

ANALYSIS OF UNIVERSITY FINANCES

3/3/2025

Are the Administration's financial decisions best serving the University's mission?

The UGFA Financial Advisory Committee presents an analysis of the University's audited Financial Statements from 2024 contextualized in terms of prior years.

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ARE THE ADMINISTRATION'S FINANCIAL DECISIONS BEST SERVING THE UNIVERSITY'S MISSION?

BRIEF SUMMARY (FOR THE YEAR 2024)

SECOND CONSECUTIVE SURPLUS, AND A LARGER ONE AT THAT

After three years of deficits (\$8M, \$16M, \$30M in fiscal years 2020, 2021, and 2022), the University posted two surpluses, \$18M in 2023 and \$29M in 2024. The Administration always focuses on what they call the “Operating revenue”—essentially, transfer grants and tuition—which combined account for 55-60% of revenues. The surplus (or deficit) considers all revenues, a number that sat at \$972M in 2024 and almost surely will pierce \$1B in 2025.

Historically, after two deficits the Administration would already start using the phrase “structural deficit,” since a “crisis,” even a phony one, gives good cover for imposing massive undesirable change, or, dare we write, a strategic transformation. As long-time members may recall, when we did our first financial analysis over a decade ago, we asked the Senior Administration whether the two years of consecutive surpluses at that time might be a “structural surplus,” and we were told, yes, that could be the case. Coming out of the tumultuous pandemic period, we hold off on using this label at this moment.

Over time, the Administration has shifted to focus on the “Operating deficit,” which requires one to accept their separation of the University’s finances. The Administration wants us to accept the proposal that 55-60% of total revenues must cover a much higher percentage of total expenses.

UNIVERSITY-WIDE SALARY GROWTH RATE > UGFA SALARY GROWTH RATE

Salaries remain a very stable percentage of total revenues and total expenses. The University-wide salary mass grew by 5.6% in fiscal year 2024, while the UGFA salary mass growth was less than 3%. Our calculations show that while the University-wide salary mass grew on average by 3.8% per year in the six-year window of our analysis, the UGFA salary mass grew by less than 3% per year on average, and the UGFA member complement decreased.

SIGNIFICANT NEW BORROWING & A LOT OF CAPITAL SPENDING

In fiscal years 2023 and 2024, the Administration took out three new loans, \$30M plus \$11M from CIBC in 2023 and \$30M from RBC in 2024. This is the first new borrowing since 2016. So, long-term liabilities and interest costs both increased. The money will be directed towards capital projects, perhaps including the \$52M budgeted for IT spending as part of their “Digital Capital Renewal Plan” which is scheduled to kick in the current fiscal year.

As we have written before, in recent years when the Administration borrowed a lot, liabilities increased, Internally Restricted money skyrocketed, and surpluses were huge. In the recent past, when the Administration borrowed nothing, liabilities decreased, Internally Restricted decreased, and (comparatively small) deficits appeared. We will see what trajectory we follow in the next few years.

INTRODUCTION

This document presents the UGFA Financial Advisory Committee's analysis of the University's audited financial statements, running from 2019 to 2024. As in past analyses, when suitable, we include additional information obtained from other sources.

Readers seeking information back to 2006 are referred to [our earlier analyses](#).

Besides giving some clear insight into the financial health of the institution and the inferred priorities of the Administration, the report also suggests an answer to the question of whether the financial decisions of the Administration are best serving the University's mission.

Are the financial decisions of the Administration best serving the University's mission?

Analyses in This Report

We look at four key parts of the past years' financial statements, one per section: the

1. Statement of Financial Position
2. Statement of Operations
3. Statement of Cash Flows
4. Statement of Changes in Net Assets

Colour Legend for all Tables

- | | |
|---------------|---|
| BROWN | Numbers that should attract your attention |
| GREEN | Numbers that have changed from previous reports |
| ORANGE | Interesting percentages |

In each section, we present

- i. a table of numbers from the statements, sometimes also with information from additional sources, with some metrics, ratios, or percentages that highlight trends, and
- ii. a brief written analysis of the table and surrounding factors.

As always, the UGFA believes that it is important to connect this financial analysis to the University's primary missions, teaching and research/scholarship. UGFA members are the guardians of these twin missions.

All of the financial statements are presented as at April 30 of the ending year, the last day of the University's fiscal year. Those numbers become the input values for the subsequent year's financial statement. If something goes wrong (investment income not realized, government legislation, etc.), these input numbers may change by the time the next statement is produced. Any changes to past numbers are colored **green** in this report.

Our regular reminder: in our analysis the label "Internally Restricted" refers to the money that the Administration identifies as such in its financial statements. This money is not in general (if at all) allocated with specified payment, contribution, or transfer plans. That is, at any moment, this money can be transferred back into the Operating Fund and used for any other purpose, including the primary missions of the University. One might argue that the size of these numbers should *increase* by including essentially all of the Ancillary Enterprises Fund or that this fund should receive separate intense scrutiny.

Following the sections on the four financial statements, we present a section with

- a Financial Scorecard, discussing why we are not presenting a detailed scoreboard this year (spoiler alert: half of the years in our six-year window were extremely abnormal due to the pandemic); and
- a summary and conclusions.

ANALYSIS OF THE STATEMENT OF FINANCIAL POSITION

This statement presents assets and liabilities, reporting that

$$\text{Assets} - \text{Liabilities} = \text{Net Assets}$$

Assets are broken into two types:

- current, which are usually consumed within one year, and
- long-term, which are used in operations for many years.

Liabilities are similarly broken into two types:

- current, which are usually payable within one year, and
- long-term, which are obligations due beyond one year.

Large amounts of long-term liabilities increase the financial risk of the University, which is why the Administration expresses concerns about pensions and benefits, not just mortgages.

The numbers going back to 2019 are presented in Table 1, at the end of this section. As a percentage of total assets, we see:

	<i>In 2019-2023</i>	<i>In 2024</i>
<i>Cash (& short-term investments)</i>	Between 8% and 11%	At 12%
<i>Capital assets</i>	Between 56% and 60%	At 56%
<i>Short-term liabilities</i>	Between 13% and 15%	At 15%
<i>Long-term liabilities</i>	Between 8% and 9%	At 9%
<i>Internally Restricted money</i>	Between 8% and 13%	At 10%

Total assets reached a new record high in fiscal year 2024, growing by 4.6% in the year, following a 3.9% growth in 2023. While the percentage growth might not seem so large, the dollar values are quite staggering: total assets hit \$2.35B, an increase of over \$100M in fiscal year 2024, following a comparable growth the year before.

The situation gets interesting because one might expect to see the growth reflected in capital assets. These assets generated 56-60% of total assets value in each year of the six-year period, but in fact landed at the lower end of that interval in 2024. Capital assets grew by just 1.2% in 2024, following a small 0.6% decrease in 2023. Capital assets reached \$1.31B, increasing steadily from \$1.25B in 2019, except for the \$8M dip in 2023.

So, where is the big asset growth?

Remember that total assets first crossed \$2B in fiscal year 2017, so we have seen growth by \$350M over the seven years since, averaging \$50M a year during the period that included the pandemic.

Well, in 2024, cash and short-term investments reached its highest level in the six-year period of this review, \$291M, a more than 50% increase over the 2023 amount. This is the largest level of cash (and equivalents) on hand since 2015, although the smaller dollar amounts in 2016-2018 represented slightly greater percentages of total assets at that time. In the preceding sentence, we just wrote “cash,” but of course also include the short-term investments that can be turned into cash typically within the year. The amount of money in short-term investments grew by \$73M, from \$114M in 2023 to \$187M in 2024.

Oftentimes, we will see the Administration shift money between short-term and long-term investments at maturity when a reinvestment decision is made. Remember, when money moves into long-term investments, it can signal to us that the Administration anticipates it will not need the cash for an extended period of time; and vice-versa, when money moves into short-term investments, it can signal to us that the Administration may be planning to spend. So, for fiscal year 2024 it is perhaps worth noting that the increase by \$73M in short-term investments is paired with a much smaller decrease of \$7M in long-term investments. Yes, this means that total investments grew by \$66M, with \$46M of that being a result of investment income. This investment income is roughly 6% of total investments in 2023. Whenever we raise the topic of using investments and/or investment income as a revenue source (at the end of the investment term), we hear that these investments are Endowment-related and, therefore, not accessible for the University’s mission. It is true that the long-term investments now include close to a half-billion dollars in Endowments (most of which is truly Restricted, not just “Internally Restricted”), but they also include \$142M in the “Expendable Fund Portfolio,” which the Audited Financial Statements tell us “consists mainly of the University’s working capital for operations.” Well, that seems to close an interesting discussion loop.

[In] 2024, cash and short-term investments reached its highest level in the six-year period of this review, \$291M, a more than 50% increase over the 2023 amount. [...] The amount of money in short-term investments grew by \$73M, from \$114M in 2023 to \$187M in 2024.

Aside: Thinking of the 6% return on investment from 2023 to 2024, it may be worth noting that the University Pension Plan (UPP) has managed to generate double-digit investment returns, reflecting the advantage of scale and the diversification that follows, and also perhaps reflecting that at least half of the University’s long-term investments are in fixed and guaranteed income vehicles. Viewed another way, you might wonder whether shifting the assets of the University’s pension plans to the UPP in 2021, eliminating the Administration’s ability to piggy-back Endowment investments on their pension investments, negatively impacted investment returns due to a major reduction in scale from the Administration’s perspective. Rest assured that when we dip into the pre-UPP past, we generally do not find huge investment return percentages. This is not really a criticism, but just an observation, as investment “risk appetite” also plays a role in this discussion: the fixed and guaranteed income investments are extremely low risk. On the other hand, a side effect of this situation in the past was that UGFA members felt its impact in bargaining, when inadequate investment performance played a meaningful role in us always being pressed to increase our pension contribution rates. Moving the bargaining of pension matters out of collective bargaining and, instead, to the Joint Sponsors of the UPP making decisions (where we have a role for the short-term future, and which realistically may still involve a sort of bargaining) was one of many factors motivating the conversion to the UPP.

