



FOR ENDORSEMENT AND FORWARDING

CLOSED SESSION

TO:	Executive Committee
SPONSOR: CONTACT INFO:	Professor Trevor Young, Vice-President & Provost provost@utoronto.ca
PRESENTER: CONTACT INFO:	Professor Trevor Young, Vice-President & Provost provost@utoronto.ca
DATE:	March 5, 2026 for March 12, 2026
AGENDA ITEM:	3(a)iv

ITEM IDENTIFICATION:

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

JURISDICTIONAL INFORMATION:

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

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

Pursuant to Section 5.3.1 of the Academic Board Terms of Reference the annual operating budget and long-range budget guidelines come forward to Academic Board for recommendation to the Governing Council.

GOVERNANCE PATH:

1. Planning and Budget Committee [for recommendation] (February 11, 2026)
2. UTSC Campus Council [for information] (February 23, 2026)
3. UTM Campus Council [for information] (February 24, 2026)
4. Academic Board [for recommendation] (February 26, 2026)
5. Business Board [for concurrence with the recommendation of the Academic Board] (March 4, 2026)
- 6. Executive Committee [for endorsement and forwarding] (March 12, 2026)**
7. Governing Council [for approval] (March 26, 2026)

PREVIOUS ACTION TAKEN:

The Budget Report 2025-26 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:

Be It Recommended:

THAT the Budget Report 2026-27 be approved and

THAT the Long-Range Budget Guidelines 2026-27 to 2030-31 be approved in principle.

DOCUMENTATION PROVIDED:

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

Budget 2026-27

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



UNIVERSITY OF
TORONTO

BUDGET HIGHLIGHTS

\$3.66B balanced budget in tight planning environment, with resources to invest in priorities and focus on operational excellence

STRONG FUNDAMENTALS

- \$3.66B balanced budget
- significant reserves and strong credit rating
- Strong student demand

CHALLENGING 2026-27

- \$39M growth in 26-27
- \$101M less than planned
- Recalibrated int'l enrolment plans; domestic tuition freeze

LIMITED REVENUE GROWTH

- Average 3% annual growth
- Roughly same as general inflation

COST REDUCTIONS

- 5% cut to shared services
- Staff complement reductions & slowed faculty hiring plans
- Less discretionary spending

PRIORITY INVESTMENTS

- Talent recruitment
- Student aid and funding
- Student housing & rsch space
- Digital Strategies & AI

OPERATIONAL EXCELLENCE

- Whole-of-University priority
- Evolve admin operations
- Empower our people and strengthen academic mission

