FOR RECOMMENDATION **PUBLIC** **OPEN SESSION**

TO:	Academic Board
SPONSOR: **CONTACT INFO:**	Professor Cheryl Regehr, Vice-President & Provost cheryl.regehr@utoronto.ca
PRESENTER: **CONTACT INFO:**	Professor Scott Mabury, Vice-President, Operations and Real Estate Partnerships, scott.mabury@utoronto.ca
DATE:	March 7, 2019 for March 14, 2019
AGENDA ITEM:	3

ITEM IDENTIFICATION:

Budget Report 2019-20 and Long Range Budget Guidelines 2019-20 to 2023-24.

JURISDICTIONAL INFORMATION:

The Academic Board recommends to the Governing Council for approval the annual operating budget and long-range budget guidelines.

GOVERNANCE PATH:

1. Planning and Budget Committee [for recommendation] (February 27, 2019)
2. **Academic Board [for recommendation] (March 14, 2019)**
3. Business Board [for concurrence with the recommendation of the Academic Board] (March 18, 2019)
4. Executive Committee [for endorsement and forwarding] (March 26, 2019)
5. Governing Council [for approval] (April 4, 2019)

PREVIOUS ACTION TAKEN:

The Budget Report 2018-19 and Long Range Budget Guidelines 2018-19 to 2023-24 were approved by the Governing Council at its April 5, 2018 meeting.

HIGHLIGHTS:

Budget plans continue to be shaped by the University of Toronto's academic priorities as articulated in the *President's Three Priorities* and the goals set out in *Towards 2030.* These priorities provide institutional context for divisional academic planning, which in turn leads to investment in specific initiatives and activities throughout the University.

Total budgeted operating revenue for 2019-20 of $2.77 billion is 3.5% higher than the 2018-19 budget, but revised downward from the 5.2% growth rate projected for 2019-20 in the previous long range guidelines. This reflects the net impact of a 10% reduction in domestic tuition fees, updated international enrolment assumptions, a 5.4% average increase in international tuition fees, and no growth in provincial operating grants.

Operating revenues are derived primarily (87%) from tuition, other student fees, and provincial operating grants, all of which are tied to enrolment. Non-enrolment driven sources of revenue include investment income, endowment income, Canada Research Chairs, funding for the indirect costs of research, and sale of services. The University projects growth in total revenue of $93 million in 2019-20, and growth of $496 million over the planning period.

Total spending for student aid is projected at $247 million for 2019-20, growing to $282 million over five years. Note that this amount excludes external funding and internal employment income for doctoral stream graduate students. The greatest portion of student aid is derived from operating funds, followed by funding from endowments, and then provincial scholarship grants. The funds are managed through both centralized programs as well as divisional programs.

The operating budget reflects the aspirations and service plans in academic and shared-service divisions. Academic divisional plans include hiring of tenure and teaching stream faculty, enhancement of student services, increased experiential learning, work-integrated learning, and international experience opportunities, introduction of several new academic programs, allocations for capital projects, and funding for research stream and professional master's graduate students.

Investments in shared services are restrained and focused on the highest priority services for students, faculty, and staff. Priorities over the next few years include investments in technology that will increase efficiency and improve services, funding to sustain the services and collections (primarily electronic) of our world-class library system, spending on deferred maintenance, and investment in those activities that have potential for new or enhanced revenue growth. Compensation increases are planned within the provincial restraint context. The long range budget continues to include a placeholder for long term pension deficit payments.

Given the ongoing economic uncertainty, we must remain restrained in our allocation of resources, while ensuring we maintain standards of excellence in teaching, research and the student experience. Expenditure allocations are proposed within these competing constraints and priorities. Decisions on the allocation of resources across the institution take into consideration a balance between the rates of expenditure increase in the administrative divisions vs. the academic divisions. Commensurate with revenue increases total expenditures are projected to increase by 3.5% from $2.68 billion in 2018-19 to $ 2.77 billion in 2019-20.

FINANCIAL IMPLICATIONS:

The Long Range Budget Guidelines plan for a balanced budget in each of the five years. The University continues to demonstrate an outstanding ability to cope with financial challenges by developing strategic and creative multi-year budget plans, which maintain and enhance academic priorities while minimizing the impact of the economic volatility on the student experience and on the research strength of the University. Leaders of academic and shared-service portfolios have risen to the challenge, seeking efficiencies and collaborations wherever possible. Despite the volatility in the economy, enrolment remains very strong and the University continues on its upward trajectory of attracting excellent domestic and international students.

RECOMMENDATION:

Be It Recommended:

THAT the *Budget Report 2019-20* be approved, and

THAT the *Long Range Budget Guidelines 2019-20 to 2023-24* be approved in principle.

DOCUMENTATION PROVIDED:

Budget Report 2019-20 and Long Range Budget Guidelines 2019-20 to 2023-24 (February 4, 2019)

Budget Report 2019–20

and Long Range Budget Guidelines 2019–20 to 2023–24

February 4, 2019
Planning and Budget Office

UNIVERSITY OF TORONTO

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Introduction

This report introduces the proposed Long Range Budget Guidelines for the five-year period 2019–20 to 2023–24, including the detailed annual operating budget for fiscal year 2019–20. The proposed operating budget is balanced at the institutional level in each year of the planning period[1].

The Budget Report 2019–20 describes the current strategic context and fiscal environment in which the University operates, and highlights key assumptions that underlie the long-range projections of revenues and expenses.

Budget plans are shaped by the University of Toronto's academic priorities as articulated in the President's Three Priorities and the goals set out in Towards 2030. These priorities provide institutional context for divisional academic planning, which in turn leads to investment in specific initiatives and activities throughout the University.

This budget represents the culmination of many months of planning and the decisions of many academic and administrative units. Through the annual budget planning process, academic divisions and departments participate in detailed review of their revenues and expenses and make decisions locally. Decisions are rolled up for review and approval, informed by relevant economic factors, risk assessments, collective agreements, provincial and University policies, and then approved by administration and governance.

The University's budget model and planning processes are described in more detail in Appendix A.

Executive Summary: Budget 2019–20

Total budgeted operating revenue for 2019–20 is $2.77 billion. This represents 3.5% year-over-year revenue growth, revised downward from the 5.2% growth rate projected for 2019–20 in the previous long range guidelines. Enrolment, the primary driver of operating revenues, remains robust and the University continues to attract excellent domestic and international students. Enrolment-related revenues — including student fees and operating grants — are projected to increase by 2.9% to $2.40 billion in 2019–20. This reflects the net impact of a 10% reduction in domestic tuition fees, updated international enrolment assumptions, a 5.4% average increase in international tuition fees, and no growth in provincial operating grants.

On January 17, 2019, the Ontario government announced a 10% cut to domestic tuition fees beginning in 2019–20, and a freeze at that level for 2020–21. The tuition fee reduction applies to all domestic students enrolled in programs that are funded via the provincial operating grant, including direct-entry undergraduate, second-entry and professional master's programs, and doctoral stream programs. Tuition paid by international students is unregulated, and will therefore be unaffected. The announcement represents a reduction of $65 million in revenue over 2018–19, and a reduction of $88 million in revenue from previous projections that assumed the former tuition framework would remain in place.

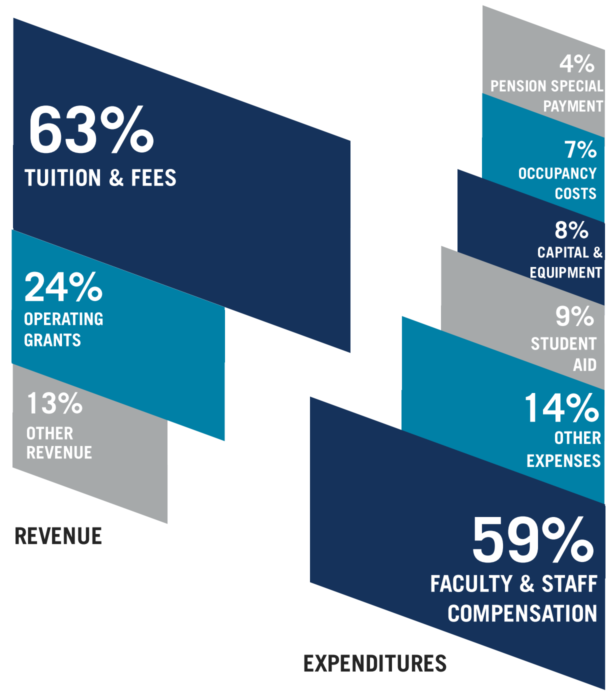
After a decade of significant growth in international enrolment, divisional plans include modest increases of 320 FTE international undergraduate students across the three campuses over the planning period, maintaining international enrolment at approximately 26% of total undergraduates. Divisions continue to collaborate on a strategy to diversify the international student population. Fall 2018 saw further progress in expanding enrolment from priority regions such as India (+96% over Fall 2016), but there remains significant work to be done to ensure

1 It is important to note that the operating budget is prepared on a cash basis, in contrast to the accrual basis of the audited financial statements. Also, the operating budget is only one, albeit the largest (approximately 75% of total revenues), of the four funds included in the financial statements; the three others are the restricted fund, the capital fund and the ancillary operations fund.

Figure 1

Balanced Budget

2019–20
$2.77 Billion



that our international students more closely reflect the University's wide range of global partnerships. International tuition fees are projected to increase by an average of 5.4%, offset by additional investment in merit-based scholarships for international students.

The impact of a domestic tuition fee reduction will have a differential impact on each division, depending on program mix and divisional revenue sources. Professional programs in health science fields are among those that will experience the most significant reduction. Cuts to domestic tuition will reduce the amount of money required for needs-based financial aid, including fewer financial resources for the UTAPS program. Adjustments to divisional budgets will differ based on local priorities, but will include some combination of changes to faculty and staff hiring plans, deferral of capital projects, service reductions, and operating cost efficiencies. Given the modest rate of revenue growth in 2019–20, investments in new initiatives will be constrained.

Within the limited envelope of new funding available, budget priorities in academic divisions include hiring of tenure and teaching stream faculty; strengthening commitments to equity and diversity in faculty hiring and student recruitment; responding to the Truth and Reconciliation Commission of Canada; enhancing international student services; investing in research infrastructure; and expanding experiential learning opportunities and international experiences.

Investments in shared services, including the cost of compensation increases, continue to be held below the overall rate of revenue growth. Priorities over the next few years include investments in technology that will increase efficiency and improve services for faculty and students, funding to sustain the services and collections (primarily electronic) of our world-class library system, spending on deferred maintenance, and investment in those activities that have potential for new or enhanced revenue growth. Compensation increases are planned within the provincial restraint context. The long range budget continues to include a placeholder for long term pension deficit payments.

In 2019–20, the University will join a consortium of universities around the world who participate in an annual assessment of the efficiency and effectiveness of administrative services. The Uniforum@UofT program will deliver carefully curated data and expert line-by-line analysis of the University's administrative costs relative to research-intensive universities around the world. It will identify opportunities to deploy resources for more efficient and effective delivery of services, and to learn from the best practices of other consortium members. The data and insight gathered from the Uniforum@UofT program will inform the annual budget process, and free up resources for additional investment in our academic mission.

1 The Changing Financial Landscape

Provincial Government Transition

A new Progressive Conservative government was sworn in at Queen's Park in June 2018. The new government immediately established an Independent Financial Commission of Inquiry to evaluate the previous government's accounting practices and update the Province's baseline fiscal outlook. The Commission reported a deficit of $15 billion for 2018–19, up from the $6.7 billion planned deficit in the Provincial Budget 2018.

The new government also engaged EY Canada to conduct a line-by-line audit of provincial spending, spanning 15 years of expenditures in both the public service and transfer payments to broader public sector organizations. The review concluded that expenditures had grown by 3.0% annually in real terms, and that the pace of growth exceeded the rate of population growth in the province[1].

According to Ontario's fall economic outlook[2], the government is now projecting a deficit of $14.5 billion for 2018–19, which represents a positive variance of $0.5 billion from the report of the Commission in August 2018. This change is a result of $3.2 billion in program savings, offset by $2.7 billion in tax reductions, including the elimination of the previous government's cap-and-trade program.

The government is committed to returning the Province to balanced budgets on a modest, reasonable and pragmatic timetable. The University anticipates that this spending restraint will impose significant pressure on all provincially-funded sectors.

A New Framework for Student Fees

On January 17, 2019, the Ontario government announced a 10 per cent cut to domestic tuition fees beginning in 2019–20, and a freeze at that level for 2020–21. The tuition fee reduction applies to domestic students enrolled in all programs that are funded via the provincial operating grant, including direct entry undergraduate, second entry and professional master's, and doctoral stream programs. Tuition paid by international students is unregulated, and will therefore be unaffected. The announcement represents a reduction of approximately $65 million in budgeted revenue over 2018–19.

At the same time, the Minister of Training, Colleges and Universities announced a new framework for ancillary fees. Changes to the ancillary fee framework will allow students to opt-out of the fees that fund some services and activities, while protecting fees that fund mandatory core services and facilities such as athletics, recreation, and health and counselling services. At the time of writing this report, details have not been provided regarding which specific fees will fall into each of these categories.

Strategic Mandate Agreement

The Ontario post-secondary education system operates under a differentiation policy framework[3]. The framework is operationalized through a series of institutional Strategic Mandate Agreements, which specify the role of each University in the system and how they will build on institutional strengths to drive system-wide objectives and government priorities. The University of Toronto's Strategic Mandate Agreement confirms its leadership role in research and innovation in Ontario.

Fiscal year 2019–20 is the third and final year of the University's current Strategic Mandate Agreement with the Province

1 Managing Transformation: A Modernization Action Plan for Ontario. Line-by-line Review of Ontario Government Expenditures 2002/03–2017/18. https://files.ontario.ca/ey_report_2018_en.pdf

2 2018 Ontario Economic Outlook and Fiscal Review https://www.fin.gov.on.ca/fallstatement/2018/

3 Ontario's Differentiation Policy Framework for Postsecondary Education, November 2013 http://www.tcu.gov.on.ca/pepg/publications/PolicyFramework_PostSec.pdf

(SMA2)[4]. The SMA2 sets out a multi-year enrolment plan, including funding for 631 new master's and 198 new doctoral student spaces by Fall 2019. In response to Ontario's changing demographics, the University and the Province agreed to reduce domestic undergraduate enrolment by 1,800 domestic students at the St. George Campus, and to hold constant the level of domestic undergraduate enrolment at the University of Toronto Scarborough and University of Toronto Mississauga over the period of the agreement. Enrolment funding will remain stable through 2019–20 provided the University maintains a five-year average enrolment within ±3% of its negotiated target.

The SMA2 also allocated 10% of operating grant revenue ($65 million in 2018–19) to a differentiation envelope tied to performance in priority areas such as student experience; innovation, economic development and community engagement; research excellence and impact; access and equity; and innovative teaching. This was a welcome change for the University of Toronto and reflected the University's long-term advocacy for differentiation. Although funding in the differentiation envelope is revenue-neutral throughout the period of SMA2, it is anticipated that a greater portion of future funding will be directed towards achievement of accountability metrics, rather than enrolment numbers. The University is engaged in consultation with the Province on the design of metrics and funding mechanisms that will be included in the third Strategic Mandate Agreement (SMA3) beginning in 2020.

Federal Funding

Funding from the federal government is provided to universities primarily to support research and is not generally part of the University's operating budget. However, it interacts with the University's operating budget in three important areas: Canada Research Chairs, funding for the indirect costs of research, and graduate student support.

In April 2017, a panel led by UofT President Emeritus David Naylor issued the final report of Canada's Fundamental Science Review (the Naylor Report). The Naylor report recommended a 40% rate as a target for funding of the indirect costs of research. The University incurs roughly $0.55 in operating costs related to each $1.00 in direct research expenditures, and recovers a portion of these costs from restricted research funds based on the indirect cost rate specified in each grant.

The Federal Budget 2018 included significant new investments in research, including $235 million in new annual granting council funding, as well as $58.8 million for indirect costs via the Research Support Fund — a marginal indirect cost rate of 25%. Federal Budget 2018 also included a significant new investment in the Canada Research Chairs program. The Government expects the granting councils to target new funding to early-career researchers whose diversity better represents Canada's population, which could result in up to 250 additional Chairs for early career researchers by 2020–21. While the value of these Chairs does not entirely cover salary and benefit costs, they make an important contribution to the University's operating budget and have a significant impact on the University's ability to recruit and retain outstanding scholars.

