

# **BUDGET REPORT**

2016-17

## **Table of Contents**

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### **Executive Summary**

#### **1. Setting the Context**

#### **2. The New Budget Model**

#### **3. The 2016-17 to 2018-19 Operating Budget**

- 3.1 Budget Strategy
- 3.2 Drawdown of Carry-forward Balances/Reserves
- 3.3 Risks

#### **4. Discussion of Major Revenues and Expenditures**

- 4.1 Revenues
  - 4.1.1 Government Grants
  - 4.1.2 Federal Grant
  - 4.1.3 Tuition
  - 4.1.4 Investment Income- Global Financial Market Conditions
- 4.2 Expenditures
  - 4.2.1 Allocations
  - 4.2.2 Student Financial Assistance
  - 4.2.3 Compensation
  - 4.2.4 Queen's Pension Plan (QPP) Deficit

#### **5. Broader Financial Picture**

- 5.1 Capital Budget
  - 5.1.1 Major Capital Projects
  - 5.1.2 Deferred Maintenance
- 5.2 Ancillary and Consolidated Entity Budgets
- 5.3 Research Fund
- 5.4 Trust & Endowment Funds

### **Tables**

Table 1: 2016-17 to 2018-19 Operating Revenue Budget

Table 2: 2016-17 to 2018-19 Operating Expenditure Budget

### **Appendices**

Appendix 1: Enrolment Report (To go to Senate for Approval April 19<sup>th</sup>)

## Executive Summary

The multi-year budget presented in this report includes the 2016-17 operating budget and projections for 2017-18 and 2018-19. The Board is being asked to approve the 2016-17 operating budget. The University is projecting a balanced budget for fiscal 2016-17 and is committed to presenting balancing budgets for all years of the planning timeframe. The operating budget expenditures represent approximately 60% to 65% of total university expenditures depending on annual levels of research funding and donations.

In order to provide a broader financial picture of university operations, Ancillary and Capital Budgets are also shown along with additional information on research revenue projections and donations to trust and endowment funds. Fluctuations in revenues in these funds can have impacts on operations.

The Operating Budget was developed under the direction of the Provost and Vice-Principal (Academic) with considerable assistance and guidance from Planning and Budget and with advice from the Principal and from the Provost's Advisory Committee on Budget (PACB). The budget planning process was initiated in April 2015 with Senate's approval of the enrolment plan for 2016-17 and of changes to the previously approved plan for 2015-16. The shared services developed their budgets over the summer while at the same time the budget model was updated with revised revenue projections based on the enrolment plan. Shared Service units presented their budgets to PACB in early fall after which allocation decisions were made. These allocations allowed the faculty and school budgets to be determined. Based on this information, the faculties and schools prepared their staffing and budget plans in late fall and presented them to PACB in December. Shared service allocations were then determined and University Fund allocation decisions were made. A preliminary budget was presented to the Board of Trustees at its March meeting.

The most significant budgetary challenge the University faces at the moment is the pension plan deficit, including the impact of increased going concern payments. Solvency relief has been extended to the next valuation of August 2017. All units have been instructed to plan and budget for an additional 4.5 percent pension charge commencing September 1, 2015, to cover the increased going concern payments, with any funds remaining being kept as a reserve for future solvency payments, if required. In order to mitigate the effect of the pension plan on the operating budget, the University has negotiated a commitment by its unions to participate in a project to design and build a new Ontario University Jointly Sponsored Pension Plan, which would have a permanent solvency exemption.

Significant characteristics of the 2016-17 to 2018-19 budget framework include:

- Large legislated pension deficit special payments;
- Compensation and benefit increases as negotiated, or assumed, covered within all unit budgets;
- Enrolment growth proposed in 2016-17 in line with the recommendations of the University's Strategic Enrolment Management Group, with flow through in 2017-18 and 2018-19, in line with Faculties' enrolment projections;

- Enrolment growth assumed to be fully funded at the graduate and undergraduate levels;
- Tuition fee increases compliant with the provincial government's current tuition framework, including tuition set aside requirements;
- Additional revenue contributed by new residences;
- Limited utilization of carry-forward, and cash reserves to balance and support priorities.
- Increase of 4% in shared service budget allocations is planned for 2017-18.

The Operating Budget includes a number of identified risks:

- Reliance on government grant support and tuition (both controlled by government) and the effect of further changes in government policy, most notably the outcomes from the formula funding review undertaken by the government in 2015-16 and the pending announcement of the new tuition fee framework for 2017-18 forward;
- Collective agreements will be due for renegotiation in the final year of the three-year planning timeframe;
- Pension solvency;
- Significant investment required to support both physical and technology-related infrastructure renewal;
- Market volatility risk on income from the PIF.

The 2016-17 budget reflects no deficit after the draw-down of reserves. Of this draw-down, \$15.5M is forecast unit spending in excess of budget allocations and additional unit budgeted revenues, with an additional \$0.9M draw-down of central cash reserves related to non-recurring expenditures on the talent management initiative and support for student aid. The University will continue to monitor the draw-down of carry-forward reserves to ensure units are using these funds to invest in one-time innovation, capital renovations, and bridging to a sustainable budget.

Queen's reputation for high quality has been maintained throughout this period of financial challenge. The University continues to attract highly qualified students, faculty and staff, while remaining one of the highest ranked universities in terms of research intensity in Canada. Our faculty members consistently receive prestigious national teaching and research awards. Our students have among the highest entering averages and the highest undergraduate and graduate degree completion rates in Canada.

The activity-based budget model is intended to be transparent and strongly linked to academic goals and priorities. The overriding goal of the change in the resource allocation methodology was to position Queen's well to address the current fiscal realities and continue to foster excellence in teaching, learning and research.

## 1. Setting the Context

Almost 94% of revenue in the Operating Budget is derived from student enrolment in the form of operating grants from the government (base operating grant plus many smaller targeted funding envelopes) and student tuition. Much of this revenue stream is directed and regulated by government, with limited flexibility for universities to increase revenue. Recent public policy has limited funding increases to enrolment growth and further substantial enrolment growth is unlikely in the future. In 2015-16, a funding model review was undertaken by the Ministry of Training, Colleges and Universities (MTCU). The review consultation paper, released in April 2015, stated that the \$3.5 billion invested by the provincial government would “remain stable”, which is to say it was not projected to increase in the foreseeable future. The report of this review proposed that, in the future, grant funding should be more strongly linked to outcomes, rather than solely to enrolment, but there are as yet no details on how this might be done.

For the three-year planning period to 2018-19, the University is committed to balanced budgets, with flexibility in the form of a contingency fund, increased investment in infrastructure renewal, and continued support for key functions in the shared services, all balanced by ensuring that sufficient incremental revenue remains in the Faculties to support the academic and research missions of the University. The need to diversify revenue remains pressing. The pension solvency issue is also being addressed to ensure long term financial sustainability.

The government announced a four-year tuition framework in March 2013. This limited tuition fee growth to an institutional average of 3%, 2% lower than the previous framework. In 2016-17 we have been required to reduce the rate of increase across all programs to accommodate the institution-wide cap. We are no longer able to charge 5% in the professional programs and remain in the institutional cap. This, in addition to other measures introduced in 2013-14 to reduce base operating grants based on, in the government's parlance, “international student recoveries” and “efficiency targets”, are accounted for in the multi-year budget presented.

At the end of fiscal 2013-14, Queen's received notification of its allocation of graduate spaces for the years 2015-16 to 2016-2017, which has provided certainty around funded graduate growth until 2016-17. Queen's did very well and secured enough spaces to fully fund the planned growth in graduate programs. Current graduate targets extend into the future and could be linked to the outcomes of the funding model review, which is yet to be determined. The government also indicated that the planned growth at the undergraduate level was in line with its expectations for Queen's.

The University has adopted a strategic framework that promotes the vision of Queen's University as the Canadian research-intensive university with a transformative student learning experience. The guiding policies of the framework address the two key features of the quintessential balanced academy, the student learning experience and research prominence, while paying appropriate attention at the same time to the need for increased internationalization and financial sustainability. The framework will guide academic, and thus financial, priorities over the next several years.

## **2. The New Budget Model**

The University is almost at the start of the fourth year of the activity-based budget model. The 2016-17 budget year is the second year of the attenuated Hold Harmless gap calculated as a proportion of the final 2013-14 Hold Harmless payments. In 2015-16, the gap was funded at 90%, following which it will be 75% in 2016-17, 60% in 2017-18, 30% in 2018-19, and zero thereafter. Thus 2019-20 will see the end of formulaic hold harmless, although allocations from the University Fund will continue, on a case-by-case basis.

The activity based-budget model attributes revenues to the Faculties and Schools, which generate the revenue. The Faculties and Schools in turn bear indirect costs to support shared services (e.g., the library, IT, the Provost's Office), student support, and a University Fund for institutional priorities. These indirect costs include a charge for space occupancy, highlighting the cost of space as a scarce resource. This change has had a significantly positive impact on space utilization and accountability.

The net budgets (gross revenues less all indirect costs) of the Faculties and Schools support the direct costs of these units, including, of course, the provision of their education programming. Increased revenue and cost savings will remain in the academic unit that generates the change, providing a strong incentive to be innovative in programming and enrolment planning.

Revenue not directly attributable to Faculties and Schools, such as investment income and unrestricted donations, flows into the University Fund, along with allocations from Faculties and Schools. The Fund (projected to be over \$35.0M in 2016-17) is being used to support the cost of transfers from Operating to Capital, payments to Faculties and Schools to avoid disruptions that could otherwise accompany the introduction of a new budget model (i.e., the attenuated Hold Harmless payments), infrastructure renewal, classroom renewal, a central contingency and a number of other Board priorities and compliance initiatives.

The new budget model will not, in and of itself, increase net revenue for the University; it is simply a different method of revenue and cost allocation. It is, however, expected to encourage Faculties and Schools to increase revenue and constrain costs, enhancing financial opportunities within their academic units and to the University as a whole.

The budget model is an enabling tool that will facilitate planning and enhance accountability in the budget process, but it is not intended to replace policy or discretionary investment in institutional priorities.

A review of the budget model was undertaken in 2015-16, which was consistent with our commitment to review the model after three years. A committee was struck and held a number of meetings working as a cooperative and collaborative group, with all members having equal input. In tandem with the internal review, the University engaged Huron Consulting Group, a firm with considerable experience working with universities that have adopted similar budget models, to conduct an external review. The resulting report, incorporating both the internal and external review, was presented at the May Board meeting. Recommendations stemming from the report will be implemented as appropriate.

### **3. The 2016-17 to 2018-19 Operating Budget**

The proposed operating budget for 2016-17 to 2018-19 continues to be based on the new budget model, which provides greater transparency and predictability, and a financial structure that encourages and rewards innovation, revenue growth and efficiency.

The proposed 2016-17 budget is balanced. The budget does include a relatively modest planned draw-down of carry-forward reserves to fund one-time expenses over the base-operating budget, and will not, therefore, lead to a structural deficit in future years.

The proposed operating budget for 2016-17 to 2018-19 is summarized in Table A below. Detailed summaries of revenue and expenditure forecasts are presented in Tables 1 and 2 at the end of this report. Table B below shows the proposed 2016-17 operating budget with additional revenue and expense lines that represent revenues and expenses that are budgeted by the units over and above their budget allocation and related expenses. These additional revenues are not budgeted centrally and are not reflected in Table A. This table shows how the carry-forward draw-down is arrived at and provides the complete budget picture. Table C below shows the consolidation of the 2016-17 operating budget by revenue and expense type as per the financial statement presentation and includes revenues and expenditures that are budgeted directly by the units and do not form part of their allocation. This table will be compared with the financial statements at the end of the fiscal year.

