

University of Toronto Budget 2015

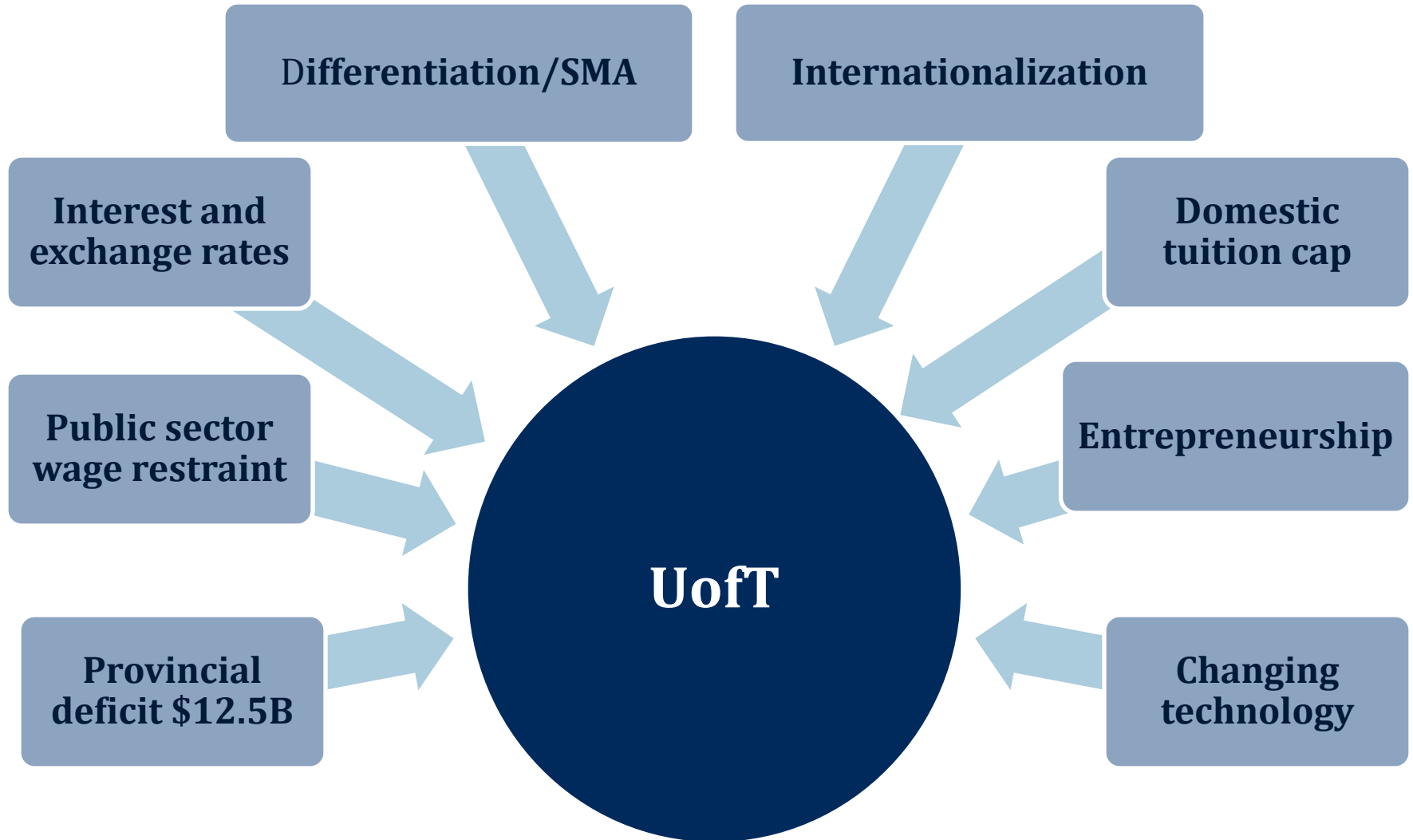
Planning and Budget Committee
March 4, 2015



Overview

- Budget context 2015
- Enrolment
- Revenue and expense
- University Fund allocations
- Student financial support
- Summary

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”

Strategic Mandate Agreement Priorities

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

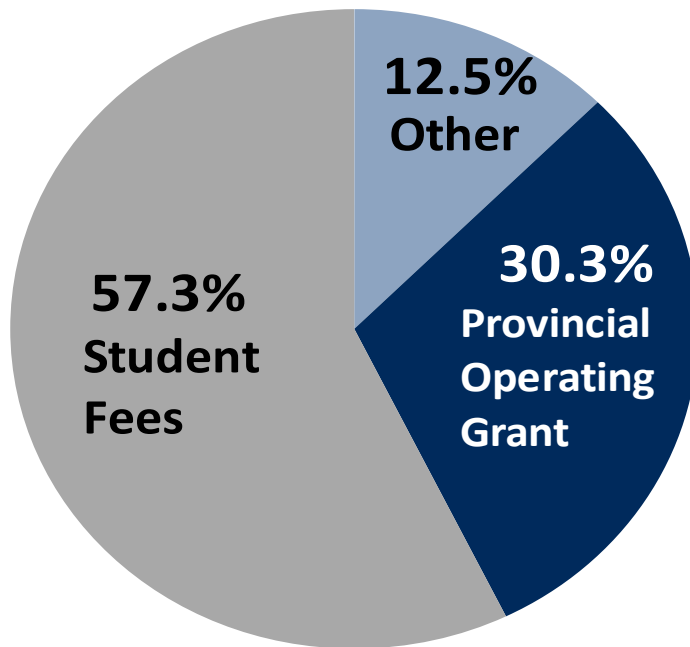
- Credit transfer consortium with 6 universities, joint programs with 3 colleges

Enrolment

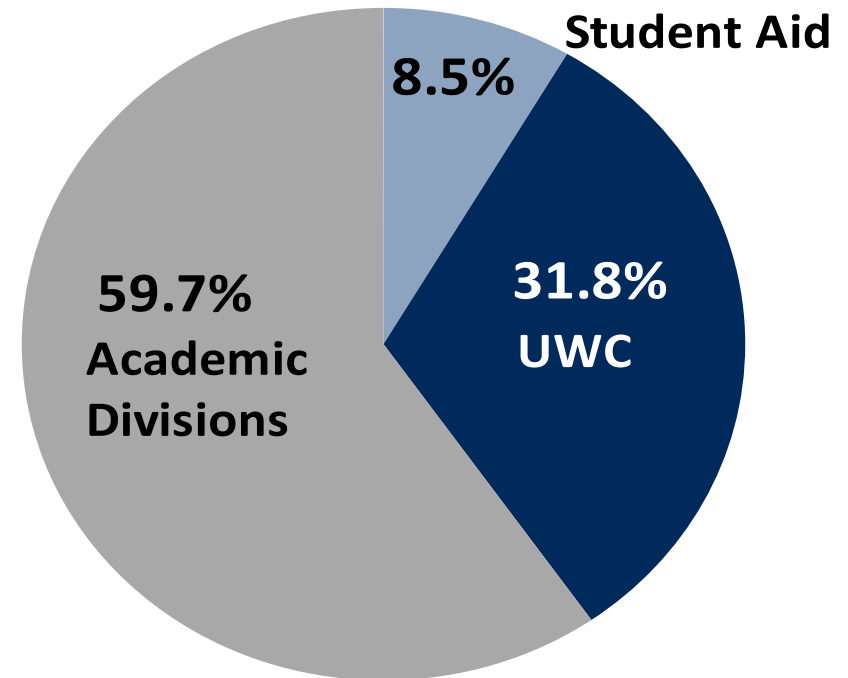


A balanced budget at institutional level: \$2.16B

Operating Revenue



Operating Expense



Approximately 73% of the expense budget is allocated to compensation

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

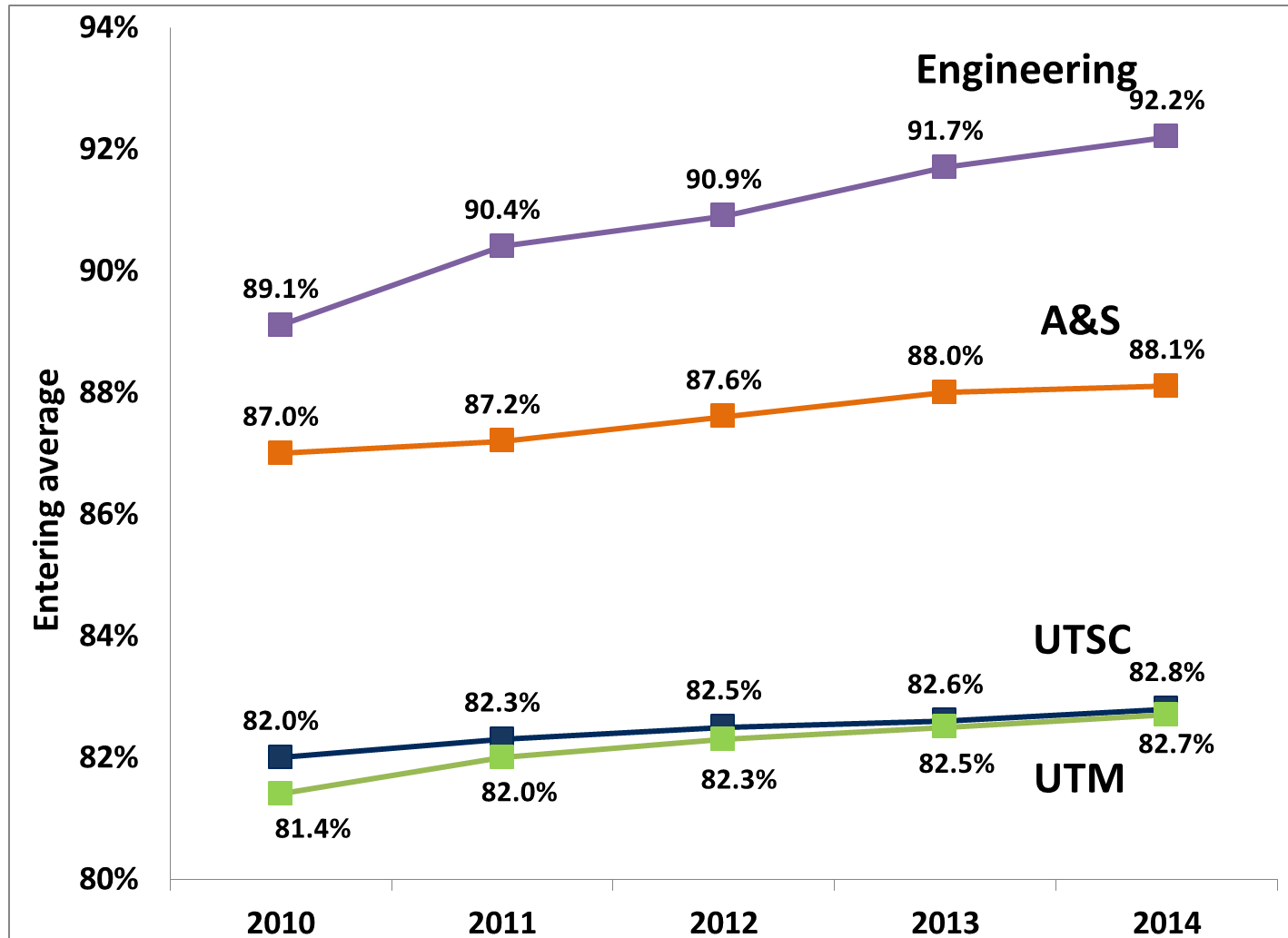
Total FTE	2014 Actual	2019 Plan	5 year Growth Plan	% Growth
UTM	10,942	13,044	2,102	20%
UTSC	10,088	11,511	1,423	14%
St George	37,836	37,928	92	0%
Total UG	58,866	62,483	3,617	6%

