

Budget 2013

(Tuition Fees and Student Aid)

Governing Council
April 9, 2013



Broad Fiscal Context

- Provincial deficit ~\$12 billion
- Provincial wage restraint
- Expansion at undergraduate (35,000) and graduate (6000) levels – no allocation details yet
- New tuition framework announced March 28
- Low interest rates
- Significant need for capital funding to keep pace with enrolment growth and aging infrastructure

University Budget Overview 2013-14

- Balanced budget at the institutional level (\$1.9B); Institution-wide accumulated deficit has been fully repaid
- Revenue impact of new tuition framework will be managed “in-year” for 2013-14 (\$6.4M); outer year plans to be re-assessed over next few months, division by division
- Compensation settlements in place for 2013-14 for most bargaining groups
- Enrolment expansion continues: UG and graduate
- Burden of pension challenge remains painful: same funding plan remains in place

Doctoral Expansion 2004 through 2017

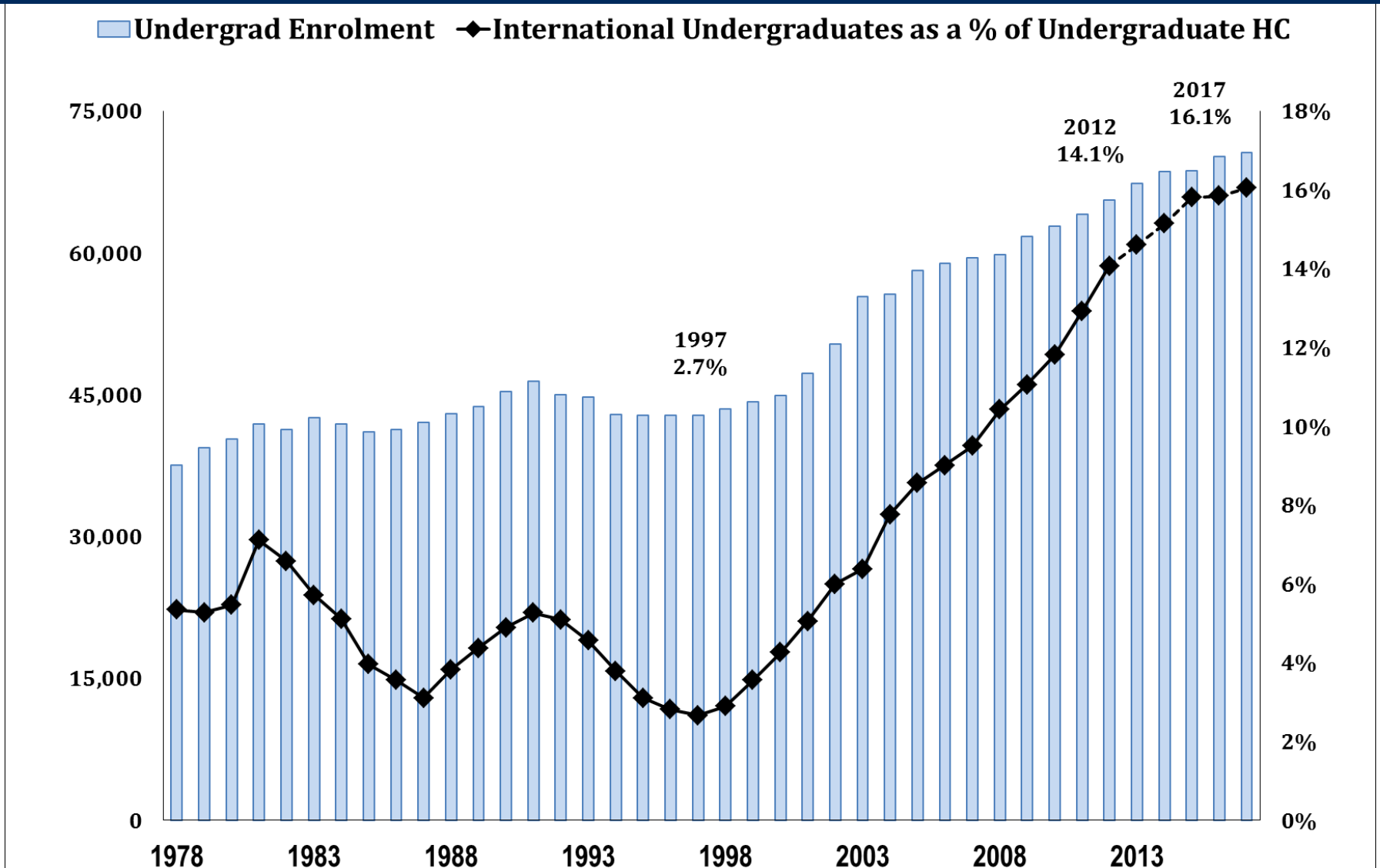


Undergraduate Enrolment Growth Plans

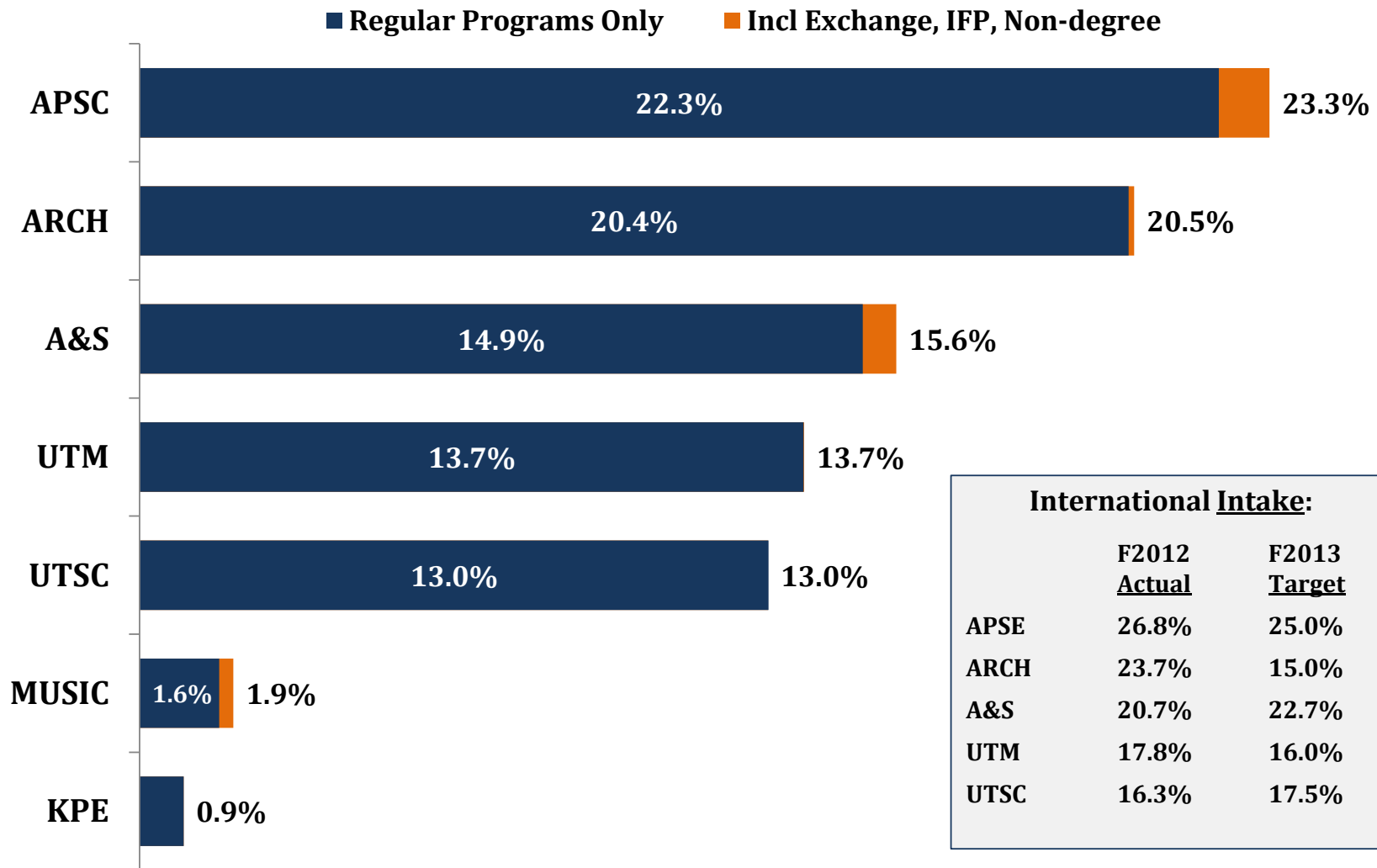
FTE	2012A	2013P	2017P
UTM Undergrad	10,059	10,425	12,435
UTSC Undergrad	9,196	9,725	10,894
St G Undergrad*	36,902	37,058	36,919
Total UG	56,157	57,208	60,248

