



**2017-18 Budget Presentation
Academic Council
May 16, 2017**

Agenda

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Major Issues

- 1. Demographic and impact of increased competition on enrolment.**
- 2. Space challenges – classrooms, and labs.**
- 3. Funding Formula and Net Tuition implications.**
- 4. Balancing resource constraints in the key areas of academic quality, student experience, and service excellence.**
- 5. Recruitment, development, and retention of UOIT faculty and staff.**
- 6. Fiscal position – debt to revenue.**

Challenges

- 1. Near term academic and financial sustainability plans that support re-envisioning of programs within established enrolment corridors, and enhance the student experience.**
- 2. Heightened levels of competition between universities for a smaller pool of incoming students. Expand International student recruitment, and increased local efforts.**
- 3. Manage the completion of SIRC, and the associated backfill moves required over the next two years.**
- 4. Define, develop, and present the Business Case for a fundraising campaign that supports our strategic plans.**
- 5. Continue discussions with all levels of government regarding funding for the Moving Ground Plane, and CARIE building.**
- 6. Complete TELE transformation with implementations in Faculty of Science, Faculty of Health Science, and Faculty of Business and IT.**
- 7. Manage increasing levels of oversight, and compliance.**

Opportunities

- 1. Introduce new programs in Bachelor of Technology, and BA Liberal Studies**
- 2. Operationalize our strategic plan by focusing on tactical objectives for 2017-18 which include focus on International student recruitment, and student success program**
- 3. Enhance partnerships with the community and other PSE institutions at the regional, national, and international level. Examples include Social Science and Humanities work with the City of Oshawa on a teaching city/living lab initiative, and Faculty of Business and IT work on an online embedded bridge with two new partners**
- 4. Collaborations with Durham College in both academic and support services areas.**

Key Budget Assumptions

1. Enrolment

- ▶ Domestic UG intake decrease of (3.0%) or (76) FTE, mainly due to decrease in FBIT Bachelor of Commerce with new agreement with DC to direct applicants to Durham College. Flow thru down (45) FTE. Overall down (121) FTE at 7,755.
- ▶ International UG intake increase of 86% or 80 FTE, mainly due to increase in Engineering. Flow thru down (11) FTE. Overall up 69 FTE at 500.
- ▶ Grad Domestic FTE down 15% or (59) FTE totaling 329.
- ▶ Grad International flat totaling 137 FTE.
- ▶ Total FTE down (1.3%) or (111) FTE to 8,721.
- ▶ Retention levels flat at 80.3%.

2. Government Grants

- ▶ MAESD is in the final stages of altering to a new funding model for universities. One of the major components is the establishment of a corridor system which will include a funding level equivalent to the 2016/17 weighted enrolments. For the duration of SMA 2, this grant is guaranteed, providing institutions are within 3% of this new weighted number. Current signals from the Ministry indicate that institutions will be able to negotiate growth funding during the SMA discussions; however, they are also indicating no new money in the system. In 17/18 budget grant is set at 2016/17 actual of \$54.7M.

3. Tuition set at new 2017/18 rates

- ▶ Domestic average tuition increase 3% or \$2.1M.
- ▶ International average tuition increase 4.1% or \$0.6M

4. Salary/wage estimates are based on current and planned contracts, as well as the non-union 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.

- ▶ 2016-17 average for UOIT was 4.1 NASM/FTE.
- ▶ 2017-18 average will increase to 4.7 NASM/FTE

