Revenue

Operating fund revenues come from two main sources, provincial operating grants (47%) and tuition fees (46.8%), for a total of 93.8% of our revenue. Table B-3 presents operating grant details, and Table B-10 sets out revenue trends by funding source for the past five years.

Enrollments

We expect to have 35,724 students registered at undergraduate level and 6,370 at the graduate level (42,094 in total) for the 2016-2017 academic year, compared with 35,209 and 6,443, respectively, in 2015-2016 (41,652 in total). These numbers take into account the BEd program changing from a one-year to a two-year program beginning in September 2015. The first-year cohort of full-time students, in 2015-2016, was split in two, representing 638 fewer students that year. However, registrations for 2016-2017 will return to close to previous levels, with 599 new students. Excluding this one-time increase, the University forecasts a slight drop of 157 students (0.4%) in 2016-2017 (84 undergraduate students and 73 graduate students). This is in addition to the drop of 324 students (0.8%) in 2015-2016, again excluding the one-time increase in the BEd numbers. In the preceding three fiscal years, the University saw an average annual increase of 1.6% in student registrations.

In 2011, the Board of Governors decided to maintain a moderate growth in registrations. While the number of students reflects in part a more stringent selection process, it is mainly the result of a trend towards fewer Canadian students, which is partially offset by an increase in the number of international students. If we exclude the one-time change in enrollment at the Faculty of Education, the forecasted overall drop of 157 students in 2016-2017 results from an increase of 166 international students and a decrease of 323 Canadian students.

Grants

In 2016-2017, 46.9% of the University’s revenue will come from grants (compared with 47.8% in 2015-2016).

Grants based on registrations will be $1.2M lower than the actual projections for the year ending April 30, 2016. We expect reduced grants related to accessibility at the undergraduate and graduate levels. While some targeted grants for specific expenses will increase (mainly an additional $1M for PARO residents), we expect a decrease of $0.79M for one-time projects related to French-language postsecondary education. These changes in targeted grants are accompanied by equivalent changes in spending levels.

Tuition fees

Tuition fees reflect the Province of Ontario’s governance framework for Canadian students. The overall increase in tuition fees is 3%. There will be no tuition fee increase in 2016-2017 for PhD students or students in some master’s programs (mainly in programs other than management, law, engineering and nursing).
The proportion of the operating fund revenue derived from tuition fees for 2016-2017 is 46.8%, compared with 45.8% in 2015-2016. It should be noted that the increase in revenue from tuition comes mainly from international students; the proportion of revenue from international students is projected to be 23% in 2016-2017, just as in 2015-2016, while it was 21% in 2014-2015.

**Investment income**

The University forecasts its investment income based on the rate of return in its investment policy. The rate for 2016-2017 is 7.65%; based on this rate, we project operating fund investment income of $29M.

In light of the uncertainty surrounding the financial markets, the University uses an investment stabilization reserve as protection against potential fluctuations in income. Investment earnings exceeding the projected target will be used to increase the stabilization reserve. The University uses this reserve in the event of lower-than-projected investment income.

**Expenses**

The University’s main expense classes are salaries and benefits (71%), scholarships and financial aid (8.4%), facilities (5.9%) and debt financing (1.2%).

**Remuneration**

Salary increases are consistent with current collective agreements and mandates approved by the Executive Committee of the Board of Governors.

The collective agreement for IT staff (PIPSC), which expires on April 30, 2017, provides for a 1.5% economic increase as well as a progress-through-the-ranks increase. Regular non-unionized staff in a confidential or management position belonging to the Non-Union Employee Association (NUEA) will receive a 1.5% economic increase as well as a progress-through-the-ranks increase for 2016-2017.

The APUO (Association of Professors) and SSUO (support staff) collective agreements expired on April 30, 2016, and the collective agreements for groups 772A (operating engineers) and 772B (trades, grounds and transportation employees) expire on June 30, 2016. The APTPUO (part-time professors) and CUPE 2626 (student staff with teaching or research functions) collective agreements expire on August 31, 2016.

**Pension plan**

The pension plan represents 19.4% of total wages. The portion of the pension costs covered by the employer and financed by the operating fund is $40M for pensionable service (12.5% of the salary of an eligible employee), in addition to the annual special payments of $2.8M in 2015, 2016 and 2017. This means that the shares paid by the employer and employee are 64% and 36%, respectively. The University tabled its most recent actuarial valuation on January 1, 2014, which resulted in a significant reduction in special payments over the previous year. The uncertainty and volatility of the plan valuation on a solvency basis may lead to substantial special payments, which would be due at the time of the next mandatory valuation, on January 1, 2017 ($31M per year based on estimates as at January 1, 2016).
The University is taking part in a provincial initiative involving universities and unions to evaluate the possibility of creating a jointly sponsored pension plan for Ontario’s university sector, similar to the current sector-wide pension plans in the college, municipal, health and education sectors.

**Scholarships and financial aid**

The total 2016-2017 budget for scholarships and financial aid has increased slightly, to $103.1M, compared with $102.3M in 2015-2016. A total of $68.9M will come from the operating fund.

The 2016-2017 operating budget for financial aid remains unchanged, at $24.5M. In addition to the amount, a total of 14,209 of our students received $128M in OSAP loans in 2015-2016, including $15.6M from the 30% Off Ontario Tuition Grant program (9,002 students). The value of financial aid provided through this program in 2016-2017 is $1,900 per eligible student, compared with $1,830 in 2015-2016. The OSAP loan repayment default rate for uOttawa students was 5.6% in 2015, well below the 25% limit at which the Ontario government imposes a financial penalty on the postsecondary institution (Appendix 1.2).

The total scholarship budget for 2016-2017 is $78.5M, up $0.8M (1.0%) from the initial 2015-2016 budget. Note that increased amounts will come from trust funds in 2016-2017, from both current available funds and new gifts to be received. This approach is consistent with the University’s *Defy the Conventional* fundraising campaign, which focuses on four main themes, including harnessing the potential of the next generation by offering more scholarships for example. From a budgeting perspective, these gifts fall under trust funds because of external restrictions associated with them.

During the 2015-2016 fiscal year, a total of $5.2M in scholarships and financial aid was awarded to 1,086 international students, in line with the *Destination 2020* goal of offering competitive financial support to help recruit high-calibre international students.

Since 2009-2010, the total budget for scholarships and financial aid has grown from $59.5M to $103.1M, an increase of 73.3%. This growth ties in directly with the University’s commitment to promoting academic excellence and providing financial support to students in need.

**Debt financing**

The interest on the $150M bond issue will cost $9.4M (excluding ancillary services) in the 2016-2017 fiscal year.

The University expects to borrow additional funds depending on the pace at which we move forward with our Campus Capital Plan. The funds will finance the University’s major capital projects.

**Other**

The University is forecasting $28.2M in deferred maintenance costs and costs associated with space optimization and infrastructure renewal (including research labs) in 2016-2017, compared with $34.1M in 2015-2016. These costs will be funded by the operating fund ($15M), the capital fund ($8.9M) and ancillary services ($4.3M).

Energy and utility costs will see a decrease to $12.1M in 2016-2017, compared with $12.5M in 2015-2016. This 3.3% decrease is due mainly to energy efficiency programs that offset higher rates and campus growth.