

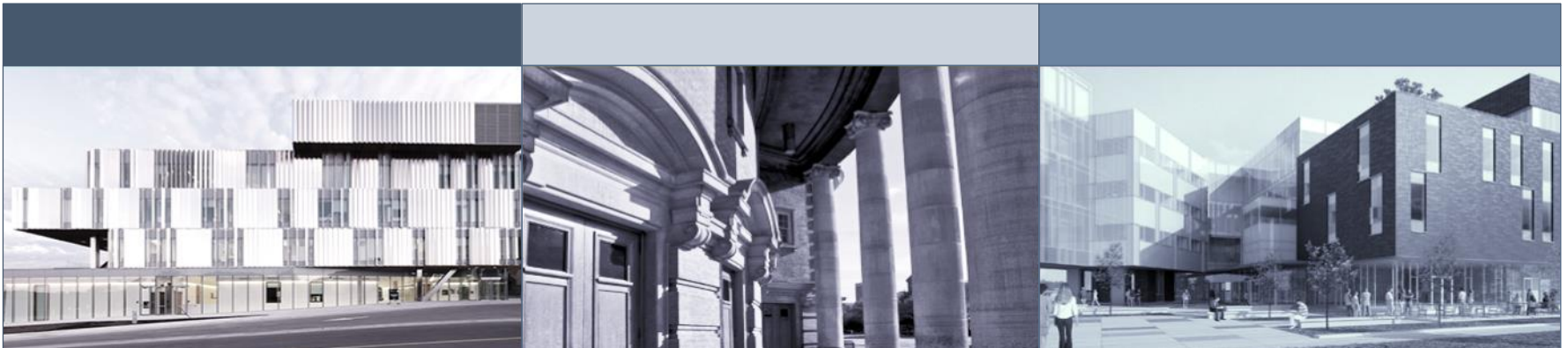


UNIVERSITY OF  
TORONTO

# Budget 2017

Planning and Budget Committee

March 1, 2017



# Agenda

**1) Context**

**2) Students & Teaching**

**3) Faculty & Staff**

**4) Infrastructure & UWC**

**5) Funding Sources**

**6) Student Aid**

**7) UF**

**8) Opportunities & Risks**





# Strategic Mandate Agreements

- Basis for Ontario's differentiation policy

2014

2017

2020

2023

## SMA1 (14-17)

- UofT's distinct role in Ontario
- Graduate spaces
- Conversion of teacher ed.

## SMA2 (17-20)

- Negotiations spring 2017
- Funding formula redesign
- Revenue neutral

## SMA3 (20-23)

- Operationalize differentiation metrics

# Provincial Funding Formula Review

(anticipated funding envelopes)

Core Operating Grant

(Enrolment Based)

Differentiation  
Envelope

(linked to SMA  
metrics)


Special  
Purpose  
Grants

Revenue neutral change through SMA2 with negotiated growth targets.


Potential for funding changes to the Differentiation Envelope in SMA3.



# 2017-18 Operating Budget \$2.47B



**St. George**  
**\$1.89 billion**  
55,130 Students  
2,683 Faculty  
4,798 Staff  
635,601 NASM



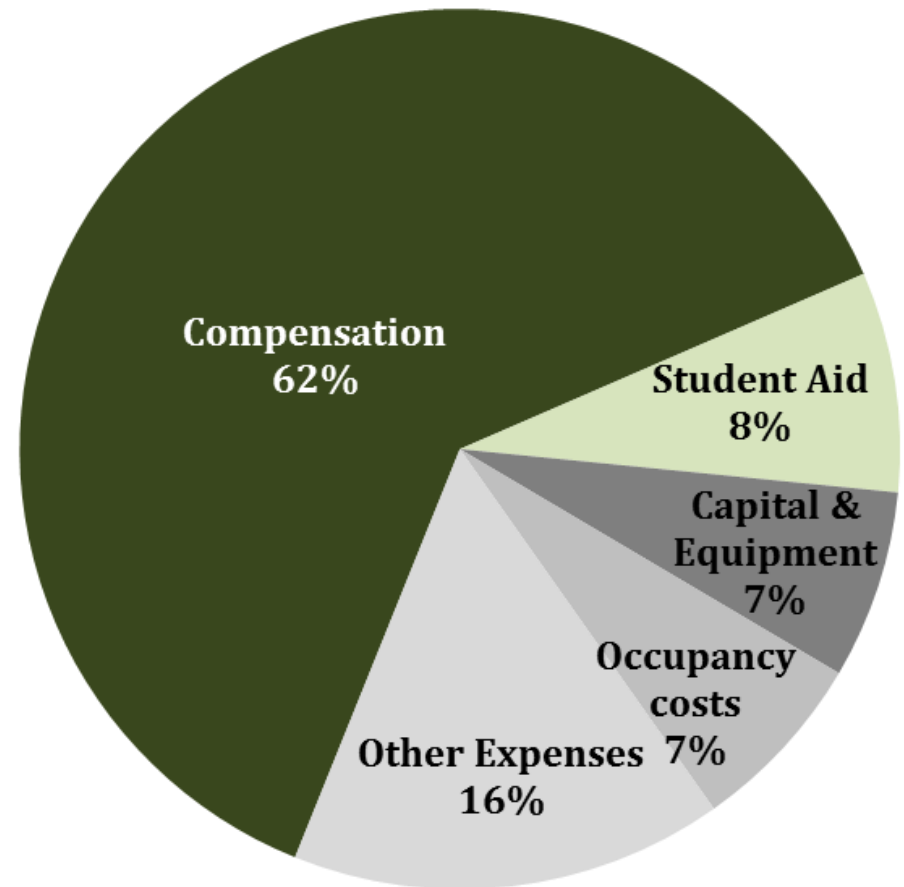
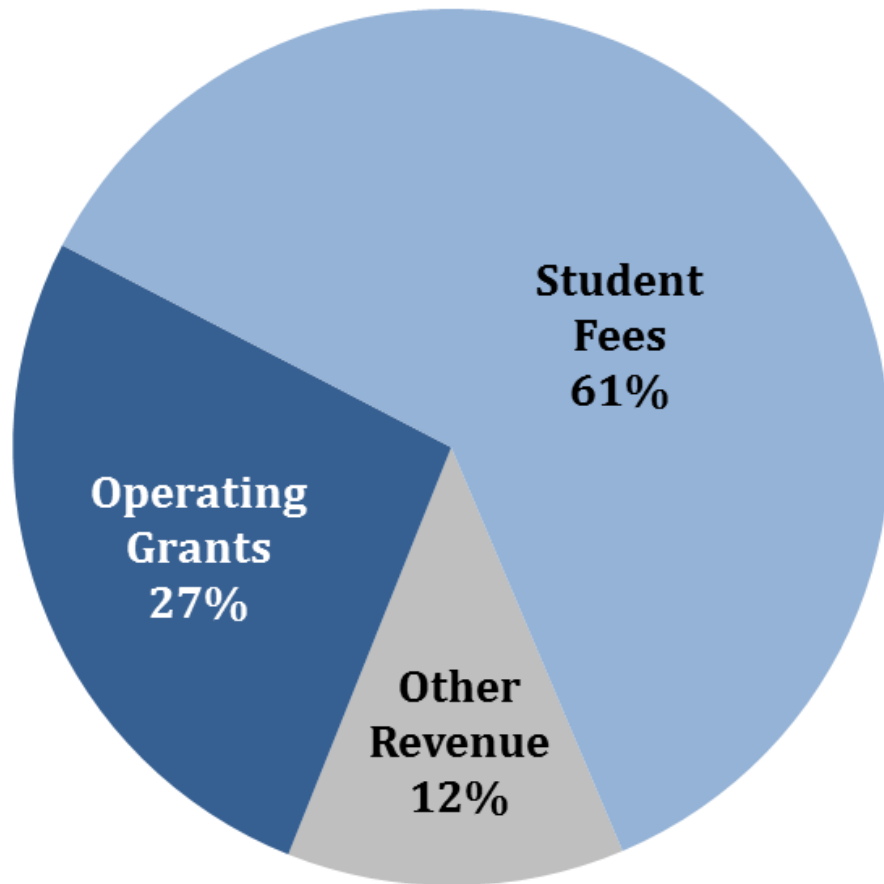
**Scarborough**  
**\$273 million**  
10,826 Students  
341 Faculty  
649 Staff  
90,630 NASM



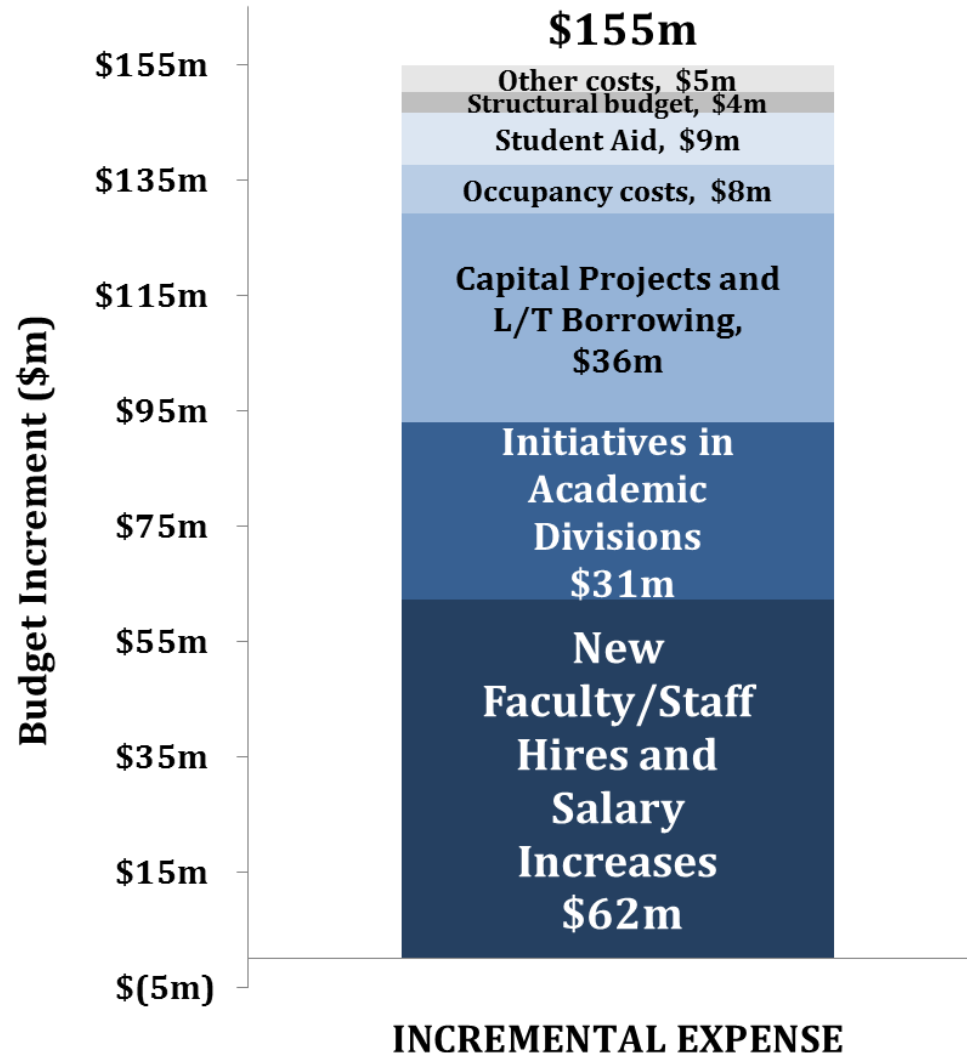
**Mississauga**  
**\$308 million**  
12,336 Students  
351 Faculty  
665 Staff  
101,835 NASM

**Enrolment:** 2016-17 actual FTE per Enrolment Report  
**Faculty and staff:** 2016-17 operating budget FTE  
**Space (NASM):** as of Sept.2015 per Facts & Figures

# Balanced Budget for 2017-18 - \$2.47 billion



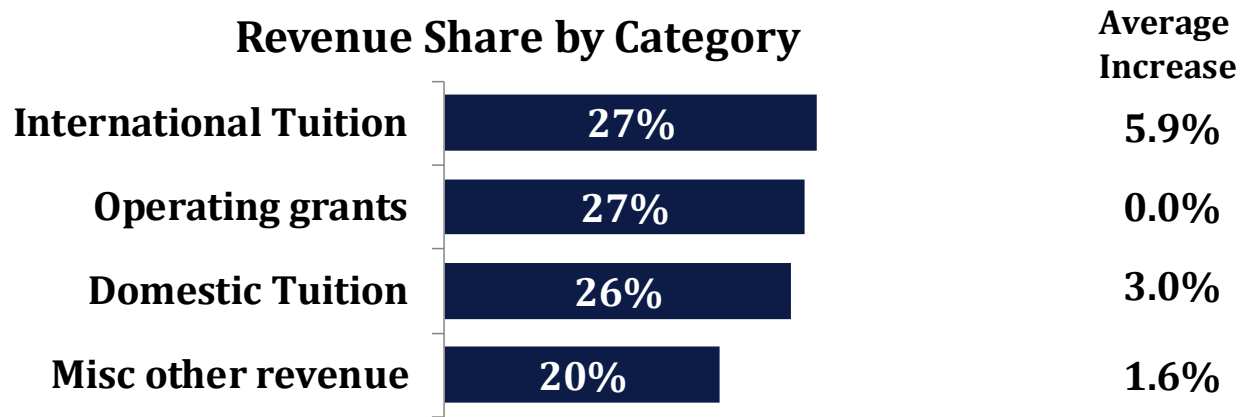
# Incremental Expenses \$155m



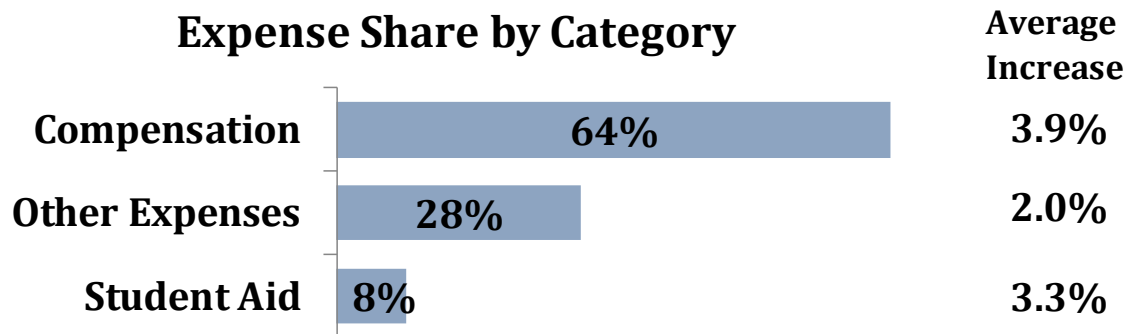


# Costs Rise Faster than Steady State Revenues

(Rates of increase based on 5-year historical average)



