



FOR INFORMATION

PUBLIC

OPEN SESSION

TO: UTM Campus Council

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DATE: February 17, 2026 for February 24, 2026

AGENDA ITEM: 4

ITEM IDENTIFICATION:

Budget Report 2026-2027 and the Long Range Budget Guidelines 2026-27 to 2030-31

JURISDICTIONAL INFORMATION:

Section 5.1 of the Campus Council Terms of Reference notes that budget matters are among the Council's areas of responsibility.

The UTM Campus Council receives, annually from its assessors, reports on matters within its areas of responsibility, including statements of current issues, opportunities and problems, and recommendations for changes in policies, plans or priorities that would address such issues.

GOVERNANCE PATH:

1. Planning and Budget Committee [for recommendation] (February 11, 2026)
2. **UTM Campus Council [for information] (February 24, 2026)**
3. UTSC Campus Council [for information] (March 4, 2025)
4. Academic Board [for recommendation] (March 6, 2025)
5. Business Board [for concurrence with the recommendation of the Academic Board] (March 12, 2025)
6. Executive Committee [for endorsement and forwarding] (March 25, 2025)
7. Governing Council [for approval] (March 26, 2026)

PREVIOUS ACTION TAKEN:

The Budget Report 2024-25 and Long-Range Budget Guidelines 2025-26 to 2029-30 were approved by the Governing Council at its April 3, 2025 meeting.

HIGHLIGHTS:

The University of Toronto continues to be in a strong financial position, with a balanced budget of \$3.66 billion for 2026-27, prudent operating reserves, an excellent credit rating of Aa1, and the resources to invest in the most pressing institutional priorities and capitalize on strategic opportunities. However, the University is in a much more constrained financial position next year and over the five-year planning horizon compared to the past decade. The 2026-27 budget will increase just 1.1% over the prior year's budget – and have approximately \$100 million less revenue than anticipated in last year's long-range plan. Limited revenue growth is driven by a recalibration of enrolment plans that aligns with the new international recruitment market. Annual revenues in future years of the long-range plan are expected to grow at a modest rate around 3% but on a lower revenue base.

Revenue growth in 2026-27 will be less than general inflation and comes as divisions must continue to absorb ongoing compensation increases and rising benefit costs into their base budgets. To ensure the University continues to present a balanced budget, divisions are making difficult decisions to reduce their expenses - prioritizing the use of student tuition to advance the academic mission of the University. This includes reducing contingencies, slowing capital funding, workforce planning and vacancy management, and a careful review and re-prioritization of discretionary spending.

Despite these constraints, in 2026-27 the University will continue to invest in priorities and opportunities to advance our academic and research excellence. This includes planned investments to create 100 new positions for emerging scholars and full participation in the Federal government's global talent recruitment initiative; funding to advance our institutional digital strategies to keep the University at the forefront of AI-readiness and support our operational excellence initiatives; and capital investments to bring on more student housing, advanced research space, and support our commitment to making the University of Toronto climate positive.

The University continues to attract excellent domestic and international students. Enrolment-related revenues, including student fees and operating grants, represent 85% of our operating budget and are projected to increase by 0.2% to \$3.1 billion in 2026-27. This reflects a \$43 million decrease in international fee revenues offset by modest domestic enrolment growth from funded expansions and larger-than-planned cohorts the last two years, additional government sustainability funding, and a 3.7% average increase in international tuition fees.

The Budget assumes that the current domestic tuition freeze will continue into 2026-27. Adjusted for inflation, domestic fees are nearly 30% lower than they were in 2018-19. While there is some flexibility for out-of-province students, this represents a relatively small portion of our domestic enrolment so the financial benefit to the operating budget is limited. In 2024-25, the Province committed to a 7% increase in operating grant funding that is fully phased in 2026-27. This welcome increase in grant funding is helping to mitigate some of the impact of the continued tuition freeze but provides growth on only 20% of

our operating revenues and does not address the long-term sustainability of the sector. The University is actively engaged with the Province in its funding formula review and is advocating for increases to operating grant funding.

Divisional enrolment plans call for a reduction of 990 domestic undergraduate spaces over the next five years as enrolment intake returns to funded levels and the larger cohorts of the last two years flow out of the system; this decrease is net of the roughly 1,000 increase in funded expansion growth related to nursing, medicine, and undergraduate life science expansions. The University continues to see strong demand from international students but is recalibrating its enrolment plans to better align with the shift in the global market. We are planning for growth of 840 international FTEs over the plan, which is largely recovering from the missed enrolments the last two years. With these plans, international enrolment will increase slightly to 29.8% of undergraduates from a diverse set of countries across the world.

For the 2026-27 Budget, the University has reduced its intake plans by 648 direct-entry undergraduate students to align with recent enrolment activity and bring the cohort size back to pre-pandemic levels. Despite this decrease, next year's target assumes 435 (9%) growth over this year's levels. As of January 2026, international applicants for Fall 2026 are up almost 20%, and the University is optimistic that we will receive a sufficient number of Provincial Attestation Letters (PALs) to meet this target. If Fall 2026 intake is limited to Fall 2025 levels, the risk to the University's budget is about \$29 million in 2026-27. Divisions have been working hard to engage with prospective students and build relationships to encourage them to register at the University in the Fall.

Student financial support continues to be a key priority for the University. The 2026-27 budget sets aside \$408 million in funding for student support programs delivered through institutional program such as UTAPS, and locally within divisions.

The Provost has prioritized this year's limited University Fund (UF) allocations toward investments in key institutional priorities, including \$4.1 million to foster and recruit emerging and world-class scholars to capitalize on the federal Government's talent recruitment investments. Another \$4.2 million will be used to support divisional priorities that otherwise could not be funded from divisional revenues alone, including investments into U of T Co-op and student mental health.

Budget priorities in academic divisions include, among others: enhancing student recruitment and student services; reviewing discretionary spending to maximize resources; enhancing academic programming to respond to student demand, including integration of AI; and capital investments in teaching and research infrastructure.

Investments in shared services will be limited this year to only the highest-priority initiatives and meeting inflationary pressures on non-discretionary costs. This includes incremental funding for compensation increases; covering inflation on the University's world-class library collections; enhancing the University's Enterprise Risk Management Office; and implementation of the University's AI Task Force recommendations. To help contain costs, these investments have been offset by a 5% reduction in discretionary spending across each shared service portfolio.

Looking beyond 2026-27, we are anticipating annual revenue growth to stabilize around 3% per year over the five-year plan, reflecting stable enrolment levels, modest increases in international and domestic tuition, and constrained operating grants. Although, annual revenue growth could be significantly lower if international growth targets are not achieved. Compensation costs account for 65% of the University's expenses and annual increases will put pressure on the limited revenue growth over the plan. Consistent with the multi-year plan, the pension risk contingency budget will remain stable at \$50 million over all years of the plan.

Given the more constrained revenue environment, the University must look for ways to further strengthen its academic and research missions while ensuring its long-term financial sustainability. To support this effort, the University of Toronto is launching a multi-year effort focused on operational excellence to evolve our administrative operations. Through this initiative, we will be enhancing systems, developing new capabilities, and empowering our people so that they can focus more time and talent on supporting teaching, research, and student success. This work is supported by an ongoing \$1 million Operational Excellence Fund to help with implementation costs of new initiatives.

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 continue to rise to the challenge, seeking efficiencies and collaborations wherever possible. Enrolment demand remains strong and the University continues to attract excellent domestic and international students.

RECOMMENDATION:

For information.

DOCUMENTATION PROVIDED:

Budget Report 2026-2027 and the Long Range Budget Guidelines 2026-27 to 2030-31

Presentation

Budget Report 2026-27

and Long-Range Budget Guidelines
2026-27 to 2030-31

February 1, 2026

Planning & Budget Office



UNIVERSITY OF
TORONTO

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Introduction & Executive Summary

This report introduces the proposed Long-Range Budget Guidelines for the five-year period 2026-27 to 2030-31, including the detailed annual operating budget for fiscal year 2026-27. The proposed operating budget is balanced at the institutional level in each year of the planning period.¹

The Budget Report 2026-27 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 and in service of our core mission of exceptional, globally recognized teaching and research excellence. These priorities have been the focus of activities such as increased support for international experience; investments in experiential learning opportunities and program innovations; investing in student financial support; supporting student success and well-being through investments in mental health services, curricular and co-curricular programming; new spaces for teaching, learning and research; and cross-disciplinary scholarship to address local and global challenges.

Further, 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 academic and administrative units across all three campuses. Through the annual budget planning process, academic divisions participate in detailed reviews 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.

Figure 1

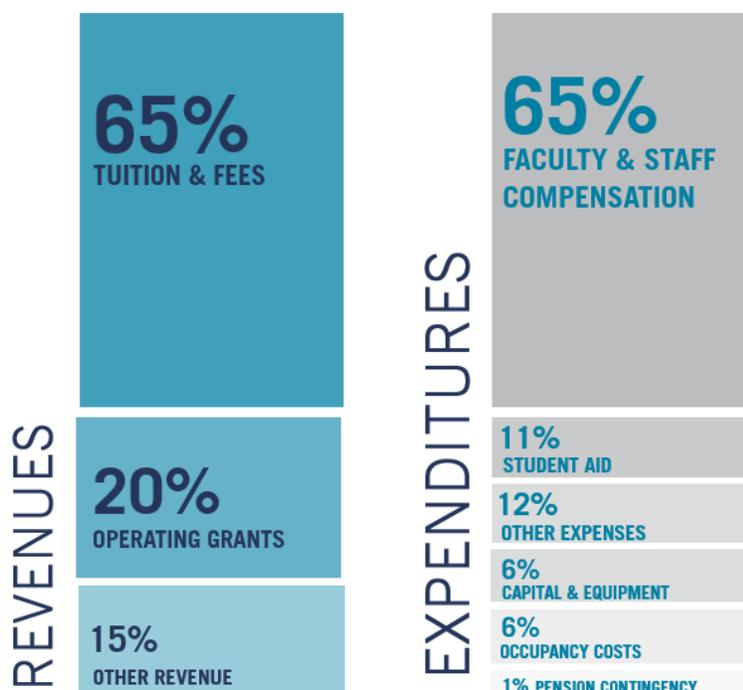


¹ It is important to note that the operating budget is prepared on a cash basis, in contrast to the accrual basis of the audited financial statements. Also, the operating budget is only one, albeit the largest (approximately 75% of total revenues), of the four funds included in the financial statements;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

Figure 2

Balanced Budget

2026-27
\$3.66 Billion



Executive Summary: Budget 2026-27

The University of Toronto continues to be in a strong financial position, with a balanced budget of \$3.66 billion for 2026-27, prudent operating reserves, an excellent credit rating of Aa1, and the resources to invest in the most pressing institutional priorities and capitalize on strategic opportunities. However, the University is in a much more constrained financial position next year and over the five-year planning horizon compared to the past decade. The 2026-27 budget will increase just 1.1% over the prior year's budget – and have approximately \$100 million less revenue than anticipated in last year's long-range plan. Limited revenue growth is driven by a recalibration of enrolment plans that aligns with the new international recruitment market. Annual revenues in future years of the long-range plan are expected to grow at a modest rate around 3% but on a lower revenue base.

Revenue growth in 2026-27 will be less than general inflation and comes as divisions must continue to absorb ongoing compensation increases and rising benefit costs into their base budgets. To ensure the University continues to present a balanced budget, divisions are making difficult decisions to reduce their expenses - prioritizing the use of student tuition to advance the academic mission of the University. This includes reducing contingencies, slowing capital funding, workforce planning and vacancy management, and a careful review and re-prioritization of discretionary spending.

Despite these constraints, in 2026-27 the University will continue to invest in priorities and opportunities to advance our academic and research excellence. This includes planned investments to create 100 new positions for

emerging scholars and full participation in the Federal government's global talent recruitment initiative; funding to advance our institutional digital strategies to keep the University at the forefront of AI-readiness and support our operational excellence initiatives; and capital investments to bring on more student housing, advanced research space, and support our commitment to making the University of Toronto climate positive.

The University continues to attract excellent domestic and international students. Enrolment-related revenues, including student fees and operating grants, represent 85% of our operating budget and are projected to increase by 0.2% to \$3.1 billion in 2026-27. This reflects a \$43 million decrease in international fee revenues offset by modest domestic enrolment growth from funded expansions and larger-than-planned cohorts the last two years, additional government sustainability funding, and a 3.7% average increase in international tuition fees.

The Budget assumes that the current domestic tuition freeze will continue into 2026-27. Adjusted for inflation, domestic fees are nearly 30% lower than they were in 2018-19. While there is some flexibility for out-of-province students, this represents a relatively small portion of our domestic enrolment so the financial benefit to the operating budget is limited. In 2024-25, the Province committed to a 7% increase in operating grant funding that is fully phased in 2026-27. This welcome increase in grant funding is helping to mitigate some of the impact of the continued tuition freeze but provides growth on only 20% of our operating revenues and does not address the long-term sustainability of the sector. The University is actively engaged with the Province in its funding formula review and is advocating for increases to operating grant funding.

Divisional enrolment plans call for a reduction of 990 domestic undergraduate spaces over the next five years as enrolment intake returns to funded levels and the larger cohorts of the last two years flow out of the system; this decrease is net of the roughly 1,000 increase in funded expansion growth related to nursing, medicine, and undergraduate life science expansions. The University continues to see strong demand from international students but is recalibrating its enrolment plans to better align with the shift in the global market. We are planning for growth of 840 international FTEs over the plan, which is largely recovering from the missed enrolments the last two years. With these plans, international enrolment will increase slightly to 29.8% of undergraduates from a diverse set of countries across the world.

In 2024, the Federal Government introduced a policy that reduces the number of new international student permits by 35%. In 2025 it announced a further reduction of 10% and recently confirmed an additional 7% reduction for 2026. This, combined with other immigration policy changes, has had a chilling effect on the international recruitment market for Canadian higher education. The University of Toronto has fared much better than other universities because of our strong global brand, but our new international student enrolments in direct-entry undergraduate programs have decreased by 8% over this period. For the 2026-27 Budget, the University has reduced its intake plans by 648 direct-entry undergraduate students to align with recent enrolment activity and bring the cohort size back to pre-pandemic levels. Despite this decrease, next year's target assumes 435 (9%) growth over this year's levels. As of January 2026, international applicants for Fall 2026 are up almost 20%, and the University is optimistic that we will receive a sufficient number of Provincial Attestation Letters (PALs) to meet this target. If Fall 2026 intake is limited to Fall 2025 levels, the risk to the University's budget is about \$29 million in 2026-27. Divisions have been working hard to engage with prospective students and build relationships to encourage them to register at the University in the Fall.

Recruitment efforts continue to be focused on ensuring that the international student body more closely reflects the University's wide range of global partnerships. Fall 2026 continued our progress in diversifying intakes, with students from 132 countries and less than half from any single source. To support these efforts, direct-entry undergraduate divisions continue to invest in additional merit-based scholarships for international students from diverse global regions, earmarking 6% of international undergraduate tuition revenue towards this goal.

Student financial support continues to be a key priority for the University. The 2026-27 budget sets aside \$408 million in funding for student support programs delivered

through institutional program such as UTAPS, and locally within divisions.

The Provost has prioritized this year's limited University Fund (UF) allocations toward investments in key institutional priorities, including \$4.1 million to foster and recruit emerging and world-class scholars to capitalize on the federal Government's talent recruitment investments. Another \$4.2 million will be used to support divisional priorities that otherwise could not be funded from divisional revenues alone, including investments into U of T Co-op and student mental health.

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Looking beyond 2026-27, we are anticipating annual revenue growth to stabilize around 3% per year over the five-year plan, reflecting stable enrolment levels, modest increases in international and domestic tuition, and constrained operating grants. Although, annual revenue growth could be significantly lower if international growth targets are not achieved. Compensation costs account for 65% of the University's expenses and annual increases will put pressure on the limited revenue growth over the plan. Consistent with the multi-year plan, the pension risk contingency budget will remain stable at \$50 million over all years of the plan.

Given the more constrained revenue environment, the University must look for ways to further strengthen its academic and research missions while ensuring its long-term financial sustainability. To support this effort, the University of Toronto is launching a multi-year effort focused on operational excellence to evolve our administrative operations. Through this initiative, we will be enhancing systems, developing new capabilities, and empowering our people so that they can focus more time and talent on supporting teaching, research, and student success. This work is supported by an ongoing \$1 million Operational Excellence Fund to help with implementation costs of new initiatives.

1 The Financial Planning Landscape

The overall planning environment for the University considers many internal and external factors such as enrolment demand, collective agreements, Provincial funding policy and tuition fee frameworks, Federal funding for research, ancillary operations, and opportunities for non-traditional sources of revenue.

Enrolment Planning

Approximately 85% of the University's operating revenue is related to enrolment through student fees and operating grants. Demand for the University's programs continues to be very strong with overall enrolment at 103,140 undergraduate and graduate students enrolled in 92,251 FTEs of course activity in Fall 2025, a 1,006 FTE increase over the previous year.

We continue to see strong domestic and international applicant pools to our direct-entry undergraduate programs, with this year's incoming class just 84 students fewer than last year's strong intake, though this was 1.1% below the planned growth. Domestic demand was particularly strong with intake 889 above target. Unfortunately, the challenging international recruitment environment contributed to lower than planned international intake at 1,083 below target. This is 4.8% below Fall 2025. It appears now that the international market has fundamentally shifted and that the growth seen in the years following COVID cannot be achieved in the coming years. As such, academic divisions have reset their international intake targets based on recent enrolment levels, restoring them to pre-pandemic levels.

