

Budget 2016

Business Board

February 29, 2016

Agenda

1) Budget Process

2) UofT Budget Model

3) Students & Teaching

4) Faculty & Staff

5) Infrastructure

6) Services

7) Funding Sources

8) Student Aid

9) Budget Summary & UF

10) Opportunities & Risks

2015-16 Operating Budget \$2.16B

2016-17 Operating Budget \$2.318B

Program mix differs significantly between the three campuses, with a higher proportion of professional and graduate programs at the St. George campus.



Toronto



Scarborough
\$232 million

10,575 Students
331 Faculty
605 Staff
71,706 NASM



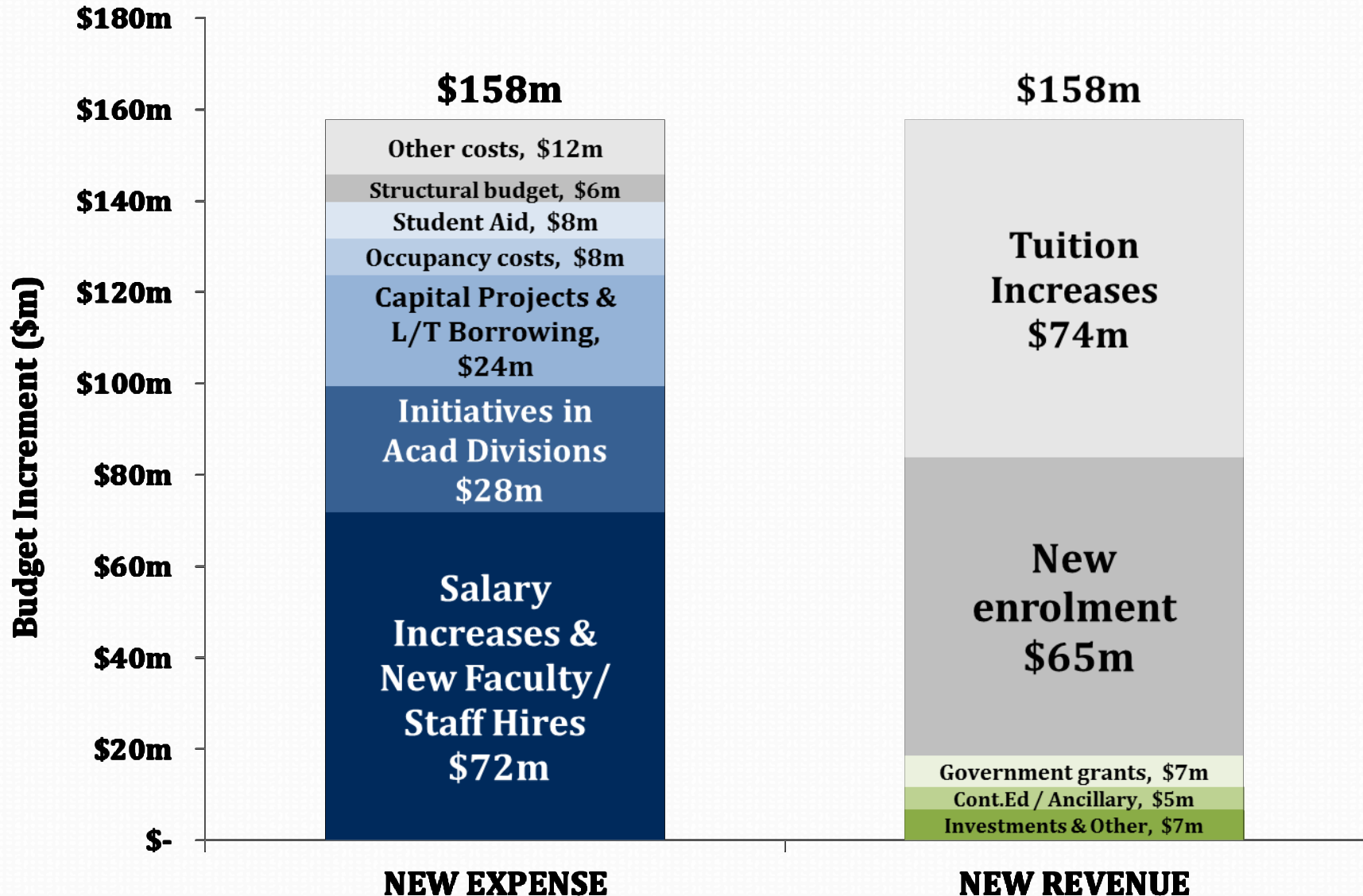
Mississauga

Mississauga
\$257 million

11,573 Students
330 Faculty
637 Staff
97,338 NASM

Enrolment: 2015-16 actual per Enrolment Report
Faculty and staff: 2015-16 operating budget FTE
Space (NASM): as of Sept.2014 per Facts & Figures

Sources of Funding for New Expenses



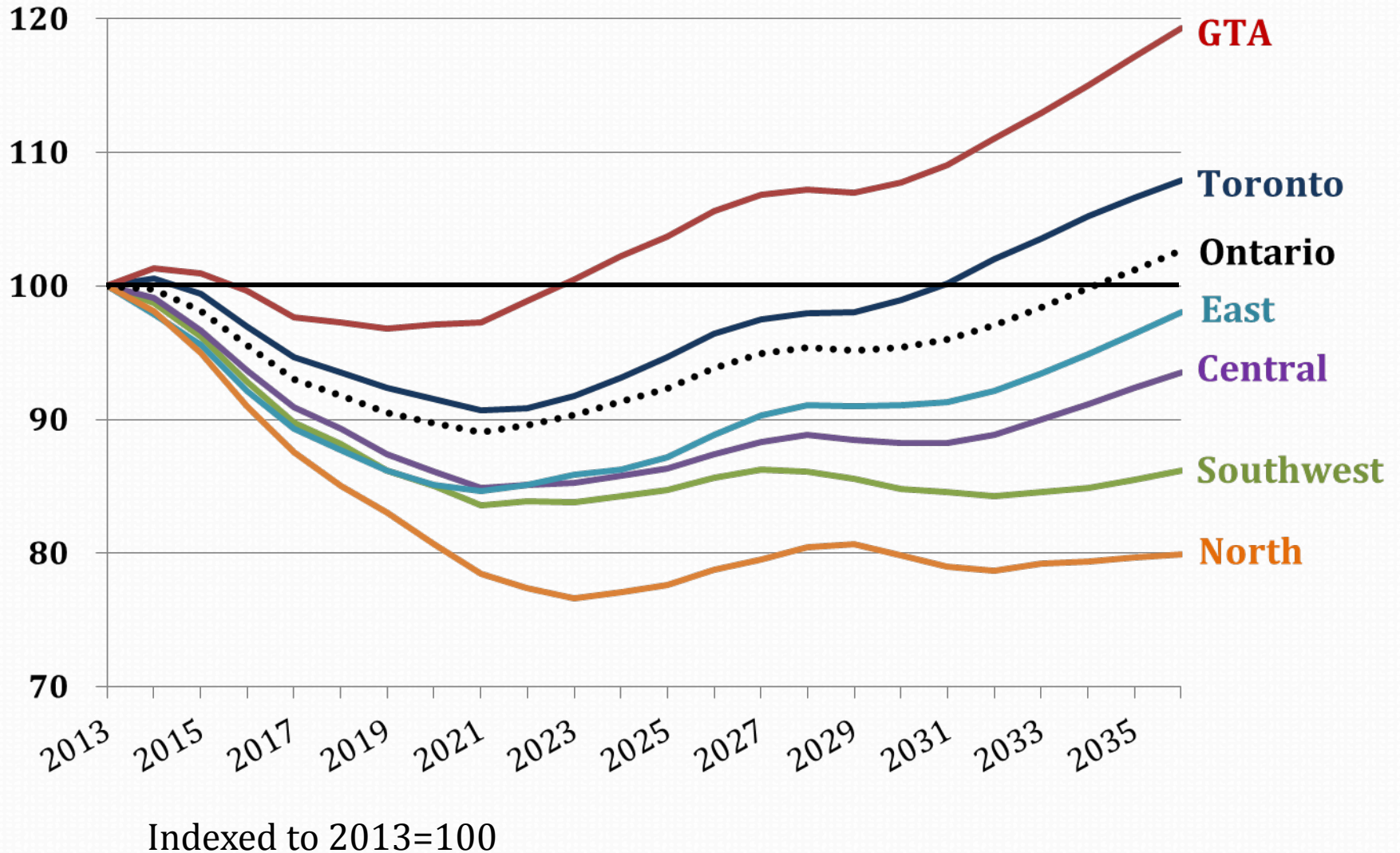


STUDENTS AND TEACHING

Undergraduate enrolment results for 2015-16

Total FTE	2014 Actual	2015 Actual	2015 Variance to Plan
St George	37,836	39,011	1,554
UTM	10,942	11,405	(185)
UTSC	10,088	10,486	(141)
TOTAL	58,866	60,902	1,229

Trend in 18-20 year-old Ontario population



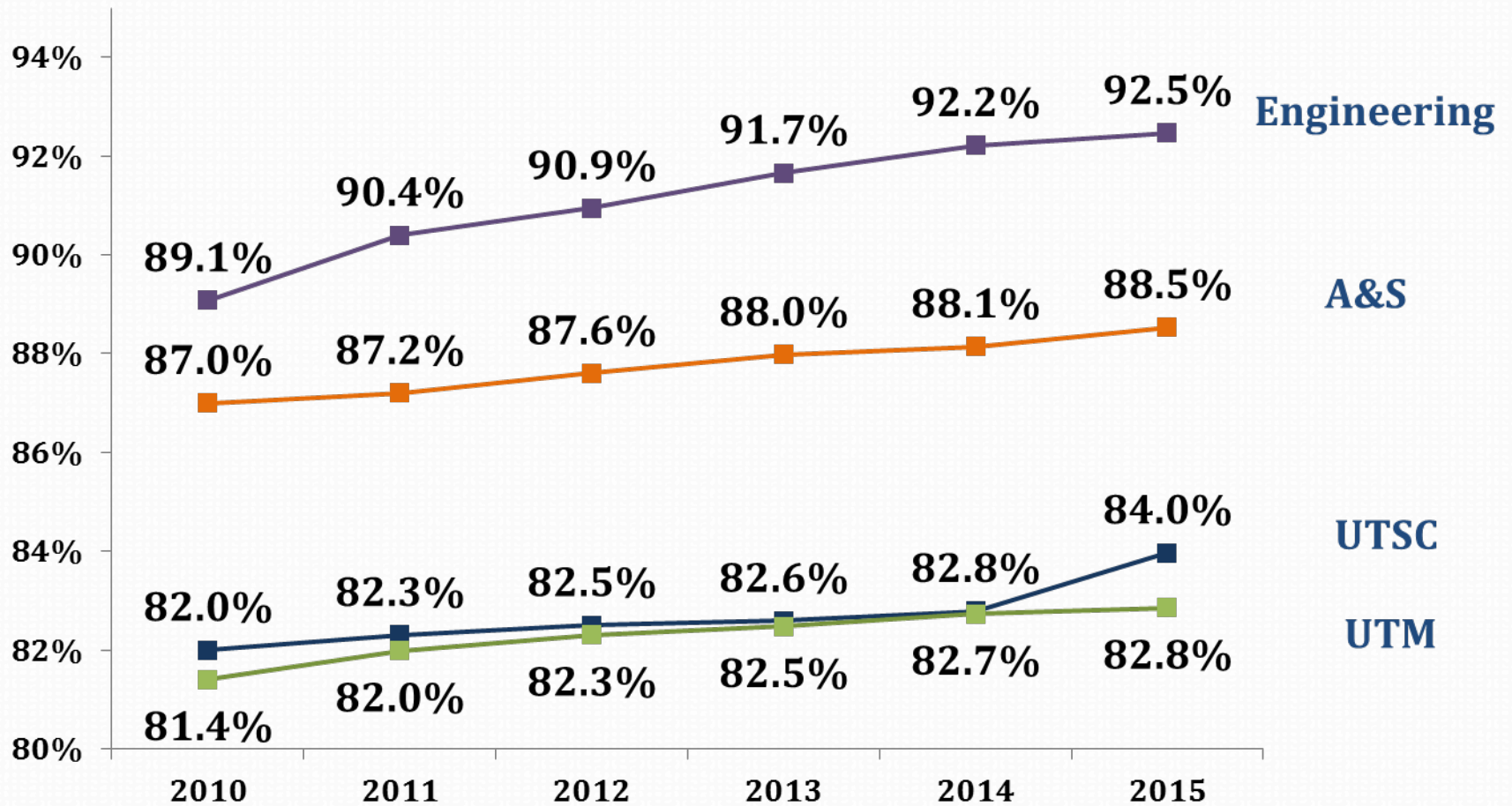
Tri-campus undergraduate plans

Total FTE	2015 Actual	2016 Plan	2020 Plan	5-year Growth Plan	~ % Growth
St George*	39,011	38,668	38,325	(686)	(2%)
UTM	11,405	11,904	12,791	1,386	12%
UTSC	10,486	10,841	11,686	1,200	11%
TOTAL	60,902	61,413	62,802	1,900	3%

* Full time UG enrolment in the Faculty of A&S at St. George will remain above current level until returning to original plans in 2019-20.

