

2016-17 Budget Presentation Board of Governors April 20, 2016

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Agenda

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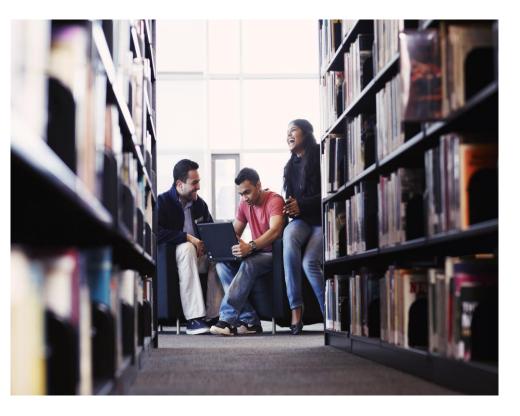
- ► UOIT Strategic Priorities
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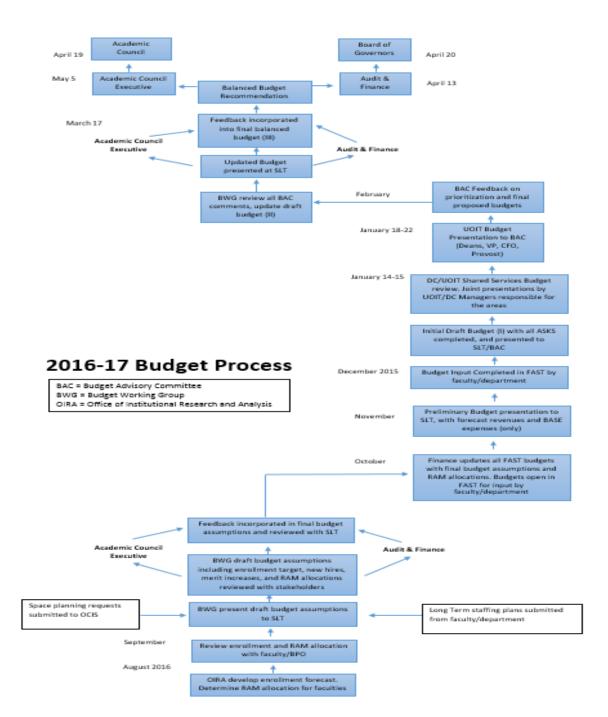
Budget Framework



► Process

► Accounting Policies and Principles







Accounting Policies and Principles

Methodology

- UOIT operating budgets are prepared on a "modified-cash" basis. All budgets are in the total UOIT operating statements, including TELE, ACE, Regent Theatre, Childcare, and Campus Ice/Campus Fieldhouse Centre.
- The audited Statement of Operations prepared by KPMG is a consolidated financial summary developed on an accrual basis.
- The difference between cash vs. accrual methodology can create a significant variance between management reporting and financial reporting. Non- cash transactions such as depreciation, or accrued research revenues and expenses impact financial reporting, but are excluded from management reports.
- Finance have created quarterly financial statements, prepared on an accrual basis, to reconcile these two methods. A UOIT balance sheet, income statement, and change in financial position are presented each quarter, along with a reconciliation to the management operating statements.

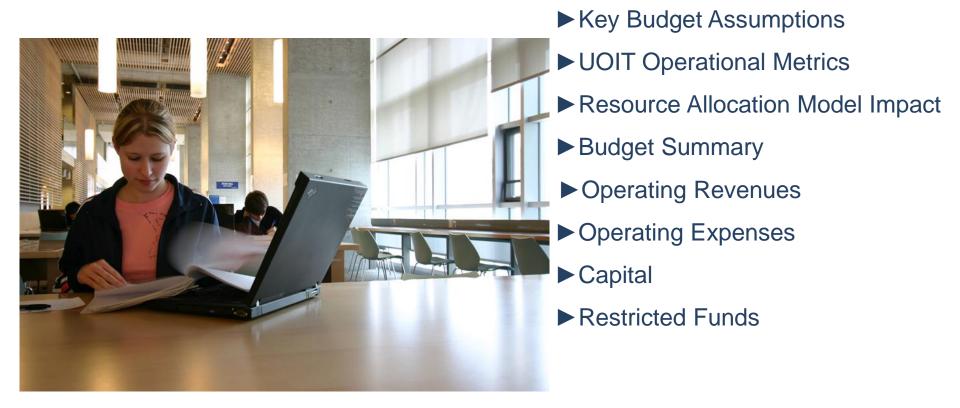


Financial Principles

- 1. Provide career-oriented programs that focus on innovation in a cost effective and efficient manner.
- 2. Align the allocation of resources with strategic priorities, providing transparency and accountability.
- 3. Ensure long-term financial sustainability.
- 4. Combine long term planning, budgeting, and forecasting into a comprehensive integrated process.
- 5. Manage capital assets to maximize their useful life.
- 6. Maintain reserves at appropriate levels.
- 7. Demonstrate prudent investment management.



