



UNIVERSITY OF
KING'S
COLLEGE • HALIFAX

2019/2020 OPERATING BUDGET

- Prepared June 6, 2019

- Approved June 20, 2019

Introduction

This document describes the University of King's College (King's) 2019/20 operating budget. After three years of budgeted operating deficits, King's is presenting a modest budgeted operating surplus for 2019/20. On December 14, 2018, the Province of Nova Scotia announced a permanent increase of \$2.2 million (from \$5.988 million to \$8.188 million) in King's annual provincial operating grant effective in the 2018/19 fiscal year. The operating grant as a percentage of total revenue increased from 31.5% to 38.5% as a result. This increase in funding addressed the large operating deficit faced by King's in 2018/19 and avoided the anticipated need to utilize internally restricted funds to finance the deficit. In 2018/19 and for subsequent years it will mean that King's will obtain additional benefit from future increases in provincial funding for universities than it would have otherwise. While it does not mean that King's no longer faces the risk of a structural deficit, it reduces the scale of that risk and creates conditions under which King's can achieve and maintain a balanced budget in accordance with the three- to four-year timeline as established by the Board of Governors in 2016/17.

King's incurred an operating surplus of just over \$0.6 million in 2018/19 as compared with a budgeted operating deficit of just over \$2.2 million. In addition to the increase in operating grant, King's experienced a notable improvement in upper year retention rates along with higher occupancy in the residences. The budget utilizes a five-year average for retention rates in estimating upper year enrolment. Retention rates in each of the previous three fiscal years have exceeded 80% as compared to 68% in years prior.

After three consecutive years of enrolment declines, King's experienced a small increase in first year enrolment in both 2017/18 and 2018/19 due in part to special targeted investments from the internally restricted funds (i.e., reserve fund). Preliminary estimates for 2019/20 show comparable first year enrolment if not slightly higher than 2018/19 and improved upper year retention. It is prudent to continue making further investments in recruitment and retention activities in order to achieve the enrolment levels necessary to ensure long term sustainability.

Universities across North America continue to experience a complex environment as we adjust to changing demographics; the higher cost of an education; government funding challenges including reductions in government funding, funding that does not keep pace with inflation and performance based funding models; cyclical enrolment trends; and significant and sustained declines in enrolments in the humanities and journalism.

The development of a budget for King's is a collective effort requiring contributions from and consultations with many different people, committees, programs, departments, forums and processes. The preparation of the operating budget is the responsibility of the President and the Bursar with the advice of the Budget Advisory Committee (BAC) and support of the Director of Finance.

The BAC is the primary vehicle through which the Bursar and the President, and therefore the Finance, Audit & Risk Committee (FAR) and the Board of Governors through them, receive advice from the community on the budget. The role of the BAC is to provide advice on the overall design of the budget and on all of its major elements and choices. The BAC is to give advice on issues or options or budgetary strategy brought to it by the administration or by others, and to identify and

provide input on approaches, strategies, options or choices that it identifies through its own deliberations. All proposed choices of significance relating to both expenditures and revenues are to be presented to the BAC in a way that enables the BAC to provide informed advice on the choices and alternative choices or courses of action. It is critical that the BAC be provided with the information, analysis and explanation on the issues on which its advice is sought - or on which it decides to provide advice - that will allow the BAC the time it requires to fully explore the issues and to formulate its considered advice. Another critical role for the BAC is to scrutinize and to provide its advice on the rationale for and the defensibility of the budget submissions received from academic programs and administrative departments. The BAC also plays a critical role in recommending changes to student academic, auxiliary and ancillary fees based on analysis and information provided by the Bursar's Office.

The BAC has met 11 times since September 2018. In addition to the regularly scheduled quarterly meetings, the FAR Committee also scheduled one-hour monthly conference calls as required to allow for timely input and guidance throughout the budget preparation process. In lieu of town hall discussions on university finances as were held in each of the previous two years, the President, Bursar and Vice President held several meetings with various university constituent groups to discuss and develop an expenditure reduction plan. This is described in more detail below under "Operating budget for 2019/20".

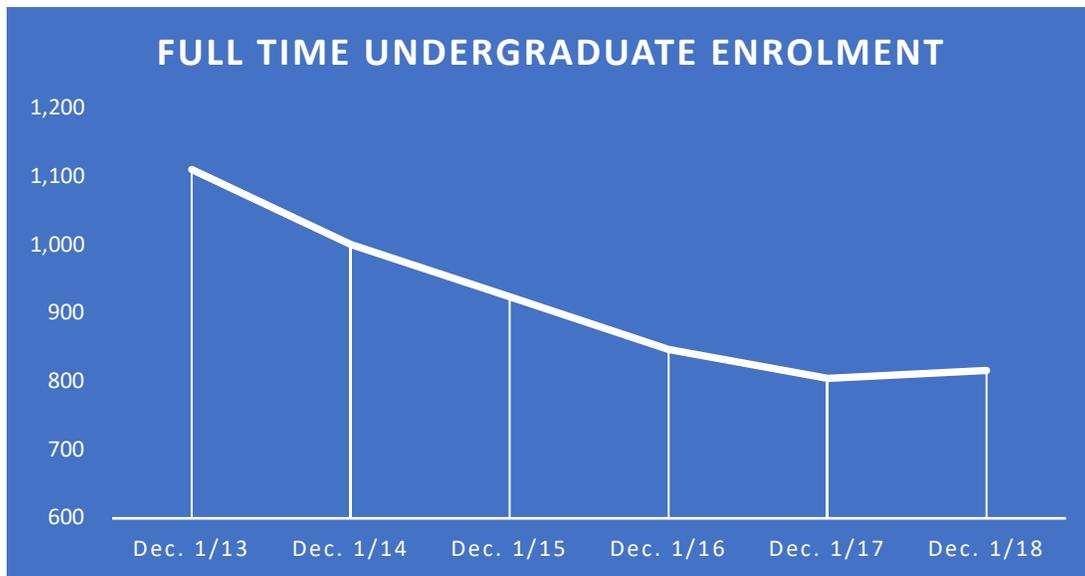
The President and Bursar consulted with the incoming and outgoing members of the King's Students' Union (KSU) executive on changes to student tuition and fees for 2019/20 at a meeting on March 1.

The 2019/20 operating budget includes the academic, administrative and ancillary activities of the university in the operating fund. This means that revenues, expenses and cash flow items associated with the other university funds, such as the restricted and capital funds, are not part of the operating budget.

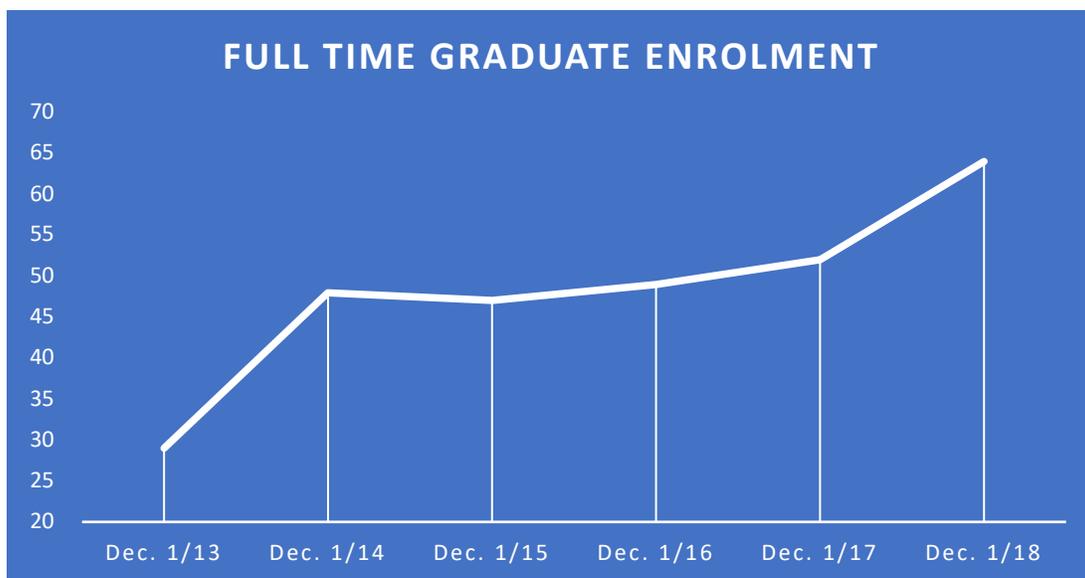
The budget focus is on balancing cash flow in the operating fund; that is, a non-negative cash flow. Cash flow from operations (the excess of revenues over expenses) has to fund certain financing and investing activities. An example of a financing activity is long term debt principal repayment. Examples of investing activities include the purchase of furniture and equipment needed to maintain operations, the purchase of library books and expenditures of a capital nature funded by operations.

Fiscal Context

Enrolment is the primary driver of operating revenue generating 85% of total university operating revenues (including the annual provincial operating grant). As of December 1, 2018, full-time undergraduate enrolment at King's was 817, an increase of 1.5% over the previous year, the first increase after a continuous decline since December 1, 2013. This is primarily attributable to an improvement in upper year retention rates in recent years with a small increase in first year recruitment. Full-time undergraduate enrolment is 294 or 26.5% lower than the high five years ago.



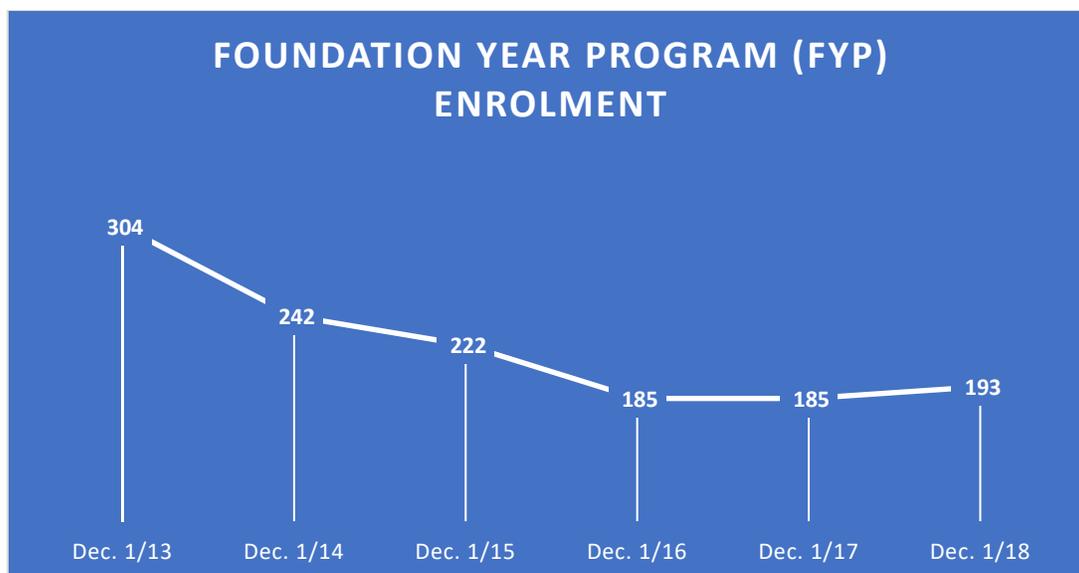
Graduate enrolment, particularly in the two-year Master of Fine Arts (MFA) program has seen significant growth since its inception in 2013/14 (which reflects only the first year). Enrolment in this program reached 52 in 2018/19 and is budgeted to reach 61 in 2019/20. The Master of Journalism program underwent an external review in 2016/17 and will be restructured with program changes taking effect in 2020/21. Total graduate enrolment has increased from 29 to 64, a 120.7% increase.



Enrolment in the Foundation Year Program (FYP) on December 1, 2018 was 193, an increase of 4.3% over the previous year, the first increase since December 1, 2015, but still 36.5% below the high five years ago. An additional \$200,000 was added to the scholarships and bursaries budget in 2018/19 in an effort to better convert offers into acceptances.

Based on applications and deposits received to date, King's is expecting a fall 2019 FYP class of 196 (201 minus five withdrawals between September 1 and October 15), a slight increase over the previous year. All four years (i.e., FYP plus the upper year programs) in 2019/20 will represent FYP

classes with below 200 enrolment in each of the four previous years. Fortunately, the notable improvement in upper year retention rates in recent years has mitigated the impact on overall full-time undergraduate enrolment as shown in the earlier graph which reflects a slight increase in enrolment on December 1, 2018 over December 1, 2017.



As noted above, special targeted investments in recruitment and retention from the internally restricted funds from 2016/17 to 2018/19 appear to have had a positive impact on enrolment. First year enrolment has stabilized after three years of declines and appears to be on the upturn, albeit in small increments.

Three-Year Framework for Expenditure of Internally Restricted Funds

On June 21, 2018, the Board of Governors approved a three-year framework for the expenditure of internally restricted funds in measured ways by investing in recruitment-related activities to support the university's plan to return to a balanced budget situation primarily by increasing enrolment. This plan was described in the 2018/19 operating budget document and is consistent with the Board of Governors' approval in June 2017 of a multi-year approach to reaching a sustainable balanced budget. In 2016/17 and 2017/18, spending from these funds was approved on a year-by-year basis.

As part of this framework, the Board approved the following expenditures from internally restricted funds in 2018/19, 2019/20 and 2020/21:

- Up to \$200,000 in additional spending on scholarships, awards and bursaries in 2018/19 and up to \$300,000 in additional spending on scholarships, awards and bursaries in each of 2019/20 and in 2020/21. This resolution was amended in March 2019.¹

¹ The Board amendment was to permit the expenditure of \$800,000 over a three-year period rather than a specific amount for each year of the three-year period to allow for the awarding of multi-year renewable scholarships, awards and bursaries. The admissions cycle for 2018/19 was too far along to benefit from the additional \$200,000 in spending permitted in 2018/19 which was approved in June 2018.