Demand and quality remain strong

Direct Entry Undergraduate Program Applications					
2010	2011	2012	2013	2014	2015
64,400	67,600	71,500	73,900	75,700	n/a

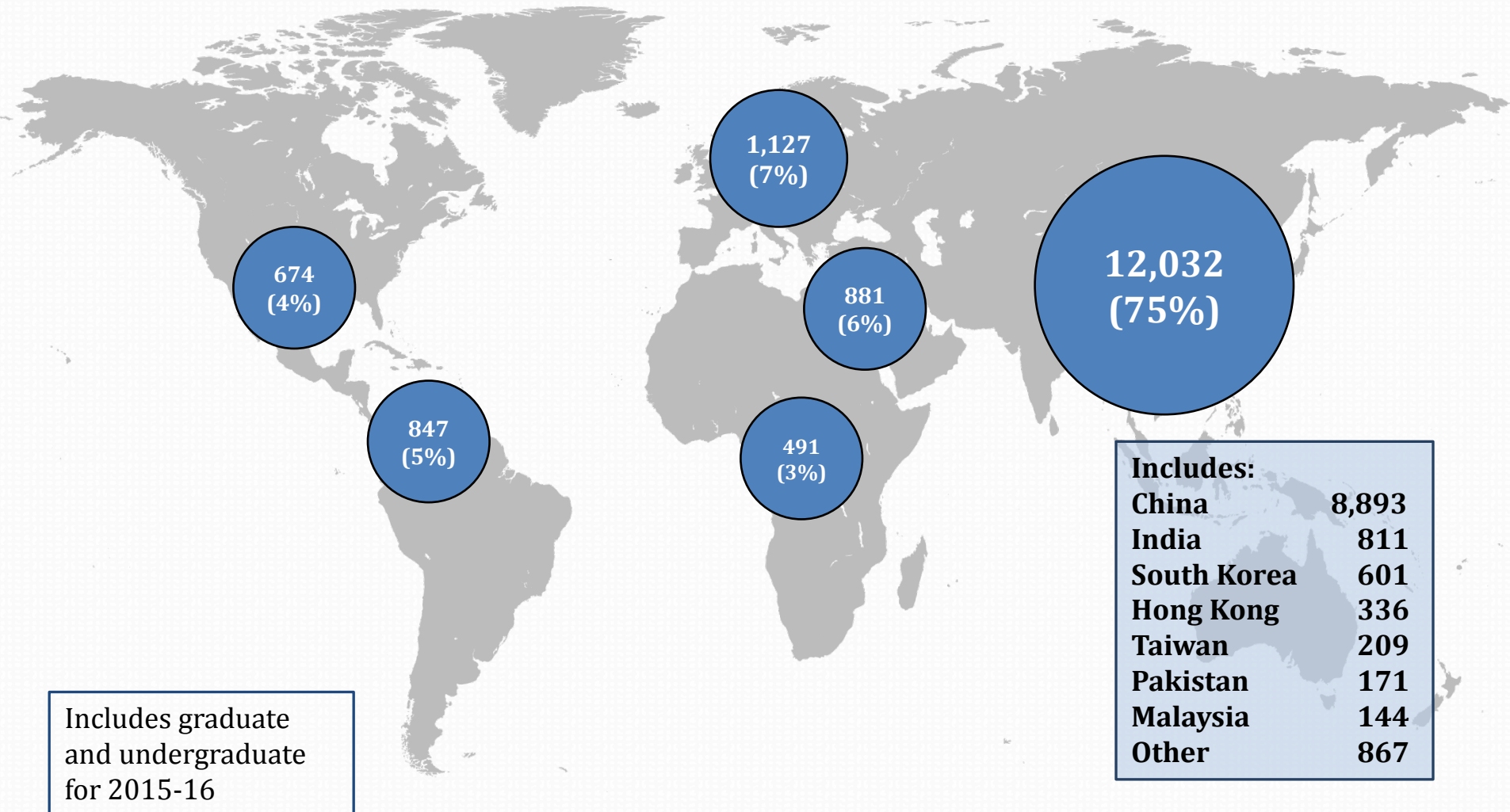


Divisional undergraduate international plans

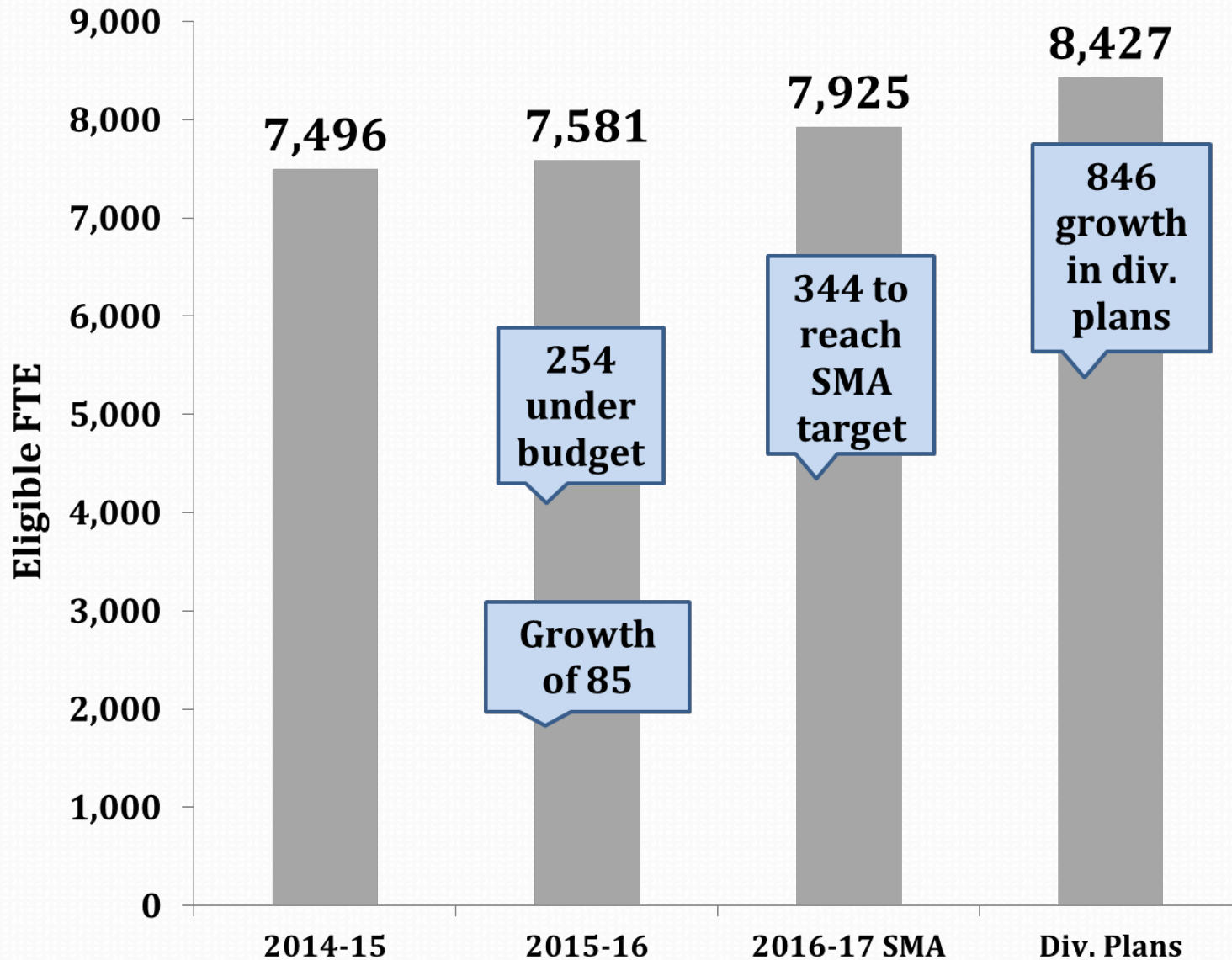
% Int'l	Intake		Total Enrolment	
Division	2015 Actual	2016 Plan	2015 Actual	2020 Plan
APSE	34%	31%	28%	27%
A&S	29%	30%	21%	25%
UTM	20%	20%	18%	19%
UTSC	20%	18%	16%	16%

2015 total international UG students = 13,288 (18.9%)

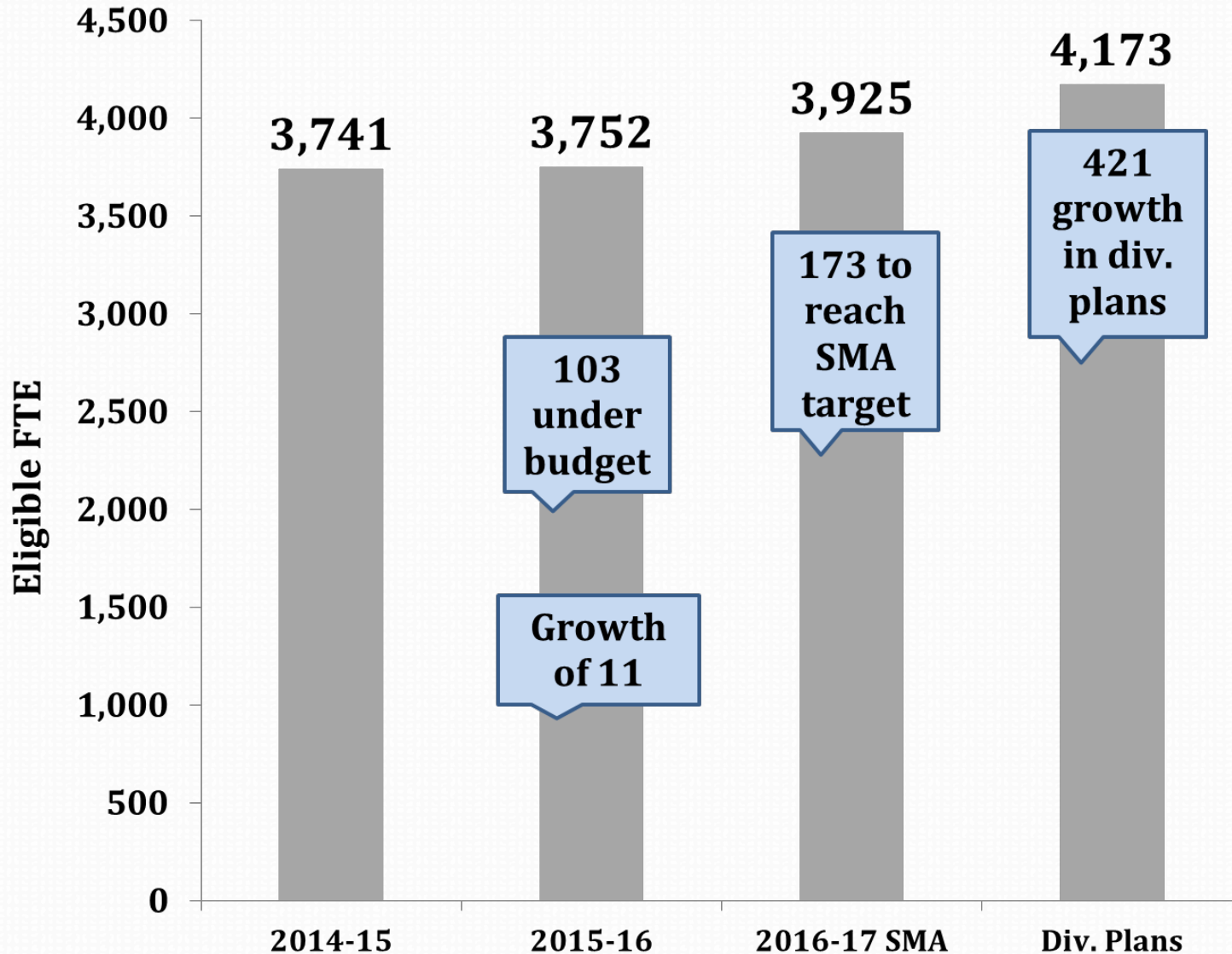
International Students by Geographic Region



Divisions plan for 846 more masters students (eligible FTEs)



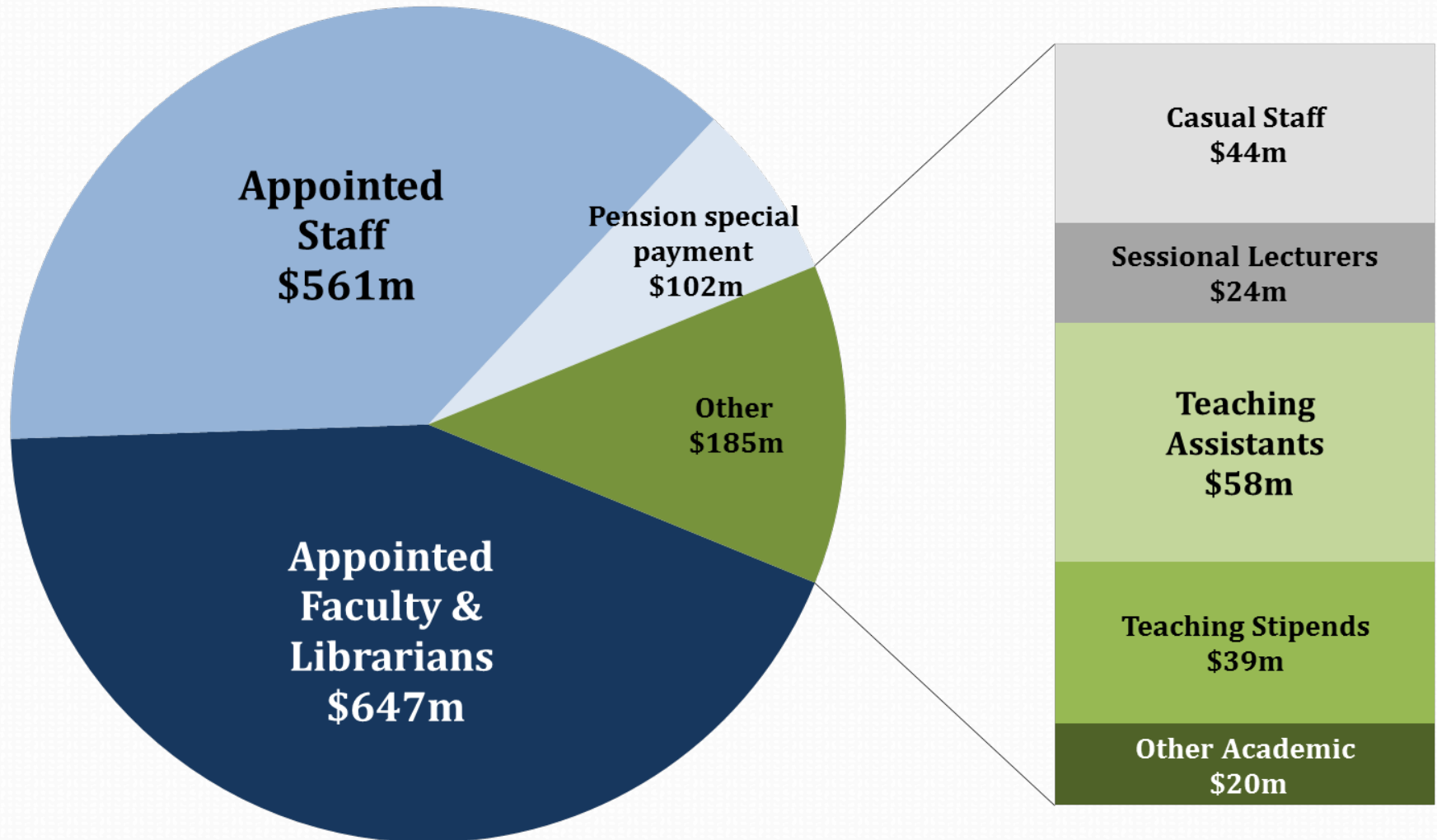
Divisions plan for 421 more doctoral students (eligible FTEs)





