



**COMPREHENSIVE BUDGET PLAN
FOR 2022-23**

April, 2022

EXECUTIVE SUMMARY

On the heels of a challenging 2020-21 year, the pandemic continued to impact the University of Regina during 2021-22, creating significant, unanticipated financial challenges that will carry over into the 2022-23 and 2023-24 years. When the 2021-22 budget was developed, a return to in-person learning was anticipated 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 that wanted to travel to Regina and attend University. As a result, the University experienced greater than anticipated international student enrolment declines while overall, undergraduate enrolments declined for the first time in over 20 years. 2022-23 will hopefully see a return to more normal operations and a recovery of the enrolment declines experienced in 2021-22, but the impacts of the pandemic will continue to be felt in the form of significant budget challenges and uncertainty.

The 2022-23 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 2021-22, a further and similar base operating budget deficit is being proposed for 2022-23. This will not address the full base budget shortfall, and a further deficit is also anticipated for 2023-24, with the University of Regina returning to a balanced position in 2024-25. One-time funds have been recovered from Units to address the additional tuition shortfall for the 2021-22 year as well as the anticipated budget deficit in both the Operating and Ancillary Funds for 2022-23.

2022-23 marks the second 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 2021-22 and will provide a further \$5.5 million in 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 inflationary pressures impact salaries and other costs.

The budget has been developed based upon an expectation of a return to in-person teaching beginning in the Spring & Summer 2022 semester. International enrolments, which generate a significant portion of our total tuition revenue, have decreased through 2020-21 and 2021-22 but we expect this trend to reverse in 2022-23 as travel restrictions ease and international students are once again able to travel to Regina to attend university. We also anticipate visa processing to return to pre-pandemic levels which should benefit students trying to come to Regina. We anticipate that international enrolments will increase to pre-pandemic levels over the next two fiscal years. There is also the prospect of a double cohort of international students coming as a result of pent-up demand.

The budget has also been developed with the anticipation that the domestic undergraduate enrolment decline experienced in 2021-22 will be recovered in 2022-23 and then grow in the years following. Looking back over the last 20 years, the University has had sustained, consistent enrolment growth

each and every year. The only thing that has changed is the pandemic and the move to remote instruction. It is believed that the return to in-person teaching will translate to increased enrolments as many students want to experience university life as opposed to getting a university degree exclusively on line.

The budget challenge created by the unanticipated enrolment declines were presented to the members of the University's Senior Leadership Team and the board along with four options that identified various degrees of base budget reductions and one-time bridging. It is still believed that enrolments will rebound once operations return to normal, so base budget reductions of the magnitude required to balance the budget were not considered necessary. Instead, the option that proposed a combination of "across the board" base-budget reductions and a structural deficit similar in size to the budgeted deficit of 2021-22, with bridge funding to cover it, was chosen. This option is premised on a significant "bounce-back" in enrolments in 2022-23.

The budget therefore proposes that we once again "bridge" this year and work to recover and grow enrolments both domestic and international 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 \$3.5 million is anticipated. This deficit will be covered through a recovery of one-time funds from all Units of the University. The base budget deficit will be addressed over the next two 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 3.5% increase in tuition levels for most programs.
- The base 2022-23 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 \$837,500 was allocated to pay for 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.
 - One-time, non-base funding of approximately \$5.5 million will be provided to the University per the MOU signed with the government.
 - The Saskatchewan Innovation and Opportunities Scholarship funding remained unchanged at \$765,800.
 - The application of the Saskatchewan University Funding Model was suspended for 2022-23.
- All Units at the University will need to fund the salary and benefit increases for their Units, including anticipated cost of living, increment and merit increases along with the associated benefit increases. The base expenditure budgets of all Units have therefore been reduced by the anticipated salary and benefit increases in the Unit. This varies by Unit but the average budget reduction is 2.7%. Once the new salaries are negotiated and entered into the budget system, the base allocation to the units will return to the current levels.
- 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 \$7.9 million over the 2021-22 budget.
- These investments are made possible by four major elements:
 - The tuition and fees increase.
 - Increased enrolments.
 - Increased non-credit revenue.
 - Increased Nursing 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:

