

2023-26 Draft Operating Budget:

Academic Council and Audit & Finance Committee

April 2024

Lori Livingston, Provost and Vice-President, Academic
Sarah Cantrell, AVP Planning and Strategic Analysis
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Ontario Universities Funding Landscape

Past (**PREDICTABLE, STABLE**)

- Multi-year Tuition Frameworks
- Institutional grant linked to student numbers

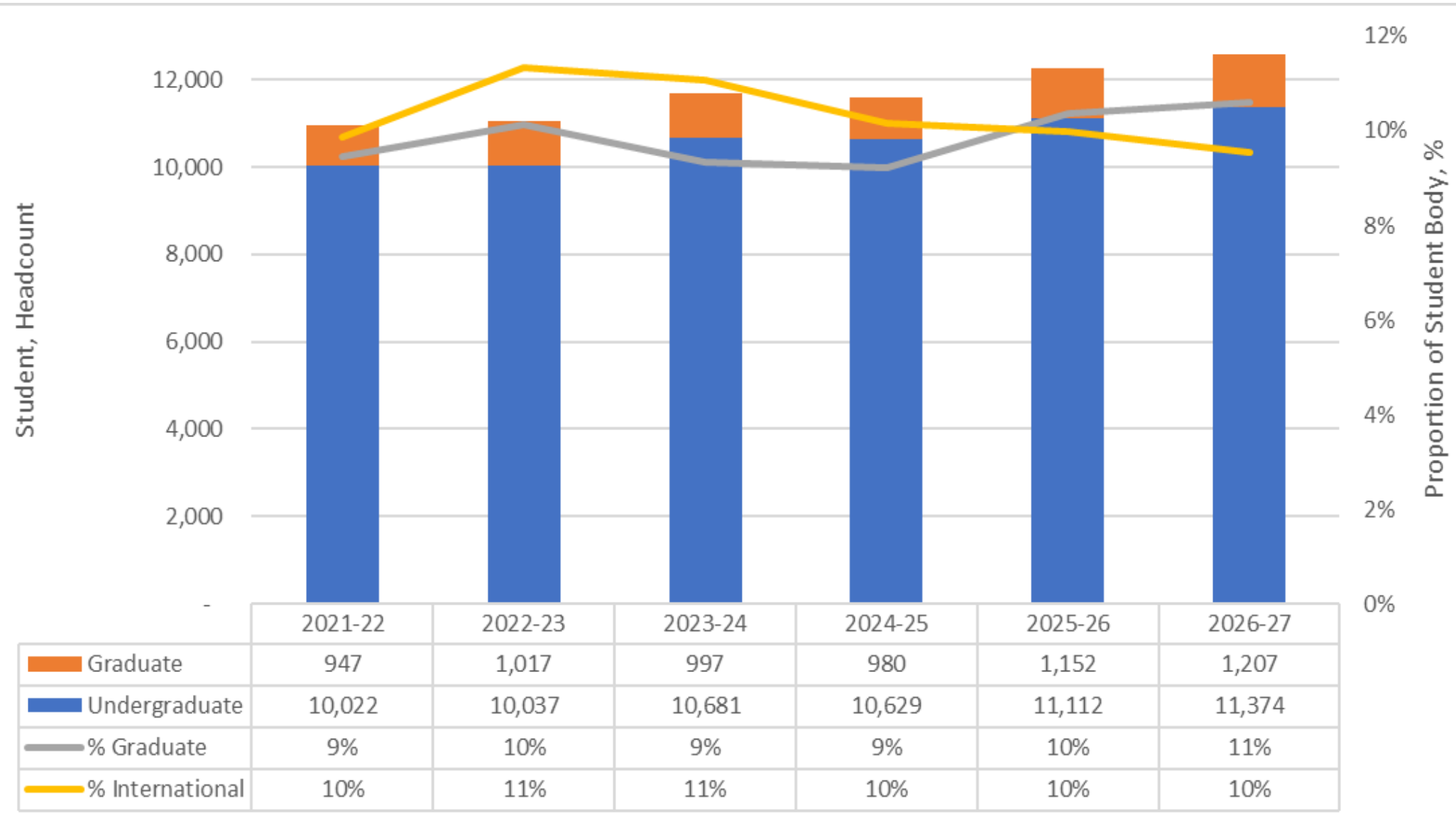
Present

- Tuition frozen at 2018 levels
- 30% decline in institutional grants since 2006-2007
- High inflation rates
- Performance-based funding linked to SMA agreements
- International student study permit caps

Future (**UNPREDICTABLE, PRECARIOUS**)

