| **FOR RECOMMENDATION** | **PUBLIC** | **OPEN SESSION** |
|---|---|---|

**TO:** Academic Board

**SPONSOR:** Professor Cheryl Regehr, Vice-President & Provost
**CONTACT INFO:** cheryl.regehr@utoronto.ca

**PRESENTER:** Professor Cheryl Regehr, Vice-President & Provost
**CONTACT INFO:** cheryl.regehr@utoronto.ca

**DATE:** March 4, 2021 for March 11, 2021

**AGENDA ITEM:** 3

**ITEM IDENTIFICATION:**

Institutional Operating Budget Report 2021-22 and Long Range Budget Guidelines 2021-22 to 2025-26.

**JURISDICTIONAL INFORMATION:**

Excerpt from the Terms of Reference for the Planning and Budget Committee:

*4.3.2. The annual budget is considered by the Committee for recommendation to the Academic Board. [Once the budget is recommended by the Academic Board, the concurrence of the Business Board is sought in regard to fiscal soundness before it is forwarded to the Governing Council.]*

**GOVERNANCE PATH:**

1. Planning and Budget Committee [for recommendation] (February 22, 2021)
2. UTM Campus Council [for information] (March 9, 2021)
3. UTSC Campus Council [for information] (March 10, 2021)
4. **Academic Board [for recommendation] (March 11, 2021)**
5. Business Board [for concurrence with the recommendation of the Academic Board] (March 17, 2021)
6. Executive Committee [for endorsement and forwarding] (March 25, 2021)
7. Governing Council [for approval] (April 6, 2021)

**PREVIOUS ACTION TAKEN:**

The Budget Report 2020-21 and Long Range Budget Guidelines 2020-21 to 2024-25 were approved by the Governing Council at its April 2, 2020 meeting.

**HIGHLIGHTS:**

Budget plans continue to be shaped by the University's Three Priorities, the Towards 2030 academic plan, the Provost's five priorities, and other documents. These priorities provide institutional context for divisional academic planning, which in turn leads to investment in specific initiatives and activities throughout the University.

Total budgeted operating revenue for 2021-22 of $3.12 billion is 4.4% higher than the 2020-21 budget. Despite the significant uncertainty created by the COVID-19 pandemic, enrolment remains robust and the University continues to attract excellent domestic and international students. Enrolment-related revenues – including student fees and operating grants – are projected to increase by 5.3% in 2021-22. This reflects modest changes to domestic enrolment within the ±3% flexibility of the fixed Provincial funding envelope, recognition of the international enrolment success that was achieved in Fall 2020, and a 2.3% average increase in international tuition fees.

In the absence of a Provincial tuition fee framework for domestic fees, divisions have been asked to consider a conservative budget scenario in which domestic tuition fees remain frozen for one additional year. The impact of domestic tuition fee freeze will have a differential impact on each division, depending on program mix and divisional revenue sources. Adjustments to divisional budgets will differ based on local priorities, but will include some combination of changes to faculty and staff hiring plans, deferral of capital projects, and fewer investments in service improvements and new initiatives.

Operating revenues are derived primarily (88%) from tuition, other student fees, and provincial operating grants, all of which are tied to enrolment. Other sources of revenue include investment income, endowment income, Canada Research Chairs, funding for the indirect costs of research, and sale of services. The University projects growth in total revenue of $132 million in 2021-22, and growth of $627 million over the planning period.

Total spending for student aid is projected at $291 million for 2021-22, growing to $364 million over five years. Note that this amount excludes external funding and internal employment income for doctoral stream graduate students. The greatest portion of student aid is derived from operating funds, followed by funding from endowments, and then provincial scholarship grants. The funds are managed through both centralized programs as well as divisional programs.

The operating budget reflects the aspirations and service plans in academic and shared-service divisions. Academic divisional plans include hiring of tenure and teaching stream faculty, enhancement of student services, increased experiential learning, work-integrated learning, and international experience opportunities, introduction of several new academic programs, allocations for capital projects, and funding for research stream and professional master's graduate students.

Investments in shared services continue to be held below the overall rate of revenue growth. Priorities over the next few years include investments in technology that will increase efficiency and improve services for faculty and students, funding to sustain the services and collections (primarily electronic) of our world-class library system, and spending on deferred maintenance.

Compensation increases are planned within the provincial restraint context. The long range budget continues to include a placeholder for long term pension deficit payments.

Given the ongoing economic uncertainty, we must remain restrained in our allocation of resources, while ensuring we maintain standards of excellence in teaching, research and the student experience. Expenditure allocations are proposed within these competing constraints and priorities. Decisions on the allocation of resources across the institution take into consideration a balance between the rates of expenditure increase in the administrative divisions vs. the academic divisions. Commensurate with revenue increases total expenditures are projected to increase by 4.4% from $2.99 billion in 2020-21 to $3.12 billion in 2021-22.

**FINANCIAL IMPLICATIONS:**

The Long Range Budget Guidelines plan for a balanced budget in each of the five years. The University continues to demonstrate an outstanding ability to cope with financial challenges by developing strategic and creative multi-year budget plans, which maintain and enhance academic priorities while minimizing the impact of the economic volatility on the student experience and on the research strength of the University. Leaders of academic and shared-service portfolios have risen to the challenge, seeking efficiencies and collaborations wherever possible. Enrolment remains very strong and the University continues on its upward trajectory of attracting excellent domestic and international students.

**RECOMMENDATION:**

Be It Recommended:

THAT the *Budget Report 2021-22 be approved*, and

THAT the *Long Range Budget Guidelines 2021-22 to 2025-26* be approved in principle.

---

**DOCUMENTATION PROVIDED:**

*Budget Report 2021-22 and Long Range Budget Guidelines 2021-22 to 2025-26 (February 8, 2021)*

# Budget Report 2021–22

and Long Range Budget Guidelines
2021–22 to 2025–26

**February 8, 2021**
**Planning and Budget Office**

UNIVERSITY OF
TORONTO

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# Introduction

This report introduces the proposed Long Range Budget Guidelines for the five-year period 2021-22 to 2025-26, including the detailed annual operating budget for fiscal year 2021-22. The proposed operating budget is balanced at the institutional level in each year of the planning period[1].

The Budget Report 2021-22 describes the current strategic context and fiscal environment in which the University operates, and highlights key assumptions that underlie the long-range projections of revenues and expenses.

Budget plans are shaped by the University of Toronto's academic priorities as articulated in the University's Three Priorities, the Towards 2030 academic plan, the Provost's five priorities, and other documents. The University's three priorities – internationalization, engagement with the city-region, and reimagining undergraduate experience – have been the focus of activities such as increased support for international experience and study abroad, investments in experiential learning, supporting student success and well-being through investments in mental health services, curricular and co-curricular programming to help students become graduates who will make significant impacts on their communities and the world, and cross-disciplinary research to address local and global challenges in areas such as personalized medicine, technology and society, and data sciences. All of these priorities provide institutional context for divisional academic planning, which in turn leads to investment in specific initiatives and activities throughout the University.

This budget represents the culmination of many months of planning and the decisions of many academic and administrative units. Through the annual budget planning process, academic divisions participate in detailed review of revenues and expenses and make decisions locally. Decisions are rolled up for review and approval, informed by relevant economic factors, risk assessments, collective agreements, provincial and University policies, and then approved by administration and governance. The University's budget model and planning processes are described in more detail in Appendix A.

## Executive Summary: Budget 2021–22

In response to the ongoing COVID-19 pandemic, the University has implemented an array of new measures, protocols and procedures to deliver a vibrant, world-class educational experience while keeping students, staff, faculty, and librarians safe and healthy. The efforts of the University community in 2020 were instrumental in ensuring continuity of academic

**Land Acknowledgement**

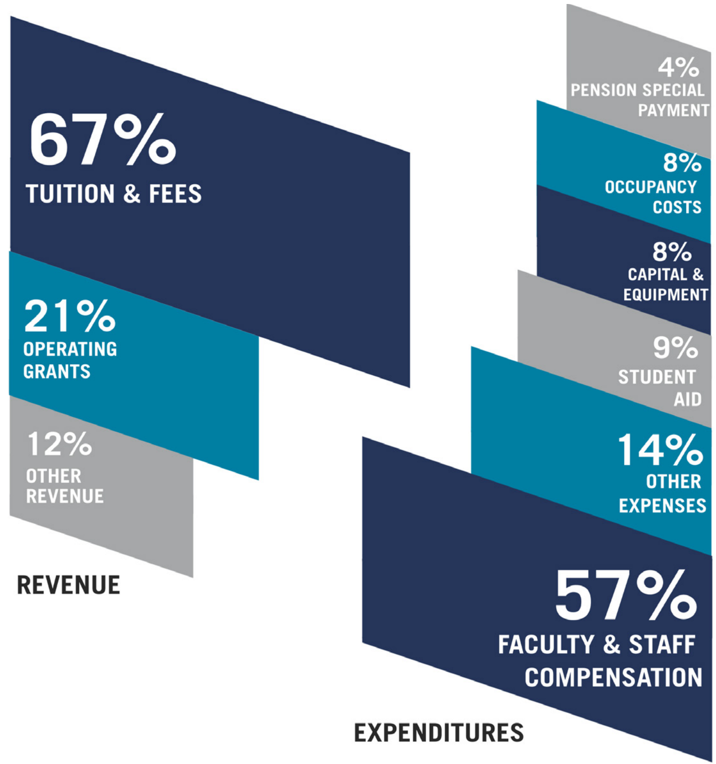
We wish to acknowledge this land on which the University of Toronto operates. For thousands of years it has been the traditional land of the Huron-Wendat, the Seneca, and most recently, the Mississaugas of the Credit River. Today, this meeting place, is still the home to many Indigenous people from across Turtle Island and we are grateful to have the opportunity to work on this land.

1 It is important to note that the operating budget is prepared on a cash basis, in contrast to the accrual basis of the audited financial statements. Also, the operating budget is only one, albeit the largest (approximately 75% of total revenues), of the four funds included in the financial statements; the three others are the restricted fund, the capital fund and the ancillary operations fund.

**Figure 1**

# Balanced Budget

2021–22
$3.12 Billion




programs throughout an unprecedented global shutdown.

The 2021-22 budget and long range guidelines assume that vaccine programs will continue to roll out as planned by federal, provincial and local public health agencies, and the University will see a gradual return to normal operations over the planning period. Uncertainty about the future course of the pandemic, including the efficacy of vaccines against new variants of the virus, poses some risk. However, these risks are significantly lower than at the onset of the pandemic when the prospect for effective vaccines was unclear. At this time, the University assumes domestic and international enrolment targets will continue to be met. On campus activities will gradually resume as international travel and public health restrictions are eased. Until then, the University will continue to deliver high-quality programs in a format that is safe for faculty, staff, and students and in compliance with public health requirements.

Total budgeted operating revenue for 2021-22 is $3.12 billion. This represents 4.4% year-over-year revenue growth. Despite the significant uncertainty created by the COVID-19 pandemic, enrolment remains robust and the University continues to attract excellent domestic and international students. Enrolment-related revenues – including student fees and operating grants – are projected to increase by 5.3% to $2.75 billion in 2021-22. This reflects modest changes to domestic enrolment within the ±3% flexibility of the fixed Provincial funding envelope, recognition of the international enrolment success that was achieved in Fall 2020, and a 2.3% average increase in international tuition fees.

In the absence of a Provincial tuition fee framework for domestic fees, divisions have been asked to consider a conservative budget scenario in which domestic tuition fees remain frozen for one additional year. This assumption has reduced tuition fee revenue projections by $26 million for 2021-22. The impact of domestic tuition fee freeze will have a differential impact on each division, depending on program mix and divisional revenue sources. Adjustments to divisional budgets will differ based on local priorities, but will include some combination of changes to faculty and staff hiring plans, deferral of capital projects, and fewer investments in service improvements and new initiatives.

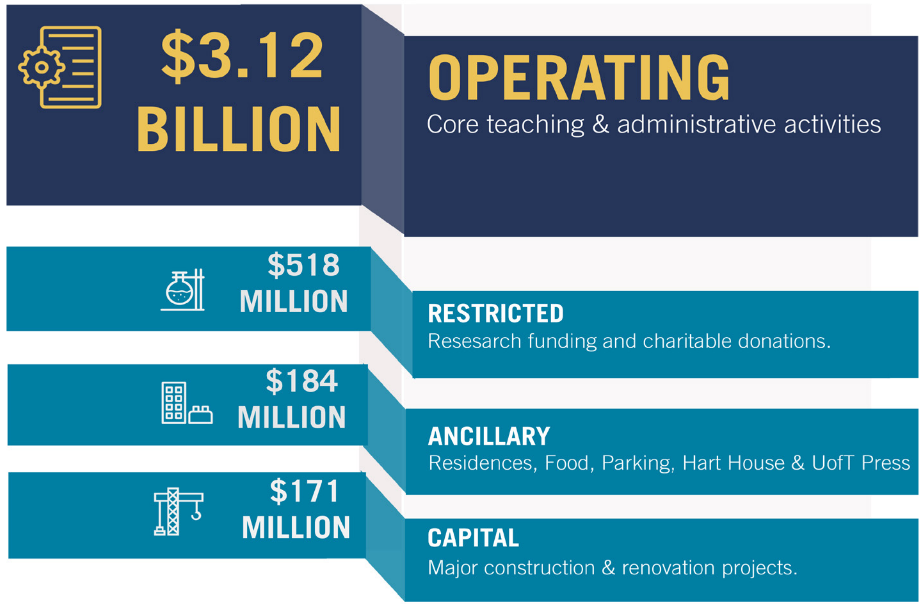
While domestic enrolment and tuition levels remain fixed, divisions continue to see growth in demand from international students. Divisional plans assume that the increase in international admissions seen in Fall 2020 will be maintained for future years, resulting in a total increase of 2,061 FTE across all years of study and all three campuses by the end of the planning period. By 2025-26, divisional plans call for international enrolment of approximately 30% of total undergraduates.

Divisions continue to collaborate on a strategy to diversify the international student population. Fall 2020 saw further progress in expanding enrolment from priority regions such as India

**Figure 2**

## The Budget

The Four Fund Groups of the University




(+188% over Fall 2016), but there remains significant work to be done to ensure that the international student body more closely reflects the University's wide range of global partnerships.

To that end, direct entry undergraduate divisions continue to invest in additional merit-based scholarships for international students from diverse global regions. Divisions will earmark up to 6% of total international undergraduate tuition revenue to create scholarships to reduce the cost of tuition for top international applicants from around the world. The investment is being phased in, growing from $14.7 million in 2020-21 to $84.6 million by 2025-26. Each division will design its own award program based on diverse criteria including merit, financial need, priority regions for diversification, and intended program of study.

Budget priorities in academic divisions include hiring of tenure and teaching stream faculty; strengthening commitments to equity and diversity in faculty hiring, student recruitment, pedagogical approaches and supports; enhancing student services; capital investments in teaching and research infrastructure; and expanding experiential learning opportunities. The Provost has allocated additional funding from the University Fund to advance the objective of inclusive excellence, including: postdoctoral fellowships for Indigenous and Black scholars, support for hiring of Black and Indigenous faculty, outreach programs to high school students from underrepresented groups, staffing to advance commitments in responding to the Truth and Reconciliation Commission, addressing systemic barriers in providing services for equity deserving students, and responding to the needs of students with intersectional identities.

Investments in shared services continue to be held below the overall rate of revenue growth. Priorities over the next few years include: investments in technology that will improve services for faculty and students; increasing capacity in financial aid advising and administration, student recruitment, and provision of registrarial and convocation services to students; funding to sustain the services and collections (primarily electronic) of the University's world-class library system; investments in advancement staffing and programs to expand capacity for future fundraising efforts; and critical spending on deferred maintenance. The Provost has also allocated funding from the University Fund to support the hiring of advancement and research support staff in divisions with the goal of growing the amount of funding from research grants and philanthropy.

In addition to these institutional priorities, the University Fund provides funding to ensure all divisions are able to address inflationary cost pressures – bringing all divisions up to a minimum revenue increase of 2.5%. Compensation increases are planned within the provincial restraint context. The long range budget continues to include a placeholder for long term pension deficit payments pending transfer to the new University Pension Plan Ontario on July 1, 2021.

# 1 The Changing Financial Landscape

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## Impact of COVID-19 Global Pandemic

Last year's budget was developed prior to the outbreak of COVID-19, and was based on assumptions of normal levels of enrolment and on-campus activity. Despite the significant uncertainty created by the COVID-19 pandemic, the University was able to successfully deliver the vast majority of academic programs in 2020-21 in alternative formats, adapting to fast-changing public health regulations as necessary. The incoming undergraduate class for Fall 2020 was 0.2% larger than that of Fall 2019, including the largest incoming cohort of international undergraduate students in the University's history. Many students from around the globe began their studies remotely, with the intention of attending classes on campus when in-person teaching resumes. While the overall enrolment results were positive, there was some variability in enrolment at the level of individual programs, with modest enrolment reductions in professional undergraduate and graduate programs in particular.

As the University worked to address the challenges of COVID-19, there were significant cost increases in many areas, including repatriating students who were overseas during the initial outbreak in Spring 2020, emergency financial support for students dealing with loss of employment opportunities and unexpected expenses caused by the pandemic, quarantine costs for international students entering Canada, changes to instructional design and IT systems to enable online course delivery, and environmental health and safety costs to support the safe re-opening of research labs and workplaces. Many of these were one-time expenditures, partially offset by savings in planned travel costs and lower occupancy costs due to reduced on-campus activity. Some expenses, such as support for new IT platforms and innovative teaching methods, will continue to be needed in future years and have been incorporated into the long range plan.

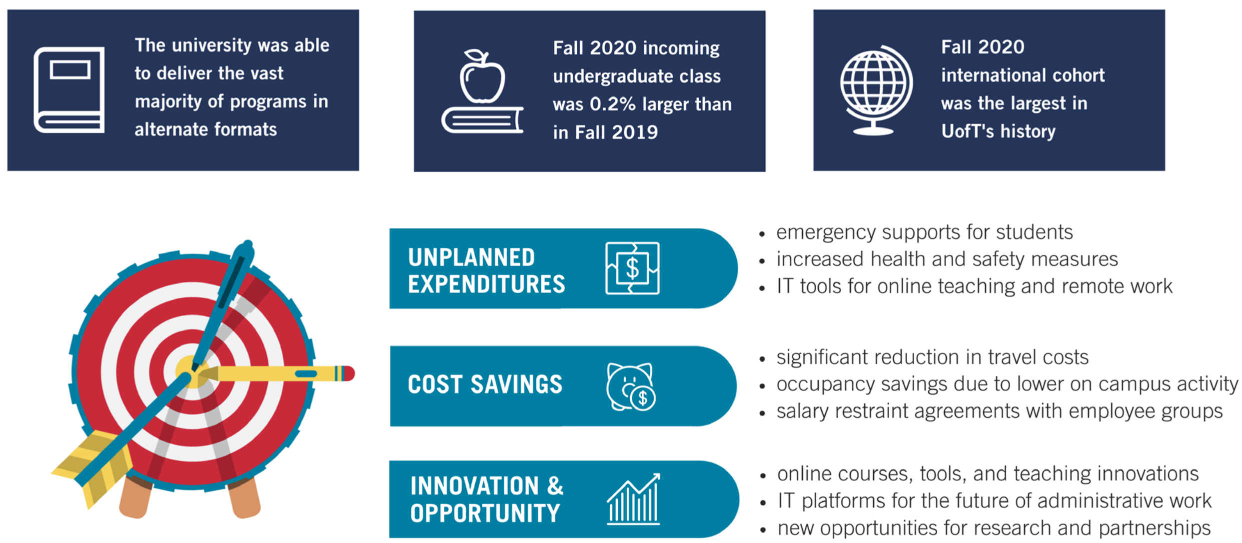
Levels of on-campus activity were significantly reduced, and campus services such as residences, food, and parking were particularly hard hit. Service ancillaries implemented significant cost-saving strategies, but the magnitude of revenue reductions made it impossible to avoid financial losses in many cases. Under normal circumstances, service ancillaries are expected to operate without subsidy from the University's operating budget and rely solely on revenue from the services they provide. These campus services are crucial to ensuring that students, faculty, and staff are able to participate in University life on all three campuses, and the University may need to support some ancillaries as they develop a path to recovery over the coming years.

Given the extent and extraordinary circumstances of the ancillary losses in 2020-21, the University is proposing to allocate up to $50 million of deficit spending room to ancillary operations. Deficit spending will be allowed only where it is necessary to do so, after considering cost containment strategies, levels of reserves, and funding for critical infrastructure projects. Units with sufficient reserves will continue without need for deficit spending, so it is possible that the full amount will not be required. This approach is intended to ensure that the level of the ancillary budget deficit will be only as high as absolutely necessary.

Ancillary units will be expected to eliminate any deficits over a five-year period. The University will work with each unit to assess their financial health, and may provide support from operating reserves to assist with annual deficit reductions in cases where further cost containment would jeopardize the

**Figure 3**

## Impacts of COVID-19 on the University Budget




unit's ongoing sustainability or critical infrastructure renewal. The University continues to present a balanced operating budget, and any subsidies to ancillary units will be provided from existing operating reserves after consultation with the academic divisions whose faculty, staff, and students benefit from these services.

### Provincial Government and the Strategic Mandate Agreement

The Ontario post-secondary education system operates under a differentiation policy framework[2]. The framework is operationalized through a series of institutional Strategic Mandate Agreements, which specify the role of each university in the system and how each will build on institutional strengths to drive system-wide objectives and government priorities.

The University's third Strategic Mandate Agreement with the Province (SMA3)[3] came into effect on April 1, 2020 and covers the period 2020-2025. With the implementation of SMA3, a significant portion of existing operating grant revenue will be re-directed to a differentiation envelope tied to performance metrics. Performance-based funding will gradually increase from 25 per cent of total Provincial operating grants (5.9% of total revenue) in 2020-21 to 60 per cent of operating grants (11.9% of total revenue) by 2024-25.

Over the course of 2019, the Council of Ontario Universities worked with the Ministry of Colleges and Universities to introduce mechanisms to the SMA3 performance-based funding formula that increase predictability and minimize volatility for institutions. For funding purposes, each university is measured against its own past performance, not against other institutions. Targets are established formulaically, taking into consideration past performance and the variability of results in recent years. Each target includes a range of allowable performance outcomes, with partial funding provided if performance falls below the allowable performance range.

As Canada's leading research-intensive university, performance-based funding allows the University to benchmark its strengths in areas such as innovation, research funding, and graduate employment, and have funding reflect its achievements in these areas. The Province has defined ten performance metrics for funding purposes as noted in the accompanying tables. The University has allocated its

2 Ontario's Differentiation Policy Framework for Postsecondary Education, November 2013 http://www.tcu.gov.on.ca/pepg/publications/PolicyFramework_PostSec.pdf

3 Strategic Mandate Agreement 2020-2025: University of Toronto and the Ministry of Colleges and Universities https://www.utoronto.ca/about-u-of-t/reports-and-accountability

performance-based funding envelope among the ten metrics and may re-weight the metrics each year in response to changing priorities.

The SMA3 also sets out a multi-year enrolment plan. In response to Ontario's changing demographics, the University and the Province have agreed to hold constant the level of domestic undergraduate enrolment at the University of Toronto over the period of the agreement. The University will be eligible for full enrolment funding provided it maintains a five-year average enrolment within ±3% of its target.

According to the Ontario Budget released in November 2020[4], the Government is not planning any material new investments in the post-secondary education sector over the next three years, including no inflationary increases to the University's operating grant. Areas of priority investment for the Government include: development, delivery, and expansion of Ontario's micro-credentials strategy; supporting the ongoing cost of the Ontario Student Assistance Program (OSAP); and continued investment in deferred maintenance.

On October 6, 2020, the Ontario government announced an investment of $19 million to fund mental health supports for postsecondary students in 2020-21, an increase of $3 million over the prior year. The funding supports campus-based mental health services, access to the Good2Talk helpline for professional counselling, information, and mental health referrals for post-secondary students, and the development of new partnerships and mental health resources to build a connected and comprehensive mental health system in Ontario. The University welcomes this announcement and continues to advocate for additional investments to meet the pressing need for access to mental health resources.

## Framework for Student Fees

On January 17, 2019, the Ontario government announced a 10 per cent cut to domestic tuition fees beginning in 2019-20, and a freeze at that level for 2020-21. Tuition paid by international students was unaffected. The compounding effect of this two-year framework has a long-lasting impact, and now represents a reduction of $113 million in domestic

**Table 1: SMA3 Metrics for Funding: Economic and Community Impact**

| | |
|---|---|
| **Tri-Agency Research Funding & Capacity**<br>Proportion of total funding from federal research granting agencies received by the University of Toronto. | **Research Revenue from Private Sector Sources**<br>Total research revenue attracted from private sector and not-for-profit sources. |
| **UofT-Supported Startups**<br>The number of start-ups being actively supported by incubators and campus-led accelerators across the University of Toronto's three campuses. | **Community/Local Impact of Student Enrolment**<br>Institutional enrolment share in the population of the city (cities)/town(s) in which the institution is located. |

4 2020 Ontario Budget https://budget.ontario.ca/2020

**Table 2: SMA3 Metrics for Funding: Graduate Skills and Job Outcomes**

| Metric | Description |
|---|---|
| **Graduate Employment Rate in a Related Field** | Proportion of graduates of undergraduate degree programs employed full-time who consider their jobs either "closely" or "somewhat" related to the skills they developed in their University program, two years after graduation |
| **Institutional Strength/Focus** | Proportion of total full-time enrolment that is in broad arts & science disciplines, including emerging data science fields. |
| **Graduation Rate** | Proportion of all new, full-time, year one undergraduate students who commenced their study in a given fall term and graduated from the University within 7 years. |
| **Experiential Learning** | Proportion of graduates in undergraduate programs, who participated in at least one course with a required Experiential Learning component. |
| **Graduate Employment Earnings** | Median employment earnings of University graduates, two years after graduation. |
| **Skills & Competencies** | Participation in the OECD Education and Skills Online assessment (random sample of domestic and international students). |

tuition fee revenue for 2021-22 relative to the previous long range budget guidelines that assumed the former tuition framework of 3% annual average fee increases would remain in place. At this time, no domestic fee framework has been announced for the 2021-22 fiscal year. The University has conservatively assumed an extension of the existing framework, including a freeze for the 2021-22 budget year. This one-year extension of the domestic tuition fee freeze would further reduce tuition fee revenue by $26 million in 2021-22 relative to the University's previous long range budget plan.

The student fee framework announced in 2019 also allowed students to opt-out of incidental fees that fund some services and activities, while protecting fees that fund mandatory core services and facilities such as athletics, recreation, and health and counselling services. This new provision in the fee framework, called the "Student Choice Initiative" was implemented in Fall 2019. In November 2019, Ontario's Divisional Court struck down this new provision, finding it inconsistent with universities' autonomous governance. At this time, a Government appeal of this decision is pending. In the interim, implementation of ancillary fee opt-outs have been suspended.

