



**2019-20 Operating Budget
Academic Council – May 28, 2019
Presented by: Robert Bailey & Pamela Onsiong**

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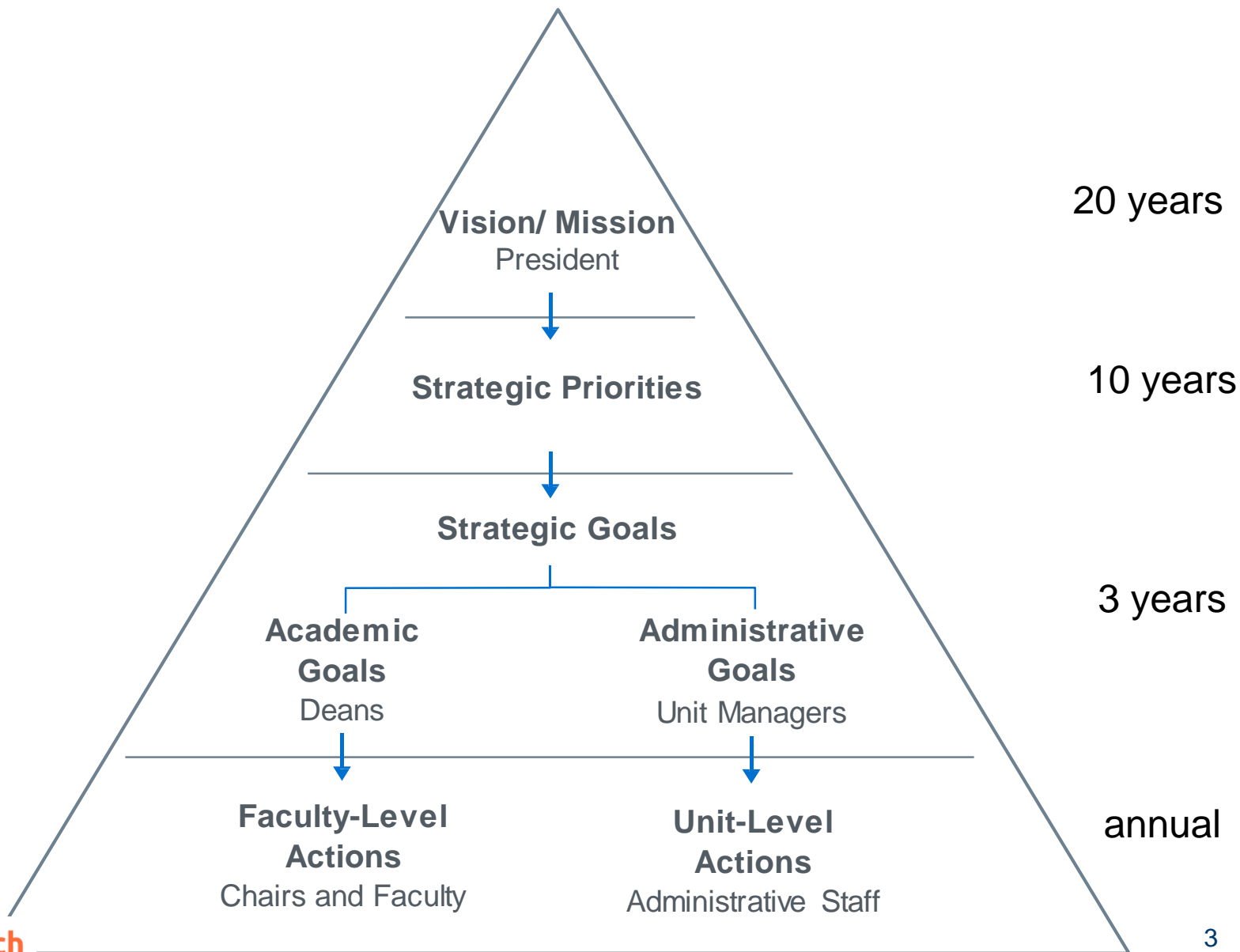
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- ▶ Ontario Tech University strategic plan
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Strategic initiatives 2018-19

Stronger Academic Programs - strategic hires (10 TTT, 7 TF)	\$2.8M
Increased Technology Enhanced Learning Environment	\$0.5M
Research – increased scholarly activity and dissemination	\$0.6M
Partnerships that increase student and programmatic diversity	\$1.3M
Improving Student Success	\$0.6M
Investment in physical building and IT infrastructure	\$2.3M
Unite our community by increasing awareness	\$1.0M

Strategy and values focus

Subject: Update on university's budget and priorities

Date: Wednesday, February 20, 2019 at 2:29:59 PM Eastern Standard Time

From: president@uoit.ca

Dear colleagues,

Last month, I communicated with all of you about the recent announcement regarding the Ministry of Training, Colleges and Universities' new tuition framework and the effect this announcement will have on the university. As indicated, the university will experience a \$9-million shortfall in 2019-2020 and \$12 million in the following year within this new framework.

Over the past several weeks, we've worked with all budget holders to propose budget efficiencies that will generate the required savings to help the university navigate this new fiscal reality. We're on track to formulate our recommended budget that will follow our normal consultation process, prior to being presented to the Board of Governors for approval at the end of April.

We are approaching all of our recommendations in a principled manner, consistent with the following values:

- **Students:** We are committed to providing an excellent learning environment and student experience.
- **Faculty and staff:** We are committed to minimizing the impact on people by finding efficiencies.
- **Access:** We are committed to maintaining and enhancing a diverse and inclusive campus community.
- **Communication:** We are committed to communicating regularly with our campus community about the budget process as it progresses.

