

10. Finances

The Faculty's revenue is derived primarily from tuition fees and government grants received for undergraduate and graduate students. A smaller portion flows from endowed expendable earnings, Canada Research Chair funding, federal and provincial support to cover the institutional costs associated with conducting sponsored research (ICR coverage), and from the return on short-term investments. Revenue is split between the Faculty and the University, with roughly half used to cover the Faculty's attributed central costs. Some of the Faculty's contribution to the University is returned to the Faculty through the University Fund.

Ultimately, the Faculty's Operating Budget is a combination of net revenue, University Fund allocation, and divisional income – for a total of \$80.9 million in 2008–2009.

Within the Faculty, we categorize our revenue sources as either “restricted” or “unrestricted”. Restricted revenues are those generated from endowed expendable earnings, student aid and scholarships, Canada Research Chair grants, and ICR coverage. This type of revenue is reserved for specific uses, as prescribed by policy arrangements and contractual obligations. By contrast, unrestricted revenues are those generated from tuition fees, government grant funding, interest from short-term investments, and other income such as application fees. Unrestricted revenue may be used by the Faculty to meet its general operating needs.

To ensure we are able to continue advancing our critical priorities and build upon our successes in the future, we have strengthened our finances and will deploy a new internal budget model. The new budget model is guided by transparency, incentives for increasing revenues and reducing costs, and minimal increase in record-keeping.

This shows the total revenue earned by the Faculty and the associated central costs attributed to the Faculty for the last three budget years, corresponding to the implementation of the University's new budget model. The table summarizes these figures and shows the resultant net revenue available to the Faculty each year. Also shown is the amount of the Faculty's University Fund (UF) allocation over this period. The total Operating Budget of the Faculty is made up of the net revenue, UF allocation, plus divisional income derived from local activities such as privatized MEng programs.

Figure 10.1
Total Revenue
2006–2007 to 2008–2009

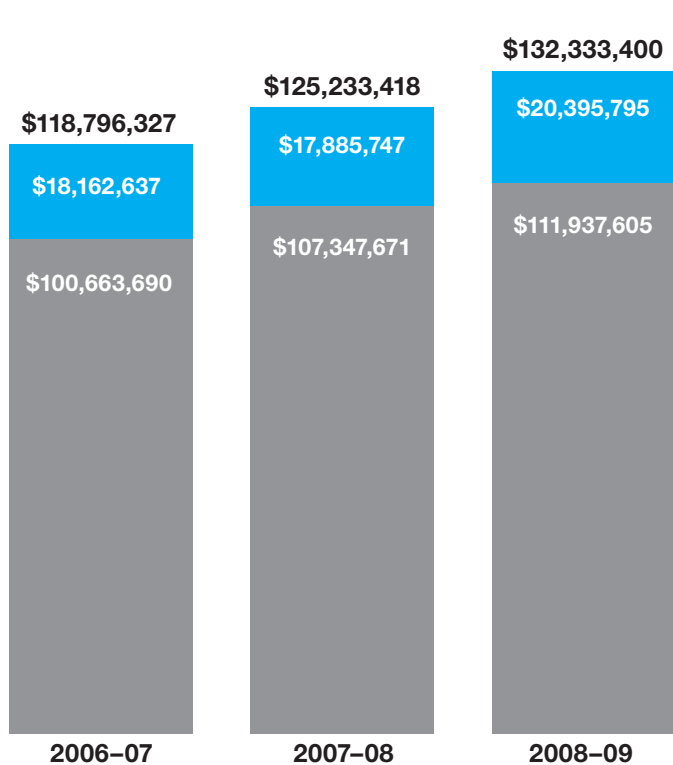
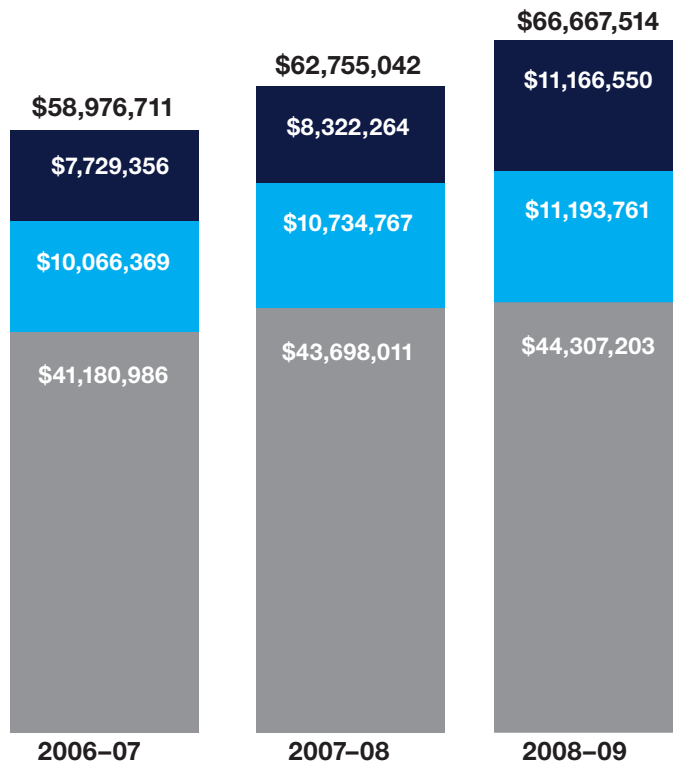


