



# Budget Context for Academic Planning Senate Presentation

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# Outline

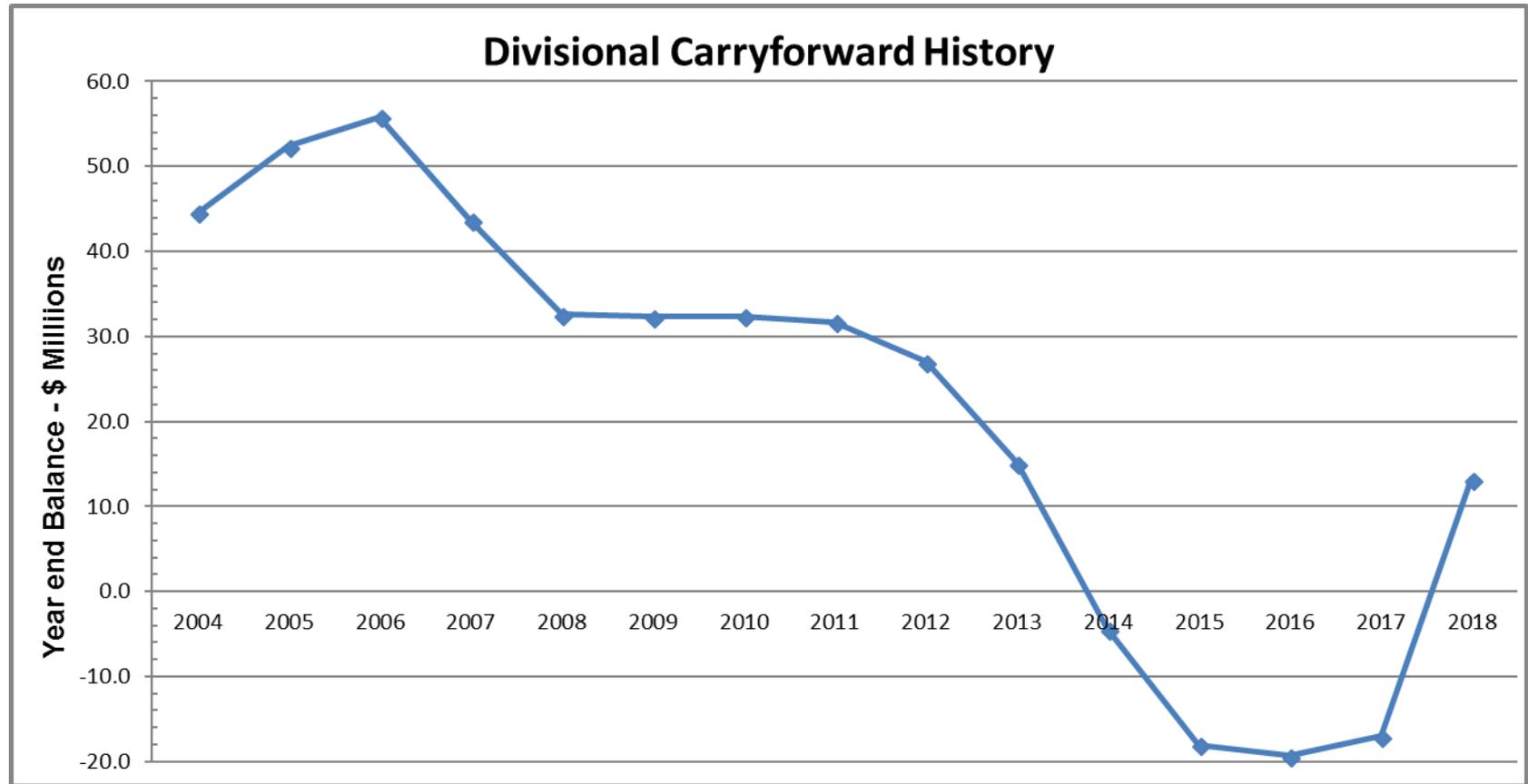
1. Preliminary Projected Results--2017-18
2. Admissions and OUAC Statistics Update
3. Budget Planning Context
4. Update on Key Budget Assumptions
5. Budget Consultation Process
6. SHARP Budget Model Review

