



**COMPREHENSIVE BUDGET PLAN
FOR 2021-22**

May, 2021

EXECUTIVE SUMMARY

As a result of the pandemic, 2020-21 was one of the most challenging years, both fiscally and operationally, in the history of the University of Regina. 2021-22 will hopefully see a return to more normal operations, but the impacts of the pandemic will continue to be felt in the form of significant budget challenges and uncertainty.

The 2021-22 Comprehensive Budget Plan provides a responsible approach to budget development that offers stability to the Faculties and administrative units as we slowly recover. For the first time in 26 years, the proposed 2021-22 base operating budget for the University of Regina is not balanced. These shortfalls are anticipated to be temporary, with revenues returning to pre-pandemic levels next year or the year following. Any anticipated one-time shortfall in revenue will be handled through a one-time adjustment to the carryforward policy.

The budget has been developed based upon an expectation of mainly remote teaching in the Spring & Summer 2021 semester, increased in-person teaching in the Fall 2021 semester, and good prospects of a return to full in-person teaching for the Winter 2022 semester and beyond. International enrolments, which generate a significant portion of our total tuition revenue, have decreased through 2020-21 and we expect the decline to continue into the 2021-22 year as international students are challenged to get visas and travel into Canada. We anticipate that international enrolments will return to pre-pandemic levels in the next fiscal year. There is also the prospect of a double cohort of international students coming as a result of pent-up demand.

At a time when other provinces are cutting funding for post-secondary education and the province will be mired in pandemic-related debt, the University has signed a 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 will also provide additional one-time funding of \$5.5 million this year and a further \$5.5 million next year 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.

Among members of the University's Senior Leadership Team there has been general agreement that the unique and immediate challenges of the pandemic are coupled with the need for strategic, long-term change. We do not yet know enough about the changing environment to be confident in predicting what the postsecondary sector will look like in five to ten years. Nor do we know enough at this point to make base budget strategic cuts and investments. What is clear is that we must have a robust campus discussion before we make significant structural changes.

This budget therefore proposes that we "bridge" this year to position for strategic change next year, when the end state of the pandemic is better known and there is opportunity for more robust consultation and dialogue. Highlights of the proposed University operating budget include:

- A structural base-budget deficit of \$3.56 million is anticipated. This deficit will be covered through a one-time adjustment to the carryforward policy, thus balancing the budget for this year. The base budget deficit will be addressed next year with the return of international enrolments and 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% increase in tuition levels for most programs.

- The base 2021-22 provincial operating grant has been maintained at last year's level.
 - One-time, non-base funding of \$5.5 million will be provided to the University in both 2021-22 and 2022-23.
 - The application of the Saskatchewan University Funding Model was suspended for 2021-22.
 - The Saskatchewan Innovation and Opportunities Scholarship funding increased \$14,900 from the 2020-21 level to \$765,800.
- 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 \$2.19 million over the 2020-21 budget.
- These investments are made possible by three major elements: the tuition increase, an anticipated increase in domestic enrolments, and the full reinstatement of the Recreation and Athletic fee.
- 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:

- Preventative Maintenance and Renewal Funding from the province is unchanged at \$5,068,000. The internal allocation of these funds is unchanged from recent years.
- The \$23.1 million capital expenditure budget includes \$15.5 million for capital projects, \$0.79 million for equipment replacement, and \$6.77 million for bond repayment and interest on debt from past capital projects. (There are funds for equipment replacement in the operating fund as well.) Total Capital Fund revenue is projected at \$17.7 million. The excess of expenditures over revenues has been funded in prior years or through borrowing against future revenues.
- Similar to the operating fund, ancillary fund revenues will continue to be impacted negatively by the COVID-19 pandemic. The ancillary services budget projects a deficit of \$10.88 million. Residence occupancy rates have decreased significantly during the pandemic and will likely take a couple of years to recover fully. Until it is clear that the pandemic has abated, the number of students, staff and the general public on campus is expected to remain low in the Spring & Summer 2021 and Fall 2021 semesters. This will negatively impact parking revenues and food services revenues. The transfer to Follett of campus store operations will reduce the historic losses associated with the store. Any shortfall in ancillary revenues will be covered by central one-time resources, or with the ancillaries themselves over a number of years.
- Research income and expenditures of \$21.3 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 \$10.6 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 2021-22 contemplates total revenues of \$305 million and total expenditures of \$314 million.