- Up to \$50,000 in additional spending on student employment in 2018/19 and up to \$100,000 in additional spending on student employment in each of 2019/20 and in 2020/21;
- Up to \$100,000 in additional spending on recruitment-related activities of the Registrar's Office and communications and marketing activities tied to recruitment provided by the Advancement Office in each of 2018/19, 2019/20 and in 2020/21; and
- Up to \$500,000 over the three-year period 2018/19, 2019/20 and 2020/21 to establish or support initiatives including but not limited to an academic enrichment fund, the Humanities for Young People Program, Public Humanities, a journalism camp for high school students, a choral music camp for high school students and a staff development fund.

The approval of the three-year framework was subject to the following conditions:

- King's devising an expenditure reduction plan proportionate to its structural deficit.
- Expenditures will be made under plans or programs that have been developed and approved or finalized with consultation and advice, as applicable, in accordance with King's processes of governance and administration, including the committees of Faculty, the Board and King's academic programs for matters within their respective areas of responsibility, as well as those of the Dalhousie Faculty of Arts and Social Sciences, if applicable.

The balances in the internally restricted funds on March 31, 2019 were as follows:

General Fund	\$ 6,512,000
Bicentennial Fund	2,285,000
Reserve Fund	<u>1,937,000</u>
Total	<u>\$10,734,000</u>

These funds are invested along with the endowment funds and generate returns and garner investment management fees. Special investments from the internally restricted funds from 2016/17 through 2018/19 for recruitment and retention came out of the Reserve Fund. The balance in this fund started at \$2.224 million. Since 2016/17 \$580,000 (just under \$200,000 per year) has been withdrawn from this fund. A 4% draw (the same as on the endowment fund) has also been taken on these funds since 2015/16.

Operating budget for 2019/20

The operating budget is developed using departmental revenue and expense submissions supplemented by calculations of faculty and staff salaries and benefits. This total by department or spending category represents the cost of the activities in that area which is matched with the resources available in the operating budget to fund the activities.

Departmental operating budgets have been permanently reduced by \$1 million over a four-year period beginning in fiscal year 2014/15. For 2019/20, as part of the expenditure reduction, control and reallocation plan (described below), administrative department budget managers were tasked with identifying how they might accommodate a permanent reduction of 2%, 3% and 5% in their respective operating budgets including salaries. Academic program directors were tasked with

identifying permanent reductions without specifying a set percentage of their budgets as a target since such a large portion of the academic budgets is related to faculty salaries. A total of \$250,000 was identified by department budget managers and program directors as being achievable without compromising or sacrificing program and service delivery. Of this amount, \$112,000 relates to salaries and benefits reductions, \$129,000 relates to operating expenses and \$9,000 relates to capital funded by operations. These reductions have been reflected in the 2019/20 operating budget and carry through in the following three years of projections.

There were some necessary expenditure increases related to externally contracted services (cleaning, security, elevator maintenance, snow removal, etc.) and costs related to enrolment (teaching assistants, persons retained from outside to teach courses (PROs), mentors, etc.) that will have an offsetting revenue component. These are described in more detail below under the respective departmental budgets.

Expenditure Reduction, Control and Reallocation Plan

At its meeting of June 21, 2018, the Board approved a motion authorizing financing of a projected deficit for 2018/19 out of internally restricted funds and a motion approving a three-year framework for application of internally restricted funds in specified areas of expenditure, directly or indirectly relating to enrolment. Both motions were subject to the following condition, among others:

An expenditure reduction plan proportionate to the University's structural deficit will be developed and presented to the Board for its consideration at its meeting in December of 2018² [Emphasis added]

When this motion was passed, it was anticipated that King's operating deficit for 2018/19 could be as high as \$2.3 million, with as much as \$1.6 million to be financed out of internally restricted funds. It was also anticipated that the budgets for the next three years (2019/20, 2020/21 and 2021/22) would have comparable, or larger, operating deficits and that these operating deficits would have to be financed from internally restricted funds, significantly depleting King's reserves and investment income. Due to the government's decision to increase the operating grant by \$2.2 million, King's is no longer facing a risk that it will have to apply internally restricted funds to finance deficits on a significant scale in the immediate future, i.e., over the next three to four years.

Work on the development of an expenditure reduction plan began in earnest in September of 2018. Numerous consultations and meetings were held with the various constituent groups at King's throughout the fall and winter months and detailed financial information was shared.

At the Board of Governors meeting on March 28, 2019, the Board approved the following 10-point plan as the ongoing Expenditure Reduction, Control and Reallocation Plan of the University of King's College:

² Resolution was subsequently amended to say March 2019 to allow more time for consultation and development of the plan.

1. The Plan shall be known as the Expenditure Reduction, Control and Reallocation Plan (instead of the Expenditure Reduction Plan as originally mandated by the Board at its meeting of June 21, 2018).
2. Two Hundred and fifty-thousand dollars (\$250,000) in permanent expenditure reductions (in addition to the roughly \$1,000,000 in permanent expenditure reductions implemented in previous years) are to be implemented in the College's operating budget for 2019/20.
3. Making further expenditure reduction, as determined to be necessary given the College's evolving financial situation, will be a continuing part of the budget development process for 2020/21 and subsequent fiscal years.
4. Opportunities for further expenditure reduction (or avoidance) will consistently be fully considered in staffing decisions and in the management of human resources more broadly. Recent examples include:
 - a. The decision not to refill a communications position that became vacant in the Advancement Office;
 - b. The decision to eliminate the position of Manager in the Facilities Department;
 - c. The due diligence that was conducted by the President and the Bursar on the alternatives to replacing the Director of Facilities when the Director of Facilities gave notice that he was leaving King's; and
 - d. The direction which the President has given to the Bursar and the Human Resources Officer to suspend consideration of application for salary reclassifications.
5. Making progress (or lack of progress) on expenditure reduction, control and reallocation as determined to be necessary given the College's evolving financial situation, will be one of the factors to be considered in giving or withholding approval to proposals to increase the budgets of departments or academic programs or the overall expenditures of the College.
6. Subject to a determination of what is in the best interest of the College from an overall financial perspective, priority will be given in the use of budget surpluses (if any) to debt reduction or retirement where it will accelerate the reduction of operating revenues allocated to debt servicing and/or the retirement of debt and/or the reduction or avoidance of interest payments.
7. Within the context of continuing to increase the total funds available for scholarships and bursaries, priority will be given to reducing the proportion of student financial assistance (scholarships and bursaries) that is funded from the College's operating budget while increasing the proportion of student financial assistance that is funded by donors and/or investment income.
8. Creating fully or partially funded chairs (or professorships) that advance the College's academic mission for existing or new members of faculty will be a continuing budgetary and fundraising priority.
9. Maximizing the value obtained from the association with Dalhousie, specifically from the payments which the College makes to Dalhousie for courses taken at Dalhousie by King's

students and for the student services available to King's students at or through Dalhousie, will be a continuing priority in the governance and administration of the College and in the management of the College's relationship with Dalhousie.

10. Consideration will continue to be given to how non-endowed internally restricted funds, and the income generated from them, can best be deployed to enable the College's sustainability, such as by considering how these funds, or some of them, could be used to reduce the percentage of student financial assistance that is financed by the operating budget or to enable the creation of funded chairs.

Additional Potential Future Spending in 2019/20 and in 2020/21 Through 2022/23

King's now has the opportunity for the first time in many years to consider not only the financial challenges it faces but also the opportunities it has to increase spending in areas that are of importance to the mission of King's.

It is critically important to do this in a careful and measured way to ensure that King's only adds to the cost of operating the university in areas of greatest importance and potential value to King's mission, including as outlined in the mandate of the President. As noted above, King's still faces a structural deficit in the future if enrolment, revenue and/or cost assumptions built into our projections do not materialize. The continuing risk of a structural deficit of significant magnitude if revenues do not grow in proportion to costs in the years to come also means that the overall extent of the new spending that is added to the budget must be limited. It also means that new spending should be added incrementally so that it can be added (or not) depending on the most current information as to the financial capacity of King's to pay for it, not just for the short but for the longer term.

The increases in spending (presented to the Board of Governors in the form of a memo at the March 28, 2019 Board meeting) that are included in the King's budget in 2019/20 and provisionally in the following three years are described below. This approach is consistent with the multi-year budgeting process that King's has recently adopted. It will give the Board the opportunity when it is considering the budget for 2019/20 that includes new spending to see not only the implications of that new spending on budgets in subsequent years but also the additional new spending that is provisionally contemplated for the budgets of those subsequent years.

Choices regarding new areas of spending or to increase spending in existing areas of expenditure should be made to align with the priorities set out in the President's mandate as defined by the Board of Governors which makes the President accountable for the following outcomes, among others: development, approval and effective implementation of the new Sexualized Violence Awareness, Prevention and Response Policy; advancing and supporting King's academic and educational mission; increasing the diversity of the King's community; increasing enrolment; ensuring King's financial stability; and improving the management of human resources.

Proposals that have been incorporated into the 2019/20 budget and the projections for 2020/21 through 2022/23 are described below. Refer to Schedule 2 "Additional Potential Future Spending" which shows the estimated costs of these initiatives which are carried forward to Schedule 1 to show the potential impact on the annual operating surpluses/deficits of those years.

1. Sexualized Violence Awareness, Prevention and Response

The 2019/20 budget includes funding for a new full-time position to be filled by an individual qualified to serve as King's Sexualized Violence Prevention and Response Officer (SVPRO) along with an operating budget to support the work of the SVPRO. This is described in more detail under the Sexualized violence awareness, prevention and response office under the individual departmental expense budgets below.

2. Funding for Increased Expenditure on Equity and Diversity Initiatives

The budget for 2019/20 includes funding to improve King's capacity to address equity and diversity issues. This is described in more detail under the Vice President's office below.

3. Assistant to the Vice-President, HYP, Other Initiatives

The budget for 2019/20 includes funding for a new position that would support the Vice-President (including on initiatives such as Public Humanities), the Directors (Coordinators) of Humanities for Young People (HYP), and other similar initiatives, as determined by the Vice-President in consultation with program directors and the President. This is described in more detail under the Vice President's office below.

4. Funding for New Faculty Positions

In 2017, King's established an enhanced voluntary retirement program (EVRP) for faculty with the explicit purpose of creating faculty renewal opportunities. The importance of faculty renewal to increasing the diversity of the King's community and to the integrity of existing programs and to the development of new programs has been recognized.

Creating new permanent faculty positions must be done in a measured way that pays careful attention to short, medium and long-term affordability. Enrolment is significantly lower now than it was in the recent past. While it is probable that faculty renewal will contribute to maintaining and increasing enrolment, it is also true that the case for new faculty positions will be stronger with increased enrolment. New faculty positions must be created in ways that will maximize sustainability and avoid the creation or exacerbation of a structural deficit.

The projected budget for 2020/21 presented to the Board for its preliminary review with the budget for 2019/20 includes funding for the creation of two new faculty positions, without designating the programs to which those positions will be allocated. Projected budgets for each of 2021/22 and 2022/23 include funding for the creation of one new faculty position, without designating the programs to which the positions will be allocated. In all cases, the allocation of the new positions among programs will happen through the academic governance processes of the university.

Incorporating funding for new positions into the provisional budgets for 2020/21 and subsequent fiscal years will not become final until the Board approves the budget for each of those individual fiscal years. Considerations the Board will take into account in deciding whether it will ultimately

approve budgets for 2020/21, 2021/22 and 2022/23 that include funding for the new faculty positions provisionally incorporated into the budgets for those years in 2019/20 will include the following:

- a. Assurance that the positions will be filled in accordance with an overall academic plan and in ways that contribute to the renewal and diversity of the overall faculty complement;
- b. Satisfactory progress in enrolment growth; and
- c. Satisfactory progress in eliminating, reducing or avoiding a structural deficit through a combination of revenue growth and expenditure reduction, control and reallocation measures.

This approach means there will be an element of conditionality in the Board's provisional endorsement of a budgetary plan to create new faculty positions beyond 2019/20. At the same time, it will provide reassurance to the processes of faculty deliberation – and to the processes of academic deliberation between King's and the Faculty of Arts and Social Sciences – that the Board is in favour of faculty renewal subject to specified considerations being addressed. This will hopefully provide encouragement and impetus to those processes of deliberation in much the same way as the Board's approval in 2018 of a multi-year framework for spending from internally restricted funds has facilitated multi-year planning and decision-making in various aspects of university administration, including recruitment and retention activities.

Continuing attention to expenditure reduction, control and reallocation, along with continued work on increasing revenue, is the means by which increased spending can be accommodated within an overall multi-year budgetary plan that both allows development that serves King's mission and ensures King's long-term financial stability and viability.

Schedule 1 reflects a modest budgeted operating surplus of \$155,000 for 2019/20. The surplus is primarily the result of the additional annual provincial operating grant; the expenditure reduction, control and reallocation plan; and improved upper year enrolment retention rates. The projections for the future three years show small but increasing operating deficits when additional potential spending is included but operating surpluses if excluded. This is the case when adding back all additional spending (including spending in 2019/20) or just the spending relating to new faculty positions in 2020/21 through 2022/23. Each budget year will be approved individually by the Board of Governors each June. Schedule 1 reflects enrolment assumptions for each year at the top of the table for both FYP and overall headcount. Despite a slightly lower overall headcount, the budget for 2019/20 is remarkably similar to the actual results for 2018/19, particularly if additional spending is excluded.

Schedules:

To assist in the analysis of the 2019/20 budget the following schedules are attached:

- Schedule 1 compares the 2019/20 budget for operating fund revenue, expenses and other cash related items to the 2018/19 operating fund budget and 2018/19 unaudited operating fund actual results. It also provides projections for fiscal years 2020/21 through 2022/23.

- Schedule 2 provides details of additional potential future spending for all years in Schedule 1.
- Schedule 3 provides a comparison of revenues and expenses by department for 2019/20.
- Schedule 4 provides a reconciliation between departmental expenses in the 2018/19 operating fund budget to the departmental expenses included in the 2019/20 operating fund budget.