# Preliminary Projected Results 2017-18

# Preliminary Divisional Year End Results 2017-2018

Division	Opening Cumulative Position (A)	Approved Budget In-year Surplus (Deficit) (B)	Actual In-Year Surplus (Deficit) (C)	Variance to Approved Budget Surplus (Deficit) (C-B)	Actual Ending Cumulative Position (A+C)
<b>President's</b>	<b>2.0</b>	<b>(0.6)</b>	<b>(0.0)</b>	<b>0.6</b>	<b>1.9</b>
<b>VP Advancement</b>	<b>4.3</b>	<b>(2.6)</b>	<b>(1.4)</b>	<b>1.2</b>	<b>2.9</b>
<b>VP Academic</b>					
· Arts, Media, Performance & Design	(15.7)	(1.3)	(0.9)	0.4	(16.6)
· Education	4.0	(0.5)	2.6	3.1	6.6
· Environmental Studies	(3.0)	(1.6)	(1.5)	0.2	(4.5)
· Glendon	(8.9)	0.0	(1.1)	(1.1)	(10.0)
· Graduate Studies	3.1	(1.2)	(0.2)	1.0	2.9
· Health	0.2	0.9	6.1	5.3	6.3
· Liberal Arts & Professional Studies	(52.8)	0.1	6.2	6.2	(46.5)
· Lassonde School of Engineering	(10.5)	(7.6)	(0.4)	7.2	(10.9)
· Osgoode Hall Law School	11.8	4.1	4.7	0.6	16.5
· Schulich School of Business	(10.1)	2.6	(0.7)	(3.4)	(10.8)
· Science	(3.0)	1.9	1.5	(0.4)	(1.5)
· Libraries	1.0	(0.2)	0.8	1.0	1.8
Sub Total Faculties & Libraries	(83.9)	(2.8)	17.2	20.0	(66.8)
VPA&P (incl SCS & FR)	38.0	0.7	9.8	9.1	47.8
Vice Provost Students	7.8	(1.9)	3.7	5.7	11.5
Institutional Contingency	0.0	(6.0)	0.0	6.0	0.0
<b>VP Academic Total</b>	<b>(38.1)</b>	<b>(10.1)</b>	<b>30.7</b>	<b>40.8</b>	<b>(7.4)</b>
<b>VP Finance &amp; Administration</b>	<b>12.1</b>	<b>(3.0)</b>	<b>0.5</b>	<b>3.5</b>	<b>12.6</b>
<b>VP Research</b>	<b>2.8</b>	<b>(0.6)</b>	<b>0.3</b>	<b>0.9</b>	<b>3.1</b>
<b>Total All Divisions</b>	<b>(16.9)</b>	<b>(16.9)</b>	<b>30.1</b>	<b>46.9</b>	<b>13.2</b>

# Divisional Carry Forward Positions - 2004 to 2018



# Divisional Results - Commentary

- Divisional Results benefited from:
  - Stronger tuition revenue particularly at the international level (+ \$13.1M)
  - Lower than budget benefit costs (+ \$7.5M)
  - Institutional contingency was not used (+ \$6.0M)
  - Lower than anticipated student support at graduate level (+ \$6.0M), due to missed targets
  - General cost control/containment

# Commentary on CUPE Labour Disruption

- At an **Institutional** Level:
  - The University did not complete all courses in the Winter and Fall/Winter terms by the end of April, 2018
  - The University will be deferring unearned tuition revenue at an institutional level. Unearned revenue from fiscal 2017-18 will be recognized in 2018-19 after sign off by the University's auditors.
  - Amount of deferral is \$47M (approximately)
  - Unearned tuition revenue has not reduced Faculty 2017-18 results or their carryforward positions. The deferral is being carried at the Institutional Level
- At the **Faculty** Level:
  - Tuition credit opportunity (approximately \$15M) has been charged against Faculty results in 2017-18. Faculties will recognize this revenue in fiscal 2018-19, as students register for courses
- Other costs of strike are being assessed

# Admissions and OUAC Statistics Update

# OUAC 101 Application and Confirmation/Accept Statistics

## York Successes - Applications

- Strategic Enrolment initiatives continue to be effective **in a competitive environment**
  - Faculty SEM and central team efforts, early offers, recruitment and brand campaigns, program changes, scholarship and student support programs
- For the second year in a row, York outperformed the system on applications, **attaining 10% market share** of applications for Fall 2018
  - Growth in 1<sup>st</sup> choice applications: York 5.1% System -0.3%
  - Growth in all applications: York 8.0% System 4.6%

## Impact of Strike – Confirmations

- York underperformed the system on confirmations across all subgroups except international 1<sup>st</sup> choice
  - Growth in confirmations: York -4.1% System 0.2%
- Largest losses are on 2<sup>nd</sup> and 3<sup>rd</sup> choice confirmations, which are an important pool of potential conversions for York
- By comparison, Ryerson's confirmations grew by 2.4%, with strong growth in international confirmations. University of Toronto confirmations are down slightly both for international and domestic pools.