**Weighted Average Increase in Revenue = 2.7%**

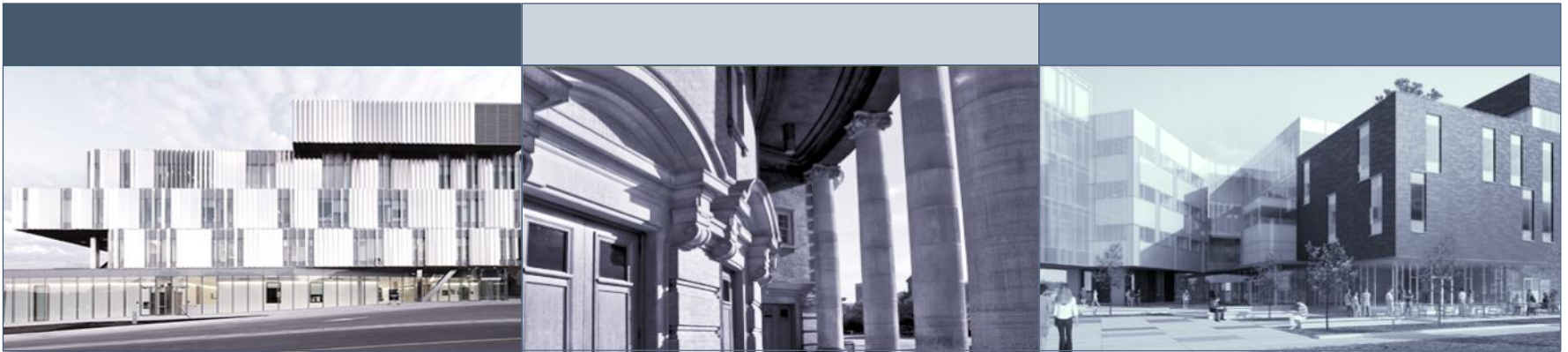


**Weighted Average Increase in Expense = 3.3%**

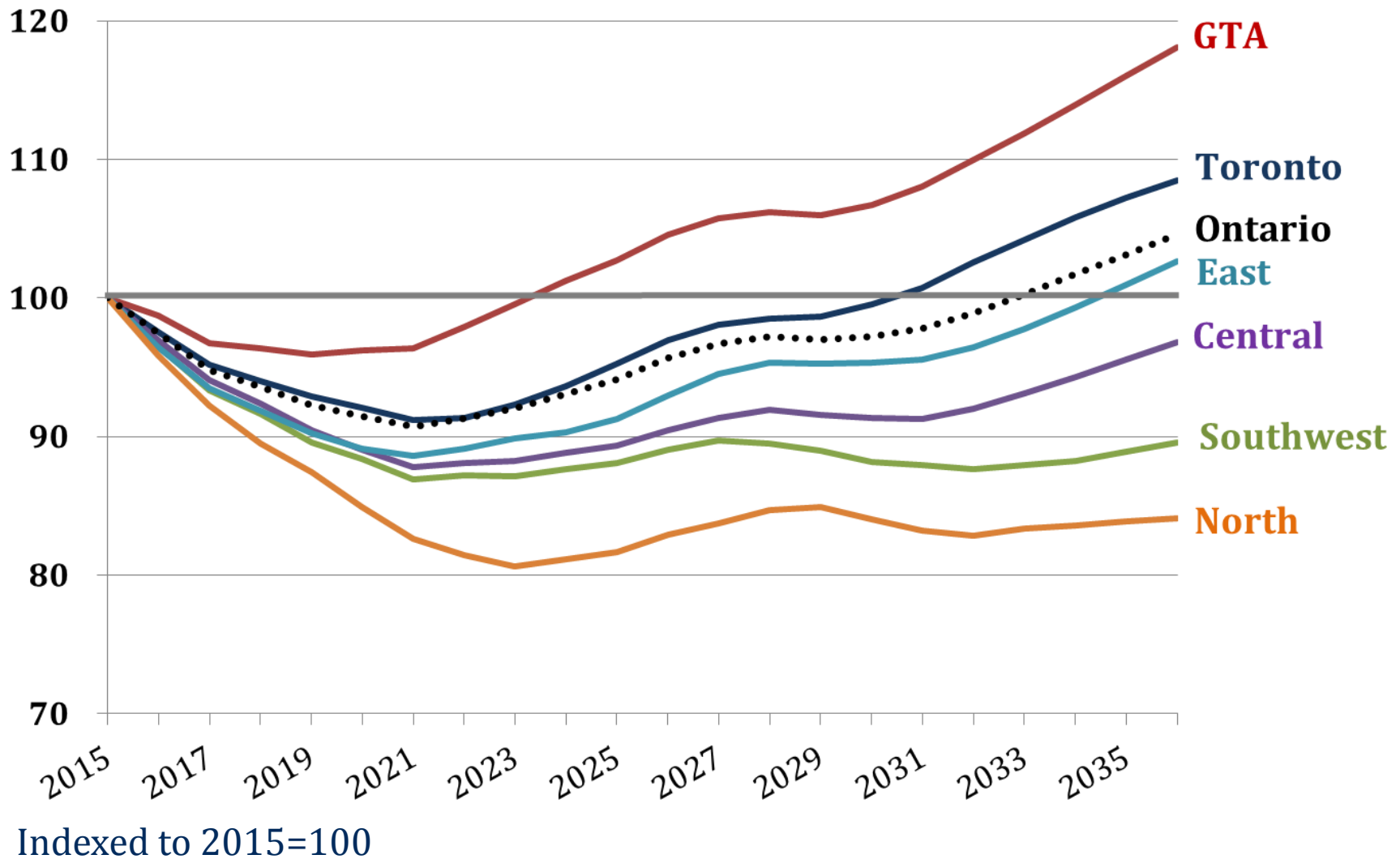
**STRUCTURAL DEFICIT = 0.6%**



# Students and Teaching



# Trend in 18-20 year-old Ontario population



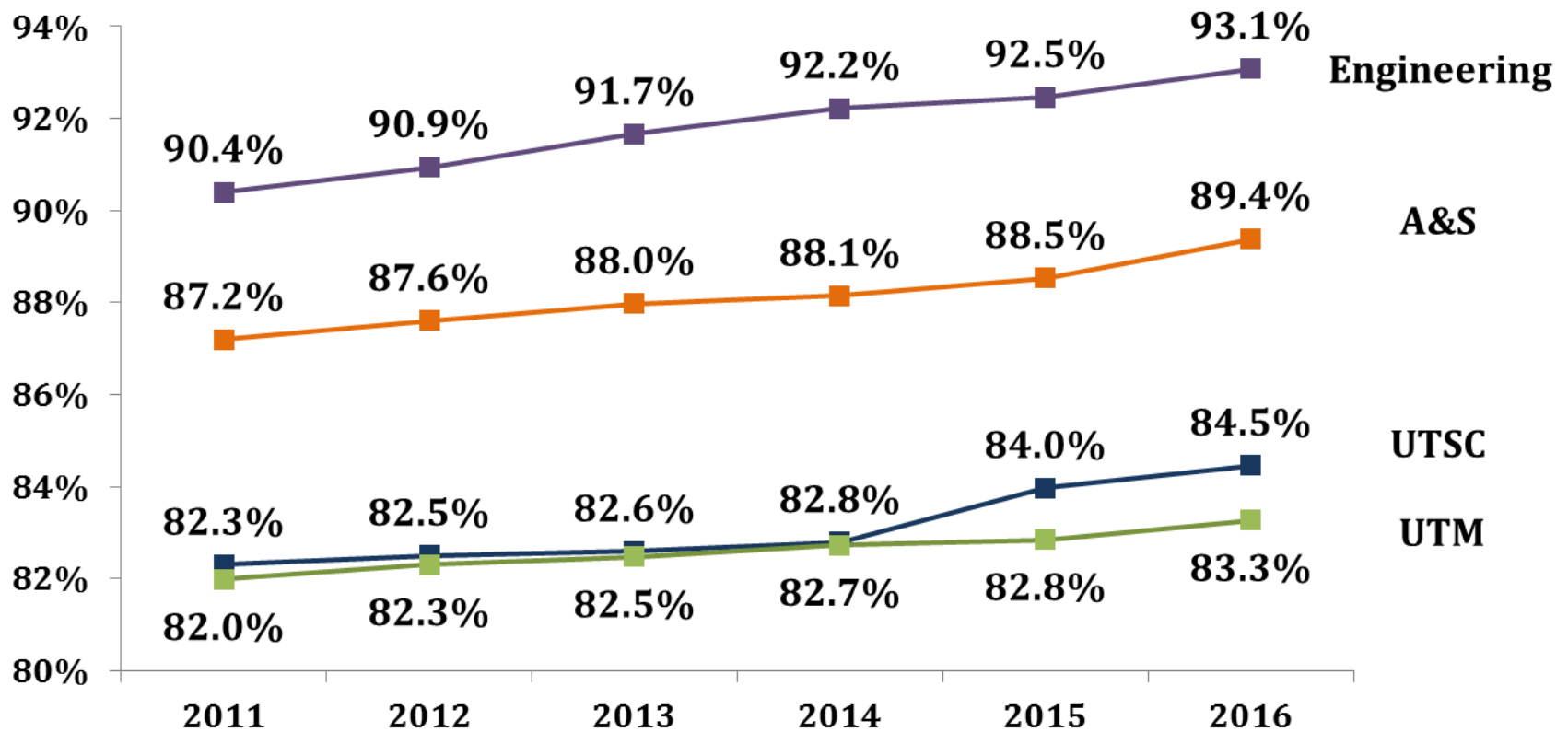
# Undergraduate enrolment results 2016-17

<b>Total FTE</b>	<b>2015 Actual</b>	<b>2016 Actual</b>	<b>2016 Variance to Plan</b>
St George	39,011	38,600	(68)
UTM	11,405	11,915	11
UTSC	10,486	10,747	(95)
<b>TOTAL</b>	<b>60,902</b>	<b>61,262</b>	<b>(152)</b>



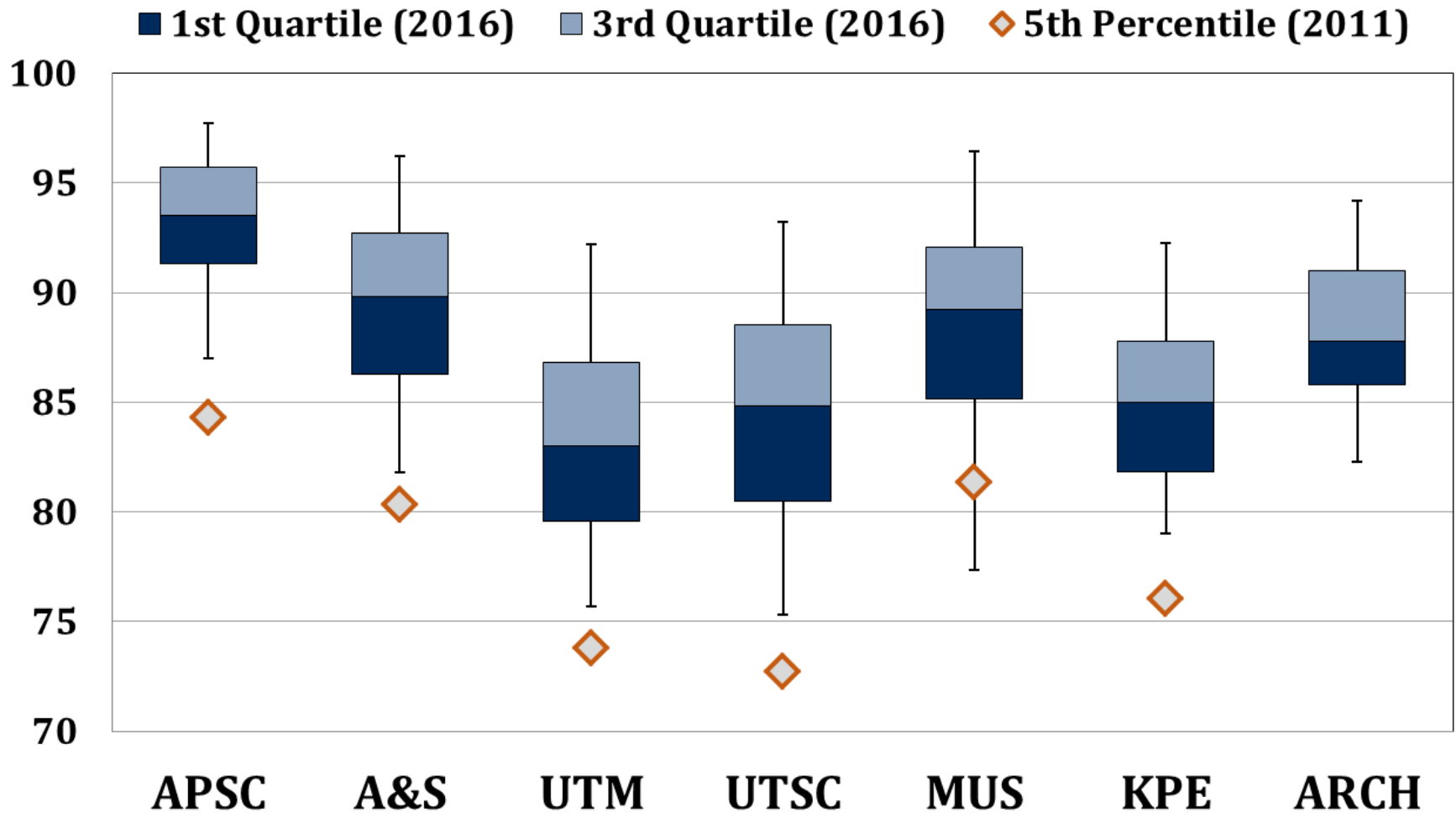
# Demand and quality remain strong

Direct Entry Undergraduate Program Applications					
2011	2012	2013	2014	2015	2016
67,600	71,500	73,900	75,700	75,500	n/a



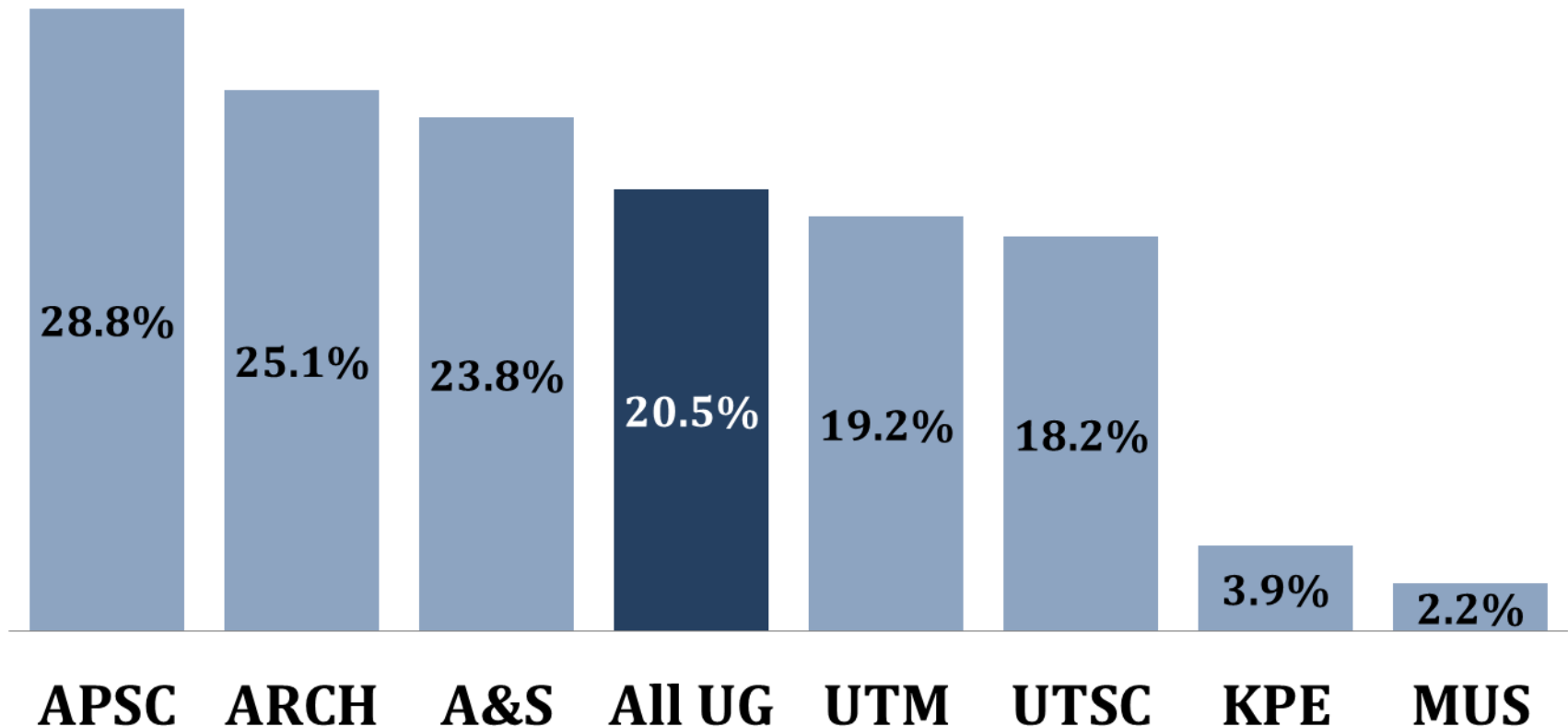
# Distribution of 2016 Entering Averages

(excluding top and bottom 5%, with 2011 Fifth Percentile for Comparison)





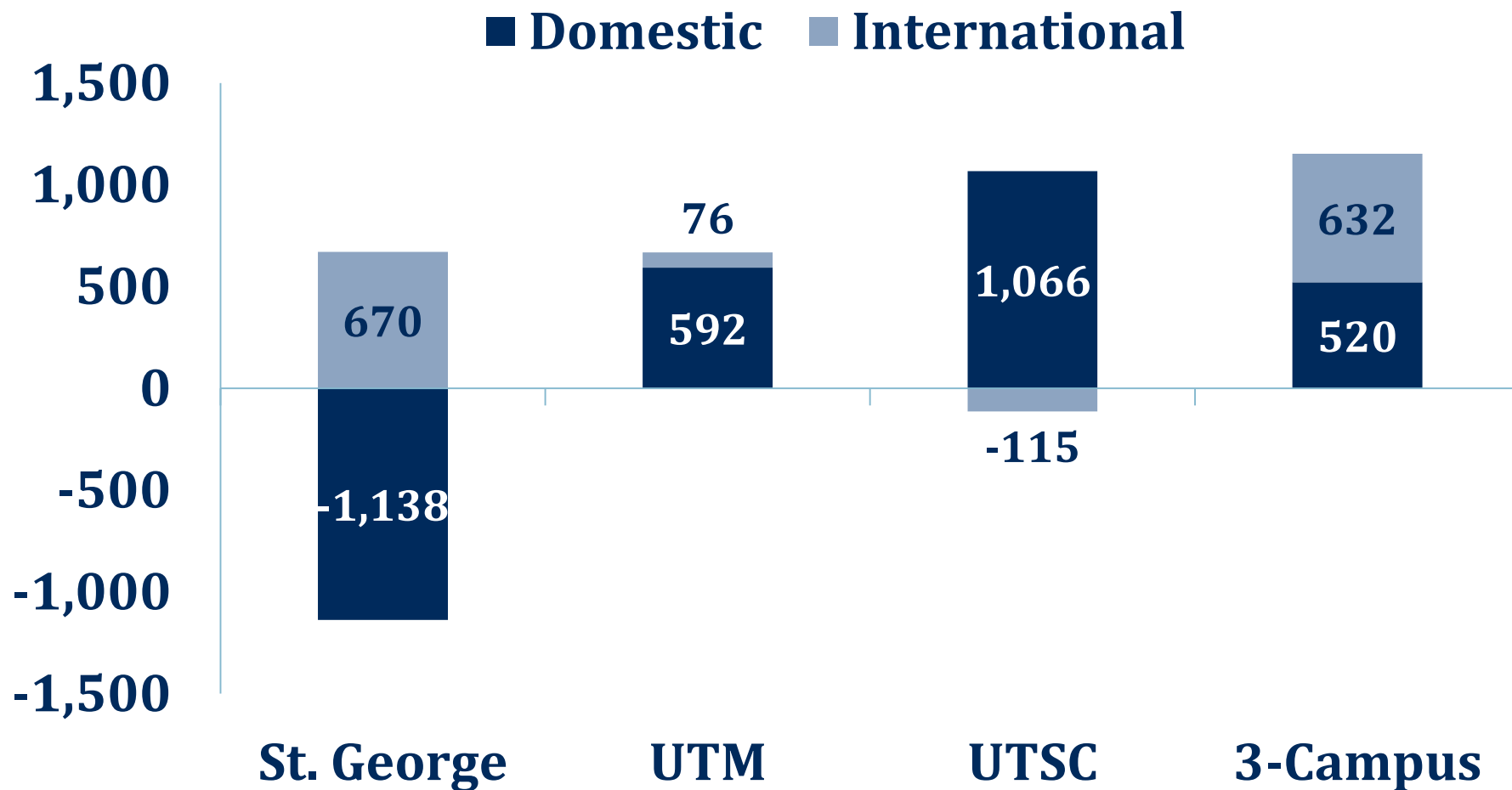
## Divisional undergraduate international share in 2016



