

# Budget 2013

## (Tuition Fees and Student Aid)

Business Board  
March 4, 2013



# **Outline of Discussion**

**Context**

**Enrolment and Revenue**

**Student Aid**

**Expenses**

**Structural Deficit Challenge**

**Capital**

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# Broad 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

# University Budget Overview 2013-14

- Balanced budget at the institutional level (\$1.9B)
- Institution-wide accumulated deficit has been fully repaid
- Compensation 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

# Budget Planning Themes



Internationalization  
Graduate Expansion  
Capital planning

# Changes to Format of Budget Schedules

- Objective is to better align with Financial Statements:
  - Elimination of “divisional income” category at the institutional level and fold into other revenue lines (grants, fees, other)
  - Consolidate central and divisional student aid expense projections to show full amount allocated to student aid
  - Identify UTM and UTSC infrastructure expenses in recognition of the fact that they are campuses as well as Faculties

# “Student Fees” revenue line 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%
<b>TOTAL</b>	<b>68,826</b>	<b>70,389</b>	<b>71,045</b>	<b>656</b>	<b>0.9%</b>

# Fall 2013 Enrolment (FTE) Plans

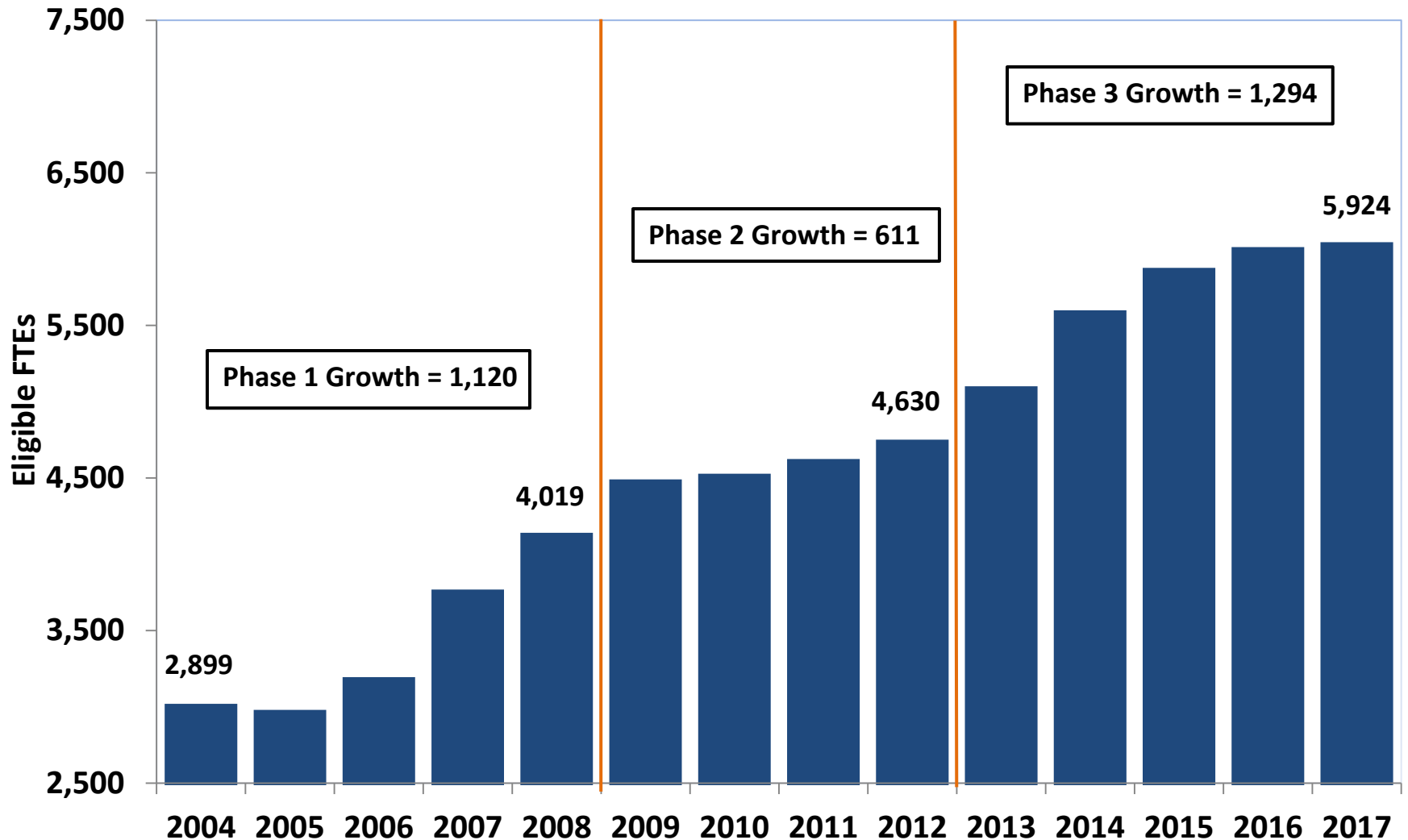
Aggressive graduate growth targets, undergraduate expansion at Architecture, UTM and UTSC, internationalization at Engineering, tri-campus A&S

	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%
<b>TOTAL</b>	<b>71,043</b>	<b>72,666</b>	<b>1,622</b>	<b>2.3%</b>