**TABLE A- OPERATING BUDGET****Queen's University****2016-17 to 2018-19 Operating Budget (\$M)**

	<b>Budget 2015-16</b>	<b>Budget Variance</b>	<b>Budget 2016-17</b>	<b>Budget 2017-18</b>	<b>Budget 2018-19</b>
<b>REVENUE</b>					
Student Fees	\$ 271.7	\$ 20.2	\$ 291.9	\$ 307.6	\$ 319.9
Government Grants	\$ 204.5	\$ 3.8	\$ 208.3	\$ 211.0	\$ 213.4
Unrestricted Donations	\$ 1.3	\$ -	\$ 1.3	\$ 1.3	\$ 1.3
Other Income	\$ 7.5	\$ (2.0)	\$ 5.5	\$ 5.6	\$ 5.8
Research Overhead	\$ 4.0	\$ (0.4)	\$ 3.6	\$ 3.6	\$ 3.6
Investment Income	\$ 12.5	\$ (0.3)	\$ 12.2	\$ 12.4	\$ 12.4
<b>TOTAL OPERATING REVENUES</b>	<b>\$ 501.5</b>	<b>\$ 21.3</b>	<b>\$ 522.8</b>	<b>\$ 541.5</b>	<b>\$ 556.4</b>
<b>EXPENSE</b>					
Faculties and Schools Allocations	\$ 295.7	\$ 15.1	\$ 310.8	\$ 321.5	\$ 326.8
Shared Services Allocations	\$ 127.1	\$ 3.0	\$ 130.1	\$ 134.8	\$ 137.9
Undergraduate & Graduate Student Aid	\$ 30.9	\$ 0.7	\$ 31.6	\$ 30.9	\$ 30.9
Administrative Systems	\$ 2.1	\$ -	\$ 2.1	\$ 2.1	\$ 2.1
Utilities	\$ 16.8	\$ (0.7)	\$ 16.1	\$ 15.8	\$ 16.4
Infrastructure Renewal	\$ 2.3	\$ 2.6	\$ 4.9	\$ 7.4	\$ 8.6
Strategic Priorities & Compliance	\$ 1.0	\$ 1.2	\$ 2.2	\$ 0.7	\$ 0.7
Contingency	\$ 1.8	\$ -	\$ 1.8	\$ 2.8	\$ 2.8
Flow Through Expenses, net of recoveries	\$ 10.4	\$ (1.3)	\$ 9.1	\$ 9.2	\$ 9.4
Indirect Costs of Research to External Entities	\$ 1.4	\$ -	\$ 1.4	\$ 1.4	\$ 1.4
<i>To Be Allocated</i>	<i>\$ -</i>	<i>\$ 1.3</i>	<i>\$ 1.3</i>	<i>\$ 3.2</i>	<i>\$ 7.9</i>
<b>TOTAL OPERATING EXPENDITURES</b>	<b>\$ 489.5</b>	<b>\$ 21.9</b>	<b>\$ 511.4</b>	<b>\$ 529.8</b>	<b>\$ 544.9</b>
Net Surplus before Capital Expenditures	\$ 12.0	\$ (0.6)	\$ 11.4	\$ 11.7	\$ 11.5
Transfer to Capital Budget	\$ 12.3	\$ -	\$ 12.3	\$ 11.7	\$ 11.5
Unit Expenses greater than Budget Allocation	\$ 11.4	\$ 4.1	\$ 15.5	TBD	TBD
<b>Net Budget Surplus (Deficit)</b>	<b>\$ (11.7)</b>	<b>\$ (4.7)</b>	<b>\$ (16.4)</b>	<b>\$ -</b>	<b>\$ -</b>
Draw down of Central Cash Reserves*	\$ 0.3	\$ 0.6	\$ 0.9	\$ -	\$ -
Draw down of Unit Carryforward balances	\$ 11.4	\$ 4.1	\$ 15.5	TBD	TBD
<b>Net Surplus (Deficit)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

\*The drawdown of cash reserves is for Talent Management Initiative and support for Student Aid.



**TABLE B – OPERATING BUDGET INCLUDING NON CENTRALLY BUDGETED REVENUES AND EXPENDITURES**

Queen's University  
2016-17 Operating Budget (\$M)

	Budget 2016-17
Centrally budgeted revenues	\$ 522.8
Unit budgeted revenues over and above central allocations	\$ 32.0
<b>TOTAL OPERATING REVENUES</b>	<b>\$ 554.8</b>
<b>EXPENSE</b>	
Faculties and Schools Allocations*	\$ 310.8
Shared Services Allocations	\$ 130.1
Unit expenses greater than allocation	\$ 47.5
Undergraduate & Graduate Student Aid	\$ 31.6
Administrative Systems	\$ 2.1
Utilities	\$ 16.1
Infrastructure Renewal	\$ 4.9
Strategic Priorities & Compliance	\$ 2.2
Contingency	\$ 1.8
Flow Through Expenses, net of recoveries	\$ 9.1
Indirect Costs of Research to External Entities	\$ 1.4
<i>To Be Allocated</i>	\$ 1.3
<b>TOTAL OPERATING EXPENDITURES</b>	<b>\$ 558.9</b>
Net Surplus before Capital Expenditures	\$ (4.1)
Transfer to Capital Budget	\$ 12.3
<b>Net Budget Surplus (Deficit)</b>	<b>\$ (16.4)</b>
Draw down of Central Cash Reserves**	\$ 0.9
Draw down of Unit Carryforward balances	\$ 15.5
<b>Net Surplus (Deficit)</b>	<b>\$ -</b>

\* For the purpose of the financial statements the budget allocation of \$3.0M to BISC is netted against revenues in the operating fund as this revenue is reported by the ISC.

\*\* The drawdown of cash reserves is for Talent Management Initiative and support for Student Aid.

**TABLE C – OPERATING BUDGET BY REVENUE AND EXPENSE**

<b>2016-17 Queen's University Operating Budget (000's)</b>	
<b>REVENUE</b>	
Grants and Contracts	215,483
Fees	303,875
Sales and Service	8,972
Other	12,517
Donations	1,582
Investment Income	12,398
	554,827
<b>EXPENSES</b>	
Salaries and benefits	378,585
Supplies and other expenses*	83,661
Student Assistance	37,217
Externally Contracted Services	9,849
Travel	8,636
Utilities and Insurance	18,787
Renovations and Alterations	8,812
Contingency	7,572
Interfund Transfers out / (in)	18,047
	571,165
<b>Surplus / (deficit)</b>	<b>(16,338)</b>

*\*For the purpose of the financial statements the budget allocation of \$3.0M to BISC (included in Supplies & other expenses above) is netted against revenues in the operating fund as this revenue is reported by the ISC.*

### 3.1 Budget Strategy

As mandated by the Board, Queen's is projecting a balanced budget throughout the multi-year budget timeframe. The University went through an extensive budget planning process to determine a strategy to achieve a balanced budget. The "to be allocated" line represents unallocated University Fund monies. As part of the New Budget Model Review, a recommendation was made to remove ongoing commitments against the University Fund by charging these base commitments within the budget model to the Faculties within the appropriate cost bin. For 2016-17, as a result of the second year of the attenuated hold harmless gap payments and as an initial step in alleviating the University Fund of ongoing allocations, the amount of the "to be allocated" has grown, and this growth will continue in future years.

Items that continue to be supported by the University Fund include:

- Contingency
- The attenuated Hold Harmless Gap from 2013-14
- Deferred maintenance
- Board priorities and compliance requirements

New Allocations identified as priorities for support in 2016-17 and onward include:

- Health, Wellness and Innovation Centre
- QSuccess and Embedded Counsellors in Student Support Services
- Classroom Renewal
- Research support for Canada First Research Excellence Fund submission

The continued allocations that began in 2015-16 along with the additional new allocations in 2016-17 are being made to address risks that were identified in the budget planning process. A contingency budget of \$1.8M was kept flat from 2015-16. As a step towards implementing the recommendations from the New Budget Model Review Report to reduce the ongoing commitments from the University Fund, the \$2.13M related to Administrative Systems was removed from the \$4.43M allocation for infrastructure renewal and is now attributed as a cost to the Faculties in the Budget Model. In addition, the amount set aside for infrastructure renewal increased as a result of the new allocations shown above along with an increase of \$0.3M for ITS infrastructure renewal. In addition, to new allocations identified above, the Strategic Priorities and Compliance increased by \$0.75M for Library Acquisitions to address, at least partially, the impact of the adverse exchange rate fluctuations.

In this multi-year budget starting in 2016-17 an additional 1% levy has been incorporated into the new budget model to recognize the cost of research. The 1% levy is applied to the revenues of Faculties/Schools as 1% of revenues and then distributed to the Faculties/Schools in proportion to their Tri-council grant revenue shares.

### **3.2 Draw-down of Carry-forward Balances/Reserves**

The 2016-17 budget reflects a deficit of \$0.9M reduced to \$0M through the draw-down of reserves. The budget relies on a modest draw-down of central reserves in the first years of the planning timeframe to fund the talent management initiative and one-time funding for student assistance. The final two years have no draw-down of central cash reserves planned. A draw-down of \$15.5M from unit carry-forward balances is projected for 2016-17 based on the units' budget submissions. This draw-down of carry-forwards represents 2.7% of total unit expenditures and the accumulated departmental carryforward balance as per the 2014-15 audited financial statements is \$134.1M. The projected in-year draw-down has typically been a very conservative estimate of unit draw-downs. In past years, actual draw-downs have routinely been considerably less than those projected because of in-year savings on salaries due to turnover, or lower than expected expenses against contingency lines; our expectation is that the actual draw-down will be much lower in 2016-17 as well. The unit draw-downs in 2017-18 and 2018-19 are still to be determined. The preliminary projections based on the multi-year budget submissions that were submitted during the 2016-17 budget planning cycle indicate

a continued draw down of reserves relating to one-time only expenditures. The preliminary projections are based on strong revenue growth that is now tempered by the incorporation of the pension solvency expense of 4.5% of salaries which started on September 1, 2015.

The reliance on “soft-funding” (e.g., cash from carry-forward reserves) was added to the budget projections in 2011-12 and provides greater clarity on total expenses over the operating base-funding. This is now supported by Table B. The projected carry-forward draw-downs have been included in the operating budget projections as *Unit Expenses Greater than Budget Allocation*, and then offset by the carry-forward draw-down. The draw-down is the result of some units using cash reserves to transition to the planned shared service budget allocation increase of 4% in 2017-18. In addition, units are funding transition measures to move towards balanced budgets and funding one-time expenses such as capital renovations. It is not unreasonable that units will build and reduce carry forward reserves to meet operational and strategic opportunities and challenges. We will nonetheless continue to ensure that ongoing base commitments are not made against these cash reserves. Those portfolios with structural deficits will be expected to continue to reduce expenditures or increase revenues to bring their operations into balance with their annual budget envelope. The University will continue to monitor the draw-down of carry-forward reserves to ensure units are using these funds to transition to a sustainable budget.

### 3.3 Risks

The 2016-17 to 2018-19 Operating Budget includes a number of identified risks:

- Reliance on government grant support and tuition (both controlled by government) and the effect of further changes in government policy, most notably the outcome of the formula funding review that the government will continue to undertake in 2016-17
- Expirations of collective agreements in the last year of the three-year planning timeframe
- Pension solvency
- Significant investment in physical and technological infrastructure renewal
- Continued volatility in capital markets

## **4. Discussion of Major Revenues and Expenditures**

### **4.1 Revenues**

#### **Enrolment**

The recommendations from the Strategic Enrolment Management Group for enrolment in 2016-17 and 2017-18 are included as Appendix A of this report, together with the initial proposals from Faculties and Schools for 2018-19. The recommended enrolment plan for 2017-18 and the recommended changes to the previously approved enrolment plan for 2016-17 have been endorsed by the Senate Committee on Academic Development and forwarded to Queen's Senate for its approval. Senate will consider the recommendations at its meeting on April 19, 2015.

The majority of the operating revenue is enrolment driven and made up of tuition fees and provincial grants. Therefore, enrolment projections have a significant effect on Queen's financial projections. The 2016-17 to 2018-19 operating budget incorporates the recommendations for 2016-17 and 2017-18 and the initial proposals for 2018-19.

The Strategic Enrolment Management Group, which is chaired by the Provost, has developed a long-term strategic enrolment management framework that was approved at senate. The framework is being used to guide the development of medium and long-term enrolment strategies and planning processes that will allow Queen's to thrive in response to institutional and faculty priorities, student demand, government direction, and continued community input.

