Budget Report 2023-24

and Long-Range Budget Guidelines
2023-24 to 2027-28

February 16, 2023
Planning & Budget Office

UNIVERSITY OF TORONTO

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Introduction

This report introduces the proposed Long-Range Budget Guidelines for the five-year period 2023-24 to 2027-28, including the detailed annual operating budget for fiscal year 2023-24. The proposed operating budget is balanced at the institutional level in each year of the planning period[1].

The Budget Report 2023-24 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 – internationalization, engagement with the city-region and reimagining undergraduate education - the Towards 2030 academic plan, and the Provost's five priorities. These priorities 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. Further, 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 2023-24

As we emerge from the COVID-19 global pandemic, the University continues to be in a strong financial position. Our faculty, staff, and students have successfully navigated through the challenges and this year, we had our biggest back to school ever with over 90,000 students coming to our campuses, many for the first time. Demand for our programs continues to be strong, our residences are back to full occupancy, and we can capitalize on the lessons learned as we move forward.

With enrolment growth slowing and limits on domestic and international fees, we are heading into a new planning environment of lower revenue growth compared to the past decade. Total budgeted operating revenue for 2023-24 is $3.36 billion representing a 3.9% increase over last year's budget and annual revenue growth is anticipated to slow to less than 3% by the end of the 5-year planning period. This comes at a time of increasing pressures on expenses. Compensation costs are likely to increase as we exit the Bill 124 wage increase moderation period and high inflation is increasing the costs of goods and services overall, with particular pressures on energy costs and construction. This will lead to some difficult decisions as divisions work to fund their highest priorities. It will also reinforce the need to maximize the effectiveness of our services and make the most of the resources we have.

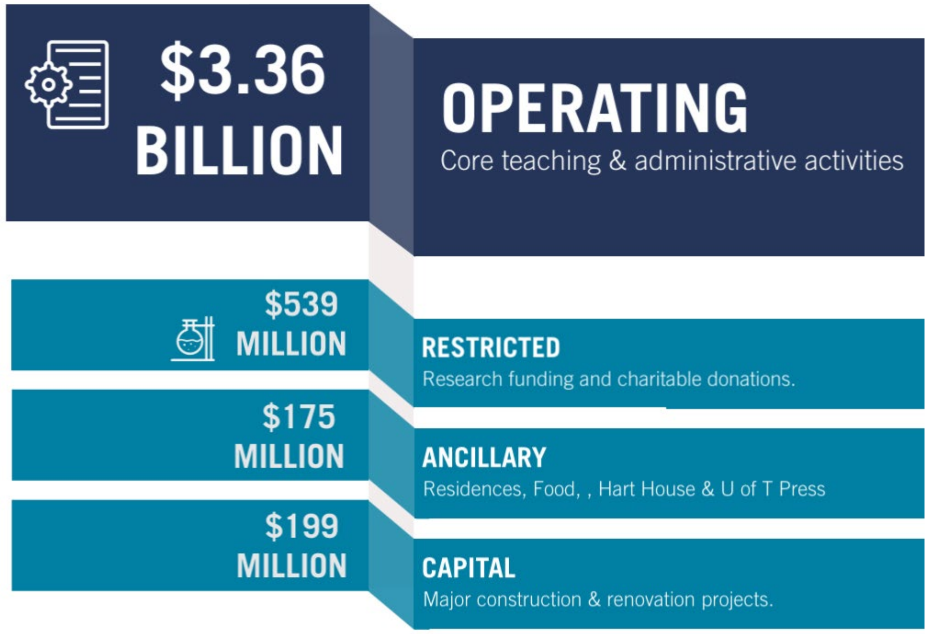
The University continues to attract excellent domestic and international students. Enrolment-related revenues, including student fees and operating grants, represent 88% of our operating budget and are projected to increase by 3.3% to $2.95 billion in 2023-24. This reflects modest changes to domestic enrolment within the ±3% flexibility of the fixed provincial funding envelope, a small increase in international intake combined with the flow-through of larger cohorts from previous years, and a 2.1% average increase in international tuition fees.

[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



Unfortunately, it appears that the Provincial Government will again extend the freeze on domestic tuition fees for Ontario residents for another year. The cumulative impact of the 10% cut in 2019-20 and four-year freeze is a $195 million reduction in annual operating revenue to the University in 2023-24 compared to the framework in place before 2019-20. Our domestic fees continue to be lower than they were in 2018-19 and after inflation, tuition for Arts & Science programs is lower than it was in 1999.

This will have a differential impact on each division, depending on program mix and divisional revenue sources. Adjustments to divisional plans 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.

In May 2022, the Government announced funding to support the new Scarborough Academy of Medicine and Integrated Health (SAMIH), which will expand enrolment in our MD, Physical Therapy, and undergraduate life sciences programs on the Scarborough campus. In addition, the physician assistant program and a portion of our nurse practitioner program will be delivered through SAMIH. The long-range plan includes operating funding increases for this initiative in-line with the ramp up in enrolments.

Divisional enrolment plans will add about 3,700 domestic undergraduate spaces over the next five years including the separately funded SAMIH expansion. The University also continues to see growth in demand from international students. A small increase of about 250 in international intakes is planned for next year across several divisions. This increase, combined with the flow through of larger cohorts from recent years, will increase total international enrolment by about 2,300 FTEs over the planning period. By 2027-28, divisional plans call for international enrolment of approximately 31.5% 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 2022 saw significant progress in diversifying intakes with students from 135 countries and less than half from any single source. To support these efforts, direct-entry undergraduate divisions continue to invest in additional merit-based scholarships for international students from diverse global regions, earmarking 6% of international undergraduate tuition revenue towards this goal.

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, bringing the total number of faculty positions supported under this program to 190. New EDI-focused roles in People Strategy, Equity & Culture and Advancement will increase our supports for critical initiatives and bring this important lens to alumni and fundraising activities.

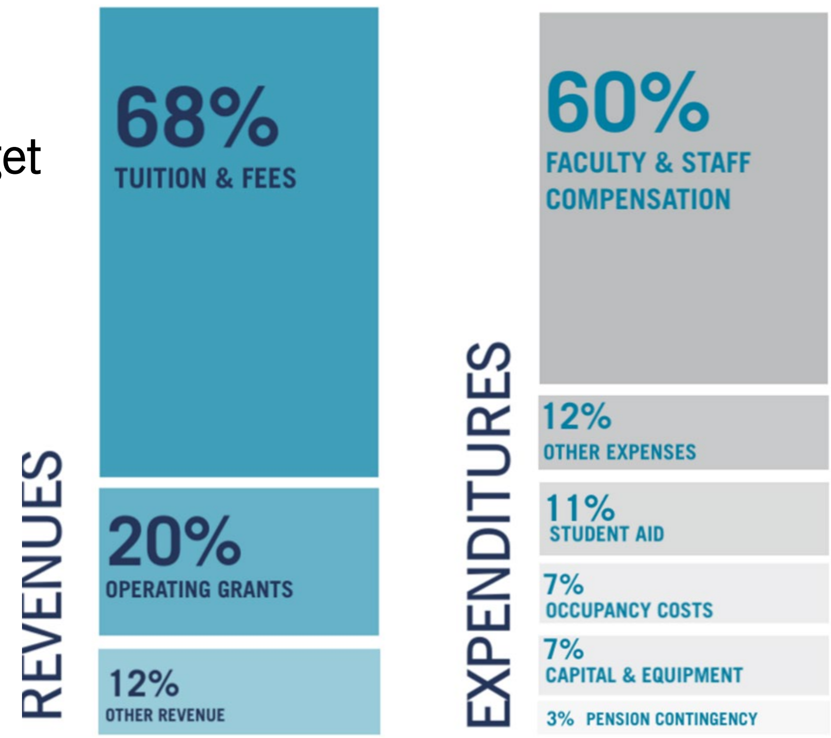
UF will also be used to increase funding for student mental health programs to support the significant increase in capacity over the last three years and ensure stable funding going forward. Hiring additional case managers to assist parties in navigating the sexual violence reporting process, staffing for the new student advising system, classroom renewal, and support for research initiatives are also priorities for the UF allocations this year.

Figure 2

Balanced Budget

2023-24

$3.36 Billion



In addition to these institutional priorities, the University Fund will provide support to divisions in addressing inflationary cost pressures, particularly those most impacted by constraints on operating grants and domestic fees.

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 and inflation. The budget includes a significant increase in funding for our critical information security programs. Other budget priorities in shared services include a new software system for student advising; staffing to help scholars navigate research ethics issues and expand our supports for occupational health, faculty recruitment, and support services; funding to sustain the services and collections of the University's world-class library system; and critical spending on deferred maintenance and utilities infrastructure renewal.

Compensation increases are planned to return to pre-Bill 124 levels, although there remains some risk of pressure for higher settlements that may require revisiting faculty and staff hiring plans and potentially other priorities. Consistent with the plan presented last year, the pension risk contingency budget will be reduced to $85 million next year and ultimately to $50 million by the end of the planning period.

1 The Financial Planning Landscape

Moving Forward from the Pandemic

The University has successfully navigated through the challenges of the COVID-19 global pandemic and this year we had our biggest back to school ever, welcoming over 90,000 students to our three campuses, many for the first time in their academic careers. Throughout the pandemic, our faculty, librarians, and staff worked tirelessly to ensure operational continuity while maintaining excellence in our academic and research programs and our students demonstrated outstanding resiliency as have adapted to changes required to meet public health measures. Demand for our programs remained strong throughout and our scholars had an outsized impact on pandemic-related research and through contributions to health care and public health planning.

While our ancillary operations were impacted by the reduced activity on our campuses, they are rebounding faster than anticipated. Residences are back to full occupancy this year and other services such as food and transportation are making steady progress as on-campus activity increases. These units are now able to turn their focus away from crisis management and back towards planning for the future.

As is often the case with historic events like this, the pandemic has led to innovations that will benefit all as we move forward. In March 2022, the Provost established the new University Resilience Project Team (RPT) to build upon the work and insights gained over the last two years, capitalize on the innovations developed during the pandemic, and build strategies for long-term institutional resilience. Over the course of this year, the team has consulted with a wide array of stakeholders from all divisions across our three campuses and have developed recommendations across themes of Navigation, Engagement, and Future Proofing.

The University expects to continue as an in-person institution, although, we recognize that there are benefits and demand for a selection of online courses going forward. To leverage the lessons learned during the pandemic, the University has implemented an "Online by Design" initiative to support faculty in developing courses designed from the ground up for an online learning environment.

We continue to implement changes to increase our capacity to meet student mental health needs. Our much improved continuum of mental health supports to both domestic and international students has led to a three-fold increase in mental health service interactions since 2019-20, trending towards 41,000 interactions across in-person and internet-based service models this year. Additionally, in collaboration with CAMH, the University has launched an acute care navigation pathway to serve complex and high need students. In the first four months of this service, U of T and CAMH collaborated to identify and serve over 100 students seen in the Emergency Department and Inpatient Units. Through this innovative partnership, we have achieved important learnings and are well positioned to further develop this service in 2023-24. Progress across mental health is well aligned with the recommendations of the Presidential and Provostial Task Force of 2019.

Demand for the University's programs continues to be very strong with deep domestic and international undergraduate applicant pools for Fall 2022. After the exceptionally high intake in 2021, the University had planned on a slightly smaller direct entry undergraduate intake for 2022. Actual full-time intake came in about 3.8% lower than planned (or 620 students on a 16,449 target), although still about 3.8% higher than in 2020. This year, the Federal Government faced significant challenges in processing student permit applications given a large increase in volumes across the country. Over the summer, the University worked closely with Immigration, Refugees & Citizenship Canada (IRCC) to reduce the impact on our students as much as possible. Ultimately, approximately 150 of our incoming students were forced to defer their admission to the winter or next fall which, anecdotally, appears to be significantly better than experienced at some other universities and colleges who have signaled deferral rates of 30% and even higher. The University will continue to work with Universities Canada and IRCC on opportunities to improve the student permit process for next year.

Overall, undergraduate enrolment was about (1.2%) below target this year – although, still 364 FTEs above last year – primarily because of the lower than planned intake.

