

BUDGET CONSIDERATIONS

DISCUSSION PAPER SERIES

PROVOST'S ADVISORY COMMITTEE ON INTEGRATED PLANNING

NOVEMBER 2016

Introduction

The University of Ontario Institute of Technology (UOIT), has grown from a budget of \$99M in 2011-12 to a budget of more than \$179M in the coming year. After several years of enrolment growth that was associated with substantial yearly increases in revenue, growth has been near zero for the past three years.

	11-12	12-13	13-14	14-15	15-16	e16-17
Total Budget ¹ (\$M)	99	155	169	180	181	179

At UOIT, we have not had to impose the deep, across-the-board cuts that have been contemplated at other post-secondary institutions. But we have made selective cuts to reduce costs and preserve our core mission. Every effort has been made to minimize the impact of cuts on students, faculty and staff while at the same time balancing the budget and maximizing the sustainability of our university.

In 2011, the Senior Academic Team set two goals: to improve UOIT's student:faculty ratio from 36:1 to 31:1; and to have a 70:30 ratio of research and teaching (TTT) to teaching focused (TF) faculty. Since this goal was set, we have hired ~70 more faculty members, which makes the teaching faculty student:faculty ratio 30:1.

	11-12	12-13	13-14	14-15	15-16	e16-17
TTT total	164	170	187	207	210	214
TF Total	53	59	68	70	69	72
Grand Total	217	229	255	277	279	286
% TF	24.4%	25.8%	26.7%	25.3%	24.7%	25.2%
Faculty Ratio	36	36	32	31	30	30

With a greater proportion of our budget being directed to labour our total expenses increase at a faster rate due to annual changes in salary. This, coupled with relatively stagnant revenue, means that starting 2016-2017, we will have an annually increasing budget deficit. The total deficit over the next five years is projected to be about \$10M. In the face of this, UOIT adopted a two-year plan starting in 2016-17 to reduce our operating budget annually by 2.5%. These reductions would enable a reallocation to cover mandatory salaries and inflationary increases such as utilities. This effort must continue in 2017-18 with an even greater effort to identify and cut non-essential costs. This means making tough choices on the activities we cannot afford to accomplish right now. Although such a strategy will avoid a growing deficit, it will both reduce UOIT's flexibility to respond to opportunities and increase the risk associated with greater dependence on the underlying enrolment, among other assumptions, that are built into the budget.

The Budget Working Group has worked with the Senior Leadership Team to develop a plan that will identify cuts that will prevent a growing budget deficit and allow us to pursue objectives articulated in our 2017-2022 Strategic Plan²:

1. Reduced by 33% in all units discretionary Professional Development and Travel;
2. Reduced operating expenses in areas determined by each budget lead;
3. Strategic labour reductions through attrition; and
4. Reduced contingency funds.

Our mission speaks to graduate and undergraduate education and to innovative research. In the next year, we must focus on the mission of the University to ensure we meet our instructional and research mandate. This will require us to

¹ These figures do not include research grants as majority of the revenue is allocated to the investigator or mobile program.

² Insert web address when up

satisfy our academic hiring requirements and maintain essential support functions. Every effort is being made to preserve current staffing levels by meeting increasing labour costs through attrition rather than through lay-offs. However, reduction of our labour force by attrition cannot translate into more work for those who are left. We must identify the functions that:

- a. we will no longer do;
- b. functions that we can accomplish with the help of technology; and
- c. functions that are being duplicated or that are already being done to the extent needed by others.

This will require us to have honest conversations about what we cannot do and to focus on the 'must-have' aspects of our work. We will also have to avoid the temptation to do projects on the side of our desk. By focusing on the mission of the University, we can strengthen our values and come through this period of restraint with a University that is sustainable, vibrant and collegial.

Current Environment

There has been much discussion and some anxiety throughout the UOIT community regarding our budget projections and approach as described above. Prior to 2016, UOIT considered a move towards a resource allocation model (RAM). Given our projections for the next 5-10 years, this approach is no longer appropriate, for two main reasons:

- Small enrolment fluctuations within a Faculty can have large financial impacts;
- Our main source populations for students are declining over the next several years, which will strain the institution as we have increasing costs exceeding the limited increase in revenue.

The forecasted budget for 2017-18 is essentially the same as the 2016-17 budget. There is a balanced change in both revenue and expenses due to the university's move from provisioning laptops to BYOD (bring your own device) program for students. Further, increased revenue from tuition increases is almost completely offset by increased labour costs.

Budget Revenue and Expenses, 2016-17 and 2017-18³

REVENUES	2016-17	2017-18	Difference
Operating Grants	\$68,737,857	\$68,719,930	-\$17,927
Other Grants	\$7,660,828	\$7,867,419	\$206,591
Student Tuition Fees	\$74,265,919	\$77,298,372	\$3,032,454
Student Ancillary Fees	\$14,024,720	\$11,871,979	-\$2,152,741
Revenues from Ancillary Operations	\$3,771,976	\$3,771,976	\$0
Donations	\$608,100	\$608,100	\$0
Other Revenues	\$10,421,858	\$10,421,858	\$0
Total Operating Revenues	\$179,491,257	\$180,334,637	\$843,380
EXPENDITURES			
FT Labour	-\$84,569,435	-\$87,695,844	-\$3,126,409
PT Labour	-\$16,196,515	-\$15,115,124	\$1,081,391
Operating Expenses	-\$71,969,064	-\$72,185,833	-\$216,769
Capital Expenses	-\$7,821,286	-\$5,283,182	\$2,538,104
Carry Forwards	\$1,065,043	\$0	-\$1,065,043
Total Expenditures	-\$179,491,257	-\$180,279,983	-\$788,726

³ Revenue is based on projection models as at August 2016

Revenue Sources

UOIT's operating revenues are comprised from three main sources: student fees, government grants, and other revenue.

Student Fees

Student fees make up approximately half of the University's total revenue (Figure 1), of which 87% is tuition (Figure 2) and the remainder is ancillary fees. Tuition is comprised of both domestic and international amounts and represents what both undergraduate and graduate students pay for educational instruction.