*** 2013-14: Decrease of 270 in A&S, increase of 113 in Engineering, increases in KPE, Architecture, misc. other minor changes**

International Enrolment Growth



International Enrolment as % of Total Undergraduate FTE Fall 2012



International <u>Intake</u> :		
	F2012 <u>Actual</u>	F2013 <u>Target</u>
APSE	26.8%	25.0%
ARCH	23.7%	15.0%
A&S	20.7%	22.7%
UTM	17.8%	16.0%
UTSC	16.3%	17.5%

Key Budget Assumptions:

Operating Grants

- **Value of BIU** will be reduced in base by 1.3% (\$9M) in 2013-14, growing to 2.1% (\$14M) in 2014-15 due to “policy levers” and other grant reductions.
- **Further grant reductions** of 1.3% for international student recovery will be phased in and offset by tuition increases.
- **UG growth** fully funded to end of planning period (\$15M)
- **Graduate growth** funded to estimated UofT allocation from provincial envelope: \$26M (some divisional plans exceed this: tuition only assumed)

Key Budget Assumptions:

Tuition and Student Aid

- New Tuition Framework: four year framework will allow for some program variability within an annual 3% overall cap. Applies to domestic fees only.
- International tuition fees set at level to include recovery of international student tax
- Net tuition for OSAP-eligible students in 2011-12 = 48% (excludes OSAP loans)