#### **4.1.1 Government Grants**

Government grants represent 39.9% of budgeted operating revenues in 2016-17 down from 40.8% in 2015-16. The Government fully funded actual undergraduate growth for fiscal year 2015-16. Queen's 2016-17 to 2018-19 Operating Budget incorporates enrolment growth at the undergraduate level with the flow through of this enrolment growth into 2017-18 and 2018-19. Steady state will be reached in 2018-19. This growth was contingent upon our ability to accommodate first year growth in the new residences, as well as, of course, government support for the growth. The provincial government's Strategic Mandate Agreement for Queen's indicates that the level of growth that Queen's was planning at the undergraduate level is in line with the government's expectations. This does not, however, eliminate the risk that growth will be less than fully funded during the three year planning timeframe. This is currently viewed as a low risk because many other universities in Ontario are failing to meet their enrolment targets and therefore those funds are available for redistribution to those universities that are meeting or in some cases exceeding their targets. The impact of the funding formula review undertaken by the Government is still unclear.

As part of the Strategic Mandate Agreement the government has provided guaranteed graduate growth funded spaces for all three years of the planning timeframe. These spaces will provide full

funding for all growth that is planned under the three-year enrolment plan. The government has allocated less than half of the 4,350 spaces that were previously announced, and indications are that the remaining spaces will be used to support growth in years after 2017-18.

**TABLE D – PROVINCIAL GOVERNMENT GRANT REVENUE**

**Provincial Government Grant Revenue (000,000's)**

	Budget 2015-16	Actuals 2015-16	Budget 2016-17	Y/Y Budget Change	Budget 2017-18	Budget 2018-19
<b>Operating Grants</b>						
Basic Operating Grant (BOG)	\$ 143.4	\$ 143.8	\$ 143.7	\$ 0.3	\$ 143.7	\$ 143.7
Teacher Education	\$ 4.5	\$ 4.7	\$ 4.6	\$ 0.1	\$ 4.6	\$ 4.6
Performance Fund Grant	\$ 2.0	\$ 2.2	\$ 1.8	\$ (0.2)	\$ 1.8	\$ 1.8
U/G Accessibility Funding	\$ 13.9	\$ 14.8	\$ 16.9	\$ 3.0	\$ 17.9	\$ 19.2
Graduate Accessibility Funding	\$ 11.1	\$ 9.1	\$ 11.3	\$ 0.2	\$ 13.0	\$ 14.0
Quality Improvement Fund	\$ 6.9	\$ 6.9	\$ 6.9	\$ -	\$ 6.9	\$ 6.9
Research Infrastructure	\$ 1.8	\$ 1.7	\$ 1.7	\$ (0.1)	\$ 1.7	\$ 1.7
<b>Ontario Operating Grants</b>	<b>\$ 183.6</b>	<b>\$ 183.2</b>	<b>\$ 186.9</b>	<b>\$ 3.3</b>	<b>\$ 189.6</b>	<b>\$ 191.9</b>
<b>Earmarked Grants</b>						
Tax Grant	\$ 1.4	\$ 1.6	\$ 1.6	\$ 0.2	\$ 1.6	\$ 1.7
Special Accessibility	\$ 0.4	\$ 0.8	\$ 0.7	\$ 0.3	\$ 0.7	\$ 0.7
Regional Assessment Resource Centre	\$ -	\$ 1.2	\$ -	\$ -	\$ -	\$ -
Targetted programs*	\$ 9.0	\$ 9.2	\$ 9.0	\$ -	\$ 9.0	\$ 9.0
Clinical Education Funding	\$ 0.6	\$ 0.6	\$ 0.6	\$ -	\$ 0.6	\$ 0.6
<b>Total Earmarked Grants</b>	<b>\$ 11.5</b>	<b>\$ 13.4</b>	<b>\$ 11.9</b>	<b>\$ 0.5</b>	<b>\$ 11.9</b>	<b>\$ 12.0</b>
<b>Total Provincial Grants</b>	<b>\$ 195.1</b>	<b>\$ 196.6</b>	<b>\$ 198.8</b>	<b>\$ 3.8</b>	<b>\$ 201.5</b>	<b>\$ 203.9</b>

\* includes funding for Enhanced Medicine, Enhanced Medical Post Grad Interns and Residents, and Second Entry Nursing

#### 4.1.2. Federal Grant

The Federal Indirect Costs of Research Program (FICP) is the only source of federal funding Queen's receives in its operating budget. The FICP provides a significant grant that supports the University's operating costs associated with sponsored research. Queen's research prominence benefits from our success in securing external research grants and contracts, but supporting this research imposes significant costs on the institution. It is widely accepted that a dollar of direct research support on average creates indirect costs of at least 40 cents, and some estimates are greater than 50 cents. For 2016-17, the total FICP grant has been projected to be \$9.5M. The federal funding received by

Queen's faculty members that this grant supports is approximately \$53.5M. This has increased from last year's number of \$47.5M due to a slight net increase in our share of the tri-council sponsored research funding envelopes. The FICP grant is based on a three-year average of sponsored research funding. Any changes in this funding year over year will result in a resultant change in our FICP grant in future years and will need to be adjusted during the next budget planning cycle.

#### **4.1.3 Tuition**

In March 2013 the Province announced a four-year tuition policy framework. Universities are permitted to increase tuition for students who are not in professional or graduate programs by up to 3%, and by up to 5% in the professional and graduate programs. Overall, aggregate tuition fee revenue increases across the institution must not exceed 3%. Fee increases are tied to both the Student Access Guarantee and a continued requirement that 10% of all revenue increases from tuition be set aside for student assistance.

For the 2016-17 budget, we have been required to reduce the typical rate of increase across all programs to accommodate the institution-wide cap. These budget projections use tuition fee increases as approved at the March Board of Trustees meeting (see Appendix B).

Based on the framework contained within the policy, it is not possible to continue to increase tuition in all programs by the maximum allowable and still remain within the cap. The student-weighted average of the proposed increases in the domestic tuition fees across all programs is being maximized to ensure we remain below the cap for all three years in the planning timeframe whilst still maximizing revenues.

The tuition fee framework expires at the end of 2016-17. For 2017-18 and 2018-19 an overall cap of 3% has been maintained and we believe this is a reasonable planning assumption. Budgets for those years will be adjusted during the next planning cycle when the new tuition fee framework is announced if it varies from the current framework.

#### **4.1.4 Investment Income: Global Financial Market Conditions**

Market volatility can have a significant impact on investment holdings and financial planning. Although the University has largely recovered from the 2008 decline in the financial markets, its investment holdings remain susceptible to further volatility.

The University has two investment portfolios, the Pooled Endowment Fund and the Pooled Investment Fund, which now total over \$1 billion.

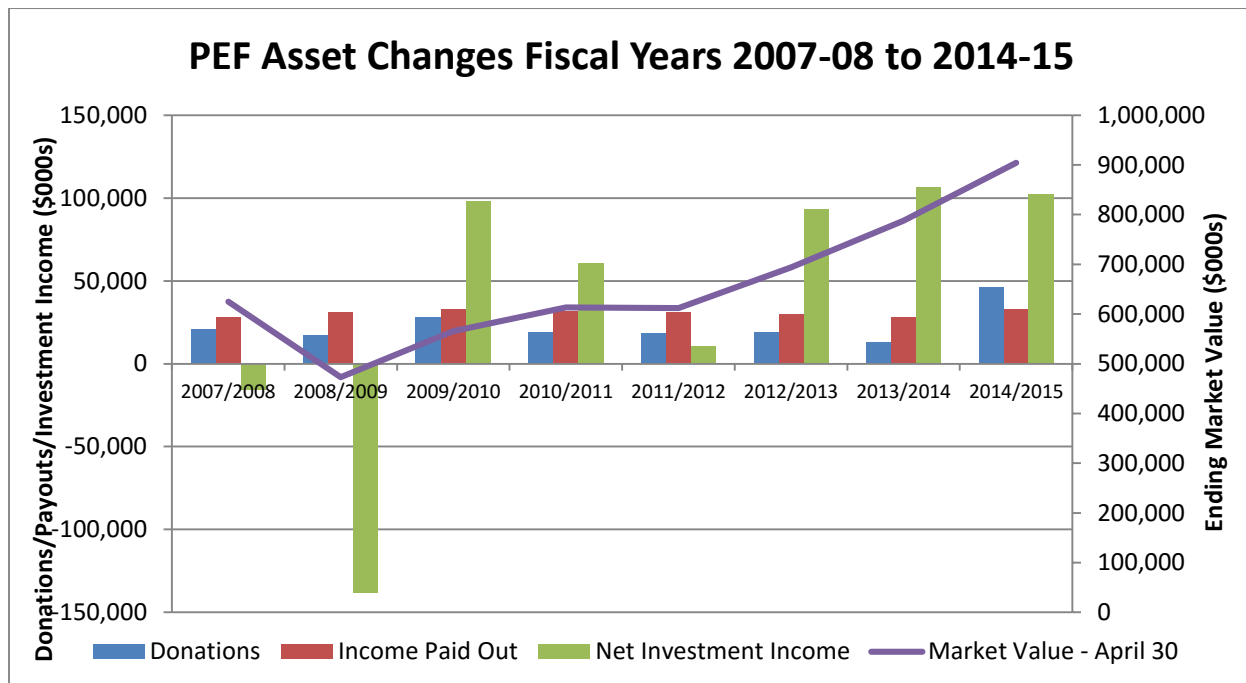
The Pooled Endowment Fund ("PEF") is an investment pool composed of funds that have been designated for University Endowment accounts. Donations received by the University are invested in the PEF and each year certain amounts are withdrawn according to the spending policy. These annual withdrawals ("payouts") fund scholarships, academic chairs, book funds, lectureships, as well as a diverse range of university programs, guided by donors' wishes.

The Pooled Investment Fund ("PIF") is made up of reserve funds and unspent balances. As the PIF's primary objective is to preserve the nominal capital of the fund, the decision was made to reduce the operating budget reliance on income from the PIF, commencing in 2012-13. As a result, the budgeted income from the PIF was set at \$4.2 million. For the coming year, and in light of a recent increase in capital held in the PIF, the budgeted income has been increased to \$5.2 million in 2016-17 and the two subsequent years. This change is reflected in the three-year budget.

Investment Fund balances are shown in the table below:

<b>Investment Portfolios (000's)</b>				
	Market Value April 30, 2013	Market Value April 30, 2014	Market Value April 30, 2015	Proj. Market Value April 30, 2016
Pooled Investment Fund (PIF)	156,463	177,054	192,423	210,000
Pooled Endowment Fund (PEF)	694,010	787,474	896,352	900,000
<b>Total</b>	<b>850,473</b>	<b>964,528</b>	<b>1,088,775</b>	<b>1,110,000</b>

As shown in the graph below, the Endowment market value has recovered strongly since fiscal 2008-09. The market value of the PEF for the end of the 2014-15 fiscal year was \$896 million. The estimated market value for the end of the 2015-16 fiscal year is roughly \$900 million.



The PEF income payout is approved annually by the Investment Committee of the Board of Trustees and is based on a hybrid formula, which is meant to preserve capital for inflationary increases while producing a substantial level of income to support current operations. Because the hybrid formula is



weighted 70% on the previous year's payout adjusted for inflation, and 30% on the most recent calendar year's ending market value, there is a significant smoothing effect and the full impact of market movements is not felt immediately. The University recently completed a thorough review of its spending policy, and in March 2016 the Board approved a three-year adjustment to the PEF payout for 2016-17, 2017-18 and 2018-19 that maintains the hybrid formula and implements a long-term payout target of 4.0%. The formula results in a payout of 11.25 cents per unit for 2016-17, which represents an 8.6% increase from the 2015-16 payout of 10.36 cents per unit.

The table below shows the actual and projected income from the PEF based on the Board approved payout, as well as additional annual withdrawals to support the operating budget. The income from the PEF supports the operating budget by providing funding for student assistance, chairs, and the general operating budget (via the University Fund).

#### Projected Endowment Income

(\$Millions)	2015-16	2016-17	2017-18	2018-19
General Operating Income	7.2	5.7	5.9	6.1
Student Assistance	12.5	13.6	14.3	14.9
Chairs, Departmental and Other funds	13.4	14.6	15.3	15.9
<b>Total Projected Endowment Income</b>	<b>33.1</b>	<b>33.9</b>	<b>35.5</b>	<b>36.9</b>

<b>Projected Payout rate per Hybrid Formula (dollars)</b>	0.1036	0.1125	0.1182	0.1228
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## 4.2 Expenditures

### 4.2.1 Allocations

Figure 1 below shows a breakdown of budget allocations in the 2016-17 Operating Budget. Two-thirds of the operating budget is allocated directly to support the academic enterprise through allocations to the Faculties and Schools and student assistance. A transfer to capital from operating is required to support previous internal loan decisions as well as to cover the cost of debt repayment on large capital and information technology projects.

