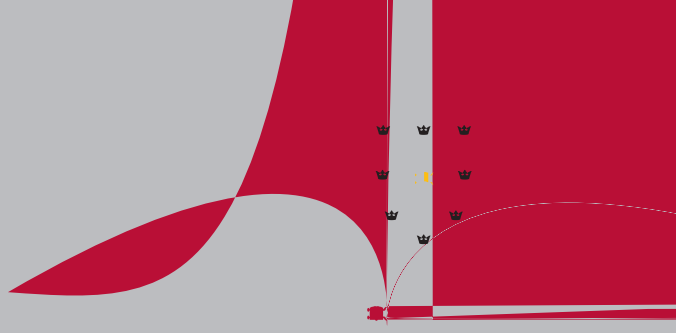

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- International enrolments are based on conservative estimates;
- Tuition fee increases compliant with the provincial government's current tuition framework, including tuition set aside requirements;
- Base increase of 2% in Shared Services budget allocations incorporated for 2018-19.
- Compensation and benefit increases as negotiated, or assumed, covered within all budgets;
- Limited utilization of carry-forward, and cash reserves to balance and support priorities;
- Large legislated pension deficit special payments;

The Operating budget includes a number of identified risks:

- Reliance on government grant support and tuition (controlled by government) and the effect of further changes in government policy, notably the finalization of the formula funding review and provision of a new tuition framework;
- At this time the government has committed to fully funding enrolment at the 2016-17 level and has provided one-time only funding for 2017-18 growth over 2016-17. This budget assumes that the one-time only funding received in 2017-18 will be continued such that all planned growth up to 2017-18 enrolment levels will continue to be funded into the future. Therefore, the assumption of continued funding for this growth is at risk;
- The third round of the Strategic Mandate Agreement process will begin within the three-year planning horizon and will most likely incorporate the setting of outcome-based metrics with differentiation funding linked to these metrics. This could place some of the funding within the differentiation bin at risk if the targets for the outcome-based metrics are not met;
- The Ministry has begun a review to establish an internationalization strategy for the post-secondary sector in Ontario. The outcome of this review is unknown and therefore could present a risk to our international plan;
- Collective agreements will be due for renegotiation in the first year of the three-year planning timeframe with unknown outcomes of future bargaining;
- Pension solvency;
- Significant investment required to support physical and IT related infrastructure renewal;
- Market volatility risk on income from the Operating Investment Fund (OPIF);

The 2018-19 budget reflects no deficit after the draw-down of reserves. Of this draw-down, $7.7M is forecast

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TABLE B1

3.3 Risks

The 2018-19 to 2020-21 Operating budget includes a number of identified risks:

- Reliance on government grant support and tuition (controlled by government) and the effect of further changes in government policy, notably the finalization of the formula funding review and provision of a new tuition framework
- At this time the government has committed to fully funding enrolment at 2016-17 level and

TABLE D: PROVINCIAL GOVERNMENT GRANT REVENUE

This table demonstrates the division of grant funding under the previous funding methodology which was applicable to fiscal years up to and including 2016-17.

Provincial Government Grant Revenue (000,000's)

	Budget 2017-18	Budget 2018-19	Y/Y Budget Change	Budget 2019-20	Budget 2020-21
Operating Grants					
Basic Operating Grant (net of International Student Recovery)	$ 147.3	$ 146.9	$ (0.4)	$ 146.8	$ 146.7
Teacher Education	$ 4.7	$ 4.7	$ -	$ 4.7	$ 4.7
Performance Fund Grant	$ 1.8	$ 2.2	$ 0.4	$ 2.2	$ 2.
U/G Accessibility Funding	$ 19.0	$ 19.2	$ 0.2	$ 19.2	$ 19.2
			$ -		
Graduate Accessibility Funding	$ 10.6	$ 13.5	$ 2.9	$ 16.3	$ 16.3
Quality Improvement Fund	$ 6.9	$ 6.9	$ -	$ 6.9	$ 6.9
Research Infrastructure	$ 1.7	$ 1.6	$ (0.1)	$ 1.6	$ 1.6
Ontario Operating Grants	$ 192.0	$ 195.0	$ 3.0	$ 197.7	$ 197.6
Earmarked Grants					
Tax Grant	$ 1.6	$ 1.6	$ -	$ 1.7	$ 1.
Special Accessibility	$ 0.7	$ 0.7	$ -	$ 0.7	$ 0.
Regional Assessment Resource Centre	$ 1.1	$ 1.2	$ 0.1	$ 0.1	$
Targetted programs*	$ 5.5	$ 5.4	$ (0.1)	$ 5.4	$ 5.4
Clinical Education Funding	$ 0.6	$ 0.6	$ -	$ 0.6	$ 0.
Total Earmarked Grants	$ 9.5	$ 9.5	$ 0.0	$ 8.5	$ 8.
Total Provincial Grants	$ 201.5	$ 204.5	$ 3.0	$ 206.2	$ 206.2

* includes funding for Enhanced Medical Post Grad Interns and Residents and Second Entry Nursing. Comparative

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Approximately $ í í X ðM in expense is shown as flow-through expenses. These occur in units that receive direct revenues related to their services. An example of this is the net expenses in Athletics or Student Health, which are offset by the revenues from membership fees, Ontario Heath Insurance billings, and Student Activity Fees. Approximately 7 $M in overhead revenue recovered from the University Ancillary units is netted against flow-through expenses in the budget presented.

