

**Development of the Multi-Year Operating Budget Framework**  
**Guiding Principles and Policy Considerations**  
April 17, 2008

The *Multi-Year Operating Budget Framework 2008/09 to 2011/12* is a financial projection of the University's operating budget for the second planning cycle and will be Attachment Two to the *Second Integrated Plan*. The guiding principles and policy considerations underlying the development of the framework are as follows:

**Guiding Principles**

1. ***Planning assumptions*** - The planning assumptions should be reasonable and achievable reflecting our collective view of the environment in which we operate. The key assumptions include the operating grant, tuition revenue (rates and enrolment), and salaries and benefits costs.
2. ***Balanced budget*** - The operating budget for each year should either be balanced or project a modest surplus with the percentage growth in expenditures not exceeding the percentage growth in revenues.
3. ***General operating reserve*** - The general operating reserve should approximate 2% of planned operating expenditures. (The Board approved range is 1% to 4%).
4. ***Academic Priorities Fund (APF)*** - The APF continues to support fundamental change in line with institutional priorities. For the second planning cycle, \$4.5 million will be available for permanent allocation to the priorities articulated in the *Second Integrated Plan*. An annual operating budget allocation will continue to accumulate funds in the APF for the third planning cycle.
5. ***Diversifying, broadening, and leveraging resources*** – We will work together through partnerships and fundraising efforts to diversify revenue sources, broaden our resource base, and thereby find new ways to support priorities in the *Second Integrated Plan* and other necessary investments. Through leveraging, we will maximize the limited resources that are available including those in the APF.

**Policy Considerations**

1. ***Tuition*** – Under the Province's tuition management program, tuition rates have continued at 2004/05 levels and the University's previous national norm tuition policy no longer applies. The Province has indicated that 2008/09 is a transition year in which it will work with the university sector to develop a tuition management strategy that focuses on more targeted programs.

By 2009/10, we will have developed a new tuition policy that considers student access, affordability, and retention as well as the University's budget realities.

2. ***Resource allocation and reallocation*** – The resources set aside in the APF and any other resources that might be available through the operating budget are not sufficient to fund all institutional priorities and other necessary investments. In addition, there is limited capacity or flexibility in the operating budget to meet budget “shocks” and/or financial challenges as they arise.

By 2010/11, we will have defined the principles and a process for resource allocation and reallocation which will be implemented by the end of the second planning cycle.

3. ***Government relations*** – Over the first planning cycle and in large part through a combination of factors including the success of the *First Integrated Plan* and the *Multi-Year Operating Budget Framework* supporting that plan and the financial arrangements resulting from the Province’s tuition management program, we developed a constructive dialogue with the Province. Over the second planning cycle, we will continue to work with the Province for increased investment in the University and in particular operating grant increases that support our basic needs including inflationary increases.