Retention of upper-year students has recovered from the dip seen at the end of the pandemic. It exceeded the strong assumptions in the budget plan and offset the lower than planned intakes. As a result, overall undergraduate enrolment exceeded the budget plan by 0.4% with positive variances in domestic offsetting slight negative variances in overall undergraduate international enrolment.

In 2024, the Federal Government introduced a new cap on international student permits aimed at reducing the number of new permits issued nationally. To administer this cap, the Federal Government allocates a restricted number of Provincial Attestation Letters (PALs) to each province, which allocates them internally to their post-secondary institutions. Colleges and universities issue a PAL to an international applicant who has accepted an offer of admission, though this does not guarantee that they will be approved for a study permit or ultimately

register at the institution. In 2025, the Federal government extended the PAL requirement to graduate students, but for 2026 has returned to exempting them; however, the policy does continue to extend the requirement for PALs to international students already at high schools in Canada.

In the original 2024 policy, the Federal Government aimed to reduce the number of study permits issued by 35%, reducing it by another 10% in 2025; for 2026 they plan to reduce numbers by an additional 7%. This has had a dramatic and chilling effect on international demand for Canadian post-secondary education, although the University of Toronto's exceptional global brand has protected us against the kind of precipitous enrolment drops at other universities and especially colleges.

In both 2024 and 2025, the University received sufficient PALs to meet our targets and last year we received an additional 15% allocation from those not used by other institutions. The University continues to make judicious use of these limited resources and has among the highest PAL conversion rates and permit approval rates in Ontario.

The University is cautiously optimistic that our PAL allocation for 2026 will be sufficient to meet our targets. We have implemented procedures to optimize our use of the allocation we have received, and we are requesting additional PALs from the Ministry to provide some flexibility if conversion rates decrease. However, this policy adds further complication for students applying to attend the University, which is not the target of these policy changes.

The Federal Government also continues to face significant challenges in timely processing of student permit applications given the large increase in volumes across the country in recent years. The University of Toronto, along with Universities Canada and other peer universities, continues to advocate with Immigration, Refugees & Citizenship Canada (IRCC) for the introduction of a new Recognized Institution Framework that will create a new, separate pathway for student permit processing for "recognized" institutions. This would significantly improve the experience for our students and reduce time to approval.

It is important to note that the University separately manages domestic and international enrolment spaces. Each pool has separate targets, and we continue to fill all of our funded domestic spaces each year. We do not fill domestic spaces with international students. In fact, in 2024 and 2025 we admitted more domestic students than funded, given the very strong demand and softening of the international market. This is only a temporary measure as we cannot sustain this growth on domestic tuition revenue alone.

Many divisions continued to experience some softening in graduate intake again this year with overall graduate enrolment coming in 2.2% below plan, which included some aggressive growth plans in select professional masters programs. Geopolitical tensions and delays in students getting their study permits were also an issue, but the Federal Government has recently introduced an accelerated process for applicants into graduate programs that should help address this. Domestic graduate enrolments increased by 2.5% compared to 2024-25 and the University continues to claim all its funded graduate spaces from the Province. Divisions are also developing new programs to respond to shifts in student demand for professional programs, including the Rotman School of Management's new one-year Master of Management program to provide advanced business skills for non-business graduates.

Summer enrolment activity continues to be higher than pre-pandemic levels, although not at the level of the peak in 2020 in the early stages of the pandemic. Students have shown continued interest in taking courses across all three terms, which allows for a broader set of offerings through the summer session, reduced pressure on courses through the Fall/Winter, and more activity on campuses over the summer.

Geopolitical issues continue to present some risk to our international enrolment plans. We are seeing a continued impact on demand resulting from the tensions in the Canada-India relationship with applications from that country for Fall 2026 down by almost two-thirds compared to 2023 – although, early signs are that demand is rebounding. But there are also opportunities, with applications from American students up by more than 40% compared to last year and active recruitment efforts across the globe. This volatility demonstrates why the University's diversification strategy to build and increase connections with a broader range of international countries is so important.

Provincial Government and the Strategic Mandate Agreement

The Ontario post-secondary education system operates under a differentiation policy framework that is operationalized through a series of bilateral Strategic Mandate Agreements. These agreements 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 fourth Strategic Mandate Agreement with the Province (SMA4) will come into effect on April 1st, 2025 and continue for five years.² This follows the 2020-2025 SMA3 that introduced a new performance-based funding model. The University is currently working with the Province to finalize the SMA4, which is expected to include the following features:

- Continuation of the SMA3 performance-based funding framework but with eight metrics, down from the 10 included in SMA3. One of the two SMA3 research metrics is being eliminated under SMA4 and the Skills & Competencies metric will be discontinued.
- Enrolment-related metrics will now be focused on domestic students and exclude international.
- 5% of funding will now be linked to meeting certain reporting deadlines, engaging with MCU on work to develop efficiencies and new skills & competencies metrics, and attesting to a commitment to research security. These elements are still under development as of the writing of this report.

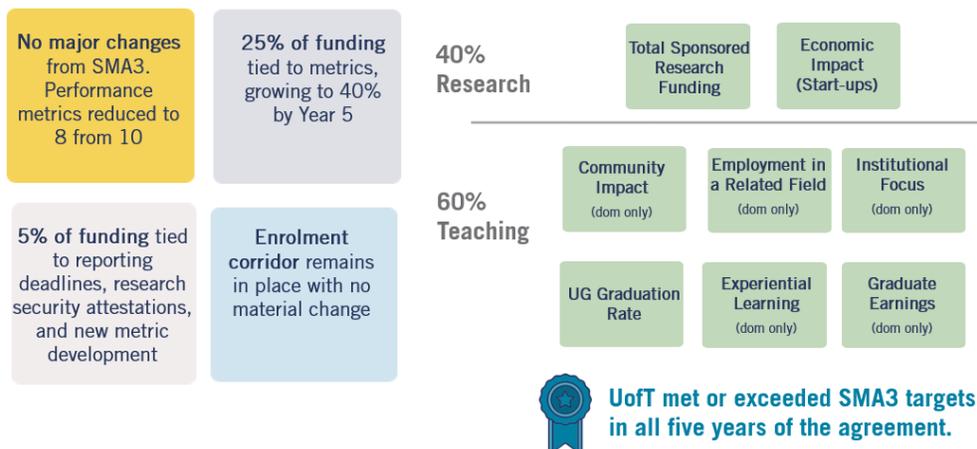
The SMA performance-based funding framework will be linked to 25% of operating grant funding provided to the University in 2025-26 and 2026-27 and then increase annually to 40% by 2029-30. Under the framework, each university is measured against its own past performance, not against other institutions. 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 University exceeded all of its metrics targets under SMA3 and does not anticipate any reductions to funding under SMA4.

² Strategic Mandate Agreement 2026-2030: University of Toronto and the Ministry of Colleges and Universities
<https://www.utoronto.ca/about-u-of-t/reports-and-accountability>

Figure 3: SMA4 Metrics and Framework

STRATEGIC MANDATE AGREEMENT (SMA4)

2025-26 to 2029-30



The SMA3 also set out a multi-year enrolment plan where the Province held constant the level of funded domestic enrolment at the University of Toronto over the period of the agreement. The University has been eligible for full enrolment funding provided it maintained a five-year average enrolment within $\pm 3\%$ of its target. This excluded separately funded enrolment expansions in nursing and the Scarborough Academy of Medicine & Integrated Health discussed later in this document.

The funded enrolment corridor is not expected to change for the first two years of SMA4. However, the Government has indicated an interest in expanding enrolments in science, technology, engineering, and math (STEM) and the University has submitted a proposal to expand programs by 4,850 undergraduates and 565 masters students in areas such as engineering (including a new undergraduate biomedical engineering program), computer science, life & physical sciences, data sciences, kinesiology, and information studies. At this stage, this proposed enrolment growth has not yet been factored into the University's long-range budget plan.

Postsecondary Education Financial Sustainability Fund & Funding Review

In November 2023, the Government's Blue Ribbon Panel on financial sustainability in postsecondary education issued its final report that included recommendations to unfreeze domestic tuition, immediately increase operating grant funding by 10%, and consider new enrolment funding to meet demand.³

In response, the Government created a three-year Postsecondary Education Financial Sustainability Fund with a 7% phased-in increase to operating grants over three years, amounting to \$48 million in 2026-27 at full implementation. While the additional operating grant funding is very welcome, the Government has not committed to continuing this additional funding beyond 2026-27, and the investments fall short of those recommended by the Blue Ribbon Panel.

Instead, in July 2025 and as part of an SMA4 commitment, the Province initiated a Funding Model Review with the objective of addressing the long-term sustainability of the postsecondary education sector. The University has been an active participant in these discussions, providing comment and advice to government on program weights, performance funding, efficiency metrics, and cost-saving opportunities.

³ Blue-Ribbon Panel on Postsecondary Education Financial Sustainability, November 2023

<https://files.ontario.ca/mcu-ensuring-financial-sustainability-for-ontarios-postsecondary-sector-en-2023-11-14.pdf>

Figure 4: 2025-26 Domestic Tuition Fees

PROVINCIAL TUITION FEE FRAMEWORK

Freeze assumed for 2026-27
3% annual fee increases assumed starting 2027-28



FREEZE
Ontario Residents

5% Increase
Undergraduate
Non-Ontario Residents

Current fees are 27% lower than 2018-19 when adjusted for inflation

The University is committed to student affordability, and continues to increase its student aid budget to help support students with financial need



Incoming tuition for MA & MSc will increase 3.1% and MScAC will increase by 7.5% under Government's anomaly adjustment program.

Framework for Domestic Tuition Fees

Changes to domestic tuition fees in publicly-funded programs at Ontario colleges and universities are subject to frameworks provided by the Provincial Government. Under these frameworks, the Government sets limits on increases to fees (and in some cases, requires reductions or freezes) and retains the option to reduce operating grant funding to institutions that contravene the framework. The frameworks only apply to tuition for domestic students in programs for which the Government provides operating grant funding, so do not apply to the majority of international students, non-publicly funded programs such as Executive MBA, and continuing education programs.

The current Tuition Fee Framework is substantially informed by the Government's decision to require a 10 per cent cut to domestic tuition fees in 2019-20 and subsequently freeze fees at these lower levels out to at least 2026-27.

In 2022-23, the Government introduced flexibility to increase non-Ontario domestic tuition by 5% per year – a helpful change but limited in impact as this applies to a small portion of the University's domestic enrolment.

In 2023-24, the Government approved multi-year plans to increase fees for some programs where they were significantly lower than the comparative sector average. This applies to our MA, MSc, and MSc in Applied Computing programs (more information is provided later in this report).

The impact of the cut-and-freeze has been significant as inflation has reduced the real value of tuition by almost 30% since 2019. Tuition from the higher than planned domestic enrolment and the Financial Sustainability funding should put next year's domestic-related revenues just over where they were in 2018-19 in unadjusted nominal dollars, but it is still more than \$200 million lower than where we would have been under modest 3% increases. For context, a 5% increase in domestic fees next year would generate an additional \$27 million, growing to \$84 million annually by the end of the plan. Any tuition fee increase would come in the broader context of the University's long-standing policy that ensures no domestic student is unable to attend the University for lack of financial resources, which is supported by over \$400 million committed each year to student financial support. It is critical that domestic revenues continue to grow given the uncertainties with the international recruitment markets.

Targeted Expansion Funding

The Government continues to fund several program-specific expansions that align with its priority areas in health and teacher education. Since 2021, the government has funded additional nursing spaces at colleges and universities. Under this program, the University received 55 additional spaces for our undergraduate BScN program (31% increase in intake over 2020) and 20 additional spaces for our Masters in Nursing Nurse Practitioner program. Given the continuing high demand for nursing graduates in the health care sector, the University is anticipating that these expansion spaces will continue over the planning period. In addition, the government has committed to a one-time funding of 30 more BScN spaces (85 spaces total) for the cohort beginning in Fall 2026. The University plans to shift 30 BScN spaces permanently to the University of Toronto Mississauga, to complement the existing Mississauga Academy of Medicine, and has received one-time funding support from the Province to establish a simulation laboratory at UTM.

In 2022-23, the Government announced \$124.2 million over three years to significantly increase funding for nursing clinical operations at colleges and universities. Under this initiative, the University's allocation for nursing clinical funding roughly tripled to \$1.1 million per year, which has helped with operating costs for running these programs. We are optimistic that the Government will continue this important funding support, if not also extend it to other clinical programs in Medicine, Pharmacy and, in particular, Dentistry, where the essential in-house clinics require significant subsidies from other operating revenues.

The Province has also funded single cohort expansions for 20 additional Radiation Sciences spaces and 60 additional spaces in our entry-to-practice graduate teacher education programs for Fall 2025. The Province has not confirmed that it will fund more than one cohort so the long-term budget assumes only the flow-through funding of these students.

Scarborough Academy of Medicine & Integrated Health (SAMIH) and Additional Medical Expansion

In May 2022, the Government announced expansion funding for the new Scarborough Academy of Medicine and Integrated Health (SAMIH) located at the University of Toronto Scarborough (UTSC) campus. SAMIH is a collaboration between UTSC, the Temerty Faculty of Medicine, the Lawrence Bloomberg Faculty of Nursing, and the Leslie Dan Faculty of Pharmacy. It will serve as a hub for undergraduate health education and health professional training. In 2023, the Government announced

a further expansion of some medical programs. In total, between the two expansions, the University will receive growth funding for:

- 44 MD spaces
- 55 postgraduate resident spaces
- 26 physician assistant spaces
- 40 MSc physical therapy spaces
- 300 graduates from undergraduate programs in life sciences at UTSC

In addition, 30 MN Nurse Practitioner spaces will be delivered through SAMIH.

The home for SAMIH, the Myron and Berna Garron Health Sciences Complex, is currently under construction with a planned opening for Fall 2026. The Academy will be supported through a partnership with The Scarborough Health Network, Lakeridge Health, Ontario Shores Centre for Mental Health Science and Michael Garron Hospital. Community-based agencies and health care facilities such as Family Health Teams and Community Health Centres will also be important collaborators.

Special Purpose Funding

In addition to the base and expansion operating grant funding described above, the Provincial Government also typically provides Special Purpose Funding for a number of targeted initiatives each year such as mental health support programs, accessibility & accommodation supports, campus safety, access & outreach programs, Indigenous student bursaries, and others. In total, the University received \$5.8 million in special purpose funding in 2024-25. Allocations for many of these programs are announced in-year and often flow through the restricted fund portion of the University's systems given the specific nature of the eligible expenditures. However, the annual operating budget does include a provision for Accessibility Funding, assumed to be \$3.8 million for 2026-27.

Federal Funding

Funding from the Federal Government is provided to universities primarily to support investigator-driven 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 outstanding university researchers on a competitive basis. Research chairs are awarded to each university based on

its share of eligible tri-agency research funding from 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 330 Chairs spread across three campuses and fifteen fully affiliated hospitals. Given that Chairholder salary is an eligible and common budget element, these Chairs make an important contribution to the University’s operating budget. They also have a significant impact on the University’s ability to recruit and retain outstanding scholars. However, since the CRC program was introduced, inflation has reduced the effective value of Chair funding by over 72%. An appropriate adjustment to the value of these awards is long overdue.

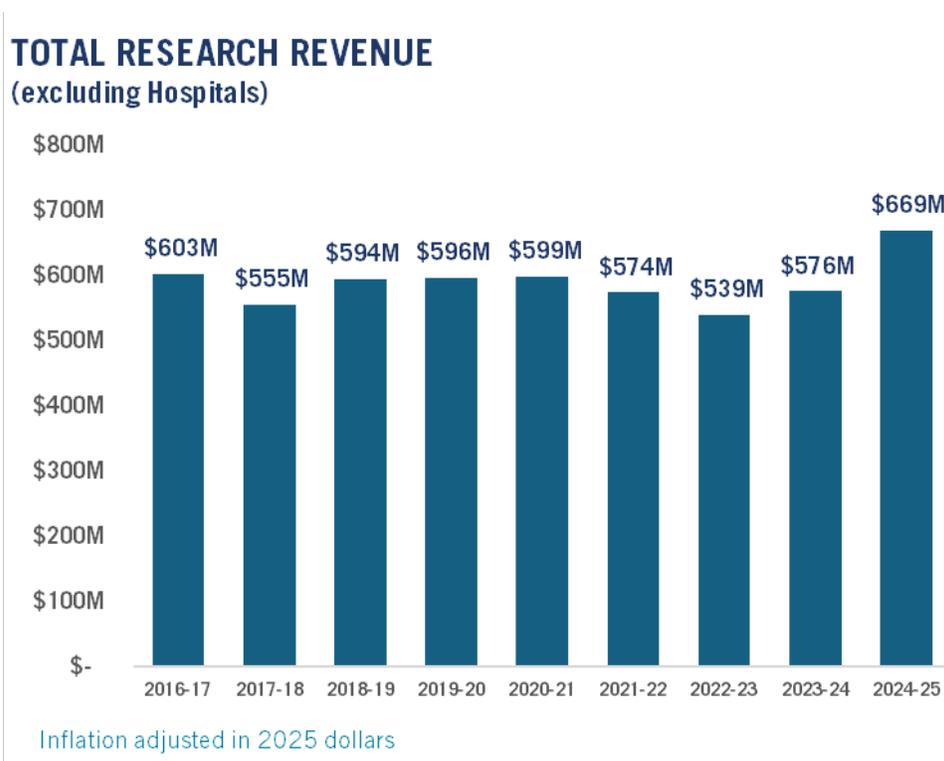
Most research sponsored by NSERC, SSHRC and CIHR funding programs generates funding to support indirect costs from the federal Research Support Fund (RSF) and the Incremental Project Grant (IPG). The University of Toronto’s effective rate of federal indirect costs recovered from these programs has averaged around 20% over the last decade, relative to the University’s indirect cost rate of

64% last year. However, in 2024, the Federal Government announced a multi-year plan to increase funding for the IPG program for research-intensive institutions like the University of Toronto. This very welcome increase will grow the total indirect costs of research funding from the Federal Government.

