Wilfrid Laurier University

Inspiring Lives of Leadership and Purpose

2021/22 Budget

Board Approved

June 3, 2021 – Board of Governors

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Wilfrid Laurier University 2021/22 Budget

Part A – Overview

Every budget report contains forward-looking information and is based on information available to management at the time of preparation; actual results may vary from these assumptions. In 2021/22, Laurier will enter a second year with a budget set in the context of a global pandemic. While the organization has been successful in mitigating some of the fiscal impacts of the pandemic in 2020/21, this work continues for 2021/22 as we anticipate a return to on-campus presence beginning in the fall and accelerating to normal levels in winter 2022.

In addition to the challenges presented by the pandemic, Laurier is also faced with a structural deficit and growing capital infrastructure needs. Most importantly, however, the University is poised to embark upon a number of exciting initiatives which will contribute to its success in a highly competitive sector. The ability to optimize investments in future-looking strategic endeavours while safeguarding the organization's financial health has been a key principle in the development of the 2021/22 Budget. Prior to the Board of Governors receiving this final Budget, the draft Budget was presented to the Finance and Investments Committee on May 20. The summary version was also presented to the Senate Executive and Finance Committee on May 11 and to Senate on May 19. Fee information, which is part of the assumptions included in this 2021/22 Budget report, has been included in a separate 2021/22 Fee Report and was presented and approved at the April Board of Governors meeting.

For Approval:

- Operating Budget
- Ancillary Budget
- Capital Budget

For Information:

- Multi-Year Operating Budget Forecast
- Multi-Year Ancillary Budget Forecast

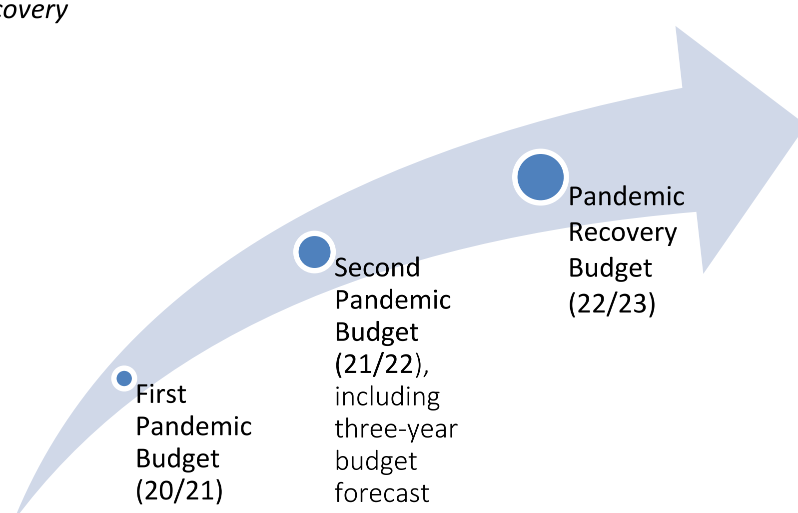
In future years, a Multi-Year Capital Forecast will also be included

Executive Summary – 2021/22 Budget Highlights

Overall Fiscal Outlook

The assumptions and estimates included in the 2021/22 Operating and Ancillary budgets are based on the information available to management at the time of preparation. The prolonged event of the global Coronavirus pandemic continues to present challenges for Laurier and the university sector overall. As the University continues to monitor and align with public health requirements and guidelines, it maintains strong alignment with the organizational mandate and vision as set out on the Laurier Strategy, and the Strategic Mandate Agreement. The 2021/22 Operating Budget pursues the balance between mitigating the impact of current challenges, such as a significantly reduced on-campus presence, with the need to invest in longer-term strategic objectives. As Laurier embarks on a second year of pandemic budgeting for the 2021/22 year, there is consideration for the longer-term multi-year approach as we look forward to pandemic recovery.

Figure 1: *Road to Recovery*



In this multi-year approach, continued efforts to address a structural deficit are needed to lay the groundwork for Laurier to succeed in a post-pandemic world. Beyond pandemic recovery, Laurier is faced with frozen tuition and grant values, increasing capital infrastructure needs, continued investment in information technology systems, compounding inflationary pressures and funding requirements for investment in strategic initiatives and programs to succeed in a highly competitive sector.

While Laurier currently meets the minimum benchmark in four out of five financial health indicators and enjoys a DBRS Long Term Debt Rating of "A", the ongoing structural deficit, decreasing reserve balances, and the impacts of the pandemic present challenges to meeting these targets in the future.

Prioritization and a focus on key investments, with consideration for growth strategies, revenue generation, cost containment and spending to increase key services and programs will be critical to optimize limited resources and safeguard the organization's fiscal health.

Operating Budget

The Operating Budget comprises the major annual revenues and expenditures of the University's financial operations. Revenues from student tuition fees and government operating grants account for 90% of the total operating revenues. Faculty and staff salaries and benefits account for 74% of the total operating expenditures.

The 2021/22 Budget (as presented in Table 6) shows forecasted total revenues of $309.7 million, an increase of $2.2 million, or 0.7%, over last year's Budget. Tuition revenue has remained fairly flat at $1.2 million increase or 0.7% based on the recently confirmed extension of the domestic tuition rate freeze and continued challenges to international student recruitment (based on visa processing delays and travel restrictions. Government operating grants remaining steady with an increase of $0.4 million.

Total expenditures are forecasted at $312.5 million, an increase of $0.5 million, or 0.2%, over last year. This includes a decrease of $1.9 million in total salaries and benefits and an increase of $2.5 million in non-salary expenses.

The 2021/22 excess of expenditures over revenues has produced a deficit of $2.9 million, which represents a decrease of $1.7 million compared to the 2020/21 budgeted deficit of $4.6 million. The 2021/22 deficit will be bridged through anticipated 2020/21 year-end surplus results.

Ancillary Budget

The Ancillary Budget (as presented in Table 21 & 22) includes the self-sustaining activities of Conference Services, Food Services, Off Campus Housing (Ezra Bricker & Houses), One Card, Parking Services, Printing Services, Residences (Waterloo & Brantford Campuses) and Bookstore Operations.

The revenue of the Ancillary enterprises is estimated to increase by 16% from an approved budget of $26.9 million in 2020/21 to $31.3 million in 2021/22, but still $22.3 million or 42% below the 2020/21 pre-pandemic provisional budget of $53.6 million. Residence operations and Off-Campus Housing portfolios revenue projections are based on the lowest capacity limits from Public Health. There is an increase in revenue for the One Card budget with the introduction of a new mandatory fee related to new and replacement card costs. Food Services revenue projection is modest as a staggered approach to open various food outlets and is dependent on the in-person approach for fall and winter terms. Printing Services projected revenue is based on the anticipated return to campus of students, faculty and staff which corresponds to modestly higher volume of printing services activity. The combined revenue projection for the Bookstore locations is also favourably impacted by the re-opening of retail locations and in-person sales. Parking revenue increases reflects a projected gradual return to campus.

Expenses are expected to be lower than 2020/21 with a budget of $42.1 million in 2020/21. The most significant impact is the savings of $2.8 million with the end of the residence lease at Kings Court (345 King St. N.). A new interest charge on ancillary reserve debt of $0.3 million is allocated across the applicable Student & Ancillary Services organizations. The net position after reserves is expected to improve from an approved deficit budget of $17.1 million in 2020/21 to a deficit of $11.3 million in 2021/22. With campus fall planning developing with a more optimistic outlook for in person activities, this budget projection should be a conservative scenario as much is dependent on Public Health guidelines.

Capital Budget

Capital expenditure requirements are addressed through a variety of funding sources, including use of established reserves, departmental annual operating budget lines, central operating budget accounts, as well as strategies that rely on fundraising and partnership arrangements.

For the 2021/22 fiscal year, funding for capital expenditures includes $500,000 for Information and Communication Technology projects that support organization-wide activities, a $2.4 million reserve balance for capital replacement and renewal of equipment, as well as $2.8 million anticipated Facilities Renewal Program (FRP) funding from the Ministry for capital maintenance requirements.

For major capital projects, the Facilities Capital Plan 2021-2026 identifies the capital projects required to meet WLU's present and future facilities needs. For 2021/22, five projects have been identified to be initiated with a total funding requirement of $27 million from a variety of sources including WLU internal funds ($13.2 million), fundraising ($9.6 million), and government funding ($4.5 million). The funding strategy for these projects will be finalized as the 2020/21 year-end position, and any contribution from year-end surplus, is confirmed.

RCM Budget Model Overview

In 2017/18, the University implemented a Responsibility Centre Management (RCM) budget model. A five-year Transition Plan was developed to guide the budget process toward an incremental implementation of the RCM budget model, by considering resource allocation for both Faculties in surplus and subvention in accordance with allocated revenue and other factors.

For 2019/20, the Transition Plan, which would have been in year three, was paused in light of the significant structural deficit that the University was facing. This deficit was caused by the government's decision to reduce domestic tuition by 10% in 2019/20 and to freeze rates in 2020/21. This policy change resulted in a forecasted deficit of $18 million. During the pause in the transition plan, the budget model has remained active and each operating budget includes a full allocation of revenue and expenses by Faculty. The RCM position (whether surplus or deficit) is an important factor in assigning budget targets and in allocating new resources.

As part of the 2020/21 budget process, the Provost and Vice President: Academic and the Vice President: Finance & Administration engaged expert advice and conducted a series of internal consultations to determine how best to resume the transition to full implementation of the RCM budget model. Given the onset of the pandemic and continued uncertainty, further action on resuming the RCM model has been deferred until Fall 2021.

Part B - Operating Budget

1. 2021/22 Budget Context

The Operating Budget comprises the major annual revenues and expenditures of the University's financial operations. Revenues from student tuition fees and government operating grants account for 90% of the total operating revenues. Faculty and staff salaries and benefits account for 74% of the total operating expenditures.

The Operating Budget does not include those financial activities that are not available for general operating purposes such as direct sponsored research, trust and endowments, and government grants for major capital projects. These financial activities are consolidated and presented annually in the audited financial statements.

Several internal and external factors directly influence Laurier's Budget. These include:

Strategic Plan

The University is currently operating under the Laurier Strategy (2019-2024) which outlines the University's high-level priorities for the five-year period. The strategy highlights Laurier's role and responsibility in preparing people to be engaged global citizens who will work to address the world's challenges in the coming decade. The focus of the strategy is on two distinct themes – thriving community and future-readiness— which positions the University to address societal and sector challenges and harness opportunities by leveraging our foundational strengths in academic excellence, research, partnerships, and community. This plan was a critical driver in the 2021/22 budget process.

Tuition Framework

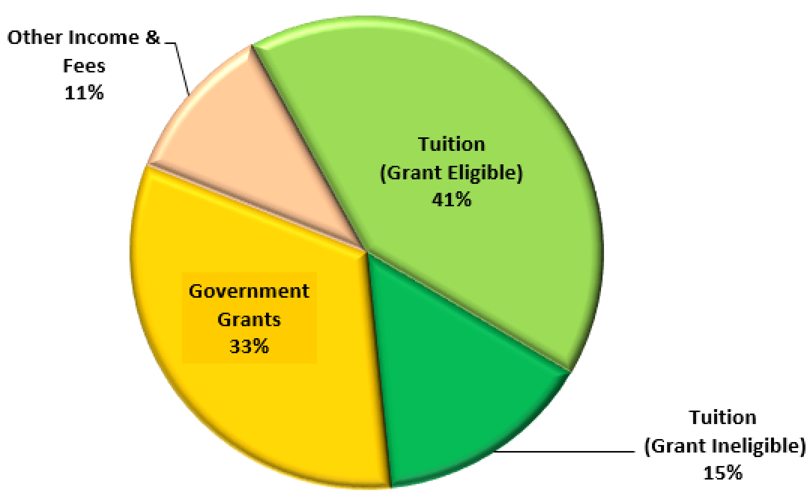
The Ministry of Colleges and Universities (MCU) provides a regulatory framework that guides the fee setting for publicly-funded tuition fees and the application of the framework for tuition fee set-aside, billing, and program fee policy.

The MCU released the most recent tuition framework on January 17, 2019, which provided requirements for domestic tuition rates up to and including the 2020/21 academic year. The MCU "Tuition Fee Framework and Ancillary Fee Guidelines" prescribed a 10% tuition fee reduction in 2019 and subsequent tuition fee freeze in 2020/21. MCU recently announced that the tuition freeze would be extended to cover the 2021/22 year and the University is therefore maintaining current domestic tuition levels for 2021/22.

At Laurier, undergraduate domestic tuition represents approximately 37.2% of total operating revenue and graduate eligible tuition represents approximately 4.0% of total operating revenue.

For the 2021/22 budget, 41.0% of total operating revenue is estimated to be from grant-eligible tuition fees.

Figure 2: *Breakdown of Total Revenue*



Strategic Mandate Agreement

The Strategic Mandate Agreement (SMA) between the Ministry of Colleges and Universities (MCU) and Laurier is the University's formal agreement with the government regarding the institution's role in support of the provincial government's objectives and priority areas for the postsecondary education system. We are entering year two of a five-year agreement, SMA3, which runs from April 1, 2020 to March 31, 2025. SMA3 continues the previous corridor funding model and introduces a performance/outcomes-based funding system linked to 10 metrics that are being phased in over the life of the SMA. The metrics are mostly system-wide metrics determined by MCU, with two metrics defined in part by the University.

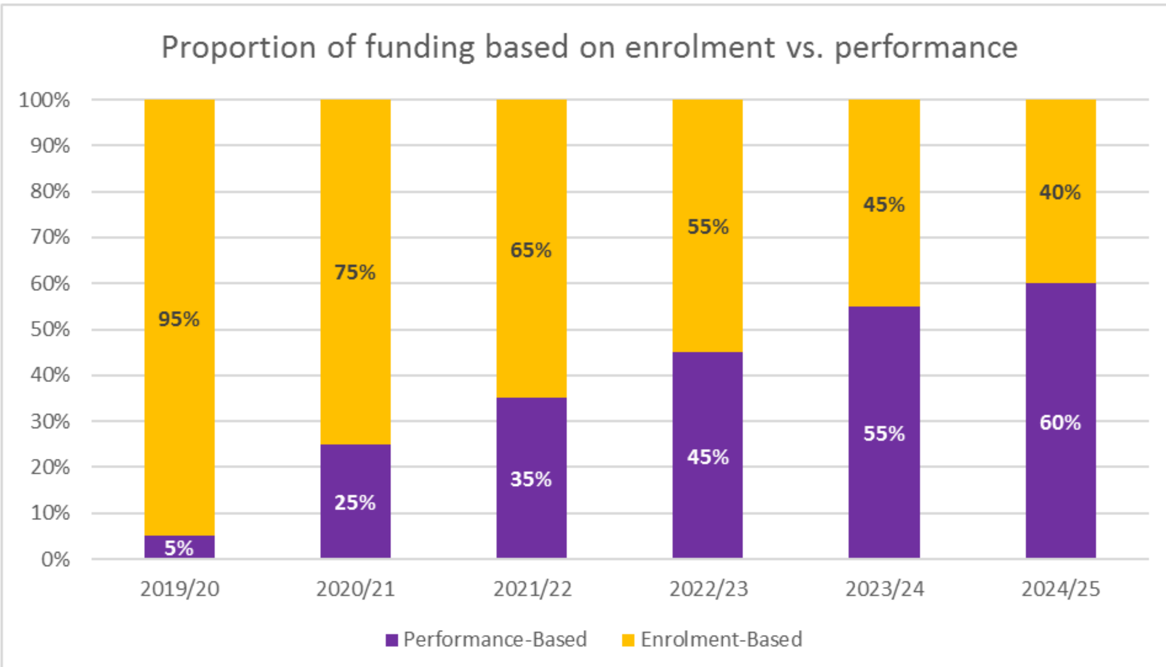
- **Metrics effective in 2020/21**
    - Graduate Employment in a Related Field
        - based on responses to the MCU Ontario University Graduate Survey (OUGS)
    - Institutional Strength & Focus
        - proportion of enrolment in institution's areas of strength and focus (areas determined by each university)
    - Graduation Rate
        - undergraduate seven-year graduation rate
    - Community/Local Impact of Student Enrolment
        - institutional enrolment as a proportion of the city/town in which the institution is located (weighted average for multi-campus institutions)
    - Economic Impact (institution-specific)
        - number of graduating students who are employed in Ontario multiplied by the average salary
    - Research Funding & Capacity
        - The University's share of federal Tri-Agency funding
- **Metrics added in 2021/22**
    - Experiential Learning
        - number and proportion of graduates from undergraduate programs who participate in at least one course with required experiential learning component(s)
    - Research Revenue Attracted from Private Sources
        - research revenue from private and non-profit sectors
    - Graduate Employment Earnings
        - based on Statistics Canada's Education and Labour Market Longitudinal Platform (ELMLP)
- **Metric added in 2022/23**
    - Skills & Competencies
        - test results from Education and Skills Online Tool (OECD), based on a random sample of undergraduate students

Each metric includes an institutionally designated weighting, and a target and band of tolerance informed by historical performance.