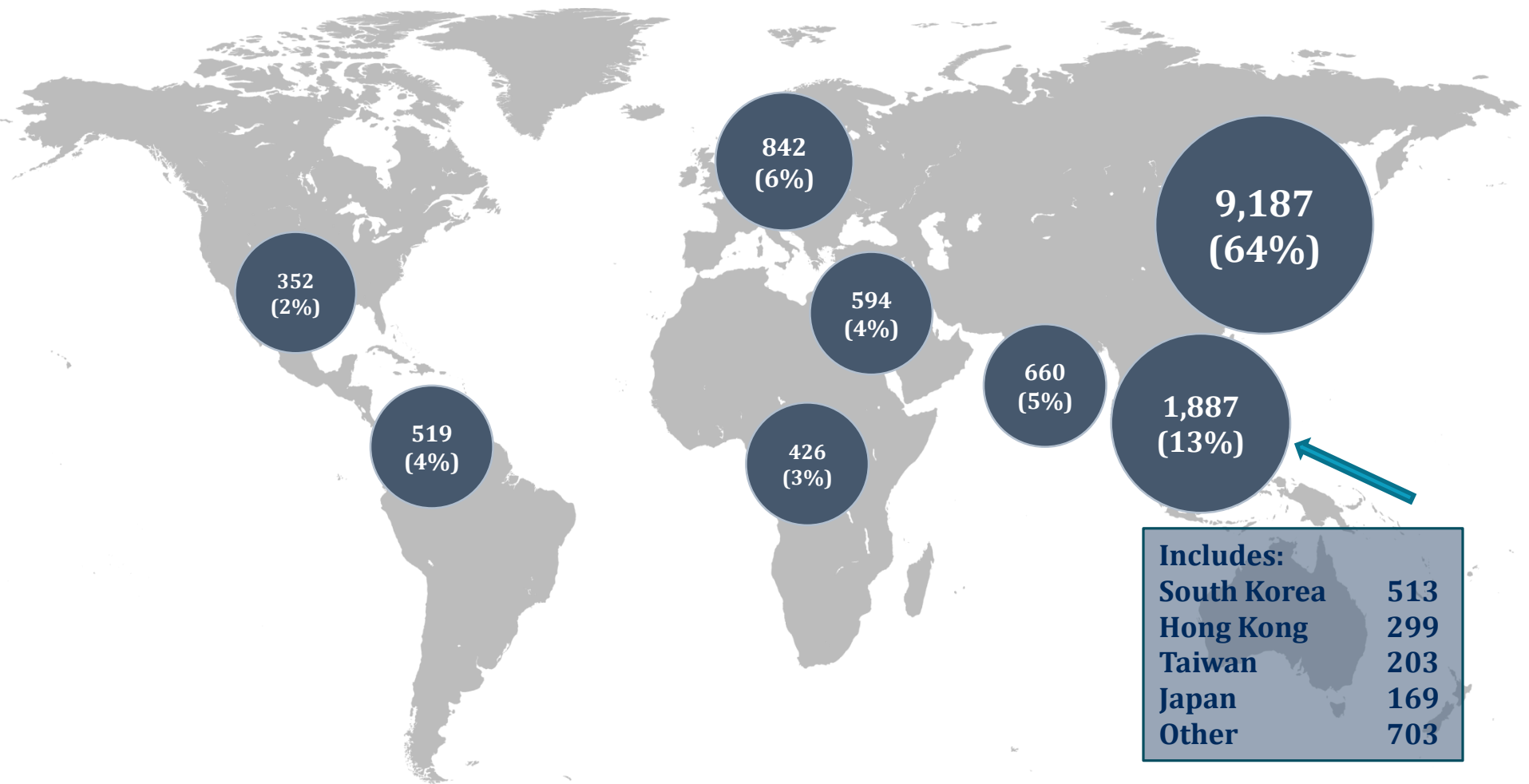
**Total 2016 international UG students = 14,467**



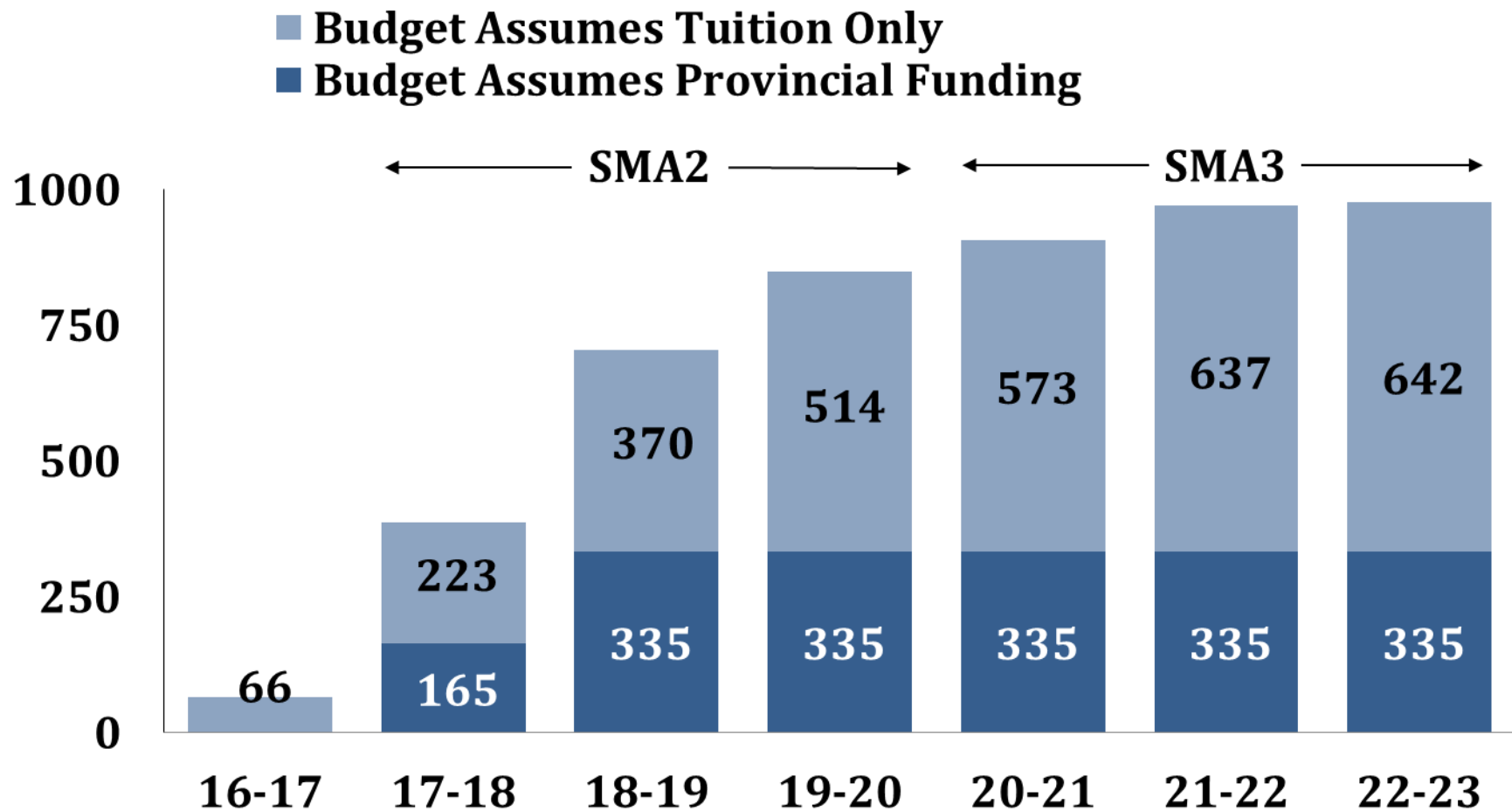
## 5-year undergraduate growth plan (FTE)



# International UG Students by Geographic Region

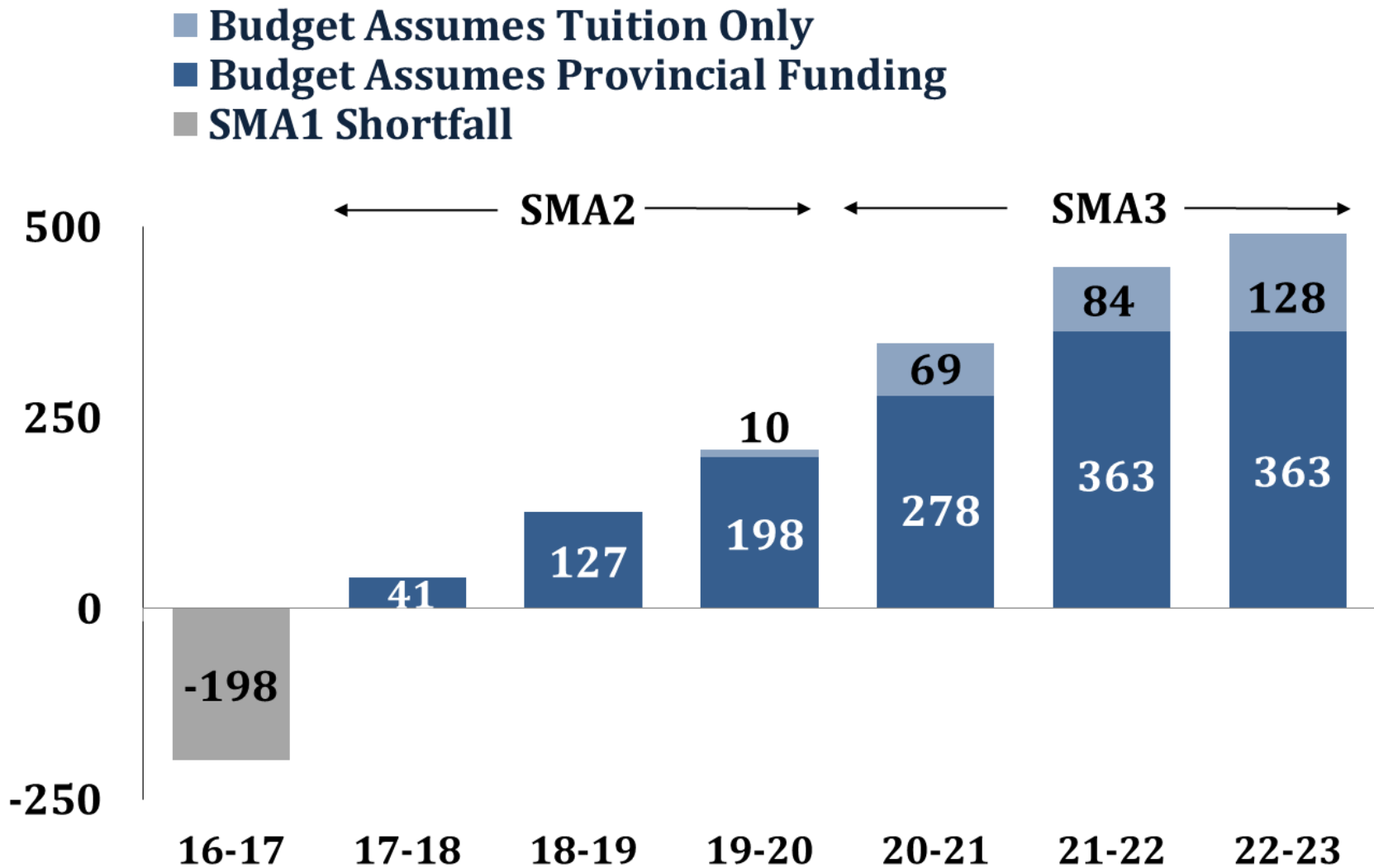


# Masters – Planned Growth over SMA1 (Fall Eligible FTE)



7,925 spaces approved via SMA1

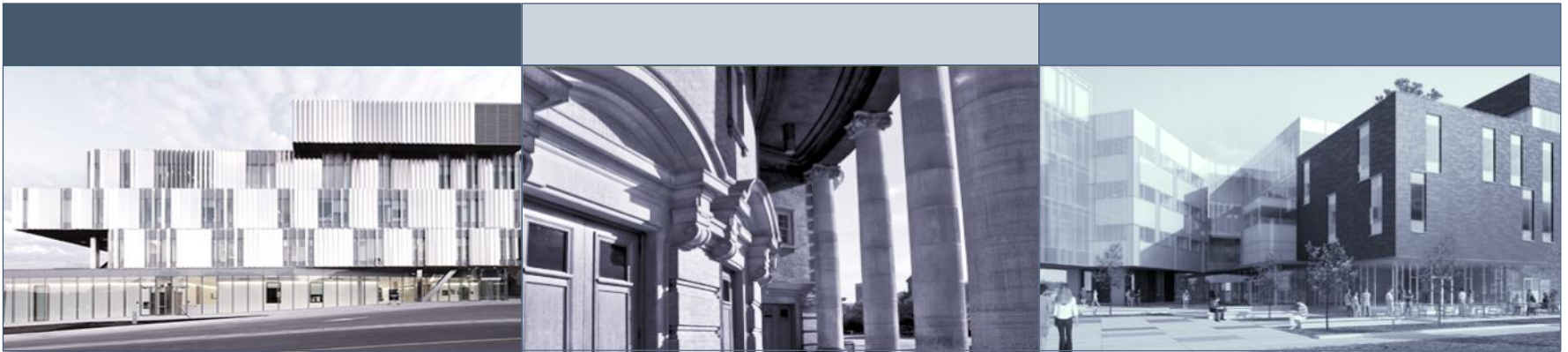
# Doctoral –Planned Growth over SMA1 (Fall Eligible FTE)



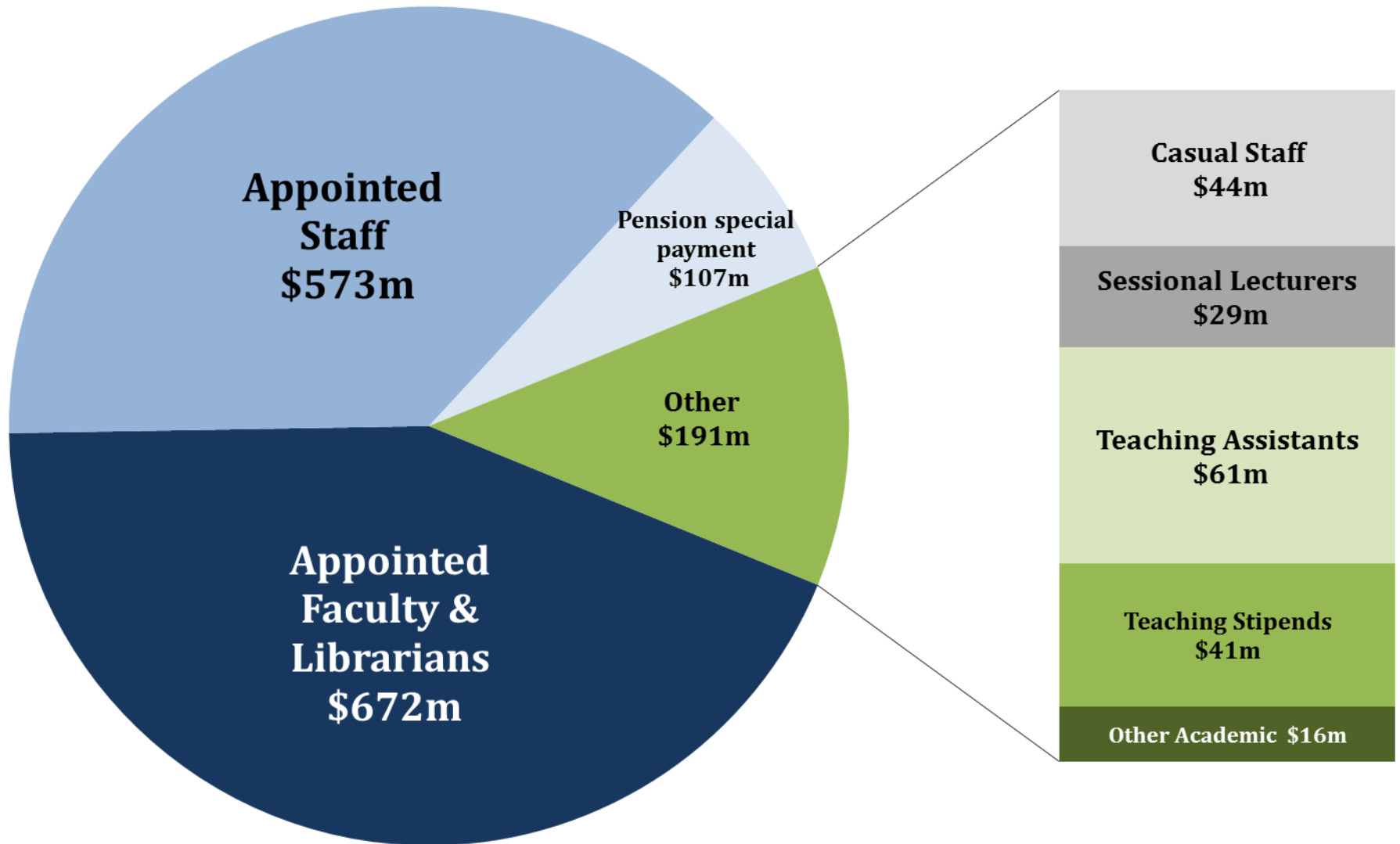
**3,925 spaces approved via SMA1**



# Faculty and Staff



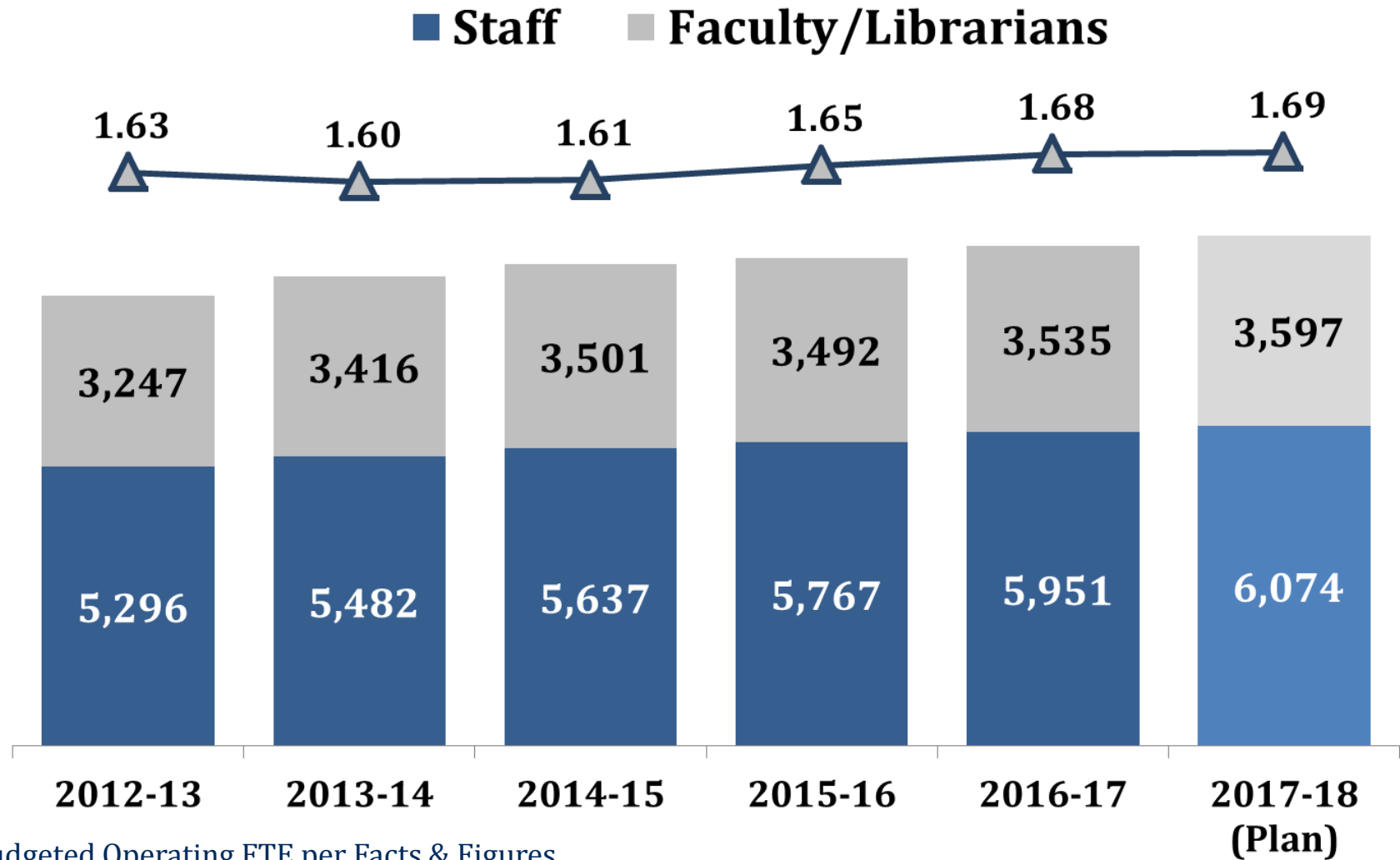
# 2017-18 Compensation Budget \$1.54B (Est.)



