

# Budget Plan 2010-11 to 2012-13

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YORK



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redefine **THE POSSIBLE.**



# Budget Plan 2009/10 to 2011/12 - Summary

**OPERATING BUDGET PLAN SUMMARY**  
 2009-10 to 2011-12  
 (in \$millions)

	2009-10	2010-11	2011-12
<b>Revenue</b>			
<b>Total Operating Revenue per June 2008 Plan</b>	<b>675.0</b>	<b>689.5</b>	<b>689.5</b>
<b>Planning Changes ( May 2009)</b>			
Tuition Increases	In Plan	In Plan	10.0
Bank Interest	(2.0)	(1.0)	
Grant Funding - Quality	3.0	3.0	3.0
Grant Funding - Undergraduate	(1.0)		
Strike Related:			
Tuition & Grant Enrolment Impacts	(12.5)	(8.0)	(4.0)
Tuition Credit Offset	2.0	2.0	2.0
<b>Total Revenue ( Increases/Decrease)</b>	<b>(10.5)</b>	<b>(4.0)</b>	<b>11.0</b>
<b>Operating Revenue - May 2009 Plan</b>	<b>664.5</b>	<b>685.5</b>	<b>700.5</b>
<b>Expenses</b>			
<b>Total Operating Expenses per June 2008 Plan</b>	<b>681.3</b>	<b>692.4</b>	<b>692.4</b>
<b>Planning Changes ( May 2009)</b>			
Compensation/Benefit Costs	In Plan	In Plan	15.0
Pension Benefit Costs	1.5	1.5	1.5
<b>Endowment Support</b>			
Awards	2.0	2.0	
Endowed Chairs	1.0	1.0	
Other Budget Pressures	2.0	2.0	2.0
<b>Budget Cuts:</b>			
2009-10 Increase by 1.5%	(6.3)	(6.3)	(6.3)
2010-11 Increase by 1.5%		(6.3)	(6.3)
2011-12 Increase by 3.5%			(14.7)
<b>Total Expenses Increase/(Decrease)</b>	<b>0.2</b>	<b>(6.1)</b>	<b>(8.8)</b>
<b>Operating Expenses - May 2009 Plan</b>	<b>681.5</b>	<b>686.3</b>	<b>683.6</b>
<b>Annual Surplus/(Deficit)</b>	<b>(17.0)</b>	<b>(0.8)</b>	<b>16.9</b>
<b>Carryforward Balances from Prior Year-End</b>	<b>(1.3)</b>	<b>(18.3)</b>	<b>(19.1)</b>
	<b>(18.3)</b>	<b>(19.1)</b>	<b>(2.2)</b>

→ Significant reduction to enrolment revenue - \$25M over 3 years

→ Amounts for Awards/Chairs to offset Endowment shortfalls

→ Budget Cuts – 3.5% / 3.5% / 3.5%

→ Budget Deficit over next 2 years

## Provincial Budget Highlights

- Full Funding for 2009/10 enrolments and planned growth in 2010/11.
- Extension of existing tuition fee framework for two years, limiting tuition fee increases to an average of five percent annually.
  - Universities will be required to contribute 10% of additional fee revenue from increases to bursaries and other student assistance programs.
- A 10-year capital plan is being developed for 2011.
- Legislation to freeze compensation structures, including universities, for all non-bargained employees for 2 years.
  - All current collective agreements will be respected. No new resources for incremental compensation for future agreements.
- Budget signals willingness to work with the Broader Public Sector to reform pension system. Intent is to enhance the long-term sustainability of university pension plans.

## Enrolment Update

- U/G enrolment-related revenue weakness of about \$10M for 2009/10 incorporated into the June 2009 Budget Plan did not materialize. Positive variance to June 2009 plan will be about \$20M in additional revenue.
  - Enrolment Plan 2011-Revised – New plan will maintain enrolment levels reached in 2009/10. This is approximately 1200 FFTE's above pre-strike plan.
- Graduate enrolment plans expected to remain at current level.

