



BUDGET ADVISORY COMMITTEE

**DISCUSSION PAPER ON THE OPERATING BUDGET
PLAN FOR 2012-13**

REPORT XLVII
January 2012

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 – Heather Sutherland, Assistant Vice President, Ancillary Services – Ken Burt, Vice-President, Finance & Administration and Mike Porter (Student Representative). The Committee's resource persons are: Ian Nason, Assistant Vice-President (Financial Services), Michael O'Sullivan, Acting 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-six reports related to the University's operating budget.

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I INTRODUCTION

This is the Budget Advisory Committee's forty-seventh report on the Operating Budget at Dalhousie. This report describes key background issues which will impact the development of the budget for 2012-13 and future years and presents a discussion of a preliminary budget scenario. Subsequent to the release of this report the BAC will meet with various groups including the Senate, the Operations Committee of the Board, Board of Governors, representatives of the Dalhousie Student Union and Deans to receive input from members of the University community.

Following are some of the key factors that have shaped the University's budgetary position in an environment that continues to be challenging:

- Since 2004-05 the University and students have benefitted from two successive Memoranda of Understanding (MOU) with the Province:
 - Government grants now support 58.3% of the University Operating budget revenues compared to 49.5 % in 2004-05.
 - Tuition fees for most students have been frozen for most of this time improving the relative position of Dalhousie's fees when compared with other parts of Canada.
- There has been enrolment growth of 9% since 2004-05. (Over half of this growth relates to international student enrolment.)
 - \$5.7 million of the increased tuition has been transferred through ERBA to support Faculty budgets.
 - The balance of the increased tuition revenue has assisted in balancing the University budget thereby alleviating the pressure for more significant budget reductions.
- A provincial fee reduction policy which began in 2007-08 now supports Nova Scotia students through an annual bursary of \$1,283 (other Canadian students \$261)
- Strategic Initiatives investment of \$32.6 million over 5 years.

A new three year MOU has been signed in January 2012 but the agreement does not provide for specific grant amounts for the next three years (2012-13 to 2014-15 inclusive) instead committing the Province to confirm the grant amount each year by December 31st in advance of each fiscal year. The MOU also allows for a cap on tuition increases of 3% for most programs in 2012-13. The circumstances have changed little since last spring when the 2011-12 budget was approved:

- Government funding beyond 2012-13 is not known and will be influenced by the Province's fiscal situation.
- Demographic trends in the region and in Canada indicate fewer students graduating from high school which will put pressure on universities attracting students to maintain (grow) enrolment levels. The regional trend is exacerbated by reports that the participation rate is declining for those eligible to attend university.
- Collective agreements affecting most University employees have expired.

- The Province has provided short term relief from the requirement for Dalhousie to make solvency deficit payments on the pension plan. This relief is scheduled to expire in March 2013.

In the development of past budget recommendations the BAC has been guided by the following principles which continue to be relevant:

- **Requirement that recommendations allow for a balanced budget where expenditures equal revenues**
- **The plan balances competing priorities to best serve students and the members of our community.**
- **Resources are allocated to areas in support of the strategic direction of the University.**

This report focuses discussion on the preliminary budget scenario for 2012-13 (see page 10). Following discussion of this report, the BAC will produce a final report that will include recommendations to the President on a balanced budget plan for the 2012-13 fiscal year.

II KEY VARIABLES INFLUENCING THE 2012-13 PRELIMINARY OPERATING BUDGET

This section of the report will focus on the major factors to be included in the discussion and development of recommendations for the 2012-13 Operating budget.

1. REVENUES

a) Provincial Operating Grant

In early January Nova Scotia universities signed a new three year MOU with the Province (Appendix A). The MOU does not specify funding levels for the three years but the Province does commit to advising universities of the government funding amount each year by December 31st of the previous year. The Province has confirmed that funding for the University system will be reduced by 3% in 2012-13. Dalhousie's share of the system reduction is \$4.9 million.

Funding levels for the second two years of the MOU are not known. The stated core objective of the MOU is "to achieve a system-wide cost structure that is sustainable relative to the fiscal capacities of the Province".

The MOU also indicates that the universities and the Province will be working "to achieve significant improvements in efficiency and financial sustainability across the system" over the life of the agreement. To this end a \$25 million fund has been established by the provincial government with the objective of reducing the annual cost structure of the provincial university system by \$25 million into the future. In the coming months, universities will develop proposals for initiatives that will achieve ongoing cost reductions in order to compete for this one-time funding.

b) Tuition Revenue

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

i) Tuition fees

Students have benefited significantly in recent years from government policies limiting fee increases. Also, for the last four years the Province has provided bursaries resulting in lower net fees (tuition less bursary) for Nova Scotia students and in 2010-11 the bursary program was extended to other Canadian students. The bursary program now (2011-12) provides each full time Nova Scotia student with a bursary of \$1,283 while other Canadian students receive a bursary of \$261.

The new MOU does not make mention of the Nova Scotia bursary program but it does reaffirm the Province's desire to see that tuition for Nova Scotia students is kept at or below the national average. The Province has not yet confirmed the status or structure of the program for 2012-13. The following table shows the impact of the government's tuition policy and bursary program on the tuition cost (tuition less Nova Scotia Bursary) for students.

Tuition Cost (net of Nova Scotia Bursary)								
Undergraduate Arts								
Year	Tuition Increase Cap	Dalhousie Tuition	Nova Scotia Students			Other Canadian Students		
			Bursary	Net Tuition Cost after Bursary	% Change in cost over 7 years	Bursary	Net Tuition Cost after Bursary	% Change in cost over 7 years
2004-05	n/a	5,610		5,610			5,610	
2005-06	3.9%	5,820		5,820			5,820	
2006-07	3.9%	6,030		6,030			6,030	
2007-08	0%	6,030	500	5,530			6,030	
2008-09	0%	6,030	761	5,269			6,030	
2009-10	0%	6,030	1,022	5,008			6,030	
2010-11	0%	6,030	1,283	4,747		261	5,769	
2011-12	3%	6,210	1,283	4,927	-12.2%	261	5,949	6.0%

The MOU with the Province that allowed for tuition fees to be frozen at 2006-07 levels expired at the end of 2010-11. In the absence of a signed MOU for 2011-12 the Province announced that tuition fee increases would be capped at 3% except for Law, Medicine and Dentistry programs and for international students. This same approach is now confirmed in the new MOU for 2012-13.

In developing a balanced budget plan for 2012-13 the Committee will make recommendations to the President on tuition increases based upon the limitations imposed by the Province and in accordance with the University's Tuition Fee Policy. There will also be consultation with students before tuition fees are approved by the Board of Governors. For reference, Appendix B shows the revenue impact of each 1% tuition increase in the international differential fee and programs for which there is no cap according to the terms of the MOU.