# Doctoral Expansion 2004 through 2017



# Professional Masters Expansion 2004 through 2017



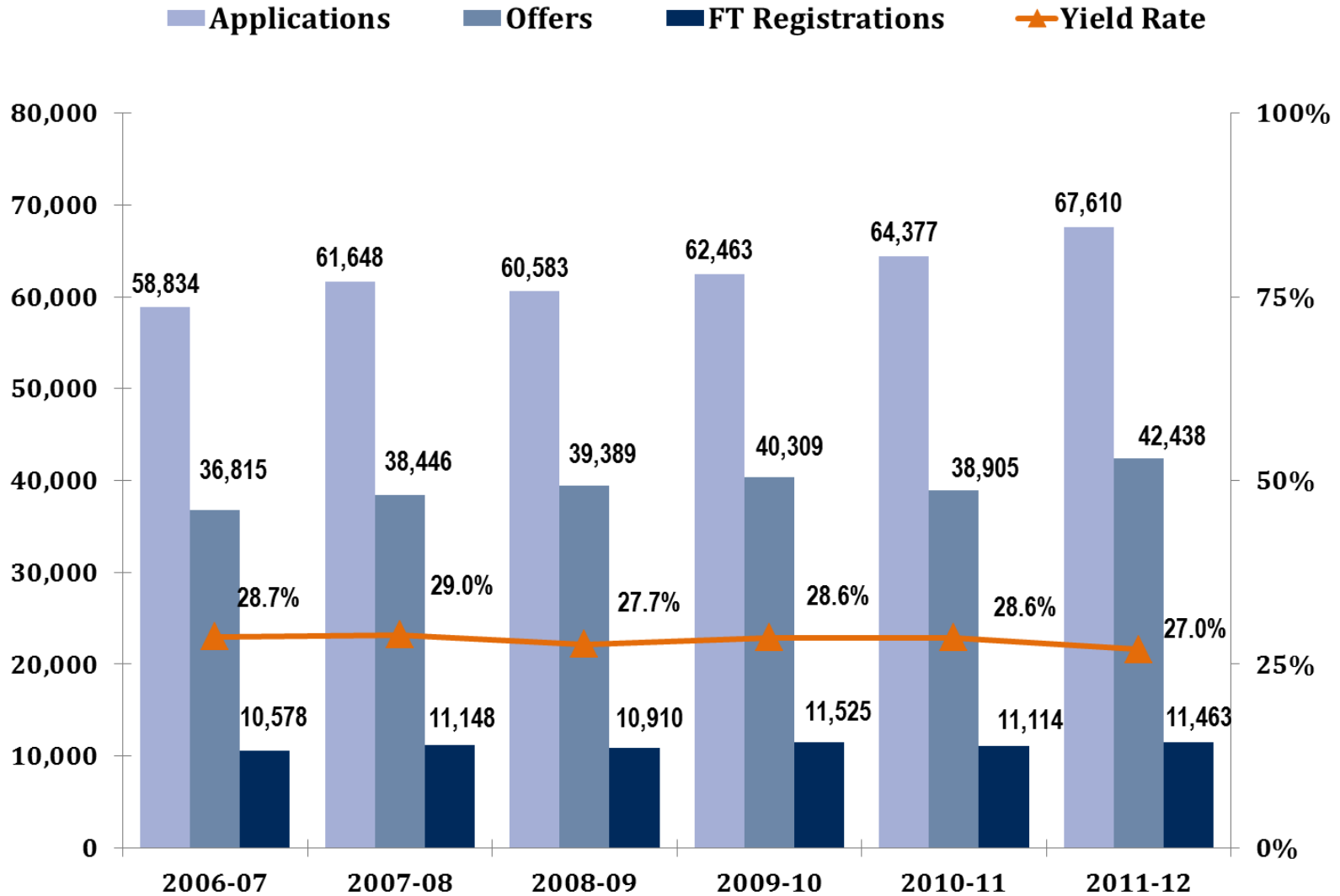
# Undergraduate Enrolment Growth Plans

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

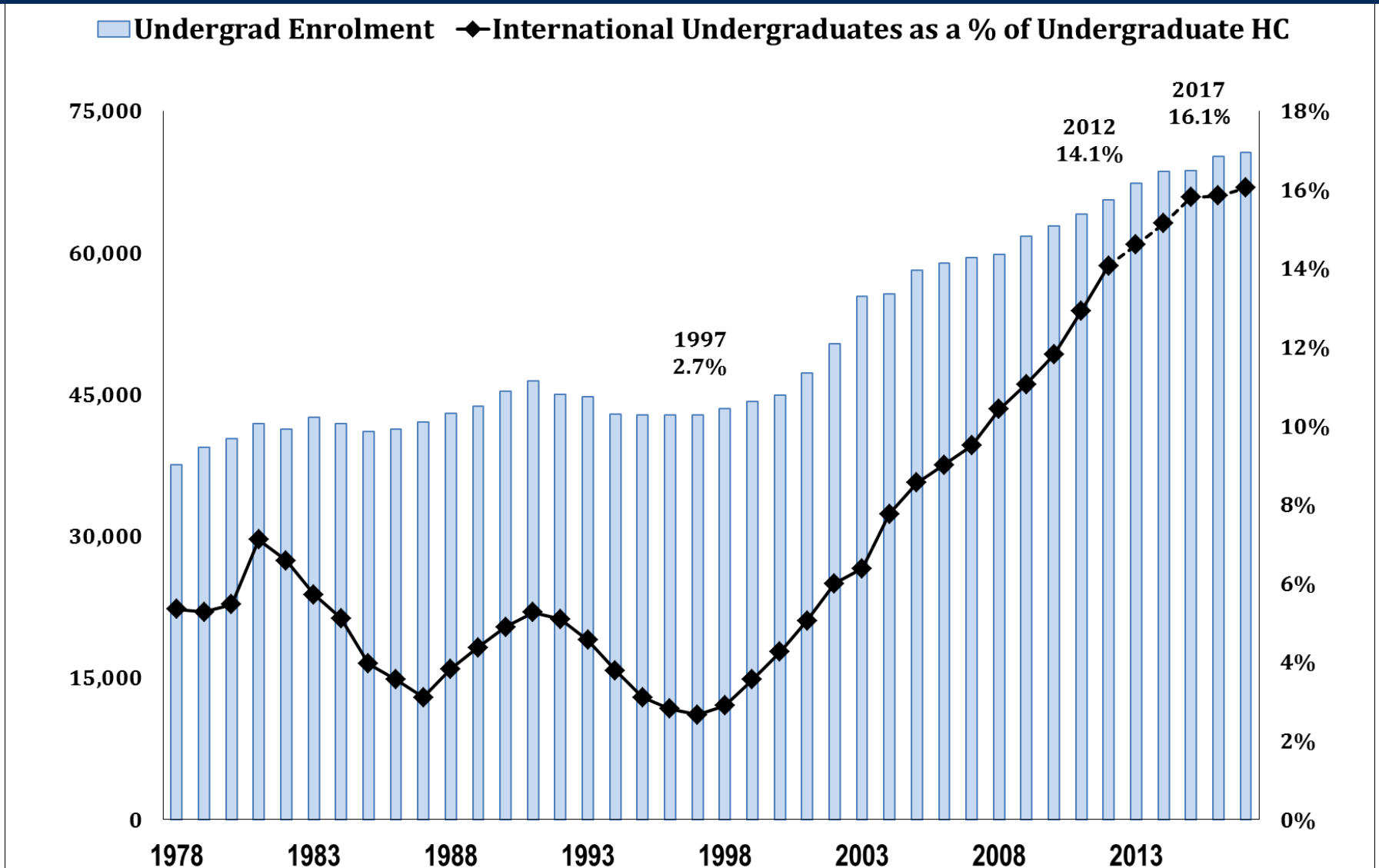
**\* 2013-14: Decrease of 270 in A&S, increase of 113 in Engineering, increases in KPE, Architecture, misc. other minor changes**

# Direct Entry UG Programs

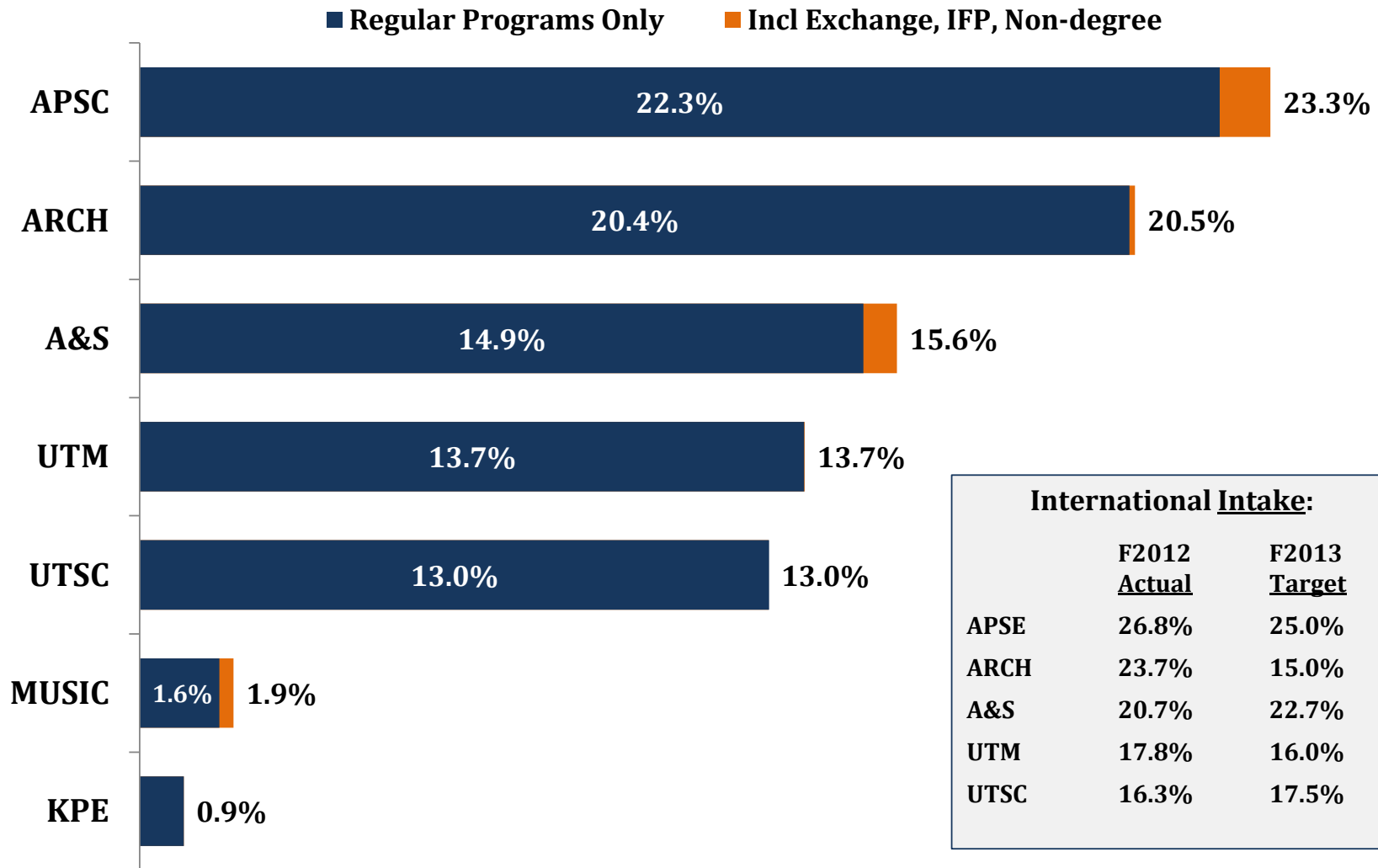
## Applications, Offers, Registrations and Yield Rates