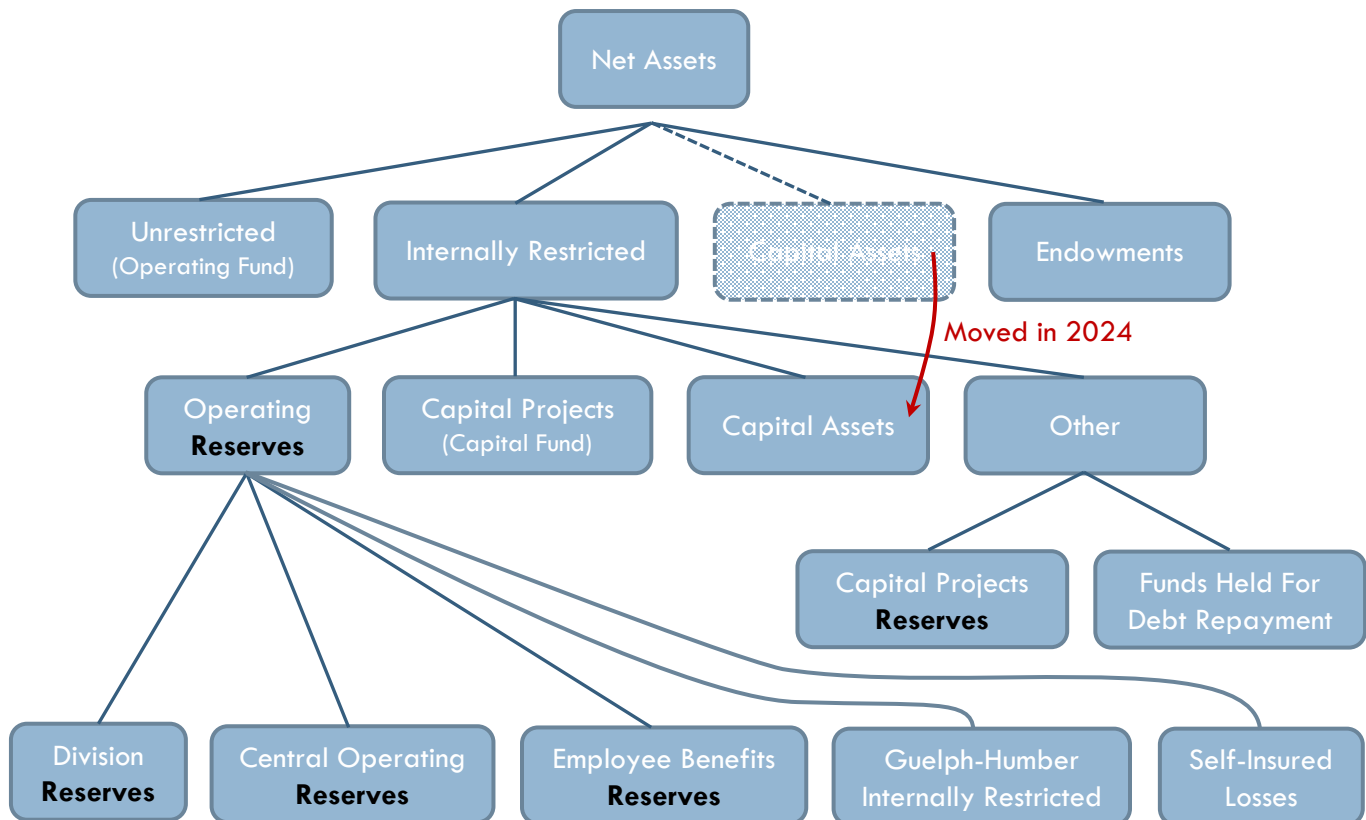
Returning to capital assets, in fiscal year 2024, the Administration made a change to how they report capital assets, with the explanation that they were switching to a model that “many other Ontario Universities” use. In

all years, the Administration reports a value for Capital Assets, as we see in Table 1, for example growing by \$15M from 2023 to 2024, and, as mentioned earlier by \$60M during the window of this analysis. In 2023 and all earlier years, the discussions in the Audited Statements also reported a value for the “Capital Assets” category under “Net Assets.” The other categories of Net Assets have routinely been “Unrestricted” (meaning the Operating Fund), “Endowment,” and “Internally Restricted.” It might be helpful to refer to Figure 1, each row of which visualizes what we are describing. Under “Internally Restricted” Net Assets, they would then report on three items: “Capital Projects,” “Operating Fund,” and “Other Funds,” which are elsewhere identified as the “Capital Projects Reserves,” “Operating Fund Reserves,” “Funds Held for Debt Repayment,” “Trust,” “Research,” and “Other.” The “Operating Fund Reserves” is subdivided into the three buckets we have historically tracked in our analysis, the “Division Reserves,” “Central Operating Reserves,” “Employee Benefit Reserves,” along with the tiny “Guelph-Humber Internally Restricted” fund and a bucket for “Self Insured Losses.” For readers who have made it this far into the paragraph with a clear head, the change in 2024 is to move the Capital Assets category of Net Assets under the heading of and into the discussion of Internally Restricted Net Assets, as depicted by the labeled arrow in Figure 1. The shaded bubble shows the new categorization of Capital Assets, as of 2024.

On the surface, one might shrug, but given that the Net Asset balance of Capital Assets, or as the Administration writes, funds “invested in Capital Assets,” is over \$700M, the total amount of Internally Restricted funds then exceeds \$900M. As a result, when they report with this new definition on Internally Restricted funds at a high level, we will not know whether oscillations or changes are due to capital assets or the funds we have historically followed, and sizeable changes on those funds will become much smaller percentage-wise changes of the Internally Restricted funds.

There is a reasonable risk that this change becomes a layer of obfuscation.

FIGURE 1: THE ADMINISTRATION'S CATEGORIZATION OF NET ASSETS, INCLUDING CHANGE IN 2024.



The Administration also added another new Internally Restricted fund, the Capital Sinking Fund, which is home to \$30M in new borrowing. A “Sinking Fund” is used to store money that will be used to purchase capital assets. With the current labeling, we are surely expected to understand that the borrowed money is truly allocated to capital spending, and, while we do expect that that is how the money will be spent, it is worth noting that there is almost surely no legal requirement to spend it in this way. This becomes a new fund worth watching, both for transfers in and out.

In order to be consistent in our six-year view, we can adhere to the same definition of Internally Restricted funds in 2024 as we used through to 2023, basically dropping the shift of funds “invested in Capital Assets” and the addition of the Sinking Fund under the Internally Restricted umbrella. With this consistent view, Internally Restricted funds grew in 2024 by \$27M to \$224M, a 14% growth, following another 14% growth (\$25M) in 2023. Internally Restricted funds are 9.5% of total assets. The peak value of these funds in the six-year window was at the start in 2019, when the pot held \$277M.

Here is the detail on the “reserves” that we always track. One sees that two of these reserves started increasing again in 2024.

FUND NAME	2018	2021	2022	2023	2024
Division Reserves	\$101M	\$95M -5%	\$94M -2%	\$93M -0.3%	\$100M +7%
Central Operating Reserves	\$74M	\$66M -11%	\$45M -32%	\$34M -24%	\$22M -36%
Employee Benefits Reserves	\$30M	\$26M -13%	\$16M -39%	\$10.6M -33%	\$11.2M +7%

In the past, the Administration would typically place money from new borrowing into the Central Operating Reserves, so one could suggest that the consistent view should add an additional \$30M to the \$22M reported in the 2024 column of the above table. With this view, all three reserves would have started increasing again, and the total value of Internally Restricted funds would be \$240M, a 22% growth from 2023.

On the liability side of the ledger, we find that short-term debt increased \$13M in 2024, but decreased as a percentage of total assets. This change is a result of new borrowing. At the end of the fiscal year, on April 25, 2024, the Administration borrowed \$30M from CIBC to be paid back over 30 years at an interest rate of 4.99%. On the same day, they also borrowed \$11M from CIBC to be paid back over the shorter term of 5 years at an interest rate of 5.13%. This new borrowing follows a third new loan of \$30M from RBC at the end of fiscal year 2023 to be paid back over 7 years at an interest rate of 4.02%. The most recent prior borrowing was in 2016. Later, when we discuss the Statement of Operations, we will see the early impact this borrowing has had on interest payments.

Similarly, long-term debt jumped by \$25M in 2024, increasing by 14%, due to the new long-term loan, now sitting at the highest level in the six-year review window. It is interesting to extend the lens back to 2018 and earlier: we find that long-term debt was a significantly greater percentage of total assets and, typically, a higher dollar value. While the 2018-and-earlier view falls outside of the 6-year window of our analysis, there is justification for extending our view: the pandemic-tainted (fiscal) years of 2020-2022 heavily distort

[In fiscal years 2023 and 2024,] the Administration borrowed \$30M from CIBC [...], \$11M from CIBC [..., and] \$30M from RBC.

our six-year view. In the six-year period, in terms of total assets, 2024 marks the highest percentage (in terms of Total Assets) of cash and an increasing percentage for long-term debt, but we might see those percentages as a return to the “old normal” when we look pre-pandemic.

TABLE 1. ANALYSIS OF THE STATEMENT OF FINANCIAL POSITION (DOLLAR VALUES IN THOUSANDS OF DOLLARS)

as at April 30	2019	2020	2021	2022	2023	2024
Total Assets	2,238,029	2,130,280	2,209,442	2,158,229	2,245,545	2,349,456
year-to-year % change	5.81	-4.81	3.72	-2.32	3.88	4.63
Cash (& short-term investments)	242,914	216,188	188,652	166,164	193,801	291,267
year-to-year % change	-8.77	-11.00	-12.74	-11.92	16.63	50.29
cash/total assets	10.85	10.15	8.54	7.70	8.63	12.40
Capital Assets	1,253,172	1,277,897	1,297,026	1,303,372	1,298,779	1,314,910
year-to-year % change	3.32	1.97	1.50	0.49	-0.62	1.24
(capital assets)/(total assets)	55.99	59.99	58.70	60.39	57.84	55.97
Short-Term Debt						
(Current Liabilities)	301,168	275,029	325,774	317,182	337,263	350,760
year-to-year % change	9.47	-8.68	18.45	-2.64	6.33	4.00
(short-term debt)/(total assets)	13.46	12.82	14.74	14.70	15.02	14.93
Long-Term Debt (Long-Term Liabilities)	205,021	192,079	180,142	167,404	184,459	209,903
year-to-year % change	-5.64	-6.01	-6.52	-7.07	10.19	13.79
(long-term debt)/(total assets)	9.16	9.05	8.15	7.74	8.21	8.93
Internally Restricted	276,882	272,925	222,919	172,341	196,829	223,754
year-to-year % change	-4.07	-1.43	-18.32	-22.69	14.21	13.68
(internally restricted)/(total assets)	12.37	12.81	10.09	7.99	8.77	9.52

Colour Legend for all Tables

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- ORANGE** Interesting percentages

ANALYSIS OF THE STATEMENT OF OPERATIONS

The statement of operations reports all revenues, all expenses, and their difference (the surplus or deficit).

Key revenue items are government grants from MTCU and OMAFA (the Ministry of Agriculture, Food and Agribusiness, formerly OMAFRA, the Ministry of Agriculture, Food, and Rural Affairs) and student tuition. Key expense items are salaries, benefits, and interest (on debt).

At the end of this section, Table 2 presents the numbers.

Ideally, we hope to see increases or at least stability for each of the revenue items. We find the following behaviour.

