

2010-11 Tuition Fees and Budget Report

Governing Council

April 8, 2010



**UNIVERSITY OF
TORONTO**

Tuition and Student Aid

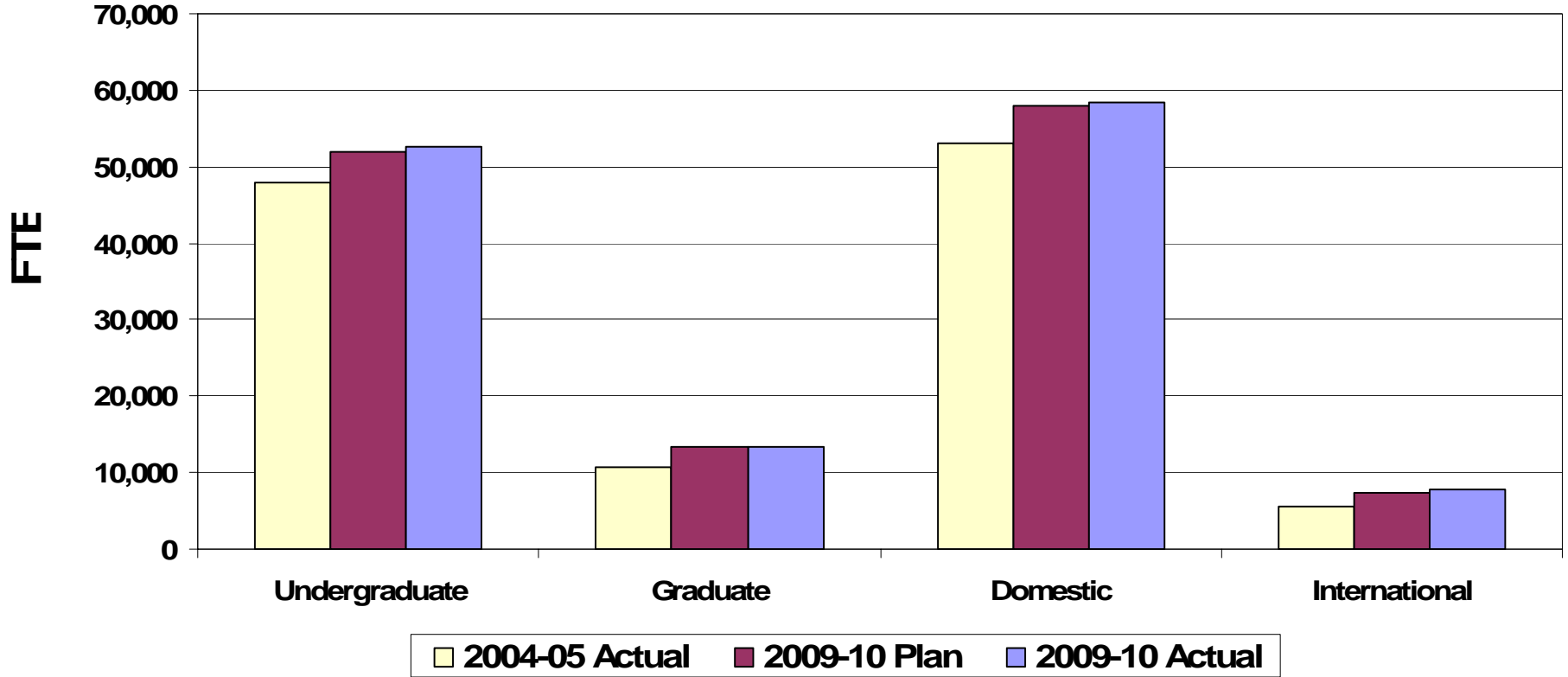
MTCU Tuition Framework: Domestic

- Framework expires April 30, 2010 and Government has announced a 2-year extension extension
- Budget and tuition were prepared on the assumption the framework would continue continue >no changes required

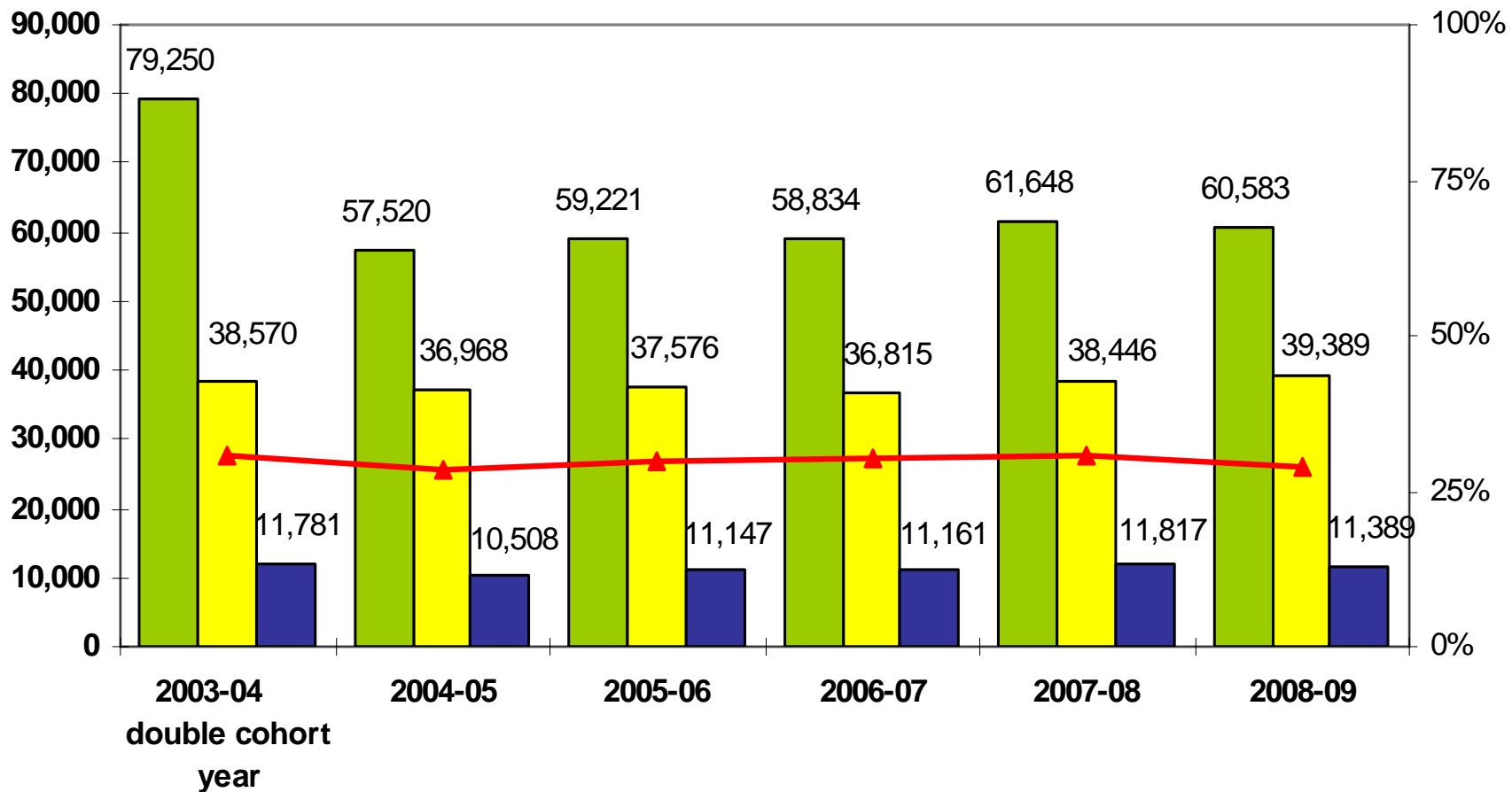
MTCU Tuition Framework: Domestic

- Average increase across University capped at capped at 5% per year
- Continuing students capped at 4% in program program
- Entering students - undergrad programs most most capped at 4.5%
- Entering students - Professional and graduate graduate programs up to 8%

