



BUDGET ADVISORY COMMITTEE

**DISCUSSION PAPER ON THE OPERATING BUDGET
PLAN FOR 2011-12**

(Report #2 for the 2011-12 Fiscal Year)

REPORT XLV
March 7, 2011

The Budget Advisory Committee (BAC) was established by the President in 1992 to advise on budgetary matters. The current membership of the Committee includes: - Carolyn Watters (Chair), Vice-President, Academic & Provost –Tom Gill, Food Science - Tom Vinci, Philosophy - Rita Caldwell, College of Pharmacy – Josh Leon, Dean of Engineering – Katherine Sheehan, Assistant Vice-President, Human Resources - Ken Burt, Vice-President, Finance & Administration and Mike Porter (Student Representative). The Committee's resource persons are: Ian Nason, Assistant Vice-President (Financial Services), Elizabeth Lane, Director of Institutional Analysis and Research, and Susan Robertson, Director, Budgets and Financial Analysis. The Committee employs an open and consultative approach to budget discussion at the University. To date, the BAC has issued forty-four reports related to the University's operating budget.

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Highlights of the Discussion Paper

The Budget Advisory Committee issued a context paper in December setting out a number of key issues that will influence the development of the University budget for 2011-12. Subsequently, the provincial government announced a 4% reduction in operating grants for the university system and a cap of 3% on tuition fees for next year. While not wishing to sound the alarm, it must be noted that the magnitude of the reduction in operating revenues is unprecedented. The impact of this significant reduction in provincial operating grant is compounded by annual inflationary increases that the university incurs for compensation and other expenses.

In its last report the BAC identified principles to guide the development of the 2011-12 budget plan. The Committee is proceeding on the basis that the following principles will continue to apply.

- A requirement to present budget recommendations that balance operating revenues and expenditures;
- An operating budget plan that balances competing priorities in a manner that best serves our students and the University community; and
- Continued allocation of resources to areas that support the strategic direction of the University (i.e. the Strategic Initiatives program).

Highlights of this discussion paper are as follows:

- The 2011-12 preliminary budget model shows a shortfall of \$14.6 million based on the Government's announced adjustments to grants and tuition. It is noted that:
 - The Province has indicated tuition fees will be allowed to increase up to 3% and this level of increase has been factored into the preliminary model. Any recommended tuition fee increases will be considered in accordance with University policy.
 - Based on deliberations of the Enrolment Management Committee revenue generated from increased enrolment of 175 students has been included in the model,
 - This report sets out a "mileage chart" on page 7 that depicts the relationship between the government grant, tuition fees and the base expenditure reductions required under various scenarios.
 - In a scenario where grants decrease by 4% and tuition increases of 3% are implemented, a 6.5% reduction would need to be applied uniformly to Faculties and units to balance the budget.
 - For purposes of discussion the mileage chart assumes that we follow past practice and applies expenditure reductions to Faculty and unit budgets only. The BAC believes that this practice should be reviewed.
- Further enrolment increases, even if achievable in a highly competitive and challenging demographic environment, cannot compensate for the revenue shortfall as the base budget reduction would only be reduced by 0.2% for every 100 additional students;
- There is continued uncertainty about the funding requirements for the pension plan deficit; permanent relief from the provincial solvency deficit repayment requirement would reduce any required budget reduction by approximately 3%;

Inevitably the budget plan for 2011-12 will require both moderation in the rate of expenditure increases as well as a reduction in existing base expenditures. This report is intended to solicit input from the University community on the mix of measures required to develop a balanced Operating Budget Plan for 2011-12.

I INTRODUCTION

In December the BAC released its forty-fourth report. The report described key background issues which will impact the development of the budget for 2011-12 and future years. Subsequent to the release of the report in December the BAC met with various groups including the Senate, Board of Governors, the Operations Committee of the Board, representatives of the Dalhousie Student Union and Deans. In addition, written comments have been received from various members of the community.

At the date of writing the BAC XLIV Report there had been no official communication from the Province on policy direction with respect to funding or tuition levels for universities in 2011-12. The current Memorandum of Understanding (MOU) with the Province expires March 31, 2011 and hence, there was also considerable uncertainty about how the Province's financial situation would affect operating grants provided to the university sector.

Last month the Government announced a 4% grant reduction for university grants along with a 3% cap on tuition fee increases. Questions remain as to how this announcement will be implemented although it is clear that a reduction in funding of this magnitude will have a significant impact on operations at Dalhousie.

This report focuses discussion on the preliminary budget model for 2011-12 as well as possible measures to reach a balanced budget. Following discussions and feedback on this report, the BAC will produce a final report that will include recommendations to the President on a budget plan for the 2011-12 fiscal year.

II 2011-12 PRELIMINARY OPERATING BUDGET MODEL

This section of the report will focus on the major factors to be included in the discussion and development of recommendations for the 2011-12 Operating budget. A Preliminary Model for 2011-12 has been included on page 6 of this report. (line by line descriptions are included in Appendix A). Please note that at this early stage of planning for 2011-12 no attempt has been made to balance the budget which includes a shortfall of \$14.6 million.

1. REVENUES

a) Provincial Operating Grant *(represents 60% of current operating revenue)*

At the beginning of February the Province announced that universities "will see a reduction of 4% in their grant funding from the Province for the 2011-12 academic year" and that "Universities in Nova Scotia are being asked to manage within the same financial restraints that all provincial departments and agencies face." The announcement indicated that the Province will begin working on a new funding arrangement with universities covering the 2012-13 to 2014-15 period.

The exact implications of this announcement have not been formally communicated to the universities and discussions with the Province continue. At this stage in planning

the budget model includes a 4% decrease in the Dalhousie's operating grant amounting to \$7.0 million.

b) Tuition Revenue (*represents 31% of operating revenue*)

Tuition revenue projections are based on the level of tuition fees and changes in enrolment.

i) Tuition fees

Tuition fees have been frozen at 2007-08 levels according to the MOU with the Province that expires this year. The recent announcement by the Province indicates that tuition increases will be capped at 3% and the 2011-12 preliminary budget model on page 6 includes \$2.5 million of increased tuition revenue.

