



**AGENDA ITEM:**

2023/24 Consolidated Budget

**RECOMMENDED RESOLUTION:**

**THAT the Board of Governors approves** a consolidated budget for the year ending March 31, 2024 that includes:

- total revenues of \$1,022,874,878
- total expenses of \$1,039,179,311
- a balanced general operating budget with revenue of \$748,636,911
- a capital spending plan of \$96,245,000

**CONTEXT AND BACKGROUND:**

**EXECUTIVE SUMMARY**

The 2023/24 Operating Budget for the University of Manitoba supports the institutional areas of focus outlined in Our Shared Future: Building on our Strategic Plan that will guide us through 2023/24 and includes opportunities to support new priorities, recognizing that a new strategic plan will be developed before the end of the 2023/24 fiscal year.

The 2023/24 Operating Budget revenue includes:

- An increase to the Provincial Operating grant of \$37.8 million (10.8%), inclusive of a \$1 million increase to support the expansion of seats in the College of Nursing.
- A small increase in tuition and fee revenue over the 2022/23 budget resulting from:
  - a 2.75% across the board tuition increase on domestic and international tuition levels
  - enrolment in line with 2022/23 actual levels (a small decline from 2022/23 budgeted levels)

Consistent with prior years, an integrated planning approach was taken to develop the operating budget for 2023/24, ensuring that unit plans are aligned with the strategic priorities of the University. The University undertook a multi-year approach to budget planning, and units were provided with a one-year budget allocation for 2023/24 and an additional two years of estimated budget allocation to support them in longer term planning. Some highlights of the investments being made within the 2023/24 operating budget include:

- continued implementation of expanded seats in the Nursing program
- funding wage increases resulting from recently settled collective agreements
- advancing research through increased internally funded grants
- advancing Equity, Diversity and Inclusion and anti-racism initiatives
- supporting Indigenous engagement and achievement
- enhancing mental health and wellness supports for students
- continued expansion of experiential learning opportunities
- increasing financial support for students, including increased support for graduate students

- addressing aging infrastructure and enhancing learning spaces
- supporting environmental sustainability

To ensure that units across the University had the resources required to address increased salaries, a portion of the operating grant increase was allocated through a modified approach to the budget model. The budget model is currently being reviewed and the required modification will inform the recommendations resulting from that review.

The increase in the Provincial operating grant for 2023/24 was unexpected and off-sets a portion of the cuts to grants experienced over the past several years. We do not anticipate continued grant increases of this nature in future years. As a result, the portion of the increase required to address salary increases has been allocated to units this year, with the remainder being retained in the University Fund to fund one-year strategic priorities. In future years, these one-year strategic funds will be allocated to units to cover future salary increases.

The spending on one-time strategic priorities is intended to ensure the greatest likelihood that funds will be spent in the year to advance strategic priorities, such as funding for scholarships, bursaries and student financial aid, new research grants that encourage cross-discipline collaboration, improvements to campus heating, ventilation, and air conditioning, supporting the implementation of the climate action plan, addressing accessibility issues on campus, and supporting the expansion of open education resources which reduces costs for students. There will also be a pool of funds that units can apply to, which will advance academic and research priorities and administrative efficiencies and service enhancement.

### **2023/24 BUDGET PROCESS**

The budget planning process occurs alongside unit planning, reflecting unit and university-wide strategic priorities and operational requirements. The 2023/24 budget process began in the summer of 2022 with the development of preliminary planning parameters under which units developed their initial budget submissions. These parameters were informed by guidance from the Province and included the following key assumptions:

- no change in the operating grant, except for a \$1 million increase for the Nursing program expansion,
- 3.75% increase in tuition levels, and
- enrolment remaining at the 2022/23 budget level.

Under these planning parameters, it was expected that salary and other cost increases would be significantly higher than growth in revenue. In recent years, the University had incurred operating surpluses, and it was expected that these surpluses would be reduced and service levels adjusted as operating expenses increased more quickly than revenues. Some units had more ability to accommodate this financial stress without service reductions than others.

Through the summer and fall, units developed their budgets with direction to plan within their preliminary budget allocation. Under the preliminary planning assumptions, most units were in the position of having to identify strategies to balance their budgets. Budget templates did provide the opportunity for units to identify pressures that could not be managed within their budget and the implications of strategies they would implement to balance.

Central support unit budget submissions were presented to and discussed by the Central Unit Allocations Committee (CUAC) in the fall. Academic and Ancillary units presented their budgets to the Executive Budget Committee in December and early January. **The most significant challenge for all Faculties and Central units was managing the salary increases within their budgets.** In addition, Central units identified several specific existing and new pressures that they could not accommodate within their budgets. Most units identified strategies that included vacancy

management, the transfer in of carryover and/or for service reductions to balance their budgets in 2023/24.

Upon receipt of the Province's funding letter on February 3<sup>rd</sup>, preliminary planning parameters were updated to reflect:

- higher Provincial operating grant
- lower cap on tuition increases
- Reduced enrolment assumptions better aligned with current year actuals
- salary increases for contracts settled during 2022/23 fiscal year

Units updated their budget submissions based on the updated planning parameters in mid-February.

As part of the normal budget development process, several meetings were held with the President's Budget Advisory Committee (BAC), as well as with Senate, the Deans and Directors group, and Provost's Council throughout the process, to discuss and present budget priorities.

A budget survey was provided to the University community in the fall of 2022. This survey asked participants to rank 19 alternative budget priorities. 3,003 community members responded, broken out by 66% students, 10% faculty, and 24% staff and other. The top three priorities of respondents, regardless of relationship to the university were:

- Maintain affordability of tuition and fees (25%)
- Academic course offerings (20%)
- Competitive salaries and benefits for staff and faculty (19%)
- Financial support for students (23%)

## **CONSOLIDATED BUDGET**

### **Attachment 1: 2023/24 Consolidated Statement of Operations Budget**

Attachment 1a shows the proposed consolidated budget for 2023/24, with comparative 2022/23 budget and projection formatted to align with PSAS (Public Sector Accounting Standards) and our audited annual report.

Attachment 1b shows the proposed consolidated budget for 2023/24 with comparative 2022/23 budget formatted to align with the quarterly financial report.

