

UPEI
UNIVERSITY
of Prince Edward
ISLAND

Operating Budget
Fiscal 2012-13

May 8, 2012

Board of Governors

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The University operating budget is the primary tool for planning and funding operating expenditures of the University of Prince Edward Island. The 2012-13 operating budget presents the financial plan to fund University faculties, academic support, administration, property & maintenance, student services and ancillary enterprises.

The operating budget does not include research funds, which are separately budgeted on a project by project basis, but does include the budgets of departments that provide support to research. Capital projects are also budgeted on a project by project basis and reported within the Capital Assets fund of the University. Post retirement obligations of the University are reported within the Post Retirement Benefits fund of the University. Annual transfers are made from the Operating Fund to the Post retirement Benefits Fund to provide funding for the University Pension Plan, post retirement medical benefits and retirement allowances. These transfers are shown within the Operating budget as employee benefit costs.

University revenues are used to cover core operating costs, including wages, utilities, equipment replacement and supply cost increases. The principal sources of funding are provincial government operating grants and student tuition. This document is intended to give the Board of Governors a clear sense of the major components of the University budget together with the changes in revenues and expenditures from last year.

Budget Development

In developing the 2012-13 budget, the University introduced a new budget process to encourage greater accountability within faculties and departments for the revenues and expenditures needed to accomplish the University's mission. Every Dean, Director, and Vice President was asked prepare a budget with a three year revenue and expenditure plan including projected results for 2011-12. Presentation templates and spreadsheet formats were provided by the Comptroller's office to ensure consistency in the budget submissions. Deans and directors were required to consult with their applicable Vice President before presenting their budget. A Budget Committee consisting of the President, Vice President Administration & Finance and the Comptroller reviewed the submissions and met with each Dean and Director. Initial indications from the Province were that the University grant would not increase (0%). Initial budget presentations were based upon this assumption. However, the Province subsequently informed the University to expect grant reductions of up to 3%. The Budget Committee then asked the Vice Presidents to consult with their respective Deans and Directors to find budgets savings and expenditure reductions. The grant reductions combined with the normal inflationary pressures on the UPEI budget, such as salary increments, benefit costs, heat electricity and other costs, necessitated some difficult budget decisions.

In balancing the University's budget for 2012-13, a combination of expenditure reductions along with increases to tuition and other revenue targets was required.

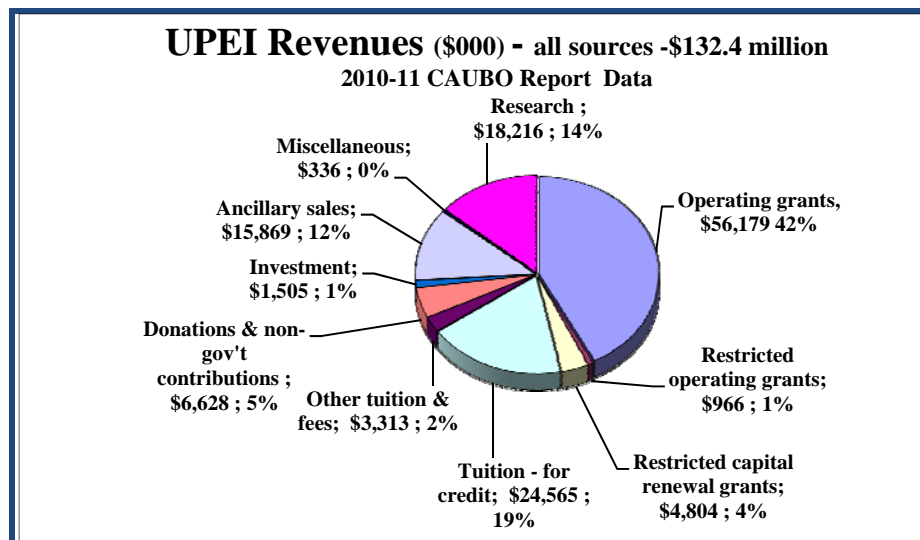
| | |
|-------------------------------|----------------|
| Initial Budget Shortfall | \$ (5,262,000) |
| Reduction to Operating Grants | \$ (1,375,000) |
| Revised Shortfall | \$ (6,637,000) |
| New Revenue: | |
| Enrolment Increase | \$ 1,800,000 |
| Tuition Rate Increase | \$ 1,115,000 |
| Other Revenues | \$ 547,000 |
| Total New Revenue | \$ 3,462,000 |
| Net Shortfall | \$ (3,175,000) |
| Budget Reductions | \$ 3,175,000 |
| Balance | 0 |

This budget requires the maintenance of enrolments at 2011-12 levels. In past years first year undergraduate enrolment was budgeted at 800 new students. This budget sets a more aggressive target of 926 incoming first year undergraduate students. Tuition rate increases were also required to balance the budget.

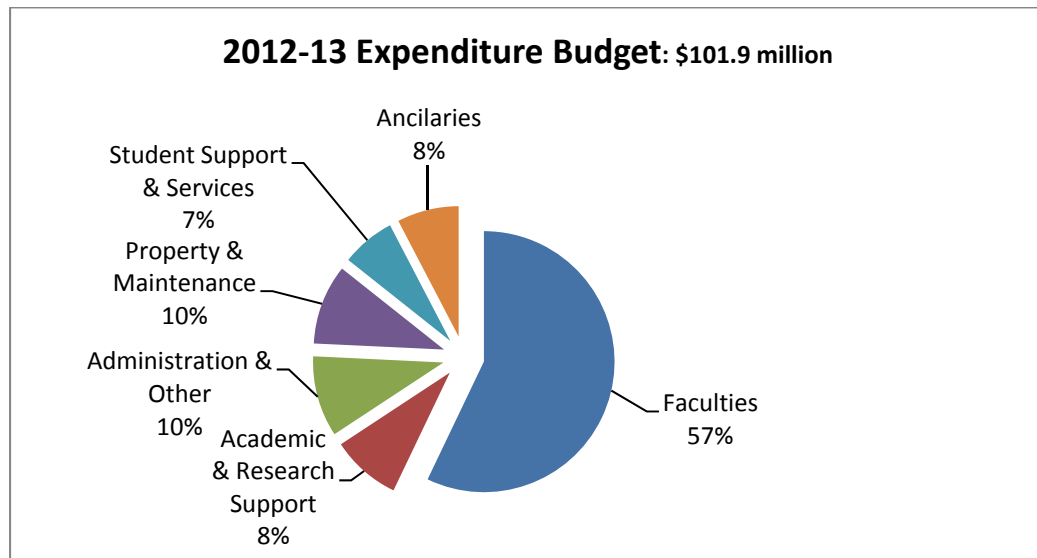
The budget establishes much tighter targets for the growth in salary costs. In addition, more of the year to year or soft dollar revenues and related expenditures are included in the operating budget estimates.