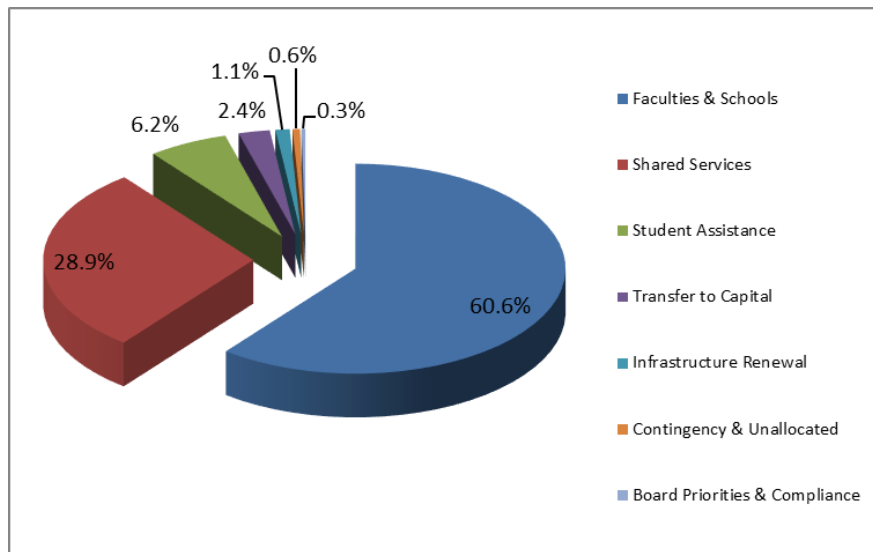
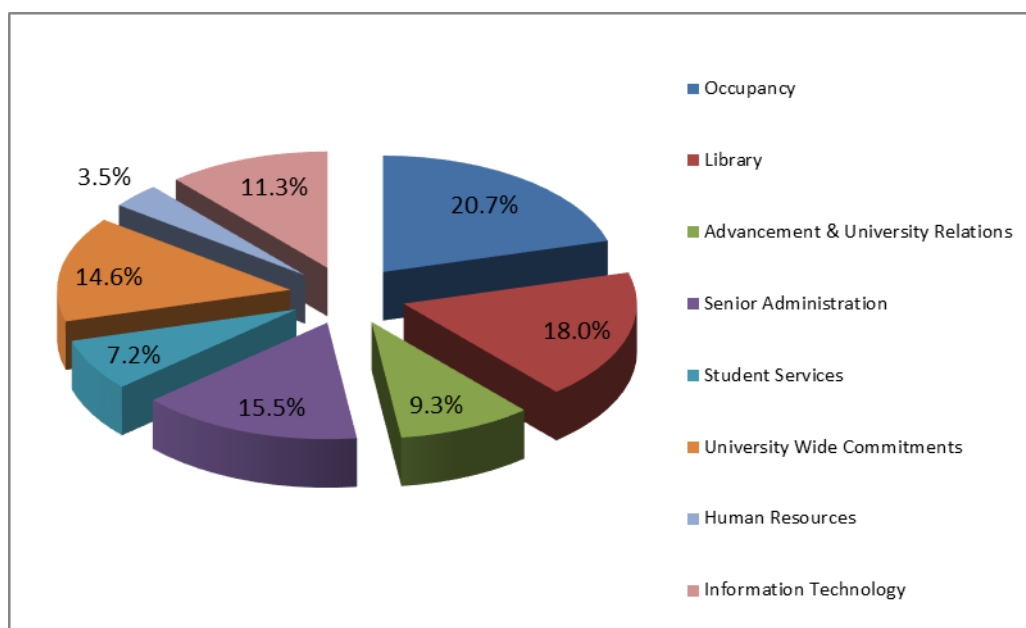
**Figure 1 Budget Allocations to Major Expenditure Areas**

Figure 2 shows a further breakdown of the Shared Service allocations. Many expenses included in Shared Services directly support academic programs and other initiatives in the Faculties, Schools. The Library and Student Services together represent 25.2% of Shared Service allocations with Information Technology Services and Occupancy costs representing 11.3% and 20.7% of allocations respectively.

**Figure 2 Detailed Shared Service Budget Allocations**

The following table shows the expenditures that are included in occupancy costs and the relative size of the expenditure. The two most notable expenditures are the cost of utilities and the cost to operate and maintain our buildings and grounds.

<b>Occupancy Costs</b>	<b>\$M</b>	<b>%</b>
Utilities	16.1	42.2%
Operations/Maintenance	15.9	42.0%
Deferred Maintenance	4.2	11.1%
Solid Waste	0.5	1.4%
Insurance (Net of recoveries)	1.1	2.8%
Taxes(Net of Grant Received)	0.2	0.6%

As mentioned above, starting in 2016-17, the University Fund will provide an attenuated hold harmless to those Faculties and Schools who ended 2013-14 with a budget allocation that was lower than their 2012-13 final budget allocation. This hold harmless allocation in 2016-17 will be 75% of the gap calculated using 2013-14 actuals against 2012-13 actuals. The percentage will attenuate downward in each of the subsequent two fiscal years as follows, 2017-18: 60%; 2018-19: 30%; and zero thereafter.

The University Fund is also being used to support transfers from the operating budget to the capital budget to support internal loans for capital and technology projects. Other allocations support strategic priorities, including infrastructure renewal to support deferred maintenance and technology infrastructure, Board priorities and compliance, and the creation of a university contingency fund. The contingency fund is needed to provide flexibility and to mitigate any in-year risks or capitalize on any opportunities that may arise.

In 2017-18 and 2018-19 the amount of the contingency was increased to \$2.8M. In part, this increase was made to provide protection against capital volatility in the projected revenue increase from the Pooled Investment Fund, which was, as noted above, a result of a transfer of additional cash into the Pooled Investment Fund. The additional \$1M of contingency will be held to mitigate the risk that the additional investment income is not realized.

Approximately \$9.1M 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 net expenses in Athletics or Student Health, which are offset by the revenues from membership fees, Ontario Health Insurance billings, and Student Activity Fees. Approximately \$4.6M in overhead revenue recovered from the University ancillary units (at this time predominately from Residences) is netted against flow-through expenses in the budget presented. As part of the review of ancillary units the university undertook, these units will now contribute a flat 5% of revenue as overhead to the University, which will result in an increase in the overhead recovery. The dividend contributions grouped in Other Income have been rationalized with the change in overhead resulting in Other Income showing a decline. This change resulted in there being no net effect on the budget for 2016-17.

#### **4.2.2 Student Financial Assistance**

As part of the Tuition Policy Framework, all universities must commit to the Student Access Guarantee (SAG), which guarantees that all Ontario students in need will have access to resources to cover tuition, books and mandatory fees. The Framework also stipulates that universities must continue to invest in need-based financial assistance by ensuring a portion of additional revenue resulting from tuition fee increases is set aside for this purpose; the current set-aside requirement is 10% of tuition fee increases.

Queen's has had a long-standing commitment of addressing both quality and accessibility at the undergraduate and graduate level through a well-funded student assistance strategy. The student assistance operating budget allocation has increased from \$17M in 2000-01 to \$31.6M in 2016-17.

The 2016-17 Operating Budget provides for a one-time \$0.7M incremental allocation to undergraduate student aid over the 2015-16 level. A student aid task force was convened during 2015-16 to undertake a review of student financial assistance at the University in an effort to ensure it has remained competitive amongst our peer institutions, and the additional one-time funding will be used, if required, to help implement any potential changes coming out of the review. In addition, the March 2016 Ontario Budget announced a significant re-packaging of financial aid for Ontario post-secondary students that will come into effect in 2017-18. It is not yet clear what the impact will be for universities. As we learn the details, we shall implement any changes that become necessary at the same time we also implement any recommendations from the task force that are accepted.

Through the generosity of donors, income from the University's endowment funds is available to enhance the support to Queen's students by providing an additional \$13.6M annually in student assistance. Student financial support is a priority for the Initiative Campaign.

#### **4.2.3 Compensation**

The new budget model continues to hold all units responsible for covering salary and benefit increases. Most employees' compensation increases are driven by collective agreements and all known and assumed agreements have been factored into the budgets of the Faculties and Schools and shared service units. Where agreements are not known 2% increases have been assumed.

The contract expiry dates for employee groups with agreements are as follows:

<b>Employee Group</b>	<b>Unit / Assoc</b>	<b>Contract Effective until</b>
Kingston Heating & Maintenance Workers	CUPE 229	June 30, 2018
Kingston Technicians	CUPE 254	June 30, 2018
Library Technicians	CUPE 1302	June 30, 2018
Academic Assistants	USW 2010-01	Aug 31, 2016
General Support Staff	USW 2010	December 31, 2018
Queen's University Faculty Association	QUFA	April 30, 2019
Registered Nurses & Nurse Practitioners	ONA 67	March 21, 2017
Graduate TA's / TF's	PSAC 901-1	April 30, 2017
Allied Health Care Professional FHT	OPSEU 452	In collective bargaining
Post Doctoral Fellows	PSAC 901-2	June 30, 2016

#### 4.2.4 Queen's Pension Plan (QPP) Deficit

The pension plan's unfunded liability has been the most significant financial issue facing Queen's for several years, and the University's efforts to find a solution continue.

The most recent triennial QPP actuarial valuation was effective August 31, 2014, and established the liability shown below:

Going-Concern Deficit:

- Market basis: **\$53.5M** (\$151.6M Aug. 31, 2011)
- Smoothed basis: **\$175.6M** (\$126.4M Aug. 31, 2011)

Solvency Shortfall: **\$285.4M** (\$332.3M Aug. 31, 2011)

The 2011 and 2014 valuations were filed on a smoothed basis.

The annual special payments to fund the going concern deficit amount to \$20.7M effective September 1, 2015, an increase of \$6.3M over the previous special payments of \$14.4M annually.

At the time of the 2011 valuation, the University qualified for Stage 1 temporary solvency relief under provincial pension regulations and was thus exempt from solvency payments for three years. On the basis of the changes that were made to the pension plan in 2011, Queen's received Stage 2 solvency relief which allowed the solvency payments to be amortized over 10 years as opposed to five. These additional payments would have commenced in September 2015, but changes to the Pension Benefits Act provided the University with the option to take advantage of an additional three-year extension to pension solvency relief and amortize the solvency deficit over the remaining seven years of Stage 2 relief. Queen's has taken advantage of the extended period of solvency relief. Based on current projections, the solvency payments that Queen's will be required to make commencing September 1, 2018 amount to approximately \$19M annually.

Commencing in fiscal 2015-16, Faculties and Departments were asked to plan and budget for an additional 4.5% pension charge commencing September 1, 2015. This provides for the increased going concern payments, and any balance remaining is being set aside as a reserve to cover future solvency payments, should these be necessary.

The Revised Pension Plan of Queen's University is not financially sustainable, and the University is committed to examining all options to rectify this. During the round of collective bargaining that was completed in the summer of 2015, the University and all its unions committed to participating in the project to design and build a new jointly sponsored pension plan (JSPP) for Ontario universities. The project is being jointly sponsored by the Council of Ontario Universities (for the employers) and the Ontario Confederation of University Faculty Associations (for the employees). If the project is successful, the Revised Pension Plan of Queen's University would be merged with the new JSPP. One condition for this to occur would be agreement from the Government of Ontario that the new JSPP will have a permanent exemption from solvency payments. If the project to establish a JSPP is not successful, Queen's and its unions are committed to exploring merging with another JSPP that will provide a solvency exemption, and failing that, to discussing and negotiating such changes as may be needed to support the financial sustainability of the pension plan. Any change to the QPP will be collectively bargained, and merging it with a JSPP will be done in full compliance with the legislative framework for members to express consent. Any pension currently under payment is guaranteed never to reduce.