The Federal Government supports graduate students by providing student scholarships on a competitive basis. Although these funds do not flow through the University’s operating budget, they provide indirect budget relief to academic divisions by freeing up funds that would otherwise be used for graduate student support. In July 2024, the Federal Government announced that it would increase tri-agency doctoral scholarships to \$40,000 and master’s scholarships to \$27,000, a significant investment to support students.

Similarly, the Provincial Government provides support through Ontario Graduate Scholarships and the QEII Graduate Scholarships in Science and Technology. However, these awards have remained frozen in value and the number available has not kept pace with the rapid growth in graduate enrolment.

Figure 5: Research Revenue



Federal Budget 2025 Investments

The Federal Government's Budget 2025 announced significant new federal investments in research that offer significant opportunities for the University of Toronto to extend our globally recognized research excellence. The Canada Impact+ Program commits \$1.7 billion over 12 years in programs to attract top international talent to Canadian universities. It offers funding support across four streams of global talent recruitment, including up to \$1.0 million per year for eight years to incent top tier international researchers, in addition to funding for graduate, postdoctoral, and emerging researchers. The University is eligible for up to \$35 million in awards and has fully mobilized to utilize all our nomination allocations, including strategic institutional funding to ensure all divisions can capitalize on this generational opportunity. We will know the outcome of the first funding intake for the Canada Impact+ Research Chairs and the Canada Impact+ Research Training Awards in June 2026. The Canada Impact+ Emerging Leaders program will begin in summer 2026 as it is tied to the outcomes of the Research Chairs competition.

The Federal Government also announced investments in Canada's defence sector through the launch of the Defence Industrial Strategy, with \$6.6 billion committed over five years starting in 2025-26. The program will include significant opportunities for investments in science and technology research areas like quantum computing, AI, aerospace, and robotics, as well as medicine and health sciences, and humanities and social science fields like ethics, leadership, and conflict resolution. The University is currently developing a strategy to advance our research and education missions aligned with Canadian defence needs and to contribute to enhancing Canadian sovereignty.

These are very welcome federal investments that recognize the critical role of universities in research and innovation and their contributions to Canada's prosperity. U of T also continues to advocate for increased tri-agency funding to meet the needs of our researchers.

Ancillary Services

Ancillary services across all three campuses make important contributions to the student and campus experience through residences, food operations, parking, and other services for student, faculty, and staff. These self-funded units rely on on-campus activity and faced significant financial challenges during the pandemic.

The University's 2021-22 budget plan included up to \$50 million of deficit spending room for ancillary operations to provide flexibility for multi-year plans to recover from the financial impacts of the pandemic. Ancillary units are expected to eliminate any deficits over a five-year period. Ancillary operations are making significant progress in their recovery from the financial challenges incurred during the pandemic and are ahead of their five-year plans. Residences are back to full occupancy; however, Transportation and Food Services are continuing to adjust to the new post-pandemic environment of expanded hybrid work options that is translating to lower on-campus activity in some areas.

Deficit spending has been allowed only where it is necessary to do so, after considering cost containment strategies, levels of reserves, and funding for critical infrastructure projects. The University continues to work with ancillary units impacted by reduced on-campus activity 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 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.

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 Group⁴ 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. One example of actions undertaken following the report was the Provost's establishment of the Advisory Group on Lifelong Learning Opportunities. The group's June 2021 report includes recommendations to enhance and expand the University's lifelong learning offerings through initiatives such as a Lifelong Learning Community of Practice and micro-credentials.⁵

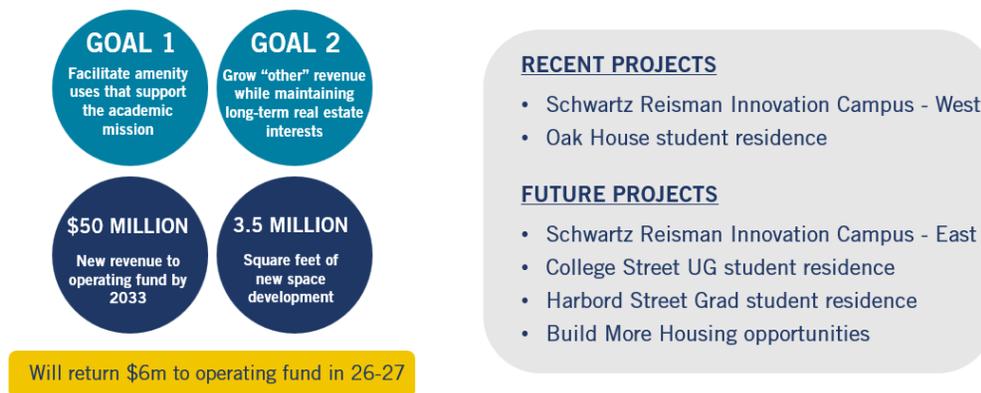
The University has seized another such opportunity with the adoption of the Four Corners Strategy, which will leverage the U of T's real estate assets to deliver facilities and services to support the academic mission and simultaneously grow revenue from sources other than enrolment. Given the challenging interest rate environment of the last few years, new developments have proceeded at a slower pace than originally planned. However, the Four

Corners Strategy is anticipating initiating annual contributions to the operating budget towards academic priorities over the course of the five-year plan, starting with a \$6 million contribution in 2026-27, in addition to interest payments to the operating budget on internally issued mortgages used for Four Corners capital construction. The long-term goal of the strategy is to contribute 1% of the value of the operating budget each year to support institutional strategic priorities identified by the President.

Recent projects completed under this strategy include the Schwartz Reisman Innovation Campus (SRIC) West that houses one of Canada's largest concentrations of student and faculty-led start-ups in AI and technology, and the Oak House residence that brought online 500 new student housing beds this Fall. Future projects in various stages of planning, design, and construction include: the Schwartz Reisman Innovation Campus (SRIC) East, and several locations on and near St. George campus to develop additional student residences as part of the University's Build More Housing initiative to add up to 5,500 new student beds in the next decade.

Figure 6

FOUR CORNERS: DEVELOPING A NEW SOURCE OF REVENUE



⁴ Report of the Alternative Funding Sources Advisory Group, April 2019. <https://www.provost.utoronto.ca/committees/budget-model-review/alternative-funding-sources-advisory-group/>

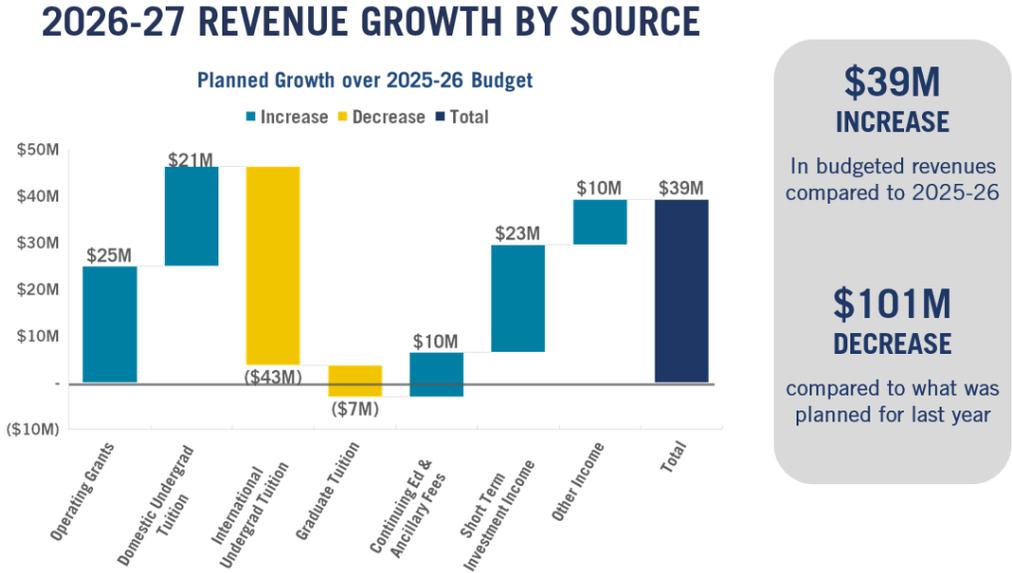
⁵ Report of the Advisory Group on Lifelong Learning Opportunities. https://www.provost.utoronto.ca/wp-content/uploads/sites/155/2021/06/Lifelong-Learning-Report_FINAL.pdf

2 Budget Overview

Budget Assumptions: Enrolment and Revenue

Operating revenues are derived primarily 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 operating revenue of \$39 million in 2026-27 (1.1% over 2025-26) to total revenue of \$3.66 billion, and total growth of \$514 million over the five-year planning period. This is \$101 million below what last year’s plan had called for as a result of the smaller international cohorts in Fall 2025 and what had been planned for in Fall 2026. Revenues are expected to grow annually around 3% over the plan, but on a structurally lower base. If planned international enrolment growth is not achieved, revenue growth would be 0.3% in 2026-27.

Figure 7: Budgeted Revenue Growth



Enrolment

The 2026-27 Budget assumes a small decrease in undergraduate direct-entry intake of 454 students (2.7%) over Fall 2025 actuals. Domestic intake targets are unchanged for 2026 but will result in a decrease of 889 in the incoming cohort because of the over-enrolment in Fall 2025. Given the more challenging market, international intake plans have been reduced by 648 but still include an increase of 435 students compared to 2025 actuals. With strong but steady retention rates, undergraduate enrolment across all years of study is planned to decrease slightly by 293 FTEs in 2026-27.

Overall, the international student market remains volatile, but the University of Toronto continues to have a strong position. To acknowledge the shift in the global market, academic divisions have recalibrated their intake plans to align with recent enrolment, bringing them back to pre-pandemic levels. This reduction has a material impact on the 2026-27 budgets of first-entry divisions but is a more realistic planning assumption. Preliminary international applicant numbers from the Ontario Universities Application Centre (OUAC) present some signs for cautious optimism as international applicants to the University are nearly 20% higher than last year, largely driven by out-of-country applicants. And as a continuing sign of the global

strength of the University, 64% of all international applicants have made the University of Toronto their first-choice selection. Divisions continue to actively engage with these prospective students to maximize yields and limit melt over the summer and are optimistic that their plans can be met from this pool. They are also strategically deploying the substantial investments in International Scholars awards (discussed later in this report) to further diversification goals and meet intake targets.

Domestic enrolment is projected to increase by 786 FTEs over the next five years, reflecting the limits of our funded corridor and SAMIH expansion funding. The University has the capacity for additional domestic growth to meet student demand if the Government provides expansion funding. As part of the SMA4 discussions, the University submitted a proposal to add 5,400 additional domestic STEM spaces, including a new undergraduate Biomedical Engineering program. Divisional plans also include growth of about 711

FTE international undergraduate students over the planning period, including growth on all three campuses. These plans would increase international enrolment slightly to 29.8% of total undergraduates, which is lower than when the larger pandemic cohorts were in the system. A high-level summary of enrolment plans is shown in Tables 1 and 2.

The University was successful in achieving its graduate enrolment targets and claimed all available funding from the Province during the period of the second Strategic Mandate Agreement (2017-2020). Funding for further graduate growth has been frozen during SMA3 but there is demand for another 2,000 graduate spaces beyond our current funded levels. Funding for these spaces remains a point of advocacy in negotiations with the Province.

Additional details and discussion of future enrolment plans are contained in the 2025-26 Enrolment Report.

Table 1: Enrolment (Full-time Equivalent) by Domestic-International Mix, 2025-26 and Planned to 2030-31

	2025-26	2026-27P	2027-28P	2028-29P	2029-30P	2030-31P
UG Domestic	51,074	51,168	51,392	50,599	50,092	50,084
UG International	20,507	20,120	20,124	20,399	20,926	21,218
% International	28.6%	28.2%	28.1%	28.7%	29.5%	29.8%
Grad Domestic	15,349	15,712	16,194	16,627	16,894	17,125
Grad International	5,321	5,227	5,539	5,565	5,523	5,452
% International	25.7%	25.0%	25.5%	25.1%	24.6%	24.1%
Total FTE	92,251	92,227	93,249	93,188	93,435	93,879

Table 2: Enrolment (Full-time Equivalents) by Degree Type, 2025-26 and Planned to 2030-31

	2025-26	2026-27P	2027-28P	2028-29P	2029-30P	2030-31P
UG St. George	45,165	44,714	44,740	44,120	44,086	44,175
UG UTM	13,840	13,616	13,330	13,035	12,782	12,739
UG UTSC	12,576	12,957	13,445	13,842	14,150	14,389
Total Undergraduate	71,581	71,287	71,516	70,997	71,018	71,302
% Undergraduate	77.6%	77.3%	76.7%	76.2%	76.0%	76.0%
Profess. Master's	10,088	10,268	10,773	11,013	11,017	11,022
Doc. Str. Master's	2,597	2,685	2,786	2,843	2,846	2,848
Doctoral	7,985	7,987	8,174	8,335	8,554	8,707
Total Graduate	20,670	20,939	21,733	22,191	22,417	22,576
% Graduate	22.4%	22.7%	23.3%	23.8%	24.0%	24.0%
Total FTE	92,251	92,227	93,249	93,188	93,435	93,879

Tables 1 and 2 include enrolment in conjoint programs with the Toronto School of Theology (TST) but exclude enrolment in non-conjoint TST programs.

Operating Grants

Operating grants currently comprise 20% of the University's operating budget, the lowest proportion of government funding for any major publicly funded university in the country. Details of operating grants are included in Appendix B, Schedule 2. Under SMA4, base operating grant funding is expected to remain materially unchanged over the planning period, with only a small increase of 727 WGUs (roughly 200 FTEs) added to the funded corridor midpoint, amounting to a 0.4% funding increase. Consistent with SMA3, the balance of funding will shift between enrolment-based and differentiation-based funding envelopes: 25% of total operating grant funding will continue to be linked to performance metrics in 2026-27 and grow to 40% by 2029-30. Given the University of Toronto's strong performance, the long-range budget guidelines assume retention of all performance-based funding throughout the planning period.

The budget assumes the following for provincial operating grants:

- Base operating grants will remain stable at approximately \$660 million annually with 25% of total funding linked to SMA4 performance metrics in 2026-27, ultimately increasing to 40% by 2029-30.
- The Postsecondary Financial Sustainability Fund will provide \$48 million 2026-27 as per the Province's multi-year agreement. The long-range plan assumes continuation of this funding at \$48 million beyond 2026-27, and this continues to be a point of advocacy with the Government.
- The University will continue to receive its 727 expansion spaces for STEM growth (\$2.3 million)
- Operating grants will continue to be reduced by \$750 per international undergraduate and master's student under the International Student Recovery deduction.
- The Government will continue to fund the nursing enrolment expansion program over the planning period (\$1.6 million on top of base funding).
- Funding for the SAMIH and medical enrolment expansions will roll out as planned, growing from \$17.8 million in 2026-27 to \$26.0 million in 2030-31 on top of base funding.

While the University is advocating for additional domestic enrolment growth funding in STEM fields, this has not yet been incorporated into the long-range enrolment or budget plans.

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.

As noted earlier, the Budget assumes the freeze on domestic Ontario resident tuition fees will continue for 2026-27; however, for planning purposes we assume a modest 3% growth per year starting in 2027-28, with complementary increases in our undergraduate needs-based aid program (UTAPS). In 2026-27, tuition for non-Ontario residents in undergraduate programs will increase by 5%, consistent with the frameworks in place since 2021-22.

In 2023-24, the Government approved anomaly adjustments to tuition fees across the Province that are significantly below the sector average for comparable programs. Under this initiative, anomaly increases were approved for our research stream Master of Arts and Master of Science programs as well as our Master of Science in Applied Computing. Consistent with our multi-year plan, tuition for incoming MA and MSc students will increase by 3.1% in 2026-27 as we reach our final adjusted tuition rate; incoming fees for the MScAC will increase by 7.5% while those for continuing students will be limited to 5% under the University's fee level commitment.

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. Undergraduate international fees in direct-entry arts & science programs will increase by 4% in 2026-27, while fee increases in other programs vary according to their local factors. Overall, the average tuition increase for international students will be 3.7% across all undergraduate and graduate programs. Details on proposed tuition fee increases by program can be found in the 2026-27 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. Fees in these types of programs are not regulated by the Province. Examples include language, creative writing, and professional development programs in the School of Continuing Studies, and executive education programs in many professional Faculties. Ancillary and incidental fee revenue results from non-tuition related fees covered under the Ministry's framework. This includes fees in categories such as: student services, health services, athletics, Hart House, college fees, student society fees, cost recovery fees, and administrative user fees and fines.

Canada Research Chairs and Indirect Costs of Research

The University, with affiliated hospitals, currently holds an allocation of 330 Canada Research Chairs. Collectively, we are on target to meet the representation targets for the four federally designated groups (women and gender minorities, racialized persons, persons with a disability, and Indigenous Peoples) by the December 2029 deadline.

The budget assumes a recovery from the Federal Government's indirect cost of research funding programs of \$28.4 million in 2026-27, including the University's share of the recently announced IPG funding increase (\$2.4 million increase for 2026-27).