Operating budget summary:

	Approved Budget 2018/19	Unaudited Actual 2018/19	Budget 2019/20
Revenue	\$ 18,298,000	\$ 21,245,000	\$ 21,428,000
Expenses	20,090,000	20,109,000	20,514,000
Excess (deficiency) of revenue over expenditures	\$ (1,792,000)	\$ 1,136,000	\$ 914,000
Debt repayment	\$ (434,000)	\$ (434,000)	\$ (567,000)
Capital expenditures funded by operations	(168,000)	(266,000)	(259,000)
Use of internally restricted operating funds	135,000	190,000	67,000
Cash deficit from financing & investing	\$ (467,000)	\$ (510,000)	\$ (759,000)
Net cash excess (deficit)	\$ (2,259,000)	\$ 626,000	\$ 155,000

Long-term debt:

King's long-term debt consists of five debt facilities:

1. 2012/13 - \$5.3 million loan, 3.09% interest rate (swap), 20-year maturity, to consolidate existing debt.
2. 2015/16 - \$1.5 million loan, 3.23% interest rate (swap), 20-year maturity, to finance a soffit, gutter, window and chimney project for the A&A building (including the attached Bay residences).
3. 2016/17 - \$1.9 million loan, 2.63% interest rate (swap), 20-year maturity, to finance the North Pole Bay residence renovation project.
4. 2017/18 - \$2.035 million loan, 3.64% interest rate (swap), 20-year maturity, to finance the 2017/18 capital budget (including the \$1.375 million energy efficiency and sustainability project).
5. 2017/18 - \$2.6 million loan, 3.25% interest rate (swap), 7-year maturity, interest only for the first two years with principal to be repaid over the remaining five years, to finance the 2016/17 and 2017/18 operating cash deficits.

A summary of the long-term debt position follows:

	Actual 2015/16	Actual 2016/17	Actual 2017/18	Actual 2018/19	Budget 2019/20
Loans - opening balance	\$ 4,874,000	\$ 6,150,000	\$ 7,716,000	\$ 11,982,000	\$ 11,548,000
Principal payments made	(224,000)	(334,000)	(369,000)	(434,000)	(567,000)
Additional funds borrowed	1,500,000	1,900,000	4,635,000	-	-
Loans outstanding	\$ 6,150,000	\$ 7,716,000	\$ 11,982,000	\$ 11,548,000	\$ 10,981,000

Capital expenditures:

The operating budget includes items funded from operating cash flow such as major repairs that qualify as capital additions to the buildings (not funded by long term debt or capital contributions) as well as the purchase of other fixed assets such as books, computers, equipment and furniture. A summary of budgeted capital expenditures for the coming year is presented below:

	Approved Budget 2018/19	Unaudited Actual 2018/19	Budget 2019/20
Library books	\$ 40,000	\$ 42,000	\$ 36,000
Furniture & equipment capitalized	16,000	43,000	11,000
Facilities alterations & renovations capitalized	112,000	181,000	212,000
Capital expenditures funded by operations	\$ 168,000	\$ 266,000	\$ 259,000

Other than what is noted above, there is no capital budget for 2019/20. An additional \$100,000 was added to the facilities alterations & renovations capitalized line in the 2019/20 budget to address more deferred maintenance projects. As part of the expenditure reduction, control and reallocation plan, \$9,000 was removed from the 2019/20 budget above (\$5,000 in equipment and \$4,000 for library books).

King’s was authorized by Resolution passed by the Board of Governors in June 2017 (amended in December 2017) to expend up to \$300,000 from the internally restricted funds to enable King’s to:

- Plan and ready itself for a residence renovation to be completed in 2018-19 or a later year in accordance with the Campus Master Plan;
- Plan for the consolidation and reconfiguration of the Journalism School in accordance with the Campus Master Plan, including the assessment of the feasibility of reconfiguring space and making consequential renovations in the A&A Building; and

- Determine the work necessary to satisfy the accessibility requirements stemming from the recently passed *Accessibility Act*.

Under the first bullet, the Tri-Bay residence restoration project is ready to proceed and is currently being fundraised for. It is anticipated that all three phases of the project (exterior work, interior work and furniture package) will go head in the summer of 2020.

The second and third bullets continue to be in various stages of progress; however, neither of the projects will be ready to proceed in the upcoming fiscal year.

Use of internally restricted funds:

	Approved Budget 2018/19	Unaudited Actual 2018/19	Budget 2019/20
Capital preparedness*	\$ -	\$ 96,000	\$ -
Enhanced Voluntary Retirement Program (EVRP)	49,000	50,000	-
Alumni recruitment strategy**	20,000	-	-
Reputational research study**	50,000	19,000	51,000
Familiarization tours (\$16,000/year for 3 years to 2020/21)	16,000	16,000	16,000
Spending re: 3-year plan from internally restricted funds***	-	9,000	-
Use of internally restricted operating funds	\$ 135,000	\$ 190,000	\$ 67,000

*As described above under “Capital expenditures”, the Board of Governors authorized up to \$300,000 to be expended from internally restricted funds for capital preparedness. These funds are expended through the Facilities Management Department and such spending is offset with internally restricted funds. As at March 31, 2019, \$149,000 remains to be spent. This expenditure is not reflected in the budget, nor is the application of the offsetting internally restricted funds (one offsets the other).

**Requesting to carry over \$51,000 from 2018/19 to 2019/20 representing the \$31,000 unexpended amount allocated to the reputational research study and \$20,000 allocated to the alumni recruitment strategy. Scope of work was expanded to include both reputational and recruitment studies. Refer to Advancement below.

***These expenditures are not reflected in the budget, nor is the application of the offsetting internally restricted funds (one offsets the other).

Major assumptions:

- Government grant - increasing by 1% over the prior year, which includes the permanent increase of \$2.2 million received in fiscal year 2018/19.
- Student academic fees

- Arts and science tuition rates and Master of Fine Arts (MFA) program rate to increase by 3%. King's and Dalhousie offer joint degrees in arts and science. Dalhousie's Board of Governors approved Dalhousie's tuition and fee increases for 2019/20 on April 16, 2019.
 - On the recommendation of BAC, which was endorsed by FAR and approved by the Board of Governors in March, journalism tuition rates for all programs are being held at 2018/19 rates. A special journalism tuition sub-committee of the BAC has recently been struck which will examine journalism tuition more fully to determine its impact on enrolment (if any) and to assess what an appropriate level of tuition is in light of the impact on enrolment, the cost of a journalism education at competitor universities, the costs of administering the programs at King's, the tuition applicable to other academic programs at King's and King's financial situation more generally. These recommendations will be taken into consideration in determining journalism tuition rates for 2020/21 and beyond.
 - International differential rates to increase by 3% for students entering King's prior to fall 2019 and by 15% (in addition to the 3% increase) for students entering King's in the fall of 2019. This recommendation was approved by Dalhousie's Board of Governors on April 16, 2019. King's had no alternative to following Dalhousie's decision to increase international differential fees by 15% plus 3% (instead of 3%).
- Student ancillary fees
 - For the third year in a row, in an effort to reduce the gap in fees charged by King's in comparison to the fees charged by Dalhousie, there will be no increase in the student ancillary fees charged by King's in 2019/20, with the exception of the MFA mentor fee which will increase by 2% to remain in line with Canada's consumer price index. This fee flows directly from the students to the mentors.
 - On April 16, 2019 Dalhousie's Board approved a 3% increase in its fees (with the exception of the recently implemented fitness facility renewal fee which will remain at 2018/19 levels). This means that the health service (i.e., wellness) fee charged to King's students that flows directly to Dalhousie will increase by 3%.
 - On the recommendation of BAC, which was endorsed by FAR and approved by the Board of Governors in March, the journalism course fee is being eliminated in 2019/20. The purpose of this fee was to cover administrative expenditures in the Journalism school that are no longer necessary. Annual revenue generated from this fee is approximately \$60,000. Depending on their year of study, journalism students will see annual savings of just under \$100 to just under \$500 annually.
 - Student residence fees – a market comparison was performed for the third year in a row and, again, King's rates were found to be at the top of the market for rooms of similar condition and age (King's and Dalhousie have the top four highest room rates). It is recommended that room rates be held constant for 2019/20.
 - Meal plan fees – under the terms of the food service contract with Chartwells, meal plan prices for the fall will increase annually based on the all-in Nova Scotia consumer price index (CPI) annual increase as of the previous December. Meal plan prices are also affected by the number of board days in residence. There were 219 board days in both 2018/19 and 2019/20; therefore, meal plans fees will only increase by the 1.6% increase in the NS CPI rate.

- Total fall undergraduate student enrolment headcount (part-time and full-time) is up 8.8% relative to 2018/19 budgeted enrolment and is down 1.7% relative to 2018/19 actual enrolment. Marked improvement in the retention rate of first year students into second year has been experienced in each of the previous three fiscal years (from 68% three years ago to over 80%). The budget utilizes five-year average retention rates in determining upper year undergraduate enrolment.
- For the third year in a row, after significant declines over a three-year period between 2013/14 and 2016/17, FYP enrolment is holding steady in relation to 2018/19 actual enrolment and up slightly (3.2%) relative to 2018/19 budgeted enrolment. FYP 2019/20 budgeted enrolment is, however, down 35.5% as compared to the high in 2013/14. FYP class sizes of less than 200 in the previous four years, including the current budget year, have had a negative impact on upper year undergraduate enrolment; however, there has been significant improvement in the retention rate of first year students into second year as mentioned above.
- Graduate enrolment continues to be a good news story, particularly for the MFA program. Enrolment in this program was 52 in 2018/19 and is expected to reach 61 in 2019/20. The Master of Journalism (MJ) program underwent an external review in 2016/17 and has been restructured with program changes anticipated in 2020/21. Enrolment is expected to decline in 2019/20 by half due to a smaller applicant pool than last year which was one of the largest enrolment years. Three students from the Bachelor of Journalism one-year program declined to go forward into the MJ program. The MJ modification, changing to a two-year program, will make an exit after the first year less likely.

Enrolment (fall headcount as of October 15):

		Approved Budget 2018/19	Actual 2018/19	Budget 2019/20
Fall	Undergraduate	761	842	828
	Graduate	62	64	67
	Total	823	906	895
Winter	Undergraduate	729	811	795
	Graduate	59	65	64
	Total	788	876	859

FYP included above:

Fall	190	195	196
Winter	183	190	191

- The policy of a 4% draw from the investment portfolio (including endowments and internally restricted funds) will continue plus an additional ¾% administrative charge for managing and accounting for the funds. This was recommended by the College Task Force for 2015/16 and has been factored into the budget ever since. In 2018/19, on the recommendation of the Investment Committee, the Board of Governors' approved King's to engage the services of an alternative investment manager in addition to its value manager to manage approximately 27% (or \$11 million) of its investments. The transition will take place over a period of 30 months. Higher investment returns are anticipated as a result of this decision as are higher investment management fees.
- With the exception of the six-member (plus one member on parental leave) UKCTA (University of King's College Teachers Association) bargaining unit (representing Faculty Fellows and Senior Fellows in the Humanities), all Faculty and staff salaries follow Dalhousie salary scales. Faculty and staff salaries included in the 2019/20 budget are based on the Dalhousie Faculty Association (DFA) scale, Dalhousie Professional & Managerial Group (DPMG) scale or the Dalhousie NSGEU Local 77 scale. Both the DFA and NSGEU collective agreements expire on June 30, 2020. The 2019/20 budget also includes six Faculty Fellows and Senior Fellows, a decrease of one over the prior year. Due to a parental leave in 2017/18, a Senior Fellow contract had to be extended which is mandated by the collective agreement which explains the additional position included in the 2018/19 budget. There is currently another Senior Fellow on parental leave who is not set to return until after fiscal 2019/20 and is not included in the 2019/20 budget. The UKCTA agreement expires on June 30, 2019. Salaries for July 1, 2019 – March 31, 2020 have been estimated.

REVENUE

	Approved Budget 2018/19	Unaudited Actual 2018/19	Budget 2019/20
Government grant	\$ 5,988,000	\$ 8,188,000	\$ 8,270,000
Student academic fees	6,569,000	7,222,000	7,172,000
Student ancillary fees	1,116,000	1,087,000	977,000
Student residence fees	1,572,000	1,720,000	1,729,000
Investment income	1,923,000	1,870,000	1,963,000
Sale of goods and services	332,000	362,000	311,000
Conference services	334,000	300,000	309,000
Gifts	366,000	405,000	632,000
Other government grants	98,000	91,000	65,000
Total revenue	\$ 18,298,000	\$ 21,245,000	\$ 21,428,000

Student academic fees:

Tuition – an increase of \$603,000 over the 2018/19 budget and a slight decrease of \$50,000 compared to 2018/19 actual. These differences can be explained by the full time equivalent (FTE) enrolment differences displayed in the table below combined with a 3% tuition rate increase in arts, science and the MFA program and an increase in the international differential rate. A significant improvement in upper year retention rates has been experienced in recent years which was discussed under “Major Assumptions” above. The increase in international fees for first year students has contributed \$25,000 in additional academic fees as compared to the traditional 3% increase. The potential negative impact of the increase in international fees on enrolment has not been considered in the 2019/20 budget.

	Approved Budget 2018/19	Actual 2018/19	Budget 2019/20
FYP (Foundation Year Program)	190	195	196
BA (Bachelor of Arts)	396	461	458
BSC (Bachelor of Science)	63	80	80
BM (Bachelor of Music)	0	6	0
BJH (Bachelor of Journalism Honours)	73	60	54
BJ (Bachelor of Journalism 1-year)	25	21	22
MJ (Master of Journalism)	10	11	6
MFA (Master of Fine Arts)	52	52	61
Total FTEs	809	886	877
International FTE included above	38	43	42

Tuition by program is shown in the table below.

	Approved Budget 2018/19	Unaudited Actual 2018/19	Budget 2019/20
Arts & Science	\$ 4,571,000	\$ 5,251,000	\$ 5,237,000
Journalism (4-year and 1-year BJ)	1,141,000	1,039,000	949,000
Master of Journalism (MJ)	86,000	102,000	52,000
Master of Fine Arts (MFA)	410,000	430,000	498,000
International fees	361,000	400,000	436,000
Total student academic fees	\$ 6,569,000	\$ 7,222,000	\$ 7,172,000

Journalism tuition includes tuition from Dalhousie students (while enrolment above only includes King’s registered students).