Over the course of the five-year agreement, the proportion of performance/outcomes-based funding included as part of the provincial operating grant will increase from 25% in 2020/21 to 60% by

2024/25. In response to the pandemic, the government has announced that for the first two years of the agreement – 2020/21 and 2021/22 – operating grant funding is being de-coupled from the performance metrics. This means that operating grants are remaining constant for the 2021/22 fiscal year. Discussions continue between the sector and the government about the pandemic impact on the metrics and the appropriate timeline on which to resume the full transition to performance-based funding.

Figure 3: *SMA3 Grant Funding*

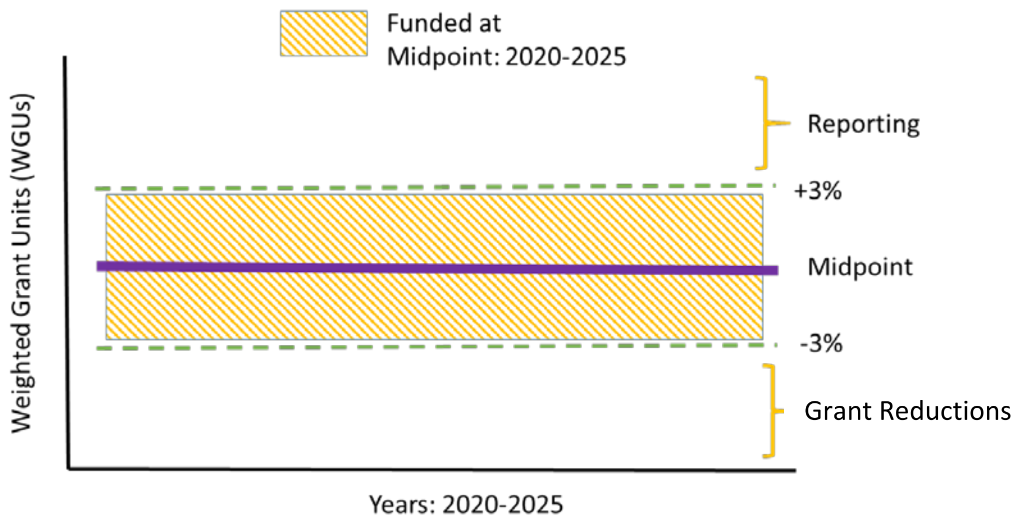


Corridor Funding Formula for Grants

The previous three-year SMA2 introduced in 2017/18 moved Ontario universities to a corridor funding model where rather than incrementally funding grant eligible (normally domestic) enrolment, institutions are funded to a mid-point level within a corridor. At that time, the midpoint was established at actual 2016/17 funding levels for undergraduate funding, with negotiated funding growth for graduate enrolment.

The new SMA3 continues the corridor funding model with an increase to the midpoint to reflect achieved graduate growth relative to 2016/17. The 3% corridor remains in place, with compliance evaluated relative to a five-year growing moving average.

Figure 4: *Government Corridor Funding Formula Model*



A number of internal factors directly influence Laurier's Budget. These include:

Milton Expansion

Laurier is committed to extending the University's high-quality academic programming and student experience to the town of Milton. The 2021/22 budget reflects the revenue and expenses for the ongoing activities delivered through our long-standing partnership with the Milton community. This includes the Faculty of Education's part-time Master of Education program, which commenced in January 2020 at the Milton Education Village Innovation Centre. We continue to offer not-for-credit and community-based programs, including Faculty of Social Work professional development certificates and workshops, the Laurier Milton Lecture Series and the Laurier Enriched Academic Program (LEAP) children's camp, in partnership with the Town. Additionally, the budget reflects investments that the University will continue to make in community engagement, brand visibility, programming, and stakeholder relations.

The University is continuing to work closely with the provincial government, the Town of Milton, and Conestoga College to advocate for the development of a campus in Milton.

RCM Budget Model

The Responsibility-Centre Management (RCM) budget model calculations continue to be made to allocate revenue and shared services costs across the institution to track the financial position of each Faculty. Currently, the transition plan within the RCM budget model remains paused. This is a continuation of the pause that was enacted mid-way through the 2018/19 fiscal year to enable the University to manage the financial impact of the 10% tuition cut and ensuing freeze. A pause in the transition plan means that Faculties in surplus do not receive a percentage of their surplus. However, it is important that model continues to operate with full allocation of revenue and expenses; the RCM position of each Faculty is an important variable for determining the allocation of budget targets and for evaluating requests for new resources. The RCM allocation by Faculty is included in Section 3.3/Table 15.

2. 2021/22 Budget Process

The budget process started later this year as the budget development process was complicated by the fact that the previous year's budget was approved on a provisional basis in June 2020, with approval of a final budget in November 2020. In performing the work necessary to prepare the final budget, the University was able to understand the principal revenue and expense impacts of operating under pandemic conditions. However, the continuation of 2020/21 budget work well into the fiscal year compressed the timeline for preparing the 2021/22 budget.

The 2021/22 budget development process was driven by two imperatives:

- Manage through the pandemic disruption so that the quality of teaching, learning, research, and student engagement remain strong;
- Pursuing strategic objectives, prioritizing those which enable the University to both manage through the pandemic and position Laurier for success post-pandemic with special attention to the institution's financial sustainability.

To manage this careful balancing act, the Budget Co-Chairs (Lloyd Noronha, Vice President: Finance & Administration, and Anthony Vannelli, Provost & Vice President: Academic) have worked closely with a newly re-established Budget Council, supported by the Budget Coordinating Team in accordance with the roles and responsibilities outlined below.

Budget Co-Chairs

The Provost & Vice President: Academic and the Vice President: Finance & Administration are jointly responsible for overseeing the development of the University Budget and making a recommendation to the President.

Budget Council (BC)

The Budget Council (BC) was established in 2020/21 and is an advisory committee to the President regarding the annual budget development and resource allocation decisions. Members fulfill fiduciary responsibilities at an institutional-level basis and advise on overall budget objectives that support the mission and goals of the University.

The Budget Council Provides oversight for the development of the University budget, as informed by strategic and integrated planning.

- Establishes the annual budget development process
- Provides advice and recommendations for transparent resource allocation decisions reflective of the University's strategic priorities
- Informs assumptions on key budget drivers

Final approval of all budget recommendations, as presented in the Budget Report, is made by the Co-Chairs. The Budget Council is co-chaired by the Provost & Vice President: Academic and the Vice President: Finance and Administration. The Council membership is representative and ensures appropriate attention to the breadth of the University budget and is structured to balance academic and administrative budget leaders.

Budget Coordinating Team (BCT)

The Budget Coordinating Team was established in 2019/20 and is co-chaired by the Assistant Vice President: Financial Resources and the Assistant Vice President: Integrated Planning & Budgeting. The Budget Coordinating Team is responsible for overseeing the operational development of the budget.

Working on the timeline in Figure 5, the ultimate objective of the budget process is to bring forward a recommended budget for consideration by the governing bodies – review and recommendation by Senate and review and approval by the Board of Governors (as depicted in Figure 6).

***Figure 5**: Annual Budget Process Timeline*

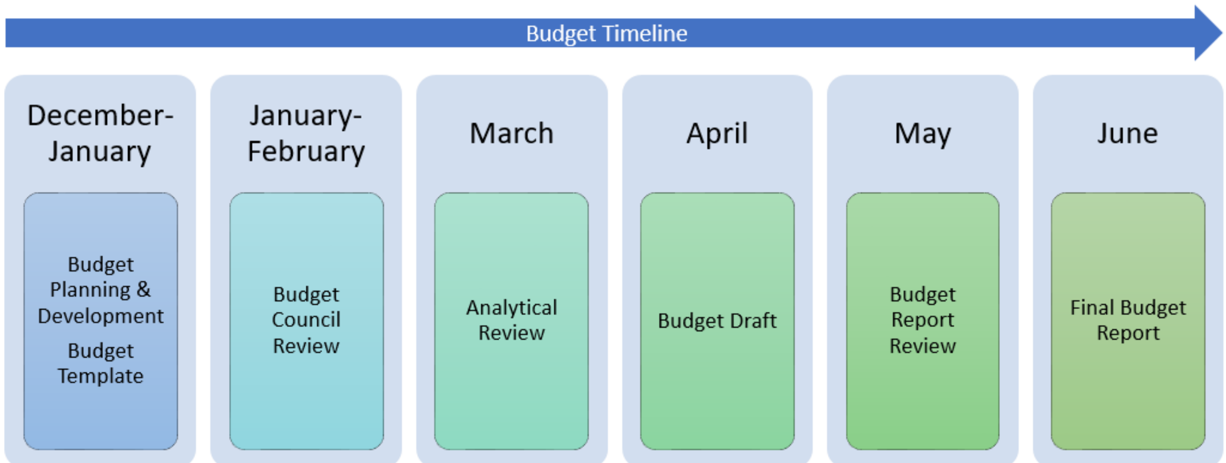
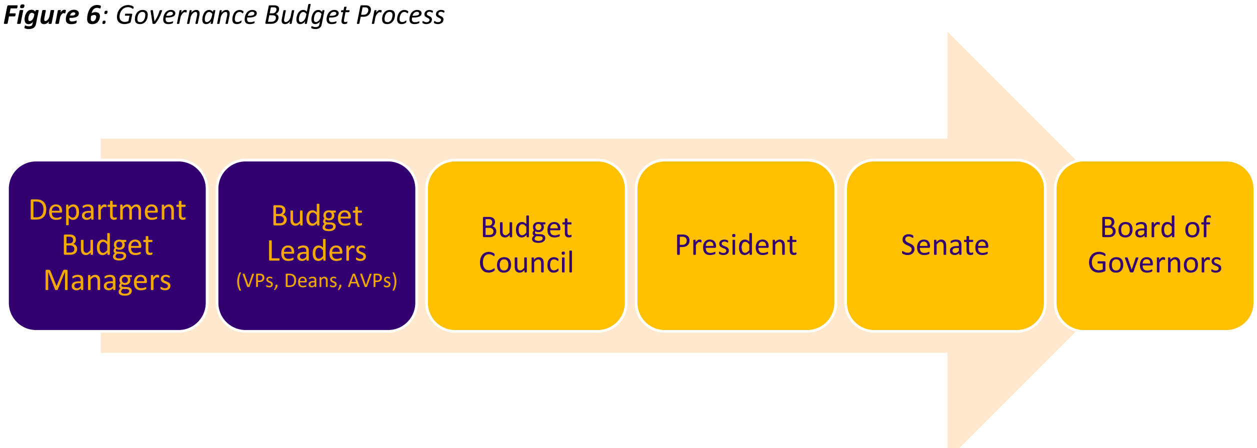


***Figure 6**: Governance Budget Process*



The University is responsible for submitting a budget for consideration by Senate and approval by the Board of Governors.

<u>The 2021/22 budget development process was divided into three phases</u>:

Phase I: Budget Planning & Development
Phase II: Budget Coordinating Team Review
Phase III: Budget Council Review

Phase I: Budget Planning & Development

The University is operating in a dynamic environment, which requires that we continually examine our priorities to ensure we are keeping current and meeting our obligations. We continue to look to the Laurier community to be future-oriented, innovative, constructive and strategic as reflected in the Laurier Strategy 2019-2024. This means being alert to opportunities, open to partnerships and synergies.

The Budget Co-Chairs identified four categories of essential requests that were prioritized for investment consideration: teaching, learning & scholarship (remote); health, safety & well-being of students, staff, faculty; regulatory/legislative compliance; and digital opportunities. Requests falling outside these categories were to be managed at the unit level.

In parallel, the Budget Co-Chairs also engaged with the Executive Leadership Team to identify the strategic priorities for 2021/22: Indigeneity and equity, diversity, and inclusion; innovation (including credential innovation); internationalization; and multi-campus development (including Milton).

Each budget leader was responsible for completing a budget development template. The purpose of this development template was to provide budget leaders an opportunity to:

- Confirm previously submitted budget target details for 2021/22 (across each VP portfolio, 4% was submitted over two fiscal years (2020/21 & 2021/22));
- Submit essential requests for 2021/22 in alignment with priority areas.

Each Vice President (or equivalent) was responsible for evaluating budget requests against these priorities and completing a separate consolidated prioritized list for their portfolio. Items on this list indicated the Vice Presidents' agreement for the identified budget request.

Phase II: Budget Coordinating Team Review

The Budget Coordination Team (BCT) conducted a comprehensive review and analysis of the revenue and expense factors driving the budget:

- revenue;
- institutional costs, unit-level and central;
- inflationary salary costs;
- direct costs of teaching;
- budget targets for 2021/22;
- essential requests.

The BCT also carefully reviewed areas of pandemic and historical underspending to recommend potential budget gapping adjustments to appropriately reduce the level of conservatism included in the operating budget.

The full detail on all these elements is provided in Sections 2.1 through 2.3 below.

Phase III: Budget Council Review

The Budget Council reviewed the overall budget strategy with consideration of the major revenue and expense drivers outlined above. In particular, the Budget Council spent considerable time reviewing the essential requests recommended by the Budget Co-Chairs. The criteria and process are described in detail in section 2.3 under "Essential Requests."

2.1 Revenue Process

The revenue process is made up of three separate components – operating grant, tuition fees, and other revenue.

Operating grants

MCU's funding model allocates enrolment-driven operating grant revenue in alignment with the SMA3. Operating grant allocations for universities are governed by an enrolment corridor mechanism that includes a negotiated midpoint, indicating the level of funded student enrolments.

The SMA3 funding model allocates enrolment-driven operating grant within two major components, in addition to special purpose envelopes targeted to specific sector priorities. Within the Enrolment Envelope, the Core Operating Grant (COG) is allocated based on enrolment through the corridor funding model. The Differentiation Envelope is composed of the Performance/Outcomes-based Grant, distributed based on outcomes, measured relative to the achievement of SMA3 metric targets. Due to the uncertainty of the pandemic, the Ministry delayed the activation of performance-based funding for two years. This means that operating grants are remaining constant for the 2021/22 fiscal year, net of any deductions related to the change in the International Student Recovery (ISR).

Tuition revenue

Revenue from tuition is a factor of two inputs – tuition rates and enrolment projections.

Tuition rates

Tuition rates for publicly funded (domestic) students are governed by the Provincial Government's Tuition Fee Framework. On April 30, the government announced a one-year extension of the tuition freeze for Ontario students, with a provision for a 3% increase for out-of-province students. Prior to this announcement, Laurier had proceeded to set domestic tuition rates at the same levels as in 2020/21 (0% change). As part of the tuition rate-setting process in the coming year, Laurier will evaluate the relevant factors in considering a potential tuition increase for out-of-province students.

For international students and non-publicly funded programs and courses, the University has discretion over tuition fee increases as these are not eligible for provincial government funding and are not governed by the tuition fee framework. Tuition rates for these programs are guided by the market and Laurier's relative competitiveness.

The Tuition Fee Report recommended by Senate and approved by the Board of Governors in March includes the tuition fee rates that are incorporated into the forecast.

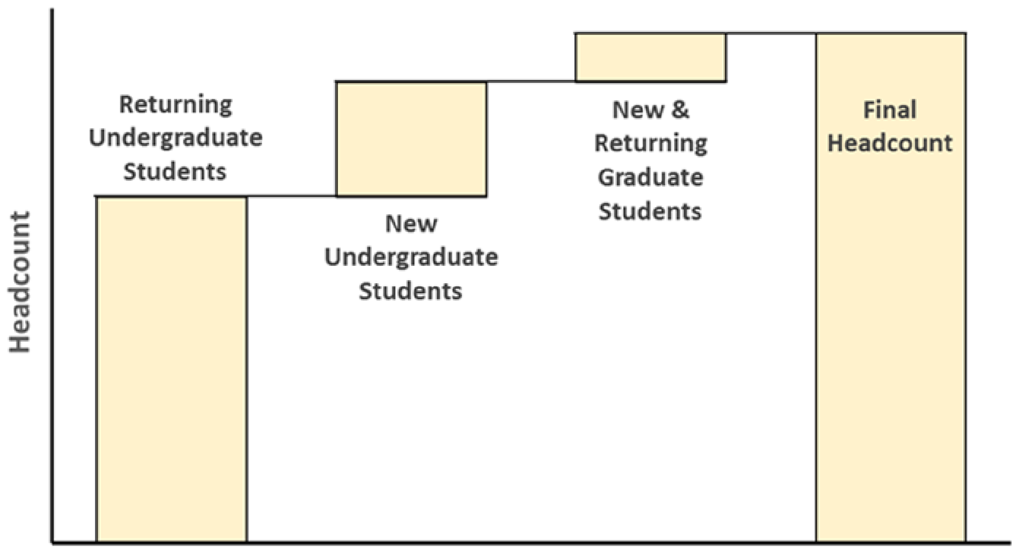
Enrolment projections

Student enrolment drives almost 90% (2020/21 – 90%) of operating revenue. The Strategic Enrolment Management (SEM) Committee is responsible for providing strategic direction in establishing the University's long-term enrolment plan; aligning the enrolment planning process with institutional and academic priorities. A key component of this plan is the development of short-term and long-term enrolment targets for both graduate and undergraduate students. This forms the basis of the enrolment projection, which is then used to project enrolment-driven revenue (tuition and grant) institutionally and by Faculty.