1 Budget Overview



2026-27

Balanced Budget

\$3.66 BILLION

\$39 million increase
over 2025-26 Budget

REVENUES

65%
TUITION & FEES

20%
OPERATING GRANTS

15%
OTHER REVENUE

EXPENDITURES

65%
FACULTY & STAFF
COMPENSATION

11%
STUDENT AID

12%
OTHER EXPENSES

6%
CAPITAL & EQUIPMENT

6%
OCCUPANCY COSTS

1% PENSION CONTINGENCY

2026-27 REVENUE GROWTH BY SOURCE

Planned Growth over 2025-26 Budget

■ Increase ■ Decrease ■ Total



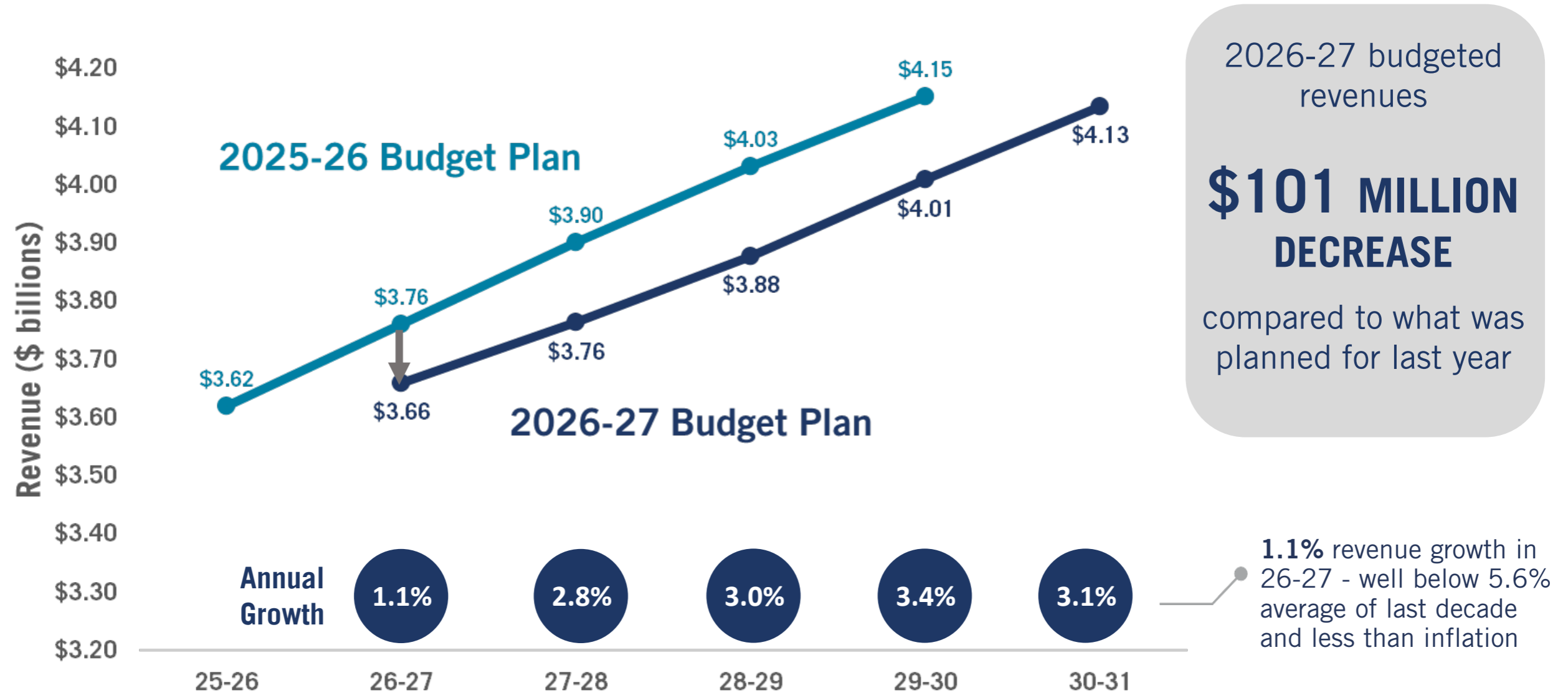
**\$39M
INCREASE**

In budgeted revenues compared to 2025-26

**\$101M
DECREASE**

compared to what was planned for last year






2026-27 Five-Year Plan in Context

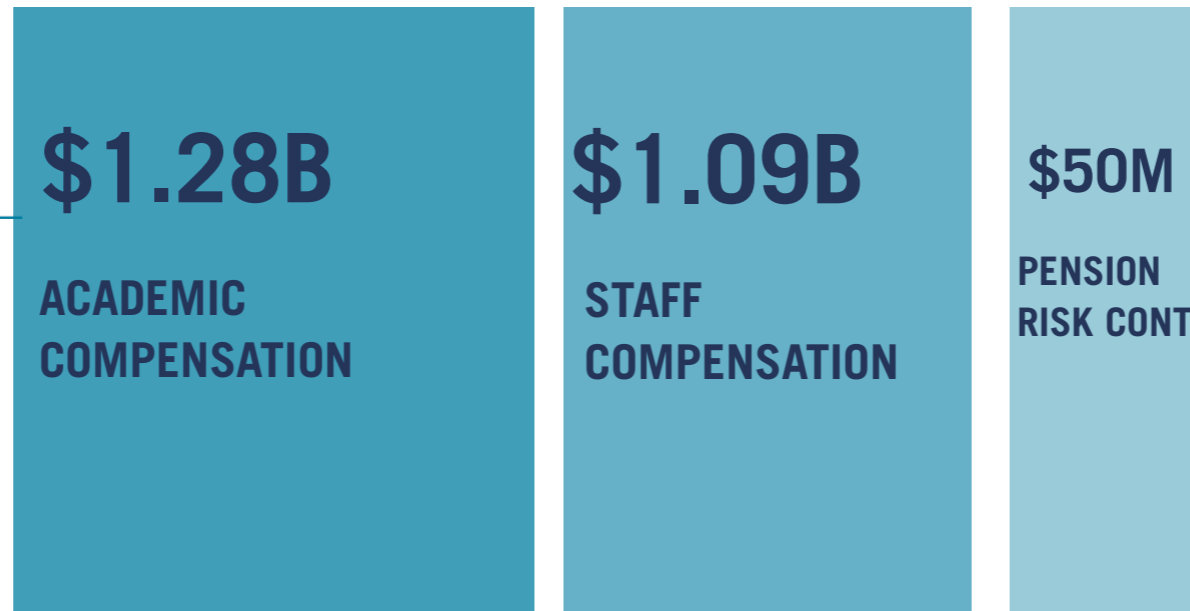


COMPENSATION

\$2.43 BILLION (estimated)
2026-27 BUDGET

ACADEMIC COMPENSATION

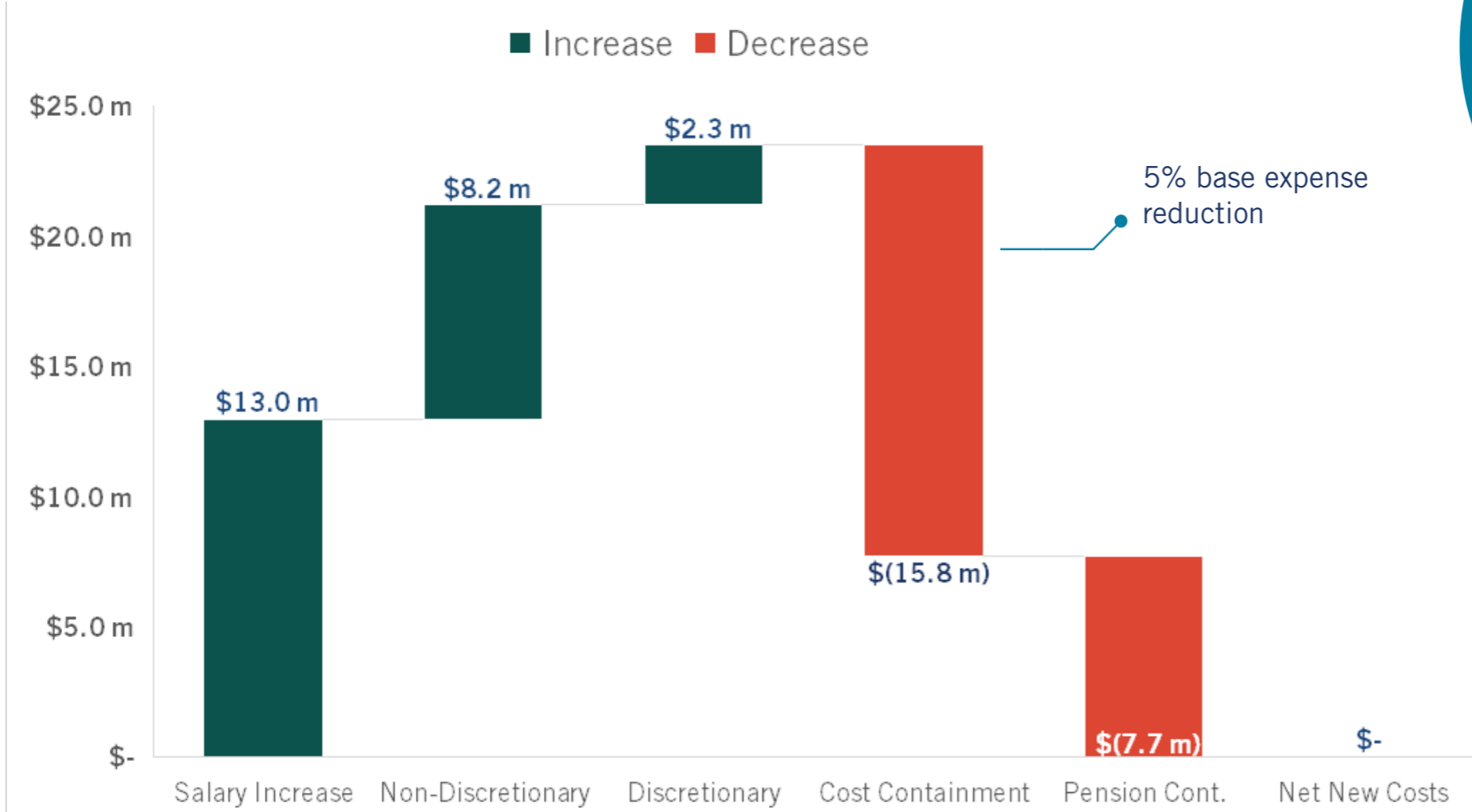
-  \$1,028 MILLION
FACULTY & LIBRARIANS
-  \$48 MILLION
SESSIONAL LECTURERS
-  \$112 MILLION
TEACHING ASSISTANTS
-  \$49 MILLION
TEACHING STIPENDS
-  \$45 MILLION
OTHER ACADEMIC



Planned 2% savings in staff compensation through vacancy management and workforce planning

2025-26 BUDGET
\$2.36 BILLION
+
SALARY INCREASE
\$105 MILLION
-
COMPLEMENT REDUCTION
(\$20 MILLION)
-
PENSION RISK CONT. REDUCTION
(\$15 MILLION)
=
NET GROWTH \$69 MILLION