The federal government supports graduate students by providing fellowships on a competitive basis. Although these funds do not flow through the University's budget, they provide indirect budget relief to the academic divisions by freeing up funds that would otherwise have to be used for graduate student support. Similarly, the provincial government provides support through Ontario Graduate Scholarships. However, neither federal nor provincial government support for graduate students has kept pace with the rapid growth in graduate enrolment, placing a higher demand on faculty member research grants and the operating budget.

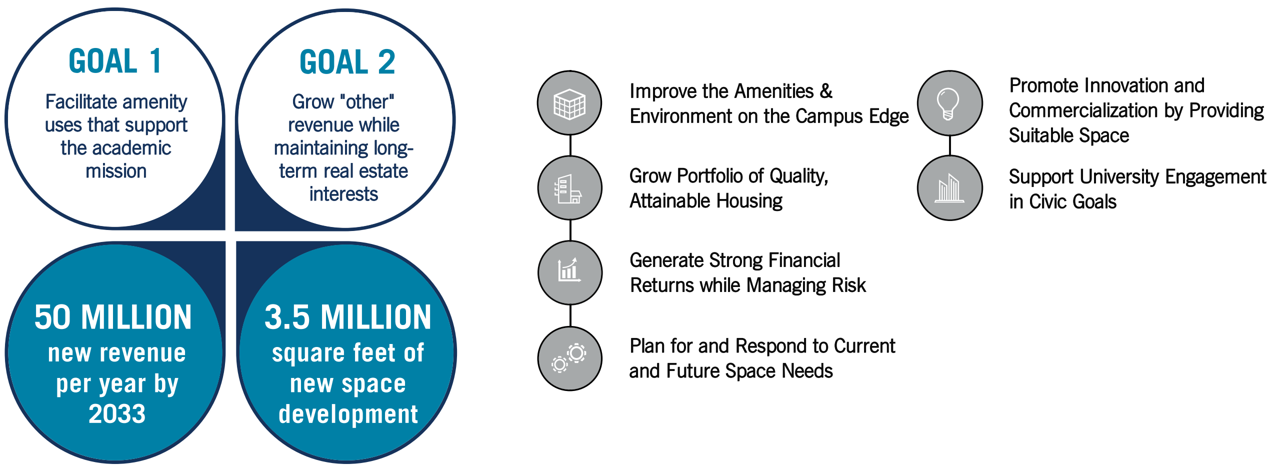
Alternative Funding Sources and the Four Corners Strategy

The University is facing increasing financial pressure, with a declining portion of operating revenues coming from provincial operating grants and constrained tuition and enrolment frameworks. Our commitment to being an internationally significant research university requires us to think creatively about how we might fund our mission and aspirations. In fall

4 Strategic Mandate Agreement: University of Toronto and the Ministry of Advanced Education and Skills Development 2017–20 https://www.utoronto.ca/about-u-of-t/reports-and-accountability

Figure 2

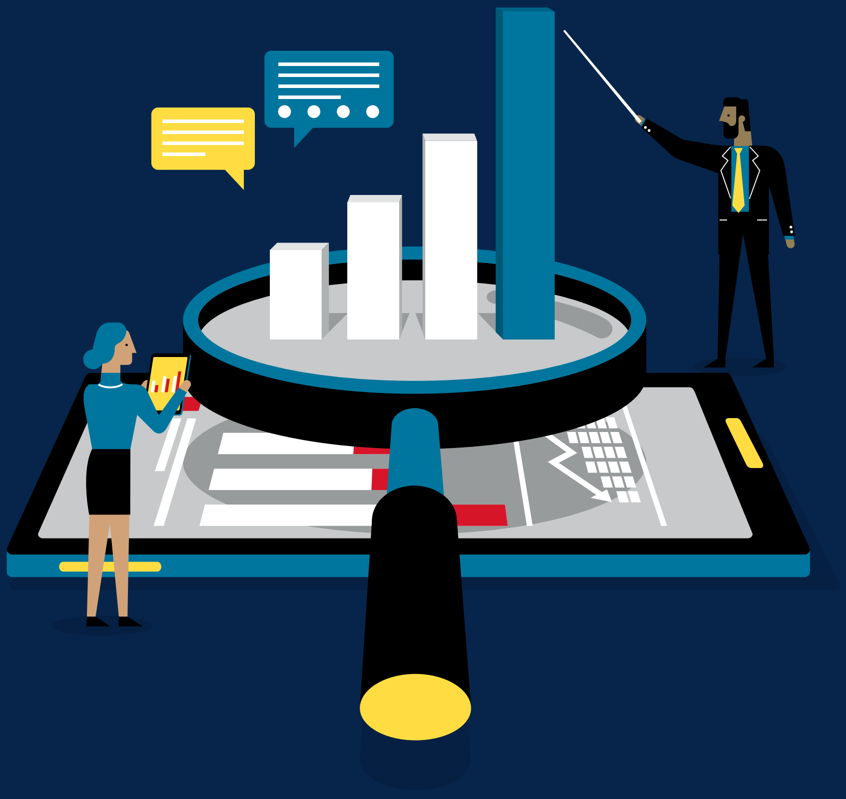
Four Corners: Developing a New Source of Revenue



2017, the President and Provost established an advisory group to consider how the University might broaden its funding sources to provide it with a strong financial basis going forward.

The advisory group will articulate a set of principles to guide recommendations regarding alternative funding sources and, after consultation and review of a broad range of options, will recommend a limited set of strategies that the University might pursue. Work of the advisory group is ongoing, and a report is expected by the end of the 2018–19 academic year.

Concurrent with the work of the Advisory Group, the University began a planning exercise to consider how it might leverage its significant real estate assets to not only develop amenities to support the academic mission, but to grow the portion of the University's operating budget from "other" revenue. The end result of this planning exercise was the adoption of the Four Corners Strategy, which sets an ambitious goal of generating $50 million in operating funding per year by 2033 through the development of roughly 3.5 million square feet of new space devoted to campus services, amenities, office and retail spaces. The funding will be invested directly in the research and teaching mission. This new revenue stream is not yet reflected in the long range budget assumptions.



2 Budget Overview

Budget Assumptions: Enrolment and Revenue

Operating revenues are derived primarily (87%) from tuition, other student fees, and provincial operating grants, all of which are tied to enrolment. Non-enrolment driven sources of revenue include investment income, endowment income, Canada Research Chairs, funding for the indirect costs of research, and sale of services. The University projects growth in total revenue of $93 million in 2019–20 (3.5% over 2018–19) to total revenue of $2.77 billion, and growth of $496 million over the planning period.

Enrolment

Fall 2018 undergraduate enrolment results were 313 FTE above plan, a variance of 0.5% across all three campuses. This reflects the net impact of a positive variance of 540 (+3.6%) in international enrolment, offset by a negative variance of 227 (–0.5%) in domestic enrolment versus the 2018–19 budget plan.

The University continues to attract very high quality students. Entering averages of undergraduate students are rising each year across all three campuses and are carefully monitored as an indicator of the academic quality of our students. The University of Toronto's first-choice applications from Ontario high school students increased by 4.1% relative to January 2018, compared to an average increase of 2.0% for the other research-intensive Ontario universities (McMaster, Ottawa, Queen's, Waterloo, Western), and an average increase of 2.7% for all other universities combined. In the non-Ontario high school category, application numbers do not become fully meaningful until later in the spring.

As specified in the current Strategic Mandate Agreement with the Province, domestic undergraduate enrolment for 2019–20 will be held constant at UTM and UTSC, and reduced at the St. George campus. Outer year divisional plans include domestic undergraduate enrolment growth of 450 FTE at UTSC, holding constant at UTM, and declining by a further 900 FTE at the St. George campus consistent with the University's Towards 2030 plan.

After a decade of significant growth in international enrolment, divisional plans include modest increases of 320 international undergraduate students across all three campuses over the planning period, maintaining international enrolment at 26% of total undergraduates. A high level summary of enrolment plans is shown in Table 1.

The University has filled 531 of the 631 SMA2 master's spaces as of Fall 2018, and has plans to fill the remaining 100 spaces in Fall 2019. The University has also filled 189 of the 198 SMA2 doctoral student spaces as of Fall 2018, including 130 domestic and 59 international doctoral spaces. There is demand for another 1,000 provincially-funded master's spaces and 1,000 doctoral student spaces above and beyond those approved in SMA2. Funding for these spaces will be a point of advocacy in negotiations for a new Strategic Mandate Agreement, expected to begin in 2020.

Operating Grants

Details of operating grants are included in Appendix B, Schedule 2. Following the tuition fee framework announcement in January 2019, the Minister of Training, Colleges and Universities indicated that cuts to operating grants would not occur in this budget cycle. A modest increase of $3 million (0.4%) is projected in operating grant revenue for 2019–20 as a result of the graduate expansion spaces already approved via the Strategic Mandate Agreement process. An increase of $10 million is projected over the five-year planning period, connected to our advocacy for additional graduate enrolment growth in 2020 and beyond. The funding, if approved by the Province, would fund incremental student spaces; there is no assumed increase to per student funding.

Figure 3

OUAC Application Growth U of T vs Peer Institutions

OUAC (Category 101, First Choice) — Growth Over 2009

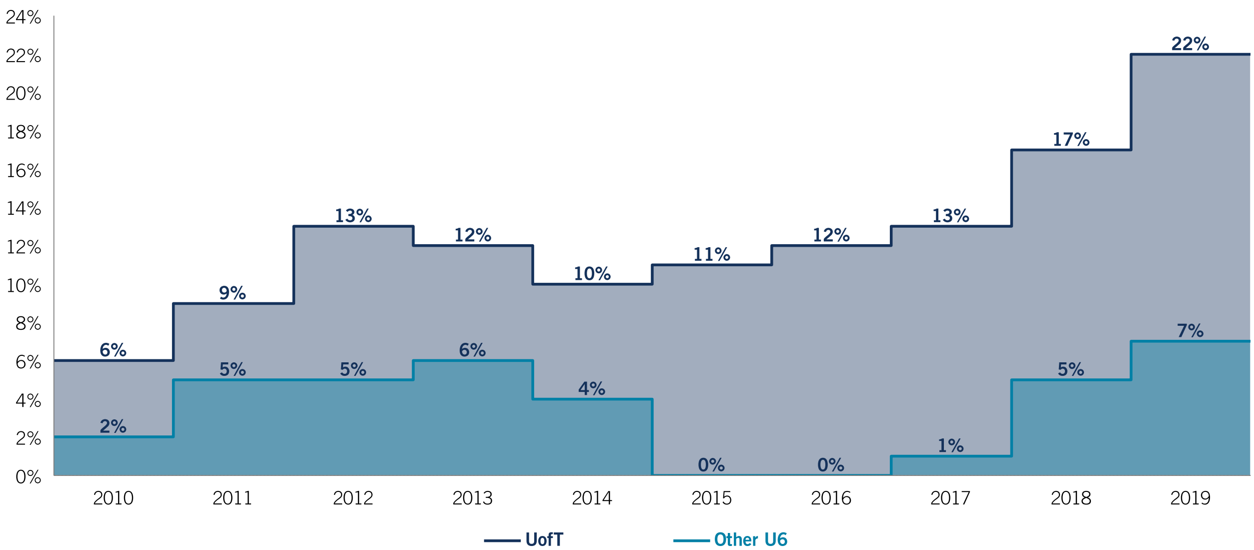


Table 1[1]: Enrolment (Full-time Equivalent) by Domestic-International Mix, 2018–19 to 2023–24

	2018–19A	2019–20P	2020–21P	2021–22P	2022–23P	2023–24P
UG Domestic	46,881	46,311	46,113	45,930	46,041	45,854
UG International	15,452	15,730	15,901	15,777	15,765	15,772
% International	25%	25%	26%	26%	26%	26%
Grad Domestic	14,812	15,424	15,841	16,293	16,735	17,043
Grad International	3,506	3,686	3,880	3,979	4,045	4,102
% International	19%	19%	20%	20%	19%	19%
Total FTE	**80,652**	**81,152**	**81,734**	**81,979**	**82,586**	**82,771**

The budget assumes the following for provincial grants:

- Core operating grant will remain stable at $578 million per year based on domestic enrolment plans that are within the corridor set by the Province. Differentiation funding will also remain stable at $65 million;
- The Province will continue to reduce operating grants by $750 per international undergraduate and international master's student;
- The University will receive graduate expansion grant funding of $22 million, including funding for spaces confirmed by the Province in the second Strategic Mandate Agreement (2017–2020) plus an assumed allocation of growth spaces for the third Strategic Mandate Agreement period (2020–2023); and
- Provincial government operating grants will not include an inflationary increase.

1 Enrolment tables include enrolment in conjoint programs with the Toronto School of Theology (TST), but exclude enrolment in non-conjoint TST programs.

Table 2: Enrolment (Full-time Equivalent) by Degree Type, 2018–19 to 2023–24

	2018–19A	2019–20P	2020–21P	2021–22P	2022–23P	2023–24P
UG St. George	38,697	37,924	37,707	37,218	37,187	36,989
UG UTM	12,553	12,761	12,817	12,823	12,721	12,658
UG UTSC	11,083	11,357	11,489	11,666	11,898	11,980
Total Undergrad	**62,333**	**62,041**	**62,014**	**61,707**	**61,806**	**61,626**
% Undergraduate	77%	76%	76%	75%	75%	74%
Profess. Master's	8,505	9,087	9,318	9,506	9,665	9,741
Doc. Str. Master's	3,161	3,079	3,097	3,129	3,157	3,159
Doctoral	6,652	6,944	7,306	7,638	7,958	8,245
Total Graduate	**18,318**	**19,110**	**19,721**	**20,272**	**20,780**	**21,145**
% Graduate	23%	24%	24%	25%	25%	26%
Total Undergrad	**80,652**	**81,152**	**81,734**	**81,979**	**82,586**	**82,771**

Additional details and discussion of future enrolment plans are contained in the 2018–19 Enrolment Report.

Student Fees

A breakdown of tuition fees vs. ancillary, continuing education, and executive education fees is included in Appendix B, Schedule 2. It is important to note that tuition revenue increases are a result of both increased tuition fees and changes in enrolment levels. Tuition fees for domestic students are set within the new provincial Tuition Framework, which requires a 10% reduction to tuition fees in publicly-funded programs effective 2019–20, and a tuition fee freeze in 2020–21. The budget assumes a return to modest 3% annual increases in 2021–22 and beyond.

Tuition fees for international students are set at a level that takes into consideration the full cost of providing a program and with reference to fees at peer Canadian and US universities. The average tuition increase for international students is 5.4% in 2019–20 and varies slightly each year thereafter depending on divisional plans. Details on proposed tuition fee increases program by program are found in the Tuition Fee Report, which comes to Governing Council for approval along with this report.

In addition to publicly-funded programs, most divisions also offer continuing and/or executive education programs. Fees in these types of programs are not regulated by MTCU. Examples include: language, creative writing, and professional development programs in the School of Continuing Studies; and executive education programs in many professional faculties.

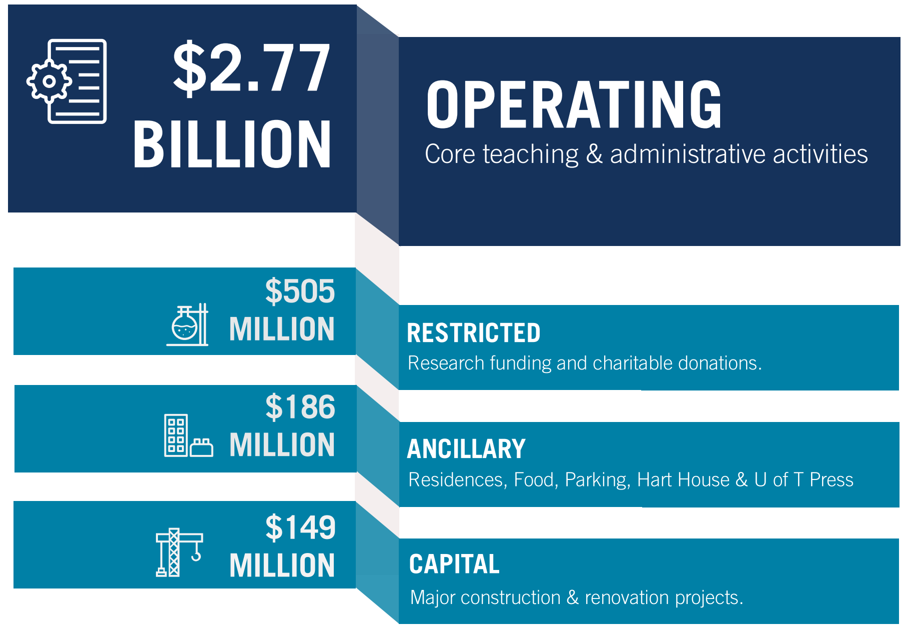
Ancillary fee revenue includes fees charged to students as permitted by MTCU Guidelines. These include fees in the following categories: student services, health services, athletics, Hart House, constituent college fees, student society fees, cost recovery fees, and administrative user fees and fines. Changes to the ancillary fee framework announced in January 2019 will allow students to opt-out of fees that fund some services and activities, while protecting fees that fund mandatory core services and facilities such as athletics, recreation, and health and counselling services. At the time of writing this report, details have not been provided regarding which specific fees will fall into each of these categories.