Divisional undergraduate international plans (HC)

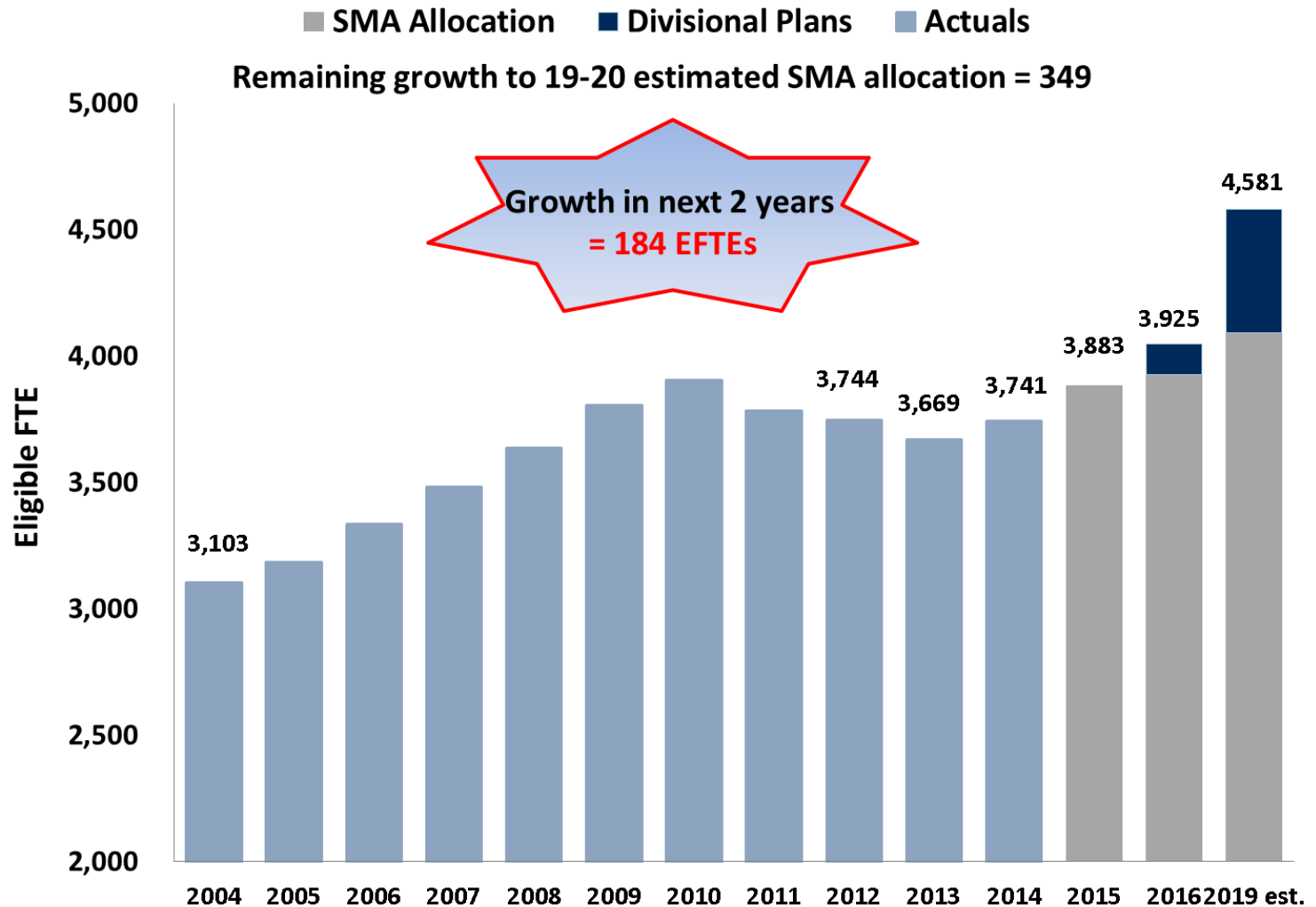
% Int'l	Intake		Total Enrolment	
	2014 Actual	2015 Plan	2014 Actual	2019 Plan
APSE	35%	32%	26%	27%
A&S	27%	31%	18%	25%
UTM	20%	18%	16%	16%
UTSC	20%	18%	15%	16%