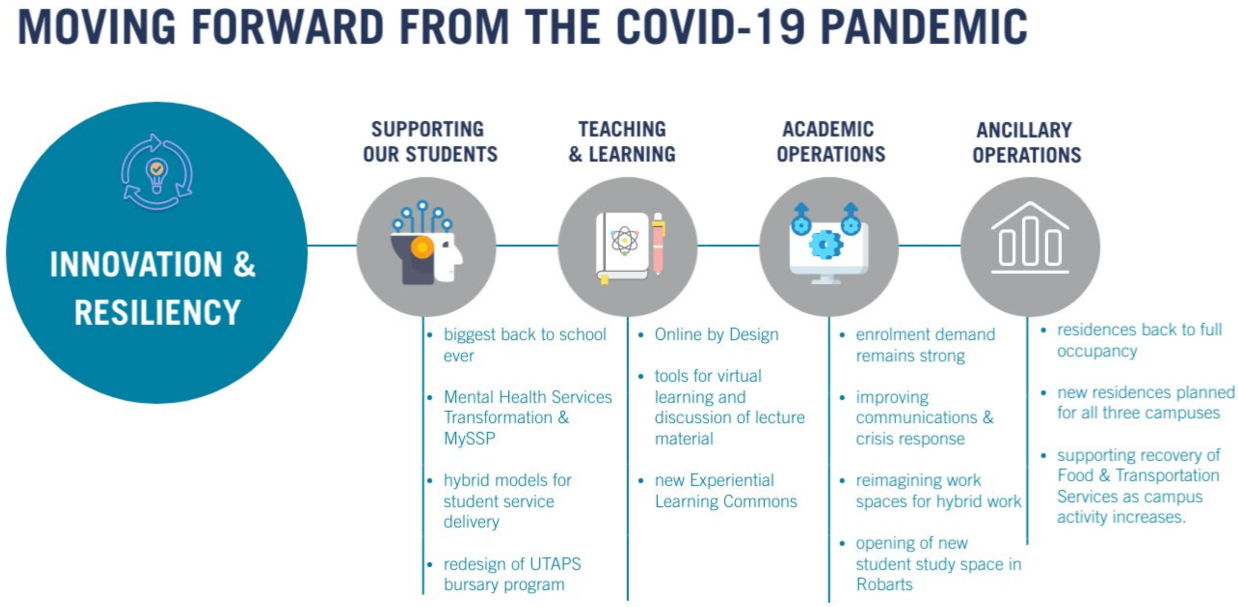
Many divisions experienced some softening in graduate intakes this year with overall graduate enrolment coming in (2.8%) below plan, although still within our funded enrolment corridor. Plans included significant growth over Fall 2021 so, while enrolment was under target, divisions still saw year over year growth of 0.9%.

Summer enrolment activity continues to be higher than pre-pandemic levels, although not at the level of the peak in 2020 in the early stages of the pandemic. Students have shown continued 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.

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. Ancillary units are expected to eliminate any deficits over a five-year period. Ancillary operations are making significant progress in their recovery from the financial challenges incurred in the first two years of the pandemic and are ahead of their five-year plans.

Deficit spending has been allowed only where it is necessary to do so, after considering cost containment strategies, levels of reserves, and funding for critical infrastructure projects. The University continues to work

Figure 3



with ancillary 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] that is operationalized through a series of bilateral Strategic Mandate Agreements. These agreements 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, the Government is shifting a significant portion of existing operating grant revenue to a differentiation envelope that will be linked to performance metrics. Over the five years, the Differentiation Envelope portion of funding will 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.

Under the SMA3 performance-based funding formula, each university will be measured against its own past performance, not against other institutions. 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 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 recognition of the potential impact of the COVID-19 pandemic on metrics, the Government suspended activation of the performance-based funding framework for the first three years of the SMA3 period and has committed to reviewing this annually. Under the current plan, the performance-based funding framework will be activated in year four on only a portion of the Differentiation Envelope, beginning with 10% of total funding in 2023-24 and increasing to 25% in 2024-25. The University exceeded all of its metrics targets in the first two years of the SMA3 evaluation period and does not anticipate any reductions to funding if/when the performance-based framework is activated.

[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

Figure 4: SMA3 Metrics for Economic & Community Impact

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 compared to the populations of the cities of Toronto and Mississauga.

Figure 5: SMA3 Metrics on Graduate Skills & Job Outcomes

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 and publication of results of the NSSE Higher Order Learning Engagement Indicator for senior undergraduate students.

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. This excludes separately funded enrolment expansions in nursing and the Scarborough Academy of Medicine & Integrated Health discussed later in this document.

According to the 2022 Ontario Budget released in April 2022[4] and follow up November 2022 Fall Economic Statement[5] the Government is not planning any inflationary increases to the University's operating grant over the next three years.

[4] 2022 Ontario Budget https://budget.ontario.ca/2022/index.html

[5] 2022 Ontario Fall Economic Statement https://budget.ontario.ca/2022/fallstatement/index.html

Nursing Expansion & Clinical Funding

Nursing education continues to be a priority area for the Government which funded additional spaces at colleges and universities in 2021 and again in 2022. Under this program, the University received 30 additional spaces for our undergraduate BScN program for Fall 2022 entry (17% increase in intake). Given the continuing high demand for nursing graduates in the health care sector, the University is anticipating that this expansion will continue over the planning period.

In addition, the Government has committed $124.7 million over three years to significantly increase funding for nursing clinical operations at colleges and universities. Under this initiative, the University's allocation for nursing clinical funding will roughly triple to $1.1 million per year, which will help with operating costs for running these programs. We are hopeful that the Government will continue funding at this level beyond the initial three-year commitment. And the University continues to advocate for increased clinical funding in other program areas, in particular dentistry where the essential in-house clinics require significant subsidies from other operating revenues.

Scarborough Academy of Medicine & Integrated Health (SAMIH)

In May 2022, the Government announced new expansion funding for the Scarborough Academy of Medicine and Integrated Health (SAMIH) that will be located at the University of Toronto Scarborough (UTSC) campus. SAMIH will be a collaboration between UTSC, the Temerty Faculty of Medicine, the Lawrence S. Bloomberg Faculty of Nursing, and the Leslie Dan Faculty of Pharmacy. It will serve as a hub for undergraduate health education and health professional training. At full capacity, the SAMIH will prepare the following number of graduates on an annual basis:

- 30 physicians (with potential to expand to 50 in the future)
- 30 physician assistants
- 30 nurse practitioners
- 40 physical therapists
- 300 undergraduates in life sciences

In addition, the Government has allocated an additional 45 postgraduate medical resident spaces to the University as part of the SAMIH expansion.

SAMIH will be supported through a partnership with The Scarborough Health Network, Lakeridge Health, Ontario Shores Centre for Mental Health Science and Michael Garron Hospital. Community-based agencies and health care facilities such as Family Health Teams and Community Health Centres will also be important collaborators.

Funding Support for Mental Health

For 2022-23, the Government renewed their commitment to increase funding support for mental health services at colleges and universities by $4.8 million on top of the $10.5 million in on-going funding. This funding 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 commitment and continues to advocate for additional continuing investments to meet the pressing need for access to mental health resources to complement the University's increased investments in this area.

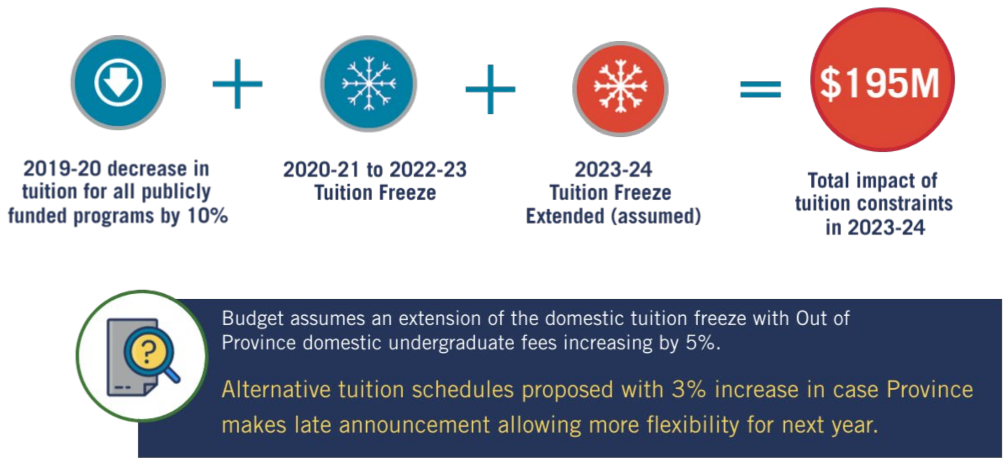
Framework for Domestic Tuition Fees

Changes to domestic tuition fees in publicly funded programs at Ontario colleges and universities are subject to frameworks provided by the Provincial Government. Under these frameworks, the Government sets limits on increases to fees (and in some cases, requires reductions or freezes) and retains the option to reduce operating grant funding to institutions that contravene the framework. The frameworks only apply to tuition for students for which the Government provides operating grant funding, so do not apply to majority of international students, non-publicly funded programs such as Executive MBA, and continuing education programs.

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 two additional years to 2022-23. Tuition paid by international students was unaffected.

Unfortunately, it appears that the Provincial Government will again extend the freeze on domestic tuition fees for Ontario residents for another year. The cumulative impact of the 10% cut and now four-year freeze is a $195 million reduction in annual operating revenue to the University in 2023-24 compared to the 3% average framework in place prior to 2019-20. Our domestic fees continue to be lower than they were in 2018-19 and after inflation, our fee for Arts & Science programs is lower than it was in 1999.

Figure 6: Impact of the Provincial Tuition Fee Framework



This decision is especially disappointing given the current high inflation environment and the Ontario Auditor General's November 2022 *Value for Money Audit on Financial Management in Ontario Universities*[6] and *Special Report on Laurentian University*[7] that both highlighted the adverse financial impact on Ontario universities of the Government's decision to reduce and freeze domestic tuition. The long-range plans continue to assume a return to a 3% framework after next year.

In 2021-22, the Government introduced a new policy allowing for differentiated fees for Out of Province domestic students. 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, the University proceeded with establishing differentiated fees for non-Ontario resident domestic students in 2022-23, with a 3% increase to fees for all undergraduate programs while fees for Ontario residents remained frozen under the framework. For 2023-24, the University is planning on a 5% increase to non-Ontario resident domestic fees in undergraduate programs, consistent with the framework.

Alternative Domestic Tuition Fee Schedules:

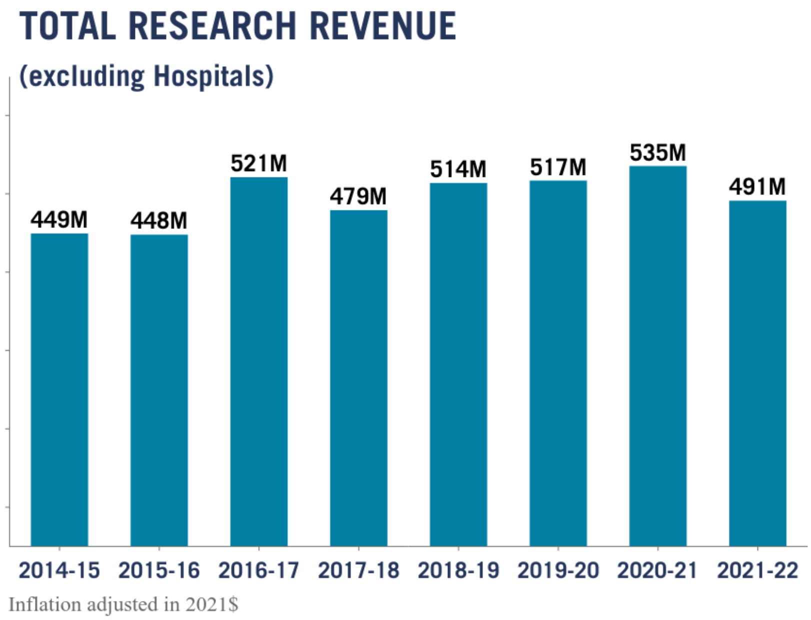
While the budget plan assumes a freeze to domestic Ontario resident tuition fees for next year, there is a small possibility that the Government could make a late announcement providing some flexibility on domestic tuition fees for 2023-24. Given the constraints that a continued freeze would put on budget resources to address pressures on expenses, the University must be able to use any flexibility provided. To position us to respond to a late announcement, **the University is proposing an alternative set of tuition fee schedules that assume a 3% increase to Ontario resident domestic tuition fees in the 2023-24 Tuition Fee Report.**

If the Government does make a late announcement allowing this flexibility, this alternate set of tuition fees would be implemented in 2023-24, subject to any limitations in the framework. The change would increase revenue to the University by approximately $15 million, which would be allocated across divisions through the University's budget model.