SEM is tasked with developing long-term enrolment plans that reflect a comprehensive and integrated approach to strategic enrolment management. The enrolment plan is intended to enable the University to achieve and maintain optimal student enrolment within the context of the Laurier Strategy, Strategic Academic Plan (SAP) and the Strategic Mandate Agreement (SMA) while responding to external factors, including government policy, demographics, and the competitive landscape.

The enrolment plan considers not only new annual intake, but also student retention, which impacts the flow through of students progressing to graduation. Figure 7 depicts how the various cohorts of students make up the 2021/22 enrolment projection, which drives the total tuition and grant revenue forecast.

***Figure 7*:** Components of Enrolment Forecast



2.2 Enrolment (Undergraduate Headcount & Graduate Fall FTE)

The following table illustrates the projected change in total students from 2020/21 to 2021/22:

***Table 1**: Forecasted Change in Total Students*

	Total Fall Headcount (FT & PT) *				
	2019-20	2020-21	2021-22	2021-22 /2020-21	
	Actual	Actual	Projected	Projected/ Actual	
Undergraduate				#	%
Domestic	17,122	17,941	17,402	-539	97.0%
International	1,333	1,275	1,190	-85	93.3%
Full Time	15,616	15,550	15,319	-231	98.5%
Part Time	2,839	3,666	3,273	-393	89.3%
Graduate					
Domestic	1,840	2,055	2,144	89	104.3%
International	153	134	149	15	111.2%
Full Time	1,012	1,030	1,120	90	108.7%
Part Time	981	1,159	1,173	14	101.2%
Undergraduate	18,455	19,216	18,592	-624	96.8%
Graduate	1,993	2,189	2,293	104	104.8%
Total	**20,448**	**21,405**	**20,885**	**-520**	**97.6%**
Domestic	18,962	19,996	19,546	-450	97.7%
International	1,486	1,409	1,339	-70	95.0%
Total	**20,448**	**21,405**	**20,885**	**-520**	**97.6%**
Full Time	16,628	16,580	16,439	-141	99.1%
Part Time	3,820	4,825	4,446	-379	92.1%
Total	**20,448**	**21,405**	**20,885**	**-520**	**97.6%**

* # of registered students in Fall Term

Overall, the total student headcount for 2021/22 is projected to decrease by 520 students or 2.4% over 2020/21. The decrease in enrolment is mainly driven by a projected lower average number of continuing domestic students at the undergraduate level, but it is expected to be slightly offset by a robust intake of new Year 1 and increasing number of graduate students.

Undergraduate (UG) Students:

Total projected undergraduate headcount for Fall 2021 are projected at 18,592 (Fall 2020 - 19,216), reflecting a 3.2% decrease over prior year. International undergraduate enrolment are projected to decrease by 6.7% over the prior year due to the continuing pandemic. Full-time (FT) and part-time (PT) enrolments are both projected to be lower in 2021/22 than 2020/21.

One of the key elements of the undergraduate enrolment projection is the new intake of 1st Year students. The intake target is established through collaboration and consultation with the Faculties and other units across the University.

***Table 2**: Fall Full-Time Headcounts – Undergraduate*

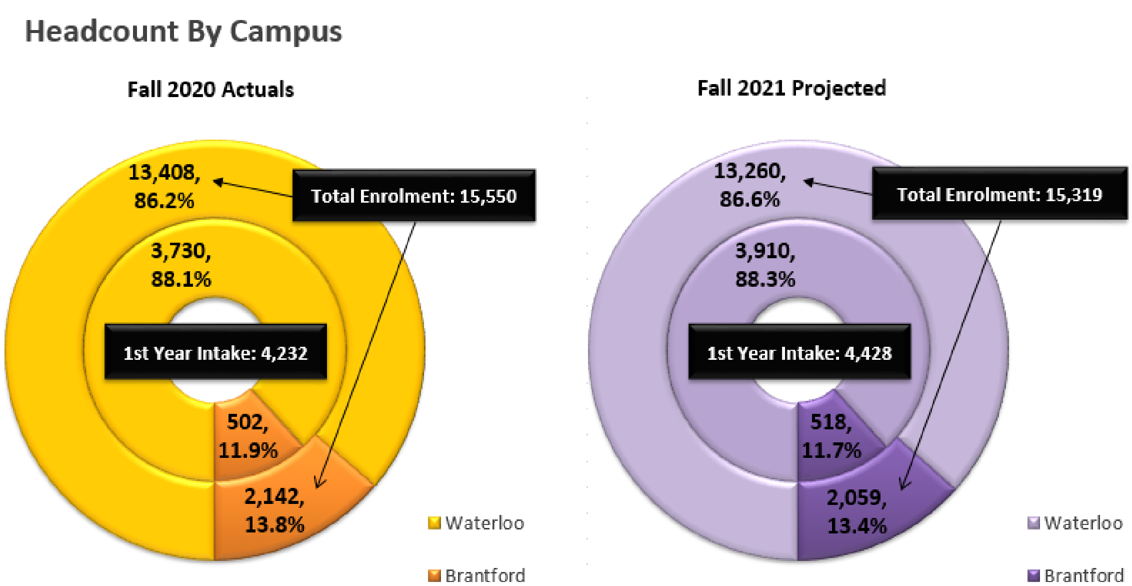
1st Year Fall Full-Time Headcount – Undergraduate				
Fall Full-Time Headcount	2019 Actual	2020 Actual	2021 Projected	20a vs 21p % Change
Domestic – 1st entry	4,309	3,921	4,008	2.2%
International – 1st entry	306	240	216	-10.0%
1st entry Sub-Total	**4,615**	**4,161**	**4,224**	**1.5%**
Domestic – 2nd entry (Education)	68	71	204	187.3%
International – 2nd entry	1	0	0	-
Total	**4,684**	**4,232**	**4,428**	**4.6%**

Note: *Enrolments in Table 2 include students in the consecutive Bachelor of Education program, a second entry undergraduate program.*

Overall, it is projected the new Year 1 student enrolment in 2021/22 will remain similar to 2020/21 levels in the first entry programs. In 2nd entry programs, the Faculty of Education is planning to significantly increase the new students. First year students represent 29.1% (2020/21 – 27.2%) of total undergraduate enrolment.

The composition for the projected FT UG headcount for both first year intake and total enrolment is displayed by campus (Figure 8), by Faculty (Figure 9) and by type of student (Figure 10).

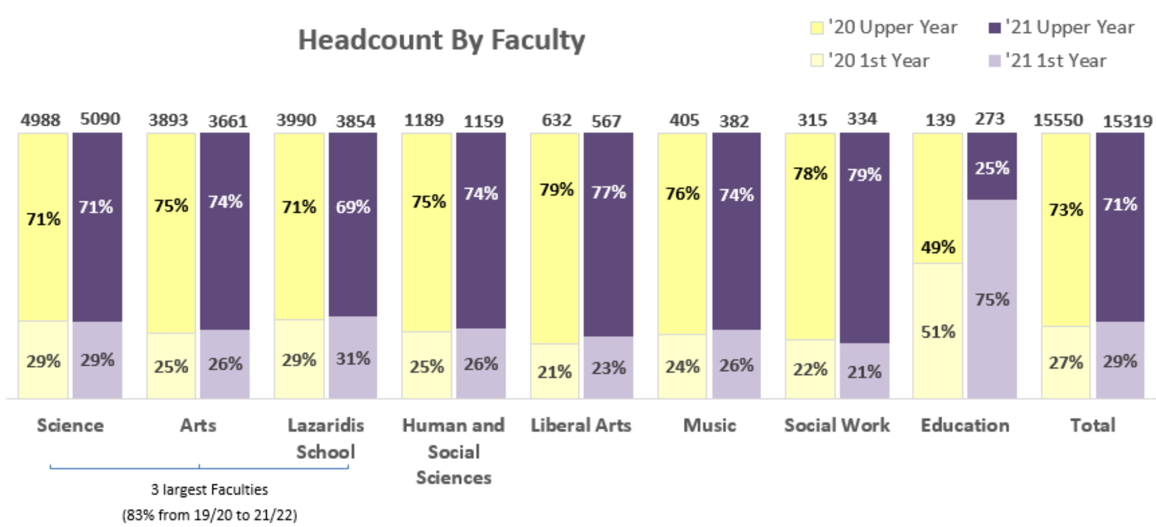
***Figure 8:** Total UG FT Enrolment by Campus*



The Brantford campus is anticipating a slightly higher intake of new Year 1 students in 2021/22 than in the previous year (518 in 2021/22 vs. 502 in 2020/21), representing 11.7% (2020/21 - 11.9%) of the total institutional first year intake. Overall, a total of 2,059 (2020/21 - 2,142) students at the Brantford campus is projected for 2021/22, representing 13.4% (2020/21 – 13.8%) of total FT UG enrolments.

The Waterloo campus is anticipating a slightly higher intake of new Year 1 students in 2021/22 than in the previous year (3,910 in 2021/22 vs. 3,730 in 2020/21), representing 88.3% (2020/21 – 88.1%) of the total institutional first year intake. Overall, a total of 13,260 (2020/21 – 13,408) students at the Waterloo campus is projected for 2021/22, representing 86.6% (2020/21 – 86.2%) of total FT undergraduate, which is similar with 2020/21.

Figure 9: *Total UG FT Enrolment by Faculty*

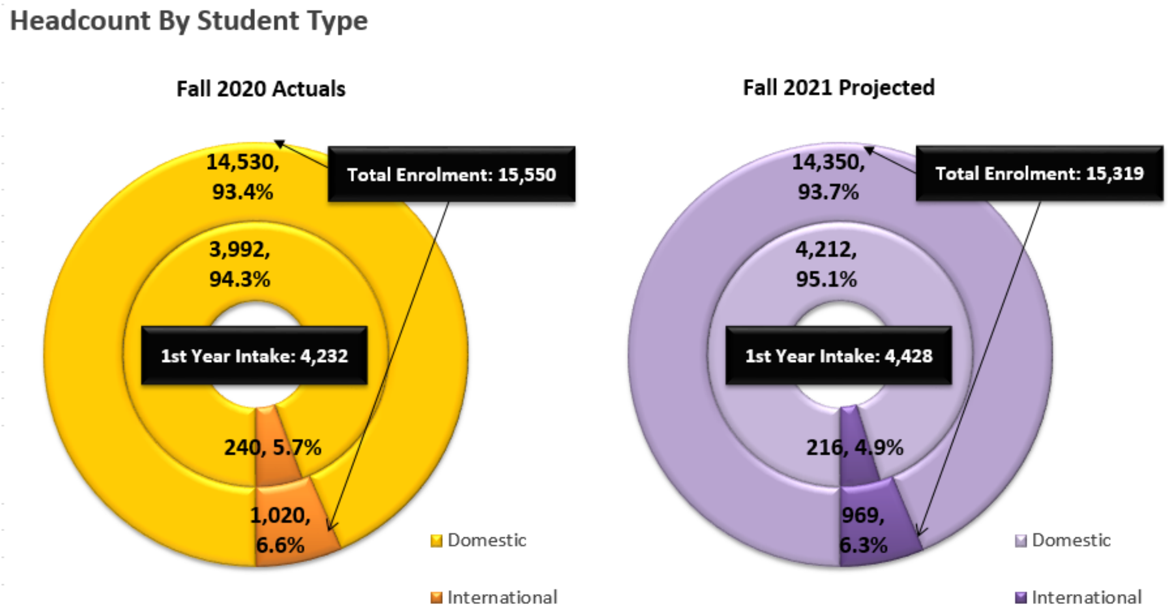


Note: *The Faculty of Education is a two-year program, with the enrolments being reflected between 1st year and upper years. Social Work has a significant portion of new advanced standing (i.e. upper year) students.*

In 2021/22, the majority of the Faculties are projecting a similar enrolment of new Year 1 FT students as achieved in 2020/21. Overall, the decrease in undergraduate FT enrolment of approximately 1.5% (2020/21 – increase 2.0%) is not distributed evenly, with growth projected in the Faculty of Education, Faculty of Science, and Faculty of Social Work and decreasing enrolments in the other Faculties.

The three largest Faculties (Arts, Science and the Lazaridis School) account for 83% (2020/21 – 83%) of total enrolment and 84% (2020/21 – 84%) of 1st year intake.

Figure 10: *Total UG FT Enrolment by Type of Student*



The number of international students in undergraduate programs has grown steadily over the last decade. International FT students, including both fee-paying students and exchange students, made up 6.3% (2020/21 – 5.7%) of the FT UG population in 2021/22; growing from less than 2.0% about 10 years ago.

In 2021/22, a decrease of 5.0% (2020/21 – nil%) is planned for FT international undergraduate headcount due to uncertainty around international student travel policies. Overall, international students represent 4.9% (2020/21 – 5.7%) of the projected incoming class. The above figure demonstrates the breakdown by student type – domestic vs. international, for both total FT UG enrolment and 1st year intake in 2020/21 and 2021/22.

Graduate Students:

Note: Graduate enrolment is presented in terms of Full-Time Equivalent (FTE) (1 FT graduate student = 1.0 FTE and 1 part-time graduate student = 0.3 FTE) in each term. Consistent with MCU reporting, the following graduate enrolment numbers are reported in Fall FTEs only.

At the graduate level, student enrolment is projected to increase by 6.8% (2020/21 – 5.0%). The projected increase in enrolments is driven by increases in all program types.

The composition for the projected Graduate Fall FTE is displayed by program category (Table 3), type of student (Table 4) and by Faculty (Table 5):

***Table 3**: Graduate FTE by Program Category*

Graduate FTE by Program Category				
Fall FTE	**2019 Actual**	**2020 Actual**	**2021 Projected**	**20a vs 21p % Change**
Grant Eligible Programs				
Professional Masters *	481.2	488.3	532.1	9.0%
Research Masters	373.2	362.9	387.5	6.8%
Doctoral	222.6	227.6	245.7	8.0%
Grant Ineligible Programs				
Full Cost Recovery **	229.3	298.9	306.6	2.6%
Total	**1,306.3**	**1,377.7**	**1,471.9**	**6.8%**

* *Including diploma and general graduate studies*
** *Enrolment in cost recovery programs is not eligible for government grant funding*

Professional Masters programs are projected to increase by 43.8 FTEs, Research Masters programs are projected to increase by 24.6 FTEs, and Doctoral programs by 18.1 FTEs. The increase in Graduate FTE is consistent with growing the total number of Graduate students.

***Table 4**: Graduate FTE by Type of Student*

Graduate FTE by Type of Student				
Fall FTE	**2019 Actual**	**2020 Actual**	**2021 Projected**	**20a vs 21p % Change**
Domestic – Grant Eligible	863.6	908.7	985.5	8.5%
Domestic – Grant Ineligible *	291.8	337.8	338.8	0.3%
International	150.9	131.2	147.6	12.5%
Total	**1,306.3**	**1,377.7**	**1,471.9**	**6.8%**

** Includes both domestic students in cost-recovery programs (about 80%) and those students who have exceeded their grant funding limit (about 20%)*

The majority of graduate growth is projected to be in programs eligible for provincial grant funding, with an increase of 76.8 FTE or 8.5% over the prior year.

International graduate enrolment is projected to return to levels similar to 2019, with an increase of 16.4 FTE or 12.5% projected over the prior year. The Faculty of Science and Lazaridis School accounts for the majority of the international growth while there are some other minor increases in the other Faculties.

Table 5: *Graduate FTE by Faculty*

Graduate FTE by Faculty				
Fall FTE	2019 Actual	2020 Actual	2021 Projected	20a vs 21p % Change
Lazaridis School	413.8	414.8	458.6	10.6%
Social Work	303.8	319.5	342.3	7.1%
Science	215.2	250	256.1	2.4%
Arts	171	160.5	171.6	6.9%
Human and Social Sciences	61.8	81.9	78.5	-4.2%
SIPG	53.3	47.6	53.6	12.6%
Music	39	54.5	50.1	-8.1%
Education	25.6	30.3	37.2	22.8%
Liberal Arts	22.8	18.6	23.9	28.5%
Total	**1,306.3**	**1,377.7**	**1,471.9**	**6.8%**

Anticipated growth in graduate programs of 6.8% is not evenly distributed across Faculties. This reflects the type and mix of graduate programs and FTEs offered by each Faculty. For 2021/22, the majority of the FTE increase is related to the professional Master's programs. The Faculty of Education, Social Work, and Lazaridis School are the primary Faculties contributing to the increases in this category. The increase in research Master's programs is supported by the Faculty of Arts and the Faculty of Liberal Arts.

2.3 Expense Process

The current financial expense assumptions incorporate updated salary and benefit information, updated projections including institutional costs, direct costs of teaching and essential requests for 2021/22 related to implementing digital opportunities, teaching & learning in a remote environment, compliance obligations, and support for the health, safety and well-being of our students, staff and faculty.

