

Presentation to Senate

2010-2011 Operating Budget Framework
February 12, 2010

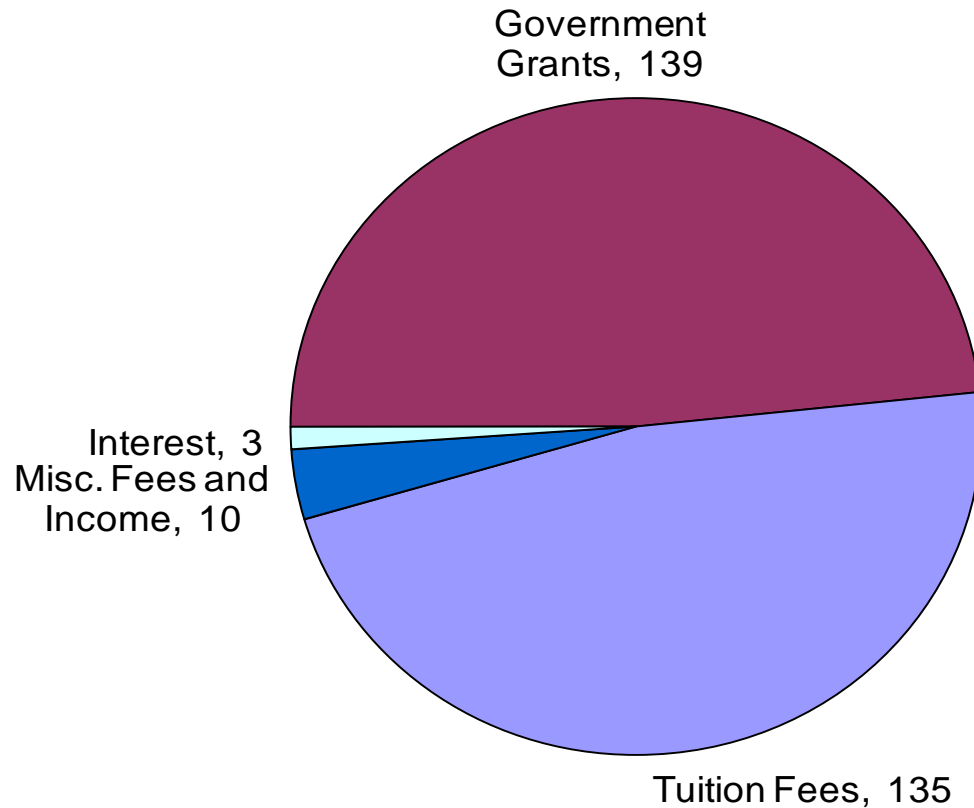
Presentation Outline

- Background
- 2009-2010 Update
- 2010-2014 Planning

Financial Overview

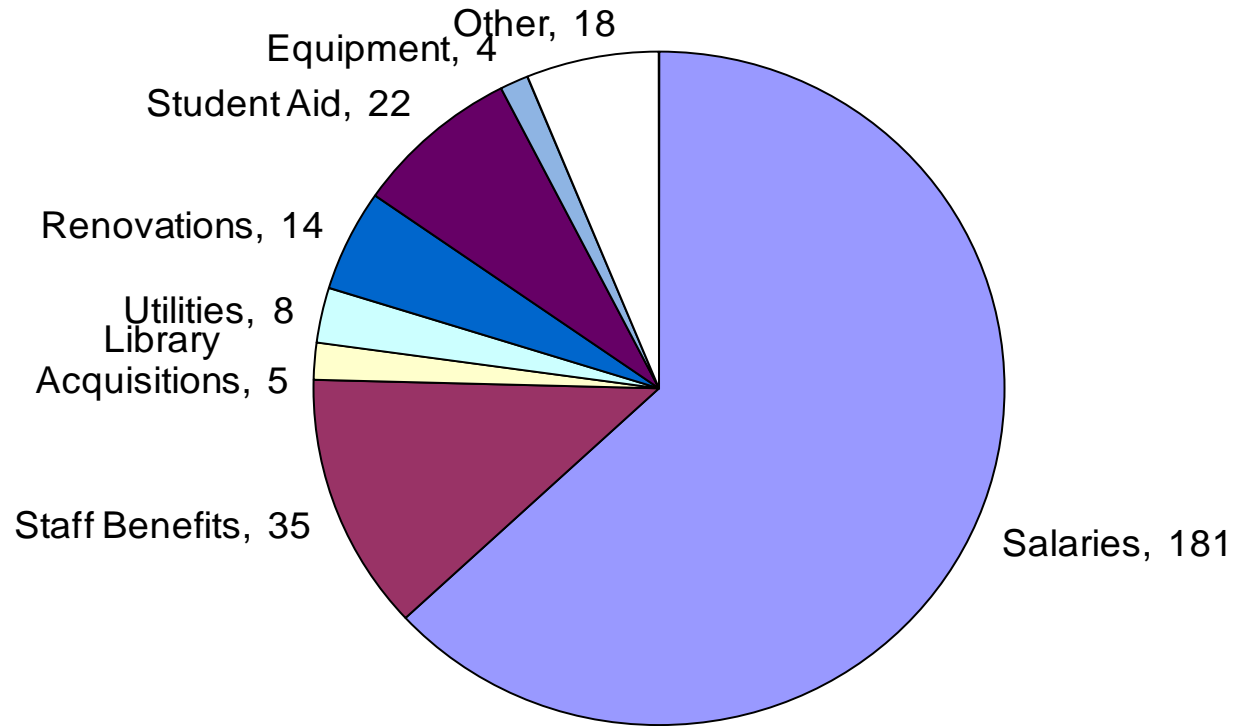
Operating Budget	\$ 287m
Ancillary Budget	60m
Research Expenditures	80m
Capital Construction	128m
Pension Fund	707m
Endowment Fund	217m

