

Budget 2013

(Tuition Fees and Student Aid)

Planning and Budget Committee
February 27, 2013



Outline of Discussion

Context

Enrolment and Revenue

Student Aid

Expenses

Structural Deficit Challenge

Capital

Fiscal Context

- Provincial deficit ~\$12 billion
- Provincial wage restraint
- New Ontario Premier and Minister of MTCU (Duguid)
- Expansion at undergraduate (35,000) and graduate (6000) levels – no allocation details yet
- Absence of a provincial tuition framework
- Low interest rates
- Significant need for capital funding to keep pace with enrolment growth and aging infrastructure

2013-14 Overview

- Balanced budget at the institutional level (\$1.9B)
- Institution-wide accumulated deficit has been fully repaid
- Settlements in place for 2013-14 for most bargaining groups
- Enrolment expansion continues: UG and graduate
- Burden of pension challenge remains painful: same funding plan remains in place

Changes to Format of Budget Schedules

- Eliminate “divisional income” category at the institutional level and fold into other revenue lines
 - \$148M to student fees (Categories 1-6 anc. fees, exec/cont. ed.)
 - \$3M to grants (accessibility grants)
 - \$69M to “sales, services, sundry income”
- Consolidate central and divisional student aid expense projections
- Identify UTM and UTSC infrastructure expenses
- Supplementary schedules with new details on grants, student fees and student aid

“Student Fees” now includes fees from all sources

	2012-13 <u>Budget (\$M)</u>	2012-13 <u>Restated (\$M)</u>
Undergraduate - Domestic	389.4	389.4
Undergraduate - International	209.6	209.6
Graduate - Domestic	123.2	123.2
Graduate - International	36.6	36.6
Cont / Exec Ed Fees in Divisions		40.3
Ancillary Fees (Div Income)		90.1
School of Continuing Studies	<u>20.4</u>	<u>20.4</u>
	<u><u>\$779.1</u></u>	<u><u>\$909.5</u></u>

Total for 2013-14 = \$1B

ENROLMENT

Fall 2012 Enrolment (FTE) Results

Above target on international undergraduates; under target on grant-funded master's and doctoral spaces

	2011 Actual	2012 Budget	2012 Actual	2012 Var.	2012 Var.%
Undergraduate (Domestic)	47,485	48,035	48,380	345	0.7%
Undergraduate (International)	7,260	7,756	8,167	411	5.3%
Eligible Masters Spaces	6,668	7,063	6,785	(278)	(3.9%)
Eligible Doctoral Spaces	3,783	3,883	3,744	(139)	(3.6%)
Ineligible Graduate (Domestic)	1,802	1,780	1,929	149	8.4%
Ineligible Graduate (Int'l)	1,828	1,872	2,040	168	9.0%
TOTAL	68,826	70,389	71,045	656	0.9%

Fall 2013 Enrolment (FTE) Plans

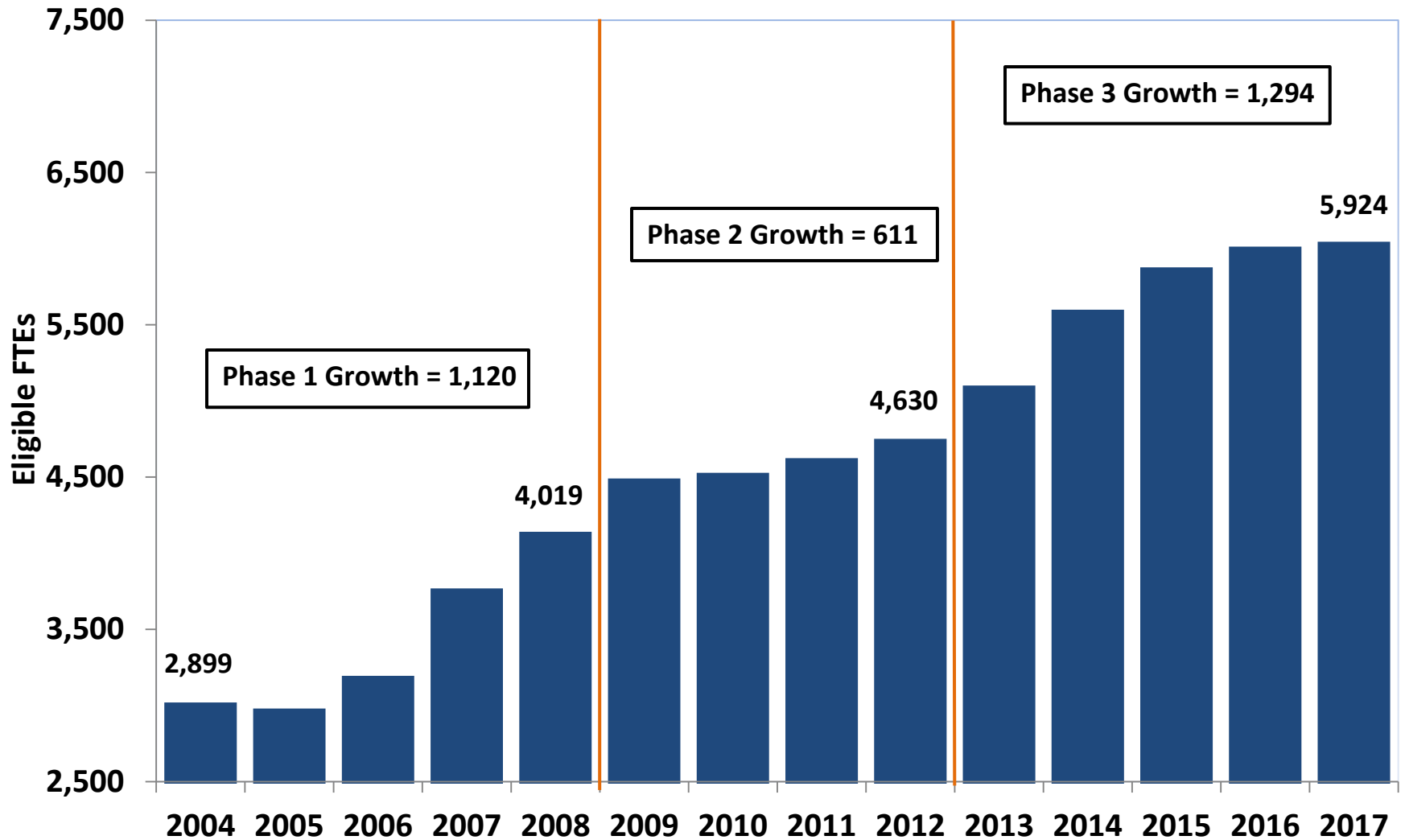
Aggressive graduate growth targets, undergraduate expansion at Architecture, UTM and UTSC, internationalization at Engineering, tri-campus A&S

	Fall 2012	Fall 2013		
	Actual	Budget	Incr.	Incr.%
Undergraduate (Domestic)	48,380	48,989	609	1.3%
Undergraduate (International)	8,167	8,635	467	5.7%
Eligible Masters Spaces	6,785	7,226	441	6.5%
Eligible Doctoral Spaces	3,744	3,819	75	2.0%
Ineligible Graduate (Domestic)	1,927	1,931	4	0.2%
Ineligible Graduate (Int'l)	2,040	2,066	26	1.3%
TOTAL	71,043	72,666	1,622	2.3%