Total expenses for 2021/22 are $312.5 million. Expenses are categorized as Direct Cost of Teaching, Institutional Costs – Unit Oversight, Institutional Costs – Central Oversight and Essential Requests.

Direct Cost of Teaching

The direct costs of teaching associated with the creation of new programs and enrolment changes in continuing programs were also considered. Senate Academic Planning Committee and Senate reviews and approves the creation of new programs and the related detailed multi-year budgets. These necessary expenditures on teaching are offset by incremental revenue from the new programs.

Each Dean reviewed their SEM enrolment plans and identified whether the change in enrolment mix required additional direct teaching resources. Discussions between the Deans and the Provost occurred to review the enrolment numbers to determine if those eligible costs would be funded.

Examples of direct cost of teaching expenditures may include the hiring of full-time faculty or Contract Teaching Faculty (CTF), the development and delivery of online courses, teaching assistance, lab supervision, support staff, partnerships, lab equipment, space and operating costs.

Institutional Costs – Unit Oversight

Institutional costs with unit oversight are costs that are directly attributable to a unit, and the unit has the responsibility to oversee the cost. However, the unit has limited control over how the cost may increase or decrease (e.g., audit fees, foreign exchange, scholarships, etc.).

These costs were reviewed by the unit as part of the budget process and the proposed changes were reviewed with Vice President: Finance & Administration and the Provost & Vice President: Academic. Budget Council also had an opportunity to review and advise the Co-Chairs.

Institutional Costs – Central Oversight

Institutional costs with central oversight are costs that cannot be directly attributed to a unit. These costs are reviewed for any changes that may cause the cost to increase or decrease (e.g., University Memberships - such as Council of Ontario Universities).

The central costs (both revenue and expense) were reviewed based on actual experience and/or anticipated future changes and adjusted accordingly. The expected change was reviewed with the Vice President: Finance & Administration and the Provost & Vice President: Academic and brought to Budget Council for information.

Central review of Preliminary Deficit Position

During the management reporting of the 9-month YTD results, the forecasted 2020/21 year-end position was indicating to be more favourable than originally anticipated in the approved budget. These savings were a result of both OTO pandemic related savings as well as passive and other savings.

In previous years, we have had deficit budgets projected and ended up with fiscal year-end surpluses. In turn, the Budget Coordinating Team reviewed the central and institutional items to find opportunities to reduce the preliminary deficit position that was arising for 2021/22. The Budget Coordinating team reviewed the following two categories in detail:

- **Pandemic Savings**

  Significant savings may be attributed to pandemic-related changes in activity and expenses at a magnitude greater than was considered in the November pandemic budget. Some of the contributing categories include travel, catering, meeting expenses, printing, general supplies, externally contracted services for trades, and outsourced custodial costs. Some of these pandemic savings are anticipated to continue into 2021/22 on a OTO basis.

- **Central Gapping Adjustments**

  Gapping adjustments represent anticipated passive savings and are not guaranteed. Based on the anticipated favourable 2020/21 year-end results due to underspending, a proactive approach is being taken to incorporate these passive savings into the 2021/22 budget. There is a level of risk, however a reduced fiscal conservatism approach was taken to bring budget as close as possible to projected actuals so that additional budget reductions did not need to be taken at the unit level. These adjustments are being incorporated into the budget at a central level.

Essential Requests

As part of the budget template process, units were asked to identify critical areas of investment that were necessary to support the Laurier community in 2021/22 and position us for continued success into the future. Each Vice President was responsible for completing a separate consolidated prioritized list for their units. These prioritized lists were consolidated and bucketed into four categories by the Budget Coordinating Team. The Provost & Vice President: Academic and Vice President: Finance & Administration reviewed the consolidated list and used the principles below to bring forward a recommendation to Budget Council for review and consideration.

Figure 11: *Essential Requests Principles*

Teaching, Learning and Research/Scholarship in a Remote Environment

The COVID-19 pandemic has caused a significant shift in the way we operate. The University has engaged in extraordinary efforts to adapt to the reality of remote learning and work-from-home arrangements. Essential requests in the "Teaching, Learning and Research/Scholarship in a Remote Environment" category should reflect additional needs necessary to directly deliver teaching, learning, and research and/or to support such delivery.

Health, Safety and Well-being of Students, Staff, and Faculty

Essential requests in this category should reflect additional investments necessary to ensure the continued health, safety and mental and physical well-being of all members of the Laurier community.

Regulatory/Legislative Compliance

Essential requests in the "regulatory/legislative compliance" category should reflect legally-binding costs increases from existing contractual obligations and/or costs that must be incurred to ensure regulatory/legislative compliance. Requests in this category should be supported by a signed contract or published regulatory/legislative directive.

Digital Opportunities

Essential requests in the "digital opportunities" category should reflect initiatives, technology and practices that will help manage remote work/learning and position the University for Post-pandemic Success.

Budget Council review

With the Council's mandate of fulfilling their budget fiduciary responsibility, the essential requests that had been subsequently prioritized by the Vice Presidents, were reviewed with financial sustainability in mind while at the same time investing scarce resources to support critical priorities. The Council recognized that each leader had taken great care in identifying the items that were most urgent and most critical to the University's strategic objectives and priorities. And yet, every new base dollar invested will further deepen a structural deficit that will require Laurier to reduce costs in the next fiscal year.

Therefore, additional stringent criterial for evaluating essential requests were developed:

- Alignment with priority areas as determined by ELT: Indigeneity, EDI, innovation (including credential innovation), internationalization, and multi-campus development (including Milton);
- Investments in revenue generating initiatives and programs;
- Mandatory – not proceeding would break legal obligations or lead to unsustainable service interruptions; and,
- Contractual obligations (e.g., commitments that cannot be funded on a OTO basis).

In advance of the recommendations being presented to the governing bodies, the Vice Presidents were provided an opportunity to review recommendations for their specific portfolios, including which items were to be funded centrally on either a BASE or OTO basis, and those identified for funding by another source or to be deferred. The final recommendations include the feedback and considerations from the Vice President reviews.

3. 2021/22 Operating Budget

The 2021/22 Operating Budget detailed information is presented in the following pages beginning with a summary of the Operating Budget (Table 6). The summary is broken out into major revenue and expense types with a comparison to the 2020/21 Budget, noting the major changes year-over-year. Additionally, the summary is further broken out into BASE and OTO.

Table 6: *2021/22 Budget by Revenue & Expense*

2021/22 Budget by Expense

In $000's

	Approved Budget 2020/21	BASE Budget 2021/22	OTO Budget 2021/22	Total Budget 2021/22	Change	% Chg
Revenue						
Tuition Fees	174,904	175,080	1,043	176,123	1,219	0.7%
Enrolment Based Government Grants	100,862	101,248		101,248	386	0.4%
Other Income & Fees	31,672	32,671	(389)	32,283	611	1.9%
Revenue Total	**307,438**	**308,999**	**655**	**309,654**	**2,216**	0.7%
Salary & Benefit Expenses						
Full/Part Time Faculty Costs	108,170	107,114	913	108,027	(143)	(0.1%)
Full/Part Time Staff Costs	77,570	78,141	383	78,524	954	1.2%
Statutory & Fringe Benefits	22,062	20,345	(389)	19,957	-2,105	(9.5%)
Current Service Costs	18,538	18,538		18,538	0	0.0%
Pension Plan Deficiency	915	762		762	(153)	(16.7%)
Retirees, Parental, Tuition Exemptions	5,644	5,064	93	5,157	(487)	(8.6%)
Salary & Benefit Expenses Total	**232,899**	**229,964**	**1,001**	**230,965**	**(1,934)**	(0.8%)
Non-Salary Expenses						
Equipment/Software	5,743	5,503	882	6,385	641	11.2%
Library Acquisitions	4,230	3,564	643	4,207	(23)	(0.5%)
Scholarships & Bursaries	18,398	18,460	1,363	19,822	1,424	7.7%
Travel Expenses	1,012	2,886	(1,869)	1,017	5	0.5%
Facility Rentals/Occupancy Costs	1,871	1,517		1,517	(354)	(18.9%)
Supplies & General Expense	24,219	27,227	(2,275)	24,951	732	3.0%
Debt Service	5,733	5,733		5,733	0	0.0%
Capital and Deferred Maintenance	4,308	4,315		4,315	7	0.2%
Equipment/Operating Renewal	3,739	3,906	10	3,916	177	4.7%
Utilities, Insurance & Taxes	6,236	6,699		6,699	463	7.4%
Contingency	3,000	2,091	(92)	2,000	(1,000)	(33.3%)
Annual Operating Contribution to Reserves	0	1,000		1,000	1,000	
International Reserve	600	0	0	0	(600)	(100.0%)
Non-Salary Expenses Total	**79,089**	**82,901**	**(1,338)**	**81,563**	**2,473**	3.1%
Expense Total	**311,989**	**312,865**	**(337)**	**312,528**	**539**	0.2%
(Deficit)/Surplus before Budget Balancing Options	**(4,551)**	**(3,866)**	**992**	**(2,874)**	**1,677**	
Budget Balancing Options						
2020/21 anticipated surplus			2,874	2,874		
Total Budget Balancing Options	**0**	**0**	**2,874**	**2,874**		
Surplus/(Deficit)	**(4,551)**	**(3,866)**	**3,866**	**0**		

The figure below depicts the key components contributing to the year over year change as shown in Table 6. The details of these key components are further explained in Sections 3.1 (Revenue Projections and 3.2 (Expense Projections). Positive values indicate a favourable impact to the budget, whereas a negative value indicates an unfavourable impact.

Figure 12: *Key Components of the Budget Build Process*

	BASE	OTO	TOTAL
2020/21 Budget - BASE *	**-3,893**		**-3,893**
Tuition & Grant Revenue	562	1,043	1,605
Inflationary Salary Costs	-5,040	-214	-5,254
Direct Cost of Teaching	-1,106	-1,175	-2,281
Institutional Costs	-938	-1,949	-2,887
Essential Requests	-589	-633	-1,222
Year 2 Budget Targets	4,784	0	4,784
Pandemic - *Savings/Costs*	0	1,700	1,700
Gapping Adjustments	2,600	3,200	5,800
Other Adjustments	-246	-980	-1,226
2021/22 Surplus / (Deficit)	**-3,866**	**992**	**-2,874**

3.1 Revenue Projections

Revenues from student tuition fees and government operating grants account for 90% (2020/21 - 90.0%) of the total operating revenues. Overall, total revenues are expected to increase by $2.2M (2020/21 - 17.4M) or 0.7% (2020/21 - 6.0%). The following provides a comprehensive review of each major component of operating revenues and the factors causing the change from the previous year.

3.1.1 Tuition Revenue

Tuition revenue is a factor of two inputs – enrolment projections and tuition rates. The process of how each input is determined is described in Section 2.1. Table 7 breaks out the tuition revenue components.

***Table 7**: Budgeted Operating Revenue Components*

	Enrolment (UG Fiscal FTE & GR Fall FTE)				
	2019-20	2020-21	2021-22	2021-22 /2020-21	
	Actual	Projected	Projected	YoY Change	
Undergraduate				#	%
Domestic	16,601	17,029	16,685	-344	98.0%
International	1,355	1,194	1,249	55	104.6%
Full Time	15,640	15,810	15,419	-391	97.5%
Part Time	2,316	2,414	2,515	101	104.2%
Graduate					
Domestic	1,155	1,204	1,324	120	110.0%
International	151	114	148	34	129.7%
Full Time	1,012	985	1,120	135	113.7%
Part Time	294	333	352	19	105.8%
Undergraduate	17,956	18,223	17,934	-289	98.4%
Graduate	1,306	1,318	1,472	154	111.7%
Total	**19,263**	**19,541**	**19,405**	**-135**	**99.3%**
Domestic	17,757	18,233	18,009	-224	98.8%
International	1,506	1,308	1,396	88	106.8%
Total	**19,263**	**19,541**	**19,405**	**-135**	**99.3%**
Full Time	16,652	16,795	16,539	-256	98.5%
Part Time	2,610	2,746	2,867	120	104.4%
Total	**19,263**	**19,541**	**19,405**	**-135**	**99.3%**

	Preliminary Tuition (in $000's)				
	2019-20	2020-21	2021-22	2021-22 /2020-21	
	Actual	Projected	Projected	YoY Change	
Undergraduate				#	%
Domestic	$115,484	$120,369	$115,205	-$5,164	95.7%
International	$32,413	$32,098	$36,064	$3,966	112.4%
Full Time	n/a	n/a	n/a	n/a	n/a
Part Time	n/a	n/a	n/a	n/a	n/a
Graduate					
Domestic	$18,693	$19,180	$20,777	$1,597	108.3%
International	$3,780	$3,257	$4,077	$821	125.2%
Full Time	n/a	n/a	n/a	n/a	n/a
Part Time	n/a	n/a	n/a	n/a	n/a
Undergraduate	$147,897	$152,468	$151,269	-$1,198	99.2%
Graduate	$22,473	$22,436	$24,854	$2,418	110.8%
Total	**$170,370**	**$174,904**	**$176,123**	**$1,219**	**100.7%**
Domestic	$134,177	$139,549	$135,982	-$3,567	97.4%
International	$36,193	$35,355	$40,141	$4,786	113.5%
Total	**$170,370**	**$174,904**	**$176,123**	**$1,219**	**100.7%**

Undergraduate domestic tuition revenue

Undergraduate domestic tuition revenue is forecasted to decrease by $5.2M or 4.3% (2020/21 - increase $4.9M or 4.2%) over the prior year. This is consistent with the projected decrease in the number of UG students, FTEs projections and a flat tuition rate change of 0.0% for domestic students.

Undergraduate international tuition revenue

(Undergraduate international tuition revenue is forecasted to increase by $4.0M or 12.4% (2020/21 - $0.3M or -0.1%) over the prior year. This is consistent with the projected increase in FTEs and an increase in average tuition rate of 5.0% for international students.

Graduate tuition revenue

Graduate tuition revenue is forecasted to increase by $2.4M or 10.8% (2020/21 - $-1.0M or -4.3%) over the prior year. This is consistent with the projected increase in graduate students FTEs and a tuition rate change specific to the type of graduate programs. The average tuition rate change for research Masters and Doctoral programs is 0.0% while professional and cost-recovery programs have an average of 5.0% rate change.

Other

Cross-registration fees relate to students whose home institution is either Laurier or the University of Waterloo, who elect to take courses at the other institution. Revenue flows between the two institutions and represents an allocation for both tuition and grant. Over time, registration between the two institutions has begun to equalize, resulting in a minimal annual net transfer of funds (approx. $0.1M).

Incoming international exchange students have no net impact on the tuition revenue as they pay tuition fees to their home institution.

3.1.2 Government Grants

Table 8 outlines the major sources of government grant funding in fiscal 2021/22.

Table 8: *Major Sources of Government Grant Funding*

Major Sources of Government Grant Funding				
Budget *(In 000's)*	**2020/21**	**2021/22**	**Change**	**%**
Enrolment Envelope (Core Operating Grant)	79,238	68,071	-11,167	-14.1%
Differentiation Envelope (Performance/Outcomes Based Grant)	24,267	35,513	11,246	46.3%
International Student Recovery	-1,080	-974	106	-9.8%
Institutional Total	**102,425**	**102,610**	**185**	**0.2%**
Allocation to Martin Luther University College	-1,563	-1,390	173	-11.1%
Laurier Total	**100,862**	**101,220**	**358**	**0.2%**

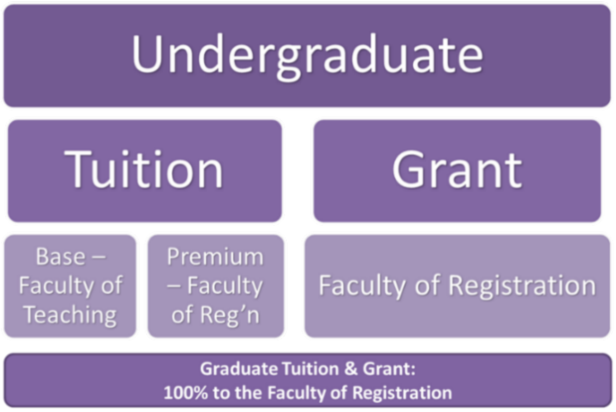
The total revenue from the government operating grant remains flat due to the SMA3 performance/outcomes-based funding system. As 2021/22 is the second year of SMA3, the proportion of funding allocated to the Differentiation Envelope is significantly higher than in 2020/21, reflecting the increase in performance-based funding as highlighted in Figure 3.

The slight increase of $385K or 0.2% in total government operating grant in 2021/22 over 2020/21 is a result of the International student recovery (ISR) and the reduced grant allocation to Martin Luther University College.

3.1.3 Total Revenue by Faculty

Laurier's RCM budget model allocates revenue based on student activity. A base UG tuition amount is allocated to each Faculty based on teaching activity. Operating grant and any UG tuition premium over and above the base tuition, as well as all graduate tuition, is allocated based on students' Faculty of Registration for their program. The figure below illustrates this allocation to the Faculties.