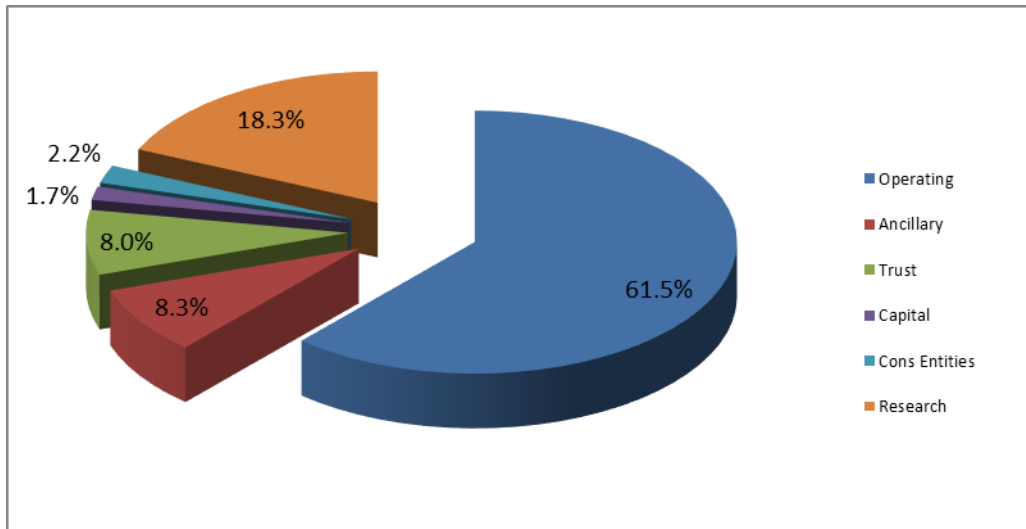
## **5.0 Broader Financial Picture**

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. Therefore, the flexibility that Queen's has in supporting the academic enterprise and managing its operations is within the Operating Budget.

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 2014-15 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 change in the level of indirect costs of research grants or research overhead revenue that would support operations depending on the level of research revenues, and the required level of support in student aid from the operating fund due to increases or decreases in donations to support student aid.

In order to provide a more consolidated picture of university finances, and in addition to presenting information on the Capital and Ancillary Budgets, information on donations to trust and endowment funds and research is also presented.

## 5.1 Capital Budget

Capital expenditures funded from the Operating Budget are shown as *Transfer to Capital Budget* and are itemized in Table B 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**

<b>Queen's University Capital Budget Allocations from Operating</b>				
	Budget 2015-16	Budget 2016-17	Budget 2017-18	Budget 2018-19
<b>Grant Revenue</b>				
MTCU Facilities Renewal Fund	\$ 1,086	\$ 3,457	\$ 2,462	\$ 3,282
MTCU Graduate Capital	\$ 1,700	\$ 1,700	\$ 1,700	\$ 1,700
Total Revenue	\$ 2,786	\$ 5,157	\$ 4,162	\$ 4,982
<b><u>Capital Projects Financing</u></b>				
School of Kinesiology & Queen's Centre	\$ 6,900	\$ 6,900	\$ 6,900	\$ 6,900
QUASR	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000
BISC	\$ 250	\$ 250	\$ 250	\$ 250
Biosciences Complex	\$ 223	\$ 223	\$ 223	\$ -
Chernoff Hall	\$ 900	\$ 900	\$ 900	\$ 900
Electrical Substation	\$ 900	\$ 900	\$ 900	\$ 900
CoGeneration Facility	\$ 1,064	\$ 1,064	\$ 1,064	\$ 1,064
Tools for Research Administration at Queen's (TRAQ)	\$ 640	\$ 640	\$ -	\$ -
Boiler #8	\$ 167	\$ 167	\$ 167	\$ 167
<b><u>Deferred Maintenance</u></b>				
MTCU Facilities Renewal Fund	\$ 1,086	\$ 3,457	\$ 2,462	\$ 3,282
Total Expenses	\$ 15,129	\$ 17,500	\$ 15,865	\$ 16,463
	\$ -	\$ -	\$ -	\$ -
Budget Surplus (Deficit)	\$ (12,343)	\$ (12,343)	\$ (11,703)	\$ (11,481)
Transfer from Operating Budget	\$ 12,343	\$ 12,343	\$ 11,703	\$ 11,481
Net Budget Surplus (Deficit)	\$ -	\$ -	\$ -	\$ -

With the exception of the TRAQ project, 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 \$4.9M in infrastructure renewal funding from the University Fund. The transfer to capital will fall from \$12.3M to \$11.5M in 2018-19 when the loans for Tools for Research Administration at Queen's (TRAQ) and the Bioscience Complex are retired.



### 5.1.1 Major Capital Projects

Queen's has embarked on a number of significant capital projects over the last few years.

**TABLE F: CAPITAL EXPENDITURES FOR APPROVED PROJECTS**

PROJECT NAME	PROJECT COSTS		
	Actuals at Feb '16	Total Projected Costs	Budget
<b>IN PROCESS:</b>			
John Orr Tower - Window / Door Replacement	1,109	1,300	2,800
Richardson Stadium	4,784	20,270	20,270
Victoria Hall - Building Envelope Repairs	3,278	6,100	6,100
Energy Service Company (ESCO) Partnership	2,391	12,004	12,004
<b>SUBTOTAL - PROJECTS IN PROCESS</b>	<b>11,562</b>	<b>39,674</b>	<b>41,174</b>
<b>COMPLETED:</b>			
David C. Smith House and Brant House	55,588	58,500	70,000
Goodes Hall Expansion	39,842	39,880	40,000
Isabel Bader Centre for the Performing Arts	78,481	80,500	80,500
Jean Royce - Food Services	1,579	1,579	2,204
School of Kinesiology and Queen's Centre	180,471	180,498	181,235
Reactor Materials Testing Laboratory	14,869	18,355	18,355
School of Medicine	75,010	76,846	76,846
<b>SUBTOTAL - PROJECTS COMPLETED</b>	<b>445,840</b>	<b>456,158</b>	<b>469,140</b>
<b>IN PLANNING:</b>			
Health, Wellness and Innovation Centre	0	TBD	TBD
<b>SUBTOTAL - PROJECTS IN PLANNING</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>GRAND TOTAL</b>	<b>457,402</b>	<b>495,832</b>	<b>510,314</b>
	<b>90%</b>		<b>100%</b>

The major capital project approval process was revised in May 2014 to reflect changes in governance committees, to provide clarity in the approval process, and to amend the threshold for projects requiring Board of Trustees approval.

### 5.1.2 Deferred Maintenance

MTCU funded a Facilities Condition Audit for all Ontario universities in 2010-11 and the data is stored in a common software system. The audit reported \$213M of deferred maintenance for Queen's University. By the end of 2016, this number will be updated as a result of a more comprehensive audit of the campus buildings that VFA has been contracted to undertake.

In addition, there is an estimated \$30M of campus infrastructure (underground systems) deferred maintenance. In 2016, Physical Plant Services (PPS) will refresh this underground infrastructure audit. It is expected that the new estimate will be higher.

Each year the deferred maintenance backlog is reduced by funds allocated from the operating budget and the province. This is offset by further deterioration of buildings and infrastructure and the impact of inflation. As a result, the current Facilities Condition report is broken down as follows, excluding campus infrastructure:

<b>Facilities Condition Audit Deferred Maintenance</b>	
	<b>\$000's</b>
Campus	165,900
Residences	57,700
	<b>223,600</b>

The base allocation from the operating budget is \$4.2M. An additional \$2.1M is budgeted from the University Fund for 2016-17.

In addition, for 2015-16 and 2016-17 the University was allocated \$1.6M of annual provincial funding for deferred maintenance under the Facilities Renewal Program, which is primarily based on Queen's system share across all Ontario universities and colleges. This amount was increased from \$1.1M (2014-15) as a result of the provincial government announcing a plan to increase renewal funding from \$26M in 2014-15 to \$40M in 2015-16 and 2016-17 and then to \$100M by 2019-20. The Ministry plans to announce a consultation process to discuss approaches to allocating amounts over the \$40M. For 2016-17 only, there was an additional \$1.8M one-time top-up from MTCU over and above the \$1.6M annual amount.

## 5.2. Ancillary and Consolidated Entity Budgets

These units provide goods and services to the University in support of our core educational and research mission. Ancillaries are not supported by central university revenues and are expected to run as break-even operations after contributing overhead and any net revenue to the operating budget.

A full review of Ancillary Operations was undertaken in 2014-15. The resulting recommendations were implemented in 2015-16: the Computer Store is closing effective May 1, 2016, and Creative Design services has been removed as an ancillary and incorporated into University Relations. In addition, all ancillary units will contribute a flat 5% of revenue as overhead, dividend contributions have been rationalized with the change in overhead, and discussions are ongoing to determine a formula for the sharing of actual surplus. Carry forward reserve balances have been identified and transferred into a capital reserve, where required, to mitigate future deferred maintenance expenditures.

The table below summarizes the 2016-17 aggregate budgets of the Ancillary and Consolidated Entities.

2016-17 ANCILLARY & CONSOLIDATED BUDGET (000's)			
	TOTAL ANCILLARY	TOTAL CONSOLIDATED ENTITIES	TOTAL ANCILLARY & CONSOLIDATED ENTITIES
	Budget	Budget	Budget
<b>REVENUE</b>	85,698	3,055	88,753
<b>EXPENDITURE</b>			
Salaries & Benefits	11,336	1,462	12,798
External Contracts	31,597	718	32,315
Utilities	6,577	-	6,577
Repairs & Alter.	4,070	-	4,070
Interest & Bank Charges	8,764	90	8,854
Supplies & Misc.	5,281	1,823	7,104
Overhead	4,084	-	4,084
Total Expenditures	71,709	4,093	75,802
Net Surplus (Deficit) before Capital and Contributions to University Operations	13,989	(1,038)	12,951
Deferred Maintenance	4,661	-	4,661
Debt Servicing - Principal	8,419	-	8,419
Contributions to University Operations	5,000	-	5,000
<b>SURPLUS (DEFICIT)</b>	(4,091)	(1,038)	(5,129)

The following table shows the 2016-17 Budgets for each Ancillary Operation.

2016-17 ANCILLARY BUDGET (000's)						
	Residence	Event Services	Community Housing	Parking	Donald Gordon Centre	Stuart St. Underground Parking
	Budget	Budget	Budget	Budget	Budget	Budget
<b>REVENUE</b>	65,170	6,052	5,820	3,027	4,548	1,081
<b>EXPENDITURE</b>						
Salaries & Benefits	8,403	1,318	1,300	238	-	77
External Contracts	24,059	3,914	117	469	2,991	47
Utilities	4,429	181	1,278	313	323	53
Repairs & Alter.	2,907	24	947	37	127	28
Interest & Bank Charges	5,438	20	59	2,469	594	184
Supplies & Misc.	4,208	147	760	61	62	43
Overhead	3,259	303	291	151	80	-
Total Expenditures	52,703	5,907	4,752	3,738	4,177	432
Net Surplus (Deficit) before Capital and Contributions to University Operations	12,467	145	1,068	(711)	371	649
Contribution to Capital Reserve	3,091	-	900	525	85	60
Debt Servicing - Principal	7,126	-	57	850	247	139
Contributions to University Operations	4,502	19	29	-	-	450
<b>SURPLUS (DEFICIT)</b>	(2,252)	126	82	(2,086)	39	-

2016-17 ANCILLARY BUDGET (000's) RESERVES						
OPENING RESERVE	5,261	479	4,940	(8,306)	-	-
SURPLUS (DEFICIT)	(2,252)	126	82	(2,086)	39	-
CLOSING RESERVE	3,009	605	5,022	(10,392)	39	-

Residences and Parking are projecting deficits while Event Services, Community Housing and Donald Gordon Centre are projecting modest surpluses.

Residences, Community Housing and Events Services are providing overhead contributions and dividends that help support the University operating budget and the Student Affairs portfolio.

The ancillary review recommended that the overhead rate be consistently applied across all ancillary units at 5% of total revenue. This has been implemented. In addition to these contributions, planned transfers of a portion of ancillaries' reserves to a capital fund reserve will ensure funds are available to address deferred maintenance. The capital fund reserves will continue to address repairs and alterations required as part of the deferred maintenance of properties. The budgets for these areas will continue to contribute each year towards the capital fund reserve while maintaining a small operating reserve to mitigate against occupancy shortfalls and operating cost overages.

The construction of the two new residences was completed in 2015-16. The debt servicing payments is a contributing factor to the deficit in 2016-17. The debt servicing payments will be completed by 2030-2031.

The surplus in Community Housing relates to the recent success in obtaining a property tax exemption on the Community Housing properties.

