Wilfrid Laurier University

Inspiring Lives of Leadership and Purpose

2022/23 Budget

Board Approved

April 21, 2022 – Board of Governors

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Wilfrid Laurier University 2022/23 Budget

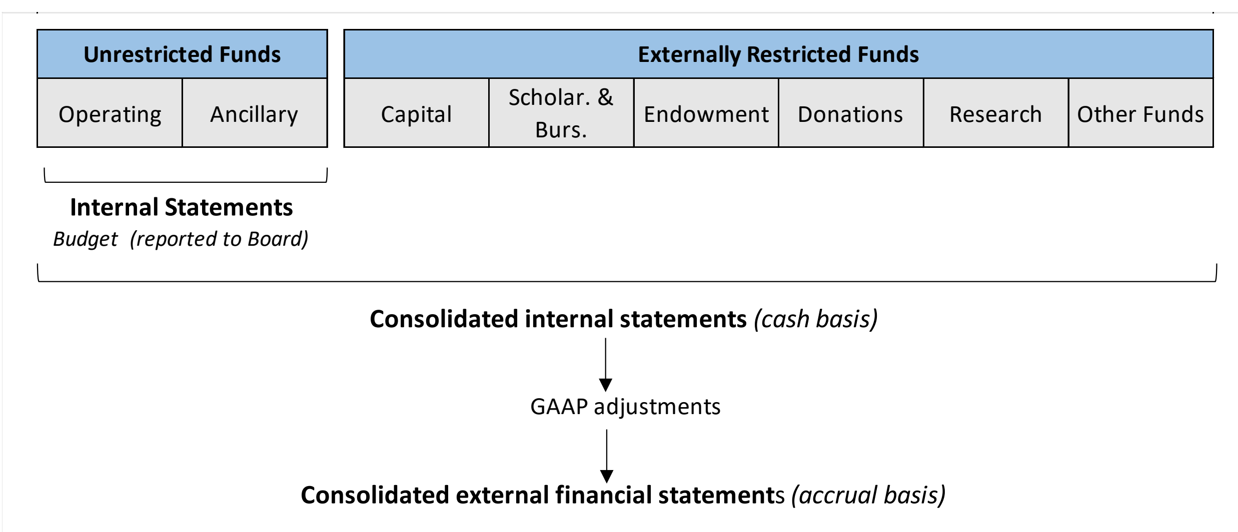
Part A – Overview

Every budget report contains forward-looking information and is based on information available to management at the time of preparation; actual results may vary from these assumptions. In 2022/23, Laurier will enter its third year with a budget set in the context of a global pandemic. While the organization has been successful in mitigating some of the fiscal impacts of the pandemic, this work continues for 2022/23 as we continue progress towards a full return to an on-campus presence.

Laurier is poised to embark upon a number of exciting initiatives which will contribute to its success in a highly competitive sector. Consideration of financial decisions must be made in the context of the organization's strategic mandate, as well as the full financial picture inclusive of capital, reserves, debt, and operating and ancillary services budgets. The Financial Sustainability Project, initiated in fall 2021, will strengthen capabilities in maintaining an up-to-date understanding of this full financial picture. The prioritization and focus on key investments with consideration for revenue generation, cost containment and spending to increase priority services or programs will be critical in optimizing limited resources and safeguarding Laurier's financial health and has served as key principles in the development of the 2022/23 Budget.

This draft report includes the Operating, Ancillary and Capital Funds which are Laurier's largest funds and components of the overall Consolidated Financial Statement Funds. Figure 1 depicts the different funds which are presented annually in the audited financial statements.

Figure 1: *Consolidated Financial Statement Funds*



Prior to the Board of Governors receiving this final Budget, the draft Budget was presented to the Finance, Investments & Property Committee on Mar 24, the Executive and Finance Committee on Mar 28 and to Senate on April 11. Fee information, which is part of the assumptions included in this 2022/23 Budget report, has been included in a separate 2022/23 Fee Report and was presented and approved at the March Board of Governors meeting.

For Approval:

- Operating Budget
- Ancillary Budget
- Capital Budget[1]

For Information:

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

[1] Subject to funding availability and 2021/22 year-end position.

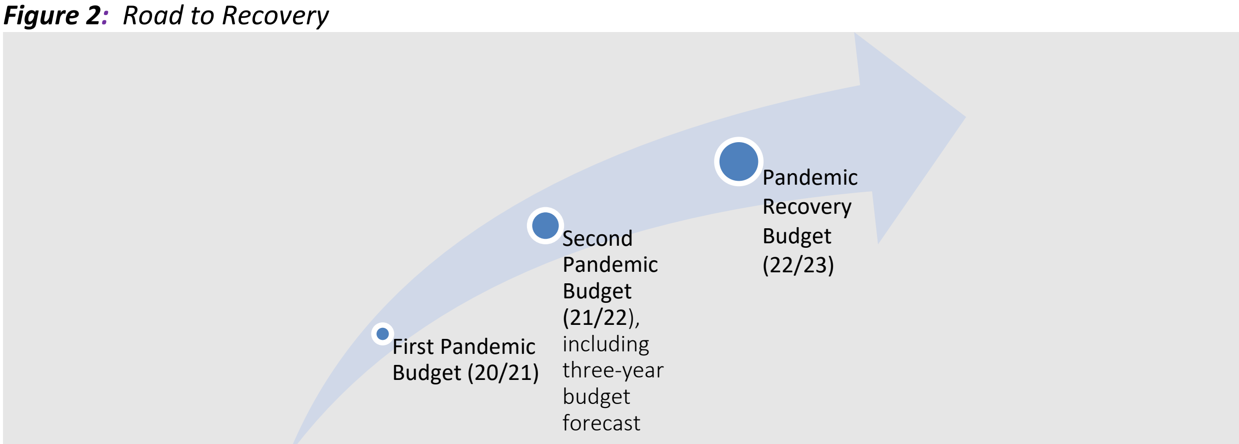
Executive Summary – 2022/23 Budget Highlights

Overall Fiscal Outlook

The assumptions and estimates included in the 2022/23 Operating and Ancillary budgets are based on the information available to management at the time of preparation. The prolonged event of the global Coronavirus pandemic compounded the challenges faced in recent years due to Ontario's tuition rate cut and freeze, Ontario Student Assistance Program (OSAP) funding reductions, and effectively frozen provincial grants tied to performance metrics. Universities across Ontario are facing increased scrutiny on fiscal performance and a greater focus on financial health indicators is expected as part of the province's overall performance management framework. This will require demonstration of effective financial planning which considers the short-term needs articulated in a fiscal year budget, as well as longer term strategies that tie into strategic priorities and capital planning. Throughout our history, the strength of the Wilfrid Laurier University community has allowed us to capitalize on opportunities and prevail over challenges to become a comprehensive, multi-campus institution focused on excellence in academics, a student experience second to none, and a growing research enterprise.

The 2022/23 Budget marks a transition year as we move out of the pandemic and anticipate full on-campus presence to resume in Fall 2022. As the University continues to monitor and align with public health requirements and guidelines, it maintains strong alignment with the organizational mandate and vision as set out on the Laurier Strategy and the Strategic Mandate Agreement.

***Figure 2**: Road to Recovery*



Beyond pandemic recovery, Laurier is faced with frozen tuition and grant values, increasing capital infrastructure needs, continued investment in information technology systems, compounding inflationary pressures and funding requirements for investment in strategic initiatives and programs to succeed in a highly competitive sector.

While Laurier currently meets the minimum benchmark in four out of five financial health indicators and enjoys a DBRS Long Term Debt Rating of "A", consideration of financial decisions must be made in the context of the organization's strategic mandate, as well as the full financial picture inclusive of capital, reserves, debt, and operating and ancillary services budgets.

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

While the Operating, Ancillary and Capital Project budgets are separate in their purpose and oversight, they all serve to support the strategic objectives of the university. Separate and distinct funds are set up with each fund comprised of its own revenue (funding sources) and expenses. The Operating Fund includes unrestricted revenue and expenses that are directly related to the mission of the University. The Ancillary Fund includes self-sustaining operations that are supplementary to the University's operating activities and has a mandate to cover all of its costs with the revenue earned from the specific ancillary operations. The Ancillary budget serves to support the non-academic needs of members of the university community which are a vital complement to the student, staff and faculty experience. The Capital Projects budget provides a prioritized plan for the most immediate capital requirements – ensuring that existing assets are maintained and that the development of new projects is appropriately supported.

The allocation of resources from and across these various budgets considers their distinct revenue sources and expense needs, but also works to mitigate financial risks in any individual budget. The financial strength of Laurier as an entity is determined through the assessment of all funds collectively.

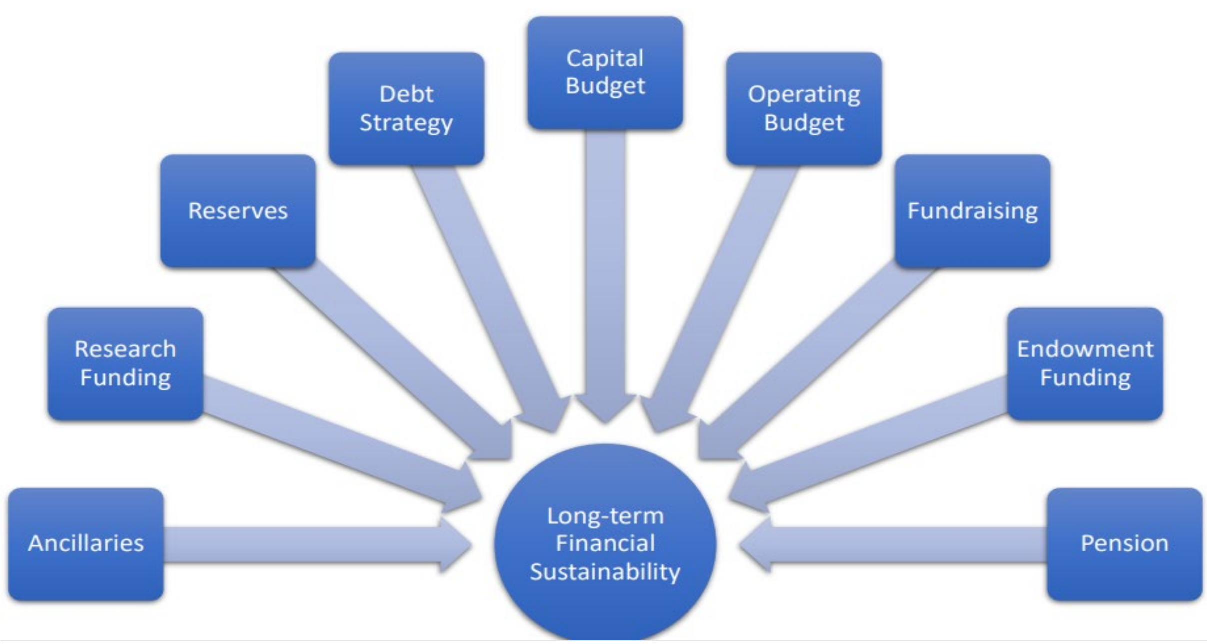
Financial Sustainability

Financial sustainability is a critical enabler that will equip Laurier with the financial strength and capacity to achieve its strategic objectives. Financial sustainability refers to the balance between the revenues available to institutions to support their academic activities and the expenses they incur in delivering their mission.

Laurier has committed to a Financial Sustainability Project (FSP) and the creation of a comprehensive fiscal health and decision analysis tool to support the strategic objectives of the organization through the provision of clear, comprehensive financial information.

The project will include focus on different aspects of overall, long-term financial sustainability as depicted in Figure 3. To support long-term financial sustainability, the 2022/23 Budget includes a surplus which will be targeted to strengthening reserves and supporting capital and strategic projects.

Figure 3: *Financial Sustainability Project Components*



Operating Budget

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

The 2022/23 Budget (as presented in Table 7) shows forecasted total revenues of $332.5 million, an increase of $22.8 million, or 7.4%, over last year's Budget. Tuition revenue has increased significantly by $21.5 million or 12.2% based on significant growth in projected undergraduate enrolment. Government operating grants remaining steady with a slight decrease of $0.2 million.

Total expenditures are forecasted at $330.4 million, an increase of $18.9 million, or 6.1%, over last year. This includes an increase of $12.1 million in total salaries and benefits and an increase of $6.8 million in non-salary expenses.

The 2022/23 Budget being presented is a surplus budget which represents an increase of $3.9 million compared to the 2021/22 budgeted deficit of $1.9 million, and will provide contributions towards strengthening reserves to support future capital and strategic projects.

Ancillary Budget

The Ancillary Services Proposed Budget (as presented in Tables 20 & 21) includes the self-sustaining organizations of Bookstore Operations, Conference Services, Food Services, Off Campus Housing (Ezra Bricker Apartments & Houses), OneCard, Parking Resources, Printing Services and Residence Operations (Waterloo & Brantford campuses).

Most of the ancillary organizations proposed budgets are based on pre-pandemic level of activities.

The revenue of the ancillary enterprises is estimated to increase by 75% from an approved budget of $31.3 million in 2021/22 to $54.9 million in 2022/23, returning to a more normal pre-pandemic budget level. The revenue projections for Residence Operations and Off-Campus Housing are based on full occupancy. Bookstore Operations' revenue projects to return to 2019 levels with modest growth expected at both campus store locations. The revenue projection for Food Services reflects all food outlets operational for in-person activities in addition to the implementation of an increased contract commission negotiated as a result of the pandemic. Parking Resources revenue assumes full resumption of campus parking operations. Printing Services projected revenue reflects a higher fleet print volume for multi-functional devices and pre-pandemic printing opportunities such as support for special events like Homecoming and in-person exams.

Expenses are expected to be higher than 2021/22 with a budget of $50.8 million after transfers in 2022/23. The most significant expense impact is the leasing of additional beds to bring total beds back to a pre-pandemic level to fulfill the first-year residence guarantee as well as additional expenses to support all ancillary operations to align with revenue projections. The contribution directly to the operating fund remains consistent at $0.3 million. The net position after reserves is projected to improve from an approved deficit budget of $11.3 million in 2021/22 to a surplus of $4.1 million in 2022/23.

Capital Projects Budget

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

For the 2022/23 fiscal year, capital project priorities have been identified through the Capital Projects Committee (for Facilities and infrastructure needs) and the ICT Administrative Committee (for ICT projects). A total of $6.51 million of facilities projects and $4.09 million of ICT projects has been identified through these prioritization exercises.

The total funding requirements are to be met through a combination of partner contributions, fundraising, and internal funds. The funding strategy for these projects will be finalized as the 2021/22 year-end position, and any contribution from year-end surplus, is confirmed.

While the Milton Expansion will be a significant capital endeavour, the project is being developed separately with operating and capital budget modeling underway.

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 due to a significant structural deficit that the University was facing in light of changes to tuition policy, which saw a reduction of domestic tuition by 10%, followed by a subsequent and ongoing freeze. During the pause in the Transition Plan, the budget model has remained active and each operating budget includes a full allocation of revenue and expenses by Faculty. The RCM position of each Faculty (whether surplus or deficit) is an important factor in assigning budget targets and in allocating new resources.

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. During the 2022/23 fiscal year, the Provost & VPA and the VP Finance & Administration will be working with the Budget Council, senior leadership, and the university community at large to develop a plan for resuming the transition to full implementation of the RCM budget model.

Part B - Operating Budget

1. 2022/23 Budget Context

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

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

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

Strategic Plan

The University is currently operating under the Laurier Strategy (2019-2024) which outlines the University's high-level priorities for the five-year period. The strategy highlights Laurier's role and responsibility in preparing people to be engaged global citizens who will work to address the world's challenges in the coming decade. The strategy focuses on two distinct themes – thriving community and future-readiness — which positions the University to address societal and sector challenges and harness opportunities by leveraging our foundational strengths in teaching and learning, research, partnerships, and community engagement. For the 2021/22 and 2022/23 years, the Executive Leadership Team is focused on five priorities that fall under the Laurier Strategy: Credential Innovation; Indigeneity and Equity, Diversity, and Inclusion; Innovation and Entrepreneurship, Internationalization; and Multi-Campus Growth & Development. These immediate priorities are critical drivers of 2022/23 resource allocation decisions.

