



Budget Consultation Fall-Winter 2023-24

YORK U

Agenda

- Background
- Strategic Framework
- Multi-year Budget Plan – 2023-24, 2024-25, 2025-26
(Approved by the Board of Governors in June 2023)
- University Fund
- Developments Since June 2023 – Budget Impact, Response and Implications
- Feedback Requested- What is Most Important to Prioritize for Investment in the Next Multi-year Budget to Secure the University's Success and Sustainability in the Short, Medium, and Longer Term?
- Appendix A: Strategic Enrolment Management
- Appendix B: Investments in the Approved 2023-24 Budget Plan to Support the University Academic Plan
- Appendix C: Faculties Contributions to the University Fund

Background

- As a reminder:
 - The SHARP budget model designed to enhance:
 - ❖ Transparency around revenues and costs
 - ❖ Alignment of resources to the University Academic Plan, 2020-2025 UAP: *Building a Better Future*
 - Annual budget consultations since 2018
- External considerations:
 - International enrolment
 - Government policies – e.g., funding, Bill 124, financial health metrics, Blue Ribbon Panel
 - Inflationary pressures


Strategic Framework

- Align external context, *University Academic Plan*, and resource plans to maximize realization of vision and priorities
- Apply bold, strategic thinking
 - To optimize ability to seize new and emerging revenue-generating growth opportunities
 - To enhance effectiveness of administrative services
 - Align revenue and expenditures
- Adapt to financial pressures and risks through ongoing planning, monitoring, and decision-making
 - Secure sufficient minimum cash reserves guided by financial health metrics and in support of future priorities
 - Implement debt repayment policy as approved by Board
 - Utilize a reasonable portion of the strong accumulated carry forwards to invest in future success
- Evolve mature University Fund
 - Able to meet requirements including strategic redistribution across Faculties

Historical Factors that Influenced 2022-2025 Budget

2022/23 - 2024/25

- In the previous budget cycle (2022/23 - 2024/25) the University was:
 - on track to balance in the third year of 2024/25
 - performing better to plan contributing to the cash reserves needed to advance strategic priorities of the UAP and infrastructure needs from deferred maintenance to digital transformation.
- This was in spite of the pandemic and decisions by the provincial government to cut domestic tuition by 10% (2019-2020) and to freeze those rates to at least 2023/24. The estimated reduction in tuition for York is about \$335M.
- A number of factors helped achieve those results including:
 - scenario planning and the inclusion of contingency funds to mitigate the expected decline in international enrolment
 - in the 2020/21 and 2021/22 years, higher retention and course loads on the part of continuing students, stronger summer enrolments and reduced travel and hospitality
 - in 2022/23, stronger than expected performance in the School of Continuing Studies and stronger investment returns.



**Multi-Year Budget Plan
2023-24, 2024-25,
2025-26
(Approved by the Board of
Governors in June 2023)**

Additional Factors Shaping Approved Budget 2023-2026

- Basic funding has been declining over time:
 - Increasing inflationary pressures – value of Government Operating Grants declining
 - Cumulative impact of no tuition fee framework resulting in Ontario having the lowest per-student grant in Canada
 - Implicit policy of increased reliance on international students
- Declining enrolment revenue
 - Slower recovery on international enrolment than anticipated exacerbated by several factors:
 - Increasing competition from other institutions both locally and around the world
 - The 2022/23 delay in visa processing resulting in a loss of about 600 students
 - Geopolitical tensions with China and India
 - Cumulative impact of longer than expected decline in international enrolment targets due to long term changes in international student demand
 - Cumulative flow-through impact of those misses relative to a growth plan for international
 - Exceeding contingencies
 - Potential for negative government policy shifts
- Salaries and wages
 - Increasing YoY (exacerbated by needed rebalancing in FT complement and staff in combination with wage increases)
 - Significant increase in benefit costs

Additional Factors Shaping Approved Budget 2023-2026, cont'd

- Scholarships and bursaries
 - Increasing to stay competitive and support access
- Future of Pedagogy
 - Need to invest to stay competitive (e.g. classroom renovations, SSRP digital transformations, Markham Campus)
- Increased reliance on variable and uncertain investment income
- In-Year results
 - Revenue falling behind expenditures

Operating Budgets approved by the Board of Governors in June 2023

	2022-23		2023-24	2024-25	2025-26
	Budget	Actuals	Budget	Budget	Budget
Operating Revenues					
Government Operating Grants	304.3	309.6	312.4	311.6	311.8
Student Fees	780.0	726.1	787.5	863.3	946.2
Grants and Student Fees Subtotal	1,084.3	1,035.8	1,099.9	1,175.0	1,257.9
Funding from Donations, Endowments, & Trusts	8.2	8.1	9.6	9.3	8.8
Investment Income	13.9	34.2	29.0	23.4	18.4
Other Recoveries	42.8	47.8	48.1	48.0	48.7
Total Operating Revenues	1,149.2	1,125.8	1,186.6	1,255.7	1,333.8
Enrolment Contingency	(23.2)	-	(26.9)	(25.6)	(27.0)
Total Operating Revenues, Net of Contingencies	1,126.0	1,125.8	1,159.8	1,230.1	1,306.8
Operating Expenditures					
Salaries and Wages	651.1	651.5	670.0	693.7	710.1
Employee Benefits	162.4	162.7	183.0	189.2	194.4
Operating Costs	164.0	145.7	166.7	166.7	165.8
Scholarships and Bursaries	96.6	88.9	95.8	100.1	106.8
Taxes and Utilities	24.7	24.0	22.7	24.2	24.0
Interest on Long-Term Debt	25.3	25.4	25.6	25.8	26.0
Total Operating Expenditures	1,124.1	1,098.1	1,163.7	1,199.7	1,227.1
In Year Surplus/(Deficit) for Operating Fund, Before Transfers	1.9	27.7	(3.9)	30.4	79.7
Transfers to Restricted Funds					
Transfers to Capital Fund (Projects and Reserves)	(38.5)	(41.9)	(58.8)	(69.2)	(60.0)
Transfers to Ancillary Fund	(4.0)	(3.5)	(3.4)	(3.2)	(3.2)
Transfers to Other Funds	(5.0)	(6.5)	(1.8)	(0.7)	(0.7)
Total Transfers to Restricted Funds	(47.4)	(51.8)	(64.0)	(73.1)	(63.8)
In Year Surplus/(Deficit) for Operating Fund, Before GAAP Adj.	(45.6)	(24.1)	(67.9)	(42.7)	15.8
GAAP Adjustments					
Remeasurement of Employee Benefit Plans	-	18.2	-	-	-
Total GAAP Adjustments	-	18.2	-	-	-
In Year Surplus/(Deficit) for Operating Fund	(45.6)	(5.9)	(67.9)	(42.7)	15.8
Opening Accumulated Surplus/(Deficit) for Operating Fund	256.3	256.3	250.4	182.5	139.8
Closing Accumulated Surplus/(Deficit) for Operating Fund	210.8	250.4	182.5	139.8	155.7