2009-2010 Budgeted Operating Revenues: \$287 million



Source: Operating and Ancillary Budgets 2009-2010
Finance/OIRP 2009-04-22

2009-2010 Budgeted Operating Expenditures: \$286 million

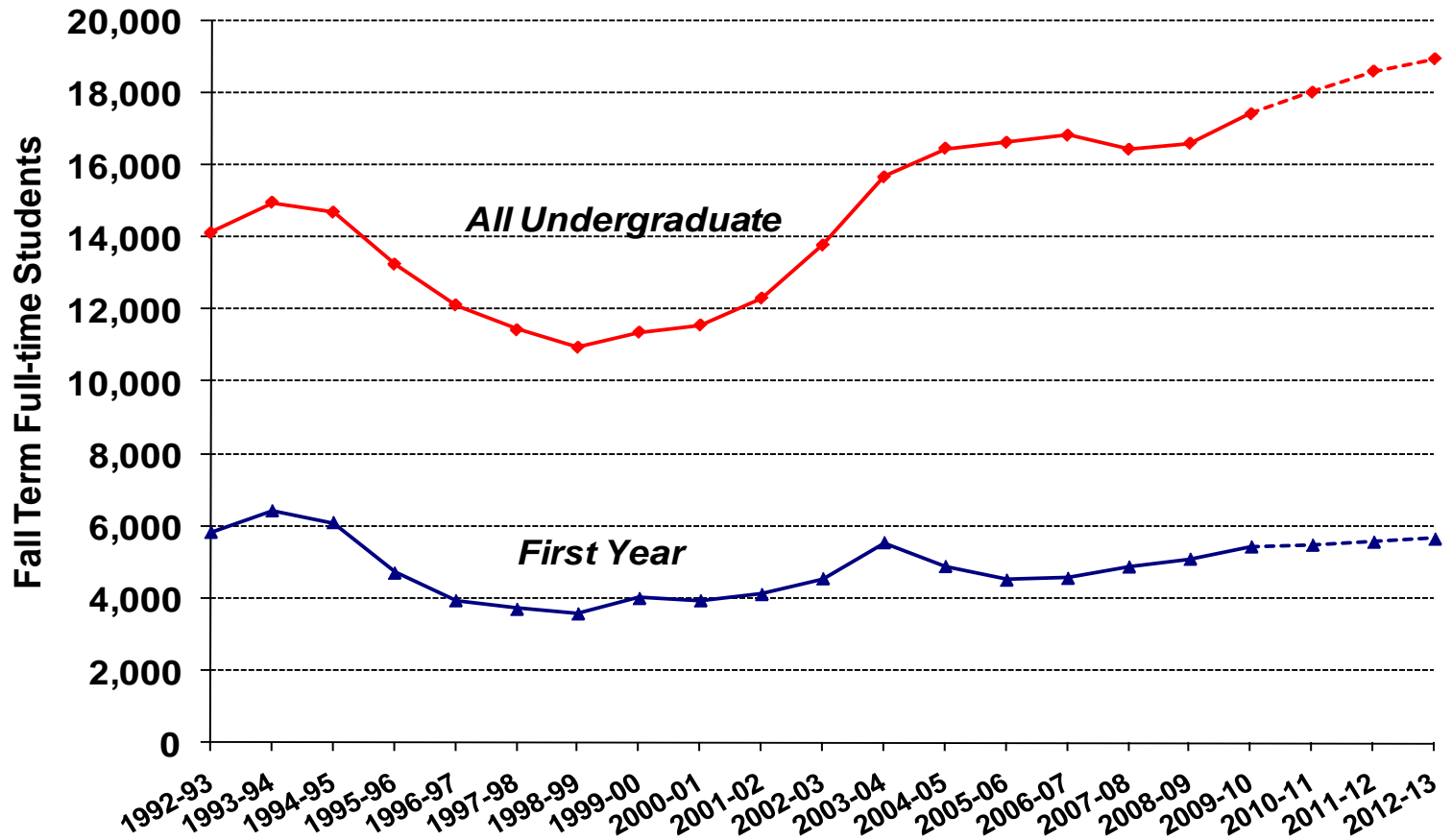


Source: Operating and Ancillary Budgets 2009-2010
