FWI* include developing a distinct, effective and sustainable student experience; maintaining a positive working environment; and support of the Mosaic project through implementation.

Significant pressures impacting the budget include increasing student enrolment, Mosaic implementation needs and external cost increases that are beyond the unit's control. The RO/ES is responsible for significant aspects of student service delivery. It is the department's intent, where possible, to continue to provide necessary services and find budget relief through process efficiencies. With the last of three Mosaic Student Administration implementations completed in March 2015, the department has already begun transforming existing FTEs to better position themselves to support and sustain the new system. In total, eight FTEs have been transformed and requests for two additional two-year contract FTEs and one permanent FTE have been added to the existing staff complement.

An increasing student population has had a significant impact to service areas, particularly in Student Financial Aid & Scholarships, Scheduling & Examinations and Admissions. The office recognizes a number of areas where additional ongoing FTEs are needed to meet increasing service demands.

## School of Graduate Studies

Graduate students are at the heart of McMaster's academic and research missions, and the aim of the School of Graduate Studies (SGS) is to support and facilitate the quality and diversity of graduate education and research programs; to ensure that all members of the graduate community are valued for their contributions; to provide an innovative and stimulating learning and research environment; to enhance opportunities for undergraduate research; to build strong intellectual communities within the University and linked to local and global partners; to support the research mission through development of strong student researchers and postdoctoral fellows; and to maintain the direct support of graduate students.

As a result of long-term planning, SGS has relatively healthy operating and scholarship budgets for the coming few years. However, if graduate enrolment continues to grow, and services for students and postdoctoral fellows necessarily increase, SGS will need to work with the Faculties, Provost, and other offices to ensure the scholarship and operating budgets can support the growing needs and expectations of all stakeholders in keeping with the ideals of *Forward with Integrity* and McMaster's SMA, and as appropriate for one of Canada's leading international research Universities.

Over the next few years, SGS will capitalize on the momentum created to support existing and newly developed graduate programs, while improving the student experience and opportunities for research training. SGS will enhance support of undergraduate research training and postdoctoral fellows; build on the success of and opportunities provided by MyGradSkills.ca; develop strategies to improve recruitment, retention and diversity of graduate programs; enhance opportunities and support for international students; and work toward building strong intellectual communities among graduate students and the faculty and staff who support them.

## Museum of Art

The Museum will continue to contribute to the academic mission of McMaster through exhibitions, research, and educational programs in partnership with campus and external arts-community colleagues as well as through providing opportunities for students to work, study and learn at the Museum. The Museum serves as a cultural presentation and research centre that liaises between the campus and the broader Hamilton and region community and will intentionally cultivate local community connections.

The changing face of public funding to the arts in Canada, wherein agencies are re-thinking their commitment to operating support to cultural institutions, has adverse effects on the Museum, much of which is yet to be determined. The Museum is nearing the end of a \$500,000 donation for programs which has covered many program costs over the past four years.

Measures to contain budget shortfalls include partnerships (shared costs), grant applications and developing community collections donor groups.

## McMaster Institute for Innovation and Excellence in Teaching & Learning (MIETL)

MIETL's focus on expanding and enhancing signature McMaster learning approaches like inquiry and experiential learning, and on integrating students into research activities (to list just two examples) are at the heart of *FWI*. MIETL is pursuing four focus areas: pedagogy/educational development, enhanced learning, research in teaching and learning, and program enhancement, with all four areas engaging students fully as partners.

MIETL's specific budgetary pressures relate to dramatically increased demand for digital teaching technologies, ambitious evaluation and quality assurance projects, and the creation of services for MIETL members.

MIETL is pursuing a growth vision which includes establishing a series of unique Chairs, building world-class research programs, delivering colloquia of international prominence, helping McMaster's leading teachers increase their profile, re-establishing and expanding a granting program for teaching initiatives, building and testing innovative physical learning environments, creating a new model for integrating students into MIETL's functions, establishing an international advisory board, and building an effective membership structure.

## Research Envelope

The Research Envelope includes executive offices, some research institutes, regulatory bodies and the nuclear reactor, all committed to supporting researchers, providing compliance services and maximizing the research enterprise at McMaster University. These operations have different pressures and objectives. Research is a dynamic environment. In addition to opportunities that are actively sought to enhance the strategic mission, new opportunities often materialize with little warning.

McMaster Research has accomplished much over the past year. While McMaster's research income has increased by 2.5%, affiliates' income has declined by 18% which has resulted in an overall decline. Over the past year, activities included outreach to many new industrial partners and hosting several grant announcements with our government partners. The last Federal budget announced the new Canada First Research Excellence Fund (CFREF), \$500,000 over two years for additional Automotive Partnership Canada funding, and \$8 million for Mitacs, and an addition to the Federal Indirect Costs of Research fund of \$9 million and an increase to Tri-Agency funding of \$37 million with both of these last two funding commitments renewed in the 2015 Federal budget. These investments demonstrate the importance of research to the Federal agenda. Research funding opportunities exist and McMaster is actively pursuing these.

## University Technology Services (UTS)

In one of the most significant commitments ever, the University invested \$62 million in Mosaic, a new Enterprise Resource Planning (ERP) system. On schedule and on budget, this project is nearly complete, with the successful implementation of Finance, Research, HR and Campus Solutions modules. Completing the implementation and addressing the inevitable post-implementation issues are the priorities for 2015/16. Funded over 13 years, the system is the operating platform for the University and is expected to yield operating efficiencies as it is stabilized, providing an opportunity to re-think how the University operates and to overcome traditional silos of operations.

In addition to Mosaic, milestone achievements in 2014/15 include expansion of wireless service across campus and upgrading student computing labs. Actions planned for 2015/16 include completion of e-mail and calendar upgrades, beginning the business intelligence project, and decommissioning legacy systems.

Budget pressures include additional highly skilled FTEs required to transition Mosaic from project to sustainment. In addition, contractual obligations on hardware and software supporting the entire University increase annually.

## Administration and Facility Services

The division continues to operate at staffing levels below those of seven years ago despite University growth of approximately 15% in students and over 30% in revenue. As reflected in benchmarks, preliminary service surveys and employee engagement results, the operating pressure is strong and has been relieved during this planning period from reserves. The division will undertake organizational reviews to determine the impact of Mosaic on both operations and application maintenance. The utilities envelope is under significant pressure due to the large increase in hydro costs due to the global adjustment charges, requiring an increased allocation of over \$3 million to cover costs in 2015/16.

## University Advancement (UA)

University Advancement supports university goals and *FWI* initiatives by building McMaster's reputation, relationships and resources through public, community and government relations activities, alumni programming and development initiatives. These activities help to support the student experience, research programs and community outreach by bringing in new revenue, providing engagement opportunities and sharing McMaster's story with national and international audiences.

UA continues to work with University leadership to identify priorities and deliver creative and leading advancement programs to achieve McMaster's objectives. In particular, there will be a focus on enhancing the wide-ranging relationships McMaster relies upon to build its reputation and support, including an annual return of over \$21 million. UA will also continue to work to address the challenges in recruiting experienced professionals in the areas of fundraising and government relations.

## RESULTS BY FUND

### Operating Fund

Table 2: Operating Fund Summary

(\$ thousands)	Operating Fund		2014/15 Variance		Operating Fund		
	2014/15 Budget	2014/15 Projection	Favourable/ (Unfavourable)		2015/16 Budget	2016/17 Plan	2017/18 Plan
<b>Sources of Funding:</b>							
Provincial Grants	228,341	228,440	99	0.0%	228,905	229,330	229,926
Tuition	224,126	227,540	3,414	1.5%	245,699	257,085	268,138
Research Overhead Income	20,689	20,348	(341)	-1.6%	20,081	20,000	20,054
Investment Income	9,467	9,467	0	0.0%	12,467	12,467	12,467
Other income	67,698	71,993	4,294	6.3%	69,019	68,812	70,375
<b>Total sources of funding</b>	<b>550,322</b>	<b>557,788</b>	<b>7,466</b>	<b>1.4%</b>	<b>576,171</b>	<b>587,694</b>	<b>600,959</b>
<b>Expenditure:</b>							
Salaries, wages and benefits	406,554	398,418	8,135	2.0%	405,411	406,092	413,724
Utilities and maintenance	29,394	30,568	(1,174)	-4.0%	32,205	33,737	35,198
Equipment and renovations	32,301	42,747	(10,445)	-32.3%	45,784	37,849	34,587
Scholarships, bursaries and work study	28,929	30,743	(1,813)	-6.3%	30,739	30,630	28,931
Library acquisitions	10,228	10,096	133	1.3%	10,668	11,027	11,399
Debt and financing charges	12,349	14,301	(1,952)	-15.8%	13,086	13,122	13,158
All other expenses	63,333	59,503	3,829	6.0%	50,939	56,458	56,178
<b>Total expenditures</b>	<b>583,089</b>	<b>586,376</b>	<b>(3,287)</b>	<b>-0.6%</b>	<b>588,833</b>	<b>588,916</b>	<b>593,175</b>
<b>Total surplus (deficit)</b>	<b>(32,767)</b>	<b>(28,588)</b>	<b>4,179</b>	<b>12.8%</b>	<b>(12,662)</b>	<b>(1,223)</b>	<b>7,785</b>
Fund balances, beginning of year	65,258	80,293	15,036	23.0%	51,705	39,043	37,821
<b>Fund balances, end of year</b>	<b>32,491</b>	<b>51,705</b>	<b>19,214</b>	<b>59.1%</b>	<b>39,043</b>	<b>37,821</b>	<b>45,606</b>

Note: The 2014/15 original budget has been restated to conform with the definition of operating funds now adopted in the projection column.

### Outlook for 2014/15

As shown in Table 2, in 2014/15 the Operating Fund is projected to run an in-year deficit of \$28.6 million attributed to net one-time and non-recurring expenditures of \$41.6 million. The deficit has been reduced by \$4.2 million compared to the original budget. Overall, the variances of 1.4% of revenue and 0.6% of expenses are insignificant.

- Salaries, wages and benefits are favourable by \$8.1 million due to unplanned vacancies.
- Utilities are unfavourable by \$1.2 million. Although utilization was favourable due to the cool summer in 2014, hydro prices have significantly increased. This trend is expected to continue in the future.
- Equipment and renovations expense was unfavourable by \$10.4 million due to additional capital transfers for the Ron Joyce Center 4<sup>th</sup> floor renovation, the BEAM/Fraunhofer project, and the Gerald Hatch Engineering Centre for Experiential Learning.
- Scholarships, bursaries and work study expense was unfavourable by \$1.8 million due to increased enrolment.
- Debt and financing expense was unfavourable by \$2.0 million due to increased charges for McMaster Automotive Research Centre and utilities retrofitting.

## 2015/16 Budget

In 2015/16 the deficit in the Operating Fund is expected to improve by \$15.9 million, primarily due to increased revenue. Highlights compared to 2014/15 projection are:

- Total sources of funding will increase by \$18.4 million (3.3%) primarily due to net tuition growth (\$18.2 million or 8.0%) in relation to both applied tuition rate caps and enrolment growth. In addition, \$3.0 million in one-time funding will be transferred from the investment reserve to support the academic mission as a budget balancing strategy.
- Operating expense will increase by \$2.5 million (0.4%):
  - Salaries, wages and benefits show a modest increase of \$7.0 million (1.8%).
  - Utilities and maintenance will increase \$1.6 million (5.4%) due to expected higher hydro rates.
  - Equipment and renovations will increase \$3.0 million (7.1%) with continuation of capital projects begun in 2014/15.
  - Other expenses will decrease by \$9.2 million (8.0%), primarily due to completion of the Mosaic project.
- The in-year operating deficit will be \$12.7 million (2.2% of revenue)
- Appropriations decline by 24.8% to \$39.0 million at April 2016.

Supporting details by envelope are available in Appendix A.

## 2015/16 ONGOING VS. ONE-TIME RESULTS

**Table 3: Operating Fund Ongoing and One-time Results**

(\$ thousands)		2014/15 Budget	2014/15 Projection	2015/16 Budget	2016/17 Plan	2017/18 Plan
<u>Ongoing:</u>						
Allocated income		476,256	481,394	502,531	511,306	523,038
Other income		60,955	70,783	68,337	68,052	69,568
Total revenue		537,211	552,177	570,868	579,358	592,606
Expenditures		533,525	539,131	564,345	579,164	586,466
Surplus (deficit)		3,686	13,046	6,524	194	6,140
	% of revenue	0.7%	2.4%	1.1%	0.0%	1.0%
<u>One-time:</u>						
Allocated income		11,683	4,515	4,302	7,517	7,517
Other income		1,428	1,096	1,001	818	836
Total revenue		13,111	5,611	5,303	8,335	8,353
Expenditures		49,564	47,245	24,488	9,752	6,708
Surplus (deficit)		(36,453)	(41,635)	(19,185)	(1,417)	1,645
<b>Total surplus (deficit)</b>		<b>(32,767)</b>	<b>(28,588)</b>	<b>(12,662)</b>	<b>(1,223)</b>	<b>7,785</b>
Opening appropriations		65,258	80,293	51,705	39,043	37,821
<b>Ending appropriations</b>		<b>32,491</b>	<b>51,705</b>	<b>39,043</b>	<b>37,821</b>	<b>45,606</b>

Note: The 2014/15 original budget has been restated for a one-time expense originally classified as ongoing.

Although there is an overall deficit 2015/16, the budget shows a structural surplus. Increases in ongoing expenses are mainly either strategic investments or unavoidable costs. They include:

- \$2 million for faculty renewal in priority areas, representing 14 net additional faculty members
- \$1.2 million to close the faculty gender pay equity gap
- \$4 million campus-wide for technology sustainment
- \$1.6 million increased utilities cost
- \$0.8 million for enhanced pedagogy/educational development
- \$0.8 million transfer of partnership income to Mohawk College
- \$0.6 million increased cost of library acquisitions

Completion of the Mosaic project has resulted in a reduction of \$19 million in one-time costs. The full \$62 million cost of the project will be repaid through one-time allocations over 13 years. Other one-time costs budgeted in 2015/16 include:

- Ron Joyce Center 4th floor renovation
- Institute for Clinical Evaluative Sciences hub construction
- Student and computer lab upgrades
- Retirement allowances
- TMG initiatives
- Computer hardware upgrades
- Graduate scholarship incentives
- *Forward with Integrity* grants

## REVENUE

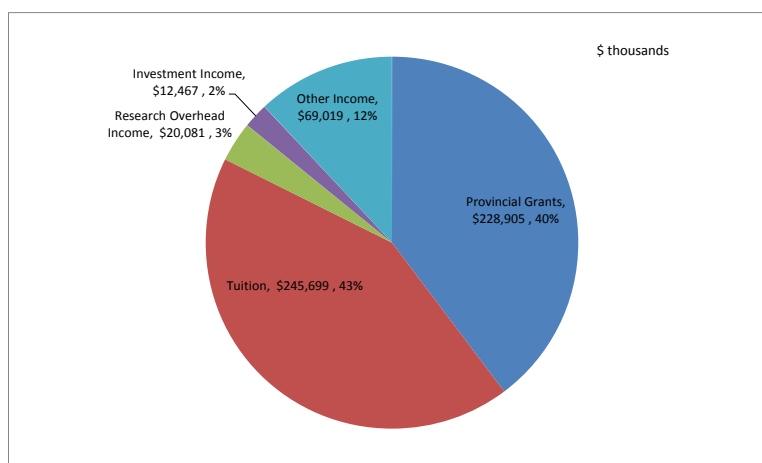
**Table 4: Growth and Diversification of the Operating Revenue Base**

(\$ thousands)

	2014/15 Budget	2014/15 Projection	2015/16 Budget	2016/17 Plan	2017/18 Plan
Provincial Grants	228,341	228,440	228,905	229,330	229,926
Tuition	224,126	227,540	245,699	257,085	268,138
Research Overhead Income	20,689	20,348	20,081	20,000	20,054
Investment Income	9,467	9,467	12,467	12,467	12,467
Other Income	67,698	71,993	69,019	68,812	70,375
<b>Total Sources of Funding</b>	<b>550,322</b>	<b>557,788</b>	<b>576,171</b>	<b>587,694</b>	<b>600,959</b>
<b>Percentage change</b>		1.4%	3.3%	2.0%	2.3%

Strengthening and diversifying the operating revenue base continues to be an important financial objective for McMaster University. Total 2014/15 operating revenue is currently projected to be \$557.8 million, up by 1.4% over the original 2014/15 budget. This is mainly due to increased tuition revenue associated with increased enrolment.

**Figure 1: 2015/16 Operating Fund Revenue**



Provincial Government Grants

\$228.9 million

**Table 5: Provincial Grants**

(\$ thousands)

	2014/15 Budget	2014/15 Projection	2015/16 Budget	2016/17 Plan	2017/18 Plan
Basic Grant	177,826	177,754	177,547	177,367	177,354
Accessibility Grant	10,327	9,875	10,477	11,084	11,697
Graduate Expansion	7,539	6,436	6,436	6,436	6,436
Performance Fund	1,434	1,970	2,058	2,054	2,049
General Quality Fund	9,144	9,140	9,113	9,106	9,098
MD and Post Graduate Expansion	18,631	19,783	19,783	19,783	19,783
MD Enhanced Funding	2,035	2,152	2,152	2,152	2,152
Grant for Expanded Nursing Program	1,081	1,006	1,015	1,024	1,033
Clinical Education Grant	324	324	324	324	324
<b>Total Grant Income</b>	<b>228,341</b>	<b>228,440</b>	<b>228,905</b>	<b>229,330</b>	<b>229,926</b>
<b>Percentage change</b>		<b>0.0%</b>	<b>0.2%</b>	<b>0.2%</b>	<b>0.3%</b>

Table 5 shows the budgeted year-over-year change in the various Provincial grant income items in the operating budget. As the largest component of operating funding, changes in the components of the Provincial grant can have a significant impact on McMaster's level of revenue. The final policy lever reductions were incorporated into the Basic Operating Grant in 2014/15. With the exception of international student reductions, grant income is projected to remain steady throughout the planning horizon.

Tuition Income

\$245.7 million

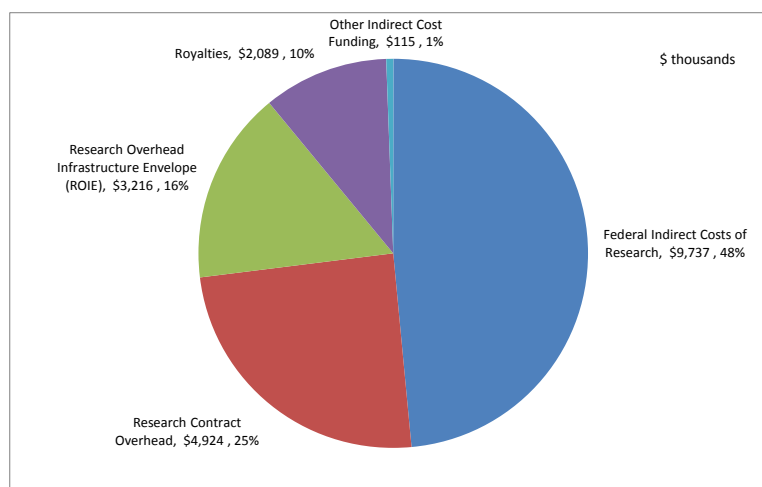
Based on the enrolment targets outlined previously, total 2015/16 tuition income is projected to increase by \$18.2 million (8.0%) from the 2014/15 projection. This increase is a combination of estimated enrolment growth and domestic and international rate increases which vary between 0% and 6% with an overall cap of 3% for domestic students.

McMaster has committed to increasing enrolment as part of the Strategic Mandate Agreement. For 2015/16, undergraduate enrolment is expected to increase by 0.5%, with graduate enrolment expected to hold steady. The University, through the Enrolment Management Team, is reviewing undergraduate enrolment targets and forecasting models to ensure McMaster sets reasonable targets and achieves them.

## Research Overhead Income

\$20.0 million

Figure 2: 2015/16 Research Overhead Income



Funding toward the indirect costs of research is received from both federal and provincial governments, as well as industry funding partners as shown in Figure 2.

## Investment and Other Income

\$81.5 million

The University's Operating Fund includes other income derived from sources such as interest earned on working capital balances, investment income, donations and grants. For 2015/16, an additional \$3 million will be transferred from the investment reserve to support the academic mission. Other income is primarily received directly by budget envelopes, and includes cost-recovery programs, targeted grants, income from the nuclear reactor, and costs recovered from partners.

## EXPENDITURES

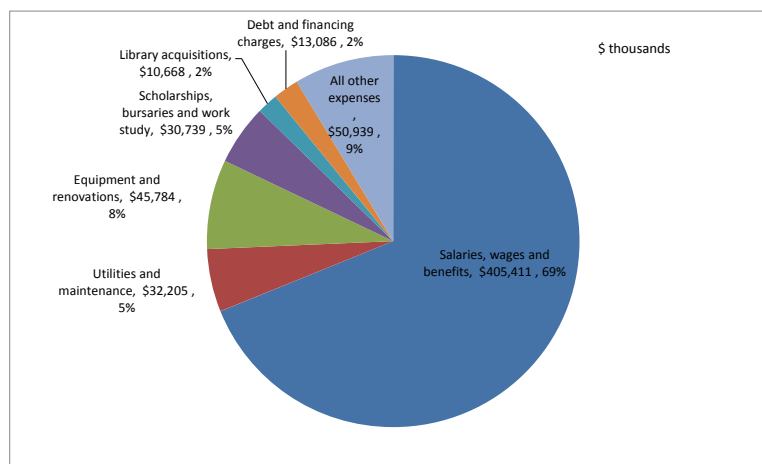
Table 6: Expenditure Growth

(\$ thousands)

	2014/15 Budget	2014/15 Projection	2015/16 Budget	2016/17 Plan	2017/18 Plan
Salaries, wages and benefits	406,554	398,418	405,411	406,092	413,724
Utilities and maintenance	29,394	30,568	32,205	33,737	35,198
Equipment and renovations	32,301	42,747	45,784	37,849	34,587
Scholarships, bursaries and work stud	28,929	30,743	30,739	30,630	28,931
Library acquisitions	10,228	10,096	10,668	11,027	11,399
Debt and financing charges	12,349	14,301	13,086	13,122	13,158
All other expenses	63,333	59,503	50,939	56,458	56,178
<b>Total Expenditures</b>	<b>583,089</b>	<b>586,376</b>	<b>588,833</b>	<b>588,916</b>	<b>593,175</b>
<b>Percentage change</b>		<b>0.6%</b>	<b>0.4%</b>	<b>0.0%</b>	<b>0.7%</b>

Expenditures budgeted for 2015/16 total \$588.8 million, of which 68.8% relates to compensation costs.