In many of the University's programs, academic standards are set by external bodies so that graduands qualify for professional licensure. This prompts the question of whether higher fee adjustments would need to be implemented (as permitted) to ensure the sustainability of certain professional programs. Comparative fees for various programs at Dalhousie and other universities are included in Appendix B. For reference purposes, Appendix C shows the revenue impact of each 1% tuition increase in selected professional programs and international differential fees.

The Province has announced a continuation of the Student Bursary Program "to keep tuition rates for Nova Scotia students at or below the national average". This is very positive news for students. Universities and students await information on whether the current structure of the plan will be maintained. (i.e. full-time Nova Scotia students receive a bursary of \$1,283 while other Canadian students receive a bursary of \$261.)

The BAC will make recommendations to the President on tuition increases in the next report based upon limitations on such increases and the University's Tuition Fee Policy.

ii) Enrolment

Enrolment projections continue to pose a significant challenge for the reasons outlined in BAC XLIV. The University has benefitted from larger than expected enrolment increases in each of the last three years and is just shy of its 2012-13 enrolment target of 17,000 students. There are concerns about the University's capacity (e.g. residence and classroom space) to continue to accommodate ever larger incoming classes, at least in the short-term. As well, increased competition for international students and the declining pool of Nova Scotia high school graduates suggest caution in assuming continued increases.

The campus community has expressed broad support for a conservative approach to enrolment projections because of the immense hardships faced when decreased enrolment revenues require a mid- year budget reduction such as that required in 2005-06.

While we are in the early stages of the recruitment cycle, the Enrolment Management Committee is cautiously optimistic that the University will continue to maintain the size of the incoming class for 2011-12. The Enrolment Management Committee has also advised BAC that a further increase of 175 students can be expected in 2011-12 as a result of the flow-through of previous years and planned increases in select programs. The preliminary budget model assumes an increase of 175 students or \$800,000 in revenue at this stage, subject to revision as we move further into the recruitment cycle.

c) **Investment Income**

The University invests cash balances in the short term in order to generate interest income. The income generated is affected by interest rates and cash on deposit throughout the year. Based on the forecast of cash flow for next year and assuming a moderate increase in short-term interest rates, operating interest income is projected to increase by \$400,000 in 2011-12.

At this stage in planning there has been no change incorporated in the model on page 6 from the 2010-11 endowment income or the related expenditure amounts.

2. **EXPENDITURES**

a) **Provision for Compensation** (preliminary increase of \$10.7 million for 2011-12)

The provision for compensation is the main driver of projected expenditure increases for 2011-12 and includes amounts for salary increases, benefit changes and increased employer pension contributions required as a result of the Actuarial Valuation of the Pension Plan at March 31, 2010.

In 2011-12 collective agreements have or will expire for the majority of faculty and staff at the University as follows:

- NSGEU (clerical and technical) - Contract expired June 30, 2010. Negotiations have commenced.
- DFA (Faculty) - Contract is in place until June 30, 2011.
- NSUPE (trades, custodians and security) - Contract in place until June 30, 2011.
- CUPE (part-time academics and teaching assistants) - Contract has recently been ratified until August 31, 2012.

The budget model includes known increases (i.e. CUPE), preliminary estimates for all collective agreements that have or will expire and for the annualization of 2010-11 increases. Based on current legislative requirements the University will be required to commence pension solvency deficit payments in 2011-12 at an annual cost of \$7 million.

The BAC is aware of ongoing discussions relating to the structure of the Dalhousie Pension Plan as well as the status of collective agreements noted above. Given the severity of the financial environment for 2011-12 it will be important for the University and employee representatives engaged in these discussions to agree on steps to facilitate a reduction in the projected increases.

b) **Energy, Water, Taxes and Insurance** (preliminary increase of \$0.7 million)

A positive development this year has been the transition to natural gas and the impacts of other sustainability/conservation projects that will reduce University energy costs. In the short term, however, savings from these projects must be redirected to cover the costs associated with them and as a result the full benefit to the energy budget will be recognized in future years.

The current projection reflects natural gas pricing and consumption patterns for which the University has had limited experience. The budget model for 2011-12 reflects these assumptions as well as known increases in water (19% January 2011) and electricity (7.4% January 2011) pricing, and estimates for taxes and insurance.

c) **Other Non-Salary Budget Lines** (preliminary increase of \$0.9 million)

Faculty and other unit budgets include a non-salary component for items other than compensation related costs. For example, within Faculty budgets such costs would include teaching materials, lab and office supplies. The percentage of Faculty and unit budgets devoted to non-salary costs varies significantly. As in previous years the University's annual budget model has provided for a 2% inflationary increase on these costs.

Note that in 2010-11 and again in 2011-12, the 2 % lift has not been provided automatically for student assistance and library acquisitions. It has been BAC's view that increases for these areas, if warranted, should be considered through the Strategic Initiatives fund.

The model continues to provide for an inflationary increase in Campus Renewal on the basis that spending in this area is well below norms for university facilities.

d) **Operating Costs LSRI** (increase of \$1.8 million)

The commissioning of the new Life Science Research Institute Building will occur within weeks providing 160,000 square feet of purpose built space for research in a broad array of life science disciplines. This new building is part of the campus

renewal program identified in the Campus Master Plan and addresses a deficiency in research space. The \$1.8 million in annual operating costs for the LSRI Building is included in the 2011-12 budget model.

e) **Endowment Expenditures**

The recommended operating budget for 2011-12 will include expenditures from endowments based on spending allocations as determined by the University's Endowment Management Policy. In response to the market downturn in 2008 and 2009, a plan was implemented in 2010-11 requiring the curtailment of spending from some endowments. These endowments support student assistance and academic salary commitments and as such a supplement of \$700,000 from the operating budget was provided in 2010-11. This supplement continues to be required in 2011-12 and will continue to be required until the Endowment recovers from the downturn.