Financial Overview





Key Budget Assumptions

1. Enrolment

- Domestic UG intake decrease (6.0%) or -155 FTE, mainly due to decrease in Social Science and Humanities with increased competition from other Universities. Flow thru up 163 FTE. Overall up 7 FTE at 7,876.
- ▶ International UG intake decrease (3%) or -3 FTE. Flow thru also down -79 FTE. Overall down -82 FTE at 431.
- ► Grad Domestic FTE up 10% or 36 FTE totaling 388.
- ▶ Grad International down 15% or -24 FTE totaling 137.
- ► Total FTE down (0.7%) -63 FTE
- Retention levels increased 0.7%, now at 80.3%

2. Government Grants

- Normal BIUs. Efficiency target reduction ended in 2015-16
- \$1.4M teaching transition grants ended 15/16

3. Tuition set at new 2016/17 rates

- Overall average increase of 3%, or an additional \$2.3M
- 4. Salary/wage estimates are based on current and planned contracts, as well as the nonunion compensation plan.
 - Fringe benefit rates for full time employees is unchanged at 18.5%
 - Benefit rates for part time employees is unchanged at 9.0%

5. Standard COU space measurement averages 7.5 NASM/FTE for Ontario universities.

- 2015-16 average for UOIT was 4.6 NASM/FTE
- 2016-17 average will remain flat at 4.6 NASM/FTE
- 6. Student/Faculty ratio overall will stay flat at 31:1 if all positions are filled. The tenure and tenure track ratio is also flat at 41:1
- 7. Operating budget includes a contingency of \$3.9M. Building reserve of \$2M, deferred maintenance of \$0.5M, and \$1.4M of general contingency reserves.



Budget Metrics

Indicator	Metric	16/17 Budget/Target	15/16 Fcst	14/15 Actual	Comment - 2016/17 Target vs 2015/16 Fcst
1	Enrolment	8,832	8,662	8,722	
1	UG Domestic	7,876	7,715	7,819	Domestic UG inflow was down -12 FTE, this was offset by flow thru of +173 FTE
↓	UG International	431	437	450	International UG inflow was up 6 FTE, flow thru was down 12 FTE
1	Grad Domestic	388	362	320	Grad domestic FTE is up 26 FTE
V	Grad International	137	148	133	Grad international enrolment is down 11 FTE
↑	Basic Operating Grant	\$55,237,858	\$53,585,853	\$54,846,000	Domestic UG inflow was down offset by higher flow thru FTE UG Mix favourable. Grad FTE increase. This is offset up the loss of the teaching transition grants discontined for Education.
1	Student/Faculty Ratio	31:1	33:1	33:1	Improvement as positions are filled
1	Tuition Rate Increase	3.0%	2.9%	2.9%	
1	NASM/FTE	4.6	4.6	4.6	Space remains consistent, student FTE's are increasing
			-		
1	Retention Rate	80.3%	79.8%	77.2%	Returning Students from 14/15
			1	1	
1	Positions Filled	100.0%	94.2%	93.3%	Goal is to fill all open positions
1	Advancement Fundraising	\$ 2,625,636	\$ 1,760,345	\$ 1,915,642	



Resource Allocation Model

2015/16 budget process:

In 2015/16, we implemented a new Resource Allocation model whereby for domestic undergraduate enrolment:

- 85% of Net tuition was allocated to faculties
- 10% of Net tuition was allocated to Central fund to cover tuition set aside (TSA) requirements from MTCU
- 5% of Net tuition was allocated to Central fund for an Academic Quality Fund (AQF)
- 100% of operating grant and non-faculty specific grants flow to a central fund, to cover non-academic unit costs

Current budget environment:

- Ontario traditional aged students are declining over the next 5 years
- In turn, this has resulted in increased competition from within the system
- And hence lower enrolment targets for UOIT for 2016 17.

