BUDGET PLAN 2023-24 to 2027-28

May 2023

Prepared for the Finance Committee

Table of Contents

Message from the Provost

The University of Guelph is proudly one of the top comprehensive universities in Ontario and across Canada. We excel in teaching and research excellence across our three campuses and are also known for our commitment to delivering an exceptional student experience as we strive for global impact with a focus to Improve Life,

Sustaining this excellence requires us to have an ambitious vision for the future that focuses on our core mission, builds on our institutional strengths and honours the legacy of the genius of U of G.

Our new strategic plan—*Our Time: The University of Guelph's Strategic Plan 2022-27*—articulates a collective vision for the future while challenging us to seize our moment here at U of G to build an institution like no other. *Our Time* outlines a clear set of shared priorities for the next five years and the goals necessary to help us achieve a prosperous future. Driven by our values, we will:

- Deepen our global impact.
- Transform our University through Indigenization and equity, diversity and inclusion.
- Advance U of G's distinctive student experience that fuels success and future impact.
- Build a sustainable tomorrow.
- Support faculty and staff success.

To make *Our Time* a reality, we must start by focusing on our key enabler and the sixth pillar of our new Strategic Plan: Leveraging our Financial and Digital Capacity. Doing so will enable us to position ourselves for success so we can invest in our priorities and bring them to life over the next five years.

A comprehensive and transformative budget plan that advances fiscal sustainability is critical in meeting these objectives and ensuring our collective success. The Budget Plan 2023-24 to 2027-28 presented here provides us with a roadmap to achieve these priorities. It's goals—as outlined in the strategic plan—are as follows:

- Restore financial health to the University by 2026 through diversified and enhanced revenue streams, disciplined decision-making, and diligent cost management.
- Accelerate the achievement of our strategic priorities and goals, including financial sustainability.
- Drive innovation and institutional creativity and sustainability by advancing technological and digital solutions.

In this Budget Plan, we present the 2023-24 budget for approval and projected plans for upcoming fiscal years up to 2027-28. This five-year approach—a departure from our standard practice of one- or two- year budgets—provides a framework for long-term sustainability, while also recognizing that the volatility of the external environment and the need to reflect on how we operate makes longer-term predictions somewhat uncertain.

Since 2019, the University has faced stagnant revenues, due primarily to frozen domestic tuition and declining provincial grants, and rising expenses. This has led to three years of consecutive budget deficits. We have weathered our structural deficit through incremental base budget adjustments and drawing down on reserves. This approach is no longer tenable. While we have made some progress on eliminating our deficit, we have not achieved the results we need for long-term sustainability. This means we must intensify our efforts and significantly shift our approach. Targeted and fundamental changes to transform our business operations and our academic and research programming will restore our financial health and build a better future for U of G. This imperative underpins the 2023-24 to 2027-28 Budget Plan and will play a key role in driving necessary change across our campuses.

I recognize that change, even if necessary and future-oriented, can be difficult. Our commitment to truth telling and reconciliation alongside equity, diversity and inclusion, will provide a lens to guide our efforts. We are also committed to engaging our campus community as we implement the budget plan and to making sure we prioritize the wellbeing of the broader University community with a focus on long-term success.

My sincere thanks go to the countless people—academic and administrative staff, faculty and leadership—for their contributions to this plan and for their commitment to prudent financial planning. The collaboration demonstrated throughout the planning process was remarkable and it will remain critical to the execution of this plan over the coming years. Together we can shape a prosperous future for the University of Guelph.

Sincerely,

Gwen Chapman

Provost and Vice-President (Academic)

Executive Summary

Budget Plan Overview

This document summarizes the 2023-24 to 2027-28 fiscal planning across the major operating activities of the University and presents the 2023-24 budget plan for approval by the Board of Governors. The plan charts a clear path to restoring the University's financial health and was developed in consideration of several factors, including:

- U of G's current fiscal context, and the urgent need to shift from a broad, incremental approach to mitigating our deficit to making targeted and fundamental changes to structures and processes across the institution.
- Provincial policies, including the tuition fee framework and operating grants.
- Projected expenses and revenues for the Guelph and Ridgetown campuses.
- Emerging opportunities and risks.
- Resources required to advance our strategic priorities and core mission.

The plan provides information on ancillary operations, capital projects, and our partnership with the Ontario Ministry of Agriculture, Food and Rural Affairs (OMAFRA). This is a consolidated plan that combines the financial structures of each fund as outlined in Appendix F, excluding research and endowments because they are self-contained and balance within their externally restricted funding sources. Notably, the University of Guelph-Humber budget plan is developed separately and not captured in this document.

The 2023-24 to 2027-28 budget plan includes the following projections:

- A total General Operating Budget deficit of $17.3 million in 2023-24, $13.5 million in 2024-25 and continued deficits in 2025-26 and 2026-27. A surplus of $8.7 million is projected for 2027-28.
- OMAFRA fund surpluses of $1.8 million in 2023-24 and $1.2 million in 2024-25 projected to balance by 2027-28 as indicated in the agreement.
- Ancillary surpluses of $6.8 million in 2023-24 and $6.3 million in 2024-25.

The Net Income/Loss Ratio will begin to trend positively as the operating budget begins to trend towards balanced. While the Primary Reserve Ratio will begin to stabilize, fluctuations will be largely driven by the external financing of the transformational one-time costs as well as anticipated capital renewal projects. This issuance of new external debt of $125 million from 2022-23 to 2025-26 will increase the debt burden of the University compared to current levels and will be subject to market conditions with the cost of that debt being closely aligned to our ability to retain our 'AA' debt ration from S&P.

$ in millions ***(unless otherwise stated)***	**2021/22 Actual**	**2022/23 Budget**	**2022/23 Forecast**	**2023/24 Budget**	**2024/25 Budget**	**2025/26 Budget**	**2026/27 Budget**	**2027/28 Budget**
Net Results after Savings and Investments	(32.8)	(15.3)	(18.9)	(17.3)	(9.1)	1.6	1.7	16.5
Net Results After Savings, Investments & One-Time costs of savings	(32.8)	(15.3)	(18.9)	(17.3)	(13.5)	(6.2)	(6.1)	8.7
Net Income Loss ratio (Revenues less Expenses / Total Revenues) (%)	-4.5%	-1.6%	-0.5%	0.5%	1.8%	3.3%	3.2%	4.6%
Primary Reserve Ratio (days)	122	117	110	111	106	105	104	108
New External Debt	*nil*	30.0	25.0	30.0	30.0	30.0	*nil*	*nil*

Opportunities

The strategic plan clearly identifies an imperative to build sustainable financial capacity. Achieving this goal requires us to intensify our efforts and take a different approach to addressing our fiscal challenges. Therefore, the University will take an all-accounts approach to restoring its financial health and pursue fundamental and sustainable change across the University, always with a lens towards advancing Indigeneity and equity, diversity and inclusion on our campuses and processes. Our approach includes:

- Regular reviewing of academic programs and transforming core service delivery.
- Streamlining and standardizing business systems and processes while aligning our workforce to support these future systems and process changes.
- Engaging in collaborative processes that promote culture change and shared accountability.

A key driver in considering viable mitigation strategies is the need to reduce expenses and find ways to operate more efficiently and effectively, while ensuring that investment of existing resources is guided by the Strategic Plan. With that in mind, $45.7 million in base savings strategies are built into the five-year budget plan. Savings will be achieved through the following key activities:

1. Transforming business service delivery, including staff restructuring.
2. Reducing base budget allocations to non-tuition revenue generating units.
3. Transforming academic services and research support to enable teaching and research excellence.
4. Implementing a voluntary faculty, veterinarian and librarian retirement incentive program.

These activities will require one-time costs of up to $35 million to achieve the base savings which are further outlined in section 3.7 *Projected One-time Costs Associated with Base Savings*. The plan includes significant investments into our digital infrastructure, specifically into a Research Administration and Information Management System and a new Finance Enterprise Resource Planning system, both of which will have meaningful and positive impacts on our ability to leverage digital capabilities.

Challenges and Risks

Just as there are opportunities for U of G to address its financial challenges, there are also significant risks identified in the budget plan, including:

- Ongoing impact of government policies, such as declining provincial operating grants and the 2019 domestic tuition cut and subsequent freeze.
- Renegotiation of collective agreements for some bargaining groups during the five-year planning timeframe. There could be unexpected outcomes and potential financial implications.
- Significant funds and resources will be required to support physical and digital related infrastructure renewal.
- Impact of declining reserve balances and rising interest rates.
- Competition globally for international students.
- Changes to provincial utility rebates and energy rates.

1 Fiscal Context

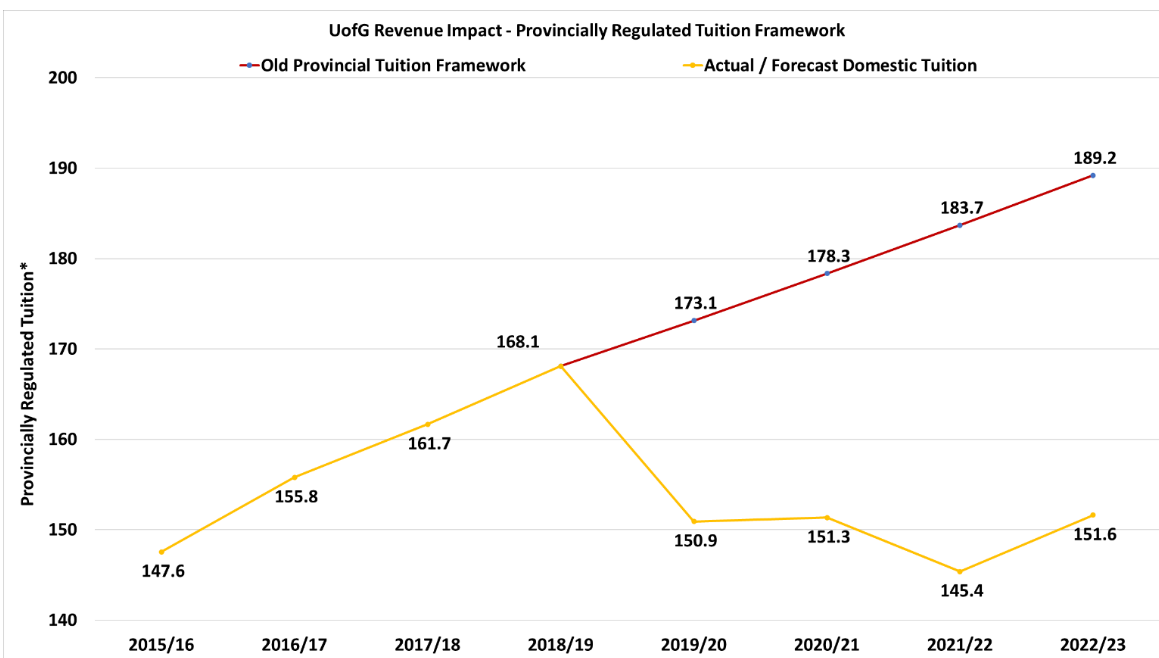
1.1 External Considerations

The University of Guelph's 2023-24 to 2027-28 Budget Plan was developed with our strategic plan in mind. Over the next five years, U of G will leverage the budget plan to:

- Strive for global impact and excellence in teaching and learning.
- Indigenize our campuses while fostering equity, diversity and inclusion.
- Advance U of G's distinctive student experience while promoting sustainability and fostering faculty, staff and student success.

Government Landscape

Provincially regulated revenues make up about two-thirds of U of G's annual operating revenue. Until 2018-19, universities could increase domestic tuition fees by 3% annually on average and operating grants were funded based on enrolment levels. In 2016-17 the provincial government introduced a funding corridor that fixed institutions operating grants based on student levels at the time and in 2019 tuition was reduced by 10% and has been frozen since. These policy decisions have adversely impacted the University's financial health, moving us from a surplus to a deficit. This is largely because U of G relies heavily on domestic student enrolment, unlike other institutions who have weathered the impacts by diversifying their revenue streams and significantly increasing their international enrolments.



** Domestic tuition reported here is governed by the MCU tuition policy*

In March 2023, the Government of Ontario announced a continuation of the current tuition framework. Therefore, concerted efforts to diversify and grow revenue sources beyond those regulated by the province will be especially critical to restoring the University's financial health.

It is worth noting that the University is working towards aligning operations with provincially mandated performance-based funding, a shift from enrolment-based funding first articulated in the Strategic Mandate Agreement (SMA3). The performance-based funding will be allocated to institutions based on their performance on 10 metrics, two of which are chosen by each institution. Although the shift to performance-based funding as outlined in the SMA3 has been delayed by the impacts of the COVID-19 pandemic, this spring, MCU confirmed that 10% of operating funding in 2023-24 and 25% of operating funding in 2024-25 would be performance based. There will be no impacts for 2023-24 as performance funding is applied on a slipped-year basis, and the impacts for 2024-25 and beyond are expected to be minimal.

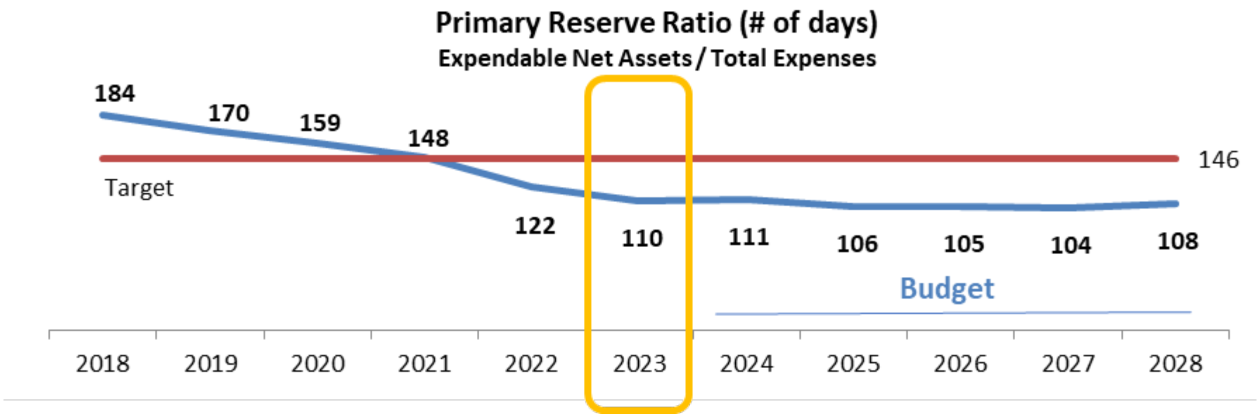
1.2 Financial Health

The University is committed to ensuring the long-term effectiveness and financial sustainability of the institution. Several financial health metrics that provide insight into the operational health of the organization and its capacity to meet its obligations provide important context to the budget plan. On April 30, 2022, the institution had healthy debt ratios: strong viability, low interest burden, and strong debt servicing ratios. This indicated a capacity to incur additional debt if needed.