# Undergraduate Admissions Update Fall 2018

## OUAC 101 Accepts June 7, 2018

### All Accepts (Domestic + Int'l)

System	+ 0.3%
York University	- 4.1%

### All Domestic Accepts

System	- 0.8%
York University	- 3.9%

### All International Accepts

System	+ 11.8%
York University	- 6.9%

### 1st Choice Accepts

System	- 1.7%
York University	- 1.9%

### Domestic 1st Choice Accepts

System	- 1.9%
York University	- 2.3%

### International 1<sup>st</sup> Choice Accepts

System	- 1.5%
York University	+ 0.7%

## OUAC 101 Applications May 2018

### All Applications (Domestic + Int'l)

System	+ 4.6%
York University	+ 8.0%

### 1<sup>st</sup> Choice Applications

System	- 0.3%
York University	+ 5.1%

# Graduate Admissions Update Fall 2018

## Doctoral

### Applications

Domestic	-5.0%
International	+5.1%

**Total:** -0.3%

### Offers

	-4.1%
	+15.5%

**Total:** -1.1%

### Accepts June 2

	-13.6%
	-3.8%

**Total:** -12.1%

## Masters

### Applications

Domestic	+5.9%
International	+7.7%

**Total:** +6.7%

### Offers

	+4.4%
	+8.7%

**Total:** +5.7%

### Accepts June 2

	-2.8%
	+9.9%

**Total:** +0.6%

# Budget Planning Context

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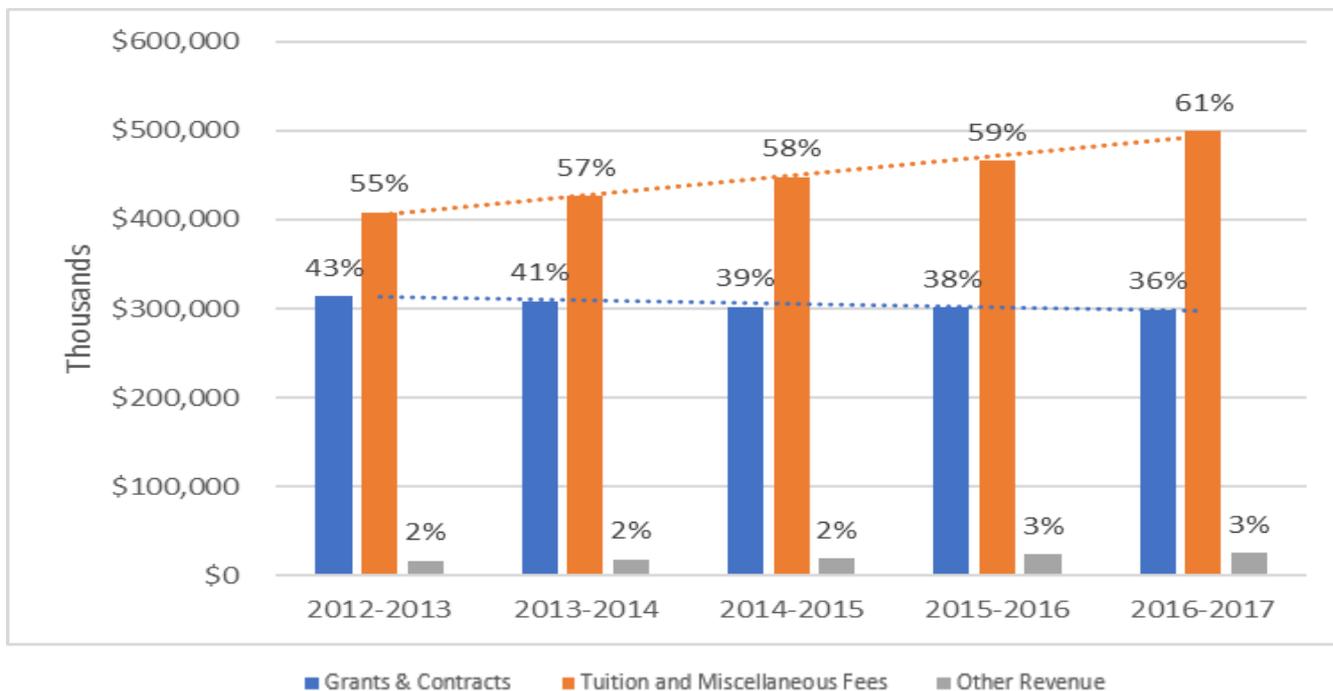
## 2018-19, 2019-20, 2020-21