FACULTY AND STAFF

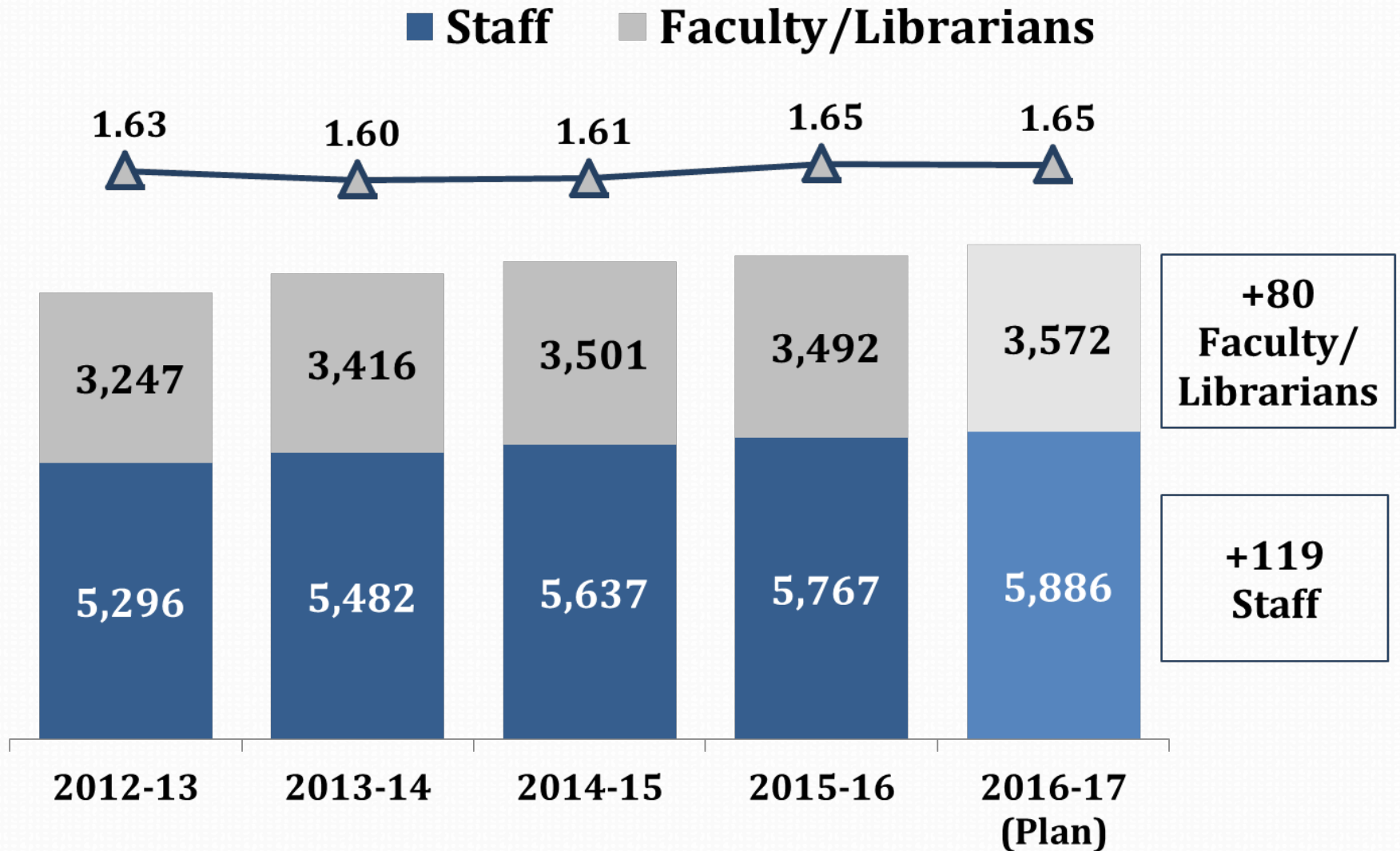
2016-17 Compensation Budget \$1.49B (Est.)



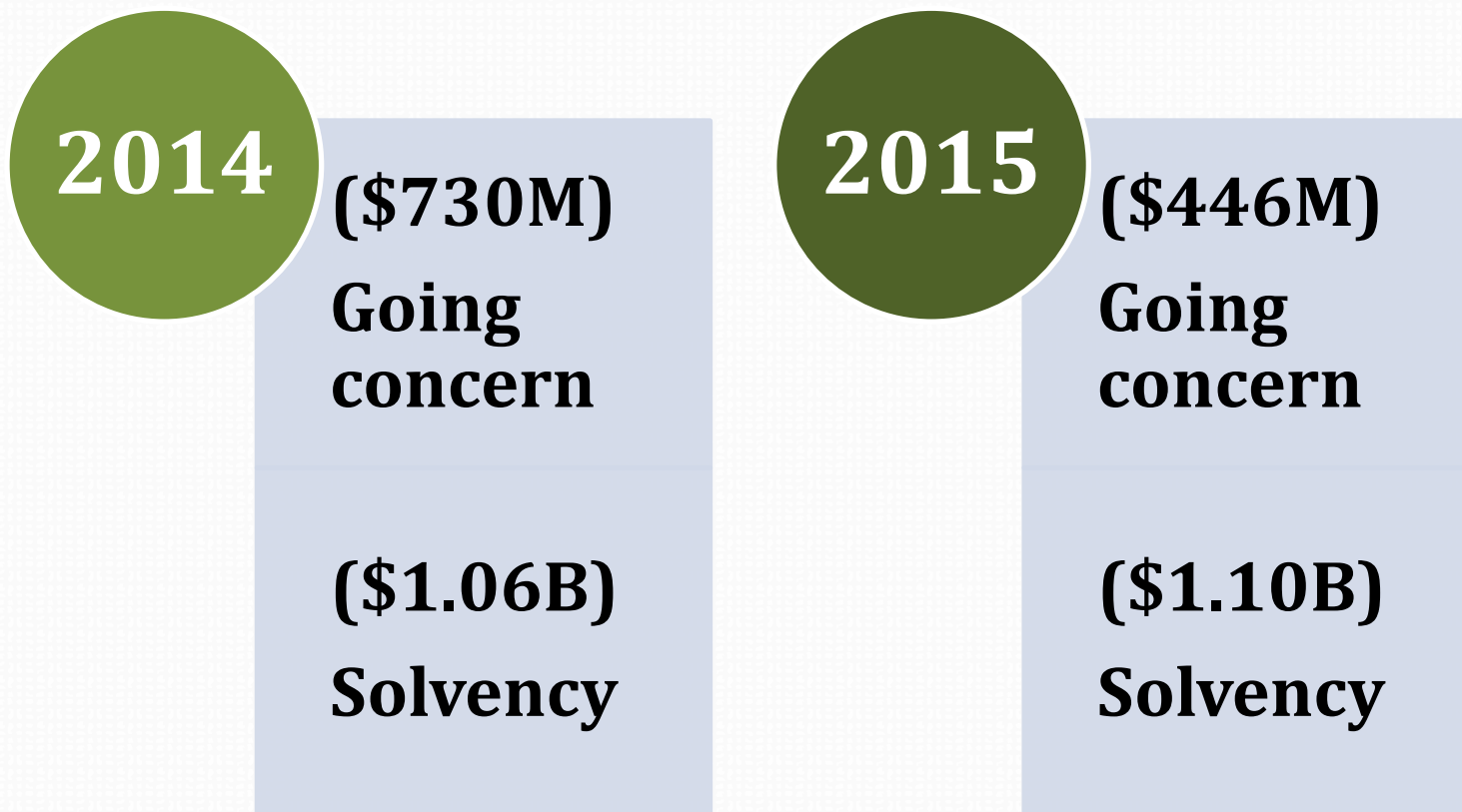
2015-16 Budget \$1.42B + Budget Increase \$72M

Ratio of Staff to Faculty FTE

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



Pension Plan Deficits (RPP and RPP-OISE)



Interest rate sensitivity:
each 1% **increase** in interest rates
decreases the solvency deficit by well over \$500M

Pension special payments and other related costs

	Incremental Annual \$m	Total Annual \$m
2014-15	5	92
2015-16	5	97
2016-17	5	102
2017-18	5	107
2018-19	5	112
2019-20	5	117
2020-21	5	122

Placeholders



PHYSICAL INFRASTRUCTURE AND UNIVERSITY WIDE COSTS

Under construction

CEIE

**Ramsay
Wright Labs**

Law

1 Spadina

**Medicine
floors in MaRS**

UTM North2

In design

**Robarts
Common**

**Spadina
Sussex Res.**

Landmark

**Student
Commons**

**UTSC
Highland Hall**

Look ahead

**Academic
Tower**

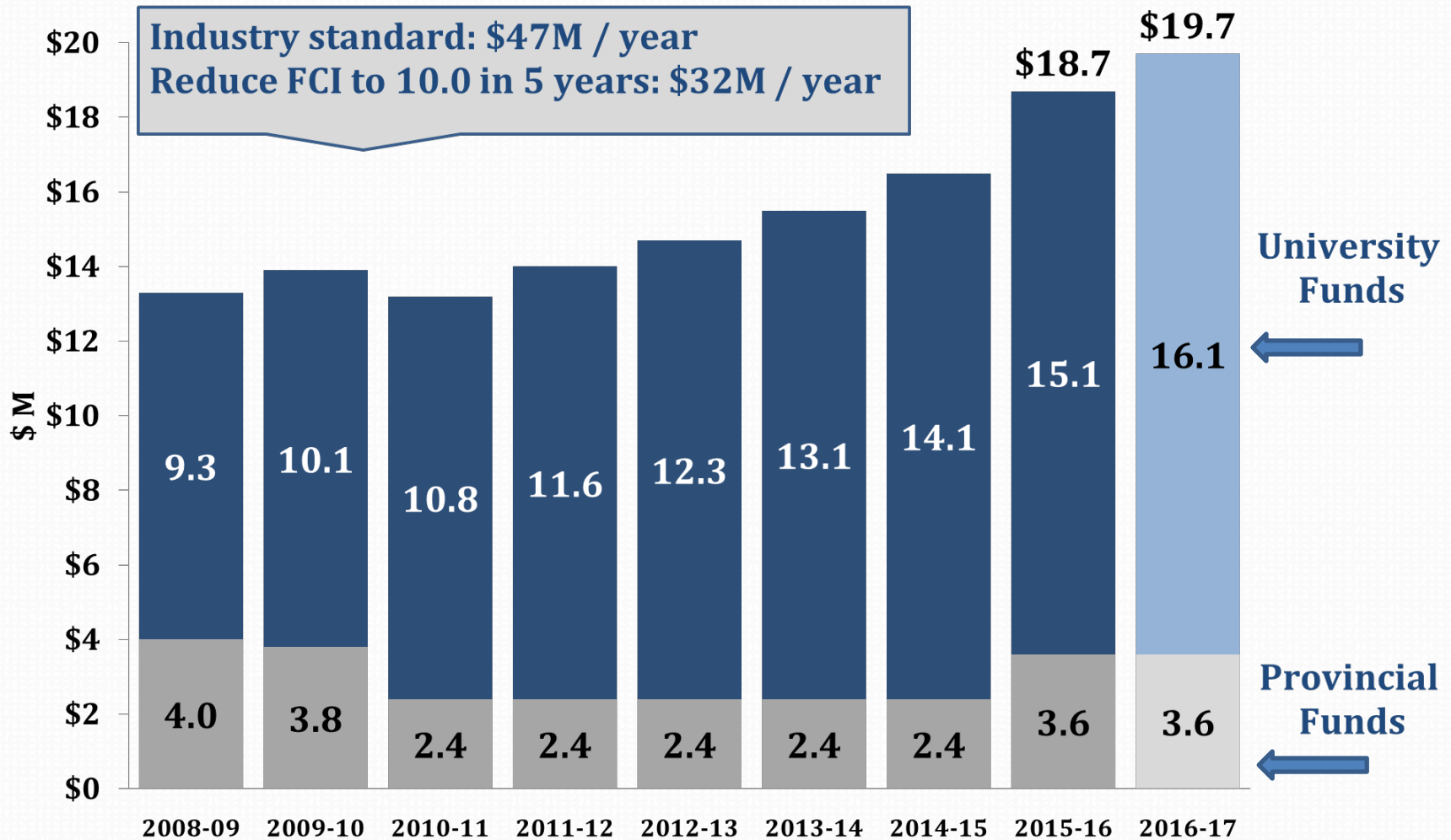
UTM Science

**UTSC
Residence**

Hart House

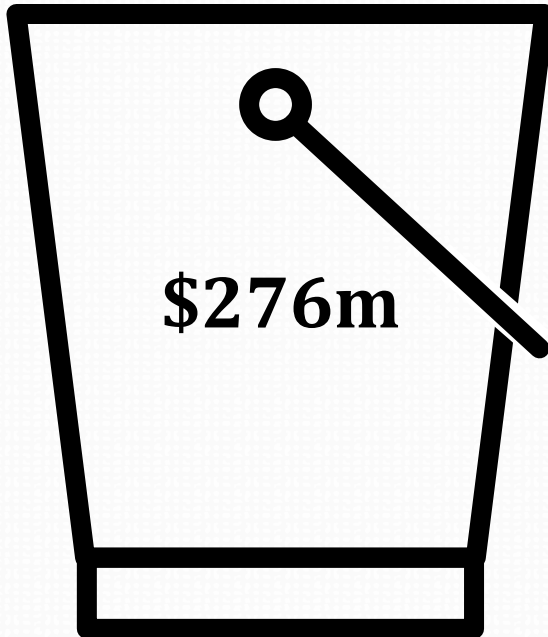
**Center for Civ
& Cultures**

St George deferred maintenance: current funding levels allow us to maintain FCI at 14.4



What makes up university-wide costs?