New Tuition Framework

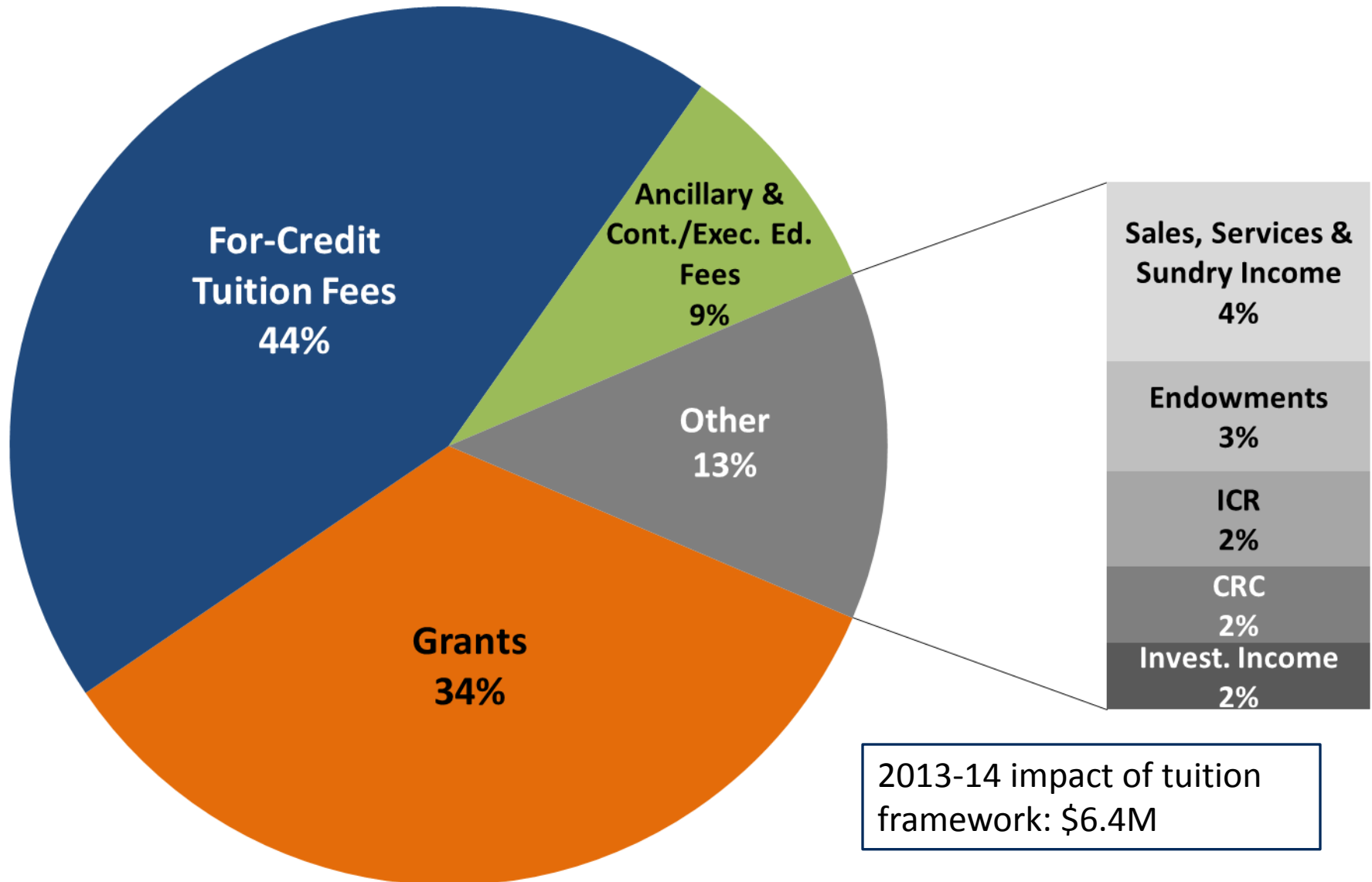
PROGRAM TYPE	FIRST YEAR	CONTINUING (STUDENTS STARTED PRIOR TO 2013-14)	CONTINUING (STUDENTS STARTING 2013-14 AND AFTER)
A&S AND OTHER	3.0%	3.0%	3.0%
OTHER UG PROFESSIONAL AND ALL GRADUATE	5.0%	4.0%	5.0%
INSTITUTIONAL AVERAGE CAP		3.0%	

Implementation at UofT

PROGRAM TYPE	FIRST YEAR	CONTINUING (STUDENTS STARTED PRIOR TO 2013-14)
UG A&S, MUSIC, KPE, EDUCATION, NURSING, ARCHITECTURE, TYP	3.0%	3.0%
UG PROFESSIONAL EXCL. MD	5.0%	4.0%
MD	3.0%	3.0%
PROFESSIONAL MASTERS	4-5%	4.0%
DOCTORAL STREAM	0%	0%