	<i>In 2019-2023</i>	<i>In 2024</i>
<i>Tuition</i>	Average increase of 1.4% per year; decreases of -5.3%, -1.9% in 2020, 2022; increases of 7.5%, 5.2% in 2023, 2024; 26-28% of revenue	Increased by 5.2%, 26% of revenue; record dollar value of \$249M
<i>Transfer Grants</i>	Marginal yearly changes; average increase of 0.2% per year; 30-34% of revenue	Increased by 3.44%; 30% of revenue; record dollar value of \$290M
<i>Total Revenue</i>	Average increase of 1.2% per year; decreases of -4.5%, -2.0% in 2020, 2021; increase of 10.4% in 2023	Increase by 4.7%; record dollar value of \$972M
<i>Salaries</i>	Average increase of 3.5% per year; decrease of -2% in 2021; 49-51% of expenses; 47-51% of revenue	Increased by 5.6%; 50% of revenue and 49% of expenses; record dollar value of \$476M
<i>Benefits</i>	Average increase of 3.9% per year; decreases of -3.3%, -0.9% in 2020, 2022; 6.1-6.8% of expenses	Increased by 8.1%; 6.8% of expenses; record dollar value of \$64M
<i>Total Expenses</i>	Average increase of 3.5% per year; marginal decrease in 2021	Increased by 3.5%; record dollar value of \$943M

As we see in Table 2, the MTCU transfer grants have been quite flat during the six-year window; the increase in combined transfers (MTCU + the OMAFA contract) is due to the OMAFA amount recovering from the pandemic years. We also see that the post-pandemic dollar value for tuition revenue shows large growth of \$17M (7.5%) in 2023 and \$22M (5.2%) in 2024. Although we do not report it in the table, as you will imagine, the increase in students also generates an increase in revenue from student fees: \$20M in 2023, and \$2M in 2024. The 2024 value for student fees might seem odd given the increase in student numbers and tuition from 2023 to 2024, but it surely reflects that residences were pretty much at maximum capacity in 2023, and, besides not paying for residence, students who live off-campus likely do not sign up for a meal plan. This observation likely explains why the Administration announced in (calendar year) 2024 their plan to build a new residence building: they will get a new sizeable increase in student fees.

The increases in revenue from student tuition and fees reflect the conscious decision by the Administration to increase the student intake dramatically, so that the eligible student count well exceeds the number that the government will fund (through the MTCU transfer grant). In addition, both the funding model and our tuition framework do not treat all students equally, so, for the same number of students, the University-wide revenue from each of these streams can be different depending upon where the students are.

It may be helpful to give a loose description of how students are counted and funded. Universities give a report on students (for funding purposes) to the government. Based on what they are studying, each student yields a certain number of “Weighted Student Units” (WSU); the count includes both undergraduate and

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graduate students. The government then allocates some amount of money to transfer grant funding for the entire system. This amount is divided by the total of the WSUs for all universities, defining the basic value of a single WSU. Each university receives a transfer amount equal to this basic value times their WSU.

At this point of the description, the model is similar to UGFA's merit pay model, in which each member has a certain number of points based on their Performance Assessment, and the merit pool is divided by the total number of points to give a dollar value to a point, etc. But in the merit pay system, there is a maximum number of points that any member can have, and the number of points a member has is not impacted by what any other member has. In our basic description of student funding so far, things are different...

Universities compete for the same students, meaning that one institution's WSU gain could be another institution's WSU loss. Indeed, if the total number of students has a fixed value, competition for students would lead to winners and losers, with disastrous effects. Such competition occurs even when the total number of students is not a fixed number, also leading to many challenges for many universities. And if the university system as a whole increases the number of students and total funding does not increase, then the basic value of a WSU decreases, again creating a problem for the universities that didn't increase enrolment. For example, the geographic location of a university may attract more students, perhaps due to population density and students' desire not to move too far away from home or many other reasons, making it easier for that university to increase enrolment. (The impact of geography extends to international students, for whom universities receive no transfer grant funding but upon whom many universities have relied for tuition revenue. Think of the Greater Toronto Area and the Northern universities.) To avoid such problems with competition, and of course to control overall cost, the provincial government introduced a funding cap in the form of a corridor. Every University has a target WSU number (based on historical numbers and negotiations), and a little bit of wiggle room around it, -3% up to +3%. Funding is based on the target number, the midpoint of the funding corridor. An institution that falls below their corridor gets a transfer grant reduction, and an institution that lands above their corridor gets no extra funding for those students.

The provincial government has not increased total transfer grant funding in any meaningful way, so, if corridor midpoints also do not move meaningfully, the transfer grants do not change meaningfully. In government circles, this is called "stable funding," something that they promised that the corridor model would deliver (although, one would hope, with consideration for matching inflation), but in other circles, it is called "underfunding." While the Strategic Mandate Agreements (SMAs) introduced by the Wynne Liberals roughly a decade ago, with the first ones signed in August 2014, were a tool for the government to influence—oops, surely that should be "have oversight of"—the evolution of university programs and directions, they also connected to funding, as we will highlight a bit later.

Many universities responded to the situation by aggressively increasing international student enrolments, students outside “the count” who pay enormous tuition amounts, but, as described above, not all universities have the same ability to attract international students. For a number of years, this action stayed under the radar, casually and virtuously described as “internationalization.” The Ontario College system also pursued this direction aggressively, with every College in Ontario having an “international” affiliate in the Greater Toronto Area. Locally, Conestoga College, having received 37,000 study permits, the most in Canada, generated total revenue in fiscal year 2024 of \$944M, with a \$251M surplus, following a \$106M surplus in fiscal year 2023. The trend also created an opening for the once-Australian now multi-national mercenary corporation, Navitas, to establish new deals at Ontario universities, namely Toronto Metropolitan and Wilfrid Laurier. At Guelph, UGFA, other employees, and student groups all strongly opposed AVPA Byron Sheldrick’s proposed “partnership” with Navitas, with two campaigns for the two times that the Administration pushed this terrible idea. These campaigns perhaps only slowed the Administration’s plans. The Administration’s efforts were still ongoing when news reports shone light on the plight of Indian graduate students struggling to live day-to-day. The federal government ended up instituting a cap on the number of international students, first at the undergraduate level and, subsequently, at the graduate level. And, for the moment, solving the funding crisis through “internationalization” faces a road block.

As a result of all of this, many universities in Ontario have a student mass that exceeds their corridor, something that our Administration will appeal to when discussing the number of students at Guelph, like a kid in a TV show: “But Mom/Dad, my friends are doing it!” Figure 2 presents statistics from the Ontario Universities’ Application Centre (OUAC) [website](#). The September 2022 (fiscal year 2023) numbers show Guelph’s first-year confirmations for Ontario students increasing by 47.5%, from 3,956 to 5,835, and for other students increasing by 26.3% from 490 to 619, for an overall increase of 45.2%, from 4,446 to 6,454. In September 2023 (fiscal year 2024, the final year in our six-year window), we saw an overall decrease of -19.6%, from 6,454 to 5,190, which is still much higher than 2021 and all earlier years. As readers will know, the September 2024 (fiscal year 2025) numbers show Guelph’s first-year confirmations for Ontario students increasing by 47.9%, from 4,578 to 6,773, and for other students increasing by 19.3% from 610 to 728, for an overall increase of 44.6%, from 5,188 to 7501. Ignoring the tiny universities, the Fall 2024 (fiscal year 2025) growth in the first-year cohort is about 10 times the percentage growth of any other university that grew admissions, and many universities saw a (small) decline in admissions. The Fall 2024 first-year confirmations were 68.9% higher than Fall 2021 confirmations, as reflected in the growth of the first-year student cohort over this period. Finally, each year the data on application numbers are also posted on the OUAC website; in 2025, we see that our applications are up 9.3%, so we should expect further significant growth in student numbers in Fall 2025. We will certainly return to this topic in future financial analyses.

Ignoring the tiny universities, the Fall 2024 (fiscal year 2025) growth in the first-year cohort is about 10 times the percentage growth of any other university that grew admissions [...]. The Fall 2024 confirmations were 68.9% higher than Fall 2021 confirmations [...], as reflected in the growth of the first-year student cohort over this period. [In] 2025, we see that our applications are up 9.3%, so we should expect further significant growth in student numbers in Fall 2025.

FIGURE 2: ONTARIO UNIVERSITY APPLICATION CENTRE STATISTICS.

Undergraduate: Confirmation Statistics for September 2022 Full Time, First Year, Fall (September) Entry										Undergraduate: Confirmation Statistics for September 2023 Full Time, First Year, Fall (September) Entry									
University	Ontario Secondary School Students (OSSS)			All Other Applicants (AOA)			Total (OSSS and AOA)			University	Ontario Secondary School Students (OSSS)			All Other Applicants (AOA)			Total (OSSS and AOA)		
	September 7, 2022	September 8, 2021	% Difference	September 6, 2022	September 7, 2021	% Difference	2022 Cycle	2021 Cycle	% Difference		September 6, 2023	September 7, 2022	% Difference	September 5, 2023	September 6, 2022	% Difference	2023 Cycle	2022 Cycle	% Difference
Algonquin University	133	144	-7.6%	73	72	1.1%	206	216	-4.6%	122	133	-6.2%	71	73	-2.7%	193	208	-6.3%	
Brock University	2,866	2,836	2.1%	547	659	-20.6%	3,413	3,495	-2.3%	2,825	2,886	-2.8%	543	607	-9.7%	3,368	3,493	-3.6%	
Carleton University	3,793	3,964	-4.3%	1,419	1,446	-1.9%	5,212	5,410	-3.7%	3,720	3,793	-2.2%	1,539	1,419	-13.7%	4,538	5,212	-13.1%	
University of Guelph*	5,853	3,956	47.5%	819	490	65.1%	6,672	4,446	49.2%	4,580	5,035	-9.2%	819	619	32.3%	5,399	4,865	10.9%	
University of Guelph - Humber	834	1,145	-27.1%	366	290	27.9%	1,200	505	58.3%	603	654	-8.1%	306	306	0.0%	1,172	1,200	-2.3%	
Lakeland University	692	725	-4.3%	505	540	-6.3%	1,197	1,200	-0.2%	731	660	10.8%	503	605	-16.9%	1,236	1,207	2.4%	
Laurentian University	5,539	5,680	-2.6%	527	475	10.9%	6,066	6,155	-1.4%	5,269	5,277	-0.1%	477	477	0.0%	5,746	6,149	-6.4%	
Laurentian University - Hearst	11	6	83.3%	20	17	17.6%	31	23	34.8%	13	11	18.2%	4	20	-60.0%	17	31	-45.2%	
McMaster University	1,908	1,908	0.0%	1,177	1,177	0.0%	3,085	3,085	0.0%	1,569	1,576	-0.4%	1,026	1,026	0.0%	2,595	2,612	-0.6%	
Nipissing University	333	432	-22.9%	140	202	-30.9%	473	634	-25.4%	314	331	-4.8%	162	190	-14.7%	476	544	-12.7%	
OCAD University	743	892	-17.0%	712	687	3.0%	1,455	1,347	8.0%	634	743	-15.2%	720	712	1.1%	1,374	1,436	-4.6%	
Université de l'Ontario Français	4	3	33.3%	293	140	103.1%	294	144	51.4%	6	4	50.0%	293	280	4.7%	292	294	-0.7%	
Ontario Tech University	1,600	1,434	15.8%	677	677	0.0%	2,277	2,111	8.3%	1,886	1,680	12.4%	749	677	10.5%	2,635	2,787	-5.2%	
University of Ottawa	3,322	3,245	2.3%	4,308	4,201	10.3%	7,630	7,446	2.5%	3,019	3,322	-9.1%	3,261	4,329	-24.2%	7,021	11,775	-40.4%	
Queen's University	4,222	4,327	-2.2%	1,432	1,314	9.0%	5,654	5,648	0.1%	3,887	4,230	-8.1%	1,652	1,750	-5.6%	5,539	6,892	-19.8%	
University of Toronto	8,369	9,019	-6.9%	7,337	7,689	-4.9%	15,706	17,708	-10.2%	8,496	9,389	-9.1%	7,884	7,337	7.4%	17,330	18,738	-7.0%	
Toronto Metropolitan Univ	4,224	6,653	-36.2%	3,053	3,467	-13.1%	7,107	10,120	-30.0%	4,255	6,237	-31.9%	3,120	3,383	-7.8%	7,375	13,503	-45.4%	
Trent University	2,151	1,994	7.9%	703	450	54.9%	2,854	2,449	16.5%	2,089	2,131	-4.7%	531	617	-14.1%	2,580	2,604	-0.9%	
University of Waterloo	5,763	5,890	-2.2%	2,023	1,970	2.7%	7,786	7,860	-0.9%	5,762	5,763	0.0%	1,700	2,023	-16.0%	7,462	7,786	-4.2%	
Western University*	5,106	5,219	-2.2%	1,836	1,883	-1.9%	6,942	7,092	-2.0%	5,382	5,398	-0.3%	1,727	1,850	-6.1%	7,109	6,941	2.4%	
Western University - Brescia	191	213	-10.8%	59	49	20.4%	250	269	-6.7%	201	191	29.8%	48	30	59.3%	296	260	13.5%	
Western University - London	286	292	-2.1%	158	162	-2.5%	444	454	-2.2%	412	386	6.5%	171	155	10.3%	303	421	-28.0%	
Western University - King's	439	599	-27.2%	159	157	1.3%	598	756	-20.9%	415	469	-5.1%	123	159	-22.6%	308	628	-50.7%	
Wilfrid Laurier University	4,878	4,820	1.2%	826	915	-9.7%	5,704	5,735	-0.5%	4,429	4,078	9.1%	850	626	35.9%	5,279	5,534	-4.8%	
University of Windsor	2,516	1,985	27.2%	441	465	-5.2%	2,957	2,451	20.2%	2,133	2,016	5.8%	550	611	-9.3%	2,683	2,457	8.8%	
York University	7,528	7,185	4.7%	2,625	2,275	14.5%	10,153	9,457	6.1%	7,411	7,528	-1.1%	2,553	2,505	2.0%	9,964	10,131	-1.6%	
TOTAL	76,302	72,600	5.0%	33,637	31,769	4.0%	110,289	107,435	1.8%	74,212	79,322	-6.1%	32,618	33,587	-2.4%	107,830	109,300	-1.4%	