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

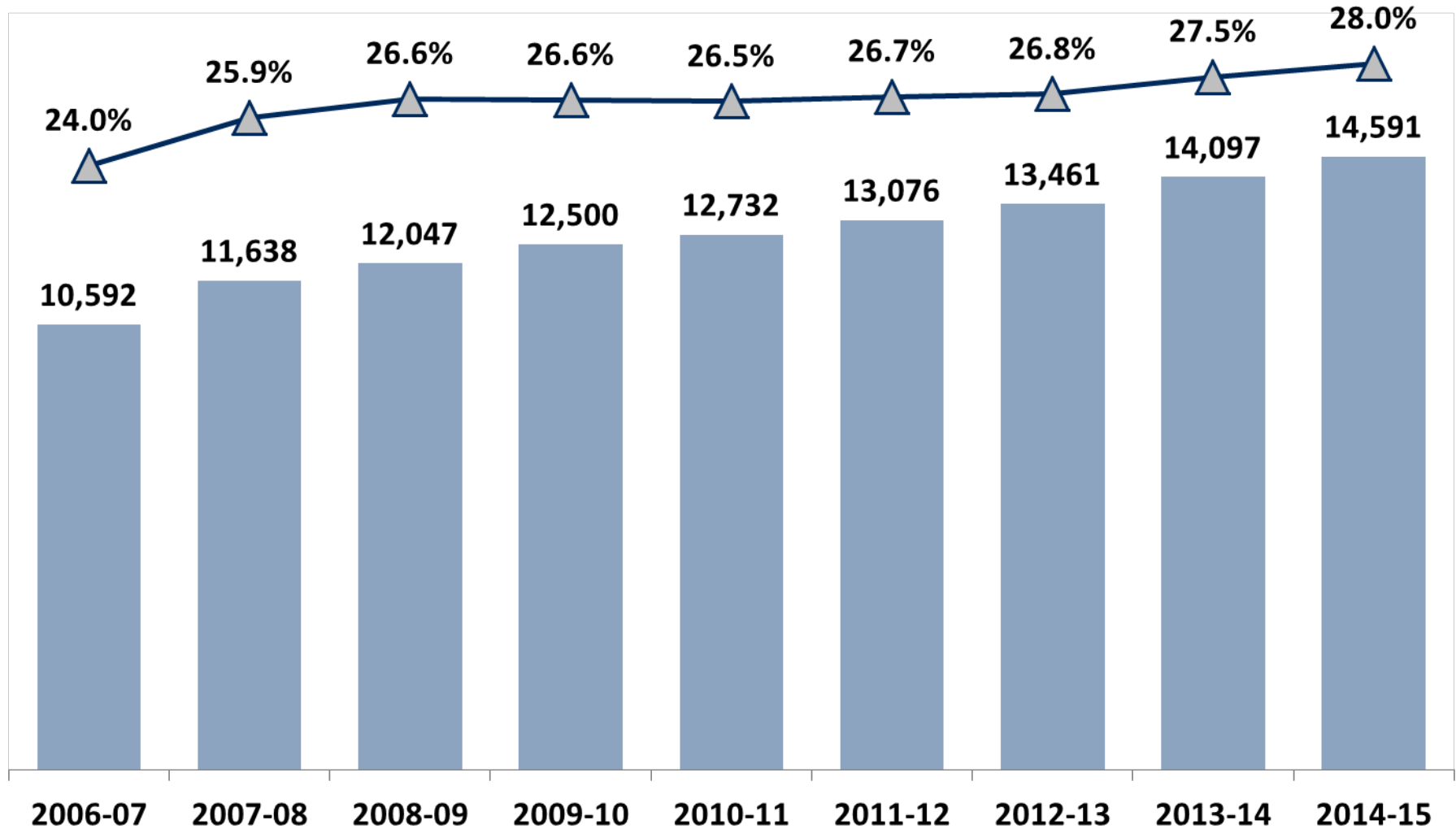
Entering averages are increasing



Doctoral enrolment plans



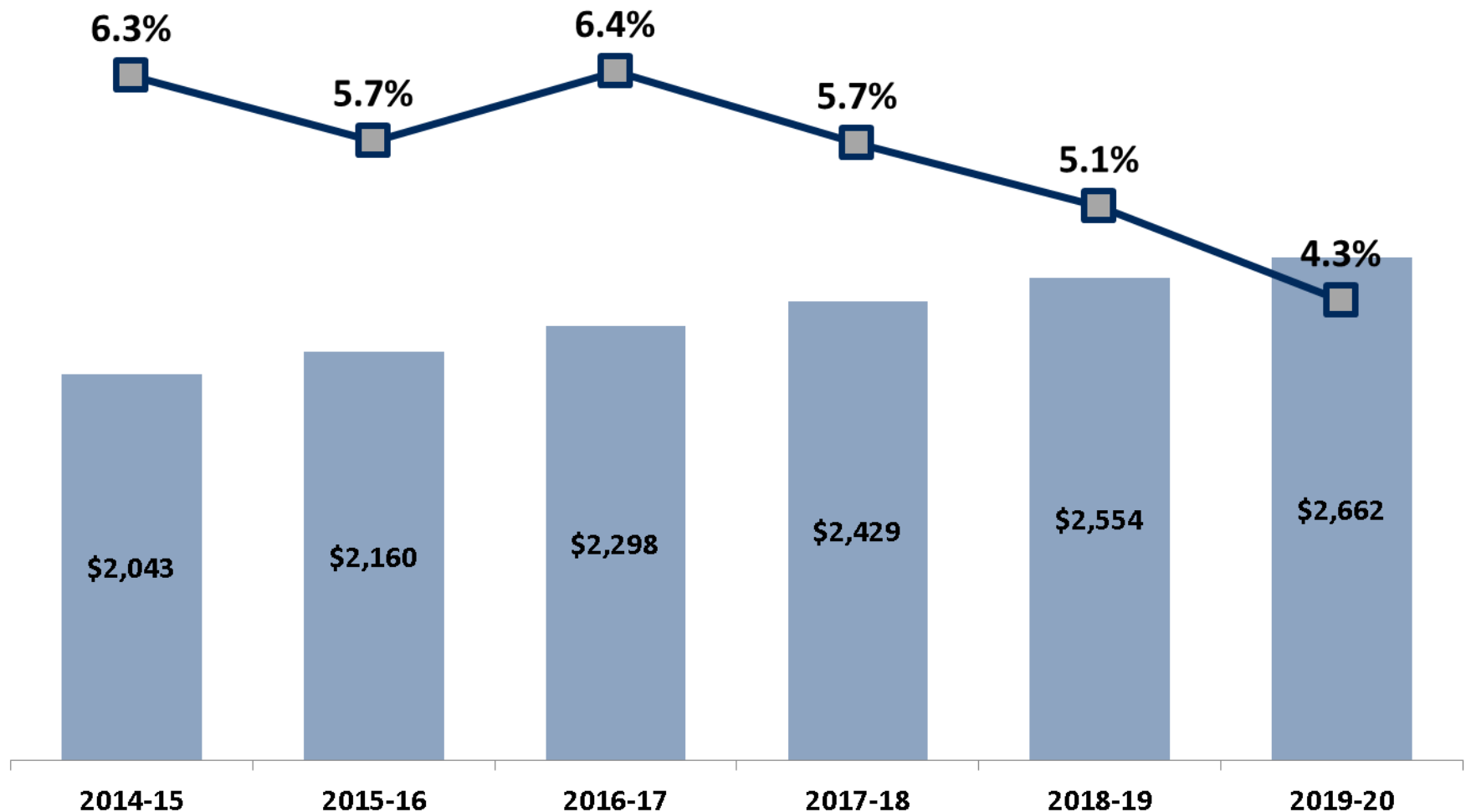
Towards 2030: graduate intensification (St. George campus graduate FTE and % of total FTE)