[6] https://www.auditor.on.ca/en/content/annualreports/arreports/en22/AR_FinancialMgmtUniversities_en22.pdf

[7] https://www.auditor.on.ca/en/content/specialreports/specialreports/LaurentianUniversity_EN.pdf

Figure 7



Federal Funding

Funding from the Federal Government is provided to universities primarily to support investigator-driven 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 fourteen fully affiliated hospitals (the next largest university allocation of CRCs is 110). 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 funding by over 48%. An appropriate adjustment to the value of these awards is long overdue.

Most research sponsored by NSERC, SSHRC and CIHR funding programs generates funding to support indirect costs 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 has averaged around 20% over the last decade 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 and the QEII Graduate Scholarships in Science and Technology. 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 research university requires creative solutions to fund its mission and aspirations.

In 2019, the final report of the Alternative Funding Sources Advisory Group[8] 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. 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 report[9] 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, likely through a targeted Strategic Fund.

Current projects in various stages of planning, design, and construction include a new residence at Spadina and Sussex currently under construction, a new residence on Harbord in development, the Site 1 Gateway project at Bloor and Spadina with faculty, staff and student family housing, and the Schwartz Reisman Innovation Campus (SRIC).

Figure 7

[8] Report of the Alternative Funding Sources Advisory Group, April 2019. https://www.provost.utoronto.ca/committees/budget-model-review/alternative-funding-sources-advisory-group/

[9] 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 $124 million in 2023-24 (3.9% over 2022-23) to total revenue of $3.36 billion, and total growth of $624 million over the planning period.

Enrolment

Fall 2022 undergraduate enrolment results were slightly below plan with an 810 FTE (1.2%) negative variance across all years of study, although enrolment increased by 364 FTEs over Fall 2021. UTM and UTSC were under target by (4.9%) and (4.4%) respectively which was offset by a 0.9% positive variance on the. St. George campus. Most of the variance to plan was in domestic enrolment (703 FTEs, -1.5%) with international enrolment relatively close to plan (108 FTE, -0.5%).

Looking ahead to Fall 2023, early data indicates a small 0.5% increase in the total domestic applicant pool from Ontario secondary schools system-wide, with applications to the University from this group up slightly by 0.8%, a positive sign at this stage. Meaningful application numbers for non-Ontario secondary school applicants, including out-of-country international students, are not available 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, excluding the targeted expansion programs in nursing and for the Scarborough Academy of Medicine and Integrated Health (SAMIH) that will be funded separately. Including the expansion plans, domestic enrolment is projected to increase by 3,700 FTEs over the next five years. Divisional plans also include growth of about 2,300 FTE international undergraduate students over the planning period, including growth on all three campuses. These plans will result in a slight increase in international students to 31.5% of total undergraduates. A high-level summary of enrolment plans is shown in Table 3.

The SAMIH expansion will see growth in undergraduate life science enrolment at UTSC of about 1,500 FTEs over the planning period in addition to expansion of the MD, PGME, and graduate level Physical Therapy programs.

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 800 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.

Table 1: Enrolment (Full-time Equivalent) by Domestic-International Mix, 2022-23 to 2027-28

	2022-23A	2023-24P	2024-25P	2025-26P	2026-27P	2027-28P
UG Domestic	45,428	46,247	47,607	48,224	48,747	49,126
UG International	20,343	21,213	21,707	22,097	22,547	22,641
% International	30.9%	31.4%	31.3%	31.4%	31.6%	31.5%
Grad Domestic	15,184	15,718	16,320	16,622	16,791	16,957
Grad International	5,343	5,285	5,395	5,475	5,520	5,589
% International	26.0%	25.2%	24.8%	24.8%	24.7%	24.8%
Total FTE	**86,297**	**88,464**	**91,029**	**92,418**	**93,606**	**94,313**

Table 2: Enrolment (Full-time Equivalents) by Degree Type, 2022-23 to 2027-28

	2022-23A	2023-24P	2024-25P	2025-26P	2026-27P	2027-28P
UG St. George	41,840	43,061	43,638	43,882	43,929	43,965
UG UTM	12,754	12,798	13,138	13,196	13,561	13,631
UG UTSC	11,176	11,602	12,538	13,242	13,805	14,171
Total Undergrad	**65,771**	**67,461**	**69,314**	**70,320**	**71,294**	**71,767**
% Undergraduate	76.2%	76.3%	76.1%	76.1%	76.2%	76.1%
Profess. Master's	9,667	9,913	10,372	10,523	10,592	10,690
Doc. Str. Master's	2,851	2,896	2,987	3,025	3,027	3,032
Doctoral	8,008	8,195	8,355	8,550	8,692	8,824
Total Graduate	**20,526**	**21,003**	**21,715**	**22,097**	**22,311**	**22,546**
% Graduate	23.8%	23.7%	23.9%	23.9%	23.8%	23.9%
Total FTE	**86,297**	**88,464**	**91,029**	**92,418**	**93,606**	**94,313**

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

Additional details and discussion of future enrolment plans are contained in the 2022-23 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), base operating grant revenue will remain largely unchanged over the planning period, with a shift in the balance between enrolment-based and differentiation-based funding envelopes. A portion of the differentiation envelope will be linked to the new performance-based framework linked to the SMA3 metrics; however, this is not expected to increase the amount of funding available. Rather, it introduces a new accountability mechanism for existing funds. Under the Province's current plan, 10% of total operating grant funding will be linked to the performance metrics in 2023-24, increasing to 25% in 2024-25. 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 operating grants:

- Base operating grants will remain stable at approximately $660 million annually, but the balance will shift between enrolment-based funding and the differentiation envelope over the planning period as per the SMA3 plan.
- The Province will continue to reduce operating grants by $750 per international undergraduate and master's student.
- Provincial government operating grants will **not** include any inflationary increases.
- The Government will continue to fund the nursing enrolment expansion program over the planning period ($0.7 million per year on top of base funding).
- Funding for the SAMIH enrolment expansion will rollout as planned, growing from $0.2 million in 2023-24 to $18.4 million in 2027-28 on top of base funding.

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.

As noted earlier, unfortunately, it appears that the Province will again extend the freeze on domestic fees for Ontario residents. In accordance with this, the 2023-24 budget assumes no change to domestic fees for Ontario residents. The impact of this will have a differential impact on each division, depending on program mix and divisional revenue sources. Adjustments to divisional plans 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. Domestic undergraduate fees for non-Ontario residents will increase by 5% in-line with the framework.

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 programs will increase by 2% in 2023-24 while fee increases in other programs vary according to their local factors. Overall, the average tuition increase for international students will be 2.1% across all undergraduate and graduate programs. Details on proposed tuition fee increases program by program can be found in the 2023-24 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 the Province. Examples include language, creative writing, and professional development programs in the School of Continuing Studies, and executive education programs in many professional Faculties. Ancillary and incidental fee revenue results from non-tuition related fees covered under the Ministry's framework. This includes fees in categories such as: student services, health services, athletics, Hart House, constituent college fees, student society fees, cost recovery fees, and administrative user fees and fines.

Canada Research Chairs and Indirect Costs of Research

The University's allocation of 330 Canada Research Chairs includes an additional 40 chairs (out of 285 nationally) 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.

The budget assumes a recovery from the Federal Government's indirect cost of research funding programs of $26 million in 2023-24, 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 increase to $17 million in 2023-24 (from $15.2 million planned for 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.

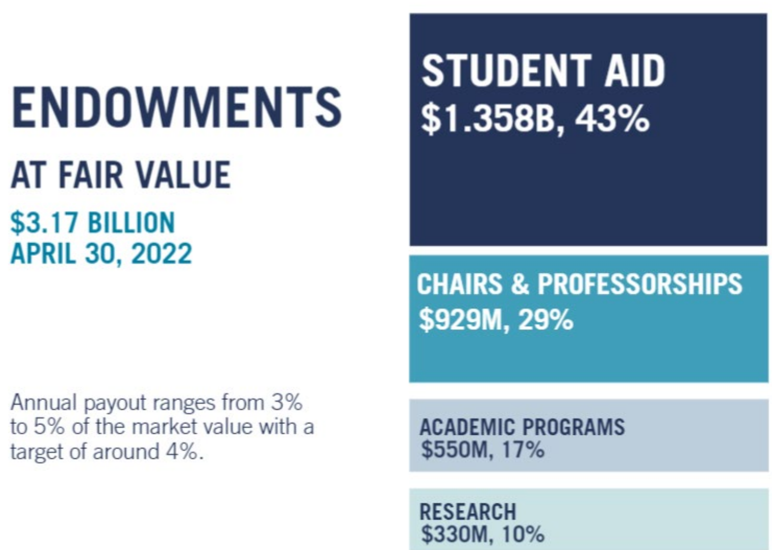
As part of the SMA3 funding framework changes, the provincial Research Overheads Infrastructure Envelope (ROIE) was frozen and rolled into the University's Differentiation Envelope. However, as the ROIE supports indirect costs of research, the University continues to track and internally allocate this 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 $1.3 million in 2023-24 and complete in 2024-25. The University has made it the final proposal stage for the next round of the CFREF program. Final decisions are expected in Winter 2023.

Investments and Other Income

The University of Toronto has many generous friends and benefactors, who have contributed total endowments in excess of $3.17 billion (fair value at April 30, 2022). 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, 2.5% in 2023-24. 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.

Figure 8



[10] https://research.utoronto.ca/media/108

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, 2022, the endowment held a reserve of $386 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.

Investment markets have experienced considerable volatility over the last year due to the war in the Ukraine, the residual effects of the COVID-19 pandemic, persistently high inflation, and rising interest rates. Investment returns from May to November 2022 were approximately 0.8%, well below the target return. However, given the strong position of the reserve for preservation of capital above inflation, the University is planning to increase the endowment payout to $9.55 per unit this year following the endowment payout policy. This would be a 2% increase over the April 2022 payout and would represent 3.6% of the opening market value of the endowment. If investment returns remain unchanged for the rest of the year, the impact of inflation and the endowment payout would decrease the reserve above inflation protection to about $241 million.

In 2023-24, the projected payout rate would result in $61 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 2023. Given the current level of volatility in investment markets, the payout rate is assumed to remain steady for the remaining four years of the planning period.

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 (1.5%) 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 have risen over the last year. However, mark to market fluctuations on the value of medium-term bond holdings have resulted in significant shortfalls which are smoothed over the planning period, resulting 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 1.90% in 2023-24. For the outer years, short term rates are assumed to remain at 1.65%. The medium-term rate of return is assumed to remain at 3.02% over the planning period.

Other income of $166 million in 2023-24 includes application fee revenue, service charges on overdue accounts, licensing revenue from commercialization, and revenue collected directly by divisions for general sales and services. The significant increase over the $135 million included in the plan for 2022-23 is partially due to a $20 million adjustment to recategorize some external recoveries as external revenue to more appropriately treat these resources. The remaining growth reflects recovery of continuing education and other external revenues from the reduced levels seen during the pandemic.

Budget Assumptions: Expenditures

Commensurate with revenue increases, total expenditures are projected to increase by 3.9% from $3.23 billion in 2022-23 to $3.36 billion in 2023-24. 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 projections overall and by division are included in the budget schedules in Appendix B.

Compensation

Approximately 62%[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, expansion of student services, and research activity; and increases in the cost of some benefits.

Compensation increases over the last three years have been subject to the *Protecting a Sustainable Public Sector for Future Generations Act, 2019 (Bill 124)* which limited incremental increases to new and existing compensation for both unionized and non-unionized employees to 1% per year for a period of three years. However, the Act did 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. When these additional components are included, average compensation costs increased by approximately 3% per year during this period.