Undergraduate: Confirmation Statistics for September 2024 Full Time, First Year, Fall (September) Entry										Undergraduate: Application Statistics for January 2025 Full Time, First Year, Fall (September) Entry									
University	Ontario Secondary School Students (OSSS)			All Other Applicants (AOA)			Total (OSSS and AOA)			University	Ontario Secondary School Students (OSSS)			All Other Applicants (AOA)			Total (OSSS and AOA)		
	September 11, 2024	September 13, 2023	% Difference	September 10, 2024	September 12, 2023	% Difference	2024 Cycle	2023 Cycle	% Difference		January 9, 2025	January 16, 2024	% Difference	2025 Cycle	2024 Cycle	% Difference	2025 Cycle	2024 Cycle	% Difference
Algonquin University	126	122	3.3%	87	72	13.9%	208	184	12.5%	Algonquin University	750	748	-0.3%	Available in April	Available in April	Available in April	750	640	15.6%
Brock University	2,647	2,264	17.0%	493	541	-9.2%	3,140	3,343	-6.1%	Brock University	19,945	19,227	3.7%	Available in April	Available in April	Available in April	19,945	19,227	3.7%
Carleton University	3,887	3,719	4.5%	1,114	1,214	-9.0%	4,921	4,904	0.3%	Carleton University	21,758	21,512	1.1%	Available in April	Available in April	Available in April	21,758	21,512	1.1%
University of Guelph*	4,578	4,776	-4.8%	728	790	-7.5%	5,306	5,566	-4.7%	University of Guelph*	41,922	37,967	10.7%	Available in April	Available in April	Available in April	41,922	37,967	10.7%
University of Guelph - Humber	763	861	-11.4%	319	313	1.9%	1,082	1,114	-2.0%	University of Guelph - Humber	3,541	3,027	17.0%	Available in April	Available in April	Available in April	3,541	3,027	17.0%
Université de Hearst	19	13	46.2%	5	4	25.0%	15	17	-11.8%	Université de Hearst	19	15	26.7%	Available in April	Available in April	Available in April	19	15	26.7%
Lakeland University	723	732	-1.2%	668	568	15.8%	1,291	1,249	3.4%	Lakeland University	3,550	3,688	-3.5%	Available in April	Available in April	Available in April	3,550	3,688	-3.5%
Laurentian University	541	523	3.4%	581	563	3.0%	1,122	1,086	2.6%	Laurentian University	3,654	3,278	11.6%	Available in April	Available in April	Available in April	3,654	3,278	11.6%
McMaster University	4,773	5,458	-12.6%	1,196	1,082	9.6%	5,969	6,540	-8.4%	McMaster University	57,363	53,104	8.2%	Available in April	Available in April	Available in April	57,363	53,104	8.2%
Nipissing University	382	516	-26.2%	180	163	10.4%	562	679	-17.5%	Nipissing University	2,268	2,414	-6.4%	Available in April	Available in April	Available in April	2,268	2,414	-6.4%
OCAD University	990	603	64.3%	626	720	-13.1%	1,224	1,273	-4.6%	OCAD University	2,953	2,038	44.9%	Available in April	Available in April	Available in April	2,953	2,038	44.9%
Université de l'Ontario Français	2	1	100.0%	152	628	-75.8%	154	634	-75.8%	Université de l'Ontario Français	2	20	-90.0%	Available in April	Available in April	Available in April	2	20	-90.0%
Ontario Tech University	1,829	1,869	-2.1%	672	749	-9.3%	2,501	2,514	-0.5%	Ontario Tech University	13,100	13,385	-2.1%	Available in April	Available in April	Available in April	13,100	13,385	-2.1%
University of Ottawa	5,228	5,055	3.4%	5,322	5,244	1.5%	10,550	10,210	3.3%	University of Ottawa	34,137	33,601	1.6%	Available in April	Available in April	Available in April	34,137	33,601	1.6%
Queen's University	4,008	3,865	3.7%	1,530	1,681	-9.0%	5,538	5,546	-0.1%	Queen's University	41,178	41,178	0.0%	Available in April	Available in April	Available in April	41,178	41,178	0.0%
University of Toronto	10,629	10,629	0.0%	7,347	7,629	-3.7%	17,976	18,258	-1.5%	University of Toronto	68,214	63,217	7.9%	Available in April	Available in April	Available in April	68,214	63,217	7.9%
Toronto Metropolitan Univ	6,983	6,558	6.3%	2,773	3,317	-16.7%	9,756	9,874	-1.2%	Toronto Metropolitan Univ	50,199	46,287	8.5%	Available in April	Available in April	Available in April	50,199	46,287	8.5%
Trent University	1,814	2,048	-11.3%	589	532	10.7%	2,403	2,570	-6.5%	Trent University	44,667	43,982	1.5%	Available in April	Available in April	Available in April	44,667	43,982	1.5%
Western University*	5,472	5,761	-5.0%	1,686	1,686	0.0%	7,158	7,447	-4.3%	Western University*	52,525	47,599	10.5%	Available in April	Available in April	Available in April	52,525	47,599	10.5%
Western University - Brescia	5,411	5,361	0.9%	1,554	1,732	-10.3%	6,965	7,113	-2.1%	Western University - Brescia	2,411	2,206	8.4%	Available in April	Available in April	Available in April	2,411	2,206	8.4%
Western University - London	523	248	110.5%	174	43	1.8%	697	269	158.0%	Western University - London	4,467	3,081	44.9%	Available in April	Available in April	Available in April	4,467	3,081	44.9%
Western University - King's	565	446	26.5%	136	123	10.6%	701	596	16.8%	Western University - King's	3,452	3,081	12.0%	Available in April	Available in April	Available in April	3,452	3,081	12.0%
Wilfrid Laurier University	4,580	4,440	3.1%	688	864	-20.4%	5,268	5,304	-0.7%	Wilfrid Laurier University	37,416	35,663	5.2%	Available in April	Available in April	Available in April	37,416	35,663	5.2%
University of Windsor	2,590	2,103	23.2%	446	513	-13.1%	2,936	2,448	19.9%	University of Windsor	11,225	11,101	1.1%	Available in April	Available in April	Available in April	11,225	11,101	1.1%
York University	6,653	7,445	-10.6%	1,972	2,349	-16.9%	8,625	9,694	-10.7%	York University	51,071	52,337	-2.4%	Available in April	Available in April	Available in April	51,071	52,337	-2.4%
TOTAL	78,608	74,935	4.9%	30,658	30,868	-0.6%	109,266	105,835	3.2%	TOTAL	577,726	552,816	4.5%	Available in April	Available in April	Available in April	577,726	552,816	4.5%

In the past, university administrations have exceeded corridor limits in order to protest that the corridor limits have not increased in a way that they were willing to accept. The idea is that at some point the system will be reanalyzed or rebooted and the current enrolment numbers will in some way become a new baseline for funding. Of course, what the administrations want—echoed by others—is an increase to BOTH the corridors and the total transfer grant funding. Recalling the earlier discussion of WSUs, that is the only way to get MORE funding for MORE students. The provincial government, on the other hand, has tried instead to shift the funding model through the SMAs so that a sizeable percentage of the funding is linked to “performance metrics.” The pandemic derailed the introduction of performance-based funding, but the current SMAs expire in 2025 and funding will surely be a big issue for whichever party is in power. Instead of committing to an increase in total transfer grant funding, the provincial government announced in February 2024 the creation of a \$1.3B “Postsecondary Education Sustainability Fund” to be distributed over three years, beginning in fiscal year 2025. The University of Guelph will receive \$6.2M in fiscal year 2025, \$10.4M in 2026, and \$14.7M in 2027.

Aside: returning for the moment to the tragic situation of international students that began appearing in the press in late 2023, we note that those stories focused on the cost of food and rent, and the need for these students to use food banks. The strong articles on the topic linked the tragedy to the actions of academic institutions: charging extremely high tuition, not considering housing availability and cost, and so on. This negative press surely led to the federal government cap. It also exposed some administrations’ statements as virtue signaling: it is perverse to claim virtue when your construction is only affordable by rich international students, largely from a few countries. Although it falls outside of the six-year window of our analysis, the huge increase in first-year admissions in Fall 2024 led to local reports about University of Guelph students not being able to afford rent or food. There was news of students relying on food banks, shocking discussions of a separate dedicated student food bank, the mayor castigating the Administration in a stern letter, and so on. The parallels between Guelph’s situation in Fall 2024 and the press from one Fall earlier is disturbing.

