Revenues

Operating fund revenues come from two main sources, provincial operating grants (47.8%) and tuition fees (45.8%), for a total of 93.6%. Table B-3 presents operating grant details, and Table B-9 sets out revenue trends by funding source for the past five years.

Enrollment

We expect enrollment of 35,770 students at the undergraduate level and 6,474 at the graduate level (for a total of 42,244) in 2015-2016, compared with 35,969 and 6,496, respectively (for a total of 42,465), in 2014-2015. These numbers represent a drop of 221 students (0.5%), while the average student growth over the past three years has been 1.6%. Excluding the one-time drop of 663 students resulting from the change of the B.Ed. program from one year to two in September 2015 (first-year cohort will be split in two), the University forecasts a slight increase in student enrollment, 442 students (1%) in 2015-2016 (and increase of 464 undergraduate students and a drop of 22 graduate students).

This decrease in student growth reflects the Board's decision to achieve moderate growth in the number of new students, a more stringent selection process, a trend towards lower numbers of Canadian students and an increase in the number of international students. If we exclude the one-time drop in enrollment at the Faculty of Education, the expected increase of 464 undergraduate students for 2015-2016 is due to an increase of 497 international students and a decrease of 33 Canadian students. At the graduate level, the University expects an increase of 17 international students and a decrease of 39 Canadian students.

Grants

In 2015-2016, the proportion of the University’s revenue from grants will again be below 50% (47.8% in 2015-2016 compared with 49.1% in 2014-2015).

Grants based on registrations will be $4.3M lower than in the initial 2014-2015 budget, including a permanent loss of $3.4M due to the conversion of the Faculty of Education program and a $0.4M increase in the Ministry of Training, Colleges and Universities’ (MTCU) recovery for international students. However, some targeted grants for specific projects or expenses will increase in 2015-2016 ($4M for PARO residents and $0.925M for one-time French-language postsecondary education projects). These increases in targeted grants are accompanied by equivalent increases in spending.

Tuition fees

Tuition fees reflect the Province of Ontario’s governance framework for Canadian students. The overall tuition fee increase is set at 3%, with tuition fees frozen for doctoral students. As required by MTCU, 10% ($0.9M) will be directed to the financial aid envelope for Canadian students.

The proportion of operating fund revenue from tuition fees for 2015-2016 is 45.8%, compared with 44.4% in 2014-2015. It should be noted that the increase in revenue from tuition fees is due mainly to the increase in tuition from international students; the proportion of revenue from international students is expected to be 23% in 2015-2016 (compared with 21% for 2014-2015 fiscal year, 18% in 2013-2014 and 16% in 2012-2013).

Expenses

Salaries and benefits (70.5%), scholarships and financial aid (9%), facility operating costs (6.1%) and debt financing (1%) are the University’s primary expense classes.

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 the Association of Professors (APUO) runs until April 30, 2016, and provides for a salary increase of 2% and a catch-up increase of 1.5% for 2015-2016, in addition to the progress through the ranks increase. The OSSTF collective agreement for the support staff was renegotiated until April 30, 2016, and provides for a 2.6% increase for 2015-2016 in addition to step movements for salary scale increases. The IT staff collective agreement (PIWSC) expired on April 30, 2014. The CUPE and Part-Time Professors (APTPUO) collective agreements were renegotiated until August 31, 2016, and provide for a salary increase of 1.8% and 2%, respectively, for 2015-2016.

Pensions

As mentioned, pension costs financed by the operating fund include a payment of $42.5M for current services costs (13.3% of the salary of admissible employee) and a special annual contribution of $2.8M from 2015 to 2017. The University tabled its latest actuarial valuation on January 1, 2014, which resulted in a significant reduction in special payments compared with those of the previous year. The next valuation is due by January 1, 2017. The University has also been involved in ongoing discussions on the feasibility of creating a new multi-employer jointly sponsored pension plan for Ontario’s university sector, similar to the current sector-wide pension plans for hospital, school boards, municipalities and colleges.

Scholarships and financial aid

The operating fund for scholarships and financial aid remains stable at $72.2M in 2015-2016. However, there will be an increase in financial aid as a result of the Ministry requirement to direct 10% of the revenue from the tuition fee increases to the financial aid envelope. In 2014-2015, a total of 13,303 students received financial aid, for an average of $1,771 per student. This amount is in addition to scholarships and government financial aid (OSAP) that some students received.

A total of 13,826 students received $125.9M in OSAP loans in 2014-2015, including $15.2M from the 30% Off Ontario Tuition Grant program (8,951 students). The value of aid provided through this program is $1,830 per eligible student for 2015-2016, compared with $1,780 in 2014-2015.

The OSAP loan repayment default rate for uOttawa students was 5.3% in 2014 (5.4% in 2013), well below the 25% limit that requires the Ontario government to impose financial penalties on postsecondary institutions (Appendix 1.2).

Since 2009-2010, student financial aid has increased by $24.8M (52.3%). 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 debt will cost $9.4M in the 2015-2016 fiscal year.

The University expects to borrow up to a maximum of $120M (excluding ancillary services) between now and 2017-2018, depending on the rate at which our Campus Capital Plan moves forward. The University will need to borrow funds for the new Learning Centre (construction scheduled to start in the summer of 2015) and to bring the Faculty of Health Sciences together under one roof at the Lees campus.

Other

The University is forecasting $34.1M in deferred maintenance costs and costs associated with space optimization and infrastructure upgrades (including research labs) in 2015-2016, compared with $21.3M in 2014-2015 and $22.4M in 2013-2014. The operating fund will finance $16.6M of these expenses, the capital fund will finance $13.6M and auxiliary services will fund $3.9M.

Energy and utility costs will increase to $13.3M in 2015-2016, compared with $12.7M in 2014-2015. This 4.7% increase is due mainly to higher energy costs, the new ARC facility and its new energy-intensive scientific equipment that is now up and running. Nonetheless, lower energy use through implementation of Eco-prosperity projects will reduce the impact of higher energy costs.