**Figure 3: 2015/16 Operating Fund Expenditures**



#### Salaries, Wages and Benefits

\$405.4 million

- Salaries, wages and benefits will increase by \$7.0 million (1.8%) in 2015/16 over the 2014/15 projection.
- Attention continues to be focused through labour negotiations on controlling increasing non-pension post-retirement benefit and pension costs.
- Projected FTEs in 2015/16 include strategic faculty renewal. Most Faculties are anticipating retirements in future years. Future faculty growth is limited by the slow rate of retirements and the impact of increasing retirement age on average faculty salaries.
- Reductions in FTEs are projected for non-academic positions. The temporary increase in non-academic envelopes reflects the additional resources required to fully operationalize the Mosaic project, after which FTE's drop to steady state including previous reductions.

#### Utilities and Maintenance

\$32.2 million

- The cost of maintaining and operating the physical infrastructure represents 5.5% of the operating budget. This is expected to grow to 5.8% in 2016/17 as an additional \$2 million per year is allocated to deferred maintenance.
- The utility budget of the university is calculated annually by forecasting demand (based on historic usage plus new space) and price (based on industry forecasts as adjusted by hedging) and deducting projected savings driven by Energy Management Plans.
- The escalating global adjustment charge in the hydro bill has been increasing by 8% per annum and now accounts for more than half of the costs. Required capital expenditures and debt repayments have exacerbated costs. Despite Energy Management Plan savings, additional allocations are required to cover costs.

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**Equipment and Renovations** **\$45.8 million**


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- Infrastructure spending and transfers to the capital fund for equipment and renovations are flat compared to 2014/15 as additional investments are completed.

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**Scholarships, Bursaries and Work Study** **\$30.7 million**


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- Undergraduate scholarships are projected to decline slightly as the Queen Elizabeth II/Aiming for the Top MTCU scholarships is phased out.
- Graduate scholarships include one-time incentives offered to Faculties for admissions and utilization of funds carried forward.

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**Library Acquisitions** **\$10.7 million**


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- Costs are estimated to increase by 5.7% in 2015/16, reflecting the twin impacts of the above-average increases for information resources and the declining Canadian dollar.

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**Debt and Financing Costs** **\$13.1 million**


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- In 2002 McMaster issued \$120 million in debentures. \$7.4 million represents the interest-only payment. The principal will be repaid in fifty years as a bullet payment. A sinking fund of \$6.1 million was established in 2002. The sinking fund is invested in the investment pool and is expected to be sufficient to repay the principal in 2052. As of 2014, the fund value of \$13.7 million is ahead of its expected value.
- Payments on internal loans for the capital projects are included (refer to Tables 12 and 13).

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**All Other Expenses** **\$50.9 million**


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- This line represents 8.7% of the operating budget, and includes a broad range of supplies and other expenses not categorized elsewhere.
- The 2015/16 budget declines by \$8.6 million (14.4%) compared to 2014/15, and declines in 2016/17 and 2017/18 as major initiatives are completed.

## 2015/16 OPERATING FUND BUDGET CONCLUSIONS

The deficit in the Operating Fund reflects a number of one-time investments. Ongoing pressures, such as utilities, systems sustainment, and the realization of strategic priorities aligned to the SMA and *FWI* create pressure. However, it is major one-time investments in strategic or essential initiatives that are critical to the University's future success that drive the deficit. Expansion of capacity is essential to capitalize on increased demand and Provincial funding opportunities. *Forward with Integrity* initiatives will achieve priority goals centered on the student experience, research, the community, and internationalization. The strategic objectives and operating pressures will be achieved with investments made from prior reserves. The planned strategies and associated budget will draw down appropriated surpluses within envelopes. A number of individual envelope managers have now exhausted appropriation balance savings, and have initiated a number of financial balancing strategies focused on both revenue generation and expense efficiency in order to control costs over the planning period. The University Fund and

additional budgeted but unallocated revenues are expected to be available to cover the greatest priorities.

## 2016/17 AND 2017/18 OPERATING FUND BUDGET CONCLUSIONS

The permanent base funding reduction from the policy levers along with the uncertainty associated with Ontario demographic changes and enrolment projections create significant budget balancing risk associated with realizing the commitments in the SMA and priorities of *FWI* by 2017. Further uncertainty exists for 2017/18 when a new funding formula is intended to be released to drive the differentiation policy framework, enhance quality, and focus on financial sustainability of the sector. Using conservative revenue assumptions and incorporating strategic priorities within the budget and following two years produces a three-year plan that is financially achievable by relying on past savings. Financial sustainability will likely require some area-specific staffing reductions and other cost mitigation strategies in order to structurally balance individual envelopes. The need to continue these strategic investments will make it imperative to find new revenues, additional cost savings and greater efficiencies in future years.

In addition to the Operating Fund, the University's financial position must incorporate the budgets of other funds to be complete. These budgets are also prepared on a cash basis.

## Ancillary Fund

Table 7: Ancillary Fund Summary

(\$ thousands)		
	Ancillary Fund	
	2014/15 Projection	2015/16 Budget
<b>Revenue</b>		
Ancillary sales and services	70,567	73,300
Other revenues	2,283	2,272
<b>Total revenues</b>	<b>72,850</b>	<b>75,572</b>
<b>Expenses</b>		
Salaries, wages and benefits	26,922	27,553
All other expenses, including capital	30,253	31,093
Transfers to (from) other funds*	10,611	11,908
Debt and financing charges	4,616	4,453
<b>Total expenses</b>	<b>72,401</b>	<b>75,008</b>
<b>Excess of revenues over expenses</b>	<b>449</b>	<b>564</b>
Fund balances, beginning of year	3,728	4,175
<b>Fund balances, end of year</b>	<b>4,177</b>	<b>4,738</b>

\*Including transfers to capital

The Budget Committee reviews and approves the budgets of the University's ancillary departments. The 2015/16 review included an evaluation of each area's three-year plan. Gross sales for 2015/16 are estimated to be \$75.5 million, a 3.7% increase over the 2014/15 projection. Operating statements for individual ancillaries are available in Appendix C.

Ancillary operations provide invaluable services and financial support to the University community. In addition to covering increasing direct and indirect costs, ancillaries are required to contribute 4.5% of most sales, or approximately \$2.9 million in 2015/16, to the Operating Fund while covering the cost of space at market rates. Many ancillaries make additional direct contributions to the Operating Fund over and above a percentage of sales.

The 2015/16 budget includes an update to rent rates based on actual occupancy costs per net assignable square meter. This update will ensure that full ancillary costs are covered and not passed on to activity units. Ancillary units may incur premium costs if there are unique requirements not covered by standard or base services.

## Campus Store

As teaching practices and learning assumptions are reconsidered by the institution, the use of course materials in class and the format of those materials will evolve. The Campus Store is dedicated to assisting the learning process and will work closely with faculty, MIETL, and MPS to develop and support new interactive and engaging learning environments.

The book industry continues to see downward sales of core products (down 31% over the last five years). With the shift to electronic resources, disintermediation of the Campus Store by publishers, increasing competition from other online sellers, and a growing peer-to-peer marketplace, this downward shift will continue. Pressure for bottom-line revenue to support the University's operating budget continues requiring the Campus Store to become a highly adaptable marketplace catering to evolving student and faculty needs.

## Center for Continuing Education (CCE)

CCE's move to One James North in the downtown core creates an opportunity for greater community engagement and the ability to enhance the presence of McMaster University in downtown Hamilton. Student experience initiatives continue to focus on expanding offerings of online courses to provide more flexible learning options for students and enhancing the design of courses to maximize experiential learning elements. Additionally, CCE's MacNOW part-time degree pathway for adult learners, created in collaboration with the Faculty of Humanities, will have recently launched.

Mosaic will require post-implementation activities to fully integrate the changes and will consume significant resources. New program growth initiatives that were on hold in 2014/15 will continue to be lower priority for the first half of 2015/16. As there is typically an 18-month lag between new program research and new program revenue coming on-stream, the lack of new program activity in 2014/15 and 2015/16 will not impact the 2015/16 budget, but may lead to flattened revenue for the 2016/17 and 2017/18 budgets.

CCE has hired contract resources where possible. Existing management has taken on significant additional duties to ensure priorities are addressed. It is expected that the new Director and staffing of the vacant Assistant Director position will create the opportunity to return to a normal mode of operation for the department, and will allow CCE to re-engage with new program growth initiatives in the second half of 2015/16.

## Hospitality Services

The Hospitality Services strategy contains four focus areas to align with *Forward with Integrity*: financial, operational, people, and leadership development. Hospitality Services is also committed

to further enrichment of program elements in the areas of community, diversity and sustainability.

McMaster University continues to operate one of the most respected Hospitality Services in the country – a reputation built on quality and value based on providing some of the lowest retail, meal plan, and catering pricing among universities. However, it will be necessary to move to a more sustainable level of pricing and fees to retain quality and reputation in the coming years. In addition, increased University operating costs and labour union agreements will continue to present challenges to maintaining facilities and quality service levels.

Hospitality remains committed to assessing and validating strategies and taking corrective actions, where necessary, to remain at the forefront of the Canadian universities' marketplace and contribute positively to McMaster's mission. Actions will include a re-engineering of the meal plan structure, the introduction of debit/credit payment options and the opening of new, innovative concepts.

### **Housing and Conference Services (H&CS)**

H&CS is committed to the student experience and will continue to focus on enhancing the living and learning environment through innovative and inclusive community programming, and by investing in maintaining facilities to a high standard.

Budget challenges include providing sufficient, attractive and competitively-priced housing to all first-year undergraduates while supplying some housing to upper year students. In addition, residence fee increases are kept low while funding significant deferred maintenance projects and new infrastructure using long-term central bank loans.

Plans for the future include new residence beds in a multi-use facility that focuses on the student experience and realizes the potential to create a unique living and learning environment for students and staff.

### **Media Production Services (MPS)**

MPS will evaluate and implement new revenue streams to improve profitability and its ability to contribute to the University. Projects that support *Forward with Integrity* include investigating a new digital storefront solution, completing the OMR/Mosaic upgrade, and working closely with the Partnership Development Unit to explore possible joint marketing initiatives and potential new print product offerings that benefit all operations involved. Also, MPS will develop a proposal for a new McMaster-branded content-managed solution to support the University's ongoing web needs.

The MPS reorganization has improved adaptability to effectively navigate an industry that is rapidly changing. MPS is proud to deliver a surplus for the second consecutive year. Systems and procedures are being streamlined and continuous improvement is the order of the day.

### **Parking and Transit Services**

Parking and Transit Services strives to provide the University community and visitors with a safe and well-maintained parking and transit infrastructure.

The department supports McMaster in matters of sustainability and accessibility. In addition, it is responsible for repairs and replacement of sidewalks, curbs and roadways and the promotion of alternative modes of transportation. The parking automation project has had a positive impact on

revenue which is being used to reduce the debt load, as well as providing the financial resources to construct and improve sidewalks, reconstruct campus roadways and to financially support various other University operations. The current reserve deficit is expected to be eliminated at the end of 2014/15. The parking levy remains at \$14.00 per month as per the approved parking garage capital funding payback plan, and will remain at this level until the stadium debt is repaid in 2029 or earlier, subject to additional payments.

Parking will undertake a transportation demand management study and a bicycle study during 2015/16 with actions taken based on outcome recommendations.

## Research Fund

Table 8: Research Fund Summary

(\$ thousands)		
	Research Fund	
	2014/15 Projection	2015/16 Budget
<b>Revenue</b>		
Research grants and contracts	189,000	195,000
<b>Total revenues</b>	<b>189,000</b>	<b>195,000</b>
<b>Expenses</b>		
Salaries, wages and benefits	115,000	120,000
All other expenses, including capital	84,000	85,000
Transfers to (from) other funds	(9,057)	(7,343)
<b>Total expenses</b>	<b>189,943</b>	<b>197,657</b>
<b>Excess of revenues over expenses</b>	<b>(943)</b>	<b>(2,657)</b>
Fund balances, beginning of year	176,690	175,747
<b>Fund balances, end of year</b>	<b>175,747</b>	<b>173,090</b>

The forecast for the 2014/15 research budget (research revenue receipted, including revenue received for future periods) is \$189.0 million. The budget for 2015/16 is \$195.0 million. This forecast reflects the current research funding landscape as outlined in Appendix D.

## Trust Funds and Internally Restricted Endowment Funds

Trust funds include accounts that hold donations or bequests received by the University that have conditions or legal requirements for use agreed upon by the donor and the University. Of the \$44.0 million in donations and grants budgeted for fiscal 2015/16, almost 95% are expendable and will be spent in the year received. The remaining 5% are endowed and will remain in perpetuity.

Investment income earned on endowed trust funds is projected based on a 10% rate of return in 2014/15 and 6% thereafter (net of investment management fees). The projection includes endowed trust fund donations of approximately \$5.7 million in 2014/15. Budgeted 2015/16 endowed donations are lower than 2014/15 projected by approximately \$3 million as more donors choose to make expendable rather than endowed donations.

Scholarship and bursaries provided from trust income and other specifically designated funds are budgeted at approximately \$21 million.

Table 9: Trust Funds Summary

(\$ thousands)		
	Trust Fund	
	2014/15 Projection	2015/16 Budget
<b>Revenue</b>		
Other revenues	55,576	44,000
Investment income (loss)	40,567	26,285
<b>Total revenues</b>	<b>96,143</b>	<b>70,285</b>
<b>Expenses</b>		
Salaries, wages and benefits	23,180	24,412
All other expenses, including capital	31,788	33,002
Transfers to (from) other funds	9,319	10,366
<b>Total expenses</b>	<b>64,286</b>	<b>67,780</b>
<b>Excess of revenues over expenses</b>	<b>31,856</b>	<b>2,505</b>
Fund balances, beginning of year	481,225	513,081
<b>Fund balances, end of year</b>	<b>513,081</b>	<b>515,586</b>

Internally Restricted Endowments (Endowment Funds) include unrestricted donations, bequests and other contributions which have been restricted by action of the Board. The funds are invested in the University's Long Term Investment Pool. The Dr. H. L. Hooker Endowment (approximately \$60 million) is included here. An annual allocation of approximately 4% (\$4.5 million in 15/16) is made to the Operating Fund each year to fund operating expenditures.

Table 10: Endowment Funds Summary

(\$ thousands)		
	Endowment Fund	
	2014/15 Projection	2015/16 Budget
<b>Revenue</b>		
Other revenues	100	100
Investment income (loss)	12,775	8,138
Investment income transfer	(4,521)	(4,521)
<b>Total revenues</b>	<b>8,354</b>	<b>3,717</b>
<b>Expenses</b>		
Transfers to (from) other funds	466	481
<b>Total expenses</b>	<b>466</b>	<b>481</b>
<b>Excess of revenues over expenses</b>	<b>7,888</b>	<b>3,236</b>
Fund balances, beginning of year	127,746	135,634
<b>Fund balances, end of year</b>	<b>135,634</b>	<b>138,870</b>

## Capital Projects and Financing

Table 11: Capital Fund Summary

(\$ thousands)		
	Capital Fund	
	2014/15 Projection	2015/16 Budget
<b>Revenue</b>		
Operating grants	1,231	1,770
Other revenues	67,715	58,582
<b>Total revenues</b>	<b>68,946</b>	<b>60,352</b>
<b>Expenses</b>		
All other expenses, including capital	71,672	105,992
Transfers to (from) other funds	(22,174)	(22,081)
Debt and financing charges	(6,549)	(6,120)
<b>Total expenses</b>	<b>42,949</b>	<b>77,791</b>
<b>Excess of revenues over expenses</b>	<b>25,997</b>	<b>(17,439)</b>
Fund balances, beginning of year	15,402	41,399
<b>Fund balances, end of year</b>	<b>41,399</b>	<b>23,960</b>

### Capital Fund Projects<sup>5</sup>

Over the past fiscal year the University updated its Capital Plan. The Capital Plan represents the University's approved priorities and a number of additional projects (funded, partially funded, or unfunded) for capital investment over a planning cycle. This plan is updated annually each fall with input from University stakeholders.

The information in the consolidated budget tables below include capital projects in the long term Capital Plan with planned cash outflows over the next year, as well as the prior year's budget updated with current spending.

Tables 12 and 13 below summarize the total expected capital funding and spending by project for fiscal 2014/15 and 2015/16, as well as repayments of internal capital loans. The updated capital projection (\$71.7 million) is lower than the original budget (\$123.3 million) due to slower than expected spending on several projects. For 2015/16, spending on capital projects increases to \$106.0 million, reflecting the final expenditures for two large projects, the L.R. Wilson Hall and the McMaster Health Campus.

<sup>5</sup> Capital expenditures used in operations and to support ancillary departments are budgeted through the operating and ancillary funds within the same envelope system and using the same priority setting, monitoring and control process as operating expenses. Capital expenditures budgeted within the operating and ancillary funds include technology, library, renovations, and classroom equipment, faculty start-up costs, and deferred maintenance.

Table 12: 2014/15 Capital Projection

2014/15 Major Capital Projects -  
(\$ thousands)

Project	In Year Source of Funds by type			Sources of Funds	In Year Expenditure	Net -In Year Impact
	Operating Grants	Other external sources	Transfers From/(to) Other Funds			
LR Wilson Hall		25,000		25,000	14,252	10,748
Excel Building		313	1,000	1,313	313	1,000
McMaster Health Campus		22,729		22,729	25,338	(2,609)
MUMC Infrastructure Projects (incl. CAF)			866	866	724	142
Btech at MIP				-	178	(178)
CFI Projects		350		350	2,212	(1,862)
Energy Management Program				-	100	(100)
Campus Backflow Preventers				-	390	(390)
Halton McMaster Family Health Centre				-	1,996	(1,996)
Boris Family Stem Cell Projects		3,600		3,600	3,600	-
Fitzhenry Studio		3,221		3,221	3,221	-
Burlington Business School 4th Floor			2,500	2,500	200	2,300
DTC Relocation				-	4,932	(4,932)
Fraunhofer Center IZI at MIP		500	500	1,000	500	500
Centre for Adv. Nuclear Systems		3,421		3,421	3,782	(361)
CP Land				-	2,500	(2,500)
Def. Maintenance and Facility Renewal Program	1,231		11,755	12,986	7,100	5,886
Campus Accessibility Action Plan			334	334	334	-
Other Future Projects <\$1m			1,319	1,319	-	1,319
Ron Joyce Centre - Burlington		7,642		7,642	-	7,642
Stadium		939		939	-	939
<b>Capital Projects</b>	<b>1,231</b>	<b>67,715</b>	<b>18,274</b>	<b>87,220</b>	<b>71,672</b>	<b>15,548</b>

Annual Repayments of Internal Capital Loans  
Contribution from University Fund  
Net Change to Capital Funds

6,549  
3,900  
25,997

Table 13: 2015/16 Capital Budget

2015/16 Major Capital Projects -  
(\$ thousands)

Project	In Year Source of Funds by type			Total Sources of Funds	In Year Expenditure	Net -In Year Impact
	Operating Grants	Other external sources	Transfers From/(to) Other Funds			
LR Wilson Hall		\$ 25,614		\$ 25,614	\$ 41,631	\$ (16,017)
Excel Building		6,087	1,500	7,587	6,087	1,500
McMaster Health Campus		9,144		9,144	18,602	(9,458)
CFI Projects				-	3,790	(3,790)
Energy Management Program				-	1,222	(1,222)
Campus Backflow Preventers				-	362	(362)
Boris Family Stem Cell Projects		2,400		2,400	2,400	(0)
Fitzhenry Studio		550		550	550	-
Burlington Business School 4th Floor		1,000	1,000	2,000	4,300	(2,300)
DTC Relocation				-	2,014	(2,014)
Fraunhofer Center IZI at MIP		10,500	500	11,000	10,500	500
Fraunhofer, IAO Applied Research		-		-	-	-
Centre for Emerging Device Technologies		-		-	-	-
Centre for Student Entrepreneurship		2,000		2,000	2,000	-
Living and Learning Centre			1,250	1,250	2,000	(750)
Shelled Space in Burlington Campus				-	-	-
Def. Maintenance and Facility Renewal Program	1,770		11,982	13,752	9,700	4,052
Campus Accessibility Action Plan			334	334	334	-
Other Future Projects <\$1m			1,615	1,615	500	1,115
Ron Joyce Centre - Burlington		1,287		1,287	-	1,287
<b>Capital Projects</b>	<b>1,770</b>	<b>58,582</b>	<b>18,181</b>	<b>78,533</b>	<b>105,992</b>	<b>(27,459)</b>

Annual Repayments of Internal Capital Loans  
Contribution from Strategic Reserve  
Net Change to Capital Funds

6,120  
3,900  
(17,439)

## Capital Financing

As noted above, not all projects are fully funded at the time of construction. Interim and long-term financing is offered through the University's central bank. At the same time that the University completed its long term Capital Plan, the multi-year financial projections (on an accrual basis) were updated along with the Debt Strategy Report. The outcome of the projections, which include the University's debt policy monitoring ratios, informs the recommendation and timing of additional external borrowing to replenish the central bank. The timing and nature of additional external borrowing will be confirmed in the next fiscal year. For planning purposes borrowing of \$100 million, including \$15 million for a sinking fund has been included in the 2016/17 fiscal year.

## Specifically Externally Funded

**Table 14: Specifically Externally Funded Summary**

(\$ thousands)		
	Specifically Externally Funded	
	2014/15 Projection	2015/16 Budget
<b>Revenue</b>		
Other revenues	37,520	35,778
<b>Total revenues</b>	<b>37,520</b>	<b>35,778</b>
<b>Expenses</b>		
Salaries, wages and benefits	26,361	24,122
All other expenses, including capital	11,241	9,556
Transfers to (from) other funds	1,850	2,026
<b>Total expenses</b>	<b>39,452</b>	<b>35,703</b>
<b>Excess of revenues over expenses</b>	<b>(1,932)</b>	<b>75</b>
Fund balances, beginning of year	6,991	5,059
<b>Fund balances, end of year</b>	<b>5,059</b>	<b>5,134</b>

Externally-restricted funds other than research, trust or capital are tracked in a separate fund. Programs managed in this fund meet the following criteria:

- The funding is provided by an external entity
- There is an agreement with the sponsor to spend the funding for a specified purpose on specified items
- Unspent funding must be returned to the sponsor

Departments are responsible for administering this funding, ensuring that it is used for the intended purpose and not overdrawn. Specifically externally funded programs are included on budget submissions and reviewed by the Budget Committee.

## CONSOLIDATED RESULTS - FULL ACCRUAL BASIS

In this section of the budget the cash-based fund-by-fund results are consolidated and adjusted to a full accrual accounting basis. The annual audited financial statements are prepared on this full accrual basis. The comparisons that follow relate, as appropriate, to the audited financial statements. Results for 2013/14 have been restated to reflect retroactive adoption of the new rules for pension and non-pension employee future benefits. All figures below are stated in thousands of dollars.