- Static tuition fees
- Static institutional grants

Forecasted Student Enrolment



Budget Accounting Summary

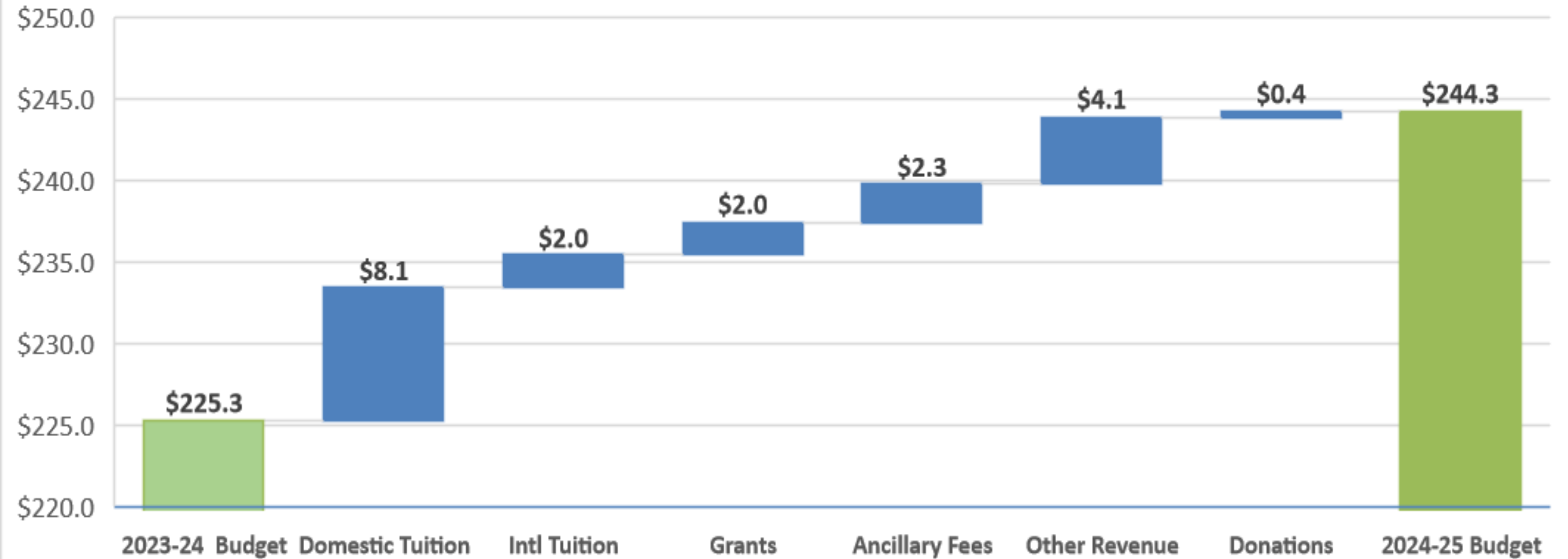
- Consolidated operating budget is prepared on a “modified-cash” basis, v/s the year-end published financial statements that are prepared on Generally Accepted Accounting Principles
- Presentation does not include items such as:
 - amortization on capital assets and grants
 - Investment income
 - restricted funds (\$15.4M or research and \$4.2M or 2% for donations).

2024 – 2025 Budget Summary

	Operating Budget	Purchased Services	Operating-REV	Ancillary Fee Budget	Infrastructure Capital	Commercial Services	2024-25 Proposed Budget
Revenues							
Operating Grants	60,907	-	-	-	13,500	-	74,407
Other Grants	7,384	-	2,472	221	2,490	-	12,567
Tuition	100,650	-	11,584	-	-	-	112,234
Student Ancillary Fees	1,619	1,481	137	12,375	2,154	496	18,261
Donations	538	-	2,034	122	-	8	2,702
Other Revenue	5,834	220	11,106	574	-	6,349	24,084
Total Operating Revenues	176,933	1,701	27,332	13,292	18,144	6,853	244,255
Base Expenditures							
FT Labour	(103,719)	(7,645)	(6,156)	(6,212)	-	(1,438)	(130,170)
PT Labour	(11,795)	(197)	(4,512)	(1,488)	-	(412)	(18,403)
OPEX	(28,960)	(7,541)	(15,164)	(2,732)	(16,501)	(4,331)	(75,229)
CAPITAL	(106)	-	(9)	-	(4,644)	-	(4,759)
Approved Base Expenditures	(144,581)	(15,383)	(25,840)	(10,431)	(21,145)	(6,181)	(228,561)
Budget Surplus/(Deficit) before Asks	32,353	(13,682)	1,492	2,861	(3,001)	671	15,694
Recommendations							
Base Recommendations	(7,951)	(416)	(1,402)	(64)	-	(335)	(5,168)
OTO Recommendations	(3,697)	-	32	(543)	-	(50)	(4,258)
Capital Recommendations	(1,085)	-	(181)	(2,390)	-	(10)	(3,666)
Total Net New Recommendations	(12,733)	(416)	(1,552)	(2,996)	-	(395)	(13,092)
Total Expenditures	(157,314)	(15,798)	(27,392)	(13,427)	(21,145)	(6,577)	(241,653)
Total CY Budget Surplus/(Deficit)	19,620	(14,098)	(60)	(135)	(3,001)	276	2,602
Funded through PY restricted reserves	-	-	-	373	-	-	373
Risk Contingency Fund	2,443	-	-	-	-	-	2,443
Total Budget Surplus/(Deficit)	22,062	(14,098)	(60)	238	(3,001)	276	5,418