## Federal Funding

Funding from the federal government is provided to universities primarily to support research and is not generally part of the University's operating budget. However, federal funding interacts with the University's operating budget in three important areas: Canada Research Chairs, funding for the indirect costs of research, and graduate student support.

The Canada Research Chairs (CRC) program introduced in 2000-01 contributes to salary and research support for

Figure 2

## Four Corners: Developing a New Source of Revenue


**CURRENT PROJECTS**

- SCHWARTZ REISMAN INNOVATION CENTRE
- SPADINA SUSSEX RESIDENCE
- UTSC RESIDENCE
- SITE ONE GATEWAY PROJECT

outstanding university researchers on a competitive basis. Research chairs are awarded to each university based on its share of research funding by the three federal granting councils: the Canadian Institutes of Health Research (CIHR), the Natural Sciences and Engineering Research Council Canada (NSERC), and the Social Sciences and Humanities Research Council of Canada (SSHRC). The University of Toronto has the country's largest allocation of CRCs, with over 300 Chairs spread across three campuses and nine fully affiliated hospitals. These Chairs make an important contribution to the University's operating budget and have a significant impact on the University's ability to recruit and retain outstanding scholars. Since the CRC program was introduced, inflation has reduced the effective value of Chair funding by over 40%. An appropriate adjustment to the value of these awards is long overdue.

As with most federal research funding programs, the CRC program places significant emphasis on equity, diversity and inclusion (EDI). The CRC Equity, Diversity and Inclusion Action Plan[5] guides the University's efforts in ensuring the representation of individuals from the federally designated groups — persons with disabilities, Indigenous peoples, visible minorities, and women — among Canada Research Chair holders.

Most research sponsored by NSERC, SSHRC and CIHR funding programs generates indirect cost funding from the federal Research Support Fund (RSF) and the recently introduced Incremental Project Grant (IPG). The University of Toronto's effective rate of federal indirect costs recovered from these programs was approximately 21% in 2019-20. While this investment is welcome, a doubling of the federal RSF rate would bring the University somewhat closer to the rate of indirect cost funding among research intensive institutions in the Association of American Universities (AAU). This would have a significant impact by allowing research intensive divisions to close the gap on their structural deficits. Without a change in the funding formula, each additional dollar of research funding places a higher burden on the University's operating funds.

The federal government supports graduate students by providing fellowships on a competitive basis. Although these funds do not flow through the University's budget, they provide indirect budget relief to the academic divisions by freeing up funds that would otherwise have to be used for graduate student support. Similarly, the provincial government provides support through Ontario Graduate Scholarships. However, neither federal nor provincial government support for graduate students has kept pace with the rapid growth in graduate enrolment, placing a higher demand on faculty member research grants and the operating budget.

5 Canada Research Chairs: U of T's Equity, Diversity & Inclusion Action Plan https://research.utoronto.ca/equity-diversity-inclusion/canada-research-chairs-u-ts-equity-diversity-inclusion-action-plan

## Alternative Funding Sources

The University faces increasing financial pressure as a result of constrained provincial tuition and enrolment frameworks and real value decreases in Provincial operating grants. The University's commitment to being an internationally significant research university requires creative solutions to fund its mission and aspirations.

In 2019, the final report of the Alternative Funding Sources Advisory Group[6] articulated several potential sources of revenue-generation that take advantage of some of the University's key strengths: its capacity to create and disseminate knowledge, its real estate holdings and physical infrastructure, and its significant financial capital. Each of the proposed strategies is underpinned by overarching principles that are committed to protecting the University's reputation, building a pipeline of new ideas, increasing physical capacity and financial flexibility at the institution-level to support divisional collaboration, and ensuring transparent incentives and risk assessment for alternative funding sources. One example of actions undertaken following the report is the establishment of The Advisory Group on Life Long Learning Opportunities[7] established by the Provost.

The University has seized another such opportunity with the adoption of the Four Corners Strategy, which will leverage the University's real estate assets to deliver amenities to support the academic mission and simultaneously grow revenue from sources other than enrolment. The Four Corners Strategy sets an ambitious goal of generating $50 million in operating funding per year by 2033 through the development of roughly 3.5 million square feet of new space devoted to campus services, amenities, office and retail spaces. The funding will be invested directly in the research and teaching mission. Several projects are now underway in various stages of planning, design, and construction. This new revenue stream is not yet reflected in the long range budget assumptions.

6 Report of the Alternative Funding Sources Advisory Group, April 2019. https://www.provost.utoronto.ca/wp-content/uploads/sites/155/2021/01/Alternative-Funding-Sources-FINAL-2019Apr11.pdf

7 Advisory Group on Lifelong Learning Opportunities https://www.provost.utoronto.ca/committees/advisory-group-on-lifelong-learning-opportunities/

# 2 Budget Overview

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# Budget Assumptions: Enrolment and Revenue

Operating revenues are derived primarily (88%) from tuition, other student fees, and provincial operating grants, all of which are tied to enrolment. Non-enrolment driven sources of revenue include investment income, endowment income, Canada Research Chairs, funding for the indirect costs of research, and sale of services. The University projects growth in total revenue of $132 million in 2021-22 (4.4% over 2020-21) to total revenue of $3.12 billion, and growth of $627 million over the planning period.

## Enrolment

Fall 2020 undergraduate enrolment results were 1,132 FTE above plan, a variance of 1.8% across all three campuses. This includes a positive variance of 828 (+4.7%) in international enrolment and 304 (+0.7%) in domestic enrolment versus the 2020-21 budget plan.

The positive variance in international enrolment levels is a welcome result given the significant uncertainty of an admission process conducted during the height of the global COVID-19 pandemic. Many students chose to begin their studies remotely, and the University made additional investments to ensure reliable access to online learning for students around the globe. In October, the Federal Government approved the University of Toronto's COVID-19 Readiness Plan, allowing international students enrolled at the University to enter Canada. As part of its Plan, the University provided students who elected to enter the country with support and accommodation during the 14-day quarantine period.

Domestic undergraduate enrolment in 2020-21 reflected a shortfall of 688 FTE (-6.9%) in the incoming class of direct entry programs, which was offset by greater retention of upper year students and higher average course loading. Fall 2020 was a year of significant volatility in admissions from Ontario high schools, with research intensive universities outside the GTA (McMaster, Ottawa, Queen's, Western, Waterloo,) admitting significantly larger entering cohorts than in prior years. Looking ahead to Fall 2021, early data suggest strong demand from Ontario high school students. The University of Toronto's first-choice applications from Ontario high school students have increased by 8.0% relative to the prior year compared to a system-wide increase of 1.7%. The system-wide average encompasses an increase of 8.6% for the other research-intensive Ontario universities, and a decrease of 6.1% for all other universities combined. In the non-Ontario high school category, application numbers do not become fully meaningful until later in the spring.

Based on current demographic trends in Ontario, domestic undergraduate enrolment will be maintained within the ±3% flexibility of the fixed Provincial funding envelope. Outer year divisional plans assume modest domestic undergraduate enrolment growth of 752 FTE at UTSC, while domestic enrolment remains flat at UTM and the St. George campus. Divisional plans also include growth of 2,061 FTE international undergraduate students at the UTSC and St. George campuses over the planning period, increasing international enrolment to 30% of total undergraduates. A high level summary of enrolment plans is shown in Table 1.

The University was successful in achieving its graduate enrolment targets and claiming all available funding from the Province during the period of the second Strategic Mandate Agreement (2017-2020). There is demand for another 750 master's spaces and 1,000 doctoral student spaces above and beyond those approved in SMA2. Funding for these spaces remains a point of advocacy in negotiations with the Province, but there is no commitment of additional funded graduate spaces in the third Strategic Mandate Agreement covering the period 2020-2025. In the meantime, academic divisions are endeavouring to work within this limitation.

**Table 3[8]: Enrolment (Full-time Equivalent) by Domestic-International Mix, 2020–21 to 2025–26**

| | 2020–21A | 2021–22P | 2022–23P | 2023–24P | 2024–25P | 2025–26P |
|---|---|---|---|---|---|---|
| UG Domestic | 46,676 | 46,256 | 46,395 | 46,543 | 47,354 | 47,432 |
| UG International | 18,570 | 19,356 | 20,136 | 20,473 | 20,606 | 20,631 |
| % International | 28% | 30% | 30% | 31% | 30% | 30% |
| Grad Domestic | 15,403 | 15,723 | 16,250 | 16,490 | 16,706 | 16,873 |
| Grad International | 4,159 | 4,399 | 4,756 | 4,840 | 4,938 | 4,993 |
| % International | 21% | 22% | 23% | 23% | 23% | 23% |
| **Total FTE** | **84,807** | **85,734** | **87,537** | **88,346** | **89,603** | **89,929** |

Additional details and discussion of future enrolment plans are contained in the 2020-21 Enrolment Report.

## Operating Grants

Operating grants currently comprise 21% of the University's operating budget, the lowest proportion of government funding for any university in the country. Details of operating grants are included in Appendix B, Schedule 2. In line with the Province's direction on funding as part of the third Strategic Mandate Agreement, total operating grant revenue will remain largely unchanged over the planning period, with a shift in the balance between enrolment-based and performance-based funding envelopes. The introduction of performance-based funding is not expected to increase the amount of funding available; rather, it introduces a new accountability mechanism for existing funds. By 2024-25, 60% of Provincial operating grant revenue will be tied to performance metrics.

In the context of the COVID-19 pandemic, the government has confirmed that no performance-based funding will be at risk until at least 2022-23. The Ministry of Colleges and Universities (MCU) will engage in an annual review of performance outcomes and will evaluate potential COVID-19 impacts on targets for future years. Given the University of Toronto's strong performance, the long range budget guidelines assume retention of all performance based funding throughout the planning period.

8 Enrolment tables include enrolment in conjoint programs with the Toronto School of Theology (TST), but exclude enrolment in non-conjoint TST programs.

**Table 4: Enrolment (Full-time Equivalent) by Degree Type, 2020–21 to 2025–26**

| | 2020–21A | 2021–22P | 2022–23P | 2023–24P | 2024–25P | 2025–26P |
|---|---|---|---|---|---|---|
| UG St. George | 40,318 | 40,518 | 41,518 | 42,009 | 42,221 | 42,190 |
| UG UTM | 13,351 | 13,199 | 13,099 | 12,915 | 13,234 | 13,294 |
| UG UTSC | 11,578 | 11,895 | 11,914 | 12,092 | 12,505 | 12,580 |
| **Total Undergrad** | **65,246** | **65,612** | **66,531** | **67,016** | **67,959** | **68,063** |
| % Undergraduate | 77% | 77% | 76% | 76% | 76% | 76% |
| Profess. Master's | 9,806 | 9,566 | 10,049 | 10,082 | 10,159 | 10,203 |
| Doc. Str. Master's | 2,957 | 2,885 | 2,947 | 2,975 | 2,980 | 2,983 |
| Doctoral | 7,518 | 7,671 | 8,010 | 8,273 | 8,504 | 8,680 |
| **Total Graduate** | **19,561** | **20,122** | **21,006** | **21,330** | **21,644** | **21,866** |
| % Graduate | 23% | 23% | 24% | 24% | 24% | 24% |
| **Total FTE** | **84,807** | **85,734** | **87,537** | **88,346** | **89,603** | **89,929** |

Additional details and discussion of future enrolment plans are contained in the 2020–21 Enrolment Report.

The budget assumes the following for provincial grants:

- Operating grants will remain stable at approximately $660 million annually, but the balance will shift significantly between enrolment-based funding (declining from $481 million to $242 million) and performance-based funding (increasing from $177 million to $417 million) over the planning period;
- The Province will continue to reduce operating grants by $750 per international undergraduate and international master's student; and
- Provincial government operating grants will not include an inflationary increase.

## Student Fees

A breakdown of fee revenue, including tuition, ancillary, continuing education, and executive education fees is included in Appendix B, Schedule 2. It is important to note that tuition revenue increases are a result of both increased tuition fees and changes in enrolment levels.

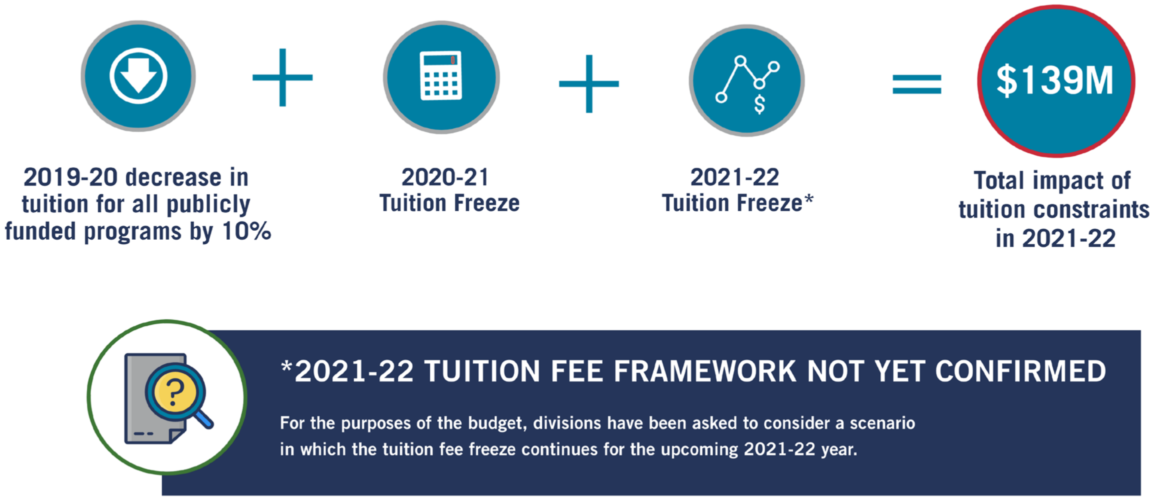
At this time, the Province has not announced a provincial Tuition Fee Framework for the 2021-22 year. In the absence of a Framework, divisions have been asked to consider a conservative budget scenario in which domestic tuition fees remain frozen for one additional year. This assumption has reduced tuition fee revenue projections by $26 million for 2021-22. The impact of a domestic tuition fee freeze would have a differential impact on each division, depending on program mix and divisional revenue sources. Adjustments to divisional budgets will differ based on local priorities, but will include some combination of changes to faculty and staff hiring plans, deferral of capital projects, and fewer investments in service improvements and new initiatives. The budget assumes a return to modest 3% average annual increases in 2022-23 and beyond.

Tuition fees for international students are set at a level that takes into consideration the full cost of providing a program and with reference to fees at peer Canadian and US universities. The average tuition increase for international students is 2.3% in 2021-22 and varies each year thereafter depending on divisional plans. Details on proposed tuition fee increases program by program are found in the Tuition Fee Report, which is presented to Governing Council for approval along with this report.

In addition to publicly-funded programs, most divisions also offer continuing and/or executive education programs.

Figure 5

## Provincial Tuition Fee Framework




Fees in these types of programs are not regulated by MCU. Examples include: language, creative writing, and professional development programs in the School of Continuing Studies; and executive education programs in many professional faculties.

Ancillary fee revenue includes fees charged to students as permitted by MCU Guidelines. These include fees in the following categories: student services, health services, athletics, Hart House, constituent college fees, student society fees, cost recovery fees, and administrative user fees and fines.

Additional discussion of student fees is included later in this report. Detailed tuition fee schedules are provided in the Tuition Fee Schedules for Publicly-Funded and Self-Funded Programs 2021.

### Canada Research Chairs and Indirect Costs of Research

In November of 2017, the federal Minister of Science announced a series of changes to the Canada Research Chairs (CRC) program, including a revised distribution of Chairs across the three federal research granting councils. This change resulted in an increased allocation of Chairs to the University of Toronto and its affiliated hospital partners. The University of Toronto CRC Equity, Diversity and Inclusion Action Plan will guide efforts in ensuring the representation of individuals from the federally designated groups — persons with disabilities, Indigenous peoples, visible minorities and women — among Canada Research Chair holders. The long range budget guidelines assume an allocation of 325 Canada Research Chairs (both campus-based and hospital-based) in each year of the planning period.

Investments by the federal government in Budget 2018 have increased the University of Toronto's effective rate of federal indirect costs recovery to 21% for 2019-20. The budget assumes a recovery of $28 million in 2021-22 with no increase in the effective rate of indirect costs.

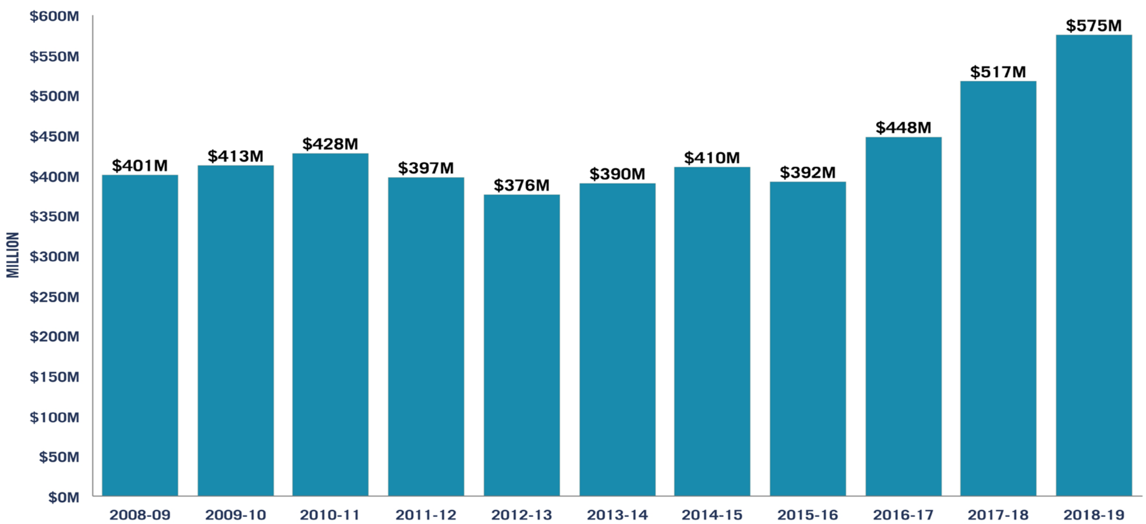
Revenue from indirect costs on private sector-sponsored and other research funding agreements, and funds awarded through the Ontario Ministry of Research and Innovation (MRI) is projected to remain steady at $15.2 million in 2021-22. Funding from the provincial Research Overheads Infrastructure Envelope (ROIE) is also projected to remain constant at $12.0 million annually.

The $114 million Medicine by Design initiative funded by the Canada First Research Excellence Fund (CFREF) includes $14 million for on-campus indirect costs over a seven-year period. The recovery amount will vary annually based on the

Figure 6

# Total Research Revenue

Excluding Hospitals




timing of direct expenditures in the Medicine by Design program, but is expected to average $2.8 million annually until the final year of funding in 2022-23.

## Investments and Other Income

The University of Toronto has many generous friends and benefactors, who have contributed total endowments in excess of $2.51 billion (fair value at April 30, 2020). Endowment income is highly targeted. The endowment income included in the operating budget is directed to student aid and to the support of endowed chairs and represents a modest but important part of the University's total operating revenue, 2.2% in 2021-22. It is important to note that endowment revenue for research and academic program support is not reflected in the operating budget. The Long Range Budget Guidelines build in a conservative assumption of growth in endowments; this will be adjusted each year as gifts are received.

Endowed funds are managed in a unitized investment pool, called the Long-Term Capital Appreciation Pool (LTCAP). Each individual endowment account holds units in LTCAP that reflect the number of dollars contributed and the unit value on the dates of contribution.

By policy, payouts from the University's endowed funds range from 3% to 5% of the market value of the relevant assets, with a target around 4%. To ensure that endowments will provide the same level of economic support to future generations as they do today, the University does not spend everything earned through the investment of funds in years when investment markets are good. In those years, the University sets aside and reinvests any amounts earned in excess of the spending allocation. This provides protection against inflation and builds up a reserve, which is expected to be used to fund spending in years when investment markets are poor. As of April 30, 2020, the endowment held a reserve of $42 million (1.7% of value) in cumulative preservation of capital above inflation. When investment income is insufficient to cover the amount allocated for spending, or when endowed funds experience a loss, the shortfall draws down this reserve.

The investment return for the year ending April 30, 2020 was a loss of 1.5%. From May to November 2020, the market has experienced a strong rebound with an actual investment return of 14.4%. Following the endowment payout policy, the plan is to distribute an endowment payout equal to $8.51 per unit, representing 3.80% of the opening market value of the endowment. If investment returns remain unchanged for the rest of the year, the payout and provision for inflation protection would increase the reserve above inflation protection to about $76 million.

In 2021-22 the projected payout rate would result in

$50 million for student aid and $20 million for endowed chairs, reflected in the operating budget. The actual payout rate per unit will be determined and announced in March 2021 and the distribution will occur just prior to year end at April 30, 2021, following the normal process. For the remaining four years in the planning period, the payout rate is assumed to remain at $8.51 per unit as a precautionary measure.

The University also receives investment income from short-term, medium-term, and long-term investments of the Expendable Funds Investment Pool (EFIP). The short-term and medium-term investments are primarily managed by the University of Toronto Asset Management Corporation (UTAM), while the long-term investments represent funds used for the University's internal loan program. Principal and interest on internal loans are mainly paid by divisions, the interest portion of which is included in the investment income budget. Investment income makes up a small but important portion of total operating revenue (1.9%) and fluctuates with market conditions.

The investment income projection is based on assumptions of cash balances, revenue and expenditure rates, divisional reserve balances, transfer of operating funds to capital funds, cash donations, research revenue forecasts, and investment return rates. Rates of return on short-term investments have dropped drastically due to the COVID-19 pandemic and are expected to remain low into fiscal year 2021-22. An increase in the amount of capital available for investment partially offsets this impact, but lower rates of return on short-term investments, which make up the largest portion of EFIP, result in an overall lower investment income projection than in the previous long range budget guidelines. The short-term rate of return is assumed to rise gradually from 1.0% in 2021-22 to 1.75% by 2025-26, and the medium-term rate of return is assumed to remain at 3.02% throughout the planning period.

Other income of $140 million in 2021-22 includes application fee revenue, service charges on unpaid fees, licensing revenue from commercialization, and revenue collected directly by divisions for general sales and services.

# Budget Assumptions: Expenditures

## Overview

Expenditure projections are included in Appendix B, Schedule 1. Additional details are included in Appendix B, Schedule 3 outlining projections for university-wide and campus costs; and Appendix B, Schedules 4 and 5 outlining expense budgets for each academic division.

Commensurate with revenue increases, total expenditures are projected to increase by 4.4% from $2.99 billion in 2020-21 to $3.12 billion in 2021-22. Rates of growth vary significantly by division, and we must remain restrained in the allocation of resources, while ensuring we maintain standards of excellence in teaching, research and the student experience. Academic divisions are responsible for their own increases in expenses, including the cost of compensation increases, and they will implement internal cost containment measures according to their individual circumstances. Expenditure allocations are proposed within these competing constraints and priorities. Decisions on the allocation of resources across the institution take into consideration a balance between the rates of expenditure increase in the administrative divisions versus the academic divisions.

## Compensation

Approximately 61%[9] of operating budget expenditures fund salaries and benefits, including 4% of expenditures for pension special payments and related costs. Increases in compensation expenses are due to negotiated increases, if any, for existing employees; the hiring of additional faculty and staff needed to support the growth in student enrollment and research activity; and increases in the cost of some benefits.

The Protecting a Sustainable Public Sector for Future Generations Act, 2019 (Bill 124), which received Royal Assent on November 7, 2019, imposes a series of restrictions on compensation within the broader public sector in Ontario. The Act sets out a 3-year moderation period (in the form of salary and compensation caps) for both unionized and non-unionized employees during which incremental increases to new and existing compensation is restricted to 1% for each of the 3 years. Compensation as per the Act relates to anything paid or provided, directly or indirectly, to or for the benefit of an employee, and includes salary, benefits, perquisites and all forms of payments.

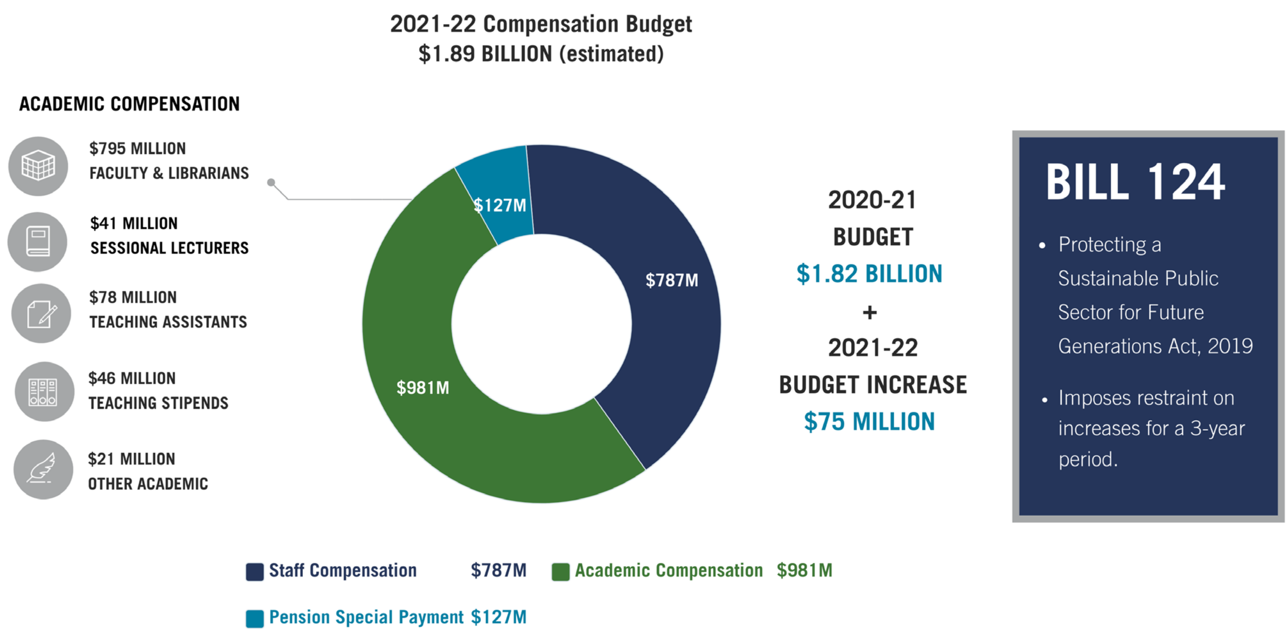
Bill 124 does not preclude or limit increases related to length of employment (i.e. step increases), performance assessments (i.e. merit increases), or successful completion of a program or course of professional or technical education. There is no ability to provide adjustments to salary outside of these exceptions. Step increases for unionized staff and merit increases for non-union employees can continue outside of the legislated maximum 1% increase, provided the methodology used to calculate such increases does not change. Besides these exceptions, a maximum incremental increase to existing compensation entitlements or new compensation entitlements must not exceed 1% in total, on average.