U of T Doctoral Expansion – 2004 through 2017



U of T Professional Masters Expansion 2004 through 2017



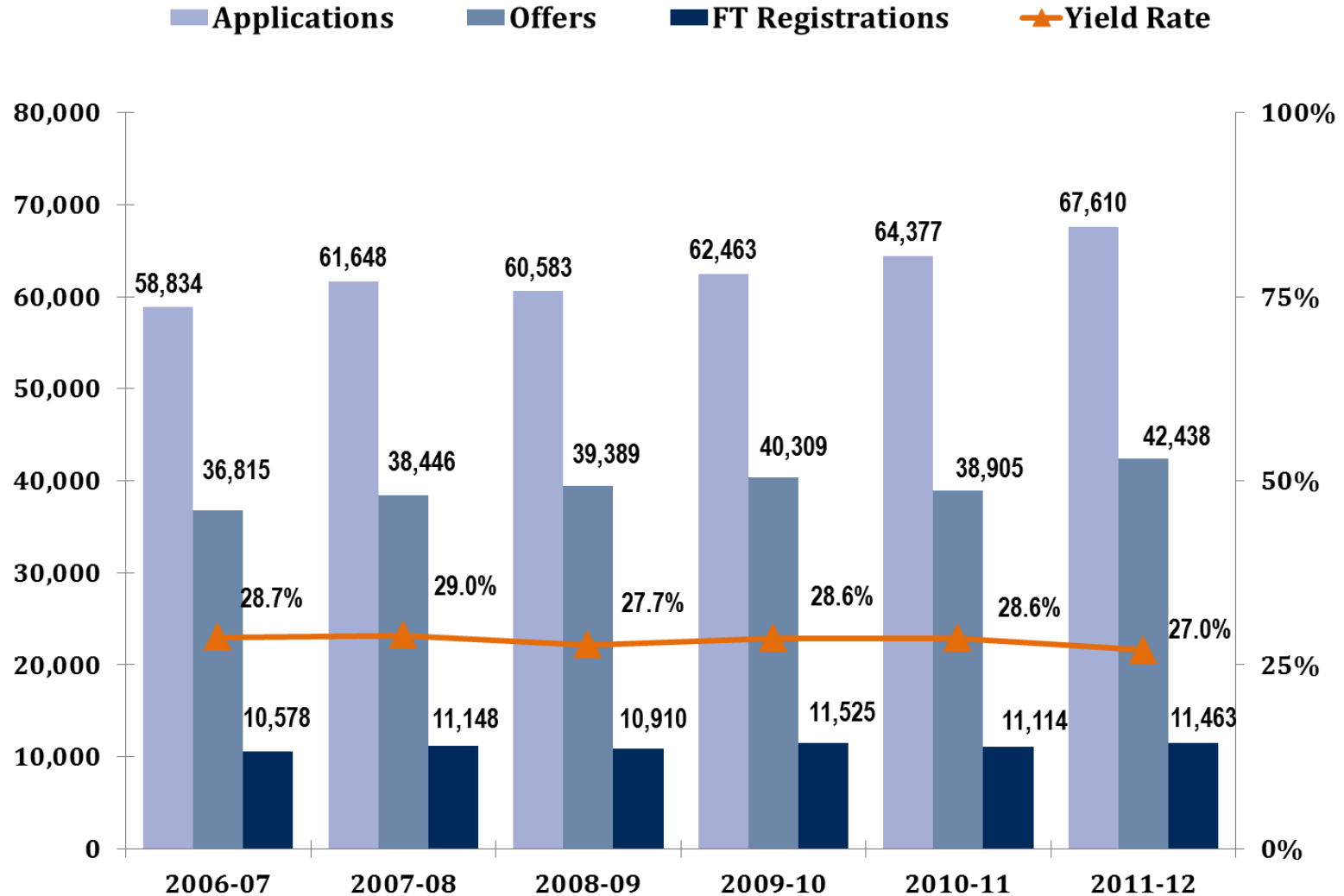
Undergraduate Enrolment Growth Plans

FTE	2012A	2013P	2017P
UTM Undergrad	10,059	10,425	12,435
UTSC Undergrad	9,196	9,725	10,894
St G Undergrad*	36,902	37,058	36,919
Total UG	56,157	57,208	60,248

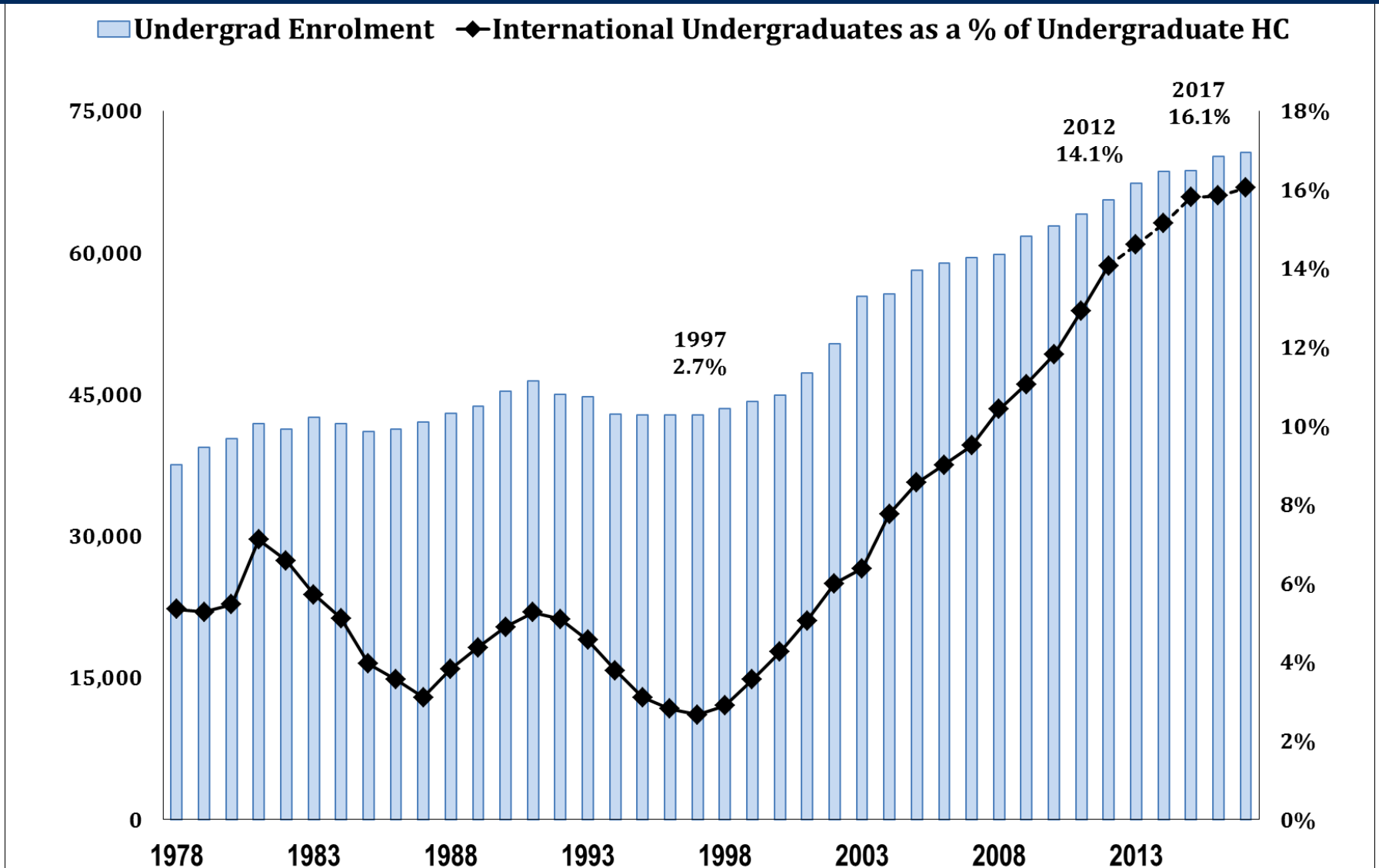
*** 2013-14: Decrease of 270 in A&S, increase of 113 in Engineering, increases in KPE, Architecture, misc. other minor changes**