Our university is well-positioned for the future as we remain focused on our [mission](#) and strategic priorities. Through our strategic priorities we have started on a path that will help solidify our university as a remarkable and recognized place of scholarly endeavor, phenomenal student experiences and tight-knit community.

As part of our commitment to regular communication, [this video](#) shares more about our focus on providing a quality learning experience as we finalize our 2019-2020 budget.

Sincerely,

Steven

Dr. Steven Murphy
President and Vice-Chancellor

Strategic initiatives 2019-20

Agenda Item 8

	Strategic Investment	Reallocation
Sticky Campus		
New Programs (BTech/ Liberal Studies/Nursing)	\$0.5M	
Student Supports (work/study; bursaries; recreation)	\$0.9M	
Library - creating new space	\$0.4M	
Entrepreneurship		
Brilliant & Co-op 3.0	\$0.5M	
Partnerships		
New Partnership Office	\$0.1M	X
Continuing Education/ EAP/ International	\$1.1M	X
Tech Focus		
Virtual Campus (LMS Renewal, Mobile App)	\$1.3M	X
Mobile Ride; Math videos	\$0.1M	X
Storytelling		
Branding	\$0.7M	X

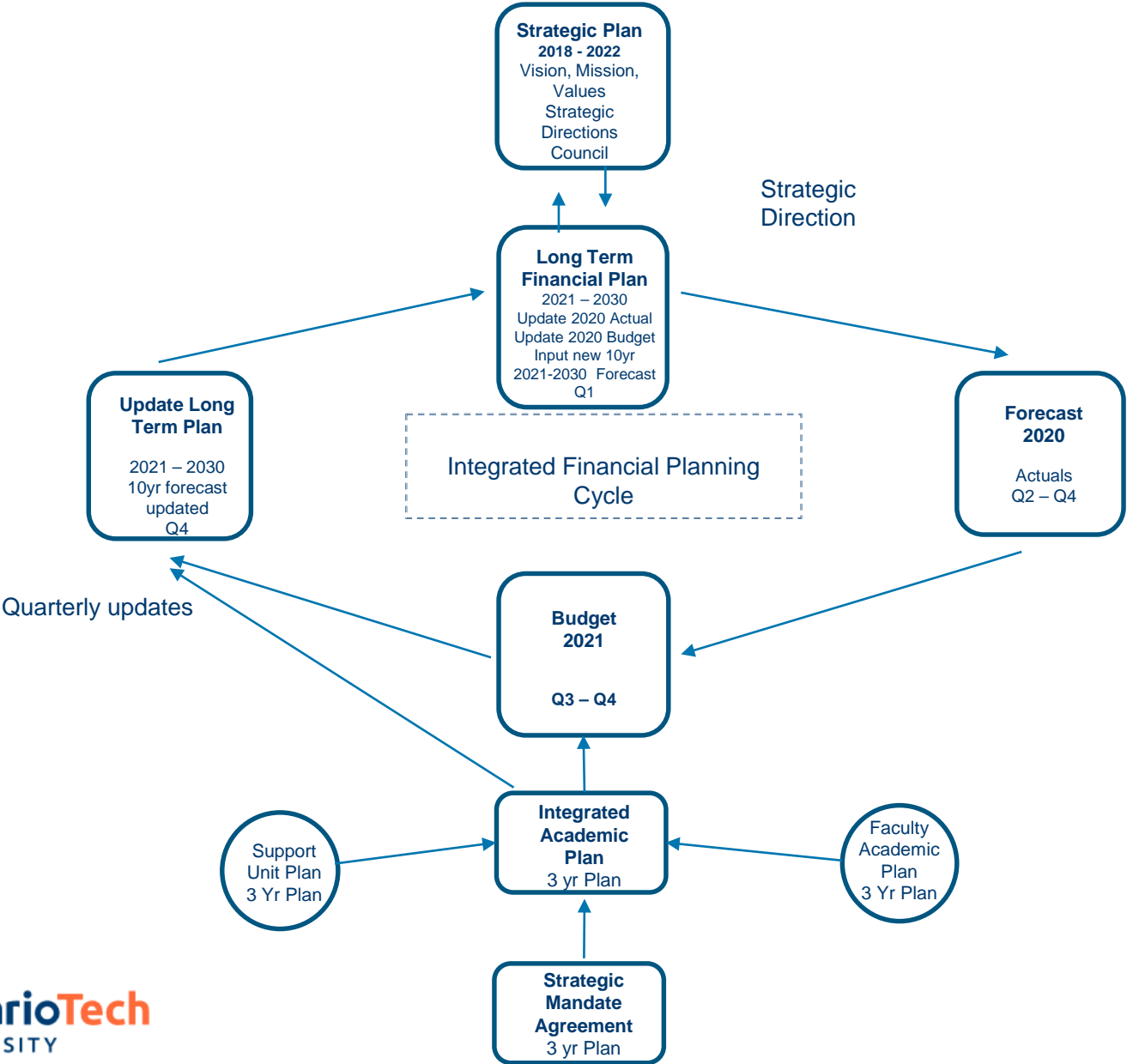
Core performance targets

SMA Performance Targets				
Indicator	Initial SMA2 Level	Current Level	Target 2019-20	Long Term Objective
Composite score on NSSE questions related to students' perceived gains in higher order learning outcomes	28	28	27-30	↔
% UG students graduating with Experiential Learning	54%	72%	90%	↑
Graduate Employment Rates (2 years)	94.3	94.2	94-96	↔
Student Success Rates	79.9%	82.5%	79-81%	↑
Andragogy (Hybrid and online offerings)	20.5%	23.2%	20-22%	↑
Total Sponsored Research	\$9.6M	\$11.3M	\$9.5-11.5M	↑
Total Tri-Council Funding - share of total Ontario universities	0.61	0.60	0.60	↔
Number of papers per faculty member (cummulative over 5yrs)	1536	1800	1800-2000	↑
Percentage of undergraduate students accessing peer support programs	28	39	30-35	↑
Proportion of operating expenditures on student services	6.6	6.6	5-7	↔