Finance/OIRP 2009-04-22

Budget Considerations

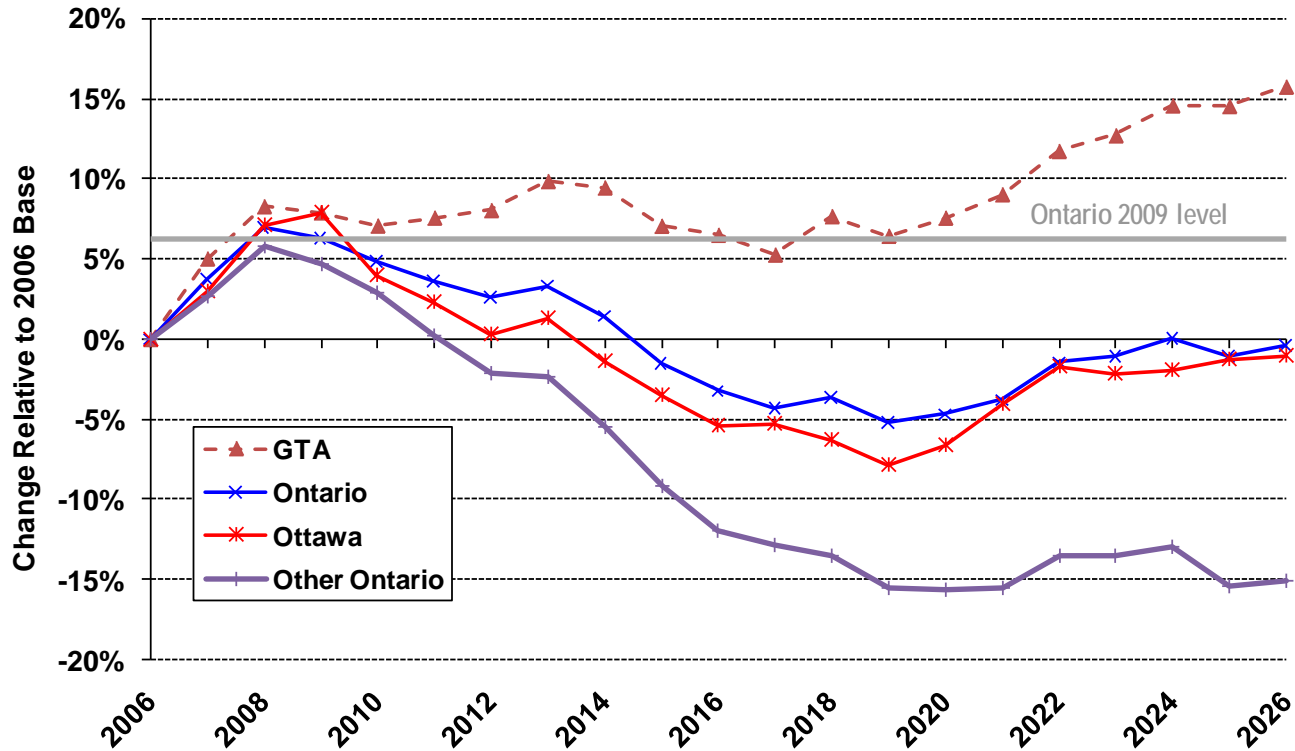
- Revenue
 - Enrolment Forecast
 - Undergraduate
 - Graduate
 - Tuition Fee Framework
 - Government Funding
 - Endowments
- Expenditures
 - Pension Plan
 - Salary Growth