Tuition Framework

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

The MCU released their most recent tuition framework on April 30, 2021, which provides requirements for domestic tuition rates up to and including the 2021/22 academic year. The previous MCU 'Tuition Fee Framework and Ancillary Fee Guidelines' [2019] prescribed a 10% tuition fee reduction in 2019/20 and subsequent tuition fee freeze in 2020/21. Per the 2021/22 framework, domestic tuition rates were to remain frozen. The MCU has not given guidance for domestic tuition rates for years beyond 2021/22. The University is maintaining current domestic tuition levels for 2022/23. When the Ministry releases a new tuition framework for 2022/23, any changes from current levels will be presented to the Board of Governors for approval. With the expectation that the framework will continue to include a provision for a 3% increase for domestic, out-of-province students, Laurier is evaluating the impact of these increases and will be bringing forward a proposal to the governing bodies.

For the 2022/23 budget, undergraduate domestic tuition represents 38.5% of total operating revenue and graduate eligible tuition represents 5.9% of total operating revenue for a total of 44.4% of total operating revenue from grant-eligible tuition fees.

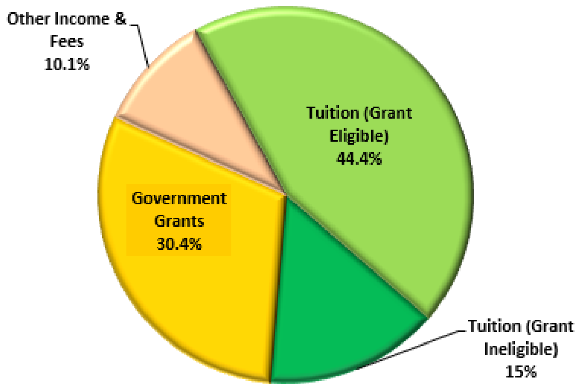


Figure 4: *Breakdown of Total Revenue*

Strategic Mandate Agreement

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

Table 1*: SMA3 Funding Metrics*

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

Additional Metrics for 2022/23	
Skills & Competencies	Methodology under development; to be determined by each university according to criteria provided by MCU

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

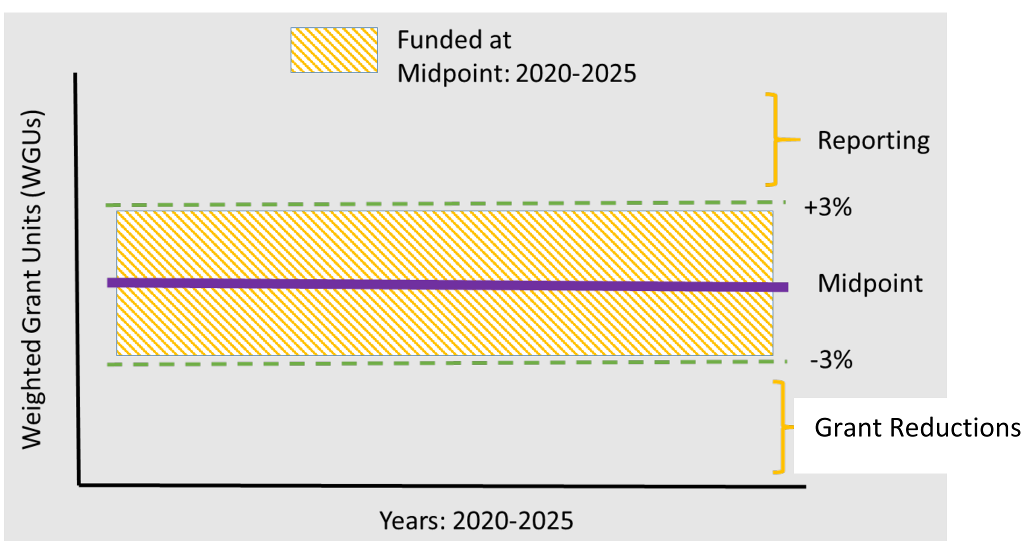
Over the course of the five-year agreement, the proportion of performance/outcomes-based funding included as part of the provincial operating grant was scheduled to increase from 25% in 2020/21 to 60% by 2024/25. In response to the pandemic, the government has announced that for the first two years of the agreement – 2020/21 and 2021/22 – operating grant funding is being de-coupled from the performance metrics. Very recently, MCU has announced that this de-coupling will continue for the 2022/23 year. For final two years of SMA3 (2023/24 and 2024/25), the ramp-up of performance-based funding is being revised to 10% of total grant (~$10 million) and 25% of total grant (~25 million).

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

Figure 5: *Government Corridor Funding Formula Model*



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

Milton Expansion

The Government of Ontario announced its approval on June 17, 2021 for Laurier to develop a new university campus in Milton in collaboration with Town of Milton and Conestoga College. The campus, which is a key element of Laurier's strategic multi-campus growth, will focus on planetary health and offer programming, research and experiential learning in STEAM (science, technology, engineering, arts and mathematics) fields. Academic programming in Milton will strengthen Laurier by diversifying the overall set of programs. Program and campus development are currently underway with a projected campus opening in Fall 2024.

As a multi-campus, multi-community university, Laurier has been working with the Town of Milton since 2008 to bring Laurier's high-quality academic and student experience to this vibrant and fast-growing community, located midway along the Toronto-Waterloo Innovation Corridor. Laurier has had a presence in the Town of Milton for a number of years, currently offering a Master of Education program in Milton as well as an ongoing Laurier Milton lecture series and participating in research and innovation partnerships.

RCM Budget Model

The Responsibility-Centre Management (RCM) budget model calculations continue to be made to allocate revenue and shared services costs across the institution to track the financial position of each Faculty. Currently, the transition plan within the RCM budget model remains paused. This is a continuation of the pause that was enacted mid-way through the 2018/19 fiscal year to enable the University to manage the financial impact of the 10% tuition cut and ensuing freeze. A pause in the transition plan means that Faculties in surplus do not receive the outlined percentage of their surplus. However, it is important to note that the model continues to operate with full allocation of revenue and expenses; the RCM position of each Faculty is an important variable for determining the allocation of budget targets and for evaluating requests for new resources. During the 2022/23 fiscal year, the Provost & VPA and the VP Finance & Administration will be working with the Budget Council, senior leadership, and the university community at large to develop a plan for resuming the transition to full implementation of the RCM budget model. The RCM allocation by Faculty is included in Section 3.3/Table 16.

2. 2022/23 Budget Process

The 2022/23 budget development process was driven by three imperatives:

- Support and maintain excellence in teaching, learning, research, and student engagement;
- Prioritize essential investments that position Laurier for short-term and long-term sustainability and success;
- Support institutional financial sustainability by presenting a balanced budget to Senate and the Board of Governors

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

Budget Co-Chairs

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

Budget Council (BC)

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

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

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

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

Budget Coordinating Team (BCT)

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

Working on the timeline in Figure 6, the ultimate objective of the budget process is to bring forward a recommended budget for consideration by the governing bodies – review and recommendation by Senate and review and approval by the Board of Governors (as depicted in Figure 7).

***Figure 6**: Annual Budget Process Timeline*

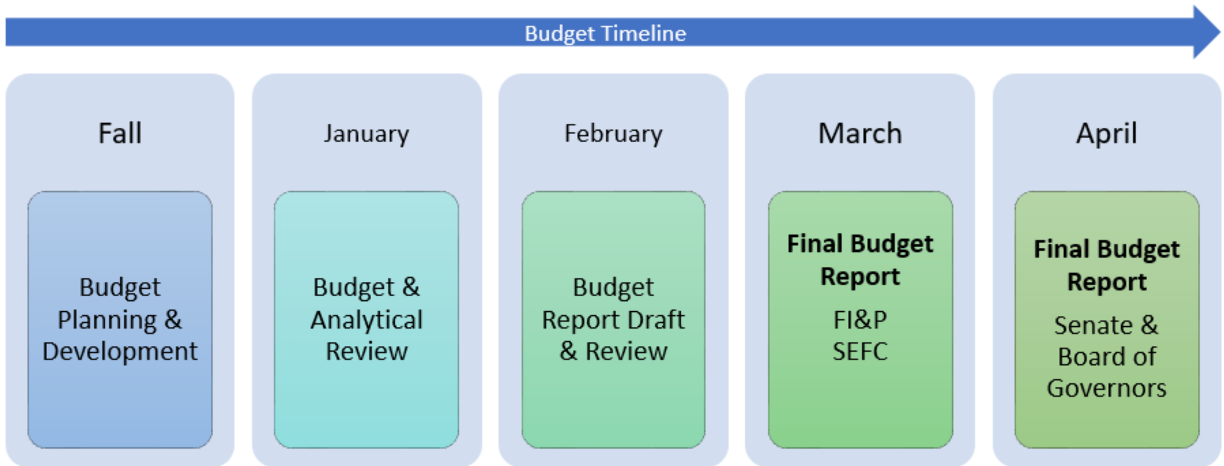
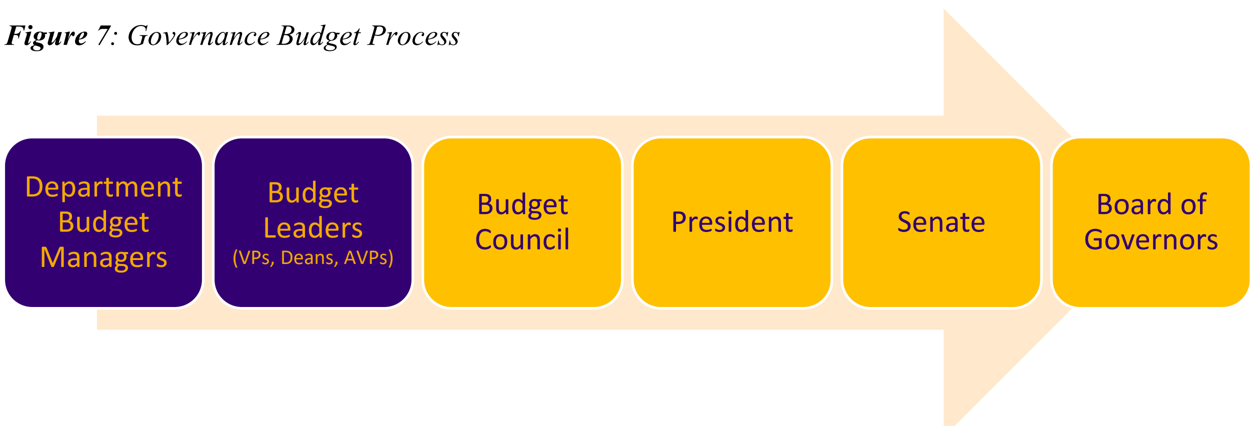


***Figure 7**: Governance Budget Process*



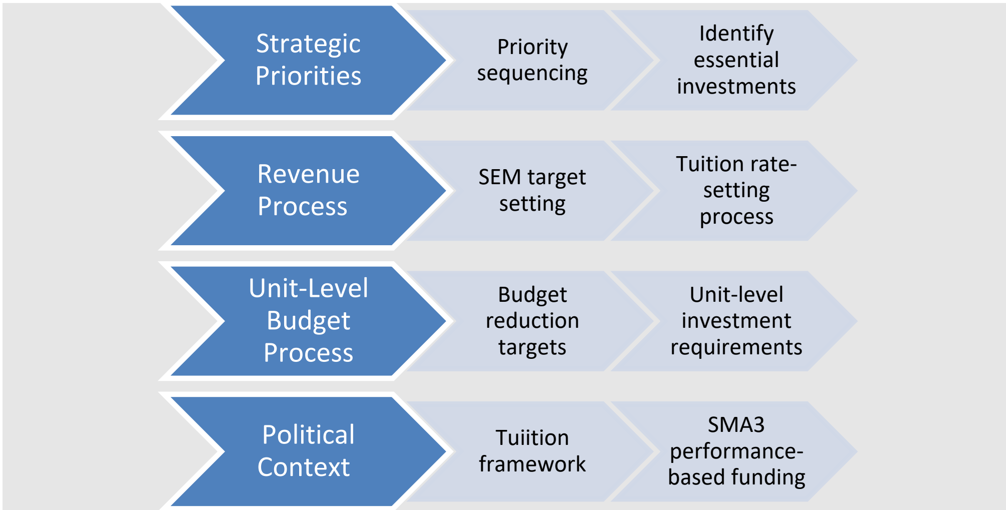
The University is responsible for submitting a budget for consideration by Senate and approval by the Board of Governors.

<u>The 2022/23 budget development process was divided into three phases</u>:

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

Although the budget process is developed through a phased approach with unit leaders across the university, additional parallel processes occur to build understanding of key inputs early in the process resulting in a framework to facilitate highly strategic decision-making on budget priorities.

***Figure 8**: Parallel Process Approach*



Phase I: Budget Planning & Development

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

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

- Identify allocated cost reduction/revenue generation assigned targets under two different scenarios.
- Provide VPs the flexibility to assign differentiated budget targets within their respective unit portfolios to achieve their overall allocated target through Senior Leader discussions on template information.

New investments were identified by the Executive Leadership Team, who adopted an approach aligned with the organization's strategic priorities. Strategic priorities were identified by the Executive Leadership Team.

Phase II: Budget Coordinating Team Review

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

- revenue;
- institutional costs, unit-level and central;
- inflationary salary costs;
- direct costs of teaching;
- budget targets for 2022/23

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

Phase III: Budget Council Review

The Budget Council reviewed the overall financial position of the 2022/23 draft budget through the review of the major revenue and expense drivers outlined above to determine what level of budget target would be required at the university level.

2.1 Revenue Process

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

Operating grants

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

The SMA3 funding model allocates enrolment-driven operating grant within two major components, in addition to special purpose envelopes targeted to specific sector priorities. Within the Enrolment Envelope, the Core Operating Grant (COG) is allocated based on enrolment through the corridor funding model. The Differentiation Envelope is composed of the Performance/Outcomes-based Grant, distributed based on outcomes, measured relative to the achievement of SMA3 metric targets. Due to the uncertainty of the pandemic, the Ministry delayed the activation of performance-based funding and recently extended the delay to cover 2022/23. The Ministry has signalled that it aims to introduce performance-based funding at 10% of total grant in 2023/24, rising to 25% in 2024/25.

Tuition revenue

Revenue from tuition is the product of two inputs – tuition rates and enrolment projections.

Tuition rates

Tuition rates for publicly funded (domestic) students are governed by the Provincial Government's Tuition Fee Framework. At the time of writing, the government has not yet communicated the status of the tuition framework for the coming year. Based on the timing, the university anticipates an extension of the tuition freeze for Ontario students, with a provision for a 3% increase for out-of-province students. This would mirror what occurred last year, when universities were notified on April 30, 2021 that the tuition freeze would continue for 2022/23. Consequently, the university has proposed domestic tuition rates at the same levels as 2021/22 (0% change). With the expectation that the framework will continue to include a provision for a 3% increase for domestic, out-of-province students, Laurier is evaluating the impact of these increases and will be bringing forward a proposal to the governing bodies.

