	Board of Governors Report **Meeting: December 1, 2025**
	SUBJECT: Multi-Year Financial Forecast FY 2025/2026 to FY 2028/2029
BY: Alan Simms, Vice-President, Finance and Administration Sandra Gabriele Vice-President, Academic and Provost Laura Wood Executive Director, Institutional Analysis and Budget Planning	**WRITTEN AS OF:** November 20, 2025
ATTACHMENT(S): Schedule A: Summary MYF FY 2025/2026 to FY 2028/2029	
RECOMMENDATION/DRAFT MOTION: For information and discussion	

1.0 - PURPOSE:

The purpose of this Briefing Note is to review the University's multi-year forecast (MYF) for the period Fiscal Year (FY) 2025/2026 to FY 2028/2029, prepared as of November 2025.

The MYF reflects a recently articulated 3-prong strategy to address the University's financial sustainability challenge based on an enrolment strategy, government advocacy and budgetary interventions.

It will serve as the basis for developing next fiscal year's operating budget in spring 2026, which in turn will require consideration of these financial sustainability strategies.

2.0 - BACKGROUND & DISCUSSION:

The MYF is a high-level financial planning tool used to project overall financial position of the University over a given period of time based on a core set of revenue and expenditure assumptions.

The tool is used to assess - occasionally many times over the course of a year - the specific impact of various adjustments and strategies intended to drive the University's financial projections.

The MYF presentation for FYs 2025/26 through to 2028/29 is in three parts.

Part A provides the MYF core assumptions and is consistent with the MYF upon which the Deloitte EAF report[1] is based.

Part B presents the MYF for the period with application of the 3-prong strategies referenced in the Background section to address the significant annual deficits projected under Part A.

Part C serves to identify key takeaways.

Part A. Developing the MYF FY 2025/2026 to FY 2028/2029: Core Assumptions

The core underlying assumptions for the base case MYF are as follows:

1. Enrolment (Student FTEs)

The base case MYF scenario, as advanced previously and presented in Table A, assumes flat/unchanging intake for both domestic and international enrolment at 2025/2026 level.

With this approach, total enrolment will decline over the MYF timeframe as lower undergraduate intake cohorts replace higher enrolment cohorts from 2024/2025 and 2025/2026 that will graduate. Full-time equivalent (FTE) students will decline from 4,206 in 2025/26 to 3,602 FTEs in 2028/29.

Table A.1:
Projected Undergraduate and Graduate Student Enrolment Base Case FY 2025/26 to 2028/29

	2025/2026	2026/2027	2027/2028	2028/2029
Domestic UG FTEs	3124	3021	2896	2861
International UG FTEs	840	701	541	496
Subtotal Undergraduate FTEs	3964	3722	3437	3357
Domestic GR FTEs	142	145	145	145
International GR FTEs	100	100	100	100
Subtotal Graduate FTEs	242	245	245	245

[1] Deloitte LLP set out 15 opportunities for the University to consider as part of the province's Efficiency & Accountability Fund process. Their report was reviewed by AFRC and the Board at meetings in September and October respectively and the University will be assessing these against its strategic considerations for feasibility, risk/reward and prioritization.

Grand Total FTEs	**4206**	**3967**	**3682**	**3602**

2. Tuition Rates

Domestic tuition fee increases are regulated by the Ontario government; international tuition fee increases are not.

The province imposed a 10% domestic tuition fee reduction in FY 2019/2020 and followed that up with domestic tuition freezes for FY 2020/2021, FY 2021/2022, and FY 2022/2023. A tuition freeze remained in FYs 2023/2024, 2024/2025, and 2025/2026, but the province provided for some tuition increases as part of a tuition anomaly process.

The MYF assumes a 0% tuition rate increase for domestic students and a 5% tuition rate increase for international students, the historical increase added to international tuition fees at OCAD U. In addition, the impact of the tuition anomaly implementation for the Bachelor of Design (BDES) programs is 'layered' on top of this assumption.

