DATA AND ASSUMPTIONS THAT UNDERLIE THE BUDGET

Management has based the 2013-2014 budget on the following assumptions:

1. Undergraduate enrolment of 36,028 and graduate enrolment of 6,601, compared to undergraduate and graduate enrolment of 35,578 and 6,327, respectively, in 2012-2013. These numbers represent an increase of 724 students (1.7%), while the average growth over the past five years has been 3.6%. This decrease reflects the Board of Governors decision to achieve a moderate growth of 500 new students per year;

2. An increase in the MTCU grant of $2.3M to account for both the increase due to greater student enrolment and the announcement of a 1% reduction in the budget;

3. Allocation of $6.8M from the federal government for indirect research costs, compared to $6.3M in 2012-2013;

4. General 3% increase in tuition fees for Canadian students of which 10% will be earmarked for financial aid and awards;

5. Investment revenues from the operating fund of $13.5 M ($13.4M in 2012-2013);

6. An investment of over $3.6M (5.6%) to provide further support for scholarships, financial aid and work-study programs;

7. Salary increases in accordance with current collective agreements and the mandate approved by the Executive Committee of the Board of Governors;

8. A $22.4M allocation for deferred maintenance and renovations, compared to $23.5M in 2012-2013 and of $26.2M in 2011-2012. The operating fund will finance $13M of these expenses;

9. No new debts are anticipated for 2013-2014. The University plans on borrowing a maximum of $80M from now until 2016-2017;

10. A reduction of $2.1M (or 14%) in the cost of energy and public services to account for gains due to energy efficiency programs. Note that this reduction has occurred despite the inauguration of the new Social Sciences building last September.

Certain assumptions concerning the replacement of computer equipment and other revenues and expenses have also been considered in drafting the 2013-2014 budget.

FUND-BY-FUND ANALYSIS OF 2012-2013 BUDGET

University overall (Table A)

Revenue projections for each fund:

<table>
<thead>
<tr>
<th>Fund</th>
<th>2013-2014 ($)</th>
<th>2012-2013 ($)</th>
<th>Increase (decrease) ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating</td>
<td>744,216</td>
<td>702,032</td>
<td>42,184</td>
</tr>
<tr>
<td>Auxilliary services</td>
<td>34,239</td>
<td>33,933</td>
<td>306</td>
</tr>
<tr>
<td>Research</td>
<td>142,861</td>
<td>136,951</td>
<td>5,910</td>
</tr>
<tr>
<td>Trust</td>
<td>34,726</td>
<td>35,565</td>
<td>(839)</td>
</tr>
<tr>
<td>Capital projects</td>
<td>17,332</td>
<td>10,087</td>
<td>7,245</td>
</tr>
<tr>
<td>TOTAL</td>
<td>973,374</td>
<td>918,568</td>
<td>54,806</td>
</tr>
</tbody>
</table>

* Excludes an estimated $155M for affiliated research institutes
Appendices 5.4 and 5.5 compare the University of Ottawa’s revenues by major sources with those of peer universities.

For the University as a whole, the 2013-2014 budget is based on revenues of $973.3M, compared to $918.6M in 2012-2013. These revenues can be broken down as follows:

1. The operating fund revenues are $744.2M, representing an increase of $42.2M (6%), primarily due to an increase in tuition fees and grants. Increases in grant revenues are primarily due to enrolment growth ($2.3M) and to increases in targeted grants, such as remuneration for Faculty of Medicine interns and residents — PAIRO ($2.8M);

2. Revenue from ancillary services remains stable at $34.2M (see Table C-1);

3. At $142.9M, research funding revenues increase by $6M in comparison to last year, primarily because in 2013-2014, deferred revenue would be used for major projects, such as the Advanced Research Center, which is financed in part by the Canada Foundation for Innovation.(see Table D-1);

4. Capital fund revenues increase by $7.2M, due primarily to an increase in grants related to the Learning Centre project.

**KEY HIGHLIGHTS – OPERATING FUND (Tables B-1 to B-11)**

**REVENUES**

Operating revenues come from two major sources: provincial operating grants and tuition fees. Table B-2 presents operating grant details, and Table B-8 sets out revenue trends by funding source for the past five years. Tuition fees reflect the governance framework set by the Ontario government and the overall tuition fee increase of 3%, with tuition fees frozen for doctoral candidates. We expect enrolment to increase by 450 students at the undergraduate level and by 275 students at the graduate level, which is in keeping with the enrolment growth strategy presented to the Board of Governors.