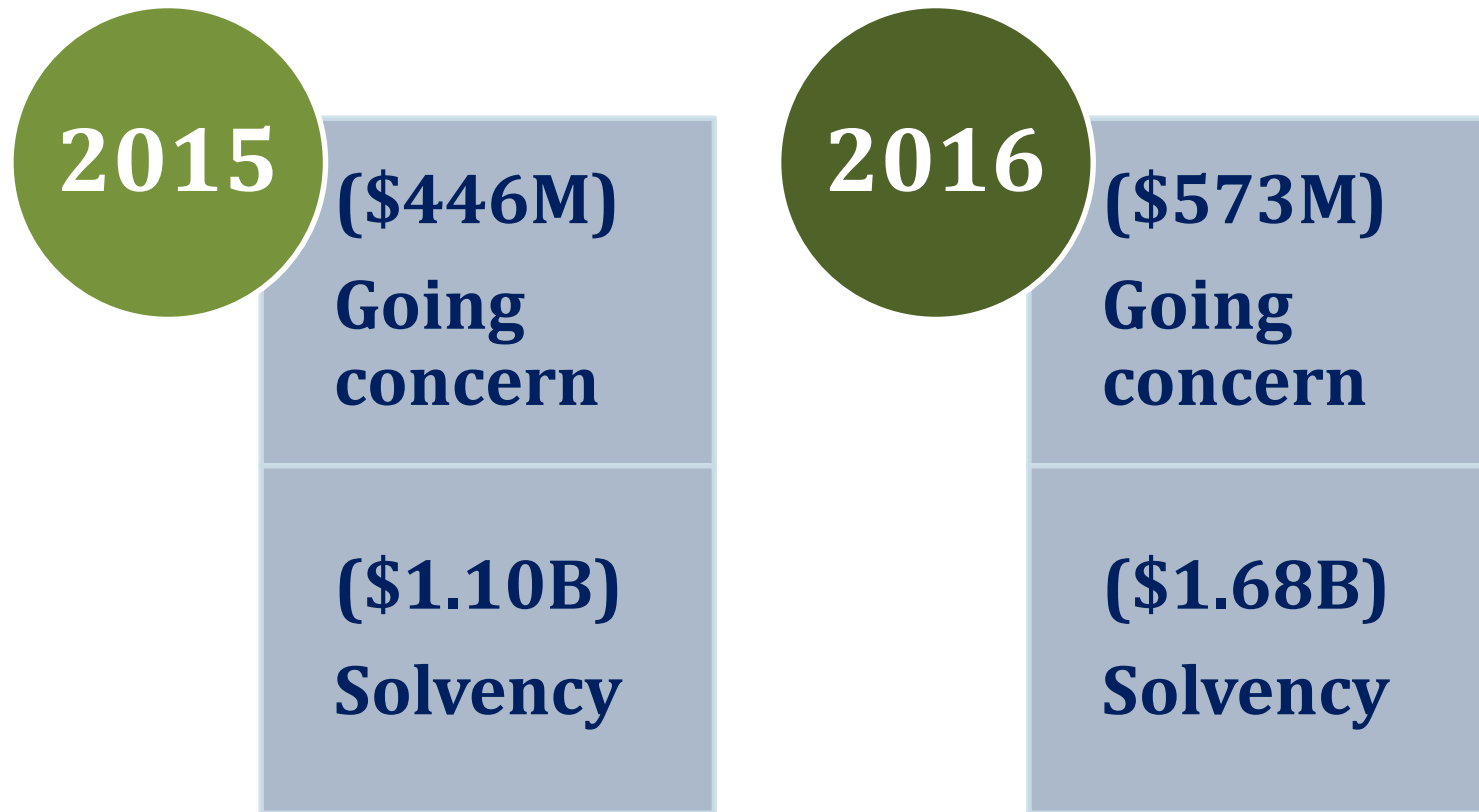
**2016-17 Budget \$1.48B + Budget Increase \$62M**

# Ratio of Staff to Faculty FTE

(Operating FTE only; excludes clinicians, sessional, and stipendiary instructors)



# Pension Plan Deficit (June 30 fiscal year)



## Interest rate solvency sensitivity:

- ✓ 1% **increase** in solvency discount rate → deficit decr. \$740M
- ✓ 1% **decrease** in solvency discount rate → deficit incr. \$973M

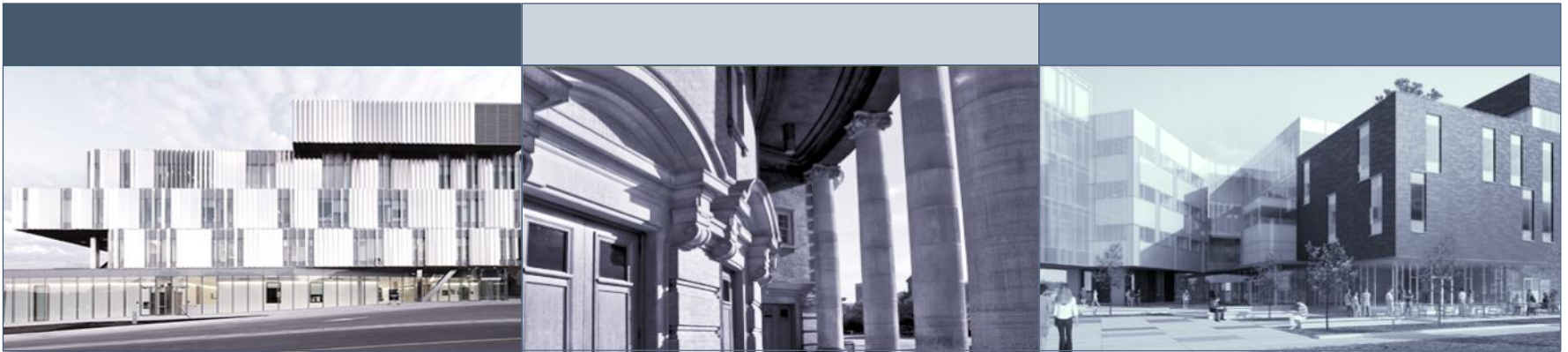
# Pension special payments and other related costs

	<b>Incremental Annual \$m</b>	<b>Total Annual \$m</b>
2016-17	5	102
2017-18	5	107
2018-19	5	112
2019-20	5	117
2020-21	5	122
2021-22	5	127

Placeholder



# Infrastructure and University-wide Costs



## **Under construction**

**ENG-CEIE**

**SIF Projects**

**UTSC Highland Hall**

**Comms. House**

**UTM North2**

## **In design**

**UC Revitalization**

**Robarts Common**

**Spadina Sussex Res.**

**Landmark**

**Student Commons**

**A&S Physics Labs**

## **Look ahead**

**Academic Tower**

**UTM Science**

**UTSC Instr. Centre 2**

**Banting & Best Site**

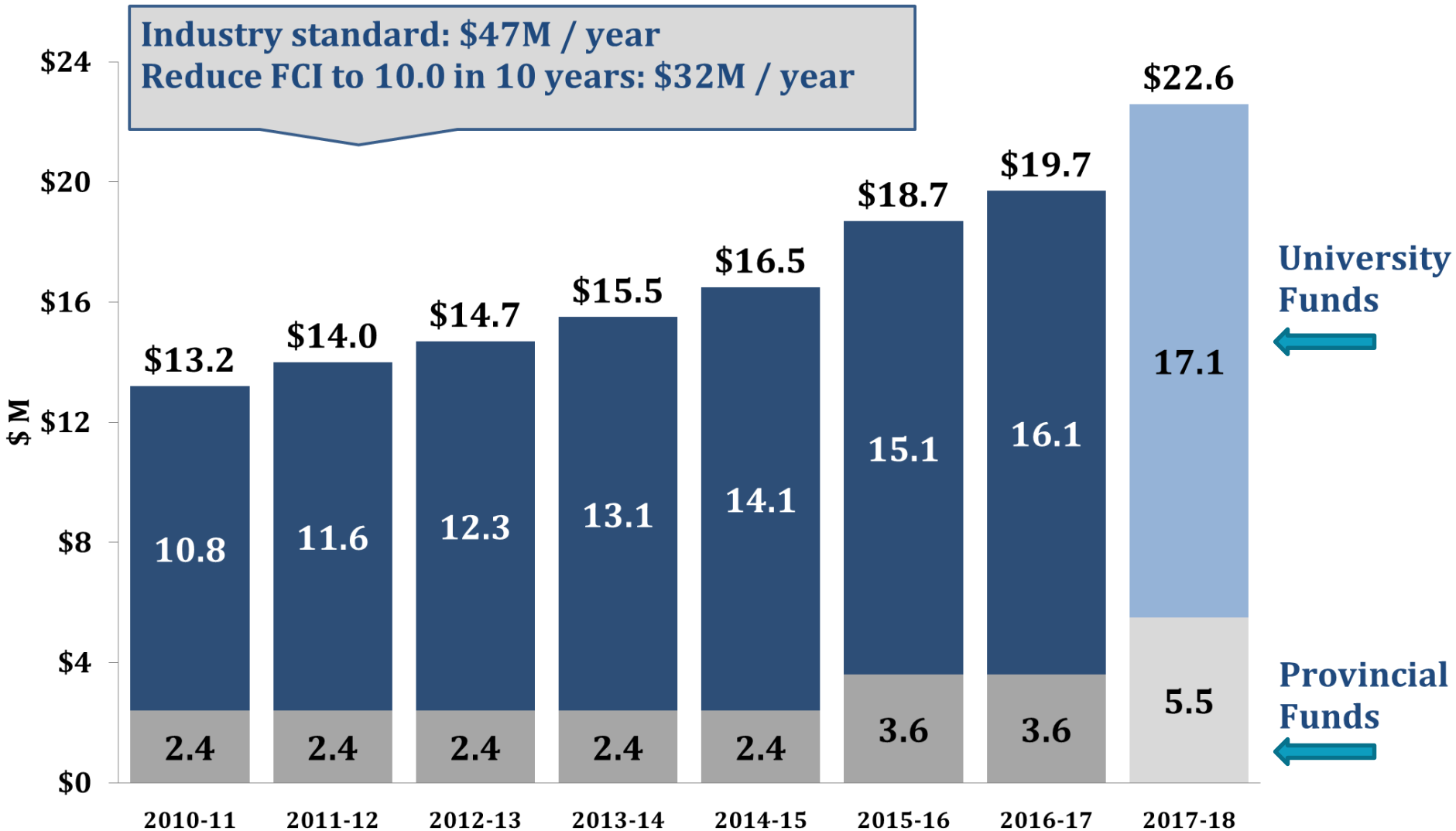
**Center for Civ & Cultures**

## Operating budget support of capital projects (\$m)

	14-15	15-16	16-17 est.	17-18 est.
Payments on loans & mortgages	\$32	\$33	\$35	\$37
Transfer from operating to capital	\$128	\$24	\$67	\$101
Total	\$160	\$57	\$102	\$138

**A guiding principle is that capital projects in academic divisions should include funding from long term debt of no more than 20%.**

# St George deferred maintenance: current funding levels allow us to maintain FCI at 15.0



# What makes up university-wide costs?

## 2017-18 University Wide Costs: \$552 million

**Portfolio Operations**  
**\$284 million**  
**(51%)**

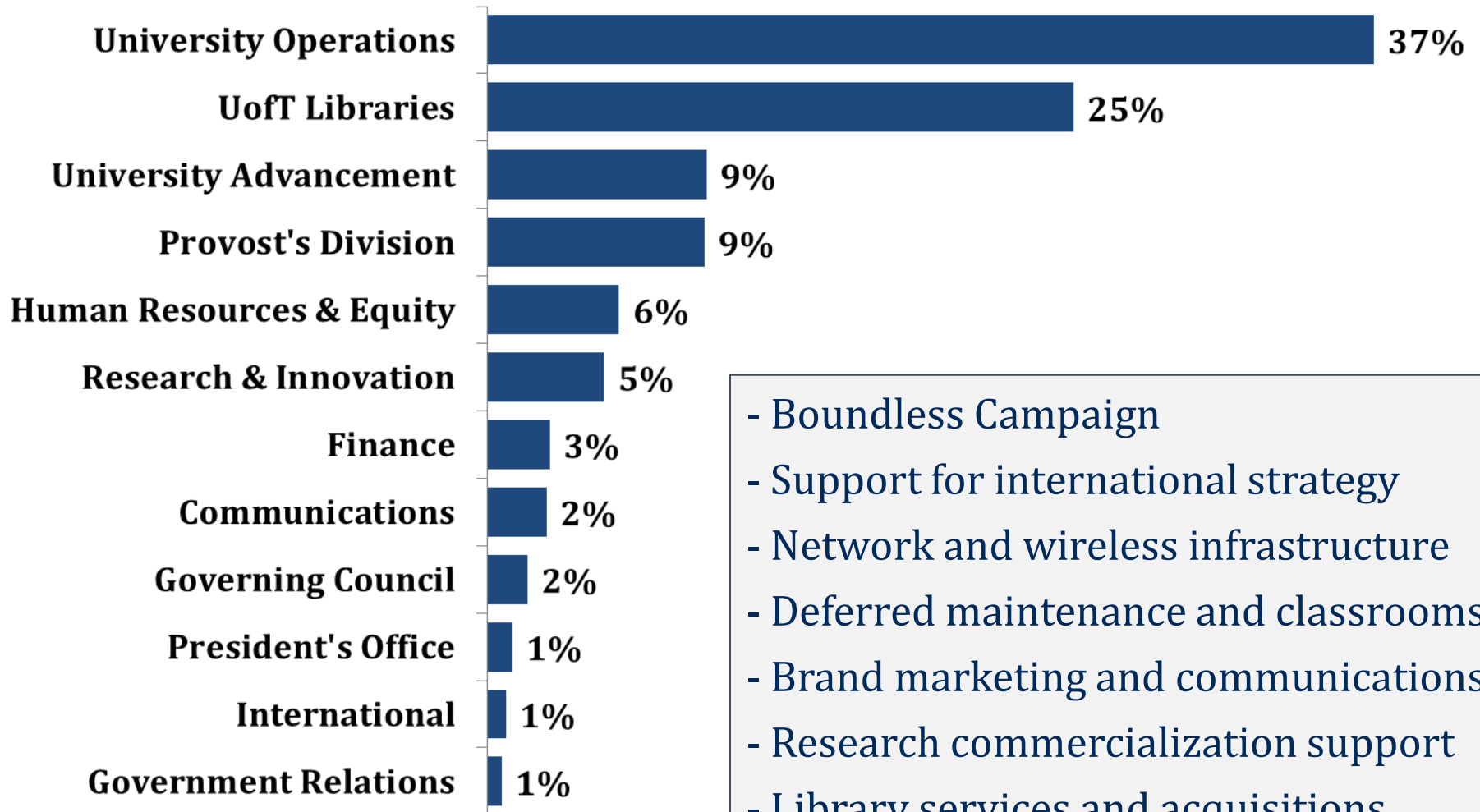
**Non-discretionary**  
**\$120 million**

