

BUDGET ADVISORY COMMITTEE

DRAFT OPERATING BUDGET PLAN FOR 2015-16

REPORT LII



March 5, 2015

The Budget Advisory Committee (BAC) was established by the President in 1992 to advise on budgetary matters. The BAC members do not serve as representatives of particular interests but are chosen for their knowledge and individual expertise. The current membership of the Committee includes: Carolyn Watters (Chair), Provost and Vice-President, Academic – Josh Leon, Dean of Engineering – Ian Nason, Vice-President, Finance & Administration – Diana Ginn, Professor of Law – Michael Fournier, Department of Classics – Margie Publicover, Director of Finance, Faculty of Computer Sciences – Kristin Bunyan (Student Member) and Jeremy Porter (Student Member). The Committee's resource persons are: Susan Robertson, Acting Assistant Vice-President, Financial Services – Mary Jane Jennings, Executive Director, Dalhousie Analytics – Susan Spence Wach, Vice-Provost, Planning, Academic & Provost, and Linda Penny, Director, Budgets and Financial Analysis. The Committee employs an open and consultative approach to budget discussions at the University. To date the BAC has issued fifty-one reports related to the University's operating budget.

Table of Contents

INTRODUCTION	1
PHASE I – BUDGET PLANNING AND ANALYSIS	3
PHASE II – DEVELOPMENT OF RECOMMENDATIONS FOR DRAFT OPERATING BUDGET	9
2015-16 PRELIMINARY BUDGET MODEL	16
BUDGET DISCUSSION FOR FUTURE YEARS	17
PHASE III – CONSULTATION AND INPUT	18

APPENDICES

A 2015-16 BUDGET PROCESS – PHASES AND TIMELINE	19
B NOTES TO THE BUDGET MODEL	21
C 2014-15 SURVEY OF TUITION FEES WITH COMPARATOR UNIVERSITIES	24
D PROPOSED TUITION AND FACILITIES RENEWAL FEES FOR 2015-16	26
E ENROLMENT RELATED BUDGET ALLOCATIONS (ERBA)	29
F SUMMARY OF ENROLMENT RELATED BUDGET ALLOCATIONS 2004-05 TO 2014-15	31
G STRATEGIC PRIORITIES.....	32
H ITEMS NORMALLY EXEMPT FROM BUDGET REDUCTIONS	33

Budget Advisory Committee

Draft Operating Budget Overview for 2015-16

INTRODUCTION

The purpose of this report is to inform members of the University community on the development of the 2015-16 Draft Operating Budget Plan. The University budget process has four phases described in Appendix A. This draft report deals with the first two Phases: Planning and Analysis and the Development of Recommendations.

In the first phase, input was sought through a series of meetings and written feedback from stakeholders leading to the draft budget proposals, contained in this report. A description of the approach to a 2015-16 Operating Budget Plan, as well as the themes emerging from the discussions and analysis completed to date, is included in this report. The report is issued in draft to encourage continued feedback throughout the budget process which will extend through to April 2015.

In Phase three (Consultation and Input) following the release of this report the BAC will consult with and gather feedback from the University community on the recommendations in this draft report. A final report will be issued in the Approval phase that will include final recommendations for the development of the 2015-16 budget.

The BAC has developed the 2015-16 Draft Operating Budget Plan to be consistent with three key principles:

- The annual operating budget must be balanced.
- The annual operating budget must support the academic mission of the University.
- The annual operating budget is part of a multi-year budget outlook.

In the preparation of the Draft Operating Budget Plan, the BAC also identified two primary considerations:

- ***Over the next three years the University will be guided by Dalhousie's Strategic Direction 2014–18 document***, which includes the University's vision, mission and strategic priorities. The operating budget plan must provide a mechanism to support these important priorities.
- ***The operating budget should decrease its reliance on one time reserve funds over this same period.*** The reduction in the Provincial Government grant of 9% between 2011-12 and 2014-15 led to the use of one time reserve funds in order to balance the budget. Given the one time nature of these funds this practice is not sustainable in the long term.

To summarize the 2015-16 preliminary budget plan:

- Expenditures will increase by \$13.5 million. The largest expenditure item is compensation increases at \$9.9 million.
- Revenue and reserve available to cover increasing expenditures is increasing by \$9.5 million: leaving a gap of \$4 million.
- The BAC is recommending the following strategic choices totalling \$1.8 million.
 - Increase funding for Strategic Initiatives
 - Increase funding for Facilities Renewal
- A budget reduction of \$5.8 million to all Faculties and service units will cover the gap between revenues and expenditures, and increased allocations to Strategic Initiatives and Facilities Renewal.

The information and discussion contained in this report reflects the financial activities of Dalhousie excluding the Agricultural campus. The operation of the Agricultural campus is funded under separate agreement with the Province of Nova Scotia and its 2015-16 budget will be considered separately.

PHASE I – BUDGET PLANNING AND ANALYSIS

In the Planning and Analysis Phase the Budget Advisory Committee met with a range of stakeholders and reviewed the major factors influencing the budget for 2015-16. This section will provide a summary of this background for the campus community.

(a) Input from Stakeholders:

This fall Faculties and service units were requested to respond to specific questions to help inform the Committee about current budget pressures, measures to deal with such pressures and their ability to increase revenues and/or decrease expenditures in the future. Deans were invited to present to the BAC to inform the Committee on each Faculty's financial challenges and opportunities.

The Assistant Vice President of Facilities Management presented information on facilities renewal and capital planning matters and the University Librarian reported on matters impacting the libraries. Other service units provided the Committee with written responses.

Presentations on matters impacting students were made by representatives of student groups. These included the Student Union, Graduate, International and Black and Aboriginal students.

Themes Arising from Meetings and Input from Faculties and Service Units:

- Faculties had different views on ERBA. Reductions in Enrolment Related Budget Allocations (ERBA) are difficult to manage in one year. Generally ERBA works well during periods of increasing enrolment.
- Teaching space (e.g. classroom capacity) is a limiting factor for certain Faculties which could otherwise increase enrolment in some areas of study.
- A significant proportion of Faculty/unit budgets are committed to compensation costs, including costs of recruiting and retaining top performing faculty and staff. This leaves little funding uncommitted to move forward on new and innovative academic initiatives.
- There is increasing difficulty meeting annual budget reductions. Some Faculties and units use one-time carry forward funds as a bridging mechanism to balance from year-to-year.

Themes Arising from Meetings with Students:

- The University needs to continue to meet with government representatives to ensure they understand the financial pressures facing Dalhousie commensurate with increasing program costs of a research intensive university.
- Students are concerned with increasing tuition fees (including international differential fees) and requested the University explore additional external funding options (fundraising, etc).
- Students are seeking improved services and more opportunities to participate in work related experiences.
- Strengthen the student experience, leadership development and provide additional support for our diverse student population.
- Maximize the opportunities for students, faculty and staff to contribute to the community both inside and outside of the University.

The information provided during the meetings and in the written submissions was very thoughtful and the BAC found it helpful in understanding the issues, challenges and opportunities facing all areas of the campus.

(b) Discussion of Factors Influencing the 2015-16 Budget:

This section provides background on the significant components of the University operating budget including estimates and assumptions for specific revenue and expenditure lines for 2015-16. Readers wanting more detail are directed to Appendix B which provides detailed notes on each line in the budget model on page 16.

REVENUES

The University budget is constrained by limited growth on its two main sources of revenue. The following points provide context on why this current funding model is **not sustainable** in the longer term.

- 89% of the revenue supporting the University Operating Budget is provided by:
 - Provincial government grants 51.3 % (\$181.7 million)
 - Tuition revenue 37.7% (\$133.5 million)

- These revenues are tightly constrained as follows:
 - The government grant was reduced for three consecutive years totaling a 10% reduction followed by a 1% increase in the grant last year. The total **decrease** in the grant over four years was 9%.
 - Tuition fee increases in most programs are capped at 3% by the provincial government.
 - The impact of the changes in revenue as a result of these two constraints is a net decrease of 1.4% over four years. Meanwhile costs have increased by 10.8% during the same period.

In recent years, one-time reserve funds and tuition revenue from enrolment growth have mitigated the level of expenditure reduction to Faculty and unit budget allocations over this period. This approach is not sustainable for future years if enrolment growth diminishes and as reserve funds are depleted.

In addition to the limited growth potential of the two major revenue streams, the province also ended the practice in 2010-11 of providing Universities with a multi-year commitment to funding levels making it difficult for Dalhousie to develop a budget plan to support its longer term strategy.

1. Provincial Operating Grants

The provincial government has not yet confirmed the Provincial Operating Grant for 2015-16. The BAC has assumed a 1% increase in the operating grant for 2015-16.

