Wilfrid Laurier University

Inspiring Lives of Leadership and Purpose

2024/25 Budget

Board Approved

June 6, 2024 – Board of Governors

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Overall Fiscal Outlook

The assumptions and estimates included in the 2024/25 Operating, Ancillary and Capital budgets are based on the information available to management at the time of preparation. Post-secondary institutions in Canada are facing sector-wide challenges, with continued revenue constraints and significant inflationary pressures contributing to growing financial risks. Universities across Ontario are facing increased scrutiny on fiscal performance through a recently announced MCU Financial Accountability Framework and a series of value-for-money audits by the Auditor General.

Successfully navigating this difficult environment will require highly disciplined and effective financial management as the university considers both the short-term horizon as articulated in the fiscal year budget and long-term sustainability as depicted in the multi-year budget projections.

Laurier is now in a structural deficit position, as the university faces significant constraints on revenue including an ongoing general freeze in domestic tuition rates, modest temporary increases to government grant, and a federal cap on international study permits for undergraduate students. The limitations on revenue mean that Laurier will not be able to keep pace with rising operating costs, make the appropriate level of investments in facilities renewal and information technology systems, or invest in strategic initiatives and programs to succeed in a highly competitive sector.

Alongside a challenging revenue outlook, increased scrutiny of Universities' financial performance was confirmed as the Ministry of Colleges and Universities introduced the University Financial Accountability Framework. The Framework consists of the five financial health indicators previously reported by Ontario Universities and incorporates debt ratios and the institution's credit rating into an overall risk assessment. Laurier's 2022/23 financial performance resulted in a "low" risk assessment, however, a significant contributing factor to this assessment was the occurrence of one-time real estate transactions – without these transactions, Laurier's performance would have yielded a less favourable risk assessment rating. With the current structural deficit position Laurier must continue efforts to prioritize key investments with consideration for growth, revenue generation, cost containment, and spending to increase priority services and programs while demonstrating the ability to safeguard its fiscal health through Framework risk assessment results.

In February 2024, Laurier received $11.6 million of funding for the 2023/24 fiscal year as part of the province's funding approach to stabilize colleges and universities while maintaining a tuition freeze for Ontario students. This funding was provided specifically for STEM program costs for enrolments above currently funded levels. This one-time funding enables Laurier to offset $11.6 million in budgeted expenditures incurred during the 2023/24 year and contribute to a stabilization fund to mitigate future deficits. While this provides some limited, short-term deficit mitigation, without sustained and predictable funding Laurier will continue to be challenged with a growing structural deficit.

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 sector-leading student experience, and a growing research enterprise. Since 2019, Laurier has pursued these efforts in addition to implementing significant budget savings targets; with the 2024/25 proposed budget, the magnitude of efficiencies achieved will be in excess of $39 million, a 12% reduction resulting in 2024/25 budgeted expenses of $344 million.

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 86% of the total operating revenues. Faculty and staff salaries and benefits account for 75% of the total operating expenditures. Table 1 below is a summary of the 2024/25 Operating Budget.

Table 1: *2024/25 Operating Budget Summary*

	Budget 2023/24	Budget 2024/25	Change
Revenue	**327,397**	**336,510**	**9,113**
Salary & Benefit	242,983	257,908	14,926
Non-Salary Expenses	91,144	85,956	(5,188)
Total Expenses	**334,127**	**343,864**	**9,738**
Surplus/(Deficit) Before Contributions	**(6,730)**	**(7,354)**	**(625)**
Austerity Measures	(5,800)	(1,000)	4,800
Contribution to Operating Reserves	1,000	1,000	
Milton appropriations		(1,501)	(1,501)
Drawdown of Operating Stabilization Reserve		(5,854)	(5,854)
Surplus/(Deficit) After Contributions	**(1,930)**	**0**	**1,930**

The 2024/25 Budget shows forecasted total revenues of $336.5 million, an increase of $9.1 million, or 2.8%, over last year's Budget. Tuition revenue has remained substantially unchanged with a slight increase of $0.2 million. An overall $3.9 million increase in grant funding over the prior year is mainly due to the increase in one-time funding from the Postsecondary Education Sustainability Fund. Government operating grant base funding remains steady, with a slight increase reflecting the inaugural student cohort at the new Milton campus. An updated Student Affairs Advisory Committee (SAAC) agreement, resulting in additional student contributions of $3.6 million in 2023/24, drove the remaining revenue increase.

Total expenditures are forecasted at $343.9 million, an increase of $9.7 million, or 2.9%, over last year. Salaries and benefits increased by $14.9 million over the previous year, largely due to current collective agreements in place, and non-salary expenses decreased by $5.2 million.

The 2024/25 Budget is being presented as a balanced budget primarily through limited austerity measures, appropriation of the Milton operating deficit, and drawdown of the Operating Budget Stabilization Reserve. Further, an institutional 4.5% budget reduction across vice-president portfolios along with limited investments in 2024/25 also contributed to the balanced budget being put forward for approval.

Ancillary Budget

The Ancillary Services Budget as summarized in Table 2 below includes the self-sustaining units of Business Development, Conference Services, Food Services, Hawk Shops, HUB Operations, Off Campus Housing (Ezra Bricker Apartments & Houses), OneCard Operations, Parking & Transportation Resources, Printing Services and Residence Operations (Waterloo & Brantford campuses).

Table 2: *2024/25 Ancillary Budget Summary*

	Budget 2023/24	Budget 2024/25	Change
Revenue	**57,181**	**57,147**	**(34)**
Salary & Benefit	7,335	8,555	1,220
Non-Salary Expenses	46,096	44,472	(1,624)
Expense Total	**53,431**	**53,027**	**(404)**
Net Surplus/(Deficit)	**3,751**	**4,120**	**370**

The revenue of the ancillary enterprises remains relatively constant from an approved budget of $57.2 million in 2023/24 to $57.1 million in 2024/25.

The ancillary portfolio net position is a projected surplus of $4.1 million in 2024/25.

Capital Budget

The 2024/25 capital project list included one major capital project with estimated cost of $10.1 million, $1 million for ICT project priorities, $8.49 million of facilities renewal priorities across operating and ancillary fund components, as well as $2.92 million of equipment renewal for a total cost requirement of $22.51 million.

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

Multi-Year Forecast

A multi-year planning approach is critical for ensuring institutional success and sustainability. On a consolidated basis, inclusive of operating and ancillary fund projections, a deficit is anticipated in 2024/25 with growing magnitude in future years. To accurately depict genuine uncertainty impacting specific assumptions, three scenarios have been developed in the Operating Multi-Year Budget forecast. The consolidated forecast over the next three years projects a $39 million in 2027/28 in the Base case scenario. The Multi-Year Forecast also includes three additional scenarios to illustrate the impact of government policy changes: implementation of the Blue-Ribbon Panel Recommendations, continuation of one-time STEM funding, and successful negotiation of full funding for domestic enrolments through the fourth Strategic Mandate Agreement (SMA4) process.

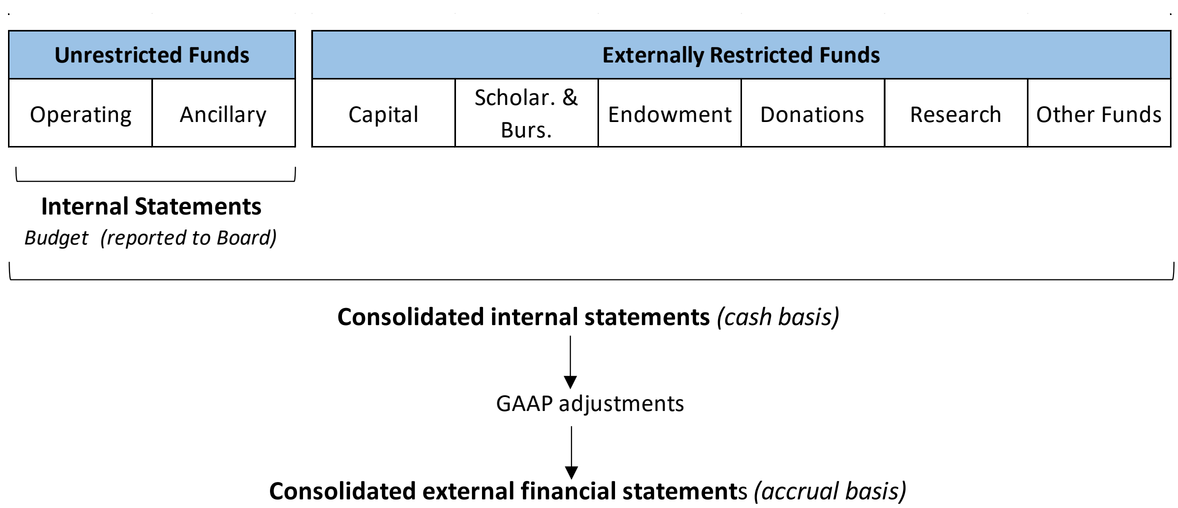
Part A – Overview

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.

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.

