To: Faculty and Staff
From: James Rush, Vice-President, Academic & Provost
Date: Wednesday, April 3, 2019
Subject: 2019/20 University Operating Budget Update

Colleagues,

I would like to take this opportunity to provide an update on the development of the University’s operating budget for 2019/20.

I have shared a series of updates over the last few months offering guidance on the responsible and efficient stewardship of University resources, as well as an update on the Government of Ontario’s announcement to reduce the cost of domestic tuition for university students by 10 per cent in 2019/20 and to freeze domestic tuition for 2020/2021.

This tuition roll-back represents a significant reduction in our projected operating income in the coming years. While we are able to leverage the University’s position of sound financial management and reallocate some University Fund monies to ongoing unit budgets to help us buffer some of the immediate impact of the tuition changes, we need to adopt some additional measures to bridge a remaining $10 million gap between our projected revenues and expenditures for 2019/2020.

Yesterday, the Board of Governors approved the University’s 2019/2020 budget. This budget includes the first step in a two-year approach to permanently eliminate the $10 million funding gap. Executive Council members are fully aware of the proposed measures and indeed have begun planning their unit budgets based on this information. The budget requires Academic Support Units, Faculties and Ancillary Enterprises to make the following changes:

- **Academic Support Units will reduce their ongoing budgets by three per cent in 2019/20;** subject to certain exceptions (including student-funded and co-funded services, scholarships and student aid, and library acquisitions). Department heads and managers are encouraged to find cost savings in the non-salary portions of their budgets and through return of open positions. The Deputy Provost and Associate Vice-President, Integrated Planning and Budgeting is working with Executive Council members in planning their 2019/2020 budgets to this end.

- **Faculties will make a one-time contribution equal to one percent of their ongoing budgets,** by returning unspent resources available in their recent available budgets, to help fund the deficit in 2019/20. It is important to note that in this budget model, faculties...
carry the majority of revenue and expenditure risk and thus the contribution to deficit reduction from faculties takes this into account.

- Ancillary enterprises will contribute additional cost recoveries to the operating budget on an ongoing basis beginning in 2019/20.

These measures will reduce the unfunded deficit to approximately $1 million in 2019/20 – an amount I believe is manageable in the short term – and I will resolve this through appropriations or a one-time contribution in 2019/20.

With these changes implemented, our current budget models project an ongoing gap (also referred to as a structural deficit) of $4.5 million at the beginning of 2020/2021 that we will continue to assess and will plan for other ongoing measures to eliminate this in 2020/2021 as necessary.

The 2019-20 budget fully accounts for our commitments to existing salary agreements with faculty members, staff members, and CUPE employees. 2019/20 is the second year of a three-year agreement with each employee group.

Additionally, the University continues to support needs- and merit-based financial aid for students; committing to $54 million in student aid in 2019/20. Furthermore, we are committed to building up and maintaining the University Fund to resource and support current priorities and the goals of our 2020-2025 Strategic Plan.

We have spent considerable time assessing and consulting on the actions we need to take to continue to deliver on our academic mission at the highest quality standards possible. This budget is a reflection of that work, and of the period of restraint we are now experiencing.

I will continue to update our University community as appropriate. Thank you for your valued contributions to the University.

Sincerely,

James Rush
Vice-President, Academic & Provost