2009-10 Enrolment: Plan vs. Actual and Growth since 2004-05



Total Applications, Offers, Registrations and Yield Rates Undergraduate First-Entry Programs 2003-04 to 2008-09



Tuition increase: 2010-11

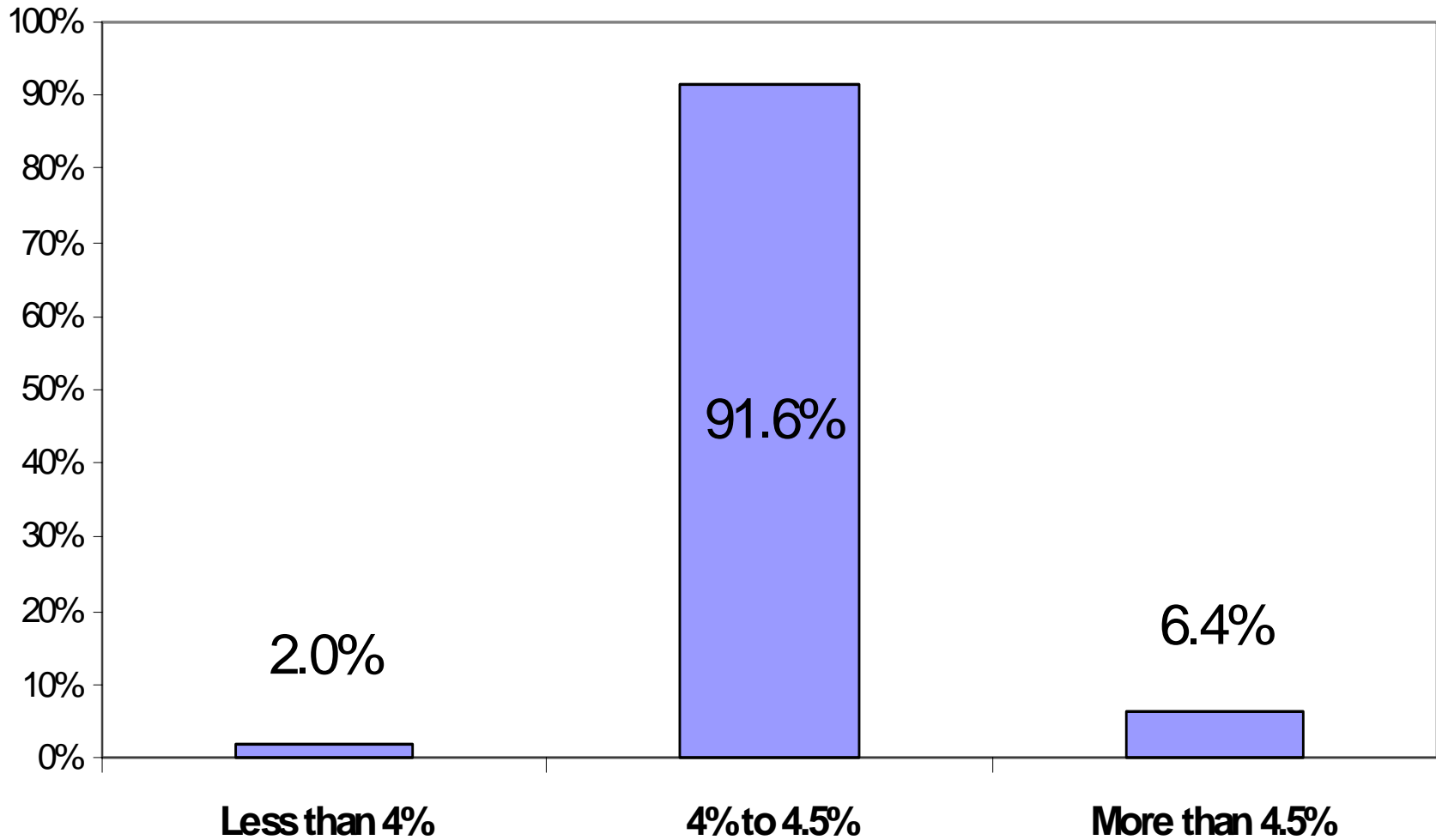
Average domestic increase **4.31%**

Average international increase **6.00%**

**Consistent with UofT policy and
Provincial Tuition Framework**

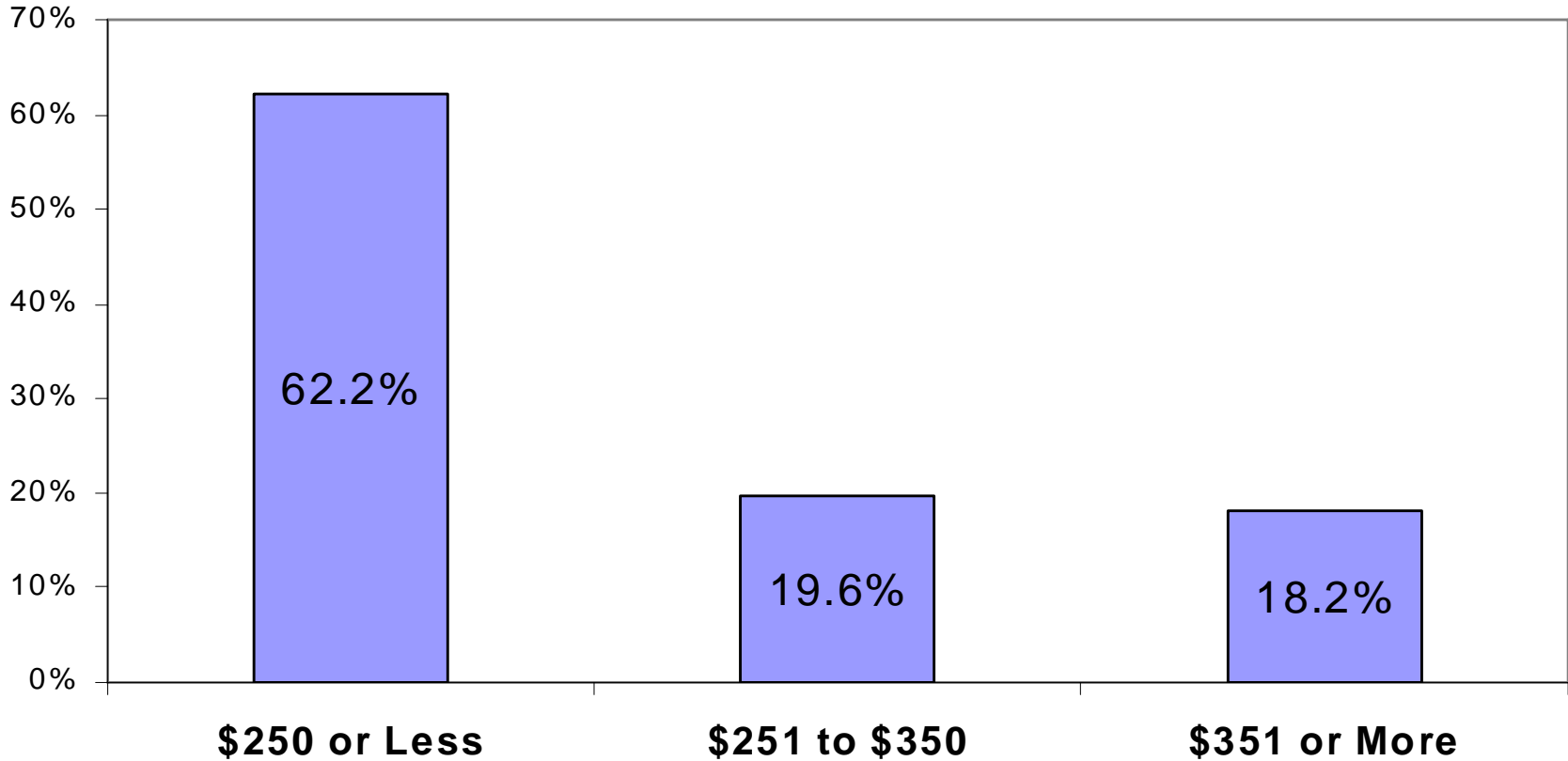
2010-11 Distribution of Percentage Increases in Tuition