While the operating budget is the University's primary financial management tool, other separately budgeted activities include research, fund raising for endowment, scholarship and capital purposes, and capital construction projects. The University's Capital budget will be presented in a separate document to the Board. To give the reader a sense of the economic impact of the University, please refer to the chart below. On a funds flow basis, the University generated over \$132.4 million in direct revenues in 2010-11.

Chart 1 – Revenues from all Sources 2010-11



UPEI is a people based institution and most of its expenditures (73%) are for salaries and benefits. Other major expenditure categories include utilities, departmental supplies, scholarships, equipment, and library materials. Looking at expenditure by functional areas, 57% of the budget goes directly to the six faculties (Arts, Science, Education, Business, Veterinary Medicine and Nursing).



The recent global economic recession presented both immediate and longer term challenges for the UPEI budget. The decline in global equity markets has negatively impacted our pension and endowed funds. While the markets have made some recovery from the low points, both our Pension and Endowment investments have lost value from which it will likely take several years to recover. Based on the April 30, 2011 Actuarial Valuation, the UPEI Pension Plan has a \$35 million deficit and an 80% funding ratio. The University Endowment is relatively small compared to other Universities, however, there will be some impact on level of funding available for scholarships from this source.

The operating budget relies heavily on government funding. Lower government revenues and high deficits have impacted the funding available for higher education. Not only has this caused reduced funding from the Province of PEI, it also impacted grants from the four Atlantic Provinces to fund the Atlantic veterinary College. These fiscal realities combined with enrolment challenges caused by an expected decline in the PEI high school student population, will mean that UPEI must adopt a strategic and proactive approach in managing its limited resources.

Budget Assumptions

The 2012-13 budget as presented is a balanced budget of revenues and expenditures.

This budget is founded upon the following assumptions:

1. The government of PEI will reduce its operating grant to the University by 3%. Other restricted and targeted grants will remain at status quo.
2. The Province is in the process of negotiating an agreement with the other three Atlantic Provinces to fund the Atlantic Veterinary College. The operating grant estimate contained in this budget is based upon the latest information available.
3. Undergraduate tuition, international fees, DVM tuition, graduate program tuition and other fees will increase as recommended in this budget. Enrolments will meet or exceed predicted levels.
4. Salary and benefits budgets are based upon detailed estimates developed for this budget, including wage settlement costs, increments and benefit costs. Cost estimates are maintained at status quo or lower, except for certain program budgets where expenditures increased based on multi-year plans and targeted funding.

**University of Prince Edward Island
2012-2013 Operating Budget**

| | | 2011-12 Budget Estimate | 2011-12 Budget Forecast | 2012-13 Budget Estimate | <i>Increase/(Decrease) over Forecast</i> |
|----------------------------------|-------------|--|--|--|--|
| Gross Operating Revenues: | | | | | |
| Tuition & Student Fees: | Schedule #1 | \$24,983,723cr | \$27,199,629cr | \$28,058,739cr | \$859,110 |
| Operating Grant | | 53,857,823cr | 53,970,823cr | 52,594,843cr | (1,375,980) |
| Restricted Grants ** | | 1,629,220cr | 1,504,420cr | 1,504,420cr | 0 |
| Ancillary Sales | Appendix C | 7,753,549cr | 7,831,433cr | 8,083,127cr | 251,694 |
| Sales and Service | Schedule #1 | 6,337,512cr | 6,897,750cr | 6,536,519cr | (361,231) |
| Other Revenues | Schedule #1 | 4,599,349cr | 6,597,133cr | 4,984,897cr | (1,612,236) |
| Fund Balance Allocations | | 0 | 1,236,806cr | 138,240cr | (1,098,566) |
| Total Operating Revenues | | <u>\$99,161,176cr</u> | <u>\$105,237,994cr</u> | <u>\$101,900,784cr</u> | <u>(\$3,337,210)</u> |
| Expenditures: | | | | | |
| Salaries and Benefits | Schedule #2 | \$71,554,213 | \$73,915,756 | \$73,646,140 | (269,616) |
| Supplies | | 7,478,313 | 8,008,938 | 7,588,389 | (420,549) |
| Capital Expenditures | Schedule #3 | 3,868,859 | 4,749,252 | 3,929,370 | (819,882) |
| Repairs and Maintenance | | 2,377,031 | 2,491,262 | 2,426,994 | (64,268) |
| Scholarships | | 1,304,778 | 1,427,211 | 1,322,332 | (104,879) |
| Utilities | | 5,046,626 | 5,046,626 | 5,210,261 | 163,635 |
| Other | Schedule #4 | 7,531,356 | 9,598,950 | 7,777,298 | (1,821,652) |
| Total Expenditures | | <u>\$99,161,176</u> | <u>\$105,237,994</u> | <u>\$101,900,785</u> | <u>(\$3,337,210)</u> |
| Net Operating Balance | | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |

***Restricted grants include Alteration & Renovation grants and Equipment grants

**University of Prince Edward Island
2012-2013 Operating Budget**

Schedule #1

| | 2011-12 Budget Estimate | 2011-12 Budget Forecast | 2012-13 Budget Estimate | <i>Increase/(Decrease) over Forecast</i> |
|---|--|--|--|--|
| Tuition & Student Fees: | | | | |
| Tuition -Full-time | \$20,214,477cr | \$21,407,546cr | \$22,118,923cr | \$711,377 |
| Tuition - Summer School | 1,037,247cr | 1,487,267cr | 1,490,000cr | 2,733 |
| Tuition - Part-time | 932,341cr | 1,081,581cr | 962,200cr | (119,381) |
| Tuition - Post-graduate programs | 1,398,750cr | 1,689,589cr | 1,493,923cr | (195,666) |
| Athletic & Admin Fee | 546,628cr | 679,366cr | 713,228cr | 33,862 |
| Technology Fee | 90,000cr | 90,000cr | 135,000cr | 45,000 |
| Other Tuition & Fees | 764,280cr | 764,280cr | 1,145,465cr | 381,185 |
| Total Tuition & Student Fees | <u>\$24,983,723cr</u> | <u>\$27,199,629cr</u> | <u>\$28,058,739cr</u> | <u>\$859,110</u> |
| Sales & Service: | | | | |
| Veterinary Teaching Hospital | \$3,673,849cr | \$3,890,443cr | \$3,752,074cr | (\$138,370) |
| Diagnostic Services | 2,061,343cr | 2,061,343cr | 2,221,786cr | 160,443 |
| Animal Resources | 375,634cr | 389,521cr | 395,347cr | 5,826 |
| Other | 226,686cr | 556,443cr | 167,312cr | (389,131) |
| Total Sales & Service | <u>\$6,337,512cr</u> | <u>\$6,897,750cr</u> | <u>\$6,536,519cr</u> | <u>(\$361,231)</u> |
| Other Revenues: | | | | |
| Interest Income | \$443,657cr | \$443,657cr | \$630,657cr | \$187,000 |
| Donations | 259,385cr | 301,575cr | 299,385cr | (2,190) |
| Overhead Recoveries | 1,856,672cr | 2,190,236cr | 1,910,766cr | (279,470) |
| Sports Centre & Athletic Camps | 450,624cr | 805,499cr | 612,348cr | (193,151) |
| Other Grants | 170,715cr | 700,004cr | 115,715cr | (584,289) |
| Centre for Life-Long Learning | 675,554cr | 1,258,550cr | 785,432cr | (473,118) |
| Central Printing | 218,867cr | 218,867cr | 140,000cr | (78,867) |
| Other | 523,875cr | 678,745cr | 490,594cr | (188,151) |
| Total Other Revenues | <u>\$4,599,349cr</u> | <u>\$6,597,133cr</u> | <u>\$4,984,897cr</u> | <u>(\$1,612,236)</u> |