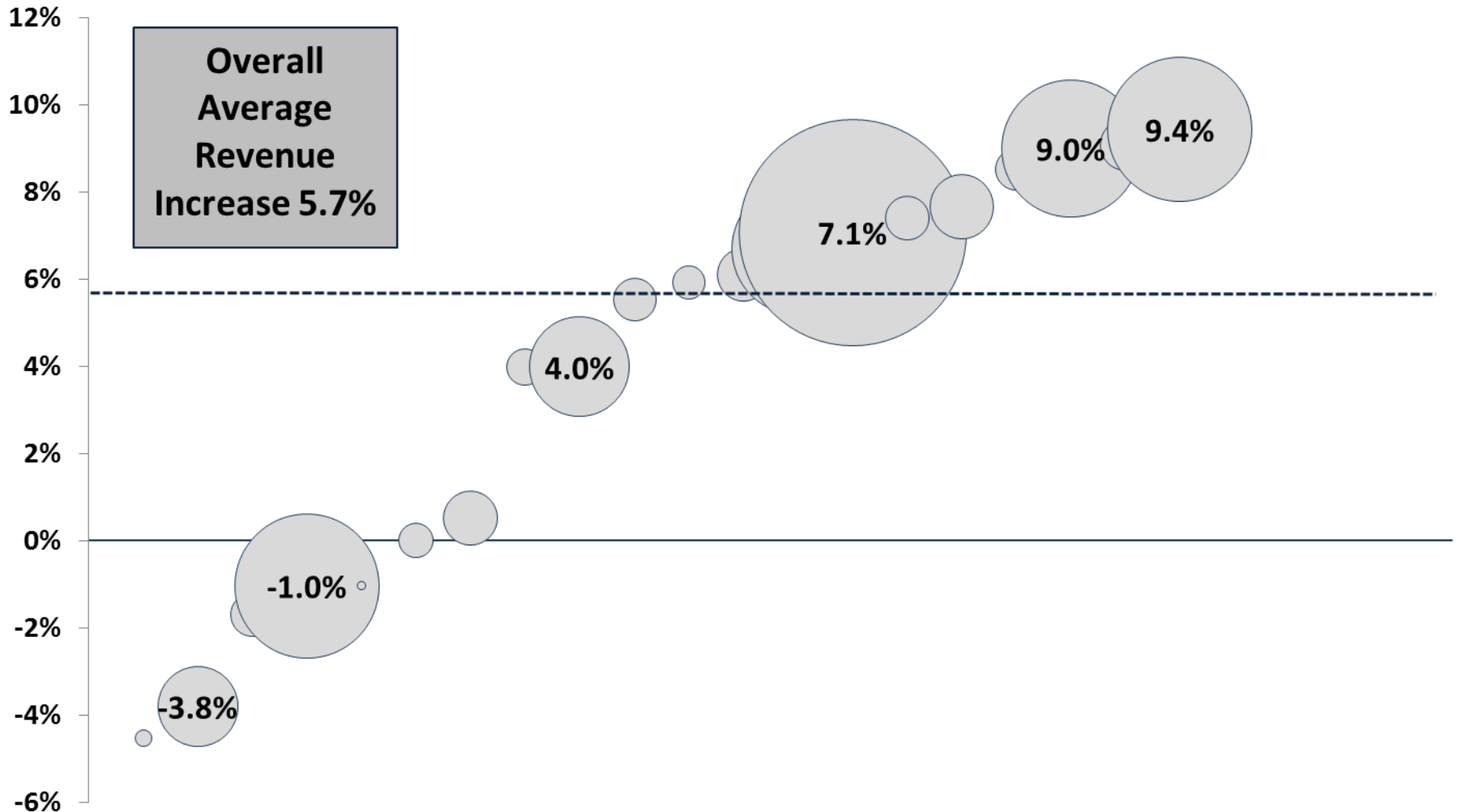
Revenue and expense projections



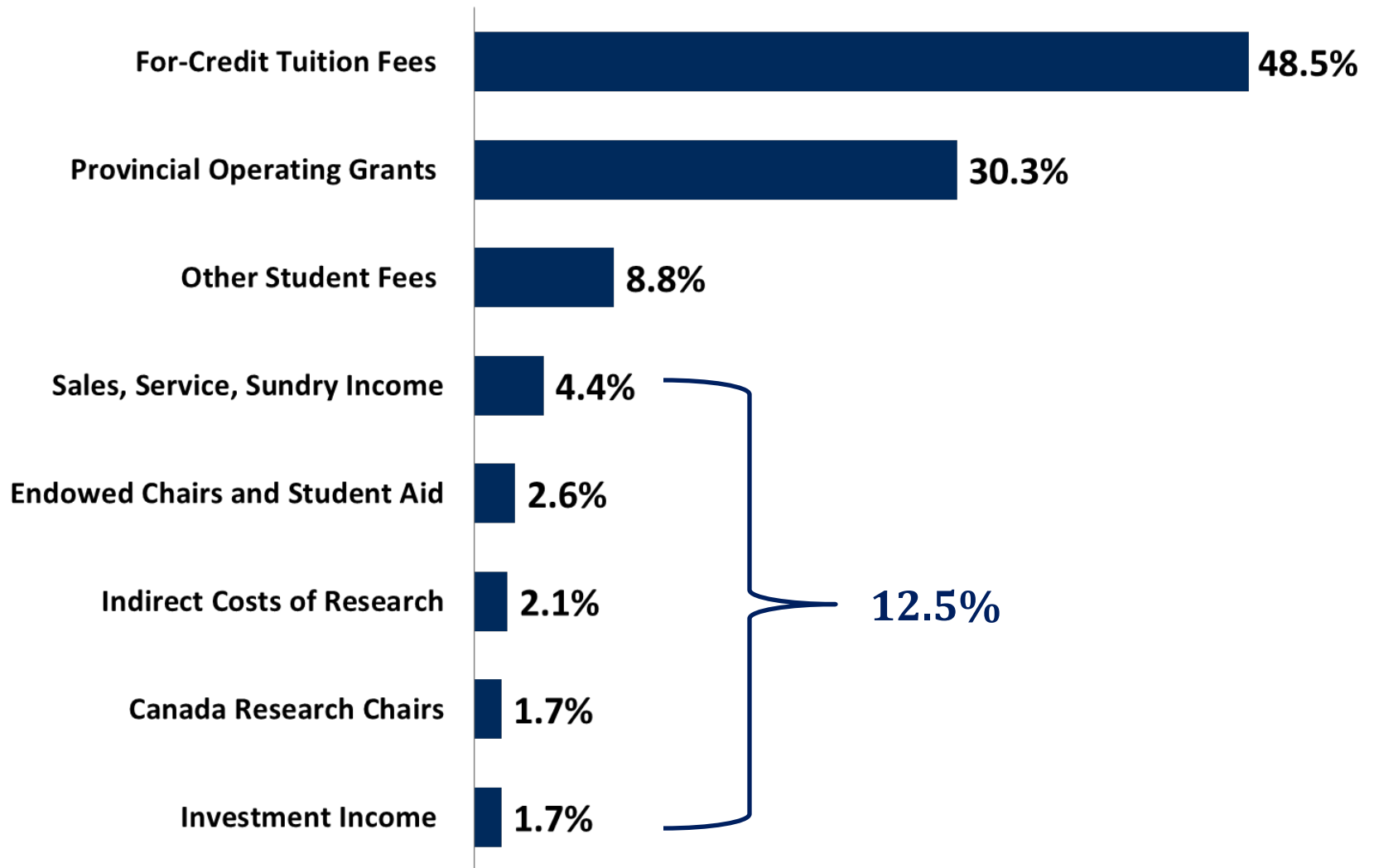
Projected institutional revenue growth



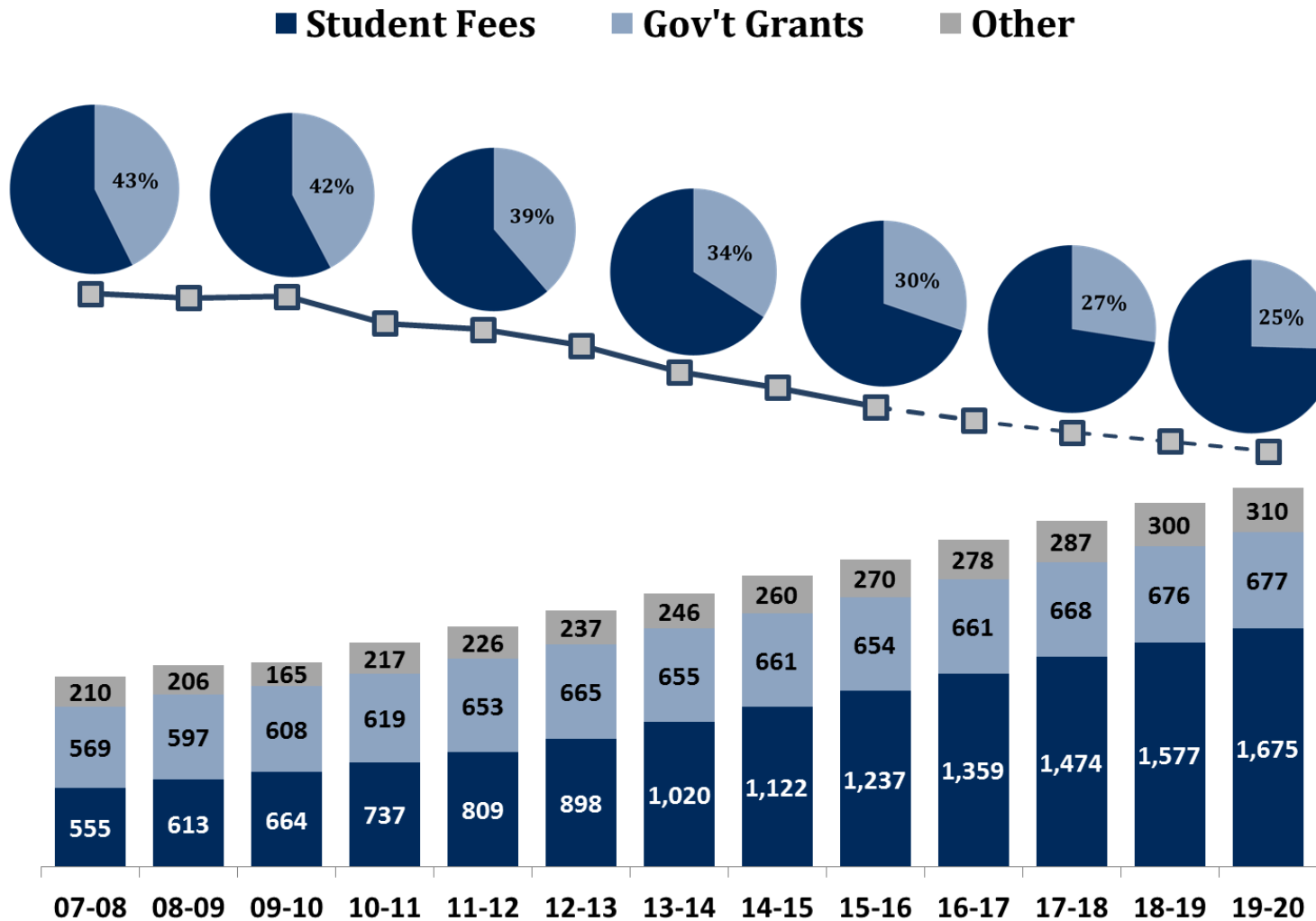
2015-16 projected revenue growth by division



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



Declining provincial grant (% share of revenue)



Tuition fee increases for 2015-16

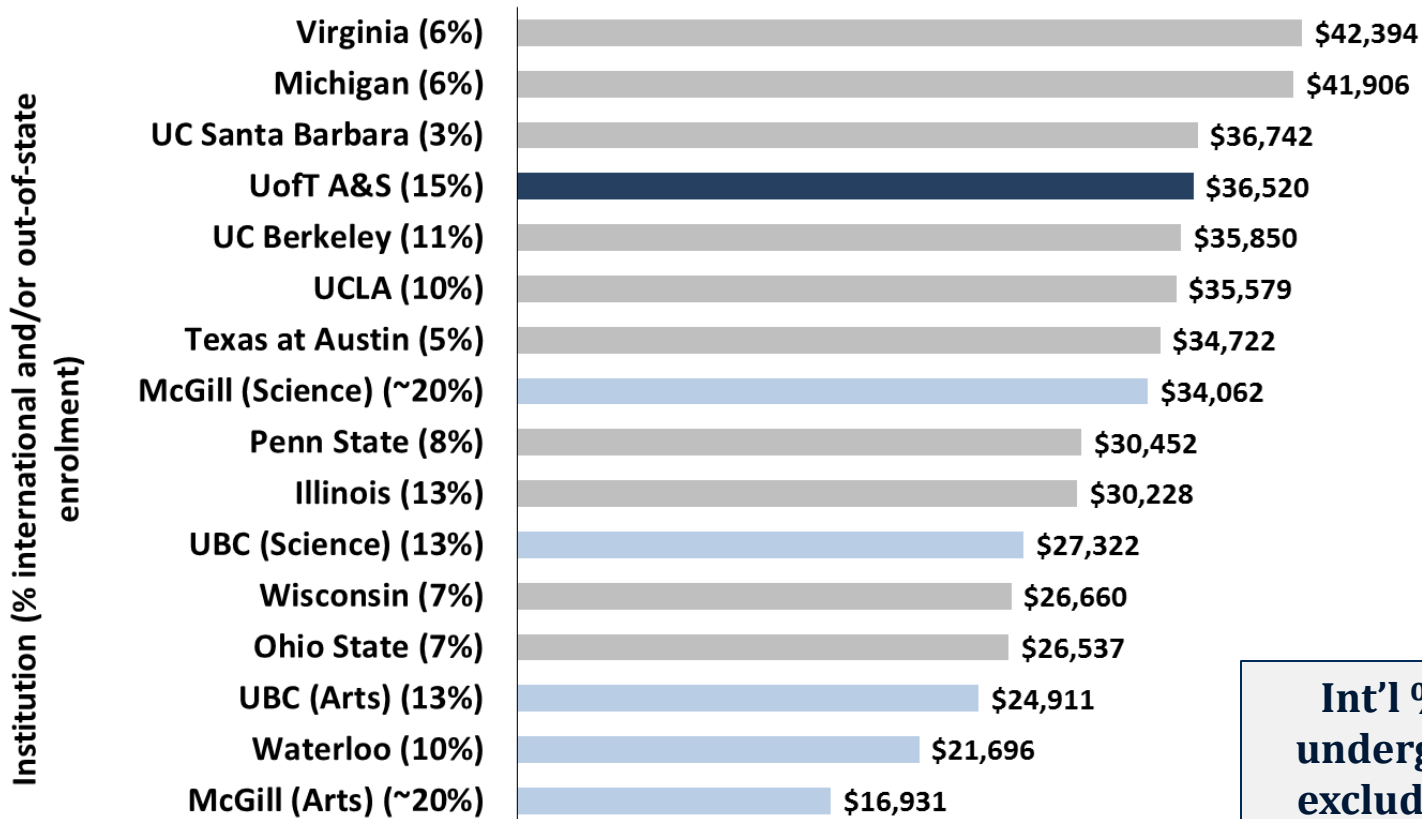
(Domestic overall cap = 3%)*	Incoming Students	Continuing Students
Domestic General UG	3%	3%
Domestic Prof and Graduate**	5%	5%
International ***	5-10%	5%

