FOR RECOMMENDATION	PUBLIC	OPEN SESSION

TO:	Academic Board
SPONSOR: **CONTACT INFO:**	Professor Cheryl Regehr, Vice-President & Provost provost@utoronto.ca
PRESENTER: **CONTACT INFO:**	Professor Cheryl Regehr, Vice-President & Provost provost@utoronto.ca
DATE:	March 3, 2022 for March 10, 2022
AGENDA ITEM:	3

ITEM IDENTIFICATION:

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

JURISDICTIONAL INFORMATION:

Pursuant to section 5.3.1 of its Terms of Reference, the Academic Board recommends to the Governing Council for approval the annual operating budget and long-range budget guidelines.

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 ±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)

Budget Report 2022–23

and Long Range Budget Guidelines
2022–23 to 2026–27

February 18, 2022
Planning and Budget Office

UNIVERSITY OF TORONTO

Figures

Tables

Table of Contents

Introduction

This report introduces the proposed Long Range Budget Guidelines for the five-year period 2022-23 to 2026-27, including the detailed annual operating budget for fiscal year 2022-23. The proposed operating budget is balanced at the institutional level in each year of the planning period[1].

The Budget Report 2022-23 describes the current strategic context and fiscal environment in which the University operates and highlights key assumptions that underlie the long-range projections of revenues and expenses

Budget plans are shaped by the University of Toronto's academic priorities as articulated in the University's Three Priorities, the Towards 2030 academic plan, the Provost's five priorities, and other documents. The University's three priorities – internationalization, engagement with the city-region, and reimagining undergraduate experience – have been the focus of activities such as increased support for international experience; investments in experiential learning opportunities and program innovations; incorporating equity, diversity, and inclusion principles into all aspects of university life and operations; supporting student success and well-being through investments in mental health services, curricular and co-curricular programming to help students become graduates who will make significant impacts on their communities and the world; new spaces for teaching, learning and research; and cross-disciplinary research to address local and global challenges in areas such as public health and infectious diseases, personalized medicine, technology and society, and data sciences. All of these priorities provide institutional context for divisional academic planning, which in turn leads to investment in specific initiatives and activities throughout the University.

This budget represents the culmination of many months of planning and the decisions of academic and administrative units across all three campuses. Through the annual budget planning process, academic divisions participate in detailed reviews of revenues and expenses and make decisions locally. Decisions are rolled up for review and approval, informed by relevant economic factors, risk assessments, collective agreements, provincial and University policies, and then approved by administration and governance. The University's budget model and planning processes are described in more detail in Appendix A.

Executive Summary: Budget 2022–23

As the COVID-19 global pandemic continues to evolve, the University has remained flexible to ensure continuity with our academic and research programs. Experience gained throughout the pandemic has allowed faculty and staff to

Land Acknowledgement

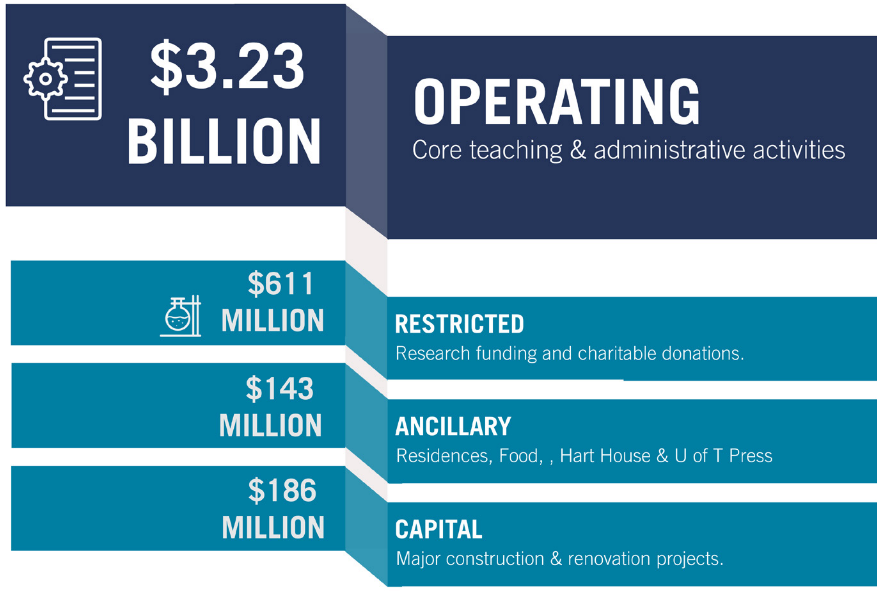
We wish to acknowledge this land on which the University of Toronto operates. For thousands of years it has been the traditional land of the Huron-Wendat, the Seneca, and the Mississaugas of the Credit. Today, this meeting place is still the home to many Indigenous people from across Turtle Island and we are grateful to have the opportunity to work on this land.

1 It is important to note that the operating budget is prepared on a cash basis, in contrast to the accrual basis of the audited financial statements. Also, the operating budget is only one, albeit the largest (approximately 75% of total revenues), of the four funds included in the financial statements; the three others are the restricted fund, the capital fund and the ancillary operations fund.

Figure 1

The Budget

The Four Fund Groups of the University



adapt to changing public health measures, delivering a vibrant, world-class educational experience while keeping students, staff, faculty, and librarians safe and healthy. Demand for programs remains strong and on-campus activities have begun to increase over the course of 2021-22.

Consistent with last year's plan, the 2022-23 budget and long-range guidelines assume that vaccine programs will continue to prove effective at reducing the severe health impacts of the SARS-CoV-2 virus and support a gradual return to normal operations over the planning period. Uncertainty about the future course of the pandemic, including emergence of new variants of the virus, poses some risk, however, these risks are significantly lower than earlier in the pandemic before effective vaccines were available. At this time, the University assumes domestic and international enrolment targets will continue to be met. On campus activities will gradually resume as international travel and public health restrictions are eased. Until then, the University will continue to deliver high-quality programs in a format that is safe for faculty, staff, and students and in compliance with public health requirements.

Total budgeted operating revenue for 2022-23 is $3.23 billion. representing a 3.5% year-over-year revenue growth. Despite the significant uncertainty created by the COVID-19 pandemic, enrolment remains robust 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% to $2.86 billion in 2022-23. This reflects modest changes to domestic enrolment within the ±3% flexibility of the fixed Provincial funding envelope, recognition of the strong growth in incoming international cohorts in Fall 2020 and 2021, and a 2% average increase in international tuition fees.

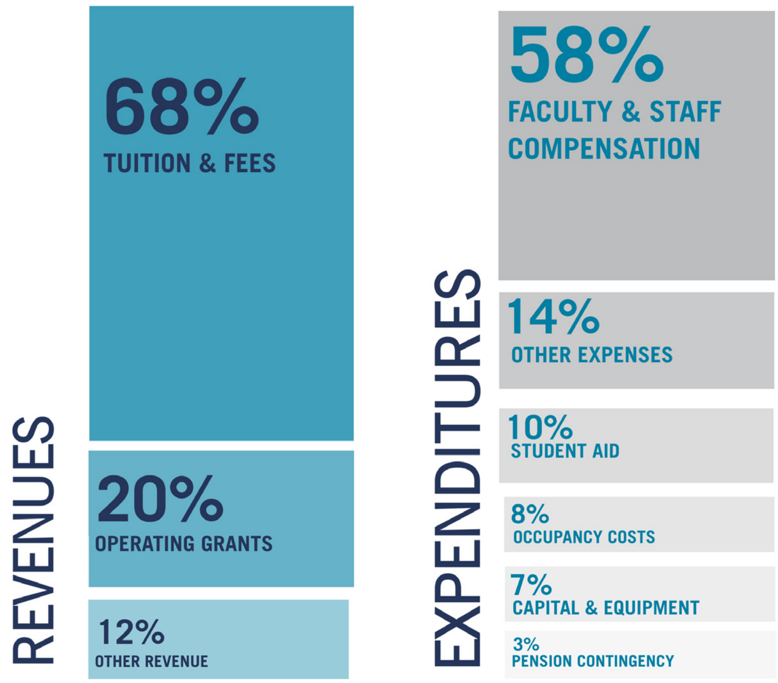
In 2021-22, the Provincial Government extended the freeze on domestic fees for one year, however, it has not yet announced the Framework for 2022-23. In the absence of a Framework for next year, divisions have again been asked to consider a conservative budget scenario in which domestic tuition fees remain frozen for one additional year. This assumption has reduced tuition fee revenue projections by an additional $28 million for 2022-23 relative to the University's plan from prior to the 2019-20 10% cut and freeze to domestic tuition fees. The impact of a continued 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.

Divisions are planning on modest growth of 1,887 domestic undergraduate FTEs over the planning period, within the limits of

Figure 2

Balanced Budget

2022–23
$3.23 Billion



our fixed enrolment corridor. The University also continues to see growth in demand from international students. Divisions plan to maintain international intakes at about the level achieved in Fall 2021, resulting in a total increase of 1,766 FTE over the planning period as these larger cohorts move through their years of study. By 2026-27, divisional plans call for international enrolment of approximately 31% of total undergraduates from a diverse set of countries across the world.

Recruitment efforts continue to be focused on ensuring that the international student body more closely reflects the University's wide range of global partnerships. Fall 2021 saw significant progress in expanding enrolment from priority regions such as the US, Middle East, and India/Pakistan compared to pre-pandemic levels in Fall 2019. To support these efforts, direct entry undergraduate divisions continue to invest in additional merit-based scholarships for international students from diverse global regions. Divisions will again earmark up to 6% of total international undergraduate tuition revenue to create scholarships to reduce the cost of tuition for top international applicants from around the world. The investment is being phased in, growing from $15 million in 2020-21 to $84 million by 2026-27. Each division has designed its own award program based on diverse criteria including merit, financial need, priority regions for diversification, and intended program of study.

Strengthening the University's commitment to equity, diversity and inclusion continues to be a significant budget priority. The Provost is allocating funding from the University Fund (UF) to support the hiring of 30 additional Black & Indigenous faculty, adding to the 130 faculty hired under this program in recent years, and to support new Black and Indigenous Research Networks. Funding from the UF will also support innovations and best practices in embedding EDI principles in pedagogy, curriculum and program designs across academic divisions. Additional investments in the division of People Strategy, Equity & Culture will provide educational supports and help to connect and coordinate activities across all divisions. New EDI-focused roles in Advancement will bring this important lens to alumni and fundraising activities. The University Libraries will create a new early career residency program for Black and Indigenous Librarians. Academic divisions plan to invest in student outreach programs, scholarships, and learning spaces dedicated to expanding and supporting diversity. The Access & Outreach Office and the Provost's Postdoctoral Fellowship programs created in recent years continue to work to reduce barriers and create pathways for students.

Students will continue to be supported by enhancements to mental health programs to eliminate waitlists for same-day access and one-at-a-time counselling appointments, a new acute care service for our highest need students in partnership with CAMH, and a significant renovation to the St. George Health & Wellness Centre. The 2022-23 budget also includes funding for the Sexual Violence Prevention and Support Centre (SVPSC) to support individuals making disclosures and reports of sexual violence and expand capacity for prevention education across the three campuses.

Budget priorities in academic divisions also include hiring of tenure and teaching stream faculty; student recruitment; new technological tools and training to enhance program quality and supports for learners; enhancing student services; capital investments in teaching and research infrastructure; and expanding experiential learning opportunities.

Investments in shared services continue to be held below the overall rate of revenue growth. Priorities over the next few years include: investments to address information security risks with university systems; increasing capacity in student recruitment and provision of registrarial services to students; additional capacity to help scholars mobilize funding and boost the impact of research; funding to sustain the services and collections of the University's world-class library system; investments in advancement staffing to support the Defy Gravity campaign; and critical spending on deferred maintenance and utilities infrastructure renewal.

In addition to these institutional priorities, the University Fund will provide support to divisions in addressing inflationary cost pressures, particularly those most impacted by the domestic fee freeze, and overhead costs associated with research programs.

Compensation increases are planned within the provincial restraint context. After the strong investment returns last year, the pension plan recorded a surplus for the transfer into the new University Pension Plan in July 2021. As a result, the pension special payment budget will be reduced and repositioned as a risk contingency budget.

1 The Changing Financial Landscape

Impact of COVID-19 Global Pandemic

The ongoing COVID-19 pandemic continues to evolve as new variants emerge, requiring flexibility in planning for operations. With the rollout of vaccines and associated relaxing of public health measures, the University moved to deliver approximately 50% of courses in person in the Fall 2021 session with plans to increase this for the start of the Winter 2022 session. However, in response to the fast spread of the Omicron variant in December, these plans were adjusted and the increase in on-campus activity was delayed until later in the session. Experience gained throughout the pandemic has allowed the University to quickly pivot as necessary to changing public health measures while ensuring continuity of academic programs for our students.

The University continues to plan for a gradual increase in campus activities over the planning period. We have led the way in requiring vaccinations with over 99% of students, faculty and staff fully vaccinated as of February 2022 – a critical element to facilitate greater on-campus activity.

Demand for the University's programs continues to be very strong with larger domestic and international undergraduate applicant pools for Fall 2021, leading to a 10.8% increase in intake compared to last year. However, this increase was largely offset by lower retention rates for domestic continuing students across many of the direct entry divisions, resulting in a small overall increase of 0.2% in undergraduate enrolment vs Fall 2020. Divisions are investigating the reasons behind the decrease in retention rates to determine if this is a temporary pandemic-related shift or if there are longer term issues to be addressed. Graduate enrolment increased by 4% vs. last year with demand for professional masters and doctoral programs particularly strong.

Summer enrolment activity continues to be significantly higher than pre-pandemic levels, although down slightly from the peak in 2020 in the early stages of the pandemic. Students have shown increasing interest in taking courses across all three terms which allows for a broader set of offerings through the summer session, reduced pressure on courses through the Fall/Winter, and more activity on campuses over the summer.

Ancillary operations provide important services that contribute to the quality of the student experience. In order to support their continued operations, the University's 2021-22 budget plan included up to $50 million of deficit spending room for ancillary operations such as residences, food, and parking services to provide flexibility for multi-year plans to recover from the financial impacts of the pandemic. Deficit spending will be allowed only where it is necessary to do so, after considering cost containment strategies, levels of reserves, and funding for critical infrastructure projects. Ancillary units will be expected to eliminate any deficits over a five-year period.

Under this plan, ancillary operations established deficit budgets for 2021-22 as they anticipated continued reduced occupancy in residences and in on-campus activities. Campus residences have rebounded more quickly than anticipated with high occupancy rates at most facilities in Fall 2021, although the impact of emerging variants continues to pose some risk to short-term occupancy plans. Food and parking services are also ahead of plan but to a lesser extent given the continued reduction in on-campus activity this year.

Figure 3

Impacts of COVID-19 on the University Budget

OPERATING BUDGET

- Demand for programs remains strong. Fall 2021 incoming undergraduate class is 11% larger than in Fall 2020.
- Increased summer session enrolment as students are more interested in taking courses across all three terms.
- Increased costs for learning technology, cleaning, and student supports. Savings from lower occupancy and travel restrictions.

ANCILLARY BUDGET

- University residences have rebounded quickly and occupancy rates are high, but still limited in some buildings due to public health measures.
- Food and transportation services have been significantly impacted due to reduced campus occupancy.
- Ancillary services are normally self-sustaining, but may need financial support until fully recovered.

The University is working with units impacted by reduced on-campus activity to assess their financial health and may provide support from operating reserves to assist with annual deficit reductions in cases where further cost containment would jeopardize the unit's ongoing sustainability or critical infrastructure renewal. The University continues to present a balanced operating budget, and any subsidies to ancillary units will be provided from existing operating reserves.

Provincial Government and the Strategic Mandate Agreement

The Ontario post-secondary education system operates under a differentiation policy framework[2]. The framework is operationalized through a series of institutional Strategic Mandate Agreements, which specify the role of each university in the system and how each will build on institutional strengths to drive system-wide objectives and government priorities.

The University's third Strategic Mandate Agreement with the Province (SMA3)[3] came into effect on April 1, 2020 and covers the period 2020-2025. With the implementation of SMA3, a significant portion of existing operating grant revenue is being re-directed to a differentiation envelope tied to performance metrics. Performance-based funding will gradually increase from 25 per cent of total Provincial operating grants (6% of total revenue) in 2020-21 to 60 per cent of operating grants (12% of total revenue) by 2024-25.

Over the course of 2019, the Council of Ontario Universities worked with the Ministry of Colleges and Universities to introduce mechanisms to the SMA3 performance-based funding formula that increase predictability and minimize volatility for institutions. For funding purposes, each university is measured against its own past performance, not against other institutions. Targets are established formulaically, taking into consideration past performance and the variability of results in recent years. Each target includes a range of allowable performance outcomes, with partial funding provided if performance falls below the allowable performance range.