Figure 1: UOIT Operating Revenue by Source, 2017-18

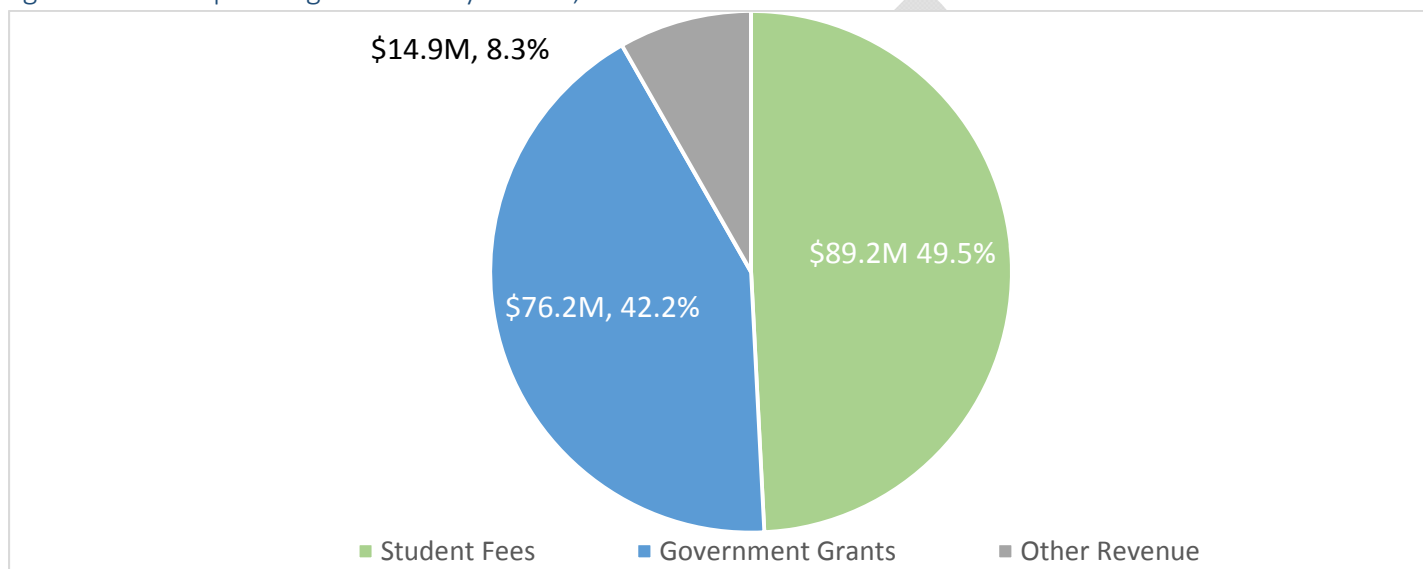
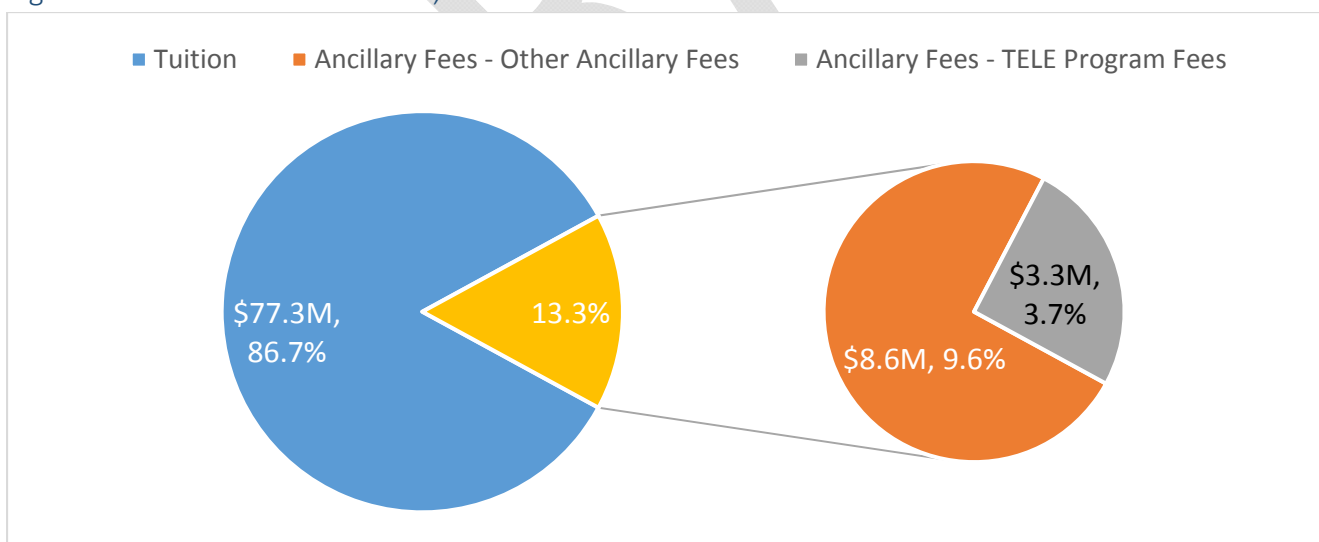


Figure 2: Student Fee breakdown, 2017-18

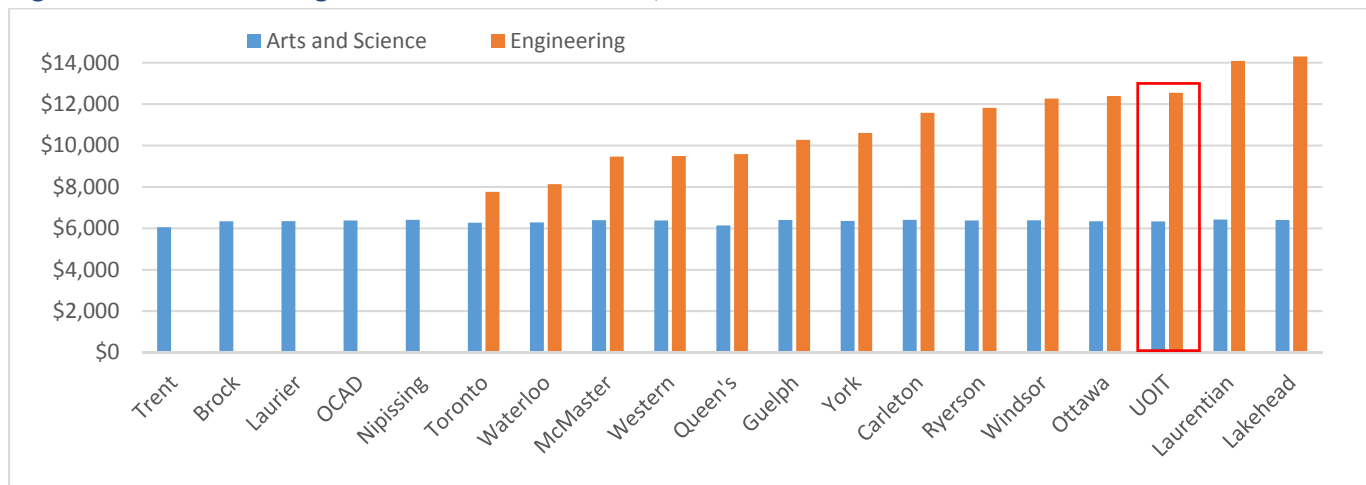


Since 2013, the provincial government has mandated that increases in overall tuition cannot exceed three per cent for domestic students at a university⁴. This current policy will be in effect until the end of the 2017-18 academic year, when

⁴ While the overall tuition increases for the institution cannot exceed 3%, a maximum of 3-5% can be charged depending on the discipline and level of study. Prior to 2013, the maximum overall tuition increase allowed for domestic students was 5%.