Revenues in Event Services are increasing by 4% due to additional summer accommodation offerings made possible by the two new residences.

The figures shown for the Underground Parking structure (shared 50/50 with Kingston General Hospital) represent only Queen's share.

The parking deficit is due to the debt financing of the underground parking garages as planned in the capital business case. The parking garage business case was based on a 40-year return on investment and allowed for deficits over 30 years while the debt was being repaid, after which a further 10 years is required to eliminate the cumulative deficit. The Parking budget is tracking to the business plan and will be profitable once the debt and deficit are paid. The deficit includes a \$525K allocation to reserves for future deferred maintenance.

The Consolidated Entities are composed of PARTEQ Innovations and Queen's Centre for Enterprise Development (QCED). The table below shows the 2016-17 Consolidated Entities budget.

2016-17 Consolidated Entities BUDGET (000's)		
	PARTEQ	QCED Inc.
	Budget	Budget
<b>REVENUE</b>	2,728	327
<b>EXPENDITURE</b>		
Salaries & Benefits	1,306	156
External Contracts	490	228
Utilities	-	-
Repairs & Alter.	-	-
Interest & Bank Charges	90	-
Supplies & Misc.	1,785	38
Deferred Maintenance	-	-
Total Expenditures	3,671	422
<b>SURPLUS (DEFICIT)</b>	(943)	(95)

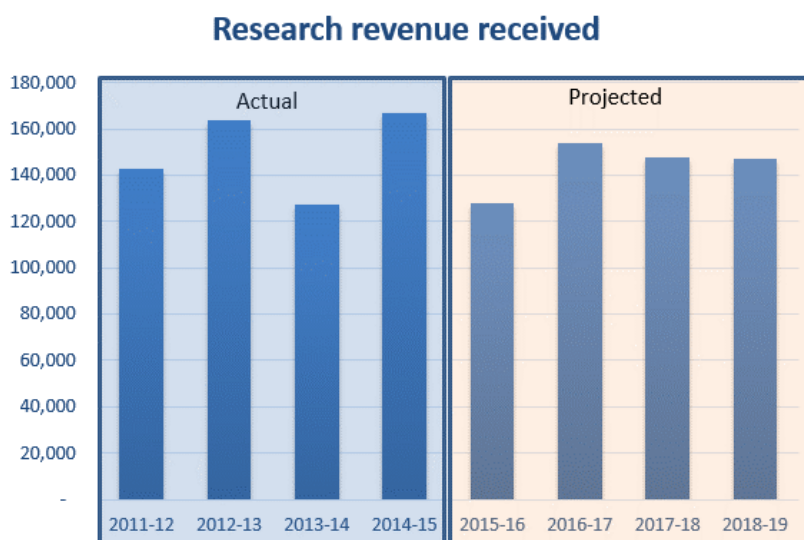
Note: The Bader International Study Centre is a consolidated entity but under the New Budget model its academic operations are now included as a faculty in the operating budget.

PARTEQ is projecting a deficit of \$963K. The deficit is largely attributable to the expiry in the fiscal year of a patent that generates the majority of PARTEQ's royalty revenue. PARTEQ has sufficient cash reserves to fund this projected shortfall. The Vice-Principal (Research) is currently reviewing options to enable a sustainable operation beyond 2016-17.

The Queen's Centre for Enterprise Development (QCED) budget provides for a deficit in 2016-17. At the beginning of 2015-16 QCED found itself in a period of uncertainty, but it is now entering into a new partnership agreement resulting in renewed revenues beginning in May 2016. This agreement would see a return to a profitable position by 2018-19.

### 5.3 Research Fund

The table below provides a summary of research funding received since 2011-12, together with cash flow projections for future year funding. Totals exclude funding received for the indirect costs of research and scholarships as these are reported in separate funds in the University's financial statements. These totals also differ from the University's audited financial statements in that research revenue is only recognized as expended in the financial statements.



Research funding covers the direct cost of research, but only a portion of indirect costs such as financial management, contract administration, health and safety, physical infrastructure requirements, etc. A 2013 report issued by the Canadian Association of Business Officers and the Canadian Association of University Administrators reported that the indirect cost of research was between 40% and 60% nationally. Although Queen's general policy is to recover 40% of externally funded research projects, funding policies of many government and not-for-profit agencies prohibit or limit the reimbursement of indirect costs. Consequently, Queen's recovers indirect costs in the amount of 10% and 15% of direct costs annually. Research activity impacts operating and capital budgets through the physical and human capital resources that support research. For these reasons, estimating future research activity is important and better enables the University to improve forecasting of funding for indirect costs of research, supports integrated cash flow management, and helps to highlight financial opportunities or financial risks.

Research funding can fluctuate from year to year depending on overall Queen's grant funding success rates, economic conditions, award cycles, and the number of funding applications submitted. Research-intensive universities seek a balance across challenging and complementary areas of emphasis including research intensity, reputation, size and scale, excellence in both graduate and undergraduate education, foundational research, applied research, leadership and support for major

research programs and facilities, international presence, and local social advancement and economic growth. While Queen's has many distinctive opportunities, we face challenges and risks common to other U15 universities.

It is important to note that the 2016 Federal Budget included significant additional investments in research, including an annual increase of \$95 million for the Tri-Council agencies, starting in 2016-17. Additionally, the budget committed \$2 billion over three years to infrastructure at universities and colleges to support the modernization environmental sustainability of research and innovation facilities.



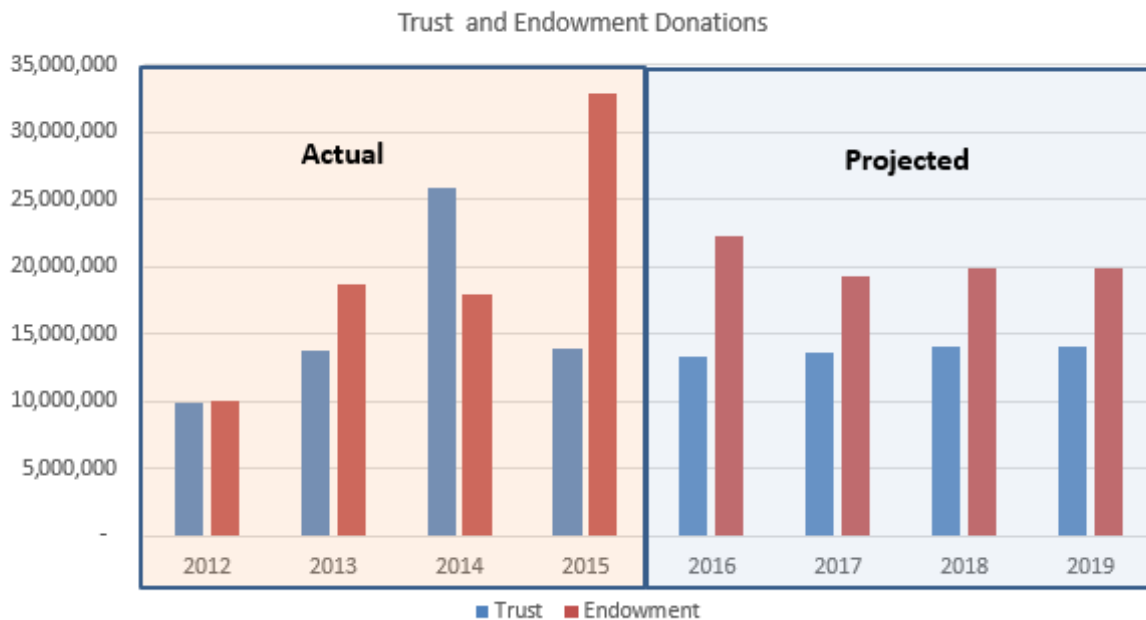
## 5.4 Trust and Endowment Funds

Trust and Endowment funds capture funds received within the University that are restricted for specific purposes. The University has a fiduciary responsibility to ensure trust fund and endowment expenditures are in accordance with the related terms, typically a directed donation. External donations received for specific purposes are usually supported by an agreement between the University and the donor, recorded in their own funds, and managed according to the terms and conditions of the donation. The chart below provides an overview of donations received in past years, as well as projected cash receipts in the future.

Donations to endowment funds in the chart represent non-expendable donations that are maintained in perpetuity. Endowed donations were unusually high in 2015. This increase over previous years is due in part to the receipt of significant pledge payments from prior commitments and continued giving in support of endowed priorities, most notably student financial assistance and endowed faculty support.

Donations to trust funds in the chart represent expendable donations. These totals differ from the University's audited financial statements as donation revenue is only recognized as expended in the financial statements.

Actual donation revenue may vary because of changing economic conditions or other factors.



Queen's University at Kingston  
2015-16 to 2018-19 Revenue Budget

TABLE 1

	Budget 2015-16	Budget 2016-17	Budget 2017-18	Budget 2018-19
Tuition Credit	\$ 241,660,552	\$ 263,659,897	\$ 278,810,661	\$ 290,629,881
Tuition Non-Credit	\$ 20,996,830	\$ 18,734,454	\$ 19,162,649	\$ 19,550,771
Student Assistance Levy	\$ 2,309,020	\$ 2,382,120	\$ 2,418,120	\$ 2,438,520
Other fees	\$ 6,706,347	\$ 7,101,941	\$ 7,202,810	\$ 7,325,189
<b>Total Fees</b>	<b>\$ 271,672,749</b>	<b>\$ 291,878,412</b>	<b>\$ 307,594,240</b>	<b>\$ 319,944,361</b>
<b>Operating Grants</b>				
Basic Operating Grant	\$ 147,858,635	\$ 143,742,340	\$ 143,724,470	\$ 143,722,400
Performance Fund Grant	\$ 2,038,467	\$ 1,819,525	\$ 1,819,525	\$ 1,819,525
U/G Accessibility Funding	\$ 13,907,570	\$ 16,895,577	\$ 17,915,486	\$ 19,183,297
Graduate Accessibility Funding	\$ 11,114,516	\$ 11,280,067	\$ 12,972,391	\$ 14,040,711
Quality Improvement Fund	\$ 6,908,774	\$ 6,906,681	\$ 6,906,681	\$ 6,906,681
Research Infrastructure	\$ 1,800,000	\$ 1,682,363	\$ 1,682,363	\$ 1,682,363
<b>Ontario Operating Grants</b>	<b>\$ 183,627,961</b>	<b>\$ 182,326,553</b>	<b>\$ 185,020,917</b>	<b>\$ 187,354,976</b>
<b>Earmarked Grants</b>				
Tax Grant	\$ 1,443,211	\$ 1,600,875	\$ 1,621,865	\$ 1,666,715
Special Accessibility	\$ 357,657	\$ 640,257	\$ 640,257	\$ 640,257
Regional Assessment Resource Centre	\$ -	\$ -	\$ -	\$ -
Targetted programs	\$ 9,041,261	\$ 13,660,130	\$ 13,626,712	\$ 13,643,636
Clinical Education Funding	\$ 623,751	\$ 623,751	\$ 623,751	\$ 623,751
<b>Total Earmarked Grants</b>	<b>\$ 11,465,879</b>	<b>\$ 16,525,013</b>	<b>\$ 16,512,585</b>	<b>\$ 16,574,359</b>
<b>Total Provincial Grants</b>	<b>\$ 195,093,841</b>	<b>\$ 198,851,566</b>	<b>\$ 201,533,501</b>	<b>\$ 203,929,335</b>
<b>Federal Grant</b>	<b>\$ 9,376,768</b>	<b>\$ 9,460,175</b>	<b>\$ 9,460,175</b>	<b>\$ 9,460,175</b>
<b>Other Revenue</b>				
Unrestricted Donations and Bequests	\$ 1,340,000	\$ 1,300,000	\$ 1,300,000	\$ 1,300,000
Other Income	\$ 7,479,948	\$ 5,509,429	\$ 5,648,322	\$ 5,772,732
Research Overhead	\$ 3,950,000	\$ 3,600,000	\$ 3,600,000	\$ 3,600,000
Investment Income	\$ 12,500,779	\$ 12,177,121	\$ 12,367,283	\$ 12,402,293
<b>Total Other Revenue</b>	<b>\$ 25,270,726</b>	<b>\$ 22,586,550</b>	<b>\$ 22,915,605</b>	<b>\$ 23,075,025</b>
<b>Total Revenues:</b>	<b>501,414,084</b>	<b>522,776,703</b>	<b>541,503,521</b>	<b>556,408,896</b>