As Canada's leading research-intensive university, performance-based funding allows the University to benchmark its strengths in areas such as innovation, research funding, and graduate employment, and have funding reflect its achievements in these areas. The Province has defined

2 Ontario's Differentiation Policy Framework for Postsecondary Education, November 2013 http://www.tcu.gov.on.ca/pepg/publications/PolicyFramework_PostSec.pdf

3 Strategic Mandate Agreement 2020-2025: University of Toronto and the Ministry of Colleges and Universities https://www.utoronto.ca/about-u-of-t/reports-and-accountability

ten performance metrics for funding purposes as noted in the accompanying tables. The University has allocated its performance-based funding envelope among the ten metrics and may re-weight the metrics each year in response to changing priorities.

In the context of the COVID-19 pandemic, the government has confirmed that no performance-based funding will be at risk until at least the third year of the agreement which, because of the slip year nature of funding impacts, would be the University's 2023-24 fiscal year. The Ministry will engage in an annual review of performance outcomes and will evaluate potential COVID-19 impacts on targets for future years.

The SMA3 also sets out a multi-year enrolment plan. In response to Ontario's changing demographics, the University and the Province have agreed to hold constant the level of domestic undergraduate enrolment at the University of Toronto over the period of the agreement. The University will be eligible for full enrolment funding provided it maintains a five-year average enrolment within ±3% of its target.

According to the Ontario Budget released in March 2021[4] and follow up November 2021 Fall Economic Statement[5] the Government is not planning any inflationary increases to the University's operating grant over the next three years. One-time funding has been set aside to support colleges and universities under significant financial pressure from the pandemic, although the University is unlikely to qualify for support given our financial position.

Areas of priority investment for the Government include expansion of Nursing enrolment, which may lead to a small amount of enrolment growth funding for the University; supporting the ongoing cost of the Ontario Student Assistance Program (OSAP), including extension of eligibility to some micro-credential programs; and continued investment in addressing deferred maintenance.

In the Fall Economic Statement, the Government announced an investment of $27.9 million in funding for mental health supports for postsecondary students in 2021-22, representing an $8.7 million increase over the prior year. The funding

Table 1: SMA3 Metrics for Funding: Economic and Community Impact

Metric	Description
Tri-Agency Research Funding & Capacity	Proportion of total funding from federal research granting agencies received by the University of Toronto.
Research Revenue from Private Sector Sources	Total research revenue attracted from private sector and not-for-profit sources.
UofT-Supported Startups	The number of start-ups being actively supported by incubators and campus-led accelerators across the University of Toronto's three campuses.
Community/Local Impact of Student Enrolment	Institutional enrolment share in the population of the city (cities)/town(s) in which the institution is located.

4 2021 Ontario Budget https://budget.ontario.ca/2021/index.html

5 2021 Ontario Fall Economic Statement https://budget.ontario.ca/2021/fallstatement/index.html

Table 2: SMA3 Metrics for Funding: Graduate Skills and Job Outcomes

Metric	Description
Graduate Employment Rate in a Related Field	Proportion of graduates of undergraduate degree programs employed full-time who consider their jobs either "closely" or "somewhat" related to the skills they developed in their University program, two years after graduation
Institutional Strength/Focus	Proportion of total full-time enrolment that is in broad arts & science disciplines, including emerging data science fields.
Graduation Rate	Proportion of all new, full-time, year one undergraduate students who commenced their study in a given fall term and graduated from the University within 7 years.
Experiential Learning	Proportion of graduates in undergraduate programs, who participated in at least one course with a required Experiential Learning component.
Graduate Employment Earnings	Median employment earnings of University graduates, two years after graduation.
Skills & Competencies	Participation in the OECD Education and Skills Online assessment (random sample of domestic and international students).

supports campus-based mental health services, access to the Good2Talk helpline for professional counselling, information, and mental health referrals for post-secondary students, and the development of new partnerships and mental health resources to build a connected and comprehensive mental health system in Ontario. The University welcomes this announcement and continues to advocate for additional investments to meet the pressing need for access to mental health resources.

Framework for Student Fees

On January 17, 2019, the Ontario government announced a 10 per cent cut to domestic tuition fees for 2019-20, and a freeze at that level for 2020-21. The freeze was subsequently extended for one year to 2021-22 on April 30, 2021. Tuition paid by international students was unaffected. The compounding effect of this three-year framework has a long-lasting impact, and now represents a reduction of $139 million in domestic tuition fee revenue for 2022-23 relative to the previous long-range budget guidelines that assumed continuation of the previous framework of 3% annual average fee increases.

At this time, no domestic fee framework has been announced for the 2022-23 fiscal year. The University has conservatively assumed an extension of the existing framework, including a freeze for the 2022-23 budget year. This one-year extension of the domestic tuition fee freeze would further reduce tuition fee revenue by $28 million in 2022-23 relative to the University's previous long range budget plans from prior to the 2019-20 Framework.

In 2021-22, the Government introduced a new policy allowing for differentiated fees for Out of Province domestic students. Fees for non-Ontario resident domestic students, as defined under the OSAP definitions, could be increased by up to 3% while fees for Ontario residents would remain frozen. Given the lateness of the announcement of the fee framework, coming at the start of the Summer 2021 session, the University opted to not implement differentiated fees for 2021-22. However, if this policy continues, the University will proceed with establishing differentiated fees for non-Ontario resident domestic students, with a 3% increase to fees for all undergraduate programs in 2022-23.

The student fee framework announced in 2019 included a new provision called the “Student Choice Initiative” that allowed students to opt-out of incidental fees that fund some student services and activities, while protecting fees that fund mandatory core services and facilities such as athletics, recreation, and health and counselling services. However, in November 2019, Ontario’s Divisional Court struck down this new provision, finding it inconsistent with universities’ autonomous governance. In August 2021, Ontario’s Court of Appeal dismissed the Government’s bid to overturn the decision to strike down the provision. As a result, the University will continue to suspend implementation of this policy.

Federal Funding

Funding from the federal government is provided to universities primarily to support research and is not generally part of the University’s operating budget. However, federal funding interacts with the University’s operating budget in three important areas: Canada Research Chairs, funding for the indirect costs of research, and graduate student support.

The Canada Research Chairs (CRC) program introduced in 2000-01 contributes to salary and research support for outstanding university researchers on a competitive basis. Research chairs are awarded to each university based on its share of eligible tri-agency research funding (the Canadian Institutes of Health Research - CIHR, the Natural Sciences and Engineering Research Council Canada - NSERC, and the Social Sciences and Humanities Research Council of Canada - SSHRC. The University of Toronto has the country’s largest allocation of CRCs, with 330 Chairs spread across three campuses and nine fully affiliated hospitals. Given that Chairholder salary is an eligible and common budget element, these Chairs make an important contribution to the University’s operating budget. They also have a significant impact on the University’s ability to recruit and retain outstanding scholars. However, since the CRC program was introduced, inflation has reduced the effective value of Chair

6 Canada Research Chairs: U of T’s Equity, Diversity & Inclusion Action Plan https://research.utoronto.ca/funding-opportunities/canada-research-chairs/canada-research-chairs-u-ts-equity-diversity-inclusion

funding by over 48%. An appropriate adjustment to the value of these awards is long overdue.

As with most federal research funding programs, the CRC program places significant emphasis on equity, diversity and inclusion (EDI) and has established representation targets that must be achieved by 2029, with interim targets along the way. The University's CRC Equity, Diversity and Inclusion Action Plan[6] guides the University's efforts in ensuring the representation of individuals from the federally designated groups — persons with disabilities, Indigenous peoples, visible minorities, and women — among Canada Research Chair holders. The Division of the Vice-President Research and Innovation closely monitors progress toward the required targets and works with academic divisions and hospitals to ensure that the targets are met.

Most research sponsored by NSERC, SSHRC and CIHR funding programs generates indirect cost funding from the federal Research Support Fund (RSF) and the Incremental Project Grant (IPG). The University of Toronto's effective rate of federal indirect costs recovered from these programs was approximately 20% in 2020-21, relative to the University's average indirect cost rate of 57%. While this investment is welcome, a doubling of the federal RSF rate would bring the University somewhat closer to the rate of indirect cost funding among research intensive institutions in the Association of American Universities (AAU). This would have a significant impact by allowing research intensive divisions to close the gap on their structural deficits. Without a change in the funding formula, each additional dollar of research funding places a higher burden on the University's operating funds.

The federal government supports graduate students by providing fellowships on a competitive basis. Although these funds do not flow through the University's budget, they provide indirect budget relief to the academic divisions by freeing up funds that would otherwise have to be used for graduate student support. Similarly, the provincial government provides support through Ontario Graduate Scholarships.

However, neither federal nor provincial government support for graduate students has kept pace with the rapid growth in graduate enrolment, placing a higher demand on faculty member research grants and the operating budget.

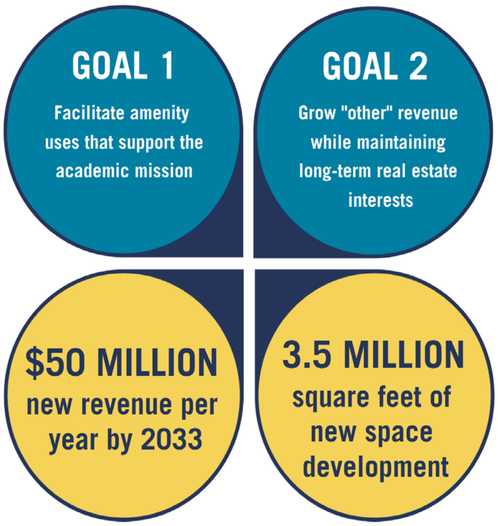
Alternative Funding Sources

The University faces increasing financial pressure as a result of constrained provincial tuition and enrolment frameworks and real value decreases in Provincial operating grants. The University's commitment to being an internationally significant

7 Report of the Alternative Funding Sources Advisory Group, April 2019. https://www.provost.utoronto.ca/wp-content/uploads/ sites/155/2021/01/Alternative-Funding-Sources-FINAL-2019Apr11.pdf

Figure 4

Four Corners: Developing a New Source of Revenue



CURRENT PROJECTS

- SCHWARTZ REISMAN INNOVATION CENTRE
- SPADINA SUSSEX RESIDENCE
- SITE ONE GATEWAY PROJECT
- HARBORD RESIDENCE

research university requires creative solutions to fund its mission and aspirations.

In 2019, the final report of the Alternative Funding Sources Advisory Group[7] articulated several potential sources of revenue-generation that take advantage of some of the University's key strengths: its capacity to create and disseminate knowledge, its real estate holdings and physical infrastructure, and its significant financial capital. Each of the proposed strategies is underpinned by overarching principles that are committed to protecting the University's reputation, building a pipeline of new ideas, increasing physical capacity and financial flexibility at the institution-level to support divisional collaboration, and ensuring transparent incentives and risk assessment for alternative funding sources. One example of actions undertaken following the report was the establishment of The Advisory Group on Lifelong Learning Opportunities established by the Provost. The group's June 2021[8] report includes recommendations to enhance and expand the University's lifelong learning offerings through initiatives such as a Lifelong Learning Community of Practice and micro-credentials.

The University has seized another such opportunity with the adoption of the Four Corners Strategy, which will leverage the University's real estate assets to deliver amenities to support the academic mission and simultaneously grow revenue from sources other than enrolment. The Four Corners Strategy sets an ambitious goal of generating $50 million in operating funding per year by 2033 through the development of roughly 3.5 million square feet of new space devoted to campus services, amenities, office, and retail spaces. The funding will be invested directly in the research and teaching mission. Several projects are now underway in various stages of planning, design, and construction. This new revenue stream is not yet reflected in the long-range budget assumptions.

8 Report of the Advisory Group on Lifelong Learning Opportunities. https://www.provost.utoronto.ca/wp-content/uploads/sites/155/2021/06/Lifelong-Learning-Report_FINAL.pdf

2 Budget Overview

Budget Assumptions: Enrolment and Revenue

Operating revenues are derived primarily (88%) from tuition, other student fees, and provincial operating grants, all of which are tied to enrolment. Non-enrolment driven 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 (3.5% over 2021-22) to total revenue of $3.23 billion, and growth of $530 million over the planning period.

Enrolment

Fall 2021 undergraduate enrolment results were very close to plan with a (205) FTE negative variance (-0.3%) across all three campuses. This includes a positive variance of 453 (+2.3%) in international enrolment offset by a negative variance of (658) (-1.4%) in domestic enrolment versus the 2021-22 budget plan. Relative to Fall 2020, overall undergraduate enrolment was stable with a small increase of 0.2% or 161 FTEs.

Intake across undergraduate programs increased by 10.8% vs. last year which is a very welcome result given the continuing impact of the pandemic on campus activities. This increase was reflected in both domestic and international intakes, which were up by 9.1% and 14.2% respectively. However, upper year retention for domestic students was lower than planned, offsetting the majority of the intake growth and resulting in a relatively stable total undergraduate enrolment compared to Fall 2020. Divisions are exploring the reasons behind the decrease in domestic retention rates to determine if this is a temporary pandemic-related shift or if there are longer term issues to be addressed.

Looking ahead to Fall 2022, early data suggests continued strong demand from Ontario secondary school students with a 3.2% increase in first-choice applications and a 6.3% increase in applications overall vs. last year. System-wide, the number of first-choice applications are up by 1.6% including a slight decline of (0.5%) across other research-intensive Ontario universities and an increase of 2.9% for all other universities combined. Application numbers for non-Ontario secondary school applicants do not become fully meaningful until later in the spring.

Based on current demographic trends in Ontario, domestic undergraduate enrolment will be maintained within the ±3% flexibility of the fixed Provincial funding envelope. Outer year divisional domestic enrolment plans remain largely unchanged from last year and assume modest growth of 1,887 FTEs across all three campuses including 1,199 FTEs at UTSC, 540 FTEs at St. George, and 181 FTEs at UTM. The increase in planned growth compared to the 2021-22 plan is reflective of a lower starting point resulting from the lower than planned domestic intake in Fall 2020 and decrease in retention rates observed in 2021-22. Divisional plans also include growth of 1,766 FTE international undergraduate students over the planning period, including growth on the UTSC and St. George campuses and a slight decline at UTM. These plans will result in an increase in international students to 31% of total undergraduates. A high level summary of enrolment plans is shown in Table 3.

In March 2021, the Government announced funding for a one-time expansion of enrolment in nursing related programs at Ontario colleges and universities. Under this program, the University received 16 spaces to increase the Fall 2021 incoming cohort of BScN students. The Government's Fall 2021 Economic Statement included a reference to future funding for nursing expansion so it is possible that this one-time increase may be converted into an on-going program, although this remains unclear. In the absence of a firm commitment of funding, the 2022-23 enrolment plan assumes a return to previously planned undergraduate nursing intake.

Table 3[9]: Enrolment (Full-time Equivalent) by Domestic-International Mix, 2021–22 to 2026–27

	2021–21A	2021–23P	2023–24P	2024–25P	2025–26P	2026–27P
UG Domestic	45,598	46,131	46,444	47,372	47,443	47,486
UG International	19,809	20,451	20,895	21,253	21,493	21,575
% International	30%	31%	31%	31%	31%	31%
Grad Domestic	15,436	15,985	16,480	16,783	17,031	17,161
Grad International	4,905	5,142	5,323	5,429	5,524	5,600
% International	24%	24%	24%	24%	24%	25%
Total FTE	**85,747**	**87,709**	**89,142**	**90,836**	**91,491**	**91,821**

The University was successful in achieving its graduate enrolment targets and claimed all available funding from the Province during the period of the second Strategic Mandate Agreement (2017-2020). There is demand for another 900 master's spaces and 1,000 doctoral student spaces above and beyond those approved in SMA2. Funding for these spaces remains a point of advocacy in negotiations with the Province, but there is no commitment of additional funded graduate spaces in the third Strategic Mandate Agreement covering the period 2020-2025. In the meantime, academic divisions are endeavouring to work within this limitation.

Additional details and discussion of future enrolment plans are contained in the 2021-22 Enrolment Report.

Operating Grants

Operating grants currently comprise 20% of the University's operating budget, the lowest proportion of government funding for any publicly funded university in the country. Details of operating grants are included in Appendix B, Schedule 2. In line with the Province's direction on funding as part of the third Strategic Mandate Agreement (SMA3), total operating grant revenue will remain largely unchanged over the planning period, with a shift in the balance between enrolment-based and performance-based funding envelopes. The introduction of performance-based funding is not expected to increase the amount of funding available; rather, it introduces a new accountability mechanism for existing funds. Under the SMA3 plan, by 2024-25, 60% of Provincial operating grant

9 Enrolment tables include enrolment in conjoint programs with the Toronto School of Theology (TST), but exclude enrolment in non-conjoint TST programs.