Resource Allocation Model (cont)

Current budget environment:

With the change in budget environment and the anticipated shortfall in enrolment, the Financial Planning and Resource Allocation (FPRA) Committee recommended that the budget resource allocation model for 2016/17 be modified. Therefore,

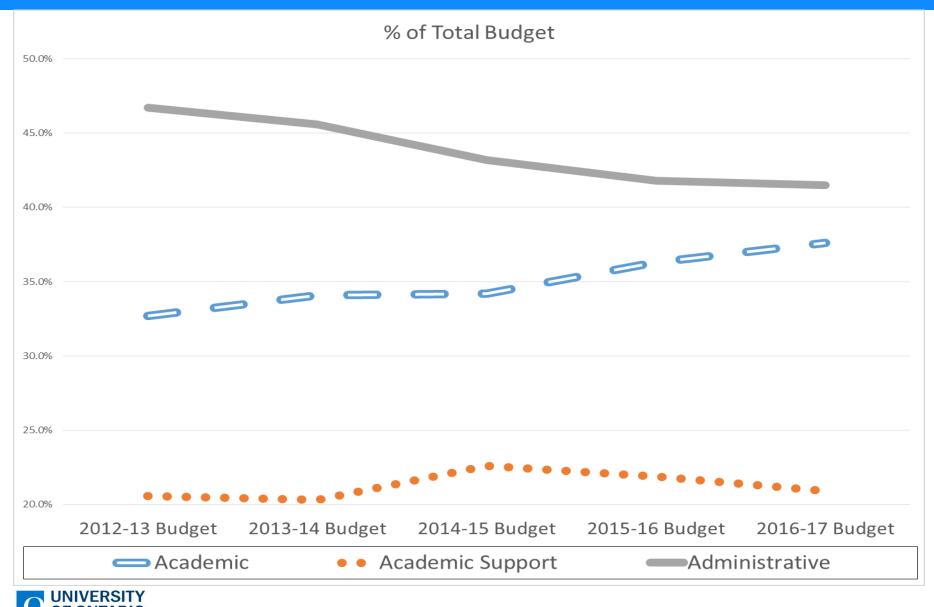
- Net incremental revenue was allocated to faculties to maintain quality of teaching and research. Net incremental revenue was calculated as total incremental revenue of \$2.2M, less:
 - 2.5% base cuts applied to all faculties and support units (total cuts = \$2.6m)
 - support units allocated their share of salary increases (no new hires approved)
 - Share allocated to those areas that have costs that are subject to mandatory increases such as utilities, contractual increases (e.g. security costs) and lease costs

Resource Allocation To Faculties

Faculty Revenue	2016-17 \$ (\$'000)	2016-17 %
Business and Information Technology	\$547.7	24.5%
Education	\$221.4	9.9%
Energy Systems and Nuclear Science	(\$356.0)	(13.7%)
Engineering and Applied Science	\$597.2	26.7%
Health Sciences	\$580.8	25.9%
Science	\$382.9	17.1%
Social Science and Humanities	\$265.9	11.9%
Total	\$2,239.9	100.0%



