

Budget Consultation 2019-20

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Agenda

- 2018-19 Budget Consultations
- Investments in Academic Mission
- Provincial Announcements
- Enrolment
- Multi-year Budget
- Other Capital Priorities
- Lands for Learning
- Service Transformation
- SHARP Review

Review of 2018-19 Budget Consultations



Budget Consultations

- University conducted comprehensive budget consultations for the first time in the fall of 2018
- Over 19 consultation sessions with 883 participants – Faculty Councils, Student groups, Union leadership, Town Halls, Board of Governors
- Consultations provided valuable input into the development of the 2019-20 budget and related strategic investments
- Budget consultations will continue to be conducted and will be integral to the budget development process

Budget Consultations – what we heard

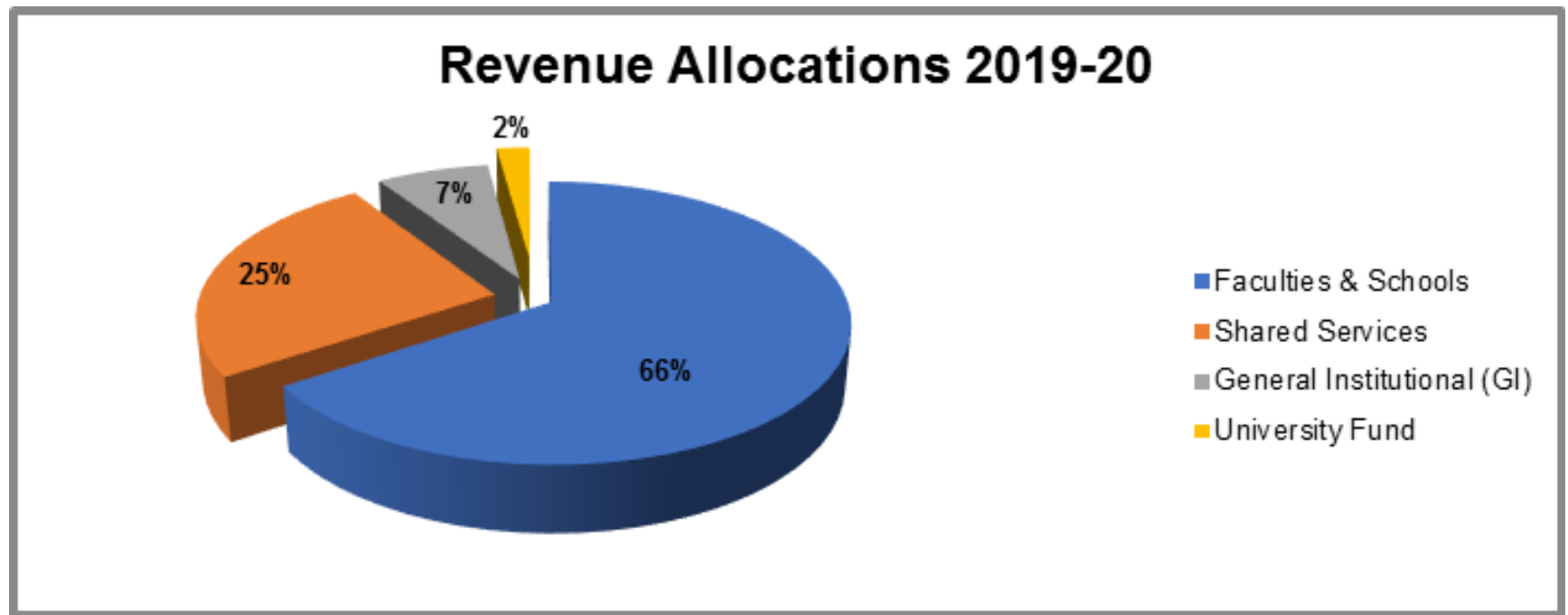


Deferred Maintenance

Deferred Maintenance (millions)
As presented to Land and Property Committee
February 2019

	Glendon	Keele	Total
Academic	\$12.1	\$302.1	\$314.2
Infrastructure	1.0	23.6	24.6
Subtotal	13.1	325.7	338.8
Ancillary	10.0	19.1	29.1
Residence	15.9	142.9	158.8
Subtotal	25.9	162.0	187.9
Total	\$39.0	\$487.7	\$526.7

Revenue Allocations



Strategic Investments – Deferred Maintenance

(in millions)

	2019-20	2020-2021	2021-22
	\$	\$	\$
Existing Deferred Maintenance			
Charged to Faculties	6.4	6.5	6.5
Facilities Renewal Program (2019 Provincial Budget)	4.3	5.7	5.1
	10.7	12.2	11.6
Incremental Funding			
From University Fund	4.2	3.5	3.5
Repurpose capital reserve	2.5	2.5	2.5
	6.7	6.0	6.0
Total	\$ 17.4	\$ 18.2	\$ 17.6

(numbers may not add due to rounding)

University is making a significant investment in deferred maintenance, with incremental funding of \$6.7M this year and \$6M for the next two years.