Enrolment Projections -- Undergraduates



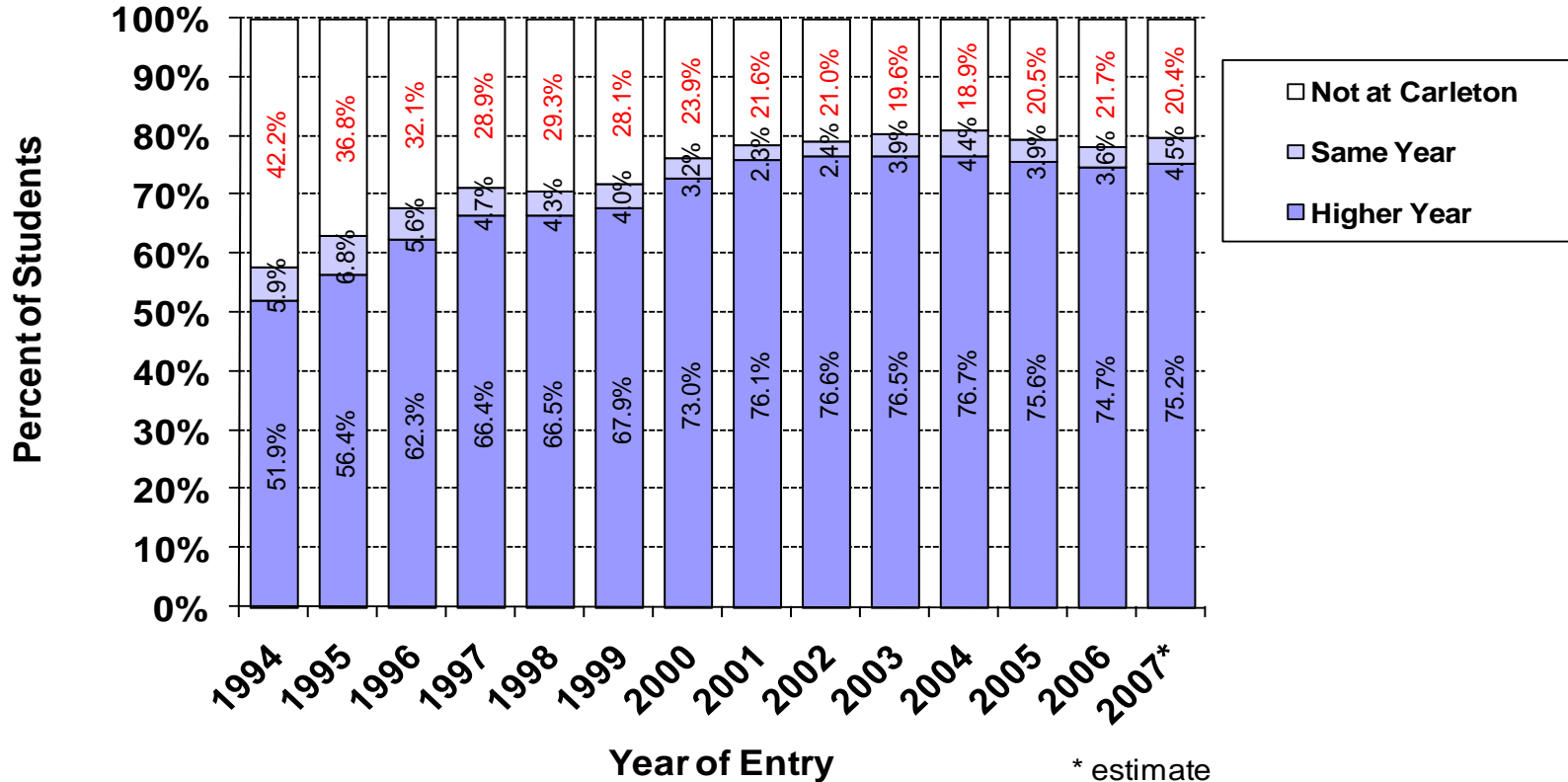
Note: includes Degree, Certificate, Diploma, and Special students
 Source: historical -- SE5-3, plus preliminary projections based on previous retention rates.
 OIRP: November 5, 2009