**Shared service
portfolio operations**



**Non-discretionary
expenses**



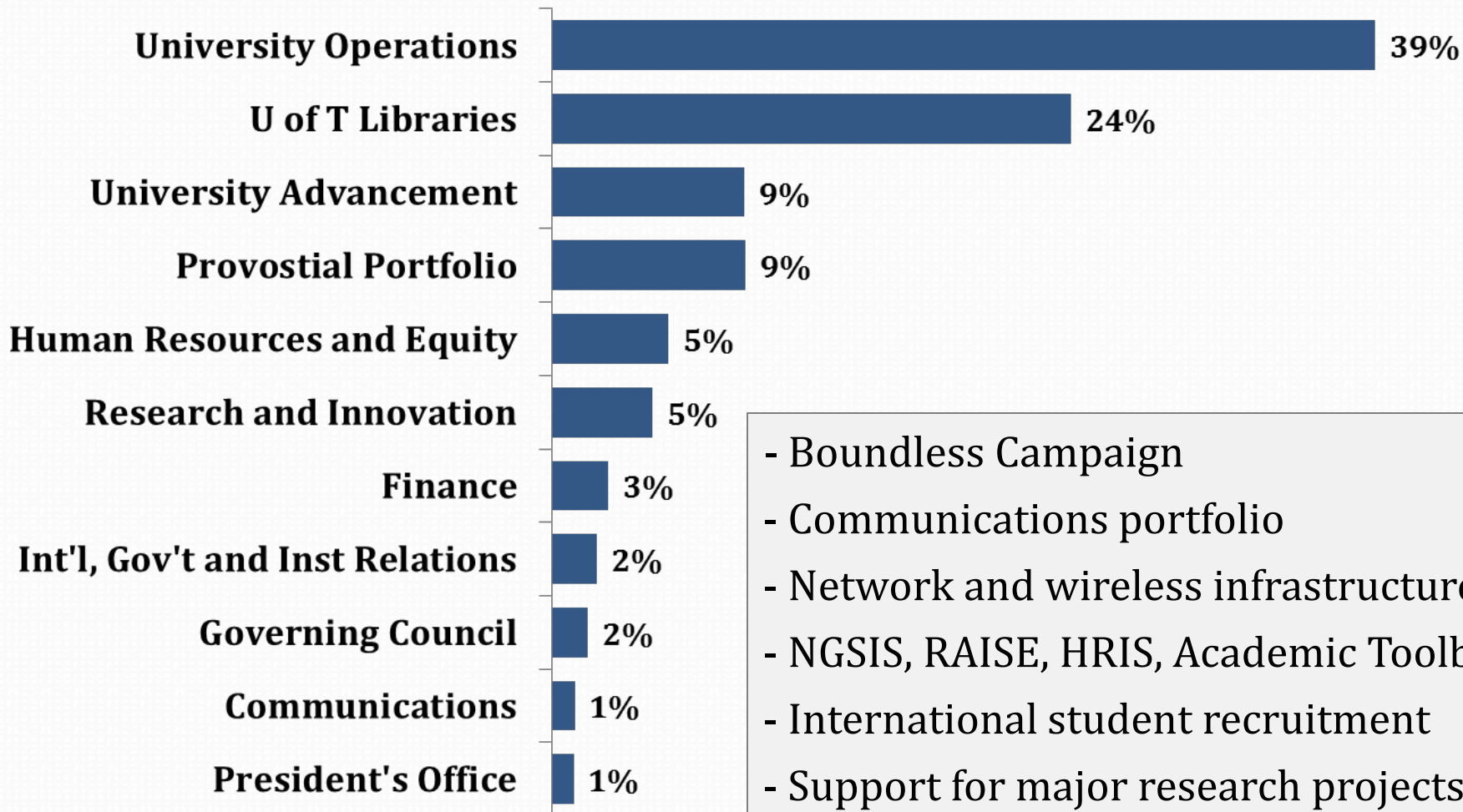
**Pension special
payment**



**Academic
initiative funds**

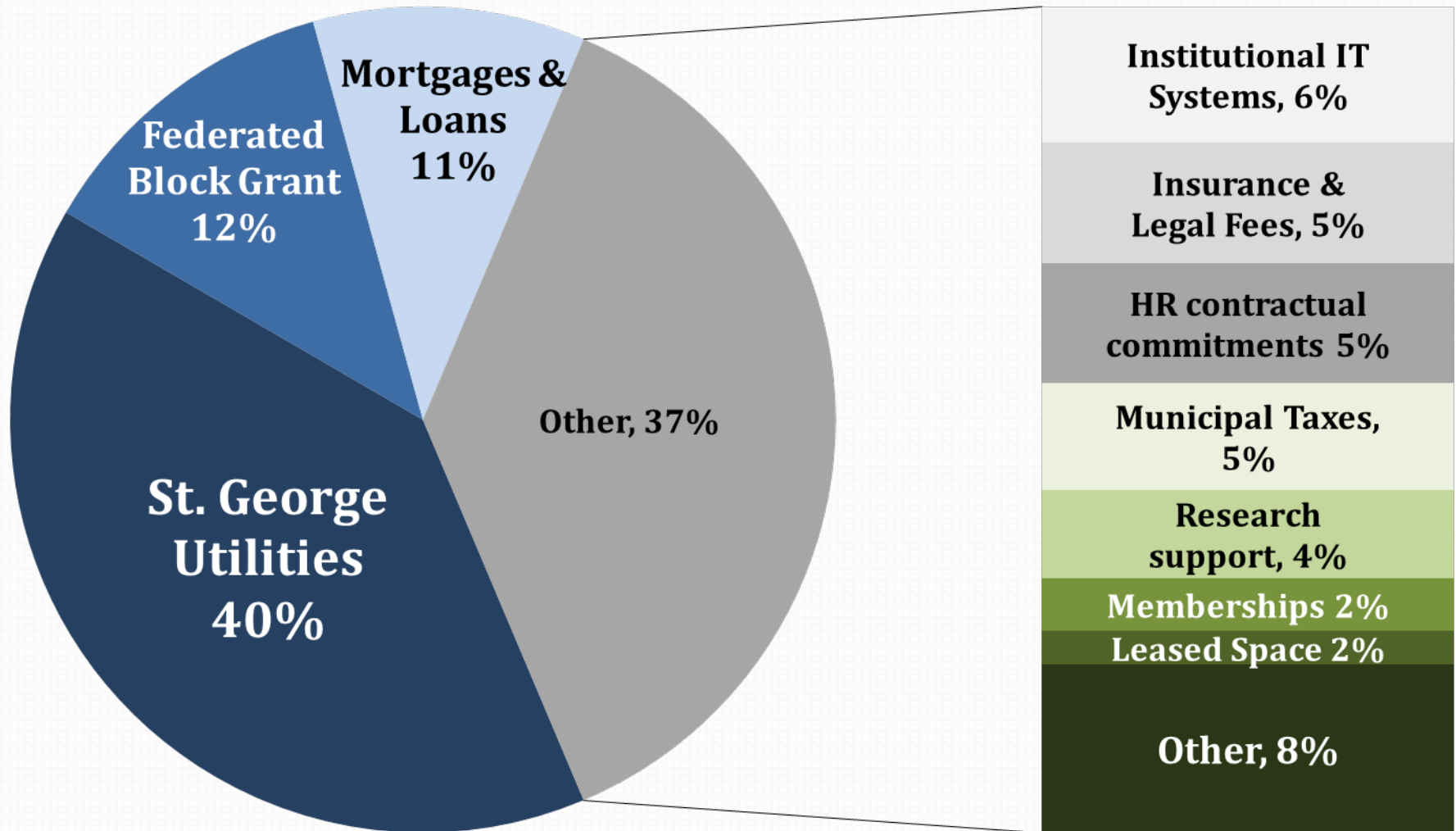


Shared Service Portfolio Operations (\$276m)

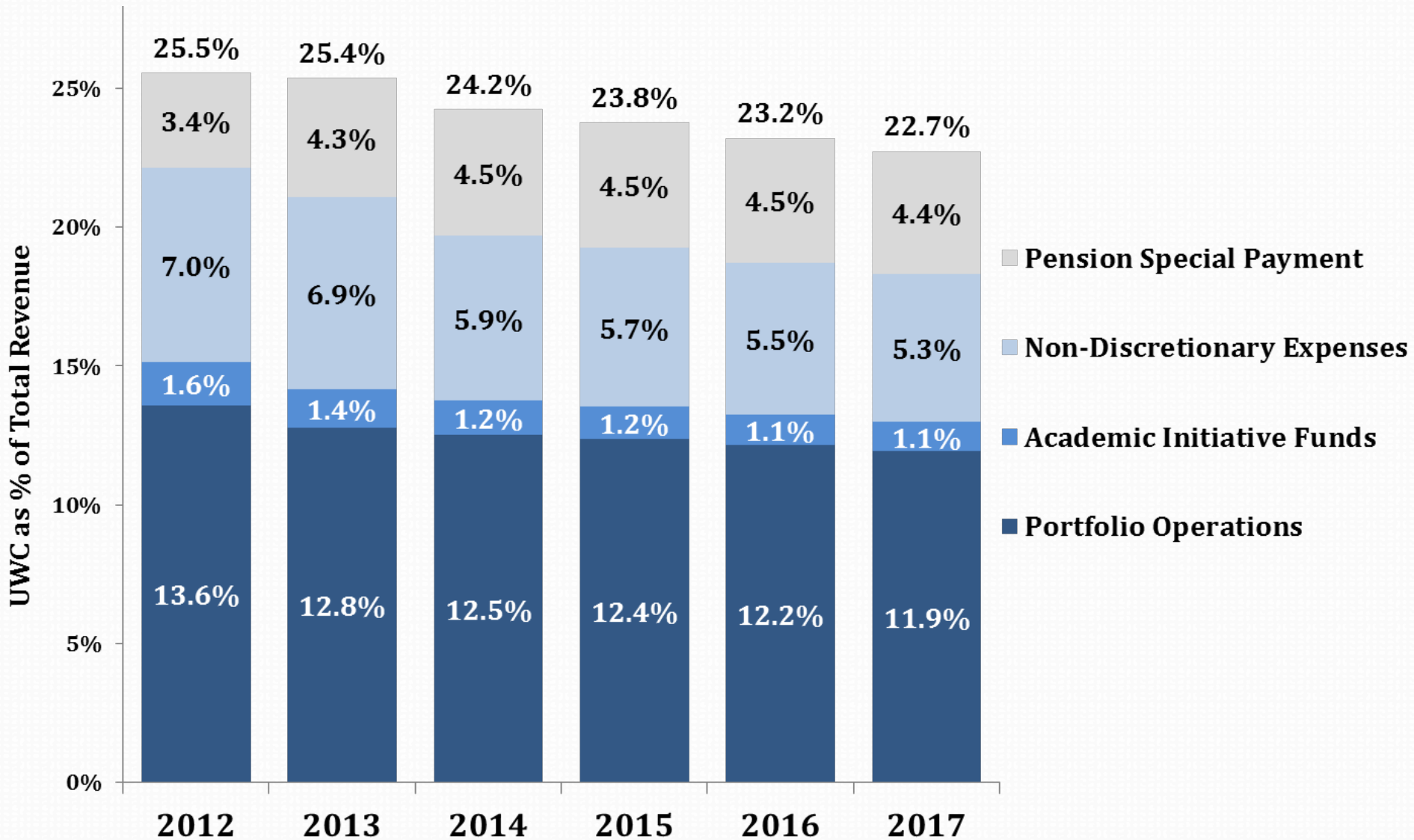


- Boundless Campaign
- Communications portfolio
- Network and wireless infrastructure
- NGSIS, RAISE, HRIS, Academic Toolbox
- International student recruitment
- Support for major research projects
- Library services and acquisitions

Non-discretionary Expenses (\$124m)



University-wide costs as % of Revenue



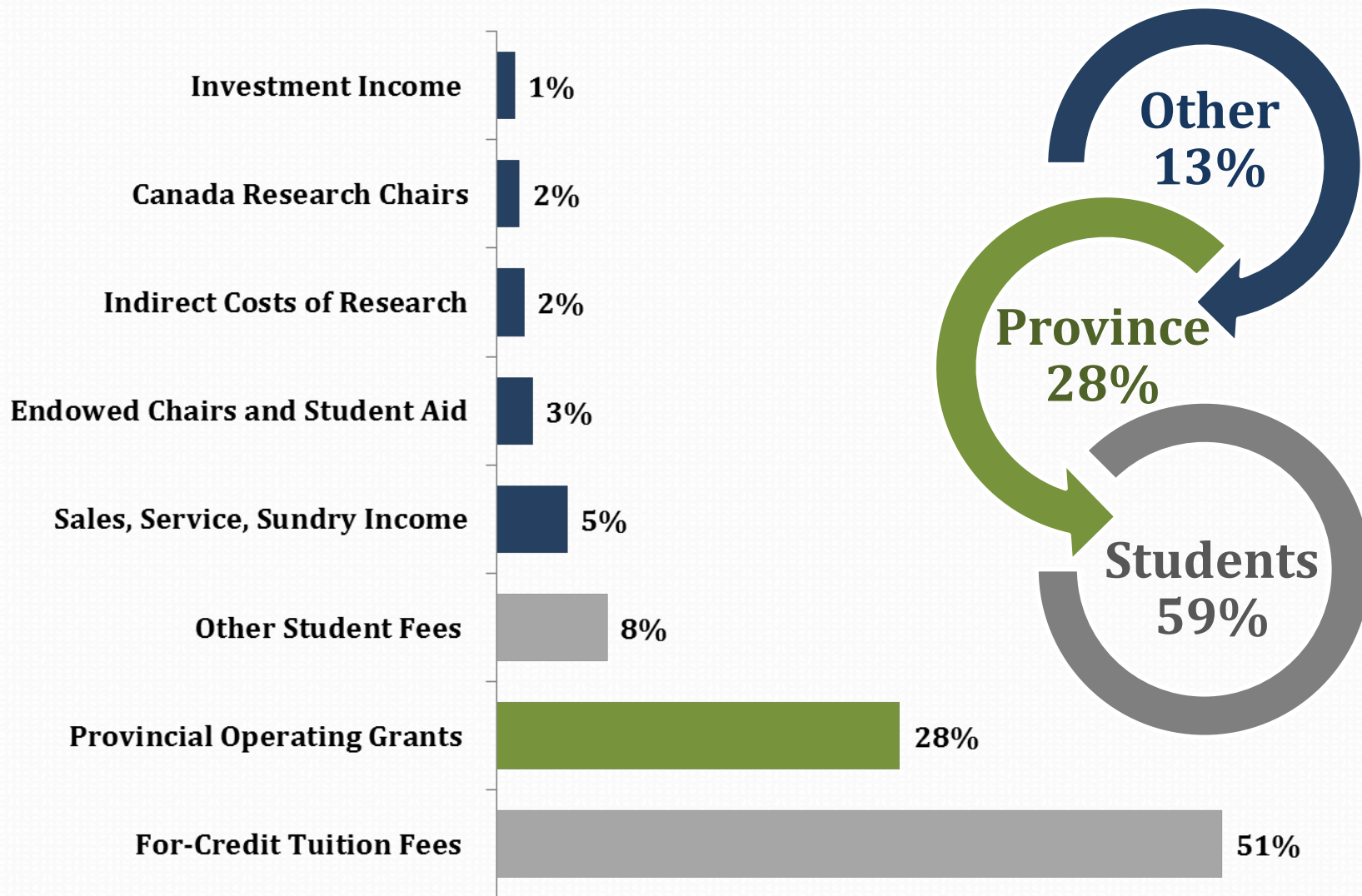
Allocations to Shared Services: Key Metrics

