Wilfrid Laurier University

Inspiring Lives of Leadership and Purpose

2020/21 Budget

Board Approved

June 2, 2020 – Board of Governors

Table of Contents

List of Tables

List of Figures

Wilfrid Laurier University 2020/21 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 the assumptions. This has never been more true than for 2020/21, as we confront the impacts of the global Coronavirus pandemic and the disruptions it has caused throughout the local, national, and world economy. We have never before had to prepare a budget that can accommodate an effective and appropriate response to the level of uncertainty imposed by a crisis that has literally redefined the rules of socio-economic interaction. This uncertainty affects all of our revenue and expenditure assumptions, in unprecedented ways and to unprecedented degrees.

Preparing a budget for the entire institution is a complex and involved task. The shock of the pandemic has come at the least convenient time in the budget cycle: near the end. Rather than revisit all the details of the budget in light of continuously evolving constraints (a task that might never converge to a consistent conclusion), we have chosen to present a core budget based on the 'ordinary' operational considerations that obtained pre-pandemic, and supplement it with a set of scenarios that represent variances from this base as different potential responses to the events and systemic changes that arise over the next 6-18 months.

In recognition of the uncertainty and contingency that unavoidably affect our plans, this budget should be viewed as preliminary, and we will return to the governance process in the Fall with additional updates once we have more certainty about our revenue and expense projections.

To date, Budget forecasts and information regarding the 2020/21 Budget have been presented to the Finance and Investments (F&I) Committee throughout the past fiscal year. As changes in revenue and expenditure drivers occur during the year, updated projections will be presented to the Board of Governors.

Prior to the Board of Governors receiving this provisional Budget, a summary version of the 2020/21 Operating Budget (completed prior to the pandemic) and an outline of scenarios were presented to the Finance and Investments Committee on 16 April. The summary version and scenarios were also presented to the Senate Executive and Finance Committee on 17 April 2020 and to Senate on 21 April 2020. Fee information, which is part of the assumptions included in this 2020/21 Budget report, has been included in a separate 2020/21 Fee Report and is being presented to the Board of Governors for approval at the June meeting.

For Approval:

- Operating Budget
- Ancillary Budget

Executive Summary – 2020/21 Budget Highlights

Potential Pandemic Implications

The assumptions and estimates included in the 2020/21 Operating and Ancillary budgets were based on the information available to management at the time of preparation. The recent events since mid-March related to Novel Coronavirus (COVID-19) have created unprecedented uncertainty—a context in which the university has been forced to imagine what the academic year will look like under conditions and potential constraints never before encountered in living memory. This 2020/21 budget is being presented for approval as a provisional budget with two additional scenarios as context. The scenario approach, accompanied by detailed planning across the institution, positions Laurier to ensure the greatest possible continuity of its operations. Over the next several months, management will continue to carefully monitor and respond to impacts. A revised forecast incorporating up to date information will be presented in the fall.

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 89% of the total operating revenues. Faculty and staff salaries and benefits account for 74% of the total operating expenditures.

The 2020/21 Budget (as presented in Table 8) shows forecasted total revenues of $309.2 million, an increase of $17.4 million, or 6.0%, over last year's Budget. This reflects a tuition revenue increase of $10.7 million, or 6.6%, resulting from a combination of tuition rate and enrolment increases and government operating grants remaining steady with an increase of $0.2 million.

Total expenditures are forecasted at $311.4 million, an increase of $1.2 million, or 0.4%, over last year. This includes a decrease of $4.7 million in total salaries and benefits and an increase of $5.8 million in non-salary expenses.

The 2020/21 excess of expenditures over revenues has produced a deficit of $2.1 million, which represents an increase of $16.3 million compared to the 2019/20 budgeted deficit of $18.4 million. The 2020/21 deficit is being bridged through one-time only reserves from prior years.

Ancillary Budget

The Ancillary Budget (as presented in Table 25 & 26) includes the self-sustaining activities of Food Services, One Card, Conferences, Residences, EZRA-Bricker apartments, Bookstore, Parking, Printing and Copying Services. In November 2019, all ancillary operations with the exception of Parking were aligned under the leadership of the newly formed Student & Ancillary Services portfolio. The Waterloo Ezra-Bricker apartments which includes a portfolio of houses acquired for land banking purposes were moved into the Ancillary portfolio. The unit will fall under the direct supervision of the Residence and Off Campus Housing Department. The budget had been previously separately reported under the Real Estate Budget. In 2020/21, revenue for the ancillary enterprises overall is estimated to increase by 1% from $53.2 to $53.6 million and expenses are forecasted to remain relatively the same at $48.7 million. The budgeted net surplus, after appropriations, is expected to decrease from $0.62 million in 2019/20 to $0.61 million in 2020/21.

With the recovery from the Pandemic still unclear for fall, there could be significant financial impact to all of the Ancillary areas with varying degrees. Physical distancing restrictions will cause operations like

Residence, food and the retail operations like the bookstores to be transformed. Modelling is currently underway to create scenarios for these operations specifically.

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 2020/21 budget development process, the university committed to developing a three-year plan to eliminate the deficit and to re-start the Transition Plan. The RCM model guided decision-making related to Faculty budget allocations. 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 uncertainty presented by the pandemic, further consideration of the Transition Plan is being deferred until the fall.

Part B - Operating Budget

1. 2020/21 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 89% 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.

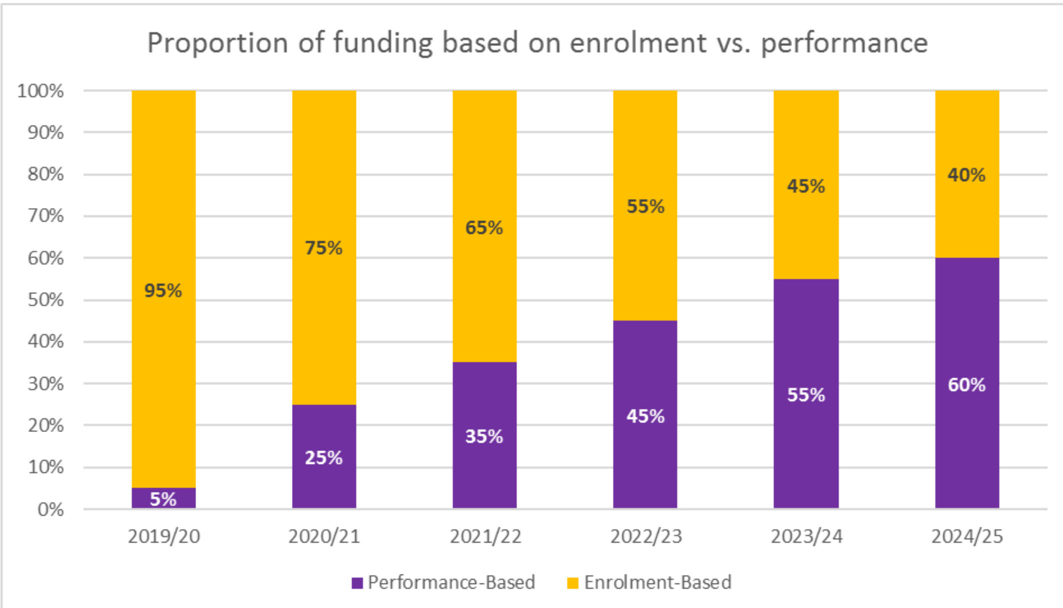
A number of external factors directly influence Laurier's Budget. These include:

Strategic Mandate Agreement

The Strategic Mandate Agreement (SMA) between the Ministry of Colleges and Universities (MCU) and Laurier is the vehicle for a formal agreement between government and University regarding the institution's role in support of the provincial government's objectives and priority areas for the postsecondary education system. A new five-year SMA3 is being negotiated for the period of 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 to be phased in over the life of the SMA. The metrics are mostly system-wide metrics determined by MCU, with two metrics to be recommended by the University. 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.

At the time of writing, SMA negotiations are temporarily paused due to the pandemic. The government has signalled that it remains committed to the SMA3 process, but that final negotiations and signing of the agreement is delayed while both the government and universities focus on more immediate priorities.

Figure 1: *SMA3 Grant Funding*



For 2020/21, six metrics will be used to assess institutional performance and determine the performance-based portion of the funding envelope:

- Graduate Employment Rate in a related field
- Institutional Strength/Focus
- Graduation Rate
- Community/Local Impact
- Institution-Specific (Economic Impact)
- Research Funding & Capacity: Federal Tri-Agency Funding Secured

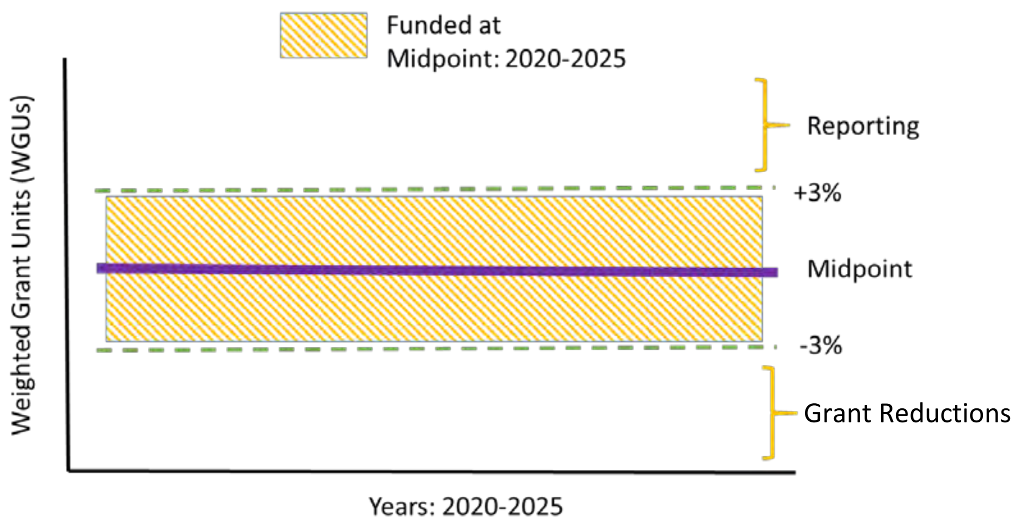
Each metric includes an institutionally designated weighting, and a target and band of tolerance informed by historical performance. Performance-based funding will be implemented on a slip-year basis, so that 2020/21 performance on metrics will not impact government grant funding until 2021/22. As a result, there is no impact on government grant for the 2020/21 year. The University is modelling the potential impact on future years and will incorporate such modelling into the fall update.

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. At the time of writing, indications are that the midpoint will increase our achieved graduate growth relative to 2016/17, with a 3% corridor remaining in place. The midpoint will continue to be reviewed relative to a 5-year growing moving average.

Figure 2: *Government Corridor Funding Formula Model*



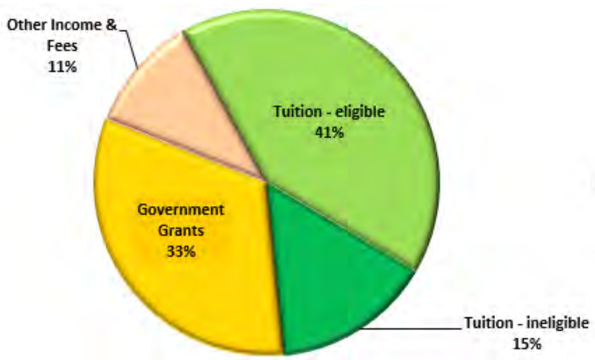
Tuition Framework

On January 17, 2019, the Provincial government introduced a new tuition fee framework governing tuition fees for 2019/20 and 2020/21. The tuition framework for colleges and universities stipulated that 2019/20 tuition fees were to be reduced by 10% relative to 2018/19 levels for domestic students in all provincial funding-eligible undergraduate and graduate programs starting in September 2019. Tuition fees are frozen for fiscal 2020/21 at the same value as 2019/20.

At Laurier, undergraduate domestic tuition represents approximately 38% of total operating revenue and graduate eligible tuition represents approximately 4% of total operating revenue. For the 2019/2020 fiscal year, the 10% reduction in eligible tuition fees was applied to the Fall term fees. For 2020/21, tuition fees remain frozen at the same values as 2019/20.

For the 2020/21 budget, 41% of total operating revenue is estimated to be from grant-eligible tuition fees.

Figure 3: *Breakdown of Total Revenue*



A number of internal 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 our 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 2020/21 budget process.

In alignment with the values expressed in the strategy, the 2020/21 budget process was a highly consultative and collaborative process, engaging the university community to identify opportunities and efficiencies and empowering budget leaders to evaluate their unit operations against strategic priorities. To ensure future-readiness, it is critical to ensure proper supports are in place to enable credential innovation as well as investing in systems to support revenue generation.

RCM Budget Model

The RCM model calculations continue to be made to allocate revenue and shared services costs across the institution to track the financial position of each Faculty. At this time, the transition plan within the Responsibility-Centre budget Model (RCM) has been paused. This means, as outlined in the transition plan, Faculties in surplus do not receive a percentage of their surplus. In the allocation of budget targets to the Faculties, the RCM position of each Faculty was an important variable.

Milton Expansion

Laurier is committed to extending the university's high-quality academic programming and student experience to the town of Milton. The 2020/21 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 enrolled its first cohort 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, 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.

However, given the current pandemic situation, Laurier, the Town of Milton, and the provincial government recognize that the expansion of postsecondary education to Milton appropriately falls below more immediate priorities. Laurier remains committed to a presence in Milton and will be continuing discussions at the appropriate time.