Expenditure Reduction Embedded in 2023-26

- Historical approach was applying across-the-board budget cuts – many universities still follow this method
- York developed a more strategic approach to budget reductions by allocating a target reduction to each Division based on their role in generating revenues and by allowing each Division autonomy to allocate the alignment target across its Faculties and Units based on priorities, pressures, and risks
- Examples of cost containment include, delayed hires, increased efficiencies in administrative processes and energy savings
- **Total budgeted cost containment of \$127.3M:**
 - 2023-24 – \$47.9M**
 - 2024-25 – \$39.9M**
 - 2025-26 – \$39.5M**

Link to Yfile - York University to address budget deficit over next three fiscal years:

<https://yfile.news.yorku.ca/2023/06/02/york-university-to-address-budget-deficit-over-next-three-fiscal-years/>

Key Budget Assumptions for 2023-2026 Approved Budget

	Board Approved Budget			Recent information
	23-24	24-25	25-26	
Domestic Undergraduate and Professional Masters Programs Tuition*	1%*	3%	3%	<ul style="list-style-type: none"> Blue ribbon panel recommendation (Not Yet Approved): Up to 5% beg. Sept 2024. Thereafter by the greater of 2% or the cost of living. For professional programs, flexibility to increase tuition by an additional 3% starting in Sept 2024.
Government Operating Grants	Operating Grants Remain Flat			<ul style="list-style-type: none"> Loss in grants due to underperformance in certain metrics – see next slide for details Blue ribbon panel recommendation (Not Yet Approved): Increase the value of Weighted Grant Units (WGUs) by 10%. Thereafter by the greater of 2% or the cost of living.
Salary Increments**	1%	3%	3%	<ul style="list-style-type: none"> Impact of Wage Reopener

*The enrolment contracts underpinning the Budget Plan were finalized in Fall 2022, before the government’s announcement, and incorporated a 1% domestic tuition fee increase assumption for 2023-24. The government’s decision to continue the domestic tuition freeze in 2023-24 has been addressed under the Enrolment Contingency in the board approved budgets.

**Assumptions aligned to the salary increments stipulated in the various collective agreements. For the outer two years where there are no collective agreements in place, a rate of 3% was assumed in line with the budget assumptions being made on potential domestic fee increases.

SMA3 Performance Results Overview

SMA3 Year	*Total Notional Allocation	**Actual Allocation	***Loss	Underperformance
Year 1 (2020-21)	\$73,845,754	\$73,743,878	~102K loss	<ul style="list-style-type: none"> Metric 3 Graduation Rate after 7 Years Metric 6 - Research Funding and Capacity: Federal Tri-Agency Funding Secured
Year 2 (2021-22)	\$102,895,932	\$102,829,341	~67K loss	<ul style="list-style-type: none"> Metric 3 Graduation Rate after 7 Years
Year 3 (2022-23)	\$131,196,251	\$130,673,162	~523K loss	<ul style="list-style-type: none"> Metric 4 Community/Local Impact of Student Enrolment Metric 8 Research Revenue Attracted from Private Sources
Year 4 (2023-24)	\$30,193,150	\$30,060,042	~ 133K loss	<ul style="list-style-type: none"> Metric 4 Community/Local Impact of Student Enrolment (based on 2022 Nov 1 Enrolment) Metric 8 Research Revenue Attracted from Private Sources (based on 2021-22 COFO Report)
Year 5 (2024-25)	TBD			

***Total Notional allocation:** Represents the performance-based portion of the Differentiation Envelope as per the SMA3 agreement.

****Actual allocation:** Activation of performance-based funding not in place for Year 1, 2, and 3.

***** Excludes redistribution of funding from other universities that underperformed on metric targets York exceeded.**

The 10% capped performance-based funding grant amount for Year 4 (2023-24) notional allocation figures are estimates based on the 2022-23 FTOT (Final Total).