(excludes expenditures on institutional costs)	Academic Divisions	Shared Service Divisions
2015-16 proportion of budget	82%	18%
Share of new revenue 2016-17	89%	11%
Rate of increase over prior year	8.7%	5.0%



FUNDING SOURCES

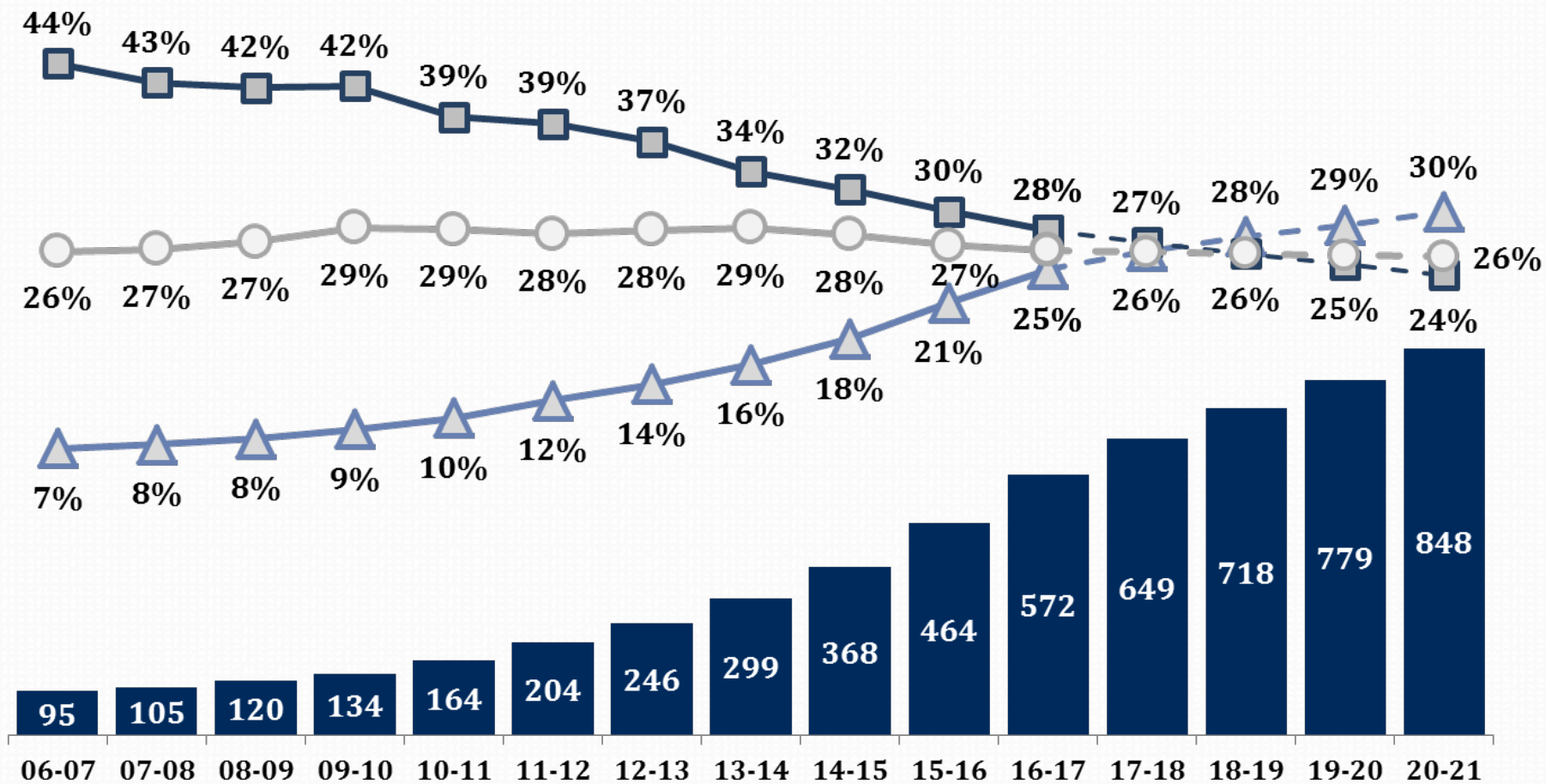
2016- 17 sources of revenue (\$2.3B)



The changing revenue landscape

(excludes divisional income)

■ Int'l Tuition (\$M) ▲ Int'l Tuition % ■ Operating Grant % ○ Dom Tuition %



Provincial Funding Formula Review

**Basic Operating Grant
\$515M**

**Enrolment Growth Grants
\$94M**

**Special Purpose Grants
\$24M**

General Quality Grant, \$24M

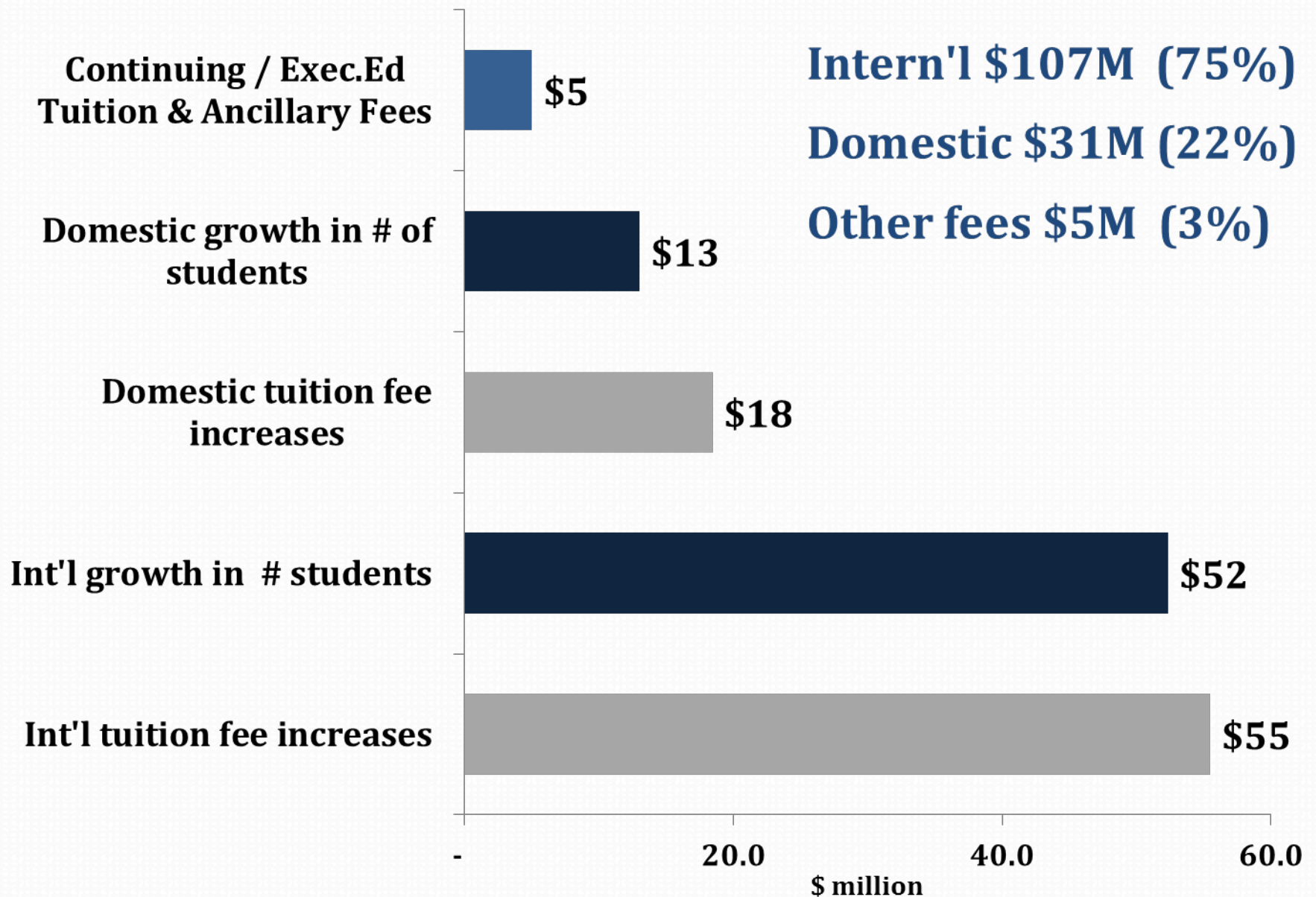
Performance Funding, \$4M

**\$661M
Total**

MTCU Consultation Report Recommendations

- **Outcomes lens**
- **Data driven**
- **Implementation over 2 SMA cycles**
- **What about research?**

Student fee revenue increase \$144M in 2016-17



Tuition fee increases for 2016-17

(last year of the tuition framework)

(Domestic overall cap = 3%)	Incoming Students	Continuing Students
Domestic General UG	3%	3%
Domestic Prof and Graduate	5%	5%
International	2-10%	5%

- **Budget assumes provincial framework extended**
- **Weighted average international increase = 5.9%**
- **Domestic tuition fee for doctoral stream will decrease by \$30**

Domestic tuition fee sensitivity (this is the same slide we had in before)

Each 1% decrease in domestic tuition cap

= \$27M revenue loss annually by 2020-21

= \$67M cumulative over 4 years

= 150 faculty

(150 faculty @ \$180K each = \$27M)



International tuition fee sensitivity

Each 1% reduction in international tuition increases

= \$38M revenue loss annually by 2020-21

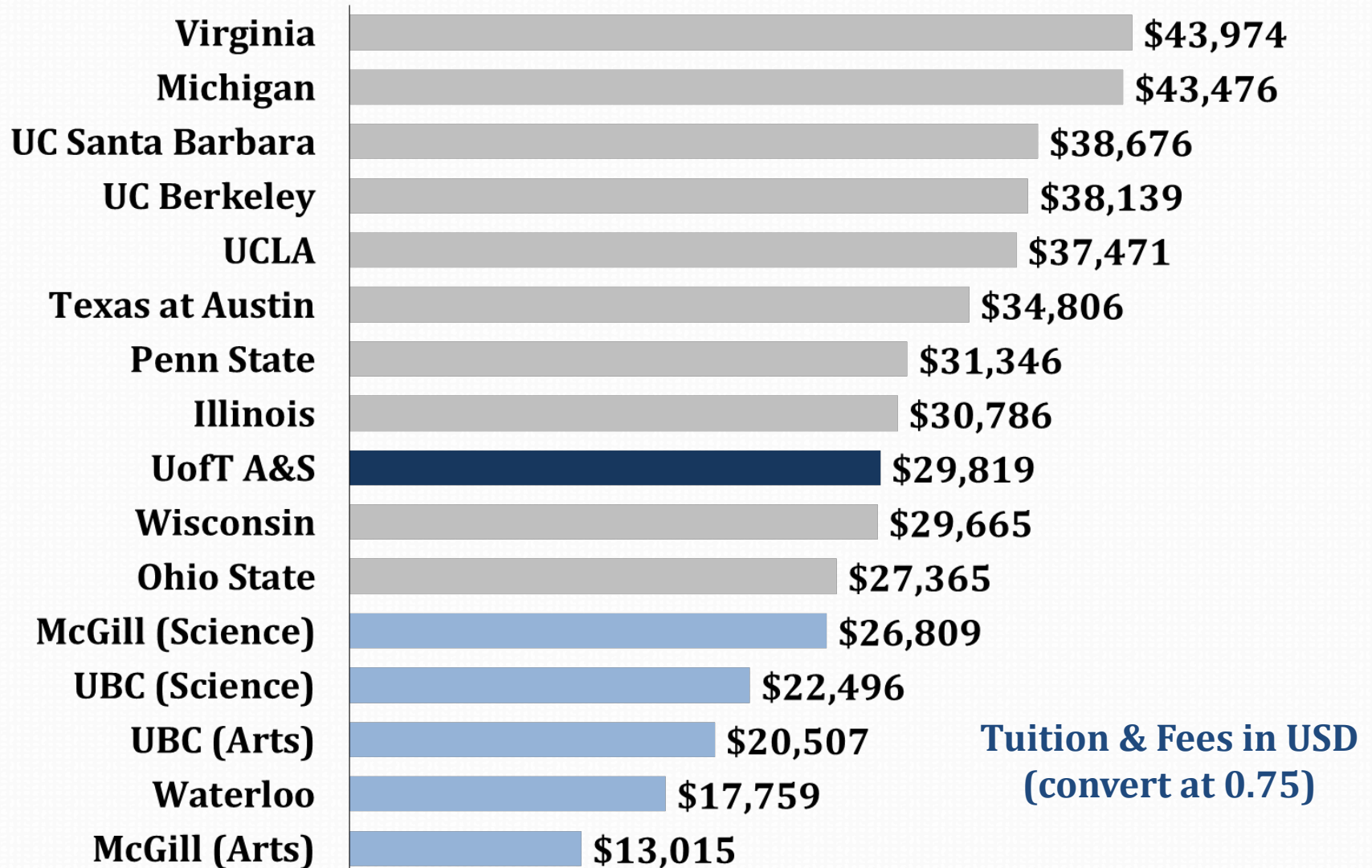
= \$104M cumulative over 5 years

= 211 faculty

(150 faculty @ \$180K each = \$27M)