INTRODUCTION

THE 2021-22 BUDGET PROCESS

The 2021-22 budget development process involved extensive consultation over much of the 2020-21 fiscal year. The cycle began with the summer 2020 preparation of the *2021-22 Operations Forecast*, reviewed and approved by the Board and presented to the Ministry of Advanced Education.

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. A number of Town Hall budget updates also occurred over the same time period.

Based upon input received during this consultation, it was decided to proceed with another status quo budget resulting in a base budget deficit that will be covered through a one-time adjustment to the carryforward policy. The expectation is that revenues from international enrolments and non-credit fees will return to pre-pandemic levels in the following year and allow us to balance the base budget. The Board was also updated at the March Board meeting about the direction that management proposed to take in budget development.

In March 2021, budget managers – including deans, associate vice-presidents, and directors – provided budget submissions. Budget managers were asked to identify the following:

- 1. initiatives that will increase our ability to generate revenue and diversify our revenue sources**
- 2. initiatives that will decrease our base operating expenses**

A short description of each idea was requested identifying the initial one-time or development costs, estimated return on investment, and the net improvement for the financial bottom line.

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 analysis and advice. Budget documents were prepared in Financial Services.

A website about the development of the 2021-22 budget provides a video of the town hall meeting, a copy of the town hall presentation, a schedule of the budget events, and other information (<https://www.uregina.ca/orp/budget/2021-22-budget.html>).

BUDGET PRINCIPLES

The following budget principles, as revised by the Board of Governors at its meeting of March 10, 2020, continue to guide the development of the budgets:

1. The annual budget process will be committed to transparency and openness. It will be a consultative process, including consultation with the Board of Governors and its Finance and Facilities Committee.
2. Deans, associate vice-presidents, and directors 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 public service will underpin the budget process.
4. The operating budget shall be balanced. (Although the base budget shows a deficit, the budget is balanced this year with one-time funding. We anticipate a return to a balanced base budget next fiscal year.)
5. Any change in the level of tuition fees shall conform to the tuition policy of the University.
6. Total operating expenditures should be comparable to those at other universities of a similar size and with a similar range of programs and services, all things being equal.
7. Annualized, base-budget operating funding shall be allocated in respect of all permanent faculty and staff positions.
8. 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 overestimation to depend on the amount of uncertainty inherent in a given estimate.
9. The operating budget shall comprise, insofar as possible, all of the operating revenues and expenses of the University. Any restructuring required to achieve and maintain this state will occur as quickly as incremental funding will allow.
10. The operating budget will recognize incremental revenues and expenditures as they arise and not defer such recognition to future budgets.
11. The budget process shall promote long-term institutional sustainability, curricular and program innovation, and the teaching and research reputation of the University.
12. Budget decisions shall rely on a careful balance of evidence and informed judgement.

OPERATING BUDGET

Table I displays, in two steps, the changes in operating revenues and expenditures from the 2020-21 operating budget to the 2021-22 proposed budget.

2020-21 BUDGET TO 2020-21 ACTUAL

As year-end nears, our current estimate of the actual 2020-21 experience naturally differs from the projected revenues and expenditures used in the 2020-21 budget. These differences are displayed in column B of Table 1.

