Budget Consultation
Fall-Winter, 2020-21
Rhonda Lenton, President & Vice-Chancellor
Lisa Philipps, Provost & Vice President Academic
Carol McAulay, Vice-President Finance & Administration
Agenda

1. Context
2. Review of last year’s budget consultations – 2019-20
3. Strategic Investments
5. COVID-19 contingency plan – 2020-21
   • June 2020 (based on “May Scenario”)
   • October 2020 update (based on October actuals)
6. SHARP Review
7. Q&A
Context

• Third Budget Community Consultation (2018, 2019, 2020)
• COVID-19 Implications
  o Balancing response, mitigation and recovery
• Federal government challenges and priorities
  o Universities Canada Pre-Budget Submission
• Provincial government challenges and priorities
  o COU Advocacy
  o Provincial budget
  o SMA3
• Aligning resources to our Academic Plans
  o 2015-2020: *York University Academic Plan*
  o A strong foundation for our new 2020-2025 UAP: *Building a Better Future*
University Academic Plan 2015-2020

Legend
- Outcomes & Metrics
- UAP Priorities
- UAP Themes
- Vision

7. Enabling the Plan
There are various enablers that support the above initiatives, some important considerations include: (1) aligning resources with priorities; (2) metrics and evaluation; (3) collaboration and partnerships; (4) effective communication and consultation etc.
Review of the 2019-2020 Budget Consultations
Budget consultations 2019-20

- Eighteen consultation sessions were held last year with ~500 participants – Faculty Councils, student groups, union leadership, and Town Halls

- Consultations provided a valuable forum for:
  - Discussing budget topics
  - Answering questions, providing explanations
  - Receiving community input on priorities to be factored into the development of the 2020-21 budget and related strategic investments

- Feedback on the budget consultation process has been positive and these sessions are now an integral part of developing annual budgets
Budget consultations 2019-20 – what we heard
Strategic Investments
**Strategic investments made in 2020-21**

In response to the community’s input during the 2019-20 budget consultations, the University made strategic investments in 2020-21 in several priority areas, including:

- Deferred maintenance
- Major capital
- Faculty complement renewal
- Equity, diversity and inclusion
- Student support
- Technology
- Service Transformation
Deferred maintenance backlog

York’s growing deferred maintenance backlog is becoming increasingly critical:

<table>
<thead>
<tr>
<th></th>
<th>Glendon</th>
<th>Keele</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Academic</strong></td>
<td>$12.1</td>
<td>$302.1</td>
<td>$314.2</td>
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<tr>
<td><strong>Infrastructure</strong></td>
<td>1.0</td>
<td>23.6</td>
<td>24.6</td>
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<tr>
<td><strong>Subtotal</strong></td>
<td>13.1</td>
<td>325.7</td>
<td>338.8</td>
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<tr>
<td><strong>Ancillary</strong></td>
<td>10.0</td>
<td>19.1</td>
<td>29.1</td>
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<td><strong>Residence</strong></td>
<td>15.9</td>
<td>142.9</td>
<td>158.8</td>
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<tr>
<td><strong>Subtotal</strong></td>
<td>25.9</td>
<td>162.0</td>
<td>187.9</td>
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<td><strong>Total</strong></td>
<td>$39.0</td>
<td>$487.7</td>
<td>$526.7</td>
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</table>

* Currently being updated
Strategic investments in deferred maintenance

The University is making a significant investment in deferred maintenance to support priorities of teaching and learning, research intensification, student success, and the campus experience.

Since 2018-19, incremental funding from the University Fund and general reserves has been allocated to address deferred maintenance backlogs.

Two key priority projects currently underway are the multi-year renewal of classrooms ($20M) and washrooms ($10M). Originally planned as 5-year projects, timelines have been shortened to 4 years.

A long-term plan for sustained, ongoing deferred maintenance is being developed.
Strategic investments in major capital projects

The following major capital projects are currently underway:

• $72.7M for construction of a School of Continuing Studies building to accommodate the growing needs for Continuing Studies and English Language (YUELI) instruction by providing approximately 10,800 square meters of space – self-funded by the SCS
• $43.5M for construction of a Neuroscience Facility and additional office space at the Sherman Health Science Research Centre to advance new programs, teaching and learning, and research intensification
• $41M for a new and enhanced Student Information System to manage the student experience from application to graduation
• $11.2M for the Lions Stadium conversion, including installation of artificial turf and a seasonal inflatable dome, to enhance the student experience in athletics and recreation

Numerous other capital projects are also underway, including:

• Lassonde Equipment
• Wet labs to support faculty complement renewal
• UIT network upgrades
• Stand-alone Art Gallery (supported by a philanthropic gift)
• Dahdaleh Exterior (supported by a philanthropic gift)
• Hilliard Residence renovations (Glendon)
• LAPS departmental renovations
• Atkinson 2nd floor renovation

The funding/financing arrangement for each capital project is unique, and can be a combination of internal reserves (either central or departmental), external donations/fundraising, government support and/or internal loans.
Faculty capital reserves

Over time, several Faculties have accumulated reserves to support potential capital projects.