Additional discussion of student fees is included later in this report. Detailed tuition fee schedules are provided in the Tuition Fee Schedules for Publicly-Funded and Self-Funded Programs 2019.

Figure 4

The Budget

The Four Fund Groups of the University



Canada Research Chairs and Indirect Costs of Research

The Canada Research Chairs program introduced in 2000–01 provides salary and research support for outstanding university researchers on a competitive basis. Research chairs are awarded to each university based on its share of research funding by the three federal granting councils (the Canadian Institutes of Health Research, the Natural Sciences and Engineering Research Council Canada, and the Social Sciences and Humanities Research Council of Canada). Since the CRC program was introduced, inflation has reduced the effective value of Chair funding by over 35%, such that the value does not entirely cover salary and benefit costs. An appropriate adjustment to government funding is long overdue.

In November of 2017, the federal Minister of Science announced a series of changes to the Canada Research Chairs program, including a revised distribution of Chairs across the three federal research granting councils. This change resulted in an increased allocation of Chairs to the University of Toronto and its affiliated hospital partners. The University of Toronto CRC Equity, Diversity and Inclusion Action Plan will guide our efforts in ensuring the representation of individuals from the federally designated groups — persons with disabilities, Indigenous peoples, visible minorities and women — among our Canada Research Chairholders. The long range budget guidelines assume an additional 51 Canada Research Chairs at the University of Toronto by 2020–21.

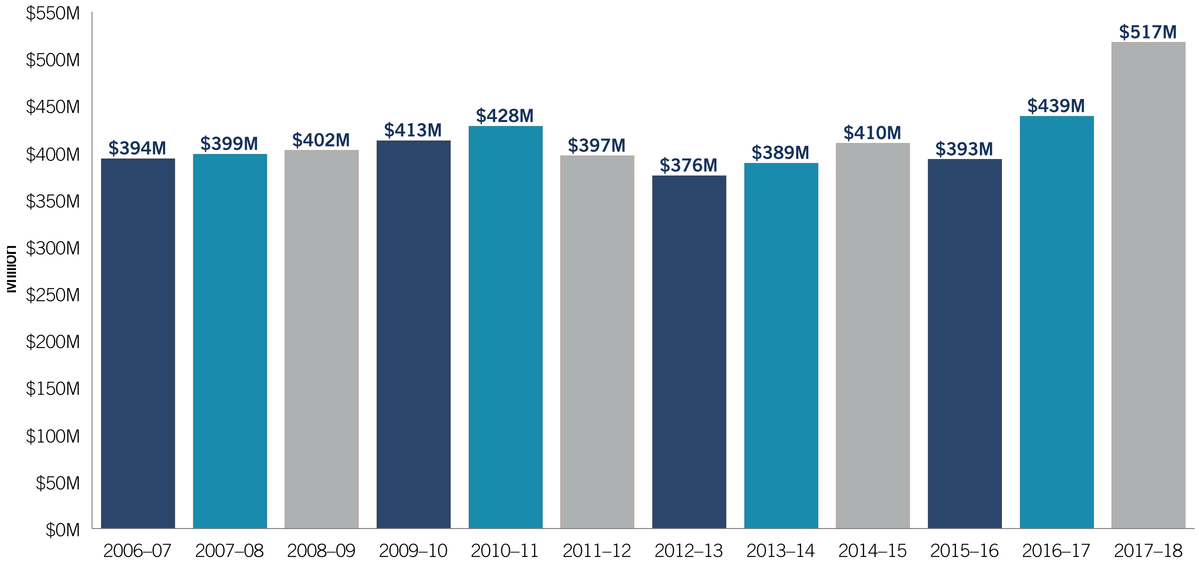
Although direct research expenditures are recorded in restricted funds, indirect costs incurred in support of research (e.g. occupancy, information technology, research services, human resources, library acquisitions and services) are recorded in the operating fund. The University incurs roughly $0.55 in operating costs related to each $1.00 in direct research expenditures, and recovers a portion of these costs from restricted research funds based on the indirect cost rate specified in each individual grant or contract.

Most research sponsored by NSERC, SSHRC, CIHR and Networks of Centres of Excellence funding programs generates indirect cost funding from the federal Research Support Fund. Investments by the federal government in Budget 2018 have increased the University of Toronto's effective rate of federal indirect costs recovery to 20.5% for 2018–19. While this investment is welcome, a doubling of the federal RSF rate would bring us to $54 million, putting us somewhat closer to AAU competitors and would have a significant impact on allowing the research intensive divisions to close the gap on their structural deficits. Without a change in the funding formula, each additional dollar of research funding places a higher burden on the University's operating funds.

Figure 5

Total Research Revenue

Excluding Hospitals



Growth in the amount of federally-sponsored research, combined with the increase in funding rate noted above, has resulted in a year-over-year increase of $4.7 million (+20%) in the recovery for federal indirect costs of research.

The $114 million Medicine by Design initiative funded by the Canada First Research Excellence Fund (CFREF) includes $14 million for on-campus indirect costs over a seven-year period. The recovery amount will vary annually based on the timing of direct expenditures in the Medicine by Design program, from $3.1 million in 2019–20, to $1.0 million in the final year of funding in 2022–23.

Revenue from indirect costs on private sector-sponsored and other research funding agreements, and funds awarded through the Ontario Ministry of Research and Innovation (MRI) is projected to increase to $14.2 million in 2019–20. Funding from the provincial Research Overheads Infrastructure Envelope (ROIE) is projected to remain constant, at $11.5 million annually.

Investments and Other Income

The University of Toronto has many generous friends and benefactors, who have contributed a total endowment in excess of $2.50 billion (fair value at April 30, 2018). Endowment income is highly targeted. The endowment income included in the operating budget is directed to student aid and to the support of endowed chairs and represents a modest but important part of the University's total operating revenue, 2.4% in 2019–20. It is important to note that endowment revenue for research and academic program support is not reflected in the operating budget. The Long Range Budget Guidelines build in a conservative assumption of growth in endowments; this will be adjusted each year as gifts are received.

Endowed funds are managed in a unitized investment pool, call the Long-Term Capital Appreciation Pool (LTCAP). Each individual endowment account holds units in LTCAP that reflect the number of dollars contributed and the unit value on the dates of contribution.

By policy, payouts from the University's endowed funds range from 3% to 5% of the market value of the relevant assets, with a target around 4%. To ensure that endowments will provide the same level of economic support to future generations as they do today, the University does not spend everything earned through the investment of funds in years when investment markets are good. In those years, the University sets aside and reinvests any amounts earned in excess of the spending allocation.

This provides protection against inflation and builds up a reserve, which is expected to be used to fund spending in years when investment markets are poor. As of April 30, 2018, the endowment held a reserve of $230 million (9% of value) in cumulative preservation of capital above inflation. When investment income is insufficient to cover the amount allocated for spending, or when endowed funds experience a loss, the shortfall draws down this reserve.

From May to December 2018, the actual investment return was a loss of 2.55%. Despite this negative return for the year so far, the plan is to distribute an endowment payout equal to $8.18 per unit, representing 3.52% of the opening market value of the endowment. If investment return remains unchanged for the rest of the year, the investment loss and payout will reduce the cumulative reserve above inflation protection to about $33 million.

In 2019–20 the projected payout rate would result in $47 million for student aid and $18 million for endowed chairs, reflected in the operating budget. The actual payout rate per unit will be determined and announced in March 2019 and the distribution will occur just prior to year end at April 30, 2019, following the normal process. For the remaining four years in the planning period, the payout rate is assumed to remain at $8.18 per unit as a precautionary measure.

The University also receives interest on short- and medium-term investments of the Expendable Funds Investment Pool (EFIP). The investments are primarily managed by the University of Toronto Asset Management Corporation (UTAM). Investment income makes up a small but important portion of total operating revenue (2.4%) and fluctuates with market conditions.

The projection is based on assumptions of cash balances, revenue and expenditure rates, divisional reserve balances, transfer of operating funds to capital funds, cash donations, research revenue forecasts, and investment return rates. Investment income assumptions have been increased relative to last year's budget due to increases in short term rates of return and a projected increase in the pool of funds available for short-term investment. The UTAM return rate assumption over the next 5 years is assumed to rise from 2.5% in 2019–20 to 3.2% by 2023–24.

Other income of $132 million in 2019–20 includes application fee revenue, service charges on unpaid fees, licensing revenue from commercialization, and revenue collected directly by divisions for general sales and services.

Budget Assumptions: Expenditures

Overview

Commensurate with revenue increases, total expenditures are projected to increase by 3.5% from $2.68 billion in 2018–19 to $2.77 billion in 2019–20. Given the modest rate of revenue growth in 2019–20, we must remain restrained in our allocation of resources, while ensuring we maintain standards of excellence in teaching, research and the student experience. Expenditure allocations are proposed within these competing constraints and priorities. Decisions on the allocation of resources across the institution take into consideration a balance between the rates of expenditure increase in the administrative divisions versus the academic divisions.

The impact of a domestic tuition fee reduction will have a differential impact on each division, depending on program mix and divisional revenue sources. Academic divisions are responsible for their own increases in expenses, including the cost of compensation increases, and they will implement internal cost containment measures according to their individual circumstances. Adjustments to divisional budgets will include some combination of changes to faculty and staff hiring plans, deferral of capital projects, service reductions, and operating cost efficiencies. Investments in new initiatives will be constrained, but important strategic initiatives will continue to be funded across academic and service divisions.

Compensation

Collective agreements are in place through June 2020 for most bargaining units, including the Faculty Association and USW (administrative staff), as well as through December 2020 for CUPE 3902 Unit 1 (teaching assistants), and through August 2021 for CUPE 3902 Unit 3 (sessional instructors). The next collective bargaining cycle will commence later this year with CUPE 3902 Unit 5 (postdoctoral fellows), for renewal agreements that will take effect during the 2019–20 budget year. Compensation terms for future agreements will not be known until bargaining is completed.

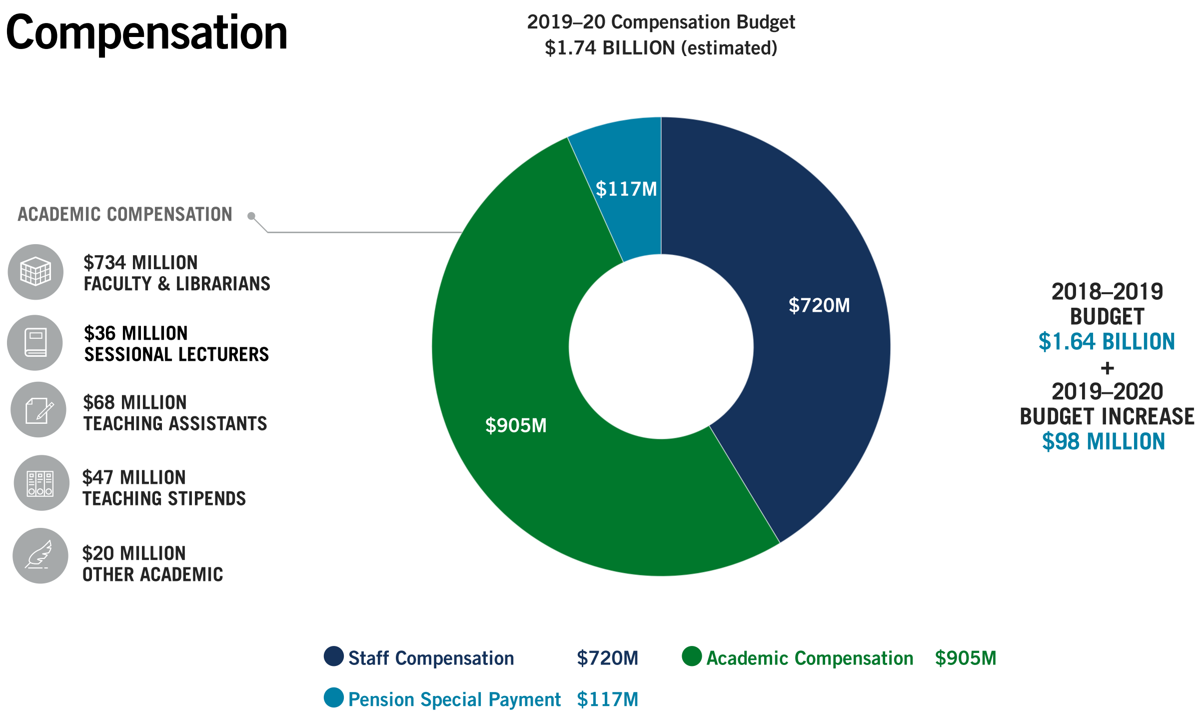
Approximately 63%[1] of operating budget expenditures fund salaries and benefits, including 4% of expenditures for pension special payments and related costs. Increases in compensation expenses are due to negotiated increases, if any, for existing employees; the hiring of additional faculty and staff needed to support the growth in student enrollment and research activity; and increases in the cost of some benefits.

Executive compensation has been frozen since March 31, 2012 under the Broader Public Sector Accountability Act (2010). On December 9, 2014, the Ontario Government passed Bill 8, “Public Sector and MPP Accountability & Transparency Act, 2014”. This new legislation, which replaced the 2010, Broader Public Sector Accountability Act, continued compensation limitations only for those individuals who are deemed to be Designated Executives. For the University of Toronto this group is limited to the President and the Vice-Presidents. The Act required broader public sector institutions to develop an executive compensation framework in consultation with government and the public.

On August 13, 2018, the new Ontario government implemented a freeze on executive compensation that came into immediate effect. The new regulation applies

1 Note that this percentage is calculated on the cash basis (which is the basis upon which the operating budget is prepared); the financial statements are prepared on the accrual basis and in that case compensation makes up about 71% of operating expenditures, including the accrual of expenditures for employee future benefits.

Figure 6



to compensation for all designated executives, regardless of whether organizations had already implemented an executive compensation framework under the regulations set out in 2014. The new framework establishes limits on increases to salary, performance-related pay, and all other elements of compensation, and will be reviewed prior to June 2019. In the meantime, the status quo on compensation restraint for "designated executives" applies.

Academic divisional budgets must cover the full cost of compensation increases, if any. Shared-service divisions receive central funding to cover compensation increases. Budgets for all divisions have been constructed based on the following assumptions:

- Compensation increases for all University employees are assumed to be as per negotiated agreements or, in the case of ongoing negotiations, as per the University's offer. The University is currently engaged in collective bargaining with a number of unions, and with the Faculty Association, to renew agreements per the schedule noted on Page 20.
- In the case where there is no agreement or offer in place, divisions plan for compensation increases within the context of the University's structural deficit constraint (see further information of the structural deficit later in this report). If compensation increases result in an overall cost greater than planned by a division, the division will be required to reallocate resources or to implement cost containment measures. The same framework applies to planning for compensation increases for shared service divisions.
- The standard benefit rate (SBR) will remain at 24% for appointed staff and 10% for non-appointed staff in 2019–20. The SBR covers legislated and negotiated benefits.

Pension special payments and pension-related costs

Both the overall economic and financial climate and the regulatory landscape continue to be uncertain with respect to pensions. Investment markets are experiencing considerable volatility. Recent returns and University special payments have resulted in improvements to the going concern deficit (from a deficit of about $1 billion in 2011 to a deficit of $211.8 million in 2018) but lower interest rates and increases in longevity have resulted in a solvency deficiency of $901.6 million in 2018—equivalent to a solvency funded status of 85%). For the period July 1, 2018 to December 31, 2018, poor investment

Table 3: Collective Agreement Expiry Dates

Agreement	Expiry
University of Toronto Faculty Association	Jun 2020
USW 1998: Administrative and Technical Staff	Jun 2020
CUPE 3902U1: Teaching Assistants, Course Instructors	Dec 2020
CUPE 3902U3: Sessional Instructors	Aug 2021
CUPE 3902U5: Postdoctoral Fellows	**Dec 2019**
CUPE 3907: Graduate Assistants at OISE	Aug 2021
OPSEU 578: Research Officers & Assistants at OISE	Jun 2020
CUPE 3261: Service Workers	Jun 2020
CUPE 3261: 89 Chestnut	Dec 2020
CUPE 1230: Library Workers	Jun 2020
IATSE 58: Stage Employees at Hart House	**Aug 2018**
CUPE 2484: Day Care Workers	Jun 2020
OPSEU 519: Campus Police	Jun 2020
CAW 27: Carpenters	Apr 2022
Unifor 2003: Engineers	Apr 2021
IBEW 353: Electricians	Apr 2021
IBEW 353: Locksmiths	Apr 2021
IBEW 353: Machinists	Apr 2021
SMWIA 30: Sheet Metal Workers	Apr 2021
UA 46: Plumbers	**May 2018**

markets have resulted in slightly negative returns for the first six months of the pension fiscal year. If markets do not perform better over the balance of the fiscal year, the pension deficit is likely to increase significantly when the next actuarial valuation is performed in 2019.