York Performance Years 1 to 4

Metric ID	Metric Name	Year 1 2020-21	Year 2 2021-22	Year 3 2022-23	Year 4 2023-24
		Target Achievement	Target Achievement	Target Achievement	*Target Achievement with Stop-loss
1	Graduate Employment Rate in a Related Field	102.58%	104.39%	100.40%	100.83%
2	Institutional Strength/Focus	103.19%	106.81%	107.88%	105.16%
3	Graduation Rate	99.91%	98.71%	104.83%	101.99%
4	Community/Local Impact of Student Enrolment	104.65%	103.85%	99.13%	96.18%
5	Economic Impact (Institution-specific)	295.26%	109.53%	107.96%	108.02%
6	Research Funding and Capacity: Federal Tri-Agency Funding Secured	98.71%	101.79%	105.52%	107.78%
7	Experiential Learning		123.86%	106.11%	109.78%
8	Research Revenue Attracted from Private Sources		143.76%	92.90%	95.00%
9	Graduate Employment Earnings		112.66%	111.09%	110.46%
10	Skills and Competencies			100.00%	100.00%
	Total*				

Note: Highlight represents metric underperformance

***The Ministry’s “stop-loss” mechanism will ensure that any performance that falls below 95% of target achievement will be capped in terms of funding loss.**

York Performance

- **York met the following five performance metrics for Years 1 to 4**
 - **Metric 1: Graduate employment rate in a field**
 - **Metric 2: Institutional strength and focus**
 - **Metric 5: Economic impact**
 - **Metric 7: Experiential learning**
 - **Metric 9: Graduate Employment Earnings**



University Fund

University Fund Purpose

- Strategic Initiatives for advancing vision and priorities
- Faculty Allocation from the UF allowing for the redistribution of a portion of attributed revenue among faculties (including operating support)
- Contingency to manage risks and unanticipated challenges



University Fund - Budget Implications

- The University Fund is financed by the following:
 - Contributions from Faculties
 - Contributions from School of Continuing Studies
 - Contributions from Ancillary Services (parking, housing, bookstore)
 - Investment Income
 - Other revenues not allocated to a Faculty or Unit.
- Faculties contribute 8% of their attributed revenues with a sliding scale redistribution back to the Faculties. SCS and Ancillaries contribute full 8%.
- The University Fund does not spend funds directly but rather distributes funds to the Faculties and shared service units to support strategic initiatives and provide operating support.
- Faculties can make a submission to the Provost regarding their needs including operating support to help transition to a balanced budget.
- Faculties or Units can apply to the University Fund for funding for a one-time strategic initiative (sometimes XTO).

University Fund Approved Budgets and Updated Projections

University Fund	A Embedded in Budget		B Updated Projections	
	Approved - June 2023		November 2023	
	2023-24	2024-25	2023-24	2024-25
Revenues				
Contributions from Faculties and SCS	76.3	79.9	76.3	75.2
University Fund Refunds to Faculties	-23.1	-19.3	-23.1	-26.8
Investment Income, Grant and Other	56.0	45.4	64.0	51.9
Net Inflows	109.2	106.0	117.2	100.3
Expenses				
Commitments	-50.7	-53.0	-50.7	-53.0
New Strategic Funding Requests			-0.2	-9.8
Operating Support for Faculties	-24.7	-18.5	-24.7	-46.5
	-75.4	-71.5	-75.6	-109.3
In year surplus / (deficit)	33.8	34.5	41.6	-9.0
Opening Balance	71.1	104.9	71.1	112.7
Closing Balance	104.9	139.4	112.7	103.7

University Fund - Updated Refund and Operating Support for 2024-25

- University Fund Refund to Faculties – 3% in 2024-25 (previously 2%), 2.5% in 2025-26 (previously 1.5%), and 2% in 2026-27:
 - FY2024/25: \$26.8M
 - FY2025/26: \$23.9M
 - FY2026/27: \$20.5M
- Faculty Operating Support:
 - 2024/25: \$46.5M (previously \$18.5M)

Faculty	Previously Approved (2023/24 Budget Cycle)	Approved (2024-25 Budget Cycle)
AMPD	10	14
Education	N/A	4
EUC	4	4
Glendon	4.5	4.5
LA&PS	N/A	10
Science	N/A	10
Total	18.5	46.5

- Projected Strategic Support of \$14.4M

Total Faculties Net Contribution to the University Fund

Total Faculties contribution to and allocation from the University Fund

Actuals
from 2017-18 to
2022-23

	Actuals						Budgets			
	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27
Contributions to University Fund	34.5	34.4	33.0	39.1	39.2	75.0	74.0	71.5	76.5	81.9
University Fund Allocation*	55.6	40.8	40.8	40.8	40.8	56.9	47.8	73.3	TBD	TBD
Net Contribution	(21.2)	(6.3)	(7.8)	(1.7)	(1.6)	18.1	26.2	(1.8)	TBD	TBD

* University Fund Allocation includes Hold Harmless funding (to 2021-22), and thereafter University Fund refund and Operating Support. Strategic funding allocations are in addition to these allocations.

Refer to Appendix C: Faculties Contribution to the University Fund for contributions by Faculty.

University Fund Commitments, Investing in our Priorities

	Actuals (\$1M)	Budgets (\$M)		
		2022-23	2023-24	2024-25 (Previously Approved June 2023) 2024-25 (Updated Nov. 23)
Faculty Operating Support	30.4	24.7	18.5	46.5
Other Faculty Support (Strategic)		10.3	2.6	3.6
Research Support	7.5	6.0	2.4	2.5
Student Support*	14.2	1.5	0.9	4.3
Institutional Support**	7.4	3.0	1.0	6.3
Capital Project and Renovations	8.0	6.0	6.0	6.0
Technology Investments	19.9	24.1	40.1	40.1
Total University Fund Commitments	87.4	75.6	71.5	109.3
University Fund Refund to Faculties	26.5	23.1	19.3	26.8
Total Allocations to Faculties	56.9	47.8	37.8	73.3
<i>(Not Including Strategic Support)</i>				

Commitments in outer years will be informed by community input.

* Expanded student awards are paid from Faculty budgets beginning in 2023-24; \$3.3M increase in 2024-25 for international & global engagement strategy

** Includes high-priority DEDI initiatives, sustainability initiatives, advancement, internationalization, Space support, etc.