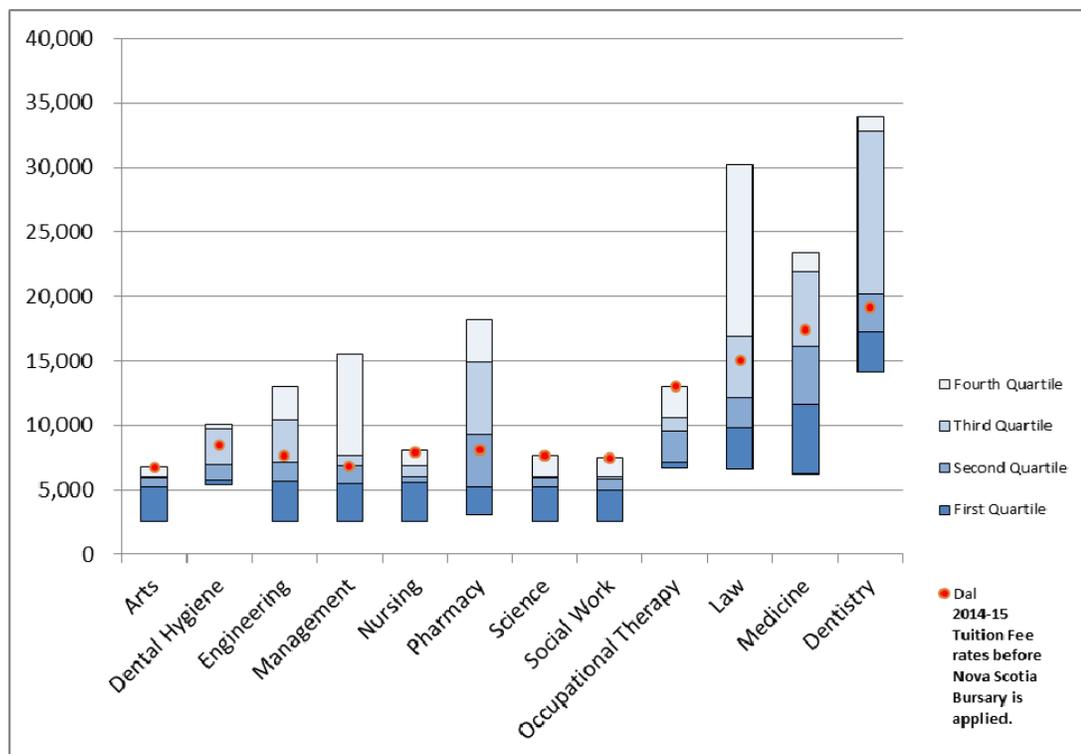
It is important to note that the province had committed to developing a new funding formula which would be used to allocate the provincial funding among Nova Scotia universities. Funding has and continues to be provided as a block grant that **does not** consider enrolment. University officials continue to participate in working groups and meet regularly with the province on such matters impacting University funding.

2. Tuition Fee Revenue

Tuition revenue is the second most significant source of revenue to the operating budget at 37.7% (\$133.5 million). As noted above, in a scenario where the grant increase is estimated at just 1%, tuition revenue becomes critical to address inflationary cost pressures. Tuition revenue is influenced by both student enrolment and tuition fee rates.

a) Tuition Fee Rates:

Each year the BAC reviews tuition fees charged nationally as well as within the Atlantic Provinces. These detailed comparisons are included in Appendix C of this report. The following graph shows how Dalhousie tuition compares nationally by quartile ranking.



The province has stated its objective to keep fees for Nova Scotia students at the national average. Increases in tuition fees have been restricted by Memoranda of Understanding since 2005-06 and a Tuition Policy Review Working Group is currently considering provincial tuition fee regulation going forward. The working group includes representatives from universities, student groups and the provincial government. For 2015-16 the BAC has assumed tuition fee increases will continue to be limited to 3% for most programs. (Fees for Medicine, Dentistry, and Law programs and fees for International students are not limited to the 3% cap on increases).

In 2005-06 Statistics Canada reported undergraduate fees (on average) in Nova Scotia were 49% above the national average. In order to partially address this situation, tuition control was put in place for Nova Scotia Universities and since then tuition fees have either been frozen or increases capped at 3%. The 2014-15 statistics indicate that tuition at universities in Nova Scotia are now only 8% higher than the national average.

In the early years universities did receive some grant increase from the province to compensate for the inability to increase fees. Since 2011-12 however, tuition fee increases have continued to be held to 3% while provincial operating grants to universities have been *reduced* by 9%. As indicated earlier in the report, this is not sustainable.

The Nova Scotia Bursary was also implemented as another means of reducing fees for all Nova Scotia students studying at a University in Nova Scotia. The current bursary of \$1,283 (full time) is deducted automatically from a Nova Scotia student's tuition and reimbursed to the University by the province. A smaller bursary of \$261 is provided to other Canadian students studying in Nova Scotia. The province has provided no indication of change for the coming year.

Given increasing costs and an estimated 1% increase in grant revenue, the preliminary budget model in this report includes a 3% tuition increase for all students (international and Canadian). 2015-16 will be the second year of a phased approach approved last year to increase fees beyond 3% for Medicine and Dentistry students. The comparator fee information in Appendix C includes information on Medicine and Dentistry fees.

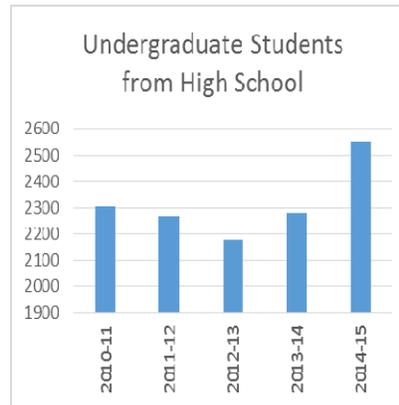
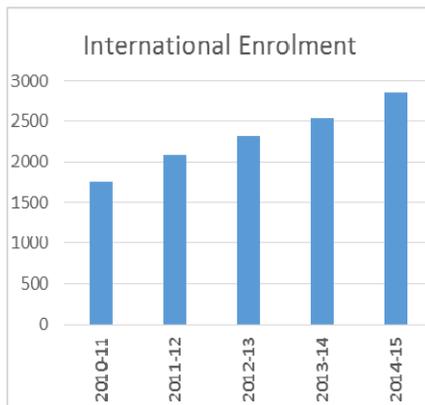
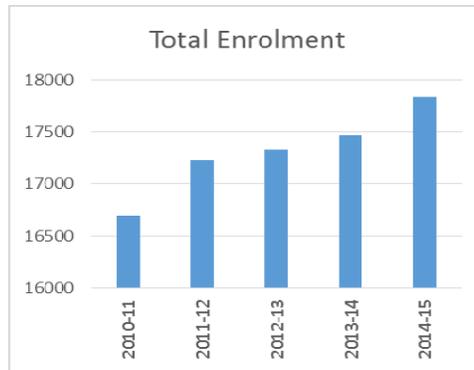
Fee increases are estimated to generate \$3.6 million in additional revenue in 2015-16.

Recommendation: In 2015-16 it is recommended that a 3% tuition increase be implemented to all programs with the exception of fees for students in the MSc Occupational Therapy and Physiotherapy programs that will continue to be frozen at 2006-07 levels.

The proposed tuition fee schedule for 2015-16 is included in Appendix D. Consultations on tuition fees are scheduled in March prior to presenting the recommended fees to the Board of Governors for approval in April.

b) Enrolment:

Enrolment levels are also a factor which must be considered when projecting tuition revenue for 2015-16. The following graphs show Dalhousie's total, international and first-year undergraduate enrolments for the past five years.



* Includes full-time and part-time students and does not include the Faculty of Agriculture

The intake of new-from-high school undergraduate students continued to increase in 2014-15. This is important as new-from-high school students contribute to tuition revenue for three or more years as these students continue their studies.

The Budget Advisory Committee has had preliminary discussions on enrolment projections for the coming year. The Committee has assumed an increase of 1% or approximately 180 students over 2014-15 based on the flow through of new from high school students over the previous three years. While the University has been able to maintain enrolments through recruiting efforts, there continues to be a downward demographic trend both locally and nationally from high school graduating classes. At this stage of budget planning, no increase has been assumed in the size of the entering class.

If the projected enrolment target is not reached in 2015-16, additional Reserve Funds will be used to maintain a balanced budget rather than mid-year budget reductions to Faculties and service units. The level and use of reserve funds are reviewed in more detail on page 14 of this report.

3. Ancillary and Auxiliary Fees

There are often questions from the campus community on the purpose of Ancillary and Auxiliary fees and how these relate to the Operating Budget.

Ancillary fees are mandatory fees for non-academic services and include student service fees, food services, residence accommodations and student association fees. *Auxiliary* fees are mandatory fees for academic services and cover additional costs required for supplies, equipment, labs, field trips, or other items that students must pay in order to enroll in or complete a program or course. These additional costs are not covered by the approved tuition for the course.

Requested changes in these fees are considered by the Board of Governors in April each year along with tuition fee increases. With the exception of the Facilities Renewal fee, recommendations on these fees are not discussed within this report as they are set based on recommendations from Faculties and units on the cost of providing the services or supports. Proposed adjustments to tuition, ancillary and auxiliary fees are included in the package of information provided to students as part of the annual student consultation process.

(a) Facilities Renewal Fee

The student fee for Facilities Renewal generates \$2.8 million and this funding is one means by which the University is able to fund upgrades to University facilities. It is important to continue to grow this investment and therefore the BAC is recommending an inflationary increase in the Facilities Renewal fee of 3% (generating \$85,000) for 2015-16. There is a more detailed explanation of the importance of University investment in renewal of facilities later on page 11.

Recommendation: Apply a 3% increase in the auxiliary fee for Facilities Renewal from \$81.90 to \$84.35 per term. The Facilities Renewal expenditure budget will be increased by the amount of the additional revenue generated (\$85,000).