As a placeholder until required funding is determined, $5 million per year will be added to the pension special payments budget for each year of the long-range budget plan, increasing this budget line to $137.2 million by the end of the planning period in 2023–24.

Academic Expense Budgets

This budget line includes the majority of the funds that are managed by the academic divisions. Under the University of Toronto budget model, each division receives an expense budget equal to the net revenue generated by the division, plus an allocation from the University Fund (see Appendix A for a description of the University of Toronto budget model). Future unspecified allocations to academic divisions from the University Fund are included on the University Fund budget line.

Academic divisional plans include hiring of tenure and teaching stream faculty, enhancement of student services, funding of all compensation increases, introductions of several new academic programs, allocations for capital projects including renovations and upgrades of laboratory and office space, principal and interest payments for divisions holding mortgages, and funding for research stream and professional master's graduate students. Further discussion of strategic budget priorities in the academic divisions is included later in this report.

University Fund

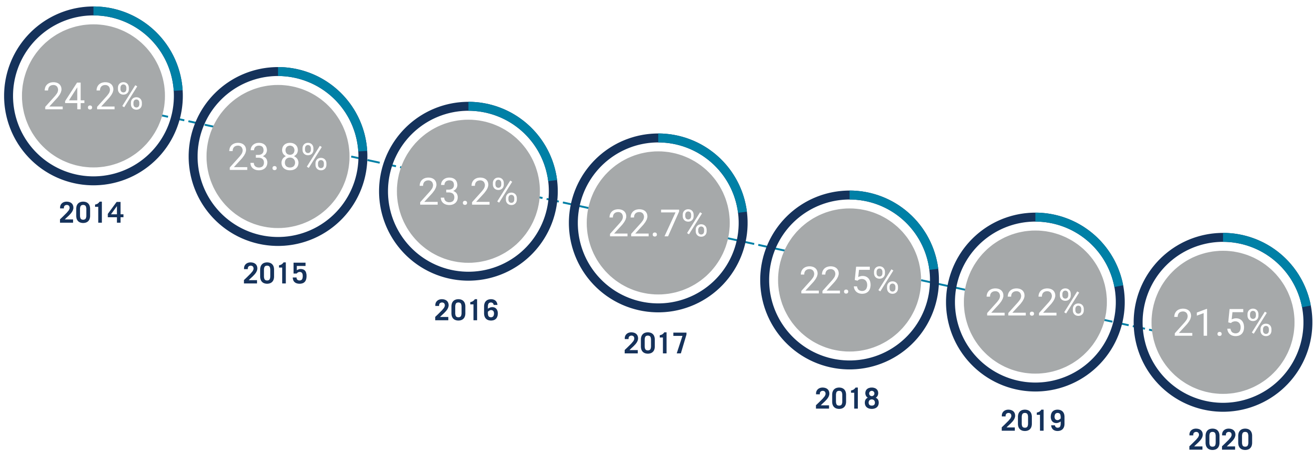
As noted above, the University Fund (UF) is the non-formulaic portion of an academic division's budget, intended to provide funding in accordance with the University's institutional academic priorities. Each year the Provost allocates 10% of incremental (unrestricted) operating revenue to divisions, taking into consideration the divisional and University-wide academic priorities emerging from discussions during annual budget reviews.

The total amount available for allocation in 2019–20 is $17 million; including $6 million from incremental revenue and $11 million of prior year one-time-only funds that are available for re-allocation. Over the 5-year planning period the Provost is projected to have about $50 million available for allocation to academic divisions through the University Fund. A detailed discussion of strategic priorities funded via the University Fund is included later in this report.

Figure 7

University Wide Costs

As a Percentage of Revenue



University-wide and Campus Costs

Shared service divisions play a vital role in providing faculty, students, and academic administrators with physical, technological, and human resources in support of teaching and research. For budget purposes, the shared services are organized into 14 portfolios, providing service across all three campuses. The University of Toronto Mississauga and University of Toronto Scarborough function both as campuses and as academic divisions. Some services, including caretaking, maintenance, and student services, are administered at the campus level. Support service costs at the UTM and UTSC campuses are defined in a manner parallel to the costs required to administer campus-level services at St. George.

The Federated Block Grant reimburses the Federated Universities for the provision of registrarial and library services, and the cost of space. These payments are calculated based on a methodology outlined in the Memorandum of Agreement. The Memorandum has expired and a new agreement is under discussion; the budget assumes the terms of the old Memorandum will continue.

University-wide and campus costs in 2019–20 are projected to total $596 million, excluding pension special payments described above. Occupancy costs, including utilities, maintenance, caretaking, and deferred maintenance make up the single largest university-wide cost category, totaling $187 million across all three campuses for 2019–20. Under the University's budget model, academic divisions are responsible for covering the operating costs of their space. Projections include $5.0 million for the operating cost of new space expected to come online over the planning period. Utilities costs are expected to decrease by approximately $4 million (7%) in 2019–20.

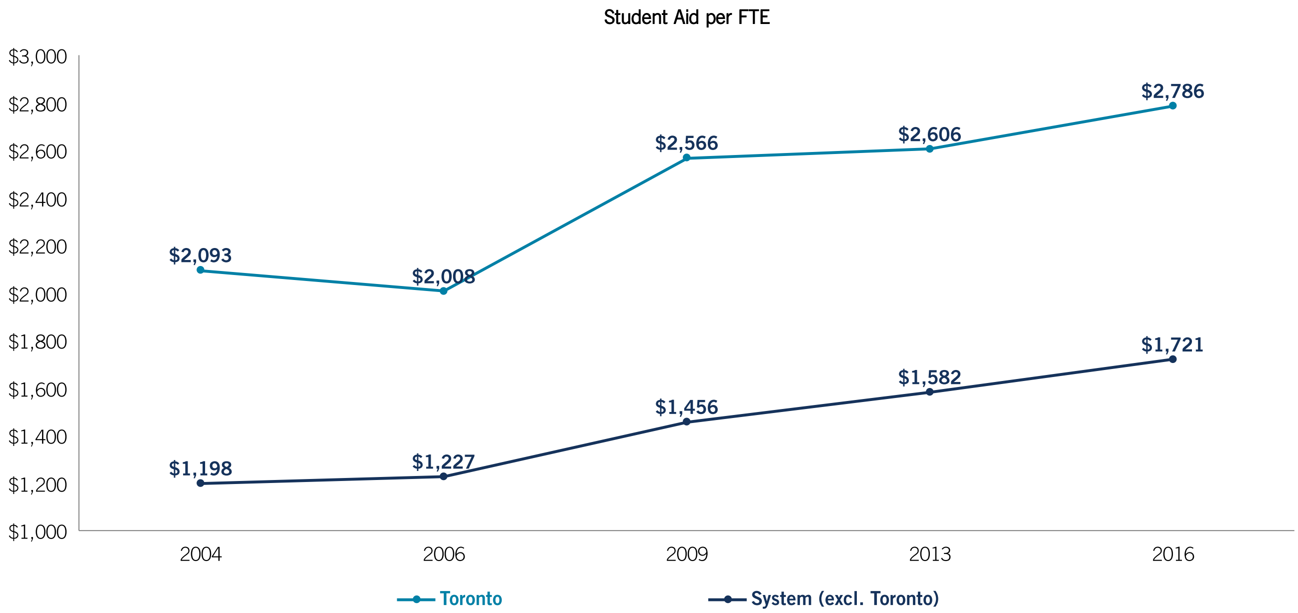
Library costs are the second largest category at $113 million for 2019–20, including budgets for many centrally funded libraries. The budget includes the cost of collections, space and administrative and librarian services. Funding for 2019–20 includes an increase of 3.6% on the cost of electronic acquisitions.

Operating budgets for remaining shared service portfolios total $184 million for 2019–20, including funding for compensation increases, net of an across the board cost containment measure of $4.5 million (2%).

In addition to the cost of these shared services, university-wide cost budgets are established for institution-wide non-discretionary expenditures such as banking, audit, insurance and legal fees, municipal taxes, collective bargaining commitments,

Figure 8

Student Aid Expenditures



and licensing fees for institutional IT systems. These costs are projected to be $55 million in 2019–20.

University-wide expenses include $42 million in special initiative funds held by Vice-Presidents for distribution to academic divisions throughout the year, such as the International Fund, the Major Research Project Management Fund, the Cross-Divisional Research Initiatives Fund, the Provost's Matching Fund, and the Instructional Technology Fund.

When considering the total amount of funding available for new initiatives, we carefully monitor the relative rate of year-over-year increase in academic and shared service division budgets. It should be noted, however, that the impact of University-wide cost increases varies significantly among divisions due to differential rates of revenue growth.

Student Aid Expenditures

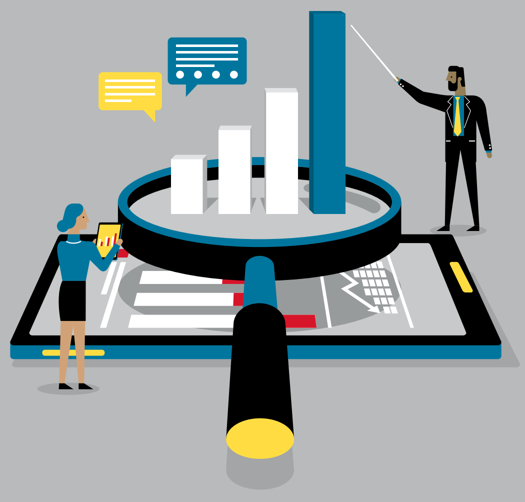
A breakdown of proposed student aid budgets for 2019–20 to 2023–24 is shown in Appendix B, Schedule 3. Total spending is projected at $247 million for 2019–20, growing to $282 million over five years. Note that this amount excludes external funding and internal employment income for doctoral stream graduate students. The greatest portion of student aid is derived from operating funds, followed by funding from endowments, and then provincial scholarship grants. The funds are managed through both centralized programs as well as divisional programs.

A comprehensive view of the University's financial aid and graduate student funding programs is provided in the Annual Report on Student Financial Support 2017–18. A discussion of the relationship between tuition fees and student financial assistance is also included later in this report.

Flow-through revenue to other institutions

Several university programs include joint activities with other institutions. This expense category captures those portions of university revenue that flow to collaborating institutions. The budget is projected to increase by $6.8 million in 2019–20. It includes:

- Canada Research Chair revenue flowing to hospitals;
- Provincial grant revenue flowing to the Toronto School of Theology; and
- Grant and tuition revenue flowing to the Michener Institute, Sheridan College, and Centennial College with which the University offers joint programs.



3 Students: Affordability, Access & Outcomes

Tuition fees at the University of Toronto are determined in accordance with the University's Tuition Fee Policy, the Statement of Commitment Regarding International Students, and the provincial government's Tuition Fee Framework 2019–20 to 2020–21.

Tuition Fees and Financial Assistance

Undergraduate and graduate students at the University of Toronto have access to a wide range of financial supports through the University in addition to those available through government loan and grant programs like the Ontario Student Assistance Program (OSAP). Some are based on need, and others on measures of merit, such as academic achievement or leadership. There are supports for international and Canadian students as well as dedicated supports for students with disabilities.

The University of Toronto is independently committed to financial aid, and is guided by the 1998 Governing Council Policy on Accessibility, which will continue to drive our funding for needs-based student aid. The policy contains the following Statement of Principle:

"No student offered admission to a program at the University of Toronto should be unable to enter or complete the program due to lack of financial means."

The University of Toronto's Policy on Student Financial Support sets out the principle that students should have access to the resources that will enable them to meet their financial needs, as determined through the same methodology used by the Ontario Student Assistance Program (OSAP), with appropriate modifications as determined by the Vice-Provost, Students, and the University Registrar in consultation with the academic divisions of the University.

The Province of Ontario's Student Access Guarantee (SAG) defines institutional requirements for meeting the financial needs of domestic, OSAP-eligible students. SAG requires institutions to provide non-repayable aid to assist direct-entry undergraduate students with expenses related to tuition, books and supplies not covered by OSAP. The Province also requires each institution to provide non-repayable aid to meet no less than 20 per cent of the aggregate value of tuition/book shortfalls of its second-entry students. The University's commitment goes above and beyond these requirements and also provides aid for living expenses. In 2017–18 the University provided $25.2 million in non-repayable aid to undergraduate students over and above our $38.5 million SAG requirement.

The University's primary mechanism for providing need-based aid to OSAP-eligible direct-entry undergraduate students is the University of Toronto Advance Planning for Students (known as UTAPS) program. Need-based aid for students in second entry and professional master's programs is administered in divisionally-run programs, allowing for a more individualized and nuanced approach to providing assistance. Divisional programs are supported where necessary by access to an institutionally-negotiated line of credit.

On January 17, 2019, the Ontario government announced a 10 per cent cut to domestic tuition fees beginning in 2019–20, and a freeze at that level for 2020–21. The tuition fee reduction applies to domestic students enrolled in programs that are funded via the provincial operating grant, including all direct entry undergraduate, second entry and professional master's programs, and doctoral stream programs.

At the same time, the Government announced significant changes to need-based financial aid provided via the Ontario Student Assistance Program (OSAP). Changes to OSAP include a reduction in the income threshold under which students qualify for non-repayable aid (grants), an increase in the proportion of aid provided as loans, and increases in required parental and student contributions to the cost of education. The Government stated that they would target OSAP funds to students with the greatest financial need, distributing a larger proportion of grant funding to students with family incomes of less than $50,000.

These changes are expected to reduce the overall amount of student aid payable to students, including the University's regulatory obligation to cover any unmet financial need as defined by OSAP under the Student Access Guarantee. However, the University remains firm in our internal access guarantee – that financial circumstances should not stand in the way of a qualified student entering or completing their degree. The full impact of the above-noted changes to the OSAP program is not yet known. For 2019–20, the UTAPS budget is projected to decrease by $4 million related to the reduction in domestic tuition fee levels.

At the University of Toronto, 60% of full time domestic students in the incoming class of direct entry undergraduates for 2017–18 received support from the provincial needs-based assistance program (OSAP), and more than a quarter of the incoming class came from families with incomes under $50,000 per year.

Table 4: 2017–18 Incoming Class by Financial Aid Category (Full-time, Domestic Undergraduates in Direct-Entry Programs)

OSAP Recipients	Family income < $50,000	28%
	Family income $50,000–$100,000	17%
	Family income > $100,000	16%
Non-OSAP Recipients		40%

The concept of "net tuition" is an important one. Net tuition is defined as the tuition paid by a student after deducting non-repayable financial aid. It does not take into account student loans. Universities and the provincial government provide significant amounts of financial support to reduce the stated cost of tuition and to ensure that academically qualified students have the resources they need to attend university. Analysis of the impact of student financial support on the tuition rates actually paid by our students in 2016–17 shows that the average OSAP-eligible undergraduate pays only 43% of the posted tuition fee. Average net tuition for the OSAP-eligible population of students in direct-entry undergraduate programs is 41%.

The proportion of students graduating from direct-entry programs with OSAP debt increased slightly in 2017–18, to 51.9% of graduates in 2017–18 versus 48.8% of graduates in 2012–13. However, the average amount of OSAP debt at graduation declined by 1.6% in real terms over the same period. The combination of University and provincial student financial aid programs enhances access to the University's excellent education opportunities for a wide array of students.

Table 5: Key Metrics of Student Debt

	2012–13	2017–18
Porportion of graduates with OSAP debt	48.8%	51.9%
Average repayable OSAP debt (2017 dollars)	$21,301	$20,957
OSAP default rate	3.5%	2.1%

Tuition fees for international students are set at a level that takes into consideration the full cost of providing a program and with reference to fees at peer Canadian and US universities. The average tuition increase for international students is 5.4% in 2019–20 and varies slightly each year thereafter depending on divisional plans.