To convert to the full accrual accounting basis, the following adjustments are made as shown in Table 15 below:

- Capital expenditures are added back, and net depreciation expense is deducted
- Investment income earned on internal endowments which has not already been transferred to the Operating Fund is added back
- Accruals for pension and non-pension costs are recorded
- Reclassifications to offset internal transactions between departments affecting revenues and expenditures are recorded
- Any prior period adjustments for changes in accounting rules are recorded

**Table 15: Accrual Adjustments**

Reconciliation of Operating Fund Budget to Accrual Based Budget	FY2014	FY2015	FY2016	FY2017	FY2018
<b>Statement of Operations</b>					
<i>Excess/(Deficit) of Operating Fund Revenues over Expenses</i>	3,328	-28,588	-12,662	-1,223	7,785
+ CapEx net of depreciation	28,419	21,299	30,458	4,532	18,668
+ Investment income on internal endowments	12,013	7,615	2,924	3,085	3,254
+ Pension, non-pension & PP adjustments	-256,108	127,441	8,664	7,483	6,478
+ Change in other (non-internal endowment) investment returns, changes in other reserve net of Operating Fund income	14,761	53,836	13,631	18,053	26,926
+ Prior period adjustment/pension spec.payment	283,998	-107,138	11,267	13,375	-16,795
<b>Accrual Adjustment</b>	<b>83,083</b>	<b>103,053</b>	<b>66,944</b>	<b>46,527</b>	<b>38,532</b>
<b>Excess (deficiency) of revenues over expenses</b>	<b>86,411</b>	<b>74,465</b>	<b>54,282</b>	<b>45,304</b>	<b>46,317</b>

In fiscal years 2014/15 and 2015/16, the net capital expenditures reflect the spending on the systems renewal project (Mosaic). These expenditures are expensed as paid in the Operating Fund contributing to the large deficits, but are amortized over multiple years after being added back in the table above. In the 2013/14 and 2014/15 fiscal years the new accounting rules for pension and non-pension employee future benefits result in large and offsetting adjustments that will be required in the audited financial statements. For fiscal year 2015/16 the adjustments are more reflective of a typical year. In summary, the accrual adjustments in forecast periods are positive and will result in projected surpluses in the accrual based Statement of Operations.

### Statement of Operations

The summarized accrual-based Statement of Operations is shown in Table 16 below.

Table 16: Consolidated Statement of Operations

	2014	2015	2016	2017	2018
TOTAL REVENUES	972,903	999,581	1,008,659	1,039,113	1,073,160
TOTAL EXPENSES	886,492	925,116	954,377	993,810	1,026,843
EXCESS OF REVENUES OVER EXPENSES	86,411	74,465	54,282	45,304	46,317

## Statement of Financial Position

The summarized accrual-based Statement of Financial Positions is shown in Table 17 below.

Table 17: Consolidated Statement of Financial Position

	2014	2015	2016	2017	2018
<b>BALANCE SHEET</b>					
TOTAL ASSETS	2,091,614	2,199,431	2,285,050	2,453,346	2,548,560
TOTAL LIABILITIES	1,404,440	1,301,618	1,334,039	1,459,570	1,481,386
TOTAL NET ASSETS	687,174	897,813	951,010	993,776	1,067,174
TOTAL LIABILITIES AND NET ASSETS	2,091,614	2,199,431	2,285,050	2,453,346	2,548,560

## Statement of Cash Flows

The Statement of Cash Flows is shown in Table 18 below.

Table 18: Consolidated Statement of Cash Flows

STATEMENT OF CHANGE IN CASH	FY2014 Change	FY2015 Change	FY2016 Change	FY2017 Change	FY2018 Change
Excess of Revenues over expenses (net of net special pension payments) <sup>▼</sup>	86,413	74,465	43,015	31,929	63,112
<b>Add/(Deduct) Non-Cash Items</b>					
Change in Deferred Pension Asset	193,155	0	0	0	0
Amortization of Capital Assets	66,659	72,226	71,681	76,697	80,129
Amortization of Deferred Capital Contributions	-37,604	-40,028	-43,390	-47,696	-46,777
Amortization of Deferred Contributions for Future Expenses	8,782	-5,056	-21,001	26,667	39,832
Change in Decommissioning Obligation	455	951	1,046	1,149	1,263
Additional (Misc) Non-cash Changes in Assets and Liabilities	-195,421	-27,190	-2,086	-2,524	-2,995
<b>Add/(Deduct) Cash From Operations</b>					
Change in Deferred Capital Contributions	58,792	75,333	88,596	38,050	21,800
Contributions to Externally Restricted Endowments	40,927	29,036	10,183	10,838	10,286
Repayment of Long-Term Debt (Existing and Proforma Debt)	-580	-616	-655	-622	-2,444
		-2,317 <sup>▼</sup>	0	0	0
New Debt Issuance	0	0	0	100,000	0
Acquisition of Capital Assets	-100,574	-116,670	-150,491	-102,966	-132,488
Change in Long-Term Investments	-106,479	-37,365	-798	-73,690	-42,281
Increase/(decrease in cash) <sup>▼</sup>	14,525	22,768	-3,902	57,831	-10,563
Cash and Cash Equivalents, Beginning of Year (from Proforma)	257,770	272,294	295,062	291,160	348,991
Calculated Cash and Cash Equivalents, End of Year	272,295	295,062	291,160	348,991	338,428
<b>Cash &amp; Cash Equivalents as Reported on Proforma</b>	<b>272,294</b>	<b>295,062</b>	<b>291,160</b>	<b>348,991</b>	<b>338,428</b>

## ANALYSIS

### Financial Metrics

Table 19: Financial Metrics

	2011/12 Actual	2012/13 Actual	2013/14 Actual	2014/15 Projected	2015/16 Budget		
Total Net Assets (\$ millions)	757.2	843.8	687.2	897.8	951.0		
Available Expendable Resources (\$ millions)	225.0	246.6	291.8	336.2	336.3		
Capital Spending (\$ millions)	62.3	127.8	100.6	115.0	131.6		
Total Revenue (\$ millions)	880.5	938.8	972.9	999.6	1,008.7		
Total Expenditures (\$ millions)	871.4	878.1	886.5	925.1	954.4		
Excess (Deficiency) of Revenues over Expenses (\$ millions)- GAAP	9.1	60.7	86.4	74.5	54.3		
Excess (Deficiency) of Revenues over Expenses Operating Fund only (\$ millions)	8.5	(13.6)	3.3	(28.6)	(12.7)		
Long Term Investment Pool Return	0.0%	10.1%	14.7%	10.0%	6.0%		
Employee Future Benefit (EFB) Unfunded Obligation - Registered Pension (\$ millions)	(282)	(472.0)	(400.1)	See Note	See Note		
Employee Future Benefit (EFB) Unfunded Obligation - Non Pension (\$ millions)	(220)	(225.2)	(250.9)	See Note	See Note		
Enrolment (Full Time Equivalent (FTE)) - IRA (COU Methodology)	27,042	27,518	27,796	28,074	28,355		
Note: these obligations (accounting basis) require actuarial calculations which cannot be reliably estimated before the completion of the actuarial work in September each year.							

The financial metrics above are a result of the assumptions used for the 2014/15 projections and 2015/16 budget. These are in line with expectations.

### Credit Management Ratios

In addition to the key metrics above, the University monitors additional financial health indicators as outlined in its Debt Management Policy. The table below summarizes the resulting ratios based on the budgeted results above. All ratios are within acceptable ranges, even with the assumption of additional borrowing of \$100 million in 2016/17.

Table 20: Credit Management Ratios

	2014	2015	2016	2017	2018
<b>DEBT MANAGEMENT POLICY RATIOS</b>					
AER to Debt - NEW ( $\geq 0.6x$ to $> 1.0x$ )	1.8	2.2	2.2	1.7	1.6
Interest Coverage ( $> 2.75x$ to $> 3.25x$ )	14.47	13.60	10.80	7.12	7.58
AER as % Revenues ( $> 15\%$ )	30.0%	33.6%	33.3%	40.8%	37.4%
Liquidity Ratio ( $> 1\%$ )	3.69%	3.83%	3.66%	4.21%	3.95%

### Risks to the 2015/16 Budget

The size of the Provincial deficit and the recently announced funding review increases the risk that Provincial grants will be adjusted in the outer years of the plan. In spite of additional contributions to the Operating Fund to undertake additional deferred maintenance projects, the balance is still very high, which may impact operating costs due to infrastructure failures and/or breakdowns.

### **Conclusions on the 2015/16 Budget**

The Operating Budget does not have a structural deficit as evidenced by the fact that ongoing revenues and expenditures are essentially balanced. The Operating Budget is absorbing substantially all costs for pensions and non-pension current and past service costs, with two exceptions, first, a portion of the past service costs which will be funded through investment reserves; and second, ancillary units will continue to fund all current and past pension costs and non-pension costs.

## APPENDIX A - OPERATING FUND TABLES

Table 21: 2014/15 Projection Sources of Funding and Resource Allocation

(\$ thousands)	2014/15 8 Mo Projection Sources of Funding				Total Salaries & Benefits			Non-salary Expenses				Total Expenses	Annual Surplus (Deficit)
	Framework Allocation	Research Overhead Income	Other Income	Total Income	Salaries & Wages	Benefits & PDA	Total	Scholarships	Library Acquisitions	All Other Expenses	Total		
<b>1. Faculties (Academic Programmes)</b>													
Business	31,828	-	3,284	35,112	20,043	5,339	25,382	1,208	-	7,407	8,615	33,997	1,115
Engineering	58,244	1,715	104	60,063	36,404	9,921	46,325	1,577	0	7,464	9,041	55,366	4,697
Health Sciences	70,968	2,480	23,484	96,932	67,543	19,109	86,652	438	1	6,032	6,471	93,123	3,809
Humanities	23,651	22	1,823	25,496	21,280	6,120	27,400	101	-	733	834	28,234	(2,737)
Science	51,614	1,008	1,623	54,245	42,049	11,010	53,060	740	-	2,371	3,112	56,171	(1,927)
Medical Radiation - Mohawk share	4,755	-	-	4,755	-	-	-	-	-	4,911	4,911	4,911	(156)
Social Sciences	30,380	86	875	31,340	24,390	6,673	31,063	149	-	(27)	122	31,185	156
Interdisciplinary Programmes	1,619	-	-	1,619	890	90	981	-	-	(27)	(27)	954	665
Sub-total	<b>273,059</b>	<b>5,311</b>	<b>31,192</b>	<b>309,562</b>	<b>212,599</b>	<b>58,262</b>	<b>270,861</b>	<b>4,213</b>	<b>1</b>	<b>28,864</b>	<b>33,079</b>	<b>303,940</b>	<b>5,622</b>
<b>2. Academic Priorities</b>													
University Fund	29,497	-	-	29,497	781	-	781	-	-	(7,740)	(7,740)	(6,959)	36,456
Academic Funding Allocation*	(21,028)	-	-	(21,028)	1,271	345	1,617	-	-	(1,622)	(1,622)	(6)	(21,022)
Sub-total	<b>8,469</b>	<b>-</b>	<b>-</b>	<b>8,469</b>	<b>2,052</b>	<b>345</b>	<b>2,398</b>	<b>-</b>	<b>-</b>	<b>(9,362)</b>	<b>(9,362)</b>	<b>(6,964)</b>	<b>15,433</b>
<b>TOTAL ACADEMIC</b>	<b>281,528</b>	<b>5,311</b>	<b>31,192</b>	<b>318,031</b>	<b>214,652</b>	<b>58,608</b>	<b>273,259</b>	<b>4,213</b>	<b>1</b>	<b>19,502</b>	<b>23,716</b>	<b>296,976</b>	<b>21,055</b>
<b>3. Academic Support</b>													
Office of the Provost	3,471	-	28	3,499	2,358	696	3,053	-	-	(9)	(9)	3,045	454
Academic Contingency	2,010	-	-	2,010	326	117	444	-	-	21,984	21,984	22,428	(20,418)
Museum of Art	453	-	65	518	631	197	829	-	-	(319)	(319)	510	8
Centre for Leadership in Learning	1,504	-	7	1,511	2,154	525	2,680	-	-	(1,408)	(1,408)	1,272	239
University Library	17,138	-	415	17,553	6,060	1,909	7,970	-	7,964	1,226	9,190	17,160	394
Health Sciences Library	2,862	35	102	2,999	1,425	458	1,884	-	2,130	(876)	1,255	3,139	(140)
Registrar	4,473	-	2,083	6,556	4,597	1,415	6,012	-	-	629	629	6,642	(86)
Sub-total	<b>31,911</b>	<b>35</b>	<b>2,700</b>	<b>34,646</b>	<b>17,552</b>	<b>5,319</b>	<b>22,871</b>	<b>-</b>	<b>10,094</b>	<b>21,229</b>	<b>31,323</b>	<b>54,194</b>	<b>(19,548)</b>
<b>4. Research Support</b>													
Research	7,652	2,072	6,755	16,479	8,104	2,682	10,786	(0)	-	5,376	5,376	16,161	318
VP Research Discretionary Fund	1,368	-	-	1,368	-	-	-	-	-	1,197	1,197	1,197	171
Nuclear Reactor Debt	-	-	-	-	-	-	-	-	-	(89)	(89)	(89)	89
Sub-total	<b>9,020</b>	<b>2,072</b>	<b>6,755</b>	<b>17,847</b>	<b>8,104</b>	<b>2,682</b>	<b>10,786</b>	<b>(0)</b>	<b>-</b>	<b>6,484</b>	<b>6,484</b>	<b>17,269</b>	<b>578</b>
<b>5. Student Support</b>													
Graduate Scholarships/Bursaries	13,319	-	-	13,319	377	125	503	13,823	-	1,735	15,559	16,061	(2,742)
School of Graduate Studies	1,617	-	22	1,639	1,002	309	1,311	0	-	574	574	1,885	(247)
Student Affairs	3,573	-	18,346	21,919	10,296	2,763	13,058	(16)	-	9,864	9,848	22,906	(987)
Undergraduate Scholarships	13,448	-	779	14,227	1,522	-	1,522	12,722	-	(15)	12,707	14,229	(2)
Sub-total	<b>31,957</b>	<b>-</b>	<b>19,146</b>	<b>51,103</b>	<b>13,197</b>	<b>3,197</b>	<b>16,394</b>	<b>26,530</b>	<b>-</b>	<b>12,158</b>	<b>38,688</b>	<b>55,081</b>	<b>(3,978)</b>
<b>6. Facilities Support</b>													
Facilities Services	13,507	-	419	13,926	7,969	2,537	10,506	-	-	4,320	4,320	14,826	(900)
HSC Maintenance	3,265	-	40	3,305	-	-	-	-	-	3,776	3,776	3,776	(471)
Utilities	17,690	-	3,098	20,788	1,615	470	2,085	-	-	18,403	18,403	20,488	300
HSC Utilities	5,387	-	-	5,387	-	-	-	-	-	6,226	6,226	6,226	(839)
Deferred Maintenance	6,227	-	-	6,227	-	-	-	-	-	7,801	7,801	7,801	(1,574)
Bond Interest	7,380	-	-	7,380	-	-	-	-	-	7,380	7,380	7,380	-
Renovation contingency	974	-	-	974	-	-	-	-	-	1,077	1,077	1,077	(103)
Sub-total	<b>54,430</b>	<b>-</b>	<b>3,556</b>	<b>57,986</b>	<b>9,584</b>	<b>3,007</b>	<b>12,591</b>	<b>-</b>	<b>-</b>	<b>48,982</b>	<b>48,982</b>	<b>61,573</b>	<b>(3,586)</b>
<b>7. Institutional Support</b>													
Administration/Institutional Support	16,601	-	1,400	18,001	11,558	3,611	15,169	-	-	3,158	3,158	18,327	(326)
UTS Asset Management	-	-	-	-	-	-	-	-	-	-	-	-	-
UTS/Technology Fund	12,868	-	467	13,335	6,961	2,227	9,189	-	-	5,265	5,265	14,454	(1,119)
University Secretariat	731	-	0	731	463	154	618	-	-	134	134	752	(21)
Presidential Budget	1,118	-	0	1,118	373	124	496	-	-	562	562	1,059	59
University Advancement	5,047	-	159	5,206	5,312	1,605	6,917	-	-	(576)	(576)	6,340	(1,134)
General University	7,744	-	1,818	9,562	562	25	587	-	-	8,673	8,673	9,260	302
Sub-total	<b>44,109</b>	<b>-</b>	<b>3,844</b>	<b>47,953</b>	<b>25,230</b>	<b>7,746</b>	<b>32,976</b>	<b>-</b>	<b>-</b>	<b>17,215</b>	<b>17,215</b>	<b>50,191</b>	<b>(2,239)</b>
<b>8. Institutional Priority allocations</b>													
Technology Renewal	4,517	-	-	4,517	2,412	640	3,053	-	-	21,870	21,870	24,923	(20,406)
Pension	26,437	-	-	26,437	-	26,437	26,437	-	-	-	-	26,437	-
Strategic Priorities	2,000	-	-	2,000	44	8	52	-	-	2,412	2,412	2,465	(465)
Sub-total	<b>32,954</b>	<b>-</b>	<b>-</b>	<b>32,954</b>	<b>2,456</b>	<b>27,086</b>	<b>29,542</b>	<b>-</b>	<b>-</b>	<b>24,282</b>	<b>24,282</b>	<b>53,824</b>	<b>(20,870)</b>
<b>Surplus/(Deficit)</b>	<b>485,909</b>	<b>7,418</b>	<b>67,193</b>	<b>560,520</b>	<b>290,774</b>	<b>107,644</b>	<b>398,418</b>	<b>30,743</b>	<b>10,096</b>	<b>149,852</b>	<b>190,691</b>	<b>589,109</b>	<b>(28,588)</b>
<i>Under/(over)allocated</i>	0	-	(2,733)	(2,733)	-	-	-	-	-	(2,733)	(2,733)	(2,733)	0
<b>Total Surplus/(Deficit)</b>	<b>485,909</b>	<b>7,418</b>	<b>64,461</b>	<b>557,788</b>	<b>290,774</b>	<b>107,644</b>	<b>398,418</b>	<b>30,743</b>	<b>10,096</b>	<b>147,119</b>	<b>187,958</b>	<b>586,376</b>	<b>(28,588)</b>

\*To be allocated to Faculties

Table 22: 2014/15 Projection Variance to Budget

(\$ thousands)

	Sources of Funding				Total Salaries & Benefits			Non-salary Expenses				Total Expenses	Annual Surplus (Deficit)
	Framework Allocation	Research Overhead Income	Recoveries & Other Income	Total Income	Salaries & Wages	Benefits & PDA	Total	Scholarships	Library Acquisitions	All Other Expenses	Total		
<b>1. Faculties (Academic Programmes)</b>													
Business	4,247	(80)	(2,130)	2,037	(1)	(274)	(275)	(21)	-	(1,460)	(1,480)	(1,756)	281
Engineering	5,229	904	(723)	5,410	1,372	515	1,886	(493)	(0)	(1,054)	(1,547)	339	5,749
Health Sciences	1,022	(2,782)	5,113	3,353	65	(730)	(665)	90	(1)	1,533	1,623	957	4,311
Humanities	(105)	22	(673)	(756)	400	(305)	95	(4)	-	330	326	421	(335)
Science	(459)	802	(1)	342	1,475	675	2,149	(529)	-	932	403	2,552	2,894
Medical Radiation - Mohawk share	104	-	-	104	-	-	-	-	-	(260)	(260)	(260)	(156)
Social Sciences	(33)	59	28	54	(375)	233	(142)	(28)	-	203	175	33	87
Interdisciplinary Programmes	(55)	-	-	(55)	(169)	34	(135)	-	-	171	171	36	(19)
Sub-total	<b>9,950</b>	<b>(1,076)</b>	<b>1,615</b>	<b>10,489</b>	<b>2,765</b>	<b>148</b>	<b>2,913</b>	<b>(985)</b>	<b>(1)</b>	<b>396</b>	<b>(590)</b>	<b>2,323</b>	<b>12,812</b>
<b>2. Academic Priorities</b>													
University Fund	29,497	-	-	29,497	(781)	-	(781)	-	-	7,740	7,740	6,959	36,456
Academic Funding Allocation	(21,028)	-	-	(21,028)	(1,271)	(345)	(1,617)	-	-	1,622	1,622	6	(21,022)
Sub-total	<b>8,469</b>	<b>-</b>	<b>-</b>	<b>8,469</b>	<b>(2,052)</b>	<b>(345)</b>	<b>(2,398)</b>	<b>-</b>	<b>-</b>	<b>9,362</b>	<b>9,362</b>	<b>6,964</b>	<b>15,433</b>
<b>TOTAL ACADEMIC</b>	<b>18,419</b>	<b>(1,076)</b>	<b>1,615</b>	<b>18,958</b>	<b>713</b>	<b>(198)</b>	<b>515</b>	<b>(985)</b>	<b>(1)</b>	<b>9,758</b>	<b>8,772</b>	<b>9,287</b>	<b>28,245</b>
<b>3. Academic Support</b>													
Office of the Provost	389	-	27	416	(59)	38	(21)	-	-	409	409	388	804
Academic Contingency	(17,730)	2,500	-	(15,230)	1,829	528	2,356	-	-	(6,482)	(6,482)	(4,126)	(19,356)
Museum of Art	-	-	(54)	(54)	(9)	(6)	(16)	-	-	68	68	53	(2)
Centre for Leadership in Learning	-	-	(11)	(11)	333	45	378	-	-	1,768	1,768	2,146	2,135
University Library	-	-	103	103	382	81	463	-	0	(82)	(82)	381	484
Health Sciences Library	-	-	22	22	22	93	116	-	134	(63)	71	186	209
Registrar	-	-	24	24	39	59	98	-	-	123	123	221	246
Sub-total	<b>(17,341)</b>	<b>2,500</b>	<b>111</b>	<b>(14,730)</b>	<b>2,537</b>	<b>838</b>	<b>3,374</b>	<b>-</b>	<b>134</b>	<b>(4,259)</b>	<b>(4,125)</b>	<b>(751)</b>	<b>(15,481)</b>
<b>4. Research Support</b>													
Research	0	349	795	1,144	321	88	409	0	-	(913)	(913)	(503)	640
VP Research Discretionary Fund	1,368	-	-	1,368	-	-	-	-	-	(1,197)	(1,197)	(1,197)	171
Nuclear Reactor Debt	-	-	-	-	-	-	-	-	-	4	4	4	4
Sub-total	<b>1,368</b>	<b>349</b>	<b>795</b>	<b>2,512</b>	<b>321</b>	<b>88</b>	<b>409</b>	<b>0</b>	<b>-</b>	<b>(2,106)</b>	<b>(2,106)</b>	<b>(1,696)</b>	<b>815</b>
<b>5. Student Support</b>													
Graduate Scholarships/Bursaries	(443)	-	-	(443)	73	47	120	(1,066)	-	(50)	(1,116)	(996)	(1,439)
School of Graduate Studies	-	-	7	7	(56)	31	(25)	(0)	-	126	126	101	108
Student Affairs	158	-	(839)	(681)	239	(7)	232	16	-	(163)	(147)	85	(596)
Undergraduate Scholarships	-	-	(17)	(17)	60	-	60	222	-	(30)	192	252	235
Sub-total	<b>(285)</b>	<b>-</b>	<b>(849)</b>	<b>(1,134)</b>	<b>317</b>	<b>70</b>	<b>388</b>	<b>(829)</b>	<b>-</b>	<b>(117)</b>	<b>(945)</b>	<b>(558)</b>	<b>(1,692)</b>
<b>6. Facilities Support</b>													
Facilities Services	(4,581)	-	(9)	(4,590)	1,232	67	1,299	-	-	2,421	2,421	3,720	(870)
HSC Maintenance	-	-	(0)	(0)	-	-	-	-	-	(205)	(205)	(205)	(205)
Utilities	1,000	-	1,094	2,094	96	(12)	85	-	-	(1,832)	(1,832)	(1,748)	347
HSC Utilities	-	-	-	-	-	-	-	-	-	(306)	(306)	(306)	(306)
Deferred Maintenance	-	-	-	-	-	-	-	-	-	(1,574)	(1,574)	(1,574)	(1,574)
Bond Interest	-	-	-	-	-	-	-	-	-	-	-	-	-
MIP Occupancy	-	-	-	-	-	-	-	-	-	-	-	-	-
Renovation contingency	-	-	-	-	-	-	-	-	-	(16)	(16)	(16)	(16)
Sub-total	<b>(3,581)</b>	<b>-</b>	<b>1,085</b>	<b>(2,496)</b>	<b>1,328</b>	<b>55</b>	<b>1,383</b>	<b>-</b>	<b>-</b>	<b>(1,513)</b>	<b>(1,513)</b>	<b>(129)</b>	<b>(2,625)</b>
<b>7. Institutional Support</b>													
Administration/Institutional Support	(0)	-	10	10	145	(48)	97	-	-	(265)	(265)	(168)	(159)
UTS/Technology Fund	-	-	(0)	(0)	50	(139)	(89)	-	-	226	226	137	137
University Secretariat	-	-	0	0	(7)	5	(2)	-	-	41	41	39	39
Presidential Budget	-	-	(6)	(6)	49	25	74	-	-	0	0	74	67
University Advancement	-	-	68	68	312	119	431	-	-	(588)	(588)	(157)	(90)
General University	(1)	-	33	32	(168)	6	(162)	-	-	373	373	211	243
Sub-total	<b>(1)</b>	<b>-</b>	<b>105</b>	<b>103</b>	<b>381</b>	<b>(32)</b>	<b>349</b>	<b>-</b>	<b>-</b>	<b>(214)</b>	<b>(214)</b>	<b>135</b>	<b>239</b>
<b>8. Institutional Priority allocations</b>													
Technology Renewal	-	-	-	-	739	288	1,027	-	-	(915)	(915)	112	112
Pension	(609)	-	-	(609)	-	609	609	-	-	-	-	609	-
Strategic Priorities	-	-	-	-	64	16	80	-	-	(5,516)	(5,516)	(5,436)	(5,436)
Sub-total	<b>(609)</b>	<b>-</b>	<b>-</b>	<b>(609)</b>	<b>803</b>	<b>913</b>	<b>1,716</b>	<b>-</b>	<b>-</b>	<b>(6,431)</b>	<b>(6,431)</b>	<b>(4,714)</b>	<b>(5,323)</b>
<b>Surplus/(Deficit)</b>	<b>(2,030)</b>	<b>1,773</b>	<b>2,861</b>	<b>2,604</b>	<b>6,400</b>	<b>1,735</b>	<b>8,135</b>	<b>(1,813)</b>	<b>133</b>	<b>(4,881)</b>	<b>(6,561)</b>	<b>1,574</b>	<b>4,178</b>
<i>Under/(over)allocated</i>	0	-	4,861	4,862	-	-	-	-	-	(4,861)	(4,861)	(4,861)	0
<b>Total Surplus/(Deficit)</b>	<b>(2,029)</b>	<b>1,773</b>	<b>7,722</b>	<b>7,466</b>	<b>6,400</b>	<b>1,735</b>	<b>8,135</b>	<b>(1,813)</b>	<b>133</b>	<b>(9,742)</b>	<b>(11,422)</b>	<b>(3,287)</b>	<b>4,179</b>

