

University of Toronto Budget 2015

Business Board
March 2, 2015



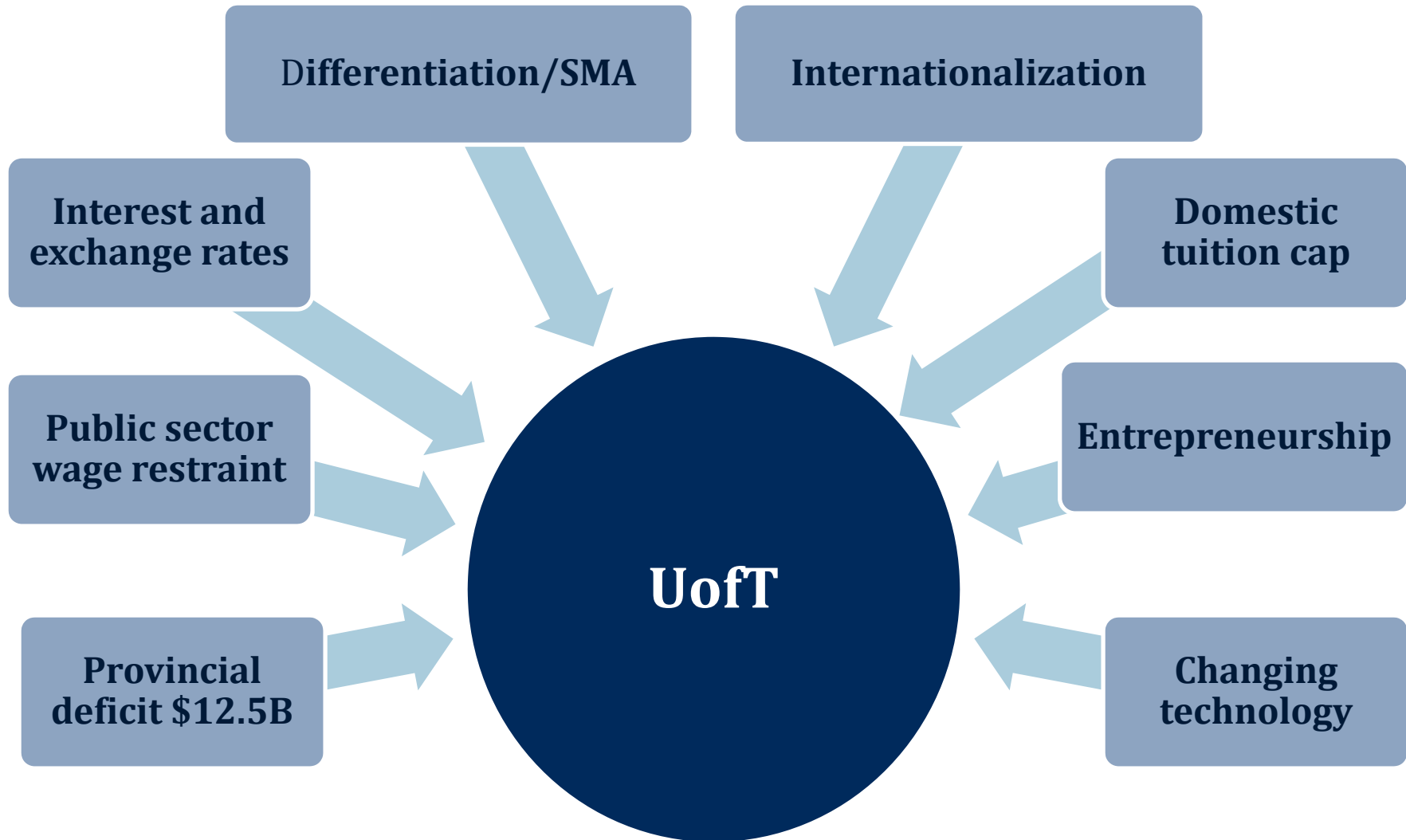
Overview

- Budget Context 2015
- Enrolment
- Revenue
- University Fund Allocations
- Student Financial Support
- Expenses
- Summary

Budget Context 2015



Strategic context



Strategic Mandate Agreement UofT

“UofT is a globally recognized, comprehensive and research-intensive institution with a leadership role in Ontario’s PSE system”

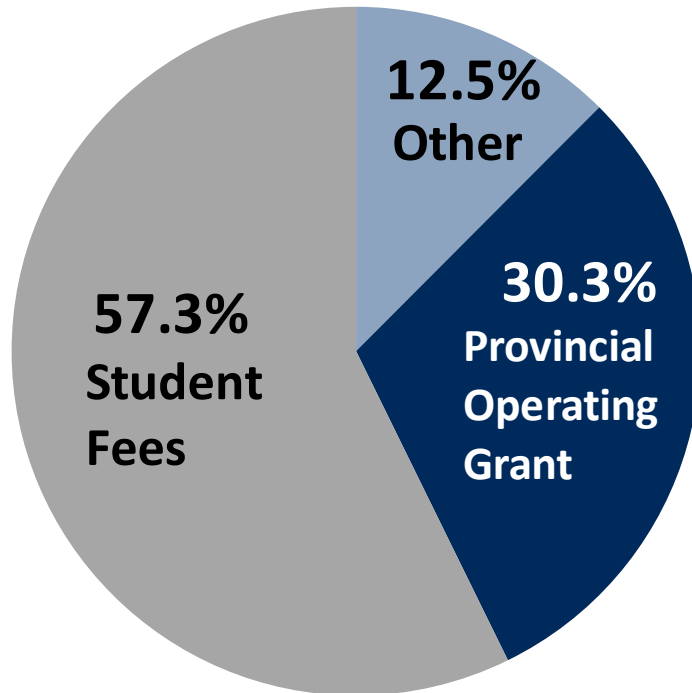
UofT Strategic Mandate Agreement

- 1. Jobs, innovation, economic development**
 - Research base, start-ups, entrepreneurship, accelerators
- 2. Teaching and learning**
 - Student services, online innovations, experiential learning, research opportunities
- 3. Student population**
 - Diverse student body, wide array of services and financial supports
- 4. Research and graduate education**
 - Top 20 rankings, strong research based and professional masters programs
- 5. Program offerings**
 - Broad array of strong programs
- 6. Institutional collaboration to support student mobility**
 - Credit transfer consortium with 6 universities, joint programs with 3 colleges

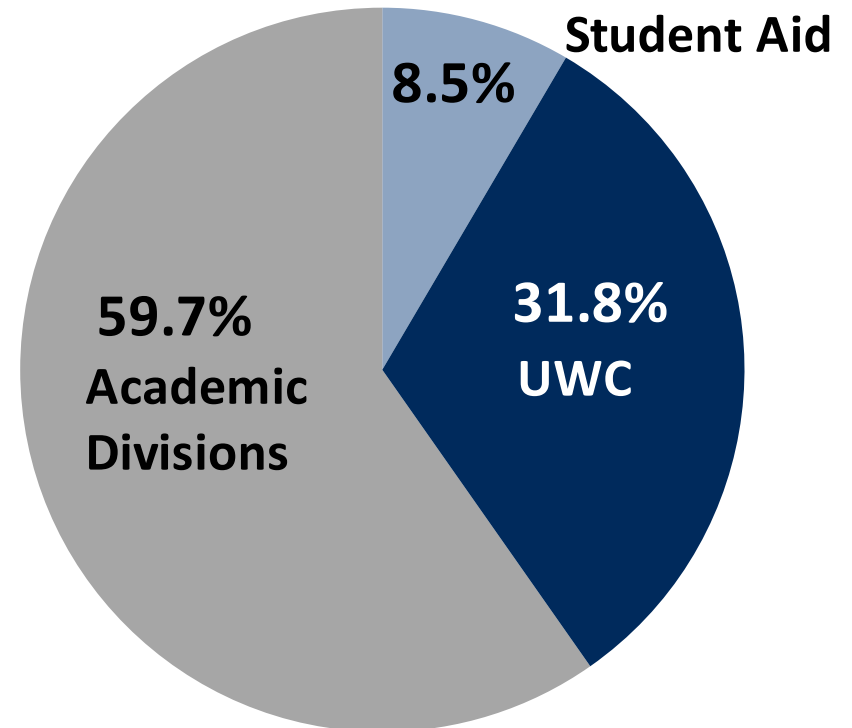
A balanced budget at institutional level

2015-16 Revenue & expense = \$2.16 billion

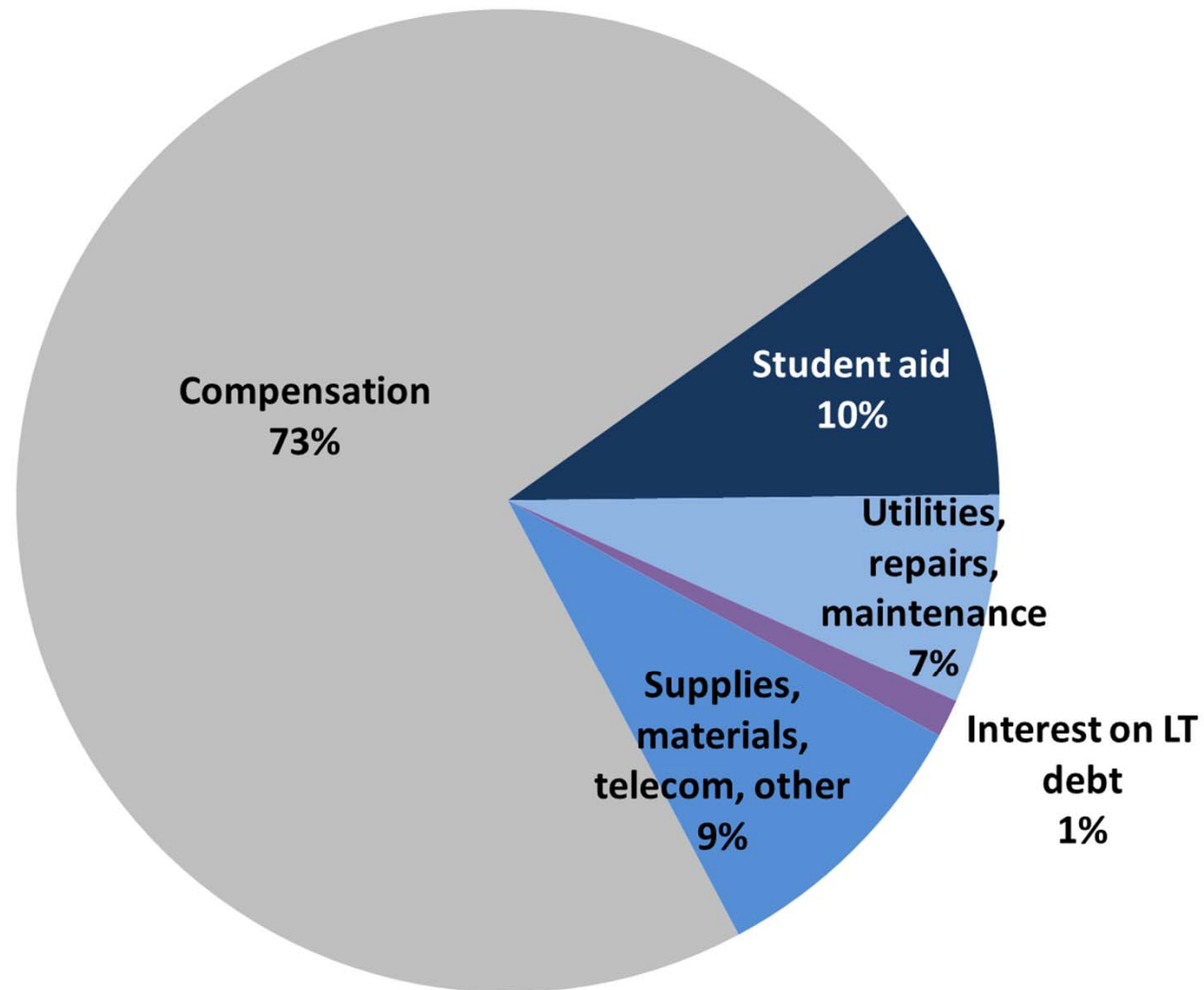
Operating Revenue



Operating Expense



Another view of operating expenditures (per 2013-14 Financial Statements)



Enrolment



Enrolment results for 2014-15

Total FTE	2013 Actual	2014 Actual	2014 Variance to Plan	% Variance
UG Domestic	48,818	48,452	(845)	(1.7%)
UG International	9,030	10,415	451	4.5%
Masters	8,910	9,411	(106)	(1.1%)
Doctoral	6,154	6,239	17	0.3%
TOTAL	72,912	74,517	(483)	(0.6%)

Long term tri-campus undergraduate enrolment plans

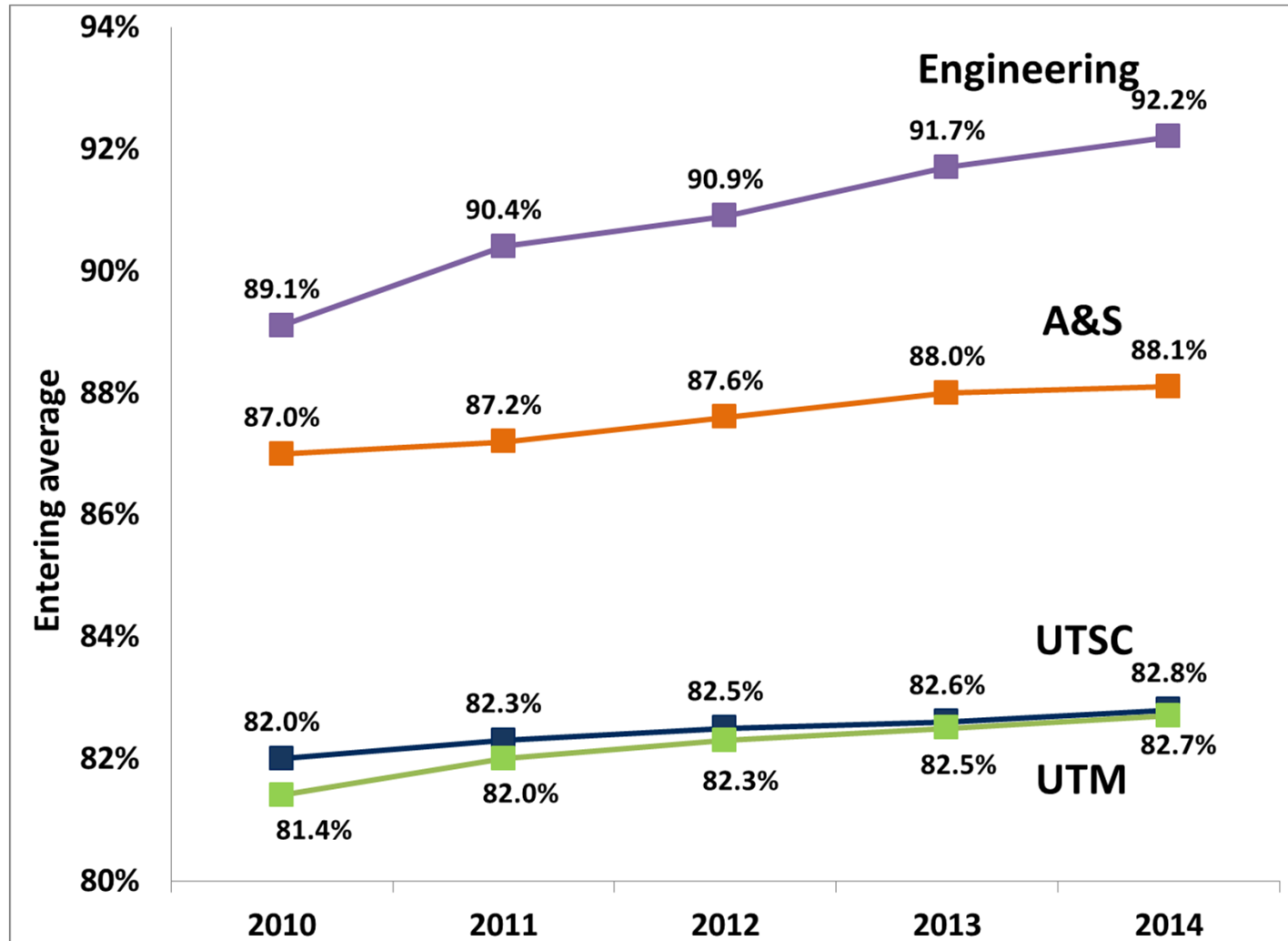
Total FTE	2014 Actual	2019 Plan	5 year Growth Plan	% Growth
UTM	10,942	13,044	2,102	20%
UTSC	10,088	11,511	1,423	14%
St George	37,836	37,928	92	0%
Total UG	58,866	62,483	3,617	6%