- Labour disruption since March 5, 2018
- Governments are relying increasingly on universities to fund operations
- Tuition framework
- New Provincial funding formula and at risk funds
- Pension Plan funding requirements
- Markham Campus

# Labour Disruption

- Labour disruption will affect both summer (2018) and fall/winter (2018-19) enrolments, and likely future terms due to, as a minimum, the effect of flow-through
- Summer session
  - Course offerings have been reduced
  - Enrolment is at approximately at 55% of 2017's level
  - Full financial impact of reduction in summer session is being assessed
- Fall and Winter sessions
  - Too early to signal the effect on Fall and Winter sessions but will be significant based on past labour disruptions and length of this disruption
  - More will be known as students enroll and register for Fall courses

# York University Operating Revenue by Source



Universities in Ontario are increasingly relying on Tuition Revenue as Provincial Funding continues to remain static.

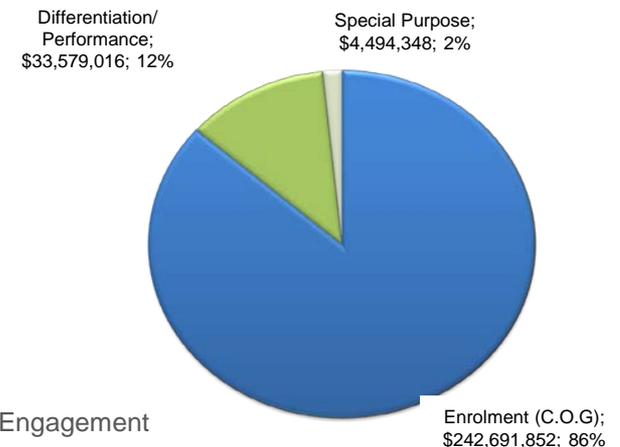
Source: COFO Financial Report Highlights 2016-17

# Tuition Fees

- The Provincial Government sets tuition fee guidelines that establish parameters for the charging of tuition fees for domestic students.
- York budgets according to the current parameters of the tuition fee framework:
  - 3% fee increase for all Arts & Science and selected other Programs
  - 5% fee increase for Professional Programs
  - An overall cap of 3% for the institution in total.
- The current guidelines cover a two-year period to the end of 2018-19.
- York's Budget Plan assumes a continuation of the existing tuition framework beyond 2018-19.

# New Provincial Funding Formula

- As of May 1, 2017 provincial UG enrolment-based grant funding is frozen at 2016-17 levels
- Funding will flow to York in three distinct parcels, as follows:
  - **Enrolment Related Funding** – substantially identical to the current grant funds
  - **Differentiation (Performance) Funding** – Based on Performance Metrics. Funding is static for fiscal years 2017-18, 2018-19, 2019-20
    - **At risk (starting 2020-21).**
      - There are metrics addressing:
        - Student Experience
        - Innovation in Teaching and Learning Experience
        - Access and Equity
        - Research Excellence and Impact
        - Innovation, Economic Development and Community Engagement
  - **Special Purpose Funding** – No significant change to targeted funding although there are some changes year over year



# Performance Funding Metrics - Challenges

- Provincial application of funding to performance metrics is not yet known
- 28 different metrics
- Not all metrics apply to all Faculties
- Difficult to calculate and measure short term impacts on metrics
- Performance metrics should be looked at more holistically and not on individual metrics

# New Funding Formula and Its Implications on SHARP and York University

- Under SHARP Principles revenue is allocated to Faculties based on how the revenue is earned and in a formula as close as possible to how the University receives it
- To meet SHARP Principles, the University must now align its grant revenue, in accordance with the new Funding Formula
- Currently both Enrolment and Performance funding are distributed to Faculties based on proportionate enrolments
- With the new funding formula, provincial grants are fixed at 2016-17 levels which has implications:
  - The University will not be funded by the province for domestic undergraduate enrolment growth and must remain within +/- 3% corridor
  - Domestic UG enrolment growth (or declines) will generate tuition revenue (or losses) only, but no government funding
  - Faculties will receive performance based funding through agreed upon performance related targets and plans to reach them as funding will be at risk
  - Incremental revenue may come from both growth in international enrolments and (limited) tuition rate increases

