



TO: Planning and Budget Committee

SPONSOR: Shirley Neuman, Vice-President and Provost

CONTACT INFO: 416 978-2122, provost@utoronto.ca

DATE: February 27th for March 18th

AGENDA ITEM: #4

ITEM IDENTIFICATION:

Updated Long Range Budget Guidelines and Projections, 1998-2004 and Contractual Obligations and Policy Commitments, for inclusion in the 2003-04 Budget Report.

JURISDICTIONAL INFORMATION:

The Committee recommends approval of guidelines for the development of the University's Operating Budget for the planning period and recommends approval of the annual budget.

PREVIOUS ACTION TAKEN:

None in 2002-03.

HIGHLIGHTS:

Updated Long Range Budget Guidelines and Projections, 1998-2004 : These *Guidelines* were first approved by Governing Council in April 1998. Updates to the *Guidelines* have been brought to the Planning and Budget Committee annually and the attached document provides a further update of the budget assumptions and projections for the final year of the planning period. A new set of *Guidelines and Projections* covering the next planning period will be brought forward in the Fall.

The following are the principal adjustments to the budget assumptions and projections.

- Investment returns from EFIP has been reduced to reflect recent stock market performance and the revised investment asset mix.
- Tuition fee and Government operating grant revenue will be based on the October 15th 2002 Enrolment Target Agreement signed with the Provincial Government and reflects the announcement of full average operating grant funding for all undergraduate enrolment increases. No inflationary increase is assumed for government operating grants.
- Tuition fees will increase by 1.9% in the regulated programs and 5% in the deregulated programs with higher increases for new students in Computer Science, Engineering,

Masters of Business Administration and Law, as previously indicated in the 2002-03 tuition fee schedule, and programs in Dentistry. The 2003-04 Tuition Fee Schedule will be considered by the Business Board on March 3rd.

- The assumption on indirect costs of federally funded research reflects the announcement of \$225M in base which was in the recent Federal Budget
- A current service cost payment will be made to the regular pension plan.
- \$0.5M in base will be allocated to the Academic Priorities Fund and \$0.2M to the Administrative Priorities Funds to help the academic and administrative services deal with the enrolment expansion.
- A separate Capital Budget is proposed which will encompass all construction for academic and administrative divisions. The portion of the debt service cost to be funded by the Central Administration is included in the operating budget.
- \$1.25M will be allocated to provide performance based funding in 2003-04.

Contractual Obligations and Policy Commitments (COPC): The COPC list for 2003-04 includes the following increases. Transfer payments to the Colleges have increased by \$2.9M reflecting increased enrolments in joint programs. Utilities expenses will see a modest increase of \$0.4M (or 1.3%) compared with the 17 % increase in 2002-03. The cost of operating new space borne by the Central Administration will increase by \$0.8M, principally due to the new day-care centre and taking over responsibility for the Board of Education Building. A transfer of \$11.7M to the Capital Budget associated with the capital debt services charges attributable to the Central Administration is included in the COPC, this subsumes the \$8.9M already included or projected in the COPC as debt service charges on funds allocated to the UIIF and the MARS project. Legal fees have increased by \$0.4M to \$2.8M.

RECOMMENDATION:

That the Planning and Budget Committee approves the attached Updated Long Range Budget Guidelines and Projections, 1998-2004 and Contractual Obligations and Policy Commitments expenditures for inclusion in the 2003-04 Budget Report.