In 2006 the Board of Governors Long Term Financial Planning Committee (LTFPC) reaffirmed the University Tuition Fee Policy indicating that tuition fees will be set based on the following factors:

- The relative costs of offering a program;
- The economic prospects/earnings potential of program graduates;
- Fees charged for similar programs at other Canadian universities. (The BAC has gathered comparative fee information for local undergraduate arts fees, fees in selected programs nationally and international fees (Appendix C)).
- Demand for the program and the impact of existing fees on enrolment; and
- The availability of student assistance support.

The LTFPC also recommended that:

- The University monitor the relationship between student fees and student enrolment to ensure that fee levels are not an impediment to the recruitment and retention of students.
- The Budget Advisory Committee continue to consult broadly on any proposed fee increases.
- In setting fees the cross-subsidization of Faculty budgets be taken into consideration and noted that such cross-subsidization is common at all universities.

ii) Enrolment

The University has benefitted from larger than expected enrolment increases in each of the last three years. Total enrolment in the fall of 2011 has increased year-over-year by 533 students (3.2%). New students entering Dalhousie (both new from high school and new to Dalhousie) are, however, down 112 students. In spite of the decline in 2011 entering enrolment, the larger entering classes from the previous three years are now continuing their studies into second and later years resulting in an increase in the total enrolment for 2011-12.

As a result of the declining pool of Nova Scotia and other Maritime high school graduates, recruiting students from other parts of Canada and internationally has been of increasing importance over the past 3 years. The University has invested significantly in the recruiting area through Strategic Initiatives which has allowed the University to maintain and even grow enrolments despite the regional demographic trends.

In the past, unplanned short falls in enrolment have lead to budget reductions partway through the fiscal year. Advice from the campus community has been that a conservative approach should be taken to budgeting for enrolment projections to avoid such midyear adjustments.

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. At this stage in budget planning the Enrolment Management Committee has also advised BAC that it should plan for no change in enrolment overall. As the year develops, information such as application statistics will allow a more informed assessment of projected enrolment levels for the fall of 2012.

2. **EXPENDITURES**

a) **Provision for Compensation**

The provision for compensation is the main driver of projected expenditure increases for 2012-13 and includes amounts for salary and benefit changes.

Collective agreements have now expired for most faculty and staff at the University. The budget scenario is based on preliminary estimates of compensation adjustments for all employees and for the annualization of 2011-12 increases and adjustments for pension and benefit costs.

The University community is aware of the requirement that funding for the pension plan is based on an actuarial assessment of the financial position of the plan referred to as the going concern valuation. The University must normally meet a second test referred to as the solvency test. This additional test determines if the University is able to meet its obligation to pay pensions assuming it were to cease operations on the valuation date.

In the absence of relief from this solvency test University pension payments could balloon, increasing the annual budget expenditures by as much as \$50 million for the foreseeable future. A \$50 million shortfall represents 15% of the current University budget and the BAC has concluded that no plausible recommendations could be made in the short term to address a new obligation of this magnitude. Because of the unfathomable impact of the impending resumption of solvency deficit repayment requirements, such an outcome must be averted. New legislation for jointly sponsored pension plans allows for relief of solvency deficit repayment requirements for such plans.

b) **Energy, Water, Taxes and Insurance**

In the fall of 2010 the University converted its heating plant to natural gas from bunker C fuel. Switching to the cleaner burning natural gas significantly reduced Dalhousie's carbon footprint and provided the University with immediate fuel cost savings. On the other hand, water and electricity costs are trending upward. The budget model allows for an overall increase of 5% on utility costs.

The Sustainability Office has been working closely with Facilities Management to implement retrofit projects to reduce both energy and water consumption. For instance the campus lighting upgrade project will implement lighting upgrades to 35 buildings across campus and is expected to generate annual cost savings of \$360,000 once implementation costs are recovered. The Office will continue to work with other campus constituents to look at broader areas for savings across the University.

A continuation of investments in sustainability projects will result in longer term financial benefits to the University's operating budget.

c) **Endowment Expenditures**

In 2010-11 the budget plan included an operating expenditure line of \$700,000 to supplement the spending allocation of some endowments where allocations had been curtailed as a result of the market downturn in 2008 to 2009. (Appendix D is an excerpt from BACXLII which provides the background to readers). Over 80% of the supplement supports commitments for student assistance. When the BAC recommended the \$700,000 supplement from the operating budget it indicated that the continuation of the supplement would be revisited annually and assessed on the basis of market performance. Hence at this stage in the budget process the model includes the continuation of the supplement for 2012-13 in order to maintain student assistance and academic commitments.

d) **Strategic Initiatives**

The BAC and other reports in recent years have included information on the significant investments made in support of Dalhousie's strategic objectives. A total of \$32.6 million in investments have been made since 2007-08. A summary of the significant investments made over the last five years (covering two reports from the President on the University strategic focus - Making an Impact: The President's Strategic Focus, 2007-2010 and Dalhousie University's Strategic Focus 2010-2013) has been included in Appendix E. The continuation of the Strategic Initiatives programs, its shape and size, are a key consideration for the Committee each year during the development of the annual operating budget.

i) **Should the University budget continue to provide a pool of funding for investment in strategic areas?**

Given the budget outlook for the near term the BAC remains committed to the Strategic Initiatives program and in particular the deployment of funding for non-permanent initiatives in 2012-13.

In the current year (2011-12) the recommended operating budget plan included \$7.2 million in funding for Strategic Initiatives. \$2.5 million was invested in permanent initiatives and \$4.7 million was invested in non-permanent initiatives and therefore remains available in the budget for 2012-13.

Cognizant of the uncertainties around government funding, enrolment and future pension plan obligations, the BAC has been deliberate in continuing to recommend investments that support the University's strategic focus areas **and** used whenever possible on a non permanent basis so as to preserve some measure of budget flexibility going forward.

ii) How much budget funding should be allocated to the Strategic Initiatives fund for the coming year?

The options are to reduce, increase or maintain the 2011-12 base budget amount of \$4.7 million which continues to be available for 2012-13. Reducing the amount would have a positive effect in balancing the budget in the short term but would reduce the amount of investment in strategic priorities and eliminate a measure of flexibility in the face of budget uncertainties going forward. Conversely, an increase in the Strategic Initiatives budget line would add to the pressure in 2012-13 but allow investment in innovative initiatives that will better position the University for the future.

The budget amount available for Strategic Initiatives in each of the last three years is as follows:

	<u>million's</u>	
2011-12	\$7.2	(\$4.7 of base funding remains for 2012-13)
2010-11	\$9.3	
2009-10	\$7.7	
three year average	\$8.1	

At what level should the budget for Strategic Initiatives be set for 2012-13 and if it should be increased to an amount greater than \$4.7 million, how should such an increase be funded?

iii) In what Strategic Areas should investments be made?