The moderation period for each employee group begins when the first renewal agreement after June 5, 2019 takes effect. In the time since Bill 124 was passed, one-year extensions to collective agreements have been ratified by several bargaining units, including the United Steelworkers (administrative staff), CUPE 1230 (library workers), OPSEU 519 (campus police), OPSEU 578 (OISE research workers), and CUPE 3261 (service

9 Note that this percentage is calculated on the cash basis (which is the basis upon which the operating budget is prepared); the financial statements are prepared on the accrual basis and, in that case, compensation makes up about 73% of operating expenditures, including the accrual of expenditures for employee future benefits.

Figure 7

# Compensation




workers). Collective bargaining is ongoing or will commence imminently for renewal agreements with other bargaining units, including the Faculty Association. For other non-union employee groups (i.e. Professional/Managerial, Confidential, and Research Associates and Senior Research Associates), the University has designated July 1, 2020 as the beginning of the 3-year moderation period under the Act.

Executive compensation has been frozen since March 31, 2012 under the Broader Public Sector Accountability Act, 2010. On December 9, 2014, the Ontario Government passed Bill 8, the Public Sector and MPP Accountability & Transparency Act, 2014. This new legislation, which replaced the Broader Public Sector Accountability Act, 2010, continued compensation limitations only for those individuals who are deemed to be Designated Executives. For the University of Toronto this group is limited to the President and the Vice-Presidents. The Act required broader public sector institutions to develop an executive compensation framework in consultation with government and the public.

On August 13, 2018, the new Ontario government implemented an extended freeze on executive compensation that came into immediate effect. The new proposed regulation applies to compensation for all designated executives, regardless of whether organizations had already implemented an executive compensation framework under the previous regulations set out in 2014. The new framework establishes limits on increases to salary, performance-related pay, and all other elements of compensation. To date, the government has not tabled the final regulations. In the meantime, the status quo on compensation restraint for "designated executives" applies.

Academic divisional budgets must cover the full cost of compensation increases, if any. Shared-service divisions receive funding to cover compensation increases. Budgets for all divisions have been constructed based on the following assumptions:

- Compensation increases for all University employees are assumed to be as per negotiated agreements. The University will be engaged in collective bargaining with a number of unions, as well as the Faculty Association, to renew agreements as noted above. Compensation terms for future agreements will not be known until bargaining is completed.
- In the case where there is no agreement in place, divisions plan for compensation increases within the context of the University's structural deficit. If compensation increases result in an overall cost greater than planned by a division, the division will be required to reallocate resources or

**Table 5: Collective Agreement Expiry Dates**

| Agreement | Expiry |
|---|---|
| University of Toronto Faculty Association | **Jun 2020** |
| USW 1998: Administrative and Technical Staff | **Jun 2021** |
| CUPE 3902U1: TAs, Course Instructors | **Dec 2020** |
| CUPE 3902U3: Sessional Instructors | Aug 2021 |
| CUPE 3902U5: Postdoctoral Fellows | Dec 2022 |
| CUPE 3907: Graduate Assistants at OISE | Aug 2021 |
| OPSEU 578: Research Officers & Assistants at OISE | **Jun 2021** |
| CUPE 3261: Service Workers | **Jun 2021** |
| CUPE 3261: 89 Chestnut | **Dec 2020** |
| CUPE 1230: Library Workers | **Jun 2021** |

| Agreement | Expiry |
|---|---|
| IATSE 58: Stage Employees at Hart House | Aug 2021 |
| CUPE 2484: Day Care Workers | **Jun 2020** |
| OPSEU 519: Campus Police | **Jun 2021** |
| CAW 27: Carpenters | Apr 2022 |
| Unifor 2003: Engineers | **Apr 2021** |
| IBEW 353: Electricians | **Apr 2021** |
| IBEW 353: Locksmiths | **Apr 2021** |
| IBEW 353: Machinists | **Apr 2021** |
| SMWIA 30: Sheet Metal Workers | **Apr 2021** |
| UA 46: Plumbers | May 2021 |

to implement cost containment measures. The same framework applies to planning for compensation increases for shared service divisions.

- The standard benefit rate (SBR) will remain at 23.5% for appointed staff and 10% for non-appointed staff in 2021-22. The SBR covers legislated and negotiated benefits.

## Pension special payments and pension-related costs

The university administrations, faculty associations, unions, and non-represented staff at the University of Toronto, University of Guelph and Queen's University have formally established a new jointly sponsored pension plan to cover employees and retired employees in the existing plans at all three universities. The assets and liabilities of the existing University of Toronto Pension Plan (RPP) will be transferred to the University Pension Plan Ontario (UPP) as at July 1, 2021, the effective date of the commencement of accrual of the benefits and contributions under the UPP.

The operating budget sets aside significant funding to address the going concern and solvency deficits of the RPP, in accordance with the pension contribution strategy approved on May 3, 2012 by the Business Board, and also takes into account the fixed special payments to the new UPP over 15 years that will be based on the deficit of the RPP at July 1, 2021. Until the required funding is determined, the pension special payments budget for the first three years of the long-range budget plan will increase $5 million per year from $127.2 million in 2021-22 to $137.2 million in 2023-24, as anticipated in last year's long range budget, and remain at $137.2 million through 2025-26.

## Academic Expense Budgets

This budget line includes the majority of the funds that are managed by the academic divisions. Under the University of Toronto budget model, each division receives an expense budget equal to the net revenue generated by the division, plus an allocation from the University Fund (see Appendix A for a description of the University of Toronto budget model). Future unspecified allocations to academic divisions from the University Fund are included on the

University Fund budget line.

Academic divisional plans include hiring of tenure and teaching stream faculty, enhancement of student services and financial aid, funding of all compensation increases, introductions of several new academic programs, allocations for capital projects including renovations and upgrades of laboratory and office space, principal and interest payments for divisions holding mortgages, and funding for research stream and professional master's graduate students. Further discussion of strategic budget priorities in the academic divisions is included later in this report.

## University Fund

The University Fund (UF) is the non-formulaic portion of an academic division's budget, intended to provide funding in accordance with the University's institutional academic priorities. Each year the Provost allocates a portion of incremental (unrestricted) operating revenue to divisions, taking into consideration the divisional and University-wide academic priorities emerging from discussions during annual budget reviews.

The total amount available for allocation in 2021-22 is $27 million; including $20 million from incremental revenue and $7 million of prior year one-time-only funds that are available for re-allocation. Over the 5-year planning period the Provost is projected to have about $85 million available for allocation through the University Fund. A detailed discussion of strategic priorities funded through the University Fund is included later in this report.

## University-wide and Campus Costs

Shared service divisions play a vital role in providing faculty, students, and academic administrators with physical, technological, and human resources in support of teaching and research. For budget purposes, the shared services are organized into 13 portfolios, providing service across all three campuses. The University of Toronto Mississauga and University of Toronto Scarborough function both as campuses and as academic divisions. Some services, including caretaking, maintenance, and student services, are administered at the campus level. Support service costs at the UTM and UTSC campuses are defined in a manner parallel to the costs required to administer campus-level services at St. George.

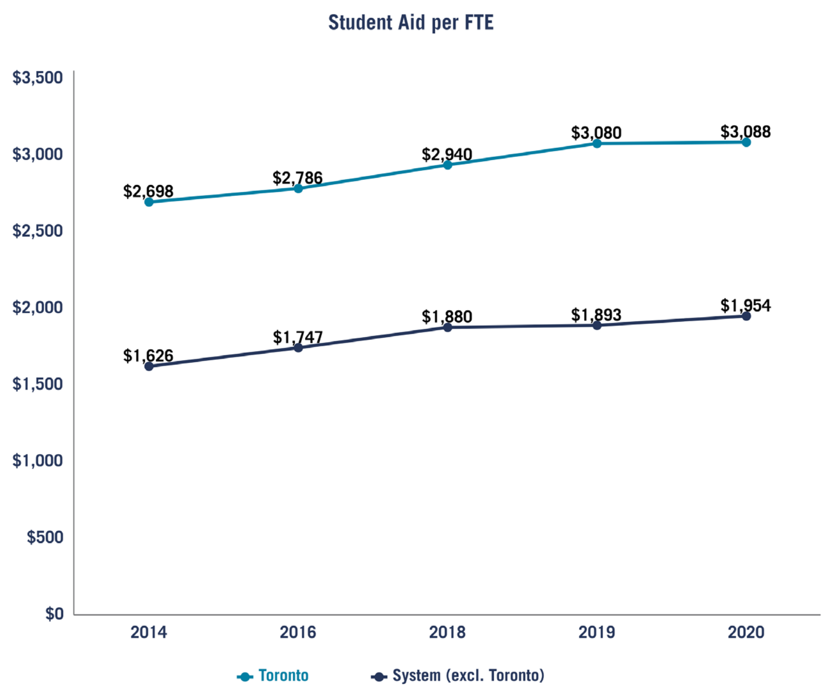
The Federated Block Grant reimburses the Federated Universities for the provision of registrarial and library services, and the cost of space. These payments are calculated based on a methodology outlined in the Memorandum of Agreement. The Memorandum has expired and a new agreement is under discussion; the budget assumes the terms of the old Memorandum will continue.

University-wide and campus costs in 2021-22 are projected to total $694 million, excluding pension special payments described above. Occupancy costs, including utilities, maintenance, caretaking, and deferred maintenance make up the single largest university-wide cost category, totaling $231 million across all three campuses for 2021-22. Under the University's budget model, academic divisions are responsible for covering the operating costs of their space. Projections include $5.3 million for the operating cost of new space expected to come online over the planning period. The budget for utilities is projected to increase by 10% ($5.1 million) in 2021-22 . This reflects the elimination of rebates under the Ontario Fair Hydro Plan, and implementation of a new Made in Ontario carbon levy that is expected to match the carbon rates under the Federal carbon levy program.

Library costs are the second largest category at $120 million for 2021-22, including budgets for many centrally funded libraries. The budget includes the cost of collections, space and administrative and librarian services. Funding for 2021-22 includes an increase of 2.1% on the cost of electronic acquisitions. Investments are also being made in adding new space and renovating existing spaces for student collaborative activities and quiet study.

Figure 8

# Student Aid Expenditures




**$291 MILLION**

**Financial Aid Budget 2021-22**

## UofT's COMMITMENT TO FINANCIAL AID REMAINS

*“No student offered admission to a program at the University of Toronto should be unable to enter or complete the program due to lack of financial means.”*

*University of Toronto Policy on Student Financial Support (1998)*

Operating budgets for remaining shared service portfolios total $222 million for 2021-22, including funding for compensation increases, net of an across the board cost containment measure of $2.6 million (1%).

In addition to the cost of these shared services, university-wide cost budgets are established for institution-wide non-discretionary expenditures such as banking, audit, insurance and legal fees, municipal taxes, collective bargaining commitments, and licensing fees for institutional IT systems. These costs are projected to be $63 million in 2021-22.

University-wide expenses include $37 million in special initiative funds held by Vice-Presidents for distribution to academic divisions throughout the year, such as the International Fund, the Major Research Project Management Fund, the Cross-Divisional Research Initiatives Fund, the Provost’s Matching Fund, and the Instructional Technology Fund.

When considering the total amount of funding available for new initiatives, the University carefully monitor the relative rate of year-over-year increase in academic and shared service division budgets. It should be noted, however, that the impact of University-wide cost increases varies significantly among divisions due to differential rates of revenue growth.

## Student Aid Expenditures

A breakdown of proposed student aid budgets for 2021-22 to 2025-26 is shown in Appendix B, Schedule 3. Total spending is projected at $291 million for 2021-22, growing to $364 million over five years. Note that this amount excludes external funding and internal employment income for doctoral stream graduate students. The greatest portion of student aid is derived from operating funds, followed by funding from endowments, and then provincial scholarship grants. The funds are managed through both centralized programs as well as divisional programs. A comprehensive view of the University’s financial aid and graduate student funding programs is provided in the Annual Report on Student Financial Support 2019-20. A discussion of the relationship between tuition fees and student financial assistance is also included later in this report.

## Flow-through Revenue to other Institutions

Several university programs include joint activities with other institutions. This expense category captures those portions of university revenue that flow to collaborating institutions. The budget is projected to decrease by $2.0 million in 2021-22 as a result of lower enrolment in joint programs with Sheridan College and Centennial College. The budget includes:

- Canada Research Chair revenue flowing to hospitals;
- Provincial grant revenue flowing to the Toronto School of Theology; and
- Grant and tuition revenue flowing to the Michener Institute, Sheridan College, and Centennial College with which the University offers joint programs.

# 3 Students: Affordability, Access & Outcomes

Tuition Fees and Financial Assistance ____________ 30

Tuition fees at the University of Toronto are determined in accordance with the University's Tuition Fee Policy, the Statement of Commitment Regarding International Students, and the provincial government's Tuition Fee Framework.

## Tuition Fees and Financial Assistance

Undergraduate and graduate students at the University of Toronto have access to a wide range of financial supports through the University in addition to those available through government loan and grant programs like the Ontario Student Assistance Program (OSAP). Some are based on need, and others on measures of merit, such as academic achievement or leadership. There are supports for international and Canadian students as well as dedicated supports for students with disabilities.

The University of Toronto is independently committed to financial aid, and is guided by the 1998 Governing Council Policy on Student Financial Support, which will continue to drive funding for needs-based student aid. The policy contains the following Statement of Principle:

**"No student offered admission to a program at the University of Toronto should be unable to enter or complete the program due to lack of financial means."**

The policy sets out the principle that students should have access to the resources that will enable them to meet their financial needs, as determined through the same methodology used by the Ontario Student Assistance Program (OSAP), with appropriate modifications as determined by the University Registrar and the Vice-Provost, Students (and in future years the Vice-Provost, Strategic Enrolment Management), in consultation with the academic divisions of the University. The Province's Student Access Guarantee (SAG) requires institutions to provide non-repayable aid to assist domestic, OSAP-eligible students in direct-entry undergraduate programs with expenses related to tuition, books and supplies not covered by OSAP. The University's commitment goes above and beyond these requirements and also provides aid for living expenses.

The University's primary mechanism for providing need-based aid to OSAP-eligible direct-entry undergraduate students is the University of Toronto Advance Planning for Students (known as UTAPS) program. Need-based aid for students in second entry and professional master's programs is administered in divisionally run programs, allowing for a more individualized and nuanced approach to providing assistance. Divisional programs are supported where necessary by access to an institutionally negotiated line of credit.

Changes to the OSAP program introduced in 2019-20 reduced the overall amount of student aid payable to students under the Student Access Guarantee. However, the University remains firm in its internal access guarantee – that financial circumstances should not stand in the way of a qualified student entering or completing their degree. In the absence of a Tuition Fee Framework, the budget assumes a continuation of the tuition fee freeze for 2021-22. Accordingly, the UTAPS budget is projected to remain unchanged.

At the University of Toronto, 59% of full time domestic students in the incoming class of direct entry undergraduates for 2019-20 received support from the provincial needs-based assistance program (OSAP), and more than a quarter of the incoming class came from families with incomes under $50,000 per year.

### Table 6: 2019–20 Incoming Class by Financial Aid Category (Full-time, Domestic Undergraduates in Direct-Entry Programs)

| | | |
|---|---|---|
| OSAP Recipients | Family income < $50,000 | 27% |
| | Family income $50,000–$100,000 | 17% |
| | Family income > $100,000 | 15% |
| Non-OSAP Recipients | | 41% |

The proportion of students graduating from direct-entry programs with OSAP debt remains largely unchanged at approximately 50% of students, and the average amount of OSAP debt at graduation has declined by 2.6% in real terms since 2014-15. The combination of University and provincial student financial aid programs enhances access to the University's excellent education opportunities for a wide array of students.

### Table 7: Key Metrics of Student Debt

| | 2014–15 | 2019–20 |
|---|---|---|
| Porportion of graduates with OSAP debt | 50.1% | 49.7% |
| Average repayable OSAP debt (2017 dollars) | $21,129 | $20,589 |
| OSAP default rate | 3.0% | 1.9% |

Tuition fees for international students are set at a level that takes into consideration the full cost of providing a program and with reference to fees at peer Canadian and US universities. The average tuition increase for international students is 2.3% in 2021-22 and varies slightly each year thereafter depending on divisional plans.

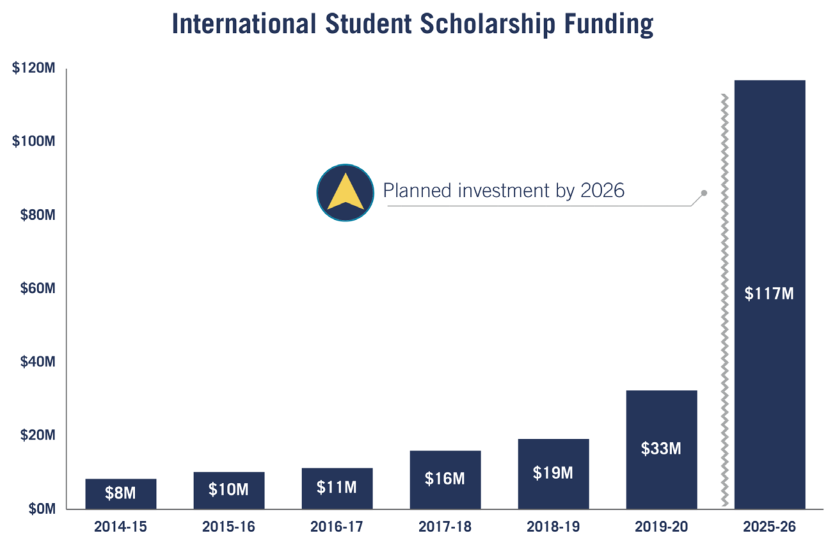
Direct entry undergraduate divisions have committed to a significant investment in merit-based scholarships for international students from diverse global regions. Divisions will earmark 6% of total international undergraduate tuition revenue to create scholarships to reduce the cost of tuition for top international applicants from around the world. The investment will continue to be phased in over the next three years, growing from $14.7 million in 2020-21 to $84.6 million by 2025-26. Each division will design its own award program based on diverse criteria including merit, financial need, priority regions for diversification, and intended program of study.

Graduate students receive support from several sources. Some of this is reported as part of student aid in the operating budget and some comes from other sources, such as research stipends, external awards and employment income from positions as teaching assistants. In total, University of Toronto graduate students received support of $325 million in 2019-20.

The skills that students develop during their time at University play an important role in labour-market outcomes, and their contributions to the economic and social fabric of Canada and the world. According to the prestigious Times Higher Education magazine, University of Toronto graduates are among the world's most desirable employees – ranked 1st in Canada and 8th place globally. In addition, results from a 2017 Alumni Impact Survey reveal that University of Toronto alumni help generate economic wealth and prosperity, are respected community volunteers and mentors, and are prolific creators of academic and creative works. Alumni active in the labour force enjoy a 97.6% employment rate, with a higher percentage of alumni participating in the knowledge-intensive economy compared to the national average, particularly in the educational, legal, health and government sectors.

Figure 9

## International Student Scholarship Funding

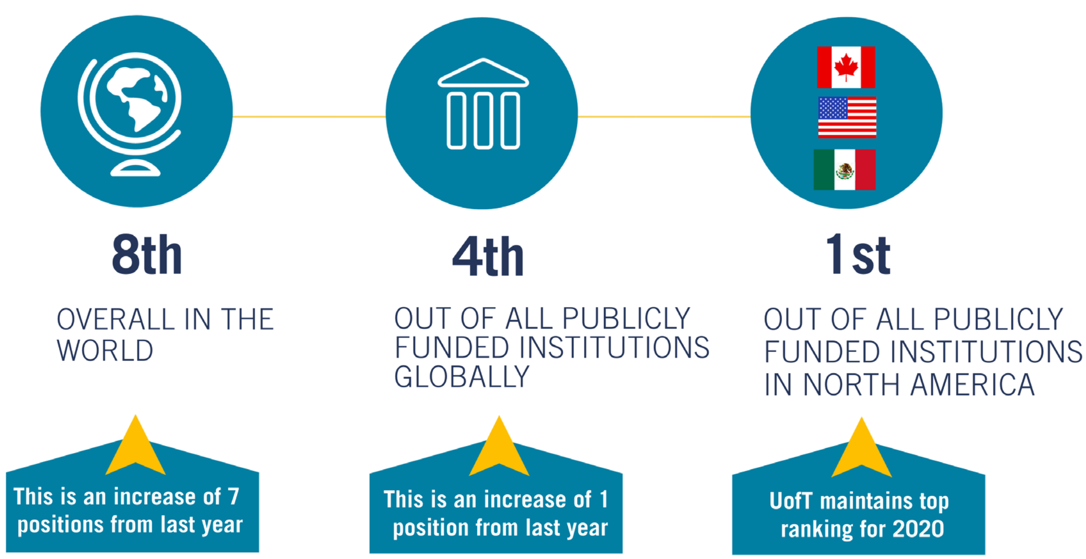



**+$84 MILLION**

Total increase in scholarships funded from re-investment of international fee revenue.

Figure 10

## U of T Graduate Employability



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The University faces increasing financial pressure as a result of constrained provincial tuition and enrolment frameworks and real value decreases in Provincial operating grants. Within this context of fiscal restraint, revenue growth in 2021-22 will be used to stabilize divisional budgets, improve services and supports for students, and invest in the infrastructure that is critical to supporting teaching, research, and the University community.

## University Fund

As noted above, the University Fund (UF) is the non-formulaic portion of an academic division's budget, intended to provide funding in accordance with the University's institutional academic priorities. Each year the Provost allocates a portion of incremental operating revenue to divisions, taking into consideration the divisional and University-wide academic priorities emerging from discussions during annual budget reviews. In 2021-22, the total amount available for allocation is $27 million; including $20 million from incremental revenue and $7 million of prior year one-time-only funds that are available for re-allocation. The Provost has made allocations across five categories:

### Inclusive Excellence ($4.5 million)

- $1 million to convert the Postdoctoral Fellowship three year pilot program into an on-going program. This funding provides support to academic divisions for two year postdoctoral fellowships for scholars from underrepresented groups, specifically Indigenous and Black researchers.

- Access remains a critical priority to the University. $1 million will be used to fund a new Institutional Access Office that will support and enhance the tremendous work being done to advance access across the University through fostering a strategic and inclusive approach to engagement. Greater opportunities for collaboration and strategic partnerships both internally and externally will support and sustain the University's commitment to acknowledge and address historic exclusion of equity-deserving groups within the University community.

- Addressing Systemic Barriers – Supporting Students to Thrive. Additional staffing to support graduate and undergraduate students to thrive and advance the University's commitments in responding to the TRC, provide focused services to meet the intersectional needs of Black, Indigenous, racialized, LGBTQ2S+, students with disabilities and other equity-deserving students. These focused roles will contribute to student wellness and success across the three campuses and throughout an array of services and programs in support of the student experience.

- Extension of the Diversity in Academic Hiring fund. This allocation will support the hiring of 20 additional Black and Indigenous faculty, and builds on the first four phases which have supported the hiring of 100 faculty and 20 staff members from underrepresented groups.

### Enriching Learning ($4.2 million)

- $1 million to expand capacity building initiatives in areas such as experiential learning, data analytics, and online learning, continue the curricular and pedagogical transformations supported by the LEAF program, and allow for real-time investments in post-COVID teaching supports as changing circumstances require.

- $0.7 million to support the continuing rollout of the institutional interdivisional teaching framework for undergraduate teaching activities.

- $2.5 million to support the transition to a new interdivisional teaching framework for tri-campus doctoral and professional masters programs.

### Investing in Divisional Priorities ($9.1 million)

- $9.1 million to support divisions particularly impacted by the extension of the domestic tuition fee freeze so they can meet inflationary pressures and invest in services for faculty and students.

### Advancing Our Priorities ($1.7 million)

- $1.7 million in OTO funding to support the initial hiring of additional major gift officers in divisions.

### Research Support ($7.6 million)

- $2.7 million to create an additional 27 research support staff located in divisions with a goal of increasing research funding and partnerships. These positions will support faculty in awards strategy and grant writing, and by providing partnership development expertise. Funding will be for an initial three year period with the expectation that the positions can ultimately be supported by increased indirect research revenue resulting from growth in research funding.

- $4.9 million investment in renewal of core research infrastructure across the three campuses.

## Priorities in Academic Divisions

Within the envelope of new funding available, divisions have identified several priorities for new and ongoing investment:

- Divisions continue to collaborate on a strategy to diversify and support the international student population. This includes direct-entry undergraduate divisions earmarking 6% of international undergraduate tuition revenue for scholarships to top international applicants from around the world. Divisions also continue to invest in additional academic and co-curricular programming, counselling, and support services to ensure the success of international students.

- Divisions are upgrading technological tools, infrastructure, and training to enhance program quality and supports for learners. These investments include expanding simulation-based learning so that students can practice their professional skills in immersive real-world public health environments; offering free online summer academies so that incoming students can refresh their high school math and science through high-quality, self-paced, online learning; and online communities and resources for faculty to share innovations and best practices for using technology to enhance pedagogy and course design.

- Academic plans call for strengthening and growing engagements with communities in and around the City of Toronto and beyond to bring greater work-integrated, research and international opportunities and experiences to students, and spread the positive impact of the University and its research around the world.

- A new Doctor of Public Health program is planned to launch in 2021-22 and several other new programs are in development for future years. Divisions also continue to collaborate on new cross-disciplinary programming and initiatives, new opportunities in continuing and professional education, and flexible program formats to enhance student accessibility.

- Equity, Diversity and Inclusion remains a top priority at the University and divisions continue to work to embed these principles into their recruitment, curriculum, pedagogical approaches, and supports. This includes investments in student outreach programs, scholarships, and learning spaces dedicated to expanding and supporting diversity, as well as investments in mental health and the active promotion of mental wellness among all students.

- New faculty hiring is planned across many divisions with the objectives of maintaining the quality of the student experience, expanding diversity, and building new programs in emerging areas. Divisional plans include adding 60 incremental faculty positions in 2021-22, but some of these may be delayed if domestic tuition fees remain frozen under the provincial government's tuition framework for 2021-22.

## University-wide Costs

Investments in shared services are focused on the highest priority services for students, faculty, and staff. Allocations include:

- Investments in the Provost's division to increase capacity in financial aid advising and administration, student recruitment, and provision of registrarial and convocation services to students.

- Enhancements to the Academic Toolbox suite of technology tools to support emerging methods of course delivery such as Jupyter Notebook, Zoom Education, a secure online exam delivery tool, a collaborative annotation tool, and a learning record store.

- Staffing in the Research and Innovation portfolio to support the increase in volume of grant applications, industry partnerships, and patent applications, and respond to escalating compliance requirements and expanding reporting accountabilities.