In addition to above, York's budget for facility maintenance is \$52M/year.

Within the above envelope in 2019-20 (as part of a multi-year plan):

- \$2M will be dedicated to Keele/Glendon washroom renewal
- \$4M will be dedicated to campus-wide classroom upgrades

Strategic Investments – Complement Renewal

	Appointments to date	In Multi-Year Budgets		
		2019/20	2020/21	2021/22
AMPD	11	14	0	1
Education	5	6	1	1
FES	0	1	0	0
Glendon	8	8	1	1
Health	35	51	4	0
LA&PS	39	50	40	40
Lassonde	8	12	4	3
Osgoode	2	5	1	1
Schulich	7	6	7	1
Science	11	15	11	10
Libraries	3	6	0	0
Totals:	129	174	69	58

Strategic Investments – From University Fund

UNIVERSITY FUND ALLOCATIONS	Commitments 2019-20 \$	Commitments 2020-21 \$	Commitments 2021-22 \$	Comments
Academic and Institutional Support				
Faculty of Education	600,000			SHARP transition funding
Faculty of Science--Strategic Research Initiatives	200,000	200,000		Commitment made to Faculty of Science for strategic research initiatives.
Glendon	125,000			Glendon Branding Plan
YU Start	250,000	250,000		YU Start Support
VPS Wayfinding	250,000	250,000		Wayfinding
International recruitment	570,000	570,000	570,000	To support international recruitment
Digital Program Marketing	280,000	280,000	280,000	Funding for marketing of programs
York International		349,000	335,000	Additional staffing to support international students
Provost office	500,000	500,000	500,000	Markham support
Research	150,000	150,000	150,000	Yspace support
	2,925,000	2,549,000	1,835,000	
Faculty Complement Renewal	3,100,000	3,100,000	3,100,000	Commitment to support faculty complement renewal
Student Aid/Scholarships	2,024,000	3,521,000	1,121,000	Student Support, Work Study, etc
VPRI and Research Support				
Electronic CV Management	351,000	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
	568,803	1,448,803	1,427,803	
Classroom Renewal	2,000,000	2,000,000	2,000,000	Classroom technology renewal
Deferred Maintenance				
Incremental Funding for Deferred Maintenance	3,500,000	3,500,000	3,500,000	To address deferred maintenance
Scott Library	650,000			Scott Library enhancements
	4,150,000	3,500,000	3,500,000	
Total	\$ 14,767,803	\$ 16,118,803	\$ 12,983,803	

Strategic Investments – Major Capital Investments

- \$43.5M for Sherman Health Science Research Centre
- \$41M for a new Student Information System
- \$11.2M for Lions Stadium conversion, funded through Athletics and Recreation
- \$9.2M for Lassonde Capacity Expansion (Engineering Pavilion, William Small Centre and 4751 Keele Street)

Faculty Strategic Investments – Facilities Renewal

<i>\$millions</i>	2018-19	2019-20
AMPD	0.7	1.0
LAPS	7.7	6.3
Lassonde	1.5	
Education	2.2	
Health	6.0	
Science	4.5	
	<u>22.6</u>	<u>7.3</u>

Faculties with positive carryforwards or with in-year results better than budget transferred a portion of their surplus to capital reserves, which will be used to fund priority Faculty specific projects (wet laboratory spaces, offices facilities renewal, etc.). In addition, Faculties are budgeting for continued facilities renewal, for 2019-20 of \$7.3M.

Provincial Announcements



Provincial Announcements

Tuition

(\$ millions)

	2018-19		2019-20	2020-21	2021-22
	Budget	Actuals	Budget	Budget	Budget
Student Fees					
Credit Tuition Fees	\$ 546.6	\$ 540.1	\$ 585.1	\$ 643.8	\$ 719.8
Continuing/Professional Education Tuition	54.8	61.5	65.4	69.7	73.2
Centrally Collected Ancillary Fees	30.4	31.7	31.8	32.1	32.4
Student Referenda	8.5	8.9	8.5	8.6	8.7
Application Fees	3.8	4.7	4.7	4.7	4.7
Total Student Fees	\$ 644.2	\$ 647.0	\$ 695.6	\$ 759.1	\$ 838.8

Domestic Students - Tuition Fee Framework

- 10% Tuition roll-back for 2019-20 and freeze through 2020-2021
- Assume the next tuition framework will allow a 3% increase (the previous norm) to domestic tuition rates in 2021-2022

International Students - not subject to Tuition Fee Framework

- Tuition fees increasing from 0-10% depending on the program, for 2019-2020, 2020-2021 and 2021-2022, as approved by the Board

Provincial Government Announcements: Strategic Mandate Agreements – SMA2 and SMA3