The third and perhaps most important question is in what strategic areas should investments be made.

Appendix F includes the focus areas identified in the 2010-13 strategic focus report as well as the objectives that were identified for each focus area. Appendix E summarizes the significant investments by focus area over the last five years.

It will be important to assess what areas to emphasize for 2012-13 and for the future. There also may be additional areas which should be considered to place the University in a position of strength as it moves forward. The BAC is interested in receiving input from campus constituents on the broad areas of strategic interest that should be given priority.

Members of the campus community are also encouraged to present ideas to deans and senior administrators for specific initiatives which they believe are worthy of funding consideration. The President's Office will continue to seek

advice from deans and senior administrators on their prioritized proposals for investment in support of these strategic focus areas.

e) **Faculty and Unit Budget Reductions**

The preliminary budget model (page 10) includes on recommendations to balance the 2012-13 budget and therefore shows a deficit of \$6.9 million. The next report of the BAC will focus on recommendations to close the gap. Any solution to achieve a balanced budget for 2012-13 will require reductions to Faculties and Unit budgets. Consideration will need to be given to the level of reductions and the areas that will be subject to reduction.

i) **Faculty & Unit Budget Reductions**

If no other action were taken to balance the 2012-13 budget a 3.1 % budget reduction would need to be applied across all budget units that are normally subject to reduction. Annual cuts have been applied for many years and this reduction follows a year when a 3.5% cut was applied to all Faculties and units. (Appendix G is a history of budget reductions)

The very positive enrolment increases in the last three years have provided relief in preparing balanced budget plans for the University. In the absence of this positive enrolment trend far more draconian measures would have been necessary in order to achieve balanced budget plans.

In an attempt to understand the impact in future years where there may not be enrolment growth, the Committee considered scenarios for 2012-13 assuming there was no growth in enrolment in the fall of 2011. In a scenario where there was no enrolment growth in 2011-12 the percentage reduction required would be increased by 0.8% to 3.9% in 2012-13.

In addition to determining the overall level of cut that is sustainable across the University, the BAC considers other approaches in the application of budget reductions:

- Differential Reductions:
 - Service units may not have the means to generate additional revenues (for example via increasing enrolments). Data comparing Dalhousie with other Canadian Universities (Appendix H) also continues to support differential treatment of non-Faculty units.
 - The BAC is aware that Faculties have varying opportunities to generate additional revenues.
 - In the past turnover savings (difference between the salary of the retiring individual and those newly hired replacements) have been an important means by which Faculties balance their budgets.

- Across-the-board reductions (i.e. every unit reduced by the same percentage) have been applied in particularly difficult years.
- In some recent years smaller budget reductions have been applied to non-Faculty units receiving significant Strategic Initiatives funding. This distinction was made in recognition that it is counterproductive to apply significant budget reductions while investing in strategic areas.
- There may also be other approaches to applying reductions (i.e. requiring a larger reduction coupled with a process to redistribute a portion back to Faculties and units).

The BAC is interested in hearing feedback from the Community on other approaches.

ii) **Areas Subject to Base Budget Reductions**

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

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

Last year the BAC reviewed the list of areas that are protected (Appendix I) and recommended that the President's Office identify the equivalent of a 0.5% (or \$450,000) reduction from these areas. The reduction was achieved from savings in the energy budget as a result of the conversion to natural gas.

The BAC believes that all aspects of the University budget continue to be reviewed for potential savings and efficiencies in light of the financial circumstances the University faces.

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 2012-13. In particular, the Committee is seeking advice on measures to achieve a balanced budget for 2012-13 while acknowledging that budget pressures will likely persist for the next few years.

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 February 14, 2012.

IV PRELIMINARY BUDGET MODEL – 2012-13

Dalhousie University
Preliminary Operating Budget Revenue and Expenditure Model Scenario for 2012-13
(see appendix J for line-by-line description)

Assumptions	
Government Grant Reduction	3%
Tuition Revenue	
Fee Increases	3%
Additional increases Law, Medicine and Dentistry	TBD
Additional increases International Differential Fee	TBD
Enrolment Change	flat
Facilities Renewal Fee Increase	TBD
Base Budget Reduction	TBD
Nova Scotia Student Bursary Program	as per current program
Compensation	provision with solvency relief
Non Salary Inflationary Increase (included in lines 10)	2.0%
Energy Water Taxes and Insurance Increase	5.0%

	Column 1	Column 2	Column 3
	Approved Budget 2011-12	Estimates and Recommendations	2012-13 Recommended Budget
REVENUES - INCREASE(DECREASE)			
1. Government Funding			
a) Operating Grant	171,030	(4,910)	166,120
b) Grant to support Nova Scotia Student Bursary	9,100		9,100
c) Facilities Grant	1,000		1,000
d) Other Government Grants	2,990		2,990
2. Tuition revenues	111,980		119,780
a) Enrolment Changes:			
i) 2011-12 Enrolment growth		3,500	
ii) annualization of 11-12 increases		1,000	
ii) 2012-13 Enrolment growth		-	
b) Fee increase 2012-13 (3%) (effective April 1)		3,300	
c) Additional fee increases		TBD	
3. Endowment Income	18,730		18,730
4. Operating Interest Income	2,400	(300)	2,100
5. Facilities Renewal Fee	2,170		2,170
6. Indirect Costs of Research Funding	6,310		6,310
TOTAL REVENUES - INCREASE (DECREASE)	325,710	2,590	328,300
EXPENDITURES - INCREASE (DECREASE)			
7. Compensation *	233,514	6,500	240,014
8. Student Assistance			
a) Operating Support	10,155		10,155
b) Nova Scotia Student Bursary (see line 1(b))	9,100		9,100
c) Endowment Support *	5,565		5,565
9. Library Acquisitions *	6,429		6,429
10. Non-Salary (net of recoveries) *	35,856	553	36,409
11. Energy, Water, Taxes and Insurance	15,550	778	16,328
12. Non Space Equipment	2,533		2,533
13. Budget Unit Adjustments			
a) Strategic Initiatives	4,738	TBD	4,738
b) Distribution of ERBA to Faculties (estimate)		1,700	1,700
c) Base budget reduction		TBD	
14. Faculty/Unit Revenue	(20,270)		(20,270)
15. Campus Renewal	20,940		20,940
16. Contingency	1,600		1,600
TOTAL EXPENDITURES - INCREASE (DECREASE)	325,710	9,531	335,241
SURPLUS (SHORTFALL)	-	(6,941)	(6,941)

* these lines include endowment supported expenditures, see note 3 in Appendix J



**MEMORANDUM OF UNDERSTANDING
BETWEEN
THE PROVINCE OF NOVA SCOTIA
AND
THE NOVA SCOTIA UNIVERSITIES
EXCELLENCE THROUGH PARTNERSHIP
2012-13, 2013-14 and 2014-15**

