



Budget Model Review SMA Implementation Committee

Terms of Reference

Context: Budget Model Review

The University's budget is the mechanism by which operating funds are allocated to various divisions in the institution. As such, it is a key tool in the management of the University, particularly in enabling it to fulfill its mission and achieve its academic goals. The current budget model was adopted in 2006 and was developed based on the recommendations of the [Task Force to Review Approach to Budgeting](#).

The [first review of the new budget](#) model, conducted in 2011, concluded that the budget model was serving the University very well and that no significant change in direction was required at the time. As provincial support for the University continues to decline as a share of total funding and begins to shift toward performance-based metrics, the current environment provides us with an opportunity to address emerging issues and ensure that the budget model will continue to serve the University well into the future.

The Budget Model Review will be guided by a steering committee and will include five working groups, each with a different mandate:

1. Strategic Mandate Agreement (SMA) Implementation Committee, which will analyze the implications of funding formula changes for the University's budget model;
2. Cost Efficiencies Working Group, which will identify opportunities for efficiency and recommend incentive structures;
3. Alternative Funding Sources Advisory Group, which will explore best practices and recommend strategies to develop alternative funding sources;
4. Tri-Campus Budget Relationships Working Group, which will identify and analyze tri-campus budgeting and resourcing arrangements, opportunities, and challenges, and whose work will overlap with that of the Tri-Campus Review;
5. Inter-Divisional Teaching Working Group, which will develop an institutional financial framework for inter-divisional teaching at the undergraduate level.

The SMA Implementation Committee

Effective 2017-18, the Province has implemented a new funding formula to support its differentiation policy framework. The new formula is designed to focus on accomplishing three key objectives: 1) improving student outcomes; 2) driving differentiation by linking funding to SMAs; and 3) providing stable, predictable funding while supporting enrolment planning during this period of projected demographic change and enrolment decline. Differentiation funding will be revenue-neutral throughout the period of SMA2 (2017-2020) while the Province consults with the sector to refine



metrics and targets, which will be tied to funding for SMA3 (2020-2023). The SMA Implementation Committee will consider the implications of this new funding formula for the University and recommend changes to the budget allocation methodology as needed.

Membership

Jeff Lennon, Director of Academic Planning & Analysis, Planning & Budget (Chair)
Horatio Bot, Director of Financial Services, Faculty of Arts & Science
Christine Capewell, Director of Business Services, University of Toronto Mississauga
Mary Choi, Assistant Dean, Administration, Faculty of Dentistry
Brian Coates, Chief Financial Officer, Faculty of Applied Science & Engineering
Nancy Edwards, Chief Financial Officer, Faculty of Medicine
Jeevan Kempson, Assistant Chief Administrative Officer, University of Toronto Scarborough
Simon Pratt, Director of Policy and Analysis, Planning & Budget

Timeline

The SMA Implementation Committee is expected to have completed its work by February 2019.

Scope of Mandate

The Strategic Mandate Agreement (SMA) Implementation Committee's objectives are to:

- Analyze the implications for the University's budget model of the Provincial funding formula changes to incorporate performance metrics into operating grant allocations;
- Examine SMA2 metrics and metrics under consideration for SMA3 for potential links to operating grant funding allocations and the extension of those metrics to the divisional level;
- Consider options to link budget model allocations – revenue and/or expense – to relevant SMA metrics; and
- Recommend a framework for extending the University's budget model to incorporate metrics-based budget allocations.