**University of Prince Edward Island
2012-2013 Operating Budget**

Schedule #2

| Salaries and Benefits: | 2011-12 Budget Estimate | 2011-12 Budget Forecast | 2012-13 Budget Estimate | <i>Increase/(Decrease) over Forecast</i> |
|------------------------------------|--|--|--|--|
| Full-time Teaching | \$24,355,813 | \$24,774,560 | \$25,161,855 | \$387,295 |
| Part-time Teaching | 4,376,745 | 4,835,108 | 4,478,045 | (357,063) |
| Support Staff | 27,517,462 | 28,474,431 | 28,059,279 | (415,152) |
| Graduate Students | 469,000 | 463,825 | 438,000 | (25,825) |
| Student Assistants | 1,192,120 | 1,379,004 | 1,304,411 | (74,593) |
| Benefits | <u>13,643,073</u> | <u>13,988,828</u> | <u>14,204,550</u> | <u>215,722</u> |
| Total Salaries and Benefits | <u>\$71,554,213</u> | <u>\$73,915,756</u> | <u>\$73,646,140</u> | <u>(\$269,616)</u> |

Schedule #3

Centralized Costs Other and Capital Expenditures

| Capital Expenditures | 2011-12 Budget Estimate | 2011-12 Budget Forecast | 2012-13 Budget Estimate | <i>Increase/(Decrease) over Forecast</i> |
|-----------------------------------|--|--|--|--|
| Library Books and Periodicals | \$968,965 | \$1,173,061 | \$977,965 | (\$195,096) |
| Equipment & Equipment Financing | 1,195,329 | 1,513,626 | 1,198,011 | (\$315,615) |
| Debt Servicing | <u>1,704,565</u> | <u>2,062,565</u> | <u>1,753,394</u> | <u>(\$309,171)</u> |
| Total Capital Expenditures | <u>\$3,868,859</u> | <u>\$4,749,252</u> | <u>\$3,929,370</u> | <u>(\$819,882)</u> |

**University of Prince Edward Island
2012-2013 Operating Budget**

Schedule #4

Other Expenditures

| | 2011-12 | 2011-12 | 2012-13 | |
|------------------------------|--------------------|--------------------|--------------------|----------------------------|
| | Budget | Budget | Budget | <i>Increase/(Decrease)</i> |
| | Estimate | Forecast | Estimate | <i>over Forecast</i> |
| Advertising | \$287,029 | \$481,665 | \$277,473 | (\$204,192) |
| Bad Debts | 117,100 | 117,100 | 77,100 | (\$40,000) |
| Banking and credit card fees | 100,000 | 100,500 | 100,500 | \$0 |
| Equipment Rental | 135,297 | 144,703 | 80,297 | (\$64,406) |
| Facility Rental | 265,736 | 295,781 | 298,336 | \$2,555 |
| Insurance | 372,482 | 367,365 | 336,482 | (\$30,883) |
| Membership & subscriptions | 209,371 | 244,847 | 225,204 | (\$19,643) |
| Misc | 1,673,875 | 1,868,870 | 1,256,557 | (\$612,313) |
| Photocopy | 232,602 | 237,773 | 215,718 | (\$22,055) |
| Postage | 249,218 | 252,189 | 222,308 | (\$29,881) |
| Professional Development | 520,570 | 571,259 | 540,685 | (\$30,574) |
| Professional fees | 874,299 | 1,608,447 | 1,171,663 | (\$436,784) |
| Representation | 180,050 | 271,208 | 190,708 | (\$80,500) |
| Research support | 504,142 | 916,652 | 876,942 | (\$39,710) |
| Software & Licenses | 280,982 | 302,797 | 281,081 | (\$21,716) |
| Telephone | 375,719 | 389,667 | 326,691 | (\$62,976) |
| Travel | 1,152,884 | 1,428,127 | 1,299,553 | (\$128,574) |
| Total | \$7,531,356 | \$9,598,950 | \$7,777,298 | (\$1,821,652) |

Operating Revenues:

Provincial Operating Grants

The Province of PEI provides general operating grants and restricted operating grants for specific programs. The Provinces of Nova Scotia, New Brunswick and Newfoundland provide grants to the Province of PEI to fund the Atlantic Veterinary College under a four party funding agreement.

Operating Grants

| Fiscal year | General Operating Grant* | Veterinary Medicine Grant | Targeted Grants** | Total |
|---|--------------------------|---------------------------|-------------------|--------------|
| 2010-11 | \$31,094,300 | \$21,185,165 | \$405,912 | \$52,685,377 |
| 2011-12 | \$32,003,207 | \$21,009,364 | \$845,252 | \$53,857,823 |
| 2012-13 | \$31,066,626 | \$20,570,017 | \$958,200 | \$52,594,843 |
| * Includes Ancillary operating grant | | | | |
| ** Targeted Grants include Kinesiology, Kindergarten, Master of Nursing and B.Ed French Immersion | | | | |

The University receives restricted grants for equipment and renovations, and for ongoing Provincial commitments to fund debt retirement under the Core Renewal program, Knowledge Infrastructure Program and for capital maintenance.