***Figure 13**: RCM Tuition/Grant Allocation*



The total revenue for each Faculty is broken down as follows:

***Table 9**: Total Revenue by Faculty*

Total Tuition & Grant by Faculty (In Millions)					
Faculty	**2019/20**	**2020/21**	**2021/22**	**Change**	**%**
Arts	59.1	58.4	55.4	-3.0	-5.2%
Lazaridis School	81.1	83.8	83.8	0.0	0.0%
Education	3.3	3.7	5.2	1.5	41.5%
FHSS	21.1	23.5	22.9	-0.5	-2.3%
Liberal Arts	11.1	10.0	9.5	-0.5	-5.1%
Music	7.7	6.8	6.8	0.0	0.4%
SIPG	1.1	1.3	1.4	0.1	7.2%
Science	70.1	77.0	79.1	2.1	2.7%
Social Work	13.0	11.4	13.2	1.9	16.7%
Total	**267.7**	**275.8**	**277.3**	**1.6**	**0.6%**

The change in tuition and grant revenue by Faculty reflects the change in tuition rates as well as changes in student enrolment numbers and program mix. Several Faculties were able to offset the impact of the eligible tuition policy through increased enrolment, change in student mix and increases in international tuition rates.

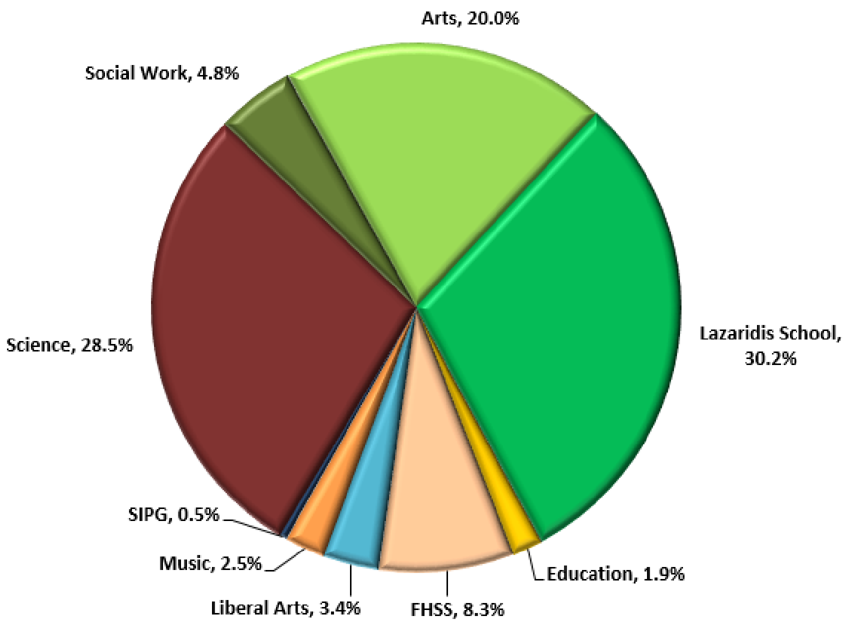
The revenue change in Arts is due to a decrease in headcount at the UG level as the total number of students has decreased (approx. 6%) mainly due to flow-thought of upper year students. The incoming Yr. 1 class is projected to be consistent with prior year and a small increase in the number of graduate students is helping to offset the UG total head count decrease.

The change in Education is attributed to an incoming Yr. 1 class that is 187.3% larger than prior year and growth in the M.Ed program.

The Faculty of Science anticipates growth of 2.7% consistency between both the UG and graduate levels.

The Faculty of Social Work has slightly increased the total number of UG students and total FTE related to the MSW program over the prior year which is similar to 2019/20 levels.

***Figure 14**: Total Revenue Allocation by Faculty*



Other Income & Fees

Other income & fees are expected to increase $0.6 million from the prior year. This category includes the student fees for essential services as well as other general fees and program revenues such as transcript fees, co-op/internship fees, application fees, athletics, financing income, student interest, and teaching support services. Additionally, this year, the main contributors to the overall net increase include:

Positive contributors:

- An online learning support fee is charged to students who have enrolled in an online course. Given the increase in the volume of registrations in fully online courses, the total revenue has increased by $1.0 million. Expenses were increased to reflect the higher number of online course offerings.
- Research support funds are received from the federal government on a formula basis tied to our total Tri-Council research grants. With the increase in the total value of those grants, we are forecasting an increase of $400,000 to reflect the total amount expected to be received.
- Ancillary contributed $150,000 in Year 2 as part of the budget targets assigned across the University for a total of $300,000 over the two-year period.
- Late registration fees of $160,000 that were temporarily paused in 2020/21 to reflect a University-wide initiative to maximize enrolment during the pandemic have been reinstated. The fees had been paused to remove any potential barriers for registering.
- Budget targets at the unit level contributed an additional $102,000.

Negative contributors:

- Bank interest income decreased by $465,000 due to the continued trend in very low interest rates combined with the expected reduction in cash from the ancillary deficit.
- The remaining contributors relate to changes less than $100,000.

3.2 Expense Projections

Total expenses are expected to increase by $0.5 million (0.2%). Faculty and staff salaries and employee benefits account for 74% of the total operating expenditures. Figure 15 depicts the breakdown of total expenses.

Figure 15: *Total Expenses Breakdown*

3.2.1 Direct Cost of Teaching

Direct teaching costs are aligned with enrolment growth and result from the creation of new programs. The new program budgets are reviewed and approved by the Senate Executive and Finance Committee and by Senate.

Table 10: *Direct Cost of Teaching*

	BASE	OTO	TOTAL
Full-time Faculty	647,585	634,154	1,281,739
Contract Teaching Faculty	94,248	376,031	470,279
Support Staff and Program Operations	364,077	165,095	529,172
Total Direct Teaching Costs	**1,105,910**	**1,175,280**	**2,281,190**

3.2.2 Institutional Costs – Unit Oversight

Institutional costs with unit oversight are costs that are directly attributed to a unit, and the unit has the responsibility to oversee the cost. However, the unit has limited control over how the cost may increase or decrease. Reflected below are the changes that have been incorporated into the budget.

***Table 11**: Institutional Costs – Unit Oversight*

		BASE	OTO	Total
Revenue	Research Support Funds	400,000	0	400,000
	Increase in Revenue	**400,000**	**0**	**400,000**
Expense	Scholarships	122,346	1,352,500	1,474,846
	Foreign Exchange	0	833,996	833,996
	Operations	676,940	-15,000	661,940
	Academic Support	412,622	0	412,622
	Investments in Technology	151,180	31,642	182,822
	Contractural Obligations	-152,530	22,363	-130,167
	Increase in Expense	**1,210,558**	**2,225,501**	**3,436,059**
Total Impact on Operating Budget		**-810,558**	**-2,225,501**	**-3,036,059**

3.2.3 Institutional Costs – Central Oversight

Institutional costs with central oversight are costs that cannot be directly attributed to any one unit. These costs are reviewed centrally for any changes that may cause the cost to increase or decrease. Reflected below are the changes that have been incorporated into the budget.

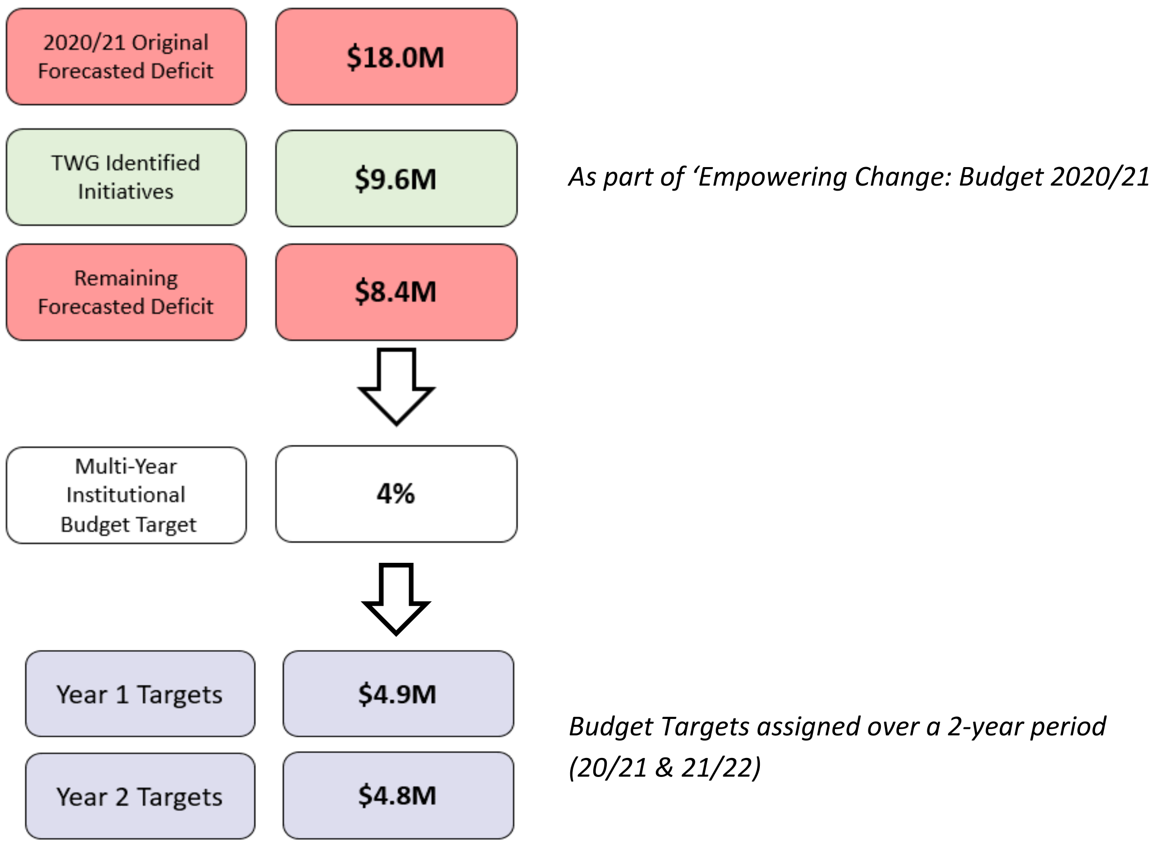
***Table 12**: Institutional Costs – Central Oversight*

		BASE	OTO	Total
Revenue	Bank Interest Income	-465,000		-465,000
	Accessible Learning Tuition Adj.	-100,000		-100,000
	OUAC Application Fee revenue	80,254		80,254
	Decrease in Revenue	**-484,746**	**0**	**-484,746**
Expense	Central Memberships	167,000		167,000
	Supplemental Pension Arrangement	75,550	93,231	168,781
	Institutional Reserve (Street Events)	0	-370,000	-370,000
	International Reserve	-600,000		-600,000
	Increase in Expenses	**-357,450**	**-276,769**	**-634,219**
Total Impact on Operating Budget		**-127,296**	**276,769**	**149,473**

3.2.4 Budget Targets

As part of the **Empowering Change: Budget 2020/21** initiative, the 2020/21 budget included strategies to address an $18.0 million forecasted deficit resulting from the 10% tuition reduction announced in 2019/20. This forecasted $18.0 million deficit was identified prior to the pandemic and its impacts. Through the creation of ten Technical Working Groups (TWG), significant cost savings and revenue generation ideas were centrally achieved which significantly reduced the fixed budget targets assigned to each unit. Figure 16 depicts the two-year budget strategy beginning in 2020/21.

Figure 16: *Budget Target Strategy*



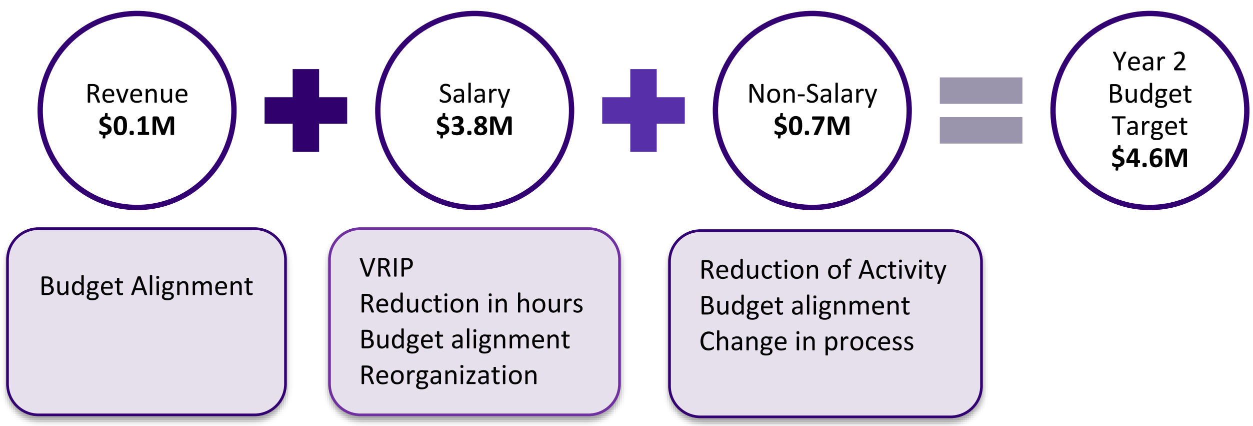
At the end of Year 2, the original $18.0M forecasted structural deficit was eliminated through a combination of initiatives identified by the TWGs as well as 4% in assigned budget targets. However, due to the recently confirmed extension of the domestic tuition rate freeze, and continued challenges to international student recruitment, 2021/22 will continue to present a structural deficit.

Table 13 outlines the Year 2 targets that each area reviewed as part of their 2021/22 budget development template. The targets represent the remaining amount, approximately 2%, to achieve the assigned 4% ($9.7M) cumulative budget target over the 2-year. Figure 17 shows the breakdown of the Operating Units targets by category and highlights the type of activity that is planned to realize the budget target.

***Table 13**: Unit Budget Targets by Area*

	Faculty	Shared Service	Ancillary	Total
President		31,677		31,677
Chief HR & Equity Officer		52,147		52,147
Provost & VP: Academic	3,215,011	347,573		3,562,584
VP-Finance & Administration		478,203		478,203
VP-Advancement		265,696		265,696
VP-Research		45,113		45,113
VP-Student Affairs		187,431		187,431
SEO Brantford		11,100		11,100
Operating Units	**3,215,011**	**1,418,940**	**-**	**4,633,951**
Ancillary contribution to Operating			150,000	150,000
Total Year 2 Targets	**3,215,011**	**1,418,940**	**150,000**	**4,783,951**
Total Targets over the 2 year period	**6,161,564**	**3,204,061**	**300,000**	**9,665,625**

***Figure 17**: Unit Budget Targets by Category*



3.2.5 Central Review of Preliminary Deficit Position

In previous years we have had deficit budgets projected and ended up with fiscal year-end surpluses. A review of central and institutional items was performed by the Budget Coordinating Team to yield potential savings and deficit reduction opportunities. The focus was on reducing fiscal conservatism to bring the budget as close as possible to projected actuals; part of an effort to reduce the need for additional unit-level budget targets.

Figure 18 reflects $1.7 million in net pandemic savings and Figure 19 reflects $5.8 million in net gapping adjustments.

***Figure 18**: Pandemic Implications*

Pandemic Savings

- **$4.0 million:** Pandemic savings from 2020/21 is being used to inform savings that may continue into 2021/22 on a OTO basis (eg. Travel, catering, supplies etc.)

Pandemic Costs

- **$1.7 million**: Impacted remote delivery to support classroom and student curriculum delivery in the Fall
- **$0.6 million**: net impact on Athletics

***Figure 19**: Gapping Adjustments*

Annual Salary underspending

- **$2.0 million:** Adjustment to represent approximately 2% vacancy/delay in timing ($1 million in both Faculty/Staff)

Fringe Benefit underspending

- **$1.6 million**: Fringe rate decreased from 22% to 21% as currently experiencing favourable variances in 2020/21
- **$0.7 million** (OTO): Additional central adj

Faculty Renewal

- **$1.5 million**: Due to a delay in the launch of the Inclusive Excellence faculty hiring initiative, savings are projected in 2021/22

3.2.6 Essential Requests

The table below lists the Essential Requests that met the principles and were recommended by Budget Council for approval in 2021/22.

***Table 14**: Essential Requests*

	BASE	OTO	TOTAL	%
Essential Systems & ICT Infrastructure	-	500,000	500,000	41%
Health, Safety & Well-being	294,580	-	294,580	24%
Regulatory/Legislative Compliance	172,541	63,000	235,541	19%
Digital Opportunities	131,890	70,000	201,890	16%
Total Essential Requests	**599,011**	**633,000**	**1,232,011**	**100%**

3.2.7 Commentary to 2021/22 Budget by Expense

This section provides detailed commentary to the 2021/22 Budget including review of the major drivers influencing the expenditure assumptions. Further, it provides explanation and highlights the major variances to expenditures as noted in Table 6 for 2021/22 as compared to the 2020/21.