Total revenues grew by \$43M (4.7%) in 2024, following growth by \$87M (10.38%) in 2023. One might anticipate that total revenues will exceed \$1B in fiscal year 2025. On the other side of the ledger, total expenses grew by \$32M (3.5%) in 2024, following growth by \$36M (4.1%) in 2023. Surpluses in the two years were \$29M in 2024

Surpluses in the two years were \$29M in 2024 and \$19M in 2023.

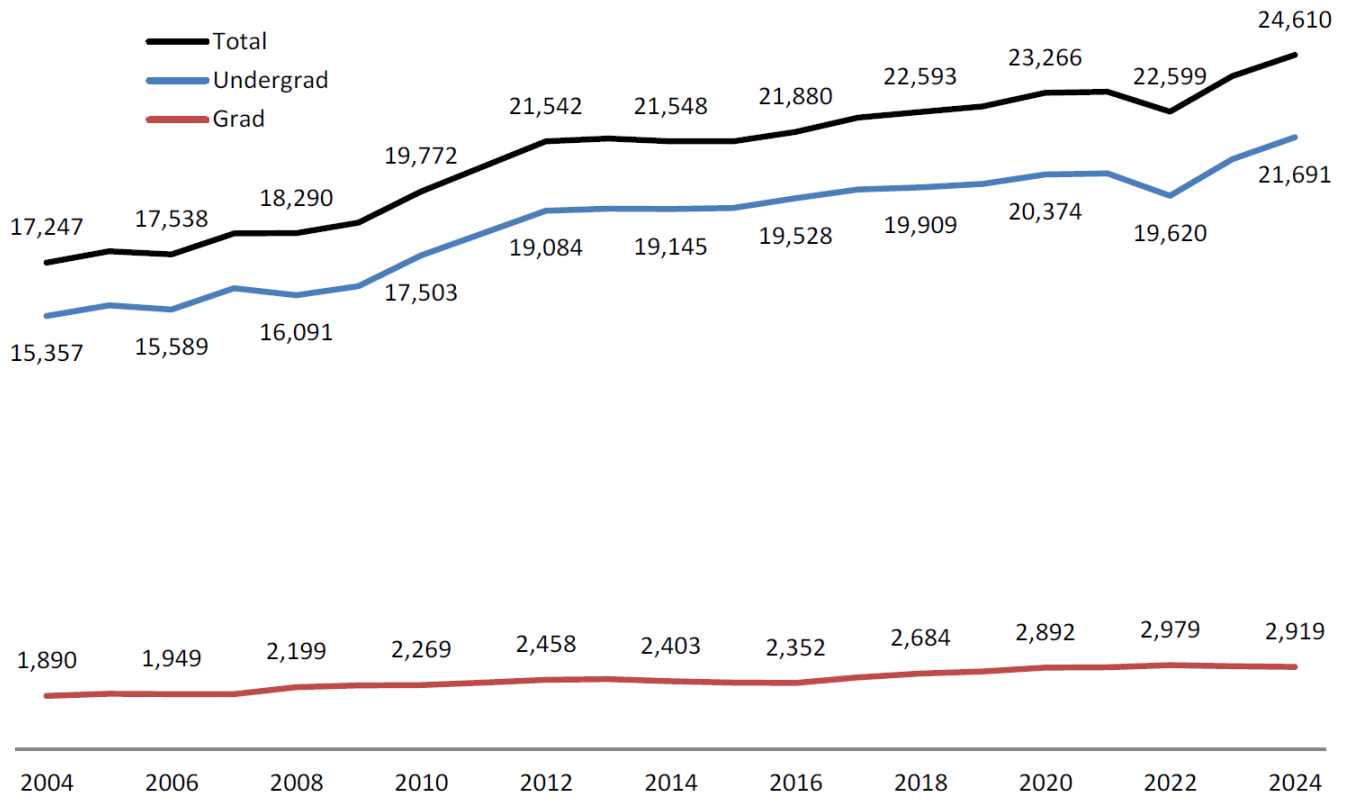
year. Even with the three years of deficits in 2021-2023 (\$7.8M, \$15.9M, and \$30M, respectively) arising from the pandemic, the rolling six year average of revenues minus liabilities has always been a surplus.

The growth rate of expenses is largely driven by the growth in salaries, 5.6% in 2024 and 4.9% in 2023. Total salaries remained a fairly stable percentage of both total expenses and total revenues. On average, in the six-year window total salaries increase by 3.8% per year. Keep in mind that this growth takes into account the growth in salaries of employees who worked at the University for the entire period, along with any growth in the salary mass through new hiring, along with any decrease in the salary mass due to retirements and other departures. From the UGFA perspective, at the individual level, we know that the average salary increase of a member during the six-year window, taking into account the Cost-of-Living Adjustment and the Annual Career Increment, was roughly 3.0% per year. And we know that our “permanent” member count—members with Tenure or Continuing Appointment, or on track for same—was 808 on January 10, 2019, during fiscal year 2018, just before the six year window. We also know from recent numbers, that in September 2024, our permanent member count was 790. In addition, the number of members with Contractually Limited appointments also decreased from the earlier date to the later date. That is, the UGFA complement actually decreased over the six-year period, and that decrease includes high-salary members retiring and lower-salary members being hired. Due to the UGFA complement shrinking and the retirement/hiring impact on salaries, the average increase of the UGFA salary mass during the six-year window was actually less than 3% per year. We conclude that, on average over the past six years, the UGFA salary mass growth was at least 1% less than the average salary growth at the University as a whole, and that the non-UGFA salary mass growth was over 1% greater than the UGFA salary mass growth. Indeed, in fiscal year 2023, the Audited Financial Statements noted that the salary mass in Ancillary Enterprises increased by 29%. In fiscal year 2024, the Statements say that “the increase in salaries was across all funds with the largest impact occurring in the operating fund.” For clarity, that means not Ancillary Enterprises and not Research Funds, the other two categories into which they divide salaries (without giving broken down numbers), or, in other words, all employee salaries (UGFA, Administration, Staff, etc.) that do not fall into the other two categories. We will see some more numbers later on the growth of Administration and Administrative Staff.

Last year, the former Provost and the now-gone President introduced the phrase “compensation inflation” into their budget narratives. They did not note that the largest growth in salary mass occurred outside of the Faculty Association, and they did not discuss how this other salary spending aligns with the mission of the University, teaching and scholarship. And, of course, they never mentioned that they quite purposefully ignored the agreement in effect throughout these years for modest (~5%) growth hiring of the permanent UGFA member complement, even though that former President bargained the agreement.

We conclude that, on average over the past six years, the UGFA salary mass growth was at least 1% less than the average salary growth at the University as a whole, and that the non-UGFA salary mass growth was over 1% greater than the UGFA salary mass growth.

FIGURE 3: STUDENT ENROLLMENTS (FTE)



Benefits expenses have grown over the past six years, on average by 4.6% per year. This expense has remained a rather stable percentage of both total revenues and total expenses. Interest costs decreased steadily over the window, getting below \$10M per year in 2021 before increasing in 2024 due to the new bargaining. Historically, back to 2006, the University has routinely run with ~\$11M yearly interest payments. The recent three-year period where these payments were below \$10M is the only such period in our records.

Returning to student counting, Figure 3 shows the Administration's graph of student enrolments; remember that the dates on the axis represent the fiscal year that ends on April 30 of that year. In the interval 2022-2024, undergraduate student enrolments increased by 10.6%. Each year, at the undergraduate level, a smaller fourth-year cohort (that, in general, began their studies four years earlier) graduated and the larger first-year cohort, resulting from the increase in first-year confirmations discussed earlier, advanced to second year. The first-year cohort in Fall 2023 was smaller than that of Fall 2022, but still larger than Fall 2021 and all earlier years, and we see that the overall student count still increased meaningfully. We can expect a big jump again next year because of the huge Fall 2024 first-year class, and, based on the application data in Figure 2, yet another increase in Fall 2025.

Of course, this growth in student numbers generates the tuition revenue increase, with no additional transfer grant funding, and, going back to our discussion of salaries, explains in part the disproportionate growth of the non-UGFA member salary mass: more administrators, administrative support staff, and student support staff (including hospitality services, coming out of the pandemic), surely.

We cannot look at the student numbers in Figure 3 without also identifying the additional and ever-increasing workload of members and a lack of care by the Administration about member wellness. Even with a possible sincere commitment (finally!) to the agreement for growth hiring of "permanent" UGFA members as an outcome of 2024 collective bargaining (and the strong statement members made regarding a potential strike), the UGFA member complement will never grow by the same percentage that the student population has grown. Workload issues will persist, and there are other issues, too...

In the six-year period, while Administration growth nearly doubled the 8% student growth, we find that the UGFA complement actually decreased by 5.5% over the period.

Many members have noted anecdotally that the average mindset of incoming students post-pandemic is more consumeristic than in the past. UGFA has seen an increase in the number of cases involving students, often centred on students filing a complaint in response to an assessment that deems their work to be of poor quality. In addition, the percentage of students in incoming classes who are granted accommodations only increases. While this is great from an accessibility standpoint, the number of accommodations for which an instructor performs meaningful work—often using cumbersome processes defined by and time-consuming systems chosen by the Administration—has increased dramatically, with no relief. In addition, many faculty members say that the integrity of their course has been or will be impacted negatively due to choices they feel compelled to make because of class size, perhaps just to survive.

So, sure, increased student numbers means increased tuition revenue, but does the Administration care about the impacts on workload and course integrity? We know that they are aware of them! Indeed, in mid-2024 the Office of Teaching & Learning ran a workshop on “Scaling Courses for Increasing Enrollment.” In case it passed you by, Figure 4 presents two slides that they suggest may help members cope with increased grading and student feedback. In an effort not to stray too far from financial analysis, the advice in the figure is left for the reader to consider, perhaps in the light of their academic goals for the students and the academic integrity of their course.

