

# MOUNT SAINT VINCENT UNIVERSITY BUDGET FRAMEWORK

The MSVU Budget Framework is a summary of the University's financial and planning information and is presented to ensure transparency, accountability, and communication of these activities to the members of the university community.

Your feedback on this document is welcome. Please share your feedback to [VPAdmin@msvu.ca](mailto:VPAdmin@msvu.ca)



*Last updated: January 21, 2020*

## SETTING THE STAGE

Each year<sup>1</sup>, MSVU is responsible for the financial stewardship of over \$60 million to support its mission and operations. The accounts of the university are maintained in accordance with the principles of fund accounting. This places limitations and restrictions on the use of available resources. The principles of fund accounting suggest that resources for various purposes are classified for accounting and reporting purposes into fund groups in accordance with specified activities or objectives. The classification of revenue and expenses into various funds is also a mechanism for accountability, budget management and stewardship of resources.

The funds are grouped together for reporting purposes. The next paragraphs provide a general description of what comprises each fund group and the major sources of revenues and expenses.

The **Operating fund** includes teaching, research support, student support and administrative activities supported mainly by government operating grants, student fees, and ancillary revenues. This is a single fund allocated to the various faculties and departments through the university's budgeting process. The major sources of revenue for the operating fund are the government operating grant and tuition fees.

**Capital funds** refer to costs primarily resourced by restricted funds in the form of capital contributions as well as the university's contribution to improving the physical infrastructure.

**Externally Restricted special purpose funds** include research, philanthropic donations or other special funding received from external sources that are directed towards a specific purpose. For example, governments and other agencies provide money to the University to carry out research in specific areas. These funds are not available for uses not specified by the contributor of the funding.

**Internally restricted special purpose funds** include funding that has been allocated for specific purposes by the University through a Board of Governors motion or other practice. These funds might be used for research or other purposes. Examples would be internally funded research grants or unrestricted donations held for student aid funding.

**External Endowments** are restricted. In most cases the donor specifies the purpose for the funds such as scholarship, student financial aid or research. For endowments, the principal amount of the donation must be preserved.

**Internal Endowments** are established internally at the University, usually through a motion of the Board of Governors. The Board of Governors has the authority to repurpose these endowments if appropriate.

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<sup>1</sup> MSVU fiscal year is from April 1<sup>st</sup> to March 31<sup>st</sup>

## BUDGET GOVERNANCE

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.

The University Budget Committee 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. The committee includes Manager, Financial Planning and Manager, Academic Relations as resource members. The VP Administration chairs the budget committee. The budget committee recommends the budget to the University President. The budget is also presented to the University Senate.

The University President, after review and consideration, recommends a 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.

## PLANNING CONTEXT

The operating budget is prepared based on realistic expectations of future results informed by university-wide budget assumptions and/or faculty specific information 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 informed by current demographic and other trends
- Salary projections and existing collective agreements
- Other University-wide costs such as insurance, utilities etc.

### Student fees

Student tuition and fees account for 51% of University revenues. 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%. Graduate and international tuition rate increases are not capped.

### Operating grant

The government of Nova Scotia operating grant accounts for 40% of University revenues. The grant is administered via a memorandum of understanding (MOU) between the government (the Department of Labour and Advanced Education) and Nova Scotia universities.

The remaining 9% includes student financial aid, interest income and net ancillary revenue.

## EXPENSES

Salaries and benefits (excluding central heating plant salaries included with utilities and ancillary operational salaries included in net ancillary revenue) account for 77% of the University's expenditure budget.

Non-salary expenditures account for 12% of the University's expenditure budget. Non-salary expenditures include operational expenditures across campus. Examples include costs associated with postage, couriers, copying, printing, recruitment, repairs and maintenance, conference and other travel, professional fees, etc.

The remaining 11% includes student financial aid, utilities and debt charges.

## BUDGET PROCESS

At the core of the budget process is a commitment to the University's academic mission.

The following principles guide the budget process:

- The budget is aligned with MSVU's vision, mission, and strategic priorities
- The budget balances a long-term focus with the aim of achieving sustainable year-over-year operations. Therefore, the budget incorporates an integrated approach to the allocation of limited resources.
- MSVU must be able to bear the cost of operations without incurring financial difficulty or risking other undesirable consequences.
- The budget demonstrates accountability to the MSVU stakeholders and the MSVU community through an open and transparent decision-making process

The university budget committee meets regularly from January onwards to prepare the following year's budget. The budget process allocates limited resources to various priority areas such as academic experience, student supports, faculty renewal, university operations and infrastructure with input from the campus community and consideration of the cost pressures of major expenditure categories, inflation on supplies and materials, insufficient funding for deferred maintenance and capital improvements.