# 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 1.3% (\$9M) in 2013-14, growing to 2.1% (\$14M) in 2014-15 due to “policy levers” and other grant reductions.
- **Further grant reductions** of 1.3% for international student recovery will be phased in and offset by tuition increases.
- **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

- 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
- Net tuition for OSAP-eligible students in 2011-12 = 48% (excludes OSAP loans)

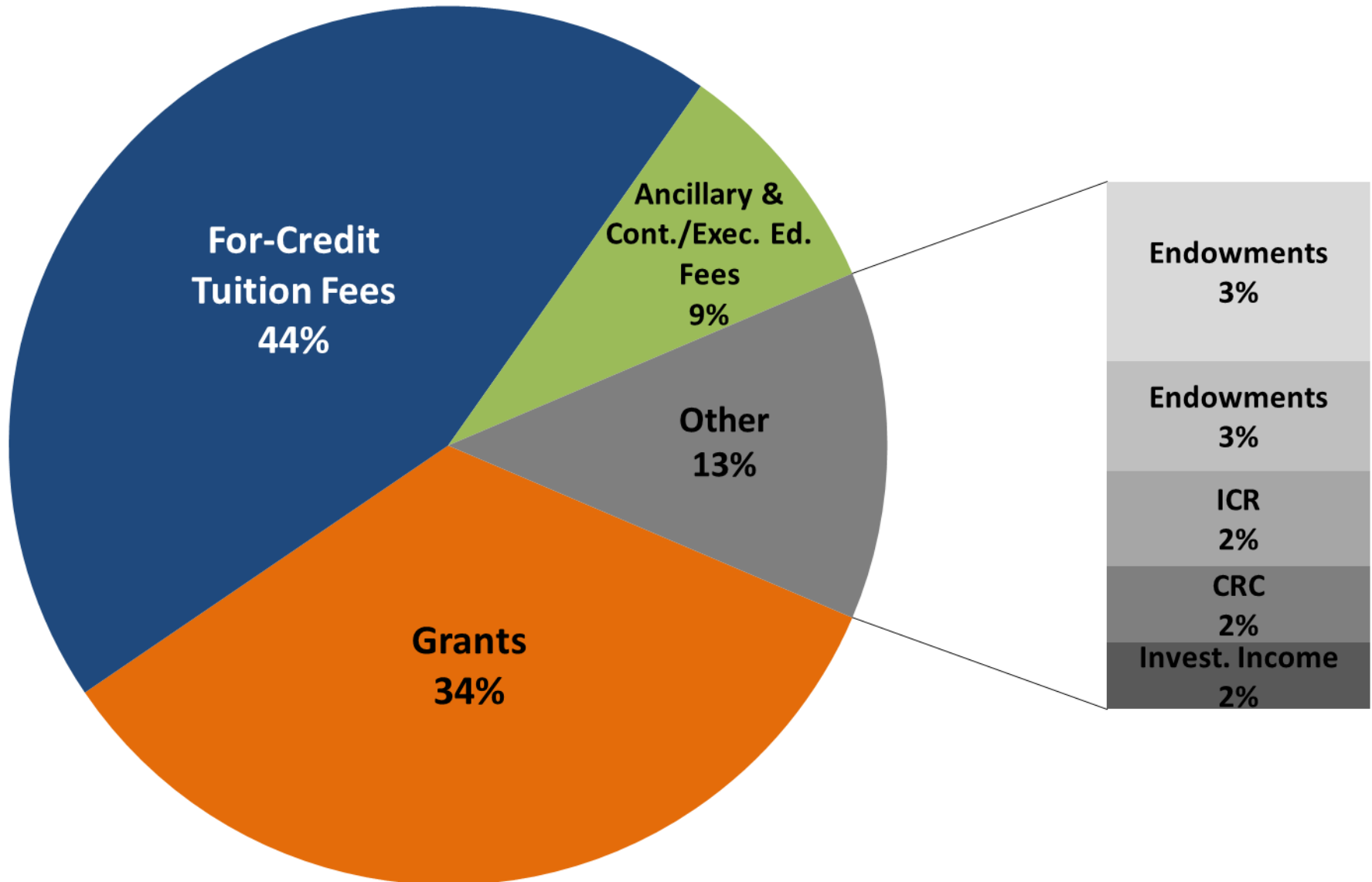
# Key Budget Assumptions:

## Other Revenue

- **CRC chairs:** turn around in tri-council funding → increasing 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
- **Investment Income:** slower than anticipated market recovery; 2013-14 revenue budget is \$5M lower than projected at this time last year
- **Federal Institutional Cost of Research (ICR):** rate at 17.5% and falling (\$20.5M) → Actual cost of ICR > 50% ; operating budget absorbs ~ \$38M