In 2018–19, the University welcomed the second cohort of Lester B. Pearson International Scholars. The program is available to students in direct-entry programs (Arts & Science, UTM, UTSC, Music, Kinesiology, Engineering and Architecture) and is aligned with the President's priority to strengthen international partnerships. Each scholarship covers tuition, books and living costs for four years. Each year, approximately 38 students will be named as scholars, for a total of approximately 150 scholars in all years of study once the program reaches steady state. Funds are provided from a combination of international tuition revenue and fundraising.

Graduate students receive support from several sources. Some of this is reported as part of student aid in the operating budget and some comes from other sources, such as research

Figure 9

Net Tuition for Undergraduate Students Receiving OSAP

2016–17

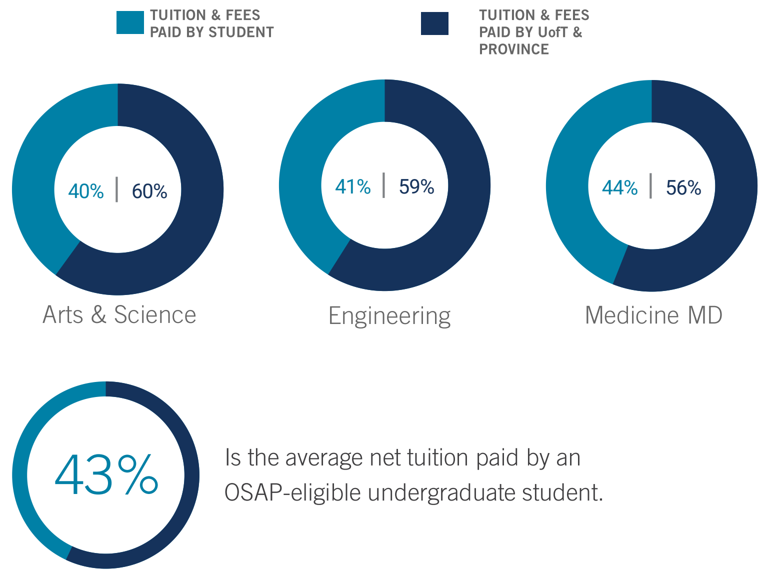


Figure 10

U of T Graduate Reputation & Employability

*based on Common University Data Ontario Employability Report (CUDO) (2017–18)

stipends, external awards and employment income from positions as teaching assistants. In total our graduate students received support of $307 million in 2017–18.

Several divisions, including the Faculty of Arts & Science, have increased base funding packages for doctoral stream students over the period 2016–17 to 2018–19. This change, combined with the implementation of divisionally-run need-based aid programs for second-entry and professional master's students as noted above, is projected to increase the budget for divisionally-managed student aid by an additional $22 million in 2019–20. This is a 22% increase over 2018–19, and a 58% increase over 2017–18.

The skills that students develop during their time at University play an important role in labour-market outcomes, and their contributions to the economic and social fabric of Canada and the world. According to the prestigious Times Higher Education magazine, University of Toronto graduates are among the world's most desirable employees — ranked first in Canada and 13th place globally. In addition, results from our 2017 Alumni Impact Survey reveal that U of T alumni help generate economic wealth and prosperity, are respected community volunteers and mentors, and are prolific creators of academic and creative works. Alumni active in the labour force enjoy a 97.6% employment rate, with a higher percentage of alumni participating in the knowledge-intensive economy compared to the national average, particularly in the educational, legal, health and government sectors.

4 Priority Investments

The impact of a domestic tuition fee reduction will have a differential impact on each division, depending on program mix and divisional revenue sources. Given the modest rate of revenue growth in 2019–20, investments in new initiatives will be constrained.

Priorities in Academic Divisions

Within the limited envelope of new funding available, the priorities have been identified for new and ongoing investment:

- New degree programs planned for 2019–20 include a Bachelor of Information, MSc in Pharmacy, Master of Management in Urban Innovation, and PhD in Architecture. The School of Continuing Education and other divisions continue to look for new opportunities in continuing and professional education.

- Divisions continue to collaborate on a strategy to diversify the international student population to more closely reflect the University's wide range of global partnerships and the City of Toronto. More than 115 countries are represented in the Fall 2018 intake with notable increases from countries such as India, Turkey, South Korea, the Philippines, Indonesia, France, and Germany, Divisions continue to invest in additional academic programming, co-curricular programming, and counselling and support services to ensure the success of our international students.

- Several divisions are planning increases in direct-entry, second-entry and professional master's financial aid programs for domestic and international students, funded from operating budgets as well as fundraising initiatives.

- Academic plans call for increased experiential and work-integrated learning, entrepreneurship, research, and international experience opportunities, not just in the traditional professional programs but across a wide array of science, humanities and social science programs. To this end, the University proposes to transfer $6.7 million from existing operating reserves into an endowed fund, matching donations that will support students participating in international experiences.

- Divisions are continuing to invest in faculty, staff, programming, exchange opportunities, and partnerships as part of the institutional response to the Calls to Action of the Truth and Reconciliation Commission of Canada, as well as to student requests for Indigenous curricular initiatives and student support.

- New faculty hiring is planned across many divisions with the objective of maintaining the quality of the student experience, and building new programs in emerging areas. Divisional plans include adding 51 incremental faculty positions in 2019–20, but some of these may be delayed due to the recent changes in the domestic tuition fee framework.

University Fund

As noted above, the University Fund (UF) is the non-formulaic portion of an academic division's budget, intended to provide funding in accordance with the University's institutional academic priorities. Each year the Provost allocates 10% of incremental (unrestricted) operating revenue to divisions, taking into consideration the divisional and University-wide academic priorities emerging from discussions during annual budget reviews.

In 2019–20, the total amount available for allocation is $17 million; including $6 million from incremental revenue and $11 million of prior year one-time-only funds that are available for re-allocation. The Provost has made allocations across four categories, including categories aligned with each of the President's *Three Priorities*[1]:

1 http://threepriorities.utoronto.ca/

Student Experience: Re-imagining Undergraduate Education ($4.95 million)

- $4.0 million to support the creation and renovation of student-focused facilities, to improve the quality and quantity of non-classroom space for curricular, co-curricular, and extra-curricular activities.

- $750,000 to upgrade the Nursing Simulation Lab (Sim Lab), a state-of-the art facility providing valuable hands-on experience in a controlled environment encompassing both technical skills as well as experiential learned skills, like teamwork, critical thinking, decision-making and prioritization.

- $200,000 to support an additional wellness counsellor and additional international student recruitment and student mobility support. These allocations are extensions of the 2017–18 University Fund allocations that supported 10 wellness counsellors and 15 international student recruitment positions across the three campuses.

Access and Diversity: Leveraging Our Location and Reflecting Our City ($2.25 million)

- $1.5 million for the third phase of the Diversity in Academic Hiring fund. This allocation will support the hiring of 20 additional Black and Indigenous faculty, and builds on the first two phases which have provided funding to support the hiring of 60 faculty members from underrepresented groups (including specific funding for 20 Indigenous and 10 Black faculty members) and 20 Indigenous staff members.

- $750,000 to support space improvements for First Nations House, in keeping with our commitment to responding to TRC calls to action.

Research and Innovation: Enhancing Our Global Reputation and Profile ($2.75 million)

- $2.75 million to support research excellence in areas of strategic importance.

Structural Budget Support ($7.1 million)

- $7.1 million to address structural budget challenges in academic divisions.

University-wide Costs

Investments in shared services are restrained and focused on the highest priority services for students, faculty, and staff. Wherever possible, funding will be directed to activities that will generate new revenues or increase cost efficiencies, thereby freeing up future resources. Allocations include:

- Additional investments for the Provost's division to expand the existing Sexual Violence Prevention and Support Centre and the Office of Indigenous Initiatives, and to continue the roll-out of a new course evaluation system;

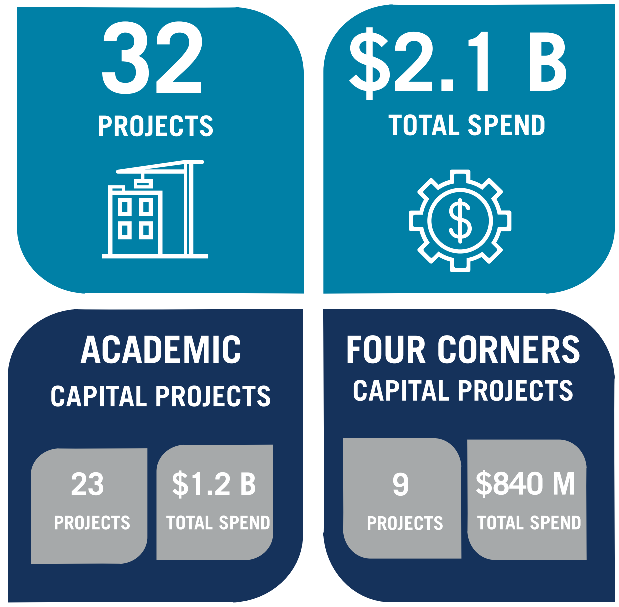
- Funding to complete the Boundless fundraising campaign. Additional investments in staffing, programs, and information technology in the Division of University Advancement are proposed over the next several years to expand capacity for future fundraising efforts;

- Funds in the Research and Innovation portfolio to address capacity pressures in research administration, driven in part by increase in the number of research awards and the added complexity of required reporting;

Figure 11

Capital Projects & Planned Investments

5 Year Projection



- Investments in the Human Resources and Equity portfolio to implement a comprehensive talent management strategy and to advance development of the digital workplace;

- Investments are proposed for Enrolment Services staffing to support existing and future demand for domestic and international admissions and recruitment:

- Funding to modernize our Administrative Management System (SAP). The current system was implemented in 1995. Support for the existing system will expire in 2025 as SAP moves its applications to the cloud. The investment supports both upgrade to technology and licenses, and introduction of some new HR products. This initiative will continue to 2022–23.

- Continued investments are planned for the next instalment on the multi-year new student system (NGSIS), network infrastructure upgrades, ongoing renewal of the wireless network, and IT security practice and awareness.

- Continued investment in capacity building for internal and external communications and brand building activities, including the University of Toronto Magazine, international events, and a strategic marketing plan.

- Investments are proposed for staffing support in Procurement Services to manage increased volumes due to recent changes in the legal landscape and new compliance requirements.

In 2019–20, the University will join a consortium of universities around the world who participate in an annual assessment of the efficiency and effectiveness of administrative services. The Uniforum@UofT program will deliver carefully curated data and expert analysis of the University's administrative costs relative to research-intensive universities around the world. It will identify opportunities to deploy resources for more efficient and effective delivery of services, and learn from the best practices of other consortium members. The data and insight gathered from the Uniforum@UofT program will inform the annual budget process, and free up resources for additional investment in our academic mission.

Capital Projects

Over the next five years, academic divisions have plans for several major capital projects, including a second Instructional Centre at UTSC; a new Science building at UTM; renovations in several Arts & Science buildings at the St. George Campus; the Site 12 Academic Tower; and the Centre for Civilizations, Cultures and Cities building at the McLaughlin Planetarium site on Queen's Park. Divisions will provide a portion of the funds

Figure 12

Deferred Maintenance Funding

St. George Campus

$84M
PER YEAR

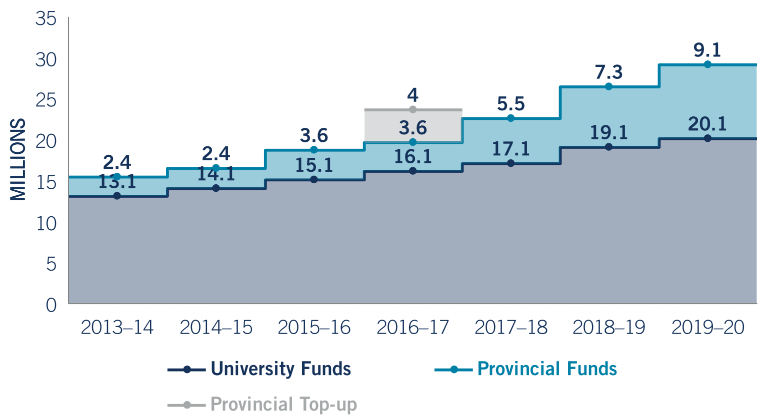
INDUSTRY STANDARD
allocation for deferred maintenance.

$28M
PER YEAR

FOR THE NEXT 10 YEARS
will maintain the Facilities Condition Index (FCI) at 14.7

$825M
OVERALL

LIABILITY
with planned expenses of $29M



for these buildings from their operating reserves. In all cases deans continue to strive for increased support from donors toward these important projects, with the objective of funding no more than 20% of required capital from long term debt.

In 2016–17, the University began a multi-year project to upgrade and revitalize the classroom inventory. The cost is estimated at $12 million. Funds will be provided from a combination of rental income and operating funds. Feedback from users and academic division stakeholders will continually inform the plan it rolls out.

In February 2018, the Government of Ontario announced funding of $214 million in capital grants to retrofit college and university facilities through the Greenhouse Gas Campus Retrofit Program. The goal of the program is to upgrade energy infrastructure and reduce current and future greenhouse gas emissions. The University of Toronto received $26.7 million in capital funding from the program, combined with an additional $15.3 million of existing deferred maintenance funds, to launch "green" projects across all three campuses. The funding will be applied toward energy efficiency initiatives ranging from a geothermal well at the University of Toronto Scarborough to upgrades at the University's 106-year-old central steam plant, which heats most of the downtown Toronto campus. Projects will be completed by the end of the 2018–19 fiscal year.

In addition to these capital projects, the operating budget sets aside approximately $20 million annually for deferred maintenance at St. George and approximately $3 million annually at UTM and UTSC. Additional resources are available to address deferred maintenance through the provincial Facilities Renewal Program (FRP) program, estimated at $7.1 million annually. In order to maintain buildings at the current facilities condition index, an additional $1 million will be added to the operating budget for deferred maintenance in each year of the planning period, growing to $28 million across the three campuses by 2023–24.

In the Fall of 2017, the University began a planning exercise to consider how it might leverage its significant real estate assets to not only develop amenities to support the academic mission, but to grow the portion of the University's operating budget from "other" revenue. The end result of this planning exercise was the adoption of the Four Corners Strategy, which sets an ambitious goal of generating $50 million in operating funding per year by 2033 through the development of roughly 3.5 million square feet of new space devoted to campus services, amenities, office and retail spaces.

Over the planning period, existing leasing revenues will be used as seed funding for capital projects under the Four Corners Strategy. Individual projects will be brought forward to Governance for approval per the normal process. Projects in the planning stages include faculty and student housing development on all three campuses, as well as the Partners in Innovation and Entrepreneurship Complex (PIE-C). Located directly across from Toronto's Discovery District, PIE-C will be a major achievement in advancing innovation and commercialization of research. PIE-C's programs will symbiotically benefit from industry adjacency and contribute to the district's rapidly expanding global role as a hub of innovation in artificial intelligence, the life sciences, and beyond.

Inter-fund Transfers

Within the approved budget process, the Provost has discretion to make allocations from operating funds in support of academic initiatives. In the last few years, the University has sought external donations to enhance academic initiatives by establishing matching programs to create endowments and other trust funds. To meet these commitments some divisions have earmarked operating funds within their budgeting process. Others have sought to use operating funds to establish or augment endowments as the most effective way to implement an initiative.

In keeping with the Policy on Inter-fund Transfers, decisions for the commitment of operating funds for restricted fund purposes do not need further approval when they are approved within the budget process. To balance the integrity of operating funds with divisional plans, the Provost is authorized to transfer operating funds to restricted and other funds up to $2 million per instance, based on requests from the budget authority for those sources.

5 Risk

The Economic and Political Climate

The Canadian economy has been operating near capacity for over a year, with strong job growth and unemployment at a 40-year low. The Bank of Canada Monetary Policy report released in January 2019[1] projects that growth will slow temporarily through the first quarter of 2019, mainly as a result of lower oil prices, resulting in total growth in real GDP of 1.9% for 2019. After this temporary slowdown, the pace of economic activity in Canada is projected to increase to 2.1% growth in real GDP in 2020. Inflation is expected to remain close to 2% over the planning period.

Canada remains subject to considerable political, immigration and trade uncertainty. In August 2018, Saudi Arabia expelled Canada's ambassador following Canada's call for the release of human rights activists detained by the Kingdom. Relations between Canada and China have been strained following the arrest of a senior Huawei executive in Vancouver in December 2018. Much remains to be seen in terms of the impact of the new United States Mexico Canada Trade Agreement on Canadian universities.

A new Ontario Progressive Conservative government was sworn in at Queen's Park in June 2018. The new government quickly established an Independent Financial Commission of Inquiry to evaluate the previous government's accounting practices and update the Province's baseline fiscal outlook. The Commission reported a deficit of $15 billion for 2018–19, up from the $6.7 billion planned deficit in the Provincial Budget 2018.