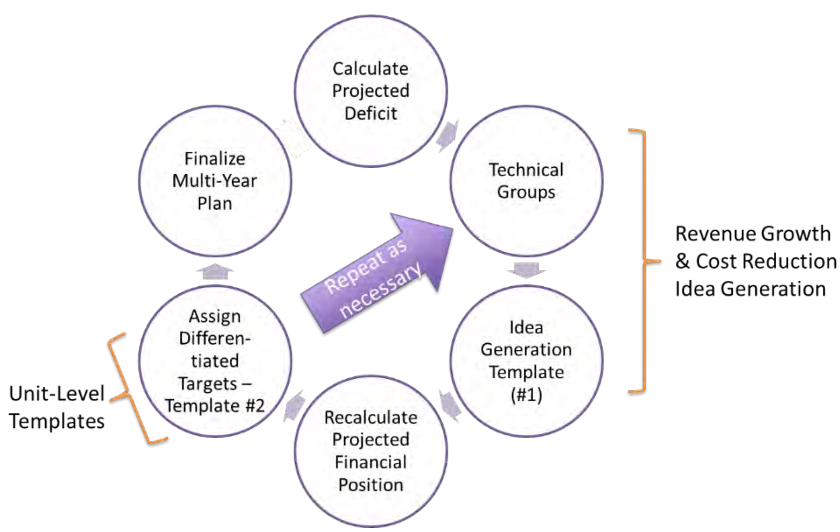
2. 2020/21 Budget Process

At the outset of the 2020/21 budget development process, the University faced serious financial challenges in the form of tuition cuts and a tuition freeze, reductions to OSAP funding, and provincial grants tied to performance metrics, all within a highly competitive postsecondary environment. Given that nearly 90% of Laurier's revenue is made up of domestic tuition fees and provincial grants, these funding changes have a significant annual negative financial impact on the University of roughly $18 million per year.

For the 2019/20 budget, Laurier managed the deficit by utilizing reserves from prior-year surpluses and departmental carry-forward funds. This approach allowed us the necessary time to plan the 2020/21 budget. The goal was to implement a budget process that provided a robust framework to enable the university to advance its strategy and address a significant structural deficit.

For 2020/21, budget development started much earlier than in previous years and took a significantly different form, including a two-stage template process, as well as the establishment of a budget coordinating team to oversee the operational development of the budget. The objective of the 2020/21 process was to develop a multi-year budget plan that would identify revenue growth and expense reductions sufficient to lead Laurier back to a balanced budget.

***Figure 4**: 2020/21 Budget Process*



Budget Co-Chairs

The Provost & Vice President Academic and the Vice President Finance & Administration are jointly responsible for overseeing the University Budget.

Executive Leadership Committee (ELT)

The Executive Leadership Team:

- Establishes the annual budget development process on the recommendation of the Budget Co-Chairs
- Provides advice/recommendations for transparent resource allocation decisions reflective of the University's strategic priorities

  The Executive Leadership Team recommends a Budget to the President. The Executive Leadership Team includes the President, Vice Presidents, the Senior Executive Officer for Brantford, and the Chief Human Resources & Equity Officer.

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 Director, Strategic Academic Initiatives. The Budget Coordinating Team is responsible for overseeing the operational development of the budget.

The 2020/21 budget process was divided into four phases:

Phase I: Idea Generation *(July/August)*
Phase II: Idea Analysis *(Sept/Oct)*
Phase III: Budget Development *(Nov/Dec)*
Phase IV: Budget Review *(Jan)*

Phase I: Idea Generation

The first stage of the 2020/21 budget process was for senior budget leaders to complete an Idea Generation Template (Template #1). This template was quite different from budget templates that have been completed in previous years; it did not ask for a specific target for revenue growth or expense reduction, nor did it require a precise costing of ideas put forward. Instead, the Idea Generation Template asked each leader to describe the major functions of their unit, to outline ideas for improving overall efficiency and effectiveness of their unit, and to share ideas for making improvements across the university.

Additionally, we looked to the entire Laurier community to be future-oriented, innovative, constructive and strategic. A university-wide online submission survey was created with the opportunity for everyone to provide input for new revenue sources, cost savings, short- and long-term efficiencies at the academic and administrative unit level as well as at the institutional level. We also looked at opportunities to partner with each other to generate efficiencies.

Through the Idea Generation Template as well as the online submission survey, input was solicited under the following categories:

- Administrative Operations
- Faculty Operations
- Revenue Generating Programs
- Ancillary Operations
- Salary & Benefit Expenses
- Central Institutional Expenses
- International Growth
- Scholarships/Bursaries – Undergraduate
- Student Support - Graduate
- Student Fees (non-tuition)

Some of the input received addressed themes such as: workplace flexibility; suggestions to in-source and to outsource; review current partnerships/commitments & to seek out new collaborations; organizational structure (administrative and academic); non-traditional programming (not for credit, certificates, etc.)

Phase II: Idea Analysis:

During 2019/20, additional mechanisms were put in place immediately as part of the budget development process, to ensure careful oversight of the position approval process for staff, management and faculty/librarian positions prior to posting and filling. A position review committee consisting of the Provost, Vice President Academic, Vice President Finance & Administration and the Chief HR & Equity Officer was established. This committee's role was to provide oversight of new and replacement positions to ensure that essential roles were able to proceed. It was important that we were exercising careful stewardship of resources as we worked on the multi-year budget challenges. A Voluntary Retirement Incentive Program (VRIP) represented an opportunity to renew the faculty complement and find savings. The VRIP program was announced in July with an application deadline at the end of October.

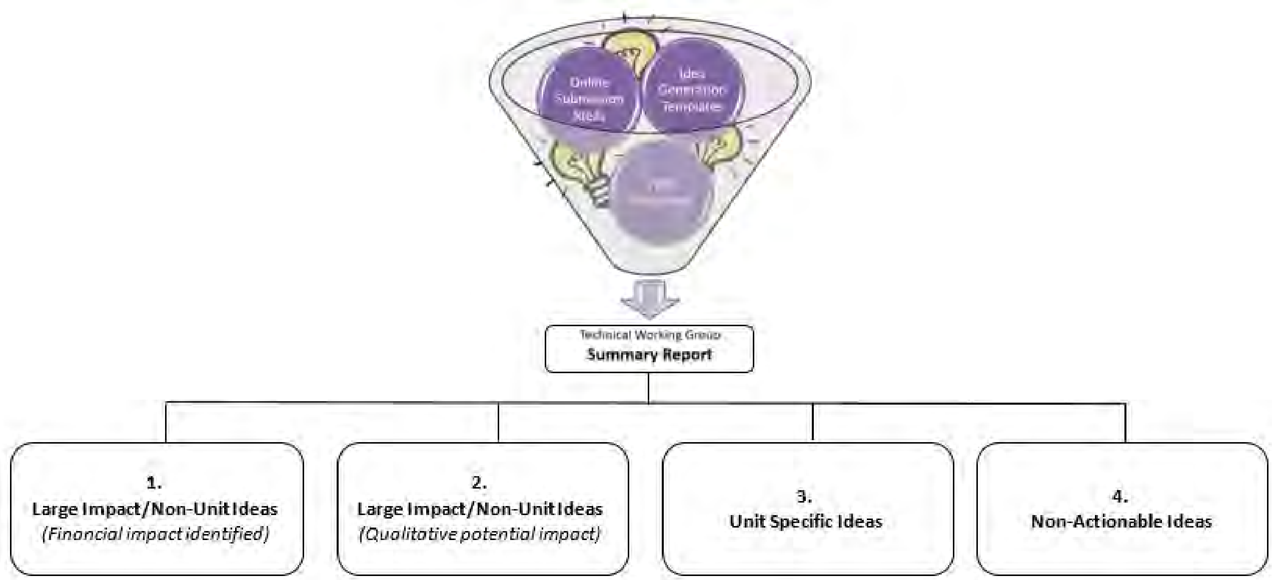
As part of the **Empowering Change: Budget 2020/21** initiative, ten Technical Working Groups (TWG) were established under the same categories as the Online Submission survey. The goal of each TWG was to identify and quantify significant cost savings or revenue generation to minimize the need for fixed budget targets assigned to each unit.

More than 500 ideas were received through the online submission form and the Idea Generation Templates. These ideas were submitted to the newly formed Technical Working Groups to begin analyzing and costing the ideas. In total, several million dollars in savings and revenue generation ideas came forward.

Each TWG was responsible for reviewing ideas related to their specific working group that originated from the Online Submission survey, Idea Generation templates as well as ideas arising from their own TWG meeting discussions. The TWG engaged stakeholders and subject matter experts as needed as they analyzed the submitted ideas. However, the TWG did not making any decisions on the ideas/suggestions. Each TWG submitted a final summary report to the Budget Coordinating Team which was responsible for compiling the options for consideration by senior leaders and ELT.

Each TWG was responsible for classifying the submitted ideas into the four categories shown in figure 5. The classification was critical in order for each TWG to be able to focus their committee time on the ideas that would have the largest impact on the overall university deficit. This focus was important so that ideas with a university-wide financial impact could be used to immediately reduce the overall budget target allocated to units. It was important that all submitted ideas be reviewed and that the outcomes of that process be communicated to the university community.

***Figure 5**: TWG Process*



1.	Process
Large Impact/Non-Unit Ideas *(financial impact identified)*	• BCT reviewed and compiled ideas for Provost/VP: Finance & Admin
	• Provost/VP: Finance & Admin prioritized and brought forward recommended options to ELT
	• ELT approved options to be "built in" to the forecast, reducing the forecasted deficit and the amount assigned as a target to each VP

2.	Process
Large Impact/Non-Unit Ideas *(Qualitative potential impact)*	• BCT reviewed and compiled ideas for Provost/VP: Finance & Admin
	• Provost/VP: Finance & Admin will review list and recommend if ideas warrants further investigation *If yes:* Unit Leader to be assigned to further investigate *If no:* Move idea to "Non-Actionable" ideas

3.	Process
Unit Specific Ideas	• These ideas forwarded to the unit for consideration in Budget Development Template #2
	• Unit leaders were responsible for providing a short comment for each item
	• Ideas were a source for the unit to meet their budget target

4.	Process
Non-Actionable Ideas	• University-wide communication will occur on the nature of items that were not considered

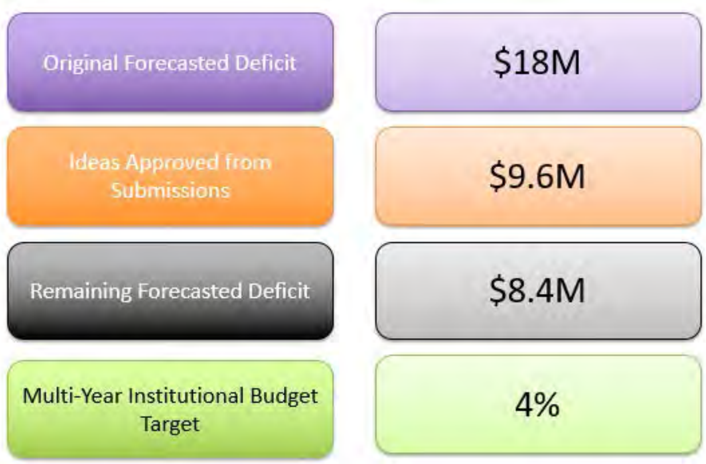
The large impact ideas were categorized by the BCT into four areas: revenue generation, cost reduction, institutional policy and budget adjustments. The ELT approved adjustments are shown below in Table 1.

***Table 1**: TWG Report: ELT Approved Adjustments*

IDEAS Recommended	2020/21 Reductions
Internal Loans (Ancillary Interest Payments)	500,000
Revenue Generation ideas	**500,000**
Bill 124 cap of 1% on ATB increases for 3 yr. period (Change in assumption)	869,700
Recognize pension plan current service cost & deficiency payments (Early valuation)	5,374,000
Recognize reduction in Tuition Set-Aside funds	840,000
Cost Reduction ideas	**7,083,700**
Revenue ideas	1,035,536
Expenditure ideas	973,333
Budget Adjustments ideas	**2,008,869**
Technical Working Group ideas	**9,592,569**

The ELT approved adjustments were incorporated into the forecast, reducing the forecasted deficit and the amount assigned as a target to each Vice President.

***Figure 6**: TWG Report: Impact on Deficit*



Phase III: Budget Development

Based on the updated forecast, a 4% target was assigned to each of the Vice Presidents over a 2-year period. Vice presidents consulted with their teams and budget targets were then developed at the unit level, where viable, unit specific revenue-generating and cost saving ideas submitted during the idea-generation phase were considered to help meet their targets.

Within the faculties, target differentiation was based on several factors with the largest driver being related to financial position. Faculties in subvention were assigned a target, and those in surplus were not. Other factors included their submissions from Template #1 (Idea Generation Template), historical performance, strategic focus and Faculty dashboard metrics (metrics related to class size, faculty complement etc.).

Each budget leader was then responsible for completing the second budget development template, all of which met their assigned 4% over two-year budget targets.