The multi-year budgets include planned transfers from the faculties’ operating budgets to their capital reserves as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>$M</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020-21</td>
<td>3.8</td>
</tr>
<tr>
<td>2021-22</td>
<td>13.3</td>
</tr>
<tr>
<td>2022-23</td>
<td>23.5</td>
</tr>
</tbody>
</table>
Markham Centre Campus

Programming to be offered in phase 1 by AMPD, LAPS, Lassonde, Science, School of Continuing Studies
Markham Centre Campus

In Fall 2019, the Board of Governors approved the business plan for the Markham Centre Campus, which is under construction and expected to open in Fall 2023.

The budgeted cost of construction is as follows:

<table>
<thead>
<tr>
<th>Under Construction</th>
<th>$M</th>
</tr>
</thead>
<tbody>
<tr>
<td>Region of York, financial contribution</td>
<td>25.0</td>
</tr>
<tr>
<td>Land, City of Markham</td>
<td>50.0</td>
</tr>
<tr>
<td>York University, new debt issue</td>
<td>100.0</td>
</tr>
<tr>
<td>York University, fundraising</td>
<td>50.0</td>
</tr>
<tr>
<td>York University, working capital</td>
<td>50.5</td>
</tr>
<tr>
<td><strong>TOTAL PROJECT VALUE</strong></td>
<td><strong>275.5</strong></td>
</tr>
</tbody>
</table>

Supporting all priorities of UAP
### Major capital priority projects – approved by the Board in Feb 2019

<table>
<thead>
<tr>
<th>Project</th>
<th>Description</th>
<th>Size (sq. ft)</th>
<th>Estimated Cost</th>
<th>Status/Funding</th>
</tr>
</thead>
<tbody>
<tr>
<td>Engineering &amp; Science Expansion</td>
<td>To accommodate growth in Science and Engineering</td>
<td>231,000 (new space)</td>
<td>$175-200M</td>
<td>Funding Plan – to be established</td>
</tr>
<tr>
<td>Scott Library</td>
<td>Replacement of book stacks with compact shelving, to allow for expansion of student study and lounge space. In addition, the installation of a second elevator and improvements to the escalator will increase/improve traffic.</td>
<td>118,000 (renovated space)</td>
<td>$30M</td>
<td>Funding Plan – to be established</td>
</tr>
</tbody>
</table>
Developing future capital projects

New and emerging capital priorities continue to be identified, including (not limited to):

- Harry Arthurs Common
- Athletics/health precinct
- Energy assets
- Student Services space
- Research space for large multi-disciplinary projects
- Major renovations of historical buildings
- Faculty- specific projects (e.g. LAPS, Health, Education) for the expansion, improvement, and consolidation of space

And many more...

The University is identifying a process for developing capital projects from idea, to feasibility, through approval and execution. The process will involve ongoing discussions with the President, Vice-Presidents (PVP) and Faculty Deans on capital priorities.
Lands for Learning

Development over time of perimeter lands to support York’s academic mission.

York University’s Lands for Learning
Strategic Investments in faculty complement renewal

The University Budget Plan included an assumption to hire 122 new faculty members in 2020-21, for a net increase of 55 new hires when retirees and departures are taken into account.

### Projected Faculty Hires

<table>
<thead>
<tr>
<th></th>
<th>2019-20</th>
<th>2020-21</th>
<th>2021-22</th>
<th>2022-23</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>New Hires</strong></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Tenure Track</td>
<td>134</td>
<td>106</td>
<td>91</td>
<td>77</td>
</tr>
<tr>
<td>CLAs</td>
<td>12</td>
<td>16</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>146</td>
<td>122</td>
<td>93</td>
<td>79</td>
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<tr>
<td><strong>Retirements/Departures</strong></td>
<td></td>
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<tr>
<td>Tenure Track</td>
<td>40</td>
<td>50</td>
<td>34</td>
<td>27</td>
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<tr>
<td>CLAs</td>
<td>23</td>
<td>17</td>
<td>22</td>
<td>4</td>
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<tr>
<td><strong>Total</strong></td>
<td>63</td>
<td>67</td>
<td>56</td>
<td>31</td>
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<tr>
<td><strong>In-Year Increase (Decrease)</strong></td>
<td></td>
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<tr>
<td>Tenure Track</td>
<td>94</td>
<td>56</td>
<td>57</td>
<td>50</td>
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<tr>
<td>CLAs</td>
<td>(11)</td>
<td>(1)</td>
<td>(20)</td>
<td>(2)</td>
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<tr>
<td><strong>Total</strong></td>
<td>83</td>
<td>55</td>
<td>37</td>
<td>48</td>
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</tbody>
</table>