Revenue: Total operating revenue is projected to be \$4.78 million less than budgeted

- Tuition and fee income is \$1.58 million less than initially budgeted for in 2020-21 because international enrolments decreased in the year and non-credit revenues generated from English as a Second Language, Business and Professional Development, Lifelong Learning and the Conservatory were lower than anticipated.
- Transfers are \$0.19 million lower than budget due to a decreased transfer from ancillaries stemming from revenues that were significantly lower due to the pandemic.
- Recoveries are \$3.01 million lower than budgeted as a result of a number of factors including a decrease in the Recreation and Athletic fee revenue as the fee was not assessed in the Spring & Summer and Fall semesters, reduced utilities recoveries and reduced recoveries in the Centre for Continuing Education.

Expenditures: The net change in 2020-21 projected expenditures from the 2020-21 budget is \$2.70 million. The decrease in expenditures is a result of the corresponding decrease in recoveries in Kinesiology and Health Studies and the Centre for Continuing Education due to the pandemic.

As salaries and benefits increased during the year because of cost of living adjustments 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 Faculties and units.

It should be noted that Column C of Table I purposely will not match figures in the University's financial statements for 2020-21. 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 2020-21 that continue into 2021-22.

Entering 2021-22, the net effect is an estimated base-budget negative position of \$2.08 million.

TABLE I

UNIVERSITY OF REGINA 2021-22 BASE OPERATING BUDGET (\$'000's)					
2020-21 BASE BUDGET	CHANGES TO REFLECT 2020-21 ACTUALS	2021-22 PRELIMINARY BUDGET	CHANGES TO BALANCE BUDGET	PROPOSED 2021-22 BUDGET	
A	B	C (A+B)	D	E (C+D)	
REVENUE					
GOVERNMENT GRANTS					
PROVINCIAL GRANTS	110,949	-	110,949	47	110,996
FEDERAL GRANTS	2,360	-	2,360	261	2,621
TOTAL GOVERNMENT GRANTS	113,309	-	113,309	308	113,617
TUITION AND FEES					
TUITION FEES AND PROGRAM FEES	74,231	(3,236)	70,995	1,655	72,650
TUITION FEES PAYABLE TO SASK POLYTECHNIC AND THE FEDERATED COLLEGE:	(14,611)	35	(14,576)	(787)	(15,363)
CENTRE FOR CONTINUING EDUCATION TUITION AND FEES	41,550	1,624	43,174	(830)	42,344
OTHER FEES	2,482	-	2,482	1,094	3,576
TOTAL TUITION AND FEES	103,652	(1,577)	102,075	1,132	103,207
OTHER INCOME	705	-	705	8	713
TRANSFERS	2,908	(193)	2,715	40	2,755
COST RECOVERIES	18,060	(3,009)	15,051	1,923	16,974
TOTAL REVENUE	238,634	(4,779)	233,855	3,411	237,266
EXPENDITURES					
FACULTIES	129,582	(409)	129,173	2,162	131,335
LIBRARY OPERATIONS & ACQUISITIONS	10,625	86	10,711	-	10,711
INFORMATION SERVICES	13,039	208	13,247	604	13,851
STUDENT AFFAIRS	13,354	258	13,612	(30)	13,582
UNIVERSITY OPERATIONS	25,213	532	25,745	76	25,821
UNIVERSITY SERVICES & SALARY/BENEFIT PROVISION	19,270	(3,582)	15,688	2,184	17,872
FACILITIES MANAGEMENT	27,551	212	27,763	(113)	27,650
TOTAL EXPENDITURES	238,634	(2,695)	235,939	4,883	240,822
NET UNIVERSITY POSITION	-	(2,084)	(2,084)	(1,472)	*(3,556)
EXPENDITURES					
Salaries and Benefits	177,984	(522)	177,462	2,790	180,252
Total Scholarships	6,057	(10)	6,047	50	6,097
Library Acquisitions	3,120	-	3,120	-	3,120
Utilities	7,166	-	7,166	(113)	7,053
Other Expenses	44,307	(2,163)	42,145	2,155	44,300
TOTAL EXPENDITURES	238,634	(2,695)	235,939	4,883	240,822

* The \$3.556 base budget deficit shown will be covered through a one-time adjustment to the carryforward policy thus balancing the budget for this year. The base budget deficit will be addressed next year with the return of international enrolments and non-credit revenues from programs such as the Conservatory, Business and Professional Development, Life-long Learning and English as a Second Language.

