

2022-23 BUDGET REPORT TO COMMUNITY

April 22nd 2022

The MSVU Budget Report is a summary of the University's budget development processes. The report is presented in response to feedback received at budget town hall for more information on University budget. Our intention is to provide this report annually upon approval of the University budget. Your feedback on this document is welcome. Please share your feedback to

VPAdmin@msvu.ca



INTRODUCTION

The University's operating budget is built on the principle of prudent financial management with a long-term focus while maintaining sustainable year over year operations. The University operating budget refers to recurring revenues and expenditures.

The University is mandated by the MSVU Board of Governors (BoG) to balance operating budgets each year. The University is also accountable to the provincial government for balanced budgets as an outcome included in the Institutional Outcome Agreement. MSVU has a long standing practice of balanced budgets and prudent fiscal management.

Certain funds are restricted, either internally or externally. Internally restricted funds (e.g., reserves) are established by the Board of Governors to address strategic investments as well as serve as contingency funds in the event of circumstances which were reasonably unforeseeable when the budget was approved, and which cannot be reasonably avoided.

The University also maintains restricted funds, which a donor has designated as such. The principal amount of restricted endowment funds is maintained, and the income is expensed in accordance with University's policy on endowment income spend rate. Endowment income supports initiatives such as scholarships, bursaries, and endowed Chairs.

Restricted funds also include funds received from entities that grant research funding. Restricted research funds are expensed in accordance with research grant agreements.

BUDGET PROCESS

The University's budget is approved by the Board of Governors. The budget is presented to the Board of Governors for approval at the April board meeting.

Planning and budgeting include a series of steps that take place at specific times. The process is coordinated through the Vice President Administration's office.

The planning process is supported by the University Budget Advisory Committee (UBAC). The UBAC consists of 17 members, including appointees from faculty, the Faculty Association, the Students' Union, the Management and Professional Administrators' association, and Deans; it also includes the Vice-President Academic and Provost, the Vice-President Administration, the Associate Vice-President of Student Experience and the Director of Finance and Administration. Vice-President Academic and Provost and Vice-President Administration support the planning process with a review of faculty hiring recommendations brought forward by the Senate Committee on Academic Policy and Planning.

UBAC held seven meetings to deliberate the 2022-23 budget. UBAC relies on the extensive information provided by the Vice President Administration, the Director Finance and Administration and AVP Student Experience. Information provided includes details of various budget categories such as provincial funding, enrollment data, student supports, residence

utilization, academic and non-academic budget requests. UBAC can also request additional information as part of the budget development process.

UBAC also receives a presentation from the MSVU Students' Union that highlights student priorities identified via a student survey that MSVUSU coordinates.

After presentation to UBAC, the Vice President Administration recommends the draft budget to the President. The President, after review and consideration, recommends the draft budget to the Finance Committee. The Finance Committee is a Board of Governors committee with representation from the University's Board of Governors, administration, faculty, and students. The Finance Committee, after review and consideration, recommends the budget to the Board of Governors for approval.

BUDGET PRIORITIES AND PRESSURES

The operating budget is prepared based on realistic expectations of future results informed by University-wide budget assumptions including:

- The estimated operating grant based on the University's most recent memorandum of understanding (MOU) with the Province
- The allowable tuition rate increase per the MOU with the Province
- Enrolment projections
- Salary projections including new positions and existing collective agreement cost commitments
- Other University-wide costs such as insurance, utilities etc.

2022-23 Budget Priorities

Budget priorities for the 2022-23 year are influenced by student feedback and budget consultations.

Student priorities for 2022-23 included:

- Increased course offerings
- Academic advising services
- Accessibility services and counselling services
- Food services – improve variety of offerings and review affordability

University wide priorities are determined in consultation with the President, Vice President Academic and Provost, Vice President Administration, Associate Vice Presidents, Deans, Librarian and Directors. An equity lens is applied as part of budget deliberations.

The shared University priorities for 2022-23 included:

- Investment in faculty and staff
- Investment in Indigenous Informed Initiatives
- Investment in student experience and supports

Budget Pressures

Provincial funding

Government of Nova Scotia grant funding has not kept pace with University operating costs. The current MOU with the Province provides for no less than 1% year or year increase in base funding. The University has received no more than 1% year over year since the MOU was signed.

Enrollment and Tuition fees

The University considers a host of data when planning enrollment assumptions including application numbers, retention rates, graduation rates, strength of scholarship offers, high school graduation rates and international student recruitment efforts.

It is difficult to discern enrollment trends in the COVID-19 context. Domestic students may choose to study closer to home as well as may delay studies as the economy reopens with improved employment opportunities and more travel options. Enrollment may also be impacted due to student preference for on-campus versus on-line. There is ongoing uncertainty with regards to international student mobility due to evolving COVID-19 context abroad, IRCC backlog and delays in visa processing. The geopolitical tensions due to war in Ukraine further increase the risk for international student mobility.

Student tuition increases are governed by a memorandum of understanding (MOU) between Nova Scotia universities and the provincial government. Undergraduate Nova Scotia tuition increases are currently capped at 3%. While graduate and international tuition rate increases are not capped, University's practice has been to apply the same 3% increase to graduate and international the tuition.

Operations

Ancillary revenue and residence utilization have been adversely impacted by the pandemic. Residence utilization may be further impacted as the development of lands next to University gets underway. There is risk that the current supply chain disruptions and resulting inflationary pressures will persist for most of 2022.