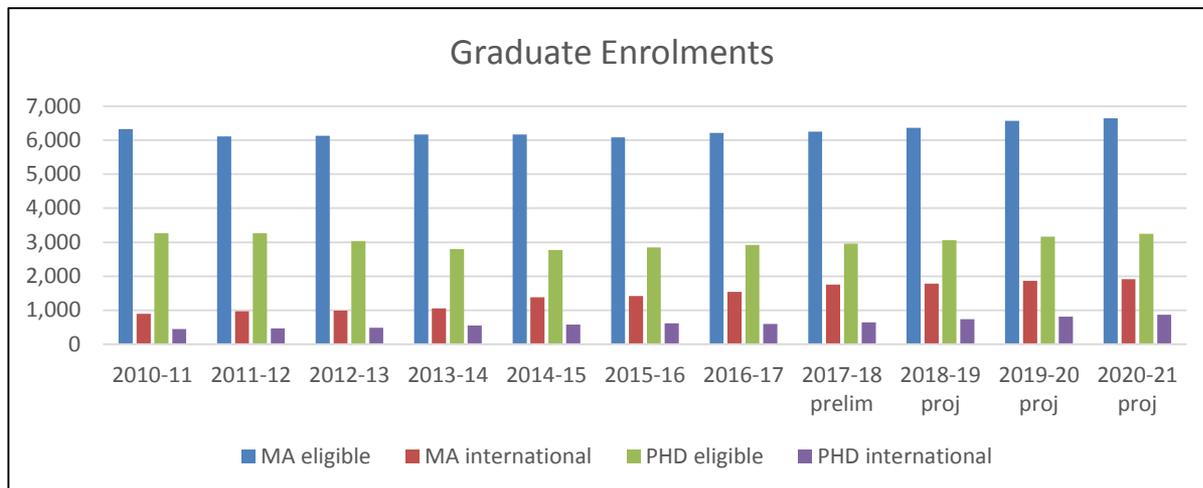
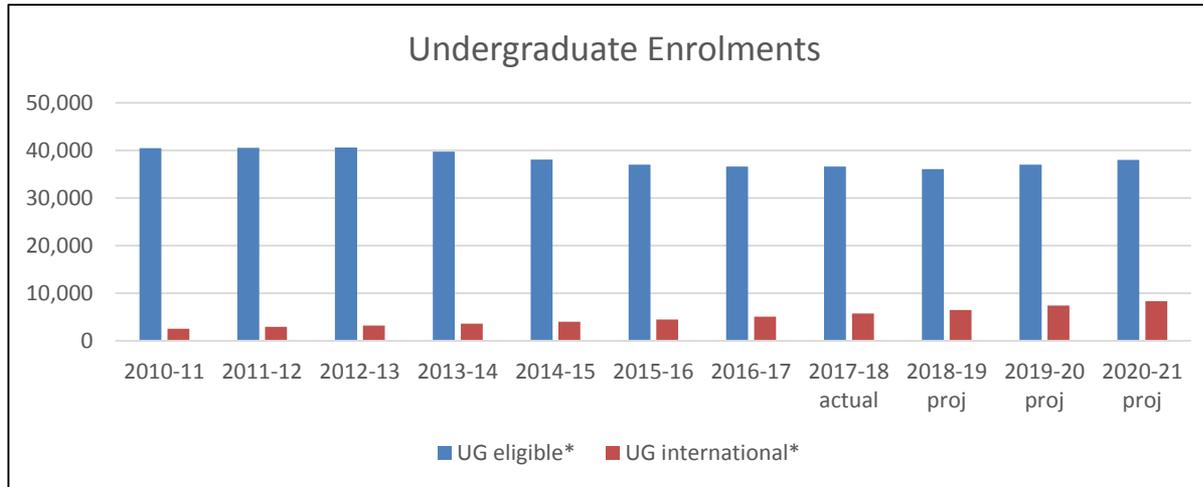
# Proposed Implementation of New Funding Formula

- Treat Performance Funding/Student Success Funding on holistic basis
- Allocate this funding on a proportionate WGU Basis in 2018-19
- Report Card type Dash Board being generated by OIPA that will generate discussion on a Faculty's holistic performance on all metrics
- Provost can adjust future year allocation of this funding based on performance and plan submitted by the Dean
- Funding is considered at risk after 2 - 3 years subject to satisfactory plans and performance, consistent with how funding is received
- Provides for stability in funding and will not significantly alter a Faculty budget allocation from SHARP 1 to SHARP 2
- Allows for investment to improve performance in areas that reflect our priorities and impact our metrics