As the University exits the Bill 124 moderation period, divisions are assuming a return to more historical levels of annual increases on compensation and projecting a total budget of $2.09 billion in 2023-24. If compensation increases exceed budget plans, divisions will have to redirect resources from other priorities and may need to revisit hiring plans.

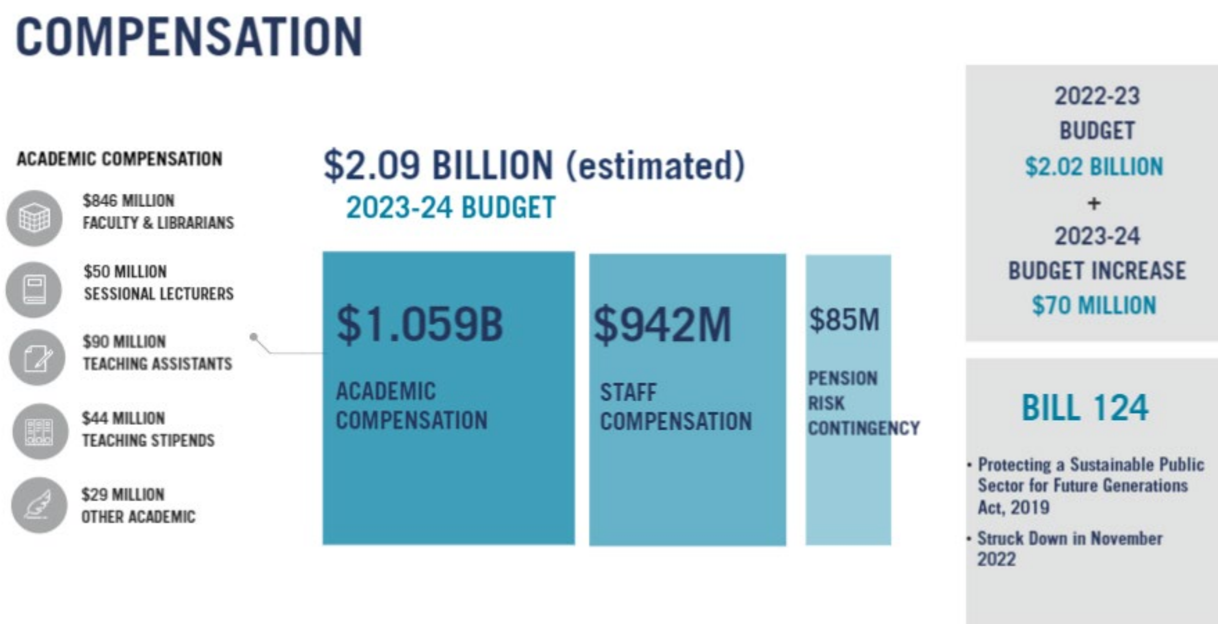
Executive compensation has been frozen since March 31, 2012, under the Broader Public Sector Accountability Act, 2010 and then the Public Sector and MPP Accountability & Transparency Act, 2014. Under the 2014 Act and subsequent extension in 2018, universities could propose a framework to establish limits on increases to salary, performance-related pay, and all other elements of compensation. However, 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 earlier, 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.

[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 72% of operating expenditures, including the accrual of expenditures for employee future benefits.

Figure 9



- 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 remain at 24.5% for appointed staff and increase to 10.25% for non-appointed staff in 2023-24. The increase to the SBR for non-appointed staff is primarily due to the increased costs of the enhancements to CPP.

Table 3: Collective Agreement Expiry Dates

Agreement	Expiry
University of Toronto Faculty Association	Jun 2020
USW 1998: Administrative and Technical Staff	Jun 2023
USW 1998: College Residence Dons	Dec 2024
CUPE 3902U1: TAs, Course Instructors	Dec 2023
CUPE 3902U3: Sessional Instructors	Aug 2024
CUPE 3902U5: Postdoctoral Fellows	Dec 2022
CUPE 3092U6: New College IFP Instructors	Dec 2024
CUPE 3902U7: Graduate Assistants at OISE	Aug 2021
CUPE 3261: Service Workers	Jun 2023
CUPE 3261: 89 Chestnut	Dec 2021
CUPE 1230: Library Workers	Jun 2021
IATSE 58: Stage Employees at Hart House	Aug 2021
CUPE 2484: Day Care Workers	Jun 2021
OPSEU 519: Campus Police	Jun 2023
OPSEU 578: Research Officers & Assistants at OISE	Jun 2021
CAW 27: Carpenters	Apr 2022
Unifor 2003: Engineers	Apr 2022
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

Pension Risk Contingency Budget

On January 1, 2020, the university administrations, faculty associations, unions, and non-represented staff at the University of Toronto, the University of Guelph, and Queen's University formally established a new jointly sponsored pension plan to cover employees and retirees 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.

While the assets and obligations of the University of Toronto Pension Plan were transferred into the UPP with a $792 million surplus, the University remains responsible for 100% of any deficits that may arise on the transferred-in assets and past service liabilities for the 10 years following the transfer and then on a declining scale for the following 10 years. Deficits may arise due to lower-than-expected investment returns or changes to actuarial assumptions for past service liabilities. Such deficits would require the University to make additional special payments to the UPP over a 15-year period.

The operating budget includes a pension special payment budget that will be gradually reduced, but not eliminated, as a contingency against future pension special payment risk. The annual pension special payment contingency budget will be reduced from $95.4 million to $85.4 million in 2023-24 and continue declining to $50 million by 2026-27. This will generate a pension risk reserve of $415 million for one-time lump sum transfers by 2027-28, and an ongoing base budget of $50 million to fund additional annual special payments if required.

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 compensation increases, introductions of 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 2023-24 is $19.3 million, including $9.7 million from incremental revenue and $9.6 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 $75 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 Operating Agreements. The agreements have expired and discussions are underway on a new framework. As discussions continue, the budget assumes the terms of the old agreements will continue.

University-wide and campus costs in 2023-24 will total $759 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 $242 million across all three campuses for 2023-24. Under the University's budget model, academic divisions are responsible for covering the operating costs of their space. The budget includes an increase of $2.6 million for utilities costs on the St. George campus in 2023-24, primarily due to increases in the costs of natural gas, offset by some savings in water and thermal consumption and net electricity rate changes. The long-range plan assumes utilities costs will continue to increase over the planning period.

Library costs are the second largest category at $125 million for 2023-24, including budgets for centrally funded libraries and libraries at UTM and UTSC. The budget includes the cost of collections, space and administrative and librarian services.

Operating budgets for remaining shared service portfolios total $250 million for 2023-24, including funding for compensation increases, net of a 1.75% across-the-board cost containment measure of $5 million.

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 $72 million in 2023-24.

University-wide expenses include $52 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, the Instructional Technology Fund, and the new Strategic Priorities Fund which is funded from 50% of the savings from the pension contingency budget reductions.

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 including:

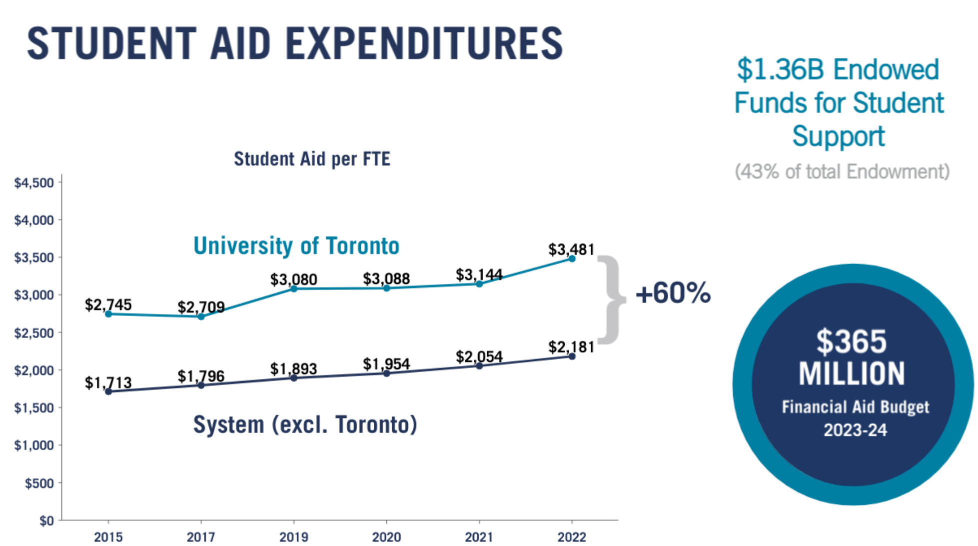
- Canada Research Chair revenue flowing to partner hospitals
- Provincial grant revenue flowing to the Toronto School of Theology
- Grant and tuition revenue flowing to the Michener Institute, Sheridan College, and Centennial College with which the University offers joint programs

Student Aid Expenditures

A breakdown of the proposed student aid budget plan for 2023-24 to 2027-28 is shown in Appendix B, Schedule 3. Total spending is projected at $365 million for 2023-24. Note that this amount excludes external funding and internal employment income for doctoral stream graduate students. The majority of student aid is derived from operating funds, with about $61 million funded from the University's endowments, and $10 million from 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 2021-22. A discussion of the relationship between tuition fees and student financial assistance is also included later in this report.

Figure 10: Student Aid Expenditures



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 for domestic students.

The policy sets out the principle that domestic 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, domestic undergraduate students is the University of Toronto Advance Planning for Students (UTAPS) program, which supported more than 15,500 students in 2021-22. Need-based aid for domestic 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.

As the freeze on domestic fees has been extended, the UTAPS budget will remain unchanged for 2023-24. While UTAPS is the primary program to meet student financial needs, the University provides additional funding outside of UTAPS to support students facing unexpected financial challenges.

Currently, UTAPS is driven by OSAP need assessment policies. Changes to government need assessment processes in recent years have resulted in University of Toronto domestic students demonstrating less financial need, and fewer students showing unmet need. As a result, fewer students qualified for UTAPS, thus reducing UTAPS expenditures. This does not mean that our students have less need. To understand the impact of these changes, the University conducted a review of the UTAPS program this past year and has developed a new framework to redesign the UTAPS program. This will involve decoupling UTAPS assessments from OSAP need assessment policies. This will give the University greater flexibility to grant financial support earlier and to consider more accurate living costs for the GTA in need calculations.

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. For example, students who receive OSAP typically only pay a fraction of the posted tuition and fees with the average undergraduate having a *net tuition* (after OSAP and University grants are factored in) of 20% in 2021-22. This figure has fallen from 47% in 2016-17 because of short-term government policy changes and emergency COVID-19 supports but is expected to return to higher levels as these policies wind down.

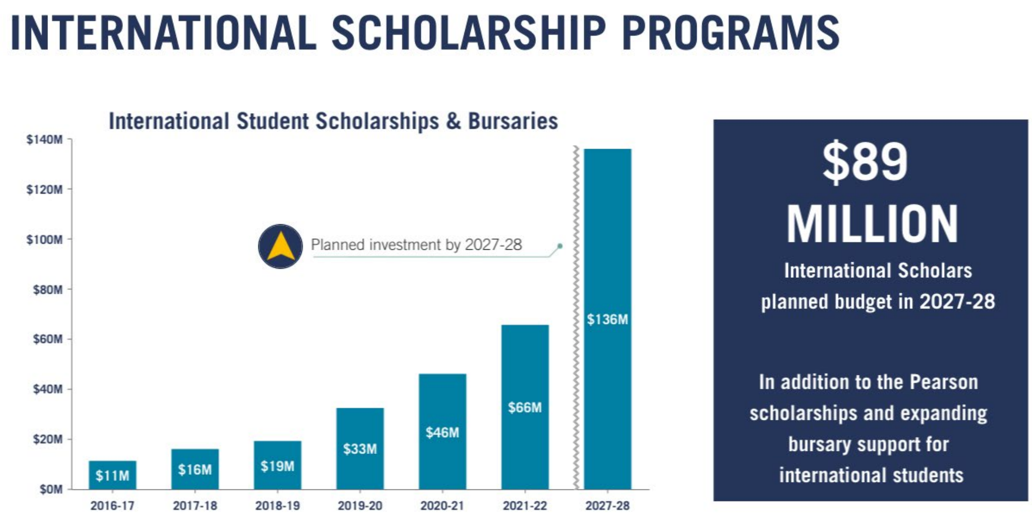
Graduate students receive support from several sources. Some of this is reported as part of student aid expenses in the operating budget and some comes from other sources, such as research stipends, external awards, and employment income from positions as teaching assistants. In total, University of Toronto graduate students received support of $365 million in 2021-22.