* 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%

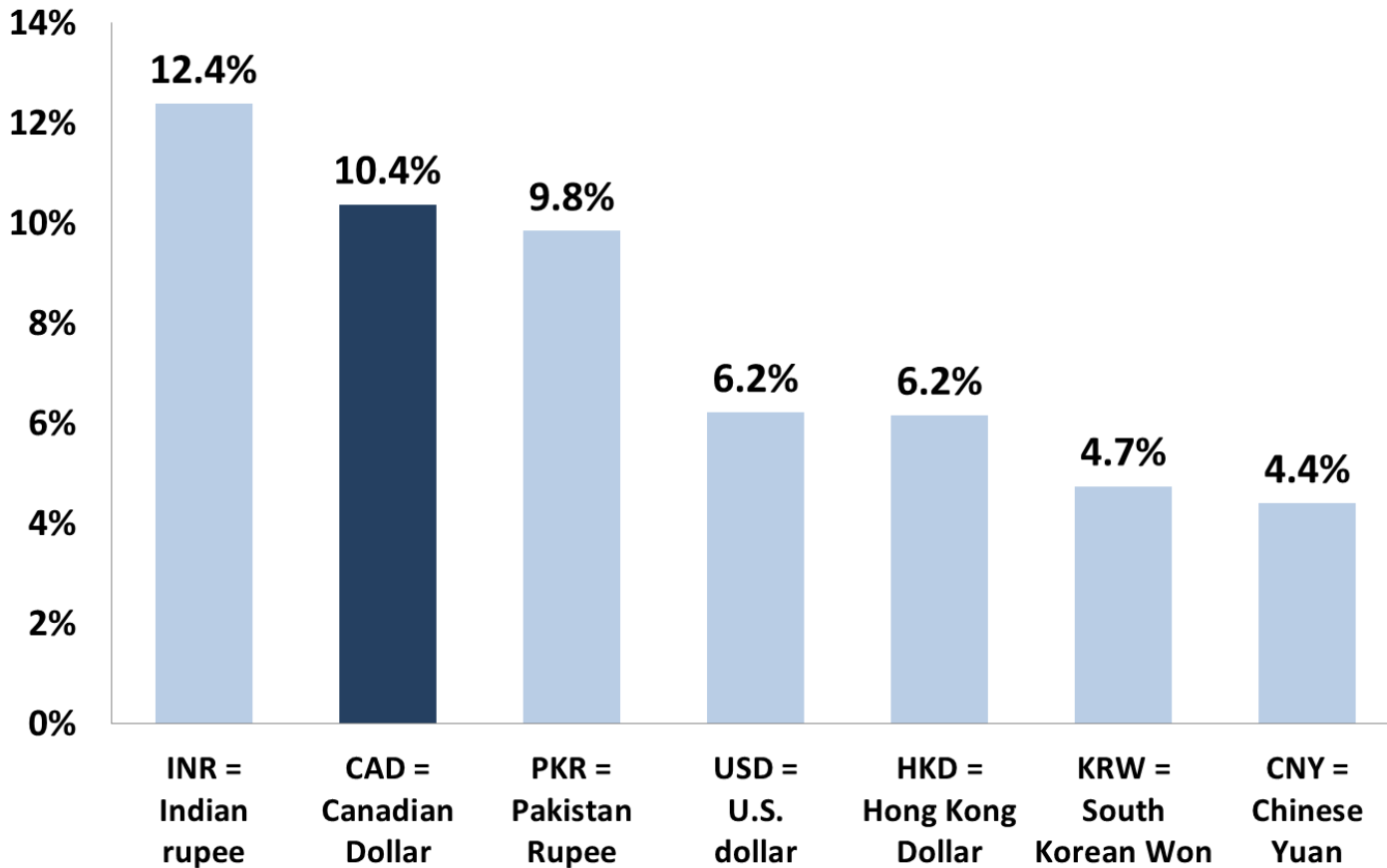
A&S international tuition compared to AAU non-resident, McGill, UBC (2013-14)



**Int'l % of FT and PT
undergrad headcount,
excluding non-degree.**

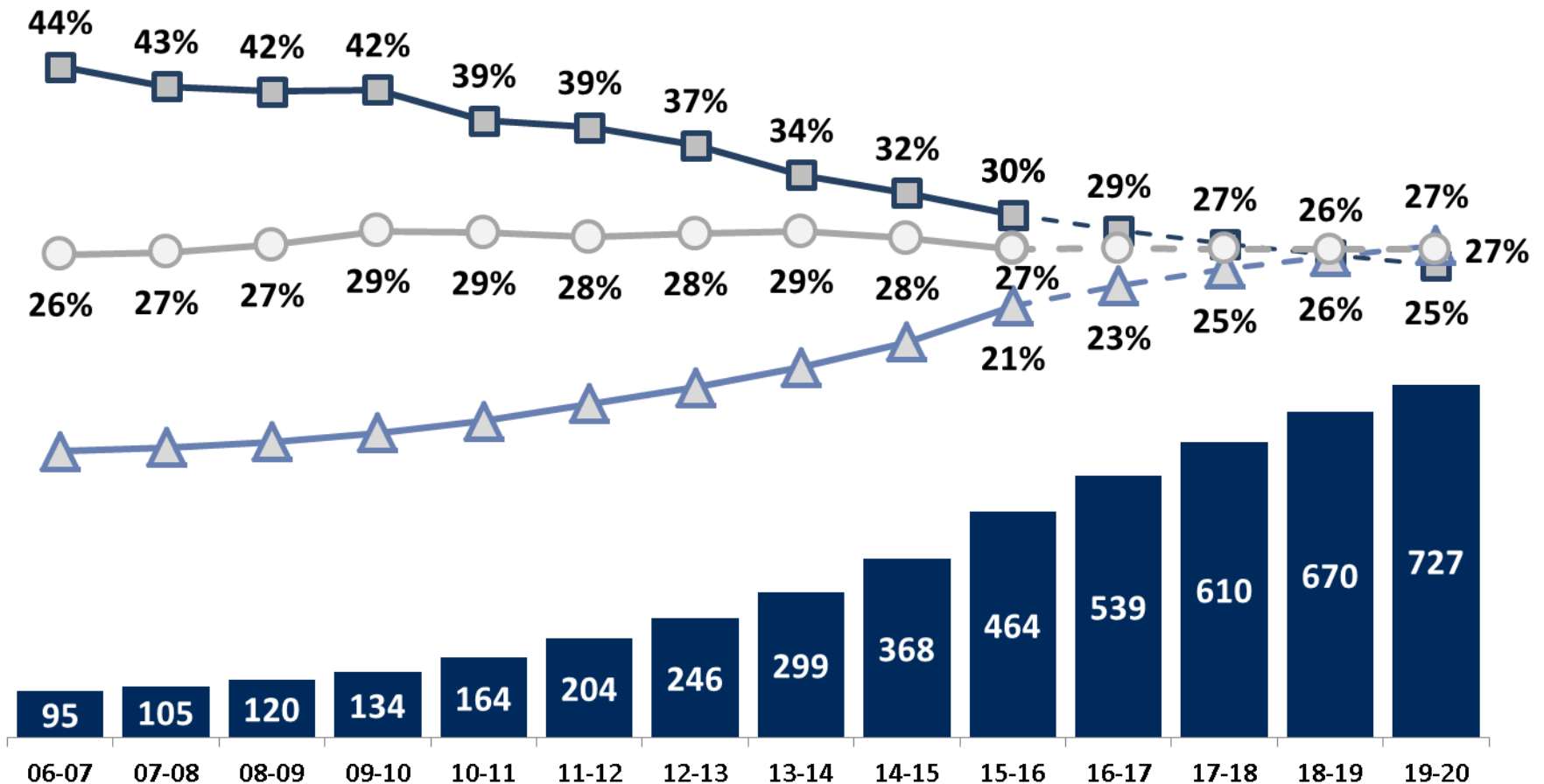
2013 \$1CDN=\$1USD

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



International tuition as % of revenue

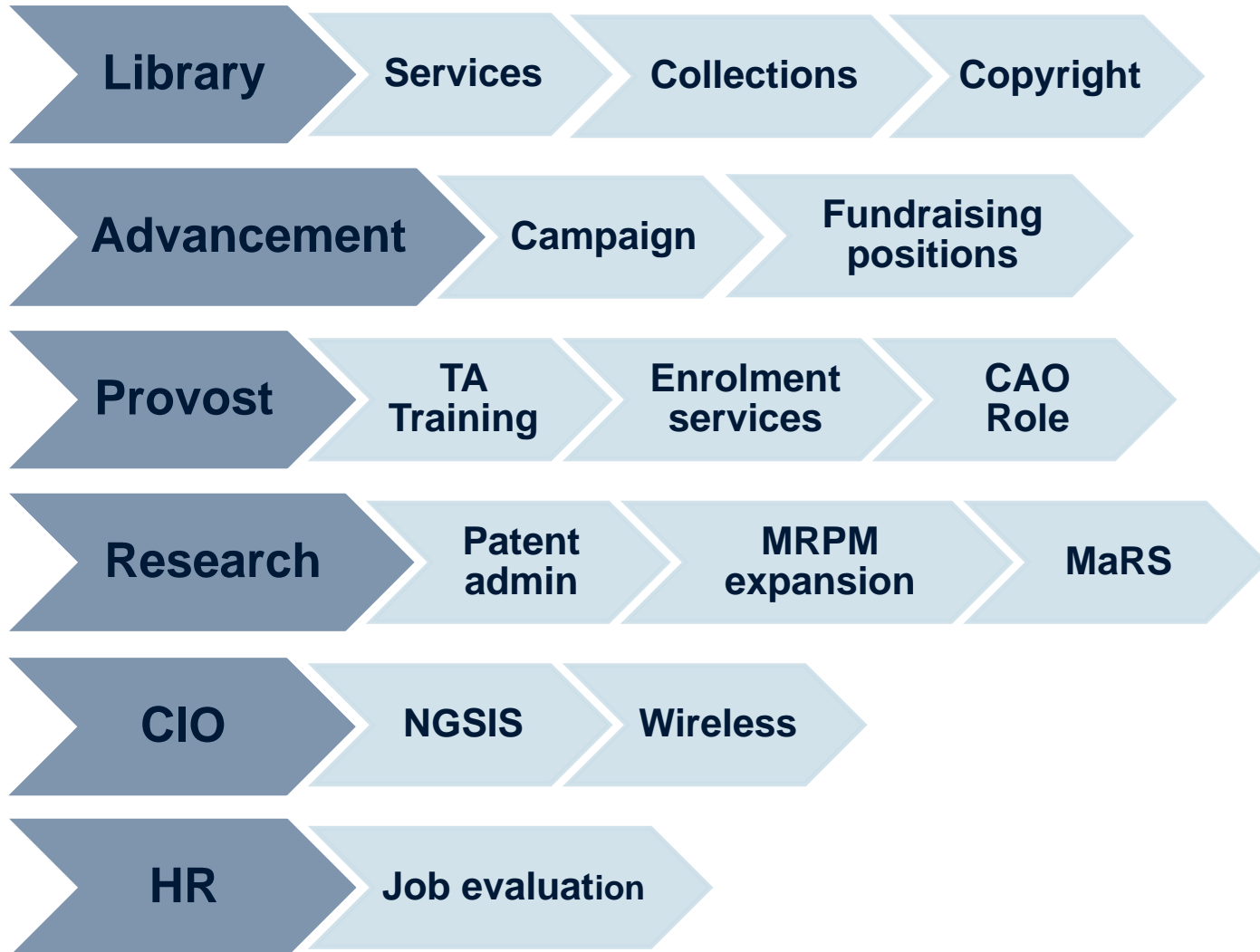
■ Int'l Tuition (\$M) ■ Operating Grant % ▲ Int'l Tuition % ○ Dom Tuition %



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

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


Placeholders

Compensation update

- Context of provincial wage restraint
- USW agreement in place July 1, 2014 - June 30, 2017: 3-year average all-in cost of settlement = 3.45%
- Negotiations ongoing with UTFA
- CUPE 3902 Unit 3 (sessional instructors): tentative agreement to go for ratification vote by full membership next few days
- CUPE 3902 Unit 3 (TAs): remain in contact with the provincial mediator regarding and are advised that as soon as he thinks there is a basis to return to the bargaining table he will invite the parties to do so. We have indicated that we are prepared to accept that invitation.