Our Primary Reserve ratio—an indicator of the University's ability to withstand unexpected impacts on revenue—is forecasted to be 110 days as of April 30, 2023. This ratio, similar to the Net Income/Loss ratio, presents an all-funds view of the University's financial performance. The declining reserves of the Operating Fund are largely offset by growth in both the Heritage Fund and debt sinking fund, which are assumed to grow at the long-term average return rate of 5.5% for the fund. These returns have been volatile in recent years, and this is expected to continue in the short term. Any shortfall in this investment assumption will have a negative impact on the Primary Reserve ratio.

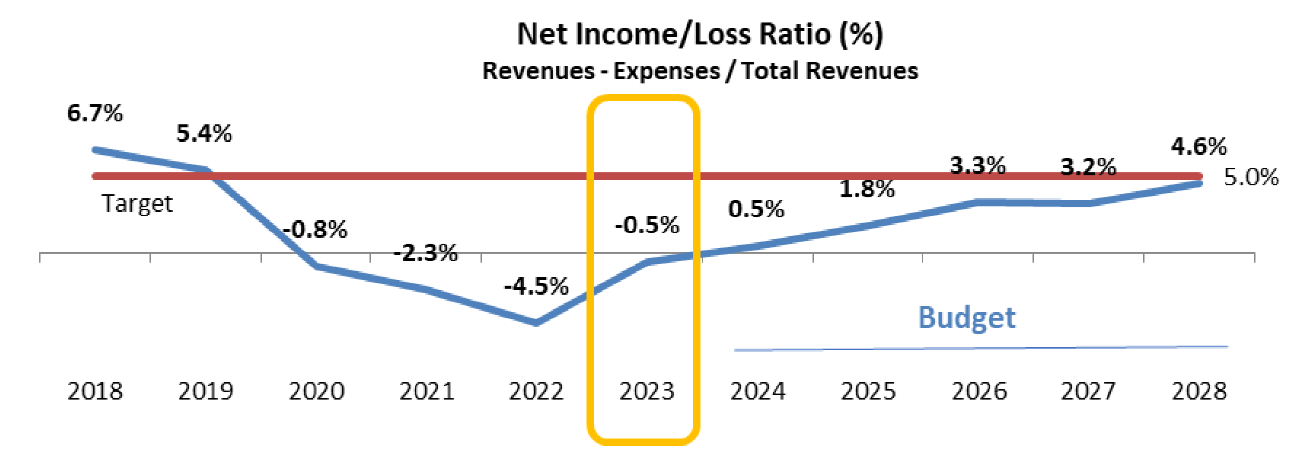
The Primary Reserve ratio is planned to be supported through the continued issuance of external debt. External debt will stabilize reserves while enabling investment into our physical infrastructure and the financing of the projected one-time costs associated with the base savings in the plan. The budget plan includes an estimated $125 million of new external debt over the five-year period with the estimated cost of this new debt included as a separate budget line in section 3.1 *General Operating Budget Plan Summary.* It is important to note that approximately 60% of the expendable net assets in the primary reserve ratio include the Heritage Fund and debt sinking fund. The Heritage Fund was created to enable investments into key initiatives that support the long-term success of the University while the Sinking fund exists to ensure that the University can repay the $100 million debenture[1] in 2042.

[1] $100 million unsecured debenture was issued October 11, 2002 that is due October 10, 2042.



Primary Reserve Ratio		2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Expendable Net Assets		387,163	380,743	362,803	334,851	292,818	277,276	280,327	270,236	273,023	277,003	297,744
Total Expenses		769,861	819,162	833,212	828,319	879,460	917,193	919,497	932,159	949,202	974,107	1,003,948
x 365 days		*184*	*170*	*159*	*148*	*122*	*110*	*111*	*106*	*105*	*104*	*108*
	Target	*146*	*146*	*146*	*146*	*146*	*146*	*146*	*146*	*146*	*146*	*146*

The second key financial ratio impacted by the Operating budget is the Net Income/Loss ratio. This ratio highlights the University's ability to grow or reduce its resources in any given year. The University is forecasting a fourth consecutive year of losses driven by the forecasted General Operating Budget deficit of $18.9 million for 2022-23. The Operating Fund also includes the non-cash employee future benefit expense for the pay-as-you-go benefit plan which is forecasted to be $15 million. Partially offsetting these losses in the Operating Fund are the expected positive results from the other University Funds, most notably the Ancillary Units and the Endowment, which have benefited from strong student enrolment and financial markets. This positive trend in the budgeted Net Income/Loss ratio is reliant upon achieving the base budget savings as well as the investment return assumption noted above.

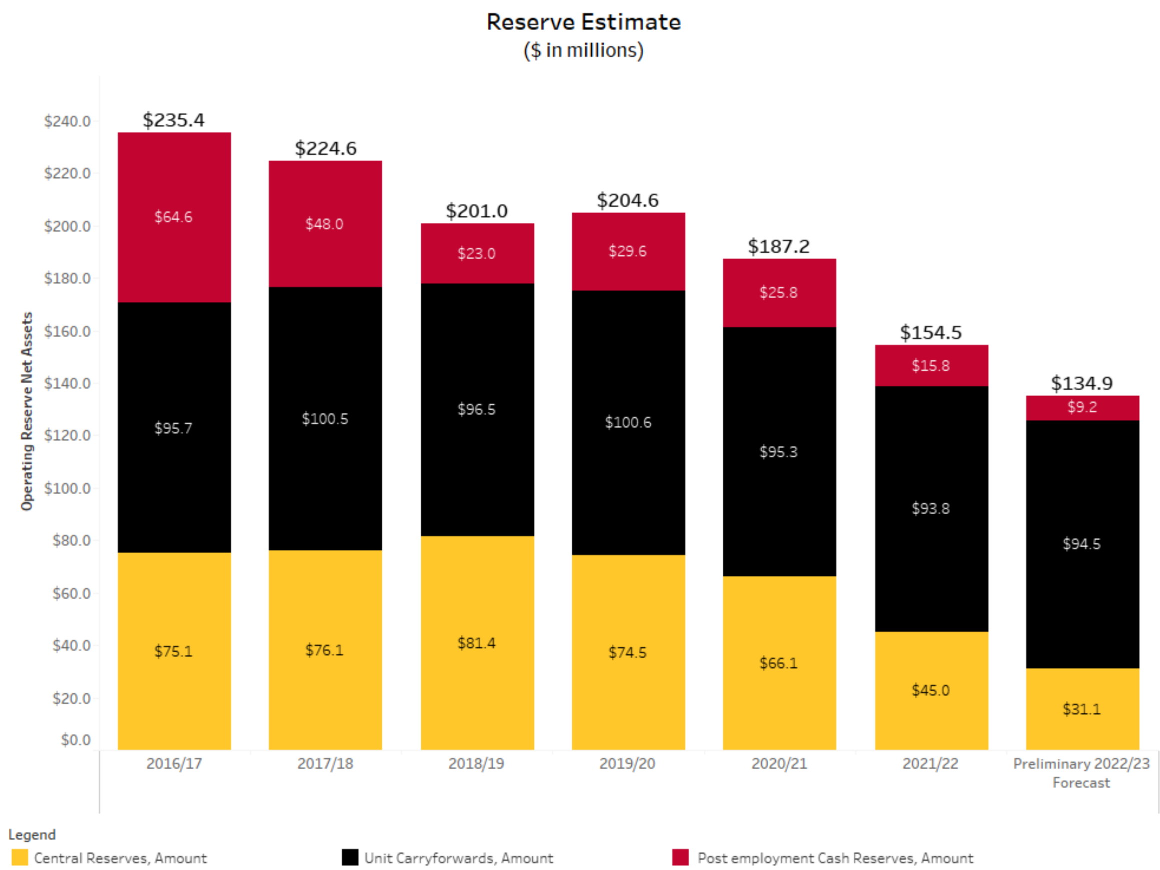


Net Income/ Loss Ratio		2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Total Revenues - Total Expenses		55,492	46,747	(6,622)	(18,550)	(37,577)	(4,542)	4,932	17,482	32,726	32,287	48,174
Total Revenues		825,353	865,909	826,590	809,769	841,883	912,651	924,428	949,641	981,929	1,006,394	1,052,121
		6.7%	*5.4%*	*-0.8%*	*-2.3%*	*-4.5%*	*-0.5%*	*0.5%*	*1.8%*	*3.3%*	*3.2%*	*4.6%*
	Target	*5.0%*	*5.0%*	*5.0%*	*5.0%*	*5.0%*	*5.0%*	*5.0%*	*5.0%*	*5.0%*	*5.0%*	*5.0%*

In addition to the reserves noted in the chart below, some funds have been set aside for capital projects and internally funded research. These funds are held in trust and are earmarked for specific projects or initiatives that have not yet been paid out. Details on the fund balances can be found in the 2022 Annual Financial

Statements. Sponsored research funds and directed donations are similarly not accounted for in our reserve funds as they are restricted for their legally required purposes. These funds are considered deferred contributions as described by Note 8 of the 2022 Annual Financial Statements.

The chart below shows the historic (2016-17 to 2021-22) and preliminary forecasted (2022-23) operating reserves:



Continued prudent financial planning and action are required to move us beyond a balanced budget in the coming years. This will ensure we have the necessary resources to replenish University reserves and invest in the talent and infrastructure (physical and digital) we need to achieve our strategic priorities.

2 Strategies to Balance

The University has articulated a clear approach to address the projected budget deficit(s) in the five-year budget plan. The five-year planning horizon is a new approach for U of G, but a necessary change to ensure that we have a clear path forward and are in the best position possible to navigate current and future challenges, while increasing accountability and transparency.

Growth in expenditures has outpaced growth in revenues in recent years. Provincially regulated tuition and government grants make up about two-thirds of our operating revenues and longstanding government policies have impacted our ability to increase these revenues in recent years. At the same time, expenses have increased; salary and benefits costs have gone up due to inflation, we have necessarily increased our investments to improve aging and inefficient business systems and digital infrastructure, and there have been significant unanticipated costs (e.g., COVID-19 and IT incident response).

Given these trends, we recognize that we need to intensify our past efforts and move to an all-accounts approach to restoring our financial health. We will shift our focus from incremental across-the-board base budget adjustments to transformative and sustainable changes to our systems and operations.

2.1 Planning Process

The University of Guelph's budget planning process is a comprehensive and collaborative effort that involves input from various stakeholders. University leaders, units and departments work with the budget team to develop a budget plan that is informed by and aligns with the institution's strategic goals and priorities.

U of G recently implemented additional tools to support in-year monitoring and budget planning: two in-year budget forecast submissions (September and January) for all units and establishing the Integrated Financial Planning Committee (IFPC). The in-year forecast submissions improve our ability to monitor in-year finances, track our results against our budgeted assumptions and make evidence-based decisions for the future; and IFPC provides oversight and guidance, ensuring that we remain focused on an all-accounts approach to our finances. These additional tools have been especially critical as we navigate the shift from our historical approach to budgeting—one- to two-year budget plans—to building a comprehensive five-year budget plan that includes targeted base savings strategies. Given the scale of change included in the five-year plan, it was important for the University to add an additional layer of strategic oversight into the budget planning process. A new Budget Plan Steering Committee was convened to help guide the budget planning and ensure that our strategic goals and priorities were embedded into the plan and top of mind as decisions were made. This committee will remain in place throughout the duration of the plan to monitor implementation and ensure that we are executing our various savings strategies.

3 General Operating

3.1 General Operating Budget Plan Summary

The table below presents the forecasted results for 2022-23 and the expected revenues and expenses for the General Operating Budget from 2023-24 to 2027-28. Also highlighted are proposed new investments in digital and physical infrastructure and projected base savings for each year of the plan.

BUDGET PLAN 23/24

$ in millions	2022/23 Budget*	2022/23 Forecast	2023/24 Budget	2024/25 Budget	2025/26 Budget	2026/27 Budget	2027/28 Budget
Revenue	$ 503.3	$ 511.7	$ 519.5	$ 533.7	$ 553.0	$ 568.4	$ 603.3
Transfers to Operating (Ancillaries & OMAFRA)	$ 38.3	$ 38.0	$ 38.9	$ 39.2	$ 39.6	$ 39.9	$ 40.3
Transfers from Operating (Major physical capital & debt)	$ (23.4)	$ (21.2)	$ (21.2)	$ (24.9)	$ (26.0)	$ (27.3)	$ (28.7)
Expenses (incl. $6.8M base savings from remaining 2.5% reduction)	$ (533.5)	$ (547.3)	$ (555.8)	$ (573.1)	$ (592.0)	$ (610.9)	$ (630.6)
Net Operating Results	**$ (15.3)**	**$ (18.9)**	**$ (18.6)**	**$ (25.1)**	**$ (25.5)**	**$ (30.0)**	**$ (15.8)**
NEW Investments:							
NET NEW Digital Infrastructure (RAIMS & Finance ERP)			$ (0.9)	$ (2.5)	$ (3.7)	$ (4.1)	$ (5.0)
NEW Transfer to Capital (debt charges for physical capital renewal program)			$ (4.2)	$ (6.3)	$ (8.4)	$ (8.4)	$ (8.4)
Sub-total			**$ (5.1)**	**$ (8.8)**	**$ (12.1)**	**$ (12.5)**	**$ (13.4)**
Net Results after Investments			**$ (23.7)**	**$ (33.9)**	**$ (37.6)**	**$ (42.4)**	**$ (29.2)**
Base Savings (in addition to remaining 2.5% base reduction, totalling $13.2M savings in 23/24)			**$ 6.4**	**$ 24.8**	**$ 39.1**	**$ 44.1**	**$ 45.7**
Net Results after Savings and Investments			**$ (17.3)**	**$ (9.1)**	**$ 1.6**	**$ 1.7**	**$ 16.5**
Repayment of Interest and Principle associated with Base Savings			**$ -**	**$ (4.5)**	**$ (7.8)**	**$ (7.8)**	**$ (7.8)**
Net Results after Savings, Investments & One-Time costs of savings			**$ (17.3)**	**$ (13.5)**	**$ (6.2)**	**$ (6.1)**	**$ 8.7**

*Note 2022/23 restated budget.