Additional information on the University's student aid programs and OSAP can be found in the 2021-22 Student Financial Aid Report.

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 undergraduate students is 2.1% in 2023-24 and varies slightly each year thereafter according to divisional plans.

Direct-entry undergraduate divisions have committed to a significant investment in merit-based scholarships for international students from diverse global regions. Divisions are earmarking 6% of total international undergraduate tuition revenue to support scholarships to reduce the cost for top international applicants from around the world. The investment has been phased in over the past four years, starting at $14.7 million in 2020-21 and reaching full implementation in 2023-24 at $75 million. The program budget will continue to grow over time with international fee revenue and is projected to reach $89 million in 2027-28. Each division has designed its own awards program based on diverse criteria including merit, financial need, priority regions for diversification, and intended program of study.

Figure 11: International Student Aid



We recognize that an education at the University of Toronto is a significant investment of time and resources and it has very strong outcomes for our students. The skills that students develop during their time at the 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 11th place globally, up one place from last year. 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 12: Rankings

4 Priority Investments

The University continues to face increasing financial pressure as a result of constrained provincial tuition and enrolment frameworks and frozen provincial base operating grant funding. Within this context of fiscal restraint, revenue growth in 2023-24 will be used to cover inflationary costs, improve academic programming and delivery, support equity, diversity and inclusion objectives, and invest in services and supports for students that will enhance their experience and success at the University.

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 2023-24, the total amount available for allocation is $19.3 million; including $9.7 million from incremental revenue and $9.6 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 ($2.6 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 160 faculty and 20 staff members from underrepresented groups.
- $0.3 million to fund additional sexual violence case managers to assist parties in navigating the sexual violence reporting process.

Reimagining the Undergraduate Experience ($3.9 million)

- $2.0 million multi-year OTO funding for classroom renewal across the University's three campuses to ensure that student learning environments can leverage the innovations and best practices developed in recent years.
- $1.0 million to support the continued implementation of the recommendations of the student mental health and campus safety reviews, including assessing mental health service delivery across the University, coordinating student supports across the three campuses, and partnering with community-based organizations and hospitals.
- $0.9 million to support key staff positions for the implementation of the University's transformational Student Advising Service initiative, which will create an enterprise-level student advising knowledge centre and improve the overall advising experience for students.

Defying Gravity ($1.3 million)

- $1.3 million in continued OTO bridging support for the expansion of front-line gift officers needed to meet the goals of the Defy Gravity campaign.

Investing in Divisional Priorities ($4.1 million)

- Support to divisions facing budgetary challenges to help offset the impact of the tuition freeze so they can meet inflationary pressures and invest in services for students and faculty.
- $0.5 million in multi-year OTO funding to help offset revenue declines in the dental clinics due to the pandemic and the new Federal dental program.

Driving Scientific Discovery ($7.5 million)

- $1.6 million in support for the redevelopment of the Combined Containment Level-3 lab (C-CL3), which is the interdisciplinary and collaborative hub of the University's Emerging and Pandemic Infections Consortium (EPIC).
- $5.9 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 many priorities for new and ongoing investment:

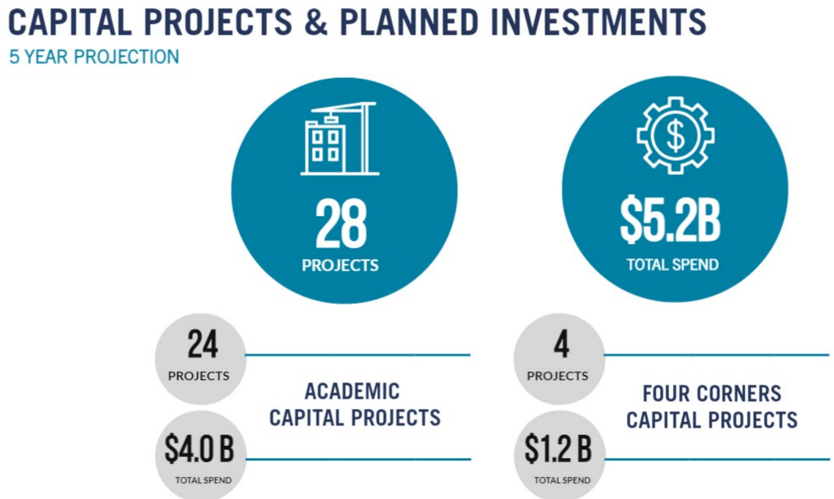
- New faculty hiring is planned across many divisions with the objectives of maintaining the quality of the student experience, expanding diversity, and building new programs in emerging areas. Divisional plans include adding approximately 50 incremental faculty positions in 2023-24, but some of these may be delayed as divisions manage inflationary pressures on expenses within constrained revenues.
- Equity, Diversity and Inclusion remains a top priority at the University and divisions continue to work to embed these principles into their recruitment, curriculum and pedagogies, student supports, faculty hires and overall leadership decisions. This includes investments in targeted student outreach programs, dedicated application review pathways, 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 enhance their academic programming to reflect faculty-driven pedagogical innovation and changing student interests. This includes innovative online-by-design course development, flexible delivery models, enhanced opportunities for experiential learning, and additional academic offerings in the summer term. Many divisions are also investing in supports for incoming students, including summer academies that help refresh their high school math, science or language learning.
- Many divisions are developing programs to enhance undergraduate research experiences, working with academic, industry and international partners to create unique opportunities and spaces for undergraduates to gain research experience and contribute to cutting edge research.
- A new Master of Arts in Kinesiology and Master of Public Health focus on Black Health are planned to launch in 2023-24 and several other new programs are in development for future years, including innovative program designs with industry partners in areas like machine learning, executive management, and healthcare leadership. Divisions also continue to collaborate on new cross-disciplinary programming and interdivisional teaching, new opportunities in continuing and professional education, micro-credentials, and hybrid and online program formats to enhance student accessibility.
- A new Bachelor of Computer Science degree is in development to further distinguish graduates in this area as well as new graduate concentrations that combine data sciences and healthcare. These developments build on the University's recognized strengths in these fields and the incredible early success of the multi-disciplinary Data Sciences Institute that has now launched undergraduate, graduate and postdoctoral fellow programs.

University-wide Costs

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

- Investments in the University's SecureTogether information 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.
- Investments in technology for the new Student Advising System that will initially be implemented in the faculties of Arts & Science and Kinesiology and Physical Education and then subsequently made available to other divisions.
- Staffing in the Research & Innovation portfolio to support the University's scholars in navigating research ethics related issues, expand our supports for occupational health, and enhance research related operational systems and data analytics.
- 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 and ensure these goals are reflected in advancement activities.
- Investments in library resources including an additional librarian position focused on Black Studies, extension of the early career residency program for Black and/or Indigenous Librarians, and funding for inflationary pressures on electronic resource acquisitions.
- Increased investment in addressing the deferred maintenance liability and renewal of aging utilities infrastructure on the St. George campus.
- Brand marketing initiatives to help the University tell our story and staffing to support financial modernization initiatives to improve services.

Figure 13: Capital Plan



Capital Projects

The University continues to have ambitious plans for new and renewed capital infrastructure across our three campuses with $5 billion in future capital projects in various stages of planning. This is in addition to major projects currently under construction such as the Landmark Project, Schwartz Reisman Innovation Campus West, science building at UTM, and Instructional Centre 2 at UTSC.

Examples of future academic capital projects in planning include an expansion of the Lash Miller building, redevelopment of the 215 Huron site, and development of the James and Louise Temerty Building on the site of the current MSB West Wing on the St. George campus; a new computation, robotics & new media building at UTM; and the Scarborough Academy of Medicine & Integrated Health and a literature, arts, media and performance building at UTSC. Divisions will provide a significant portion of the funds for these buildings from their operating reserves and Principals and Deans continue to strive for support from donors and Government partners toward these important projects, with the objective of limiting the amount of long-term debt required. Rapid inflation on construction costs in recent years has increased the cost of many projects and requires an on-going careful review of priorities and timing of planned projects. This is discussed further in the section on Risk.

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 2023-24 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, in 2022-23 the University established an institutional reserve 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 and campus life. The University is working with ancillary units that were hit particularly hard by the pandemic and may provide support from operating reserves to assist with their deficits 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 Economic and Political Climate

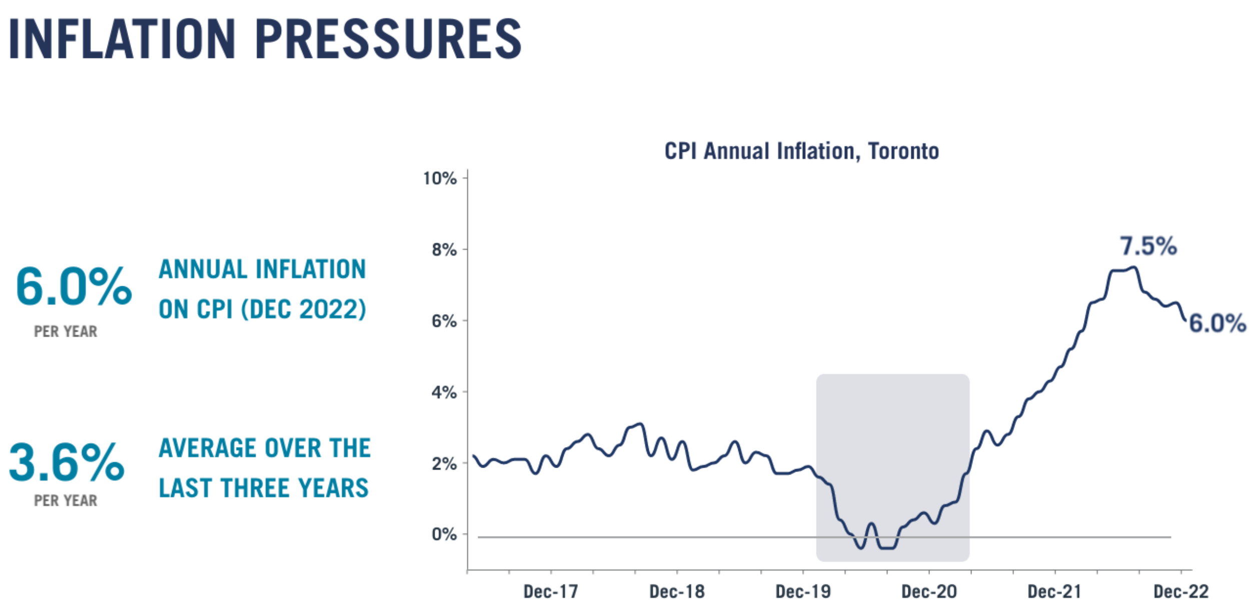
Factors such as the economic recovery from the COVID-19 pandemic, supply-chain constraints, and the war in Ukraine are driving elevated inflation that is impacting the University's purchase of some goods and services. Throughout 2022, inflation on the Consumer Price Index (CPI) for Toronto was above 5% and peaked at 7.5% in July. In response, the Bank of Canada has been aggressively increasing their target overnight rate from 0.25% in January, 2022 to 4.50% in January, 2023. There have been some positive signs in recent months that this approach is helping with a slight decrease to 6.0% in December 2022.

When the very low inflation rates seen early in the pandemic are factored in, average annual inflation over the last three years has been a more modest, but still above target, 3.6% for the CPI Toronto basket of goods.

The global economy continues to show strong signs of recovery from the COVID-19 pandemic. The Canadian economy added 104,000 jobs in December 2022, finishing the year with a near record-low 5% unemployment rate. However, the Bank of Canada[12] is projecting economic growth in Canada to slow at the end of 2022 and stall through the middle of 2023, with estimated GDP growth of 3.6% for 2022 and forecasted at 1.0% for next year, due in part to the increase in interest rates. This trend is projected globally, although the Bank is forecasting stronger growth in China which is a notable exception. Inflation in Canada is forecasted to fall to around 3% by the middle of 2023 and reach 2% in 2024.