Dalhousie University

Preliminary Operating Budget Revenue and Expenditure Model for 2011-12

(model line-by-line description is included in Appendix A)

Assumptions	
Government Grant Reduction	-4%
Tuition Revenue	
Fee Increase	3%
Enrolment Change (2011-12)	increase of 175 students
Base Budget Reduction	TBD
Nova Scotia Bursary	no change
ERBA distribution to Faculties	60%
Compensation	estimate including 10 year solvency payment on pension
Non Salary Inflationary Increase (included in lines 10 and 16)	2.0%
Energy Water Taxes and Insurance increase	assumes 5%

	Column 1	Column 2	Column 3
	Approved Budget 2010-11	Change 2011-12	2011-12 Recommended Budget
REVENUES - INCREASE(DECREASE)			
1. Government Funding			
a) Operating Grant	177,851		170,822
Changes:			
i) grant Decrease		(7,029)	
b) Grant to support Nova Scotia Student Bursary	8,400		8,400
c) Facilities Grant	1,000		1,000
d) Other Government Grants	2,990		2,990
2. Tuition revenues	98,877		108,623
a) Enrolment Changes:			
i) 2010-11 Enrolment growth		6,450	
ii) 2011-12 Enrolment growth		800	
b) Fee increase		2,496	
3. Endowment Income *	17,454		17,454
4. Operating Interest Income	2,000	400	2,400
5. Facilities Renewal Fee	1,380		1,380
6. Indirect Costs of Research Funding	6,498		6,498
TOTAL REVENUES - INCREASE (DECREASE)	316,450	3,117	319,567
EXPENDITURES - INCREASE (DECREASE)			
7. Compensation *	232,950	10,700	243,650
8. Student Assistance			
a) Operating Support	10,155		10,155
b) Nova Scotia Student Bursary (see line 1(b))	8,400		8,400
c) Endowment Support *	5,469		5,469
9. Library Acquisitions *	6,511		6,511
10. Non-Salary (net of recoveries) *	31,694	634	32,328
11. Energy, Water, Taxes and Insurance	14,836	742	15,578
12. Facilities /Space	2,103		2,103
13. Non Space Equipment	2,533		2,533
14. Budget Unit Adjustments			
a) Strategic Initiatives	4,798		4,798
b) ERBA adjustment (very preliminary estimate)		3,500	3,500
c) Operating costs LSRI		1,843	1,843
d) Base budget reduction		TBD	
15. Faculty/Unit Revenue	(19,500)		(19,500)
16. Campus Renewal	14,901	298	15,199
17. Contingency	1,600		1,600
TOTAL EXPENDITURES - INCREASE (DECREASE)	316,450	17,717	334,167
SURPLUS (SHORTFALL)	-	(14,600)	(14,600)

* no change in endowment expenditures or revenue is assumed (see appendix A - note 3 for breakdown of endowment expenditures included in each line.

3. BALANCING THE 2011-12 BUDGET

The Current Situation

The mileage chart in Table 1 shows the magnitude of Faculty and unit across-the-board reductions that would be necessary to balance the budget given different revenue scenarios for government grants and tuition fee increases. For instance, the shaded box reflects the base case from the 2011-12 budget model on page 6. In this scenario where there is a 4% government grant reduction and a 3% tuition fee increase, a 6.5 % across the board budget reduction would be necessary to balance the 2011-12 budget. **Consistent with past practice the reduction in the chart is applied uniformly to Faculties and budget units only.** The table assumes that no other measures have been taken to balance the University budget.

Table 1

Relationship between Government Grant Decreases, Tuition Increases and Faculty/Unit Budget Reductions to Achieve a Balanced Budget in 2011-12

		Faculty/Unit Budget Reduction Required			
		0%	3%	5%	10%
Grant Decrease	0%	4.5%	3.3%	2.6%	0.8%
	-1%	5.2%	4.1%	3.4%	1.5%
	-3%	6.8%	5.7%	4.9%	3.1%
	-4%	7.6%	6.5%	5.7%	3.9%
		Tuition Increase			

Impact of Pension Solvency Payment:
 In a scenario where the University gets full relief from the solvency requirement (for 2011-12) the percentages in the above table will be reduced by 3%. For example, the percentage budget reduction in the base model (shaded box) would be reduced from 6.5% to 3.5%.

Given that the budget must be balanced, a combination of improved efficiencies, increased revenue and base cuts will be necessary. The Province has given no clear indication of funding amounts beyond 2011-12.

Internal Reallocations

Any solution to achieve a balanced budget for 2011-12 will require a multi faceted approach. The ways in which budget resources have been allocated in recent years to achieve a balanced budget recommendation are as follows:

a) Areas Subject to Base Budget Reductions

As noted above, some budget areas have traditionally been protected from budget reductions. This has been done on the basis that, either:

- i) the cost is determined externally (e.g. fuel, electricity, water, taxes and insurance), or
- ii) the area is protected by policy (e.g. student assistance, campus renewal and library collections)

While some costs are greatly influenced by external factors, initiatives have been launched to contain cost increases in these areas. For instance, the University is currently undertaking a wide range of energy conservation projects which will create budget savings in the long term (e.g. the recent conversion to natural gas will create savings in the energy budget and allow the University to meet legislated emissions standards). Appendix D includes a summary of budget lines exempted from budget reduction in previous years.

The BAC believes that this practice must be reviewed in light of the financial circumstances the University faces.

b) Faculty & Unit Budget Reductions

The required budget reductions shown in Table 1 above assume reductions to Faculty and units. Appendix E shows the estimated dollar value impact on Faculties and units of each 1% base reduction assuming past practice of exempting certain budget lines is followed. For the last decade the BAC has recommended differential unit budget reductions except for a few particularly challenging budget years. The following is the basis for differential cuts where these have been applied:

- Data that compares Dalhousie to the other G13 Universities have supported lower reductions for non-academic units (Appendix F)
- Moderated budget reductions have been applied to units receiving Strategic Initiatives funding on the basis that it is counter-productive to provide significant increases to Strategic areas and apply reductions at the same time.

c) Enrolment Related Budget Allocations (ERBA)

The ERBA policy was first implemented in the late 1980's as a means of adjusting Faculty budgets for increases and decreases in enrolment. More recently, in 2009, the BAC reviewed ERBA at the request of the Board of Governors. A revised formula was introduced in 2010-11. Under the revised formula 60% of the tuition revenue from enrolment increases (\$3.5 million) will be distributed as base adjustments to Faculties in 2011-12. Virtually all Faculties will benefit from the distribution.

d) Strategic Investment

The Strategic Initiatives Program has been in place since 2003-04 and provides a mechanism to re-allocate operating budget resources in a way that supports the strategic focus of the University. Since inception, the benefits of the program are tangible and significant and have reached all areas of the University. Strategic Initiatives investments have provided:

- funds for the redevelopment of academic programs and services in Faculties to attract students;
- increased access to student bursaries, scholarships and employment opportunities;
- enhanced support for researchers in all academic disciplines to improve success in attracting grants and contracts;
- support of student recruitment and retention activities allowing Dalhousie enrolments to grow at a time when demographic trends are negative for the University age segment of the population in Atlantic Canada;
- to advance fundraising capacity for improved philanthropic support; and
- renewed teaching and research facilities to help foster academic success and advance scholarship (the Board has mandated an increase of \$1 million per year since 2007).