Divisional undergraduate international plans (HC)

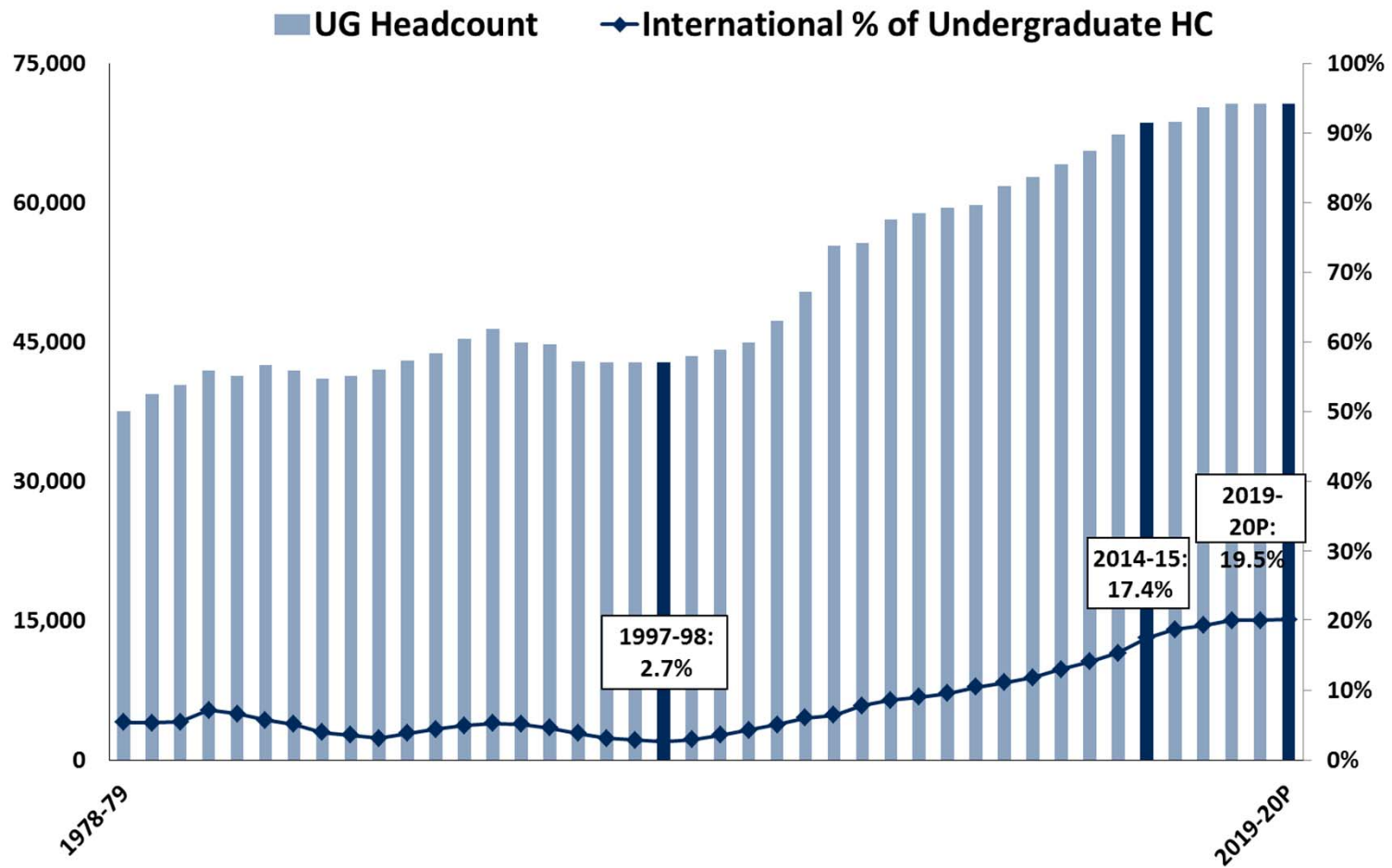
% Int'l	Intake		Total Enrolment	
	2014 Actual	2015 Plan	2014 Actual	2019 Plan
APSE	35%	32%	26%	27%
A&S	27%	31%	18%	25%
UTM	20%	18%	16%	16%
UTSC	20%	18%	15%	16%

2014 total international UG students = 11,947 (17.4% of UG)

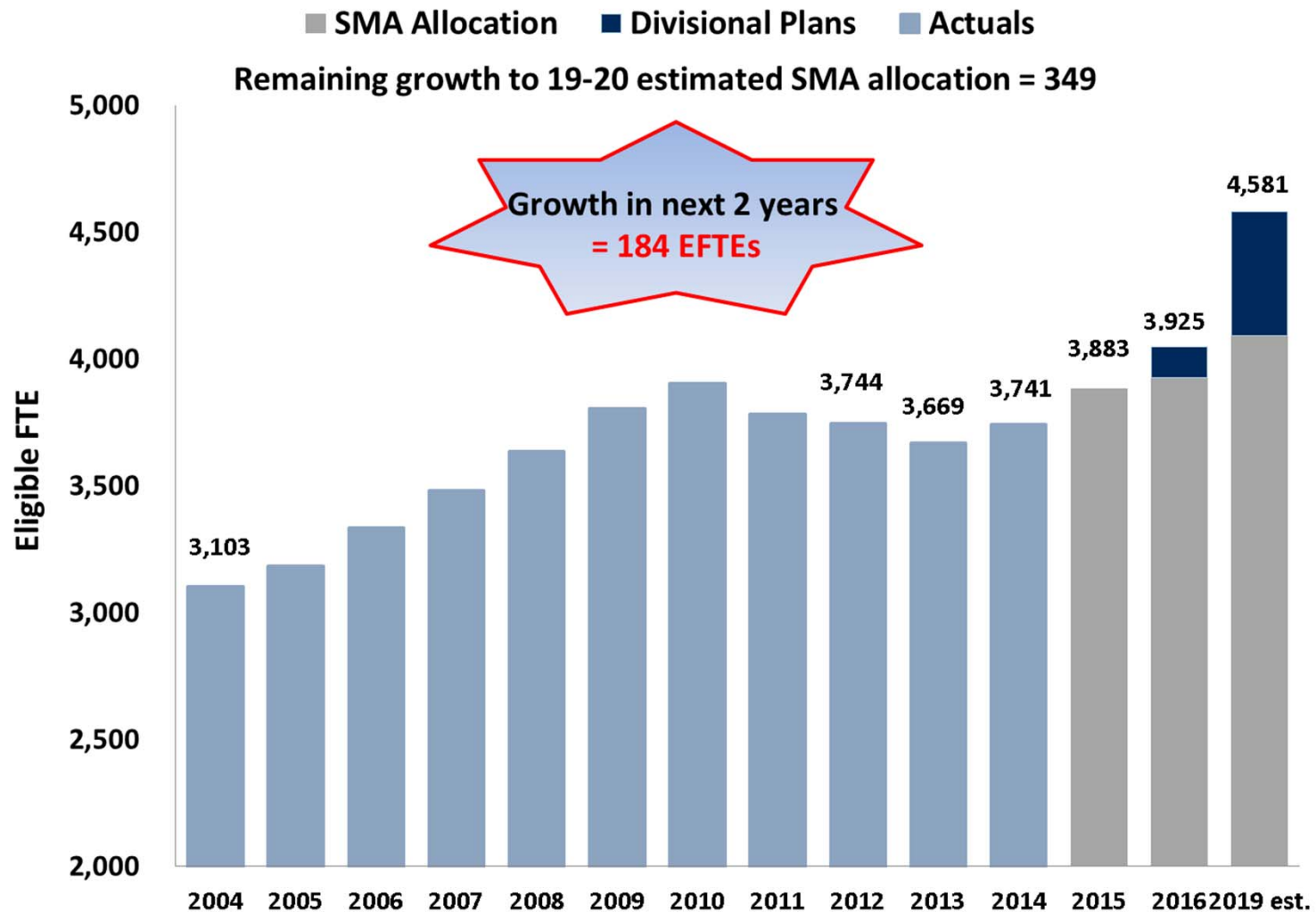
Entering averages are increasing



Multi-year trend undergraduate international

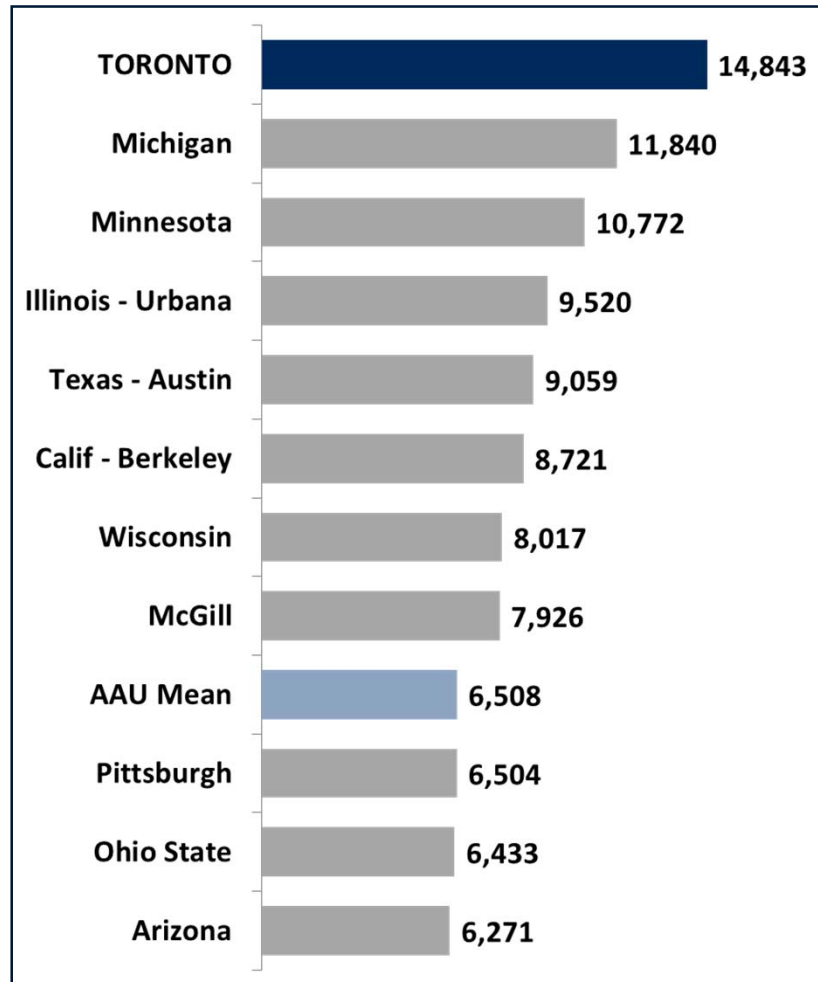


Doctoral enrolment plans

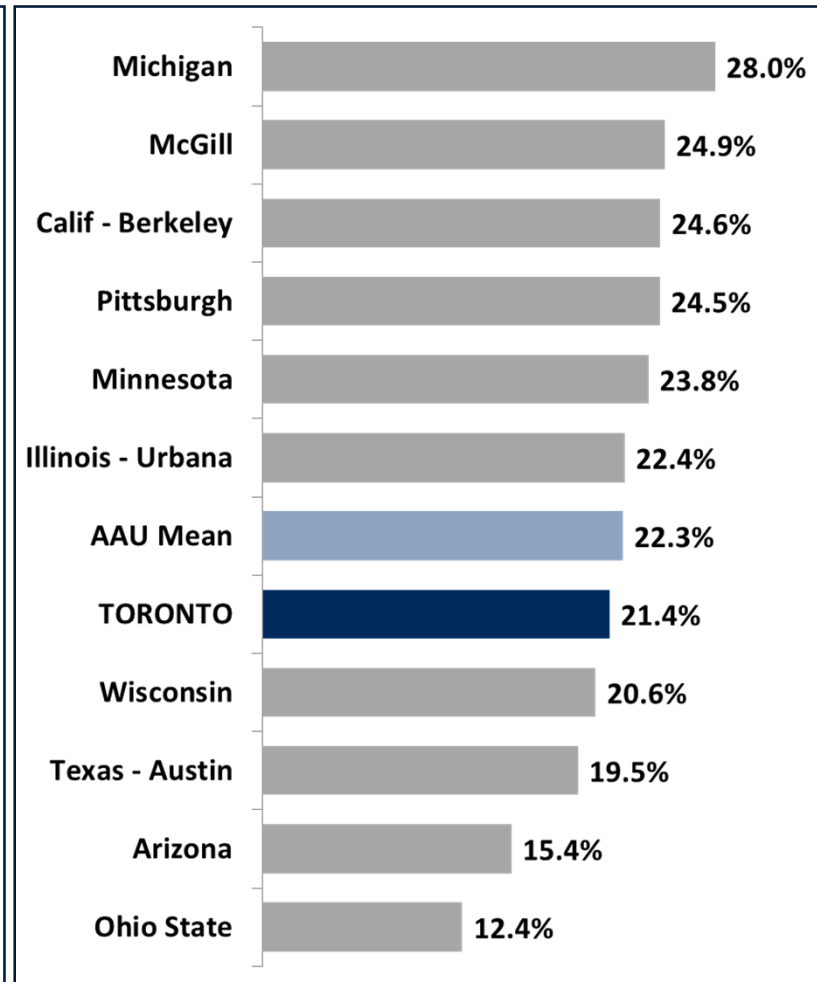


Graduate enrolment, Fall 2013 (selected AAU peers)

