

Budget 2013

(Tuition Fees and Student Aid)

Academic Board
March 21, 2013



Outline of Discussion

Context

Enrolment and Revenue

Student Aid

Expenses

Structural Deficit Challenge

Capital



Broad Fiscal Context

- Provincial deficit~\$12 billion
- Provincial wage restraint
- New Ontario Premier and Minister of MTCU (Duguid)
- Expansion at undergraduate (35,000) and graduate (6000) levels – no allocation details yet
- Absence of a provincial tuition framework
- Low interest rates
- Significant need for capital funding to keep pace with enrolment growth and aging infrastructure

University Budget Overview 2013-14

- Balanced budget at the institutional level (\$1.9B)
- Institution-wide accumulated deficit has been fully repaid
- Compensation settlements in place for 2013-14 for most bargaining groups
- Enrolment expansion continues: UG and graduate
- Burden of pension challenge remains painful: same funding plan remains in place

Budget Planning Themes



Internationalization
Graduate Expansion
Capital planning

ENROLMENT

Fall 2012 Enrolment (FTE) Results

Above target on international undergraduates; under target on grant-funded master's and doctoral spaces

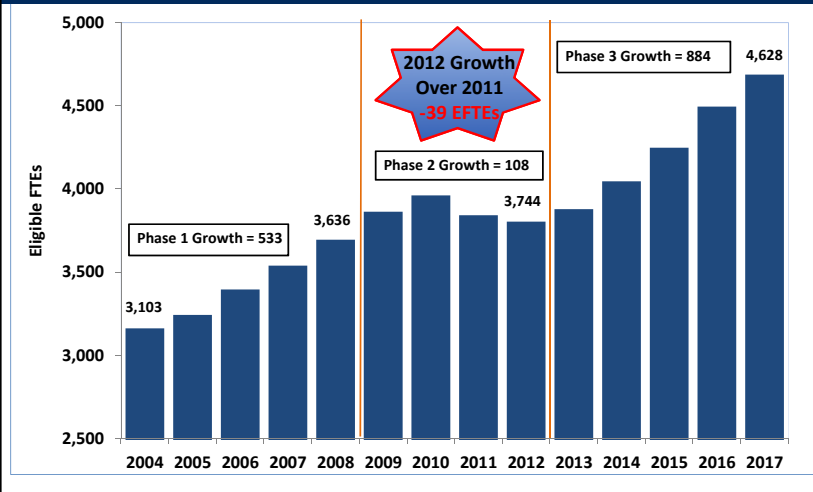
| | 2011 Actual | 2012 Budget | 2012 Actual | 2012 Var. | 2012 Var.% |
|--------------------------------|----------------|----------------|----------------|--------------|---------------|
| Undergraduate (Domestic) | 47,485 | 48,035 | 48,380 | 345 | 0.7% |
| Undergraduate (International) | 7,260 | 7,756 | 8,167 | 411 | 5.3% |
| Eligible Masters Spaces | 6,668 | 7,063 | 6,785 | (278) | (3.9%) |
| Eligible Doctoral Spaces | 3,783 | 3,883 | 3,744 | (139) | (3.6%) |
| Ineligible Graduate (Domestic) | 1,802 | 1,780 | 1,929 | 149 | 8.4% |
| Ineligible Graduate (Int'l) | 1,828 | 1,872 | 2,040 | 168 | 9.0% |
| TOTAL | 68,826 | 70,389 | 71,045 | 656 | 0.9% |