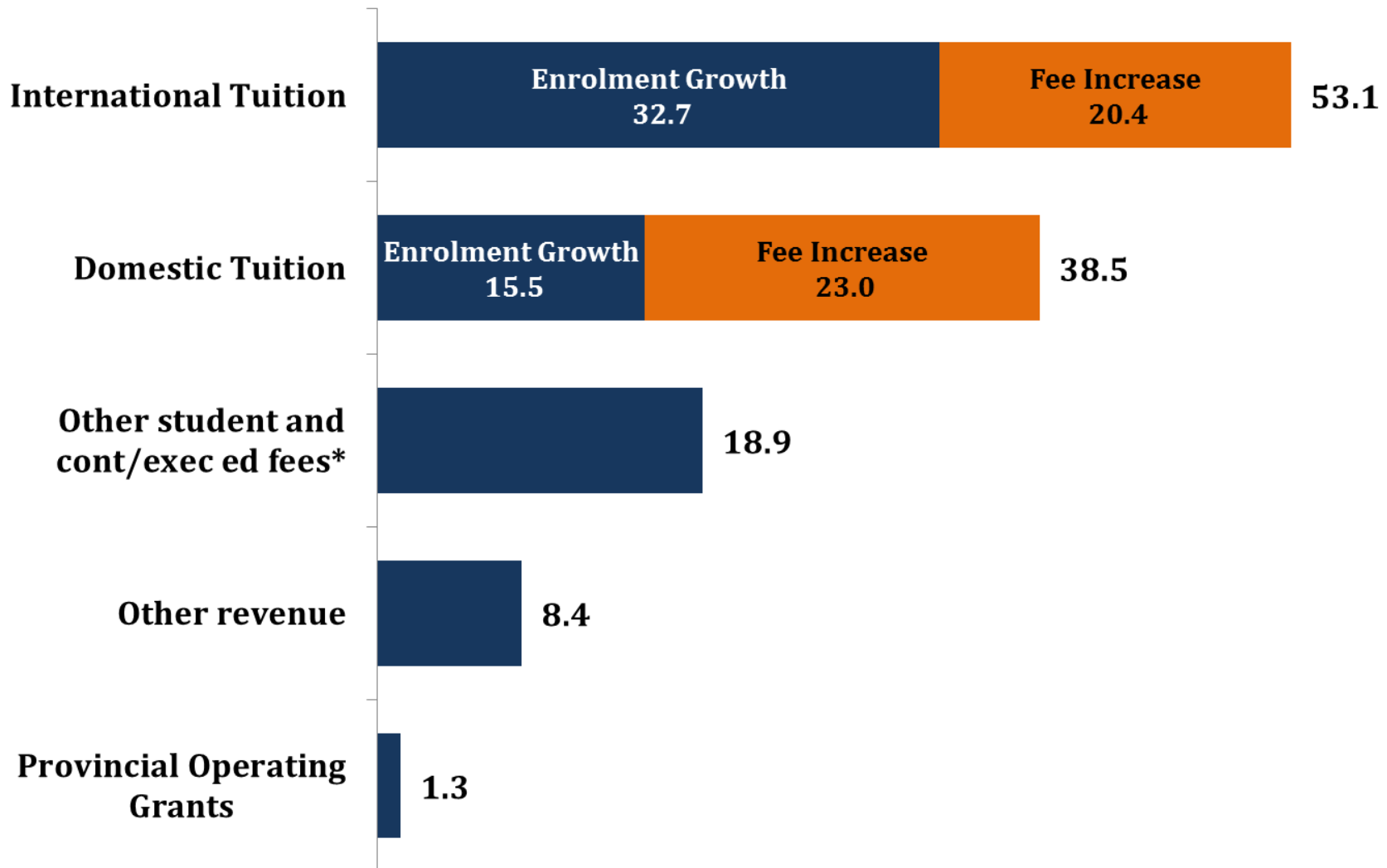
# Sources of Operating Revenue

## 2013-14 = \$1.9B



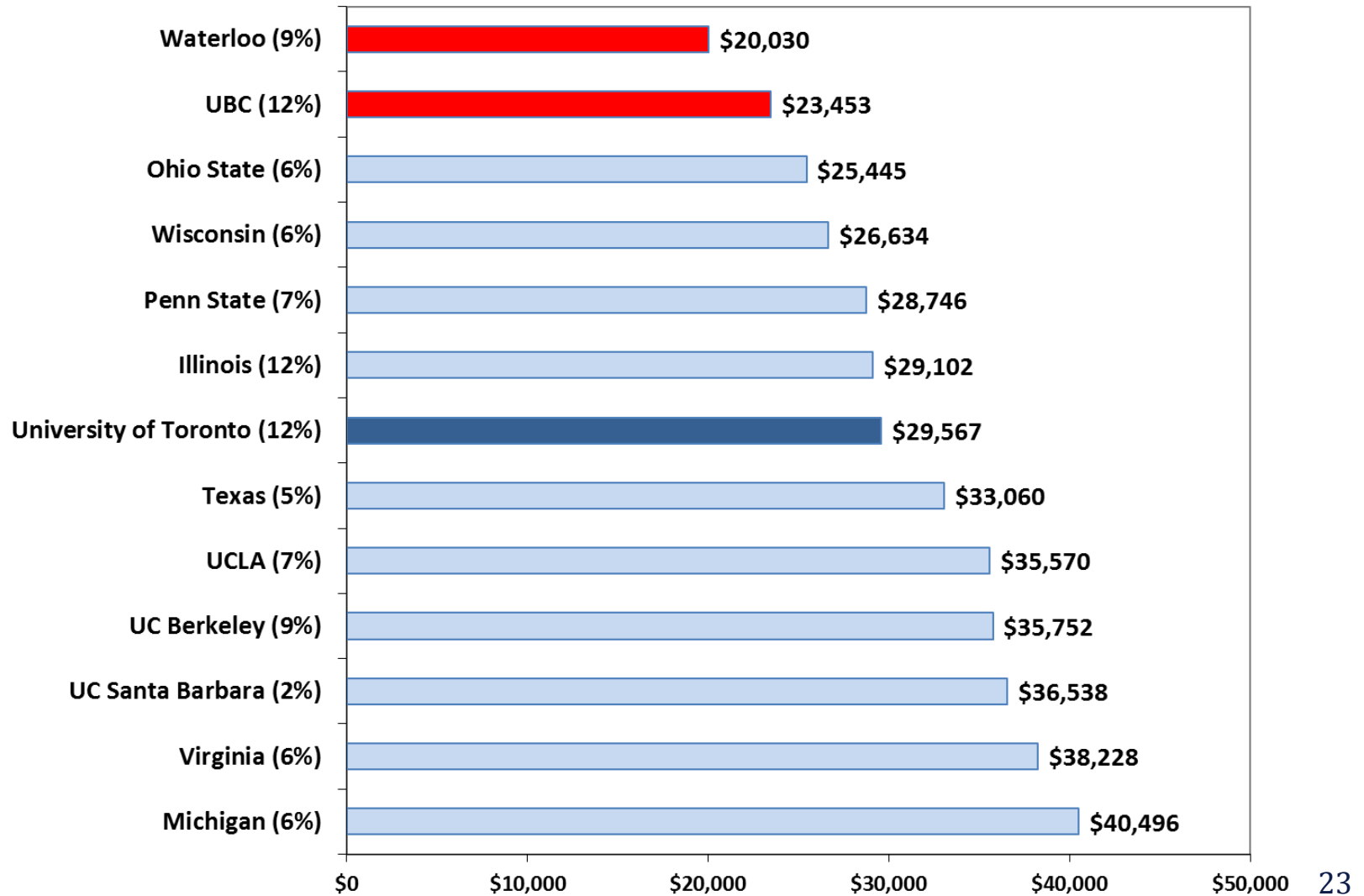
# Incremental Revenue 2013-14

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



