DALHOUSIE UNIVERSITY

Inspiring Minds

BUDGET ADVISORY COMMITTEE

DISCUSSION PAPER ON THE OPERATING BUDGET PLAN FOR 2013-14

REPORT XLIX

January 10, 2013

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 – Martha Crago, Vice-President, Research – 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 Taylor Thompson (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-eight reports related to the University's operating budget.

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Executive Summary

Over three years, from 2011 to 2014, our Provincial government grant has been cut by 10% (4%, 3%, 3%), while capping increases in tuition to 3%, resulting in a **grant reduction of $16.6 million.** Effectively this meant that the University had to cover all rising costs from salary and pension increases, energy increases, teaching supplies, library resources, etc.   through cuts somewhere else in our operating budget. Rising enrolments in 2010-12 helped cushion the consequences of these cuts but this option looks less hopeful in the years ahead. The BAC discussion paper outlines the parameters and scope of issues affecting the setting of the 2013-2014 Operating Budget of the University.

The context of the 2013-2014 budget is troubling. Our Provincial government grant has been reduced again by 3%, student tuition increases again have been limited to 3%, enrolment growth looks like it might stall, and our annual pension shortfall contributions will increase by $4 million.

These factors leave the budget in a possible shortfall position of $17.5 million if we do not take corrective actions, which we will do. This translates into a **potential 7.5% cut** levied against Faculties and service units across campus. To put the budget in perspective, a 1% increase (or decrease) in enrolment represents approximately $1million and a 1% cut in Faculty and service unit budgets represents approximately $2.3 million.

Because our Board of Governors **requires** a balanced budget, we will take actions to eliminate our prospective shortfall and produce **a balanced budget plan for approval by the Board in the Spring.** The BAC, with input from our stakeholders, will examine the options available for balancing the budget and, as much as possible, mitigate the size of the final cut by looking at accumulated financial reserves and additional revenue opportunities.

The purpose of this report is twofold: to inform the community of the background of the budget decisions we face and to encourage feedback related to these issues.

The information and discussion contained in this report reflects the financial activities of Dalhousie excluding the finances of the former Nova Scotia Agricultural College. The operation of the Agricultural campus is funded under separate agreement and the 2013-14 budget will be considered separately.

Dalhousie University
Budget Advisory Committee

A Discussion Paper on Operating Budget Scenarios For 2013-14

The purpose of this discussion paper is to inform members of the University community on the development of the 2013-14 Operating Budget. The BAC is interested in receiving feedback from all campus constituents including faculty, staff, and students. There will be opportunities to provide feedback through consultation sessions but interested parties are also encouraged to submit written feedback.

The budget outlook for 2013-14 will be particularly stressed by certain factors as follows:

- a 3 % ($4.9 million) reduction in the government grant;
- the need to provide for increased pension shortfall contributions following the next actuarial valuation of the University Pension Plan;
- these pressures will need to be managed within a government-mandated tuition cap of 3% for most programs and a leveling off of enrolment – in prior years enrolment increases have provided a substantial infusion of revenue to the operating budget.

In order to develop budget plan recommendations for 2013-14, the BAC must consider all the major factors which will impact the University's operating revenues and expenditures. Most of these factors are relatively known and certain, but a few are less clear. In the latter cases the University will have to rely on the most informed projections it can develop. A preliminary budget model has been included on page 6 of this report (notes to the model are included in Attachment A). **This model does not attempt to balance the budget and at this stage shows a $17.6 million shortfall.**

This paper offers a brief synopsis of the major budget planning factors and consideration of some possible approaches to balance the 2013-14 budget.

REVENUES

1. Provincial Operating Grants

   The Province of Nova Scotia has announced a 3 % reduction in operating grants to universities for 2013-14. Individual university grants have not been confirmed but it is estimated that this will mean a $4.9 million decrease in Dalhousie's grant. This will be the third consecutive year of grant reductions and the 2013-14 grant will be approximately $16.6 million less than it was in 2010-11.

   Nova Scotia universities have a Memorandum of Understanding (MOU) with the Province that provides for a 3 % cap on tuition fee increases and provides for confirmation of the grant for the university system by December 31 for the next fiscal year. The MOU also states that the Province commits to "increasing operating grants by a funding stability mechanism in order to ensure stability and predictability" of funding to the universities in 2014-15. The agreement allows that a new formula will be developed to allocate the provincial grant among universities and work is underway in conjunction with the Province to achieve this.