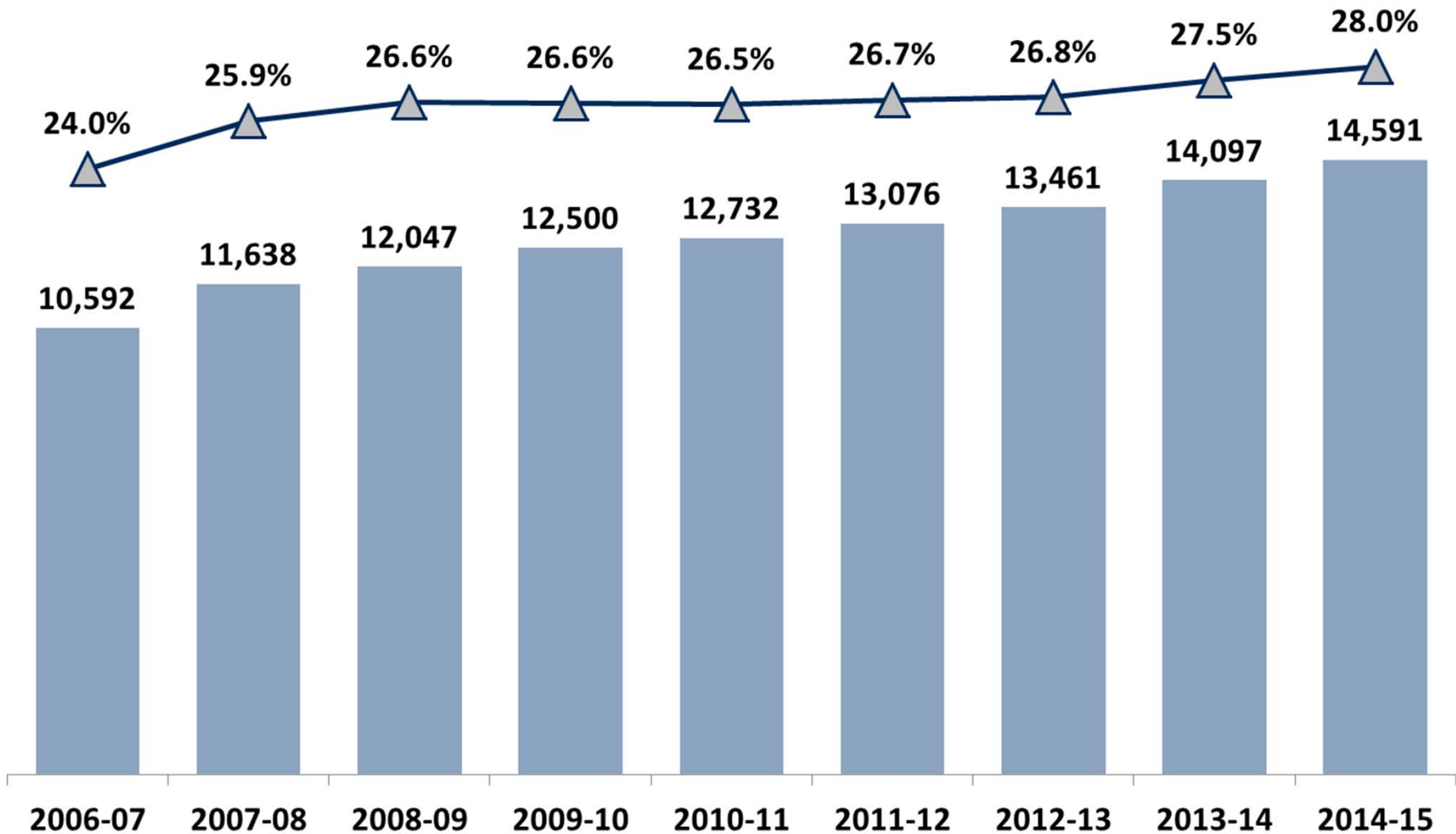
Graduate FTE



Graduate FTE as % of Total FTE



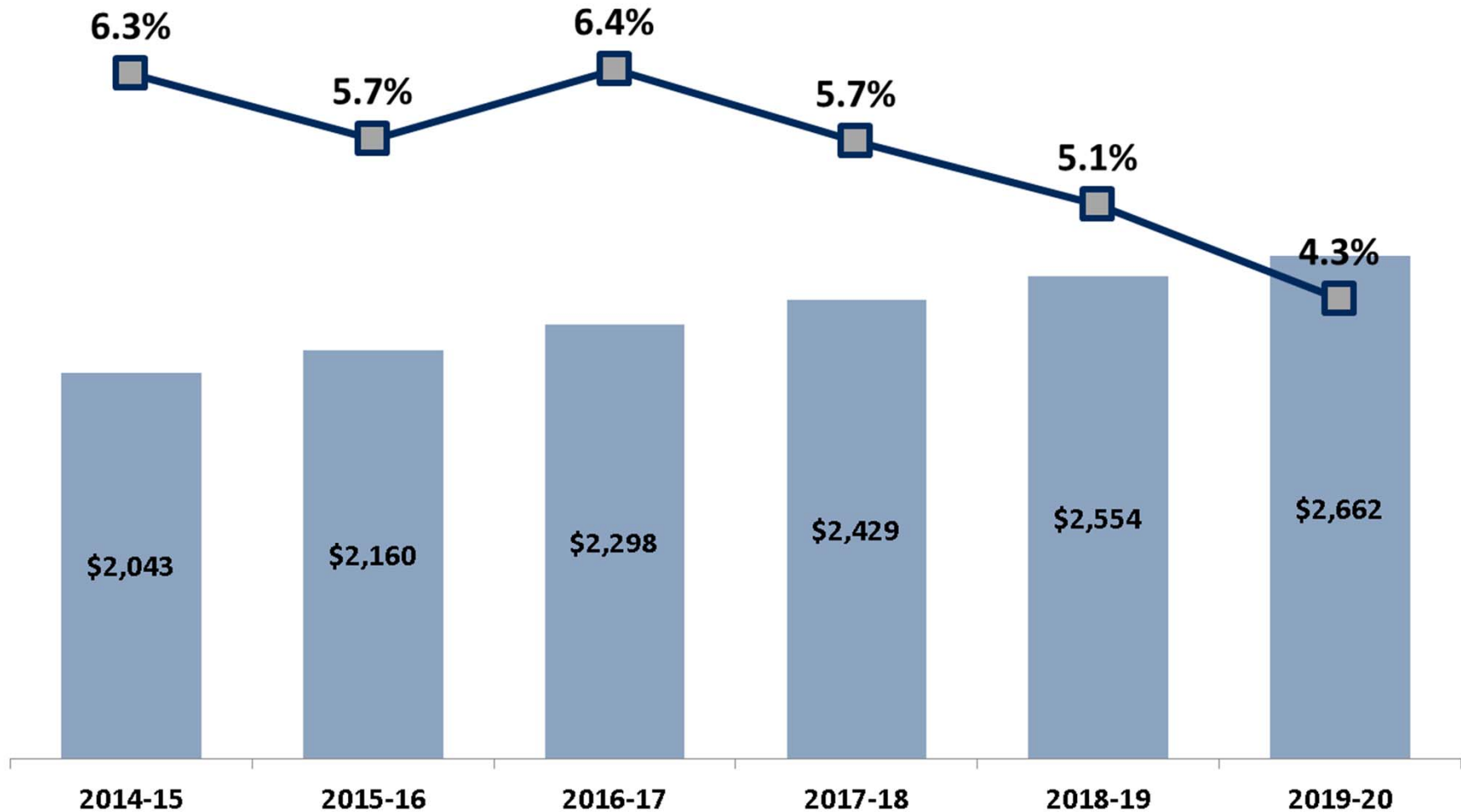
Towards 2030: graduate intensification (St. George campus graduate FTE and % of total FTE)



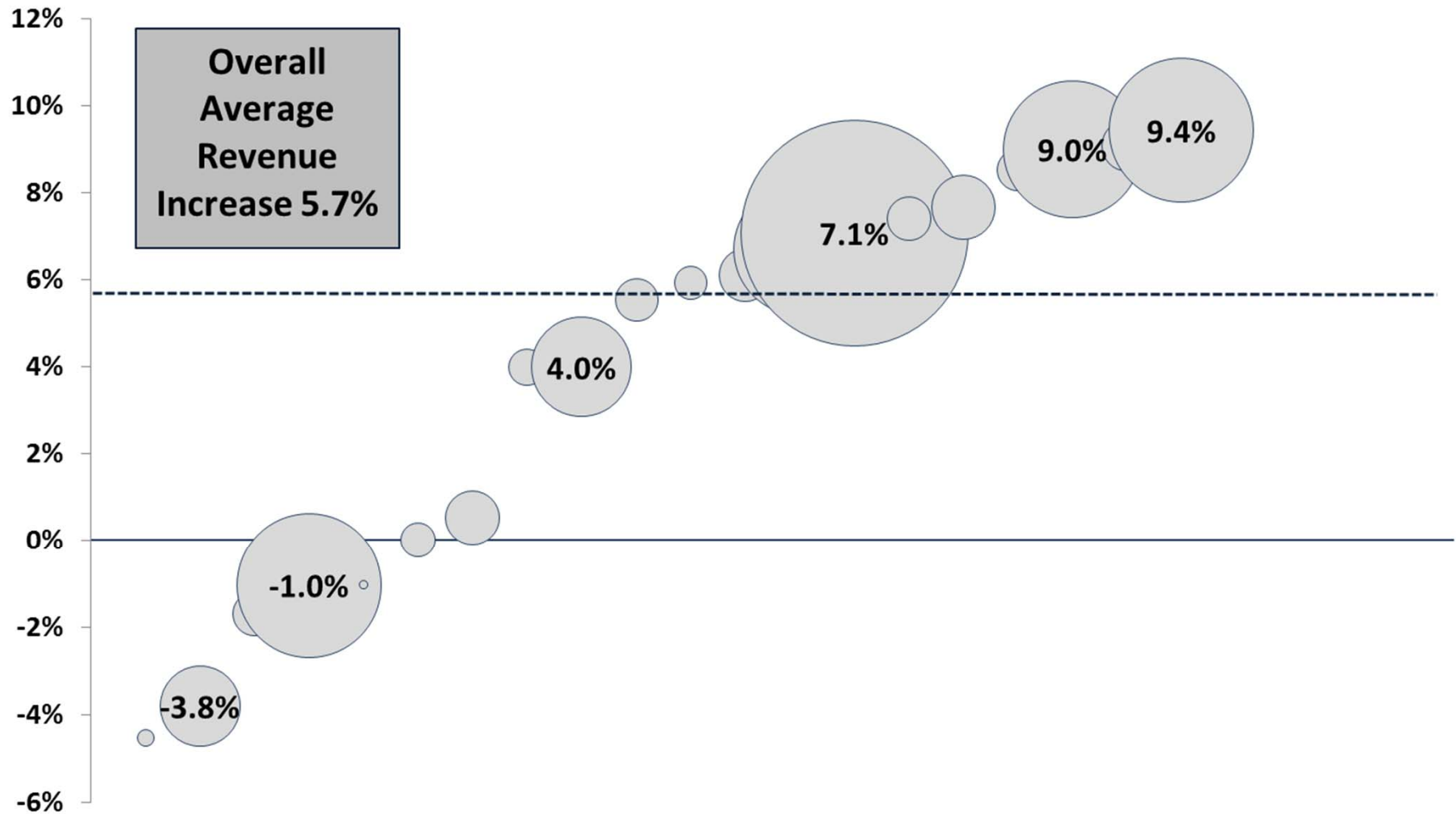
Revenue projections



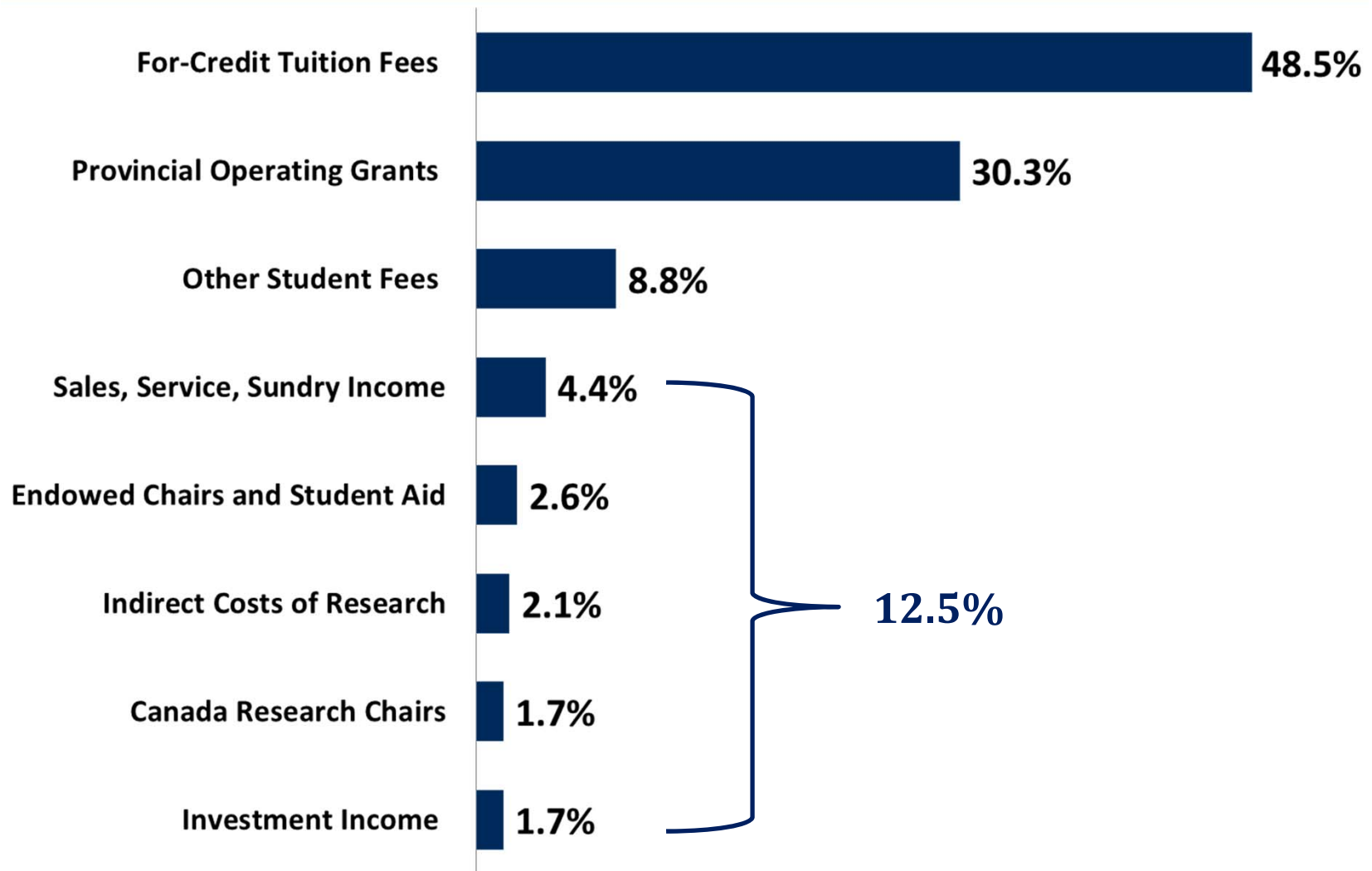
Projected institutional revenue growth



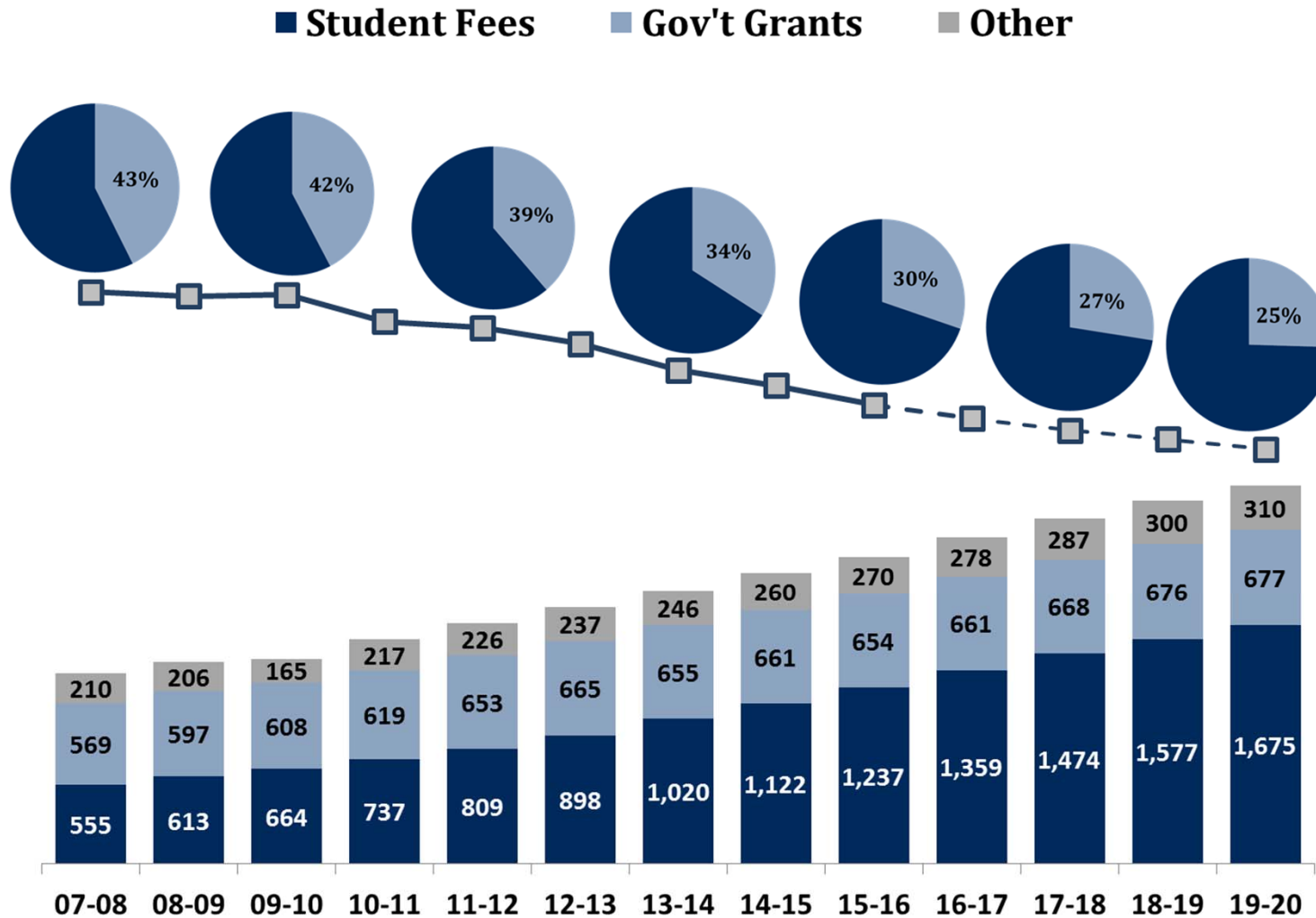
2015-16 projected revenue growth by division