■ % of Domestic Students



2010-11 Distribution of Dollar Increases in Tuition

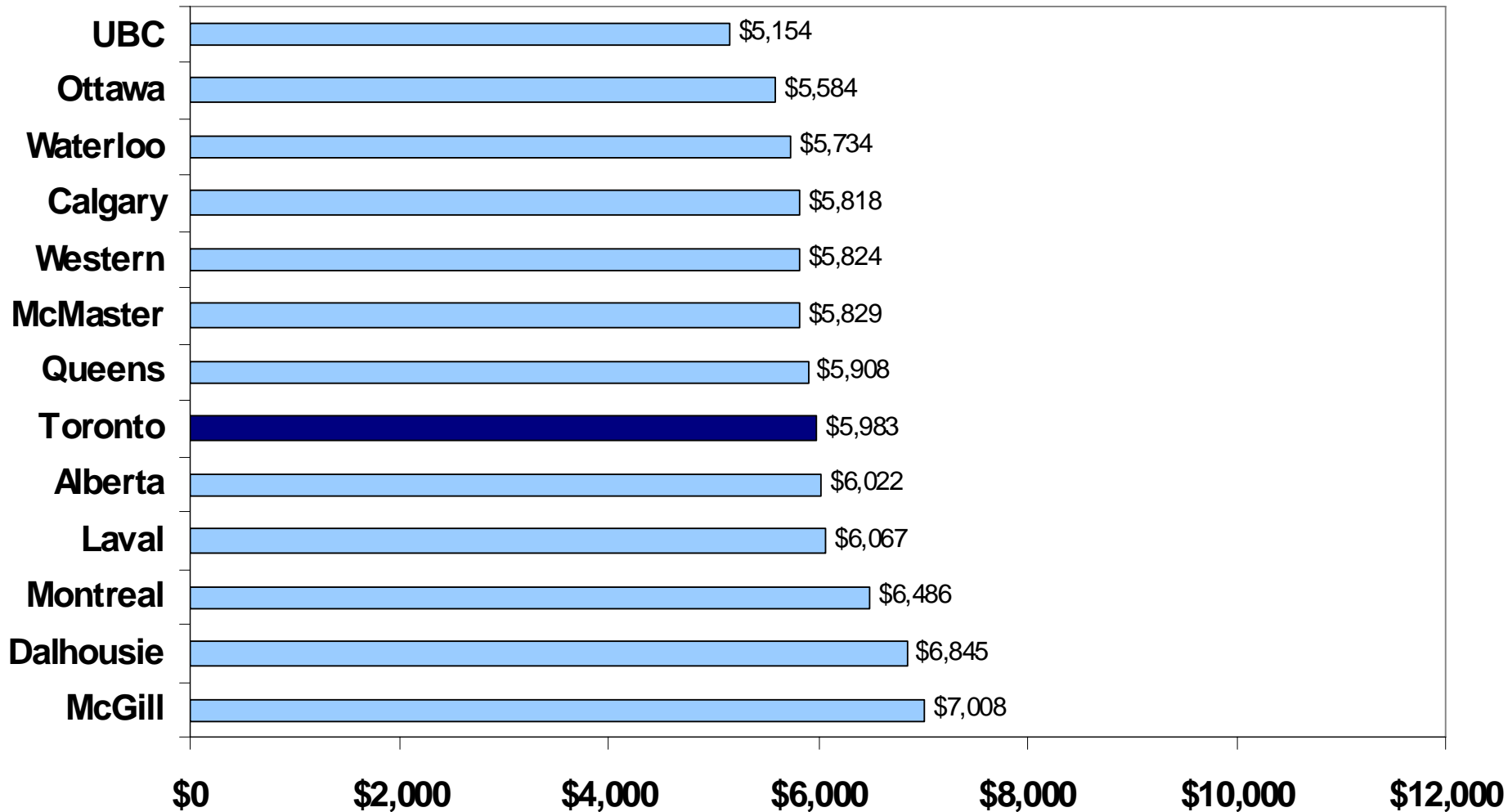
■ % of Domestic Students



Weighted average increase	\$309
Median increase	\$225

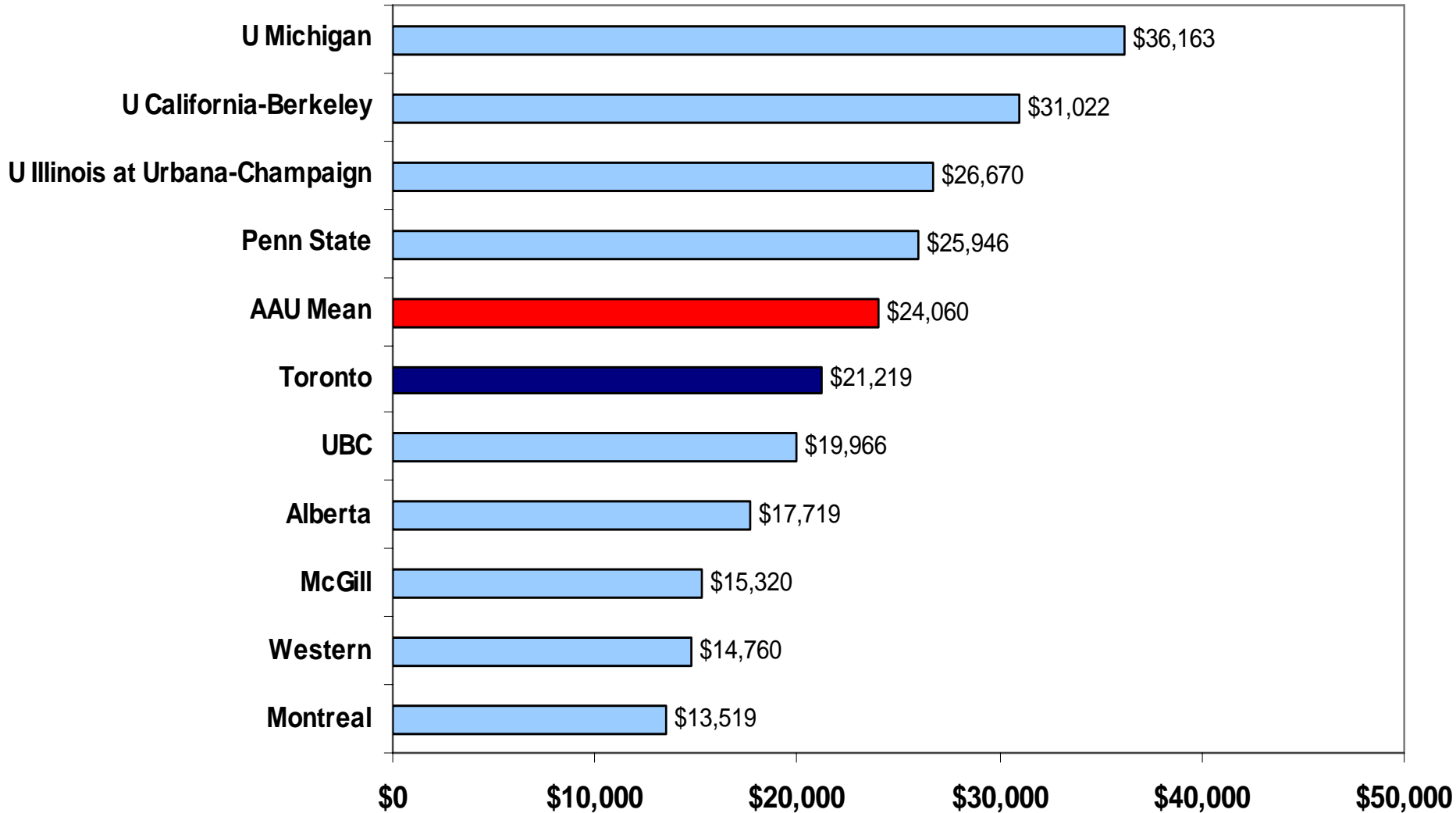
G13 Domestic Tuition and Incidental Fees 2009/10