Table 4: Enrolment (Full-time Equivalent) by Degree Type, 2021–22 to 2026–27

	2021–22A	2022–23P	2023–24P	2024–25P	2025–26P	2026–27P
UG St. George	40,136	41,477	42,011	42,525	42,419	42,424
UG UTM	13,684	13,414	13,196	13,438	13,465	13,518
UG UTSC	11,587	11,690	12,132	12,661	13,052	13,119
Total Undergrad	**65,407**	**66,581**	**67,339**	**68,624**	**68,936**	**69,060**
% Undergraduate	76%	76%	76%	76%	75%	75%
Profess. Master's	9,507	10,002	10,318	10,463	10,580	10,663
Doc. Str. Master's	2,918	3,001	3,052	3,069	3,077	3,080
Doctoral	7,915	8,125	8,433	8,680	8,899	9,018
Total Graduate	**20,341**	**24,127**	**21,803**	**22,212**	**22,556**	**22,761**
% Graduate	24%	24%	24%	24%	25%	25%
Total FTE	**85,474**	**87,709**	**89,142**	**90,836**	**91,491**	**91,821**

Additional details and discussion of future enrolment plans are contained in the 2021–22 Enrolment Report.

revenue will be tied to performance metrics.

In the context of the COVID-19 pandemic, the government has confirmed that no performance-based funding will be at risk until at least the third year of the agreement which, because of the slip year nature of funding impacts, would be the University's 2023-24 fiscal year. The Ministry of Colleges and Universities (MCU) will engage in an annual review of performance outcomes and will evaluate potential COVID-19 impacts on targets for future years. The University exceeded target on all six of the metrics active in Year 1 of the SMA3 period. Given the University of Toronto's strong performance, the long-range budget guidelines assume retention of all performance-based funding throughout the planning period.

The budget assumes the following for provincial grants:

- Operating grants will remain stable at approximately $660 million annually, but the balance will shift significantly between enrolment-based funding (declining from $481 million to $243 million) and performance-based funding (increasing from $177 million to $415 million) over the planning period;

- The Province will continue to reduce operating grants by $750 per international undergraduate and international master's student; and

- Provincial government operating grants will **not** include an inflationary increase.

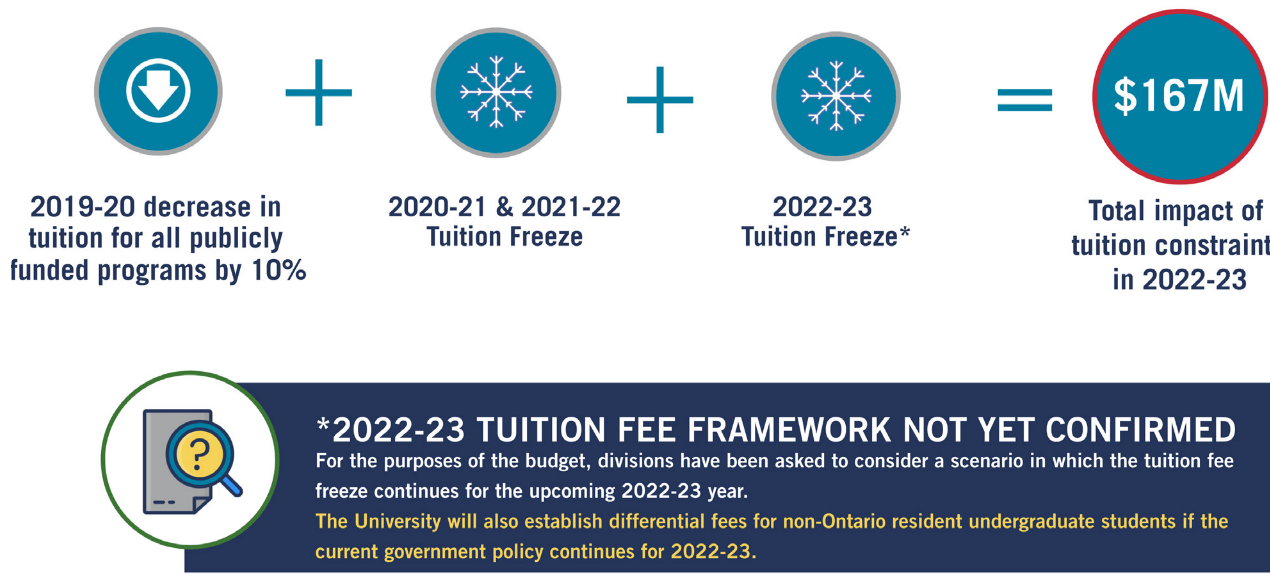
Student Fees

A breakdown of fee revenue, including tuition, ancillary, continuing education, and executive education fees is included in Appendix B, Schedule 2. It is important to note that tuition revenue increases are a result of both increased tuition fees and changes in enrolment levels.

At this time, the Province has not announced a Domestic Tuition Fee Framework for the 2022-23 year. In the absence of a Framework, divisions have again been asked to consider a conservative budget scenario in which domestic tuition fees remain frozen for one additional year. This assumption has further reduced tuition fee revenue projections by $28 million for 2022-23 relative to the University's long-range plans under the Framework in place prior to 2019-20. The impact of a continuation of the domestic tuition fee freeze would 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

Figure 5

Provincial Tuition Fee Framework



some combination of changes to faculty and staff hiring plans, deferral of capital projects, and fewer investments in service improvements and new initiatives. The budget assumes a return to modest 3% average annual increases in 2023-24 and beyond.

As noted in the Budget Context section, if current Government policy continues, the University will proceed with establishing differentiated fees for Out of Province domestic students, including Canadian students living abroad, starting with a 3% increase to fees for all undergraduate programs in 2022-23. The revenue impact of this change will be relatively modest in the first year but will compound over time and help to offset some of the impact of the freeze on domestic fees for Ontario residents and continued freeze on Provincial operating grants.

Tuition fees for international students are set at a level that takes into consideration the full cost of providing a program and with reference to fees at peer Canadian and US universities. Undergraduate international fees in direct entry arts & science and engineering programs will increase by 2% in 2022-23 while fee increases in other programs vary according to their local factors. Overall, the average tuition increase for international students will be 2% across all undergraduate and graduate programs. Details on proposed tuition fee increases program by program can be found in the Tuition Fee Report, which is presented to Governing Council for approval along with this report.

In addition to publicly-funded programs, most divisions also offer continuing and/or executive education programs. Fees in these types of programs are not regulated by MCU. Examples include language, creative writing, and professional development programs in the School of Continuing Studies, and executive education programs in many professional faculties.

Ancillary fee revenue includes fees charged to students as permitted by MCU Guidelines. These include fees in the following categories: student services, health services, athletics, Hart House, constituent college fees, student society fees, cost recovery fees, and administrative user fees and fines.

Additional discussion of student fees is included later in this report. Detailed tuition fee schedules are provided in the Tuition Fee Schedules for Publicly-Funded and Self-Funded Programs 2022.

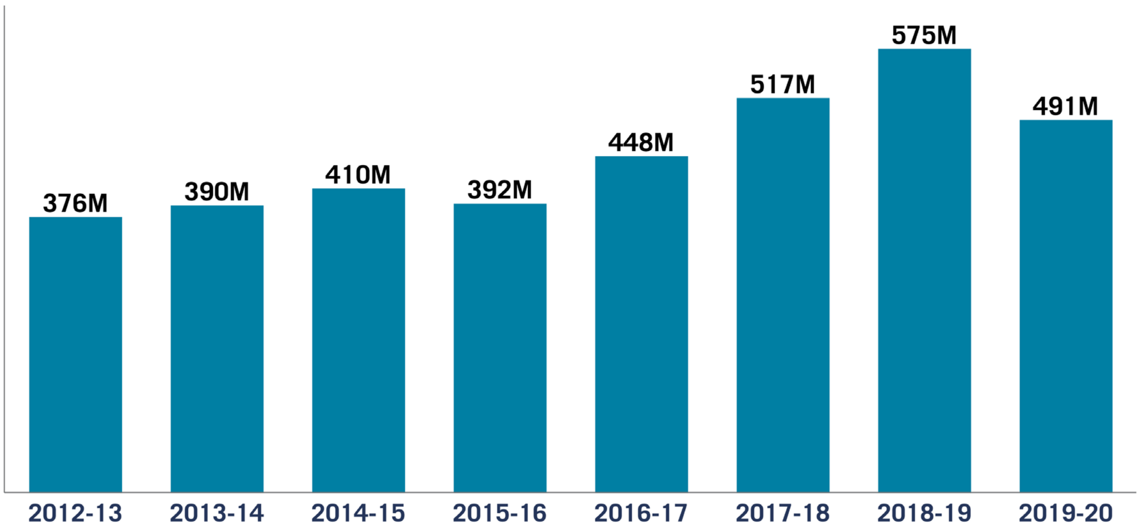
Canada Research Chairs and Indirect Costs of Research

A The University's allocation of 330 Canada Research Chairs includes an additional 40 chairs – out of 285 nationally –

Figure 6

Total Research Revenue

Excluding Hospitals



Note that the large increases in 2017-18 and 2018-19 were partially due to OTO infrastructure funding for the LIFT program that ended in 2019-20.

resulting from the Federal Budget 2018's new investments in the program. These chairs were phased in over a period of three fiscal years until 2021-22. The additional chairs have been instrumental in boosting the University's representation of the four federally designated groups (women, visible minorities, persons with a disability, and Indigenous Peoples) among our CRC holders. The long-range budget guidelines assume an allocation of 330 Canada Research Chairs (both campus-based and hospital-based) in each year of the planning period. Budget 2021 promised an addition of 1,000 new CRCs nationally although details have yet to be communicated.

Investments by the federal government in Budget 2018 have increased the University's effective rate of federal indirect costs recovery to 20% for 2020-21, although this still significantly lags actual overhead costs related to research. The budget assumes a recovery of $27 million in 2022-23 with no increase in the effective rate of indirect costs support.

Revenue from indirect costs on private sector-sponsored and other research funding agreements, and on funds awarded through the Ontario Ministry of Research and Innovation (MRI), is projected to remain steady at $15.2 million in 2022-23. The University's Guideline on Full Cost Recovery in Research[10] sets the minimum level at the nationally accepted 40 percent unless the research sponsor has a different published rate. The Division of the Vice-President Research and Innovation works closely with academic divisions to ensure awareness of this guideline given the direct impact on their operating budgets from this revenue source.

As part of the SMA3 funding framework changes, the provincial Research Overheads Infrastructure Envelope (ROIE) was rolled into the University's performance-based grant. However, as the ROIE supports indirect costs of research, the University continues to track and internally allocate this revenue separately from the remainder of the performance-based funding. For the purposes of the internal allocations, the ROIE is assumed to remain constant at $12 million annually, the value of the grant prior to the funding framework changes.

The $114 million Medicine by Design initiative funded by the Canada First Research Excellence Fund (CFREF) included $14 million for on-campus indirect costs over a seven-year period. The recovery amount varies annually based on the timing of direct expenditures in the Medicine by Design program and is anticipated be about $1.9 million in 2022-23. The University is preparing for a new CFREF, which will be

10 University of Toronto Guideline on Full Cost Recovery in Research https://research.utoronto.ca/media/108

announced in Winter 2023. The new awards have a budget of up to $200M per year.

Investments and Other Income

The University of Toronto has many generous friends and benefactors, who have contributed total endowments in excess of $3.15 billion (fair value at April 30, 2021). Endowment income is highly targeted and the portion that is included in the operating budget is directed to student aid and to the support of endowed chairs and represents a modest but important part of the University's total operating revenue, 2.4% in 2022-23. It is important to note that endowment revenue for research and academic program support is not reflected in the operating budget. The Long-Range Budget Guidelines build in a conservative assumption of growth in endowments, which is updated each year as gifts are received.

Endowed funds are managed in a unitized investment pool, called the Long-Term Capital Appreciation Pool (LTCAP). Each individual endowment account holds units in LTCAP that reflect the number of dollars contributed and the unit value on the dates of contribution.

By policy, payouts from the University's endowed funds range from 3% to 5% of the market value of the relevant assets, with a target of around 4%. To ensure that endowments will provide the same level of economic support to future generations as they do today, the University does not spend everything earned through the investment of funds in years when investment returns are high. In those years, the University sets aside and reinvests any amounts earned in excess of the spending allocation. This provides protection against inflation and builds up a reserve, which is expected to be used to fund spending in years when investment markets are poor. As of April 30, 2021, after the exceptional 24.2% return last year, the endowment held a reserve of $503 million in cumulative preservation of capital above inflation. When investment income is insufficient to cover the amount allocated for spending, or when endowed funds experience a loss, the shortfall draws down this reserve.

Given the strong position of the preservation above inflation reserve, and investment returns of approximately 6.5% from May to November 2021, the University is planning to increase the endowment payout to $9.36 per unit this year following the endowment payout policy. This would be a 10% increase over the April 2021 payout and represent 3.5% of the opening market value of the endowment. If investment returns remain unchanged for the rest of the year, the payout and provision for inflation protection would increase the reserve above inflation protection to about $514 million.

In 2022-23 the projected payout rate would result in $54 million for student aid and $22 million for endowed chairs which is reflected in the operating budget. The actual payout rate per unit will be determined and announced in March 2022. For the remaining four years in the planning period, the payout rate is assumed to increase at 2% per year.

The University also receives investment income from short-term, medium-term, and long-term investments of the Expendable Funds Investment Pool (EFIP). The short-term and medium-term investments are primarily managed by the University of Toronto Asset Management Corporation (UTAM), while the long-term investments represent funds used for the University's internal loan program. Principal and interest on internal loans are mainly paid by divisions, the interest portion of which is included in the investment income budget. Investment income makes up a small but important portion of total operating revenue (1.8%) and fluctuates with market conditions.

The investment income projection is based on assumptions of cash balances, revenue and expenditure rates, divisional reserve balances, transfer of operating funds to capital funds, cash donations, research revenue forecasts, and investment return rates. Rates of return on short-term investments remain low. An increase in the amount of capital available for investment partially offsets this impact, but lower rates of return on short-term investments, which make up the largest portion of EFIP, result in an overall lower investment income projection than in the previous long range budget guidelines. The short-term rate of return is assumed to rise to 1.1% in 2022-23. For the outer years, short term rates are assumed to remain at 1.3%. The medium-term rate of return is assumed to rise slightly from 3.02% to 3.16% over the planning period.

Other income of $136 million in 2022-23 includes application fee revenue, service charges on unpaid fees, licensing revenue from commercialization, and revenue collected directly by divisions for general sales and services.

Budget Assumptions: Expenditures

Overview

Expenditure projections are included in Appendix B, Schedule 1. Additional details are included in Appendix B, Schedule 3 outlining projections for university-wide and campus costs; and Appendix B, Schedules 4 and 5 outlining expense budgets for each academic division.

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. Rates of growth vary significantly by division so the allocation of resources must be carefully considered to ensure standards of excellence in teaching, research and the student experience are maintained across the University. Academic divisions are responsible for their own increases in expenses, including the cost of compensation increases, and they will implement internal cost containment measures according to their individual circumstances. Expenditure allocations are proposed within these competing constraints and priorities and take into consideration a balance between the rates of expenditure increase in the administrative divisions versus the academic divisions.

Compensation

Approximately 61%[11] of operating budget expenditures fund salaries and benefits, including 3% of expenditures for pension risk contingency. Increases in compensation expenses are due to negotiated increases, if any, for existing employees; the hiring of additional faculty and staff needed to support growth in student enrolment and research activity; and increases in the cost of some benefits.

The Protecting a Sustainable Public Sector for Future Generations Act, 2019 (Bill 124), which received Royal Assent on November 7, 2019, continues to impose a series of restrictions on compensation within the broader public sector in Ontario. The Act sets out a 3-year moderation period (in the form of salary and compensation caps) for both unionized and non- unionized employees during which incremental increases to new and existing compensation are restricted to 1% for each of the three years. Compensation as per the Act relates to anything paid or provided, directly or indirectly, to or for the benefit of an employee, and includes salary, benefits, perquisites and all forms of payments.