	2018-19		2019-20	2020-21	2021-22
	Budget	Actuals	Budget	Budget	Budget
Total Government Operating Grants	\$ 307.5	\$ 308.9	\$ 306.9	\$ 306.2	\$ 305.2

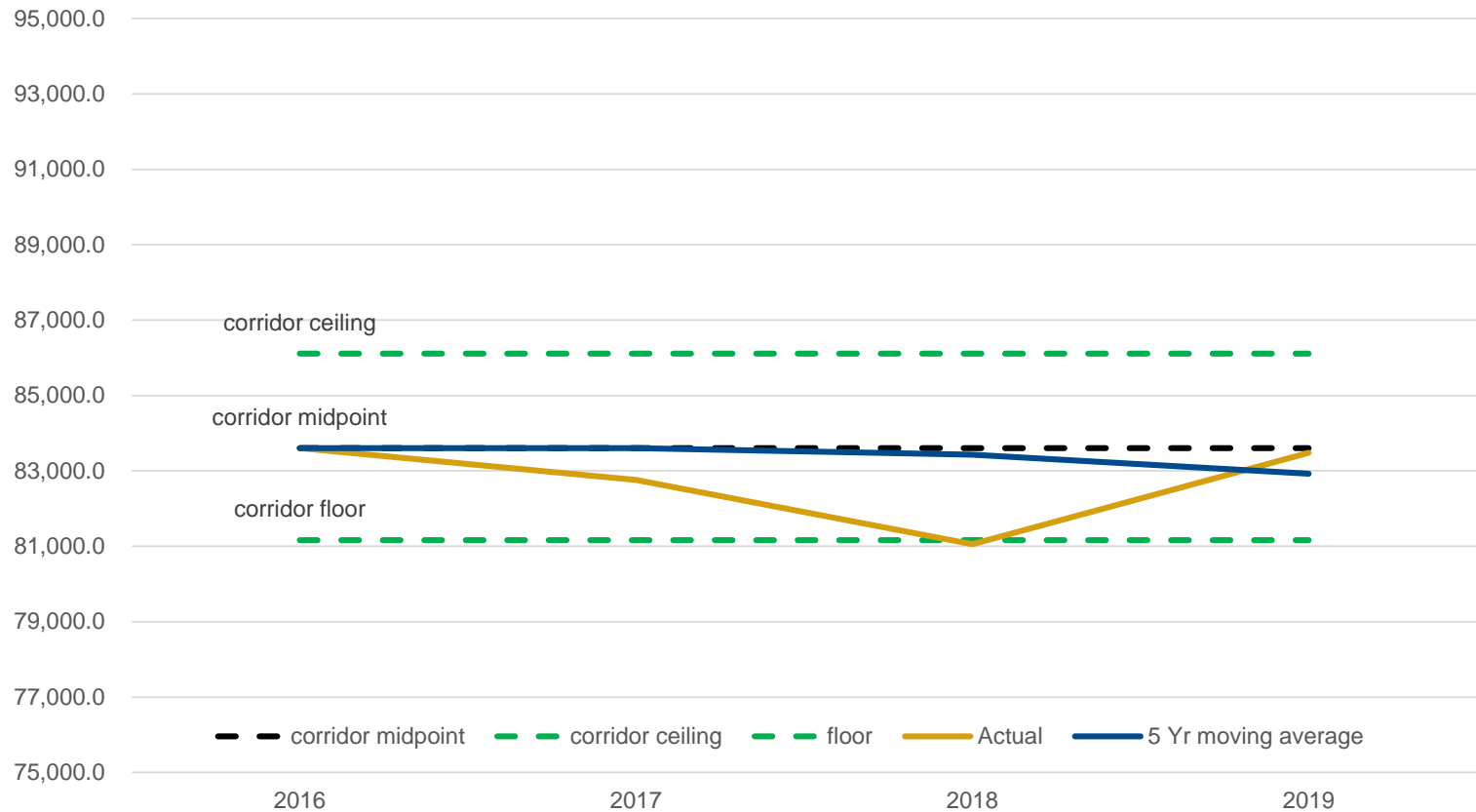
- SMA2 – three years, 2017-2018 to 2019-2020
 - University funded at 2016-17 enrolment levels
 - Enrolment growth funded above 2016-17 for teacher education and graduate up to Ministry targets
- SMA3 – five years, 2020-2021 to 2024-2025
 - University will be funded at 2019-20 enrolment levels.
 - Linked to 10 performance metrics
 - Performance based funding will increase each year, from 25% in 2020-2021 (\$76M) to 60% in 2024-2025 (\$169M)
 - Budget plan assumes same level of government grants in 2020-2021 and 2021-2022 as in 2019-2020, i.e., no funding loss due to missed performance metrics.