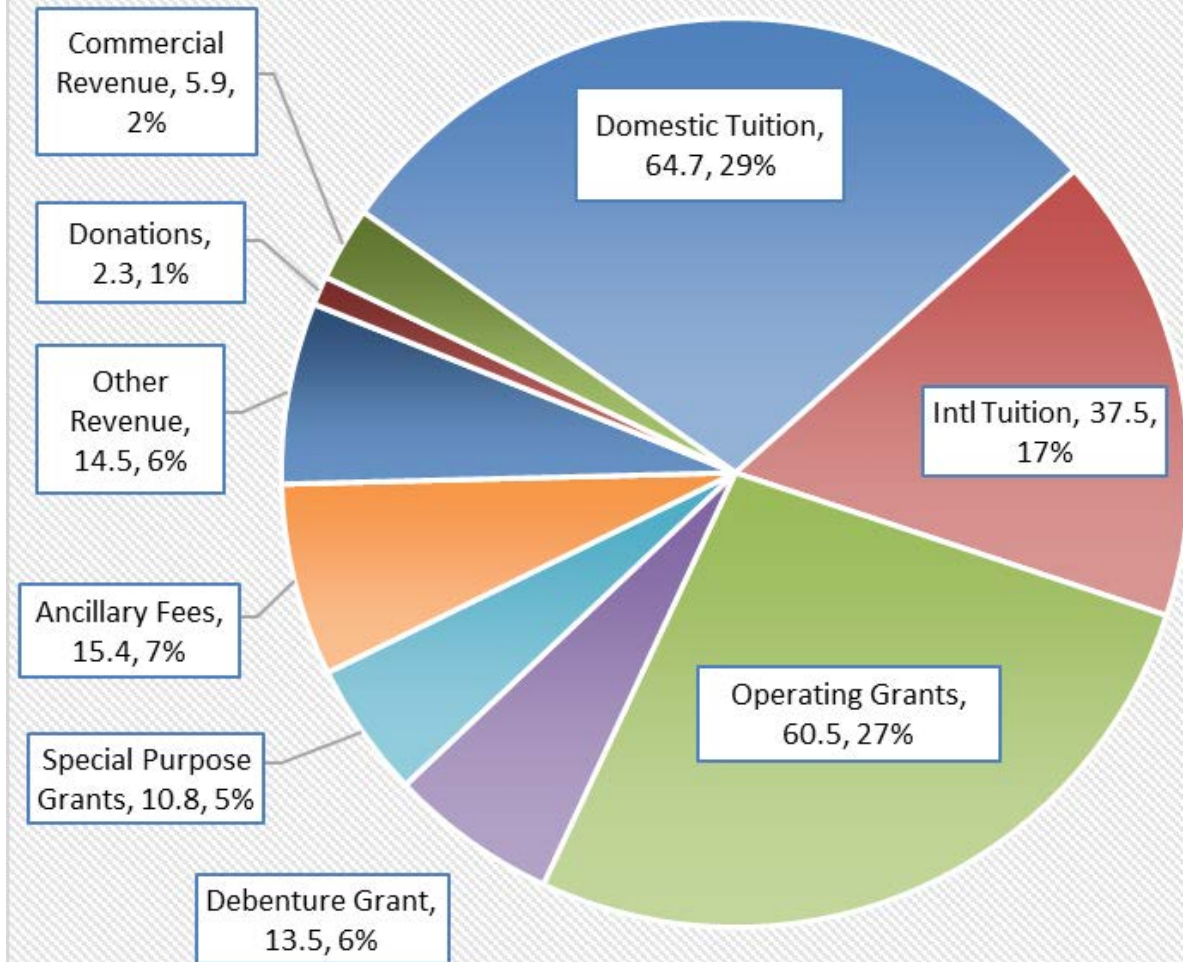
Revenue YOY Changes

Total Revenue (\$M) Trending: FY23-24 to FY24-25



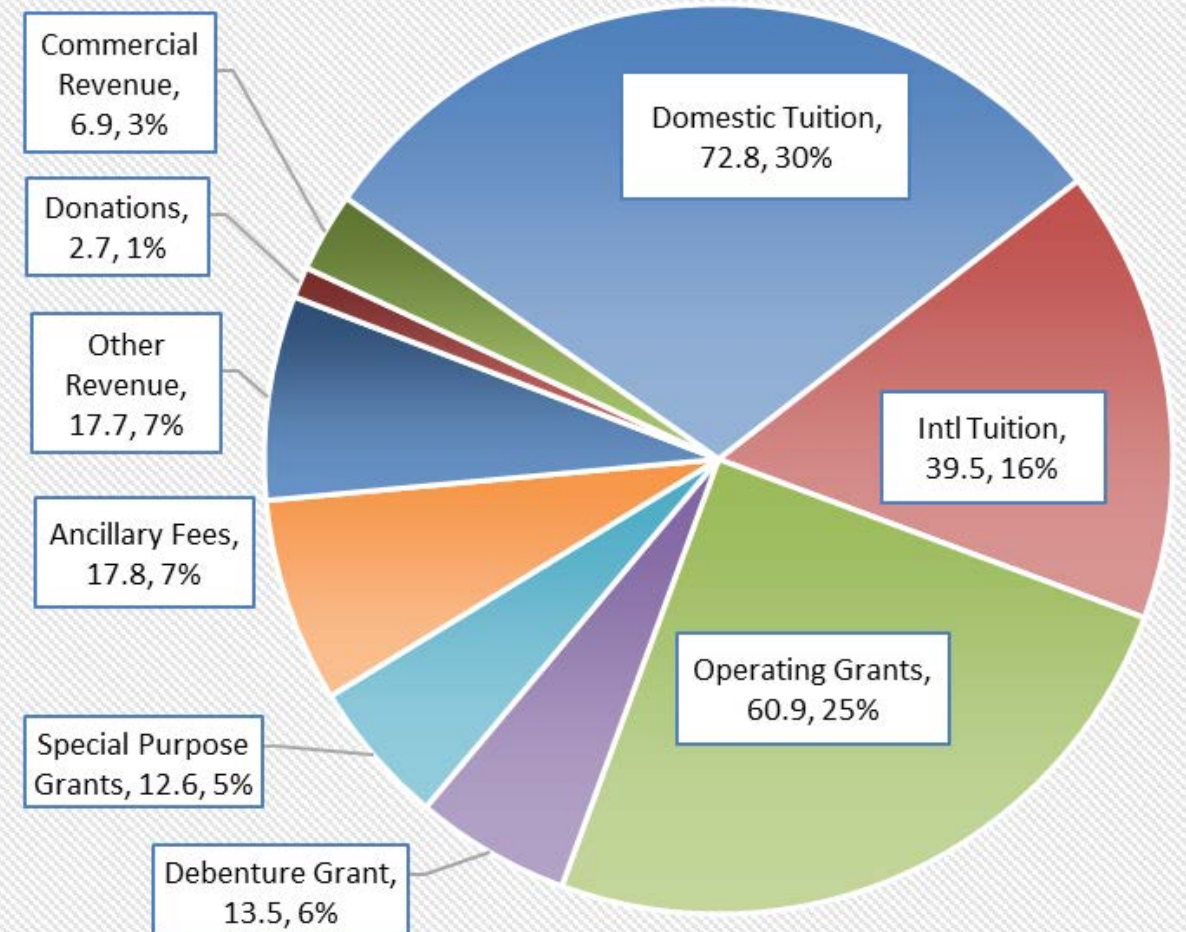
Revenue Summary

Operating Revenue (\$M) by Source 2023-24 Budget



Total 23/24 Revenue: \$225.3M

Operating Revenue (\$M) by Source 2024-25 Budget



Total 24/25 Revenue: \$244.3M

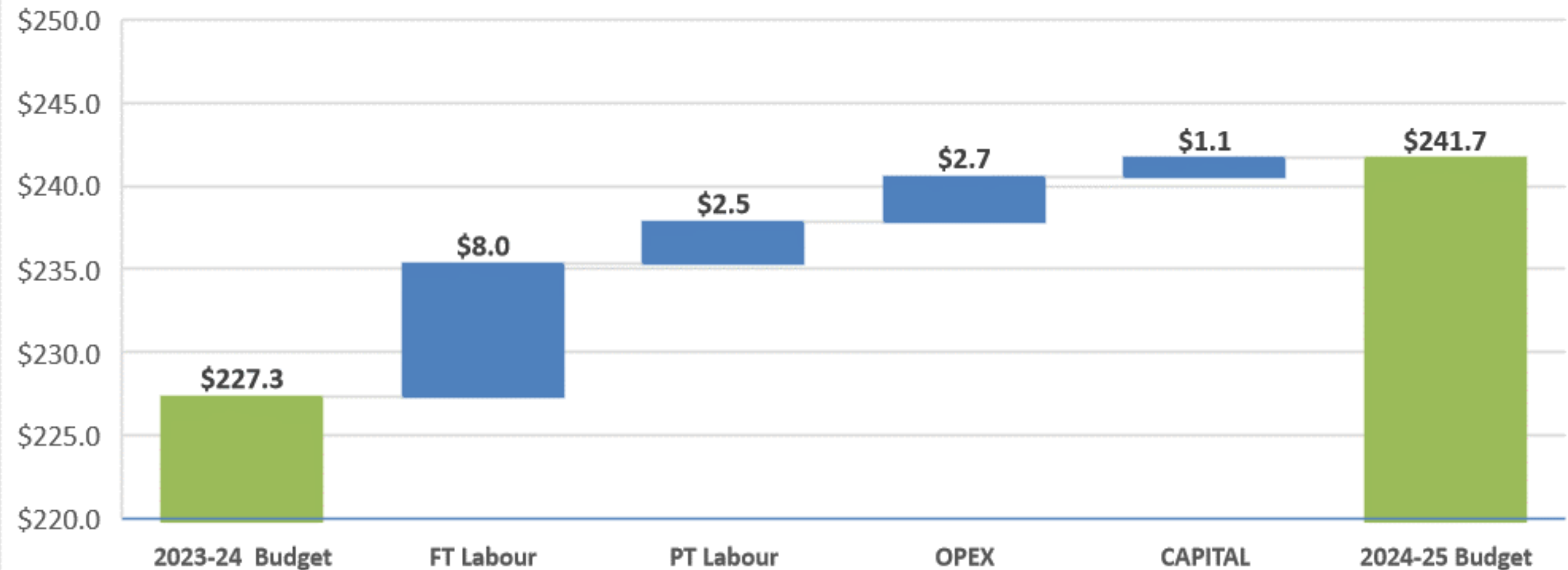
Expenses: Examples of Investments by Strategic Priority

- **Labour** ~\$10.5M (\$6.5M existing contracts, \$1.5M new 4 faculty, 4 staff and 8 revenue supported staff, \$2.5M for additional sessional instructors and teaching assistant support).