Revenue from indirect costs on private sector-sponsored and other research funding agreements is projected to increase to \$25.1 million in 2026-27 (from \$24.1 million in 2025-26). The University's Guideline on Full Cost Recovery in Research sets the minimum level at the nationally accepted 40 percent unless the research sponsor has a different published rate.⁶ The Division of the Vice-President, Research & Innovation works closely with academic divisions to ensure awareness of this guideline given the direct impact on their operating budgets from this revenue source.

In 2023, the University was awarded a \$200 million grant under the Canada First Research Excellence Fund (CFREF) to revolutionize the speed and impact of scientific discovery through its Acceleration Consortium. This is the largest Federal research grant ever awarded to a Canadian university and comes with both direct research grants and funding to support indirect costs of research. The annual indirect costs of research support for the CFREF program are managed outside of the primary Federal Government's program and are included in the other research overhead revenues described above.

As part of the Strategic Mandate Agreement 3 (SMA3) funding framework changes, the provincial Research Overheads Infrastructure Envelope (ROIE) was frozen and rolled into the University's Differentiation Envelope. However, as the ROIE supports indirect costs of research, the University continues to track and internally allocate this revenue separately from the remainder of the performance-based funding. For the purposes of the internal allocations, the ROIE is assumed to remain constant at \$12 million annually, the value of the grant prior to the funding framework changes.

Investments and Other Income

The University of Toronto has many generous friends and benefactors, who have contributed total endowments in excess of \$3.93 billion (fair value at April 30, 2025). Endowment income is highly targeted and the portion that is included in the operating budget is directed primarily to student financial support and to the support of endowed chairs, representing a modest but important 2.9% of the University's total operating revenue in 2026-27. 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, which is updated 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 of 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 returns are high. 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, 2025, the endowment held a reserve of \$667 million 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.

Investment markets have had another very strong year, driven largely by outperformance of the world's largest and most influential technology companies. The University's diversified LTCAP portfolio has also performed well, although private investment valuations have not kept up with the continued strong and highly concentrated returns in public equity markets. LTCAP returns from May to November 2025 were 11.7%, which is well above the

⁶ University of Toronto Guideline on Full Cost Recovery in Research: <https://research.utoronto.ca/media/108>

target return of 4% plus CPI, although there remains some uncertainty with the remaining months of the fiscal year given global events.

Given the current inflationary environment and strong position of the reserve for preservation of capital, the University is planning to increase the endowment payout to \$11.06 per unit this year, which is a 4% increase over the April 2025 payout and 4% of the five-year average of the endowment's total market value per unit. If investment returns remain unchanged for the rest of the year, the combined impact of inflation and the endowment payout would increase the reserve for preservation of capital above inflation to approximately \$736 million.

In 2024, the University introduced a new advancement investment model to scale up the University's capacity to meet its fundraising goals, while reducing pressure on the operating budget. This Advancement Investment Model (AIM) sets aside a modest portion of the endowment payout (0.26% out of the target 4.0% annual distribution) to invest in fundraising and engagement growth and deepen the impact of philanthropy for the University community. For 2026-27, the projected payout rate would result in \$71 million for student financial support, \$26 million for endowed chairs, and \$8 million for AIM, which is reflected in the operating budget. The actual payout rate per unit will be determined and announced in March 2026. The payout rate is assumed to remain steady for the remaining four years of the planning period.

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

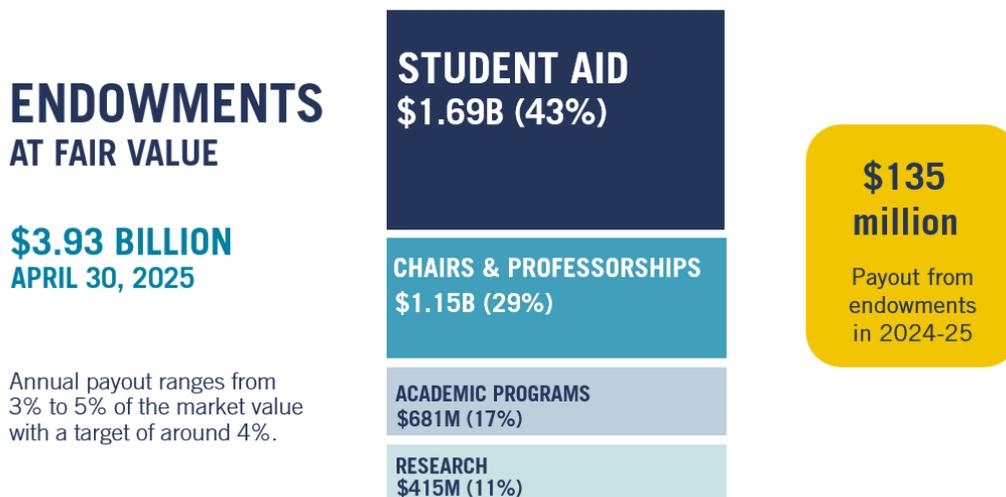
(UTAM), while the long-term investments represent funds used for the University's internal loan program. Principal and interest on internal loans are mainly paid by divisions, the interest portion of which is included in the investment income budget. Investment income makes up a relatively small but growing portion of total operating revenue (4.2%) and fluctuates with market conditions.

The investment income projection is based on assumptions of cash balances, revenue and expenditure rates, divisional reserve balances, planned transfers of operating funds to capital funds, cash donations, research revenue forecasts, and investment return rates. The University also has a smoothing program for investment income to reduce the impact of year-to-year volatility on the operating budget by spreading annual variances to budget over a five-year period. For the 2026-27 long-range plan, the short-term rate of return is assumed to be 2.75% in 2026-27 gradually increasing to 3.30% over the five-year planning period. The medium-term rate of return is projected to be 2.85% in 2026-27 and grow to 3.6% by 2030-31.

The 2026-27 Budget assumes \$153.7 million in revenue from this source, an 18% increase over the 2025-26 budget reflective of strong expected returns and distributions from the smoothing account balance that has built up from strong returns in recent years.

The University is also planning on other income of \$172 million in 2026-27 from sources such as application fee revenue, service charges on overdue accounts, and revenue collected directly by divisions for general sales and services.

Figure 8



Budget Assumptions: Expenditures

Commensurate with revenue increases, total expenditure plans are projected to increase by 1.1% from \$3.62 billion in 2025-26 to \$3.66 billion in 2026-27. Rates of growth vary significantly by division so the allocation of resources must be carefully considered to ensure standards of excellence in teaching, research, and the student experience are maintained across the University. Academic divisions are responsible for their own increases in expenses, including the cost of compensation increases, and they will implement internal cost containment measures as necessary according to their individual circumstances. It is also important to note that these plans include provisions for future spending on major capital projects and other priorities as well as current capital projects that are not expensed in the Operating Fund.

Expenditure projections overall and by division are included in the budget schedules in Appendix B.

Compensation

Approximately 65% of operating budget expenditures fund salaries and benefits, in addition to 1.4% of expenditures for the pension risk contingency. Increases in compensation expenses are due to negotiated increases for existing employees; the hiring of additional faculty to deliver core teaching and research supervision to students and staff to support new legislated requirements in student mental health services, cybersecurity infrastructure, and compliance with complex research regulations.

As noted in the University's 2025 Financial Report, compensation costs have increased by 32% (\$632 million) since 2021, outpacing growth in both enrolment (+8%) and student-generated revenues (+14%) over the same period. These cost increases have been driven, in part, by the extraordinary settlements over this time resulting from the Ontario Superior Court's November 2022 decision to strike down the Government's Protecting a Sustainable Public Sector for Future Generations Act, 2019 (commonly known as Bill 124) and the arbitrator's award of a 7% retroactive increase to Faculty and Librarians effective July 2022, in addition to the 1% negotiated under the then-active Bill 124. This 7% special increase was applied to unionized and administrative staff as part of a total 9% increase for these groups over the course of 2023-24 and 2024-25.

Since then, the majority of unionized employee groups have agreed to a framework of a 2% ATB increase followed

by 1.8% in the years following the large increases, more in-line with historical trends. Several of these agreements are up for negotiation in 2026-27. In 2025, outstanding negotiations with the Faculty Association were settled, with the arbiter awarding retroactive ATB increases of 3.5% for July 2023, 2.5% for July 2024 and 2.5% for July 2025. These retro-payments will be paid out in 2025-26 but will put pressure of divisional budgets next year as they are absorbed into base budgets.

The 2026-27 plan assumes salary and benefit costs to increase by \$105 million over the prior year budget. To help cover these costs within next year's limited revenue growth and ensure a balanced budget, divisions are making the difficult decision to reduce budgeted staff complement by 2%, saving an estimated \$20 million in compensation costs. Where possible, these reductions are being done through elimination of unfilled salary lines and attrition, but there will also be a need for administrative reorganization and re-prioritization in some cases. These efforts, plus the planned \$15 million reduction in the pension risk contingency budget, result in a total compensation budget of \$2.43 billion – a net growth of \$69 million (2.9%) over the prior year.

Academic divisional budgets must cover the full cost of compensation increases. Shared-service divisions receive funding to cover compensation increases as part of the University-Wide Cost allocations. 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 in Table 3. Compensation terms for future agreements will not be known until bargaining is completed.
- In the cases where there is no agreement in place, divisions plan for compensation increases within the context of the University's constrained revenues. If compensation increases result in an overall cost greater than planned by a division, the division will

be required to reallocate resources or to implement cost containment measures. The same framework applies to planning for compensation increases for shared service divisions.

- The standard benefit rate (SBR) will increase to 25.5% for appointed staff and 10.5% for non-appointed staff in 2026-27. The increases are required to fund pressures on the cost of legislated and negotiated benefits. Benefit costs have outpaced general salary costs in the last several years as the SBR rate has grown steadily since the 23.5% rate in 2021-22.

Figure 9

COMPENSATION



Table 3: Collective Agreement Expiry Dates

Agreement	Expiry	Agreement	Expiry
University of Toronto Faculty Association	Jun 2026	IATSE 58: Stage Employees at Hart House	Aug 2026
USW 1998: Administrative and Technical Staff	Jun 2026	CUPE 2484: Day Care Workers	Jun 2026
USW 1998: College Residence Dons	Dec 2027	OPSEU 519: Campus Police	Jun 2026
CUPE 3902U1: TAs, Course Instructors	Dec 2026	OPSEU 578: Research Officers & Assistants at OISE	Jun 2026
CUPE 3902U3: Sessional Instructors	Aug 2027	CAW 27: Carpenters	Apr 2022
CUPE 3902U5: Postdoctoral Fellows	Dec 2025	Unifor 2003: Engineers	Apr 2027
CUPE 3092U6: New College IFP Instructors	Dec 2027	IBEW 353: Electricians	Apr 2027
CUPE 3902U7: Graduate Assistants at OISE	Aug 2027	IBEW 353: Locksmiths	Apr 2027
CUPE 3261: Service Workers	Jun 2026	IBEW 353: Machinists	Apr 2027
CUPE 3261: 89 Chestnut	Dec 2026	SMWIA 30: Sheet Metal Workers	Apr 2027
CUPE 1230: Library Workers	Jun 2026	UA 46: Plumbers	May 2027

Pension Risk Contingency Budget

On January 1, 2020, the university administrations, faculty associations, unions, and non-represented staff at the University of Toronto, the University of Guelph, and Queen's University formally established a jointly sponsored pension plan to cover employees and retirees in the existing plans at all three universities. The assets and liabilities of the former University of Toronto Pension Plan (RPP) were transferred to the new University Pension Plan Ontario (UPP) on July 1, 2021, the effective date of the commencement of accrual of the benefits and contributions under the UPP.

The UPP Funding Policy dictates that for the first 10 years following the conversion date, participating universities remain responsible for any gains or losses that arise related to transferred-in assets and past service liabilities. Over the subsequent 10-year period, responsibility for any further gains or losses will be shifted gradually toward 50/50 risk sharing between employers and employees. Deficits may arise due to lower-than-expected investment returns and other experience losses, or changes to actuarial assumptions that impact the valuation of past service liabilities. Such deficits would require the University to make additional special payments to the UPP over a 15-year period.

The operating budget includes a pension special payment budget that has been gradually reduced, but not eliminated, as a contingency against this pension special payment risk. The annual pension special payment contingency budget will be reduced from \$65.4 million to \$50 million in 2026-27 and remain at this level going forward. This will generate a pension risk reserve of \$475 million for one-time lump sum transfers by 2030-31, and an ongoing base budget of \$50 million to fund additional annual special payments if required. As of January 1, 2025, the funded position of the University's pre-conversion service is a surplus of \$108 million before smoothing so no special payments are required. The strategy is assessed annually as updated valuation information becomes available.

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). University Fund allocations are determined annually so incremental funding generated from future revenue growth beyond 2025-26 is included separately on the University Fund budget line and not included in Academic Expense Budgets.

Academic divisional plans include hiring of tenure and teaching stream faculty; enhancement of student services; funding of compensation increases; introductions of 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 increased doctoral student funding. 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 2026-27 is \$9.2 million, including \$2.5 million from incremental revenue and \$6.7 million of prior year one-time-only funds that are available for re-allocation. 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.

Shared service leaders worked diligently and collaboratively to find cost savings and efficiencies in 2026-27. Faced with \$23.5 million growth in non-discretionary costs related to compensation, utilities, and new space, divisional leaders reduced their base expense budgets by 5.0% across-the-board to hold University-wide cost growth flat in 2026-27. Comparable reductions have been made in campus costs at UTM; UTSC is in a growth phase with SAMIH expansion underway and is expanding their campus services with efficiencies in mind.

University-wide costs and campus costs in 2026-27 will total \$863 million, excluding the pension risk contingency budget described above. Including the savings from the reduction in the pension contingency budget, overall costs will be 0.4% lower than in last year's budget.

Occupancy costs, including utilities, maintenance, caretaking, and deferred maintenance make up the single largest university-wide cost category, totaling \$247 million across all three campuses for 2026-27. Under the University's budget model, academic divisions are responsible for covering the operating costs of their space. Utilities costs are expected to increase next year and the 2026-27 budget includes \$3.0 million in additional funding for this.

Library costs are the second largest category at \$138 million for 2026-27, including budgets for centrally funded libraries and libraries at UTM and UTSC. The budget includes the cost of collections, space and administrative and librarian services. Libraries at UTM were excluded from their ATB cost reductions and those centrally funded saw a smaller 3% containment applied; and to further ensure that the University of Toronto continues to have one of the premier library systems in North America, its electronic acquisitions budget was increased by 3.5%.

Operating budgets for remaining shared service portfolios total \$293 million for 2026-27, including funding for compensation increases, net of the 5.0% across-the-board cost containment measure.

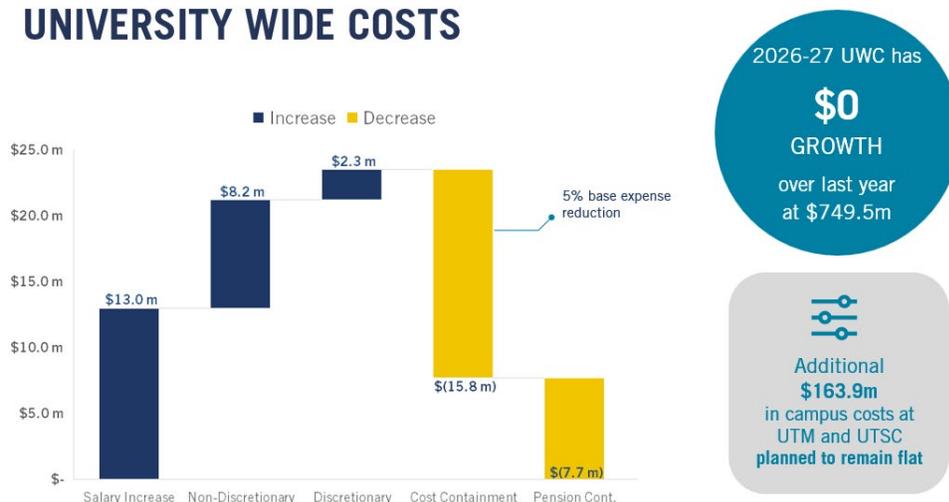
In addition to the cost of these shared services, university-wide cost budgets are established for institution-wide non-discretionary expenditures such as banking, audit, insurance and legal fees, municipal taxes, collective bargaining commitments, and licensing fees for institutional IT systems. These costs are projected to be \$84 million in 2026-27.

University-wide expenses also include \$70 million in special initiative funds held for distribution to academic divisions throughout the year, such as the International Fund, Major Research Project Management Fund, Cross-Divisional Research Initiatives Fund, Provost's Matching Fund, Instructional Technology Fund, and the Strategic Priorities Fund, which is funded from a portion of the savings from the pension contingency budget reductions.

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 Operating Agreements which were successfully renewed in June 2024. Under the new agreements, the University has agreed to increase the Block Grant to reflect current costs and service expectations.

Figure 10: University-wide Costs

UNIVERSITY WIDE COSTS



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, including:

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

Student Financial Support

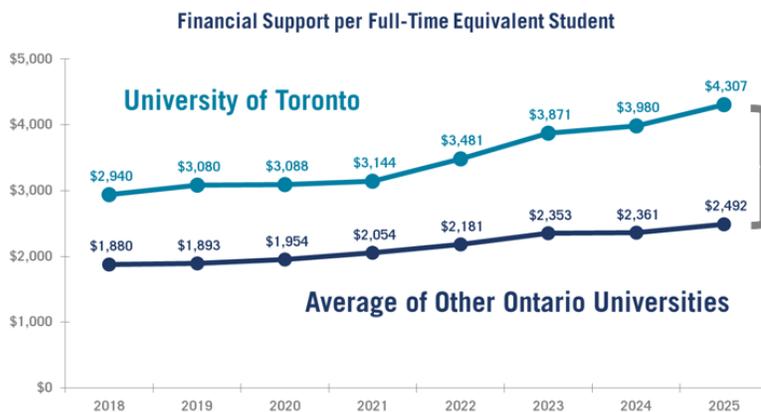
A breakdown of the proposed student financial support budget plan for 2026-27 to 2030-31 is shown in Appendix B, Schedule 3. Total spending is projected at \$408 million for 2026-27. Note that this amount excludes external funding and internal employment income for doctoral stream graduate students. The majority of student financial support is derived from operating funds, with \$71 million funded from the University's endowments, and \$10 million from provincial scholarship grants. The funds are managed through both centralized programs as well as divisional programs.