Over the next five years, the General Operating Budget deficit, including proposed new investments, is expected to increase from $23.7 million in 2023-24 to $30.3 million in 2027-28. However, based on the deficit mitigation plan outlined in section 3.6 a target of $6.4 million in base savings is set for 2023-24, increasing to $45.7 million by 2027-28. After savings and the financing of one-time costs required to achieve them (refer to section 3.7), the projected net position for 2023-24 becomes a deficit of $17.3 million and a surplus of $8.7 million in 2027-28.

The table below presents a more detailed breakdown of the General Operating Budget's anticipated revenues and expenses for 2023-24, as compared to the expected results for 2022-23. This includes the proposed investments and base savings for 2023-24 noted above.

General Operating Budget

In Thousands	2021/22 Actual	2022/2023 Budget* Base	One-time	Total	2022/23 Forecast	2023/2024 Budget Base	One-time	Subtotal	New Investments	Subtotal	Base Savings	Total
REVENUES												
Provincial Operating Grants	186,117	186,370		186,370	185,646	186,370		186,370		186,370		186,370
Tuition Fees	204,512	217,460		217,460	221,709	234,219		234,219		234,219	1,000	235,219
Other Student Fees & Contracts	19,824	21,270		21,270	22,976	21,270		21,270		21,270	580	21,850
Sales of Goods and Services	33,792	36,739		36,739	37,010	36,739		36,739		36,739	1,259	37,998
Guelph-Humber	20,720	19,104		19,104	18,224	18,458		18,458		18,458		18,458
Other Revenues	25,126	22,395		22,395	26,137	22,395		22,395		22,395		22,395
Total Revenues	**490,091**	**503,339**	**-**	**503,339**	**511,703**	**519,452**	**-**	**519,452**	**-**	**519,452**	**2,839**	**522,291**
EXPENSES												
Salaries	(314,586)	(319,014)		(319,014)	(323,287)	(330,132)		(330,132)		(330,132)	2,455	(327,678)
Benefits	(84,061)	(78,835)		(78,835)	(81,852)	(88,741)		(88,741)		(88,741)	733	(88,007)
Scholarships and Bursaries	(33,616)	(28,484)	(2,000)	(30,484)	(33,024)	(28,484)	(196)	(28,680)		(28,680)	105	(28,575)
Utilities	(17,328)	(18,545)		(18,545)	(19,149)	(19,165)		(19,165)		(19,165)		(19,165)
Operating	(82,877)	(82,697)	(3,965)	(86,662)	(89,997)	(82,677)	(6,404)	(89,080)	(905)	(89,986)	270	(89,716)
Total Expenses	**(536,422)**	**(527,575)**	**(5,965)**	**(533,540)**	**(547,310)**	**(549,199)**	**(6,600)**	**(555,799)**	**(905)**	**(556,704)**	**3,563**	**(553,141)**
Net Position - Before Transfers	**(46,331)**	**(24,236)**	**(5,965)**	**(30,201)**	**(35,607)**	**(29,747)**	**(6,600)**	**(36,346)**	**(905)**	**(37,252)**	**6,402**	**(30,850)**
TRANSFERS												
From OMAFRA	22,875	22,880		22,880	22,719	22,880		22,880		22,880		22,880
From Ancillaries	12,492	15,420		15,420	15,274	16,011		16,011		16,011		16,011
From Heritage	1,447	-		-	-	-		-		-		-
Transfers to Operating	**-**	**38,301**	**-**	**38,301**	**37,993**	**38,891**	**-**	**38,891**	**-**	**38,891**	**-**	**38,891**
To Major Capital & Debt Servicing	(23,300)	(23,380)		(23,380)	(21,243)	(24,549)	3,386	(21,163)	(4,188)	(25,351)		(25,351)
Transfers from Operating	**(425)**	**(23,380)**	**-**	**(23,380)**	**(21,243)**	**(24,549)**	**3,386**	**(21,163)**	**(4,188)**	**(25,351)**	**-**	**(25,351)**
Total Transfers	**13,514**	**14,921**	**-**	**14,921**	**16,750**	**14,342**	**3,386**	**17,728**	**(4,188)**	**13,540**	**-**	**13,540**
Net General Operating Results	**(32,817)**	**(9,315)**	**(5,965)**	**(15,280)**	**(18,857)**	**(15,404)**	**(3,214)**	**(18,618)**	**(5,093)**	**(23,711)**	**6,402**	**(17,309)**

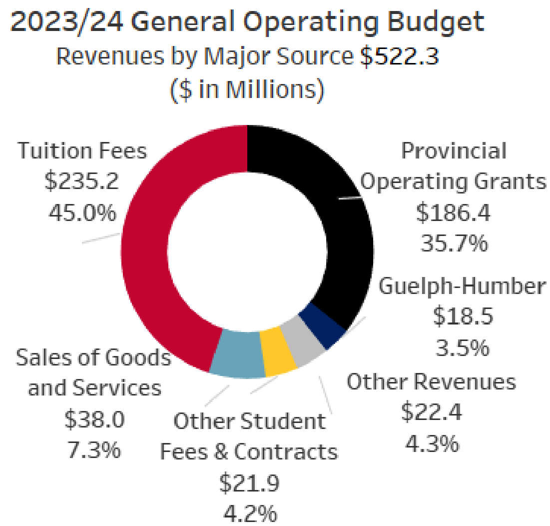
*Note 2022/2023 restated budget

3.2 Overview of Budget Plan Assumptions and Highlights

For the General Operating Budget, we are projecting in-year deficits of $17.3 million in 2023-24 and $13.5 million in 2024-25.

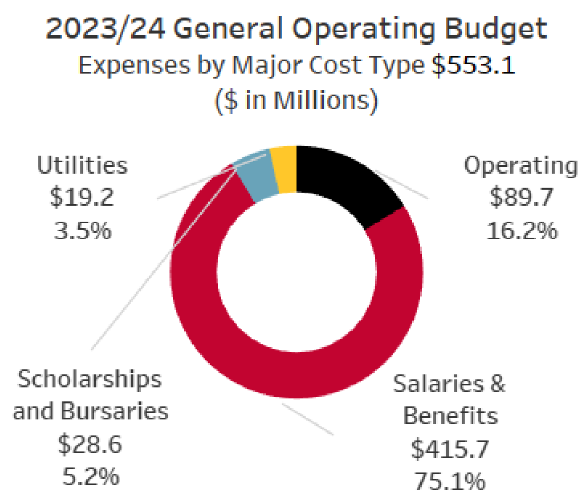
Compared to the 2022-23 budget, 2023-24 revenues are projected to increase by $19.0 million (4%), while our expenses are expected to grow by $19.1 million (4%). Transfers to the General Operating Budget will increase by $0.6 million due to inflationary pressures on services provided by the University (space costs, utilities, etc.). Transfers from the General Operating Budget to capital will increase by $2.0 million primarily due to an increase in financing costs required to support the capital renewal program.

Key Revenue Assumptions:



- Domestic Ontario tuition rates for provincially funded programs are assumed to be maintained at the 2019-20 rates as per the tuition fee framework.
- Domestic out-of-province tuition rates for undergraduate programs will increase by 5%.
- Select undergraduate programs with below market tuition rates are expected to increase by 7.5% for first-year students. This year post-secondary institutions across Ontario had the opportunity to adjust tuition rates in select program areas to align with sector averages and address inequities where existing rates are significantly below the sector average for comparable programs. U of G programs being considered for adjustment include Business, Engineering, and Veterinary Medicine.
- International undergraduate tuition rates will increase between 5% and 12% for degree programs.
- International graduate tuition rates for professional programs will increase on average by 5%, while doctoral and thesis-based programs will be maintained at the 2022-23 rates.
- Domestic undergraduate enrolment is projected to increase slightly from 2022-23, while international enrolment is expected to remain at 2022-23 levels.
- Provincial operating grants are assumed to remain flat at 2020-21 levels.
- The University of Guelph-Humber's revenue share is anticipated to decrease to reflect their slightly lower enrolment.

Key Expenditure Assumptions:



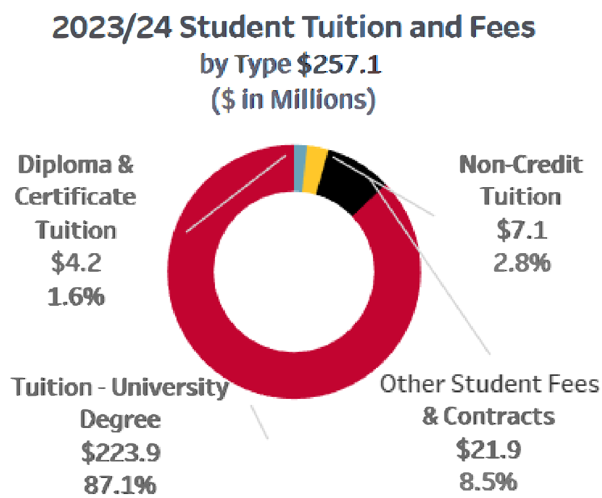
- Subject to employee group collective agreements, inflation assumptions for compensation are between 1.0% and 3.5%.
- The central utilities budget will increase by 5% to account for inflation.
- Scholarship and bursary expenses are expected to decrease relative to 2022-23 due to changes to the domestic entrance scholarship grid. This will allow for the current base budget to sufficiently fund expected commitments for international entrance awards, including those with renewable components. One-time commitments for domestic entrance awards with renewable components will require one-time funding for 2023-24 and 2024-25.
- Operating costs are expected to marginally increase. The increase is due to an increase in contingency set-aside to $5 million and financing costs for one-time investments in new and existing digital infrastructure.
- The base budget savings will be $13.2 million.
    - $6.8 million related to the 2022-23 2.5% across-the-board cuts will be achieved in 2023-24 ($1.7 million of the 2.5% was saved in 2022-23).
    - An additional $6.4 million in base savings to be achieved in 2023-24.
- $5.1 million in new investments in digital and physical infrastructure.

Key Transfer Assumptions:

- Transfers from Ancillaries are planned to increase to reflect inflationary impacts to university overhead costs for space occupied by ancillary units.
- Transfers from OMAFRA to support indirect costs associated with the Agreement are anticipated to remain at 2022-23 budget levels.
- Transfers to Major Capital and Debt Servicing are projected to increase in 2023-24 to fund the capital renewal program and inflationary pressures.

3.3 Student Fee Revenue

Revenue generated by student fees in the General Operating Budget includes tuition (domestic and international) and non-tuition compulsory fees charged for services. Non-tuition compulsory fees are governed under provincially mandated and board approved protocols.



In 2023-24, the projected revenue generated by tuition and non-tuition fees is $257.1 million. As shown in the 2023-24 Student Tuition and Fees chart, 87.1% or $223.9 million of the revenue is from university degree tuition. Tuition fees alone equate to 45% of our total operating revenue.

The primary factors used to determine the revenue generated by student fees are enrolment and fee rates. For most university degree-credit programs, changes in tuition fees must adhere to the Ontario Tuition Fee Framework and Ancillary Fee Guidelines (tuition fee framework). For budget planning purposes, the assumption is that for 2023-24 to 2027-28 domestic tuition fees will remain frozen at 2019-20 rates.

Non-tuition compulsory fee increases are controlled either through student referenda or protocols agreed to by students. The non-tuition fees shown above (Other student fees and contracts) do not include student-led government, associations or societies as those fees flow directly to the groups[2].

Tuition Fees

The 2023-24 budget shows an expected increase of $17.8 million in total tuition revenue over 2022-23. International tuition revenue accounts for $4.5 million of this increase, whereas domestic tuition is expected to grow by $12.3 million. Given that we are anticipating flat international enrolment, the projected increase in international tuition revenue is driven by increases in international tuition fee rates for 2023-24. The projected increase in undergraduate domestic tuition revenues is primarily attributed to continuation of studies for the

[2] Also excluded are non-tuition fees charged to students that support student-facing infrastructure, such as the Guelph Gryphons Athletics Centre. These fees flow outside of the General Operating Budget.

large first-year cohort admitted in 2022-23. The balance of the increase relates to projected revenue growth targets set for Open Ed.

Tuition fees for university degree programs are classified into three major groups:

- **Provincially regulated:** undergraduate and graduate student programs that receive core operating grant and domestic (permanent resident) students.
- **International programs:** undergraduate and graduate student enrolment that does not receive support under provincial policy. The approach in setting the international tuition fees balances accessibility and student needs with the need to continue to support the delivery of high-quality academic programs and services to international students. The university continues to charge some of the lowest international undergraduate tuition fees amongst our peer group. Some of these increases are being offset by increased allocations to scholarships and student financial aid. Appendix B provides a listing of rate changes for 2023-24 for all international tuition fees.
- **Full-cost recovery programs:** these are programs (mainly graduate programs) that charge sufficient tuition to recover the full costs of the program. The University of Guelph has relatively few full-cost recovery programs.

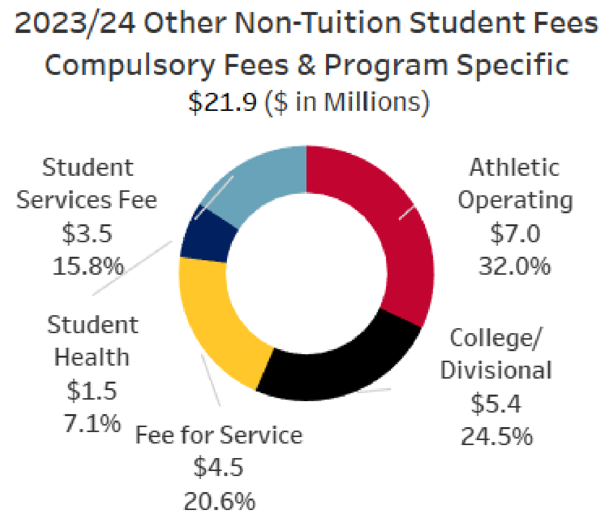
Diploma & Certificate Programs

For many years, the University has delivered a range of agricultural diploma programs. All programs are delivered by the Ontario Agricultural College (OAC) at both the Guelph and Ridgetown campuses. The associate diploma programs do not fall within the MCU tuition framework. Therefore, the associate diploma programs at Ridgetown campus will see a 3% increase in tuition rates for 2023-24, except for the associate diploma in Turfgrass Management. Turfgrass Management tuition is the same as U of G’s Bachelor of Science rate and will remain the same as the 2022-23 rate.