- **Student Experience and Student Financial Aid:** \$2.0M invested (\$1.5M to support the student experience and \$0.5M in financial aid).
- **Research:** \$1.5M (\$500K for start-up funds, \$500K for equipment related to advancing the energy research agenda and \$500K to fulfil Brilliant Catalyst contracts).
- **Capital Infrastructure:** \$1.1M will be invested in new and repairs to our IT and facilities infrastructure which brings the total capital investments to about \$8.4M).

Total Operating Expenses YOY Changes

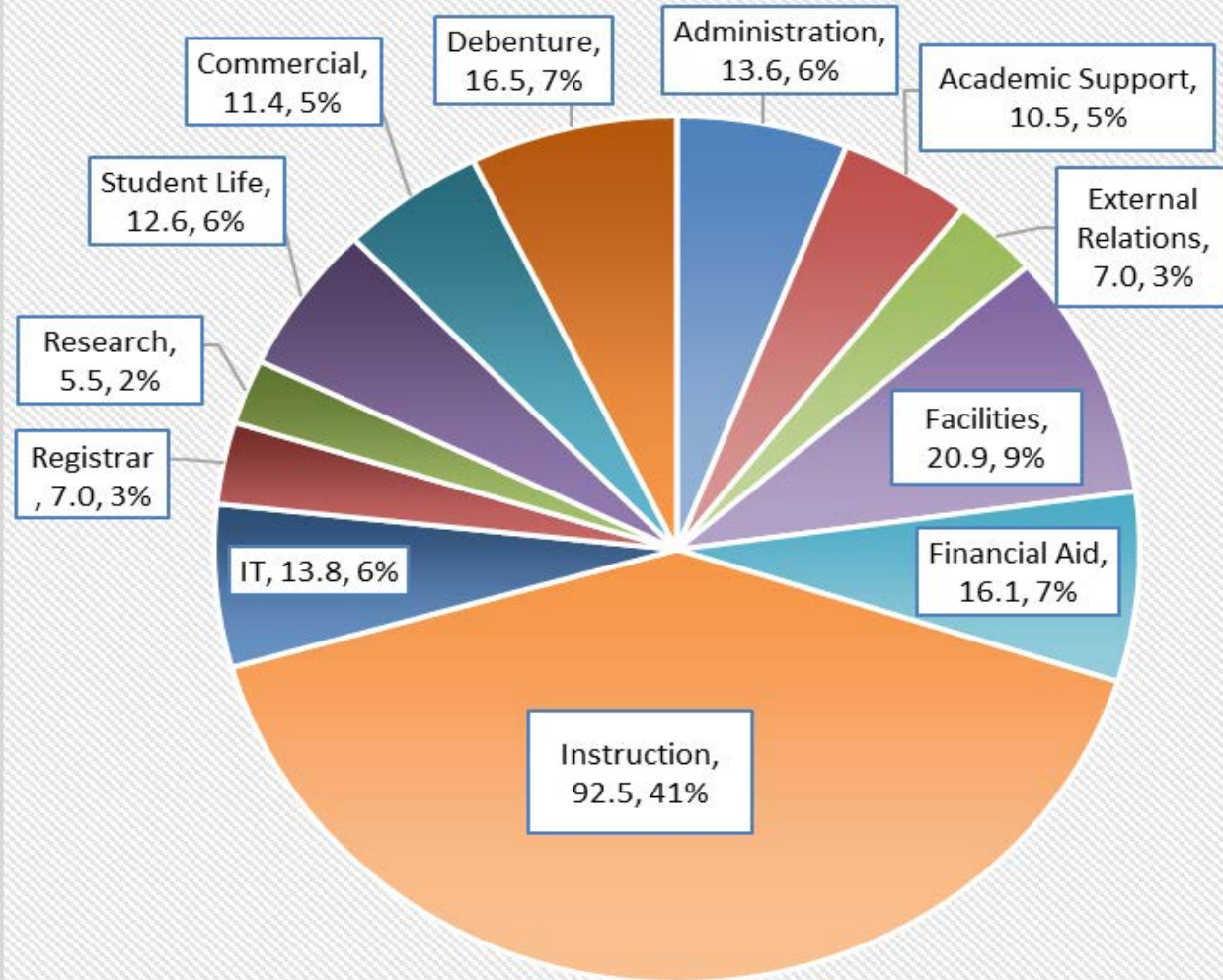
Total Expense (\$M) Trending: FY23-24 to FY24-25