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

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

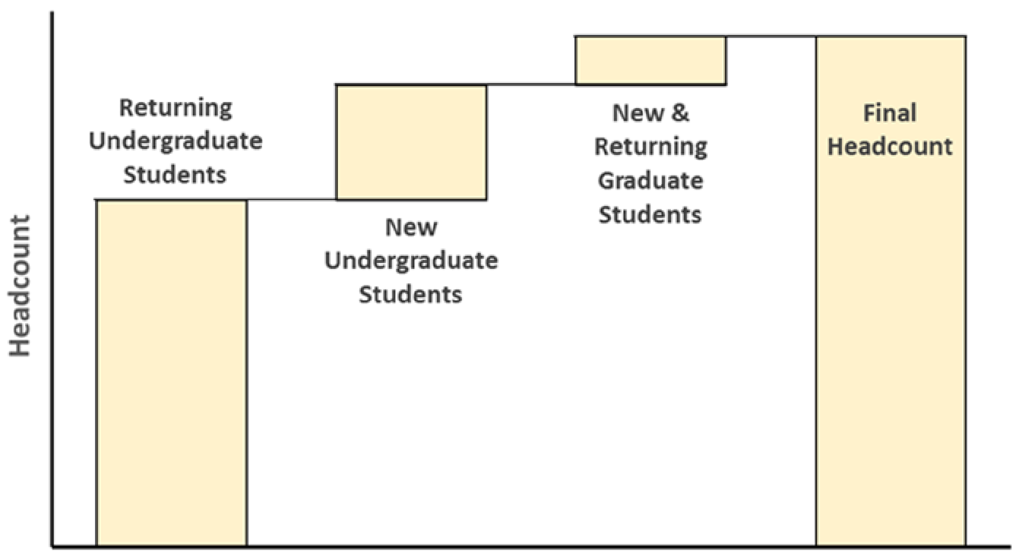
Enrolment projections

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

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

The enrolment plan considers not only new annual intake, but also student retention, which impacts the flow through of students progressing to graduation. Figure 9 is a conceptual depiction of how the various cohorts of students make up the enrolment projection, which drives the total tuition and grant revenue forecast.

***Figure 9*:** Components of Enrolment Forecast *(illustrative example only)*



2.2 Enrolment

The following table illustrates the projected change in total students from 2021/22 to 2022/23:

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

	Total Fall Headcount (FT & PT) *							
	2020-21	2021-22	2021-22	2022-23	2022-23 /2021-22		2022-23 /2021-22	
	Actual	Projected	Actual	Projected	Projected / Projected		Projected / Actual	
Undergraduate					#	%	#	%
Domestic	17,941	17,402	18,833	18,989	1,587	9.1%	156	0.8%
International	1,275	1,190	1,254	1,440	250	21.0%	186	14.8%
Full Time	15,550	15,319	16,173	16,661	1,342	8.8%	488	3.0%
Part Time	3,666	3,273	3,914	3,768	495	15.1%	-146	-3.7%
Graduate								
Domestic	2,055	2,144	2,026	2,045	-99	-4.6%	19	0.9%
International	134	149	150	168	19	12.8%	18	12.0%
Full Time	1,030	1,120	1,035	1,076	-44	-3.9%	41	4.0%
Part Time	1,159	1,173	1,141	1,137	-36	-3.1%	-4	-0.4%
Undergraduate	19,216	18,592	20,087	20,429	1,837	9.9%	342	1.7%
Graduate	2,189	2,293	2,176	2,213	-80	-3.5%	37	1.7%
Total	**21,405**	**20,885**	**22,263**	**22,642**	**1,757**	**8.4%**	**379**	**1.7%**
Domestic	19,996	19,546	20,859	21,034	1,488	7.6%	175	0.8%
International	1,409	1,339	1,404	1,608	269	20.1%	204	14.5%
Total	**21,405**	**20,885**	**22,263**	**22,642**	**1,757**	**8.4%**	**379**	**1.7%**
Full Time	16,580	16,439	17,208	17,737	1,298	7.9%	529	3.1%
Part Time	4,825	4,446	5,055	4,905	459	10.3%	-150	-3.0%
Total	**21,405**	**20,885**	**22,263**	**22,642**	**1,757**	**8.4%**	**379**	**1.7%**

* # of registered students in Fall term

Overall, the total student headcount for Fall 2022 is projected to increase by 379 students or 1.7% over 2021/22. The increase in enrolment is mainly driven by a higher number of continuing domestic students, resulting from significant intake in 2021/22 as well as international growth. Retention among continuing students has improved, in part due to the temporary offering of the credit relief (CR) grading option throughout 2020/21 and 2021/22 (students can convert one half-credit course per term to a 'CR' which does not negatively impact their GPA). Also reflected is an increased intake of graduate students.

Undergraduate (UG) Students:

Total projected undergraduate headcount for Fall 2022 is 20,429 reflecting a 1.7% increase over the prior year. Included is a slight increase in domestic enrolment and a 14.8% increase in international enrolment.

The incoming first year class makes up 30% of the total full-time undergraduate enrolment.The intake target is established through the Strategic Enrolment Mangement Committee.

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

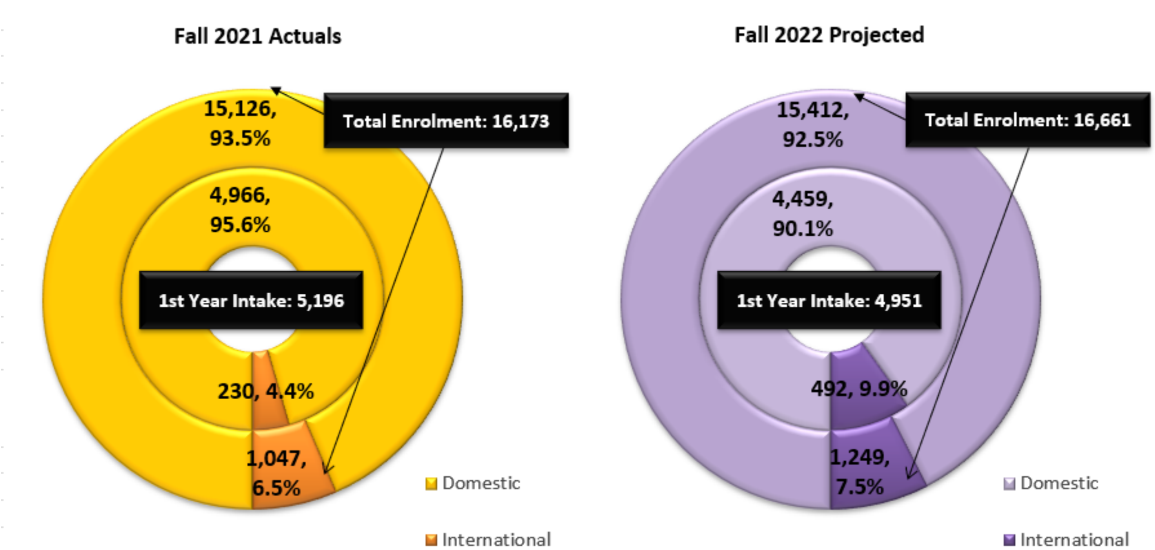
1st Year Fall Full-Time Headcount – Undergraduate				
Fall Full-Time Headcount	**2020 Actual**	**2021 Actual**	**2022 Projected**	**22p vs 21a % Change**
Domestic – 1st entry	3,921	4,811	4,289	-10.9%
International – 1st entry	240	230	492	113.9%
1st entry Sub-Total	**4,161**	**5,041**	**4,781**	**-5.2%**
Domestic – 2nd entry (Bachelor of Education)	71	155	170	9.7%
International – 2nd entry	0	0	0	-
Total	**4,232**	**5,196**	**4,951**	**-4.7%**

The domestic 1st entry projected target shows a decline from the prior year actual results. Those 2021 results represent the largest-ever incoming class, generating a year-over-year comparison decline despite overall undergraduate enrolment growth.

In 2nd entry programs, the Faculty of Education is planning to increase new students by approximately 10%, as the demand for qualified teachers is increasing.

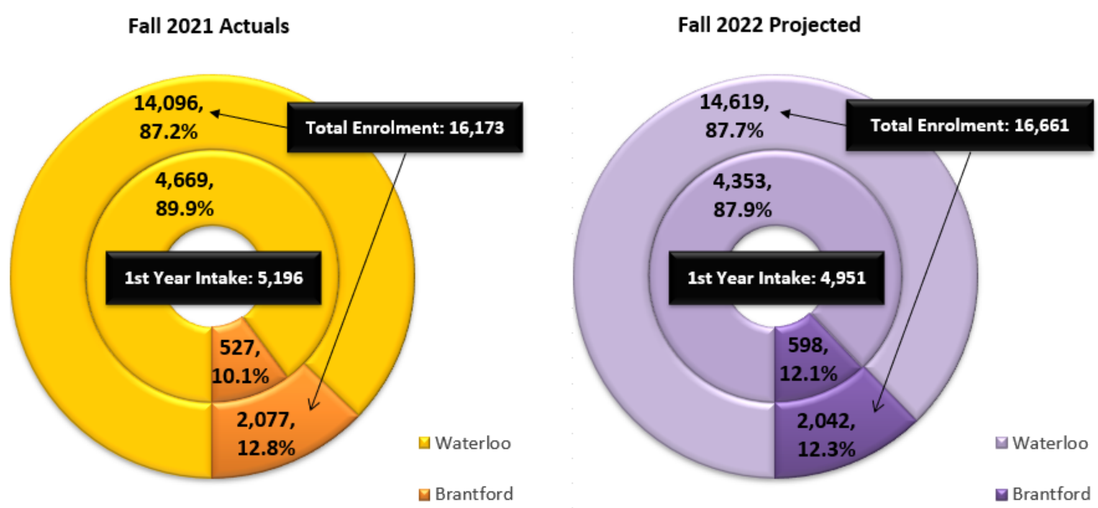
The composition for the projected full-time undergraduate enrolment for both first year intake and overall is displayed by Student Type (Figure 10), by Campus (Figure 11) and by Faculty (Figure 12).

***Figure 10:** Total Undergraduate Full-time Headcount by Student Type*



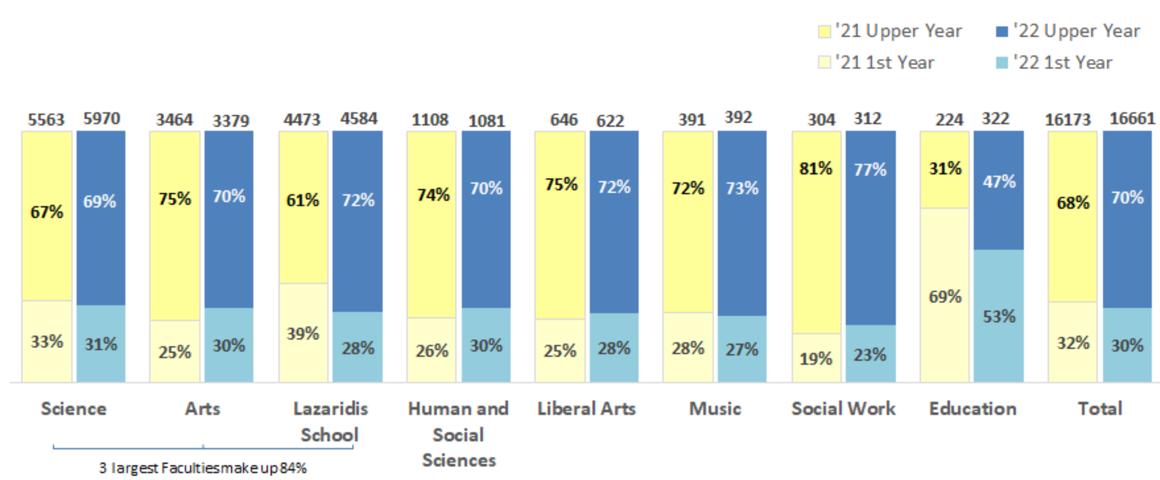
The number of international students in undergraduate programs has grown steadily over the last decade. The above figure demonstrates the breakdown by student type – domestic and international, for both total full-time undergraduate enrolment and 1st year intake in 2021/22 and 2022/23. International full-time students make up 7.5% of the projected full-time undergraduate population; growing from less than 2.0% about 10 years ago.

Figure 11: *Total Undergraduate Full-time Headcount by Campus*



As shown above, the Brantford campus is projecting a 13% increase in intake, aligned with an overall growth strategy for the campus. Intake for the Waterloo campus is shown to be decreasing from the prior year, which was part of the highest-ever incoming class. Strong flow through of continuing students results in overall an increase in total enrolment for the Waterloo campus.

Figure 12: *Total Undergraduate Full-time Headcount by Faculty*



Note: *The Faculty of Education is a two-year program. Enrolment capacity in the Bachelor of Education (B.Ed) program was expanded during 2021/22. The proportion of upper year students in* *the Faculty of Education is projected to increase significantly in 2022/23 as the larger 2021/22 cohort of first year B.Ed students progress to second year.*

The projected overall 3.0% increase in undergraduate full-time enrolment is not distributed evenly across all Faculties. The most significant undergraduate enrolment growth is projected in the Faculty of Education reflecting the expansion of the Bachelor of Education program and the Faculty of Science. Undergraduate enrolment in the other Faculties is projected to remain relatively stable.

Graduate Students:

At the graduate level, student enrolment is projected to increase by 2.9%[2]. The projected increase in enrolment relates mainly to growth in Professional Master's programs.

The composition for the projected Graduate Fall FTE is displayed by program category (Table 4), type of student (Table 5) and by Faculty (Table 6):

***Table 4**: Graduate Fall FTE by Program Category*

Graduate FTE by Program Category				
Fall FTE	**2020 Actual**	**2021 Actual**	**2022 Projected**	**22p vs 21a % Change**
Grant Eligible Programs				
Professional Masters *	488.3	454.2	486.8	7.2%
Research Masters	362.9	384.1	382.5	-0.4%
Doctoral	227.6	223.6	220.6	-1.3%
Grant Ineligible Programs				
Full Cost Recovery **	298.9	315.4	327.2	3.7%
Total	**1,377.7**	**1,377.3**	**1,417.1**	**2.9%**

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

Note: Graduate enrolment is presented in terms of Full-Time Equivalent (FTE) (1 FT graduate student = 1.0 FTE and 1 part-time graduate student = 0.3 FTE)

[2] Consistent with MCU reporting, graduate enrolment is reported as Fall FTEs

***Table 5**: Graduate FTE by Type of Student*

Graduate FTE by Type of Student				
Fall FTE	**2020 Actual**	**2021 Actual**	**2022 Projected**	**22p vs 21a % Change**
Domestic – Grant Eligible	908.7	879.7	914.8	4.0%
Domestic – Grant Ineligible *	337.8	351.1	342.7	-2.4%
International	131.2	146.5	159.6	8.9%
Total	**1,377.7**	**1,377.3**	**1,417.1**	**2.9%**

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

The majority of graduate growth is projected to be in programs eligible for provincial grant funding, with an increase of 35.1 FTE or 4.0% over the prior year.

International graduate enrolment is projected to continue growing in 2022/23, with an increase of 13.1 FTE or 8.9% projected over the prior year.

***Table 6**: Graduate FTE by Faculty*

Graduate FTE by Faculty				
Fall FTE	**2020 Actual**	**2021 Actual**	**2022 Projected**	**22p vs 21a % Change**
Lazaridis School	414.8	371.5	406.2	9.3%
Social Work	319.5	310.2	320.3	3.3%
Science	250	314.3	309.6	-1.5%
Arts	160.5	110.4	113.4	2.7%
Human and Social Sciences	81.9	109.7	108.8	-0.8%
SIPG	47.6	51.3	51.3	0.0%
Music	54.5	47.1	47.1	0.0%
Education	30.3	39.2	39.2	0.0%
Liberal Arts	18.6	23.6	21.2	-10.2%
Total	**1,377.7**	**1,377.3**	**1,417.10**	**2.9%**

In total, graduate enrolment is projected to increase by 2.9%. Across Faculties, enrolment numbers are fairly stable, with the majority of growth from the Lazaridis School. This growth relates to master's programs.

2.3 Expense Process

The current financial expense assumptions incorporate updated salary and benefit information, updated projections including institutional costs, direct costs of teaching, recruitment and student services and new investments in priority areas.

Total expenses for 2022/23 are $332 million. Expenses are categorized as New Investments (including Direct Cost of Teaching, Recruitment, and Student Services), Institutional Costs – Unit Oversight and Institutional Costs – Central Oversight.

New Investments: System Investments and Direct Costs of Teaching, Recruitment & Student Services

The 2022/23 budget includes significant new investments to support revenue growth and the overall quality of teaching, learning, research, and student engagement.