Restricted Capital Grants

| Fiscal year | Restricted A&R/ Equipment Grant | Capital Maintenance | Core Renewal | Knowledge Infrastructure | Total |
|-------------|---------------------------------|---------------------|--------------|--------------------------|-------------|
| 2010-11 | \$1,629,220 | \$376,500 | \$2,304,746 | \$250,000 | \$4,560,466 |
| 2011-12 | \$1,629,220 | \$376,500 | \$2,522,697 | \$250,000 | \$4,778,417 |
| 2012-13 | \$1,504,420 | \$376,500 | \$3,148,563 | \$250,000 | \$5,279,483 |

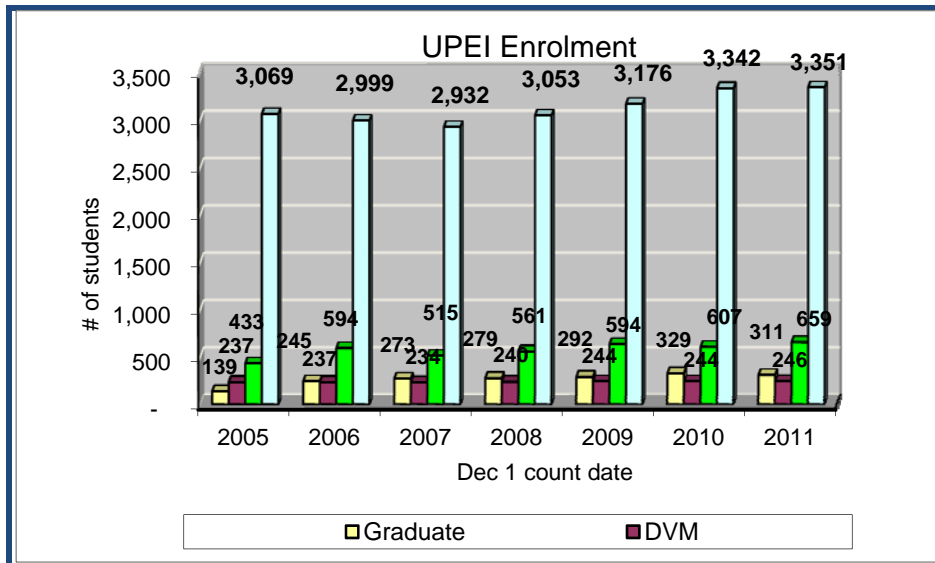
**Capital Maintenance, Core renewal and Knowledge Infrastructure grants support capital debt servicing and are not part of the operating budget.*

Enrolment & Tuition Rates:

Enrolment

As we see in the graph below, UPEI has increased student enrolment over the last few years. Growth in the number of undergraduate, graduate and international students has allowed UPEI to maintain strong enrolments while other universities in the region have seen reduced enrolments. However in 2011-12, we began to see a flattening in enrolment growth, mainly due to the reducing number of PEI high school graduates. From a budget perspective, the particular challenge is predicting undergraduate enrolment. PEI High school enrolment is expected to decline by twenty-five per cent through 2017 and UPEI recruits about 28% of Island high school graduates.

Enrolment History 2005-2011 (December 1st count date)



Undergraduate Enrolment (December 1 count date- actual and predicted (shaded))

| Year | First | Second | Third | Fourth | Undeclared | B.Ed | Totals |
|------|-------|--------|-------|--------|------------|------|--------|
| 2007 | 828 | 718 | 554 | 626 | 56 | 150 | 2,932 |
| 2008 | 904 | 749 | 572 | 618 | 61 | 149 | 3,053 |
| 2009 | 961 | 852 | 584 | 556 | 55 | 168 | 3,176 |
| 2010 | 998 | 819 | 686 | 633 | 54 | 152 | 3,342 |
| 2011 | 939 | 858 | 685 | 671 | 59 | 139 | 3,351 |
| 2012 | 924 | 857 | 663 | 706 | 50 | 150 | 3,350 |
| 2013 | 924 | 843 | 663 | 684 | 50 | 150 | 3,314 |
| 2014 | 924 | 745 | 652 | 683 | 50 | 150 | 3,204 |
| 2015 | 924 | 745 | 576 | 672 | 50 | 150 | 3,117 |

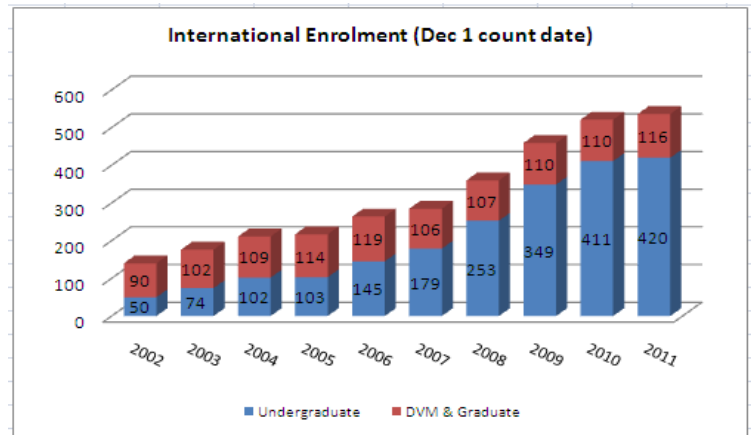
The UPEI student recruitment team under the leadership of the new Vice President Student Affairs is pursuing active strategies to maintain and increase student enrolment. While the University continues to take a cautious approach when including enrolment based revenues in its core budget, this budget increases the first year enrolment target to 924 from the previous 800 target. In addition to recruitment strategies, UPEI will look for unique programming alternatives to attract both domestic and international students. In 2011-12, first year undergraduate enrolment was 939 students.

Enrolment by Faculty

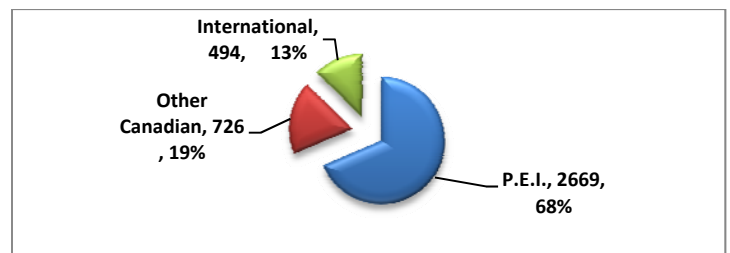
| Under-graduate & Professional Programs | 2011-12 | |
|---|-------------|------------|
| | Full-time | Part-time |
| Arts | 1131 | 121 |
| Business | 646 | 104 |
| Science | 1117 | 70 |
| Nursing | 254 | 7 |
| DVM | 246 | 0 |
| Education | 139 | 149 |
| Other / unclassified | 64 | 208 |
| Totals - Undergraduate & Professional Programs | 3597 | 659 |

| Graduate programs | 2011-12 | |
|-----------------------------------|------------|-----------|
| | Full-time | Part-time |
| MSc -- Science | 25 | 0 |
| MSc -- AVC | 24 | 2 |
| PhD – AVC | 43 | 5 |
| MEduc | 70 | 9 |
| MVSc | 7 | 0 |
| Marts | 21 | 3 |
| AHS | 4 | 0 |
| MBA | 86 | 0 |
| PHD – Edu | 6 | 0 |
| MNurs | 6 | 0 |
| Totals - Graduate Programs | 292 | 19 |

International Enrolment 2002- 2011



Enrolment by Region



Tuition & Fees

Tuition and fee revenues are central to UPEI's plan to balance the operating budget. In 2011-12, UPEI tuition rates were the third lowest in the Atlantic Canada and second lowest in the Maritime Provinces. In dealing with the reduction in government operating grants, some moderate tuition increases were necessary to balance the budget.