According to Ontario's fall economic outlook, the government is now projecting a deficit of $14.5 billion in 2018–19, which represents a positive variance of $0.5 billion from the report of the Commission in August 2018. This change results from $3.2 billion in program expense savings, offset by $2.7 billion in tax reductions, including the elimination of the previous government's cap-and-trade program.

The government is committed to returning the Province to balanced budgets on a modest, reasonable and pragmatic timetable. The Minister of Training, Colleges and Universities has indicated that there will be no cuts to operating grants in the 2019 provincial budget. However, the University anticipates that this spending restraint will impose significant pressure on all provincially-funded sectors in the coming years.

The Structural Budget Challenge

The University of Toronto has experienced significant growth over the last decade. Since 2008–09, the University has added more than 11,000 undergraduate student spaces (+19%) and more than 5,000 graduate student spaces (+36%). International student enrolment has increased from 10% to 24% of total enrolment. Operating budget income from short term investments has more than doubled, and the total operating budget has increased by more than 89% over the ten-year period. This extended period of growth has also driven significant increases in costs, for new faculty, staff, services, student support, capital construction, and infrastructure improvements.

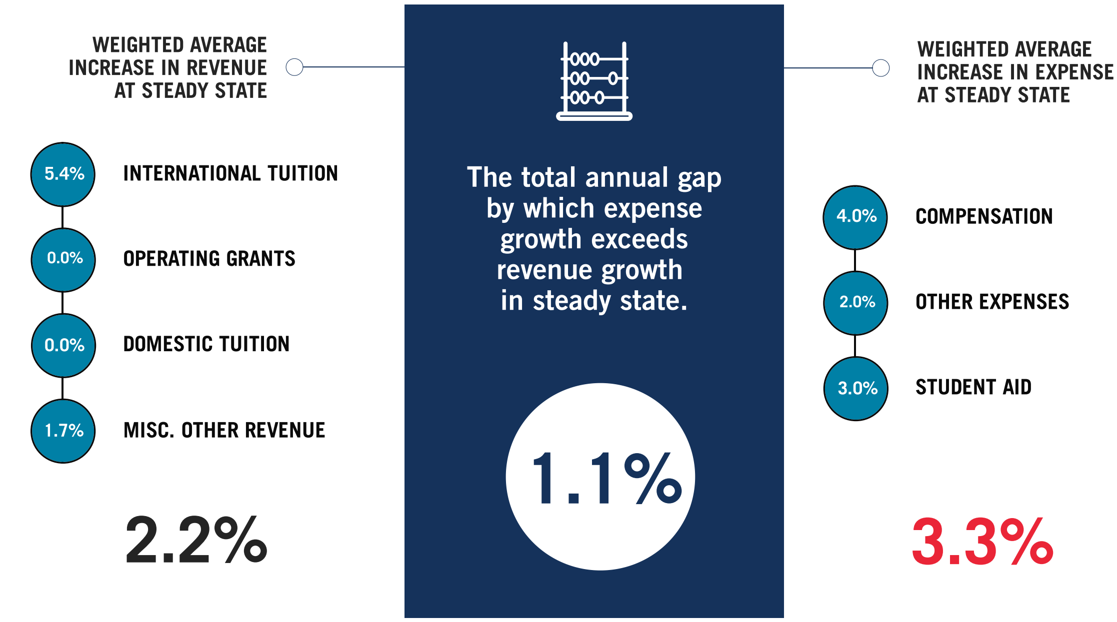
The University has continued to present a balanced budget, including contingencies against risk in revenue growth targets and unforeseen expenditures. The University's budget model places responsibility for revenues, expenses, and the cost of capital infrastructure in the hands of the academic divisions. This encourages multi-year planning, and thus a growth in the reserves set aside for future spending on capital projects and operating contingencies to deal with possible future uncertainties. As revenue targets have been achieved, divisions have built up reserves and applied contingency funds to one-time investments such as capital projects, faculty start-up funds, and endowment matching opportunities.

As this phase of growth begins to slow, the University is facing a potential structural budget challenge with expenses rising faster than revenue. When enrolment levels and enrolment mix reach the long term goals, often referred to as "steady state", the weighted average rate of revenue growth is projected to be 2.2%. In other words, when the University reaches its domestic and international, graduate and undergraduate enrolment targets, and is no longer relying on growth in student numbers, it is expected that revenues will increase at about 2.2% per year. Contrasted

1 Bank of Canada Monetary Policy Report, January 2019. https://www.bankofcanada.ca/2019/01/mpr-2019-01-09/

Figure 13

Structural Budget Deficit



against this, is a potential "steady state" weighted average rate of growth in expenditures of approximately 3.3%[2]. This leaves a notional structural budget annual gap of 1.1% at steady state.

The University is actively pursuing strategies that align with our academic mission that will enable us to close this potential future gap. On the revenue side we are exploring opportunities to diversify revenue sources through innovative new undergraduate and graduate programs, development of real estate assets, building the endowment and increasing expendable gifts, and advocacy with the federal government to increase the indirect costs of research rate to at least 40%.

On the expense side, containing annual increases of salaries and benefits to no more than the rate of steady state revenue growth would be one of the most powerful strategies we could pursue. While the University seeks to diversify its sources of revenue, it will continue to carefully monitor the balance of one-time and ongoing expenditure commitments, and divisional plans for spending from operating reserves. Divisional operating reserve contingencies are normally expected to fall in the range of 5% to 10% of the division's total operating expense budget[3]. Divisions with greater distributed risk (i.e. large international enrolment, significant growth, high levels of external revenue, etc.) may establish larger operating contingency reserves.

Deferred Maintenance

As noted in the *Annual Report on Deferred Maintenance*, presented to Business Board for information on February 4, 2019, the University's total deferred maintenance liability on academic and administrative buildings presently stands at $831 million. In 2018, MTCU implemented significant changes to the Province's Facilities Condition Assessment Program (FCAP) which resulted in an increase in the deferred maintenance liability. Changes include a move from construction cost reporting to total project cost reporting (including "soft costs" such as professional services and consulting fees), and a more detailed and customized approach to building audits.

2 Steady state growth in expenditures is calculated using the average cost of salary and benefit increases in all employee group agreements over the last three years (4.0%); it is not a projection for the future.

3 Operating reserve contingency excludes reserves earmarked for future capital projects, research funds, student assistance, and endowment matching programs.

The operating budget sets aside approximately $20 million annually (growing to $24 million by 2023–24) for deferred maintenance at the St. George campus. Separate funds totaling approximately $3 million are set aside in UTM and UTSC campus budgets. Additional funds are available to address deferred maintenance through the provincial Facilities Renewal Program (FRP) program. Provincial FRP funds for the University of Toronto totaled $7.1 million in 2017–18. The University has not yet received any FRP program funding for 2018–19. Given the Province's fiscal outlook, there is some risk associated with future funding of capital renewal.

Pension

Both the overall economic and financial climate and the regulatory landscape continue to be uncertain with respect to pensions. Interest rates continue to be very low, making it much more difficult to achieve our target investment return in the long-term. Longevity continues to increase, making the same pension benefits more expensive. Investment returns and University special payments have resulted in improvements to the going concern deficit (from a deficit of about $1 billion in 2011 to a deficit of $211.8 million in 2018) but lower interest rates and increases in longevity have resulted in a solvency deficiency of $901.6 million in 2018—equivalent to a solvency funded status of 85%). For the period July 1, 2018 to December 31, 2018, poor investment markets have resulted in slightly negative returns for the first six months of the pension fiscal year.

Under the Ontario Government's temporary solvency funding relief program, the University began making solvency deficit payments of $21.3 million annually effective July 1, 2018, in addition to going concern deficit payments of $44.5 million per year, calculated from the most recent actuarial valuation at July 1, 2017. The University expects this level of required funding to be temporary due to the implementation of new pension funding rules. The elements of the Provincial pension funding framework are as follows:

- Universities will only be required to make special solvency payments if the solvency funding status is less than 85%, with any deficiency amortized over 5 years;
- The amortization period for amortizing the going concern deficit will be reduced to ten years from 15 years, and a reserve factor (Provision for Adverse Deviation) will be applied to both accrued liabilities and current service costs; and
- The Province will increase the Pension Benefits Guarantee Fund monthly guarantee, which will likely require higher premiums.

The full impact on the University of these changes will be reflected in the next funding valuation, which will be no later than as of July 1, 2020.

The University is participating together with Queen's University and the University of Guelph and their respective employee groups to develop a multi-employer defined benefit jointly sponsored pension plan for the Ontario university sector. There has been significant progress with the three universities and employee groups (representing the majority of pension plan participants at the three institutions) coming to agreement on a design for the new plan. The three universities are continuing to work together, with employee groups, mediators, and advisors to advance this project. The consent process is expected to begin in early 2019. Once this is complete, and assuming a positive outcome, the necessary regulatory approvals are required before the JSPP is effective.

This initiative is forward-looking and would not address the going concern or solvency deficits, which reflect past experience. Under a JSPP, if and when approved, we expect that the three universities involved will be required to fund their initial pension deficits over a period of time (anticipated to be 15 years). Discussions are continuing, the results of which will underpin a revision of the pension contribution strategy, which will be submitted to the Business Board for approval once the work has been completed.

Summary

Budget Summary

ENROLMENT & REVENUE

Modest increases for enrolment, maintaining international enrolment at 26%. Overall revenue increase 3.5%

RESEARCH FUNDING

Significant new funding, including new CRCs and $5.6M for indirect costs of research.

STUDENT AID

Cuts to domestic tuition will reduce demand on the UTAPS program — financial aid commitment remains.

ACADEMIC DIVISIONS

Divisions will evaluate resources and reduce or delay hiring, new staffing, capital projects if needed.

COMPENSATION & NEW INITIATIVES

Will be constrained within the provincial context, investment will be in technologies to maintain services.

UNIVERSITY FUND

Structural budget support, equity and diversity, Truth & Reconciliation initiatives, student spaces & research support.

The long range budget guidelines reflect the impact of a 10% cut to domestic tuition fees beginning in 2019–20, and a freeze at that level for 2020–21. After a decade of significant growth in international enrolment, divisional plans include only modest increases over the planning period, maintaining international enrolment at 26% of total undergraduate FTEs. The Federal Budget 2018 included significant new funding for research, including additional Canada Research Chairs and an increase in the effective rate of funding of federal indirect costs to 20.5% for the University of Toronto. Overall operating revenue is projected to increase by 3.5% over 2018–19.

The impact of a domestic tuition fee reduction will have a differential impact on each division, depending on program mix and divisional revenue sources. Cuts to domestic tuition will reduce the amount of money available for needs-based financial aid, including fewer financial resources for the UTAPS program. Adjustments to divisional budgets will differ based on local priorities, but will include some combination of changes to faculty and staff hiring plans, deferral of capital projects, service reductions, and operating cost efficiencies. The constrained rate of growth drives a need for continued creativity to meet our institutional goals of excellence, innovation, and access.

Compensation increases are planned within the provincial restraint context. Given the modest rate of revenue growth in 2019–20, investments in new initiatives will be constrained. Priority investment in shared services over the next few years include technologies to increase efficiency and improve services for faculty and students, funding to sustain the services and collections of our world-class library system, investments in deferred maintenance, and accessibility improvements. Budget priorities in academic divisions include hiring of tenure and teaching stream faculty; strengthening commitments to equity and diversity in faculty hiring and student recruitment; responding to the Truth and Reconciliation Commission of Canada; enhancing international student services; investing in research infrastructure; and expanding experiential learning opportunities and international experiences.

Appendices

Appendix A:
The U of T Planning & Budget Framework

Budget Framework

The budget planning cycle is based on a five-year rolling window. Budget assumptions used in the Long Range Budget Guidelines are updated each year, and new assumptions are prepared for one additional year. Revised revenue and expense projections are then prepared for the new cycle based on these assumptions.

Governing Council guidelines for deficit control were revised in 2008 as a result of the change from a fixed to a rolling-window planning cycle. According to these guidelines, the University should strive to plan a balanced budget in every year of the cycle. In addition, any outstanding accumulated deficit from previous years should be reduced to zero by the end of the five-year planning period. An in-year deficit may be allowed in some years to facilitate planning, recognizing that fluctuations often occur in enrolments, government grants, investment income, etc. The deficit or surplus in the University's integrated budget is a result of the aggregated plans of individual divisions. A planned deficit may also be necessary in exceptional circumstances. Planned budgetary deficits should also be repaid over five years.

The Planning Process

The budget-setting process at the University of Toronto is very much a bottom-up process, whereby Deans and their teams in academic divisions and departments look at their own revenue and expense budgets and make decisions locally. Decisions are rolled up for review and approval, informed by relevant economic factors, risk assessments, collective agreements, provincial and University policies and then approved by administration and governance.

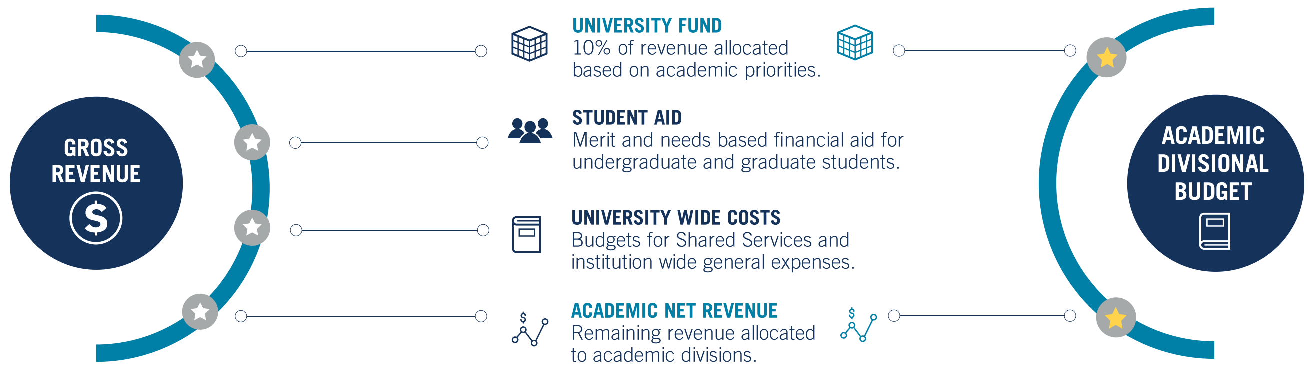
An essential and major part of the annual budget process is the formal process for budgetary reviews for both academic and shared-service divisions. Two review processes are conducted annually, one for shared-services and the associated university-wide costs, and the other for the academic divisions.

Each shared-service division prepares multi-year budget plans for its units. These plans are reviewed by the President, who takes advice from the Divisional Advisory Committee, which includes the Principals at UTM and UTSC, and representative deans of faculties. The purpose of the review is two-fold. First, the review ensures that any proposed changes in services are aligned with the needs and priorities of the academic enterprise. Second, the review establishes spending priorities, considers the alignment of services between those provided centrally and those provided in the divisions, and ensures that all possible cost reductions have been examined.

The annual academic budget reviews (ABRs) take place throughout the autumn term. Each division submits a multi-year budget plan to the Provost based on its academic plans. Revenue projections are based on enrolment plans, new program offerings, advancement outcomes, etc. Expense projections take into account cost increases, changes in faculty and staff complement, student financial support, etc. These plans are discussed in individual review meetings with a Provostial committee that includes the Provost, the Vice Provost Academic Programs, the Vice President University Operations and senior staff in Planning and Budget. The reviews inform approvals of enrolment targets, academic appointments, allocations from the University Fund, approval of campaign priorities, and approval of capital plans.

Figure 14

The Budget Model



The review process, whether for academic or administrative divisions, amounts to a high level of engagement by deans and members of the senior administration in the budget process. As a result, budgetary allocations are informed not only by the overall budget situation of the University but also by the circumstances of individual divisions and by their academic values and priorities. Cost containment measures, which are often necessary because of the constraints on revenue, are applied by each academic division based on its own circumstances. The involvement of members of the senior administration leads to a deeper understanding of the nature of the University's expenses, how services can be best delivered, and where and how savings may be realized.

The University's Budget Model

The University adopted the University of Toronto Budget Model in 2007–08. The fundamental guiding principle underlying the budget model is "*The budget allocation process is a primary tool for the implementation of the university's academic plans and academic priorities.*" The model has three basic objectives:

- to provide a high degree of transparency, enabling all levels of university administration and governance to have a clear understanding of university revenues and expenses,
- to introduce broadly-based incentives to strengthen the financial health of the university by increasing revenues and reducing expenses, and
- to encourage a higher level of engagement of all senior levels of administration in budget planning for academic divisions and in recommending priorities and budgetary allocations for shared infrastructure.