- Increased support for Equity, Diversity, and Inclusion (EDI) initiatives across the University to ensure that faculty, staff and students' learning and work environments are free of discrimination and harassment based on protected grounds such as race, disability, sexual orientation, creed, and family status.

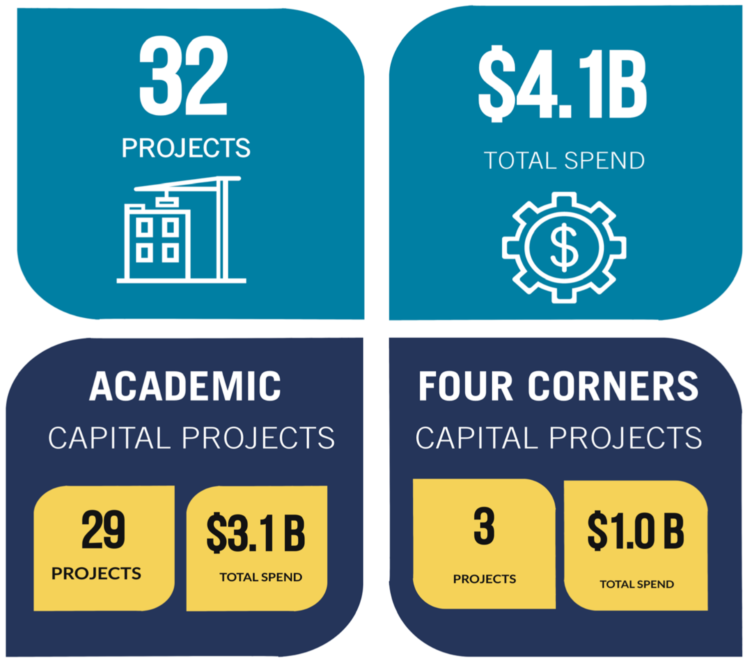
- Investments in library resources including the acquisition of new datasets, software, subscription services, and other tools for evolving pedagogical practices and research methodologies in the digital environment. Examples include satellite data, polling data, streaming videos for online education, and digital musical scores.

- Continued investments in the next instalment on the multi-year new student system (NGSIS), network infrastructure upgrades, ongoing renewal of the wireless network, and IT security compliance and risk assessment.

**Figure 10**

# Capital Projects & Planned Investments

5 Year Projection




- Continued funding to modernize the Administrative Management System (SAP) over the next several years. The current system was implemented in 1995. Support for the existing system will expire in 2025 as SAP moves its applications to the cloud. The investment supports both upgrade to technology and licenses, and introduction of some new HR products. This initiative will continue to 2022-23.
- Continued investment in addressing the deferred maintenance liability, and upgrading facilities to comply with the Accessibility for Ontarians with Disabilities Act.
- Investments in Advancement staffing, programs, and IT infrastructure to expand capacity for future fundraising efforts.
- Capacity building for internal and external communications and brand building activities, including the University of Toronto Magazine and a strategic marketing plan.

## Capital Projects

Over the next five years, academic divisions have plans for several major capital projects, including a second Instructional Centre at UTSC; a new Arts, Culture, and Technology building at UTM; renovations in several Arts & Science buildings at the St. George Campus; and a new Data Sciences Centre. Divisions will provide a portion of the funds for these buildings from their operating reserves. In all cases, Principals and Deans continue to strive for increased support from donors toward these important projects, with the objective of funding no more than 20% of required capital from long term debt.

In addition to these capital projects, the operating budget sets aside approximately $28 million annually for deferred maintenance across all three campuses. Additional resources are available to address deferred maintenance through the provincial Facilities Renewal Program (FRP) program, estimated at $10.5 million annually. Given the significant deferred maintenance liability, $2.5 million will be added to the operating budget for deferred maintenance in 2021-22, growing to $36 million across the three campuses by 2025-26.

In tthe Fall of 2017, the University began a planning exercise to consider how it might leverage its significant real estate assets to not only develop amenities to support the academic mission, but to grow the portion of the University's operating budget from "other" revenue. The end result of this planning exercise was the adoption of the Four Corners Strategy, which sets an ambitious goal of generating $50 million in operating funding per year by 2033 through the development of roughly 3.5 million square feet of new space devoted to campus services, amenities, office and retail spaces.

Over the planning period, existing leasing revenues will be used as seed funding for capital projects under the Four Corners Strategy. Individual projects will be brought forward to governance for approval per the normal process. Current projects in various stages of planning, design, and construction include faculty and student housing development on all three campuses, as well as the second phase of the Schwartz Reisman Innovation Centre (SRIC). Located directly across from Toronto's Discovery District, the SRIC will be a major achievement in advancing innovation and commercialization of research. The SRIC's programs will symbiotically benefit from industry adjacency and contribute to the district's rapidly expanding global role as a hub of innovation in artificial intelligence, the life sciences, and beyond.

## Inter-fund Transfers

Within the approved budget process, the Provost has discretion to make allocations from operating funds to cover costs in ancillary or restricted funds where those expenditures support academic initiatives. In keeping with the Policy on Inter-fund Transfers, decisions for the commitment of operating funds for ancillary or restricted fund purposes do not need further approval when they are approved within the annual budget process.

In the last few years, the University has sought external donations to enhance academic initiatives by establishing matching programs to create endowments and other trust funds. To meet these commitments some divisions have earmarked operating funds within their budgeting process. Others have sought to use operating funds to establish or augment endowments as the most effective way to implement an initiative. The 2021-22 budget and long range guidelines assume that the University will continue to use operating budget allocations for these matching opportunities as they arise.

Over the planning period, it is expected that the University may need to support ancillary units hit particularly hard by COVID-19 as they develop a path to recovery over the coming years. As noted above, ancillary units will be allocated up to $50 million of deficit spending room, to be reduced to zero over the next five years. Units with sufficient reserves will continue without need for deficit spending, so it is possible that the full amount will not be required. The University will work with each unit to assess its financial health, and may provide support from operating reserves to assist with any or all of its deficit in cases where cost containment would jeopardize the unit's ongoing sustainability or critical infrastructure renewal.

In addition to the purposes noted above, the Provost is authorized to transfer operating funds to ancillary or restricted funds up to $2 million per instance, based on requests from the budget authority for those sources.

# 5 Risk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## The COVID-19 Global Pandemic

In response to the ongoing pandemic, the University implemented an array of new measures, protocols and procedures to deliver a vibrant, world-class educational experience while keeping students, staff, faculty and librarians safe and healthy. The efforts of the University community in 2020 were instrumental in ensuring the continuity of academic programs throughout an unprecedented global shutdown.

The 2021-22 budget and long range guidelines are based on important assumptions about how the pandemic will evolve. In particular, it assumes that vaccine programs will continue to roll out as planned by different levels of government and public health units, and the University will see a gradual return to normal operations over the planning period. Uncertainty about the future course of the pandemic, including the efficacy of vaccines against new variants of the virus, poses some risk. However, these risks are significantly lower than at the onset of the pandemic when the prospect for effective vaccines were unclear. At this time, the University assumes domestic and international enrolment targets will continue to be met. On campus activities will gradually resume as international travel and public health restrictions are eased. Until then, the University will continue to deliver high-quality programs in a format that is safe for faculty, staff, and students and in compliance with public health requirements.

## The Economic and Political Climate

The COVID-19 pandemic has had a significant impact on the global economy. As countries have worked to contain the spread of COVID-19, lockdown measures have restrained economic activity and created financial hardship for individuals and businesses. The surge of infections in Canada during the final months of 2020 has impeded economic growth, and unemployment rates remain high at 8.6%.

With the rollout of vaccines now underway, the Bank of Canada Monetary Policy report released in January 2021[10] projects strong growth in real GDP of 4.0% in 2021 and 4.8% in 2022. Inflation is expected to be 1.6% in 2021 and 1.7% in 2022. Inflation is assumed to remain close to 2% for the remainder of the planning period.

According to the Ontario Budget released in November 2020[11], the Provincial government is projecting a deficit of $38.5 billion for 2020-21, marking a significant increase in deficit spending compared to the shortfall of $6.7 billion that was projected in the economic outlook of Fall 2019[12]. The increased deficit is the result of a decline in government revenues and increased spending stemming from the economic impacts of COVID-19. Notably, the Government has not included a timeline for return to balanced budget at this time. Rather, it has put forward a medium-term fiscal plan that provides flexibility to respond to COVID-19, balancing these needs with the long-term sustainability of Ontario's finances.

Given the magnitude of the Provincial deficit, the University anticipates that spending restraint will continue to impose significant pressure on the post-secondary education system in the longer term.

## Recruiting Students from Diverse Global Regions

In an environment of no Provincial funding for domestic enrolment growth, many divisions are looking outside the country to grow their programs and to meet their diversification objectives. Each division determines an appropriate mix of domestic and international students in their programs, based on their own priorities, and on the global demand from international students. International students currently make up 28.5% of

10 Bank of Canada Monetary Policy Report, January 2021. https://www.bankofcanada.ca/wp-content/uploads/2021/01/mpr-2021-01-20.pdf

11 2020 Ontario Budget https://budget.ontario.ca/2020

12 2019 Ontario Economic Outlook and Fiscal Review https://budget.ontario.ca/2019/fallstatement/

the undergraduate population. This is an average across all programs; it is slightly higher in direct entry programs and significantly lower in professional programs, where there may be barriers to professional certification across borders. The percentage of international students at the University of Toronto is in line with other U15 peer universities, and below that of many research-intensive universities in the UK and Australia.

While the University has made some progress toward the diversification goals in the international strategic plan, there remains some work to do. The University is committed to diversifying the regional and socioeconomic backgrounds of its students through: active recruitment in diverse global regions; development of partnerships and scholarship programs with governments, charities, and schools around the world; and development of new University of Toronto international scholarship opportunities.

Demand from international students remains strong. The University is carefully monitoring the impact of COVID-19 on international travel and student visa requirements. The Federal Government has approved the University of Toronto's COVID-19 Readiness Plan, allowing international students enrolled at the University to enter Canada. As part of the University's COVID-19 readiness plan, the University will continue to provide students with support and accommodation during any required quarantine period.

## Rising Costs of Construction and Real Estate

There is continued risk of construction delays and cost overruns in the University's major capital projects caused by unforeseen conditions during construction, labour and material shortages, international trade disputes, city permit delays, and the complexity of working in heritage buildings. Construction activity in Toronto remains very high, and recent calls for tender on University capital projects have resulted in fewer interested contractors and higher costs. Increases in Federal and Provincial infrastructure spending could put additional pressure on construction costs. Cost increases could necessitate additional contributions from the operating budget or from divisional reserves earmarked for capital expansion.

The University Planning, Design, and Construction team seeks to mitigate this risk by building market escalation costs, construction schedule assessment, and contingency funds into future capital project plans. However, estimates of future construction costs are highly variable and depend on the specific functional program, building design, site and market conditions in place at the time the project is tendered to market. As costs increase, the University must re-prioritize projects and adjust timelines, making judicious use of reserves and debt capacity.

## The Structural Budget Challenge and Operating Reserves

The University of Toronto has experienced significant growth over the last decade. Since 2010, the University has added more than 12,000 undergraduate student spaces (+23%) and more than 6,000 graduate student spaces (+46%). International student enrolment has increased from 12% to 27% of total enrolment. The operating budget has doubled over the ten-year period. This extended period of growth has also driven significant increases in costs, for new faculty, staff, services, student support, capital construction, and infrastructure improvements.

As this phase of growth begins to slow, the University is facing a potential structural budget challenge with expenses rising faster than revenue. The University is actively pursuing strategies that align with the academic mission and close this potential future gap. On the revenue side, the University is exploring opportunities to diversify revenue sources through innovative new undergraduate and graduate programs, development of real estate assets, building the endowment and increasing expendable gifts, and advocacy with the federal government to increase the indirect costs of research rate to at least 40%. On the expense side, containing annual increases of salaries and benefits to no more than the rate of steady state revenue growth would be one of the most powerful strategies the University could pursue.

The University's budget model places responsibility for revenues, expenses, and the cost of capital infrastructure in the hands of the academic divisions. This encourages multi-year planning, and thus a growth in the reserves set aside for future spending on capital projects and operating contingencies to deal with possible future uncertainties and the structural budget challenge. As revenue targets have been achieved over the last several years, divisions have built up reserves and applied contingency funds to one-time investments such as capital projects, faculty start-up funds, and endowment matching opportunities.

Divisional operating reserves are normally expected to fall in the range of 5% to 10% of the division's total operating expense budget[13], excluding those reserves earmarked for contributions to specific capital projects and research initiatives. Divisions with greater distributed risk (i.e. large international enrolment, significant growth, high levels of external revenue, etc.) may establish larger operating contingency reserves. While the University seeks to diversify its revenue sources, it will continue to carefully monitor the balance of one-time and ongoing expenditure commitments, and establish divisional plans for spending from operating reserves.

## Deferred Maintenance

As noted in the Annual Report on Deferred Maintenance, presented to Business Board for information on February 3, 2021, the University's total deferred maintenance liability on academic and administrative buildings presently stands at $794 million.

Each year, new building audit data provide updated information on the condition of University facilities. During the annual audit, deficiencies are prioritized based on the urgency with which they have to be addressed. Priority One deficiencies are recommended to be addressed within the next year. These tend to be assets that are well beyond useful life and/or are currently failing. Priority Two deficiencies are recommended to be addressed in one to three years, while Priority Three deficiencies are recommended to be addressed in five years. Based on the most recent audit information, 7.8% ($62 million) of the University's deferred maintenance liability relates to Priority One deficiencies.

The operating budget sets aside approximately $28 million annually (growing to $36 million by 2025-26) for deferred maintenance across all three campuses, augmented by funds available to through the provincial Facilities Renewal Program (FRP) program. Provincial FRP funds for the University of Toronto totaled $10.5 million in 2020-21. Given the Province's fiscal outlook, there is some risk associated with future funding of capital renewal. Capital projects also indirectly address deferred maintenance costs through the

13 Operating reserve contingency excludes reserves earmarked for future capital projects, research funds, student assistance, and endowment matching programs.

Figure 12

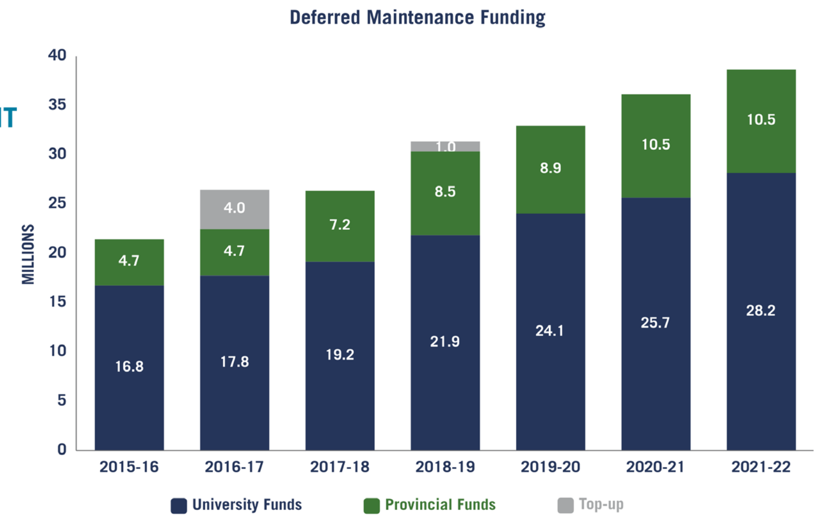
# Deferred Maintenance Funding

St. George Campus

**+$2.5M↑ UNIVERSITY INVESTMENT**
FOR 2021-22

**+$40M TO MEET PROVINCIAL AVERAGE**
PER YEAR

**$794M LIABILITY**
OVERALL




renewal of buildings. Recent projects such as the demolition of the Best Institute, renovation of the Fitzgerald Building, and renovation of the Student Commons, for example, have eliminated $45.5 million in deferred maintenance needs in these buildings.

## Pension

Both the overall economic and financial climate continues to be uncertain with respect to pensions. Interest rates continue to be very low, making it much more difficult to achieve target investment returns in the long-term. Longevity continues to increase, making the same pension benefits more expensive.

Investment markets are continuing to experience considerable volatility, particularly during the last year of the global COVID-19 pandemic. Investment returns and University special payments over the last decade resulted in improvements to the going concern deficit of the University of Toronto RPP from a deficit of about $1 billion in 2011 to a deficit of $240 million in 2019. In 2020, lower than expected investment returns, changes to actuarial assumptions including a reduction to the discount rate assumption, and the addition of a prescribed Provision for Adverse Deviation (PfAD) to the Plan's liabilities under new Provincial pension funding rules increased the going concern deficit to $932 million at June 30, 2020.

The RPP is subject to these new Provincial pension funding rules for single employer pension plans until such time as the pension assets are transferred to the UPP. The July 1, 2020 valuation of the RPP, which will be filed with the regulators, is prepared in accordance with these rules. That valuation would require the University to make additional solvency deficit payments over a 5-year period and additional going concern deficit payments over a 10-year period starting July 1, 2021. However, since the existing RPP will have been transferred to the UPP at that point, these additional solvency and going concern payment schedules will not come into effect.

On July 1, 2021 the UPP will be subject to Provincial pension funding rules for jointly sponsored plans. Under those rules there is no requirement to fund a prescribed PfAD, no requirement to fund on a solvency basis, and any going concern deficits may be funded over 15 years. It should be noted that the University continues to be fully responsible for the past service obligation transferred to the UPP for the next 10 years. Until the required funding is determined, the pension special payments budget for the first three years of the long-range budget plan will increase $5 million per year from $127.2 million in 2021-22 to $137.2 million in 2023-24, as anticipated in last year's long range budget, and remain at $137.2 million through 2025-26.

# Summary

In response to the COVID-19 pandemic, the University community worked tirelessly to deliver high-quality programs in a format that was safe for faculty, staff, and students and in compliance with public health requirements. Many students chose to begin their studies remotely, and the University made additional investments to ensure reliable access to online learning for students around the globe.

Fall 2020 undergraduate enrolment results were 1,132 FTE above plan. This positive variance is a welcome result given the significant uncertainty of an admission process conducted during the height of the COVID-19 pandemic. However, levels of on-campus activity were significantly reduced, and campus services such as residences, food, and parking were particularly hard hit. Under normal circumstances, service ancillaries are expected to operate without subsidy from the University's operating budget but, given the extent and extraordinary circumstances of the financial losses in 2020-21, the University is proposing to allocate up to $50 million of deficit spending room to ancillary operations to be reduced to zero over the next five years. The University will work with each unit to assess its financial health, and may provide support from operating reserves to assist with annual deficit reductions in cases where further cost containment would jeopardize the unit's ongoing sustainability or critical infrastructure renewal.

The 2021-22 budget and long range guidelines assume that vaccine programs will continue to roll out as planned, and the University will see a gradual return to normal operations over the planning period. At this time, the University assumes domestic and international enrolment targets will continue to be met. On campus activities will gradually resume as travel and public health restrictions are eased.

At the time of writing of this report, the Province has not announced a provincial Tuition Fee Framework for the 2021-22 year. In the absence of a Framework, divisions have been asked to consider a conservative budget scenario in which domestic tuition fees remain frozen for one additional year. This assumption has reduced tuition fee revenue projections by $26 million for 2021-22. The impact of a domestic tuition fee freeze will have a differential impact on each division, depending on program mix and divisional revenue sources. Adjustments to divisional budgets will differ based on local priorities, but will include some combination of changes to faculty and staff hiring plans, deferral of capital projects, and fewer investments in service improvements and new initiatives. The budget assumes a return to modest 3% average annual increases in 2022-23 and beyond.

Tuition fees for international students are set at a level that takes into consideration the full cost of providing a program and with reference to fees at peer Canadian and US universities. The average tuition increase for international students is 2.3% in 2021-22 and varies each year thereafter depending on divisional plans.

Revenue growth in 2021-22 will be used to improve services and supports for students, and invest in the infrastructure that is critical to supporting teaching, research, and the University community. Budget priorities in academic divisions include hiring of tenure and teaching stream faculty; strengthening commitments to equity and diversity in faculty hiring, student recruitment, pedagogical approaches and supports; enhancing student services; capital investments in teaching and research infrastructure; and expanding experiential learning opportunities.

Priority investments in shared services are focused on the highest priority services for students and faculty, funding to sustain the services and collections of the University's world-class library system, investments in advancement staffing and programs to expand capacity for future fundraising efforts; and critical spending on deferred maintenance. The Provost has also allocated funding from the University Fund to support the hiring of advancement and research support staff in divisions with the goal of growing the amount of funding from research grants and philanthropy.

Compensation increases are planned within the provincial restraint context. The long range budget continues to include a placeholder for long term pension deficit payments pending transfer to the new University Pension Plan Ontario on July 1, 2021.

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# Appendix A: The U of T Planning & Budget Framework

## Budget Framework

The budget planning cycle is based on a five-year rolling window. Budget assumptions used in the Long Range Budget Guidelines are updated each year, and new assumptions are prepared for one additional year. Revised revenue and expense projections are then prepared for the new cycle based on these assumptions.

Governing Council guidelines for deficit control were revised in 2008 as a result of the change from a fixed to a rolling-window planning cycle. According to these guidelines, the University should strive to plan a balanced budget in every year of the cycle. In addition, any outstanding accumulated deficit from previous years should be reduced to zero by the end of the five-year planning period. An in-year deficit may be allowed in some years to facilitate planning, recognizing that fluctuations often occur in enrolments, government grants, investment income, etc. The deficit or surplus in the University's integrated budget is a result of the aggregated plans of individual divisions. A planned deficit may also be necessary in exceptional circumstances. Planned budgetary deficits should also be repaid over five years.

## The Planning Process

The budget-setting process at the University of Toronto is very much a bottom-up process, whereby Deans and their teams in academic divisions and departments, and Principals and their leadership teams at UTM and UTSC, look at their own revenue and expense budgets and make decisions locally. Decisions are rolled up for review and approval, informed by relevant economic factors, risk assessments, collective agreements, provincial and University policies and then approved by administration and governance.

An essential and major part of the annual budget process is the formal process for budgetary reviews for campuses, academic divisions, and shared-service divisions. Two review processes are conducted annually, one for shared-services and the associated university-wide costs, and the other for UTM, UTSC, and the academic divisions.

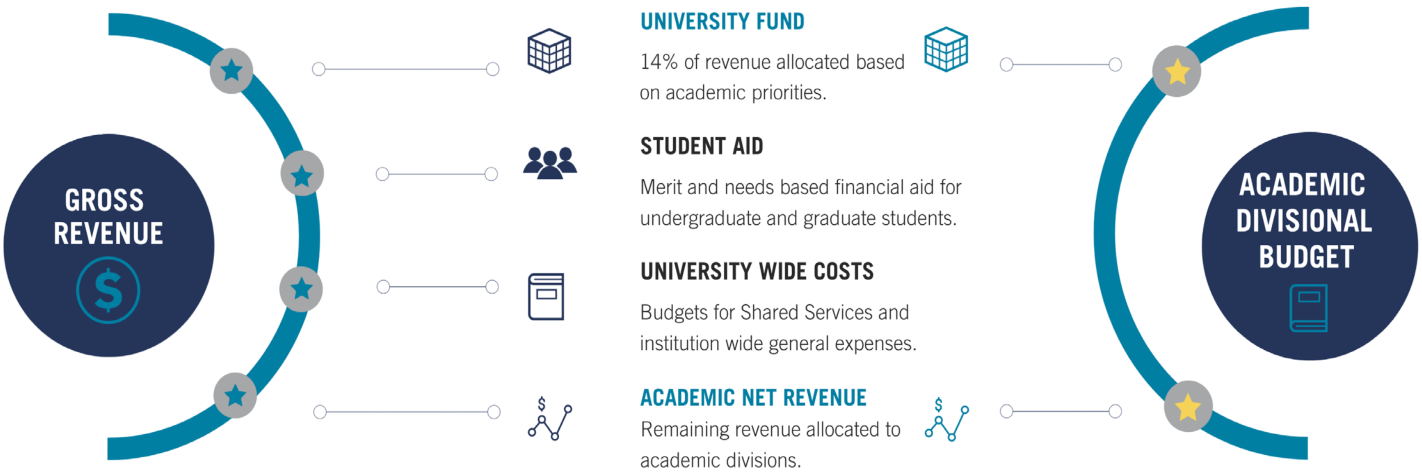
Each shared-service division prepares multi-year budget plans for its units. These plans are reviewed by the President, who takes advice from the Divisional Advisory Committee, which includes the Principals at UTM and UTSC, and representative deans of Faculties. The purpose of the review is two-fold: first, the review ensures that any proposed changes in services are aligned with the needs and priorities of the academic enterprise; second, the review establishes spending priorities, considers the alignment of services between those provided institutionally and those provided in the divisions, and ensures that all possible cost reductions have been examined.

The annual academic budget reviews (ABRs) take place throughout the Fall term. Each division submits a multi-year budget plan to the Provost based on its academic plans. Revenue projections are based on enrolment plans, new program offerings, advancement outcomes, etc. Expense projections take into account cost increases, changes in faculty and staff complement, student financial support, etc. These plans are discussed in individual review meetings with a Provostial committee that includes the Provost, Vice Provosts, and senior staff in Planning and Budget. The reviews inform approvals of enrolment targets, academic appointments, allocations from the University Fund, approval of campaign priorities, and approval of capital plans.

The review process, whether for academic or administrative divisions, amounts to a high level of engagement in the budget

Figure 13

# The Budget Model




process by Deans, the Principals at UTM and UTSC, and members of the senior administration. As a result, budgetary allocations are informed not only by the overall budget situation of the University but also by the circumstances of individual divisions and by their academic values and priorities. Cost containment measures, which are often necessary because of the constraints on revenue, are applied by each campus and academic division based on its own circumstances. The involvement of members of the senior administration leads to a deeper understanding of the nature of the University's expenses, how services can be best delivered, and where and how savings may be realized.

## The University's Budget Model

The operating budget allocation process is a primary tool for the implementation of the university's academic plans and priorities. The University adopted the University of Toronto Budget Model in 2007-08 with three basic objectives:

- to provide a high degree of transparency, enabling all levels of University administration and governance to have a clear understanding of university revenues and expenses;

- to introduce broadly-based incentives to strengthen the financial health of the University by increasing revenues and reducing expenses; and

- to encourage a higher level of engagement of all senior levels of administration in budget planning for academic divisions and in recommending priorities and budgetary allocations for shared infrastructure.

The model introduced a methodology for attributing revenues and the costs of shared infrastructure to all divisions. A major portion of the budget allocated to an academic division is based on a formulaic revenue sharing model, in which each division receives a share of the operating revenues generated by its activities, less a contribution to the University's shared expenses.