\*To be allocated to Faculties

Table 23: 2014/15 Projection One-Time Sources of Funding and Resource Allocation

(\$ thousands)

	2014/15 8 Month One-time Sources of Funding				Total Salaries & Benefits			Non-salary Expenses				Total Expenses	Annual Surplus (Deficit)
	Framework Allocation	Research Overhead Income	Other Income	Total Income	Salaries & Wages	Benefits & PDA	Total	Scholarships	Library Acquisitions	All Other Expenses	Total		
<b>1. Faculties (Academic Programmes)</b>													
Business	3,239	-	(36)	3,203	-	-	-	-	-	2,189	2,189	2,189	1,014
Engineering	4,093	-	-	4,093	-	-	-	-	-	1,800	1,800	1,800	2,293
Health Sciences	1,638	-	101	1,739	4	(40)	(36)	-	-	625	625	589	1,150
Humanities	(262)	-	-	(262)	-	-	-	-	-	-	-	-	(262)
Science	181	-	11	192	220	71	290	140	-	808	948	1,239	(1,047)
Medical Radiation - Mohawk share	105	-	-	105	-	-	-	-	-	-	-	-	105
Social Sciences	224	2	1	227	-	-	-	-	-	(29)	(29)	(29)	256
Interdisciplinary Programmes	42	-	-	42	-	-	-	-	-	-	-	-	42
Sub-total	<b>9,260</b>	<b>2</b>	<b>77</b>	<b>9,339</b>	<b>224</b>	<b>31</b>	<b>255</b>	<b>140</b>	<b>-</b>	<b>5,393</b>	<b>5,533</b>	<b>5,788</b>	<b>3,551</b>
<b>2. Academic Priorities</b>													
University Fund	4,690	-	-	4,690	-	-	-	-	-	(20,155)	(20,155)	(20,155)	24,846
Academic Funding Allocation*	(20,966)	-	-	(20,966)	-	-	-	-	-	-	-	-	(20,966)
Sub-total	<b>(16,276)</b>	<b>-</b>	<b>-</b>	<b>(16,276)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(20,155)</b>	<b>(20,155)</b>	<b>(20,155)</b>	<b>3,879</b>
<b>TOTAL ACADEMIC</b>	<b>(7,016)</b>	<b>2</b>	<b>77</b>	<b>(6,937)</b>	<b>224</b>	<b>31</b>	<b>255</b>	<b>140</b>	<b>-</b>	<b>(14,763)</b>	<b>(14,623)</b>	<b>(14,368)</b>	<b>7,430</b>
<b>3. Academic Support</b>													
Office of the Provost	-	-	-	-	-	4	4	-	-	242	242	245	(245)
Academic Contingency	-	-	-	-	-	-	-	-	-	20,454	20,454	20,454	(20,454)
Museum of Art	-	-	-	-	-	-	-	-	-	-	-	-	-
Centre for Leadership in Learning	-	-	-	-	-	-	-	-	-	(316)	(316)	(316)	316
University Library	-	-	195	195	76	-	76	-	-	(130)	(130)	(55)	250
Health Sciences Library	-	-	-	-	-	-	-	-	-	(50)	(50)	(50)	50
Registrar	-	-	49	49	146	27	172	-	-	74	74	246	(197)
Sub-total	<b>-</b>	<b>-</b>	<b>244</b>	<b>244</b>	<b>222</b>	<b>30</b>	<b>252</b>	<b>-</b>	<b>-</b>	<b>20,272</b>	<b>20,272</b>	<b>20,524</b>	<b>(20,280)</b>
<b>4. Research Support</b>													
Research	170	441	15	626	-	-	-	-	-	1,421	1,421	1,421	(795)
VP Research Discretionary Fund	-	-	-	-	-	-	-	-	-	550	550	550	(550)
Nuclear Reactor Debt	-	-	-	-	-	-	-	-	-	(89)	(89)	(89)	89
Sub-total	<b>170</b>	<b>441</b>	<b>15</b>	<b>626</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,882</b>	<b>1,882</b>	<b>1,882</b>	<b>(1,256)</b>
<b>5. Student Support</b>													
Graduate Scholarships/Bursaries	(443)	-	-	(443)	-	-	-	2,299	-	-	2,299	2,299	(2,742)
School of Graduate Studies	-	-	-	-	22	2	24	-	-	257	257	281	(281)
Student Affairs	-	-	313	313	67	(3)	64	-	-	887	887	951	(638)
Undergraduate Scholarships	-	-	-	-	-	-	-	-	-	-	-	-	-
Sub-total	<b>(443)</b>	<b>-</b>	<b>313</b>	<b>(130)</b>	<b>89</b>	<b>(1)</b>	<b>87</b>	<b>2,299</b>	<b>-</b>	<b>1,144</b>	<b>3,443</b>	<b>3,530</b>	<b>(3,660)</b>
<b>6. Facilities Support</b>													
Facilities Services	-	-	-	-	-	-	-	-	-	1,268	1,268	1,268	(1,268)
HSC Maintenance	-	-	-	-	-	-	-	-	-	54	54	54	(54)
Utilities	1,000	-	-	1,000	-	-	-	-	-	-	-	-	1,000
HSC Utilities	-	-	-	-	-	-	-	-	-	-	-	-	-
Deferred Maintenance	334	-	-	334	-	-	-	-	-	1,908	1,908	1,908	(1,574)
Bond Interest	-	-	-	-	-	-	-	-	-	-	-	-	-
Renovation contingency	-	-	-	-	-	-	-	-	-	87	87	87	(87)
Sub-total	<b>1,334</b>	<b>-</b>	<b>-</b>	<b>1,334</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,317</b>	<b>3,317</b>	<b>3,317</b>	<b>(1,983)</b>
<b>7. Institutional Support</b>													
Administration/Institutional Support	590	-	4	594	117	10	127	-	-	491	491	619	(25)
UTS Asset Management	-	-	-	-	-	-	-	-	-	-	-	-	-
UTS/Technology Fund	950	-	-	950	-	-	-	-	-	2,008	2,008	2,008	(1,058)
University Secretariat	25	-	-	25	-	-	-	-	-	10	10	10	15
Presidential Budget	-	-	-	-	-	-	-	-	-	-	-	-	-
University Advancement	-	-	-	-	-	-	-	-	-	-	-	-	-
General University	350	-	-	350	-	-	-	-	-	350	350	350	-
Sub-total	<b>1,915</b>	<b>-</b>	<b>4</b>	<b>1,919</b>	<b>117</b>	<b>10</b>	<b>127</b>	<b>-</b>	<b>-</b>	<b>2,859</b>	<b>2,859</b>	<b>2,987</b>	<b>(1,068)</b>
<b>8. Institutional Priority allocations</b>													
Technology Renewal	4,517	-	-	4,517	2,412	640	3,053	-	-	21,870	21,870	24,923	(20,406)
Pension	2,038	-	-	2,038	-	2,038	2,038	-	-	-	-	2,038	-
Strategic Priorities	2,000	-	-	2,000	-	(0)	(0)	-	-	2,412	2,412	2,412	(412)
Sub-total	<b>8,555</b>	<b>-</b>	<b>-</b>	<b>8,555</b>	<b>2,412</b>	<b>2,678</b>	<b>5,090</b>	<b>-</b>	<b>-</b>	<b>24,282</b>	<b>24,282</b>	<b>29,373</b>	<b>(20,818)</b>
<b>Surplus/(Deficit)</b>	<b>4,515</b>	<b>443</b>	<b>653</b>	<b>5,611</b>	<b>3,064</b>	<b>2,748</b>	<b>5,812</b>	<b>2,439</b>	<b>-</b>	<b>38,995</b>	<b>41,433</b>	<b>47,245</b>	<b>(41,635)</b>
<i>Under/(over)allocated</i>	<i>(4,515)</i>	<i>-</i>	<i>-</i>	<i>(4,515)</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>(4,515)</i>
<b>Total Surplus/(Deficit)</b>	<b>-</b>	<b>443</b>	<b>653</b>	<b>1,096</b>	<b>3,064</b>	<b>2,748</b>	<b>5,812</b>	<b>2,439</b>	<b>-</b>	<b>38,995</b>	<b>41,433</b>	<b>47,245</b>	<b>(46,150)</b>

\*To be allocated to Faculties

Table 24: 2015/16 Budget Sources of Funding and Resource Allocation

(\$ thousands)	2015/16 Budget Sources of Funding				Total Salaries & Benefits			Non-salary Expenses				Total Expenses	Annual Surplus (Deficit)
	Framework Allocation	Research Overhead Income	Other Income	Total Income	Salaries & Wages	Benefits & PDA	Total	Scholarships	Library Acquisitions	All Other Expenses	Total		
<b>1. Faculties (Academic Programmes)</b>													
Business	30,450	-	3,599	34,049	21,659	5,277	26,937	1,265	-	6,319	7,584	34,521	(473)
Engineering	56,548	1,715	1,417	59,680	40,173	9,672	49,845	1,677	0	9,277	10,955	60,800	(1,120)
Health Sciences	69,330	2,336	20,763	92,429	70,264	17,453	87,716	463	1	10,783	11,247	98,963	(6,534)
Humanities	23,913	21	1,647	25,581	21,143	5,449	26,592	127	-	883	1,010	27,602	(2,021)
Science	51,433	1,009	2,164	54,606	42,388	10,582	52,970	622	-	2,945	3,567	56,536	(1,930)
Medical Radiation - Mohawk share	4,712	-	-	4,712	-	-	-	-	-	4,980	4,980	4,980	(268)
Social Sciences	29,874	85	834	30,793	24,408	6,490	30,897	130	-	(26)	104	31,001	(209)
Interdisciplinary Programmes	1,386	-	-	1,386	1,183	92	1,275	-	-	(11)	(11)	1,264	122
Sub-total	<b>267,646</b>	<b>5,166</b>	<b>30,423</b>	<b>303,235</b>	<b>221,218</b>	<b>55,015</b>	<b>276,232</b>	<b>4,283</b>	<b>1</b>	<b>35,152</b>	<b>39,436</b>	<b>315,669</b>	<b>(12,434)</b>
<b>2. Academic Priorities</b>													
University Fund	15,830	-	115	15,945	1,544	199	1,743	-	-	19,820	19,820	21,563	(5,618)
Academic Funding Allocation*	10,464	-	-	10,464	(3,264)	1,688	(1,575)	-	-	(1,420)	(1,420)	(2,995)	13,459
Sub-total	<b>26,294</b>	<b>-</b>	<b>115</b>	<b>26,409</b>	<b>(1,720)</b>	<b>1,887</b>	<b>168</b>	<b>-</b>	<b>-</b>	<b>18,400</b>	<b>18,400</b>	<b>18,568</b>	<b>7,841</b>
<b>TOTAL ACADEMIC</b>	<b>293,940</b>	<b>5,166</b>	<b>30,538</b>	<b>329,644</b>	<b>219,498</b>	<b>56,902</b>	<b>276,400</b>	<b>4,283</b>	<b>1</b>	<b>53,552</b>	<b>57,837</b>	<b>334,237</b>	<b>(4,593)</b>
<b>3. Academic Support</b>													
Office of the Provost	3,524	-	1	3,525	2,650	705	3,355	-	-	730	730	4,085	(560)
Academic Contingency	2,274	-	-	2,274	659	163	822	-	-	1,486	1,486	2,308	(34)
Museum of Art	469	-	228	697	636	183	819	-	-	(142)	(142)	677	20
Centre for Leadership in Learning	1,970	-	-	1,970	2,642	612	3,254	-	-	(774)	(774)	2,480	(510)
University Library	17,692	-	317	18,009	6,340	1,840	8,180	-	8,362	1,122	9,485	17,664	344
Health Sciences Library	2,899	35	101	3,035	1,509	409	1,918	-	2,305	(963)	1,342	3,260	(225)
Registrar	4,589	-	2,037	6,626	5,016	1,418	6,434	-	-	1,229	1,229	7,663	(1,037)
Sub-total	<b>33,417</b>	<b>35</b>	<b>2,684</b>	<b>36,136</b>	<b>19,452</b>	<b>5,330</b>	<b>24,781</b>	<b>-</b>	<b>10,667</b>	<b>2,690</b>	<b>13,358</b>	<b>38,139</b>	<b>(2,003)</b>
<b>4. Research Support</b>													
Research	7,871	1,927	6,946	16,744	8,986	2,716	11,703	-	-	5,675	5,675	17,378	(634)
VP Research Discretionary Fund	1,368	-	-	1,368	-	-	-	-	-	1,252	1,252	1,252	116
Nuclear Reactor Debt	-	-	-	-	-	-	-	-	-	(89)	(89)	(89)	89
Sub-total	<b>9,239</b>	<b>1,927</b>	<b>6,946</b>	<b>18,112</b>	<b>8,986</b>	<b>2,716</b>	<b>11,703</b>	<b>-</b>	<b>-</b>	<b>6,838</b>	<b>6,838</b>	<b>18,541</b>	<b>(429)</b>
<b>5. Student Support</b>													
Graduate Scholarships/Bursaries	13,774	-	-	13,774	359	106	465	14,125	-	1,655	15,780	16,245	(2,471)
School of Graduate Studies	1,641	-	16	1,657	1,140	317	1,457	-	-	636	636	2,093	(436)
Student Affairs	3,655	-	18,645	22,300	10,851	3,087	13,937	-	-	9,141	9,141	23,078	(778)
Undergraduate Scholarships	13,477	-	358	13,835	1,570	-	1,570	12,330	-	(15)	12,315	13,885	(50)
Sub-total	<b>32,547</b>	<b>-</b>	<b>19,019</b>	<b>51,566</b>	<b>13,919</b>	<b>3,509</b>	<b>17,429</b>	<b>26,455</b>	<b>-</b>	<b>11,416</b>	<b>37,872</b>	<b>55,301</b>	<b>(3,735)</b>
<b>6. Facilities Support</b>													
Facilities Services	15,111	-	410	15,521	9,500	2,761	12,261	-	-	2,746	2,746	15,008	513
HSC Maintenance	3,795	-	40	3,835	-	-	-	-	-	3,570	3,570	3,570	265
Utilities	21,789	-	1,942	23,731	1,706	473	2,179	-	-	18,639	18,639	20,818	2,913
HSC Utilities	5,387	-	-	5,387	-	-	-	-	-	6,650	6,650	6,650	(1,263)
Deferred Maintenance	8,227	-	-	8,227	-	-	-	-	-	8,227	8,227	8,227	-
Bond Interest	7,380	-	-	7,380	-	-	-	-	-	7,380	7,380	7,380	-
Renovation contingency	974	-	-	974	-	-	-	-	-	974	974	974	-
Sub-total	<b>62,663</b>	<b>-</b>	<b>2,392</b>	<b>65,055</b>	<b>11,206</b>	<b>3,235</b>	<b>14,441</b>	<b>-</b>	<b>-</b>	<b>48,186</b>	<b>48,186</b>	<b>62,627</b>	<b>2,429</b>
<b>7. Institutional Support</b>													
Administration/Institutional Support	16,312	-	1,428	17,740	11,478	3,421	14,899	-	-	2,720	2,720	17,619	122
UTS Asset Management	250	-	(250)	-	-	-	-	-	-	-	-	-	-
UTS/Technology Fund	15,110	-	467	15,577	9,190	2,687	11,877	-	-	4,324	4,324	16,201	(625)
University Secretariat	718	-	-	718	478	144	622	-	-	108	108	730	(12)
Presidential Budget	1,128	-	-	1,128	378	116	494	-	-	630	630	1,124	4
University Advancement	5,193	-	88	5,281	5,759	1,630	7,388	-	-	(2,106)	(2,106)	5,282	(1)
General University	7,400	-	1,814	9,214	581	25	607	-	-	9,039	9,039	9,645	(431)
Sub-total	<b>46,111</b>	<b>-</b>	<b>3,547</b>	<b>49,658</b>	<b>27,864</b>	<b>8,024</b>	<b>35,888</b>	<b>-</b>	<b>-</b>	<b>14,714</b>	<b>14,714</b>	<b>50,602</b>	<b>(944)</b>
<b>8. Institutional Priority allocations</b>													
Technology Renewal	4,517	-	-	4,517	279	92	371	-	-	5,714	5,714	6,085	(1,568)
Pension	24,399	-	-	24,399	-	24,399	24,399	-	-	-	-	24,399	-
Strategic Priorities	-	-	-	-	-	-	-	-	-	1,818	1,818	1,818	(1,818)
Sub-total	<b>28,916</b>	<b>-</b>	<b>-</b>	<b>28,916</b>	<b>279</b>	<b>24,491</b>	<b>24,770</b>	<b>-</b>	<b>-</b>	<b>7,532</b>	<b>7,532</b>	<b>32,302</b>	<b>(3,386)</b>
<b>Surplus/(Deficit)</b>	<b>506,833</b>	<b>7,128</b>	<b>65,126</b>	<b>579,087</b>	<b>301,204</b>	<b>104,207</b>	<b>405,411</b>	<b>30,739</b>	<b>10,668</b>	<b>144,930</b>	<b>186,337</b>	<b>591,749</b>	<b>(12,662)</b>
<i>Under(over)allocated</i>	0	-	(2,916)	(2,916)	-	-	-	-	-	(2,916)	(2,916)	(2,916)	0
<b>Total Surplus/(Deficit)</b>	<b>506,833</b>	<b>7,128</b>	<b>62,210</b>	<b>576,171</b>	<b>301,204</b>	<b>104,207</b>	<b>405,411</b>	<b>30,739</b>	<b>10,668</b>	<b>142,014</b>	<b>183,421</b>	<b>588,833</b>	<b>(12,662)</b>