EXPENDITURES

Expenditures continue to be driven largely by annual compensation adjustments and inflationary cost pressures on items such as library resources and heating fuel. It should be noted that compensation represents 86.4% of all Faculty and service unit expenditures - a dominate share of the operating expenditures.

1. Faculty and Staff Compensation

Collective agreements with employee groups expired by July1, 2014. A new agreement has recently been reached with the Dalhousie Faculty Association and others are at various stages in the collective bargaining process. A provision for compensation adjustments of \$9.9 million (salary, pension and benefit costs) has been established for the 2015-16 fiscal year budget. This amount includes an allowance for cost of living and progression increases as well as the annualization of previous year increases.

2. Adjusting Faculty Budgets for Enrolment Changes

The Enrolment Related Budget Allocation (ERBA) is a formula used to allocate approximately 60% of tuition revenue from enrolment changes to Faculties. Faculty budgets are increased where student enrolments increase year over year. Conversely, in Faculties experiencing declining enrolments the base budget is decreased. The intent of the model is to adjust Faculty

funding up or down to correspond with the costs of teaching more or fewer students. ERBA is described in more detail in Appendix E.

During discussions with Deans, the BAC once again heard feedback about the Enrolment Related Budget Allocation (ERBA) mechanism. While ERBA works well in times of increasing enrolment, one of the main concerns is the impact of a reduction in ERBA funding in situations where enrolment is declining and where costs are largely fixed. A committee was formed to review the ERBA mechanism and will report on the issue within the next few months. The preliminary conclusion of the committee is that ERBA continues to be an important means of allocating resources but in times of declining enrolments Faculty resources must be monitored carefully. Any recommended changes to the model will be effective in the 2016-17 budget.

In the last three years, Faculty budgets have received in total a net increase in budget allocations of \$3.3 million through ERBA (Appendix F). The Committee hastens to add that some Faculties are presented with significant budget challenges when enrolment is declining. The preliminary assessment of an ERBA adjustment for 2015-16 based on 2014-15 enrolment increases is \$1.5 million.

3. Energy, Water, Taxes and Insurance

The Energy, Water, Taxes and Insurance line is projected to increase by \$1.3 million (7.2%) in 2015-16. This increase is mainly due to the rising price of Natural Gas in 2014-15 (i.e. beyond the budgeted amount) and a provision for increased costs in 2015-16. Prices are expected to continue to be volatile. The cost of all utilities is also impacted by usage which has been estimated using normal consumption experience.

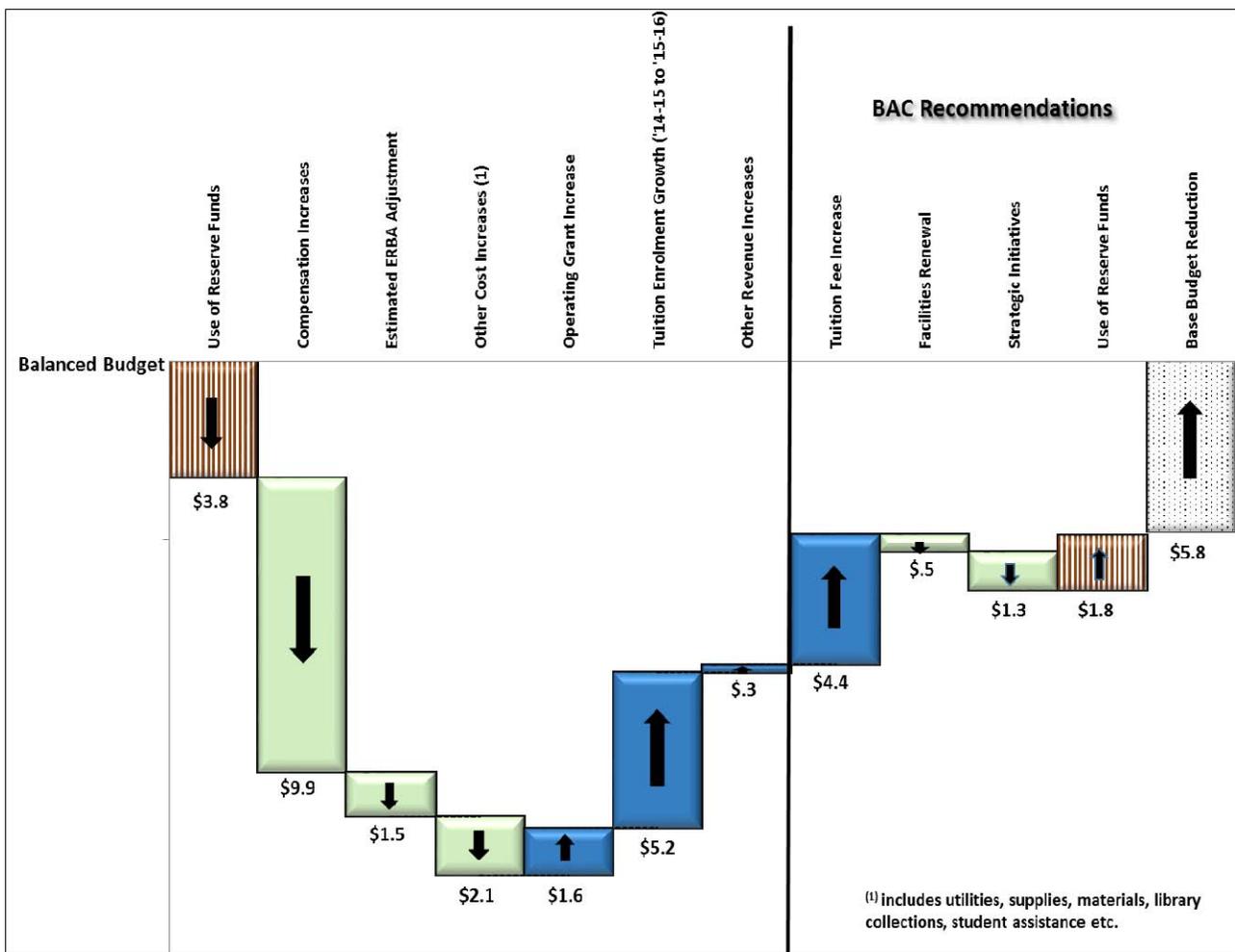
PHASE II – DEVELOPMENT OF RECOMMENDATIONS FOR DRAFT OPERATING BUDGET

The chart below shows the *changes* in the major elements of the budget from 2014-15 to the draft budget for 2015-16 based on known changes to and assumptions regarding revenue and expenses along with the BAC recommendations for 2015-16 which are described in this section of the report. The following notes will assist in interpreting the chart:

- The striped bar to the left indicates removing the one-time reserve amount budgeted in 2014-15 and the striped bar on the right shows the reserve amount recommended in 2015-16.
- The light (green) bars represent expenses and the arrows demonstrate that the expenses shown are increasing.
- The dark (blue) bars represent revenues with the arrows going up to show that these revenues are helping to offset the expenditure increases.
- The expenses and revenues to the left of the dividing line are items which have been projected to increase/decrease. For example, compensation increases are defined by the results of collective bargaining, etc.

- The right side of the chart are the items that the BAC has recommended in this draft report. These recommendations include:
 - Increased tuition fees
 - Use of reserve funds
 - Increased Strategic Initiatives and Facilities Renewal funding
 - Reductions to Faculty and service unit budgets

**Changes in Major Budget Elements
2014-15 to 2015-16
(Millions of dollars)**



 Use of Reserve Funds
 Increased Expenditures
 Increased Revenues
 Base Budget Reduction

(1) includes utilities, supplies, materials, library collections, student assistance etc.

A more detailed preliminary balanced budget model follows on page 16 of this report (Notes to the model are included in Appendix B).

As indicated at the beginning of this report the BAC has identified three key principles and two primary considerations that have been used in the development of this 2015-16 Draft Budget Plan. Given increasing costs and an estimated 1% increase in government grant revenue, this report includes a 3% increase in tuition. The BAC has reviewed various budget scenarios for 2015-16; balancing Strategic investment, increases in funding for facilities renewal and strategic initiatives, use of one time reserve funds and Faculty and unit budget reductions. The following recommendations lead to a balanced budget for 2015-16.

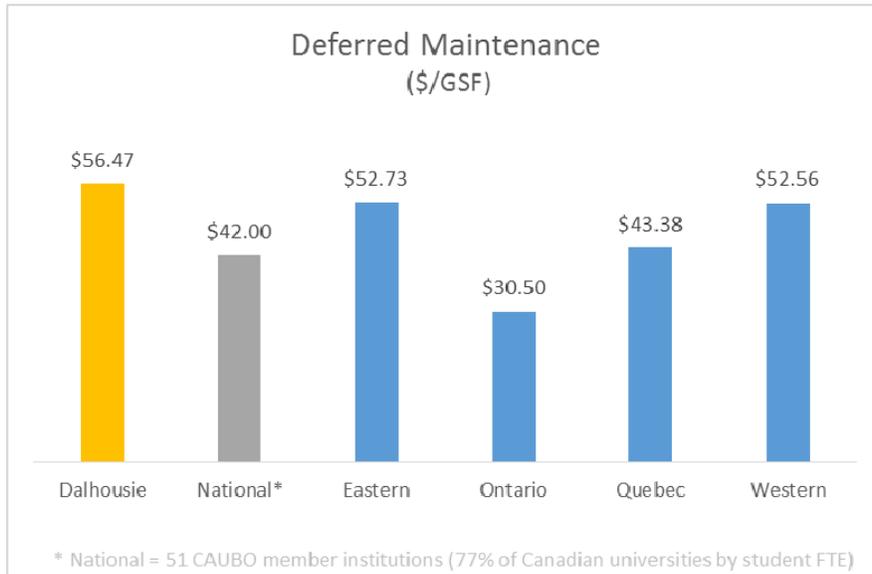
1. Facilities Renewal Investment

The Board's Long Term Financial Planning Committee recommended that the facilities renewal budget be increased annually to address the significant deficits in the state of the University's physical infrastructure. Dalhousie is fast approaching a critical stage with regard to its deferred maintenance backlog. Almost 50% of the buildings were built in the late 60s and early 70s, therefore the number of building systems that are still in operation beyond their useful design life is substantial. The University now operates 146 buildings totaling 5.4 million square feet with a replacement value of almost \$1.5 billion. The maintenance of these assets is important to support student space for learning and living and for research.