Figure 1: *Consolidated Financial Statement Funds*



Prior to the Board of Governors receiving this final Budget, the draft Budget was presented to the Senate Executive and Finance Committee on May 13, to Senate on May 15, and to the Board Finance, Investments & Property Committee on May 16. Fee information, a key assumption included in this 2024/25 Budget report, has been included in a separate set of 2024/25 Fee Reports. The Tuition Fee Report was presented and reviewed during the February/March governance cycle, culminating with approval at the March meeting of the Board Executive Committee; the Non-Tuition Fee Report is being presented in parallel with the Budget in the May/June governance cycle.

For Approval:

- Operating Budget
- Ancillary Budget
- Capital Budget

For Information:

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

Part B - Operating Budget

1. 2024/25 Budget Context

The Operating Budget comprises the major annual revenues and expenditures of the university's financial operations. Revenue from student tuition fees and government operating grants account for 86% of the total operating revenues. Faculty and staff salaries and benefits account for 75% 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 developing the Laurier Strategic Action Plan (2024-2028) entitled *Focused for a Thriving Future*, which will succeed the Laurier Strategy (2019-2024) as the university's guiding strategic document. The Strategic Action Plan builds on the Laurier Strategy and on a number of other significant strategic documents approved over the past several years (see Figure 2 below). 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 four areas of strategic priority: Enhance Academic Experience, Elevate Holistic Student Development, Excel in Research and Innovation, and Enrich Community Engagement and Partnership. The areas are supported by Operational Effectiveness and People, which are the foundations for the success of the overall strategy. Each area of focus has a series of objectives tied to specific performance metrics. The Laurier Strategic Action Plan will be presented to the governing bodies in May/June 2024.

Figure 2: *Strategic Planning Environment at Laurier*

Blue-Ribbon Panel on Postsecondary Education Financial Sustainability

The work of the Blue-Ribbon Panel impacted budget development throughout this year's process.

In March 2023, the MCU established a Blue-Ribbon Panel on Postsecondary Education Financial Sustainability. The panel was tasked with providing "advice and recommendations for keeping the postsecondary education sector financially stable and focused on providing the best student experience possible." Included in the panel's mandate was providing advice and recommendations on a long-term tuition fee policy that would consider both quality and access.

In November 2023, the government officially received the report of the Blue-Ribbon Panel. The report addressed a wide range of topics, including the funding framework (including tuition and government grant), financial accountability, cost efficiency and effectiveness, northern universities, international students, French-language education, Indigenous learnings and Indigenous institutes, student well-being and supports, research, data, and capital infrastructure. Most noteworthy for Laurier were the recommendations related to the funding framework: to increase operating grant funding and index grants to inflation, and to establish a new tuition fee framework that would break the tuition freeze.

In February 2024, MCU announced a set of measures to stabilize university and college finances. This announcement was the government's response to the report and recommendations of the Blue-Ribbon Panel. The funding announced totalled $1.3B across the college and university sectors. The announcement included an extension to the tuition freeze for a further three years (through 2026/27). The vast majority of the funding was provided as increases to government grant on a one-time basis over a three-year period. The lack of tuition increases, and the one-time nature of grant funding means that these measures fall far short of addressing financial sustainability for the sector. Nevertheless, the funding represents the first substantial sector-wide increase in grant funding since 2017/18.

- For 2023/24, Laurier will receive $11.6 million of one-time funding from a $100 million total envelope to support the costs of delivering STEM (science, technology, engineering and mathematics) programs; the $11.6 million represents Laurier's proportionate share of the $100 million and does not equate to full funding for grant-eligible domestic students;
- Through the *Postsecondary Education Sustainability Fund*, three years of one-time funding was announced, estimated to reflect a 3% grant increase for 2024/25 followed by 5% and 7% one-time increases in the following two years;
- Funding was also announced in support of capital and research. The impact to Laurier is not known at this time.

Tuition Fee 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.

In 2019, MCU released the 'Tuition Fee Framework and Ancillary Fee Guidelines' which included a 10% domestic tuition fee reduction for 2019/20 and a subsequent domestic tuition fee freeze up to and including 2022/23. On March 2023 MCU announced a continued general freeze on most Ontario tuition rates for 2023/24. In February 2024, the general freeze was extended for a further three years as part of the government's response to the Blue-Ribbon Panel. For 2024/25, the total estimated foregone tuition revenue resulting from these tuition policies is $47 million.

As an exception to the general freeze extended in 2023, the government permitted tuition increases in specific programs with tuition rates significantly lower than similar programs across the sector. Through this Tuition Anomaly Program, Laurier successfully received permission to increase tuition rates in the Bachelor of Business Administration, Bachelor of Science and Bachelor of Arts in Computer Science, and Bachelor of Science in Data Science. The first set of increases associated with this exception took effect for 2023/24 and a further set of increases was included in the Tuition Fee Report for 2024/25.

Under the current tuition fee framework, and as approved by the Board of Governors, Canadian citizens/permanent residents who reside outside of Ontario at the time of admission may be charged a tuition fee that is up to 3% higher in 2021/22, and up to 5% higher in 2022/23, 2023/24, and 2024/25 than that for students applying from Ontario in equivalent programs. These increases have been approved as part of the tuition report for the past two years. The increases have not, however, been charged to students as the revenue impact remains insufficient to fund the system updates that would be required to track and charge these higher rates. The university continues to monitor the potential impact of out-of-province tuition increases.

For the 2024/25 budget, undergraduate domestic tuition represents 39.8% of total operating revenue and graduate eligible tuition represents 3.2% of total operating revenue for a total of 42.9% of total operating revenue from grant-eligible tuition fees.

International Students: Regulatory Changes

Universities and colleges across Canada have been impacted by a series of regulatory changes enacted by the federal government through Immigration, Refugees, and Citizenship Canada (IRCC). Most significantly, on January 22, 2024, the IRCC announced a two-year cap on study permit applications to reduce the rate of growth in international students studying in Canada. This cap applies only to new study permit applications for university and college students in non-masters and non-PhD programs. Existing students, including those requiring renewal of study permits, are exempt from the cap. Elementary and secondary school students are also exempt. This announcement triggered an immediate pause on the approval of study permits until March 31, 2024. During this time, the IRCC determined the allocation of permit applications among the provinces and each province then allocated among designated learning institutions. Provinces were also required to develop a system to provide a Provincial Attestation Letter (PAL), to be provided to each study permit applicant for submission to the IRCC. On March 27, 2024, MCU announced the allocation for all universities and colleges. Laurier received an allocation that matched the combined total of study permit applications submitted in 2023 for study at both Laurier and Wilfrid Laurier International College. On April 1, 2024, the IRCC resumed the assessment of study permits.

These regulatory changes, and particularly the disruptions that accompanied their implementation, impacts both projected 2024/25 and future international enrolments. For 2024/25, the greatest impact comes from the disruption to study permit processing and the consequent impact on Canada's reputation as a destination of choice. Future years will be impacted both by these reputational issues as well as by the cap on study permits, as it bridges to the expected introduction of a recognized institutions framework.

Strategic Mandate Agreement

The Strategic Mandate Agreement (SMA) between the 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. SMA3 covers the five-year period from April 1, 2020 to March 31, 2025. It continues the corridor funding model introduced in SMA2 and adds performance/outcomes-based funding (PBF) linked to ten metrics. The metrics are principally system-wide metrics determined by MCU, with two metrics defined in part by each institution. Each metric includes an institutionally designated weighting, and a target with a band of tolerance informed by historical performance.

Table 3*: 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 Metric for 2022/23	
Skills & Competencies	Learning gains by senior year undergraduate students, as assessed by responses to National Survey of Student Engagement

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 announced that for the first three years of the agreement operating grant funding was being de-coupled from the performance metrics.

MCU has since implemented a 10% performance-based funding allocation for 2023/24, increasing to 25% for 2024/25. Any increases or decreases in government grant funding due to performance-based funding are managed on a slip-year basis. On the basis of performance in 2023/24, Laurier expects to receive the full amount of the performance-based grant envelope for 2024/25. This was achieved by meeting or exceeding targets for nine metrics; for the one target that was missed (Research

Revenue Attracted from Private Sources, at 97% of allowable performance target), the amounts received for surpassing targets on other metrics exceeded the amount of grant foregone.

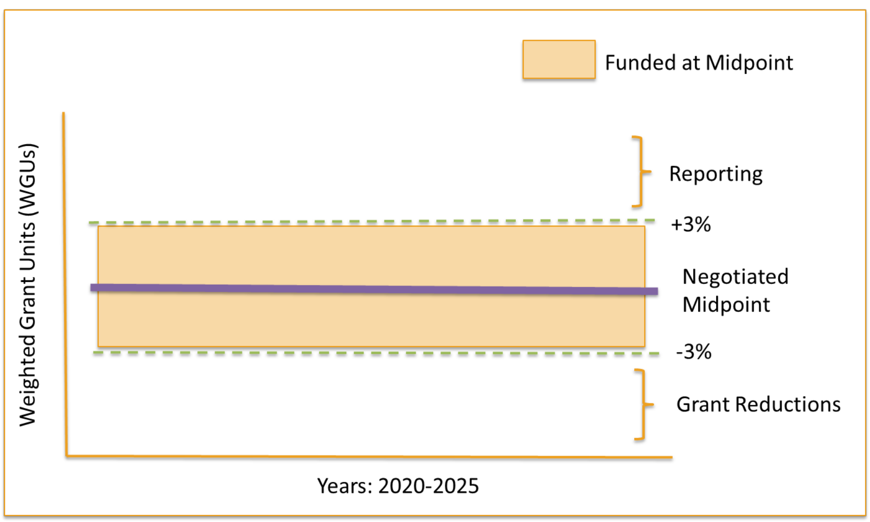
Corridor Funding Formula for Grants

Ontario universities operate in a corridor funding model (Figure 3) where rather than incrementally funding grant-eligible (normally domestic) enrolment, institutions are funded to a fixed mid-point level within a corridor. Our current midpoint was established at the beginning of SMA3 and included additional funding for achieved graduate enrolment growth. The 3% corridor remains in place, with compliance evaluated relative to a five-year growing moving average.