Fall 2013 Enrolment (FTE) Plans

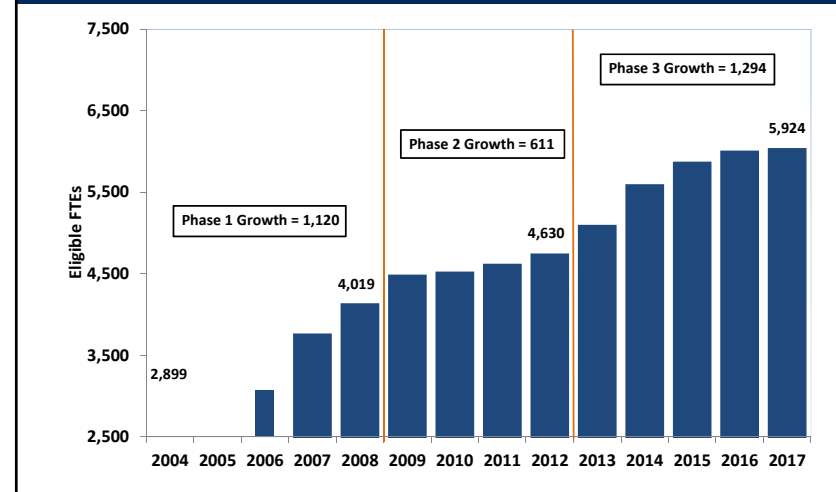
Aggressive graduate growth targets, undergraduate expansion at Architecture, UTM and UTSC, internationalization at Engineering, tri-campus A&S

| | Fall 2012 Actual | Fall 2013 Budget | Incr. | Incr.% |
|--------------------------------|---------------------|---------------------|--------------|-------------|
| Undergraduate (Domestic) | 48,380 | 48,989 | 609 | 1.3% |
| Undergraduate (International) | 8,167 | 8,635 | 467 | 5.7% |
| Eligible Masters Spaces | 6,785 | 7,226 | 441 | 6.5% |
| Eligible Doctoral Spaces | 3,744 | 3,819 | 75 | 2.0% |
| Ineligible Graduate (Domestic) | 1,927 | 1,931 | 4 | 0.2% |
| Ineligible Graduate (Int'l) | 2,040 | 2,066 | 26 | 1.3% |
| TOTAL | 71,043 | 72,666 | 1,622 | 2.3% |

Doctoral Expansion 2004 through 2017



Professional Masters Expansion 2004 through 2017



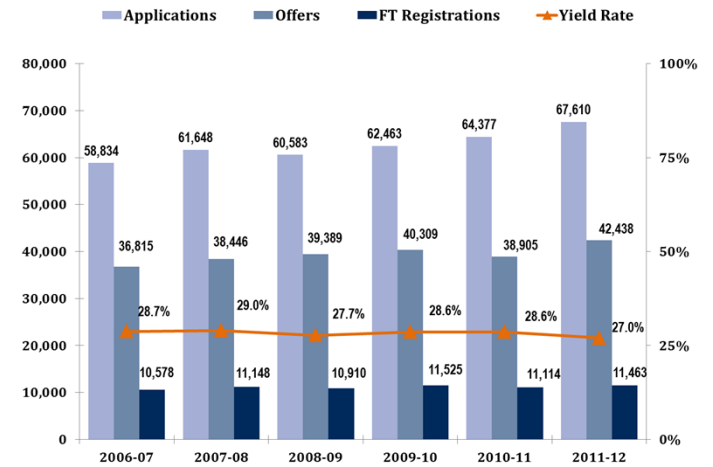
Undergraduate Enrolment Growth Plans

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

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

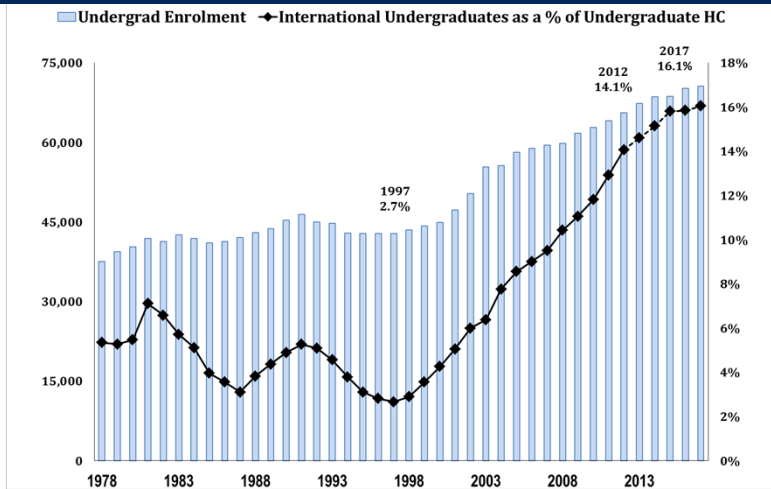
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Direct Entry UG Programs Applications, Offers, Registrations and Yield Rates