Enrolment

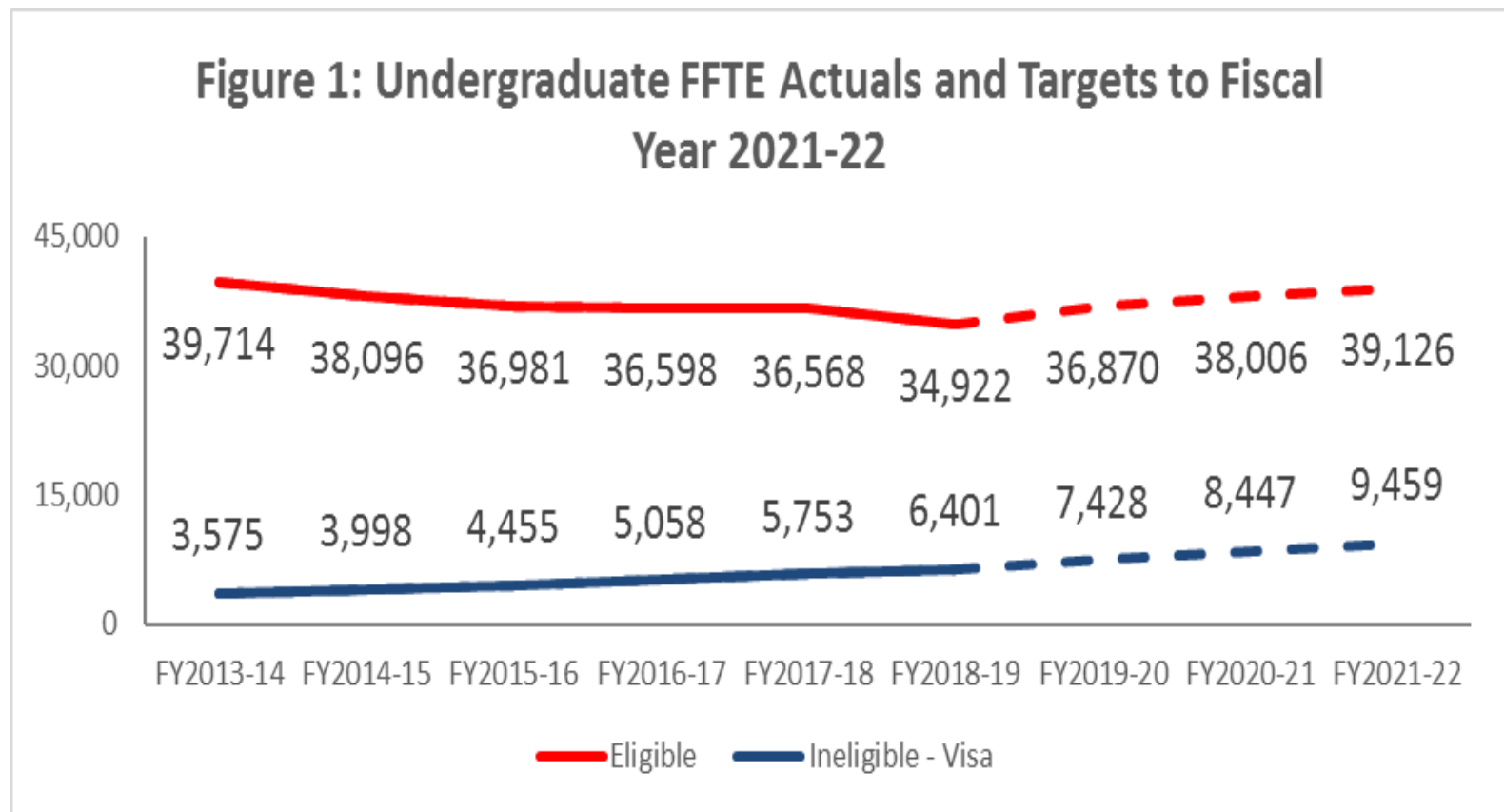


York University

SMA 2 Corridor based on WGUs



Undergraduate FFTE Enrolment Contracts to 2021-22



Graduate FFTE Enrolment Contracts to 2021-22

Figure 2: Masters Full Year FTE Actuals and Targets to Fiscal Year 2021-22

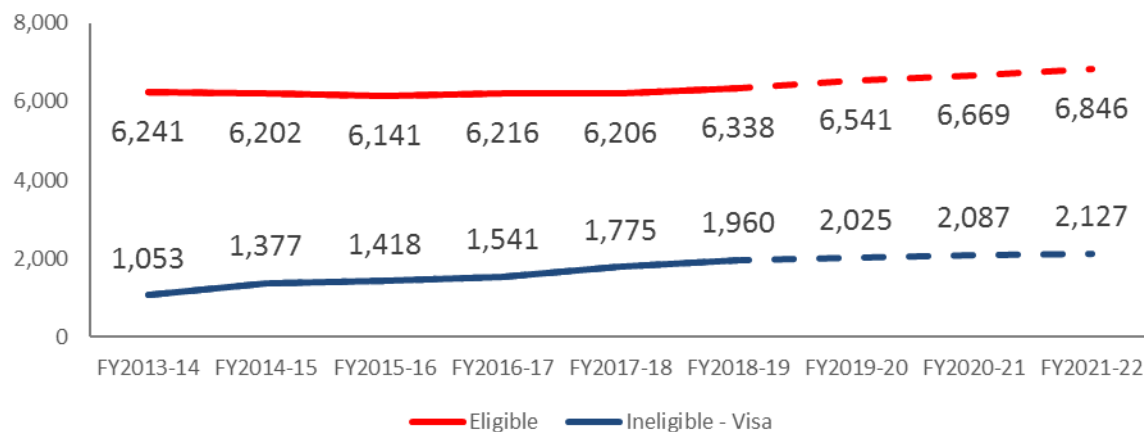
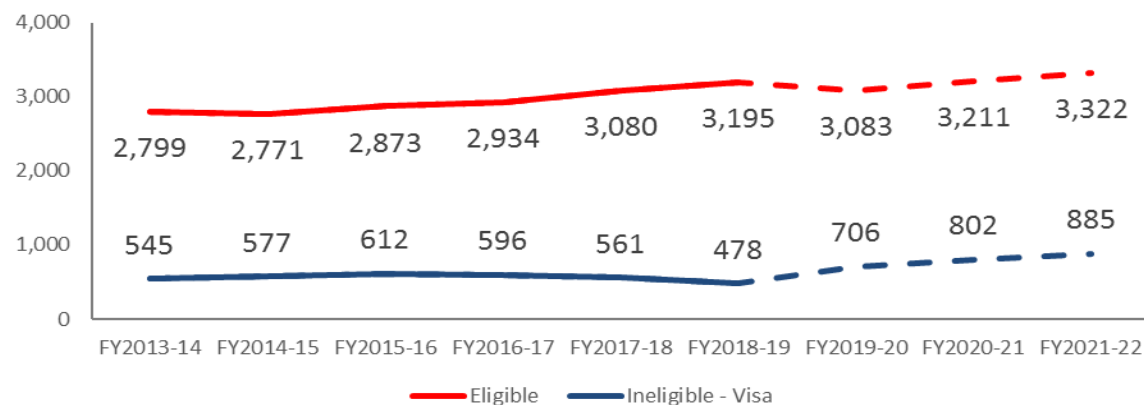


Figure 3: Doctoral Full Year FTE Actuals and Targets to Fiscal Year 2021-22



Enrolment Contracts

Labour Disruption and Effect on Enrolments

- Historically, labour disruptions have an impact on incoming enrolments. This past year, applications to York were down, despite the fact that system wide applications were up.

Applications	Total
York	-4.20%
Total System	+4.90%

- Given these circumstances, Faculties are budgeting a contingency against enrolment targets.

Faculty	2019-20 Budget	2020-21 Budget \$millions	2021-22 Budget
Arts, Media, & Performance Design	\$ 1.7	\$ 3.6	\$ 4.4
Education	-	-	-
Environmental Studies	1.0	1.0	1.0
Glendon	1.0	1.0	1.0
Health	-	2.0	2.0
Liberal Arts & Professional Studies	13.7	24.8	37.8
Lassonde	0.5	1.2	2.0
Osgoode	-	-	-
Schulich	-	-	-