In April 2022, MCU approved 60 additional funded seats in the Bachelor of Education program located at the Brantford Campus, with an additional 60 funded seats added in Fall 2023. This funding is outside of our enrolment corridor but is considered base funding.

The 2024/25 budget includes base funded seats at the Milton campus, which is also outside our enrolment corridor.

Figure 3: *Government Corridor Funding Formula Model*



Milton Campus

The Government of Ontario announced its approval on June 17, 2021 for Laurier to develop a new university campus in Milton in collaboration with the 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 interdisciplinary and STEAM (science, technology, engineering, arts and mathematics) fields. Academic programming in Milton will strengthen Laurier by diversifying the overall set of programs. Laurier Milton is being launched in Fall 2024 in a measured and responsible manner, starting with modest operations in leased space. This will allow programs to build before any significant capital development, with construction of Milton One timed in accordance with enrolment trajectory and debt-servicing capacity. As noted above, Milton will receive base incremental enrolment funding from the province.

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.

2. 2024/25 Budget Process

The 2024/25 budget process is focused on safeguarding our overall financial sustainability while pursuing Laurier's strategic objectives. In the short term, our main revenue sources – tuition and government grant – continue to be very constrained. The Blue-Ribbon Panel recommendations and related Provincial tuition fee framework is anticipated to have a significant impact on Laurier's financial health in the coming years. Other factors such as inflation and international student visa policy continue to challenge our finances. This budget cycle required continued prioritization of essential work and development of new and expanded revenue sources while striving to deliver a balanced budget to strengthen reserves or reinvest in strategic priorities.

We continued to look to the Laurier community to be future-oriented, innovative, constructive, and strategic as reflected in the Laurier Strategy: 2019-2024. This has meant being alert to opportunities, open to strategic partnerships and synergies, and focused on institutional objectives.

The 2024/25 budget development process was guided by the following principles:

- Prioritize the financial sustainability of the institution in the long term
- Grow capacity for strategic action
- Focus on revenue generation aligned to mission
- Focus on student recruitment and retention
- Reduce activity that is low-value, low-impact, and/or not well-aligned with strategy
- Reinforce critical strengths and address critical weaknesses

To manage this careful balance, the Budget Co-Chairs (Lloyd Noronha, Vice President: Finance & Administration, and Heidi Northwood, Provost & Vice President: Academic) have worked closely with both the Executive Leadership Team and 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.

Executive Leadership Team (ELT)

The Executive Leadership Team (ELT) is made up of the president and vice-presidents who oversee all aspects of university administration. These include the activities and strategic direction of the university at all of its campuses and locations. ELT prioritizes essential requests and determines how budget targets are allocated across portfolios.

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. 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 4, 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 5).

Given the timing of the Provincial funding announcement, the budget is being brought forward at the June board meeting, rather than the April meeting.

***Figure 4**: Annual Budget Process Timeline*

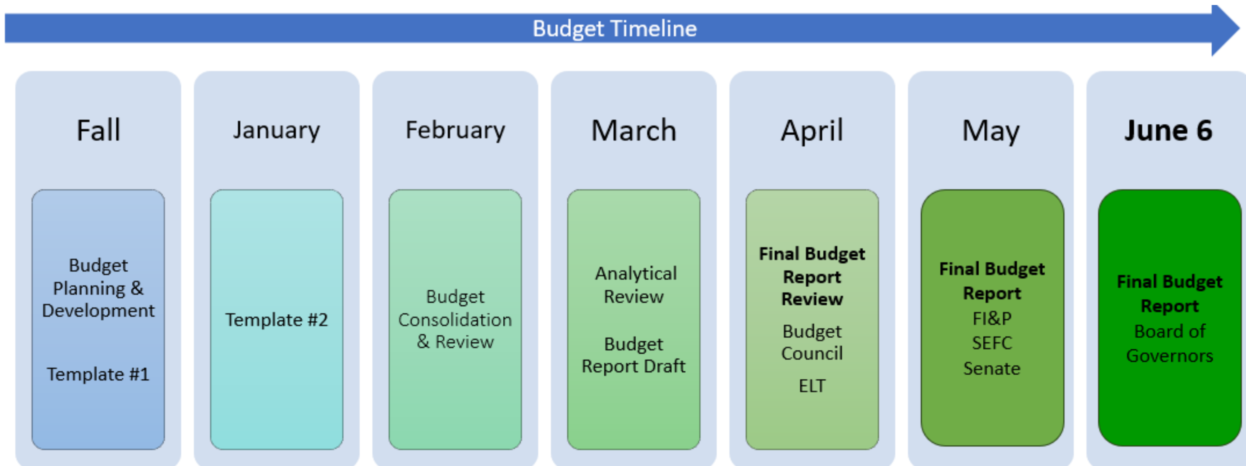
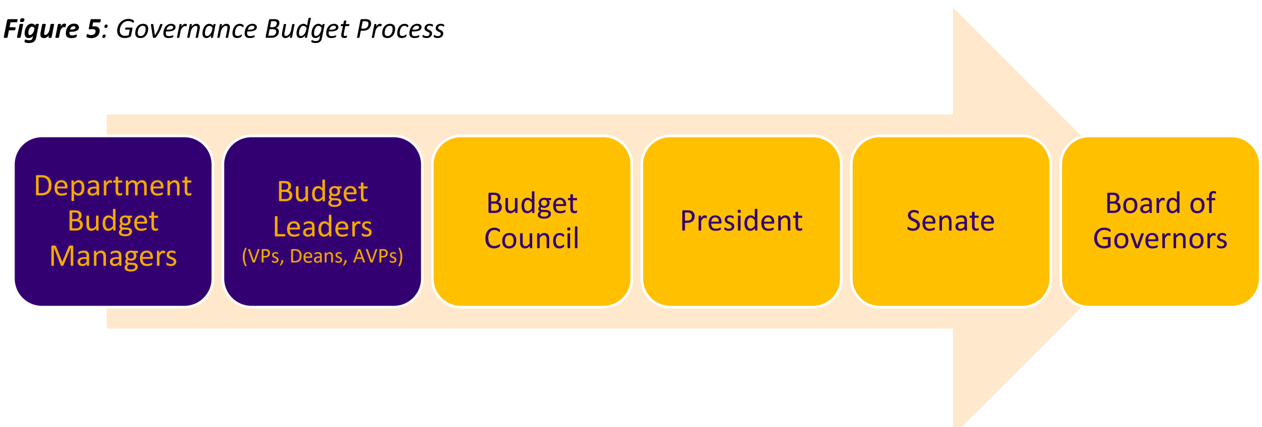


***Figure 5**: Governance Budget Process*

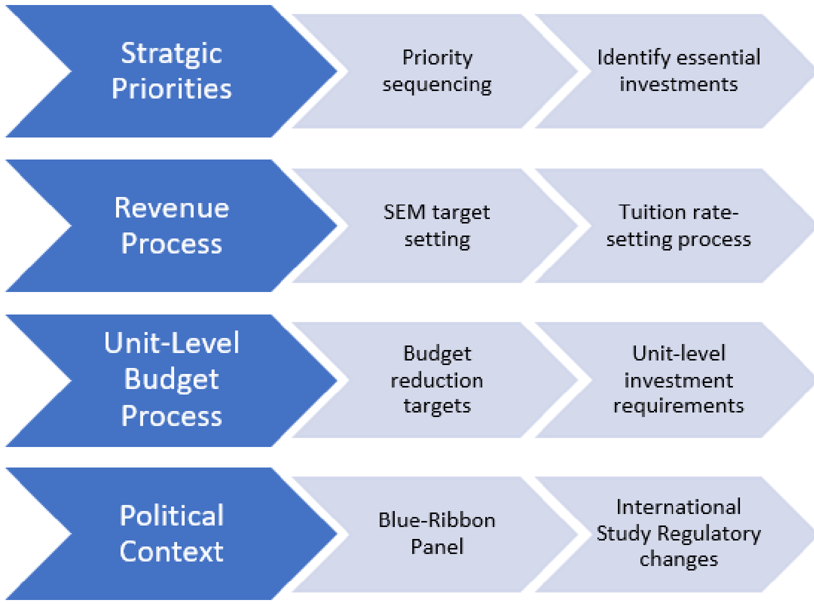


The 2024/25 budget development process was divided into four phases, beginning with a two-phased budget template approach to collect and consider both budget pressures and reduction strategies.