The government grant is the largest source representing 54.3% ($179.6 million) of University operating revenues. The continued uncertainty around future funding arrangements makes planning beyond 2013-14 extremely difficult.

2. Tuition Revenues and Student Fee for Facilities Renewal

Tuition revenues are determined by student enrolments and tuition fee rates. The Provincial MOU limits tuition fee increases to a maximum of 3.0% in 2013-14 except for programs in Law, Medicine and Dentistry and the differential fee for international students. The preliminary budget model in this report includes a 3% tuition increase for students (international and Canadian) in all programs and in the Facilities Renewal Fee. The 3 % fee increase is estimated to generate $3.7 million in additional revenue in 2013-14.

The second factor determining tuition revenues is enrolment. The following table shows Dalhousie's total, international and first-year undergraduate enrolments for the past five years.

	Head Count Enrolments*		
	Total Enrolment	International Enrolment	New Undergraduate students from High School
2008-09	15,367	1,184	2,090
2009-10	15,999	1,422	2,131
2010-11	16,693	1,757	2,307
2011-12	17,146	2,091	2,269
2012-13	17,331	2,313	2,178

* Does not include Faculty of Agriculture

The 2012-13 operating budget had assumed only a small increase in tuition revenue from enrolment increases based on agreements with the Province to expand class sizes in nursing and medicine. In fact, domestic student enrolment has declined slightly whereas international student enrolment has grown for a net increase of 70 students. This change generates increased tuition revenue of $800,000.

There has been much discussion about the demographic trend locally and nationally towards smaller high school graduating classes. To date the University has been able to maintain and even grow enrolments through recruiting efforts and in particular by increasing the number of students coming from abroad.

Although total enrolment has increased, the intake of new from high school undergraduate students has declined for the second consecutive year over this period. The size of the incoming class is important as it drives tuition revenues for three or more years as new students continue their studies.

The Budget Advisory Committee has reviewed preliminary enrolment projections for 2013-14 and at this stage of budget planning has not provided for any change in tuition revenue as a result of projected enrolments for the Fall of 2013. As the year progresses and more information becomes available (e.g information on applications) the BAC will review this projection.

3. Federal Indirect Cost of Research Grant

   There has been no recent announcement on the status of this federal grant which supports the indirect costs of research in the operating budget ($6.3 million in 2012-13). The preliminary model for 2013-14 assumes no change in funding.

EXPENDITURES

1. Faculty and Staff Compensation

   Collective agreements are in place for the majority of employees, and the pattern of settlements for other groups is known. Therefore, there is certainty in the estimated increase of $9.7 million in salary, pension (based on current 2012-13 contribution rates) and benefit costs for the 2013-14 fiscal year.

   As required by legislation, the University must have an actuarial valuation prepared on the pension plan assets and liabilities not later than March 31st, 2013. A preliminary estimate of the pension plan financial position indicates the need to provide for an increase in contributions as a result of more conservative liability assumptions (e.g. improved mortality) and lower investment income projections.

   Based on this information $4 million has been earmarked in the preliminary budget model for additional pension shortfall contributions in 2013-14. Employee contributions to the pension plan are capped at a specified level. The University matches these employee contributions and makes extra contributions over and above these matched amounts. These extra (i.e. shortfall) contributions received by the operating budget will increase from $4.5 million to $8.5 million in 2013-14.

2. Student Assistance

   A review of undergraduate financial assistance (scholarships and bursaries) was undertaken in 2012, which resulted in a number of changes to be implemented over the coming years commencing with the 2013-14 academic year. The process going forward will include a more multi-faceted applicant assessment process, strategic annual scholarship distribution aligned with the University's enrolment opportunities and priorities, and improved coordination of departmental and centralized scholarship distribution.

3. Energy, Water, Taxes and Insurance

   The preliminary budget includes an increase of 4.5 % ($686,000) in utility costs based on the recent history of price increases. In the period since the University converted from bunker C fuel oil to natural gas (October 2010), gas pricing has remained low and relatively stable. This fall a change in the source of gas has resulted in significant price increases. Pricing is expected to return to previous levels and will be monitored going forward for implications on the energy budget.