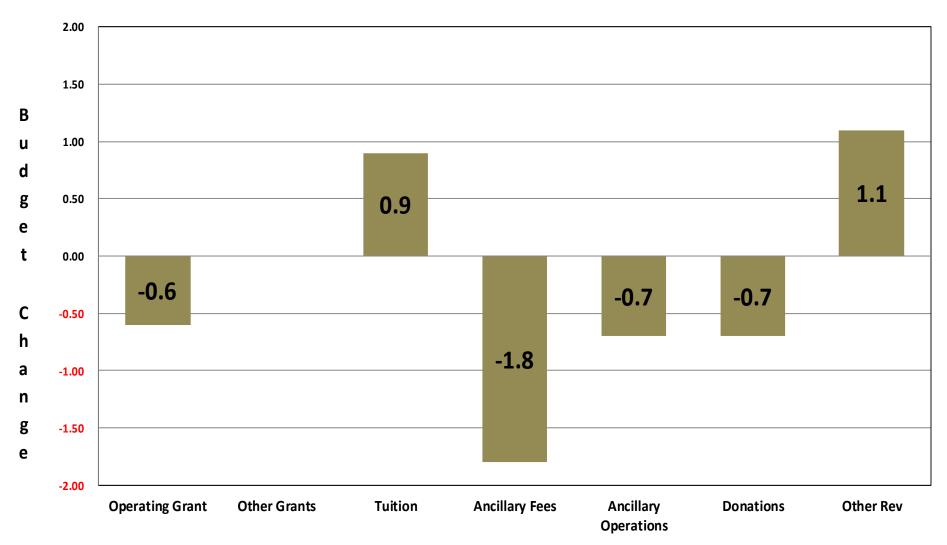
Budget Percentage Allocation



	2016- 17 Proposed Draft Budget															
	Ор	6-17 Draft perating Budget		Purchased Services	[Debenture		TELE		ACE	Rege	ent Theater	Campus hildCare	Fi	Campus ieldhouse nd Arena	otal 2016 - 17 Draft Budget
<u>REVENUES</u> Operating Grants	\$ _!	55,237,857			\$	13,500,000										\$ 68,737,857
Other Grants	\$	7,559,311											\$ 101,517			\$ 7,660,828
Student Tuition Fees	\$	74,265,919														\$ 74,265,919
Student Ancillary Fees	\$	5,229,893	\$	2,190,824			\$	6,604,003								\$ 14,024,720
Revenues from Ancillary Operations	\$	225,000	\$	3,546,976												\$ 3,771,976
Donations	\$	608,100					\$	-								\$ 608,100
Other Revenues	\$	2,967,535			\$	-	\$	222,675	\$	4,775,041	\$	290,000	\$ 751,270	\$	1,415,337	\$ 10,421,858
Total Operating Revenues	\$ 1	46,093,615	\$	5,737,800	\$	13,500,000	\$	6,826,678	\$	4,775,041	\$	290,000	\$ 852,787	\$	1,415,337	\$ 179,491,257
EXPENDITURES																
FT Labour	\$ (1	(74,179,363)	\$	(6,597,626)			\$	(1,232,706)	\$	(1,532,063)	\$	(89,721)	\$ (337,658)	\$	(600,298)	\$ (84,569,435)
PT Labour	\$ (:	(14,926,805)	\$	(331,528)			\$	(385,287)	\$	(125,974)	\$	(138,975)	\$ (287,947)	\$	-	\$ (16,196,515)
Operating Expenses	\$ (4	(41,330,984)	\$	(8,281,892)	\$	(16,501,007)	\$	(1,463,974)	\$	(3,107,902)	\$	(137,380)	\$ (222,397)	\$	(923,528)	\$ (71,969,064)
Capital Expenses	\$	(2,965,775)	\$	(1,092,186)			\$	(3,744,711)	\$	-	\$	-	\$ -	\$	(18,614)	\$ (7,821,286)
Carry Forwards (See note on slide 50)	\$	1,065,043	\$	-			\$	-	\$	-	\$	-	\$ -	\$	-	\$ 1,065,043
Total Expenditures	\$ (1	132,337,884)	\$	(16,303,232)	\$	(16,501,007)	\$	(6,826,678)	\$	(4,765,938)	\$	(366,076)	\$ (848,001)	\$	(1,542,440)	\$ (179,491,257)
Budget Surplus/(Deficit)	\$	13,755,731	\$	(10,565,432)	\$	(3,001,007)	\$	(0)	\$	9,103	\$	(76,076)	\$ 4,786	\$	(127,103)	\$ 0

Snapshot – Budget Revenue Summary

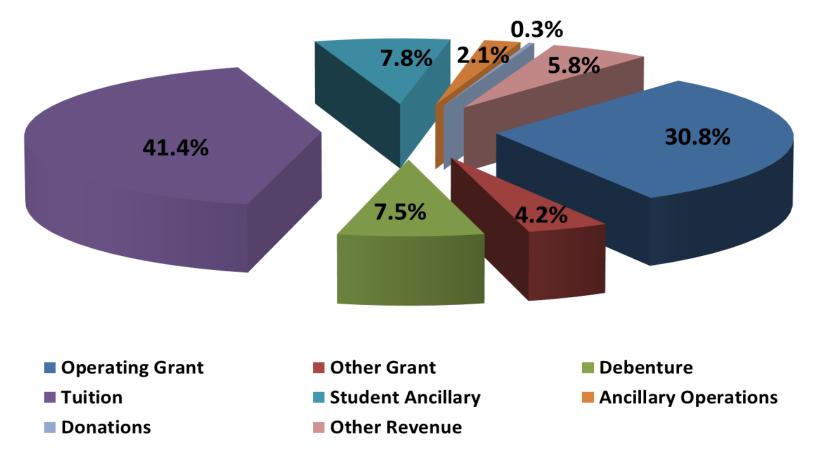
The overall UOIT budget has decreased \$1.8M or 1.0%





