



University
of Regina

**COMPREHENSIVE BUDGET PLAN
FOR 2023-24**

April, 2023

EXECUTIVE SUMMARY

The pandemic has impacted the University of Regina for three years now, creating significant, unanticipated financial challenges that carried over from 2021-22 into 2022-23. The budget for 2022-23 had anticipated a recovery from the pandemic, but this was not achieved, and a further deterioration of credit hours taught has made the budget creation for the upcoming 2023-24 budget even more challenging.

When the 2021-22 budget was developed, a return to in-person learning was expected for the Fall of 2021. However, new variants of the virus created new waves of infection, which dictated continued restrictions and resulted in on-line class delivery for most of the year. Travel restrictions also endured along with continued difficulties with international student visa processing which created barriers for international students. As a result, the University experienced declines in the number of undergraduate credit hours taught of more than 6% and double digit reductions in international credit hours taught. When the budget was being prepared, the early registration in 2021-22 looked promising and showed increases to enrolments but the reductions in registrations occurred later in the budget cycle, after the University announced the continuation of remote delivery of classes.

With the pent up demand by international students who could not get to Canada (double cohort) and the domestic students who desired a normal university experience, the 2022-23 budget was developed anticipating a rebound of the 6% loss in domestic undergraduate credit hours and 8% in undergraduate international credit hours. Both assumptions were considered conservative at the time and with these assumptions, a base budget reduction of almost 3% across the University was still required, leaving the University with a structural deficit of \$3.5 million.

In the 2022-23 year, instead of a recovery of domestic undergraduate enrolments, these credit hours decreased a further 4% and international students were still challenged by visa processing and getting to Regina to attend University and as a result, international enrolments decreased significantly in the Spring and Summer Semester and only increased by 5% (less than the targeted 8%) in the Fall Semester until finally increasing by 17% in the 2023 Winter semester. As a result, the University experienced a tuition shortfall of \$6.6 million for the year which added to the structural deficit of \$3.5 million originally anticipated in the budget. This left the University with a structural deficit of \$10.1 million as a starting position for 2023-24 budget creation.

The 2023-24 Comprehensive Budget Plan provides a balanced approach to multi-year budget development that recognizes the need to address the immediate challenges of fixed government grants and reduced tuition revenues while continuing to provide long-term stability to the Faculties and administrative units as we transition out of the pandemic. This has been done by instituting permanent budget reductions and addressing short term shortfalls with one-time bridging funding while focusing efforts on initiatives to recover and grow enrolments. Following a base operating budget deficit in 2022-23, a further although reduced base operating budget deficit is being proposed for 2023-24 with the University of Regina returning to a balanced position in 2024-25. Bridging funds have been recovered from Units to address the additional tuition shortfall for the 2022-23 year as well as the anticipated budget deficit for 2023-24.

2023-24 marks the third year of a four year memorandum of understanding with the province whereby the province will sustain the base operating funding level from the 2020-21 year into the 2021-22, 2022-23, 2023-24 and 2024-25 fiscal years. The province has provided one-time funding of approximately \$5.5 million in both 2021-22 and 2022-23 to fund initiatives that will allow the University to recover from the pandemic and generate base revenues or savings to allow the University to become more sustainable as it prepares for its second half-century of teaching,

research, and public service. Many of these initiatives focus on enrolment and will provide the enrolment recovery and growth needed to balance our Operating budget by 2024-25 and beyond. Although the University appreciates the stability offered through a multi-year funding agreement with the government, fixed government funding is creating significant challenges in budget development as inflation has increased dramatically impacting salaries and other costs.

The 2023-24 budget has been developed based upon a 15% increase of international undergraduate credit hours over the 2022-23 year. International enrolments, which generate a significant portion of our total tuition revenue, have decreased significantly through 2020-21 and 2021-22. The Fall of 2022 saw a smaller than anticipated recovery of international credit hours while the Winter of 2023 resulted in a significant increase in spite of continued visa processing challenges, which still hampered students. This large increase in international credit hours will flow through into 2023-24 and increased enrolment efforts, along with a commitment by the federal government to add resources to visa processing, will further augment international credit hours taught in 2023-24. We anticipate that targets set in the budget for undergraduate international credit hours taught are conservative and will be achieved.

The budget has also been developed with the anticipation that the domestic undergraduate credit hours taught will remain the same as in 2022-23 and then grow modestly in the two years following. The impact of the pandemic on high school students along with a robust labour market has impacted the projection for a more conservative estimate of domestic credit hours taught. In total, over the last two fiscal years, this number is down approximately 10%. Hopefully this trend reverses and those students to return to University, but in keeping with the budget principle of being conservative, no growth in domestic undergraduate enrolments has been built into the 2023-24 budget.

The budget challenge created by the unanticipated enrolment declines was presented to the members of the University's Senior Leadership Team, the Council Committee on Budget, the University community and the Board. Hiring constraints were implemented in early May, 2022 and through a consultative process, a three-year budget plan was created, identifying base budget reductions with one-time bridging, tuition and fee rate increases and anticipated increases to credit hours taught. The budget therefore proposes that we once again "bridge" this year and work to recover and grow enrolments and return to a balanced budget position by 2024-25.

Highlights of the proposed University operating budget include:

- A structural base-budget deficit in the Operating Fund of \$2.5 million is anticipated. This deficit will be covered through a recovery of bridging funds from all Units of the University. The base budget deficit will be addressed in the next fiscal years through the return and growth of international enrolments, growth in domestic undergraduate enrolments, graduate enrolments and a continued recovery of other non-credit revenues from programs such as the Conservatory, Business and Professional Development, Life-long Learning and English as a Second Language.
- There will be a 4.0% increase in tuition levels for most programs.
- The base 2023-24 provincial operating grant has been maintained at the 2020-21 year's level in accordance with the MOU signed with the government.
 - Additional grant funding of \$880,000 was allocated to pay for the second year of a 62 seat expansion in the Saskatchewan Collaborative Bachelor of Science in Nursing Program and a 5 seat expansion in the Collaborative Nurse Practitioner Program.