Phase I: Budget Planning & Development (Unit Planning)
Phase II: Budget Planning & Development (Target Modelling)
Phase III: Budget Coordinating Team Analysis & Review
Phase IV: Executive Leadership Team (ELT) and Budget Council Review

Although the budget process is developed through a phased approach with unit leaders across the university, additional iterative, 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 6*: Parallel Process Approach*



The 2024/25 budget development process began with a **structural deficit budget of $7.1 million**. This deficit included the $1.9 million budgeted deficit plus the $5.8 million in austerity measures that were used to reduce the budgeted deficit in 2023/24. This structural deficit did not yet reflect new costs for 2024/25, including salary increases, essential requests, and other institutional costs pressures.

Phase I: Budget Planning & Development (Unit Planning)

The first phase of the budget development process included the completion of the first of two budget templates by each unit. The purpose of this template was to provide units with an opportunity to identify proposed plans for 2024/25, resulting anticipated resource needs and identification of funding sources available or required. Identification of proposed plan requests would have a direct impact on budget target modelling during Phase II.

Phase II: Budget Planning & Development (Target Modelling)

The next phase of the budget development process included all academic and administrative budget managers completing a second budget template where they were asked to model two different budget target scenarios at the unit level: **2% and 3%.** Multiple target scenarios were required as a response to the Blue-Ribbon panel sector funding recommendations had not yet been received from the Province.

Each unit leader was asked to propose budget reductions that would be achieved through eliminating, reducing, or re-envisioning existing activity or service. The template information was for modelling purposes only to inform potentially differentiated targets within the overall VP (or equivalent) portfolio.

In a parallel process, VPs were requested to model a scenario of 5% on a more strategic basis, which translated to an additional 2% on top of the 3% modelling done at the unit level.

Phase III: Budget Coordinating Team Analysis and 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
- essential requests
- budget targets

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

Phase IV: Executive Leadership Team and Budget Council Review

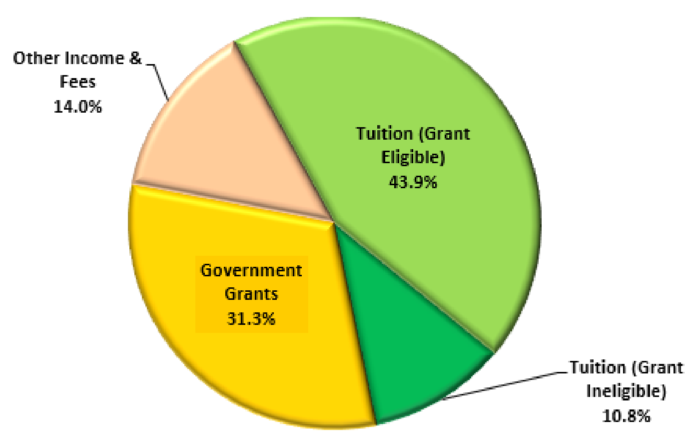
The Executive Leadership Team had discussions on strategic target approaches submitted by each VP. ELT considered the proposals from a holistic perspective, weighing strategic and operational impact, associated risks and timelines for each.

The Executive Leadership Team along with Budget Council reviewed the overall financial position of the 2024/25 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 considers three separate components: government operating grant, tuition fees, and other income and fees.

Figure 7: *Breakdown of Total Revenue*



Operating grants

MCU allocates enrolment and performance-based operating grant revenue in alignment the 2020-2025 Strategic Mandate Agreement (SMA3). Operating grant allocations for universities are governed by the enrolment corridor funding model that includes a fixed midpoint, indicating the level of funded student enrolments.

MCU's funding model includes four distinct funding envelopes:

- Enrolment Envelope: Core Operating Grant (COG) funding based on a specific level of eligible enrolment and governed by the enrolment corridor mechanism.
- Differentiation Envelope: Performance-Based Funding (PBF) distributed based on outcomes against specified metrics. MCU is implementing a 10% performance-based funding allocation for 2023/24, increasing to 25% for 2024/25.
- Special Purpose Grants Envelope: Designated purpose funding in support of system-wide priorities and initiatives.
- One-time Only Funding: In February 2024 MCU announced one-time funding for the following three years across the sector. One-time funding is in-year only and does not address overall financial sustainability.

Together, COG and PBF constitute Laurier's base enrolment grant funding. Laurier's operating grant funding includes an allocation for Martin Luther University College, a federated college of the university. In addition, a grant reduction is applied through the International Student Recovery, decreasing the operating grant allocation based on the level of applicable international students.

Performance-Based Funding

Performance-Base Funding is implemented on a slip-year basis. For 2024/25, PBF will be based on both institutional and system-wide metric performance for 2023/24. Laurier has met all metrics with the exception of one metric and will receive full funding based on overall performance across the ten metrics as shown below in Table 4.

Table 4: *Metric Performance*

Metric	Metric Weighting (Min 5%, Max 25%)	Notional Allocation	Target Achievement	Actual Allocation
Graduate Employment Rate in a Related Field	5%	$530,892	100.80%	$531,430
Institutional Strength/Focus	15%	$1,592,675	117.82%	$1,593,035
Graduation Rate	5%	$530,892	100.87%	$531,915
Community/Local Impact of Student Enrolment	15%	$1,592,675	112.15%	$1,596,862
Economic Impact (Institution-specific)	15%	$1,592,675	160.08%	$1,592,675

Research Funding and Capacity: Federal Tri-Agency Funding Secured	10%	$1,061,783	101.86%	$1,075,138
Experiential Learning	15%	$1,592,675	113.49%	$1,592,675
Research Revenue Attracted from Private Sources	5%	$530,892	96.94%	$514,662
Graduate Employment Earnings	10%	$1,061,783	107.88%	$1,061,783
Skills and Competencies	5%	$530,892	100%	$530,892
Total	**100%**	**$10,617,832**	**100%**	**$10,621,066**

Tuition revenue

Revenue from tuition is the product of tuition rates and enrolment.

Tuition rates

Tuition rates for publicly funded (largely domestic) students are governed by the Province's Tuition Fee Framework. In February 2024, MCU announced a continuation of the ongoing Ontario tuition freeze, extending for another three years, for a minimum total of 8 years following the 10% tuition roll back. In 2026/27, the general rate tuition fee for publicly funded students will be lower than the tuition fee levels in 2016/17, ten years prior, notwithstanding the 24.9% inflation experienced during that period. There continues to be a provision for 5% increase for domestic out-of-province students as well as the continuation of increases for approved academic programs under the Tuition Anomaly Program.

For international students and students in non-publicly funded programs and courses, the university has discretion over tuition fee increases as these are not eligible for provincial government grant 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. For international students, the university has formalized its practice of limiting continuing student increases to a maximum of 5%, with many programs seeing increases below this maximum. This policy enables international students to better determine the total cost of their degree.

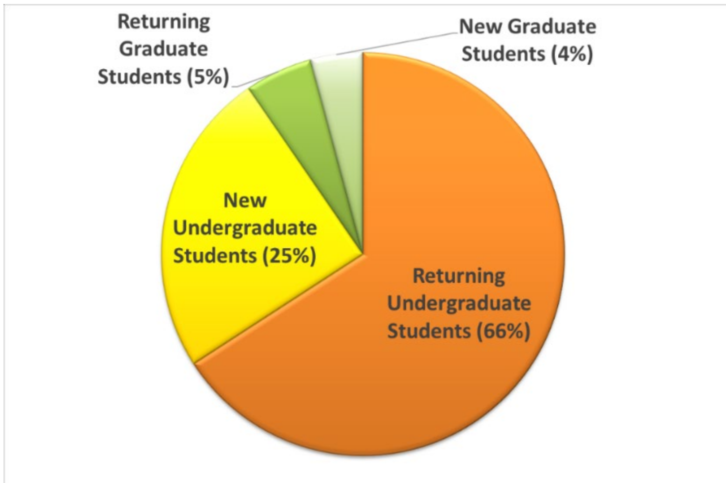
The Tuition Fee Report, separate from the Budget Report, includes the tuition fee rates that are incorporated into the 2024/25 budget.

Enrolment projections

Student enrolment is the major driver of institutional revenue. The Strategic Enrolment Management (SEM) Committee is responsible for aligning the enrolment planning process with institutional and academic priorities. Enrolment projections are determined by the Provost with the relevant Dean, through a data-informed process aligned with institutional and academic priorities. The SEM committee reviews the enrolment projections and monitors retention metrics. These core inputs form the basis of the enrolment projection, which is then used to forecast tuition and operating grant revenue institutionally and by Faculty.

Figure 8 is a conceptual depiction of how the proportion of the various cohorts of students included in the enrolment projection.