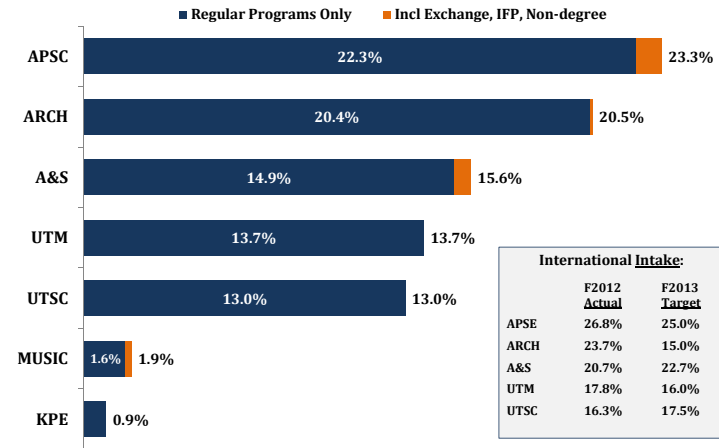


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International Enrolment Growth



International Enrolment as % of Total Undergraduate FTE Fall 2012



International Intake:

| | F2012 Actual | F2013 Target |
|------|--------------|--------------|
| APSE | 26.8% | 25.0% |
| ARCH | 23.7% | 15.0% |
| A&S | 20.7% | 22.7% |
| UTM | 17.8% | 16.0% |
| UTSC | 16.3% | 17.5% |



REVENUE

Key Budget Assumptions: Operating Grants

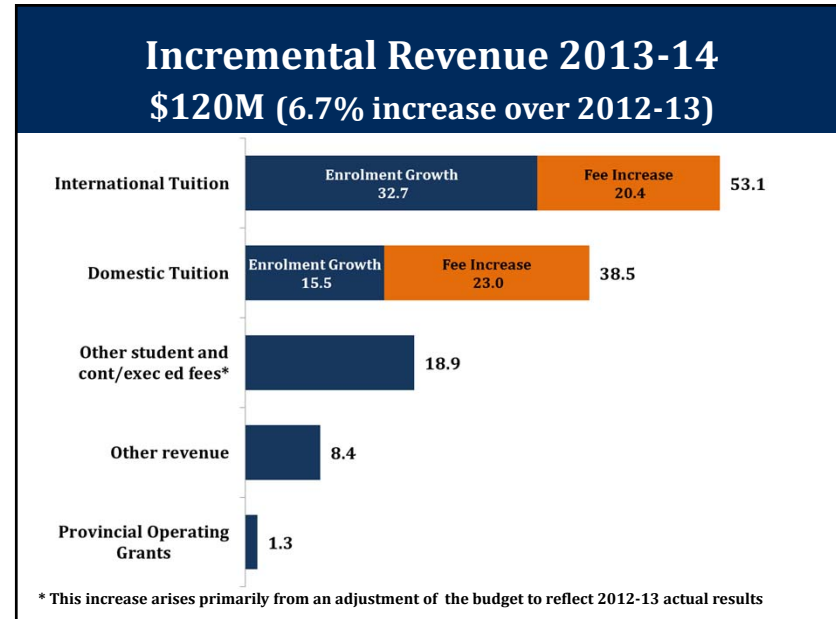
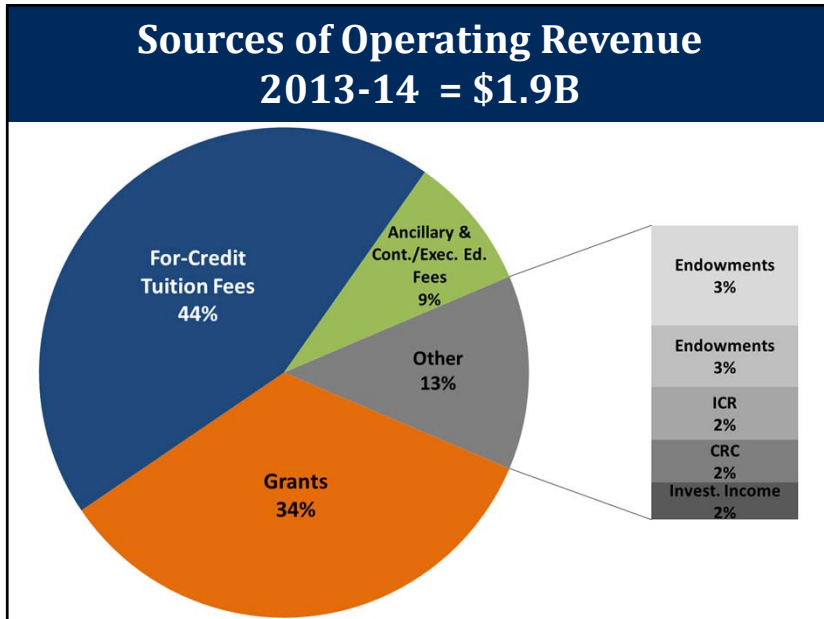
- **Value of BIU** will be reduced in base by 1.3% (\$9M) in 2013-14, growing to 2.1% (\$14M) in 2014-15 due to “policy levers” and other grant reductions.
- **Further grant reductions** of 1.3% for international student recovery will be phased in and offset by tuition increases.
- **UG growth** fully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