The purpose of this development template was to provide budget leaders an opportunity to:

- Leverage ideas generated through the idea generation phase (template #1)
- Consider ideas that other budget leaders had regarding the budget leader's unit
- Consider ideas generated through the on-line submission survey related to unit budgets.
- Identify new investment that may be required to achieve long-term savings/revenue generation
- Achieve allocated cost reduction/revenue generation targets over a two-year period
- Submit for consideration essential requests for 2020/21

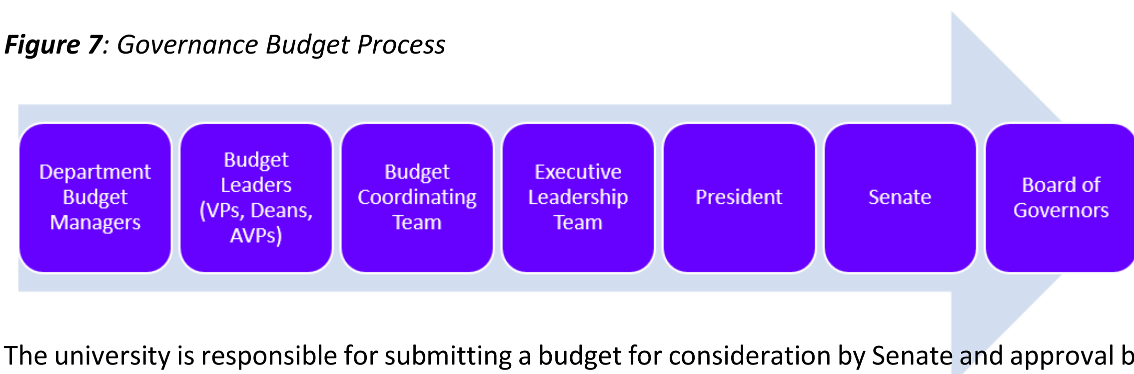
The university is operating in a dynamic environment, which requires that we continually examine our priorities to ensure we are keeping current and meeting our obligations. The Provost and VP Academic and the VP Finance and Administration identified four categories of essential requests that were prioritized for investment consideration--campus safety, contractual/compliance obligations, and support for revenue-generation and cost-reduction/efficiency initiatives. Requests falling outside these categories were to be managed at the unit level.

Each Vice President was responsible for completing a separate consolidated prioritized list for their portfolio. Items on this list indicated the Vice Presidents agreement for the identified budget request.

Unit-submitted targets were reviewed by the respective Vice President, and then the Provost & the Vice President Finance & Administration. A summarized list was brought to ELT for review. Minimizing the impact on people was a key objective of the budget process. It is one of the reasons that the university undertook the idea-generation process prior to setting unit-level budget targets. The $9.6 million identified through idea generation dramatically reduced the budget targets established for units.

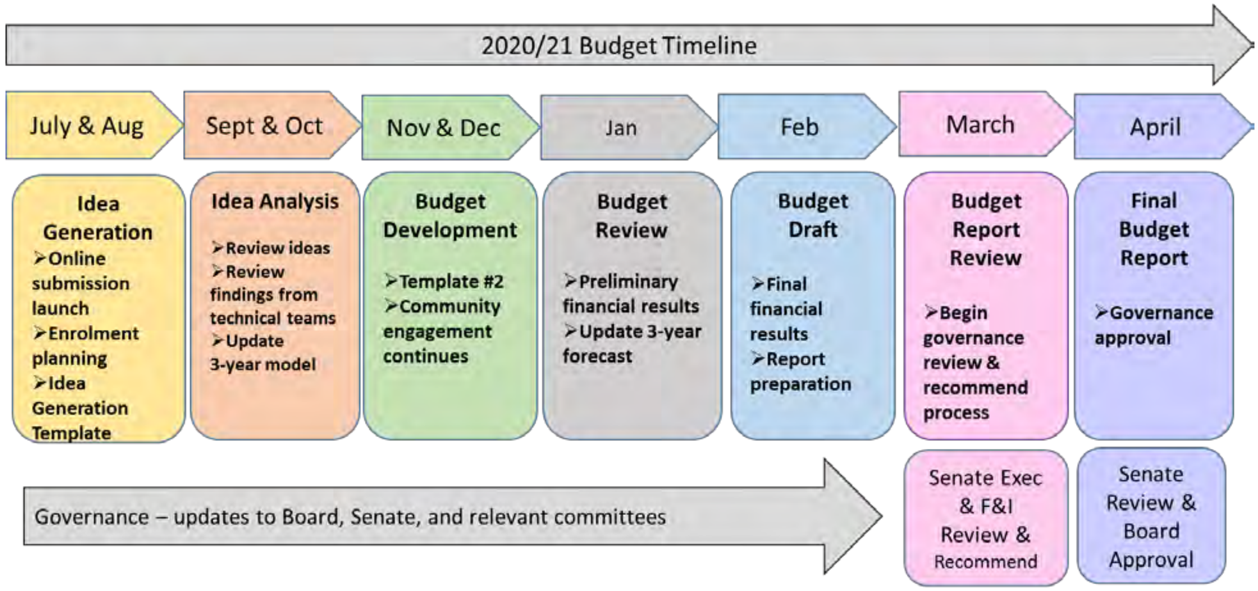
Year 2 targets for 2020/21 have been submitted and will be considered as part of the next budget development process along with other relevant inputs and the evolving external context (e.g. Provincial tuition policy, international enrolment environment, implementation of SMA3, etc.)

Figure 7*: Governance Budget Process*



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

***Figure 8**: Budget Timeline*



2.1 Revenue Process

To reiterate, the revenue projections discussed in this section are not adjusted in any way for the potential impact of the pandemic on our enrolment levels. What follows is based on enrolment pre-pandemic assumptions; the potential impacts from exceptional conditions are captured in the alternate scenarios presented below.

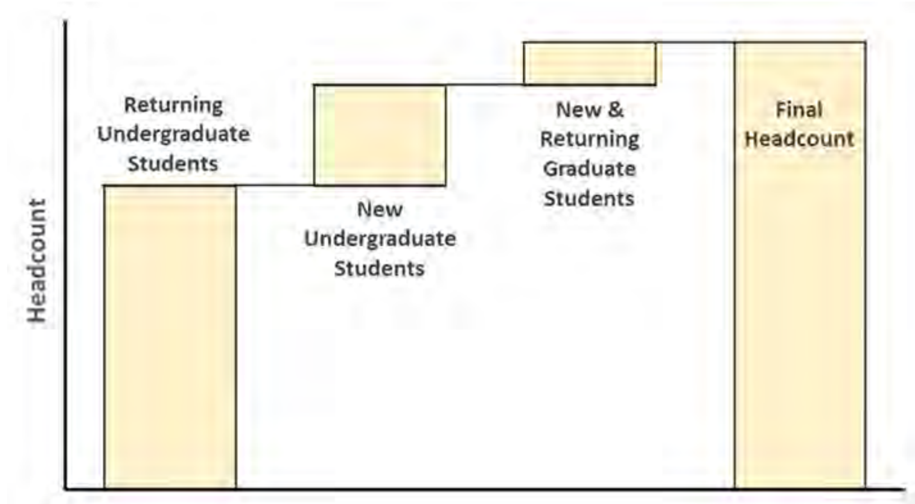
Student enrolment drives almost 90% of operating revenue. The Strategic Enrolment Management (SEM) Committee is responsible for providing strategic direction in establishing the university's long-term enrolment plan; aligning the enrolment planning process with institutional and academic priorities. 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 forecast, which is then used to project enrolment-driven revenue (tuition and grant) institutionally and by Faculty.

The Tuition Fee Report informs the student tuition rates that are incorporated into the forecast.

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 optimum student enrolment within the context of the 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 9 depicts how the various cohorts of students make up the 2020/21 enrolment projection, which drives the total tuition and grant revenue forecast.

***Figure 9**: Components of Enrolment Forecast*



Enrolment

The following table illustrates the forecasted change in total students including undergraduate and graduate headcount from 2019/20 to 2020/21:

***Table 2**: Forecasted Change in Total Students*

Undergraduate					
Fall Headcount	**2018 Actual**	**2019 Projected**	**2019 Actual**	**2020 Projected**	**19a vs 20p Change %**
Full-time	15,229	15,337	15,616	15,929	+2.0%
Part-time	2,723	2,725	2,839	3,020	+6.4%
Total Undergraduate	**17,952**	**18,062**	**18,455**	**18,949**	**+2.7%**
Graduate					
Full-time	1,084	1,101	1,012	1,081	+6.8%
Part-time	756	1,092	981	967	-1.4%
Total Graduate	**1,840**	**2,193**	**1,993**	**2,048**	**+2.8%**
Total Students	**19,792**	**20,255**	**20,448**	**20,997**	**+2.7%**

In 2020/21, undergraduate student enrolment is projected to grow at a moderate pace, similar to the growth rate in 2019/20. The increase in enrolment is mainly driven by a robust intake of new Year 1 students and reflects a strong flow through of continuing students from prior years, in particular from 2019, where actual enrolment exceeded projected enrolment by 2%.

At the graduate level, following decrease in full-time graduate students in2019/20, the enrolment of full-time students is expected to return to 2018/19 enrolment levels. Part-time enrolment will remain relatively constant at 19/20 levels, which experienced 30% growth in 2019.

Overall, the total student headcount for 2020/21 is forecasted to increase by 549 students or 2.7% over 2019/20.

Undergraduate (UG) Students:

Total projected full-time undergraduate headcount is 15,929 for Fall 2020, reflecting 2% growth over 2019. Projected undergraduate enrolments include the flow-through of achieving approximately 2% above target overall in 2019. International enrolment is conservatively projected to remain relatively flat from 2019 levels after experiencing 11% growth from 2018 to 2019. Enrolments in Table 3 include students in the consecutive Bachelor of Education program, a second entry undergraduate program.

***Table 3**: Fall Full-Time Headcounts – Undergraduate*

Fall Full Time Headcount – Undergraduate					
Fall Full-Time Headcount	**2018 Actual**	**2019 Projected**	**2019 Actual**	**2020 Projected**	**19a vs 20p % Change**
Domestic	14,198	14,283	14,474	14,782	2.1%
International – Fee Paying	923	939	1,055	1,045	-0.9%
Sub-Total	**15,121**	**15,222**	**15,529**	**15,827**	**1.9%**
International – Incoming Exchange *	108	115	87	102	17.2%
Total	**15,229**	**15,337**	**15,616**	**15,929**	**2.0%**

** Incoming exchange students pay fees to their home institution*

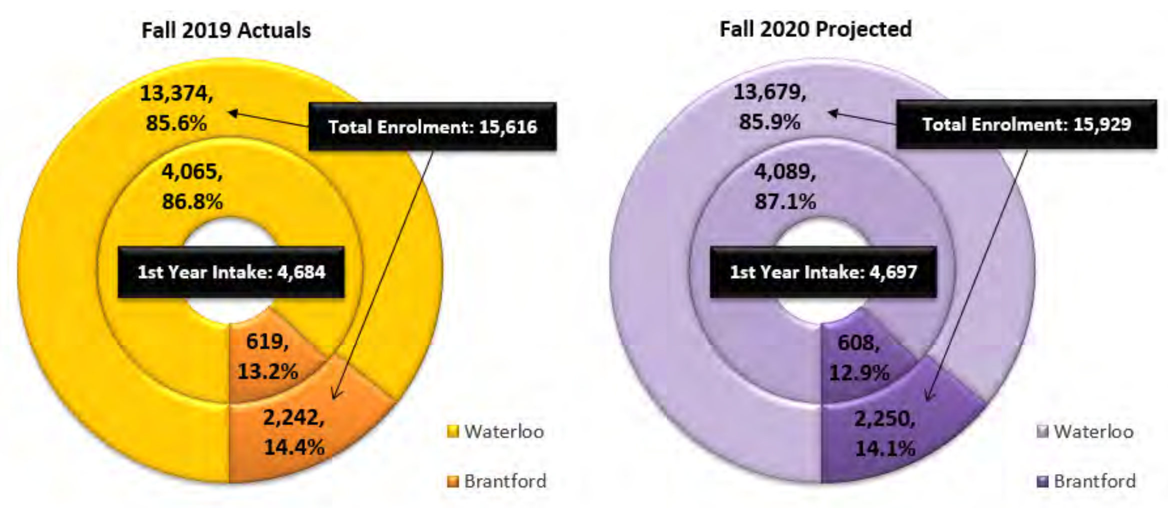
One of the key elements of the undergraduate enrolment projection is the new intake of 1st Year students. The intake target is established through collaboration and consultation with the Faculties and other units across the university. It is forecasted that the overall New Year 1 student enrolments in 2020/21 will remain similar to 2019/20 levels across all categories This maintains the higher than projected growth in domestic students in 2019/20. The table below shows first year undergraduate intake for both domestic and international students and for both first and second entry programs.

***Table 4**: 1st Year Fall Full-time Undergraduate Intake*

1st Year Fall Full-Time Headcount – Undergraduate					
Fall Full-Time Headcount	2018 Actual	2019 Projected	2019 Actual	2020 Projected	19a vs 20p % Change
Domestic – 1st entry	3,883	4,177	4,309	4,325	0.4%
International – 1st entry	311	337	306	306	0.0%
1st entry Sub-Total	**4,194**	**4,514**	**4,615**	**4,631**	**0.3%**
Domestic – 2nd entry (Education)	64	62	68	66	-2.9%
International – 2nd entry	0	0	1	0	-
Total	**4,258**	**4,576**	**4,684**	**4,697**	**0.3%**

The following figures show the composition for projected full-time undergraduate headcount for both first year intake and total enrolment. This information is displayed by campus, by Faculty and by type of student.