\*To be allocated to Faculties

Table 25: 2015/16 Budget One-Time Sources of Funding and Resource Allocation

(\$ thousands)	2015/16 One-time Sources of Funding				Total Salaries & Benefits			Non-salary Expenses				Total Expenses	Annual Surplus (Deficit)
	Framework Allocation	Research Overhead Income	Other Income	Total Income	Salaries & Wages	Benefits & PDA	Total	Scholarships	Library Acquisitions	All Other Expenses	Total		
<b>1. Faculties (Academic Programmes)</b>													
Business	-	-	-	-	-	-	-	-	-	1,163	1,163	1,163	(1,163)
Engineering	-	-	-	-	-	-	-	-	-	1,500	1,500	1,500	(1,500)
Health Sciences	-	-	70	70	357	11	369	-	-	4,056	4,056	4,424	(4,354)
Humanities	-	-	-	-	-	-	-	-	-	-	-	-	-
Science	-	-	-	-	122	36	158	-	-	472	472	629	(629)
Medical Radiation - Mohawk share	-	-	-	-	-	-	-	-	-	-	-	-	-
Social Sciences	-	-	-	-	-	-	-	-	-	-	-	-	-
Interdisciplinary Programmes	-	-	-	-	-	-	-	-	-	-	-	-	-
Sub-total	-	-	70	70	479	47	526	-	-	7,190	7,190	7,717	(7,647)
<b>2. Academic Priorities</b>													
University Fund	(11,197)	-	-	(11,197)	-	-	-	-	-	677	677	677	(11,874)
Academic Funding Allocation*	3,000	-	-	3,000	-	-	-	-	-	-	-	-	3,000
Sub-total	(8,197)	-	-	(8,197)	-	-	-	-	-	677	677	677	(8,874)
<b>TOTAL ACADEMIC</b>	<b>(8,197)</b>	<b>-</b>	<b>70</b>	<b>(8,127)</b>	<b>479</b>	<b>47</b>	<b>526</b>	<b>-</b>	<b>-</b>	<b>7,867</b>	<b>7,867</b>	<b>8,394</b>	<b>(16,521)</b>
<b>3. Academic Support</b>													
Office of the Provost	-	-	-	-	-	3	3	-	-	28	28	31	(31)
Academic Contingency	250	-	-	250	140	43	183	-	-	67	67	250	0
Museum of Art	-	-	166	166	-	-	-	-	-	166	166	166	-
Centre for Leadership in Learning	437	-	-	437	37	12	49	-	-	(6)	(6)	44	393
University Library	-	-	100	100	76	-	76	-	-	(209)	(209)	(133)	233
Health Sciences Library	-	-	-	-	-	-	-	-	-	-	-	-	-
Registrar	-	-	-	-	45	12	57	-	-	690	690	747	(747)
Sub-total	687	-	266	953	298	70	368	-	-	737	737	1,105	(152)
<b>4. Research Support</b>													
Research	250	509	-	759	-	-	-	-	-	1,600	1,600	1,600	(840)
VP Research Discretionary Fund	-	-	-	-	-	-	-	-	-	605	605	605	(605)
Nuclear Reactor Debt	-	-	-	-	-	-	-	-	-	(89)	(89)	(89)	89
Sub-total	250	509	-	759	-	-	-	-	-	2,116	2,116	2,116	(1,356)
<b>5. Student Support</b>													
Graduate Scholarships/Bursaries	-	-	-	-	-	-	-	2,471	-	-	2,471	2,471	(2,471)
School of Graduate Studies	-	-	-	-	69	13	82	-	-	151	151	232	(232)
Student Affairs	-	-	152	152	102	26	128	-	-	231	231	359	(207)
Undergraduate Scholarships	-	-	-	-	-	-	-	-	-	-	-	-	-
Sub-total	-	-	152	152	171	39	209	2,471	-	382	2,853	3,062	(2,910)
<b>6. Facilities Support</b>													
Facilities Services	1,089	-	-	1,089	53	45	98	-	-	640	640	738	351
HSC Maintenance	265	-	-	265	-	-	-	-	-	-	-	-	265
Utilities	3,357	-	-	3,357	-	-	-	-	-	-	-	-	3,357
HSC Utilities	-	-	-	-	-	-	-	-	-	-	-	-	-
Deferred Maintenance	334	-	-	334	-	-	-	-	-	334	334	334	-
Bond Interest	-	-	-	-	-	-	-	-	-	-	-	-	-
Renovation contingency	-	-	-	-	-	-	-	-	-	-	-	-	-
Sub-total	5,045	-	-	5,045	53	45	98	-	-	974	974	1,072	3,973
<b>7. Institutional Support</b>													
Administration/Institutional Support	-	-	3	3	58	-	58	-	-	226	226	284	(280)
UTS Asset Management	-	-	-	-	-	-	-	-	-	-	-	-	-
UTS/Technology Fund	2,000	-	-	2,000	-	-	-	-	-	323	323	323	1,677
University Secretariat	-	-	-	-	-	-	-	-	-	-	-	-	-
Presidential Budget	-	-	-	-	-	-	-	-	-	-	-	-	-
University Advancement	-	-	-	-	-	-	-	-	-	-	-	-	-
General University	-	-	-	-	-	-	-	-	-	230	230	230	(230)
Sub-total	2,000	-	3	2,003	58	-	58	-	-	779	779	837	1,167
<b>8. Institutional Priority allocations</b>													
Technology Renewal	4,517	-	-	4,517	279	92	371	-	-	5,714	5,714	6,085	(1,568)
Pension	-	-	-	-	-	-	-	-	-	-	-	-	-
Strategic Priorities	-	-	-	-	-	-	-	-	-	1,818	1,818	1,818	(1,818)
Sub-total	4,517	-	-	4,517	279	92	371	-	-	7,532	7,532	7,903	(3,386)
<b>Surplus/(Deficit)</b>	<b>4,302</b>	<b>509</b>	<b>491</b>	<b>5,303</b>	<b>1,337</b>	<b>294</b>	<b>1,631</b>	<b>2,471</b>	<b>-</b>	<b>20,386</b>	<b>22,857</b>	<b>24,488</b>	<b>(19,185)</b>
<i>Under/(over)allocated</i>	(1,302)	-	-	(1,302)	-	-	-	-	-	-	-	-	(1,302)
<b>Total Surplus/(Deficit)</b>	<b>3,000</b>	<b>509</b>	<b>491</b>	<b>4,001</b>	<b>1,337</b>	<b>294</b>	<b>1,631</b>	<b>2,471</b>	<b>-</b>	<b>20,386</b>	<b>22,857</b>	<b>24,488</b>	<b>(20,487)</b>

\*To be allocated to Faculties

Table 26: Annual Net Change in Operating Envelope Balance 2014/15 to 2017/18

(\$ thousands)	2014/15		2015/16	2016/17	2017/18
	Budget	Projection	Budget	Plan	Plan
<b>1. Faculties (Academic Programmes)</b>					
Business	834	1,115	(473)	1,046	3,187
Engineering	(1,051)	4,697	(1,120)	(164)	923
Health Sciences	(502)	3,809	(6,534)	(4,414)	(7,288)
Humanities	(2,402)	(2,737)	(2,021)	(2,046)	(1,949)
Science	(4,821)	(1,927)	(1,930)	(2,741)	(4,278)
Medical Radiation - Mohawk share	-	(156)	(268)	(268)	(268)
Social Sciences	68	156	(209)	64	(613)
Interdisciplinary Programmes	684	665	122	107	100
Sub-total	<b>(7,190)</b>	<b>5,622</b>	<b>(12,434)</b>	<b>(8,415)</b>	<b>(10,185)</b>
<b>2. Academic Priorities</b>					
University Fund	-	36,456	(5,618)	(946)	2,640
Slip-year Allocation*	-	(21,022)	13,459	14,288	20,426
Sub-total	-	<b>15,433</b>	<b>7,841</b>	<b>13,342</b>	<b>23,066</b>
<b>TOTAL ACADEMIC</b>	<b>(7,190)</b>	<b>21,055</b>	<b>(4,593)</b>	<b>4,927</b>	<b>12,881</b>
<b>3. Academic Support</b>					
Office of the Provost	(350)	454	(560)	(654)	(1,063)
Academic Contingency	(1,061)	(20,418)	(34)	(55)	(161)
Museum of Art	10	8	20	(0)	0
Centre for Leadership in Learning	(1,896)	239	(510)	(856)	(432)
University Library	(90)	394	344	43	(571)
Health Sciences Library	(349)	(140)	(225)	(331)	(436)
Registrar	(331)	(86)	(1,037)	(981)	(28)
Sub-total	<b>(4,067)</b>	<b>(19,548)</b>	<b>(2,003)</b>	<b>(2,834)</b>	<b>(2,692)</b>
<b>4. Research Support</b>					
Research	(323)	318	(634)	219	(189)
VP Research Discretionary Fund	-	171	116	356	521
Nuclear Reactor Debt	85	89	89	89	89
Sub-total	<b>(238)</b>	<b>578</b>	<b>(429)</b>	<b>664</b>	<b>421</b>
<b>5. Student Support</b>					
Graduate Scholarships/Bursaries	(1,303)	(2,742)	(2,471)	(2,531)	(671)
School of Graduate Studies	(354)	(247)	(436)	(359)	(373)
Student Affairs	(392)	(987)	(778)	(736)	(1,311)
Undergraduate Scholarships	(237)	(2)	(50)	(50)	(50)
Student Support Allocation	-	-	-	-	-
Sub-total	<b>(2,286)</b>	<b>(3,978)</b>	<b>(3,735)</b>	<b>(3,676)</b>	<b>(2,405)</b>
<b>6. Facilities Support</b>					
Facilities Services	(30)	(900)	513	28	(34)
HSC Maintenance	(265)	(471)	265	-	0
Utilities	(47)	300	2,913	(1,576)	(2,459)
HSC Utilities	(532)	(839)	(1,263)	(1,516)	(1,788)
Deferred Maint/Facilities Renew	-	(1,574)	-	-	-
Bond Interest	-	-	-	-	-
Renovation contingency	(87)	(103)	-	-	-
Sub-total	<b>(961)</b>	<b>(3,586)</b>	<b>2,429</b>	<b>(3,064)</b>	<b>(4,281)</b>
<b>7. Institutional Support</b>					
Administration/Institutional Support	(168)	(326)	122	(1,182)	597
UTS/Technology Fund	(1,256)	(1,119)	(625)	(730)	(997)
University Secretariat	(60)	(21)	(12)	(17)	(23)
Presidential Budget	(8)	59	4	10	15
University Advancement	(1,045)	(1,134)	(1)	0	(332)
General/Contingency	59	302	(431)	163	86
Sub-total	<b>(2,477)</b>	<b>(2,239)</b>	<b>(944)</b>	<b>(1,757)</b>	<b>(655)</b>
<b>8. Institutional Priority allocations</b>					
Technology Renewal	(20,518)	(20,406)	(1,568)	4,517	4,517
Pension	-	-	-	-	-
Strategic Priorities	4,971	(465)	(1,818)	-	-
Sub-total	<b>(15,547)</b>	<b>(20,870)</b>	<b>(3,386)</b>	<b>4,517</b>	<b>4,517</b>
<b>Surplus/(Deficit)</b>	<b>(32,767)</b>	<b>(28,588)</b>	<b>(12,662)</b>	<b>(1,223)</b>	<b>7,785</b>
<i>Under/(over)allocated</i>	<i>(0)</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
<b>Total Surplus/(Deficit)</b>	<b>(32,767)</b>	<b>(28,588)</b>	<b>(12,662)</b>	<b>(1,223)</b>	<b>7,785</b>

\*To be allocated to Faculties

Table 27: Financial Position of Operating Envelopes 2014/15 Budget and Projection

	2014/15 Budget				2014/15 8 Month Projection				Favourable (Unfavourable) Variance			
	Appropriations April 30, 2014	On-going	One-time	Total	Appropriations April 30, 2014	On-going	One-time	Total	Appropriations April 30, 2014	On-going	One-time	Total
<b>1. Facilities (Academic Programs)</b>												
Business	(10,010)	1,681	(847)	834	(10,530)	101	1,014	1,115	(521)	(1,580)	1,861	281
Engineering	15,221	649	(1,700)	(1,051)	15,165	2,404	2,293	4,697	(56)	1,756	3,993	5,749
Health Sciences	18,793	3,329	(3,830)	(502)	18,292	2,659	1,150	3,809	5,524	(669)	4,980	4,311
Humanities	(4,450)	(2,366)	(36)	(2,402)	(4,516)	(2,475)	(262)	(2,737)	(66)	(109)	(226)	(335)
Science	340	(3,039)	(1,781)	(4,821)	(946)	(880)	(1,047)	(1,927)	(1,286)	2,160	735	2,894
Medical Radiation - Mohawk share	(1,161)	-	-	-	(1,290)	(261)	105	(1,185)	(129)	(261)	105	(156)
Social Sciences	(5,414)	(201)	270	68	(5,801)	(100)	256	156	(387)	101	(14)	87
Interdisciplinary Programs	1,442	684	0	684	1,663	623	42	665	220	(61)	42	(19)
Sub-total	<b>14,763</b>	<b>735</b>	<b>(7,925)</b>	<b>(7,190)</b>	<b>18,062</b>	<b>2,071</b>	<b>3,551</b>	<b>5,622</b>	<b>3,299</b>	<b>1,336</b>	<b>11,476</b>	<b>12,812</b>
<b>2. Academic Priorities</b>												
University Fund*	-	-	-	-	142	11,610	24,846	36,456	142	11,610	24,846	36,456
Academic Funding Allocation*	11,945	-	-	-	20,966	(56)	(20,966)	(21,022)	9,021	(56)	(20,966)	(21,022)
Sub-total	<b>11,945</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>21,108</b>	<b>11,554</b>	<b>3,879</b>	<b>15,433</b>	<b>9,163</b>	<b>11,554</b>	<b>3,879</b>	<b>15,433</b>
<b>TOTAL ACADEMIC</b>	<b>26,708</b>	<b>735</b>	<b>(7,925)</b>	<b>(7,190)</b>	<b>39,169</b>	<b>13,625</b>	<b>7,430</b>	<b>21,055</b>	<b>12,462</b>	<b>12,890</b>	<b>15,355</b>	<b>28,245</b>
<b>3. Academic Support</b>												
Office of the Provost	2,546	(115)	(235)	(350)	2,801	699	(245)	454	255	814	(10)	804
Academic Contingency*	22,936	3,939	(5,000)	(1,061)	23,338	36	(20,434)	(20,418)	402	(3,902)	(15,454)	(19,356)
Museum of Art	(21)	10	-	10	(28)	8	-	8	(8)	(2)	-	(2)
MIETL	1,428	(1,887)	(10)	(1,896)	1,664	(77)	316	239	236	1,810	326	2,135
University Library	629	(118)	28	(90)	436	144	250	394	(193)	262	222	484
Health Sciences Library	666	(371)	22	(349)	608	(190)	50	(140)	(57)	181	28	209
Registrar	1,746	1	(332)	(331)	1,606	111	(197)	(86)	(140)	111	135	246
Sub-total	<b>29,931</b>	<b>1,458</b>	<b>(5,525)</b>	<b>(4,067)</b>	<b>30,425</b>	<b>732</b>	<b>(20,280)</b>	<b>(19,548)</b>	<b>494</b>	<b>(726)</b>	<b>(14,755)</b>	<b>(15,481)</b>
<b>4. Research Support</b>												
Research	(1,277)	(675)	352	(323)	(2,062)	1,113	(795)	318	(785)	1,787	(1,147)	640
VP Research Discretionary Fund	(1,106)	-	85	85	(1,099)	-	89	89	7	721	(550)	171
Nuclear Research Debt	(2,383)	(675)	437	(238)	(3,160)	1,834	(1,256)	578	(777)	2,509	(1,693)	815
Sub-total	<b>5,616</b>	<b>-</b>	<b>(1,303)</b>	<b>(1,303)</b>	<b>6,920</b>	<b>(0)</b>	<b>(2,742)</b>	<b>(2,742)</b>	<b>1,304</b>	<b>(0)</b>	<b>(1,439)</b>	<b>(1,439)</b>
<b>5. Student Support</b>												
Graduate Scholarships/Bursaries	1,783	0	(355)	(354)	2,186	34	(281)	(247)	402	34	74	108
School of Graduate Studies	3,070	1,059	(1,451)	(392)	2,985	(350)	(638)	(987)	(85)	(1,409)	813	(596)
Student Affairs	511	(237)	-	(237)	1,062	(2)	-	(2)	551	235	-	235
Undergraduate Scholarships	10,980	822	(3,108)	(2,286)	13,153	(318)	(3,660)	(3,978)	2,173	(1,140)	(652)	(1,692)
Sub-total	<b>180</b>	<b>(30)</b>	<b>-</b>	<b>(30)</b>	<b>1,637</b>	<b>368</b>	<b>(1,268)</b>	<b>(900)</b>	<b>1,457</b>	<b>397</b>	<b>(1,268)</b>	<b>(870)</b>
<b>6. Facilities Support</b>												
Facilities Services	162	(265)	-	(265)	205	(417)	(54)	(471)	43	(151)	(54)	(205)
HSC Maintenance	(34)	(47)	-	(47)	(1,008)	(700)	1,000	300	(974)	(653)	1,000	347
Utilities	(47)	(532)	-	(532)	(1,100)	(839)	-	(839)	(63)	(306)	-	(306)
Deferred Maint/Facilities Renew	-	-	-	-	1,574	0	(1,574)	(1,574)	1,574	0	(1,574)	(1,574)
Bond Interest	87	-	-	(87)	103	(16)	(87)	(103)	-	(16)	-	(16)
Renovation contingency	348	(874)	(87)	(961)	2,401	(1,604)	(1,983)	(3,586)	2,053	(729)	(1,896)	(2,625)
Sub-total	<b>3,017</b>	<b>96</b>	<b>(264)</b>	<b>(168)</b>	<b>5,134</b>	<b>(301)</b>	<b>(25)</b>	<b>(326)</b>	<b>2,117</b>	<b>(397)</b>	<b>238</b>	<b>(159)</b>
<b>7. Institutional Support</b>												
Administration/Institutional Support	1,362	125	(1,381)	(1,256)	1,274	(61)	(1,058)	(1,119)	(88)	(186)	323	137
UTS/Technology Fund	-	-	-	-	-	-	-	-	-	-	-	-
UTS Asset Management	80	(8)	(53)	(60)	151	(36)	15	(21)	70	(29)	68	39
University Secretariat	1,019	(8)	-	(8)	1,057	59	-	59	38	67	-	67
Presidential Budget	890	(1,045)	-	(1,045)	1,463	(1,134)	-	(1,134)	573	(90)	-	(90)
University Advancement	(48)	59	-	59	134	302	-	302	182	243	-	243
General University	6,320	(780)	(1,697)	(2,477)	9,212	(1,171)	(1,068)	(2,239)	2,892	(391)	629	239
Sub-total	<b>(14,716)</b>	<b>-</b>	<b>(20,518)</b>	<b>(20,518)</b>	<b>(12,978)</b>	<b>0</b>	<b>(20,406)</b>	<b>(20,406)</b>	<b>1,738</b>	<b>0</b>	<b>112</b>	<b>112</b>
<b>8. Institutional Priority allocations</b>												
Technology Renewal	-	-	-	-	-	-	-	-	-	-	-	-
Pension	2,364	3,000	1,971	7,335	2,071	(53)	(412)	(465)	(293)	(3,053)	(2,383)	(5,436)
Strategic Priorities*	(12,352)	3,000	(18,547)	(15,547)	(10,906)	(53)	(20,818)	(20,870)	1,446	(3,053)	(2,271)	(5,323)
Sub-total	<b>59,552</b>	<b>3,686</b>	<b>(36,453)</b>	<b>(32,767)</b>	<b>80,293</b>	<b>13,046</b>	<b>(41,635)</b>	<b>(28,588)</b>	<b>20,742</b>	<b>9,360</b>	<b>(5,182)</b>	<b>4,178</b>
<b>Surplus/(Deficit)</b>	<b>5,706</b>	<b>11,683</b>	<b>(11,683)</b>	<b>(0)</b>	<b>0</b>	<b>4,515</b>	<b>(4,515)</b>	<b>0</b>	<b>(5,706)</b>	<b>(7,168)</b>	<b>7,168</b>	<b>0</b>
<b>Total Surplus/(Deficit)</b>	<b>65,258</b>	<b>15,369</b>	<b>(48,136)</b>	<b>(32,767)</b>	<b>80,293</b>	<b>17,561</b>	<b>(46,150)</b>	<b>(28,588)</b>	<b>15,036</b>	<b>2,192</b>	<b>1,986</b>	<b>4,179</b>
*2014/15 Budget not restated for budget model reallocations												