- Additional grant funding of \$469,400 was allocated to pay for the first year of an 8 seat expansion to the Clinical Psychology MSC Program as well as a 20 seat expansion to the PhD Program through the Health Human Resources Action Plan.
 - The Saskatchewan Innovation and Opportunities Scholarship funding remained unchanged from the mid-year reduced amount of \$750,900.
 - The application of the Saskatchewan University Funding Model remains suspended for 2023-24.
- All Units with the exception of UR International and the Indigenous Office at the University have received a base budget reduction of 5%.
 - The operating budget includes adjustments to offset unavoidable and inflationary cost increases for a number of items such as salaries and benefits, central software licensing, insurance, admin leaves, the Carbon Tax, and Canada Pension Plan rate increases.
 - In total, expenditures are budgeted to increase by \$7.5 million over the 2022-23 budget.
 - The \$7.5 million of investments are made possible by five major elements:
 - The tuition and fee increase.
 - Increased enrolments.
 - Increased non-credit revenue.
 - Increased Nursing seat funding.
 - Increased Psychology seat funding.
 - Academic and administrative units across the University will once again have to find economies to cover the inflationary costs of sessional instruction and non-salary expenditures.

Budgets are also proposed for the University's other funds:

- Base Preventative Maintenance and Renewal (PMR) funding from the province remained unchanged at \$5,324,000. \$900,000 Special PMR funding was also received as partial funding towards two capital projects to address a number of fire code and fire inspection deficiencies in the Lab Building and the Research and Innovation Centre Building. The internal allocation of the PMR funding is unchanged from the previous year.
- \$500,000 of Capital funding was received for renovations to student office and clinical training space for the Clinical Psychology MSc/PhD program expansion. \$425,000 of Capital funding was also received for projects related to the Nursing expansion.
- The \$18.1 million capital expenditure budget includes \$11.1 million for capital projects, \$0.8 million for equipment replacement, and \$6.2 million for bond repayment and interest on debt from past capital projects. Total Capital Fund revenue is projected at \$18.4 million.
- Similar to the operating fund, ancillary fund revenues (mainly the residence occupancy levels) continue to be impacted negatively by the COVID-19 pandemic. The ancillary services budget projects a deficit of \$4.7 million. Residence occupancy rates have decreased significantly during the pandemic and will likely take a number of years to recover fully as they are normally filled with first year students. No subsidy from the Operating Fund will be made to the Ancillary Fund in the 2023-24 year. The ancillaries themselves will become profitable and the accumulated debt will be repaid over a number of years as the mortgages are paid off.

- Research income and expenditures of \$27.1 million as well as trust and endowment income and expenditures will continue to contribute to the success of the University of Regina. Net revenue from trust and endowment funds is projected at \$11.1 million. The expenditures made possible by these revenues are an important source of financial aid to students.

Adding together all funds (operating, vacation pay accrual, capital, ancillaries, research, trust and endowment), the University of Regina budget plan for 2023-24 contemplates total revenues of \$338 million and total expenditures of \$334 million.

INTRODUCTION

THE 2023-24 BUDGET PROCESS

The 2023-24 budget development process involved extensive consultation over much of the 2022-23 fiscal year. The cycle began with the summer 2022 preparation of the *2023-24 Operations Forecast*, reviewed and approved by the Board and presented to the Ministry of Advanced Education.

Early Fall semester registration statistics indicated enrolments were significantly lower than projections. A Senior Leadership Team meeting was held in early May 2022 informing University Leadership of the enrolment shortfalls. If enrolments didn't improve, projections indicated a \$14 million revenue shortfall for the current year. On May 10, 2022 a strategic staffing process was implemented. All requests for staffing were put on hold. Requests to staff any position (vacant or new) were forwarded to the respective VP. If supported by the VP, the request was then considered by the President for approval. The strategic staffing process was in place until August 17, 2022. Although the strategic staffing process was discontinued, all Faculties and admin units were informed to staff strategically and leave flexibility in their budgets as base budget reductions would be required to balance the upcoming budget.

In November, the financial impact of significant enrolment declines experienced in the Spring/Summer and Fall semesters was calculated (using an estimate for the Winter semester) and shared with the Senior Leadership Team. The enrolment declines had a serious impact on the Operating Fund as the deficit grew from the budgeted \$3.4 million to \$13 million which carried over to the 2023-24 year and added to the budget challenges.

Numerous meetings were held in January, February and March with the Senior Leadership Team, Deans' Council and the Council Committee on Budget to discuss the major budget parameters, the major challenges and to determine the approach to develop the budget. Town Hall budget updates also occurred over the same time period. The Board was also updated at the December, 2022 meeting about the direction that management proposed to take in budget development.

Based upon input received during this consultation, a three-year budget plan was developed with a combination of base budget reductions and one-time short-term bridge funding. The original plan included a 2023-24 and 2024-25 budget deficit that would be covered through one-time contributions from units across campus with a plan to balance the base budget in 2025-26.

On January 27, 2023 budget managers – including deans, associate vice-presidents, and directors – were provided with a budget reduction template requesting base budget reduction scenarios of 5%, 6% and 7% along with the impact the cuts would have on the unit and the University. At that time, it was communicated that differential cuts may be required. Due to the reliance of increases in

international enrolments in balancing the budget, UR International was not subject to budget reductions. The Indigenous Office budget was not reduced given the commitment made to reconciliation and Indigenous engagement in the strategic plan and with the seat expansion in Nursing being newly funded, the new funding for Nursing was not subject to budget reductions. The templates were submitted by March 6, 2023 and each budget manager was provided with an opportunity to present to the 3 VP's and other senior leaders on March 13, 2023.

In early March 2023, due to increased international enrolments in the Winter semester, the budget challenge was reduced by \$3 million. This information was shared for discussion with the President and three Vice Presidents and presented to the Board in early March. A Town Hall was held on March 16th updating the campus community about this very positive development.

The impact of the enrolment increases is significant on the three year budget plan that was originally developed.

- Differential base budget reductions up to 7% were not required but an across the board reduction of 5% was applied.
- The structural deficit for the 2023-24 year reduced from \$5.5 Million to \$2.5 million.
- Base budget reductions of 3% and 2% in 2024-25 and 2025-26 respectively were originally anticipated. Now, budget reductions of 2% are anticipated in 2024-25 and none in 2025-26.
- The anticipated timeline to balance the operating budget moves from 2025-26 to 2024-25.
- Bridging funds required to pay for the tuition shortfall and the budgeted deficit for 2024-25 reduced from \$14 Million to \$9 million. No bridging funds are now anticipated for next year as the budget will be balanced a year sooner than earlier anticipated.