The University has continued to increase the Facilities Renewal line of the annual budget and has made significant progress toward a calculated industry standard spending level of 2% of the replacement value of facilities (\$30 million p.a.). The budget for Facilities Renewal in 2014-15 is \$16.4 million. When new buildings are commissioned, base funding is also added to the Renewal budget for the long term renewal of the new building. The increase in revenue generated from the student fee for facilities renewal will also increase this budget line.

For the last two years the BAC has recommended base increases of \$500,000 (excluding new building costs) in the Facilities Renewal budget. Increases of \$500,000 per year are a meaningful commitment but will not solve the problem.

The following chart shows the amount of deferred maintenance backlog per gross square foot (GSF) for Dalhousie compared to universities in other regions and the national average. The current estimate of Dalhousie's deferred maintenance backlog is approximately \$350 million.



The BAC is recommending this approach once again for 2015-16 to balance the continued need to invest in Facilities Renewal with the need to address the overall University budget shortfall.

Recommendation: A \$500,000 increase in Facilities Renewal expenditures in the 2015-16 budget.

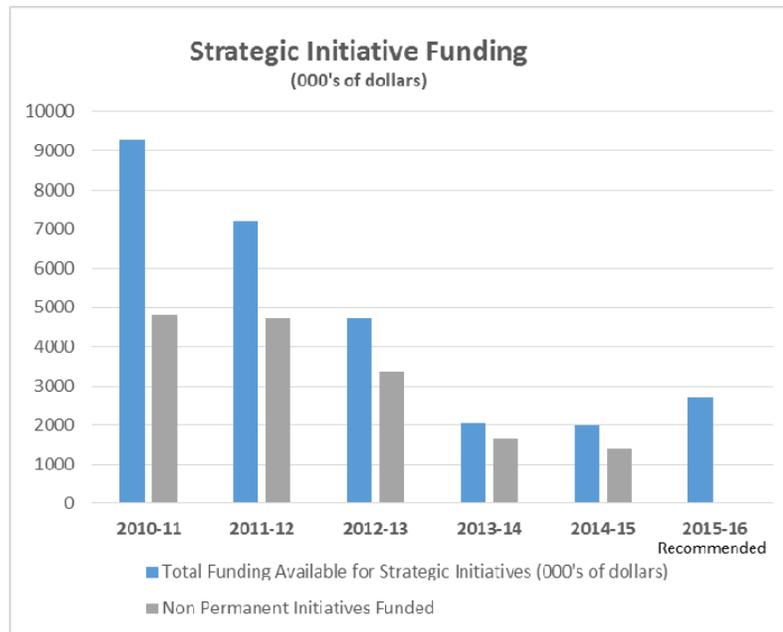
2. Strategic Initiatives

In 2003-04 the University first established a Strategic Initiative Fund (SIF) so that resources would be available in the budget to support important University initiatives. In each year of the program, the approved Strategic Initiatives budget has included both one-time amounts to be distributed to Faculties and service unit budgets and permanent base budget amounts (e.g., Student Assistance, staff positions).

Over the years, the amount available has been dependent on the overall resources available with the budget for the year. The 9% decrease in government funding over four years and the resulting budget reductions to Faculties and service units has resulted in a scaling back in the level of Strategic Initiative funding in recent years to approximately \$2.0 million.

For the last five 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, enrolment levels and increasing costs. Funds that were allocated to one-time initiatives could then be redeployed in subsequent years to support new initiatives. Funds that are used for permanent base budget adjustments, such as new salary commitments, unfortunately reduce the funds available for subsequent years and must be added to the SIF in the next operating budget if the SIF is to be maintained at a constant level.

The following graph shows the total funding available and the portion allocated to fund non-permanent costs in each of the last 5 years. In 2014-15, \$600,000 was allocated as permanent funding and \$1.4 million allocated to one-time costs leaving only \$1.4 million available for reallocation in 2015-16. Consequently to return to the 2014-15 level, \$600,000 would have to be added to the SIF in the 2015-16 budget.



The BAC believes it is important for the University to make resources available to invest in the emerging transformational priorities. Inspiration and Impact: Dalhousie's Strategic Direction 2014–18 defines institutional priorities for planning and action over the next four years.

The document identifies 25 strategic priorities (Appendix G) under the following five categories:

- Teaching and Learning
- Research
- Service
- Partnership and Reputation
- Infrastructure and Support

As indicated above the \$1.4 million in funding allocated to one-time use in 2014-15 remains available for 2015-16 and \$600,000 is needed to replace the funds used for permanent or base funding. The BAC is recommending that an additional \$700,000 be added to bring the total amount for Strategic Initiatives up to \$2.7 million in 2015-16. The BAC also recommends that this funding for important initiatives in the University budget be maintained or increased over time.

Recommendations:

- **The Strategic Initiatives budget be increased in the 2015-2016 operating budget by \$1.3 million bringing the total budget to \$2.7 million.**
- **The Strategic Initiative Fund be maintained at least at this level over the period of the current Strategic Directions.**
- **The use of the funds emphasize one time (vs permanent base) initiatives to ensure multi-year sustainability of the fund.**
- **The majority of the funds be used for multi-year initiatives that will enable the University to implement targeted Strategic Priorities.**

3. Reserve Funds

The University has accumulated reserve funds. In 2014-15, \$3.8 million was allocated from these reserves to balance the budget on a one-time basis. Due to increased enrolment in excess of budget in 2014-15 only \$2.5 million is projected to be required from these reserve funds.

Reserve funds are not ongoing budget resources and applying them to balance the budget does not solve the base budget shortfall, but rather delays the problem to a subsequent year. Consequently, the long term use of surplus funds is not sustainable. Without increased revenue to supplement the budget once reserve funds are depleted, the University will be left with no option other than to apply larger budget reductions to address the shortfall. As a result, the BAC recommended last year, the use of reserve funds be scaled back over three years as a means of balancing the operating budget. The BAC is making the same recommendation this year.

Recommendation:

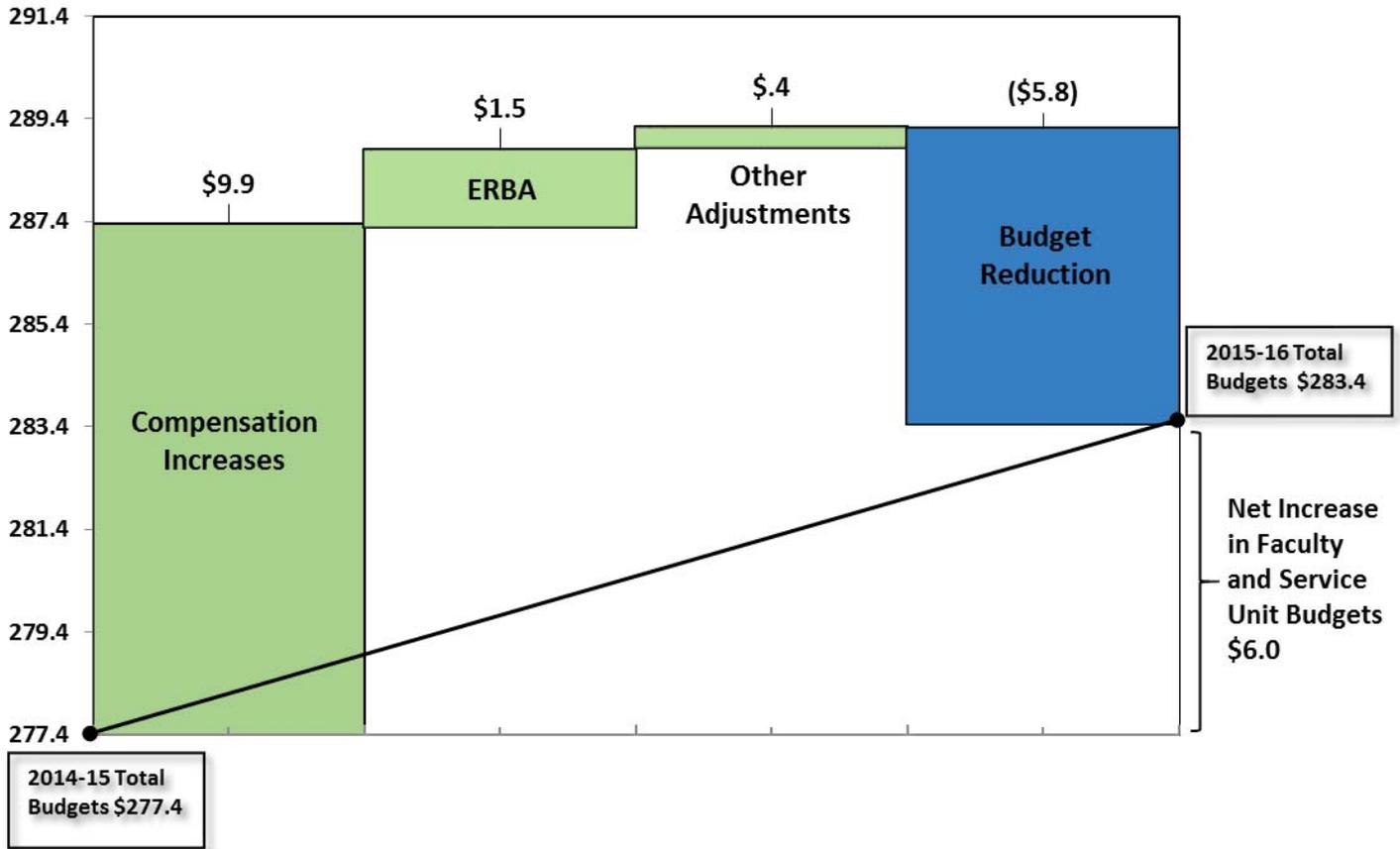
- **The BAC recommends that \$1.8 million in reserve funds be used in order to close the budget gap in 2015-16.**
- **The BAC recommends that the use of reserve funds be scaled back over a three year period.**