Science	1.0	2.0	2.0
Total	\$ 18.9	\$ 35.7	\$ 50.1

Figures may not add due to rounding.

Multi-Year Budget



Operating Fund – In Year Positions

	2018-19		2019-20	2020-21	2021-22
	Budget	Actuals	Budget	Budget	Budget
VP Academic	(47.2)	32.1	2.4	(6.4)	26.6
President	(0.3)	0.5	(0.9)	0.2	0.1
VP Advancement	(1.7)	0.5	(3.1)	0.5	0.1
VP Finance	(3.5)	1.1	(6.1)	(3.5)	(3.8)
VP Research	(1.1)	0.8	(2.9)	(1.0)	(0.6)
In Year Divisional Surplus/ (Deficit)	\$ (53.9)	\$ 35.1	\$ (10.6)	\$ (10.2)	\$ 22.3
University Fund	27.3	27.5	15.4	4.8	(0.2)
Institutional Reserves	39.8	(31.8)	(1.0)	(0.7)	(2.3)
In Year Surplus/(Deficit) for Operating Fund	\$ 13.1	\$ 30.8	\$ 3.8	\$ (6.1)	\$ 19.8

- Budget is balanced at the Divisional level over three years
- The Operating Fund is in a cumulative surplus position over the three years
- The deficit in 2020-21 of (\$6.1M) is largely caused by the down payment (\$10M) by the School of Continuing Studies, on its new building (a one-time capital item)
- In addition, if the University realizes some of the Enrolment Contingency the results for 2019-20, 2020-21 and 2021-22 will be better than presented above