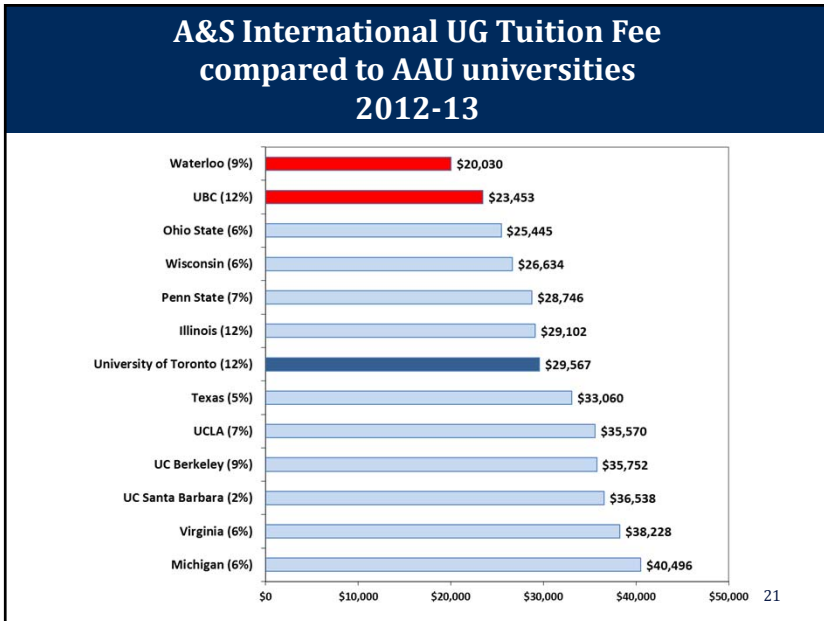
Key Budget Assumptions: Tuition and Student Aid

- Tuition framework continues (5% with restrictions → maximum at UofT = 4.3% gross, ~3% net)
- International tuition fees set at level to include recovery of international student tax
- Net tuition for OSAP-eligible students in 2011-12 = 48% (excludes OSAP loans)


Key Budget Assumptions: Other Revenue

- **CRC chairs:** turn around in tri-council funding → increasing over the planning period
- **Endowment income:** assume payout will remain at same per-unit level (\$7.56) over planning period. Assumption will be updated next year after completion of endowment strategy analysis
- **Investment Income:** slower than anticipated market recovery; 2013-14 revenue budget is \$5M lower than projected at this time last year
- **Federal Institutional Cost of Research (ICR):** rate at 17.5% and falling (\$20.5M) → Actual cost of ICR > 50% ; operating budget absorbs ~\$38M