UNIVERSITY WIDE COSTS



2026-27 UWC has

\$0

GROWTH

over last year at \$749.5m

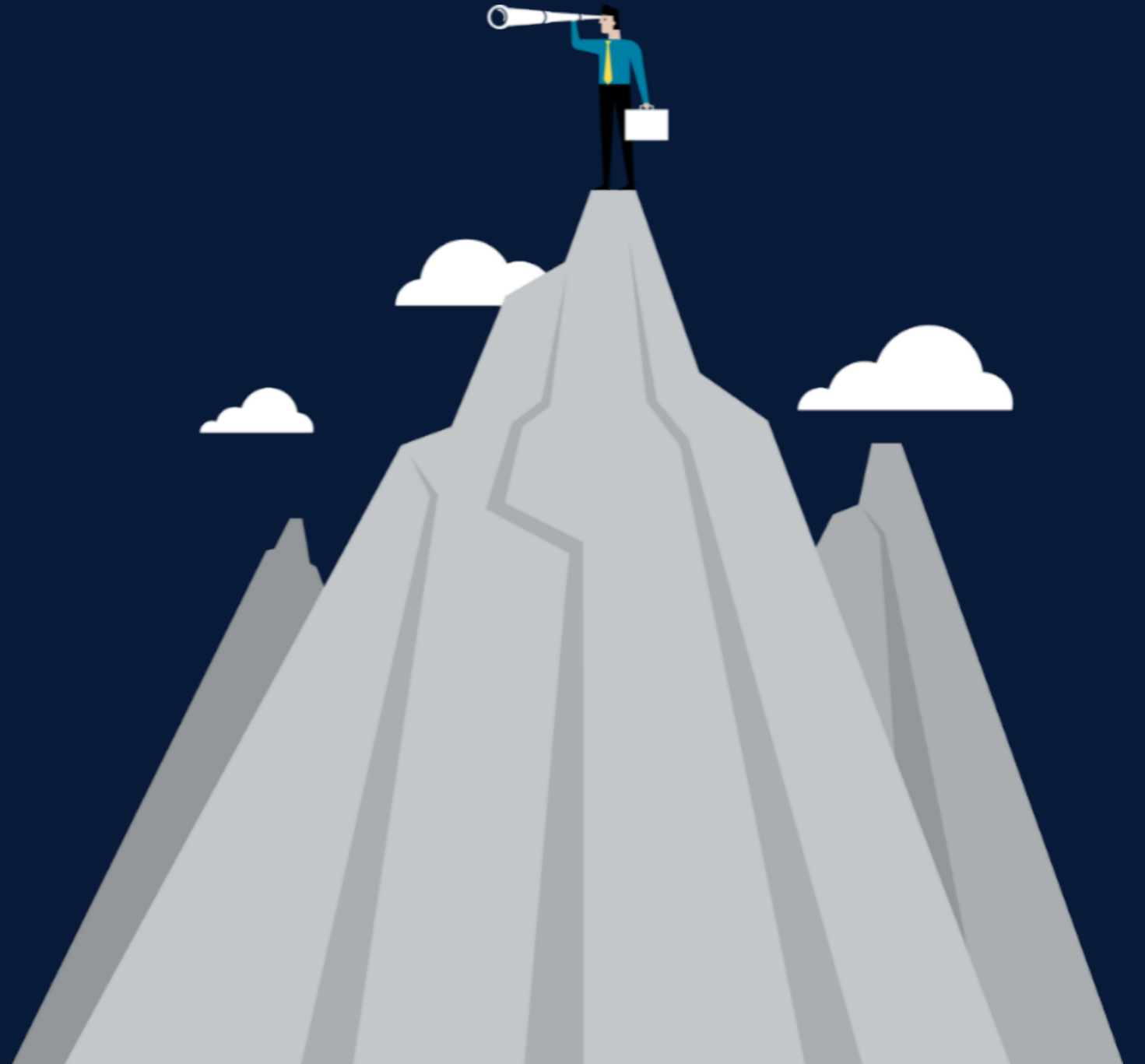
UTM & UTSC also have

\$163.9m

in campus costs that are

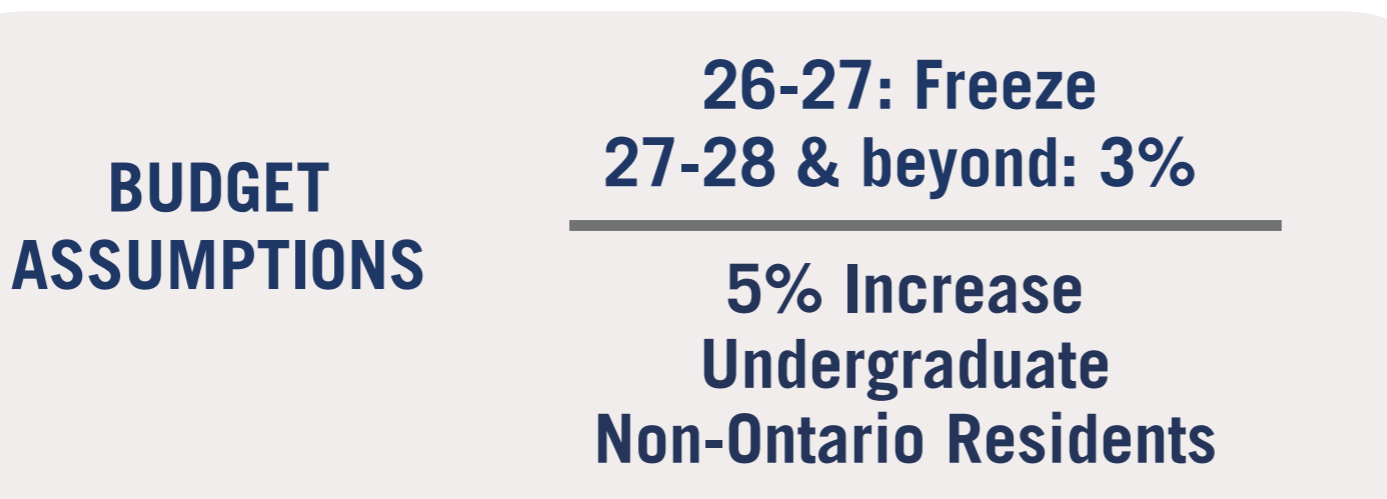
planned to remain flat

2 Changing Financial Landscape



PROVINCIAL TUITION FEE FRAMEWORK

****NEW**** Province will permit up to 2% fee increases to domestic tuition fee starting 2026-27



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.

STRATEGIC MANDATE AGREEMENT (SMA4)

2025-26 to 2029-30

No major changes from SMA3. Performance metrics reduced to 8 from 10

25% of funding tied to metrics, growing to 40% by Year 5

40%
Research

Total Sponsored Research Funding

Economic Impact (Start-ups)

60%
Teaching

Community Impact (dom only)

Employment in a Related Field (dom only)

Institutional Focus (dom only)

5% of funding tied to reporting deadlines, research security attestations, and new metric development

Enrolment corridor remains in place with no material change

UG Graduation Rate

Experiential Learning (dom only)

Graduate Earnings (dom only)



UofT met or exceeded SMA3 targets in all five years of the agreement.

GOVERNMENT FUNDING MODEL CHANGES

****NEW** February 12, 2026: Government announced major investments and changes to Provincial operating funding for 2026-27. Changes are not captured in 26-27 Budget.**

- **Increase SMA4 Corridor midpoint** to capture actual enrolment in 2024-25; health programs moved into separate new corridor; funded expansion added to base.
- **Adjustment of per-student (WGU) funding levels** to standardize across institutions and roll existing Sustainability Funding into base over 26-27 and 27-28.
- **Increases to Program funding weights** across select STEM and health science programs with net new investments and roll-in of clinical education funding
- **Funded Expansion** in select STEM, health, education and trades programs; 40,000 seats allocated across universities and colleges on a competitive basis subject to Ministry review

NET POSITIVE

NET NEGATIVE

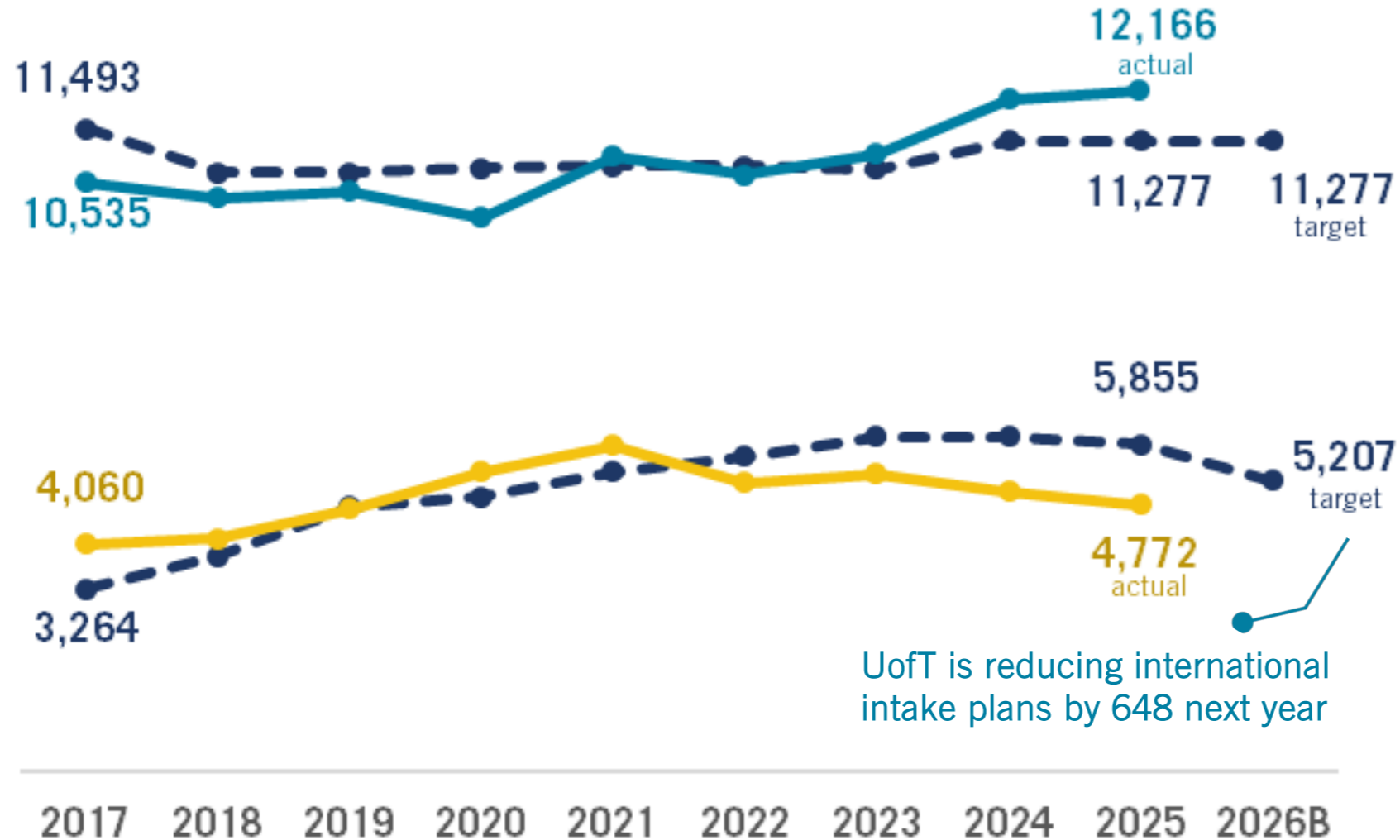
NET POSITIVE

OPPORTUNITY

3 Students: Affordability, Access & Outcomes



UNDERGRADUATE DIRECT ENTRY PROGRAM INTAKE



DOMESTIC

student intake
+889 to target
(1.3% over 2024)

INTL

student intake
-1,083 to target
(4.8% below 2024)

UNDERGRADUATE ENROLMENT RESULTS



FALL 2025 FTEs

44,647 ● — **ST. GEORGE** — ● 44,933

13,655 ● — **UTM** — ● 14,072

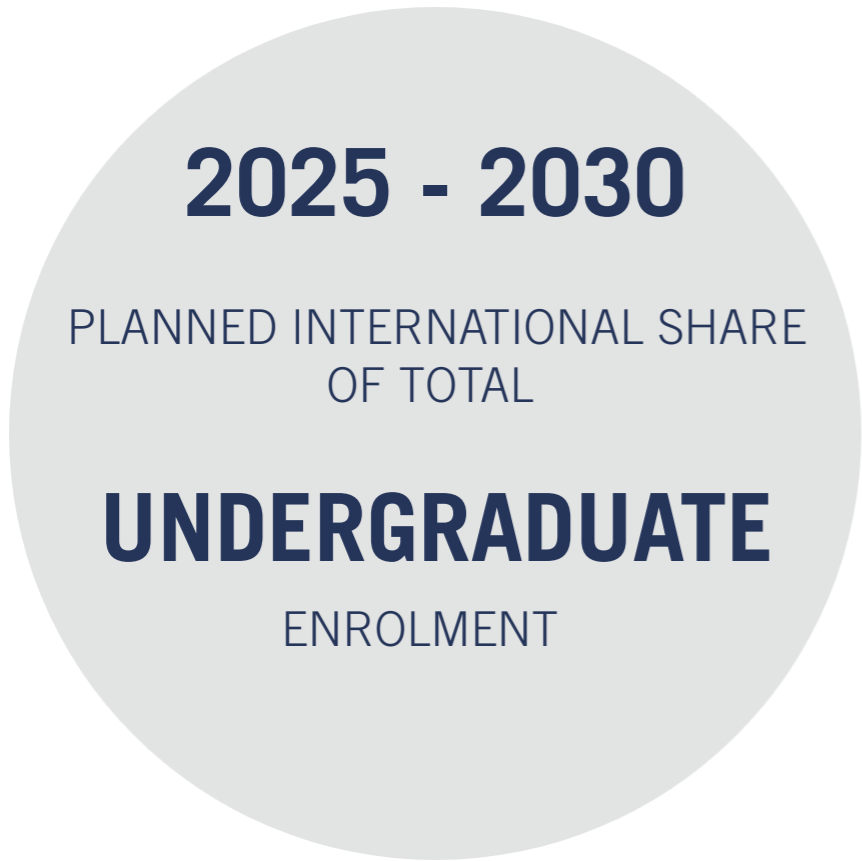
12,969 ● — **UTSC** — ● 12,576

TOTAL UNDERGRADUATE ENROLMENT 2025-26

71,581

VARIANCE TO PLAN
+1,159 (+1.6%) 