Major Planning Assumptions: Compensation

	2018-19		2019-20	2020-21	2021-22
	Budget	Actuals	Budget	Budget	Budget
Salaries and Wages	\$ 567.8	\$ 557.5	\$ 590.4	\$ 615.9	\$ 640.6

- Compensation increases driven by collective agreements; these have been factored into budgets of Faculties, schools and central service units
- Under SHARP Budget model Faculties are responsible for funding salary and benefit increases in the Faculty
- Central service units receive only 50% of salary increments and are responsible to fund the remaining portion
- Implications to compensation assumptions as a result of *Protecting a Sustainable Public Sector For Future Generations Act, 2019*, introduced June 5, 2019
 - Typically salary increments amount to approximately \$12M, using a ~2% increment
 - A 1% cap introduced in the legislation would reduce overall compensation costs by approximately \$6M, annually, when fully implemented.
 - Announcement has not been factored into budget plan

Major Budget Risks

- Enrolment
 - Recovery from Labour Disruption
 - Achieving targets in domestic and growing international
- Impact of 10% domestic tuition reduction and freeze for 2019-20 and 2020-21
- New tuition framework beyond 2020-21
- Future Labour Relations
- Performance Based Government Funding, beginning in 2020-21
- Realignment of enrolment and budget plans based on the Province's new funding formula
- Changing Political Landscape
- Achieving successes in Service Transformation

Key Messages

- The University's budget position is fundamentally strong
- Investments are being made in strategic priorities
- SMA3 negotiations provide an opportunity to balance growth with academic quality
- Attention to providing efficient, high quality services to support academic priorities

Other Capital Priorities



Markham Centre Campus



Markham Centre Campus

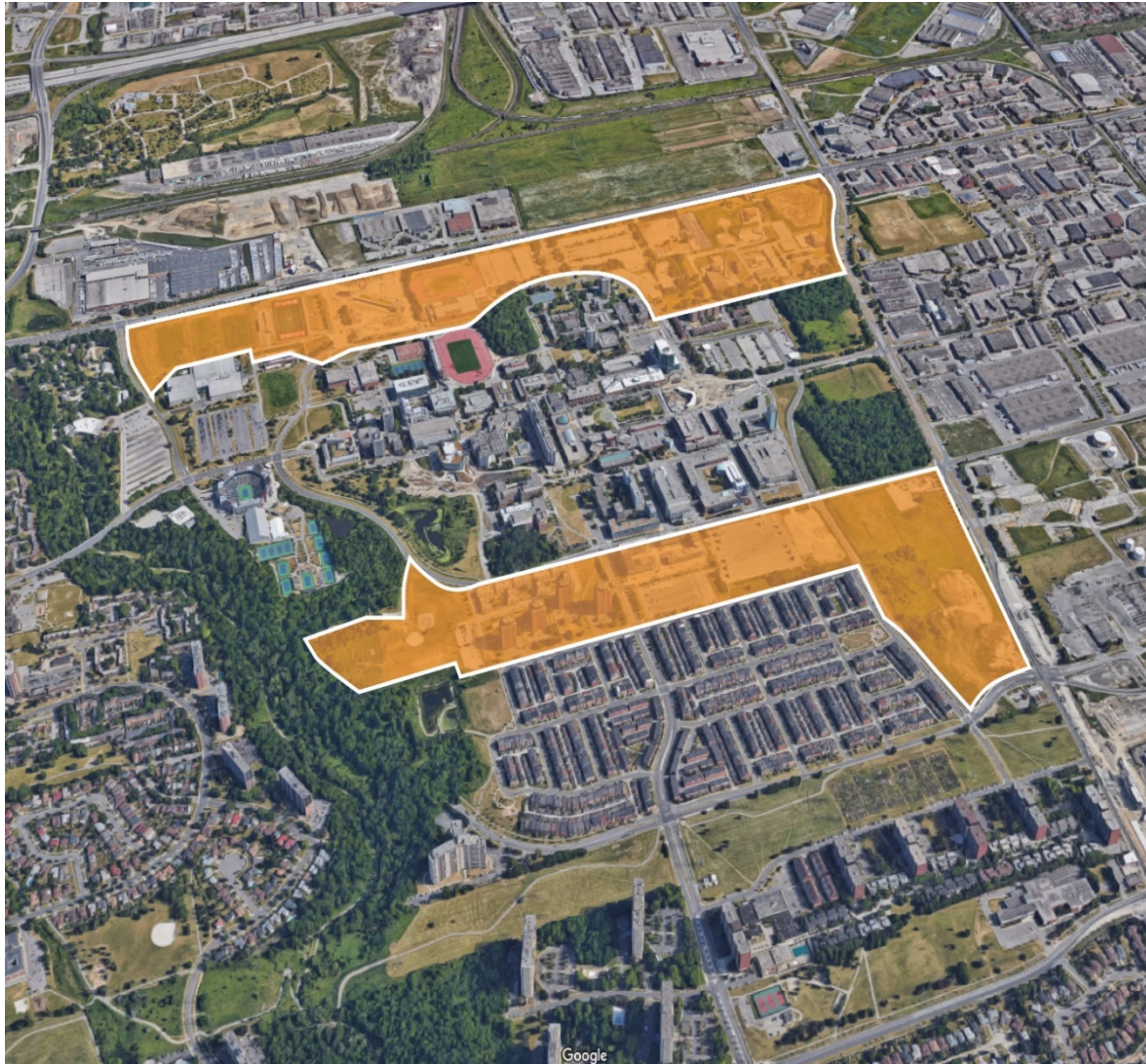
- In October 2018 the Provincial government announced the cancellation of \$127M in capital funding for the Markham Centre Campus
- Similar announcements for other two satellite campuses awarded under Major Capacity Expansion (MCE) program – WLU in Milton and Ryerson in Brampton
- Government invited the University to submit a business case
- Business case in development