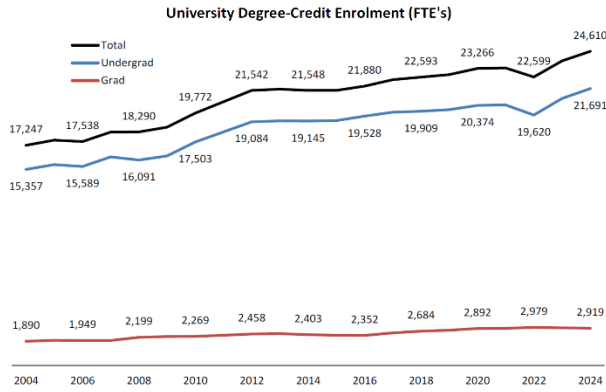
To close the section, in Figure 5, we present a summary of three different growths: in students, in the Administration, and in UGFA. We see that from 2019 to 2024, the overall student growth was 8%, with more to come. Putting the final exclamation point on the discussion of salary growth, we see that we had a new record number of Senior Administrators in 2023, with growth from 2019 to 2023 of 14%, and a remarkable growth of Administrative Staff of 56%. We should perhaps be a little careful here, as the final growth number may be counting people who were here throughout the period but only recently entered the Sunshine List, which is our only source for these data. We do not have 2024 numbers, as that Sunshine List has not yet been released. In the six-year period, while Administration growth nearly doubled the 8% student growth, we find that the UGFA complement actually decreased by 5.5%. A version of this figure was used in the context section of UGFA’s 2024 Collective Bargaining mediation brief, having been passed across the bargaining table during our opening statement. We have included the graphical comparison of the senior administration at Guelph and Laurentian, since we will return to a discussion of the Auditor General’s “financial health” metrics in a later section of this analysis.

FIGURE 4: SHARED SLIDES FROM THE ADMINISTRATION'S WORKSHOP ON "SCALING COURSES FOR INCREASING ENROLLMENTS."

Potential Solutions to Ease Pain Points	Potential Solutions to Ease Pain Points
Too Much Grading Work!	Too Much Work Giving Feedback!
<ol style="list-style-type: none"> 1. Simplify grading criteria: Completion marking (e.g., 3-point grading: 2 = complete + accurate; 1 = completed with some errors; 0 = not completed) or specifications grading (e.g., satisfactory or needs improvement) 2. Batch grading (e.g., grade similar assignments or sections of assessments) 3. Peer assessment (e.g., with a rubric and assessment examples) 4. Self-assessment (e.g., reflection) 5. Multiple choice to assess higher-order outcomes 6. Limiting the choices available to students 7. Reduce regrading through request forms, grade justifications, and policies 8. Reconsider word count expectations 9. Use automated grading (see upcoming workshops below) 	<ol style="list-style-type: none"> 1. Enable students to opt in or opt out of receiving feedback 2. Use rubrics to give feedback 3. Use feedback banks to copy and paste feedback content 4. Staggering deadlines to ensure adequate time to give feedback 5. Set a timer to limit the time that you review each student's work and give feedback 6. Only offer feedback on a draft before the final assignment is handed in (to encourage reading feedback and incorporating revisions) 7. Get students to give each other feedback (peer review) 8. Synthesize common feedback for all students; deliver it concisely 9. Give feedback using audio or video

FIGURE 5: UNEQUAL GROWTH IN DIFFERENT CONSTITUENCIES.

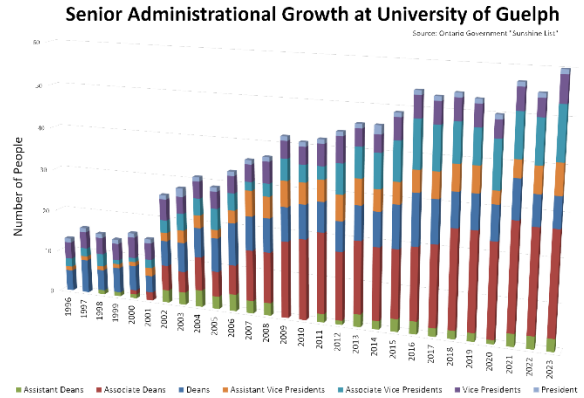
Students



From 2019-2024: Growth by ~8%

Budget 2024 Plan
"Opportunities for [more] domestic undergraduate growth."

Administration

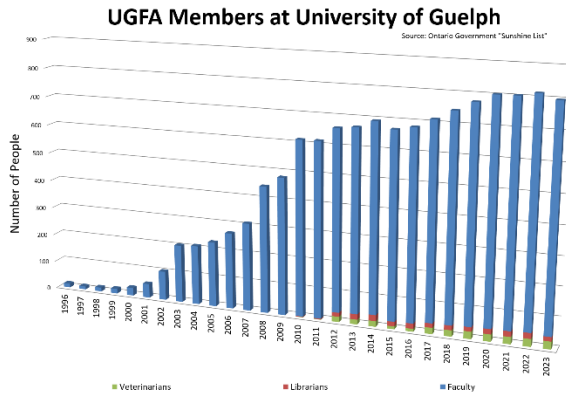


New record number of Senior Administrators in 2023.

From 2019-2024: Growth by ~14%

UGFA

and Administrative Staff:
Growth by 56%



Down 2% from 2022 to 2023. Down ~5% more in 2024 (39 voluntary retirements).

From 2019-2024: Decrease by ~5.5%

Unequal Growth

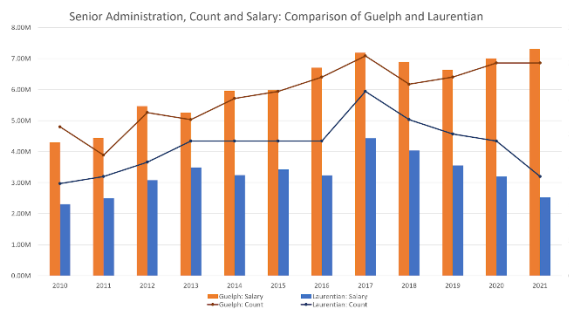


TABLE 2: ANALYSIS OF THE STATEMENT OF OPERATIONS (DOLLAR VALUES IN THOUSANDS OF DOLLARS)

	as at April 30	2019	2020	2021	2022	2023	2024
Revenues							
Total Revenues		865,909	826,590	809,769	841,883	929,233	972,411
year-to-year % change		4.91	-4.54	-2.03	3.97	10.38	4.65
Government Grants							
Min Training Colleges & Universities		204,398	205,336	206,708	212,506	208,215	210,943
Min Agriculture, Food, Agribusiness		75,699	69,417	67,015	73,334	72,162	79,080
Total		280,097	274,753	273,723	285,840	280,377	290,023
year-to-year % change		0.60	-1.91	-0.37	4.43	-1.91	3.44
(govt grants)/(total revenues)		32.35	33.24	33.80	33.95	30.17	29.83
Student Tuition		233,312	220,935	224,956	220,590	237,079	249,367
year-to-year % change		4.78	-5.30	1.82	-1.94	7.47	5.18
(student tuition)/(total revenues)		26.94	26.73	27.78	26.20	25.51	25.64
Expenses							
Total Expenses		819,162	833,212	828,319	875,962	911,633	943,218
year-to-year % change		6.40	1.72	-0.59	5.75	4.07	3.46
Salaries		406,027	421,739	413,701	429,467	450,871	475,954
year-to-year % change		6.56	3.87	-1.91	3.81	4.98	5.56
salaries/(total revenues)		46.89	51.02	51.09	51.01	48.52	48.95
salaries/(total expenses)		49.57	50.62	49.94	49.03	49.46	50.46
Benefits		52,545	50,835	56,441	55,955	59,145	63,968
year-to-year % change		6.97	-3.25	11.03	-0.86	5.70	8.15
benefits/(total revenue)		6.07	6.15	6.97	6.65	6.36	6.58
benefits/(total expenses)		6.41	6.10	6.81	6.39	6.49	6.78
Interest Cost		11,079	10,543	9,997	9,473	8,892	9,550
year-to-year % change		-4.45	-4.84	-5.18	-5.24	-6.13	7.40
(interest cost)/(total revenues)		1.28	1.28	1.23	1.13	0.96	0.98
(interest cost)/(total expenses)		1.35	1.27	1.21	1.08	0.98	1.01
Adjustments							
Unrealized Gain/Loss or Interest Rate Swap		-279	-1,251	2,692	3,722	1,174	222
Surplus or Deficit							
All Funds Combined		46,468	-7,873	-15,858	-30,357	18,774	29,415
year-to-year % change		-25.11	-116.94	-101.42	-91.43	161.84	56.68
(surplus or deficit)/(total revenues)		5.37	-0.95	-1.96	-3.61	2.02	3.02

ANALYSIS OF THE STATEMENT OF CASH FLOWS

This statement shows that

(starting cash) – (ending cash) = sum of cash provided or used by operations, financing, and investing.

The key items are cash flows from operations, increase/decrease in investments, and purchase/sale of capital assets.

The University should have a positive cash flow from operations to avoid risk. Otherwise, the University must be borrowing money to operate, which is risky behavior, particularly if it is a multi-year pattern.

At the end of this section, Table 3 presents the data.

Cash flows from operations in 2023 was \$85M and in 2024 was \$83M. The low cash flows figure from 2022 of just \$6.6M was updated to \$10M, which is still the lowest in history. The swing from this low number to back-to-back large numbers reflects a return to lots of financial activity post-pandemic.

As always, the Administration spent large sums of money on capital purchases in 2023 and 2024, \$45M and \$74M, respectively, including \$6M and \$17M, respectively, on buildings; and \$23M and \$32M, respectively, on equipment. In addition to the “Buildings” item, the Audited Statements report spending on main campus renewal and on student housing renewal, \$5.8M and \$10.7M respectively in 2023, and \$10.9M and \$14.3M respectively in 2024.

We summarize the capital spending in 2023 and 2024. Remember that some of these projects have run for a number of earlier years.

Project	2023	2024	Total Spent (Over All Years)	Total Approved
Improv Theatre / MACK Building	\$3.3M		\$25.0M	\$25.0M
Alumni Stadium	\$0.3M	\$0.1M	\$5.7M	\$5.8M (was \$5.4M)
OVC Small Animal Clinic	\$2.1M	\$0.9M	\$7.5M	\$8.4M
UC Heat Recovery Loop	\$0.8M	\$1.4M	\$2.2M	\$2.3M
South Residence	\$8.3M	\$6.1M	\$37.1M	see discussion below
Honey Bee Institute	\$0.6M	\$5.8M	\$7.4M	\$17.1M (was \$2.8M)
East Residence	\$0.7M	\$5.7M	\$6.4M	\$21.5M
Tunnels – DCRM repairs	\$0.1M	\$2.6M	\$2.7M	\$5.9M

It seems that the Audited Financial Statements each year report the five biggest ticket items for capital spending. No spending on the Alumni Stadium or the OVC Small Animal Clinic was reported in the 2024 Audited Financial Statements, but one would assume that the red amounts we have entered in the table were spent, finishing off both of these projects. A similar statement goes for the 2023 amounts for the UC Heat Recovery Loop, the East Residence renovations, and the Tunnels, with the latter two projects still having significant work to be done.

We see that two of the projects had updated values in 2024 for total approved spending. One might guess that the Alumni Stadium needed a bit more work and will come in a little over the original budget, and that the initial approved spending on the Honey Bee Institute was some sort of foundational beginning expense as full plans were finalized.

