



TO: Governing Council

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AGENDA ITEM: 5(b)

**ITEM IDENTIFICATION:**

Revision to 2013-14 international tuition fees reported for information.

**JURISDICTIONAL INFORMATION:**

The Business Board recommends the schedule of tuition fees to Governing Council for approval.

**PREVIOUS ACTION TAKEN:**

The Tuition Fee Schedule for Publicly-Funded Programs for 2012-13 included international tuition fees for 2013-14 for information to Business Board on March 5, 2012.

**HIGHLIGHTS:**

The Ontario Budget announced an ***International Student Recovery***. If the Legislature passes the Budget, the recovery will be phased in starting with the 2013-14 entering cohort. The estimated reduction in operating grant funding/municipal tax envelope for the University of Toronto is \$2.5M in 2013-14, \$4.3M in 2014-15 and \$6.4M in 2015-16.

The above estimate is based on the following calculations:

- There will be a deduction of \$750 for each non-PhD international student. This will come from the operating grant starting with the entering cohort in 2013-14.
- There will be an additional deduction of \$75 for each non-PhD international student. This will come from the municipal taxation envelope.
- Estimates for UofT are based on 2011 full-time, ineligible, headcount. PhD students are not subject to these recoveries. We have not yet received confirmation that Postgraduate Medical Education students are also excluded from these recoveries.

The reduction is explained in the Ontario Budget as targeting the “indirect support through operating grants” that the government provides to non-PhD international students, and the elimination of subsidies for non-PhD international students provided to institutions to pay for municipal taxation in lieu of property taxes. The Government has also provided the following statement regarding these recoveries:

“Given Ontario’s challenging fiscal circumstances, reductions in funding through the basic operating grant will be necessary. One part of this reduction will be distributed amongst institutions relative to their access to international student tuition. Tuition levels for these students are not covered by Ontario’s tuition framework and institutions are able to set and adjust tuition levels that they fee appropriate...Institutions may need to adjust their international student tuition fees as appropriate to manage the funding revenue reduction.”

The above communication from MTCU expressly allows universities to increase international tuition fees to compensate for lost revenues.

The 2012-13 tuition fees schedules recently approved by Business Board (and submitted for approval by Governing Council on April 11, 2012) include, for information only, proposed international tuition fees for 2013-14 in order to provide international applicants with information well ahead of the application cycle.

In response to the Ontario Budget, the tuition fee schedules (Appendix C, Tables C1 and C2 only) have been revised to include, conditional on these items remaining in the approved Budget, an additional \$825 (\$750 + \$75) in 2013-14 for each entering international non-PhD/non-doctoral stream masters fee and \$75 for international non-PhD/non-doctoral stream students entering Year 2 in 2013-14. The purpose of this is to signal to potential applicants the maximum possible fee for 2013-14. Over the next year Deans will have time to review the impact of the grant reduction on budgets and assess whether or not to increase international fees by this additional \$825. Final tuition decisions will be made in January 2013, taking into account the strength of each unique international applicant pool, international tuition fees relative to peer institutions, and divisional increases already planned. International tuition fees for 2013-14 will be presented to governance for approval next year, as per the standard process.

#### **FINANCIAL AND/OR PLANNING IMPLICATIONS:**

The proposed increase in international tuition fees for 2013-14 is estimated to generate an additional \$2.2M in tuition revenue. This will significantly offset the reduction in the base operating grant and the grant in lieu of municipal taxes, together estimated to be a loss of \$2.5M.