   The model also plans on the reinvestment of savings from energy conservation initiatives to pay for the capital costs of those projects over time.

4. Enrolment Related Budget Adjustments

   ERBA is a formula that the University uses to allocate funding to Faculties based on Enrolment changes in the preceding year. The formula is intended to distribute roughly 60% of the tuition revenue to Faculty budgets as a result of enrolment changes.

   In the last three years Faculties have benefited from increased budget allocations of $8.1 million through ERBA (Attachment B). These additional resources assist Faculties with the higher costs associated with teaching a larger enrolment but are also a means by which they are able to cope with annual budget reductions.The modest increase in 2012-13 enrolment will translate into an estimated ERBA adjustment of $300,000 for next year.

5. Operating Costs of New Buildings

   In the 2013-14 year the University will commission two new buildings. Oceans researchers and students will benefit from the addition of a 76,000 sq. ft. complex at the west end of the Life Sciences Centre connected by an atrium with the oceanography wing. The LeMarchant Street Mixed Use Building is due to open in February 2014 with the top five floors dedicated to residence accommodations and the bottom two floors providing space for a variety of student services.

The additional costs of utilities, cleaning and maintenance of this new campus space (net of costs supported by residence and other revenue sources) are estimated at $1.28 million.

6. Facilities Renewal

The University operates 4.8 million in gross square footage space in more than 100 buildings on campus. Industry standard indicates the University should be investing in facilities renewal at an annual level based on 2% of the replacement values of these properties. This equates to $30 million annually to maintain this space for the use of future students, faculty and staff. In November 2006 the Board's Long Term Financial Planning Committee recommended that the University increase its investment by $1 million every year until the target was reached.

Apart from the $1 million annual increase, each time a new building is commissioned base funding is added to the Facilities Renewal budget for the long term maintenance renewal of the building (see section 5 on page 4).

The University is currently spending $15.3 million annually on the upkeep of facilities.

BUDGET MODEL

The following Budget Model incorporates the significant financial drivers outlined above before additional measures necessary to achieve a balanced budget are introduced. Detailed comments on individual budget lines will be found in Appendix A. The section that follows reviews some possible actions that the University could take to arrive at a balanced budget for 2013-14.

Dalhousie University

Operating Budget Revenue and Expenditure Model 2013-14

(see Appendix A for notes describing line items)

No attempt has been made to Balance this Preliminary Budget Model

Assumptions	
Government Grant Change	-3%
Tuition Revenue	
Fee Increase	3%
Enrolment Change	no change
Facilities Renewal fee Increase	3%
Endowment Income and Expenditures	no change assumed
Base Budget Reduction	0%
Nova Scotia Bursary	0%
Compensation	as per agreements
Non Salary Inflationary Increase (included in line11)	2.0%
Energy Water Taxes and Insurance increase	4.5%