Major Capital Priority Projects

Approved by the Board in February 2019

Project	Description	Size (sq. ft)	Estimated Cost	Status/Funding
Engineering & Science Expansion	To accommodate growth in Science and Engineering, with an emphasis on Bio Chemical discipline	231,000 (new space)	\$175-200M.	Funding Plan – to be established
Scott Library	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.	118,000 (renovated space)	\$30M	Funding Plan – to be established

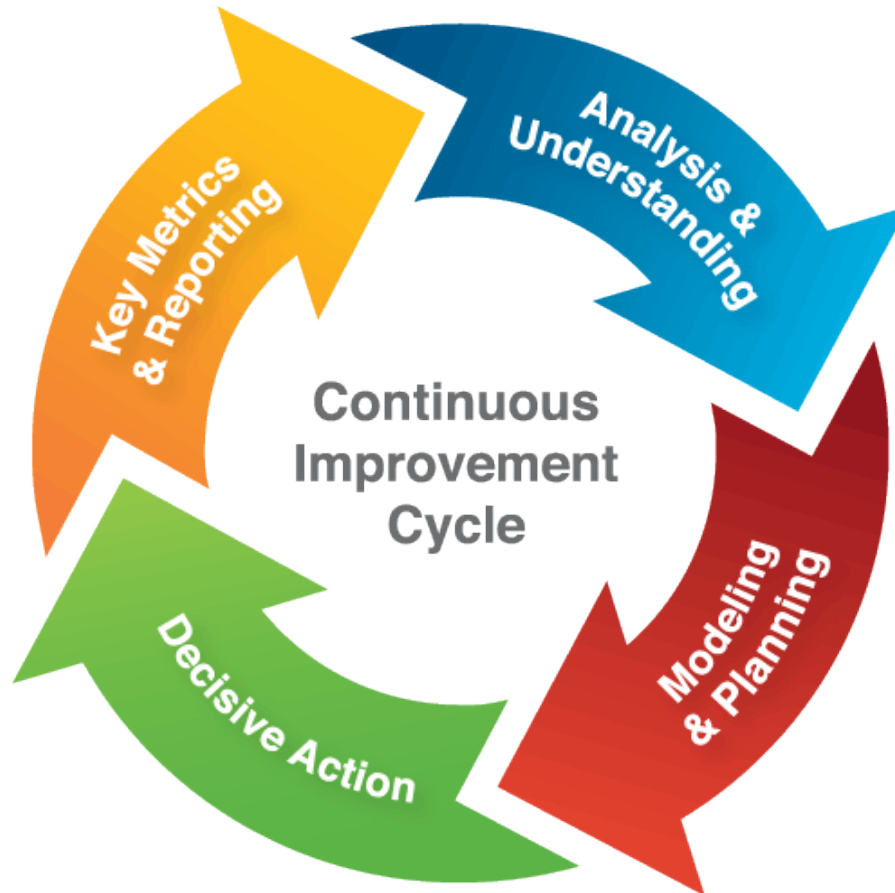
Lands for Learning



Development over time of perimeter lands to support York's academic mission and its Capital Plans.

Planning Horizon is 7-10 years.

Service Transformation



Service Transformation is a partnership between York's academic and administrative units that are working collaboratively to help the University use its resources differently, efficiently and more effectively in support of the University's academic goals. Supported by benchmarking data, and data from previous initiatives, the goal of the Service Transformation is to collaboratively create user-centered, high quality, efficient and effective services.

York's vision for its administrative services is a balanced delivery model, one that meets institutional needs with established standards, resources that are aligned to processes and measured outcomes. Key elements for the future state based on the vision include:

- optimal streamlined processes;
- clearly defined roles and responsibilities;
- automation where appropriate, and
- defined and agreed upon process metrics which will help to establish standards and monitor performance.