Student financial support is a central pillar of the University of Toronto's student access and affordability commitments and has not been impacted by reduced revenue growth. In fact, in 2026-27 the primary undergraduate needs-based program (UTAPS) will increase by 3% to recognize cost-of-living increases for students; and overall spending on student aid will continue to be 11% of the operating budget.

A comprehensive view of the University's financial support and graduate student funding programs is provided in the Annual Report on Student Financial Support 2023-24. A discussion of the relationship between tuition fees and student financial assistance is also included later in this report.

Figure 11: Student Financial Support

STUDENT FINANCIAL SUPPORT



\$1.7B Endowed Funds for Student Support
(43% of total Endowment)

\$408 MILLION
Financial Aid Budget 2026-27

Pro Forma Statement of Operations

As described in Figure 1, the University manages revenues and expenses across four funds: Operating, Ancillary, Restricted, and Capital. This report focuses almost exclusively on the Operating Fund, where the majority of the University's operating revenues and expenses are recorded, and outlines a balanced cash-based operating budget. At year-end, the University's annual Financial Report will summarize actual results across all four funds and will include various adjustments required under not-for-profit accounting standards. Schedule 6 provides a projection of the consolidated statement of operations for 2026-27 using the same assumptions outlined in the operating budget and is presented in a layout consistent with Canadian accounting standards for not-for-profit organizations.

Operating Fund

The operating fund includes teaching and administrative activities supported mainly by government operating grants, student fees, short term investment income, and sales of supplies and services.

The University's standard practice is to present an operating budget that is balanced on a cash basis. What this means in practice is that the overall operating expense budget, including provisions for capital spending and funds to be set aside for future spending, matches forecasted operating revenues for the year. This is a conservative approach that ensures that the University has the cash assets to support both its current year and planned future expenditures.

However, under Not-for-Profit accounting rules, funds spent on capital projects are not recorded as in-year direct expenditures but instead are amortized over the expected life of the asset – 40 years in the case of buildings. Similarly, funds set aside in reserves for future priorities are not recorded as expenditures in the current fiscal year, nor is the funding reserved for the pension risk contingency. The 2026-27 Operating Budget assumes the following:

- \$69 million will be spent on capital projects from current year revenues.
- \$61 million of current year revenues will be spent on items that will be capitalized (e.g. equipment, furniture, etc.).
- \$63 million will be set aside for future major capital projects.
- \$19 million will be set aside in reserves for other priorities (e.g. future endowment matches).
- \$50 million will be set aside in a pension risk contingency reserve and will not be expensed in 2026-27.

In addition to the above, the accounting treatment of debt service costs differs between the operating budget and the annual financial statements. The operating budget includes a provision for all principal and interest payments on mortgages, including those issued from both external sources and from the University's expendable funds. The consolidated statement of operations includes only the interest expense on long-term external debt. When these accounting adjustments are considered, the University is projecting a net income of \$213 million in the Operating Fund for 2026-27.

Ancillary Operations

Ancillary operations include operations that provide residences, residential housing, food and beverage services, conference services, parking/transportation services, Hart House, real estate services, and U of T Press. All ancillary assets, liabilities, net assets, revenues, and expenses are recorded in this fund.

Residence operations have fully rebounded to pre-pandemic occupancy levels of close to 100% and are projecting strong results for 2026-27. Food services and parking/transportation are also anticipating positive net income in 2026-27.

Collectively across all units, ancillary operations are projecting a \$24 million net income for next year.

Restricted Funds

Restricted funds include donations (including endowments), research grants and contracts. Each donation, usually supported by an agreement between the University and the donor, or a collection of small donations with similar purpose, is recorded in its own fund, and managed according to agreed upon terms and conditions.

Similarly, each research grant or contract is recorded in its own fund and managed in accordance with the terms and conditions required by the sponsor of the funds. There are several thousand individual restricted funds.

Restricted grants and expendable donations are recorded as revenue only when spent, while unrestricted grants and expendable donations are recorded when received. Endowed donations are not recorded as revenue – they are added directly to the balance sheet and only the annual payout is recognized as revenue as it is made available for spending.

Given the thousands of restricted accounts, the University does not prepare a detailed forecast of Restricted Funds beyond the annual payout for student financial support and endowed chairs that is reflected in the Operating Budget. The projection of \$776 million revenue and \$731 million expense included in Schedule 6 reflects a roll-forward of the current-year forecast of revenue and expenses in Restricted Funds.

Capital

The capital fund includes all capital assets – land, land improvements, buildings, furnishings, computers, etc. - except for those of the ancillary operations. Contributions to the University for capital assets other than ancillaries are recorded in this fund. This fund also holds the vast majority of the University's debt and in turn lends it out for capital construction and other projects to departments or operations that have the responsibility to repay the loan.

Capital fund revenues are projected to be \$105 million and expenses at \$228 million, for a net loss of (\$123) million in 2026-27. Revenues include an amount equal to the amortization of capital assets that were financed by grants

and donations, while expenses include the amortization of capital assets.

The reason for annual net losses in the capital fund is that a significant share of the revenue funding the amortization of capital assets and funding capital projects is recorded as revenue in the operating fund and transferred to the capital fund as an interfund transfer and therefore is not reported as revenue in the capital fund.

Overall Net Income

On this basis, the University is projecting a consolidated net income of \$159 million or 3.3% in 2026-27 across the four funds, exceeding the Provincial Government's minimum threshold of 1.5%. However, it is important to note that this is an accounting view of the University's finances that defers recognition of revenues and expenses over the useful life of the underlying assets. While this is important for monitoring long-term financial sustainability, it should be seen as a complementary perspective to the operating budget, which reflects the way in which the University plans to allocate cash received in the coming year toward both short-term and long-term commitments.

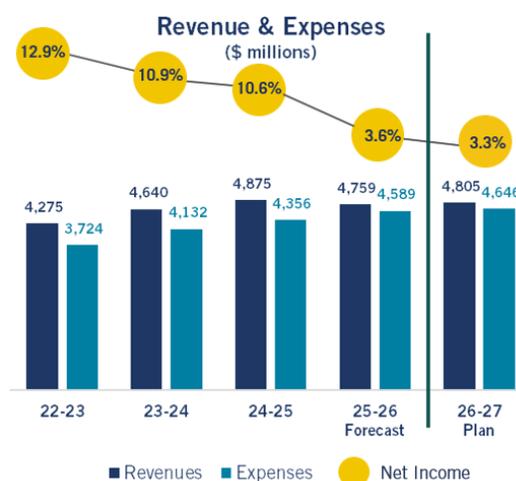
The operating fund spending plans reflect the institutional and divisional priorities for the coming year, which include substantial investments in capital projects to address deferred maintenance across all three campuses, renew smaller spaces, fund construction of major capital projects such as Academic Wood Tower, and set aside reserves for future major capital projects. The accounting treatment of these long-term commitments, as well as funds reserved for the pension risk contingency, are the primary drivers of the projected net income for next year.

Figure 12: Planned Statement of Operations

PRO FORMA STATEMENT OF OPERATIONS

The University's Statement of Operations is an **accounting view** of revenues and expenses – this pro forma translates the University's operating budget into a consolidated view of operating, research, ancillary, fundraising, and capital activity under Canadian GAAP.

3.3%
Planned 2026-27
Net Income on an
accounting-basis
across all four funds.



3 Students: Affordability, Access & Outcomes

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 Province'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 support and is guided by the 1998 Governing Council Policy on Student Financial Support, which will continue to drive funding for need-based financial support for domestic students.

The policy sets out the principle that domestic 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 Vice-Provost, Strategic Enrolment Management and the University Registrar, 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.

Undergraduate & Professional Programs Financial Assistance

The University's primary mechanism for providing need-based aid to OSAP-eligible, direct-entry, domestic undergraduate students is the University of Toronto Advance Planning for Students (UTAPS) program, which supported almost 10,750 students in 2024-25. Need-based aid for domestic students in second-entry and professional master's programs is administered in divisionally run programs, allowing for a more individualized and tailored approach to providing assistance. Divisional programs are also supported where necessary by access to an institutionally negotiated line of credit.

In 2023-24, the University made significant changes to the UTAPS program to make it more responsive to student needs and less impacted by changes in the Government's OSAP need assessment policies. These changes give the University greater flexibility to grant financial support earlier and to consider more accurate living costs for the GTA in

need calculations. This has allowed for a much more targeted allocation of UTAPS support focused on the students who need it most. In 2024-25, the University introduced UTAPS estimates for prospective students with offers of admission in order to help those who may have financial need better understand their net costs.

University practice has been to link the change in the UTAPS budget to the domestic fee framework. While tuition for Ontario resident students remains frozen, growth in the domestic population and rising costs of living in the Toronto area will increase need for UTAPS support. In response, the 2026-27 budget includes a 3% increase to UTAPS bringing it to \$42 million, which is topped up by about \$2.5 million in funding from endowments including the Boundless Promise Program. While UTAPS is the primary program to meet student financial needs, the University, and each academic division, provides additional funding outside of UTAPS to support students facing unexpected financial challenges.

The combination of university and provincial student financial support programs enhances access to the University's excellent education opportunities for a wide array of students. For example, students who receive OSAP typically only pay a fraction of the posted tuition and fees, with the average undergraduate in a direct-entry program paying just 24% of the posted tuition fee sticker price in 2024-25 (after OSAP and U of T grants are factored in).

Additional information on the University's programs and OSAP can be found in the 2024-25 Report on Student Financial Support.

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 undergraduate students is 4.1% in 2026-27 and varies slightly each year thereafter according to divisional plans.

The large direct-entry undergraduate divisions have committed to a significant investment in merit-based scholarships for international students from diverse global regions. Divisions are earmarking 6% of total international undergraduate tuition revenue to support International Scholars awards to reduce the cost for top international applicants from around the world. Each division has designed its own awards program based on diverse criteria including merit, financial need, priority regions for diversification, and intended program of study. The 2026-27 Budget sets aside \$88 million for the International Scholars program and the full-ride Pearson Scholarship program for exceptional international students. This figure is slightly lower than last year because of the smaller planned cohorts.

Figure 13: International Undergraduate Scholarships

INTERNATIONAL SCHOLARSHIP PROGRAMS



Graduate Funding and Increase to Doctoral Funding Commitment

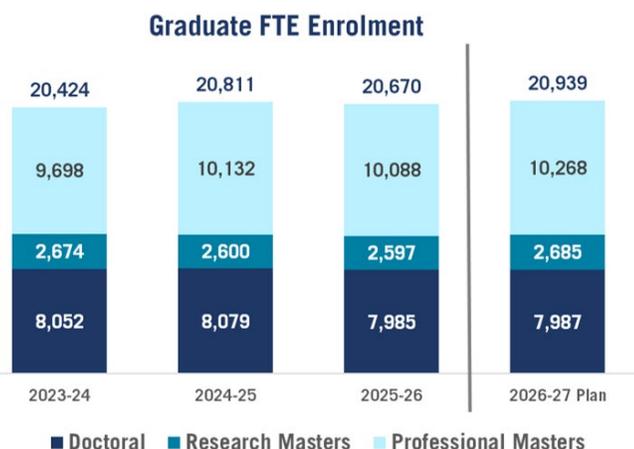
The University provides a base funding commitment for research stream graduate students to cover their tuition fees and provide a stipend for living costs. For most programs, funding is typically provided for up to five years of study which may include a year at the masters level in some programs. Students enrolled during these years are considered to be in the “funded cohort”. Separate programs such as the Doctoral Completion Awards can provide additional assistance for students who require longer to complete their program.

Under this initiative, doctoral students receive at least this amount of funding to support them in their studies while they are in the funded cohort. And students continue to have the opportunity to earn additional income beyond this level awards, research assistantships, employment income (e.g. Teaching Assistantships), and external sponsorships for some international students. Fellowships, scholarships, and some awards are typically reported as financial assistance expenses in the operating budget while employment income is included as a compensation expense. In total, University of Toronto graduate students received \$427 million in funding support in 2024-25.

Prior to last year, divisional funding commitments varied by program; but starting in 2025-26, under the Provost’s priority to Empower Research Trainees and in recognition of the increasing costs to live in the GTA, the University established a commitment of \$40,000 to doctoral students across all programs.

Figure 14: Graduate Enrolment and Funding

GRADUATE PROGRAMS



Minimum \$40,000 base funding commitment for doctoral students

26% of graduate students are international in 2025-26

Postdoctoral and Research Trainees

As part of the University's vision to support research excellence at all stages and reinforce its role as a top destination for talent, the University is prioritizing investments in postdoctoral emerging scholars.

Starting in 2026-27, the Research Excellence Postdoctoral Fellow program is a \$20.9 million initiative to fund 100 new two-year postdoctoral fellowships. The funding will cover a globally competitive salary as well as \$10,000 per year in research support. The program is designed to provide top minds from across the globe with the resources, mentorship and freedom to pursue innovative lines of inquiry. The University is also committing \$3 million to create a fund to elevate rising stars already within its postdoctoral community. The Postdoctoral Competitive Awards Research program will award targeted grants of \$10,000 or \$30,000 to allow both new and current fellows to pursue independent research and accelerate their academic trajectory.

The Provost also continues to commit \$1.3 million annually to support postdoctoral fellows from underrepresented groups. Since 2019, this funding has supported over 60 Black and Indigenous researchers at the University of Toronto and strengthened the research environment at the University with diverse perspectives. Additional support from the University Fund in recent years has allowed

salaries to increase by \$10,000 to reflect growing costs and ensure the University can continue to attract to global talent.

Employability

We recognize that an education at the University of Toronto is a significant investment of time and resources, and results in very strong outcomes for our students. The skills that students develop during their time at the 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 among North American public universities and 12th 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 15: Employability Rankings

GLOBAL RANKINGS - GRADUATE EMPLOYABILITY



*based on Times Higher Education Rankings (2025)

4 Priority Investments

The University faces increasing financial pressure as a result of slowing revenue growth and inflationary pressures on expenses, but we continue to invest in key priorities and opportunities. Revenue growth in 2026-27 is allocated not just to cover inflationary costs, but also to increase student financial support, enhance academic programming and delivery, improve our ability to access research funding programs, attract top global faculty and emerging researchers, and invest in initiatives to provide more efficient and effective services.

Operational Excellence

As revenue growth slows and divisional budgets face sustained pressure, it is critical to look for innovative ways to ensure our administrative operations are future-ready and support the ambition of our academic mission.

As such, the University is prioritizing a whole-of-university effort focused on operational excellence to evolve administrative operations and harness technological change. This initiative, coordinated through the President's office, brings together experts from across the University to support divisions' efficient and effective service delivery. Prioritizing the academic mission, these projects will focus on establishing consistent, reliable service delivery models; modernizing technology infrastructure; leveraging data for decision-making; and empowering administrative staff with new skills and ways of working.

A \$1 million Operational Excellence Fund has been created to support implementation costs of new initiatives that will deliver benefits in the long run.

The operational excellence initiative will build on and accelerate ideas and efforts that have been developed in pockets around the institution in recent years, which can be prioritized and implemented at scale. Some examples of these initiatives include:

- Implementation of a new travel and expense reimbursement system to free up administrative time that can be redirected to higher priorities. The Finance division is also in the early stages of a new procurement management system to reduce administrative time, improve data for spend analysis, and reduce costs.
- Back-office collaborations have been established across many units and divisions, including Medicine's IT HUB, the Financial Services Hub for the entire VP-OREP division, and the Business Services Hub in Planning & Budget that supports five VP portfolios and an academic

division starting in 2026-27. The two largest shared services divisions are also actively collaborating on better coordinating their IT services.

- The University is investing in a new Employee Central IT system that brings together multiple HR processes and creates opportunities for more efficient service delivery. This will improve HR services for employees while also providing greater visibility to units on their employee complement and compensation expenses
- Many divisions have been experimenting with leveraging technology to automate routine tasks, such as a new system in the Faculty of Kinesiology and Physical Education that manages 1,500 casual staff per year for co-curricular activities; a new tool in the Bloomberg Faculty of Nursing to track preceptor outreach and placement operations; and an onboarding portal at UTSC that ensures new employees get timely and consistent information and resources they need. The University has committed \$15 million to support digital strategies across the institution, including increasing the competency and fluency of staff, faculty and students in the use of AI.
- The Finance Division has been making progress in recent years to eliminate out-dated, duplicative and costly processes. This includes the phase-out of the use and handling of cash; shifting the University's vendors toward electronic funds transfer to reduce cheque production and mailing costs; and eliminating the mass production and mailing of physical copies of student tax receipts.