2020-21 ACTUAL TO 2021-22 BUDGET

Column D of Table I summarizes the changes in revenue projected to be available to the University for 2021-22 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 remain stable at \$110.95 million. As noted above, the province will keep the base operating funding level stable from 2020-21 to 2024-25. They will provide additional one-time funding of \$5.5 million this year and next to fund initiatives that will generate base revenues or savings to allow the University to become more sustainable into the future.

The amount reflects a \$14,900 increase to the Saskatchewan Innovation and Opportunity Scholarship (SIOS) program. There is an offsetting expenditure budget increase to SIOS scholarships.

The amount also reflects a small reduction of \$6,500 in funding for La Cité universitaire francophone. There is an offsetting adjustment in the expenditure budget related to La Cité. The complementary funding to be provided during 2021-22 is yet to be determined but an estimated amount has been made available to La Cité.

The amount also reflects a small increase in funding of \$38,000 for the le Bac program in the Faculty of Education. There is an offsetting expenditure budget increase related to le Bac.

Federal grants: The federal government grant that helps the University cover the indirect costs of research (the Research Support Fund) is budgeted to be \$2.62 million, an increase of \$0.26 million. This is a result of increased tri-council research funding.

Tuition and fees: The total net revenue increase from tuition and fees is budgeted at \$1.13 million. This total incorporates the impact of a 4% tuition rate increase effective in the Fall semester. Also, an enrolment increase of 2% is anticipated for domestic and graduate students. Due to the pandemic, international student enrolments have declined in 2020-21. This budget prepares the institution for continued challenges in international student enrolments flowing from visa and travel issues that are not anticipated to be resolved until 2022.

The Centre for Continuing Education: The contribution by the Centre for Continuing Education (CCE) to the University's operating budget is projected to be \$19.56 million, virtually unchanged from the 2020-21 budgeted amount and \$1.29 million less than the projected outcome for 2020-21. The anticipated decline in international enrolments described above, as well as changing the Distance Delivery Fee and moving the budget for this fee from CCE to "Other Fees" accounts for the decrease 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 Faculties and 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 \$1.92 million higher than projected in 2020-21. The additional revenue is mainly a result of the reinstatement of the Recreation and Athletic Fee in Kinesiology that was not assessed last year in the Spring & Summer and Fall semesters. This increase in recovery revenue is offset by an increase in the expenditure budget in Kinesiology.

Expenditures

The budget provides funding for non-discretionary inflationary cost increases including salary and benefit increases for current employees.

Academic and academic support investments: The increase in funding of \$2.16 million for Faculties represents:

- Increase to the budget of the Centre for Continuing Education (\$459,000) for contract and sessional teaching cost increases, benefit cost increases and increased profit sharing with the faculties.
- Small reduction of \$6,500 in funding for La Cité universitaire francophone as an offsetting adjustment to the reduced direct funding for La Cité
- Small increase in funding of \$38,000 for the le Bac program in the Faculty of Education as an offsetting adjustment to the increased direct funding related to le Bac.
- Small increases to Engineering and JS GS from additional anticipated graduate tuition revenue that is shared with those Faculties. A reduction to the expenditure budget in Business Administration and Graduate Studies from a reduction in graduate tuition revenue shared as a result of anticipated enrolment reductions in the EMBA program. The Business Administration Pin to Ring program was also added to the base budget.
- Increase in Graduate Studies (\$80,000) for graduate scholarships for thesis-based masters students.
- Adjust the Kinesiology budget (\$1.85 million) to correspond with the reinstatement of the Recreation and Athletic fee in the Spring & Summer and Fall semesters.
- Teaching equipment provisions of \$200,000 each for the Faculty of Science and the Faculty of Engineering and Applied Science, base-funded in the 2014-15 operating budget, are retained at the same level. Since 2014-15, these have provided the two Faculties with \$1.6 million each for equipment renewal.