Figure 8: *Components of Enrolment Forecast by Student Headcount*



2.2 Enrolment

The following table illustrates the projected change in total students[1]:

***Table 5**: Forecasted Change in Total Students*

	Total Fall Headcount (Full-time & Part-time) *				
	2022-23	2023-24	2024-25	2024-25 /2023-24	
	Actual	Actual	Projected	Projected / Actual	
Undergraduate				#	%
Domestic	18,778	18,849	19,355	506	2.7%
International	1,128	1,060	872	-188	-17.7%
Full Time	16,226	16,382	16,720	338	2.1%
Part Time	3,680	3,527	3,507	-20	-0.6%
Graduate					
Domestic	1,843	1,779	1,804	25	1.4%
International	163	258	348	90	34.9%
Full Time	956	1,064	1,212	148	13.9%
Part Time	1,050	973	940	-33	-3.4%
Undergraduate	19,906	19,909	20,227	318	1.6%
Graduate	2,006	2,037	2,152	115	5.6%
Total	**21,912**	**21,946**	**22,379**	**433**	**2.0%**
Domestic	20,621	20,628	21,159	531	2.6%
International	1,291	1,318	1,220	-98	-7.4%
Total	**21,912**	**21,946**	**22,379**	**433**	**2.0%**
Full Time	17,182	17,446	17,932	486	2.8%
Part Time	4,730	4,500	4,447	-53	-1.2%
Total	**21,912**	**21,946**	**22,379**	**433**	**2.0%**

* # of registered students in the Fall term

Overall, the total student headcount for Fall 2024 is projected to increase by 433 students or 2.0% over Fall 2023. Undergraduate domestic enrolment growth is anticipated to increase, partially offset by an anticipated decrease in international students of 17.7%. Growth is concentrated in the Bachelor of Education, and in the Faculty of Science, notably in Computer Science. The anticipated decrease in international undergraduate enrolment relates to changing perception of Canada as a destination of choice, the early 2024 pause in issuing study permits for new international students and lower recent intakes in the past few years resulting in reduced levels of returning international students.

Graduate growth is anticipated for both domestic and international enrolment. Domestic growth is forecasted in both doctoral and master's programs, notably in the Faculties of Science, Social Work and Education. International student growth at the graduate level is concentrated in the Master of Applied Computing program, which is expanding to the Brantford Campus for 2024/25.

[1] Student enrolment tables exclude students registered at Martin Luther University College

***Figure 9**: Student Composition*

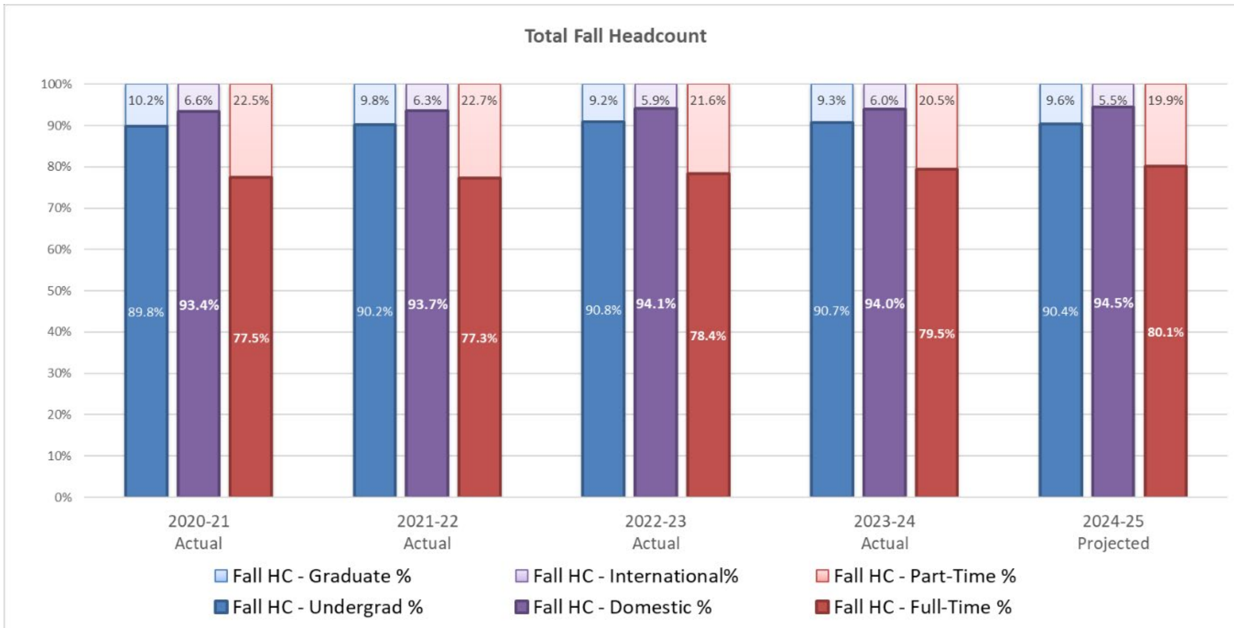


Figure 9 highlights the total student population in terms of student level (UG/Graduate), residency (domestic/international) and attendance (full-time/part-time) since 2020. For 2024/25, the percentage of enrolment related to graduate programs continues to increase, largely reflective of growth in international enrolment. Overall, the percentage of international students has not rebounded since the beginning of the pandemic, reflecting increased competition, financial barriers, and impacts of the recent study permit regulatory challenges. Part-time sudents continue to decline as a percentage of total enrolment.

Undergraduate (UG) Students:

Total projected undergraduate headcount for Fall 2024 is 20,227 reflecting a 1.6% increase over the prior year (Table 5). Included is a 2.7% increase in domestic enrolment and a 17.7% decrease in international enrolment, reflecting a significant decrease in incoming first year international students.

The incoming first year class makes up 31% of the total full-time undergraduate enrolment.

***Table 6**: Fall Full-Time Headcounts – Undergraduate Intake*

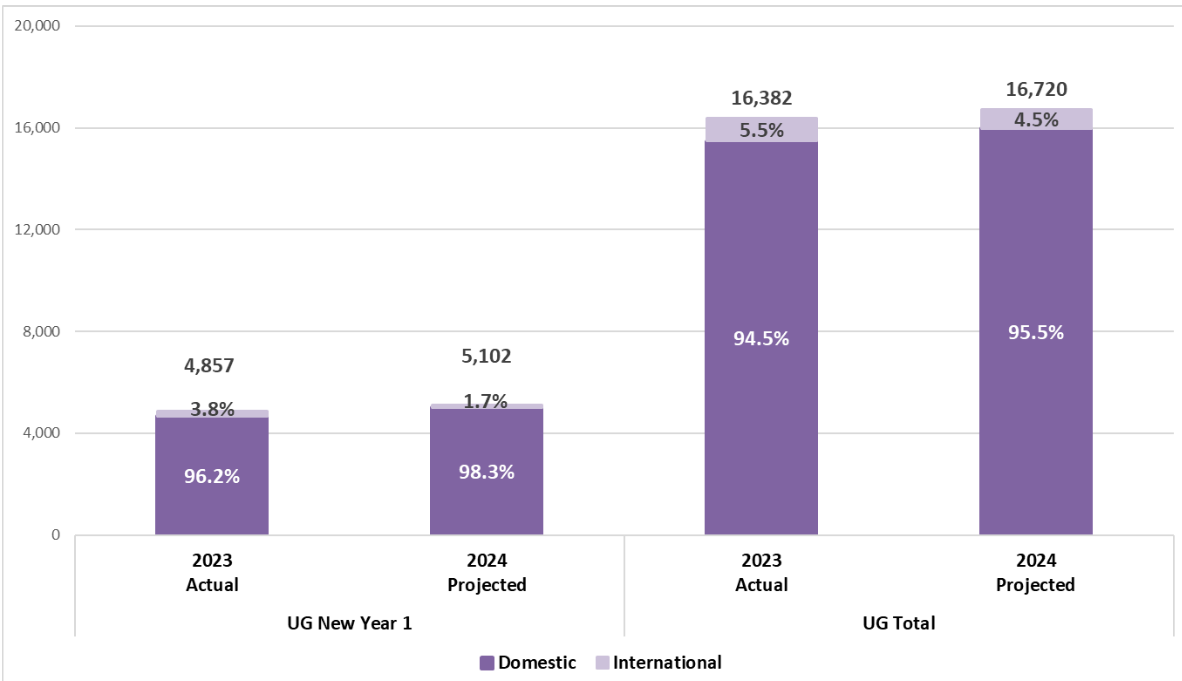
1st Year Fall Full-Time Headcount – Undergraduate				
Fall Full-Time Headcount	**2022 Actual**	**2023 Actual**	**2024 Projected**	**24p vs 23a % Change**
Domestic – 1st entry	4,520	4,430	4,682	5.7%
International – 1st entry	165	184	88	-52.2%
1st entry Sub-Total	**4,685**	**4,614**	**4,770**	**3.4%**
Domestic – 2nd entry (Bachelor of Education)	236	242	332	37.2%
International – 2nd entry	2	1	0	-
Total	**4,923**	**4,857**	**5,102**	**5.0%**

The anticipated Fall 2024 intake represents the second largest incoming class at Laurier. The projected intake target shows a 5.0% increase over 2023/24. While the majority of entering students are 1st entry, there is significant growth projected for the Bachelor of Education program at the Brantford Campus. Also included is the first undergraduate incoming class in Milton.