A report on the use of Strategic Initiatives investments for the past four years can be found at http://senioradmin.dal.ca/files/vp-academic/Strategic_Initiatives_Investments_Final_Report6.pdf

The BAC believes that the Strategic Initiatives Program has and will continue to be an important lever to align budgetary resources with Dalhousie's strategic objectives. At this stage \$4.8 million in Strategic Initiative funding has been included in the budget model for 2011-12. This amount is carried forward from the 2010-11 budget and hence no additional funding has been included in the 2011-12 model.

III INVITATION FOR COMMENTS

An important part of the budget process is obtaining input from the Dalhousie Community. The BAC welcomes questions and suggestions from the University Community on the budget for 2011-12. In particular, the Committee is seeking advice on measures to achieve a balanced budget for 2011-12 while acknowledging that budget pressures will likely persist in 2012-13 and 2013-14.

Please submit comments and questions to the attention of Susan Robertson in Financial Services or by email at susan.robertson@dal.ca on or before March 31, 2011.

PRELIMINARY BUDGET MODEL 2011-12 - LINE-BY-LINE DESCRIPTION

The Revenue and Expenditure Model for 2011-12 on page 6 incorporates known changes and estimates for the University's operating revenue and expenditure lines. The following briefly explains how the table functions. Column 1 is the base operating revenue and expenditure budget for 2010-11. The figures in Column 2 include estimates and preliminary assumptions for revenues and expenditures for 2011-12. Column 3 is the preliminary budget model for 2011-12. For example, line 11 of the model shows the 2010-11 budget for energy, water, taxes and insurance of \$14,836,000; the projected increase for this budget line is an adjustment of \$742,000 (column 2) for a total of \$15,578,000 as shown in Column 3.

1. **Government Funding (Line 1)**

Line 1(a) of the model assumption a 4% decrease in the operating grant from the Province of Nova Scotia based on the Government announcement in February. The exact implications of this decrease are not known at this time and the University has not received confirmation of funding for 2011-12.

The model assumes no change to the Nova Scotia Student Bursary program amount as shown on line 1(b). The government has indicated that this program will continue but there has been no information about the future structure of this program. See line 8(b) for bursary budget of the same amount.

Line 1(c) is a facilities grant that is committed to facilities upgrade projects. The offsetting expenditure appears in line 12 of the model.

Line 1(d) reflects no change in provincial grant funding for the 2003 expansion of Dalhousie's MD program, Physiotherapy and Occupational Therapy masters program and other minor grant amounts.

2. **Tuition Fees (Line 2)**

The approved budget for 2010-11 assumed an enrolment increase of 100 students from the previous year. The December 1st Registration statistics indicate increased enrolment of 694 students. Line 2(a) is an increase in tuition revenue of \$6,450,000 resulting from higher than budgeted enrolment in 2010-11.

Line 2(b) provides for increased enrolment of 175 students based on the flow through from increased student numbers in the previous two years and planned increases in select programs.

3. **Endowment Income (Line 3) and Endowment Expenditures**

Once finalized, the model will include both endowment income and expenditure in 2011-12 for established endowments. For information the 2010-11 endowment expenditures are distributed in the budget lines as follows:

('000's of dollars)

Compensation - Line 7	5,339
Student Assistance - Line 8	5,469
Library Acquisitions - Line 9	210
	11,018
Non-Salary - Line 10	
Endowment Management Expense	1,785
Faculty administered Student Assistance	2,623
General and Research Support	2,728
	7,136
	18,154

4. **Operating Interest Income (Line 4)**

Operating interest income is projected to increase by \$400,000 in 2011-12 based on current interest rate and cash flow projections.

5. **Facilities Renewal Fee (Line 5)**

The model assumes no change in facilities renewal fee revenue.

6. **Indirect Costs of Research Funding (Line 6)**

The model assumes no change in the Federal Indirect Cost of Research Grant as the distribution has not been finalized.

7. **Compensation (Line 7)**

Line 7 of the budget model includes the annualization of 2010-11 increases, estimated salary, benefit and pension costs for 2011-12. The projected total increase for these costs is \$10.7 million.

8. **Student Assistance (Line 8)**

The budget model makes no assumption on increases to the operating component of the student assistance budget.

The Province's plan to provide fee relief to students provided up to \$1,283 in bursary support for full-time Nova Scotia students in 2010-11 and \$261 in bursary support for full-time out-of-province students in 2010-11. The model assumes no change to the Nova Scotia Student Bursary program amount as shown on line 8(b). The government has indicated that this program will continue but there has been no information about its future structure.

9. **Library Acquisitions (Line 9)**

The budget model assumes no increase to the library acquisitions line for 2011-12.

10. **Non-Salary Expenditures (Line 10)**

The budget model includes an inflationary increase of 2% for the operating component of non-salary budgets.

11. **Energy, Water, Taxes and Insurance (Line 11)**

This budget line includes an increase of \$742,000 for 2011-12 which includes estimated costs for Natural Gas based on current rates as well as known increases in electricity and water. Estimates of tax and insurance costs have been included.

12. **Facilities (Line 12)**

There is no change in the expenditure line for facilities. Please refer to note 1(c) above.

13. **Non Space Equipment (grant supported) (Line 13)**

This budget model assumes no change to this line.

14. **Budget Unit Adjustments (Line 14)**

The budget model assumes total funding for strategic expenditures of \$4.8 million (line 14(a)) which reflects the base funding remaining from 2010-11. No recommendations have yet been made on changes to funding on this line or on the allocation of funding to the various strategic areas.