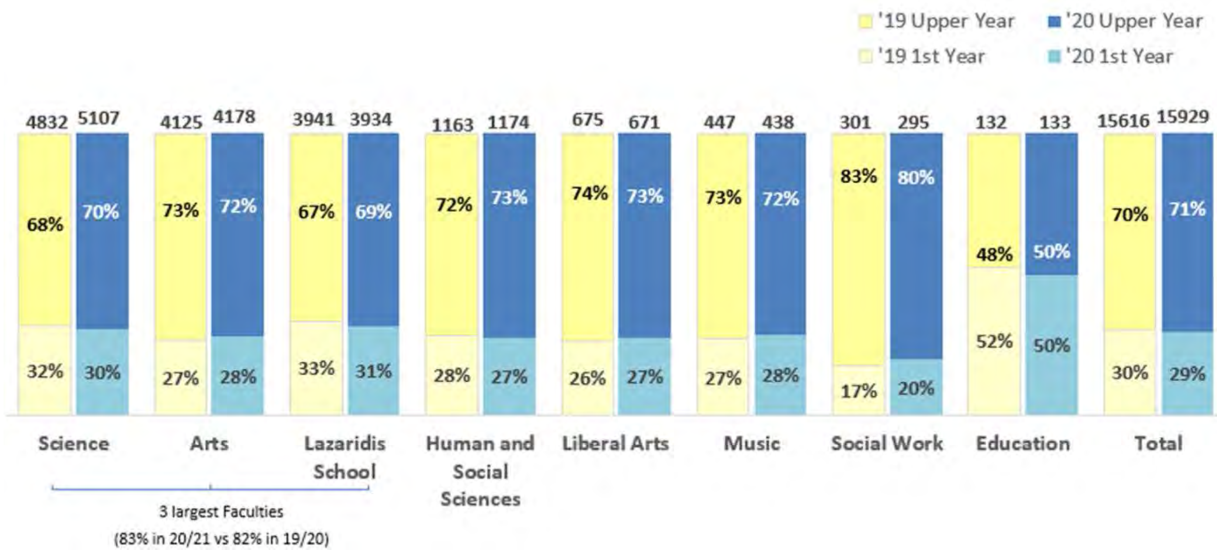
Figure 10: *Total UG Enrolment by Campus*



The Brantford campus is anticipating a slightly smaller intake of new Year 1 students in 2020/21 than in the previous year (608 in 2020 vs. 619 in 2019), representing 12.9% of the total institutional first year intake. Overall, a total of 2,250 students at the Brantford Campus is forecasted for 2020/21, is marginally higher than the 2,242 students in 2019/20. This represents 14.1% of total undergraduate, similar to 2019/20.

The Waterloo campus included 4,065 new Year 1 students in Fall 2019, the second highest intake in history. The campus is expecting a similar volume of 4,089 new 1st year students in Fall 2020. The projected total enrolment of students in Waterloo campus is 13,679, 305 students more than in 2019/20, with most of the growth occurring in upper year students through increased retention.

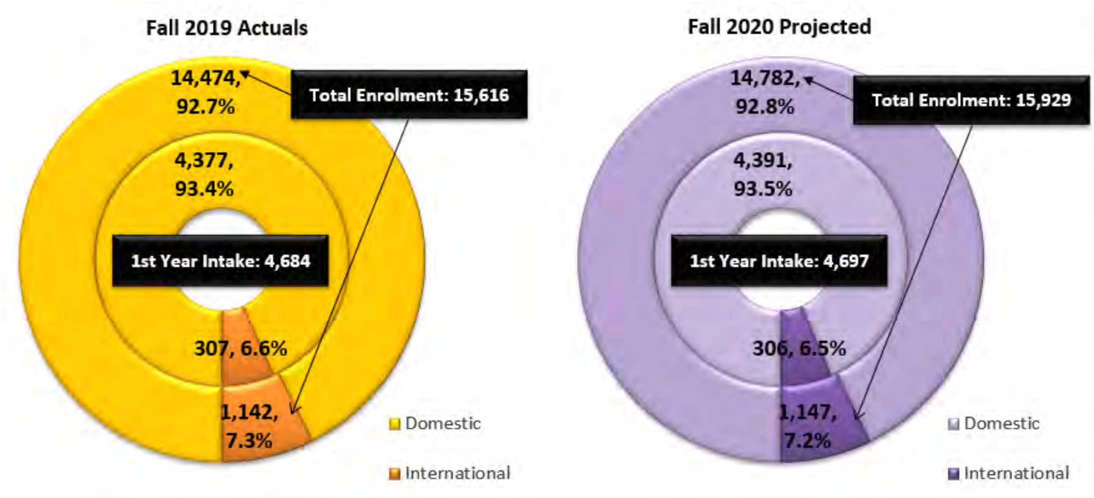
Figure 11: *Total UG Enrolment by Faculty*



In 2020/21, the majority of the Faculties are projecting a similar enrolment of new Year 1 students as achieved in 2019/20. Overall, the change in enrolment of approximately 2% is not distributed evenly, with 5.7% growth projected in the Faculty of Science, with modest growth for the Faculties of Arts, Human and Social Sciences and Education.

The three largest Faculties (Arts, Science and the Lazaridis School) account for 83% of total enrolment and 84% of 1st year intake. Figure 12 highlights the fact that first year students generally represent 30% of total undergraduate enrolment. The Faculty of Education is a two-year program, with approximately half the students being in 1st year and Social Work has a significant portion of new advanced standing (i.e. upper year) students.

Figure 12: *Total UG Enrolment by Type of Student*



The number of international students in undergraduate programs has grown steadily over the last decade. International full-time students, including both fee-paying students and exchange students, made up 7.3% of the undergraduate full-time population in 2019/20; growing from less than 2% about 10 years ago.

In 2020/21, a steady-state target is planned for international undergraduate headcount. The projected percentage of international students remains at about 7.2% of total projected undergraduate enrolments. International students represent 6.5% of the projected incoming class. The above figure demonstrates the breakdown by student type – domestic vs. international, for both total enrolment and 1st year intake in 2019/20 and 2020/21.

Graduate Students:

Graduate enrolment is presented in terms of Full-Time Equivalent (FTE) (1 full-time 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.

Overall, graduate enrolment is projected to increase by 65.1 FTEs or by 5% in 2020/21. Year-over-year enrolment increases are expected across all types of graduate programs, with the highest of 22.7 FTEs in Professional Master's programs and the lowest of 12.8 FTEs in Research Master's programs. The Doctoral programs and the full cost-recovery programs are projected to increase by 15.8 FTEs and 13.8 FTEs, respectively.

The tables below show the change in graduate FTE by program category, type of student and by Faculty:

***Table 5**: Graduate FTE by Program Category*

Graduate FTE by Program Category					
Fall FTE	**2018 Actual**	**2019 Projected**	**2019 Actual**	**2020 Projected**	**19a vs 20p % Change**
Grant Eligible Programs					
Professional Masters *	471.7	563.2	481.2	503.9	4.7%
Research Masters	394.7	382.2	373.2	386.0	3.4%
Doctoral	216.8	236.1	222.6	238.4	7.1%
Grant Ineligible Programs					
Full Cost Recovery **	227.6	247.1	229.3	243.1	6.0%
Total	**1,310.8**	**1,428.6**	**1,306.3**	**1,371.4**	**5.0%**

** Includes diploma and general graduate studies programs*
*** Enrolment in cost recovery programs (e.g. Toronto MBA, EMTM) is not eligible for government grant funding*

***Table 6**: Graduate FTE by Type of Student*

Graduate FTE by Type of Student					
Fall FTE	**2018 Actual**	**2019 Projected**	**2019 Actual**	**2020 Projected**	**19a vs 20p % Change**
Domestic – Grant Eligible	887.0	982.6	863.6	901.6	4.4%
Domestic – Grant Ineligible *	289.3	303.4	291.8	301.5	3.3%
International	134.5	142.6	150.9	168.3	11.5%
Total	**1,310.8**	**1,428.6**	**1,306.3**	**1,371.4**	**5.0%**

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

Recent growth in international graduate enrolment has been strong, with a 12% increase in 2019, exceeding projections. A similar rate of growth is projected for 2020/21. However, the majority of graduate growth is projected to be in programs eligible for provincial grant funding, with a 38 FTE (4.4%) increase in 2020/21.

***Table 7**: Graduate FTE by Faculty*

Graduate FTE by Faculty					
Fall FTE	2018 Actual	2019 Projected	2019 Actual	2020 Projected	19a vs 20p % Change
Lazaridis School	457.9	476.3	413.8	449	8.5%
Social Work	284.6	355.2	303.8	312.5	2.9%
Science	222.7	207.7	215.2	235.1	9.2%
Arts	179.8	179.9	171	165.9	-3.0%
Human and Social Sciences	38.9	56.1	61.8	59.3	-4.0%
SIPG	42	46.3	53.3	49	-8.1%
Music	39.7	50.6	39	43.7	12.1%
Education	21.4	30.7	25.6	32.7	27.7%
Liberal Arts	23.8	25.8	22.8	24.2	6.1%
Total	**1,310.80**	**1,428.60**	**1,306.30**	**1,371.40**	**5.0%**

The anticipated growth in graduate programs of 5.0% is not evenly distributed across Faculties, reflecting anticipated enrolment in new programs. For example, the Faculty of Education began the part-time M.Ed program in Milton in January 2019. And both the Lazaridis School and the Faculty of Science are forecasting strong growth of 20 FTEs or more in 2020/21, which includes projected enrolment in new and growing programs such as the Master of Applied Computing and the. Master of Science in Management Analytics.

2.2 Expense Process

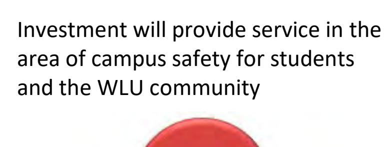
The current financial expense assumptions incorporate updated salary and benefit information, updated projections including institutional costs, direct costs of teaching and essential requests for 2020/21 related to implementing campus safety, compliance obligations, and support for revenue-generation and cost-reduction/efficiency. Adjustments that might be necessary in response to the pandemic are not incorporated here, but those we know at the moment are presented instead in the alternative scenarios below.

Total expenses for 2020/21 are $311 million. Expenses are categorized as Essential Requests, Direct Cost of Teaching, Institutional Costs – Unit Oversight, and Institutional Costs – Central Oversight.

Essential Requests

As part of the budget development phase, units were asked to identify requests that they deemed to be essential despite the current financial environment. 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 & Admin reviewed the consolidated list and used the principles below to bring forward a recommendation to ELT for consideration.

Figure 13: *Essential Requests Principles*



During ELT deliberations, some requests were moved from BASE to OTO funding and others were delayed to future years based on the principles. For requests that were categorized as "Institutional considerations", it was recommended by ELT to delay a decision until the 2019/20 year-end results were finalized. Once the 2019/20 results are known, these types of requests could be considered to be funded through OTO appropriations.

Direct Cost of Teaching

The direct costs of teaching associated with the creation of new programs and enrolments changes in continuing programs were also considered. Senate Executive and Finance 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.

Faculties were asked to provide an operational plan for 2020/21 and a forward-looking transitional plan beyond 2020/21 to the Provost & Vice President Academic. 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.).

The review of these costs were coordinated at the same time that the Technical Working Groups were performing their analysis as many of these institutional unit oversight costs fell within the purview of their scope. The recommended changes were reviewed with Vice President Finance & Administration and the Provost & Vice President Academic and ultimately ELT.

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).

This year, the central costs (both revenue and expense) were reviewed by the Central Technical Working Group and adjusted based on actual experience and/or anticipated future changes. The expected change was reviewed with Vice President Finance & Administration and the Provost & Vice President Academic and ultimately ELT.

3. 2020/21 Operating Budget

The 2020/21 Operating Budget detailed information is presented in the following pages beginning with a summary of the Operating Budget (Table 8). The summary is broken out into major revenue and expense types with a comparison to the 2019/20 Budget, noting the major changes year-over-year. Additionally, the summary is further broken out into BASE and OTO.

Included in the 2020/21 Operating budget are adjustments which contribute to the large year-over-year increases in both Other Income and Expenses. These adjustments are a result of adding detailed budgets (revenue and expenses) to the Operating Budget for the Lazaridis Institute, the Music Conservatory and the Faculty of Social Work Professional Development program. The recognition in part, addresses concerns regarding Financial Statement budget to actual variances for other income and expense lines. A comprehensive review will be completed during 2020/21 to clarify the activities that should and should not be included in the Operating Budget.