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

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

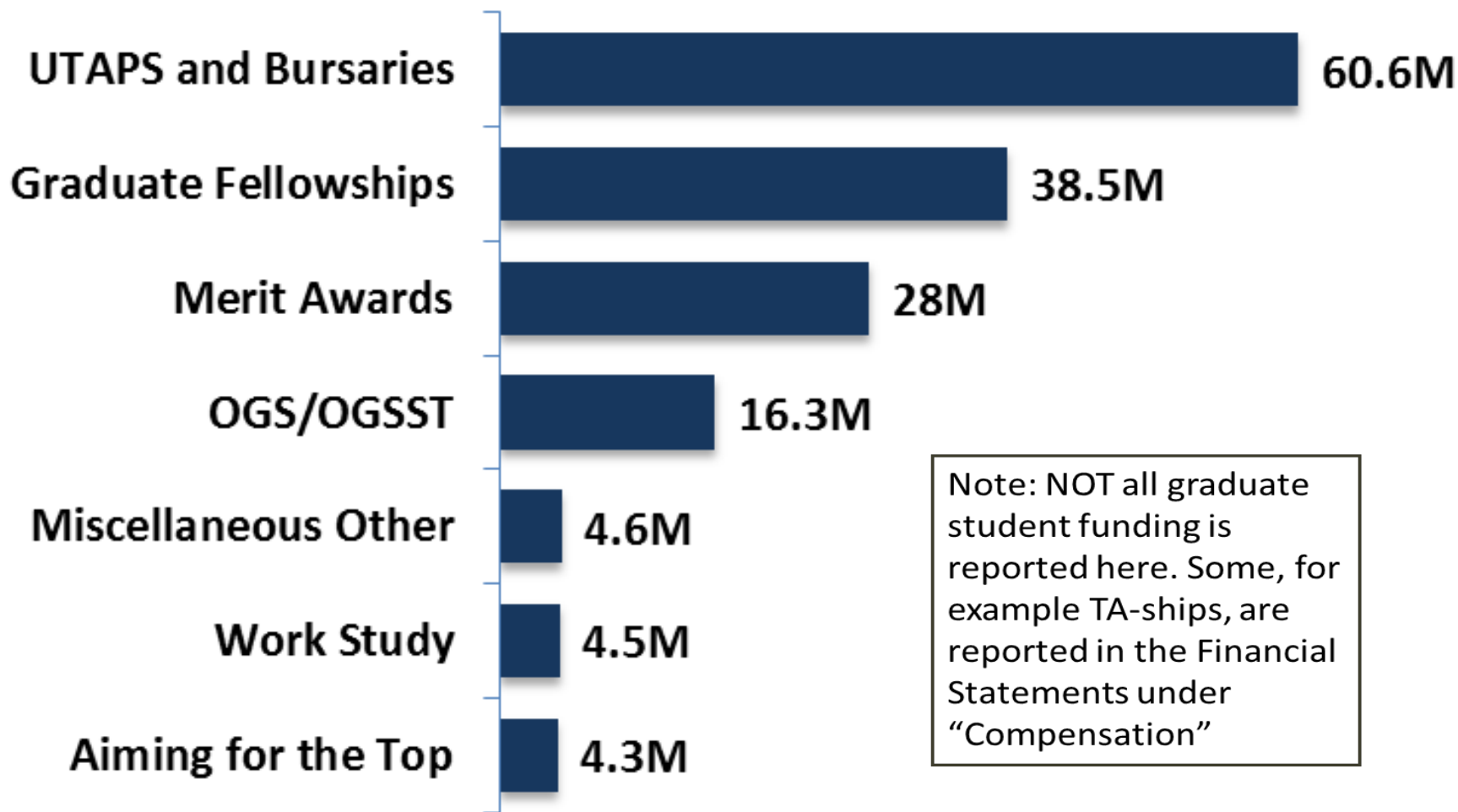


# STUDENT AID



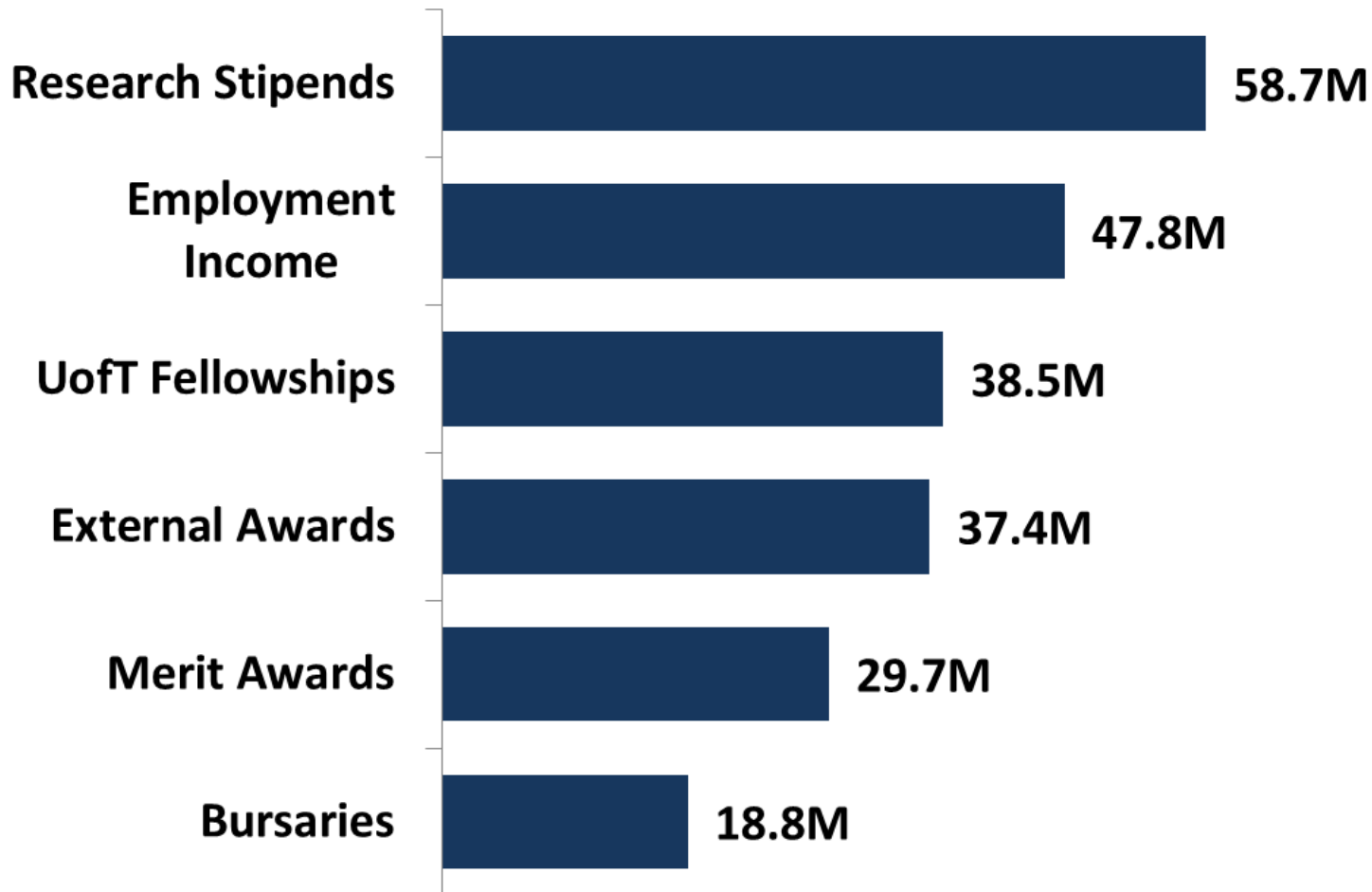
# University of Toronto Student Assistance 2011-2012