Undergraduate Arts & Science



Quebec tuition and fees are for out-of-province domestic students

AAU Non-Resident Tuition & Incidental Fees 2009/10 Undergraduate



Budget Impact of Proposed Tuition Tuition Increases

Tuition Increase	\$M
Domestic (4.31%)	\$19.1 **
International (6%)	\$ 9.3
Total Revenue	\$28.4

**\$19M is ~ to > 120 faculty positions or 2/3 cost of new student system

UofT Policy and Guidelines

MTCU Student Access Guarantee

- 1998 Policy on Student Financial Support
 - “No student offered admission to a program at UofT should be unable to enter or complete the program due to lack of financial means”
- 2005 Statement of Commitment Regarding International Students
- SAG: “...that students will have access to the resources required for tuition, books and mandatory fees”

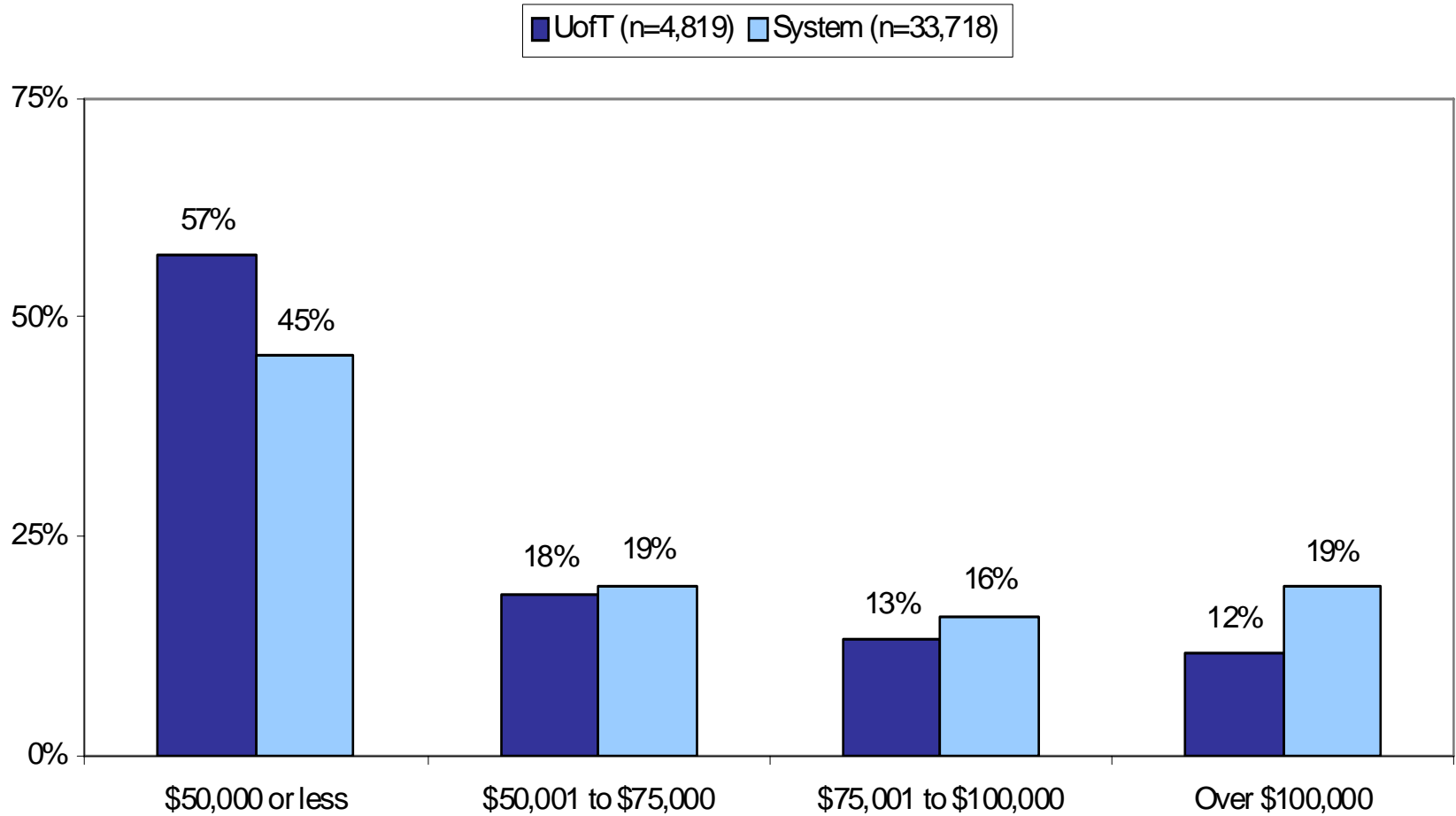
2008-09 Student Aid

U of T need-based aid	\$54M
Graduate student funding	\$195M
Intl. students, need-based	\$4M