Table 8: *2020/21 Budget by Revenue & Expense*

2020/21 Budget by Revenue & Expense

In 000's

	Budget 2019/20	Preliminary 2020/21 *	Essential Requests	Direct Cost of Teaching	Institutional Unit	Institutional Central	Central Budget Targets	Unit Budget Targets	BASE Budget 2020/21	OTO Budget 2020/21	Total Budget 2020/21	Change	% Chg
Revenue													
Tuition Fees	163,752	174,478							174,478		174,478	10,726	6.6%
Enrolment Based Government Grants	100,660	100,862							100,862		100,862	202	*0.2%*
Other Income & Fees	27,374	*30,816*			*522*		*1,411*	*606*	*34,647*	*(758)*	33,889	6,515	23.8%
Revenue Total	**291,786**	**306,156**	**-**	**-**	**522**	**-**	**1,411**	**606**	**309,987 -**	**758**	**309,229**	**17,443**	**6.0%**
Salary & Benefit Expenses													
Full/Part Time Faculty Costs	106,149	108,429		1,187	(114)			(1,680)	107,461	362	107,822	1,673	1.6%
Full/Part Time Staff Costs	77,859	75,783	1,013	5				(999)	75,985	255	76,240	(1,619)	(2.1%)
Statutory & Fringe Benefits	21,368	21,895	223	180	(6)			(568)	21,692	128	21,820	452	2.1%
Current Service Costs	18,538	18,538							18,538		18,538		0.0%
Pension Plan Deficiency	6,288	915							931	(16)	915	(5,373)	(85.4%)
Retirees, Parental, Tuition Exemptions	5,459	5,644							5,644		5,644	185	3.4%
Post Employment - Non Cash											0		
Salary & Benefit Expenses Total	**235,661**	**231,204**	**1,236**	**1,373**	**(120)**			**(3,247)**	**230,251**	**729**	**230,980**	**(4,681)**	**(2.0%)**
Non-Salary Expenses													
Equipment/Software	5,190	4,690	545	4	200		(1)	(19)	5,139	279	5,418	228	*4.4%*
Library Acquisitions	4,236	3,438			842			(50)	3,468	762	4,230	(6)	(0.2%)
Scholarships & Bursaries	17,913	18,563			675		(840)		18,398		18,398	485	2.7%
Travel Expenses	2,732	3,377		1				(66)	3,321	(9)	3,312	580	21.2%
Facility Rentals/Occupancy Costs	2,198	1,891					(20)		1,871		1,871	(327)	(14.9%)
Supplies & General Expense	19,343	23,470	219	21	902		(1)	(722)	23,782	108	23,890	4,547	*23.5%*
Debt Service	5,373	5,373							5,373		5,373		0.0%
Capital and Deferred Maintenance	5,218	5,308					(1,000)		4,308		4,308	(910)	(17.4%)
Equipment/Operating Renewal	3,760	3,860					(75)	(46)	3,739		3,739	(21)	(0.6%)
Utilities, Insurance & Taxes	5,578	5,964			400		(1)	(126)	6,236		6,236	658	11.8%
Contingency	3,000	3,000							3,000		3,000	0	*0.0%*
Institutional Reserve	0	600							600		600	600	
Non-Salary Expenses Total	**74,541**	**79,534**	**764**	**26**	**3,018**		**(1,938)**	**(1,029)**	**79,235**	**1,140**	**80,375**	**5,834**	**7.8%**
Expense Total	**310,202**	**310,738**	**2,000**	**1,398**	**2,898**		**(1,938)**	**(4,276)**	**309,486**	**1,869**	**311,355**	**1,153**	**0.4%**
(Deficit)/Surplus before Budget Balancin	**(18,416)**	**(4,582)**	**(2,000)**	**(1,398)**	**(2,376)**		**3,349**	**4,881**	**501**	**(2,627)**	**(2,126)**	**16,290**	
Budget Balancing Options													
Unit Investments funded from Reserves	459												
Unit Investments funded from Carryforwards	2,163										0		
Appropriations from prior years	13,183									2,126	2,126		
2018/19 anticipated surplus	2,611										0		
2019/20 ancticipated surplus											0		
Total Budget Balancing Options	**18,416**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**2,126**	**2,126**		

* **Preliminary 2020/21 Budget** is defined as: 2019/20 base budget + annual adjustments (salary increases & tuition/grant revenue) before additional funding requests were considered

3.1 Revenue Projections

Revenues from student tuition fees and government operating grants account for 89% of the total operating revenues. Overall, total revenues are expected to increase by $17.4 million or 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.

***Table 9**: Budgeted Operating Revenue Components*

Operating Revenue Components				
Budget *(In 000's)*	**2019/20**	**2020/21**	**Change**	**%**
Tuition Fees	163,752	174,478	10,726	6.6%
Enrolment Based Grants	100,660	100,862	202	0.2%
Subtotal	**264,412**	**275,340**	**10,928**	**4.1%**
Other Revenue	27,374	33,889	6,515	23.8%
Total	**291,786**	**309,229**	**17,443**	**6.0%**

3.1.1 Tuition

Tuition Framework

Publicly funded tuition fees are governed by the Provincial Government's Tuition Fee Framework. The new tuition fee framework was announced on January 17, 2019 effective for the start of the academic year. Under the new framework, domestic student fees in all provincial funding-eligible programs are frozen for 2020/21. This follows the 10% reduction relative to 2019/20 fees implemented effective September 2019.

The tuition fees for grant eligible programs are outlined below in Table 10. The change in eligible tuition relates to the impact of the 10% tuition reduction in the Spring term, as well as the change in enrolment. For UG eligible tuition, the average eligible tuition rate decreased due to the spring tuition reduction, followed by a freeze in the fall and winter terms. This is offset by the anticipated increase in enrolment. For graduate eligible tuition, the decrease from 2019/20 budget reflects lower than anticipated enrolment for 2020/21 than what was projected in 2019/20. While relevant enrolment projections for 2020/21 show an increase over 2019/20 actual enrolment, conservatism has been applied in projecting graduate tuition revenue.

***Table 10**: Budgeted Tuition Fees – Grant Eligible*

Tuition Fees Grant eligible				
Budget *(In 000's)*	**2019/20**	**2020/21**	**Change**	**%**
Undergraduate	113,360	117,427	4,067	3.6%
Graduate	12,725	11,150	-1,574	-12.4%
Total Grant eligible tuition	**126,085**	**128,577**	**2,493**	**2.0%**

***Note:** Excludes revenue share reduction for external partners*

For other 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 following table shows the major components of the changes in tuition revenue for 2020/21 over 2019/20. Conservatism has been applied in the calculation of graduate tuition revenue in consideration of the relatively flat enrolment growth experienced in 2019/20 and projected growth in international enrolment (see Table 6).

***Table 11**: Budgeted Tuition Revenue Components*

Tuition Revenue Components				
Budget *(In 000's)*	**2019/20**	**2020/21**	**Change**	**%**
Undergraduate	143,264	154,559	11,295	7.9%
Graduate	23,435	22,901	-533	-2.3%
Cross-Registration	300	300	0	0.0%
Total	**166,999**	**177,761**	**10,762**	**6.4%**

***Note:** Excludes external revenue share reduction*

Total UG tuition revenue is forecasted to increase by 7.9%, returning to levels comparable to 2018/19, prior to the tuition reduction and freeze included in the current Tuition Fee Framework. This is the result of both an increase in UG enrolment (see Table 3), along with increases in international tuition rates, offsetting the spring eligible tuition reduction. Overall, the average annual tuition rate decreased by 1.2% from 2019/20 for eligible students, reflecting the implementation of the 10% reduction in the Spring term tuition, followed by a freeze. The average international rate for international students increased by 9.1%, reflecting both the year-over-year tuition rate increase, as well as a change in international student mix, with more students registered in professional programs.

Graduate tuition revenue is forecast to decrease by 2.3% overall, reflecting a decrease in projected enrolment from 2019/20 forecasted levels. Fees for students in grant-eligible programs are expected to decrease by 12.4% and those in grant ineligible programs to increase by 9.7%.

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.

3.1.2 Government Grants

MCU implemented a new funding model to allocate enrolment-driven operating grant revenue in fiscal 2017/18, aligned with the beginning of SMA2. 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 current funding model implemented as part of SMA3 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 on the basis of outcomes, measured relative to the achievement of SMA3 metric targets. As 2020/21 is the first year of SMA3, the proportion of funding allocated to the Differentiation Envelope is significantly higher than in 2019/20, reflecting the increase in performance-based funding as highlighted in Figure 1.

The following table outlines the major sources of government grant funding in fiscal 2020/21:

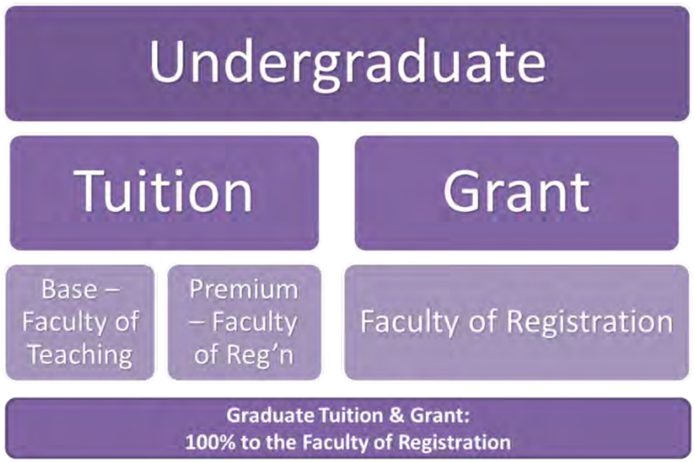
***Table 12**: Major Sources of Government Grant Funding*

Major Sources of Government Grant Funding				
Budget *(In 000's)*	**2019/20**	**2020/21**	**Change**	**%**
Enrolment Envelope (Core Operating Grant)	97,194	79,238	-17,956	-18.5%
Differentiation Envelope (Performance/Outcome Based Grant)	5,896	24,267	18,371	311.6%
International Student Recovery	-940	-1,080	-140	14.9%
Institutional Total	**102,150**	**102,425**	**275**	**0.3%**
Allocation to Martin Luther University College	-1,490	-1,563	-73	4.9%
Total	**100,660**	**100,862**	**202**	**0.2%**

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 14**: RCM Tuition/Grant Allocation*



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

***Table 13**: Total Revenue by Faculty*

Total Revenue by Faculty (In Millions)				
Faculty	**2019/20**	**2020/21**	**Change**	**%**
Arts	59.1	59.6	0.5	0.8%
Lazaridis School	81.1	86.1	5.0	6.2%
Education	3.3	3.7	0.4	12.1%
FHSS	19.7	20.1	0.4	2.0%
Liberal Arts	11.1	11.0	-0.1	-0.9%
Music	7.7	7.5	-0.2	-2.6%
SIPG	1.1	1.2	0.1	9.1%
Science	70.1	76.4	6.3	9.0%
Social Work	11.2	9.7	-1.5	-13.4%
Total	**264.4**	**275.3**	**10.9**	**4.1%**

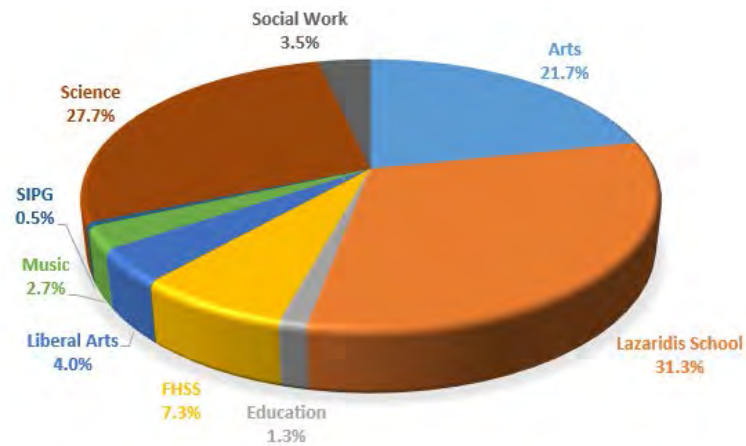
***Note:** Includes revenue share reduction from external partners.*

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 increase in international tuition rates. In addition, overall undergraduate enrolment was higher than anticipated for 19/20, providing strong enrolment flow through.

The growth in the Faculty of Education can be attributed to both increases in service teaching, as well as growth in the M.Ed program. The growth in the Lazaridis School reflects strong anticipated undergraduate international enrolment, coupled with the increase in international tuition at the undergraduate level. The Faculty of Science anticipates growth at both the UG and graduate levels.

The Faculty of Music is projecting a decrease in graduate enrolment, more aligned to the enrolment level achieved in 2019/20, resulting in a lower allocation for graduate grant funding. The Faculty of Social Work is re-balancing their masters-level programming, with a reduction in the number of spaces in the part-time program, resulting in a decrease in year-over-year revenue.

***Figure 15**: Total Revenue Allocation by Faculty*



Other Income & Fees

Other income & fees are expected to increase $6.5 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. One of the major changes was the inclusion of not-for-credit revenue in the operating budget. The budget was based on historical actuals of the activity for both revenue and expenses. The recognition in part, addresses concerns regarding budget to actual variances for other income and expense lines. Additionally, this year, many other factors contributed to this overall increase as well.

- Detailed budgets (including both revenue and expenses) for the Lazaridis Institute, Conservatory and Faculty of Social Work Professional Development program were included in the 2020/21 budget. This increased Other Revenue by $4.3 million.
- Revenue generation ideas from Central oversight (Table 17) contributed an additional $1.5 million.
- LEAF revenue decreased by $900,000 as a result of a decline in the number of registered students in the program. The decline started in 2019/20 and will have the most impact during 2020/21. Expenses were also reduced to reflect the lower number of students registered in the program.
- One Market revenue of $0.5 million (previously in the Real Estate fund). Offsetting expenses have been incorporated as well.
- Budget targets at the unit level contributed an additional $0.5 million
- Ancillary contributed $150,000 in Year 1 as part of the budget targets assigned across the university.

- The Student Affairs Administrative Agreement renewal in 2018 has a 3- year term with fixed fee increases tied to enhancement in service. Increases in the essential fee revenue of $0.2 million is due to this fixed fee increase for fiscal 2020/21.