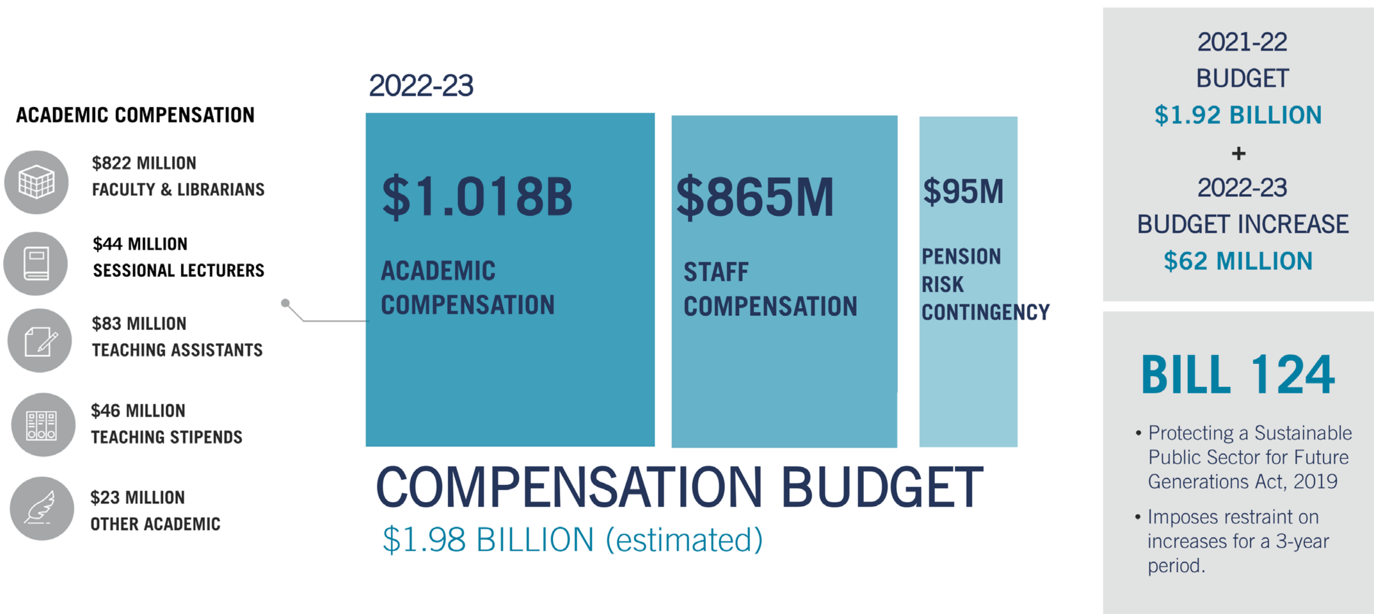
Bill 124 does not preclude or limit increases related to length of employment (i.e. step increases), performance assessments (i.e. merit increases), or successful completion of a program or course of professional or technical education. There is no ability to provide adjustments to salary outside of these exceptions. Step increases for unionized staff and merit increases for non-union employees can continue outside of the legislated maximum 1% increase, provided the methodology used to calculate such increases does not change. Besides these exceptions, a maximum incremental increase to existing compensation entitlements or new compensation entitlements must not exceed 1% in total, on average.

The moderation period for each employee group begins when the first renewal agreement after June 5, 2019 takes effect. In the time since Bill 124 was passed, one-year extensions to collective agreements have been ratified by several bargaining units, including the United Steelworkers (administrative staff), CUPE 1230 (library workers), OPSEU 519 (campus police), OPSEU 578 (OISE research workers), and CUPE 3261 (service

11 Note that this percentage is calculated on the cash basis (which is the basis upon which the operating budget is prepared); the financial statements are prepared on the accrual basis and, in that case, compensation makes up about 73% of operating expenditures, including the accrual of expenditures for employee future benefits.

Figure 7

Compensation



workers). Collective bargaining is ongoing or will commence imminently for renewal and/or new agreements, including with the Faculty Association. For other non-union employee groups (i.e. Professional/Managerial, Confidential, and Research Associates and Senior Research Associates), the University has designated July 1, 2020 as the beginning of the 3-year moderation period under the Act.

Executive compensation has been frozen since March 31, 2012 under the Broader Public Sector Accountability Act, 2010. On December 9, 2014, the Ontario Government passed Bill 8, the Public Sector and MPP Accountability & Transparency Act, 2014. This new legislation, which replaced the Broader Public Sector Accountability Act, 2010, continued compensation limitations only for those individuals who are deemed to be Designated Executives. For the University of Toronto, this group is limited to the President and the Vice-Presidents. The Act required broader public sector institutions to develop an executive compensation framework in consultation with government and the public.

On August 13, 2018, the new Ontario government implemented an extended freeze on executive compensation that came into immediate effect. The new proposed regulation applies to compensation for all designated executives, regardless of whether organizations had already implemented an executive compensation framework under the previous regulations set out in 2014. The new framework establishes limits on increases to salary, performance-related pay, and all other elements of compensation. To date, the government has not tabled the final regulations. In the meantime, the status quo on compensation restraint for "designated executives" applies.

As noted above, academic divisional budgets must cover the full cost of compensation increases, if any. Shared-service divisions receive funding to cover compensation increases. Budgets for all divisions have been constructed based on the following assumptions:

- Compensation increases for all University employees are assumed to be as per negotiated agreements. The University will be engaged in collective bargaining with a number of unions, as well as the Faculty Association, to renew agreements as noted above. Compensation terms for future agreements will not be known until bargaining is completed.

Table 5: Collective Agreement Expiry Dates

Agreement	Expiry
University of Toronto Faculty Association	**Jun 2020**
USW 1998: Administrative and Technical Staff	**Jun 2021**
CUPE 3902U1: TAs, Course Instructors	**Dec 2023**
CUPE 3902U3: Sessional Instructors	Aug 2021
CUPE 3902U5: Postdoctoral Fellows	Dec 2022
CUPE 3907: Graduate Assistants at OISE	Aug 2021
OPSEU 578: Research Officers & Assistants at OISE	**Jun 2021**
CUPE 3261: Service Workers	**Jun 2021**
CUPE 3261: 89 Chestnut	**Dec 2021**
CUPE 1230: Library Workers	**Jun 2021**

Agreement	Expiry
IATSE 58: Stage Employees at Hart House	Aug 2021
CUPE 2484: Day Care Workers	**Jun 2021**
OPSEU 519: Campus Police	**Jun 2021**
CAW 27: Carpenters	Apr 2022
Unifor 2003: Engineers	**Apr 2021**
IBEW 353: Electricians	**Apr 2021**
IBEW 353: Locksmiths	**Apr 2021**
IBEW 353: Machinists	**Apr 2021**
SMWIA 30: Sheet Metal Workers	**Apr 2021**
UA 46: Plumbers	May 2021

- In the case where there is no agreement in place, divisions plan for compensation increases within the context of the University's structural deficit. If compensation increases result in an overall cost greater than planned by a division, the division will be required to reallocate resources or to implement cost containment measures. The same framework applies to planning for compensation increases for shared service divisions.

- The standard benefit rate (SBR) will increase to 24.5% for appointed staff and remain at 10% for non-appointed staff in 2022-23 due to increases in legislated and negotiated benefits as a percentage of the salary base.

Pension Risk Contingency Budget

The university administrations, faculty associations, unions, and non-represented staff at the University of Toronto, University of Guelph and Queen's University have formally established a new jointly sponsored pension plan to cover employees and retired employees in the existing plans at all three universities. The assets and liabilities of the former University of Toronto Pension Plan (RPP) were transferred to the new University Pension Plan Ontario (UPP) on July 1, 2021, the effective date of the commencement of accrual of the benefits and contributions under the UPP.

Over the last several years, the operating budget has set aside significant funding to address going concern and solvency deficits of the RPP, in accordance with the pension contribution strategy approved in May 2012 by the Business Board. These contributions, combined with an investment return of 24% in the final year of RPP operations and the removal of the impact of new provincial pension funding rules (which are not applicable to jointly sponsored pension plans), resulted in a market surplus of $792.5 million in the plan as of the date of transfer to the UPP.

While the financial status of the pension plan improved significantly in 2021, the University continues to bear some risk of future deficits associated with past service assets and liabilities. Such deficits would require the University to make additional special payments to the UPP. Therefore, the existing pension special payment budget of $127.2 million 2021-22 will be gradually reduced, but not eliminated, and retained as a contingency against future pension special payment risk. The annual pension special payment contingency budget will decrease by $77 million over the planning period, beginning at $95.4 million in 2022-23 and declining to $50 million by 2026-27.

Academic Expense Budgets

This budget line includes the majority of the funds that are managed by the academic divisions. Under the University of Toronto budget model, each division receives an expense budget equal to the net revenue generated by the division, plus an allocation from the University Fund (see Appendix A for a description of the University of Toronto budget model). Future unspecified allocations to academic divisions from the University Fund are included on the University Fund budget line.

Academic divisional plans include hiring of tenure and teaching stream faculty, enhancement of student services and financial aid, funding of all compensation increases, introductions of several new academic programs, allocations for capital projects including renovations and upgrades of laboratory and office space, principal and interest payments for divisions holding mortgages, and funding for research stream and professional master's graduate students. Further discussion of strategic budget priorities in the academic divisions is included later in this report.

University Fund

The University Fund (UF) is the non-formulaic portion of an academic division's budget, intended to provide funding in accordance with the University's institutional academic priorities. Each year the Provost allocates a portion of incremental (unrestricted) operating revenue to divisions, taking into consideration the divisional and University-wide academic priorities emerging from discussions during annual budget reviews.

The total amount available for allocation in 2022-23 is $22 million, including $15 million from incremental revenue and $7 million of prior year one-time-only funds that are available for re-allocation. Over the 5-year planning period, the Provost is projected to have about $69 million available for allocation through the University Fund. A detailed discussion of strategic priorities funded through the University Fund is included later in this report.

University-wide and Campus Costs

Shared service divisions play a vital role in providing faculty, students, and academic administrators with physical, technological, and human resources in support of teaching and research. For budget purposes, the shared services are organized into 13 portfolios, providing service across all three campuses. The University of Toronto Mississauga and University of Toronto Scarborough function both as campuses and as academic divisions. Some services, including caretaking, maintenance, and student services, are administered at the campus level. Support service costs at the UTM and UTSC campuses are defined in a manner parallel to the costs required to administer campus-level services at St. George.

The Federated Block Grant reimburses the Federated Universities for the provision of registrarial and library services, and the cost of space. These payments are calculated based on a methodology outlined in the Memorandum of Agreement. The Memorandum has expired and a new agreement is under discussion; the budget assumes the terms of the old Memorandum will continue.

University-wide and campus costs in 2022-23 are projected to total $738 million, excluding the pension risk contingency budget described above. Occupancy costs, including utilities, maintenance, caretaking, and deferred maintenance make up the single largest university-wide cost category, totaling $235 million across all three campuses for 2022-23. Under the University's budget model, academic divisions are responsible for covering the operating costs of their space.

Projections include $5.8 million for the operating cost of new space expected to come online over the planning period. The budget includes one-time savings of $1.9 million in 2022-23 St. George campus utilities costs, primarily due to the unexpected extension of rebates under the Ontario Fair Hydro Plan. However, the long-range plan assumes utilities costs will increase over the planning period due to the eventual removal of the rebates and impact of Provincial and Federal carbon levy programs.

Library costs are the second largest category at $122 million for 2022-23, including budgets for many centrally funded libraries. The budget includes the cost of collections, space and administrative and librarian services. Funding for 2022-23 includes an increase of 1.0% on the cost of electronic acquisitions. Investments are also being made in adding new space and renovating existing spaces for student collaborative activities and quiet study.

Operating budgets for remaining shared service portfolios total $237 million for 2022-23, including funding for compensation increases, net of an across-the-board cost containment measure of $2.7 million (1%).

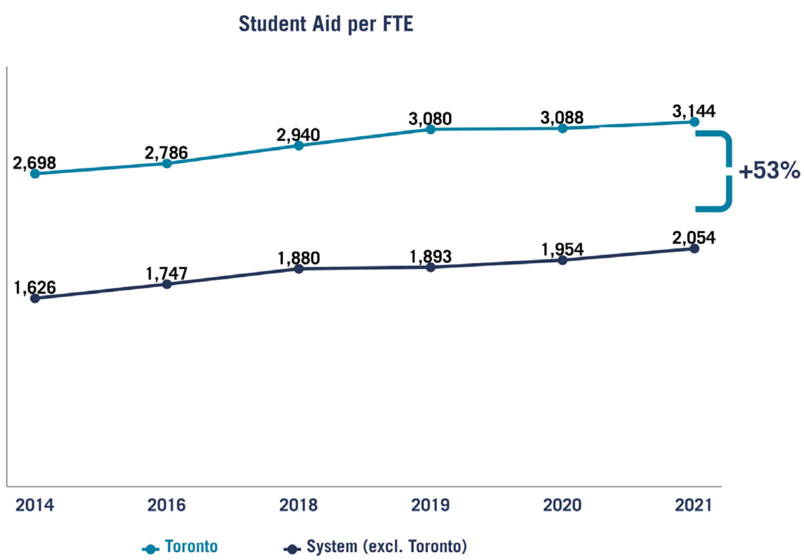
In addition to the cost of these shared services, university-wide cost budgets are established for institution-wide non-discretionary expenditures such as banking, audit, insurance and legal fees, municipal taxes, collective bargaining commitments, and licensing fees for institutional IT systems. These costs are projected to be $70 million in 2022-23.

University-wide expenses include $38 million in special initiative funds held by Vice-Presidents for distribution to academic divisions throughout the year, such as the International Fund, the Major Research Project Management Fund, the Cross-Divisional Research Initiatives Fund, the Provost's Matching Fund, and the Instructional Technology Fund.

With the reduction in the pension risk contingency budget, a significant amount of funding will be released for other priorities. The Provost will be engaging with Deans in 2022-23 to discuss how best to direct these funds to support divisional and institutional priorities. In advance of those discussions, a strategic fund has been established to hold a portion of the savings until the future plans are developed. This strategic fund starts with $20 million in 2022-23 and increases to $65 million

Figure 8

Student Aid Expenditures



by 2026-27. The balance of the reduction in the pension budget ($11.8 million) has been allocated back to academic divisions to offset a portion of the cost of the increase in the standard benefit rate for 2022-23.

When considering the total amount of funding available for new initiatives, the University carefully monitors the relative rate of year-over-year increase in academic and shared service division budgets. It should be noted, however, that the impact of university-wide cost increases varies significantly among divisions due to differential rates of revenue growth.

Student Aid Expenditures

A breakdown of proposed student aid budgets for 2022-23 to 2026-27 is shown in Appendix B, Schedule 3. Total spending is projected at $331 million for 2022-23, growing to $388 million over five years. 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. A comprehensive view of the University's financial aid and graduate student funding programs is provided in the Annual Report on Student Financial Support 2020-21. A discussion of the relationship between tuition fees and student financial assistance is also included later in this report.

Flow-through Revenue to other Institutions

Several university programs include joint activities with other institutions. This expense category captures those portions of university revenue that flow to collaborating institutions. The budget is projected to increase by $0.4 million in 2022-23 due to an increase in the flow-through of CRC revenue to partner hospitals offset by a planned reduction in enrolment in joint programs with Sheridan College. The budget includes:

- Canada Research Chair revenue flowing to hospitals;
- Provincial grant revenue flowing to the Toronto School of Theology; and
- Grant and tuition revenue flowing to the Michener Institute, Sheridan College, and Centennial College with which the University offers joint programs.

3 Students: Affordability, Access & Outcomes

Tuition fees at the University of Toronto are determined in accordance with the University's Tuition Fee Policy, the Statement of Commitment Regarding International Students, and the provincial government's Tuition Fee Framework.

Tuition Fees and Financial Assistance

Undergraduate and graduate students at the University of Toronto have access to a wide range of financial supports through the University in addition to those available through government loan and grant programs like the Ontario Student Assistance Program (OSAP). Some are based on need, and others on measures of merit, such as academic achievement or leadership. There are supports for international and Canadian students as well as dedicated supports for students with disabilities.

The University of Toronto is independently committed to financial aid and is guided by the 1998 Governing Council Policy on Student Financial Support, which will continue to drive funding for need-based student aid. The policy contains the following Statement of Principle:

"No student offered admission to a program at the University of Toronto should be unable to enter or complete the program due to lack of financial means."

The policy sets out the principle that students should have access to the resources that will enable them to meet their financial needs, as determined through the same methodology used by the Ontario Student Assistance Program (OSAP), with appropriate modifications as determined by the Vice-Provost, Strategic Enrolment Management and the University Registrar, in consultation with the academic divisions of the University. The Province's Student Access Guarantee (SAG) requires institutions to provide non-repayable aid to assist domestic, OSAP-eligible students in direct-entry undergraduate programs with expenses related to tuition, books and supplies not covered by OSAP. The University's commitment goes above and beyond these requirements and also provides aid for living expenses.

The University's primary mechanism for providing need-based aid to OSAP-eligible direct-entry undergraduate students is the University of Toronto Advance Planning for Students (known as UTAPS) program. Need-based aid for students in second entry and professional master's programs is administered in divisionally run programs, allowing for a more individualized and nuanced approach to providing assistance. Divisional programs are supported where necessary by access to an institutionally negotiated line of credit.