20 initiatives to enhance revenue generation for the University, including increasing enrolments through recruitment, retention and transfers, have been undertaken with the \$11 million MOU funding received from the government. The expectation is that this revenue growth will allow us to balance the base budget in 2024-25. In particular, international undergraduate enrolments increased 17% in the Winter 2023 semester. These enrolments will carry forward to the 2023-24 year but more importantly, this increase signals the return of international students to campus. The budget was created with a conservative approach to domestic undergrad enrolment increases as we wait to see the signal that this important demographic is returning to campus.

At all points in the process, the budget process depended on strong support from the Director (Executive Reporting Services) in Financial Services, who reviewed a variety of issues and provided financial data and estimates. Staff in the Office of Institutional Research and in Human Resources provided data, calculations, analysis and advice.

A website about the development of the 2023-24 budget provides documents outlining the budget challenge as well as the options examined, a copy of the budget letter from the province, a copy of the University budget letter outlining the budget changes and other information (<https://www.uregina.ca/orp/budget/2023-24-budget.html>).

BUDGET PRINCIPLES

The following budget principles, as revised by the Board of Governors at its meeting of December 7, 2021, continue to guide the development of the budgets:

1. The budget process will be committed to transparency and openness. It will be a consultative process, including consultation with the Board of Governors and its Audit and Risk Management Committee.
2. Budget Managers will have meaningful opportunities to make their budgetary needs known early in the budget process and shall be given opportunities for input during the budget development process.
3. The University's goals and objectives as outlined in the strategic plan and embodied in its academic mission of teaching, research and service will underpin the budget process.
4. The operating budget will normally be balanced. In the event that the operating budget is not balanced, a detailed plan is required that identifies how the University will return to a balanced budget position as well as how budget shortfalls will be addressed in the short term.
5. Any change in the level of tuition fees shall conform to the tuition policy of the University.
6. Base operating funding should be allocated in respect of all permanent faculty and staff positions in the Operating Fund.
7. Actual operating revenue and expenditure amounts will be used to prepare the budget insofar as they are known. Where it is necessary to estimate, the practice will be to underestimate revenues and overestimate expenditures, with the degree of under- or over-estimation to depend on the amount of uncertainty inherent in a given estimate.
8. The operating budget shall comprise, insofar as possible, all of the operating revenues and expenses of the University.
9. The budget process shall promote long-term institutional sustainability, curricular and program innovation, and the teaching and research reputation of the University.

OPERATING BUDGET

Table I displays, in two steps, the changes in operating revenues and expenditures from the 2022-23 operating budget to the 2023-24 proposed budget.

2022-23 BUDGET TO 2022-23 ACTUAL

As year-end approaches, our current estimate of the actual 2022-23 experience naturally differs from the projected revenues and expenditures used in the budget. These differences are displayed in column B of Table 1.

Revenue: Total operating revenue is projected to be \$6.0 million less than budgeted

- Federal grants are \$320,000 higher than originally budgeted as tri-agency research grants increased which increased the Research Support Fund. The Research Support Fund increase was not known when the budget was developed.
- Tuition and fee income is \$6.4 million less than initially budgeted for in 2022-23. The budget was predicated on international student credit hours increasing by 8% and for credit hours from domestic students increasing by 6%. International student registrations decrease 14.9% in the Spring/Summer semester and only increased by 5.1% in the Fall semester before increasing 17% in the Winter semester. Domestic undergraduate credit hours dropped 8.4% in the Spring/Summer semester, 5.6% in the Fall semester and 3.0% in the Winter semester. Non-credit revenues generated from English as a Second Language, Business and Professional Development, Lifelong Learning and the Conservatory ended the year \$208,000 higher than budgeted.
- Transfers are \$66,000 lower than budget as a portion of the infrastructure payments from Campion College and Luther College are tied to tuition revenues and the decreased enrolments resulted in lower infrastructure payments.
- Recoveries are \$123,000 higher than budgeted as \$931,000 of ESL contract fees were transferred from Recoveries to Tuition and Student Fees. This was offset by increased recoveries in the other non-credit areas of CCE of \$799,000 and recoveries of \$601,000 which were added in Financial Services, Information Services, Faculty of Graduate Studies and Research (FGSR) and UR International to offset additional costs related to research support, increased recruitment costs in UR International and admissions costs in FGSR. In addition, the Recreation and Athletic Fee was lower than budgeted by \$346,000 due to the lower enrolments.

Expenditures: The net change in 2022-23 projected expenditures from the 2022-23 budget is \$1.4 million. The increase in expenditures is a result of increases to the expenditure budgets in the Centre for Continuing Education as a result of increased revenue sharing and teaching costs; increases to Engineering, Business Administration and Graduate Studies from additional graduate tuition revenue that is shared with those Faculties; and increased expenditures as a result of the added recoveries noted above in Financial Services, FGSR and UR International.

As salaries and benefits increased during the year because of cost of living and career progress (including promotions and merit increments), the expenditure changes in Table I Column B reflect the transfer of funds during the year from the center to the budgets of the individual units.

It should be noted that Column C of Table I will not match figures in the University's financial statements for 2022-23. This is because it does not include one-time revenue effects or one-time expenditure items for time-specific initiatives, payments and projects. Column C intends to portray the year-end level of revenues and expenditures in 2022-23 that continue into 2023-24.

Entering 2023-24, the net effect is an estimated base-budget negative position of \$10.9 million.