The process of attributing revenues and costs to campuses and divisions has been designed to minimize administrative overhead. For example, no transaction accounting is used to attribute the cost of a particular service. Instead, revenues and costs are attributed using readily available and verifiable parameters that provide a reasonable basis for the distribution of revenue or a suitable measure of the extent to which a division has access to a particular resource or service. These measures are referred to as revenue drivers and cost drivers, respectively. They include such parameters as number of students, number of faculty, usable space area occupied, etc.

A division's revenue-based budget allocation includes a share of revenues from its programs, student enrolments, advancement activities through the endowment payout, and research activities through funding from indirect costs of research. Divisions benefit as their activities increase revenue and when, in cooperation with shared service units, they are able to make more efficient use of shared resources.

The remainder of a division's budget is an allocation from the University Fund, which is currently set at 14% of the University's general operating revenues (excluding recoveries from restricted funds). Allocations from the University Fund are entirely non-formulaic and based on institutional and divisional academic priorities. This allows the University to recognize differences in the cost of delivering various programs, and support initiatives where revenues and costs are not aligned. It ensures that the total budget of a division is determined by the University's own priorities rather than by those of external entities.

# Appendix B:
# Budget 2021–22 Financial Schedules

## Schedule 1: Projection of Operating Revenues and Expenses ($ millions) 2021–22 to 2025–26

| Projection of Operating Revenues | 2020-21 | 2021-22 | 2022-23 | 2023-24 | 2024-25 | 2025-26 |
|---|---|---|---|---|---|---|
| Student Fees | $1,943.1 | $2,090.0 | $2,220.7 | $2,327.1 | $2,426.5 | $2,515.5 |
| Prov. Gov't Grants for General Operations | 666.2 | 658.5 | 657.4 | 660.0 | 662.8 | 662.8 |
| **Subtotal: Grants and Student Fees** | **2,609.2** | **2,748.5** | **2,878.1** | **2,987.2** | **3,089.3** | **3,178.3** |
| Investment Income: Endowments | 67.9 | 70.2 | 71.5 | 72.6 | 73.6 | 74.2 |
| Investment Income: Other | 66.7 | 60.3 | 72.5 | 91.5 | 102.1 | 112.9 |
| Sales, Services & Sundry Income | 144.4 | 140.1 | 142.7 | 145.4 | 148.2 | 151.1 |
| **Subtotal: Operating Revenue** | **2,888.2** | **3019.1** | **3,164.8** | **3,296.7** | **3,413.3** | **3,516.5** |
| Recovery from Canada Research Chair Grants | 44.8 | 45.0 | 45.0 | 45.0 | 45.0 | 45.0 |
| Recovery of Institutional Costs of Research | 57.7 | 58.8 | 58.6 | 55.8 | 55.8 | 55.8 |
| **Total: Operating Revenues and Recoveries** | **2,990.7** | **3,122.9** | **3,268.4** | **3,397.5** | **3,514.1** | **3,617.3** |

| Projection of Operating Expenses | 2020-21 | 2021-22 | 2022-23 | 2023-24 | 2024-25 | 2025-26 |
|---|---|---|---|---|---|---|
| Shared Service and Campus Costs | 660.6 | 693.7 | 720.3 | 746.5 | 769.6 | 790.3 |
| Pension Deficit Funding | 122.2 | 127.2 | 132.2 | 137.2 | 137.2 | 137.2 |
| U-W costs offset by shared services income | 141.6 | 147.1 | 150.0 | 153.0 | 155.9 | 159.0 |
| **Sub-total, University-wide Costs** | **924.4** | **968.1** | **1002.6** | **1036.6** | **1062.7** | **1086.5** |
| Academic Expense Budgets (Excl St. Aid) | 1,748.1 | 1,811.5 | 1,896.4 | 1,964.8 | 2,046.9 | 2,119.8 |
| Student Aid Expenditures | 258.1 | 291.0 | 317.4 | 345.5 | 355.6 | 363.7 |
| University Fund (unallocated portion) | 26.0 | 20.1 | 19.3 | 17.3 | 15.2 | 13.4 |
| Flow-through to Other Institutions | 34.2 | 32.2 | 32.7 | 33.1 | 33.6 | 34.1 |
| **Total: Operating Expenses** | **2,990.7** | **3,122.9** | **3,268.4** | **3,397.5** | **3,514.1** | **3,617.3** |

## Schedule 2: Details of Operating Grants and Student Fees ($ millions) — 2021–22 to 2025–26

| Prov. Gov't Grants for General Operations | 2020-21 | 2021-22 | 2022-23 | 2023-24 | 2024-25 | 2025-26 |
|---|---|---|---|---|---|---|
| Enrolment Based Funding | 480.7 | 407.3 | 338.7 | 272.9 | 241.5 | 241.5 |
| Performance Based Funding | 177.3 | 245.1 | 313.7 | 382.3 | 416.6 | 416.6 |
| Clinical Education | 4.0 | 4.0 | 4.0 | 4.0 | 4.0 | 4.0 |
| Ontario Graduate Scholarships | 10.1 | 10.2 | 10.2 | 10.2 | 10.2 | 10.2 |
| Ontario Trillium Scholarships | 1.6 | 0.4 | - | - | - | - |
| Municipal Tax Grant | 4.9 | 4.9 | 4.9 | 5.0 | 5.0 | 5.1 |
| International Student Recovery | (15.4) | (16.8) | (17.5) | (17.8) | (17.9) | (18.0) |
| Accessibility for Students with Disabilities | 2.9 | 3.5 | 3.5 | 3.5 | 3.5 | 3.5 |
| **Total, Gov't Grants for General Operations** | **666.2** | **658.5** | **657.4** | **660.0** | **662.8** | **662.8** |

| Student Fees | 2020-21 | 2021-22 | 2022-23 | 2023-24 | 2024-25 | 2025-26 |
|---|---|---|---|---|---|---|
| For-Credit Tuition Fees | 1,716.1 | 1,877.1 | 2,000.9 | 2,102.9 | 2,197.9 | 2,282.1 |
| Continuing / Exec.Ed Tuition & Ancillary Fees | 227.0 | 212.9 | 219.8 | 224.2 | 228.7 | 233.4 |
| **Total: Student Fees** | **1,943.1** | **2,090.0** | **2,220.7** | **2,327.1** | **2,426.5** | **2,515.5** |

## Schedule 3: Details of Univ-Wide Costs and Student Aid Expense ($ millions) — 2021–22 to 2025–26

| University-Wide Costs | 2020-21 | 2021-22 | 2022-23 | 2023-24 | 2024-25 | 2025-26 |
|---|---|---|---|---|---|---|
| Occupancy | 218.8 | 230.6 | 238.3 | 249.4 | 260.4 | 268.1 |
| Information Technology | 45.9 | 48.4 | 53.0 | 54.9 | 55.6 | 57.6 |
| University Management | 36.6 | 39.0 | 40.9 | 42.5 | 44.1 | 45.5 |
| Financial Management | 13.3 | 13.7 | 14.3 | 14.8 | 15.3 | 15.8 |
| Human Resources | 22.8 | 23.7 | 24.7 | 25.6 | 26.2 | 26.9 |
| University Advancement | 30.1 | 32.0 | 33.4 | 35.1 | 36.2 | 37.4 |
| Central Library | 117.4 | 120.1 | 122.7 | 126.3 | 129.8 | 133.0 |
| Research Administration | 32.6 | 35.1 | 36.6 | 37.2 | 38.0 | 38.9 |
| Registrarial & Student Services | 52.2 | 53.5 | 55.4 | 57.3 | 59.1 | 60.9 |
| University-wide Academic | 30.9 | 31.1 | 31.8 | 31.8 | 31.8 | 31.8 |
| University-wide General | 43.1 | 49.3 | 51.5 | 53.5 | 54.4 | 55.5 |
| Federated Block Grant | 16.8 | 17.3 | 17.7 | 18.1 | 18.6 | 19.0 |
| **Sub-total** | **660.6** | **693.7** | **720.3** | **746.5** | **769.6** | **790.3** |
| Pension Special Payments | 122.2 | 127.2 | 132.2 | 137.2 | 137.2 | 137.2 |
| U-W costs offset by shared services income | 141.6 | 147.1 | 150.0 | 153.0 | 155.9 | 159.0 |
| **Total: University Wide Costs** | **924.4** | **968.1** | **1,002.6** | **1,036.6** | **1,062.7** | **1,086.5** |

| Student Aid Expenditures | 2020-21 | 2021-22 | 2022-23 | 2023-24 | 2024-25 | 2025-26 |
|---|---|---|---|---|---|---|
| UofT Adv. Planning for Students (UTAPS) | 40.0 | 40.1 | 41.3 | 42.5 | 43.8 | 45.1 |
| Other Need-based Aid (incl Work Study) | 9.7 | 9.7 | 9.6 | 10.0 | 10.0 | 10.0 |
| Scholarships | 15.2 | 16.1 | 17.4 | 19.1 | 21.0 | 22.7 |
| Student Aid from Endowments | 27.0 | 27.4 | 28.1 | 28.7 | 29.3 | 29.6 |
| International Scholars | 14.7 | 33.3 | 54.1 | 76.7 | 81.3 | 84.6 |
| **Subtotal, Undergraduate** | **106.6** | **126.6** | **150.5** | **177.0** | **185.3** | **192.0** |
| Provincial Scholarship Grants | 11.9 | 10.8 | 10.4 | 10.4 | 10.4 | 10.4 |
| Student Aid from Endowments | 22.6 | 23.0 | 23.6 | 24.1 | 24.5 | 24.8 |
| Student Aid Matching Funds | 1.4 | 1.0 | 1.1 | 1.1 | 1.1 | 1.1 |
| SGS Graduate Fellowships | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 |
| Doctoral Completion Awards | 3.5 | 3.9 | 4.2 | 4.2 | 4.2 | 4.2 |
| **Subtotal, Graduate** | **41.4** | **40.6** | **41.2** | **41.7** | **42.2** | **42.5** |
| Student Aid in Acad Divisions | 110.1 | 123.7 | 125.7 | 126.8 | 128.1 | 129.2 |
| **Total: Student Aid Expense** | **258.1** | **291.0** | **317.4** | **345.5** | **355.6** | **363.7** |

## Schedule 4: Revenue and Expense Allocations by Division 2021–22

| | Attributed Operating Revenue | University Fund Allocation | Share of University Wide Expense | Student Aid Set-Aside | Academic Net Expense Budget |
|---|---|---|---|---|---|
| | A | B | C | D | (E=A+B-C-D) |
| Arts & Science | 766,111,691 | 96,188,826 | 236,444,680 | 56,682,763 | 569,173,075 |
| UofT Scarborough | 331,626,287 | 24,721,701 | 48,855,870 | 21,096,773 | 286,395,345 |
| UofT Mississauga | 350,142,950 | 27,875,704 | 52,968,953 | 21,963,794 | 303,085,908 |
| Dentistry | 32,037,471 | 17,038,867 | 14,608,991 | 747,876 | 33,719,470 |
| Medicine | 209,325,577 | 37,721,493 | 95,385,828 | 15,364,615 | 136,296,627 |
| Public Health | 27,075,586 | 12,556,308 | 12,2002,049 | 1,207,838 | 26,422,007 |
| Nursing | 17,716,302 | 4,605,457 | 6,291,505 | 1,655,969 | 14,374,285 |
| Pharmacy | 30,893,424 | 3,575,198 | 11,177,122 | 1,291,473 | 22,000,027 |
| Kinesiology and Physical Education | 16,256,168 | 5,182,688 | 6,749,247 | 1,478,843 | 13,210,766 |
| Applied Science & Engineering | 218,571,971 | 30,710,129 | 86,055,838 | 19,562,608 | 143,663,655 |
| Architecture, Landscape & Design | 33,996,128 | 11,037,874 | 11,698,519 | 2,308,948 | 31,026,534 |
| OISE | 73,933,982 | 19,269,181 | 27,116,187 | 2,606,009 | 63,480,968 |
| Law | 31,364,515 | 8,149,362 | 9,745,626 | 2,110,729 | 27,657,522 |
| Information | 22,605,275 | 4,020,999 | 6,434,053 | 642,942 | 19,549,279 |
| Music | 17,886,385 | 11,907,562 | 8,114,705 | 2,398,451 | 19,280,791 |
| Social Work | 13,710,575 | 3,097,648 | 4,946,893 | 1,126,333 | 10,734,996 |
| Management | 114,399,464 | 13,300,180 | 30,298,778 | 5,631,335 | 91,769,531 |
| Transitional Year Programme | 1,015,846 | 1,926,973 | 493,678 | 741,296 | 1,707,844 |
| School of Continuing Studies | (2,792,883) | 2,894,433 | 3,312,247 | 14,213 | (3,224,909) |
| **Subtotal** | **2,305,876,713** | **335,780,584** | **672,700,769** | **158,632,808** | **1,810,323,721** |
| Divisional Income | 358,304,070 | - | 147,144,987 | - | 211,159,083 |
| Campus Costs and Divisional Aid | - | - | 148,238,817 | 123,713,028 | (271,591,845) |
| Recovery from Restricted Funds | 34,665,123 | - | - | 8,615,123 | 26,050,000 |
| Uncommitted Revenues | 27,041,411 | - | - | - | 27,041,411 |
| University Fund | 364,801,658 | (335,780,584) | - | - | 29,021,074 |
| **Subtotal (excl flow-through)** | **3,090,688,976** | **-** | **968,084,573** | **290,960,959** | **1,831,643,444** |
| Flow-through to Other Institutions | 32,170,612 | - | - | - | 32,170,612 |
| **Total** | **3,122,859,588** | **-** | **968,084,573** | **290,960,959** | **1,863,814,056** |

## Schedule 5: Projected Divisional Net Revenue Allocations — 2021–22 to 2025–26

| Arts & Science | 2020-21 | 2021-22 | 2022-23 | 2023-24 | 2024-25 | 2025-26 |
|---|---|---|---|---|---|---|
| Attributed Revenue[1] | 715,203,036 | 766,111,691 | 825,113,209 | 880,181,611 | 926,572,765 | 957,033,338 |
| University Fund Allocation[2] | 95,385,612 | 96,188,826 | 96,188,826 | 96,188,826 | 96,188,826 | 96,188,826 |
| University-Wide Costs | (227,545,895) | (236,444,680) | (245,291,864) | (256,469,108) | (264,877,836) | (270,962,346) |
| Student Aid Expense | (48,639,093) | (56,682,763) | (68,331,239) | (81,777,367) | (85,763,206) | (88,750,420) |
| **Net Expense Budget** | **534,403,661** | **569,173,075** | **607,678,932** | **638,123,962** | **672,120,549** | **693,509,398** |

| UTSC | 2020-21 | 2021-22 | 2022-23 | 2023-24 | 2024-25 | 2025-26 |
|---|---|---|---|---|---|---|
| Attributed Revenue[1] | 300,096,867 | 331,626,287 | 344,253,732 | 359,373,727 | 377,679,324 | 392,929,651 |
| University Fund Allocation[2] | 23,975,935 | 24,721,701 | 24,721,701 | 24,721,701 | 24,721,701 | 24,721,701 |
| University-Wide Costs | (45,790,423) | (48,855,870) | (51,383,048) | (52,643,479) | (53,575,685) | (54,889,503) |
| Student Aid Expense | (16,638,327) | (21,096,773) | (25,469,424) | (30,614,700) | (32,167,031) | (33,642,636) |
| **Net Expense Budget** | **261,644,052** | **286,395,345** | **292,122,961** | **300,837,248** | **316,658,309** | **329,119,213** |

| UTM | 2020-21 | 2021-22 | 2022-23 | 2023-24 | 2024-25 | 2025-26 |
|---|---|---|---|---|---|---|
| Attributed Revenue[1] | 337,989,578 | 350,142,950 | 361,718,734 | 369,612,476 | 387,891,199 | 403,224,933 |
| University Fund Allocation[2] | 26,254,553 | 27,875,704 | 27,875,704 | 27,875,704 | 27,875,704 | 27,875,704 |
| University-Wide Costs | (50,030,710) | (52,968,953) | (54,981,132) | (56,124,261) | (56,426,160) | (57,680,687) |
| Student Aid Expense | (18,173,593) | (21,963,794) | (26,478,366) | (31,167,802) | (32,672,971) | (34,111,981) |
| **Net Expense Budget** | **296,039,828** | **303,085,908** | **308,134,941** | **310,196,117** | **326,667,772** | **339,307,970** |

| Dentistry | 2020-21 | 2021-22 | 2022-23 | 2023-24 | 2024-25 | 2025-26 |
|---|---|---|---|---|---|---|
| Attributed Revenue[1] | 31,247,543 | 32,037,471 | 32,608,429 | 33,236,679 | 33,781,781 | 34,366,373 |
| University Fund Allocation[2] | 16,197,625 | 17,038,867 | 17,038,867 | 17,038,867 | 17,038,867 | 17,038,867 |
| University-Wide Costs | (13,968,803) | (14,608,991) | (15,120,902) | (15,647,853) | (16,013,288) | (16,249,982) |
| Student Aid Expense | (718,177) | (747,876) | (766,416) | (777,651) | (788,173) | (795,890) |
| **Net Expense Budget** | **32,758,188** | **33,719,470** | **33,759,982** | **32,877,042** | **34,019,187** | **34,359,368** |

1. Revenue includes 86% of attributable general operating revenues, but excludes divisional income and recoveries from restricted funds
2. Includes allocations up to and including 2021-22. Flatlined for outer years.

| Medicine | 2020-21 | 2021-22 | 2022-23 | 2023-24 | 2024-25 | 2025-26 |
|---|---|---|---|---|---|---|
| Attributed Revenue[1] | 209,268,410 | 209,325,577 | 212,878,325 | 216,185,982 | 219,335,328 | 222,117,473 |
| University Fund Allocation[2] | 34,650,920 | 37,721,493 | 37,721,493 | 37,721,493 | 37,721,493 | 37,721,493 |
| University-Wide Costs | (92,295,333) | (35,385,828) | (98,568,505) | (101,509,902) | (103,622,200) | (105,266,765) |
| Student Aid Expense | (15,726,652) | (15,364,615) | (15,668,674) | (16,922,805) | (16,129,286) | (16,256,788) |
| **Net Expense Budget** | **135,897,344** | **136,296,627** | **136,362,638** | **136,474,761** | **136,305,335** | **136,318,413** |

| DLSPH | 2020-21 | 2021-22 | 2022-23 | 2023-24 | 2024-25 | 2025-26 |
|---|---|---|---|---|---|---|
| Attributed Revenue[1] | 27,124,970 | 27,075,586 | 28,167,783 | 29,036,018 | 29,786,257 | 30,294,960 |
| University Fund Allocation[2] | 11,183,971 | 12,556,308 | 12,556,308 | 12,556,308 | 12,556,308 | 12,556,308 |
| University-Wide Costs | (11,470,774) | (12,002,049) | (12,534,901) | (13,001,381) | (13,305,765) | (13,557,028) |
| Student Aid Expense | (1,165,301) | (1,207,838) | (1,266,029) | (1,297,028) | (1,328,851) | (1,332,888) |
| **Net Expense Budget** | **25,672,866** | **26,422,007** | **26,923,161** | **27,293,918** | **27,707,950** | **27,961,352** |

| Nursing | 2020-21 | 2021-22 | 2022-23 | 2023-24 | 2024-25 | 2025-26 |
|---|---|---|---|---|---|---|
| Attributed Revenue[1] | 18,076,928 | 17,716,302 | 18,111,672 | 18,681,411 | 19,001,153 | 19,306,148 |
| University Fund Allocation[2] | 3,937,466 | 4,605,457 | 4,605,457 | 4,605,457 | 4,605,457 | 4,605,457 |
| University-Wide Costs | (6,165,535) | (6,291,505) | (6,476,334) | (6,704,240) | (6,877,129) | (6,979,746) |
| Student Aid Expense | (1,629,960) | (1,655,969) | (1,716,826) | (1,767,261) | (1,791,313) | (1,818,231) |
| **Net Expense Budget** | **14,218,898** | **14,374,285** | **14,523,969** | **14,815,367** | **14,938,168** | **15,113,628** |

| Pharmacy | 2020-21 | 2021-22 | 2022-23 | 2023-24 | 2024-25 | 2025-26 |
|---|---|---|---|---|---|---|
| Attributed Revenue[1] | 30,980,168 | 30,893,424 | 31,627,967 | 32,178,157 | 33,173,043 | 33,971,998 |
| University Fund Allocation[2] | 2,636,303 | 3,575,198 | 3,575,198 | 3,575,198 | 3,575,198 | 3,575,198 |
| University-Wide Costs | (10,789,823) | (11,177,122) | (11,382,488) | (11,787,972) | (12,084,249) | (12,367,809) |
| Student Aid Expense | (1,328,778) | (1,291,473) | (1,331,820) | (1,360,871) | (1,389,063) | (1,407,797) |
| **Net Expense Budget** | **21,497,870** | **22,000,027** | **22,488,857** | **22,604,512** | **23,274,929** | **23,771,590** |

1. Revenue includes 86% of attributable general operating revenues, but excludes divisional income and recoveries from restricted funds
2. Includes allocations up to and including 2021-22. Flatlined for outer years.

## Schedule 5: Projected Divisional Net Revenue Allocations Cont'd — 2021–22 to 2025–26

| KPE | 2020-21 | 2021-22 | 2022-23 | 2023-24 | 2024-25 | 2025-26 |
|---|---|---|---|---|---|---|
| Attributed Revenue[1] | 15,616,102 | 16,256,168 | 17,824,476 | 18,833,389 | 19,974,417 | 20,506,354 |
| University Fund Allocation[2] | 5,182,982 | 5,182,688 | 5,182,688 | 5,182,688 | 5,182,688 | 5,182,688 |
| University-Wide Costs | (6,679,117) | (6,679,247) | (7,028,993) | (7,504,124) | (7,799,094) | (8,075,301) |
| Student Aid Expense | (1,428,388) | (1,478,843) | (1,562,719) | (1,630,879) | (1,693,061) | (1,725,960) |
| **Net Expense Budget** | **12,691,579** | **13,210,766** | **14,415,452** | **14,881,073** | **15,664,950** | **15,887,781** |

| APSE | 2020-21 | 2021-22 | 2022-23 | 2023-24 | 2024-25 | 2025-26 |
|---|---|---|---|---|---|---|
| Attributed Revenue[1] | 208,070,895 | 218,571,971 | 226,994,693 | 230,159,933 | 239,465,828 | 242,732,355 |
| University Fund Allocation[2] | 30,321,916 | 30,710,129 | 30,710,129 | 30,710,129 | 30,710,129 | 30,710,129 |
| University-Wide Costs | (82,258,808) | (86,055,838) | (89,374,544) | (92,483,841) | (94,574,371) | (96,519,743) |
| Student Aid Expense | (17,749,925) | (19,562,608) | (21,520,704) | (23,421,919) | (24,242,916) | (24,555,327) |
| **Net Expense Budget** | **138,384,079** | **143,663,655** | **146,809,574** | **144,964,302** | **151,358,670** | **152,367,414** |

| Architecture, L & D | 2020-21 | 2021-22 | 2022-23 | 2023-24 | 2024-25 | 2025-26 |
|---|---|---|---|---|---|---|
| Attributed Revenue[1] | 31,721,168 | 33,996,128 | 35,572,902 | 36,953,353 | 38,153,476 | 38,973,106 |
| University Fund Allocation[2] | 11,307,847 | 11,037,847 | 11,037,847 | 11,037,847 | 11,037,847 | 11,037,847 |
| University-Wide Costs | (11,207,830) | (11,698,519) | (12,267,504) | (12,755,695) | (13,088,021) | (13,314,338) |
| Student Aid Expense | (2,191,856) | (2,308,948) | (2,383,078) | (2,462,811) | (2,486,252) | (2,533,968) |
| **Net Expense Budget** | **29,359,329** | **31,026,534** | **31,960,194** | **32,772,721** | **33,617,077** | **34,162,674** |

| OISE | 2020-21 | 2021-22 | 2022-23 | 2023-24 | 2024-25 | 2025-26 |
|---|---|---|---|---|---|---|
| Attributed Revenue[1] | 69,741,938 | 73,933,982 | 79,026,389 | 84,247,223 | 89,178,434 | 94,507,870 |
| University Fund Allocation[2] | 19,270,716 | 19,269,181 | 19,269,181 | 19,269,181 | 19,269,181 | 19,269,181 |
| University-Wide Costs | (26,641,913) | (27,116,187) | (29,296,523) | (31,062,918) | (32,328,186) | (33,497,960) |
| Student Aid Expense | (2,514,917) | (2,606,009) | (2,755,600) | (2,871,201) | (2,976,842) | (3,064,652) |
| **Net Expense Budget** | **59,855,824** | **63,480,968** | **66,243,447** | **69,582,285** | **73,142,587** | **77,214,440** |

1. Revenue includes 86% of attributable general operating revenues, but excludes divisional income and recoveries from restricted funds
2. Includes allocations up to and including 2021-22. Flatlined for outer years.

| Law | 2020-21 | 2021-22 | 2022-23 | 2023-24 | 2024-25 | 2025-26 |
|---|---|---|---|---|---|---|
| Attributed Revenue[1] | 30,430,105 | 31,364,515 | 32,476,356 | 33,342,056 | 34,344,888 | 35,300,104 |
| University Fund Allocation[2] | 8,158,520 | 8,149,362 | 8,149,362 | 8,149,362 | 8,149,362 | 8,149,362 |
| University-Wide Costs | (9,445,825) | (9,745,626) | (10,191,935) | (10,578,262) | (10,803,233) | (10,995,534) |
| Student Aid Expense | (1,977,246) | (2,110,729) | (2,138,010) | (2,184,087) | (2,226,708) | (2,252,309) |
| **Net Expense Budget** | **27,165,554** | **27,657,522** | **28,295,774** | **28,729,109** | **29,464,309** | **30,201,624** |

| Information | 2020-21 | 2021-22 | 2022-23 | 2023-24 | 2024-25 | 2025-26 |
|---|---|---|---|---|---|---|
| Attributed Revenue[1] | 22,174,610 | 22,605,275 | 24,842,249 | 26,090,417 | 27,259,945 | 28,474,236 |
| University Fund Allocation[2] | 4,066,894 | 4,020,999 | 4,020,999 | 4,020,999 | 4,020,999 | 4,020,999 |
| University-Wide Costs | (5,969,127) | (6,434,053) | (6,799,943) | (7,237,518) | (7,498,016) | (7,698,295) |
| Student Aid Expense | (632,499) | (642,942) | (714,332) | (771,552) | (818,146) | (864,262) |
| **Net Expense Budget** | **19,639,878** | **19,549,279** | **21,348,974** | **22,102,346** | **22,964,782** | **23,932,677** |

| Music | 2020-21 | 2021-22 | 2022-23 | 2023-24 | 2024-25 | 2025-26 |
|---|---|---|---|---|---|---|
| Attributed Revenue[1] | 18,080,760 | 17,886,385 | 18,619,013 | 19,169,903 | 19,435,051 | 19,705,482 |
| University Fund Allocation[2] | 11,367,575 | 11,907,562 | 11,907,562 | 11,907,562 | 11,907,562 | 11,907,562 |
| University-Wide Costs | (7,902,281) | (8,114,7005) | (8,407,614) | (8,723,570) | (8,976,042 | (9,103,871) |
| Student Aid Expense | (2,390,357) | (2,398,451) | (2,460,498) | (2,504,041) | (2,531,117) | (2,558,722) |
| **Net Expense Budget** | **19,155,879** | **19,280,791** | **19,658,464** | **19,849,854** | **19,835,453** | **19,950,452** |

1. Revenue includes 86% of attributable general operating revenues, but excludes divisional income and recoveries from restricted funds
2. Includes allocations up to and including 2021-22. Flatlined for outer years.