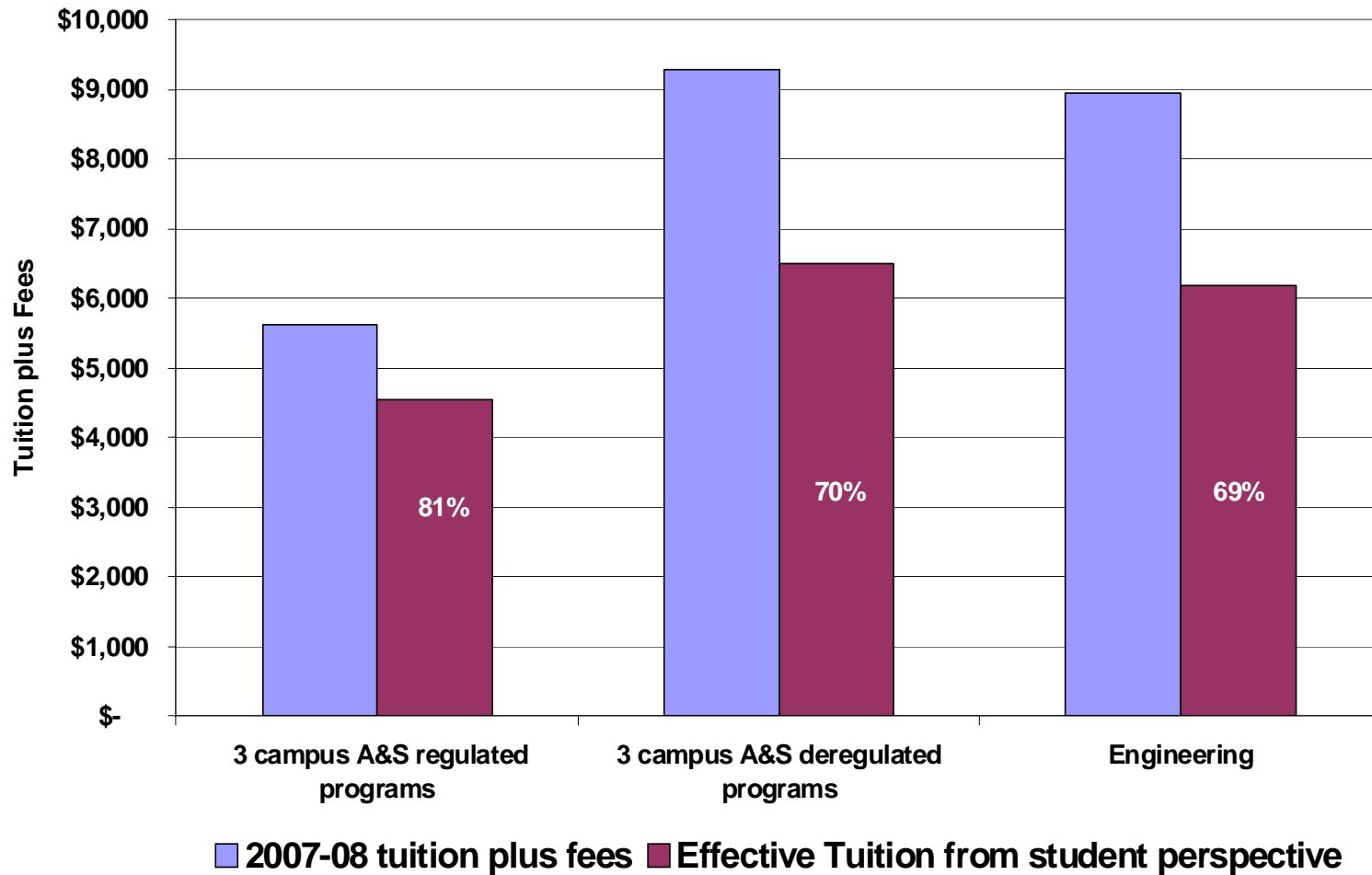
OSAP Debt Load

First-entry programs	08-09
Graduated with no debt	54%
Average OSAP debt	\$19,400
% with debt > \$25,000	13%
Default rates : UofT	3%
Default rates : Ontario universities	3.9%

Parental Income of 2008/09 Year 1 Students Receiving OSAP in Direct Entry Programs: U of T compared to All Ontario Universities



Effective Tuition (2007-08 Data)



Effective tuition to university is ~ 82% (UG domestic)

Concluding Comments: Tuition and Student Student Aid

- Tuition increases necessary to maintain quality quality
- Demand is strong (**Fall 2010: Ontario high school first first choice applications up 8% UofT, system 3.2%**)
- Accessibility has been maintained
- Proposed tuition is competitive with that of of peer institutions

2010-11 Budget Report and Long Range Budget Guidelines 2010-11 to 2014-15

Governing Council Policy

- GC policy provides for long-range budget planning using a rolling-window
- Committed to a balanced budget each year, except in extraordinary circumstances (last year \$45M planned deficit due to endowment payout cancellation)
- Accumulated deficit to be repaid over a five-year period

Budget Challenges

- Uncertainty related to economy
- Effective decrease in per student funding
- Continuing tuition constraints
- Structural budget shortfall – reliance on enrolment expansion and cost containment
- Significant shortfall in funding formula for indirect cost of research
- Pension and debt liabilities are substantial

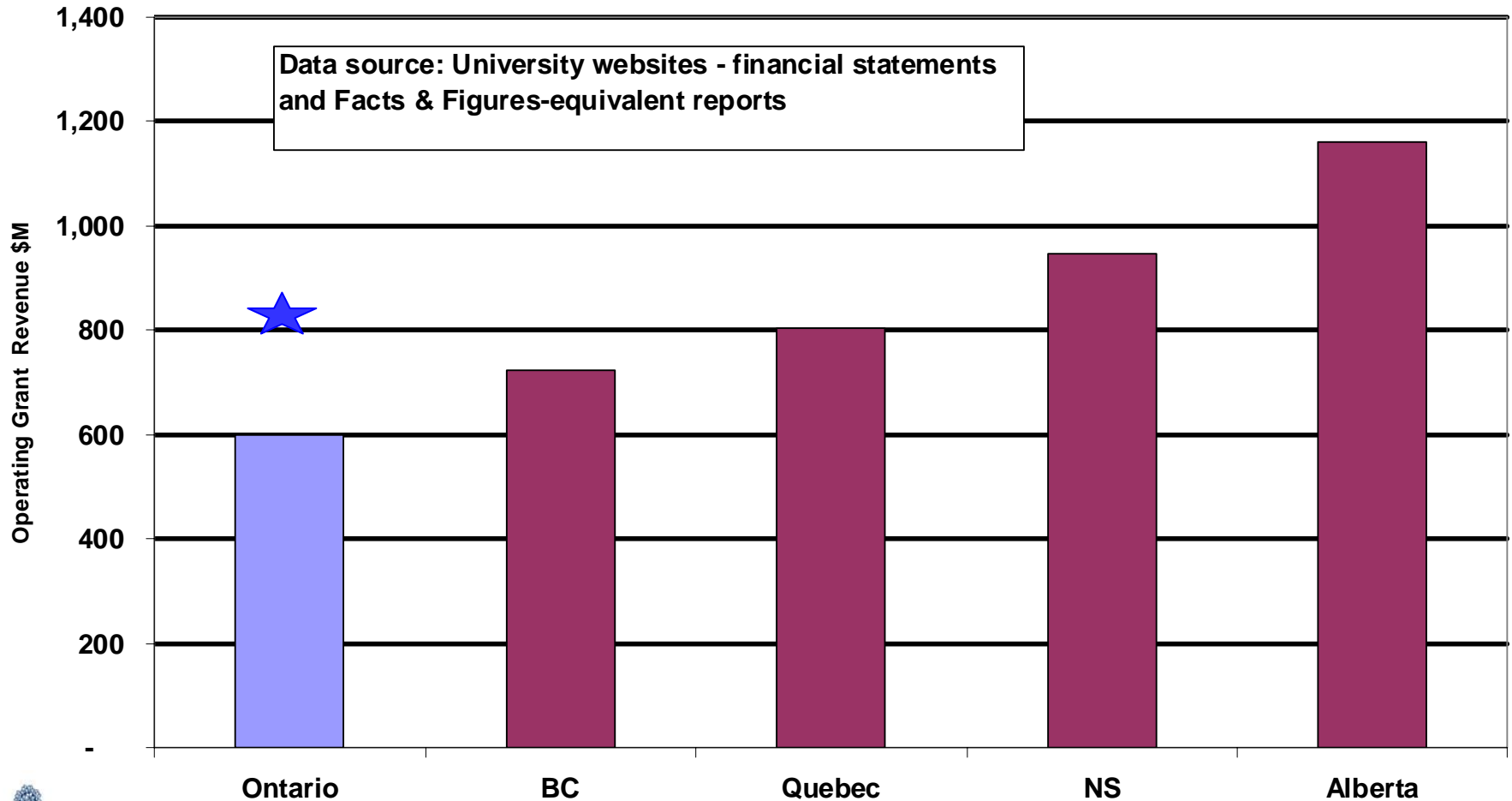
Overview

- Balanced budget **at the institutional level** for for 2010-11
- Ongoing and pressing challenges; variability variability across divisions
- Funding of key institutional priorities
- University Fund allocations ~ \$9M
- Responsible and cautious budget approach approach

Government Operating Grants

- Minor increase in quality funds of \$7M
- Modest increase over the 5-year period resulting from from graduate growth
- UofT budget based on 44% discount in undergraduate undergraduate accessibility envelope- \$16M in each each of next 2 years
- Subsequent to approval of budget by Business and and Academic Boards, Ontario budget signaled full full UG funding (budget has not been revised)