4.2.2 Student Financial Assistance

Y µ v [• h v] À Z Œ •] š š Ç o] • Œ Œ } } Œ o] À Œ •] š v Œ } v P ( ] v ‰ Œ } o P Œ u U } u ‰ Œ] • scholarships (merit-based) and bursaries (need-based) for our students. These financial resources are made available partially through the generous philanthropic contributions to financial aid from donors, alumni and friends. The University also invests a sizeable amount to student assistance through the University [• Operating contributions. This includes a portion that is mandated by the government through the Student Access Guarantee (SAG).

The administration of the student financial assistance budget aims to maximize funding available to students taking into account existing government student loan and grant programs (federal, provincial and territorial) while supporting the University [• • š o] ‰ Z] v } ‰ ‰ Œ] • Œ v] š P] } • o • v U complying with government regulations, changing initiatives and programs. Y µ v [• financial aid • š Œ š P Ç • µ ‰ ‰ } Œ š • Y µ š } v [Æ } u u] š u U v š ( ] v v] o] À Œ •]] š Ç] š Ç v

The University has a robust merit-based scholarship program for undergraduate students. Upper-year scholarships are primarily supported from financial aid endowments, and the majority of the admission scholarships are funded from Operating financial aid resources. The number of prospective students ‰ ‰ o (Ç } Œ v u P] • •] š v } Y µ v [•] •] v v Œ š Z •] v ‰ P ‰ ‰ u] } o v u š ‰ Œ academically strong students. Therefore, the number of students automatically qualifying for admission scholarships continues to rise which impacts financial aid expenditures.

Y µ v [• • š µ] v v š] o • • ‰ • š Œ } v P Œ u • Á } ‰ Z Œ P v š À Œ v u Œ v P š µ o š } Œ Ç (Œ u Á } C that restricts flexibility while at the same time mandating specific expenditures. As part of the Tuition Policy Framework, all universities must commit to the Student Access Guarantee (SAG), which

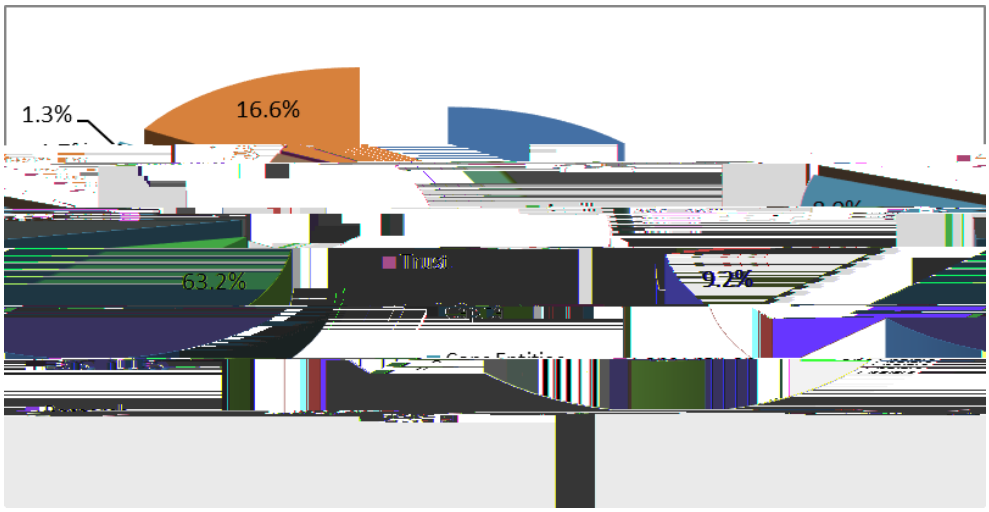
5.0 Broader Financial Picture

The Operating expenditures represent approximately 60% to 65% of total University expenditures depending on annual levels of research funding and donations. As is the case at most other universities, the Queen's Board of Trustees approves the Operating budget.

