

2024-2025

# BUDGET

Office of the Provost and Vice-President, Academic Affairs

[provost@uOttawa.ca](mailto:provost@uOttawa.ca)  
[uOttawa.ca/about-us/provost](https://uOttawa.ca/about-us/provost)

## Table of contents

Message from the Provost and Vice-President, Academic Affairs .....	1
Introduction .....	2
<i>TRANSFORMATION 2030</i> Strategic Plan .....	3
Strategic pillars .....	3
Key aspirations .....	4
Vision, mission and values .....	5
Our vision .....	5
Our mission .....	5
Our values .....	5
Current and future challenges .....	6
Future challenges .....	8
Conclusion .....	12
Budget Process .....	13
Roles and responsibilities .....	13
Budget updates .....	13
Final budget results .....	13
Fund Descriptions and Linkages .....	14
2024-2025 Budget (details by fund in \$ thousands) .....	16
Budget in the form of financial statements in accordance with Canadian accounting standards for not-for-profit organizations .....	18
Pro Forma Consolidated Statement of Operations, Year Ending April 30 (in \$ thousands) .....	18
Reconciliation between the financial statements and the budget .....	19
Operating Fund 2024-2025 (in \$ thousands) .....	20
Revenue analysis .....	22
Tuition .....	22
Grants .....	23
Investment income .....	23
Expenditure analysis .....	24
Compensation .....	24
Scholarships and financial aid .....	24
Other expenses .....	24
Interfund transfers .....	25

Surplus (deficit) ..... 27

Ancillary Services 2024-2025 (in \$ thousands)..... 28

Interfund transfers..... 30

Restricted Fund – Research, 2024-2025 (in \$ thousands)..... 31

Revenue analysis ..... 32

Research grants and contracts..... 32

Expenditure analysis..... 33

Analysis of interfund transfers..... 34

Restricted Fund – Other 2024–2025 (in \$ thousands)..... 35

Revenue analysis ..... 36

Expenditure analysis..... 36

Capital Fund and Sinking Fund 2024-2025 (in \$ thousands) ..... 37

Revenue analysis ..... 38

Restricted grants and contracts..... 38

Investment income..... 38

Other ..... 38

Capital projects planned for 2024-2025..... 38

Analysis of interfund transfers..... 40

Facility status and deferred maintenance ..... 41

## Message from the Provost and Vice-President, Academic Affairs

I am pleased to present the University of Ottawa's budget for the 2024-2025 academic year. This budget reflects the priorities of our *Transformation 2030* strategic plan and supports our objectives of excellence in teaching and research, as well as our commitment to bilingualism and the Francophonie.

The budget planning exercise for 2024–2025 took place against a challenging and uncertain backdrop, owing, among other things, to: the negotiations following the repeal of Bill 124, which aimed to cap wages for public-sector workers in Ontario; the ceiling on study permits imposed by the federal government in January; and the Ontario government's belated response to the report by the Blue Ribbon Panel on Financial Sustainability in the Post-Secondary Education Sector in Ontario. Although the Ministry of Colleges and Universities has finally decided to inject more funding into the sector, the investments as announced fell short of the Blue Ribbon Panel's recommendations. The University is also subject to numerous financial pressures, particularly as a result of the tuition fee reduction and freeze for Ontario students, which the government imposed five years ago and which has been extended for another three years.

Despite these financial challenges, the University continues to invest in its investment in French-language programs and research infrastructure, as demonstrated by the recent start of construction on the Advanced Medical Research Centre. It also continues to support several initiatives aimed at enhancing the student experience and promoting equity, diversity and inclusive excellence.

In recent months, working closely with the faculties, we have made significant efforts to streamline expenditures and have initiated measures to generate revenue. Other initiatives will be developed this year and over the next two years to rebalance the budget and ensure the University's financial sustainability over the long term. We will work on three major areas, which were identified with the help of the Board of Governors: optimizing teaching and research activities, reviewing and optimizing support services, and generating revenue.

We are facing significant financial challenges. However, our community's unswerving commitment to the University and to its mission of excellence in teaching and research will enable us to overcome them together.

Jacques Beauvais

Provost and Vice-President, Academic Affairs

## Introduction

Ontario's entire university sector is grappling with financial sustainability issues. In a report released in November 2023, the Blue Ribbon Panel on Financial Sustainability in the Post-Secondary Education Sector in Ontario underscored the significant cumulative impact of the effective freeze of direct provincial funding since 2017 and the tuition fee reduction and freeze since 2019. According to the report, this could jeopardize the financial sustainability of a number of institutions.

The University of Ottawa estimates that its funding shortfall due to the freeze on direct provincial funding and tuition fees was \$132.3M in 2023-2024 and will rise to over \$142.5M in 2024-2025. This situation has been compounded in recent months by financial pressures caused by the repeal of Bill 124, with the impact on the University's payroll expected to be in the tens of millions of dollars in 2024-2025.

Over the past few months, we have made significant efforts to address the challenges of international student recruitment. These challenges include increased competition for these individuals, the ramifications of geopolitical tensions on applications from potential students from China and India (for example), and more recently, the ceiling on study permits. We have also launched several other initiatives that aim to boost admissions to our undergraduate and graduate programs, and to increase enrolment in summer courses.

Thanks to these efforts, the 2024-2025 budget forecasts a \$45.1M (6.9%) increase in revenue from tuition and other fees compared to the previous budget year. We have also made efforts to rationalize spending in the teaching and research sectors, and we expect to see savings of \$9.3M over the coming year. The 2024-2025 budget projects an operating deficit of \$18.0M (1.7% of expenditures). The Ancillary Fund and the Restricted Funds (Research and Other) are nearly balanced, while the Capital Fund and Sinking Fund show a surplus of \$19.7M. In the consolidated statements, and after accounting for adjustments for changes in the value of net assets invested in capital assets and for changes in value of employee future benefits, the budget shows a positive surplus of revenues over expenses of \$11.5M.

So despite a challenging financial context and the budgetary choices it imposes, the 2024-2025 budget will help us achieve the objectives of our strategic plan and help ensure the University's financial sustainability.



# TRANSFORMATION 2030 Strategic Plan

## Strategic pillars

### MORE AGILE

*Succeeding in a world where change is the only constant*

In this digitally driven era of ceaseless change, our diligent stewardship of the wisdom of the past must not distract us from the urgency of present and future imperatives.

### MORE IMPACT

*Working together to build a better world*

In the world's great universities, students, faculty and staff are driven by a burning desire to make a difference.

### MORE SUSTAINABLE

*Securing our shared future*

Whether we limit our definition of sustainability to the environmental realm, or expand it to include sustained financial viability, sustainability is non-negotiable.

### MORE CONNECTED

*Becoming leaders in our global village*

As academics, we are both in the world and of it, and today that world is becoming ever more densely tangled and interconnected.



## Key aspirations

### TRANSFORMATIVE LEARNING

We are very conscious of the need to prepare our students, whatever their field of study. We will favour inclusive, innovative and nimble teaching, nourished by best practices in pedagogy.

### SUSTAINED COMMITMENT TO OUR COMMUNITY

We will demonstrate a strong commitment to our community, in our respect for its values as much as in our generous sharing of the fruits of our activity.

### OUTSTANDING LEADERSHIP AND MANAGEMENT

We wish to remain an employer of choice and are highly attuned to the fact that our success is built on the contributions of our talented and dedicated staff.

### VIBRANT FRANCO-ONTARIAN AND FRANCO-CANADIAN CULTURE

We consider our commitments towards Franco-Ontarian and Franco-Canadian culture to be elemental, and we wish to play a frontline role in the broader intercultural French-speaking world.

### CUTTING-EDGE RESEARCH

We will conduct cutting-edge, high-quality research, in which intellectual worth and practical application are both valued and celebrated.

### EFFECTIVE GOVERNANCE

We will govern ourselves with rigour and transparency, focusing on the quality and value of administrative services from the user's point of view.





## Vision, mission and values

### Our vision

The University of Ottawa will offer an unparalleled university experience and, through outstanding teaching and research, play a vital role in defining the world of tomorrow. We will instil in each of our graduates an ethic of service, a culture of engagement and an awareness of shared responsibility that will prepare them for global citizenship.

### Our mission

We are unique because of our location in the heart of the nation's capital, our bilingualism and commitment to the promotion of French culture in Ontario, and the excellence of our scholarship. As a research-intensive university, we provide our students with an outstanding education and enrich the intellectual, economic and cultural life of Canada, helping our country play an important and valued role among the nations of the world.

### Our values

The core values that define and inspire us:

*We put students at the centre of our educational mission.*

All our efforts aim to encourage our students to expand their knowledge, discover their creativity, and develop their critical thinking skills. Our objective is to prepare well-rounded individuals who are dedicated citizens capable of contributing to society and becoming leaders.

*We foster the individual and collective development of our staff.*

We encourage and enable the personal growth and well-being of our employees. We aim to create an environment in which they will find fulfilment and mutual respect, one that is collegial, collaborative and open.

*We exist in order to create and share knowledge.*

We seek excellence in both learning and discovery. That is how our reputation has been built, and how it will be maintained and enhanced.

*We have the responsibility of promoting bilingualism and Francophone communities.*

We play a pivotal role in advancing bilingualism while offering outstanding programs and services specifically designed for Francophones. We provide leadership on language issues and for Francophone communities in Ontario, across Canada and around the world.

*We value and teach an ethic of service and civic responsibility.*

We help forge a stronger society by combining scholarship and social purpose. We value service to others and foster community partnerships in learning and discovery. We are committed to academic freedom, equality, cultural diversity, integrity, respect for others, and sustainable development.



## Current and future challenges

Several external factors are significantly affecting the University's financial situation and are inevitably influencing our budgetary choices. Some of these factors are summarized below.

- **Report by the Blue Ribbon Panel on Financial Sustainability in the Post-Secondary Education Sector in Ontario and Ministry of Colleges and Universities (MCU) grants:** In March 2023, the Ontario government appointed a panel of experts to make recommendations aimed at ensuring the long-term financial sustainability of Ontario's colleges and universities. In its report, released in the fall of 2023, the Blue Ribbon Panel recommended a 5% increase in tuition fees in 2024-2025 for Canadian students and permanent residents, and subsequent annual increases equal to the growth rate of the Consumer Price Index (or a minimum of 2%). For operating grants to colleges and universities, the Blue Ribbon Panel recommended a 10% increase in 2024-2025, followed by annual growth equal to the increase in the Consumer Price Index or 2%, whichever is greater. It also recommended increased funding for French-language education and bilingualism grants.