According to the Ontario Fall Economic Statement released in November 2022[13], the Provincial Government is projecting a deficit of $12.9 billion for 2022-23, which is an improvement of about $7 billion over their 2022 Budget. Given the Province's deficit position, the University anticipates that spending restraint will continue to impose pressure on the post-secondary education system. 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.

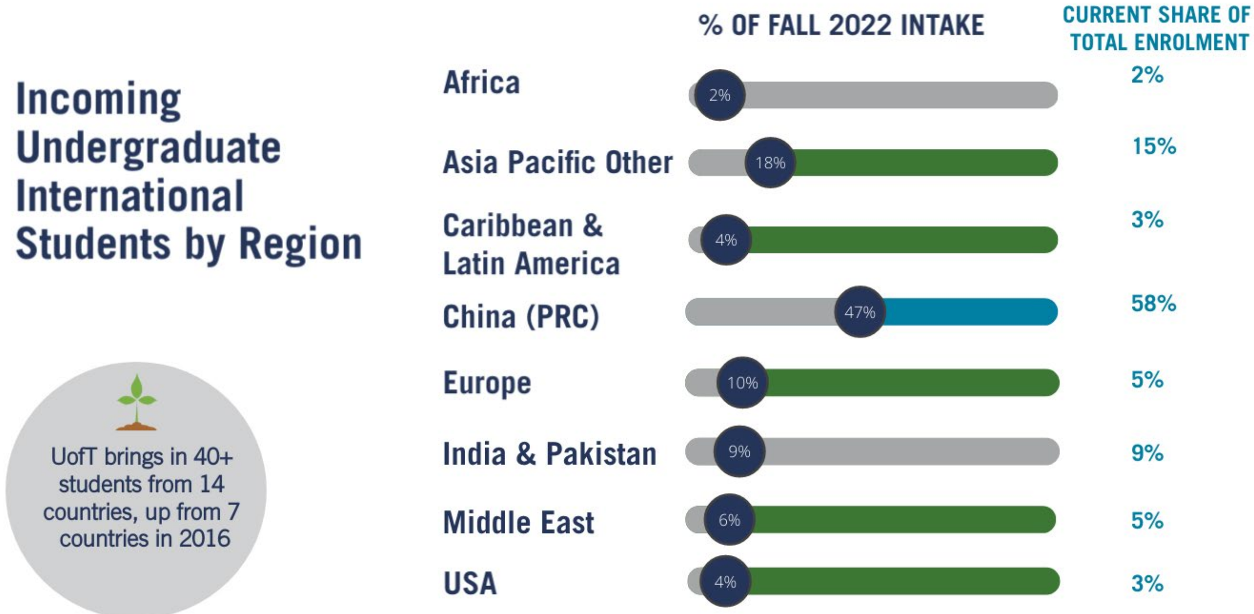
Figure 14: Inflation



[12] Bank of Canada January 2023 Monetary Policy Report https://www.bankofcanada.ca/wp-content/uploads/2023/01/mpr-2023-01-25.pdf

[13] 2022 Economic Outlook and Fiscal Review https://budget.ontario.ca/2022/fallstatement/pdf/2022-fall-statement-en.pdf

Figure 14: International Intake



Recruiting Students from Diverse Global Regions

The University benefits from the presence of top students from across the globe. These international students bring diversity of experiences and perspectives to the classroom and to our research programs and help to connect the University with the world. International students currently make up 30.9% of the undergraduate population on average across all programs with slightly higher rates in direct-entry programs and lower rates in second entry professional programs. 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.

We have had tremendous success in recruiting exceptional students from China, and we will continue to build on this success where we have deep and long-standing connections. But we also want ensure that the diversity of our global partnerships is reflected on our campuses. We are committed to diversifying the regional and socioeconomic backgrounds of our student body 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. Fall 2022 saw the most diverse incoming undergraduate class ever, with students from 135 countries and less than half from any single source.

Compensation Costs

On November 29, 2022, the Ontario Superior Court of Justice struck down the Government's "Protecting a Sustainable Public Sector for Future Generations Act, 2019", commonly known as Bill 124, on the grounds of unconstitutionality; a decision that the Ontario Government has appealed. This creates an environment of uncertainty as we enter into discussions with our employee groups on the next set of agreements. As noted earlier, this comes at a time of slowing revenue growth when the University will have fewer resources to cover growing costs.

As compensation is the largest expense at the University, increases have a significant impact on the availability of resources for other priorities. For example, every 1% increase in total compensation would cost approximately $19 million per year which would be equivalent to about 150 new assistant professor positions, or new 260 USW-12 staff positions, or a 4.4% increase to domestic undergraduate tuition fees.

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 Non-Residential Building Construction Price Index for Toronto increased by 15.6% from Q3 2021 to Q3 2022[14], substantially outpacing increases in the CPI[15] over this period. Although, there are some positive signs of a softening in the construction market with the Q3 2022 annual inflation down from 17.5% in the previous two quarters. However, even with the reduction in annual inflation, the construction index remains about 1/3rd higher than it was in Q1 2020, which continues to put pressure on capital plans and timing of major projects. In response to elevated construction costs, the University has delayed and even outright cancelled some planned major capital projects.

As with any capital project, there are always risks of construction delays and cost overruns 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 these risks 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 2012, the University has added about 9,600 undergraduate student spaces (+17%) and about 6,400 graduate student spaces (+45%). International student enrolment has increased from 14% to 30% 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 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 3.9% increase in 2023-24 reducing to less than 3% annually by the end of the planning period. With inflationary pressures on compensation and purchase of goods and services, the University's average inflation rate is likely to outpace revenue growth and lead to a structural budget deficit challenge.

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.

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.

[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

Deferred Maintenance

As noted in the *Annual Report on Deferred Maintenance*, presented to Business Board for information February 1, 2023, the University's total deferred maintenance liability on academic and administrative buildings presently stands at $961 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. Based on the most recent audit information, 21% ($206 million) of the University's deferred maintenance liability relates to Priority One deficiencies.

The 2023-24 operating budget sets aside approximately $32 million for deferred maintenance across all three campuses, augmented by funds available to through the provincial Facilities Renewal Program (FRP) program. In 2022-23, the Province increased the University's FRP allocation by about $1 million to $11.4 million and it is anticipated to remain at this level in future years. Major capital projects also indirectly address deferred maintenance costs through the renewal of buildings.

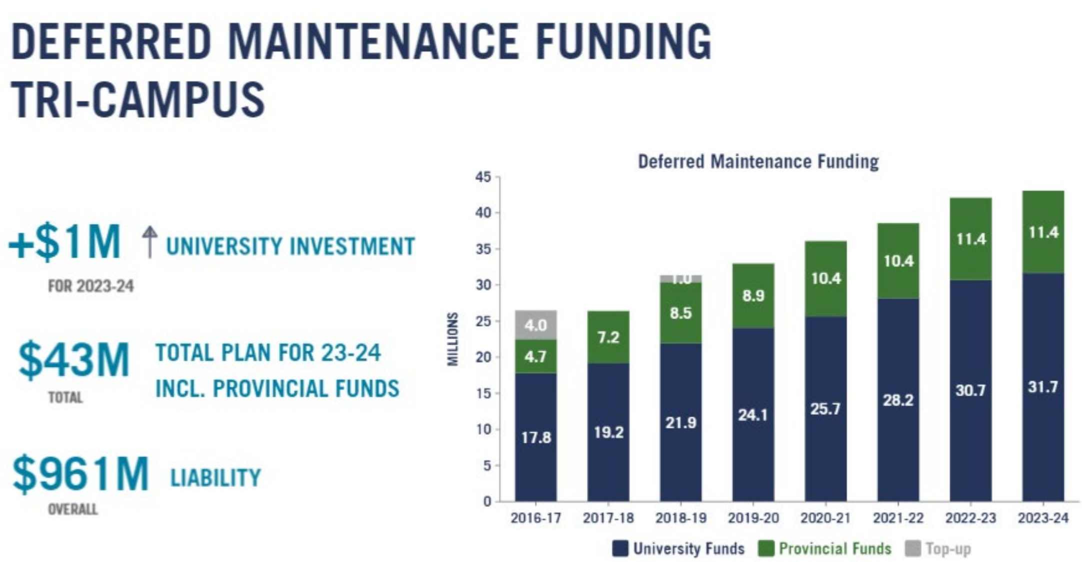
Pension

Both the overall economic and financial climate continues to be uncertain with respect to pensions. Investment markets are experiencing significant volatility, particularly during the global COVID-19 pandemic. Longevity continues to increase, making the same pension benefits more expensive. 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.

While the University of Toronto Pension Plan had a market surplus of $792 million on a UPP transfer basis, there remain risks that will reduce this surplus and may result in future deficits on these past service liabilities. For example, each 0.25% decrease in the discount rate would increase the University's past service pension obligations by approximately $250 million and any investment losses on the invested assets from a market downturn would further reduce the surplus position.

Any past service deficits that arise would require the University to make additional special payments to the UPP. However, no pension special payments are required until an actuarial valuation is filed with pension regulators. The UPP filed its January 1, 2022 actuarial valuation, and will not be required to file another valuation until January 1, 2025. In the interim, as a contingency against future pension special payment risk, the University will continue to hold a pension risk contingency budget of $85.4 million in 2023-24, declining to $50 million by 2026-27. This will generate a pension risk reserve of $415 million for one-time lump sum transfers, and an ongoing base budget of $50 million to fund additional annual special payments if required.

Figure 15: Deferred Maintenance



Summary

The University continues to be in a strong position as we emerge from the pandemic but we are heading into new planning environment of slowing revenue growth and elevated pressures on expenses from inflation and on compensation as we exit the Bill 124 moderation period.

Demand for our programs continues to be strong with deep domestic and international undergraduate applicant pools. Fall 2022 undergraduate intakes were slightly below target, in part due to challenges with student visa processing times by the Federal Government this year. Enrolment plans will add about 3,700 domestic undergraduate spaces over the next five years including the separately funded Scarborough Academy of Medicine and Integrated Health (SAMIH) expansion. International enrolment is planned to increase by about 2,300 FTEs as a result of slightly higher incoming cohorts and will lead to small increase in the share of undergraduate international enrolment to 31.5% by 2027-28.

It appears that the Province will extend the domestic tuition freeze for Ontario residents for another year. This will have a differential impact on each division, depending on program mix and divisional revenue sources, and will require a review of priorities in each division. University Fund support will be provided to divisions facing the most significant budgetary challenges. The long-range plan assumes a return to modest 3% average annual increases on domestic tuition in 2024-25 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 undergraduate and graduate programs is 2.1% in 2023-24, including a 2% increase to fees in the direct entry undergraduate arts & science programs.

Revenue growth in 2023-24 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 cross-divisional research initiatives, and provide support to divisions facing the most significant budgetary challenges and high costs of supporting research programs.

Ancillary operations are recovering faster than anticipated from the impacts during the pandemic. Residences are back to full occupancy although, food and transportation services have a longer path to recovery as on-campus activity increases.

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.