**NOTE:** These are budgeted numbers only, and do not represent approved hires at this time.
Status of 2020-21 Tenure Track Appointments

Institutional
20-21 Status of Appointments

- Total = 107

By Faculty
20-21 Status of Appointments

- Made to Date
- In Progress
- Searches on hold, delayed or cancelled (5 rolled over to 21-22)
- Searches failed to date (9 rolled over to 21-22)

Source: Office of the P&VPA

October 2020
Complement Recovery – Tenure Stream Faculty Complement (Heads), 2002-03 to 2020-21 (October 1 to October 1) (excluding Librarians)

Total Tenure Stream Faculty

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<tr>
<td>Professorial</td>
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<td>92%</td>
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<tr>
<td>Teaching</td>
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<td></td>
<td>62%</td>
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<td>45%</td>
<td>45%</td>
<td>46%</td>
<td>47%</td>
<td>48%</td>
</tr>
</tbody>
</table>

Source: Office of the P&VPA

October 2020
Strategic investments in Equity, Diversity and Inclusion

Labour relations, human resources, and the Centre for Human Rights, Equity and Inclusion brought together in a new Division of Equity, People and Culture to better advance the priority of *community engagement*:

- Strengthening collegial governance
  - Oversight of employee engagement surveys
  - Implementation of recommendations
- Building a stronger, more equitable and healthier workplace environment
  - Support for Indigenous Framework
  - Development of Anti-Black Racism Framework (input being sought on draft)
  - Development of Equity Strategy (in progress)
- Enhancing labour relations
- Investments in faculty appointments
- Supplementing resources within Human Resources and the Centre for Human Rights, Equity and Inclusion to expand service delivery
Strategic investments in student support

Investments have been made in a range of functions and areas supporting students, including:

1. Student Financial Assistance
   • Increasing the amount of student aid and entrance scholarships
   • Providing COVID-19 Emergency and Travel Disruption Bursaries ($2.3M)

2. Student Success
   • Launching a new Student Virtual Assistant app (SAVy), providing student support, wayfinding, and reminders/prompts
   • Developing the new Civitas system to strengthen advising, referrals, and early intervention
   • Hiring additional Program Managers to support the new systems, with a focus on improving the student experience
   • Dedicating more resources to digital communication with students
Strategic investments in student support (con’t)

Investments have been made in a range of functions and areas supporting students, including:

3. Student Counselling, Health and Well-Being
   • Increasing the resources dedicated to student accommodation, counselling for students living in other countries during the pandemic, and training to support students in distress
   • Creating Living Well Kits for all entering students living in residence with information about available resources

4. International Students
   • Providing financial award to all international students, offsetting the planned tuition increase in 2020-21 and keeping their tuition rates frozen to reduce potential financial barriers and support ongoing access ($24M)
   • Increasing resources in immigration advising to support international students located abroad
**Strategic investments in graduate students**

Investments in graduate student support, including:

1. Creating new Funding Advisor and Awards Manager positions to better advise graduate students and proactively work with Advancement on developing new donor awards

2. Providing financial assistance and implementing policy changes during the pandemic, including:
   - Waiving late registration fees and interest charges on overdue balances
   - Providing emergency bursaries
   - Providing completion extensions for part-time graduate students, along with financial assistance during the extension period
   - Extending the period of time for which degree completion tuition refunds are eligible
   - Covering tuition fees for new international students whose funding commitment includes an employment component and who were unable to arrive in the Fall
Strategic investments in technology

Significant investments and multi-year commitments across several priority areas, including:

• Renewing core network infrastructure, to meet the exponential demand associated with remote learning and work-from-home protocols
• Building cyber-security capacity, including additional firewall licences and full-time employees providing expertise and technical support
• Renewing technology in classrooms (multi-year project now in its second year)
• Dedicating additional resources to support Office 365 as utilization of this tool grows

Similar to deferred maintenance, a long-term plan for sustained, ongoing investment in technology (including the evergreening of core assets and keeping pace with innovation) is being developed.
Service Excellence

Building on Service Transformation, in early 2020, the University commissioned an external consultant (NOUS) to improve administrative services and the service delivery model.