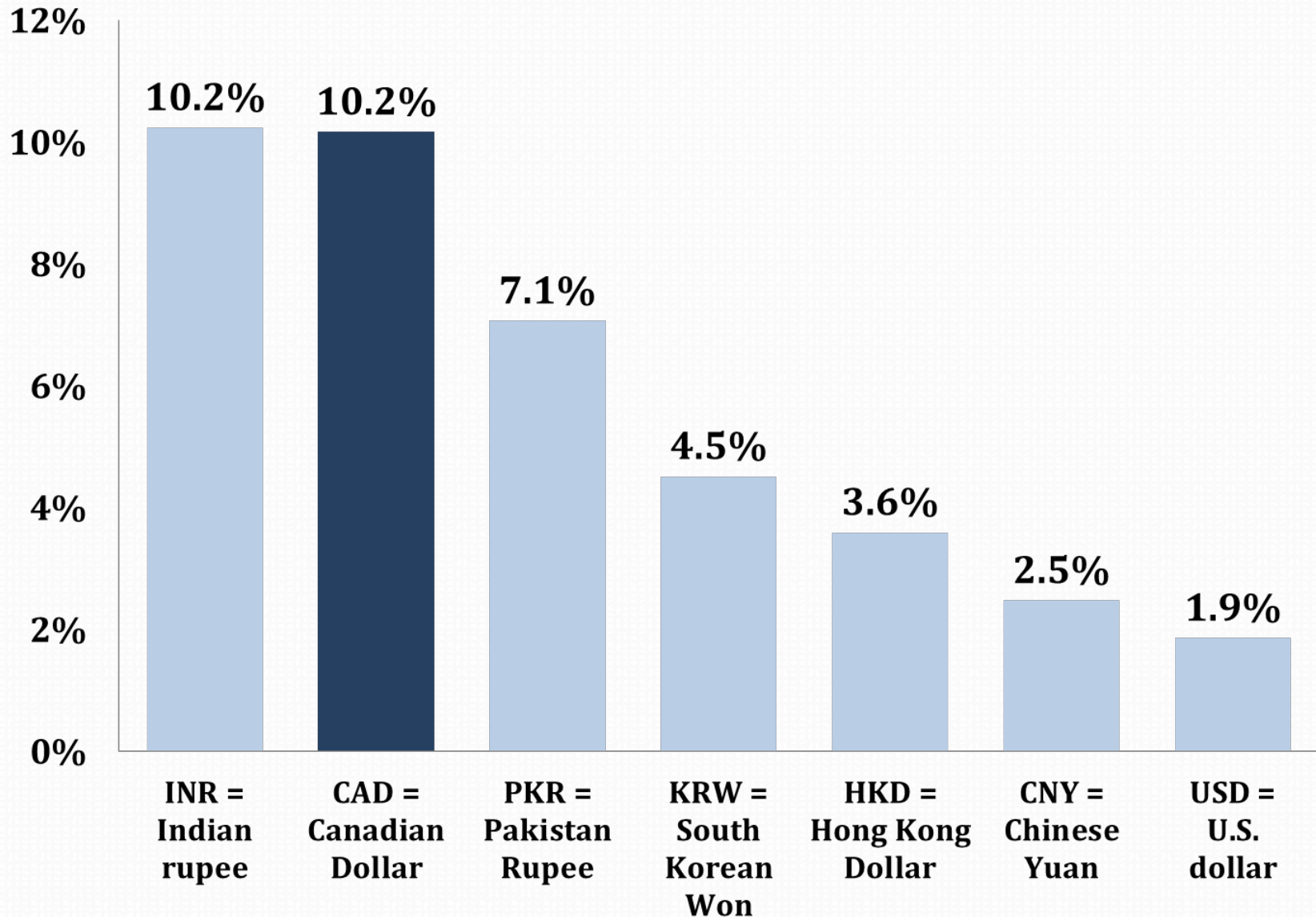


International and Out-of-state Arts & Science Tuition at Peer Institutions (2015-16)



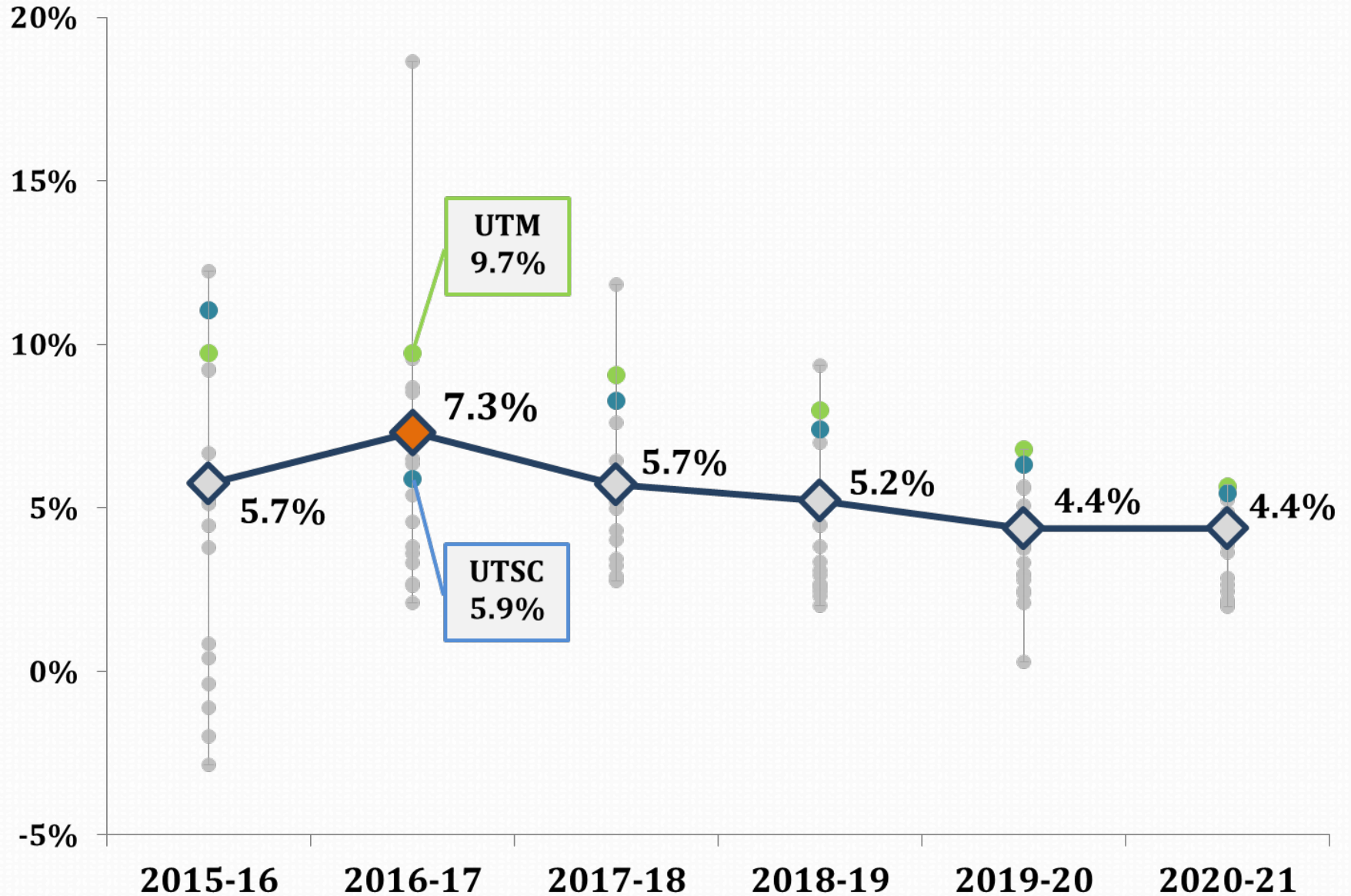
Impact of foreign exchange on international fees

(Exchange-Adjusted Compound Average Fee Increases, 2011-Jan. 2016)



Projected Revenue Growth Rates

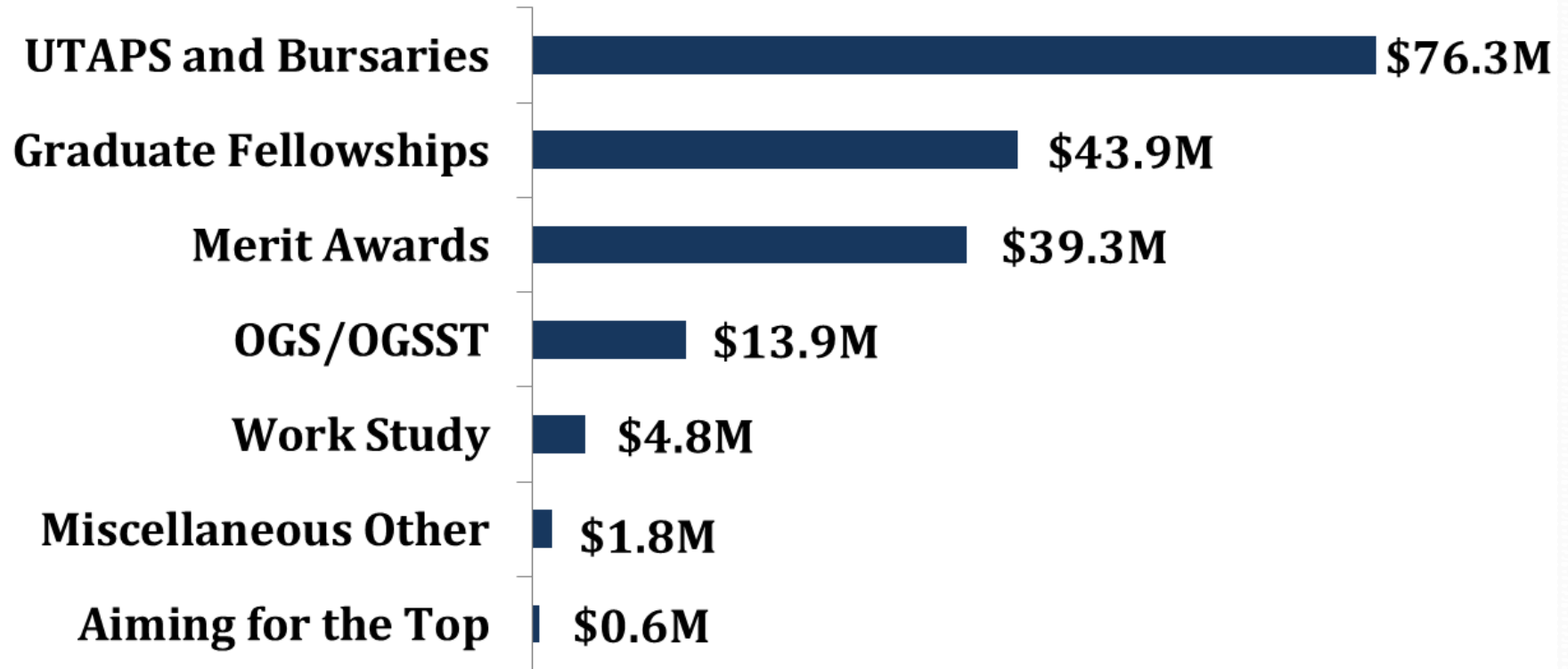
(with division-level distribution)