Table 28: Financial Position of Operating Envelopes 2015/16 to 2017/18

	2015/16 Budget				2016/17 Plan				2017/18 Plan			
	Appropriations April 30, 2015	On-going	One-time	Total	Appropriations April 30, 2016	On-going	One-time	Total	Appropriations April 30, 2017	On-going	One-time	Total
<b>1. Faculties (Academic Programs)</b>												
Business	(9,415)	690	(1,163)	(473)	(9,888)	1,546	(500)	1,046	(8,841)	3,187	-	3,187
Engineering	19,862	380	(1,500)	(1,120)	18,742	336	(500)	(164)	18,578	923	-	923
Health Sciences	28,126	(2,180)	(4,354)	(6,534)	21,592	(3,538)	(876)	(4,414)	17,178	(6,395)	(893)	(7,288)
Humanities	(7,255)	(2,021)	-	(2,021)	(9,274)	(2,046)	-	(2,046)	(11,320)	(1,949)	-	(1,949)
Science	(2,873)	(1,301)	(629)	(1,930)	(4,803)	(2,078)	(663)	(2,741)	(7,543)	(852)	(852)	(4,278)
Medical Radiation - Mohawk share	(1,447)	(268)	-	(268)	(1,715)	(268)	-	(268)	(1,983)	(268)	-	(268)
Social Sciences	(5,645)	(209)	-	(209)	(5,854)	64	-	64	(5,790)	(613)	-	(613)
Interdisciplinary Programs	2,328	122	-	122	2,450	107	-	107	2,557	100	-	100
Sub-total	<b>23,684</b>	<b>(4,787)</b>	<b>(7,647)</b>	<b>(12,434)</b>	<b>11,250</b>	<b>(5,877)</b>	<b>(2,539)</b>	<b>(8,415)</b>	<b>2,835</b>	<b>(8,440)</b>	<b>(1,745)</b>	<b>(10,185)</b>
<b>2. Academic Priorities</b>												
University Fund*	36,597	6,255	(11,874)	(5,618)	30,979	(345)	(601)	(946)	30,033	3,033	(393)	2,640
Academic Funding Allocation*	(56)	10,459	3,000	13,459	13,403	11,288	3,000	14,288	27,691	17,426	3,000	20,426
Sub-total	<b>36,541</b>	<b>16,715</b>	<b>(8,874)</b>	<b>7,841</b>	<b>44,382</b>	<b>10,943</b>	<b>2,399</b>	<b>13,342</b>	<b>57,724</b>	<b>20,459</b>	<b>2,607</b>	<b>23,066</b>
<b>TOTAL ACADEMIC</b>	<b>60,225</b>	<b>11,928</b>	<b>(16,521)</b>	<b>(4,593)</b>	<b>55,632</b>	<b>5,067</b>	<b>(140)</b>	<b>4,927</b>	<b>60,559</b>	<b>12,019</b>	<b>862</b>	<b>12,881</b>
<b>3. Academic Support</b>												
Office of the Provost	3,255	(529)	(31)	(560)	2,695	(349)	(305)	(654)	2,041	(359)	(705)	(1,063)
Academic Contingency*	2,920	(34)	0	(34)	2,886	(55)	-	(55)	2,831	(161)	-	(161)
Museum of Art	(20)	20	-	(0)	(0)	(0)	-	(0)	(0)	0	-	0
MIETL	1,903	(903)	393	(510)	1,393	(823)	(33)	(856)	537	(423)	(9)	(432)
University Library	829	111	233	344	1,174	(266)	309	43	1,217	(724)	153	(571)
Health Sciences Library	468	(225)	-	(225)	243	(331)	-	(331)	(88)	(436)	-	(436)
Registrar	1,520	(290)	(747)	(1,037)	483	(281)	(700)	(981)	(497)	(28)	-	(28)
Sub-total	<b>10,877</b>	<b>(1,851)</b>	<b>(152)</b>	<b>(2,003)</b>	<b>8,874</b>	<b>(2,105)</b>	<b>(729)</b>	<b>(2,834)</b>	<b>6,040</b>	<b>(2,132)</b>	<b>(561)</b>	<b>(2,692)</b>
<b>4. Research Support</b>												
Research	(1,744)	206	(840)	(634)	(2,378)	439	(220)	219	(2,159)	4	(193)	(189)
VP Research Discretionary Fund	171	721	(605)	116	287	721	(365)	356	644	721	(200)	521
Nuclear Reactor Debt	(1,010)	-	89	89	(921)	-	89	89	(832)	-	89	89
Sub-total	<b>(2,582)</b>	<b>927</b>	<b>(1,356)</b>	<b>(429)</b>	<b>(3,012)</b>	<b>1,161</b>	<b>(496)</b>	<b>664</b>	<b>(2,347)</b>	<b>725</b>	<b>(394)</b>	<b>421</b>
<b>5. Student Support</b>												
Graduate Scholarships/Bursaries	4,178	(0)	(2,471)	(2,471)	1,707	0	(2,531)	(2,531)	(824)	2,000	(2,671)	(671)
School of Graduate Studies	1,939	(204)	(232)	(436)	1,503	(157)	(202)	(359)	1,144	(175)	(198)	(373)
Student Affairs	1,998	(571)	(207)	(778)	1,220	(645)	(91)	(736)	484	(1,311)	-	(1,311)
Undergraduate Scholarships	1,060	(50)	-	(50)	1,010	(50)	-	(50)	960	(50)	-	(50)
Sub-total	<b>9,175</b>	<b>(825)</b>	<b>(2,910)</b>	<b>(3,735)</b>	<b>5,440</b>	<b>(852)</b>	<b>(2,824)</b>	<b>(3,676)</b>	<b>1,764</b>	<b>464</b>	<b>(2,869)</b>	<b>(2,405)</b>
<b>6. Facilities Support</b>												
Facilities Services	737	162	351	513	1,250	(34)	62	28	1,278	(34)	-	(34)
HSC Maintenance	(265)	(0)	265	265	(0)	-	-	-	(0)	0	-	0
Utilities	(708)	(444)	3,357	2,913	2,205	(1,576)	-	(1,576)	628	(2,459)	-	(2,459)
HSC Utilities	(949)	(1,263)	-	(1,263)	(2,211)	(1,516)	-	(1,516)	(3,727)	(1,788)	-	(1,788)
Deferred Maint/Facilities Renew	0	-	-	-	0	-	-	-	0	-	-	-
Bond Interest	-	-	-	-	-	-	-	-	-	-	-	-
Renovation contingency	(0)	-	-	-	(0)	-	-	-	-	-	-	-
Sub-total	<b>(1,185)</b>	<b>(1,545)</b>	<b>3,973</b>	<b>2,429</b>	<b>1,243</b>	<b>(3,126)</b>	<b>62</b>	<b>(3,064)</b>	<b>(1,821)</b>	<b>(4,281)</b>	<b>-</b>	<b>(4,281)</b>
<b>7. Institutional Support</b>												
Administration/Institutional Support	4,808	402	(280)	122	4,930	625	(1,807)	(1,182)	3,748	597	-	597
UTS/Technology Fund	155	(2,302)	1,677	(625)	(470)	(730)	-	(730)	(1,200)	(997)	-	(997)
UTS Asset Management	-	-	-	-	-	-	-	-	-	-	-	-
University Secretariat	130	(12)	-	(12)	118	(17)	-	(17)	100	(23)	-	(23)
Presidential Budget	1,116	4	-	4	1,120	10	-	10	1,129	15	-	15
University Advancement	328	(1)	-	(1)	327	0	-	0	327	(332)	-	(332)
General University	436	(201)	(230)	(431)	4	163	-	163	167	86	-	86
Sub-total	<b>6,973</b>	<b>(2,111)</b>	<b>1,167</b>	<b>(944)</b>	<b>6,029</b>	<b>50</b>	<b>(1,807)</b>	<b>(1,757)</b>	<b>4,272</b>	<b>(655)</b>	<b>-</b>	<b>(655)</b>
<b>8. Institutional Priority allocations</b>												
Technology Renewal	(33,384)	(0)	(1,568)	(1,568)	(34,951)	-	4,517	4,517	(30,434)	-	4,517	4,517
Pension	-	-	-	-	-	-	-	-	-	-	-	-
Strategic Priorities*	1,607	-	(1,818)	(212)	(212)	-	-	-	(212)	-	-	-
Sub-total	<b>(31,777)</b>	<b>(0)</b>	<b>(3,386)</b>	<b>(3,386)</b>	<b>(35,163)</b>	<b>-</b>	<b>4,517</b>	<b>4,517</b>	<b>(30,646)</b>	<b>-</b>	<b>4,517</b>	<b>4,517</b>
<b>Surplus/(Deficit)</b>	<b>51,705</b>	<b>6,524</b>	<b>(19,185)</b>	<b>(12,662)</b>	<b>39,043</b>	<b>194</b>	<b>(1,417)</b>	<b>(1,223)</b>	<b>37,821</b>	<b>6,140</b>	<b>1,645</b>	<b>7,785</b>
<b>Under/overallocated</b>	<b>0</b>	<b>1,302</b>	<b>(1,302)</b>	<b>0</b>	<b>0</b>	<b>4,517</b>	<b>(4,517)</b>	<b>0</b>	<b>0</b>	<b>4,517</b>	<b>(4,517)</b>	<b>0</b>
<b>Total Surplus/(Deficit)</b>	<b>51,705</b>	<b>7,826</b>	<b>(20,487)</b>	<b>(12,662)</b>	<b>39,043</b>	<b>4,711</b>	<b>(5,934)</b>	<b>(1,223)</b>	<b>37,821</b>	<b>10,657</b>	<b>(2,872)</b>	<b>7,785</b>
												<b>45,606</b>

## APPENDIX B - BUDGET MODEL CALCULATIONS

Table 29: 2014/15 Activity Unit Allocations

Projected Budget Allocation			University Fund			8.00%	VP Research Discretionary Fund				7.00%				
2014-15			Research Infrastructure Fund			1.00%									
	prior to double stepdown allocation	Net double stepdown allocation	Business	Engineering	Health Sciences	Humanities	Science	Med Rad - Mohawk	Social Sciences	Arts & Science	Other (reconciling items)	VP Research Discretionary Fund	University Fund	Research Infrastructure Fund	Total (after double stepdown to support unit allocations)
Revenue															
Undergraduate Tuition			25,800	53,303	29,084	14,953	36,569	2,194	27,144	1,603	-	-	-	-	190,649
Graduate Tuition			11,675	9,483	8,987	2,624	5,578	-	2,515	-	-	-	-	-	40,862
Operating Grant			17,300	42,653	75,889	17,023	47,496	2,456	24,090	1,683	-	-	-	-	228,590
Other Income			(363)	1,902	8,151	(86)	951	-	41	121	-	-	4,738	-	15,454
Gross Revenue			54,412	107,340	122,110	34,514	90,593	4,650	53,790	3,407	-	-	4,738	-	475,555
Undergraduate Cross Faculty Teaching Adjustment			(5,195)	(8,319)	(63)	3,026	8,555	-	2,556	(560)	-	-	-	-	0
Revenue for Contributions			49,217	99,021	122,047	37,540	99,148	4,650	56,345	2,847	-	-	4,738	-	475,555
University Fund Contribution			(3,937)	(7,922)	(9,764)	(3,003)	(7,932)	-	(4,508)	(228)	-	-	37,293	-	-
Research Infrastructure Fund Contribution			(492)	(990)	(1,220)	(375)	(991)	-	(563)	(28)	-	-	-	4,662	-
Indirect Cost of Research (excluding Royalties & CRC) VP			169	4,540	9,516	131	4,428	-	753	-	-	-	-	-	19,538
Research Discretionary (Equivalent to 7 % of ICR)			(12)	(318)	(666)	(9)	(310)	-	(53)	-	-	1,368	-	-	-
Adjustments for ICR received by Journal (Contract & ERA)			(8)	(1,715)	(3,743)	(2)	(979)	-	(138)	-	-	-	-	-	(6,585)
Adjustments for Current Practices			-	-	(5,781)	(307)	-	-	307	-	-	-	-	-	(5,781)
Research Infrastructure Fund Distribution			40	1,083	2,270	31	1,057	-	180	-	-	-	-	(4,662)	-
Revenue Prior to Shared Support Unit Allocations			44,977	93,701	112,659	34,006	94,421	4,650	52,323	2,591	-	1,368	42,031	-	482,727
Shared Support Unit Allocations - via double stepdown															
Occupancy Cost			39,160	(11,914)	(665)	(6,372)	(8,450)	(1,822)	(8,630)	-	(1,261)	(45)	-	-	(27,245)
Deferred Maintenance			5,893	(2,125)	(92)	(881)	(1,169)	(252)	(1,194)	-	(174)	(6)	-	-	(3,768)
MIP Occupancy 1			2,676	(192)	-	(1,688)	(603)	(11)	-	-	(183)	-	-	-	(2,485)
MIP Occupancy 2			157	-	-	(157)	-	-	-	-	-	-	-	-	(157)
HR			5,690	(514)	(233)	(700)	(2,795)	(295)	-	(366)	(9)	-	-	-	(5,176)
HR Employee Programs			2,055	(534)	(107)	(234)	(524)	(164)	(337)	-	(155)	(1)	-	-	(1,521)
Financial Affairs/Admin/ Inst Support			7,453	(2,251)	(497)	(827)	(1,832)	(501)	(1,004)	-	(530)	(13)	-	-	(5,202)
Supplementary Pension			4,738	(797)	(294)	(577)	(1,615)	(350)	(723)	-	(380)	(2)	-	-	(3,941)
Pension Special			17,437	(4,533)	(905)	(1,982)	(4,447)	(1,389)	(2,856)	-	(1,316)	(9)	-	-	(12,904)
Presidential/Univ Sec			1,824	(450)	(131)	(218)	(484)	(132)	(265)	-	(140)	(3)	-	-	(1,373)
General University Expense			6,295	(2,430)	(369)	(614)	(1,361)	(372)	(746)	-	(394)	(9)	-	-	(3,865)
Bond Interest			7,380	(2,487)	(119)	(1,144)	(1,517)	(327)	(1,550)	-	(226)	(8)	-	-	(4,893)
UTS/ Technology Fund			12,023	2,545	(1,559)	(2,716)	(3,135)	(1,403)	(3,371)	-	(2,252)	(133)	-	-	(14,568)
UTS- ERP			4,517	(155)	(467)	(813)	(938)	(420)	(1,009)	-	(674)	(40)	-	-	(4,361)
UA			5,337	1,424	(687)	(1,441)	(1,831)	(524)	(1,442)	-	(795)	(40)	-	-	(6,760)
Office of the Provost			3,341	(1,141)	(210)	(350)	(775)	(212)	(425)	-	(224)	(5)	-	-	(2,200)
Research Support			9,140	4,615	(69)	(2,620)	(8,065)	(83)	(2,358)	-	(561)	-	-	-	(13,755)
Student Affairs			3,518	2,759	(741)	(1,240)	(958)	(652)	(1,555)	-	(1,065)	(65)	-	-	(6,277)
CLL			1,504	512	(233)	(390)	(342)	(205)	(489)	-	(335)	(21)	-	-	(2,016)
Libraries			17,138	7,461	(2,698)	(4,566)	(5,056)	(2,433)	(5,706)	-	(3,905)	(234)	-	-	(24,599)
HS Library			2,862	1,593	(489)	(827)	(916)	(441)	(1,033)	-	(707)	(42)	-	-	(4,455)
Registrar			4,637	6,600	(1,201)	(2,138)	(1,703)	(1,194)	(2,863)	-	(2,005)	(134)	-	-	(11,237)
SGS			1,617	344	(331)	(419)	(547)	(147)	(334)	-	(183)	-	-	-	(1,961)
Museum of Art			453	444	(93)	(162)	(217)	(83)	(200)	-	(134)	(8)	-	-	(897)
UG Scholarship			5,448	628	(687)	(1,313)	(447)	(683)	(1,721)	-	(1,148)	(76)	-	-	(6,076)
UG Bursaries			8,000	(0)	(880)	(1,680)	(796)	(875)	(2,203)	-	(1,469)	(98)	-	-	(8,000)
Grad Scholarship			13,762	545	(2,423)	(3,039)	(3,973)	(1,078)	(2,450)	-	(1,343)	-	-	-	(14,306)
Academic Contingency			2,010	54	(210)	(440)	(559)	(160)	(440)	-	(243)	(12)	-	-	(2,064)
Adjustments for Current Practices - Support Units					-	-	4,196	-	-	-	2,635	-	-	-	6,831
Total Shared Support Unit Allocations			196,064	0	(16,388)	(39,550)	(50,859)	(16,209)	(45,681)	-	(22,167)	(1,014)	2,635	-	(189,232)
Net Revenue					28,589	54,151	61,800	17,797	48,740	4,650	30,156	1,577	2,635	1,368	293,495
2013-14 Projected Hold Harmless Level (Adjusted)															
Variance					1,716	3,518	(7,334)	(6,116)	(2,692)	47	2,226	486			
UF Hold Harmless (if necessary)					-	-	7,334	6,116	2,692	-	-	-	0	(16,142)	0
Net Projected Budget 2014-15					28,589	54,151	69,134	23,913	51,433	4,650	30,156	1,577	2,635	1,368	293,495

## Appendix B - Budget Model Calculations

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Table 31: 2015/16 Activity Unit Allocations

Projected Budget Allocation			University Fund			8.00%			VP Research Discretionary Fund			7.00%				
2015-16			Research Infrastructure Fund			1.00%										
	prior to double stepdown allocation	Net double stepdown allocation	Business	Engineering	Health Sciences	Humanities	Science	Med Rad - Mohawk	Social Sciences	Arts & Science	Other (reconciling items)	VP Research Discretionary Fund	University Fund	Research Infrastructure Fund	Total (after double stepdown to support unit allocations)	
Revenue																
Undergraduate Tuition			27,539	58,993	30,181	14,977	37,258	2,255	27,801	1,602	-	-	-	-	200,606	
Graduate Tuition			12,584	9,535	9,398	2,752	5,449	-	2,537	-	-	-	-	-	42,255	
Operating Grant			17,578	42,332	77,012	16,546	46,906	2,456	23,228	1,648	-	-	-	-	227,707	
Other Income			(275)	2,019	8,225	(45)	1,102	-	110	130	-	-	4,886	-	16,153	
Gross Revenue			57,427	112,879	124,816	34,231	90,716	4,712	53,676	3,380	-	-	4,886	-	486,721	
Undergraduate Cross Faculty Teaching Adjustment			(5,369)	(10,019)	(368)	3,704	9,920	-	2,866	(734)	-	-	-	-	0	
Revenue for Contributions			52,058	102,860	124,448	37,935	100,636	4,712	56,541	2,646	-	-	4,886	-	486,721	
University Fund Contribution			(4,165)	(8,229)	(9,956)	(3,035)	(8,051)	-	(4,523)	(212)	-	-	38,170	-	-	
Research Infrastructure Fund Contribution			(521)	(1,029)	(1,244)	(379)	(1,006)	-	(565)	(26)	-	-	-	4,771	-	
Indirect Cost of Research (excluding Royalties & CRC) VP			169	4,540	9,516	131	4,428	-	753	-	-	-	-	-	19,538	
Research Discretionary (Equivalent to 7 % of ICR)			(12)	(318)	(666)	(9)	(310)	-	(53)	-	-	1,368	-	-	-	
Adjustments for ICR received by Journal (Contract & ERA)			(8)	(1,715)	(3,743)	(2)	(979)	-	(138)	-	-	-	-	-	(6,585)	
Adjustments for Current Practices			-	-	(5,954)	(307)	-	-	307	-	-	-	-	-	(5,954)	
Research Infrastructure Fund Distribution			41	1,109	2,324	32	1,081	-	184	-	-	-	-	(4,771)	-	
Revenue Prior to Shared Support Unit Allocations			47,563	97,219	114,724	34,366	95,799	4,712	52,506	2,408	-	1,368	43,056	-	493,721	
Shared Support Unit Allocations - via double stepdown																
Occupancy Cost	40,483	(12,314)	(687)	(6,588)	(8,736)	(1,884)	(8,923)	-	(1,304)	(46)	-	-	-	-	(28,169)	
Deferred Maintenance	7,893	(2,850)	(123)	(1,179)	(1,564)	(337)	(1,597)	-	(233)	(8)	-	-	-	-	(5,043)	
MIP Occupancy 1	2,676	(192)	-	(1,688)	(603)	(11)	-	-	(183)	-	-	-	-	-	(2,485)	
MIP Occupancy 2	157	-	-	(157)	-	-	-	-	-	-	-	-	-	-	(157)	
HR	5,801	(516)	(238)	(715)	(2,854)	(301)	(794)	-	(374)	(9)	-	-	-	-	(5,285)	
HR Employee Programs	2,055	(534)	(107)	(234)	(524)	(164)	(337)	-	(155)	(1)	-	-	-	-	(1,521)	
Financial Affairs/Admin/ Inst Support	7,602	(2,287)	(508)	(844)	(1,872)	(511)	(1,025)	-	(541)	(13)	-	-	-	-	(5,315)	
Supplementary Pension	4,738	(790)	(295)	(578)	(1,617)	(351)	(724)	-	(380)	(2)	-	-	-	-	(3,948)	
Pension Special	17,437	(4,533)	(905)	(1,982)	(4,447)	(1,389)	(2,856)	-	(1,316)	(9)	-	-	-	-	(12,904)	
Presidential/Univ Sec	1,846	(444)	(134)	(223)	(494)	(135)	(271)	-	(143)	(3)	-	-	-	-	(1,403)	
General University Expense	6,300	(2,427)	(370)	(615)	(1,364)	(373)	(747)	-	(395)	(9)	-	-	-	-	(3,874)	
Bond Interest	7,380	(2,482)	(120)	(1,145)	(1,519)	(328)	(1,551)	-	(227)	(8)	-	-	-	-	(4,898)	
UTS/ Technology Fund	12,559	2,616	(1,651)	(2,820)	(3,320)	(1,435)	(3,487)	-	(2,326)	(136)	-	-	-	-	(15,176)	
UTS- ERP	4,517	(157)	(474)	(810)	(954)	(412)	(1,002)	-	(668)	(39)	-	-	-	-	(4,360)	
UA	5,733	1,466	(757)	(1,557)	(1,942)	(552)	(1,523)	-	(830)	(38)	-	-	-	-	(7,199)	
Office of the Provost	3,624	(1,252)	(227)	(377)	(835)	(228)	(458)	-	(242)	(6)	-	-	-	-	(2,372)	
Research Support	9,279	4,776	(70)	(2,677)	(8,241)	(85)	(2,409)	-	(574)	-	-	-	-	-	(14,055)	
Student Affairs	3,655	2,835	(781)	(1,279)	(1,013)	(662)	(1,597)	-	(1,093)	(66)	-	-	-	-	(6,491)	
CLL	1,533	532	(243)	(398)	(358)	(206)	(498)	-	(340)	(21)	-	-	-	-	(2,065)	
Libraries	17,692	7,846	(2,846)	(4,717)	(5,373)	(2,477)	(5,873)	-	(4,014)	(237)	-	-	-	-	(25,538)	
HS Library	2,899	1,673	(509)	(844)	(962)	(443)	(1,051)	-	(719)	(42)	-	-	-	-	(4,571)	
Registrar	4,754	6,960	(1,260)	(2,232)	(1,803)	(1,221)	(2,984)	-	(2,078)	(137)	-	-	-	-	(11,714)	
SGS	1,641	354	(354)	(414)	(573)	(149)	(321)	-	(184)	-	-	-	-	-	(1,995)	
Museum of Art	469	465	(98)	(167)	(231)	(85)	(207)	-	(138)	(8)	-	-	-	-	(934)	
UG Scholarship	5,477	644	(697)	(1,331)	(457)	(676)	(1,735)	-	(1,150)	(76)	-	-	-	-	(6,121)	
UG Bursaries	8,000	-	(886)	(1,691)	(806)	(858)	(2,204)	-	(1,460)	(96)	-	-	-	-	(8,000)	
Grad Scholarship	13,774	557	(2,556)	(2,957)	(4,099)	(1,073)	(2,319)	-	(1,327)	-	-	-	-	-	(14,331)	
Academic Contingency	2,024	55	(219)	(449)	(561)	(159)	(440)	-	(240)	(11)	-	-	-	-	(2,078)	
Adjustments for Current Practices - Support Units			-	-	4,196	-	-	-	-	-	2,635	-	-	-	6,831	
Total Shared Support Unit Allocations	202,000	0	(17,113)	(40,671)	(52,926)	(16,506)	(46,934)	-	(22,631)	(1,022)	2,635	-	-	-	(195,169)	
Net Revenue			30,450	56,548	61,798	17,860	48,865	4,712	29,874	1,386	2,635	1,368	43,056	-	298,553	
2013-14 Projected Hold Harmless Level (Adjusted)																
Variance			3,577	5,915	(7,336)	(6,053)	(2,567)	109	1,945	295						
UF Hold Harmless (if necessary)			-	-	7,336	6,053	2,567	-	-	-	-	-	(15,956)	-	-	
Net Projected Budget 2015-16			30,450	56,548	69,134	23,913	51,433	4,712	29,874	1,386	2,635	1,368	27,100	-	298,553	