1. Whereas the Parties to the Agreement share a commitment to the importance of Excellence in teaching and research at Nova Scotia's universities, and understand that this underpins the social, economic, and cultural relevance of the universities to Nova Scotia's progress,
2. And whereas the Parties are aware of the fiscal and demographic realities facing Nova Scotia and understand that creativity and innovation are necessary to maintain and build on Excellence in a university system which is made up of autonomous institutions who are proud of their record of legislated self governance,
3. And whereas the Parties recognize that high quality, relevant learning opportunities in higher education should be accessible to qualified Nova Scotians,
4. The Parties commit to collaborative effort to ensure that the university system operates as a high quality, sustainable and accessible system, able to meet the changing needs of Nova Scotians over the coming 5 to 10 years.
5. Therefore, the Parties agree to enter into this Memorandum of Understanding (MOU) as outlined below.
6. The Province will advise the universities of the Operating Grant for the Nova Scotia University System for the years covered by this MOU no later than December 31 of the previous fiscal year.
7. In the third year of this agreement, the Province commits to increasing the Operating Grant by a funding stability mechanism in order to ensure stability and predictability in the university system.
8. A core objective of this MOU is to achieve a system-wide cost structure that is sustainable relative to the fiscal capacities of the Province, can deliver the goals of Clause 1, and is consistent with a fair and competitive tuition revenue regime. The Universities and the Province agree to work through the new Partnership, as described in Clause 11, to achieve significant improvements in efficiency and financial sustainability across the system over the life of this MOU. The nature and scale of these improvements, and the ways to measure them, will be agreed upon by the Parties by March 31, 2012.

9. In order to support the work required in Clause 8, the Province commits to establish a University Excellence and Innovation program which will invest to support universities in their efforts to remove costs and maintain quality within the university system and to achieve sustainability by 2015. This funding will total \$25 Million, and will be available in 2011-12, 2012-13 and 2013-14. Nova Scotia Universities can apply individually and in partnership to access the program. Decisions on which projects receive support will be made by the Province, based on the strength of the business case to achieve ongoing cost reductions while maintaining quality. The strategic objective of this fund, through direct and leveraged investments, is to have in place by 2014-15 a range of projects that will, through their combined impacts, reduce the total annual cost structure of the university system by \$25 million on a sustainable basis.

10. The Parties commit to work actively over the three years of the agreement on a Change Mandate to ensure that a high quality, sustainable and accessible university system is in place to meet the changing needs of Nova Scotians. Through the mechanisms described in Clause 11, the parties will agree on the development and implementation of a work plan to achieve significant change in the areas of:
 - a. A new formula for the allocation of the provincial grant among universities;
 - b. Expanded collaboration to reduce costs while maintaining or enhancing program quality;
 - c. Improvements in quality assurance and accountability;
 - d. A review of tuition-related policies;
 - e. Measures to improve credit transfer and accessibility and affordability for Nova Scotia students;
 - f. Enhancement of research and development and of contributions to economic development; and,
 - g. Other initiatives as identified in Appendix 1 or by the Partnership.

11. The Universities agree to participate in a Partnership with the Province to provide leadership to achieve the implementation of the MOU, including progress on the Change Mandate, identification and implementation of Excellence and Innovation program projects, policy articulation and implementation, and all necessary steps for effective realization of “Excellence through Partnership”.
 - a. The Partnership will include all university Presidents and up to five Deputy Ministers. This Partnership will meet at least quarterly.
 - b. The Partnership will establish a small Steering Committee consisting of University Presidents and Deputy Ministers. The Steering Committee will meet at least monthly.
 - c. The Province and the Universities will establish a secretariat to coordinate work on implementation of the MOU. The work will include, but not be restricted to, the items in Clause 10 and Appendix 1.
 - d. Working groups will be established as required to undertake specific projects, and will be comprised of representatives of the Province, the universities, and other experts as required by the task. Students will be invited to have membership on appropriate working groups such as International Student Policy, and Tuition Policy.

- e. The Partnership will report annually to the Minister of Labour and Advanced Education on their work plan and progress.
 - f. The Parties are committed to ongoing, meaningful consultation with students throughout the term of the MOU. Consultation may occur at individual institutions, with CONSUP, and with the Province, and on specific issues and working groups. In addition, the Partnership will meet annually with representatives of Nova Scotia student organizations to discuss their work plan and progress, and to obtain student input.
12. The Universities respect the Province's desire that tuition charged to Nova Scotia students stays at or below the national average. The Parties agree that during the life of this MOU, annual increases in tuition rates will be limited to 3%, pending the outcome of the Tuition Policy Review, which will include a review of tuition levels at comparable institutions. This limit will not apply to Medicine, Dentistry or Law. The Parties agree that the limit will not apply to International students.
- a. With respect to Out of Province students, the Parties agree to examine this matter more fully during 2012-13 and to consult with other jurisdictions, particularly with the Maritime Provinces, and with student organizations prior to making a decision on whether the limit on Out of Province student tuition should be removed in 2013-14.
 - b. The universities agree that tuition fees for new programs will be set at rates comparable to existing programs.
 - c. Full-cost recovery programs are programs where students pay the full cost of their education. Restrictions to tuition fee increases during this MOU do not apply to full cost recovery programs. Institutions will consult with students and with the Department of Labour and Advanced Education prior to converting a regular program to a full cost recovery program to ensure that the proposed changes do not violate the provisions of the MOU.
 - d. The Universities commit to consultation and discussion of tuition increases with student organizations in advance of decisions being taken.
 - e. The universities agree to submit to the Higher Education Branch of the Department of Labour and Advanced Education, by July 31 of each year, tuition fee schedules for all programs.
13. With respect to auxiliary fees and ancillary fees,
- a. The universities agree that they will not increase auxiliary fees or ancillary fees within their control to compensate for an inability to raise tuition fees beyond the tuition caps in this agreement;
 - b. Auxiliary fees are fees for supplies, equipment, labs, field trips, or other items that students must pay in order to enroll in or complete a program or course;
 - c. Ancillary fees are fees for non-academic services such as residence accommodation, food services, health services, and student association.
 - d. Auxiliary and ancillary fees will be transparent with regard to the goods and services they are designed to be applied against.