The consolidated budget, reported under PSAS, reflects revenues of \$1,023 million, expenses totaling \$1,039 million. The net result of the revenues and expenses as budgeted is a consolidated deficit of \$16.3 million before endowment revenues and remeasurement gains. This projected net result is related to non-operating activities which, under public sector accounting standards, can result a timing mismatch between when revenues are recognized and when expenses incurred, limiting the ability to produce a balanced consolidated result.

The consolidated budget includes both the operating budget and the non-operating budget. The operating budget includes the academic, administrative, operational and ancillary costs that are funded by revenues such as tuition and related fees, government grants, investment income, miscellaneous income, sales of goods and services to external parties and ancillary income. Under Provincial legislation, the operating budget must balance. The non-operating budget includes all of our sponsored research, funding received for special purposes like the provision of healthcare in Northern communities, and funds donated to us in trust to award scholarships and bursaries, or to support certain operating activities. The non-operating budget also includes funding and amortization expenses related to capital assets.

The operating activities budget in attachment 1b show that within this consolidated budget, the general operating budget, discussed in further detail below, is balanced. The non-operating activities, in attached 1b reflect a deficit position, due to the mismatch in the timing of when revenue is recognized, and expenses are incurred.

### **Consolidated Revenue**

On a consolidated basis, 2023/24 budgeted revenues are \$45.9 million greater than the 2022/23 Board approved budget. The majority of year-over-year difference is due to:

- increase in the Provincial Operating grant of \$37.8 million
- increase in Tuition revenue of \$2 million due to 2.75% increase in tuition fees offset by a reduction to reflect reduced enrolment versus the 2022/23 budget
- increase in Investment income of \$6 million mainly due to increased interest rates

### **Provincial Grant Revenue**

In advance of the provincial budget, the Province provided the University with its 2023/24 funding letter which included:

- an operating grant of \$387.3 million, which was an increase of \$37.8 million (10.8%) over 2022/23 and included \$1 million increased funding for the Nursing expansion.
  - This was inclusive of funding for ACCESS programming, major capital and equipment renovation grants.
- \$12.6 million for deferred maintenance, which is an increase of \$8.4M over 2022/23
- \$2.51 million for the capital needs related to the Nursing seat expansion
- continuation of an annual \$250,000 contribution to the Institute of Leadership Development.

### **Tuition Revenue**

Budgeted tuition revenue of \$233.6 million represents an increase of approximately \$2 million over the 2022/23 budget. This includes an across-the-board tuition increase of 2.75% as per direction provided by the Province, resulting in a tuition revenue increase of \$7 million over 2022/23. This is offset by a reduction in enrolment levels over the 2022/23 budget to be more in line with 2022/23 actuals (credit hours are 3% less than budget in 2022/23) resulting in a \$5 million decrease in the 2023/24 budget versus 2022/23.

The tuition fee proposal is described in greater detail in the accompanying Tuition Fee Board of Governors Submission, which also provides the detailed Tuition and Fee proposals developed for the 2023/24 academic year.

### **Other Revenue**

Ancillary services and Sales of Goods and Services revenue are budgeted at similar levels as 2022/23. Non-Endowed donation revenue is decreasing by \$3.8 million in 2023/24 due to full recognition of donations for the Desautels Concert Hall construction complete in 2022/23. Other Revenue is decreasing \$1.4 million primarily due to recognition of insurance proceeds in 2022/23 for the University Centre fire.

### **Consolidated Expenses**

On a consolidated basis, expenses are budgeted to increase by \$51.4 million as compared to the 2022/23 board approved budget.

### **Compensation expenses**

Overall compensation expenses are budgeted to increase by \$29.2 million in 2023/24. This is mainly reflective of the salary increases for known collective agreement settlements and step increases (\$28 million) for both operating and non-operating activities. In addition, salary expenses

related to the four-seat expansion to the respiratory therapy program have been included in the 2023/24 budget.

### **Non-Compensation expenses**

Non-compensation expenditure increases planned for 2023/24 include operating activities of \$16.0 million. The increases are for student awards (\$2.2 million), utilities and insurance (\$2.0 million), increased travel activity (\$1.5 million) and materials, supplies and services (\$2.7 million) partly supported by revenue generating activities in Rady Faculty of Health Sciences and the Faculty of Kinesiology and Recreation Management. The increase in the non-compensation expenses for operating activities also reflects anticipated costs for one-time initiatives (\$7.7 million) funded through strategic allocations in 2023/24. These costs may be salary or non-salary in nature depending on the proposal but a portion of costs have been categorized in non-compensation at this point. Non-operating activities expenditures are increasing by \$5.2 million mainly due to an anticipated increase in research-related activity, particularly the ramp-up of Gates Foundation funded projects.

### **Fund Transfers**

Budgeted net transfers out of the operating fund are \$ 8.2 million higher than the 2022/23 budget. This is primarily driven by increased transfers to capital provisions (\$6.0 million) and research (\$3.7 million) for initiatives funded through strategic allocations. These are offset by a reduction in transfers out to trust (\$1 million) for student awards now budgeted as an expense in the operating fund.

## **GENERAL OPERATING BUDGET**

### **Attachment 2: 2023/24 General Operating Budget**

Attachment 2a illustrates the 2023/24 general operating budget through the lens of the budget model, including the strategic allocations described in the pages that follow below.

Attachment 2b provides a summary of the total net budget by unit through the lens of the budget model, with comparatives to 2022/23. This budget comparison is inclusive of strategic allocations.

The budget model allocates tuition and Provincial Grant revenues to Academic Units based on pre-determined drivers. These revenues support the direct expenses of academic units as well as the allocated net expenses of central support units. A portion of the allocated revenue is contributed to the University Fund based on the participation rate (tax), which remains at 17.75% for 2023/24. With the Provincial Grant revenue 10.8% higher than anticipated, a modified approach was taken in allocating the grant out to Academic units. Faculties were allocated a portion of the grant through the budget model to offset tuition revenue adjustments from the preliminary planning parameters. The portion of the Provincial Grant that was not allocated through the budget model was added to the University Fund. A large portion of the additional revenue was used to increase subvention to units to allow them to fund salary increases in 2023/24. A smaller portion of the revenue increase will fund one-time strategic initiatives in 2023/24 and will be allocated to units in future years to cover salary increases.