The government responded to the Blue Ribbon Panel's report on February 27, 2024, announcing some increases in

grants to colleges and universities, although they fell well short of what was recommended. General funding for post-secondary institutions will rise by \$700M over the next three years. Although the allocation criteria had not been confirmed by the time the University's budget was prepared, this additional funding could amount to approximately \$8M for uOttawa in 2024-2025. The shortfall resulting from the effective freeze on direct MCU grants since 2017 is estimated at \$67.2M in 2024-2025.

The government also announced a total of \$203M in funding over three years for institutions in greater financial difficulty. The criteria for allocating that amount had not been confirmed by the time the University budget was prepared. To date, no additional funding for Francophone and bilingual institutions has been announced. For several years now, annual funding from the Ontario government to support the University's bilingual mission has hovered around \$30M, while the additional costs associated with the University's bilingual mission were recently estimated at \$109M.

- **Tuition fees:** The Ontario government imposed a 10% reduction in tuition fees for Canadian students and permanent residents in 2019-2020 and a tuition freeze for 2020-2021. That freeze has been maintained for Ontario residents since 2021-2022, with maximum increases of 5% permitted for Canadian students and permanent residents from other provinces. In February 2024, the government announced that the tuition freeze would be extended for at least three more years, until the end of the 2026-2027 academic year. The impact of the tuition reduction and freeze on the University's annual revenues in 2024-2025 is pegged at \$75.3M, and is expected to rise to over \$92M in 2026-2027.



- **Cap on study permits:** Last January, the federal government announced a 35% reduction in the number of study permits it would issue in 2024-2025 compared to the previous year. This announcement was in response to a meteoric rise in the number of international students across the country in recent years. In Ontario, however, such growth has been much more pronounced at colleges than at universities. Federal study permits are allocated to the provinces based on population, with each province then allocating a proportion of these to each of its institutions. Under this new system, international students must obtain a letter of attestation from the provincial government. The letter, linked to an offer of admission from a post-secondary institution, must accompany all study permit applications.

At the time of preparing this budget, we expect that the quota allocated to the University of Ottawa for 2024-2025 will be sufficient to allow all international students who have accepted an offer of admission to obtain a letter of attestation from the province. Hence, these students would be able to apply for a study permit. However, the time required to implement this new policy, as well as the ramifications on application processing times, could adversely affect international student enrolment in the Fall 2024 term.
- **Federal government funding:** The 2024 federal budget included substantial investment in the post-secondary education sector. The largest amounts included: \$825M over five years for master's, doctoral and postdoctoral scholarships; a five-year, \$1.8B increase in funding for the three federal granting agencies (Natural Sciences and Engineering Research Council of Canada, Social Sciences and Humanities Research Council of Canada, and Canadian Institutes of Health Research); major investment in artificial intelligence, part of which will benefit the university research sector; and targeted investment in research infrastructure, student housing, student financial aid and access to post-secondary education for Indigenous students.



- **Repeal of Bill 124:** In 2019, the Ontario government passed Bill 124, which capped salary increases for public sector workers at 1% a year for three years. When the Bill was repealed by the courts, the University embarked on salary renegotiations with several of its employee groups. Some agreements were finalized in the fall of 2023, while other negotiations were still under way as we were drafting the 2024-2025 budget. One thing is certain: these salary renegotiations significantly impact the University's finances. On the one hand, they generate retroactive salary payments running into the tens of millions of dollars. On the other, retroactive salary increases increase the University's total estimated wage bill up for 2024-2025, translating into major financial pressures not only for the fiscal year just starting, but also over the next few years.
- **Inflation:** Although inflation has eased over the past year, it remains relatively high. It has a significant impact on the cost of a large number of goods and services the University must procure. These include not only utilities, software licences and Library collection renewals, but also IT equipment, audiovisual equipment and building maintenance and repair services.

## Future challenges

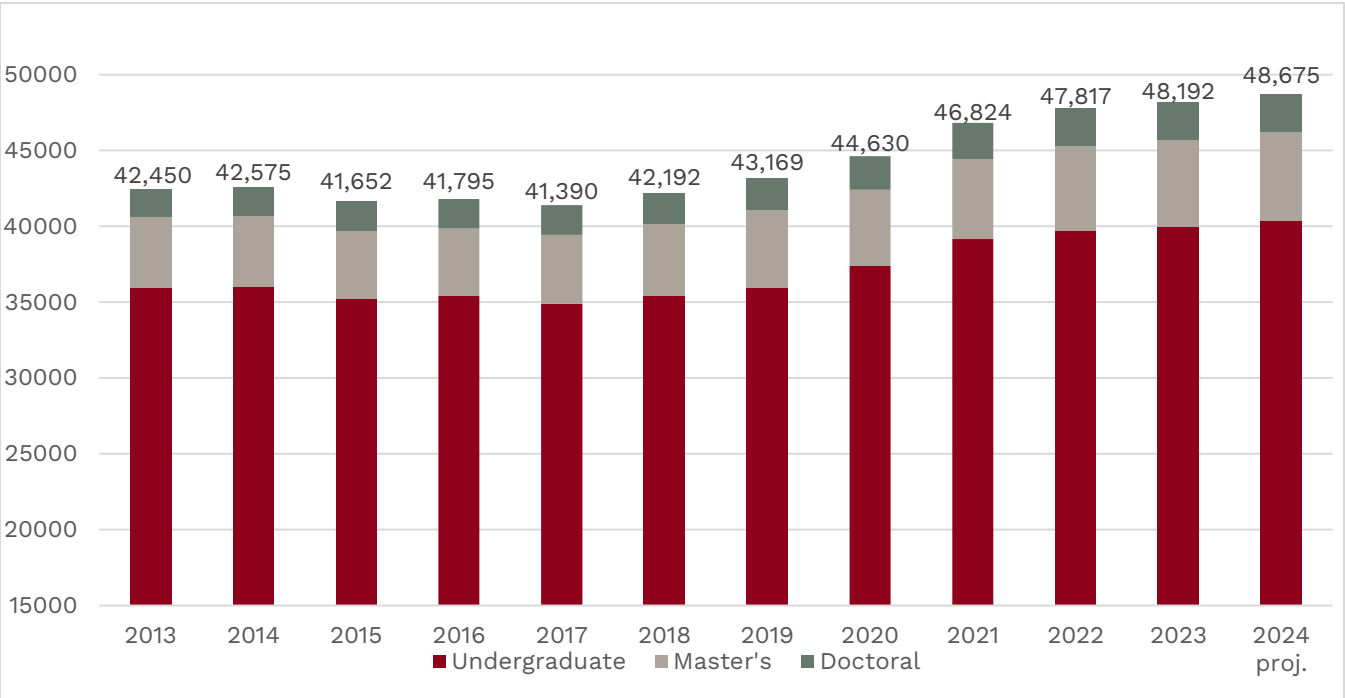
Future financial pressures on the University, and the measures to be implemented to address them, primarily revolve around: enrolment management and its impact on revenues, scholarship and financial aid programs; the need to improve the effectiveness and efficiency of administrative services; and long-term commitments associated with the pension plan and deferred maintenance of buildings and technological infrastructure.

- **Enrolment:** The University has faced significant challenges in recruiting international students over the past two years. In the fall of 2022, delays in processing study permit applications meant that over 400 registered international students were unable to begin their programs at the University of Ottawa as planned. Those delays disappeared in 2023. However, recruitment issues, owing particularly to geopolitical tensions with China and India, continued in 2023-2024. Other recruitment challenges have also arisen in some of the University's key markets, such as Morocco and Nigeria, where our high tuition fees seem to be a barrier to applications. The recent cumulative increases in tuition fees (net of tuition fee exemption scholarships) for French-speaking international students may have a negative impact on the proportion of those admitted who will actually be enrolled in the fall of 2024. Overall, we anticipate that around 375 fewer international students will enrol in Fall 2024 compared to Fall 2023. To limit the negative impact of high tuition fees on international student enrolment and retention, the University has decided to freeze tuition fees for incoming international students and those entering their second year in 2024-2025.
- In addition, we expect an increase of over 800 Canadian students and permanent residents in Fall 2024. Consequently, as shown in the figure below, total enrolment at the University

is expected to rise to over 48,600 in Fall 2024. The growth in total enrolment observed since 2018 continues, but at a much slower pace than between 2018 and 2022. During that period, enrolment

rose by more than 13%, partially offsetting the financial impact of the tuition fee reduction in 2019 and the subsequent freeze.

ENROLMENT AS OF NOVEMBER 1



As indicated in the figure below, the composition of the student body has also changed considerably over the past decade. Between 2013 and 2024, the proportion of international students rose from 9% to over 20%, and that growth has been much more pronounced on the Francophone side. Whereas French-speaking international students accounted for only around 1% of the student body in 2013, their proportion is set to rise to almost 10% in 2024.