**Pension Special Payment**  
**\$107 million**

**Acad & Admin Initiative Funds \$41m**

**UTM/UTSC spend an additional \$91m on campus services costs**

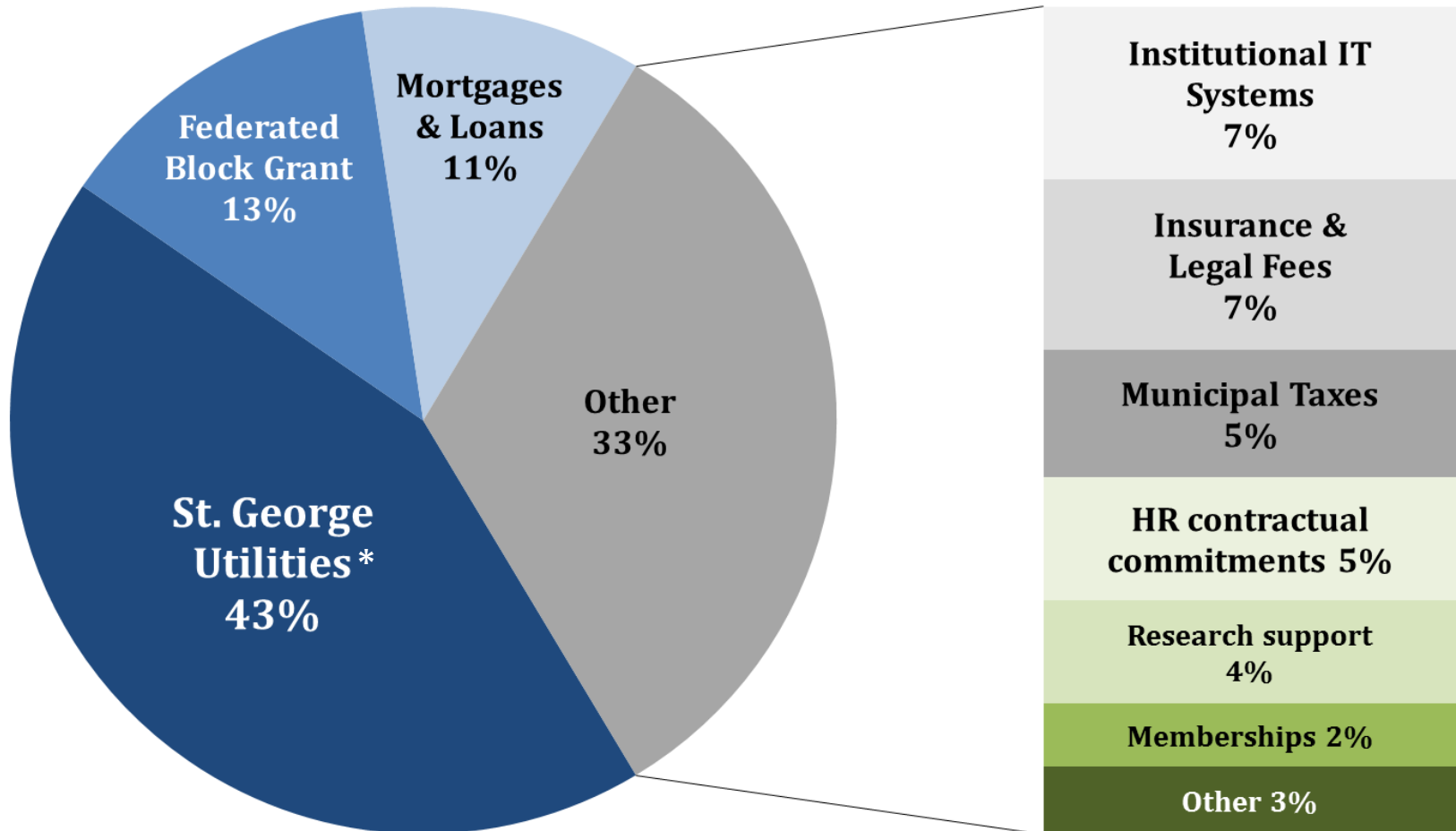
# Shared Service Portfolio Operations (\$284m)



- Boundless Campaign
- Support for international strategy
- Network and wireless infrastructure
- Deferred maintenance and classrooms
- Brand marketing and communications
- Research commercialization support
- Library services and acquisitions
- Sexual violence prevention & support



# Non-discretionary Expenses (\$120m)



\*Excludes UTM and UTSC utilities, which are reported separately as campus service costs.

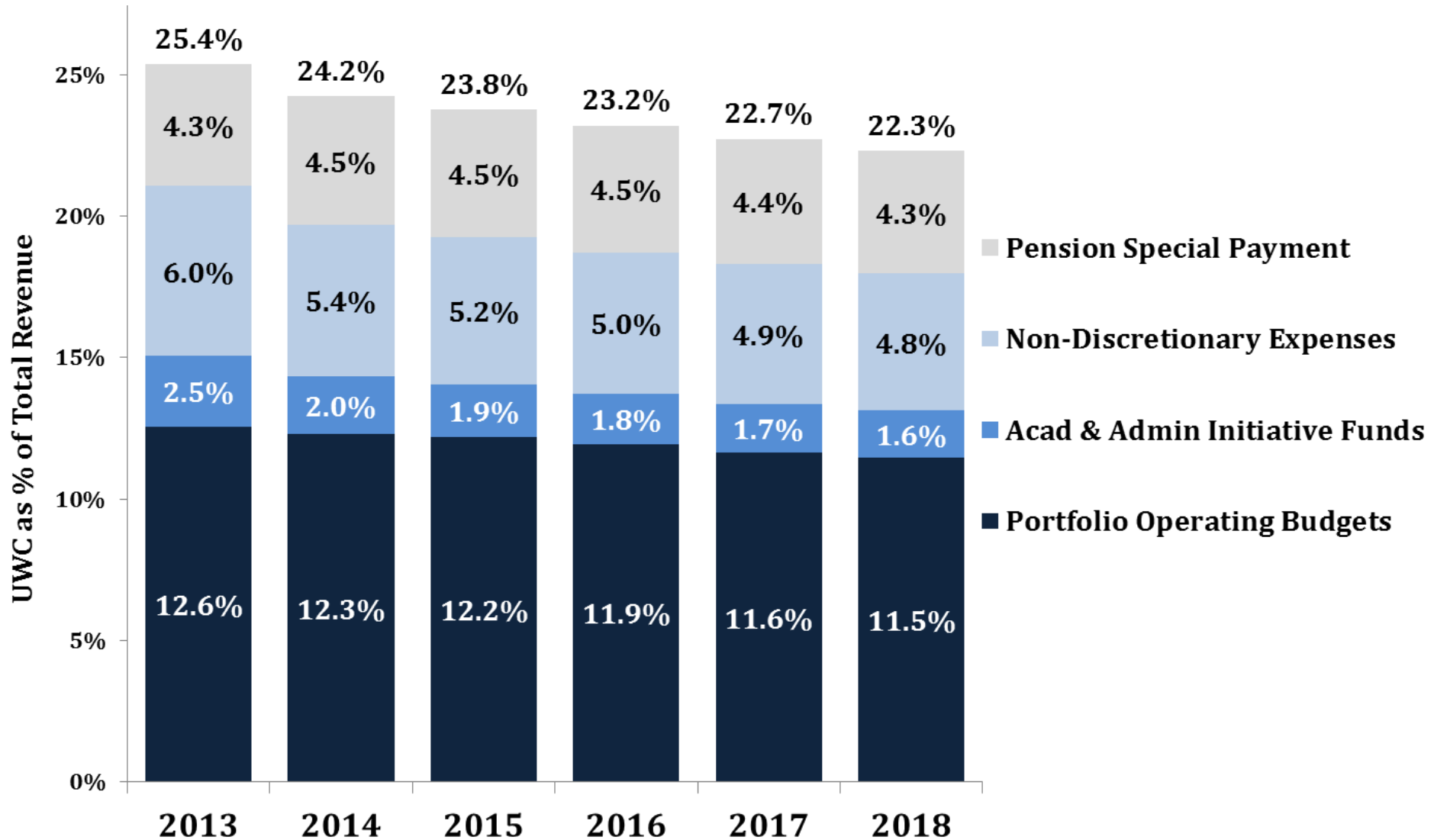


# Academic and Administrative Initiative Funds (\$41m)

Funds held by various shared service portfolios to support institutional priorities; funds are distributed to academic and shared service divisions during the year, includes:

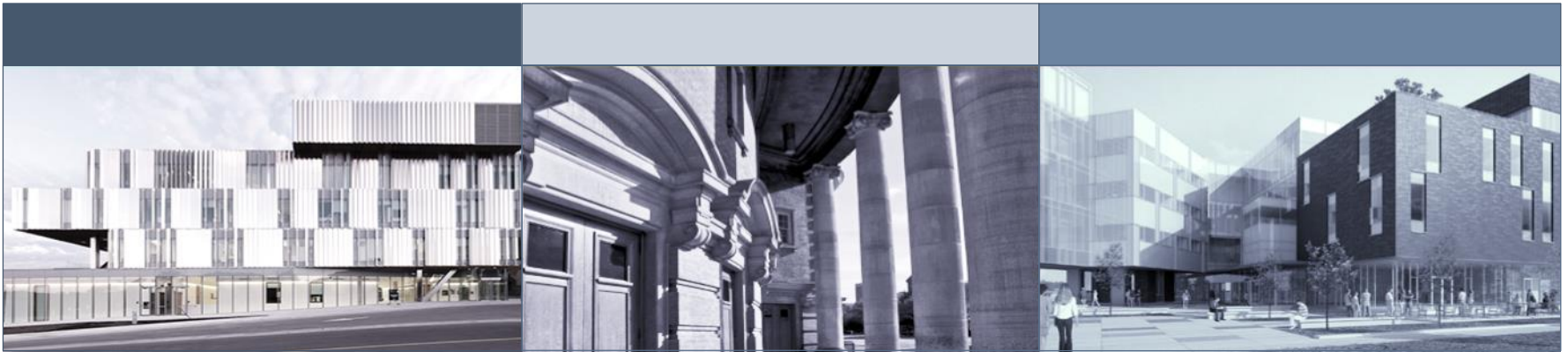
- *Graduate Expansion Incentive Fund*
- *Major Research Project Management Fund*
- *Instructional Technology Innovation Fund*
- *IT Initiatives Fund*
- *International Fund*
- *Administrative Priorities Fund*
- *Provost's Matching Fund*

# University-wide costs as % of Revenue

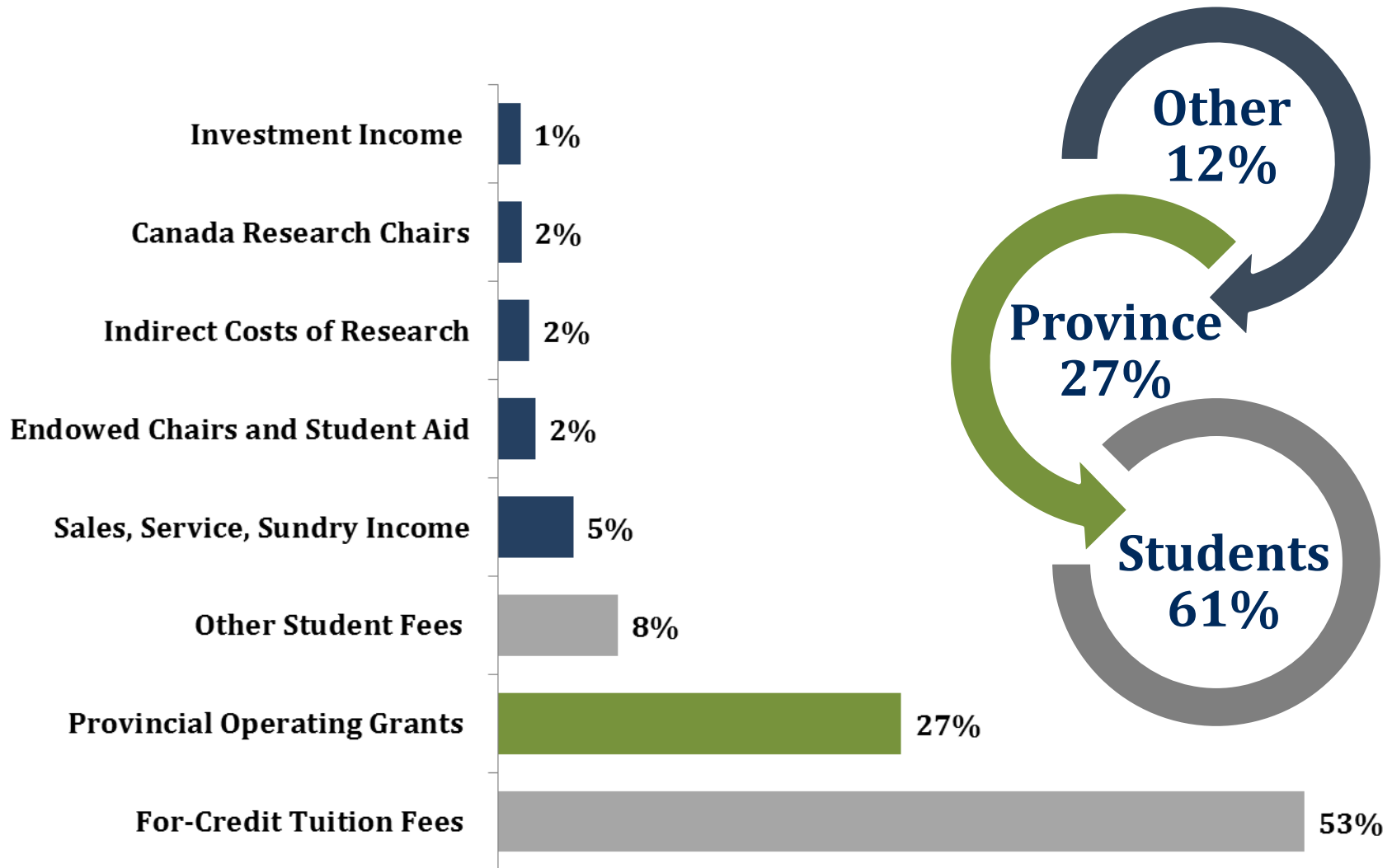


\*Restated to report academic and administrative initiative funds in a single category