Figure 16: Operational Excellence Initiatives

OPERATIONAL EXCELLENCE

The University is launching a multi-year effort focused on operational excellence to evolve administrative operations. We are enhancing systems, developing new capabilities, and empowering our people so students, faculty, and staff can focus more time and talent on teaching, research, and student success

Some examples and opportunities



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 new incremental operating revenue, taking into consideration the divisional and University-wide academic priorities emerging from discussions during annual budget reviews. In 2026-27, the total amount available for allocation is \$9.2 million; including \$2.5 million from incremental revenue and \$6.7 million of prior year one-time only funds that are available for re-allocation. The Provost has made allocations across three categories:

Supporting Emerging Talent (\$4.1 million)

- \$2.0 million in base funding to advance recruitment and research support for postdoctoral researchers.
- \$1.9 million in base funding to provide salary matching support so that all academic divisions can engage ambitiously with the Federal Government's Impact+ Talent Recruitment initiative.
- \$160,000 base to increase the number and value of awards in the Provost's Postdoctoral Fellowship Program to increase opportunities for fellows from underrepresented groups.

Investing in Divisional Priorities (\$4.2 million)

- \$4.1 million in support to divisions for their priorities as well as the increased costs of the new Operating Agreement with our Federated University partners.
- \$200,000 OTO for three years to support expansion of U of T Co-op to smaller programs across the University, further expanding opportunities to students beyond the 150 disciplines now participating.

Research & Innovation (\$0.9 million)

- \$550,000 base funding to create sustainable funding levels for the University's Black Founders Network, Black Research Network, and Indigenous Research Network.
- \$335,000 OTO for three years to advance the University's strategic participation in the Federal government's increase research funding to support Canadian security and sovereignty.

Priorities in Academic Divisions

Within the constrained budget environment, academic divisions have identified many priorities for new and ongoing investment:

- Continued focus on student recruitment with targeted outreach to improve yields and reduce melt and investments in scholarships to reduce barriers.
- Academic hiring plans vary across divisions, but many are significantly reduced compared to recent years. Divisional plans include adding approximately 9 incremental faculty positions in 2026-27, largely in areas of program expansion or to fill positions with external funding. These plans do not include potential hires through the federally-funded Impact+ talent initiative program, which is also supported by strategic investments from the University Fund. Given fiscal constraints, many divisions are delaying faculty hiring plans for 2026-27.
- Continued enhancement of academic programming to reflect faculty-driven pedagogical innovation and respond to student demand. Examples include significant changes to graduate management programs to introduce shorter cycle programs and new offerings for students without a business undergraduate; new academic programs focused on interdisciplinarity, data sciences and health sciences; Indigenous mentorship programs; expanded experiential learning opportunities; and exploration of new micro-credentials. Many divisions also continue to work to integrate new AI concepts and tools into their programming.
- Expansion of interdivisional teaching opportunities at the undergraduate level, leveraging the University's breadth of expertise. Examples include partnerships between the Faculty of Applied Science and Engineering and the Dalla Lana School of Public Health, the Jackman Faculty of Law and the Daniels Faculty of Architecture and Landscape Design.
- Construction of new academic infrastructure continues to be a priority, such as the completion of the Garron Health Sciences Complex at UTSC, the Woodsworth Academic Tower and the MacMillan Theatre rehabilitation on St. George campus, and the New Residence at UTM. Academic divisions will also partner with institutional colleagues to address the significant backlog in deferred maintenance.
- The Faculty of Arts & Science and UTSC have introduced new budget models that will improve engagement of Chairs in the budget planning of the Faculty. This is anticipated to result in greater collaboration across units, innovative new programming, and improved use of limited resources. UTM is also actively exploring a similar budget model.

- Advancing access and opportunities to students from diverse backgrounds, for example investing in new targeted student outreach programs, dedicated application review pathways, financial supports, academic advising systems, learning spaces, and mental wellness programs. Many divisions are also investing in supports for incoming students, including summer academies that help refresh their high school math, science, or language learning

Shared Service Portfolios

The limited and lower-than-planned revenue growth in 2026-27 put significant pressure on shared services to contain discretionary costs, work collaboratively, and find administrative and technological efficiencies. Only the highest priority budget requests were put forward and approved and several of these will be funded from institutional reserves next year. Overall, total discretionary costs increased by just \$2.2 million dollars in 2026-27, which was limited by the \$21.1 million in non-discretionary cost for inflation on utilities, software systems, salary increases and new space.

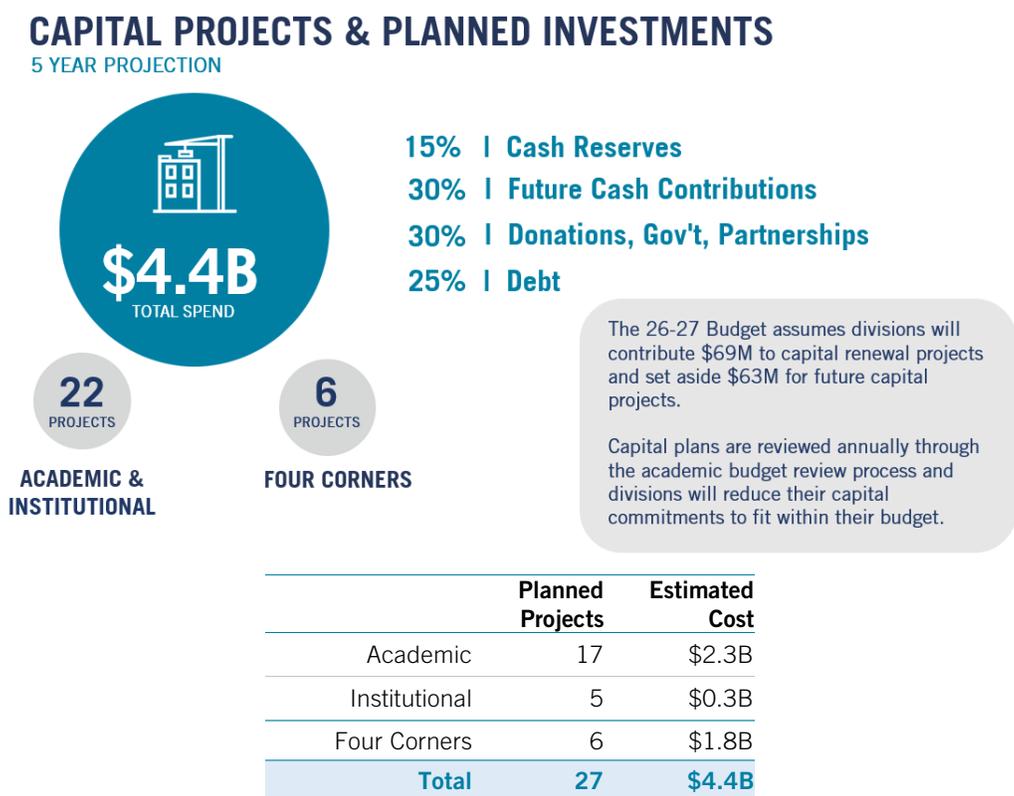
Funding priorities for next year include:

- Development of the new Employee Central system which will bring together multiple HR processes and create opportunities for more efficient service delivery.
- Funding for inflationary pressures on electronic library acquisitions.
- New funded leadership position for a more robust Office of Enterprise Risk Management and Insurance office.
- Communications initiatives to help the University tell our story and support the recruitment of top-tier global students and researchers.

In addition to the above, \$15 million has been committed to implement the recommendations of the University's AI Task Force, which issued its Final Report in June 2025.⁷ Building on U of T's leadership in AI development and the core belief in a human-centred approach to AI use, the Report focused on articulating how AI can enhance the expertise of faculty, librarians and staff, while enriching the student learning experience. The newly created office of the Associate Vice-President and Vice-Provost, Digital Strategies (AVPVP DS) and the University's Information Technology Services are collaborating to support the four strategic priorities identified by the Task Force: supporting and growing AI expertise at U of T, establishing an expert AI Adoption Table to develop guidelines and coordinate policy discussions, creating AI Response teams to provide technical and administrative support for implementing AI projects, and developing an AI Kitchen where members of the community can safely experiment with AI tools and projects. The office of the AVPVP DS works closely with the University's Chief Information Officer to lead strategic planning efforts to improve the efficiency, governance, and security of University's digital assets and products.

⁷ University of Toronto AI Task Force Report (June 2025): <https://ai.utoronto.ca/u-of-t-ai-task-force/>

Figure 17: Five-Year Capital Plan



Capital Projects

The University continues to have ambitious plans for new and renewed capital infrastructure across our three campuses with \$4.4 billion in future capital projects in various stages of planning. This is in addition to major projects currently under construction such as the Lash Miller expansion, Academic Wood Tower, and MacMillan Theatre revitalization on the St. George campus; new residence at UTM; and the Garron Health Sciences Complex (SAMIH) at UTSC.

A total of 28 future major capital projects are in various stages of planning for academic, institutional, and ancillary spaces. This includes future academic capital projects such as the James and Louise Temerty Building on the site of the current MSB West Wing, a new Commerce building, and two new student residences on the St. George

campus; a new Indigenous build and campus heart renewal project at UTM; and a literature, arts, media and performance building at UTSC.

Divisional capital plans are reviewed annually with the Provost as part of the academic budget review process. Divisions will provide a significant portion of the funds for these buildings from their operating reserves and Principals and Deans continue to strive for support from donors and Government partners toward these important projects, with the objective of limiting the amount of long-term debt required. Rapid inflation on construction costs in recent years has increased the cost of many projects and requires an on-going careful review of priorities and timing of planned projects. Annual capital renewal plans can also be dialed back in-year or during budget planning, if there are pressures on divisional budgets.

Inter-fund Transfers

The University has had significant success in seeking external donations to enhance academic initiatives by establishing matching programs to create endowments and other trust funds. To meet these matching commitments, some divisions have earmarked ongoing operating funds within their budgets to match the annual payout while others have sought to use operating funds to increase the endowed capital through a match. The 2026-27 budget and long-range guidelines assume that the University will continue to use operating budget allocations for these matching opportunities as they arise.

In recognition of the anticipated need for increased fundraising matching under the Defy Gravity campaign, in 2022-23 the University established an institutional fund to hold divisional operating reserves intended for future matching. Transfers to this institutional reserve are approved by the Provost through the budget process and will improve the University's ability to manage and report on operating reserves. As of April 2025, divisions had set aside \$32.3 million in this matching reserve which is available for future opportunities to match endowment gifts.

In 2025-26, in recognition of our upcoming bicentennial, the University established a Third Century Chairs Matching Program. Under this program, the University will provide 1:1 matching of \$10 million gifts to establish a named Chair. These operating funds will be as \$5 million endowment from the home division and \$5 million expendable research funding from institutional funds. The University has allocated \$50 million for five chairs. The first of these has already been established: the Hinton Chair in Artificial Intelligence, which included a \$10 million gift from Google to honour the extraordinary legacy of University Professor Emeritus and Nobel laureate Geoffrey Hinton.

Ancillary operations provide important services that contribute to the quality of the student experience and campus life. The University is working with ancillary units that were hit particularly hard by the pandemic and may provide support from operating reserves to assist with their deficits 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 during the year, based on requests from the budget authority for those sources.

5 Risk

The Economic and Political Climate

Over the course of 2025, we have seen a gradual increase of CPI inflation, which ended the year at 2.2% in December 2025.⁸ This is within the target range of the Bank of Canada (BoC) and down from the elevated levels in 2022 and 2023. Even this modest rate of inflation exceeds the University's planned revenue growth in 2026-27 and will put pressure on the increasing costs of the goods and services that the University purchases.

In January 2026, the BoC projected that inflation would remain around the 2% target in 2026, with US tariffs on several industries and elevated uncertainty in the global trade environment.⁹ As the BoC noted, the ongoing trade conflict is fundamentally reshaping Canada's economy – with potentially long-term negative impacts – while the

reconfiguration of global trading networks and domestic production will put upward pressure on costs. The Canada-United States-Mexico Agreement (CUSMA) is set to be reviewed in June 2026, and the outcome of negotiations could have material impacts on the Canadian economy.

In the October 2025 Ontario Fall Economic Statement, the Provincial Government projected a \$13.5 billion deficit for 2025-26, followed by a \$7.8 billion deficit for 2026-27 before moving into a small surplus position in 2028-29.¹⁰ This improving fiscal situation is positive news for the sector and may present opportunities for new investments in postsecondary education. As noted earlier in this document, the University is seeing extraordinary demand from domestic applicants and is ready to expand our programs to admit more students if the Government will provide additional funded spaces.

Figure 18: Inflation

INFLATION

2.2%
PER YEAR
ANNUAL INFLATION
ON CPI (DEC 2025)

Inflationary pressures and uncertainty created by US tariffs, changes to global trade networks, and geopolitical instability. CUSMA to be reviewed in June 2026



International Recruitment and Study Permits

The University benefits from the presence of top students from across the globe. These international students bring diversity of experiences and perspectives to the classroom and to our research programs and help to connect the University with the world. International students currently make up 28.6% of the undergraduate population on average across all programs with slightly higher rates in

direct-entry programs and lower rates in second entry professional programs. 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.

⁸ Statistics Canada. Table 18-10-0004-11 Consumer Price Index, by geography, monthly, percentage change, not seasonally adjusted, provinces, Canada <https://www150.statcan.gc.ca/t1/tbl1/en/cv.action?pid=1810000411>

⁹ Bank of Canada January 2026 Monetary Policy Report <https://www.bankofcanada.ca/publications/mpr/mpr-2026-01-28/>

¹⁰ 2025 Economic Outlook and Fiscal Review: <https://budget.ontario.ca/2025/fallstatement/contents.html>

Figure 19: International Recruitment

UNDERGRADUATE INTERNATIONAL RECRUITMENT

RISKS

- Geopolitical tensions
- Changing Immigration Policies
- Provincial Attestation Letters (PALs)

STRATEGIES

- ✓ Engaged recruitment activities in local markets
- ✓ Diversification
- ✓ International Scholars
- ✓ Melt reduction strategies
- ✓ Advocacy for Recognized Institutions Framework

Budget plan includes international intake growth of 435 students over 2025

\$29M RISK



In Fall 2025, UofT registered 40+ new students from 15 separate countries; and no single country greater than 50%

We have had tremendous success in recruiting exceptional students from China, and we will continue to build on this success where we have deep and long-standing connections. But we also want to ensure that the diversity of our global partnerships is reflected on our campuses. We are committed to diversifying the regional and socioeconomic backgrounds of our student body through active recruitment in diverse global regions; development of partnerships and scholarship programs with governments, charities, and schools around the world; and the significant investment in the International Scholars program. Our diversification efforts are working: the Fall 2025 incoming class of undergraduate students came from 132 countries, with more than 40 students coming from fifteen different source countries; and compared to Fall 2020, the proportion of students from the Middle East, Asia Pacific and Europe regions have nearly doubled while the proportion of students from our largest source country has decreased to 42% (from 59%)

The Federal Government's policy changes to limit international study permits represents a risk to the University's ability to recruit exceptional students from around the world. The 2026-27 Budget plan includes growth of 435 international students into our direct-entry programs over Fall 2025, and we are pleased to see that as of January 2026 applicants are up nearly 20%. We are cautiously optimistic that we have received sufficient Provincial Attestation Letters (PALs) to meet our targets, and that our government partners at the provincial and federal levels are committed to supporting Canada's flagship university in the event we need more. The University of Toronto has been an exemplary actor under

the new policy, with among the highest PAL conversion and permit approval rates in the country. However, we remain deeply concerned that the multiple changes to Canada's immigration policies are impacting Canada's reputation around the world, which could impact our ability to meet our growth target again next year. The University faces a risk to our 2026-27 budget plan of about \$29 million if intake is limited to Fall 2025 levels.

Our expert recruiters are directly engaged in local markets to promote the University and help with questions around immigration policies to ensure that prospective students know they can still attend the University of Toronto. And divisions are deeply engaged in anti-melt strategies to connect with prospective students and ensure that those that accept an offer ultimately decide to join the University in the Fall.

As a consequence of recent lower-than-planned international first-year cohorts, divisions have brought in larger domestic cohorts. This has placed the University's in-year enrolment levels above our SMA4 funded midpoint. This does not impact the University's grant funding (which is measured on a five-year average), but it is also not sustainable for programs to operate on only domestic tuition-only revenues. The University is actively working to return to its long-standing practice of keeping enrolments close to its funded corridor, and has implemented funding caps on domestic enrolments in budget allocations to divisions. The University will remain at its elevated enrolment levels for several years while these larger cohorts flow through the system, but with a strict adherence to intake plans will begin to reduce levels over the coming years.

Budget Pressures

Over the last decade, the University has seen annual revenue growth of 5.6% as a result of a significant expansion in enrolment and our international strategy to increase the number of top students from across the world. This extended period of growth has provided the resources to fund our key priorities but has also driven significant increases in costs for new faculty, staff, services, student support, capital construction, and infrastructure improvements. However, as enrolment growth plans have been adjusted lower, and with limits on tuition fees and operating grant funding, revenue growth ahead will be much more constrained and – as is the case for 2026-27 – may not be sufficient to cover inflationary pressures on expenses.

It is also the case that expenses over the last few years have grown at a faster pace than revenues – 8.1% growth in expenses compared to 4.4% in revenues since 2021-22.¹¹ Expense growth has been impacted by the extraordinary compensation settlements over that time, employee growth since the pandemic, and rising capital costs, as well as missed revenues from unmet growth targets. The decision to reduce our international cohort size next year and through all years of the plan removes more than \$100 million in revenue in each year of the five-year plan, which means the University must collectively remove \$100 million in base expenses starting in 2026-27.

The majority of budget reductions will fall to academic divisions, particularly larger first-entry divisions that are reducing their enrolment growth plans, and these will be accomplished in the short-term by reducing contingencies, eliminating vacant salary lines, pausing or delaying faculty hiring plans, and delaying capital plans. Among the shared services, all portfolios will see a 5% base budget reduction in 2026-27 and only the most institutionally critical discretionary funding requests were approved next year. This effort reduced planned expenses by \$24.9 million and holds next year's university-wide cost budget flat after non-discretionary cost inflations are assumed.