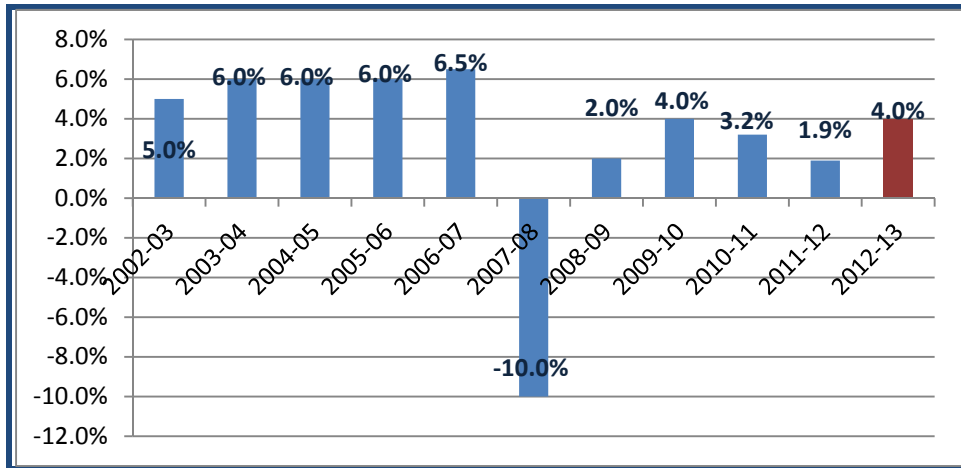
This budget includes an increase to undergraduate tuition of \$20 per course or \$200 per year for a student taking ten courses. An undergraduate course at UPEI will be \$515 in 2012-13 compared to \$495 in 2011-12. In addition, program fees for the Education and Nursing programs will increase to \$500 per year in recognition of the costs related to practicum and clinical instruction. Rates for domestic DVM students will increase by \$419 per year to \$10,890.

The international student fee will increase by \$326 in 2012-13. This fee structure change recognizes of the additional supports that international students require and better aligns UPEI's international fees with other Universities in the region. UPEI tuition fees will remain among the lowest in the Atlantic Provinces for both Canadian and international under-graduate students.

Tuition Rates 2011-12 – Atlantic Universities

| University | Cdn. Student Rate | Int'l Student Rate |
|---|-------------------|--------------------|
| Memorial University of NL | \$2,550 | \$8,800 |
| St. Thomas University | \$4,770 | \$12,680 |
| University of Prince Edward Island | \$4,950 | \$10,624 |
| Université de Moncton | \$5,117 | \$8,677 |
| Atlantic School of Theology | \$5,360 | \$16,080 |
| N.S. Agricultural College | \$5,660 | \$11,320 |
| N.S. College of Art & Design | \$5,662 | \$12,488 |
| University of New Brunswick | \$5,682 | \$12,632 |
| Mount St. Vincent University (Arts) | \$5,715 | \$11,170 |
| Saint Mary's University (Arts) | \$5,750 | \$11,500 |
| Cape Breton University | \$5,830 | \$11,560 |
| Université Sainte-Anne | \$5,830 | \$8,050 |
| St. Francis Xavier University | \$6,130 | \$12,782 |
| University of King's College (Arts) | \$6,210 | \$13,470 |
| Dalhousie University | \$6,210 | \$13,941 |
| Acadia University | \$6,591 | \$13,327 |
| Mount Allison University | \$6,920 | \$14,530 |
| Average - Atlantic Universities | \$5,585 | \$11,978 |

Chart 10 – Undergraduate Tuition Rates (Increases/ Decreases since 2002-03)



The Province of PEI provided tuition replacement grants in 2007-08 and 2008-09. Annual rate increases have averaged 3.1 % since 2003 and 6% since 1977.

Other Revenues

Ancillary Enterprises

Ancillary revenues are generated by the Bookstore, Residences, Food & Conference Services, Vending and Parking.

Residence, Conference & Food Services is operating under a business plan that funds its operational and capital expenditures and which contributes \$50,000 to the central University budget. The bookstore historically has provided approximately \$200,000 in net revenues to help support the University operations. The Parking operation contributes approximately \$200,000 which aids in support of annual maintenance at UPEI.

Other Revenues

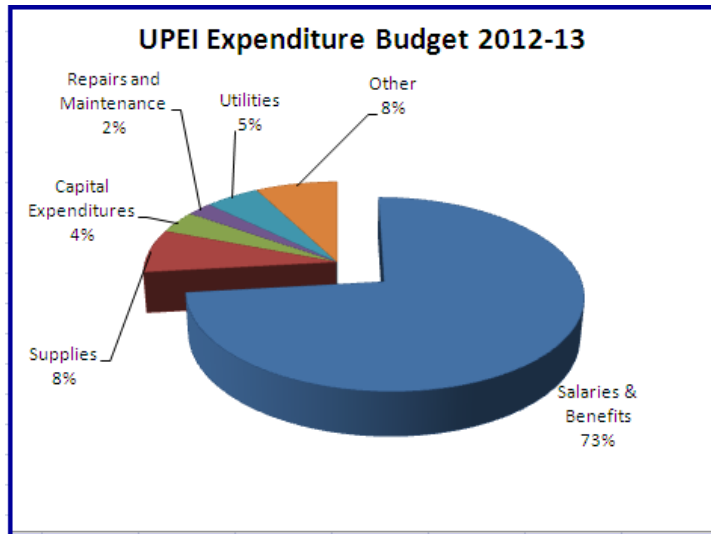
Other revenues are generated from overhead recoveries, fitness memberships, athletic camps, central printing, restricted grants, investment income, and revenues generated by the Centre for Life-Long Learning programs. In the Faculty of Veterinary Medicine, revenues are generated from the Teaching Hospital, Diagnostic Services and Animal Care facilities.