# Funding Sources

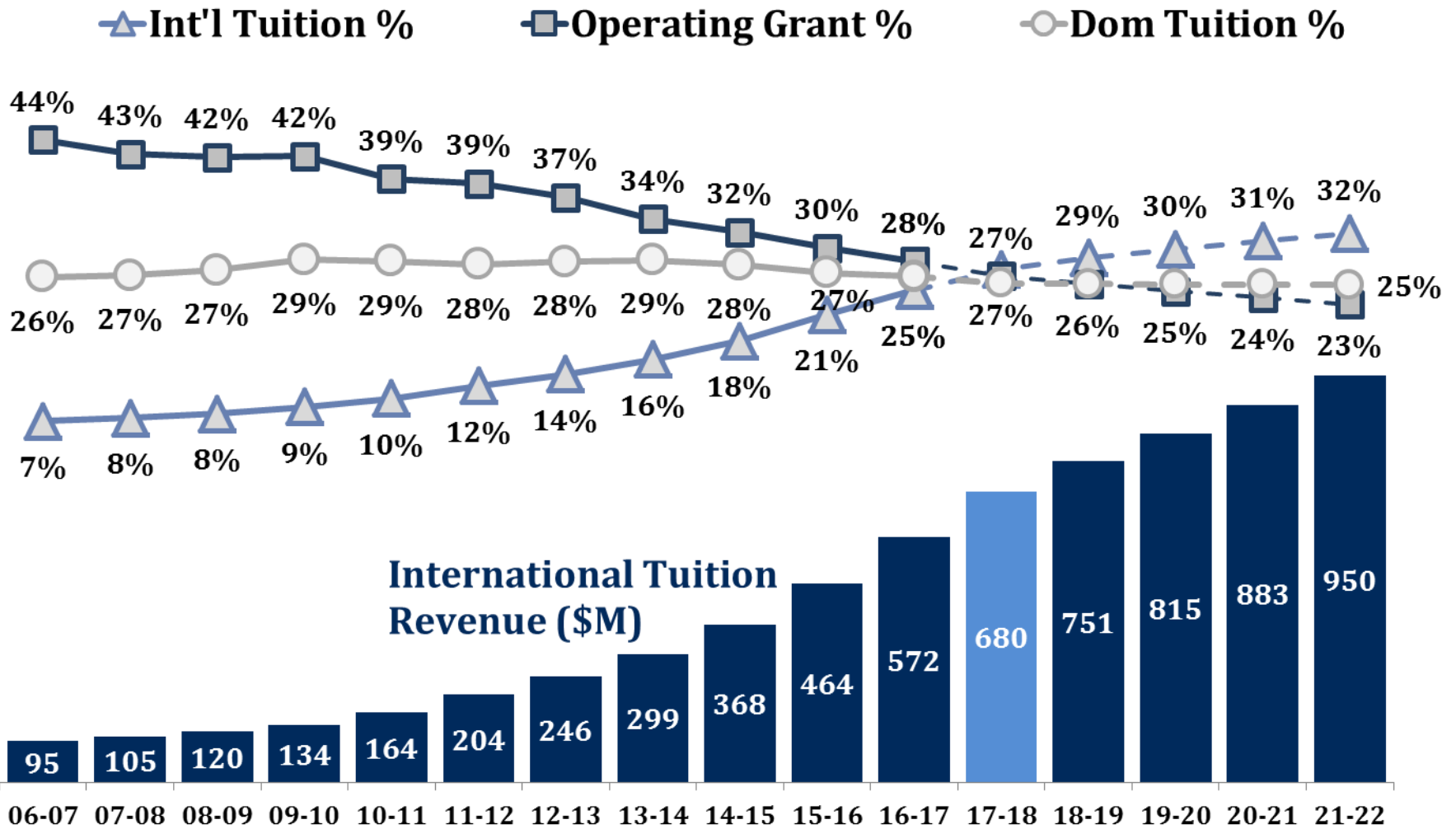


# 2017- 18 sources of revenue (\$2.47B)



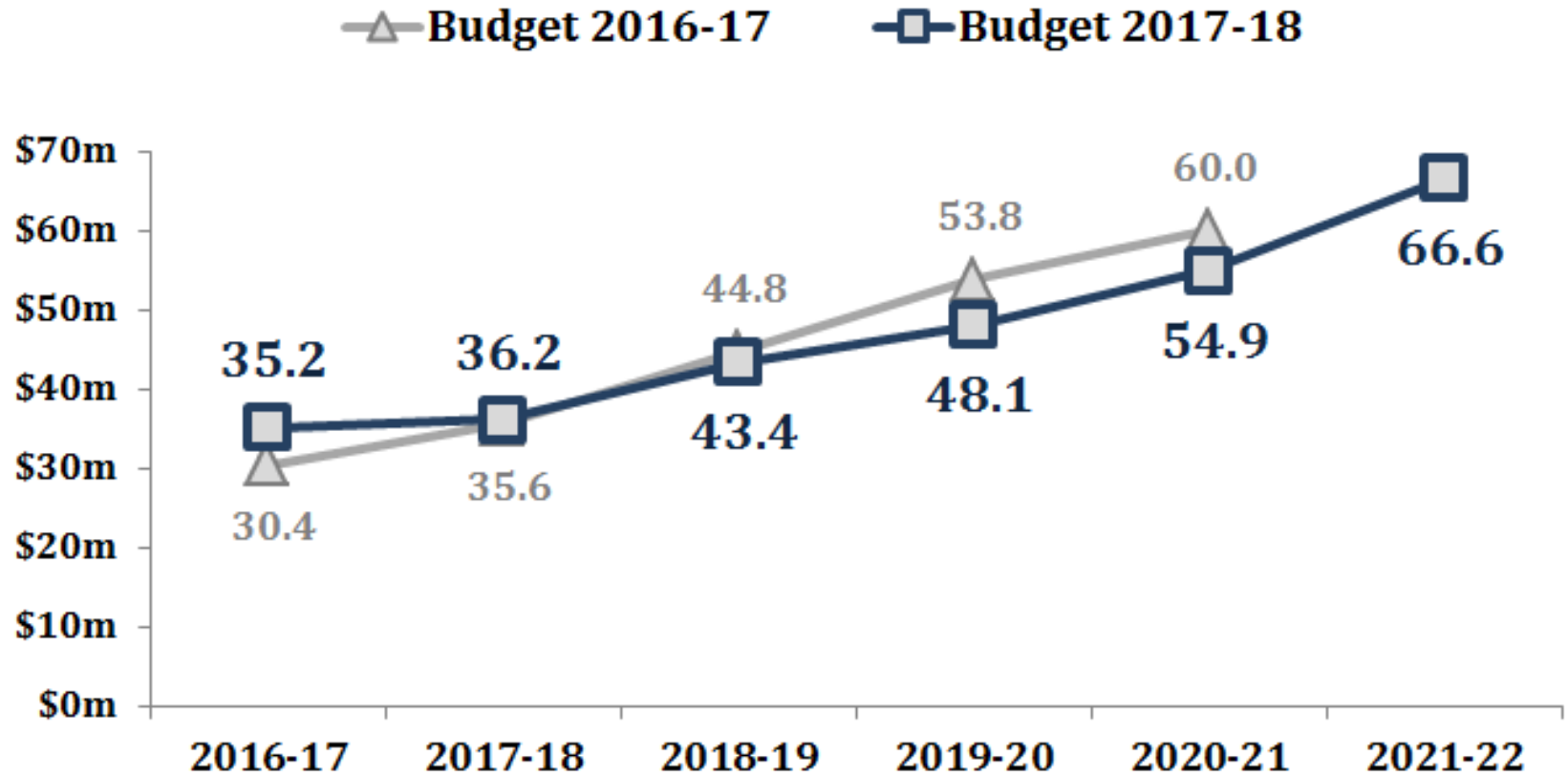
# The changing revenue landscape

(excludes divisional income)



# Investment Income Assumptions Lowered

(Short-term Investments in Expendable Funds Investment Pool)

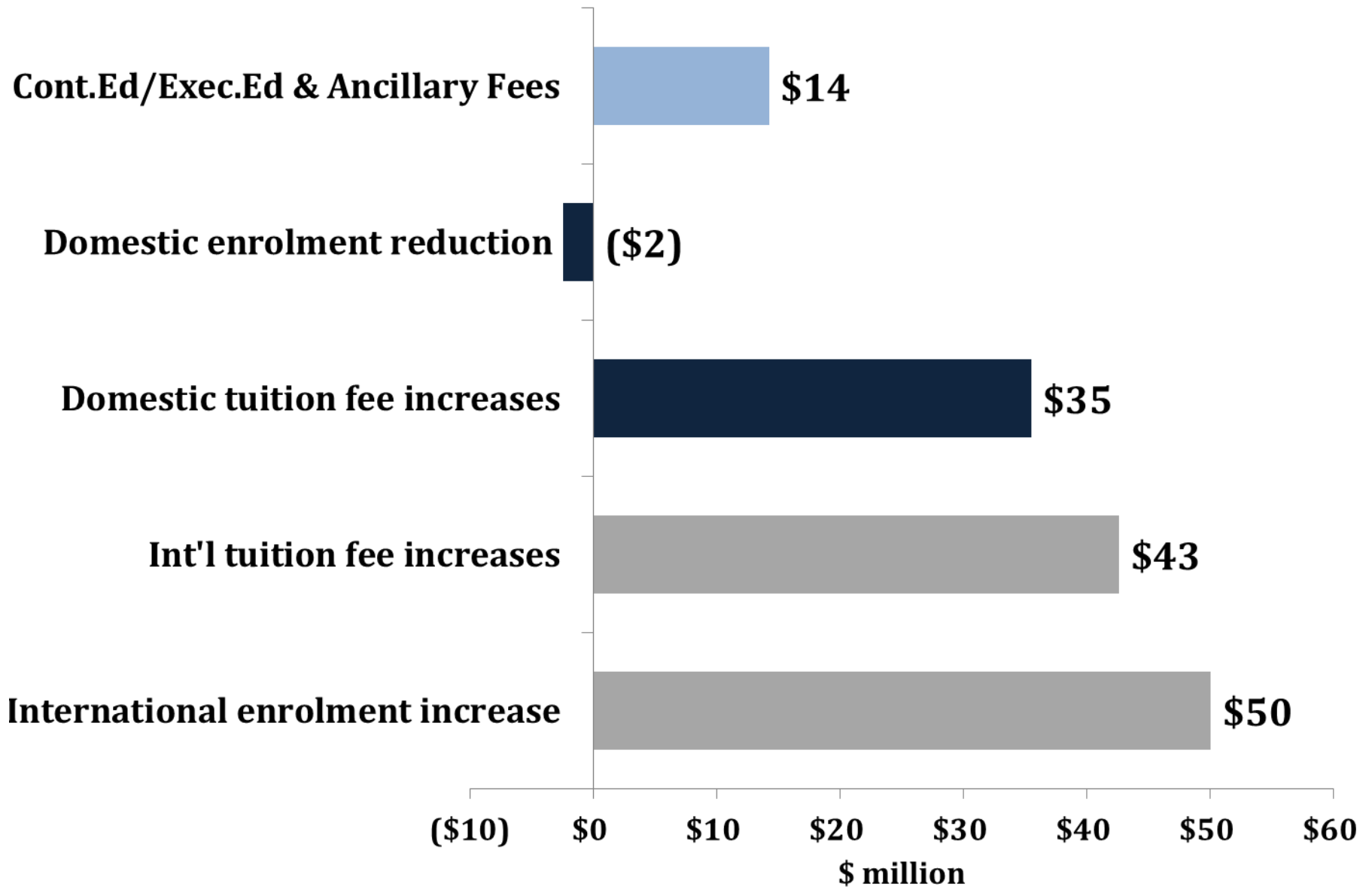


## Projected Rate of Return

**Budget 2016-17**  
**Budget 2017-18**

1.67%	2.01%	2.41%	2.80%	2.97%	
1.79%	1.78%	2.05%	2.27%	2.59%	2.91%

# Student fee revenue increase \$140M in 2017-18





# Provincial Tuition fee framework extended 2017-18 and 2018-19

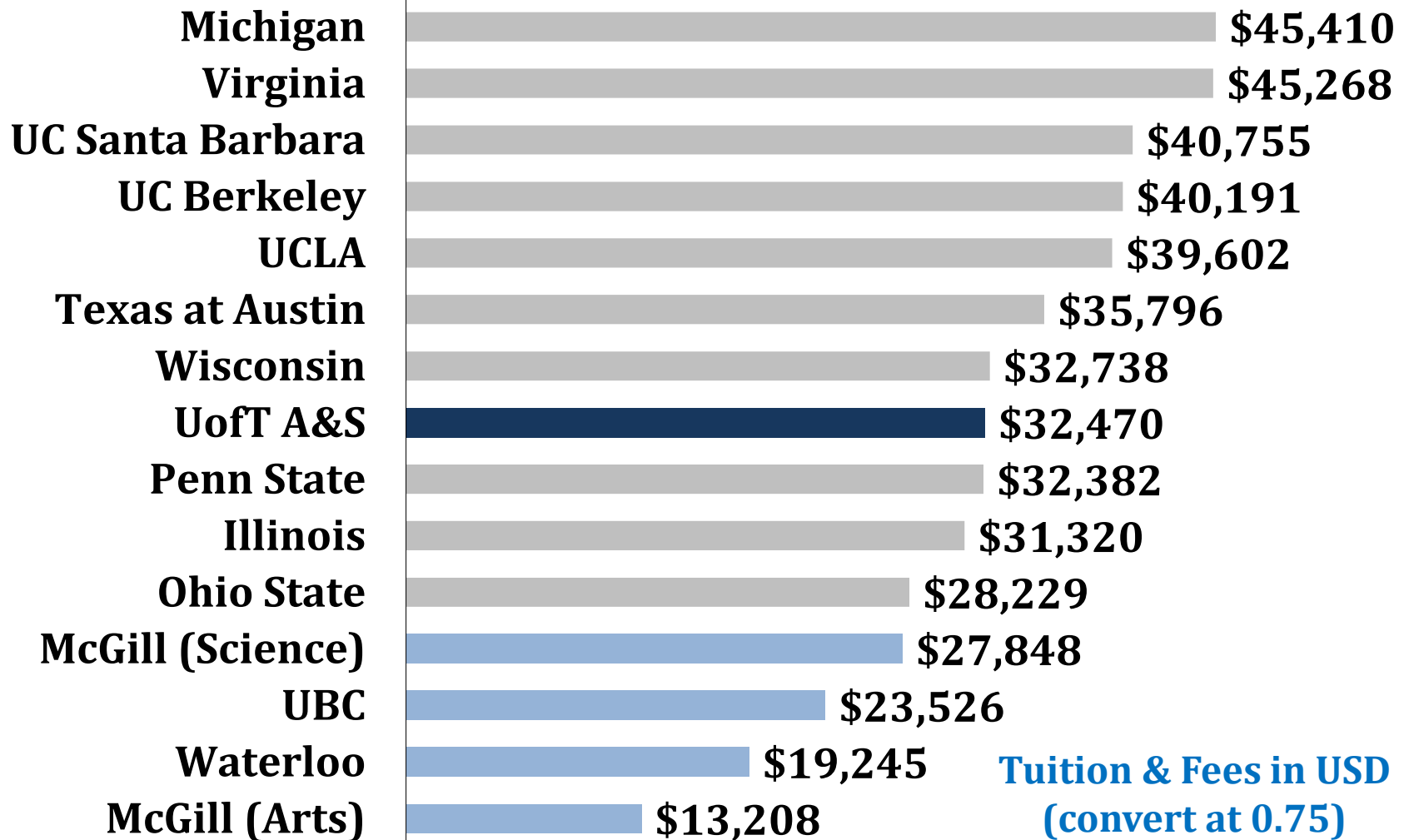
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<b>(Domestic overall cap = 3%)</b>	<b>Incoming Students</b>	<b>Continuing Students</b>
Domestic General UG	3%	3%
Domestic Prof and Graduate *	5%	5%

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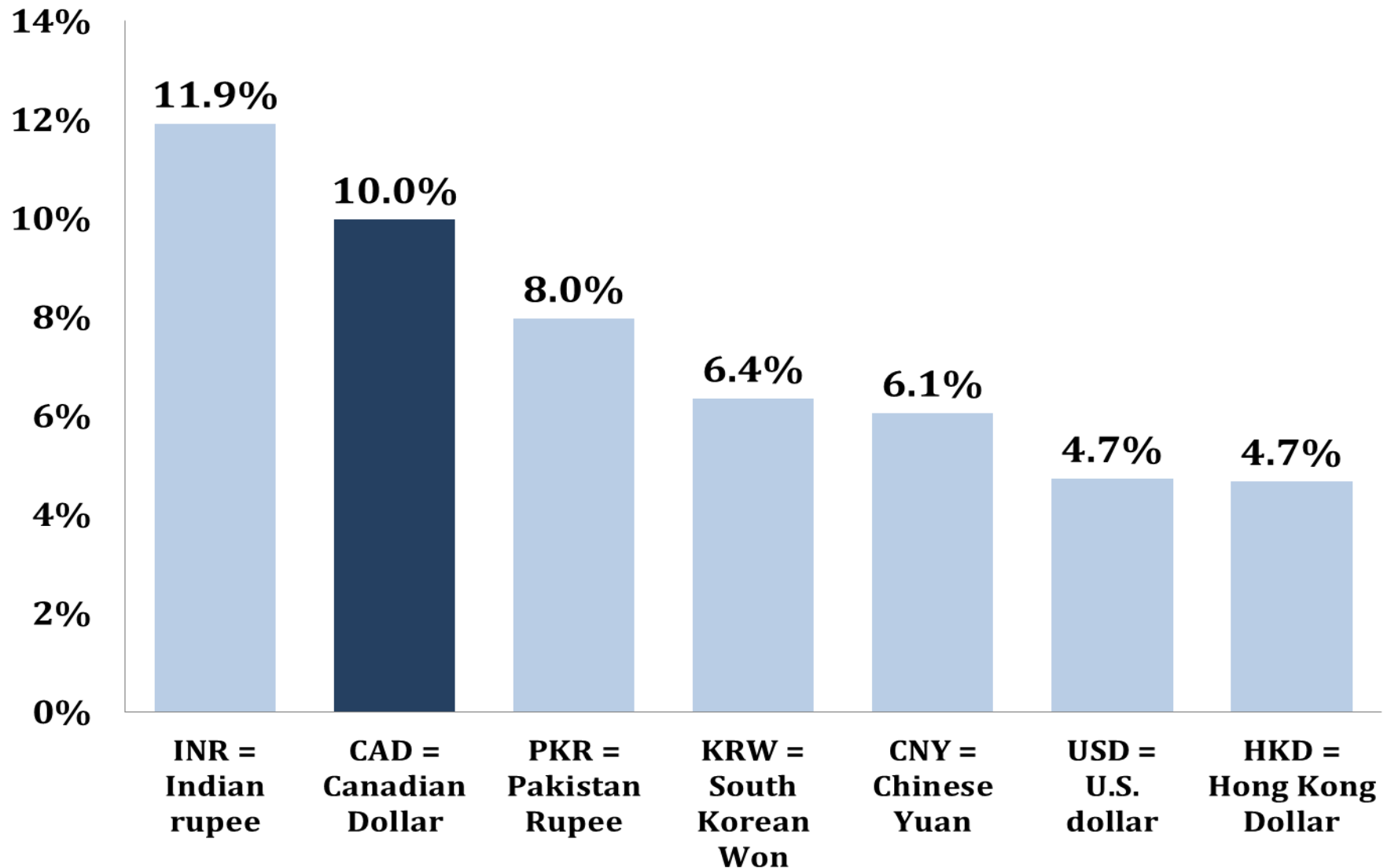
\* Domestic tuition fee for doctoral stream will **decrease** by \$70

# International and Out-of-state Arts & Science Tuition at Peer Institutions (2016-17)



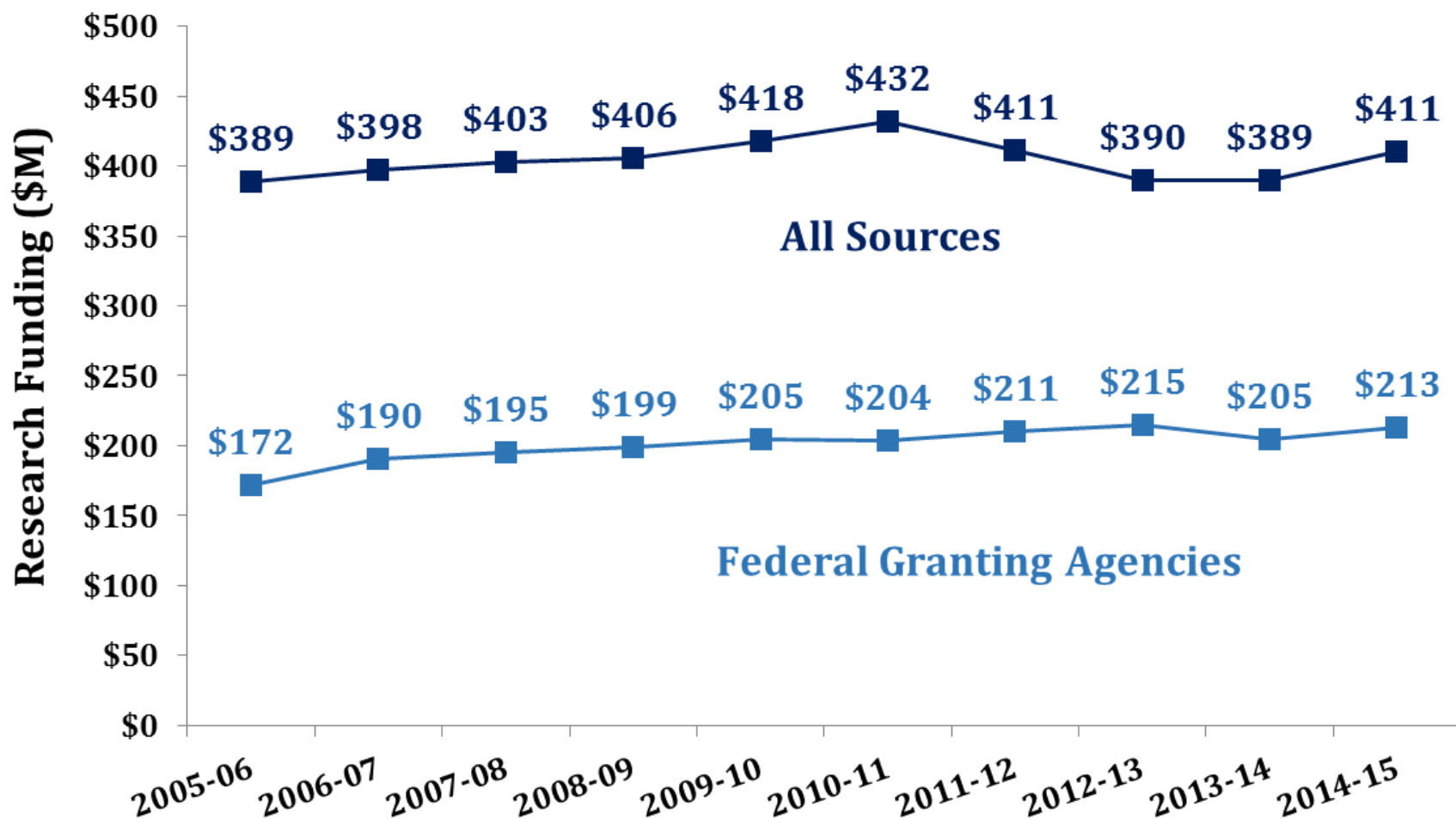
# Impact of foreign exchange on international fees