Table 32: 2015/16 Support Unit Allocations

2015-16													
	2014/15 Adjusted	2015-16 Base			Adjusted Support Unit budgets for double stepdown allocation								
	2014/15 Base Cfwtd	Base adjustment for Salaries	Other Base changes	Total Base Adjustment	2015/16 Adjusted Base Allocation	Occupancy: Insurance	Occupancy: Security	Occupancy: Ancillaries Rent Credit	MIP Occupancy: MILO paid by VPR	Supp. Pension: Clinical	FHS Deployed Services	Total adj's prior to allocation to Facilities	Budgets prior to double stepdown allocation
Provost - Academic													
Academic Contingency	2,010	14	-	14	2,024	-	-	-	-	-	-	-	2,024
Sub-total	2,010	14	-	14	2,024								2,024
Academic Support													
Office of the Provost	3,241	53	230	283	3,524	-	-	-	-	-	100	100	3,624
School of Graduate Studies	1,617	23	-	23	1,641	-	-	-	-	-	-	-	1,641
Museum of Art	453	16	-	16	469	-	-	-	-	-	-	-	469
MIITL	1,504	29	-	29	1,533	-	-	-	-	-	-	-	1,533
Research	7,482	139	-	139	7,621	-	-	-	(151)	-	1,809	1,658	9,279
University Library	17,138	154	400	554	17,692	-	-	-	-	-	-	-	17,692
Health Sciences Library	2,862	37	-	37	2,899	-	-	-	-	-	-	-	2,899
Registrar	4,473	117	-	117	4,589	-	-	-	-	(2,224)	164	164	4,754
Supplemental Pension	6,962	-	-	-	6,962	-	-	-	-	-	-	(2,224)	4,738
Pension special payments	9,554	-	-	-	9,554	-	-	-	-	-	-	-	9,554
PRB past service	7,883	-	-	-	7,883	-	-	-	-	-	-	-	7,883
Sub-total	63,169	568	630	1,198	64,367	-	-	-	(151)	(2,224)	2,073	(302)	64,065
Student Support													
Graduate Scholarships/Bursaries	13,762	13	-	13	13,774	-	-	-	-	-	-	-	13,774
Student Affairs	3,518	82	55	137	3,655	-	-	-	-	-	-	-	3,655
Undergraduate Scholarships	13,448	29	-	29	13,477	-	-	-	-	-	-	-	13,477
Sub-total	30,728	124	55	179	30,907	-	-	-	-	-	-	-	30,907
Facilities Support													
Facilities Services	15,405	240	-	240	15,644	1,100	-	(4,607)	-	-	183	(3,324)	12,320
HSC Maintenance	3,265	-	-	-	3,265	-	-	-	-	-	-	-	3,265
Utilities	15,690	42	1,000	1,042	16,732	-	-	-	-	-	-	-	16,732
HSC Utilities	5,387	-	-	-	5,387	-	-	-	-	-	-	-	5,387
Deferred Maint./Facilities Renew	5,893	-	2,000	2,000	7,893	-	-	-	-	-	-	-	7,893
Bond Interest	7,380	-	-	-	7,380	-	-	-	-	-	-	-	7,380
MIP Occupancy	2,683	-	-	-	2,683	-	-	-	151	-	-	151	2,834
Renovation contingency	974	-	-	-	974	-	-	-	-	-	-	-	974
Security (for occupancy cost allocation)													
Sub-total	56,676	282	3,000	3,282	59,958	1,100	1,805	(4,607)	151	-	183	(1,368)	58,590
Institutional Support													
VP Administration /Other Administration													
Financial Affairs	3,811	45	-	45	3,857	-	-	-	-	-	-	-	3,857
Institutional Support Allocation	377	103	-	103	3,254	-	-	-	-	-	115	115	3,368
Human Resources	6,910	111	-	111	7,022	-	-	-	-	-	835	835	7,856
Security (original)	1,763	42	-	42	1,805	-	(1,805)	-	-	-	-	(1,805)	-
UTS/Technology Fund	11,574	192	344	536	12,110	-	-	-	-	-	449	449	12,559
University Secretariat	706	12	-	12	718	-	-	-	-	-	-	-	718
Presidential Budget	1,118	11	-	11	1,128	-	-	-	-	-	-	-	1,128
University Advancement	4,797	147	250	397	5,193	-	-	-	-	-	540	540	5,733
General University	7,395	6	-	6	7,400	(1,100)	-	-	-	-	-	(1,100)	6,300
Sub-total	41,600	669	594	1,263	42,863	(1,100)	(1,805)	-	-	-	1,939	(965)	41,898
Institutional Priority allocations													
Systems Renewal	4,517	-	-	-	4,517	-	-	-	-	-	-	-	4,517
Sub-total	4,517	-	-	-	4,517	-	-	-	-	-	-	-	4,517
Total Support Units	198,699	1,657	4,279	5,936	204,635	-	-	(4,607)	-	(2,224)	4,196	(2,635)	202,000

Table 33: 2016/17 Activity Unit Allocations

Projected Budget Allocation			University Fund				VP Research Discretionary Fund				7.00%					
2016-17			Research Infrastructure Fund													
	prior to double stepdown allocation	Net double stepdown allocation	Business	Engineering	Health Sciences	Humanities	Science	Med Rad - Mohawk	Social Sciences	Arts & Science	Other (reconciling items)	VP Research Discretionary Fund	University Fund	Research Infrastructure Fund	Total (after double stepdown to support unit allocations)	
Revenue																
Undergraduate Tuition			28,975	62,799	31,220	15,055	38,184	2,300	28,532	1,607	-	-	-	-	208,672	
Graduate Tuition			13,188	9,577	9,633	2,759	5,417	-	2,475	-	-	-	-	-	43,049	
Operating Grant			17,527	41,981	77,378	16,143	46,639	2,456	22,708	1,598	-	-	-	-	226,431	
Other Income			(275)	2,019	8,225	(45)	1,102	-	110	130	-	-	5,066	-	16,333	
Gross Revenue			59,416	116,376	126,455	33,913	91,343	4,757	53,825	3,334	-	-	5,066	-	494,485	
Undergraduate Cross Faculty Teaching Adjustment			(5,457)	(10,288)	(357)	3,888	9,989	-	2,961	(735)	-	-	-	-	(0)	
Revenue for Contributions			53,959	106,088	126,098	37,800	101,332	4,757	56,786	2,600	-	-	5,066	-	494,485	
University Fund Contribution			(4,317)	(8,487)	(10,088)	(3,024)	(8,107)	-	(4,543)	(208)	-	-	38,773	-	-	
Research Infrastructure Fund Contribution			(540)	(1,061)	(1,261)	(378)	(1,013)	-	(568)	(26)	-	-	-	4,847	-	
Indirect Cost of Research (excluding Royalties & CRC) VP			169	4,540	9,516	131	4,428	-	753	-	-	-	-	-	19,538	
Research Discretionary (Equivalent to 7 % of ICR)			(12)	(318)	(666)	(9)	(310)	-	(53)	-	-	1,368	-	-	-	
Adjustments for ICR received by Journal (Contract & ERA)			(8)	(1,715)	(3,743)	(2)	(979)	-	(138)	-	-	-	-	-	(6,585)	
Adjustments for Current Practices			-	-	(6,095)	(307)	-	-	307	-	-	-	-	-	(6,095)	
Research Infrastructure Fund Distribution			42	1,126	2,361	33	1,098	-	187	-	-	-	-	(4,847)	-	
Revenue Prior to Shared Support Unit Allocations			49,294	100,174	116,122	34,244	96,450	4,757	52,731	2,366	-	1,368	43,839	-	501,344	
Shared Support Unit Allocations - via double stepdown																
Occupancy Cost	40,777	(12,378)	(693)	(6,642)	(8,807)	(1,900)	(8,995)	-	(1,315)	(47)	-	-	-	-	(28,399)	
Deferred Maintenance	9,893	(3,576)	(154)	(1,477)	(1,959)	(423)	(2,001)	-	(292)	(10)	-	-	-	-	(6,317)	
MIP Occupancy 1	2,676	(192)	-	(1,688)	(603)	(11)	-	-	(183)	-	-	-	-	-	(2,485)	
MIP Occupancy 2	157	-	-	(157)	-	-	-	-	-	-	-	-	-	-	(157)	
HR	5,858	(516)	(241)	(723)	(2,885)	(304)	(803)	-	(378)	(9)	-	-	-	-	(5,342)	
HR Employee Programs	2,055	(534)	(107)	(234)	(524)	(164)	(337)	-	(155)	(1)	-	-	-	-	(1,521)	
Financial Affairs/Admin/ Inst Support	7,678	(2,304)	(513)	(854)	(1,892)	(517)	(1,037)	-	(548)	(13)	-	-	-	-	(5,374)	
Supplementary Pension	4,738	(788)	(295)	(578)	(1,618)	(351)	(725)	-	(381)	(2)	-	-	-	-	(3,950)	
Pension Special	17,437	(4,533)	(905)	(1,982)	(4,447)	(1,389)	(2,856)	-	(1,316)	(9)	-	-	-	-	(12,904)	
Presidential/Univ Sec	1,858	(438)	(136)	(226)	(500)	(137)	(274)	-	(145)	(3)	-	-	-	-	(1,420)	
General University Expense	6,303	(2,426)	(370)	(616)	(1,365)	(373)	(748)	-	(395)	(10)	-	-	-	-	(3,877)	
Bond Interest	7,380	(2,481)	(120)	(1,146)	(1,519)	(328)	(1,552)	-	(227)	(8)	-	-	-	-	(4,899)	
UTS/ Technology Fund	12,657	2,662	(1,677)	(2,836)	(3,382)	(1,426)	(3,524)	-	(2,339)	(135)	-	-	-	-	(15,320)	
UTS- ERP	4,517	(158)	(477)	(807)	(962)	(406)	(1,003)	-	(666)	(38)	-	-	-	-	(4,358)	
UA	5,808	1,490	(783)	(1,601)	(1,963)	(549)	(1,531)	-	(833)	(38)	-	-	-	-	(7,298)	
Office of the Provost	3,651	(1,258)	(229)	(380)	(843)	(230)	(462)	-	(244)	(6)	-	-	-	-	(2,393)	
Research Support	9,349	4,876	(71)	(2,709)	(8,341)	(86)	(2,438)	-	(581)	-	-	-	-	-	(14,226)	
Student Affairs	3,697	2,877	(796)	(1,290)	(1,038)	(659)	(1,620)	-	(1,103)	(66)	-	-	-	-	(6,573)	
CLL	1,548	544	(248)	(402)	(366)	(206)	(505)	-	(344)	(20)	-	-	-	-	(2,092)	
Libraries	17,770	8,102	(2,899)	(4,755)	(5,516)	(2,467)	(5,951)	-	(4,048)	(236)	-	-	-	-	(25,872)	
HS Library	2,918	1,725	(520)	(853)	(990)	(443)	(1,068)	-	(726)	(42)	-	-	-	-	(4,643)	
Registrar	4,813	7,202	(1,301)	(2,279)	(1,864)	(1,231)	(3,069)	-	(2,133)	(138)	-	-	-	-	(12,015)	
SGS	1,652	360	(360)	(417)	(587)	(149)	(322)	-	(178)	-	-	-	-	-	(2,013)	
Museum of Art	477	479	(101)	(170)	(239)	(86)	(212)	-	(141)	(8)	-	-	-	-	(956)	
UG Scholarship	5,492	649	(704)	(1,335)	(462)	(666)	(1,745)	-	(1,154)	(75)	-	-	-	-	(6,141)	
UG Bursaries	8,000	0	(891)	(1,689)	(814)	(843)	(2,208)	-	(1,460)	(94)	-	-	-	-	(8,000)	
Grad Scholarship	13,781	561	(2,580)	(2,956)	(4,165)	(1,064)	(2,306)	-	(1,271)	-	-	-	-	-	(14,342)	
Academic Contingency	2,030	55	(224)	(458)	(561)	(157)	(438)	-	(238)	(11)	-	-	-	-	(2,086)	
Adjustments for Current Practices - Support Units			-	-	4,196	-	-	-	-	-	2,635	-	-	-	6,831	
Total Shared Support Unit Allocations	204,973	0	(17,396)	(41,261)	(54,018)	(16,563)	(47,729)	-	(22,790)	(1,019)	2,635	-	-	-	(198,142)	
Net Revenue			31,898	58,913	62,103	17,681	48,721	4,757	29,940	1,346	2,635	1,368	43,839	-	303,202	
2013-14 Projected Hold Harmless Level (Adjusted)																
Variance			5,025	8,280	(7,031)	(6,232)	(2,712)	154	2,011	256						
UF Hold Harmless (if necessary)			-	-	7,031	6,232	2,712	-	-	-	-	0	(15,974)	-	0	
Net Projected Budget 2016-17			31,898	58,913	69,134	23,913	51,433	4,757	29,940	1,346	2,635	1,368	27,864	-	303,202	

Table 34: 2016/17 Support Unit Allocations

2016-17																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																											
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Table 35: 2017/18 Activity Unit Allocations

Projected Budget Allocation			University Fund			8.00%		VP Research Discretionary Fund			7.00%					
2017-18			Research Infrastructure Fund			1.00%										
	prior to double stepdown allocation	Net double stepdown allocation	Business	Engineering	Health Sciences	Humanities	Science	Med Rad - Mohawk	Social Sciences	Arts & Science	Other (reconciling items)	VP Research Discretionary Fund	University Fund	Research Infrastructure Fund	Total (after double stepdown to support unit allocations)	
Revenue																
Undergraduate Tuition			29,847	65,796	32,019	15,253	39,097	2,341	29,349	1,618	-	-	-	-	215,318	
Graduate Tuition			13,883	9,658	9,784	2,773	5,390	-	2,420	-	-	-	-	-	43,909	
Operating Grant			17,334	41,282	77,228	15,820	46,128	2,456	22,422	1,557	-	-	-	-	224,228	
Other Income			(275)	2,019	8,225	(45)	1,102	-	110	130	-	-	5,148	-	16,415	
Gross Revenue			60,789	118,756	127,256	33,802	91,717	4,797	54,301	3,305	-	-	5,148	-	499,871	
Undergraduate Cross Faculty Teaching Adjustment			(5,483)	(10,609)	(349)	4,008	10,167	-	2,997	(731)	-	-	-	-	(0)	
Revenue for Contributions			55,306	108,146	126,907	37,810	101,884	4,797	57,298	2,574	-	-	5,148	-	499,871	
University Fund Contribution			(4,424)	(8,652)	(10,153)	(3,025)	(8,151)	-	(4,584)	(206)	-	-	39,194	-	-	
Research Infrastructure Fund Contribution			(553)	(1,081)	(1,269)	(378)	(1,019)	-	(573)	(26)	-	-	-	4,899	-	
Indirect Cost of Research (excluding Royalties & CRC) VP Research Discretionary (Equivalent to 7 % of ICR)			169	4,540	9,516	131	4,428	-	753	-	-	-	-	-	19,538	
Adjustments for ICR received by Journal (Contract & ERA)			(12)	(318)	(666)	(9)	(310)	-	(53)	-	-	1,368	-	-	-	
Adjustments for Current Practices			(8)	(1,715)	(3,743)	(2)	(979)	-	(138)	-	-	-	-	-	(6,585)	
Research Infrastructure Fund Distribution			-	-	(6,242)	(307)	-	-	307	-	-	-	-	-	(6,242)	
Revenue Prior to Shared Support Unit Allocations			42	1,139	2,386	33	1,110	-	189	-	-	-	-	(4,899)	-	
Shared Support Unit Allocations - via double stepdown			50,520	102,060	116,736	34,253	96,965	4,797	53,199	2,342	-	1,368	44,342	-	506,582	
Occupancy Cost	40,944	(12,427)	(696)	(6,670)	(8,844)	(1,907)	(9,033)	-	(1,320)	(47)	-	-	-	-	(28,517)	
Deferred Maintenance	9,893	(3,576)	(154)	(1,478)	(1,959)	(423)	(2,001)	-	(292)	(10)	-	-	-	-	(6,317)	
MIP Occupancy 1	2,676	(192)	-	(1,688)	(603)	(11)	-	-	(183)	-	-	-	-	-	(2,485)	
MIP Occupancy 2	157	-	-	(157)	-	-	-	-	-	-	-	-	-	-	(157)	
HR	5,916	(526)	(243)	(729)	(2,911)	(307)	(810)	-	(381)	(9)	-	-	-	-	(5,390)	
HR Employee Programs	2,055	(534)	(107)	(234)	(524)	(164)	(337)	-	(155)	(1)	-	-	-	-	(1,521)	
Financial Affairs/Admin/ Inst Support	7,755	(2,333)	(518)	(861)	(1,909)	(522)	(1,046)	-	(552)	(13)	-	-	-	-	(5,422)	
Supplementary Pension	4,738	(787)	(295)	(578)	(1,619)	(351)	(725)	-	(381)	(2)	-	-	-	-	(3,951)	
Pension Special	17,437	(4,533)	(905)	(1,982)	(4,447)	(1,389)	(2,856)	-	(1,316)	(9)	-	-	-	-	(12,904)	
Presidential/Univ Sec	1,870	(442)	(136)	(227)	(503)	(137)	(275)	-	(145)	(3)	-	-	-	-	(1,428)	
General University Expense	6,306	(2,426)	(371)	(617)	(1,366)	(373)	(749)	-	(395)	(10)	-	-	-	-	(3,880)	
Bond Interest	7,380	(2,480)	(120)	(1,146)	(1,520)	(328)	(1,552)	-	(227)	(8)	-	-	-	-	(4,900)	
UTS/ Technology Fund	12,757	2,665	(1,680)	(2,842)	(3,423)	(1,429)	(3,551)	-	(2,362)	(134)	-	-	-	-	(15,421)	
UTS- ERP	4,517	(160)	(475)	(803)	(967)	(404)	(1,003)	-	(667)	(38)	-	-	-	-	(4,357)	
UA	5,884	1,495	(803)	(1,632)	(1,976)	(550)	(1,540)	-	(841)	(37)	-	-	-	-	(7,379)	
Office of the Provost	3,678	(1,269)	(230)	(383)	(849)	(232)	(465)	-	(246)	(6)	-	-	-	-	(2,410)	
Research Support	9,421	4,892	(72)	(2,726)	(8,392)	(86)	(2,453)	-	(584)	-	-	-	-	-	(14,313)	
Student Affairs	3,738	2,889	(799)	(1,295)	(1,052)	(662)	(1,636)	-	(1,117)	(66)	-	-	-	-	(6,627)	
CLL	1,563	546	(249)	(403)	(371)	(206)	(510)	-	(348)	(20)	-	-	-	-	(2,108)	
Libraries	17,850	8,128	(2,895)	(4,748)	(5,580)	(2,465)	(5,978)	-	(4,077)	(234)	-	-	-	-	(25,977)	
HS Library	2,937	1,731	(520)	(853)	(1,003)	(443)	(1,074)	-	(733)	(42)	-	-	-	-	(4,668)	
Registrar	4,873	7,224	(1,299)	(2,284)	(1,882)	(1,232)	(3,101)	-	(2,162)	(138)	-	-	-	-	(12,098)	
SGS	1,664	361	(366)	(418)	(595)	(151)	(321)	-	(175)	-	-	-	-	-	(2,026)	
Museum of Art	485	480	(101)	(171)	(243)	(86)	(214)	-	(142)	(8)	-	-	-	-	(965)	
UG Scholarship	5,507	653	(700)	(1,335)	(462)	(665)	(1,758)	-	(1,166)	(74)	-	-	-	-	(6,160)	
UG Bursaries	8,000	(0)	(883)	(1,684)	(815)	(838)	(2,216)	-	(1,470)	(94)	-	-	-	-	(8,000)	
Grad Scholarship	13,787	564	(2,602)	(2,944)	(4,198)	(1,075)	(2,285)	-	(1,247)	-	-	-	-	-	(14,351)	
Academic Contingency	2,037	56	(228)	(463)	(560)	(156)	(437)	-	(238)	(11)	-	-	-	-	(2,093)	
Adjustments for Current Practices - Support Units			-	-	4,196	-	-	-	-	-	2,635	-	-	-	6,831	
Total Shared Support Unit Allocations	205,826	0	(17,445)	(41,350)	(54,377)	(16,592)	(47,928)	-	(22,924)	(1,014)	2,635	-	-	-	(198,995)	
Net Revenue			33,075	60,710	62,359	17,661	49,037	4,797	30,275	1,328	2,635	1,368	44,342	-	307,587	
2013-14 Projected Hold Harmless Level (Adjusted)			26,873	50,633	69,134	23,913	51,433	4,603	27,929	1,091						
Variance			6,202	10,077	(6,775)	(6,252)	(2,396)	194	2,346	237						
UF Hold Harmless (if necessary)			-	-	6,775	6,252	2,396	-	-	-	-	0	(15,423)	-	0	
Net Projected Budget 2017-18			33,075	60,710	69,134	23,913	51,433	4,797	30,275	1,328	2,635	1,368	28,919	-	307,587	