2015-16 sources of operating revenue (\$2.16 billion)



Declining provincial grant (% share of revenue)



Tuition fee increases for 2015-16

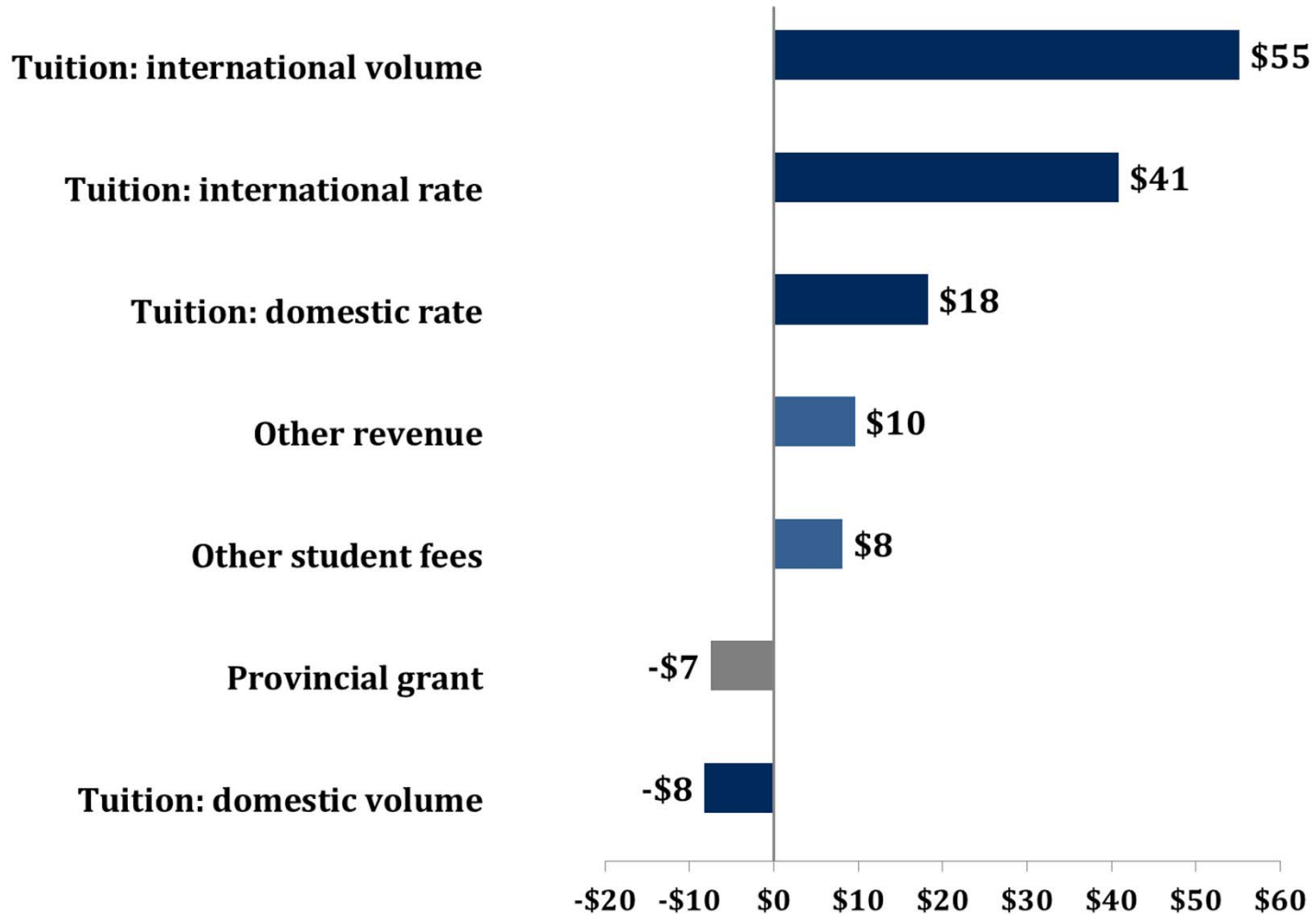
(Domestic overall cap = 3%)*	Incoming Students	Continuing Students
Domestic General UG	3%	3%
Domestic Prof and Graduate**	5%	5%
International ***	5-10%	5%

* Budget assumes extension of provincial framework beyond 2016-17

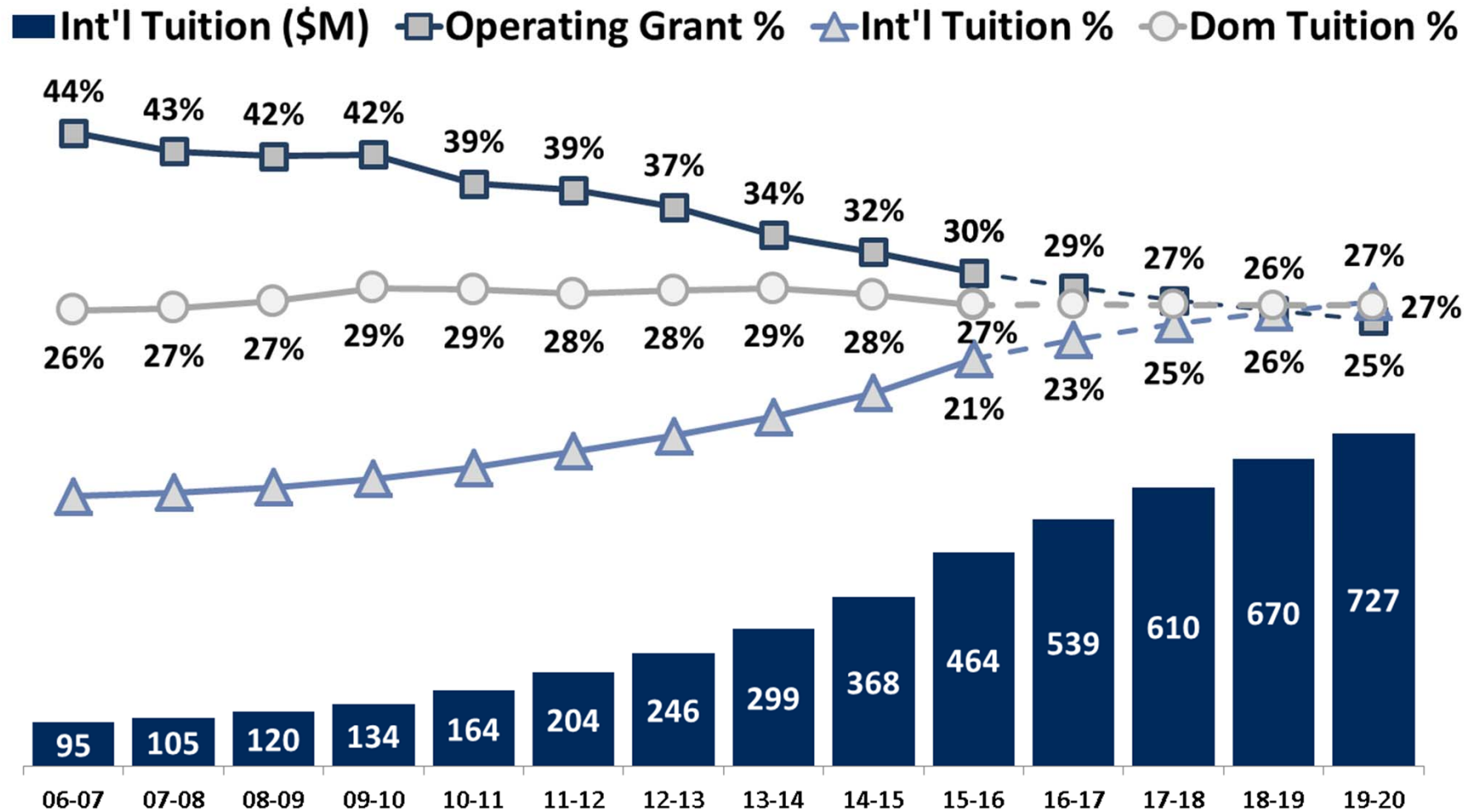
** The SGS domestic fee will be reduced by \$55 to remain within overall 3% cap

*** Weighted average international fee increase 6.2%

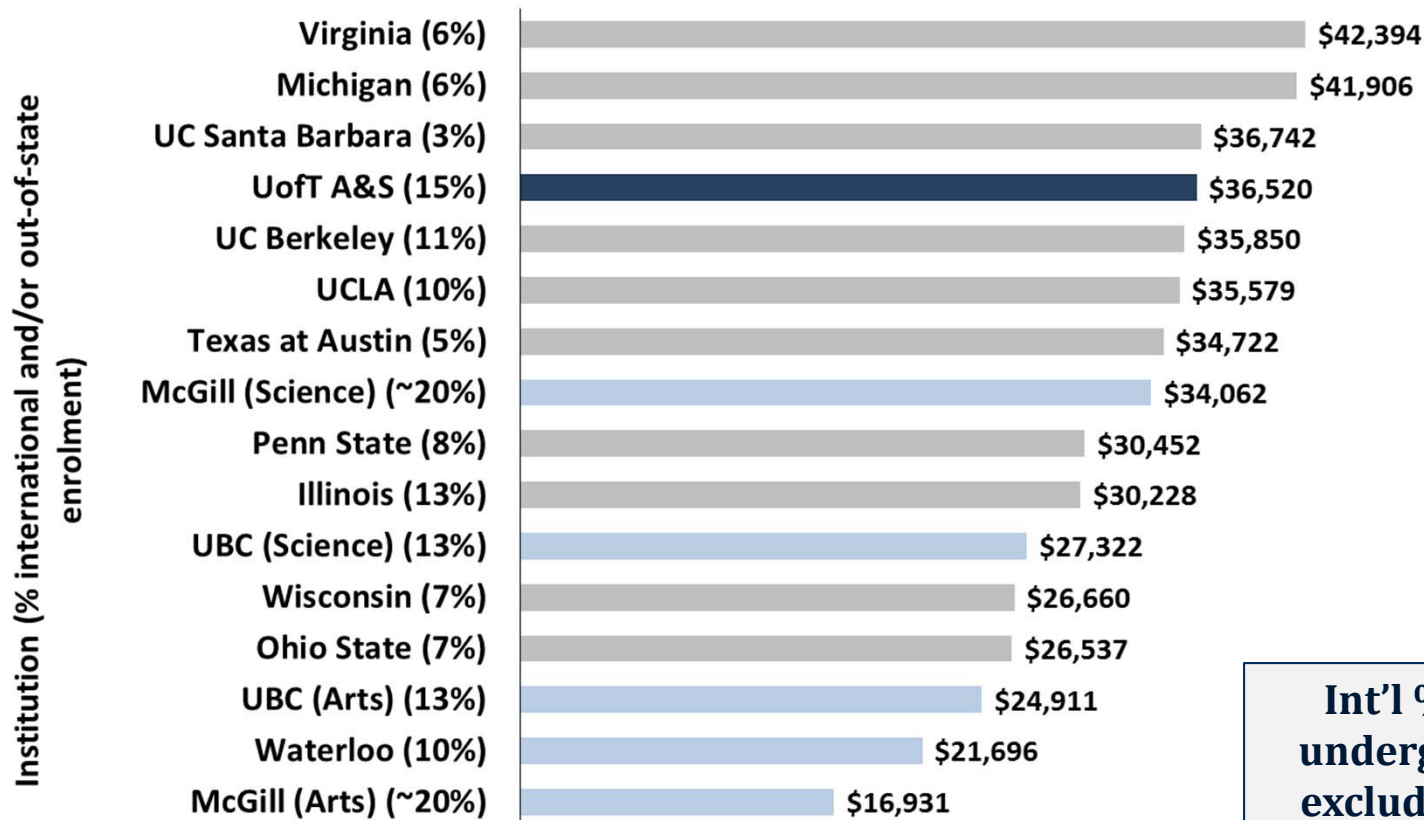
Sources of incremental revenue 2015-16 (\$117M)