	Improvement
	Maintain

Full SMA Metrics are available online in the [SMA Metrics 2017-18 to 2019-20 Dashboard Report](#).

Integrated strategic planning and financial cycle





- ▶ Budget process
- ▶ New tuition framework
- ▶ Strategic institutional reductions
- ▶ Strategic unit reductions

Budget process

The University budget model is an incremental model:

In Sep 2018 – Dec 2018,

- Base costs rolled forward and fixed cost increases applied
- Excess of revenues > expenses allocated strategically through the ASK process in conjunction with Senior Leadership Team (SLT).

In Jan 2019, the Province announced a 10% tuition reduction for 2019-20 with a freeze in tuition for 2020-21.

Impact: shortfall of \$9M for 2019-20 and \$12M for 2020-21

- Units submitted proposals for budget reductions
- Budget Working Group (BWG) reviewed unit proposals which included process efficiencies, and balanced the 2019–20 and 2020-21 budgets


The 2019-20 budget process is outlined in the appendix on the Development of Draft Budget flowchart

Tuition framework – Strategic institutional reductions

	<u>2019-20</u>	<u>2020-21</u>
	<u>\$ Mil</u>	<u>\$ Mil</u>
Total budget (fixed and variable costs)	\$191.0	\$197.0
Total variable costs only	\$136.0	\$141.0
<hr/>		
Total Tuition Decrease, offset by:	(\$9.0)	(\$12.0)
University Priority Fund decrease	\$1.0	\$1.0
International tuition increase	\$0.9	\$2.6
Capital investment decrease	\$1.0	\$0.0
Moving Ground Plane investment	\$0.0	(\$2.0)
New hire assumptions	\$1.0	\$3.9
Other strategic items	(\$0.5)	(\$0.3)
<hr/>		
Net unit reduction required	(\$5.6)	(\$6.8)
<hr/>		

Tuition framework – Strategic unit reductions

in 000's Dept	2019-20 variable budget expenses Total	Budget Reductions		Total Reduction %	
		19/20	20/21	19/20	20/21
Faculty of ESNS	4,126	(161)	(242)	(3.9%)	(5.9%)
Faculty of Business and IT	13,200	(447)	(389)	(3.4%)	(2.9%)
Fac. of Social Science & Hum	10,636	(392)	(579)	(3.7%)	(5.4%)
Faculty of Education	4,992	(163)	(236)	(3.3%)	(4.7%)
Faculty of Health Sciences	13,696	(351)	(408)	(2.6%)	(3.0%)
Faculty of EAS	14,318	(459)	(699)	(3.2%)	(4.9%)
Faculty of Science	13,001	(334)	(501)	(2.6%)	(3.9%)
Graduate Studies	1,919	(73)	(73)	(3.8%)	(3.8%)
Outsourced Electives	490	(198)	(350)	(40.4%)	(71.4%)
Total Academic/ACRU	76,377	(2,578)	(3,478)	(3.4%)	(4.6%)
Office of the Provost	665	(54)	(54)	(8.1%)	(8.1%)
Planning and Analysis	4,236	(734)	(698)	(17.3%)	(16.5%)
Research, Innovation	2,250	(73)	(124)	(3.3%)	(5.5%)
Registrar	6,754	(287)	(396)	(4.2%)	(5.9%)
Tuition Set Aside	-	-	-		
Student Life	1,886	(202)	(138)	(6.7%)	(5.2%)
Library	4,538	(160)	(276)	(3.5%)	(6.1%)
IT - TELE	-	-	-		
Total Academic Support	20,330	(1,510)	(1,685)	(7.4%)	(8.3%)
Secretariat/ General Counsel	1,697	(94)	(94)	(5.5%)	(5.5%)
President	964	(77)	(77)	(8.0%)	(8.0%)
Finance	3,314	(121)	(166)	(3.7%)	(5.0%)
Central Operations	3	-	-		
OCIS/Leased Space	6,767	(241)	(338)	(3.6%)	(5.0%)
IT (excluding TELE)	3,422	(70)	(58)	(2.1%)	(1.7%)
External Relations	4,696	(231)	(231)	(4.9%)	(4.9%)
Human Resources	2,560	(96)	(71)	(3.7%)	(2.8%)
Total Administrative	23,424	(931)	(1,036)	(4.0%)	(4.4%)
Total Purchased Services	14,890	(595)	(596)	(4.0%)	(4.0%)
ACE - Non-Commercial	493	(26)	(41)	(5.2%)	(8.2%)
Total Ancillary/Comm Exp	493	(26)	(41)	(5.2%)	(8.2%)
Total base variable budget	135,513	(5,640)	(6,834)	(4.2%)	(5.0%)