Changes to the OSAP program introduced in 2019-20 reduced the overall amount of student aid payable to students under the Student Access Guarantee. However, the University remains firm in its internal access guarantee – that financial circumstances should not stand in the way of a qualified student entering or completing their degree. In the absence of a Tuition Fee Framework, the budget assumes a continuation of the tuition fee freeze for 2022-23. Accordingly, the UTAPS budget is projected to remain unchanged.

Provincial and federal student aid policies can significantly impact OSAP-calculated financial need in ways that also reduce UTAPS eligibility. For example, the recent changes to the OSAP program have had a direct impact on the normal calculations of UTAPS bursary support. To address this, the University has provided additional top-up UTAPS bursaries to augment the amounts required under the normal UTAPS calculations in recent years and is now reviewing the program with a goal of making it more responsive to student financial needs and less reliant on OSAP assessments.

At the University of Toronto, 56% of full time domestic direct entry undergraduates in 2020-21 received support from OSAP, and a quarter of the incoming class came from families with incomes under $50,000 per year.

Table 6: 2020–21 Incoming Class by Financial Aid Category (Full-time, Domestic Undergraduates in Direct-Entry Programs)

OSAP Recipients	Family income < $50,000	25%
	Family income $50,000–$100,000	16%
	Family income > $100,000	15%
Non-OSAP Recipients		44%

The proportion of students graduating from direct-entry programs with OSAP debt declined to approximately 44% last year, although this is anticipated to increase back to historical levels of around 50% in future due to the 2019-20 changes to the OSAP program. The average amount of OSAP debt at graduation has declined by 9% in real terms since 2015-16. The combination of university and provincial student financial aid programs enhances access to the University's excellent education opportunities for a wide array of students.

Table 7: Key Metrics of Student Debt

	2015–16	2020–21
Porportion of graduates with OSAP debt	50.0%	43.9%
Average repayable OSAP debt (2017 dollars)	$22,790	$20,739
OSAP default rate	2.8%	1.8%

Tuition fees for international students are set at a level that takes into consideration the full cost of providing a program and with reference to fees at peer Canadian and US universities. The average tuition increase for international students is 2.0% in 2022-23 and varies slightly each year thereafter depending on divisional plans.

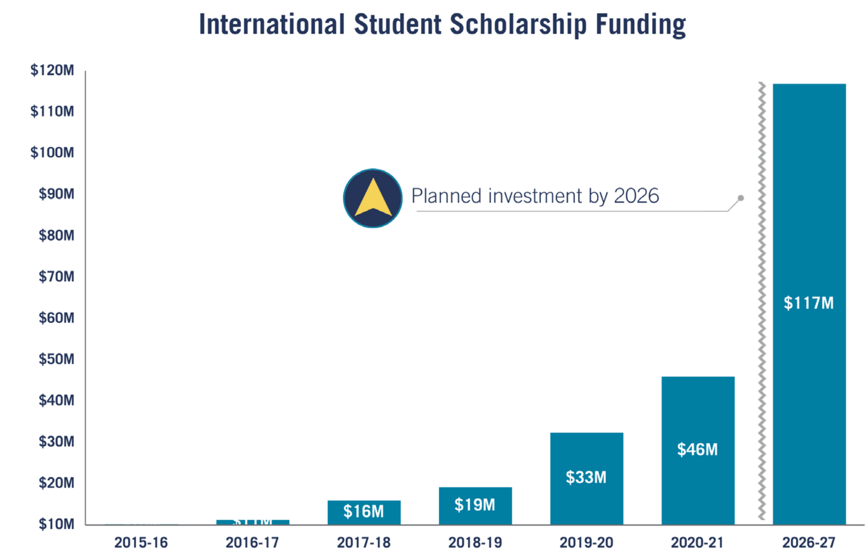
Direct entry undergraduate divisions have committed to a significant investment in merit-based scholarships for international students from diverse global regions. Divisions will earmark 6% of total international undergraduate tuition revenue to support scholarships to reduce the cost for top international applicants from around the world. The investment will continue to be phased in over the next two years, growing from $14.7 million in 2020-21 to $84 million by 2026-27. Each division has designed its own award program based on diverse criteria including merit, financial need, priority regions for diversification, and intended program of study.

Graduate students receive support from several sources. Some of this is reported as part of student aid expenses in the operating budget and some comes from other sources, such as research stipends, external awards, and employment income from positions as teaching assistants. In total, University of Toronto graduate students received support of $353 million in 2020-21.

The skills that students develop during their time at University play an important role in labour-market outcomes, and their contributions to the economic and social fabric of Canada and the world. According to the prestigious Times Higher Education magazine, University of Toronto graduates are among the world's most desirable employees – ranked 1st in Canada and 12th place globally. In addition, results from a 2017 Alumni Impact Survey reveal that University of Toronto alumni help generate economic wealth and prosperity, are respected community volunteers and mentors, and are prolific creators of academic and creative works. Alumni active in the labour force enjoy a 97.6% employment rate, with a higher percentage of alumni participating in the knowledge-intensive economy compared to the national average, particularly in the educational, legal, health and government sectors.

Figure 9

International Student Scholarship Funding

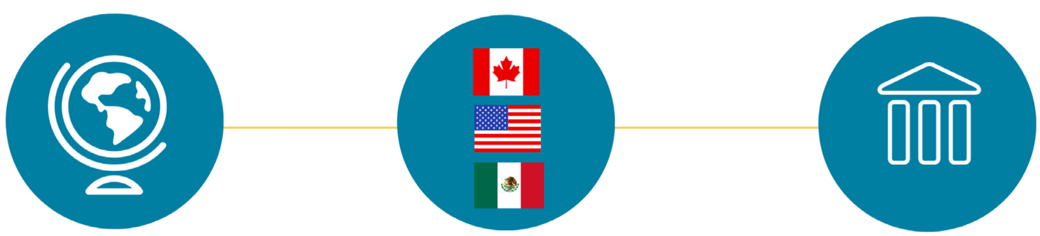


+$84 MILLION

Total increase in scholarships funded from re-investment of international fee revenue.

Figure 10

U of T Graduate Employability



12th

OVERALL IN THE WORLD

1st

OUT OF ALL PUBLICLY FUNDED INSTITUTIONS IN NORTH AMERICA

6th

OUT OF ALL PUBLICLY FUNDED INSTITUTIONS GLOBALLY

UofT maintains top ranking for 2021

4 Priority Investments

The University faces increasing financial pressure as a result of constrained provincial tuition and enrolment frameworks and real value decreases in Provincial operating grants. Within this context of fiscal restraint, revenue growth in 2022-23 will be used to cover inflationary costs, improve services and supports for students, support equity, diversity and inclusion objectives, and invest in the infrastructure that is critical to supporting teaching, research, and the University community.

University Fund

As noted earlier, the University Fund (UF) is the non-formulaic portion of an academic division's budget, intended to provide funding in accordance with the University's institutional academic priorities. Each year the Provost allocates a portion of incremental operating revenue to divisions, taking into consideration the divisional and University-wide academic priorities emerging from discussions during annual budget reviews. In 2022-23, the total amount available for allocation is $22 million; including $15 million from incremental revenue and $7 million of prior year one-time only funds that are available for re-allocation. The Provost has made allocations across five categories:

Building Inclusive Cities & Societies ($4.3 million)

- $2.3 million extension of the Diversity in Academic Hiring fund. This allocation will support the hiring of 30 additional Black and Indigenous faculty, building on the previous phases that have supported the hiring of 130 faculty and 20 staff members from underrepresented groups.

- $1.0 million to support innovations and best practices in embedding equity, diversity, and inclusion principles in pedagogy, curriculum, and program designs across divisions to advance the University's holistic approach to EDI.

- $0.7 million to the Sexual Violence Prevention and Support Centre (SVPSC) to support the individuals making disclosures and reports of sexual violence and expand capacity for prevention education across the three campuses.

- $0.4 million to extend the University's international enrolment strategy in established and emerging markets to extend our global networks and enhance our diversity.

Reimagining the Undergraduate Experience ($1.2 million)

- $0.5 million to support personalized student mental health services under the University's Stepped Care 2.0 model, which includes open access to low, medium, and high intensity mental health services and increased one-at-a-time services.

- $0.4 million to build capacity in the coordination, assessment, and analysis of tri-campus student surveys and other student data collection that is used to improve the quality and efficiency of institutional services for students.

- $0.3 million for positions in the new Experiential Learning Commons that will help support and grow experiential learning and work-integrated-learning opportunities for students across the University.

Defying Gravity ($5.2 million)

- In support of the University's new Defy Gravity Campaign, the Provost is setting aside $3.5 million in matching funds for major gifts to divisions.

- $1.7 million in OTO funding to support the hiring of additional major gift officers in divisions.

Investing in Divisional Priorities ($1.9 million)

- Support to divisions facing budgetary challenges so they can meet inflationary pressures and invest in services for students and faculty.

Driving Scientific Discovery ($9.2 million)

- $2.4 million to address the growing indirect costs of research in divisions with significant growth in research output.
- $4.9 million in OTO funding to support large-scale, breakthrough research projects that build on the University's global research excellence and might be considered for the Canada First Research Excellence Fund (CFREF) competition.
- $1.0 million to support and expand the University's inclusive interdivisional research networks striving to eliminate systemic barriers, celebrate excellence, provide mentorship and a collaborative community, and advance the research discoveries and innovations of their members on the global stage.
- $1.0 million to support the large-scale, high-impact interdisciplinary research carried out through Institutional Strategic Initiatives funded by participating academic divisions.

Priorities in Academic Divisions

Within the envelope of new funding available, divisions have identified several priorities for new and ongoing investment:

- Equity, Diversity and Inclusion remains a top priority at the University and divisions continue to work to embed these principles into their recruitment, curriculum, pedagogical approaches, and supports. This includes investments in student outreach programs, scholarships, and learning spaces dedicated to expanding and supporting diversity, as well as investments in mental health and the active promotion of mental wellness among all students.
- Divisions continue to advance the University's strategy to diversify and support the international student population. This includes direct-entry undergraduate divisions earmarking 6% of international undergraduate tuition revenue for scholarships to top international applicants from around the world. Divisions also continue to invest in additional academic and co-curricular programming, counselling, and support services to ensure the success of international students.
- Collaboration in cross-divisional research networks that pursue grand challenges and bold ideas requiring true collaboration and the integration of various disciplinary research and training approaches. Many divisions are also developing programs to enhance undergraduate research experiences, creating unique opportunities for undergraduates to gain research experience and contribute to cutting edge research and development.
- Upgrades to technological tools, infrastructure, and training to enhance program quality and supports for learners. These investments include expanding simulation-based learning and exploring augmented reality learning so that students can practice their professional skills in immersive real-world public health environments; offering free online summer academies so that incoming students can refresh their high school math and science knowledge through high-quality, self-paced, online learning; and online communities and resources for faculty to integrate and share innovations and best practices for using technology to enhance pedagogy and course design.
- Academic plans call for strengthening and growing

engagements with communities in and around the City of Toronto and beyond to bring greater work-integrated, research and international opportunities and experiences to students, and spread the positive impact of the University and its research around the world.

- New Master of Environmental Sustainability and Master of Arts in Kinesiology programs are planned to launch in 2022-23 and several other new programs are in development for future years. Divisions also continue to collaborate on new cross-disciplinary programming and interdivisional teaching, new opportunities in continuing and professional education, micro-credentials, and flexible program formats to enhance student accessibility.

- New faculty hiring is planned across many divisions with the objectives of maintaining the quality of the student experience, expanding diversity, and building new programs in emerging areas. Divisional plans include adding 90 incremental faculty positions in 2022-23, but some of these may be delayed if domestic tuition fees remain frozen under the provincial government's tuition framework for 2022-23.

University-wide Costs

Investments in shared services are focused on the highest priority services for students, faculty, and staff. Allocations include:

- Investments in the Provost's division to increase capacity in student recruitment, support for faculty and academic life programs, support for academic program development and coordination, and for the Healthy Labs Initiative led by the School of Graduate Studies.

- Staffing in the Research & Innovation portfolio to support the University's scholars in mobilizing funding and boosting the impact of research across the three campuses through strategic plans, analytics & systems, and coordination of grant officers in divisions.

- Additional investments in Equity, Diversity, and Inclusion (EDI) focused positions in the divisions of People Strategy, Equity & Culture and Advancement to further the University's goals to ensure that faculty, staff and students' learning and work environments are free of discrimination and harassment based on protected grounds such as race, disability, sexual orientation, creed, and family status and ensure these goals are reflected in advancement activities.

- Investments in library resources including expansion of the high-demand Syllabus Service for copyright risk mitigation, a personal librarian program to improve library access for under-represented students, data curation and support specialists to support scholars, and a new early career residency program for Black and/or Indigenous Librarians.

- Investments in IT security programs to mitigate risks facing the University's systems, continued support for the multi-year student systems enhancement project (NGSIS), and institutional research & data governance capacity to support the University's data and data governance strategies.

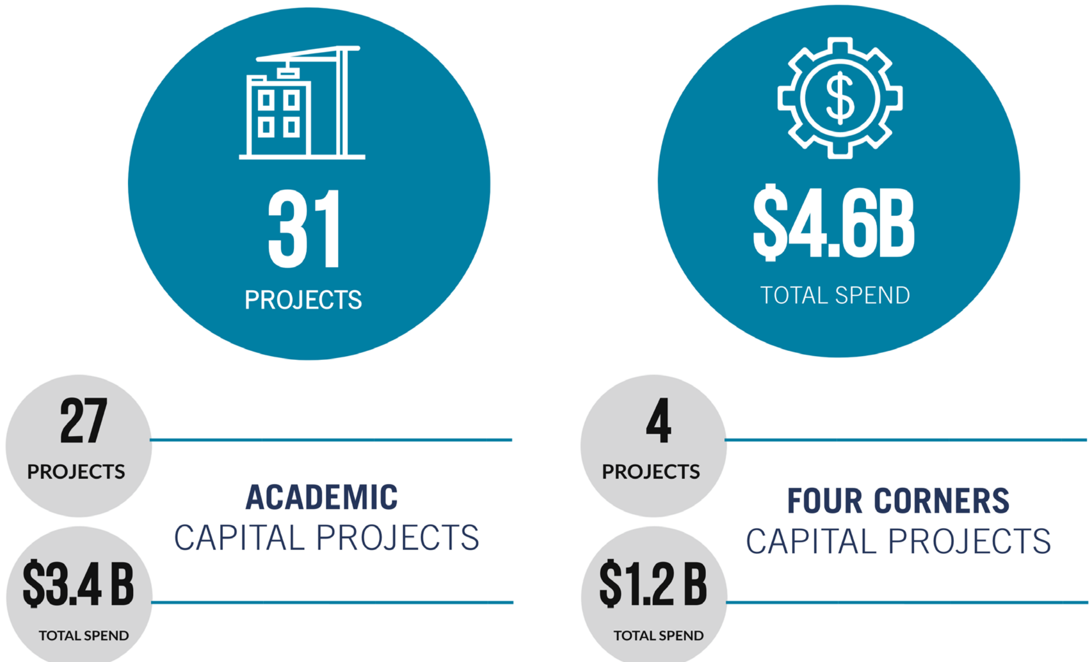
- Continued funding to modernize the Administrative Management System (SAP). Support for the existing system will expire in 2025 as SAP moves its applications to the cloud. A priority for next year is the introduction of new HR products for employee management from "hire to retire".

- Continued investment in addressing the deferred

Figure 11

Capital Projects & Planned Investments

5 Year Projection



maintenance liability and increased investment in the renewal of aging utilities infrastructure on the St. George campus.

- Continued investment in addressing the deferred maintenance liability, and upgrading facilities to comply with the Accessibility for Ontarians with Disabilities Act.
- Investments in Advancement staffing, programs, and IT infrastructure to expand capacity for fundraising efforts for the new Defy Gravity campaign.
- Brand marketing initiatives to help the University tell our story, including support for the University of Toronto Magazine.

Capital Projects

Over the next five years, academic divisions have plans for several major capital projects such as the development of the James and Louise Temerty Building on the site of the current MSB West Wing; a new interdisciplinary building at UTM; renovations in several Arts & Science buildings at the St. George Campus; and a multi-use timber parking structure at UTSC. Divisions will provide a portion of the funds for these buildings from their operating reserves. In all cases, Principals and Deans continue to strive for increased support from donors toward these important projects, with the objective of funding no more than 20% of required capital from long term debt.

In addition to these capital projects, the operating budget sets aside approximately $31 million annually for deferred maintenance across all three campuses. Additional resources are available to address deferred maintenance through the provincial Facilities Renewal Program (FRP) program, estimated at $10.4 million annually. Given the significant deferred maintenance liability, $2.5 million will be added to the operating budget for deferred maintenance in 2022-23. The current long-range plan assumes growth to $37 million across the three campuses by 2026-27.