TABLE I

UNIVERSITY OF REGINA					
2023-24 BASE OPERATING BUDGET					
(\$'000's)					
2022-23 BASE BUDGET	CHANGES TO REFLECT 2022-23 ACTUALS	2023-24 PRELIMINARY BUDGET	CHANGES TO BALANCE BUDGET	PROPOSED 2023-24 BUDGET	
A	B	C (A+B)	D	E (C+D)	
REVENUE					
GOVERNMENT GRANTS					
PROVINCIAL GRANTS	111,732	-	111,732	1,533	113,265
FEDERAL GRANTS	2,621	320	2,941	-	2,941
TOTAL GOVERNMENT GRANTS	114,353	320	114,673	1,533	116,206
TUITION AND FEES					
TUITION FEES AND PROGRAM FEES	75,977	(7,959)	68,018	6,710	74,728
TUITION FEES PAYABLE TO SASK POLYTECHNIC AND THE FEDERATED COLLEGE:	(16,125)	1,182	(14,943)	(929)	(15,872)
CENTRE FOR CONTINUING EDUCATION TUITION AND FEES	45,618	527	46,145	4,788	50,933
OTHER FEES	3,379	(172)	3,207	318	3,525
TOTAL TUITION AND FEES	108,849	(6,422)	102,427	10,887	113,314
OTHER INCOME	713	-	713	-	713
TRANSFERS	2,702	(66)	2,636	49	2,685
COST RECOVERIES	18,653	123	18,776	2,075	20,851
TOTAL REVENUE	245,270	(6,045)	239,225	14,544	253,769
EXPENDITURES					
FACULTIES	132,987	2,061	135,048	(2,802)	132,246
LIBRARY OPERATIONS & ACQUISITIONS	10,565	82	10,647	11	10,658
INFORMATION SERVICES	13,917	404	14,321	121	14,442
STUDENT SERVICES	11,404	535	11,939	(307)	11,632
UNIVERSITY OPERATIONS	29,345	2,810	32,155	(790)	31,365
UNIVERSITY SERVICES & SALARY/BENEFIT PROVISION	21,754	(5,068)	16,686	9,748	26,434
FACILITIES MANAGEMENT	28,759	618	29,377	106	29,483
TOTAL EXPENDITURES	248,731	1,442	250,173	6,087	256,260
NET UNIVERSITY POSITION	(3,461)	(7,487)	(10,948)	8,457	(2,491)

* The \$2.491 base budget deficit shown has been covered through a recovery of bridging funds from all Units. There is a plan to balance the base budget in 2024-25.

2022-23 ACTUAL TO 2023-24 BUDGET

Column D of Table I summarizes the changes in revenue projected to be available to the University for 2023-24 and how it is proposed to allocate revenue increases to fund inflationary increases to expenditures in the operating budget.

Revenues

Provincial operating grants: The University's total provincial operating support is expected to increase \$1.5 million to \$113.3 million. As noted previously, the province will keep the base operating funding level stable from 2020-21 to 2024-25.

- The base operating grant will remain at the 2020-21 level of \$108.5 million.

- Additional funding of \$880,000 was received to fund the second year of a 62-seat expansion in the Saskatchewan Collaborative Bachelor of Science in Nursing Program and a 5-seat expansion in the Collaborative Nurse Practitioner Program.
- Additional funding of \$469,400 was received under the Health Human Resources Action Plan that was announced by the Government of Saskatchewan on January 31, 2023. This will help offset costs of 8 additional Clinical Psychology MSc seats and 20 additional PhD seats.
- Funding for the Saskatchewan Innovation and Opportunity Scholarship (SIOS) program remains unchanged from the mid-year reduced amount of \$750,900
- Funding for French-language programs as part of the Canada-Saskatchewan Agreement on Minority-Language Education and Second Official-Language Instruction was maintained at \$801,000. An additional \$200,000 was provided to La Cite in support of French second language instruction. There is a corresponding offset to the expenditure budget to match the increase in revenue.

Federal grants: The federal government grant that helps the University cover the indirect costs of research (the Research Support Fund) is budgeted to be \$2.9 million. This has been left at the 2022-23 level as the 2023-24 number, which is based upon the results of the tri-council research funding, has not yet been received.

Tuition and fees: The total net revenue increase from tuition and fees is budgeted at \$10.9 million. This total incorporates the impact of a 4.0% tuition rate increase effective in the Fall semester. Also, enrolment increases of 15% are anticipated for undergraduate international students and an enrolment increase of 2% is anticipated for graduate students. An increase to the graduate studies application fee from \$100 to \$125 will generate an additional \$137,000 with all of the additional revenue going to Graduate Studies to fund the Graduate Advanced Training and Entrepreneurship (GATE) Centre.

The Centre for Continuing Education: The contribution by the Centre for Continuing Education (CCE) to the University's operating budget is projected to be \$24.6 million, \$4.5 million higher than the 2022-23 budgeted amount. The anticipated enrolment increases and tuition increase described above, as well as increased revenues from non-credit instruction accounts for the increase in the current year's projection.

The CCE surplus is a vital source of revenue to the University. It directly supports staffing and programming in units across campus. CCE will also continue its annual contribution to servicing the debt for the College Avenue Campus Renewal (\$1 million).

Recoveries: Recoveries are budgeted to be \$2.1 million higher than projected in 2022-23. The additional revenue comes from a number of areas including:

- \$624,800 from CCE for flexible learning fees for service.
- \$111,000 from the Recreation and Athletic fee rate and enrolment increases. This increase in recovery revenue is offset by an increase in the expenditure budget in Kinesiology.
- The Recreation and Athletic Fee has been renamed the Student Services, Health & Wellness Fee and has now been applied to all students both on and off campus. Previously, this fee was only assessed to on campus students. This change will generate an additional \$646,000 and will be used to cover the costs of student health, wellness and service initiatives including additional mental wellness services for students in Saskatoon, Prince Albert and northern Saskatchewan.
- \$333,800 a result of increases in utility recoveries.
- \$374,000 as a result of recoveries identified by various Faculties and units on campus as part of the 5% base budget reduction exercise.

Expenditures

The budget provides funding for non-discretionary inflationary cost increases including salary and benefit increases for current base funded employees. There were across the board base budget reductions allocated of 5.0% with the exception of UR International and the Indigenous Office.

Academic and academic support investments: The decrease in funding of \$2.8 million for Faculties represents:

- Base budget reductions in the faculties of \$5.0 million. The impact of the 5% budget reduction identified previously.
- Increase to the expenditure budget of the Centre for Continuing Education of \$1.2 million for contract and sessional teaching cost increases, salary and benefit cost increases, increased profit sharing with the faculties and increased costs in non-credit teaching.
- Additional resources of \$1.0 million for the new seats in Nursing.
- Additional resources of \$469,400 for 8 additional Clinical Psychology MSc seats and 20 additional PhD seats.
- \$200,000 in funding for La Cité universitaire francophone as an offsetting adjustment to the increase in direct funding for La Cité for English as a second language instruction.
- Increases of \$31,000 to Engineering, Business Administration and Graduate Studies from additional anticipated graduate tuition revenue that is shared with those Faculties.
- An increase to the Kinesiology budget by \$111,000 to correspond with the anticipated increase to the Health, Wellness and Student Service Fee revenue.
- The Faculty of Science received funding for two additional faculty members in Computer Science; Media, Art and Performance received funding for one additional faculty member for a new design program; and Graduate Studies received funding for a position in Admissions/Registration support as well as funding for the GATE program which was funded from the increase to the graduate studies application fee noted previously.