Information Services: The budget for maintenance contracts to support central research, teaching and administrative licenses and systems increases by \$304,000. The amounts budgeted for the desktop computing Evergreen program and the telephone exchange are unchanged. Information Services was also provided 4 new positions (\$299,000) to deal with increased IT security risks, UR Courses support and instructor/student support.

Student Financial Assistance: The proposed operating budget shows an overall \$50,000 increase in the level of student financial assistance. The operating budget incorporated increases to the University Family Scholarship (\$6,000), the Honoring our Future Bursary (\$10,000) as well as the Provincial Sport Governing Body Awards (\$19,000) and Saskatchewan Innovation and Opportunity Scholarships (\$15,000). The budget in the Refugee Student Assistance fund (\$130,000), that has been underspent for the past three years, has been repurposed to pay for graduate scholarships for thesis-based masters programs (\$80,000 noted above), to offset the tuition increase in those programs and for undergraduate entrance scholarships (\$50,000) to assist in enrolments.

University Operations: The proposed operating budget shows an increase in the budget of \$76,000 as a result of increased costs of tuition reimbursements for faculty and staff taking classes.

University Services, Salary Provision and Other Expenses: This budget total increased by \$2.18 million. There are a number of changes to non-discretionary expenditures including; the cost of Banking, Legal, Bad Debt and Other Recurring Costs; Space rental expenditures; insurance costs; administrative leaves; top-up for Canada Research Chairs budgets; anticipated searches; tuition reimbursement costs for employees; and small changes to various benefit budgets. This amount also includes the University's costs for the provision for increased salaries and benefits based on anticipated collective agreement settlements. The University is also recovering salary budget from the Faculties and units for positions that became vacant prior to May 31, 2021 by the amount that the salary budget exceeds the floor of the paygrade of the vacant position. It also includes a \$330,000 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 decreased by \$113,000 for 2020-21. This decrease is a result of utility expenses which are forecast to decrease by

\$113,000 gross and \$53,000 net of recoveries. The decrease is a result of savings generated by the 10% rate reduction received from SaskPower from the Saskatchewan Party election promise. The Carbon Tax continues to impact the University negatively costing the University a total of \$868,000 gross and \$441,000 net of recoveries.

Summary: Operating budget expenditures are budgeted to increase by \$4.88 million over 2020-21 projected spending and a \$2.19 million increase from the initial 2020-21 budget.

USE OF ONE-TIME FUNDS

\$750,000 of one-time expenditures will be funded from uncommitted surplus operating funds from 2020-21. (The comparable figure in the previous year was \$940,000.)

Items funded include:

- Continuation of an Advancement pilot project working with 3 Faculties (the third of a four-year commitment) (\$550,000)
- Start-up of a University-operated Health Centre (\$200,000 to Nursing) (the third of a three-year commitment)

As part of the multi-year funding agreement between the province and the University, the province is injecting approximately \$5.5 million of one-time funding in 2021-22 and \$5.5 million of one-time funding in 2022-23. The University must identify the areas in which it plans to target this investment in order to support long-term financial stability. 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 University must report to the province on the use of the funds by June 30 and January 31 each year based upon templates provided by the province.

Since the announcement of the one-time funding, the Executive Team has begun consulting with all members of the Senior Leadership Team on the best uses of this funding in alignment with the priority areas noted above. Transparency is crucial, beginning with the development of criteria by which funding decisions will be made, and the timeline for those decisions and the deliverables that will flow from them. Also crucial is the alignment of initiatives with the five areas of focus in our Strategic Plan: Discovery; Truth and Reconciliation; Wellbeing and Belonging; Environment and Climate Action; and Impact and Identity.