Queen's University at Kingston  
2015-16 to 2018-19 Expense Budget

TABLE 2

	Budget 2015-16	Budget 2016-17	Budget Variance	Budget 2017-18	Budget 2018-19
<b>Faculties and Schools</b>					
Arts and Science	\$ 110,807,280	\$ 121,050,847	\$ 10,243,567	\$ 129,177,172	\$ 133,618,422
Business	\$ 79,672,114	\$ 79,437,875	\$ (234,239)	\$ 80,870,420	\$ 82,282,731
Health Sciences	\$ 41,779,672	\$ 40,710,678	\$ (1,068,994)	\$ 41,153,849	\$ 40,457,721
Applied Science	\$ 31,899,863	\$ 36,438,467	\$ 4,538,604	\$ 36,540,835	\$ 37,228,884
Law	\$ 10,109,579	\$ 11,469,889	\$ 1,360,310	\$ 11,878,492	\$ 12,374,144
Education	\$ 15,551,267	\$ 16,175,389	\$ 624,121	\$ 15,590,177	\$ 14,618,457
School of Policy Studies	\$ 1,703,088	\$ 2,479,125	\$ 776,037	\$ 3,096,798	\$ 3,062,316
School of Urban & Regional Planning	\$ 1,048,312	\$ 0	\$ (1,048,312)	\$ 0	\$ (0)
Bader International Study Centre	\$ 3,079,800	\$ 2,975,966	\$ (103,835)	\$ 3,137,504	\$ 3,226,311
<b>Total Faculties and Schools</b>	<b>\$ 295,650,975</b>	<b>\$ 310,738,235</b>	<b>\$ 15,087,259</b>	<b>\$ 321,445,248</b>	<b>\$ 326,868,987</b>
<b>Shared Services</b>					
Principal's Office	\$ 1,362,249	\$ 1,431,740	\$ 69,491	\$ 1,482,834	\$ 1,506,658
Secretariat	\$ 1,316,926	\$ 1,542,618	\$ 225,692	\$ 1,595,023	\$ 1,621,362
University Relations	\$ 3,334,734	\$ 3,641,643	\$ 306,908	\$ 3,772,328	\$ 3,828,854
Vice-Principal (Research)	\$ 5,999,411	\$ 6,034,203	\$ 34,793	\$ 6,241,305	\$ 6,346,124
Vice-Principal (Advancement)	\$ 11,596,995	\$ 10,177,522	\$ (1,419,473)	\$ 10,559,579	\$ 10,778,396
Vice-Principal (Finance & Admin)	\$ 7,065,366	\$ 8,562,487	\$ 1,497,121	\$ 8,878,770	\$ 9,129,035
Provost & Vice-Principal (Academic)	\$ 3,812,787	\$ 3,865,578	\$ 52,791	\$ 4,015,234	\$ 4,092,343
Student Affairs	\$ 8,904,009	\$ 8,812,196	\$ (91,812)	\$ 9,116,976	\$ 9,563,991
Library (operations & acquisitions)	\$ 26,415,874	\$ 26,654,834	\$ 238,960	\$ 27,699,273	\$ 28,540,553
Occupancy Costs (net of Shared Service Space Costs)	\$ 30,986,634	\$ 30,650,910	\$ (335,724)	\$ 30,964,577	\$ 31,743,319
Environmental Health & Safety	\$ 1,452,148	\$ 1,482,410	\$ 30,262	\$ 1,534,875	\$ 1,556,322
ITS	\$ 16,140,252	\$ 16,703,946	\$ 563,694	\$ 17,318,913	\$ 17,580,911
Human Resources	\$ 5,707,211	\$ 5,122,131	\$ (585,080)	\$ 5,292,422	\$ 5,409,539
Graduate Studies	\$ 1,865,094	\$ 1,872,531	\$ 7,438	\$ 1,933,776	\$ 1,971,164
University Wide Benefits & Pension Special Payments	\$ 8,215,995	\$ 8,421,190	\$ 205,195	\$ 8,548,548	\$ 8,682,273
Need Based & UG Merit Student Assistance	\$ 17,514,294	\$ 18,214,294	\$ 700,000	\$ 17,514,294	\$ 17,514,294
Graduate Students Assistance	\$ 13,367,706	\$ 13,367,706	\$ -	\$ 13,367,706	\$ 13,367,706
University Wide - Faculty	\$ 3,441,276	\$ 3,475,515	\$ 34,238	\$ 3,575,907	\$ 3,627,634
University Wide - Student	\$ 1,196,507	\$ 1,193,562	\$ (2,945)	\$ 1,242,480	\$ 1,277,325
University Wide - Administration	\$ 3,739,559	\$ 4,859,186	\$ 1,119,627	\$ 4,871,450	\$ 4,877,039
University Wide - Community	\$ 2,839,074	\$ 2,965,603	\$ 126,529	\$ 3,057,039	\$ 3,104,151
Queen's National Scholars	\$ 600,000	\$ 800,000	\$ 200,000	\$ 1,000,000	\$ 1,200,000
<b>Total Shared Services</b>	<b>\$ 176,874,102</b>	<b>\$ 179,851,806</b>	<b>\$ 2,977,704</b>	<b>\$ 183,583,308</b>	<b>\$ 187,318,991</b>
Infrastructure Renewal	\$ 2,300,000	\$ 4,859,085	\$ 2,559,085	\$ 7,400,000	\$ 8,550,000
Strategic Priorities & Compliance	\$ 964,000	\$ 2,245,500	\$ 1,281,500	\$ 734,000	\$ 734,000
Contingency	\$ 1,773,796	\$ 1,800,000	\$ 26,204	\$ 2,800,000	\$ 2,800,000
To Be Allocated	\$ -	\$ 1,303,854	\$ 1,303,854	\$ 3,193,875	\$ 7,850,809
<b>Flow Through Expenses, net of Recoveries</b>					
Municipal Tax Grant**	\$ 1,443,211	\$ 1,600,875	\$ 157,664	\$ 1,621,865	\$ 1,666,715
University Council on Athletics*	\$ 5,225,149	\$ 5,297,899	\$ 72,750	\$ 5,364,122	\$ 5,431,174
Miscellaneous Athletics & Enrichment Studies*	\$ 4,213,018	\$ 3,381,417	\$ (831,601)	\$ 3,497,991	\$ 3,608,392
Student Health Service*	\$ 2,326,598	\$ 2,693,042	\$ 366,444	\$ 2,703,688	\$ 2,734,055
Special Disability Services*	\$ 357,657	\$ 640,257	\$ 282,600	\$ 640,257	\$ 640,257
Daycare Grant*	\$ 100,233	\$ -	\$ (100,233)	\$ -	\$ -
Women's Campus Safety	\$ -	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000
Overhead Recovery	\$ (3,216,763)	\$ (4,563,633)	\$ (1,346,870)	\$ (4,652,700)	\$ (4,743,849)
<b>Total Flow Through Expenses, net of Recoveries</b>	<b>\$ 10,449,103</b>	<b>\$ 9,099,857</b>	<b>\$ (1,349,246)</b>	<b>\$ 9,225,223</b>	<b>\$ 9,386,744</b>
Indirect Costs of Research to External Entities	\$ 1,391,781	\$ 1,418,840	\$ 27,059	\$ 1,418,840	\$ 1,418,840
<b>Total Operating Expenditures</b>	<b>\$ 489,403,757</b>	<b>\$ 511,317,177</b>	<b>\$ 21,913,420</b>	<b>\$ 529,800,495</b>	<b>\$ 544,928,370</b>
Transfer to Capital Budget	\$ 12,343,026	\$ 12,343,026	\$ -	\$ 11,703,026	\$ 11,480,526
<b>Total Expenditures</b>	<b>\$ 501,746,783</b>	<b>\$ 523,660,203</b>	<b>\$ 21,913,420</b>	<b>\$ 541,503,521</b>	<b>\$ 556,408,896</b>

\*Expenses covered by Fees under Other Fees or Earmarked Grants

\*\*Municipal Tax expense reflects on the portion that is equal to the grant. The remainder is shown in occupancy costs

**Recommendations to the Senate Committee on Academic Development  
Short Term Enrolment Projections 2016-2019  
March 2016**

This report contains enrolment targets for 2016-2017 and 2017-2018 and enrolment projections for 2018-2019, which have been developed by the Strategic Enrolment Management Group (SEMG) within the context of the university's [long-term strategic enrolment management framework](#).

More specifically, this report includes:

- Revisions to 2016-2017 targets: 2016-2017 targets were previously approved by Senate in April 2015, and the revisions are now submitted for Senate approval;
- Revisions to 2017-2018 targets: initial 2017-2018 targets were provided for information to Senate in April 2015 as enrolment projections, and the revised targets are now submitted for Senate approval;
- Enrolment projections for 2018-2019: these are submitted to Senate for information.

**The development of enrolment targets**

The SEMG includes Deans, faculty members, staff and AMS and SGPS representatives. This group annually considers enrolment targets and projections for the following three years. Each spring, Senate will review:

- Any revisions to previously-approved targets for the upcoming year and are resubmitted for approval;
- Any revisions to previously-submitted (for information) targets for the first of the two following years that are resubmitted for approval; and
- Projections for the second of the two following years that are submitted for information.

This practice of submitting overlapping enrolment targets enables annual budget planning, which begins 12 months prior to the year of budget that is being planned.

The enrolment targets are derived through the following process:

- Meetings are held with each Dean to review enrolment priorities, applicant demand and program capacity;
- The SEMG reviews data on Queen's applications, province-wide applications, sector trends, provincial policy issues and initiatives, and annual faculty and school enrolment information reports;
- Preliminary targets for the upcoming three years are presented to SEMG and assessed against the data, and the priorities and goals outlined in the long-term enrolment framework;

- SEMG recommends rolling three-year enrolment targets and projections to SCAD. The first two years' projections are presented as targets for approval, and the third year's projections are presented for information;
- SCAD reviews and recommends the two upcoming years' enrolment targets to Senate for approval, and provides the third year's projections for information.

## **Undergraduate Enrolment Context**

First-year direct-entry applications for 2016-17 to Ontario universities had increased by 3.5% as of March 3, 2016 compared to the same time last year, while applications to Queen's programs had risen by 9.7% as of March 4, 2016.

The Canadian university-aged population is projected to decline by 10% between 2011 and 2020, and then return to 2010 levels by 2030. This means increased PSE participation across the sector over the next few decades will predominantly need to occur through differentiated enrolment, including previously underrepresented populations like international students, Aboriginal students, first-generation students, part-time students, and mature students.

With regard to international enrolment, targeted efforts resulted in a 36.5% increase of undergraduate first-year international students at Queen's in 2015-16 over 2014-15. With regard to upper-year transfer students, Queen's saw a 14% increase in 2015-16 over 2014-15.

## **Graduate Enrolment Context**

Queen's continues to focus graduate growth in professional programs and through the delivery of new credentials, including diploma and degree programs. To sustain our research intensity, doctoral-stream and PhD enrolment numbers will be increased modestly, where there exists capacity and strong demand by qualified candidates. Providing interdisciplinary opportunities through new program development and interdepartmental collaborations remains a priority.

Despite strong competition among Ontario institutions, total applications, both domestic and international, to Queen's graduate programs increased by 6.3% for 2015-16 over 2014-15.

## **Enrolment Tables**

Three tables are included in this report:

- Table 1: Student Headcount Intake;
- Table 2: Enrolment Summary (Total Enrolment); and
- Table 3: Details for Selected Student Subgroups

These tables provide information on direct-entry first year and upper year intake, second-entry program intake, off-campus enrolment (Distance Studies, Bader International Study Centre) and exchange, and information on specific student populations, including incoming and outgoing exchange students.

## Table 1: Student Headcount Intake

**University-wide Intake:** For 2016-17 and beyond, the first-year direct-entry target has not changed from the target previously approved by Senate (4,422), although there has been movement within some programs and faculties in response to applicant demand, program capacity, and faculty/school priorities.

The first-year second-entry target for 2016-17 and beyond, which is 300, remains the same as what was previously approved.

**Intake by Faculty and Program:** The table shows both first year and upper year intake by Faculty, School and Program. A brief summary for each Faculty/School is set out below.