SHARP Review

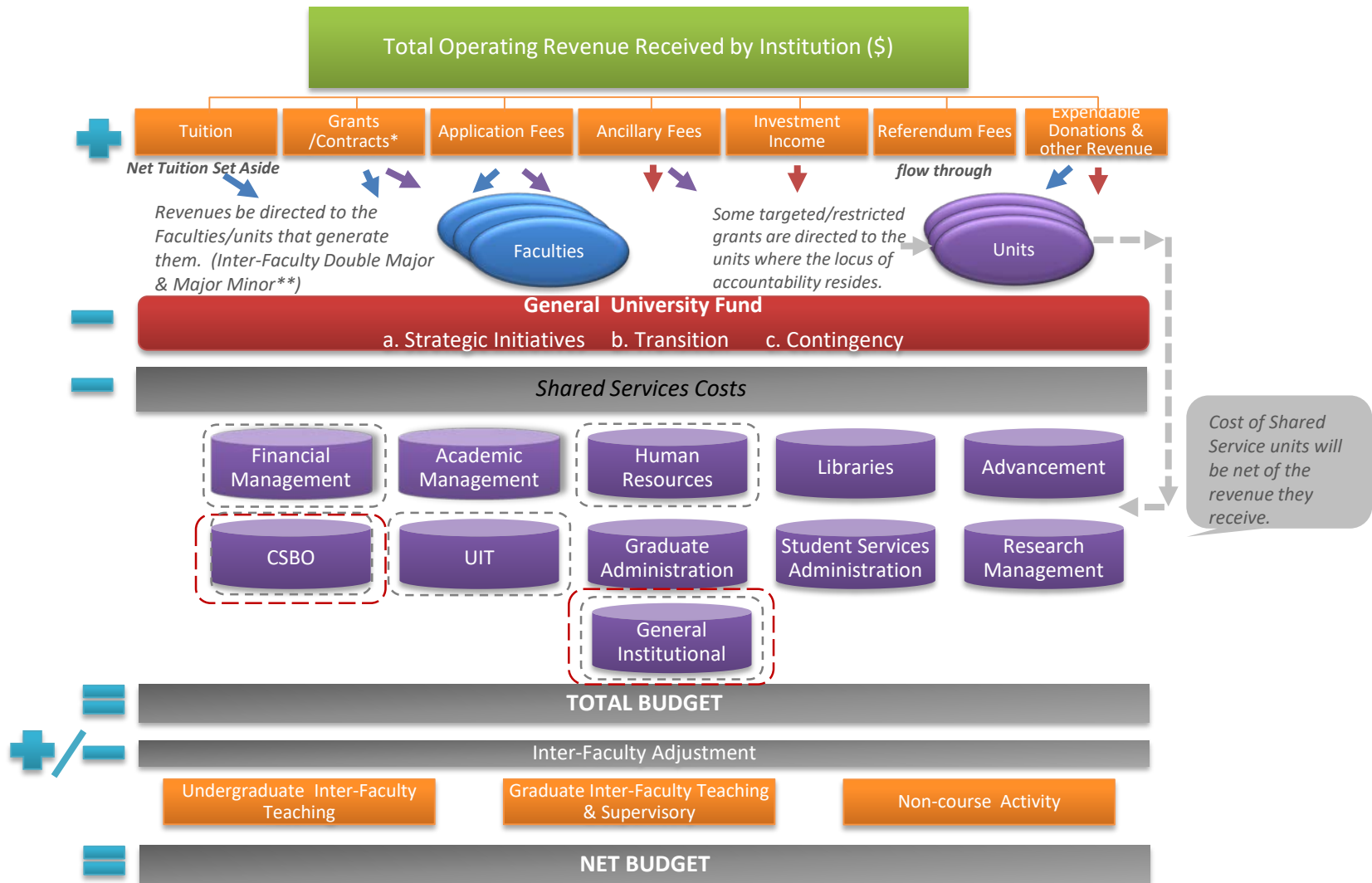


SHARP Budget Model – Guiding Principles

The SHARP Budget model was developed based on 5 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**; and
- Provide for **clear and straight forward allocation methodologies**.

SHARP Budget Model – Conceptual Design



SHARP Review

- At implementation, the University committed to reviewing the design elements of the SHARP Budget model based on early experience
- Design elements include revenue attribution formulas, cost drivers for shared services, formulas for calculating the General University Fund contributions, transition funding, etc.
- Proposed timeline for the review of SHARP:

2017-18 2018-19	<ul style="list-style-type: none">• First two years of SHARP budget model.
2019-20	<ul style="list-style-type: none">• External group to consult with Faculties and Administrative Units, on SHARP model, with Final Report targeted by end of 2019• Engage University Community on SHARP as part of current Budget Consultations• Internal budget review committee to review SHARP recommendations and develop a transition plan for changes to SHARP
2020-21 and beyond	<ul style="list-style-type: none">• Implement SHARP 2 (subject to the magnitude and impact of proposed changes to the SHARP design)

SHARP Budget Model



Written submissions can be sent to sharp@yorku.ca