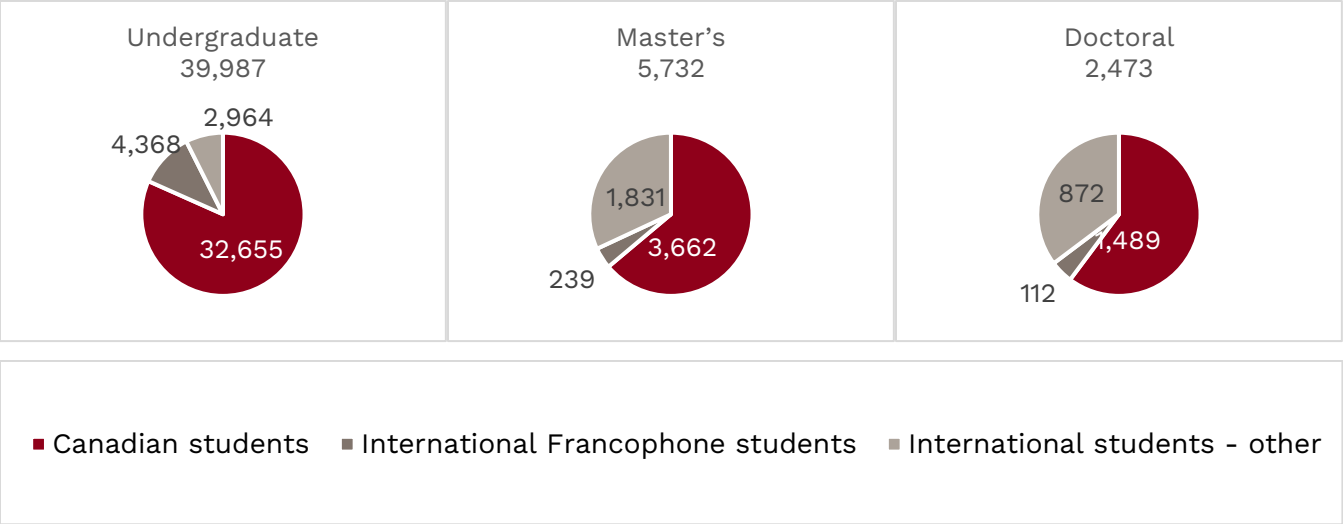
STUDENT DISTRIBUTION

% of students	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024 est.
Graduate studies	15.4	15.5	15.5	15.3	15.7	16.0	16.7	16.2	16.4	17.0	17.0	17.1
Francophone international	1.0	1.8	2.8	3.8	4.6	5.4	6.2	7.1	8.8	9.9	10.5	9.9
International (other)	8.4	9.2	9.2	9.6	10.6	11.5	13.1	12.3	12.0	12.4	11.8	10.7
Total (international)	9.3	11.1	12.0	13.4	15.1	16.9	19.3	19.4	20.8	22.3	22.2	20.6



Tuition fees, net of scholarships, are generally much higher for English-speaking international students than for their French-speaking Canadian or international peers. However, as the figures below illustrate, the proportion of English-speaking international students is much higher at the graduate level. That said, tuition fees, net of scholarships, are lower at the graduate level. The relative concentration of English-speaking international graduate students therefore has a negative impact on average net revenue per student, which poses an additional challenge.

STUDENT DISTRIBUTION BY LEVEL, 2023-2024



- **Scholarships and financial aid:** The total budget for scholarships and financial aid increased by more than 150% between 2019-2020 and 2023-2024, as shown in the table below. A large part of this increase stems from the creation in 2021-2022 of the exemption scholarship for French-speaking international students, in lieu of the differential tuition fee exemption. Under this new system, French-speaking international students pay the same tuition fees as other international students, but receive a tuition fee exemption scholarship. During the transition to the new system, an additional cohort will receive this scholarship each year, which will

increase the cost of the scholarship budget. The transition period will end in 2024-2025 with the arrival of the fourth cohort since the inception of the exemption scholarship.

Although changes have been implemented in recent years to curb the growth of scholarship spending, including the abolition of the undergraduate merit scholarship and the introduction of caps on the number of doctoral scholarships, we will certainly need to undertake a comprehensive review of scholarship programs and consequent reforms as part of ongoing budget restructuring efforts.

## SCHOLARSHIPS AND FINANCIAL AID

(\$ thousands)	2019-2020	2020-2021	2021-2022	2022-2023	2023-2024	2024-2025
Admission scholarships for undergraduates	11,477	15,481	18,557	15,521	13,627	9,173
Francophone international students	2,348	3,793	39,322	69,185	93,665	114,637
Admission and merit scholarships for graduate students	14,791	15,263	10,310	4,089	7,530	6,670
Admission scholarships for doctoral students	0	0	8,565	13,657	15,081	14,300
Scholarships for international doctoral students	3,655	4,918	6,493	8,452	11,303	10,500
Other international graduate scholarships	1,853	1,438	419	32	3	0
Support for dependants	3,396	3,189	3,485	3,461	3,550	3,850
Financial aid	20,945	21,703	21,744	22,149	22,719	22,069
Other	10,657	9,737	10,738	12,834	8,060	8,445
<b>Total</b>	<b>69,122</b>	<b>75,522</b>	<b>119,633</b>	<b>149,380</b>	<b>175,538</b>	<b>189,644</b>

- Administrative service improvement program:** The University has joined UniForum's multi-year benchmarking program to assess its performance in delivering administrative services to students and staff compared to other Canadian and international universities. Based on the findings of these analyses, the University is designing a continuous improvement program for administrative services, with the aim of enhancing student and staff satisfaction while increasing the effectiveness and efficiency of services. Ultimately, the program will support the continuous improvement of services and the University's financial sustainability.
- Pension plan:** Contributions to the defined benefits pension plan represent significant expenditures that are included in salaries and benefits. The pension plan is currently in a healthy position, with a going concern ratio of 123% and a solvency ratio of 116%, as of October 1, 2023. An actuarial valuation was filed on October 1, 2023, enabling us to maintain the current contribution levels until 2026.

- **Deferred maintenance on buildings and technology infrastructure:** Many older buildings require major renovations and maintenance. Over the next few years, the University will need to focus on maintaining and renovating its existing facilities. The Facilities Renewal Improvement Program will see \$20.6M in spending in 2024-2025, despite our current budget challenges. A total of \$21.1M on average has been allocated to the program over the past five years. The Ministry of Colleges and Universities also provides an annual grant for facilities renewal, which in 2024-2025 will amount to \$6M.
- **Imposition of financial thresholds by the Ontario government:** The Ministry of Colleges and Universities has established a series of financial indicators and thresholds to calculate, for example, net revenues, indebtedness and institutional assets, for monitoring and control purposes. The University's performance against these indicators will be closely monitored in the years ahead. Note that the University's financial performance is also periodically assessed by credit agencies, which could potentially affect the University's borrowing costs. However, in light of the most recent credit agency assessments, conducted in the fall of 2023, the University's credit rating remained stable.

## Conclusion

The 2024-2025 budget is a starting point in the implementation of a series of measures to ensure the University's long-term financial sustainability. Over the course of 2024-2025, we will be creating revenue-generating initiatives for every area of the University, including traditional programs, professional training, distance teaching and learning, research, ancillary services and other revenue-generating services. A comprehensive review of scholarship and financial aid programs will also be carried out to better align them with our priorities in terms of strategic enrolment management. Lastly, the University will pursue its efforts to improve administrative services, and it will take additional steps to optimize spending.

## Budget Process

The strategic plan forms the basis for the budget process at the University of Ottawa—a participatory process bringing together decision makers and unit managers to ensure alignment with the University’s directions in terms of teaching and research quality.



### Roles and responsibilities

The Board of Governors is responsible for ensuring that the budget is consistent with the University’s objectives and for giving final approval.

The <b>Board of Governors’ Finance and Treasury Committee</b> (finance section) oversees the University’s budget and finances. It also recommends the University’s budget to the Board of Governors.	The <b>Administration Committee</b> presents a budget proposal that is in lockstep with the University’s objectives, and recommends its approval to the Finance and Treasury Committee (finance section).	The <b>Standing Budget Committee</b> recommends, to University management, a budget philosophy, principles and approach, as well as financial resource allocation methods for achieving a balanced budget. It also analyzes and assesses expenditures on a regular basis.
--	---	---

### Budget updates

Budget updates track changes in actual revenues and expenditures against the planned budget. They are submitted to the Board of Governors twice annually once enrolment figures have been officially updated. The first update uses actual data as of October 31, and the second, actual data as of January 31. In addition to monthly budget tracking, these two updates are used to validate revenue and expenditure trends and, if need be, make any necessary adjustments.

### Final budget results

In conjunction with the preparation of audited consolidated financial statements, actual financial results are compiled on a budget basis to analyze variances between actual performance and the budget. The outcome of those analyses is submitted to the Board of Governor’s Finance and Treasury Committee and to the Board of Governors in September of each year.



## Fund Descriptions and Linkages

The University of Ottawa uses the fund accounting method for its budget operations. Each fund has a primary purpose, with revenue and expenses allocated to specific purposes to meet the funding conditions set by the funding sponsors. Budget requirements differ depending on the type of fund.

The **Operating Fund** consists of financial resources that can be used without external restrictions to achieve the University's objectives of teaching, research and community service.



The **Ancillary Services Fund** consists of financial resources intended for activities that complement the University's main research and teaching endeavours. It includes self-funded services such as food services, residences, the University of Ottawa Press and parking.

**Restricted Funds** are monies that have specific conditions attached by the donor and can only be used for non-reciprocal activities such as research projects and research chairs. Projects are subject to the rules and policies of the granting agencies and the University, particularly with respect to requirements for managing eligible research expenditures. Other activities include scholarships awarded by donors. The University of Ottawa has two Restricted Funds:

- Restricted Fund – Research
- Restricted Fund – Other.

The **Endowment Fund** is used to capitalize donations received by the University and to redistribute the resulting income. The capital must be preserved and, in general, the proceeds from it can be used only for the purposes specified by the donor.

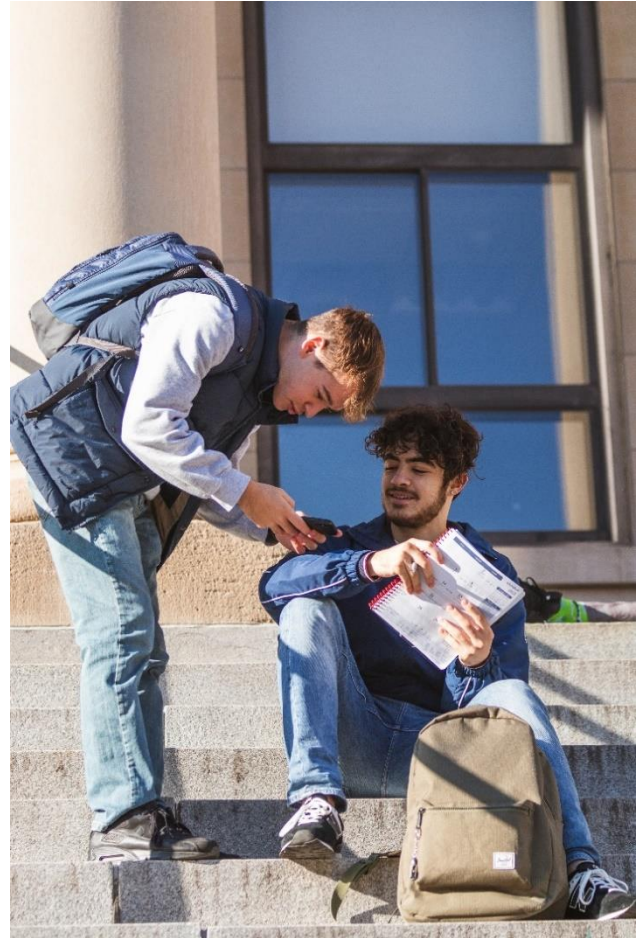
The **Capital Fund** consists of monies used for capital expenditures (e.g., land and building acquisitions, facility construction, major renovations). It is financed through grants, donations, loans and transfers from other funds.