Salary & Benefit Expenses

Salaries and benefits for faculty and staff (full and part-time) make up the largest portion of the University's operating expenditure budget ($231 million or 74%).

The salary and benefit assumptions include Bill 124, legislation capping salary rate increases at 1%. The salaries & benefits decreases for 2021/22 over the previous year of $1.9 million or 0.8%, is a result of the following major salary and benefit related budget components:

Full/Part Time Faculty Costs – Decrease of $0.1 million

Compensation increases of $2.6 million driven by collective agreements are the largest cost driver of this budget category. Additionally, an increase of direct cost of teaching accounted for a $1.1 million change year over year. The VRIP program was an available tool for the Faculties to meet their budget targets over a two-year period starting in 2020/21 and resulted in $2.5 million in estimated minimum savings for 2021/22 bringing the total to $4.1 million.

Additionally, this year, some atypical factors contributed to the decrease including:

- Impacted remote delivery to support classroom and student curriculum delivery in the fall related to the pandemic is anticipated to increase CTF, RA and IA costs by an estimated $1.1 million
- **Figure 19** (Gapping Adjustments): $1.0 million to reflect vacancy/delay in timing of hires and $1.5 million savings due to the timeline for the launch of the Inclusive Excellence faculty hiring initiative (it is being launched in May 2021, with the majority of hires expected to start on July 1, 2022 or later).

Full/Part Time Staff Costs – Increase of $1.0 million

Compensation increases of $1.7 million from known and expected salary rate increases as per collective agreements are the largest cost driver of this budget category. Additionally, resources related to the critical areas of investments as defined as part of the Essential Request process (Section 3.2.6) contributed $0.6 million. Offsetting the compensation increases include the following main factors: 1) reduction of LEAF salary expenses of $0.6 million due to a decrease in the number of registered students; and 2) Unit budget targets (Section 3.2.4) of $0.7 million.

Additionally, this year, some atypical factors contributed to the increase including:

- Figure 19 (Gapping Adjustments): $1.0 million to reflect vacancy/delay in timing of hires
- Anticipated costs associated with the implementation of the WLUSA/OSSTF Job Evaluation Plan estimated to be between $0.5 and $1.0 million

Statutory & Fringe Benefits – Decrease of $2.1 million

This amount is based on the current and projected increase in the faculty and staff complement. This budget is estimated on an average percentage rate. The decrease was largely due to the change in this average percentage rate as presented in Figure 19 (Gapping Adjustments).

Pension Plan: Current Service Costs & Pension Plan Deficiency – minimal change

The Current Service Cost is set by the Actuary based on the results of the Plan valuation and is intended to cover the cost of benefits earned by Pension Plan members for the coming year. The Current Service Cost is calculated as a percentage of pensionable salary.

In addition to Current Service Costs, the University must pay for any unfunded deficits that have occurred in the Plan. Pension Plan deficiencies are calculated by the Actuary at the time of the Plan's formal valuation, which, in Laurier's case, was performed as at April 30, 2019. There are two calculations, both reflecting the funded status of the Plan at a point in time. The Going Concern valuation provides an assessment of the Plan's financial position at the valuation date on the premise the Plan continues into the future indefinitely. Based on the current funding framework, Going Concern Deficits must be amortized over a period not to exceed 10 years. Laurier's Going Concern Deficit as at April 30, 2019 is $8.9 million. The Solvency valuation is intended to provide an assessment of the Plan's financial position at the valuation date on the premise that certain obligations as prescribed by the act are settled on the valuation date for all members should the Plan wind up. The Actuary must comply with more restrictive assumptions and methodologies when performing this calculation. Laurier's last Valuation showed a solvency deficit of $36.3 million and a solvency ratio of 0.95. There is no additional funding required so long as the solvency ratio is above 0.85.

Laurier's Pension Plan, based on our valuation in 2019, is in the same financial position as last budget year. The 2021/22 Budget contains a provision of $0.8 million in Going Concern Deficit special payments and current service costs of $18.6 million (no material change from 2020/21).

The next valuation is due no later than April 30, 2022 and will need to be filed with the regulators by January 31, 2023. Any impact on the University normal cost for the supplemental plan would take effect from April 30, 2022 with "catch up" payment made upon filing the valuation in January 2023 for any shortfall (for the period from April 30, 2022 to the date of filing). Any impact on special payments to fund the deficit would not start until one year from the valuation date.

At December 31, 2020, the estimated Going Concern deficit of approximately $31 million would result in special payments of $4.2 million to begin in April 30, 2023. The University Normal Cost for the Minimum Guarantee Pension would increase from 3.2% to 3.8% of earnings. Based on projected earnings at April 30, 2022 there could be an increase of approximately $1.0 million over the current normal cost. The University money purchase cost would remain at 7% of earnings and we would continue to have no solvency special payments due to the solvency funded position remaining in excess of 85%.

Retirees, Parental, Tuition Exemptions – Decrease of $0.5 million

The main contributor is a reduction of $402,000 related to the winding down of the Special Voluntary Exit Program, which is expected to be completed in August 2021. The Supplementary Pension Arrangement (SPA) budget showed a slight improvement year over year of $40,000, due to pay-out options resulting from the VRIP program introduced to faculty members during 2019/20. Finally, the Tuition waiver program budget was decreased by $45,000 to align with expected actuals.

Non-Salary Expenses

This category, which includes a number of non-salary budgets, increased by $2.5 million year-over-year. The following explains the main cost category changes:

Equipment/Software – Increase of $0.6 million

The main contributor to this increase relates to the $500,000 envelope that was established for University capital initiatives that will be prioritized based on the recommendation of the ICT administrative priorities group. Based on the recommendations, the account category budget to actual may differ. Increases to existing ICT hardware/software maintenance contracts contributed $151,000 as well as an increase of $150,000 of related software equipment to support impacted remote delivery to support classroom and student curriculum delivery in the fall. Partially offsetting these increases are budget targets and OTO investments that occurred in 2020/21.

Library Acquisitions – no significant change

A significant portion of the Library acquisitions are for E-resources and serials which are purchased in US currency. Each year, the foreign exchange rate is reviewed and a corresponding adjustment is made. For 2021/22, the rate of $0.78 USD/$1.00 CAD was used versus the rate of $0.75 USD/$1.00 CAD in 2020/21. The strengthening of the rate assumption accounts for $119,000 of the change year-over year. Offsetting the rate change is an inflation adjustment of 3% applied to E-Resources accounting for $96,000.

Scholarship & Bursaries - Increase of $1.4 million

Undergraduate level scholarships increased for three main reasons. First, more students received an entrance/merit scholarship during 2020/21. This award volume accounts for $800,000 of the overall increase. Second, in-course scholarships are experiencing an increased cost of $500,000 due to the temporary offering of the credit relief (CR) grading option (students can convert 1 – 0.5 credit per term to a 'CR' which does not negatively impact their GPA). This is expected to continue into Fall 2021, with continued impacts on retention and in-course scholarships. Lastly, a new program (Laurier Scholars Award), targeted at students with exceptional grades and skills, is being introduced at $50,000. **Graduate level scholarship** increase of approximately $200,000 is related to enrolment increases for research-based programs.

Travel Expenses – No change

The budget for 2021/22 has remained unchanged from the prior year to reflect the continued travel restrictions in place at the present time. This reduced budget is $2.0 million lower than the pre-pandemic budget of $3.0 million.

Facility Rentals/Occupancy Costs – Decrease of $0.4 million

Laurier will be closing its Toronto Office, located at 130 King Street W., Toronto at the end of August 2021. The Toronto MBA and MFin programs, which run out of a separate Toronto location, will continue. The closure accounts for $180,000 savings in annual rent costs. The remaining decrease in this category is a result of reallocating the Milton Administration operating cost budget to other cost categories.

Supplies & General Expense – Increase of $0.7 million

This category includes a multitude of accounts across all units within the University with externally contracted services being the largest budget of this category. The contributors this year were: $1.2 million increase to reflect an increase in student enrolment in online programs offered in partnership with our external online partner; $100,000 in legal and actuarial expenses the University will need to incur as we explore joining the University Pension Plan. Offsetting these increases were the following decreases: $370,000 expected savings in special events related to costs related to St. Patrick's day/Homecoming due to the pandemic and $0.5 million related unit budget targets (Section 3.2.4).

Equipment/Operating Renewal – Increase of $0.2 million

Three offsetting factors in this category resulted in a minimal impact overall. Based on the unusually high volume of senior searches taking place in 2021/22, the budget is increased by $180,000 and the central membership budget is increased by $167,000 to align with actuals experience. Offsetting these increases is a pause on the capital renewal budget for a one-year period for three units (Library, Music, and Academic Furniture) totalling $170,000. All three of these units have sufficient reserves set-aside for initiatives planned during 2021/22.

Utilities, Insurance & Taxes – Increase of $0.5 million

Insurance costs continue to rise and an adjustment of $197,000 is required to bring the budget in line with actual spend. This increase reflects approximately a 15% in premiums. A key contributing factor to the increased premium rates include hard market conditions in the worldwide insurance marketplace. An increase to utilities of $278,000 is also required to bring budget in line with actual experience.

Contingency – no change overall

Although the overall amount set aside for contingency has not changed at $3.0 million, a decision was made to intentionally set-aside $1.0 million as the University's annual contribution to reserves. Historically, we have been able to mitigate any budget deficits through use of reserves from prior year surpluses, but these reserves are starting to be consumed. This annual contribution will help build back up the reserves to ensure strong financial health. The remaining $2.0 million will continue to be used for contingency, which reflects less than 1% of the University Budget.

International Reserve – Decrease of $0.6 million

For 2020/21, an institutional international tuition reserve was established in the amount of $600,000 in the event the international stretch enrolment targets were achieved. Due to the pandemic and the international travel challenges, this reserve is no longer required. Removing this reserve does not impact any existing supports or services.

3.3 Budget by Faculty

Table 15 summarizes the Faculty allocation under the RCM Budget model.

Table 15: *2021/22 Budget by Faculty*

2021/22 Budget by Faculty *(In 000's)*

	FACULTIES									
	Arts	Lazaridis Sch.	Education	HSS	Liberal Arts	Music	SIPG	Science	Social Work	Total
Tuition & Grant Revenue	55,360	83,822	5,183	22,938	9,524	6,842	1,374	79,051	13,248	277,342
Non-Tuition & Grant Revenue	862	3,674	145	50	28	1,028	0	723	1,627	8,137
Total Revenue	**56,222**	**87,496**	**5,328**	**22,988**	**9,552**	**7,870**	**1,374**	**79,774**	**14,875**	**285,479**
Total Direct Costs	35,028	48,086	3,282	11,105	8,932	8,905	3,471	37,747	11,164	167,720
Contribution Margin	**21,194**	**39,410**	**2,046**	**11,882**	**620**	**-1,035**	**-2,097**	**42,027**	**3,711**	**117,759**
Shared Service Allocation	27,643	31,778	1,255	7,565	4,701	4,776	1,321	31,278	4,894	115,211
University Fund Revenue Assessment (8%)	4,429	6,706	415	1,835	762	547	110	6,324	1,060	22,187
Bottom-Line Position	**-10,878**	**927**	**377**	**2,483**	**-4,843**	**-6,358**	**-3,529**	**4,425**	**-2,243**	**-19,639**

The contribution margin after shared services costs, but before University Fund assessment, is $2.5M.

The University Fund revenue assessment of $22.2M flows into the University Fund. The other components of the University Fund are unattributable revenue, Faculty surplus and subvention funds and institutional costs. The net University Fund balance is ($1.0M).

The bottom-line position of each Faculty reflects net changes in revenue, direct costs and the shared service allocation. Table 9 provides the revenue change by Faculty. The change in revenue is a result of enrolment changes offset by a frozen domestic tuition fee and operating grant. The direct costs change is a result of increases in salary costs (see section 3.2.7) and direct teaching investments (Table 10) offset by the budget reductions (Table 13).

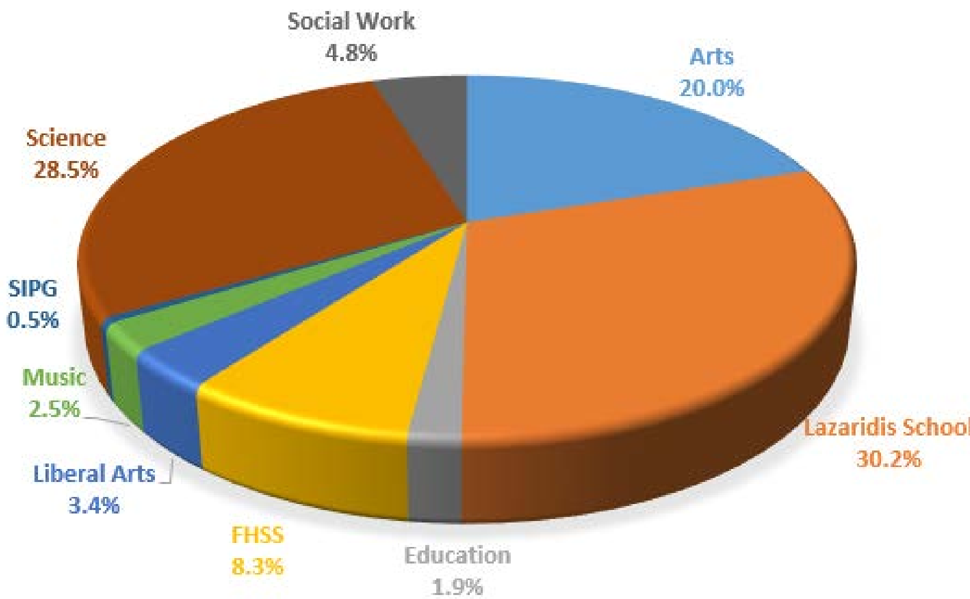
3.3.1 Shared Service Allocation

Table 16: *Shared Service Allocation*

Cost Pool	Departmental	Institutional: Unit Oversight	Total 2021/22
Central Support Services	19,034,536	1,967,039	21,001,575
Development & Alumni	4,577,308	-	4,577,308
Faculty, Staff & Student Services	20,911,346	18,187,263	39,098,609
Occupancy	17,214,340	8,955,127	26,169,467
Research Support	1,266,915	-	1,266,915
Scholarships & Bursaries	137,476	6,430,520	6,567,996
Student Support	15,979,158	550,000	16,529,158
Total	**79,121,079**	**36,089,949**	**115,211,028**

The figure below illustrates the shared service allocation by Faculty using the cost driver methodology.

Figure 20: *Shared Service Allocation by Faculty*



Part C – Reserves

Internally Restricted Net Assets as shown on Laurier's audited financial statements represent funds restricted by the University for future commitments and projects. The majority of the reserves are for specific purposes and cannot be repurposed.

Reserves are an important component of the long-term fiscal strategy in a number of ways. Historically, reserves have provided a source of funds to address operating and ancillary fund deficits, and as a source of funding for specific strategic initiatives. More recently, reserves have provided internal loans for capital purposes.

Reserves are monitored and replenished through deliberate contributions from operating surpluses in coming years. Beginning in the 2021/22 budget, as shown in Table 6, $1.0 million of operating budget dollars will contribute to the reserve balance. This amount has been segregated from the overall $3.0 million operating budget contingency.

Reserves will continue to serve as a key component of the funding strategy for capital and other strategic investments, alongside debt, operating, and ancillary plans. The development of a long-term capital budget will consider the use of, and impact on, Laurier reserves. Beginning in 2021/22, a regular review of reserve forecasts, as part of the quarterly financial report, will enable the organization to maintain awareness of this key contributor to financial health – and the financial health indicators that will continue to serve as sentinel signals of fiscal strength across the sector.

The table below indicates forecasted reserve balances for 2020/21.

Table 17: *Internally Restricted Net Assets*

Summary *(In 000's)*	**Apr 2021** *(forecast *)*	**Apr 2020**	**YoY Change**
Carryforward/Retained Surplus	12,165	13,564	-1,399
Equipment Renewal	2,515	2,494	21
Major Repairs and Maintenance	8,936	8,965	-30
Operating General Reserves	1,780	19,486	-17,706
Operating Specific Reserves	12,096	9,351	2,745
Research Reserves	3,382	3,382	0
Ancillary Reserves	-12,672	7,296	-19,968
Ancillary Building Reserve	2,715	2,715	0
Sinking Fund	21,000	18,020	2,980
Internally Restricted Net Assets	**51,917**	**85,274**	**-33,357**

** Year-end entries may impact reserve balances*

The Operating General Reserve balance has decreased as a result of capital expenditures and an internal loan approved by the Board in February 2021. The Ancillary reserve balance has decreased significantly due to ancillary deficits resulting from a reduced on-campus presence due to the pandemic.

These balances are prior to the finalization of the 2020/21 year-end and therefore, actual forecasted balances may differ.

Part D – Multi-Year Operating Budget Forecast

A multi-year planning approach is critical for ensuring institutional success and sustainability. We are continuing to build on the work of the 2020/21 budget which addressed our structural deficit and put us on a solid foundation to address the financial shocks of the pandemic. We are also looking past our current challenges to lay the groundwork for Laurier to succeed in a post-pandemic world.