Exact calculations of adjustments to Faculty budgets through the ERBA calculation have not yet been finalized. As indicated in line 14 (b), a preliminary estimate of the ERBA adjustment to Faculties in 2011-12 is \$3.5 million. Tuition revenue changes are distributed to faculties through the ERBA formula with a 60% distribution level to faculties.

The completion of the new Life Science Research Institute building on the corner of College and Summer Streets will result in increased operating costs for the University. This is reflected in line 14(c).

At this stage, the Operating Budget plan for 2011-12 does not include base budget reductions (line 14(d)) required to achieve a balance of operating revenues and expenditures. Section II (3) of this report describes possible scenarios.

15. **Faculty/Unit Revenue (Line 15)**

Significant cost recoveries for salary and non-salary items are netted directly in lines 7 and 10 above. Line 15 includes other base revenue generated by Faculties and budget units (e.g. tuition revenue from ERBA exempt programs that is retained by Faculties). While no change is assumed on this budget line, these sources of revenue provide an important means by which Faculties deal with annual budget reductions.

16. **Campus Renewal (Line 16)**

This model assumes a 2% inflationary increase for the Campus Renewal budget.

17. **Contingency (Line 17)**

There is no change on this expenditure line which currently represents 0.5% of the University operating budget.

TUITION FEE SURVEYS (2010-11)

Undergraduate Arts Tuition Fees - Atlantic Universities (2010-11)

University	Tuition and Auxillary fees Less Provincial Bursary ⁽¹⁾		Approved Tuition Fee
	Nova Scotian Students (\$1,283 bursary)	Other Canadian Students (\$261 bursary)	
1 Mt. Allison	7,010	7,010	6,720
2 Acadia	6,436	7,458	6,391
3 UNB	6,069	6,069	5,482
4 St. Francis Xavier	5,827	6,849	6,205
5 UPEI	5,714	5,714	4,860
6 Kings	5,687	6,709	6,030
7 Dalhousie	5,562	6,584	6,030
8 Moncton	5,522	5,522	4,920
9 St. Thomas	5,157	5,157	4,570
10 Mount Saint Vincent	5,092	6,114	5,550
11 Saint Mary's	5,075	6,097	5,580
12 CBU	4,740	5,762	5,660
13 Memorial	3,048	3,048	2,550

(1) In addition to the Approved Tuition Fee (see grey box to right) students pay mandatory auxillary fees including fees such as Dental and Health Plans, Campus Renewal, recreation, bus passes etc.). For students at Nova Scotia Universities tuition costs are reduced by an automatic bursary of \$1,283 for Nova Scotia students (\$261 for other Canadian students) from the provincial government.

TUITION FEE SURVEYS (2010-11)

Survey of Tuition fees for Entering Students at Selected Canadian Universities
2010-11 Academic Year

	Dalhousie				Victoria	British Columbia	Alberta	Calgary	Saskatchewan	Manitoba	McMaster	Western	Windsor	Toronto	York	Queen's	Waterloo	Ottawa	McGill	New Brunswick	Memorial
	Nova Scotia Students	Dal Rank (#1 is highest)	Other Canadian Students	Dal Rank (#1 is highest)																	
	(net of \$1,283 bursary)		(net of \$261 bursary)																		
UNDERGRADUATE																					
Arts	4,747	14	5,769	1	4,766	4,518	5,177	5,238	4,710	2,963	5,150	5,159	5,090	5,216	5,214	5,230	5,230	5,188	5,668	5,482	2,550
Dental Hygiene	6,247	2	7,269	2	--	4,970	9,796	--	--	5,920	--	--	--	--	--	--	--	--	--	--	--
Engineering	5,557	10	6,579	9	5,390	5,422	5,522	5,238	5,460	3,888	7,892	8,743	6,760	10,095	5,214	8,874	10,242	6,697	5,668	6,482	2,550
Management	4,777	13	5,799	13	4,766	4,819	5,177	5,238	6,630	3,466	6,651	--	6,230	5,216	6,147	12,128	--	5,362	5,668	5,482	2,550
Nursing	5,737	3	6,759	3	4,766	4,857	6,902	5,238	5,325	3,614	5,150	5,159	5,090	6,998	5,214	5,225	--	5,188	5,668	5,482	2,550
Pharmacy	7,393	4	8,415	4	--	8,437	5,177	--	7,050	3,940	--	--	--	12,856	--	--	14,556	--	--	--	2,550
Science	5,557	2	6,579	2	4,766	4,970	5,177	5,238	4,905	3,496	5,150	5,159	5,090	5,216	5,214	5,230	5,230	5,188	5,668	5,482	2,550
Social Work	5,377	2	6,399	2	4,766	4,518	--	5,238	--	3,733	5,150	--	5,090	--	5,214	--	5,230	5,188	5,668	--	2,550
GRADUATE																					
Occupational Therapy	11,734	1	12,756	1	--	6,194	6,072	--	--	4,938	8,112	8,031	--	8,195	--	9,054	--	6,602	--	--	--
Masters in Arts	5,098	11	6,120	11	4,950	4,180	3,643	5,440	3,213	4,125	6,009	6,022	7,020	6,621	4,785	6,258	6,624	6,298	5,668	5,562	3,030

Foot Notes:

Note: Amounts in table do not include auxiliary fees.

(1) The tuition for students in 2nd year and higher increases in Management and Engineering programs.

(2) In Year one and two of a Nursing degree, students are required to complete 48 credits and usually enroll in an Arts or Science Undergrad Program. Years three and four, students are enrolled in the Nursing Program and are required to complete 81 credits to graduate. The tuition shown for Nursing is the average costs of the four years.

(3) Social Work and Occupational Therapy are offered only in French.