Table 36: 2017/18 Support Unit Allocations

2017-18		2016/17 Adjusted		2017/18 Base			Adjusted Support Unit budgets for double stepdown allocation							Budgets	
		2015/16 Base Cfwtd		Base adjustment for Salaries	Other Base changes	Total Base Adjustment	2017/18 Adjusted Base Allocation	Occupancy: Insurance	Occupancy: Security	Occupancy: Ancillaries Rent Credit	MIP Occupancy: MILO paid by VPR	Supp. Pension: Clinical	FHS Deployed Services	Total adj's prior to allocation to Facilities	double stepdown allocation
Provost - Academic	Academic Contingency	2,030		7	-	7	2,037	-	-	-	-	-	-	-	2,037
	Sub-total	2,030		7	-	7	2,037							-	2,037
	Academic Support														
	Office of the Provost	3,551		27	-	27	3,578	-	-	-	-	-	100	100	3,678
	School of Graduate Studies	1,652		12	-	12	1,664	-	-	-	-	-	-	-	1,664
	Museum of Art	477		8	-	8	485	-	-	-	-	-	-	-	485
	MIETL	1,548		15	-	15	1,563	-	-	-	-	-	-	-	1,563
	Research	7,691		72	-	72	7,763	-	-	-	(151)	-	1,809	1,658	9,421
	University Library	17,770		79	-	79	17,850	-	-	-	-	-	-	-	17,850
	Health Sciences Library	2,918		19	-	19	2,937	-	-	-	-	-	-	-	2,937
Academic Support	Registrar	4,649		60	-	60	4,709	-	-	-	-	(2,224)	-	164	4,873
	Supplemental Pension	6,962		-	-	-	6,962	-	-	-	-	-	-	(2,224)	4,738
	Pension special payments	9,554		-	-	-	9,554	-	-	-	-	-	-	-	9,554
	PRB past service	7,883		-	-	-	7,883	-	-	-	-	-	-	-	7,883
	Sub-total	64,656		293	-	293	64,949	-	-	-	(151)	(2,224)	2,073	(302)	64,647
	Student Support														
	Graduate Scholarships/Bursaries	13,781		7	-	7	13,787	-	-	-	-	-	-	-	13,787
	Student Affairs	3,697		42	-	42	3,738	-	-	-	-	-	-	-	3,738
	Undergraduate Scholarships	13,492		15	-	15	13,507	-	-	-	-	-	-	-	13,507
	Sub-total	30,970		63	-	63	31,033								31,033
Facilities Support	Facilities Services	15,896		124	-	124	16,019	1,100	-	(4,607)	-	-	183	(3,324)	12,695
	Facilities Services	3,265		-	-	-	3,265	-	-	-	-	-	-	-	3,265
	HSC Maintenance	16,754		22	-	22	16,775	-	-	-	-	-	-	-	16,775
	Utilities	5,387		-	-	-	5,387	-	-	-	-	-	-	-	5,387
	HSC Utilities	9,893		-	-	-	9,893	-	-	-	-	-	-	-	9,893
	Deferred Maint./Facilities Renew	7,380		-	-	-	7,380	-	-	-	-	-	-	-	7,380
	Bond Interest	2,683		-	-	-	2,683	-	-	-	151	-	-	151	2,834
	MIP Occupancy	974		-	-	-	974	-	-	-	-	-	-	-	974
	Renovation contingency			-	-	-	-	-	-	-	-	-	-	-	-
	Security (for occupancy cost allocation)			-	-	-	-	-	1,847	-	-	-	-	1,847	1,847
Sub-total	62,231		145	-	145	62,376	1,100	1,847	(4,607)	151	-	183	(1,326)	61,051	
Institutional Support	VP Administration /Other Administration	3,880		23	-	23	3,903	-	-	-	-	-	-	-	3,903
	Financial Affairs	3,306		53	-	53	3,360	-	-	-	-	-	115	115	3,474
	Institutional Support Allocation	377		-	-	-	377	-	-	-	-	-	-	-	377
	Human Resources	7,078		57	-	57	7,136	-	-	-	-	-	835	835	7,971
	Security (original)	1,826		21	-	21	1,847	-	(1,847)	-	-	-	-	(1,847)	-
	UTS/Technology Fund	12,208		99	-	99	12,307	-	-	-	-	-	449	449	12,757
	University Secretariat	724		6	-	6	731	-	-	-	-	-	-	-	731
	Presidential Budget	1,134		5	-	5	1,139	-	-	-	-	-	-	-	1,139
	University Advancement	5,268		75	-	75	5,343	-	-	-	-	-	540	540	5,884
	General University	7,403		3	-	3	7,406	(1,100)	-	-	-	-	-	(1,100)	6,306
Sub-total	43,205		345	-	345	43,550	(1,100)	(1,847)	-	-	-	1,939	(1,008)	42,542	
Institutional Priority allocations															
	Systems Renewal	4,517		-	-	-	4,517	-	-	-	-	-	-	-	4,517
	Sub-total	4,517		-	-	-	4,517							-	4,517
Total Support Units		207,608		853	-	853	208,462	-	-	(4,607)	-	(2,224)	4,196	(2,635)	205,826

## APPENDIX C - ANCILLARY FUND TABLES

McMaster University  
Ancillary Budgets

## 2014/15 Projection and 2015/16 Budget

(\$ thousands)

	Campus Store		Media Production		Parking		CCE	
	2014/15 Projection	2015/16 Budget	2014/15 Projection	2015/16 Budget	2014/15 Projection	2015/16 Budget	2014/15 Projection	2015/16 Budget
<b>Sources of funding</b>								
Sales	15,690	15,732	841	860	5,296	5,541	4,361	4,697
Other income	89	93	-	-	-	-	1,532	1,470
<b>Total sources of funding</b>	<b>15,779</b>	<b>15,824</b>	<b>841</b>	<b>860</b>	<b>5,296</b>	<b>5,541</b>	<b>5,893</b>	<b>6,167</b>
<b>Expenditure</b>								
Salaries, wages and benefits	2,830	2,540	1,525	1,375	1,205	1,091	3,800	3,947
Cost of sales	11,112	11,120	788	699	-	-	-	-
Rent	481	432	164	126	39	39	384	436
Utilities and maintenance	61	4	73	105	130	180	9	9
Debt and financing charges	69	101	4	4	1,310	1,116	-	-
Equipment and renovations	87	176	774	745	289	1,338	702	92
All other expenses	925	725	(2,700)	(2,726)	1,116	1,077	1,132	1,246
<b>Total expenditures</b>	<b>15,565</b>	<b>15,098</b>	<b>627</b>	<b>328</b>	<b>4,089</b>	<b>4,840</b>	<b>6,028</b>	<b>5,730</b>
<b>Surplus (deficit) in-year</b>	<b>213</b>	<b>726</b>	<b>214</b>	<b>532</b>	<b>1,207</b>	<b>700</b>	<b>(134)</b>	<b>438</b>
<b>Transfers from (to) other funds</b>	<b>(549)</b>	<b>(626)</b>	<b>(117)</b>	<b>(138)</b>	<b>(639)</b>	<b>(671)</b>	<b>(255)</b>	<b>(324)</b>
<b>Change in fund balance</b>	<b>(336)</b>	<b>101</b>	<b>97</b>	<b>394</b>	<b>568</b>	<b>30</b>	<b>(390)</b>	<b>114</b>
<b>Reserve</b>								
Beginning Balance	(2,003)	(2,339)	(3,895)	(3,798)	(568)	0	4,042	3,652
Net change	(336)	101	97	394	568	30	(390)	114
<b>Closing Balance</b>	<b>(2,339)</b>	<b>(2,238)</b>	<b>(3,798)</b>	<b>(3,403)</b>	<b>0</b>	<b>30</b>	<b>3,652</b>	<b>3,767</b>

McMaster University  
Ancillary Budgets  
2014/15 Projection and 2015/16 Budget

(\$ thousands)

	Hospitality		Housing & Conference		Off-Campus Housing		Total	
	2014/15 Projection	2015/16 Budget	2014/15 Projection	2015/16 Budget	2014/15 Projection	2015/16 Budget	2013/14 Projection	2014/15 Budget
<b>Sources of funding</b>								
Sales	20,699	21,745	23,680	24,726	-	-	70,567	73,300
Other income	155	220	366	345	141	144	2,282	2,272
<b>Total sources of funding</b>	<b>20,854</b>	<b>21,965</b>	<b>24,046</b>	<b>25,071</b>	<b>141</b>	<b>144</b>	<b>72,850</b>	<b>75,572</b>
<b>Expenditure</b>								
Salaries, wages and benefits	9,742	9,989	7,722	8,514	97	97	26,922	27,553
Cost of sales	7,931	8,208	0	-	-	-	19,831	20,027
Rent	507	765	2,303	2,364	-	-	3,878	4,161
Utilities and maintenance	628	613	3,283	3,616	-	-	4,183	4,526
Debt and financing charges	180	180	3,053	3,053	-	-	4,616	4,453
Equipment and renovations	270	360	369	380	5	3	2,496	3,093
All other expenses	748	504	2,468	2,563	54	57	3,743	3,446
<b>Total expenditures</b>	<b>20,006</b>	<b>20,618</b>	<b>19,198</b>	<b>20,490</b>	<b>156</b>	<b>157</b>	<b>65,669</b>	<b>67,260</b>
<b>Surplus (deficit) in-year</b>	<b>848</b>	<b>1,346</b>	<b>4,849</b>	<b>4,581</b>	<b>(15)</b>	<b>(13)</b>	<b>7,181</b>	<b>8,311</b>
<b>Transfers from (to) other funds</b>	<b>(981)</b>	<b>(1,766)</b>	<b>(4,219)</b>	<b>(4,249)</b>	<b>54</b>	<b>25</b>	<b>(6,706)</b>	<b>(7,749)</b>
<b>Change in fund balance</b>	<b>(133)</b>	<b>(420)</b>	<b>630</b>	<b>332</b>	<b>40</b>	<b>11</b>	<b>475</b>	<b>563</b>
<b>Reserve</b>								
Beginning Balance	1,771	1,638	4,237	4,866	114	153	3,698	4,173
Net change	(133)	(420)	630	332	40	11	475	563
<b>Closing Balance</b>	<b>1,638</b>	<b>1,218</b>	<b>4,866</b>	<b>5,199</b>	<b>153</b>	<b>164</b>	<b>4,173</b>	<b>4,736</b>

## APPENDIX D - RESEARCH LANDSCAPE

The research enterprise at McMaster represents approximately 20% of the University's total income. For 2014/15, our direct research funding/research project funding is expected to be \$195.0 million compared to the total University income of approximately \$972 million. Additionally, indirect overhead income accounts for a further \$20.0 million.

*Forward with Integrity* speaks to the importance of research in serving the public good and the need for a heightened level of community engagement. These priorities are aligned with those of the Federal and provincial funding agencies where the overarching trend is the involvement of partners in research and the need to address complex problems from a multi-disciplinary perspective, both are areas where McMaster excels.

The new Canada First Research Excellence Fund (CFREF) provides evidence of the Federal government's commitment to supporting research. CFREF will invest approximately \$200 million per year to competitive projects aligned with the Federal government's updated science, technology and innovation priority areas of environment and agriculture; health and life sciences; natural resources and energy; information and communications technologies; and advanced manufacturing. McMaster's strength in these areas has facilitated strong performance in the research funding arena and makes us well placed to capitalize on future funding opportunities. The most recent CAUBO report shows that the University has experienced a steady increase in Federal funding over the last few years, with 2013 showing an increase of 20% over 2012. Federal funding as a share of total research funds continues to increase and in 2013 represented 62% of McMaster's total research income. As Tri-Agency and other related Federal funds are highly stable, our increasing success bodes well for future research support.

Partnerships remain key. The SSHRC National Forum in November 2014 encouraged greater collaboration between the research community and stakeholders across all sectors. The strength of McMaster's partnerships has facilitated success in SSHRC's Partnership and Partnership Development programs which provide funds to develop collaborations including those with community and not-for-profit entities. McMaster will continue to vigorously pursue funding through these partnered opportunities. NSERC's new 2020 Strategic Plan also provides significant opportunities for McMaster researchers as it recognizes the value of partnerships between academia and industry and the importance of discovery research, both areas of strength at McMaster.

The last few years have seen a significant change in the review and awards processes of some of the major funders, including the NSERC Discovery program; even so, March 2015 results show that McMaster's NSERC Discovery success rate has continued to increase over the past few years. CIHR has also made significant changes to their program architecture, the impact of which remains unclear at this time; to help researchers cope with immediate funding gaps caused by these changes, the President allocated \$1 million of transitional funding with a primary focus on ensuring continuity for CIHR funded graduate students. Additional uncertainty is in regard to the amount of institutional support which may be required for success in future CIHR opportunities. A recent challenge is the strict boundary applied by the Tri-Agencies around the types of research each will support; although many McMaster researchers have successfully made the transition between agencies, difficulties are still experienced by some.

Success in Tri-Agency programs remains critical as it forms the basis upon which support or allocations from other Federal programs are made; these programs include Canada Foundation for

Innovation (CFI), Canada Research Chairs (CRC) and the Research Support Fund (previously “Federal Indirect Costs”). McMaster’s success in Tri-Agency funding has resulted in consistent gains in CRC’s during each re-allocation exercise since 2008 and in March 2015 resulted in a net gain of two Tier I CRC’s, bringing our total CRC allocation from 70 to 72, our highest allocation since 2002. In terms of CFI, McMaster - in the past year awarded ~\$3 million in CFI John R. Evans Leaders Fund (JELF) for projects valued at \$6.7 million with partner funding - will soon have depleted its allocation; additional allocation will be known in June. Operation of research facilities at McMaster has received additional support this year through the recent CFI Major Science Initiatives program as well as the CFI Infrastructure Operating Fund. Further, the Research Support Fund in 2013/14 provided over \$12 million in support for the indirect costs of research; these Federal funds, along with indirect support from non-Federal sources including the private sector are used in large part by McMaster and our hospital partners to support facilities and other research resources, management and administration, regulatory requirements and accreditation and protection of intellectual property.

The current Federal and provincial funding environment provides the opportunity for leverage of institutional and partner funds, resulting in excellent return on investment. For example, McMaster’s cash commitment of ~\$5 million was critical to leveraging over \$84 million in Federal, provincial and partner funds for McMaster infrastructure through the large-scale CFI competitions. Ontario’s Ministry of Research and Innovation (MRI) remains committed to supporting awarded CFI projects; McMaster will continue to seek funds from MRI, which has to date provided McMaster with the full matching funds required. Significant return on investment is also evident in funding received from large-scale operating grants where McMaster contributions - in large part in-kind contributions of faculty salaries and other indirect support - are matched 2:1 by the government and partners. One such program, on hold since 2011, returned in 2014 and resulted in awards to McMaster of over \$5.4 million for direct costs including salary support for research personnel plus over \$2.1 million in overhead; these projects will receive a further \$16 million in support from partners. This program will offer a 2015 competition where we expect high application numbers. McMaster researchers will continue to forge relationships with industry and other partners and to develop partner-friendly practices, allowing us to capitalize on Federal and provincial partnership programs. In addition, research administration, in collaboration with the Associate Deans Research, has proposed a new process to increase success in partnered competitions. Researchers seeking partnerships, developing intellectual property and commercializing the results of research are supported by McMaster’s Industrial Liaison Office (MILO).

International partnerships continue to provide opportunities for success in research and training. McMaster’s new partnership with the Fraunhofer Institute for Cell Therapy and Immunology (IZI) is key to the development of the Centre for Biomedical Engineering and Advanced Manufacturing (BEAM) at the McMaster Innovation Park (MIP). This partnership has already resulted in the receipt of significant research funding from the Province of Ontario and will provide additional opportunities for increased research funding and commercialization of research results. Many countries around the world have identified internationalization of higher education as a priority, including Brazil, whose *Science Without Borders* program provides opportunities for McMaster to train international students, as does Canada’s Mitacs Globalink Program. In recognition of the importance of the international character of cutting-edge research, McMaster has established two new internal funds - the International Initiatives Micro Fund (IIMF) and the International Research Investment Fund (IRIF) - that aim to support new international collaborations and partnerships by reducing (financial) barriers.

## APPENDIX E - POST-RETIREMENT BENEFIT PROGRAMS

McMaster University maintains post-retirement pension and non-pension benefit programs for most groups of full-time employees. These plans are both defined benefit and defined contribution in nature. Over the past several years the shortfall between the assets and the liabilities in the defined benefit plans have increased significantly, mainly due to historically low interest rates, increasing longevity, and the actuarial measurement methodology affecting annual payment requirements into the plans.

### *Salaried Pension Plan 2000*

#### July 2014 Funding Valuation and Temporary Solvency Relief Provisions

The University filed the Salary Pension Plan 2000 valuation as at July 1, 2014. The results of the tri-annual valuation based on successful qualification for solvency relief were as follows:

- Going-concern shortfall of \$253 million using a discount rate of 6% (\$182 million at last filing of July 2011)
- Required annual University special payments as a result of this going-concern deficit of \$20.8 million for the first year, and \$30.4 for each of the next two years (as compared to \$10.8 million per annum at last filing)
- Solvency shortfall of \$197 million using a discount rate of 6% (\$267 million shortfall at last filing)
- Expected required annual special payments as a result of the solvency deficit have been waived for three years as a result of qualifying for temporary solvency relief<sup>6</sup>
- Annual special payments for solvency will be required after the July 1, 2017 valuation
- University current service cost contributions is expected at approximately 117% of employer's contributions over the next three years

It should be noted that the discount rate used to measure the liabilities is guided by actuarial measurement methodology. Low discount rates increase the liability and associated pension plan deficiency, measured as pension plan assets less pension plan liabilities. The discount rates used for some measurements do not consider the long-term nature of the plan, which has a duration of over 15 years. The historical rate of return on plan assets approximates over 8%.

The salary pension plan charge-out rate recommendations approved by the Budget Committee are as follows:

<sup>6</sup> Ontario Pension Funding Relief provisions (updated in December 2013) include:

- Extension of the amortization period for new solvency deficits from five years to ten years, with a further three-year extension of the solvency special payments until July 1, 2017
- Deferral of going-concern deficit payments for one year from the valuation date
- Allow up to ten years of going-concern deficit payments to be taken into account in determining net solvency deficiency

To be eligible for such additional temporary relief, universities had to take measures to make plans more sustainable over time. The University has qualified for both Stage 1 and Stage 2.

- The employer contribution rate built into the benefit charges for salaried faculty and staff be maintained at 158% of employee contributions effective May 1, 2015 for all funds except ancillary, which will be 227%;
- 2016/2017 and 2017/18 high level planning assumes 155% for the departmental rate, and 215% for the ancillary rate.

## **Plan Design Changes and Employee Contribution Increases**

The University has made significant progress to reduce the long-term financial impact of the pension obligation through the collective bargaining process for unionized employees. All employee groups remaining in the plan have increased contributions to 8.75% up to the yearly maximum pensionable earnings (YMPE) and 10% over the YMPE. These contribution increases will continue to help put the plan on a more sustainable basis and are one of the key reasons that the plan has been able to qualify for the temporary solvency relief provisions offered by the Province.

### **Hourly Pension Plan**

The University sponsors a defined benefit pension plan that provides benefits to approximately 340 retirees and deferred members and covers approximately 300 active hourly-rated employees. While not as large as the salaried pension plan, this plan has experienced the same negative consequence of volatile markets and low interest rates. Employer contributions to cover the current service cost and deficit payments are currently at 390% of employee contributions and are expected to increase. The University has qualified for Stage 2 Solvency Relief. The use of some solvency relief measures will form part of the funding strategy for the Hourly Pension Plan in future years. Human Resources has negotiated the closure of this plan to new hires. New hires in the union groups that were covered by the plan are now eligible for a group RRSP plan, whereby the University matches employee contributions to their account.

### **Ontario Retirement Pension Plan**

The 2015 Provincial Budget includes information about the introduction of an Ontario Registered Pension Plan (ORPP) for all employees who are not enrolled in a defined benefit (DB) plan. This legislated pension plan would be in addition to the Federal government's Canadian Pension Plan. The ORPP will increase employer costs by 1.9% (up to a salary or wage of \$90,000) for every non-DB staff member. In addition, the university will also be required to modify systems to enable a matching 1.9% contribution to be taken from staff. The implementation date for the ORPP is expected within the budget planning horizon. Exemption provisions for the ORPP, beyond being a DB member, may be introduced within the ORPP legislation. The University will examine any exemption provisions provided, which may enable modifications to existing non-DB plans. The key objective of the ORPP affecting all Ontario businesses and non-DB workers is to close any potential retirement funding gap that may exist for these Ontarians; this goal may be achieved by the ORPP or by existing plan modifications.

### **Non-Pension Employee Future Benefits**

McMaster offers defined benefit plans that provide non-pension retirement benefits including extended health, dental and life insurance for substantially all of its full-time employees. Plan design changes intended to reduce the size of the liability have been made over the past few years. In 2011/12, the University worked with its actuaries to quantify the impact of the above changes on the unfunded liability. While this liability will continue to grow, the changes referred

to above will mitigate its growth significantly. In addition, a surcharge was added to benefit charge-out rates to generate funds to address the liability. Funds from other health and dental reserves were transferred to this liability. For the 2015/16 budget the rate will be maintained at 0.25%, which will cover the estimated current service costs. The past service costs will continue to be funded directly through the support unit budget allocation in the Operating Fund. For 2015/16 and 2016/17 departments were advised to use the 0.25% rate, however it may be amended subject to a tri-annual review by the Board of Governors' Finance Committee.

In addition, future strategies may include any combination of the items noted below:

- Further plan design changes and co-payment strategies
- Continuation of a charge to operating and research units and/or addition to the support unit budget allocation to increase the funding reserve
- Contribution of any additional surpluses from the University benefits reserve to a special long-term investment reserve to mitigate further surcharge increases in the longer term

## APPENDIX F - FUND-BY-FUND CONSOLIDATION

(\$ thousands)	Specifically Externally Funded																																									
	Operating Fund						Ancillary Fund						Research Fund						Trust Fund						Endowment Fund						Capital Fund						Grand Total					
	2014/15		2015/16		2014/15		2015/16		2014/15		2015/16		2014/15		2015/16		2014/15		2015/16		2014/15		2015/16		2014/15		2015/16		2014/15		2015/16											
	Projection	Budget	Projection	Budget	Projection	Budget	Projection	Budget	Projection	Budget	Projection	Budget	Projection	Budget	Projection	Budget	Projection	Budget	Projection	Budget	Projection	Budget	Projection	Budget	Projection	Budget	Projection	Budget	Projection	Budget	Projection	Budget										
Revenue																																										
Operating grants	228,440	228,905	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-										
Research grants and contracts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-										
Tuition fees	227,540	245,699	-	-	-	-	189,000	195,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-										
Ancillary sales and services	-	-	-	-	-	-	70,567	73,300	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-										
Other revenues	92,341	89,350	2,282	2,272	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-										
Investment income (loss)	4,946	7,946	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-										
Investment income transfer	4,521	4,521	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-										
Total revenues	557,788	576,421	72,850	75,572	189,000	195,000	189,000	195,000	96,143	70,285	70,285	8,354	3,717	8,354	3,717	68,946	60,352	37,520	35,778	37,520	35,778	1,030,600	1,017,125																			
Expenses																																										
Salaries, wages and benefits	398,418	405,411	26,922	27,553	115,000	120,000	23,180	24,412	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-										
All other expenses, including capital	164,643	165,944	30,253	31,083	84,000	85,000	31,788	33,002	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-										
Transfers to (from) other funds	9,013	4,641	10,584	11,909	(9,057)	(7,343)	9,319	10,366	466	466	466	481	481	481	481	481	481	481	481	481	481	481	481	481	481	481	481	481	481	481	481	481										
Debt and financing charges	14,301	13,086	4,616	4,453	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-										
Total expenses	586,376	589,083	72,374	75,009	189,943	197,657	64,286	67,780	466	466	466	481	481	481	481	481	481	481	481	481	481	481	481	481	481	481	481	481	481	481	481	481										
Excess of revenues over expenses	(28,588)	(12,662)	475	563	(943)	(2,657)	31,856	2,505	7,888	3,236	3,236	7,888	3,236	3,236	3,236	25,997	(17,439)	(1,932)	75	75	34,753	34,753	34,753	34,753	34,753	34,753	34,753	34,753	34,753	34,753	34,753	34,753										
Fund balances, beginning of year	81,140	51,705	3,698	4,173	176,680	175,747	481,225	513,081	127,746	135,634	135,634	135,634	135,634	135,634	135,634	15,402	41,399	6,991	5,059	892,892	892,892	892,892	892,892	892,892	892,892	892,892	892,892	892,892	892,892	892,892	892,892	892,892										
Fund balances, end of year	52,551	39,043	4,173	4,736	175,747	173,090	513,081	515,586	135,634	138,870	138,870	138,870	138,870	138,870	138,870	41,399	23,960	5,059	5,134	927,645	927,645	927,645	927,645	927,645	927,645	927,645	927,645	927,645	927,645	927,645	927,645	927,645										