These sustained budget pressures give an urgency to the University's work to evolve our administrative operations. As revenue growth slows and divisional budgets face

sustained pressure, it is critical to look for innovative ways to ensure our administrative operations are future-ready and support the ambition of our academic mission. The pursuit of process innovations, system modernizations, and service excellence efforts under the Operational Excellence program will allow us to achieve new levels of excellence in service delivery and empower our administrative staff with new skills and ways of working.

Student Housing

For students who are moving to the GTA and/or wish to live closer to campus, the availability of student residence spaces is becoming an increasingly important factor in their decision to attend U of T; especially in light of the increasing costs of private housing in Toronto and Mississauga. This is driving higher demand for residence spaces and putting pressure on our first-year residence guarantee.

The University currently has 10,800 residence spaces for its student community, including 9,700 undergraduate residence spaces across the three campuses and at the Federated Universities, and another 1,100 spaces in Grad House and Student Family Housing. Another 750 spaces are under active construction – the new residence at UTM (400) and the Lawson Centre for Sustainability at Trinity College (350) – as well as another 1,200 spaces in planning across two campus locations under the University's innovative Build More Housing initiative.

The University of Toronto guarantees accommodation for any first-year full-time undergraduate student who wants it, including international students, and our priority for housing each year is to meet this 1st year guarantee. But this leaves significant unmet demand for housing from upper year undergraduates and graduate students. Following the success of the purchase of a 20% leasehold interest in the CampusOne residence on College Street and our experiences working with partners on the Oak House residence (Daniels) and UTSC's Harmony Commons (Fengate), the University is embarking on a new expansion of student housing with private partners. This Build More Housing Initiative aims to add up to 5,500 new spaces on and in close proximity to our campuses, leveraging the value of our locations and favourable planning regulations.

¹¹ University of Toronto Financial Reports: <https://finance.utoronto.ca/reports/financial/>

Figure 20: Student Housing

STUDENT HOUSING



Costs of Capital Construction

Construction activity in Toronto continues to be at high levels and while cost increases have come down from the high of the pandemic, the cost of construction has risen significantly in recent years. In the fourth quarter of 2025, Statistics Canada reported a 49% increase in the Non-Residential Building Construction Index for Toronto since Q1 2021. Elevated construction costs will continue to put pressure on capital plans and timing of major projects, particularly as revenue growth slows.

However, global economic uncertainty and increased supply levels has contributed to a slowing of new project starts in the city and led to renewed interest from contractors for institutional projects. While annual inflation on the Non-Residential Building Construction Price Index still outpaces general CPI inflation, it has continued to slow over the last year, down to 2.9% as of Q4 2025, significantly lower than the 15% inflation seen through 2022.

As with any capital project, there are always risks of construction delays and cost overruns caused by unforeseen conditions during construction, labour and material shortages, international trade disputes, city permit delays, and the complexity of working with heritage buildings. The University Planning, Design, and Construction team seeks to mitigate these risks by building market escalation costs, construction schedule assessment, contingency funds, and exploring alternative project delivery mechanisms 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 may re-prioritize projects and adjust timelines, making judicious use of reserves and debt capacity.

Deferred Maintenance

As noted in the 2025-26 Report on Deferred Maintenance, the University's total deferred maintenance liability on academic and administrative buildings presently stands at \$1.5 billion. Each year, new building audit data provide updated information on the condition of University facilities and deficiencies are prioritized based on the urgency with which they have to be addressed.

Funding for deferred maintenance has been a significant budget priority over the last decade leading to a doubling of the funding for St. George projects since 2015-16, along with significant investments by UTM and UTSC. However, due to aging infrastructure and construction cost inflations, these increases have not been able to keep pace with the growing liability.

To address critical immediate needs and bend the curve on the growth in our deferred maintenance liability, the University has undertaken a major 3-year push on deferred maintenance spending under its project RISE initiative. A total of \$350 million in projects is planned over the next three years across all three campuses. This will be funded from a combination of \$100 million cash and a \$250 million debt envelope that will be converted to a 25-year mortgage at completion of the projects. Both the cash contribution and the annual debt service payments will be funded from the operating budget provision for deferred maintenance.

The 2025-26 operating budget sets aside \$35.7 million for deferred maintenance across all three campuses which is augmented by funds available through the provincial Facilities Renewal Program (FRP) program (\$12.8 million in 2025-26). Note that UTM has identified an additional \$11.2 million in deferred maintenance needs next year that it may cover from its divisional reserves if it cannot be fit into its 2026-27 budget.

¹² Statistics Canada. Table 18-10-0289-01 Building construction price indexes, percentage change, quarterly, Institutional Buildings, Toronto <https://www150.statcan.gc.ca/t1/tbl1/en/cv.action?pid=1810028901>

Cash flow will be carefully managed during the major deferred maintenance program to leave some funding available each year to address unexpected failures. At project completion, debt service on the long-term mortgage would tie up about \$17 million per year of the St. George deferred maintenance budget at a 7% hurdle rate which would still leave substantial funding available for future DM project needs.

Balanced Budget and Operating Reserves

Looking ahead, the University continues to plan for a balanced operating budget. But what does this mean in practice? 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 fully engages divisional leaders in the connection between revenues and expenses.

Through the annual Academic Budget Reviews (ABRs), the Provost meets with each division to review their multi-year plans and discuss how their budget can support their academic priorities. There is a close review of revenue and expense assumptions and how they will continue to balance their on-going expense plans within the revenues available to them. Where there are emerging pressures outside of the control of the division, the Provost may consider targeted investments from the University Fund to

help them maintain balance. The Planning & Budget Office and other institutional units provide support to divisions in this work.

As divisions hold a significant portion of the risk related to revenue generation, over time they have set aside reserves as operating contingencies to deal with possible future uncertainties. These reserves also provide them flexibility to fund "one-time-only" (OTO) initiatives such as capital investments, faculty start-up packages, and endowment matching opportunities. Reserves can also provide a source of funding to weather short-term pressures on expenses or sudden reduction in revenues if enrolment plans are adjusted. However, as they are a limited resource, reserves can only provide bridge funding to give time for more permanent changes to revenue or expense plans.

Divisional operating reserves are normally expected to fall in the range of 5% to 10% of the division's total operating expense budget, excluding those reserves earmarked for contributions to specific capital projects, student aid, planned endowment matches, and research initiatives. The University works closely with divisions to ensure that operating reserves are managed within this guideline and that resources are fully utilized to meet divisional and institutional priorities. Given the new, tighter fiscal environment and the need to balance risk with in it, these reserves serve as a prudent risk management strategy and a source of strategic investment and capital planning.

Summary

The University continues to plan for a balanced budget, but we are now in a new planning environment with more constraints on revenue growth. Demand for our programs continues to be strong with deep domestic and international undergraduate applicant pools, although changes to Canada's immigration policies are creating uncertainty with international recruitment.

Over the next five years, the University plans to decrease enrolments by 990 domestic undergraduate spaces as we reduce our cohorts and return to our funded enrolment level, while continuing to expand in areas of targeted expansion like nursing, medicine, and undergraduate life sciences. We have the capacity to continue our current higher levels of domestic enrolment if the Government provides additional funded spaces. International undergraduate enrolment will increase by about 710 over the next five years to take us back 2024-25 levels, assuming that intake targets can be met.

Domestic tuition fees for Ontario residents continue to be frozen into at least 2026-27 with some flexibility for non-Ontario Resident tuition. Additional operating grant funding provided through the Postsecondary Financial Sustainability Fund is in place for 2026-27 but not confirmed beyond that. It is critical that the Government continue providing additional support funding to address the impact of the continued domestic freeze, and that the Government provide universities with flexibility to increase

fees in the future. The University is committed to ensuring that no Canadian student admitted to U of T will be unable to complete their studies because of a lack of financial means, and we have the resources to ensure that students from low income families are supported.

Revenue growth in 2025-26 will be used primarily to meet compensation and inflationary pressures, and key initiatives to improve services and supports for students and invest in the infrastructure that is critical to supporting teaching, research, and the University community.

But revenue growth will be less than general inflation and not be enough to meet our current expense needs next year. And so, to maintain a balanced budget, divisional leaders have made difficult decisions to decrease their discretionary spending. And given the more constrained revenue environment, the University must look for ways to further strengthen its academic and research missions while ensuring its long-term financial sustainability. To that end, the University of Toronto is launching a multi-year excellence initiative focused on administrative operations. Through this initiative, we will be modernizing technology infrastructure; leveraging data for decision-making; and empowering administrative staff with new skills and ways of working.

Appendices

Appendix A **The U of T Planning & Budget Framework**

Appendix B **Financial Schedules**

Schedule 1	Projection of Operating Revenues and Expenses
Schedule 2	Details of Operating Grants and Student Fees
Schedule 3	Details of University Wide Costs and Student Financial Support
Schedule 4	Revenue and Expense Allocations by Division
Schedule 5	Projected Divisional Net Revenue Allocations
Schedule 6	Planned Statement of Operations

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 operations. These plans are reviewed by the President, who takes advice from the Divisional Advisory Committee (DAC), 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 efficiencies have been examined.

The annual academic budget reviews (ABRs) take place throughout the Fall term. Each academic 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, continuing education activities, advancement outcomes, and other sources of revenue available to divisions. Expense projections take into account factors such as cost increases, changes in faculty and staff complement, student financial support, capital plans, etc. These plans are discussed in individual review meetings with a Provostial committee that includes the Provost, Vice Provosts, and senior staff in the Planning & Budget Office. The reviews inform approvals of enrolment targets, academic appointments, allocations from the University Fund, and approval of the allocation of operating reserves for capital plans and matching priorities.

The review process, whether for academic or shared service divisions, amounts to a high level of engagement in the budget 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 priorities. Cost containment measures, which may be necessary because of 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.

Figure 21: University of Toronto Budget Model

THE BUDGET MODEL



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 containing 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 (86%) of the budget allocated to academic divisions 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, transaction accounting is not used to attribute the cost of services. Instead, revenues and costs are attributed using readily available and verifiable indicators 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 indicators such as the number of students, number of faculty & staff, occupancy of usable space, research applications, 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 2026-27 Financial Schedules

Schedule 1: Projection of Operating Revenues and Expenses (\$ millions)

2026-27 to 2030-31

Projection of Operating Revenues	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31
Student Fees	2,395.3	2,376.8	2,474.3	2,577.4	2,702.4	2,825.0
Prov. Gov't Grants for General Operations	712.1	737.1	740.5	743.1	743.0	742.8
Subtotal: Grants and Student Fees	3,107.4	3,113.9	3,214.8	3,320.5	3,445.4	3,567.8
Investment Income: Endowments	103.9	106.5	108.4	110.1	112.1	113.3
Investment Income: Other	130.5	153.7	152.0	153.9	155.6	154.8
Sales, Services & Sundry Income	167.2	171.5	174.3	177.3	180.3	183.3
Subtotal: Operating Revenue	3,509.0	3,545.6	3,649.4	3,761.7	3,893.3	4,019.2
Recovery from Canada Research Chair Grants	47.1	47.1	47.1	45.0	45.0	45.0
Recovery of Institutional Costs of Research	63.8	66.5	66.3	70.3	70.2	70.1
Total: Operating Revenues and Recoveries	3,619.9	3,659.3	3,762.9	3,877.0	4,008.5	4,134.3

Projection of Operating Expenses	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31
Shared Service and Campus Costs	826.3	830.6	854.3	880.2	904.8	933.3
Pension Contingency Funding	65.4	50.0	50.0	50.0	50.0	50.0
Strategic Priorities Fund	25.0	32.7	32.7	32.7	32.7	32.7
U-W costs offset by shared services income	162.9	166.8	170.0	173.3	176.6	180.0
Sub-total, University-wide Costs	1,079.6	1,080.1	1,107.0	1,136.2	1,164.1	1,196.0
Academic Expense Budgets (Excl Fin. Aid)	2,096.2	2,138.5	2,200.0	2,283.4	2,373.6	2,460.7
Student Financial Support	405.3	407.5	412.2	414.7	425.2	432.5
University Fund (unallocated portion)	8.7	2.5	13.2	14.4	17.0	16.3
Flow-through to Other Institutions	30.2	30.7	30.4	28.3	28.6	28.8
Total: Operating Expenses	3,619.9	3,659.3	3,762.9	3,877.0	4,008.5	4,134.3

Schedule 2: Details of Operating Grants and Student Fees (\$ millions)
2026-27 to 2030-31

Prov. Gov't. Grants for General Operations	2025-26	2026-27	2027-28	202829	2029-309	2030-31
Enrolment Based Funding	235.7	223.5	223.5	223.5	223.5	223.5
Differentiation Envelope	422.4	434.6	434.6	434.6	434.6	434.6
PSE Financial Sustainability Fund	33.9	48.0	48.0	48.0	48.0	48.0
Enrolment Expansion Funding	13.8	23.0	26.6	29.3	29.6	29.6
Clinical Education	4.8	4.8	4.8	4.8	4.8	4.8
Ontario Graduate Scholarships	10.3	10.3	10.3	10.3	10.3	10.3
Ontario Trillium Scholarships	-	-	-	-	-	-
Municipal Tax Grant	5.2	5.4	5.4	5.4	5.4	5.4
International Student Recovery	(17.8)	(16.3)	(16.4)	(16.5)	(16.9)	(17.1)
Accessibility for Students with Disabilities	3.8	3.7	3.7	3.7	3.7	3.7
Total, Gov't Grants for General Operations	712.1	737.1	740.5	743.1	743.0	742.8

Student Fees	2025-26	2026-27	2027-28	202829	2029-309	2030-31
For-Credit Tuition Fees	2,125.3	2,097.2	2,189.0	2,286.2	2,405.3	2,521.9
Continuing / Exec.Ed Tuition & Ancillary Fees	270.0	279.6	285.3	291.2	297.1	303.2
Total, Student Fees	2,395.3	2,376.8	2,474.3	2,577.4	2,702.4	2,825.0

Schedule 3: Details of University-Wide Costs & Student Fin. Support (\$ millions) 2026-27 to 2030-31

University-Wide Costs	2025-26	2026-27	2027-28	202829	2029-309	2030-31
Occupancy	259.9	247.0	253.2	261.7	270.1	281.7
Information Technology	67.7	69.4	71.4	74.3	75.7	77.2
University Management	52.8	58.7	61.1	62.9	64.4	65.9
Financial Management	16.4	16.0	16.7	17.3	17.8	18.2
Human Resources	29.9	30.1	30.9	31.7	32.4	33.2
University Advancement	39.6	40.6	43.4	45.1	46.3	47.8
Central Library	133.5	137.5	142.1	147.3	152.4	157.7
Research Administration	40.6	41.8	42.6	43.8	44.9	46.0
Registrarial & Student Services	74.3	74.6	76.2	78.8	81.3	83.9
University-wide Academic	32.2	31.4	31.4	31.4	31.4	31.4
University-wide General	48.6	51.4	52.3	52.0	53.2	54.4
Federated Block Grant	30.9	31.9	32.9	33.9	34.9	35.9
Sub-total	826.3	830.6	854.3	880.2	904.8	933.3
Pension Risk Contingency	65.4	50.0	50.0	50.0	50.0	50.0
Strategic Priorities Fund	25.0	32.7	32.7	32.7	32.7	32.7
U-W costs offset by shared services income	162.9	166.8	170.0	173.3	176.6	180.0
Total University Wide Costs	1,079.6	1,080.1	1,107.0	1,136.2	1,164.1	1,196.0
Student Financial Support	2025-26	2026-27	2027-28	202829	2029-309	2030-31
UofT Adv. Planning for Students (UTAPS)	40.9	42.2	43.5	44.7	46.0	47.3
Other Need-based Support (incl. Empl. Progs)	12.0	12.3	12.6	12.9	12.9	12.9
Scholarships	19.4	20.0	20.5	21.0	21.9	22.8
Student Fin. Support from Endowments	39.9	38.2	39.1	40.1	41.1	41.8
International Scholars	77.1	74.9	77.3	81.0	86.6	91.6
Subtotal, Undergraduate	189.3	187.7	193.0	199.7	208.5	216.4
Provincial Scholarship Grants	10.4	10.4	10.4	10.4	10.4	10.4
Student Fin. Support from Endowments	30.4	34.0	34.8	35.6	36.5	37.1
Student Fin. Support Matching Funds	1.0	1.1	1.1	1.1	1.2	1.2
SGS Graduate Fellowships	2.0	2.0	2.0	2.0	2.0	2.0
Doctoral Completion Awards	4.2	4.2	4.2	4.2	4.2	4.2
Subtotal, Graduate	48.1	51.6	52.5	53.4	54.3	54.9
Subtotal, Institutional Programs	237.4	239.3	245.5	253.1	262.9	271.3
Student Fin. Support in Academic Divisions	167.9	168.2	166.7	161.6	162.3	161.1
Total, Student Financial Support	405.3	407.5	412.2	414.7	425.2	432.5