Library operations, the Centre for Teaching and Learning, the Registrar's Office and Student Affairs had their base budgets reduced by \$596,000. The Library Acquisitions budget was increased by \$300,000.

Information Services: The overall budget increased by \$121,000. The amounts budgeted for the desktop computing Evergreen program and the telephone exchange remains unchanged at \$1,050,000. Maintenance contracts to support central research, teaching and administrative licenses and systems increases by \$473,000. Information Services received a 5% base budget reduction of \$352,000.

University Operations: The proposed operating budget shows a decrease in the budget of \$790,000. Budget reductions in the Executive Office, University Governance Office, Human Resources, Financial Services, Research Office, and University Advancement and Communications total \$902,000. Increased costs of some central benefits administered through Human Resources added \$17,000 to the budget and a financial analyst in Financial Services was added to support the significantly increased workload from increased research funding. This position was previously funded by a recovery from the VP Research. Funding this position will allow those funds to remain in Research to continue to support the successes there.

University Services, Provision for Salary & Benefits and Other Expenses: This budget total increased by \$9.7 million. There are a number of changes to non-discretionary expenditures including; the cost of Banking, Legal, Bad Debt and Other Recurring Costs; insurance costs; administrative leaves; and the top-up for Canada Research Chairs budgets. This amount also includes the University's costs for the provision for increased salaries and benefits based upon known and anticipated collective

agreement settlements. The University is recovering salary budget from units for positions that became vacant prior to April 30, 2023 by the amount that the salary budget exceeds the floor of the vacant position. The benefits cost savings for eliminated positions as a result of base budget reductions is also recovered in the Provision for Salary & Benefits account. The expenditure budgets for the increased Nursing and Health Human Resources Funding as well as the Wellness and Student Service fee expansion is recorded in a central account and will be allocated to the appropriate Faculty or unit as the positions are filled. It also includes a \$387,000 increase in employer's payments to the Canada Pension Plan as the result of rate increases.

Facilities Management and Utilities: The budget for Facilities Management has increased by \$106,000 for 2023-24. Although the base budget of Facilities Management was reduced by \$625,000, the utility expenses are forecast to increase by \$731,000 gross and \$398,000 net of recoveries. The Carbon Tax continues to impact the University negatively costing the University a total of \$1,329,000 gross and \$676,000 net of recoveries.

Summary: Operating budget expenditures are budgeted to increase by \$6.1 million over 2022-23 projected spending and a \$7.5 million increase from the initial 2022-23 budget.

ADDITIONAL INVESTMENTS - NON-BASE FUNDING

\$849,500 will be funded from uncommitted surplus operating funds from 2022-23 to fund additional non-base investments. (The comparable figure in the previous year was \$768,000.)

Items funded include:

- GATE Funding in Graduate Studies and Research (\$100,000) (3yr commitment).
- Strategic Enrolment Intelligence Analyst in the Registrar's Office (\$87,500) (3yr commitment).
- Experiential Learning Centre Student Assistant and Teaching Releases (\$132,000).
- Marketing Strategist and Marketing Campaign costs in Marketing and Communications (\$130,000).
- Entrance Scholarships to cover committed awards in Student Awards and Financial Aid (\$400,000).

One-time government funded:

- La Cite' received \$958,333 additional complementary funding to support the Bachelor of Social Work at La Cite'. This is funding for year two of a two year program and is subject to appropriation of funds by Parliament and the budget levels of the Program. \$2 million was received in 2022-23 which was year one of the complementary Social Work support funding.

As part of the multi-year funding agreement between the province and the University, the province provided approximately \$5.5 million of one-time funding in 2021-22 and 2022-23. Priority areas for investment include:

- institutional recovery from the COVID-19 pandemic;
- institutional transition post-COVID-19 pandemic;
- academic and administrative innovations;
- revenue generation and expense reduction initiatives;
- efficiency through collaboration among institutions; and,
- other government priorities including those identified in Saskatchewan's Growth Plan for the "Next Decade of Growth 2020-2030".

The application template, process and schedule were shared with the Senior Leadership Team (SLT) in early November 2021. Since then, with a commitment to transparency throughout the process, members of the SLT have submitted proposals and made presentations to SLT, Council Committee on Budget (CCB), the President and the three Vice-Presidents formally requesting allocations of the one-time funds.

Three overarching criteria and nine rating criteria (derived from the MOU and Budget Letter) were established to evaluate the projects. Projects that were successful to a greater extent exhibited a commitment to the three overarching principles:

1. Provide Revenue Generating or Cost Savings initiatives
2. Provide funding or savings that flow centrally
3. Increase the University's reputation in a positive manner

Guided by the MOU and Budget Letter, evaluation of submissions also considered the following rating criteria:

- A. Institutional recovery and transition from the COVID-19 Pandemic
- B. Academic and administrative innovations supporting Financial Sustainability
- C. Revenue generation (level of additional financial support and speed anticipated)
- D. Expense reduction initiatives (level and speed of reduction generated)
- E. Efficiency through collaboration with partner institutions

- F. Support of the Saskatchewan Growth Plan
- G. Proportion of funding or savings flowing centrally
- H. Overall improvements and impact to University reputation
- I. Potential risk (size, scale, cost and complexity of the proposal)

Using the criteria above along with the assistance of feedback from SLT and CCB, the three Vice Presidents met and evaluated the proposals. They made recommendations to the President and he approved the projects to date that have receive funding. In summary \$9.6 million of the \$11 million has been allocated to initiatives which includes a \$1 million allocation for a new educational platform, \$1.1 million for student relationship management software as well as a \$1.5 million allocation to cover direct out of pocket costs incurred by the University in the COVID response over the last three years. This leaves a balance of \$1.4 million unallocated. A final round of proposals has been scheduled for May, 2023 at which time, the remaining balance will be allocated.