■ Increase ■ Decrease ■ Total



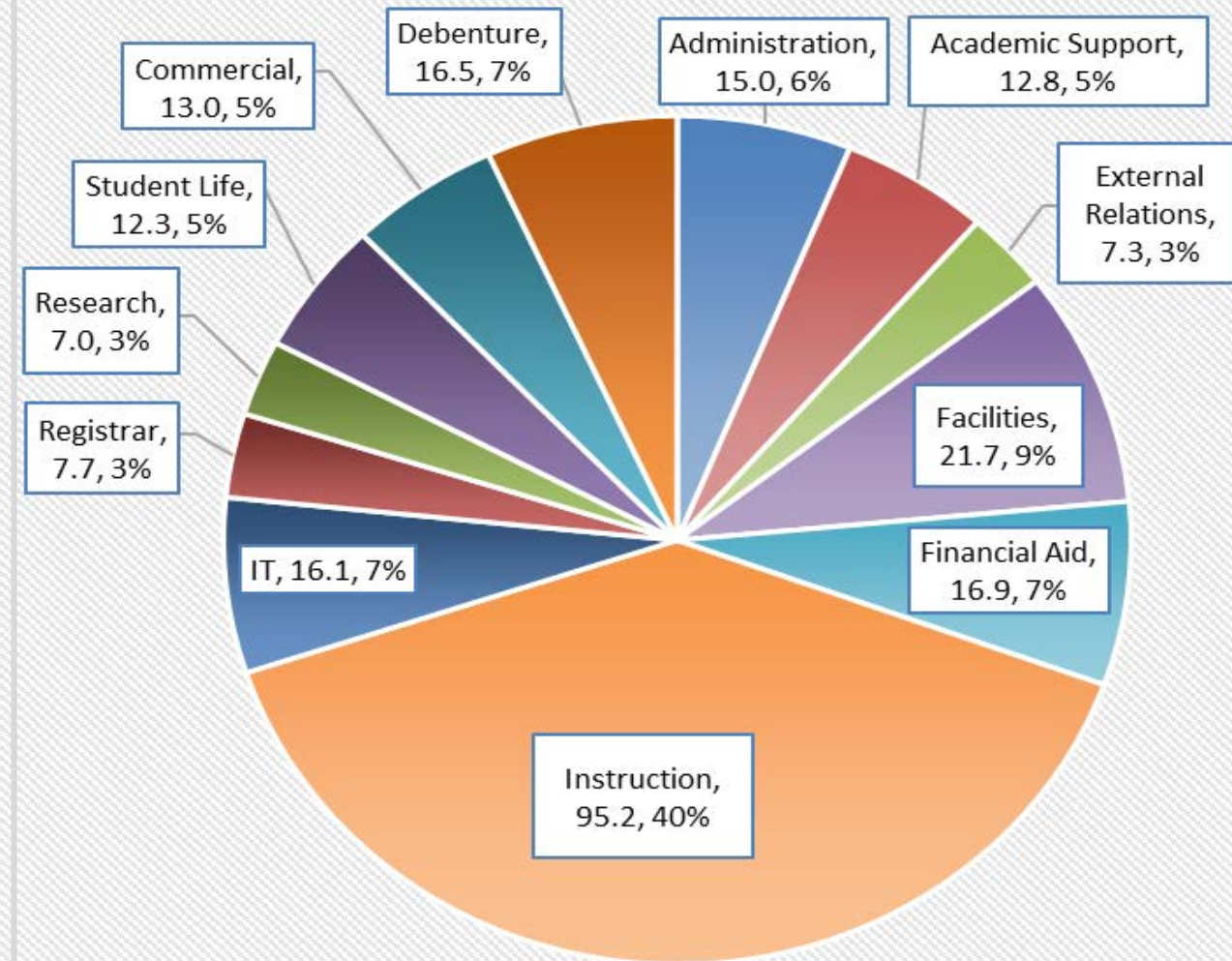
Total Operating Expenses by Functional Area