The proportion of revenue from tuition fees for 2013-2014 is 43.7%, compared to 41.4% for 2012-2013. This increase is due to the government’s decision to reduce government grants by 1% for 2013-2014. The University continues to draw a lower proportion of its revenues from tuition fees than do other Ontario research universities.

**EXPENSES**

Salaries and benefits, scholarships and financial aid, supplies, facility operating costs and debt financing are the University's primary expense classes.

**Remuneration**

The collective agreements for both the Association of Professors–University of Ottawa (APUO) and for the support staff (FEESO) expired on April 30, 2012. The IT staff collective agreement (PIPSC) will be valid until April 30, 2014 and provides for a financial increase of 2% for 2013-2014. The CUPE collective agreements that apply to student salaries and to members of the Association of Part-Time Professors (APTPUO) will expire on August 31, 2013.

**Pension-related expenses**

As mentioned, the budget includes a special annual contribution of $12M. The budget also reflects the increase in current costs for the pension, namely from 12.19% to 14.82%.

**Scholarships and financial aid**

The 2013-2014 budget provides for an increase of $3.6M (5.6%) in scholarships, bursaries, financial aid, and work-study programs. In 2012-2013, 11,754 uOttawa students received financial aid, for an average of $1,850 per student. Moreover, 13,752 uOttawa students received $117.5M in OSAP loans in 2012-2013, including $15M (8920 students) from the 30% Off Ontario Tuition Grant program. In addition, 2433 out-of-province students received $21.8M from their respective provincial governments. The OSAP loan repayment
default rate for uOttawa students was 4.8% in 2012 (compared to 3.7% in 2011), well below the 25% limit that requires the Ontario government to impose financial penalties on postsecondary institutions (Appendix 5.3).

In 2013-2014, the Ontario government’s 30% Off Ontario Tuition Grant program will reduce tuition by $1730 per year of study for eligible students, and the Ontario government has also announced a new grant for Francophone students, which will range between $300 to $1500 per student.

Since 2009-2010, student financial aid has increased by $20.3M (43%). This significant growth ties in directly with the University's commitment to promoting academic excellence and to providing financial support to students in need.

Debt financing
The interest and capital on the $150M bond issue will cost $9.4M during FY 2013-2014.

KEY HIGHLIGHTS – ANCILLARY SERVICES (Tables C-1 to C-4)
The University offers the following ancillary services:

1. Housing
2. University Centre / Community Life
3. Parking and Sustainable Transportation
4. Food Services
5. University of Ottawa Press
6. Conventions and Reservations

These services play a critical role in the quality of student life on campus.

According to the Ontario government definition, Sports Services is not an ancillary service. However, because its financial structure lends itself to that of an ancillary service, it will be included this section.

Each service is mandated to self-finance its activities because government regulations do not allow the University to use its operating fund to finance such activities. All these services have tailored their goals and initiatives to support Destination 20/20 while maintaining a healthy financial position.

Some of the Ancillary Services projects that are planned for 2013-2014 are:

- **Housing**: Major maintenance work is planned for some residences to keep these facilities in good condition. In order for the University to offer quality accommodations to its students, Housing Services continuously performs maintenance work on the residences. The University will also solicit bids for proposals to form partnerships in order to increase the number of rooms offered to students.

- **Parking and Sustainable Transportation**: beginning in the spring of 2013, the Light Rapid Transit (LRT) project will have a significant impact on travel to and from uOttawa, making the university community much more dependent on sustainable transportation. Changes in the university community’s transportation habits are difficult to predict and will change often over the course of this five-year project. For this reason, members of the university community will be encouraged to learn more about alternate modes of transportation (particularly carpooling and public transit) and to be prepared to deal with detours and traffic issues in the downtown core.

- **University Centre / Community Life**: Thanks to capital funding from both the University and Chartwells, the University's main food services partner, the cafeteria and food-prep areas have been retrofitted and modernized over the past two years to introduce modern food-prep techniques, and to provide students with a wider variety of food choices.
- **Sports Services:** 2013-2014 will see the inauguration of a new outdoor sports field at Lees, which will be functional by May 2013. This facility will boast a covered dome during the winter months, and so will increase the number of intramural sports programs available to students and the community at large. This project is entirely self-funded.