3.2 Expense Projections

Total expenses are expected to increase by $1.2 million or 0.4%. Faculty and staff salaries and employee benefits account for 74% of the total operating expenditures. Figure 16 depicts the breakdown of total expenses.

***Figure 16**: Total Expenses Breakdown*

3.2.1 Essential Requests

The table below lists the Essential Requests that met the principles and were, therefore, recommended by the Executive Leadership Team for approval in 2020/21.

***Table 14**: Essential Requests*

	Base	OTO	Total	%
Campus Safety *(Security Guards, CPIC terminal, Sexual Violence Prevention)*	423,264	248,000	671,264	34%
Cost Reduction/Efficiency *(eCV Technology)*	263,200	275,000	538,200	27%
Revenue Generation *(Non-credit technology, R&A CRM)*	196,350	300,000	496,350	25%
Compliance *(Risk Control, expense management)*	243,308	50,750	294,058	15%
Total Essential Requests	**1,126,122**	**873,750**	**1,999,872**	**100%**

3.2.2 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 Executive and Finance Committee and Senate.

***Table 15**: Direct Cost of Teaching*

	BASE	OTO	Total
Full-time Faculty (M.Ed, BIES, Public Safety)	396,940	195,325	592,265
Contract Teaching Faculty (Faculty of Arts, Education, Science, Social Work)	536,688	128,100	664,788
Support Staff and Program Operations (M.Ed, BIES)	1,948	139,352	141,300
Total Direct Cost of Teaching	**935,576**	**462,777**	**1,398,353**

3.2.3 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 16**: Institutional Costs – Unit Oversight*

	BASE	OTO	Total
Foreign Exchange	-	962,000	962,000
One Market	780,000	-	780,000
Scholarships	554,497	-	554,497
Academic Support (Library)	80,000	-	80,000
Total	**1,414,497**	**962,000**	**2,376,497**

3.2.4 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.

This year, the TWG responsible for Central Institutional Expenses reviewed this category as part of their committee mandate. The central costs (both revenue and expense) were reviewed and recommended based on actual experience and/or anticipated changes. Table 17 lists the “Revenue Generation ideas” and the “Budget Adjustments” were recommended and that have been incorporated into the budget.

***Table 17**: TWG Summary Report – Budget Adjustments*

		Total
Revenue	Internal Loans (Ancillary Interest Payment	500,000
Total Revenue Generation Adjustments		**500,000**
Revenue	Application Fees	451,746
	Cost Recoveries	233,790
	Bank Interest Income	200,000
	Investment Returns	150,000
		1,035,536
Expense	Memberships	75,000
	Land Banking	1,000,000
	Adjust Bad Debt	-125,000
	St. Andrew rental cost	23,333
		973,333
Total Budget Adjustments		**2,008,869**

ELT approved the following budget adjustments through various stages of the budget process.

***Table 18**: ELT Approved Adjustments*

	Central Targets	Budget Process
Revenue	500,000	*Institutional Costs - Central*
Budget Adjustments	2,008,869	*Institutional Costs - Central*
Budget Adj: Tuition set-aside (Unit Oversight)	840,000	*Institutional Costs - Unit*
Central Budget Targets	**3,348,869**	***Referenced on Table 8***
Bill 124 salary cap of 1%	869,700	*Incorporated into salary budget*
Reduction in Pension Plan deficiency payments	5,374,000	*Incorporated into salary budget*
Total Budget Actions	**9,592,569**	***ELT Approved Adjustments***

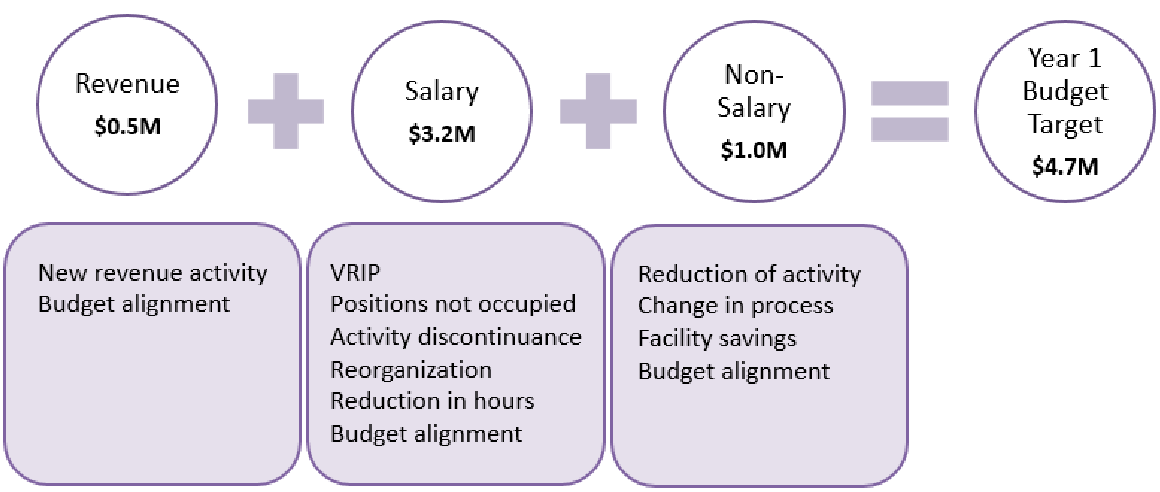
3.2.5 Unit Budget Targets

Table 19 outlines the Year 1 targets that each area submitted as part of their second budget development template. The targets represent approximately 2% of the assigned 4% budget target over 2-years or $9.9 million overall. Figure 17 shows the breakdown of the Operating Units targets by category and highlights the type of activity that will occur to realize the budget target.

***Table 19**: Unit Budget Targets by Area*

	Faculty	Shared Service	Ancillary	Total
President		122,116		122,116
Provost & VP: Academic	2,946,553	791,260		3,737,813
VP - Finance & Administration		443,166		443,166
VP - Advancement & Ext. Relations		127,196		127,196
VP - Research		51,340		51,340
VP - Student Affairs		238,943		238,943
SEO Brantford		11,100		11,100
Operating Units	**2,946,553**	**1,785,121**	**-**	**4,731,674**
Ancillary contribution to Operating			150,000	150,000
Total	**2,946,553**	**1,785,121**	**150,000**	**4,881,674**

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



3.2.6 Commentary to 2020/21 Budget by Expense

This section provides detailed commentary to the 2020/21 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 **8** for 2020/21 as compared to the 2019/20 Budget.

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% (prior year was approximately 1.25%). The salaries & benefits decreases for 2020/21 over the previous year of $4.7 million or 2.0%, is a result of the following major salary and benefit related budget components:

Full/Part Time Faculty Costs – Increase of $1.6 million

Compensation increases of $2.7 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 $700K change year over year. The VRIP program was an available tool for the Faculties to meet their budget targets and resulted in $1.6 million in estimated minimum savings for 2020/21, with additional savings to be realized in 2021/22.

Full/Part Time Staff Costs – Decrease of $1.7 million

Compensation increases of $1.9 million from known and expected salary rate increases as per collective agreements are the largest cost driver of this budget category. Offsetting the compensation increases include the following factors: 1) budget reallocation of $1.6 million from staff salaries to reflect the custodian changes from 2018/19; 2) reduction of LEAF salary expenses of $0.4 million due to a decrease in the number of registered students; 3) 2019/20 OTO initiatives of $1.9 million and 4) Unit budget targets (Section 3.2.5) offset by the Essential requests (Section 3.2.1).

Statutory & Fringe Benefits – Increase of $0.5 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. Contributors to the increase also include the essential requests, direct cost of teaching, and budget targets that impacted faculty and staff positions.

Pension Plan: Current Service Costs & Pension Plan Deficiency – Decrease of $5.3 million

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, as a result of our tri-annual valuation in 2019 is in a better financial position than last budget year. The 2020/21 Budget contains a provision of $0.9 million (2019/20: $6.3 million) in Going Concern Deficit special payments and current service costs of $18.6 million (no material change from 2019/20).

Retirees, Parental, Tuition Exemptions – Increase of $0.2 million

An increase in the Special Pension Arrangement (SPA) budget occurred in 2020/21 largely due to the uptake in the VRIP program introduced for faculty members during 2019/20.

Non-Salary Expenses

This category, which includes a number of non-salary budgets, increased by $5.8 million year-over-year. The following explains the main cost category changes:

Equipment/Software – Increase of $0.2 million

The increase is a result of the approval for expense management software and the Recruitment and Admissions CRM software as part of the Essential Requests process (Table 14). Offsetting this increase was OTO investments that occurred in 2019/20.

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 2020/21, the rate of $0.75 USD/$1.00 CAD did not change over the previous year. An inflation adjustment of 3% was applied to E-Resources.

Scholarship & Bursaries - Increase of $0.5 million

A reduction in Tuition Set-Aside (TSA) obligations of $840,000 resulted from the 10% tuition reduction. TSA is a reserve of a portion of additional revenue resulting from tuition fee increases for need-based student assistance. The calculation takes into account both enrolment growth and the change in the average tuition fee. Other changes within this category include an increase to the undergraduate entrance scholarships of $501,000 based on analysis of enrolments and prior year spending as well as an increase to the graduate scholarship of $173,000.

Travel Expenses – Increase of $0.6 million

This increase is a result of aligning budgets with expected spending.

Facility Rentals/Occupancy Costs – Decrease of $0.3 million

Consolidation of administrative space at 202 Regina concluded in August 2019, which reduced reliance on external leased premises yielding base budget savings of $408,000, which was able to be repurposed. Offsetting this savings is an increase as a result of annual contractual rent changes.

Supplies & General Expense – Increase of $4.5 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. There were three main contributors to the overall increase this year. First, the inclusion of the detailed budgets for the Lazaridis Institute, the Music Conservatory, and the Faculty of Social Work professional development program. The increase of $2.5 million is due to payments made to externally contracted services. Second, the budget reallocation described in Full/Part Time Staff Costs for custodians of $1.6 million, has been reallocated to externally contracted services as well. Third, the incorporation of One Market into the operating budget accounted for $0.9 million of additional expenses, namely, for property taxes, maintenance, security and custodial/grounds maintenance. Additionally, Unit budget targets (Section 3.2.5) more than offset the increases resulting from Essential requests by $0.6 million (Section 3.2.1).

Capital and Deferred Maintenance – Decrease of $0.9 million

The majority of the decrease resulted from a budget adjustment of $1.0 million that was highlighted through the Central Technical Working Group review. Many years ago, funds were set-aside for land banking purposes and these funds have been deemed no longer required.

Equipment/Operating Renewal – no significant change

The overall decrease resulted mainly from budget adjustments that occurred due to central oversight review of institutional costs (e.g. memberships, executive recruitment, etc.). Offsetting part of this decrease was budget reallocations to align with expected spend to other categories.

Utilities, Insurance & Taxes – Increase of $0.7 million

The decision to bring One Market from the Real Estate fund into the operating budget under the oversight of Facilities Asset Management unit contributed to $400,000 of this increase. Additionally, during 2019/20, budget reallocation occurred within the YMCA budget to more accurately reflect the detailed expenses that are occurring. Offsetting these increases are budget targets relating to utility savings.

Contingency – no change

Contingency is maintained at $3.0 million, which reflects a modest 1% of the University Budget.

Institutional Reserve – Increase of $0.6 million

For 2020/21, an institutional international tuition reserve was established in the amount of $600,000. International recruitment always contains some uncertainty due to many external factors and Laurier's ability to compete in the global marketplace and therefore less than a 1.5% of total international tuition was allocated. If Laurier achieves our international targets, the funding will be allocated to international student support. Therefore, it is prudent to set aside funds in 2020/21 for either of these reasons.

Table 20: *2020/21 Expense Budget by Unit*

Table 20 summarizes "expense only" Operating Budget by Faculty and Shared Service. The budget includes both the departmental costs as well as the Institutional costs-unit oversight as these are the expenses that the unit has the responsibility for overseeing.

2020/21 Expense Budget by Unit *(In 000's)*

	Budget 2019/20	Budget 2020/21	Change	% Change
Faculty of Arts	38,345	38,103	-243	-0.6%
Faculty of Education	1,808	1,984	175	9.7%
Faculty of Human Social Sciences	8,039	8,326	287	3.6%
Faculty of Liberal Arts	8,917	8,613	-304	-3.4%
Lazaridis School of Business & Economics	46,531	48,206	1,675	3.6%
Faculty of Music	8,515	9,219	705	8.3%
Faculty of Science	35,297	36,495	1,197	3.4%
Faculty of Social Work	8,805	9,397	593	6.7%
SIPG	1,505	1,581	76	5.1%
Total Faculties	**157,763**	**161,924**	**4,161**	**2.6%**
President	13,923	13,615	-309	-2.2%
Provost & VP: Academic	47,578	44,755	-2,823	-5.9%
VP - Finance & Administration	48,753	50,681	1,929	4.0%
SEO - Brantford	554	564	10	1.7%
VP - Advancement and External Relations	10,993	10,019	-974	-8.9%
VP - Research	2,352	2,265	-88	-3.7%
VP - Student Affairs	20,797	20,582	-216	-1.0%
Total Shared Services	**144,951**	**142,480**	**-2,471**	**-1.7%**
Total Institutional - Central Oversight	**12,031**	**11,126**	**-905**	**-7.5%**
Less: Cost Recoveries	*-4,543*	*-4,175*		
Total Expenses	**310,202**	**311,355**	**785**	**0.3%**

Note: 2019/20 has been adjusted to reflect org changes that occurred during 2019/20

Total Faculties – Increase of $4.2 million or 2.6%

Salary increases account for $3.5 million of the faculty direct cost change. Recognition of not-for-credit revenue and the associated expenses, based on historical actuals for Lazaridis School, Music Conservatory and Faculty of Social Work professional development program accounted for $4.4 million. Direct cost of teaching increased by $1.4 million as outlined in Table 15. Offsetting the increase is $2.6 million related to budget targets as outline in Table 19 and pension deficiency decrease of $3.0 million.