- Preventative Maintenance and Renewal Funding from the province increased by \$256,000 to \$5,324,000. The increase was allocated to Facilities Management for use on priority projects while the remaining internal allocation of these funds is unchanged from recent years.
- The \$17.3 million capital expenditure budget includes \$10.1 million for capital projects, \$0.8 million for equipment replacement, and \$6.5 million for bond repayment and interest on debt from past capital projects. Total Capital Fund revenue is projected at \$18.2 million.
- 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 \$6.2 million. Residence occupancy rates have decreased significantly during the pandemic and will likely take a number of years to recover fully. The transfer to Follett of campus store operations will reduce the historic losses associated with the bookstore. \$4 million of the COVID-19 related shortfall in ancillary revenues will be covered by central one-time resources as the ancillaries recover from the impact of the pandemic. The ancillaries themselves will become profitable over a number of years as the mortgages are repaid and will repay any accumulated deficit.
- Research income and expenditures of \$23.9 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 \$12.3 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 2022-23 contemplates total revenues of \$325 million and total expenditures of \$321 million.

INTRODUCTION

THE 2022-23 BUDGET PROCESS

The 2022-23 budget development process involved extensive consultation over much of the 2021-22 fiscal year. The cycle began with the summer 2021 preparation of the *2022-23 Operations Forecast*, reviewed and approved by the Board and presented to the Ministry of Advanced Education.

In November, the financial impact of significant enrolment declines experienced in the Spring/Summer and Fall semesters was calculated 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 \$3.55 million to \$9 million which carried over to 2022-23 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. A number of Town Hall budget updates also occurred over the same time period. The Board was also updated at a special meeting in January and the March Board meeting about the direction that management proposed to take in budget development.

Based upon input received during this consultation, it was decided to proceed with a combination of base budget reductions and one-time short-term bridge funding. This will result in a continued budget deficit that will be covered through one-time contributions from Units across campus. This deficit will likely extend into the following fiscal year with the plan to balance the base budget in 2024-25. Numerous initiatives to increase enrolments have begun and the expectation is that revenues from enrolment growth and non-credit fees returning to pre-pandemic levels will allow us to balance the base budget.

In March 2022, budget managers – including deans, associate vice-presidents, and directors – were provided with two items:

1. A schedule of one-time funds (\$12.9 million) required to cover:
 - The additional Operating Fund deficit in 2021-22 as a result of the enrolment declines,
 - The anticipated Operating Fund deficit for 2022-23,
 - The anticipated Ancillary Fund revenue shortfalls for 2022-23.
2. A schedule of base budget reductions (\$4.6 million) required to reduce the 2022-23 deficit.

Both schedules were calculated using a formulaic approach in order to treat all Units equitably. The budget managers were asked to identify the allocations of both the one-time funds and the base budget reductions.

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 2022-23 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/2022-23-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 2021-22 operating budget to the 2022-23 proposed budget.

2021-22 BUDGET TO 2021-22 ACTUAL

As year-end nears, our current estimate of the actual 2021-22 experience naturally differs from the projected revenues and expenditures used in the 2021-22 budget. These differences are displayed in column B of Table 1.

Revenue: Total operating revenue is projected to be \$5.5 million less than budgeted

- Tuition and fee income is \$6.2 million less than initially budgeted for in 2021-22. The budget was predicated on international student registrations decreasing by 8% and for registrations from domestic students increasing by 2%. International student registrations decrease 14% while domestic student registrations dropped 6% in the Fall semester and 8% in the Winter semester. The budget was prepared anticipating a return to in-person teaching in the Fall semester, however the pandemic continued to impact the ability of the University to return to in-person. This also resulted in non-credit revenues generated from English as a Second Language, Business and Professional Development, Lifelong Learning and the Conservatory to be lower than anticipated.
- Transfers are \$0.2 million lower than budget due to a decreased transfer from ancillaries stemming from revenues that were significantly lower due to the pandemic. 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 \$0.8 million higher than budgeted as a result of adjustments to the recoveries of the UR Store in Facilities Management and the Science Store.

Expenditures: The net change in 2021-22 projected expenditures from the 2021-22 budget is \$0.5 million. The increase in expenditures is a result of the corresponding increase in expenditures for the UR and Science Stores which was offset by reduced expenditure budgets in the Centre for Continuing Education.

As salaries and benefits increased during the year because of 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 2021-22. 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 2021-22 that continue into 2022-23.

Entering 2022-23, the net effect is an estimated base-budget negative position of \$9.5 million.