Student ancillary fees:

Ancillary fees – a decrease of \$139,000 from the 2018/19 budget and a decrease of \$110,000 compared to 2018/19 actual. As can be seen from the table below, this is primarily the result of the journalism course fee and the new Dalhousie fitness facility renewal fee, offset by the MFA mentor fee. As described under “Major Assumptions”, the journalism course fee is being eliminated effective 2019/20. When the 2018/19 budget was prepared it was understood that Dalhousie would invoice King’s for the new fitness facility renewal fee as it does for their portion of the athletic fee (which is shown as an expense under the Athletics department). Since the fee is solely Dalhousie’s, the system was set up to direct the fee from the students to Dalhousie rather than to King’s and eliminates the need for Dalhousie to invoice King’s. This is the process for the Dalhousie health service fee as well.

The difference in all other fees is related to enrolment (refer to the enrolment table under student academic fees above). In 2019/20, all fees are being held flat except the MFA mentor fee. The study abroad course is being held in Florence, Italy in 2019/20 while it was in Berlin, Germany in 2018/19. The Florence course is only able to accommodate 20 students, while 25 students went to Berlin. Other administrative fees are higher in 2018/19 primarily due to a multi-year cleanup that was performed to take 68 forfeited residence room deposits off student accounts who did not come to King’s and recognize them as income. Students are required to pay a non-refundable \$400 residence room deposit after they are accepted and wish to reserve a residence room.

	Approved Budget 2018/19	Unaudited Actual 2018/19	Budget 2019/20
Facility renewal fee	\$ 223,000	\$ 246,000	\$ 243,000
Athletic fee	206,000	233,000	222,000
Fitness facility renewal fee	131,000	-	-
MFA mentor fee	166,000	174,000	199,000
Journalism course fee	68,000	61,000	-
College fee	54,000	64,000	59,000
FYP fee	57,000	58,000	59,000
Study abroad fees (admin & travel)	96,000	98,000	79,000
Humanities for Young People (HYP)	29,000	23,000	27,000
Other administrative fees	86,000	130,000	89,000
Total student ancillary fees	\$ 1,116,000	\$ 1,087,000	\$ 977,000

Student residence fees:

Full occupancy is 260 beds. Occupancy in 2019/20 is expected to be similar to what it was in 2018/19. The main factor contributing to increased occupancy in 2018/19 was Dalhousie's inability to accommodate all of its first-year students (25). Higher numbers of King's students staying in residence have also contributed to increased residence revenue. While King's is not anticipating the same situation in 2019/20 regarding Dalhousie, King's is expecting an increase in the number of upper year students in residence based on residence deposits received to date.

Also, King's implemented a Scholars-in-Residence Program for 2019/20. This program provides four students with an opportunity to live on campus as a research community to foster their ongoing academic excellence and to be a role model to others. This community of Scholars will connect academically high-achieving students with one another, along with resources on campus and opportunities for further intellectual and leadership development. Each Scholar-in-Residence will receive a \$2,500 scholarship to use towards residence fees and up to \$250 each to support academic-related community programs. King's students in scholarship standing in any undergraduate or graduate program entering at least their second year are eligible to apply. Students must be able to demonstrate academic achievement and a commitment to the life of the College.

Residence room rates for 2019/20 continue to be held at 2016/17 rates.

	Approved Budget 2018/19	Unaudited Actual 2018/19	Budget 2019/20
Total beds	273	274	274
Closed/unavailable beds*	(7)	(23)	(14)
Beds vacant on move-in day**	(45)	(11)	(20)
Beds occupied on move-in day	221	240	240
Withdrawals (full fall, half winter)	(8)	(8)	(8)
Total beds occupied	213	232	232
Occupancy rate as a % of total beds	78.0%	84.7%	84.7%
Occupancy rate as a % of available beds	80.1%	92.4%	89.2%

*Closed/unavailable bed details:

	Approved Budget 2018/19	Unaudited Actual 2018/19	Budget 2019/20
Rooms converted to junior don suites	3	4	4
Beds closed due to ventilation issues	4	0	0
Beds converted to Dean's suite	0	3	3
Super single rooms	0	9	0
Showroom for recruitment purposes	0	2	2
Out of town recruiter room	0	1	1
Residence office	0	2	2
Room in basement utilized for storage	0	2	2
Closed/unavailable beds	7	23	14

**Includes two hostel rooms (for day students) and three overflow rooms.

	Approved Budget 2018/19	Unaudited Actual 2018/19	Budget 2019/20
Room fees	\$1,498,000	\$1,622,000	\$1,625,000
Meal plan fees	74,000	98,000	104,000
Total Student residence fees	\$1,572,000	\$1,720,000	\$1,729,000

Number of meal plans:

Residence students	221	235	235
Dons	13	13	13
Total	234	248	248

Meal plan commission rate	8%	11%	11%
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As noted above under “Major Assumptions”, meal plan fees for 2019/20 are increasing by 1.6% in accordance with the food service contract. King’s earns commission on a sliding scale based on the number of meal plans sold (220–239 = 8%, 240–259 = 11%, 260+ = 14%). 2018/19 meal plan fees are higher than 2018/19 budget due to higher occupancy in residence which also resulted in a higher meal plan commission.

Other Revenue Assumptions:

Investment income:

The endowment draw for each year is calculated as 4% of the average market value of the previous three fiscal years. The budgeted investment income for 2019/20 is higher than both the prior year budget and prior year actual despite a slightly lower three-year average market value multiplier for 2019/20 (a higher market value year is being dropped and a lower market value year is being added to the three-year calculation). This is primarily due to a \$1 million scholarship endowment created in 2018/19 which will be awarded in 2019/20 (\$39,000) along with higher anticipated investment returns as a result of new investments in alternative asset classes (commercial mortgages, real estate and infrastructure) as described under “Major Assumptions” above. The budget for 2018/19 should have been \$1,879,000 rather than \$1,923,000.

As recommended by the College Task Force in 2015/16, an additional \$40,000 was withdrawn from the Divinity endowment in 2015/16 representing a portion of previously undrawn funds from prior years. This practice continues to be in place whereby \$40,000 has been annually applied to the Chapel Music program budget. At the end of fiscal year 2019/20 the balance of undrawn funds will be just under \$12,000.

King’s also draws 4% on the internally restricted funds. These funds are invested with our endowment funds and are included on the endowment schedule so that investment income and management fees can be allocated to them.

Sale of goods and services:

The 2019/20 budget is lower than the 2018/19 budget by \$21,000. The prior year budget included a one-time reimbursement from Dalhousie of \$34,000 related to prior years' athletic fee over charges and \$5,000 in MFA program income that will not exist in 2019/20, offset by higher bank interest income of \$18,000 as a result of King's higher annual provincial operating grant. The 2018/19 actual results are higher than budget primarily due to higher bank interest income of \$16,000 as a result of receiving the additional \$2.2 million permanent annual provincial operating grant increase in December along with higher departmental revenue of \$14,000.

Conference services:

Conference services 2019/20 revenue is budgeted to be \$9,000 higher than 2018/19 actual revenue but \$25,000 lower than 2018/19 budgeted revenue. King's has been operating conference services since 2014/15. The business has continually been growing with fiscal year 2017/18 being the first year that King's generated a profit (\$15,000). King's experienced another slightly higher profit in fiscal year 2018/19 (\$33,000) and is budgeting another slightly higher profit in fiscal year 2019/20 (\$56,000).

A detailed listing of anticipated conferences and tourist activity supporting the 2018/19 budget has been provided by the Ancillary Services Manager. King's is anticipating a similar year to 2018/19 with a 5% increase in tourist activity. A large component of revenue generated by conference services is related to tourist activity from online booking sites such as Booking.com and Expedia.ca. This type of revenue does not generate large margins due to the additional costs associated with it (i.e., linens, cleaning, online booking commissions, credit card fees, continental breakfasts, etc.). Construction noise on Coburg Road and the heatwave in July and August of 2018 negatively impacted revenue in 2018/19.

After three years of consecutive losses, King's is taking a hiatus from the "King's Kids" summer day camp. King's will reassess this program to consider if it is a viable option for the future. The expense section below provides more information on conference services.

Gifts:

The 2019/20 gifts budget is significantly higher than both the 2018/19 budget and 2018/19 actual results primarily due a generous donation of \$280,000 annually for five years for athletics scholarships. King's received higher than anticipated general scholarship donations in fiscal year 2018/19.

The operating budget excludes gifts to the endowment fund and capital contributions as they are not utilized to fund operating expenditures. Investment income reflects the returns generated from endowment fund gifts.

Other government grants:

The 2019/20 budget includes \$41,000 in Social Sciences and Humanities Research Council (SSHRC) funding for indirect costs of research, a \$20,000 grant for NS graduate scholarships and \$4,000 in federal funding for summer student employment. The prior year included these plus special provincial funding for the HYP program and the hiring of a consultant totaling \$26,000. The budget for 2018/19 was overly optimistic with respect to the amount of federal summer student funding.

EXPENSES

	Approved Budget 2018/19	Unaudited Actual 2018/19	Budget 2019/20
Academic (excluding Journalism equipment)	\$ 6,167,000	\$ 6,106,000	\$ 6,283,000
Allotment to Dalhousie	3,976,000	4,099,000	4,038,000
Facility operations (excluding capital renovations)	1,798,000	1,999,000	1,775,000
Residence & other student services	498,000	531,000	509,000
Scholarships, awards and bursaries	1,363,000	1,301,000	1,484,000
Other student support	76,000	83,000	75,000
Utilities, taxes & insurance	469,000	470,000	536,000
Advancement	889,000	816,000	841,000
Athletics	671,000	569,000	549,000
Bursar's office	591,000	554,000	597,000
General college administration and other	346,000	337,000	325,000
Library (excluding Library books)	394,000	368,000	392,000
President's office*	535,000	672,000	432,000
Vice President's office*	7,000	9,000	279,000
Registrar's office, recruitment & academic support	887,000	869,000	893,000
Sexualized violence awareness, prevention & response office	52,000	2,000	98,000
Divinity & chapel	139,000	142,000	141,000
Chapel music	227,000	219,000	229,000
Professional fees	150,000	108,000	165,000
Investment management fees	176,000	158,000	206,000
Conference services	249,000	270,000	253,000
Interest & service charges	430,000	427,000	414,000
Total expenses	\$ 20,090,000	\$ 20,109,000	\$ 20,514,000

*The Vice President's office was formerly included under the President's office. Existing equity accounts have been repointed to the Vice President's office which explains why there is a budget and actual amount reflected in fiscal year 2018/19.

General comments:

Expenses in the table above are organized by department or cost category. The budget for each department reflects both compensation and operating expenditures. These expenditures are broken down further in the departmental budget tables that follow.

The 2019/20 overall expense budget is higher than the 2018/19 expense budget by \$424,000 and \$405,000 higher than 2018/19 actual results. Salaries and benefits are increasing by \$174,000 over the prior year budget and \$62,000 over prior year actuals (described in the next section).

In addition to permanent cumulative departmental reductions of \$1 million included in the 2018/19 budget, an additional \$250,000 in permanent expenditure reductions (\$129,000 in operating expenses, \$112,000 in salaries and benefits and \$9,000 in capital expenditures) have been identified in the 2019/20 budget as part of the expenditure reduction, control and

reallocation Plan. These reductions are offset by an increase in additional spending of \$260,000 as shown in Schedule 2 (\$100,000 of this amount is shown under “Capital funded by operations”).

Other notable expenditure differences included in the 2019/20 budget as compared with the 2018/19 budget are as follows:

- Scholarships, awards and bursaries – a net increase of \$121,000 (completely funded by donations and investment income)
- Utilities – an overall increase of \$67,000, primarily related to steam heat, electricity and water
- Academic operating expenses – an increase of \$69,000
- Dalhousie allotment – an increase of \$62,000

Offset by

- Dalhousie athletics fee expense – a reduction of \$122,000

All items noted above along with a number of smaller increases have been incorporated into the budget and are discussed under the individual departmental budgets that follow.

Salaries and benefits:

2019/20 academic and administrative salaries and benefits are increasing by \$174,000 over the 2018/19 budget. It is the largest single component of expenses and accounts for 48.8% of total operating expenses at \$10,022,000 as compared with 49.0% and \$9,848,000 in the 2018/19 budget.

If the direct cost component of the Dalhousie allotment is included (61% of the total Dalhousie allotment represents direct costs while 39% represents overhead) in the total this percentage increases to 60.8% of total operating expenses in 2019/20 and 61.1% in 2018/19. The Dalhousie allotment represents the cost that Dalhousie charges King’s for teaching its students minus the cost to King’s of teaching Dalhousie students. A substantial portion of the direct cost relates to faculty salaries and benefits in the Faculties of Arts and Social Sciences and Science at Dalhousie.

Academic salaries and benefits are increasing by \$47,000 or 0.9% over 2018/19 and is attributed primarily to annual salary increases, the restoration of parity regarding the 2015/16 salary freeze and year over year differences related to the former Vice President’s salary (administrative leave versus sabbatical), offset by savings from the Enhanced Voluntary Retirement Program (EVRP) and a reduced number of Senior Fellows in the Humanities. These and other smaller salary differences are described under “Academic” below.

Administrative salaries and benefits are increasing by \$127,000 or 2.9% over 2018/19 primarily as a result of annual salary increases, an adjustment to the accrual of the contractual administrative leaves of the President and Vice-President (which were not factored into the 2018/19 budget), staffing changes (parental leaves, temporary contracts to cover medical leaves, timing of hire of replacement employees, etc.), offset by permanent salaries and benefits reductions identified as

part of the expenditure reduction, control and reallocation plan (which include the elimination of the position of a former employee, the reclassification of two recently vacant positions, etc.). These and other smaller salary differences are described under the various administrative departments below.