Provost & Vice President Academic – Decrease of $2.8 million or 5.9%

Major drivers of the change include unit budget targets of $0.8 million, reduction of TSA of $0.8 million, decrease in LEAF expenses of $0.7 million, pension deficiency decrease of $0.8 million and $0.7 million related to various 2019/20 OTO initiatives. Offsetting this decrease is salary & benefit increases of $0.6 million as well as essential requests of $0.9 million related to software implementations of online tools and a Recruitment & Admissions CRM.

Vice President Finance & Administration – Increase of $1.9 million or 4.0%

The major contributor to the increased expenses in this portfolio included bringing One Market into the portfolio of Facilities Asset Management of $1.3 million. Previously One Market resided in the Real Estate budget, which is not included in the operating budget. Additional salary & benefit increases of $0.5 million, essential requests of $0.8 million. Offsetting these increases are budget targets of $0.4 million and pension deficiency decrease of $0.7 million.

Vice President Advancement and External Relations – Decrease $1.0 million or 8.9%

Overall budgeted expenses decreased in this portfolio in 2020/21 due to $0.9 million of OTO Unit costs in 2019/20 related to public/government relations initiatives.

3.3 Budget by Faculty

Table 21 summarizes the Faculty allocation under the RCM Budget model. Overall, Faculty bottom-line positions are ($18.8) million after the University Fund contribution of $22.0 million.

Table 21: *2020/21 Budget by Faculty*

2020/21 Budget by Faculty *(In 000's)*

	FACULTIES									
	Arts	Lazaridis Sch.	Education	HSS	Liberal Arts	Music	SIPG	Science	Social Work	Total
Tuition & Grant Revenue	59,637	86,083	3,716	20,098	11,041	7,462	1,248	76,352	9,703	275,340
Non-Tuition & Grant Revenue	874	3,593	146	60	20	1,022	0	629	1,610	7,955
Total Revenue	**60,511**	**89,676**	**3,862**	**20,158**	**11,061**	**8,484**	**1,248**	**76,981**	**11,313**	**283,295**
Total Direct Costs	38,103	48,206	1,984	8,327	8,613	9,219	1,581	36,495	9,397	161,925
Contribution Margin	**22,408**	**41,470**	**1,879**	**11,831**	**2,448**	**-735**	**-333**	**40,487**	**1,916**	**121,370**
Shared Service Allocation	28,523	33,345	1,282	7,510	5,438	4,961	1,705	30,526	4,812	118,103
University Fund Revenue Assessment (8%)	4,771	6,887	297	1,608	883	597	100	6,108	776	22,027
Bottom-Line Position	**-10,886**	**1,239**	**300**	**2,714**	**-3,874**	**-6,293**	**-2,138**	**3,852**	**-3,673**	**-18,760**

Note: The School of International Policy and Governance (SIPG) portion of relevant full-time faculty costs are reflected above in the direct costs of the cross-appointed Faculty (Arts = $1.4M; Science = $0.4M; Lazaridis School = $0.4M).

The bottom-line position of each Faculty reflects the tuition fee framework with domestic student fees being frozen for 2020/21, while overall direct costs are increasing. For some Faculties, notably the Lazaridis School, and Science, anticipated enrolment and international tuition fee increases offset the impact.

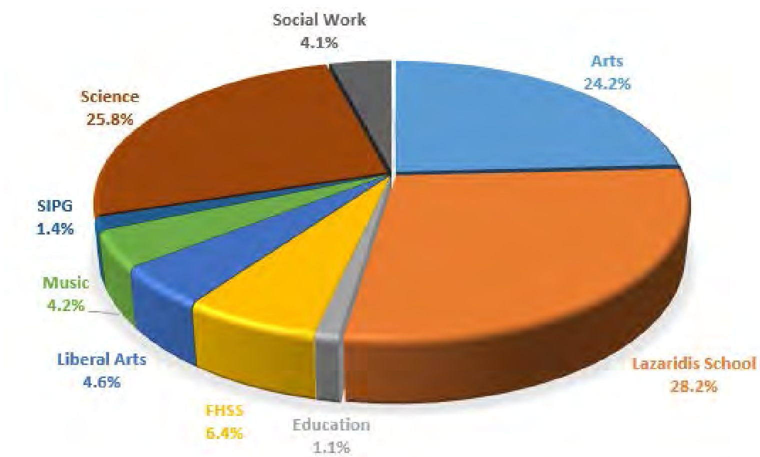
3.3.1 Shared Service Allocation

Table 22: Shared Service Allocation

Cost Pool	Departmental	Institutional: Unit Oversight	Total
Central Support Services	19,698,995	4,654,541	24,353,536
Development & Alumni	4,558,104	-	4,558,104
Faculty, Staff & Student Services	21,131,452	17,055,507	38,186,959
Occupancy	16,933,278	8,857,611	25,790,889
Research Support	1,436,945	-	1,436,945
Scholarships & Bursaries	197,476	6,694,238	6,891,714
Student Support	16,334,539	550,000	16,884,539
Total	**80,290,789**	**37,811,897**	**118,102,686**

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

Figure 18: *Shared Service Allocation by Faculty*



Part C – Multi-Year Budget Forecast

This Multi-Year Budget Forecast was prepared pre-pandemic incorporating the assumptions that existed prior to March 16, 2020. The prepared forecast showed that the university was essentially able to eliminate the structural deficit by 2021/22. Considering the COVID-19 pandemic, this forecast will be revised in the Fall once we have more information regarding return to campus scenarios. Given that the pandemic is a temporary situation, many of the assumptions hold true once the university returns to campus and therefore, the financial implications at this time do not create a structural concern.

The Multi-Year Operating Budget model starts with 2019/20 Budget as the base and consistently applies assumptions used in developing the 2020/21 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. The assumptions in the Multi-Year Budget forecast include the following:

ASSUMPTIONS:

Revenue:

Enrolment:

- 1st year intake: domestic full-time headcount – 4400
- UG International full-time headcount – 1350 by 2023/24
- Graduate: full-time domestic enrolment – flat at 20/21 levels
- Graduate: part-time domestic enrolment – increase to 1000 in 23/24
- Graduate: international enrolment - flat at 20/21 levels
- Student retention – at current levels

Tuition Rate:

- UG Domestic tuition increase – 1.0% annually
- UG International tuition increase – 5.0% annually
- Graduate Domestic tuition increase – 0.0% annually
- Graduate International tuition increase: research programs – 0.0% annually
- Graduate International tuition increase: professional programs – 5.0% annually

Grant:

- Flat with International Student Recovery adjusted for changes in international student numbers

Salary & Benefits:

- Salary increases capped at 1% due to Bill 124 legislation
- Impact of enrolment on the Student faculty ratio
- No change to pension service cost/pension deficiency

Non-Salary Expenses:

- No new Strategic Investments included in future years (i.e. unit costs found within existing/reallocated budget to meet priorities)
- 2% inflation on non-salary expenses

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 2020/21 Operating Budget. Users of this information are cautioned that actual results may vary.

Table 23 provides a very high-level overview of the Operating Budget forecast over the next three years.

***Table 23**: Multi-Year Operating Budget Model*

Three Year Scenario *(In 000's)*

	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
	Budget	Budget	Forecast	Forecast	Forecast	Forecast
Tuition Fees	175,280	163,752	174,478	181,728	190,437	198,065
Operating Grant *(net of ISR)*	100,319	100,660	100,862	100,825	100,743	100,702
Tuition/Enrolment Grant	**275,599**	**264,412**	**275,340**	**282,553**	**291,180**	**298,768**
Other Income & Fees	24,539	27,374	33,889	34,562	34,562	34,562
Revenue Total	**300,138**	**291,786**	**309,229**	**317,115**	**325,742**	**333,330**
Salary & Benefit Expenses	220,396	231,752	230,980	235,840	241,673	247,237
Non-Salary Expenses	80,229	78,450	80,375	81,812	83,412	84,994
Total Expenses	**300,625**	**310,202**	**311,355**	**317,652**	**325,085**	**332,230**
Surplus(Deficit) B4 Options	**-487**	**-18,416**	**-2,126**	**-538**	**657**	**1,099**
Revenue increase/Cost reduction (current year)						
Revenue increase/Cost reduction (Cummulative)						
Surplus(Deficit) adjusted			***-2,126***	***-538***	***657***	
Budget Balancing Options						
Unit Costs funded from Reserves/Cfwds		*2,622*				
Prior Year Appropriations	*487*	*13,183*	*2,126*			
18/19 anticipated surplus		*2,611*				
Surplus(Deficit)	**0**	**0**	**0**	**-538**	**657**	**1,099**

Part D – Scenarios

Due to the COVID-19 pandemic, we have incorporated three planning scenarios based on the best information available at the time these scenarios were prepared. We will continue to monitor this situation and update budget forecasts during the 2020/21 budget year. The anticipated enrolment changes, particularly the risk associated with international enrolment, will drive the majority of the scenario planning. Other potential financial implication considerations include instructional delivery method (in-class vs. online), extraordinary expenses arising from the pandemic, as well as government assistance to the sector.

The scenarios were based on potential return to in-class instructions for both UG/GR:

Scenario #1: Fall 2020 *(all instruction is online/remote for spring/summer)*
Scenario #2: Winter 2021 *(all instruction is online/remote for spring/summer and fall)*
Scenario #3: Spring 2021 *(all instruction is online/remote for spring/summer, fall and winter)*

ASSUMPTIONS:

Revenue:

Enrolment-based revenue impacts are expected to be on tuition from both domestic and international students at all levels of study. In 2020/21, no impact is expected on the government grant; this is due to the fact that the government grant included enrolment-based and performance-based funding envelopes. In all three scenarios, tuition rate changes remain the same. Both envelopes are managed on a slip year basis, such that any enrolment decreases would not impact the grant until 2021/22. The enrolment-based envelope is also calculated based on a five-year growing moving average calculation, which would limit the extent of potential 2021/22 decreases in this envelope. If international students are not able to continue their studies, Laurier would see a corresponding reduction in the total international student recovery amount.

Scenario #1 is the 2020/21 pre-pandemic provisional budget that has been explained in detail throughout this budget report. Hence, the assumptions below pertain to Scenarios #2 & #3 only.

Enrolment % adjustment	**Scenario #2**	**Scenario #3**
Domestic, Returning	-10%	-20%
Domestic, New	-15%	-25%
International, Returning	-25%	-60%
International, New	-40%	-95%

Other Income & Fees *(In millions)*	**Scenario #2**	**Scenario #3**
• Due to lower cash reserves and bank interest rates.	-$1.5	-$1.5

Expenses:

Non-Salary Expenses *(In millions)*	**Scenario #2**	**Scenario #3**
• Travel	-$1.9	-$2.8
• Custodial external services/supplies	-$1.8	-$3.1
• Scholarships (UG/GR)	-$1.1 -10%	-$2.2 -20%
• International Recruitment/Student Support Costs	-$0.7	-$0.7
• Utilities	-$0.3	-$0.5
• Technology needs /Registrarial support	$0.4	$0.5

***Table 24**: Potential Pandemic Implication Scenarios*

Table 24 provides a high-level overview of the potential impact of the pandemic. Scenario #1 represents the provisional 2020/21 budget.

In 000's	2020/21 Budget	Changes		Informing 2020/21 Budget	
	Scenario #1	Scenario #2	Scenario #3	Scenario #2	Scenario #3
Revenue					
Tuition Fees	174,478	-28,961	-56,171	145,517	118,307
Enrolment Based Gov Grants	100,862	0	0	100,862	100,862
Other Income & Fees	33,889	-1,500	-1,500	32,389	32,389
Revenue Total	**309,229**	**-30,461**	**-57,671**	**278,768**	**251,558**
Salary Expenses	230,980	0	0	230,980	230,980
Non-Salary Expenses	80,375	-5,465	-8,858	74,911	71,517
Expense Total	**311,355**	**-5,465**	**-8,858**	**305,890**	**302,497**
(Deficit)/Surplus before Budget Balancing Options	**-2,126**	**-24,996**	**-48,813**	**-27,122**	**-50,939**
Budget Balancing Options					
Anticipated 2019/20 Year-end surplus				5,000	5,000
Appropriations from prior years	2,126			20,344	20,344
Bank Operating/Internal Loans *				1,778	25,595
Total Budget Balancing Options	**2,126**			**27,122**	**50,939**
Surplus/(Deficit)	**0**			**0**	**0**

* *The university has working capital capacity to finance the deficit under the above scenarios.*

This is a challenging context in which to be setting a budget. The scenarios above show a spread of $50 million, which is over 15% of our total budget. At this point in time, we do not have enough information to choose between the potential scenarios, and therefore, the 2020/21 budget is being presented for approval as a provisional budget. We are mindful that there are significant institutional risks presented by this crisis – to ignore them would be perilous, but so would overreacting to them. The scenario approach, accompanied by detailed planning across the institution, position us to be keep our operations going to the greatest extent possible. The university's objective is to emerge from this crisis in as strong a position as possible.