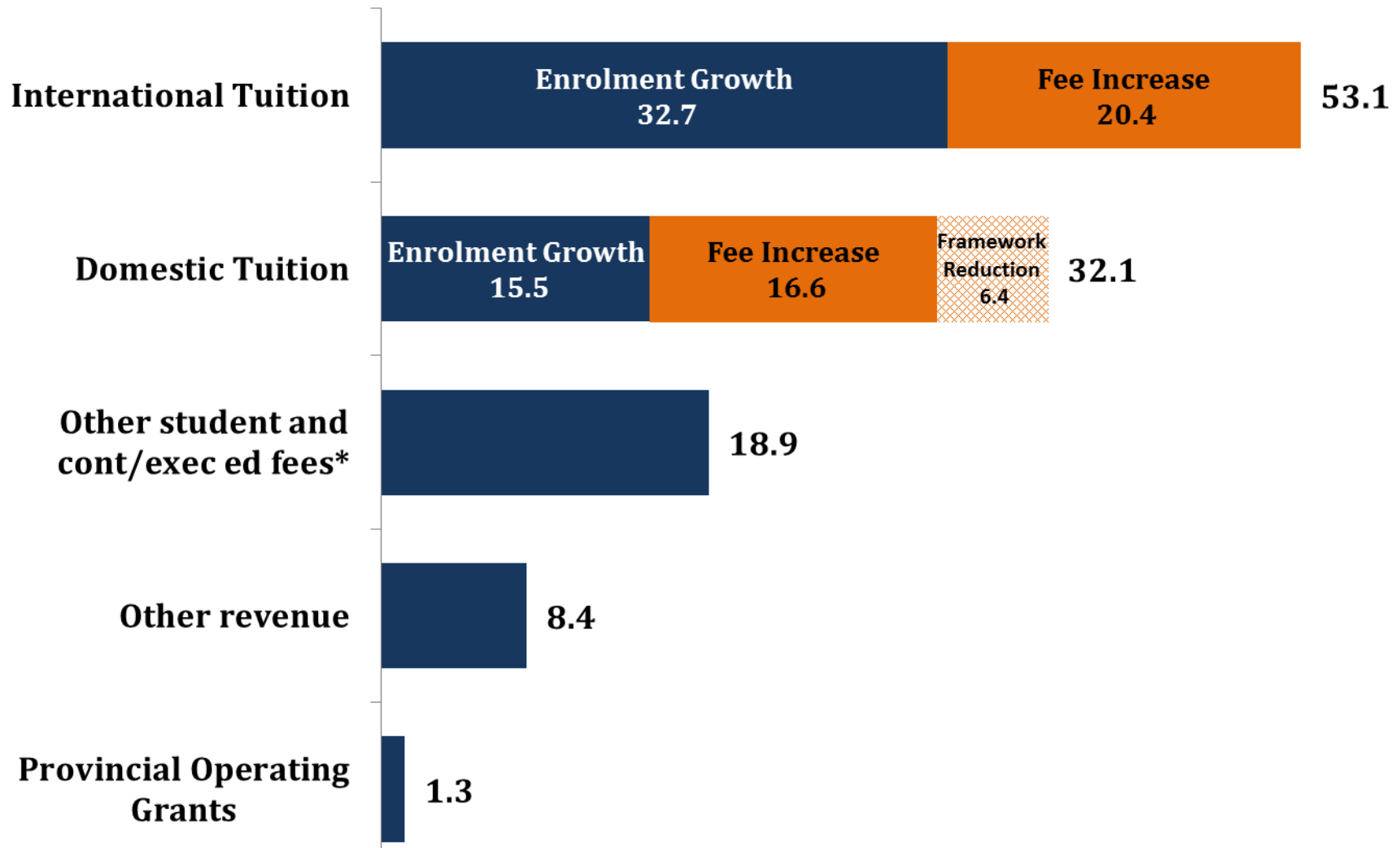
Sources of Operating Revenue

2013-14 = \$1.9B



(Revised) Incremental Revenue 2013-14

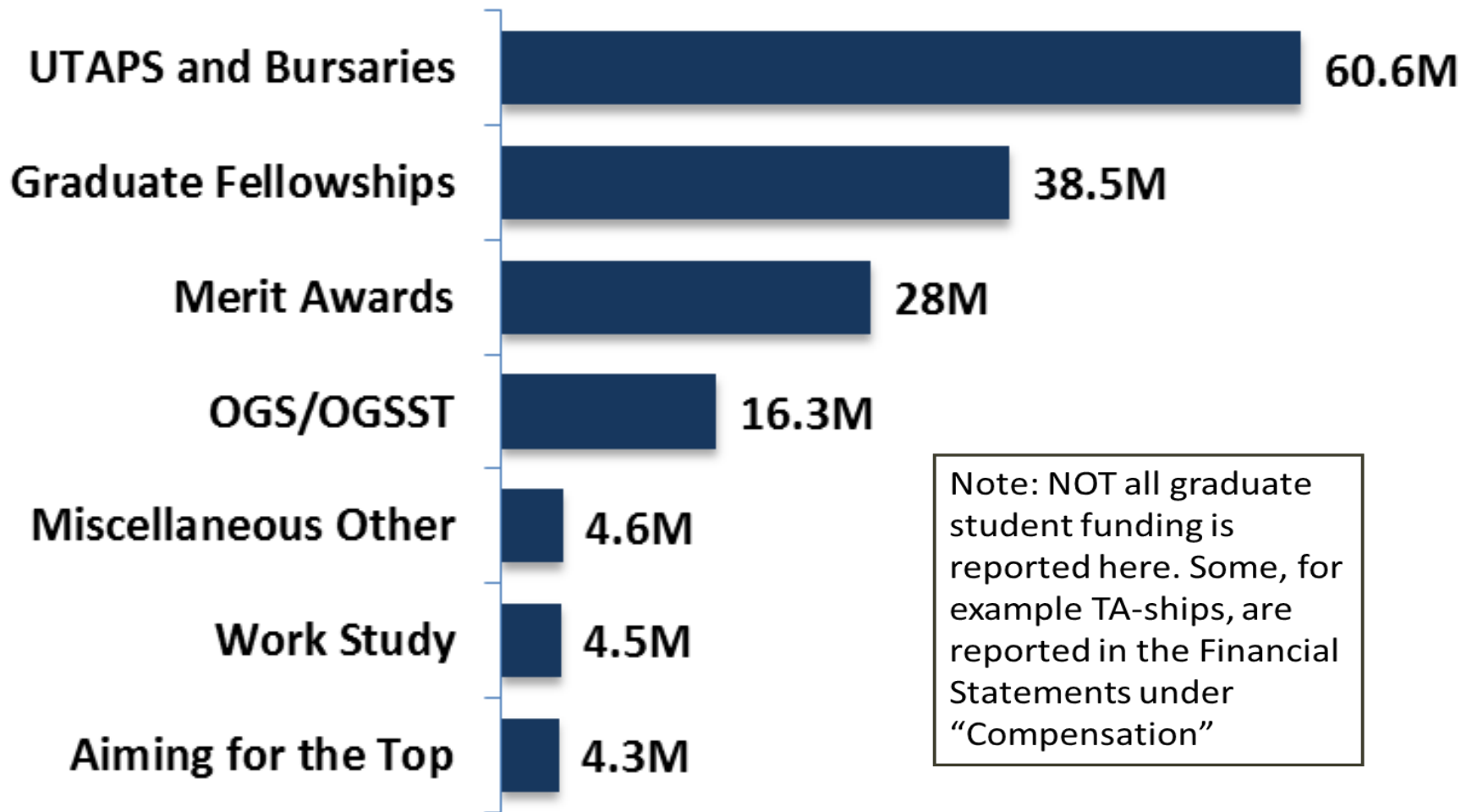
\$113.8M (6.3% increase over 2012-13)



* This increase arises primarily from an adjustment of budget to 2012-13 actual results

University of Toronto Student Assistance 2011-2012

Total = \$156.8M



What is Net Tuition?