International intake is expected to decrease 52.2% in anticipation of the recently announced regulatory changes, the resulting pause in study permit processing and the overall impact to Canada's reputation as a destination of choice.

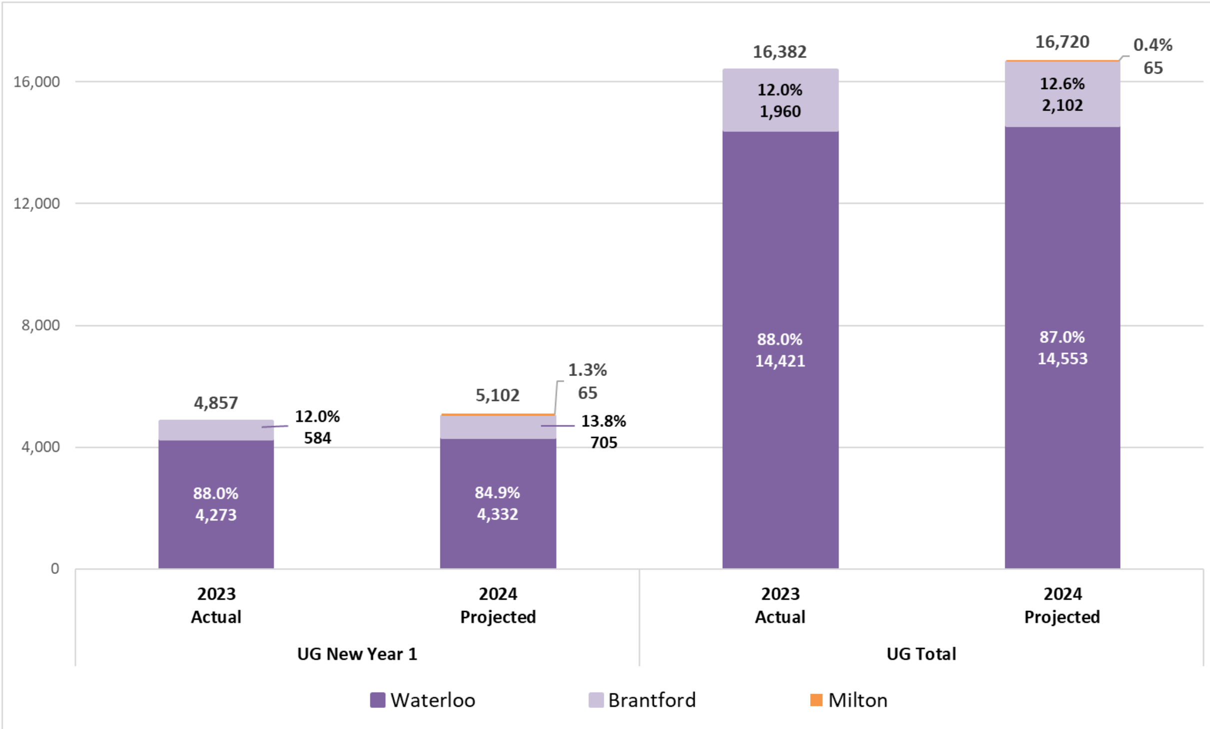
Total full-time undergraduate enrolment for both first year intake and overall is displayed by Student Visa Status (Figure 10), by Campus (Figure 11) and by Faculty (Figure 12).

Figure 10: *Total Undergraduate Fall Full-time Headcount-Domestic/International*



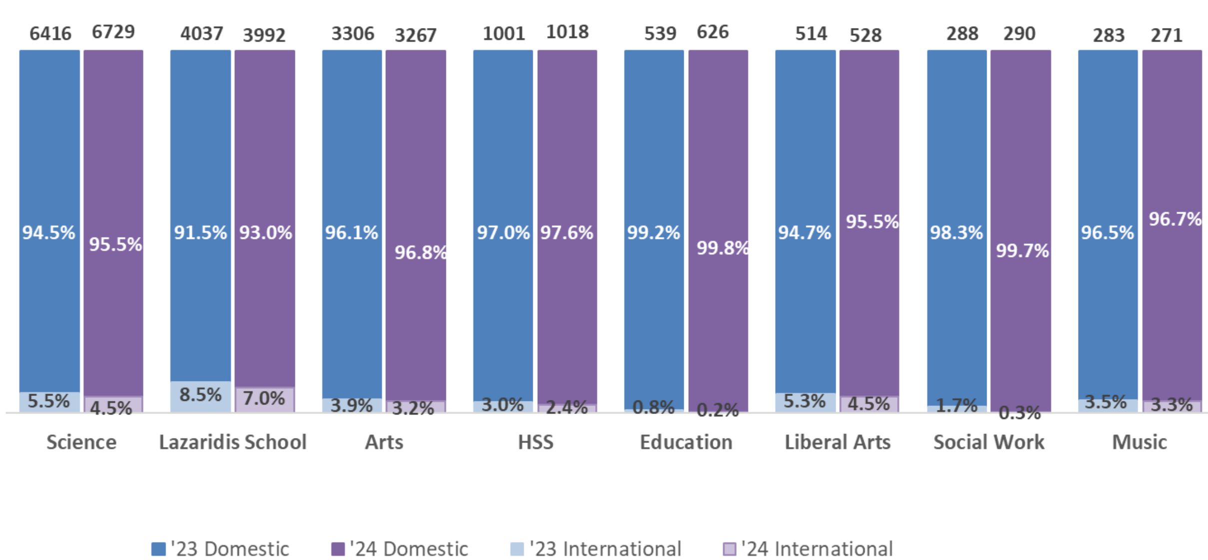
The above figure shows the student visa status breakdown for both total full-time undergraduate enrolment and 1st year intake. Overall undergraduate enrolment is expected to increase despite an anticipated reduction in international enrolment with domestic enrolment growth anticipated across multiple Faculties and programs.

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



The Brantford campus is projecting a 20.7% increase in intake and growth overall. An additional cohort of Bachelor of Education students is anticipated, as well as increases in the Faculty of Liberal Arts. Intake for the Waterloo campus is expected to hold relatively steady overall at a 1.4% increase, with anticipated increase in new domestic students offsetting anticipated reductions in international intake. In Fall 2024 we will welcome our first UG incoming class at Milton, a projected cohort of 65 students in the Faculty of Science.

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



The projected overall 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 at 16.2% and the Faculty of Science at 4.9%. Overall undergraduate enrolment in the other Faculties is projected to remain relatively stable. International enrolment is concentrated in the Lazaridis School, Faculty of Science and the Faculty of Arts.

Graduate Students:

At the graduate level, student enrolment is projected to increase by 10.2%[2] with growth anticipated across several program categories.

The composition for the projected Graduate Fall FTE is displayed by Program Category (Table 7), Student Visa Status (Table 8) and by Faculty (Figure 13):

Table 7*: Graduate Fall FTE by Program Category*

Graduate FTE by Program Category				
Fall FTE	**2022 Actual**	**2023 Actual**	**2024 Budget**	**24 vs 23 % Change**
Grant Eligible Programs				
Doctoral	223.1	224.5	244.4	8.9%
Masters	798.9	938.2	1079.6	15.1%
Diploma and General Grad Studies	20	1.3	0	-100.0%
Grant Ineligible Programs				
Full Cost Recovery *	229	191.9	170	-11.4%
Total	**1,271.0**	**1,355.9**	**1,494.0**	**10.2%**

* Enrolment in cost recovery programs (e.g. Toronto MBA, MFin) is not eligible for government grant funding

Growth is projected for PhD programs, primarily in the Faculty of Science and the Lazaridis School and professional master's programs in several Faculties. Grant eligible diploma/general studies programs vary with the level of graduate international exchange enrolment. Declines in cost recovery programs are concentrated in Toronto programs offerings through the Lazaridis School and the Master of Public Safety.

[2] Consistent with MCU reporting, graduate enrolment is reported as Fall full-time equivalents (FTEs) with 1 part-time graduate student = 0.3 FTE

***Table 8**: Graduate FTE - Domestic/International*

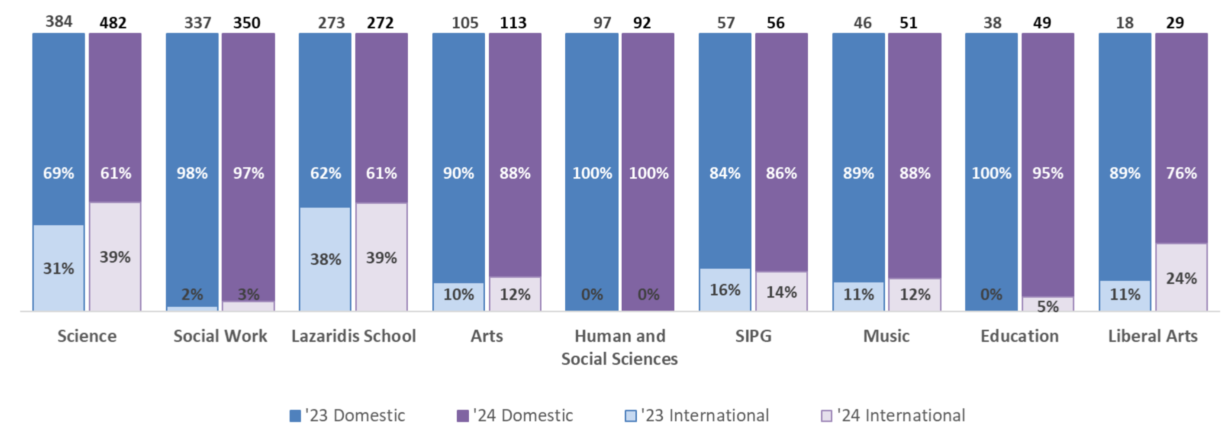
Graduate FTE by Domestic/International				
Fall FTE	**2022 Actual**	**2023 Actual**	**2024 Budget**	**24 vs 23 % Change**
Domestic – Grant Eligible	829	868.6	939.6	8.2%
Domestic – Grant Ineligible *	283.2	231.4	209.2	-9.6%
International**	158.8	255.9	345.2	34.9%
Total	**1,271.0**	**1,355.9**	**1,494.0**	**10.2%**