	2012-13	2013-14	
	Approved Budget	Estimates and Recommendations	Preliminary Outlook
	000's of dollars		
REVENUES - INCREASE(DECREASE)			
1. Government Funding			
a) Operating Grant	164,000		159,080
Changes:			
i) grant change		(4,920)	
b) Grant to support Nova Scotia Student Bursary	9,454		9,454
c) Program Expansion Grants	5,033		5,033
d) Facilities Grant and other targeted grants	1,080		1,080
2. Tuition revenues	120,396		124,908
a) Enrolment Changes:			
i) Enrolment growth 2012-13		900	
ii) Enrolment growth 2013-14			
b) Fee increase 3%		3,612	
c) Fee increase- additional			
3. Endowment Income	19,959		19,959
4. Operating Interest Income	2,100	350	2,450
5. Student Fee for Facilities Renewal	2,630	79	2,709
6. Federal Indirect Costs of Research Grant	6,275		6,275
TOTAL REVENUES - INCREASE (DECREASE)	330,927	21	330,948
EXPENDITURES - INCREASE (DECREASE)			
8. Faculty and Unit Budget Allocations			
a)Compensation			
i) Salary and Benefits Costs	234,029	9,700	243,729
ii) Pension Shortfall Contribution	4,500	4,000	8,500
b) Non-Salary (net of recoveries)	36,152	605	36,757
c) Faculty/Unit Revenue	(24,250)		(24,250)
d) Budget Unit Adjustments			
i) ERBA adjustment (very early estimate for 12-13)		300	300
ii) Base budget reduction		-	-
Total Faculty and Unit Budget Allocations	250,431	14,605	265,036
9. Student Assistance			
a) Operating Supported	10,155		10,155
b) Nova Scotia Student Bursary (see line 1(b))	9,454		9,454
c) Endowment Supported	8,952		8,952
10. Library Acquisitions	6,554		6,554
11. Operating costs - new buildings		1,282	1,282
12. Energy, Water, Taxes and Insurance	15,238	686	15,924
13. Non Space Equipment	2,533		2,533
14. Strategic Initiatives (base remaining from 2012-13)	3,380		3,380
15. Facilties Renewal	15,300	1,000	16,300
16. Campus Renewal- Long term debt/Rent	7,330		7,330
17. Contingency	1,600		1,600
TOTAL EXPENDITURES - INCREASE (DECREASE)	330,927	17,573	348,500
SURPLUS (SHORTFALL)	-	(17,552)	(17,552)

If a budget reduction was the sole measure used to balance:

All Expenditures	-5.3%
Cutable Base expenditures only	-7.5%

POSSIBLE MEASURES TO BALANCE THE 2013-14 BUDGET

The preceding Budget Model shows a preliminary shortfall for next year of $17.6 million. There are a number of possible measures which could be utilized to achieve a balanced Operating Budget for 2013-14.

1. <u>Base Budget Reductions</u>

   The expenditures budget for the University consists of Faculty and service units and general operating expenditures. In years prior to 2011-12 the practice has been to apply base budget reductions to Faculties and service units only. A list of general and other expenditure lines exempted from reduction is included in Appendix D. The exemption was determined on the basis that the cost is driven by external factors (e.g. energy) or the line item has been protected by policy (e.g. facilities renewal). In 2011-12 and 2012-13 the BAC departed from the practice of exempting this group of expenditures and recommended a reduction (albeit lower than that applied to Faculties and services units) to the group.

   If the only means to eliminate the shortfall was to apply a budget reduction to Faculty and service unit budgets a 7.5% reduction would be necessary. If the reduction was applied to all expenditure lines including those listed in Appendix D the percentage cut would be 5.3%.

   Appendix C is the history of annual budget reductions for the last 10 years. The University has taken differential approaches to applying budget reductions in the past.

   The following are some of the considerations in play when determining budget reductions for 2013-14:

   - Additional revenue generation:
     - Service units do not have the means to generate additional revenues
     - Faculties have potential savings when faculty members retire and new faculty members are hired.
     - The capacity of Faculties to generate new revenues varies.
     - ERBA is an important means by which Faculties have been able to deal with budget reductions. For 2013-14 estimated additional budget to Faculties from ERBA is significantly less than in the previous two years.

   - Faculties are already stressed by the significant budget reductions of 3.5% and 2.75% respectively over the last two years.

   - Service units are also stressed as these areas have sustained reductions of 3.5% and 2.2% over the last 2 years.

2. Tuition Fee Increases

While the Memorandum of Understanding limits general fee increases to 3.0% for most programs, it does allow for greater increases in specified programs (Law, Medicine, and Dentistry) and for international students.

The Province has placed similar restrictions on annual tuition increases since 2005-06. There are a few situations where the tuition for a course or program is now significantly lower than the similar course or program at other universities in Canada. The Province is considering whether tuitions can be reset in these instances. The outcome and timing of this decision is not known. Hence the following discussion will review potential tuition increases only in areas allowed by the current MOU.

Each 1% tuition increase in Law, Medicine and Dentistry adds $125,000 to University revenues. (e.g., if fees in these programs increased by 6.0% rather than the standard 3.0% there would be an additional $375,000 in revenue in 2013-14.) The MOU also allows for differential increase in fees for international students. Each 1% additional increase in these fees would generate $120,000 in revenue for the University.

At the instruction of the President the BAC is reviewing the Board-approved policy for setting tuition fees.