The majority of the new investments fall under the direct costs of teaching. The direct costs of teaching are associated with the creation of new programs and enrolment changes in continuing programs. Senate Academic Planning Committee and Senate review and approve the creation of new programs and the related detailed multi-year budgets. These necessary expenditures on teaching are offset by incremental revenue from the new programs.

Each Dean reviewed their SEM enrolment plans and identified whether the change in enrolment mix required additional direct teaching resources. Discussions between the Deans and the Provost occurred to review the enrolment numbers to determine if those eligible costs would be funded. Examples of direct cost of teaching expenditures may include the hiring of full-time faculty or Contract Teaching Faculty (CTF), the development and delivery of online courses, teaching assistance, lab supervision, support staff, partnerships, lab equipment, space and operating costs.

To support the projected increase in international students, the budget includes investments in recruitment, instructional costs, and student services.

Institutional Costs – Unit Oversight

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

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

Institutional Costs – Central Oversight

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

The central costs (both revenue and expense) were reviewed based on actual experience and/or anticipated future changes and adjusted accordingly. The expected change was reviewed with the

Vice President: Finance & Administration and the Provost & Vice President: Academic and brought to Budget Council for information.

3. 2022/23 Operating Budget

The 2022/23 Operating Budget detailed information is presented in the following pages beginning with a summary of the Operating Budget (Table 7). The summary is broken out into major revenue and expense types with a comparison to the 2021/22 Budget, noting the major changes year-over-year. Additionally, the summary is further broken out into BASE (ongoing revenue and expense components) and One-Time-Only (OTO), time-limited revenue and expense components.

Table 7: *2022/23 Budget by Revenue & Expense*

2022/23 Budget by Expense

In $000's

	Approved Budget 2021/22	BASE Budget 2022/23	OTO Budget 2022/23	Total Budget 2022/23	Change	% Chg
Revenue						
Tuition Fees	176,123	197,661		197,661	21,538	*12.2%*
Enrolment Based Government Grants	101,248	101,077		101,077	(171)	*(0.2%)*
Other Income & Fees	32,282	33,723		33,723	1,441	*4.5%*
Revenue Total	**309,653**	**332,461**		**332,461**	**22,808**	***7.4%***
Salary & Benefit Expenses						
Full/Part Time Faculty Costs	108,027	111,200	954	112,155	4,128	*3.8%*
Full/Part Time Staff Costs	78,524	81,480	1,387	82,867	4,343	*5.5%*
Benefits	25,114	26,329	640	26,968	1,854	*7.4%*
Current Service Costs	18,538	20,296		20,296	1,758	*9.5%*
Pension Plan Deficiency	762	762		762		*0.0%*
Salary & Benefit Expenses Total	**230,965**	**240,067**	**2,981**	**243,048**	**12,083**	***5.2%***
Non-Salary Expenses						
Scholarships & Bursaries	19,822	20,558	53	20,611	789	*4.0%*
Operating Costs	46,307	50,750	1,243	51,992	5,685	*12.3%*
Debt Service	5,733	5,915		5,915	182	*3.2%*
Utilities, Insurance & Taxes	6,699	6,829		6,829	130	*1.9%*
Contingency	2,000	2,000	0	2,000	()	*(0.0%)*
Non-Salary Expenses Total	**80,561**	**86,051**	**1,295**	**87,346**	**6,785**	***8.4%***
Expense Total	**311,527**	**326,118**	**4,276**	**330,394**	**18,867**	***6.1%***
Surplus/(Deficit)	**(1,874)**	**6,343**	**(4,276)**	**2,067**	**3,942**	
Contribution to Operating Reserves	1,000			1,000		
Contribution to Other Reserves [3]				1,067	1,067	
Surplus/(Deficit) After Contributions	**(2,874)**	**6,343**	**(4,276)**	**0**	**2,874**	

[3] Contribution to Other Reserves will be determined through the upcoming Financial Sustainability Project reserve strategy

The figure below depicts the key components contributing to the year over year change as shown in Table 7. The details of these key components are further explained in Sections 3.1 (Revenue Projections and 3.2 (Expense Projections). Positive values indicate a favourable impact to the budget, whereas a negative value indicates an unfavourable impact.

Figure 13: *Key Components of the Budget Build Process*

	BASE	OTO	TOTAL
2021/22 Budget - BASE *	**-2,866**	**0**	**-2,866**
Tuition & Grant Revenue	21,337		21,337
Inflationary Salary Costs	-5,338	102	-5,235
New Investments: System Investments, Direct Cost of Teaching, Student Services, and Recruitment	-5,396	-4,705	-10,101
Institutional Costs	-2,717	-1,174	-3,891
Budget Targets	2,323	0	2,323
Gapping Adjustments	-1,000	1,500	500
2022/23 Surplus / (Deficit)	**6,343**	**-4,276**	**2,067**

** 2021/22 BASE budget of $2,866 is net of $1.0 million contribution to reserves*

3.1 Revenue Projections

Overall, total revenues are expected to increase by $22.8M or 7.4%. Revenues from student tuition fees and government operating grants account for 90% of the total operating revenues. The following provides a comprehensive review of each major component of operating revenues and the factors causing the change from the previous year.

3.1.1 Tuition Revenue

Total tuition revenue is the product of two inputs – enrolment projections and tuition rates. The process of how each input is determined is described in Section 2.1. Table 8 breaks out the tuition revenue components. Total tuition revenue is projected to increase by $21.5M or 12.2%.

***Table 8**: Budgeted Operating Revenue Components*

	Enrolment (UG Fiscal FTE & GR Fall FTE)				
	2020-21	2021-22	2022-23	2022-23 /2021-22	
	Actual	Projected	Projected	YoY Change	
Undergraduate				#	%
Domestic	17,460	16,685	18,378	1,693	10.1%
International	1,339	1,249	1,518	269	21.6%
Full Time	15,883	15,419	16,933	1,514	9.8%
Part Time	2,917	2,515	2,964	449	17.8%
Graduate					
Domestic	1,247	1,324	1,258	-67	-5.0%
International	131	148	160	12	8.1%
Full Time	1,030	1,120	1,076	-44	-3.9%
Part Time	348	352	341	-11	-3.1%
Undergraduate	18,799	17,934	19,896	1,963	10.9%
Graduate	1,378	1,472	1,417	-55	-3.7%
Total	**20,177**	**19,405**	**21,313**	**1,908**	**9.8%**
Domestic	18,707	18,009	19,636	1,627	9.0%
International	1,470	1,396	1,678	281	20.2%
Total	**20,177**	**19,405**	**21,313**	**1,908**	**9.8%**
Full Time	16,913	16,539	18,009	1,470	8.9%
Part Time	3,264	2,867	3,305	438	15.3%
Total	**20,177**	**19,405**	**21,313**	**1,908**	**9.8%**

	Preliminary Tuition (in $000's)				
	2020-21	2021-22	2022-23	2022-23 /2021-22	
	Actual	Projected	Projected	YoY Change	
Undergraduate				#	%
Domestic	$119,891	$115,205	$128,127	$12,921	11.2%
International	$35,013	$36,064	$45,217	$9,154	25.4%
Full Time	n/a	n/a	n/a	n/a	n/a
Part Time	n/a	n/a	n/a	n/a	n/a
Graduate					
Domestic	$19,723	$20,777	$19,546	-$1,231	-5.9%
International	$3,746	$4,077	$4,770	$693	17.0%
Full Time	n/a	n/a	n/a	n/a	n/a
Part Time	n/a	n/a	n/a	n/a	n/a
Undergraduate	$154,904	$151,269	$173,344	$22,075	14.6%
Graduate	$23,469	$24,854	$24,316	-$537	-2.2%
Total	**$178,372**	**$176,123**	**$197,661**	**$21,538**	**12.2%**
Domestic	$139,614	$135,982	$147,673	$11,691	8.6%
International	$38,759	$40,141	$49,988	$9,847	24.5%
Total	**$178,372**	**$176,123**	**$197,661**	**$21,538**	**12.2%**
Full Time	n/a	n/a	n/a	n/a	n/a
Part Time	n/a	n/a	n/a	n/a	n/a
Total	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**

Undergraduate domestic tuition revenue

Undergraduate domestic tuition revenue is forecasted to increase by $12.9M or 11.2% over the prior year. This is consistent with the projected increase in the number of students above, and a flat tuition rate change of 0.0% for domestic students.

Undergraduate international tuition revenue

Undergraduate international tuition revenue is forecasted to increase by $9.2M or 25.4% over the prior year. This is consistent with the projected increase in students and an increase in the average tuition rate of 5.0% for international students.

Graduate tuition revenue

Graduate tuition revenue is forecasted to decrease by $0.5M or 2.2% over the prior year, reflecting a decrease in projected enrolment when compared to prior year projections.

Other

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

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

3.1.2 Government Grants

Table 9 outlines the major sources of government grant funding in fiscal 2022/23.

Table 9: *Major Sources of Government Grant Funding*

Major Sources of Government Grant Funding				
Budget *(In 000's)*	**2021/22 Budget**	**2022/23 Budget**	**Change**	**%**
Enrolment Envelope (Core Operating Grant)	68,071	57,126	-10,945	-16.1%
Differentiation Envelope (Performance/Outcomes Based Grant)	35,513	46,458	10,945	30.8%
International Student Recovery	-974	-1,182	-208	21.3%
Institutional Total	**102,610**	**102,403**	**-208**	**-0.2%**
Allocation to Martin Luther University College	-1,390	-1,326	65	-4.6%
Total	**101,220**	**101,077**	**-143**	**0.2%**

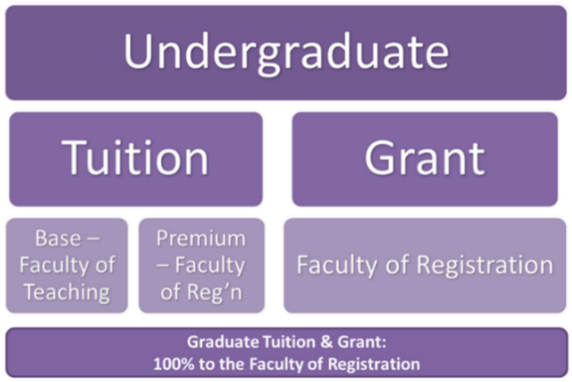
The total revenue from the government operating grant remains flat due to the SMA3 performance/outcomes-based funding system. As 2022/23 is the third year of SMA3, the proportion of funding allocated to the Differentiation Envelope is significantly higher than in 2020/21, reflecting the scheduled increase in the percentage of performance-based funding.

The slight decrease of $143K or 0.2% in total government operating grant in 2022/23 over 2021/22 is a result of the increased International Student Recovery (ISR) obligation; partially offset by the reduced grant allocation to Martin Luther University College. Of the total operating grant, approximately 87% relates to undergraduate enrolment.

3.1.3 Total Revenue by Faculty

Laurier's RCM budget model allocates revenue based on student activity. A base undergraduate tuition amount is allocated to each Faculty based on teaching activity. Operating grant and any undergraduate 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:

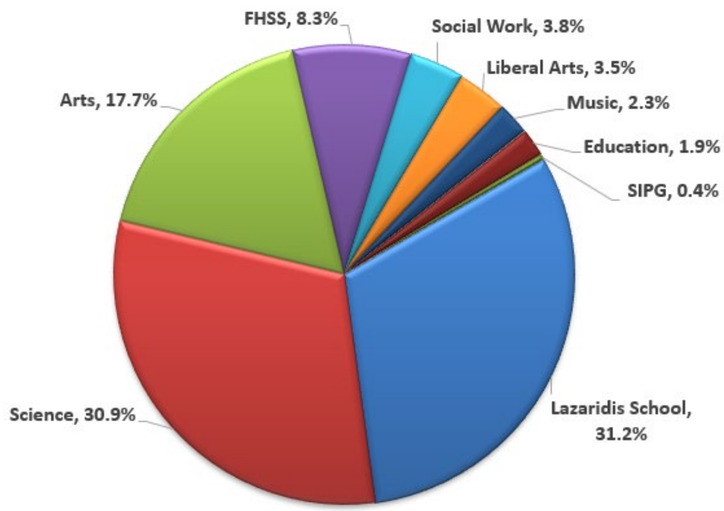
Table 10: *Total Revenue by Faculty*

Total Tuition & Grant by Faculty (In Millions)				
Faculty	**2021/22**	**2022/23**	**Change**	**%**
Arts	55.4	52.8	-2.6	-4.7%
Lazaridis School	83.8	93.2	9.3	11.2%
Education	5.2	5.8	0.6	11.8%
FHSS	22.9	24.8	1.9	8.2%
Liberal Arts	9.5	10.5	1.0	10.6%
Music	6.8	6.8	-0.1	-1.2%
SIPG	1.4	1.2	-0.2	-12.4%
Science	79.1	92.3	13.2	16.7%
Social Work	13.2	11.4	-1.8	-13.8%
Total	**277.3**	**298.7**	**21.4**	**7.7%**

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 mitigate the impact of the eligible tuition policy through increased enrolment, change in student mix and increases in international tuition rates.

Table 10 includes the impact of the Department of Geography & Environmental Studies moving from the Faculty of Arts to the Faculty of Science (effective July 1, 2021), resulting in a decrease in students for the Faculty of Arts and an increase for the Faculty of Science. Revenue growth in Science and the Lazaridis School also reflects growth in new international students and continuing domestic students. The significant increase in new and continuing in Bachelor of Education students is reflected in the year-over-year revenue growth for the Faculty of Education.

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



Other Income & Fees

Other income & fees are expected to increase $1.4 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 continuing education. Additionally, this year, the main contributors to the overall net increase include:

Positive contributors:

- In 2021/22, the pandemic continued to have implications on Athletics revenue for the second consecutive year. It is assumed that for the 2022/23 budget, revenue will resume to its pre-pandemic level. This increase accounts for approximately $1.0 million year over year revenue change.
- Increase in One Market rent revenue of $0.6 million due to an increase in revenue from leases.
- Increase in Faculty of Social Work professional development revenue ($0.1 million).
- The remaining contributors offsetting the positive contributors relate to changes less than $0.1 million.

3.2 Expense Projections

Total expenses are expected to increase by $18.9 million (6.1%). 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 New Investments: System Investments and Direct Cost of Teaching, Student Services, and Recruitment

Direct teaching costs result from the creation of new programs and from significant changes in student enrolment. A significant shift, such as the projected increase in international students, results in increased costs for recruitment and student service. Based on the significant increase in tuition revenue projected for 2022/23, the budget includes investments in critical areas to ensure the continued quality of teaching and learning and the overall student experience. As a talent driven organization, investments in positions across the university in both faculty and staff are a major focus of these new investments.

***Table 11**: New Investments*

				FTE	
In 000's	**BASE**	**OTO**	**Total**	**Faculty**	**Staff**
Full-time Faculty	1,723	1,725	3,448	16	
Contract Teaching Faculty	165	504	669 *		
Program Operations	1,663	2,477	4,140		14
Recruitment & Student Services	1,843	-	1,843		5
Total New Investments	**5,394**	**4,706**	**10,100**	**16**	**19**

***** Corresponds to 73 CTF stipends

3.2.2 Institutional Costs – Unit Oversight

Institutional costs with unit oversight are costs that are directly attributed to a unit, and the unit has the responsibility to oversee the cost. However, the unit has limited control over how the cost may increase or decrease. Reflected below are the changes that have been incorporated into the budget. In Table 12, a positive figure indicates an increase in expense, whereas a negative figure indicates a decrease in expense. The total impact of institutional costs (unit oversight) was unfavourable at $3.1 million, with the majority attributable to scholarships.