## Total = \$156.8M

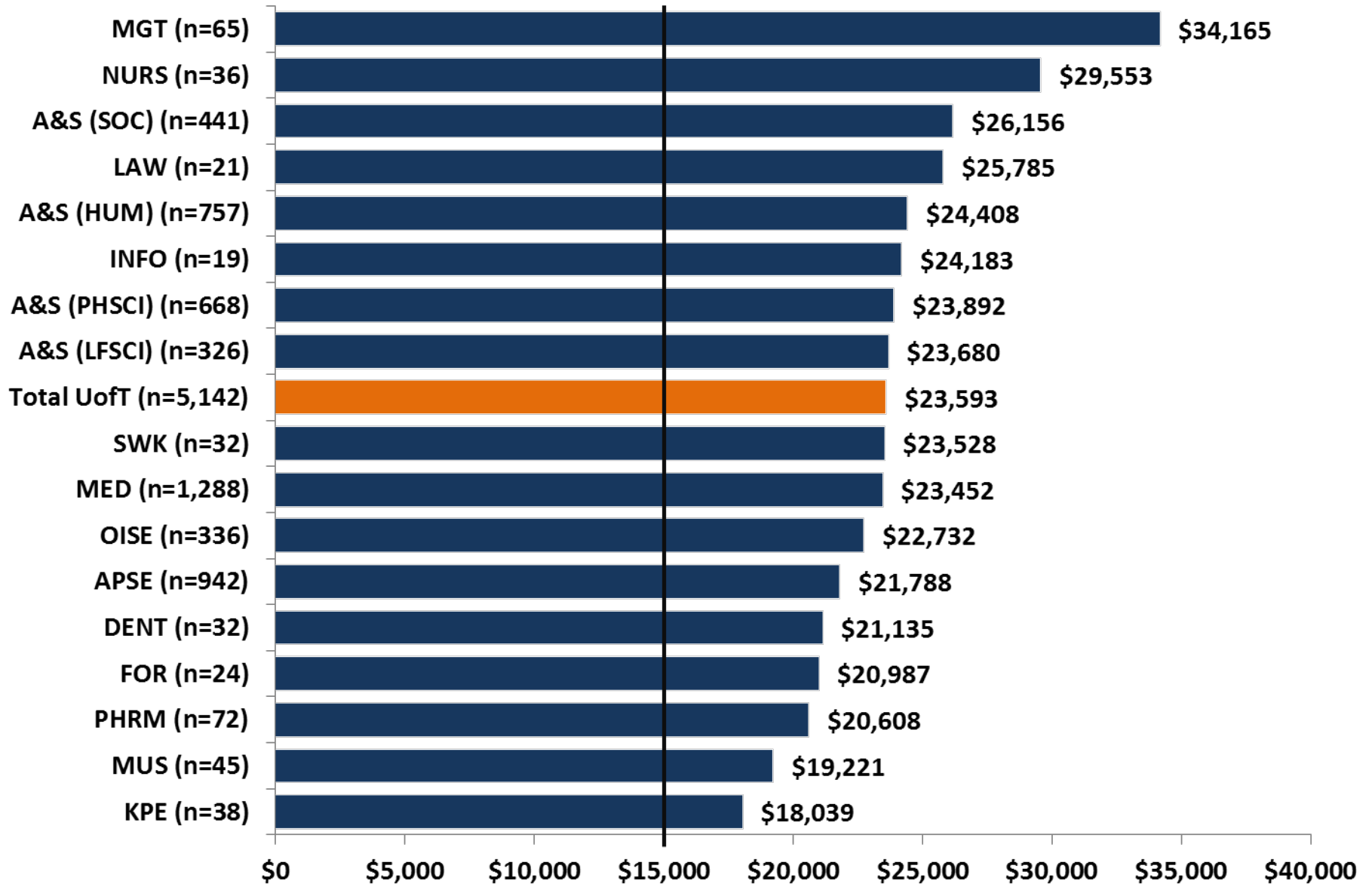


# Sources of Financial Support for Graduate Students 2011-2012

Total=\$230.9M including affiliated hospitals



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



# What is Net Tuition?

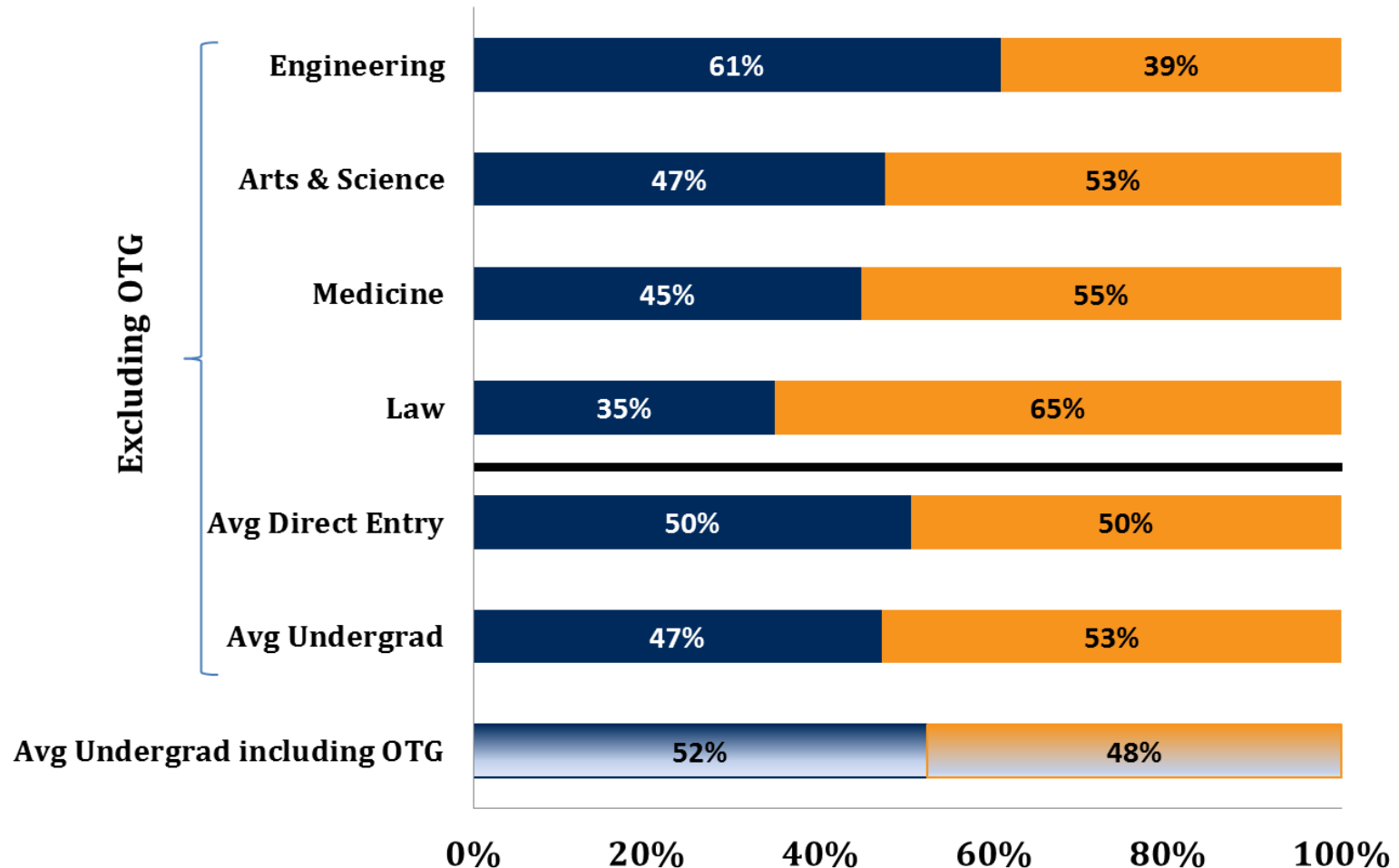
Net tuition is the amount a domestic student pays after taking into account the funds they receive from OSAP bursaries, UofT bursaries and the Ontario Tuition Grant

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

# What do students pay?

## The OSAP Population by Program Area 2011-12

■ 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

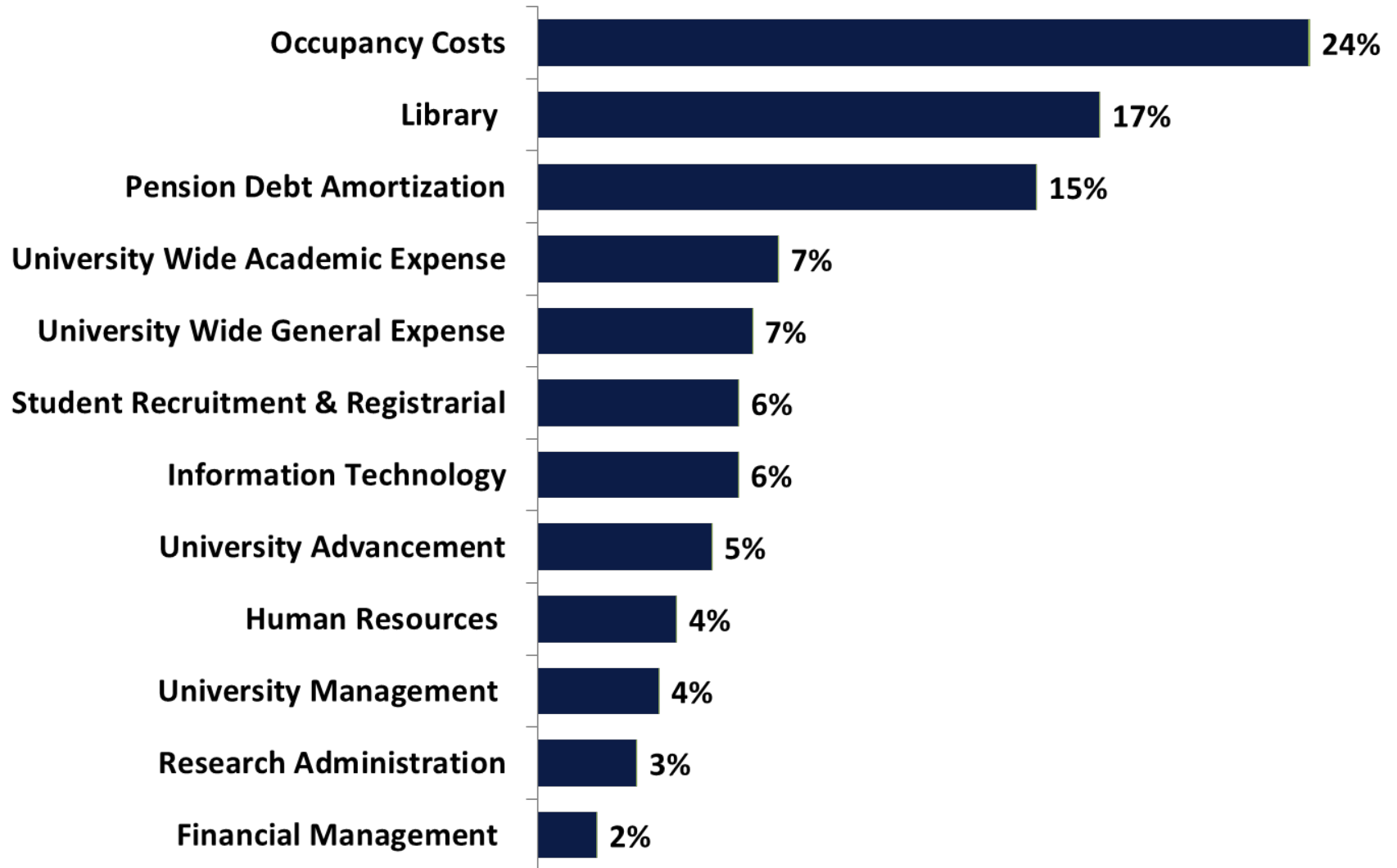
- Careful balance of approvals for spending
- Cost containment continues: 1% (\$1.7M) across central divisions
- Investments planned for key institutional priorities