Detailed information on strategic investments supported by the University Fund is available at pages 10-19 and 31-32 of the Multi-Year-Budget Plan 2023-24 to 2025-26; <https://www.yorku.ca/sharp/wp-content/uploads/sites/95/2023/07/Multi-Year-Budget-Plan-2023-24-to-2025-26.pdf>



**Developments since
June 2023 –
Budget Impact,
Response and
Implications**

Challenges as we entered 2023-24

- York has continued to be on its trajectory as a leading, modern and internationally-recognized university:
 - Becoming increasingly comprehensive – responding to new program needs in STEM, health, business, etc.
 - Strengthening research intensiveness and innovation – including increasing external research funding, commercialization, etc.
 - Responding to developments impacting the future of higher education (flexible, on-time education) e.g.s., EE/WIL, micro-credentials, AI, online, entrepreneurship
- Creating a new Markham Campus
 - Intended to support the University's trajectory and secure our competitive position in York Region which has one of the highest growth rates among 18-21 years in Ontario
 - Will help secure new enrolment growth, strengthen partnerships in 4th largest tech sector in the world, and enrich research and EE/WIL opportunities

Challenges (continued)

- York has however stayed flat on % international for the last 4 years missing international targets with a slower reduction in expenditures – York is particularly vulnerable to strategies of competitors in and around Toronto and the unexpected increase in international enrolment at the U of T – essential for York to continue to build unique value proposition to stay competitive
- Enrolment contracts have been updated to reflect our declining international enrolments based on November enrolment data
- Significant actions are required to minimize a deterioration of the University's fiscal situation for the 2023-2024 academic year and in the outer two years of the budget 2024/25 and 2025/26.
- Further information can be found in the Financial Presentation to Union Groups October 23, 2023, and can be found on Yulink – <https://yulink-new.yorku.ca/documents/1768239/29943532/Multi+Year+budget+presentation+to+Union+Groups+-+October+2023.pdf/35790daf-7acf-473f-8216-0e914cfc6c7f>

Enrolment Risk to Operating Budgets, Update as of October 2023 (\$M)

	2023-24	2024-25	2025-26	Total 2023-24 to 2025-26
Board approved budgets	(67.9)	(42.7)	15.8	(94.8)
October Enrolment Update on progress against targets	(45.8)	(52.6)	(54.4)	(152.8)
Enrolment contingency included in board approved budgets	26.9	25.6	27.0	79.5
Amount negative to budgets	(18.9)	(27.0)	(27.4)	(73.3)
Projected In-year Surplus/(Deficit)	(86.8)	(69.7)	(11.6)	(168.1)

- 2023-24 opening accumulated surplus of **\$250.4M** ending at **\$155.7M** in 2025-26 (Board approved Budgets)
- Total potential enrolment shortfalls of \$73.3M based on October enrolment data
- Total projected in-year deficits of \$168.1M (Approved deficit of \$94.8M plus additional deficit of \$73.3M)
- Projected accumulated surplus at the end of 2025-26 is revised down to **\$82.3M** (\$250.4M less \$168.1M)

These values do not include all risks identified in the previous slides including tuition framework, SMA3 performance, wage reopener, or offsetting signs of positive performance in SCS, Ancillary and investment income.

Other Risks and Pressures

- What will the province implement from the recommendations of the Blue Ribbon Panel?
 - Assumed domestic tuition increases of 3% starting in 2024-2025 not yet confirmed
- SMA3 performance metrics – 10% of grant funding at risk starting 2023-24, rising in future years
- Wage reopener
- Budgeted enrolment contingencies will likely be insufficient – geopolitical tensions, lower retention, global and local competition for international students
- Impact of enrolment decline on Faculty budgets – need for increased use of University Fund to support operating shortfalls in the faculties while they implement recovery plans rather than more strategic redistribution
- Missed MCU grant performance targets
- Increased bad debts
- MCU introduction of financial metrics

Auditor General of Ontario - York Report

- Main conclusion is that York is financially sustainable which is a significant accomplishment given the myriad of challenges facing PSE
- At the same time a number of recommendations have been made – fairly similar to the prior audit of 4 other universities – that we must ensure are addressed with touchpoints that occur over the next 5 years
- Fortunately, we had already identified most of the issues ourselves with robust plans well underway as well as established measures / KPIs tracking our progress (i.e., including a Strategic Framework aligning external context, our UAP, IRPs and our budget/resource plans)
- We will incorporate the specific AGO recommendations into our plans to enhance our efforts and hopefully strengthen the outcomes in the process
- Briefly, the identified issues pertain to:
 - Program sustainability and the need to monitor and respond to enrolment trends at program, unit, and Faculty level
 - Importance of a robust and diverse international strategy (mitigate risk of over-reliance on certain countries)
 - Debt repayment policy (already in place for 50% of debentures due in 2042 (\$200M) and 2044 (\$100M), plans underway to prepare for second half due in 2054 (\$100M), 2056 (\$100M) and 2060 (\$100M)
 - Assessing risk and ROI on capital projects – being incorporated into our new Capital Plan Process
 - Investing more in Deferred Maintenance backlog
 - Plans to strengthen York's performance on provincial SMA metrics e.g., graduation rates, employment rates, etc

MCU Financial Accountability Framework

- A further consideration is the MCU's financial accountability framework released in November 2022 identifying eight financial metrics
- The Framework consists of financial metrics, associated thresholds, and action plans, from which an overall risk rating and action plan for each university are derived
- MCU metrics are based on the University's consolidated financial statements

Implications of 2023-26 Operating Budgets on the Financial Statements

Important to view the multi-year budget plan within the context of the annual financial statements:

- Auditor General's report on four Ontario universities recommended budgets be prepared on a consolidated basis, aligned with financial statements
- Operating budgets only make up one portion of the University's financial statements
- The University's consolidated financial statements include:
 - Operating Fund,
 - Ancillary Operations (Parking, Residence, Food Services, Bookstore, etc.),
 - Internally and Externally Funded Research,
 - Capital Fund, Endowments/Trusts, and
 - York University Development Corporation (York Lanes Mall and other development work for the University)
- The inclusion of revenues from Ancillary Services and cost recoveries from research along with accounting adjustments result in the financial statements having a more positive bottom line than the operating budget