3. Inflation on Non-Compensation Expenditures

The inflation projection is assumed at 3.5% for utilities/condominium fees and software licensing, with no inflationary increases for other non-compensation expenditures such as office supplies, travel, etc., effectively amounting to a cut-back for this nature of expenditure.

4. Contingency

A contingency provision equal to 2% of revenue per year (about $1.6M to $1.7M annually) is included in keeping with prudent forecasting practice and to provide 'a margin of error' against unfavourable variances to financial assumptions.

5. Salary settlements

A provision for salary settlements has been included.

6. Other Special Allocations

	2025/2026	**2026/2027**	**2027/2028**	**2028/2029**
Evergreen	$250K	$250K	$250K	$250K
Furniture, Fixtures & Equipment (FF&E)	$500K	$500K	$500K	$500K
Academic & Strategic Plan (ASP)	$600K	$600K	$600K	$600K

Unchanged from previous years, special allocations include provision for Furniture, Fixtures & Equipment (FF&E) of $500K plus an additional $250K for the Evergreen Program - a formalized renewal plan to address employee computing requirements.

Also unchanged from FY 2024/2025 and FY 2025/2026 is the $600K allocation annually for initiatives to support academic and strategic planning.

The resulting operating budget deficits from applying these assumptions is set out below.

Table A.2: Base Case MYF Projected Annual Operating Deficits

Annual Surplus (Deficit) ('000s)	2025/2026	2026/2027	2027/2028	2028/2029	Accumulated Deficit FY 25/26 to FY 28/29
Base Case MYF	(6,879)	(11,529)	(17,740)	(21,524)	(57,672)

This Base Case MYF applies assumptions similar, and in most cases identical, to those earlier provided to Deloitte LLP in the course of developing their report earlier this fall. Consequently, the projected deficits present similarly at approximately 13%, 21% and 23% of the University's operating budgets for FYs 2025/27, 27/28 and 28/29, respectively.

Part B: 3-Pronged Strategy to Achieve Financial Sustainability

Clearly, the Base Case MYF projects a financial challenge, one that was represented as such in the Deloitte LLP report reviewed for information in draft form with the Board in October 2025. That report offered 15 opportunities aimed at mitigating the multi-year deficits, but even if all opportunities could be implemented, the measures fall well short of addressing the financial challenge.

It was important, therefore, for the Management Letter accompanying submission of the Deloitte LLP report to the province to scope a broader, 3-prong strategy that, with inclusion of potential opportunities and cost-saving measures that the University was already undertaking, could address the forecast structural deficits.

That 3-prong strategy is a key part of this MYF FY 2025/26 to 2028/29 as set out below.

1. Strategic increase to Enrolment Assumption

The enrolment assumption for the 3-prong strategy is based on increasing undergraduate intake by 10% per year, for both domestic and international, until achieving highest historic intake level. Graduate intake will be maintained at 2025/2026 level for domestic and international. Enrolment is expected to decline

over the timeframe of this MYF as a result of the flow-through of lower undergraduate intake cohorts from 2024/2025 and 2025/2026.

Table B 1:
Projected Undergraduate and Graduate Student Enrolment for 3-Pronged Strategy FY 2025/26 to 2028/29

	2025/2026	2026/2027	2027/2028	2028/2029
Domestic UG FTEs	3124	3113	3122	3198
International UG FTEs	840	717	586	584
Subtotal Undergraduate FTEs	3964	3830	3708	3782
Domestic GR FTEs	142	145	145	145
International GR FTEs	100	100	100	100
Subtotal Graduate FTEs	242	245	245	245
Grand Total FTEs	**4206**	**4075**	**3953**	**4027**
Base Case Grand Total FTEs	4206	3967	3682	3602

The strategy could reduce a projected total FTE enrolment drop by FY 2028/29 to less than 4% from FY 2025/26, compared to the base case projection of a 14% reduction in total FTE enrolment by FY 2028/29 (and a 30% decrease in international undergraduate FTEs from a 40% drop under the base case). See Table A.1.