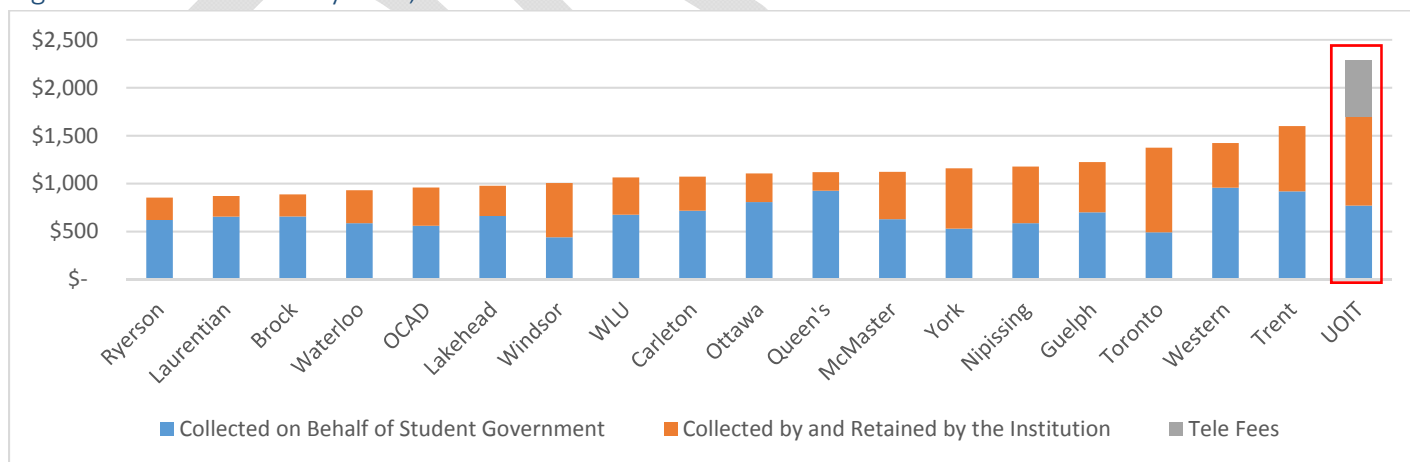
a new policy will be implemented by the provincial government. Compared to other universities, UOIT ranks among the median, Figure 3 and Appendix A. Although not required by provincial mandate, over the past three years UOIT kept the percentage increases for international tuition in line with domestic tuition increases. In order to compensate for the lack of government grants associated with domestic enrolment, international students do pay higher tuition rates than domestic students; however, UOIT’s international tuition fees rank among the lowest in the system, Appendix A.

Figure 3: Ontario Undergraduate Domestic Tuition, 2016-17



The remaining student fees are classified as ancillary fees, which can be further divided into other ancillary fees and TELE Program fees. Ancillary fees are restricted for the activities they were approved for (such as recreation services, health services, success center, disability services and a variety of other student centered services). These fees represent slightly less than 8% of UOITs overall revenue, and just under 12% of student fees portion. The final 4% of student fees (2% of UOIT overall revenue) flow directly to support the TELE program, contributing to UOIT having the highest ancillary fees in Ontario (Figure 4).

Figure 4: Ontario Ancillary Fees, 2016-17

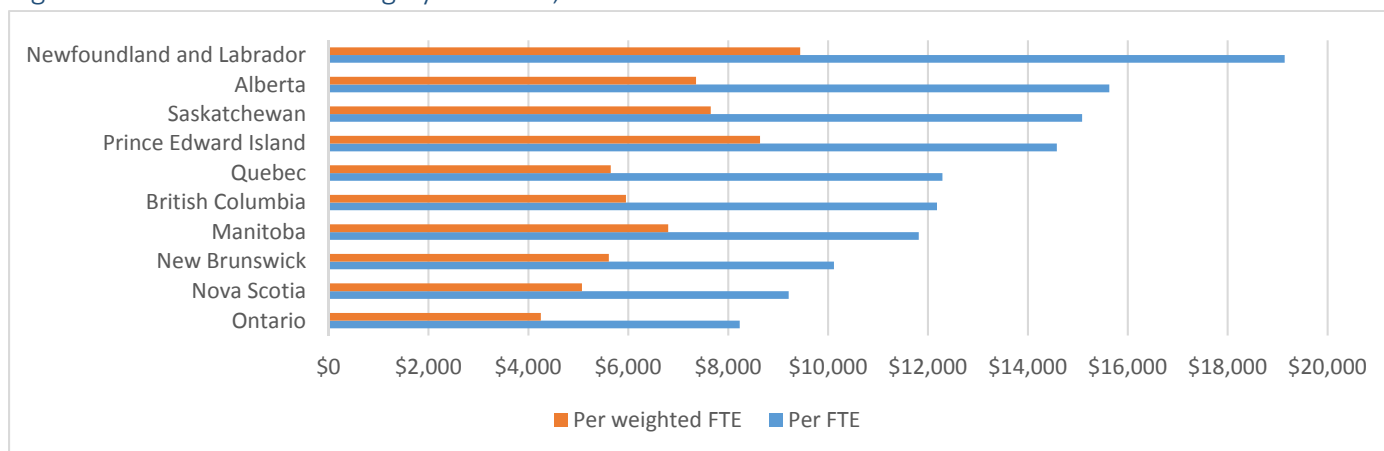


Government Grants

Government grants make up 42.5% (including debenture grant; 35% without the debenture grant) of UOIT’s total operating revenues. In the last decade, the government has not adjusted its operating grants for inflation. In 2013-14 and 2014-15, the Government of Ontario introduced efficiency targets for universities that reduced funding by 1%

(~\$1M for UOIT). Thus, Ontario universities rank the lowest of all Canadian provinces when it comes to provincial grants per student (Figure 5). UOIT's government grant depends on a number of factors including: enrolment; performance measures; and/or a calculation of system share. Currently UOIT's grant is mainly based on enrolment, with the actual amount varying depending on the program and year of study for each student. This "funding formula" is currently under review, and we anticipate changes effective 2017-18. A summary of the different government grants is provided in Appendix B.