(Average Annual Exchange-Adjusted Fee Increases, 2011-2017)



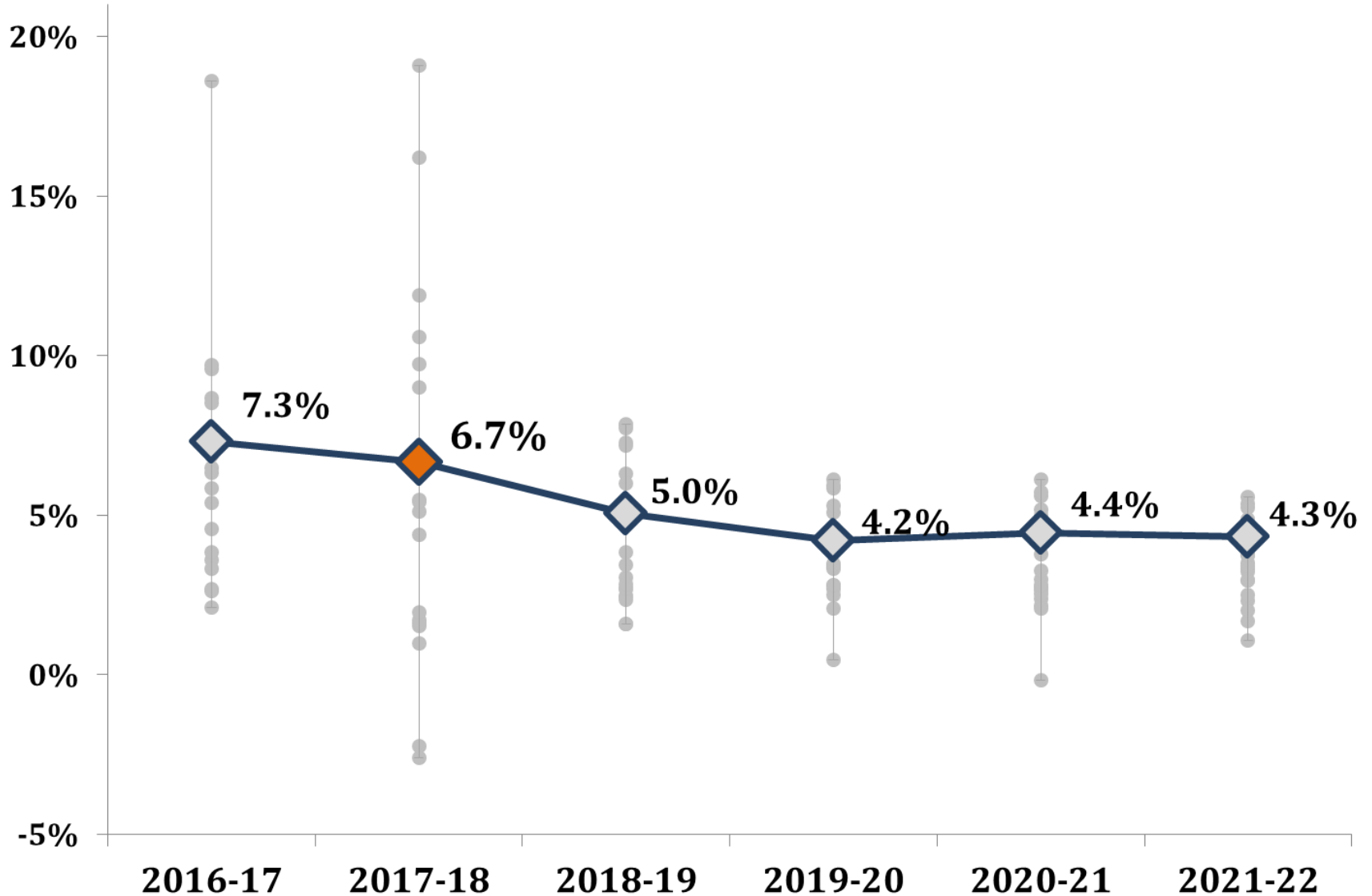
# Research Funding (Excluding Hospitals)

Total research including hospitals = \$1.1B

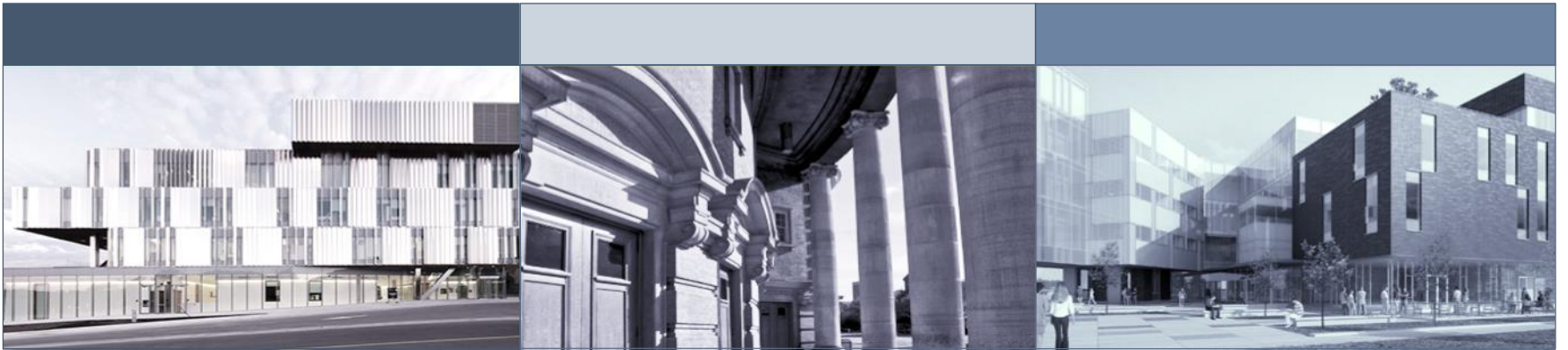


# Projected Revenue Growth Rates

(with division-level distribution)

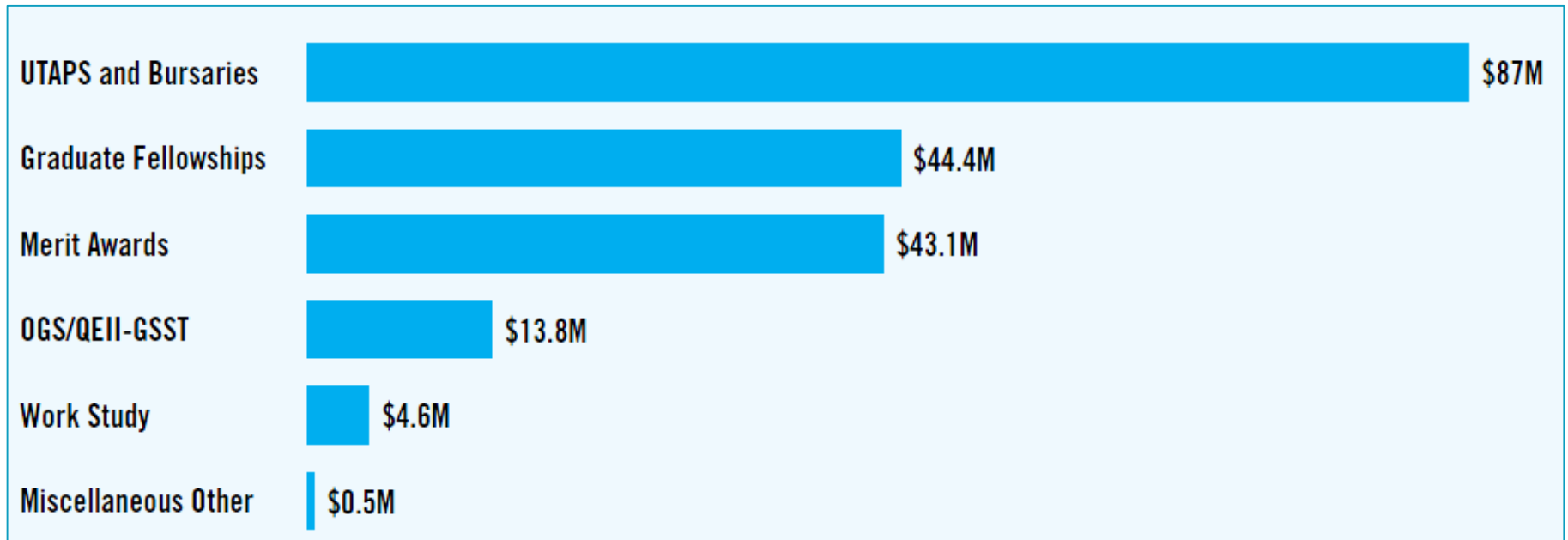


# Student Aid



# STUDENT AID EXPENSES

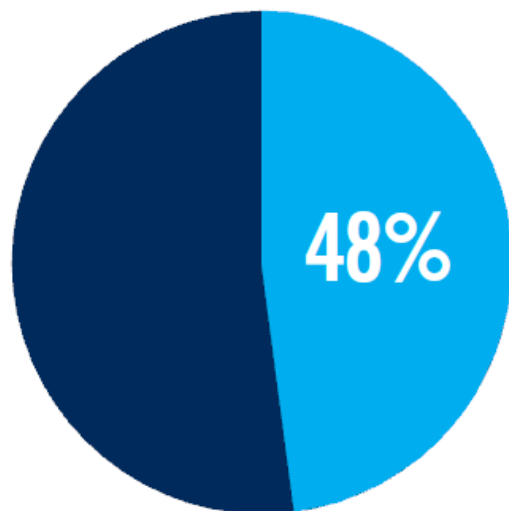
\$193 million in 2015-16





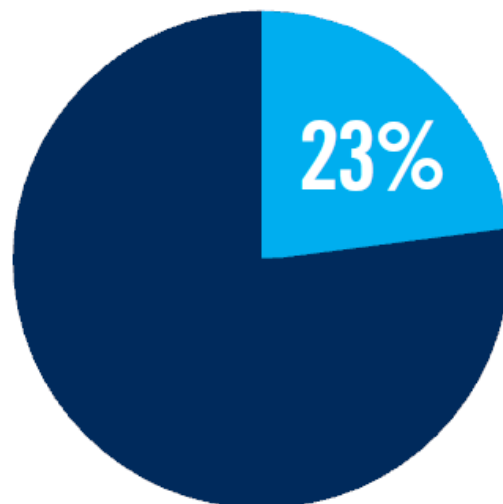
# OSAP PARTICIPATION RATES

ALL



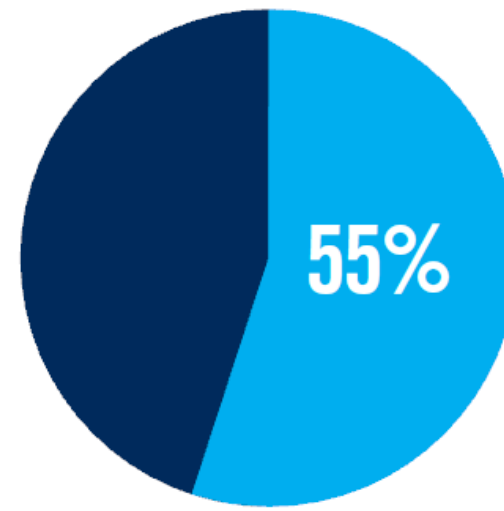
29,517 students, or 48% of students across all divisions, received OSAP in 2015-16

GRADUATE



2,927, or 23% of all graduate students, received OSAP in 2015-16

UG



26,590 students, or 55% of all undergraduates, received OSAP in 2015-16

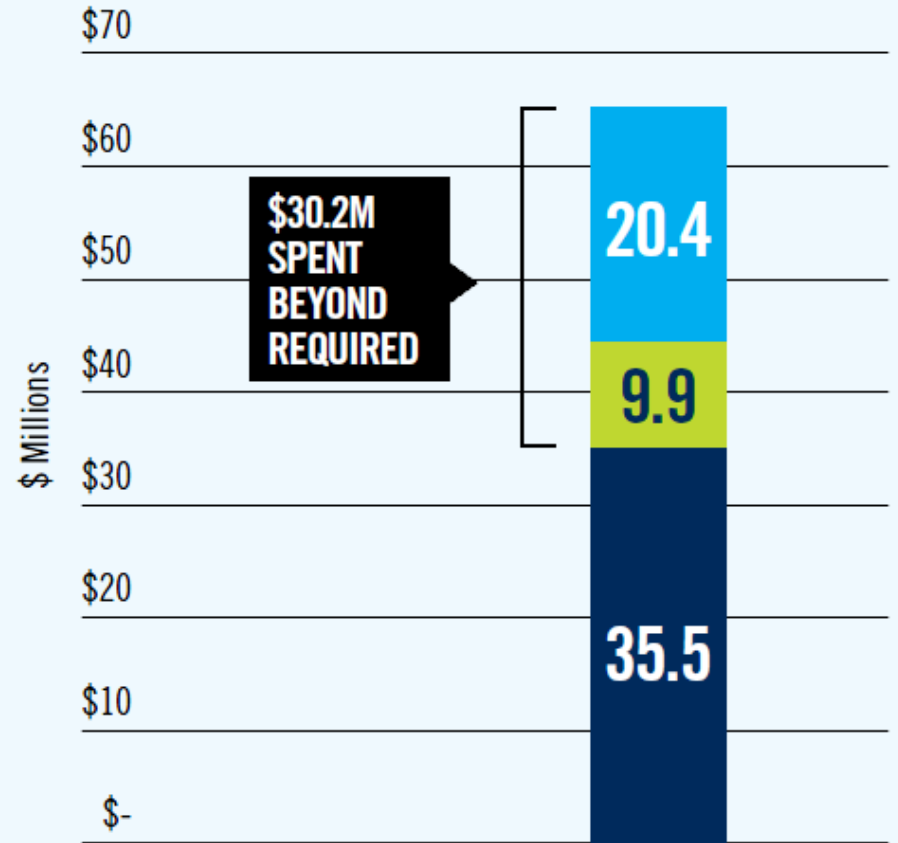
# STUDENT ACCESS GUARANTEE

## \$65.8 million in 2015-16

The chart shows the University of Toronto's 2015-16 SAG expenditures. Expenditures totalled \$65.8M. Of that amount, \$35.5M was required to be paid as per SAG requirements. The remaining \$30.3M includes discretionary expenditures for students in second-entry programs and for the difference between actual living costs and living costs recognized in the OSAP need assessment for students in direct and second-entry programs.

Source: Ministry of Advanced Education and Training

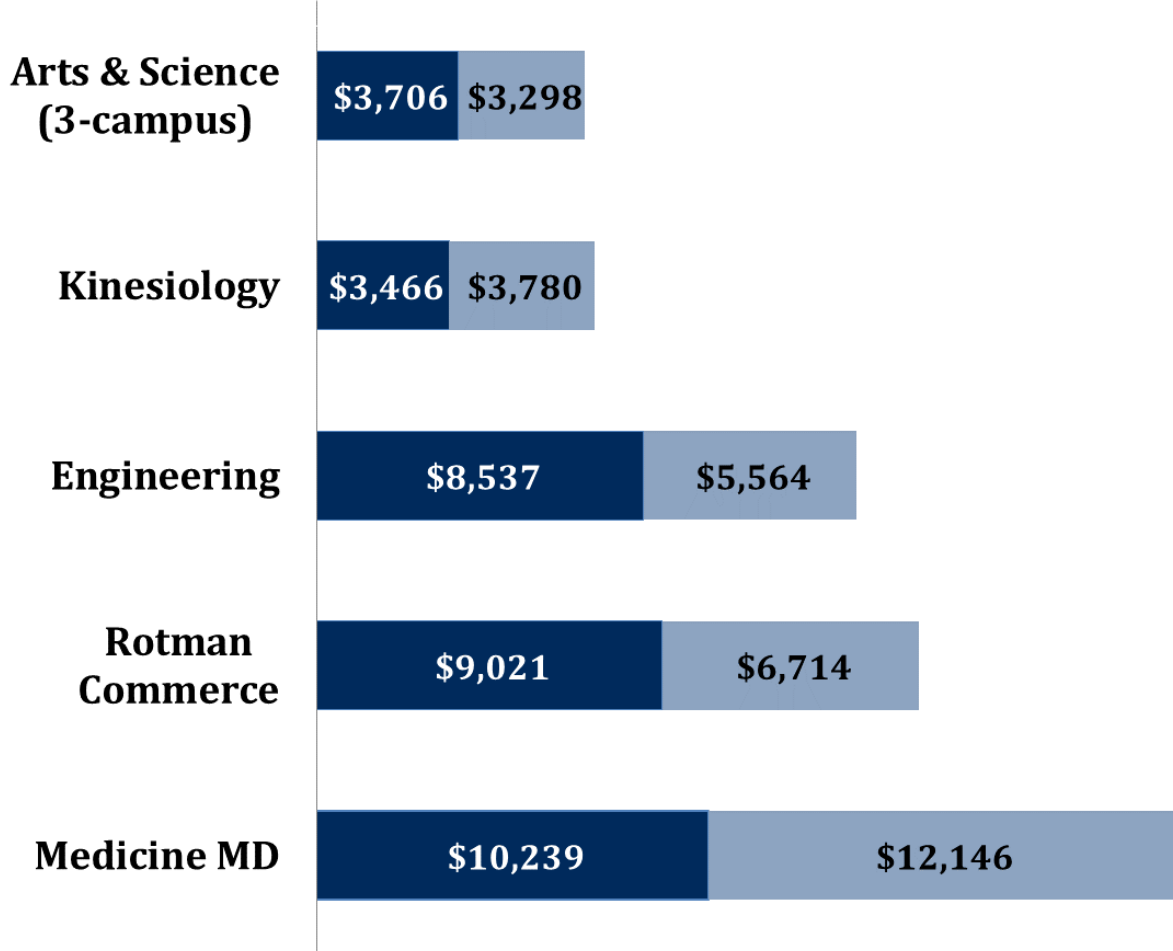
- Second entry discretionary programs
- Direct discretionary programs
- Required (direct and second entry)