**Comparison of Law, Medicine and Dentistry Tuition Fees for 2010-11
for Entering Canadian Students**

	Law 2010-11	Medicine 2010-11	Dentistry 2010-11
Dalhousie ⁽¹⁾ :			
Nova Scotia students (net of \$1,283 automatic bursary)	11,666	13,818	14,074
Dalhousie rank (1 is the highest fee)	8 th of 15	8 th of 13	7 th of 8
Other Canadian students (net of \$261 automatic bursary)	12,688	14,840	15,096
Dalhousie rank (1 is the highest fee)	5 th of 15	7 th of 13	7 th of 8
Victoria	8,341	n/a	n/a
UBC	10,135	15,457	15,457
Alberta ⁽²⁾	9,943	11,714	19,630
Calgary	11,976	14,600	n/a
Saskatchewan ⁽³⁾	8,070	12,276	32,960
Manitoba ⁽⁴⁾	8,619	7,500	15,343
McMaster ⁽⁵⁾	n/a	15,143	n/a
Western	14,326	17,722	25,125
Windsor	12,480	n/a	n/a
Toronto ⁽⁶⁾	23,508	18,424	26,375
York	17,631	n/a	n/a
Queens	13,170	18,228	n/a
Ottawa	12,489	18,117	n/a
McGill ⁽⁷⁾	5,668	13,224	13,224
UNB ⁽⁸⁾	9,032	n/a	n/a
Memorial	n/a	6,250	n/a
Average (excl. Dal)	11,813	14,055	21,159

The BAC has endeavored to gather information on tuition fees for professional programs at comparator universities. Internal policies and budgeting practices will vary by university and it is not possible to provide a comprehensive enumeration of all such policies and practices.

- (1) Law fee includes auxiliary fee of \$2500. These fees are retained by the Faculty.
- (2) There are program differential fees included for Law (\$4,421) and Medicine (\$4,421). Dentistry fee includes a Clinical fee and a Clinical Operations fee.
- (3) The top 15 Saskatchewan Dentistry students pay \$14,960. All other students pay the fee indicated.
- (4) The Law tuition rate includes a \$4,200 surcharge.
- (5) Medicine is a three year program, fee shown is total fee for three years divided by four.
- (6) Tuition includes library and laboratory supplies and services.
- (7) Fees shown are for out of province students.
- (8) Law includes a supplemental fee of \$3,550.

International Tuition Fees at Selected Universities (2010-11)
(fee shown is for entering student in an Arts Program)

	Tuition Fees		Differential	Dalhousie Rank (#1 is the highest out of 14)
	Canadian Students	International Students		
Dalhousie University				
Undergrad	6,030	\$13,290	\$7,260	12
Graduate - Masters	6,381	\$11,571	\$5,190	9
Graduate - PhD	6,699	\$11,889	\$5,190	9
University of British Columbia (1)				
Undergrad	4,518	\$21,118	\$16,600	
Graduate - Masters	4,180	\$7,344	\$3,020	
Graduate - PhD	4,180	\$7,344	\$3,020	
University of Alberta				
Undergrad	5,177	\$17,995	\$12,818	
Graduate - Masters	3,643	\$7,286	\$3,643	
Graduate - PhD	3,643	\$7,286	\$3,643	
University of Calgary				
Undergrad	5,238	\$17,836	\$12,598	
Graduate - Masters	5,440	\$12,347	\$6,907	
Graduate - PhD	5,440	\$12,347	\$6,907	
University of Manitoba				
Undergrad	2,963	\$10,369	\$7,406	
Graduate - Masters	4,125	\$8,250	\$4,125	
Graduate - PhD	4,125	\$8,250	\$4,125	
McMaster University				
Undergrad	5,150	\$13,563	\$8,413	
Graduate - Masters	6,009	\$14,076	\$8,067	
Graduate - PhD	6,099	\$14,076	\$7,977	
University of Western Ontario				
Undergrad	5,159	\$15,530	\$10,371	
Graduate - Masters	6,022	\$13,670	\$7,648	
Graduate - PhD	6,022	\$13,670	\$7,648	
University of Toronto				
Undergrad	5,216	\$23,478	\$18,262	
Graduate - Masters	6,621	\$15,316	\$8,695	
Graduate - PhD	6,621	\$15,316	\$8,695	
Queen's University				
Undergrad	5,230	\$18,730	\$13,500	
Graduate - Masters	6,258	\$12,366	\$6,108	
Graduate - PhD	6,258	\$12,366	\$6,108	
Waterloo University				
Undergrad	5,230	\$18,110	\$12,880	
Graduate - Masters	6,624	\$16,188	\$9,564	
Graduate - PhD	6,624	\$16,188	\$9,564	
University of Ottawa				
Undergrad	5,188	\$15,815	\$10,627	
Graduate - Masters	6,298	\$15,689	\$9,390	
Graduate - PhD	6,298	\$15,689	\$9,390	
McGill University (2)				
Undergrad	5,668	\$14,462	\$8,794	
Graduate - Masters	5,668	\$14,462	\$8,794	
Graduate - PhD	6,204	\$12,976	\$6,772	
University of New Brunswick				
Undergrad	5,482	\$12,232	\$6,750	
Graduate - Masters	5,562	\$9,450	\$3,888	
Graduate - PhD	5,562	\$9,450	\$3,888	
Memorial University				
Undergrad	2,550	\$8,800	\$6,250	
Graduate - Masters	3,030	\$3,936	\$906	
Graduate - PhD	2,049	\$2,661	\$612	

(1) Most graduate students are eligible for a \$3,260 scholarship.

(2) As of Sept 2007, all international doctoral students registered full-time pay the same tuition fees as Quebec doctoral students. International students are charged the full rate shown above, then credited by an amount equivalent to the international supplement. All full time international doctoral students are eligible unless their fees are being paid directly by an external source (i.e. governments, agencies, corporate sponsors, fellowships that include direct payment of tuition).

**Impact of Each 1% Increase in Fees on Selected Professional Programs
and International Differential Fees in 2011-12**

	Each Additional 1% Increase In Tuition Fee
<u>Professional Programs: *</u>	
Dentistry	14,000
Engineering	70,000
Health Professions:	
Human Communication Disorders	8,000
Nursing	24,000
Occupational Therapy/Physiotherapy	17,000
Pharmacy	21,000
Law	38,000
Medicine	47,000
<u>International Differential</u>	71,000

* This list may not include all professional programs.