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

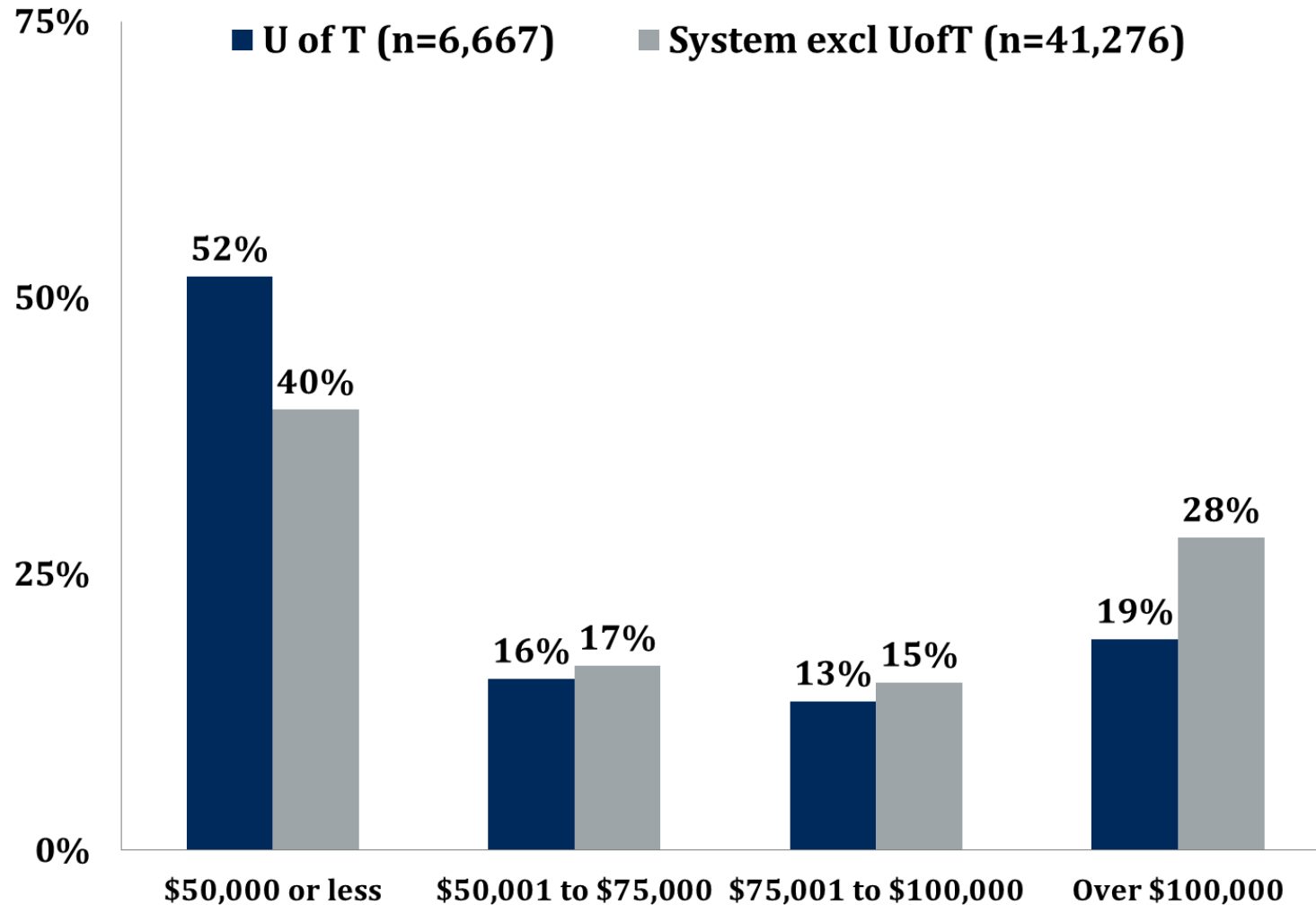
Theme 4: Structural Budget Support

Structural budget support	\$2.0M
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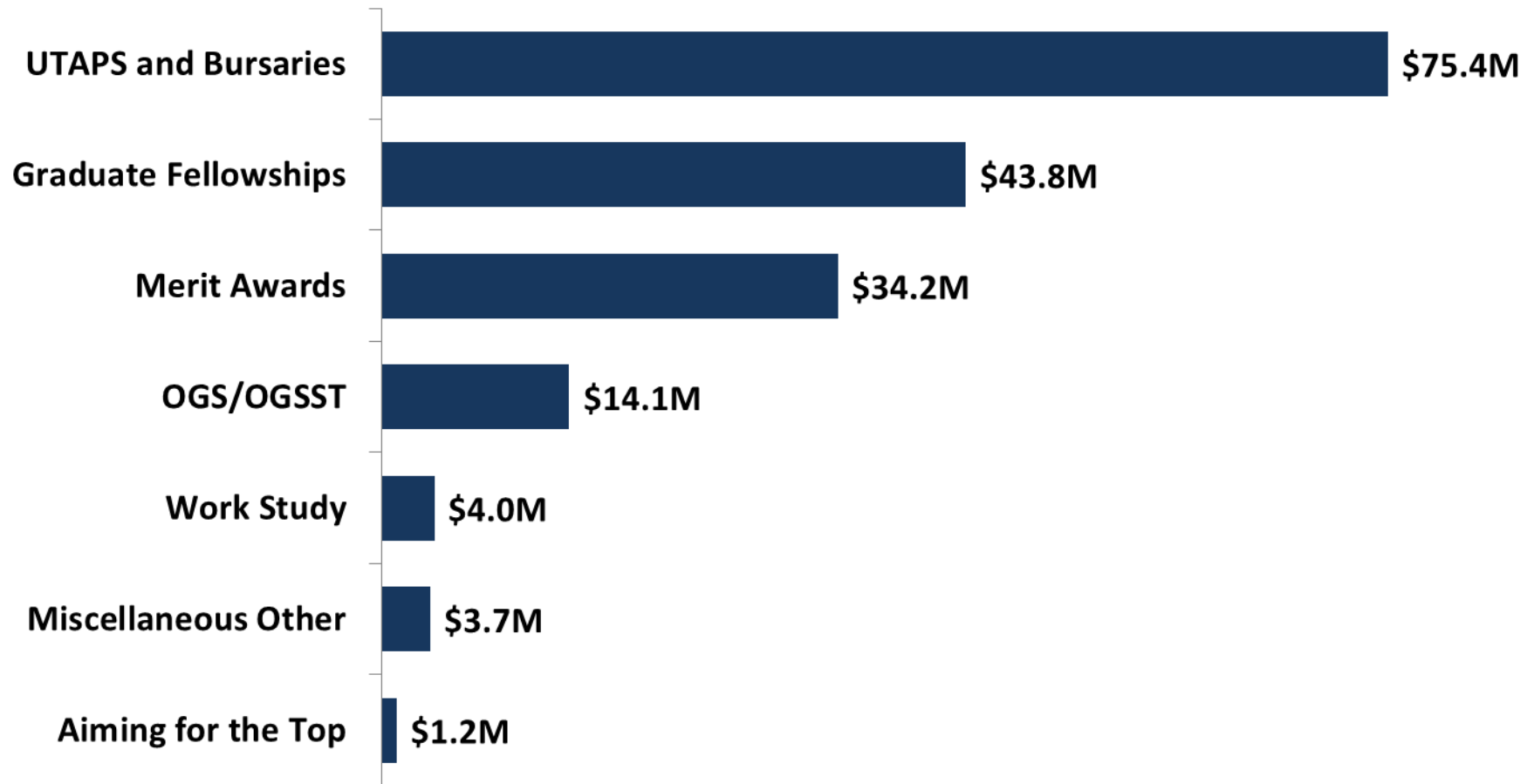
Student financial support