Projected Change in the 18-Year-Old Population



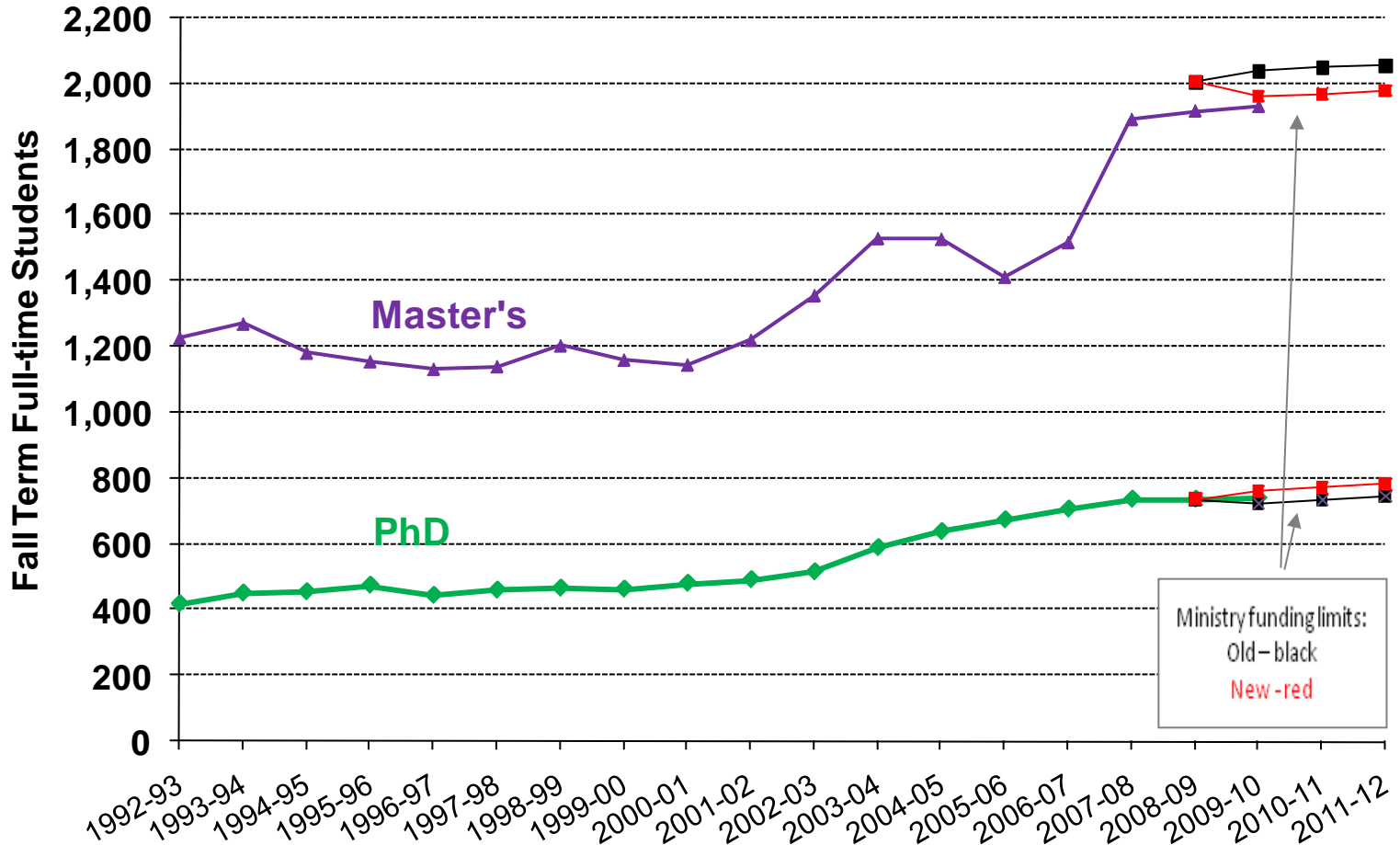
Source: Ontario Ministry of Finance: *Ontario Population Projections 2008-2036* (Fall 2009)
 International immigration is assumed to be 0.9% of the population, slightly lower than Ontario's actual rate over the past 20 years.
 "Other Ontario" excludes GTA and Ottawa.
 OIRP 2009-11-11