OTHER STUDENT FEES & CONTRACTS

In addition to tuition, students provide support to the General Operating Budget through fees charged for specific services. These fees are categorized as non-tuition compulsory fees and are charged to students as part of their registration in an academic program. Other fees, in the form of fee-for-services, are charged only if a service is used (e.g., obtaining a transcript). In accordance with provincial policy, all non-tuition compulsory fees must be initiated through student referenda.

In addition, non-tuition compulsory fee increases are controlled by student approved protocols required by the province for all universities. See Appendix C for a listing of the student fees and approved increases for 2023-24.



Excluded from protocols are several college-based and other fees charged for program-specific services, such as co-op placement fees, which cover direct costs incremental to programs.

The total estimated revenue from these fees is $21.9 million (refer to chart).

All revenues from student fees in this category are credited to the units providing the service. For example, the Athletics department receives $7.0 million in fees charged to all students for both capital and operating costs to provide recreational programs and facilities.

By default, fees may increase by the consumer price index (CPI; 6.8% for 2022). However, increases of up to 3% above CPI may be approved through a referendum or by the student fee advisory committees that oversee spending of these fees.

ENROLMENT

Total undergraduate enrolment gradually increased in the years leading up to 2020-21. There was a decrease in total undergraduate enrolment in 2021-22; however, the university recovered to its previous growth trajectory in 2022-23.

Domestic students comprise the majority of our undergraduate enrolment, and it is expected that domestic enrolment will continue to remain strong at the U of G. Applications from domestic students for University of Guelph programs remain very strong, with a continued growth in first choice applications and a new high of total applications for Fall 2023. Undergraduate international enrolment continues to be a priority for the University, however current trends and historical data show only modest growth in this area. As such, undergraduate international enrolment is projected to remain flat for 2023-24 and grow slowly in subsequent years. As undergraduate cohorts (domestic and international) flow through to graduation, we will experience moderate fluctuations in our total enrolment.

Graduate students are key to our reputation as a top comprehensive and research-intensive university. As such, strong graduate enrolment continues to be a priority for U of G. Domestic enrolment in graduate programs dipped slightly in 2022-23 reflecting North American trends. International graduate student enrolment continues to expand, especially in course-based masters programs. Following a pandemic-induced dip in 2020-21, international graduate student enrolments reached a record high in 2022-23. Growth in international graduate students remains a priority and is expected to continue in 2023-24.

3.4 Planned One-time Commitments

The 2023-24 budget includes the following planned one-time commitments. These items relate to past decisions or ongoing pilots. One-time costs associated with new base savings and new planned investments in physical and digital infrastructure are not included; as detailed in Section 3.6 below, these costs will be financed internally and amortized over five years beginning in 24-25.

Planned One-Time Commitments:	
Operating Commitments	2,911
Infrastructure Commitments	3,689
Total	6,600

Student Supports

The budget includes one-time support of $0.2 million for the renewable domestic entrance scholarships that were piloted in 2021-22.

College Support

To support remote delivery of course offerings in Summer 2023 and to support the increased enrolment from Fall 2022, $2.5 million in one-time funding has been allocated to support sessional instructor and teaching assistant costs.

Digital Infrastructure (Existing Projects)

Advancing our technology and business systems is core to fulfilling the University's mission and the next few years will continue to require strategic investments in IT upgrades and new platforms. The University will continue to update and modernize systems with the goals of improving service, bettering the student experience, increasing capacity for evidence-based decision making, reducing risk, supporting research excellence and increasing efficiencies. Projects that have been approved by the IT Governance Council (ITGC) include a new human resource management system (HRMS), electronic CV system, data strategy and upgrades to the Student Information System.

3.5 Planned Investments

The 2023-24 budget plan includes new investments in digital infrastructure and enhanced physical capital renewal program funding.

Planned Investments:	
Net New Digital Infrastructure	921
Enhanced Physical Capital Program	4,188
Total	5,108

NET NEW Digital Infrastructure (Proposed Projects)

The 2023-24 budget includes two major new digital infrastructure projects: Research Administration and Information Management System (RAIMS) and a new Financial Enterprise Resource Planning system (Finance ERP).

RAIMS – Research performance metrics indicate that the University operates at a level commensurate with larger U15 universities. In 2020, U of G was Canada's top ranked comprehensive university in terms of research-intensity (funding per faculty member and research income as a percent of total university research income). U of G ranked 18th overall among research universities based on total sponsored research income, with a research income of close to $165 million in 2020. To maintain this level of research intensity amid increasing federal and provincial fiscal constraints, a RAIMS is necessary to reduce the time spent by researchers on administrative tasks and allowing for increased focus on research. U of G is the only research-intensive university in the country that continues to use a primarily paper-based system to administer and manage the research enterprise. This new system is estimated to incur $7.2 million in one-time costs and will be financed through one-time investment gains that have already been realized and funded over five years starting in 2024-25. Annual ongoing base costs included in the operating budget of $0.9 million will begin in 2023-24 and build to $1.6 million in 2027-28 which will be different than the income statement expense treatment which have the expenses recognized immediately consistent with the financial statement accounting policies.

Finance ERP – The University is currently using a legacy solution for our Finance Enterprise Resource Planning system. The current system was implemented in 1999 to manage our financial reporting, general ledger, payment, purchasing and budgeting processes. Several upgrades have occurred over the years; however, the system has limitations, including an inability to seamlessly integrate with newer technologies and more efficient business processes. A new financial reporting system will directly support our strategic priorities by enhancing our ability to leverage our financial and digital capacity in a more efficient and effective manner. A new system will enhance access to information and facilitate the ingenuity we need to diversify revenue streams and establish a more robust budgetary environment. The new Finance ERP is estimated to incur $16.5 million in one-time costs and will be financed through one-time investment gains that have already been realized and funded over five years starting in 2024-25. Annual base ongoing costs included in the operating budget of $1.3 million annually will begin in 2024-25 and decrease to $1.1 million by 2026-27 which will be different than the income statement expense treatment which have the expenses recognized immediately consistent with the financial statement accounting policies.

NEW Transfer to Capital (enhanced physical capital program)

New principal and interest debt servicing charges have been included in the five-year budget plan to the amount of $4.2 million in 2023-24. The increase in payment reflects the addition of two new loans totaling $54.5 million. The first loan for $30.0 million was issued in April 2023 to convert the internal loan used to finance the 2017-18 Strategic Infrastructure Fund (SIF) projects. The second loan, planned at $24.5 million, will account for the Board-approved financing of 2023-24 Capital Plan projects of which $17.3 million will be repaid through the operating budget and the remaining $7.2 million through the Student Housing Ancillary budget.

This new transfer reflects a change in the current approach of having all debt payments funded by the $23.4 million transfer included in the existing base budget. This enhanced approach will allow for increased investment into the physical capital initiatives in the immediate and long-term and ensure that the campus physical infrastructure can meet the academic and research needs of our community.

3.6 Base Savings Plan

The five-year budget plan includes targeted base savings that will help U of G to build financial capacity and restore the overall fiscal health of the institution. These planned base savings will increase from $6.4 million in

2023-24 to $45.7 million in 2027-28. We anticipate upfront one-time costs of up to $35 million will be required to achieve these ongoing savings.

In Thousands	Proposed Base Savings / Targets				
	23/24	24/25	25/26	26/27	27/28
	$'s	$'s	$'s	$'s	$'s
1. Transforming business service delivery including staff restructuring	$ 2,160	$ 7,342	$ 12,350	$ 13,797	$ 13,897
2. Reducing base contributions to non-tuition revenue generating units	$ 2,339	$ 5,207	$ 8,786	$ 10,246	$ 11,716
3. Transforming academic services and research support to enable teaching and research excellence including staff restructuring	$ 1,503	$ 5,268	$ 12,113	$ 14,198	$ 14,198
4. Voluntary Faculty, Veterinarian, and Librarian retirement incentive program	$ 400	$ 7,000	$ 5,898	$ 5,898	$ 5,898
TOTAL	**$ 6,402**	**$ 24,817**	**$ 39,146**	**$ 44,138**	**$ 45,708**

Base Savings Plan

1) Transforming business service delivery and 2) Reducing base contributions to non-tuition revenue generating units

To build the financial capacity we need to secure a strong future, the University must alter its current approach to addressing its financial challenges. Part of that change is transforming our services to conduct our business more effectively and efficiently. The University has commissioned external expertise to assist with an engaged assessment of our operations and to provide insight on ways to improve the effectiveness of our service delivery and optimize our resources. The outcomes of these reviews will inform University decision-making on the types of structural changes we must make to achieve our strategic and financial goals. The review will focus on five priority areas:

1. **Procurement:** a review of procurement services across campus was launched in January 2023. This ongoing review is focused on identifying ways to enhance both the efficiency and effectiveness of procurement processes across the University, including a consideration to centralize.

2. **Student Services:** Comprehensive student services are key to our success in delivering an exceptional student experience. Ensuring that our service offerings are streamlined and standardized will help to enhance the student experience. The review will assess how these services are delivered, the resources they require and how they could be improved. Areas within scope include Athletics, Student Experience, the Experiential Learning Hub, Student Wellness, the Office of Registrarial Services and the Undergraduate Academic Information Centre (UAIC).

3. **Core Administrative Areas:** Core administrative work is key to the day-to-day operations of the University. As in the student services review, we will assess opportunities to work more efficiently in these areas and make structural changes that will help us to achieve our goals. Core administration includes Finance and Budget, Human Resources, IT, Communications and Marketing and administrative support across the University. These initiatives that span the entire University community will have a transformational impact on the organization and our ability to remain resilient to changing needs and demands.

4. **Non-Tuition Revenue Generating Units:** U of G will reduce or eliminate base budget allocations to non-tuition revenue generating units. As part of this review, we will assess non-tuition revenue generating units' structures, funding, resources, and infrastructure requirements and identify opportunities for units to become self-sustaining. Recommendations may include enhanced and diversified revenue generation, or other viable funding structures such as external partnerships.

5. **Open Ed:** Open Ed offers a range of continuing education opportunities. There is tremendous opportunity to expand our non-degree offerings to increase revenue. Opportunities to enhance processes within the department will also be assessed.

The operational review is targeted for completion of much of the current state assessment, gap analysis and future state design in Fall 2023 at which point the University will determine which opportunities are best suited to meet the needs of our campus. Implementation, with the continued support of the external third-party experts, will begin immediately thereafter. The base savings associated with business transformation and funding changes for non-tuition revenue generating units are expected to increase from $4.5 million in 2023-24 to $25.6 million in 2027-28.

3) Transforming academic services and research support to enable teaching and research excellence

U of G will implement similar strategies in academic and research areas beyond the scope of the operational review. Ensuring that we have the proper structures and processes in place to support both our academic and research endeavours is critical to the University's future. In 2022-23 the University initiated one of the first steps of this review: assessing academic programs and course delivery. This resulted in the following changes:

- Most course sections with fewer than 15 undergraduate or three graduate student enrolments will not be offered beginning in Fall 2023. Course section reductions will translate to a reduction in base budget allocations for sessional instructors.
- U of G paused enrolment in 16 program areas after an engaged and collaborative assessment of its current slate of program offerings. This type of review is a leading practice in the sector and will remain an ongoing activity on campus. Savings will also be realized in the form of reduced base budget allocations.

Other areas identified for assessment and transformation are research centres and institutes, scholarships and bursaries and academic service units such as the Library and the Undergraduate Academic Information Centre. This work will begin in spring of 2023. Base savings are expected to grow from $1.5 million in 2023-24 to $14.2 million in 2027-28.

4) Voluntary faculty, veterinarian and librarian retirement incentive program

The University has developed a voluntary faculty, veterinarian and librarian retirement incentive program that will:

- Help to build sustainable financial capacity necessary to support our strategic priorities, including faculty renewal.

- Incent long-term faculty to retire while ensuring we continue to have the capacity to fulfill our core teaching mission.
- Consider the impact to research excellence at U of G and how we can maintain our capacity to support our research mission.

Base savings are expected to grow from $400 thousand in 2023-24 to $5.9 million in 2027-28. Notably, the base savings account for more than 50% replacement; we do not anticipate leaving all retired positions vacant and will consider our strategic priorities and campus needs when assessing replacement locations.

3.7 Projected One-time Costs Associated with Base Savings

The upfront one-time cost to implement the base savings plan is expected to be $35 million and will be financed and repaid over five years. The amortization schedule assumes that the money will be spent in three annual increments, the first $18 million in 2023-24 driven primarily by the voluntary retirement incentive and $15 million in 2024-25, and then $2 million in 2025-26 for the remainder of the program costs.

Costs of Implementation

We anticipate that the one-time costs to support base savings implementation activities will be $7 million. These funds will support a dedicated office, resourcing staff that will be charged with monitoring implementation and cover the costs of external consultants who may be contracted to provide expert guidance and/or recommendations to support implementation.

Projected One-time Costs of Transformational Change:	
Costs of Implementation (i.e., Transformation Office, Operational Review Implementation, Communications and Human Resources support, including external consultants and internal secondments)	7,000
Staff Restructuring	12,100
Academic Investments / Upgrades	3,500
Subtotal	**22,600**
Voluntary Faculty, Veterinarian and Librarian Retirement Incentive Program	12,400
Total	**35,000**

Staff Restructuring

People are the driving force behind change, and they embody an organization's capacity for success by bringing their unique skills, perspectives, and ideas to the table. This holds true at U of G, and we know that change is needed to support staff and faculty success. The changes we are planning will require substantive adjustments to business practices, systems, structures and programs across the University in an effort to increase efficiency and effectiveness. This work will include a deep dive into both our business operations and academic program delivery. Change of this scale will affect our current staff complement, the skills and competencies required and the services we provide. This period of transformation will be challenging, but we are committed to supporting all members of our community as we navigate change together to build a better future for U of G.