TABLE I

UNIVERSITY OF REGINA					
2022-23 BASE OPERATING BUDGET					
(\$'000's)					
2021-22 BASE BUDGET	CHANGES TO REFLECT 2021-22 ACTUALS	2022-23 PRELIMINARY BUDGET	CHANGES TO BALANCE BUDGET	PROPOSED 2022-23 BUDGET	
A	B	C (A+B)	D	E (C+D)	
REVENUE					
GOVERNMENT GRANTS					
PROVINCIAL GRANTS	110,996	-	110,996	737	111,733
FEDERAL GRANTS	2,621	-	2,621	-	2,621
TOTAL GOVERNMENT GRANTS	113,617	-	113,617	737	114,354
TUITION AND FEES					
TUITION FEES AND PROGRAM FEES	72,650	(4,218)	68,432	7,545	75,977
TUITION FEES PAYABLE TO SASK POLYTECHNIC AND THE FEDERATED COLLEGE:	(15,363)	964	(14,399)	(1,726)	(16,125)
CENTRE FOR CONTINUING EDUCATION TUITION AND FEES	42,344	(2,621)	39,723	5,895	45,618
OTHER FEES	3,576	(288)	3,288	91	3,379
TOTAL TUITION AND FEES	103,207	(6,163)	97,044	11,805	108,849
OTHER INCOME	713	-	713	-	713
TRANSFERS	2,755	(153)	2,602	100	2,702
COST RECOVERIES	16,974	783	17,757	896	18,653
TOTAL REVENUE	237,266	(5,533)	231,733	13,538	245,271
EXPENDITURES					
FACULTIES	130,864	602	131,466	1,334	132,800
LIBRARY OPERATIONS & ACQUISITIONS	10,717	40	10,757	(180)	10,577
INFORMATION SERVICES	13,893	30	13,923	1	13,924
STUDENT SERVICES	13,625	109	13,734	(76)	13,658
UNIVERSITY OPERATIONS	26,083	1,298	27,381	(405)	26,976
UNIVERSITY SERVICES & SALARY/BENEFIT PROVISION	17,820	(2,022)	15,798	5,933	21,731
FACILITIES MANAGEMENT	27,820	394	28,214	850	29,064
TOTAL EXPENDITURES	240,822	451	241,273	7,457	248,730
NET UNIVERSITY POSITION	(3,556)	(5,984)	(9,540)	6,081	*(3,459)

* The \$3.459 base budget deficit shown has been covered through a one-time recovery of funds from all Units. The base budget deficit will continue next fiscal year with an anticipated balanced budget in 2024-25.

2021-22 ACTUAL TO 2022-23 BUDGET

Column D of Table I summarizes the changes in revenue projected to be available to the University for 2022-23 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 \$0.7 million to \$111.7 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 approximately \$5.5 million this year to fund initiatives that will generate base revenues or savings to allow the University to become more sustainable into the future.

- The base operating grant will remain at the 2020-21 level of \$108.5 million.
- Additional funding of \$837,500 was received to fund 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
- Funding for the Saskatchewan Innovation and Opportunity Scholarship (SIOS) program remains unchanged at \$765,800
- Funding for French-language programs as part of the Canada-Saskatchewan Agreement on Minority-Language Education and Second Official-Language Instruction was reduced from \$1.7 million to \$1.6 million. There is a corresponding offset to the expenditure budget to match the reduction 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 \$2.6 million. This has been left at the 2021-22 level as the 2022-23 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 \$11.8 million. This total incorporates the impact of a 3.5% tuition rate increase effective in the Fall semester. Also, an enrolment increase of 6% is anticipated for domestic undergraduate students and an enrolment increase of 1% is anticipated for graduate students. Undergraduate international student enrolments are anticipated to increase 8%.

The Centre for Continuing Education: The contribution by the Centre for Continuing Education (CCE) to the University's operating budget is projected to be \$20.2 million, \$532,000 higher than the 2021-22 budgeted amount and \$2.7 million higher than the projected outcome for 2021-22. 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 \$896,000 higher than projected in 2021-22. The additional revenue is mainly a result of increases in utility recoveries (\$626,000) as the total utility costs will increase when students return full time to campus and therefore the corresponding recovery of utilities also increases. Recreation and Athletic Fee revenue in Kinesiology is anticipated to increase by \$261,000 due to the increase in the fee of 3.5% beginning in the Fall semester and the

anticipated enrolment increases. 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. There were across the board base budget reductions allocated of approximately 2.7%. The base budget cuts for all Units reflect the anticipated salary increases for the 2022-23 year. In essence, the Units will need to reduce budgets equal to the increases to the salary costs. The Unit budgets will be reduced May 1 and then the salary increases will be allocated to the Units as the salaries are increased, effectively leaving the Unit in a status quo position at the end of the year.