“Service Excellence” is a three-year implementation program to be designed and delivered by a collaborative York-NOUS team.

This outcomes-focused program will deliver York faculty, staff and students:

- Improved service quality
- Strengthened service culture
- Simpler, faster, more efficient services

York’s Vision for Service Excellence will inform the Program’s approach and intended outcomes. The vision was co-developed with York’s senior administrative and academic leaders at the University Executive Council in March 2020.

**York’s Vision for Service Excellence**

We are user-focused, working together with our community to enable outstanding services that result in high satisfaction. We are accountable for providing enhanced value to students, faculty and staff, and deliver simple, efficient and forward-looking services.

Therefore we work by these six principles:

- forward thinking, not reactionary
- user-focused, not inward-looking
- simple, not over-engineered
- empowered, and accountable, not passive
- working together, not in silos
- designed with, not for

To enable York’s strategy:

- Providing greater value to students, faculty and staff, by delivering simple, efficient and forward-looking services.
- This will allow more York staff to focus attention on achieving the University Plan objectives:
  - To be a world leader in research
  - To offer outstanding teaching and learning
  - To offer all our students an outstanding and valuable experience.
Strategic investments – linking to the new UAP 2020-25: Building a Better Future

Major capital projects
Advancing capital priorities
Research space
Major renovations
Markham Centre Campus
University services – Service Excellence
Deferred maintenance
Classroom renewal
Washroom renewal

Equity, People and Culture
Labour Relations

Technology infrastructure
Learning technologies
Student Information System
Faculty complement renewal
Graduate students supports: financial, policy changes, advising
Student supports: health and well-being, financial assistance, advising, student success, student access
International student support

28
Strategic Investments – commitments made from University Fund

<table>
<thead>
<tr>
<th>Academic and Institutional Support</th>
<th>Commitments 2020-21</th>
<th>Commitments 2021-22</th>
<th>Commitments 2022-23</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Faculty of Science</td>
<td>200,000</td>
<td></td>
<td></td>
<td>Commitment made to Faculty of Science for strategic research initiatives</td>
</tr>
<tr>
<td>YU Start</td>
<td>250,000</td>
<td></td>
<td></td>
<td>YU Start Support</td>
</tr>
<tr>
<td>VPS Wayfinding</td>
<td>250,000</td>
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<td></td>
<td>Wayfinding</td>
</tr>
<tr>
<td>International Recruitment</td>
<td>570,000</td>
<td>570,000</td>
<td></td>
<td>To support international recruitment</td>
</tr>
<tr>
<td>Digital Program Marketing</td>
<td>280,000</td>
<td>280,000</td>
<td></td>
<td>Funding for marketing of programs</td>
</tr>
<tr>
<td>York International</td>
<td>349,000</td>
<td>325,000</td>
<td></td>
<td>Additional staffing to support international students</td>
</tr>
<tr>
<td>Provost Office</td>
<td>500,000</td>
<td>670,000</td>
<td>1,330,000</td>
<td>Markham planning and other academic support</td>
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<tr>
<td>VPRI</td>
<td>150,000</td>
<td>150,000</td>
<td>150,000</td>
<td>Yspace support</td>
</tr>
<tr>
<td>University Secretariat Office and Senate Renovations</td>
<td>340,000</td>
<td></td>
<td></td>
<td>Renovate University Secretariat offices and Senate Chamber</td>
</tr>
<tr>
<td>Advancement</td>
<td>1,018,400</td>
<td>935,000</td>
<td></td>
<td>Capacity expansion for Markham campus, Customer Relationship Management (CRM) &amp; convocation</td>
</tr>
<tr>
<td>Information Technology</td>
<td>5,741,000</td>
<td>4,774,000</td>
<td>705,000</td>
<td>Data warehouse expansion, Office 365 support, network infrastructure &amp; cyber security</td>
</tr>
<tr>
<td>HR - System Transformation</td>
<td>1,123,000</td>
<td>1,123,000</td>
<td>1,123,000</td>
<td>Transform manual business processes to a Manager/Employee self-service model by fully leveraging PeopleSoft</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>10,771,400</strong></td>
<td><strong>8,837,000</strong></td>
<td><strong>3,508,000</strong></td>
<td></td>
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</tbody>
</table>

| Faculty Complement Renewal         | 2,650,000            | 3,100,000            | 600,000              | Commitment to support faculty complement renewal |