4. Base Budget Growth/Change:

The chart below demonstrates the net increase in Faculty and service unit budgets from 2014-15 to 2015-16.

- In 2014-15 Faculty and service unit budgets totalled \$277.4 million.
- The 2015-16 budget plan will increase Faculty and service unit budgets as follows:
 - Compensation adjustments (\$9.9 million)
 - ERBA (\$1.5 million)
 - Other adjustments (\$400,000) (e.g. inflationary increase in non-salary items)
- Each year a budget reduction is required in order to balance the overall University budget. In 2015-16 this budget reduction is \$5.8 million.
- As a result, Faculty and unit budgets will increase overall by \$6.0 million to \$283.4 million in 2015-16.

**Changes in Faculty and
Service Unit Budgets
2014-15 to 2015-16
(millions of dollars)**



The BAC reviewed a number of scenarios in line with the three key principles as a basis to determine the level of reduction to Faculties and service units needed to balance the budget. Given recommendations to invest in the University Strategic Priorities and to decrease our reliance on one time reserve funds there is a remaining funding gap of \$5.8 million.

The BAC is recommending one level of reduction to Faculties with a different level of reduction to service units in 2015-16. The BAC recognizes that the impact of budget reductions is not the same for Faculties and service units. The BAC considered (a) the ability of Faculties to generate revenue, (b) the potential for savings as senior faculty members leave and are replaced with more junior members, and (c) the revenue potential of increased ERBA to help offset funding reductions.

In 2015-16 a reduction of 2.5% is recommended to all Faculties and 2% to service units in order to close the gap. As in previous years a number of budget items are exempt from reduction and a list of these items is included in Appendix H.

Recommendation: A 2.5% reduction be applied to all Faculties and a 2% reduction to all service units.

Dalhousie University
Preliminary Operating Budget Revenue and Expenditure Model

Assumptions	2015-16
Government Grant Change	1.0%
Tuition Revenue	
General Fee Increase (Per current MOU)	3.0%
Enrolment Change	1.0%
Facilities Renewal fee Increase	3.0%
Base Budget Reduction:	
Faculties	2.50%
Service Units	2.00%
Nova Scotia Bursary	No change assumed
Compensation (per agreements and estimates)	Provision allowed
Library Acquisitions	2.0%
Non Salary Inflationary Increase	1.0%
Energy Water Taxes and Insurance increase	7.2%

	2014-15 Approved Budget	Change	2015-16 Preliminary Budget
REVENUES - INCREASE (DECREASE)			
1. Government Funding			
a) Operating Grant	159,937	1,599	161,536
b) Grant to support Nova Scotia Student Bursary	9,450	-	9,450
c) Facilities/Space Grant	1,000	-	1,000
d) Other Government Grants - Enrolment Expansion	11,297	-	11,297
Total Government Funding	181,684	1,599	183,283
2. Tuition revenues	133,476		133,476
a) Enrolment Changes:			
i) 2014-15 Enrolment growth		4,000	4,000
i) 2015-16 Estimated Enrolment changes		1,200	1,200
b) Fee increase		3,600	3,600
c) Annualization of prior years fee increases		770	770
Total Tuition Revenue	133,476	9,570	143,046
3. Endowment Income	22,750		22,750
4. Operating Interest Income	3,050	200	3,250
5. Facilities Renewal Fee	2,822	85	2,907
6. Indirect Costs of Research Funding	6,467	-	6,467
7. Use of Reserve Funds	3,800	(1,954)	1,846
TOTAL REVENUES - INCREASE (DECREASE)	354,049	9,500	363,549
EXPENDITURES - INCREASE (DECREASE)			
8. Faculty and Unit Budget Allocations			
a) Compensation*			
i) Salary and Benefit Costs	266,068	9,900	275,968
b) Non-Salary*	35,032	283	35,315
c) Faculty/Unit Revenue	(30,593)		(30,593)
d) Budget Unit Adjustments			
i) ERBA adjustment (preliminary estimate)	-	1,500	1,500
ii) Base budget reduction	-	(5,756)	(5,756)
e) Library Acquisitions	6,863	133	6,995
Total Faculty and Unit Budget Allocations	277,369	6,060	283,429
9. Student Assistance			
a) Operating Support	10,054	-	10,054
b) Nova Scotia Student Bursary (see line 1(b) - offset by revenue)	9,450	-	9,450
c) Endowment Support	9,964	-	9,964
10. Operating costs - new Buildings		180	180
11. Energy, Water, Taxes and Insurance	18,003	1,300	19,303
12. Non Space Equipment	2,213	-	2,213
13. Strategic Initiatives	1,404	1,300	2,704
14. Facilities Renewal	16,419	585	17,004
15. Campus Renewal - Long term debt/rent	7,573	76	7,649
16. Contingency	1,600	-	1,600
TOTAL EXPENDITURES - INCREASE (DECREASE)	354,049	9,500	363,549
SURPLUS (SHORTFALL)		0	0

* Net of recoveries

BUDGET DISCUSSION FOR FUTURE YEARS

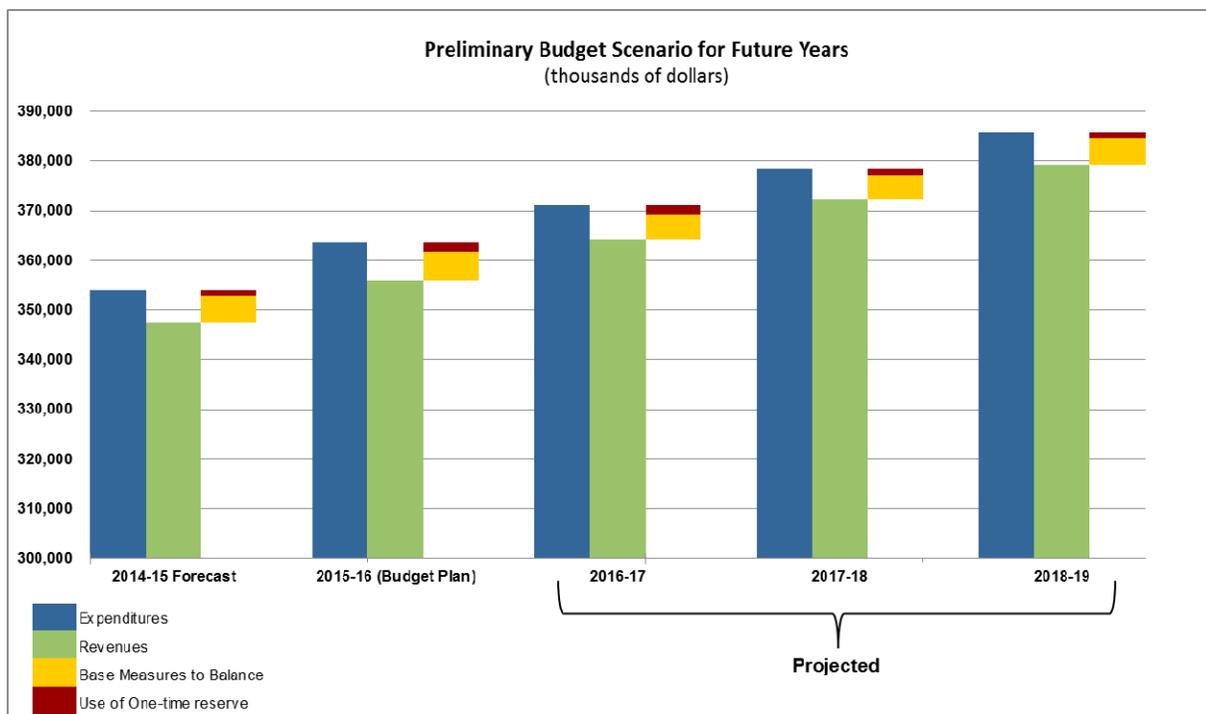
a) Integrated Budgeting

One of the 25 strategic priorities identified in the 2014-18 Strategic Direction document is to develop a multi-year, integrated budget. A charter has been developed for this initiative which will seek to develop linkages among the University's academic plans (teaching & research), capital plans and the operating budget which is essential to aligning strategic priorities with resources.