Direct Entry UG Programs

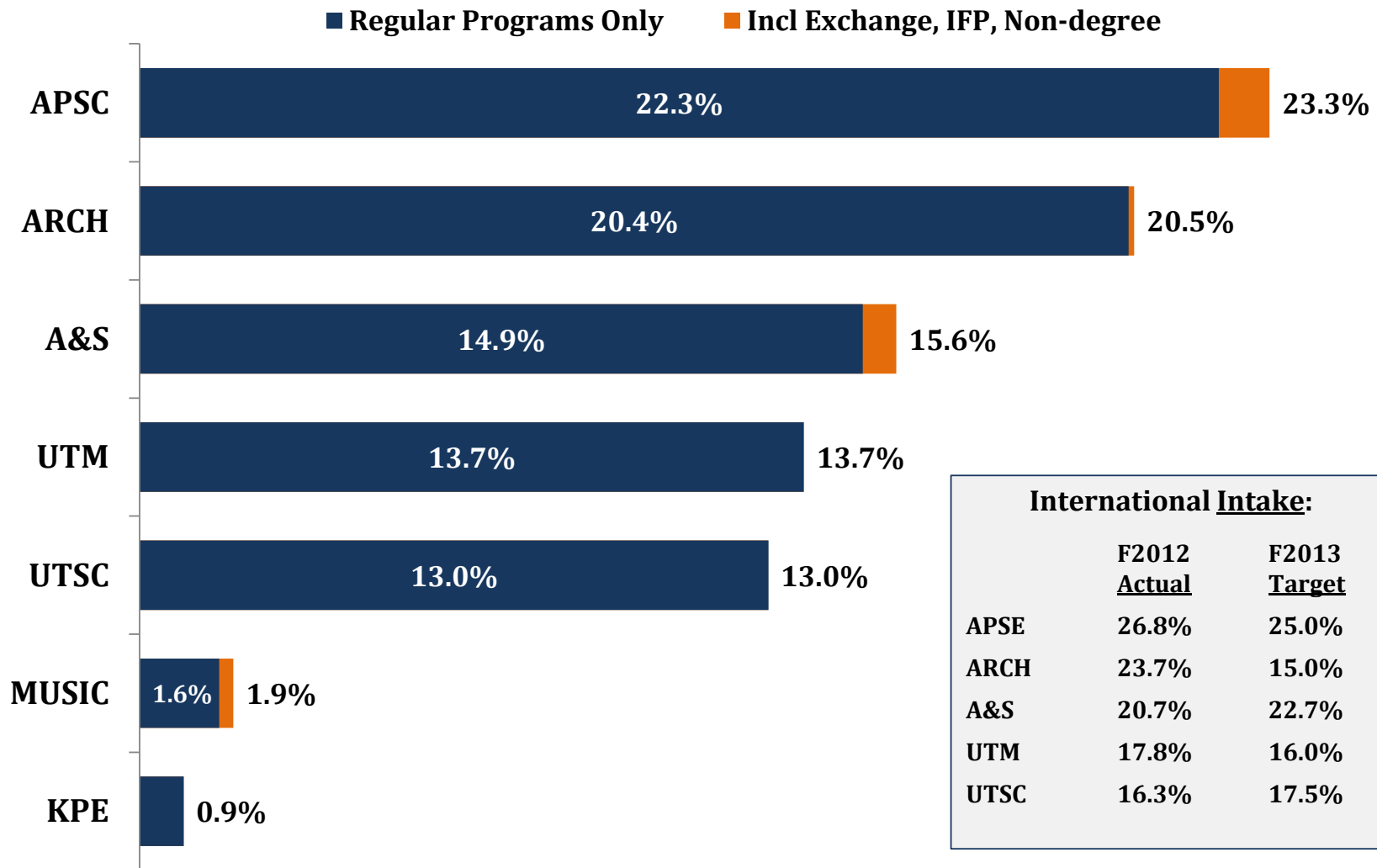
Applications, Offers, Registrations and Yield Rates



International Enrolment Growth



International Enrolment as % of Total Undergraduate FTE Fall 2012



International <u>Intake</u> :		
	F2012 <u>Actual</u>	F2013 <u>Target</u>
APSE	26.8%	25.0%
ARCH	23.7%	15.0%
A&S	20.7%	22.7%
UTM	17.8%	16.0%
UTSC	16.3%	17.5%

REVENUE

Key Budget Assumptions:

Operating Grants

- **Value of BIU** will be reduced in base by ~1.2% (\$7.7M) in 2013-14 and ~ 2.3% (\$15M) in 2014-15 due to “policy levers” and international student recovery (tuition increase to offset ISR)
- **UG growth fully funded** to end of planning period (\$15M)
- **Graduate growth** funded to estimated UofT allocation from provincial envelope: \$26M (some divisional plans exceed this: tuition only assumed)

Key Budget Assumptions:

Tuition and Student Aid

- Net tuition for OSAP-eligible students in 2011-12 = 48% (excludes OSAP loans)
- Tuition framework continues (5% with restrictions → maximum at UofT = 4.3% gross, **~3% net**)
- International tuition fees set at level to include recovery of international student tax

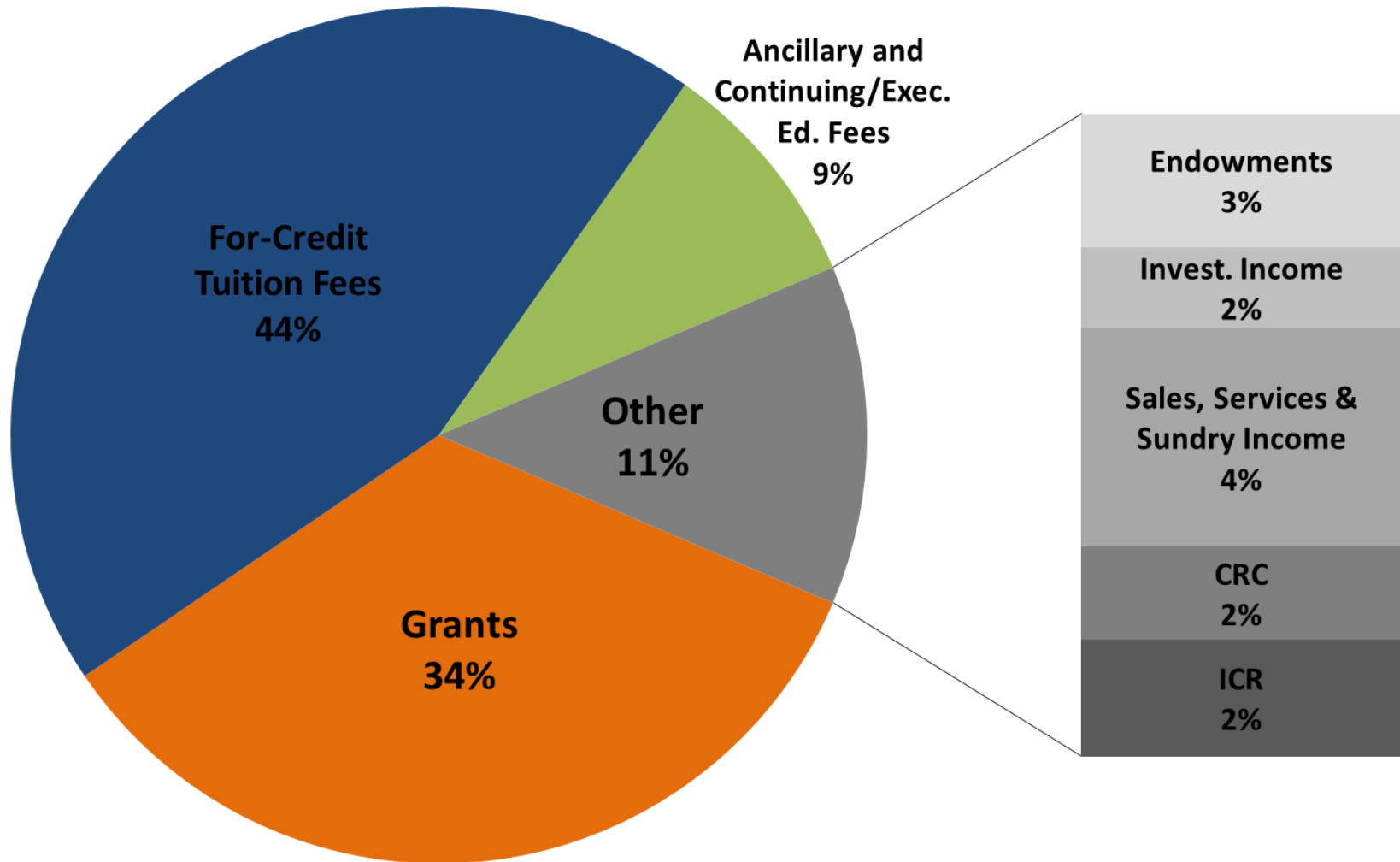
Key Budget Assumptions:

Other Revenue

- **CRC chairs:** turn around in tri-council funding → projected to increase by 5 chairs over the planning period
- **Endowment income:** assume payout will remain at same per-unit level (\$7.56) over planning period. Assumption will be updated next year after completion of endowment strategy analysis
- **Federal Institutional Cost of Research (ICR):** rate at 17.5% and falling (\$20.5M) → Actual cost of ICR > 50% ; operating budget absorbs ~ \$38M