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1. **Enrolment**
 - ▶ Total FTE increase of 160 or 2% to 9,013
 - ▶ FTE for 2019-20 is within the Ministry approved corridor
2. **Government Grants**
 - ▶ Set at the 2016-17 level as per new funding formula, except for growth in core operating grant in collaborative nursing (\$0.3M) and in graduate grant (\$0.3M)
3. **Tuition set at new 2019/20 rates**
 - ▶ Domestic tuition decreases net \$7.4M or 10%
 - ▶ International average tuition increases \$0.9M or 6%
4. **Salary/wage estimates are based on current and planned contracts, as well as the non-union compensation plan**
5. **Standard COU space measurement averages 8.3 Net Assignable Space Meters per Full Time Equivalent (NASM/FTE) for Ontario universities**
 - ▶ 2019-20 budget is 4.7 NASM/FTE
6. **The strategic target set for Student/Faculty ratio is 31:1**
 - ▶ 2019-20 budget is at 30:1
7. **Operating budget includes building reserves of \$2M, deferred maintenance of \$0.5M, and \$1.0M of general operational reserves**

Budget metrics

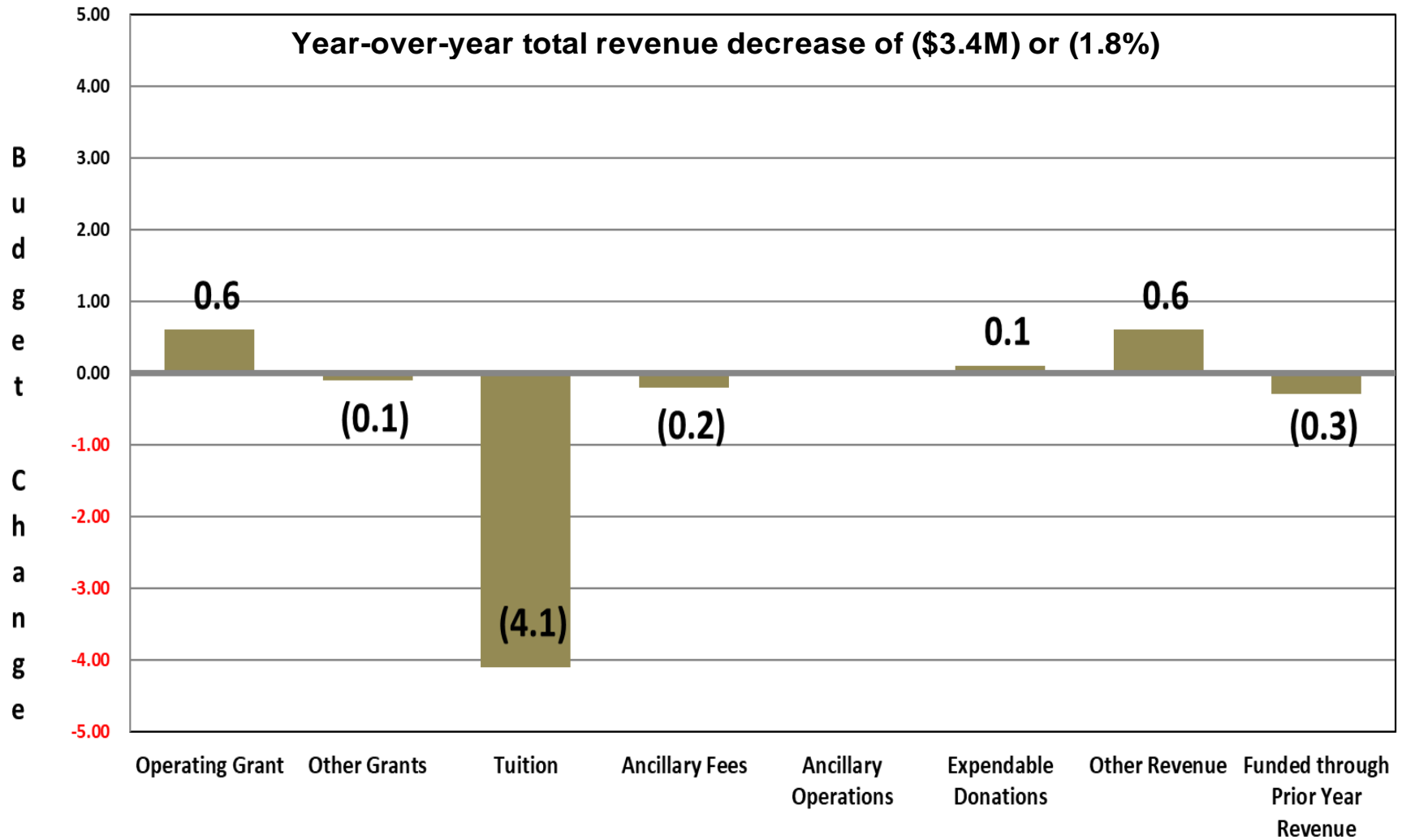
2019-20 budget vs 2018-19 budget	Metric	2019-20 Budget/Target	2018-19 Budget	2018-19 Forecast	2019-20 budget vs 2018-19 forecast
↑	Enrolment	9,013	8,853	8,933	↑
↑	Undergraduate Domestic	7,922	7,834	7,950	↓
↑	Undergraduate International	488	468	405	↑
↑	Graduate Domestic	414	379	430	↓
↑	Graduate International	189	172	148	↑
↑	Basic Operating Grant	\$57.4M	\$56.8M	\$57.0M	↑
↓	Student/Faculty Ratio	30:1	29:1	31:1	↑
↓	Domestic Tuition Rate	-10.0%	3.0%	3.0%	↓
↑	International Tuition Rate	6.0%	4.0%	4.0%	↑
→	NASM/FTE	4.7	4.7	4.7	→
↑	Student Success Rate	82.5%	80.3%	82.5%	→
↓	Positions Filled	98.9%	100.0%	94.6%	↑