**Arts and Science:** Total on-campus enrolment targets for the faculty have not changed and will be maintained at 3,100 between 2016-17 and 2018-19; there have been some slight changes in distribution from what was previously approved. The table indicates a subtotal for Arts and Science of 3,125, as this includes an annual intake target of 25 distance studies students.

Upper-year Arts and Science transfer student targets for 2016-17 and beyond have been adjusted downward, from previously approved and planned numbers. The faculty continues to focus on increasing this population.

Bader International Study Centre first-year targets and projections have not changed; they remain at 120 for 2016-17 through 2018-19.

**Engineering and Applied Science:** The first-year target remains constant at 730 through to 2018-19. This includes 50 places for the direct-entry program in Electrical and Computer Engineering, which was successfully implemented in 2015-16.

**Commerce:** The first-year targets remains constant at 475 through to 2018-19.

**Nursing:** There are no changes in the first-year intake target of 92 through to 2018-19 due to government restrictions on nursing enrolment. In the Nursing-Advanced Standing (upper-year entry) track, the target has been increased from 40 to 47 for 2016-17 and beyond, due to demand and capacity in the program.

**Law:** The intake target remains at 200 through 2018-19.

**School of Medicine:** There are no changes in enrolment projections.

**Faculty of Health Sciences:** Planning is underway to introduce an online Bachelor of Health Sciences degree, beginning Fall 2016.

**Faculty of Education:** The Faculty has implemented a provincially-mandated change to the Bachelor of Education program, extending it over four terms from two terms starting in 2015-16. This has resulted in a decrease in the number of program spaces. Intake targets through to 2018-19 have been adjusted to reflect this change as well as the flow-through of Concurrent Education students who were already enrolled prior to the change.

**Graduate Studies:** Increases in intake are largely attributable to both recent and anticipated launch of new professional graduate credentials (diplomas, master's and doctorate), and expansion of existing programs where capacity exists (e.g. Master of Engineering).

### **Table 2: Enrolment Summary**

The second table shows total enrolment by Faculty, School and Program and includes all enrolment data that inform faculty budgets. Also included is a full-time-equivalent column to reflect the various course loads and weighting per student and the associated budget implications for each Faculty. This table reflects the university's strong undergraduate and graduate retention rates (among the highest in the country) and tracks the flow-through of any enrolment changes included on Table 1.

Please note that total enrolment for the Faculty of Law will be targeted at 600 for 2016-19. The targets of 616, 616 and 619 for these years reflect current flow-through modelling based on actual total enrolment on November 1, 2015.

### **Table 3: Details for Selected Student Subgroups**

This table includes details on selected student subgroups, such as exchange students and part-time students. These numbers are not in addition to, but already included in, the totals in Table 2, with the exception of students at Queen's on exchange (referred to as "here on exchange"), as these students pay tuition and fees to their home institutions.

In addition, the percentage of international undergraduate and graduate students listed in Table 3 includes only visa students – those paying international tuition and fees. It does not include exchange students or Canadian citizens and permanent residents applying from overseas (who pay domestic tuition and fees).

This notwithstanding, all of these students coming to Queen's and Canada enrich the campus environment and reflect the university's commitment to increasing the number, proportion and diversity of international students on campus.

This commitment is a key component of the Internationalization pillar of the university's strategic framework (2014) and the [Comprehensive Internationalization Plan \(2015\)](#).

Total international enrolment in 2015-16 increased by 14% over 2014-15 and 41% over 2012-13. As of March 4, 2016, first-year visa student applications were up 32.2% over the same time last year.

**Aboriginal Enrolment:** The university will also continue to implement targeted and sustained recruitment and outreach strategies in an effort to maintain growth in the number of self-identified Aboriginal learners at Queen's, both at the undergraduate and graduate level.

Between 2011-12 and 2015-16, applications from self-identified Aboriginal undergraduate applicants increased by 58%, offers increased by 123% and acceptances increased by 133%.

New community-based outreach programs for elementary and secondary school students, as well as new events aimed at attracting Aboriginal graduate students to Queen's were initiated in 2014. Queen's alumni are featured in the Council of Ontario Universities' [Future Further](#) initiative that raises awareness about PSE and the achievements of Aboriginal learners.

As of March 4, 2016, applications to first-year direct-entry programs from self-identified Aboriginal students have increased by 1.8% over the same time last year.

The SEMG has worked collaboratively to enhance enrolment planning information for SCAD and Senate. Feedback is welcome, as the SEMG continues to enhance enrolment-related data reporting.



Enrolment Report to the Senate Committee  
on Academic Development

19-Feb-16

Queen's University

Table 1: Student Headcount Intake

Office of Planning and Budgeting

Program	2015 Actual		2016 Prev Approved		2016 Planned		2017 Prev Planned		2017 Updated Plan		2018 Planned	
	First	Upper	First	Upper	First	Upper	First	Upper	First	Upper	First	Upper
	Year	Year	Year	Year	Year	Year	Year	Year	Year	Year	Year	Year
<b>Undergraduate (Full-Time)</b>												
Arts & Science												
BA/BAH	1,410	29	1,510	100	1,505	75	1,510	125	1,505	85	1,505	100
BSC/BSCH	984	20	1,005	35	990	40	1,005	70	990	50	990	55
BFAH	34	1	30		30	0	30		30	0	30	0
BMUS	20	1	20		20	0	20		20	0	20	0
BCMP/BCMPH	153	6	130	5	150	5	130	5	150	5	150	5
BPHEH	56	0	55		55	0	55		55	0	55	0
BSCH KINE	116	0	125		125	0	125		125	0	125	0
Con-Ed Arts/Science/Music	221	0	225		225	0	225		225	0	225	0
Distance Studies (BA1)	15	2	25		25	0	25		25	0	25	0
Non-Degree	0	0	0		0	0	0		0	0	0	0
Subtotal Arts & Science	3,009	59	3,125	140	3,125	120	3,125	200	3,125	140	3,125	160
Commerce	482	0	475	10	475	5	475	10	475	5	475	5
Engineering	729	28	730	13	730	15	730	13	730	15	730	15
Nursing	84	0	92		92	0	92		92	0	92	0
Subtotal Direct Entry	4,304	87	4,422	163	4,422	140	4,422	223	4,422	160	4,422	180
Education (Yr 5 & Consec)		523		491		422		542		500		473
Law	194	0	200		200	0	200		200	0	200	
Medicine	100	0	100		100	0	100		100	0	100	
Nursing-Advanced Standing		45		40		47		40		47		47
Subtotal Second Entry	294	568	300	531	300	469	300	582	300	547	300	520
Subtotal Undergraduate (Fac/School)	4,598	655	4,722	694	4,722	609	4,722	805	4,722	707	4,722	700
Bader ISC	101	25	120	20	120	20	120	20	120	20	120	20
Post-Graduate Medicine	184		183		184		184		184		184	
<b>Graduate (Full-Time)</b>												
School of Grad Studies												
Research Masters	589		592		624		567		620		654	
Professional Masters	406		436		487		462		544		556	
Doctoral	250		276		274		291		294		308	
Diploma	13		43		36		43		61		56	
Subtotal SGS	1,258		1,347		1,421		1,363		1,519		1,574	
Smith School of Business												
Masters	660		695		693		721		707		717	
Diploma	133		156		156		156		156		156	
Subtotal SSB	793		851		849		877		863		873	
Subtotal Graduate	2,051		2,198		2,270		2,240		2,382		2,447	
<b>Budgeted Total Enrolment</b>	<b>6,934</b>	<b>680</b>	<b>7,223</b>	<b>714</b>	<b>7,296</b>	<b>629</b>	<b>7,266</b>	<b>825</b>	<b>7,408</b>	<b>727</b>	<b>7,473</b>	<b>720</b>

Note: For Graduate programs with multiple intake points in the year, this report incorporates intakes for each term in a fiscal year.

**Enrolment Report to the Senate Committee  
on Academic Development**

**19-Feb-16**

**Queen's University**

**Table 2: Enrolment Summary**

**Office of Planning and Budgeting**

Program	Fall Full-Time Headcount				Annualized FFTE			
	Actual	Planned			Actual	Planned		
	Fall 2015	Fall 2016	Fall 2017	Fall 2018	2015-16	2016-17	2017-18	2018-19
Undergraduate								
Arts & Science								
BA/BAH	5,554	5,617	5,778	5,896	5,688.8	5,718.3	5,869.8	5,991.3
BSC/BSCH	3,382	3,532	3,690	3,791	3,405.3	3,537.8	3,692.1	3,790.9
BFAH	84	92	88	88	82.9	83.4	79.9	79.8
BMUS	81	78	78	79	88.3	85.5	85.5	86.4
BCMP/BCMPH	491	507	514	513	486.5	506.1	512.8	511.6
BPHEH	206	200	202	201	198.7	193.7	195.7	194.7
BSCH KINE	389	416	446	470	390.8	409.3	438.3	461.5
Con-Ed Arts/Science/Music	686	669	632	629	676.0	660.1	623.1	617.0
Distance Studies (BA1)	59	56	61	60	93.9	84.8	88.1	87.5
Non-Degree	48	48	48	48	191.5	179.8	179.8	179.8
Subtotal Arts & Science	10,980	11,215	11,537	11,775	11,302.7	11,458.8	11,765.1	12,000.5
Commerce	1,919	1,913	1,929	1,863	1,938.1	1,918.4	1,934.8	1,871.0
Engineering	2,947	3,054	3,044	3,028	3,069.7	3,135.7	3,114.8	3,099.0
Nursing	339	329	332	330	339.1	328.0	331.2	328.9
Subtotal Direct Entry	16,185	16,511	16,842	16,996	16,649.6	16,840.9	17,145.9	17,299.4
Education (Yr 5 & Consec)	544	440	367	396	815.3	867.7	903.8	890.7
Law	592	616	616	619	589.5	615.4	616.0	618.7
Medicine	401	399	396	396	401.0	399.5	396.5	396.5
Nursing-Advanced Standing	102	92	93	92	147.4	129.9	131.0	129.9
Subtotal Second Entry	1,639	1,547	1,472	1,503	1,953.2	2,012.5	2,047.3	2,035.8
Subtotal Undergraduate (Fac/School)	17,824	18,058	18,314	18,499	18,602.8	18,853.4	19,193.2	19,335.2
Bader ISC	126	140	140	140	167.3	167.3	167.3	167.3
Post-Graduate Medicine	531	522	526	526	534.5	516.2	519.6	519.6
Graduate								
School of Grad Studies								
Research Masters	1,118	1,085	1,075	1,099	1,054.8	1,097.2	1,082.3	1,106.0
Professional Masters	674	715	804	815	685.7	803.6	894.5	925.4
Doctoral	1,245	1,111	1,237	1,204	1,184.5	1,101.0	1,216.8	1,193.5
Diploma	14	36	65	65	25.4	46.2	83.1	84.1
Subtotal SGS	3,051	2,947	3,181	3,183	2,950.4	3,048.0	3,276.7	3,309.0
Smith School of Business								
Masters	796	860	870	884	797.7	860.0	870.0	884.0
Diploma	133	156	156	156	81.5	108.0	108.0	108.0
Subtotal QSB	929	1,016	1,026	1,040	879.2	968.0	978.0	992.0
Subtotal Graduate	3,980	3,963	4,207	4,223	3,829.6	4,016.0	4,254.7	4,301.0
Budgeted Total Enrolment	22,461	22,683	23,187	23,388	23,134.2	23,552.9	24,134.8	24,323.1

**Enrolment Report to the Senate Committee  
on Academic Development**

**19-Feb-16**

**Queen's University**

**Table 3: Details for Selected Student Subgroups**

**Office of Planning and Budgeting**

Student Subgroup	Fall Headcount	Annualized FFTE	Fall Headcount	Annualized FFTE
	Actual	Actual	Actual	Actual
	Fall 2014	2014-15	Fall 2015	2015-16
Part-Time Undergraduate	1,161	889.9	1,193	926.9
Summer Undergraduate	--	623.3	--	793.7
Undergraduate Exchange				
Away on Exchange	233	353.6	234	354.5
Here on Exchange	447	364.9	492	371.4
Net Exchange	-214	-11.3	-258	-16.9
Undergraduate Distance Career	32	34.7	59	93.9
Part-Time Graduate	412	122.9	459	137.4
International Undergrad (as % of Total)	3.0	2.9	3.8	3.8
International Graduate (as % of Total)	15.3	16.1	15.1	16.8