- **Food Services:** In 2013-2014, Food Services will undertake new initiatives. The addition of a third outdoor service location on campus will mean that Food Services will be as accessible outside as inside the buildings, with the aim of offering an even wider selection of food choices. Following a bid for proposals, our main supplier has hired an executive chef, which should improve the quality of services and result in a 10% increase in catering sales.

- **Conventions and Reservations:** This service, which has projected a financial imbalance in the order of $100,000 for 2013-2014, will continue to develop an action plan to adjust its budget and improve customer service.

### KEY HIGHLIGHTS – RESEARCH AND TRUST FUND (Tables D-1 to D-4)

Projections for research revenues and expenses are based on multi-year grants, on contracts already awarded and on possible new contracts/awards. As a result, this item is difficult to budget, but experience and close relationships with granting agencies allow for reasonably accurate assumptions and estimates.

Tables D-1 and D-2 show the impact of research on operating and capital fund budgets. The physical, human and financial resources that support research are, for the most part, built into the University’s operating budget. As a result, a material decrease in grants and awards would cause indirect-cost funding to dip and thus shrink the University’s financial base.

The University of Ottawa recently saw an increase in the number of its Canada Research Chairs (CRCs), for a total of 76 Chairs. These are granted through a national appointment process that is based on institutional success in obtaining SSHRC, NSERC and CIHR grants. The University of Ottawa’s exceptional performance earned it second place in net gains among the U15 universities and confirmed the growth of research at uOttawa.

To date, 65 Canada Research Chairs have been recruited in the following strategic research development areas:

- **Canada and the World**
- **Cyber-society**
- **Health**
- **Molecular and environmental science**

<table>
<thead>
<tr>
<th>Category</th>
<th>Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>Canada and the World</td>
<td>12</td>
</tr>
<tr>
<td>Cyber-society</td>
<td>12</td>
</tr>
<tr>
<td>Health</td>
<td>26</td>
</tr>
<tr>
<td>Molecular and environmental science</td>
<td>15</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>65</strong></td>
</tr>
</tbody>
</table>

An analysis of actual and projected research and trust-fund revenues is provided in Table D-1, which indicates both the value of awards received by the University over the past four years and the awards projected for 2013-2014. As noted, research awards fluctuate from year to year according to economic conditions, announcements on funding for major research and infrastructure programs, and new government priorities. For 2013-2014, we expect that the context surrounding research funding, particularly from federal and provincial sources, will be very competitive with the potential sources remaining quite limited. However, both levels of government are placing increased emphasis on research partnerships, including those involving private sector partners. Our activities in this area will intensify over the coming year. As a result, we expect a moderate decrease in research funding for 2012-2013.

For financial planning and reporting purposes, revenues generally correspond to expenses because revenues are recognized only when expenses are incurred. The University uses deferred revenues to account for the difference between award projections and revenue and expense projections.
Capital funding sources are as follows:

1. Ontario government capital grants for infrastructure renewal and construction;

2. Federal government capital grants, through the Canada Foundation for Innovation, for facility construction and renovation, as well as equipment grants (CIHR, NSERC and SSHRC);

3. Other sources, including transfers from the University's operating budget, loans and fundraising.

To ensure that the University's debt and liabilities are well managed, the Board approved Policy 114 in May 2007 to frame the University's capital financing and debt management. This policy establishes a comprehensive and complementary administrative structure for both assets and liabilities that involves monitoring interest-coverage ratios, unrestricted liquidity-to-debt ratios, and debt-to-FTE ratios.

With this policy in mind, each year the Board's Finance and Treasury Committee reviews the University's assets-and-debt portfolios, as well as its capital expenditure plans, including the financial requirements to move forward with the Five-Year Facilities Expansion and Renewal Plan. To fund its 2013-2014 capital projects, the University will rely on the capital reserves set aside for this purpose and on government grants. This approach will allow the University to comply with the standards set for the three regulatory ratios, as outlined in Policy 114 on debt management.

The University has set its borrowing ability at $80M.

The projects set forth in the 2007-2012 five-year plan were completed in 2012-2013 with the opening of the Social Sciences Building in September 2012 and the transfer of $35M to the next five-year plan (2012-2017). This second plan, which projects some $127M in investments, will feature two major capital projects, namely 1) consolidation of the Faculty of Health Sciences and 2) a new learning centre.

The capital projects also take into account the $57M construction project approved by the Board of Governors for the faculties of Science and Engineering (ARC project).

Capital projects under construction, under consideration or in planning are described in Tables E-1, E-2 and E-4.