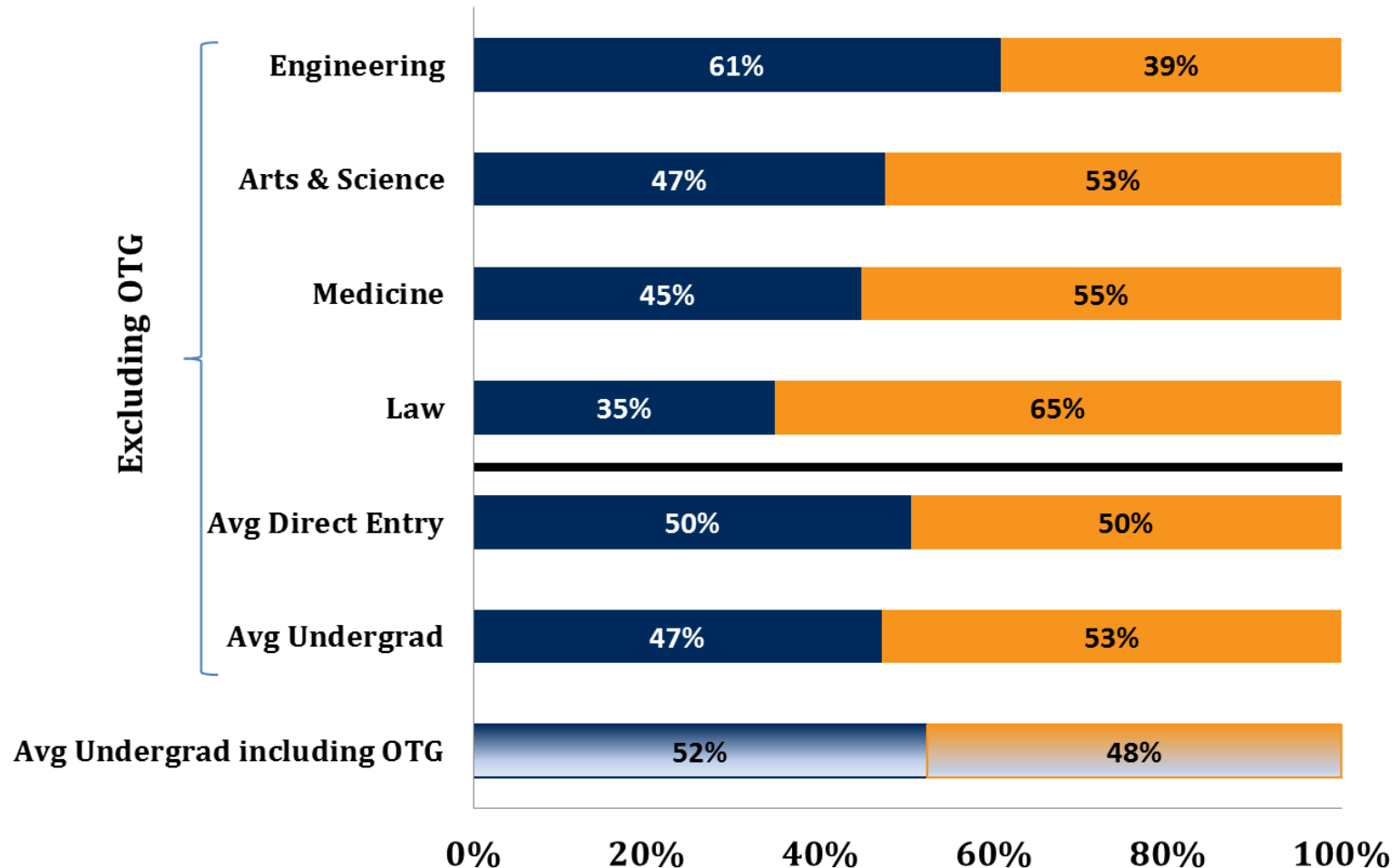
Net tuition is the amount a domestic student pays after taking into account the funds they receive from OSAP bursaries, UofT bursaries and the Ontario Tuition Grant

Example	2011-12
Gross Tuition	\$6,000
OSAP Bursary	(\$1,000)
UofT Bursary (UTAPS)	(\$1,500)
Ontario Tuition Grant	(\$800)
Net Tuition (45%)	\$2,700

What do students pay?

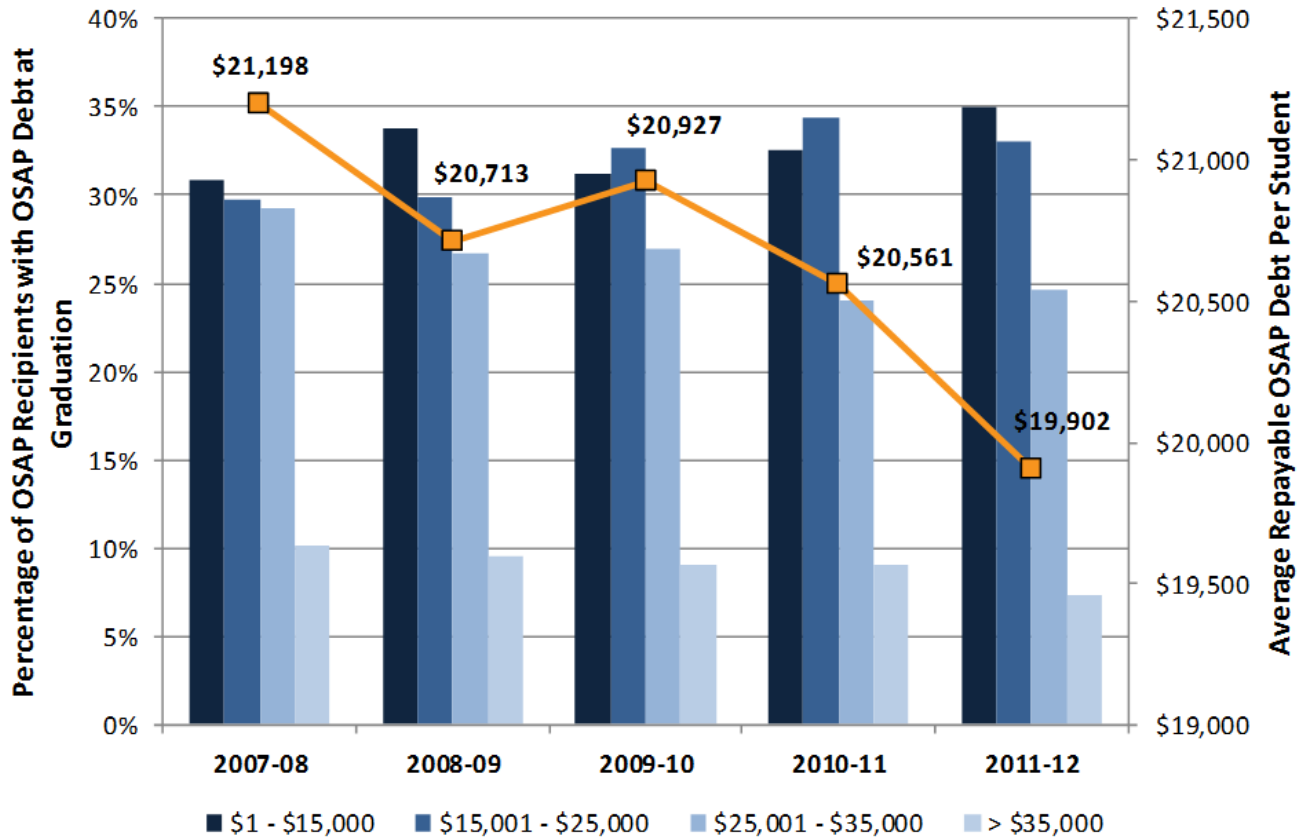
The OSAP Population by Program Area 2011-12

■ Tuition funded by UofT/OSAP grant ■ Tuition paid by student



The new \$800/term Ontario Tuition Grant (OTG) program was introduced for the Winter, 2012 term. However, award data is only available at the aggregate level.