Government Operating Grants: If UofT were in another province (using one G13 university in each province as a proxy)



Tuition

(domestic and international)

(\$M relative to 2009-10)	2010-11
Increase due to volume and previous tuition fee decisions	37.4
Increase due to proposed tuition fee decisions	28.4
Sub-total	65.8
Allocation to university-wide student aid	(5.0)
Reimbursement of doctoral stream tuition	(6.6)
Net increase in tuition revenue	54.2

Endowment

- University just beginning to recover from impact of severe endowment losses and payout cancellation cancellation (\$62M)
- Divisions dug deeply into expendable and carryforward funds
- Draw-down of \$17.8M on deficit fund
- Endowment has begun to recover (Jan 31, 2010 +10.26%) from a loss of 29.4% in 2008
- Budget assumes \$7.00/unit payout in 2010-11 (payout announced on March 5 at \$7.26 per unit)

Other Revenue

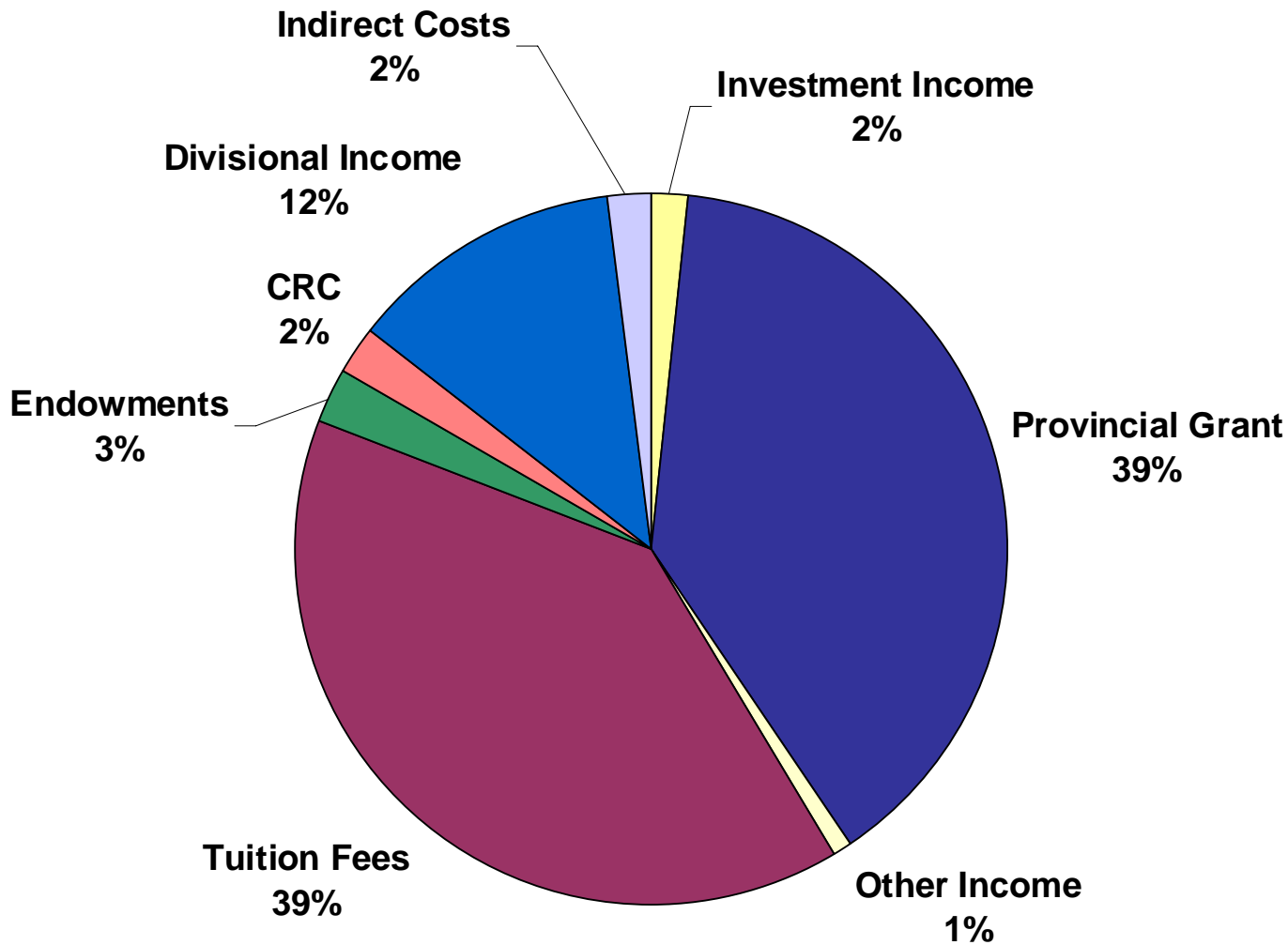
- Loss of 12 CRC chairs over last few years (\$1.7M), (\$1.7M), plus effective value reduced by >20% since since 2000
- Investment income (EFIP) recovering
- Federal granting councils IDC rate flat at <20% (\$21M)
- Actual cost is > 50% ; operating budget absorbs approximately \$30M

***** Without change in funding formula each each additional research \$ places added pressure on operating budget**

Revenue Summary: 2-year view

Revenue Source	2010-11 increment over 2008-09 (\$M)	average annual %
Grants (incl. UG discount)	22.5	1.9%
Tuition	105.7	10.4%
Endowment	(4.1)	(4.5%)
Other	0.7	0.3%
Total revenue	124.8	5.0%