King's follows the Dalhousie Faculty Association (DFA) salary scale for faculty salaries. The DFA collective agreement expires on June 30, 2020. Staff salaries follow the Dalhousie NSGEU Local 77 salary scale and the Dalhousie Professional and Managerial Group salary scale (DPMG). The NSGEU collective agreement also expires on June 30, 2020. The DPMG group salary increases typically follow those negotiated with the NSGEU group. The actual salary increases for faculty and staff for 2019/20 are known as they are based on the July 1, 2019 salary scales in the respective collective agreements. The 2019/20 budget includes three months of salaries at the July 1, 2018 salary rates and nine months of salaries at the July 1, 2019 salary rates.

Academic:

The Academic budget includes the salaries and benefits of all King's faculty as well as the administrative positions, technicians, teaching assistants and student employees that support King's academic programs. Operating expenditures include all costs incurred to offer King's academic programs including the cost of PROs (persons retained from outside) who teach individual courses and are not employees of King's.

Academic salaries and benefits in the 2019/20 budget are \$47,000 higher than the 2018/19 budget and \$130,000 higher than 2018/19 actuals. There are a number of factors contributing to this increase:

- Average annual faculty salary increases of 3.0% account for approximately \$145,000 of the difference in salaries and benefits. Salary increases are as per the Dalhousie Faculty Association (DFA) agreement which expires on June 30, 2020.
- In an effort to reduce expenditures, faculty and staff salaries were temporarily frozen effective July 1, 2015 on the recommendation of the College Task Force. The freeze excluded Carnegie and Equalization professors who teach at Dalhousie, Faculty and Senior Fellows in the Humanities and administrative staff who earn less than \$60,000. Faculty have continued to be one "Y value" (i.e., step on the salary scale, progress through the ranks) lower than they would have been without the freeze. The freeze ended effective June 30, 2016. King's indicated at the time that it would consider restoring parity in the future when and if the financial situation of the university improved. Since King's financial situation has improved, the restoration of parity on July 1, 2019 has been factored into the budget. Faculty members will therefore receive a two-step or double Y value increase on July 1. The cost of restoring parity including pension implications is \$49,000.
- The 2018/19 budget only included nine months of salary and benefits at 85% for the former Vice President. The administrative leave which ended on June 30, 2018 was accrued into fiscal year 2017/18. The sabbatical began at the conclusion of the administrative leave and ends on June 30, 2019. The 2019/20 budget includes three months of salary and benefits at 85% and nine months at 100%. The 2019/20 budget is \$64,000 higher as a result.

Offsetting the increases above are the following items:

- Faculty and Senior Fellows in the Humanities - 2018/19 included an additional Senior Fellow resulting from a parental leave in 2017/18 (the collective agreement mandates the extension of contracts by the length of the leave). The 2019/20 budget includes six Faculty and Senior Fellows (this excludes an existing Senior Fellow who will be on parental leave for the entirety of fiscal 2019/20) while the prior year included seven. This has resulted in \$16,000 in salaries and benefits savings in the 2019/20 budget.
- Two faculty members who have participated in the Enhanced Voluntary Retirement Program (EVRP) in the prior year will be on 50% post-retirement contracts on July 1, 2019. Savings from this program equate to \$67,000 in the 2019/20 budget. One of these faculty members is a Carnegie professor which will not result in substantial savings for the university since Dalhousie will replace them. In the prior year, these faculty members were paid 100% for a 50% workload. Only one of these faculty members required a replacement which was covered by internally restricted funds as shown in the table below.
- Carnegie professors are King's employees who teach at Dalhousie. There are currently five vacant Carnegie professor chairs out of eight. Dalhousie has been applying the income from the Carnegie endowment that would otherwise apply to Carnegie professors in these vacancies to salaries of other professors in the Faculty of Arts and Social Sciences (FASS). Dalhousie reimburses King's at the end of the year on the Allotment to Dalhousie invoice for the teaching portion of the Carnegie professors' (and other FASS faculty who receive salaries subsidized by Carnegie endowment income) salaries and benefits (approximately 2/3). The Carnegie endowment covers a portion of the salaries and benefits as well.

The cost of the FASS faculty who receive salaries subsidized by the Carnegie endowment income is estimated to be \$80,000 lower in 2019/20 than in 2018/19. The reason for the decrease is twofold. The first relates to the Carnegie professor who enrolled in the EVRP program in the prior year. Under the EVRP, the professor has a 50% workload and receives 100% pay in the first year. The cost of having a FASS professor cover the other portion of the workload (i.e., 50%) was \$50,000 in 2018/19 and was not subject to reimbursement by Dalhousie (as the EVRP is a King's program and was funded by internally restricted funds). The second relates to higher FASS faculty salaries (who receive salaries subsidized by Carnegie endowment income) for 2018/19 due to one-time retroactive salary increases of \$33,000 related to fiscal year 2017/18. The salary costs shown in the table below are net of the salary credits received from Dalhousie for the Carnegie and Equalization professors (King's Equalization professors are fully reimbursed by Dalhousie).

- Program Director stipends of \$18,000 were removed from the 2019/20 budget for those who receive a course release instead.
- Salary savings from sabbaticals included in the 2019/20 were \$10,000 higher than salary savings included in the 2018/19 budget.
- Other small savings of \$20,000 are reflected in the 2019/20 budget.

Salaries and benefits for 2018/19 were lower than budget for 2018/19 primarily due to a higher reimbursement rate (i.e., the teaching portion) for Carnegie salaries (66% versus 63%), savings from a Senior Fellow parental leave and savings from Program Directors receiving a course release instead of a stipend.

Academic operating costs have increased by \$69,000 over the 2018/19 budget and \$47,000 over 2018/19 actual results. This is primarily related to the following:

- Anticipated costs related to an external review of the Foundation Year Program and Upper Year Programs of \$20,000.
- An adjustment to the PRO (persons retained from outside) rate for teaching individual Journalism courses to match the rate paid for teaching individual courses in the humanities having an impact of \$16,000.
- Increased costs of the MFA program due to higher enrolment – MFA residency costs of \$16,000 and MFA mentor costs (which is a flow through directly from the students) of \$33,000.

These increases are offset by savings identified under the expenditure reduction, control and reallocation plan of \$23,000 (\$5,000 of which is reflected as a reduction of capital expenditures funded by operations described above under “Capital Expenditures”).

Academic program operating costs exceeded budget in 2018/19 by \$22,000. This was primarily the result of higher MFA program costs related to higher enrolment (New York Residency and MFA mentor stipends which are covered by the MFA mentor fee), offset by lower spending in Journalism. Each year the MFA residency alternates between Toronto and New York. The Toronto residency is less expensive than the New York residency.

	Approved Budget 2018/19	Unaudited Actual 2018/19	Budget 2019/20
Academic Program Salaries	\$ 4,778,000	\$ 4,698,000	\$ 4,823,000
Academic Program Benefits Other Than Pension	259,000	254,000	259,000
Academic Program Pension	436,000	438,000	438,000
Academic Program Salaries and Benefits	5,473,000	5,390,000	5,520,000
Academic Program Operating costs	694,000	716,000	763,000
Total Academic	6,167,000	6,106,000	6,283,000
Cost covered by internally restricted funds	(49,000)	(50,000)	-
Net Academic	<u>\$ 6,118,000</u>	<u>\$ 6,056,000</u>	<u>\$ 6,283,000</u>

Allotment to Dalhousie:

The Allotment to Dalhousie represents the cost Dalhousie charges King’s to teach its students, offset by a credit given to King’s for teaching Dalhousie students. A total cost per student is calculated for all Dalhousie and King’s students taught in the Faculty of Arts and Social Sciences (FASS) and the Faculty of Science (FoS) at Dalhousie. This cost includes the direct costs of these

two faculties (representing approximately 61% of the total cost). A substantial portion of this direct cost represents salaries and benefits of faculty in FASS and FoS. The overhead component (representing approximately 39% of the total cost) is based on the accessibility of Dalhousie services to King’s students. This cost per student is applied to the number of students taught by each institution. There are two components of the cost per student calculation – total costs which generally increase every year and total enrolment which has declined in recent years; the cost per student has been increasing year over year and has been applied to lower enrolment figures. The cost has been hovering around \$4 million for several years.

The billing from Dalhousie is always one year in arrears (i.e., it is based on enrolments and Dalhousie costs from the previous fiscal year). The enrolment piece is known at budget time. The difficulty in budgeting this item is in predicting Dalhousie’s total cost to teach King’s students as the previous year’s costs are not yet known (i.e., Dalhousie’s 2018/19 audited financial figures are not yet available). The budgeted cost increase has been set at 2.3% above the actual cost included in the 2018/19 invoice. The net number of King’s students (i.e., King’s students who took classes at Dalhousie minus Dalhousie students who took classes at King’s) that King’s will be invoiced for in 2019/20 decreased by 4.8% from the prior year actual of 414 FTEs to 394 FTEs. The anticipated cost increase per FTE (2.3%) is lower than the enrolment decrease (4.8%) which explains the slight decrease in the Allotment to Dalhousie as shown below (when comparing the 2019/20 budget to 2018/19 actual).

There was a budget overage in 2018/19 due to the cost per student being 6.5% higher than the prior year as compared to a budgeted cost increase of 2.7%. For several years, the cost per student increase has been below 3%.

	Approved Budget 2018/19	Unaudited Actual 2018/19	Budget 2019/20
Allotment to Dalhousie	\$ 3,976,000	\$ 4,099,000	\$ 4,038,000

King’s and Dalhousie continue to work collaboratively to modernize and simplify the memorandum of understanding (MOU) under which the allotment to Dalhousie is allocated, including to ensure its consistency with changes in the Dalhousie - King’s academic collaboration that have occurred since the development of the current MOU.

Facility operations:

The 2019/20 salaries and benefits budget includes annual salary increases and a six-month casual contract to replace an employee who is currently unable to work for medical reasons. As part of the expenditure reduction, control and reallocation plan, permanent salary and benefit savings of \$75,000 were identified by eliminating the position of a former employee. There was a budget overage in 2018/19 due to one-time costs incurred related to restructuring the employee complement in the Facilities department to secure these permanent savings. The timing of the hire date of the new Director of Facilities in relation to the retirement date of the outgoing Director also resulted in salary and benefit savings.

Housekeeping and security costs are both expected to increase by 4% over the prior year. The housekeeping contract was recently tendered and the scope of work has increased slightly. Contract awarding and negotiations will occur in June/July with a start date of August 1. The security contract will be going out to tender in near future.

The 2018/19 budget included a one-time request of \$100,000 to replace the Library floors. For 2019/20, Facilities Management requested that the \$100,000 remain in the budget to address ventilation issues in the Alex Hall basement and to replace one of the tractors used for snow removal. The BAC recommended this request be approved.

Other expenditures include repairs and maintenance, contracts and charges for elevators, waste removal, alarms, heating and ventilation equipment maintenance, snow removal and landscaping and other operating expenditures. The 2019/20 budget includes slight increases related to externally contracted services and allows for the replacement of a few computers. The actual figure for 2018/19 includes \$96,000 related to capital preparedness as described under “Use of internally restricted funds” above. The other \$1,000 covered by internally restricted funds relates to the hiring of a student in the winter semester. Student employment is a component of the three-year plan for the expenditure of internally restricted funds described earlier in this document.

A number of unforeseen issues arose that caused the budget for 2018/19 to be exceeded. These included flooding in the library basement, Wardroom and Cochran Bay (backed up toilets); elevator safety code upgrades and fire code upgrades.

	Approved Budget 2018/19	Unaudited Actual 2018/19	Budget 2019/20
Salaries & benefits	\$ 796,000	\$ 852,000	\$ 744,000
Housekeeping	392,000	391,000	408,000
Security	146,000	144,000	150,000
Other	464,000	612,000	473,000
Total Facility operations	1,798,000	1,999,000	1,775,000
Cost covered by internally restricted funds	-	(97,000)	-
Net cost of Facility operations	\$ 1,798,000	\$ 1,902,000	\$ 1,775,000

Residence & other student services:

The food services budget includes the cost of meal plans that King’s pays for (i.e., dons, Dean and Assistant Dean of students). As described above under “Student residence fees”, meal plan fees are increasing by 1.6% in 2019/20. The reason for the overage in 2018/19 relates to the dons’ meal plan invoice for the winter 2018 semester which belonged in fiscal year 2017/18.

The 2019/20 salaries and benefits budget includes annual salary increases. An employee had a salary reclassification on July 1, 2018 which was not included in the 2018/19 budget. The Assistant Dean of Students position continues to be a contract position. The 2018/19 budget included this position at 20 hours per week for three months and then 35 hours per week for nine months. The

2019/20 budget includes this position at 35 hours per week for the entire year. Both student patrol and Alex Hall front desk salaries factor in increases to the minimum wage rate.

As part of the expenditure reduction, control and reallocation plan, permanent reductions of \$8,000 were identified under the other administrative and operational expense category. The 2018/19 actual results for this category include \$6,000 for additional formal meals held for recruitment purposes. This cost was covered by internally restricted funds as part of the three-year plan for expending these funds as described earlier in this document.

	Approved Budget 2018/19	Unaudited Actual 2018/19	Budget 2019/20
Food services	\$ 69,000	\$ 88,000	\$ 70,000
Salaries & benefits	172,000	178,000	186,000
Other administrative and operational	100,000	102,000	92,000
Student patrol	71,000	77,000	73,000
Alex Hall front desk	66,000	69,000	68,000
Student societies	20,000	17,000	20,000
Total Residence & other student services	498,000	531,000	509,000
Cost covered by internally restricted funds	-	(6,000)	-
Net cost of Residence & other student services	\$ 498,000	\$ 525,000	\$ 509,000

Scholarships, awards and bursaries³:

	Approved Budget 2018/19	Unaudited Actual 2018/19	Budget 2019/20
Scholarships	\$ 1,076,000	\$ 945,000	\$ 918,000
Bursaries	179,000	175,000	178,000
Flow through scholarships	41,000	135,000	321,000
US/International awards	67,000	46,000	67,000
Total Scholarships, awards and bursaries	\$ 1,363,000	\$ 1,301,000	\$ 1,484,000

³ Additional amounts for scholarships, awards and bursaries are available as described above under “Three-Year Framework for Expenditure of Internally Restricted Funds”.