Amounts Exempt from Budget Reductions
(Excerpt for 2010-11 Approved Operating Budget)

(thousands of dollars)

Central Operating budget for Student Assistance	10,155
Committed space costs (supported by specific revenues)	2,103
Contingency funding	1,600
Endowment expenditures (supported by Endowment revenue)	18,154
Energy, Water, Taxes and Insurance	14,836
Campus Renewal	14,901
Faculty related costs (DFA travel, PDA . Sabbatical leave grants etc)	1,583
Library Acquisitions	6,301
Non-Space equipment	2,533
Nova Scotia Bursary Program (supported by grant)	8,400
Strategic Initiatives Funding (base remaining from 2010-11)	4,798

Estimated Impact of Budget Reduction by Faculty/Unit

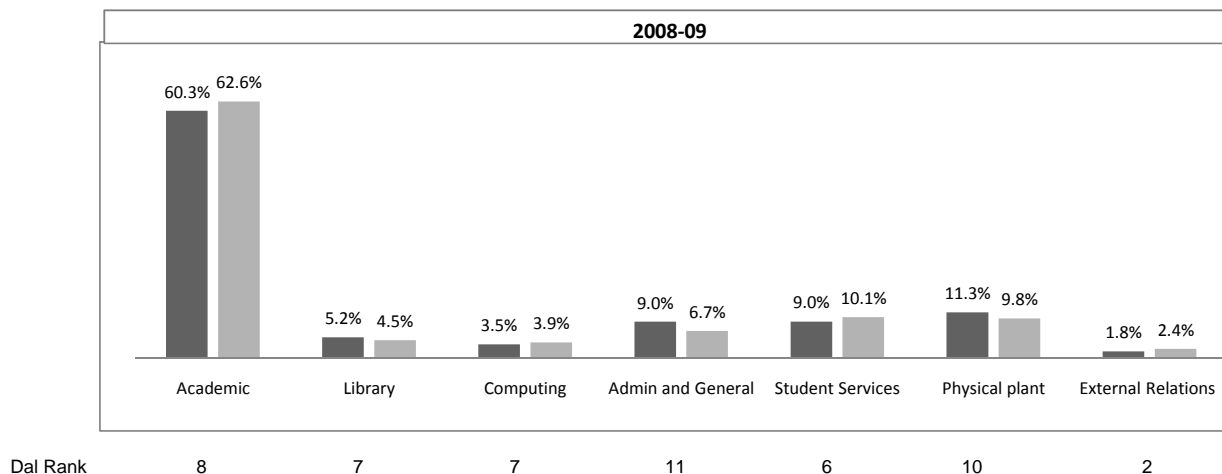
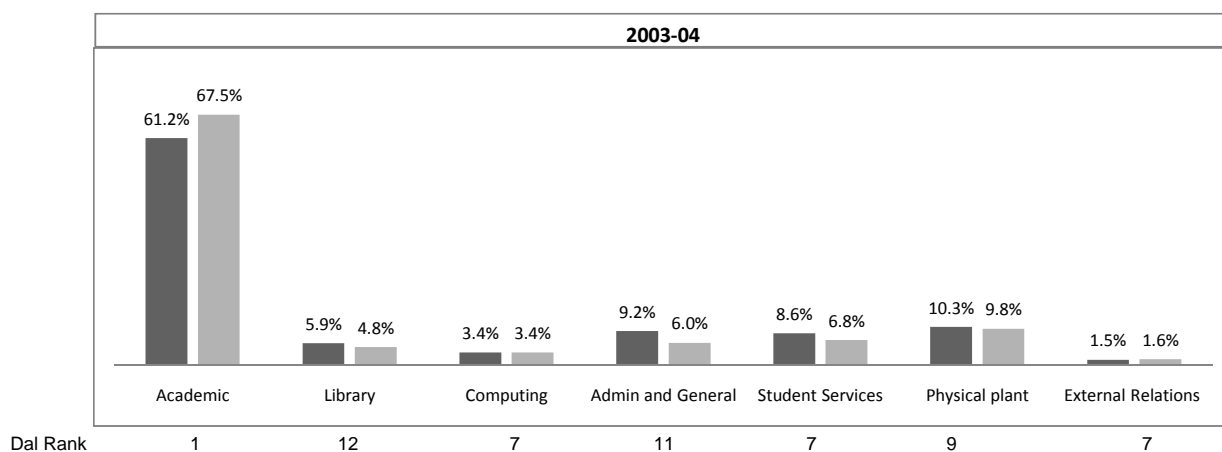
(Estimated based on January 31, 2011 budgets)

Expressed in 000's

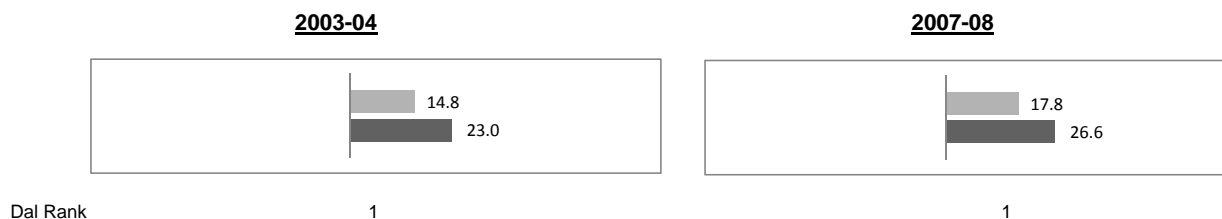
	Calculated Base Budget at Mar 31/11	Impact of Budget Reduction of 1.00%
Faculties:		
Architecture	4,270	43
Arts & Social Sciences	18,890	189
Computer Science	5,330	53
Dentistry	9,250	93
Engineering	15,820	158
Health Professions	22,600	226
Law	7,170	72
Management	10,950	110
Medicine	35,260	353
Science	27,500	275
	<u>157,040</u>	<u>1,570</u>
Non-Instructional:		
Art Gallery	130	1
Centre for Learning and Teaching	1,020	10
Centres & Institutes	2,390	24
Communications & Marketing	2,470	25
Engineering and Computer Science Co-operative	530	5
Environmental Health & Safety Office	590	6
External Relations	5,100	51
Facilities Management	16,530	165
Financial Services	4,290	43
General University	790	8
Graduate Studies	1,400	14
Human Resources	2,650	27
Information Technology Services	8,670	87
Institutional Analysis & Research	590	6
Internal Audit Office	200	2
Libraries	6,410	64
Peer Health Education	20	0
President's Office	3,230	32
Registrar's Office	5,030	50
Research Services	1,310	13
Student Health	90	1
Student Services	4,540	45
University Secretariat	610	6
Varsity, Intramurals & Clubs	520	5
	<u>69,110</u>	<u>691</u>
Total Cuttable Base/Estimated Budget Reduction	<u><u>226,150</u></u>	<u><u>2,262</u></u>

Percentage of Operating Expenditures by Area and Student Faculty Ratio

Percentage of Operating Expenditures by Area ⁽¹⁾



Student Faculty Ratio ⁽²⁾



■ Dalhousie ■ Total Comparators

1 Source: CAUBO/ACPAU Financial Information of Universities and Colleges, 2003-2004, Statistics Canada, June 2005, and 2008-09, Statistics Canada.