Revenue Components

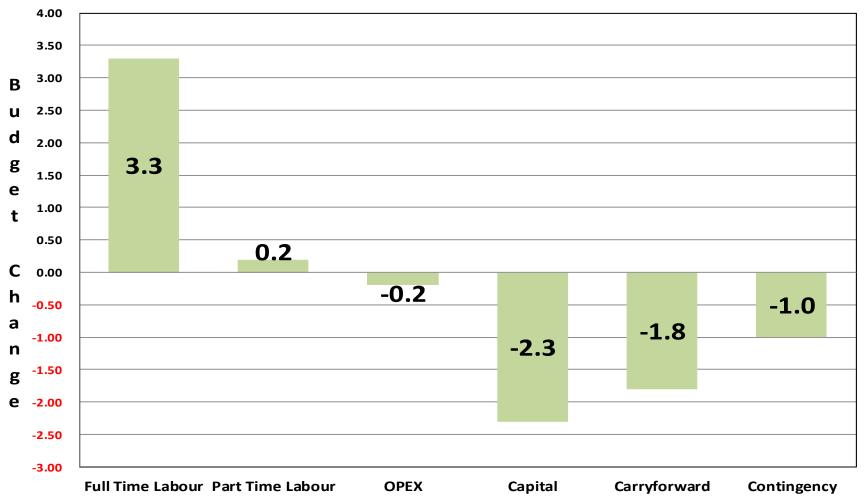
Revenue Components as a % of Total Revenue





Snapshot – Budget Expense Summary

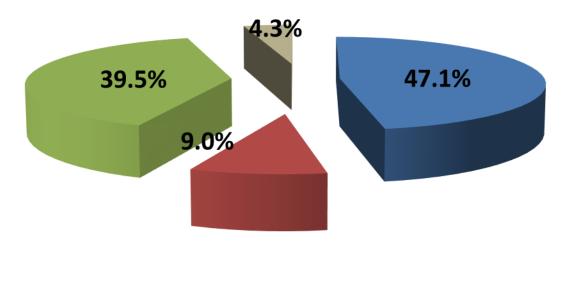
The overall UOIT budget has decreased \$1.8M or 1.0%





Expense Components

Expense Components as a % of Total Expense



- Full Time Labour
- Part Time Labour
- Operating Expense & Carryforward
- Capital



Capital Projects (\$'000)

		<u>2016-17</u>	<u>2015-16</u>	Inc./(Dec.)
С	APEX	\$7.8	\$10.1	(\$2.3)
<u>C</u>	onsists of:			
•	Laptops	\$3.7	\$5.5	(\$1.8)
•	IT Services	\$0.5	\$0.7	(\$0.2)
•	Space Reconfigurations	\$1.4	\$1.6	(\$0.2)
•	Purchased Services	\$1.1	\$1.6	(\$0.5)
•	Lab Equipment	\$0.9	\$0.4	\$0.5
•	Other	\$0.2	\$0.3	(\$0.1)

UOIT Restricted Funds

Why include restricted funds in budget planning?

- 1. Provide stability from uncontrollable factors such as fluctuations in funding levels, or unforeseen economic factors
- 2. Provide financing for one-time requirements without impacting current year's operations
- 3. Allocate funds in support of RAM Allocations for "Carry Forward" amounts in Academic units
- 4. Ensure adequate cash flows, and provide flexibility to manage debt levels to protect UOIT's financial position
- 5. Provide for future liabilities