Finally, the South Residence renovation has interesting reporting. In the 2021 Statements, \$5M of spending was reported, bringing the total to \$18M of \$21.5M Total Approved spending. One year later, we find

\$4.7M of spending, with a total of \$9.7M of an approved \$15.2M. In 2023, we find \$8.3M of spending, a total of \$8.8M, and an approved amount of \$20.9M. And finally, in 2024, we find \$6.1M of spending, a total of \$6.9M, and a total approved amount of \$7.0M. Yes, each year the Statements report a new value for Total Approved spending, going down, and up, and down. If we tally the audited amounts spent on the renovations, we get to the total of \$37.1M in spending, which we have entered in the table. Given that “Total Approved” has been a different number every year, we have no idea whether the project is complete.

We expect to see three big items enter the list of major capital projects in the next Audited Financial Statements. The first is the \$48M Computer Science building, which the Board of Governors presentation in June of this year said would be funded by \$48M of new borrowing, to be paid back over 25 years, generating \$38M in interest payments on top of the principal repayment. The second is Phase 1 of the Engineering expansion, a \$33.5M new building. The presentation on this project also went to the Board in June, and the project is fully funded by the University, notionally using tuition from (mostly international) students in the Engineering coursework Master’s program. The third project is the [new residence building](#) that we mentioned earlier. Reports of this initiative appear broadly in the press (such as [CTV](#), [Toronto Star](#)), in the shadow of much negative press over what was generally presented as a first-year admissions disaster.

Separate from building, the Administration of course also set aside \$35M for the “strategic transformation,” including spending \$8M or so on voluntary retirement incentives for UGFA members. And they have identified that they will spend \$52M on IT projects as part of their “Digital Capital Renewal Plan,” along with \$18M+ on the “Collaborative DVM Program” with Lakehead University.

We repeat a comment from an earlier Financial Analysis. Borrowing is a double-edged beast:

A lot of borrowing means	<ul style="list-style-type: none"> • HIGH liabilities and interest payments • a DECREASED need to use the principal revenues of the University to pay for capital projects • a perhaps fake sense of the POSITIVE financial wellness of the University
A bit of borrowing means	<ul style="list-style-type: none"> • LOW liabilities and interest payments • an INCREASED need to use the principal revenues of the University to pay for capital projects • a perhaps fake sense of the NEGATIVE financial wellness of the University

In both cases, the attentive observer needs to be on guard.

TABLE 3. ANALYSIS OF STATEMENT OF CASH FLOWS (DOLLAR VALUES IN THOUSANDS OF DOLLARS)

	as at April 30	2019	2020	2021	2022	2023	2024
Total Revenues		865,909	826,590	809,769	841,883	929,233	972,411
Cash Flows From Operations		74,151	37,685	70,759	10,106	85,148	83,414
year-to-year % change		-27.37	-49.18	-87.76	-73.18	1198.19	725.39
(cash from operations)/(total revenues)		8.56	4.56	8.74	1.20	9.16	8.58
Increase or Decrease of Investments		17,828	-26,685	-43,568	-13,703	77,970	36,744
year-to-year % change		-19.17	-249.68	-63.27	48.65	669.00	368.15
increase/(total revenues)		2.06	-3.23	-5.38	-1.63	8.39	3.78
Purchase or Sale of Capital Assets		88,533	74,960	71,216	63,134	45,139	74,094
year-to-year % change		-34.52	-15.33	-4.99	-15.78	-24.25	17.36
purchase/(total revenues)		10.22	9.07	8.79	7.50	4.86	7.62
Cash Supplied By Borrowing		34,064	23,958	7,236	9,640	37,268	51,337
year-to-year % change		-22.21	-29.67	-69.80	-33.22	286.60	432.54
borrowing/(total revenues)		3.93	2.90	0.89	1.15	4.01	5.28

ANALYSIS OF THE STATEMENT OF CHANGES IN NET ASSETS

This statement shows the changes in the net asset balances of each Fund and the transfers between the Funds. For each Fund,

Net Assets at beginning of year	+	(surplus or deficit)	+	(interfund transfer)	=	Net Assets at end of year
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If we sum up all of the interfund transfers, we get \$0, since this is just moving money around a fixed number of Funds, not adding or removing money from the system.

Over time, we have become particularly interested in transfers into and the size of the Internally Restricted funds, and we must repeat the following statement from past updates.

It is worth reminding readers that the distinction between the (Unrestricted) Operating Fund and the five Internally Restricted Funds is artificial from our perspective. All of these funds contain money that could be directed towards the teaching and scholarship missions of the University. Money set aside for other purposes should have clear payment or contribution plans attached in order to justify the amounts. Instead, we have now seen these set aside amounts grow from year to year for at least the past handful of years, while UGFA members work their hardest to deliver on the University’s teaching and research missions, sub-optimally supported, amidst morale, workload, and health issues. The Senior Administration may say that the Board of Governors has mandated the creation of these Internally Restricted Funds, but we can’t distinguish between the Senior Administration and the BoG in this regard: we can only monitor their combined actions. Remember that in the tale of the University of Guelph, involving UGFA members, the Senior Administration, and the BoG, by and large UGFA members form the only set of actors committed to the University of Guelph for a career-long period. We are the guardians of the University’s twin missions and also of the University itself.

At the end of this section, Table 4 presents the data. The 2022 numbers were updated in 2023, connected back to the small increase from \$6.6M to \$10.1M in Cash Flows from operations.

We see a shift back to net transfers out of the (Unrestricted) Operating Fund into the Internally Restricted pots, following a five-year period of the opposite behaviour. Outside of that five-year period, going back to 2006, there were only three other years where there was a net transfer into the Operating Fund from the Internally Restricted funds. That is, in 11 out of the 19 years available for our analyses, there has been a net transfer of money out of the Operating Fund into the Internally Restricted funds. And in every single year, there has been an often large transfer out of the Operating Fund into the Capital Fund.

In the six-year window of our analysis, there has been a total net transfer from Internally Restricted funds into the Operating Fund of \$64M and a net transfer from the Operating Fund into the Capital Fund of \$293M. Looking back to 2006, over the 19 years, there has been a total net transfer from the Operating Fund into Internally Restricted funds of \$163M and a total net transfer from the Operating Fund into the Capital Fund of \$811M. Adding the two numbers, the total net transfers out of the Operating Fund was \$229M in the six-year analysis window and \$974M in the 19-year period back to 2006 for which we have Audited Financial Statements.

The Capital Fund is **always** in deficit, and money is transferred into the fund continuously. Building projects can have value, of course, but one can question both the nature and the amount of building that occurs at a university. Serious financial strain can result from over-spending on capital projects, despite Administrators justifying plans by talking about buildings “paying for themselves” in one way or another. We have to

remember that Administrators are transient animals. They come to Guelph (or rise internally) and, when thinking about where they will go next (or where they will climb further internally), want to create a resume over a handful of years filled with sexy things like new buildings, growth, and innovation (as they define it). When they leave, UGFA members—in the great majority, career-long dedicated contributors to the University, and the protectors of the University mission—are stuck with the Administrator’s decisions (and mistakes) and, most typically, a new Administrator that may create yet new strains.

[The] total net transfers out of the Operating Fund was \$229M in the six-year analysis window and \$974M in the 19-year period back to 2006 for which we have Audited Financial Statements.

In Table 4, we have highlighted in red the significant shifting of money for capital expenditures. We remind the reader that brown numbers should attract your attention, and orange numbers are interesting percentages.

TABLE 4. ANALYSIS OF STATEMENT OF CHANGES IN NET ASSETS (DOLLAR VALUES IN THOUSANDS OF DOLLARS)

as at April 30	2019	2020	2021	2022	2023	2024
Surplus or Deficit Operations						
Cash Flows From Operations	74,151	37,685	70,759	10,106	85,148	83,414
Unrestricted Fund	74,302	21,798	14,973	1,292	50,637	66,117
Internally Restricted Fund						
Capital Assets	-27,834	-29,671	-30,831	-31,649	-31,863	-36,402
Total	46,468	-7,873	-15,858	-30,357	18,774	29,715
Interfund Transfers						
unrestricted to internally restricted	0	0	0	0	24488	26925
internally restricted to unrestricted	11,738	3,957	50,006	50,578	0	0
unrestricted to capital fund	63,414	59,489	68,124	59,844	13,844	28,739
total transfers out of unrestricted per year not to capital fund	51,676	55,532	18,118	9,266	38,332	55,664
cumulative transfers out of unrestricted not to capital fund	796,951	852,483	870,601	879,867	918,199	973,863
(total transfers out of unrestricted per year) /(cash from operating activities)	69.69	147.36	25.61	91.69	45.02	66.73
(total transfers out of unrestricted per year) /(surplus or deficit in unrestricted fund)	111.21	-705.35	-114.25	-30.52	204.18	187.33

FINANCIAL SCORECARD: NONE THIS YEAR

We usually present a table of various indicators of a structural deficit or a structural surplus. We are not doing so this year for the second time, as it remains the case that half (or more) of the years under consideration were highly abnormal due to the pandemic. It seems unreasonable, and perhaps even absurd, to use metrics/indicators for normal times on a period that will be unique in all of our lifetimes. Nonetheless, this non-section is followed by a special section on how the government is assessing university financial health.

SPECIAL SECTION: AUDITOR GENERAL'S FINANCIAL HEALTH METRICS

As readers will know, in the aftermath of the heartbreaking disaster at Laurentian University, the Auditor General (AG) of Ontario released a [special report on Laurentian University](#) in November 2022. The report was discussed briefly in our [2023 Analysis of University Finances](#) (pages 10-12), with a focus on the irresponsible growth in Senior Administration at Laurentian, action that was heavily criticized by the AG. In our 2023 analysis, we produced the graphic comparison that appears in small form at the bottom of Figure 5. The graphic highlights reason for concern of a perhaps briefly delayed yet similar trend in Administrative growth occurring at Guelph.

The AG has continued with what the government calls “value for money” audits, using an assortment of “financial health” metrics that they have chosen or defined. In this special section, we will summarize the metrics that the government uses, and, at the end, give the University of Guelph's performance in terms of these metrics.

We want to thank our colleague, Barbara Sainty, from Brock University for inspiring this section and for sharing her resources with us. Barbara is a member of OCUFA's University Finance Working Group, a lean collection of five faculty members from five different universities, including Herb Kunze from UGFA. Working Group members organize and present at a yearly workshop, and Barbara presented on the topic of the AG's audits at the OCUFA Finance Workshop in Fall 2024.

The AG's Financial Health Metrics

We list and describe the seven metrics, along with the health benchmark that the AG has set. As you will see, several of the metrics used by the AG are in fact ratios that we have consistently tracked in our Financial Analyses over the years.

Net Income (Loss) Ratio

Formula	Ministry Benchmark
$\frac{\text{Total Revenues} - \text{Total Expenses}}{\text{Total Revenues}}$	$\geq 1.5\%$

The Net Income (Loss) Ratio is the surplus or loss as a percentage of Revenues. It is the percentage in the last line of Table 2 in our analysis of the Statement of Operations. The number can be described as measuring the percentage of the university's revenues that contribute to Net Assets. A negative value indicates that Revenues are not covering Expenses, as the numerator in the fraction is negative.