Academic and academic support investments: The increase in funding of \$1.3 million for Faculties represents:

- Increase to the budget of the Centre for Continuing Education of \$3.2 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 as activities return to normal.
- Additional resources of \$525,000 for the new seats in Nursing.
- Base budget reductions in the faculties of \$2.8 million.
- A reduction of \$63,000 in funding for La Cité universitaire francophone as an offsetting adjustment to the reduced direct funding for La Cité.
- A reduction in funding of \$38,000 for le Bac program in the Faculty of Education as an offsetting adjustment to the decreased direct funding related to le Bac.
- A budget reduction of \$134,000 as a result of transferring the Indigenous Peoples' Health Research Centre to First Nations University.
- Increases of \$339,000 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 \$261,000 to correspond with the anticipated increase to the Recreation and Athletic Fee revenue.

Library operations, the Centre for Teaching and Learning, the Registrar's Office and Student Affairs had their base budgets reduced by \$462,000. \$100,000 of the additional funding for the Nursing seats was allocated to Student Awards and Financial Aid to cover the costs of additional entrance awards. \$25,000 was given to Student Affairs to offset costs associated with the Domestic Experiential Learning Fund.

Information Services: The budget for maintenance contracts to support central research, teaching and administrative licenses and systems increases by \$188,000. The amounts budgeted for the desktop computing Evergreen program and the telephone exchange increased by \$50,000. Information Services received a base budget reduction of \$237,000.

Student Financial Assistance: The proposed operating budget shows an overall \$181,000 increase in the level of student financial assistance. The operating budget incorporated the increase to the Entrance Scholarships noted above (\$100,000), as well as an increase to the Provincial Sport Governing Body Awards (\$81,000).

University Operations: The proposed operating budget shows a decrease in the budget of \$405,000. Budget reductions in UR International, the Executive Office, Human Resources, Financial Services, Research Office, and University Advancement and Communications total \$600,000. Decreased costs of tuition reimbursements for faculty and staff taking classes and some benefits administered through Human Resources saved \$65,000. In response to the strong commitment of sustainability in the University’s Strategic Plan, a Sustainability Office has been established for \$260,000.

University Services, Salary Provision and Other Expenses: This budget total increased by \$5.9 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 and anticipated searches. This amount also includes the University’s costs for the provision for increased salaries and benefits based upon anticipated collective agreement settlements. The University is also recovering salary budget from Units for positions that became vacant prior to April 30, 2022 by the amount that the salary budget exceeds the floor of the paygrade of the vacant position. It also includes a \$437,000 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 \$850,000 for 2022-23. Although the base budget of Facilities Management was reduced by \$501,000, the utility expenses are forecast to increase by \$1.35 million gross and \$726,000 net of recoveries as students return to campus for the entire year. The Carbon Tax continues to impact the University negatively costing the University a total of \$1,050,000 gross and \$533,000 net of recoveries.

Summary: Operating budget expenditures are budgeted to increase by \$7.5 million over 2021-22 projected spending and a \$7.9 million increase from the initial 2021-22 budget.

USE OF ONE-TIME FUNDS

\$768,000 of one-time expenditures will be funded from uncommitted surplus operating funds from 2021-22. (The comparable figure in the previous year was \$750,000.)

Items funded include:

- Continuation of an Advancement pilot project working with 3 Faculties (the fourth of a four-year commitment) (\$257,000).
- Marketing costs in University Advancement and Communications (\$111,000 to University Advancement and Communications).
- Entrance Scholarships to cover committed awards (\$400,000 to Student Awards and Financial Aid).

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 is injecting approximately \$5.5 million more of one-time funding in 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 will receive funding. In summary \$8.3 million of the \$11 million has been allocated to initiatives which also includes a \$1 million allocation for a new educational platform 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 two years. This leaves a balance of \$2.7 million unallocated.

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 2022-23 has been increased by \$256,000 to \$5.324 million. This is an increase of 5% after the amount has remained unchanged over the last seven fiscal years. 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 \$4.344 million.