In Attachment 2a, revenues reflect allocated revenues like tuition and Provincial grant revenue allocated within the budget model as well as direct revenues which are budgeted directly by the units themselves. Expenses and net fund transfers budgeted by units include salaries, benefits and other operating expenses, as well as net transfers necessary to support both operating and non-operating expenses, such as debt repayment, capital projects, scholarships and bursaries, staff benefits, and research projects.

The central support cost allocations reflect the allocation of the net expenses of central support units to the academic units.

Operating revenues allocated to academic units are budgeted to increase by \$13.4 million (2.5%) from the 2022/23 budget. As shown in Attachment 2b, there is some variation in the budgeted increase by Academic unit due to the budget model's allocation methodology as well as strategic subvention adjustments for 2023/24. The revenue and expense drivers for 2023/24 budget are based on 2021/22 data. With the increase in the Provincial Grant funding for 2023/24, all Academic units have been provided with a budget increase that funds their salary increases for 2023/24. This was done by adjusting subvention levels for each unit.

Central support cost pool budgets are increasing in 2023/24 as compared to the prior year as shown in Attachment 2b. Central support cost pool budget increases total \$23.5 million, including changes in strategic allocations. \$11 million of the budget increase for Central support cost pools has been allocated out to academic units through the budget model. Strategic allocations, included in the Central support budgets are not allocated out to Academic Units. The largest component of budget increase was salary increases of \$7.8 million. In addition to salary increases other investments that were made in the 2023/24 budget include:

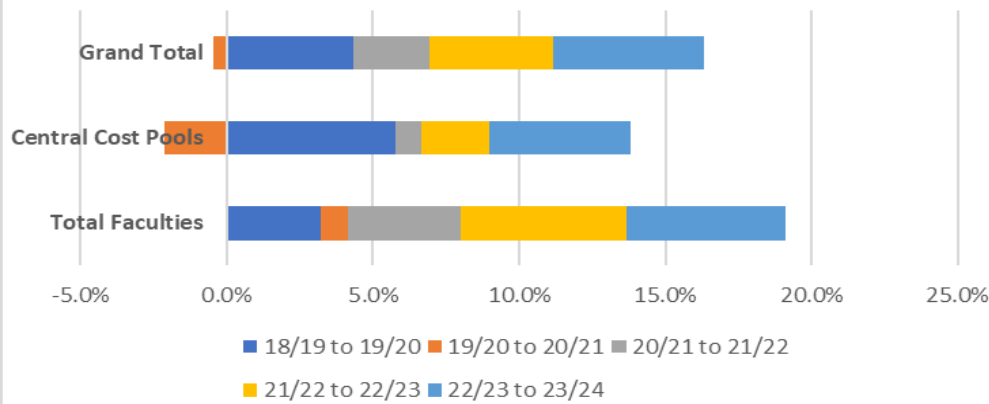
- Funding for positions in Student Affairs and Centre for Advanced Learning that had been previously funded through annual strategic allocations, which is not a sustainable budget source.
- Additional funding for international graduate student scholarships which have exceeded the budget available.
- Increasing funding for insurance premiums due to recent claims and sector driven factors
- Funding for Entrance scholarships, which had been funded through a donation that is now depleted.
- On-going budget to increase capacity to advance Equity, Diversity and Inclusion and anti-racism strategies.
- Continuing to increase capacity in the Vice-President (Indigenous) portfolio to support communications, research and community engagement.
- Increasing librarian positions to support recent program expansions, and
- Increasing resources in Human Resources to support the Human Resource Information System and compensation strategy.

General University budget of \$35.4 million includes annually budgeted items for some university-wide expenditures and reserves. Included here is the pension reserve of \$8.5 million (\$5 million is typically used to support expenses), deferred maintenance of \$5.8 million (in addition to the \$12.6 million from the Province) and \$1.4 million budget for miscellaneous university-wide expenses. The wage reserve is also part of the General University budget and with less open collective agreements for 2023/24, the budget has been reduced to \$277 thousand from \$2.8 million and redirected to offset a portion of the impact of budget increases in the units.

In addition, the General University budget holds budget for some strategic allocations from the University Fund that are not directly attributable to a unit at the time the budget is finalized. For 2023/24 this includes the pool of funds allocated from the University Fund for strategic initiatives (\$7.7 million) and \$5.0 million for capital priorities allocated as part of strategic allocations. The \$7.0 million for contingency is also in the General University budget.

Including the investments made above, over the past five years Central Unit cost pool budgets have increased by 11.6% compared to increases in Academic unit budgets of 19%.

### % Change in Operating Budget 2018/19 to 2023/24



## 2023/24 University Fund

### Attachment 3: 2023/24 University Fund Attachment 3a: 2023/24 Subvention Schedule

The University Fund is an important component of the University’s budget model that provides a source of available funds to reallocate to areas of critical need and to invest in the University’s strategic priorities, including subvention of, or subsidizing, academic units. The 2023/24 University Fund is presented in Attachment 3, including both contributions and planned strategic allocations.

#### Contribution to University Fund

The contribution to the University Fund by academic units is calculated as 17.75% of allocated tuition and grant revenues, totaling \$97.3 million for 2023/24. In 2023/24, as previously mentioned, included in the University Fund is \$25 million, the balance of the unallocated portion of the Provincial Operating grant. In addition, The University Fund includes contributions totaling \$25.6 million comprised of investment income, International College of Manitoba royalty revenues, Ancillary Services contribution, and the funds remaining from the prior year’s contingency/strategic reserve. The total funding in the University Fund in 2023/24 is \$147.9 million, as compared to \$117 million in 2022/23. Note that Investment income has increased by \$9 million over 2022/23 mainly due to the increase in interest rates.

#### Allocations from the University Fund

Attachment 3 and the paragraphs that follow outline the strategic priorities and commitments that will be supported through allocations from the University Fund in 2023/24, and how these allocations align with the University’s strategic plan.

\$118.6 million of the University Fund, is returned to academic units in the form of subvention. Attachment 3a provides a summary of subvention levels by unit. As a percentage of the funds available, subvention represents approximately 80% of the University Fund, which is lower than the subvention’s proportionate allocation in 2022/23. However, as an absolute dollar, subvention was increased by 18% over 2022/23. Subvention to academic units increased by \$18.4 million mainly to provide funding for salary increases in 2023/24, which totaled \$16 million for academic units. Subvention was also increased by \$1.2 million for Rady Faculty of Health Sciences to fund the nursing expansion on an interim basis. The University received the funding for the program, but it will take a couple years for the budget model drivers to allocate that income to the Nursing program so subvention is being used to bridge that funding gap.