The **Sinking Fund** contains monies that are set aside to repay capital on debentures at maturity (over \$600M). It is funded through investment income and Operating Fund transfers.

Each fund holds the net resources available to meet its current and future obligations.

Although all of the funds are separate, interfund transfers can be made during the year, depending on funding agreements. The main authorized transfers are as follows:

- Acquisitions of capital assets funded by the Operating Fund, the Ancillary Services Fund and the Restricted Funds (Research and Other) must be accounted for in the Capital Fund through an interfund transfer between the originating fund and the Capital Fund.
- The Operating Fund is used to contribute in various ways to research activities at the University, e.g., start-up funding and support for research chairs. The amounts are recorded as interfund transfers from the Operating Fund to the Restricted Fund – Research.



## 2024-2025 Budget (details by fund in \$ thousands)

	Operating Fund	Ancillary Services	Restricted Fund – Research	Restricted Fund – Other	Capital Fund and Sinking Fund	Total
<b>Revenue</b>						
Tuition and other fees	696,281	1,441	-	-	-	<b>697,722</b>
Operating grants	351,246	478	-	-	-	<b>351,724</b>
Restricted grants and contracts	-	-	195,830	91,096	6,500	<b>293,426</b>
Investment income	25,217	-	200	12,707	9,023	<b>47,147</b>
Sales of goods and services	7,825	15,769	3,817	3,833	-	<b>31,244</b>
Student housing	-	30,423	-	-	-	<b>30,423</b>
Donations	549	-	2,535	11,145	-	<b>14,229</b>
Other	18,554	4,425	400	3,500	136,503	<b>163,382</b>
<b>Total revenue</b>	<b>1,099,672</b>	<b>52,536</b>	<b>202,782</b>	<b>122,281</b>	<b>152,026</b>	<b>1,629,297</b>
<b>Expenses</b>						
Salaries	580,263	10,119	60,877	84,790	-	<b>736,049</b>
Benefits	112,335	1,881	8,443	12,640	-	<b>135,299</b>
Scholarships and financial aid	189,646	5	34,168	9,871	-	<b>233,690</b>
Library acquisitions	17,820	-	117	118	-	<b>18,055</b>
Procurement – goods and services	35,560	10,422	43,923	2,368	-	<b>92,273</b>
Maintenance, repairs and utilities	39,426	10,761	-	-	178,959	<b>229,146</b>
Travel	7,571	162	5,081	1,325	-	<b>14,139</b>
Professional fees and contractual services	55,503	288	6,738	6,383	-	<b>68,912</b>
Interest and bank fees	24,826	620	7	83	-	<b>25,536</b>
Inter-institutional agreements	1,537	-	41,874	2,827	-	<b>46,238</b>
Other	21,138	1,633	1,086	1,829	-	<b>25,686</b>
<b>Total expenses</b>	<b>1,085,625</b>	<b>35,891</b>	<b>202,314</b>	<b>122,234</b>	<b>178,959</b>	<b>1,625,023</b>
<b>Budget balance before interfund transfers</b>	<b>14,047</b>	<b>16,645</b>	<b>468</b>	<b>47</b>	<b>(26,933)</b>	<b>4,274</b>
<b>Interfund transfers</b>						
Transfers – capital projects	(20,900)	-	(3,564)	-	24,464	-

	Operating Fund	Ancillary Services	Restricted Fund – Research	Restricted Fund – Other	Capital Fund and Sinking Fund	Total
Transfers – internal debt	(742)	(5,879)	-	-	6,621	-
Transfers – capital reserves	(5,531)	(10,061)	-	-	15,592	-
Transfers – research support and other	(4,920)	38	6,205	(1,323)	-	-
<b>Total interfund transfers</b>	<b>(32,093)</b>	<b>(15,902)</b>	<b>2,641</b>	<b>(1,323)</b>	<b>46,677</b>	<b>-</b>
<b>Budget balance</b>	<b>(18,046)</b>	<b>743</b>	<b>3,109</b>	<b>(1,276)</b>	<b>19,744</b>	<b>4,274</b>
<b>Change in net assets invested in capital assets</b>						<b>(9,441)</b>
<b>Adjustments for future benefits</b>						<b>16,707</b>
<b>Surplus of revenue over expenses as per financial statements</b>						<b>11,540</b>



## Budget in the form of financial statements in accordance with Canadian accounting standards for not-for-profit organizations

Pro Forma Consolidated Statement of Operations, Year Ending April 30  
(in \$ thousands)

	<b>2024-2025 Initial budget</b>		<b>2023-2024 Projected</b>	
<b>Revenue</b>				
Tuition and other fees	697,722	\$	646,926	\$
Operating grants	341,092		343,532	
Restricted grants and contracts	286,797		248,094	
Sales of goods and services	31,244		30,405	
Student housing	30,423		26,344	
Donations	14,511		17,110	
Investment income	47,147		52,641	
Other	37,511		24,724	
	1,486,447		1,389,776	
<b>Expenses</b>				
Salaries and benefits	860,251		851,670	
Scholarships and financial aid	228,080		199,361	
Cost of goods and services	85,417		58,595	
Maintenance, repairs and utilities	50,187		46,071	
Professional fees and contractual services	68,912		49,691	
Inter-institutional agreements (research and other)	46,238		45,518	
Travel	14,139		14,643	
Interest and bank fees	25,536		28,995	
Depreciation of capital assets	72,765		72,438	
Other	23,382		31,179	
	1,474,907		1,398,162	
<b>Surplus of revenue over expenses</b>	11,540	\$	(8,396)	\$

For the fiscal year ending April 30, 2025, the University projects a surplus of revenue over expenses of \$11.5M, compared to a projected surplus of expenses over revenue of (\$8.4M) as of April 30, 2024.

Reconciliation between the financial statements and the budget

	Initial budget (2024-2025)	Projected (2023-2024)
Budget balance	4,274	(18,231)
Change in net assets invested in capital assets*	(9,441)	21,291
Adjustment for employee future benefits**	16,707	16,707
Surplus of revenue over expenses (expenses over revenues) as per consolidated financial statements	<b>11,540</b>	<b>(8,386)</b>

\* For details on the change in net assets invested in capital assets, see Note 14 in the audited financial statements for 2022-2023 (actual).

\*\* For details on the adjustment for employee future benefits, see Note 6 in the audited financial statements for 2022-2023 (actual). The data used for the 2023-2024 projections and the 2024-2025 initial budget is drawn from the five-year projection established by our actuaries in winter 2024.

## Operating Fund 2024-2025 (in \$ thousands)

	Operating Fund	Ancillary Services	Restricted Fund – Research	Restricted Fund – Other	Capital Fund and Sinking Fund	Total
<b>Revenue</b>						
Tuition and other fees	696,281	1,441	-	-	-	697,722
Operating grants	351,246	478	-	-	-	351,724
Restricted grants and contracts	-	-	195,830	91,096	6,500	293,426
Investment income	25,217	-	200	12,707	9,023	47,147
Sales of goods and services	7,825	15,769	3,817	3,833	-	31,244
Student housing	-	30,423	-	-	-	30,423
Donations	549	-	2,535	11,145	-	14,229
Other	18,554	4,425	400	3,500	136,503	163,382
<b>Total revenue</b>	<b>1,099,672</b>	<b>52,536</b>	<b>202,782</b>	<b>122,281</b>	<b>152,026</b>	<b>1,629,297</b>
<b>Expenses</b>						
Salaries	580,263	10,119	60,877	84,790	-	736,049
Benefits	112,335	1,881	8,443	12,640	-	135,299
Scholarships and financial aid	189,646	5	34,168	9,871	-	233,690
Library acquisitions	17,820	-	117	118	-	18,055
Procurement – goods and services	35,560	10,422	43,923	2,368	-	92,273
Maintenance, repairs and utilities	39,426	10,761	-	-	178,959	229,146
Travel	7,571	162	5,081	1,325	-	14,139
Professional fees and contractual services	55,503	288	6,738	6,383	-	68,912
Interest and bank fees	24,826	620	7	83	-	25,536
Inter-institutional agreements	1,537	-	41,874	2,827	-	46,238
Other	21,138	1,633	1,086	1,829	-	25,686
<b>Total expenses</b>	<b>1,085,625</b>	<b>35,891</b>	<b>202,314</b>	<b>122,234</b>	<b>178,959</b>	<b>1,625,023</b>
<b>Budget balance before interfund transfers</b>	<b>14,047</b>	<b>16,645</b>	<b>468</b>	<b>47</b>	<b>(26,933)</b>	<b>4,274</b>
<b>Interfund transfers</b>	<b>(32,093)</b>	<b>(15,902)</b>	<b>2,641</b>	<b>(1,323)</b>	<b>46,677</b>	<b>-</b>
<b>Budget balance</b>	<b>(18,046)</b>	<b>743</b>	<b>3,109</b>	<b>(1,276)</b>	<b>19,744</b>	<b>4,274</b>