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

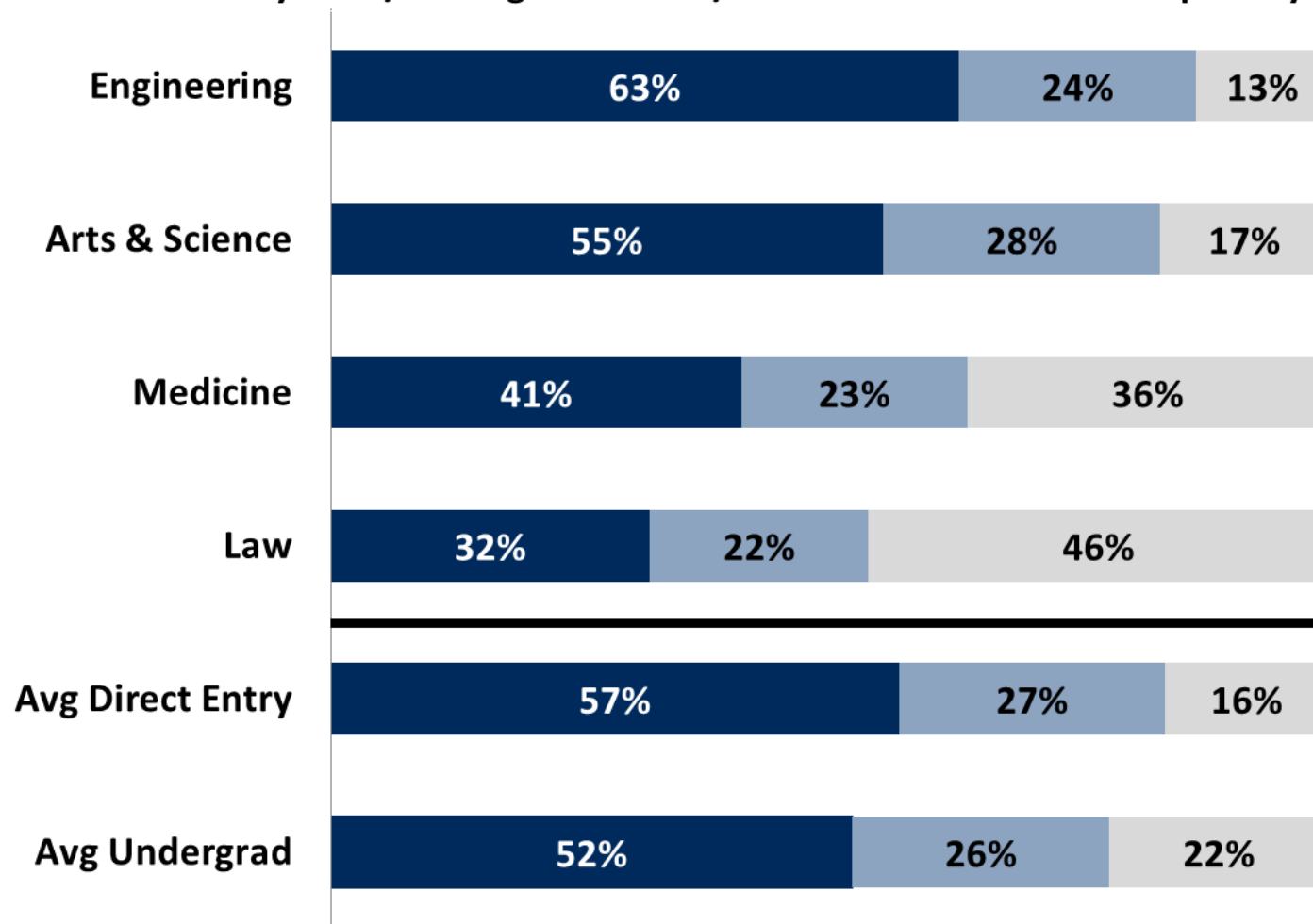


\$176M spent on student aid in 2013-14

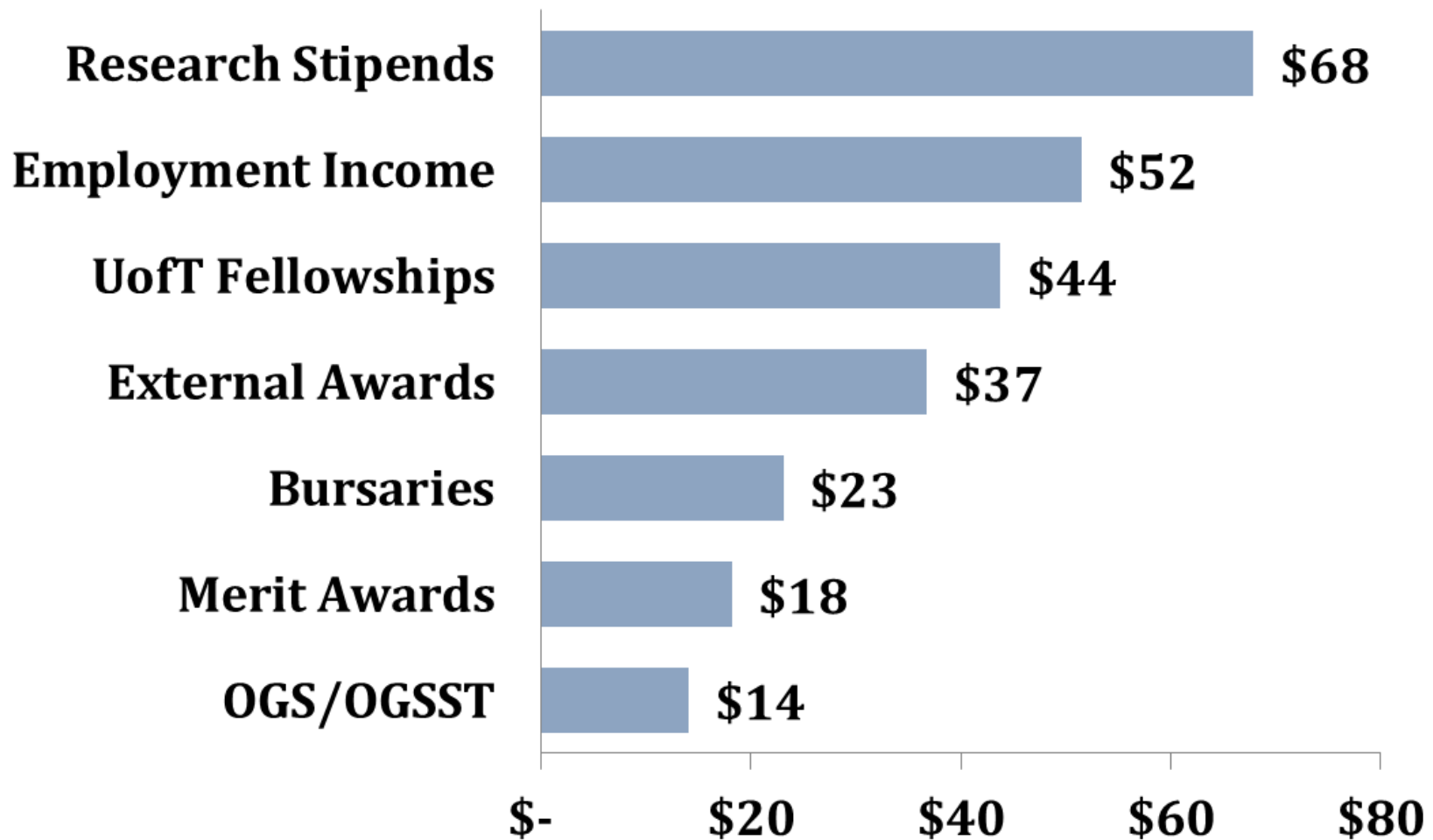


Undergraduate net tuition including tax credits (OSAP eligible students)

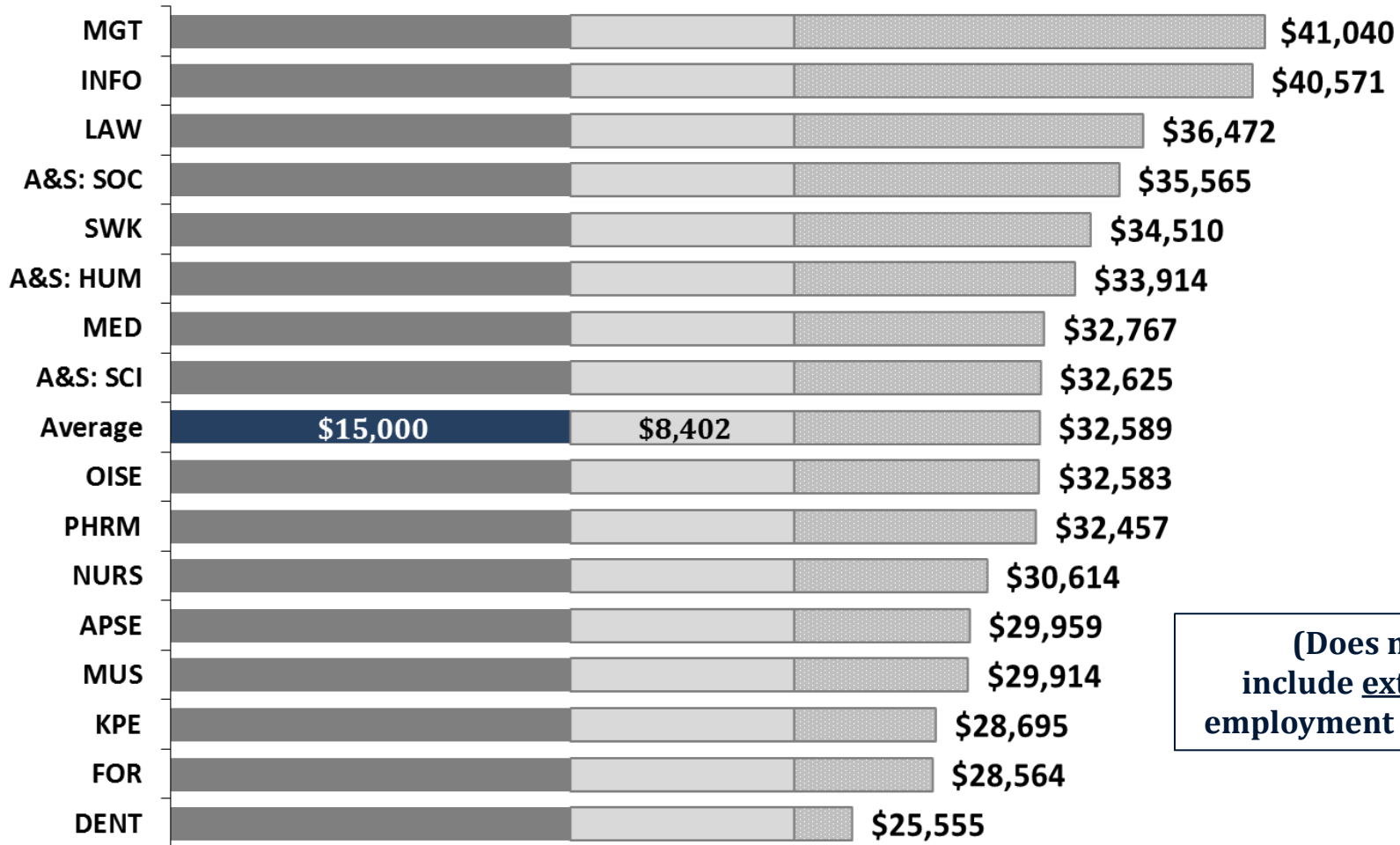
■ Tuition funded by UofT/OSAP grant ■ Fed/Ont Tax Credits ■ Tuition paid by student