Operating Expenditures:

Salaries & Benefits

By far the largest component of the UPEI expenditure budget is spent on salaries and benefits - accounting for 73% of all operating expenditures.

Chart 11 – University Expenditures



UPEI spends the greatest part of its budget supporting instruction, as demonstrated by the 2009-10 CAUBO survey of Canadian Universities.

Wage costs are budgeted at \$73.5 million in 2012-13 which represents a decrease of \$ 350 thousand over the 2011-12 budget forecast. Wage costs include provision for salary settlements, increments, sabbatical leaves, and benefit costs.

One of the central challenges in budgeting wage costs for 2012-13 is that all union wage contracts at UPEI will expire during this fiscal year. CUPE 1870, IBEW, FA2 and CUPE 501 contracts expire April 30, 2012 and the Faculty FA1 union contract expires on June 30, 2012. The University's tight fiscal situation is reflected in the budget estimates related to wage growth and salary settlements.

Comparison of National and UPEI 2009-2010 Operating Expenditures (as a percentage)

| | National | UPEI |
|--------------------------|----------|------|
| Instruction | 59% | 63% |
| Library | 5% | 4% |
| Computing | 4% | 2% |
| Administration & general | 10% | 8% |
| External relations | 2% | 2% |
| Physical plant | 7% | 7% |
| Utilities | 3% | 5% |
| Scholarships | 5% | 5% |
| Student services | 5% | 4% |

Pension Plan Deficit

Annual pension liabilities grow in relation to wage rates, mortality tables and other pension costs assumptions. The deficit in the UPEI Pension plan is \$35 million with a funding ratio of 80%, based upon a full actuarial valuation as at April 30, 2011. Prior to the valuation, the University operating budget contributed 13% of pensionable payroll or about \$5.7 million annually to the plan. The new valuation places an additional funding burden of 2.9% of pensionable payable upon the University, bringing its total required contribution to 15.9% compared to an average 6% contribution by employees. The impact on the UPEI costs is similar to a 3% increase in wages, and if the pension deficit is not addressed, will mean fewer dollars available for salaries and other core costs of the University.

| | Pension Plan Valuations (\$ millions) | | | | | |
|----------------------------|---------------------------------------|-----------|----------------|-----------------|----------------|-----------------|
| | 31-Dec-97 | 31-Dec-00 | 30-Apr-02 | 30-Apr-05 | 30-Apr-08 | 30-Apr-11 |
| Assets | \$ 89.0 | \$ 109.4 | \$ 98.1 | \$ 110.3 | \$ 136.1 | \$ 147.8 |
| Accrued Benefit Obligation | -\$ 70.7 | -\$ 92.4 | -\$ 101.3 | -\$ 122.4 | -\$ 146.4 | -\$ 176.5 |
| Asset Market Smoothing | -\$ 3.6 | -\$ 2.6 | \$ 2.9 | -\$ 3.6 | \$ 6.8 | -\$6.8 |
| Plan Surplus (Deficit) | \$ 14.7 | \$ 14.4 | -\$ 0.3 | -\$ 15.8 | -\$ 3.5 | -\$ 35.2 |
| Funding ratio | 120.8% | 115.6% | 99.7% | 87.1% | 97.6% | 80.0% |
| Active Service Cost | 10.84% | 12.70% | 13.22% | 14.33% | 14.84% | 16.11% |
| Member Past Service | | | | | | .88% |
| Deficit Amortization | 0.00% | 0.00% | 0.09% | 3.55% | 0.67% | 5.02% |
| Total Contribution Rate | 10.84% | 12.70% | 13.31% | 17.88% | 15.51% | 22.01% |
| Employee Contribution Rate | 4.92% | 4.92% | 4.92% | 4.92% | 4.92% | 6.13% |
| Avg. Age of Active Members | 44.10 | 44.60 | 45.4 | 46.6 | 48.0 | 49.3 |

Utilities

Over all, the Utilities (electricity, heat and water) costs are expected to increase by 3.2% in 2012-13 based on expected increases in electricity and oil costs. The current electricity rates are based on a schedule that is known for two years, however, rates for 2013-14 and beyond are unknown at this time. An anticipated rise in the price of oil is expected to impact the heating budget. The University's Energy Management Plan continues to have a positive impact on energy consumption. While both energy rates and floor space have significantly increased since 2002, annual year over year energy costs have been moderated by energy conservation measures.

Other Expenditures

Other costs including supplies, travel, professional fees, insurance costs are being held at 2011-12 levels or less.

Capital Expenditures, Debt Servicing and Internal Financing

Most of the University's external debt is funded by separate capital grants from the Province of PEI, with the exception of Residences construction and renovation debt, which is funded by Residence operating revenues and some debt related to the AVC expansion.

In addition to Residence and AVC long term debt, the operating budget includes capital expenditures for equipment, library materials and internal financing (the amortization of equipment purchases over several budget years).

Balancing the Budget

As referenced in the introduction, expenditure reductions were necessary to balance the budget. The impact of the grant reductions combined with the deficit in the pension plan made for some difficult decisions in reducing expenditures. Every department and faculty was asked to reduce its expenditures while minimizing the impact on student programs and services. Because 73% of the UPEI budget is for personnel costs, budget reductions will mainly impact salary budgets. Some term positions will not be renewed and some vacant positions will not be filled. Some non-salary budgets will also be reduced.

In Summary

In dealing with cuts to the University's operating grants, this budget endeavored to strike a balance between tuition revenue increases and expenditure reductions. Some moderate tuition rate increases were necessary to balance the budget. Expenditure reductions were balanced across departments and faculties, with priority given to preserving student programs and services. However, the more aggressive enrollment targets incorporated in this budget increases the potential risk of further expenditure reductions if targets are not met.