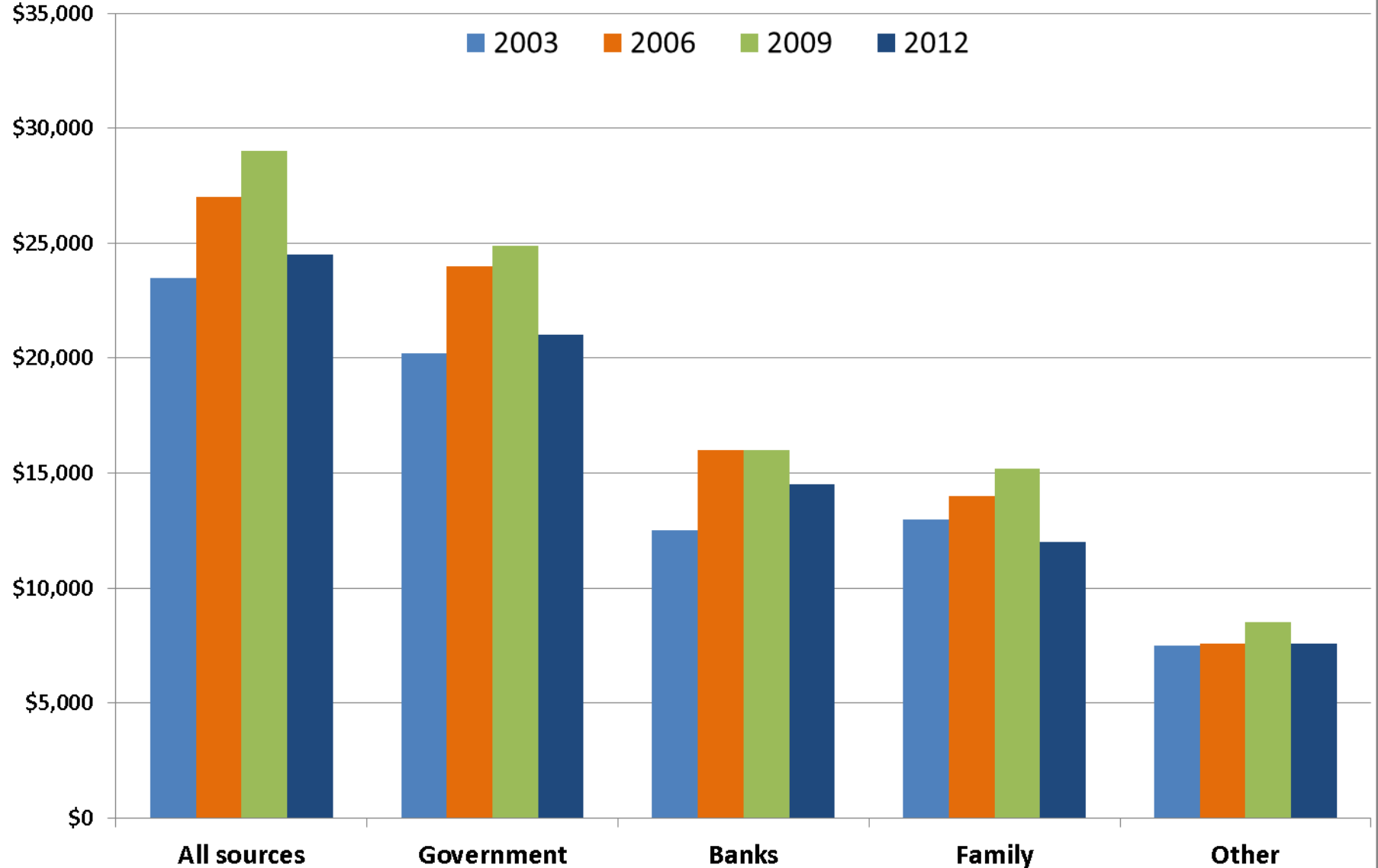
Figure 5: University of Toronto Student Debt Statistics



Source: University of Toronto Annual Report on Student Financial Support 2011-12

Mean Amount of Borrowing (Among those borrowing), By Source, 2003-2012, in Real 2012 Dollars

2003 2006 2009 2012



Source: Canadian University Survey Consortium

Academic Divisions

- Expenditure plans include:
 - Tenure and teaching stream hiring
 - Support for graduate students
 - Capital projects
 - Research and international opportunities
 - Advancement and matching programs
- Most divisions planning balanced budgets
- A few smaller divisions working to resolve structural deficits