Other student support:

	Approved Budget 2018/19	Unaudited Actual 2018/19	Budget 2019/20
Chapel music scholarships	\$ 16,000	\$ 15,000	\$ 18,000
Divinity scholarships & bursaries	20,000	20,000	20,000
Tuition waiver	40,000	48,000	37,000
Total other student support	\$ 76,000	\$ 83,000	\$ 75,000

Scholarships, awards and bursaries and other student support spending have increased by \$121,000 over the prior year budget and \$183,000 over the prior year actuals. The prior year scholarships budget included a one-time increase of \$200,000 for additional entrance awards to convert offers into acceptances in efforts to boost first year enrolment (this is separate and apart from the additional funds authorized under the three-year framework for the internally restricted funds). This has been removed from the 2019/20 scholarships budget. The 2019/20 scholarships budget was increased by \$39,000 as a result of a generous scholarship endowment gift in 2018/19 of just under \$1 million. The 2019/20 flow through scholarships budget has increased significantly as a result of a generous donation of \$280,000 annually for five years for athletics scholarships.

Tuition waivers are available for dependents of King's employees. The budget amount for this item is specific to the employee dependents attending King's or Dalhousie at a given point in time and can vary year over year.

Of the \$1,559,000 million budget for scholarships, awards and bursaries and other student support (\$1,484,000 plus \$75,000 shown above), 68% is funded by a combination of endowment income (\$615,000 net of fees), annual scholarship gifts (\$428,000) and government grants (\$20,000), leaving \$496,000 or 32% being covered by King's operating budget. Schedule 3 provides more details.

Utilities, taxes & insurance:

The 2018/19 actual results for heat are much higher than budget due to higher consumption and natural gas prices. The 2018/19 budget assumed similar consumption to 2017/18 which had a relatively mild winter. King's purchases steam heat from Dalhousie. Budgets for electricity, water and heat include rate increase assumptions as follows: electricity 3.8%, water 6% and steam 3% (estimate provided by Dalhousie). Consumption is expected to be similar to 2018/19.

Insurance for 2018/19 is much lower than budget due to a recommendation made by King's auditors during the 2017/18 financial statement audit. The CURIE (Canadian University Reciprocal Insurance Exchange) insurance invoice is based on the calendar year rather than the fiscal year. It was recommended that nine months of the invoice be recorded as a prepaid expense at the end of fiscal 2018/19 as it relates to fiscal year 2019/20; actual results for 2018/19 include three months of the CURIE invoice rather than 12. The budget for 2019/20 includes a full year (nine months from the calendar year 2019 invoice and three months from the calendar year 2020 estimated invoice).

	Approved Budget 2018/19	Unaudited Actual 2018/19	Budget 2019/20
Electricity	\$ 160,000	\$ 159,000	\$ 166,000
Heat	195,000	233,000	240,000
Water	37,000	48,000	51,000
Insurance	73,000	26,000	75,000
Taxes	4,000	4,000	4,000
Total utilities, taxes & insurance	\$ 469,000	\$ 470,000	\$ 536,000

Advancement:

The 2018/19 actual salaries and benefits included a parental leave and the departure of an employee in mid-February. The 2019/20 salaries and benefits budget includes annual increases, offset by parental leave savings and permanent reductions identified as part of the expenditure reduction, control and reallocation plan of \$13,000. These savings were accomplished by replacing the outgoing employee with an individual with a different skillset on a different salary scale.

When considering the non-salary budget line items below, it is important to factor in the application of the internally restricted funds when determining the increase/decrease in the non-salary 2019/20 budget in relation to 2018/19. The net cost of Advancement, excluding salaries and benefits for each column, is as follows:

- 2018/19 budget - \$229,000
- 2018/19 actual - \$214,000
- 2019/20 budget - \$217,000

The 2018/19 budget included the expenditure of \$70,000 in internally restricted funds for two items (as shown under “Use of internally restricted funds” above): \$50,000 for a reputational research study and \$20,000 for an Alumni recruitment strategy. The scope of the reputational research study has been expanded to include four studies, including several which are focused on student recruitment. This work was tendered and awarded in 2018/19. Work began in late 2018 and will conclude in fiscal year 2019/20. Of the \$50,000, \$19,000 was expended in 2018/19. The unexpended portion of the \$50,000 allocated in the 2018/19 budget for these studies will be carried forward to 2019/20 along with the \$20,000 for the Alumni recruitment strategy as this work will no longer be required due to the expanded scope of the studies. The requested carry forward amount of \$51,000 is shown in the table below.

The decrease in the 2019/20 net non-salary budget relates to additional permanent expenditure reductions of \$12,000 (for a total of \$25,000 including permanent salary and benefits savings described above). This will be accomplished by converting the Tidings alumni magazine to a digital format from paper which is consistent with the approach taken by many universities.

	Approved Budget 2018/19	Unaudited Actual 2018/19	Budget 2019/20
Salaries & benefits	\$ 590,000	\$ 583,000	\$ 573,000
Alumni & development	66,000	83,000	61,000
Communications	192,000	110,000	181,000
Tidings & website	41,000	40,000	26,000
Total Advancement	889,000	816,000	841,000
Cost covered by internally restricted funds	(70,000)	(19,000)	(51,000)
Net cost of Advancement	\$ 819,000	\$ 797,000	\$ 790,000

Athletics:

Salaries and benefits costs are increasing due to annual staff salary increases. An employee had a salary reclassification on July 1, 2018 which was not included in the 2018/19 budget. Also contributing to the budget overage in 2018/19 were higher than budgeted student salaries. As part of the expenditure reduction, control and reallocation plan in 2019/20, \$5,000 was found by reducing the hours of the gym to create a more manageable schedule.

Athletics teams and general expenses are being held flat for 2019/20. A budget overage occurred in 2018/19 due to badminton nationals.

The decrease in the Dalhousie fee was described above under "Student ancillary fees" and relates primarily to the fitness facility renewal fee, offset by higher enrolment in 2019/20.

	Approved Budget 2018/19	Unaudited Actual 2018/19	Budget 2019/20
Salaries & benefits	\$ 263,000	\$ 273,000	\$ 264,000
Athletics teams and general	184,000	192,000	183,000
Dalhousie fee	224,000	102,000	102,000
Total Athletics	\$ 671,000	\$ 567,000	\$ 549,000

Bursar's office:

The 2019/20 salaries and benefits budget includes annual increases plus a parental leave (top up at 95% for 17 weeks) of \$12,000 and a temporary casual contract to replace an employee who is currently unable to work for medical reasons of \$8,000, offset by permanent savings identified as part of the expenditure reduction, control and reallocation plan of \$17,000 related to the reclassification of a vacant position. Actual results for 2018/19 are lower than budget due a five-month vacancy. The 2019/20 budget for non-salary accounts reflects further permanent expenditure reductions of \$3,000 (for a total of \$20,000 in reductions). The \$1,000 covered by internally restricted funds shown in the table below is related to staff development. Staff

development is a component of the three-year plan for the expenditure of internally restricted funds described earlier in this document.

	Approved Budget 2018/19	Unaudited Actual 2018/19	Budget 2019/20
Salaries & benefits	\$ 575,000	\$ 538,000	\$ 584,000
General expenses	5,000	5,000	4,000
Memberships and training	4,000	5,000	5,000
Travel	5,000	4,000	3,000
Computer support	2,000	2,000	1,000
Total Bursar's office	591,000	554,000	597,000
Cost covered by internally restricted funds	-	(1,000)	-
Net cost of Bursar's office	\$ 591,000	\$ 553,000	\$ 597,000

General college administration and other:

The 2019/20 salaries and benefits budget includes annual increases. As part of the expenditure reduction, control and reallocation plan, permanent reductions of \$22,000 have been incorporated into the 2019/20 budget including lower recruitment-related postage costs (due to more digital communications and moving towards electronic admissions), reduced membership fees (prior year budget included a potential increase that did not materialize), the elimination of copyright expenses and other small operating expense reductions.

Central information technology expenses exceeded budget in 2018/19 due to the timing of King's participation in a NS post-secondary institutional Adobe license consortium agreement (through the Higher Education Information Shared Services (HISS) organization). King's has been informed that it will join this agreement at the end of June 2019. In previous year's, King's had to purchase a minimum number of licenses which was greater than it required. Under the new agreement King's will only pay for those licenses it requires.

	Approved Budget 2018/19	Unaudited Actual 2018/19	Budget 2019/20
Salaries & benefits	\$ 60,000	\$ 60,000	\$ 61,000
Copyright	3,000	-	-
Membership/conference fees	77,000	72,000	70,000
Central information technology	105,000	112,000	107,000
Postage & courier	56,000	54,000	48,000
Office & general expense	45,000	39,000	39,000
Total General college administration	\$ 346,000	\$ 337,000	\$ 325,000

Library:

The 2019/20 salaries and benefits budget includes annual increases and the vacation payout of an outgoing employee, offset by savings from the timing of the replacement.

Despite student employment actual results for 2018/19 being lower than budget, this line item is being maintained at the 2018/19 budget level for 2019/20.

As part of the expenditure reduction, control and reallocation plan, permanent reductions of \$13,000 have been identified in the 2019/20 budget. Under “Capital expenditures above, \$4,000 was removed from the library book budget. Library acquisitions reflect the increased availability of electronic books. The remaining \$9,000 was found under Miscellaneous (archives and staff travel).

	Approved Budget 2018/19	Unaudited Actual 2018/19	Budget 2019/20
Salaries & benefits	\$ 271,000	\$ 269,000	\$ 278,000
Student - part-time employment	48,000	44,000	48,000
Periodicals	18,000	18,000	18,000
Novanet	24,000	21,000	24,000
Miscellaneous	33,000	16,000	24,000
Total Library	\$ 394,000	\$ 368,000	\$ 392,000

President’s office:

When comparing the budget for 2019/20 for the President’s office to 2018/19, the separation of the Vice President’s office from the President’s office for budgetary purposes should also be taken into consideration. Expenditures of the Vice President’s office have historically been included under the President’s office umbrella but will be shown separately in fiscal year 2019/20. All existing equity accounts have also been repointed to the Vice President’s office which explains why there are some expenses shown in 2018/19. The Vice President’s office follows the President’s office below.

Salaries and benefits exceed budget for 2018/19. The contractual administrative leaves of the President and Vice President upon fulfillment of their respective contracts were not factored into the 2018/19 budget (\$171,000 owing at March 31, 2019). The 2018/19 budget assumed an annual increase for the President which the President declined. The 2019/20 salaries and benefits budget keeps the President’s salary flat and includes an adjustment to the contractual administrative leave accrual of the President (\$44,000). The Vice President’s salary and benefits for 2019/20 have been reallocated to the Vice President’s office budget below.

The \$1,000 covered by internally restricted funds shown in the table below for 2018/19 is related to staff development. Staff development is a component of the three-year plan for the expenditure of internally restricted funds described earlier in this document.

As part of the expenditure reduction, control and reallocation plan, permanent reductions of \$11,000 have been identified in the 2019/20 budget.

	Approved Budget 2018/19	Unaudited Actual 2018/19	Budget 2019/20
Salaries & benefits	\$ 441,000	\$ 595,000	\$ 355,000
Other*	12,000	10,000	8,000
Entertainment	18,000	14,000	17,000
Board of Governors / committees	4,000	6,000	6,000
Board of Governors travel & other	3,000	1,000	1,000
Encaenia & matriculation	36,000	31,000	34,000
Travel	21,000	15,000	11,000
Total President's office	535,000	672,000	432,000
Cost covered by internally restricted funds	-	(1,000)	-
Net cost of President's office	\$ 535,000	\$ 671,000	\$ 432,000

*Existing equity accounts have been repointed to the Vice President's Office below.

Vice President's office:

As described above under the President's office, the Vice President's office is a newly recognized budget department beginning in fiscal year 2019/20.

The 2019/20 salaries and benefits budget includes the salary of the Vice President as well as the newly created Assistant to the Vice President position (described below). It also includes an adjustment to the contractual administrative leave accrual of the Vice President (\$30,000).

The budget for 2019/20 includes funding for a new position that would support the Vice President (including on initiatives such as Public Humanities), the Directors (Coordinators) of Humanities for Young People (HYP), and other similar initiatives, as determined by the Vice President in consultation with program directors and the President. The idea is the occupant of this new position could also provide assistance and support to academic programs or program directors, particularly in relation to their collective work and their collaborations with the Vice President.

The specifications, qualifications and classification of this position are being developed. Funds have been included in the 2019/20 budget so the position can be created in 2019/20 without creating a budget overage once the details of the position have been determined. There is widespread recognition that the position of Vice President is untenable as currently configured, largely because of the range and number of responsibilities that fall to the Vice President, including many responsibilities that are of a largely clerical or process nature. Putting in place stable and dependable administrative support for the members of faculty who deliver HYP is also deemed important.

As also mentioned under the President's office, the existing equity accounts that previously resided under the President's office have been repointed to the Vice President's office. The 2018/19 actual results exceeded budget slightly but were offset by a donation of an equivalent amount designated for this purpose. The budget for 2019/20 includes the previous year's equity

budget plus an additional \$50,000 for improving King’s capacity to address equity and diversity issues, including the designation of an equity officer, supporting the work of the equity committee, providing or ensuring access to advising and support services for racialized students and other related matters. This is not to say that this is funding for a new position but, rather, it is funding to generally improve King’s capacity to address equity and diversity issues. The funding could be used to create a new position if consultations and deliberations determine that this is the best way to ensure King’s has the equity officer it needs. It could also be used in other ways as well, such as improving the access of King’s students to the services they are already entitled to receive at and from Dalhousie.

Funds have been added to allow for the purchase of a new computer. Funds for travel and general office were reallocated from the President’s office budget above.