New First-Year Undergraduate Students -- Registration Status Two Years Later



Note: includes new full-time students who were in first year of degree programs as of November 1st OIRP: November 5, 2009

Enrolment Trends -- Graduate Students



Notes: in 2009-2010 budget model, projected growth over 2008-09 was treated as revenue neutral.
 Source: historical -- SE5-3
 OIRP: January 25, 2010

Provincial Operating Framework

- 2005-2010 Framework permitted overall institutional tuition increase of 5% for grant-eligible students
- Expect 2010-2014 Operating Framework to be announced in March 2010 Budget Speech

Current Pension Status

- With member consent, solvency deficits can be amortized over ten years and special payments can be deferred for one year;
- Majority of the special payment liabilities are in respect of retirees;
- Increases to Minimum Guarantee contribution will start July 2010;
- COU continues to lobby Ministry of Finance.

Projected University Contribution (\$m)

Base Case - 10 year amortization, 6.5% return

	<u>2009-2010</u>	<u>2010-2011</u>	<u>2011-2012</u>	<u>2012-2013</u>	<u>2013-2014</u>
Current Service Cost					
Money Purchase	8.2	8.8	9.2	9.7	10.1
Minimum Guarantee	<u>2.8</u>	<u>3.5</u>	<u>3.8</u>	<u>4.3</u>	<u>4.6</u>
Total	11.0	12.3	13.0	14.0	14.7
Special Payments					
Going Concern	0.1	0.1	9.1	12.3	11.4
Solvency	<u>-</u>	<u>-</u>	<u>6.3</u>	<u>11.7</u>	<u>12.6</u>
Total	0.1	0.1	15.4	24.0	24.0
Total Contributions	11.1	12.4	28.4	38.0	38.7