Net Operating Revenues Ratio

Formula	Ministry Benchmark
$\frac{\text{Cash Flows from Operations}}{\text{Total Revenues}}$	$\geq 5.0\%$

The number can be described as measuring how well the university generates cash flow from its operations, and is viewed as a sustainability indicator (when cash flows are meaningfully positive). These numbers appear in the **orange** row in the first block of Table 3 in our analysis of the Statement of Cash Flows. Keep in mind that cash flows do not include any investment or financing activities.

Expendable Net Assets

Formula	Ministry Benchmark
$\begin{aligned} &\text{Unrestricted Funds} \\ &+ \text{Internally Restricted Funds} \\ &+ \text{Internally Restricted Endowment Funds} \\ &\text{Net of Employee Future Benefits Net Liabilities and} \\ &\text{Investments in Capital Assets.} \end{aligned}$	$\geq \$50\text{M}$

Expendable Net Assets are not defined in the Audited Financial Statements of any Ontario university. The government's Treasury Board says that they include Unrestricted funds (net of employee future benefits net liabilities), internally restricted funds (net of employee future benefits net liabilities and investments in capital assets), and internally restricted endowment funds. We can calculate/estimate the value by subtracting investments in capital assets, future employee benefits net liabilities, and endowment funds from Net Assets, then adding back the internally restricted endowment funds. For the sake of this discussion, just think of it as the total of all truly unrestricted funds (regardless of how the Administration labels them).

Primary Reserve Ratio

Formula	Ministry Benchmark
$\frac{\text{Expendable Net Assets}}{\text{Total Expense}} \times 365 \text{ days}$	$\geq 30 \text{ days}$

The number can be described as measuring the number of days that the university could run in the absence of revenues by using its expendable net assets (described above), the assets to which the Administration has true unrestricted access and can spend, even if they say it is internally restricted.

Interest Burden Ratio

Formula	Ministry Benchmark
$\frac{\text{Interest Expense}}{(\text{Total Expenses} - \text{Depreciation})}$	$\leq 3.0\%$

The number can be described as measuring the proportion of Total Expenses supporting the annual cost of "debt servicing." It reflects how easily the university can cover its interest expenses, the affordability of its debt. A related number appear in the final **orange** row of the second-last block of Table 2 in our analysis of the Statement of Operations. Since we do not take depreciation into account in Table 2, the numbers in the table are smaller than the corresponding Interest Burden Ratio.

Viability Ratio

Formula	Ministry Benchmark
$\frac{\text{Expendable Net Assets}}{\text{(Long-term Debt)}}$	$\geq 30.0\%$

The number can be described as measuring the proportion of long-term debt that could be settled with (truly) unrestricted funds.

In-Year Surplus (Loss)

Formula	Ministry Benchmark
$\text{Total Revenues} - \text{Total Expenses}$	$\geq \$0$

The number is the bottom line in the Audited Financial Statements. The numbers appear in the first line of the last block of Table 2 in our analysis of the Statement of Operations.

Analysis

The AG uses numbers supplied by the Administration to which we have no access¹. We do have access to the numbers in the Audited Financial Statements, and, as mentioned earlier, have historically tracked some of the ratios/metrics that the AG uses. In addition, we can access data from the Canadian Association of University Business Officers (CAUBO)². There appear to be some minor differences between the collected data and the data used by the AG in public reports, but we believe these differences have no major impact on what follows. We should note that we do not know whether we can trust any unaudited numbers, but our numbers largely come from the Audited Statements.

It is worth mentioning that the different health benchmarks are each pinned to a threshold number that we might view as a bit arbitrary. For example, is a Net Income Ratio of 1.4%, just below the 1.5% threshold, a disaster? Nonetheless, in what follows we will identify numbers that fall below an AG threshold by shading them light red and ones that are at or above the threshold light green, with the idea that those numbers are the ones that need consideration.

The results for the University of Guelph are presented in Table 5.

The results reflect what we might all anticipate: two or three of the metrics, all related to surplus/deficit are flagged as not meeting the AG's thresholds during the pandemic years. Outside of the pandemic years, these metrics are on the good side of the AG's threshold. In addition, the metrics that measure longer-term matters are all clearly on the good side of the AG's threshold.

¹ We are reminded of an interaction with the now-gone former President, in which we used the faculty count numbers that the Administration supplies to the government (through the Council of Ontario Finance Officers) as evidence when we were trying to attain the growth hiring agreement. The former President noted that just because the numbers were supplied to the government does not mean that they are true. So, even if we had the numbers given to the AG, we would have try to verify them through more trusted data.

² Related fun anecdote: In November 2014, an UGFA Executive member attended a CAUBO workshop on "Higher Education Budgeting Basics," as the first faculty member in Ontario who ever attended a CAUBO workshop, which are normally just attended by Deans and other senior administrators. As an example, one discussion noted that Activity-Based Budgeting (ABB) is quite unpopular with faculty, so it is best introduced as a "necessary" response to a "crisis," particularly a crisis that one knows will clear, since ABB can then be credited for solving the "crisis." Curiously, beginning in 2015, CAUBO no longer allowed faculty members to attend their workshops, a prohibition that extends to today.

We omit a sector-wide comparison, but we note there are many universities in the province with far more concerning results.

TABLE 5. ANALYSIS OF THE AUDITOR GENERAL'S FINANCIAL HEALTH METRICS

Metric	Benchmark	2019	2020	2021	2022	2023	2024
Net Income (Loss) Ratio	≥ 1.5	5.37	-0.95	-1.96	-3.61	2.02	3.02
Net Operating Revenues Ratio	≥ 5.0	8.56	-4.56	8.74	-1.20	9.16	8.58
Expendable Net Assets	≥ 50	225,410	217,554	161,617	119,040	157,290	178,020
Primary Reserve Ratio	≥ 30	100.4	95.3	71.2	49.4	63.0	68.9
Interest Burden Ratio	≤ 3.0	1.44	1.35	1.29	1.15	1.04	1.08
Viability Ratio	≥ 30	109.94	112.89	89.72	71.11	55.27	84.81
In-Year Surplus	≥ 0	46,468	-7,873	-15,858	-30,357	18,774	29,415

SUMMARY & CONCLUSIONS

During 2024, we continue to see a return to significant stability and or good trends in key revenue and expense items.

Key Revenue Items

Total Revenues	Increased by 4.6%
Government Grants (MTCU,OMAFRA)	Increased by 3.4%
Tuition	Increased by 5.2%

Key Expense Items

Total Expenses	Increased by 3.5%
Salaries	Increased by 5.6% (UGFA far less...)
Benefits	Increased by 4.1%
Interest Costs	Increased by 7.4% (due to new borrowing)

The University appears to be in strong financial health.

We find that:

The UGFA salary mass remains a relatively stable percentage of total revenues or total expenses, growing at a meaningfully smaller percentage rate than overall University salaries.

See the detailed discussion in the body of the report. In Fiscal Year 2025, we will see growth in salaries from the July 1, 2024, increases we received, but not yet from the growth hiring initiative. The UGFA salary mass will also be decreased by the departure of 40 members, typically at a high salary, who accepted the voluntary retirement incentive that the Administration offered during the fiscal year.

Despite the pressures of the tuition freeze and the pandemic, the Administration's high priority on capital asset expenditures persisted.

Huge amounts of money were spent on capital assets...again. And there was significant new borrowing, you guessed it, to pay for more capital projects in the next year or two.

APPENDIX A

In this appendix, we provide the University's mission statement and give a brief primer on University finances.

A.1 The University of Guelph's Mission

The University's Mission Statement, approved by Senate on November 21, 1995, focuses essentially upon teaching/learning and scholarship/research:

The University of Guelph is a research-intensive, learner-centred university. Its core value is the pursuit of truth. Its aim is to serve society and to enhance the quality of life through scholarship. Both in its research and in its teaching programs, the University is committed to a global perspective.

The University offers a wide range of excellent programs, both theoretical and applied, disciplinary and interdisciplinary, undergraduate and graduate, in the arts, humanities, social sciences, natural sciences, as well as professional fields. Among these, it recognizes agriculture and veterinary medicine as areas of special responsibility.

The University attracts students, faculty, and staff of the highest quality. It is animated by a spirit of free and open inquiry, collaboration, and mutual respect. It asserts the fundamental equality of all human beings and is committed to creating for all members of its community, an environment that is hospitable, safe, supportive, equitable, pleasurable, and above all, intellectually challenging.

The University of Guelph is determined to put the learner at the centre of all it does, recognizing that research and teaching are intimately linked and that learning is a life-long commitment. The University eagerly promotes collaboration among undergraduates, graduate students, faculty, staff, and alumni, as well as with our local and international community, other educational institutions, government and business.

The University of Guelph is committed to the highest standards of pedagogy, to the education and well-being of the whole person, to meeting the needs of all learners in a purposefully diverse community, to the pursuit of its articulated learning objectives, to rigorous self-assessment, and to a curriculum that fosters creativity, skill development, critical inquiry, and active learning. The University of Guelph educates students for life and work in a rapidly changing world.

The University of Guelph invites public scrutiny of the fulfillment of its mission, especially by the people of Ontario, to whom it is accountable.

A.2 Primer on University Finances

For the completeness of this document, we present with slight modifications the primer that first appeared in our January 2013 communication.

Formal reports on University finances come in two forms: audited financial statements and budgets. Both reports are prepared by the Administration, but they differ in many ways, including those captured in this table:

	Audited Financial Statement	Budget
Third-party (auditor) oversight?	Yes	No
Who decides the assumptions and definitions?	Accounting standards	The Administration
Detail?	Limited	Substantial

The key distinction reflected by these differences is that an audited *financial statement provides an accurate report of the financial situation of the University while a budget provides insight into the goals and priorities of the Administration*. It is the FAC's opinion that framing things like the Program Prioritization Process (PPP) or the "structural deficit" in terms of a budget deficit obscures this distinction, for example.

Accounting measurements at Universities are made by collecting financial activity into separate areas of responsibility called "funds." Each fund tracks the assets, liabilities, revenues, and expenses in a particular area, and separate budgets are prepared for each fund. The University of Guelph currently reports on five different funds: Operating, Ancillary Enterprises, Capital, Research, and Trust and Endowment. Focusing on the first two,

- The Operating Fund is used to account for the main activities of the University, and the majority of the revenues and expenses of the University flow through this fund.
- The Ancillary Enterprises Fund is used to account for activities that support the main activities of the University. Examples are the bookstore, residence, and parking.

Money in these funds may be identified as *Unrestricted, Internally Restricted, or Externally Restricted*.

Unrestricted funds can be spent as the Administration desires. On the other hand, Externally Restricted funds cannot in general be spent freely; for example, government or donors may put restrictions on the use of such money. Internally Restricted funds include money that is declared as restricted by the Administration. The name should not fool you: there is *no restriction of any kind* in the use of internally restricted funds. Money with this designation can be used in any way the Administration desires or they can just store or set aside cash in this way. In the past, the Administration has responded to this description of Internally Restricted funds by noting that some external restrictions apply to ancillary operations. For example, there is a requirement to segregate funds for self-funded operations, such as Hospitality and Housing.