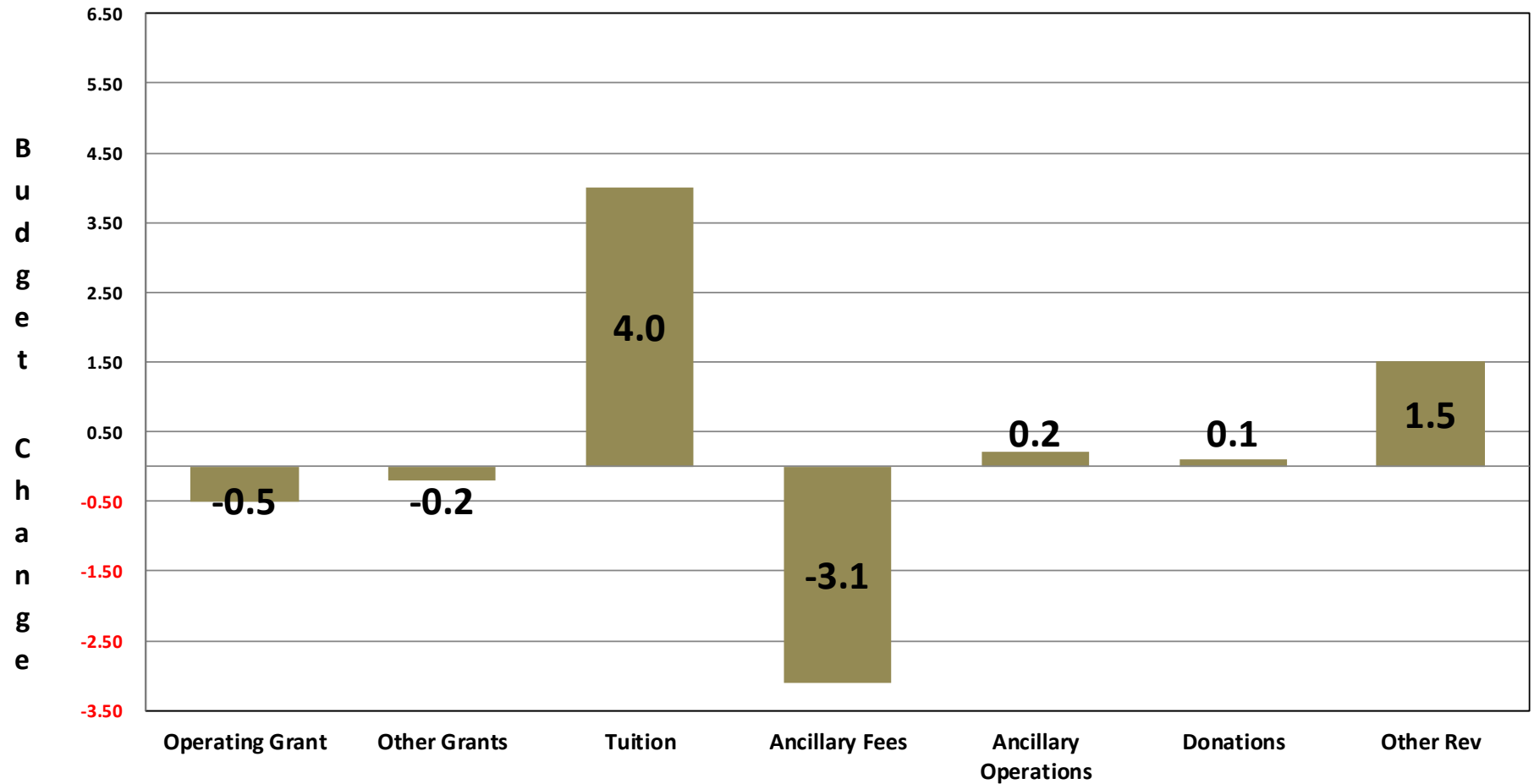
6. Student/Faculty ratio overall will improve to 30:1 if all positions are filled. 2016/17 ratio was 31:1 The tenure and tenure track ratio also improves to 40:1.

7. Operating budget includes a contingency of \$4.6M. Building reserve of \$2M, deferred maintenance of \$0.5M, 1.0M of general contingency reserves, and \$1.1M reserve to balance year one of the ten year forecast