Proposals have already been received from across campus, and range across the development of new markets for both domestic and international enrolments, strengthening student retention, program innovation at undergraduate and graduate levels, further enhancements to the University's technological and support infrastructure for remote delivery, and campus sustainability and energy-saving initiatives.

Decisions on the allocation of one-time funding will ultimately be made by the President after consultation with the Executive, and will be central to building the foundation for a truly sustainable University.

Reporting to the Board and the province on these approved projects as well as progress on implementation will occur regularly as required in the provincial Budget Letter and Memorandum of Understanding.

CAPITAL FUND

PREVENTATIVE MAINTENANCE AND RENEWAL

The provincial Preventative Maintenance and Renewal grant for 2021-22 is \$5.068 million, unchanged over the last seven fiscal years. Table II displays the proposed allocation of the available funds, which is also unchanged.

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 \$4.088 million.

The allocation to Facilities Management for projects for plant restoration and renovations is \$3.5 million. Funding for equipment is \$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 (primarily seating upgrades in the Classroom Building).

TABLE II

**UNIVERSITY OF REGINA
2021-22 PREVENTATIVE MAINTENANCE AND RENEWAL ALLOCATION
(000's)**

FUNDS AVAILABLE:

	2020-21	2021-22
PROVINCIAL GRANT	\$ 5,068	\$ 5,068
TOTAL FUNDS AVAILABLE	5,068	5,068

ALLOCATION:

FACILITIES MANAGEMENT - PRIORITY PROJECTS	<u>3,500</u>	<u>3,500</u>
EQUIPMENT RENEWAL:		
EQUIPMENT	588	588
Subtotal	<u>588</u>	<u>588</u>
DEBT REPAYMENT:		
2005 UTILITIES UPGRADE, AD-HUM RENOVATIONS, ETC.	980	980
Subtotal	<u>980</u>	<u>980</u>
TOTAL ALLOCATION	\$ 5,068	\$ 5,068

CAPITAL BUDGET

Table III presents the Capital Fund budget for 2021-22. The \$23.1 million capital expenditure budget includes \$15.5 million for capital projects, \$0.79 million for equipment replacement, and \$6.77 million for bond repayment and interest on debt from past capital projects. Total revenue is projected at \$17.7 million.

Funds to be provided in 2021-22 by the provincial government for Preventative Maintenance and Renewal (\$5.07 million) and for principal and interest payments on past sustaining capital borrowings (\$1.35 million) appear in revenues. Funds are transferred from the ancillary fund, trust funds, and operating units to the capital fund (in total \$10.17 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. The \$5.41 million excess of expenditures over revenues has been funded in prior years or through borrowing against future revenues.

TABLE III

UNIVERSITY OF REGINA 2021-22 CAPITAL FUND BUDGET (000's)		
REVENUES	2020-21	2021-22
Government Grants		
Provincial Capital Grant	\$ 5,068	\$ 5,068
Capital Grant Loan Payments	1,609	1,353
Federal Funding - Darke Hall	-	100
Total Government Grants	6,677	6,521
Other Funding		
Conexus - Darke Hall and Site Servicing	-	252
Ledcor - College Avenue Campus (CAC) Landscaping	-	50
Total Corporate Funding	-	302
Interfund Transfers		
Ancillaries for CKH&S Parkade	250	250
Ancillaries for College West Mortgage	45	36
Ancillaries for Kisik Residence	3,721	3,715
Ancillaries for Paskaw/Wakpa Residence	3,081	3,081
Misc. Transfers from Units for Capital Projects	1,415	750
Transfers from Bond Sink Funds for Interest Expense	2,307	2,307
Transfers to pay for Debt Payments on Utilities/Artificial Grass	30	30
UR International Transfer for URI Office Renovation	795	-
Total Interfund Transfers	11,644	10,169
Interest Revenue	-	500
Miscellaneous Recoveries	200	200
TOTAL REVENUE	\$ 18,521	\$ 17,692