1,146 growth over 2024-25



International undergraduate student FTEs 20,507

2025-26

International students have reduced by 1,120 (from 31.1% share) since 2023-24



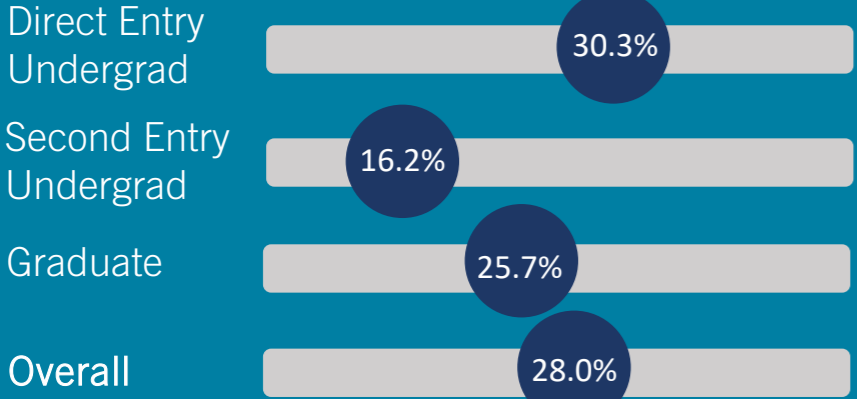
International undergraduate student FTEs will increase to **21,218** (711 growth)

2030-31



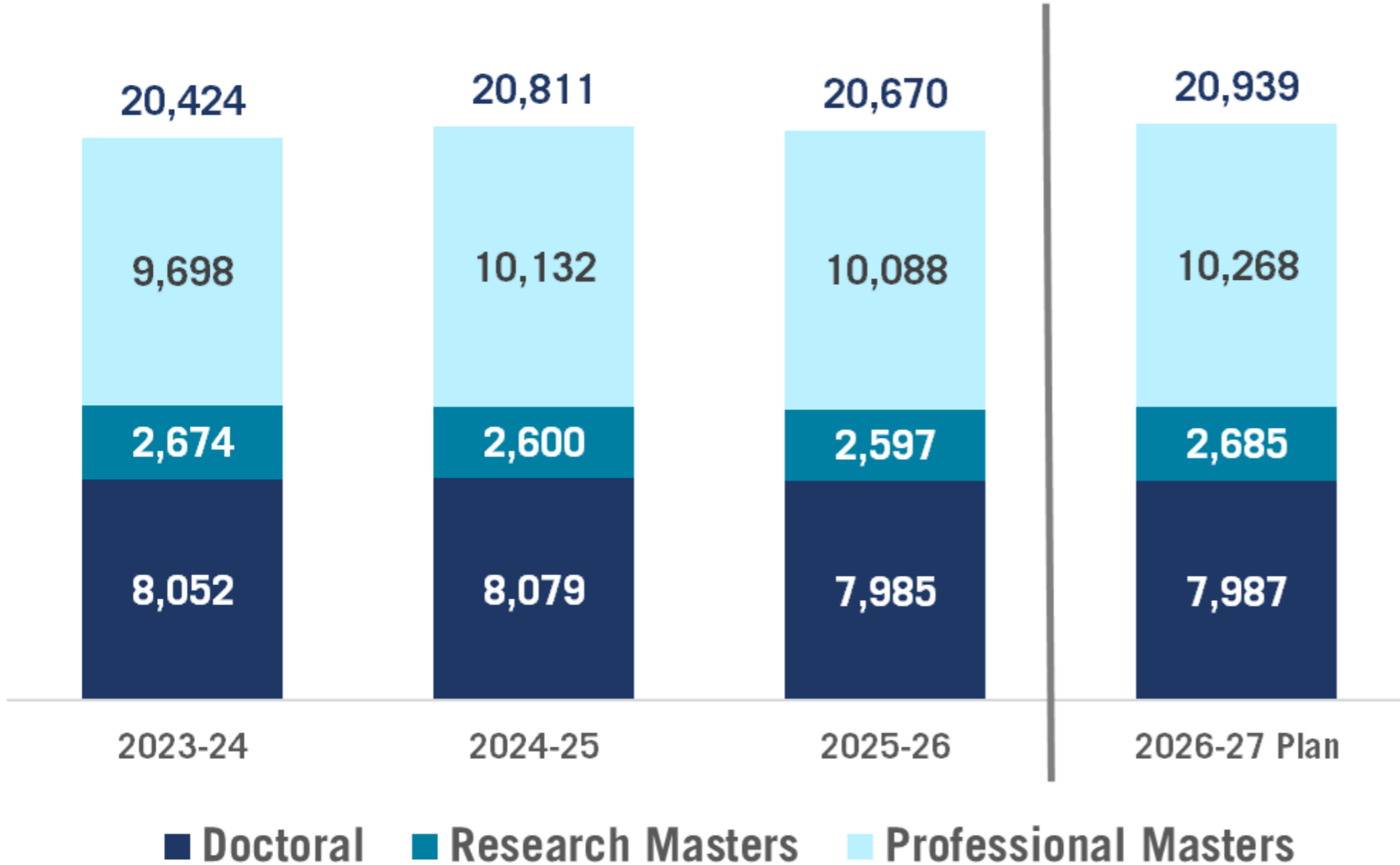
UofT is reducing domestic students by 990 over this period to return to funded levels

% INTERNATIONAL BY LEVEL 2025-26:



GRADUATE PROGRAMS

Graduate FTE Enrolment



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



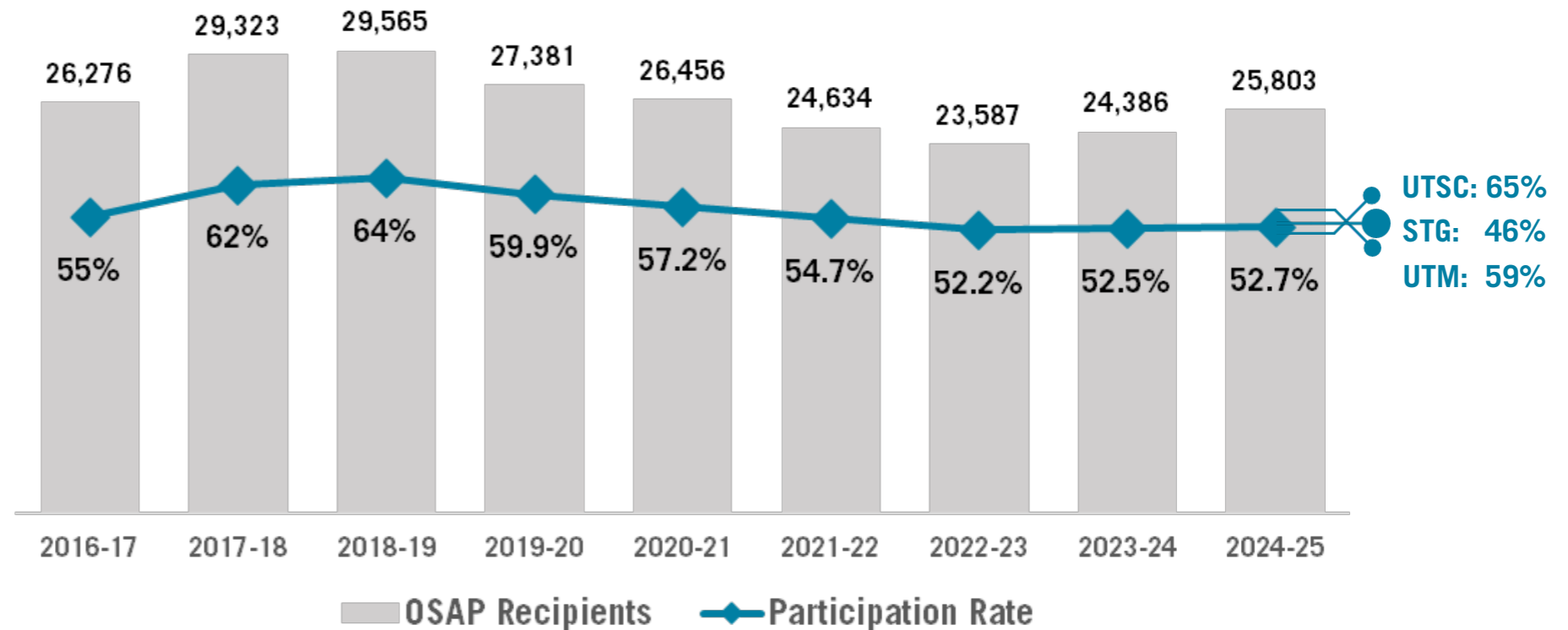
26% of graduate students are international in 2025-26

OSAP CHANGES AND PARTICIPATION

OSAP is targeted at lower-income families, those with no parental support, and students living away from home. All recipients receive at least 10% of their award as a repayable loan.