International tuition as % of revenue

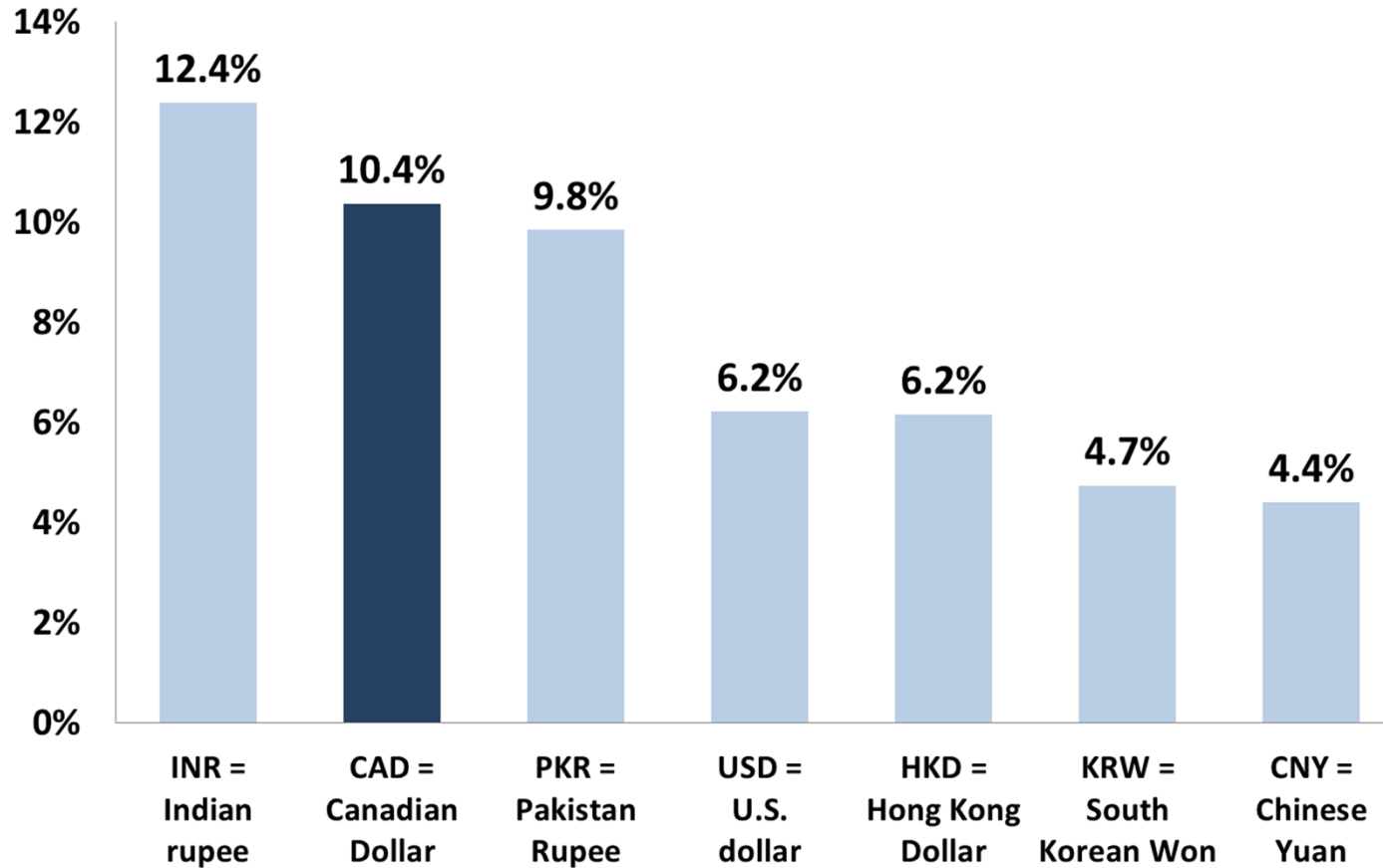


A&S international tuition compared to AAU non-resident, McGill, UBC (2013-14)



Int'l % of FT and PT undergrad headcount, excluding non-degree.
2013 \$1CDN=\$1USD

Impact of foreign exchange on international fees (Exchange-Adjusted Compound Average Fee Increases, 2010-2015)



Other key revenue assumptions

- **Operating grant**
 - Reductions due to change in teacher education funding and increase in international student recovery
- **Enrolment growth**
 - Full funding for all undergraduate growth
 - Graduate funded to our estimated SMA allocation
- **Endowment income**
 - Payout increased by 2% to \$7.71 and flat thereafter
- **Indirect Costs of Research**
 - Federal tri-council rate slight increase from 17.2% to 17.5%
 - Slight decline in near term and then growth for ICR on private-sector sponsored and MRI research funds



**Successful
Ventures**

**80+ Companies
Incubated and Accelerated
Annually**

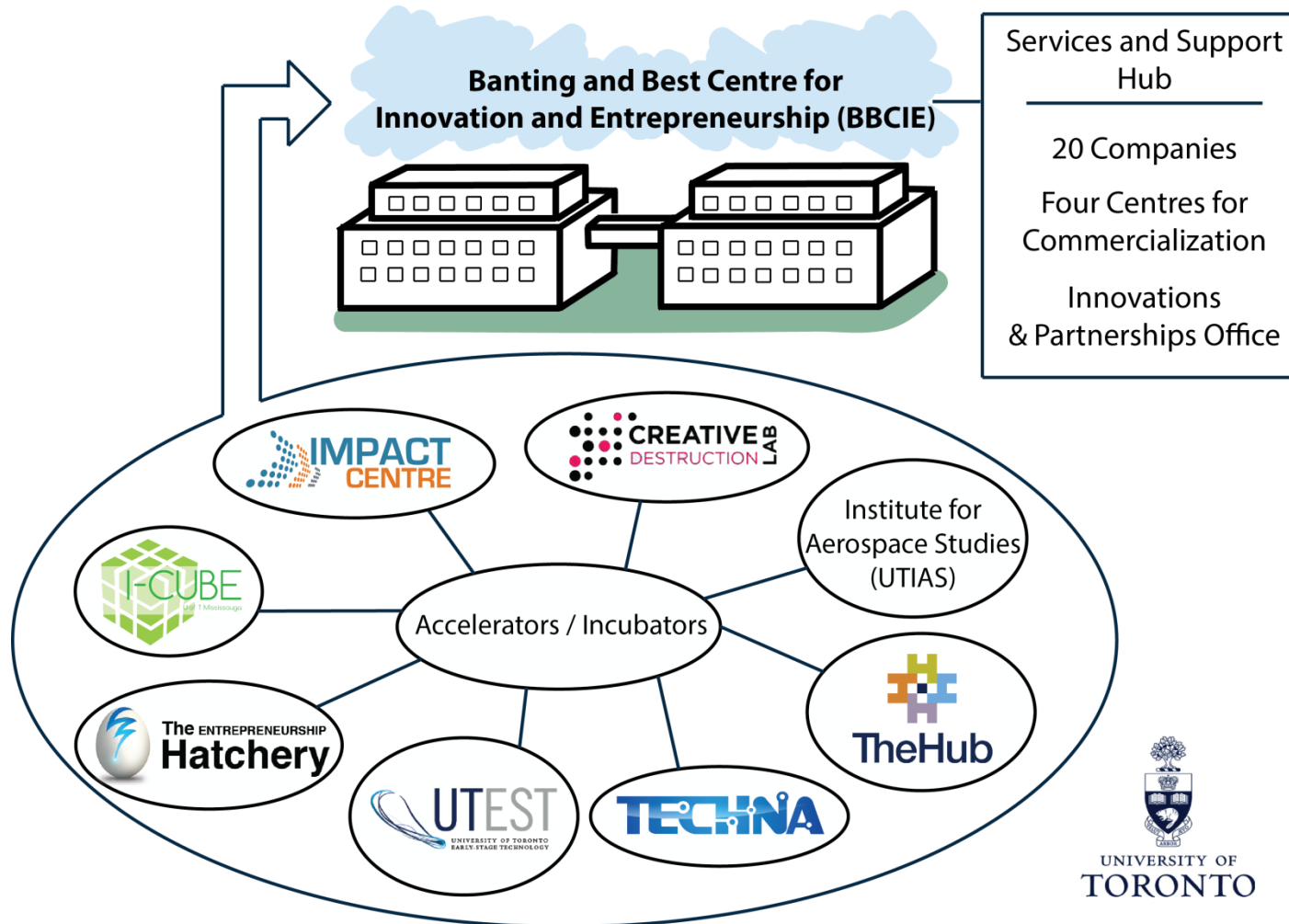
200+ Startups Created Per Year

**7 Accelerators and Incubators
Coordinated with the Banting & Best Centre
and the Innovations & Partnerships Office**

**22,000+ Faculty and Staff
80,000+ Students
500,000+ Alumni**

\$1.2B Research Funds

The UofT Entrepreneurship Ecosystem



University Fund Allocations



2015-16 University Fund: \$10M base + \$4M OTO

Theme 1: Teaching Excellence

Faculty FTE (address student-faculty ratios and PhD enrolment growth)	\$3.3M
OISE restructuring (OTO)	\$1.0M
SCS capital funding (OTO)	\$1.0M
Interdivisional teaching	\$2.0M
UG teaching innovation	\$500K

2015-16 University Fund: \$10M base + \$4M OTO

Theme 2: Research Excellence

Top-up to doctoral recruitment fund (PhDEIF)	\$2.0M
Medicine research space operating costs	\$1.0M
Entrepreneurship CLA Mgmt. Committee (OTO)	\$500K
IHPME integration	\$150K

Theme 3: Internationalization

International student services in divisions	\$750K
UG international experience opportunities	\$500K

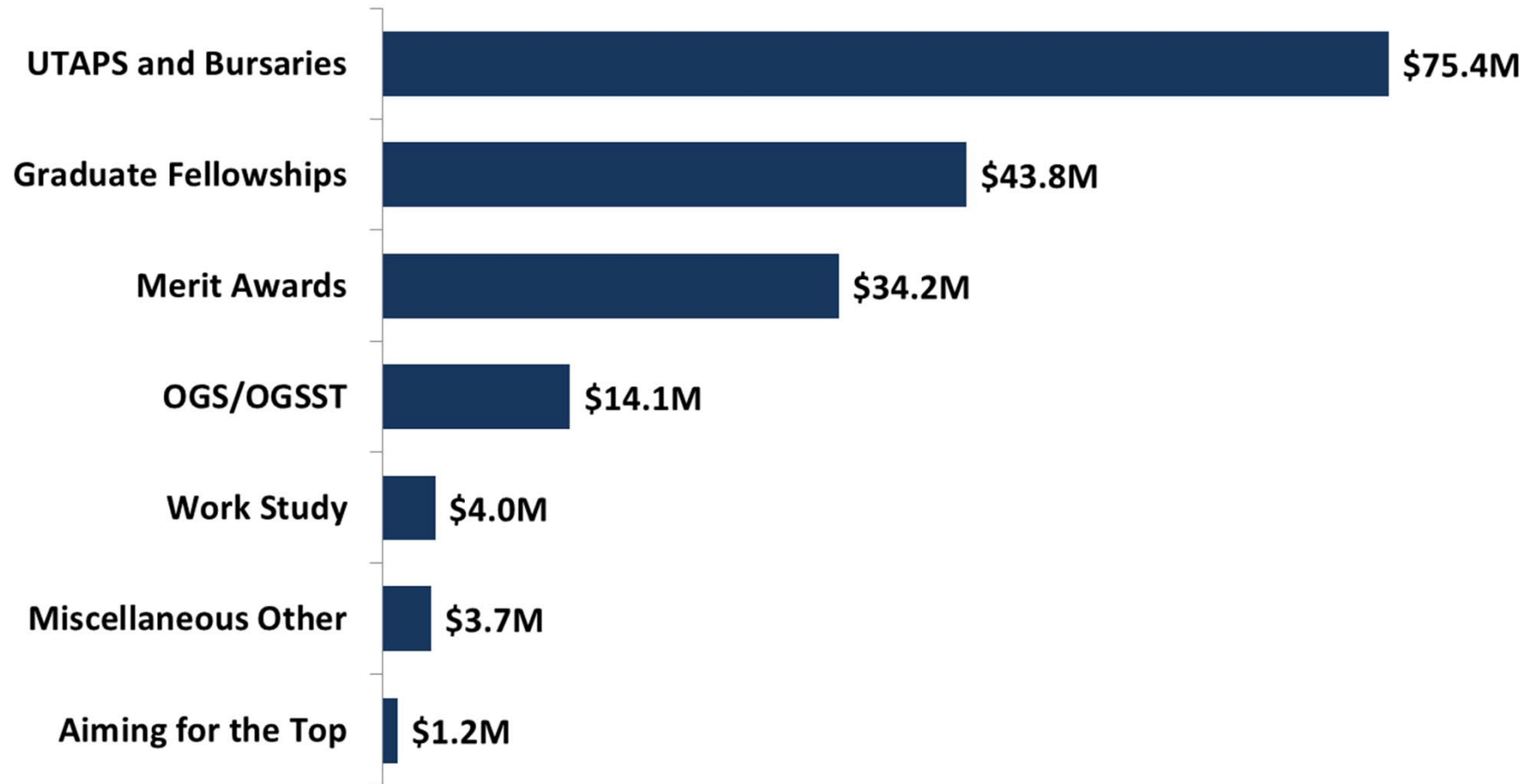
Theme 4: Structural Budget Support

Structural budget support	\$2.0M
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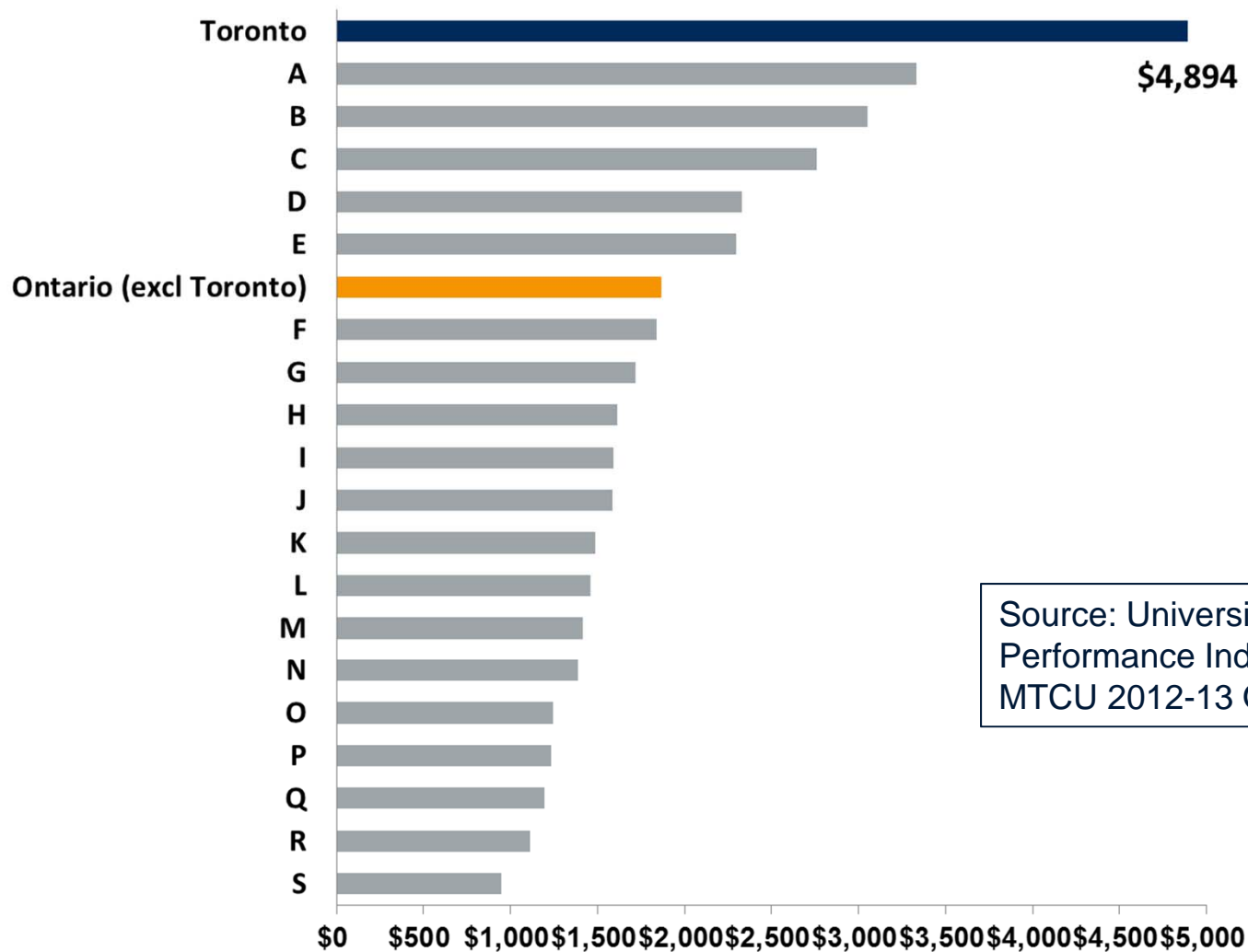
Student financial support