# Key Institutional Spending Priorities for 2013-14

- Library: services, electronic and monograph acquisitions, storage bays at Downsview
- Deferred maintenance
- Boundless Campaign
- New student information system
- Expansion of wireless network
- Staffing: crisis management , financial aid administration, student life advisors

# University Wide Costs by Bin, 2013-14

Total \$452.5M (excluding Federated Block Grant)



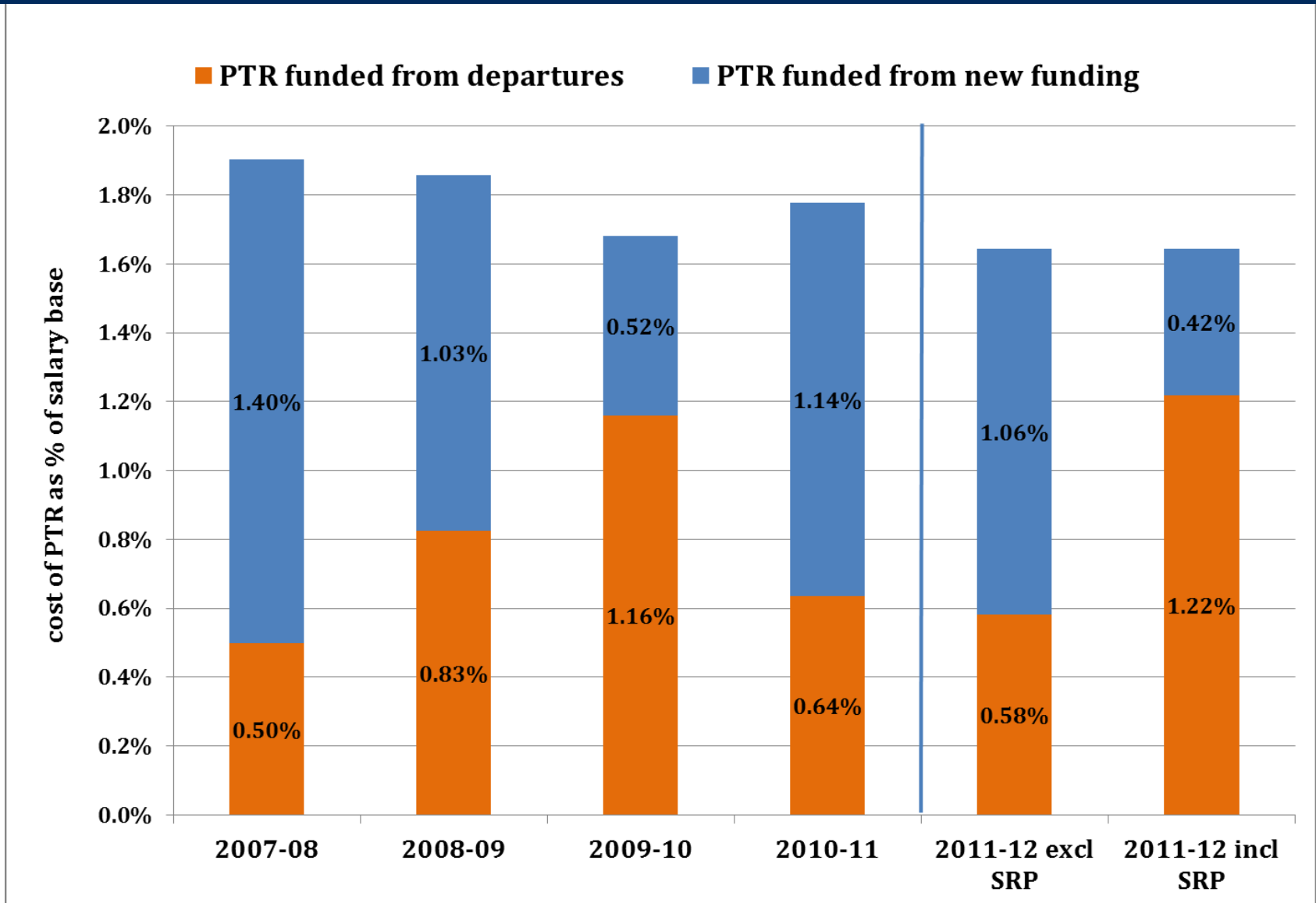
# Pension Special Payments and other related costs

	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

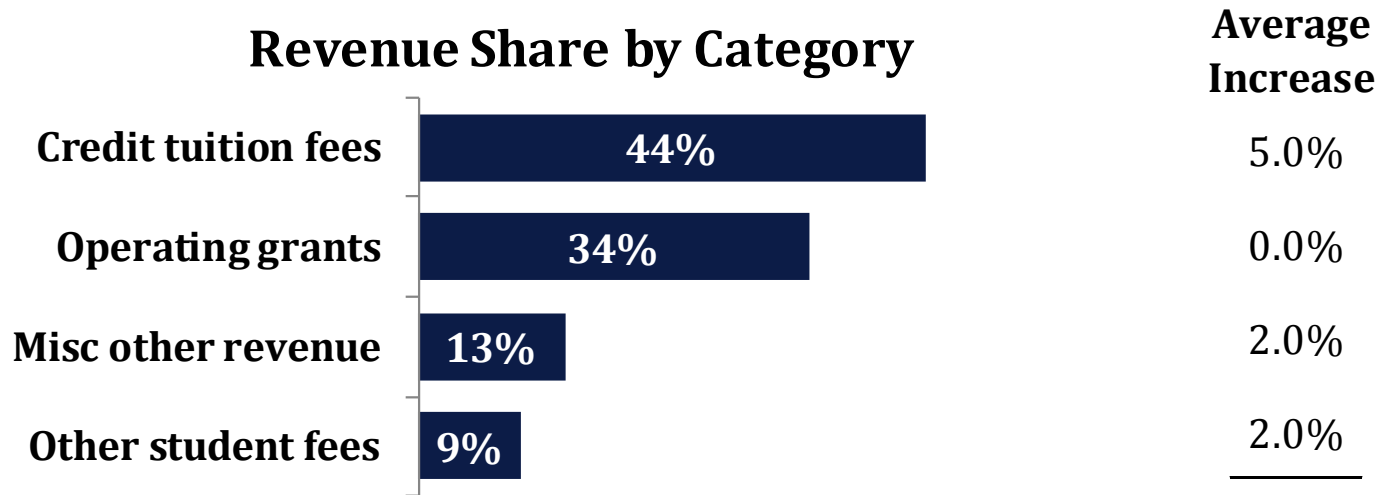
**Annual total expense of ~\$97M to 2030 – possibility of additional payments after 2015**