The allocation to Facilities Management for projects for plant restoration and renovations has increased from \$3.5 million to \$3.756 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
2022-23 PREVENTATIVE MAINTENANCE AND RENEWAL ALLOCATION
(000's)**

FUNDS AVAILABLE:

	2021-22	2022-23
PROVINCIAL GRANT	\$ 5,068	\$ 5,324
TOTAL FUNDS AVAILABLE	5,068	5,324

ALLOCATION:

FACILITIES MANAGEMENT - PRIORITY PROJECTS	<u>3,500</u>	<u>3,756</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	\$ 5,324

CAPITAL BUDGET

Table III presents the Capital Fund budget for 2022-23. The \$17.3 million capital expenditure budget includes \$10.1 million for capital projects, \$0.8 million for equipment replacement, and \$6.5 million for bond repayment and interest on debt from past capital projects. Total revenue is projected at \$18.2 million.

Funds to be provided in 2022-23 by the provincial government for Preventative Maintenance and Renewal (\$5.3 million); for principal and interest payments on past sustaining capital borrowings (\$1.2 million) and for 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 (\$10.3 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 2022-23 CAPITAL FUND BUDGET (000's)		
REVENUES	2021-22	2022-23
Government Grants		
Provincial Capital Grant	\$ 5,068	\$ 5,324
Provincial Capital Grant - Nursing Program Infrastructure	-	430
Capital Grant Loan Payments	1,353	1,185
Federal Funding - Darke Hall	100	-
Provincial/Federal Funding - La Cité Renovation of Postsecondary Spaces	-	112
Total Government Grants	6,521	7,051
Other Funding		
Conexus - Darke Hall and Site Servicing	252	-
Ledcor - College Avenue Campus (CAC) Landscaping	50	50
South Saskatchewan Community Foundation (Cypress Hills Project)	-	75
Total Corporate Funding	302	125
Interfund Transfers		
Ancillaries for CKH&S Parkade	250	250
Ancillaries for College West Mortgage	36	28
Ancillaries for Kisik Residence	3,715	3,708
Ancillaries for Paskwaw/Wakpa Residence	3,081	3,081
Misc. Transfers from Units for Capital Projects	750	879
Transfers from Bond Sink Funds for Interest Expense	2,307	2,307
Transfers to pay for Debt Payments on Utilities/Artificial Grass	30	30
Total Interfund Transfers	10,169	10,283
Interest Revenue	500	500
Miscellaneous Recoveries	200	200
TOTAL REVENUE	\$ 17,692	\$ 18,159

TABLE III

**UNIVERSITY OF REGINA
2022-23 CAPITAL FUND BUDGET
(000's)**

EXPENDITURES

	2021-22	2022-23
Priority Capital Projects in Excess of \$500,000		
Central Testing Facility	45	-
Chiller Evaporator Retubing & Overhaul	300	-
CK225 - Former Alliance Health Centre	491	-
CKHS Roof Replacement	352	-
CK 219-222 Multipurpose Room	-	540
College Avenue Campus (CAC) Historic Lecture Theatre	443	-
College Avenue Campus (CAC) Plaza Landscaping	816	195
College Avenue Campus (CAC) Revitalization	272	266
College Avenue Campus (CAC) Support for Conexus Development	50	-
College Building Basement Floor Heaving Phase III	-	700
Conexus Site Servicing	60	62
Darke Hall Restoration	4,545	715
Education Foundation Repairs	789	-
Elevator Hydraulic Cylinder Replacement	582	-
Emergency Power Enhancements	500	-
Main Campus Sanitary Backflow Prevention Valve	590	-
Ramsey Drive and Hamilton Street	128	-
RC Elevator Hydraulic Cylinder Replacement	-	297
Student Wellness Centre	48	-
University Drive South Road Reconstruction	51	-
Total Capital Projects in Excess of \$500,000	10,062	2,775
Capital Projects	5,484	7,294
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	3	1
Paskwaw/Wakpa Residence Financing	1,257	1,131
Kisik Residence Financing	1,909	1,837
CKH&S Parkade Financing	24	21
Utility/Artificial Grass Field Loan Financing	189	134
Capital Grant Loans	181	136
Total Interest on Long-Term Debt	6,269	5,966
TOTAL EXPENDITURES	\$ 23,103	\$ 17,323
NET CAPITAL POSITION	\$ (5,411)	\$ 836

ANCILLARY FUND BUDGET

The 2022-23 budget for the University’s ancillary services is presented in Table IV.