In the Fall of 2017, the University began a planning exercise to consider how it might leverage its significant real estate assets to not only develop amenities to support the academic mission, but to grow the portion of the University's operating budget from "other" revenue. The end result of this planning exercise was the adoption of the Four Corners Strategy, which sets an ambitious goal of generating $50 million in operating funding per year by 2033 through the development of roughly 3.5 million square feet of new space devoted to campus services, amenities, office and retail spaces.

Over the planning period, existing leasing revenues will be used as seed funding for capital projects under the Four Corners Strategy. Individual projects will be brought forward to governance for approval per the normal process. Current projects in various stages of planning, design, and construction include faculty and student housing development on all three campuses, the Site 1 Gateway multi-use development at Spadina and Bloor, as well as the second phase of the Schwartz Reisman Innovation Campus (SRIC). Located directly across from Toronto's Discovery District, the SRIC will be a major achievement in advancing innovation and commercialization of research. The SRIC's programs will symbiotically benefit from industry adjacency and contribute to the district's rapidly expanding global role as a hub of innovation in artificial intelligence, the life sciences, and beyond.

Inter-fund Transfers

Within the approved budget process, the Provost has discretion to make allocations from operating funds to cover costs in ancillary or restricted funds where those expenditures support academic initiatives. In keeping with the Policy on Inter-fund Transfers, decisions for the commitment of operating funds for ancillary or restricted fund purposes do not need further approval when they are approved within the annual budget process.

The University has had significant success in seeking external donations to enhance academic initiatives by establishing matching programs to create endowments and other trust funds. To meet these commitments some divisions have earmarked ongoing operating funds within their budgeting process. Others have sought to use operating funds to establish or augment endowments as the most effective way to implement an initiative. The 2022-23 budget and long-range guidelines assume that the University will continue to use operating budget allocations for these matching opportunities as they arise.

In recognition of the anticipated need for increased fundraising matching under the Defy Gravity campaign, the University is establishing a central fund to hold divisional operating reserves intended for future matching. Transfers to this institutional reserve will be approved by the Provost through the budget process and will improve the University's ability to manage and report on operating reserves.

Ancillary operations provide important services that contribute to the quality of the student experience. In order to support their continued operations, the University may need to support some ancillary units hit particularly hard by COVID-19 as they develop a path to recovery over the coming years. As noted earlier, ancillary units have been allocated up to $50 million of deficit spending room, to be reduced to zero over five years. Units with sufficient reserves will continue without need for deficit spending and some have had better results in 2021-22 than anticipated, so it is possible that the full amount will not be required. The University will work with each unit to assess its financial health and may provide support from operating reserves to assist with any or all of its deficit in cases where cost containment would jeopardize the unit's ongoing sustainability or critical infrastructure renewal.

In addition to the purposes noted above, the Provost is authorized to transfer operating funds to ancillary or restricted funds up to $2 million per instance during the year, based on requests from the budget authority for those sources.

5 Risk

The COVID-19 Global Pandemic

In response to the ongoing pandemic, the University implemented an array of new measures, protocols and procedures to deliver a vibrant, world-class educational experience while keeping students, staff, faculty and librarians safe and healthy. The efforts of the University community in 2020 and 2021 were instrumental in ensuring the continuity of academic programs throughout an unprecedented global shutdown.

The 2022-23 budget and long-range guidelines assume that vaccine programs will continue to roll out as planned, reducing the impact of future new variants and allowing for a gradual return to normal operations over the planning period. Uncertainty about the future course of the pandemic, including emergence of new variants of the virus, poses some risk, however, these risks are significantly lower than earlier in the pandemic when effective vaccines were not available. At this time, the University assumes domestic and international enrolment targets will continue to be met. On-campus activities will gradually return to pre-pandemic levels as international travel and public health restrictions are eased. Until then, the University will continue to deliver high-quality programs in a format that is safe for faculty, staff, and students and in compliance with public health requirements.

The Economic and Political Climate

The COVID-19 pandemic has had a significant impact on the global economy although there are strong signs of recovery as vaccine programs rollout and public health measures are eased. The Canadian employment rate recovered to pre-pandemic levels by the end of 2021 and GDP grew by about 4.6% in 2021. The Omicron variant is slowing economic activity in the first quarter of 2022 although the Bank of Canada anticipates that the impact will be shorter-lived and less severe than previous waves. However, growth in demand combined with supply chain issues has led to increased inflation that will impact the University's purchases of some goods and services next year.

The Bank of Canada Monetary Policy report released in January 2022[12] projects strong growth in real GDP of around 4% in 2022 and 3.5% in 2023. Inflation in 2021 was higher than targeted at 4.7% at year-end, primarily driven by energy prices and supply constraints. Inflation is forecasted to remain close to 5% through the first half of 2022, ease to around 3% by year-end, and decline to around 2.25% by the second half of 2023.

According to the Ontario Fall Economic Statement released in November 2021[13], the Provincial government is projecting a deficit of $21.5 billion for 2021-22, which is an improvement over the $33.1 billion deficit assumed in their 2021 Budget. The improvement is primarily due to increased tax revenues and an increase in economic growth forecasted for this year. The Government continues to prioritize investments to respond to the COVID-19 pandemic and is forecasting continued annual deficits to at least 2023-24, although smaller than previously planned given an improved outlook on key economic drivers of revenue.

Given the magnitude of the Provincial deficit, the University anticipates that spending restraint will continue to impose pressure on the post-secondary education system in the longer term. Although, as operating grant funding makes up only 20% of the University's operating budget, the impact of this risk is less than at other universities in Ontario.

12 Bank of Canada Monetary Policy Report, January, 2022 https://www.bankofcanada.ca/2022/01/mpr-2022-01-26/

13 2021 Economic Outlook and Fiscal Review https://budget.ontario.ca/2021/fallstatement/index.html

Recruiting Students from Diverse Global Regions

In the current environment of no Provincial funding for domestic enrolment growth, many divisions are looking outside the country to grow their programs and to meet their diversification objectives. This diversification enhances the university experience for all students, by bringing diverse global perspectives to the classroom. Each division determines an appropriate mix of domestic and international students in their programs, based on their own priorities, and on the global demand from international students. International students currently make up 30.3% of the undergraduate population on average across all programs. The rate is slightly higher in direct entry programs and significantly lower in professional programs where there may be barriers to professional certification across borders. The percentage of international students at the University of Toronto is in line with other U15 peer universities, and below that of many research-intensive universities in the UK and Australia.

The University has made progress toward the diversification goals in the international strategic plan but there continues to be work ahead. The University remains committed to diversifying the regional and socioeconomic backgrounds of its students through active recruitment in diverse global regions; development of partnerships and scholarship programs with governments, charities, and schools around the world; and the significant investment in the International Scholars program.

Rising Costs of Construction and Real Estate

Construction activity in Toronto continues to be at very high levels leading to reduced interest from contractors for specialized institutional capital projects and elevated project costs. According to Statistics Canada, the Institutional Building Construction Price Index for Toronto increased by 10% from Q3 2020 to Q3 2021[14], more than double the local CPI increase of 3.8%[15] over this period. Cost increases could necessitate additional contributions from the operating budget or from divisional reserves earmarked for capital expansion and possible reconsideration of the timing of some major projects.

There is an ongoing risk of construction delays and cost overruns in the University's major capital projects caused by unforeseen conditions during construction, labour and material shortages, international trade disputes, city permit delays, and the complexity of working with heritage buildings. The University Planning, Design, and Construction team seeks to mitigate this risk by building market escalation costs, construction schedule assessment, contingency funds, and exploring alternative project delivery mechanisms into future capital project plans. However, estimates of future construction costs are highly variable and depend on the specific functional program, building design, site, and market conditions in place at the time the project is tendered to market. As costs increase, the University may re-prioritize projects and adjust timelines, making judicious use of reserves and debt capacity.

The Structural Budget Challenge and Operating Reserves

The University of Toronto has experienced significant growth over the last decade. Since 2011, the University has added more than 11,000 undergraduate student spaces (+20%) and more than 6,500 graduate student spaces (+48%). International student enrolment has increased from 13% to 29% of total enrolment. The operating budget has nearly doubled over the ten-year period. This extended period of growth has also driven significant increases in costs, for new

14 Statistics Canada. Table 18-10-0135-02 Building construction price indexes, percentage change, quarterly, Institutional Buildings, Toronto https://www150.statcan.gc.ca/t1/tbl1/en/cv.action?pid=1810013502

15 Statistics Canada. Table 18-10-0004-11 Consumer Price Index, by geography, monthly, percentage change, not seasonally adjusted, provinces, Toronto https://www150.statcan.gc.ca/t1/tbl1/en/cv.action?pid=1810000411

faculty, staff, services, student support, capital construction, and infrastructure improvements.

This period of growth will slow over the planning period as program intakes stabilize and larger incoming cohorts flow through to all years of study. Given the significant share of revenue related to enrolment activity, this slowing will have a direct impact on revenue growth with a projected 3.5% increase in 2022-23 reducing to around 2% annually by the end of the planning period. As the University's internal inflation rate is typically in the range of 3% to 4%, the University is facing a potential structural budget challenge with expenses rising faster than revenue.

The University is actively pursuing strategies that align with the academic mission and close this potential future gap. On the revenue side, the University is exploring opportunities to diversify revenue sources through innovative new undergraduate, graduate and life-long learning programs, development of real estate assets, building the endowment and increasing expendable gifts, and advocacy with the federal government to increase the indirect costs of research rate to at least 40%. On the expense side, the University continues to be vigilant in looking for appropriate ways of reducing our expenses while maintaining the quality of our academic and research programs and the student experience. For example, our efforts in working with publishers have reduced inflationary pressures on library acquisitions, renewal of heating, ventilation and lighting controls in recent years have reduced utilities costs, and university-wide license agreements have reduced costs for critical IT tools across divisions. In addition, containing annual increases of salaries and benefits to no more than the rate of steady state revenue growth would be one of the most powerful strategies the University could pursue.

The University's budget model places responsibility for revenues, expenses, and the cost of capital infrastructure in the hands of the academic divisions. This encourages multi-year planning and has led to an increase in the reserves set aside for future spending on capital projects and operating contingencies to deal with possible future uncertainties. As revenue targets have been achieved over the last several years, divisions have built up reserves and applied contingency funds to one-time investments such as capital projects, faculty start-up funds, and endowment matching opportunities.

Divisional operating reserves are normally expected to fall in the range of 5% to 10% of the division's total operating expense budget, excluding those reserves earmarked for contributions to specific capital projects and research initiatives. The University is working closely with divisions to ensure that operating reserves are managed within this guideline and resources are fully utilized to meet divisional and institutional priorities.

Figure 12

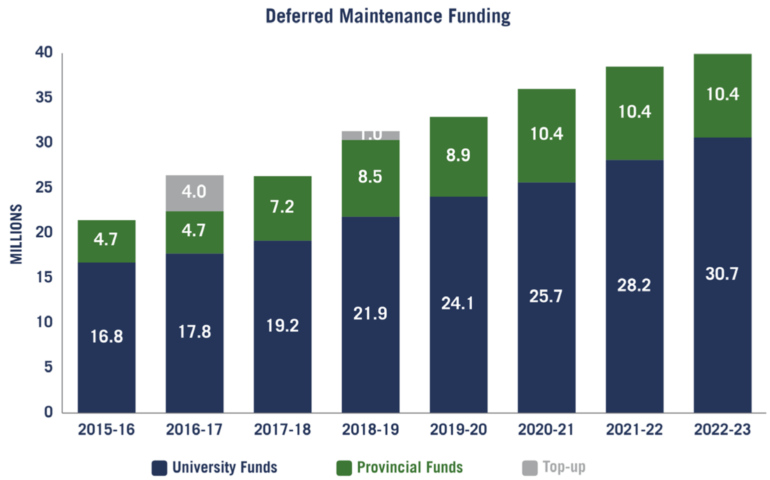
Deferred Maintenance Funding

St. George Campus

+$2.5M↑ UNIVERSITY INVESTMENT
FOR 2022-23

+$40M TO MEET PROVINCIAL AVERAGE
PER YEAR

$821M LIABILITY
OVERALL



Deferred Maintenance

As noted in the Annual Report on Deferred Maintenance, presented to Business Board for information February 2, 2022, the University's total deferred maintenance liability on academic and administrative buildings presently stands at $821 million.

Each year, new building audit data provide updated information on the condition of university facilities. During the annual audit, deficiencies are prioritized based on the urgency with which they have to be addressed. Priority One deficiencies are recommended to be addressed within the next year. These tend to be assets that are well beyond useful life and/or are currently failing. Priority Two deficiencies are recommended to be addressed in one to three years, while Priority Three deficiencies are recommended to be addressed in five years. Based on the most recent audit information, 15.4% ($122 million) of the University's deferred maintenance liability relates to Priority One deficiencies.

The operating budget sets aside approximately $31 million annually (growing to $37 million by 2026-27) for deferred maintenance across all three campuses, augmented by funds available to through the provincial Facilities Renewal Program (FRP) program. Provincial FRP funds for the University of Toronto totaled $10.4 million in 2021-22. Given the Province's fiscal outlook, there is some risk associated with future funding of capital renewal. Capital projects also indirectly address deferred maintenance costs through the renewal of buildings. Recent projects such as the demolition of the Best Institute, renovation of the Fitzgerald Building, and renovation of the Student Commons, for example, have eliminated $45.5 million in deferred maintenance needs in these buildings in recent years. The future redevelopment of 215 Huron will similarly eliminate a significant deferred maintenance liability.

Pension

Both the overall economic and financial climate continues to be uncertain with respect to pensions. Interest rates continue to be very low, making it much more difficult to achieve target investment returns in the long-term. Longevity continues to increase, making the same pension benefits more expensive. Investment markets are continuing to experience volatility, particularly during the global COVID-19 pandemic.

As of July 1, 2021 the UPP is subject to Provincial pension funding rules for jointly sponsored plans. Under those rules there is no requirement to fund a prescribed provision for adverse deviation, no requirement to fund the plan on a solvency basis, and any going concern deficits may be funded over 15 years. It is important to note that although the University has transferred its pension assets and obligations into the UPP, the University remains responsible for 100% of any deficits on the transferred-in assets and liabilities that arise over the next 10 years. Such deficits would require the

University to make additional special payments to the UPP and result in increased current service costs.

At June 30, 2021, the University of Toronto Pension Plan had a market surplus of $792 million on a UPP transfer basis. While the financial status of the pension plan improved significantly in 2021, the University continues to build a prudent contingency to shield against risks that might result in future past service deficits. These risks include:

- On an ongoing basis, the Board of Trustees of the UPP will be responsible for setting the actuarial assumptions used to determine pension liabilities. The initial actuarial assumptions used at the point of UPP transfer were established under an agreement between the Joint Sponsors of the UPP and the three founding universities. Although no decisions on future actuarial assumptions have been made by the Board, there has been a trend toward lower discount rates during the period since the actuarial assumptions for the UPP transfer were set. As we know from the sensitivity analysis we performed regularly for the University of Toronto Pension Plan, a 0.25% decrease in the discount rate would increase the University of Toronto's pension obligations by approximately $250 million.

- Investment returns on UPP pension assets that are lower than expected returns would result in drawing down the surplus, and potentially require additional funding by the University to the UPP. Two years of zero returns on UPP investments would wipe out most of the current surplus, as would a one year negative 5.0% return, even without a change in the discount rate.

As a contingency against future pension special payment risk, the University will continue to hold a pension risk contingency budget of $95.4 million in 2022-23, declining to $50 million by 2026-27.

Summary

The University community has successfully and effectively navigated through the multiple waves of the COVID-19 pandemic so far, ensuring continuity in our academic and research programs in formats that are safe for faculty, staff and students. Experience gained throughout the pandemic has allowed the University to quickly pivot as necessary to changing public health measures.

Demand for programs remains strong with a significant growth in undergraduate intake in Fall 2021 and continued elevated levels of activity in the Summer session. The decrease in retention rates experienced this year are of some concern so the University and divisions are investigating the driving factors to determine if this is a short-term pandemic-related change or indicative of a longer-term issue that will require intervention. From a budget perspective, the impact of the lower retention rates was offset by the strong incoming cohorts, minimizing any variances to the revenue plan.

With the decrease in levels of on-campus activity, campus services such as residences, food, and parking were particularly hard hit in 2020-21, although there are signs of recovery in 2021-22 with higher than anticipated occupancy rates in residences. Food and parking services, however, continue to be significantly impacted this year. Ancillaries were provided with up to $50 million of deficit spending room to support their operations through the pandemic with a requirement to eliminate this over five years. The University is working with each unit to assess its financial health and may provide support from operating reserves to assist with annual deficit reductions in cases where further cost containment would jeopardize the unit's ongoing sustainability or critical infrastructure renewal.