Draft operating budget

	2019- 20 Proposed Draft Budget (in \$'000 s)								
	2019-20 Draft Operating Budget	Purchased Services	Debenture	TELE	ACE	Regent Theater	Campus ChildCare	Campus Field House and Arena	Total 2019 - 20 Draft Budget
REVENUES									
Operating Grants	\$ 57,438		\$ 13,500						\$ 70,938
Other Grants	\$ 10,146						\$ 211		\$ 10,357
Student Tuition Fees	\$ 79,944								\$ 79,944
Student Ancillary Fees	\$ 5,283	\$ 2,357		\$ 3,721					\$ 11,360
Revenues from Ancillary Operations	\$ 225	\$ 3,558							\$ 3,783
Expendable Donations	\$ 854			\$ -					\$ 854
Other Revenues	\$ 5,108		\$ -	\$ 39	\$ 5,143	\$ 632	\$ 812	\$ 1,714	\$ 13,448
Total Revenues	\$ 158,997	\$ 5,915	\$ 13,500	\$ 3,760	\$ 5,143	\$ 632	\$ 1,024	\$ 1,714	\$ 190,684
Funded through Prior Year Revenue	\$ 191			\$ (65)					\$ 126
Total Revenue	\$ 159,188	\$ 5,915	\$ 13,500	\$ 3,695	\$ 5,143	\$ 632	\$ 1,024	\$ 1,714	\$ 190,810
EXPENDITURES									
FT Labour	\$ (86,980)	\$ (7,023)		\$ (1,110)	\$ (2,087)	\$ (103)	\$ (365)	\$ (629)	\$ (98,297)
PT Labour	\$ (15,659)	\$ (288)		\$ (410)	\$ (107)	\$ (295)	\$ (400)	\$ -	\$ (17,159)
Operating Expenses	\$ (42,746)	\$ (6,461)	\$ (16,501)	\$ (1,390)	\$ (2,877)	\$ (223)	\$ (259)	\$ (978)	\$ (71,435)
Capital Expenses	\$ (2,195)	\$ (939)		\$ (785)	\$ -	\$ -	\$ -	\$ -	\$ (3,919)
Total Expenditures	\$ (147,580)	\$ (14,712)	\$ (16,501)	\$ (3,695)	\$ (5,071)	\$ (621)	\$ (1,024)	\$ (1,607)	\$ (190,810)
Budget Surplus/(Deficit)	\$ 11,608	\$ (8,797)	\$ (3,001)	\$ 0	\$ 72	\$ 11	\$ (0)	\$ 108	\$ 0

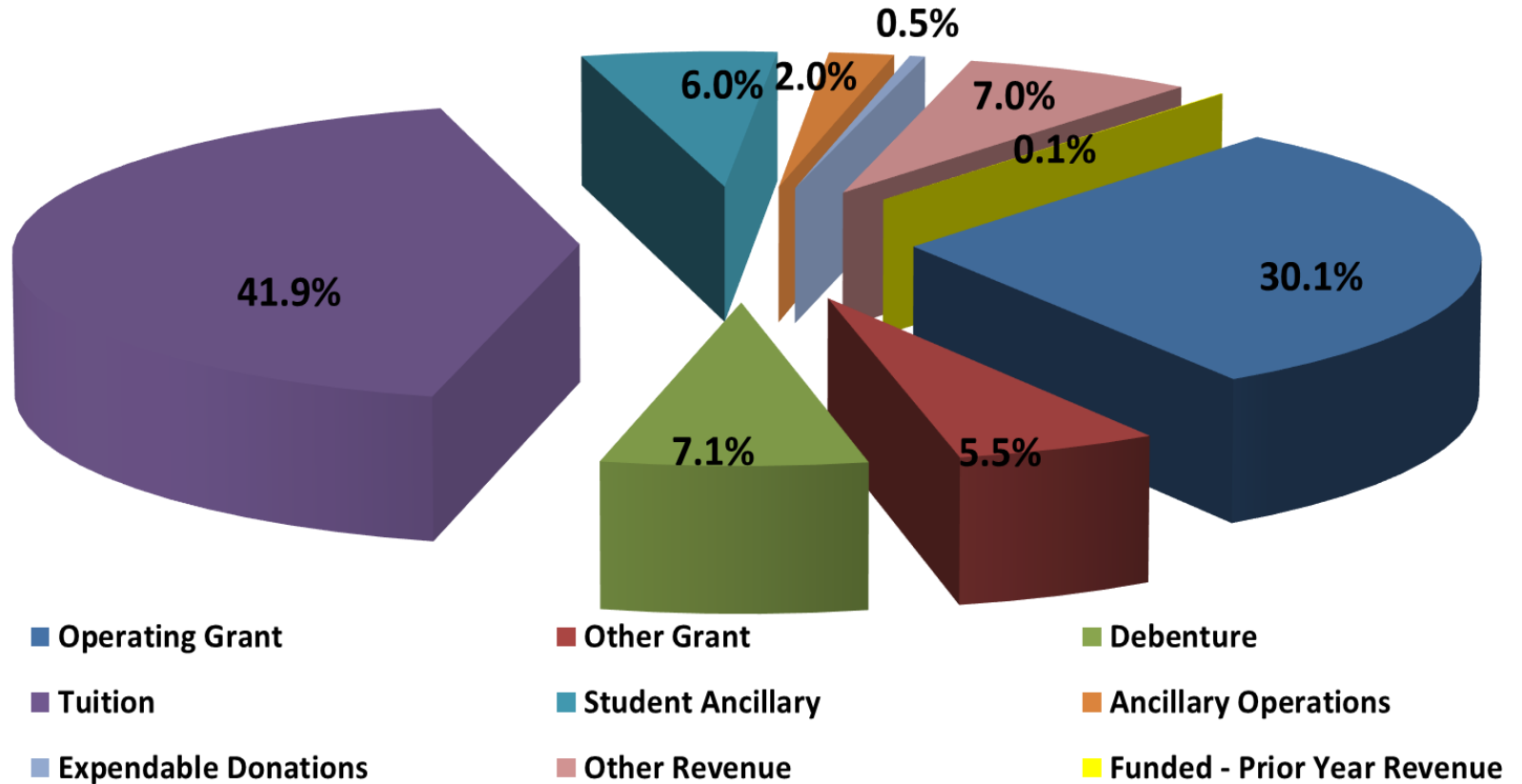
* Expendable donations relate to the expendable and interest portion of endowed funds that will be disbursed as awards and scholarships in the budget year. It does not include endowed principal or the new capital campaign.