- e. Increases in auxiliary and ancillary fees will not exceed increases in the costs of providing the services or goods provided.
 - f. Universities will notify the Department of Labour and Advanced Education of proposed increases to auxiliary or ancillary fees at least four weeks in advance of the approval by the university of the proposed increase.
 - g. In circumstances where students are to be faced with compulsory fee increases relating to ancillary operations, recognized student organizations on each campus will be consulted at least four weeks in advance of the approval by the university of the proposed increase. This timing is to allow for effective student input into the proposal prior to the decision.
 - h. Any increases that appear to be inconsistent with these principles will be subject to review by the Department of Labour and Advanced Education.
14. The Parties recognize that the Province has the right and ability to also construct bilateral agreements with each Nova Scotia university, and commit to a policy and practice of transparency with respect to any such agreement.
15. Amendments may be made to this MOU by mutual consent of the Parties. If an amendment is to be made, representatives of the Alliance of Nova Scotia Student Associations (ANSSA) and the Canadian Federation of Students (CFS) will be consulted as part of discussions on amendments so they have an opportunity to provide information prior to a decision.
16. This MOU will take effect on January 1, 2012 and will expire on 31 March 2015 unless renewed by mutual consent of the Parties.

The original MOU was signed by:

Honourable Marilyn More
Minister
Labour and Advanced Education

On behalf of the Province of Nova Scotia

John Harker, LL.D.
Chair
Council of Nova Scotia University Presidents

On behalf of the Universities of Nova Scotia

APPENDIX 1

The Parties commit to work actively over the next three years on a Change Mandate to ensure that a high quality, sustainable and accessible system of universities is in place to meet the changing needs of Nova Scotians over the next 5 to 10 years. The work plan for the Change Mandate could involve but not be restricted to:

- a. A new formula for the allocation of the provincial grant among universities;
- b. Collaborative innovation projects to reduce costs and strengthen quality;
- c. Quality assurance;
- d. International Student Policy (supportive of Province's Population and Immigration objectives);
- e. A process for the Province, the universities and other appropriate groups to develop effective provincial research and development priorities and strategies;
- f. Opportunities for Universities to work with the Province and the business community to achieve provincial workforce strategies;
- g. Tuition Policy;
- h. Articulation of University Mission and Institutional Capacity;
- i. Infrastructure Renewal and Deferred Maintenance;
- j. Transparency and Accountability;
- k. Environmental Performance;
- l. Fostering further coordination and collaboration across Nova Scotia's University System;
- m. Credit transfer and enhanced flexibility within the university system and with the Nova Scotia Community College;
- n. Standardized, public financial reporting by universities;
- o. Development of a Funding Stability Mechanism; and
- p. Accessibility by Nova Scotians, including increasing participation rates in general and professional programs by under-represented segments of the population.

Impact of Each 1% Increase in Student Fees exempt from cap by MOU

	<u>Each Additional 1% Increase In Tuition Fee</u>
<u>Programs and Students exempt from cap by MOU</u>	
Dentistry	17,000
Law	55,000
Medicine	55,000
<u>International Differential Fee</u>	
Undergraduate and Non-thesis Graduate programs	84,000
Graduate Thesis based programs	17,000
	<u><u>228,000</u></u>

TUITION FEE SURVEYS (2011-12)

Undergraduate Arts Tuition Fees - Atlantic Universities (2011-12)

University	Tuition and Auxillary fees Less Provincial Bursary ⁽¹⁾		Approved Tuition Fee
	Nova Scotian Students (\$1,283 bursary)	Other Canadian Students (\$261 bursary)	
Mt. Allison	7,471	7,471	6,920
Acadia	6,949	7,971	6,852
UNB	6,269	6,269	5,682
St. Francis Xavier	6,018	7,040	6,391
Kings	5,958	6,980	6,210
UPEI	5,859	5,859	4,950
Dalhousie	5,831	6,853	6,210
Moncton	5,802	5,802	5,117
St. Thomas	5,440	5,440	4,770
Mount Saint Vincent	5,329	6,351	5,715
Saint Mary's	5,288	6,310	5,750
CBU	4,918	5,940	5,830
Memorial	3,054	3,054	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 (\$261 for other Canadian students) from the provincial government.

TUITION FEE SURVEYS (2011-12)

Tuition Fee Surveys 2011-12
Survey of Tuition fees for Entering Students at Selected Canadian Universities
2011-12 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	4,927	13	5,949	1	4,862	4,608	5,195	5,257	4,875	2,992	5,382	5,391	5,318	5,450	5,448	5,461	5,462	5,421	5,858	5,682	2,550
Dental Hygiene	6,473	2	7,495	2	--	5,069	9,829	--	--	5,979	--	--	--	--	--	--	--	--	--	--	--
Engineering	5,761	10	6,783	8	5,492	5,530	5,541	5,257	5,610	3,888	8,523	9,441	7,301	10,903	5,448	9,578	10,778	7,233	5,858	6,682	2,550
Management	5,947	6	6,969	3	4,862	4,916	5,195	5,257	6,840	4,010	7,183	--	6,728	5,450	6,639	13,093	--	5,791	5,858	5,682	2,550
Nursing	5,947	3	6,969	2	4,862	4,954	6,926	5,257	5,430	3,650	5,382	5,391	5,318	7,313	5,448	5,460	--	5,421	5,858	5,682	2,550
Pharmacy	7,652	4	8,674	3	--	7,700	5,195	--	7,260	4,112	--	--	--	13,884	--	--	15,720	--	--	--	2,550
Science	5,911	1	6,933	1	4,862	5,069	5,195	5,257	5,100	3,531	5,382	5,391	5,318	5,450	5,448	5,461	5,462	5,421	5,858	5,682	2,550
Social Work	5,578	2	6,600	1	4,862	4,608	--	5,257	--	3,770	5,382	--	5,318	--	5,448	--	5,462	5,421	5,858	--	2,550
GRADUATE																					
Occupational Therapy	11,734	1	12,756	1	--	6,318	6,092	--	--	4,987	8,436	8,673	--	8,523	--	9,777	--	7,130	--	--	--
Masters in Arts	5,290	11	6,312	6	5,049	4,264	3,655	5,459	3,309	4,166	6,489	6,261	7,336	6,885	4,785	6,258	6,822	6,550	5,858	5,760	3,030
Footnotes:						(1)	(2)							(3)				(4)		(5)	

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 cost of the four years.
- (3) The tuition for students in 2nd year and higher increases in Management program.
- (4) Social Work and Occupational Therapy are offered only in French.
- (5) Includes a \$1,000 Engineering Program Fee.

