

**July 12, 2024**

## **FAQs on fiscal challenges and Auditor General's report**

### **Are the current fiscal challenges impacting all universities in Ontario/Canada?**

Post-secondary institutions across Canada, including York University have been actively managing financial pressures resulting from a multitude of external factors.

Unanticipated costs and pressures have increased due to the global pandemic and a continuing post-pandemic trend toward lower international student enrolment, most recently exacerbated by the international student cap introduced in January 2024. The Province has extended the tuition freeze that began in 2019 with a 10% drop in fees, and the repeal of Bill 124 has required significant wage adjustments with limited support from the government in the form of a modest grant increase that does not cover inflation.

Universities across Canada are actively taking steps to align their administrative and academic expenditures with the decline in enrolment and enrolment revenue through both cost containment and where possible seeking alternative sources of revenue.

### **What are York University's specific fiscal challenges and what action is the University taking to manage and mitigate the challenges?**

In addition to the sector challenges and the resulting strain on budgets, York's international enrolment has been slower to recover compared to several of our competitors, and enrolment has been further impacted by the labour disruption in 2023-2024. The combined impact of all these factors has created a critical financial situation. If unaddressed, the cumulative shortfall threatens to put the University in a negative financial position by 2026-27.

York has built a strong foundation including investing in future enrolment growth to mitigate the impact in the longer term but achieving the planned recovery and ensuring our future success will also require that we make the necessary short-term cost reductions while continuing to advance initiatives that will drive growth, innovation, enrolment, and the diversification of revenues.

Last year, the provincial Auditor General (AG) conducted a Value for Money Audit of York University and made the determination that while York is financially sustainable, it is essential that several budgetary actions that were underway continue. With additional pressures created by external policy directions that will impact higher

education in 2024-2025 and the next couple of years, it is now critically important to take additional budgetary actions to ensure York's long-term success.

The University has an approved three-year budget plan that relies on the implementation of 17 strategic actions (the YorkU Forward Action Plan) that will stabilize the University's finances, including the urgent need to identify \$200 million in total savings over three years, while also pursuing new revenue generating strategies.

### **The Auditor General of Ontario report says there was a big increase in the size of management – why has that happened?**

The AG's report identified an increase in some management roles at York. Unfortunately, the audit used a percentage of total, instead of the actual numbers.

Of the 12 "new" roles identified by the AG, seven of them were reclassifications of existing positions (e.g. from Executive Director to AVP level) and corresponded with expanded responsibilities. These were not added positions and no one new was hired to fill those roles.

There were only five truly new positions created since 2018/19:

- Vice-President of Equity, People and Culture, represented a 25% increase in York's total VP head count up from four to five VPs.
- Two Associate Vice-Presidents in the Division of Equity, People and Culture: AVP, Indigenous Initiatives; and AVP, Faculty Affairs.
- Two Assistant Vice-Presidents in the Division of Finance and Administration who focus on efficiency and financial management.

Salary comparison:

- the overall salary increases of the four VPs who were in those roles in 2018-19 to 2022-23, was 6.5%.
- the overall increase in YUFA salaries between 2018-19 and 2022-23 was 17%.

### **Why is York investing in Markham Campus at a time when the budget is so tight?**

Markham Campus is an important opportunity for York University – the first university in the fast-growing York Region – and is now set to open this September.

The land for the new campus was donated by the City of Markham at a value of more than \$50 million and York Region contributed \$25 million. Markham Campus will repay the cost to build and develop the campus back to the University over time. This is an

investment in the future of York University and in York Region, and the planning principles are sound.

Enrolment is looking strong for the first cohort of students. As of July, 326 undergraduate students had accepted an offer and 90 graduate students (with international graduate student acceptances above target).

**The Auditor General has indicated there are issues with certain programs' sustainability. What will you do to address this problem?**

Financial sustainability is not the only measure that should determine which programs are offered since the funding available for individual programs does not always reflect their costs of delivery. As such, the internal redistribution of revenues has always taken place to provide sufficient breadth, diversity, and quality of learning opportunities to serve the knowledge needs of students and of the province.

The YorkU Forward Action Plan includes projects on Program Sustainability as well as Faculties of the Future. Discussions led by the Provost and Vice-President Academic are underway with the Academic Policy, Planning and Research Committee of Senate, and with academic leaders across campus, and will continue.

It is time for the University to consider how best to organize itself, and this includes considering a reorganization of academic Faculties. Currently only two of York's Faculties (Osgoode and Schulich) can balance their in-year operating budgets and the University has made additional allocations from the University Fund to support all other Faculties. Some of York's smaller Faculties are struggling with accumulated multi-year deficits in the range of \$40 million to \$50 million, which cannot continue.