The model introduced a methodology for attributing revenues and the costs of shared infrastructure to all divisions. A major portion of the expense budget allocated to an academic division is its Net Revenue, which is equal to its share of the University's gross revenue less its share of expenses, including its contribution to student aid and to a university-wide fund called the University Fund. A division's net revenue includes revenues from its programs, student enrolments, advancement activities through the endowment payout, and research activities through funding from indirect costs of research. Divisions benefit as their activities increase revenue and when, in cooperation with central service units, they are able to make more efficient use of shared resources.

The remainder of a division's budget is an allocation from the University Fund. This is an entirely non-formulaic allocation, intended to provide funding in accordance with the University's academic values and priorities. It ensures that the total budget of a division is determined by the University's own priorities rather than by those of external entities. It also enables the University to recognize differences in the cost of delivery of various programs.

The process of attributing revenues and costs to divisions has been designed to minimize administrative overhead. For example, no transaction accounting is used to attribute the cost of a particular service. Instead, revenues and costs are attributed using readily available and verifiable parameters that provide a reasonable basis for the distribution of revenue or a suitable measure of the extent to which a division has access to a particular resource or service. These measures are referred to as revenue drivers and cost drivers, respectively. They include such parameters as number of students, number of faculty, usable space area occupied, etc.

Budget Model Review 2018–19

The University's budget is the mechanism by which operating funds are allocated to various divisions in the institution. As such, it is a key tool in the management of the University, particularly in enabling it to fulfill its mission and achieve its academic goals. The current budget model was adopted in 2007 based on the recommendations of the Task Force to Review Approach to Budgeting. The first review of the budget model, conducted in 2011, concluded that the budget model was serving the University very well and that no significant change in direction was required at the time.

In April 2018, the Provost launched the next periodic review of the University's Budget Model, noting that this time of change in funding landscape provides an opportunity to address emerging issues and ensure that the budget model will continue to serve the University well into the future. The Budget Model Review is guided by a steering committee and is structured in five working groups, each with a different mandate:

1. Strategic Mandate Agreement (SMA) Implementation Committee, which will analyze the implications of funding formula changes for the University's budget model;

2. Cost Efficiencies Working Group, which will identify opportunities for efficiency and recommend incentive structures;

3. Alternative Funding Sources Advisory Group, which will explore best practices and recommend strategies to develop alternative funding sources;

4. Tri-Campus Budget Relationships Working Group, which will identify and analyze tri-campus budgeting and resourcing arrangements, opportunities, and challenges; and

5. Inter-Divisional Teaching Working Group, which will develop an institutional financial framework for inter-divisional teaching at the undergraduate level.

Outcomes from the Tri-Campus Budget Relationships Working Group will also contribute to the Tri-Campus Review. It will consider issues related to the funding of tri-campus graduate units, such as student revenues, graduate student funding packages, the allocation of faculty office space, faculty supervision and workload, and program expenses; issues related to tri-campus inter-divisional teaching; research funding and allocation of the indirect costs of research; and the annual planning and budget review processes.

The work of the Review is ongoing, and reports of the working groups are expected later this year.

Appendix B:
Budget 2019–20 Financial Schedules

Schedule 1: Projection of Operating Revenues and Expenses ($ millions) **2019–20 to 2023–24**

Projection of Operating Revenues	2018–19	2019–20	2020–21	2021–22	2022–23	2023–24
Student Fees	1,671.5	1,735.4	1,831.8	1,919.8	2,011.0	2,095.8
Prov. Gov't Grants for General Operations	665.0	667.8	670.9	675.1	675.1	675.1
Subtotal: Grants and Student Fees	**2,336.5**	**2,403.2**	**2,502.7**	**2,594.8**	**2,686.1**	**2,770.9**
Investment Income: Endowments	63.2	65.9	67.2	68.3	69.1	69.9
Investment Income: Other	58.4	67.5	75.1	86.6	88.4	87.4
Sales, Services & Sundry Income	129.2	132.0	134.7	137.4	140.2	143.1
Subtotal: Operating Revenue	**2,587.3**	**2,668.5**	**2,779.6**	**2,887.1**	**2,983.8**	**3,071.2**
Recovery from Canada Research Chair Grants	37.4	42.5	46.3	45.8	45.0	45.2
Recovery of Institutional Costs of Research	50.8	57.0	57.2	58.0	56.5	55.3
Total: Operating Revenues and Recoveries	**2,675.5**	**2,768.0**	**2,883.1**	**2,990.9**	**3,085.3**	**3,171.8**

Projection of Operating Expenses	2018–19	2019–20	2020–21	2021–22	2022–23	2023–24
Shared Service and Campus Costs	580.7	596.2	624.9	637.9	657.5	676.9
Pension Deficit Funding	112.2	117.2	122.2	127.2	132.2	137.2
U-W costs offset by shared services income	**121.8**	**130.9**	**133.5**	**136.1**	**138.8**	**141.5**
Sub-total, University-wide Costs	814.7	844.3	880.6	901.2	928.5	955.6
Academic Expense Budgets (Excl St. Aid)	1,598.7	1,638.1	1,698.5	1,778.4	1,839.1	1,890.5
Student Aid Expenditures	**224.0**	**247.1**	**257.8**	**265.5**	**273.3**	**281.7**
University Fund (unallocated portion)	12.8	6.4	10.4	10.0	8.9	8.0
Flow-through to Other Institutions	25.3	32.1	35.9	35.8	35.4	36.0
University Fund (unallocated portion)	12.8	18.3	12.8	12.9	11.8	10.5
Flow-Through to Other Institutions	24.9	25.3	27.0	27.5	28.0	28.5
Total: Operating Expenses	**2,675.5**	**2,768.0**	**2,883.1**	**2,990.9**	**3,085.3**	**3,171.8**

Schedule 2: Details of Operating Grants and Student Fees ($ millions) **2019–20 to 2023–24**

Prov. Gov't Grants for General Operations	2018–19	2019–20	2020–21	2021–22	2022–23	2023–24
Enrolment Based Funding:						
Core Operating Grant	578.2	578.2	578.2	578.2	578.2	578.2
Graduate Expansion Grant	11.0	14.3	17.7	21.8	21.8	21.8
Performance Based Funding:						
Differentiation Grant	65.2	65.5	65.5	65.5	65.5	65.5
Special Purpose Grants:						
Clinical Education	4.0	4.0	4.0	4.0	4.0	4.0
Ontario Graduate Scholarships	10.1	10.1	10.1	10.1	10.1	10.1
Ontario Trillium Scholarships	1.6	1.6	1.6	1.6	1.6	1.6
Municipal Tax Grant	4.9	4.9	4.9	4.9	4.9	5.0
International Student Recovery	(12.8)	(13.7)	(13.9)	(13.9)	(13.9)	(13.9)
Accessibility for Students with Disabilities	2.8	2.8	2.8	2.8	2.8	2.8
Total, Gov't Grants for General Operations	**665.0**	**667.8**	**670.9**	**675.1**	**675.1**	**675.1**

Student Fees	2018–19	2019–20	2020–21	2021–22	2022–23	2023–24
For-Credit Tuition Fees	1,460.7	1,517.0	1,608.9	1,692.3	1,778.8	1,858.7
Continuing / Exec.Ed Tuition & Ancillary Fees	210.8	218.4	222.9	227.5	232.2	237.0
Total: Student Fees	**1,671.5**	**1,735.4**	**1,831.8**	**1,919.8**	**2,011.0**	**2,095.8**

Schedule 3: Details of Univ-Wide Costs and Student Aid Expense ($ millions) 2019–20 to 2023–24

University-Wide Costs	2018–19	2019–20	2020–21	2021–22	2022–23	2023–24
Occupancy	179.7	186.7	197.2	199.1	206.2	213.0
Information Technology	42.9	44.9	45.7	47.9	50.7	52.8
University Management	31.6	31.1	34.4	36.9	39.1	41.3
Financial Management	11.6	12.5	13.2	13.9	14.5	15.2
Human Resources	20.8	21.4	22.5	23.6	24.6	25.6
University Advancement	28.3	27.5	29.3	29.9	30.2	30.7
Central Library	110.5	112.7	117.2	118.9	122.0	125.3
Research Administration	27.4	27.2	29.0	29.7	30.4	31.1
Registrarial & Student Services	42.4	43.6	44.9	45.7	47.0	48.3
University-wide Academic	35.0	35.5	35.6	35.6	35.6	35.6
University-wide General	34.5	36.7	39.0	39.3	39.6	39.9
Federated Block Grant	16.0	16.4	16.8	17.3	17.7	18.1
Sub-total	**580.7**	**596.2**	**624.9**	**637.9**	**657.5**	**676.9**
Pension Special Payments	112.2	117.2	122.2	127.2	132.2	137.2
U-W costs offset by shared services income	121.8	130.9	133.5	136.1	138.8	141.5
Total: University Wide Costs	**814.7**	**844.3**	**880.6**	**901.2**	**928.5**	**955.6**

Student Aid Expenditures	2018–19	2019–20	2020–21	2021–22	2022–23	2023–24
UofT Adv. Planning for Students (UTAPS)	44.0	39.9	42.5	45.3	48.3	51.5
Other Need-based Aid (incl Work Study)	6.9	8.6	9.7	9.6	9.6	9.5
Scholarships	11.0	12.9	16.1	17.4	18.9	20.8
Student Aid from Endowments	25.0	26.0	26.7	27.3	27.8	28.2
Subtotal, Undergraduate	**86.9**	**87.4**	**95.0**	**99.6**	**104.5**	**110.0**
Provincial Scholarship Grants	11.9	11.9	11.9	11.9	11.9	11.9
Student Aid from Endowments	20.9	21.8	22.4	22.9	23.3	23.7
Student Aid Matching Funds	1.3	1.3	1.3	1.3	1.3	1.3
SGS Graduate Fellowships	2.0	2.0	2.0	2.0	2.0	2.0
Doctoral Completion Awards	3.5	3.5	3.5	3.5	3.5	3.5
Subtotal, Graduate	**39.6**	**40.5**	**41.1**	**41.6**	**42.0**	**42.4**
Subtotal, Central Student Aid	**126.5**	**128.0**	**136.1**	**141.2**	**146.5**	**152.4**
Student Aid in Acad Divisions	97.5	119.2	121.7	124.2	126.8	129.3
Total: Student Aid Expense	**224.0**	**247.1**	**257.8**	**265.5**	**273.3**	**281.7**

Schedule 4: Revenue and Expense Allocations by Division 2019–20

	Attributed Operating Revenue	10% Contr. to University Fund	Share of University Wide	Student Aid Set-Aside	Net Revenue	University Fund Allocation	Academic Expense Budget
	A	B	C	D	(E=A–B–C–D)	F	(G=E+F)
Arts & Science	744,527,385	72,264,413	214,458,645	39,554,786	418,249,542	59,406,642	477,656,184
UofT Scarborough	319,942,498	31,708,471	42,947,321	13,206,141	232,080,565	10,139,898	242,220,463
UofT Mississauga	360,011,463	35,662,758	46,996,425	14,003,015	263,349,266	11,105,526	274,454,792
Dentistry	36,376,037	3,484,239	13,379,001	693,691	18,819,106	12,954,143	31,773,249
Medicine	233,510,498	19,855,720	86,786,330	15,399,314	111,469,133	20,511,956	131,981,089
Public Health	30,354,242	2,759,752	10,403,105	1,103,597	16,087,788	8,206,141	24,293,929
Nursing	19,902,973	1,844,118	5,694,507	1,572,184	10,792,164	2,814,486	13,606,650
Pharmacy	35,013,266	3,256,925	10,468,288	1,950,880	19,337,172	772,996	20,110,168
Kinesiology and Physical Education	18,054,975	1,724,671	6,385,503	1,382,209	8,562,592	3,251,836	11,814,428
Applied Science & Engineering	215,907,706	19,309,067	75,822,728	15,703,617	105,072,294	19,372,822	124,445,116
Architecture, Landscape & Design	31,949,355	3,118,235	8,682,765	1,589,200	18,559,155	5,584,722	24,143,877
OISE	77,278,538	7,460,088	25,030,859	2,554,539	42,233,052	15,324,006	57,557,058
Forestry	4,141,461	307,726	2,208,723	587,725	1,037,286	2,554,533	3,591,819
Law	33,930,548	3,202,567	8,994,144	1,817,500	19,916,337	6,204,453	26,120,790
Information	20,671,577	2,012,174	5,151,115	574,587	12,933,701	3,002,772	15,936,473
Music	20,260,636	1,850,280	7,453,017	2,337,154	8,620,184	9,826,392	18,446,576
Social Work	14,707,076	1,292,330	4,369,029	1,147,034	7,898,682	1,672,247	9,570,929
Management	118,138,343	11,067,393	26,985,087	4,137,414	75,948,449	8,371,047	84,319,496
Transitional Year Programme	831,526	44,661	518,034	444,156	(175,325)	1,718,142	1,542,817
School of Continuing Studies	857,010	3,071,542	2,836,941	13,832	(5,065,305)	1,643,131	(3,422,174)
Subtotal	**2,336,367,114**	**225,297,131**	**605,571,569**	**119,772,576**	**1,385,725,838**	**204,437,893**	**1,590,163,730**
Divisional Income	353,870,764	-	130,921,743	-	222,949,020	-	222,949,020
Campus Costs and Divisional Aid	-	-	107,822,684	119,162,547	(226,985,231)	-	(226,985,231)
Recovery from Restricted Funds	30,596,309	-	-	8,196,309	22,400,000	-	22,400,000
Uncommitted Revenues	15,119,499	1,511,950	-	-	13,607,549	-	13,607,549
University Fund OTO	-	-	-	-	-	22,371,189	22,371,189
Subtotal (excl flow-through)	**2,735,953,685**	**226,809,081**	**844,315,996**	**247,131,432**	**1,417,697,176**	**226,809,081**	**1,644,506,257**
Flow-through to Other Institutions	32,057,709	-	-	-	32,057,709	-	32,057,709
Total	**2,768,011,395**	**226,809,081**	**844,315,996**	**247,131,432**	**1,449,754,885**	**226,809,081**	**1,676,563,966**

Schedule 5: Projected Divisional Net Revenue Allocations 2019–20 to 2023–24

Arts & Science	2018–19[1]	2019–20	2020–21	2021–22	2022–23	2023–24
Attributed Revenue[2]	730,159,124	744,527,385	773,228,581	802,870,130	834,652,908	861,514,043
University Fund Contribution	(70,925,983)	(72,264,413)	(75,129,498)	(78,063,359)	(81,259,571)	(83,959,398)
University-Wide Costs	(210,338,591)	(214,458,645)	(224,000,005)	(227,152,102)	(233,294,030)	(240,143,254)
Student Aid Expense	(38,621,526)	(39,554,786)	(42,475,041)	(43,811,552)	(45,330,647)	(47,134,477)
University Fund Allocation[3]	58,755,422	59,406,642	59,406,642	59,406,642	59,406,642	59,406,642
Net Expense Budget	**469,028,446**	**477,656,184**	**491,030,678**	**513,249,758**	**534,175,301**	**549,683,556**

UTSC	2018–19[1]	2019–20	2020–21	2021–22	2022–23	2023–24
Attributed Revenue[2]	296,829,070	319,942,498	342,057,671	366,947,692	387,831,063	403,976,729
University Fund Contribution	(29,415,080)	(31,708,471)	(33,916,952)	(36,401,189)	(38,487,296)	(40,099,017)
University-Wide Costs	(40,910,454)	(42,947,321)	(45,521,509)	(47,343,495)	(49,467,051)	(51,412,921)
Student Aid Expense	(13,264,300)	(13,206,141)	(14,774,581)	(15,814,382)	(16,984,210)	(18,265,990)
University Fund Allocation[3]	9,755,826	10,139,898	10,139,898	10,139,898	10,139,898	10,139,898
Net Expense Budget	**222,995,062**	**242,220,463**	**257,984,528**	**277,528,523**	**293,032,404**	**304,338,699**

UTM	2018–19[1]	2019–20	2020–21	2021–22	2022–23	2023–24
Attributed Revenue[2]	334,564,751	360,011,463	384,561,434	405,074,754	416,294,331	425,733,706
University Fund Contribution	(33,160,135)	(35,662,758)	(38,117,723)	(40,165,259)	(41,293,050)	(42,241,846)
University-Wide Costs	(44,700,085)	(46,996,425)	(49,912,423)	(51,844,977)	(53,677,025)	(55,013,685)
Student Aid Expense	(13,707,532)	(14,003,015)	(15,720,741)	(16,663,970)	(17,585,392)	(18,702,560)
University Fund Allocation[3]	10,923,611	11,105,526	11,105,526	11,105,526	11,105,526	11,105,526
Net Expense Budget	**253,920,610**	**274,454,792**	**291,916,073**	**307,506,075**	**314,844,391**	**320,881,141**

Dentistry	2018–19[1]	2019–20	2020–21	2021–22	2022–23	2023–24
Attributed Revenue[2]	38,371,919	36,376,037	36,537,681	37,301,085	37,941,145	38,508,788
University Fund Contribution	(3,673,880)	(3,484,239)	(3,497,857)	(3,570,888)	(3,634,170)	(3,690,167)
University-Wide Costs	(13,360,587)	(13,379,001)	(13,941,811)	(14,310,661)	(14,789,001)	(15,254,042)
Student Aid Expense	(670,385)	(693,691)	(709,298)	(723,971)	(736,753)	(746,911)
University Fund Allocation[3]	11,947,659	12,954,143	12,954,143	12,954,143	12,954,143	12,954,143
Net Expense Budget	**32,614,726**	**31,773,249**	**31,342,859**	**31,649,707**	**31,735,364**	**31,771,812**

1. Net expense budgets for 2018–19 have been restated to reflect impact of new inter-divisional teaching framework
2. Attributed revenue net of recoveries from restricted funds and divisional income.
3. Includes allocations up to and including 2019–20. Flatlined for outer years.