Budget Reconciliation to Financial Statements 2023-26 (\$M)

	2022-23 Actuals	2023-24 Budget	2024-25 Budget	2025-26 Budget
Operating budgets	(5.9)	(67.9)	(42.7)	15.8
<i>a) Fund 300: Ancillaries</i>				
- In-year surplus	12.8	4.8	7.0	7.3
- Transfer to/(from) reserves	5.4	4.4	4.8	4.8
- Contribution to sinking fund	3.3	3.5	3.8	4.0
<i>b) Fund 700: Capital</i>				
- Transfer to/(from) reserves	4.9	1.8	1.5	1.3
- Capitalized assets net of amortization	(1.8)	15.8	17.5	8.3
<i>c) Miscellaneous Other</i>	2.2			
Financial Statements - Revenue Over Expenses for the year (MCU metric)	20.8	(37.7)	(8.0)	41.5

York's MCU Framework Action Plan Status 2022-23 – Low Action

Category	Metric	Metric Definition	Measures	MCU THRESHOLDS		York's Ratio 2022/23	MCU Metric Score	Category Average	Category Action Plan
				Medium Threshold < More Favourable	High Threshold Less Favourable>				
1. LIQUIDITY	Primary Reserve Days	(Expendable net assets / Total expenses) x 365 days	<i>Estimated days that cash reserves would last (does not include capital or special costs i.e., pension)</i>	90 days	30 days	191	0	0.00	NO ACTION
	Working Capital Ratio	Current assets / Current liabilities	<i>Difference between University's current assets and current liabilities</i>	1.25	1	1.41	0		
2. SUSTAINABILITY	Viability Ratio	Expendable net assets / Long-term debt	<i>Funds on hand to settle long term debt</i>	60%	30%	114%	0	0.75	NO ACTION
	Debt Ratio	Total liabilities less Deferred Capital Contributions/ Total assets	<i>Extent of the University's leverage</i>	35%	55%	37%	1		
	Debt to Revenue Ratio	Long-term debt / Total revenue	<i>Ability to repay debt</i>	35%	50%	45%	1		
	Interest Burden Ratio	Interest expense / Total expenses less amortization	<i>Debt Affordability</i>	2.0%	4.0%	2%	1		
3. PERFORMANCE	Surplus (Deficit) Ratio	Surplus (deficit)/Total Revenue	<i>Extent to which revenues contribute to net assets</i>	1.5%	0%	2%	0	0.50	NO ACTION
	Net Operating Revenues Ratio	Cash flow from operations / Total revenues	<i>Extent to which University is generating positive cash flow</i>	7%	2%	5%	1		
4. CREDIT RATING	DBRS S&P	Most Favourable Agency Rating to be Applied		Action Plan Based on Rating		A High A+	Low Action Low Action	N/A	LOW ACTION

Assignment of Financial Health Risk Score (Metric Scores)

The Framework has 4 categories of metrics:

- **Liquidity** – Primary Reserve Days & Working Capital Ratio
 - **Sustainability** – Viability Ratio, Debt Ratio, Debt to Revenue Ratio & Interest Burden Ratio
 - **Performance** – Surplus (deficit) Ratio & Net Operating Revenues Ratio
 - **Credit Rating** – Most favourable credit rating will apply.
- Individual metric score is based on its risk threshold: Low Risk = 0, Medium Risk = 1 and High Risk = 2
- Each category is assessed a category score which is the average metric scores within a category.

Category Score	Category Action
Less than 1	No Action
1 to less than 1.5	Low Action
1.5 to less than 2	Medium Action
2 or greater	High Action

The University's overall action plan is equal to the highest action plan from any of the four categories (liquidity, sustainability, performance and credit rating).

MCU Framework – Low Action Plan

<i>LOW ACTION PLAN</i>		
Occasion	Ministry Initial Action	University Response Requirements
At least 1 low category action and no medium or high category action trigger the low action plan.	ADM writes to university VP Finance , copying the President, identifying specific metrics and categories requiring actions.	University provides a written response within 4 weeks , including at least confirmation of receipt of letter from ministry, an explanation and analysis of the causes of the financial health metric results, and the steps to be taken to restore financial metrics and improve financial health and prevent further decline.
Reporting Frequency		
University provides a status report annually for a 3-year period or until all financial health categories are in the no action band.		
Escalation Process		
The ministry will initiate escalation if the university fails to meet its financial objectives or shows a decline in financial health at the end of a 3-year period. If financial metrics cause its metric categories to remain in the low action band after 3 years, the university will be classified as requiring a medium action plan .		

MCU Framework – Medium Action Plan

MEDIUM ACTION PLAN		
Occasion	Ministry Initial Action	University Response Requirements
At least 1 medium category action and no high category action trigger the medium action plan.	ADM writes to university VP Finance, Chair of Audit and Finance Committee, and Board Chair , copying the President, identifying specific metrics and categories requiring actions.	University provides a written response within 4 weeks , confirming receipt of ministry's letter, and an internal recovery plan being developed. Internal recovery plan should be received within 3 months . The plan should include a multi-year budget and cash flow projections. Response should also include: an in-depth explanation and analysis of the causes of the financial metric results, and the steps to be taken by the university to improve financial health as evidenced by the metrics and to prevent further decline.
Reporting Frequency		
University provides a status report every 6 months to demonstrate progress made against the internal recovery plan for a 3-year period or until all financial health categories are not in the medium or high action bands.		
Escalation Process		
The ministry will initiate escalation if the university fails to meet its financial objectives or shows a decline in financial health at the end of a 3-year period. If financial metrics cause its metric categories to remain in the medium action band after 3 years, the university will be classified as requiring a high action plan .		