We anticipate the one-time costs for staff restructuring to be approximately $12.1 million.

Academic Investments

We are planning for significant investment in our academic programming and services to ensure we have the structures and processes in place to support the needs of current and future students. The one-time costs required to establish this change are expected to be $3.5 million.

Voluntary Faculty, Veterinarian and Librarian Retirement Incentive Program

One-times costs for this voluntary program are expected to be around $7.4 million, with an upper limit of $12.4 million. The estimated range is based on an assumed uptake of 30% ($7.4 million) to 50% ($12.4 million) of eligible faculty, veterinarians and librarians.

3.8 Funding Plan for One-time Restructuring

The University will be financing the one-time expenses through an external loan, consistent with the Operating Borrowing Policy, that will be drawn down as the expenditures are incurred. The current budget plan presents the entire $35 million being drawn down and repaid starting in 2024-25 over five years, but it is expected to be drawn down over three years.

Financing of One-Time Costs	23/24	24/25	25/26	26/27	27/28	28/29	29/30	Total
External Financing	**18,000**	**15,000**	**2,000**					**35,000**
Principal repayment		(3,652)	(6,557)	(6,856)	(7,168)	(7,494)	(3,273)	(35,000)
Interest repayment		(818)	(1,265)	(966)	(654)	(328)	(80)	(4,111)
Debt Payments		**(4,470)**	**(7,822)**	**(7,822)**	**(7,822)**	**(7,822)**	**(3,352)**	**(39,111)**
Total	**18,000**	**10,530**	**(5,822)**	**(7,822)**	**(7,822)**	**(7,822)**	**(3,352)**	**(4,111)**

4 Ontario Agri-Food Innovation Alliance (OMAFRA Agreement)

4.1 Overview

The University of Guelph has a long-standing relationship with the Ontario Ministry of Agriculture, Food and Rural Affairs (OMAFRA). The Ontario Agri-Food Innovation Alliance (the Alliance) is a collaboration between the Ontario Ministry of Agriculture, Food & Rural Affairs and the University of Guelph. We are working together to advance research and innovation that contributes to the success of the province's agri-food sector and promotes rural economic development. Our research, laboratory, and veterinary capacity programs at U of G continue to ensure Ontarians have access to healthy, safe food, and that our farmers and businesses have the information they need to be competitive and sustainable. This partnership is working to usher in the next generation of agri-food innovations by supporting the people, places, and programs that generate Ontario solutions with global impact.

Activities under the Agreement include operating two major animal health and food testing laboratories located in Guelph; managing extensive, state-of-the-art agri-food research centres across Ontario; supporting veterinary capacity and regulatory training; providing individual faculty-based research project funding across a range of disciplines and commodities and supporting knowledge mobilization, innovation, and commercialization.

On March 16, 2023, the University of Guelph signed a five-year renewal of the Alliance to continue the long-term collaboration for discovery and innovation. The Alliance continues to provide support for faculty, staff, research and facilities across six major programs including Research and Innovation, Veterinary Capacity, Animal Health Laboratory (AHL), Agriculture and Food Laboratory (AFL), Research Centre Property Management, and Regulatory Training.

The renewal of this landmark agreement enables U of G researchers to continue to successfully create and apply groundbreaking, globally relevant innovation to address the challenges and opportunities in the agri-food sector and rural communities. The renewed agreement emphasizes innovation and includes expanded access to the research centres to help businesses de-risk new technologies. Further, the renewal codifies a commitment to Indigenization, Equity, Diversity and Inclusion (IEDI), unifies all OMAFRA-U of G activities under one umbrella, enhances property management practices and increases focus on research security.

While the Alliance is segregated for accounting and reporting purposes, the level of funding and the nature of expenses supported also mean the OMAFRA relationship is both complex and critical in the University's overall multi-year planning. At the University level, the Agreement generates $97.1 million (2022-23, forecasted – refer to table in section 4.3) in total revenue. Within the University, this funding provides:

- $59 million annually of total research funding;
- 9% of the total University Faculty and College Professor positions;
- 19% of the total University regular staff appointments;
- $9.83 million for a portion of Guelph campus support costs (~55% of total support costs consisting of elements such as physical plant, library, and administration);
- $5.4 million in support of the OVC veterinary capacity development in livestock animal health and veterinary public health; and

- $25.1 million for property costs at major research centres across the Province and the Ridgetown regional campus.

4.2 Highlights for 2023-24 (year 1 of 5):

Provincial Revenue Assumptions

- Revenue is expected to be $71.6 million in years 1 and 2 and $66.6 million in years 3, 4 and 5.

Program Expense Assumptions

- Salary and employee benefits cost increases align with existing University employee agreements in place for 2023.
- Program expense estimates include a 2% allowance for inflation across many activities.

Approved Agreement Program Allocations

The following table summarizes the budget allocations for 2023-24 and the four years beyond. The Uncommitted Reserves will be used to balance the budget annually through the five-year funding agreement.

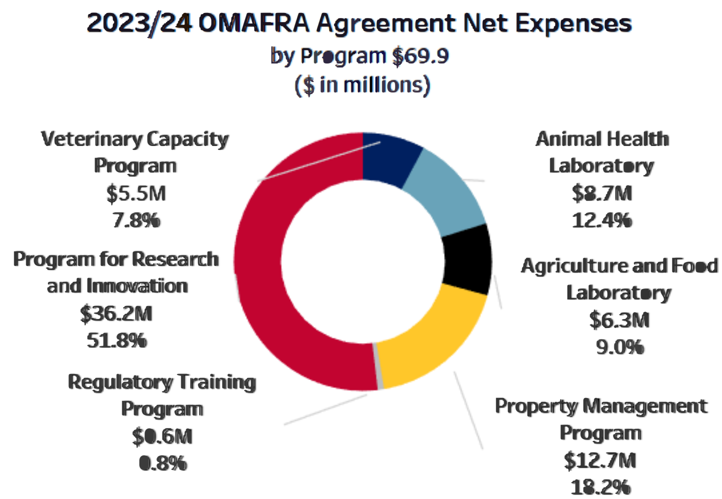
OMAFRA-UofG Agreement Budget Summary ($ in millions)

	2023/24 Budget	2024/25 Budget	2025/26 Budget	2026/27 Budget	2027/28 Budget
Annual Maximum Funds per Agreement	71.6	71.6	66.6	66.6	66.6
Net Program Expenses	69.9	70.4	67.8	68.5	69.3
Annual Net Surplus (Deficit)	**1.8**	**1.2**	**(1.1)**	**(1.9)**	**(2.7)**
Uncommitted Reserves [1]	4.4	5.7	4.5	2.7	0.0
Agreement Interest Fund (Exigency Fund) [2]	1.5	2.4	3.0	3.5	3.9
Total Agreement Reserves [3]	**5.9**	**8.1**	**7.6**	**6.2**	**3.9**

Notes:

1) The Agreement budget has Uncommitted Reserves held separately from Program Schedule carryforwards which OMAFRA uses to balance of the Agreement budget.
2) The University credits the Agreement with interest earned on the balance of funds advanced to the University (both prior unspent funds and current year advances). The interest income is held separately on OMAFRA's behalf for the Agreement under their approval (also known as the Exigency Fund).
3) Total Agreement Reserves are the sum of the Uncommitted Reserves and the Agreement Interest Fund (Exigency Fund) held in the Agreement on behalf of the Ministry, excluding committed program funds (see OMAFRA Agreement Fund Balances table below). These funds are reported as deferred contributions in the Annual Financial Statements consistent with financial reporting accounting standards.

Funds from the OMAFRA-U of G Agreement are directed to each of the six programs to support their specific purposes and outcomes.



- The Program for Research and Innovation funds support knowledge mobilization and discovery.
- The Property Management Program funds support the operating costs of 14 research centres and main campus research infrastructure.
- Agriculture and Food Laboratory (AFL) and Animal Health Laboratory (AHL) funds support the operations of food safety and animal health laboratories under contract with OMAFRA.
- The Veterinary Capacity Program (VCP) funding is allocated to the Ontario Veterinary College (OVC) in support of OMAFRA-approved clinical experience in priority species and livestock production for veterinary students.
- The Regulatory Training Program funds support the development of critical training and certification programs for regulatory requirements governed by agricultural policy and legislation.

4.3 Agreement 2023-24 Budget & Prior Year Results

The table below summarizes the major revenue and expense components of the Alliance. Allocated funds not spent each year are retained under "Fund Balances".

OMAFRA-UofG Agreement ($ in thousands)

	2021/22 Actuals	2022/23 Budget	2022/23 Forecast	2023/24 Budget	% Change Budget To Forecast
REVENUES					
OMAFRA Agreement	66,100	66,100	66,100	71,646	8.4%
OMAFRA Minor Capital	3,453	4,600	4,600	4,500	-2.2%
Interest Income	-	-	1,659	-	-100.0%
Sales of Goods and Services	22,331	23,223	23,905	25,116	5.1%
Other Revenues	838	665	842	399	-52.6%
Total Revenues	**92,722**	**94,588**	**97,105**	**101,661**	**4.7%**
EXPENSES					
Salaries	35,457	36,921	36,437	37,505	2.9%
Benefits and Pension	8,813	9,701	9,318	10,984	17.9%
Scholarships and Bursaries	902	683	675	-	-100.0%
Utilities	2,807	2,705	3,120	3,000	-3.8%
Operating	25,672	26,921	28,056	25,515	-9.1%
Total Expenses	**73,650**	**76,931**	**77,606**	**77,004**	**-0.8%**
UNIVERSITY TRANSFERS					
To Operating for Faculty Costs	13,045	13,045	13,045	13,045	0.0%
To Operating for Indirect Costs	9,830	9,830	9,830	9,830	0.0%
Total University Transfers	**22,875**	**22,875**	**22,875**	**22,875**	**0.0%**
Annual Operating Results	(3,803)	(5,218)	(3,376)	1,782	
Exigency Fund - Interest Income	121	57	1,117	1,074	
Exigency Fund - Approved Expenditures	-	-	(1,659)	-	
Exigency Fund - Annual Change	**121**	**57**	**(541)**	**1,074**	
Opening Fund Balances	39,694	36,011	36,011	32,094	
Closing Fund Balances	36,011	30,850	32,094	34,949	

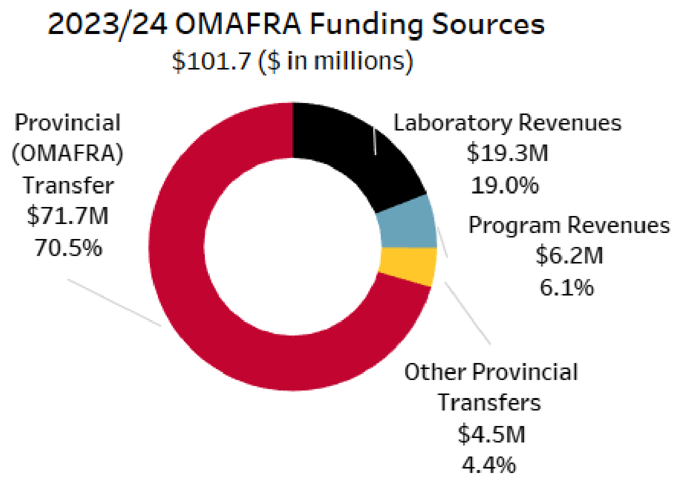
Agreement Fund Balances

Statement of Changes in Fund Balances ($ in thousands)

Category	2021/22	2022/23		2023/24	
	Balance	Forecast	Balance	Budget	Balance
Committed Program Funds	28,513	494	29,006	-	29,006
Uncommitted Reserve Funds	6,521	(3,870)	2,651	1,782	4,433
Exigency Fund	978	(541)	436	1,074	1,510
Fund Balances	**36,011**	**(3,917)**	**32,094**	**2,856**	**34,949**

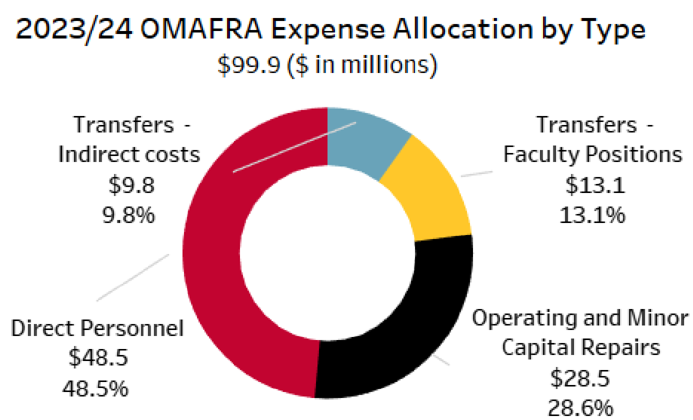
Agreement Revenues $101.7 million

For 2023-24, Agreement revenues will be $71.7 million. Additional revenue earned from the delivery of laboratory testing services (food and animal health) and property management activities are expected to increase due to higher testing fees and commodity prices.



Agreement Expenses $99.9 million

Agreement funding supports a wide range of operating expenses including the salaries and benefits for more than 400 University staff. Assumptions for compensation increases mirror those of the University. In addition, the contract provides funding in the form of fixed "transfers" into the General Operating Budget to support University faculty positions and indirect support costs. These transfers of $22.9 million form a critical funding component of the University's General Operating Budget; however, it should be noted that the University's General Operating Budget covers all inflation on expenses and faculty salaries related to these transfers. Overall, expenses are expected to increase due to inflationary impacts.



5 Ancillaries

Ancillary units at the University provide important non-academic services to students and the University community. These units support achieving our mission of student success while offering a rich student experience and contributing to the University's financial sustainability. Student Housing Services and Hospitality Services have been recognized as leaders and best-in-class for over a decade by peer institutions. The mission to Improve Life is integrated into all that we do.