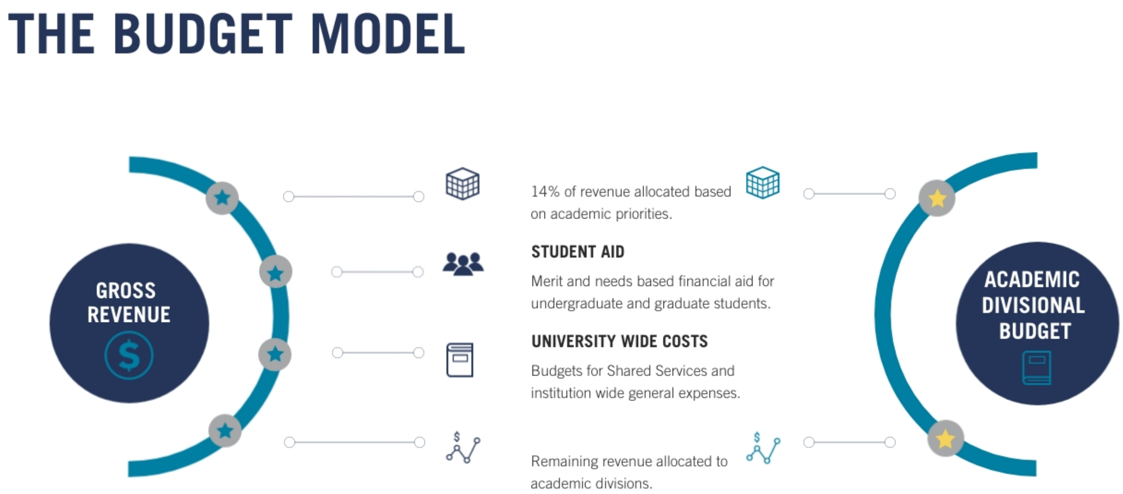
An essential and major part of the annual budget process is the formal process for budgetary reviews for campuses, academic divisions, and shared-service divisions. Two review processes are conducted annually, one for shared-services and the associated university-wide costs, and the other for UTM, UTSC,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

Each shared-service division prepares multi-year budget plans for its operations. These plans are reviewed by the President, who takes advice from the Divisional Advisory Committee (DAC), 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 efficiencies 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, continuing education activities, advancement outcomes, and other sources of revenue available to divisions. Expense projections take into account factors such as 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 the Planning & Budget Office. The reviews inform approvals of enrolment targets, academic appointments, allocations from the University Fund, and approval of the allocation of operating reserves for capital plans and matching priorities.

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 priorities. Cost containment measures, which may be necessary because

Figure 16



of 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 containing 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, transaction accounting is not used to attribute the cost of services. Instead, revenues and costs are attributed using readily available and verifiable indicators 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 indicators such as the number of students, number of faculty & staff, occupancy of usable space, research applications, 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 2023-24 Financial Schedules

Schedule 1: Projection of Operating Revenues and Expenses ($ millions) **2023-24 to 2027-28**

Projection of Operating Revenues	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
Student Fees	2,200.3	2,292.0	2,411.6	2,514.2	2,622.0	2,704.9
Prov. Gov't Grants for General Operations	657.6	661.4	666.9	671.8	676.3	680.5
Subtotal: Grants and Student Fees	**2,857.9**	**2,953.4**	**3,078.5**	**3,186.0**	**3,298.3**	**3,385.4**
Investment Income: Endowments	77.3	83.9	86.2	88.1	89.6	91.0
Investment Income: Other	58.2	50.7	64.8	76.6	90.5	101.2
Sales, Services & Sundry Income	135.8	165.8	168.7	171.9	175.3	178.7
Subtotal: Operating Revenue	**3,129.3**	**3,253.7**	**3,398.1**	**3,522.6**	**3,653.7**	**3,756.3**
Recovery from Canada Research Chair Grants	47.1	47.1	47.1	47.1	47.1	47.1
Recovery of Institutional Costs of Research	57.0	57.0	55.3	54.6	54.3	54.2
Total: Operating Revenues and Recoveries	**3,233.4**	**3,357.9**	**3,500.5**	**3,624.3**	**3,755.1**	**3,857.7**

Projection of Operating Expenses	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
Shared Service and Campus Costs	718.3	744.3	772.7	797.4	819.6	839.2
Pension Contingency Funding	95.4	85.4	75.4	65.4	50.0	50.0
Strategic Fund	20.0	15.0	20.0	25.0	32.7	32.7
U-W costs offset by shared services income	145.7	151.2	154.1	157.1	160.2	163.3
Sub-total, University-wide Costs	**979.4**	**995.9**	**1,022.2**	**1,044.9**	**1,062.6**	**1,085.3**
Academic Expense Budgets (Excl St. Aid)	1,875.6	1,956.7	2,053.8	2,148.7	2,252.1	2,329.4
Student Aid Expenditures	330.6	364.9	375.6	384.6	393.7	400.1
University Fund (unallocated portion)	15.2	9.7	19.0	16.1	17.1	13.1
Flow-through to Other Institutions	32.5	30.8	29.9	29.9	29.7	29.8
Total: Operating Expenses	**3,233.4**	**3,357.9**	**3,500.5**	**3,624.3**	**3,755.1**	**3,857.7**

Schedule 2: Details of Operating Grants and Student Fees ($ millions) 2023-24 to 2027-28

Prov. Gov't. Grants for General Operations	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
Enrolment Based Funding	339.9	273.1	241.7	241.7	241.7	241.7
Differentiation Envelope	312.5	382.1	416.4	416.4	416.4	416.4
Enrolment Expansion Funding	0.1	1.0	4.2	10.1	14.9	19.2
Clinical Education	4.0	4.7	4.7	4.0	4.0	4.0
Ontario Graduate Scholarships	10.3	10.3	10.3	10.3	10.3	10.3
Ontario Trillium Scholarships	-	-	-	-	-	-
Municipal Tax Grant	4.9	4.9	4.9	5.1	5.2	5.2
International Student Recovery	(17.8)	(18.3)	(18.8)	(19.2)	(19.6)	(19.8)
Accessibility for Students with Disabilities	3.7	3.5	3.5	3.5	3.5	3.5
Total, Gov't Grants for General Operations	**657.6**	**661.4**	**666.9**	**671.8**	**676.3**	**680.5**

Student Fees	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
For-Credit Tuition Fees	1,979.5	2,052.6	2,166.3	2,263.1	2,364.8	2,441.4
Continuing / Exec.Ed Tuition & Ancillary Fees	220.8	239.4	245.2	251.1	257.2	263.6
Total, Student Fees	**2,200.3**	**2,292.0**	**2,411.6**	**2,514.2**	**2,622.0**	**2,704.9**

Schedule 3: Details of University Wide Costs & Student Aid ($ millions) 2023-24 to 2027-28

University-Wide Costs	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
Occupancy	235.3	242.3	253.0	260.8	268.3	274.8
Information Technology	51.2	56.1	58.5	61.4	64.9	67.5
University Management	41.9	43.2	45.3	47.6	48.4	49.5
Financial Management	14.5	14.8	15.3	15.8	16.2	16.6
Human Resources	26.1	25.4	26.1	26.7	27.3	27.8
University Advancement	35.6	35.7	37.9	39.3	40.5	41.7
Central Library	122.5	124.6	127.6	130.7	133.4	136.1
Research Administration	37.6	38.7	40.8	42.0	43.0	44.0
Registrarial & Student Services	57.8	62.9	65.4	68.0	70.0	72.0
University-wide Academic	30.8	30.4	30.4	30.7	31.1	31.1
University-wide General	47.4	52.1	54.0	55.5	57.0	58.3
Federated Block Grant	17.7	18.1	18.6	19.0	19.5	20.0
Sub-total	**718.3**	**744.3**	**772.7**	**797.4**	**819.6**	**839.2**
Pension Risk Contingency	95.4	85.4	75.4	65.4	50.0	50.0
Strategic Priorities Fund	20.0	15.0	20.0	25.0	32.7	32.7
U-W costs offset by shared services income	145.7	151.2	154.1	157.1	160.2	163.3
Total University Wide Costs	**979.4**	**995.9**	**1,022.2**	**1,044.9**	**1,062.6**	**1,085.3**

Student Aid Expenditures	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
UofT Adv. Planning for Students (UTAPS)	40.5	40.5	41.7	43.0	44.2	45.6
Other Need-based Aid (incl. Employment Progs)	9.6	10.5	11.5	12.0	12.3	12.6
Scholarships	18.5	18.3	19.2	20.1	21.0	22.0
Student Aid from Endowments	30.0	35.0	34.8	35.8	36.7	37.4
International Scholars	53.0	74.4	79.2	83.1	87.2	89.4
Subtotal, Undergraduate	**151.5**	**178.8**	**186.4**	**193.9**	**201.4**	**207.0**
Provincial Scholarship Grants	10.5	10.5	10.5	10.5	10.5	10.5
Student Aid from Endowments	25.1	26.6	29.2	30.0	30.7	31.4
Student Aid Matching Funds	1.1	1.0	1.0	1.0	1.1	1.1
SGS Graduate Fellowships	2.0	2.0	2.0	2.0	2.0	2.0
Doctoral Completion Awards	4.2	4.2	4.2	4.2	4.2	4.2
Subtotal, Graduate	**42.9**	**44.3**	**46.9**	**47.8**	**48.5**	**49.1**
Subtotal, Central Student Aid	**194.4**	**223.2**	**233.4**	**241.7**	**249.9**	**256.1**
Student Aid in Acad Divisions	136.2	141.7	142.2	142.9	143.7	143.9
Total, Student Aid Expense	**330.6**	**364.9**	**375.6**	**384.6**	**393.7**	**400.1**

Schedule 4: Revenue and Expense Allocations by Division ($ millions) **2023-24**

	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	853,433,726	94,751,237	245,359,094	82,181,639	620,644,231
UofT Scarborough	349,311,374	27,873,155	48,273,205	29,657,357	299,253,967
UofT Mississauga	350,716,173	30,709,352	51,719,813	29,220,377	300,485,335
Dentistry	30,883,873	17,353,405	14,197,249	887,366	33,152,663
Temerty Medicine	217,307,666	39,077,014	97,921,029	18,559,334	139,904,317
Dalla Lana Public Health	29,132,228	12,806,353	13,945,576	1,419,317	26,573,688
Bloomberg Nursing	19,448,488	4,747,836	6,254,884	1,929,855	16,011,585
Leslie Dan Pharmacy	30,758,506	3,836,788	11,572,281	1,490,312	21,532,701
Kinesiology & Physical Education	19,343,312	5,173,279	7,153,147	1,655,844	15,707,600
Applied Science & Engineering	237,424,994	31,723,650	89,921,354	24,582,795	154,644,495
Daniels Architecture, Landscape & Design	34,144,284	11,304,922	11,598,187	2,717,633	31,133,386
OISE	79,479,058	19,780,190	27,729,116	2,874,754	68,655,377
Law	32,677,968	8,485,282	9,525,266	2,784,996	28,852,988
Information	26,081,758	3,966,548	6,690,433	750,277	22,607,595
Music	19,656,264	12,068,495	8,201,834	2,755,426	20,767,499
Factor-Inwentash Social Work	13,769,211	3,169,335	5,112,934	1,256,599	10,569,012
Rotman Management	118,199,988	13,387,923	30,447,413	7,348,247	93,792,251
Transitional Year Programme	724,875	1,925,870	459,013	505,046	1,686,686
School of Continuing Studies	(3,217,815)	2,889,316	2,993,962	16,469	(3,338,930)
Subtotal	**2,459,275,931**	**345,029,948**	**689,075,790**	**212,593,643**	**1,902,636,446**
Divisional Income	409,788,226	-	151,166,894	-	258,621,332
Campus Costs and Divisional Aid	-	-	155,612,091	141,710,425	(297,322,516)
Recovery from Restricted Funds	36,057,916	-	-	10,557,916	25,500,000
Uncommitted Revenues	32,248,711	-	-	-	32,248,711
University Fund	389,751,379	(345,029,948)	-	-	44,721,431
Subtotal (excl flow-through)	**3,327,122,163**	**-**	**995,854,775**	**364,861,984**	**1,966,405,404**
Flow-through to Other Institutions	30,753,805	-	-	-	30,753,805
Total	**3,357,875,968**	**-**	**995,854,775**	**364,861,984**	**1,997,159,209**

Schedule 5: Projected Divisional Net Revenue Allocations ($ millions) 2023-24 to 2027-28

Arts & Science	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
Attributed Revenue[1]	796,495,747	853,433,726	906,181,511	944,368,369	974,601,656	994,205,513
University Fund Allocation[2]	92,911,652	94,751,237	94,751,237	94,751,237	94,751,237	94,751,237
University-Wide Costs	(239,079,957)	(245,359,094)	(254,654,548)	(261,576,819)	(266,545,079)	(272,301,447)
Student Aid Expense	(67,646,086)	(82,181,639)	(86,465,666)	(89,868,455)	(92,433,292)	(94,445,696)
Net Expense Budget	**582,681,356**	**620,644,231**	**659,812,533**	**687,674,332**	**710,374,522**	**722,209,607**