The Multi-Year Operating Budget model starts with 2020/21 Budget as the base and consistently applies assumptions used in developing the 2021/22 Operating Budget. It incorporates revenue expectations reflecting the government's current policy on the tuition rate framework and the government corridor funding formula for grants, and the University's enrolment plan and projections. Inflationary factors have been added to non-salary costs; however, strategic investment assumptions have not been included in future years.

In preparing the multi-year model, certain assumptions and estimates were necessary. The assumptions and estimates are based on information available to management at the time of preparing the 2021/22 Operating Budget. Users of this information are cautioned that actual results may vary.

To accurately depict genuine uncertainty impacting specific assumptions, three scenarios have been developed in the Multi-Year Budget forecast.

Base Scenario: the 'most likely' scenario based on current knowledge
Scenario 1: represents the impact of financially favourable[1] budget assumptions
Scenario 2: represents the impact of financially unfavourable[1] budget assumptions

Table 18: *Multi-Year Assumptions*

Enrolment:	BASE	Scenario 1	Scenario 2
1st year intake: domestic full-time headcount	increases to 4,350 by 24/25		
UG International full-time headcount *(incorporating Navitas partnership projections)*	increases to 1,444 by 24/25		
Graduate: full-time domestic enrolment	increases to 1,125 by 24/25		
Graduate: part-time domestic enrolment	increases to 1,300 by 23/24		
Graduate: international enrolment	steady at 21/22 levels		
Student retention	remains steady at current levels		

Enrolment Commentary:

- The enrolment projections that are the foundation of the multi-year revenue scenarios are based on the most likely outcomes given current plans and knowledge. The enrolment assumptions have been held constant across all three scenarios in order to highlight the impact of other assumptions where there are known levels of uncertainty within a bounded range of possibilities, such as tuition rates, salary increases, gapping adjustments, and pension deficiency.
- For the UG domestic enrolment projections, this intake represents an 11% increase over 2020 actuals and an 8.5% increase over 2021 projections.
- For the UG international enrolment projections, the projected increase represents a 41.9% increase over 2020 actuals and a 49% increase over 2021 projections. In addition to incorporating the revenue from international students admitted through Wilfrid Laurier International College (Navitas partnership), the scenarios also include the instructional and student service & support costs relating to this enrolment growth.

Tuition Rate: (annually)	BASE	Scenario 1	Scenario 2
UG Domestic tuition increase	1.0%	2.0%	0.0%
UG International tuition increase		5.0%	
Graduate Domestic tuition increase	1.0%	2.0%	0.0%
Graduate Int'l tuition increase: research programs		2.0%	
Graduate Int'l tuition increase: professional programs		5.0%	

Tuition Commentary:

- Although the government recently extended the tuition freeze for Ontario students, there is significant uncertainty about what increases will be permitted under a new tuition framework. The range of likely outcomes is captured across the three scenarios.
- International tuition increases are in line with increases from the past few years, as informed by ongoing market analysis.

[1] Financially favourable / unfavourable**:** Immediate fiscal impact at a point in time on the budget and should not be construed as commentary on the qualitative impact, nor on the investment value of the increase or decrease.

Operating Grant:	BASE	Scenario 1	Scenario 2
Operating grant	steady at SMA3 amounts		

Operating Grant Commentary:

- As described at the beginning of Part B: Operating Budget, the government has de-coupled operating grant funding from the performance metrics for 2020/21 and 2021/22. The timing of re-coupling is still being determined. During the upcoming year, we will receive more information about the timing and format of the resumption of performance-based funding.
- The projected operating grant includes the relevant adjustments to account for the increase in the International Student Recovery as international enrolment increases.

Salary & Benefits:	BASE	Scenario 1	Scenario 2
Salary increases	1.25%	1.0%	1.5%
Student faculty ratio	Impact of enrolment		
Pension service cost/pension deficiency *	Actuary estimate based on next valuation date of no later than April 30, 2022		

Salary & Benefits Commentary:

- Salary increases are capped at 1% due to Bill 124 legislation during the 3-year moderation period. For 2024/25, which is the first year outside of this moderation period, the base scenario assumes the percentage may increase, as it has been frozen for a number of years. For Scenarios 1 & 2, different rates are possible as uncertainty exists after this moderation period.
- The Pension Service cost/pension deficiency assumption included in all scenarios is based on Actuary estimate. A conservative approach is being used and more will be known closer to the actual valuation date. Section 3.2.7 explains the Pension Plan: Current Service Costs & Pension Plan Deficiency in more detail.

Non-Salary Expenses:	BASE	Scenario 1	Scenario 2
Strategic Investments	Not included in future years		
Inflation	2%		

Non-Salary Expenses Commentary:

- The Non-Salary expense assumptions have been held constant across all three scenarios to highlight the impact of the other assumptions where a higher degree of uncertainty exists.
- Strategic investments will be part of future budget planning, as a draw on new revenue, a factor in budget target-setting, or some combination thereof.

Central Gapping Adjustments:	BASE	Scenario 1	Scenario 2
BASE salary/fringe benefits ($2.6M)	Savings continue in future years	Savings continue in future years	Savings do not continue
OTO salary/fringe benefits ($1.0M)	Savings not included in future years	Savings continues in future years	Savings do not continue

Central Gapping Adjustments Commentary:

- The variation in the assumptions across the three scenarios is due to the fact that the gapping adjustments represent passive savings and are not guaranteed. At some point in the future, these adjustments may need to be incorporated back into the budget.
- Figure 19 in Section 3.2.5 explains the gapping adjustments in further detail. The $2.6M assumption refers to the base portion attributed to annual salary/fringe benefit underspending. The $1.0M assumption refers to the OTO portion attributed to annual salary underspending.

Not included in this projection are the following:

- Milton revenue/expenses
- Essential requests & strategic initiatives in future years

Table 19 provides a very high-level overview of the Operating Budget forecast over the next three years.

***Table 19**: Multi-Year Operating Budget Model*

Multi-Year Operating Budget Forecast *(In 000's)*

	2020/21	2021/22	2022/23			2023/24			2024/25		
	Budget	**Budget**	**BASE**	**Scenario 1**	**Scenario 2**	**BASE**	**Scenario 1**	**Scenario 2**	**BASE**	**Scenario 1**	**Scenario 2**
Tuition Fees	174,904	176,123	181,882	183,182	180,582	190,229	192,829	187,629	204,445	208,445	200,445
Enrolment Based Government Grants	100,862	101,248	101,160	101,160	101,160	101,120	101,120	101,120	101,070	101,070	101,070
Grant & Tuition Total	**275,766**	**277,371**	**283,042**	**284,342**	**281,742**	**291,348**	**293,948**	**288,748**	**305,515**	**309,515**	**301,515**
Other Income & Fees	31,672	33,283	32,671	32,671	32,671	32,671	32,671	32,671	32,671	32,671	32,671
Revenue Total	**307,438**	**310,654**	**315,713**	**317,013**	**314,413**	**324,020**	**326,620**	**321,420**	**338,186**	**342,186**	**334,186**
Salary & Benefit Expenses Total	232,899	236,765	240,208	241,208	240,208	251,494	252,494	251,494	262,610	263,155	263,066
Non-Salary Expenses Total	79,090	84,263	85,365	85,365	85,365	87,319	87,319	87,319	89,534	89,534	89,534
Strategic Investments			0	0	0	0	0	0	0	0	0
Total Expenses	**311,989**	**321,028**	**325,573**	**326,573**	**325,573**	**338,813**	**339,813**	**338,813**	**352,144**	**352,688**	**352,600**
Surplus(Deficit) B4 Adj.	**-4,551**	**-10,374**	**-9,860**	**-9,560**	**-11,160**	**-14,793**	**-13,193**	**-17,393**	**-13,958**	**-10,502**	**-18,414**
Gapping Adjustments		7,500	2,600	3,600	0	2,600	3,600	0	2,600	3,600	0
Surplus(Deficit) B4 Options	**-4,551**	**-2,874**	**-7,260**	**-5,960**	**-11,160**	**-12,193**	**-9,593**	**-17,393**	**-11,358**	**-6,902**	**-18,414**
Budget Balancing Options											
Prior Year appropriations	4,551										
2020/21 anticipated surplus		2,874									
Rev Gen/Cost Containment			7,260	5,960	11,160	12,193	9,593	17,393	11,358	6,902	18,414
Surplus(Deficit)	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Deficit as a % of Total Budget			*-2.2%*	*-1.8%*	*-3.4%*	*-3.6%*	*-2.8%*	*-5.1%*	*-3.2%*	*-2.0%*	*-5.2%*

Gapping strategies used in 2021/22 are on an OTO and BASE capacity and will be monitored throughout the coming year. When normal operations resume, the gapping adjustments will be reviewed and incorporated back into the budget where appropriate.

As we look to future years, it is important to incorporate strategies to reduce and/or close the structural deficit. Even if we assume revenue increases (based on a tuition framework and fewer barriers for international students), additional budget targets are very likely in 2022/23, given continued inflationary pressures.

Budget Balancing Options

The Multi-Year Projection references 'Budget Balancing Options' to close the budget deficit. Budget Balancing Options are strategies used to close a deficit budget and commonly used when a portion of the current year's deficit is not structural in nature.

Bridging OTO Strategy Options include:

- **Appropriations:** A portion of Laurier's "Internally Restricted Net Assets" can be repurposed
- **Current year anticipated surplus**: A portion of this surplus can be used to balance the budget

Structural BASE Strategy Options include:

- **Revenue Generation:** Increased revenue through tuition and non-tuition fees, enrolment strategies, etc.
- **Cost Containment**: Decreased expenses through budget targets, efficiencies, continuous improvement efforts, etc.

Future Years Planning and Impact

The Budget Balancing Options included in the Multi-Year projection are not indicative of strategies or plans already in place, but rather are designed to inform future year budget planning strategies.

Revenue generation will be an essential part of the university's budget strategy. In accordance with the Laurier Strategy, the university's short-term priorities include new program development, internationalization, credential innovation, and multi-campus development. Concerted action in these areas is aligned with Laurier's vision and mission and will contribute significantly to overall financial sustainability.

Part E – Ancillary Budget

The Ancillary Budget is separate and distinct from the Operating Budget. All direct expenditures incurred in service areas of the University (e.g. facilities management) are charged to the Ancillary operations as they are required to be self-sustaining.

The Student & Ancillary Services organization includes the Ancillary operations of Food Services, One Card, Conference Services, Residence (Waterloo & Brantford campuses), Off Campus Housing (Houses & Ezra Bricker), Bookstore Operations and Printing Services. Parking remains under the Facilities and Asset Management organization. The Brantford and Waterloo campus Parking budgets and forecasts have been combined and continue to be represented as a unified department. Table 20 provides a breakdown of the reserve funds by ancillary operation and Table 21 provides a summary of the 2021/22 recommended budget being submitted for approval. Also included is Table 22, which summarizes the 2021/22 recommended budget by the various Ancillary operations. The following provides highlights of the major changes in revenues and expenditures for the Ancillary operations as compared to 2020/21 approved budget.

Summary - (increase $6.3 million in 2021/22)

The revenue of the Ancillary enterprises is estimated to increase by 16% from an approved budget of $26.9 million in 2020/21 to $31.3 million in 2021/22.

The overall revenue associated with the Residence operations has been adjusted to more accurately reflect the lowest capacity from Public Health, which is approximately 50%. The Off Campus Housing portfolio is also impacted by Public Health guidelines and demand from returning students. Therefore, revenue projections reflect these limits. There is an increase in revenue for the One Card budget with the introduction of a new mandatory fee related to new and replacement card costs. There will be no large Conference Group activities or the JUMP program in summer 2021 which continues to impact revenue generation. Food Services revenue projection is modest as a staggered approach to open various food outlets and is dependent on the in-person approach for fall and winter terms. A planned mandatory renovation to Starbucks in July 2020 was deferred to summer 2021. The renovation is required as part of the franchise agreement and will strengthen our competitive position with the opportunity to expand product selection. Printing Services projected revenue is based on the anticipated return to campus of students, faculty and staff which corresponds to modestly higher volume of printing services activity. The combined revenue projection for the Bookstore locations is also favourably impacted by the re-opening of retail locations and in-person sales. The continued shift of format preference of students with digital text subscriptions, rentals and alternate formats will continue to be an option for students. Parking revenue increases reflects a projected gradual return to campus. Permit revenue was forecasted with these assumptions of 0% for summer term, 25% for fall term, 50% for winter term and 60% residence occupancy.

Expenses are expected to be lower than 2020/21 with a budget of $42.1 million in 2020/21. Salaries & benefits cost is reflective of annual salary increases and the minimal use of student employees in applicable departments. The most significant impact is in Debt Service Expense with savings of $2.8 million with the end of the residence lease at Kings Court (345 King St. N.). Bookstore Operations contributes $20K to Teaching & Learning and $20K to Athletics & Recreation. The approved budget net deficit before reserves was $17.1 million in 2020/21 and is projected to be in a deficit of $10.7 million in 2021/22.

Transfers to Operating Fund After Reserves is $0.6 million. Student & Ancillary Services is contributing $0.3 million directly to the Operating Budget. A new interest charge on ancillary reserve debt of $0.3 million is allocated across the applicable Student & Ancillary Services organizations. The net position after reserves is expected to increase from an approved deficit budget of $17.1 million in 2020/21 to a deficit of $11.3 million in 2021/22. With campus fall planning developing with a more optimistic outlook for in person activities, this budget projection should be a conservative scenario as much is dependent on Public Health guidelines.

***Table 20**: Ancillary Reserve Funds*

Ancillary Reserve Funds		Conference Services	Food Services	Off Campus Housing	One Card	Parking Services	Printing Services	Residence Waterloo	Residence Brantford	Bookstore Operations	Total
2020/21	Opening Balance at May 1, 2020	1,276	(3,991)	483	20	1,907	183	3,016	491	305	3,690
	Budgeted Net Surplus/(Deficit)	(310)	199	(152)	(318)	(590)	(386)	(12,374)	(1,766)	(297)	(15,994)
	Contribution to Operating	0	0	0	0	0	0	0	0	40	40
	Projected Transfers from Reserve	10	0	0	5	25	20	194	32	41	328
	Ending Balance at April 30, 2021	**955**	**(3,792)**	**331**	**(303)**	**1,292**	**(224)**	**(9,552)**	**(1,307)**	**(73)**	**(12,672)**
2021/22	Opening Balance at May 1, 2021	955	(3,792)	331	(303)	1,292	(224)	(9,552)	(1,307)	(73)	(12,672)
	Budgeted Net Surplus/(Deficit)	(313)	(164)	(408)	(138)	(461)	(262)	(7,154)	(1,561)	(275)	(10,737)
	Contribution to Operating	0	0	0	0	0	0	0	0	40	40
	Projected Transfers from Reserve	0	67	61	8	0	10	266	37	101	551
	Ending Balance at April 30, 2022	**641**	**(4,023)**	**(138)**	**(450)**	**831**	**(496)**	**(16,971)**	**(2,904)**	**(489)**	**(24,000)**

***Table 21**: 2021/22 Ancillary Budget Summary*

2021/22 Ancillary Budget Summary

Wilfrid Laurier University
Ancillary Services Budget Summary Projection
In $000's

	A 2019/20 Actuals	B 2020/21 Original Pre-Pandemic Budget	C 2020/21 Board Approved Budget	Budget Models D 2021/22 Recommended Scenario	Budget Models E 2021/22 Alternative Scenario #1	F = D - C $ Chg	G = F / C % Chg
Ancillary Services							
Revenue	50,792	53,648	26,914	31,333	41,176	4,419	16%
Cost of Goods Sold	10,129	9,770	7,976	8,486	8,600	510	6%
Salaries and Benefits	7,336	7,774	6,775	6,959	7,124	185	3%
Debt Service Expense	10,043	8,846	8,846	8,894	8,895	48	1%
Lease Commitments	9,313	9,415	9,415	6,650	6,650	(2,766)	(29)%
Management Fee Expenses	0	0	241	262	262	21	9%
Other Expenses	12,430	12,929	10,713	10,819	11,408	106	1%
Total Surplus/(Deficit) Before Reserves	**1,540**	**4,914**	**(17,052)**	**(10,737)**	**(1,764)**	**6,315**	**37%**
Transfers to Operating Fund After Reserves							
Contribution to Operating Fund	0	150	0	300	300	300	100%
Interest on Reserve Debt*	0	0	0	251	251	251	100%
Total Transfers to Operating Fund - After Reserves	**0**	**150**	**0**	**551**	**551**	**551**	**100%**
Net Surplus/(Deficit) After Reserves	**1,540**	**4,764**	**(17,052)**	**(11,288)**	**(2,315)**	**5,764**	**34%**

*Estimate based on projected 2020/21 year-end results

Table 22: *2021/22 Ancillary Budget Detail*

2021/22 Ancillary Budget Detail

Wilfrid Laurier University
Ancillary Services Budget Summary Projection
In $000's