Figure 10.2
Total Central Costs
2006–2007 to 2008–2009



- Restricted Revenue ● Unrestricted Revenue
- Student Aid Set-Aside ● University Wide Costs
- University Fund Contributions

Figure 10.3
Budget Data
2006–2007 to 2008–2009

	2006–07 (\$)	2007–08 (\$)	2008–09 (\$)
Unrestricted Revenue	100,663,690	107,347,671	111,937,605
Restricted Revenue	18,162,637	17,885,747	20,395,795
Total Revenue	118,826,327	125,233,418	132,333,400
University Wide Costs	41,180,986	43,698,011	44,307,203
University Fund Contribution	10,066,369	10,734,767	11,193,761
Student Aid Levy	7,729,356	8,322,264	11,166,550
Total Central Costs	58,976,711	62,755,042	66,667,514
Net Revenue	59,849,616	62,478,376	65,665,886

Budget Overview for 2008–2009 Fiscal Year

The Faculty’s revenue sources, attributed central costs, and gross expense budget breakdown are shown for the 2008–2009 fiscal year. Central costs are comprised of a levy to raise funding for student aid; a 10% tax of unrestricted revenues to create a University Fund for redistribution; and the operating costs of the University. These University-Wide Costs are divided into 12 cost bins, and attributed to the academic divisions based on several metrics. The 12 cost bins are: Occupancy, Information Technology, University Management, Financial Management, Human Resources, Pension Debt Amortization, University Advancement, Library, Research Administration, Student Recruitment & Registrarial Services, University-Wide Academic Expenses, and University-Wide General Expenses.