UTSC	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
Attributed Revenue[1]	340,928,450	349,311,374	372,578,438	396,686,941	418,658,868	434,778,357
University Fund Allocation[2]	27,470,735	27,873,155	27,873,155	27,873,155	27,873,155	27,873,155
University-Wide Costs	(49,450,442)	(48,273,205)	(49,361,779)	(51,045,320)	(52,313,227)	(53,949,797)
Student Aid Expense	(25,289,763)	(29,657,357)	(31,516,621)	(33,481,546)	(35,270,672)	(36,681,390)
Net Expense Budget	**293,658,980**	**299,253,967**	**319,573,193**	**340,033,231**	**358,948,123**	**372,020,324**

UTM	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
Attributed Revenue[1]	364,801,587	350,716,173	370,405,550	384,227,518	409,607,621	421,387,422
University Fund Allocation[2]	30,652,157	30,709,352	30,709,352	30,709,352	30,709,352	30,709,352
University-Wide Costs	(54,082,913)	(51,719,813)	(52,363,346)	(53,386,770)	(53,680,021)	(55,316,231)
Student Aid Expense	(26,868,264)	(29,220,377)	(30,743,512)	(31,923,526)	(34,010,792)	(35,073,048)
Net Expense Budget	**314,502,568**	**300,485,335**	**318,008,044**	**329,626,574**	**352,626,159**	**361,707,495**

Dentistry	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
Attributed Revenue[1]	31,090,932	30,883,873	31,704,798	32,072,752	32,666,490	33,271,735
University Fund Allocation[2]	17,360,954	17,353,405	17,353,405	17,353,405	17,353,405	17,353,405
University-Wide Costs	(14,439,362)	(14,197,249)	(14,364,315)	(14,512,036)	(14,520,313)	(14,739,705)
Student Aid Expense	(815,424)	(887,366)	(914,037)	(935,851)	(952,264)	(969,586)
Net Expense Budget	**33,197,101**	**33,152,663**	**33,779,850**	**33,978,270**	**34,547,318**	**34,915,848**

Temerty Medicine	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
Attributed Revenue[1]	211,641,276	217,307,666	222,488,171	226,763,654	231,886,653	237,047,562
University Fund Allocation[2]	38,987,118	39,077,014	39,077,014	39,077,014	39,077,014	39,077,014
University-Wide Costs	(96,956,389)	(97,921,029)	(99,895,251)	(101,336,376)	(102,350,783)	(104,148,757)
Student Aid Expense	(16,955,375)	(18,559,334)	(19,076,616)	(19,500,897)	(19,848,731)	(20,168,220)
Net Expense Budget	**136,716,630**	**139,904,317**	**142,593,317**	**145,003,394**	**148,764,152**	**151,807,599**

[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 2023-24. Flatlined for outer years.

Dalla Lana Public Health	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
Attributed Revenue[1]	29,099,111	29,132,228	30,345,836	31,698,472	32,352,005	32,769,196
University Fund Allocation[2]	12,738,945	12,806,353	12,806,353	12,806,353	12,806,353	12,806,353
University-Wide Costs	(12,931,059)	(13,945,576)	(14,220,525)	(14,504,999)	(14,723,416)	(14,982,025)
Student Aid Expense	(1,349,772)	(1,419,317)	(1,462,412)	(1,467,623)	(1,477,472)	(1,479,608)
Net Expense Budget	**27,557,226**	**26,573,688**	**27,469,252**	**28,532,202**	**28,957,470**	**29,113,916**

Bloomberg Nursing	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
Attributed Revenue[1]	18,142,379	19,448,488	20,133,622	19,866,733	20,198,992	20,540,355
University Fund Allocation[2]	4,751,251	4,747,836	4,747,836	4,747,836	4,747,836	4,747,836
University-Wide Costs	(6,212,086)	(6,254,884)	(6,413,045)	(6,540,817)	(6,554,333)	(6,673,853)
Student Aid Expense	(1,773,812)	(1,929,855)	(1,992,740)	(2,037,946)	(2,076,259)	(2,111,717)
Net Expense Budget	**14,907,732**	**16,011,585**	**16,475,673**	**16,035,806**	**16,316,236**	**16,502,621**

Leslie Dan Pharmacy	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
Attributed Revenue[1]	31,428,406	30,758,506	31,809,199	33,386,186	34,677,799	35,446,840
University Fund Allocation[2]	3,843,207	3,836,788	3,836,788	3,836,788	3,836,788	3,836,788
University-Wide Costs	(11,444,477)	(11,572,281)	(11,841,055)	(12,139,939)	(12,394,525)	(12,680,103)
Student Aid Expense	(1,370,260)	(1,490,312)	(1,541,295)	(1,582,125)	(1,613,103)	(1,641,064)
Net Expense Budget	**22,456,876**	**21,532,701**	**22,263,637**	**23,500,910**	**24,506,959**	**24,962,462**

Kinesiology & Physical Education	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
Attributed Revenue[1]	17,789,612	19,343,312	21,364,261	23,356,037	24,590,290	25,301,164
University Fund Allocation[2]	5,176,570	5,173,279	5,173,279	5,173,279	5,173,279	5,173,279
University-Wide Costs	(6,919,013)	(7,153,147)	(7,773,512)	(8,151,581)	(8,454,412)	(8,668,590)
Student Aid Expense	(1,580,341)	(1,655,844)	(1,732,209)	(1,804,845)	(1,838,482)	(1,872,630)
Net Expense Budget	**14,466,829**	**15,707,600**	**17,031,820**	**18,572,891**	**19,470,676**	**19,933,222**

Applied Science & Engineering	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
Attributed Revenue[1]	228,829,094	237,424,994	247,342,641	251,537,851	257,610,261	263,654,412
University Fund Allocation[2]	31,697,499	31,723,650	31,723,650	31,723,650	31,723,650	31,723,650
University-Wide Costs	(88,475,306)	(89,921,354)	(92,497,419)	(94,293,217)	(95,159,673)	(96,813,223)
Student Aid Expense	(21,732,620)	(24,582,795)	(25,392,795)	(25,775,594)	(26,307,960)	(26,885,547)
Net Expense Budget	**150,318,667**	**154,644,495**	**161,176,078**	**163,192,690**	**167,866,278**	**171,679,293**

Daniels Architecture, Landscape & Design	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
Attributed Revenue[1]	34,254,814	34,144,284	35,790,975	37,090,958	39,413,954	40,519,775
University Fund Allocation[2]	11,310,395	11,304,922	11,304,922	11,304,922	11,304,922	11,304,922
University-Wide Costs	(11,530,602)	(11,598,187)	(12,014,024)	(12,283,344)	(12,425,790)	(12,785,190)
Student Aid Expense	(2,498,691)	(2,717,633)	(2,760,154)	(2,799,829)	(2,869,223)	(2,935,524)
Net Expense Budget	**31,535,916**	**31,133,386**	**32,321,718**	**33,312,707**	**35,423,863**	**36,103,983**

OISE	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
Attributed Revenue[1]	77,413,976	79,479,058	83,968,820	90,006,910	94,792,108	101,876,280
University Fund Allocation[2]	19,494,233	19,780,190	19,780,190	19,780,190	19,780,190	19,780,190
University-Wide Costs	(27,513,910)	(27,729,116)	(28,848,002)	(30,029,389)	(30,912,756)	(32,019,854)
Student Aid Expense	(2,745,101)	(2,874,754)	(2,999,607)	(3,098,836)	(3,169,949)	(3,217,102)
Net Expense Budget	**66,649,198**	**68,655,377**	**71,901,401**	**76,658,875**	**80,489,593**	**86,419,513**

Law	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
Attributed Revenue[1]	31,530,645	32,677,968	33,656,262	34,699,716	35,806,935	36,838,778
University Fund Allocation[2]	8,340,517	8,485,282	8,485,282	8,485,282	8,485,282	8,485,282
University-Wide Costs	(9,739,032)	(9,525,266)	(9,730,486)	(9,817,110)	(9,868,052)	(10,063,174)
Student Aid Expense	(2,323,681)	(2,784,996)	(2,888,941)	(2,972,804)	(3,043,882)	(3,107,059)
Net Expense Budget	**27,808,450**	**28,852,988**	**29,522,118**	**30,395,083**	**31,380,283**	**32,153,826**

Information	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
Attributed Revenue[1]	22,998,385	26,081,758	28,197,911	29,244,932	30,632,857	31,688,706
University Fund Allocation[2]	3,867,304	3,966,548	3,966,548	3,966,548	3,966,548	3,966,548
University-Wide Costs	(6,325,442)	(6,690,433)	(7,136,977)	(7,407,467)	(7,552,419)	(7,772,334)
Student Aid Expense	(667,468)	(750,277)	(828,692)	(873,155)	(924,423)	(957,174)
Net Expense Budget	**19,872,779**	**22,607,595**	**24,198,789**	**24,930,857**	**26,122,563**	**26,925,746**

Music	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
Attributed Revenue[1]	18,523,451	19,656,264	20,259,029	20,707,166	21,135,023	21,574,745
University Fund Allocation[2]	12,071,776	12,068,495	12,068,495	12,068,495	12,068,495	12,068,495
University-Wide Costs	(7,944,713)	(8,201,834)	(8,374,279)	(8,495,116)	(8,551,467)	(8,694,898)
Student Aid Expense	(2,536,253)	(2,755,426)	(2,819,198)	(2,875,479)	(2,933,954)	(2,987,580)
Net Expense Budget	**20,114,261**	**20,767,499**	**21,134,048**	**21,405,066**	**21,718,097**	**21,960,763**

Factor-Inwentash Social Work	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
Attributed Revenue[1]	14,019,880	13,769,211	14,152,812	14,381,178	14,613,895	14,872,616
University Fund Allocation[2]	3,172,298	3,169,335	3,169,335	3,169,335	3,169,335	3,169,335
University-Wide Costs	(5,114,549)	(5,112,934)	(5,117,475)	(5,200,808)	(5,229,788)	(5,315,841)
Student Aid Expense	(1,173,179)	(1,256,599)	(1,297,015)	(1,328,400)	(1,355,614)	(1,379,747)
Net Expense Budget	**10,904,450**	**10,569,012**	**10,907,656**	**11,021,304**	**11,197,828**	**11,346,363**

Rotman Management	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
Attributed Revenue[1]	119,595,722	118,199,988	122,811,333	126,891,757	129,802,416	132,792,539
University Fund Allocation[2]	13,429,531	13,387,923	13,387,923	13,387,923	13,387,923	13,387,923
University-Wide Costs	(30,703,992)	(30,447,413)	(31,376,047)	(31,734,799)	(32,513,575)	(33,034,874)
Student Aid Expense	(6,583,564)	(7,348,247)	(7,433,076)	(7,530,087)	(7,670,306)	(7,837,166)
Net Expense Budget	**95,737,698**	**93,792,251**	**97,390,133**	**101,014,795**	**103,006,458**	**105,308,423**

Transitional Year Programme	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
Attributed Revenue[1]	676,827	724,875	750,752	771,757	791,791	810,089
University Fund Allocation[2]	1,925,975	1,925,870	1,925,870	1,925,870	1,925,870	1,925,870
University-Wide Costs	(476,743)	(459,013)	(459,439)	(460,065)	(456,849)	(463,729)
Student Aid Expense	(464,677)	(505,046)	(522,631)	(536,862)	(549,120)	(560,188)
Net Expense Budget	**1,661,383**	**1,686,686**	**1,694,553**	**1,700,700**	**1,711,691**	**1,712,042**

School of Continuing Studies	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
Attributed Revenue[1]	(3,606,118)	(3,217,815)	(3,325,279)	(3,473,485)	(3,624,832)	(3,818,105)
University Fund Allocation[2]	2,889,382	2,889,316	2,889,316	2,889,316	2,889,316	2,889,316
University-Wide Costs	(2,817,062)	(2,993,962)	(2,948,695)	(2,995,326)	(3,002,333)	(3,075,887)
Student Aid Expense	(15,086)	(16,469)	(17,097)	(17,595)	(18,018)	(18,392)
Net Expense Budget	**(3,548,885)**	**(3,338,930)**	**(3,401,756)**	**(3,597,091)**	**(3,755,867)**	**(4,023,068)**