The University community and the BAC will be further engaged in this initiative in the year ahead with the goal of developing an integrated budget as a core component in achieving Dalhousie's strategic objectives and fulfilling our mission of teaching, research and service. As a first phase of this initiative, under the auspices of the Provost and Vice-President Academic and the Vice-President Finance & Administration, staff will work with Faculties to focus on integrating the academic plans with the current Faculty multi-year budget modeling process. This initiative will be closely tied to another priority which is to enhance our infrastructure with a multi-year capital plan.

b) Multi-year Budget Projection

It is important to understand that the uncertainty with respect to government funding makes it difficult to project the budget situation into the future, however, the following graph represents a multi-year projection based on the current Draft Operating Budget Plan. Significant assumptions in this graph include revenue increases of 1% in the government grant, 3% in tuition revenue and a conservative enrolment increase projection. In line with key considerations noted in this report, the use of reserve funds is being reduced and the investment in Strategic Initiative Funding is increased.



The graph indicates that there continues to be a funding gap which will need to be addressed in order to balance each year.

PHASE III – CONSULTATION AND IMPACT

The BAC is interested in feedback on the following questions:

- Are there other alternatives to increase revenues or decrease expenditures beside those contained in this report?
- Are there particular areas that should be considered for strategic investment given strategic priorities and the necessary budget reductions?
- Are there suggestions of other ways to balance the budget?

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 Linda Penny in Financial Services or at Linda.Penny@dal.ca on or before March 20, 2015.

2015-16 Preliminary Budget Process Timetable

	Date	Activities	Responsibility
PLANNING AND ANALYSIS	September	BAC commences discussion of 2015-16 budget	BAC
	October/November	BAC continues discussions including: <ul style="list-style-type: none"> • Consultations with Deans and other Unit Managers • Consultation with Students 	BAC/Deans/Unit Managers/Students
DEVELOPMENT OF RECOMMENDATIONS	November/December	BAC work continues including preparation of draft report	BAC
	January	Budget Office sends preliminary unit budget detail (does not yet include BAC recommendations) to Faculties and units to <u>begin</u> preparation for the 15-16 budget.	Deans/Unit Managers
	February at latest*	Review draft report with the President prior to release	BAC
		Release Draft 2015-16 Operating Budget Plan including: <ul style="list-style-type: none"> • Proposed recommendations that will be the basis of the development of the 2015-16 budget • Proposed tuition fee schedule 	BAC

	Date	Activities	Responsibility
CONSULTATION AND INPUT	March	BAC considers input received from the campus community	BAC
		University holds budget, tuition and fee consultation sessions with Students and the Campus Community	BAC/Student Campus
	End of March*	Review draft of final report with the President prior to release	BAC
		Issue Final Report – An Operating Budget Plan for 2015-16 <ul style="list-style-type: none"> • Report presented to the Operations Committee • Report presented to the Senate Committee • Tuition Fee recommendations to the Board for approval in April 	BAC
APPROVAL	April/May	Unit budget allocations determined and communicated to Deans and others	Budget Office
	June	Budget Units refine detailed budgets	Deans/Unit Managers
		Recommended Operating Budget for 2015-16 presented via the Operations Committee to the Board for approval	BAC
		Detailed budget finalized	Budget Office

Note: The BAC may at the request of the President or on its own initiative prepare additional reports on budget related matters.

* Required to meet tuition fee consultation guidelines

Notes to Budget Model (page 16)

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 2015-16 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 9b)) is based on current program structure and enrolment levels.

The province has not yet confirmed an increase in operating grants for the Nova Scotia University System. At this time, the model assumes that Dalhousie’s operating grant will be increased by \$1.6 million (1%) in 2015-16, consistent with the increase received in 2014-15.

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 2014-15 of \$4.0 million (line 2(a) i)). It also assumes an increase of 180 Canadian students (in 2015-16).

(b) Fee rates

The model (line 2b) assumes annual increases in tuition fees of \$3.6 million as provided for in the current Memorandum of Understanding (MOU) with the Province of Nova Scotia.

Investment Income (Line 3 and 4)

Once finalized, Line 3 will include the investment income required to support expenditures against the University’s approximately 1,300 established endowments. For information, the 2014-15 endowment expenditures are included in the budget lines as follows:

Compensation Costs - Line 8 a)	5,806
Student Assistance - Line 9 c)	9,964
Library Acquisitions - Line 10	223
	<hr/>
	15,993
	<hr/>
Non-Salary Line 8 b)	
Endowment Management Expense	3,000
General and Research Support	3,757
	<hr/>
	6,757
	<hr/>
	22,750
	<hr/>

Line 4 includes operating interest income based on current interest rates and cash flow projections. Operating interest income is assumed to increase by \$200,000 in 15-16 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. A corresponding increase in Facilities Renewal Expenditure is included on line 14.

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. It is currently estimated that the operating budget includes approximately \$38.2 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 2015-16 has not been confirmed. At this stage in planning the projection is based on the 2014-15 amount.

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.), scale and benefit increases for all employee groups. Collective agreements are expired in July 2014. A new agreement has been finalized with the Dalhousie Faculty Association and the others are at various stages in the negotiation process.

An actuarial valuation of the Pension Plan was completed based on March 31, 2014 results. Another valuation will be required based on the March 31, 2017 solvency position.

(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 1% 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. No increase is projected in this line.

Budget Unit Adjustments (Line 8(d)): The following items are adjustments that will be made to Faculty and Service unit budgets once the final budget plan for 2015-16 is established.

ERBA (Line 8(d)(i)): This is a preliminary estimate of additional budget allocations to Faculties in 2015-16 as a result of enrolment changes in 2014-15 over 2013-14.

Base Budget Reduction (Line 8(d)(ii)): This model includes a base budget reduction of \$5.8 million. A 2.5% reduction has been applied to faculties and a 2% reduction applied to other service units. This is necessary to reach a balance of operating revenues and expenditures.

Library Acquisitions (Line 8(e))

This line includes the costs of library acquisitions including electronic media. The budget model assumes a 2% increase in 2015/16.

Student Assistance (Line 9)

Lines 9 a) and c) in the model are operating and Endowment student assistance expenditures totaling \$20.0 million. There has been no assumption made on changes to this line in 2015-16.

Line 9 b) includes \$9.5 million in assistance to students that is provided through the Nova Scotia Bursary program. The model makes no assumption about change in the current program structure or bursary amounts. (\$1,283 for full time Nova Scotia Students and \$261 for other Canadian students) This program is fully funded through a grant from the Province of Nova Scotia (Line 1b)).

Operating Costs New Buildings (Line 10)

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 the new McCain Learning Commons in 2015-16.

Utilities, Taxes and Insurance (Line 11)

Line 11 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 7.2% in 2015-16 mainly due to the increasing price of Natural Gas.

Non Space Equipment (Line 12)

Line 12 is a central pool of funding which is allocated to Faculties and Service units to support teaching and equipment purchases. No change has been made to this line.

Strategic Initiatives (Line 13)

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 2014-15 and therefore continues to be available in 2015-16. The budget model also includes a total increase of \$1.3 million. \$600,000 to replace the funds provided for permanent base initiatives and an additional \$700,000 to provide additional capacity in order to move forward on the University's Strategic Directions.

Facilities Renewal (Line 14)

The budget model assumes a \$500,000 annual increase in the budget for Facilities Renewal. The increases in the student fee (line 5) for Facilities Renewal of \$85,000 is also included in this budget line.

Campus Renewal – Long term (Line 15)

This line includes the costs of debt service and rental requirements for University space. The budget model assumes a 1% increase in these costs in 2015-16.

Contingency (Line 16)

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

**Survey of Tuition fees for Entering Students at Selected Canadian Universities
2014-15 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	5,503	11	6,525	2	5,159	4,890	5,321	5,386	5,633	3,200	5,966	5,975	5,896	6,040	6,040	6,053	6,054	6,010	6,641	6,187	2,550
Dental Hygiene	7,195	2	8,217	2	--	5,379	10,067	--	--	6,935	--	--	--	--	--	--	--	--	--	--	--
Engineering	6,417	11	7,440	8	6,358	5,705	5,676	5,386	7,658	4,044	10,148	11,240	8,693	12,980	6,040	11,404	12,772	8,612	6,641	7,187	2,550
Management	5,545	12	6,567	10	7,037	7,246	5,321	5,386	7,182	4,289	8,552	--	8,011	6,040	7,904	15,590	--	6,895	6,641	6,287	2,550
Nursing	6,622	4	7,644	3	5,159	7,824	7,094	5,386	6,330	3,905	5,966	5,975	5,896	8,100	6,040	6,053	--	6,010	6,641	6,187	2,550
Pharmacy	6,856	5	7,878	5	--	9,373	9,987	--	8,250	4,157	--	--	--	16,530	--	--	18,182	--	--	--	2,550
Science	6,418	2	7,440	1	5,159	4,890	5,321	5,386	5,633	3,777	5,966	5,975	5,896	6,040	6,040	6,053	6,054	6,010	6,641	6,187	2,550
Social Work	6,217	2	7,239	1	5,159	4,890	--	5,386	--	4,032	5,966	--	5,896	--	6,040	--	6,054	6,010	6,641	--	2,550
GRADUATE																					
Occupational Therapy	11,734	1	12,756	1	--	6,704	6,657	--	--	--	9,496	10,325	--	9,670	--	10,779	--	8,490	--	--	--
Masters in Arts	5,902	10	6,924	6	5,358	4,525	3,745	5,594	3,729	4,456	7,008	6,740	7,666	7,115	4,785	6,414	7,236	7,799	6,641	6,187	3,030

Footnotes:

Note: Amounts in table do not include auxillary 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 and a \$100 Management Program Fee

(6) Pharmacy at Toronto and Waterloo is a new Pharm D Program and are not directly comparable with the Dalhousie program which is a BSc as the rates are significantly higher

2014/15 Fee Comparison

Is this item included in the quoted fees from these Canadian Dentistry Programs?