Our **UTAPS** program assesses student need independent of OSAP, recognizing higher living costs and providing additional bursaries for unmet need.

Undergraduate OSAP Recipients & Participation Rate

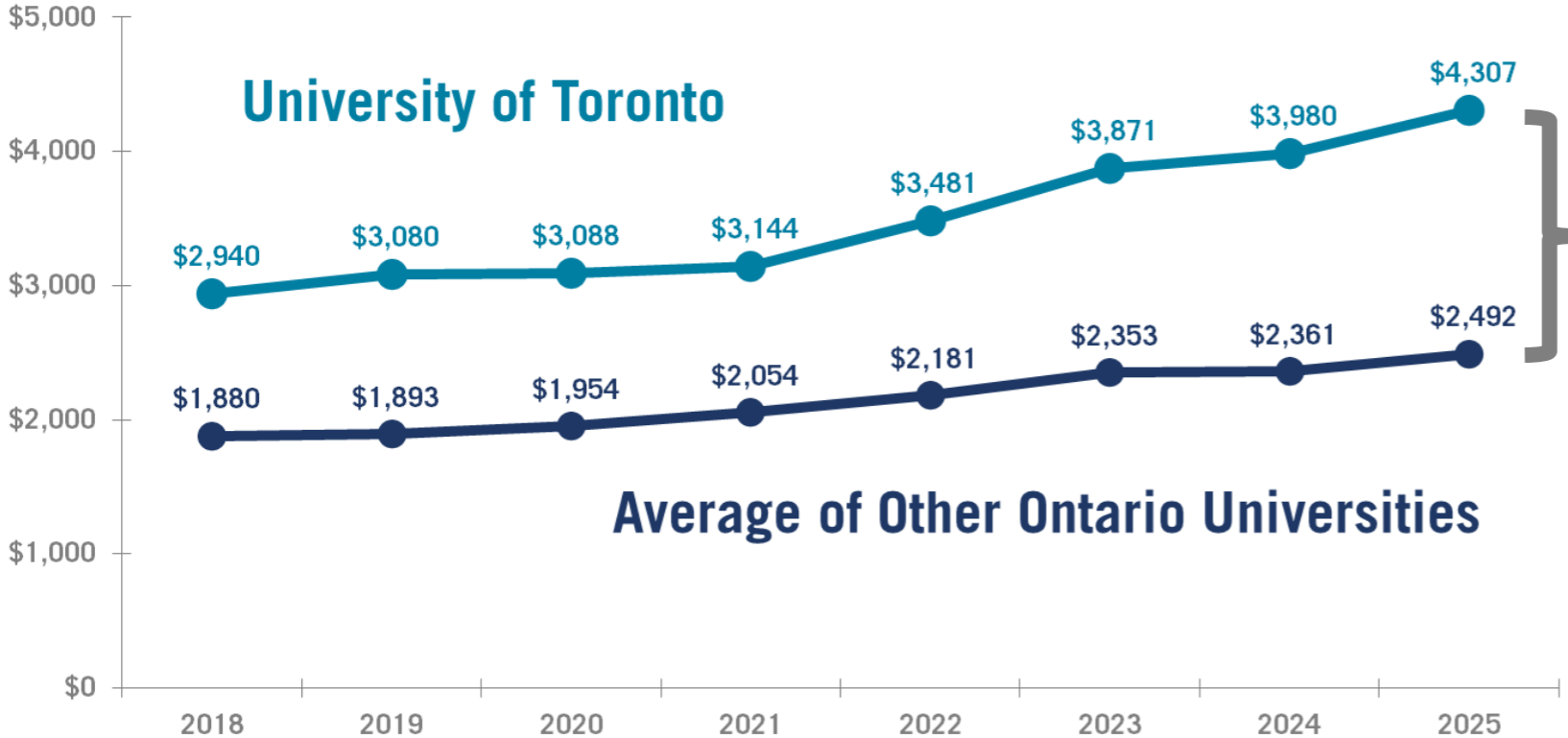


STUDENT FINANCIAL SUPPORT

\$1.7B Endowed Funds for Student Support

(43% of total Endowment)

Financial Support per Full-Time Equivalent Student

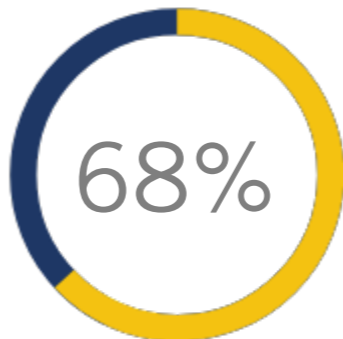
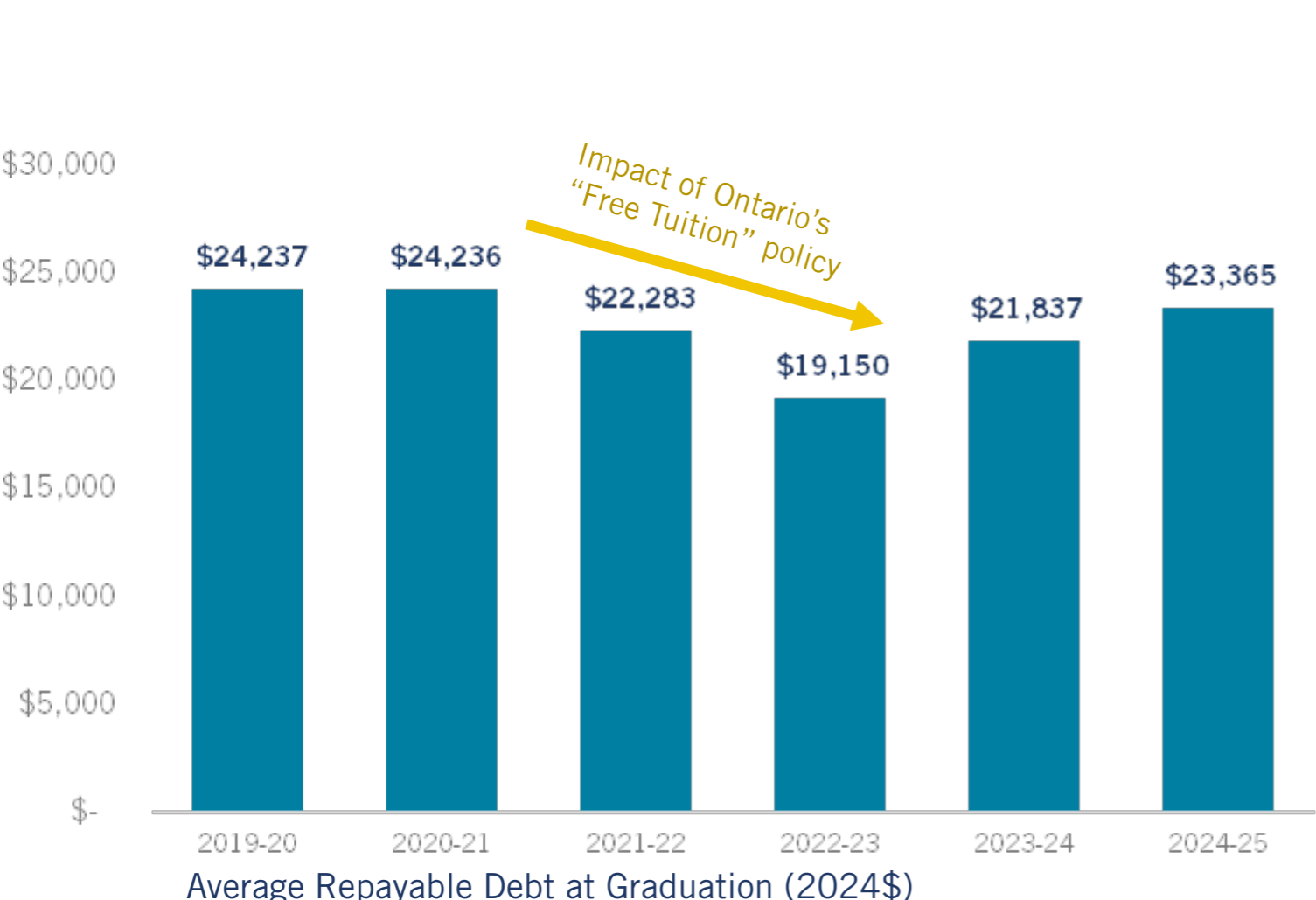


+73%

\$408 MILLION
Financial Aid Budget 2026-27

STUDENT DEBT LOAD 2018 - 2023

(OF THOSE WITH OSAP DEBT)