Schedule 4: Revenue and Expense Allocations by Division (\$ millions)
2026-27

	Attributed Operating Revenue	University Fund Allocation	Share of University Wide Expense	Financial Aid Set-Aside	Academic Net Expense Budget
	A	B	C	D	E=A+B-C-D
Arts & Science	923,250,945	105,174,998	282,044,969	86,224,039	660,156,936
UofT Scarborough (UTSC)	380,963,759	29,439,326	53,576,634	31,302,503	325,523,948
UofT Mississauga (UTM)	369,992,453	31,248,635	55,693,820	30,902,354	314,644,914
Dentistry	34,007,927	17,930,689	14,887,158	971,791	36,079,666
Temerty Medicine	244,088,242	46,862,822	96,558,830	20,917,354	173,474,880
Dalla Lana Public Health	36,768,395	14,481,433	14,895,670	1,575,970	34,778,187
Bloomberg Nursing	23,860,949	4,890,254	7,027,473	2,147,892	19,575,839
Leslie Dan Pharmacy	35,898,965	4,756,774	12,527,908	1,662,712	26,465,119
Kinesiology & Physical Education	23,801,334	5,451,606	8,561,911	1,986,853	18,704,175
Applied Science & Engineering	269,925,996	32,919,270	97,091,054	26,693,354	179,060,858
Daniels Architecture, Landscape & Design	35,010,527	12,525,488	12,496,477	2,835,261	32,204,277
OISE	85,428,930	22,135,195	28,477,388	2,984,550	76,102,187
Jackman Law	37,686,407	9,320,893	10,086,823	3,643,157	33,277,320
Information	31,497,338	4,640,552	8,571,704	802,154	26,764,032
Music	21,071,117	16,250,422	8,642,024	3,164,752	25,514,764
Factor-Inwentash Social Work	16,392,261	3,887,943	5,583,121	1,424,226	13,272,857
Rotman Management	124,588,061	13,724,382	29,702,264	7,782,610	100,827,569
Transitional Year Programme	790,140	2,269,849	449,779	540,107	2,070,103
School of Continuing Studies	(2,321,650)	2,885,207	2,468,416	17,693	(1,922,552)
Subtotal	2,692,702,097	380,795,738	749,343,423	227,579,331	2,096,575,080
Divisional Income	459,351,758	-	163,713,772	-	295,637,986
Campus Costs and Divisional Aid	-	-	163,966,340	168,173,840	(332,140,180)
Recovery from Restricted Funds	46,029,201	-	3,120,000	11,745,201	31,164,000
Uncommitted Revenues	10,034,911	-	-	-	10,034,911
University Fund	420,472,243	(380,795,738)	-	-	39,676,505
Subtotal (excl flow-through)	3,628,590,210	-	1,080,143,535	407,498,372	2,140,948,302
Flow-through to Other Institutions	30,673,176	-	-	-	30,673,176
Total	3,659,263,386	-	1,080,143,535	407,498,372	2,171,621,478

Schedule 5: Projected Divisional Net Revenue Allocations (\$ millions)
2026-27 to 2030-31

Arts & Science	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31
Attributed Revenue ¹	916,967,791	923,250,945	941,283,088	962,728,109	995,928,886	1,026,926,585
University Fund Allocation ²	103,119,575	105,174,998	105,174,998	105,174,998	105,174,998	105,174,998
University-Wide Costs	(277,708,392)	(282,044,969)	(290,389,549)	(298,206,796)	(306,736,364)	(316,562,224)
Student Financial Support	(86,094,179)	(86,224,039)	(88,179,055)	(90,197,976)	(93,349,640)	(96,104,320)
Net Expense Budget	656,284,795	660,156,936	667,889,483	679,498,336	701,017,880	719,435,040

UTSC	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31
Attributed Revenue ¹	386,125,741	380,963,759	393,622,831	417,707,653	450,946,378	483,585,303
University Fund Allocation ²	29,298,052	29,439,326	29,439,326	29,439,326	29,439,326	29,439,326
University-Wide Costs	(52,650,611)	(53,576,634)	(55,172,988)	(56,792,878)	(58,879,726)	(61,073,026)
Student Financial Support	(31,732,468)	(31,302,503)	(32,384,247)	(34,534,095)	(37,396,994)	(40,099,538)
Net Expense Budget	331,040,714	325,523,948	335,504,922	355,820,006	384,108,984	411,852,065

UTM	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31
Attributed Revenue ¹	372,900,841	369,992,453	374,504,016	386,475,380	398,829,459	412,020,822
University Fund Allocation ²	31,479,585	31,248,635	31,248,635	31,248,635	31,248,635	31,248,635
University-Wide Costs	(55,865,542)	(55,693,820)	(56,534,741)	(57,132,469)	(58,152,184)	(59,060,447)
Student Financial Support	(30,662,737)	(30,902,354)	(31,320,147)	(32,117,648)	(33,048,276)	(34,064,117)
Net Expense Budget	317,852,147	314,644,914	317,897,762	328,473,898	338,877,634	350,144,893

Dentistry	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31
Attributed Revenue ¹	33,139,770	34,007,927	34,924,441	35,810,665	36,554,091	37,204,510
University Fund Allocation ²	17,936,693	17,930,689	17,930,689	17,930,689	17,930,689	17,930,689
University-Wide Costs	(14,776,886)	(14,887,158)	(15,275,636)	(15,717,097)	(16,084,255)	(16,560,842)
Student Financial Support	(967,277)	(971,791)	(995,072)	(1,017,157)	(1,042,283)	(1,058,668)
Net Expense Budget	35,332,299	36,079,666	36,584,422	37,007,099	37,358,241	37,515,689

Temerty Medicine	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31
Attributed Revenue ¹	236,221,965	244,088,242	249,647,099	254,143,016	257,401,392	259,977,177
University Fund Allocation ²	44,916,498	46,862,822	46,862,822	46,862,822	46,862,822	46,862,822
University-Wide Costs	(101,711,160)	(96,558,830)	(99,877,349)	(102,496,855)	(104,720,001)	(107,294,117)
Student Financial Support	(20,441,357)	(20,917,354)	(21,306,848)	(21,696,827)	(22,124,622)	(22,398,657)
Net Expense Budget	158,985,946	173,474,880	175,325,725	176,812,157	177,419,592	177,147,225

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 2026-27. Flatlined for outer years.

Dalla Lana Public Health	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31
Attributed Revenue ¹	36,087,964	36,768,395	37,749,076	38,754,893	39,457,718	40,126,675
University Fund Allocation ²	14,489,939	14,481,433	14,481,433	14,481,433	14,481,433	14,481,433
University-Wide Costs	(15,126,600)	(14,895,670)	(15,335,804)	(15,752,495)	(16,144,230)	(16,585,741)
Student Financial Support	(1,515,017)	(1,575,970)	(1,603,245)	(1,621,698)	(1,639,302)	(1,644,383)
Net Expense Budget	33,936,286	34,778,187	35,291,459	35,862,132	36,155,619	36,377,983

Bloomberg Nursing	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31
Attributed Revenue ¹	22,847,273	23,860,949	24,017,370	23,848,820	23,917,913	24,188,561
University Fund Allocation ²	4,893,976	4,890,254	4,890,254	4,890,254	4,890,254	4,890,254
University-Wide Costs	(6,930,109)	(7,027,473)	(7,378,985)	(7,561,350)	(7,661,298)	(7,844,801)
Student Financial Support	(2,102,348)	(2,147,892)	(2,193,858)	(2,223,605)	(2,281,612)	(2,318,637)
Net Expense Budget	18,708,793	19,575,839	19,334,781	18,954,119	18,865,257	18,915,378

Leslie Dan Pharmacy	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31
Attributed Revenue ¹	32,952,021	35,898,965	38,884,792	36,989,226	37,680,066	38,391,934
University Fund Allocation ²	4,762,933	4,756,774	4,756,774	4,756,774	4,756,774	4,756,774
University-Wide Costs	(12,077,779)	(12,527,908)	(13,083,004)	(13,480,224)	(13,103,603)	(13,500,132)
Student Financial Support	(1,642,741)	(1,662,712)	(1,701,942)	(1,740,286)	(1,778,176)	(1,801,598)
Net Expense Budget	23,994,433	26,465,119	28,856,620	26,525,490	27,555,060	27,846,978

Kinesiology & Physical Education	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31
Attributed Revenue ¹	22,947,098	23,801,334	24,824,393	25,995,709	27,512,914	28,313,366
University Fund Allocation ²	5,455,667	5,451,606	5,451,606	5,451,606	5,451,606	5,451,606
University-Wide Costs	(8,265,247)	(8,561,911)	(8,901,208)	(9,136,332)	(9,308,747)	(9,601,431)
Student Financial Support	(1,928,604)	(1,986,853)	(1,999,345)	(1,985,731)	(2,005,570)	(2,042,347)
Net Expense Budget	18,208,914	18,704,175	19,375,446	20,325,252	21,650,203	22,121,194

Applied Science & Engineering	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31
Attributed Revenue ¹	258,152,614	269,925,996	282,520,625	294,686,618	305,408,189	313,061,865
University Fund Allocation ²	33,385,109	32,919,270	32,919,270	32,919,270	32,919,270	32,919,270
University-Wide Costs	(96,982,598)	(97,091,054)	(100,122,698)	(103,320,459)	(106,175,969)	(109,591,925)
Student Financial Support	(25,730,127)	(26,693,354)	(27,827,331)	(28,898,760)	(30,003,438)	(30,733,160)
Net Expense Budget	168,824,999	179,060,858	187,489,866	195,386,669	202,148,051	205,656,050

Daniels Architecture, Landscape & Design	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31
Attributed Revenue ¹	35,618,731	35,010,527	37,154,538	38,356,543	40,440,395	41,931,436
University Fund Allocation ²	12,230,772	12,525,488	12,525,488	12,525,488	12,525,488	12,525,488
University-Wide Costs	(12,478,455)	(12,496,477)	(12,873,751)	(13,320,328)	(13,681,223)	(14,221,492)
Student Financial Support	(2,904,767)	(2,835,261)	(2,904,392)	(2,972,270)	(3,068,495)	(3,130,881)
Net Expense Budget	32,466,281	32,204,277	33,901,883	34,589,433	36,216,165	37,104,550

OISE	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31
Attributed Revenue ¹	86,711,330	85,428,930	88,260,443	91,539,722	95,286,058	98,735,555
University Fund Allocation ²	22,073,821	22,135,195	22,135,195	22,135,195	22,135,195	22,135,195
University-Wide Costs	(28,534,752)	(28,477,388)	(29,752,136)	(31,059,485)	(32,318,617)	(33,697,153)
Student Financial Support	(2,991,866)	(2,984,550)	(3,089,956)	(3,172,966)	(3,272,431)	(3,337,559)
Net Expense Budget	77,258,533	76,102,187	77,553,546	79,442,466	81,830,205	83,836,038

Jackman Law	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31
Attributed Revenue ¹	37,043,411	37,686,407	38,430,237	39,537,052	40,746,241	41,823,285
University Fund Allocation ²	9,325,710	9,320,893	9,320,893	9,320,893	9,320,893	9,320,893
University-Wide Costs	(10,146,024)	(10,086,823)	(10,460,077)	(10,740,163)	(10,981,149)	(11,306,761)
Student Financial Support	(3,436,711)	(3,643,157)	(3,736,447)	(3,824,016)	(3,923,375)	(3,985,242)
Net Expense Budget	32,786,386	33,277,320	33,554,606	34,293,766	35,162,609	35,852,175

Information	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31
Attributed Revenue ¹	31,661,248	31,497,338	33,327,982	35,673,833	38,965,132	42,424,738
University Fund Allocation ²	4,645,296	4,640,552	4,640,552	4,640,552	4,640,552	4,640,552
University-Wide Costs	(8,018,779)	(8,571,704)	(8,476,634)	(8,944,966)	(9,324,374)	(9,902,938)
Student Financial Support	(783,168)	(802,154)	(849,660)	(931,265)	(1,087,862)	(1,241,118)
Net Expense Budget	27,504,596	26,764,032	28,642,241	30,438,155	33,193,448	35,921,234

Music	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31
Attributed Revenue ¹	20,610,941	21,071,117	22,342,406	22,950,682	23,627,132	24,192,667
University Fund Allocation ²	12,978,506	16,250,422	16,250,422	16,250,422	16,250,422	16,250,422
University-Wide Costs	(8,531,535)	(8,642,024)	(8,938,435)	(9,308,947)	(9,537,716)	(9,886,234)
Student Financial Support	(3,102,666)	(3,164,752)	(3,255,312)	(3,332,580)	(3,429,340)	(3,487,183)
Net Expense Budget	21,955,246	25,514,764	26,399,081	26,559,578	26,910,499	27,069,672

Factor-Inwentash Social Work	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31
Attributed Revenue ¹	15,969,818	16,392,261	16,757,634	17,150,397	17,455,081	17,767,282
University Fund Allocation ²	3,890,964	3,887,943	3,887,943	3,887,943	3,887,943	3,887,943
University-Wide Costs	(5,501,737)	(5,583,121)	(5,756,265)	(5,916,017)	(6,041,878)	(6,203,511)
Student Financial Support	(1,401,417)	(1,424,226)	(1,451,806)	(1,476,545)	(1,508,972)	(1,529,606)
Net Expense Budget	12,957,628	13,272,857	13,437,506	13,645,778	13,792,174	13,922,108

Rotman Management	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31
Attributed Revenue ¹	125,051,810	124,588,061	138,200,727	146,267,037	144,979,450	144,880,454
University Fund Allocation ²	13,741,921	13,724,382	13,724,382	13,724,382	13,724,382	13,724,382
University-Wide Costs	(31,261,439)	(29,702,264)	(31,622,088)	(33,655,076)	(34,823,574)	(35,818,287)
Student Financial Support	(7,681,199)	(7,782,610)	(8,122,922)	(8,453,176)	(8,647,475)	(8,877,347)
Net Expense Budget	99,851,093	100,827,569	112,180,099	117,883,167	115,232,783	113,909,202

Transitional Year Programme	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31
Attributed Revenue ¹	794,074	790,140	810,584	830,099	880,014	897,593
University Fund Allocation ²	2,269,974	2,269,849	2,269,849	2,269,849	2,269,849	2,269,849
University-Wide Costs	(456,606)	(449,779)	(482,762)	(494,329)	(505,346)	(531,192)
Student Financial Support	(545,816)	(540,107)	(554,429)	(568,776)	(588,045)	(598,028)
Net Expense Budget	2,061,626	2,070,103	2,043,243	2,036,843	2,056,472	2,038,222

School of Continuing Studies	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31
Attributed Revenue ¹	(2,738,120)	(2,321,650)	(2,413,323)	(2,487,002)	(2,572,539)	(2,667,118)
University Fund Allocation ²	2,887,498	2,885,207	2,885,207	2,885,207	2,885,207	2,885,207
University-Wide Costs	(2,584,753)	(2,468,416)	(2,473,316)	(2,546,376)	(2,600,457)	(2,669,241)
Student Financial Support	(17,840)	(17,693)	(18,150)	(18,582)	(19,074)	(19,382)
Net Expense Budget	(2,453,215)	(1,922,552)	(2,019,582)	(2,166,753)	(2,306,863)	(2,470,533)

Schedule 6: Planned Statement of Operations (\$ millions)

2026-27

Projection of Revenues	Operating Budget	GAAP Adjustments	Operating Fund	Ancillary Operations	Capital	Restricted Funds	Anc., Capital & Restricted Funds	Forecasted Statement of Operations
Student Fees	2,376.8	-	2,376.8	19.8	0.5	-	20.3	2,397.1
Gov't Grants for General Operations	797.5	-	797.5	-	-	-	-	797.5
Gov't and Other Grants for Restricted Purposes	73.2	-	73.2	-	75.8	540.4	616.2	689.4
Sales, Services & Sundry Income	151.5	-	151.5	310.6	0.5	-	311.1	462.6
Investment Income: Endowments	106.5	-	106.5	-	-	106.6	106.6	213.1
Investment Income: Other (note 1)	153.7	(70.9)	82.8	4.1	15.1	21.8	41.0	123.9
Donations	-	-	-	0.5	13.1	107.4	121.0	121.0
Total Revenues	3,659.3	(70.9)	3,588.4	335.0	105.0	776.2	1,216.2	4,804.6
Projection of Expenses	Operating Budget	GAAP Adjustments	Operating Fund	Ancillary Operations	Capital	Restricted Funds	Anc., Capital & Restricted Funds	Forecasted Statement of Operations
Salaries & Employee Benefits	2,377.2	-	2,377.2	18.2	-	341.2	359.4	2,736.6
Other Expenses (note 2)	600.0	(61.1)	538.9	55.9	2.8	211.0	269.7	808.7
Scholarships, Fellowships & Bursaries	407.5	-	407.5	-	-	66.4	66.4	473.9
Amortization of Capital Assets	-	-	-	33.7	225.4	-	259.1	259.1
Cost of Ancillary Sales and Services	-	-	-	186.4	-	-	186.4	186.4
Inter-institutional Contributions	30.7	-	30.7	-	-	112.5	112.5	143.2
Long-term debt service (note 3)	43.4	(22.5)	20.9	17.2	-	-	17.2	38.1
Total Expenses	3,458.8	(83.6)	3,375.2	311.4	228.2	731.1	1,270.7	4,645.9
Net Income before transfers	200.5	12.7	213.2	23.6	(123.2)	45.1	(54.5)	158.7
Allocations for Future Major Capital Projects	63.0	(63.0)	-	-	-	-	-	-
Capital Spending from Current Year Budget	69.0	(69.0)	-	-	-	-	-	-
Other Contributions to Reserves	18.5	(18.5)	-	-	-	-	-	-
Pension Deficit Risk Contingency	50.0	(50.0)	-	-	-	-	-	-
Net Income	-	213.2	213.2				(54.5)	158.7

Note 1: GAAP Adjustment includes eliminating income on internal loans and other accounting-related adjustments related to Investment Income.

Note 2: Other expenses include materials, supplies, services, repairs, maintenance, leases, utilities, travel, and other general expenses. GAAP adjustment relates to capitalization of spending from the operating budget on items such as furniture, equipment, etc.

Note 3: GAAP Adjustment eliminates debt service on internal EFIP loans leaving only the interest on external debt.