2010-11 Sources of Operating Revenue



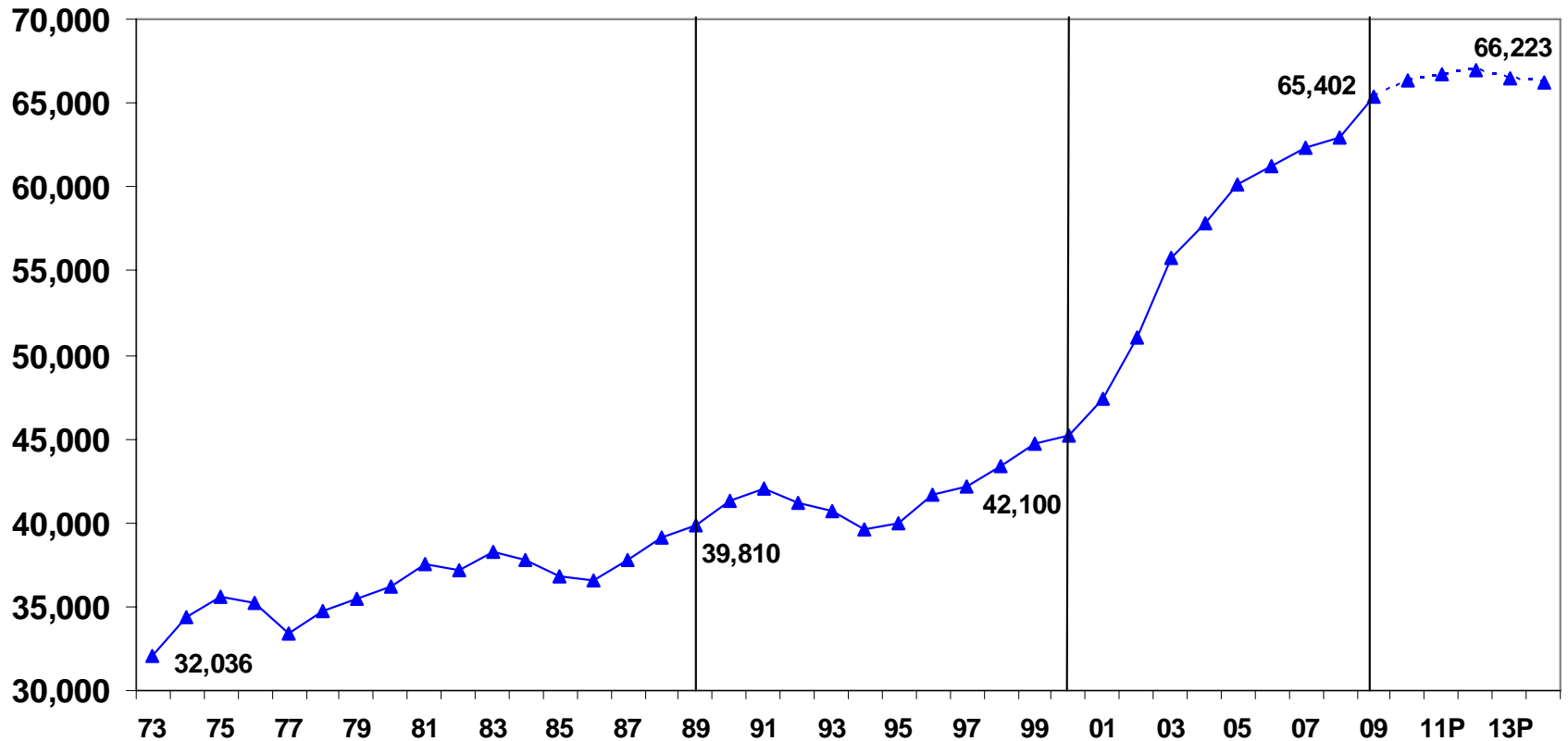
Enrolment

- Plan for slight overall decrease by 2014-15, some growth still at UTM
- International enrolment planned to increase but increase but associated risks and costs
- Graduate Expansion continues to 2013-14

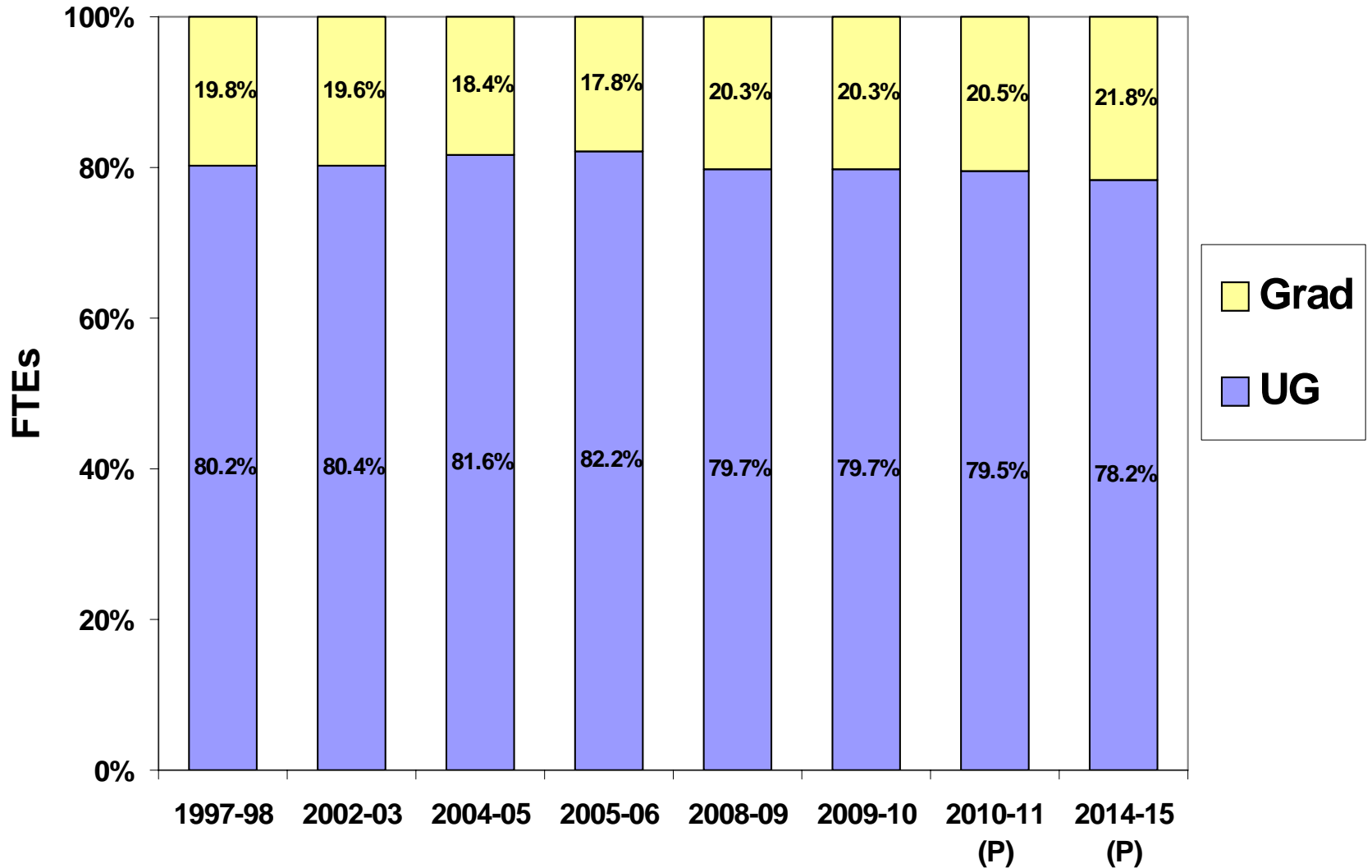
Graduate Enrolment

- Graduate Expansion continues to 2013-14
- Enrolment and revenue plans revised to reflect latest targets and take advantage of flexibility and timing: must stay on track
- Enormous pressure for more Masters spaces (>1500 demand)
- Government support for student funding has not kept pace with growth (Ontario budget announced 1000 new OGS awards starting 2011-12 2011-12 – 50% increase)