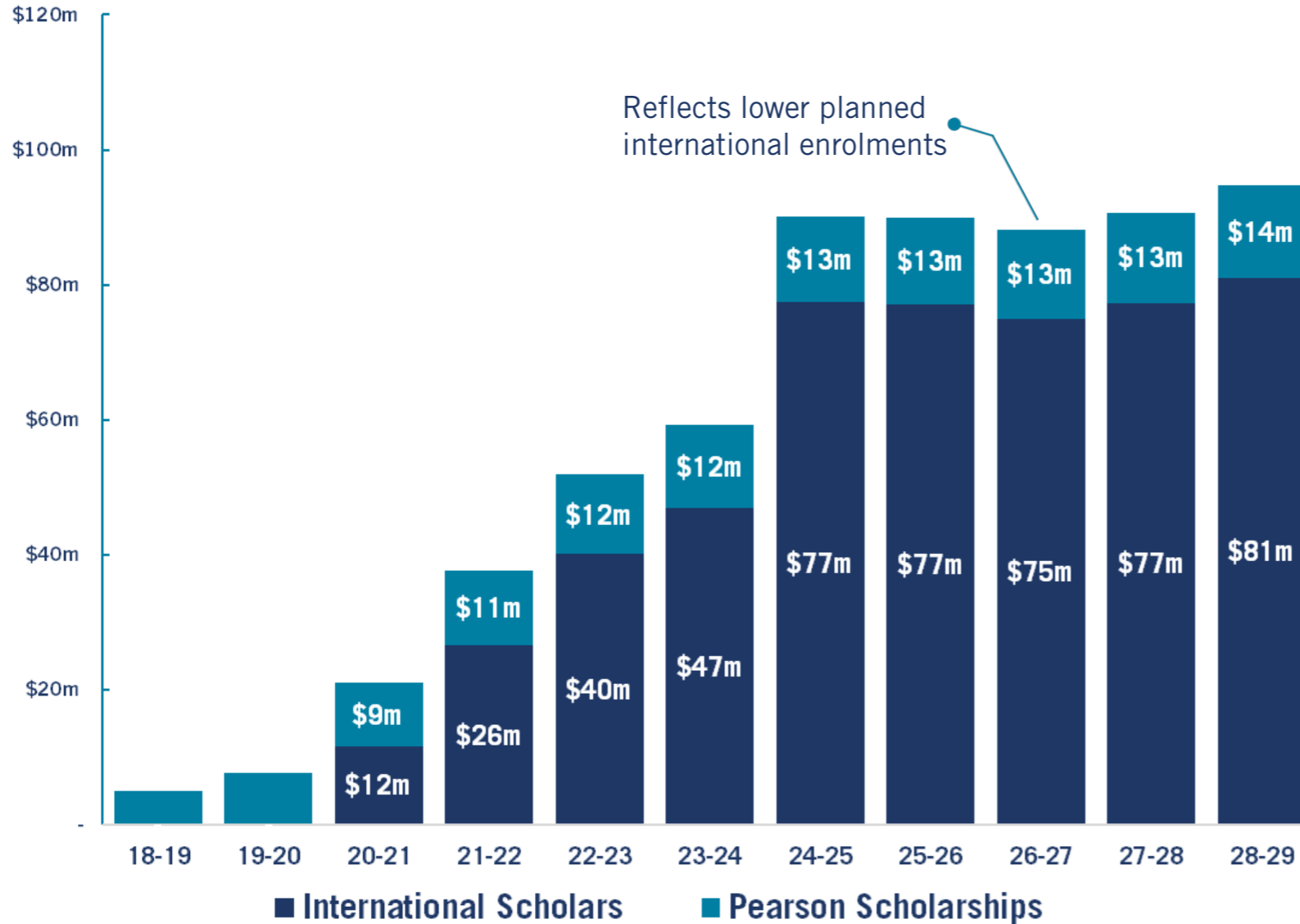


of direct entry domestic undergraduate students have no OSAP debt at graduation - improved from 50% a decade ago



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

INTERNATIONAL SCHOLARSHIP PROGRAMS



**\$88
MILLION**

2026-27 Budget plan for
International Scholars and
Pearson Scholarship
programs

+ Additional funding from reserves

GLOBAL RANKINGS - GRADUATE EMPLOYABILITY



20th

OVERALL IN
THE WORLD



2nd

OUT OF ALL
PUBLICLY FUNDED
INSTITUTIONS IN
NORTH AMERICA



13th

OUT OF ALL
PUBLICLY FUNDED
INSTITUTIONS
GLOBALLY

*based on Times Higher Education Rankings (2025)

4 Budget 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

ENHANCED COLLABORATION

- Admin Service Hubs
- Re-alignment of IT, communications, and events staff across Vice-Presidential portfolios

MODERNIZING TECHNOLOGY

- Employee Central HR system upgrade
- IT Technology Alignment Task Force
- AI Adoption Table

PROCESS STREAMLINING

- Travel & Expense
- Procurement and Invoicing
- LEAN process reviews
- Online forms & workflows

LEVERAGING DATA

- Identity management to facilitate system access
- Vendor data cleanup
- Administrative Reporting & Analytics

UNIVERSITY FUND ALLOCATION

\$4.1M

**Support Emerging
Talent**



- Salary support for global talent recruitment
- Support postdoctoral recruitment and diversification

\$0.9M

**Research &
Innovation**



- Top-up funds for research networks
- Federal defence funding strategy

\$4.2M

**Investing in
Divisional Priorities**



- UofT Coop expansion
- Support to divisions for their priorities
- New Operating Agreement with Federated Universities

The University Fund also continues to provide \$1.0 million annually to support our Operational Excellence program that ensures administrative resources and services are optimally aligned to support our teaching & research missions

ACADEMIC DIVISIONAL INITIATIVES

Strategic Enrolment Management



- Outreach & recruitment
- Academic advising and data-driven retention strategies
- Scholarships to attract top global talent
- Summer strategies to reach new students and give flexibility to current students

Operational Excellence



- Improved administrative processes
- New budget models to empower local decision-makers
- Shared service hubs
- Strategic course planning
- Leveraging non-operating dollars

Partnerships



- Cross-divisional research initiatives and academic programs
- Industry partnerships for research and professional learning
- Experiential learning and expanding co-op opportunities

Program Innovations



- Innovative management grad programs (M.Mgt)
- Flexible delivery models to expand student access
- New academic programs in emerging areas and to respond to student demand

BUDGET INITIATIVES: SHARED SERVICES



Shared service costs are held flat, with operational efficiencies used to offset inflationary increases in compensation, utilities, software licenses, and service contracts

Discretionary spending was limited to the highest priorities



New
Employee
Central HR
System

Library
Acquisitions
Funding

Enterprise
Risk
Management
Leadership

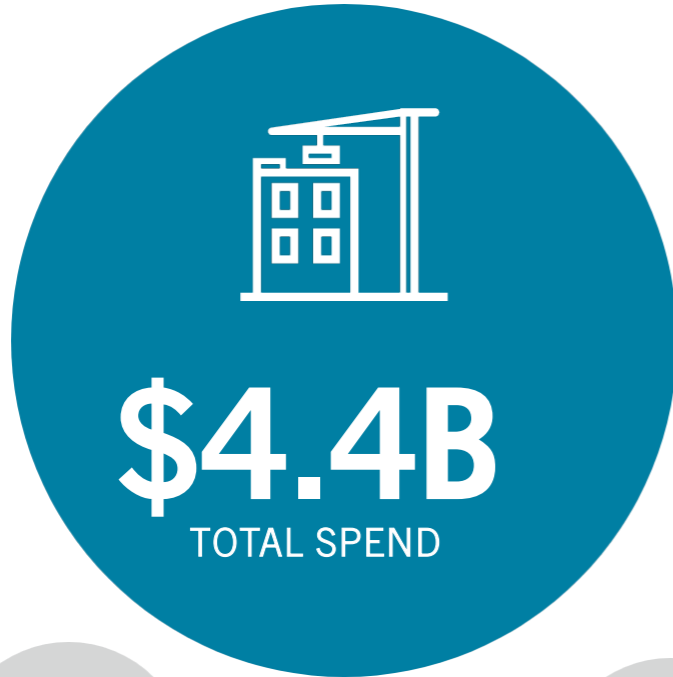
Communications
initiatives to help
student and talent
recruitment



The University is also investing \$15m to advance institutional digital strategy and advance responsible AI adoption and expertise.

CAPITAL PROJECTS & PLANNED INVESTMENTS

5 YEAR PROJECTION



**ACADEMIC &
INSTITUTIONAL**



FOUR CORNERS

- 15% | Cash Reserves
- 30% | Future Cash Contributions
- 30% | Donations, Gov't, Partnerships
- 25% | Debt

The 26-27 Budget assumes divisions will contribute \$69M to capital renewal projects and set aside \$63M for future capital projects.

Capital plans are reviewed annually through the academic budget review process and divisions will reduce their capital commitments to fit within their budget.