3. Previous Years Surpluses and Reserves

In previous years the University has experienced small surpluses, largely as a result of unbudgeted enrolment increases. The accumulated surplus earmarked for possible use in balancing the budget in 2013-14 and beyond is $5.9 million and is available to address a budget shortfall on a one-time-only basis. This would alleviate the immediate need to make a draconian budget cut (i.e. the cut would be reduced by 2.5% to 5%) but given the one-time nature of the surplus the problem is only deferred until 2014-15. In the absence of increased revenue to supplement the budget beyond 2013-14, the university would be left with no option other than to apply larger budget reductions at that time to make up the $5.9 million shortfall.

With this in mind the BAC is looking at multiyear models with various assumptions on government funding and staging the use of surplus over the next three or four years. **The BAC is interested in feedback on the use of surplus resources to balance the budget**.

4. Strategic Initiatives

Since the 2003-04 budget year the University has allocated funds totaling $36.6 million to a wide range of institutional priorities through the Strategic Initiatives program. In each year of the program the approved budget has included base budget amounts to be distributed to Faculty and unit budgets for various initiatives.

The 7% decrease in government funding in the last two years has put pressure on the University budget and has required that the level of Strategic Initiatives funding be scaled back.

For the last four years the BAC has recommended that the Strategic Initiatives program emphasize non-permanent expenditures as a measure to maintain flexibility in the budget given the uncertainty around government funding and enrolment levels. In this way funds that were allocated to one-time initiatives could be redeployed in subsequent years as required. The following table shows the total funding available and the portion allocated to fund non permanent costs in each of the last 4 years.

	Total Funding Available for Strategic Initiatives	Non Permanent Initiatives Funded
	(000's of dollars)	
2009-10	7,705	4,246
2010-11	9,288	4,798
2011-12	7,204	4,738
2012-13	4,738	3,380

The $3.38 million in funding that was allocated to one-time use in 2012-13 remains available for 2013-14. The preliminary model makes no assumption about changes in the amount of Strategic Initiatives funding for next year.

The BAC believes it is important for the University to make resources available to invest in priority areas but it seems unlikely in these budget circumstances that the University will have much flexibility in this regard.

5. Facilities Renewal

   Although facilities renewal is a priority, the BAC is left with very difficult choices in recommending a balanced budget for 2013-14 and is considering alternatives to increasing the budget for facilities renewal by $1.0 million in 2013-14.

Input on Choices for the 2013-14 Budget Plan

Several combinations of the above measures are possible, each of which would seek to balance competing requirements and challenges. **The BAC is interested in feedback on the following areas:**

- Budget Reductions:
  - What approach should be applied in determining Faculty and service unit budget reductions?

- Tuition Revenues:
  - Should additional fee increases (beyond 3%) be applied to Medicine, Law, Dentistry and International students?
  - What approach should be taken in budgeting for enrolment increases/decreases?

- How should the University make use of one time resources in developing the 2013-14 budget plan?

- Strategic Initiatives:
  - Are there particular areas that should be considered for investment given the significant budget reductions that will be necessary?

- Facilities Renewal:
  - Is it appropriate to forgo the increase in annual spending by $1.0 million for 2013-14?

BAC invites comments on these and other budget matters from all members of the University community. The BAC will be meeting with campus constituents but also welcomes written feedback on the report. Written feedback should be sent to Susan Robertson in Financial Services or at susan.robertson@dal.ca on or before February 6, 2013.

Notes to Preliminary Budget Model

(page 6)

These notes have been prepared to provide the reader with background in understanding the nature of the revenues and expenditures included in each of the lines and the preliminary estimates and assumptions on changes for the 2013-14 budget year.

Revenues

Government Funding (line 1)

Line 1 includes the provincial operating grant from the Province of Nova Scotia, as well as program expansion and targeted grants.

Line 1 also includes the grant supporting the Nova Scotia Bursary Program ($9.5 million on line 1b)). The estimate of the funding for the program and the offsetting expenditure (line 6) is based on current program structure and enrolment levels.

The province has recently announced a 3% decrease in operating grants for the Nova Scotia University System. The model assumes that Dalhousie's operating grant will be reduced by $4.9 million (3%) in 2013-14.