2016-17 Estimated Internally Restricted Fund Schedule

Internally	2016-17 Draft Budget	2015-16 Forecast	2015-16 Budget	2014-15 Actual
Restricted Assets (\$'000)	End Balance (\$'000)	End Balance (\$'000)	End Balance (\$'000)	End Balance (\$'000)
Research Related	\$4,500	\$4,700	\$4,729	\$4,960
Capital Related	\$22,600	\$20,100	\$18,576	\$17,601
Student Awards	\$200	\$500	\$1,980	\$822
Working Capital	\$6,000	\$6,000	\$6,000	\$5,000
Budget Carry Forward	\$710	\$1,700	\$0	\$0
Other	\$900	\$900	\$960	\$1,430
Total Restricted	\$34,910	\$33,900	\$32,245	\$29,813
Change in Restricted	\$1,010	\$1,655	\$2,432	



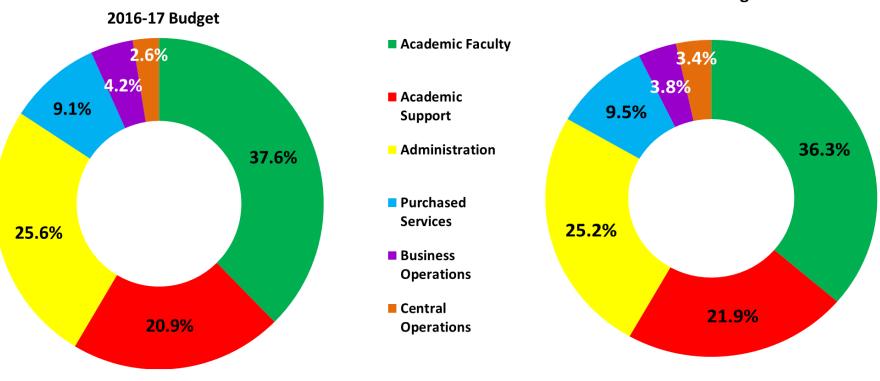
Budget Summaries By Area



Expense Components By Group



Expense Components By Group



2015-16 Budget



Strategic Planning And Budgeting



- ► UOIT Strategic Priorities
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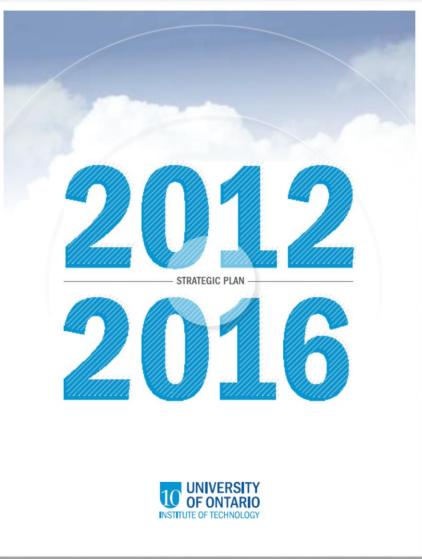
UOIT Strategic Priorities

The 2012-2016 Strategic Plan is guided by three overarching priorities, which are to:

• Prepare our graduates for the evolving 21st-century workplace;

 Build strength and capacity through research, innovation and partnerships; and

• Be distinguished as a healthy 21stcentury workplace.





2015-16 Update

Prepare our graduates for the evolving 21st-century workplace:

•Complete an institutional communication and service strategy to ensure delivery on the UOIT brand promise through enrolment life cycle.

- •RFI for Early Warning System and Research Math Diagnostic testing
- Invest \$5M over 3 years to move to TELE 2.0
- Increase access through short programs (i.e. GDip UNENE & Accounting)

Build strength and capacity through research, innovation and partnerships:

- •Established a travel award for students to attend conferences
- Increase Graduate Scholarships to 79 from 62
- •Enhance sponsored research, and commercialization

Be distinguished as a healthy 21st-century workplace:

•Strengthen administrative partnerships across the university to facilitate a seamless service experience

o created PACIP, now working with secretariat on policy framework

- •Implement new operating model with mix of income sources
 - Auxiliary(Regent, CTC, CCC), Advancement, Con Ed, ESL, Conference Services

•Support students, faculty, staff in the effective use of technology systems and processes;

• *MEP, Workflow, BDMS, Payroll, Expense Forms....*



Highlights for 2016-17

Prepare our graduates for the evolving 21st-century workplace:

- Offer programs in Mechatronics
- Complete proposal for Informatics & PhD Criminology
- Focus on filling academic positions
- Continue research on Math Diagnostic testing and placements
- Increase student engagement: convert to Campus Fieldhouse
- Continue invest \$5M over 3 years to move to TELE 2.0