TABLE III

**UNIVERSITY OF REGINA
2021-22 CAPITAL FUND BUDGET
(000's)**

EXPENDITURES

	2020-21	2021-22
Priority Capital Projects in Excess of \$500,000		
Asbestos Removal and Pre-Action (AH 106)	\$ 72	\$ -
Central Testing Facility	445	45
Chiller Evaporator Retubing & Overhaul	-	300
CK225 - Former Alliance Health Centre	-	491
CKHS Roof Replacement	-	352
College Avenue Campus (CAC) Historic Lecture Theatre	10	443
College Avenue Campus (CAC) Parking Lot Renewal	25	-
College Avenue Campus (CAC) Plaza Landscaping	-	816
College Avenue Campus (CAC) Revitalization	451	272
College Avenue Campus (CAC) Support for Conexus Development	269	50
College West Renovation	100	-
Conexus Site Servicing	958	60
Darke Hall Restoration	11,652	4,545
Education Foundation Repairs	850	789
EFC Digital Master Control	695	-
Elevator Hydraulic Cylinder Replacement	577	582
Emergency Power Enhancements	-	500
Heating Plant Roof Replacement	39	-
Kinesiology Office Renovation	635	-
Main Campus Sanitary Backflow Prevention Valve	-	590
New Building for Hill and Levene Schools of Business	1,366	-
Parking Services Renovation/Expansion	102	-
Ramsey Drive and Hamilton Street	-	128
Student Wellness Centre	-	48
University Drive South Road Reconstruction	64	51
UR International Office Renovation	940	-
Total Priority Capital Projects in Excess of \$500,000	19,250	10,062
Priority Capital Projects	8,573	5,484
Capital Equipment Replacement From PMR Funding	588	588
Interfund Transfers		
Capital Equipment Replacement	200	200
Transfer Conexus Donation to Trust for Bond Repayment	-	500
Total Interfund Transfers	200	700
Interest on Debt		
Series A Debenture	2,706	2,706
FNUC Parking Lot Financing	6	3
Paskwaw/Wakpa Residence Financing	1,297	1,257
Kisik Residence Financing	1,979	1,909
CKH&S Parkade Financing	105	24
Utility/Artificial Grass Field Loan Financing	242	189
Capital Grant Loans	234	181
Total Interest on Long-Term Debt	6,569	6,269
TOTAL EXPENDITURES	\$ 35,180	\$ 23,103
NET CAPITAL POSITION	\$ (16,659)	\$ (5,411)

ANCILLARY FUND BUDGET

The 2021-22 budget for the University’s ancillary services is presented in Table IV.

Ancillary operations of the University will continue to be adversely affected by the pandemic. Although the budget from 2020-21 (before we understood the impending impact of COVID 19) showed losses of \$3.99 million, the actual losses for the year as a result of the impact of the pandemic are projected to be \$12.84 million. The shortfall in revenue is being backfilled with a one-time transfer from the Operating Fund through contributions from all Faculties and units. These contributions were made available through repurposing of funds that had been earmarked for priority projects in the Faculties and 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.

The ancillaries (before the residences) are budgeted to lose \$1.23 million as we plan for reduced students and staff on campus resulting in losses in Parking and Food Services. Expenses related to the campus store are those stemming from the transfer of operations to Follett; as noted earlier, the new operating model will greatly reduce annual losses. The residence deficit is budgeted at \$9.65 million. This increased deficit is the result of fewer students on campus.

The total budgeted loss for the 2021-22 year is \$10.88 million. Normally the ancillaries are projected to break even with the residence operations losing money for a number of years based upon a business case. The pre-pandemic loss originally anticipated in the business case for 2021-22 is \$1.96 million. The increased pandemic deficit will be covered by the transfer of one-time surpluses from the Operating Fund likely over a number of years. Any shortfall in revenues not covered by the Operating Fund will add to the number of years that the ancillaries will carry a deficit prior to becoming self-sustaining. Eventually the entire residence deficit will be recovered through surpluses on the residence operations in future years.