# Net Cost of PTR: (tenure stream)

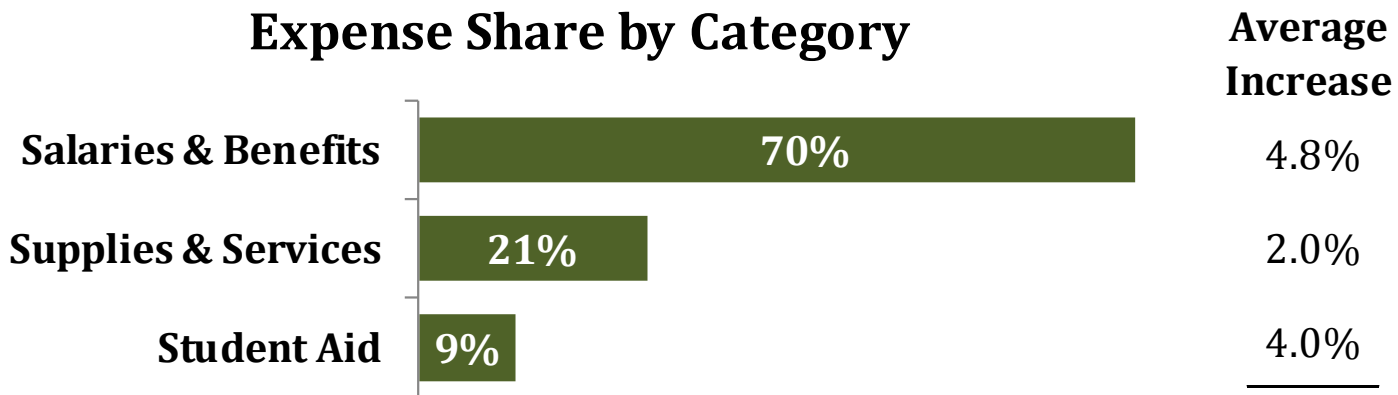
5-yr average: all departures = 1.03%, excl. SRP = 0.9%



# Structural Budget Challenge



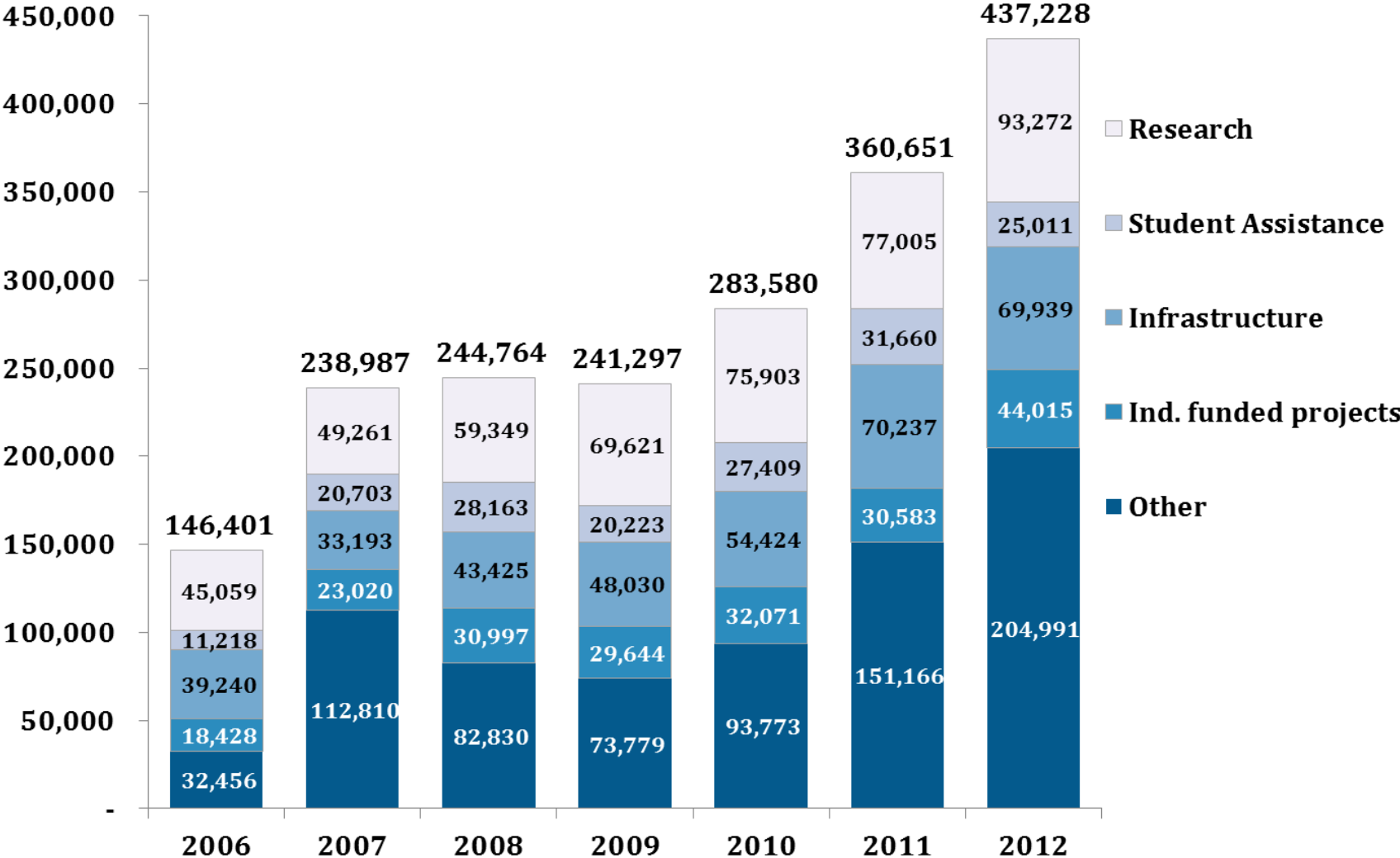
**Weighted Average Increase in Revenue = 2.6%**



**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**



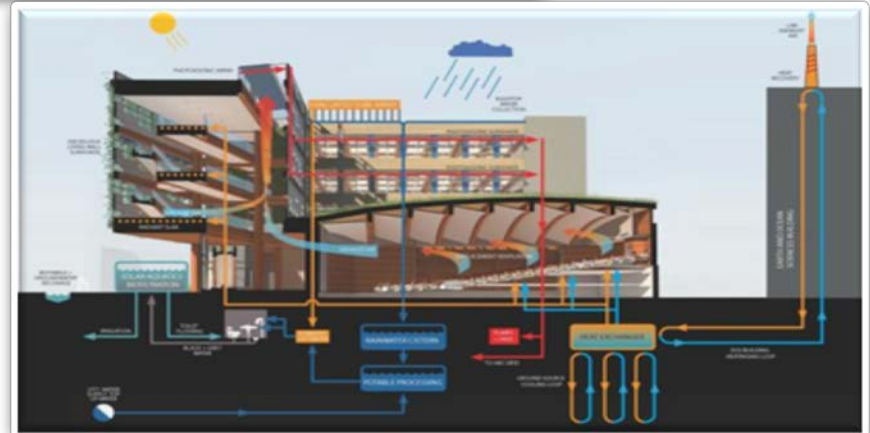
# Capital Projects Recently Approved By P&B Committee

- |                                  |       |
|----------------------------------|-------|
| – 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)
  - Arts & Science precinct
  - School of Continuing Studies



# 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
- Rate of compensation growth is not sustainable