Where York currently sits in 2023-24 Fiscal Year and beyond

- A deficit budget in financial statements in any given year will result in a **HIGH** action plan in the performance category.
- **Currently, York is budgeting for at least two consecutive deficit years.**
- **One year of deficit (projected to be 2023-24) will require a High Action Plan response** and may result in an independent advisor being required.
- **A second year of deficit (projected to be 2024-25) will result in an independent advisor being required.**
- Under the **HIGH** action plan, the University needs to provide a status report **every 6 months** to demonstrate progress made against the internal recovery plan for a **3-year period** or until no financial health categories are in the high action bands. If the university fails to meet its financial objectives or shows a decline in financial health at the end of a 3-year period, the effectiveness of the recovery plan and the recommendations of the independent advisor should be reconsidered.

MCU Framework – High Action Plan

HIGH ACTION PLAN		
Occasion	Ministry Initial Action	University Response Requirements
At least 1 high category action triggers the high action plan.	ADM writes to university Board Chair, President, and VP Finance , identifying specific metrics and categories requiring actions.	University provides a written response to confirm receipt within 2 weeks , and to confirm an independent advisor being procured within 4 weeks , including timeline for onboarding and scope of work. University is responsible for the procurement of the independent advisor but may seek ministry support for the cost of the third-party review. University provides a recovery plan developed or validated by the independent advisor within 3 months. The plan should include a multi-year budget and cashflow projections.
For high action plan ratings, if a university is identified with an overall high action plan for two consecutive years, a third-party engagement as outlined above will be required. In the first year of a high action plan rating, it is the Ministry's discretion to require a third-party engagement. All other communication and reporting requirements as outlined above will be followed.		
Reporting Frequency		
University provides a status report every 6 months to demonstrate progress made against the internal recovery plan for a 3-year period or until no financial health categories are in the high action bands.		
Escalation Process		
If the university fails to meet its financial objectives or shows a decline in financial health at the end of a 3-year period, the effectiveness of the recovery plan and the recommendations of the independent advisor should be reconsidered. A new advisor should be appointed. If progress report demonstrates that the financial objectives have been achieved and the financial health categories are in the low or medium action categories, the university will be moved out of the high action plan.		

Imperatives

- Strategic enrolment approach based on York's unique value:
 - continuing to offer in-demand programs
 - delivering excellent student learning experience
 - investing and diversifying our GEI Strategy
- Recover International Enrolments
- Strengthen our *Out of Province* Strategy – attracting the best students across the country
- Maintain/strengthen domestic
- Improve retention
- Diversify revenue – i.e., research, philanthropy, ancillary revenues, asset monetization

Imperatives (cont'd)

- Pursue growth strategy, e.g. launching Markham Campus
- Continue to strengthen ranking and reputation
- Aligning expenditures with revenue i.e., including cost containment to align with revenue reductions

Implications and Response to New Risks and Pressures

- Full exploration and assessment of additional Strategic Enrolment Management (SEM) initiatives to mitigate enrolment risk underway
 - See Appendix A
- Focus strategically on a smaller number of the most impactful emerging priorities to continue to realize the vision of the University
- Need to identify additional revenues/reduced expenses in 2024-25 to manage bottom line deficit (beyond what has already been included in approved budget)

Promising Opportunities for Additional Revenue Generation

- Intensify global engagement/internationalization efforts
- Expand capacity in high demand programs
- Develop new programs in high demand with potential to enhance reputation and research across York
- Improve access, retention and student success e.g.,
 - accepting 3-year degrees from some countries for graduate admissions
 - new pathways for ESL students
 - New strategy for domestic out-of-province students
- Enhance flexibility of programs for both domestic and international
 - fully online degrees
 - 2+2 and 3+1 credit articulation agreements with partner universities
 - joint/dual degrees with international partners

Promising Opportunities for Additional Revenue Generation

- Further reputation enhancement and developing unique York value proposition
- Intensify advancement efforts
- Keele Campus Vision and Strategy
- Working in partnerships
- Monetizing assets
- Other?

Options to contain other costs to allow spending where it matters

- Reduce administrative costs including realizing goals of Service Excellence Program (streamline processes and automate manual work to improve service quality and reduce cost of non-academic operations)
- Limit growth to strategic faculty and staff imperatives
- Facilities and Energy Management efficiencies (e.g. close underused buildings during summer months; moderate temperature/air conditioning settings; reduce or eliminate land line telephones)
- Procurement Optimization (e.g. centralize computer purchasing)
- Academic Restructuring (e.g. streamlining curriculum, consolidating small units/declining enrolment programs)
- Across-the-board (with some exceptions) budget cuts
- Space optimization
- Other?

Online Resources

SHARP budget model


<https://www.yorku.ca/sharp/>

Multi-year budgets (including details of University Fund commitments)

<https://www.yorku.ca/sharp/wp-content/uploads/sites/95/2023/07/Multi-Year-Budget-Plan-2023-24-to-2025-26.pdf>

Feedback Requested –

What is most important to prioritize for investment in the next multi-year budget to secure the university's success and sustainability in the short, medium, and longer term?




Appendix A: Strategic Enrolment Management

Strategic Enrolment Management (SEM)

York's Strategic Enrolment Management (SEM) Framework is designed to mitigate risk of not meeting enrolment targets, through a range of strategies designed to attract qualified students to programs offered by York, and to retain them through to graduation once they have enrolled.