Detailed information is provided on page 2 of this appendix.

2 Source: CAUT Almanac of Post Secondary Education 2005-06: "University FTE Enrolment - Full time Faculty Ratios, 2003-04" CAUT Almanac of Post Secondary Education 2010-11: "University FTE Enrolment - Full time Faculty Ratios, 2007-08"

Detailed information is provided on page 2 of this appendix.

Comparison of Percentage Operating Expenditures by area, for selected Canadian Universities

2003-2004									
	Academic	Library	Computing	Administration & General	Student Services	Physical Plant	External Relations	Total Non Academic	Student Faculty Ratio ²
	%	%	%	%	%	%	%	%	
Comparator Universities									
Laval	67.3%	5.5%	2.3%	9.4%	4.7%	10.3%	0.6%	32.7%	21.2
McGill	58.5%	6.2%	6.7%	12.6%	4.0%	12.0%	0.0%	41.5%	19.7
McMaster	55.1%	5.0%	2.6%	13.0%	11.5%	11.0%	1.8%	44.9%	20.7
Ottawa	57.4%	5.1%	3.5%	10.8%	11.6%	9.3%	2.2%	42.6%	27.3
Queens	66.4%	5.4%	2.1%	4.0%	14.3%	7.7%	0.1%	33.6%	26.1
Waterloo	55.2%	6.6%	4.7%	12.0%	7.8%	11.2%	2.4%	44.8%	29.3
Western	66.2%	4.4%	1.9%	3.7%	12.8%	7.9%	3.0%	33.8%	23.6
Calgary	63.7%	5.3%	4.1%	8.4%	4.9%	12.5%	1.1%	36.3%	18.1
Total Smaller Universities	61.7%	5.4%	3.5%	9.1%	8.7%	10.3%	1.3%	38.3%	23.3
Larger Universities									
UBC	63.1%	6.2%	2.2%	10.3%	6.8%	10.3%	1.1%	36.9%	18.5
Toronto	59.6%	6.5%	2.1%	7.7%	12.4%	9.4%	2.3%	40.4%	24.4
Montreal	63.1%	6.1%	4.4%	10.1%	5.4%	10.2%	0.9%	36.9%	25.1
Alberta	58.0%	6.8%	5.0%	10.2%	6.2%	11.9%	1.8%	42.0%	22.1
Total Larger Universities	60.7%	6.4%	3.2%	9.3%	8.5%	10.3%	1.7%	39.3%	22.5
Total Comparators	61.2%	5.9%	3.4%	9.2%	8.6%	10.3%	1.5%	38.8%	23.0
Dalhousie	67.5%	4.8%	3.4%	6.0%	6.8%	9.8%	1.6%	32.5%	14.8
	1	12	7	11	7	9	7	13	1
					(tied for)				

2008-2009									2007-08
	Academic	Library	Computing	Administration & General	Student Services	Physical Plant	External Relations	Total Non Academic	Student Faculty Ratio ²
	%	%	%	%	%	%	%	%	
Comparator Universities									
Laval	66.8%	5.7%	2.5%	8.6%	5.3%	10.8%	0.2%	33.2%	23.3
McGill	55.7%	6.1%	4.5%	13.3%	6.1%	10.9%	3.5%	44.3%	19.7
McMaster	64.2%	3.4%	3.2%	8.6%	9.1%	10.1%	1.4%	35.8%	32.2
Ottawa	58.3%	4.4%	3.3%	10.1%	11.7%	10.2%	2.0%	41.7%	30.0
Queens	70.1%	4.3%	4.0%	5.3%	9.3%	6.9%	0.1%	29.9%	26.2
Waterloo	57.1%	3.9%	4.5%	9.9%	13.1%	9.2%	2.3%	42.9%	27.3
Western	64.1%	4.2%	1.9%	5.5%	11.1%	11.4%	1.9%	35.9%	27.1
Calgary	53.7%	5.0%	5.5%	7.0%	11.0%	16.0%	1.7%	46.3%	22.8
Total Smaller Universities	61.0%	4.6%	3.7%	8.5%	9.5%	10.9%	1.7%	39.0%	26.1
Larger Universities									
UBC	60.9%	3.6%	3.4%	8.7%	7.0%	14.5%	2.0%	39.1%	23.7
Toronto	58.5%	7.5%	1.5%	8.1%	11.9%	10.6%	1.8%	41.5%	33.5
Montreal	63.3%	5.7%	4.2%	11.1%	5.0%	9.7%	1.1%	36.7%	26.4
Alberta	57.1%	5.2%	5.3%	11.4%	6.5%	12.0%	2.4%	42.9%	26.4
Total Larger Universities	59.5%	5.8%	3.2%	9.5%	8.4%	11.7%	1.9%	40.5%	27.5
Total Comparators	60.3%	5.2%	3.5%	9.0%	9.0%	11.3%	1.8%	39.7%	26.6
Dalhousie	62.6%	4.5%	3.9%	6.7%	10.1%	9.8%	2.4%	37.4%	17.8
	8	7	7	11	6	10	2	8	1
					(tied for)				

1 Source: CAUBO/ACPAU Financial Information of Universities and Colleges, 2003-2004, Statistics Canada, June 2005, and 2008-09, Statistics Canada.

2 Source: CAUT Almanac of Post Secondary Education 2005-06: "University FTE Enrolment - Full time Faculty Ratios, 2003-04" CAUT Almanac of Post Secondary Education 2010-11: "University FTE Enrolment - Full time Faculty Ratios, 2007-08"