| 2017- 18 Proposed Draft Budget | | | | | | | | |
|------------------------------------|-------------------------|------------------------|------------------------|-----------------------|-----------------------|---------------------|--------------------------------|------------------------------|
| 2017-18 Draft Operating Budget | Purchased Services | Debenture | TELE | ACE | Regent Theater | Campus ChildCare | Campus Fieldhouse & Ice Centre | Total 2017 - 18 Draft Budget |
| REVENUES | | | | | | | | |
| Operating Grants | \$ 54,728,994 | \$ 13,500,000 | | | | | | \$ 68,228,994 |
| Other Grants | \$ 7,312,273 | | | | | \$ 157,000 | | \$ 7,469,273 |
| Student Tuition Fees | \$ 78,317,804 | | | | | | | \$ 78,317,804 |
| Student Ancillary Fees | \$ 4,990,711 | \$ 2,206,721 | \$ 3,752,982 | | | | | \$ 10,950,414 |
| Revenues from Ancillary Operations | \$ 225,000 | \$ 3,731,500 | | | | | | \$ 3,956,500 |
| Donations | \$ 680,000 | | \$ - | | | | | \$ 680,000 |
| Other Revenues | \$ 4,329,557 | \$ - | \$ 77,396 | \$ 4,732,591 | \$ 450,763 | \$ 750,149 | \$ 1,545,409 | \$ 11,885,865 |
| Total Operating Revenues | \$ 150,584,339 | \$ 5,938,221 | \$ 3,830,378 | \$ 4,732,591 | \$ 450,763 | \$ 907,149 | \$ 1,545,409 | \$ 181,488,850 |
| EXPENDITURES | | | | | | | | |
| FT Labour | \$ (75,914,092) | \$ (6,656,885) | \$ (1,208,296) | \$ (1,554,719) | \$ (92,903) | \$ (342,722) | \$ (632,636) | \$ (86,402,253) |
| PT Labour | \$ (15,152,003) | \$ (255,253) | \$ (388,074) | \$ (148,029) | \$ (161,071) | \$ (305,653) | | \$ (16,410,083) |
| Operating Expenses | \$ (44,119,000) | \$ (8,232,360) | \$ (16,501,006) | \$ (1,558,644) | \$ (3,128,727) | \$ (180,891) | \$ (985,714) | \$ (74,949,820) |
| Capital Expenses | \$ (3,411,196) | \$ (1,207,829) | \$ (1,806,268) | \$ - | \$ - | \$ - | \$ (92,700) | \$ (6,517,993) |
| Carry Forwards* | \$ 1,265,392 | \$ - | | \$ - | \$ - | \$ - | \$ - | \$ 1,265,392 |
| Total Expenditures | \$ (137,330,899) | \$ (16,352,327) | \$ (16,501,006) | \$ (4,961,282) | \$ (4,831,475) | \$ (434,865) | \$ (1,711,050) | \$ (183,014,757) |
| Budget Surplus/(Deficit) | \$ 13,253,440 | \$ (10,414,106) | \$ (3,001,006) | \$ (1,130,904) | \$ (98,884) | \$ 15,898 | \$ 15,296 | \$ (1,525,904) |
| Funded through PY reserves | (395,000) | | (1,130,904) | | | | | (1,525,904) |
| Total | \$ 13,648,440 | \$ (10,414,106) | \$ (3,001,006) | \$ - | \$ (98,884) | \$ 15,898 | \$ 15,296 | \$ (1,525,904) |