Build strength and capacity through research, innovation and partnerships:

- Enhance sponsored research/ partnerships through increased funding for researchers
- Increase focus on experiential education
- Support application for Canada First Research Excellence Fund
- Complete fundraising plan

Be distinguished as a healthy 21st-century workplace:

- Refresh the 2012-2016 Strategic Plan
- Increase alternate sources of revenue: start-up new UOIT ESL program
- Make services simple (Kaizen) start with move to single front line registration service
- Finalize procedures for records management and layout implementation



UOIT Core Performance Targets

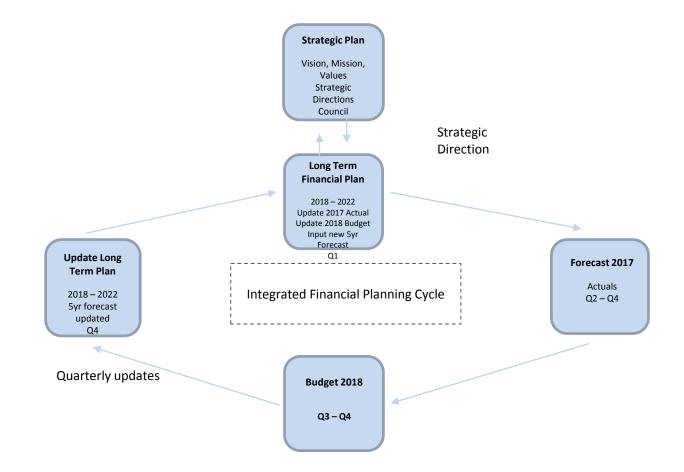
Prepare our graduates for the evolving 21st-century workplace	2012 Level	Current Level	Short Term Objective	Proposed FY17	Long Term			
Student Enrolment (FTEs)	8,164	8,649	\mathbf{C}	8,832	\longleftrightarrow			
Andragogy (Hybrid and online offerings)	6.6%	20%		21%	∎t			
Retention Rate (CSRDE yr 1 - 2)	77.2%	80.3%		80.3%	_+1Î			
Student Faculty ratio actual (approved)	31:1	33:1 (31:1)	\bigcirc	31:1	\rightarrow			
Graduate Employment Rates (2 years)	95.3%	94.8%		94%	•			
Build strength and capacity through research, innovation and partnerships	2012 Level	Current Level	Short Term Objective	Proposed FY17	Long Term			
Total Sponsored Research	\$12.3M	\$10.0M	\bigcirc	\$10.0M	-tÎ			
% Graduate of student body	4.7%	5.9%		6%	1			
% UG students graduating with Experiential Learning	N/A	62%		65%	₁			
NSSE Educational Experience (positive = good/v. good)	78%	73%	\bigcirc	80%	+			
Be distinguished as a healthy 21st-century workplace	2012 Level	Current Level	Short Term Objective	Proposed FY17	Long Term			
Applications, UG (GR)	11,507 (1,300)	11,010 (1,492)		10,800 (1,500)	_tÎ			
Net income/Loss Ratio	1.80%	0.6%	Q	2.30%	+			
NASM/ FTE (COU cat 1-5, 10)	4.74	4.15	\bigcirc	4.08	11			
Employee Permanance	94.6%	95.9%	\bigcirc	95%	\longleftrightarrow			
Legend: 🕑 meeting objective; 😜 on track with objective; 🐶 not meeting objective; 🟦 improvement; — maintain.								

Strategic Initiatives – Budget (\$'000)

Total strategic planning \$ in current budget	<u>2016-17</u> \$5.6M
Consists of:	
Infrastructure Upgrades IT Capital Upgrades Building Reserve Pathways UPF:	\$1.2M \$1.1M \$2.0M \$0.3M
Alternate Rev. Sources R Marceau Chair Partnerships Fund	\$0.6M \$0.2M \$0.2M



Strategic Planning & UOIT Financial Cycle





Conclusion



- ► Next Steps
- Questions and Discussion



Next Steps

- Draft budget presentation to Audit & Finance Committee April 13, 2016
- Budget recommendations to the Board of Governors April 20, 2016
- Budget presentation to Academic Council Executive May 3, 2016
- Budget presented to Academic Council May 17, 2016



Questions/Discussion

Are there any questions or comments?