	<b>2023-2024 Budget</b>	<b>2023-2024 Actual Projected</b>	<b>2024-2025 Budget</b>
<b>Revenue</b>			
Tuition and other fees	651,188	645,484	<b>696,281</b>
Grants	331,113	331,113	<b>351,246</b>
Investment income	28,934	34,400	<b>25,217</b>
Sales of goods and services	8,206	8,206	<b>7,825</b>
Unrestricted donations	513	597	<b>549</b>
Other	17,324	17,324	<b>18,554</b>
<b>Total revenue</b>	<b>1,037,278</b>	<b>1,037,124</b>	<b>1,099,672</b>
<b>Expenses</b>			
Salaries – teaching staff	268,339	296,503	<b>288,344</b>
Salaries – support staff	246,099	246,888	<b>263,310</b>
Salaries – students	28,505	28,505	<b>28,609</b>
Benefits	102,534	106,297	<b>112,335</b>
Scholarships and financial aid	175,539	163,331	<b>189,646</b>
Library acquisitions	18,185	18,185	<b>17,820</b>
Procurement – goods and services	35,246	35,246	<b>35,560</b>
Maintenance, repairs and utilities	35,792	35,822	<b>39,426</b>
Travel	7,174	7,174	<b>7,571</b>
Professional fees and contractual services	36,901	36,901	<b>55,503</b>
Interest and bank fees	28,167	28,167	<b>24,826</b>
Inter-institutional agreements	1,543	1,543	<b>1,537</b>
Other	24,991	24,991	<b>21,138</b>
<b>Total expenses</b>	<b>1,009,015</b>	<b>1,029,553</b>	<b>1,085,625</b>
<b>Budget balance before interfund transfers</b>	<b>28,263</b>	<b>7,571</b>	<b>14,047</b>
Interfund transfers	<b>(38,848)</b>	<b>(40,034)</b>	<b>(32,093)</b>
<b>Budget balance</b>	<b>(10,585)</b>	<b>(32,463)</b>	<b>(18,046)</b>



## Revenue analysis

### Tuition

In 2019-2020, tuition fees were reduced by 10% from 2018-2019 levels for Canadian students and permanent residents, in line with the Ontario government's regulatory framework. Tuition fees in 2020-2021 were unchanged from 2019-2020. The University of Ottawa decided that for 2019-2020 and 2020-2021, it would extend the 10% domestic tuition fee reduction and freeze to qualifying international students, i.e., those studying in French. The Ontario government announced that, for 2021-2022, 2022-2023, 2023-2024 and 2024-2025, tuition fees for Ontario residents (with some exceptions) would remain frozen at 2019-2020 levels. Since 2023-2024, the Ministry of Colleges and Universities has allowed institutions to propose increases in tuition for incoming students in up to three disciplines for which tuition fees in 2022-2023 were more than 15% below the sector average. Consequently, tuition fees for undergraduate programs in management (46% below the average), engineering (22% below) and common law (21% below) were raised by 7.5%, as permitted under the regulatory framework. They will be increased again by 7.5% in 2024-2025.



The Ministry also gave institutions the leeway to increase tuition fees for out-of-province students by up to 3% in 2021-2022, and by up to 5% per year since 2022-2023. The University of Ottawa did not exercise that option in 2021-2022, but did in 2022-2023 and in 2023-2024, and will do so again in 2024-2025. Tuition fees for international students remain unregulated. After consultation and discussion, the University of Ottawa recommends the following measures for 2024-2025:

- Tuition will remain frozen for Canadian and permanent-resident students who live in Ontario. However, tuition will increase by 7.5% for students enrolling in management, engineering or common law who are incoming undergraduate students or returning 2023-2024 students.
- Tuition fees will increase by 5% for Canadian and permanent-resident undergraduate and graduate students who do not live in Ontario.
- Tuition fees will increase by 4.5% for international students enrolling in the third year or above of an undergraduate program.
- Tuition will remain the same for international students enrolling in first and second years of an undergraduate program, for all international master's students, and for all doctoral students.

(in \$ thousands)	2023-2024 Actual Projected	2024-2025 Budget	Difference
Tuition and other fees	645,484	696,281	50,797
Scholarships and financial aid	163,331	189,646	26,315
Net	482,153	506,635	24,482

The table above shows a \$50.8M increase in tuition fees compared to 2023-2024, offset by a net increase in scholarships and financial aid to the tune of \$24.5M. The relatively large increase in expenses for scholarships and financial aid is mainly due to the 2021 change in the handling of tuition fees for international students studying in French, who are now charged the same fees as those studying in English but receive a scholarship that reduces the net cost of their tuition. This change, initiated in 2021, was gradual since it only affected newly admitted cohorts. Consequently, the full impact of the new system on scholarship expenses will not be felt until 2024-2025.

Grants

In 2024-2025, government grants will increase by \$20.1M. However, more than half this increase is due to a change in accounting for a \$10.6M grant allocated to the Faculty of Medicine to cover honorariums billed by hospitals. Contrary to earlier practices, this grant is now reported as an Operating Fund grant. If we exclude this amount, the actual increase is \$9.5M.

In February 2024, the Ontario government announced increases in operating grants for the province’s colleges and universities. We therefore anticipate an \$8.1M increase in our operating grants. Even so, in 2024-2025, Ontario government grants will cover less than one third of our operating costs.

Investment income

The University estimates its investment income based on the expected rate of return as described in its investment policy. Return on long-term investments is currently estimated at 3%, and on short-term investments, 4%, yielding an investment income of \$25.2M.

The University holds a stabilization reserve to hedge against volatility in its annual investment returns. Investment returns above targets are used to increase the stabilization reserve to a pre-determined ceiling. The University draws down the reserve if investment returns are lower than expected.



Expenditure analysis

To meet the financial challenges facing the University, the 2024-2025 budget reduces the base budgets of the faculties by \$4.5M. This reduction is in addition to the recurring \$6.6M reduction in faculty base budgets implemented in 2023-2024. Despite this tightening, total operating expenses will increase by \$76.6M over the 2023-2024 initial budget. This increase is due especially to a higher wage bill caused by the repeal of Bill 124, as well as increases in the scholarship and financial aid budget.

Compensation

The 2024-2025 budget provides for economic increases in addition to progress-through-the-ranks increases, in accordance with the collective agreements currently in place and mandates approved by the Executive Committee of the Board of Governors. These increases are in addition to retroactive salary increases resulting from the repeal of Bill 124, which capped salary increases for public sector workers at 1% a year for three years. These retroactive salary increases will exert considerable financial pressure in 2024-2025. Compared to the initial budget for 2023-2024, salaries for teaching staff will increase by \$20M, and those for support staff by \$17.2M. Overall, salary and benefit expenditures will total \$692.6M in 2024-2025, which is nearly 64% of operating expenses. This represents an increase of \$47.1M over corresponding amounts in the 2023-2024 initial budget.

Scholarships and financial aid

The scholarship and financial aid budget has increased by \$14.1M compared to the 2023-2024 initial budget, mainly due to the arrival of the fourth cohort subject to the new scholarship system for international students studying in French. The scholarship amount for students entering in 2024-2025 will be the same as in 2023-2024. Since tuition fees for incoming international students will also be frozen in 2024-2025, the tuition fees net of scholarships paid by those students will also remain the same as in 2023-2024.

Other expenses

Maintenance, repairs and utilities expenses have increased by \$3.6M, or 10.2%, compared to the 2023-2024 budget. This increase is partly due to high inflation in the utilities sector. The budget for professional fees and contractual services is \$18.6M higher than in 2023-2024. However, this sharp increase is mainly due to changes in accounting practices for certain expenditures totalling \$14.5M. For example, hospitals sent a \$10.6M bill for honorariums to the Faculty of Medicine, which is now recorded under professional fees and contractual services in the Operating Fund.



## Interfund transfers

It is well known that governments underfund research and capital expenditures. As a result, every year, monies are transferred from the Operating Fund to other funds, particularly to the Restricted Fund – Research and the Capital Fund. Total interfund transfers from the Operating Fund will amount to \$32M in 2024-2025, compared to nearly \$39M in 2023-2024.

(in \$ thousands)	Operating Fund	Ancillary Services	Restricted Fund – Research	Restricted Fund – Other	Capital Fund and Sinking Fund	Total
Transfers – capital projects	(20,900)	-	(3,564)		24,464	-
Transfers – internal debt	(742)	(5,879)	-	-	6,621	-
Transfers – Sinking Fund and capital reserve	(5,531)	(10,061)	-	-	15,592	-
Transfers – research support and other	(4,920)	38	6,205	(1,323)	-	-
	<b>(32,093)</b>	<b>(15,902)</b>	<b>2,641</b>	<b>(1,323)</b>	<b>46,777</b>	<b>-</b>



*Transfers – capital projects*

Transfers for capital projects, totalling \$24.5M, come mainly from the Operating Fund (\$20.9M) to support the Facilities Renewal Improvement Program (\$20.6M). A total of \$3.6M from the Restricted Fund – Research, i.e., monies received from the Canada Foundation for Innovation, will be used to cover research-related capital expenses.

*Transfers – internal debt*

Internal debt transfers, totalling \$6.6M, will be used to repay interest and capital on long-term loans taken out in previous fiscal years for faculties and services and funded through Capital Fund reserves or debentures.

*Transfers – Sinking Fund and capital reserve*

Transfers to the Sinking Fund, totalling \$5M, will be used to accumulate the capital required to reimburse Series A, B, and C unsecured debentures (\$650M) when they mature in 2043, 2046 and 2060, respectively.

Ancillary Services transfers funds to the capital reserve to set aside monies needed for deferred maintenance of housing, parking, food services and Community Life infrastructure.

*Transfers – research support*

Transfers – research support, totalling \$6.2M, are funds transferred from the Operating Fund to the Restricted Fund – Research (\$16.0M) and from Restricted Fund – Research to the Operating Fund (\$9.8M).





Details of the transfers – research support are provided in the table below:

(in \$ thousands)

Contribution to the Tri-Agency (SSHRC, NSERC and CIHR) Canada Research Chair (CRC) program	<b>1,177</b>
Funding for the University Research Chair (URC) program	1,100
Funding for Early Career Researcher of the Year Awards (BNC) program	244
Funding for Chaires de recherche sur le monde francophone (CRMf) program	325
Funding for the Distinguished Research Chairs (DRC) program	70
Funding for University of Ottawa research centres and institutes	1,325
Research development programs and participation in NSERC CREATE and SSHRC Partnership grants	933
Funding for the Seed Funding Opportunity program for new researchers at the University of Ottawa	4,708
Funding for the support program for major research infrastructure projects funded by government programs (e.g., Canada Foundation for Innovation)	3,564
Funding for University of Ottawa IT platforms	720
Funding for Banting Postdoctoral Fellowships	30
Other contributions from central administration	370
<b>Total contribution from central administration</b>	<b>14,567</b>
Contribution from faculties and services to support research	1,457
<b>Total interfund transfers from the Operating Fund to the Restricted Fund – Research</b>	<b>16,024</b>
Indirect research costs	(8,219)
Research contract overhead	(1,550)
<b>Total interfund transfers from the Restricted Fund – Research to the Operating Fund</b>	<b>(9,769)</b>
<b>Total interfund transfers for research support</b>	<b><u>6,200</u></b>

### Surplus (deficit)

Before interfund transfers, the Operating Fund shows a surplus of \$14M. Following transfers to other funds (\$32.1M), the balance shows a deficit of \$18M. Despite significant financial pressures in 2024-2025, particularly in terms of payroll, the projected Operating Fund deficit is only slightly higher than the figure we initially budgeted for 2023-2024 (\$10.6M).



