

UNIVERSITY COUNCIL
PLANNING AND PRIORITIES COMMITTEE
FOR INFORMATION ONLY

PRESENTED BY: Bob Tyler, Chair
Planning and Priorities Committee

DATE OF MEETING: March 15, 2012

SUBJECT: **Multi-Year Budget Framework 2012/13 – 2015/16**

COUNCIL ACTION: For information only

CONTEXT AND BACKGROUND:

The Planning and Priorities Committee provided comments on the draft Multi-Year Budget Framework on two occasions. The Finance Subcommittee reviewed preliminary documents on January 4, 2012. The draft Framework was discussed by the Planning and Priorities Committee on February 15. The Board of Governors approved the Multi-Year Budget Framework on March 6.

The Multi-Year Budget Framework contains a comprehensive statement of anticipated revenues over a four-year period, 2012/13 – 2015/16. In effect, it outlines expectations for capital, research and operating revenues to support the implementation of the Third Integrated Plan. The Framework also presents anticipated operating revenues and related expenditures for 2012/13 – 2015/16.

DISCUSSION SUMMARY:

The Committee focused primarily on the risks and assumptions inherent in the Multi-Year Budget Framework. These relate primarily to payments required to maintain the solvency of defined benefit pension plans, continued low rates of return on investments, the size of the operating and capital grants from the Province, enrolment projections and associated tuition revenue, and potential increases in salary and benefit costs.

The Multi-Year Budget Framework projects that: i) the rate of growth of operating and total revenues will decline significantly; ii) income from investments will remain stable after increasing significantly from 2011/12 to 2012/13; iii) salary and benefit costs will increase by approximately 4.5% per year; iv) total research revenues will increase by approximately 4.5% per year; v) a structural deficit similar in amount to pension going-concern payments will occur each year; and vi) approximately 1% of operating revenues will be directed toward capital renewal.

In each of the past four years, the University has benefitted from increases in its operating grant from the Province which were significantly higher than either the rate of inflation or the rate of growth of the provincial or national economy. Similarly, the past decade has seen unprecedented expenditures on new capital construction. As we enter a period of fiscal restraint at both the provincial and federal levels and greater attention is focused on deferred maintenance, it is unlikely that increases will be maintained at this level.

ATTACHMENT:

Multi-Year Budget Framework 2012/13 – 2015/16