| Student Aid/Scholarships           | 3,521,000            | 1,121,000            |                      | Student support, work study, etc. |

| VPRI and Research Support          |                      |                      |                      |         |
| Electronic CV Management           | 231,000              | 210,000              |                      | To implement an electronic CV management system |
| Investment in Strategic Research Plan | 1,000,000          | 1,000,000            |                      | Funding towards a strategic fund |
| NCE Institutional Support          | 217,803              | 217,803              | 217,803              | Central support for National Centre of Excellence |
| **Total**                          | **1,448,803**        | **1,427,803**        | **217,803**          |         |

| Classroom Renewal                  | 2,000,000            | 2,000,000            |                      | Classroom technology renewal |

| Incremental Funding for Deferred Maintenance | 3,500,000           | 3,500,000            |                      | To address deferred maintenance |

Total Commitments

<table>
<thead>
<tr>
<th>2020-21</th>
<th>2021-22</th>
<th>2022-23</th>
</tr>
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<tbody>
<tr>
<td>$23,891,203</td>
<td>$19,965,803</td>
<td>$4,125,803</td>
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Multi-Year Budgets
2020-21, 2021-22, 2022-23
## Operating Fund approved by the Board of Governors in June 2020

### Total Operating Budget ($ millions)

<table>
<thead>
<tr>
<th>Appendix Reference</th>
<th>2019-20</th>
<th>2020-21</th>
<th>2021-22</th>
<th>2022-23</th>
<th>2023-23</th>
</tr>
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<tbody>
<tr>
<td>Operating Revenues</td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Government Operating Grants</td>
<td>(Appendix 3)</td>
<td>$306.9</td>
<td>$310.3</td>
<td>$306.3</td>
<td>$305.2</td>
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<tr>
<td>Student Fees</td>
<td>(Appendix 4)</td>
<td>695.6</td>
<td>714.0</td>
<td>742.2</td>
<td>825.5</td>
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<tr>
<td>Grants and Student Fees Subtotal</td>
<td></td>
<td>1,002.5</td>
<td>1,024.2</td>
<td>1,048.5</td>
<td>1,130.7</td>
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<tr>
<td>Funding from Donations, Endowments, &amp; Trusts</td>
<td></td>
<td>7.1</td>
<td>6.6</td>
<td>7.9</td>
<td>5.6</td>
</tr>
<tr>
<td>Investment Income</td>
<td></td>
<td>7.9</td>
<td>21.9</td>
<td>12.9</td>
<td>8.5</td>
</tr>
<tr>
<td>Other Recoveries</td>
<td></td>
<td>40.9</td>
<td>47.4</td>
<td>47.4</td>
<td>46.7</td>
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<tr>
<td><strong>Total Operating Revenues</strong></td>
<td></td>
<td>1,058.5</td>
<td>1,100.1</td>
<td>1,117.2</td>
<td>1,131.4</td>
</tr>
<tr>
<td>Contingencies</td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Enrolment Contingency</td>
<td></td>
<td>(18.9)</td>
<td>-</td>
<td>(38.4)</td>
<td>(44.1)</td>
</tr>
<tr>
<td>International Tuition Offset</td>
<td></td>
<td>-</td>
<td>-</td>
<td>(16.0)</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Contingencies</strong></td>