## Schedule 5: Projected Divisional Net Revenue Allocations Cont'd — 2021–22 to 2025–26

| Social Work | 2020-21 | 2021-22 | 2022-23 | 2023-24 | 2024-25 | 2025-26 |
|---|---|---|---|---|---|---|
| Attributed Revenue[1] | 13,380,867 | 13,710,575 | 13,904,543 | 14,180,401 | 14,39,232 | 14,679,937 |
| University Fund Allocation[2] | 3,027,354 | 3,097,648 | 3,097,648 | 3,097,648 | 3,097,648 | 3,097,648 |
| University-Wide Costs | (4,783,135) | (4,946,893) | (5,110,940) | (5,234,601) | (5,330,157) | (5,423,369) |
| Student Aid Expense | (1,151,263) | (1,126,333) | (1,150,744) | (1,171,470) | (1,190,259) | (1,200,648) |
| **Net Expense Budget** | **10,473,823** | **10,734,996** | **10,740,507** | **10,871,978** | **11,016,464** | **11,153,568** |

| Management | 2020-21 | 2021-22 | 2022-23 | 2023-24 | 2024-25 | 2025-26 |
|---|---|---|---|---|---|---|
| Attributed Revenue[1] | 109,532,073 | 114,399,464 | 119,505,493 | 122,677,047 | 125,712,962 | 128,978,241 |
| University Fund Allocation[2] | 13,587,635 | 13,300,180 | 13,300,180 | 13,300,180 | 13,300,180 | 13,300,180 |
| University-Wide Costs | (28,728,461) | (30,298,778) | (31,795,435) | (32,925,955) | (33,490,726) | (33,880,208) |
| Student Aid Expense | (4,967,825) | (5,631,335) | (6,415,249) | (7,198,450) | (7,313,577) | (7,487,659) |
| **Net Expense Budget** | **89,423,422** | **91,769,531** | **94,594,989** | **95,852,822** | **98,208,838** | **100,910,553** |

| Trans. Year. Prog. | 2020-21 | 2021-22 | 2022-23 | 2023-24 | 2024-25 | 2025-26 |
|---|---|---|---|---|---|---|
| Attributed Revenue[1] | 726,875 | 1,015,846 | 1,043,444 | 1,068,499 | 1,092,621 | 1,110,941 |
| University Fund Allocation[2] | 1,915,552 | 1,926,973 | 1,926,973 | 1,926,973 | 1,926,973 | 1,926,973 |
| University-Wide Costs | (452,051) | (493,678) | (544,527) | (560,750) | (570,308) | (577,923) |
| Student Aid Expense | (447,363) | (741,296) | (777,085) | (791,579) | (477,575) | (800,901) |
| **Net Expense Budget** | **1,743,013** | **1,707,844** | **1,665,366** | **1,657,638** | **1,657,708** | **1,659,091** |

| School of Cont. Studies | 2020-21 | 2021-22 | 2022-23 | 2023-24 | 2024-25 | 2025-26 |
|---|---|---|---|---|---|---|
| Attributed Revenue[1] | (3,635,512) | (2,792,883) | (3,160,959) | (3,155,049) | (3,135,766) | (3,144,339) |
| University Fund Allocation[2] | 2,894,506 | 2,894,433 | 2,894,433 | 2,894,433 | 2,894,433 | 2,894,433 |
| University-Wide Costs | (3,003,910) | (3,312,247) | (3,298,020) | (3,477,816) | (3,560,148) | (3,613,670) |
| Student Aid Expense | (14,370) | (14,213) | (14,585) | (14,901) | (15,188) | (15,360) |
| **Net Expense Budget** | **(3,759,287)** | **(3,224,909)** | **(3,579,132)** | **(3,753,333)** | **(3,816,670)** | **(3,878,937)** |

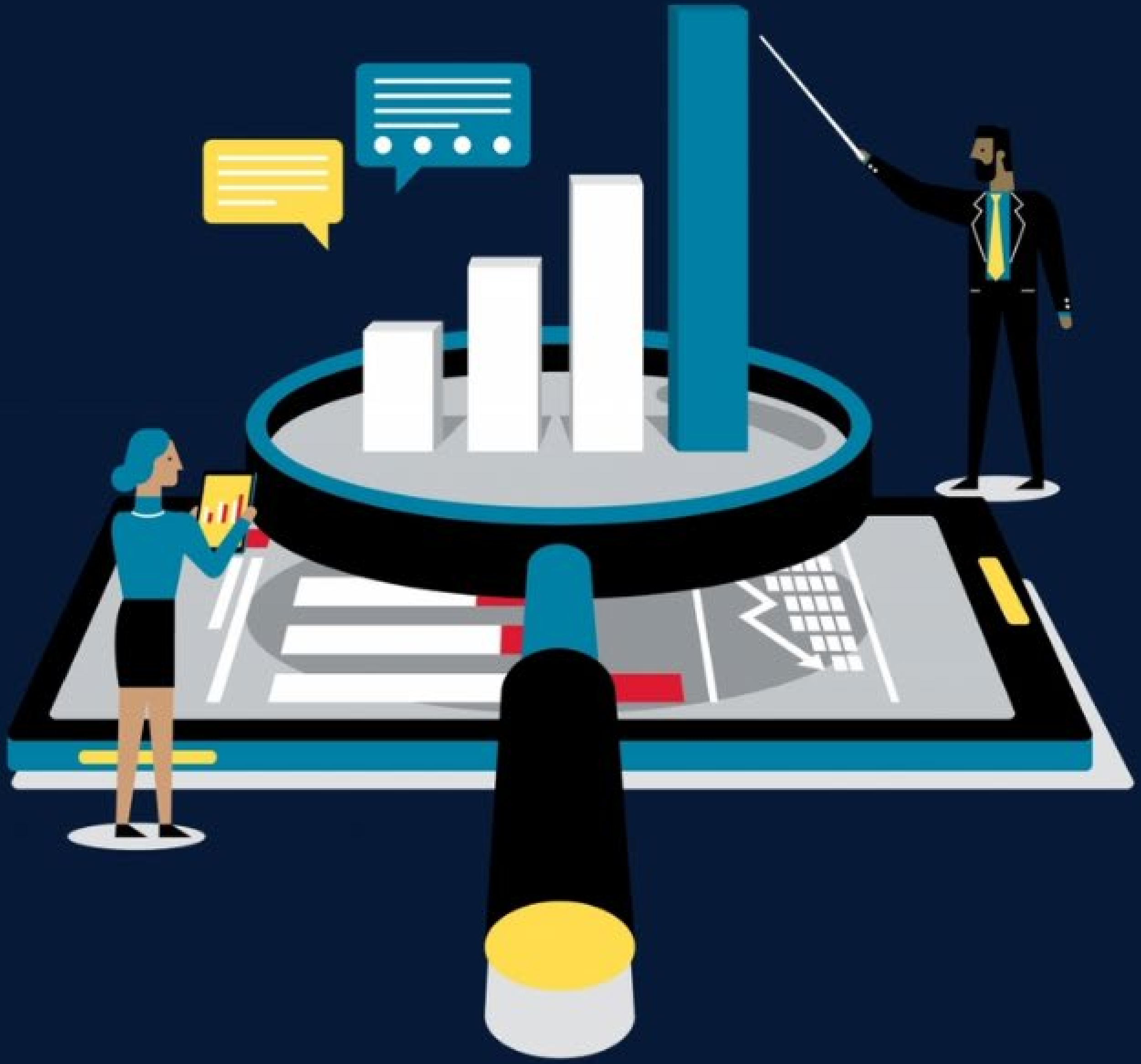
1. Revenue includes 86% of attributable general operating revenues, but excludes divisional income and recoveries from restricted funds
2. Includes allocations up to and including 2021-22. Flatlined for outer years.

# Budget 2021-22

and Long Range Budget Guidelines
2021-22 to 2025-26

UNIVERSITY OF TORONTO

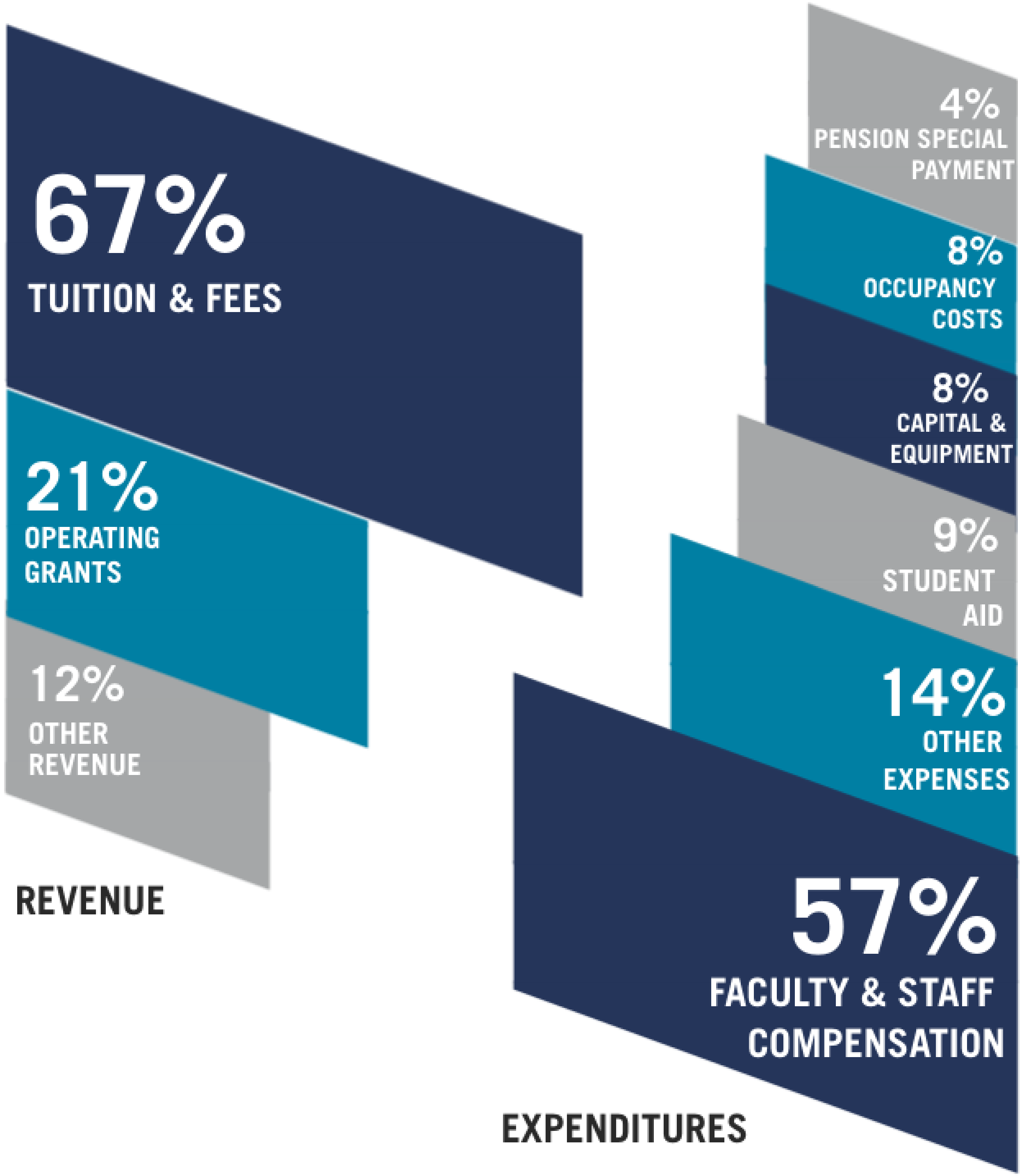
# 1 Budget Overview



2021-2022

# Balanced Budget

$3.12 BILLION



# RESPONDING TO THE COVID-19 PANDEMIC

## RESILIENCY INNOVATION RECOVERY

### SUPPORTING OUR STUDENTS

- repatriation of students travelling abroad and quarantine for international students
- emergency financial support
- emphasis on care, communication, compassion and flexibility in academic program delivery

### TEACHING & LEARNING

- supporting faculty to develop and deliver online courses
- tools for virtual learning and discussion of lecture material
- enabling students to collaborate with peers from around the world

### RESEARCH LEADERSHIP

- developing models to understand the spread of the virus and inform public health measures
- shared expertise around building ventilation
- simulation of health-care scenarios

### CAMPUS OPERATIONS

- additional cleaning and modifications to research and office spaces
- supporting work from home arrangements for staff where possible

# IMPACTS OF COVID-19: THE OPERATING BUDGET

The university was able to deliver the vast majority of programs in alternate formats

Fall 2020 incoming undergraduate class was 0.2% larger than in Fall 2019

Fall 2020 international cohort was the largest in UofT's history

**UNPLANNED EXPENDITURES**

- emergency supports for students
- increased health and safety measures
- IT tools for online teaching and remote work

**COST SAVINGS**

- significant reduction in travel costs
- occupancy savings due to lower on campus activity
- salary restraint agreements with employee groups

**INNOVATION & OPPORTUNITY**

- online courses, tools, and teaching innovations
- IT platforms for the future of administrative work
- new opportunities for research and partnerships

# IMPACTS OF COVID-19: ANCILLARY SERVICES

Ancillary Services are crucial to university life on campus for staff, students & faculty.

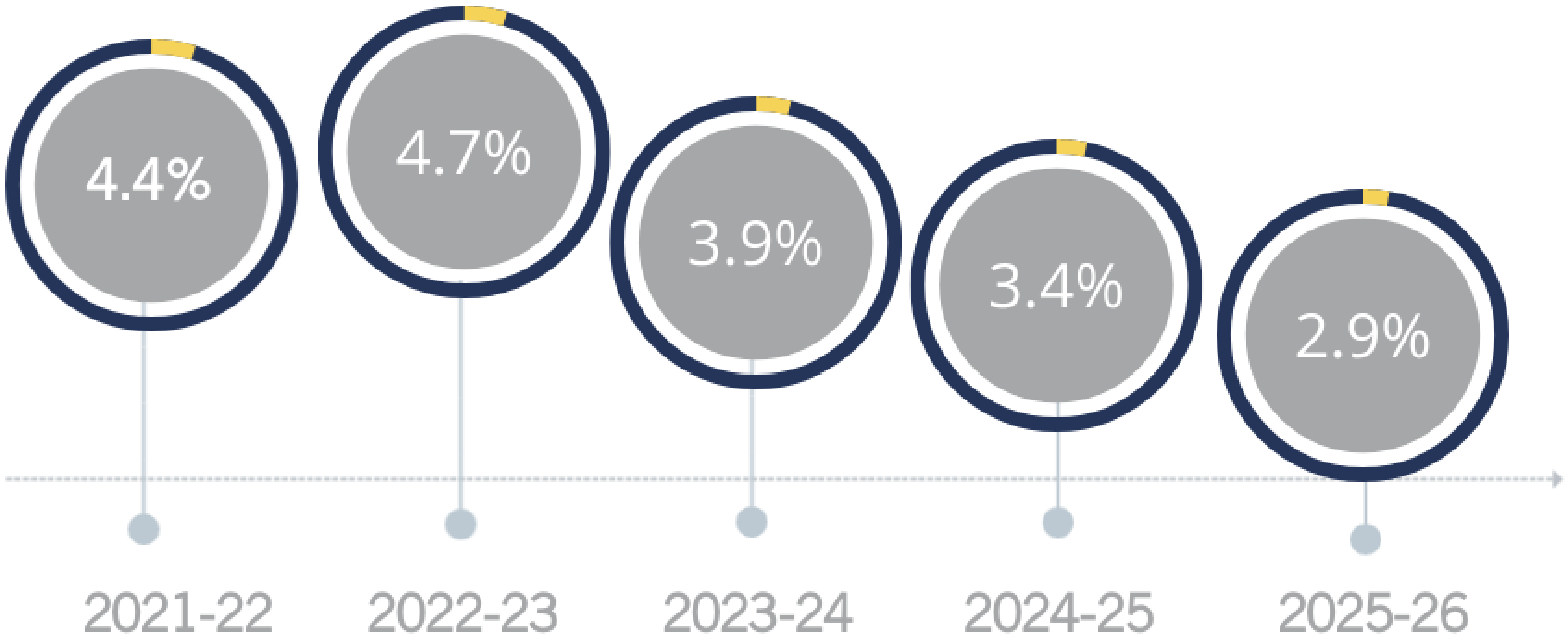
Decrease in on-campus activity led to reduced revenues for campus services.

Despite cost containment measures, financial losses were unavoidable.

Ancillary services are normally self-sustaining, but may need financial support until fully recovered.

# PROJECTED REVENUE GROWTH RATES

## IS OUR REVENUE GROWTH COVERING OUR COSTS?




### AVERAGE REVENUE INCREASE

**4.4%**

EVEN THOUGH THE AVERAGE GROWTH RATE IS 4.4%, THERE IS A WIDE RANGE IN BUDGET CHANGES BY DIVISION.

### RANGE OF DIVISIONAL REVENUE GROWTH RATES

**-2%** ⇄ **11%**

# COMPENSATION

## 2021-22 Compensation Budget
## $1.89 BILLION (estimated)

### ACADEMIC COMPENSATION

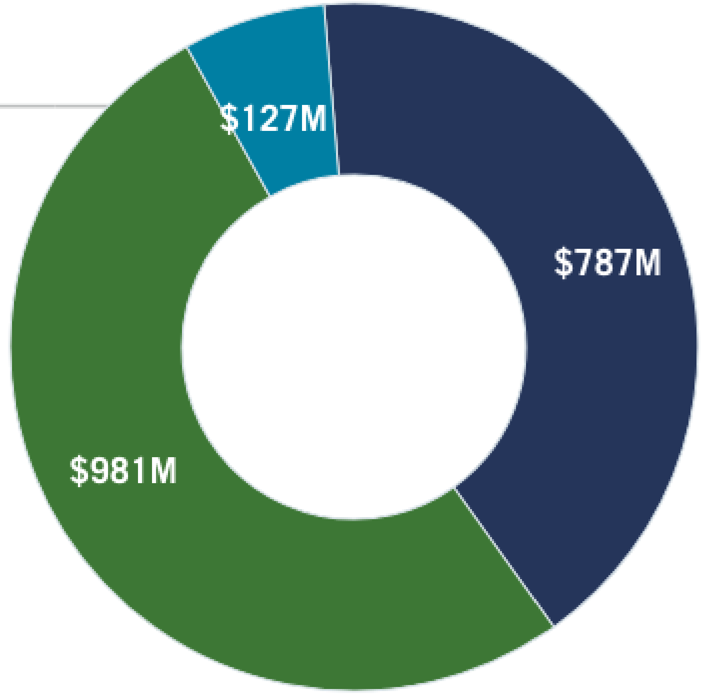
**$795 MILLION**
**FACULTY & LIBRARIANS**

**$41 MILLION**
**SESSIONAL LECTURERS**

**$78 MILLION**
**TEACHING ASSISTANTS**

**$46 MILLION**
**TEACHING STIPENDS**

**$21 MILLION**
**OTHER ACADEMIC**



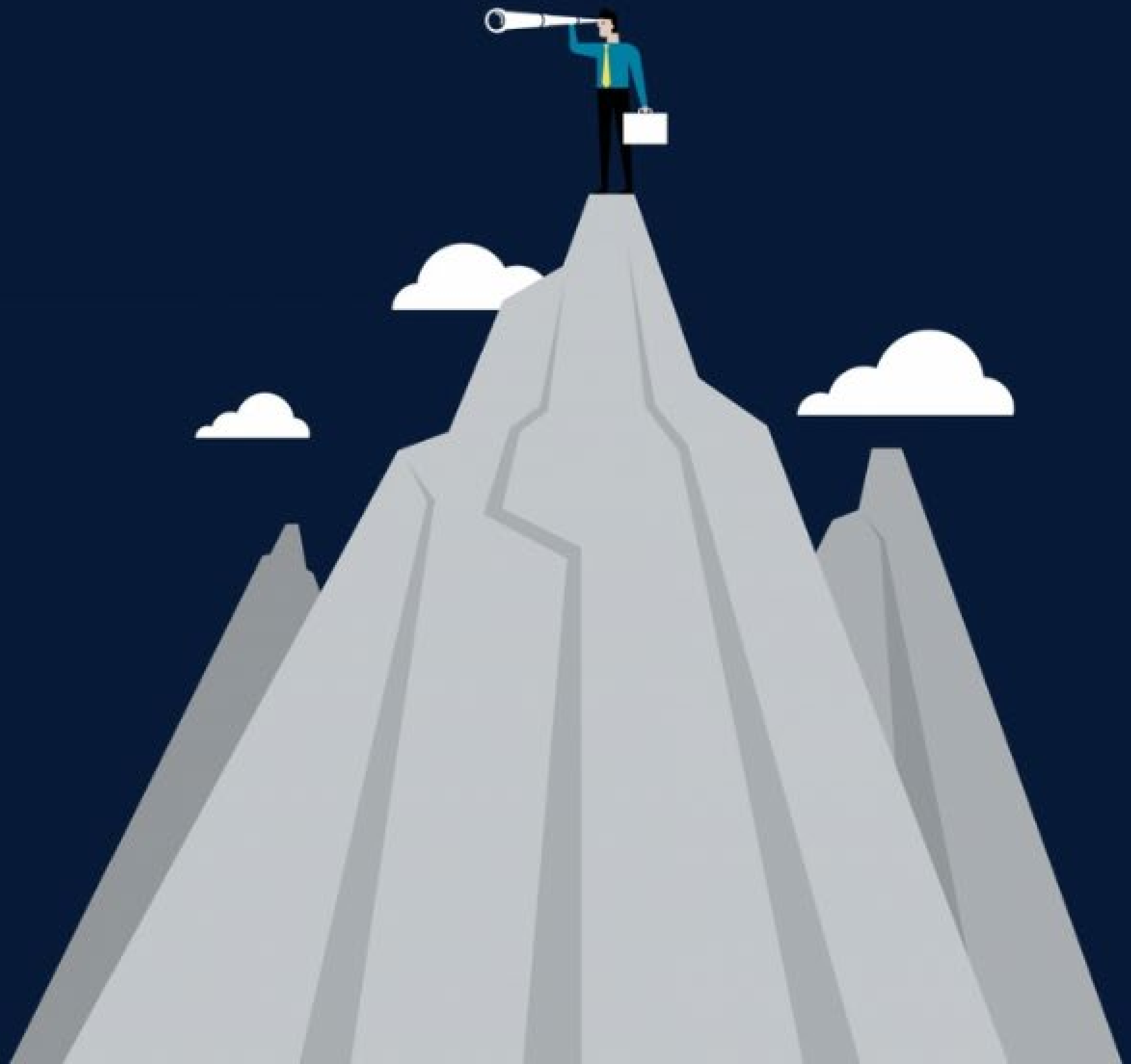

Staff Compensation $787M
Academic Compensation $981M
Pension Special Payment $127M

**2020-21**
**BUDGET**
**$1.82 BILLION**
**+**
**2021-22**
**BUDGET INCREASE**
**$75 MILLION**

## BILL 124

- Protecting a Sustainable Public Sector for Future Generations Act, 2019
- Imposes restraint on increases for a 3-year period.