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

In 000's		BASE	OTO	Total
Expense	Scholarships	2,109	53	2,161
	Foreign Exchange		873	873
	Digital Strategy	423		423
	Investments in Technology	117		117
	Academic Support	73		73
	Operations	-525	50	-475
	Contractual Obligations	-42	-4	-46
Total Impact on Operating Budget		**-2,154**	**-972**	**-3,126**

3.2.3 Institutional Costs – Central Oversight

Institutional costs with central oversight are costs that cannot be directly attributed to any one unit. These costs are reviewed centrally for any changes that may cause the cost to increase or decrease. Reflected below are the changes that have been incorporated into the budget. In Table 13, a positive figure indicates an increase in revenue/expense, whereas a negative figure indicates a decrease in revenue/expense. The total impact of changes to institutional costs (central oversight) was slightly unfavourable at $166,000.

***Table 13**: Institutional Costs – Central Oversight*

In 000's		BASE	OTO	Total
Revenue	Bank Interest Income	-445		-445
	Internal Loan Interest Revenue	460		460
	Contribution to Operating Fund	-70		-70
	Change in Revenue	**-55**	**0**	**-55**
Expense	Bank Charges	32		32
	Supplemental Pension Arrangement	-84	202	118
	Debt Service Cost	182		182
	Internal Loan Interest & Principle	-220		-220
	Change in Expenses	**-91**	**202**	**111**
Total Impact on Operating Budget		**36**	**-202**	**-166**

3.2.4 Budget Targets

The preliminary 2022/23 forecast reflected an operating deficit even before considerations for contributions to capital and strategic priorities. Additional tactics were required to achieve a balanced budget and support the achievement of Laurier's strategic objectives.

Through the budget template process, each AVP/Dean was asked to model a 1% and 2% budget target scenario identifying specific activities that would contribute to meeting the unit's budget target through cost reduction and/or revenue generation. The template information was for modelling purposes only to inform potentially differentiated targets within the overall VP (or equivalent) portfolio.

In order to determine the overall level of budget targets required, the Budget Co-Chairs and Budget Council reviewed the overall financial position of the 2022/23 draft. Based on the key components of the budget and the resulting deficit position, it was determined that an overall budget target of 1% was necessary. To achieve this overall target, some differentiation between VP portfolios was recommended to moderate the impact to smaller VP portfolios which had less flexibility in their budgets, and where even small targets can have significant impacts on operations.

Figure 17 outlines the distribution of the $2.3 million budget target across the VP portfolios. Figure 18 shows the breakdown of the Operating Units targets by category and highlights the type of activity that is planned to realize the budget target.

***Figure 17**: Budget Targets by VP Portfolio*

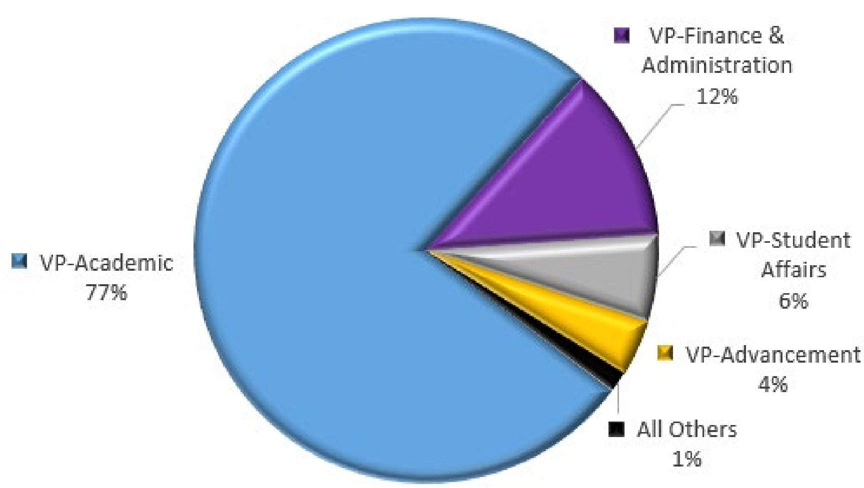
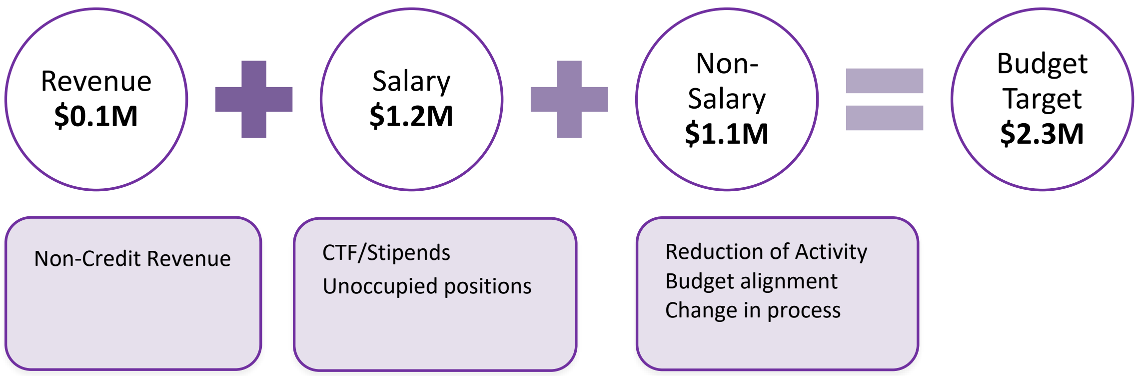


***Figure 18**: Unit Budget Targets by Category*

The salary targets represent a mix between academic and administrative units. All of the savings will be leveraged through anticipated vacancies, contract positions, and positions not currently occupied.



3.2.5 Central Review of Preliminary Deficit Position

As in previous years, the Budget Coordinating Team completed a comprehensive review of central and institutional items to identify potential savings and deficit reduction opportunities. The focus continues to be on reducing fiscal conservatism to bring the budget as close as possible to projected actuals; and to reduce the level of unit-level budget targets.

3.2.6 Commentary to 2022/23 Budget by Expense

This section provides detailed commentary to the 2022/23 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 7 for 2022/23 as compared to the 2021/22.

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 ($243 million or 73%).

The salary and benefit assumptions include Bill 124, legislation capping salary rate increases at 1%. The salaries & benefits increase of $12.1 million or 5.2% over the previous year, is a result of the following major salary and benefit related budget components:

<u>Full/Part Time Faculty Costs – Increase of $4.1 million</u>

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 $2.4 million change year over year. Offsetting this increase was salary savings of $0.85 million related to the overall university 1% budget target. The salary savings were all related to positions not currently occupied and anticipated vacancies. The remaining decrease in salary related to $0.5 million in OTO salary expenses that occurred in 2020/21.

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

- The base gapping adjustments (budgeting of projected salary underspending) incorporated into the 2021/22 budget have been reduced by 50% and converted from base to OTO. The shift from base to OTO is to simplify the reporting and tracking of salary expenditures. The 50% decrease is based on the quarterly management reporting to date.

Full/Part Time Staff Costs – Increase of $4.3 million

Compensation increases of $1.7 million from known and expected salary rate increases as per collective agreements are the largest cost driver of this budget category. Additionally, direct cost of teaching accounted for a $2.3 million change year over year. This year, resources related to new investments contributed $0.7 million. Offsetting this increase was salary savings of $0.2 million of which were all related to positions not currently occupied and anticipated vacancies, as well as other OTO salary expenses of $0.5 million that occurred in 2020/21.

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

- The base gapping adjustments (budgeting of projected salary underspending) incorporated into the 2021/22 budget have been reduced by 50% and converted from base to OTO. The shift from base to OTO is to simplify the reporting and tracking of salary expenditures. The 50% decrease is based on the quarterly management reporting to date.
- Anticipated costs associated with the implementation of the WLUSA/OSSTF Job Evaluation Plan estimated to be $0.1 million more than originally budgeted

Benefits – Increase of $1.9 million

Statutory & fringe benefits is the main component and is based on the current and projected increase in the faculty and staff complement. This budget is estimated on an average percentage rate. Other benefits such as retirees, maternity, tuition exemptions and the supplemental pension arrangement have been adjusted to reflect current actual spend.

Pension Plan: Current Service Costs & Pension Plan Deficiency – Increase of $1.8 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 earnings.

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 last 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.

The 2022/23 Budget contains a provision of $0.8 million in Going Concern Deficit special payments and current service costs of $20.3 million, based on our valuation in 2019.

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

At June 30, 2021, the estimated Going Concern deficit of approximately $24.2 million would result in special payments of $3.2 million to begin April 30, 2023. The University Normal Cost for the Minimum Guarantee Pension would increase from 3.2% to 4.12% of pensionable earnings. Based on projected earnings at April 30, 2022 there could be an increase of approximately $1.8 million over the current normal cost. The University money purchase cost would remain at 7% of earnings and we would continue to have no solvency special payments due to the solvency funded position remaining in excess of 85%.

Non-Salary Expenses

This category, which includes a number of non-salary budgets, increased by $6.8 million year-over-year. The following explains the main cost category changes:

Scholarship & Bursaries - Increase of $0.8 million

Undergraduate level scholarships increased for two main reasons. First, the proportion of new first-year students who received an entrance scholarship has remained higher than average during 2020/21 and 2021/22 because of strong high-school grades of incoming students during the pandemic. This has resulted in a greater volume of entrance scholarships awarded, and at higher average award values. We expect this trend to continue into 2022/23. Second, Laurier introduced a new Entrance Scholarship grid in 2021 to increase award value for high-performing incoming students as they launch their post-secondary career. The award values for incoming students achieving 85-89.9% and 90-94.9% were both increase by $1,000. The updated Entrance Scholarship grid remains in effect for 2022/23. Scholarship costs are informed by award rate (%), award value ($), and enrolment levels.

Operating Costs - Increase of $5.7 million

This category includes a multitude of accounts across all units within the University. The largest categories with budget exceeding $3.0 million include Externally Contracted Services, Equipment/Software, Deferred Maintenance, Library Acquisitions, Online Partner Revenue, and Equipment/Operating Renewal.

The major changes in operating costs were attributed to the following:

Travel Expenses – Increase of $2.0 million

- The travel budget for 2022/23 assumes moving back to more of a normal pre-pandemic travel activity level. The 2021/22 budget reflected $2.0 million in OTO budget savings which reflected the continued travel pandemic restrictions last year.

Other COVID-19 Pandemic Savings – Increase of $2.0 million

- The 2022/23 Budget assumes that the anticipated continued savings that were incorporated into 2021/22 on a OTO basis are returning back to more of a normal pre-pandemic level.

Recruitment – Increase of $1.5 million

- Increased costs for recruitment resulted from a significant projected increase in international students

3.3 Budget by Faculty

Table 14 summarizes the Faculty allocation under the RCM Budget model.

Table 14: *2022/23 Budget by Faculty*

2022/23 Budget by Faculty *(In 000's)*

	FACULTIES									
	Arts	Lazaridis	Education	HSS	Liberal Arts	Music	SIPG	Science	Social Work	Total
Tuition & Grant Revenue	52,761	93,170	5,793	24,824	10,538	6,757	1,204	92,271	11,419	298,737
Non-Tuition & Grant Revenue	862	3,674	145	50	28	1,028	0	723	2,106	8,617
Total Revenue	**53,622**	**96,844**	**5,938**	**24,874**	**10,566**	**7,784**	**1,204**	**92,994**	**13,525**	**307,353**
Total Direct Costs	34,886	51,220	4,086	11,547	8,970	9,101	3,672	42,169	11,687	177,339
Contribution Margin	**18,736**	**45,624**	**1,852**	**13,327**	**1,596**	**-1,317**	**-2,468**	**50,825**	**1,838**	**130,014**
Shared Service Allocation	27,801	33,446	1,508	8,435	4,958	5,122	696	33,912	5,393	121,272
University Fund Revenue Assessment (8%)	4,221	7,454	463	1,986	843	541	96	7,382	914	23,899
Bottom-Line Position	**-13,285**	**4,724**	**-119**	**2,906**	**-4,205**	**-6,979**	**-3,261**	**9,532**	**-4,469**	**-15,157**

University Fund Components:	
Unattributable Revenue	4,819
University Fund Assessment (8%)	23,899
Faculty Surpluses	17,161
University Fund In-Flows	**45,879**
Institutional Cost - Central Oversight	11,198
Subvention Funds	32,319
Direct Attribution	296
Total University Fund Out-Flows	**43,812**
University Fund Balance	**2,067**

The contribution margin after shared services costs, but before University Fund assessment, is $8.7 million.

The University Fund revenue assessment of $23.9 million flows into the University Fund. The other components of the University Fund are unattributable revenue, Faculty surplus and subvention funds and institutional costs. The net University Fund balance is $2.1 million.

The bottom-line position of each Faculty reflects net changes in revenue, direct costs and the shared service allocation. Table 10 provides the revenue change by Faculty. The change in revenue is a result of enrolment changes offset by a frozen domestic tuition fee and operating grant. The direct costs change is a result of increases in salary costs (see section 3.2.7) and new direct costs (Table 11) offset by the budget reductions. (Figure 18).

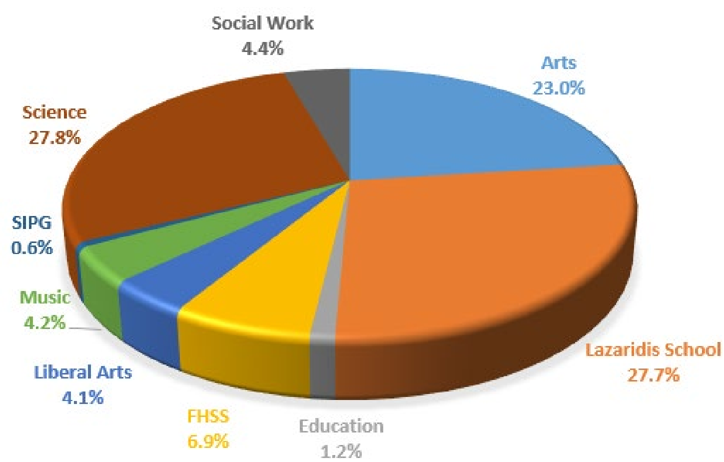
3.3.1 Shared Service Allocation

Table 15: Shared Service Allocation *(In 000's)*

Cost Pool	Departmental	Institutional: Unit Oversight	Total 2022/23
Central Support Services	20,962	4,362	25,324
Development & Alumni	4,541	-	4,541
Faculty, Staff & Student Services	21,101	19,863	40,964
Occupancy	17,402	8,423	25,825
Research Support	1,291	-	1,291
Scholarships & Bursaries	137	6,225	6,363
Student Support	16,414	550	16,964
Total	**81,849**	**39,423**	**121,272**

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

Figure 19: *Shared Service Allocation by Faculty*



Part C – Reserves

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

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

Reserves are regularly monitored and will be replenished through deliberate contributions from operating surpluses in coming years.

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

The reserve strategy will be coming as part of the Financial Sustainability Project.

The table below indicates forecasted reserve balances for 2021/22.

Table 16: *Internally Restricted Net Assets*

Summary *(In 000's)*	**Apr 2022** *(forecast)*	**Apr 2021**	**YoY Change**
Carryforward/Retained Surplus	12,290	13,495	-1,205
Operating Specific Reserves	9,756	9,756	0
Operating General Reserves	2,780	1,780	1,000
Major Repairs and Maintenance	8,088	8,088	0
Equipment Replacement and Renewal Fund	2,402	2,382	20
Research Reserves	4,320	4,320	0
Ancillary Reserves	-8,512	-9,786	1,274
Sinking Fund	23,550	22,550	1,000
Post-Employment Benefits, Net of Internal Loans	0	778	-778
Internally Restricted Net Assets	**54,674**	**53,363**	**1,311**

The Operating General Reserve balance has increased due to a deliberate contribution to reserves starting in 2021/22 of $1.0 million. As University operations transition from a reduced on-campus presence due to the pandemic, Ancillary reserves should continue to positively improve. The 2022/23 Operating and Ancillary budgets include deliberate contributions to reserve. The operating budget is intended to deliver a surplus which will strengthen reserves that have been depleted in recent years. As these reserves are replenished, they will be available to support strategic and capital projects. The Ancillary fund will make contributions to the ancillary reserve in order to recover the deficit position and will also make specific contributions for the purposes of deferred maintenance to support the infrastructure needs of ancillary services. This practice of regular contributions to reserves serves to strengthen the overcall financial sustainability of the organization.