Total University revenues and expenses are captured in several funds: Operating; Ancillary; Research; Consolidated Entities; Trust and Endowment; and Capital. The expenditures accounted for in Research, and Trust and Endowment Funds are substantially dictated by the grantors and donors. The flexibility that Queen's has in supporting the academic enterprise and managing its operations is within the Operating budget, with, where donor terms align, significant support from Trust and Endowment Funds.

The following chart is for illustrative purposes only and shows the approximate percentage of University expenditures in each fund. The percentages are based on the 2016-17 expenditures.

Consolidated Expenditures by Fund



Although the flexibility that Queen's has in supporting the academic enterprise and managing its operations is within the Operating budget, looking beyond the Operating budget is important as revenues and activities in other funds can impact the Operating Fund. Two examples would be the

5.1 Capital Budget

Capital expenditures funded from the Operating budget are shown as *Transfer to Capital Budget* and are itemized in Table E below.

The Capital Projects Financing section provides detail on repayments from the Operating fund of internal loans made to fund capital projects. Internal loans reflect the use of committed cash reserves for payment of Capital projects that are repaid over a number of years.

A policy on internal loans was approved by the Board of Trustees in 2013-2014, which requires Capital Assets and Finance Committee approval of any new internal loans.

More detail about the University`s Capital planning and deferred maintenance is summarized later in this report.

TABLE E: CAPITAL BUDGET ALLOCATION

	Budget 2017-18	Budget 2018-19	Budget 2019-20	Budget 2020-21
Grant Revenue				

All of the Capital projects shown in the table above have been completed.

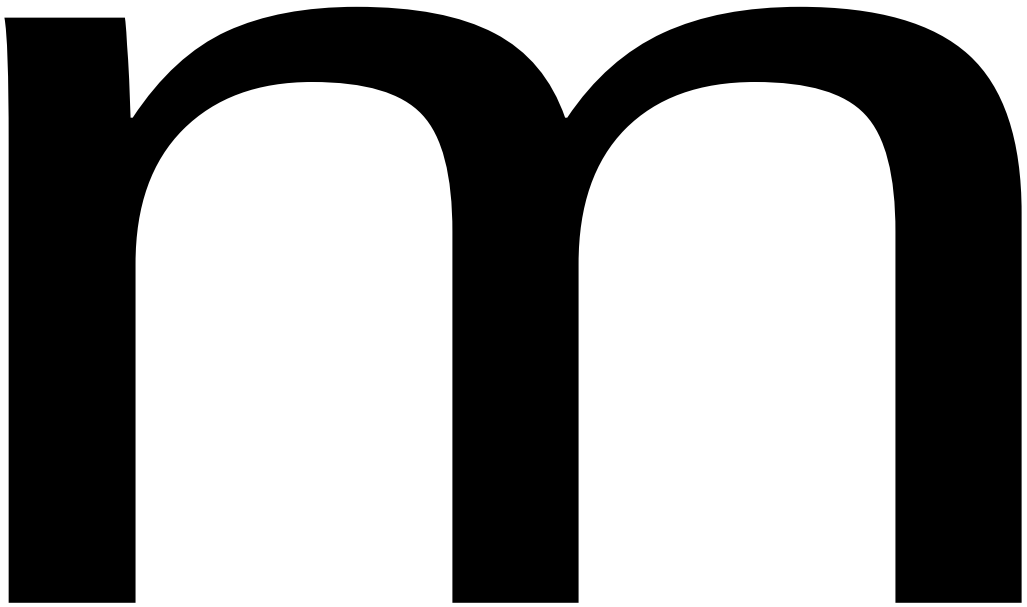
Not included in the table above is $4.2M in deferred maintenance funding which is included in occupancy costs, and $4.4M in deferred maintenance funding from the University Fund. The transfer to Capital will fall from $11.7M to $11.5M in 2018-19 when the loans for Biosciences Complex are retired.

5.1.1 Major Capital Projects

Y µ v [• Z • u } v Œ l v µ u } Œ •] P v] ( ] v š capital projects over the last few years.

TABLE F: CAPITAL EXPENDITURES FOR APPROVED PROJECTS

PROJECT NAME	Actuals at Feb '18	Total Projected Costs	Budget
IN PROCESS:			
Biomedical Research Facility Revitalization [1]	17,979	31,865	31,865
Innovation Grant Fund: West Campus District Energy Conversion	0	8,867	8,867
Innovation and Wellness Centre (IWC)[1]	48,547	97,865	97,865
IWC – Engineering Space Fit Up	0	8,000	8,000
SUBTOTAL - PROJECTS IN PROCESS	66,526	BTiL$	8.004 L1.996 (E)·



Housing and Hospitality incorporates Residences, Event Services, Community Housing and the Donald Gordon Centre. Residences is budgeting a deficit which is the result of the debt servicing payments for the construction on00 Tz 3 Tr tTz 3 ts for