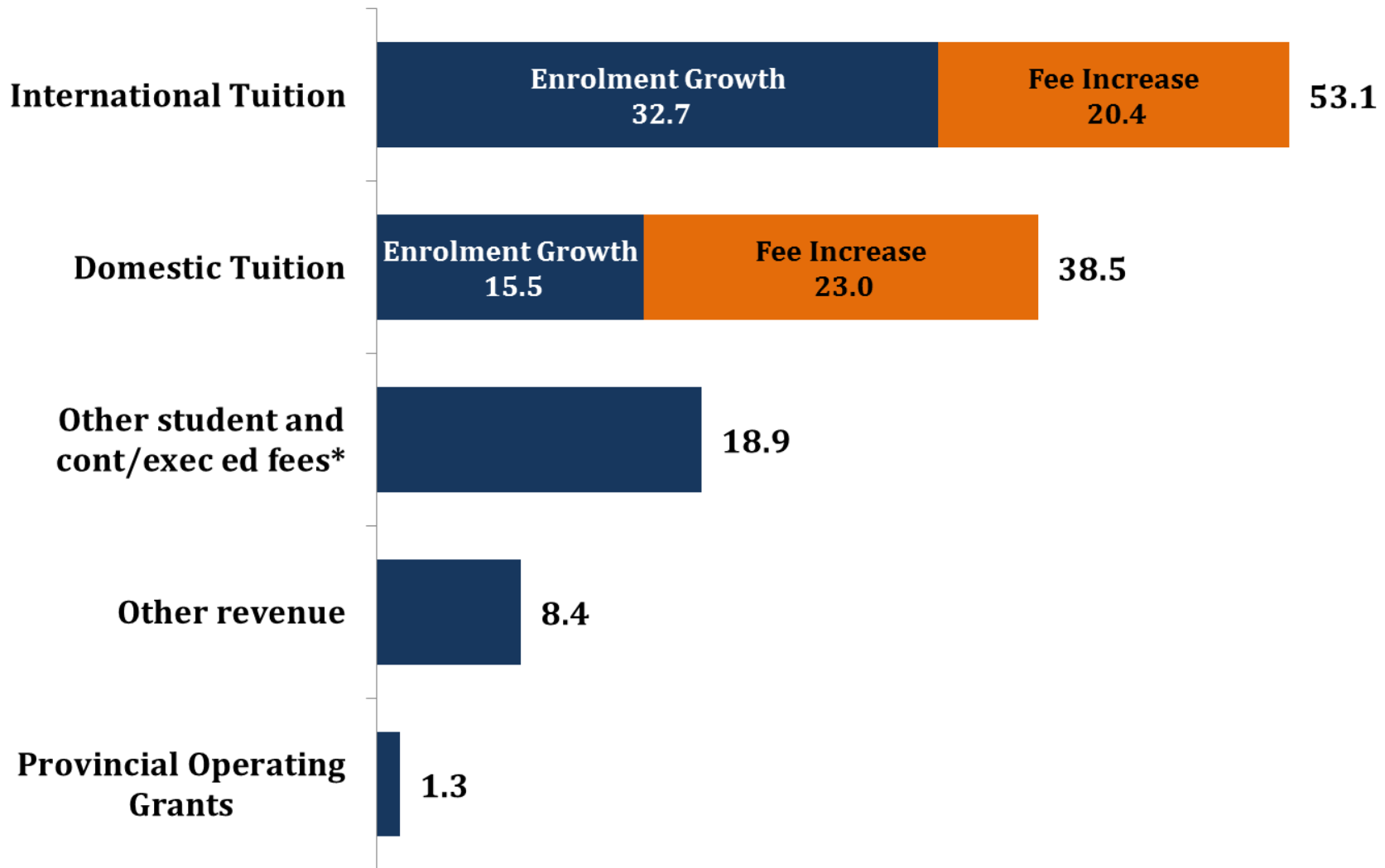
Sources of Operating Revenue

2013-14 = \$1.9B



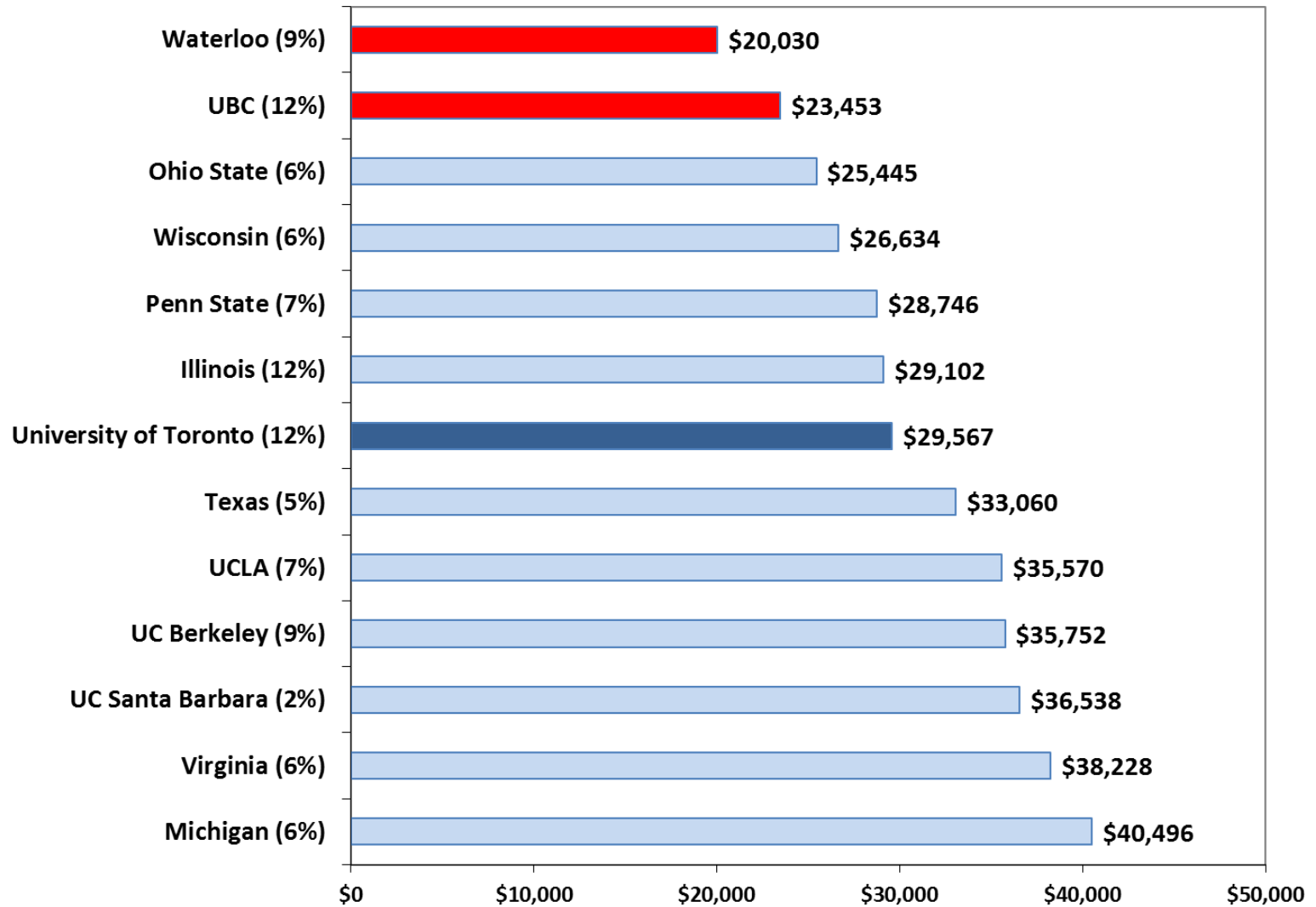
Incremental Revenue 2013-14

\$120M (6.7% increase over 2012-13)



* This increase arises primarily from an adjustment of budget to 2012-13 actual results