**Comparison of Law, Medicine and Dentistry Tuition Fees for 2011-12
for Entering Canadian Students**

	Law 2011-12	Medicine 2011-12	Dentistry 2011-12
Dalhousie ⁽¹⁾ :			
Nova Scotia students (fee reduced by \$1,283 for NS Bursary)	11,583	13,917	14,767
Dalhousie rank (1 is the highest fee)	8 th of 15	7 th of 13	7 th of 8
Other Canadian students (fee reduced by \$261 for NS Bursary)	12,605	14,939	15,789
Dalhousie rank (1 is the highest fee)	7 th of 15	7 th of 13	6 th of 8
Victoria	8,508	n/a	n/a
UBC	10,338	15,766	15,766
Alberta ⁽²⁾	9,977	11,755	19,699
Calgary ⁽³⁾	12,019	10,988	n/a
Saskatchewan	8,490	12,921	32,960
Manitoba ⁽⁴⁾	8,705	7,575	18,412
McMaster ⁽³⁾	n/a	16,256	n/a
Western	15,472	19,139	27,135
Windsor	13,478	n/a	n/a
Toronto ⁽⁵⁾	25,389	18,977	28,485
York	19,041	n/a	n/a
Queens	14,220	19,686	n/a
Ottawa	13,488	19,567	n/a
McGill ⁽⁶⁾	5,858	13,669	13,669
UNB ⁽⁷⁾	9,232	n/a	n/a
Memorial	n/a	6,250	n/a
Average (excl. Dal)	12,444	14,379	22,304

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 \$500. These fees are retained by the Faculty.

(2) There are program differential fees included for Law (\$4,436) and Medicine (\$4,436). Dentistry fee includes a Clinical fee and a Clinical Operations fee.

(3) Medicine is a three year program, fee shown is total fee for three years divided by four.

(4) The Law tuition rate includes a \$4,242 surcharge.

(5) Tuition for Dentistry includes library and laboratory supplies and services.

(6) Fees shown are for out of province students.

(7) Law includes a supplemental fee of \$3,550.

TUITION FEE SURVEYS (2011-12)

International Tuition Fees at Selected Universities (2011-12)
(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	6,210	\$13,941	\$7,731	11
Graduate - Masters	6,573	\$11,919	\$5,346	9
Graduate - PhD	6,900	\$12,246	\$5,346	9
University of British Columbia ⁽¹⁾				
Undergrad	4,608	\$21,963	\$17,355	
Graduate - Masters	4,264	\$7,491	\$3,227	
Graduate - PhD	4,264	\$7,491	\$3,227	
University of Alberta				
Undergrad	5,195	\$18,058	\$12,863	
Graduate - Masters	3,655	\$7,311	\$3,656	
Graduate - PhD	3,655	\$7,311	\$3,656	
University of Calgary				
Undergrad	5,257	\$17,898	\$12,641	
Graduate - Masters	5,459	\$12,391	\$6,932	
Graduate - PhD	5,459	\$12,391	\$6,932	
University of Manitoba				
Undergrad	2,992	\$10,473	\$7,481	
Graduate - Masters	4,166	\$8,332	\$4,166	
Graduate - PhD	4,166	\$8,332	\$4,166	
McMaster University				
Undergrad	5,382	\$14,377	\$8,995	
Graduate - Masters	6,489	\$14,919	\$8,430	
Graduate - PhD	6,489	\$14,919	\$8,430	
University of Western Ontario				
Undergrad	5,391	\$16,771	\$11,380	
Graduate - Masters	6,261	\$14,490	\$8,229	
Graduate - PhD	6,261	\$14,490	\$8,229	
University of Toronto				
Undergrad	5,450	\$25,826	\$20,376	
Graduate - Masters	6,885	\$16,082	\$9,197	
Graduate - PhD	6,885	\$16,082	\$9,197	
Queen's University				
Undergrad	5,461	\$20,601	\$15,140	
Graduate - Masters	6,258	\$12,366	\$6,108	
Graduate - PhD	6,258	\$12,366	\$6,108	
Waterloo University				
Undergrad	5,462	\$18,654	\$13,192	
Graduate - Masters	6,822	\$16,674	\$9,852	
Graduate - PhD	6,822	\$16,674	\$9,852	
University of Ottawa				
Undergrad	5,421	\$17,080	\$11,659	
Graduate - Masters	6,550	\$16,002	\$9,452	
Graduate - PhD	6,550	\$16,002	\$9,452	
McGill University				
Undergrad	5,858	\$14,562	\$8,704	
Graduate - Masters	5,858	\$14,562	\$8,704	
Graduate - PhD	2,168	\$13,076	\$10,908	
University of New Brunswick				
Undergrad	5,682	\$12,632	\$6,950	
Graduate - Masters	5,760	\$9,648	\$3,888	
Graduate - PhD	5,760	\$9,648	\$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 International Students are eligible for a tuition rebate of \$1,067 per term.

Excerpt for BAC XLII on Endowment Impact of Market Downturn

The decline in global capital markets in 2008 and early 2009 has negatively impacted Dalhousie's endowed funds and as a result of the market downturn remedial action was taken in 2009-10. In particular 2009-10 spending allocations were reduced by 5% from the previous year and spending from some newer endowments was suspended to allow for the value to recover.

In 2010-11 the market value of University endowments has yet to recover to the previous levels and further actions are required in 2010-11 to aid in this recovery. In particular, there are some Endowments where market value has not kept pace with the indexed value or in some cases the gift value of the endowment. These endowments are of special concern and will need to be monitored annually to assess capital recovery. A longer term strategy has been developed to allow for this recovery over a multi-year period. This strategy is based on assumptions of future market returns from a consensus of external investment professionals.

Spending will be curtailed where possible on newer endowments and for others lower spending allocations will be determined depending on the gap between the indexed value and the market value of the Endowment. A provision of \$700,000 has been included in the budget model to supplement the spending allocation for these endowments. This funding will be applied at the individual endowment level as required based on the actual spending for the year. The supplement will be discontinued in the years ahead once endowment values have recovered.

Summary of Significant Base Investments from Strategic Initiatives (2007-08 to 2011-12) ⁽¹⁾:

Fostering academic innovation and supporting research excellence (\$4.06 million)

- To establish the College of Sustainability (\$738,000)
- Faculty of Management for program restructuring (\$1.0 million)
- Continuing Education and other Faculties for international supports (\$223,000)
- Research Services for increased staffing (\$485,000) and research initiatives funding
- President's Office - for outreach and international strategy and presence (\$305,000)

Enriching student experience (\$2.7 million)

- Student Services for new and enhanced resources for students (\$1.6 million) (e.g. academic advising, career counseling, wellness initiatives, international advising)
- Information Technology Services for projects including Web revitalization and Blackboard Learning, (\$549,000)
- Library includes increases for acquisitions, student staffing and computer upgrades in the Learning Commons (\$275,000).

