



FOR INFORMATION

PUBLIC

CLOSED SESSION

TO: Executive Committee

SPONSOR: Cheryl Regehr, Vice-President and Provost
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PRESENTER: As above
CONTACT INFO: As above

DATE: November 27 for December 4, 2019

AGENDA ITEM: 4

ITEM IDENTIFICATION:

Update on the Budget Model Review

JURISDICTIONAL INFORMATION:

Under Section 4 of its Terms of Reference, the Planning & Budget Committee is responsible for “policy on planning”, as well as “guidelines for long-range planning and budgeting that are the basis for the development of the University's annual Operating Budget.”

GOVERNANCE PATH:

1. Planning & Budget Committee [for information] (October 31, 2019)
2. UTSC Campus Council [for information] (November 19, 2019)
3. UTM Campus Council [for information] (November 20, 2019)
4. Academic Board [for information] (November 21, 2019)
5. Business Board [for information] (November 27, 2019)
- 6. Executive Committee [for information] (December 4, 2019)**
7. Governing Council [information] (December 12, 2019)

PREVIOUS ACTION TAKEN:

None.

HIGHLIGHTS:

The current University budget model was adopted in 2006 and was developed based on the recommendations of the Task Force to Review Approach to Budgeting. The first review of the budget, conducted in 2011, concluded that the budget model was serving the University well and that no significant change in direction was required. However, as provincial support for the

University continues to decline as a share of total funding and begins to shift towards performance-based metrics, the current environment provides an opportunity to address emerging issues and ensure that the budget model will continue to serve the University well into the future. For this reason, the President and Provost launched the Budget Model Review in April 2018.

The Budget Model Review was guided by a steering committee and included five working groups, each with its own mandate:

- Inter-Divisional Teaching (IDT) Working Group, which developed an institutional financial framework for inter-divisional teaching at the undergraduate level;
- Alternative Funding Sources (AFS) Advisory Group, which explored best practices and recommended strategies for the University to develop alternative funding sources;
- Strategic Mandate Agreement Implementation Committee, which analyzed the implications of funding formula changes for the University's budget model;
- Operational Excellence Working Group, which will use data to determine how the University can improve service delivery to divisions;
- Tri-Campus Budget Relationships Working Group, which belongs to both the Budget Model and Tri-Campus Reviews and has a mandate to discuss questions related to budget, costs, and planning, and will report on its findings as part of the Tri-Campus Review.

In Winter 2019, an additional working group was created to consider the overall University budget structure and reserves. Since its work was closely related to the Review, this working group can be considered part of the Budget Model Review as well.

Each working group has been proceeding along different timelines, with the IDT and AFS groups being the first to finish. The SMA Implementation group was forced to take a break last winter as the government introduced substantial changes to the way in which it will fund universities and will continue in a different format after SMA3 is finalized next year. The work of the Operational Excellence Working Group was deferred while the University participated in the Uniform Service Effectiveness and Global Benchmarking data collection exercises. The Tri-Campus group will complete its work by the end of the year.

FINANCIAL IMPLICATIONS:

There are no direct implications for the University's operating budget at this time.

RECOMMENDATION:

N/A. Item is presented for information.

DOCUMENTATION PROVIDED:

- PowerPoint slides



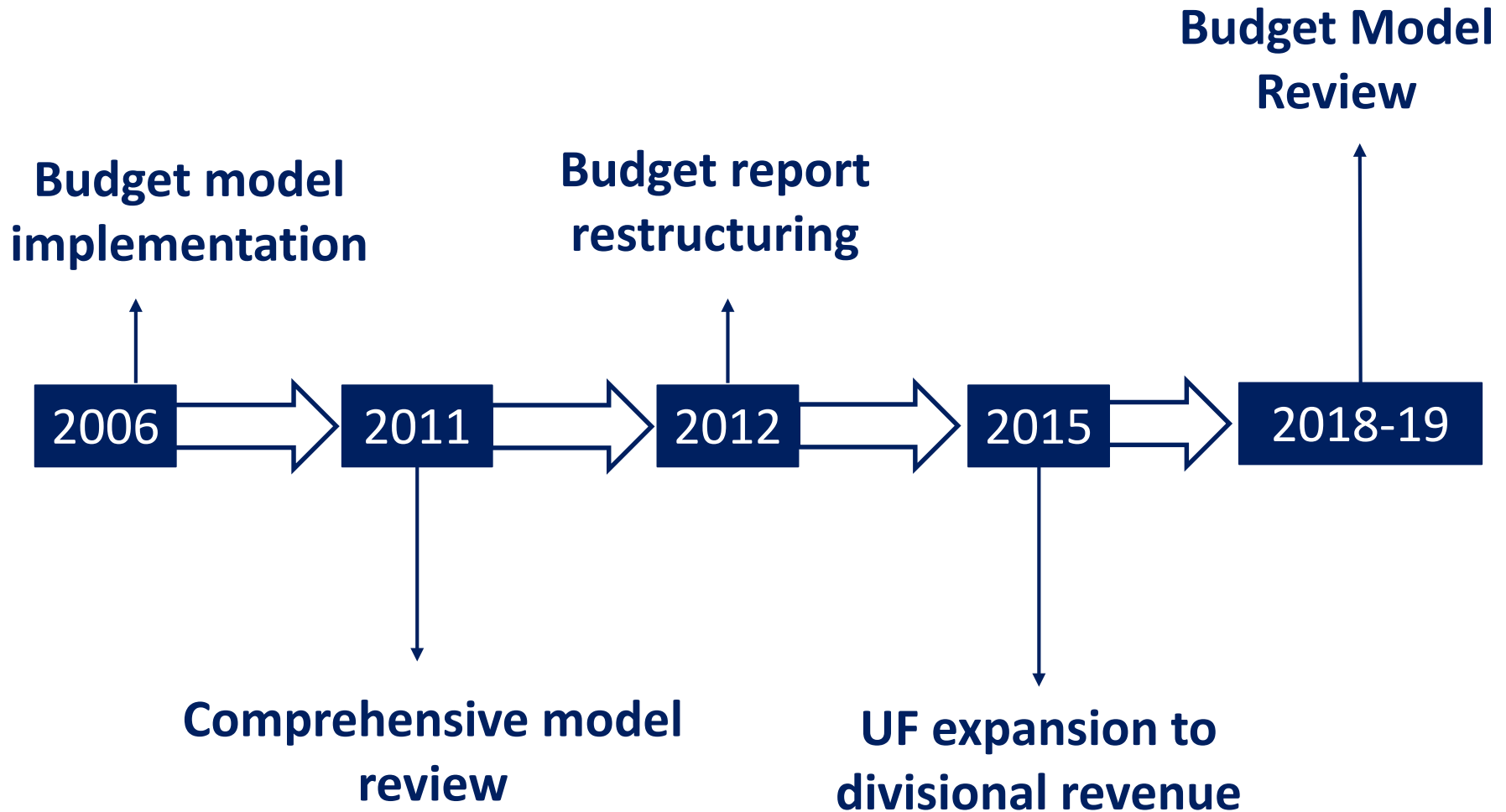
UNIVERSITY OF
TORONTO

Budget Model Review Update

Executive Committee
December 4, 2019



History of the “New” Budget Model



BMR: Structure

Steering Committee

Inter-
Divisional
Teaching

Alternative
Funding
Sources

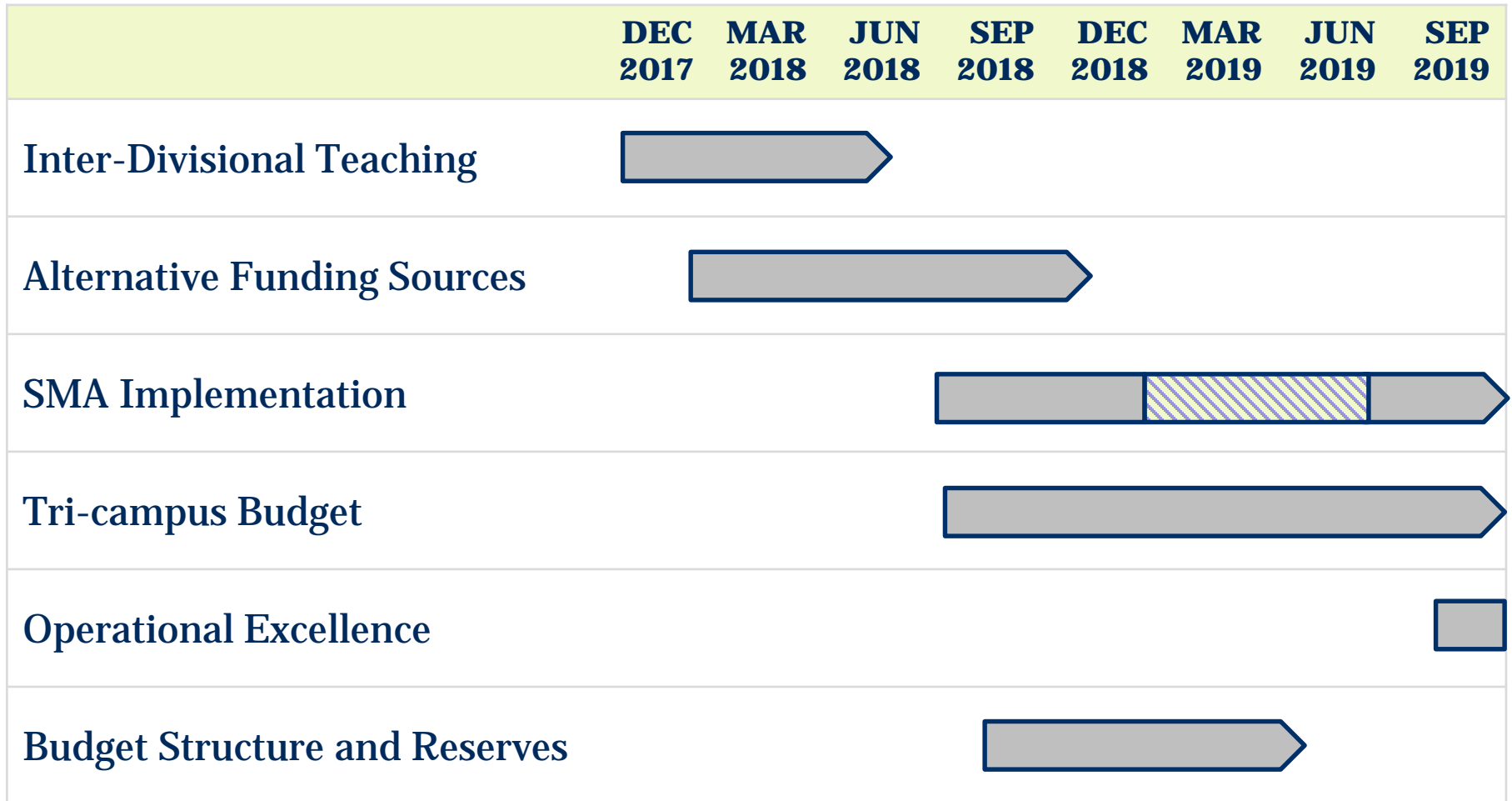
Strategic
Mandate
Agreement
Implementation

Operational
Excellence

Tri-Campus
Budget
Relationships

*Also part of the Tri-Campus
Review*

BMR: Timeline



BMR: Inter-Divisional Teaching

Inter-Divisional Teaching

Recommendations

- ▶ University-wide framework for undergraduate IDT
- ▶ Simplify the process; provide stability and predictability
- ▶ Academic oversight as part of the existing Academic Budget Review (ABR) process

BMR: Alternative Funding Sources

Alternative Funding Sources

Recommendations

- ▶ Building a foundation:
 - Financial resources and flexibility needed at the institution level to invest and support divisional collaboration
- ▶ 16 recommendations in 3 categories
 - Knowledge
 - Real estate and infrastructure
 - Financial resources

BMR: SMA Implementation

Strategic
Mandate
Agreement
Implementation

Recommendations

- Establish ad hoc committee of Deans to support institutional negotiation
- Implementation of PBF should:
 - ▶ Align with academic priorities
 - ▶ Create incentives where division-level actions have meaningful impact

BMR: Operational Excellence

Operational
Excellence

Next steps

- Review available data to determine how we can better deliver services
 - ▶ Uniform, COU, U15
- Review will begin in the fall; early data and analysis will support pre-DAC discussions

BMR: Tri-Campus Budget Relationships

Budget Relationships

Also part of Budget Model Review

Recommendations

- Augment DAC to establish a channel between academic and shared services
- Establish Service Level Agreements
- Adjust capital project management fees
- Provide more transparency on graduate program revenues and expenses

BMR: Budget Structure and Reserves

Budget Structure and Reserves

Recommendations

- UF is an investment (rather than a tax)
- Increase UF on incremental income
- Set aside OTO funds for strategic initiatives
- Create divisional infrastructure fund
- Better planning and accountability for operating reserves

Next Steps

- Steering Committee reviewed emerging recommendations in August 2019
- Conclude by December 2019

THANK YOU

Questions and comments: provost@utoronto.ca

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