# 2 Changing Financial Landscape



# PROVINCIAL TUITION FEE FRAMEWORK

2019-20 decrease in tuition for all publicly funded programs by 10%

+

2020-21 Tuition Freeze

+

2021-22 Tuition Freeze*

=

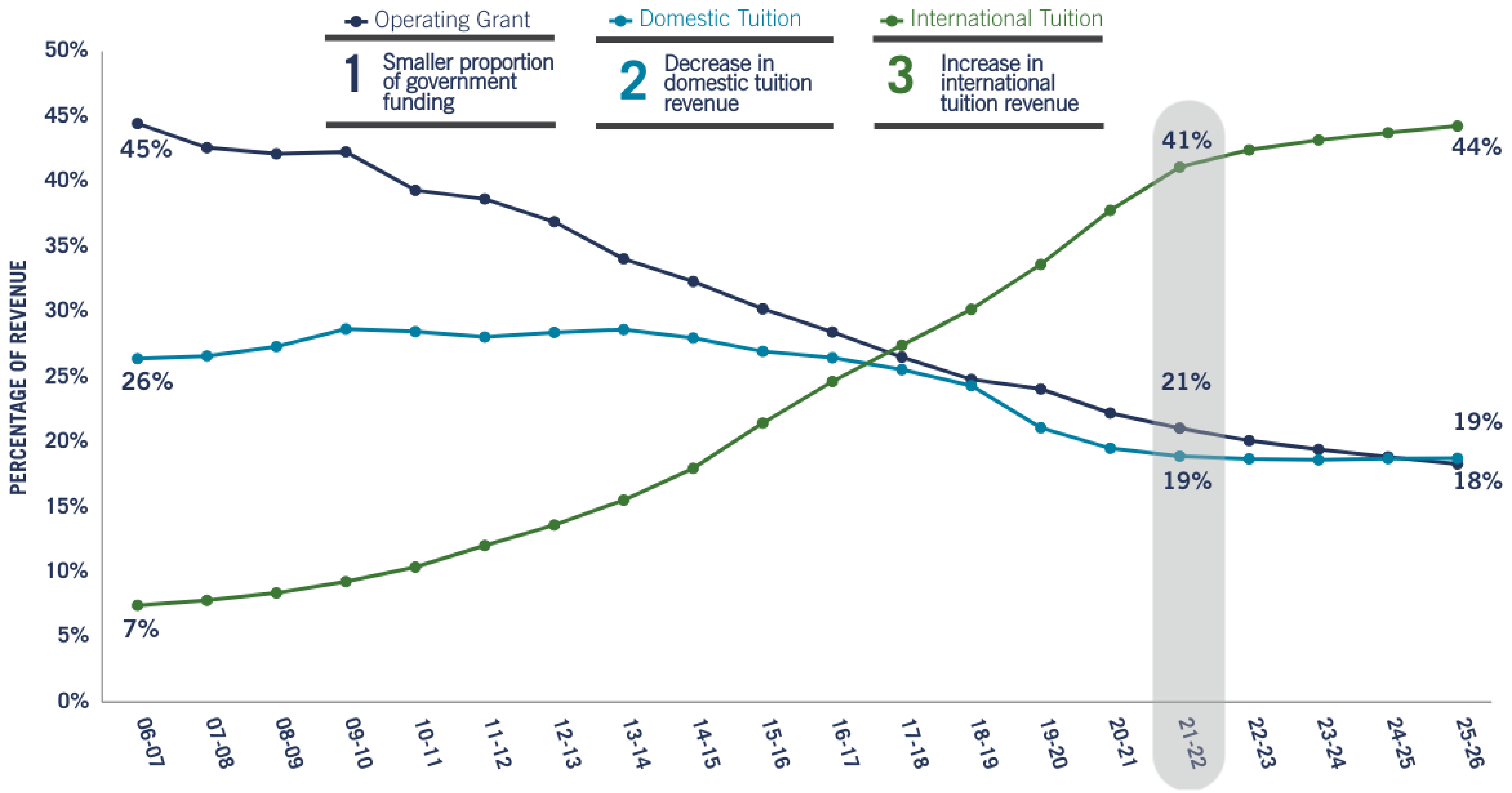
**$139M**

Total impact of tuition constraints in 2021-22

## *2021-22 TUITION FEE FRAMEWORK NOT YET CONFIRMED

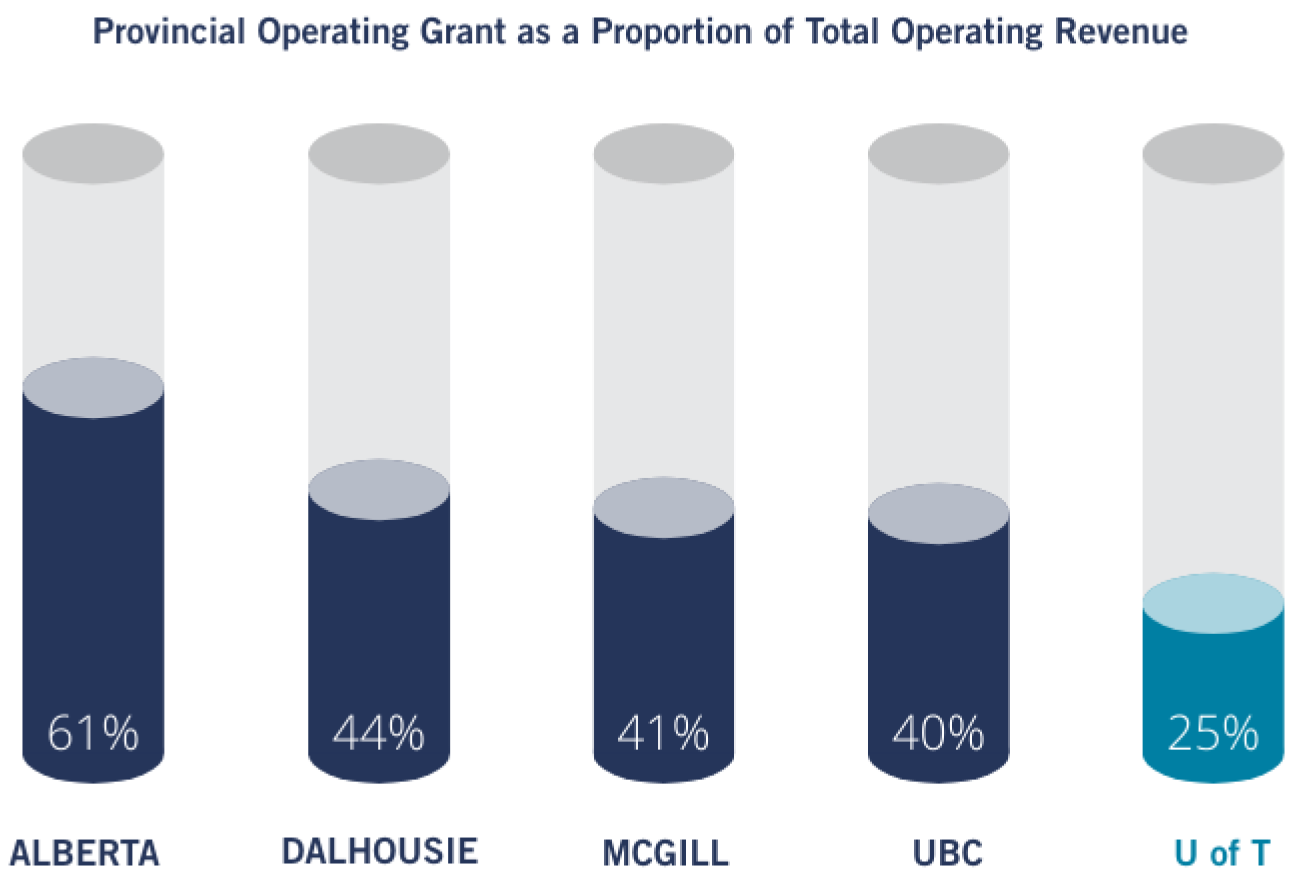
For the purposes of the budget, divisions have been asked to consider a scenario in which the tuition fee freeze continues for the upcoming 2021-22 year.

# CHANGE IN SOURCES OF REVENUE



# PROVINCIAL FUNDING PEER COMPARISON

U15 University Data Exchange, 2018-19



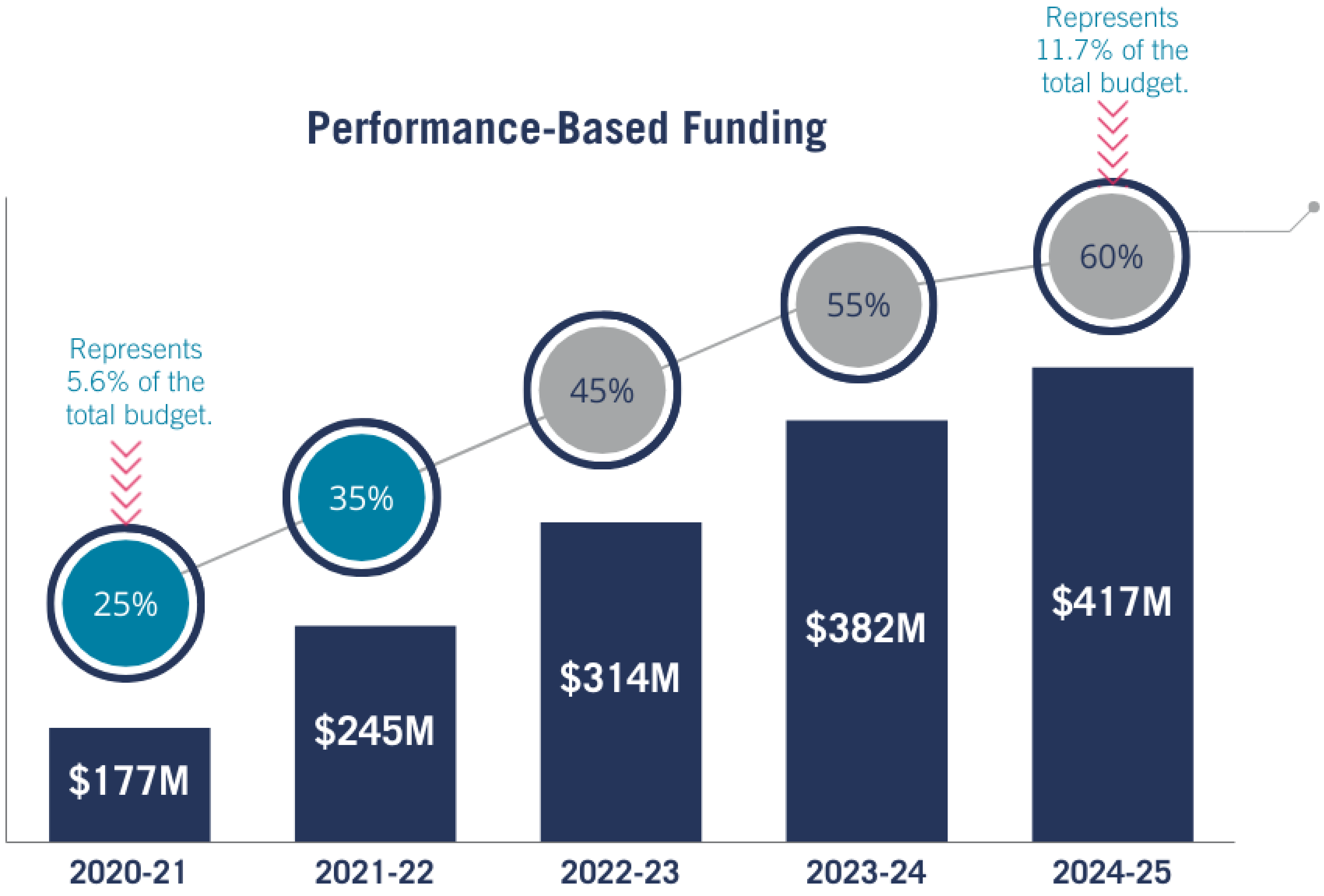

**The University of Toronto receives the lowest amount of per-student government funding among peers.**

**47%**

**LESS FUNDING PER STUDENT THAN U of A.**

U of T received less operating grant support than the University of Alberta, despite enrolling twice as many students.

# STRATEGIC MANDATE AGREEMENT




Represents % of total provincial funding. The SMA3 will phase in the proportion of funding tied to metrics throughout the term of the agreement.

## IMPACT OF COVID-19

Funding will not be at risk until at least 2022-23. Metrics will be re-evaluated annually to assess potential impacts of COVID on performance outcomes.

# 3 Students: Affordability, Access & Outcomes

# UNDERGRADUATE ENROLMENT RESULTS

| PLAN | | ACTUAL |
|---|---|---|
| | FALL 2020 | |
| 39,455 | ST. GEORGE | 40,318 |
| 13,175 | UTM | 13,351 |
| 11,484 | UTSC | 11,578 |

## TOTAL ENROLMENT 2020-21

**65,246**

Total undergraduate enrolment including both domestic and international students.

## VARIANCE TO PLAN

**+ 1,132**

# UNDERGRADUATE ENROLMENT RESULTS

# 2020-21

## DOMESTIC ENROLMENT VARIANCE TO PLAN

| ST GEORGE | UTM | UTSC |
|---|---|---|
| 1.3% | 0.4% | -1.3% |

OVERALL VARIANCE OF

**0.7%**

IN DOMESTIC ENROLMENT TO PLAN

## INTERNATIONAL ENROLMENT VARIANCE TO PLAN

| ST GEORGE | UTM | UTSC |
|---|---|---|
| 4.5% | 3.7% | 6.3% |

OVERALL VARIANCE OF

**4.7%**

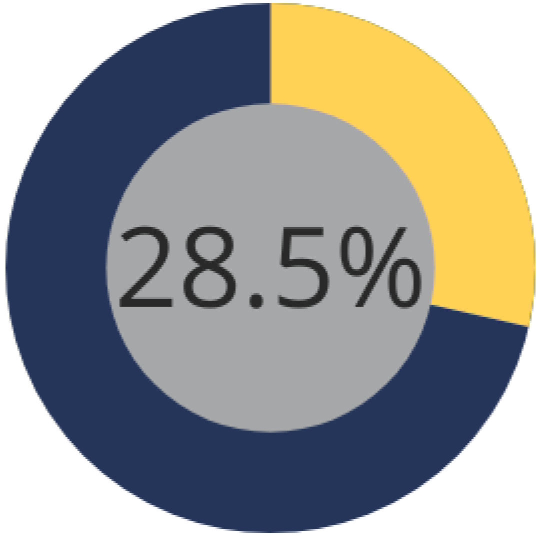
IN INTERNATIONAL ENROLMENT TO PLAN

# 2020 - 2025

PLANNED INTERNATIONAL SHARE OF TOTAL

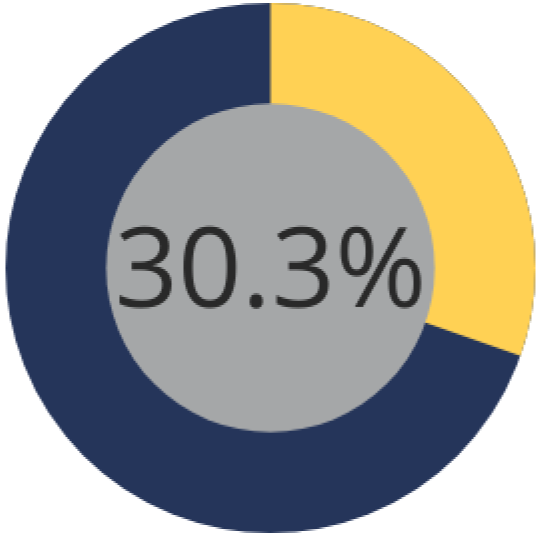
## UNDERGRADUATE

ENROLMENT




**2020-21**

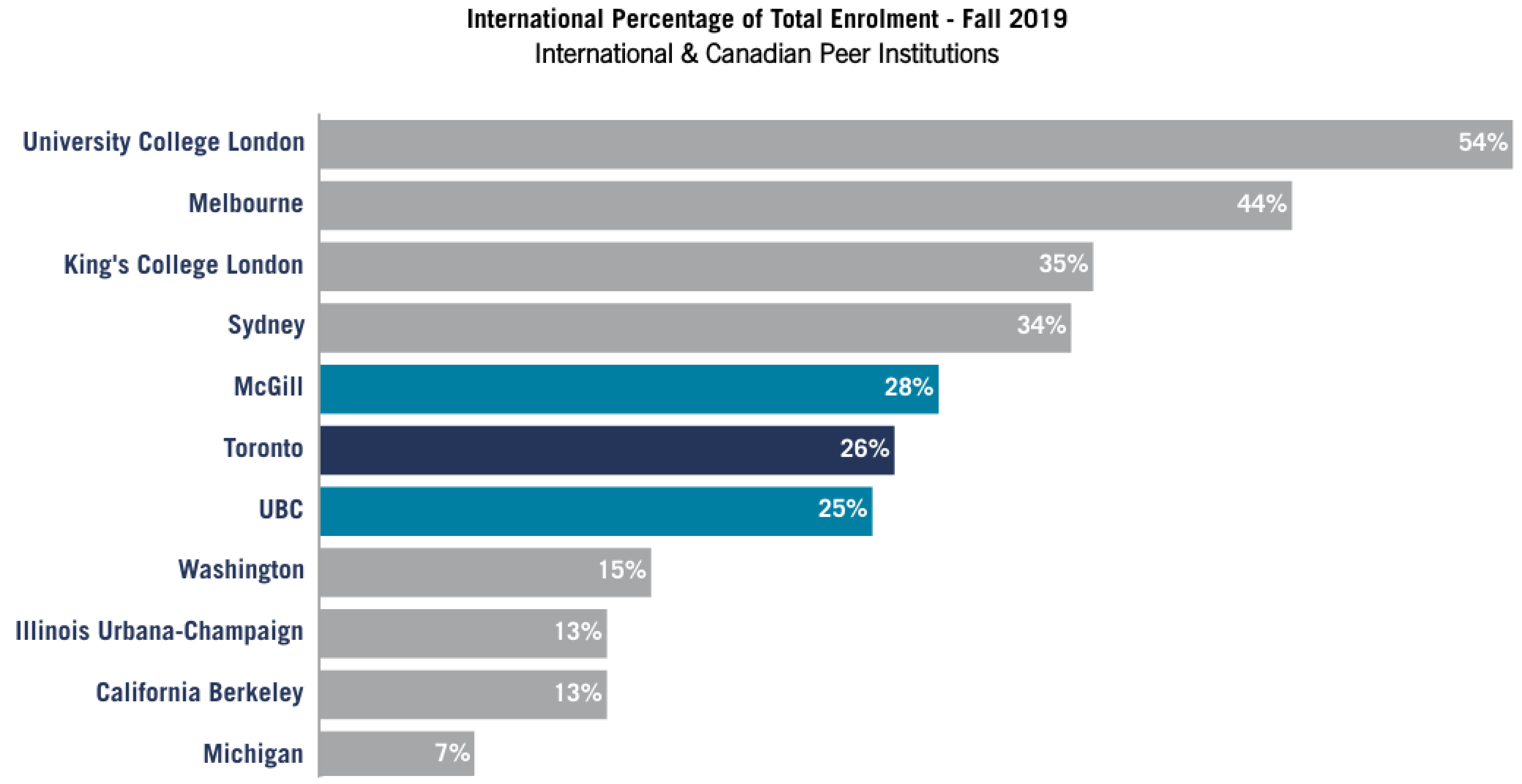
Total international student FTE is **18,570**




**2025-26**

Planned international student FTE will increase to **20,631**

# International Undergraduate Enrolment - Fall 2019



# PROVINCIAL FEE FRAMEWORK & OSAP CHANGES

1

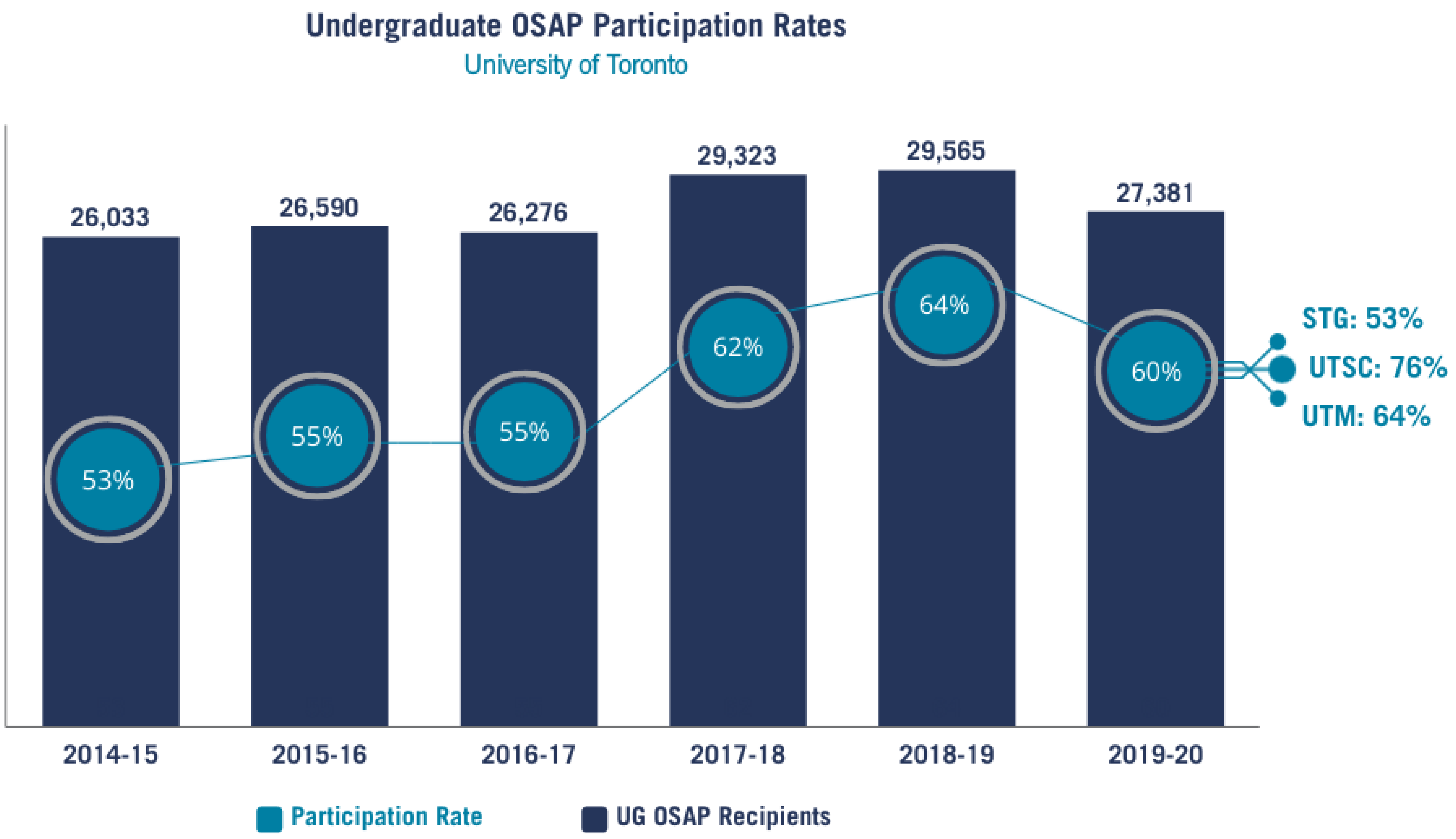
**DECREASE IN STICKER PRICE**

10% reduction to domestic tuition fees in all undergraduate and graduate programs

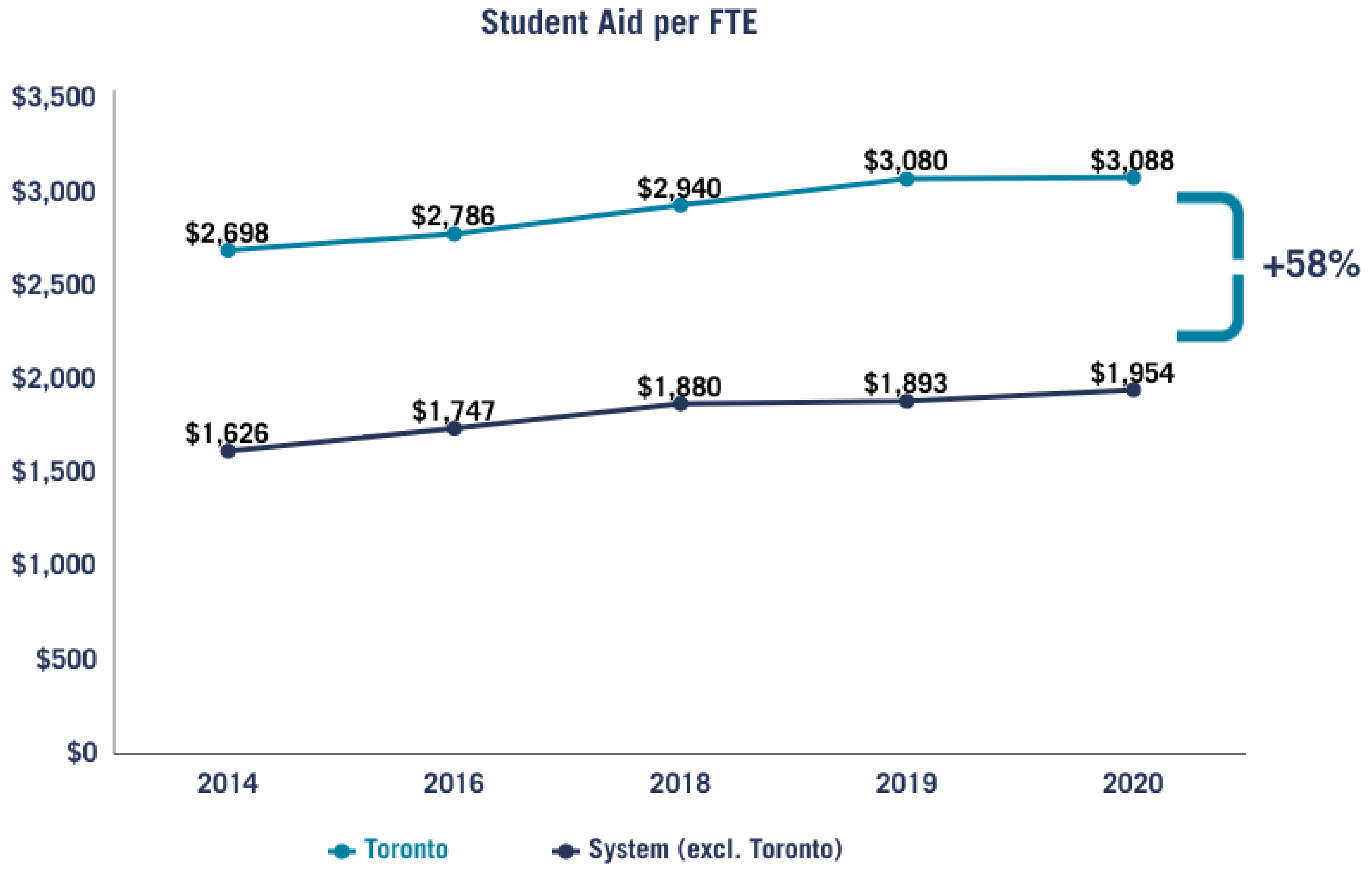
2

**CHANGES TO PROVINCIAL OSAP CRITERIA**

Requires a larger contribution from parents with a maximum household income of $140K.