Strengthening enrolment (\$1.4 million)

- Registrar/Communications and Marketing to improve recruitment capacity (\$778,000)
- Student Assistance (\$434,000). (Note that in addition there have also been targeted budget increases to student assistance of \$1.5 million over this period)

Developing outstanding human resources (\$1.3 million)

- Institutional Analysis and Research (\$203,000) to improve capacity to support academic and enrolment planning
- To Human Resources/Human Rights, Equity and Harassment Prevention, University Secretariat (discipline and appeals), Procurement, and Legal Counsel to expanded staffing based on increased work volumes and new requirements (\$687,000)

Sustaining campus renewal (\$7.5 million)

- Increased Campus Renewal (\$6.2 million)
- Facilities Operations to increase capacity for managing the design and execution of projects and to improve routine maintenance and custodial service levels (\$1.3 million)

Ensuring financial stability/Engaging our community (\$1.9 million)

- External Relations (\$1.9 million) to increase fundraising capacity

⁽¹⁾ In 2009-10 to 2011-12 there were also investments in non-base initiatives which totaled \$11.5 million. Investments have been made in the areas of campus renewal, IT infrastructure and various innovative academic initiatives.

**Excerpt from:
Dalhousie University's Strategic Focus, 2010-2013**

Foster Academic Innovation

Objective #1 – Establish the Dalhousie Undergraduate Education Initiative

Objective #2 – Align technology and support resources to enhance academic innovation as well as renewing our administrative processes.

Objective #3 – Develop Faculty strategic plans that balance faculty appointments, appropriate administrative resources and other academic needs such as student services and research support.

Enrich Student Experience

Objective #4 – Create a partnership with Dalhousie students to renew the Dalplex and upgrade fitness facilities

Objective #5 – Support the capacities of Faculty student societies to create stronger local identities and stronger campus spirit

Objective #6 – Develop increased student leadership opportunities and ways to recognize these experiences

Objective – #7 Create department and Faculty student forums to enhance communication with academic leaders

Strengthen Enrolment

Objective #8 – Expand total enrolment to 17,000 students by September 2012

Objective #9 – Reduce undergraduate attrition rates

Objective #10 – Increase international student enrolments with appropriately supportive student services

Objective #11 – Increase the number of transfer students to Dalhousie

Support Research Excellence

Objective #12 – Review Dalhousie's strategic research plan in light of the evolving external environment

Objective #13 – Enhance the Vice-President Research's capacity to support major funding applications

Objective #14 – Reallocate funding to support graduate students and build our endowment for scholarships through our capital campaign.

Objective #15 – Develop a clear analysis of faculty expectations concerning research support

Develop outstanding human resources

Objective # 16 – Enhance Dalhousie's positive work environment

Objective #17 – Increase initiatives to develop leadership skills among university employees

Objective #18 – Improve Dalhousie's human resources policies, processes and practices to meet our evolving needs

Sustain Campus Renewal

Objective #19 – Make improved student experience space a priority wherever feasible

Objective #20 – Use our new Campus Master Plan to guide campus renewal

Objective #21 – Develop a space management process that ensures that assigned campus space is used efficiently and that the use of classrooms, labs and meeting rooms is optimal throughout the campus day

Objective #22 – Since Dalhousie has committed itself to environmental sustainability, all campus operations must proceed with such values clearly to the fore

Ensure Financial Stability

Objective #23 – With the mutual agreement of our employee groups, develop a pension plan that is financially sustainable and meets employee expectations

Objective #24 – Successfully complete a \$250 million capital campaign within the next five years

Engage Our Community

Objective #25 – Develop a coordinated international education and research strategy for Dalhousie.

Objective #26 - Develop an external communication strategy that effectively characterizes Dalhousie's contributions to the long term development of our province and nation through our educational and research activities

Objective #27 – Develop a comprehensive alumni advancement strategy

**Amounts Normally Exempt from Budget Reductions
(From 2011-12 Approved Operating Budget)**

(thousands of dollars)

Central Operating budget for Student Assistance	10,155
Contingency funding	1,600
Endowment expenditures (supported by Endowment revenue)	18,730
Energy, Water, Taxes and Insurance	15,550
Campus Renewal	20,940
Faculty related costs (DFA travel, PDA, Sabbatical leave grants, etc)	1,732
Library Acquisitions	6,310
Non-Space Equipment	2,533
Nova Scotia Bursary Program (supported by grant)	9,100
Strategic Initiatives Funding (base remaining from 2011-12)	4,738

Comparison of Operating Expenditures by area for selected Canadian Universities^{1,3}

	Academic	Library	Computing	Administration and General	Student Services	Physical Plant	External Relations	Total Non Academic	Student Faculty Ratio ²
	%	%	%	%	%	%	%	%	
2003-04									
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
Queen's	66.4%	5.4%	2.1%	4.0%	14.3%	7.7%	0.1%	33.6%	26.1
Toronto	59.6%	6.5%	2.1%	7.7%	12.4%	9.4%	2.3%	40.4%	24.4
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
Manitoba	63.1%	6.8%	5.2%	7.7%	4.6%	12.6%	0.0%	36.9%	19.8
Saskatchewan	57.9%	5.9%	5.2%	7.2%	6.6%	16.1%	1.2%	42.1%	17.2
Alberta	58.0%	6.8%	5.0%	10.2%	6.2%	11.9%	1.8%	42.0%	22.1
Calgary	63.7%	5.3%	4.1%	8.4%	4.9%	12.5%	1.1%	36.3%	18.1
UBC	63.1%	6.2%	2.2%	10.3%	6.8%	10.3%	1.1%	36.9%	18.5
Total Comparators	60.6%	5.9%	3.3%	8.6%	9.3%	10.7%	1.6%	39.4%	22.5
Dalhousie	67.5%	4.8%	3.4%	6.0%	6.8%	9.8%	1.6%	32.5%	14.8
Dalhousie Rank (out of 12)	1	11	6	10	7	8	7	12	1
					(tied for)				
2009-10									
McMaster	65.1%	3.4%	2.8%	8.1%	9.5%	9.7%	1.3%	34.9%	20.3
Ottawa	59.4%	4.3%	3.1%	9.8%	11.9%	9.8%	1.8%	40.6%	26.3
Queen's	61.8%	5.0%	3.9%	6.6%	13.3%	6.6%	2.9%	38.2%	24.4
Toronto	61.0%	6.0%	1.4%	8.2%	11.6%	9.9%	1.9%	39.0%	26.2
Waterloo	58.3%	4.2%	4.2%	9.8%	12.7%	8.6%	2.2%	41.7%	27.1
Western	62.8%	4.1%	1.8%	5.1%	11.1%	13.4%	1.8%	37.2%	22.6
Manitoba	64.6%	6.0%	4.0%	6.6%	6.7%	10.8%	1.3%	35.4%	19.9
Saskatchewan	61.8%	5.2%	4.6%	11.5%	6.6%	8.7%	1.5%	38.2%	18.3
Alberta	60.2%	5.6%	3.7%	11.2%	6.4%	10.7%	2.2%	39.8%	22.0
Calgary	56.8%	4.0%	5.0%	5.9%	9.5%	17.2%	1.4%	43.2%	15.6
UBC	61.1%	3.3%	3.7%	9.6%	7.5%	11.6%	3.1%	38.9%	18.4
Total Comparators	61.0%	4.7%	3.2%	8.5%	9.7%	10.9%	2.0%	39.0%	21.9
Dalhousie	62.8%	4.3%	3.7%	6.6%	10.5%	10.0%	2.3%	37.2%	14.0
Dalhousie Rank (out of 12)	3	6	6	8	6	6	3	9	1
	(tied for)	(tied for)	(tied for)	(tied for)				(tied for)	