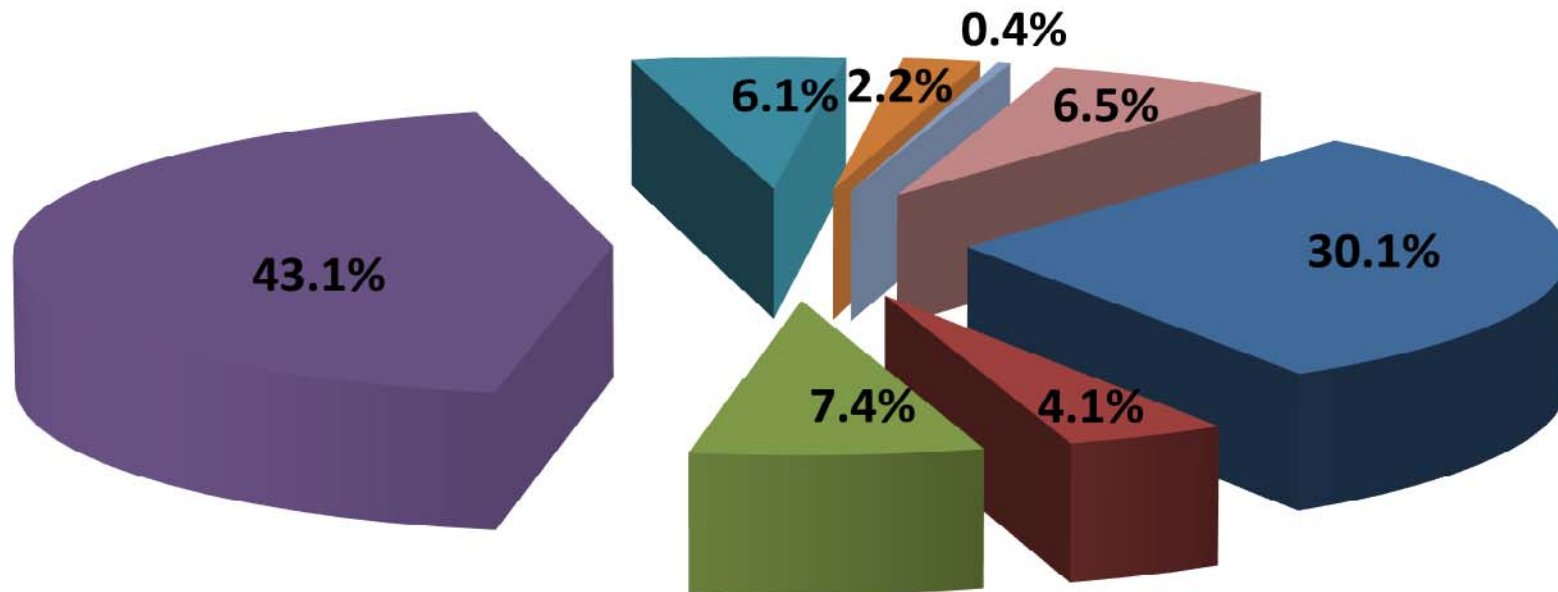
Budget Revenue Summary

The overall UOIT budget has increased \$2.0M or 1.1%



Revenue Components

Revenue Components as a % of Total Revenue



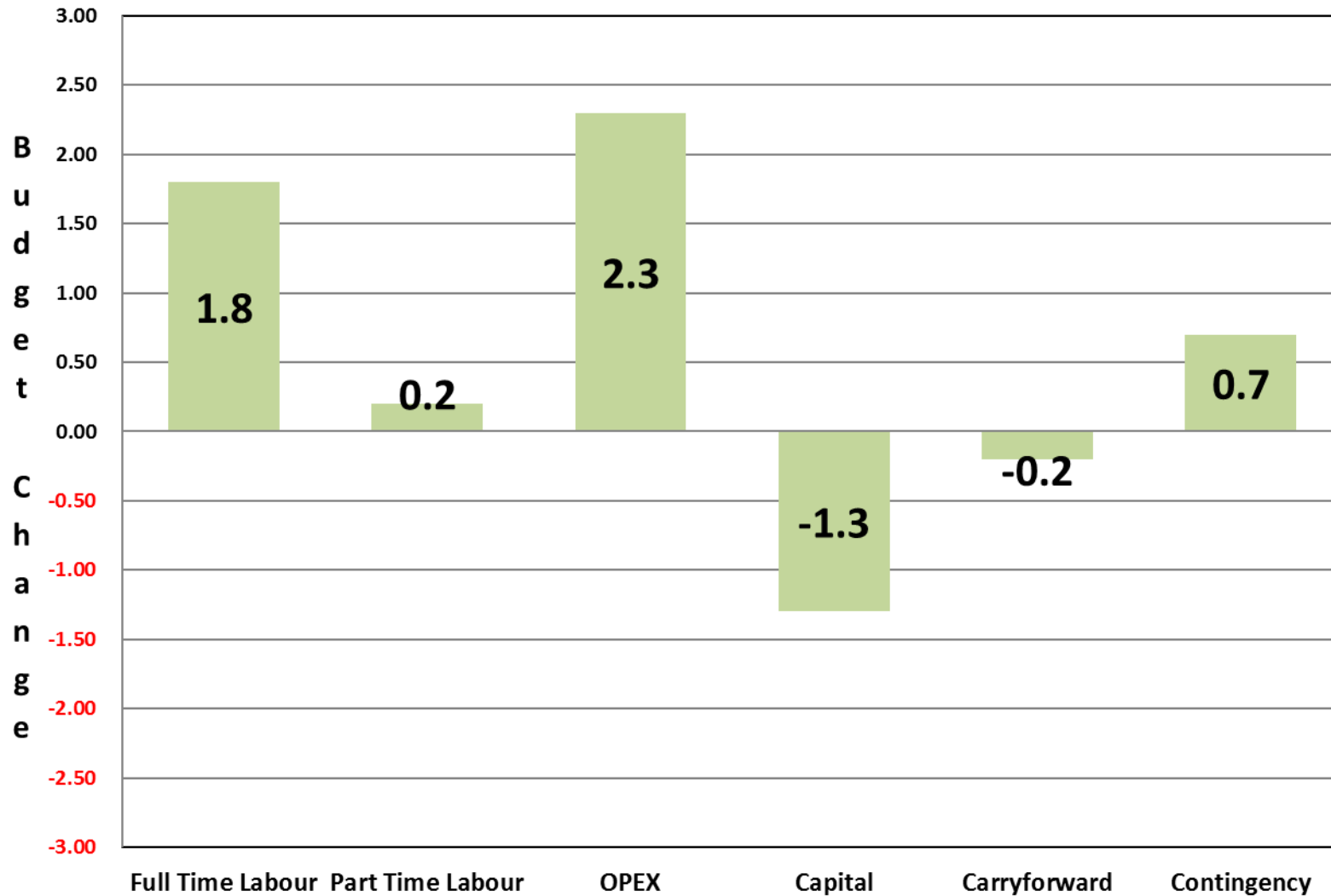
- Operating Grant
- Tuition
- Donations

- Other Grant
- Student Ancillary
- Other Revenue

- Deventure