Operating Expense by Functional Area 2023-24 Budget



Total 23/24 Expenses: \$227.3M

Operating Expense by Functional Area 2024-25 Budget

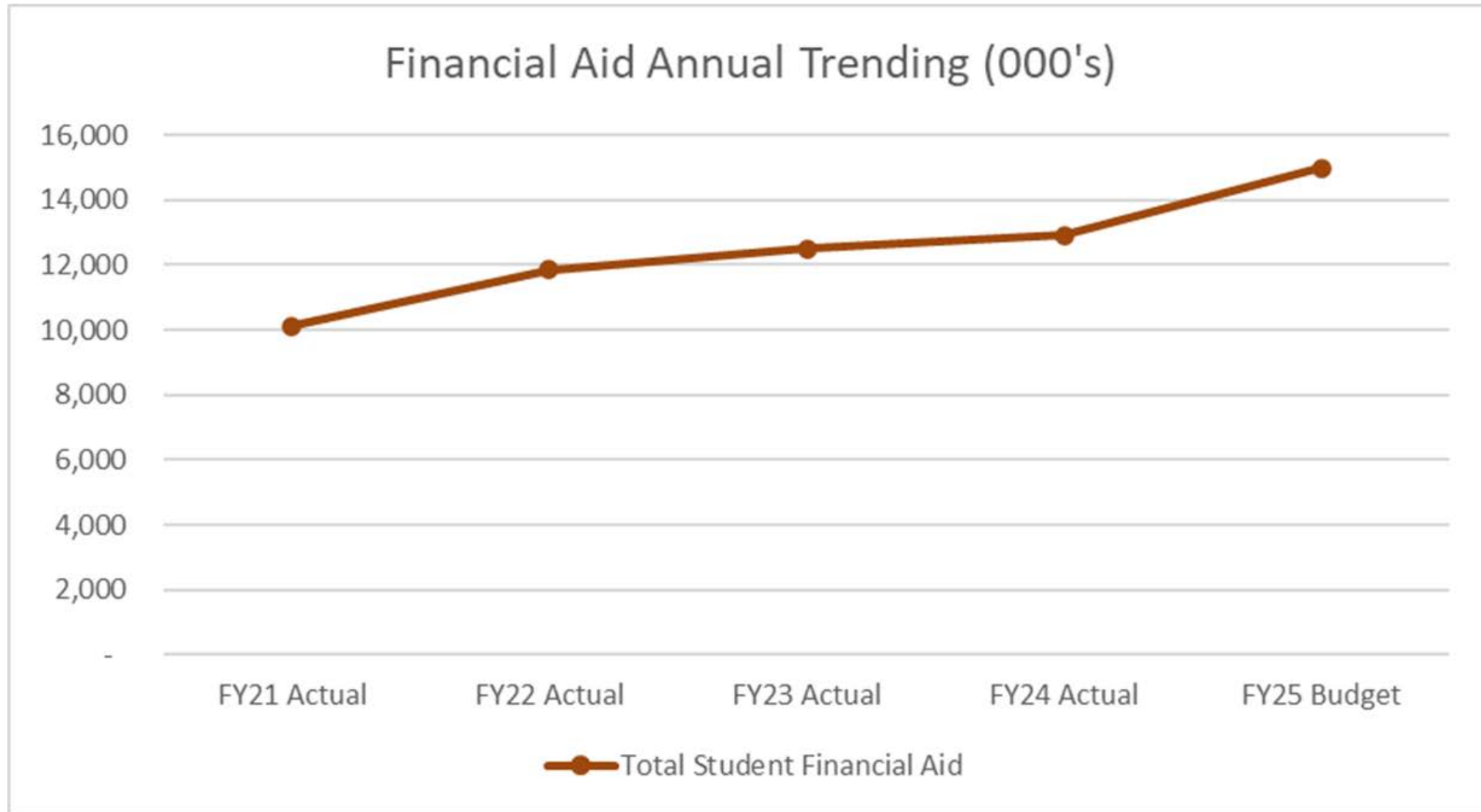


Total 24/25 Expenses: \$241.7M

Total Operating Expenses by Category

Expense Summary	2021-22 Actual	2022-23 Actual	2023-24 Budget	2023-24 Forecast	2024-25 Budget	Variance 2024-25 Budget v 2023-24 Budget	
	\$'000's	\$'000's	\$'000's	\$'000's	\$'000's	\$'000's	%
FT Labour	95,474	106,257	122,938	118,565	130,944	8,006	7%
PT Labour	26,209	23,232	21,995	25,091	24,359	2,364	11%
OPEX	70,999	74,421	74,902	72,894	77,926	3,024	4%
Capital	8,304	14,017	7,512	10,558	8,425	912	12%
Total Expenses	\$200,986	\$217,927	\$227,346	\$227,107	\$241,653	\$14,306	6.3%

Financial Aid Investment Trending



Capital Investments – Campus Improvements

2024-2025 Capital Project Budget Summary - Campus Improvements	
Description	Project budget
Accessibility - AODA Compliance	\$ 355,000
Lab/Classroom Upgrades	\$50,000
Lighting Upgrades	\$120,000
Other Projects	\$155,000
Deferred Maintenance	\$ 2,101,889
UB Boiler Replacement	\$1,200,000
UB Central Pumps	\$380,000
Other Projects	\$521,889
Equipment	\$ 71,000
Psychology Lab Equipment Installation	\$60,000
Other Projects	\$11,000
Facilities Modernization	\$ 442,500
Exterior Projects	\$230,000
Interior Projects	\$212,500
Major Projects	\$ 200,000
Residence Consulting	\$200,000
Renovation	\$ 183,000
Computer Science Grad Student Space	\$60,000
Logan Lab Refresh	\$30,000
Other Projects	\$93,000
TOTAL	\$3,353,389