1 Source: CAUBO/ACPAU Financial Information of Universities and Colleges, 2009-2010, Statistics Canada and 2003-04, Statistics Canada

2 Source: CAUT Quick Facts, University Student - Full Time Faculty Ratios by Institution, 2008-2009

CAUT Almanac of Post Secondary Education 2006: University Student - Full Time Faculty Ratios by Institution, 2003-04

3 Both years excludes Laval, McGill and Montreal as this information is not yet available for 2009-10.

Dalhousie University
Budget Unit Reductions for 2002-03 to 2011-12

	Faculties %	Other Units %	Lower Level Reduction for Selected Units	
			%	Units
2002-03	2.70%	1.70%	n/a	
2003-04	1.70%	1.00%	n/a	
2004-05	1.90%	0.33%	n/a	
2005-06	1.57%	0.73%	0.00%	Facilities Management and Information Technology Services
2005-06 Mid Year reduction*	1.00%	1.00%	n/a	
2006-07	2.10%	2.10%	n/a	
2007-08	2.00%	1.00%	0.50%	Student Services, Registrar, Facilities Management, Communications and Marketing, and External Relations
2008-09	1.75%	1.00%	0.50%	Student Services, Registrar, Facilities Management, Communications and Marketing, and External Relations
2009-10	1.95%	1.95%	0.50%	Student Services, Registrar, Facilities Management, Communications and Marketing, and External Relations
2010-11	2.00%	1.00%	0.50%	Student Services, Facilities Management, Information Technology Services, Communications and Marketing, and External Relations
2011-12	3.50%	3.50%	n/a	

* A midyear reduction of 1% was applied across the board to all units to address shortfalls in tuition enrolment and increased energy costs.

PRELIMINARY BUDGET MODEL 2012-13 - LINE-BY-LINE DESCRIPTION

The Revenue and Expenditure Model for 2012-13 on page 10 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 2011-12. The figures in Column 2 include estimates and preliminary assumptions for revenues and expenditures for 2012-13. Column 3 is the preliminary budget model for 2012-13. For example, line 11 of the model shows the 2011-12 budget for energy, water, taxes and insurance of \$15,550,000; the projected increase for this budget line is an adjustment of \$778,000 (column 2) for a total of \$16,328,000 as shown in Column 3.

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

Line 1(a) of the model assumes a 3% decrease in the operating grant from the Province of Nova Scotia based on the Government announcement in January 2012.

Line 1(b) is a provincial government grant the University will receive to compensate for the provincial bursary program. See line 8(b) for bursary budget of the same amount. The Province has not confirmed any change in the program for 2012-13.

Line 1(c) is a facilities grant that is committed to facilities upgrade projects that are included in line 15. No reduction in this grant is assumed.

Line 1(d) reflects no change in provincial grant funding for program expansions. The Province has not yet confirmed the funding for these targeted grants.

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

The approved budget for 2011-12 assumed an enrolment increase of 175 students from the previous year. The December 1st registration statistics indicate increased enrolment of 533 students (including 334 new international students). Line 2(a)i) is an increase in tuition revenue of \$3,500,000 resulting from higher than budgeted enrolment in 2011-12. Line 2(a)ii) shows the impact of the annualization of the 2011-12 tuition fee increases.

Line 2(b) provides for increased tuition revenues from a general fee increase of 3% in 2012-13 as provided for in the MOU.

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

Once finalized, the model will include both endowment income and expenditure in 2012-13 for established endowments. For information the 2011-12 endowment expenditures are distributed in the budget lines as follows:

	('000's of dollars)
Compensation - Line 7	5,424
Student Assistance - Line 8	5,565
Library Acquisitions - Line 9	215
	11,204
Non-Salary - Line 10	
Endowment Management Expense	2,400
Faculty administered Student Assistance	2,978
General and Research Support	2,848
	8,226
Total Endowment Expenditures	19,430

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

Operating interest income is projected to decrease by \$300,000 in 2012-13 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 preliminary model assumes no change in the Federal Indirect Cost of Research Grant as grant amounts for 2012-13 have not been confirmed.

7. **Compensation (Line 7)**

Line 7 of the budget model includes the annualization of 2011-12 increases, a provision for progression increases (CDIs, steps, etc.), an estimate of scale increases for all employee groups and estimated benefit and pension costs for 2012-13. The projected total increase for compensation costs is \$6.5 million.

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

The budget model includes funding for Student Assistance at 2011-12 levels. No assumption has been made on increases to the operating component of the student assistance budget.

In 2011-12 the Nova Scotia Bursary program provided fee relief to students of \$1,283 in the form of bursary support for full-time Nova Scotia students (\$261 for full-time out-of-province students). The model assumes no change to the Nova Scotia Student Bursary program as shown on line 8(b). The government has not yet confirmed the structure of the program for 2012-13.

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

The budget model makes no assumptions on increases to the library acquisitions line for 2012-13.

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 assumes a 5% increase for 2012-13 which includes estimated costs for natural gas, electricity, water and insurance.

12. **Non Space Equipment (grant supported) (Line 12)**

This budget model assumes no change to this line.

13. **Budget Unit Adjustments (Line 13)**

In 2011-12 the budget included Strategic Initiatives allocations totaling \$7.2 million. Of this \$4.7 million was spent on non permanent (e.g. one-time) items and therefore remains available in 2012-13 (line 13a).

Exact calculations of adjustments to Faculty budgets through the ERBA calculation have not yet been finalized. As indicated in line 13(b), a preliminary estimate of the ERBA adjustment to Faculties in 2012-13 is \$1.7 million. Tuition revenue changes are distributed to faculties through the ERBA formula with a 60% distribution level to faculties.

The preliminary Operating Budget plan for 2012-13 does not include base budget reductions (line 13(c)) that will be required to achieve a balance of operating revenues and expenditures. The next report of the BAC will include recommendations to achieve a balanced budget plan for 2012-13 including recommendations on reductions for Faculties and budget units.

14. **Faculty/Unit Revenue (Line 14)**

Significant cost recoveries for salary and non-salary items are netted directly in lines 7 and 10 above. Line 14 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.

15. **Campus Renewal (Line 15)**

This model assumes no change to this line.

16. **Contingency (Line 16)**

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