In 2023, the University implemented several initiatives including:

- Increased domestic intakes beyond target
- Growth planning for high-demand programs
- Additional international recruitment activities and support
- Connect2Convert Strategy (in-country immigration advising and calling campaign for new students) by faculty members and students to ensure continuous engagement and community building over the summer months.
- Retention initiatives underway (e.g. peer mentoring, referral to services and supports, interest relief, food security initiatives)
- Ensured that students registered in enrolment appointments as soon as possible to facilitate program enrolment
- Highlighted and encouraged enrolment in capacity building and bridging courses to support academic success for new students. Examples include:
 - Registration for YU Prep opened earlier than in previous years
 - Strong registration for bridging Math courses for some LA&PS programs to provide typically inadmissible students the opportunity to pursue studies



**Appendix B:
Investments in the Approved
2023-24 Budget Plan to
Support the University
Academic Plan**

Investments in the Approved 2023-24 Budget Plan to Support the University Academic Plan



21st Century Learning, Examples

	<u>2022/23</u>	<u>2023/24</u>	<u>2024/25</u>	<u>2025/26</u>
New Hires				
Tenure Track	73	106	38	32
CLAs	12	10	5	2
Total	85	116	43	34
Retirements/Departures				
Tenure Track	35	38	41	22
CLAs	5	13	10	11
Total	40	51	51	33
In-Year Increase (Decrease)				
Tenure Track	38	68	(3)	10
CLAs	7	(3)	(5)	(9)
Total	45	65	(8)	1

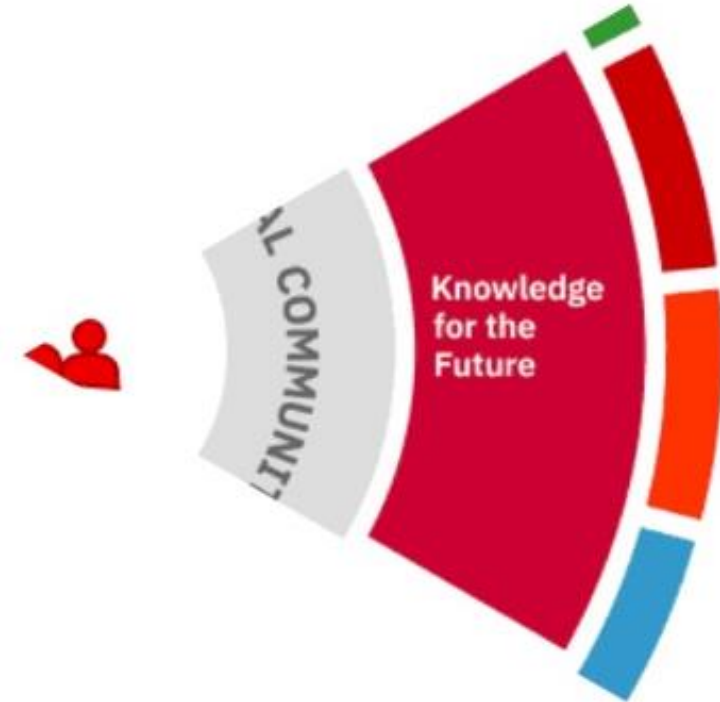
NOTE: 2022-23 numbers are included for comparison purposes only. 2023-24 to 2025-26 are budgeted numbers



- Faculties and Provost's office have continued to invest in pedagogical innovation, for example through the Academic Innovation Fund and creation of Teaching Fellows and Chairs, and supports for technology enhanced learning and experiential education.
- Salary costs of faculty complement generally reside in the Faculties where the appointments are made; the central University Fund and Provost's Office have also committed bridge funding to support faculty complement renewal, dedicated equity hiring, strategic research hiring, and Markham hiring.

Knowledge for the Future, Examples

- \$8M from the University Fund to support priorities in the Strategic Research Plan:
 - Build on areas of interdisciplinary research strength by increasing the pool of funds available for minor research grants and providing enhanced administrative support
 - Advance Decolonization, Equity, Diversity and Inclusion (DEDI) by providing funding support for scholarship, research, and related creative activities
 - Create Phase 2 Catalyzing Interdisciplinary Research Clusters (CIRC), focused on UN Sustainable Development Goals (SDGs) and provide matching funds to support the direct costs in selected research projects
 - Implement the governance and support structures for CF-REF *Connected Minds*
- Growth, renewal and diversification of faculty including 61 new professorial faculty appointments starting 2023-24
- Critical upgrades to infrastructure (e.g. \$2.6m from University Fund for YSciCore equipment to advance research excellence in Health, Science, and Lassonde)



From Access to Success, Examples

- Student financial assistance offerings were expanded in 2022-23 to ensure they remain competitive and responsive to student needs
- Expanded student awards represent an additional \$50M over the next 3 years for:
 - Improved entrance scholarships for domestic and international students, recognizing academic excellence, including President's International Scholarship of Excellence and York Automatic Entrance Scholarship
 - A higher volume of domestic and international bursaries
 - Tentanda Via award to students demonstrating fortitude, resilience, and a commitment to progressive and sustainable development



Advancing Global Engagement, Examples



- An additional \$2.5M is allocated to support the international student recruitment plan
- Beginning in 2023-24, implement second phase of York's Sustainability Strategy including:
 - Implementation of new Sustainability Framework
 - Expansion of the Sustainability Office
 - Re-envisioned President's Advisory Committee to Sustainability Task Force advising Sustainability Steering Committee
 - Develop, in consultation with community, next Sustainability Strategy 2023-2028
 - Expanding York as Living Lab
 - Advance York's goal of becoming a net-zero University before 2040
 - \$1M Sustainability Innovation Fund for projects led by students, faculty and staff

Working in Partnership, Example

Working in Partnership, York Region:



- Markham Campus:
 - Revolves around core themes of technology and entrepreneurship and how they are driving positive change across all areas of knowledge and society
 - Campus opens in Spring 2024 and accommodates 4,200 students at both undergraduate and graduate level
 - Total capital investment of \$310.5M.
- Vaughan Healthcare Precinct:
 - Collaboration between York University, the City of Vaughan, Mackenzie Health and ventureLAB
 - To transform an 82-acre parcel of land at Jane Street and Major Mackenzie Drive into a unique centre of excellence for health, preventive medicine and community care
 - First-of-its-kind cluster that unites health care providers, teachers and learners with researchers, innovators and business leaders, together on one site
 - Foreseeable that the precinct would include a number of York programs, e.g. elements of nursing, health-related technologies, disease modelling, and others
 - Supports York's longstanding commitment to develop a School of Medicine
 - Most recently, the University submitted a conceptual proposal for the school to government.