Reporting to the Board and the province on these approved projects as well as progress on implementation occurs semi-annually (January 31 and June 30) as required in the provincial Budget Letter and Memorandum of Understanding.

CAPITAL FUND

PREVENTATIVE MAINTENANCE AND RENEWAL

The provincial Preventative Maintenance and Renewal (PMR) grant for 2023-24 has remained unchanged at \$5.324 million. Special PMR funding of \$900,000 was also received as partial funding towards two capital projects to address a number of fire code and fire inspection deficiencies in the Lab Building and the Research and Innovation Centre Building. Table II displays the proposed allocation of the available funds.

After providing for the required debt payment of \$980,000 with respect to previous external borrowing for utilities upgrades and other capital improvements, the amount available for priority facilities projects and equipment renewal is \$5.244 million.

The allocation to Facilities Management for projects for plant restoration and renovations totals \$4.656 million. Funding for equipment remains at \$588,000. The allocation to Information Services for IT infrastructure renewal and upgrades across the campus is unchanged at \$450,000. Facilities Management will receive \$138,000 for classroom and common space furnishings.

TABLE II

**UNIVERSITY OF REGINA
2023-24 PREVENTATIVE MAINTENANCE AND RENEWAL ALLOCATION
(000's)**

FUNDS AVAILABLE:

	2022-23	2023-24
PROVINCIAL GRANT	\$ 5,324	\$ 6,224
TOTAL FUNDS AVAILABLE	5,324	6,224

ALLOCATION:

FACILITIES MANAGEMENT PROJECTS		
FACILITIES MANAGEMENT - PRIORITY PROJECTS	3,756	3,756
FACILITIES MANAGEMENT - SPECIAL PMR	-	900
Subtotal	3,756	4,656
EQUIPMENT RENEWAL:		
EQUIPMENT AND FURNISHINGS	588	588
Subtotal	588	588
DEBT REPAYMENT:		
2005 UTILITIES UPGRADE, AD-HUM RENOVATIONS, ETC.	980	980
Subtotal	980	980
TOTAL ALLOCATION	\$ 5,324	\$ 6,224

CAPITAL BUDGET

Table III presents the Capital Fund budget for 2023-24. The \$18.1 million capital expenditure budget includes \$11.2 million for capital projects, \$0.8 million for equipment replacement, and \$6.2 million for bond repayment and interest on debt from past capital projects. Total revenue is projected at \$18.4 million.

Funds to be provided in 2023-24 by the provincial government for Preventative Maintenance and Renewal (\$5.3 million); Special PMR (\$0.9 million); for principal and interest payments on past sustaining capital borrowings (\$1.0 million); Health Human Resources Action Plan (\$0.5 million) and one-time costs related to the Nursing seat expansion (\$0.4 million) appear in revenues.

Funds are transferred from the ancillary fund, trust funds, and operating units to the capital fund (\$9.4 million) in order to make payments on mortgages or loans with respect to residences and to fund other projects.

There is no direct impact on the University's operating budget from these capital expenditures. Projects always consider opportunities to reduce future maintenance and utilities costs. Every capital project has a funding source identified prior to work being done on the project.

TABLE III

UNIVERSITY OF REGINA 2023-24 CAPITAL FUND BUDGET (000's)		
REVENUES	2022-23	2023-24
Government Grants		
Provincial Capital Grant - Preventative Maintenance and Renewal	\$ 5,324	\$ 5,324
Provincial Capital Grant - Fire Code Deficiency Repairs	-	500
Provincial Capital Grant - Health Human Resource Action Plan	-	500
Provincial Capital Grant - Lab Fume Hood Cleaning and Inspection	-	400
Provincial Capital Grant - Nursing program Infrastructure	430	425
Provincial/Federal Funding - La Cité Renovation of Postsecondary Spaces	112	-
Capital Grant Loan Payments	1,185	1,005
Total Government Grants	7,051	8,154
Other Funding		
Ledcor - College Avenue Campus (CAC) Landscaping	50	50
South Saskatchewan Community Foundation (Cypress Hills Project)	75	75
Total Corporate Funding	125	125
Interfund Transfers		
Ancillaries for CKH&S Parkade	250	250
Ancillaries for College West Mortgage	28	18
Ancillaries for Paskwaw/Wakpa Residence	3,081	3,081
Ancillaries for Kisik Residence	3,708	3,702
Misc. Transfers from Units for Capital Projects	879	-
Transfers from Bond Sink Funds for Interest Expense	2,307	2,307
Transfers to pay for Utilities/Artificial Grass Financing	30	30
Total Interfund Transfers	10,283	9,388
Interest Revenue	500	500
Miscellaneous Recoveries	200	200
TOTAL REVENUE	\$ 18,159	\$ 18,367

TABLE III

**UNIVERSITY OF REGINA
2023-24 CAPITAL FUND BUDGET
(000's)**

EXPENDITURES

	2022-23	2023-24
Priority Capital Projects in Excess of \$500,000		
CK 219-222 Multipurpose Room	540	-
College Avenue Campus (CAC) Plaza Landscaping	195	113
College Avenue Campus (CAC) Revitalization	266	239
College Building Basement Floor Heaving Phase III	700	100
College West Main Switchgear Upgrade	-	500
Conexus Site Servicing	62	75
Cypress Hills	-	730
Darke Hall Restoration	715	222
Education Foundation Repairs	-	14
Faculty of Nursing Expansion	-	600
Power Factor Correction	-	650
RC Elevator Hydraulic Cylinder Replacement	297	-
RIC Roof Replacement	-	348
Window Replacement - Library and Ad Hum Building	-	500
Total Capital Projects in Excess of \$500,000	2,775	4,091
Capital Projects	7,294	7,068
Capital Equipment Replacement From PMR Funding	588	588
Interfund Transfers		
Capital Equipment Replacement	200	200
Transfer Conexus Donation to Trust for Bond Repayment	500	500
Total Interfund Transfers	700	700
Interest on Debt		
Series A Debenture	2,706	2,706
FNUC Parking Lot Financing	1	-
Paskwaw/Wakpa Residence Financing	1,131	996
Kisik Residence Financing	1,837	1,762
CKH&S Parkade Financing	21	19
Utility/Artificial Grass Field Loan Financing	134	75
Capital Grant Loans	136	100
Total Interest on Long-Term Debt	5,966	5,658
TOTAL EXPENDITURES	\$ 17,323	\$ 18,105
NET CAPITAL POSITION	\$ 836	\$ 262