With the increase in the Provincial Grant and an increase in Investment income, the funding available for Strategic allocations is \$22.2M, which is \$12.4 million more than 2022/23. The funding increase from the Province was communicated to the University in early February and specific details as to all initiatives that will be funded in 2023/24 are still being determined. The intent is to invest a portion of the Provincial grant in one-time strategic initiatives to ensure it is available to be redirected to fund salary increases in 2024/25. The spending on one-time strategic priorities is intended to ensure the greatest likelihood that funds will be spent in the year to advance strategic priorities, such as funding for scholarships, bursaries and student financial aid, new research grants that encourage cross-discipline collaboration, improvements to campus heating, ventilation, and air conditioning to improve air circulation on campus, supporting the implementation of the climate action plan, addressing accessibility issues on campus, addressing other capital priorities, and supporting the expansion of open education resources which reduces costs for students. There will also be a pool of funds that units can apply to which will advance academic and research priorities and administrative efficiencies and service enhancement. A key factor that will be used in allocating these funds is the ability of the funds to be spent in 2023/24, thus avoiding increasing the University's surplus at the end of 2023/24. The budget, as presented, includes strategic allocations to the following priorities:

- In support of the *Inspiring Minds* priority, the 2023/24 budget strengthens the University's commitment to students by allocating \$3 million to student assistance, to be targeted to areas of highest need including both undergraduate and graduate students.
- To enhance common spaces, amenities and services to better meet the needs of the students, the 2023/24 budget includes an allocation of \$500,000 that will continue to support learning space renewal and enhancement.
- To support a safe and accessible environment for staff and students, and to help advance our Equity, Diversity and Inclusion strategic priority, \$3 million has been allocated to support capital improvements and upgrades across the University to ensure that Accessibility requirements are met.
- To ensure the safety of staff and students when the mask mandate be is lifted, \$1.5 million has been allocated to HVAC upgrades in classrooms.
- To advance the climate action plan for the University, \$1.17 million has been allocated to finalize the development of a Climate Action Plan and to provide seed money. This plan includes aspects of 15 low carbon actions spread over five big move areas including buildings, energy, transportation, waste and sequestration.
- To enhance research competitiveness, multi-year funding of \$1.7 million annually has been allocated for a pilot program to support comprehensive interdisciplinary team research grants. In addition, \$800,000 allocation to support internal matching of grants. This is in recognition of funding reductions from Research Manitoba.
- To support space efficiencies and streamline facilities services, \$1.15 million has been allocated to support pilot projects for space usage and service delivery.
- To enhance access to lower cost educational resources, \$450,000 has been allocated to support the expansion of Open Educational Resources use at the University
- To enhance student success, build an outstanding workplace and contribute to our academic mission and key strategic priorities, a \$7.7 million pool of funds will be made available for units to apply for based on specific criteria but focused on support for short-term, impactful initiatives.



- In addition, \$1.2 million has been allocated to address operating costs for John Buhler Research Centre, which was previously funded by a redirection of funds from Research Manitoba. These operating costs no longer have a funding source because of recent reductions in funding from Research Manitoba. This is under review to determine the appropriate source of funds in future years.
- Lastly, \$7 million has been allocated as a contingency this year, the same level of budget contingency as 2022/23. This is equal to about 1% of total budgeted operating revenues. Allocation requires Provost and/or President approval and is to support extraordinary financial needs that may arise within the year as well as to mitigate any risks to the budget.

### **Key General Operating budget assumptions**

- Enrolment to remain in line with 2022/23 actual enrolment, including maintaining the current program mix and proportions of international and domestic students.
- Non-salary inflation will return to more normal levels for the 2023/24 fiscal year.

### **General Operating budget risk and mitigation**

The Provincial funding letter received on February 3, 2023 was a significant departure from our planning parameters. The positive change provided the University with an unanticipated increase in funding, which will allow us to rebuild services that were significantly reduced or paused by successive years of funding cuts. Many units were anticipating reduced budgets this year and as a result had delayed hiring processes. It takes time to fill positions, particularly faculty positions. The timing of the funding announcement increases the chance of the University running a surplus in fiscal 2023/24 as it will take some time for renewed spending to align with the unexpected revenue injection.

Enrolment patterns remain uncertain after the pandemic. Enrolment fell about 1.5% in 2022/23, with a 3% decrease in credit hours, and we have adjusted the 2023/24 budget to reflect actual enrolment in 2022/23. A 1% change in enrolment (up or down) results in a change in tuition revenue of about \$2.3 million. Enrolment will be monitored against budget to determine if mitigation strategies are required mid-year. Student retention and new student recruitment will drive some of our strategic priorities for the year.

Most major collective agreements are in place for 2023/24 and reasonable assumptions have been made about the cost of collective agreements expiring in future years.

Inflation in Manitoba at the year ended December 31, 2022 was 8%. If inflation continues at a high rate, it will make it more difficult to keep expenditures within existing budget levels and may impact on future salary settlements.

The 2023/24 budget contains contingency and budget reserve amounts that can help to off-set some of these risks. These include a \$7 million in general contingency, and a \$3.4 million pension contingency. The University also has a fiscal stabilization reserve of \$25 million, which is available to fund a deficit in the event of a negative unexpected event.

### **Attachment 4: 2023/24 Capital Spending Estimate**

Attachment 4 provides a summary of the 2023/24 planned capital spend compared to the 2022/23 plan. Specific projects and contracts in excess of \$5.0 million are subject to Board of Governors approval. The total planned spending of \$96.2 million includes:

- beginning construction of the central energy plant boiler replacement (\$16.0 million).

- Machray Hall Redevelopment (\$7.2 million).
- the Bannatyne Campus Daycare Centre (\$4.7 million).
- continuation of the construction of the Desautels Concert Hall (\$6.8 million).
- completion of the Churchill Marine Observatory (\$4.7 million).
- over \$16.5 million of infrastructure renewal including \$7.5 million for power re-servicing at the Fort Garry campus.
- \$22.1 million for renovations of classrooms, clinics, labs and other learning spaces, including renovations for the expansion of the nursing and respiratory therapy programs, and office and common spaces.
- operating-related equipment and minor renovations totaling \$5.5 million.
- capitalization of \$7.0 million of equipment for research and other special projects.