	Approved Budget 2018/19	Unaudited Actual 2018/19	Budget 2019/20
Salaries & benefits	\$ -	\$ -	\$ 212,000
Equity expenditures*	7,000	9,000	57,000
Travel	-	-	7,000
Computer support			2,000
General office	-	-	1,000
Total Vice President's office	\$ 7,000	\$ 9,000	\$ 279,000

Registrar’s office, recruitment & academic support:

The 2019/20 salaries and benefits budget includes annual increases and the replacement of an outgoing long-term contract employee with a permanent employee (in the pension plan). The 2018/19 salaries and benefits budget treated the two 10-month recruitment contracts as nine-month contracts and should therefore have been higher by \$9,000.

As part of the expenditure reduction, control and reallocation plan, permanent reductions of \$40,000 have been identified in the 2019/20 budget. Reductions have been made to recruitment and academic support costs (\$26,000) and operations (\$14,000). Certain recruitment events will be reorganized to reduce costs and, with a recruitment officer based out of Ontario, there are savings in travel costs. Reductions in operational spending include equipment, supplies and computer support.

The Registrar’s Office has also invested considerable effort in improving digital communications with students. This has been achieved through implementation of the SimplyCast communications system and changing an international recruitment position to a Communications role. This infrastructure will enable the Registrar’s Office to move away from expensive print materials and the associated mailing costs (shown as a reduction to postage under “General college administration and other” above). Consultation with Advancement has begun on this and will continue. While part of this requires re-investing in digital efforts, net savings should still be possible by significant reductions in both printing costs and mailing costs.

The Registrar’s Office may be investing in moving towards electronic admissions which will further reduce material and mailing costs. This type of change in how they operate should result in long term, structural savings without negatively impacting their enrolment goals.

The \$16,000 in costs covered from internally restricted funds relates to a three-year carryover of 2017/18 unexpended Familiarization tours funds shown above under “Use of internally restricted funds”. Only \$15,000 was spent of the \$65,000 approved in the 2017/18 budget. The Board authorized the carryover of \$16,000 to each of the next three fiscal years (2018/19 through 2020/21) to assist with costs associated with campus tours (\$9,000) and open houses and events (\$7,000).

	Approved Budget 2018/19	Unaudited Actual 2018/19	Budget 2019/20
Salaries & benefits	\$ 631,000	\$ 634,000	\$ 677,000
Part-time help	38,000	39,000	38,000
Recruitment & academic support (non-salary)	181,000	170,000	155,000
Operations	37,000	22,000	23,000
Total Registrar's office, recruitment & academic support	887,000	865,000	893,000
Cost covered by internally restricted funds	(16,000)	(16,000)	(16,000)
Net cost of Registrar's office, recruitment & academic support	\$ 871,000	\$ 849,000	\$ 877,000

Sexualized violence awareness, prevention and response office:

An allotment of \$52,000 was set aside in the 2018/19 budget to provide for the initial stages of implementation of the Sexualized Violence Awareness, Prevention and Response Policy. In December 2018, the King’s Board of Governors approved the university’s stand-alone policy on sexualized violence. The implementation of King’s Sexualized Violence, Awareness, Prevention and Response Policy is currently underway. The policy is posted on King’s website.

During the implementation of this policy, an individual qualified to serve as King’s Sexualized Violence Prevention and Response Officer (SVPRO) will be hired. Their primary responsibility will be to assist individuals affected by sexualized violence. The SVPRO provides coordination, support and services for those who have experienced sexualized violence, receives disclosures and reports, facilitates safety planning and assists survivors/victims through the disclosure or report process.

Minimal costs were incurred in fiscal year 2018/19. The 100% cost of the SVPRO position has been included in the 2019/20 budget even though the position may not be filled for the full fiscal year to ensure there is no budget overage created if King’s is successful in hiring the new SVPRO at or very near the beginning of the fiscal year. The scope of responsibilities for this position may expand in time to include responsibilities in addition to being King’s SVPR Officer if experience shows that the position’s responsibilities as Officer do not require 100% of the position’s time. This would only happen, however, if full and effective discharge of responsibilities as Officer allows the incumbent to work on other matters and if the other areas of responsibility assigned to the position are fully compatible with its primary responsibilities as SVPRO.

In addition to funding for the salary and benefits of the position to be occupied by the SVPRO, the budget for 2019/20 includes an allocation for an operational budget for the SVPRO to ensure the Officer has resources to work with. Otherwise, we will have a full-time officer who has no resources of their own to carry out the work they identify as necessary or beneficial to ensure full and effective implementation of the new policy.

	Approved Budget 2018/19	Unaudited Actual 2018/19	Budget 2019/20
Salaries & benefits	\$ 52,000	\$ -	\$ 83,000
Operating costs	-	2,000	15,000
Total Sexualized violence awareness, prevention & response office	\$ 52,000	\$ 2,000	\$ 98,000

Divinity and chapel:

Chapel expenses are largely funded through donations and a draw from endowment funds designated for Chapel purposes. Salaries and benefits for the chapel have increased slightly due to a small hourly rate increase for the Chapel Administrator and a slight increase related to a change in Chaplains over the previous year.

After applying offerings revenue and endowment income, the Chapel, is budgeted to break even, with the exception of half of the Chaplain’s salary which the university contributes (\$44,000). Chapel retreats exceeded budget slightly in 2018/19 but were offset by reductions in operational spending.

	Approved Budget 2018/19	Unaudited Actual 2018/19	Budget 2019/20
Salaries & benefits	\$ 76,000	\$ 79,000	\$ 80,000
Chapel retreats	24,000	27,000	24,000
Operations	39,000	36,000	37,000
Total Divinity and chapel	\$ 139,000	\$ 142,000	\$ 141,000

Chapel music:

The music program’s net budget is a shortfall of \$71,000 (see Schedule 3) after applying \$40,000 in previously undrawn Divinity endowment income as noted under “Investment income” above. In 2018/19, the Chapel Music program requested a part-time Marketing/Publicity Assistant at an annual cost of \$15,000. The search for someone to fill this role was not successful. As part of the expenditure reduction, control and reallocation plan, this position is being removed from the 2019/20 budget. An additional \$1,000 was removed from non-concert budget accounts. These expenditure reductions are offset by an increase in the cost of the Easter concert of \$13,000 (St. Matthew Passion), resulting in a net budget decrease of \$3,000. The cost of other concerts is

increasing by \$4,000 but the cost is offset by an equivalent amount of concert revenue. The same does not hold true for the Easter concert.

	Approved Budget 2018/19	Unaudited Actual 2018/19	Budget 2019/20
Salaries & benefits	\$ 132,000	\$ 116,000	\$ 118,000
Concerts	53,000	60,000	70,000
Singers	17,000	22,000	18,000
Other operating costs	25,000	21,000	23,000
Total chapel music	\$ 227,000	\$ 219,000	\$ 229,000

Professional fees:

The professional fees budget for 2019/20 was increased to \$165,000 in light of a number of initiatives underway and on the horizon in 2019/20. The budget for 2018/19 included amounts for work that did not occur in 2018/19 but will occur in 2019/20. A discussion on Enterprise Risk Management (ERM) was had at a Finance, Audit & Risk Committee meeting during 2018/19 and it was suggested that King's incorporate \$25,000 into the 2019/20 professional fees budget to engage the services of a consultant to assist King's with devising an ERM plan.

	Approved Budget 2018/19	Unaudited Actual 2018/19	Budget 2019/20
Professional fees	\$ 150,000	\$ 108,000	\$ 165,000

Interest & service charges:

Actual bank charges in 2018/19 decreased primarily due to less reliance on the line of credit as a result of the \$2.2 million permanent increase in the annual provincial operating grant for 2018/19 received in December 2018.

The amount of long-term loan interest included in the 2019/20 budget was taken from the loan amortization schedules of all five debt issues.

	Approved Budget 2018/19	Unaudited Actual 2018/19	Budget 2019/20
Bank charges	\$ 56,000	\$ 50,000	\$ 54,000
Long-term loan interest	374,000	377,000	360,000
Total Interest & service charges	\$ 430,000	\$ 427,000	\$ 414,000

Investment management fees:

As described under “Major assumptions” above, the Board of Governors approved that King’s engage the services of an alternative investment manager in addition to its value manager to manage approximately 27% (or \$11 million) of its investments. The transition will occur over a period of 30 months. Higher investment returns are anticipated in the future (and hence higher investment income) as a result of this decision as are higher investment management fees. The budget for 2018/19 anticipated the transition to occur more quickly and an increase in management fees was incorporated into the budget.

	Approved Budget 2018/19	Unaudited Actual 2018/19	Budget 2019/20
Investment management fees	\$ 176,000	\$ 158,000	\$ 206,000

Conference services:

A similar year to 2018/19 is expected for conference services in 2019/20 with the exception of the “King’s Kids” summer day camp which is taking a hiatus in 2019/20. Tourist activity is expected to increase by 5% over the prior year which will result in additional revenue and costs. Cost efficiencies have been incorporated into the 2019/20 budget (as compared with 2018/19 actuals) with respect to Alex Hall front desk coverage and the cleaning schedules of the casual staff. Expenses related to the “King’s Kids” summer day camp have also been removed from the 2019/20 budget.

The \$1,000 covered by internally restricted funds relates to the hiring of a student in the winter semester. Student employment is a component of the three-year plan for the expenditure of internally restricted funds described earlier in this document.

Refer to the revenue section above for more information on conference services.

	Approved Budget 2018/19	Unaudited Actual 2018/19	Budget 2019/20
Conference services revenue (including summer student grant)	\$ 339,000	\$ 302,000	\$ 309,000
Conference services expenses	249,000	270,000	253,000
Profit	90,000	32,000	56,000
Student salaries covered by internally restricted funds	-	1,000	-
Revised profit	\$ 90,000	\$ 33,000	\$ 56,000

Schedule 1

The University of King's College
Statement of Operations (Operating Fund)
2019/20 Operating Budget and Projections for 2020/21 through 2022/23

REFER TO NARRATIVE FOR EXPLANATION OF VARIANCES

	Budget	Unaudited Actual	Draft Budget	Projection	Projection	Projection	Favorable (Unfavorable)			
							2020 Budget to 2019		2020 Budget to 2019	
							Budget Comparison	Actual Comparison	Budget Comparison	Actual Comparison
	March 31, 2019	March 31, 2019	March 31, 2020	March 31, 2021	March 31, 2022	March 31, 2023	\$	%	\$	%
# of FYP Students (October 15)	190	195	196	200	220	220	6	3%	1	1%
Headcount (October 15)	823	906	895	898	913	924	72	9%	-11	-1%
Revenue:										
Government grant	\$ 5,988,000	\$ 8,188,000	\$ 8,270,000	\$ 8,353,000	\$ 8,437,000	\$ 8,521,000	\$ 2,282,000	38%	\$ 82,000	1%
Student academic fees	6,569,000	7,222,000	7,172,000	7,450,000	7,824,000	8,191,000	603,000	9%	(50,000)	-1%
Student ancillary fees	1,116,000	1,087,000	977,000	1,004,000	996,000	1,029,000	(139,000)	-12%	(110,000)	-10%
Student residence fees	1,572,000	1,720,000	1,729,000	1,763,000	1,798,000	1,833,000	157,000	10%	9,000	1%
Investment income	1,923,000	1,870,000	1,963,000	1,972,000	1,996,000	2,032,000	40,000	2%	93,000	5%
Sale of goods and services	332,000	362,000	311,000	316,000	321,000	326,000	(21,000)	-6%	(51,000)	-14%
Conference services	334,000	300,000	309,000	312,000	315,000	318,000	(25,000)	-7%	9,000	3%
Gifts (annual fund & scholarship)	366,000	405,000	632,000	620,000	622,000	615,000	266,000	73%	227,000	56%
Other government grants	98,000	91,000	65,000	61,000	61,000	61,000	(33,000)	-34%	(26,000)	-29%
Total revenue	\$ 18,298,000	\$ 21,245,000	\$ 21,428,000	\$ 21,851,000	\$ 22,370,000	\$ 22,926,000	\$ 3,130,000	17%	\$ 183,000	1%
Expenses:										
Academic	\$ 6,167,000	\$ 6,106,000	\$ 6,283,000	\$ 6,380,000	\$ 6,446,000	\$ 6,604,000	\$ (116,000)	-2%	\$ (177,000)	-3%
Allotment to Dalhousie	3,976,000	4,099,000	4,038,000	3,993,000	4,142,000	4,322,000	(62,000)	-2%	61,000	1%
Facility operations	1,798,000	1,999,000	1,775,000	1,710,000	1,763,000	1,819,000	23,000	1%	224,000	11%
Residence & other student services	498,000	531,000	509,000	520,000	531,000	542,000	(11,000)	-2%	22,000	4%
Scholarships, awards and bursaries	1,363,000	1,301,000	1,484,000	1,506,000	1,521,000	1,536,000	(121,000)	-9%	(183,000)	-14%
Other student support	76,000	83,000	75,000	77,000	78,000	80,000	1,000	1%	8,000	10%
Utilities, taxes & insurance	469,000	470,000	536,000	553,000	570,000	588,000	(67,000)	-14%	(66,000)	-14%
Advancement	889,000	816,000	841,000	814,000	839,000	864,000	48,000	5%	(25,000)	-3%
Athletics	671,000	569,000	549,000	562,000	577,000	591,000	122,000	18%	20,000	4%
Bursar's office	591,000	554,000	597,000	599,000	622,000	646,000	(6,000)	-1%	(43,000)	-8%
General college administration	346,000	337,000	325,000	328,000	332,000	336,000	21,000	6%	12,000	4%
Library	394,000	368,000	392,000	409,000	423,000	438,000	2,000	1%	(24,000)	-7%
President's office	535,000	672,000	432,000	445,000	426,000	429,000	103,000	19%	240,000	36%
Vice President's office*	7,000	9,000	279,000	266,000	268,000	278,000	(272,000)	-3886%	(270,000)	-3000%
Professional fees	150,000	108,000	165,000	130,000	135,000	140,000	(15,000)	-10%	(57,000)	-53%
Registrar's office & recruitment	887,000	869,000	893,000	921,000	951,000	981,000	(6,000)	-1%	(24,000)	-3%
Sexualized Violence Awareness, Prevention & Response Policy*	52,000	2,000	98,000	102,000	106,000	111,000	(46,000)	-88%	(96,000)	-4800%
Investment management fees	176,000	158,000	206,000	212,000	214,000	217,000	(30,000)	-17%	(48,000)	-30%
Divinity & chapel	139,000	142,000	141,000	143,000	146,000	148,000	(2,000)	-1%	1,000	1%
Chapel music	227,000	219,000	229,000	218,000	221,000	224,000	(2,000)	-1%	(10,000)	-5%
Conference services	249,000	270,000	253,000	258,000	262,000	267,000	(4,000)	-2%	17,000	6%
Interest & service charges	430,000	427,000	414,000	389,000	361,000	329,000	16,000	4%	13,000	3%
Additional potential future spending (faculty positions)*	-	-	-	200,000	311,000	427,000	-	100%	-	100%
Total expenses	\$ 20,090,000	\$ 20,109,000	\$ 20,514,000	\$ 20,735,000	\$ 21,245,000	\$ 21,917,000	\$ (424,000)	-2%	\$ (405,000)	-2%
Excess (deficiency) of revenue over expenses	\$ (1,792,000)	\$ 1,136,000	\$ 914,000	\$ 1,116,000	\$ 1,125,000	\$ 1,009,000	\$ 2,706,000	-151%	\$ (222,000)	-20%
Financing and investing activities:										
Debt repayment - required	\$ (434,000)	\$ (434,000)	\$ (567,000)	\$ (951,000)	\$ (983,000)	\$ (1,015,000)	\$ (133,000)	31%	\$ (133,000)	31%
Use of internally restricted funds**	135,000	190,000	67,000	16,000	-	-	(68,000)	-50%	(123,000)	-65%
Capital funded by operations*	(168,000)	(266,000)	(259,000)	(261,000)	(264,000)	(266,000)	(91,000)	54%	7,000	-3%
Subtotal - Cash excess (deficit) from financing & investing	\$ (467,000)	\$ (510,000)	\$ (759,000)	\$ (1,196,000)	\$ (1,247,000)	\$ (1,281,000)	\$ (292,000)	63%	\$ (249,000)	49%
Net (decrease) increase in cash	\$ (2,259,000)	\$ 626,000	\$ 155,000	\$ (80,000)	\$ (122,000)	\$ (272,000)	\$ 2,414,000	-107%	\$ (471,000)	-75%