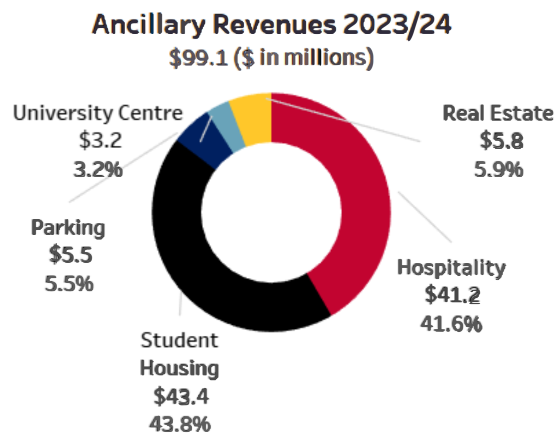
As Canada's Food University we take pride in what we serve. Local, sustainable food that is cherished from farm to fork and back to farm in a circular economy. We strive to nourish students, faculty and staff with food that is culturally diverse and delicious. We work to inform and educate our staff and the UofG community with knowledge to treasure food as a precious resource.

The University's five ancillary units consist of:

1. Student Housing Services
2. Hospitality Services
3. Real Estate Division
4. Parking and Sustainable Transportation Services
5. University Centre Services

Ancillary units are ineligible for support from provincial grants and are therefore required to operate as self-sustaining independent units. Meaning that, revenue generated must cover all operating and capital costs and related financing. Revenue is mainly earned on a fee-for-service basis from both internal and external clients.

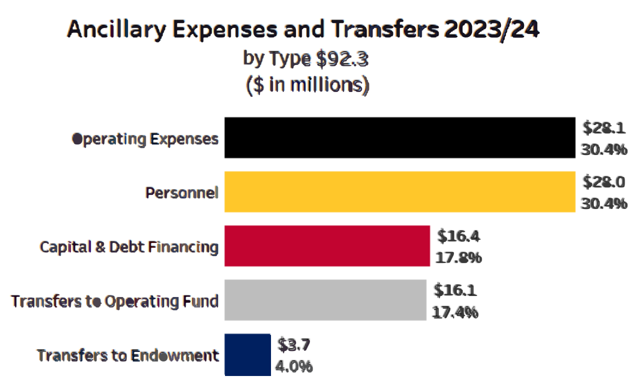
ANCILLARY REVENUE



Student Housing (44%) and Hospitality Services (41%) generate the highest proportion of ancillary revenue, while Real Estate (6%), Parking (6%) and the University Centre (3%) also contribute. Revenue is often set out in student contracts for food or residence and is charged on a per semester basis. In setting fees and service options, both Hospitality and Student Housing Services engage extensively with students through advisory committees. Budgets are reviewed in detail by these student groups to ensure support for the major underlying assumptions.

ANCILLARY EXPENSES

Expenses across all ancillary units consist of personnel (30%), operating (30%), capital costs (18%) and institutional transfers (22%). Most capital improvement costs are incurred by Student Housing Services (75%) to upgrade their physical structures and maintain high quality inventory.



ANCILLARY TRANSFERS

Transfers from ancillaries to the General Operating Budget are expected to be $16.1 million, reflecting a $2 million increase that was introduced in the 2022-2023.

5.1 Combined Ancillary Unit Budget Table 2023-24 to 2024-25

The following table summarizes total revenues, expenses, and transfers for the University's five ancillary units.

Combined Ancillary Units Budget Table ($ in Thousands)

	2021/22 Actual	2022/23 Budget	2022/23 Forecast	2023/24 Budget	2024/25 Plan	2025/26 Plan	2026/27 Plan	2027/28 Plan
REVENUES								
Student Contracts (Food & Housing)	50,455	57,451	67,003	63,272	65,926	68,685	70,059	71,460
Other Sales of Goods and Services	16,041	23,319	23,772	24,531	25,259	25,978	26,498	27,028
Parking Revenues	3,394	4,293	4,697	5,477	5,587	5,698	5,812	5,928
Real Estate - Lease and Property Income	6,354	5,611	5,645	5,813	5,744	5,544	5,655	5,768
Total Revenues	**76,244**	**90,674**	**101,117**	**99,093**	**102,516**	**105,905**	**108,024**	**110,184**
EXPENSES								
Salaries	(17,237)	(20,550)	(21,834)	(22,981)	(23,727)	(24,453)	(24,942)	(25,441)
Benefits	(3,617)	(4,453)	(4,315)	(5,051)	(5,224)	(5,394)	(5,502)	(5,612)
Renovations/Capital Equipment	(1,782)	(2,705)	(4,398)	(3,102)	(3,033)	(2,401)	(2,449)	(2,498)
Debt Servicing	(6,823)	(6,383)	(6,383)	(5,684)	(5,445)	(3,162)	(3,225)	(3,290)
Utilities	(979)	(1,253)	(1,221)	(1,272)	(1,307)	(1,338)	(1,365)	(1,392)
Operating	(19,651)	(23,967)	(28,703)	(26,801)	(27,546)	(28,226)	(28,791)	(29,366)
Total Expenses	**(50,089)**	**(59,311)**	**(66,854)**	**(64,891)**	**(66,282)**	**(64,974)**	**(66,274)**	**(67,599)**
UNIVERSITY TRANSFERS								
To Operating	(12,492)	(15,402)	(14,441)	(16,087)	(16,559)	(17,050)	(17,351)	(17,658)
To Major Capital & Debt Servicing*	(4,661)	(6,111)	(5,652)	(7,636)	(10,188)	(11,333)	(11,446)	(11,563)
To Heritage	(4,724)	(4,270)	(4,866)	(3,683)	(3,225)	(3,004)	(3,176)	(3,352)
Total Transfers	**(21,877)**	**(25,783)**	**(24,959)**	**(27,406)**	**(29,972)**	**(31,387)**	**(31,973)**	**(32,573)**
Net Operating Results	**4,278**	**5,580**	**9,304**	**6,796**	**6,262**	**9,544**	**9,777**	**10,012**
Opening Fund Balances - Unrestricted	2,077	6,355	6,355	15,659	22,455	28,717	38,261	48,038
Change	4,278	5,580	9,304	6,796	6,262	9,544	9,777	10,012
Closing Fund Balances - Unrestricted	**6,355**	**11,935**	**15,659**	**22,455**	**28,717**	**38,261**	**48,038**	**58,050**

The 2023-24 projected net operating result for ancillary units is a surplus of $6.8 million. This is primarily due to additional revenue generated in both food and housing due to increases in total undergraduate enrolment. Parking is expecting to see growth in daily permits purchased and hourly parking.

Total 2023-24 ancillary revenues are expected to be lower than forecasted totals for 2022-23. This is primarily a result of an expansion of on-campus housing offerings in 2022-23 to meet student demand and a planned return to more normal levels for 2023-24. Revenues are expected to grow to $102.5 million in 2024-25.

Total expenses budgeted for 2023-24 and 2024-25 are in-line with the various business operating models. Variable expenses are projected to increase due to inflation; wages are expected to increase due to the repeal of Bill 124. The profitability is slightly lower due to planned capital expenditures, primarily in housing.

5.2 Highlights for Ancillary Units for 2023-24

HOSPITALITY SERVICES

Hospitality Services will generate revenues of approximately $41.2 million from food sales and catering services on the Guelph campus. Other income is earned from operating the University Bookstore and conference and retail services.

Their annual budget is presented to the Hospitality Services Advisory Committee (HSAC) for endorsement after the financial sub-committee reviews and endorses the regular and customary increases within the budget.

For 2023-24:

- The average meal plan price will increase by 5.8% to increase buying power for students.
- The pay-by-weight program will be expanded, and product offerings will be adjusted to include more plant-based selections. These changes have no negative impact on quality or service but will help maintain the cost structures.
- Product costs are subject to inflationary pressures but there remain limits on how quickly they can be recovered through price increases.
- Food service prices are expected to increase by 2.5% to cover the basic rise in variable product, labour and fixed costs.
- Renovation and capital equipment purchases will remain modest and only for priority capital items that have outlasted their useful life.
- Net operating results after net transfers to the University is projected to be $0.6 million. This profit will reduce the deficit that began accumulating in March 2020. Hospitality Services will continue to pursue opportunities to grow business and streamline costs to rebuild a stable financial position.

STUDENT HOUSING SERVICES

Student Housing Services (SHS) provides on-campus accommodation to approximately 4,700 students in nine residence facilities, two apartment and townhouse complexes dedicated to family and graduate housing. Historically, SHS has generated annual revenues in excess of $35 million; revenue is expected to increase to $43.4 million in 2023-24 and $45.4 million in 2024/25. These increases are a result of planned increases to residence room rates.

A Budget Advisory Committee consisting of SHS staff and Interhall Council members comes together every year to discuss all major components of the SHS budget plan.

For 2023-24:

- Residence room rates for 2023-24 are planned to increase by 5% over 2022-23 rates. The increase keeps U of G aligned with sector averages for residence room rates. The budgeted occupancy rate for fall 2023 is 97% and 94% for winter 2024.
- The increase in rent for ***new*** Family Housing tenants will be 10% of 2022-23 rates. Rent increases for existing tenants will follow the guidelines from the Residential Tenancies Act (RTA)and will therefore increase by 2.5% for 2023-24. Family Housing rents are far below market, even with the planned increases.
- The operating expenses for 2023-24 are expected to be higher than in 2022/23. This is primarily due to the costs associated with temporarily expanding our housing inventory to meet student demand.

- The capital plan is a major component of the SHS budget, accounting for $85.5 million in expenses over the past decade. (2013/14 to 2022/23). The five-year budget plan projects $55.2 million in capital expenditures for SHS;2023-24 calls for $15.1 million in renovations.
- The net surplus after transfers to the University is $5.4 million for 2023-24.

This Student Housing budget plan does not account for the potential expansion of housing inventory. Housing inventory is currently undergoing strategic review and demand assessment.

CAMPUS PARKING SERVICES

Campus Parking Services historically generates $4.0 million in annual revenue and is responsible for the administration of 5,500 parking spaces on the University's main campus. Revenues are derived from parking fees (i.e., permit sales, daily fees) and citations. In addition, Parking Services is also responsible for: coordinating transportation services such as Guelph Transit and Metrolinx to campus; increasing community awareness of alternative transportation options; 22 kilometers of university roadways; 56 kilometers of sidewalk; bike shelters; outdoor lighting; signage and emergency phone poles.

The financial health of Campus Parking Services is recovering from the previous two years of significant revenue losses resulting from COVID-19 pandemic.

For 2023-24:

- Parking revenue is anticipated to be $5.5 million with the following rate increases:
  - red permit by 2.6%
  - yellow permit by 2.6%
  - daily rates by $0.25
- Net position after transfers to the University is expected to be $1.3 million.

REAL ESTATE DIVISION

The primary goal of the Real Estate Division is to optimize revenue generation from designated properties through the Heritage Fund to support the University's mission. Main revenue sources are from rental or lease of select properties. All net proceeds are transferred to the Heritage Fund Endowment under Board policy.

A separate Board of Trustees has been delegated the responsibility for the operational oversight of the Real Estate Division activities.

For 2023-24:

- Revenue is projected to be $5.8 million,3.6% higher than the 2022-23 budgeted revenue.
- Operating results project a profit of $3.2 million prior to the Board of Trustee approved transfer to the Heritage fund of $3.7 million which is related to the prior year's net earnings.
- Division debt is expected to decrease by $0.1 million to $3.4 million.
- Estimated unrestricted funds available for transfer to the Heritage Fund are $3.2 million to occur in 2024-25.

UNIVERSITY CENTRE

The University Centre's mandate is to provide social, recreational, and special theme events that enhance the student experience on campus. The University Centre's historical revenue of $3.0 million is derived primarily from building administration, including operation of a fully licensed lounge (Brass Taps) and management of tenant leases, room reservations, digital media advertising, and special events and performances.

The University Centre has a separate University Centre Board of Governors that oversees its operations and has a direct reporting relationship to the University of Guelph Board of Governors.

For 2023-24:

- Revenues are expected to be $3.2 million, which is a 4% increase over 2022-23. These forecasted results demonstrate a return to pre-pandemic levels.
- Operating expenses are expected to increase as operations scale up and inflationary impacts and supply chain issues drive up costs.
- Some capital expenditures that were delayed by two years in 2021-22 to facilitate a return to profitability will be re-started. Only essential capital projects will be completed.
- Accumulated deficits incurred during the COVID-19 pandemic have been fully repaid. Reserves will be targeted for restoration to pre-pandemic levels.

6 Capital

6.1 Capital Projects

The average age of the University of Guelph's 150 buildings is 52, making U of G one of the oldest campuses in the Ontario university system. Three buildings are designated as heritage buildings: Massey Hall, President's House, and Alumni House. Several other buildings are identified in the City of Guelph's Municipal Register of Culturally Significant Properties (2022).

Our buildings (major and paralleling) and site infrastructure provide critical support to the extensive research, teaching and service operations on our campus. Given that most of the University's buildings were constructed in the late 1960's and early 1970's, many of the major electrical and mechanical systems have reached or surpassed their expected useful life; more than 80 major buildings are operating with HVAC systems from 1980 or earlier. Paralleling buildings, and as important, are the site infrastructure necessary to support the extensive research, teaching and service facilities contained in 7.1 million square feet of buildings across the main campus. Combined, the estimated cost of replacement for our buildings and site is estimated at $2.9 billion. With decades of limited funding for maintaining and renewing these assets, the deferred capital renewal and major maintenance backlog (DCRM) is projected to double from $500 million in fiscal 2020 to $1 billion by fiscal 2030 (with no capital renewal), resulting in the condition of the University campus worsening from poor (a three-year facilities condition index (FCI_3) of 23.3%) in fiscal 2020 to critical (FCI_3 of 47%) by fiscal 2030. By comparison, as of January 2021, the Ontario university system averages an FCI_3 of 17% (*Building for the Future, Council of Ontario Universities, January, 2021)* while Ontario K-12 schools and healthcare buildings average an FCI_3 of 21% and 26%, respectively (*Provincial Infrastructure, Financial Accountability Office of Ontario, 2020)*. As outlined in the capital renewal forecast (refer to the 23/24 Annual Capital Plan– Appendix C), an estimated investment of *at least* $231 million over the next five years will be applied to upgrade and renew some of the basic systems and infrastructure of the University's physical infrastructure.