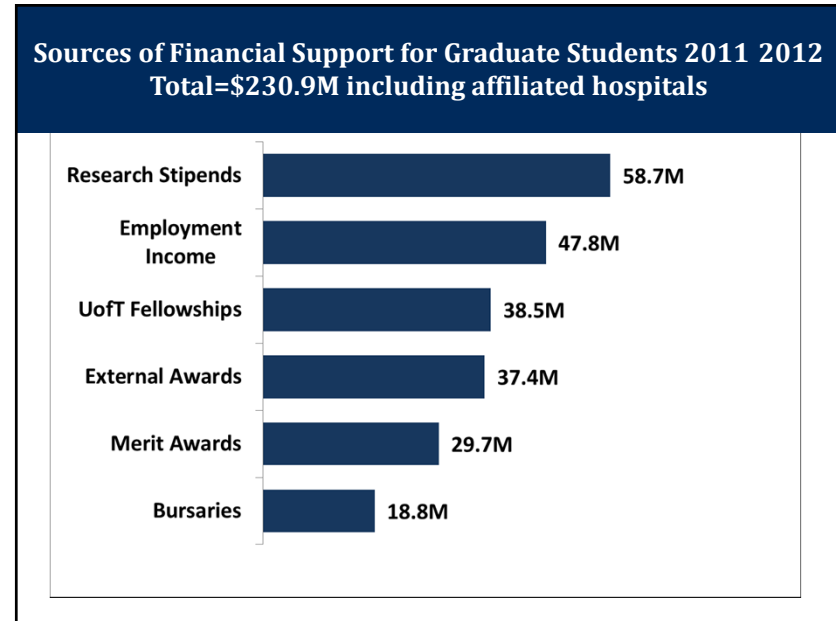
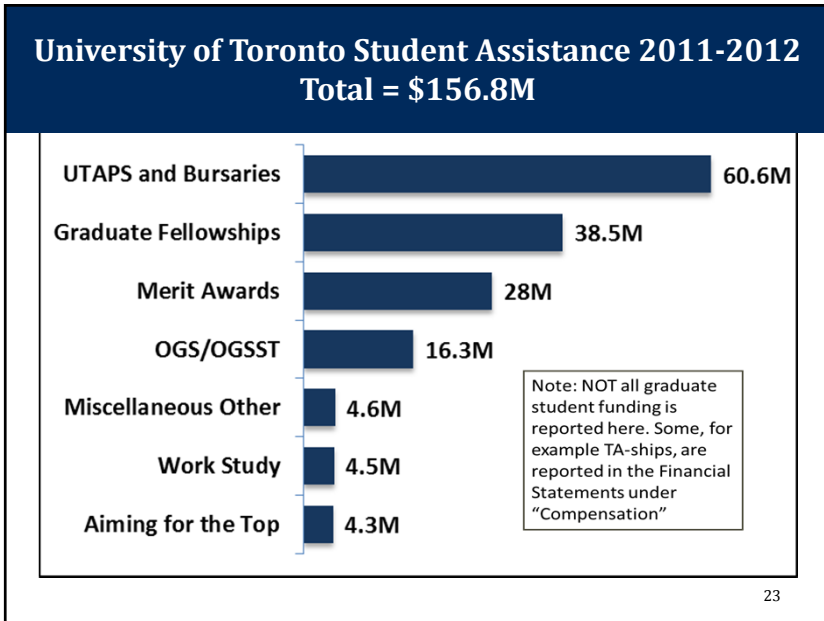