Figure 5: Government funding by Province, 2008-09



Other Revenue

UOIT procures the remaining 8 per cent of its revenue from auxiliary operations such as the Campus Bookstore Store, parking, and food services, as well as other commercial sources (E.g. ACE, Campus Childcare).

Expenses

As an autonomous institution, it might be assumed that UOIT has absolute control of how and where to spend its revenue; however, as will be seen, the majority of the University's expenses are mandatory. Although UOIT is not forecasting significant revenue growth for the next few years, budget allocation is proceeding under these guiding principles:

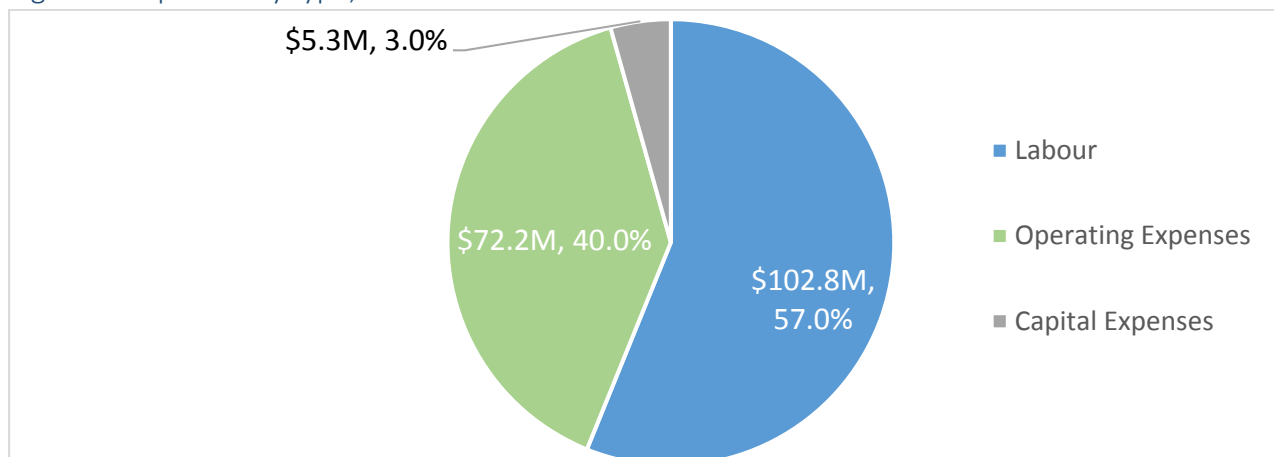
- Ensure each unit's budget covers personnel costs
- Flow discretionary dollars towards instruction and research activities that are consistent with the values of the 2017-2022 Strategic Plan.

UOIT's operating expenses can be divided into three main types: Personnel costs, Operating Expenses and Capital Expenses.

Personnel Costs

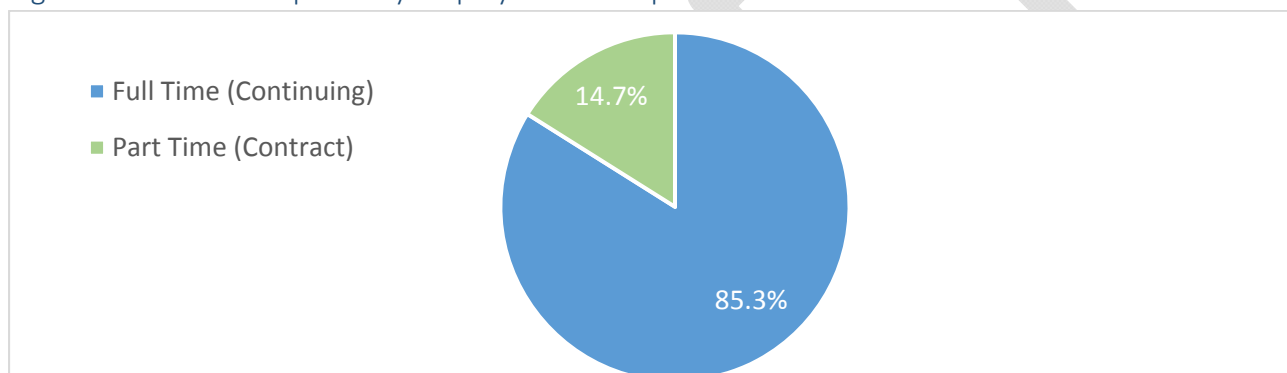
Fifty-six per cent of the annual budget goes to personnel costs, Figure 7, including salaries *and* benefits. Benefits are calculated at 18.5% of a full-time employee's individual salary. Translated into real dollars, the university spends another over \$11,000 on benefits for every employee who has a salary of 60,000.

Figure 7: Expenses by type, 2017-18



Our current workforce consists of full time continuing staff (84% of the labour expense) and part time contractual staff (16% of the labour expense) Figure 8.

Figure 8: Personnel Expense by Employment Group



Operating Expenses

About 40% of UOIT’s budget is allocated to operating expense costs (Figure 7). Within these operating expenses there are a number of items that are mandated by either the government (UOIT is required to set aside \$5.9M of the funds arising from the increase in eligible student tuition), by UOIT’s policies (UOIT has committed to spend \$6.2M in student scholarships) or otherwise are restricted. Restricted funds are funds that are collected from students, donated, or grants designated by the government that must be used for predefined services and programs. The university monitors the collection of these funds and automatically flows the money to the associated service departments. For instance, the Campus Health Services fee collected from students apply directly to the expenses of running the service and cannot be used for any other purpose. Some government grants also are restricted. One example of a restricted grant is the debenture grant, which is valued at \$13.5M annually. At its inception, UOIT entered into a debenture of \$220M for 30 years, which requires an annual payment of \$16.5M. Thus, for the next 18 years the university must pay \$3M out of operating funds to service this debt.