ANCILLARY FUND BUDGET

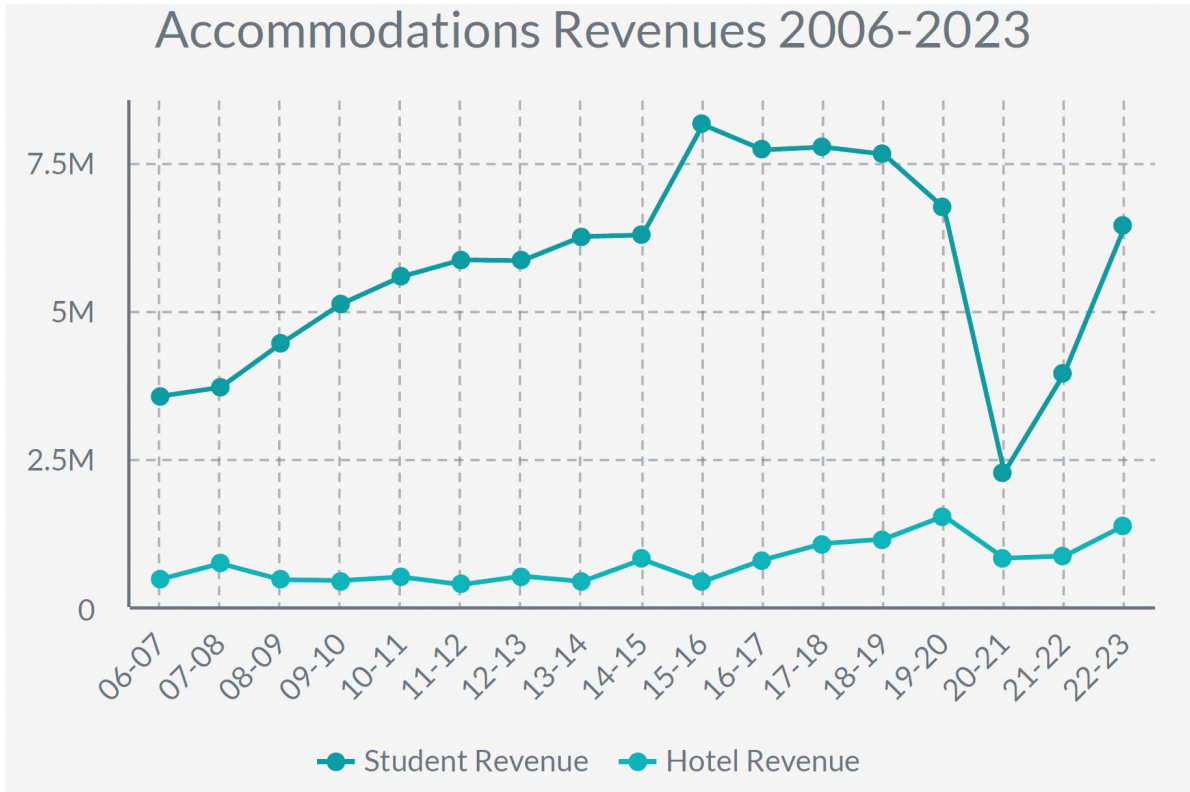
The 2023-24 budget for the University’s ancillary services is presented in Table IV.

The overall ancillary services budget projects a deficit of \$4.7 million. The ancillaries (before the residences) are budgeted to generate a profit of \$545,000 which is in line with the long-term business plan. The residence deficit is budgeted at \$5.2 million as occupancy levels will take some time to return to pre-pandemic levels.

Normally the Operating Fund does not subsidize the ancillary operations of the University. The impact that the pandemic had on the ancillaries required an exception to be made as the residences and parking lots were almost empty, food services operations were closed and the bookstore received little to no traffic. This resulted in significant shortfalls in revenue while many costs including external debt repayments and fixed operating costs remained, resulting in losses that the University would not have been able to recover from without subsidization.

A subsidy of \$9 million, \$8 Million and \$4 million was transferred to the ancillaries respectively in 2020-21, 2021-22 and 2022-23. These transfers left the ancillaries in the same financial position that they were anticipated to be in, under normal operating conditions. These contributions were made available through repurposing of carry forward funds and funds that had been earmarked for other priority projects in the units. We are grateful to all members of the Senior Leadership Team for the commitment to the wellbeing of the institution that these contributions represent.

Below is a graph showing the residence revenues and the impact that the pandemic has had on the operations.



Ancillary operations of the University will continue to be adversely affected in 2023-24 mostly as a result of reduced residence occupancies. The shortfall in revenue will no longer be subsidized by the Operating Fund but will instead add to the accumulated debt in the Ancillary Fund that will be repaid in future years.

Normally the ancillaries are projected to generate a profit of \$500,000 with the residence operations losing money for a number of years based upon a business case. Eventually the entire residence deficit will be recovered through surpluses on the residence operations in future years as the mortgages are repaid.

The budgets for the operations of parking services and the residences incorporate rates previously approved by the Board: an average of 4% increase for parking. No rate increase was requested for the residences.

TABLE IV

UNIVERSITY OF REGINA					
2023-24 ANCILLARY FUND BUDGET					
(000's)					
	2023-24			2022-23	
	REVENUES	EXPENDITURES	NET POSITION	NET POSITION	
PARKING	\$ 4,298	\$ 3,748	\$ 550	\$	306
BOOKSTORE	100	104	(4)		(72)
PRINTING SERVICES	210	186	24		17
FOOD SERVICES	513	566	(53)		(117)
LEASED SPACE	30	2	28		28
TOTALS BEFORE RESIDENCES	5,151	4,606	545		162
TOTAL RESIDENCES	10,853	16,095	(5,242)		(6,401)
TOTAL ANCILLARIES	\$ 16,004	\$ 20,701	\$ (4,697)	\$	(6,239)

RESEARCH FUND

Because of the inherent unpredictability of both revenue and expenditures, it is difficult to construct a meaningful Research Fund budget. On the revenue side there are significant variations from year to year in the total amount of grant and contract money received. Some grants or contracts will expire during the year with no opportunity for renewal, while some new opportunities for grants will arise. Moreover, the majority of federal research grants are made as of April 1, i.e., in the final month of the University’s fiscal year, making it all the more problematic to calculate a reasonable estimate for research revenues a year in advance.