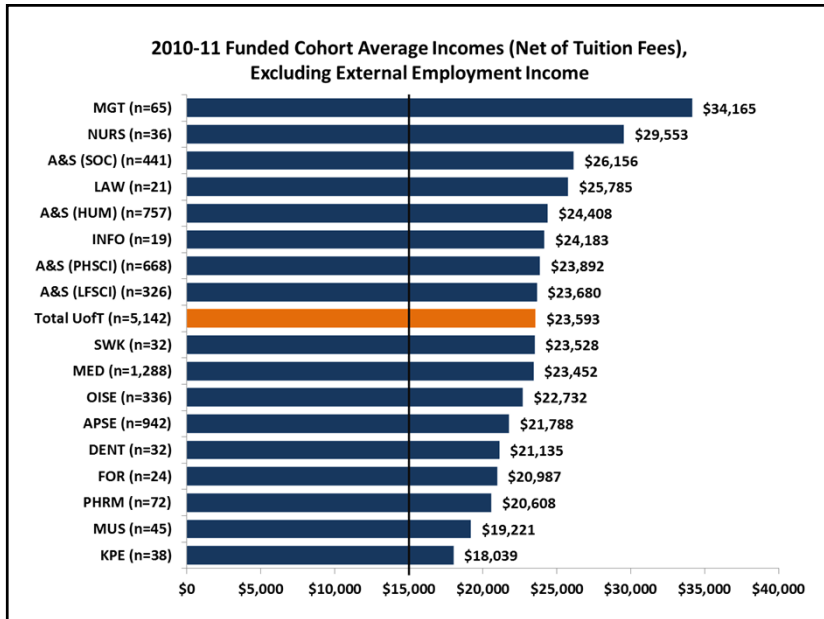
STUDENT AID



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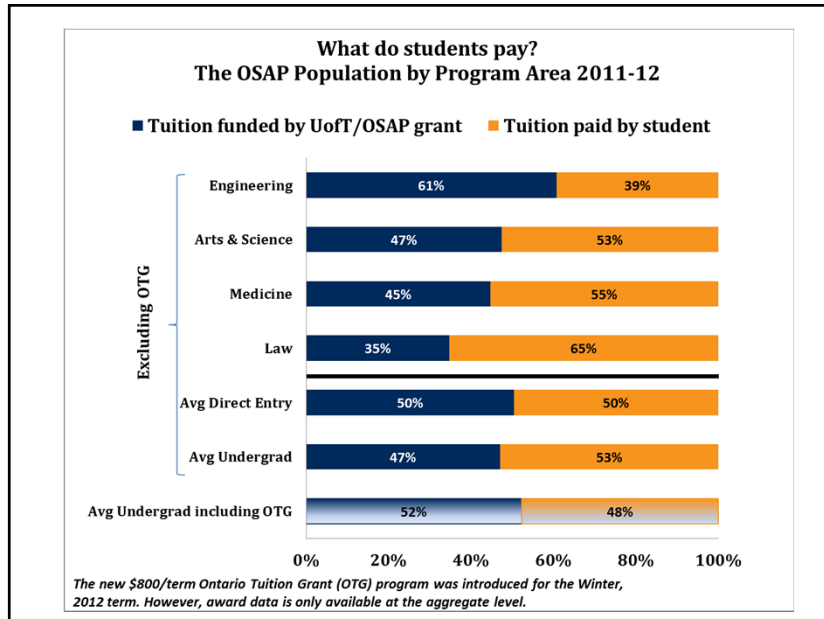


What is Net Tuition?

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

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

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Ontario Tuition Grant Received by UofT Students 2011-12 *

- 13,602 OSAP-eligible students
- 4,551 students who did not receive OSAP
- \$13.4M in Ontario Tuition Grants

*MTCU estimates 200,000 students received an OTG in 2011-12. Total OSAP population is 280-300,000 students. OSAP population at UofT is ~25,000. Take-up rates on OTG were low in Year 1 of the program.

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48%

OSAP-eligible students at UofT paid an average of 48% net tuition in 2011-12 when accounting for OSAP and University bursaries and the Ontario Tuition Grant

EXPENSES

Academic Divisions

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

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University Fund Allocations Total = \$9.1M

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

University-wide Expenses

- Careful balance of approvals for spending
- Cost containment continues: 1% (\$1.7M) across central divisions
- Investments planned for key institutional priorities

