

# SLT 2022-23 Budget Update – One-time Contributions

18 February 2022

This budget paper continues the SLT discussion on budget making for 2022-23, and as requested, presents a single number for the value of the unit one-time contributions based on Scenario C of the Budget Challenge document that was discussed at SLT in January and February (\$12.9M).

At the 2 February 2022 meeting and in subsequent meetings with the Deans and Academic Directors, Process A was selected. The request was that each unit would simply be informed of the level of contribution and then we would have general discussion to understand the approach as this would have to be explained to colleagues within the faculty/unit.

The attached list is the target number for each unit, with the total requirement matching our overall target of \$12.9M. The principle of equity and general approach suggested in the 2 February discussion paper was used. To appropriately address questions raised about how equity would be maintained among units who may have “saved or spent” differently over the years, the following scaled approach was used to determine the targeted amounts. Carry forward (current savings) have been taxed at a higher rate (50%) than longer term savings put aside over multiple years for more designated purposes (range 20%-30%). Those categories that might be less in direct control of the Budget Manager (such as Unit Research/Overhead and Conference Accounts) are taxed at the lowest rates. Note that no Trust Funds have been touched, even those where operating funds may have contributed to the fund. To assist in achieving our target, the remaining unallocated contingency will also be contributed (\$2.25M).

The Financial Services team have once again done an incredible amount of work to capture and categorize all funds at the University. To give a sense of scale, there are about 5,000 different funds, including among others, capital, conference, overheads, special purpose accounts and trust funds.

There was a small element of subjectivity that was used to appropriately categorize these funds, and then a more formulaic algorithm was used to treat units equally in each category. Six different categories and the level of contribution of each is noted.

1. Carry forward	50%
2. Capital Equipment	30%
3. Special Purpose Funds	30%
4. Unit Research/Overhead	25%
5. Conference Accounts	20%
6. No Activity for at least Five Years	100%

1. Carry forward. The amount of carry forward being generated every year is fairly consistent, for simplicity the carry forward from last year (after last year’s contribution) was used and taxed at 50%.
2. Capital Equipment. The amount of funds put aside labeled as capital equipment within units.
3. Special Purpose Funds. These are funds put aside by the units from operating funds and other revenues.

4. Unit Research/Overhead. This tends to have different labels, but funds collected through various research overheads exist in most units. In essence, these are very similar to other special purpose funds, but have been taxed at a slightly lower level (25%).
5. Conference Accounts. There are numerous conference accounts with funding that sits unchanged or growing for years. It provides additional degrees of freedom for units, but is taxed lower (20%).
6. No Activity for at least Five Years. There are a few accounts (\$195,000) that have not been touched for years, sometimes decades, and having being been available and unused they have been taxed at 100%.

In a few cases there are Capital projects that have been completed or are near completion that surplus funds will be available. FM has not reported these yet with the units, but the update will be provided and collected centrally. These surpluses will be credited to the unit and form part of the contribution number at a 100% tax-back level as the full scope of the expected project will have been achieved.

Details of the different categories and suggestions for the Deans/Directors and AVPs regarding areas that could be targeted based on the detailed review will be provided at the request of the unit. It is important to note that where the final contribution is designated is fully at the discretion of the budget manager (the Dean, Director or AVP). Even though different contribution areas have been earmarked (see 1 to 6 above), it will be up to the unit to decide whether that same proportional allocation will be made. The budget manager can decide which account(s) are used to calculate their unit contribution. An example would be an account that has been dormant. If the budget manager decided to keep the money in that initiative, in case it does become active, then they simply allocate the contribution from a different account.

### **Changes Since Last Discussion – Enrolment Drop (-8.8%)**

Since the last discussion the University has realized a further drop in enrolment. What used to be a 6% drop in credit hours is now a drop of 8.8%. On a single term basis this equates to a \$750,000 base and one-time challenge, or in terms of percent of “cuttable” Operating Budget 0.5%.

The One-time contributions attached do not address this additional challenge. The base budget Scenario C solution also does not address this additional challenge. Left untouched, next year’s budget will have to recover by 8.8% in credit hours plus we will need to cover an additional increase in one-time contributions of \$750,000 and will have an operating deficit that will increase to \$3.8M.

### **Next Steps and Timing**

The target for the one-time contributions is attached. If you have any questions about this target number you or the Faculty Administrator can contact Lamont (who has some really great info that he could share especially on Category 6 and Capital Projects).

We anticipate the target for base budget cuts to be provided by end of February. This is an algorithm and so there is no discussion necessary on this number.

In both cases we will need the unit identification of the FOAPALs for base budget cuts and for one-time contributions by the end of March. This will then be built into the Budget Plan which will be presented to the Board on 29 April.

There is an SLT meeting scheduled for 9 March 2022.