Tuition Revenues (line 2)

Tuition revenue line includes international differential fees. Changes in tuition revenues are generated by enrolment changes and fee rate changes:

(a) Enrolment

The model includes revenue from higher than budgeted enrolment in 2012-13 of $900,000 (line 2(a) i)). It assumes no change in year-over-year enrolments in 2013-14 (line 2(a) ii))

(b) Fee rates

The model (line 2b) assumes annual increases in tuition fees of $3.6 million (3%) as provided for in the current Memorandum of Understanding (MOU) with the Province of Nova Scotia. At this stage of planning the budget model includes no assumption about further increases that may be allowed through the MOU.

Investment Income (Line 3 and 4)

Once finalized, Line 3 will include the investment income required from to support expenditures against the University's approximately 1,200 established endowments. For information the 2012-13 endowment expenditures are included in the budget lines as follows:

	000's
Compensation Costs- Line 8	5,827
Student Assistance - Line 9 c)	8,952
Library Acquisitions - Line 10	225
	15,004
Non-Salary - Line 11	
Endowment Management Expense	2,501
General and Research Support	3,154
	5,655
	20,659

Line 4 includes operating interest income based on current interest rates and cash flow projections. Operating interest income is assumed to increase by $350,000 in 13-14 based on current cash flow and interest rates.

Student Fee for Facilities Renewal (Line 5)

The student fee for Facilities Renewal is assumed to increase by 3% as provided for in the MOU.

Indirect Costs of Research Grant (Line 6)

This line includes the federal grant received from the Federal Government to support the Indirect Costs of Research. For 2012-13, the University estimates that the operating budget includes approximately $30 million in costs such as lighting and heating for research space, salaries for staff that provide technical or administrative research support, training costs for workplace health and safety, and the administrative costs associated with industry liaison activities. Funding for the program in 2013-14 has not been confirmed. At this stage in planning no change has been assumed.

Expenditures

Faculty and Service Unit Budget Allocations (Line 8)

This section includes the components of the budget allocations to Faculty and Service Units.

Compensation (line 8(a)): The budget model includes the estimated costs of progression increases (CDIs, steps, etc.), and scale and benefit increases for all employee groups according to collective agreements which are in place until July 2014 for most employee groups.

The University is required to file an actuarial valuation of the pension plan with the superintendent of pensions as of March 31, 2013. This model includes a $4.0 million increase in the Pension Shortfall Contribution based on a recent actuarial estimate of the funding requirements for the plan in 2013-14.

(This budget line is shown net of direct salary and benefit recoveries)

Non-Salary Expenditures (Line 8(b)): This line includes University expenditures for all costs that are not related to compensation within Faculty and unit budgets. Costs include program supplies, materials and contracted services. The budget model includes an inflationary increase of 2% for most components of the non-salary budget except where indicated below. (This budget line is shown net of direct cost recoveries)

Faculty and Service Unit Revenues (Line 8(c)): This line includes other revenue sources that are managed by Faculties and other budget units. Such revenues would include revenue from full cost recovery programs and services provided to external parties. This revenue is not projected to change in the preliminary model but will be considered for potential increase by Faculties/units as reductions are applied to their base operating budgets.

Budget Unit Adjustments (Line 8(d)): The following items are adjustments that will be made to Faculty and unit budgets once the final budget plan for 2013-14 is established.

ERBA (line 8(d)(i)): This is a preliminary estimate of additional budget allocations to Faculties in 2013-14 as a result of enrolment changes in 2012-13 over 2011-12.

Base budget Reduction (line 8(d)(ii)): This preliminary model does not include base budget reductions that will be necessary to reach a balance of operating revenues and expenditures. The next report of the committee will include recommendations to achieve a balanced budget for 2013-14.

Student Assistance (Line 9)

Lines 9 a) and c) in the model are operating and Endowment student assistance expenditures totaling $19.1 million. There has been no assumption made on changes to this line in 2013-14.

Line 9 b) includes $9.5 million in assistance to students that is provided though the Nova Scotia Bursary program. The model assumes that the program will continue to be funded by the province and makes no assumption about change in the current program structure or bursary amounts.

Library Acquisitions (Line 10)

This line includes the costs of library acquisitions including electronic media. There has been no assumption made on changes to this line in 2013-14.