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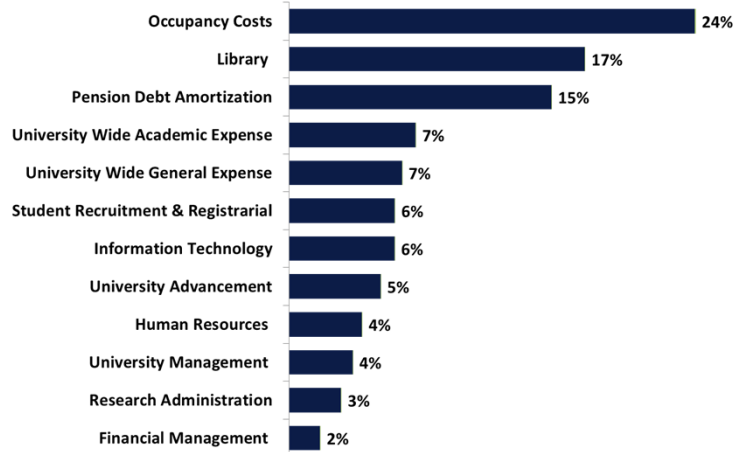
Key Institutional Spending Priorities for 2013-14

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

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University Wide Costs by Bin, 2013-14

Total \$452.5M (excluding Federated Block Grant)



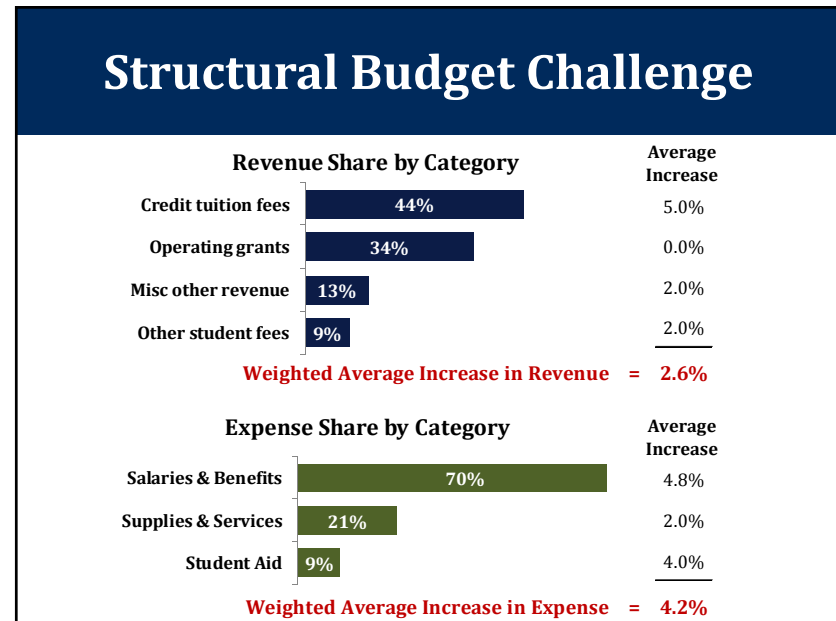
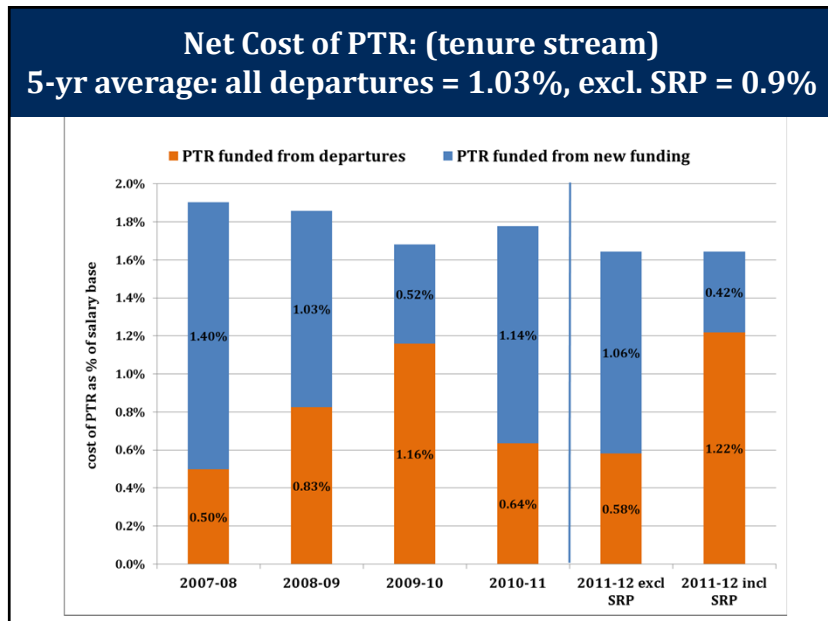
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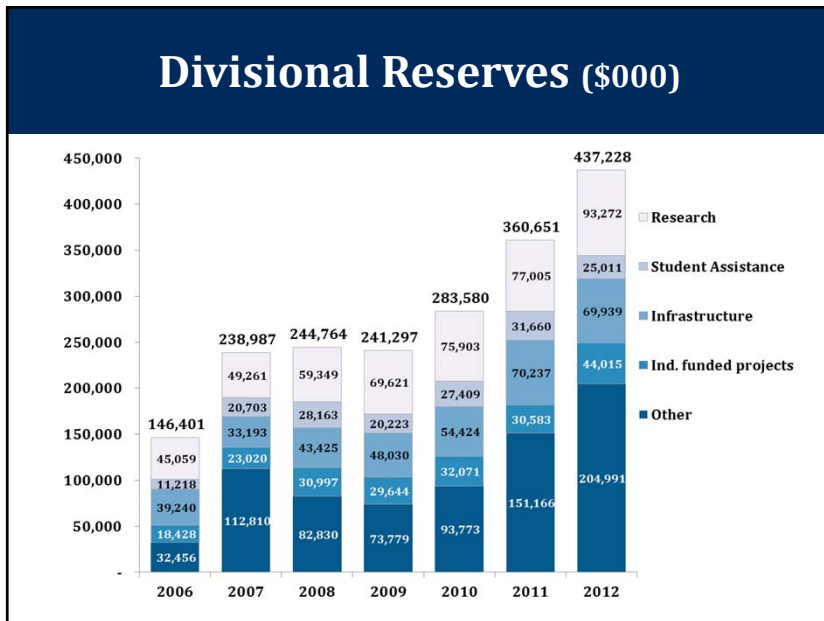
Pension Special Payments and other related costs