## Ancillary Services 2024-2025 (in \$ thousands)

	Operating Fund	Ancillary Services	Restricted Fund – Research	Restricted Fund – Other	Capital Fund and Sinking Fund	Total
<b>Revenue</b>						
Tuition and other fees	696,281	<b>1,441</b>	-	-	-	<b>697,722</b>
Operating grants	351,246	<b>478</b>	-	-	-	<b>351,724</b>
Restricted grants and contracts	-	-	195,830	91,096	6,500	<b>293,426</b>
Investment income	25,217	-	200	12,707	9,023	<b>47,147</b>
Sales of goods and services	7,825	<b>15,769</b>	3,817	3,833	-	<b>31,244</b>
Student housing	-	<b>30,423</b>	-	-	-	<b>30,423</b>
Donations	549	-	2,535	11,145	-	<b>14,229</b>
Other	18,554	<b>4,425</b>	400	3,500	136,503	<b>163,382</b>
<b>Total revenue</b>	<b>1,099,672</b>	<b>52,536</b>	<b>202,782</b>	<b>122,281</b>	<b>152,026</b>	<b>1,629,297</b>
<b>Expenses</b>						
Salaries	580,263	<b>10,119</b>	60,877	84,790	-	<b>736,049</b>
Benefits	112,335	<b>1,881</b>	8,443	12,640	-	<b>135,299</b>
Scholarships and financial aid	189,646	<b>5</b>	34,168	9,871	-	<b>233,690</b>
Library acquisitions	17,820	-	117	118	-	<b>18,055</b>
Procurement – goods and services	35,560	<b>10,422</b>	43,923	2,368	-	<b>92,273</b>
Maintenance, repairs and utilities	39,426	<b>10,761</b>	-	-	178,959	<b>229,146</b>
Travel	7,571	<b>162</b>	5,081	1,325	-	<b>14,139</b>
Professional fees and contractual services	55,503	<b>288</b>	6,738	6,383	-	<b>68,912</b>
Interest and bank fees	24,826	<b>620</b>	7	83	-	<b>25,536</b>
Inter-institutional agreements	1,537	-	41,874	2,827	-	<b>46,238</b>
Other	21,138	<b>1,633</b>	1,086	1,829	-	<b>25,686</b>
<b>Total expenses</b>	<b>1,085,625</b>	<b>35,891</b>	<b>202,314</b>	<b>122,234</b>	<b>178,959</b>	<b>1,625,023</b>
<b>Budget balance before interfund transfers</b>	<b>14,047</b>	<b>16,645</b>	<b>468</b>	<b>47</b>	<b>(26,933)</b>	<b>4,274</b>
<b>Interfund transfers</b>	<b>(32,093)</b>	<b>(15,902)</b>	<b>2,641</b>	<b>(1,323)</b>	<b>46,677</b>	<b>-</b>
<b>Budget balance</b>	<b>(18,046)</b>	<b>743</b>	<b>3,109</b>	<b>(1,276)</b>	<b>19,744</b>	<b>4,274</b>

The Ancillary Services budget funds activities and initiatives that support the University's objectives and play a vital role in the quality of life and student experience on campus. However, those activities and initiatives must be financially viable. To that end, Ancillary Services must be self-sustaining, i.e., each service must generate sufficient revenue to cover its operating expenses and the cost of its capital assets and their replacement. In addition, to support the University's financial sustainability, Auxiliary Services will be called upon to contribute more to the Operating Fund in the future. A review of overhead and other Ancillary Services contributions will be carried out over the coming months.

	<b>2023-2024 Budget</b>	<b>2023-2024 Actual Projected</b>	<b>2024-2025 Budget</b>
<b>Revenue</b>			
Student housing	26,344	26,344	<b>30,423</b>
Sales of goods and services	15,954	15,954	<b>15,769</b>
Tuition and other fees	1,442	1,442	<b>1,441</b>
Grants	601	601	<b>478</b>
Other	3,126	3,126	<b>4,425</b>
<b>Total revenue</b>	<b>47,467</b>	<b>47,467</b>	<b>52,536</b>
<b>Expenses</b>			
Salaries	9,480	9,480	<b>10,119</b>
Benefits	2,167	2,167	<b>1,881</b>
Maintenance, repairs and utilities	10,249	10,249	<b>10,761</b>
Procurement – goods and services	7,823	7,823	<b>10,422</b>
Professional fees and contractual services	373	373	<b>288</b>
Interest and bank fees	748	748	<b>620</b>
Travel	147	147	<b>162</b>
Other	2,969	2,969	<b>1,638</b>
<b>Total expenses</b>	<b>33,956</b>	<b>33,956</b>	<b>35,891</b>
<b>Budget balance before interfund transfers</b>	<b>13,511</b>	<b>13,511</b>	<b>16,645</b>
Interfund transfers	(12,400)	(13,640)	<b>(15,902)</b>
<b>Budget balance</b>	<b>1,111</b>	<b>(129)</b>	<b>743</b>

## Interfund transfers

Interfund transfers from Ancillary Services to the Capital Fund total \$15.9M. Here is how they are broken down:

- \$5.9M to pay back interest and capital for long-term loans that were entered into during previous fiscal years and funded through the Capital Fund;
- \$10.1M to capital reserves for deferred maintenance of housing, food services, community life and parking infrastructure.



## Restricted Fund – Research, 2024-2025 (in \$ thousands)

	Operating Fund	Ancillary Services	Restricted Fund – Research	Restricted Fund – Other	Capital Fund and Sinking Fund	Total
<b>Revenue</b>						
Tuition and other fees	696,281	1,441	-	-	-	<b>697,722</b>
Operating grants	351,246	478	-	-	-	<b>351,724</b>
Restricted grants and contracts	-	-	<b>195,830</b>	91,096	6,500	<b>293,426</b>
Investment income	25,217	-	<b>200</b>	12,707	9,023	<b>47,147</b>
Sales of goods and services	7,825	15,769	<b>3,817</b>	3,833	-	<b>31,244</b>
Student housing	-	30,423	-	-	-	<b>30,423</b>
Donations	549	-	<b>2,535</b>	11,145	-	<b>14,229</b>
Other	18,554	4,425	<b>400</b>	3,500	136,503	<b>163,382</b>
<b>Total revenue</b>	<b>1,099,672</b>	<b>52,536</b>	<b>202,782</b>	<b>122,281</b>	<b>152,026</b>	<b>1,629,297</b>
<b>Expenses</b>						
Salaries	580,263	10,119	<b>60,877</b>	84,790	-	<b>736,049</b>
Benefits	112,335	1,881	<b>8,443</b>	12,640	-	<b>135,299</b>
Scholarships and financial aid	189,646	5	<b>34,168</b>	9,871	-	<b>233,690</b>
Library acquisitions	17,820	-	<b>117</b>	118	-	<b>18,055</b>
Procurement – goods and services	35,560	10,422	<b>43,923</b>	2,368	-	<b>92,273</b>
Maintenance, repairs and utilities	39,426	10,761	-	-	178,959	<b>229,146</b>
Travel	7,571	162	<b>5,081</b>	1,325	-	<b>14,139</b>
Professional fees and contractual services	55,503	288	<b>6,738</b>	6,383	-	<b>68,912</b>
Interest and bank fees	24,826	620	<b>7</b>	83	-	<b>25,536</b>
Inter-institutional agreements	1,537	-	<b>41,874</b>	2,827	-	<b>46,238</b>
Other	21,138	1,633	<b>1,086</b>	1,829	-	<b>25,686</b>
<b>Total expenses</b>	<b>1,085,625</b>	<b>35,891</b>	<b>202,314</b>	<b>122,234</b>	<b>178,959</b>	<b>1,625,023</b>
<b>Budget balance before interfund transfers</b>	<b>14,047</b>	<b>16,645</b>	<b>468</b>	<b>47</b>	<b>(26,933)</b>	<b>4,274</b>
<b>Interfund transfers</b>	<b>(32,093)</b>	<b>(15,902)</b>	<b>2,641</b>	<b>(1,323)</b>	<b>46,677</b>	<b>-</b>
<b>Budget balance</b>	<b>(18,046)</b>	<b>743</b>	<b>3,109</b>	<b>(1,276)</b>	<b>19,744</b>	<b>4,274</b>



## Revenue analysis

Total revenue (\$202.8M) includes monies from granting agencies (\$195.8M) and revenue from other, less significant, sources. In the 2024-2025 budget, research grants and contracts account for 96.6% of total revenue.

### Research grants and contracts

Grants can come from many sources, including the three Canada Research Council agencies (NSERC, SSHRC and CIHR), the Canada Foundation for Innovation, the Canada Research Chairs Program, the Government of Canada and the Province of Ontario.

It is important to note that research grants fluctuate from year to year depending on a variety of factors, including announcements related to major research and infrastructure programs, government priorities, and the competitiveness of research projects undertaken by University researchers.



For budget preparation purposes, revenues generally equal expenditures since revenues are not recognized until expenses have been incurred.

Following last year's increase in research revenue, the University of Ottawa's revenue

from research funding is expected to remain stable or even increase slightly in 2024-2025. This increase is largely driven by last year's success in securing several major grants, such as the Brain-Heart Interconnectome project funded through the Canada First Research Excellence Fund (\$109M in payments from 2023 to 2030), the largest research grant awarded in the University's history; and several NSERC Quantum grants (e.g., \$14.4M in NSERC Alliance Consortia Quantum grants, with incoming payments spread out from 2023 to 2028). Tri-Agency research funding is projected to increase slightly to \$69.5M in 2024-2025, in keeping with this upward trend.

We expect a moderate increase in funding for Canada Research Chairs (\$11M projected for 2024-2025, compared to \$9M received in 2023-2024) as a result of steady recruitment efforts to fill these positions. Projected revenue from the private sector remains at \$6.5M, in line with previous years, as the University maintains its presence in Kanata North. We expect a lower amount in the "Networks and Fourth Pillar Organizations" category due to the end of the large CoVaRR-Net grant (\$24M from 2020 to 2023).