Part D – Multi-Year Operating Budget Forecast

A multi-year planning approach is critical for ensuring institutional success and sustainability. The 2021/22 budget includes significant revenue generation and cost containment that place the institution on a positive trajectory. Going forward, it will be essential not only to balance the budget, but to generate sustained and predictable operating surpluses to support capital projects and strategic initiatives, and to reduce the institution's debt burden.

The Multi-Year Operating Budget model starts with 2021/22 Budget as the base and consistently applies assumptions used in developing the 2022/23 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; and strategic investments have been incorporated in varying degrees within each scenario.

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 2022/23 Operating Budget. Users of this information are cautioned that actual results may vary.

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

Base Scenario: the 'most likely' scenario based on current knowledge
Scenario 1: represents the impact of financially favourable[4] budget assumptions
Scenario 2: represents the impact of financially unfavourable[4] budget assumptions

Table 17: *Multi-Year Assumptions*

Enrolment:	BASE	Scenario 1	Scenario 2
Undergraduate: 1st year domestic intake (full-time headcount)	Stable at medium-term average (~4,300)	Increase to 4,500 by 24/25 and stabilize	Stable at 4,000
Undergraduate: 1st year international intake (full-time headcount)	Increases to 800 by 26/27	Increases to 800 by 25/26	Incremental growth to 550 by 26/27
Graduate: full-time domestic enrolment	increases to 1,200 by 26/27		
Graduate: part-time domestic enrolment	increases to 1,300 by 24/25		
Graduate: international enrolment	steady at 21/22 levels		
Student retention	remains steady at current levels		

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

Enrolment Commentary:

- The enrolment projections that are the foundation of the multi-year revenue scenarios are based on a set of potential outcomes given our current plans and knowledge. For this year's multi-year forecast, we have introduced scenario-specific assumptions for undergraduate enrolment (domestic and international) to reflect the very significant financial impact of undergraduate enrolment. The enrolment levels have been factored into the projections for related increases in direct costs of teaching, student services, and scholarships and bursaries.

Tuition Rate: (annually)	BASE	Scenario 1	Scenario 2
UG Domestic tuition increase	1.0%	2.0%	0.0%
UG International tuition increase	5.0%		
Graduate Domestic tuition increase 23/24	1.0%	2.0%	0.0%
Graduate Int'l tuition increase: research programs	2.0%		
Graduate Int'l tuition increase: professional programs	5.0%		

Tuition Commentary:

- Because the government has not yet released a new tuition framework, there is significant uncertainty about what increases will be permitted in future years. The range of likely outcomes is captured across the three scenarios.
- International tuition increases are in line with increases approved in recent years, as informed by ongoing market analysis.

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

Operating Grant Commentary:

- As described at the beginning of Part B: Operating Budget, the government has de-coupled operating grant funding from the performance metrics for 2020/21 and 2021/22 and recently extended this de-coupling to cover 2022/23. During the upcoming year, we will receive more information about the timing and format of the resumption of performance-based funding.
- The projected operating grant includes the relevant adjustments to account for the increase in the International Student Recovery as international enrolment increases.

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

Salary & Benefits Commentary:

- Salary increases are capped at 1% due to Bill 124 legislation during the 3-year moderation period. Outside of the moderation period, the base and Scenario 2 assume the percentage may increase, as it has been frozen for a number of years. For Scenario 1, different rates are possible as uncertainty exists after this moderation period.

- The Pension Service cost/pension deficiency assumption included in all scenarios is based on actuarial estimate. A conservative approach is being used and more will be known closer to the actual valuation date. Section 3.2.7 explains the Pension Plan: Current Service Costs & Pension Plan Deficiency in more detail.

Non-Salary Expenses:	BASE	Scenario 1	Scenario 2
Strategic Investments	\$1.5 - \$0.75 million OTO	\$1.5 million OTO	\$0
Inflation	2%		

Non-Salary Expenses Commentary:

- Strategic investments are included for the base case and scenario 1 to recognize the ongoing importance of pursuing new opportunities and investing to respond to technological change and student and societal demand.
- In the BASE scenario, given the low and diminishing level of surplus, the ability to make strategic investment diminishes as well.
- A modest 2% inflation has been included in all scenarios. Despite recent rising rates of inflation, this assumption was deemed reasonable in light of the areas that the university is most exposed to.

Central Gapping Adjustments:	BASE	Scenario 1	Scenario 2
OTO salary savings (\$1.0M)	Savings continue in future years		

Central Gapping Adjustments Commentary:

- The \$1.0M assumption refers to the anticipated annual salary underspending.

Not included in this projection:

- Milton revenue/expenses

Table 18 provides a very high-level overview of the Operating Budget forecast over the next four years.

***Table 18**: Multi-Year Operating Budget Model*

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

	2022/23	2023/24			2024/25			2025/26			2026/27		
	Budget	BASE	Scenario 1	Scenario 2	BASE	Scenario 1	Scenario 2	BASE	Scenario 1	Scenario 2	BASE	Scenario 1	Scenario 2
Tuition Fees	197,661	211,700	218,476	203,772	230,251	245,230	210,335	250,911	272,528	215,017	271,551	294,419	221,300
Enrolment Based Government Grants	101,077	100,871	100,788	100,961	100,618	100,437	100,848	100,298	100,052	100,742	100,039	99,826	100,657
Grant & Tuition Total	**298,738**	**312,571**	**319,264**	**304,733**	**330,869**	**345,667**	**311,183**	**351,209**	**372,580**	**315,759**	**371,590**	**394,245**	**321,957**
Other Income & Fees	33,723	33,723	33,723	33,723	33,723	33,723	33,723	33,723	33,723	33,723	33,723	33,723	33,723
Revenue Total	**332,461**	**346,295**	**352,987**	**338,456**	**364,593**	**379,390**	**344,907**	**384,932**	**406,304**	**349,483**	**405,313**	**427,968**	**355,680**
Salary & Benefit Expenses	243,048	250,931	252,263	249,740	262,989	266,300	258,985	275,620	281,030	269,217	290,596	297,296	279,989
Non-Salary Expenses	87,346	93,962	95,182	91,076	98,916	101,578	94,402	105,576	110,006	98,784	114,680	120,158	104,500
Total Expenses	**330,394**	**344,893**	**347,444**	**340,816**	**361,904**	**367,878**	**353,387**	**381,197**	**391,037**	**368,001**	**405,276**	**417,455**	**384,489**
Surplus(Deficit)	**2,067**	**1,402**	**5,543**	**-2,360**	**2,688**	**11,512**	**-8,480**	**3,736**	**15,267**	**-18,519**	**37**	**10,514**	**-28,809**

Future Years Planning and Impact

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

Part E – Ancillary Budget

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

The Student & Ancillary Services organization includes the ancillary operations of Food Services, One Card, Conference Services, Residence (Waterloo & Brantford campuses), Off Campus Housing (Houses & Ezra Bricker Apartments), Bookstore Operations and Printing Services. Parking Resources remains under the Facilities and Asset Management organization. The collective portfolio of all these organizations is "Ancillary Services". Table 19 provides a breakdown of the reserve funds by ancillary operation and Table 20 provides a summary of the 2022/23 Proposed Budget being submitted for approval. Table 21 summarizes the 2022/23 Proposed Budget by each ancillary operation. The following provides highlights of the major changes in revenues and expenditures for Ancillary Services as compared to 2021/22 approved budget.

Summary

Ancillary Services is projected to be in a surplus of $4.1 million in 2022/23. Most of the ancillary organizations proposed budgets are based on pre-pandemic level of activities.

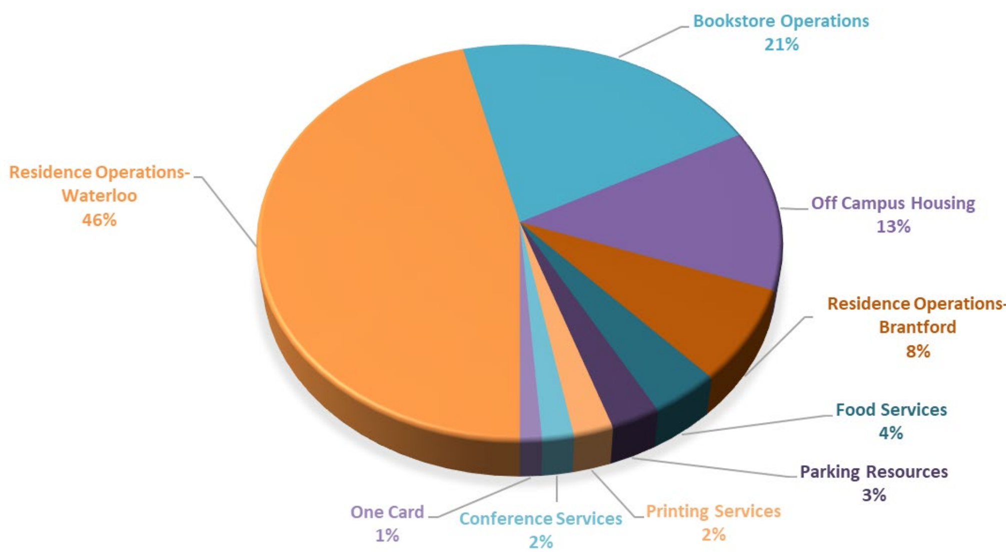
<u>Revenue</u>

The revenue of the ancillary enterprises is estimated to increase from an approved budget of $31.3 million in 2021/22 to $54.9 million in 2022/23.

- Overall revenue associated with the Residence Operations is adjusted to reflect occupancy at pre-pandemic levels. The $16.7 million increase in residence fee revenue represents an increase of 132% from the 2021/22 approved budget.
- Bookstore Operations' revenue projects to return to 2019 levels with growth expected at both campus store locations. The sales growth is attributed to an increase in foot traffic, new merchandise and the return of major events or programs such as convocation, homecoming and used book buyback program.
- Off Campus Housing portfolio also reflects a return to pre-pandemic occupancy levels with a revenue target of $7.3 million.
- Food Services revenue projection of $2.1 million reflects all food outlets operational for in-person activities in addition to the implementation of an increased contract commission negotiated during the pandemic.
- Parking Resources revenue is a post pandemic projection of full resumption of campus parking operations.

- Printing Services projected revenue reflects a return to campus which will correspond to higher fleet print volume and pre-pandemic printing opportunities such as Homecoming and in person exams.
- Conference Services expects to return with a modest revenue projection of $1.0 million. However, the JUMP program will continue to be on hold in fiscal 2022/23 as elementary schools restrict field trips.
- The return of on-campus activities such as concourse rentals and the initial OneCard fee projects a revenue target of $0.7 million for OneCard operations.

Figure 20: *Total Revenue Allocation by Ancillary Services Organization*



Expenses

Expenses are expected to be higher than 2021/22 with a budget of $50.8 million after transfers in 2022/23.

- Salaries & benefits cost is reflective of annual salary increases and the full complement of dons and student employees in applicable departments.
- Off Campus Facility lease commitments increases from $6.7 million in 2021/22 to $10.2 million in 2022/23. Laurier leases additional beds to bring the total number of residence beds to pre-pandemic level to fulfill the first-year residence guarantee.
- Supplies and General Expense also increases from $6.5 million in 2021/22 to $9.3 million in 2022/23. This reflects expenses to support all ancillary operations at a pre-pandemic level.
- New Capital & Deferred Maintenance budget expense of $2.0 million.
- Contribution directly to operating fund remains consistent at $0.3 million.
- Interest on ancillary services reserve debt is projected to be $0.3 million and is allocated across the applicable Student & Ancillary Services organizations.

Figure 21: *Total Expenses Breakdown – Ancillary Services*

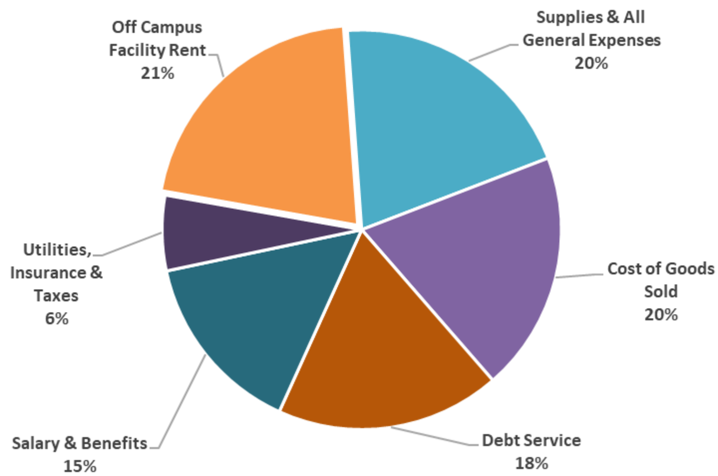


Table 19*: Ancillary Services Internally Restricted Net Assets Forecast – Proposed Budget*

	2020/21	2021/22	2022/23
	Actuals	Forecast	FORECAST
Bookstore Operations	-646	-815	-832
Conference Services	1,089	751	897
Food Services	-3,941	-4,188	-2,942
Off Campus Housing Portfolio	197	315	466
OneCard	-214	-360	-320
Parking Resources	1,373	1,379	1,974
Printing Services	-243	-563	-478
Residence Operations	-10,766	-8,691	-6,880
Residence Buildings - Deferred Maintenance	280	555	830
Food Services Capital Improvements (Meal Plan Levy)	175	90	215
Residence Building Reserve	2,910	3,015	3,152
Ancillary Services Internally Restricted Net Assets	**-9,786**	**-8,512**	**-3,918**

The Ancillary Services Multi-Year Internally Restricted Net Assets is in a deficit position of $9.8 million. The 2021/22 forecast projects a positive contribution and reduces the deficit by $1.3 million to $8.5 million. The proposed 2022/23 budget further reduces the deficit to $3.9 million.

The Ancillary Services internally restricted net assets strategy is to return to a surplus position. These reserves are important to support strategic initiatives and capital investments within this portfolio. While the operating expenses are significantly different than departments within the operating budget, there are a large value of resources dedicated to equipment and facility renewals within the ancillary portfolio. Much of the technology (hardware or software) requires ongoing investment and the franchise concepts in food services require capital investment for compliance with brand standards. The residence and off campus housing portfolio have a significant amount of facility renewals that are required to address deferred maintenance as well as being competitive with student needs. Each ancillary unit has a dedicated reserve and have distinct criteria that influence the dollar value and the prioritization of how the reserve funds are allocated.

***Table 20:** 2022/23 Ancillary Services Budget Summary*

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

	A Actuals 2020/21	B Approved Budget 2021/22	C Budget 2022/23	D = C - B Change	E = D / B % Change
Ancillary Services					
Revenue - Residence Fees	7,380	12,563	29,105	16,541	132%
Revenue - Other	17,758	18,770	25,779	7,009	37%
Total Revenue	**25,138**	**31,333**	**54,884**	**23,551**	**75%**
Full/Part Time Staff Costs	4,179	5,257	5,236	(21)	(0)%
Statutory & Fringe Benefits	1,960	1,672	1,920	248	15%
Pension Plan Deficiency	23	31	31	0	1%
Cost of Goods Sold	7,927	8,486	9,368	882	10%
Debt Service	8,793	9,145	8,769	(377)	(4)%
Equipment	152	324	413	89	28%
Off Campus Facility Rent	9,474	6,734	10,161	3,427	51%
Software	233	323	313	(10)	(3)%
Supplies & General Expense	5,583	6,524	9,270	2,745	42%
Travel Expenses	47	62	117	55	87%
Utilities, Insurance & Taxes	2,206	2,682	2,934	252	9%
Appropriations	141	0	(325)	(325)	(32500)%
Total Expenses	**40,719**	**41,241**	**48,208**	**6,966**	**17%**
Total Surplus/(Deficit) Before Transfers	**(15,582)**	**(9,908)**	**6,676**	**16,584**	**167%**
Transfers to Operating & Reserves					
Capital and Deferred Maintenance	756	829	2,031	1,202	145%
Contribution to Operating Fund	0	300	300	0	0%
Interest on Reserve Debt*	0	251	292	41	16%
Total Transfers	**756**	**1,380**	**2,623**	**1,243**	**90%**

*2022/23 Proposed Budget Interest on Reserve debt is based on the projected 2021/22 year-end results.