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


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

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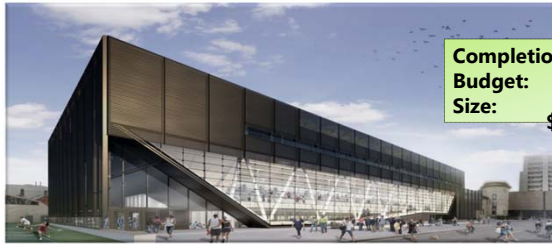


CAPITAL PROJECTS


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Goldring Centre for High Performance Sport



Completion: September 2014
 Budget: \$61.7M
 Size: 11,000 GSM



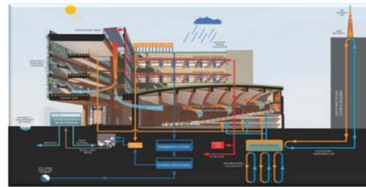
Capital Projects Recently Approved By P&B Committee

- Law (new building) \$52M
- OISE ICS (new building) \$16M
- UTM Lab Renovations \$7M
- UTM Kaneff Centre & North Bldg \$90M

UTM North Campus Building



Completion: October 2014
Budget: \$56M
Size: 10,440 GSM



Faculty of Law – Renovation/Expansion



Completion: August 2015
Budget: \$54M
Size: 15,125 GSM



Funding Sources for New Law Building Total = \$54M

- Capital campaign pledges to date \$33.1M
- Remaining Fundraising target \$2.9M
- Long term borrowing \$3.5M
- Provostial Central Funds \$6.0M
- Prov. Grad Expansion Funds \$4.5M
- Faculty of Law Operating Funds \$4.0M



Future Capital Projects

- In Planning
 - UTSC Advanced Science Institute
 - Student Commons
 - Downsview Library Storage Expansion
 - Ramsay Wright Lab Renovations
 - Architecture (1 Spadina)
 - Engineering (Site 10)
 - Arts & Science precinct
 - School of Continuing Studies



Conclusion

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

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