Figure 10.4
Revenue Sources
2008–2009

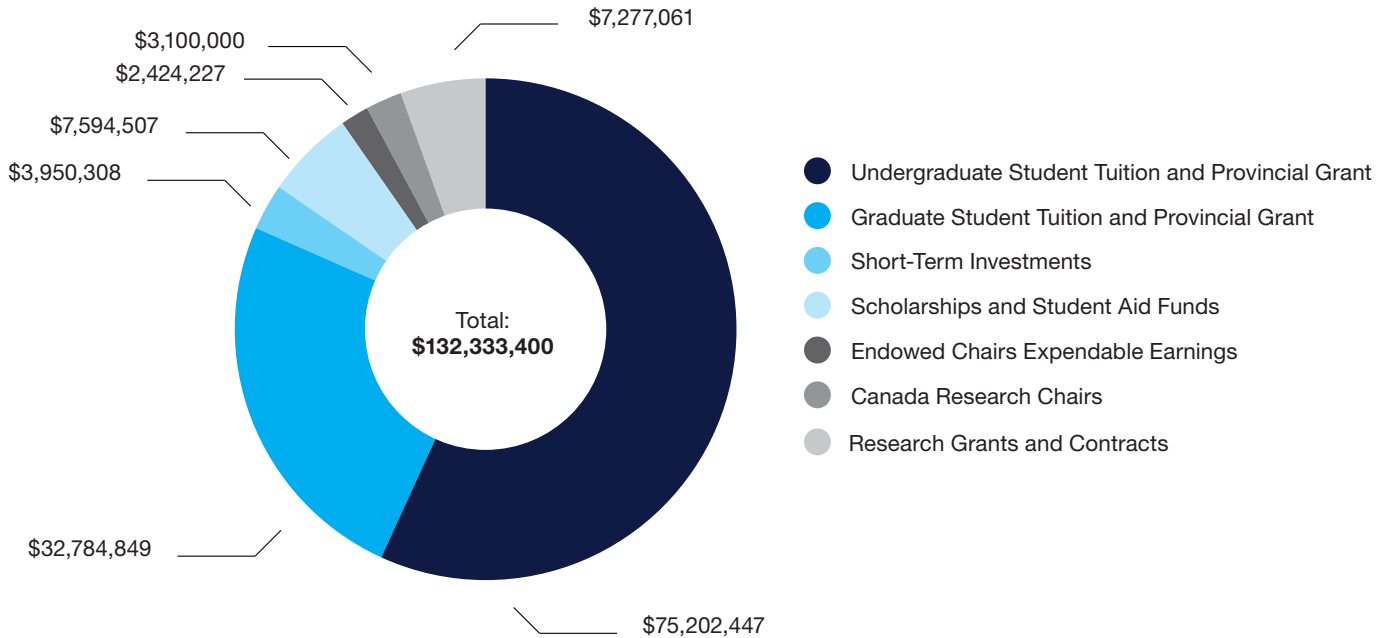


Figure 10.5
Revenue Distribution
2008–2009

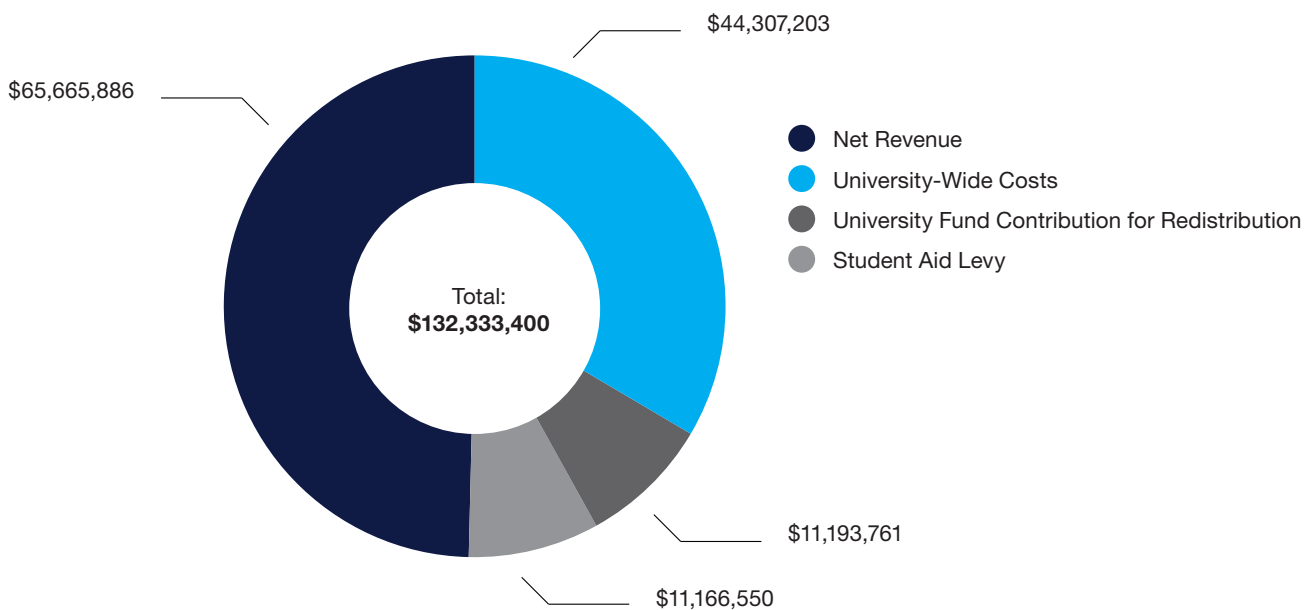
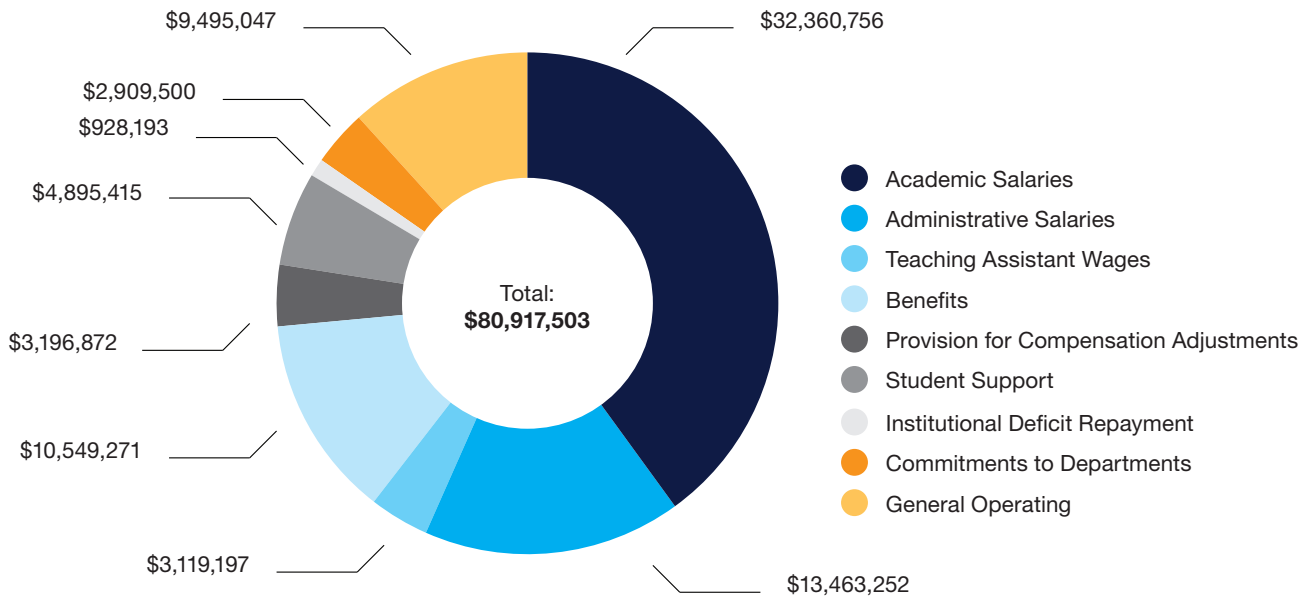


Figure 10.6
Operating Budget Breakdown
2008–2009



University and Faculty Budget Models

In 2006–2007, the University changed its budget allocation process to a responsibility-centred model, in which all revenue attributable to an academic division is credited to that division and all costs similarly assigned. To ensure a smooth transition, budgets old and new were equated during that year using a fund of 10% of revenues known as the “University Fund” specially created for this purpose. Going forward, as the bulk of an academic division’s budget changes with actual revenues earned and costs assigned, this nominal 10% allocation from the University Fund remains constant (as set in 2006–2007) and acts as a damper to large swings in revenue for the division.

In consultation with the Chairs and Directors, the Faculty has developed a new internal budget allocation process based on that of the University, with revenues and some central costs (e.g. occupancy, research administration, and advancement) passed down directly to the Departments and Institutes. We plan to use 2008–2009 as our year to equate old to new budgets, and we plan to employ a Faculty Fund mechanism similar to the University Fund. Further, we will create a Strategic Fund through which we can allocate, via an annual process of assessment, additional funding in support of academic priorities. Our new internal budget model will be introduced in 2010–2011.