While the budget document submitted by Research Management Services does not include anticipated amounts from the Canada Foundation for Innovation (CFI), we are able to provide the following information. Four out of seven projects submitted to CFI's 2023 Innovation Fund competition were successful (\$21.7M in total funding), which bodes well for 2024-2025. In addition, the University's CFI John R. Evans Leaders Fund (JELF) envelope was

renewed for 2023 to 2025, which includes a \$11.2M allocation. In 2023, the CFI awarded over \$5.6M to the University for 16 CFI JELF projects. In addition to the 2023 grants from the CFI's Innovation Fund and JELF, the University of Ottawa expects to receive over \$9M for infrastructure operation and maintenance through the CFI Infrastructure Operating Fund. Since funding from the Province of Ontario is intrinsically linked to CFI funding, we expect to receive some \$24.4M from various Ontario Research Fund programs. In addition, in 2024, the University of Ottawa-led Canadian Pandemic Preparedness Hub (CP2H) received over \$78M in CFI-BRIF infrastructure funding in support of the Canadian Biomanufacturing Cooperative, spearheaded by the Ottawa Hospital Research Institute, McMaster University and Dalhousie University. Funding from the Province of Ontario for this initiative is still pending.

### Expenditure analysis

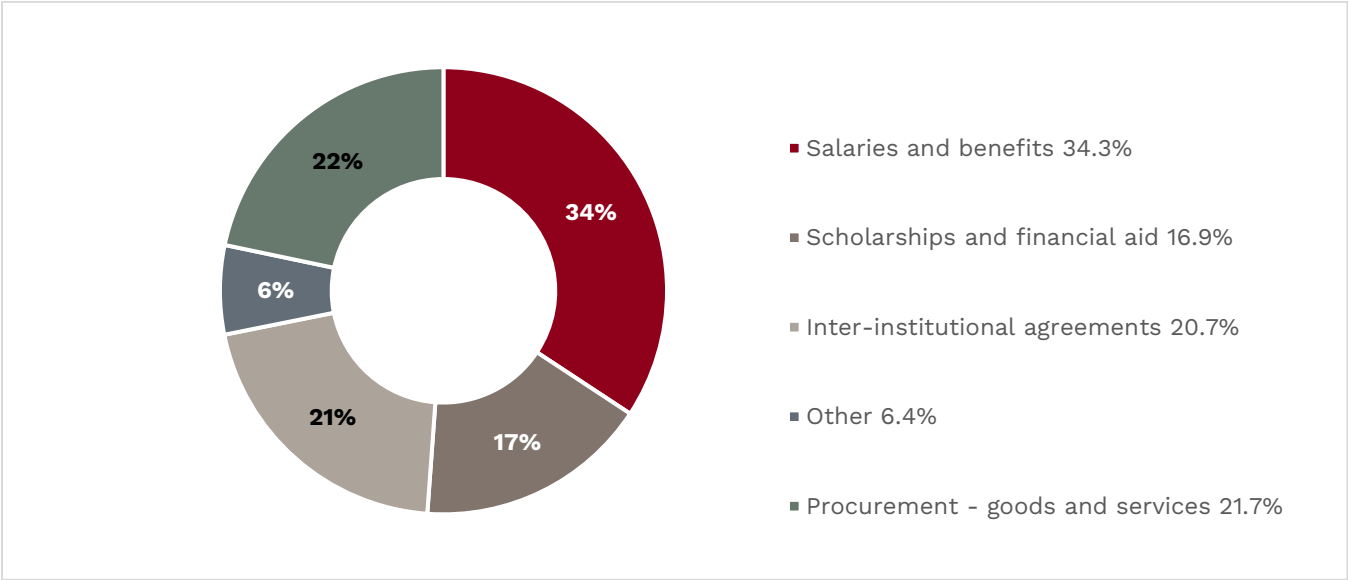
In the 2024-2025 budget, we estimate expenditures by calculating average expenditures over the past three years for most projects. For CFI-funded projects, we estimated expenditures on a project-by-project basis, based on approved agreements and their projected expenditures.

Expenditures consist primarily of salaries, student scholarships and financial aid, and equipment expenses for research projects.



We continue to explore new revenue sources in keeping with our success in obtaining funding from the Canada First Research Excellence Fund, and in 2024-2025, the Office of the Vice-President, Research and Innovation will provide additional support to secure large grants from key public-sector funders, including the three granting agencies.

PROPORTION OF EXPENDITURES BY POSITION (%)



Analysis of interfund transfers

The Restricted Fund – Research receives monies (\$16M) from the Operating Fund for research chairs and from seed funding for new researchers. In return, the Restricted Fund – Research returns monies (\$9.8M) to the Operating Fund to help cover indirect costs and research overhead.

The Restricted Fund – Research transfers monies (\$3.6M) to the Capital Fund for capital projects that support research.



## Restricted Fund – Other 2024–2025 (in \$ thousands)

	Operating Fund	Ancillary Services	Restricted Fund – Research	Restricted Fund – Other	Capital Fund and Sinking Fund	Total
<b>Revenue</b>						
Tuition and other fees	696,281	1,441	-	-	-	<b>697,722</b>
Operating grants	351,246	478	-	-	-	<b>351,724</b>
Restricted grants and contracts	-	-	195,830	<b>91,096</b>	6,500	<b>293,426</b>
Investment income	25,217	-	200	<b>12,707</b>	9,023	<b>47,147</b>
Sales of goods and services	7,825	15,769	3,817	<b>3,833</b>	-	<b>31,244</b>
Student housing	-	30,423	-	-	-	<b>30,423</b>
Donations	549	-	2,535	<b>11,145</b>	-	<b>14,229</b>
Other	18,554	4,425	400	<b>3,500</b>	136,503	<b>163,382</b>
<b>Total revenue</b>	<b>1,099,672</b>	<b>52,536</b>	<b>202,782</b>	<b>122,281</b>	<b>152,026</b>	<b>1,629,297</b>
<b>Expenses</b>						
Salaries	580,263	10,119	60,877	<b>84,790</b>	-	<b>736,049</b>
Benefits	112,335	1,881	8,443	<b>12,640</b>	-	<b>135,299</b>
Scholarships and financial aid	189,646	5	34,168	<b>9,871</b>	-	<b>233,690</b>
Library acquisitions	17,820	-	117	<b>118</b>	-	<b>18,055</b>
Procurement – goods and services	35,560	10,422	43,923	<b>2,368</b>	-	<b>92,273</b>
Maintenance, repairs and utilities	39,426	10,761	-	-	178,959	<b>229,146</b>
Travel	7,571	162	5,081	<b>1,325</b>	-	<b>14,139</b>
Professional fees and contractual services	55,503	288	6,738	<b>6,383</b>	-	<b>68,912</b>
Interest and bank fees	24,826	620	7	<b>83</b>	-	<b>25,536</b>
Inter-institutional agreements	1,537	-	41,874	<b>2,827</b>	-	<b>46,238</b>
Other	21,138	1,633	1,086	<b>1,829</b>	-	<b>25,686</b>
<b>Total expenses</b>	<b>1,085,625</b>	<b>35,891</b>	<b>202,314</b>	<b>122,234</b>	<b>178,959</b>	<b>1,625,023</b>
<b>Budget balance before interfund transfers</b>	<b>14,047</b>	<b>16,645</b>	<b>468</b>	<b>47</b>	<b>(26,933)</b>	<b>4,274</b>
<b>Interfund transfers</b>	<b>(32,093)</b>	<b>(15,902)</b>	<b>2,641</b>	<b>(1,323)</b>	<b>46,677</b>	<b>-</b>
<b>Budget balance</b>	<b>(18,046)</b>	<b>743</b>	<b>3,109</b>	<b>(1,276)</b>	<b>19,744</b>	<b>4,274</b>

## Revenue analysis

The **restricted grants and contract revenue** projected for the 2024-2025 budget totals \$91.1M, or 74.5% of total revenue for the Restricted Fund – Other. Of that amount, \$79.3M comes from the Ministry of Health and Long-Term Care for the Professional Association of Residents of Ontario (PARO).

Most **investment income** stems from the 3.5% distribution of investment income from endowments. The University protects its endowments through Policy 111, by, among other things, designating a portion of the investment income earned annually. The University policy sets an expenditure rate of 3.5% of the last 12 quarters' moving average market value of the Fund. The purpose of the policy is to allow the University to distribute a consistent amount of income from endowments on an annual basis, regardless of the investment income earned by the end of the fiscal year.

Revenue from donations comes from external donors and from internal funds for scholarships and financial aid for students.

## Expenditure analysis

Expenditures of the Restricted Fund – Other include salaries, scholarships and payments for inter-institutional agreements. These expenditures, not including PARO salaries and benefits, are directly related to activities funded by donors and internal funds, and exclude indirect costs.