Capital Investments - IT

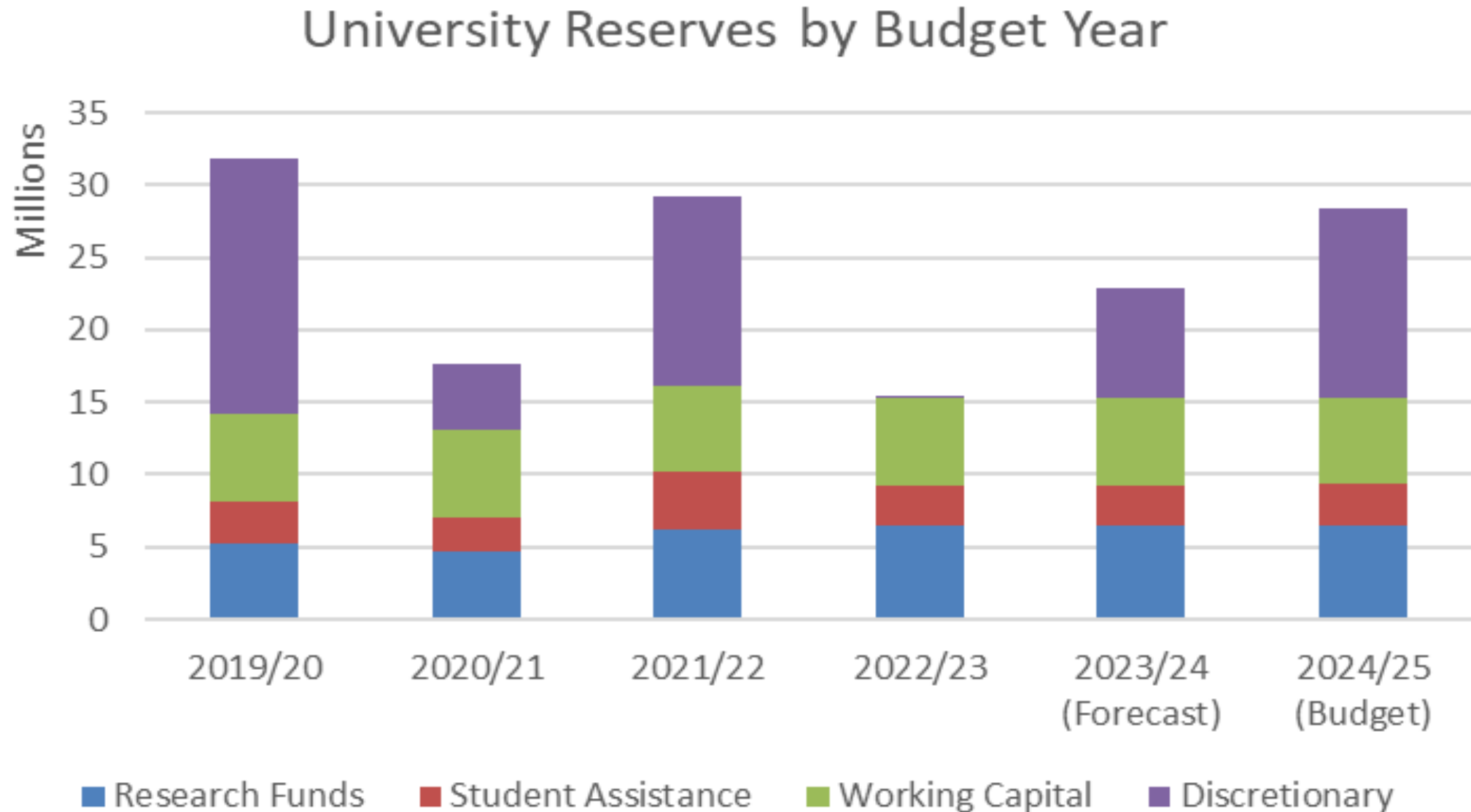
2024-2025 Capital Project Budget Summary - IT	
Description	Project budget
Software	\$89,750
Cherwell Reporting & Version Upgrade	\$89,750
Enterprise	\$1,215,088
Banner Cloud Migration	\$1,000,000
Ellucian Revitalization	\$135,103
Other Projects	\$79,985
Infrastructure	\$672,705
Network Infrastructure	\$254,205
Telephony Core Replacement (Phase 1)	\$64,000
Cloud Server Migrations	\$150,000
Other Projects	\$204,500
Equipment	\$449,000
Faculty/Staff Laptop Refresh & Server Upgrade	\$245,000
Lab refresh	\$160,000
Other Projects	\$44,000
AODA Compliance	\$362,500
Podium upgrade	\$362,500
TOTAL	\$2,789,043

Capital Investments – Other Projects

2024-2025 Capital Project Budget Summary - Other Projects	
Description	Project budget
Academic Equipment	\$442,650
Nursing Lab Equipment	\$152,500
Health Sciences Lab Equipment	\$110,000
Engineering Lab Equipment	\$99,950
Science Lab Equipment	\$71,500
Athletics	\$823,000
FLEX Equipment Renewal	\$425,000
FLEX Expansion	\$250,000
Other Projects	\$148,000
ACE Equipment	\$181,437
Dyno Drives Installation	\$100,000
EV Charger Project (Phase 2)	\$81,437
Campus Wayfinding	\$325,000
Building Interior Signage	\$200,000
Conlin Entrance Sign	\$65,000
Other Projects	\$70,000
Food Services	\$10,000
Hive Leasehold Improvements	\$70,000
Research	\$500,000
SION-Funded VPRI Capital Projects	\$500,000
TOTAL	\$2,282,087

Multi-year Budget 2023 - 2026					
	Budget	Budget	Budget	Budget	Budget
	2022-23	2023-24	2024-25	2025-26	2026-27
	9,389	9,491	10,387	10,964	11,187
Domestic Tuition	60,875	64,670	72,774	79,562	83,782
Intl Tuition	33,844	37,539	39,460	43,310	43,063
Grants	82,227	84,876	86,974	87,730	88,252
Ancillary Fees	14,081	15,424	17,765	16,891	17,932
Other Revenue	4,940	14,539	17,735	17,522	18,348
Donations	1,784	2,336	2,694	2,115	2,136
Commercial Revenue	12,095	5,932	6,853	7,214	7,578
Total Revenue	\$ 209,847	\$ 225,315	\$ 244,255	\$ 254,344	\$ 261,091
FT Labour	(113,301)	(122,938)	(130,944)	(144,098)	(154,801)
PT Labour	(18,766)	(21,995)	(24,359)	(22,377)	(23,190)
OPEX	(71,749)	(74,902)	(77,926)	(79,157)	(80,127)
CAPITAL	(9,761)	(7,512)	(8,425)	(7,973)	(7,289)
Total Expenses	\$ (213,576)	\$ (227,346)	\$ (241,653)	\$ (253,605)	\$ (265,407)
PY Reserve Utilization	4,782	2,031	373	-	-
Risk Contingency Fund			2,443	2,543	2,611
Net Surplus/(Deficit)	\$ 1,053	\$ 0	\$ 5,418	\$ 3,282	\$ (1,706)
Reserve Target (3% of total Tuition/Grant)			(5,976)	(6,318)	(6,453)
Net Surplus/(Deficit) with Reserve	\$ 1,053	\$ 0	\$ (559)	\$ (3,036)	\$ (8,158)