## Financial Markets Update

### Endowments:

- 2009 calendar year return 21.7%
- 2009/10 fiscal year (Apr 30/10) 24.0%
- 84% of endowment accounts had positive reserves as of February 2010

### Pension Fund:

- 2009 Calendar Year return: 16.6%
- 2010 YTD return (April 30): 2.6%
- Potential for solvency exemption on a short-term and long-term basis currently being discussed with Provincial Government.
- Solvency relief measures already announced will provide potential to extend one further year for payments, plus amortize the solvency deficiency over 10 years vs. current 5 years.  
(subject to employee group approval)

## Budget Update – Revenue Changes

<b>Revenue Changes</b>	<u>2009/10</u>	<u>2010/11</u>	<u>2011/12</u>	<u>2012/13</u>
Enrolment Recovery	10.5	6.0	2.0	
Tuition Increases	In Plan	In Plan	In Plan	13.7
Enrolment Growth Impact:				
Tuition	6.0	6.3	6.6	6.6
Grant	5.1	5.1	5.1	5.1
Bank Interest		(1.0)	(1.0)	(1.0)
<b>Total Revenue Increases</b>	<u><u>21.6</u></u>	<u><u>16.4</u></u>	<u><u>12.7</u></u>	<u><u>24.4</u></u>

## Budget Update – Expenditure Changes

<b>Expenditure Changes</b>	<b><u>2009/10</u></b>	<b><u>2010/11</u></b>	<b><u>2011/12</u></b>	<b><u>2012/13</u></b>
<b>Academic Investments:</b>				
Complement/Support	6.6	8.8	8.0	7.9
Student Support		1.0	2.0	3.3
Research		0.5	0.5	0.5
	<u>6.6</u>	<u>10.3</u>	<u>10.5</u>	<u>11.7</u>
<b>Inflation-related:</b>				
New Building Space (Life Sci./Osgoode/Glendon/Sherman/Comp. Meth.)	0.4	0.9	2.3	2.3
Compensation/Benefits			(4.0)	(1.0)
	<u>0.4</u>	<u>0.9</u>	<u>(1.7)</u>	<u>1.3</u>
<b>System/Process Improvement Investments:</b>				
Time & Attendance System		0.4	0.4	0.4
Process Re-engineering Investments		0.5	0.5	0.5
Acad Res Mgt System (ARMS)	0.7			
	<u>0.7</u>	<u>0.9</u>	<u>0.9</u>	<u>0.9</u>
<b>Other:</b>				
Pension Deficit Contribution			5.0	15.0
Campus Safety	1.5	1.5	1.5	1.5
Government/Compliance	0.2	0.6	0.6	0.6
Miscellaneous Budget Pressures	2.1	3.2	2.9	2.9
	<u>3.8</u>	<u>5.3</u>	<u>10.0</u>	<u>20.0</u>
<b>Budget Measures:</b>				
Reduce 2011-12 Budget Cut by 1.25%			5.2	5.2
<b>Total Expense Increase</b>	<b><u>11.5</u></b>	<b><u>17.6</u></b>	<b><u>24.9</u></b>	<b><u>39.1</u></b>

# Budget Plan Update

	(\$ millions)			
	<u>2009/10</u>	<u>2010/11</u>	<u>2011/12</u>	<u>2012/13</u>
<b>Approved Budget Plan</b>	<b>(17.0)</b>	<b>(0.8)</b>	<b>16.9</b>	<b>16.9</b>
Revenue Changes ( 2010)	21.6	16.4	12.7	24.4
Expenditure Changes (2010)	11.5	17.6	19.7	33.9
<b>Revised planned surplus(deficit)</b>	<b>(6.9)</b>	<b>(2.0)</b>	<b>9.9</b>	<b>7.4</b>
<u>Additional Potential Measures</u>				
Budget cut reduction 2011/12			<b>5.2</b>	<b>5.2</b>
<b>Planned surplus(deficit) after cuts</b>	<b>(6.9)</b>	<b>(2.0)</b>	<b>4.7</b>	<b>2.2</b>
Prior Year carryforward	(1.3)	(8.2)	(10.2)	(5.5)
<b>Revised Cumulative Surplus/Deficit</b>	<b>(8.2)</b>	<b>(10.2)</b>	<b>(5.5)</b>	<b>(3.3)</b>
Budget Cuts	3.5%	3.5%	2.25%	0%

## Budget Update - Summary

- To some extent, this Budget Update is a “transitional plan” – as we await clearer direction on:
  - GTA growth framework
  - Post-Reaching Higher Funding
  - Capital Plan
- But this is an important Budget Update to help set the proper context for a number of important issues in 2010/2011:
  - Pension Reform – showing impact of pension costs on our budget
  - White Paper – need to make academic (and other) investments going forward in order to achieve strategic objectives