** Includes domestic students in cost-recovery programs (~ 70%) and those who exceed WGU/grant limit (~ 30%)*
*** Includes inbound exchange students and international students in full-cost recovery programs*

Graduate growth is projected in programs eligible for provincial grant funding, with an increase of 8.2% over the prior year. Growth is concentrated at the master's level, making up approximately three quarters of the increase.

Domestic enrolment in graduate programs that are ineligible for provincial grant funding (i.e. Cost Recovery programs) is anticipated to decline by 9.6%, reflecting reductions in primarily cost recovery master's programs. International graduate enrolment is projected to increase 34.9% over the prior year, mainly focused in professional two-year master's programs.

***Figure 13**: Graduate FTE by Faculty*



Graduate growth is concentrated in the Faculty of Science with a 25.4% increase over prior year. Approximately 70% of this growth is international, resulting in an 8% increase in the proportion of international students. Education and Liberal Arts are also anticipating significant graduate enrolment growth on a percentage basis - 27.8% (mainly domestic master's students) and 61.8% (related to both domestic and international intake for the new Master of Science in User Experience Design) respectively.

2.3 Expense Process

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

Total expenses for 2024/25 are $343.9 million. Expense changes are categorized as Direct Cost of Teaching, Essential Requests, Institutional Costs – Unit Oversight and Institutional Costs – Central Oversight.

Direct Cost of Teaching

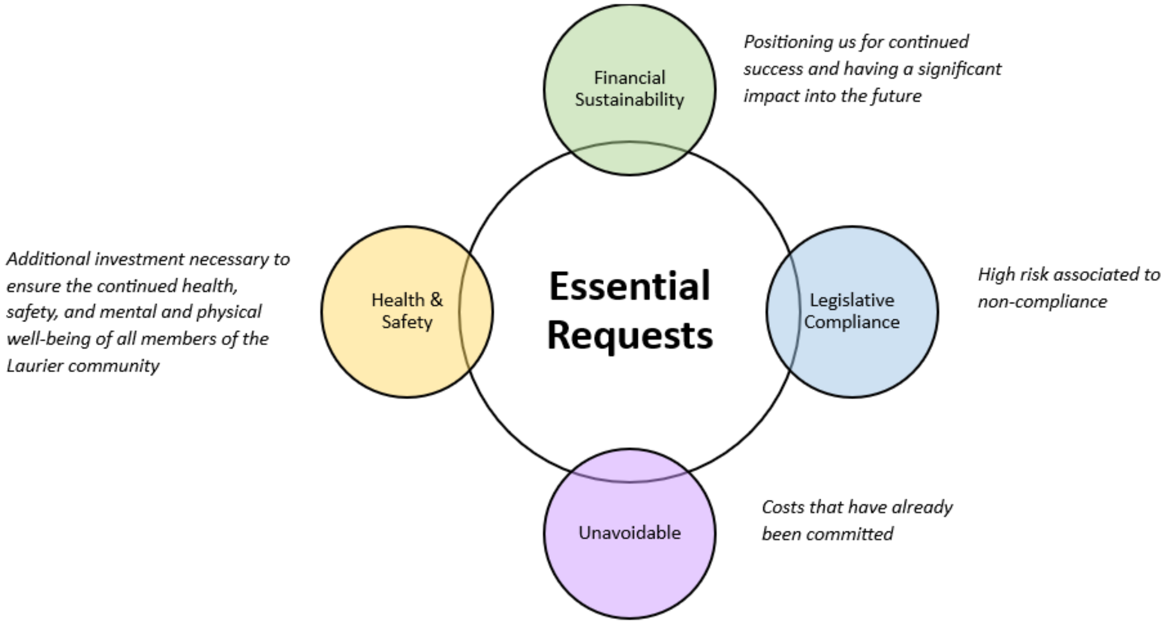
The direct costs of teaching associated with the creation of new academic programs and enrolment changes in continuing programs are considered when establishing the expense budget. Senate Academic Planning Committee and Senate review and approve the creation of new programs and the related detailed multi-year budgets. These necessary expenditures on direct program costs (principally teaching) are offset by incremental revenue from the new programs.

Each Dean reviewed the Strategic Enrolment Management (SEM) plans for their Faculty and identified resource needs based on any change in enrolment mix. Requests and relevant enrolment are reviewed by the Provost to determine eligible costs to be funded. Examples of direct cost of teaching expenditures include the hiring of full-time faculty or Contract Teaching Faculty (CTF), lab support, equipment, space modifications, and operating costs.

Essential Requests

As part of the budget template #1 process, budget leaders had the opportunity to identify critical needs for 2024/25. In the current fiscally constrained environment, budget leaders were asked to include only items that they would prioritize over current, ongoing activities in their unit or new costs that have already been committed. Examples of high-risk, critical requests that would potentially be identified during this process are highlighted in Figure 14:

Figure 14: *Essential Request Principles*



In the current fiscally constrained environment, VPs were requested to focus on prioritizing only the most essential items to minimize the overall budget impact to the university. Prioritization included consideration if requests could be delayed or if there was potential for cost flexibility. The final prioritized list was reviewed by ELT.

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, but the unit has limited control over how the cost may increase or decrease (e.g., scholarships, pension valuation, contractual obligations, etc.).

These costs were reviewed by the unit and the Budget Coordinating Team as part of the budget development process with the objective of keeping any cost changes to a modest level based on actual experience and anticipated future changes, while reducing conservatism. The proposed changes were reviewed by the Vice President: Finance & Administration and the Provost & Vice President: Academic. Budget Council also had an opportunity to review cost changes 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., interest income, ancillary contribution).

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

3. 2024/25 Operating Budget

The 2024/25 Operating Budget detailed information is presented in the following pages beginning with a summary of the Operating Budget (Table 9). The summary is broken out into major revenue and expense types with a comparison to the 2023/24 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 9: *2024/25 Budget by Revenue & Expense*

2024/25 Budget by Expense

In $000'shandso

	Approved Budget 2023/24	BASE Budget 2024/25	OTO Budget 2024/25	Total Budget 2024/25	Change	% Chg
Revenue						
Tuition Fees	183,997	184,259		184,259	262	*0.1%*
Enrolment Based Government Grants	101,300	102,158	3,083	105,241	3,941	*3.9%*
Other Income & Fees	42,100	44,352	2,658	47,010	4,910	*11.7%*
Revenue Total	**327,397**	**330,769**	**5,741**	**336,510**	**9,113**	***2.8%***
Salary & Benefit Expenses						
Full/Part Time Faculty Costs	111,454	119,585	(342)	119,243	7,789	*7.0%*
Full/Part Time Staff Costs	85,872	91,878	(123)	91,756	5,884	*6.9%*
Benefits	25,573	28,645	5	28,650	3,078	*12.0%*
Current Service Costs	20,084	20,084	(1,824)	18,260	(1,824)	*(9.1%)*
Salary & Benefit Expenses Total	**242,983**	**260,192**	**(2,284)**	**257,908**	**14,926**	***6.1%***
Non-Salary Expenses						
Scholarships & Bursaries	22,514	19,868		19,868	(2,646)	*(11.8%)*
Operating Costs	54,259	49,735	270	50,005	(4,253)	*(7.8%)*
Debt Service	5,915	6,678		6,678	763	*12.9%*
Utilities, Insurance & Taxes	6,457	7,405		7,405	948	*14.7%*
Contingency	2,000	2,000		2,000		*0.0%*
Non-Salary Expenses Total	**91,145**	**85,686**	**270**	**85,956**	**(5,188)**	***(5.7%)***
Expense Total	**334,127**	**345,878**	**(2,013)**	**343,864**	**9,738**	***2.9%***
Surplus/(Deficit) Before Contributions	**(6,730)**	**(15,109)**	**7,754**	**(7,354)**	**(625)**	
Austerity Measures	(5,800)		(1,000)	(1,000)	4,800	
Contribution to Reserves	1,000	1,000		1,000		
Milton appropriations			(1,501)	(1,501)	(1,501)	
Drawdown of Operating Stabilization Reserve			(5,854)	(5,854)	(5,854)	
Surplus/(Deficit) After Contributions	**(1,930)**	**(16,109)**	**16,109**	**0**	**1,930**	

Laurier Milton is being launched in Fall 2024 starting with modest operations in leased space. Based on the initial cohort of year 1 students starting in Fall 2024, Milton operations will create a negative pressure in early years on University net income, which will be funded through increasing surplus in future years once a steady state of enrolment is achieved. Table 10 below breaks out major revenue and expense types for Milton.