Other mandatory operating expenses include:

- o Debenture top up \$3M;
- o Leases \$5.6M;
- o utilities costs \$4.6M;
- o property taxes \$0.7M; and
- o Insurance \$0.5M

Discretionary expenses are those that the university can use to support strategic initiatives or priorities that help UOIT to ensure its sustainability. The current principles recommended by the Budget Working Group include:

- Deferred maintenance: \$500K will be put into a reserve for future maintenance. For reference, the system average for universities in Ontario is 1% of building costs or \$4.3M. It is certain that as our buildings age that there will be significant maintenance costs. There are notable examples at other universities where inability to maintain buildings has resulted in building closures (e.g. University of Calgary) or decisions to run buildings 'to fail' resulting in planned demolition of a building (e.g. University of Saskatchewan).
- New Building Reserve - \$2M will be put into a reserve for future buildings. Many infrastructure opportunities from governments and donors are requiring institutions to match contributions before they can even apply for funding. For instance, UOIT has \$26M confirmed in the federal Treasury towards our planned CARIE building (total cost \$100M) which stipulates a further 2/3rds matching. To access these funds, a first phase could include \$26M from external sources and \$26M from operations. At a rate of \$2M/year, we will need to set aside this amount for thirteen years.
- University Priority Fund - \$1.2M is held in the Provost office for non-reoccurring strategic initiatives. With the signing of our strategic mandate agreement with the province in 2014, the UPF also provides a way to fund specific initiatives that map onto that agreement.
- Contingency – Historically, \$1M has been allocated in the budget for deviations from the assumptions of the budget in enrolment and other revenue sources. This amount can be depleted by failing to meet enrolment targets by 75 students!

Capital Expenses

The remaining 3% of budgeted expenses are allocated to capital, which comprise capital assets and some purchased services (mainly from Durham College) amounts. The current budget includes \$3.2M that is allocated for facilities and IT improvements. This is a reduction from 2015-16, and will delay much needed upgrades such as IT switch upgrades and floor replacements. UOIT could allocate even fewer dollars to capital, but this will just delay critical maintenance to a time in future when finances may still as tight. Between the 2016-17 and the 2017-18 operating budget, capital expenses decreased by \$2.7M, mainly due to the decrease in laptop provisioning for students as we move to a bring your own device (BYOD) environment.

Taken together, 62% of operating and capital funds are classified as flow-through and may only be used for their designated purpose (e.g. the debenture grant above). When considered alongside our personnel costs, almost 85% of UOIT's total expenses are not available for discretionary spending.

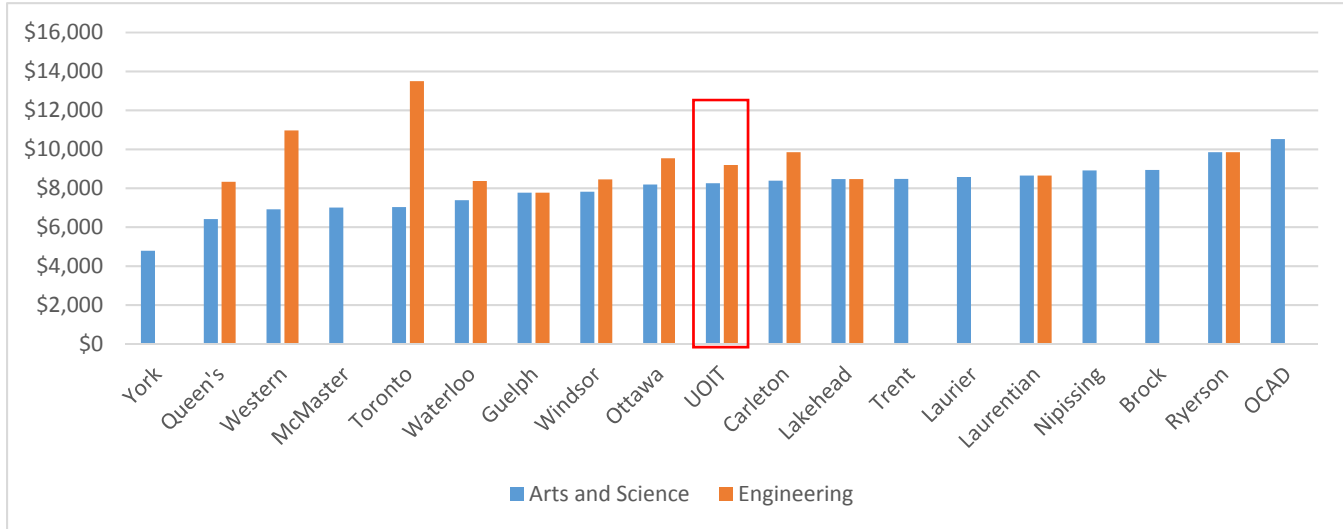
Summary

The paper was designed to provide a better understanding of UOIT's revenue and expenditures as we prepare a 2017-18 budget. The 2017-18 budget will build the foundation for a financially sustainable university that is neither accumulating debt nor a structural deficit. Resource allocation is important to everyone involved within the institution, and UOIT is striving to provide a transparent and improved understanding of the issues involved as we make the necessary, difficult decisions.

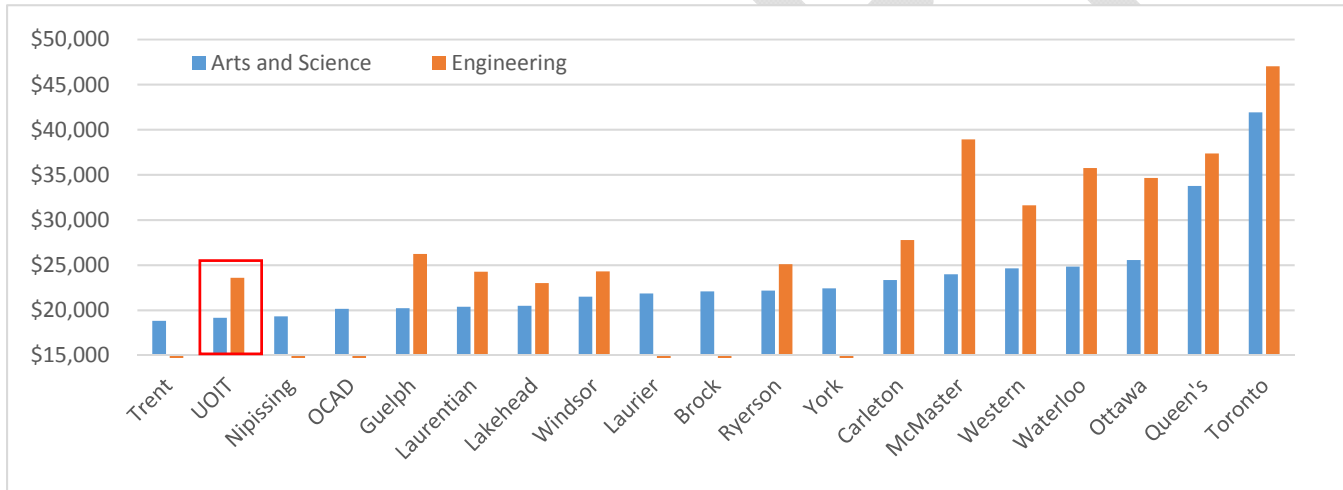
In reviewing the budget, by starting with the current base from 2016-17, adding in mandated increases, and maintaining the levels of support described above, UOIT would have a balanced budget. But this does not include any strategic initiatives. Thus, we are proposing some limited reductions (less than 2% of total revenue) to reallocate \$2.5M to strategic initiatives that support of the core instructional and research mission of the university.