Maintaining capacity and quality of space under these conditions remains an ongoing challenge. The difficulty lies not only in the practical consideration of what can be done each year while still delivering programs and services, but also in securing sufficient funding for capital renewal and major maintenance (CRM). The latter of which is critical to sustaining the ongoing renewal levels necessary to maintain campus in a state of good condition and repair. Physical infrastructure has currently been funded by an annual transfer from operating, as noted above, as well as other grants which service debt payments as well as providing direct funding for CRM projects. As debt is repaid, more funds can become available to flow directly into CRM priority requirements.

In 2007, recognizing that current provincial funding support for capital renewal of $1.5 million annually was inadequate; the University undertook a multi-year borrowing program with the main objective of balancing growing critical CRM requirements with affordable debt. While recent past investments under this program (averaging between $15 million and $20 million annually) were considerable, they will not be able to materially address the growing DCRM backlog created from many years of underfunding CRM and maintenance operations—aging facilities can place significant strain on the maintenance operating budget by redirecting budget to address reactive maintenance demand resulting from systems failure/ breakdown (e.g., two water main breaks in winter 2023 required 6% of the total annual budget to repair).

THE 2023-24 ANNUAL PLAN:

A formal annual capital planning and prioritization process for major projects has been ongoing across the University for several years. As part of this annual process, funding requirements for major capital projects, including deferred maintenance programs, are reviewed for the next year in the context of available resources including the level of provincial support and debt capacity. Capital program decisions are made in the context of two major objectives: maintaining what we have and enabling new and improved programs and services. More specifically, plans are organized around the following project groupings:

1. **Physical Infrastructure Capital Renewal**: this refers to investments for main campus buildings and related infrastructure used for teaching, research and service programs. For the most part, spending in this category is directed to ensuring on-going capacity, with limited program enhancements. For capital renewal planning on the Guelph campus and other major operational centres that are capital dependent (e.g., residences, parking and athletics), rolling five-year capital renewal and major maintenance (CRM) plans are prepared each year and presented in the Annual Capital Plan. For major buildings and utility infrastructures, an extensive building and facilities condition audit is used to determine capital priorities, project schedules and the capital investment requirements. The plan enables the University to prioritize the capital investment required to address critical CRM to reduce the likelihood of a major building or utility breakdown.

2. **Major Physical Infrastructure Development and ARM**: this group consists of major individual projects (normally more than $2 million) such as new buildings or major alterations, renovations and/ or modernization (ARM) of existing buildings. Investments in this category often include major refurbishment for adaptive reuse/ repurposing and/ or modernization of existing spaces that can enhance program delivery and services. Recent examples in this category include the Strategic Infrastructure (SIF) projects.

In response to the COVID-19 pandemic, the University completed a detailed risk assessment of capital projects and is planning on completing only those projects of highest priority within the level of capital investment made available.

2023-24 CAPITAL PLAN

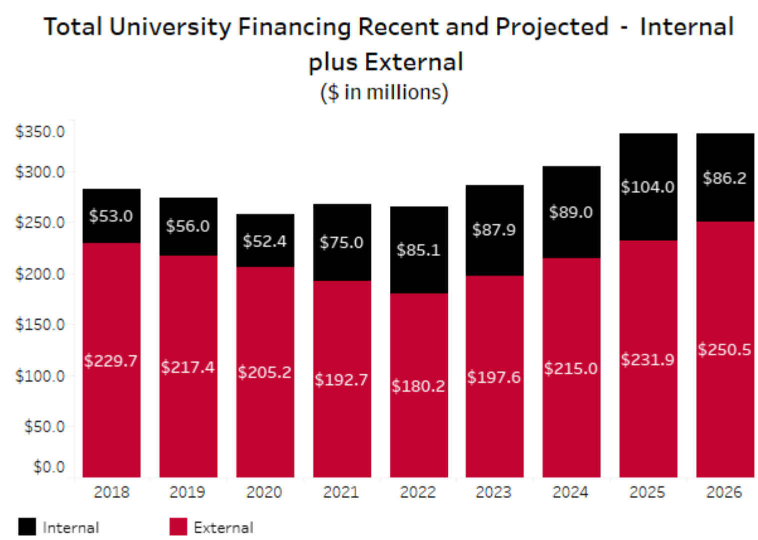
In January 2023, the Board of Governors approved the University's 23/24 Annual Capital Plan at $33.3 million. The approved portion of the plan includes continuing renewal, student housing upgrades, roof and entrance repairs, and enhancements to athletics facilities. In addition, there are three major capital projects—Bedrock Aquifer, Honeybee Research Centre and Centre for Plant Health—approved for fundraising with a total proposed combined budget of $25.3M. The Honeybee Research Centre achieved at least 75% of the fundraising target and was approved for construction at the October 19, 2022, Board of Governors meeting. Of significant interest, extensive planning and design work is underway for the School of Engineering (SOE) expansion project. The expected costs of the SOE expansion will be significant with external financing expected. Major Building projects will be presented for approval when project estimates and funding are confirmed. Details of projects can be found in the 2023/24 Capital Plan.

The approved plan includes a significant decrease to the recommended capital renewal plan to recognize and support the current fiscal challenges faced by the University of Guelph. The prior year capital plan recommended a funding level of $65 million for the upcoming fiscal. The overall budget for 2023-24 is $33.3 million including $2.7 million for roof replacement and $2.5 for a utilities trench.

For financing, the University typically has two options: 1) external debt (e.g., from any number of banks); and-or, 2) temporarily using internal cash resources. The University has been temporarily using internal working capital (liquidity) as this internal financing source and has reached the recommended limit for new issuance of this type of financing. As such, new financing is expected to rely on external debt in the near term. This decision is based upon the current overall financial position the University is in with respect to funds which are not immediately required for spending while maintaining sufficient funds to maintain our core services in support of the mission.

6.2 Debt Capacity

Under the University's Capital Debt Policy are a series of metrics or "financial health indicators" with benchmarks that are used in monitoring capital debt levels and the costs of servicing that debt. These metrics are reported each year as part of the Annual Financial Report and Audited Financial Statements.



External debt is normally applied to very large projects with extended life expectancies (e.g., new major buildings). Internal financing generally is used on lower-cost projects that have shorter expected pay-back periods and economic impact. Examples where internal financing has been used include many of the parking renovations and capital renewal projects including the financing required for the federal government's *Strategic Innovation Fund* (SIF) program projects. Capital financing decisions are made in the context of risk/return, cost/benefit of the project under consideration for approval, and projected liquidity requirements. The adjacent chart shows the current total University projected external and internal debt for the next three years. It assumes a redistribution of internal and external debt and external financing limited primarily to critical deferred maintenance, renovation items, and strategic priorities. It is important to note that this projection is not a plan, but a trajectory of what the current debt loads would be, given the 2023/24 Capital Plan completion and minimal future external borrowing.

Interest rates have risen significantly following years of low rates. This will increase the borrowing cost associated with any debt issuance and will be considered in the financial assessment to issue new debt. As new external debt is contemplated, the impact of new debt will be shown in the University's financial health metrics. The University is within major debt-management benchmarks under our policies.

6.3 Financing Costs

The total financing costs as a result of the 2023/24 capital plan spending, once fully completed, are estimated to be able to be included in the existing allocation to Capital from the General Operating Budget and is not anticipated to require new funding.

Appendix A: Detailed Budget Plan 2023-24 to 2027-28

		2022/2023 Budget*				2023/2024 Budget							2024/2025 Budget									2025/2026 Budget	2026/2027 Budget	2027/2028 Budget
In Thousands	2021/22 Actual	Base	One-time	Total	2022/23 Forecast	Base	One-time	Subtotal	New Investments	Subtotal	Base Savings	Total	Base	One-time	Subtotal	New Investments	Subtotal	Base Savings	Subtotal	One-Time to Achieve Base Savings	Total	Total	Total	Total
REVENUES																								
Provincial Operating Grants	186,117	186,370		186,370	185,646	186,370		186,370		186,370		186,370	186,370		186,370		186,370		186,370		186,370	186,370	186,370	186,370
Tuition Fees	204,512	217,460		217,460	221,709	234,219		234,219		234,219	1,000	235,219	248,495		248,495		248,495	1,720	250,215		250,215	270,976	286,704	321,848
Other Student Fees & Contracts	19,824	21,270		21,270	22,976	21,270		21,270		21,270	580	21,850	21,270		21,270		21,270	880	22,150		22,150	22,940	23,240	23,540
Sales of Goods and Services	33,792	36,739		36,739	37,010	36,739		36,739		36,739	1,259	37,998	36,739		36,739		36,739	3,107	39,846		39,846	41,125	41,985	42,855
Guelph-Humber	20,720	19,104		19,104	18,224	18,458		18,458		18,458		18,458	18,458		18,458		18,458		18,458		18,458	18,458	18,458	18,458
Other Revenues	25,126	22,395		22,395	26,137	22,395		22,395		22,395		22,395	22,396		22,396		22,396		22,396		22,396	22,396	22,396	22,396
Total Revenues	**490,091**	**503,339**	**-**	**503,339**	**511,703**	**519,452**	**-**	**519,452**	**-**	**519,452**	**2,839**	**522,291**	**533,728**	**-**	**533,728**	**-**	**533,728**	**5,707**	**539,435**	**-**	**539,435**	**562,265**	**579,152**	**615,467**
EXPENSES																								
Salaries	(314,586)	(319,014)		(319,014)	(323,287)	(330,132)		(330,132)		(330,132)	2,455	(327,678)	(344,886)		(344,886)		(344,886)	12,797	(332,089)		(332,089)	(338,483)	(350,930)	(366,483)
Benefits	(84,061)	(78,835)		(78,835)	(81,852)	(88,741)		(88,741)		(88,741)	733	(88,007)	(92,755)		(92,755)		(92,755)	3,823	(88,932)		(88,932)	(90,682)	(94,234)	(98,709)
Scholarships and Bursaries	(33,616)	(28,484)	(2,000)	(30,484)	(33,024)	(28,484)	(196)	(28,680)		(28,680)	105	(28,575)	(28,484)	-	(28,484)		(28,484)	210	(28,274)		(28,274)	(28,169)	(28,084)	(28,084)
Utilities	(17,328)	(18,545)		(18,545)	(19,149)	(19,165)		(19,165)		(19,165)		(19,165)	(19,490)		(19,490)		(19,490)		(19,490)		(19,490)	(19,957)	(20,440)	(20,940)
Operating	(82,877)	(82,697)	(3,965)	(86,662)	(89,997)	(82,677)	(6,404)	(89,080)	(905)	(89,986)	270	(89,716)	(82,059)	(5,464)	(87,523)	(2,540)	(90,064)	2,280	(87,784)		(87,784)	(88,524)	(87,948)	(87,904)
Total Expenses	**(536,422)**	**(527,575)**	**(5,965)**	**(533,540)**	**(547,310)**	**(549,199)**	**(6,600)**	**(555,799)**	**(905)**	**(556,704)**	**3,563**	**(553,141)**	**(567,675)**	**(5,464)**	**(573,139)**	**(2,540)**	**(575,679)**	**19,110**	**(556,569)**	**-**	**(556,569)**	**(565,815)**	**(581,636)**	**(602,120)**
Net Position - Before Transfers	**(46,331)**	**(24,236)**	**(5,965)**	**(30,201)**	**(35,607)**	**(29,747)**	**(6,600)**	**(36,346)**	**(905)**	**(37,252)**	**6,402**	**(30,850)**	**(33,947)**	**(5,464)**	**(39,411)**	**(2,540)**	**(41,951)**	**24,817**	**(17,134)**	**-**	**(17,134)**	**(3,550)**	**(2,484)**	**13,347**
TRANSFERS																								
From OMAFRA	22,875	22,880		22,880	22,719	22,880		22,880		22,880		22,880	22,880		22,880		22,880		22,880		22,880	22,880	22,880	22,880
From Ancillaries	12,492	15,420		15,420	15,274	16,011		16,011		16,011		16,011	16,336		16,336		16,336		16,336		16,336	16,672	17,019	17,379
From Heritage	1,447	-		-	-	-		-		-		-	-	-	-		-		-		-	-	-	-
Transfers to Operating	**-**	**38,301**	**-**	**38,301**	**37,993**	**38,891**	**-**	**38,891**	**-**	**38,891**	**-**	**38,891**	**39,216**	**-**	**39,216**	**-**	**39,216**	**-**	**39,216**	**-**	**39,216**	**39,552**	**39,900**	**40,260**
To Major Capital & Debt Servicing	(23,300)	(23,380)		(23,380)	(21,243)	(24,549)	3,386	(21,163)	(4,188)	(25,351)		(25,351)	(25,163)	297	(24,865)	(6,281)	(31,147)		(31,147)	(4,470)	(35,617)	(42,241)	(43,543)	(44,910)
Transfers from Operating	**(425)**	**(23,380)**	**-**	**(23,380)**	**(21,243)**	**(24,549)**	**3,386**	**(21,163)**	**(4,188)**	**(25,351)**	**-**	**(25,351)**	**(25,163)**	**297**	**(24,865)**	**(6,281)**	**(31,147)**	**-**	**(31,147)**	**(4,470)**	**(35,617)**	**(42,241)**	**(43,543)**	**(44,910)**
Total Transfers	**13,514**	**14,921**	**-**	**14,921**	**16,750**	**14,342**	**3,386**	**17,728**	**(4,188)**	**13,540**	**-**	**13,540**	**14,053**	**297**	**14,351**	**(6,281)**	**8,069**	**-**	**8,069**	**(4,470)**	**3,599**	**(2,689)**	**(3,643)**	**(4,650)**
Net General Operating Results	**(32,817)**	**(9,315)**	**(5,965)**	**(15,280)**	**(18,857)**	**(15,404)**	**(3,214)**	**(18,618)**	**(5,093)**	**(23,711)**	**6,402**	**(17,309)**	**(19,894)**	**(5,167)**	**(25,061)**	**(8,822)**	**(33,882)**	**24,817**	**(9,065)**	**(4,470)**	**(13,535)**	**(6,239)**	**(6,127)**	**8,697**

*Note 2022/2023 restated budget

Appendix B: 2023-24 Tuition Fee Increases

This table contains the approved changes in tuition fees by category effective Fall 2023. Listed fees are rounded to the nearest dollar and reflect two semesters for undergraduate programs and three semesters for graduate programs, unless otherwise noted. In March 2023, MCU announced a continuation of the unfunded tuition freeze for domestic Ontario students, and an allowed increase of up to 5% for out-of-province domestic students. This year post-secondary institutions across Ontario had the opportunity to adjust tuition rates in select program areas to align with market rates and address inequities where existing rates are significantly below the sector average for comparable programs. U of G is considering an adjustment in tuition rates in three program areas with below market tuition rates: Bachelor of Commerce, Bachelor of Engineering and Doctor of Veterinary Medicine. U of G's Board of Governors approved the proposed increases at its April 19 meeting, conditional on our ability to adjust tuition rates.