The ancillaries (before the residences) are budgeted to generate a small profit of \$162,000 as we plan for students and staff on campus for the entire year and revenues from parking, the bookstore and food services to return to normal. The residence deficit is budgeted at \$6.4 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.

In 2020-21, a subsidy of \$9 million was transferred to the ancillaries and for 2021-22, another \$8 million was transferred. These transfers left the ancillaries in the same financial position that they were anticipated to be in, under normal operating conditions. Ancillary operations of the University will continue to be adversely affected in 2022-23 as we slowly recover from the pandemic and will require a further transfer of \$4 million from the Operating Fund. The \$4 million subsidy will offset the overall budgeted loss of \$6.2 million so that the ancillaries will lose the \$2.2 million, which was anticipated in the long term business case. The transfers from the Operating Fund have been generated by contributions from all Units. These contributions were made available through repurposing of 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.

Normally the ancillaries are projected to break even 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.

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
2022-23 ANCILLARY FUND BUDGET
(000's)**

	2022-23			2021-22
	REVENUES	EXPENDITURES	NET POSITION	NET POSITION
PARKING	\$ 3,638	\$ 3,332	\$ 306	\$ (976)
BOOKSTORE	100	172	(72)	(164)
PRINTING SERVICES	174	157	17	22
FOOD SERVICES	556	673	(117)	(144)
LEASED SPACE	30	2	28	28
TOTALS BEFORE RESIDENCES	4,498	4,336	162	(1,234)
TOTAL RESIDENCES	9,113	15,514	(6,401)	(9,649)
TOTAL ANCILLARIES	\$ 13,611	\$ 19,850	\$ (6,239)	\$ (10,883)

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
2022-23 RESEARCH FUND BUDGET
(000's)**

REVENUE	2021-22	2022-23
Government Grants	\$ 16,301	\$ 18,812
Other Income	5,009	5,090
TOTAL REVENUE	21,310	23,902

EXPENDITURES		
Authorized Research Expenditures	\$ 21,310	\$ 23,902
TOTAL EXPENDITURES	21,310	23,902

Net Position	\$ -	\$ -
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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 2022-23 is presented in Table VI.

TABLE VI

**UNIVERSITY OF REGINA
2022-23 TRUST AND ENDOWMENT FUND BUDGET
(000's)**

REVENUE	2021-22		2022-23	
	<u>Trust Fund</u>	<u>Endowment</u>	<u>Trust Fund</u>	<u>Endowment</u>
Investment Income	\$ 4,843	\$ 2,422	\$ 5,542	\$ 2,771
Fundraising Income	3,700	424	4,478	425
Operating Scholarship Income	967	-	978	-
Transfers from Other Funds	3,433	-	3,433	-
TOTAL REVENUE	\$ 12,943	\$ 2,846	\$ 14,431	\$ 3,196
EXPENDITURES				
Student Support/Campaign	\$ 1,512	\$ -	\$ 1,665	\$ -
Operating Scholarships	967	-	978	-
Transfers to Other Funds	2,708	-	2,709	-
TOTAL EXPENDITURES	5,187	-	5,352	-
Net Position	\$ 7,756	\$ 2,846	\$ 9,079	\$ 3,196

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 \$325 million and expenditures of \$321 million during the 2022-23 fiscal year. This compares to \$305 million in revenues and \$314 million in expenditures in the 2021-22 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
2022-23 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	\$ 114,354	-	-	1,449	\$ 115,803	7,051	18,812	-	\$ 25,863	\$ -	\$ 141,666
STUDENT FEES	108,849	-	-	274	109,123	-	-	-	-	-	109,123
OTHER INCOME	22,068	-	13,611	4,463	40,142	11,108	5,090	14,431	30,629	3,196	73,967
TOTAL REVENUE	245,271	-	13,611	6,186	265,068	18,159	23,902	14,431	56,492	3,196	324,756
EXPENDITURES:											
	248,730	-	19,850	6,186	274,766	17,323	23,902	5,352	46,577	-	321,343
TOTAL EXPENDITURES	248,730	-	19,850	6,186	274,766	17,323	23,902	5,352	46,577	-	321,343
NET REVENUE/(EXPENSES)	\$ (3,459)	-	(6,239)	-	\$ (9,698)	836	-	9,079	\$ 9,915	\$ 3,196	\$ 3,413