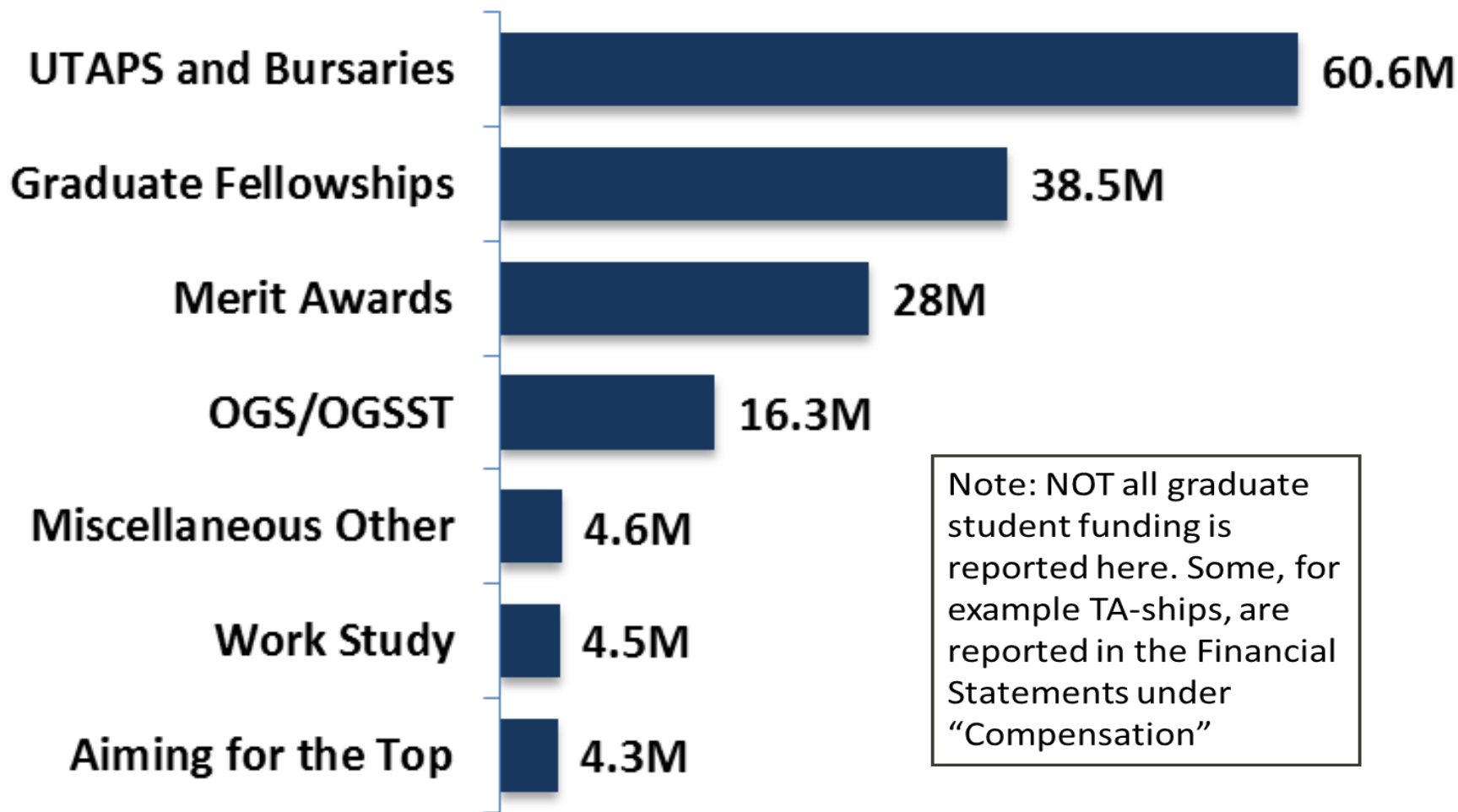
A&S International UG Tuition Fee compared to AAU universities 2012-13



STUDENT AID

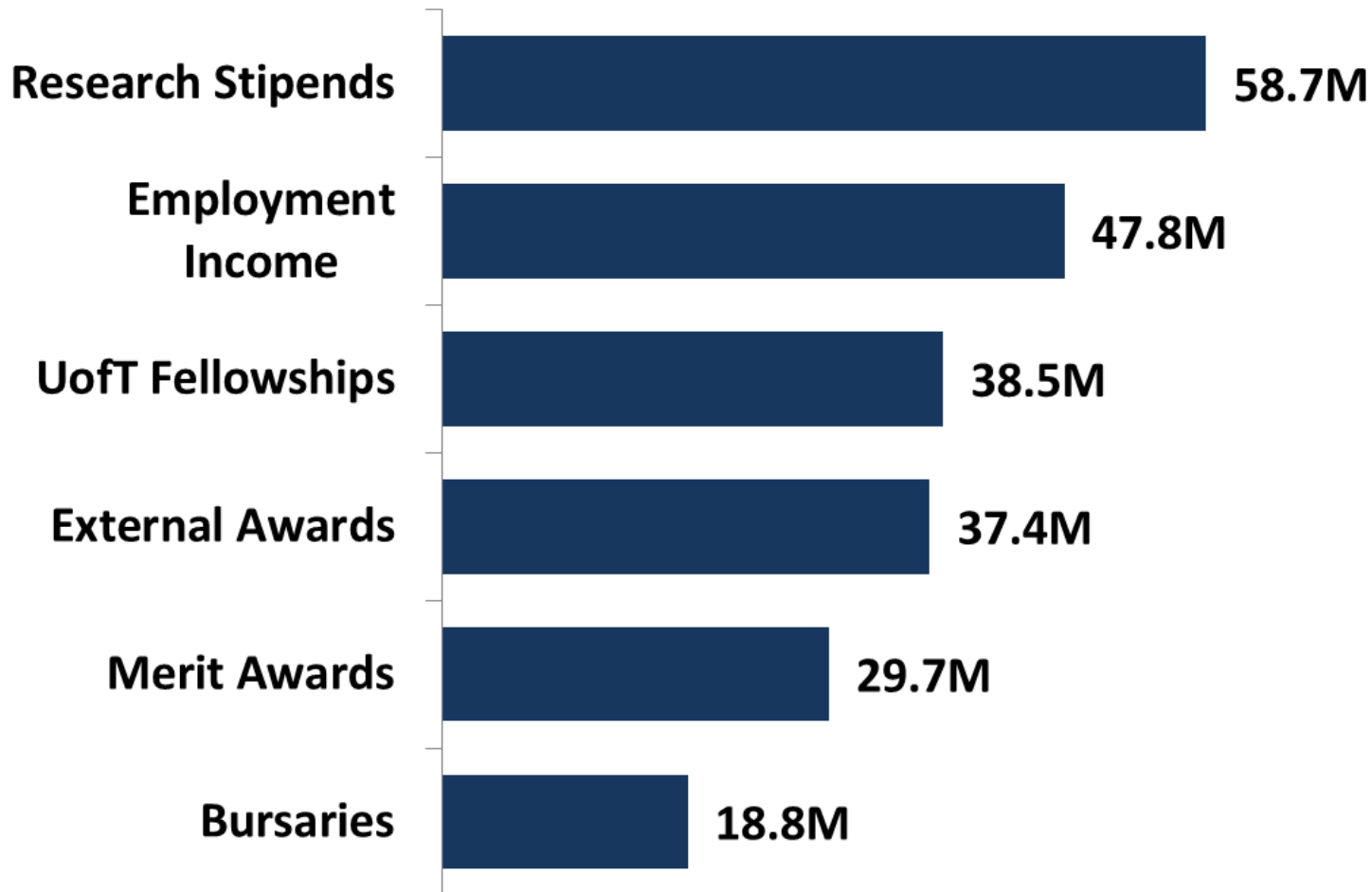
University of Toronto Student Assistance 2011-2012