	A	B	C	D	E	F = D - C	G = F / C
				Budget Models			
	2019/20 Actuals	2020/21 Original Pre-Pandemic Budget	2020/21 Board Approved Budget	2021/22 Recommended Scenario	2021/22 Alternative Scenario #1	$ Chg	% Chg
Conference Services							
Revenue	1,855	1,724	66	50		(16)	(24)%
Salaries and Benefits	432	371	283	265		(18)	6%
Other Expenses	1,167	1,222	103	98		(5)	5%
Conference Services Surplus/(Deficit)	**256**	**131**	**(320)**	**(313)**		**7**	**2%**
Food Services							
Revenue	1,295	1,335	913	492	684 [11]	(421)	(46)%
Salaries and Benefits	104	93	93	113	113	20	(21)%
Debt Service Expense	50	75	75	75	75	(0)	0%
Other Expenses	585	554	553	469	490	(84)	15%
Food Services Surplus/(Deficit)	**556**	**613**	**192**	**(164)**	**7**	**(356)**	**(186)%**
Off Campus Housing-Ezra Bricker							
Revenue	5,926	5,962	5,304	5,245 [4]	5,754 [7]	(59)	(1)%
Salaries and Benefits	0	228	156	223 [5]	223 [5]	67	(43)%
Debt Service Expense	3,382	3,382	3,382	3,382	3,382	0	0%
Management Fee Expenses	0	0	195	229	229	34	(18)%
Other Expenses	1,955	1,746	1,461	1,684	1,684	223	(15)%
Off Campus Housing-Ezra Bricker Surplus/(Deficit)	**589**	**606**	**110**	**(273)**	**236**	**(383)**	**(349)%**
Off Campus Housing-Houses							
Revenue	1,088	1,115	901	1,019 [6]		118	13%
Debt Service Expense	544	543	543	626		82	(15)%
Management Fee Expenses	0	0	46	33		(14)	29%
Other Expenses	524	444	418	495		77	(18)%
Off Campus Housing-Houses Surplus/(Deficit)	**20**	**127**	**(107)**	**(135)**		**(28)**	**(26)%**
One Card							
Revenue	481	536	156	360 [1]	426 [12]	204	131%
Cost of Goods Sold	125	62	86	103	141	17	(20)%
Salaries and Benefits	334	351	330	331	349	1	(0)%
Other Expenses	97	98	84	64	69	(20)	24%
One Card Surplus/(Deficit)	**(76)**	**25**	**(344)**	**(138)**	**(133)**	**206**	**60%**
Parking Services							
Revenue	1,609	1,606	262	432	1,662	170	65%
Salaries and Benefits	400	407	367	365	418	(2)	1%
Debt Service Expense						0	0%
Other Expenses	513	661	435	528	657	93	(21)%
Parking Services Surplus/(Deficit)	**696**	**538**	**(540)**	**(461)**	**587**	**79**	**15%**
Printing Services							
Revenue	1,086	1,273	383	647	851 [13]	264	69%
Cost of Goods Sold	499	509	158	192	235	34	(22)%
Salaries and Benefits	498	502	423	447	460	24	(6)%
Debt Service Expense	103	93	93	103	103	10	(11)%
Other Expenses	79	128	86	167	182	81	(94)%
Printing Services Surplus/(Deficit)	**(94)**	**41**	**(377)**	**(262)**	**(129)**	**115**	**30%**

Table 22: *2021/22 Ancillary Budget Detail - Continued*

2021/22 Ancillary Budget Detail - Continued

Wilfrid Laurier University
Ancillary Services Budget Summary Projection
In $000's

	A 2019/20 Actuals	B 2020/21 Original Pre-Pandemic Budget	C 2020/21 Board Approved Budget	Budget Models D 2021/22 Recommended Scenario	 E 2021/22 Alternative Scenario #1	F = D - C $ Chg	G = F / C % Chg
Residence-Waterloo							
Revenue	21,847	24,297	8,551	11,185 [2]	17,222 [8]	2,634	31%
Salaries and Benefits	3,099	3,266	2,987	3,007	3,073	21	(1)%
Debt Service Expense	4,296	4,154	4,154	4,135	4,135	(19)	0%
Lease Commitments	8,394	8,394	8,394	5,608	5,608	(2,786)	33%
Other Expenses	5,826	6,351	5,950	5,589	6,003	(361)	6%
Residence-Waterloo Surplus/(Deficit)	**232**	**2,132**	**(12,933)**	**(7,154)**	**(1,596)**	**5,779**	**45%**
Residence-Brantford							
Revenue	3,627	3,694	678	1,601 [3]	3,130 [10]	923	136%
Salaries and Benefits	460	542	444	461	463	17	(4)%
Debt Service Expense	1,602	536	536	507	507	(29)	5%
Lease Commitments	919	1,021	1,021	1,042	1,042	21	(2)%
Other Expenses	1,109	1,126	1,126	1,153	1,159	27	(2)%
Residence-Brantford Surplus/(Deficit)	**(462)**	**469**	**(2,449)**	**(1,561)**	**(40)**	**888**	**36%**
Bookstore Operations							
Revenue	11,978	12,107	9,700	10,302	10,377	603	6%
Cost of Goods Sold	9,505	9,199	7,732	8,191	8,224	459	(6)%
Salaries and Benefits	2,009	2,015	1,692	1,747	1,762	55	(3)%
Debt Service Expense	66	63	63	67	68	4	(6)%
Other Expenses	575	599	497	572	571	75	(15)%
Bookstore Operations Surplus/(Deficit)	**(177)**	**231**	**(284)**	**(275)**	**(248)**	**9**	**3%**
Total Surplus/(Deficit) Before Reserves	**1,540**	**4,914**	**(17,052)**	**(10,737)** [14]	**(1,764)**	**6,315**	**37%**

NOTES

[1] New fee introduced.
[2] 51% Occupancy is lowest capacity from Public Health.
[3] 40% Occupancy is lowest capacity from Public Health.
[4] 70% Occupancy.
[5] New Overhead Distribution.
[6] 80% Occupancy. Addition of new property to portfolio.
[7] 95% Occupancy.
[8] 78% Occupancy.
[10] 77% Occupancy.
[11] Higher Occupancy of Beds and additional retail locations.
[12] Higher revenue from Food Commissions, Concourse Rentals, Vending Commission.
[13] Higher volume of printing services activity.
[14] Capital Financing for projected deficits in 2020/21 and 2021/22.

Part F – Capital Budget

Overview

Capital spending includes various types of expenditures such as construction projects, repairs and maintenance, property and building acquisitions as well as equipment, system and information technology expenditures. Funding for capital spending is planned through a variety of strategies, including the use of established reserves, departmental annual operating budget lines, central operating budget accounts, as well as strategies that rely on fundraising and partnership arrangements.

Information and Communication Technology

For information and communications technology systems, the 2021/22 operating budget includes $500,000 on a one-time basis for projects that support organization-wide activities and required ICT infrastructure maintenance. This is in addition to specific departmental requirements for equipment and information technology.

Equipment - Replacement and Renewal Fund

In the operating budget, a central expense provision exists for the ongoing funding and budget oversight for expenditures related to capital renewal of equipment. Table 24 lists the areas in which a renewal budget has been established. The 2020/21 operating budget included a base budget of $2.6 million. For the 2021/22 budget, it is being recommended to reduce the central budget on a OTO basis by $0.17 million for three of the units (Music, Library, Academic Furniture) where limited spending occurred in 2020/21.

The reserve fund balance is calculated each year to reflect in-year spending. For the units that did not have 2020/21 spending, their "savings" will be added to their reserve and therefore, their budget could be paused for one year.

Table 23: *Equipment Renewal Budget*

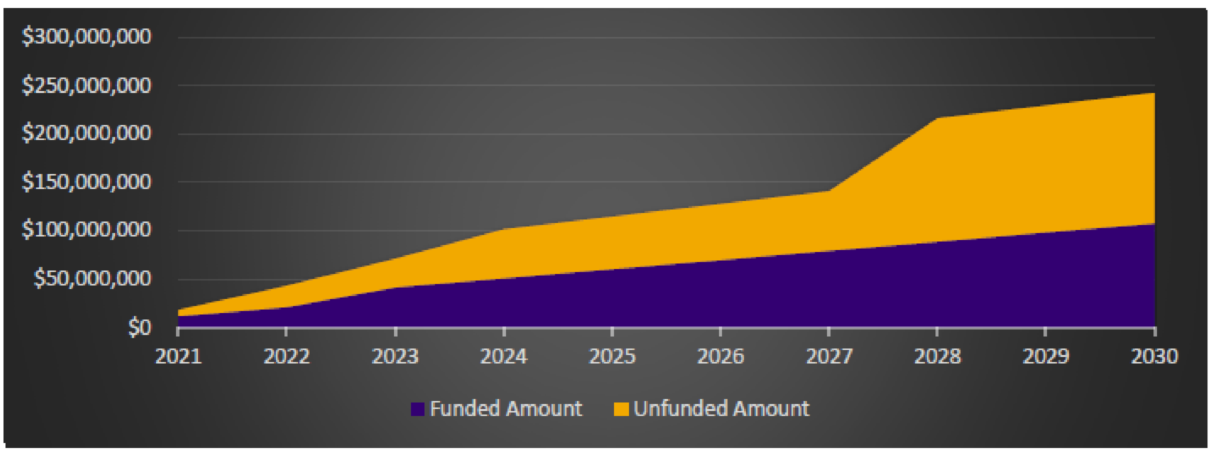
Operating Budget	**2020/21**	**2021/22**	**OTO Savings**
Meeting Rooms	53,172	53,172	0
ICT Software	120,000	120,000	0
Desktop PC/Laptops	350,000	350,000	0
ICT Infrastructure	1,052,500	1,052,500	0
ICT Classroom Technology (Waterloo)	254,528	254,528	0
ICT Classroom Technology (Brantford)	91,928	91,928	0
Teaching Labs	180,000	180,000	0
Total ICT Renewal	**2,102,128**	**2,102,128**	**0**
Music Equipment	100,000	0	100,000
Science Equipment	245,000	245,000	0
Library	20,000	0	20,000
Athletic Equipment	100,000	100,000	0
Academic Furniture	50,000	0	50,000
Total Equipment Renewal Budget	**2,617,128**	**2,447,128**	**170,000**

Major Repairs and Maintenance

Deferred maintenance expenditures, for most universities, continue to be a major challenge as aging buildings and infrastructure deteriorate. The amount of annual Facilities Renewal Program (FRP) funding through the government is anticipated to be at $2,882,800 in 2021/22 which will contribute towards overall capital maintenance needs but will not fully address the repairs and maintenance requirements of the University.

As outlined in the Asset Management Plan, a November 2020 review of expected future funding and potential sources for non-funded projects reflects a cumulative shortfall of $135M over the next 10 years. To address this shortfall, Laurier plans to secure additional funds from a number of sources, including government incentives and grants, fundraising, alumni donations, student contributions, and additional university contributions. Details of the analysis and cost projections are available in the Facilities Capital Plan 2021-2026.

Figure 21: *Cumulative Annual Funding Needs included in the Asset Management Plan*



Major Capital Projects – Facilities Capital Plan

A Facilities Capital Plan prepared by the Facilities and Asset Management department is being presented to the Board for approval. The plan identifies capital projects required to meet WLU's present and future facilities needs in alignment with WLU's strategic mandate and objectives. The plan also reflects a high-level prioritization and potential funding sources for these long-term investments.

The implementation of projects within the capital plan is dependent on the magnitude of available funds. While capital projects exceeding $5 million are required to be approved by the Board, an overall capital budget is not. The following table identifies the projects that are to be initiated in 2021/22. Projects previously approved by the board are specifically noted.

***Table 24**: 2021/22 Annual Capital Budget*

Project Name	Campus	Brief Description	Project Cost (Millions)	Potential Funding Sources (Millions): WLU Internal Source Identified	WLU Fundraising	Government
Faculty of Music Renovation	Waterloo	Savvas Chamberlain Music Building renovation and addition	$ 17.46	$ 7.90	$ 9.56	
Milton Land Development	Milton	Due Diligence & Engineering Studies, Legal, Master Plan	1.60	1.60		
Centre for Student Equity, Diversity and Inclusion	Waterloo	Renovate for new centre space	0.50	0.50		
150/152 Albert	Waterloo	Renovate for safety and grad student use - Grad Expansion Funding	1.60			1.60
Facilities Renewal	Waterloo/ Brantford	Facilities renewal	5.56	2.68		2.88
One Market Refresh	Brantford	Improvements to entry, facade and common areas	0.50	0.50		
		Total	$ 27.22	$ 13.18	$ 9.56	$ 4.48

The capital plan includes a further listing of projects which are assessed through principles of prioritization and strategic subthemes. Details on the capital planning process, the committee's work to prioritize capital projects, and further details regarding each of the projects are available in the *Facilities Capital Plan 2021 – 2026*.

Capital Budget

The 2021/22 capital projects list identifies a total capital budget requirement of $27 million, anticipated to be funded from a combination of fundraising dollars, government grants, and internal funds such as reserves and prior year surplus. The funding strategy for these projects will be finalized as the 2020/21 year-end position, and any contribution from year-end surplus, is confirmed.

The longer-term capital budget forecast, with consideration of future cash flows, reserve and debt strategies, fundraising plans, and government advocacy through a 5 to 10-year time horizon is under development. This work will include the transition of elements in the operating budget that currently fund capital investments, and the development of specific capital funding, reserves, and expense forecasts. This work will also allow for a seamless transition between capital budgets and tangible asset accounting, and address recent audit recommendations.

Appendix I: Acronyms used in Budget document

Acronym	Description
BC	Budget Council
BCT	Budget Coordinating Team
COG	Core Operating Grant
CR	Credit Relief
CRM	Customer Relationship Management
CTF	Contract Teaching Faculty
ELMLP	Education and Labour Market Longitudinal Platform
F&I	Finance & Investments Committee
FHSS	Faculty of Human and Social Sciences
FT	Full-Time
FTE	Full-Time Equivalent
GPA	Grade Point Average
IA	Instructional Assistant
ICT	Information and Communications Technologies
ISR	International Student Recovery
JUMP	Junior University Multidisciplinary Program
LEAF	The Laurier English and Academic Foundation
LEAP	Laurier Enriched Academic Program
MCU	Ministry of Colleges and Universities
OECD	Organisation for Economic Co-operation and Development
OSSTF	Ontario Secondary School Teachers Federation
OTO	One Time Only
PT	Part-Time
OUGS	Ontario University Graduate Survey
RA	Research Assistant
RCM	Responsibility Centre Management
SAP	Strategic Academic Plan
SEM	Strategic Enrolment Management
SIPG	School of International Policy and Governance
SMA	Strategic Mandate Agreement
SPA	Supplemental Pension Arrangement
UG	Undergraduate
TWG	Technical Working Groups
VP	Vice President
VRIP	Voluntary Retirement Incentive Program
WGU	Weighted Grant Units
WLU	Wilfrid Laurier University
WLUFA	Wilfrid Laurier University Faculty Association
WLUSA	Wilfrid Laurier University Staff Association

Appendix II: Glossary of Budget Terms

Budget Term	Description
Enrolment Envelope	Provincial operating grant funding related to enrolment, which includes a Core Operating Grant (COG) under which universities are given a portion of operating funding based on a specific level of eligible enrolment (expressed in Weighted Grant Units).
Performance/ Outcome-based Funding	The establishment of the Differentiation Envelope and creation of the Performanced-based Grant, links a portion of operating grant funding to performance outcomes and allows a greater focus on performance and outcomes over successive SMA cycles.
International Student Recovery	A reduction in operating grant based on the number of international undergraduate and Masters students.
OTO	Expenses that occur in the current year only and do not carry forward into the following budget year.
SMA3	Strategic Mandate Agreement (2020-2025). Bilateral agreements established between the Ministry of Training, Colleges and Universities and the Province's publicly funded colleges and universities.
Student FFTE/FTE	The proportion of a full load course taken by a graduate student. Total FFTE refers to the total of all students'' individual FFTEs. Revenue from graduate level students is based on full-time equivalents (FTEs), which is based on student headcounts in each academic term (FTE for a full-time graduate student is 1.0, and for part-time graduate student is 0.3).
Student Headcounts	The number of students enrolled in programs at Laurier and refers to the number of students, regardless of course-load and includes both full and part time students. The Fall academic term is used as the benchmark for measuring year-over-year enrolment changes.
Tuition (Grant Eligible)	Tuition fees from students who are eligible for operating grant funding from the Provincial Government. For example, domestic students in publicly funded programs.
Tuition (Grant Ineligible)	Tuition fees from students who are not eligible for operating grant funding from the Provincial Government in programs not eligible for operating grant funding. For example, full cost recovery or self-funded programs, and most international students.
WGU	Weighted Grant Unit. The weighting system that was introduced in 2017-18 as part of the new provincial operating grant funding model. The weighting factors for calculating WGUs were revised from those used previously in order to create equal funding per weighted student enrolment for students in similar program across all institutions as well as a common grant per WGU rate.