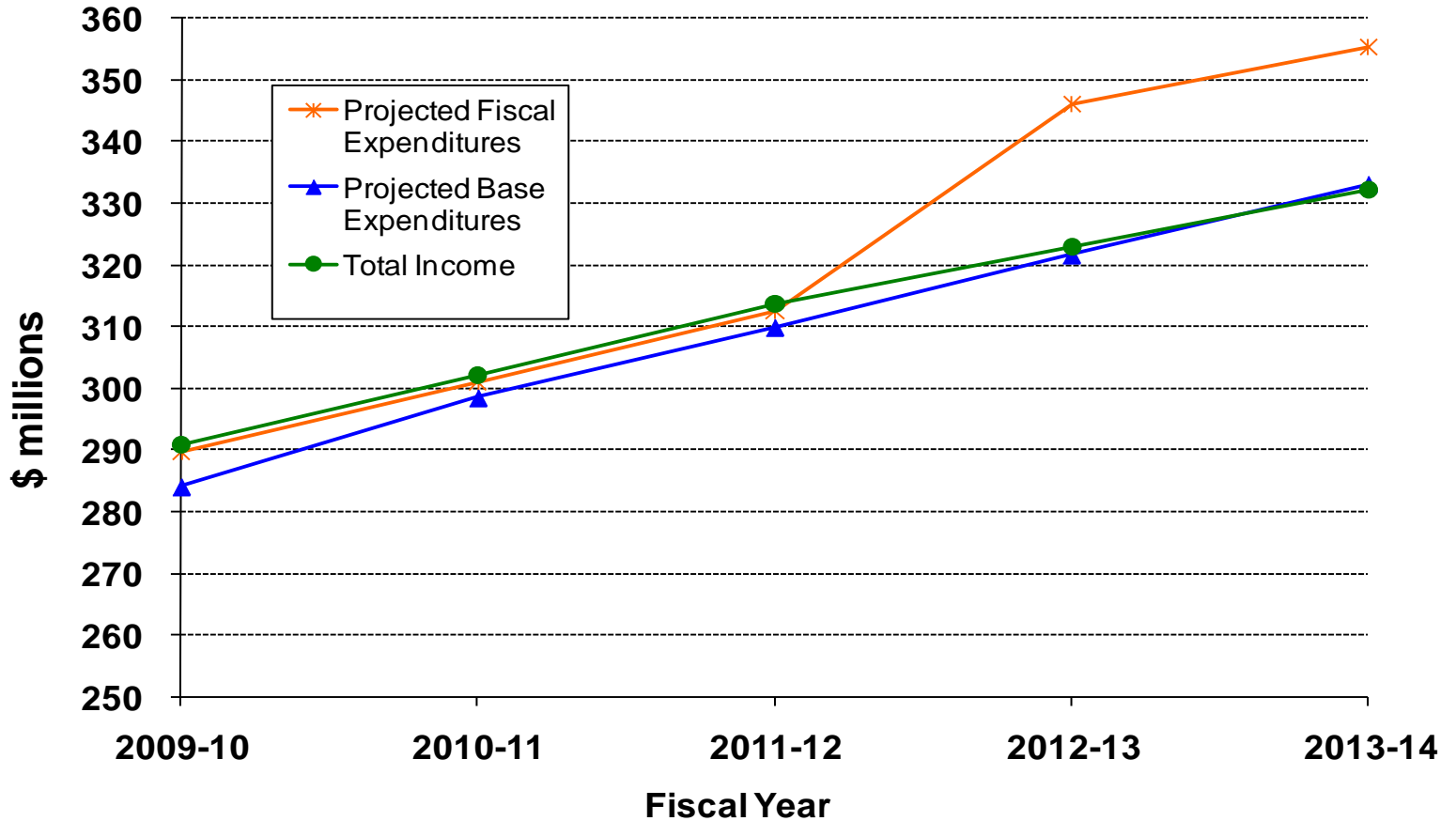
Pension Plan Considerations

- Long term interest rates → Solvency payments
- Plan performance → Going concern payment
→ Minimum Guarantee
- Future salary increases → Going concern payment
→ Minimum Guarantee
- Increased contributions → Little short-term impact
→ Mitigates long-term risk