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



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



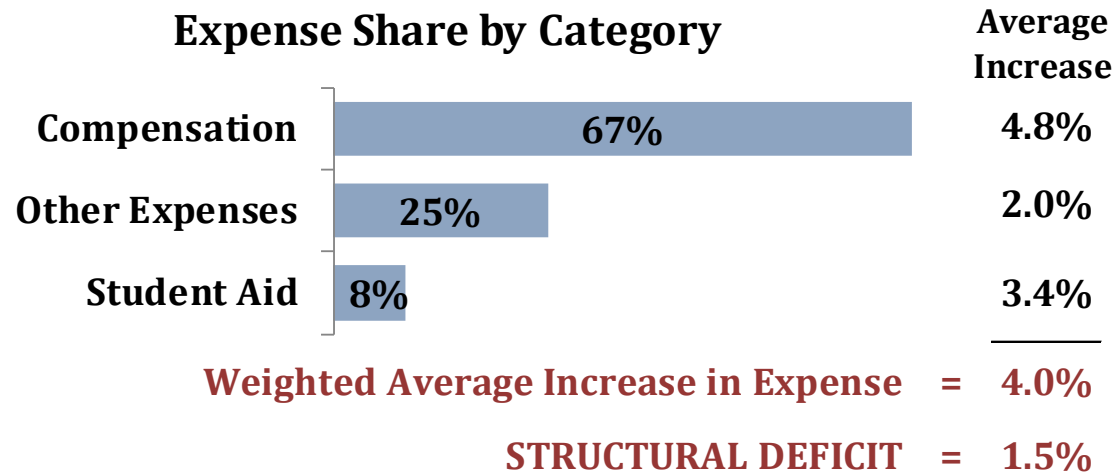
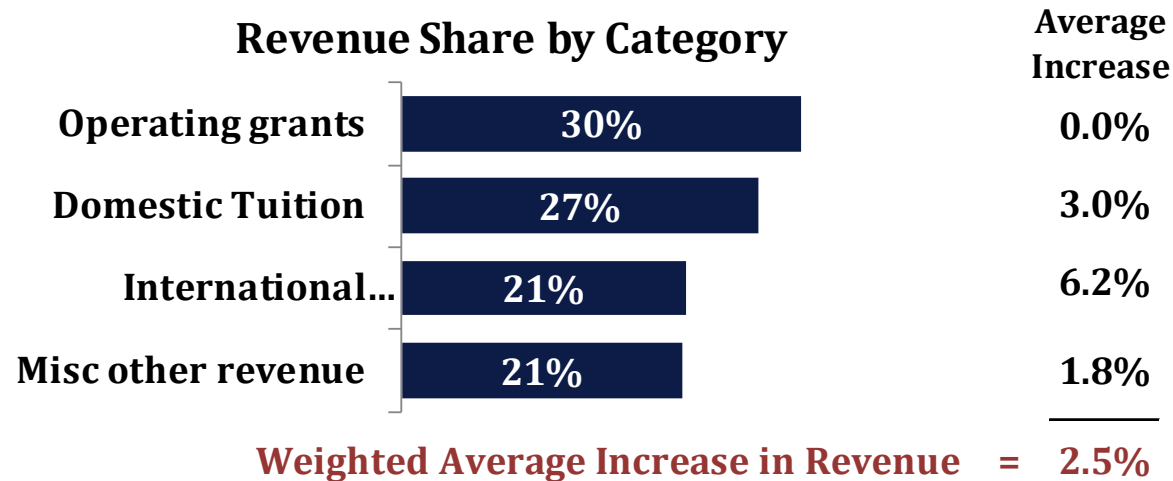
(Does not include external employment income)

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

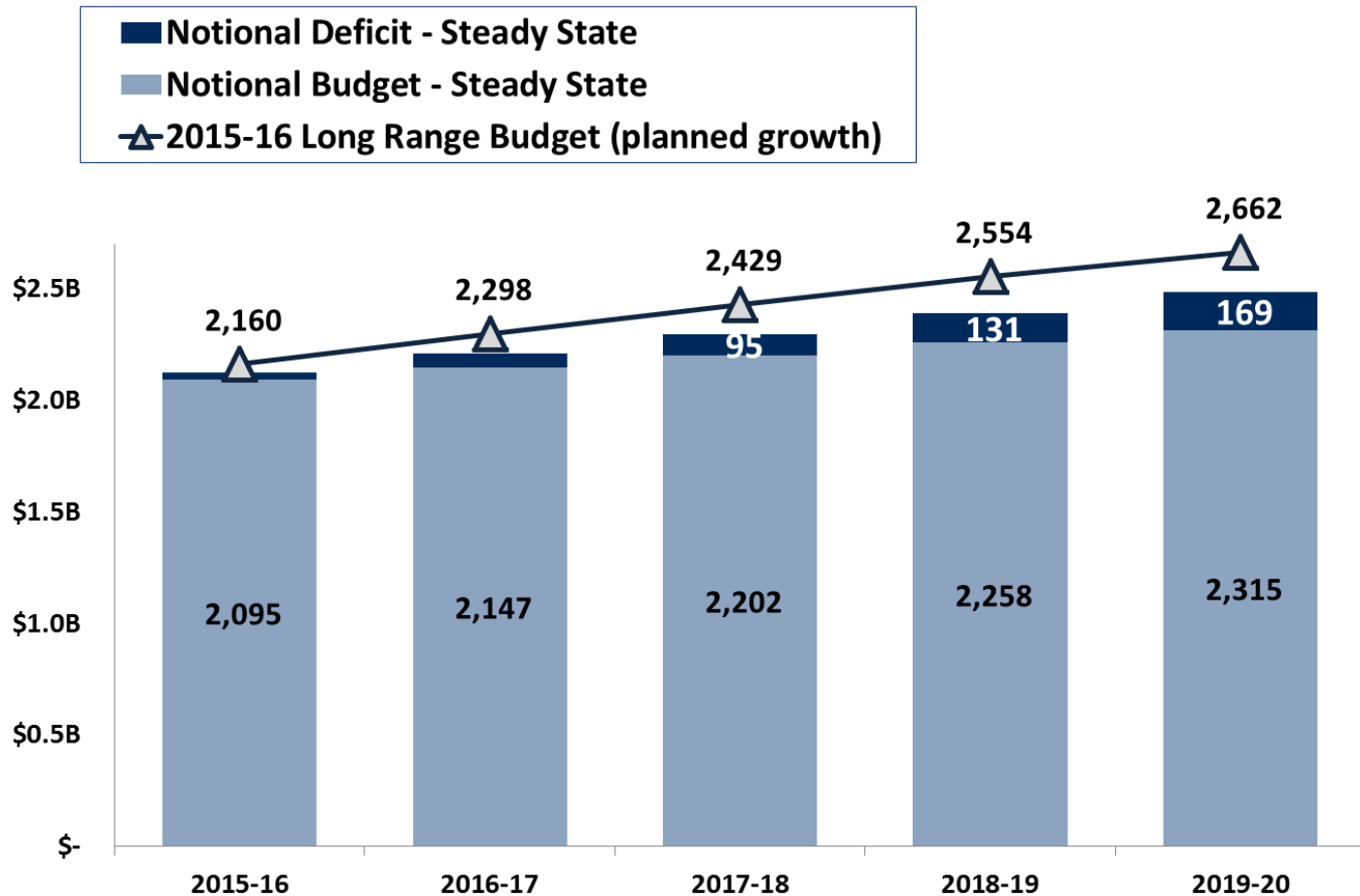
In Summary



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

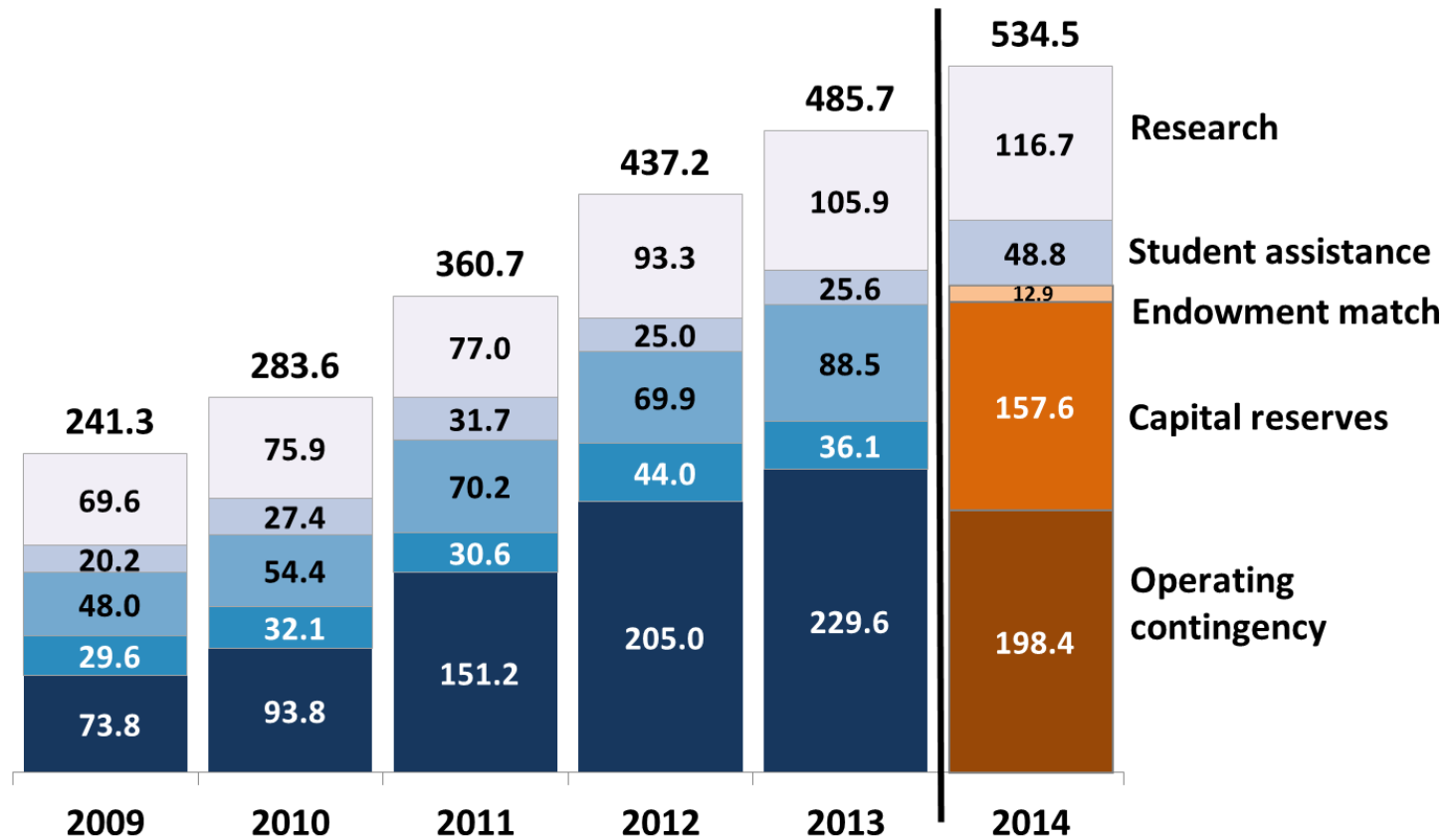


Notional Deficit Projection at Steady State (\$M)



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