The 2022-23 budget and long-range guidelines assume that vaccine programs will continue to prove effective at reducing the serious health impacts of COVID-19 and allow for a gradual return to normal operations over the planning period. At this time, the University assumes domestic and international enrolment targets will continue to be met. On-campus activities will gradually return to pre-pandemic levels as travel and public health restrictions are eased.

At the time of writing of this report, the Province has not announced a provincial Tuition Fee Framework for 2022-23. In the absence of a Framework, divisions have again been asked to consider a conservative budget scenario in which domestic tuition fees remain frozen for one additional year. The impact of a 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. University Fund support will be provided to divisions facing the most significant budgetary challenges. The budget assumes a return to modest 3% average annual increases in 2023-24 and beyond.

Tuition fees for international students are set at a level that takes into consideration the full cost of providing a program and with reference to fees at peer Canadian and US universities. The average tuition increase for international students across all programs is 2.0% in 2022-23, including a 2% increase to fees in the direct entry undergraduate arts & science and engineering programs.

Revenue growth in 2022-23 will be used to meet inflationary pressures, improve services and supports for students, and invest in the infrastructure that is critical to supporting teaching, research, and the University community. New investments in equity, diversity, and inclusion focused initiatives and positions will further these important objectives across all academic and shared service divisions. Academic divisions plan to hire additional tenure and teaching stream faculty; enhance student services; expand experiential learning opportunities; and invest in new and renewal of teaching and research infrastructure.

Investments in shared services prioritize services for students and faculty, support for the University's world-class library system, advancement staffing and programs to support the Defy Gravity campaign, support for research scholarship, addressing information security risks facing the University, and critical spending on deferred maintenance and utilities renewal. The Provost has also used UF funding to support mental health and experiential learning services for students, support the hiring of 30 additional Black and Indigenous faculty, support inclusive research networks, and provide support to divisions facing the most significant budgetary challenges and high costs of supporting research programs.

Compensation increases are planned within the provincial restraint context. Given the strong position of the pension on transfer to the UPP, the pension special payment budget will be reduced and repositioned as a risk contingency reserve budget to address any potential future deficit.

Appendices

Appendix A:
The U of T Planning & Budget Framework

Budget Framework

The budget planning cycle is based on a five-year rolling window. Budget assumptions used in the Long-Range Budget Guidelines are updated each year, and new assumptions are prepared for one additional year. Revised revenue and expense projections are then prepared for the new cycle based on these assumptions.

Governing Council guidelines for deficit control were revised in 2008 as a result of the change from a fixed to a rolling-window planning cycle. According to these guidelines, the University should strive to plan a balanced budget in every year of the cycle. In addition, any outstanding accumulated deficit from previous years should be reduced to zero by the end of the five-year planning period. An in-year deficit may be allowed in some years to facilitate planning, recognizing that fluctuations often occur in enrolments, government grants, investment income, etc. The deficit or surplus in the University's integrated budget is a result of the aggregated plans of individual divisions. A planned deficit may also be necessary in exceptional circumstances. Planned budgetary deficits should also be repaid over five years.

The Planning Process

The budget-setting process at the University of Toronto is very much a bottom-up process, whereby Deans and their teams in academic divisions and departments, and Principals and their leadership teams at UTM and UTSC, look at their own revenue and expense budgets and make decisions locally. Decisions are rolled up for review and approval, informed by relevant economic factors, risk assessments, collective agreements, provincial and University policies and then approved by administration and governance.

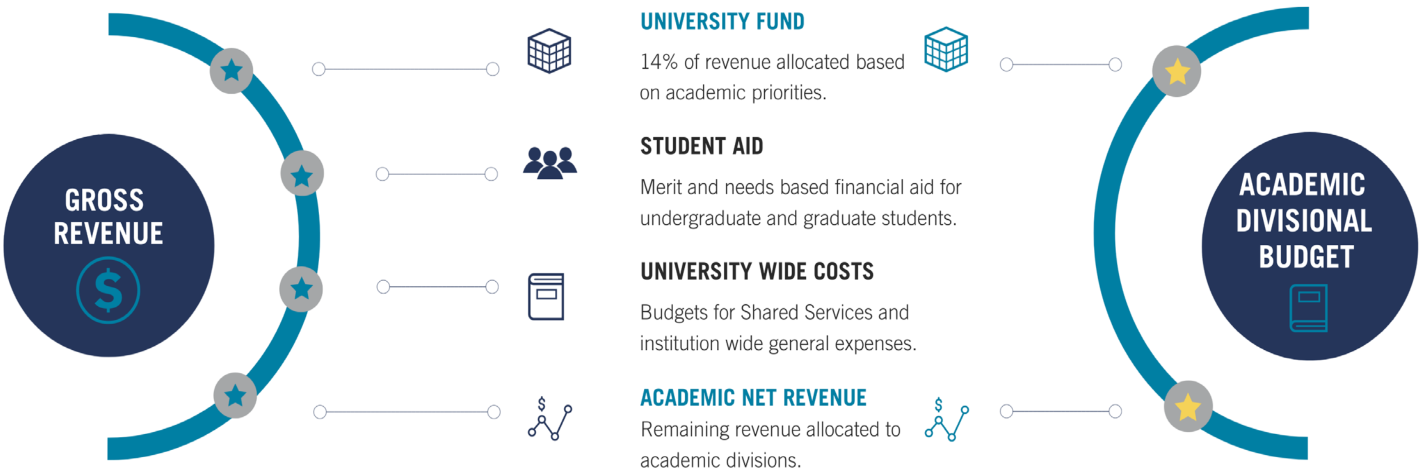
An essential and major part of the annual budget process is the formal process for budgetary reviews for campuses, academic divisions, and shared-service divisions. Two review processes are conducted annually, one for shared-services and the associated university-wide costs, and the other for UTM, UTSC, and the academic divisions.

Each shared-service division prepares multi-year budget plans for its units. These plans are reviewed by the President, who takes advice from the Divisional Advisory Committee, which includes the Principals at UTM and UTSC, and representative deans of Faculties. The purpose of the review is two-fold: first, the review ensures that any proposed changes in services are aligned with the needs and priorities of the academic enterprise; second, the review establishes spending priorities, considers the alignment of services between those provided institutionally and those provided in the divisions, and ensures that all possible cost reductions have been examined.

The annual academic budget reviews (ABRs) take place throughout the Fall term. Each division submits a multi-year budget plan to the Provost based on its academic plans. Revenue projections are based on enrolment plans, new program offerings, advancement outcomes, etc. Expense projections take into account cost increases, changes in faculty and staff complement, student financial support, etc. These plans are discussed in individual review meetings with a Provostial committee that includes the Provost, Vice Provosts, and senior staff in Planning and Budget. The reviews inform

Figure 13

The Budget Model



approvals of enrolment targets, academic appointments, allocations from the University Fund, approval of campaign priorities, and approval of capital plans.

The review process, whether for academic or administrative divisions, amounts to a high level of engagement in the budget process by Deans, the Principals at UTM and UTSC, and members of the senior administration. As a result, budgetary allocations are informed not only by the overall budget situation of the University but also by the circumstances of individual divisions and by their academic values and priorities. Cost containment measures, which are often necessary because of the constraints on revenue, are applied by each campus and academic division based on its own circumstances. The involvement of members of the senior administration leads to a deeper understanding of the nature of the University's expenses, how services can be best delivered, and where and how savings may be realized.

The University's Budget Model

The operating budget allocation process is a primary tool for the implementation of the university's academic plans and priorities. The University adopted the University of Toronto Budget Model in 2007-08 with three basic objectives:

- to provide a high degree of transparency, enabling all levels of University administration and governance to have a clear understanding of university revenues and expenses;
- to introduce broadly-based incentives to strengthen the financial health of the University by increasing revenues and reducing expenses; and
- to encourage a higher level of engagement of all senior levels of administration in budget planning for academic divisions and in recommending priorities and budgetary allocations for shared infrastructure.

The model introduced a methodology for attributing revenues and the costs of shared infrastructure to all divisions. A major portion of the budget allocated to an academic division is based on a formulaic revenue sharing model, in which each division receives a share of the operating revenues generated by its activities, less a contribution to the University's shared expenses.

The process of attributing revenues and costs to campuses and divisions has been designed to minimize administrative overhead. For example, no transaction accounting is used to attribute the cost of a particular service. Instead, revenues and costs are attributed using readily available and verifiable parameters that provide a reasonable basis for the distribution of revenue or a suitable measure of the extent to which a division has access to a particular resource or service. These measures are referred to as revenue drivers and cost drivers, respectively. They include such parameters as number of students, number of faculty, usable space area occupied, etc.

A division's revenue-based budget allocation includes a share of revenues from its programs, student enrolments, advancement activities through the endowment payout, and research activities through funding from indirect costs of research. Divisions benefit as their activities increase revenue and when, in cooperation with shared service units, they are able to make more efficient use of shared resources.

The remainder of a division's budget is an allocation from the University Fund, which is currently set at 14% of the University's general operating revenues (excluding recoveries from restricted funds). Allocations from the University Fund are entirely non-formulaic and based on institutional and divisional academic priorities. This allows the University to recognize differences in the cost of delivering various programs, and support initiatives where revenues and costs are not aligned. It ensures that the total budget of a division is determined by the University's own priorities rather than by those of external entities.

Appendix B:
Budget 2022–23 Financial Schedules

Schedule 1: Projection of Operating Revenues and Expenses ($ millions) **2022–23 to 2026–27**

Projection of Operating Revenues	**2021-22**	**2022-23**	**2023-24**	**2024-25**	**2025-26**	**2026-27**
Student Fees	$2,090.0	$2,200.3	$2,298.9	$2,395.1	$2,476.3	$2,546.6
Prov. Gov't Grants for General Operations	658.5	657.6	660.2	662.5	662.3	662.2
Subtotal: Grants and Student Fees	**2,748.5**	**2,857.9**	**2,959.1**	**3,057.5**	**3,138.6**	**3,208.8**
Investment Income: Endowments	70.2	77.3	82.6	84.7	87.2	89.8
Investment Income: Other	60.3	58.2	79.5	87.2	97.6	106.0
Sales, Services & Sundry Income	140.1	135.8	138.9	141.5	144.2	146.9
Subtotal: Operating Revenue	**3,019.1**	**3,129.3**	**3,260.1**	**3,371.0**	**3,467.5**	**3,551.4**
Recovery from Canada Research Chair Grants	45.0	47.1	47.1	47.1	47.1	47.1
Recovery of Institutional Costs of Research	58.8	57.0	55.2	54.2	54.9	54.6
Total: Operating Revenues and Recoveries	**3,122.9**	**3,233.4**	**3,362.4**	**3,472.2**	**3,569.5**	**3,653.1**

Projection of Operating Expenses	**2021-22**	**2022-23**	**2023-24**	**2024-25**	**2025-26**	**2026-27**
Shared Service and Campus Costs	693.7	718.3	748.3	774.4	798.5	819.0
Pension Contingency Funding	127.2	95.4	85.4	75.4	65.4	50.0
Strategic Fund	-	20.0	30.0	40.0	50.0	65.4
U-W costs offset by shared services income	147.1	145.7	150.0	152.9	155.9	158.9
Sub-total, University-wide Costs	**968.1**	**979.4**	**1,013.6**	**1,042.7**	**1,069.7**	**1,093.4**
Academic Expense Budgets (Excl St. Aid)	1,811.5	1,875.6	1,940.2	2,014.3	2,077.2	2,131.3
Student Aid Expenditures	291.0	330.6	361.1	371.1	380.4	388.1
University Fund (unallocated portion)	20.1	15.2	16.5	14.5	12.2	10.5
Flow-through to Other Institutions	32.2	32.5	30.9	29.7	29.9	29.8
Total: Operating Expenses	**3,122.9**	**3,233.4**	**3,362.4**	**3,472.2**	**3,569.5**	**3,653.1**

Schedule 2: Details of Operating Grants and Student Fees ($ millions) **2022–23 to 2026–27**

Prov. Gov't Grants for General Operations	**2021-22**	**2022-23**	**2023-24**	**2024-25**	**2025-26**	**2026-27**
Enrolment Based Funding	407.3	340.0	274.7	243.1	243.1	243.1
Performance Based Funding	245.1	312.5	380.8	415.0	415.0	415.0
Clinical Education	4.0	4.0	4.0	4.0	4.0	4.0
Ontario Graduate Scholarships	10.2	10.3	10.3	10.3	10.3	10.3
Ontario Trillium Scholarships	0.4	-	-	-	-	-
Municipal Tax Grant	4.9	4.9	5.0	5.0	5.1	5.2
International Student Recovery	(16.8)	(17.8)	(18.3)	(18.6)	(18.9)	(19.0)
Accessibility for Students with Disabilities	3.5	3.7	3.7	3.7	3.7	3.7
Total, Gov't Grants for General Operations	**658.5**	**657.6**	**660.2**	**662.5**	**662.3**	**662.2**

Student Fees	**2021-22**	**2022-23**	**2023-24**	**2024-25**	**2025-26**	**2026-27**
For-Credit Tuition Fees	1,877.1	1,979.5	2,071.9	2,163.6	2,240.1	2,305.7
Continuing / Exec.Ed Tuition & Ancillary Fees	212.9	220.8	227.0	231.5	236.2	240.9
Total: Student Fees	**2,090.0**	**2,200.3**	**2,298.9**	**2,395.1**	**2,476.3**	**2,546.6**

Schedule 3: Details of Univ-Wide Costs and Student Aid Expense ($ millions) — 2022–23 to 2026–27

University-Wide Costs	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27
Occupancy	230.6	235.3	248.5	258.3	268.6	278.1
Information Technology	48.4	51.2	56.6	61.3	64.0	64.3
University Management	39.0	41.9	43.7	45.2	46.7	48.2
Financial Management	13.7	14.5	15.1	15.7	16.3	16.7
Human Resources	23.7	26.1	27.1	27.8	28.7	29.7
University Advancement	32.0	35.6	36.6	37.7	38.8	40.0
Central Library	120.1	122.5	125.0	127.3	129.6	132.0
Research Administration	35.1	37.6	37.7	38.5	39.6	40.6
Registrarial & Student Services	53.5	57.8	59.6	61.4	63.3	65.0
University-wide Academic	31.1	30.8	30.8	31.5	31.5	31.5
University-wide General	49.3	47.4	49.4	51.1	52.3	53.4
Federated Block Grant	17.3	17.7	18.1	18.6	19.0	19.5
Sub-total	**693.7**	**718.3**	**748.3**	**774.4**	**798.5**	**819.0**
Pension Risk Contingency	127.2	95.4	85.4	75.4	65.4	50.0
Strategic Fund	-	20.0	30.0	40.0	50.0	65.4
U-W costs offset by shared services income	147.1	145.7	150.0	152.9	155.9	158.9
Total: University Wide Costs	**737.5**	**979.4**	**1,013.6**	**1,042.7**	**1,069.7**	**1,093.4**

Student Aid Expenditures	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27
UofT Adv. Planning for Students (UTAPS)	40.1	40.5	41.6	42.9	44.1	45.5
Other Need-based Aid (incl Work Study)	9.7	9.6	10.0	10.0	10.0	10.0
Scholarships	16.1	18.5	20.2	22.1	24.0	25.7
Student Aid from Endowments	27.4	30.0	32.6	33.5	34.6	35.7
International Scholars	33.3	53.0	74.7	78.8	82.1	84.2
Subtotal, Undergraduate	**126.6**	**151.5**	**179.1**	**187.3**	**194.8**	**201.1**
Provincial Scholarship Grants	10.8	10.5	10.5	10.5	10.5	10.5
Student Aid from Endowments	23.0	25.1	27.3	28.1	29.0	29.9
Student Aid Matching Funds	1.0	1.1	1.1	1.1	1.1	1.1
SGS Graduate Fellowships	2.0	2.0	2.0	2.0	2.0	2.0
Doctoral Completion Awards	3.9	4.2	4.2	4.2	4.2	4.2
Subtotal, Graduate	**40.6**	**42.9**	**45.1**	**45.9**	**46.8**	**47.7**
Subtotal, Central Student Aid	**167.2**	**194.4**	**224.2**	**233.2**	**241.6**	**248.8**
Student Aid in Acad Divisions	123.7	136.2	137.0	137.9	138.9	139.3
Total: Student Aid Expense	**291.0**	**330.6**	**361.1**	**371.1**	**380.4**	**388.1**