Budget summary - revenue

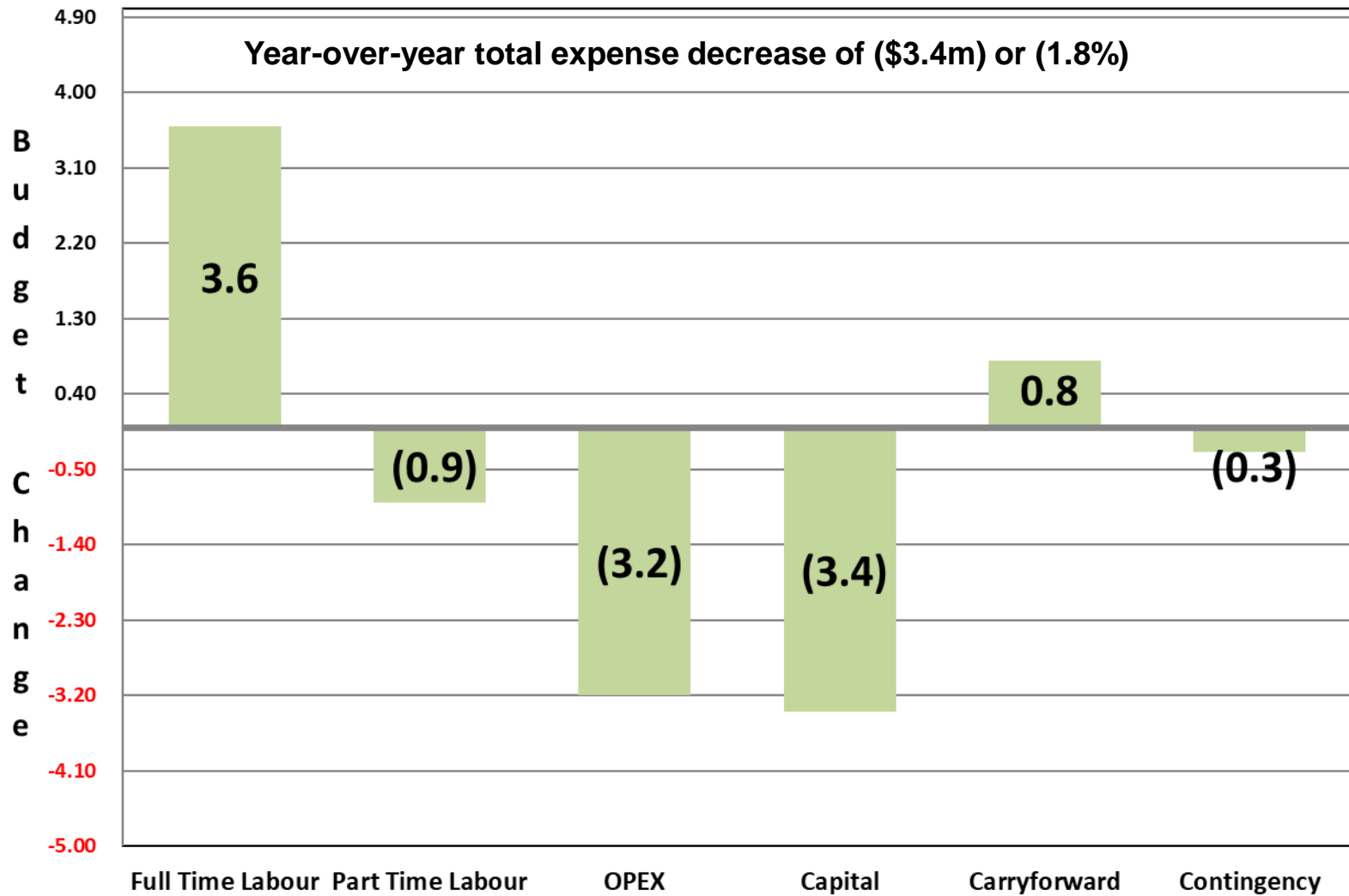


Revenue components

Revenue Components as a % of Total Revenue

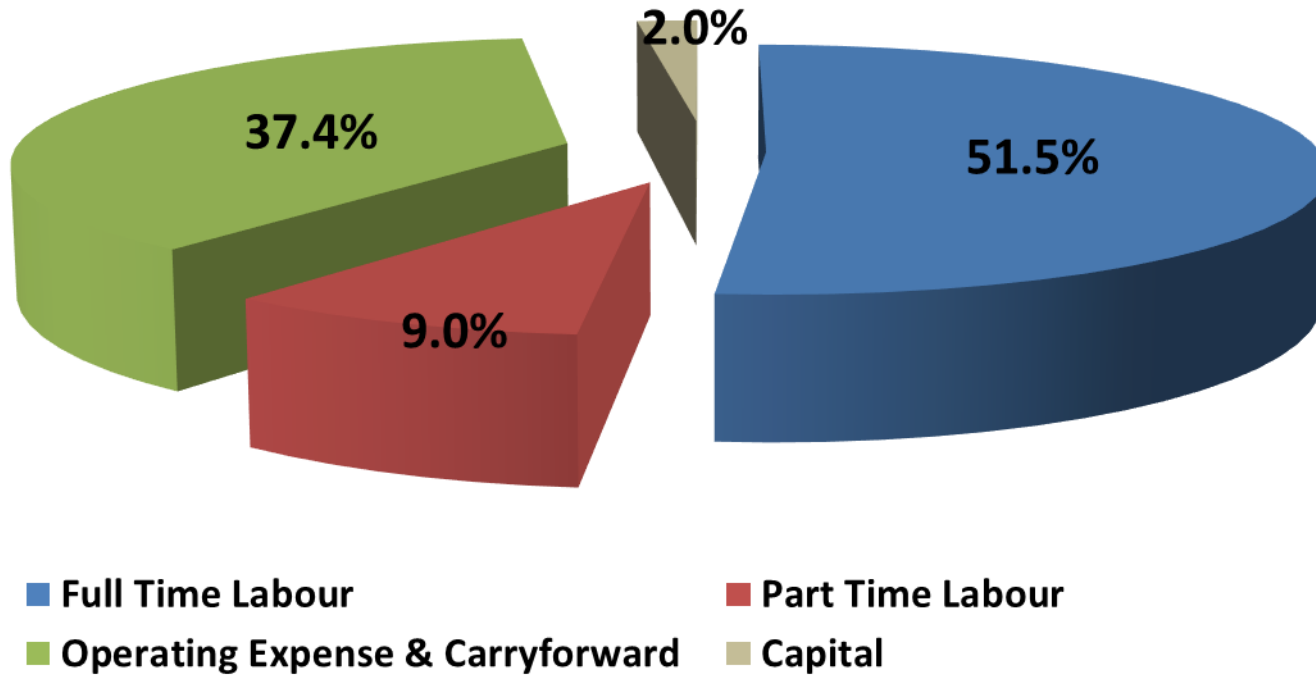


Budget summary - expense



Expense components

Expense Components as a % of Total Expense



Academic operating expenses

Department	2019/20 Budget	2018/19 Budget	Year-over-year change	
	\$'000's	\$'000's	\$'000's	%
Energy Systems and Nuclear Science	\$4,985	\$4,996	(\$11)	(0.2%)
Business and Information Technology	\$13,067	\$12,939	\$128	1.0%
Social Sciences and Humanities	\$10,272	\$10,028	\$244	2.4%
Education	\$4,914	\$5,345	(\$431)	(8.1%)
Health Sciences	\$13,213	\$12,991	\$222	1.7%
Engineering	\$14,480	\$14,442	\$38	0.3%
Science	\$13,200	\$12,939	\$261	2.0%
Graduate Studies	\$2,895	\$3,202	(\$306)	(9.6%)
Outsourced Electives	\$292	\$490	(\$198)	(40.4%)
Total Academic	\$77,319	\$77,371	(\$52)	(0.1%)

Academic Support operating expenses

Department	2019/20 Budget	2018/19 Budget	Year-over-year change	
	\$'000's	\$'000's	\$'000's	%
Office of the Provost	\$916	\$1,205	(\$289)	(24.0%)
Planning	\$1,131	\$2,160	(\$1,029)	(47.6%)
Research, Innovation & International	\$2,551	\$2,489	\$62	2.5%
Teaching & Learning	\$3,648	\$3,620	\$29	0.8%
Registrar	\$6,634	\$6,745	(\$110)	(1.6%)
Tuition Set Aside	\$7,472	\$6,889	\$583	8.5%
Student Life	\$7,432	\$7,043	\$389	5.5%
Library	\$4,415	\$4,479	(\$63)	(1.4%)
IT - TELE	\$3,695	\$4,794	(\$1,099)	(22.9%)
Total Academic Support	\$37,895	\$39,423	(\$1,528)	(3.9%)