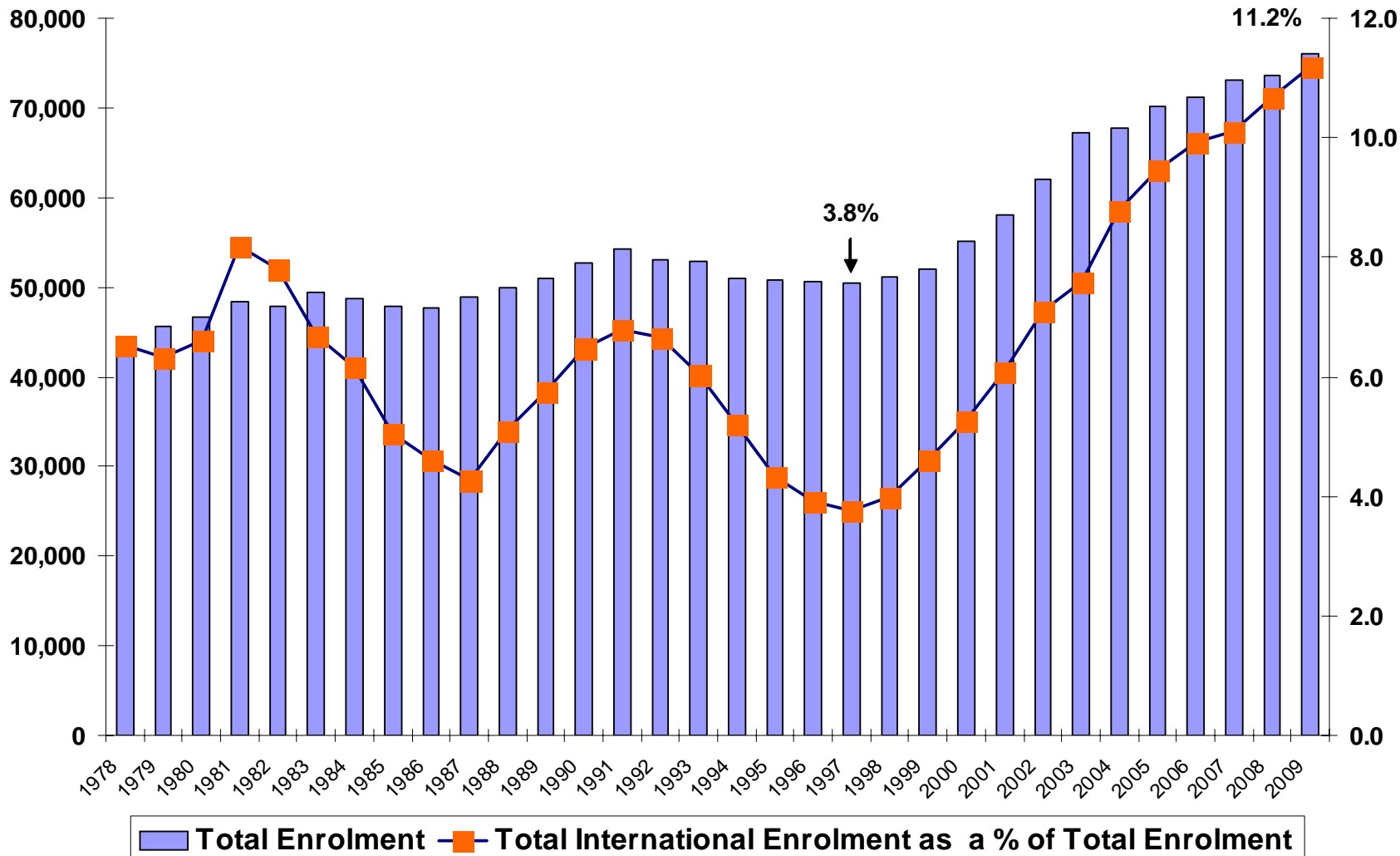
UG and Grad FTE Enrolment at the University of Toronto 1973-74 to 2014-15



Enrolment Balance 1997-98 to 2014-15



Total Enrolment and Proportion International Enrolment: 1978-79 to 2009-10



University-wide costs

(Schedule 2) \$M

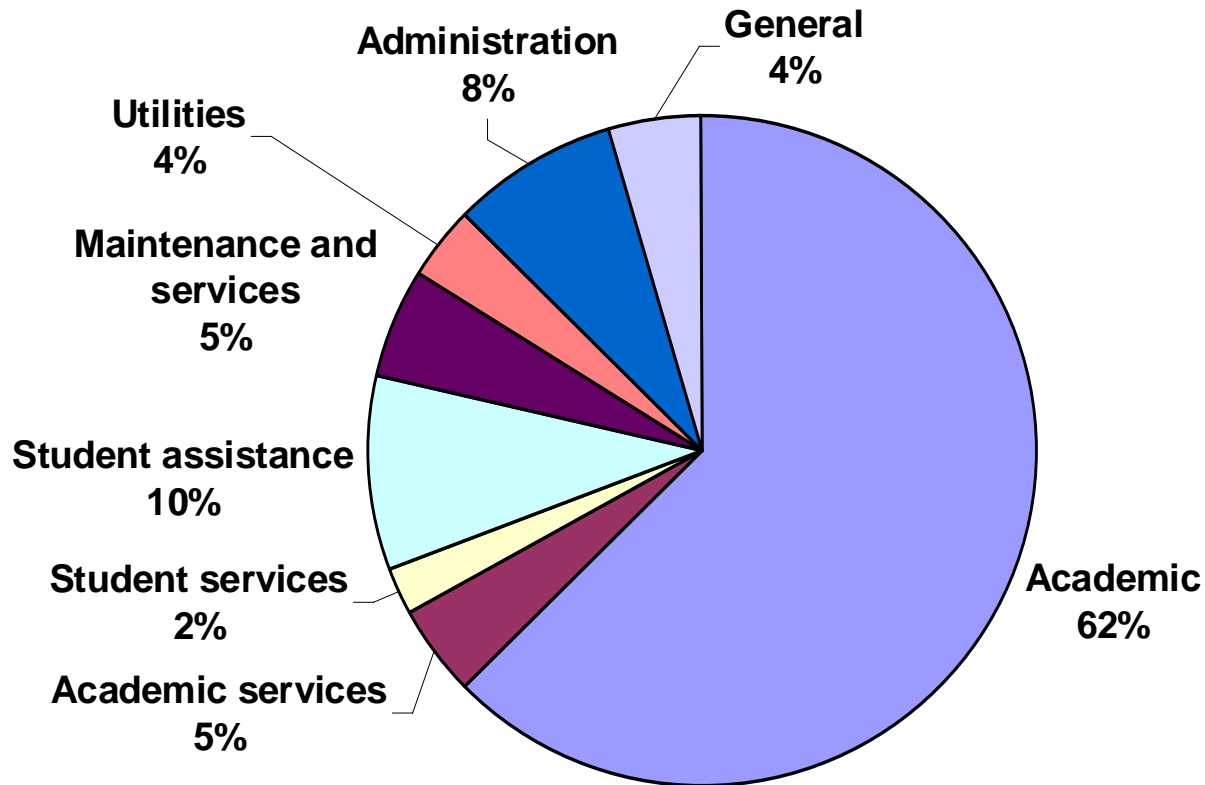
Budget allocations to portfolios	26
Compensation	7
Cost containment	(3)
Central funds	(4)
Net change Schedule 2	26

Increase in shared infrastructure costs & funds relative to 2009-10: 8.1%

Increase in net revenue to academic divisions relative to 2009-10: 8.3%

Net Operating Expense 2009-10

(numbers not yet available for 2010-11)



Net Revenue to Academic Divisions

(Schedule 4) \$M

(\$M, relative to 2009-10)	2010-11
Revenue available to University	124
UW Expenses	(26)
Student aid	(5)
Net revenue to academic divisions	93
Estimated divisional costs	(64)
Net revenue for academic divisions	29
An estimate of annual U-W pension deficit special payment	49

Estimated Divisional Costs

(Schedule 4)

Include:

- Compensation increases *
- Graduate student support
- Capital costs
- Deficit repayments (divisional and institutional)
institutional)

* Estimated at 2 % total increase where settlement not
not in place

Accumulated Deficit Repayment

(\$M)

10-11	11-12	12-13	13-14	14-15
Historical accumulated deficit — \$32.7M				
11.2	11.2	10.3		—
Divisional deficit financing — \$17.8 drawn				
3.6	3.6	3.6	3.6	3.6

Structural budget challenge

- Average annual increase in provincial operating grants*: **0%**
- Average annual increase in tuition*: **5%**
- Historical average annual increase in compensation: **5%**

* **excluding volume impact**

Average yr-over-yr increase in total revenue*	2.5%
Average yr-over-yr increase in total expense	4.0%
ANNUAL STRUCTURAL SHORTFALL	(1.5%)

University Deficits and Future Liabilities

(\$M)

Estimated Pension Deficit	~ 1,000
Operating: accumulated deficit April 2010	36
Deferred maintenance: estimated cost	270
Ancillary operations: accumulated deficit April 2010	107
Capital fund: accumulated deficit April 2010	71
Employee future benefits: estimate at April 2010	343
vs. total annual operating revenue	1,570

In conclusion

- Balanced “**responsible**” budget
- Significant uncertainties in economy, government funding and negotiations
- Pension and debt liabilities are substantial
- Some investments in academic and operational operational priorities
- Strategic decisions matter