Total = \$156.8M

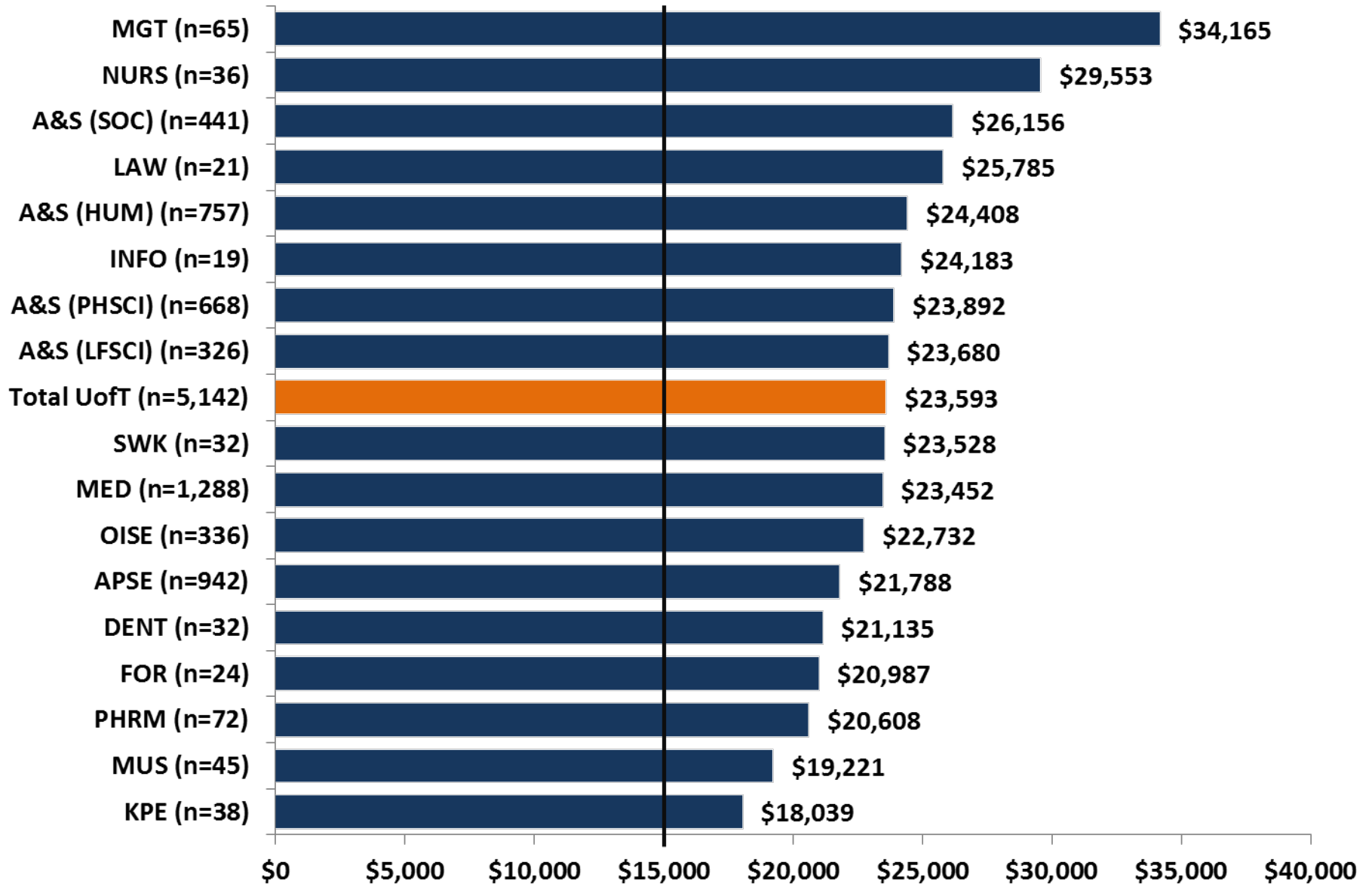


Sources of Financial Support for Graduate Students 2011-2012

Total=\$230.9M including affiliated hospitals



2010-11 Funded Cohort Average Incomes (Net of Tuition Fees), Excluding External Employment Income



What is Net Tuition?

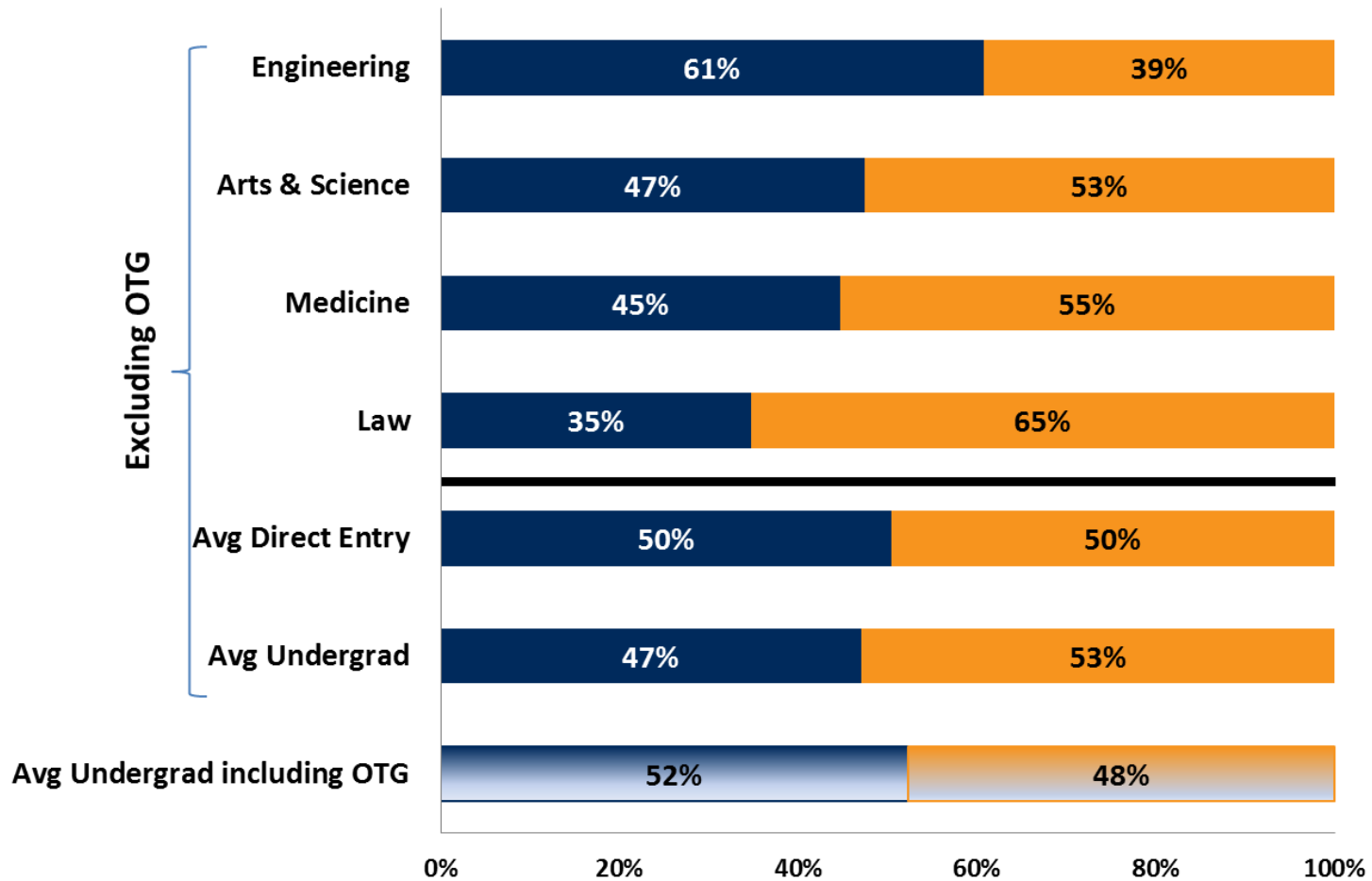
- Net tuition is the amount a domestic student pays after taking into account the funds they receive from OSAP bursaries, UofT bursaries and the Ontario Tuition Grant

	2011-12 \$
Gross Tuition	\$6,000
OSAP Bursary	(\$1,000)
UofT Bursary (UTAPS)	(\$1,500)
Ontario Tuition Grant	(\$800)
Net Tuition (45%)	\$2,700

What do students pay?

Net Tuition for the OSAP Population by Program Area and %

■ Tuition funded by UofT/OSAP grant ■ Tuition paid by student



The new \$800/term Ontario Tuition Grant (OTG) program was introduced for the Winter, 2012 term. However, award data is only available at the aggregate level.