Living Well Together, Examples



To diversify faculty complement, build capacity for research success of diverse scholars, and support York's DEDI Strategy (including the Indigenous Framework and Framework to Address Anti-Black Racism):

- Creation of DEDI Initiatives Fund to support projects led by students, faculty, staff
- Developing Equity Awards Program
- Support for Black and Indigenous faculty recruitment
- New institutional and Faculty-based staff positions to support DEDI work (e.g. in Teaching Commons, Faculties, and Division of Equity, People & Culture).

Living Well Together/21st Century Learning, Digital Solutions

Build an integrated IT environment that enhances service delivery, supports faculty, staff and students, and resolves complexities, by investing:

- \$67M in capital and \$5.7M in early operating deployment costs for the new Student System Renewal Program (SSRP) replacing outdated legacy systems. This multi-year project began in 2020-21 with a total capital budget of \$120M from reserves and the central University Fund
- \$15.5M base budget increase to University Infrastructure Technology (UIT) in 2023-24, growing to \$18.5M in the outer two years supporting institutional technology needs into the future including:
 - Enabling faculty and staff productivity and post-pandemic capabilities e.g. licensing and expanded after-hours service desk technicians, Office 365 resources, additional applications, and platform analysts/developers
 - Permanent operating costs associated with the new SSRP (staff support, licensing, cloud technologies, and infrastructure)
- \$21.2M for technology deferred maintenance supporting ongoing infrastructure refresh
- \$5M for a new Advancement Customer Relationship Management (CRM) system that will replace the current outdated CRM
- \$1.5M for automation and service improvements in budgeting and forecasting, Mobile Maximo for facilities, and YU-card mobile credentials



Living Well Together, Deferred Maintenance



Investments in Deferred Maintenance

	<u>2022-23</u>	<u>2023-24</u>	<u>2024-25</u>	<u>2025-26</u>
	\$M			
Internal Funds*	18.5	19.2	19.3	19.8
External Funds**	6.8	6.5	6.5	6.5
TOTAL	25.3	25.7	25.8	26.2

Note: Totals may not add up due to rounding

*From faculty budget envelopes, University Fund, and re-purposed reserve

**From Provincial Facilities Renewal Program (FRP)



**Appendix C:
Faculties Contributions to
the University Fund**

Faculties Net Contribution to the University Fund

Faculties contribution to and allocation from the University Fund
Actuals from 2017-18 to 2022-23

	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
LAPS						
Contributions to University Fund	10.5	10.4	9.9	11.9	12.4	29.3
University Fund Allocation*	5.0	0.0	0.0	0.0	0.0	14.3
Net Contribution	5.5	10.4	9.9	11.9	12.4	15.0
AMPD						
Contributions to University Fund	1.4	1.4	1.3	1.7	1.6	3.8
University Fund Allocation*	15.1	14.2	14.2	14.2	14.2	16.8
Net Contribution	(13.7)	(12.8)	(12.9)	(12.6)	(12.6)	(13.1)
EUC						
Contributions to University Fund	0.6	0.5	0.5	0.6	0.6	1.3
University Fund Allocation*	4.6	4.2	4.2	4.2	4.2	6.6
Net Contribution	(4.0)	(3.7)	(3.8)	(3.7)	(3.7)	(5.3)
Education						
Contributions to University Fund	0.9	0.9	1.0	1.2	1.1	2.2
University Fund Allocation*	3.4	2.9	2.9	2.9	2.9	1.1
Net Contribution	(2.5)	(2.0)	(2.0)	(1.7)	(1.8)	1.1
Glendon						
Contributions to University Fund	1.6	1.6	1.4	1.7	1.6	2.0
University Fund Allocation*	5.1	4.2	4.2	4.2	4.2	10.4
Net Contribution	(3.5)	(2.5)	(2.7)	(2.4)	(2.5)	(8.4)

*University Fund Allocation includes University Fund refund, operating support, and hold harmless funding. Strategic funding allocations are in addition to these allocations.

Faculties Contribution to the University Fund (cont'd)

	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Schulich						
Contributions to University Fund	4.0	4.0	3.6	4.4	4.2	8.1
University Fund Allocation*	3.7	1.5	1.5	1.5	1.5	0.0
Net Contribution	0.3	2.5	2.2	2.9	2.8	8.1

Osgoode						
Contributions to University Fund	1.9	1.9	1.8	2.2	2.1	4.0
University Fund Allocation*	5.6	4.4	4.4	4.4	4.4	0.0
Net Contribution	(3.6)	(2.5)	(2.6)	(2.1)	(2.3)	4.0

Health						
Contributions to University Fund	11.1	11.0	10.7	11.5	11.5	10.5
University Fund Allocation*	2.2	0.0	0.0	0.0	0.0	0.9
Net Contribution	8.9	11.0	10.7	11.5	11.5	9.6

Science						
Contributions to University Fund	1.6	1.6	1.5	2.0	2.1	7.3
University Fund Allocation*	10.4	9.4	9.4	9.4	9.4	3.6
Net Contribution	(8.8)	(7.8)	(7.9)	(7.4)	(7.2)	3.7

Lassonde						
Contributions to University Fund	0.9	1.1	1.2	1.9	1.9	6.6
University Fund Allocation*	0.6	0.0	0.0	0.0	0.0	3.2
Net Contribution	0.3	1.1	1.2	1.9	1.9	3.4

*University Fund Allocation includes University Fund refund, operating support, and hold harmless funding. Strategic funding allocations are in addition to these allocations.