Reserves – Current State



Reserves – Future Projections



Cash Flow

ONTARIO TECH UNIVERSITY - CASH FLOW FORECAST

QUARTERLY CASH FLOW (in thousands)	Apr - Jun 2024 (Q1)	Jul - Sep 2024 (Q2)	Oct - Dec 2024 (Q3)	Jan - Mar 2025 (Q4)	Total for the year
Operating Beginning Cash Balance A	\$ 44,143	\$ 25,577	\$ 52,199	\$ 25,923	\$ 44,143
Operating Inflows					
Tuition	15,038	59,732	6,314	47,878	128,962
Grants	17,015	17,933	19,222	20,095	74,265
Other Revenues	4,107	3,008	2,955	3,436	13,506
Debenture	6,750	-	6,750	0	13,500
Transfers from other accounts	3,453	3,525	4,487	4,293	15,758
Total Operating Inflows B	46,363	84,198	39,728	75,702	245,991
Operating Outflows					
Payroll	(35,883)	(39,856)	(37,716)	(37,469)	(150,924)
Capital expenditures	(2,590)	(1,467)	(1,800)	(2,374)	(8,231)
Net payment to Durham College for purchased services	(4,800)	(3,300)	(3,300)	(3,300)	(14,700)
Operating expenses	(13,406)	(12,953)	(14,938)	(13,322)	(54,619)
Debenture	(8,250)	0	(8,250)	0	(16,500)
Total Operating Outflows C	(64,929)	(57,576)	(66,004)	(56,465)	(244,974)
Net Monthly Operating Cash Flows D = B - C	(18,566)	26,622	(26,276)	19,237	1,017
Total Operating Cash Available E = A + D	25,577	52,199	25,923	45,160	45,160
Operating Short-Term Investments F	17,130	17,390	17,650	17,845	17,845
Other Internally & Externally Cash Balances G	27,129	27,600	28,477	31,759	31,759
Total Consolidated Cash Position H = E + F + G	\$ 69,836	\$ 97,189	\$ 72,050	\$ 94,764	\$ 94,764

Commercial Services Summary

(\$000s)	22/23 Actuals	23/24 Budget	23/24 Forecast	24/25 Budget	25/26 Budget	26/27 Budget	27/28 Budget
TOTAL							
Revenue	5,357	5,932	5,736	6,320	6,861	7,183	7,517
Labour Cost	(1,288)	(1,447)	(1,606)	(1,617)	(1,698)	(1,782)	(1,870)
Operating Cost	(4,075)	(3,878)	(3,895)	(4,306)	(4,334)	(4,401)	(4,905)
Net Surplus/(Deficit)	\$ (6)	\$ 607	\$ 235	\$ 396	\$ 828	\$ 1,000	\$ 742

Bookstore							
Revenue	40	40	36	40	35	35	30
Labour Cost	0	0	0	0	0	0	0
Operating Cost	17	0	0	0	0	0	0
Net Surplus/(Deficit)	\$ 57	\$ 40	\$ 36	\$ 40	\$ 35	\$ 35	\$ 30

Parking							
Revenue	1,324	1,364	1,367	1,364	1,416	1,416	1,469
Labour Cost	(43)	(44)	(42)	(34)	(35)	(36)	(37)
Operating Cost	(332)	(325)	(225)	(491)	(178)	(195)	(212)
Net Surplus/(Deficit)	\$ 948	\$ 995	\$ 1,099	\$ 840	\$ 1,202	\$ 1,185	\$ 1,220

Food Services							
Revenue	1,513	2,381	1,823	2,119	2,225	2,336	2,453
Labour Cost	(286)	(274)	(283)	(291)	(306)	(321)	(337)
Operating Cost	(2,146)	(2,317)	(2,294)	(2,351)	(2,468)	(2,592)	(2,721)
Net Surplus/(Deficit)	\$ (919)	\$ (210)	\$ (754)	\$ (523)	\$ (549)	\$ (577)	\$ (605)

Regent							
Revenue	718	551	861	839	881	925	971
Labour Cost	(484)	(413)	(539)	(543)	(570)	(598)	(628)
Operating Cost	(221)	(143)	(302)	(280)	(294)	(309)	(324)
Net Surplus/(Deficit)	\$ 12	\$ (5)	\$ 20	\$ 16	\$ 17	\$ 18	\$ 19

Campus Fieldhouse & Ice Centre							
Revenue	1,763	1,596	1,649	1,958	2,304	2,471	2,595
Labour Cost	(475)	(716)	(742)	(750)	(787)	(827)	(868)
Operating Cost	(1,393)	(1,093)	(1,073)	(1,185)	(1,394)	(1,306)	(1,647)
Net Surplus/(Deficit)	\$ (104)	\$ (214)	\$ (166)	\$ 23	\$ 123	\$ 338	\$ 79

Budget Risk/ Risk Mitigation

- **Achieving enrolment targets:** the university is normally realized enrolments within $\pm 2\%$ of its annual estimates. Recently emerging government policies on international student enrolment caps present a significant challenge for us this year and particularly
- **Maintaining academic quality and student success:** Our investments in student well-being and academic success supports continue to grow, but the diversity of our students and their expanding needs outpace the investment. By taking a values-based approach, we are attempting to invest in high impact initiatives while also trying to respect the individuality of each of our community members.
- **Financial indicators:** At this time the university is rated lower by credit agencies than our sister institutions based on: (i) Liquidity (ii) Sustainability (iii) Performance which impacts borrowing rates and review by other external parties.
- **Aging equipment:** One of the first budget areas to be reduced over the last few years was the repair and replacement of equipment. The chances of equipment failure only increase as the equipment ages.

Looking Forward

- **Continued focus on our “Differentiated growth” strategy, other forms of revenue generation (e.g., philanthropy)**
- **Create reserves to cushion the uncertainty of our fiscal future**

MOTION

Using the best available information the following motion is proposed:

Pursuant to the recommendation of management, that A&F recommends to the BoG approval of the 2024-2025 budget and approval in principle of the budgetary projections for 2025-2027.

Questions??