## Capital Fund and Sinking Fund 2024-2025 (in \$ thousands)

	Operating Fund	Ancillary Services	Restricted Fund – Research	Restricted Fund – Other	Capital Fund and Sinking Fund	Total
<b>Revenue</b>						
Tuition and other fees	696,281	1,441	-	-	-	<b>697,722</b>
Operating grants	351,246	478	-	-	-	<b>351,724</b>
Restricted grants and contracts	-	-	195,830	91,096	<b>6,500</b>	<b>293,426</b>
Investment income	25,217	-	200	12,707	<b>9,023</b>	<b>47,147</b>
Sales of goods and services	7,825	15,769	3,817	3,833	-	<b>31,244</b>
Student housing	-	30,423	-	-	-	<b>30,423</b>
Donations	549	-	2,535	11,145	-	<b>14,229</b>
Other	18,554	4,425	400	3,500	<b>136,503</b>	<b>163,382</b>
<b>Total revenue</b>	<b>1,099,672</b>	<b>52,536</b>	<b>202,782</b>	<b>122,281</b>	<b>152,026</b>	<b>1,629,297</b>
<b>Expenses</b>						
Salaries	580,263	10,119	60,877	84,790	-	<b>736,049</b>
Benefits	112,335	1,881	8,443	12,640	-	<b>135,299</b>
Scholarships and financial aid	189,646	5	34,168	9,871	-	<b>233,690</b>
Library acquisitions	17,820	-	117	118	-	<b>18,055</b>
Procurement – goods and services	35,560	10,422	43,923	2,368	-	<b>92,273</b>
Maintenance, repairs and utilities	39,426	10,761	-	-	<b>178,959</b>	<b>229,146</b>
Travel	7,571	162	5,081	1,325	-	<b>14,139</b>
Professional fees and contractual services	55,503	288	6,738	6,383	-	<b>68,912</b>
Interest and bank fees	24,826	620	7	83	-	<b>25,536</b>
Inter-institutional agreements	1,537	-	41,874	2,827	-	<b>46,238</b>
Other	21,138	1,633	1,086	1,829	-	<b>25,686</b>
<b>Total expenses</b>	<b>1,085,625</b>	<b>35,891</b>	<b>202,314</b>	<b>122,234</b>	<b>178,959</b>	<b>1,625,023</b>
<b>Budget balance before interfund transfers</b>	<b>14,047</b>	<b>16,645</b>	<b>468</b>	<b>47</b>	<b>(26,933)</b>	<b>4,274</b>
<b>Interfund transfers</b>	<b>(32,093)</b>	<b>(15,902)</b>	<b>2,641</b>	<b>(1,323)</b>	<b>46,677</b>	<b>-</b>
<b>Budget balance</b>	<b>(18,046)</b>	<b>743</b>	<b>3,109</b>	<b>(1,276)</b>	<b>19,744</b>	<b>4,274</b>

The Capital Fund and the Sinking Fund are presented together in the University budget, given that they are both related to capital projects. In the 2024-2025 budget, we project a surplus of \$19.7M, with \$11.5M for the Capital Fund and \$8.2M for the Sinking Fund.

The Sinking Fund was created to accumulate the capital required to repay Series A, B, and C unsecured debentures (\$650M) when they mature in 2043, 2056 and 2060, respectively.

Revenue analysis

Restricted grants and contracts

The University expects to receive total of \$6.5M in restricted grants and contracts, as detailed in the following table:

(in \$ thousands)	\$
Ministry of Colleges and Universities	
Facilities Renewal Fund (FRF)	6,000
College Equipment and Renewal Fund (CERF)	500
Total	6,500

The FRF helps publicly funded colleges and universities by providing funding for critical maintenance, repairs, upgrades and renewal of existing facilities.

The CERF helps publicly funded universities purchase state-of-the-art equipment that supports in-person instruction or virtual learning, helps to meet industry or business standards, or supports enrolment growth.

Investment income

The University estimates its investment income based on the rate of return set out in its investment policy and on its cash position. The budgeted rate of return for long-term investments is 3%, and for short-term investments, 4%.

Investment income totals \$9M, consisting of \$5.7 M from capital reserves and \$3.3M from the Sinking Fund. Sinking Fund balances are held in long-term investments, and interest accrued during the fiscal year is reinvested to accumulate the capital amount required to retire the debentures when they mature.

Other

Other revenue, totalling \$136.3M, stems from the use of the \$300M debenture issued in 2020 for major capital projects.

Capital projects planned for 2024-2025

The University has undertaken several major capital projects in recent years. The Building and Lands Committee reviews the University’s major capital project spending, while the Finance and Treasury Committee reviews its ability to borrow and other sources of funding required to complete major capital projects in accordance with the Campus Master Plan.

Capital projects planned for the 2024-2025 fiscal year are:

(in \$ thousands)

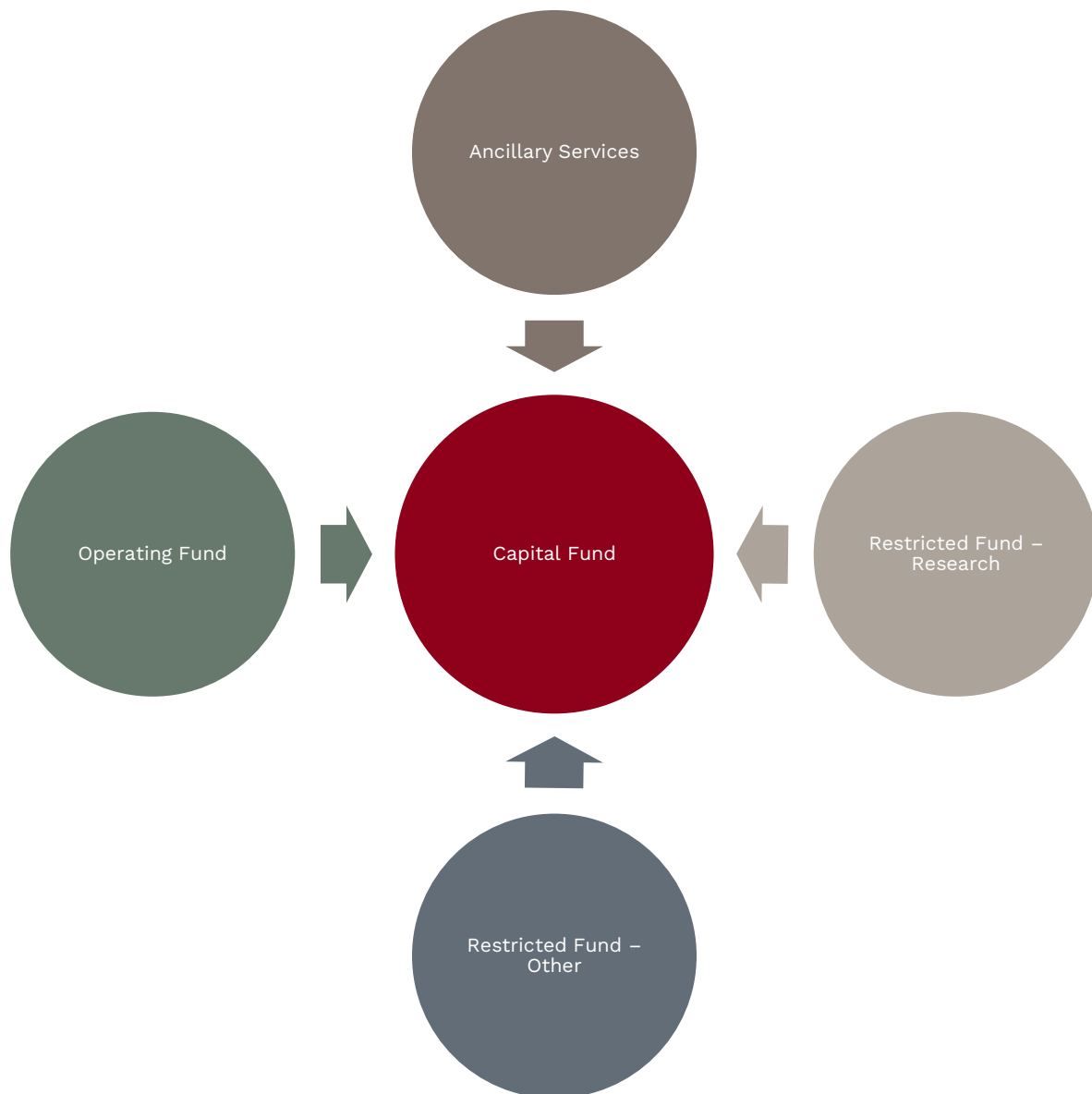
Description	Total approved cost	Accumulated cost (forecast) as of April 30, 2024	Disbursement 2024-2025	Disbursement 2025 and beyond	Source of funding
<b>Major projects</b>					
<b>Advanced Medical Research Centre (AMRC)</b>	280,700	41,142	136,503	103,055	Use of debentures
<b>Animal Care and Veterinary Service</b>	14,600	3,728	7,350	3,522	Funding awarded in previous years
<b>Total major projects</b>	<b>295,300</b>	<b>44,870</b>	<b>143,853</b>	<b>106,577</b>	
<b>Research support projects (CFI)</b>			3,564		Interfund transfers from research (CFI)
<b>Research support projects (seed funding for professors)</b>			300		Interfund transfer from Operating Fund
<b>Facilities Renewal Improvement Program projects</b>			30,742		Interfund transfers from the Operating Fund, FRF grants and Ancillary Services reserves
<b>College Equipment and Renewal Fund</b>			500		CERF grant
<b>Total for planned capital projects</b>			<b><u>178,959</u></b>		

For budget purposes, capital assets are reported as expenses and included in the expenditure section of the budget. At fiscal year-end, capital assets are reported on the balance sheet as long-term assets and are amortized accordingly, as per generally accepted accounting principles.

### Analysis of interfund transfers

The Capital Fund receives substantial amounts from the Operating Fund, Ancillary Services and the Restricted Fund – Research, with \$46.7M projected in the 2024–2025 budget:

- Operating Fund (\$27.2M)
- Ancillary Services (\$15.9M)
- Restricted Fund – Research (\$3.6M)



Facility status and deferred maintenance

Deferred maintenance of University facilities is supported by annual funding from the Operating Fund through the Facilities Renewal Improvement Program, a grant from the Ministry of Colleges and Universities for facility renewal, and a contribution from Ancillary Services as their financial situation allows.

The University anticipates that, over the next few years, the deferred maintenance balance will increase as the systems and buildings in the University’s portfolio reach the end of their useful life. Consequently, addressing deferred maintenance is critical for the University.



The Facilities Condition Index (FCI) is a measure that reflects the overall condition of campus assets. The FCI is widely used in asset management, including in triennial reports published by the Council of Ontario Universities. Since the late 1990s, all Ontario universities have been required to

assess the condition of their facilities using software that generates FCI reports.

The FCI is a numeric value between 0.0 and 1.0. Simply put, a value between 0.00 and 0.05 means that assets are in excellent condition, while a value greater than 0.31 suggests a critical level of deterioration. The University’s FCI is 0.34. The index is calculated by dividing the total cost of deferred maintenance (DM) by the current replacement value of the assets. Teams of experts inspect the assets to determine DM. Approximately 20% of assets are inspected each year, ensuring that the complete data set is renewed every five years.

The table below presents the University’s FCI:

University of Ottawa FCI	
Current replacement value of assets	\$2.44B
Deferred maintenance (DM)	\$782M
Facility Condition Index	0.32

The University of Ottawa’s situation is not unique. Deferred maintenance is a constant concern for many other provincial and federal institutions. It is essential that we have a full picture of the condition of our facilities so that we can make strategic decisions regarding our assets. This will allow us to invest in the highest-priority assets and to follow the guidelines of the Campus Master Plan.