



**FOR
RECOMMENDATION**

PUBLIC

OPEN SESSION

TO: Planning and Budget Committee

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PRESENTER: Professor Cheryl Regehr, Vice-President & Provost
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DATE: February 18, 2022 for February 28, 2022

AGENDA ITEM: 3

ITEM IDENTIFICATION:

Budget Report 2022-23 and Long-Range Budget Guidelines 2022-23 to 2026-27.

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.]

GOVERNANCE PATH:

- 1. Planning and Budget Committee [for recommendation] (February 28, 2022)**
2. UTM Campus Council [for information] (March 8, 2022)
3. UTSC Campus Council [for information] (March 9, 2022)
4. Academic Board [for recommendation] (March 10, 2022)
5. Business Board [for concurrence with the recommendation of the Academic Board] (March 15, 2022)
6. Executive Committee [for endorsement and forwarding] (March 22, 2022)
7. Governing Council [for approval] (March 31, 2022)

PREVIOUS ACTION TAKEN:

The Budget Report 2021-22 and Long-Range Budget Guidelines 2021-22 to 2025-26 were approved by the Governing Council at its April 6, 2021 meeting.

HIGHLIGHTS:

Budget plans continue to be shaped by the University's Three Priorities, the Towards 2030 academic plan, the Provost's five priorities, and other documents. These priorities provide institutional context for divisional academic planning, which in turn leads to investment in specific initiatives and activities throughout the University.

Total budgeted operating revenue for 2022-23 of \$3.23 billion is 3.5% higher than the 2021-22 budget. Enrolment remains robust, despite the continuing COVID-19 pandemic, and the University continues to attract excellent domestic and international students. Enrolment-related revenues – including student fees and operating grants – are projected to increase by 4.0% in 2022-23. This reflects modest changes to domestic enrolment within the $\pm 3\%$ flexibility of the fixed Provincial funding envelope, a small increase in international enrolment as the larger incoming cohorts from 2020 and 2021 flow-through their programs, as well as a 2% average increase in international tuition fees.

In the absence of a Provincial tuition fee framework for domestic fees, divisions have been asked to again consider a conservative budget scenario in which domestic tuition fees remain frozen for one additional year. The impact of domestic tuition fee freeze will have a differential impact on each division, depending on program mix and divisional revenue sources. Adjustments to divisional budgets will differ based on local priorities, but will include some combination of changes to faculty and staff hiring plans, deferral of capital projects, and fewer investments in service improvements and new initiatives.

Operating revenues are derived primarily (88%) from tuition, other student fees, and provincial operating grants, all of which are tied to enrolment. Other 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 total revenue of \$110 million in 2022-23, and growth of \$530 million over the planning period.

Total spending for student aid is projected at \$331 million for 2022-23, growing to \$388 million over the five-year planning period. Note that this amount excludes external funding and internal employment income for doctoral stream graduate students. The greatest portion of student aid is derived from operating funds, followed by funding from endowments, and then provincial scholarship grants. The funds are managed through both centralized programs as well as divisional programs.

The operating budget reflects the aspirations and service plans in academic and shared-service divisions. Academic divisional plans include hiring of tenure and teaching stream faculty, enhancement of student services, increased experiential learning, work-integrated learning, and research opportunities, introduction of several new academic programs, equity, diversity, and inclusion (EDI) initiatives, allocations for capital projects, and funding for graduate students.

Investments in shared services continue to be held below the overall rate of revenue growth. Priorities over the next few years include investments in student recruitment and registrarial services, information security programs, technology that will increase efficiency and improve services for faculty and students, funding to sustain the services and collections of our world-class library system, supports for EDI initiatives, and spending on deferred maintenance. Compensation increases are planned within the provincial restraint context. Given the current strong position of the pension plan when it was transferred to the new UPP, the former pension special payments

budget is being reduced and repositioned as a pension contingency budget to mitigate against potential future deficit risks.

Given the ongoing economic uncertainty, the University must remain restrained in our allocation of resources, while ensuring we maintain standards of excellence in teaching, research and the student experience. Expenditure allocations are proposed within these competing constraints and priorities. Decisions on the allocation of resources across the institution take into consideration a balance between the rates of expenditure increase in the administrative divisions vs. the academic divisions. Commensurate with revenue increases total expenditures are projected to increase by 3.5% from \$3.12 billion in 2021-22 to \$3.23 billion in 2022-23.

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 remains very strong and the University continues to attract excellent domestic and international students.

RECOMMENDATION:

Be It Recommended:

THAT the *Budget Report 2022-23 be approved*, and

THAT the *Long-Range Budget Guidelines 2022-23 to 2026-27 be approved in principle*.

DOCUMENTATION PROVIDED:

Budget Report 2022-23 and Long-Range Budget Guidelines 2022-23 to 2026-27 (February 18, 2022)