Ontario Tuition Grant Received by UofT Students 2011-12 *

- 13,602 OSAP-eligible students
- 4,551 students who did not receive OSAP
- \$13.4M in Ontario Tuition Grants

***MTCU estimates 200,000 students received an OTG in 2011-12. Total OSAP population is 280-300,000 students. OSAP population at UofT is ~25,000. Take-up rates on OTG were low in Year 1 of the program.**

48%

OSAP-eligible students at UofT paid an average of 48% net tuition in 2011-12 when accounting for OSAP and University bursaries and the Ontario Tuition Grant

EXPENSES

Academic Divisions

- Expenditure plans include:
 - Tenure and teaching stream hiring
 - Support for graduate students
 - Capital projects
 - Research and international opportunities
 - Advancement and matching programs
- Most divisions planning balanced budgets
- A few smaller divisions working to resolve structural deficits

University Fund Allocations

Total = \$9.1M

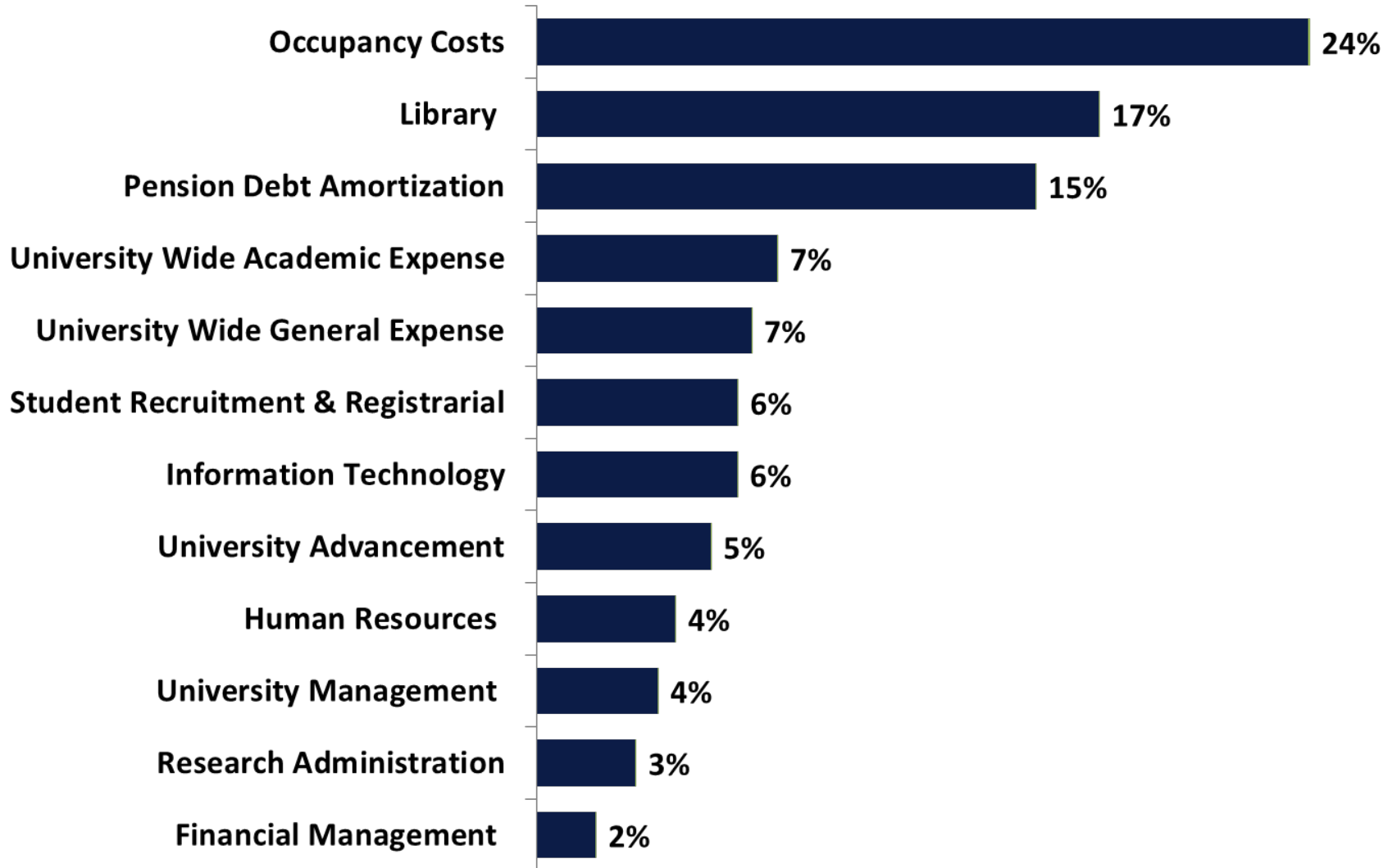
- Cities Teaching & Research (21 positions) \$3.2M
- Structural change \$2.3M
- Graduate expansion \$0.2M
- Writing Centres \$0.3M
- Interdivisional Teaching \$2.0M
- Transitional Support \$1.0M
- Support for net contributors \$1.0M
- Return from divs. under target (\$0.9M)

University-wide Expenses

- Careful balance of approvals for spending
- Cost containment continues: 1% (\$1.7M) base across central divisions
- Investments planned for key institutional priorities → library: services, acquisitions, storage, Boundless Campaign, NGSIS and wireless, crisis management, financial aid admin, student life advisors, deferred maintenance.

University Wide Costs by Bin, 2013-14

Total \$452.5M (excluding Federated Block Grant)