The majority of capital spending will be funded by transfers from provisions (\$67.5 million). Capital grants and funding through promissory notes from the Province of Manitoba (\$15.0 million), Federal government and other research-related grants (\$13.4 million) and donations will support the remaining planned capital spend.

### RESOURCE REQUIREMENTS:

This budget outlines the anticipated financial resource requirements for the 2023/24 budget year.

### CONNECTION TO THE UNIVERSITY PLANNING FRAMEWORK:

Budget planning occurs in the context of ***Our Shared Future: Building on our Strategic Plan***, and a significant majority of the budget supports the ongoing work of units in fulfilling the University's mandate and strategic priorities. The following are specific institution focus areas for the coming year:

- Support and sustain a post-COVID teaching, learning, research and work environment
- Develop and publicize a university-wide anti-racism strategy
- Enhance and expand opportunities for experiential learning, including research opportunities for students
- Deliver on our commitment to Indigenous achievement and engagement
- Create a more accessible, equitable, diverse and inclusive university

### IMPLICATIONS:

With approval, this budget creates the economic and financial framework for 2023/24.

### ALTERNATIVES:

In light of the Provincial Grant funding that was received, multiple scenarios were considered as to how to best allocate the funds. To address units most significant budget pressure and to provide some certainty of funding for salary increases into 2024/25, it was determined the best approach was to allocate out only a portion of the Provincial Grant in 2023/24, and make the balance to address one-time strategic initiatives. In addition, there is a wide range of possible financial implications post pandemic that could develop, mainly impacting enrolment. This proposed budget represents the recommended balance of investment in strategic priorities, support to faculties and schools, known cost pressures, and contingencies and reserves to manage risk.

### CONSULTATION:

The 2023/24 planning and budget development process involved consultation with academic, ancillary and central unit leaders and support staff. The process was guided by the Provost and Vice-President

(Academic) and the Vice-President (Administration), and included meetings with the Vice-Presidents, the Central Unit Allocation Committee, the President's Budget Advisory Committee, and the Deans and Directors, which, along with analysis, review and information on the institutional financial position from the Financial Planning Office and Financial Services, form the basis of this submission.

**ROUTING TO THE BOARD OF GOVERNORS:**

<u>Reviewed</u>	<u>Recommended</u>	<u>By</u>	<u>Title</u>	<u>Date</u>
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Naomi Andrew <i>NAAndrew</i>	Vice-President (Administration)	March 16, 2023
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Michael Benarroch <i>MBenarroch</i>	President and Vice- Chancellor	March 17, 2023
<input type="checkbox"/>	<input type="checkbox"/>			
<input type="checkbox"/>	<input type="checkbox"/>			
<input type="checkbox"/>	<input type="checkbox"/>			

**SUBMISSION PREPARED BY:** Shelley Hopkins, Executive Director, Financial Planning & Budgeting

**ATTACHMENTS:**

- Attachment 1 – 2023/24 Consolidated Statement of Operations Budget
- Attachment 2 – 2023/24 General Operating Budget
- Attachment 3 – 2023/24 University Fund
- Attachment 4 – 2023/24 Capital Spending Estimate
- Attachment 5 – 2023/24 Provincial Funding Letter

Attachment 1a

**UNIVERSITY OF MANITOBA**  
**Consolidated Statement of Operations Budget**  
**For the year ending March 31, 2024**  
*(in thousands of dollars)*

	Budget 2023-24	Budget 2022-23	Projection as at November 30, 2022 2022-23
<b>Revenue</b>			
Provincial Grants	\$ 460,875	\$ 423,571	\$ 421,811
Tuition and Related Fees	233,676	231,544	223,811
Federal and Other Government Grants	111,750	109,367	118,836
Non-Government Grants	66,777	65,013	69,401
Investment Income	52,732	46,738	53,739
Ancillary Services	35,749	35,658	34,921
Sales of Goods and Services	30,136	28,960	31,251
Non-Endowed Donations	18,010	21,578	24,083
Other Income	13,170	14,580	17,253
	<b>1,022,875</b>	<b>977,009</b>	<b>995,106</b>
<b>Expense</b>			
Instruction	453,189	428,769	406,031
Sponsored Research	143,176	135,570	143,650
Facilities	134,984	131,945	134,898
Special Purpose and Trust	88,345	88,040	83,456
Administration	38,364	34,838	35,860
Academic and Research Support	35,239	33,553	27,086
Libraries	41,516	36,161	37,966
Student Services	36,090	32,199	35,652
Information Technology	29,346	28,583	28,537
Ancillary Services	24,023	24,311	23,345
External Relations	14,908	13,864	13,516
	<b>1,039,179</b>	<b>987,833</b>	<b>969,997</b>
	(16,304)	(10,824)	25,109
Endowed Donations	11,127	15,161	15,161
Annual Surplus	(5,177)	4,337	40,270
Remeasurement Gains	24,000	16,750	(45,000)
Total Increase to Accumulated Surplus and Remeasurement Gains	\$ 18,823	\$ 21,087	\$ (4,730)

Note: figures may not add due to rounding

## Attachment 1b

**UNIVERSITY OF MANITOBA**  
**Consolidated Statement of Operations Budget**  
**Budget for the year ending March 31, 2024**  
*(in thousands of dollars)*