<td></td>
<td>(18.9)</td>
<td>-</td>
<td>(54.4)</td>
<td>(44.1)</td>
</tr>
<tr>
<td><strong>Total Operating Revenues, Net of Contingencies</strong></td>
<td>$1,039.6</td>
<td>$1,100.1</td>
<td>$1,062.8</td>
<td>$1,127.4</td>
<td>$1,211.2</td>
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<tr>
<td>Operating Expenditures</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salaries and Wages</td>
<td></td>
<td>590.4</td>
<td>573.3</td>
<td>627.1</td>
<td>653.5</td>
</tr>
<tr>
<td>Employee Benefits</td>
<td></td>
<td>135.4</td>
<td>128.0</td>
<td>150.8</td>
<td>155.6</td>
</tr>
<tr>
<td>Operating Costs</td>
<td></td>
<td>156.8</td>
<td>135.9</td>
<td>135.2</td>
<td>173.2</td>
</tr>
<tr>
<td>Scholarships and Bursaries</td>
<td></td>
<td>71.7</td>
<td>73.2</td>
<td>81.0</td>
<td>80.5</td>
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<td>Taxes and Utilities</td>
<td></td>
<td>26.0</td>
<td>17.8</td>
<td>24.8</td>
<td>26.5</td>
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<tr>
<td>Interest on Long-Term Debt</td>
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<td>21.1</td>
<td>21.6</td>
<td>24.9</td>
<td>25.1</td>
</tr>
<tr>
<td><strong>Total Operating Expenditures</strong></td>
<td>$1,001.3</td>
<td>$949.9</td>
<td>$1,066.9</td>
<td>$1,114.3</td>
<td>$1,150.7</td>
</tr>
<tr>
<td><strong>In Year Surplus/(Deficit) for Operating Fund, Before Transfers</strong></td>
<td>$38.3</td>
<td>$150.2</td>
<td>$4.1</td>
<td>$33.0</td>
<td>$60.5</td>
</tr>
<tr>
<td>Transfers to Restricted Funds</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transfers to Capital Fund</td>
<td>(Appendix 2)</td>
<td>(27.4)</td>
<td>(90.5)</td>
<td>(51.1)</td>
<td>(40.2)</td>
</tr>
<tr>
<td>Transfers to Ancillary Fund</td>
<td>(3.8)</td>
<td>(3.8)</td>
<td>(3.9)</td>
<td>(3.8)</td>
<td>(3.8)</td>
</tr>
<tr>
<td>Transfers to Other Funds</td>
<td>(3.4)</td>
<td>(2.6)</td>
<td>(5.8)</td>
<td>(3.2)</td>
<td>(3.7)</td>
</tr>
<tr>
<td><strong>Total Transfers to Restricted Funds</strong></td>
<td>$34.6</td>
<td>$96.9</td>
<td>$60.9</td>
<td>$47.3</td>
<td>$47.5</td>
</tr>
<tr>
<td><strong>In Year Surplus/(Deficit) for Operating Fund, Before GAAP Adj.</strong></td>
<td>$3.8</td>
<td>$53.3</td>
<td>$(65.0)</td>
<td>$(14.1)</td>
<td>$13.0</td>
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<tr>
<td>GAAP Adjustments</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Remeasurement of Employee Benefit Plans</td>
<td></td>
<td>-</td>
<td>(48.3)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>GAAP Adjustments</td>
<td></td>
<td>-</td>
<td>(48.3)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>In Year Surplus/(Deficit) for Operating Fund</strong></td>
<td>3.8</td>
<td>4.9</td>
<td>(65.0)</td>
<td>(14.1)</td>
<td>13.0</td>
</tr>
<tr>
<td><strong>Opening Accumulated Surplus/(Deficit) for Operating Fund</strong></td>
<td>235.4</td>
<td>235.4</td>
<td>240.3</td>
<td>175.3</td>
<td>161.2</td>
</tr>
<tr>
<td><strong>Closing Accumulated Surplus/(Deficit) for Operating Fund</strong></td>
<td>$239.3</td>
<td>$240.3</td>
<td>$175.3</td>
<td>$161.2</td>
<td>$174.2</td>
</tr>
</tbody>
</table>
Major planning assumptions