Operating Costs New Buildings (Line 11)
The costs of operating University buildings are included in the other lines in this budget model. This line represents the estimated additional cost of utilities, cleaning and maintenance for new buildings that will become operational. (Oceans Excellence, LeMarchant multi use building)

Utilities, Taxes and Insurance (Line 12)

Line 12 includes estimated costs for natural gas, electricity, water, tax and insurance and projects funded over time by energy savings. The cost on this line is estimated to increase by 4.5% in 2013-14.

Non Space Equipment (Line 13)

Line 12 is a central pool of funding which is allocated to Faculties and Units to support teaching and equipment purchases. There has been no assumption made on changes to this line for 2013-14.

Strategic Initiatives (Line 14)

This pool of funding is allocated to Faculties and other budget units by the President’s office to support new initiatives. The funding on this line is funding that was allocated to non permanent (e.g. one –time) items in 2012-13 and therefore continues to be available in 2013-14. The budget model includes no change in the $3.4 million in base funding for the University Strategic Initiatives program.

Facilities Renewal (Line 15)

The budget model assumes a $1.0 million annual increase in the budget for Facilities renewal in accordance with the recommendation by the Board’s Long Term Financial Planning Committee (2006).

Campus Renewal (Line 16)

This line includes the costs of debt service and rental requirements for University space. The budget model assumes no change in these costs in 2013-14.

Contingency (Line 18)

This line is the annual allocation for contingency items. The budget is currently set at less than 0.5% of the total operating budget.

Dalhousie University
Summary of Enrolment Related Budget Allocations 2003-04 to 2012-13
(000's)

Faculty	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	Cumulative Distributions 2003-04 to 2012-13
Architecture and Planning	172	136	119	49	(97)	57	28	8	(55)	53	470
Arts and Social Sciences	1,081	997	111	6	(134)	(660)	(255)	322	235	(63)	1,640
Computer Science	78	(242)	(398)	(349)	(122)	35	27	(19)	297	183	(510)
Dentistry	8	(3)	7	(1)	6	1	(4)	56	(64)	(35)	(29)
Engineering	487	8	52	62	24	0	30	623	813	114	2,213
Graduate Studies	0	36	43	27	19	(10)	30	(4)	(32)	(48)	61
Health Professions	374	199	192	75	502	157	88	173	566	939	3,265
Law	22	26	87	17	(128)	4	75	35	119	(156)	101
Management	189	251	527	(92)	94	83	64	154	394	64	1,728
Medicine	189	29	28	(9)	(135)	11	(14)	119	154	73	445
Science	907	706	(65)	(312)	(354)	(119)	(17)	604	1,201	734	3,285
College of Sustainability	0	0	0	0	0	0	0	329	177	64	570
	3,507	2,143	703	(527)	(325)	(441)	52	2,400	3,805	1,922	13,239

8,127

Dalhousie University
Budget Unit Reductions for 2003-04 to 2012-13

	Faculties %	Service Units %	Differential Reductions for Selected Budgets %	
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%	0.50%	Exempted budgets **
2012-13	2.75%	2.20%	1.00%	Exempted budgets **

* A midyear reduction of 1% was applied across the board to all units to address shortfalls in tuition enrolment and increased energy costs.
** Prior to 2011-12 certain budgets were exempted from budget reduction (see list in Appendix D). In 2011-12 and 2012-13 the total budget for the group was reduced by the percentage shown with the President's office making the decision about which items should be reduced.

Amounts Exempt from Across the Board Budget Reductions
(From 2012-13 Approved Operating Budget)
(thousands of dollars)

Central Operating budget for Student Assistance	10,155
Contingency funding	1,600
Endowment expenditures (supported by Endowment revenue)	19,959
Energy, Water, Taxes and Insurance	15,238
Facilities Renewal	15,300
Campus Renewal- Longterm Debt and Rental Costs	7,330
Faculty related costs (DFA travel, PDA, Sabbatical leave grants, etc)	2,470
Library Acquisitions	6,431
Non-Space Equipment	2,533
Nova Scotia Bursary Program (supported by grant)	9,454
Strategic Initiatives Funding (base remaining from 2012-13)	3,380