\$176M spent on student aid in 2013-14

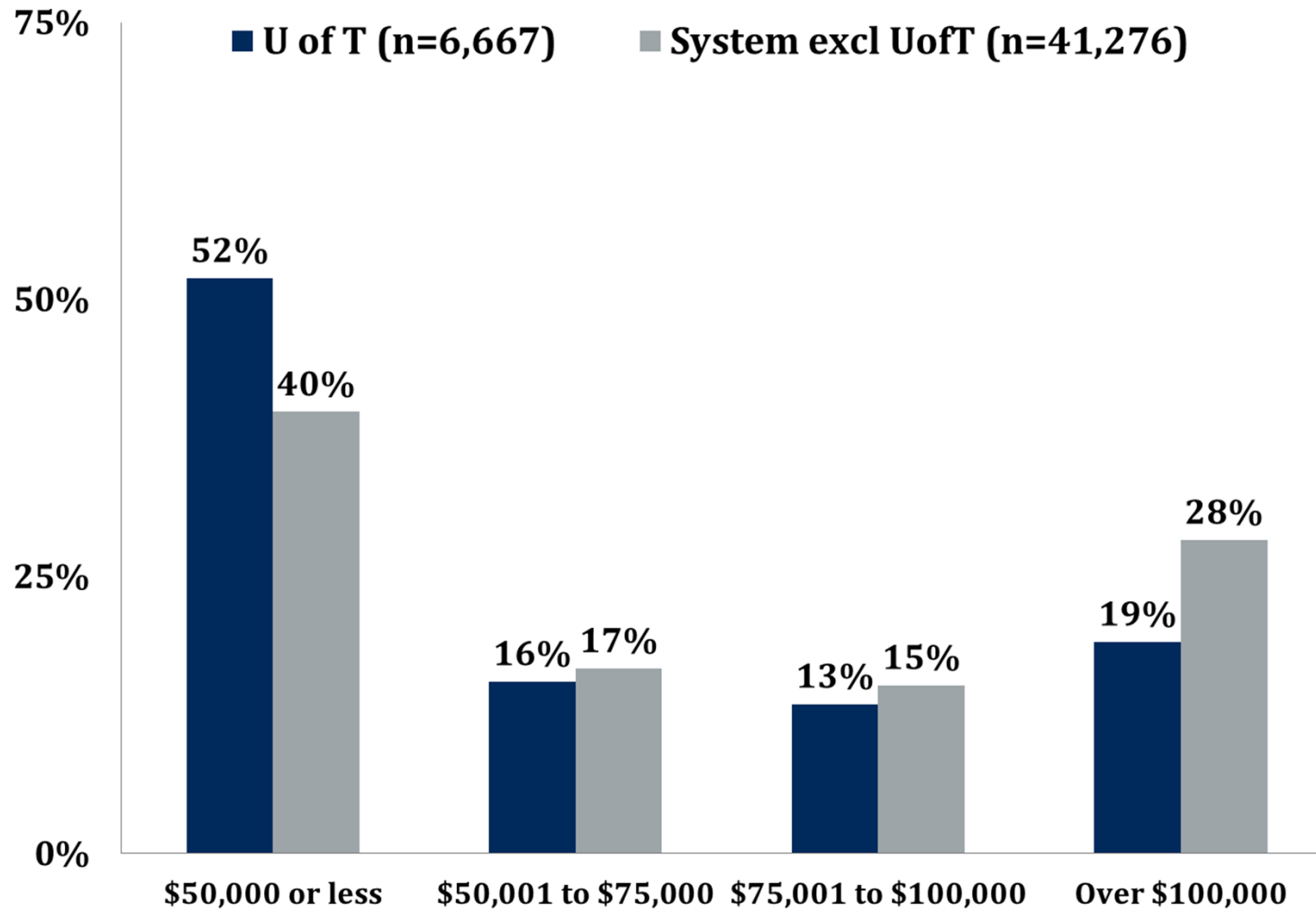


Average Student Access Guarantee (SAG) Expenditure per recipient



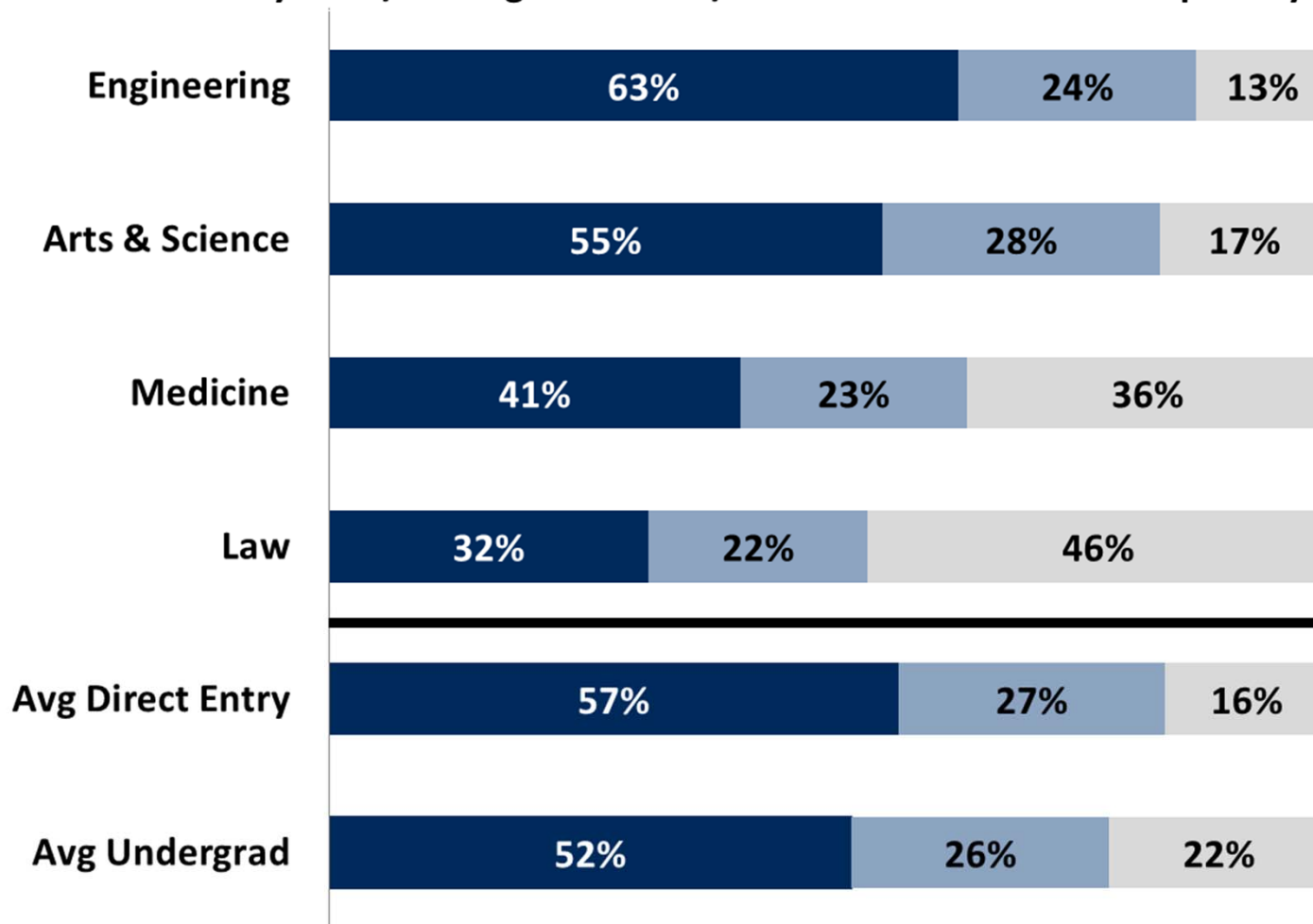
Source: University of Toronto
Performance Indicators 2014,
MTCU 2012-13 OSAP Summary

Parental income of first year students receiving OSAP in direct entry programs

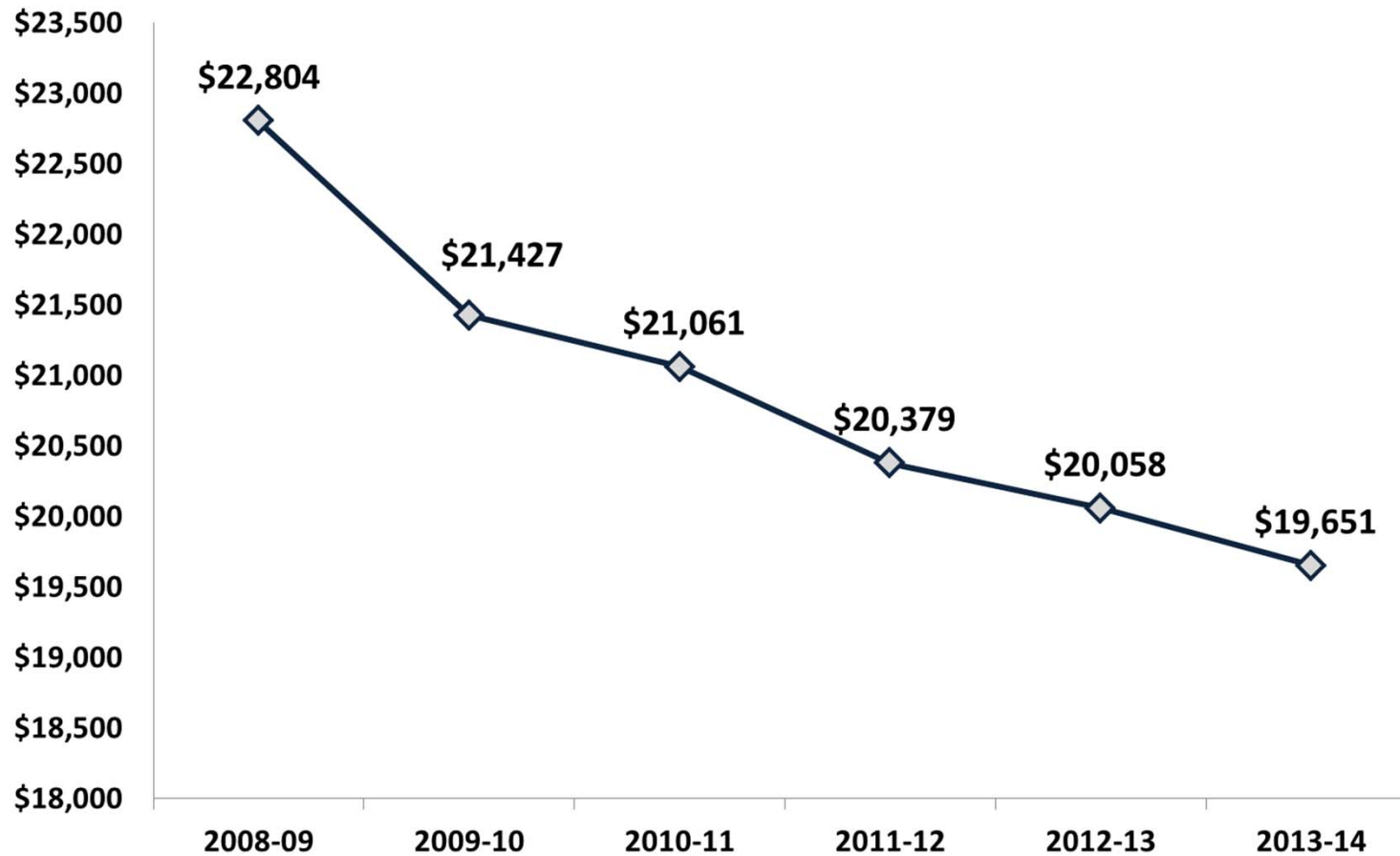


Undergraduate net tuition including tax credits (OSAP eligible students)

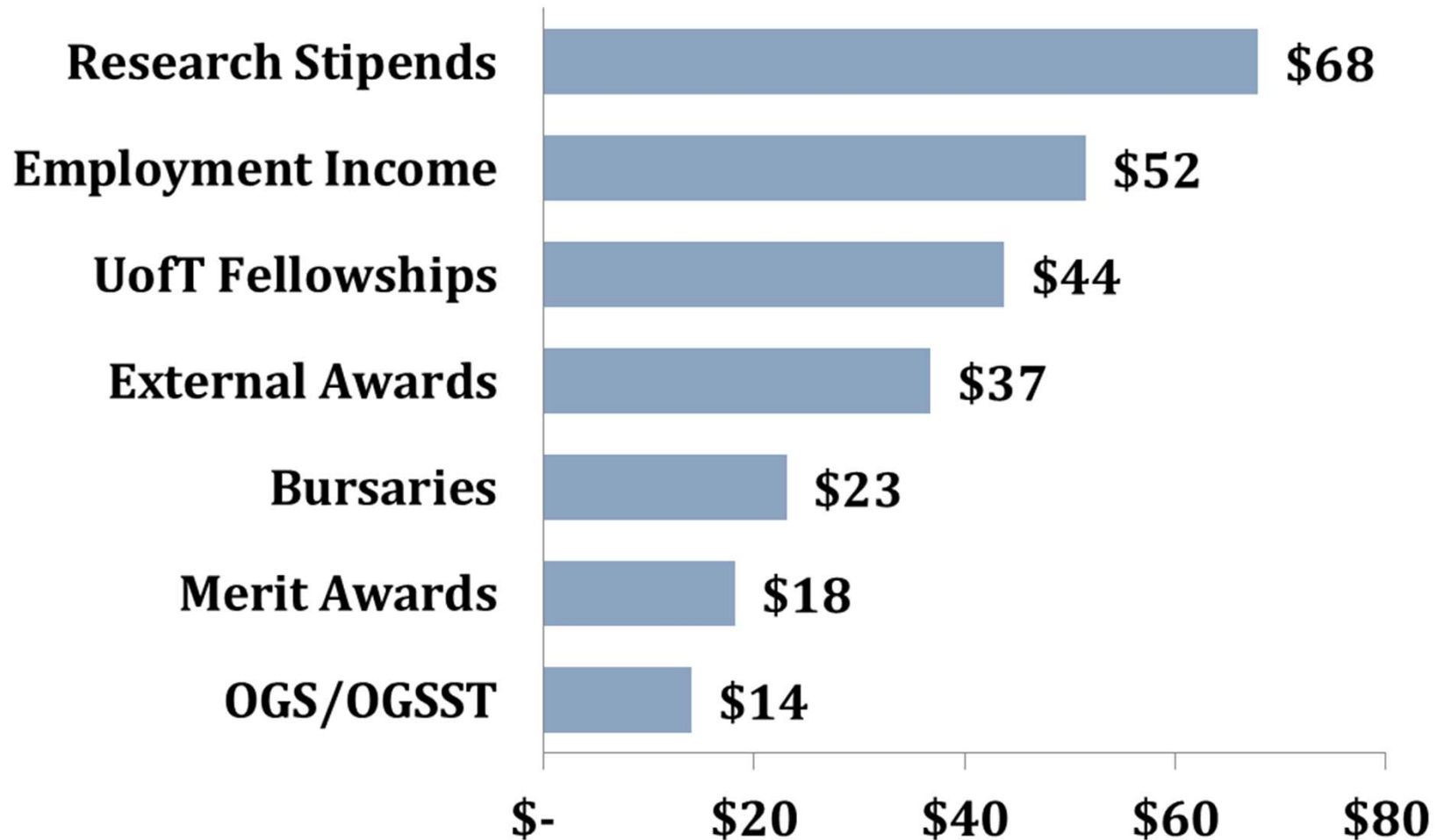
■ Tuition funded by UofT/OSAP grant ■ Fed/Ont Tax Credits ■ Tuition paid by student