- Ancillary Operations

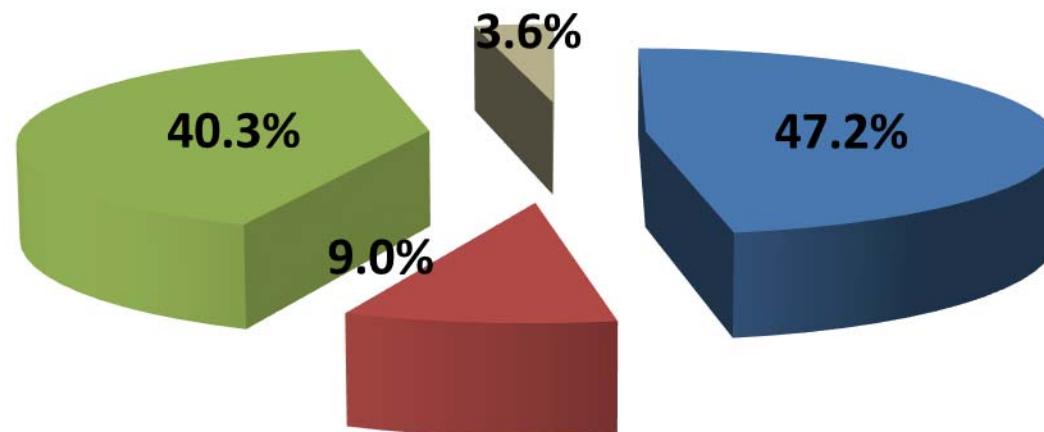
Budget Expense Summary

The overall UOIT budget has increased \$3.5M or 2.0%



Expense Components

Expense Components as a % of Total Expense



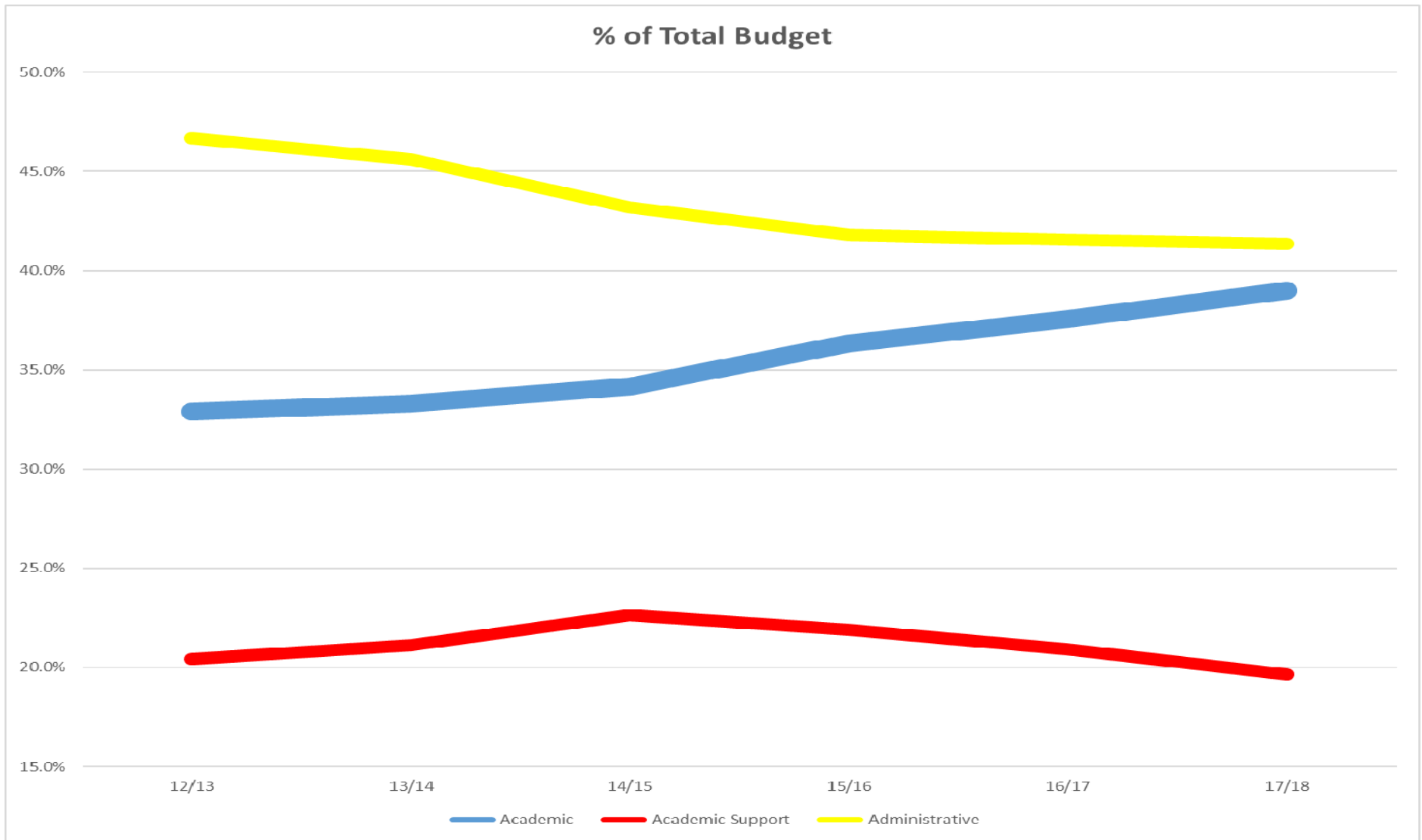
- Full Time Labour
- Part Time Labour
- Operating Expense & Carryforward
- Capital