University Fund Allocations

Total = \$9.1M

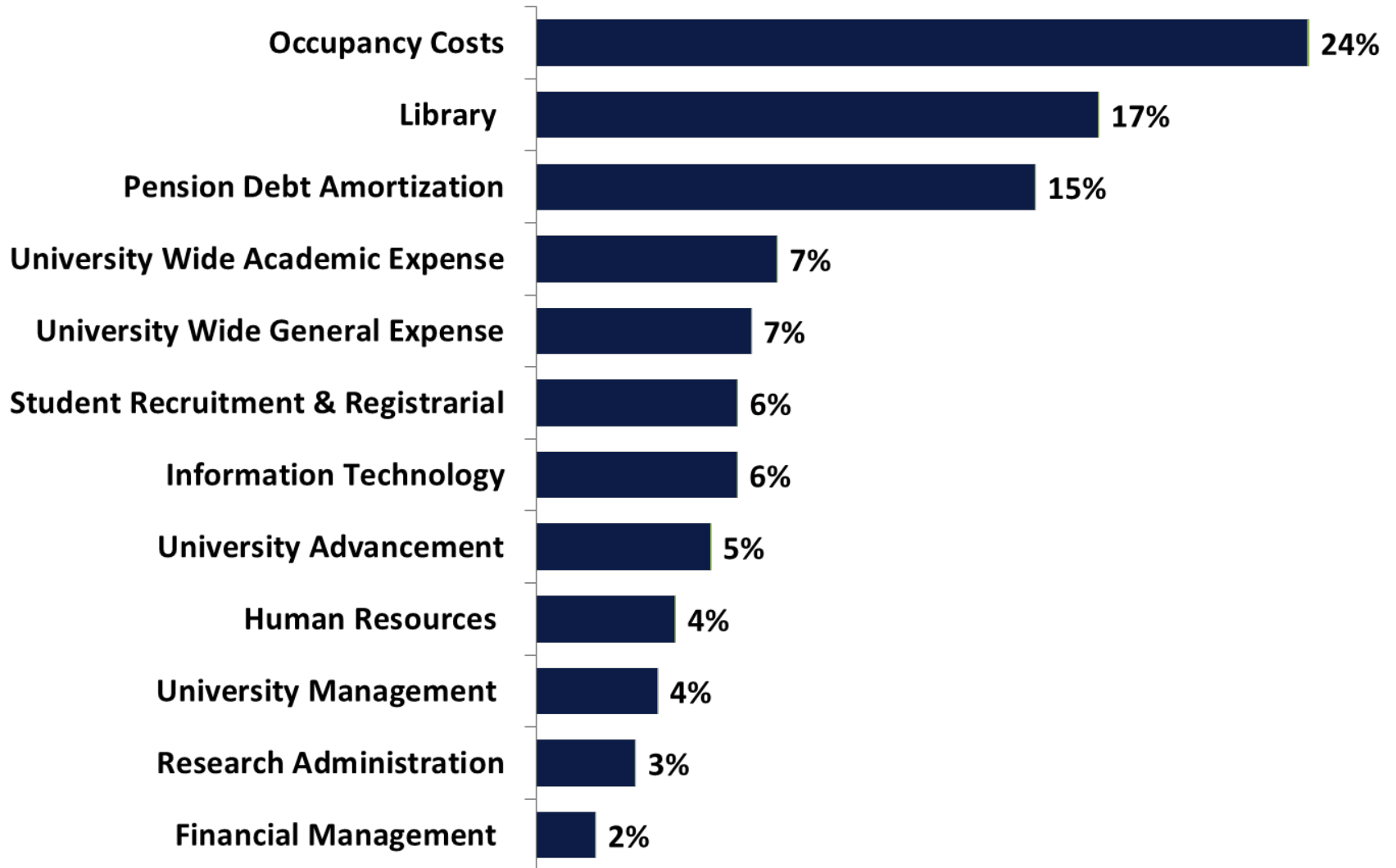
- Cities Teaching & Research
(21 positions) \$3.2M
- Structural change \$2.3M
- Graduate expansion \$0.2M
- Writing Centres \$0.3M
- Interdivisional Teaching \$2.0M
- Transitional Support \$1.0M
- Support for net contributors \$1.0M
- Return from divs. under target (\$0.9M)

Key Institutional Spending Priorities for 2013-14

- Library: services, electronic and monograph acquisitions, storage bays at Downsview
- Deferred maintenance
- Boundless Campaign
- New student information system
- Expansion of wireless network
- Staffing: crisis management , financial aid administration, student life advisors

University Wide Costs by Bin, 2013-14

Total \$452.5M (excluding Federated Block Grant)