The favourable financial impact of this strategy over the projected period is shown in Table B.2:

Table B.2: Financial Impact of Enrolment Strategy

	2025/2026	2026/2027	2027/2028	2028/2029	Cumulative Impact FY 25/26 to FY 28/29
Enrolment Increase Impact ($000's)	0	820	2,142	3,442	6,404

Fundamental to achieving this strategy would be the development of a Strategic Enrolment Management Plan[2].

2. Government Advocacy: WGU weighting

[2] The federal government has recently announced a new plan to manage immigration levels which continues containment of the number of new international student arrivals to the country. This plan could impact the University's strategy for international enrolment growth. In the coming weeks, the Province of Ontario will provide us with our allotment of visas for the 2026 cycle which will provide clarity and guide our planning.

This strategy assumes a favourable outcome in relation from government advocacy efforts to increase the WGU weighting, and associated funding level, for all undergraduate and graduate programs commensurate with that currently assigned to Music programs at other Ontario universities. The impact of this change would be approximately $10M annually in added revenue in the form of government grants per student starting in FY 2026/2027.

The favourable financial impact of this strategy is shown in Table B.3:

Table B.3: Financial Impact of WGU Weighting Increase

	2025/2026	2026/2027	2027/2028	2028/2029	Cumulative Impact FY 25/26 to FY 28/29
WGU Change Impact ($000)	0	10,000	10,000	10,000	30,000

3. Required Budget Interventions

For the purpose of this MYF, the term 'Required Budget Interventions' means the combination of cost-saving measures and net-revenue gains that might come from the Deloitte LLP opportunities, as well as University initiatives already being undertaken (such as the Voluntary Retirement Incentive Plan) and other initiatives not currently planned (such as across-the-board budget cuts).

The amount 'required' is the amount necessary on an annual basis to achieve an annual deficit of not more than $500K (or about .5% of the total budget) after successful application of strategies 1 and 2 (enrolment and WGU).

This annual deficit target, although small, is in recognition that high-level forecast exercises such as this one would not likely lead to a perfectly balanced budget (i.e. neither deficit nor surplus) and to accommodate some level of unfavourable fluctuation in the various assumptions.

By this definition, the Required Budget Intervention are as set out in Table B.4.

Table B.4 Financial Impact of Required Budget Interventions

	2025/2026	2026/2027	2027/2028	2028/2029	Cumulative Impact FY 25/26 to FY 28/29
Annual Budget Reductions/Net Revenue ($000)	n/a	209	5,098	7,582	12,889

The base case MYF prior to application of the 3-prong strategy presents with an accumulated deficit of approximately $57M; the MYF with application of the 3-

prong strategy would present with an accumulated deficit of approximately $8M. See Table B.5.

Table B.5: Base Case MYF before 3-prong strategy (grey) vs. MYF after 3-prong strategy: Projected Annual Deficits FYs 2025/26 to 2028/29 (green)

Annual Surplus (Deficit) ('000s)	2025/2026	2026/2027	2027/2028	2028/2029	Accumulated Deficit FY 25/26 to FY 28/29
Base Case Before 3 Prong Strategy	(6,879)	(11,529)	(17,740)	(21,524)	(57,672)
Enrolment Increase	0	820	2,142	3,442	-
WGU Change	0	10,000	10,000	10,000	-
Interventions	0	209	5,098	7,582	-
Scenario 1 MYF After 3 Prong Strategy	(6,879)	(500)	(500)	(500)	(8,379)

Part C: Key Takeaways

- Successfully achieving the 3-prong strategy would translate to lower annual deficits due to increased enrolment assumptions, successful government advocacy, and permanent budget interventions.