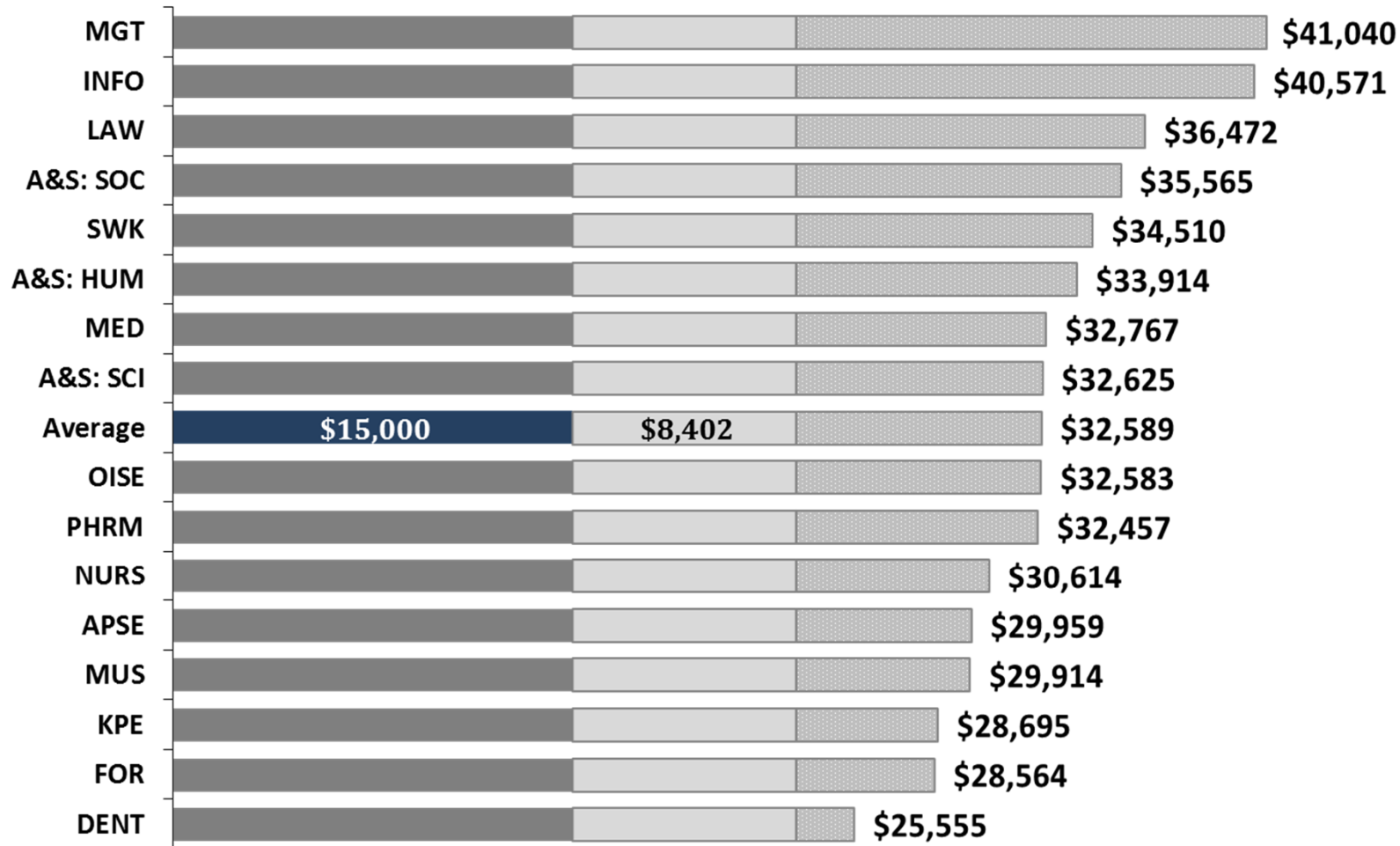
Average repayable OSAP debt of graduating students (2013\$), Direct Entry Programs (excludes students with no debt)



2013-14 financial support for graduate students = \$256 million



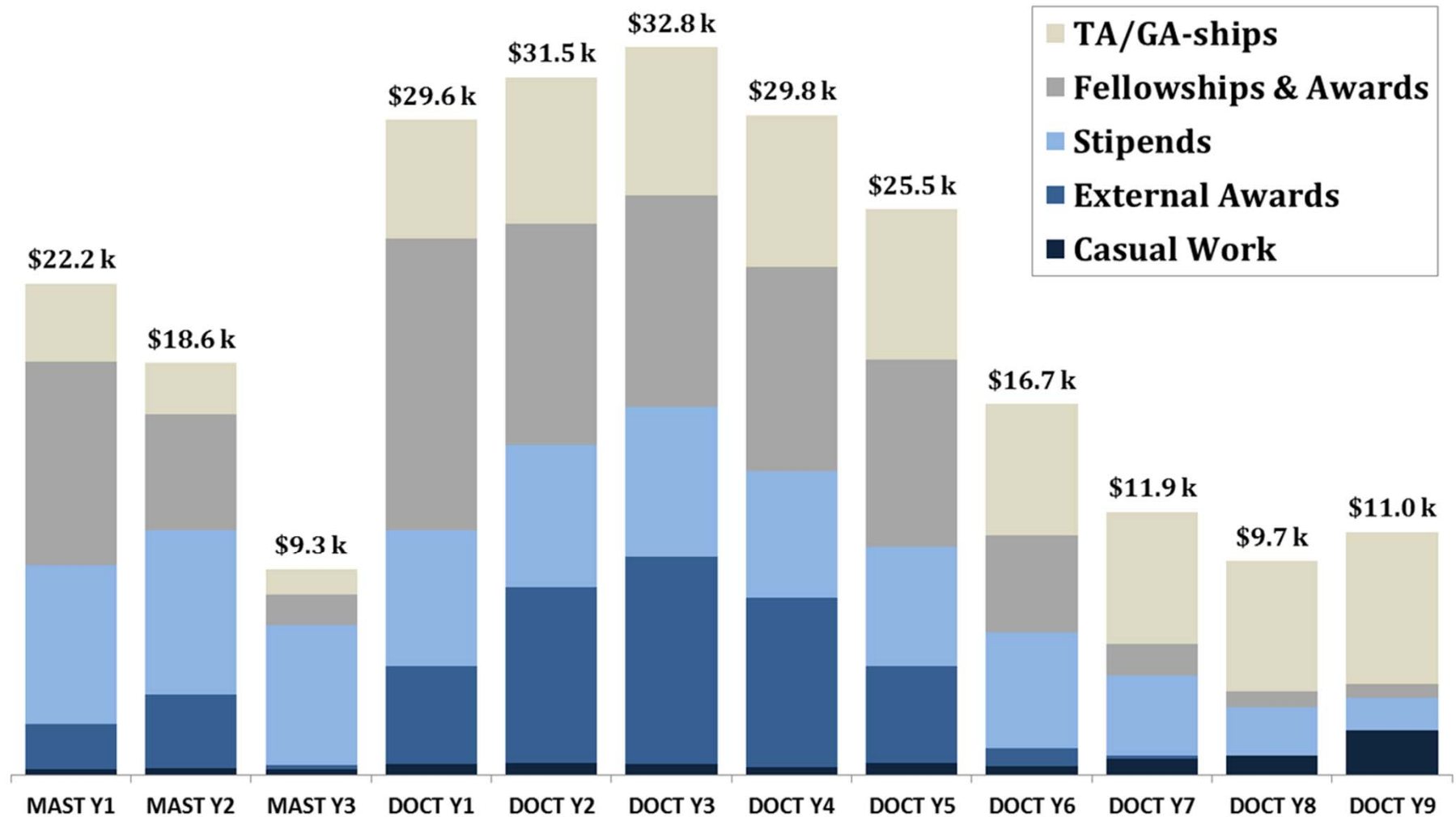
2012-13 average support (including domestic tuition & fees), Funded Cohort graduate students



Includes domestic tuition and fees at \$8,402.

2012-13 average incomes (gross including tuition and fees)

ALL graduate students by year of study (including Health Sciences)



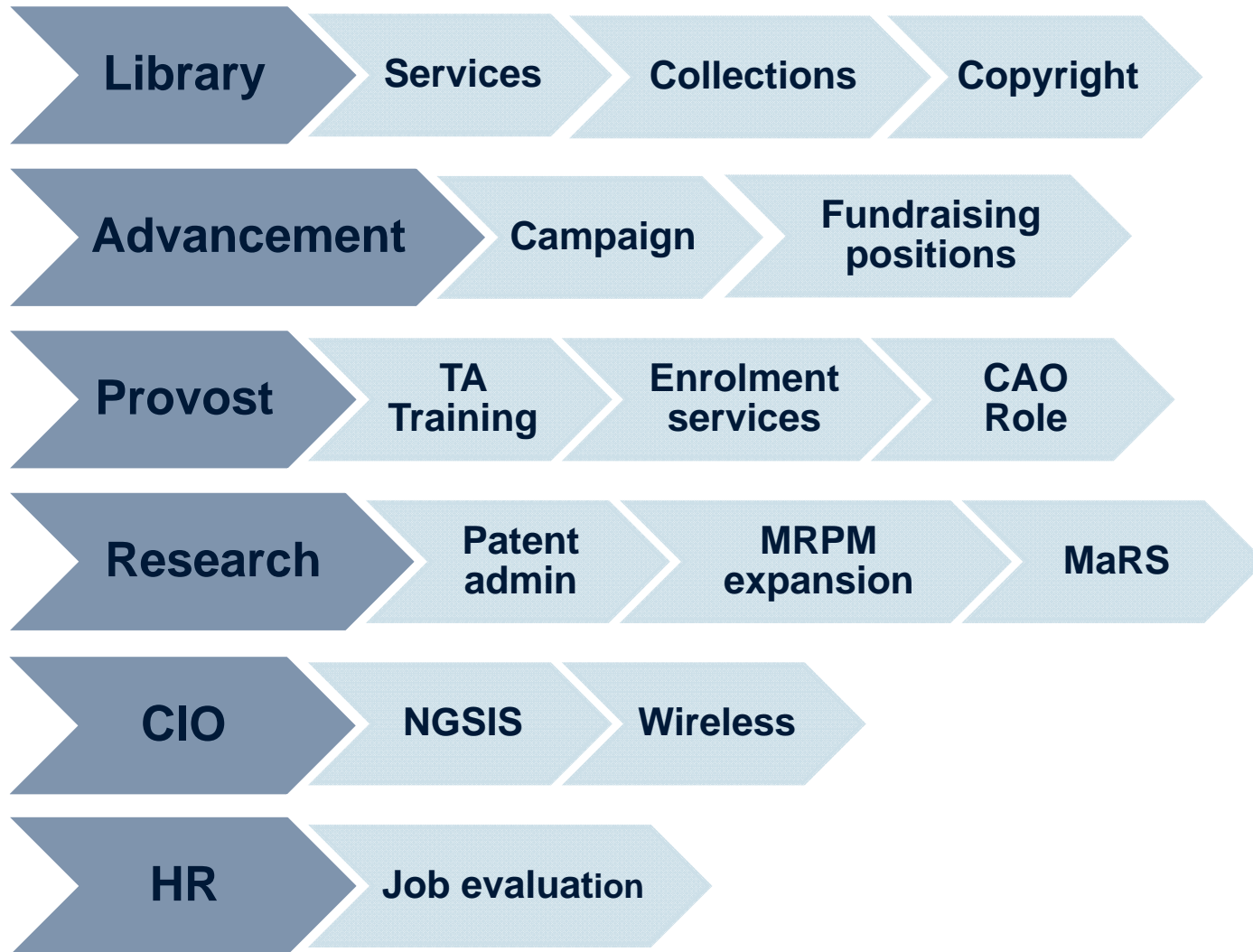
Expenditure plans



Allocations to Shared Services: Key Metrics

(Excludes expenditures on institutional costs, i.e. utilities)	Academic Divisions	Shared Services
2014-15 proportion of budget	84%	16%
Share of new revenue in 2015-16	87%	13%
Rate of increase over prior year	6.3%	5.1%

Highlights of shared services allocations



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
2016-17	5	102
2017-18	5	107
2018-19	5	112
2019-20	0	112

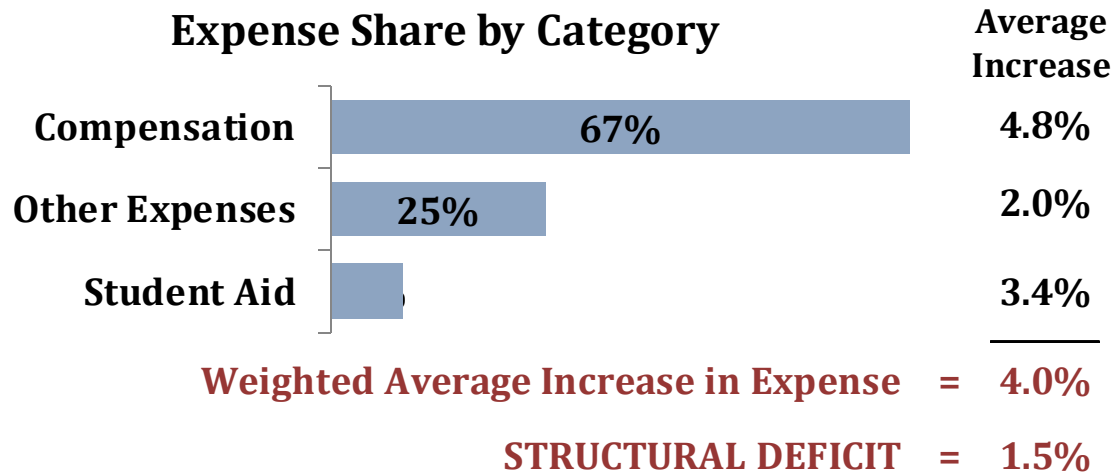
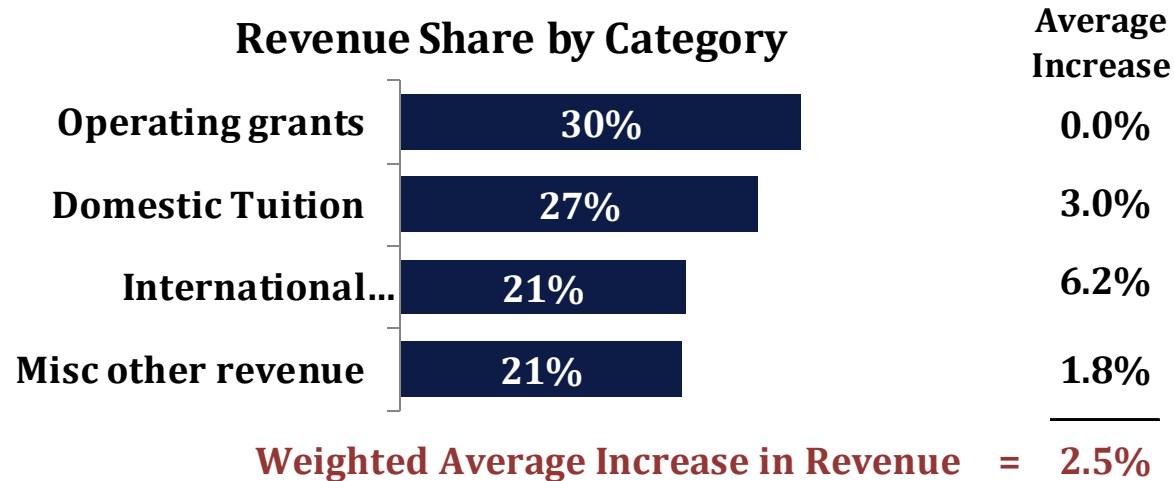
Compensation update

- Context of provincial wage restraint
- Negotiations ongoing with UTFA
- Tentative agreement with CUPE 3902 Unit 3 (sessional instructors); ratification meeting scheduled March 2
- USW agreement in place July 1, 2014 - June 30, 2017: 3-year average all-in cost of settlement = 3.45%