5 Risk



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

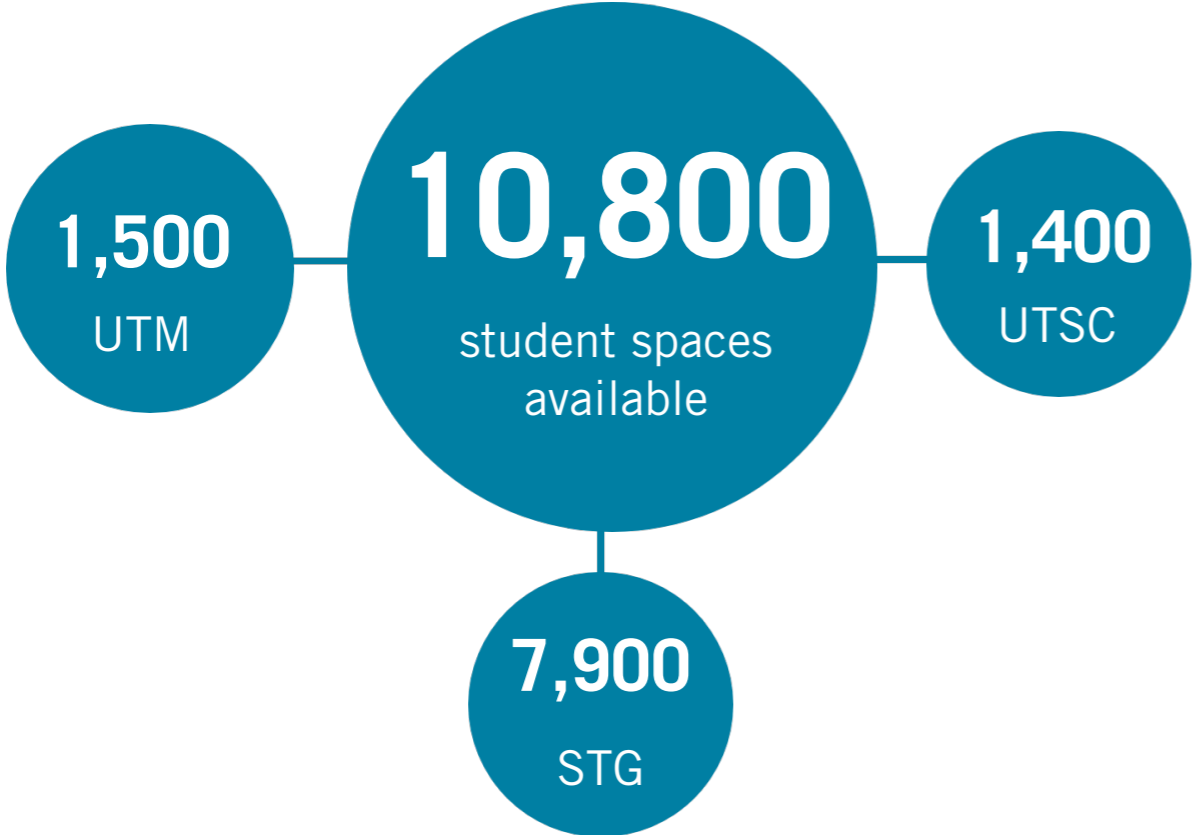
Budget plan includes international intake growth of 435 students over 2025

\$29M RISK



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

STUDENT HOUSING



+750 beds under construction



New Residence UTM



Lawson Centre for Sustainability Trinity

Build More Housing Initiative to meet demand for up to 5,500 additional beds. Two initial on-campus sites under planning (~1,200 beds)



INFLATION

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

2.2%
PER YEAR

**ANNUAL INFLATION
ON CPI (DEC 2025)**

CPI Monthly Inflation, Canada



PENSION PLAN RISK CONTINGENCY

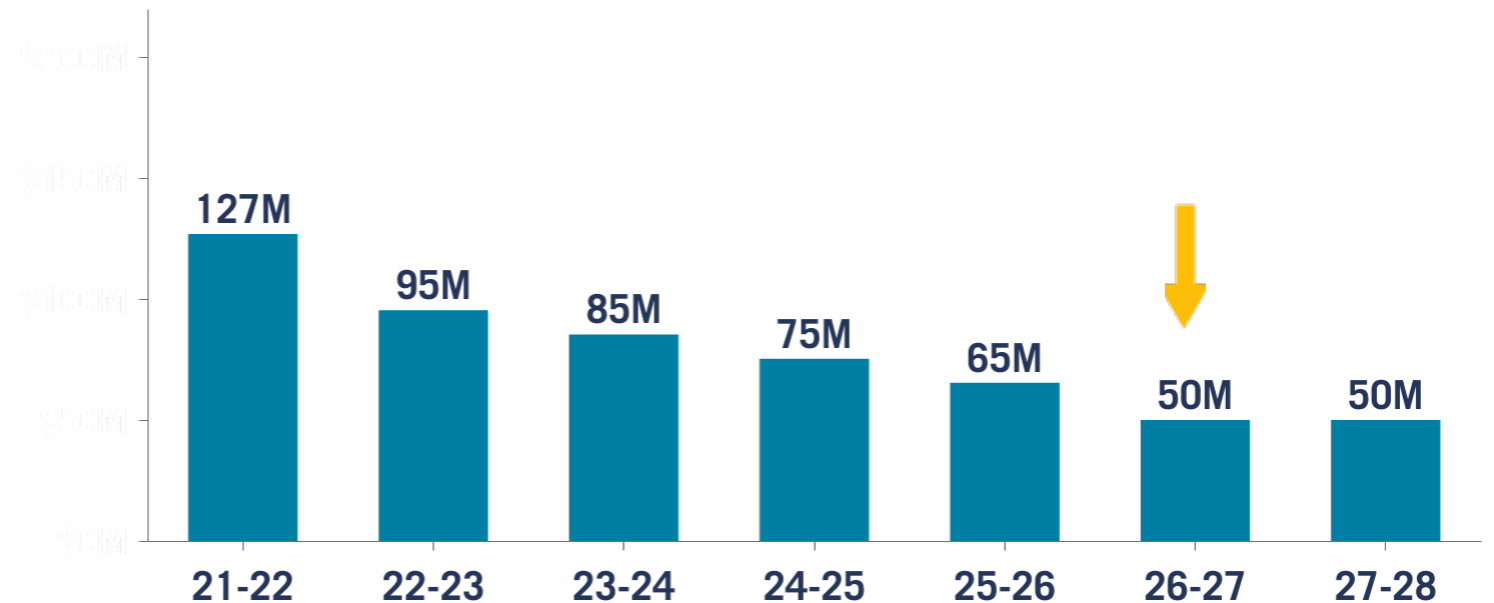


Pension transferred to new UPP Ontario in 2021. However, University responsible for any future deficits for 10 years.



Pension special payments not currently required. Reduce budget and build contingency reserve to mitigate against future risk.

Pension Risk Contingency Budget Plan
2021-22 to 2027-28



DEFERRED MAINTENANCE 3-YEAR PUSH

\$350M planned spend over three years to address critical immediate needs and bend the curve on Deferred Maintenance Liability growth.

Mix of cash (\$100m) and debt (\$250m), funded from existing deferred maintenance budget.



\$1.5 Billion
CURRENT DEFERRED
MAINTENANCE LIABILITY

\$145M

Mechanical
(HVAC, fire protection)

\$59M

Electrical
(switchboards, panels, transformers)

\$39M

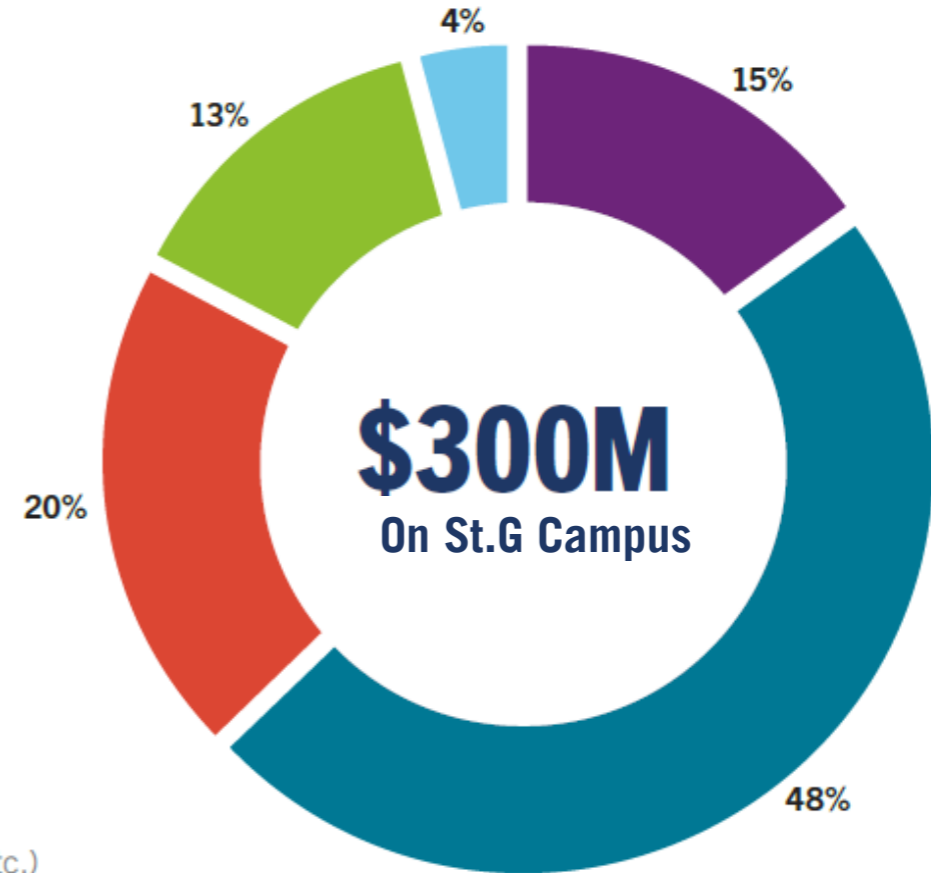
Elevators
(modernize or replace 47 elevators)