Appendix A

2012-13 Tuition Rates

Under –Graduate Tuition

2012-13 2011-12

| | | | |
|----------------------|---|----------------|---------|
| Credit Tuition | 3 Semester Hours | \$515 | \$495 |
| | 6 Semester Hours | \$1,030 | \$990 |
| Non- Credit (Audit) | 3 Semester Hours | \$331 | \$318 |
| | 6 Semester Hours | \$662 | \$636 |
| Other Tuition | Student Success Fee | \$416 | \$400 |
| | Options Program | \$416 | \$400 |
| | Co-op Program Fee (Business) | \$650 | \$650 |
| | Co-op Program Fee (Computer Science, Physics) | \$650 | \$461 |
| | Co-op Work Term (Computer Science, Physics) | Not applicable | \$576 |
| | Dietetic Co-op Work Term | \$1,040 | \$1,000 |
| | Course based PLAR | \$258 | \$243 |
| | Program based PLAR | \$515 | \$495 |
| | Transition Program | \$774 | \$744 |

| | | | |
|---|---|---------|---------|
| International Fee (All undergraduate programs except DVM) | | | |
| | Undergraduate International Fee Full-time Student (Academic Year) | \$6,000 | \$5,674 |
| | Undergraduate International Fee Part-time Student (Per Course) | \$600 | \$567 |

| | | | |
|--------------------------------------|--|----------|----------------|
| Doctor of Veterinary Medicine | | | |
| | Canadian | \$10,890 | \$ 10,471 |
| | Class of 2016 International | \$52,700 | Not applicable |
| | Class of 2015 International | \$52,284 | \$51,865 |
| | Class of 2014 International | \$51,874 | \$51,455 |
| | Class of 2013 International | \$51,070 | \$50,651 |
| | DVM Special - International (4th year rotations) | \$52,284 | \$51,865 |

2012-13 Tuition Rates

Masters & PhD Tuition

2012-13

2011-12

| | | | |
|------------------|---|----------|----------|
| Masters Programs | Master of Arts , Education, Nursing, Science, (MSc, MVSc) | \$7,128 | \$6,854 |
| | Master of Arts, Education, Nursing, & Science/ Course | \$ 713 | \$685 |
| | Master of Arts, Education, Nursing & Science/ Course – Audit | \$482 | \$463 |
| | | | |
| PhD Program | PhD/Program Science & Education | \$10,692 | \$10,281 |
| | | | |

| | | | |
|-------------------------|--|----------|----------------|
| Other Masters Programs* | Master of Education - Community Colleges | \$13,196 | \$12,668 |
| | Master of Business / Program – Cohort 2011 | \$27,940 | \$27,800 |
| | Master of Business / Program – Cohort 2012 | \$28,880 | Not applicable |
| | Master of Business /Course | \$2,888 | \$2,780 |
| | Master of Applied Health Research/ Program | \$12,240 | \$12,240 |

| | | | |
|------------|--|---------|----------------|
| Other Fees | Out-of-Province Fee (per course) | \$286 | \$275 |
| | Maintenance of Status Fee – All Masters & PhD programs | \$ 500 | \$339 |
| | Thesis-Master of Education | \$2,850 | \$2,740 |
| | Course Materials Fee – Master of Business (per year) – Cohort 2011 | \$960 | \$900 |
| | Course Materials Fee – Master of Business (per year) – Cohort 2012 | \$1,280 | Not applicable |
| | Course Retake Fee – first retake - Master of Business | \$1,000 | \$1,000 |
| | Course Retake Fee – second retake - Master of Business | \$2,000 | \$2,000 |
| | International Fee Full-time Student (Academic Year) | \$6,000 | \$5,674 |
| | International Fee Part-time Student (Per Course) | \$600 | \$567 |

2012-13 Tuition Rates

Other Program and Course Fees:

2012-13 2011-12

| | | | |
|------------|--|----------------|----------------|
| Other Fees | Laboratory Fee (per course) | \$20 | \$15 |
| | Music Instruction Fee (per course) | \$260 | \$250 |
| | Education Professional Fee | \$500 | \$190 |
| | Engineering Professional Fee | \$500 | Not applicable |
| | Nursing Professional Fee | \$500 | Not applicable |
| | Nursing-1st Year Fee | Not applicable | \$75 |
| | E-Learning Fee – (web-based courses) | \$50 | Not applicable |
| | Canadian Nursing Student Association Fee | \$10 | \$5 |
| | UPEI Nursing Student Association Fee | \$10 | \$10 |
| | Salamanca Program Fee | \$100 | \$100 |
| | SCVMA Fee | \$17 | \$17 |

| | | | |
|--------------------|---|-------|-------|
| | Athletic & Admin Fee - Full time | \$186 | \$179 |
| | Admin Fee - Part-time (per course) | \$10 | \$5 |
| | Technology Fee - Full time | \$40 | \$30 |
| | Technology Fee - Part- time (per course) | \$4 | \$3 |
| | Fitness Centre Fee - Full -time (per semester) | \$36 | \$34 |
| | MAPUS - Part-time (per course) | \$10 | \$10 |
| | Challenge Examination | \$150 | \$100 |
| | Evaluation of Special Credits | \$150 | \$100 |
| | Transcript: | | |
| | Additional charge if by registered mail | \$5 | \$5 |
| | Additional charge if "rush" service required | \$10 | \$10 |
| | | | |
| Application Fees | Professional programs: | | |
| | BEd, BScN, DVM Canadian | \$50 | \$50 |
| | Graduate (MSc, MA, MBA, M'ED, MVSC, PhD on each application) | \$75 | \$75 |
| | International – undergraduate | \$75 | \$75 |
| | International – graduate | \$100 | \$100 |
| | DVM Foreign (applications through VMCAS) | \$50 | \$50 |
| | DVM Special, Advanced Standing, Transfer Students | \$100 | \$100 |
| | Other programs - on first application only | \$50 | \$50 |
| | | | |
| Miscellaneous Fees | SAVS Laundry Fees – DVM | \$50 | \$50 |
| | Rabies Vaccination Fee (AVC) | \$200 | \$100 |
| | Late Payment Fees (fees and balance, if applicable, not paid in full) | | |
| | Fall & Winter Semesters | | |
| | Full-time | \$60 | \$60 |
| | Part-time | \$30 | \$30 |
| | Summer Sessions | | |
| | After last day for advance registration | \$25 | \$25 |
| | NSF Returned cheque Administration Fee | \$20 | \$20 |
| | Reinstatement Fee (after cancellation of registration) | | |
| | Full-time students | \$50 | \$50 |
| | Part-time students | \$25 | \$25 |

2012-13 Tuition Rates

Tuition Deposits (Non-Refundable)

2012-13

2011-12

| | | | |
|--|--------------------------|---------|---------|
| | All programs | \$100 | \$100 |
| | First year –Nursing | \$500 | \$500 |
| | First year –Education | \$500 | \$500 |
| | First year -DVM | \$500 | \$500 |
| | First year - Radiography | \$500 | \$500 |
| | Master of Business | \$1,000 | \$1,000 |

Residences Rates (Academic Year)