Appendix A: Other Ontario Tuition Rates, 2016-17

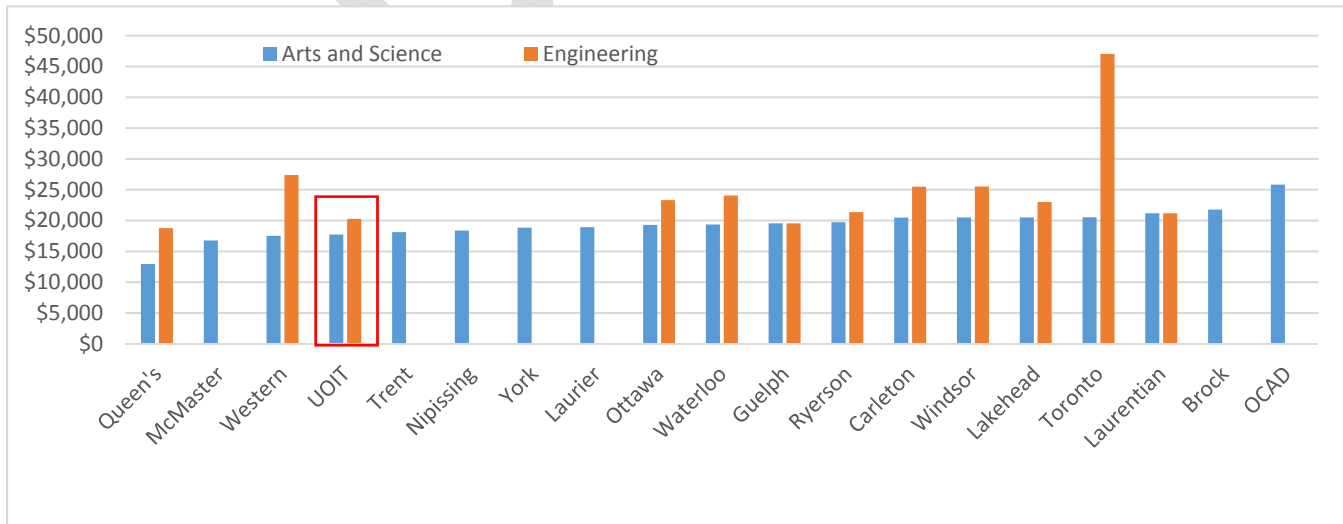
Ontario Graduate Domestic Tuition, 2016-17



Ontario Undergraduate International Tuition, 2016-17



Ontario Graduate International Tuition, 2016-17



Appendix B: Grant definition

Grant	Description
Basic Operating Grant	All funding to 2010-11 is rolled into this. Comprised of UG and GR and Other grants.
Undergraduate Accessibility Grant	Enrolment driven.
Graduate Expansion Grant	Given based on number of graduate spaces allotted.
Research Overhead Infrastructure Grant (ROIE)	Portion of a, set pot of funds, calculated by our three year average of Tri Council Funding.
Performance Indicator Fund	Set pot of government funds, distributed based on achieving set benchmarks for indicators.
Access to Higher Quality Education	Supports the broader access for students in the PSE, amount received is SMA based.
Institution Specific Grants	UOITs aids in offsetting the cost of the debenture, women's safety grant.



Academic Council Budget Update

Presented By Craig Elliott, CFO
November 15, 2016



Agenda

- 1. 2016-17 Budget**
- 2. Five Year Forecast**
- 3. 2017-18 Budget**
- 4. Discussion Topics**

2016-17 Budget



- **Day 10 headcount numbers are 9,384 Undergrads and 753 Grads, both up from last year. These figures still need be converted to FTE for comparison to budget. However, based on prior years calculations, we should be on target to meet budget enrolment numbers.**
- **As a result, the budget working group will not be asking for any adjustments to the existing budget for 2016/17**

Five Year Forecast



UOIT Forecast

- **The 5 year forecast has now been updated at August, 2016 to incorporate current data, and revised projections for revenues and expenses. Some of the more significant changes revolve around:**
 - Enrolment forecasts based on Day10 actuals for 2015/16
 - TTT/TF new contracts
 - Implementation of JES
 - 2.5% Budget reductions implemented in 2016/17
 - Reduced contingency in Working Capital and UPF Reserves
- **We extended our analysis out 10 years to understand the longer term financial implications of our fiscal structure**