	TOTAL ACTIVITIES		OPERATING ACTIVITIES		NON-OPERATING ACTIVITIES	
	Budget 2023-24	Budget 2022-23	Budget 2023-24	Budget 2022-23	Budget 2023-24	Budget 2022-23
<b>REVENUE</b>						
Provincial Grants	460,875	423,572	405,605	367,295	55,269	56,277
Tuition and Related Fees	233,676	231,544	233,676	231,544	-	-
Federal and Other Government Grants	111,750	109,367	12,647	10,889	99,103	98,478
Non-Government Grants	66,777	65,012	6,777	6,398	60,000	58,614
Investment Income	52,732	46,738	16,340	7,420	36,392	39,318
Ancillary Services	35,749	35,658	35,749	35,658	-	-
Sales of Goods and Services	30,136	28,960	29,886	28,710	250	250
Non-Endowed Donations	18,010	21,578	1,185	977	16,825	20,601
Other Income	13,170	14,580	6,770	9,630	6,400	4,950
<b>TOTAL REVENUE</b>	<b>1,022,875</b>	<b>977,009</b>	<b>748,637</b>	<b>698,521</b>	<b>274,238</b>	<b>278,488</b>
<b>EXPENSES</b>						
Compensation Expenses	602,199	573,016	548,863	522,930	53,336	50,086
Non-Compensation Expenses	366,618	345,323	179,223	163,151	187,395	182,172
Amortization of Capital Assets	56,100	54,950	-	-	56,100	54,950
Interest	14,262	14,544	-	-	14,262	14,544
<b>TOTAL EXPENSES</b>	<b>1,039,179</b>	<b>987,833</b>	<b>728,086</b>	<b>686,081</b>	<b>311,093</b>	<b>301,752</b>
	(16,304)	(10,824)	20,551	12,440	(36,855)	(23,264)
<b>NET TRANSFERS</b>	-	-	(20,551)	(12,440)	20,551	12,440
<b>ENDOWED DONATIONS</b>	11,127	15,161	-	-	11,127	15,161
<b>ANNUAL SURPLUS</b>	(5,177)	4,337	-	-	(5,177)	4,337
<b>REMEASUREMENT GAINS (LOSSES)</b>	24,000	16,750	-	-	24,000	16,750
<b>TOTAL INCREASE TO ACCUMULATED SURPLUS</b>						
<b>REMEASUREMENT GAINS</b>	<b>\$ 18,823</b>	<b>\$ 21,087</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 18,823</b>	<b>\$ 21,087</b>

Note: figures may not add due to rounding

Attachment 2a

**UNIVERSITY OF MANITOBA**  
**General Operating Funds**  
**Budget for the year ending March 31, 2024**  
**(in thousands)**

	Allocated Revenue	Direct Revenue	Total Revenue	Expenses and Fund Transfers	Central Support Cost Allocations	Contributions to the University Fund	University Fund Allocations	Net Surplus (Deficit)
<b>Academic Units and Ancillary Services</b>								
Faculty of Agricultural & Food Sciences	33,721	2,613	36,333	24,705	17,033	(5,917)	11,322	-
Faculty of Architecture	10,377	521	10,898	9,690	5,150	(1,839)	5,781	-
Faculty of Arts	102,567	405	102,972	51,576	35,416	(17,873)	1,894	-
School of Art	5,227	199	5,426	4,887	3,610	(915)	3,985	-
I.H. Asper School of Business	42,687	2,086	44,773	23,763	14,018	(7,527)	535	-
Faculty of Education	11,362	199	11,561	10,723	6,610	(1,981)	7,753	-
Price Faculty of Engineering	30,833	1,336	32,169	24,255	19,275	(5,527)	16,887	-
Clayton H. Riddell Faculty of Environment, Earth, & Resources	20,369	328	20,697	11,090	7,930	(3,581)	1,904	-
Extended Education Division	2,114	8,482	10,595	10,228	3,877	(336)	3,846	-
Faculty of Kinesiology & Recreation Management	10,537	13,272	23,809	22,021	8,484	(1,835)	8,531	-
Faculty of Law	6,355	2,023	8,379	6,829	3,366	(1,442)	3,259	-
Marcel A. Desautels Faculty of Music	3,060	459	3,519	6,276	2,951	(529)	6,236	-
Faculty of Science	108,297	2,001	110,298	49,958	45,837	(18,838)	4,335	-
Faculty of Social Work	12,864	72	12,936	9,198	5,190	(2,230)	3,681	-
Rady Faculty of Health Sciences	152,734	43,915	196,648	146,718	61,682	(26,898)	38,650	-
Ancillaries	-	35,749	35,749	35,749	-	-	-	-
<b>Total Academic Units and Ancillary Services</b>	<b>553,103</b>	<b>113,661</b>	<b>666,764</b>	<b>447,665</b>	<b>240,431</b>	<b>(97,269)</b>	<b>118,601</b>	-
<b>Central Support Cost Pools</b>								
Academic	-	1,535	1,535	34,944	(31,409)	-	2,000	-
President, External, Indigenous	-	3,682	3,682	23,238	(19,556)	-	-	-
Information Technology	-	242	242	27,127	(26,885)	-	-	-
Administration	-	1,594	1,594	34,710	(31,446)	-	1,670	-
Facilities	-	2,275	2,275	51,843	(48,918)	-	650	-
Research	-	11,032	11,032	26,653	(11,921)	-	3,700	-
Student Affairs	-	3,632	3,632	29,308	(24,676)	-	1,000	-
Libraries	-	1,058	1,058	31,422	(29,914)	-	450	-
General University	(598,474)	609,927	11,453	46,928	(15,706)	-	19,769	-
<b>Total Central Support Cost Pools</b>	<b>(598,474)</b>	<b>634,976</b>	<b>36,502</b>	<b>306,172</b>	<b>(240,431)</b>	<b>-</b>	<b>29,239</b>	-
University Fund	45,371	-	45,371	(5,200)	-	(50,571)	-	-
<b>Grand Total</b>	<b>\$0</b>	<b>\$748,637</b>	<b>\$748,637</b>	<b>\$748,637</b>	<b>\$0</b>	<b>\$(147,840)</b>	<b>\$147,840</b>	<b>\$0</b>

**UNIVERSITY OF MANITOBA**  
**Net Direct Revenues, Expenses and Fund Transfers**  
**Budget for the year ending March 31, 2024**  
**(in thousands)**