1. Government operating grants
   • According to SMA-3, government grants will be linked to 10 performance metrics and this performance-based funding will increase each year, from 25% in 2020-2021 ($76M) to 60% in 2024-2025 ($169M). The multi-year budgets assume no lost funding due to potentially missing the performance metrics.

2. Student Fees
   • In January 2019, the Province announced a new tuition fee framework, reducing tuition fees by 10% in 2019-20 and freezing tuition fees in 2020-2021. The multi-year budget has factored in this tuition framework.
   • For subsequent years (2021-22 and 2022-23) the budget has assumed a return to the previous norm of 3% year-over-year tuition increases for domestic students and between 0-10% year-over-year increases for international students, depending on the discipline, as approved by the Board of Governors. These assumptions are currently being reassessed.

3. Salaries and wages
   • Annual increases, as specified in collective agreements, have been factored into the multi-year budgets. Where collective agreements expire mid-way through the multi-year budget period, the across-the-board increases are assumed to be 1%, as per the Provincial Act introduced in June 2019 (Protecting a Sustainable Public Sector for Future Generations).

4. Early COVID-19 provisions
   • During the development of multi-year budgets, from January to April 2020, the potential impacts of the pandemic were beginning to reveal themselves, particularly regarding potential enrolment losses. As a result, Faculties budgeted significant contingencies against their enrolment targets. In addition some significant pandemic-related incremental costs were identified, most notably the need to provide international students with bursaries offsetting the planned 10% increase in tuition fees.
Closing accumulated balances – (5)

The closing accumulated surplus in the Operating Budget for 2019-20 was $240.3M, and comprises the following:

<table>
<thead>
<tr>
<th>Closing Accumulated Balances</th>
<th>$M</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Balances in the Divisions and Faculties</td>
<td>117.7</td>
</tr>
<tr>
<td>2. Balances in General Institutional (GI) reserves</td>
<td>89.1</td>
</tr>
<tr>
<td>3. Balance in the University Fund</td>
<td>33.5</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>240.3</strong></td>
</tr>
</tbody>
</table>

1. Balances distributed across the University, with $99.3M in the Academic Division (Faculties, Administrative Units, and the School of Continuing Studies). Faculties and Administrative Units with positive balances may invest the funds in support of their priorities, e.g. capital projects, special initiatives, etc. The balance also includes $25M in the Provost’s Contingency Fund.

2. Provides for various institution-wide financial obligations, e.g. pension special payments and post-employment benefits ($28M), remaining balances in collective agreement funds ($5.9M), insurance provisions ($4.4M), HR provisions ($4M), etc. Also includes a $25M contingency reserve.

3. The remaining, uncommitted balance of the University Fund, available for use in future years to support institutional priorities.
### Expenditure by function ($ millions)

#### Operating Expenditures by Function

<table>
<thead>
<tr>
<th></th>
<th>2020-21</th>
<th></th>
<th>2021-22</th>
<th></th>
<th>2022-23</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Amount</td>
<td>% Share</td>
<td>Amount</td>
<td>% Share</td>
<td>Amount</td>
<td>% Share</td>
</tr>
<tr>
<td>Faculties &amp; Schools</td>
<td>695.9</td>
<td>65%</td>
<td>733.7</td>
<td>66%</td>
<td>757.8</td>
<td>66%</td>
</tr>
<tr>
<td>Markham Campus</td>
<td>3.5</td>
<td>0%</td>
<td>6.2</td>
<td>1%</td>
<td>15.2</td>
<td>1%</td>
</tr>
<tr>
<td>Administrative Units</td>
<td>289.3</td>
<td>27%</td>
<td>290.9</td>
<td>26%</td>
<td>294.9</td>
<td>26%</td>
</tr>
<tr>
<td>General Institutional Costs</td>
<td>78.3</td>
<td>7%</td>
<td>83.6</td>
<td>8%</td>
<td>82.8</td>
<td>7%</td>
</tr>
<tr>
<td>Total Operating Expenditures</td>
<td>$1,066.9</td>
<td>100%</td>
<td>$1,114.3</td>
<td>100%</td>
<td>$1,150.7</td>
<td>100%</td>
</tr>
</tbody>
</table>

#### Expenditures by Function 2020-21

- Faculties & Schools: 65%
- Markham Campus: 0%
- Administrative Units: 27%
- General Institutional Costs: 7%
COVID-19 Contingency Plan
Main drivers in the contingency plan

Given the extreme level of planning uncertainty in the Spring, it was important to provide the Board with a contingency plan as a supplement to the budget being submitted for formal approval.

The contingency plan was structured to incorporate:
1. A possible enrolment scenario resulting from the pandemic, and the associated impact on revenue – guided by a Provincial assessment of potential losses across different student categories: undergraduate, graduate, domestic, international (the “May Scenario”)
2. Projections of pandemic-related incremental costs – collected from Faculties and Administrative Units based on their individual assessments, with guidance from Central
3. Projections of cost savings to mitigate the financial challenges posed by #1 and #2 above – collected from Faculties and Administrative Units, and informed by some institutional decisions, e.g. temporarily proceeding with essential hires only
Contingency plan – October 2020 update

**The October Scenario is significant improved compared to the May Scenario.**

Below is a side-by-side comparison: projected student FFTEs under Scenarios May vs October.

MAY used preliminary SU enrolments (as of May 11) and needed to make assumptions about FW.

OCTOBER has updated SU to final actuals, utilizes preliminary FA enrolments as of Oct 8, and projects WI.

<table>
<thead>
<tr>
<th>SU 2020</th>
<th>Preliminary actual as of May 11</th>
<th>Scenario OCT as of Oct 8</th>
</tr>
</thead>
<tbody>
<tr>
<td>FW Continuing</td>
<td>Dom UG &amp; MA prof -5%</td>
<td>Preliminary FA20 (as of Oct 8) and projected WI21:</td>
</tr>
<tr>
<td></td>
<td>Dom MA research &amp; PhD -10%</td>
<td>Dom: UG = +1524 (+6.5%)</td>
</tr>
<tr>
<td></td>
<td>Visa UG &amp; MA prof -20%</td>
<td>MA prof = +34 (+2.7%)</td>
</tr>
<tr>
<td></td>
<td>Visa MA research &amp; PhD -15%</td>
<td>MA research &amp; PhD = -109 (-2.4%)</td>
</tr>
<tr>
<td>FW New</td>
<td>Dom: UG -15% GR -10%</td>
<td>Visa: UG = +277 (+5.2%)</td>
</tr>
<tr>
<td></td>
<td>Visa: UG -60% GR -50%</td>
<td>MA prof = -50 (-5.1%)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>MA research &amp; PhD = -28 (-3.8%)</td>
</tr>
</tbody>
</table>
Updated five-year projected tuition revenue – “October” and “May” Scenarios
Future risk exposure