	Dalhousie	McGill	Western ON	Toronto	Manitoba	Saskatchewan	Alberta	UBC
Total Mandatory Expenses								
Dalhousie Total Includes	4-year total	4-year total	4-year total	4-year total	4-year total	4-year total	4-year total	4-year total
<i>*See notes/questions below</i>	\$131,488.24	\$79,917.21 [1]	\$169,398.00	\$167,091.00	\$125,911.00	\$157,102.00	\$132,797.00	\$226,451.00
Computer, Maintenance, Staff Support (mandatory laptop, didactic & clinic information system)	YES	NO	NO	NO *	NO *	NO	NO	NO
VitalSource Electronic Textbook Library and Software (no other texts/manuals required; includes clinic information system -AxiUm)	YES	NO	NO	NO	YES *	NO	YES	NO
Two Electronic Drug Databases	YES	NO	NO	NO	YES/NO (library link)	NO	YES	NO
All Dental Laboratory Fees (appliances for patients/preclinical teeth/cases)	YES	YES	YES	YES	YES	YES	YES	YES
Pre-Clinical Equipment (lockers, articulator, bp cuff)	YES	YES	YES	YES	YES	YES	YES	YES
Preclinical Supplies (including magnification loupes, clinic jackets and laundry) (phantom head teeth, course manuals, article copies)	YES	YES	YES *	YES	YES *	YES *	YES *	YES
Clinic Equipment (all patient care sterilized items, handpieces)	YES	YES	YES	YES *	YES	YES	YES	YES
Clinic Supplies (including student/patient voice-mail/ e-mail interface)	YES	NO	YES	YES	NO	NO	YES	YES
What costs are in place in addition to published mandatory fees? (see *)	does not include NDEB fee \$2,000.00		includes textbooks (\$1700.00+/year) magnification loupes & light (optional - \$1200.00)	does not include mandatory laptop computer includes books and supplies (approx. \$2000.00/year) optional magnification loupes & light (appx. \$1200.) additional pre-clinic/clinic experiences for students who purchase supplies Opt out for refund: laundry models, phan.heads	must purchase clinic jacket laptop optional* (computers at clinic workstations and 24-hr. computer lab; all textbooks are electronic; most purchase a computer)	includes textbooks laptop required laptop requested each student pays \$300-\$400 for additional practice teeth additional pre-clinic/clinic experiences for students who purchase supplies	magnification loupes& light (appx. \$1200.) includes textbook (estimate) includes NDEB fee \$2,000.00	

[1] McGill is affiliated with a hospital, therefore, the dental school clinic costs are subsidized by the provincial health care system. McGill total for non Quebec residents is \$110,858.08

Dalhousie University
Proposed Tuition and Facilities Renewal Fees for 2015-2016
(Effective April 1, 2015 unless otherwise noted)

*** NOTICE TO READER:** The Province of Nova Scotia has not confirmed any changes to the Nova Scotia Bursary Program for the 2015-2016 year. The examples below show the impact of the bursary for Nova Scotia students and for Other Canadian students enrolled for a full course load using the 2014-15 bursary amounts. Bursary amounts will be prorated for students taking less than a full course load.

EXAMPLE:	Nova Scotia student \$	Other Canadian student \$
Undergraduate Arts Student		
Tuition	7,305	7,305
Bursary	<u>(1,283)</u>	<u>(261)</u>
Tuition net of bursary	6,022	7,044

PLEASE NOTE: The fee rates listed below are before the bursary is applied.

	<u>2014-2015</u>		<u>2015-2016</u>	
	Approved		Proposed	
	Fees (see note * above)	Per Billing Hour	Fees (see note * above)	Per Billing Hour
	Program	\$	Program	\$
I UNDERGRADUATE				
Architecture, Community Design		236.40		243.50
Arts and Social Sciences		226.20		233.00
Computer Science (incl. Informatics)		256.70		264.40
Dentistry				
Dentistry - Cohort entering 2015		-		20,826
Dentistry - Cohort entering 2014		19,108		20,826
Dentistry - Cohort entering 2013		18,060		18,600
Dentistry - Cohort entering 2012		18,060		18,600
Dental Hygiene (Diploma)		8,478		8,732
Dental Hygiene (Degree)		286.00		294.60
Engineering		256.70		264.40
Health Professions				
Health Services Administration		256.70		264.40
Health Science, Nursing and Kinesiology		263.50		271.40
Pharmacy		271.30		279.40
Recreation & Health Promotion		263.50		271.40
Social Work		250.00		257.50
Law		13,780		14,193
Management				
Commerce Co-Op		259.00		266.80
Management & Public Administration		227.60		234.40
Medicine				
MD - Cohort entering 2015		-		18,300
MD - Cohort entering 2014		17,430		18,300
MD - Cohort entering 2013		17,100		17,616
MD - Cohort entering 2012		17,100		17,616
Post-Graduates		2,812		2,895
Science		256.70		264.40

* PLEASE SEE NOTICE TO READER (PAGE 1) ABOUT THE PROVINCIAL BURSARY PROGRAM IMPACT ON NET FEES PAID BY THE STUDENT. The fee rates listed below are before the bursary is applied.

	2014-2015		2015-2016	
	Approved Fees (see note * above)	Per Billing Hour	Proposed Fees (see note * above)	Per Billing Hour
II GRADUATE (Halifax Campuses)				
Masters				
Architecture and Planning				
Architecture		272.40		280.60
Post Professional	8,166		8,412	
Environmental Design Studies	8,166		8,412	
Planning		286.00		294.60
Planning Studies	8,166		8,412	
Arts and Social Sciences	7,185		7,401	
Computer Science	8,166		8,412	
Dentistry - MD/MSc (Oral and Maxillofacial), MSc Periodontics	18,572		19,131	
Engineering, Applied Science	8,166		8,412	
Electronic Commerce	9,054		9,327	
Health Informatics	9,054		9,327	
Health Professions				
Applied Health Services Research	7,290		7,509	
Clinical Vision Science	8,850		9,117	
Health Promotion, Leisure Studies	8,166		8,412	
Health Administration		274.70		282.90
Human Communication Disorders, MSc Audiology MSc Speech Language, Pathology				
Years 1&2	10,257		10,566	
Year 3	8,498		8,754	
Kinesiology and Nursing	8,850		9,117	
Pharmaceutical Sciences	10,254		10,563	
Occupational Therapy (Post Professional), Physiotherapy (Rehabilitation Research)	10,254		10,563	
Occupational Therapy & Physiotherapy ¹	13,017		13,017	
Social Work		264.60		272.50
Law	10,068		10,371	
Management				
MBA Corporate Residency	21,395		22,038	
Environmental Studies	7,269		7,488	
Library and Information Studies		301.70		310.80
Public Administration		239.80		247.00
Resource and Environmental Management		239.80		247.00
Medicine				
Community Health & Epidemiology	8,850		9,117	
Medicine - Except Community Health & Epidemiology	8,166		8,412	
Science				
Marine Management	8,166		8,412	
	7,269		7,488	

¹ Fees for these programs are frozen for 2015-16

* PLEASE SEE NOTICE TO READER (PAGE 1) ABOUT THE PROVINCIAL BURSARY PROGRAM IMPACT ON NET FEES PAID BY THE STUDENT. The fee rates listed below are before the bursary is applied.