Total research revenues depend on several factors:

- how much funding is made available by federal and provincial governments and by industry and other research funders;
- how many University of Regina researchers apply for these and other external research funds;
- how much funding they request; and
- how successful they are as competition for these funds increases year by year.

With respect to expenditures, the University cannot predict with certainty the rate at which the funds will be expended. The use of such funds must conform to both the University’s policies and those of the funding agency. Overspending is not permitted on research funds.

Nevertheless, it is useful to provide in the budget plan a sense of the anticipated amount of research funding. Table V presents a rudimentary research budget based on the 5-year average of revenues, adjusted to reflect the possible impact of known factors.

Research revenues have been growing significantly over the last two years. The budgeted revenues have grown from \$21 million in fiscal year 2021-22 to \$27 million in 2023-24.

TABLE V

**UNIVERSITY OF REGINA
2023-24 RESEARCH FUND BUDGET
(000's)**

REVENUE	2022-23	2023-24
Government Grants	\$ 18,812	\$ 21,098
Other Income	5,090	5,967
TOTAL REVENUE	23,902	27,065
EXPENDITURES		
Authorized Research Expenditures	\$ 23,902	\$ 27,065
TOTAL EXPENDITURES	23,902	27,065
Net Position	\$ -	\$ -

THE TRUST AND ENDOWMENT FUND

Developing a budget for the Trust and Endowment Fund is arguably even more challenging than preparing a Research Fund budget. The Trust and Endowment Fund has three main sources of funding: investment returns, new funds from fund-raising activity, and net transfers-in from other funds for investing purposes. Estimating returns on equities and bonds is notoriously fraught with difficulty; there can be dramatic changes in investment returns and, as a result, in the value of the Trust and Endowment Fund from one year to the next. With respect to fund-raising, the timing of individual large gifts is uncertain. Finally, most of the assets of the Trust and Endowment Fund have been provided to the University with restrictions on their use; the University has little latitude in determining the spending rate on these funds.

With these limitations, a Trust and Endowment Fund budget for 2023-24 is presented in Table VI.

TABLE VI

UNIVERSITY OF REGINA 2023-24 TRUST AND ENDOWMENT FUND BUDGET (000's)

REVENUE	2022-23		2023-24	
	<u>Trust Fund</u>	<u>Endowment</u>	<u>Trust Fund</u>	<u>Endowment</u>
Investment Income	\$ 5,542	\$ 2,771	\$ 5,140	\$ 2,570
Fundraising Income	4,478	425	4,113	268
Operating Scholarship Income	978	-	1,172	-
Transfers from Other Funds	3,433	-	3,433	-
TOTAL REVENUE	\$ 14,431	\$ 3,196	\$ 13,858	\$ 2,838
EXPENDITURES				
Student Support/Campaign	\$ 1,665	\$ -	\$ 1,751	\$ -
Operating Scholarships	978	-	1,172	-
Transfers to Other Funds	2,709	-	2,713	-
TOTAL EXPENDITURES	5,352	-	5,636	-
Net Position	\$ 9,079	\$ 3,196	\$ 8,222	\$ 2,838

THE OVERALL FUNDING PICTURE

Table VII aggregates the budgets presented in Tables I to VI to provide a summary of the University's anticipated revenues and expenditures. Its main purpose is to give an indication of the magnitude of the annual financial operations of the University of Regina, with total anticipated revenues of \$338 million and expenditures of \$334 million during the 2023-24 fiscal year. This compares to \$325 million in revenues and \$321 million in expenditures in the 2022-23 budgets.

It is important to understand that none of the fund budgets will be realized precisely as presented. During the year, the Board of Governors, in the context of its fund-monitoring policy, receives and reviews regular interim reports on the operating, capital and ancillary funds.

The following should also be noted. The Comprehensive Budget Plan has been prepared using generally accepted accounting principles consistent with those used in the University's audited financial statements, with the following exceptions:

- No provision has been made for amortization of capital assets. Capital asset purchases are included in budgeted expenditures at their full acquisition cost.
- No provision has been made for the disposal of any capital assets and the gain or loss to be incurred on any such disposal.
- No provision has been made for any possible change in the accrual of vacation pay and pension accrual.
- The operating budget includes one amount for all recoveries, internal and external. The financial statements show external cost recoveries as revenues, but nets internal cost recoveries against expenditures, based on an estimate of which cost categories they were recovered from.
- Certain expenditure and revenue amounts in the operating budget are treated as inter-fund transfers if they are "spent" or "received" by moving them to another fund. For example, expenditures by a faculty for room renovations will be shown as an inter-fund transfer of funds from the Operating Fund into the Capital Fund. Facilities Management will then charge the renovation expenditures to the Capital Fund.

TABLE VII

**UNIVERSITY OF REGINA
2023-24 ALL UNIVERSITY FUNDS
(\$000's)**

	GENERAL FUND					RESTRICTED FUND				ENDOWMENT FUND	TOTAL ALL FUNDS
	OPERATING FUND	VACATION PAY ACCRUAL FUND	ANCILLARY FUND	SPECIAL PROJECTS FUND	TOTAL GENERAL FUND	CAPITAL ASSET FUND	RESEARCH FUND	TRUST FUND	TOTAL RESTRICTED FUND		
REVENUES:											
GOVERNMENT GRANTS	\$ 116,206	-	-	1,445	\$ 117,651	8,154	21,098	-	\$ 29,252	\$ -	\$ 146,903
STUDENT FEES	113,314	-	-	306	113,620	-	-	-	-	-	113,620
OTHER INCOME	24,249	-	16,004	4,267	44,520	10,213	5,967	13,858	30,038	2,838	77,396
TOTAL REVENUE	253,769	-	16,004	6,018	275,791	18,367	27,065	13,858	59,290	2,838	337,919
EXPENDITURES:											
	256,260	-	20,701	6,018	282,979	18,105	27,065	5,636	50,806	-	333,785
TOTAL EXPENDITURES	256,260	-	20,701	6,018	282,979	18,105	27,065	5,636	50,806	-	333,785
NET REVENUE/(EXPENSES)	\$ (2,491)	-	(4,697)	-	\$ (7,188)	262	-	8,222	\$ 8,484	\$ 2,838	\$ 4,134