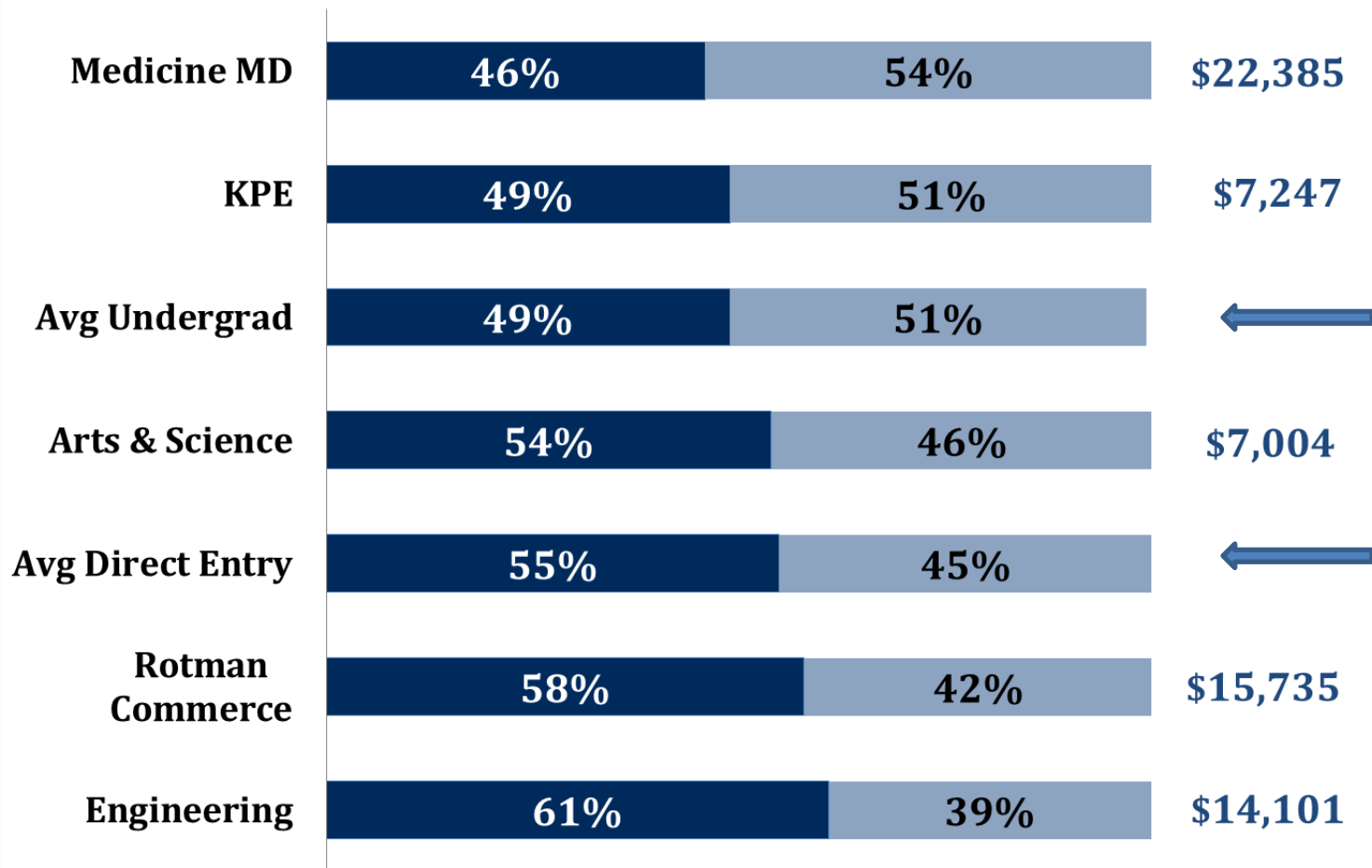
STUDENT AID

2014-15 Total Student Aid Expense \$181M



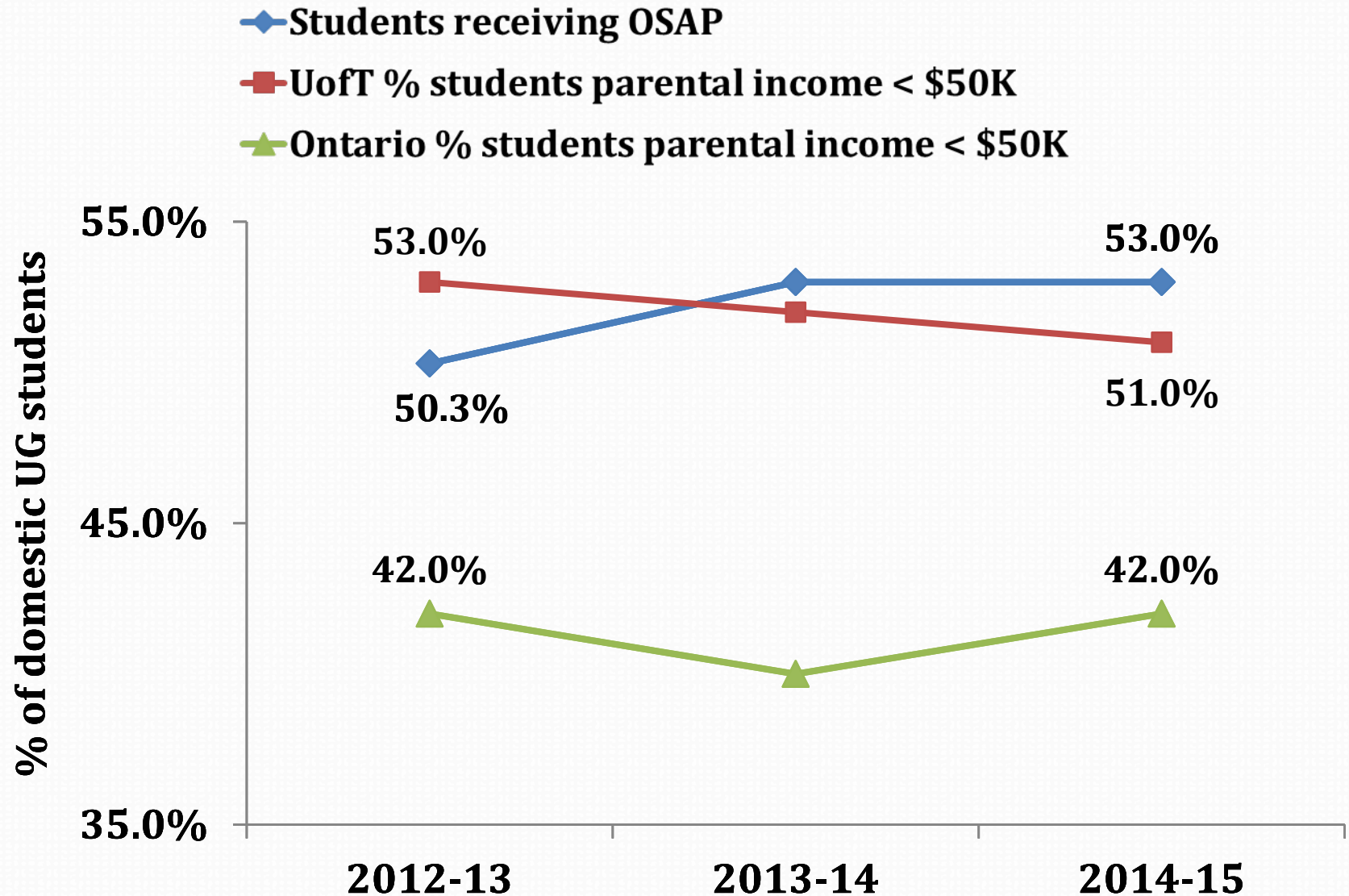
Net Tuition 2014-15

- Tuition and fees funded by UofT/OSAP grant/OTG
- Tuition and fees paid by student

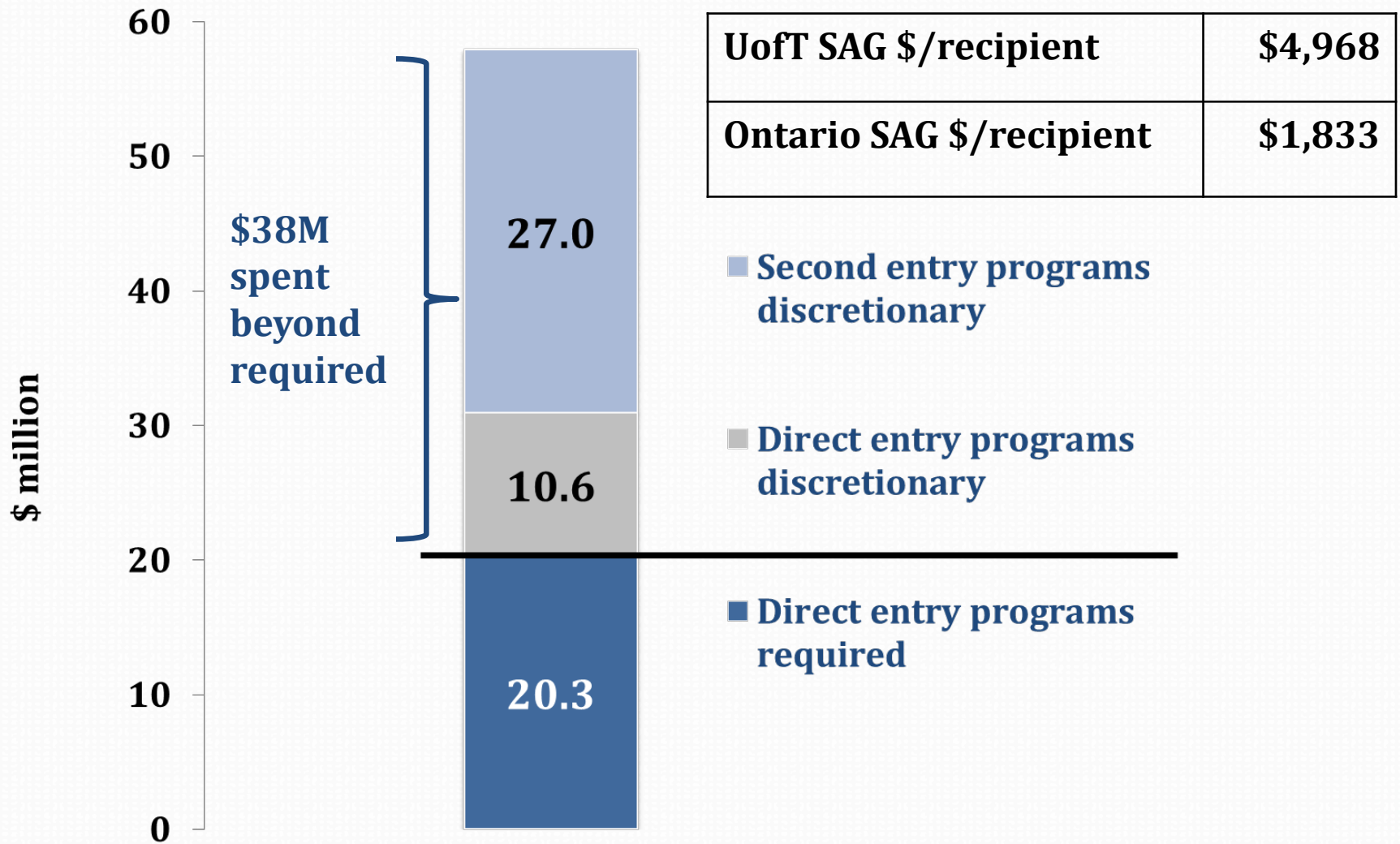


For OSAP-recipient population

OSAP and parental income



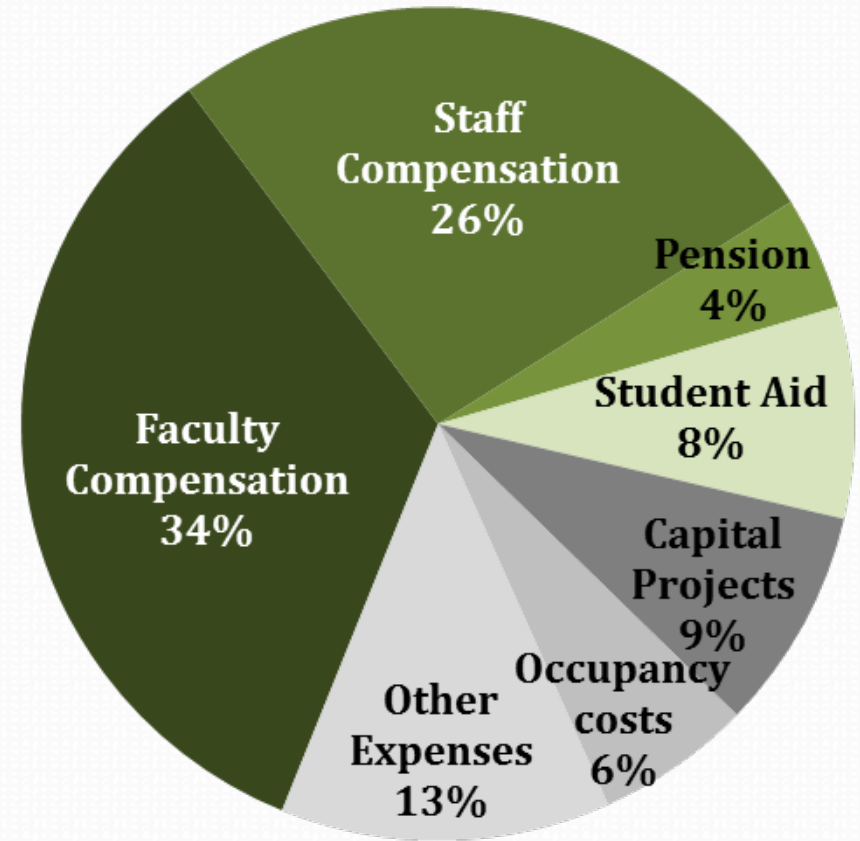
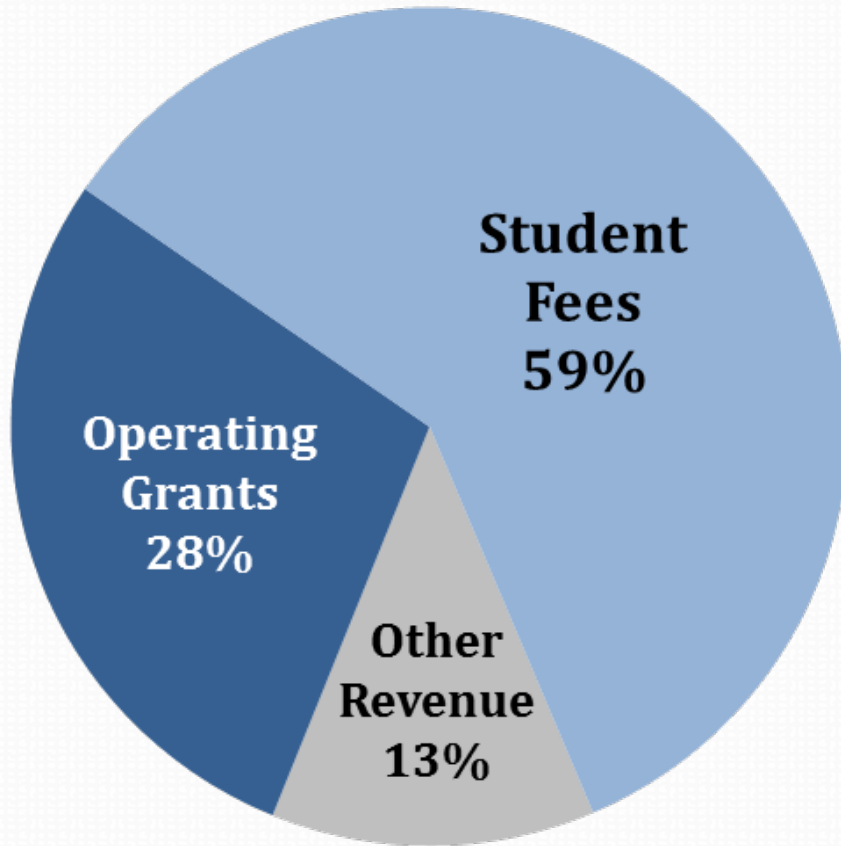
UofT “Student Access Guarantee” expenditure: \$58 million in 2014-15