The scenario approach prudently manages risk and is designed to enable the Board to evaluate its risk tolerance for each possible outcome. We are monitoring the evolving situation and will continue to take direction from both the Province and Public Health. A revised forecast incorporating up to date information will be presented in the Fall.

Although our situation is challenging, every other postsecondary institution in Ontario (and beyond) is confronting the same issues. We believe that any deficit resulting from the pandemic will be mostly temporary, rather than structural, in nature.

Part E – Ancillary Budget

The Ancillary Budget was prepared pre-pandemic incorporating the assumptions that existed prior to March 16, 2020. There is significant uncertainty with respect to public health limitations that may be in place for the fall term. The Ancillary team is modelling the impact on suspected physical distancing that will have a significant impact on residence capacity. The cascading impact on available residence capacity would be experienced in other ancillary units like food services. Demand for residence beds will be confirmed in early June after the applications are all processed, at which point a variety of strategies will be considered for implementation. Ongoing monitoring of available beds in our communities from private landlords is a solution that has been utilized previously, but physical distancing restrictions will limit capacity and financial viability. A review of hotel room availability for short to medium term stay may also present an opportunity.

All ancillary units are reviewing budget forecasting and adjusting operational plans to meet anticipated restrictions. Continuous development of creative and unique methods of service delivery inclusive of 'on line' for all retail operations, One Card distribution, concourse space bookings, distribution of course materials and sales of general merchandise in the campus stores are all expected to be impacted to some degree. Each of these operations would be reviewed proportionately to the overall enrolment of each campus in addition to the volume of in person activity.

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 new 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), Retail Services and Printing Services. Parking remains under the Facilities and Asset Management organization. **Table 25** provides a breakdown of the reserve funds by ancillary operation and **Table 26** provides a summary of the 2020/21 budget being submitted for approval. Also included is **Table 27,** which summarizes the 2020/21 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 2019/20.

Summary - (increase $0.55 million in 2020/21)

The new 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), Retail Services and Printing Services. Parking remains under the Facilities and Asset Management organization. **Table 25** provides a breakdown of the reserve funds by ancillary operation and **Table 26** provides a summary of the 2020/21 budget being submitted for approval. Also included is **Table 27,** which summarizes the 2020/21 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 2019/20.

Summary - (increase $0.55 million in 2020/21)

The revenue of the Ancillary enterprises is estimated to increase by 1% from a budgeted $53.1 million in 2019/20 to $53.6 million in 2020/21.

The overall revenue associated with:

- Residence operation adjustments to more accurately reflect the enrolment projection in Brantford and offset by an overall fee increase of 3% for all residence room types.
- Housing portfolio projecting a higher occupancy rate for the house portfolio as well as continued full occupancy in the Ezra Bricker apartments with market comparative rate increases.
- A modest increase in revenue for the OneCard budget reflective of a new agreement with cost recovery in Brantford for Conestoga College.
- Conference Services projecting an increase in revenue over last year even with the uncertainty of the job action climate within the elementary schools and their reluctance to commit to bookings for the JUMP program.
- Food Services projecting growth in revenue related to the new pizza concept launched in early 2020 at the Terrace, a planned renovation to Starbucks in July and a 3% increase in meal plans. The renovation is required as part of the franchise agreement and will strengthen our competitive position with the opportunity to expand product selection.
- Slightly less revenue for the Bookstore operations in the Retail category due to the continued shift of format preference of students with digital text subscriptions, rentals and alternate formats at a lower price point.
- Parking revenue increases reflecting conservative staff and faculty permit increases as collective agreements are due for negotiation in 2020/21. The proposed student parking permit rate increase is 3%. Additional Parking revenue changes are reflective of continued growth in enforcement and visitor parking.

Expenses are expected to be consistent from 2019/20 with a budget of $48.7 million in 2020/21. The budgeted net surplus before appropriations was $4.4 million in 2019/20 and is expected to increase to $5.0 million in 2020/21. The net position after appropriations is expected to slightly decrease from a budgeted surplus of $0.62 million in 2019/20 to $0.61 million in 2020/21. Reserve contributions to fund ongoing renewals, capital investments, future parking lot reconstruction and developments and a new business process analyst role are forecasted to increase from $3.8 million in 2019/20 to budgeted $4.1 million in 2020/21.

Student & Ancillary Services is contributing $0.26 million directly to the Operating Budget. This contribution consists of a $0.02 million transfer to Teaching & Learning and a $0.02 million transfer to Athletics & Recreation from Retail Services. The Housing portfolio contributes $0.07 million. The remaining $0.15 million contribution is allocated across the Ancillary operations within the Student and Ancillary Services organization. Any additional surplus is allocated to a reserve fund for maintenance of existing capital stock and for future projects/growth. The only exception is Food Services where the budgeted surplus will be allocated to reducing the Food Services Appropriation Ancillary Fund.

***Table 25**: Ancillary Reserve Funds*

	Ancillary Reserve Funds	Food Services	One Card	Conference Services	Residence Waterloo	Housing	Residence Brantford	Retail Services	Parking Services	Printing Services
2019/20	Opening Balance at May 1, 2019	(4,551)	117	1,055	4,037	225	657	532	1,868	338
	Forecasted Net Surplus/(Deficit)	624	1	128	1,534	447	787	11	662	10
	Contribution to Operating	0	0	0	0	70	0	40	0	0
	Projected Transfers from Reserve	0	0	82	1,074	117	0	5	290	25
	Ending Balance at April 30, 2020	**(3,927)**	**118**	**1,101**	**4,497**	**485**	**1,444**	**498**	**2,240**	**323**
2020/21	Opening Balance at May 1, 2020	(3,927)	118	1,101	4,497	485	1,444	498	2,240	323
	Budgeted Net Surplus/(Deficit)	613	24	131	2,227	698	469	231	533	41
	Contribution to Operating	0	0	7	95	70	0	83	0	5
	Projected Transfers from Reserve	0	5	10	1,525	850	0	56	380	20
	Ending Balance at April 30, 2021	**(3,314)**	**137**	**1,215**	**5,104**	**263**	**1,913**	**590**	**2,393**	**340**

Table 26: *2020/21 Ancillary Budget Summary*

2020/21 Ancillary Budget Summary

In $000's	2019/20 Budget	2020/21 Budget	$ Chg	% Chg
Summary by Revenue and Expense Type				
Revenue	53,187	53,648	461	1%
Cost of Goods Sold	9,974	9,770	204	2%
Salaries and Benefits	7,647	7,815	(168)	(2)%
Debt Service Expense	9,017	8,846	171	2%
Other Expenses	22,126	22,249	(123)	(1)%
Total Expenses	48,764	48,679	85	0%
Net Surplus /(Deficit) Before Appropriations	**4,423**	**4,968**	**545**	**12%**
Summary by Ancillary				
Food Services	624	613	(11)	(2)%
One Card	1	24	23	2300%
Conference Services	128	131	3	3%
Residence-Waterloo	1,534	2,227	693	45%
Residence-Ezra Bricker	550	606	56	10%
Residence-Houses	11	92	81	732%
Residence-Brantford	787	469	(318)	(40)%
Retail Services	292	231	(61)	(21)%
Parking	445	533	88	20%
Printing Services	51	41	(10)	(19)%
Net Surplus/(Deficit) Before Appropriations	**4,423**	**4,968**	**545**	**12%**
Appropriations				
Transfers to Operating Fund				
Online Learning	(20)	(20)		
Athletics & Recreation	(20)	(20)		
Contribution to Operating Fund	0	(220)		
Total Appropriations	(40)	(260)		
Transfers (to)/from Capital Reserves				
Residence Capital Reserve	(2,321)	(2,601)		
Housing Capital Reserve (EB & Houses)	(561)	(628)		
Parking Lot Reserve	(445)	(533)		
Conference Services Capital Reserve	(128)	(125)		
One Card Capital Reserve	(1)	(24)		
Retail Services Capital Reserve	(252)	(148)		
Printing Services Capital Reserve	(51)	(37)		
Total Transfers (to)/from Capital Reserves	(3,759)	(4,095)		
Total Appropriations and Transfers	(3,799)	(4,355)		
Net Surplus/(Deficit) after Appropriations	**624**	**613**	**(11)**	**(2)%**
Estimated Food Services Appropriation Ancillary Fund				
Opening Balance [1]	(4,551)	(3,927)		
Closing Balance [2]	**(3,927)**	**(3,314)**		

[1] This represents the Food Services Deficit

[2] Positive balances moved to Capital Reserves - this now represents the Food Services Deficit

Table 27: *2020/21 Ancillary Budget Detail*

2020/21 Ancillary Budget Detail

In $000's	2019/20 Budget	2020/21 Budget	$ Chg	% Chg
Food Services				
Revenue	1,246	1,335	89	7%
Salaries and Benefits	91	93	2	2%
Debt Service Expense	50	75	25	49%
Other Expenses	481	554	73	15%
Food Services Total	**624**	**613**	**(11)**	**(2)%**
One Card				
Revenue	542	536	(6)	(1)%
Cost of Goods Sold	80	62	(18)	(23)%
Salaries and Benefits	361	351	(10)	(3)%
Other Expenses	100	98	(2)	(2)%
One Card Total	**1**	**24**	**23**	**2300%**
Conference Services				
Revenue	1,701	1,724	23	1%
Salaries and Benefits	370	371	1	0%
Other Expenses	1,203	1,222	19	2%
Conference Services Total	**128**	**131**	**3**	**3%**
Residence-Waterloo				
Revenue	23,412	24,297	885	4%
Salaries and Benefits	3,085	3,266	181	6%
Debt Service Expense	4,297	4,154	(143)	(3)%
Other Expenses	14,496	14,650	154	1%
Residence-Waterloo Total	**1,534**	**2,227**	**693**	**45%**
Residence-Ezra Bricker				
Revenue	5,957	5,962	5	0%
Salaries and Benefits	224	228	4	2%
Debt Service Expense	3,381	3,382	1	0%
Other Expenses	1,802	1,746	(56)	(3)%
Residence-Ezra Bricker Total	**550**	**606**	**56**	**10%**
Residence-Houses				
Revenue	1,046	1,115	69	7%
Salaries and Benefits	33	36	3	8%
Debt Service Expense	544	543	(1)	(0)%
Other Expenses	458	444	(14)	(3)%
Residence-Houses Total	**11**	**92**	**81**	**732%**
Residence-Brantford				
Revenue	4,136	3,694	(442)	(11)%
Salaries and Benefits	555	542	(13)	(2)%
Debt Service Expense	634	536	(98)	(15)%
Other Expenses	2,160	2,147	(13)	(1)%
Residence-Brantford Total	**787**	**469**	**(318)**	**(40)%**
Retail Services				
Revenue	12,359	12,107	(252)	(2)%
Cost of Goods Sold	9,364	9,199	(165)	(2)%
Salaries and Benefits	2,016	2,015	(1)	(0)%
Debt Service Expense	36	63	27	75%
Other Expenses	651	599	(52)	(8)%
Retail Services Total	**292**	**231**	**(61)**	**(21)%**
Parking				
Revenue	1,509	1,606	97	6%
Salaries and Benefits	410	412	2	0%
Other Expenses	654	661	7	1%
Parking Total	**445**	**533**	**88**	**20%**
Printing Services				
Revenue	1,279	1,273	(6)	(0)%
Cost of Goods Sold	530	509	(21)	(4)%
Salaries and Benefits	502	502	(0)	(0)%
Debt Service Expense	75	93	18	24%
Other Expenses	121	128	7	6%
Printing Services Total	**51**	**41**	**(10)**	**(19)%**
Total Surplus (Deficit) Before Appropriations:	**4,423**	**4,968**	**545**	**12%**
Total Appropriations	**(3,799)**	**(4,355)**		
Net Surplus (Deficit) after Appropriations	**624**	**613**	**(11)**	**(2)%**

Appendix I: Acronyms used in Budget document

Acronym	Description
ATB	Across-the-board
BCT	Budget Coordinating Team
BIES	Bachelor of International Education Studies
COG	Core Operating Grant
CRM	Customer Relationship Management
CTF	Contract Teaching Faculty
CUPE	Canadian Union of Public Employees
ELT	Executive Leadership Team
EB	Ezra-Bricker
EMTM	Executive Master’s in Technology Management
F&I	Finance & Investments Committee
FHSS	Faculty of Human and Social Sciences
FTE	Full-Time Equivalent
FHSS	Faculty of Human Social Sciences
ICT	Information and Communications Technologies
LEAF	The Laurier English and Academic Foundation
LEAP	Laurier Enriched Academic Program
MBA	Master of Business Administration
MCU	Ministry of Colleges and Universities
MLUC	Martin Luther University College
OTO	One Time Only
R&A	Recruitment & Admissions
RCM	Responsibility Centre Management
SAP	Strategic Academic Plan
SEM	Strategic Enrolment Management
SEO	Senior Executive Officer
SIPG	School of International Policy and Governance
SMA	Strategic Mandate Agreement
SPA	Special Pension Arrangement
TSA	Tuition Set-Aside
TWG	Technical Working Group
UG	Undergraduate
VP	Vice President
VPA	Vice President Academic
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).
Differentiation Envelope	Provincial operating grant funding related to the Performance/Outcomes-Based Grant, under which a portion of total operating grant funding for universities is based on performance against outcomes in metrics aligned with government priority areas.
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 - 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 - 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.