\$13M

Roofing
(repair or replace 24 roofs)

\$44M

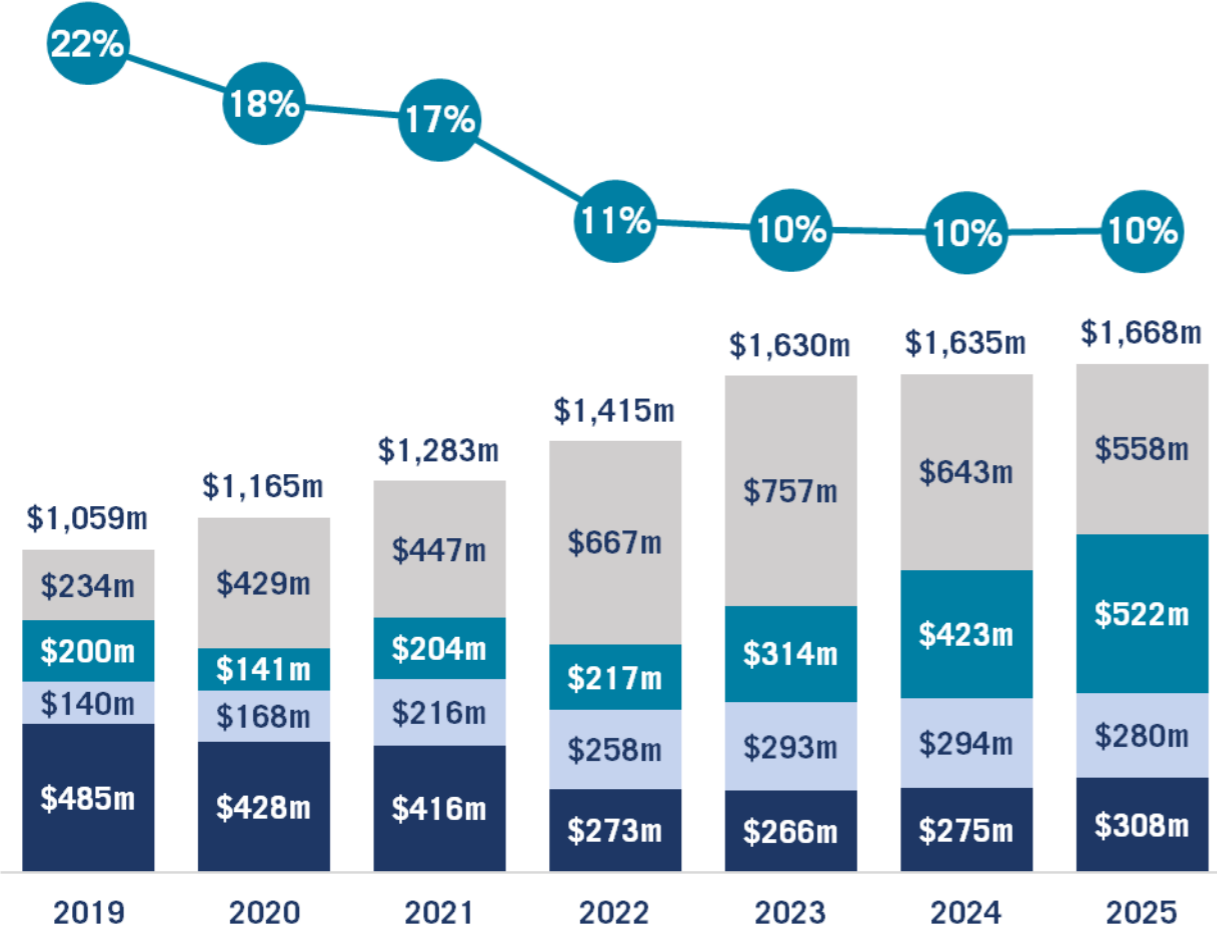
Other costs
(permits, project management, interest, etc.)



2026-27 DM budget is \$49M (\$36M operating; \$13M Province)

OPERATING RESERVES

Operating Reserves with Divisional Reserves % of Budget
for the year ending April 30



Reserves for major capital projects:

- Rotman Commerce building
- Climate Positive Campus Renewal Plan
- new data sciences building
- UTM campus heart renewal
- UTSC arts & media building
- OISE student spaces renewal
- Temerty Building (MSB west wing)
- and other projects

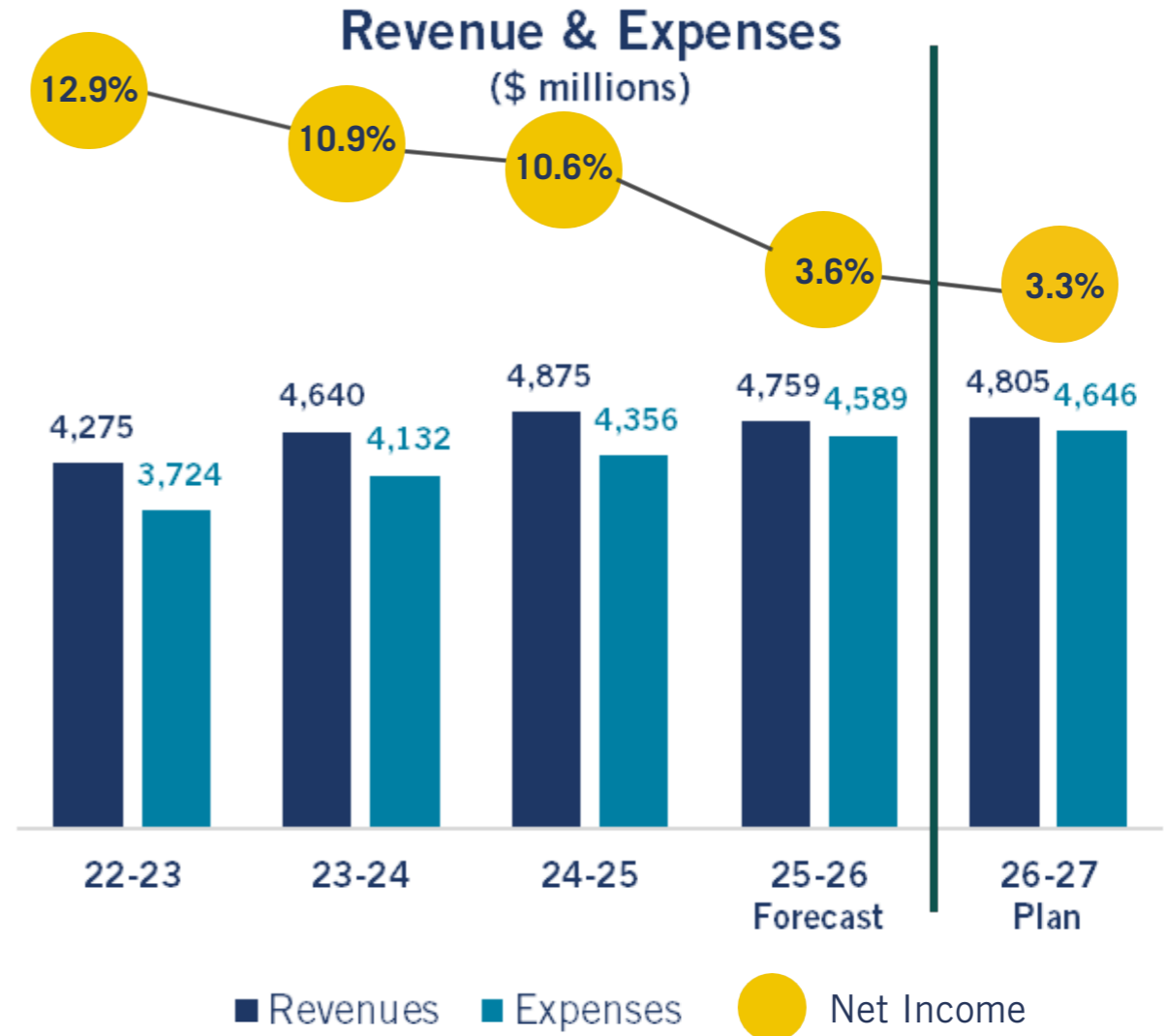
Investment Smoothing, Priority Initiatives, Matching, and Other Reserves

Principal Investigator operating accounts

Divisional Reserves

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.**

BUDGET HIGHLIGHTS

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STRONG FUNDAMENTALS

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PRIORITY INVESTMENTS

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- Student aid and funding
- Student housing & rsch space
- Digital Strategies & AI

OPERATIONAL EXCELLENCE

- Whole-of-University priority
- Evolve admin operations
- Empower our people and strengthen academic mission

Budget 2026-27



UNIVERSITY OF
TORONTO