Medicine	2018–19[1]	2019–20	2020–21	2021–22	2022–23	2023–24
Attributed Revenue[2]	232,279,400	233,510,498	238,832,768	245,194,742	247,802,388	250,538,389
University Fund Contribution	(20,079,222)	(19,855,720)	(20,365,887)	(20,965,336)	(21,267,877)	(21,574,655)
University-Wide Costs	(85,913,242)	(86,786,330)	(90,899,112)	(93,049,894)	(95,841,817)	(98,358,681)
Student Aid Expense	(14,975,273)	(15,399,314)	(15,718,450)	(15,994,272)	(16,173,873)	(16,356,863)
University Fund Allocation[3]	19,538,290	20,511,956	20,511,956	20,511,956	20,511,956	20,511,956
Net Expense Budget	**130,849,953**	**131,981,089**	**132,361,275**	**135,697,196**	**135,030,776**	**134,760,147**

DLSPH	2018–19[1]	2019–20	2020–21	2021–22	2022–23	2023–24
Attributed Revenue[2]	29,064,972	30,354,242	31,163,755	31,729,193	31,976,677	32,274,505
University Fund Contribution	(2,680,966)	(2,759,752)	(2,837,712)	(2,890,524)	(2,914,530)	(2,943,622)
University-Wide Costs	(10,500,121)	(10,403,105)	(11,145,465)	(11,427,358)	(11,799,635)	(12,138,654)
Student Aid Expense	(935,836)	(1,103,597)	(1,118,537)	(1,121,528)	(1,120,802)	(1,121,882)
University Fund Allocation[3]	8,029,559	8,206,141	8,206,141	8,206,141	8,206,141	8,206,141
Net Expense Budget	**22,977,607**	**24,293,929**	**24,268,182**	**24,495,923**	**24,347,851**	**24,276,487**

Nursing	2018–19[1]	2019–20	2020–21	2021–22	2022–23	2023–24
Attributed Revenue[2]	20,267,037	19,902,973	20,547,500	21,150,122	21,574,895	21,916,121
University Fund Contribution	(1,893,679)	(1,844,118)	(1,905,408)	(1,962,661)	(2,003,454)	(2,035,877)
University-Wide Costs	(5,649,928)	(5,694,507)	(6,065,619)	(6,229,012)	(6,453,157)	(6,670,838)
Student Aid Expense	(1,548,670)	(1,572,184)	(1,646,787)	(1,702,365)	(1,754,423)	(1,805,808)
University Fund Allocation[3]	2,485,976	2,814,486	2,814,486	2,814,486	2,814,486	2,814,486
Net Expense Budget	**13,660,736**	**13,606,650**	**13,744,173**	**14,070,570**	**14,178,346**	**14,218,084**

Pharmacy	2018–19[1]	2019–20	2020–21	2021–22	2022–23	2023–24
Attributed Revenue[2]	36,055,155	35,013,266	35,641,798	36,452,947	36,954,600	37,616,160
University Fund Contribution	(3,378,314)	(3,256,925)	(3,317,261)	(3,394,549)	(3,446,370)	(3,513,589)
University-Wide Costs	(10,238,485)	(10,468,288)	(10,899,029)	(11,163,934)	(11,524,802)	(11,870,166)
Student Aid Expense	(2,573,972)	(1,950,880)	(1,340,057)	(1,368,232)	(1,392,888)	(1,413,196)
University Fund Allocation[3]	517,095	772,996	772,996	772,996	772,996	772,996
Net Expense Budget	**20,381,478**	**20,110,168**	**20,858,447**	**21,299,229**	**21,363,537**	**21,592,206**

1. Net expense budgets for 2018–19 have been restated to reflect impact of new inter-divisional teaching framework
2. Attributed revenue net of recoveries from restricted funds and divisional income.
3. Includes allocations up to and including 2019–20. Flatlined for outer years.

Schedule 5: Projected Divisional Net Revenue Allocations Cont'd — **2019–20 to 2023–24**

KPE	2018–19[1]	2019–20	2020–21	2021–22	2022–23	2023–24
Attributed Revenue[2]	18,281,750	18,054,975	18,419,473	18,842,613	19,009,479	19,447,559
University Fund Contribution	(1,753,536)	(1,724,671)	(1,760,081)	(1,801,222)	(1,817,301)	(1,860,314)
University-Wide Costs	(6,199,017)	(6,385,503)	(6,629,203)	(6,724,335)	(6,921,534)	(7,133,288)
Student Aid Expense	(1,405,344)	(1,382,209)	(1,455,339)	(1,496,412)	(1,560,234)	(1,628,772)
University Fund Allocation[3]	3,123,269	3,251,836	3,251,836	3,251,836	3,251,836	3,251,836
Net Expense Budget	**12,047,122**	**11,814,428**	**11,826,685**	**12,072,481**	**11,962,246**	**12,077,021**

APSE	2018–19[1]	2019–20	2020–21	2021–22	2022–23	2023–24
Attributed Revenue[2]	219,741,641	215,907,706	225,772,320	237,027,796	246,497,450	254,974,866
University Fund Contribution	(19,836,969)	(19,309,067)	(20,288,245)	(21,389,853)	(22,368,118)	(23,241,243)
University-Wide Costs	(75,233,388)	(75,822,728)	(79,408,319)	(81,106,462)	(83,928,579)	(86,561,650)
Student Aid Expense	(15,542,692)	(15,703,617)	(16,852,938)	(17,475,858)	(18,052,480)	(18,676,356)
University Fund Allocation[3]	19,340,367	19,372,822	19,372,822	19,372,822	19,372,822	19,372,822
Net Expense Budget	**128,468,958**	**124,445,116**	**128,595,639**	**136,428,445**	**141,521,094**	**145,868,439**

Architecture, L & D	2018–19[1]	2019–20	2020–21	2021–22	2022–23	2023–24
Attributed Revenue[2]	32,285,052	31,949,355	32,684,663	33,543,453	35,125,173	36,688,317
University Fund Contribution	(3,157,353)	(3,118,235)	(3,190,285)	(3,275,003)	(3,432,219)	(3,587,308)
University-Wide Costs	(8,831,803)	(8,682,765)	(9,070,656)	(9,156,263)	(9,395,933)	(9,764,781)
Student Aid Expense	(1,774,043)	(1,589,200)	(1,655,451)	(1,698,254)	(1,792,484)	(1,900,694)
University Fund Allocation[3]	5,586,676	5,584,722	5,584,722	5,584,722	5,584,722	5,584,722
Net Expense Budget	**24,108,529**	**24,143,877**	**24,352,994**	**24,998,655**	**26,089,259**	**27,020,256**

OISE	2018–19[1]	2019–20	2020–21	2021–22	2022–23	2023–24
Attributed Revenue[2]	74,545,537	77,278,538	81,132,767	85,859,511	88,784,016	93,263,957
University Fund Contribution	(7,196,682)	(7,460,088)	(7,841,425)	(8,309,809)	(8,599,723)	(9,045,256)
University-Wide Costs	(25,136,240)	(25,030,859)	(27,136,826)	(28,041,496)	(29,488,813)	(30,756,718)
Student Aid Expense	(2,472,951)	(2,554,539)	(2,550,146)	(2,640,039)	(2,720,301)	(2,800,516)
University Fund Allocation[3]	15,179,398	15,324,006	15,324,006	15,324,006	15,324,006	15,324,006
Net Expense Budget	**54,919,062**	**57,557,058**	**58,928,376**	**62,192,174**	**63,299,185**	**65,985,473**

1. Net expense budgets for 2018–19 have been restated to reflect impact of new inter-divisional teaching framework
2. Attributed revenue net of recoveries from restricted funds and divisional income.
3. Includes allocations up to and including 2019–20. Flatlined for outer years.

Forestry	2018–19[1]	2019–20	2020–21	2021–22	2022–23	2023–24
Attributed Revenue[2]	3,680,019	4,141,461	4,086,594	4,130,379	4,177,323	4,273,468
University Fund Contribution	(264,885)	(307,726)	(300,552)	(303,200)	(307,108)	(315,951)
University-Wide Costs	(2,244,387)	(2,208,723)	(2,344,081)	(2,392,537)	(2,474,475)	(2,550,032)
Student Aid Expense	(595,689)	(587,725)	(594,761)	(604,439)	(611,457)	(619,561)
University Fund Allocation[3]	2,555,081	2,554,533	2,554,533	2,554,533	2,554,533	2,554,533
Net Expense Budget	**3,130,139**	**3,591,819**	**3,401,734**	**3,384,736**	**3,338,816**	**3,342,458**

Law	2018–19[1]	2019–20	2020–21	2021–22	2022–23	2023–24
Attributed Revenue[2]	36,432,865	33,930,548	35,409,917	36,377,443	37,495,706	38,428,368
University Fund Contribution	(3,470,185)	(3,202,567)	(3,345,622)	(3,437,950)	(3,546,842)	(3,637,098)
University-Wide Costs	(9,019,589)	(8,994,144)	(9,394,248)	(9,718,726)	(10,040,391)	(10,385,584)
Student Aid Expense	(1,618,048)	(1,817,500)	(1,864,777)	(1,905,614)	(1,936,499)	(1,965,369)
University Fund Allocation[3]	4,585,251	6,204,453	6,204,453	6,204,453	6,204,453	6,204,453
Net Expense Budget	**26,910,295**	**26,120,790**	**27,009,723**	**27,519,606**	**28,176,427**	**28,644,770**

Information	2018–19[1]	2019–20	2020–21	2021–22	2022–23	2023–24
Attributed Revenue[2]	17,465,527	20,671,577	23,186,862	24,895,362	26,480,831	27,950,070
University Fund Contribution	(1,692,677)	(2,012,174)	(2,262,186)	(2,431,522)	(2,589,222)	(2,735,344)
University-Wide Costs	(4,944,901)	(5,151,115)	(5,747,675)	(6,158,930)	(6,525,740)	(6,859,718)
Student Aid Expense	(559,016)	(574,587)	(675,499)	(788,993)	(911,978)	(993,252)
University Fund Allocation[3]	3,003,966	3,002,772	3,002,772	3,002,772	3,002,772	3,002,772
Net Expense Budget	**13,272,899**	**15,936,473**	**17,504,274**	**18,518,689**	**19,456,662**	**20,364,528**

Music	2018–19[1]	2019–20	2020–21	2021–22	2022–23	2023–24
Attributed Revenue[2]	20,500,528	20,260,636	20,966,509	21,388,762	21,904,956	22,248,972
University Fund Contribution	(1,880,900)	(1,850,280)	(1,916,451)	(1,955,065)	(2,004,174)	(2,035,952)
University-Wide Costs	(7,270,545)	(7,453,017)	(7,821,885)	(8,044,293)	(8,302,568)	(8,586,190)
Student Aid Expense	(2,286,243)	(2,337,154)	(2,407,903)	(2,453,909)	(2,506,909)	(2,558,613)
University Fund Allocation[3]	6,227,930	9,826,392	9,826,392	9,826,392	9,826,392	9,826,392
Net Expense Budget	**15,290,771**	**18,446,576**	**18,646,661**	**18,761,885**	**18,917,697**	**18,894,609**

1. Net expense budgets for 2018–19 have been restated to reflect impact of new inter-divisional teaching framework
2. Attributed revenue net of recoveries from restricted funds and divisional income.
3. Includes allocations up to and including 2019–20. Flatlined for outer years.

Schedule 5: Projected Divisional Net Revenue Allocations Cont'd **2019–20 to 2023–24**

Social Work	2018–19[1]	2019–20	2020–21	2021–22	2022–23	2023–24
Attributed Revenue[2]	14,613,353	14,707,076	14,883,199	15,123,571	15,232,019	15,392,827
University Fund Contribution	(1,296,568)	(1,292,330)	(1,306,557)	(1,326,970)	(1,336,309)	(1,350,907)
University-Wide Costs	(4,574,005)	(4,369,029)	(4,677,675)	(4,707,862)	(4,845,385)	(4,969,638)
Student Aid Expense	(1,130,374)	(1,147,034)	(1,169,058)	(1,188,774)	(1,202,175)	(1,215,478)
University Fund Allocation[3]	1,643,548	1,672,247	1,672,247	1,672,247	1,672,247	1,672,247
Net Expense Budget	**9,255,953**	**9,570,929**	**9,402,155**	**9,572,212**	**9,520,397**	**9,529,051**

Management	2018–19[1]	2019–20	2020–21	2021–22	2022–23	2023–24
Attributed Revenue[2]	122,042,690	118,138,343	120,878,283	124,261,739	130,721,011	134,426,793
University Fund Contribution	(11,490,988)	(11,067,393)	(11,311,691)	(11,635,957)	(12,255,717)	(12,600,883)
University-Wide Costs	(25,830,711)	(26,985,087)	(27,827,595)	(28,407,489)	(29,264,068)	(30,356,467)
Student Aid Expense	(4,172,294)	(4,137,414)	(4,494,103)	(4,694,997)	(4,876,535)	(5,088,625)
University Fund Allocation[3]	8,124,601	8,371,047	8,371,047	8,371,047	8,371,047	8,371,047
Net Expense Budget	**88,673,298**	**84,319,496**	**85,615,941**	**87,894,343**	**92,695,738**	**94,751,865**

Trans. Year. Prog.	2018–19[1]	2019–20	2020–21	2021–22	2022–23	2023–24
Attributed Revenue[2]	858,714	831,526	843,991	865,780	881,758	898,394
University Fund Contribution	(48,277)	(44,661)	(44,872)	(46,163)	(47,114)	(48,131)
University-Wide Costs	(515,398)	(518,034)	(541,477)	(547,588)	(566,594)	(584,889)
Student Aid Expense	(433,870)	(444,156)	(459,204)	(471,033)	(480,449)	(490,450)
University Fund Allocation[3]	1,708,678	1,718,142	1,718,142	1,718,142	1,718,142	1,718,142
Net Expense Budget	**1,569,848**	**1,542,817**	**1,516,580**	**1,519,139**	**1,505,744**	**1,493,066**

School of Cont. Studies	2018–19[1]	2019–20	2020–21	2021–22	2022–23	2023–24
Attributed Revenue[2]	673,969	857,010	939,098	1,066,444	1,079,958	1,065,758
University Fund Contribution	(2,966,326)	(3,071,542)	(3,154,393)	(3,243,643)	(3,323,432)	(3,402,411)
University-Wide Costs	(2,683,117)	(2,836,941)	(3,032,071)	(3,153,544)	(3,288,813)	(3,415,023)
Student Aid Expense	(12,881)	(13,832)	(14,215)	(14,538)	(14,774)	(15,009)
University Fund Allocation[3]	1,643,482	1,643,131	1,643,131	1,643,131	1,643,131	1,643,131
Net Expense Budget	**(3,344,874)**	**(3,422,174)**	**(3,618,450)**	**(3,702,150)**	**(3,903,930)**	**(4,123,554)**

1. Net expense budgets for 2018–19 have been restated to reflect impact of new inter-divisional teaching framework
2. Attributed revenue net of recoveries from restricted funds and divisional income.
3. Includes allocations up to and including 2019–20. Flatlined for outer years.

UNIVERSITY OF TORONTO

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