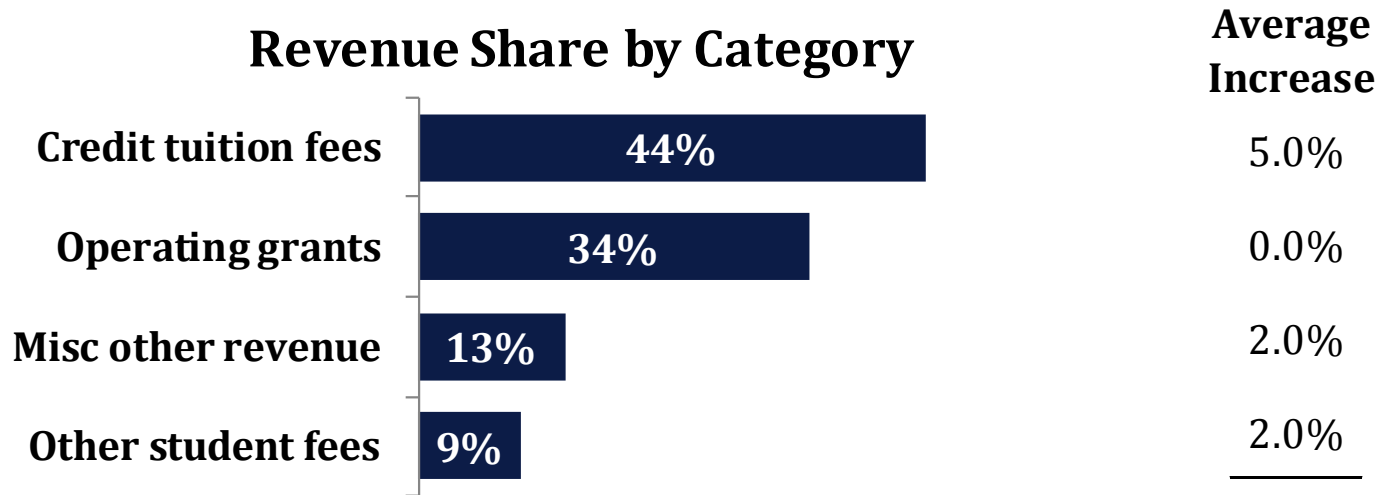


Pension Special Payments and other related costs

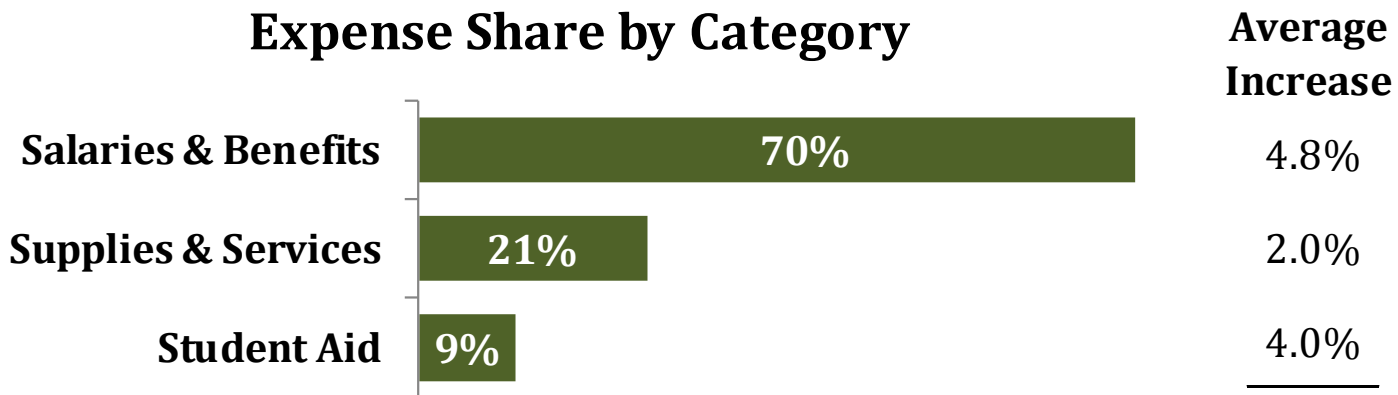
	Annual \$M	Cumulative \$M
Up to 2010-11	27	27
2011-12	30	57
2012-13	20	77
2013-14	10	87
2014-15	5	92
2015-16	5	97

Annual total expense of ~\$97M to 2030 – possibility of additional payments after 2015

Structural Budget Challenge

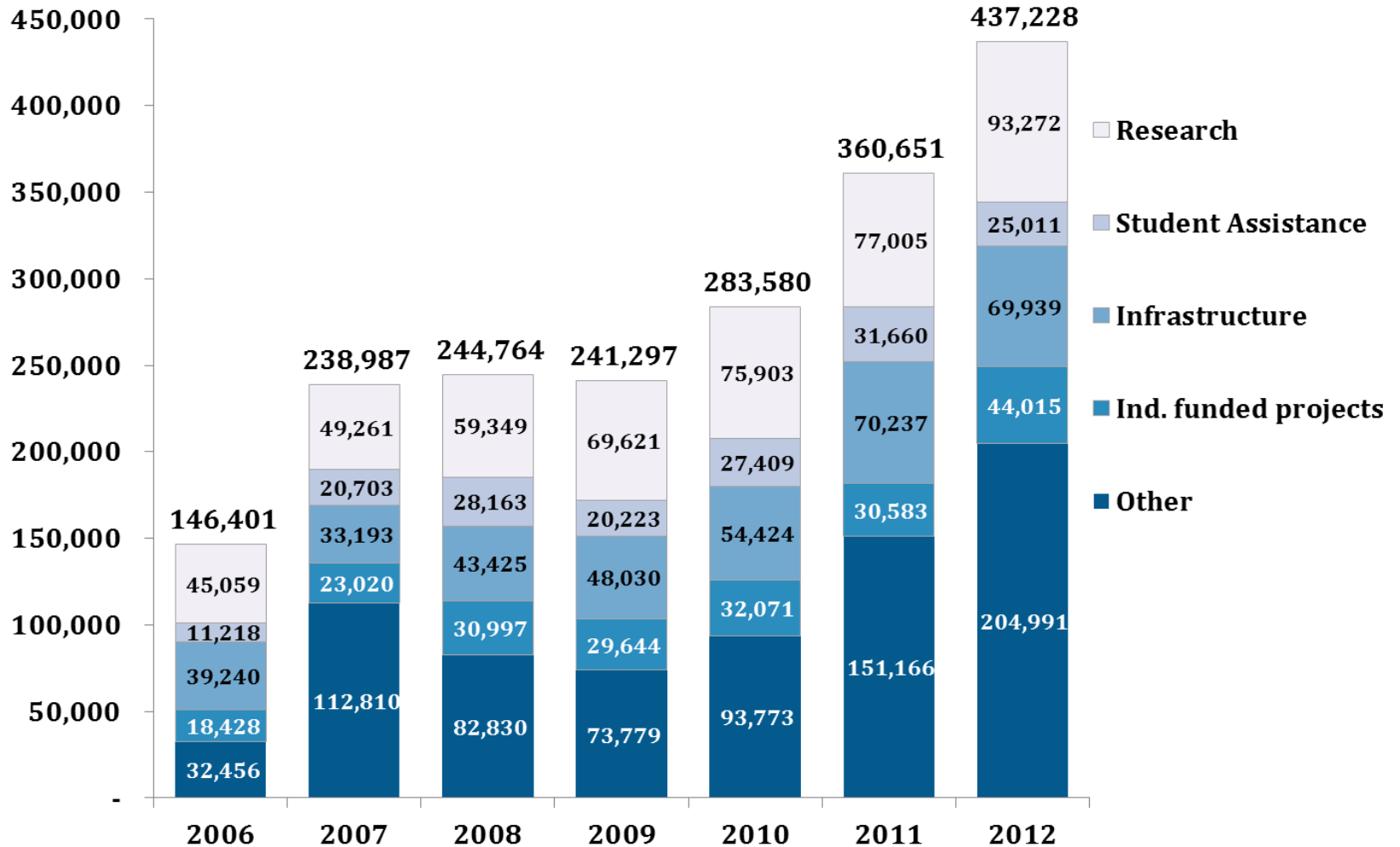


Weighted Average Increase in Revenue = 2.6%



Weighted Average Increase in Expense = 4.2%

Divisional Reserves (\$000)



CAPITAL PROJECTS

Goldring Centre for High Performance Sport



Completion: September 2014
Budget: \$61.7M
Size: 11,000 GSM



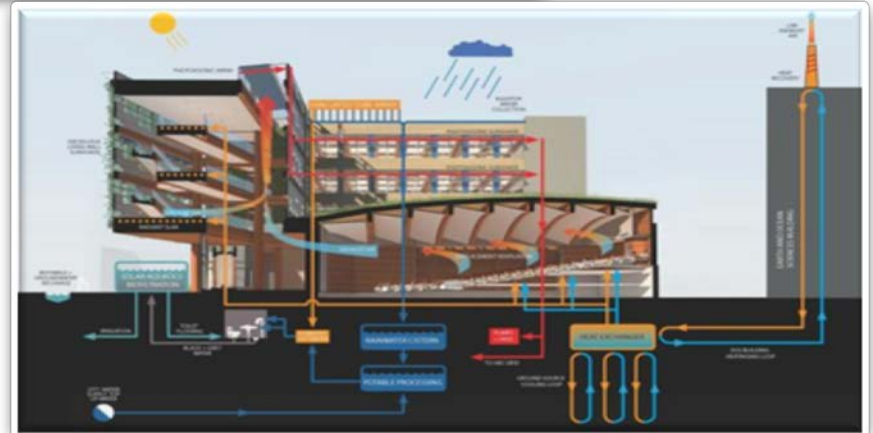
Capital Projects Recently Approved By P&B Committee

– Law (new building)	\$52M
– OISE ICS (new building)	\$16M
– UTM Lab Renovations	\$7M
– UTM Kaneff Centre & North Bldg	\$90M

UTM North Campus Building



Completion: October 2014
Budget: \$56M
Size: 10,440 GSM



Faculty of Law – Renovation/Expansion



Completion: August 2015
Budget: \$54M
Size: 15,125 GSM



Funding Sources for New Law Building

Total = \$54M

- Capital campaign pledges to date \$33.1M
- Remaining Fundraising target \$2.9M
- Long term borrowing \$3.5M
- Provostial Central Funds \$6.0M
- Prov. Grad Expansion Funds \$4.5M
- Faculty of Law Operating Funds \$4.0M

Future Capital Projects

- In Planning
 - UTSC Advanced Science Institute
 - Student Commons
 - Downsview Library Storage Expansion
 - Ramsay Wright Lab Renovations
 - Architecture (1 Spadina)
 - Engineering (Site 10)
 - SCS, SW, A&S precinct

Conclusion

- Provincial grant declining % of revenue
- Uncertainty on tuition framework
- Pension funding manageable (painful)
- Reaping the benefits of transparency in our budget model: Better strategic decisions; Lower costs; Smarter planning
- Compensation growth of 4.84% is not sustainable