Financials										
UOIT 10 yr Operational Forecast- Aug 2016 Base Line - New Building										
Revenues	17/18 Fcst	18/19 Fcst	19/20 Fcst	20/21 Fcst	21/22 Fcst	2022-23	2023-24	2024-25	2025-26	2026-27
Basic Operating Grant	55,219,932	55,995,048	55,875,731	56,117,762	56,951,729	58,121,947	59,728,931	61,552,169	63,600,422	65,058,972
Debenture Grant	13,500,000	13,500,000	13,500,000	13,500,000	13,500,000	13,500,000	13,500,000	13,500,000	13,500,000	13,500,000
Other Grants	7,867,420	8,073,819	8,280,180	8,280,180	8,280,180	8,280,180	8,280,180	8,280,180	8,280,180	8,280,180
Donations	608,100	608,100	608,100	608,100	608,100	608,100	608,100	608,100	608,100	608,100
Tuition	77,298,372	79,694,947	82,131,487	84,949,968	86,731,133	88,513,245	90,960,503	93,737,091	96,856,351	99,077,562
Ancillary Fees	11,871,979	11,852,566	10,778,802	10,816,423	11,089,179	11,215,036	11,394,376	11,597,352	11,633,748	11,633,748
Other Revenue	10,421,858	10,421,858	10,421,858	10,421,858	10,421,858	10,421,858	10,421,858	10,421,858	10,421,858	10,421,858
DC	3,546,976	3,546,976	3,546,976	3,546,976	3,546,976	3,546,976	3,546,976	3,546,976	3,546,976	3,546,976
Total Revenues	180,334,637	183,693,314	185,143,134	188,241,267	191,129,155	194,207,342	198,440,925	203,243,726	208,447,635	212,127,396
Increase %		1.9%	0.8%	1.7%	1.5%	1.6%	2.2%	2.4%	2.6%	1.8%
Expenses										
FT Labour	80,804,830	83,731,132	85,923,233	87,815,861	89,526,872	92,315,394	94,996,985	97,893,259	100,708,028	102,667,987
PT Labour	15,076,984	15,320,723	15,628,453	16,284,819	16,639,916	17,020,388	17,459,362	17,930,008	18,252,618	18,551,739
OPEX	30,472,608	31,071,131	30,854,961	31,166,349	31,499,347	32,067,495	32,600,758	33,083,457	33,422,568	33,748,715
OPEX Ineligible	29,716,892	30,311,230	30,917,454	31,535,804	32,166,520	32,809,850	33,466,047	34,135,368	34,818,075	35,514,437
Contingency Reserve	3,500,000	3,500,000	3,500,000	3,500,000	3,500,000	3,500,000	3,500,000	3,500,000	3,500,000	3,500,000
OPEX DC	15,425,488	15,733,997	16,048,677	16,369,651	16,697,044	17,030,985	17,371,604	17,719,036	18,073,417	18,434,886
Total Expenses	174,996,802	179,668,213	182,872,779	186,672,483	190,029,698	194,744,112	199,394,756	204,261,129	208,774,707	212,417,762
Increase %	40.8%	2.7%	1.8%	2.1%	1.8%	2.5%	2.4%	2.4%	2.2%	1.7%
Capital	2,805,322	3,011,914	3,218,313	3,218,313	3,218,313	3,218,313	3,218,313	3,218,313	3,218,313	3,218,313
Capital Tele	1,262,174	1,173,974	674,828	-	-	-	-	-	-	-
Capital DC	1,215,686	1,215,686	1,215,686	1,215,686	1,215,686	1,215,686	1,215,686	1,215,686	1,215,686	1,215,686
Total Expenditures	180,279,983	185,069,787	187,981,606	191,106,482	194,463,697	199,178,111	203,828,755	208,695,128	213,208,706	216,851,761
Increase %		2.7%	1.6%	1.7%	1.8%	2.4%	2.3%	2.4%	2.2%	1.7%
Revenues less Expenses	54,654	(1,376,473)	(2,838,472)	(2,865,215)	(3,334,542)	(4,970,769)	(5,387,830)	(5,451,402)	(4,761,071)	(4,724,365)

Key Points From Forecast

- **The reductions we made last year have improved our financial outlook, but we are still faced with an ever increasing budget deficit in future years, given our labour intense cost base**
- **The budget working group has been consulting with the Senior Leadership Team over the summer to develop a Budget Reduction Plan that would address our longer term fiscal issues**

2017-18 Budget



Significant Budget Assumptions

- Enrolment levels as forecasted
- Grant funding from the Province will remain at current level
- Tuition increase of 3% maintained each year
- Compensation increases and other fixed cost estimates as forecast
- New building occupied in 2018/19 funded by Fed gov't and UOIT
- Academic hires funded out of the faculty, and maintain current student/faculty ratios.
- No new non-academic hires.
- Contingency included in the budget:
 - \$2.5M for new building/capital renewal
 - \$1.0M general contingency for operations
 - \$1.0M UPF for strategic initiatives

Key Components of Proposed Budget Reduction Plan

Lower our cost base by \$2.5M in 2017/18

- ATB reduction in discretionary PD and Travel by 30%
- Reduced OPEX eligible expenses, in areas determined by each budget holder
- Strategic labour reductions through attrition, part time, and contract positions
- Reduced contingency

UOIT Vacant Position Summary

Vacant Faculty Positions in Budget

	14/15		15/16					16/17				
	Vacant	Filled	O/S from PY	Attrition	New Ask	Vacant	Filled	O/S from PY	Attrition	New Ask	Vacant	Filled
FESNS	0.5	0.5	-	-	-	-	-	-	2.0	-	2.0	-
FBIT	6.0	3.0	3.0	1.0		4.0	2.0	2.0	6.0	2.0	10.0	9.0
FSSC	4.0	3.0	1.0		1.0	2.0	2.0	-	1.0	-	1.0	-
FOE	1.0	1.0	-			-	-	-	-	-	-	-
FHS	5.0	4.0	1.0	-	3.0	4.0	4.0	-	2.0	1.0	3.0	2.0
FEAS	4.0	1.0	3.0	1.0		4.0	2.0	2.0	0.5	4.5	7.0	2.0
FOS	5.0	5.0	-		1.0	1.0	1.0	-	1.0	1.0	2.0	1.0
Total	25.5	17.5	8.0	2.0	5.0	15.0	11.0	4.0	12.5	8.5	25.0	14.0
	Vacant Fall 13	Filled by Fall 14	Not filled Fall 13 to			Vacant Fall 14	Filled by Fall 15				Vacant Fall 15	Filled by Fall 16