Potential decline in future enrolments due to changes in international enrolment trends and the appeal/experience of online course delivery

Decline in graduate enrolments and its impact on the University’s research agenda and productivity

Government (Federal & Provincial) policies related to funding, future tuition frameworks, public health, visas for international students, etc.

Other pandemic-related pressures and uncertainties of the moment we are in:

• Incremental costs continue to grow – on-going supports needed for faculty research, IT, etc.
• Potential for differential impact on certain Faculties, who may require support
• Contributions from Ancillary Services are at risk, due to their significant revenue shortfalls
SHARP Review
SHARP budget model – guiding principles

The SHARP Budget model was implemented in 2017-18, following six years of planning and consultation.

SHARP was developed based on five principles as recommended by the Working Group on Budget Committee:

• Support the academic goals of the institution through the alignment of resources to priorities as outlined in our planning documents (the White Paper, University Academic Plans/School Plans, IR Plans)

• Be transparent

• Provide for a predictable and sustainable framework for budget planning

• Provide performance incentives and ensure accountability

• Provide for clear and straightforward allocation methodologies
SHARP budget model – conceptual design

- Total Operating Revenue Received by Institution ($) +
  - Tuition
  - Grants /Contracts*
  - Application Fees
  - Ancillary Fees
  - Investment Income
  - Referendum Fees
  - Expenditures
  - Donations & Other Revenue

  Revenues be directed to the Faculties/units that generate them. (Inter-Faculty Double Major & Major Minor**)

  Some targeted/restricted grants are directed to the units where the locus of accountability resides.

- General University Fund
  - a. Strategic Initiatives
  - b. Transition
  - c. Contingency

- Shared Services Costs
  - Financial Management
  - Academic Management
  - Human Resources
  - Libraries
  - Advancement
  - CSBO
  - UIT
  - Graduate Administration
  - Student Services Administration
  - Research Management
  - General Institutional

- TOTAL BUDGET
  - Inter-Faculty Adjustment
    - Undergraduate Inter-Faculty Teaching
    - Graduate Inter-Faculty Teaching & Supervisory
    - Non-course Activity

- NET BUDGET

* Grants /Contracts includes formula funding, target grants, research overhead, accessibility grants, grant in lieu.
** Inter-Faculty tuition and grant revenues for Double Major and Major Minor programs will be allocated to both Faculties.

Cost attribution to Faculties and Ancillary units.

Assigned space (CSBO bin), Collective Agreement benefit commit, and Pension & post-retirement benefit costs (GI bin) attributed to Faculties, Ancillary and Shared Service units.
External SHARP review

When SHARP was implemented, the university committed to reviewing the design elements of the model based on early experience.

In September-October 2019, an external review of SHARP was conducted by a three-person panel with expertise and experience working with activity-based budgets in universities.

The panel received short summaries from each Faculty and Administrative Unit describing the strengths, challenges and issues of SHARP, and conducted on-site interviews and Town Halls to obtain more detailed feedback.

The final report identified twelve recommendations and advice across five main areas:

- Planning & Budgeting (budget cycles, accountability of shared services areas, the need for service-level agreements)
- Hold Harmless (allocation of support funds to certain Faculties in a non-formulaic way, moving away from 2013-14 as the “point-in-time” basis for the calculation)
- University Fund (ensuring the UF is of sufficient size to support strategic priorities)
- Governance (potential for a sub-committee of the University Budget Advisory Committee)
- Other considerations (conducting ongoing reviews of cost drivers, re-considering the formula being utilized for inter-Faculty teaching, reviewing space costing)
A key message of the external SHARP review

Strive at all times to maintain a model that is simple and transparent, the key virtues of activity-based budgeting. Resist modifying the budget “for this or that purpose”. If an issue is of strategic importance, deal with it explicitly through support from the University Fund, rather than indirectly by modifying cost charges/drivers.
SHARP Website

Link to the SHARP Website
Discussion of priorities for the next rolling budget 2021-2024