Net Surplus/(Deficit)	**(16,338)**	**(11,288)**	**4,054**	**15,342**	**136%**

Table 21: *2022/23 Ancillary Services Budget Detail*

Ancillary Services Budget Detail by Ancillary Operations

In $000's

Organization	Actuals 2020/21	Approved Budget 2021/22	Budget 2022/23	Change	% Change
	A	B	C	D = C - B	E = D / B
Bookstore Operations					
Revenue - Other	8,881	10,302	11,568	1,266	12%
Total Revenue - Bookstore Operations	**8,881**	**10,302**	**11,568**	**1,266**	**12%**
Full/Part Time Staff Costs	1,306	1,432	1,481	48	3%
Statutory & Fringe Benefits	273	267	283	17	6%
Pension Plan Deficiency	7	5	5	0	0%
Cost of Goods Sold	7,736	8,191	8,899	708	9%
Debt Service	23	80	39	(41)	(51)%
Equipment	1	1	8	6	614%
Software	148	155	156	1	1%
Supplies & General Expense	261	375	678	302	80%
Travel Expenses	0	1	8	7	1440%
Utilities, Insurance & Taxes	32	40	27	(13)	(32)%
Capital and Deferred Maintenance	0	0	2	2	100%
Total Expenses - Bookstore Operations	**9,788**	**10,548**	**11,586**	**1,038**	**10%**
Bookstore Operations Surplus/(Deficit)	**(906)**	**(245)**	**(17)**	**228**	**93%**
Conference Services					
Revenue - Other	121	50	976	926	1852%
Other Grants	0	0	0	0	0%
Total Revenue - Conference Services	**121**	**50**	**976**	**926**	**1852%**
Full/Part Time Staff Costs	241	209	199	(11)	(5)%
Statutory & Fringe Benefits	33	31	36	5	16%
Pension Plan Deficiency	1	1	1	0	0%
Software	0	53	53	0	0%
Supplies & General Expense	43	46	540	494	1085%
Travel Expenses	0	0	3	3	1100%
Total Expenses - Conference Services	**318**	**339**	**830**	**491**	**145%**
Conference Services Surplus/(Deficit)	**(197)**	**(289)**	**146**	**435**	**151%**
Food Services					
Revenue - Other	633	492	2,120	1,628	331%
Total Revenue - Food Services	**633**	**492**	**2,120**	**1,628**	**331%**
Full/Part Time Staff Costs	(293)	60	0	(60)	(100)%
Statutory & Fringe Benefits	383	12	12	0	0%
Pension Plan Deficiency	0	13	13	0	0%
Current Service Cost	0	0	0	0	0%
Debt Service	50	154	159	4	3%
Equipment	41	28	36	8	28%
Supplies & General Expense	297	285	511	227	80%
Capital and Deferred Maintenance	0	0	21	21	100%
Utilities, Insurance & Taxes	107	157	122	(35)	(22)%
Total Expenses - Food Services	**585**	**708**	**874**	**166**	**23%**
Food Services Surplus/(Deficit)	**49**	**(216)**	**1,246**	**1,462**	**677%**

Table 21: *2022/23 Ancillary Budget Detail-Continued*

Ancillary Services Budget Detail by Ancillary Operations
In $000's

	A	B	C	D = C - B	E = D / B
Organization	**Actuals 2020/21**	**Approved Budget 2021/22**	**Budget 2022/23**	**Change**	**% Change**
Off Campus Housing-Ezra Bricker					
Revenue - Other	5,299	5,245	6,038	793	15%
Total Revenue - Off Campus Housing-Ezra Bricker	**5,299**	**5,245**	**6,038**	**793**	**15%**
Full/Part Time Staff Costs	150	190	150	(40)	(21)%
Debt Service	3,382	3,382	3,382	0	0%
Equipment	18	20	20	0	0%
Supplies & General Expense	871	900	1,585	686	76%
Utilities, Insurance & Taxes	469	489	499	11	2%
Capital and Deferred Maintenance	468	505	274	(231)	(46)%
Total Expenses - Off Campus Housing-Ezra Bricker	**5,358**	**5,485**	**5,911**	**426**	**8%**
Off Campus Housing-Ezra Bricker Surplus/(Deficit)	**(59)**	**(240)**	**127**	**368**	**153%**
Off Campus Housing-Houses					
Revenue - Other	980	1,019	1,227	208	20%
Total Revenue - Off Campus Housing-Houses	**980**	**1,019**	**1,227**	**208**	**20%**
Debt Service	546	626	632	7	1%
Equipment	1	0	0	0	0%
Supplies & General Expense	117	131	444	313	239%
Utilities, Insurance & Taxes	114	118	127	9	8%
Capital and Deferred Maintenance	251	279	0	(279)	(100)%
Appropriations	9	0	0	0	0%
Total Expenses - Off Campus Housing-Houses	**1,037**	**1,154**	**1,204**	**50**	**4%**
Off Campus Housing-Houses Surplus/(Deficit)	**(57)**	**(135)**	**23**	**158**	**117%**
OneCard					
Revenue - Other	199	360	672	312	87%
Total Revenue - OneCard	**199**	**360**	**672**	**312**	**87%**
Full/Part Time Staff Costs	291	276	294	18	6%
Statutory & Fringe Benefits	41	39	43	3	8%
Pension Plan Deficiency	1	1	1	0	0%
Cost of Goods Sold	43	103	116	13	13%
Debt Service	0	4	7	3	62%
Equipment	4	3	6	3	76%
Software	25	42	41	(1)	(2)%
Supplies & General Expense	19	18	119	100	547%
Capital and Deferred Maintenance	0	0	6	6	100%
Total Expenses - OneCard	**424**	**487**	**632**	**145**	**30%**
OneCard Surplus/(Deficit)	**(225)**	**(127)**	**40**	**167**	**131%**

Table 21: *2022/23 Ancillary Budget Detail-Continued*

Ancillary Services Budget Detail by Ancillary Operations
In $000's

	A	B	C	D = C - B	E = D / B
Organization	**Actuals 2020/21**	**Approved Budget 2021/22**	**Budget 2022/23**	**Change**	**% Change**
Parking Resources					
Revenue - Other	214	432	1,528	1,097	254%
Total Revenue - Parking Resources	**214**	**432**	**1,528**	**1,097**	**254%**
Full/Part Time Staff Costs	275	313	356	43	14%
Statutory & Fringe Benefits	50	44	59	15	33%
Pension Plan Deficiency	1	2	2	0	15%
Equipment	3	5	6	1	10%
Off Campus Facility Rent	58	84	114	30	36%
Software	30	32	29	(3)	(10)%
Supplies & General Expense	275	334	317	(17)	(5)%
Travel Expenses	0	0	4	4	1308%
Utilities, Insurance & Taxes	15	28	16	(12)	(44)%
Capital and Deferred Maintenance	16	45	360	315	700%
Appropriations	0	0	(325)	(325)	(32500)%
Total Expenses - Parking Resources	**723**	**887**	**937**	**50**	**6%**
Parking Resources Surplus/(Deficit)	**(509)**	**(455)**	**591**	**1,047**	**230%**
Printing Services					
Revenue - Other	305	647	1,224	577	89%
Total Revenue - Printing Services	**305**	**647**	**1,224**	**577**	**89%**
Full/Part Time Staff Costs	320	363	362	(1)	(0)%
Statutory & Fringe Benefits	61	63	66	3	6%
Pension Plan Deficiency	2	1	1	0	0%
Cost of Goods Sold	148	192	353	161	84%
Debt Service	103	108	35	(73)	(67)%
Equipment	1	73	151	78	106%
Software	30	38	31	(7)	(18)%
Supplies & General Expense	41	44	116	73	167%
Utilities, Insurance & Taxes	7	13	7	(5)	(43)%
Capital and Deferred Maintenance	0	0	17	17	100%
Total Expenses - Printing Services	**714**	**894**	**1,140**	**245**	**27%**
Printing Services Surplus/(Deficit)	**(408)**	**(247)**	**84**	**332**	**134%**

Table 21: *2022/23 Ancillary Budget Detail-Continued*

Ancillary Services Budget Detail by Ancillary Operations
In $000's

Organization	A Actuals 2020/21	B Approved Budget 2021/22	C Budget 2022/23	D = C - B Change	E = D / B % Change
Residence Operations-Waterloo					
Revenue - Residence Fees	6,829	10,986	25,015	14,029	128%
Revenue - Other	674	200	315	116	58%
Total Revenue - Residence Operations-Waterloo	**7,503**	**11,185**	**25,330**	**14,145**	**126%**
Full/Part Time Staff Costs	1,681	1,927	2,087	160	8%
Statutory & Fringe Benefits	983	1,045	1,231	186	18%
Pension Plan Deficiency	9	7	7	0	0%
Debt Service	4,154	4,265	4,271	5	0%
Equipment	79	154	148	(6)	(4)%
Off Campus Facility Rent	8,394	5,608	8,984	3,376	60%
Software	0	4	4	0	0%
Supplies & General Expense	3,155	4,075	4,627	552	14%
Travel Expenses	46	58	95	37	65%
Utilities, Insurance & Taxes	1,098	1,298	1,589	292	22%
Capital and Deferred Maintenance	22	0	1,267	1,267	0%
Appropriations	120	0	0	0	0%
Total Expenses - Residence Operations-Waterloo	**19,742**	**18,440**	**24,310**	**5,870**	**32%**
Residence-Waterloo Operations Surplus/(Deficit)	**(12,239)**	**(7,255)**	**1,020**	**8,275**	**114%**
Residence Operations-Brantford					
Revenue - Residence Fees	551	1,578	4,090	2,513	159%
Revenue - Other	451	23	110	87	375%
Total Revenue - Residence Operations-Brantford	**1,001**	**1,601**	**4,200**	**2,599**	**162%**
Full/Part Time Staff Costs	208	288	308	19	7%
Statutory & Fringe Benefits	135	171	190	19	11%
Pension Plan Deficiency	1	1	1	0	0%
Debt Service	536	526	536	10	2%
Equipment	5	40	40	0	0%
Off Campus Facility Rent	1,021	1,042	1,063	21	2%
Software	0	1	1	0	0%
Supplies & General Expense	504	567	632	65	11%
Travel Expenses	1	4	7	4	100%
Utilities, Insurance & Taxes	363	542	547	5	1%
Capital and Deferred Maintenance	0	0	84	84	100%
Appropriations	11	0	0	0	0%
Total Expenses - Residence Operations-Brantford	**2,787**	**3,181**	**3,407**	**226**	**7%**
Residence-Brantford Operations Surplus/(Deficit)	**(1,785)**	**(1,580)**	**793**	**2,373**	**150%**
Total Surplus/(Deficit) Before Reserves	**(16,338)**	**(10,790)**	**4,054**	**14,844**	**138%**

Part F – Multi-Year Ancillary Services Budget Forecast

The Student & Ancillary Services portfolio includes the following organizations: Bookstore Operations, Conference Services, Food Services, Off Campus Housing Portfolio, OneCard, Printing Services and Residence Operations. Parking Resources is under the Facilities and Asset Management portfolio. The collective portfolio of all these organizations is 'Ancillary Services'.

A multi-year planning approach is critical for ensuring institutional success and sustainability of Ancillary Services. These projections are building on the work of the 2022/23 Proposed Budget. The strategy includes looking past our current challenges to lay the groundwork for Laurier and the Ancillary Services to succeed in a post-pandemic world.

The Multi-Year Budget Forecast for Ancillary Services model starts with the 2022/23 Proposed Budget as the base. The model consistently applies certain revenue assumptions by organization and inflationary factors added to expenses. The net result is then used to project the year-end reserve balances. These assumptions are based on information available to management at the time of preparing the multi-year budget forecast. However, strategic investment assumptions, essential requests, capital improvements and Milton campus have not been included in future years.

Table 22: *Multi-Year Budget Forecast for Ancillary Services*

	2022/23	2023/24	2024/25	2025/26	2026/27
	PROPOSED BUDGET	FORECAST BUDGET	FORECAST BUDGET	FORECAST BUDGET	FORECAST BUDGET
Bookstore Operations Sales	11,568	11,799	12,035	12,276	12,522
Conference Services Sales	976	1,928	2,024	2,121	2,227
Food Services Sales Commission	2,120	2,442	2,491	2,540	2,592
Off Campus Housing Rental Fees - Ezra-Bricker Apartments	6,038	6,159	6,282	6,408	6,536
Off Campus Housing Rental Fees - Houses Portfolio	1,227	1,252	1,277	1,302	1,328
OneCard Fees & Sales	672	685	699	713	727
Parking Resources Fees	1,528	1,559	1,590	1,622	1,654
Printing Services Sales & Fees	1,224	1,367	1,395	1,423	1,451
Residence Fees - Waterloo Campus	25,330	26,090	26,873	27,679	28,509
Residence Fees - Brantford Campus	4,200	4,239	4,366	4,497	4,631
Revenue Total	**54,884**	**57,519**	**59,032**	**60,579**	**62,177**
Cost of Goods Sold	9,368	9,544	9,736	9,930	10,130
Salaries & Benefit Expenses Total	7,187	7,204	7,286	7,377	7,469
Lease Commitments	10,047	10,234	10,439	10,648	10,817
Loan Commitments	8,785	8,894	8,894	8,894	8,894
Management Fees	272	275	281	286	292
Non-Salary Expenses Total	12,911	13,193	13,513	13,676	14,266
Contribution to Operating Fund	300	300	300	300	300
Interest on Reserve Debt	292	229	143	53	-
Deferred Maintenance	1,669	1,818	1,870	1,924	1,979
Expenses Total	**50,830**	**51,692**	**52,461**	**53,088**	**54,147**
Surplus(Deficit)	**4,054**	**5,827**	**6,570**	**7,491**	**8,030**
Ancillary Services Net Reserve Surplus(Deficit)	**(3,918)**	**2,453**	**9,573**	**17,621**	**26,214**

Assumptions:

The assumptions in the Multi-Year Budget Forecast for Ancillary Services include the following:

Revenue and Cost of Goods Sold:

The revenue projections are the foundation of the multi-year revenue budget forecast. These projections are based on the most likely outcomes given current plans and knowledge. The revenue assumptions directly impact the cost of goods sold for the applicable organizations.

Table 23: *Multi-Year Assumptions - Ancillary Services*

Organization:	2023/24	2024/25	2025/26	2026/27
Bookstore Operations Sales*	2% year-over-year increase in Academic Materials 7% year-over-year increase in General Merchandise			
Conference Services Sales	Conference Services activities resume in fiscal 2022/23, but will increase more significantly after that initial year			
Food Services Sales Commission	New sales commission structure in place within the contract			
Off Campus Housing Portfolio – Rental Fees	2% year-over-year increase in Rental Fees			
OneCard Fees & Sales*	OneCard Fee revenue remains at 2021/22 first-year enrolment intake Vendor rentals for the Concourse resume in fiscal 2022/23			
Parking Resources Permit Fees	2% year-over-year increase in Permit Fees			
Printing Services Sales & Fees*	2% year-over-year increase on Printing Services and Fleet Printing			
Residence Fees – Waterloo Campus	3% year-over-year increase in Residence Fees			
Residence Fees - Brantford Campus	3% year-over-year increase in Residence Fees			

Revenue Commentary:

- Residence fees are projected to increase 3% year-over-year with a target occupancy of 97% on both the Waterloo and Brantford campuses.
    - International students admitted through Wilfrid Laurier International College (Navitas partnership) is expected to increase residence occupancy on the Brantford campus.
- Bookstore Operations revenue targets are based on stretch goals to achieve 7% year-over-year growth for general merchandise and 2% year-over-year growth on academic materials.
- Off Campus Housing portfolio rental fees are projected to increase 2% year-over-year with a target occupancy of 90% or greater.
    - At the time of this report, 19 Ezra and 33 Ezra properties were not sold. The 2022/23 budget and multi-year forecast includes these properties until the terms of the sale are complete. However, the financial impact to the proposed 2022/23 budget and the multi-year forecast will be minimal.