# Net tuition for UG students receiving OSAP 2014-15

■ Tuition and fees funded by U of T and Province

■ Tuition and fees paid by student



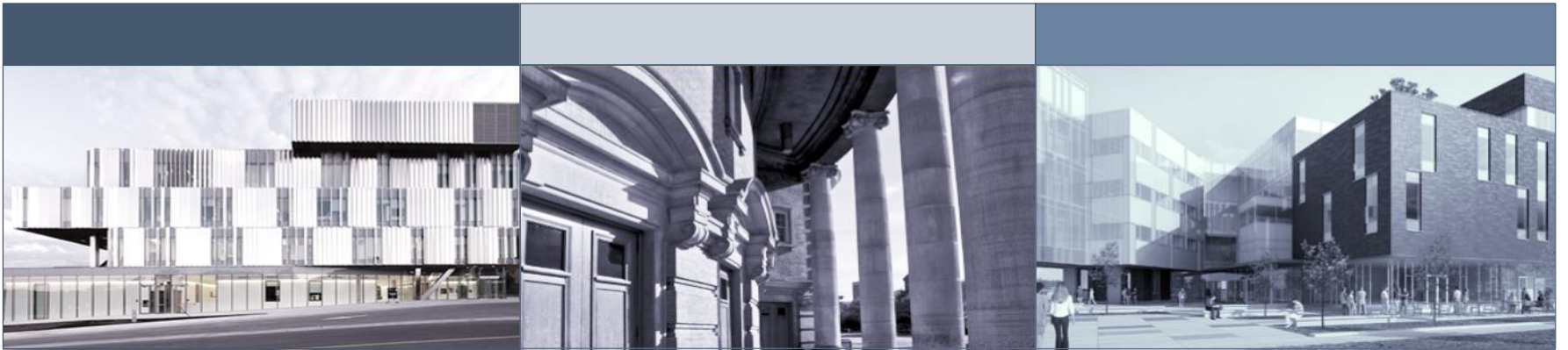


# Changes to Ontario Financial Aid

- Redesign of financial aid system (OSAP) will be good for students:
  - reduced complexity,
  - increased transparency
  - earlier decisions on available financial aid
- 2017-18 → consolidation of many provincial aid programs into one
- 2018-19 → introduction of net-tuition billing for students in “direct-entry” programs



# University Fund



# 2017-18 UF \$18m: Advancing our Priorities

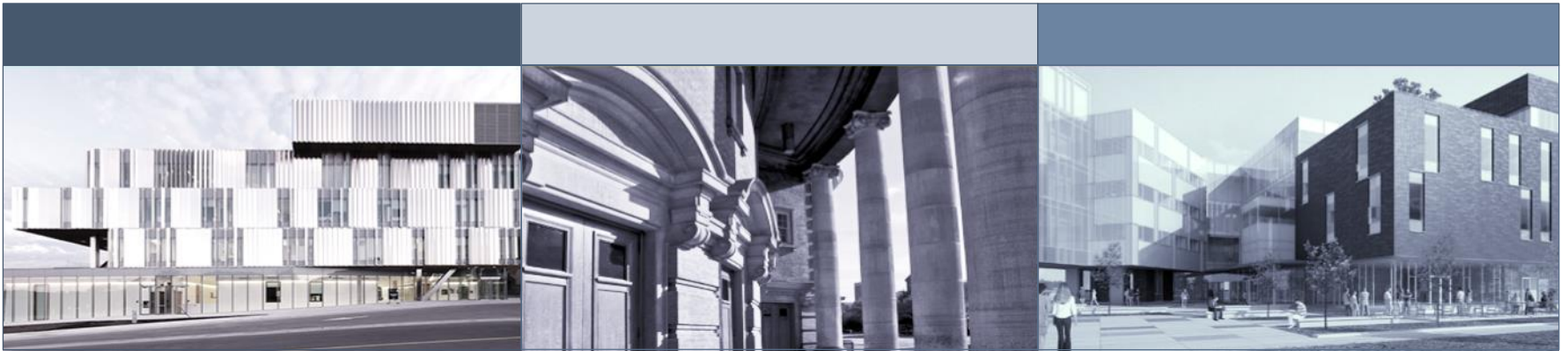
<p><b>Undergraduate &amp; International Experience</b> <b>TOTAL: \$3.8 million</b></p>	<p><b>Diversity and TRC-Related Supports</b> <b>TOTAL: \$4.95 million</b></p>
<p><b>Int'l Recruitment &amp; Student Mobility (Support Staff)</b> <b>\$1.5m base</b></p> <p><b>Wellness Counsellors</b> <b>\$1.3m base</b></p> <p><b>Undergraduate Research, WIL, Experiential Learning, Career Development</b> <b>\$1m OTO/year for 3 years</b></p>	<p><b>TRC Response-Related Faculty and Staff Hires</b> <b>\$2.5m base</b></p> <p><b>TYP Director</b> <b>\$200k base</b></p> <p><b>Indigenous Space Matching</b> <b>\$1.5m OTO</b></p> <p><b>Expansion of Academic Diversity Hires Program</b> <b>\$750k OTO/year for 3 years</b></p>

# 2017-18 UF \$18m: Advancing our Priorities

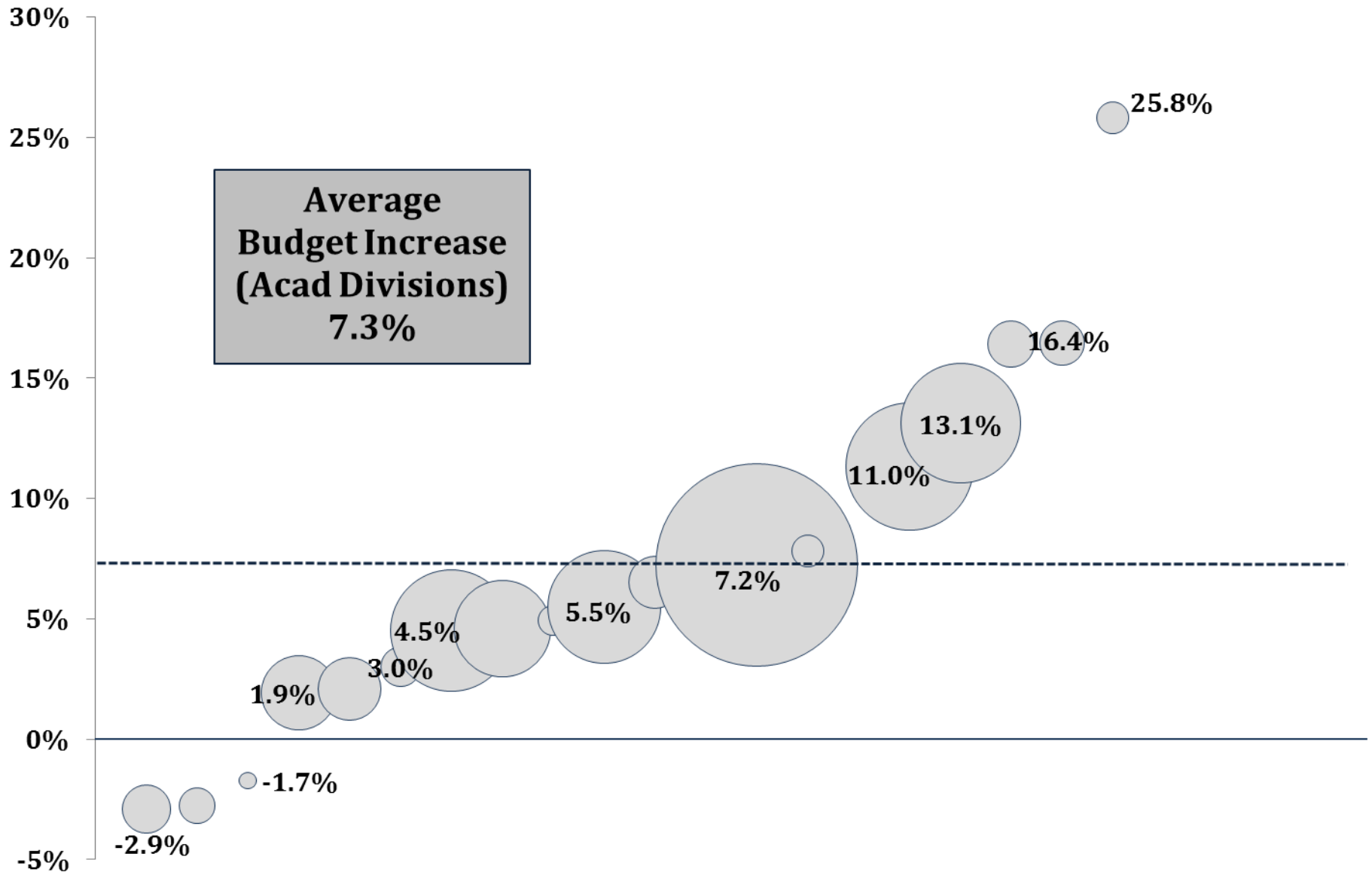
<p><b>Cities Initiatives</b> <b>TOTAL: \$2.5 million</b></p>	<p><b>Structural Budget &amp; Infrastructure</b> <b>TOTAL: \$7.1 million</b></p>
<p><b>Support for cities research initiatives</b> <b>\$1.5m base</b></p> <p><b>St. George performance space renewal</b> <b>\$1m OTO</b></p>	<p><b>Structural budget reserve</b> <b>\$3.5m base</b></p> <p><b>ARCnet</b> <b>\$1.6m base</b></p> <p><b>Capital matching</b> <b>\$2.0m OTO</b></p>



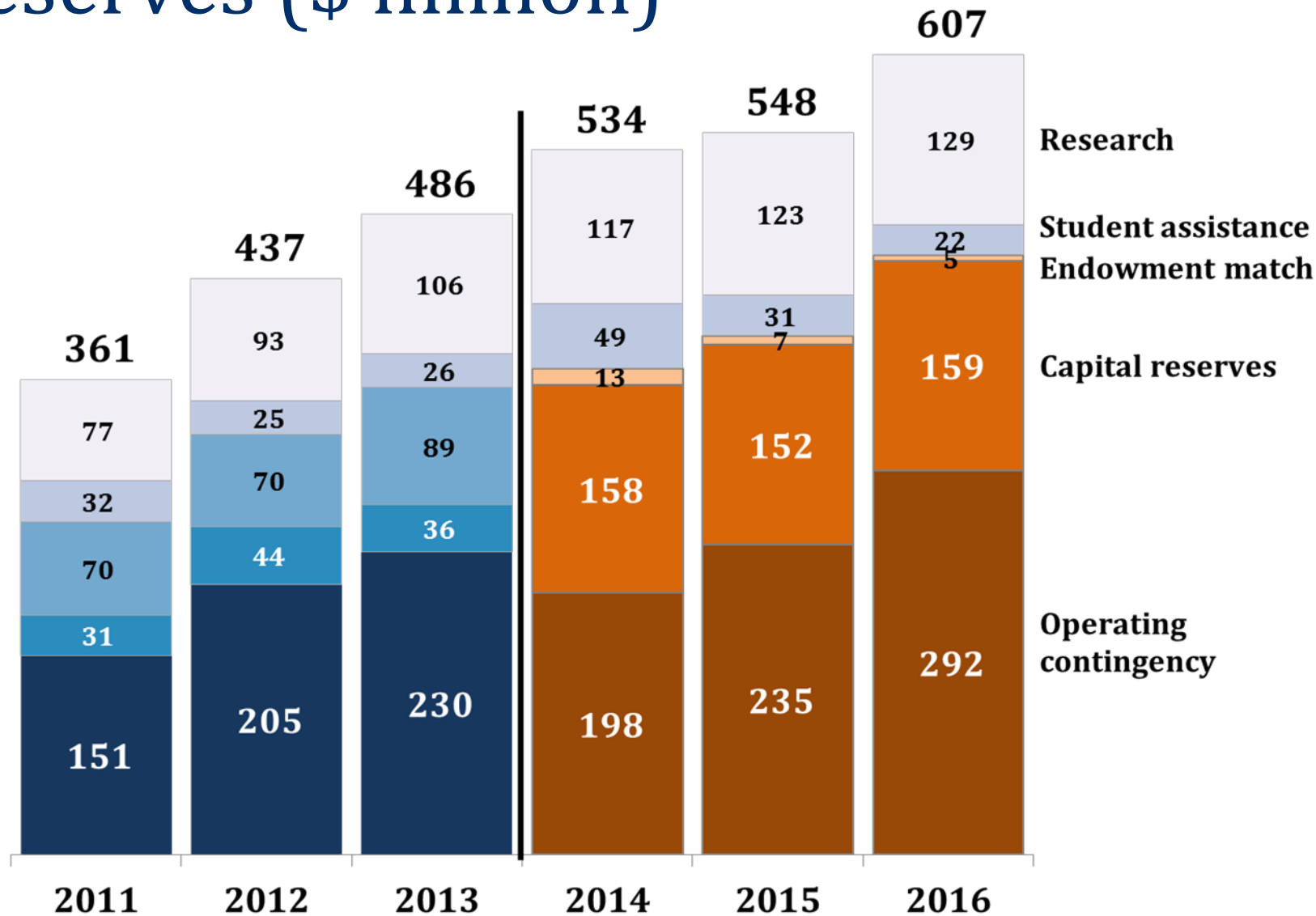
# Budget Summary - Opportunities and Risks



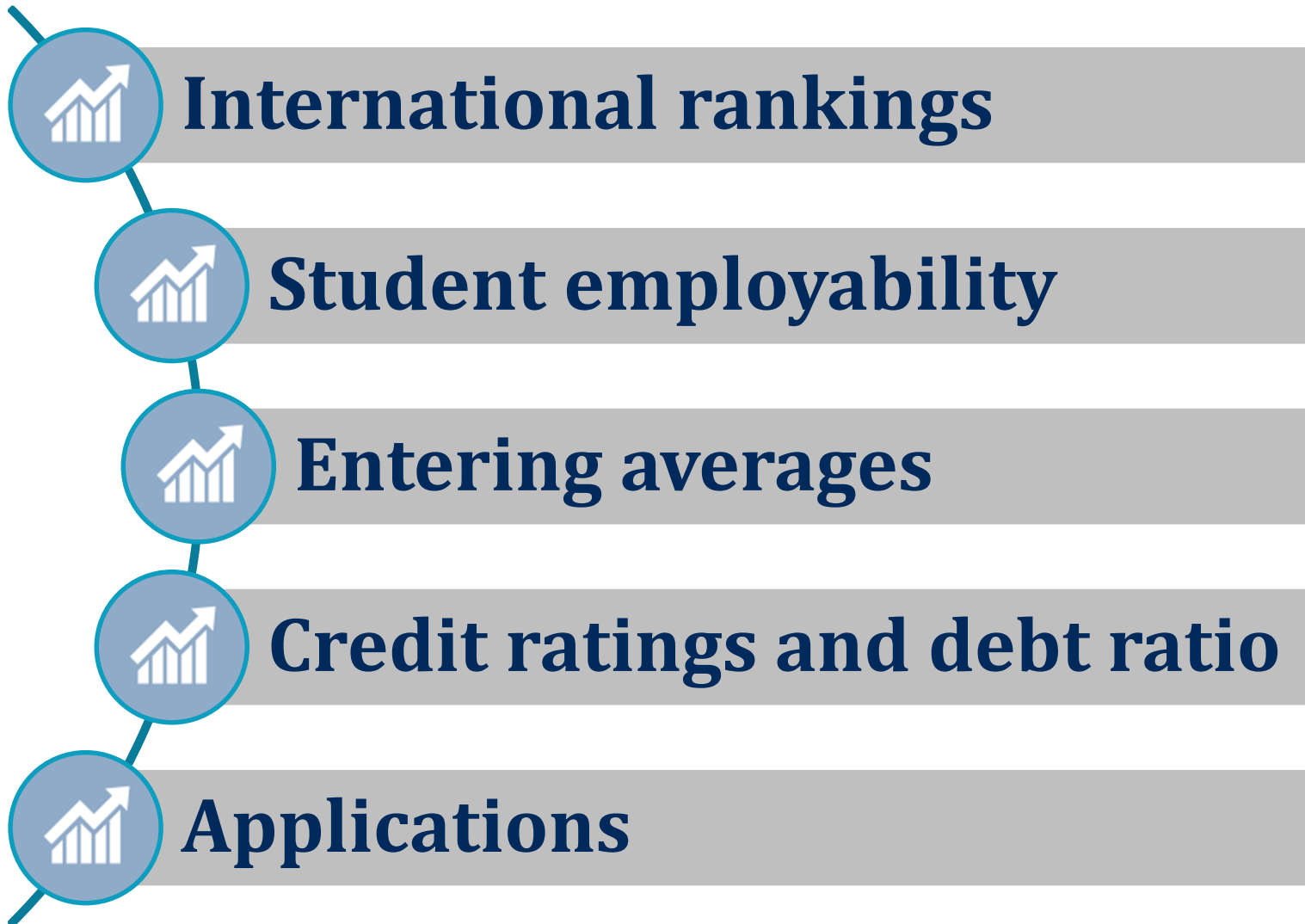
# Variation in Growth of Divisional Expense Budgets (i.e. Revenue less University-wide Costs and Student Aid)



# Reserves (\$ million)



# Key metrics are strong



## Risks

**Structural deficit**

**Pension solvency**

**Funding for grad growth**

**Cdn. \$**

## Opportunities

**Leverage our location**

**SMA2-Differentiation**

**Operating reserves**

**Cdn. \$**