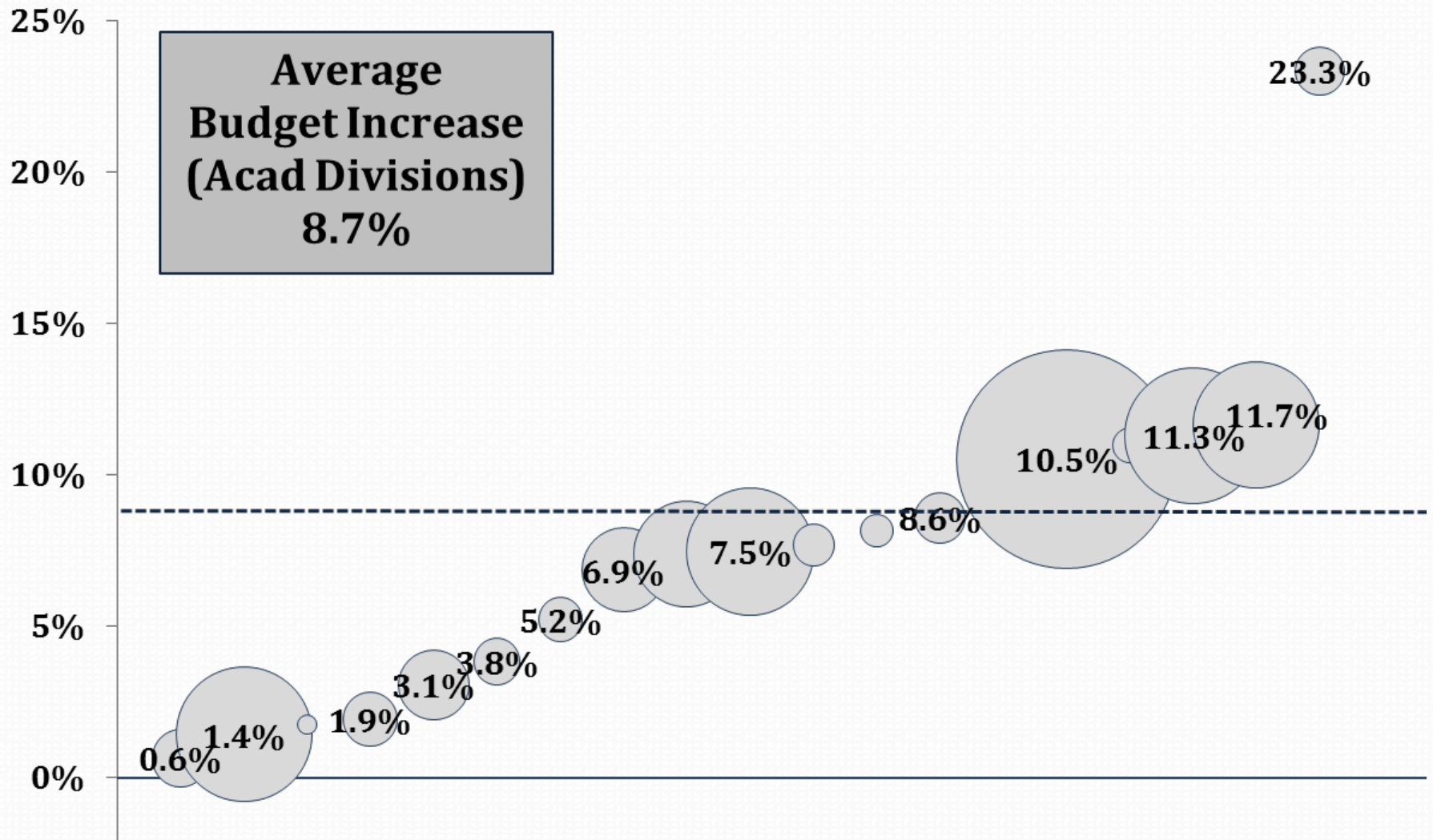


BUDGET SUMMARY

Balanced Budget for 2016-17 - \$2.3 billion

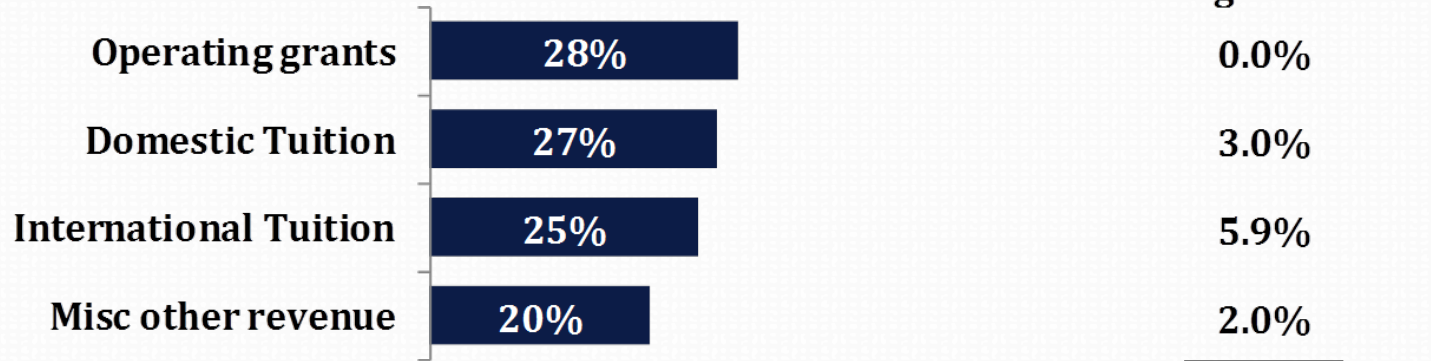


Variation in Growth of Divisional Expense Budgets (i.e. Revenue less University-wide Costs and Student Aid)



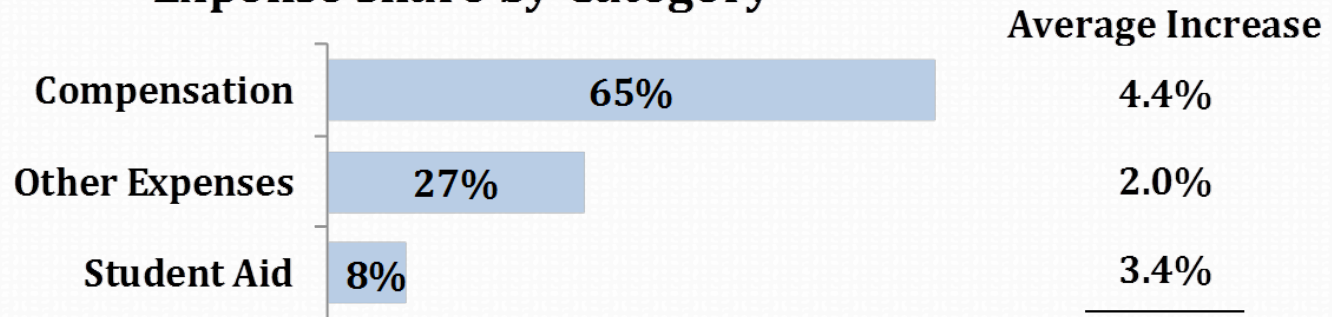
Structural deficit

Revenue Share by Category



Weighted Average Increase in Revenue = 2.7%

Expense Share by Category



Weighted Average Increase in Expense = 3.7%



UNIVERSITY FUND

2016-17 University Fund: Investing in Excellence

\$19 million

- **\$14 million funding available from 2016-17 revenue**
- **\$5 million available from prior year allocations available for reinvestment**

Excellence in Education \$5.35m



Reimagining undergraduate education

- | | |
|------------------------------|-------------------|
| 1. Double Degrees | \$1.2m OTO 3 yrs. |
| 2. Dean's Fund UTM and UTSC | \$2.0m Base |
| 3. KPE student faculty ratio | \$150k Base |
| 4. Interdivisional teaching | \$2.0m Base |

Excellence through Access & Diversity \$3.3m



Leveraging our location

1. TYP joint faculty positions \$ 300k
2. Faculty salary support for diversity hiring \$1.5m OTO 3 yrs.
3. UG student academic progress \$1.5m Base



Research Excellence \$4.8m

Enhancing the University's global reputation & profile

- | | |
|---|-------------------|
| 1. Data science | \$750k OTO 3 yrs. |
| 2. Faculty start-up packages | \$2.0m OTO 1 yr. |
| 3. Engineering graduate intensification | \$500k Base |
| 4. Graduate program innovation fund | \$1.5m OTO 3 yrs. |



Sustaining Excellence with Structural Budget Support \$5.7m (Base)

Financial support for academic divisions facing intractable budget challenges (all base)

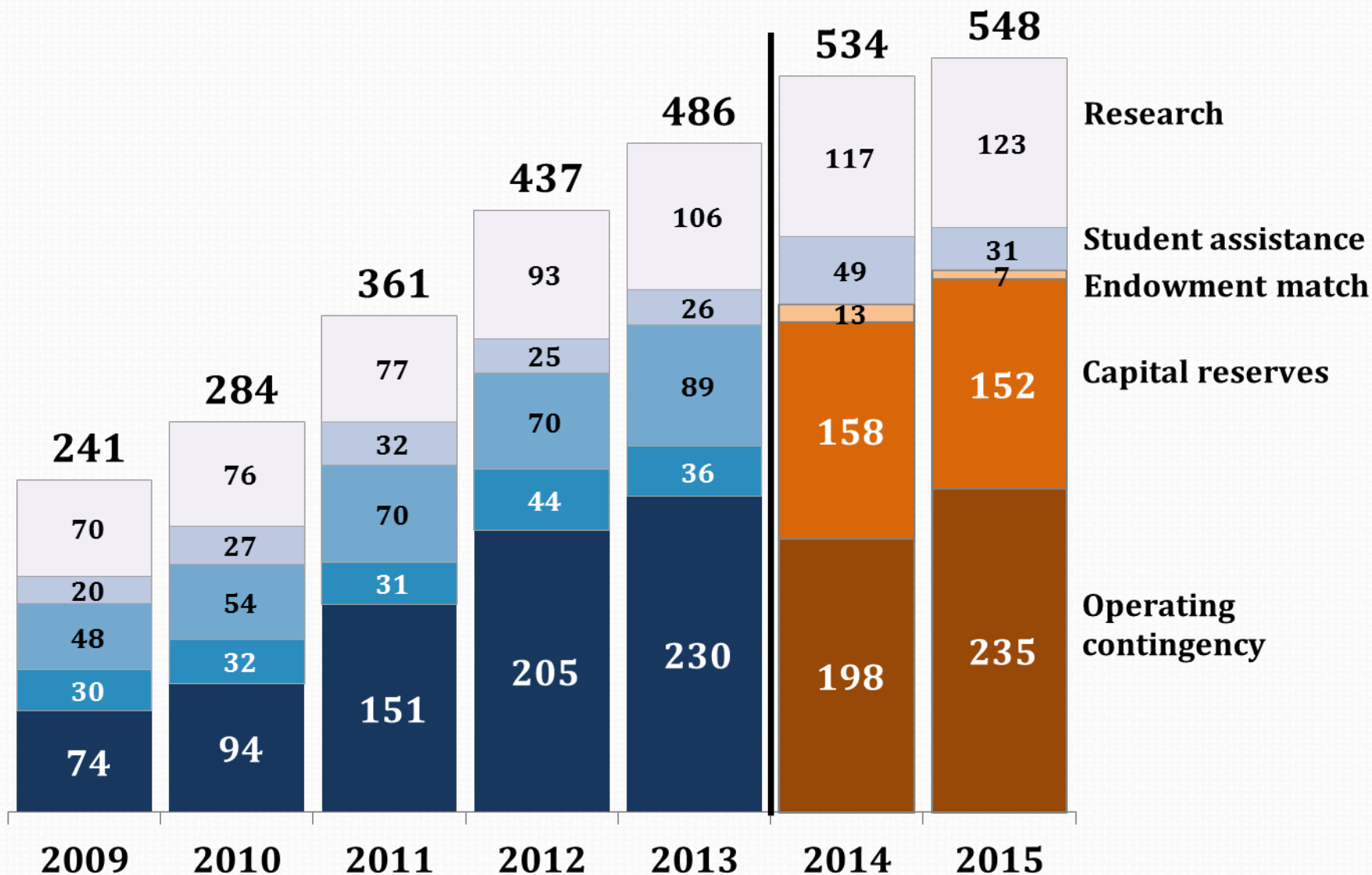
- Medicine: basic sciences \$1.0m
- A&S: historical commitment \$185k
- Public Health: historical commitment \$350k
- Architecture: new space costs 1 Spadina \$1.0m
- Nursing: clinical teaching costs \$250k
- Provostial reserve for structural budget support \$1.0m

Realignment of library budgets \$1.9m

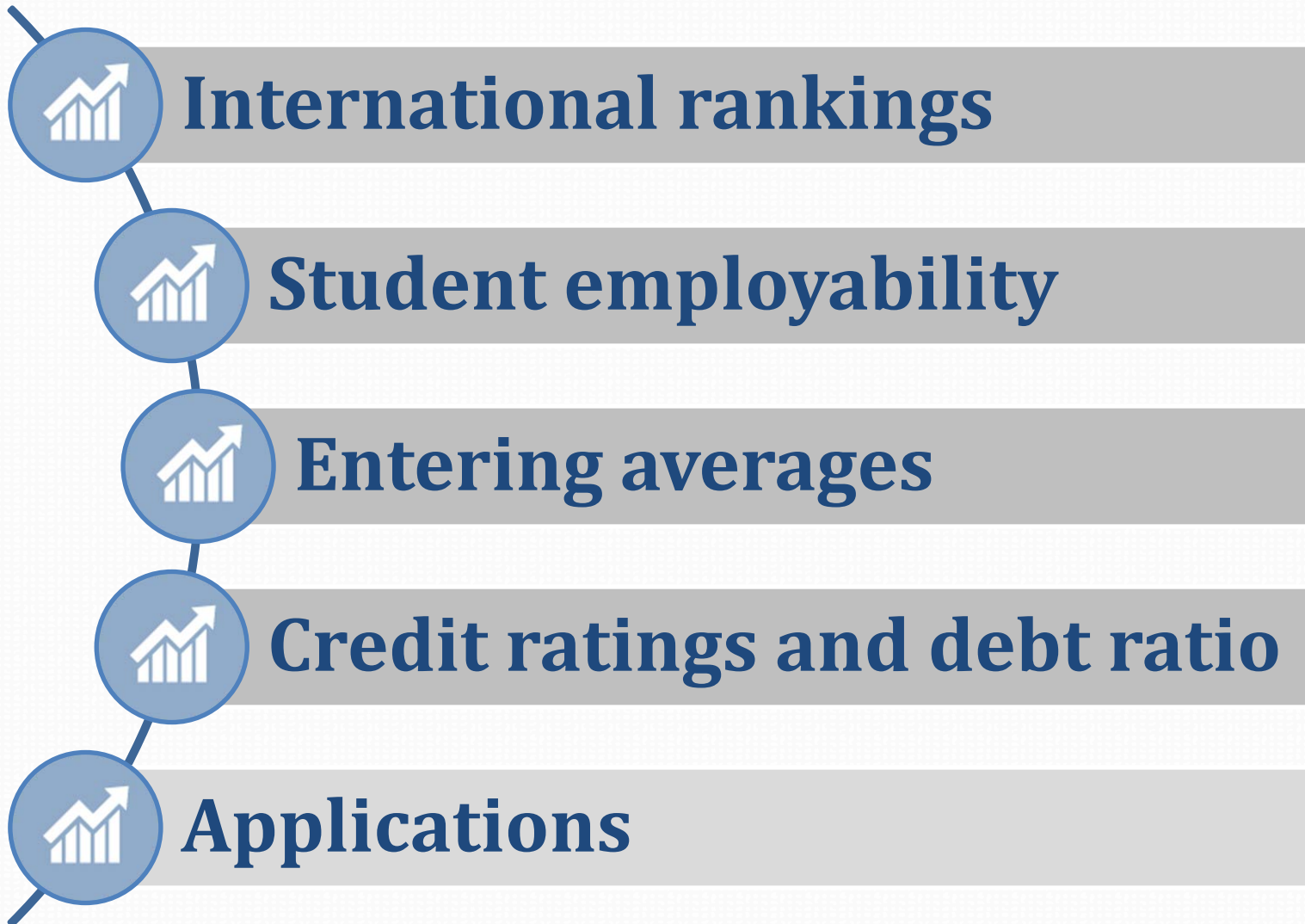


OPPORTUNITIES AND RISKS

Reserves (\$ million)



Key metrics are strong



Risks

Structural deficit

MTCU policy changes

Pension solvency

Capital markets

Cdn. \$

Opportunities

Leverage our location

SMA- Funding Formula

CFREF

Operating reserves

Cdn. \$