Schedule 4: Revenue and Expense Allocations by Division 2022–23

	Attributed Operating Revenue	University Fund Allocation	Share of University Wide Expense	Student Aid Set-Aside	Academic Net Expense Budget
	A	B	C	D	(E=A+B-C-D)
Arts & Science	796,495,747	92,633,438	239,079,957	67,646,086	582,403,142
UofT Scarborough	340,928,450	27,433,827	49,450,442	25,289,763	293,622,072
UofT Mississauga	364,801,587	30,598,617	54,082,913	26,868,264	314,449,028
Dentistry	31,090,932	17,363,712	14,439,362	815,424	33,199,859
Medicine	211,641,276	39,167,545	96,956,389	16,955,375	136,897,057
Public Health	29,099,111	12,740,608	12,931,059	1,349,772	27,558,889
Nursing	18,142,379	4,758,260	6,212,086	1,773,812	14,914,741
Pharmacy	31,428,406	3,860,312	11,444,477	1,370,260	22,473,981
Kinesiology and Physical Education	17,789,612	5,176,864	6,919,013	1,580,341	14,467,123
Applied Science & Engineering	228,829,094	31,384,286	88,475,306	21,732,620	150,005,454
Architecture, Landscape & Design	34,254,814	11,310,368	11,530,602	2,498,691	31,535,889
OISE	77,413,976	19,495,768	27,513,910	2,745,101	66,650,733
Law	31,530,645	8,349,675	9,739,032	2,323,681	27,817,608
Information	22,998,385	4,024,249	6,325,442	667,468	20,029,724
Music	18,523,451	12,080,971	7,944,713	2,536,253	20,123,456
Social Work	14,019,880	3,177,004	5,114,549	1,173,179	10,909,156
Management	119,595,722	13,716,986	30,703,992	6,583,564	96,025,153
Transitional Year Programme	676,827	1,929,554	476,743	464,677	1,664,962
School of Continuing Studies	(3,606,118)	2,889,455	2,817,062	15,086	(3,548,812)
Subtotal	**2,385,654,178**	**342,091,500**	**682,157,047**	**184,389,416**	**1,861,199,215**
Divisional Income	362,282,257	-	145,698,971	-	216,583,286
Campus Costs and Divisional Aid	-	-	151,570,786	136,175,302	(287,746,088)
Recovery from Restricted Funds	35,793,278	-	-	9,996,615	25,796,663
Uncommitted Revenues	37,084,491	-	-	-	37,084,491
University Fund	380,039,258	(342,091,500)	-	-	37,947,758
Subtotal (excl flow-through)	**3,200,853,462**	**-**	**979,426,804**	**330,561,333**	**1,890,865,325**
Flow-through to Other Institutions	32,509,432	-	-	-	32,509,432
Total	**3,233,362,894**	**-**	**979,426,804**	**330,561,333**	**1,923,374,757**

Schedule 5: Projected Divisional Net Revenue Allocations — 2022–23 to 2026–27

Arts & Science	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27
Attributed Revenue[1]	766,111,691	796,495,747	846,517,616	889,638,789	917,005,781	934,356,476
University Fund Allocation[2]	96,188,826	92,633,438	92,633,438	92,633,438	92,633,438	92,633,438
University-Wide Costs	(236,444,680)	(239,079,957)	(249,603,323)	(258,277,044)	(266,030,632)	(272,014,248)
Student Aid Expense	(56,682,763)	(67,646,086)	(80,710,650)	(84,666,443)	(87,536,272)	(89,945,168)
Net Expense Budget	**569,173,075**	**582,403,142**	**608,837,081**	**639,328,741**	**656,072,315**	**665,030,499**

UTSC	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27
Attributed Revenue[1]	331,626,287	340,928,450	362,442,991	381,355,807	401,999,301	413,130,681
University Fund Allocation[2]	24,721,701	27,433,827	27,433,827	27,433,827	27,433,827	27,433,827
University-Wide Costs	(48,855,870)	(49,450,442)	(50,854,569)	(52,885,530)	(54,515,905)	(55,989,471)
Student Aid Expense	(21,096,773)	(25,289,763)	(31,039,659)	(32,696,947)	(34,714,467)	(36,011,986)
Net Expense Budget	**286,395,345**	**293,622,072**	**307,982,590**	**323,207,157**	**340,202,756**	**348,563,051**

UTM	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27
Attributed Revenue[1]	350,142,950	364,801,587	368,412,156	380,963,227	396,242,727	406,096,687
University Fund Allocation[2]	27,875,704	30,598,617	30,598,617	30,598,617	30,598,617	30,598,617
University-Wide Costs	(52,968,953)	(54,082,913)	(55,112,402)	(55,861,058)	(57,047,784)	(57,992,792)
Student Aid Expense	(21,963,794)	(26,868,264)	(31,245,555)	(32,345,103)	(33,875,762)	(35,003,170)
Net Expense Budget	**303,085,908**	**314,449,028**	**312,652,817**	**323,355,684**	**335,917,799**	**343,699,342**

Dentistry	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27
Attributed Revenue[1]	32,037,471	31,090,932	31,949,796	32,521,361	33,035,921	33,458,773
University Fund Allocation[2]	17,038,867	17,363,712	17,363,712	17,363,712	17,363,712	17,363,712
University-Wide Costs	(14,608,991)	(14,439,362)	(14,784,313)	(15,171,435)	(15,475,801)	(15,687,446)
Student Aid Expense	(747,876)	(815,424)	(871,643)	(891,551)	(915,722)	(939,177)
Net Expense Budget	**33,719,470**	**33,199,859**	**33,657,552**	**33,822,087**	**34,008,109**	**34,195,862**

1. Revenue includes 86% of attributable general operating revenues, but excludes divisional income and recoveries from restricted funds
2. Includes allocations up to and including 2022-23. Flatlined for outer years.

Medicine	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27
Attributed Revenue[1]	209,325,577	211,641,276	216,485,000	218,016,477	220,917,224	222,760,157
University Fund Allocation[2]	37,721,493	39,167,545	39,167,545	39,167,545	39,167,545	39,167,545
University-Wide Costs	(95,385,828)	(96,956,389)	(99,465,886)	(101,969,522)	(103,763,729)	(105,327,421)
Student Aid Expense	(15,364,615)	(16,955,375)	(18,073,915)	(18,450,666)	(18,900,336)	(19,360,489)
Net Expense Budget	**136,296,627**	**136,897,057**	**138,112,745**	**136,763,834**	**137,420,705**	**137,239,792**

DLSPH	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27
Attributed Revenue[1]	27,075,586	29,099,111	30,061,597	30,625,192	31,175,339	31,462,659
University Fund Allocation[2]	12,556,308	12,740,608	12,740,608	12,740,608	12,740,608	12,740,608
University-Wide Costs	(12,002,049)	(12,931,059)	(13,336,554)	(13,656,152)	(13,937,330)	(14,132,358)
Student Aid Expense	(1,207,838)	(1,349,772)	(1,412,083)	(1,448,079)	(1,453,883)	(1,459,816)
Net Expense Budget	**26,422,007**	**27,558,889**	**28,053,568**	**28,261,570**	**28,524,733**	**28,611,093**

Nursing	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27
Attributed Revenue[1]	17,716,302	18,142,379	18,565,796	18,823,821	19,126,794	19,400,579
University Fund Allocation[2]	4,605,457	4,758,260	4,758,260	4,758,260	4,758,260	4,758,260
University-Wide Costs	(6,291,505)	(6,212,086)	(6,361,056)	(6,504,260)	(6,618,304)	(6,711,700)
Student Aid Expense	(1,655,969)	(1,773,812)	(1,881,471)	(1,914,627)	(1,969,403)	(2,022,708)
Net Expense Budget	**14,374,285**	**14,914,741**	**15,081,529**	**15,163,194**	**15,297,347**	**15,424,431**

Pharmacy	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27
Attributed Revenue[1]	30,893,424	31,428,406	32,561,741	33,524,768	34,862,087	35,164,132
University Fund Allocation[2]	3,575,198	3,860,312	3,860,312	3,860,312	3,860,312	3,860,312
University-Wide Costs	(11,177,122)	(11,444,477)	(11,851,138)	(12,236,796)	(12,582,700)	(12,868,946)
Student Aid Expense	(1,291,473)	(1,370,260)	(1,475,377)	(1,518,915)	(1,566,873)	(1,613,931)
Net Expense Budget	**22,000,027**	**22,473,981**	**23,095,538**	**23,629,369**	**24,572,826**	**24,541,568**

1. Revenue includes 86% of attributable general operating revenues, but excludes divisional income and recoveries from restricted funds
2. Includes allocations up to and including 2022-23. Flatlined for outer years.

Schedule 5: Projected Divisional Net Revenue Allocations Cont'd — **2022–23 to 2026–27**

KPE	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27
Attributed Revenue[1]	16,256,168	17,789,612	18,699,237	19,859,470	20,609,456	21,127,114
University Fund Allocation[2]	5,182,688	5,176,864	5,176,864	5,176,864	5,176,864	5,176,864
University-Wide Costs	(6,749,247)	(6,919,013)	(7,563,667)	(7,857,480)	(8,163,364)	(8,376,935)
Student Aid Expense	(1,478,843)	(1,580,341)	(1,674,772)	(1,735,195)	(1,815,036)	(1,863,395)
Net Expense Budget	**13,210,766**	**14,467,123**	**14,637,663**	**15,443,659**	**15,807,919**	**16,063,648**

APSE	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27
Attributed Revenue[1]	218,571,971	228,829,094	234,072,376	244,297,515	248,851,226	254,111,258
University Fund Allocation[2]	30,710,129	31,384,286	31,384,286	31,384,286	31,384,286	31,384,286
University-Wide Costs	(86,055,838)	(88,475,306)	(91,389,816)	(93,454,967)	(95,830,856)	(97,133,880)
Student Aid Expense	(19,562,608)	(21,732,620)	(24,087,433)	(25,051,183)	(25,568,032)	(26,309,722)
Net Expense Budget	**143,663,655**	**150,005,454**	**149,979,414**	**157,175,651**	**158,836,624**	**162,051,943**

Architecture, L & D	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27
Attributed Revenue[1]	33,996,128	34,254,814	36,432,899	37,761,130	38,685,101	39,488,301
University Fund Allocation[2]	11,037,874	11,310,368	11,310,368	11,310,368	11,310,368	11,310,368
University-Wide Costs	(11,698,519)	(11,530,602)	(12,050,811)	(12,534,856)	(12,807,099)	(12,956,580)
Student Aid Expense	(2,308,948)	(2,498,691)	(2,682,898)	(2,723,597)	(2,774,463)	(2,862,124)
Net Expense Budget	**31,026,534**	**31,535,889**	**33,009,558**	**33,813,045**	**34,413,907**	**34,979,965**

OISE/UT	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27
Attributed Revenue[1]	73,933,982	77,413,976	83,484,022	88,215,276	93,570,541	99,341,761
University Fund Allocation[2]	19,269,181	19,495,768	19,495,768	19,495,768	19,495,768	19,495,768
University-Wide Costs	(27,116,187)	(27,513,910)	(29,024,704)	(30,495,837)	(31,696,852)	(32,698,516)
Student Aid Expense	(2,606,009)	(2,745,101)	(2,913,361)	(3,014,944)	(3,105,905)	(3,189,332)
Net Expense Budget	**63,480,968**	**66,650,733**	**71,041,725**	**74,200,263**	**78,263,553**	**82,949,681**

1. Revenue includes 86% of attributable general operating revenues, but excludes divisional income and recoveries from restricted funds
2. Includes allocations up to and including 2022-23. Flatlined for outer years.

Law	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27
Attributed Revenue[1]	31,364,515	31,530,645	32,462,206	33,811,791	34,863,404	35,807,844
University Fund Allocation[2]	8,149,362	8,349,675	8,349,675	8,349,675	8,349,675	8,349,675
University-Wide Costs	(9,745,626)	(9,739,032)	(10,090,972)	(10,312,479)	(10,558,851)	(10,747,303)
Student Aid Expense	(2,110,729)	(2,323,681)	(2,520,797)	(2,593,558)	(2,678,036)	(2,764,905)
Net Expense Budget	**27,657,522**	**27,817,608**	**28,200,111**	**29,255,430**	**29,976,193**	**30,645,311**

Information	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27
Attributed Revenue[1]	22,605,275	22,998,385	25,694,269	26,895,407	28,039,699	29,260,193
University Fund Allocation[2]	4,020,999	4,024,249	4,024,249	4,024,249	4,024,249	4,024,249
University-Wide Costs	(6,434,053)	(6,325,442)	(6,771,797)	(7,219,046)	(7,451,285)	(7,637,836)
Student Aid Expense	(642,942)	(667,468)	(759,295)	(805,251)	(853,043)	(909,472)
Net Expense Budget	**19,549,279**	**20,029,724**	**22,187,426**	**22,895,358**	**23,759,620**	**24,737,134**

Music	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27
Attributed Revenue[1]	17,886,385	18,523,451	19,215,934	19,593,990	19,810,734	20,108,636
University Fund Allocation[2]	11,907,562	12,080,971	12,080,971	12,080,971	12,080,971	12,080,971
University-Wide Costs	(8,114,705)	(7,944,713)	(8,171,958)	(8,400,563)	(8,551,541)	(8,636,714)
Student Aid Expense	(2,398,451)	(2,536,253)	(2,700,011)	(2,747,071)	(2,807,338)	(2,881,359)
Net Expense Budget	**19,280,791**	**20,123,456**	**20,424,936**	**20,527,326**	**20,532,826**	**20,671,535**

1. Revenue includes 86% of attributable general operating revenues, but excludes divisional income and recoveries from restricted funds
2. Includes allocations up to and including 2022-23. Flatlined for outer years.

Schedule 5: Projected Divisional Net Revenue Allocations Cont'd **2022–23 to 2026–27**

Social Work	**2021-22**	**2022-23**	**2023-24**	**2024-25**	**2025-26**	**2026-27**
Attributed Revenue[1]	13,710,575	14,019,880	14,357,456	14,609,044	14,857,646	15,100,094
University Fund Allocation[2]	3,097,648	3,177,004	3,177,004	3,177,004	3,177,004	3,177,004
University-Wide Costs	(4,946,893)	(5,114,549)	(5,134,483)	(5,233,551)	(5,356,079)	(5,430,316)
Student Aid Expense	(1,126,333)	(1,173,179)	(1,258,470)	(1,289,236)	(1,323,849)	(1,361,069)
Net Expense Budget	**10,734,996**	**10,909,156**	**11,141,507**	**11,263,261**	**11,354,722**	**11,485,713**

Management	**2021-22**	**2022-23**	**2023-24**	**2024-25**	**2025-26**	**2026-27**
Attributed Revenue[1]	114,399,464	119,595,722	123,009,241	126,949,562	129,852,485	132,916,538
University Fund Allocation[2]	13,300,180	13,716,986	13,716,986	13,716,986	13,716,986	13,716,986
University-Wide Costs	(30,298,778)	(30,703,992)	(32,011,480)	(32,678,860)	(33,332,347)	(34,194,796)
Student Aid Expense	(5,631,335)	(6,583,564)	(7,461,460)	(7,566,887)	(7,591,472)	(7,803,495)
Net Expense Budget	**91,769,531**	**96,025,153**	**97,253,287**	**100,420,801**	**102,645,652**	**104,635,233**

Trans. Year. Prog.	**2021-22**	**2022-23**	**2023-24**	**2024-25**	**2025-26**	**2026-27**
Attributed Revenue[1]	1,015,846	676,827	722,551	741,896	764,936	787,582
University Fund Allocation[2]	1,926,973	1,929,554	1,929,554	1,929,554	1,929,554	1,929,554
University-Wide Costs	(493,678)	(476,743)	(493,181)	(501,237)	(511,129)	(517,270)
Student Aid Expense	(741,296)	(464,677)	(502,136)	(515,312)	(531,437)	(548,004)
Net Expense Budget	**1,707,844**	**1,664,962**	**1,656,788**	**1,654,901**	**1,651,924**	**1,651,862**

School of Cont. Studies	**2021-22**	**2022-23**	**2023-24**	**2024-25**	**2025-26**	**2026-27**
Attributed Revenue[1]	(2,792,883)	(3,606,118)	(3,558,352)	(3,600,979)	(3,614,895)	(3,684,648)
University Fund Allocation[2]	2,894,433	2,889,455	2,889,455	2,889,455	2,889,455	2,889,455
University-Wide Costs	(3,312,247)	(2,817,062)	(3,005,043)	(3,085,051)	(3,157,778)	(3,210,887)
Student Aid Expense	(14,213)	(15,086)	(16,422)	(16,895)	(17,452)	(18,036)
Net Expense Budget	**(3,224,909)**	**(3,548,812)**	**(3,690,363)**	**(3,813,471)**	**(3,900,670)**	**(4,024,117)**

1. Revenue includes 86% of attributable general operating revenues, but excludes divisional income and recoveries from restricted funds
2. Includes allocations up to and including 2022-23. Flatlined for outer years.

UNIVERSITY OF
TORONTO