# Enrolment Plan—Labour Disruption

- 2018-19 and Multi-Year Enrolment Plan and Budget were developed before the Labour Disruption
- The Enrolment Plan reflects:
  - Undergraduate
    - Domestic UG enrolment will be relatively flat
    - Growth in international enrolment
  - Graduate
    - Modest enrolment growth in both domestic and international graduate
- *However, enrolment will be affected by the Labour Disruption.*

# Enrolment Plan for 2018-19 and thereafter



# Markham Campus

- Budgets for new Markham Centre Campus are not incorporated into 2018-19 Budget Plans. Budget Plans for Markham are currently being developed. Markham is expected to open in September 2021, and will impact the budget year 2021-22.
- Early appointments for Markham will be budgeted separately by participating Faculties – will not be charged against operating budgets for Keele/Glendon
- Other start-up costs will also be budgeted separately

# Capital Market Performance

# Capital Market Performance

<b>Pension Fund Performance</b>		
	<b>Calendar YTD 12 months ended December 2017</b>	<b>Fiscal YTD 4 months April 2018</b>
Net Rate of Return	11.9%	0.8%
Benchmark (preliminary)	12.4%	1.1%
Value Added	-0.5%	-0.3%

<b>Endowment Performance</b>		
	<b>Calendar YTD 12 months ended December 2017</b>	<b>Fiscal YTD 4 months April 2018</b>
<b>Endowment Fund Rate of Return</b>	<b>8.57%</b>	<b>2.30%</b>
Policy Benchmark	8.69%	3.42%
Value Added	-0.12%	-1.12%

# Pension Plan Update

# Pension Contribution – Special Payments

- The government announced revised Funding Rules recently
- The new regulations provide relief to plans which have a solvency ratio in excess of 85%. York's current ratio is 99% (December 31, 2017)
- Revised Funding Rules will result in overall lower contributions ( as York will not be required to make special solvency payments).
- Future negative investment returns could again return the Plan to a solvency deficit, which would result in a return to special payments. Budget provides for a reserve for this possibility
- University is filing Valuation Report as at December 31, 2017, to benefit from new rules

# Summary of Major Budget Risk Factors

# York University

## Budget Environment Risks

- Realignment of enrolment and budget plans based on the Provincial Government's new funding formula
- Strategic Enrolment Management
- Recovery from Labour Disruption
- Tuition Fee Framework beyond 2019
- Achieving Divisional Budget Positions
- Deferred Maintenance and Capital infrastructure needs
- New Francophone University impact on University
- Future of Labour Relations
- Markham Centre Campus (capital and operating budgets)
- Managing International Undergraduate Growth
- Changing political landscape

# New Budget Consultation Process

# New Budget Advisory Committee and Budget Consultations

- To enhance the transparency of the budget development process the President will annually host consultation sessions to enable the broader community to provide input to the University in setting priorities for budget allocations
- In the Fall, community consultations sessions will be scheduled for Faculty Councils, Student Groups, Administrative Units and Unions
- A new Budget Advisory Committee (UBAC) has been established to align resources with Faculty, unit and institutional priorities through the guidance of the University Academic Plan and the Institutional Integrated Resource Plan.
- Membership of the UBAC includes the President, VP Academic & Provost, VP Finance & Admin, VPRI, and three Deans/Principal to serve on a rotational basis. The UBAC is chaired by the President whom the Committee is responsible to advise.

# SHARP Budget Model Review

# SHARP Budget Model

- The University implemented a New Budget Model – SHARP effective May 1, 2017
- The University is committed to reviewing the design elements

# SHARP Budget Model Review Timelines

2017 – 18	<ul style="list-style-type: none"><li>• First Year of SHARP</li></ul>
2018 – 19	<ul style="list-style-type: none"><li>• Second Year of SHARP</li><li>• Start Consultation in January 2019 about SHARP design</li></ul>
2019 – 20	<ul style="list-style-type: none"><li>• Develop revisions to SHARP Model design elements</li><li>• Obtain approval for revised design</li><li>• Develop a transition plan</li></ul>
Thereafter	<ul style="list-style-type: none"><li>• Implement SHARP revisions, timing will be subject to the magnitude and impact of proposed changes</li></ul>