Budget Risks & Opportunities (in \$'000)

Budget Contingency

| | 2017-18 | 2016-17 |
|--------------------------------|---------------------|---------------------|
| General Contingency | \$1.0 | \$1.4 |
| Building Reserve | \$2.0 | \$2.0 |
| Deferred maintenance Reserve | \$0.5 | \$0.5 |
| 10 Forecast Surplus to Balance | \$1.1 | - |
| Total | <u>\$4.6</u> | <u>\$3.9</u> |

Budget Allocations



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**

2017-18 Estimated Internally Restricted Fund Schedule

| Internally Restricted Assets (\$'000) | 2017-18 Draft Budget End Balance (\$'000) | 2016-17 Forecast (\$'000) | 2016-17 Budget (\$'000) | 2015-16 Actual End Balance (\$'000) |
|---------------------------------------|--|------------------------------|----------------------------|--|
| Research Related | \$4,500 | \$4,800 | \$4,500 | \$4,790 |
| Capital Related | \$6,200 | \$15,600 | \$22,600 | \$21,546 |
| Student Awards | \$500 | \$500 | \$200 | \$625 |
| Working Capital | \$6,000 | \$6,000 | \$6,000 | \$6,000 |
| Budget Carry Forward | \$700 | \$1,960 | \$710 | \$1,723 |
| Other | \$1,100 | \$1,450 | \$900 | \$1,609 |
| Total Restricted | \$19,000 | \$30,310 | \$34,910 | \$36,293 |
| Change in Restricted | (\$11,310) | (\$4,600) | (\$1,383) | |

Strategic Planning & Budgeting: 2017-2018 Initiatives 1/2

Base Expenses **\$3.4M**

- **New faculty hires** (maintain Student:Faculty) \$1.2M
- **Sessionals and TAs** (reduce class size) \$0.4M
- **Student support** (e.g. scholarships, advising) \$1.0M
- **Test Centre** (help students succeed) \$0.2M
- **English Language Centre** (internationalization) \$0.4M
- **IT Network Administrator & PCI compliance** \$0.2M

Strategic Planning & Budgeting: 2017-2018 Initiatives 2/2

One Time Only Expenses

\$8.4M

- **Infrastructure upgrades** (e.g. IT, classrooms) \$3.4M
- **Building reserve** (preparing for next project) \$2.5M
- **Advancement campaign** (completing preparation) \$0.6M
- **Student success initiatives** (e.g. Math help) \$0.5M
- **Research** (e.g. Marceau Chair) \$0.9M
- **Pathways/Partnerships Fund** (with Durham) \$0.5M