2012-13

2011-12

| | | | |
|---------------|---|---------|---------|
| <i>Room</i> | Bernardine Hall | | |
| | Double | \$4,216 | \$4,134 |
| | Single | \$5,386 | \$5,280 |
| | Andrew Hall | | |
| | 1 Bedroom Suite | \$5,940 | \$5,824 |
| | 2 or 3 Bedroom Suite | \$5,670 | \$5,558 |
| | Blanchard Hall | \$5,536 | \$5,428 |
| | | | |
| Meal Services | <i>Unlimited Access Residential Plans</i> | | |
| | 7 Day Meal Plan (includes \$100 retail cash per term) | \$3,948 | \$3,820 |
| | 5 Day Meal Plan (includes \$100 retail cash per term) | \$3,834 | \$3,710 |
| | | | |
| | <i>Voluntary Meal Plans</i> | | |
| | 80 Meal Plan (includes \$125 retail cash) | \$921 | \$890 |
| | 50 Meal Plan (includes \$60 retail cash) | \$591 | \$571 |
| | 25 Meal Plan (includes \$45 retail cash) | \$316 | \$305 |
| | 10 Meal Plan (includes 11 th meal free) | \$114 | \$110 |
| | | | |
| Other | Security Deposit | \$300 | \$300 |

**University of Prince Edward Island
2012-2013 Operating Budget
Faculty of Veterinary Medicine**

| Appendix B | 2011-12 Budget Estimate | 2011-12 Budget Forecast | 2012-13 Budget Estimate | Increase/(Decrease) over Forecast |
|----------------------------------|--|--|--|--|
| Gross Operating Revenues: | | | | |
| Tuition & Student Fees: | \$5,974,180cr | \$5,974,180cr | \$6,273,452cr | \$299,272 |
| Operating Grant | 21,009,364cr | 21,009,364cr | 20,570,017cr | (\$439,347) |
| Restricted Grants ** | 964,740cr | 839,940cr | 839,940cr | 0 |
| Sales and Service | 6,337,512cr | 6,897,750cr | 6,536,519cr | (\$361,231) |
| Other Revenues | 1,368,726cr | 1,410,471cr | 1,511,725cr | \$101,254 |
| Fund Balance Allocations | 0 | 411,177cr | 138,240cr | (\$272,937) |
| Total Operating Revenues | <u>\$35,654,522cr</u> | <u>\$36,542,882cr</u> | <u>\$35,869,892cr</u> | <u>(\$672,990)</u> |
| Expenditures: | | | | |
| Salaries and Benefits | \$22,346,528 | \$22,622,792 | \$22,259,609 | (\$363,183) |
| Supplies | 2,398,818 | 2,440,314 | 2,373,018 | (67,296) |
| Capital Expenditures | 1,146,138 | 1,292,650 | 1,064,064 | (228,586) |
| Repairs and Maintenance | 297,857 | 277,818 | 297,857 | 20,039 |
| Scholarships | 156,948 | 156,948 | 156,948 | 0 |
| Utilities | 2,097,147 | 2,097,147 | 2,066,742 | (30,405) |
| Other | 2,176,760 | 2,361,609 | 2,018,284 | (343,325) |
| Total Gross Expenditures | <u>\$30,620,196</u> | <u>\$31,249,277</u> | <u>\$30,236,523</u> | <u>(\$1,012,755)</u> |
| Central Costs Transfer | <u>5,034,326</u> | <u>5,293,605</u> | <u>5,633,370</u> | <u>339,765</u> |
| Total Net Expenditures | <u>\$35,654,522</u> | <u>\$36,542,882</u> | <u>\$35,869,892</u> | <u>(\$672,990)</u> |
| Net Operating Balance | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |

***Restricted grants include Alteration & Renovation grants and Equipment grants

**University of Prince Edward Island
2012-2013 Operating Budget**

Appendix C- Ancillary Enterprises

| | Budget 2012-2013 | | | | Budget 2011-2012 |
|---|-----------------------------|----------------------|--------------------|----------------------|-----------------------------|
| | Residence, | | | | |
| | Food & | | | | |
| | Conference Services | Bookstore | Parking | Total | Total |
| Revenue | | | | | |
| Sales | \$5,179,173cr | \$2,603,954cr | \$300,000cr | \$8,083,127cr | \$7,753,549cr |
| MPHEC Grant | \$140,000cr | | | \$140,000cr | \$140,000cr |
| Total Revenue | \$5,319,173cr | \$2,603,954cr | \$300,000cr | \$8,223,127cr | \$7,893,549cr |
| Expenditures (see Note #1) | | | | | |
| Purchases | \$1,794,427 | \$1,966,900 | \$0 | \$3,761,327 | \$3,681,828 |
| Salaries and Benefits | 1,023,819 | 276,590 | 21,228 | \$1,321,637 | 1,201,619 |
| Utilities | 539,690 | 35,000 | 0 | 574,690 | 549,015 |
| Supplies | 202,873 | 45,514 | 63,446 | 311,833 | 259,663 |
| Equipment & Maintenance | 332,000 | 30,000 | 11,844 | 373,844 | 331,124 |
| Telephone | 80,400 | 950 | 0 | 81,350 | 86,350 |
| Advertising | 21,600 | 24,000 | 0 | 45,600 | 46,600 |
| Total Expenditures | \$3,994,809 | \$2,378,954 | \$96,518 | \$6,470,281 | \$6,156,199 |
| Net Revenue before Debt Servicing and Central Services | \$1,324,365cr | \$225,000cr | \$203,482cr | \$1,752,847cr | \$1,737,350cr |
| Debt Servicing and Central Services: | | | | | |
| Ancilliary Services Administration | | | | \$144,281 | \$130,165 |
| Debt Servicing | | | | 1,156,584 | 1,158,065 |
| Total Debt Servicing and Central Services | | | | \$1,300,865 | \$1,288,230 |
| Total Net Contribution from Ancillary Operations | | | | \$451,982cr | \$449,120cr |

Note #1

Expenditures are included in appropriate summarized categories in main document.

**University of Prince Edward Island
2012-2013 Operating Budget**

Appendix D

Operating Expenditures by Functional Area

| | 2011-12 Budget Estimate | 2011-12 Budget Forecast | 2012-13 Budget Estimate | <i>Increase/ (Decrease) over Forecast</i> |
|-------------------------------|--|--|--|--|
| Operating Expenditures | | | | |
| Faculties | \$58,426,155 | \$60,457,904 | \$58,150,603 | (\$2,307,301) |
| Academic & Research Support | 7,452,067 | 8,899,715 | 8,819,564 | (\$80,151) |
| Administration and Other | 9,527,845 | 10,931,014 | 10,196,868 | (\$734,146) |
| Property & Maintenance | 9,995,843 | 10,217,596 | 10,140,685 | (\$76,912) |
| Student Support & Services | 6,314,838 | 7,201,952 | 6,821,920 | (\$380,032) |
| Ancillaries | 7,444,428 | 7,529,813 | 7,771,145 | \$241,332 |
| Total | <u>\$99,161,176</u> | <u>\$105,237,994</u> | <u>\$101,900,785</u> | <u>(\$3,337,209)</u> |