	2023-24	2022-23	Inc / (Dec) \$	Inc / (Dec) %
<b>Academic Units</b>				
Faculty of Agricultural & Food Sciences	22,093	20,823	1,270	6.1%
Faculty of Architecture	9,169	8,722	447	5.1%
Faculty of Arts	51,171	48,506	2,665	5.5%
School of Art	4,687	4,430	257	5.8%
I.H. Asper School of Business	21,677	20,934	743	3.5%
Faculty of Education	10,524	9,970	554	5.6%
Price Faculty of Engineering	22,919	21,777	1,142	5.2%
Clayton H. Riddell Faculty of Environment, Earth, & Resources	10,762	10,137	625	6.2%
Extended Education Division	1,746	1,681	65	3.9%
Faculty of Kinesiology & Recreation Management	8,750	9,280	(530)	-5.7%
Faculty of Law	4,806	4,588	218	4.8%
Marcel A. Desautels Faculty of Music	5,817	5,418	399	7.4%
Faculty of Science	47,957	45,433	2,524	5.6%
Faculty of Social Work	9,125	8,584	541	6.3%
Rady Faculty of Health Sciences	102,803	95,406	7,397	7.8%
<b>Total Academic Units</b>	<b>334,006</b>	<b>315,689</b>	<b>18,317</b>	<b>5.8%</b>
<b>Central Support Units</b>				
Academic	33,409	32,099	1,310	4.1%
President, External, Indigenous	19,556	18,517	1,039	5.6%
Information Technology	26,885	28,607	(1,722)	-6.0%
Administration	33,116	31,162	1,954	6.3%
Facilities	49,568	47,139	2,429	5.2%
Research	15,621	11,630	3,991	34.3%
Student Affairs	25,676	23,091	2,585	11.2%
Libraries	30,364	28,734	1,630	5.7%
<b>Central Support Units Excluding General University</b>	<b>234,195</b>	<b>220,979</b>	<b>13,216</b>	<b>6.0%</b>
General University	35,476	25,158	10,318	41.0%
<b>Total Central Support Units</b>	<b>269,671</b>	<b>246,137</b>	<b>23,534</b>	<b>9.6%</b>
<b>Grand Total</b>	<b>\$ 603,677</b>	<b>\$ 561,826</b>	<b>\$ 41,851</b>	<b>7.4%</b>

**UNIVERSITY OF MANITOBA**  
**University Fund Contributions and Allocations**  
**Budget for the year ending March 31, 2024**  
(in thousands)  
*prepared February 21, 2023*

<b>University Fund</b>	<b>Budget 2023-24</b>
<b><u>Funding Sources</u></b>	
Contribution from Academic Units	97,269
Direct Contribution of Grant	25,000
Investment Income	16,340
International College of Manitoba	4,030
Ancillary Services Overhead	2,000
Prior Year Contingency / Strategic Priorities Reserve	3,200
<b>Total Funding Available</b>	<b>147,840</b>
<b><u>Academic Unit Operational funding allocation</u></b>	
	<b>118,601</b>
Prior year subvention allocated to academic units	99,573
23/24 Subvention adjustments	17,783
Bridge funding for new and expanding programs (nursing)	1,245
<b><u>Funding Allocations to Strategic Initiatives</u></b>	<b>22,239</b>
Scholarships, Bursaries, Student Financial Aid	3,000
Learning space renewal and enhancement	500
Capital improvements and upgrades - Accessibility	3,000
HVAC upgrades to classrooms	1,500
Climate Action Plan seed funding	1,170
John Buhler Research Centre Operating and Maintenance Costs	1,200
Space efficiencies and streamline facilities services	1,150
Expansion of Open Educational Resources	450
Research pilot project - Comprehensive team grants	1,700
Research - internal grant matching	800
Pool of funds for strategic priorities	7,769
<b><u>Contingency</u></b>	<b>7,000</b>
<b>Total Funding Allocated</b>	<b>147,840</b>



**Attachment 4**

**UNIVERSITY OF MANITOBA  
Capital Expenditure Budget by Project  
Budget for the Year Ending March 31, 2024  
(in thousands)**

	<b>Budget 2023-24</b>	<b>Budget 2022-23</b>
Infrastructure Renewal Projects:		
Roads and Sidewalks	\$	\$
Fire/Life Safety	1,501	2,700
Asbestos	351	750
Building Envelope	2,577	2,300
Sewers & Water		400
HVAC	1,947	11,900
Power Re-servicing at Fort Garry Campus	7,500	2,500
Other Projects	2,821	5,800
Misc Capital Projects	3,020	3,020
Major Capital Projects:		
ICIP - Central Energy Plant	16,028	
Machray Hall Redevelopment	7,150	
Concert Hall	6,796	12,000
Bannatyne Daycare Centre	4,710	
CMO Building Construction/CFI	4,700	3,680
ICIP - Ice Plant at Max Bell Centre	1,381	
NCTR - New Building Design	1,150	
Renovations:		
Other Projects (Faculty or Unit Funded)	6,390	6,900
Classroom & Learning Space Upgrades	5,500	4,000
Frank Kennedy Dean's Office Upgrade	2,000	
Nursing Expansion	1,900	
Chown Fish Facility	1,361	
Dentistry Clinic and Lab Upgrades	1,250	
Drake Faculty Learning Space Upgrade	1,125	
Respiratory Therapy Expansion	1,087	
Drake Behavioral Management Lab	1,000	2,300
Buller Lab 523 Upgrade	530	
Operating Equipment	5,500	5,052
Special Equipment	230	550
Research Equipment, Construction and CFI Projects	6,740	14,944
<b>Total Capital Expenditure Budget</b>	<b>\$ 96,245</b>	<b>\$ 78,796</b>



**Advanced Education and Training**  
Office of the Deputy Minister  
Room 160  
Legislative Building  
Winnipeg MB R3C 0V8

February 3, 2023

Ms Laurel Hyde  
Chair, Board of Governors  
University of Manitoba  
laurel.hyde@hr.resolve.ca

Dr. Michael Benarroch  
President and Vice-Chancellor  
University of Manitoba  
president@umanitoba.ca

Dear Ms Hyde and Dr. Benarroch:

On behalf of the Government of Manitoba, I would like to thank you for your leadership and the contributions made by the University of Manitoba over the past year. The Department of Advanced Education and Training strives to build an accessible, high quality and sustainable post-secondary education system to ensure Manitoba has a skilled and diverse workforce that supports economic growth.

The overall post-secondary funding envelope for 2023/24 is \$784.2 million, which represents a 12% increase from 2022/23. In addition to the operating funding envelope above, Government is also investing \$36 million in capital this year to maintain and enhance existing spaces. University of Manitoba will be receiving \$387,327,256 to support operational needs. This includes funding for ongoing nurse training expansion, initiatives that support Truth and Reconciliation, advance the Skills, Talent and Knowledge Strategy, maintain affordable tuition rates and mental health for students and assist in managing salary and inflationary pressures. Additionally, University of Manitoba will be receiving \$12,608,000 for deferred maintenance and \$2,510,000 to support the capital needs of the nurse training expansion. University of Manitoba will be also receiving \$250,000 for the Institute of Leadership Development from the Department of Economic Development, Investment and Trade.