- The financial risk to the University may still be significant if strategic enrolment increases are not achieved and/or if the WGU weighting increase is not received as forecast. This would put pressure on the need to address significant structural deficits - without the benefit of much time - by Required Budget Interventions potentially approaching 10% to 20% of the operating budget.

- Even success with enrolment and WGU strategies requires significant operating budget interventions in FY 2027/28 and 2028/29 – almost 6% and 9% of the operating budget, respectively. It will be critical to advance with the assessment of the Deloitte LLP opportunities as well as with ones identified by the University for cost savings, efficiencies and additional net revenue opportunities.

Schedule A in the Appendix to this Briefing Note breaks down the various revenue and expenditure line items leading to the deficit projections for the MYF scenario.

This MYF presentation does not include the use of the Financial Sustainability Fund, which has a current balance of $11.5M.

About Application of the Financial Sustainability Fund:

In order to maintain the University's credit rating and certain other financial health metrics, the Board may need to consider application of the University's Financial Sustainability Fund to cover annual deficits being projected for FY 2025/26 and beyond.

The Financial Sustainability Fund is part of the University's internally restricted net assets. It was created several years ago as a 'rainy day fund' and specifically for the situation that we face.

Allocations from the fund are restricted by its Terms of Reference and require the Board of Governors' approval:

a) All transfers to or from the Fund shall be made once annually as part of the Board's approval of the University's Annual Financial Statements for any given fiscal year.

b) Transfers to the Fund shall be made only from a projected operating surplus of the University for any given fiscal year following the end of that fiscal year.

c) Transfers from the Fund shall be made only to offset a projected operating deficit of the University for any given fiscal year following the end of that fiscal year.

As noted, the fund balance currently is $11.5M, and could be depleted if any one or more of the 3-prong strategic approach to financial sustainability is materially unsuccessful

3.0 - CONSULTATIONS:

Executive Team

4.0 - APPENDICES:

Summary Scenario MYF with FY 2025/2026 to FY 2028/2029

SCHEDULE A: SUMMARY SCENARIO 1 MYF FY 2025/2026 TO FY 2028/2029

MYF Summary (in '000s $)

	2024-25 Actual	2025-26 Projected	2026-27 Projected	2027-28 Projected	2028-29 Projected
Revenues					
Government Grants	25,270	26,540	26,847	26,967	26,957
Tuition Fees	53,172	50,134	48,276	44,361	43,651
Miscellaneous Fees	4,646	5,179	4,987	4,803	4,626
Other Income	6,444	3,778	3,212	3,018	3,018
Total Revenue	**89,532**	**85,631**	**83,322**	**79,149**	**78,252**
Expenditures					
Academic Compensation	35,595	36,713	37,791	38,500	39,602
Academic Admin Compensation	9,943	11,179	11,643	12,126	12,629
Non-Academic Compensation	18,621	19,650	20,465	21,315	22,199
Total Compensation	**64,159**	**67,542**	**69,899**	**71,941**	**74,430**
Non-Compensation	14,382	15,585	15,616	15,696	16,111
Other Expenditures	8,380	6,320	6,320	6,320	6,320
Evergreen	250	250	250	250	250
FF&E/Capital Allocation	436	500	500	500	500
Total Expenditure	**87,607**	**90,197**	**92,585**	**94,707**	**97,611**
Strategic and Academic Plan	337	600	600	600	600
Contingency	0	1,713	1,666	1,582	1,565
Projected Surplus (Deficit) Before 3 Prong Strategy	**1,588**	**(6,879)**	**(11,529)**	**(17,740)**	**(21,524)**
Enrolment Increase	**0**	**0**	**820**	**2,142**	**3,442**
WGU Change	**0**	**0**	**10,000**	**10,000**	**10,000**
Interventions	**0**	**0**	**209**	**5,098**	**7,582**
Surplus (Deficit)	**1,588**	**(6,879)**	**(500)**	**(500)**	**(500)**