Financials										
UOIT 10 yr Operational Forecast- Aug 2016 Base Line - New Building										
Revenues	17/18 Fcst	18/19 Fcst	19/20 Fcst	20/21 Fcst	21/22 Fcst	2022-23	2023-24	2024-25	2025-26	2026-27
Basic Operating Grant	55,219,932	55,995,048	55,875,731	56,117,762	56,951,729	58,121,947	59,728,931	61,552,169	63,600,422	65,058,972
Debenture Grant	13,500,000	13,500,000	13,500,000	13,500,000	13,500,000	13,500,000	13,500,000	13,500,000	13,500,000	13,500,000
Other Grants	7,867,420	8,073,819	8,280,180	8,280,180	8,280,180	8,280,180	8,280,180	8,280,180	8,280,180	8,280,180
Donations	608,100	608,100	608,100	608,100	608,100	608,100	608,100	608,100	608,100	608,100
Tuition	77,298,372	79,694,947	82,131,487	84,949,968	86,731,133	88,513,245	90,960,503	93,737,091	96,856,351	99,077,562
Ancillary Fees	11,871,979	11,852,566	10,778,802	10,816,423	11,089,179	11,215,036	11,394,376	11,597,352	11,633,748	11,633,748
Other Revenue	10,421,858	10,421,858	10,421,858	10,421,858	10,421,858	10,421,858	10,421,858	10,421,858	10,421,858	10,421,858
DC	3,546,976	3,546,976	3,546,976	3,546,976	3,546,976	3,546,976	3,546,976	3,546,976	3,546,976	3,546,976
Total Revenues	180,334,637	183,693,314	185,143,134	188,241,267	191,129,155	194,207,342	198,440,925	203,243,726	208,447,635	212,127,396
Increase %		1.9%	0.8%	1.7%	1.5%	1.6%	2.2%	2.4%	2.6%	1.8%
Expenses	17/18 Fcst	18/19 Fcst	19/20 Fcst	20/21 Fcst	21/22 Fcst	2022-23	2023-24	2024-25	2025-26	2026-27
FT Labour	80,804,830	83,731,132	85,923,233	87,815,861	89,526,872	92,315,394	94,996,985	97,893,259	100,708,028	102,667,987
PT Labour	15,076,984	15,320,723	15,628,453	16,284,819	16,639,916	17,020,388	17,459,362	17,930,008	18,252,618	18,551,739
OPEX	30,472,608	31,071,131	30,854,961	31,166,349	31,499,347	32,067,495	32,600,758	33,083,457	33,422,568	33,748,715
OPEX Ineligible	29,716,892	30,311,230	30,917,454	31,535,804	32,166,520	32,809,850	33,466,047	34,135,368	34,818,075	35,514,437
Contingency Reserve	3,500,000	3,500,000	3,500,000	3,500,000	3,500,000	3,500,000	3,500,000	3,500,000	3,500,000	3,500,000
OPEX DC	15,425,488	15,733,997	16,048,677	16,369,651	16,697,044	17,030,985	17,371,604	17,719,036	18,073,417	18,434,886
Total Expenses	174,996,802	179,668,213	182,872,779	186,672,483	190,029,698	194,744,112	199,394,756	204,261,129	208,774,707	212,417,762
Increase %	40.8%	2.7%	1.8%	2.1%	1.8%	2.5%	2.4%	2.4%	2.2%	1.7%
Capital	2,805,322	3,011,914	3,218,313	3,218,313	3,218,313	3,218,313	3,218,313	3,218,313	3,218,313	3,218,313
Capital Tele	1,262,174	1,173,974	674,828	-	-	-	-	-	-	-
Capital DC	1,215,686	1,215,686	1,215,686	1,215,686	1,215,686	1,215,686	1,215,686	1,215,686	1,215,686	1,215,686
Total Expenditures	180,279,983	185,069,787	187,981,606	191,106,482	194,463,697	199,178,111	203,828,755	208,695,128	213,208,706	216,851,761
Increase %		2.7%	1.6%	1.7%	1.8%	2.4%	2.3%	2.4%	2.2%	1.7%
Revenues less Expenses	54,654	(1,376,473)	(2,838,472)	(2,865,215)	(3,334,542)	(4,970,769)	(5,387,830)	(5,451,402)	(4,761,071)	(4,724,365)
2.5% cut of eligible expenses	(2,500,000)	(3,000,000)	(3,565,549)	(3,565,549)	(3,565,549)	(3,565,549)	(3,565,549)	(3,565,549)	(3,565,549)	(3,565,549)
Revenues less Expenses After Cuts	2,554,654	1,623,527	727,077	700,334	231,007	(1,405,220)	(1,822,282)	(1,885,853)	(1,195,522)	(1,158,816)

Discussion Points For The Budget



Budget Discussion

The proposed Budget Reductions are not all ATB. Do we agree with this methodology?

- Eligible expenses are those that we can manage, such as part-time labour. Ineligible expenses are those that we can not impact/change such as debenture payments.
- Do we let each faculty/dept. determine their own OPEX reductions?

PACIP Feedback:

- ▶ Agreement that we need to be strategic, reductions should NOT be ATB.
- ▶ Like flexibility of each unit determining where OPEX reductions should occur.
- ▶ Suggest that proposed reductions, and their impact on other units they service, be clearly outlined.
- ▶ Asked about exchange impact, and it was indicated that significant exchange variances would be handled through the forecast process.

Conclusion: Agreement on budget methodology

Budget Discussion

Should we continue to plan for future buildings once we fully funded SIRC?

- UOIT faces a critical space issue and can not rely on government assistance to provide additional infrastructure. We have strategic plans that will require funding to execute – currently there is \$26M held in federal treasury for CARIE. UOIT would plan to reserved \$2M per year for the next 10 years. We also put aside \$.5M in reserve for deferred maintenance. This is in addition to the FRP money the Province provides for building maintenance and the funds we allocate as capital in the OCIS budget for new or upgrades of infrastructure.
- If we did reduced the building reserve by 50%, we would need to reduce our cost base by an additional \$1.0M per year.

PACIP Feedback:

- ▶ Agreement that we should continue to put aside strategic funds for infrastructure
- ▶ Comments that we need to address our current space requirements
- ▶ People felt the 10 year forecast was helpful

Conclusion: Continue with strategic reserves

Budget Discussion

Do we have enough contingency and strategic reserve?

- We have very little contingency or strategic funds to operate with over the next 5 years. Should we be more conservative in our approach to have contingency funds for unforeseen events or opportunities?
- The more money we wish to set aside for these purposes, the more we will need to cut in other areas to balance the budget.

PACIP Feedback:

- ▶ Concern was expressed that higher reserves might constrain our investment in people.
- ▶ The risk of an enrolment shortfall was discussed, and factors of increased competition, potential enrolment caps from Province, and existing UOIT enrolment caps in Engineering. Some pathway programs could be in jeopardy with recent provincial decisions on degree granting

Conclusion: Leave level of reserves where they are today

Budget Discussion

What levels of academic, and support staff (non-academic and administrative) can we maintain over the next five years?

- Do we agree that we should focus on our core research & teaching mission by satisfying our academic hiring requirements initially, and then determine what support staff positions we can fund?
- Our support units are under considerable pressure already, and we have no new positions in the forecast for the next five years.
 - We cannot ask support units to do more with less. How can we improve processes and procedures, create efficiencies through system enhancements, and better understanding the scope of work given the constraints for each area.

PACIP Feedback:

- ▶ Concern that being asked to do more, but do not have the resources.
- ▶ Asked how we get everyone to stop those activities that we have agreed we will not do anymore. Need for open dialogue between Academic and Support units around what can, and cant be done. Suggestions about a “red tape” commission

Conclusion: Agree with direction, but recognize support unit concerns