Debt servicing costs (interest & principal) included above 808,000 811,000 927,000 1,286,000 1,288,000 1,288,000 119,000 15% 116,000 14%

Surplus before additional spending (shown on Schedule 2) 467,000 442,000 521,000 498,000

* Refer to Schedule 2 for details. For 2019-20 additional spending is included under the "Vice President's office"
**Refer to table on page 14.

Schedule 2

The University of King's College

Additional Potential Future Spending

2019/20 Operating Budget and Projections for 2020/21 through 2022/23

Description	Budget	Unaudited Actual	Draft Budget	Projection	Projection	Projection	2020 Budget to 2019 Budget Comparison		2020 Budget to 2019 Actual Comparison	
	March 31, 2019	March 31, 2019	March 31, 2020	March 31, 2021	March 31, 2022	March 31, 2023	\$	%	\$	%
Full-time Sexualized Violence Prevention and Response (SVPR) Officer (incl benefits) ¹	\$ 52,000	\$ -	\$ 83,000	\$ 86,000	\$ 89,000	\$ 93,000	\$ 31,000	60%	\$ 83,000	100%
Resources for office of SVPR Officer	-	2,000	15,000	16,000	17,000	18,000	15,000	100%	13,000	65%
Total sexualized violence awareness, prevention & response policy funding	52,000	2,000	98,000	102,000	106,000	111,000	46,000	88%	96,000	4800%
Funding to improve capacity to address equity and diversity issues*	-	-	50,000	52,000	54,000	56,000	50,000	100%	50,000	100%
Academic assistant position (to support VP, HYP, Public Humanities, etc.) (incl ben)*	-	-	64,000	67,000	70,000	73,000	64,000	100%	64,000	100%
Additional funds to address deferred maintenance**	-	-	100,000	101,000	102,000	103,000	100,000	100%	100,000	200%
New faculty position (including benefits) ²	-	-	-	100,000	105,000	109,000	-	100%	-	100%
New faculty position (including benefits) ²	-	-	-	100,000	105,000	109,000	-	100%	-	100%
New faculty position (including benefits) ²	-	-	-	-	101,000	106,000	-	100%	-	100%
New faculty position (including benefits) ²	-	-	-	-	-	103,000	-	100%	-	100%
Total spending in other areas	-	-	214,000	420,000	537,000	659,000	214,000	100%	214,000	100%
Total additional potential future spending	\$ 52,000	\$ 2,000	\$ 312,000	\$ 522,000	\$ 643,000	\$ 770,000	\$ 260,000	500%	\$ 310,000	15500%

¹ It should be clear from the beginning that the scope of responsibilities for this position may expand in time to include responsibilities in addition to being the College's Sexualized Violence Prevention and Response Officer if experience shows that the position's responsibilities as Officer do not require 100% of the position's time. This would only happen however if full and effective discharge of responsibilities as Officer allows the incumbent to work on other matters and if the other areas of responsibility assigned to the position are fully compatible with its primary responsibilities as SVPR Officer.

² This expenditure will be contingent upon the following conditions being met at the beginning of 2020/21, 2021/22, 2022/23 or 2023/24 (the year of the anticipated hire):

- a) Assurance that the positions will be filled in accordance with an overall academic plan and in ways that contribute to the renewal and diversity of the overall faculty complement;
- b) Satisfactory progress in enrolment growth; and
- c) Satisfactory progress in eliminating, reducing or avoiding a structural deficit through a combination of revenue growth and expenditure reduction, control and reallocation measures.

* These expenditures have been included under the Vice President's office.

**This expenditure has been included under "Capital funded by operations" on Schedule 1.

Schedule 3

The University of King's College
Statement of Operations (Operating Fund) - Departmental Revenues and Expenses
 2019/20 Budget

	March 31, 2020 Budget	General University	Conference services	Academic	Facilities operations	Residence & other student services	Scholarships, awards & bursaries	Advancement	Athletics	Bursar's office	Library	President's office	Vice President's office	Registrar's office & recruitment	Divinity & chapel	Chapel music
Revenue:																
Government grant	\$ 8,270,000	8,270,000														
Student academic fees	7,172,000	7,172,000														
Student ancillary fees	977,000	148,000		364,000	243,000				222,000							
Student residence fees	1,729,000					1,729,000										
Investment income	1,963,000	613,000		498,000			687,000				51,000				72,000	42,000
Sale of goods and services	311,000	105,000		11,000	15,000	8,000		6,000	77,000		12,000	4,000		5,000	12,000	56,000
Conference services	309,000		309,000													
Gifts (annual fund & scholarship)	632,000	115,000		3,000			428,000								21,000	65,000
Other government grants	65,000	41,000			4,000		20,000									
Total revenue	\$ 21,428,000	\$ 16,464,000	\$ 309,000	\$ 876,000	\$ 262,000	\$ 1,737,000	\$ 1,135,000	\$ 6,000	\$ 299,000	\$ -	\$ 63,000	\$ 4,000	\$ -	\$ 5,000	\$ 105,000	\$ 163,000
Expenses:																
Compensation expenses	9,879,000	61,000		5,520,000	744,000	327,000		573,000	264,000	584,000	326,000	355,000	212,000	715,000	80,000	118,000
Operating expenses	3,194,000	264,000		763,000	1,031,000	112,000		268,000	183,000	13,000	66,000	77,000	67,000	178,000	61,000	111,000
Dalhousie athletics fee flowthrough	102,000								102,000							
Food service	70,000					70,000										
Conference services	253,000		253,000													
Allotment to Dalhousie	4,038,000	4,038,000														
Scholarships, awards and bursaries	1,484,000						1,484,000									
Other student support	75,000						75,000									
Utilities, taxes & insurance	536,000				536,000											
Professional fees	165,000	165,000														
Sexualized violence awareness, prevention & response policy	98,000	98,000														
Investment management fees	206,000	56,000		57,000			72,000				7,000	1,000			8,000	5,000
Interest & service charges	414,000	414,000														
Total expenses	\$ 20,514,000	\$ 5,096,000	\$ 253,000	\$ 6,340,000	\$ 2,311,000	\$ 509,000	\$ 1,631,000	\$ 841,000	\$ 549,000	\$ 597,000	\$ 399,000	\$ 433,000	\$ 279,000	\$ 893,000	\$ 149,000	\$ 234,000
Excess (deficiency) of revenue over expenses	\$ 914,000	\$ 11,368,000	\$ 56,000	\$ (5,464,000)	\$ (2,049,000)	\$ 1,228,000	\$ (496,000)	\$ (835,000)	\$ (250,000)	\$ (597,000)	\$ (336,000)	\$ (429,000)	\$ (279,000)	\$ (888,000)	\$ (44,000)	\$ (71,000)
Financing and investing activities:																
Debt repayment	\$ (567,000)	(567,000)														
Capital expenditures	(259,000)			(11,000)	(212,000)						(36,000)					
Use of internally restricted funds**	67,000							51,000						16,000		
Subtotal - Cash excess (deficit) from financing & investing	\$ (759,000)	\$ (567,000)	\$ -	\$ (11,000)	\$ (212,000)	\$ -	\$ -	\$ 51,000	\$ -	\$ -	\$ (36,000)	\$ -	\$ -	\$ 16,000	\$ -	\$ -
Net increase (decrease) in cash	\$ 155,000	\$ 10,801,000	\$ 56,000	\$ (5,475,000)	\$ (2,261,000)	\$ 1,228,000	\$ (496,000)	\$ (784,000)	\$ (250,000)	\$ (597,000)	\$ (372,000)	\$ (429,000)	\$ (279,000)	\$ (872,000)	\$ (44,000)	\$ (71,000)

Schedule 4

The University of King's College
Statement of Operations (Operating Fund) - Departmental Expense Reconciliation
 2019/20 Budget versus 2018/19 Budget

Department	March 31, 2019 Budget Expenses	Salary & Benefits	Other	March 31, 2020 Budget Expenses	Comments
Academic	6,167,000	47,000	69,000	6,283,000	Annual salary increases, restoration of parity re: salary freeze, sabbatical of former VP, parental leave, offset by one less Senior Fellow in 2019/20, Enhanced Voluntary Retirement Program (EVRP) savings, and Carnegie replacement savings. Higher spending in MFA program due to higher enrolment, adjustment to Journalism individual instructor course rate, external review of upper year programs and Foundation year program, offset by permanent expenditure reductions as part of expenditure reduction, control and reallocation plan.
Facility operations	1,798,000	(52,000)	29,000	1,775,000	Annual salary increases and a temporary casual contract, offset by permanent salary reduction as part of expenditure reduction, control and reallocation plan. Increases in externally contracted services.
Residence & other student services	498,000	18,000	(7,000)	509,000	Annual salary increases, salary reclassification, modification to Assistant Dean contract duration and hours. Permanent expenditure reductions as part of expenditure reduction, control and reallocation plan.
Advancement	889,000	(17,000)	(31,000)	841,000	Annual salary increases offset by parental leave and permanent salary reduction as part of expenditure reduction, control and reallocation plan. Permanent operating expenditure reductions and a reduction in expenditures related to reputational and recruitment studies (covered by internally restricted funds). Prior year budget assumed studies would be completed in prior year. Current year budget includes carryover of unexpended funds.
Athletics	671,000	1,000	(123,000)	549,000	Annual salary increases and salary reclassification offset by permanent salary reduction as part of expenditure reduction, control and reallocation plan by reducing gym hours. Lower Dalhousie fees due to no longer being invoiced for new fitness facility renewal fee.
Bursar's office	591,000	9,000	(3,000)	597,000	Annual salary increases, parental leave top-up and temporary casual contract offset by permanent salary reduction as part of expenditure reduction, control and reallocation plan. Permanent operating expenditure reduction as well.
General college administration & other	346,000	1,000	(22,000)	325,000	Annual salary increase. Permanent expenditure reduction as part of expenditure reduction, control and reallocation plan.
Library	394,000	7,000	(9,000)	392,000	Annual salary increases. Permanent expenditure reduction as part of expenditure reduction, control and reallocation plan.
President's office	542,000	(86,000)	(24,000)	432,000	President's office formerly included expenditures of the Vice President's office. Adjustment to accrual for President's contractual administrative leave is offset by reallocation of VP salary and benefits. Existing equity expense accounts were repointed to the VP's office. Permanent expenditure reduction as part of expenditure reduction, control and reallocation plan. Travel and general office expenses for VP were reallocated to VP's office.
Vice President's office	7,000	212,000	60,000	279,000	Vice President's office expenses formerly resided under President's office. Salaries include annual increase plus new Assistant position and adjustment to accrual for VP contractual administrative leave. Expenditures include \$50,000 in new spending on equity. Amount included for prior year budget includes existing equity accounts repointed from the President's office. Travel and general office expense amounts were reallocated from the President's office.
Registrar's office & recruitment	887,000	46,000	(40,000)	893,000	Annual salary increases, replacement of contract employee with permanent employee, prior year salary budget too low. Permanent expenditure reduction as part of expenditure reduction, control and reallocation plan.
Divinity & chapel	139,000	4,000	(2,000)	141,000	Slightly higher Chaplain Diocese stipend and small salary increase for Chapel Administrator, offset by savings identified.
Chapel music	227,000	(14,000)	16,000	229,000	Annual salary increases offset by removal of part-time Chapel Music assistant as part of expenditure reduction, control and reallocation plan. Increase in concert expenses (offset by concert revenue except for Easter concert), permanent operating expenditure reduction.
Total expenses	\$ 13,156,000	\$ 176,000	\$ (87,000)	\$ 13,245,000	