2009-2010 Budget Parameters

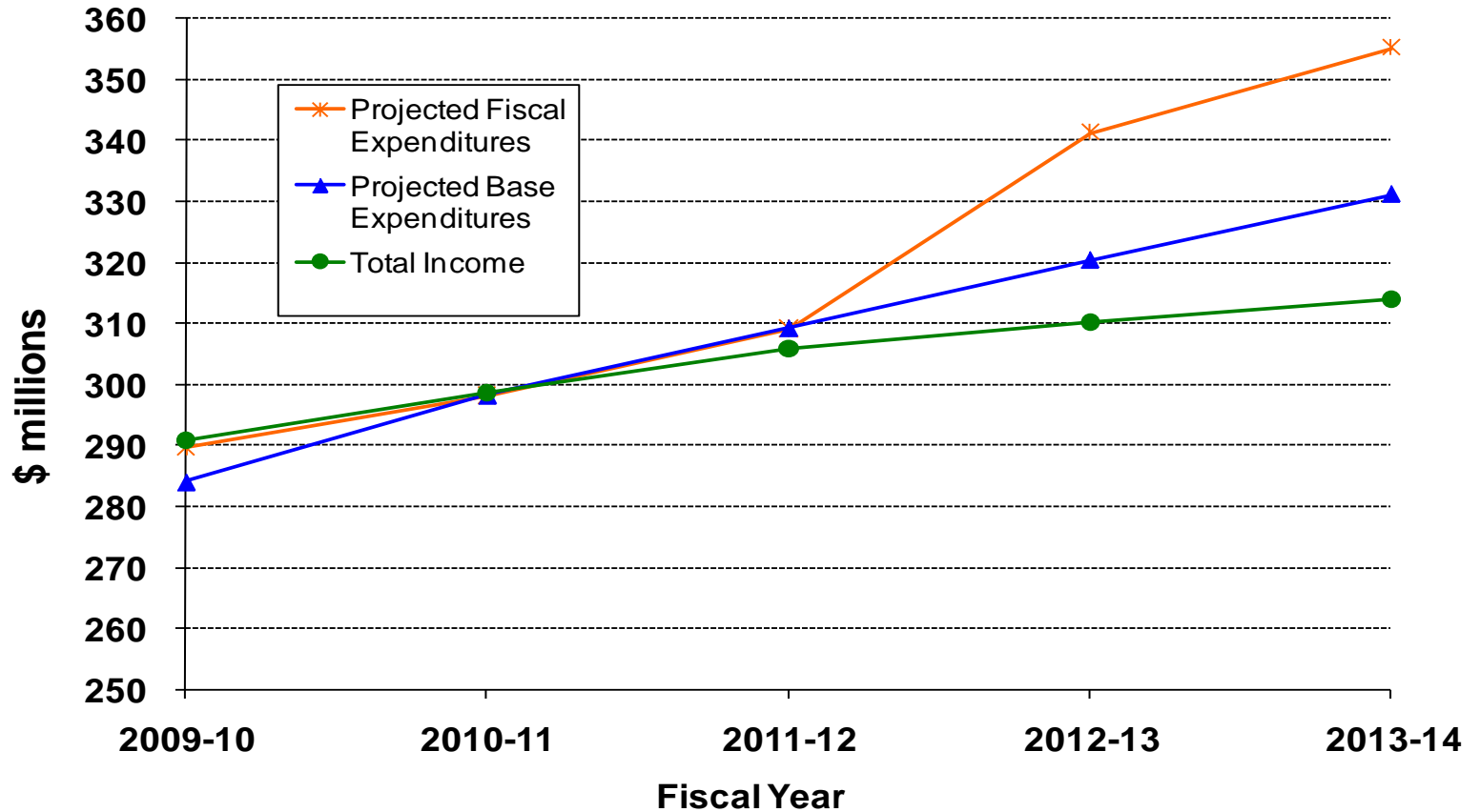
	April Assumptions	November Count
Fall first-year, full-time students	5,235	5,449
Fall full-time undergraduates (degree programs)	16,813	17,160
Fall FT international undergrad (degree programs)	1,510	1,567
Fall full-time Master's	1,984	1,936
Fall full-time PhD	735	742

Long Term Financial Planning Model "A"



Assumptions: modest increase in undergraduate intake, undergrad tuition increase @4.5%/year, graduate tuition @2%/year Source: Finance OIRP 2009-11-16

Long Term Financial Planning Model "B"



Assumptions: no change in undergraduate intake, undergrad tuition increase @2.25%/year, graduate tuition @2%/year Source: Finance OIRP 2009-11-11

Major Financial Challenges

- No framework for future years from Provincial Government for tuition or grant
- Special payments to Pension Plan
- Collective bargaining/salary inflation

Financial Opportunities

- Task Force on Financial Resources
 - Cost reduction
 - Revenue generation
 - Innovation
- Improved retention
- Enrolment growth in academic programs with spare capacity
- Optimize graduate growth
- Increase research activity