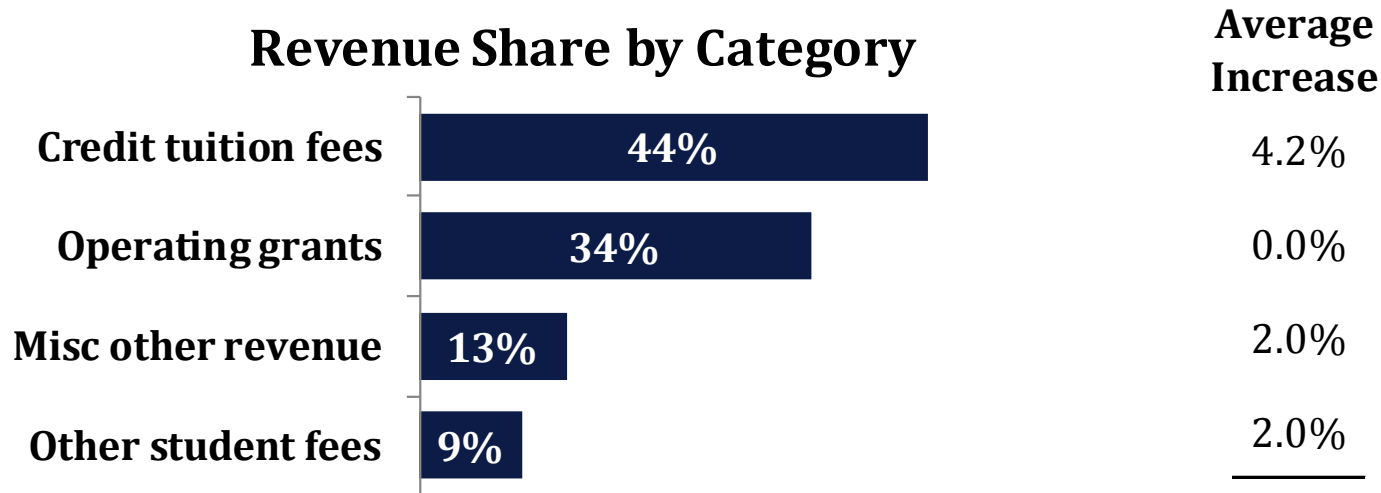


Pension Special Payments and other related costs

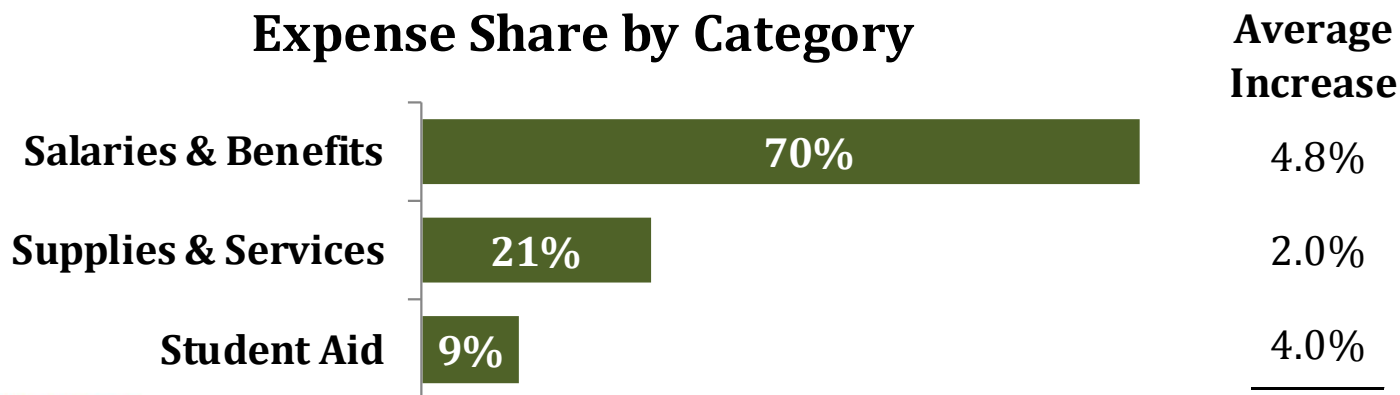
	Annual \$M	Cumulative \$M
Up to 2010-11	27	27
2011-12	30	57
2012-13	20	77
2013-14	10	87
2014-15	5	92
2015-16	5	97

Annual total expense of ~\$97M to 2030 – possibility of additional payments after 2015

Structural Budget Challenge = 1.9%

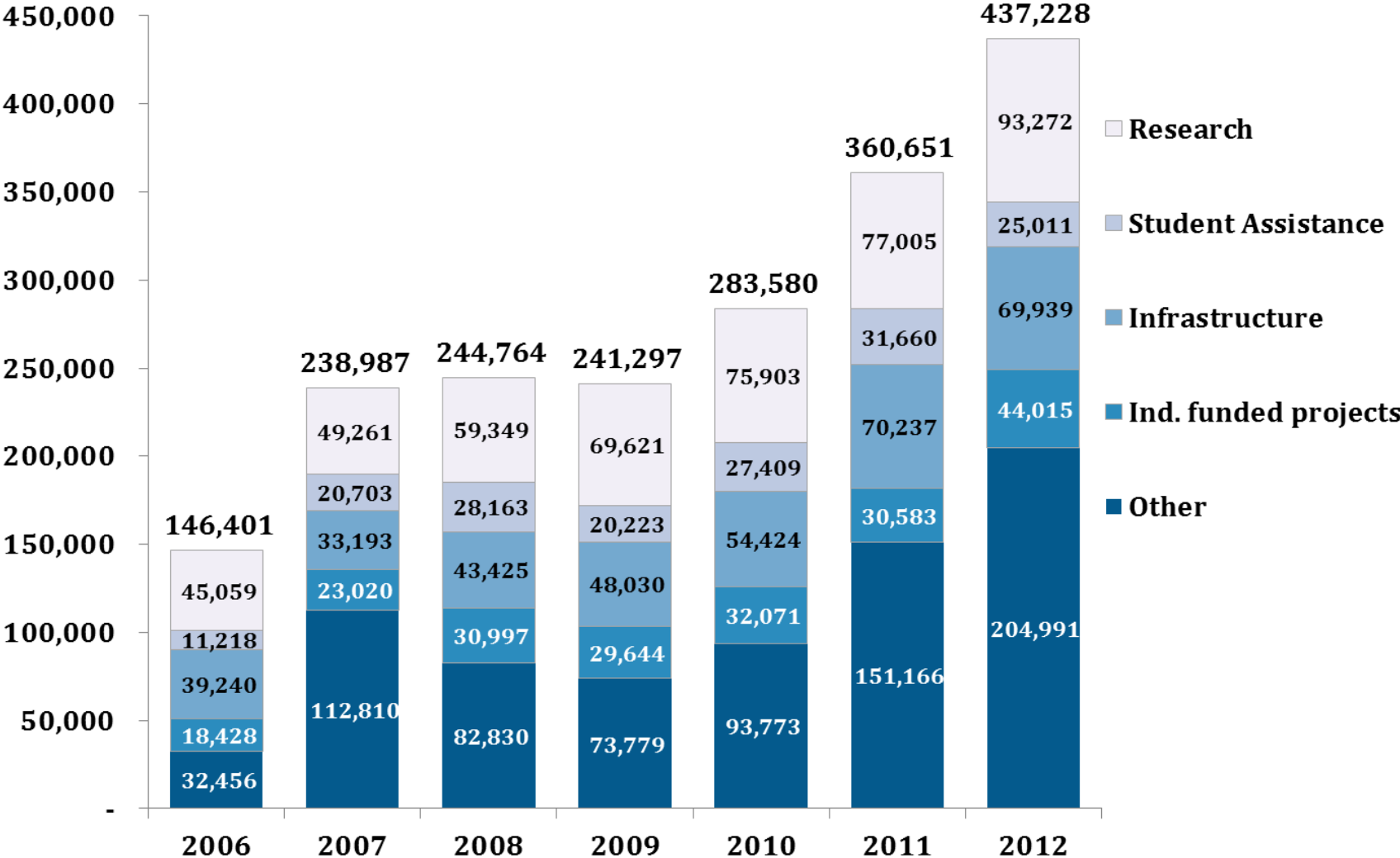


Weighted Average Increase in Revenue = 2.3%



Weighted Average Increase in Expense = 4.2%

Divisional Reserves (\$000)



Conclusion

- Provincial grant declining % of revenue
- New tuition framework manageable (painful)
- Pension funding manageable (painful)
- Reaping the benefits of transparency in our budget model: Better strategic decisions; Lower costs; Smarter planning
- Rate of compensation growth is not sustainable