# STUDENT AID EXPENDITURES




**$291 MILLION**

**Financial Aid Budget 2021-22**

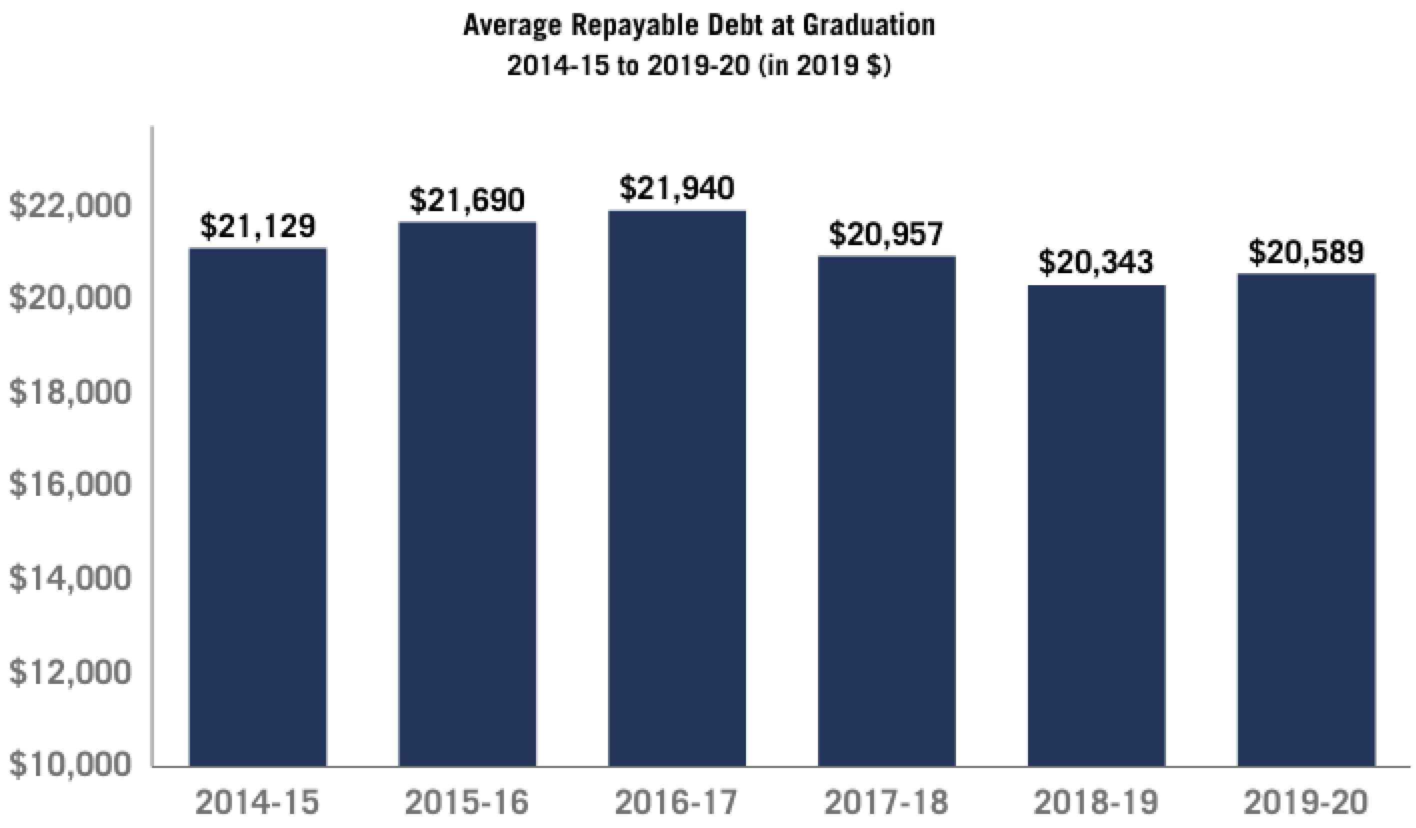
## UofT's COMMITMENT TO FINANCIAL AID REMAINS

> *"No student offered admission to a program at the University of Toronto should be unable to enter or complete the program due to lack of financial means."*

*University of Toronto Policy on Student Financial Support (1998)*

# STUDENT DEBT LOAD 2014 - 2020

## (OF THOSE WITH OSAP DEBT)



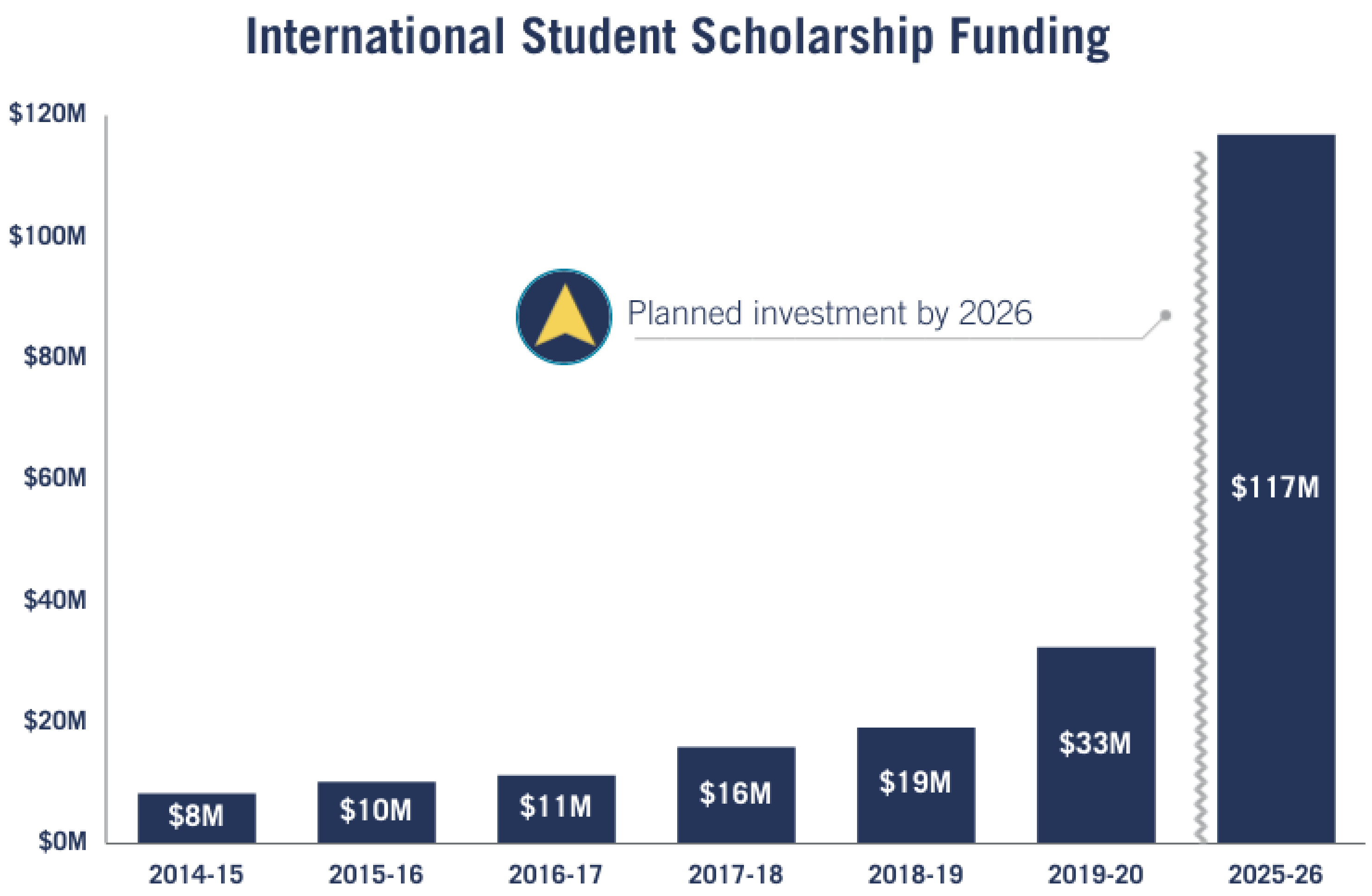

## DID YOU KNOW...

**2019-20 AVERAGE REPAYABLE DEBT HAS DECLINED 2.6% IN REAL TERMS SINCE 2014-15**
REPAYABLE AVERAGE DEBT AT GRADUATION

50%
**OF UG STUDENTS HAVE NO OSAP DEBT UPON GRADUATION.**
DIRECT ENTRY UNDERGRADUATE STUDENTS

1.9%
**RATE OF DEFAULT ON OSAP LOANS VERSUS 3.2% FOR OTHER ONTARIO UNIVERSITIES**

# INTERNATIONAL SCHOLARSHIP PROGRAMS




**+$84 MILLION**

Total increase in scholarships funded from re-investment of international fee revenue.

# GLOBAL RANKINGS - GRADUATE EMPLOYABILITY

**8th**

OVERALL IN THE WORLD

**This is an increase of 7 positions from last year**

**4th**

OUT OF ALL PUBLICLY FUNDED INSTITUTIONS GLOBALLY

**This is an increase of 1 position from last year**

**1st**

OUT OF ALL PUBLICLY FUNDED INSTITUTIONS IN NORTH AMERICA

**UofT maintains top ranking for 2020**

*based on Times Higher Education Rankings (2020)

# 4 Strategic Priorities

# BUDGET PRIORITY: STUDENTS

## MENTAL HEALTH

Mental health service redesign, expanded counselling options, mental health literacy and education, research focus on youth mental health. Successful advocacy for Provincial funding to increase mental health services for post-secondary students.

## ENRICHING LEARNING

Experiential learning, work-integrated learning, and research experiences; academic advising and student success initiatives; support for outbound global experiences; financial framework for inter-divisional teaching.

## BUILT ENVIRONMENT

Renewal of classroom infrastructure, improvements to IT infrastructure to facilitate remote and on-campus learning, upgrading facilities for AODA compliance, and creating non-academic and co-curricular spaces for student use.

## STUDENT SUPPORTS

Investments in undergraduate financial aid and graduate student funding packages; innovation in online student service delivery; expanding access to academic advising; focus on retention and student academic success.

# UNIVERSITY FUND ALLOCATION

## $4.5M
### Inclusive Excellence

- Post Docs for under-represented groups
- Academic Diversity Hires
- Access & Outreach Programs
- Addressing Systemic Barriers - Supporting Students to Thrive

## $4.2M
### Enriching Learning

- Opportunity to accelerate re-invention of UG education
- Teaching Innovation (LEAF & faculty training)
- Undergraduate IDT
- Graduate IDT

## $9.1M
### Investing in Divisional Priorities

- Support for divisional priorities in light of continued domestic fee freeze and other budget pressures.

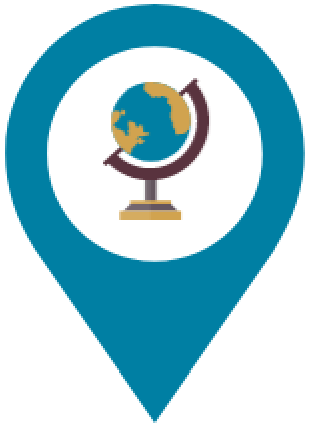
## $1.7M
### Advancing our Priorities

- Major gift officers in divisions (OTO)

## $7.6M
### Research Support

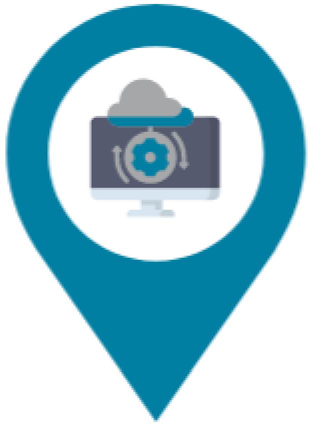
- Research support staff in divisions (27 positions)
- Lab infrastructure renewal

# BUDGET PRIORITIES: ACADEMIC DIVISIONS



## DIVERSITY

- Scholarship programs for international students from diverse global regions
- Diversity & inclusion initiatives



## LEARNING TECHNOLOGY

- Increase IT tools & infrastructure for learning support

## PROGRAM DEVELOPMENT

- Experiential learning & research opportunities
- New degree programs

## FACULTY HIRING

- Hiring of up to 60 incremental faculty positions

# BUDGET PRIORITIES: SHARED SERVICES

## ENHANCING SERVICE CAPACITY

- Staff support for financial aid, recruitment, registrar & convocation services
- Research administration to support growing number of grants and partnerships
- Staffing for advancement and communications to support brand building and fundraising initiatives

## TECHNOLOGY

- IT tools & infrastructure for learning support (Academic Toolbox)
- Upgrades to NGSIS system and IT enhancements for network & infrastructure
- Upgrades to modernize administrative systems (SAP)
- Investment in resources & technology for libraries

## INFRASTRUCTURE

- Addressing deferred maintenance and AODA compliance

## EQUITY & DIVERSITY

- Support for Equity, Diversity & Inclusion initiatives in all aspects of the University community

# CAPITAL PROJECTS & PLANNED INVESTMENTS

# (5 YEAR PROJECTION)

**32**
PROJECTS

**$4.1B**
TOTAL SPEND

## ACADEMIC
CAPITAL PROJECTS

**29**
PROJECTS

**$3.1 B**
TOTAL SPEND

## FOUR CORNERS
CAPITAL PROJECTS

**3**
PROJECTS

**$1.0 B**
TOTAL SPEND

# 5 Risk

# INTERNATIONAL UG ENROLMENT INTAKE (NEW ADMITS)

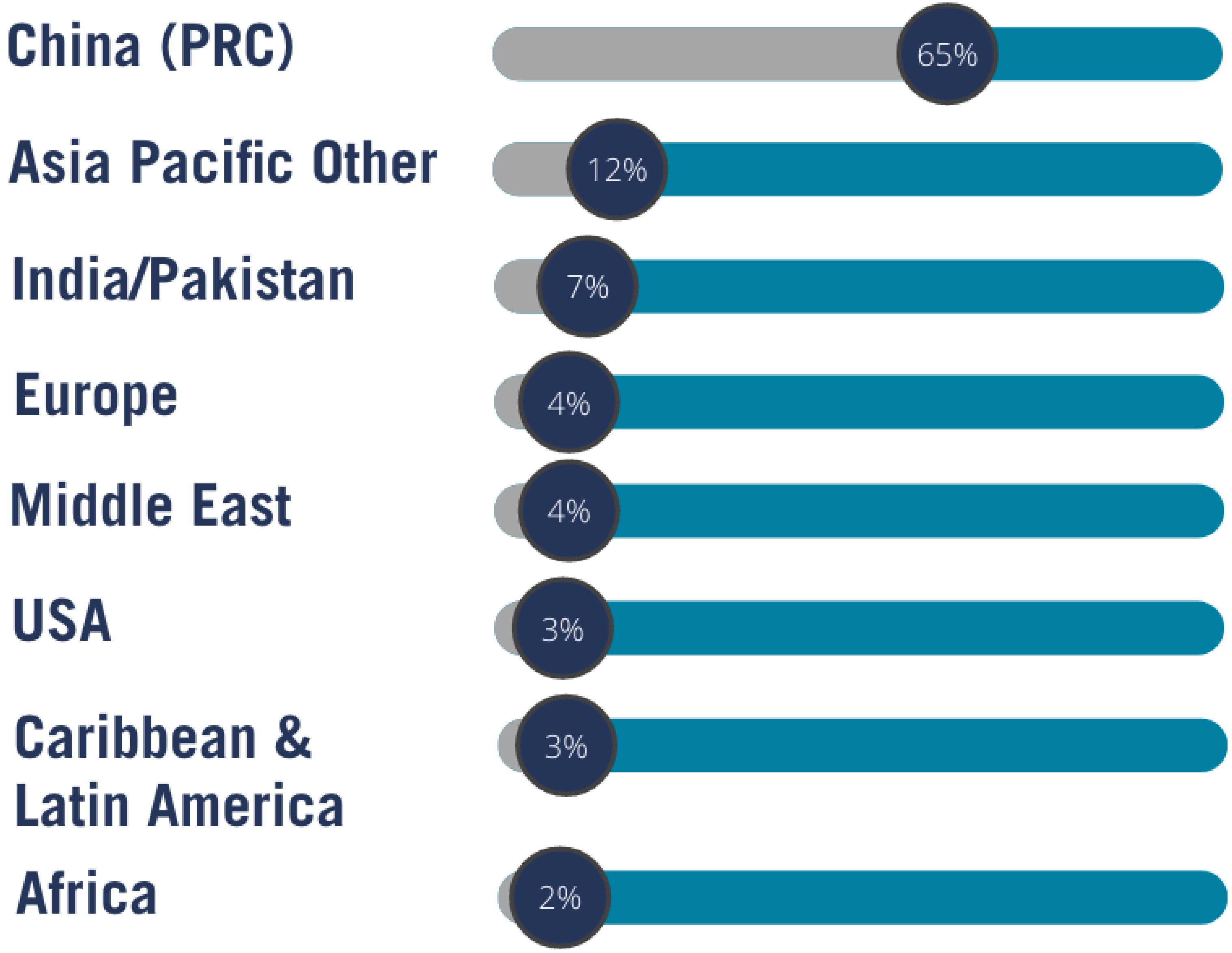
## BY SOURCE REGION

% increase
FALL 2020 vs FALL 2016

| | | |
|---|---|---|
| MIDDLE EAST | 292 | 300% |
| INDIA/PAKISTAN | 525 | 188% |
| ASIA PACIFIC/ OTHER | 834 | 55% |
| EUROPE | 261 | -14% |
| CARIBBEAN/LATIN AMERICA | 203 | 66% |
| USA | 218 | 82% |
| CHINA (PRC) | 3,615 | 27% |
| AFRICA | 161 | 55% |

# International Students by Geographic Region

FALL 2020
TOTAL ENROLMENT



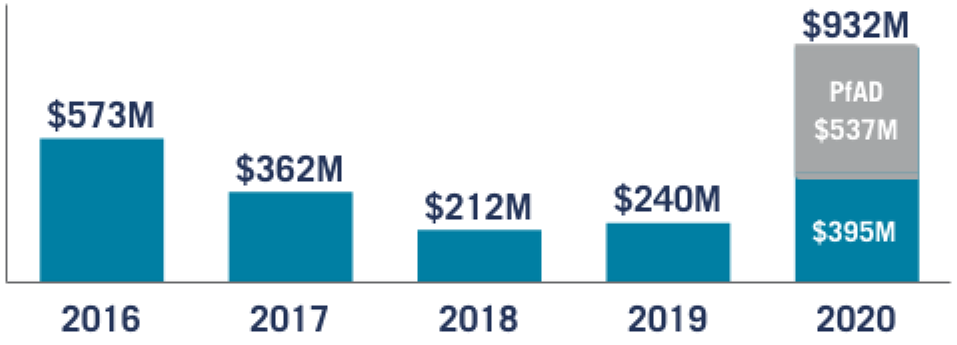
# PENSION PLAN DEFICIT

Transfer to the new University Pension Plan Ontario on July 1, 2021. UofT will be required to fund initial deficit over a period of 15 years

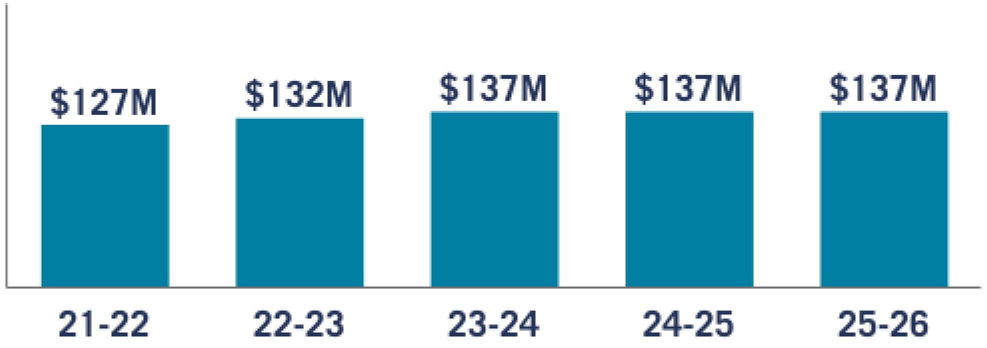
Sensitivity: changing the going concern discount rate by ±0.25% could increase the deficit by $212M or decrease it by $40M

Deficit will be based on actuarial valuation of assets and liabilities. Pension special payments budget assumes increase to $137 million by 2023-24 as placeholder.

**Going Concern Deficit**
2016-2020




**Pension Special Payment Assumptions**
2021-2025

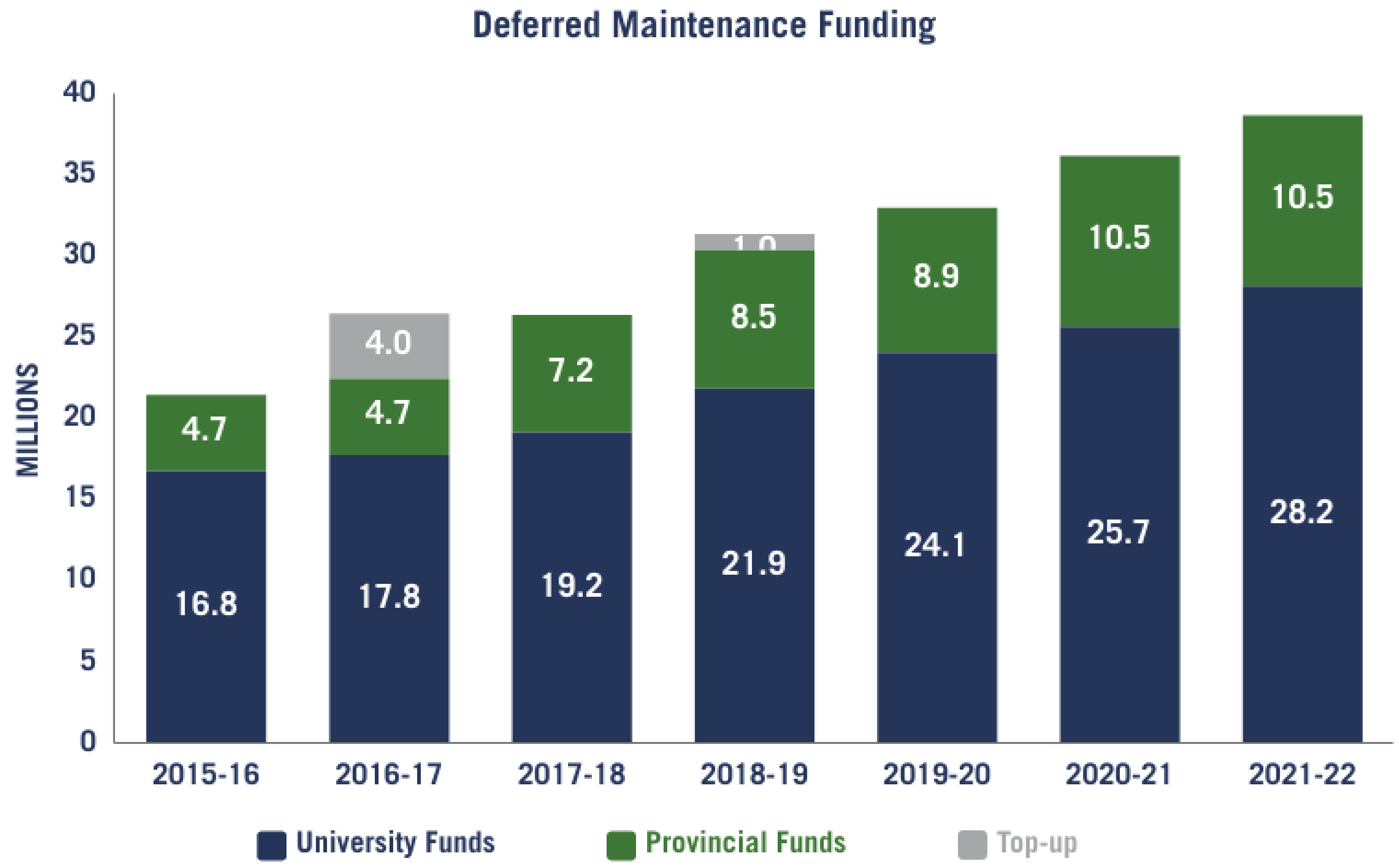


# DEFERRED MAINTENANCE FUNDING TRI-CAMPUS

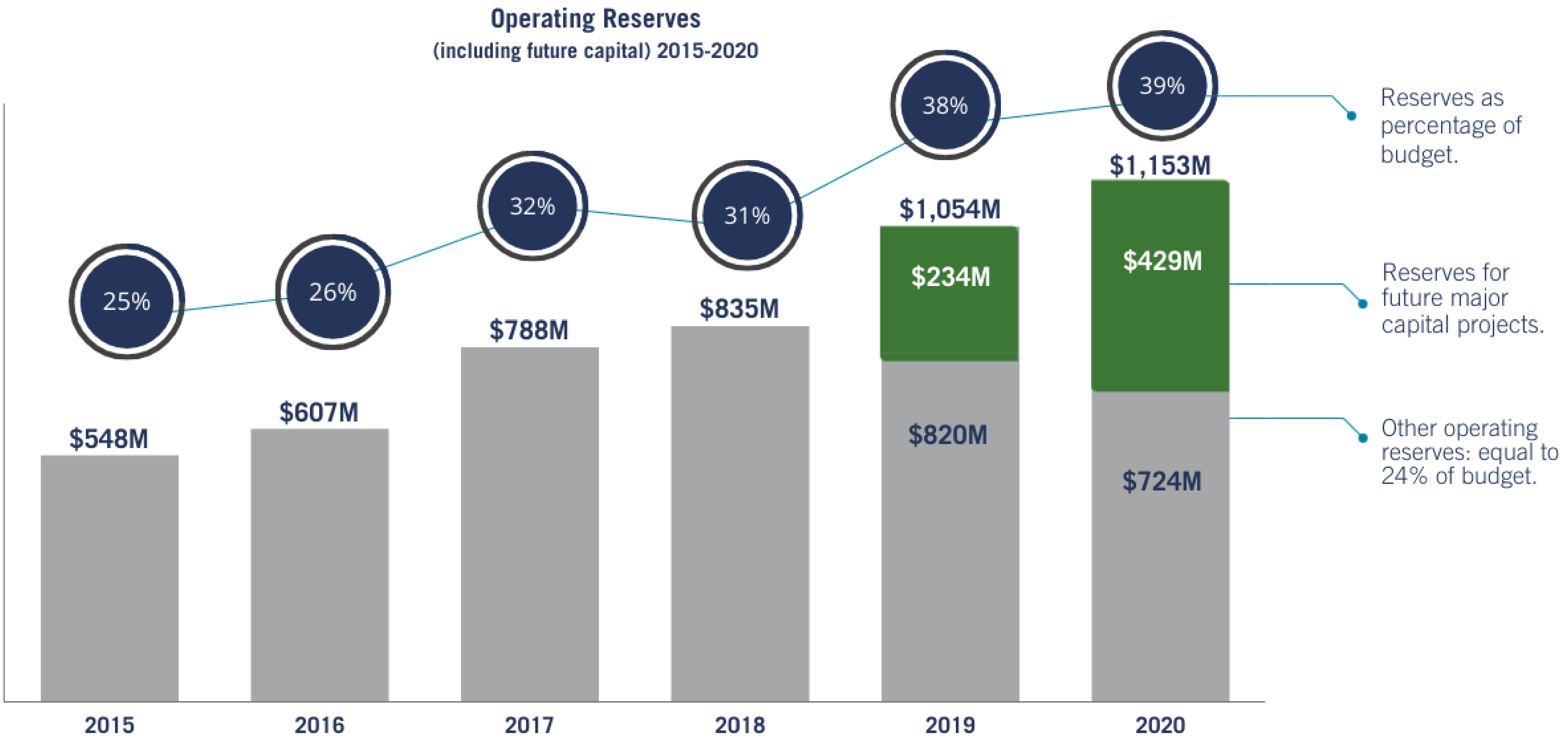
**+$2.5M↑ UNIVERSITY INVESTMENT**
FOR 2021-22

**+$40M TO MEET PROVINCIAL AVERAGE**
PER YEAR

**$794M LIABILITY**
OVERALL



# OPERATING RESERVES



# BUDGET SUMMARY

### ENROLMENT

Domestic enrolment stable within fixed enrolment corridor. Modest increase in international enrolment based on successes of Fall 2020.

### TUITION

No Provincial framework in place. Budget scenario assumes constraint resulting from domestic freeze; international fees increase 2.3% average.

### FINANCIAL AID

Cuts to OSAP limit grant eligibility for those with incomes >$140k. University's financial aid commitment remains. Planned increase in int'l student scholarships.

### IMPACT OF COVID-19

Increased spending on financial aid, teaching & research operations, and loss of ancillary revenues. Enrolment demand remains strong.

### COMPENSATION

Compensation restraint imposed by Bill 124. Planned incremental faculty and staff hires in future years within constrained revenue growth.

### INSTITUTIONAL PRIORITIES

Diversity and inclusion initiatives, student supports, innovation in teaching and learning, support for research funding opportunities and philanthropy.

# Budget
# 2021-22

UNIVERSITY OF
TORONTO