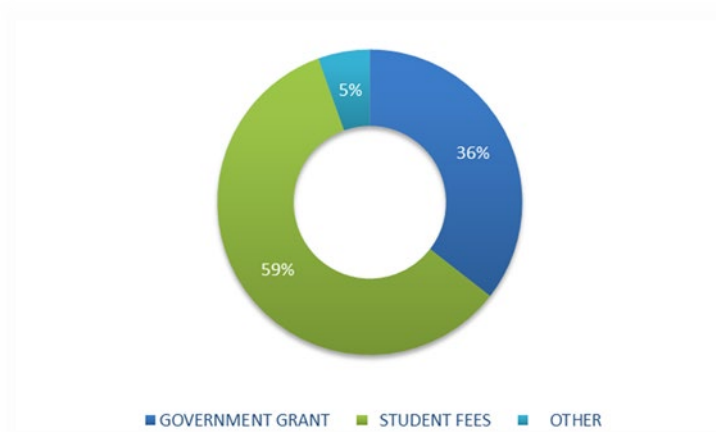
2022-23 OPERATING BUDGET

	APPROVED BUDGET 2021/22 (IN \$000's)	PROJECTED Budget 2021/22 (IN \$000's)	PROPOSED BUDGET 2022/23 (IN \$000's)	BUDGET CHANGE 22/23 FROM 21/22 Change	PROJECTION CHANGE 22/23 FROM 21/22 Change
INCOME	57,546	58,970	61,152	3,606	2,182
EXPENSES	57,596	56,651	61,152	3,556	4,501
INCOME OVER EXPENDITURES	(50)	2,319	0	50	(2,319)
TRANSFER FROM 2016/17 MARKET ADJ REVENUE	50	50	0	(50)	(50)
NET INCOME OVER EXPENDITURES	0	2,369	0	0	(2,369)

Any net income over expenditures is allocated to strategic reserves in accordance with the BoG policy.

Tuition fees and government grant make up 95% of the University's operating revenue.

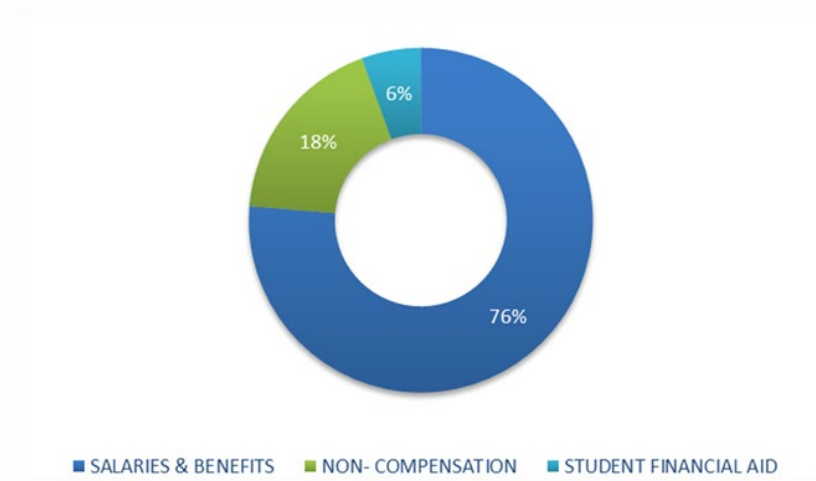
- Tuition fees – overall enrolment is budgeted to be consistent with prior year. Tuition revenue includes a 3% increase in tuition fees. A 3% tuition increase equates to \$50.50 for a full credit course.
- Government grant – includes a 1% increase in base operating grant as well as funding for accessibility.
- Other category includes ancillary revenue and research support funding



The operating expenditures are budgeted in the following expense categories:

- Salaries and benefits – compensation is by far the most significant expense category at 76% of the total operating expense budget.
- Non-compensation expenses – includes utilities, debt charges, insurance, travel, materials, repairs, and supplies.

- Student financial aid – includes scholarships, bursaries, waivers, and discounts for students. Since 2019-20, the University has committed 26% more in student financial aid.



Budget 2022-23 supports investments in faculty, academic advising, counselling, and accessibility. An indigenous informed initiative, Also included are Indigenous student supports. In light of student feedback, residence rates were reviewed. MSVU offers the lowest residence rates in HRM. Appendix A includes residence rates published by MPHEC.

For budget 2022-23 compared to budget 2021-22, costs are budgeted to go up by \$3.6 million. Compensation and benefits are 78% of the change. The increase in costs is funded by \$1.9 million increase in student fees, \$1.2 million of other revenue including ancillary and 1% increase in base funding.

LOOKING AHEAD

In response to comments received during 2022 budget development from stakeholders, for 2023-24 budget development, we are committed to reviewing timelines for budget development to include more time for campus community to provide feedback on draft operating budget.

In light of the feedback received regarding townhalls, we will consider holding two separate townhalls for faculty and staff. We will also consider ways to improve student participation in the student townhall.

APPENDIX A

2021-2022 Residence Fees - MPHEC

	Low	High
Saint Mary's University	\$12,600	\$13,305
Dalhousie University	\$11,356	\$13,479
St. Francis Xavier University	\$11,200	\$15,170
Acadia University	\$10,400	\$14,625
University of King's College	\$10,244	\$12,234
Cape Breton University	\$9,880	\$13,520
Université Sainte Anne	\$9,473	\$10,421
Mount Saint Vincent University	\$7,008	\$11,053