- Conference Services activities are expected to resume in the summer of 2022. The JUMP program will resume in the summer of 2023.
- OneCard Fees revenue will remain at the first-year enrolment intake in fiscal 2021/22. OneCard facilities rentals will resume in fiscal 2022/23.
- New sales commissions percentages on meal plans and retail sales for Food Services.
- Printing Services modestly projects a 2% increase year-over-year on both Printing Services activities and fleet printing across the campuses.
- Parking Resources permit fees are projected to increase 2% year-over-year noting that permit fees increases are subject to collective agreement negotiations.

Cost of Goods Sold Commentary*:

- Bookstore Operations cost of goods sold is adjusted based on a percentage of revenue for general merchandise to reflect the current changes in operations. A consistent 2% increase in cost of goods sold for academic materials.
- Printing Services cost of goods sold increases by an inflationary factor of 2%.
- OneCard cost of goods sold increases by 2% each year to reflect the inflationary adjustment to the cost of the dual chip cards even though the revenue is consistent with the 2021/22 first-year enrollment.

Salaries & Benefit Expenses:

Salaries & Benefit Expenses:	2023/24	2024/25	2025/26	2026/27
Salary Increases	1.25%	1.25%	1.25%	1.25%

Salaries & Benefit Expenses Commentary:

- A consistent 1.25% inflationary factor is applied year-over-year.

Non-Salary Expenses:

The Non-Salary expenses inflationary factors or assumptions have been held constant for the multi-year budget forecast.

Non-Salary Expenses:	2023/24	2024/25	2025/26	2026/27
Lease Commitments	2%			
Loan Commitments	0%			
Management Fees	2%			
Inflation excluding Utilities	2%			
Utilities Inflation	5%			

Contribution to Operating Fund	$300K per year
Interest on Reserve Debt	2% per annum on year-end reserve deficit balance by organization
Deferred Maintenance	Waterloo & Brantford Residences – 5% of revenue Off Campus Housing Portfolio - $274K minimum $25K for Bookstore Operations 2% of revenue remaining organizations

Non-Salary Expenses Commentary:

- Lease commitments inflationary factor is 2% year-over-year.
- Loan commitments do not have an inflationary factor as the payments are constant for the multi-year forecast.
- Property Management fees have a 2% increase year-over-year for the Off Campus Housing portfolio.
- Non-salary expenses have a consistent 2% inflationary factor excluding utilities. Utilities inflation is held constant at 5%.
- Contribution to Operating Fund is fixed at $300K per year.
- Interest on Reserve Debt is calculated at 2% per annum based on the year-end deficit reserve balance for each organization.
- Deferred Maintenance is a new budget expense that will begin in fiscal 2022/23.

Not included in this projection are the following:

- Milton revenue/expenses pertaining to Ancillary Services operations.
- Essential requests, strategic initiatives, and capital improvements in future years.

Part G – Ancillary Services Multi-Year Internally Restricted Net Assets Forecast

At 2020/21 year-end, Ancillary Services internally restricted net assets (IRNA) is in a net deficit position of $9.8M. Based on the 2021/22 forecast, the net IRNA balance is projected to be in a deficit of $8.5M. The Multi-Year Internally Restricted Net Assets Forecast for Ancillary Services demonstrates that in fiscal 2023/24 the net reserve balance is a surplus of approximately $2.5M. The forecast projects that all ancillary operations will have a surplus in fiscal 2025/26.

In prior fiscal years, ongoing capital improvements on both campuses were funded from Residence Operations reserves. However, the Multi-Year IRNA forecast does not include any ongoing capital improvements.

Table 24: Multi-Year Internally Restricted Net Assets Forecast

	2023/24	2024/25	2025/26	2026/27
	FORECAST	FORECAST	FORECAST	FORECAST
Bookstore Operations	(481)	(95)	321	764
Conference Services	1,291	1,752	2,279	2,881
Food Services	(1,309)	388	2,142	3,929
Off Campus Housing Portfolio	985	1,598	2,306	3,111
OneCard	(178)	(27)	132	298
Parking Resources	2,582	3,205	3,841	4,490
Printing Services	(252)	(10)	248	515
Residence Operations	(4,927)	(2,528)	506	3,816
Residence Buildings - Deferred Maintenance	1,105	1,380	1,655	1,930
Food Services Capital Improvements (Meal Plan Levy)	340	465	590	715
Residence Building Reserve	3,295	3,445	3,602	3,766
Ancillary Services Internally Restricted Net Assets	**2,453**	**9,573**	**17,621**	**26,214**

Part H – Capital Budget

Overview

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

Through the Financial Sustainability Project the development of a reserve strategy and debt strategy has been identified as critical components of the organization's overall fiscal health. Both of these multi-year financial components are a critical input to capital planning and budgeting. The areas of Financials Resources, Facilities and Asset Management, Advancement, and Integrated Planning and Budgeting have worked to implement a new capital budget process. This new process requires project proposals to include costing analysis, funding source identification, risk and contingency analysis for each funding source, and commitment (sign-off) by areas accountable for funding contributions for each specific project. The process will enable a clearer understanding of the financial cash flows and potential risks associated with capital projects.

Another strategy that is being implemented with the 2022/23 budget is the practice of operating surplus generation to replenish (and grow) reserves – which can then be available for capital and strategic investments.

Capital Projects Budget Process

All projects presented in the capital projects budget have been reviewed by the respective committees; Facilities capital projects are reviewed and endorsed by the Capital Projects Committee, and ICT projects are prioritized by the ICT Administrative committee. Facilities capital projects are prioritized based on established principles including; funding status (government, grant, donor funding), risk and regulatory requirements, contractual obligations, accessibility, revenue generation or expense reduction, student experience, as well as sustainability and facilities renewal considerations. For technology projects, prioritization is aligned with priority areas such as digital & technology enablers, compliance, and health and safety, as well as alignment with institutional priority areas and identified strategic risks.

Recommendations from each committee require a funding and finance plan before they can be approved. For the 2022/23 budget, the capital projects budget is presented for approval 'subject to funding availability'. The funding strategy for these projects will be finalized as the 2021/22 year-end position, and any contribution from year-end surplus, is confirmed.

Information and Communication Technology

For information and communications technology systems, the 2022/23 Technology Project Priorities list identifies four priority projects with a total capital cost of $4.09M in 2022/23. These projects have been assessed by the ICT administrative committee based on considerations including alignment to priority areas and mitigation of strategic risks. While it is not anticipated that the full $4.09M of projects identified will be funded to move forward in 22/23, the endorsed prioritization will enable projects to begin as any contribution from year-end surplus is confirmed.

Table 25: *2022/23 Technology Project Priorities List*

Project Name	Stakeholder	Brief Description	2022/23 Project Cost *(In Millions)*
Unified Communications Upgrades	ICT	Replace Laurier's aging telephone system, creating foundation for a unified communication framework	$1.14
Renovation of Physical Infrastructure to Support Communications	FAM/ICT	Renovate Arts Wing telecom closets to address critical health and safety concerns	$0.57
Wi-Fi Renewal	ICT	Consolidate wireless technology and provide more reliable wireless coverage, performance, and security	$1.35
HyFlex Classroom (Web Conf capabilities)	Faculties	Upgrade existing hardware and infrastructure in classrooms to enable HyFlex teaching	$1.03
Total			**$4.09**

Equipment - Replacement and Renewal Fund

In the operating budget, a central expense provision exists for the ongoing funding and budget oversight for expenditures related to capital renewal of equipment. No additional capital funding is required to fund these equipment renewal budgets. Table 26 lists the areas in which a renewal budget has been established. The 2021/22 operating budget included the reduction of budget on a OTO basis for three of the units (Music, Library, Academic Furniture) where limited spending had occurred in 2020/21. For the 2022/23 budget, the base budget for these three areas have resumed to their normal budget level. The reserve fund balance is calculated each year to reflect in-year spending

Table 26: *Equipment Renewal Budget*

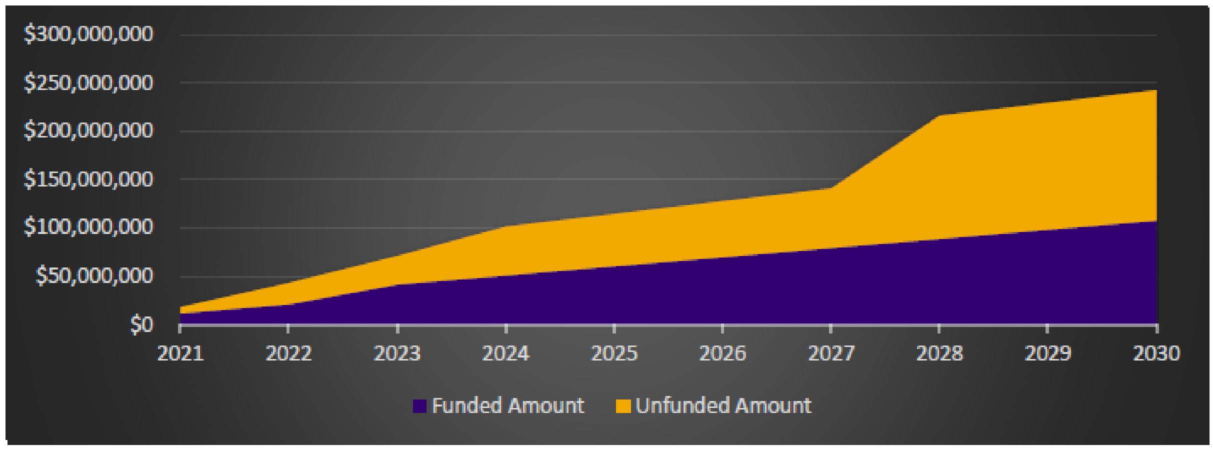
Operating Budget	2021/22	2022/23	Change
Meeting Rooms	53,172	53,172	0
ICT Software	120,000	120,000	0
Desktop PC/Laptops	350,000	708,000	358,000
ICT Infrastructure	1,052,500	1,052,500	0
ICT Classroom Technology (Waterloo)	254,528	254,528	0
ICT Classroom Technology (Brantford)	91,928	91,928	0
Teaching Labs	180,000	245,300	65,300
Total ICT Renewal	**2,102,128**	**2,525,428**	**423,300**
Music Equipment	0	100,000	100,000
Science Equipment	245,000	245,000	0
Library	0	20,000	20,000
Athletic Equipment	100,000	100,000	0
Academic Furniture	0	50,000	50,000
Total Equipment Renewal Budget	**2,447,128**	**3,040,428**	**593,300**

Facilities Renewal

Facilities renewal expenditures, for most universities, continue to be a major challenge as aging buildings and infrastructure deteriorate. The amount of annual Facilities Renewal Program (FRP) funding through the government is anticipated to be at $2,882,800 in 2022/23 which will contribute to the capital renewal needs but will not fully address the facilities renewal requirements of the university. These funds will be fully allocated to the Making Space for Music project to address facilities renewal work that was identified in the Asset Management Plan.

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

Figure 22: *Cumulative Annual Funding Needs included in the Asset Management Plan*



Facilities Capital Plan prepared by the Facilities and Asset Management department was approved by the Board in spring 2021. The plan identifies capital projects required to meet WLU's present and future facilities needs in alignment with WLU's strategic mandate and objectives. The plan also reflects a high-level prioritization and potential funding sources for these long-term investments.

The implementation of projects within the capital plan is dependent on the magnitude of available funds. The Capital Budget is provided for informational purposes. Any project exceeding $5M will be brought to Board for separate approval as per policy. The following table identifies the projects that are to be initiated in 2022/23.

Table 27: *2022/23 Facilities & Infrastructure Capital Project List*

Project Name	Campus	Description	2022/23 Project Cost *(In Millions)*
Stadium Bleachers and Press Box	Waterloo	Refurbish existing steel frame and install new wood bleachers and press box	$1.44
Animal Care Wing Air Rebalancing	Waterloo	Required to meet CCAC guidelines for 2023 inspection and install new units	$0.20
Health & Safety – Fall from Heights Risk	Waterloo / Brantford	Renovations to locations identified by SHERM as having a potential for fall from heights	$0.15
Alumni Field	Waterloo	Replacement of Alumni Field	$4.72
Total			**$6.51**

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

Consolidated Capital Budget and Funding Plan

The 2022/23 capital project lists identifies operating fund facilities capital project requirements of $6.51 million, $2.31 million for ancillary services facilities renewal, $4.09 million for ICT, and $3.04 million of equipment renewal for a total cost requirement of $15.67 million, to be funded largely from internal operating funds. The funding strategy for these projects will be finalized as the 2021/22 year-end position, and any contribution from year-end surplus, is confirmed.

***Table 28**: Consolidated Capital Budget and Funding Plan*

Project Name	2022/23 Cost (in millions)	2021/22 Surplus Contribution *	Partner Contributions & Fundraising **	General Capital Reserve	Ancillaries Reserves	Equipment Replacement & Renewal
Facilities Capital Projects						
Stadium Bleachers and Press Box***	1.44		0.72	0.72		
Animal Care Wing Air Rebalancing	0.20			0.20		
Health & Safety - Fall from Heights Risk	0.15			0.15		
Alumni Field	4.72	1.40	3.32			
Ancillary Services Facilities Renewal	2.03				2.03	
Information and Communication Technology Projects						
Unified Communications Upgrades	1.14	1.14				
Renovation of Physical Infrastructure to Support Communications	0.57	0.57				
Wi-Fi Renewal	1.35	1.35				
Hyflex Classroom (Web Conf Capable)	1.03	1.03				
Equipment Replacement and Renewal	3.04					3.04
Total	**15.67**	**5.49**	**4.04**	**1.07**	**2.03**	**3.04**

* 2021/22 Surplus contribution is subject to year-end results

** Reflects Present-Value estimates of partner contributions and fundraising

*** Revenue mix between partners and general capital reserve is subject to confirmation of funding

Appendix I: Acronyms used in Budget document

Acronym	**Description**
AVP	Assistant Vice President
BC	Budget Council
BCT	Budget Coordinating Team
CHREO	Chief Human Resources and Equity Officer
COG	Core Operating Grant
CR	Credit Relief
CTF	Contract Teaching Faculty
DBRS	Dominion Bond Rating Service
EDI&I	Equity, Diversity, Inclusion & Indigeneity
ELMLP	Education and Labour Market Longitudinal Platform
ELT	Executive Leadership Team
FI&P	Finance, Investments & Property
FHSS	Faculty of Human and Social Sciences
FSP	Financial Sustainability Project
FT	Full-Time
FTE	Full-Time Equivalent
GPA	Grade Point Average
GR	Graduate
IA	Instructional Assistant
ICT	Information and Communications Technologies
IGI	International Growth Initiative
ISR	International Student Recovery
JUMP	Junior University Multidisciplinary Program
MCU	Ministry of Colleges and Universities
OSAP	Ontario Student Assistance Program
OSSTF	Ontario Secondary School Teachers Federation
OTO	One Time Only
OUGS	Ontario University Graduate Survey
PT	Part-Time
RCM	Responsibility Centre Management
SAP	Strategic Academic Plan
SEFC	Senate Executive and Finance Committee
SEM	Strategic Enrolment Management
SIPG	School of International Policy and Governance
SMA	Strategic Mandate Agreement
SHERM	Safety, Health, Environment and Risk Management
STEAM	Science, technology, engineering, arts and mathematics
UG	Undergraduate
TA	Teaching Assistant
VP	Vice President
VPA	Vice President Academic
WLU	Wilfrid Laurier University
WLUFA	Wilfrid Laurier University Faculty Association
WLUSA	Wilfrid Laurier University Staff Association

Appendix II: Glossary of Budget Terms

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