Over the past year, the department has been developing a new Tuition Fees and Student Fees Policy to ensure that quality post-secondary education remains accessible and affordable for Manitoba students. We remain committed to working with our post-secondary partners to inform this policy. While the policy development continues, we ask that your institution target 2.75% as the maximum allowable tuition increase for university programs for the 2023/24 academic year. Respecting the intent of the policy to keep tuition rates affordable for all students, the maximum tuition ceiling will apply to every program. This means no program can exceed the maximum allowable tuition increase ceiling. Additional funding support has been added to the funding envelope to ensure that all institutions are able to continue supporting affordable tuition rates for students in relation to anticipated

allowable tuition increases for the coming academic year and recent inflationary pressures. To assist in this regard, as in previous years, the department will be in contact to facilitate and ensure that proposed tuition rates respect the intent of this allowable rate increase. If you have any questions regarding tuition increases, please contact Mr. Grant Prairie, Director of Universities at [grant.prairie@gov.mb.ca](mailto:grant.prairie@gov.mb.ca) or 204-945-8564.

Post-secondary education is a critical component to ensuring we have skilled and talented individuals who can help restart our economy and address labour shortages. As Manitoba faces unprecedented financial pressures, the department is requesting that our post-secondary institutions remain focused on key priorities and ensure that students continue to achieve their personal and career goals. Our collaborative efforts will also be guided by our shared priorities and recommendations from the Auditor General. In 2023, the department will work with your institution on the following five strategic system priorities of government:

### **1. Access, Affordability and Student Success**

As we have all experienced, families and individuals are grappling with the rising cost of living. We understand and appreciate that students are not immune to these market pressures. We also appreciate that affordability cannot become a barrier to accessing quality education and training for Manitobans. Government is committed to doing even more as we strive to help to make life more affordable for all Manitobans. The department appreciates the work you have done to help maintain access and affordability for Manitoba students. Funding from government should be invested into high quality programming that supports students in graduating with the skills and experience needed to thrive. Over the next year, post-secondary institutions are expected to continue their work to support access to affordable education and training and promote positive student outcomes including enhancing work-integrated learning opportunities.

As you are aware, student mental health remains a key priority in supporting student success. Government continues to make strategic investments and work collaboratively with community partners to improve mental health and well-being. Government has pledged to strengthen and expand services in mental health and addictions to ensure that young people receive the services they need. It is important that post-secondary institutions remain engaged as the first point of contact for students seeking mental health supports and access to available mental health services within the provincial health system.

### **2. Strengthening Alignment between Post-Secondary Education and Labour Market Needs**

The 2022 Speech from the Throne established government's vision for building a responsive post-secondary system that is able to identify labour market demands and respond to the training needs of the province. We appreciate your efforts to address critical labour market needs through program development and expansion. The department requests that your institution continue addressing the critical labour market needs of government as Manitoba works toward its goals of training 2,000 more healthcare professionals and 3,000 early learning and childcare professionals in the coming years. Further, we request that post-secondary institutions continue their collaboration with industry to identify and respond to the training, research and development needs of

Manitoba businesses. To this end, the department commits to consider all program proposals that will help identify skills, address labour shortages and foster economic growth.

### **3. Promoting Truth and Reconciliation**

Understanding Truth and advancing Reconciliation are ongoing processes and a shared responsibility for us all. Building a stronger province for everyone is to prioritize advancing reconciliation. Government remains focused on economic reconciliation with Indigenous Peoples by ensuring access to education and training as well as by removing barriers to full participation in Manitoba's economy and revenue sharing. We appreciate the work that has been done to support access to post-secondary education for Indigenous students and request that you continue taking steps to support the participation and success of Indigenous learners.

In the coming year, the department will work with The Winnipeg Foundation to increase the total amount and number of Manitoba Scholarship and Bursary Initiative awards dedicated to Indigenous students. Department staff will be in touch shortly to provide further information regarding this initiative.

### **4. Advancing Manitoba's Skills, Talent and Knowledge Strategy**

The Skills, Talent and Knowledge Strategy (STKS) provides our roadmap to economic recovery. Through a collaborative approach with post-secondary, industry and immigration partners, we are building a better Manitoba. STKS continues to guide our collective efforts and is foundational for helping create pathways to employment and better economic opportunities for Manitobans. Specifically, the Strategy includes targeted actions around four pillars:

- anticipating skills needed for the future;
- aligning education and training to labour market needs;
- fostering entrepreneurial and innovative skills; and,
- attracting, growing, and retaining talent.

Significant work is underway on many of the Strategy's actions including system-wide expansions in key health professions and early childhood education. The department requests that post-secondary institutions continue to use the Strategy as a roadmap to work with partners across the province, including government, businesses and communities to ensure programs align with local labour market needs and students gain the right skills and competencies to thrive.

### **5. Ensuring Financial Sustainability**

The Manitoba government is also committed to financial sustainability and responsible fiscal management. Universities and colleges are expected to operate with sound oversight, maintain balanced budgets, and remain prudent stewards of public funds through financial accountability and transparency as core principles.

Considering the above along with the Budget 2023 information exchanged since late summer 2022, the department requests that institutions return to government with their

board-approved budgets no later than February 17, 2023 to facilitate finalization of the provincial Budget. Revised budgets should be submitted to our Post-Secondary Institutions Branch at [psi@gov.mb.ca](mailto:psi@gov.mb.ca).

I am eager to further collaborate with our post-secondary institution partners to strengthen outcomes for students, build the skilled workforce needed to drive Manitoba's economy, and to promote a high quality of life for all of our residents. If you have any questions, I encourage you to reach out to my Assistant Deputy Minister, Advanced Education Division, Mr. Joe Funk at [joe.funk@gov.mb.ca](mailto:joe.funk@gov.mb.ca).

Sincerely,

A handwritten signature in blue ink that reads "Eric Charron". The signature is written in a cursive style with a large initial "E".

Eric Charron  
Deputy Minister  
Advanced Education and Training

- c. Honourable Sarah Guillemard, Minister, Advanced Education and Training  
W. Joe Funk, Assistant Deputy Minister, Advanced Education Division  
Agnes Wittmann, Senior Director, Post-Secondary Institutions Branch  
Grant Prairie Director Universities, Post-Secondary Institutions Branch  
Randy Nuessler, Director of Finance, Advanced Education and Training