Administrative operating expenses

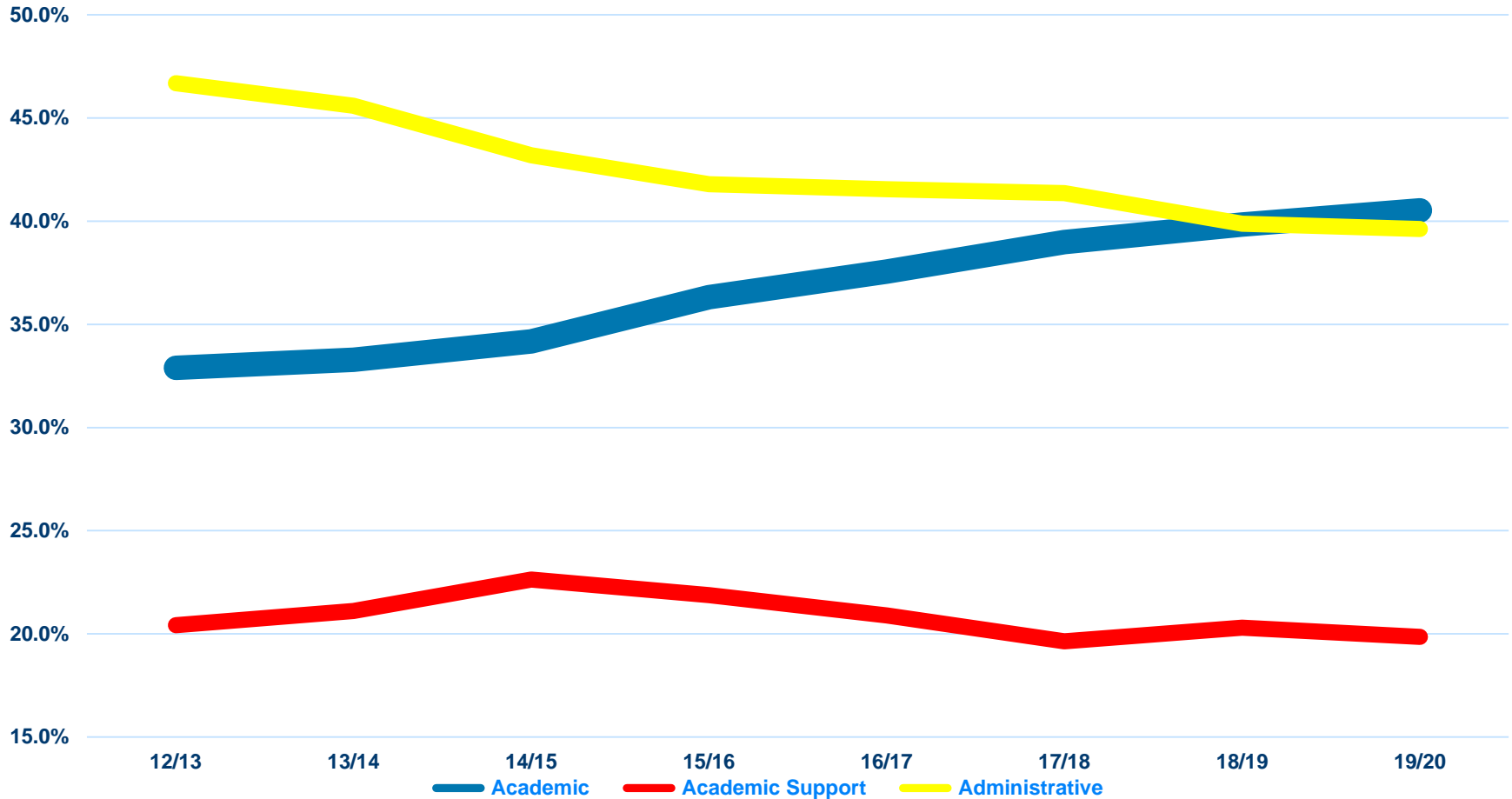
Department	2019/20 Budget	2018/19 Budget	Year-over-year change	
	\$'000's	\$'000's	\$'000's	%
University Secretariat and General Counsel	\$2,093	\$1,691	\$402	23.7%
President	\$955	\$1,037	(\$82)	(7.9%)
Finance	\$3,301	\$3,252	\$49	1.5%
Central Operations	\$4,905	\$5,369	(\$464)	(8.6%)
OCIS/Leased Space	\$12,963	\$13,759	(\$796)	(5.8%)
IT (excluding TELE)	\$3,893	\$3,762	\$130	3.5%
External Relations	\$4,637	\$4,772	(\$135)	(2.8%)
Human Resources	\$2,538	\$2,566	(\$28)	(1.1%)
Total Administration	\$35,285	\$36,209	(\$925)	(2.6%)

Commercial and other operating expenses

Department	2019/20 Budget	2018/19 Budget	Year-over-year change	
	\$'000's	\$'000's	\$'000's	%
ACE	\$5,045	\$4,981	\$64	1.3%
Campus Ice /Campus Tennis Centre	\$1,607	\$1,595	\$11	0.7%
Daycare	\$1,026	\$959	\$67	7.0%
Regent	\$621	\$599	\$22	3.6%
Purchased Services	\$15,512	\$16,613	(\$1,102)	(6.6%)
Deventure	\$16,501	\$16,501	\$0	0.0%
Total Commercial and other	\$40,311	\$41,249	(\$937)	(2.3%)

Budget Summary by functional area

% of Total Budget



Risks and opportunities/mitigation

<u>Risks</u>	<u>Est. Impact</u>	
	<u>2019-20</u> \$'000s	<u>2020-21</u> \$'000s
Compensation	\$480	\$1,250
Tuition, as per new tuition framework	150	225
	-----	-----
Total risks	\$630	\$1,475
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 <u>Opportunities/Mitigation</u>		
Ancillary Fee Changes	\$300	\$310
ConEd development (net)	150	250
Delay in OPEX and hiring	180	-
Increase in revenue/decrease in expenses beyond current budget plan for 2020-21	-	915
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Total opportunities/mitigation	\$630	\$1,475
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Conclusion



- ▶ Next steps
- ▶ Questions and discussion

➤ Any questions or comments ?