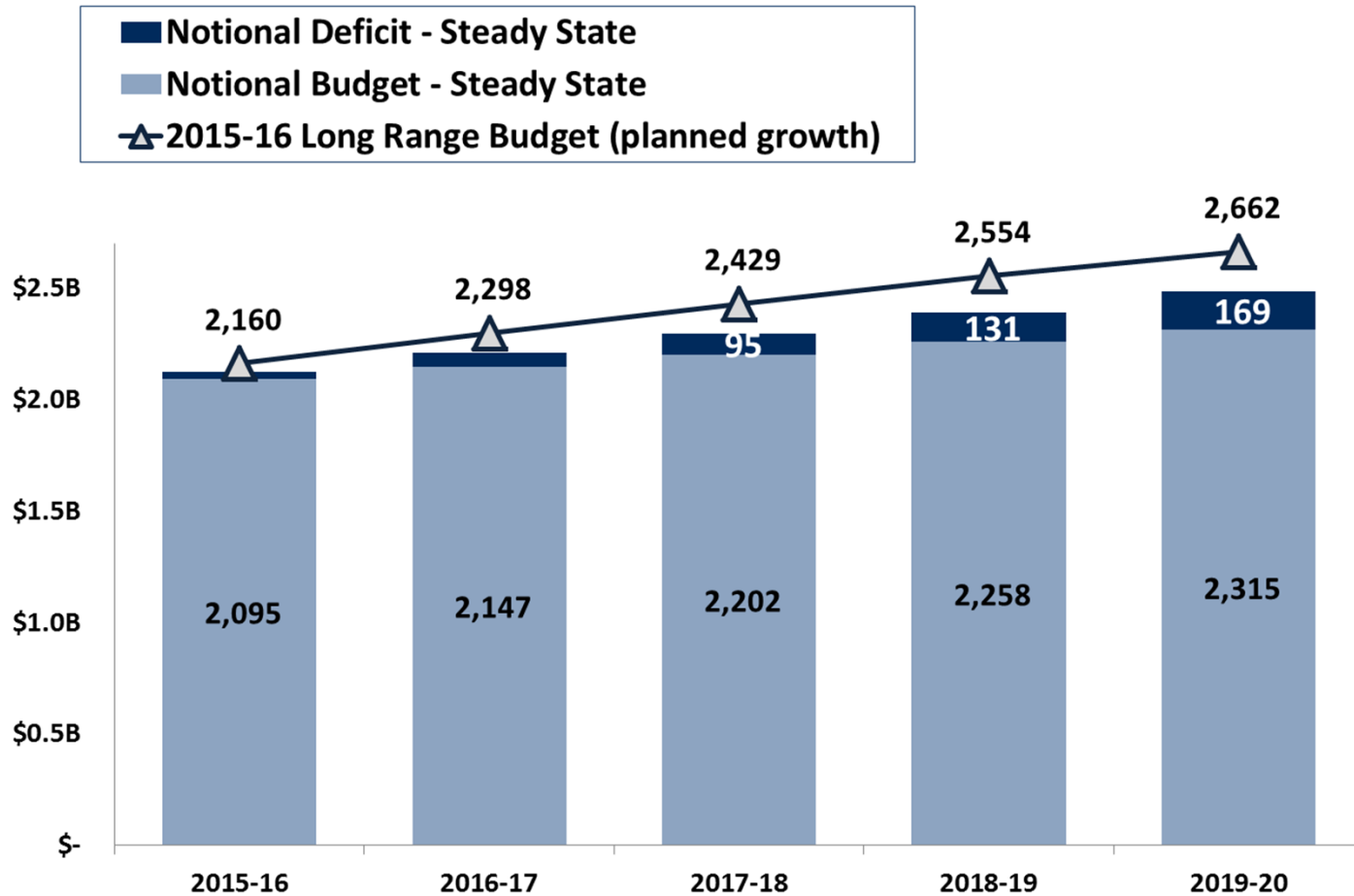
In Summary



Structural budget challenge: scenario if we were to freeze all growth in students, faculty and staff

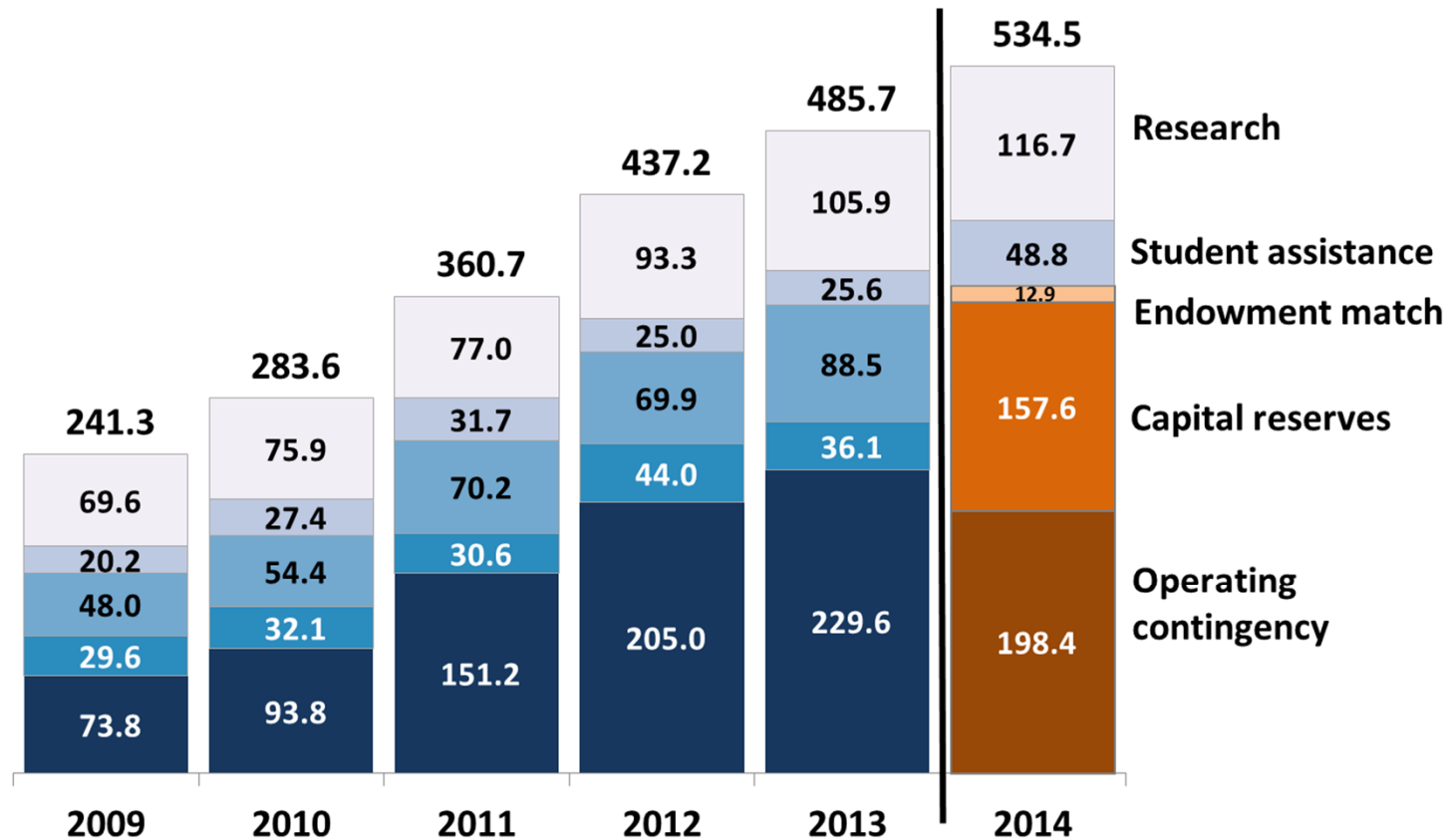


Notional Deficit Projection at Steady State(\$M)



Reserve balances

Note: change of reporting categories in 2014

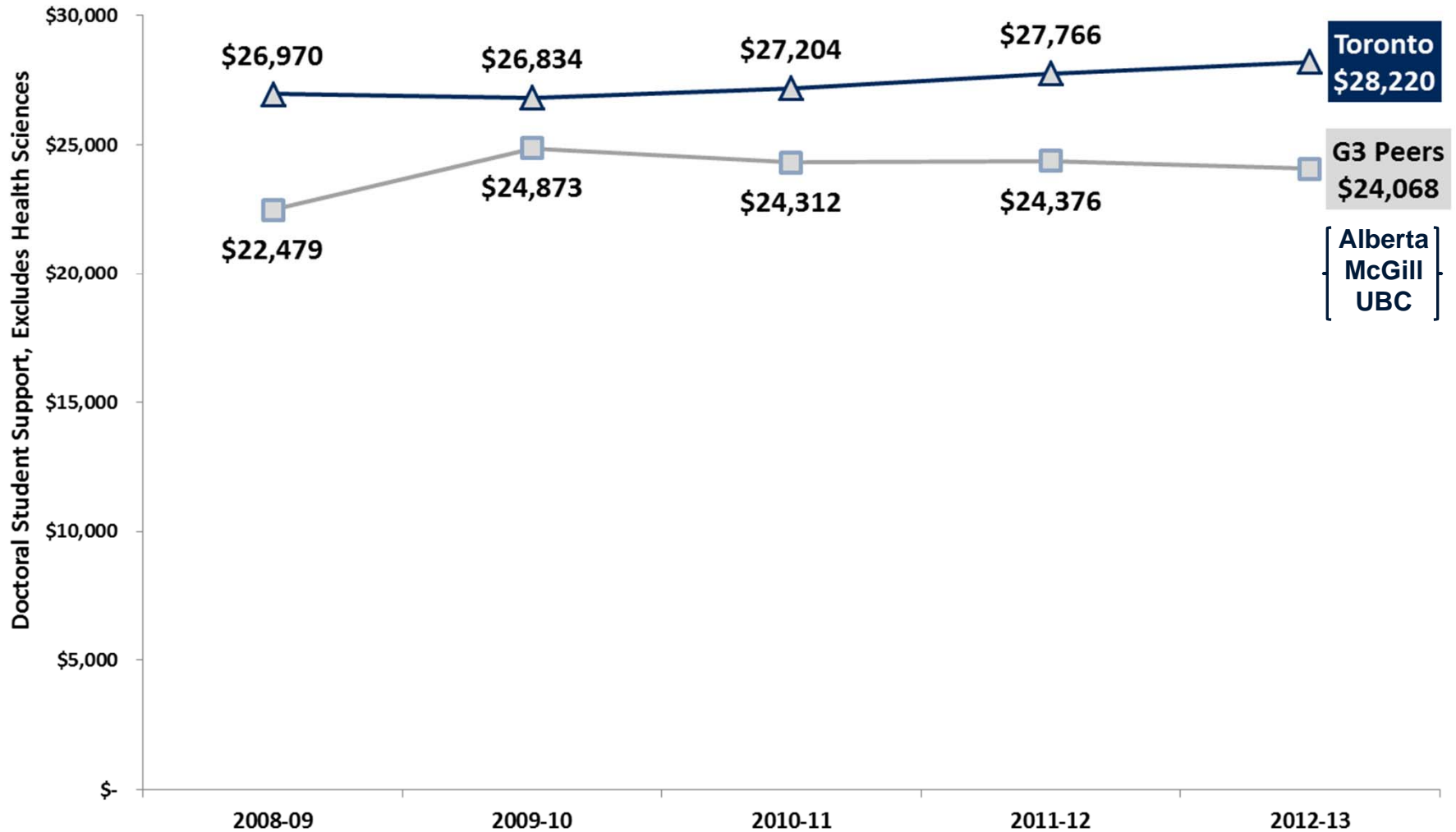


Summary

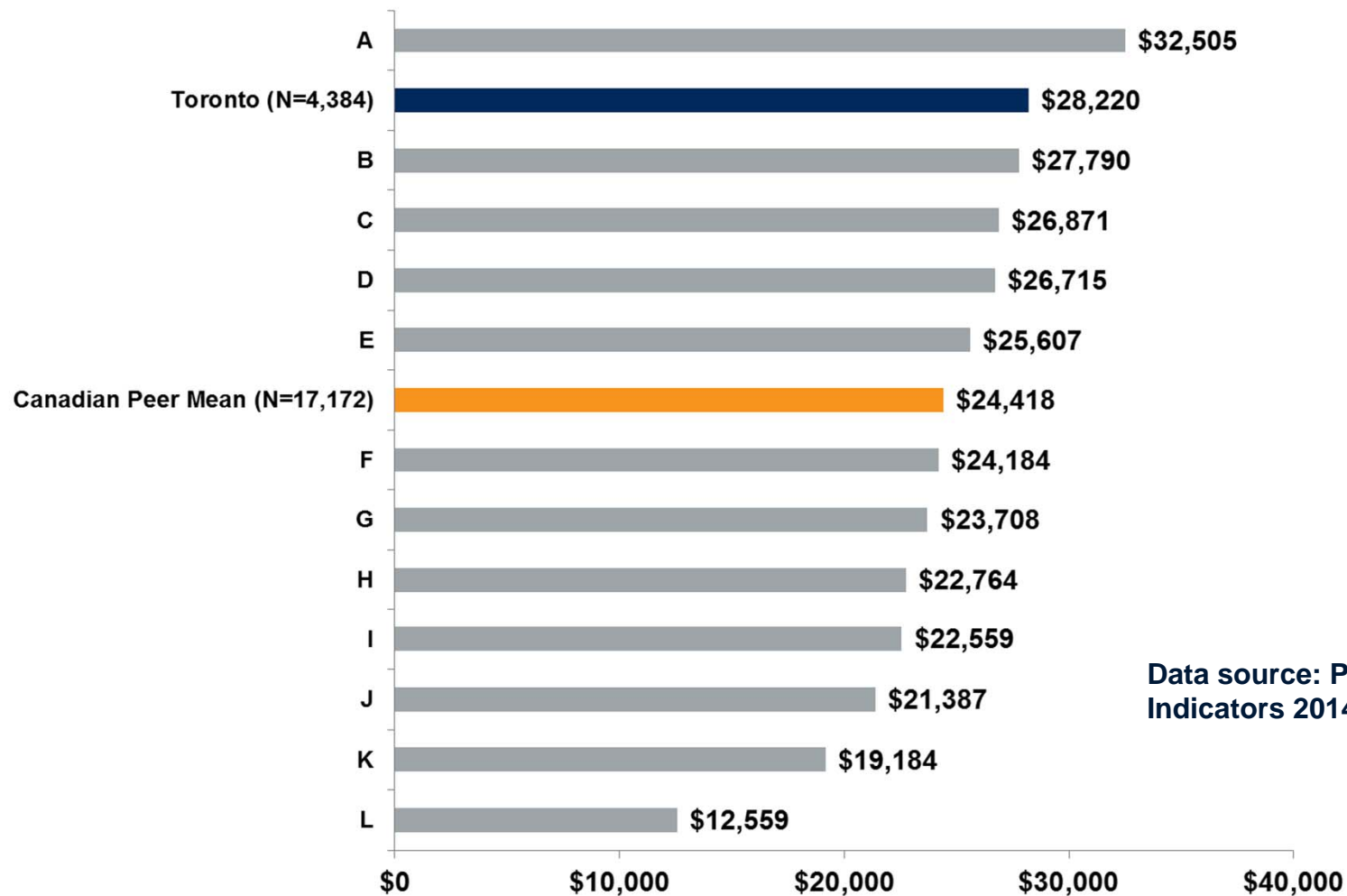
- Provincial Grant continues to decline as overall source of revenue
- International enrolment growth is very strong
- Source of revenues generally more dynamic and risky – divisions prioritizing OTO investments
- Incoming undergraduate entering averages continue to rise
- Good progress on graduate student intensification as per 2030 plan
- UofT provides competitive support for graduate students
- Continue to face a structural budget challenge but some improvement on the expense side
- More attention to alternative revenues – growing the non-student portion of the pie
- As always...decisions matter

Extra slides if needed

Average graduate student support (gross including tuition and fees) (excludes Health Sciences, comparator data not available)



Average financial support per graduate student compared to Canadian U15: 2012-13 (excludes Health Science divisions)



Data source: Performance Indicators 2014, U15DE