International fees were approved in October 2022.

Fees Under MCU Tuition Framework	Fee Increase
Undergraduate In-Province (except for anomalies)	0%
Undergraduate Out-of-Province (except for anomalies)	5%
Undergraduate Anomalies	As per Board approval in April 2023
Graduate In-Province	0%
Graduate Out-of-Province	0%

Domestic Fees Outside of MCU Tuition Framework	Fee Increase	2023-24 Rate
Masters of Business Administration (Food & Agribusiness Mgmt) (Note #1)	0%	$34,586
Assoc. Diploma in Agriculture (Turfgrass) In-Province	0%	$6,091
Assoc. Diploma in Agriculture (Turfgrass) Out-of-Province	5%	$6,716
Assoc. Diploma in Agriculture (Ridgetown) In-Province	3%	$3,295 - $3,405
Assoc. Diploma in Agriculture (Ridgetown) Out-of-Province	5%	$3,527- $3,645
Graduate Diploma - Accounting (Note #4)	3.7%	$8,500

International Fees (Note #3)	Fee Increase (New Students)	2023-24 Rate (New Students)	Fee Increase (Continuing Students) (Note #6)
Undergraduate 2023-24 Fee Increase			
Arts & Sciences	9%	$33,046	5%
Arts & Sciences - Guelph-Humber	5%	$31,833	5%
Business - Main Campus	12%	$40,276	5%
Business - Guelph-Humber	5%	$36,581	5%
Engineering	12%	$49,110	5%
Computing	12%	$39,361	5%
Landscape Architecture	12%	$43,816	5%
Doctor of Veterinary Medicine (DVM)	7%	$83,614	5%
Assoc. Diploma in Agriculture (Turfgrass)	9%	$29,720	5%
Assoc. Diploma in Agriculture (Ridgetown)	9%	$13,754 - $14,674	5%

International Fees (Note #3)	Fee Increase (All Students)	2023-24 Rate (All Students)
Graduate 2023-24 Fee Increase		
Doctoral	0%	$19,681
Regular Masters (MA, MSc, MASc) and Graduate Diplomas (Excl. Accounting)	0%	$20,512
Professionally Oriented Graduate Programs (Note #2)		
MBA (Note #1)	5%	$52,999
MA Leadership (Note #1)	5%	$37,856
Masters of Cybersecurity and Threat Intelligence	0%	$42,000
Masters of Data Science	0%	$42,000
Masters of Engineering	10%	$32,427
Masters of Science in Management	0%	$30,000
Masters of Biotechnology	5%	$30,030
Masters of Bioinformatics	3%	$29,175
Masters of Biomedical Science	4%	$29,247
MSc - Food Safety and Quality Assurance	5%	$28,740
Masters of Dairy Technology Management	0%	$27,000
Masters of Applied Nutrition	5%	$31,190
Masters of Public Health	31%	$32,000
Masters of Landscape Architecture	0%	$31,615
Masters of Conservation Leadership (Note #1)	5%	$37,800
Graduate Diploma - Accounting (Note #4)	3.7%	$8,500
Other Professionally Oriented Graduate Programs (Note #5)	5%	$25,690

Note 1: Shows full program fees

Note 2: Professionally Oriented Graduate Programs includes all course based masters excluding MBA, MA Leadership, MCL and MCTI

Note 3: For 2016- 2017 and earlier cohorts, the in course international students will have no increase in accordance with the University's past practice of a cohort fee for the length of the program. Students who entered in 2017-18 or later no longer have the cohort fee rate guarantee and will be subject to any approved fee increases. This list of international fees were previously approved at the October 2022 Board of Governors meeting and are included for information purposes only.

Note 4: Graduate Diploma in Accounting is a one term program

Note 5: Other Professionally Oriented Graduate Programs include:

- *DVSc Biomedical Sciences*
- *DVSc Clinical Studies*
- *DVSc Pathobiology*
- *DVSc Population Medicine*
- *DVSc Veterinary Science*
- *MFA Creative Writing*
- *MFA Studio Art*
- *MES Environmental Sciences*
- *MFARE Food, Agriculture and Resource Economics*
- *MPlan Rural Planning & Development*

Note 6: 2023-24 tuition fee rates vary for continuing students depending on their cohort

Appendix C: Non-Academic Student Fees – Guelph Campus

This table contains the approved fee changes starting in Fall 2023 (fees effective September 1, 2023 to August 31, 2024). The fees shown are not all of our activity-related fees; only fees where revenue accrues to the University's General Operating Budget for services provided are included.

In accordance with MCU regulations, non-academic student fees can only be introduced or changed under a protocol or referendum established and agreed to by student representatives. The University and student representatives have signed such an agreement which covers the fees shown below. The compulsory fees committee may approve fee increases up to 3% above the CPI for Ontario. (Full-Time FT, Part-Time PT). The published Statistics Canada Consumer Price Index (CPI) annual average for Ontario (all items) for 2022 was 6.8%. These fees were approved at the April 19, 2023, Board of Governors meeting, except for a minor change in the athletics fee as articulated in Note 7.

Guelph Campus	2022-23 FT Approved Fees	2023-24 FT Recommended Fees	% Increase (Note #4)
Athletic Fee (Notes #1/#7)			
Undergraduate and Graduate	$138.27	$151.82	9.80%
Athletic Building Fee (Note #2)			
Undergraduate and Graduate	$55.80	$57.47	3.00%
Student Health Services Fee (Note #1)			
Undergraduate and Graduate	$36.89	$40.51	9.80%
CBE: Business Career Centre Fee (Note #1)			
Undergraduate BComm	$57.71	$63.37	9.80%
University Centre Fee			
Undergraduate and Graduate	$16.57	$17.70	6.80%
Orientation Week Fee (Note #1)			
Undergraduate, Semester 1, Fall only	$74.52	$81.82	9.80%
Student Volunteer Connections Fee (Note #1)			
Undergraduate	$1.91	$2.10	9.80%
Graduate	$1.44	$1.58	9.80%
OUTline (Note#3)			
Undergraduate	$0.43	$0.46	6.80%

Guelph Campus	2022-23 FT Approved Fees	2023-24 FT Recommended Fees	% Increase (Note #4)
Unbundled Student Service Fee			
Undergraduate Students			
Student Life Enhancement Fund	$3.67	$3.92	6.80%
School of Fine Art & Music	$0.64	$0.68	6.80%
Library: Academic Support (Note #1)	$13.92	$15.28	9.80%
Student Experience: Academic Support (Note #1)	$17.70	$19.43	9.80%
Financial Aid Services	$9.47	$10.11	6.80%
Career Services (Note #1)	$7.37	$8.09	9.80%
Mental Health Services (Note #1) (prev. Counselling Services)	$21.75	$23.88	9.80%
Centre for International Programs	$0.64	$0.68	6.80%
Graduate Students			
Student Life Enhancement Fund	$3.67	$3.92	6.80%
School of Fine Art & Music	$0.64	$0.68	6.80%
Library: Academic Support (Note #1)	$13.29	$14.59	9.80%
Student Experience: Academic Support (Note #1)	$17.31	$19.01	9.80%
Financial Aid Services	$8.83	$9.43	6.80%
Career Services (Note #1)	$7.11	$7.81	9.80%
Mental Health Services (Note #1) (prev. Counselling Services)	$21.75	$23.88	9.80%
Centre for International Programs	$0.64	$0.68	6.80%

Note 1: As per the protocol, the Compulsory Fees Committee has approved an increase above the CPI, and up to an additional 3% (as proposed and captured in the meeting minutes from March 13, 2023).

Note 2: This is a 30 year fee initiated in September 2009 (until March 2039), and approved through a referendum process to increase annually by 3%.

Note 3: The Compulsory Fees Committee approved the fee to be increased by the CPI, despite the fee not being indexed (March 13, 2023 Meeting Notes)

Note 4: Fee increases will apply to both Part-Time and Full-Time students.

Note 5: All fees listed had an increase in 2022-23 academic year.

Note 6: Fees are applied on a per-semester basis unless otherwise noted.

Note 7: All fees listed have been approved in the April 2023 Board of Governors meeting with the exception of the revised increase to the Athletic Fee. The Athletic Fee increase was changed from 8.3% to 9.8% and still requires approval by the Board of Governors.

Appendix D: Ancillary Fees – Guelph Campus

This table contains the approved fee changes starting in Spring Semester 2023 (Fees to be effective May 1, 2023 to April 30, 2024). These fees were approved at the April 19, 2023 Board of Governors meeting.

Ancillary Fees *	Year of Last Increase	% Increase	Notes
Residence fees			
Student Residence - Contracts	2022	5.0%	Note #1
Family Housing (New Tenants)	2022	10.0%	Note #2
Family Housing (Existing Tenants)	2022	2.5%	Note #2
Meal Plan Fees			
Required for all Residence Students	2022	5.8%	Note #3

** Effective May 1, 2023 to April 30, 2024*

Note 1: Student housing maintains nine buildings and provides accommodation to approximately 4,700 students in a typical year. U of G's residence fees for traditional double occupancy were 7th highest in the province in 2022-23 and will remain 7th for 2023-24 with these increases.

Note 2: Increases in rent at Family Housing follow the guidelines from the Residential Tenancies Act (RTA).

Note 3: The On-Campus Meal Plans are mandatory meal plans for students living in a traditional residence and optional for other students who live on campus. Taking into accoun the proposed increases, the meal plan rates remain among the lowest in the province.

Appendix E: Campus Parking Services– Guelph Campus

Parking fees for 2023/24 are recommended to increase as outlined in the table below. These fees were approved at the April 19, 2023 Board of Governors meeting.

	Year of Last Increase	2022-23 Fee	2023-24 Recommended Fees	% Increase
Parking Tier				
Black Permit	2022	$160.00	$160.00	0.0%
Red Permit	2022	$88.00	$90.25	2.6%
Yellow Permit	2022	$77.00	$79.00	2.6%
Daily Rate		$20.00	$20.50	2.5%
Hourly Rate		$3.00	$3.25	8.3%

Appendix F: Fund Structure

The University's financial results and budget plan are outlined in separate funds set up for activities, with each fund comprised of its own revenue and expenses. The following funds are used:

1. Operating Fund: Unrestricted general revenues and expenses that are directly related to the mission of the University, education and activities supporting research (i.e., not restricted by an agreement or contract).
2. OMAFRA Funds: Restricted revenues and expenses that are directly related to the Ontario Agri-Food Innovation Alliance (OMAFRA – University of Guelph Agreement).
3. Ancillary Fund: Sales of goods and services by Ancillary units that provide important support services to the students and university community that are not directly associated with the delivery of academic programs. The University's five ancillary units consist of: Hospitality Services, Student Housing Services, Real Estate Division, Parking and Sustainable Transportation Services, University Centre Services. Ancillary operations are self-sustaining.
4. Capital Fund: Funding and expenditures for capital projects.
5. Research Funds: Research-related funds externally restricted by an agreement or contract for specific research purposes. The use of these funds is restricted by the donor or granting agency.
6. Endowments: Donations and bequests received by the University that have a nonexpendable requirement as well as other legal requirements for use as agreed upon by the donor and the University.
7. Trust: Funds that are restricted by donor or granting agency for capital projects or student aid.

Appendix G: Voluntary Faculty, Veterinarian and Librarian Retirement Incentive Program

The University of Guelph has faced several years of consecutive deficit budgets. We have weathered these deficits through incremental base budget adjustments and drawing down on reserves, but this approach has been insufficient and is not sustainable. We need to fundamentally change our approach to support the long-term success of our institution; and the Voluntary Faculty, Veterinarian and Librarian Retirement Incentive program (VRIP) presented here is one part of a larger strategy to build the sustainable financial capacity necessary to support our strategic priorities, including faculty renewal.

The VRIP is a limited-time opportunity for eligible, approved faculty, librarians and veterinarians to receive a lump-sum payment equal to one month salary per year of pensionable service up to a maximum of twelve (12) months. Retirement dates for the program are between January 31, 2024, and April 30, 2024.

Program eligibility was carefully considered. The objective of the VRIP is to incent the retirement of some of our longest serving and highest paid faculty, veterinarians, and librarians to reduce compensation expenses while ensuring we continue to have capacity to fulfill our core teaching and research missions.

Eligibility

Tenured and tenure-track faculty and veterinarians and librarians with continuing track or continuing appointments who are employed as of May 25, 2023, and who meet all the following requirements:

- have a total of pensionable service plus age that equals or exceeds 85 as of the date of retirement; and
- are within 10 years of their Normal Retirement Date (age 65) or are working beyond their Normal Retirement Date as of the date of retirement (i.e., they are retirement eligible); and
- have a total full-time service that equals or exceeds 10 years as of the date of retirement.

Eligibility is subject to the following exclusions:

- Vice-presidents, Assistant or Associate Vice-presidents, Deans; or
- those in receipt of Long-Term Disability insurance benefits as of May 25, 2023; or
- those who, as of May 25, 2023, have already given formal notice of retirement or termination to the University, including those who have entered phased retirement.

Retirement Incentive Benefit

Eligible faculty, librarians and veterinarians will be offered one month of salary for every year they have been employed up to a maximum of twelve (12) months. Applicants must make an irrevocable commitment to take up the program by August 1, 2023.

Methodology

It was important to identify an eligibility factor that would balance achieving the desired outcomes with ensuring U of G continues to have the capacity to deliver on its commitments to excellence in teaching and research. Eligibility factor determination considered the following:

- Impact to research productivity, publications, and community engagement
- Impact to program accreditation and delivery
- Impact to student experience, both academic and research
- Expected uptake of the program

All applications will be reviewed by the provost and appropriate college dean through the lens of maintaining our core academic and research missions.