	2014-2015 Approved Fees (see note * above) Per Billing Hour	2015-2016 Proposed Fees (see note * above) Per Billing Hour
Program	Program	Program
II GRADUATE (Halifax Campuses) cont'd		
Doctorate		
Arts and Social Sciences	7,539	7,764
Computer Science	8,535	8,790
Engineering, Applied Science	8,535	8,790
Law	10,416	10,728
Health	-	8,790
Medicine	8,535	8,790
Nursing	9,216	9,492
Science	8,535	8,790
Other		
Qualifying, Visiting or Special Graduate Students	272.20	280.40
Continuing Fee	2,235	2,301
III INTERNATIONAL STUDENT DIFFERENTIAL FEE (Halifax Campuses)		
All Programs (except Graduate- thesis based)	8,448	8,703
Graduate -thesis based	5,841	6,015
IV FACILITIES RENEWAL FEE		
Full-time (per term)	81.90	84.35
Part-time (per term)	27.30	28.10
V FACULTY OF AGRICULTURE		
UNDERGRADUATE		
Degree ¹	206.00	212.20
Technical ²	190.50	196.20
Animal Health ²	256.00	263.70
Veterinary Technology ²	256.00	263.70
GRADUATE		
Degree	8,166	8,412
OTHER		
Continuing	2,235	2,301
Qualifying, Visiting or Special Graduate Students	263.00	270.90
INTERNATIONAL STUDENT DIFFERENTIAL FEE		
UNDERGRADUATE		
Degree ¹	206.00	212.20
Technical ²	190.50	196.20
Animal Health ²	256.00	263.70
Veterinary Technology ²	256.00	263.70
GRADUATE		
Degree	5,841	6,015
Continuing	5,841	6,015
Qualifying, Visiting or Special Graduate Students	263.00	270.90

¹ Undergraduate degree courses in the Faculty of Agriculture are assessed at a billing hour rate, based on 3 billing hours per course

² Undergraduate courses in Technical, Animal Health and Veterinary Technology are assessed at a billing hour rate, based on 2 hours per course

Enrolment Related Budget Allocations (ERBA)

Background

The current mechanism by which Dalhousie University links program enrolments and class registrations to the annual budget allocations of the Faculties is called ERBA (Enrolment Related Budget Allocations). In April of each year the Office of Institutional Analysis and Research does the necessary calculations according to the formula to arrive at an ERBA increase or decrease for each faculty. The University Budget Office includes the adjustment in the annual budget allocation calculation for each Faculty. The ERBA mechanism was developed around three objectives:

- To provide Faculties with a financial incentive and to increase enrolments, and thereby their resources, in a time of government fiscal constraint, by introducing new programs (within available resources, including the added fee revenue) and by attracting and retaining more students in existing programs.
- To provide additional resources to Faculties with increased student numbers. Conversely, to reduce the resources of Faculties where enrolment have declined so that the budget of other Faculties are safeguarded from the resulting institutional revenue loss.
- To replace ad hoc mechanisms for resourcing new programs with a more predictable arrangement that could be more easily and efficiently administered.

Introduced in the 1989/90 fiscal year it was reviewed by the Budget Advisory Committee (BAC) in 1994, 2001 and again in 2009. Modifications to the formula have been made after both reviews. The following is a summary of the principal features of the current formula:

Principal Features Current Formula

- ERBA calculations use a “proxy” value for tuition and average class and headcount enrolment figures. As a result it cannot be expected to distribute the exact dollar value of the change in tuition revenue to the University that results from enrolment changes.
- A Faculty’s ERBA adjustment for a given fiscal year is based on changes in its “**enrolment units**” in the preceding academic year. For instance, 2013-14 ERBA adjustments were based on enrolment and class registrations changes from 2011-12 to 2012-13.
- The annual budget adjustments are permanent changes to the budget envelope of the Faculties. They are calculated by multiplying the change in **enrolment units** (positive or negative) by the Faculty **ERBA value**.
 - The **ERBA value** is intended to be a proxy for tuition of a full-time student. The ERBA value for each Faculty is based on tuition fees for the various programs offered by the Faculty. The ERBA values have been adjusted annually by the fee increased

approved by the Board of Governors. These values were reviewed compared to actual tuition fees as part of the 2002 and 2009 ERBA reviews.

- Faculties receive 60% of the ERBA value (ie. approximately 60% of tuition). The 60% is intended to reflect the portion of the total University budget that is allocated to Faculties.

- **Enrolment units** are the sum of:
 - (i) full time equivalent (FTE) enrolments in graduate programs offered by the Faculty,
 - (ii) 25% of FTE undergraduate enrolments in the Faculty, and
 - (iii) 75% of the FTE of undergraduate class registrations taught within the Faculty.

(note that the percentages in (ii) and (iii) were changed from 50%/50% in 2010-11 based on the most recent ERBA review)

Enrolment unit calculations are based on enrolment data at August 1, December 1 and March 1.

- ERBA is calculated at the Faculty level. ERBA allocations are not disaggregated to the level of schools and departments.

- For undergraduate classes cross-listed across Faculties, the Faculty which pays the instructor is credited with the undergraduate class registrations.

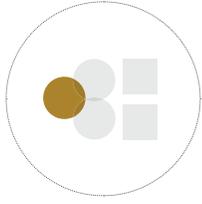
- Enrolment in College of Continuing Education, the DDS program in the Faculty of Dentistry, the MD and residency programs in the Faculty of Medicine, certain distance education classes, and all premium fee programs (e.g. the MBA, Financial Services) are not included in ERBA.

Dalhousie University
Summary of Enrolment Related Budget Allocations 2004-05 to 2014-15
(000's)

Faculty	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	Cumulative Distributions 2004-05 to 2014-15
Architecture and Planning	136	119	49	(97)	57	28	8	(55)	53	(33)	59	324
Arts and Social Sciences	997	111	6	(134)	(660)	(255)	322	235	(63)	(719)	(541)	(701)
Computer Science	(242)	(398)	(349)	(122)	35	27	(19)	297	183	294	172	(122)
Dentistry	(3)	7	(1)	6	1	(4)	56	(64)	(35)	27	(23)	(33)
Engineering	8	52	62	24	-	30	623	813	114	233	139	2,098
Graduate Studies	36	43	27	19	(10)	30	(4)	(32)	(48)	(35)	14	40
Health Professions	199	192	75	502	157	88	173	566	939	361	44	3,296
Law	26	87	17	(128)	4	75	35	119	(156)	133	(107)	105
Management	251	527	(92)	94	83	64	154	394	64	21	47	1,607
Medicine	29	28	(9)	(135)	11	(14)	119	154	73	(11)	116	361
Science	706	(65)	(312)	(354)	(119)	(17)	604	1,201	734	170	428	2,976
College of Sustainability	-	-	-	-	-	-	329	177	64	(21)	(49)	500
Reserve for International ERBA	-	-	-	-	-	-	-	-	-	247	400	647
	2,143	703	(527)	(325)	(441)	52	2,400	3,805	1,922	667	699	11,098

STRATEGIC PRIORITIES

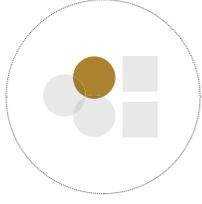
1.0 TEACHING AND LEARNING



Enhance the transformative power of teaching and learning

- 1.1 Increase retention and degree completion
- 1.2 Focus on strategic student recruitment based on discipline, level and diversity
- 1.3 Strengthen student experience, leadership development and additional support for our locally diverse and international students
- 1.4 Embark on strategic program reviews to enhance the effectiveness and student focus of our program offerings
- 1.5 Foster and support innovation in program development and excellence in teaching and pedagogy

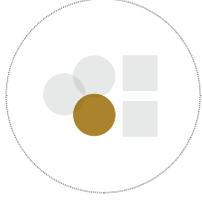
2.0 RESEARCH



Expand the opportunities for research, scholarly and artistic work

- 2.1 Direct and attract resources to priority research areas, with local, national, and international importance
- 2.2 Attract and retain outstanding professors
- 2.3 Attract and support excellent graduate students and postdoctoral fellows to strengthen the impact of research
- 2.4 Foster undergraduate research
- 2.5 Enhance research with state-of-the-art facilities and resources in accordance with the Institutional Framework for the Support of Research

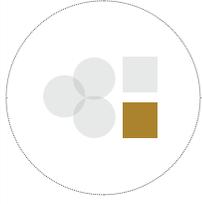
3.0 SERVICE



Catalyze the intellectual, social and economic development of our communities

- 3.1 Contribute to cultural and economic vitality, locally and globally, by fostering creativity, innovation and entrepreneurship
- 3.2 Maximize the opportunities for students, faculty and staff to contribute to community both inside and outside of the university
- 3.3 Promote a culture of service and engagement among students, faculty and staff

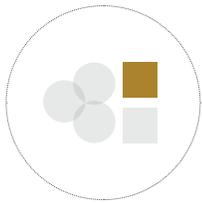
4.0 PARTNERSHIP AND REPUTATION



Take our place nationally and internationally

- 4.1 Foster and support key external partnerships and relationships with alumni, other universities, governments, businesses and NGOs
- 4.2 Strengthen the recognition for our academic excellence and reputation at national and international levels
- 4.3 Develop a plan to secure and maintain top 200 status
- 4.4 Prepare for Dalhousie's 200th Anniversary in 2018
- 4.5 Attract additional external investment

5.0 INFRASTRUCTURE AND SUPPORT



Build our institutional capacities

- 5.1 Develop a human resource strategy that allows us to attract, support, and reward the best faculty and staff
- 5.2 Foster a collegial culture grounded in diversity and inclusiveness
- 5.3 Develop a multi-year, integrated budget
- 5.4 Reduce the deficit of our pension plan
- 5.5 Enhance our infrastructure with a multiyear capital plan that promotes environmentally sustainable development
- 5.6 Improve the quality and inventory of research and teaching spaces
- 5.7 Improve the effectiveness and efficiency of administrative and operational processes aligned with our academic mission

ITEMS NORMALLY EXEMPT FROM BUDGET REDUCTIONS:

- Central operating budget for Student Assistance
- Contingency funding
- Endowment expenditures (supported by Endowment revenue)
- Energy, Water, Taxes and Insurance
- Campus Renewal
- Faculty related costs (DFA travel, PDA, Sabbatical leave grants, etc)
- Library Acquisitions
- Non-Space Equipment
- Nova Scotia Bursary Program (supported by grant)
- Strategic Initiatives Funding