The budgets for the operations of parking services and the residences incorporate rates previously approved by the Board: an average of 3% increase for parking. No rate increase was requested for the residences.

TABLE IV

**UNIVERSITY OF REGINA
2021-22 ANCILLARY FUND BUDGET
(000's)**

	2021-22			2020-21
	REVENUES	EXPENDITURES	NET POSITION	NET POSITION
PARKING	\$ 1,963	\$ 2,939	\$ (976)	\$ 311
BOOKSTORE	141	305	(164)	(377)
PRINTING SERVICES	188	166	22	24
FOOD SERVICES	520	664	(144)	(9)
LEASED SPACE	30	2	28	55
TOTALS BEFORE RESIDENCES	2,842	4,076	(1,234)	4
TOTAL RESIDENCES	3,381	13,030	(9,649)	(3,992)
TOTAL ANCILLARIES	\$ 6,223	\$ 17,106	\$ (10,883)	\$ (3,988)

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.

TABLE V

UNIVERSITY OF REGINA 2021-22 RESEARCH FUND BUDGET (000's)		
REVENUE	2020-21	2021-22
Government Grants	\$ 14,612	\$ 16,301
Other Income	4,204	5,009
TOTAL REVENUE	18,816	21,310
EXPENDITURES		
Authorized Research Expenditures	\$ 18,816	\$ 21,310
TOTAL EXPENDITURES	18,816	21,310
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. COVID-19 has added to the uncertainty surrounding returns and the market reaction to life after COVID-19 is not known.

With these limitations, a Trust and Endowment Fund budget for 2021-22 is presented in Table VI.

TABLE VI

**UNIVERSITY OF REGINA
2021-22 TRUST AND ENDOWMENT FUND BUDGET
(000's)**

REVENUE	2020-21		2021-22	
	Trust Fund	Endowment	Trust Fund	Endowment
Investment Income	\$ 4,653	\$ 2,326	\$ 4,843	\$ 2,422
Fundraising Income	1,910	151	3,700	424
Operating Scholarship Income	1,236	-	967	-
Transfers from Other Funds	3,433	-	3,433	-
TOTAL REVENUE	\$ 11,232	\$ 2,477	\$ 12,943	\$ 2,846
EXPENDITURES				
Student Support/Campaign	\$ 1,512	\$ -	\$ 1,512	\$ -
Operating Scholarships	1,236	-	967	-
Transfers to Other Funds	2,706	-	2,708	-
TOTAL EXPENDITURES	5,454	-	5,187	-
Net Position	\$ 5,778	\$ 2,477	\$ 7,756	\$ 2,846

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 \$305 million and expenditures of \$314 million during the 2021-22 fiscal year. This compares to \$314 million in revenues and \$327 million in expenditures in the 2020-21 budgets.

It is important to understand that none of the fund budgets will be realized precisely as presented. This is particularly true as we move through the pandemic and its after-effects. 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 interfund 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 interfund 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
2021-22 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	\$ 113,617	-	-	1,700	\$ 115,317	6,521	16,301	-	\$ 22,822	\$ -	\$ 138,139
STUDENT FEES	103,207	-	-	276	103,483	-	-	-	-	-	103,483
OTHER INCOME	20,442	-	6,223	4,735	31,400	11,171	5,009	12,943	29,123	2,846	63,369
TOTAL REVENUE	237,266	-	6,223	6,711	250,200	17,692	21,310	12,943	51,945	2,846	304,991
EXPENDITURES:											
	240,822	-	17,106	6,711	264,639	23,103	21,310	5,187	49,600	-	314,239
TOTAL EXPENDITURES	240,822	-	17,106	6,711	264,639	23,103	21,310	5,187	49,600	-	314,239
NET REVENUE/(EXPENSES)	\$ (3,556)	-	(10,883)	-	\$ (14,439)	(5,411)	-	7,756	\$ 2,345	\$ 2,846	\$ (9,248)