Table 10: *2024/25 Budget by Revenue & Expense (Milton only)*

Milton Campus 2024/25 Budget by Expense

In $000's

Revenue	
Tuition Fees	438
Enrolment Based Government Grants	201
Other Income & Fees	140
Revenue Total	**778**
Salary & Benefit Expenses	
Full/Part Time Faculty Costs/Benefits	599
Full/Part Time Staff Costs/Benefits	590
Salary & Benefit Expenses Total	**1,189**
Non-Salary Expenses	
Scholarships & Bursaries	115
Operating Costs	633
Building Lease	315
Utilities, Insurance & Taxes	27
Non-Salary Expenses Total	**1,090**
Expense Total	**2,279**
Surplus / (Deficit)	**-1,501**

Note: Enrolment Based Government Grants for Milton above include both base funding and the anticipated one-time only increase related to the recently announced Postsecondary Education Sustainability Fund.

Figure 15 below depicts the key components contributing to the year-over-year change as shown in Table 9. 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 15: *Key Components of the Budget Build Process*

In $ Millions	BASE	OTO	TOTAL
2023/24 Budget - *Structural Deficit*	**-7.1**	**-0.9**	**-8.0**
Tuition/Grant	0.5	3.1	3.6
Salary/Benefits	-11.5	0.2	-11.2
Institutional Costs	-3.4	3.6	0.2
Direct Cost of Teaching	-2.7		-2.7
Essential Requests	-1.5		-1.5
Budget Reduction @ 4.5%	11.1		11.1
Milton Start-up	-1.3	-0.2	-1.5
Austerity Measures		1.0	1.0
Gapping Adjustments		2.4	2.4
Other Adjustments	-0.2	-0.5	-0.7
2024/25 Surplus / (Deficit)	**-16.1**	**8.8**	**-7.3**
Milton funded through Reserves		1.5	1.5
Drawdown of Operating Stabilization Reserve		5.8	5.8
2024/25 Surplus / (Deficit)	**-16.1**	**16.1**	**0.0**

3.1 Revenue Projections

Overall, total revenues are expected to increase by $9.1 million or 2.8%. Revenue from student tuition fees and government operating grants account for 86% 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 enrolment projections and tuition rates. The process of how each input is determined is described in Section 2.1. Table 11 breaks out the tuition revenue components and year-over-year change in budget. Total tuition revenue is projected to remain stable, increasing $0.3 million or 0.1% when compared to prior year budget. For the 2023/24 fiscal year, tuition is expected to be just below budget with a 0.7% or $1.3 million unfavourable variance.

The 2024/25 tuition budget shows a $1.5 million or 0.8% increase over the estimated 2023/24 actual tuition results, largely driven by increases in undergraduate domestic enrolment of 1.0%, the ongoing impact of the Tuition Anomaly Program (in its second year in 2024/25), and an increase in graduate international enrolment of 34.9%. These positive impacts are counter-balanced by anticipated reductions in graduate domestic tuition due to changing student mix and reductions in undergraduate international intake due to the consequences of the ongoing study permit regulatory changes.

***Table 11**: Budgeted Operating Revenue Components*

	Enrolment (UG Fiscal FTE & GR Fall FTE)								Preliminary Tuition (in $000's)							
	2022-23	2023-24	2023-24	2024-25	2024-25 /2023-24		2024-25 /2023-24		2022-23	2023-24	2023-24	2024-25	2024-25 /2023-24		2024-25 /2023-24	
	Actual	Budget	Actual	Budget	YoY Budget Change		Budget / Actual		Actual	Projected	Est. Actual	Projected	YoY Budget Change		Budget/ Actual	
Undergraduate					#	%	#	%					$	%	$	%
Domestic	18,001	18,058	18,518	18,702	645	3.6%	185	1.0%	$125,354	$125,880	$129,359	$132,989	$7,110	5.6%	$3,630	2.8%
International	1,177	1,207	1,076	920	-287	-23.8%	-156	-14.5%	$32,929	$36,556	$31,008	$26,725	-$9,830	-26.9%	-$4,282	-13.8%
Full Time	16,413	16,483	16,752	16,849	365	2.2%	97	0.6%								
Part Time	2,765	2,781	2,842	2,774	-8	-0.3%	-68	-2.4%								
Graduate																
Domestic	1,112	1,159	1,100	1,149	-10	-0.8%	49	4.4%	$17,164	$16,732	$15,541	$14,446	-$2,286	-13.7%	-$1,094	-7.0%
International	159	193	256	345	152	79.0%	89	34.9%	$4,371	$4,830	$6,800	$10,098	$5,268	109.1%	$3,298	48.5%
Full Time	956	1,047	1,064	1,212	165	15.8%	148	13.9%								
Part Time	315	305	292	282	-22	-7.4%	-10	-3.4%								
Undergraduate	19,178	19,265	19,594	19,622	358	1.9%	28	0.1%	$158,282	$162,435	$160,367	$159,715	-$2,721	-1.7%	-$652	-0.4%
Graduate	1,271	1,352	1,356	1,494	143	10.5%	138	10.2%	$21,535	$21,562	$22,341	$24,544	$2,982	13.8%	$2,204	9.9%
Total	**20,449**	**20,616**	**20,950**	**21,116**	**500**	**2.4%**	**167**	**0.8%**	**$179,817**	**$183,997**	**$182,707**	**$184,259**	**$262**	**0.1%**	**$1,552**	**0.8%**
Domestic	19,113	19,216	19,618	19,851	635	3.3%	233	1.2%	$142,517	$142,612	$144,900	$147,435	$4,824	3.4%	$2,536	1.7%
International	1,336	1,400	1,332	1,265	-135	-9.6%	-67	-5.0%	$37,299	$41,386	$37,808	$36,824	-$4,562	-11.0%	-$984	-2.6%
Total	**20,449**	**20,616**	**20,950**	**21,116**	**500**	**2.4%**	**167**	**0.8%**	**$179,817**	**$183,997**	**$182,707**	**$184,259**	**$262**	**0.1%**	**$1,552**	**0.8%**
Full Time	17,369	17,530	17,816	18,061	530	3.0%	245	1.4%								
Part Time	3,080	3,086	3,134	3,056	-30	-1.0%	-78	-2.5%								
Total	**20,449**	**20,616**	**20,950**	**21,116**	**500**	**2.4%**	**167**	**0.8%**								

Undergraduate tuition revenue: Year-over-year budget change

Undergraduate tuition revenue is forecasted to decrease $2.7 million or (1.7%) to prior year budget. While overall undergraduate FTE enrolment is increasing 1.9%, lower tuition is expected due to a change in student mix, with the percentage of students paying higher international tuition fees decreasing.

Undergraduate domestic tuition revenue

Undergraduate domestic tuition revenue is forecasted to increase by $7.1 million or 5.6% over the prior year budget. This reflects a 3.6% increase in enrolment as well as the ongoing impact of the Tuition Anomaly Program. No other domestic tuition rate increases have been applied in alignment with the current Tuition Fee Framework.

Undergraduate international tuition revenue

Undergraduate international tuition revenue is forecasted to decrease by $9.8 million or (26.9%) over the prior year budget. This reflects a 23.8% decrease in enrolment with a lower number of returning students due to the larger, pre-pandemic cohorts completing their studies, reduced intake projections related to the study permit regulatory changes and permit processing pause, and lower international tuition rate increases applied based on market analysis.

Graduate tuition revenue: Year-over-year budget change

Graduate tuition revenue is forecasted to increase by $3.0 million or 13.8% over the prior year's budget. Overall, Fall 2024 graduate FTE enrolment is increasing 10.5%, with student mix driving a higher overall tuition increase.

Graduate domestic tuition revenue

Graduate domestic tuition revenue is forecasted to decrease by $2.3 million or (13.7%) over the prior year budget. While graduate domestic Fall FTE is only anticipated to decrease by 0.8% overall, this includes anticipated reductions in higher-tuition programs, including cost recovery programs. No tuition increases have been applied in alignment with the current Tuition Fee Framework, with the exception of a 0-3% increase in for cost recovery programs, which are not governed by the framework and established based on market-driven factors.

Graduate international tuition revenue

Graduate international tuition revenue is forecasted to increase by $5.3 million or 109.1% over the prior year's budget. The Master of Applied Computing program was revised following the 2023/24 budget, resulting in significant increase in intake for 2023/24 that had not been included in the budget. The 2024/25 budget reflects the actual enrolment for this program, a favourable variance to budget, as well as projected flow-through and intake for 2024/25 based on actual enrolment. Growth is also anticipated in graduate programming within the Lazaridis School. Overall, this tuition increase reflects a 79.0% increase in FTEs and a 0-3% tuition increase, varying by program.

Figure 16: *Student Revenue Source by Type*

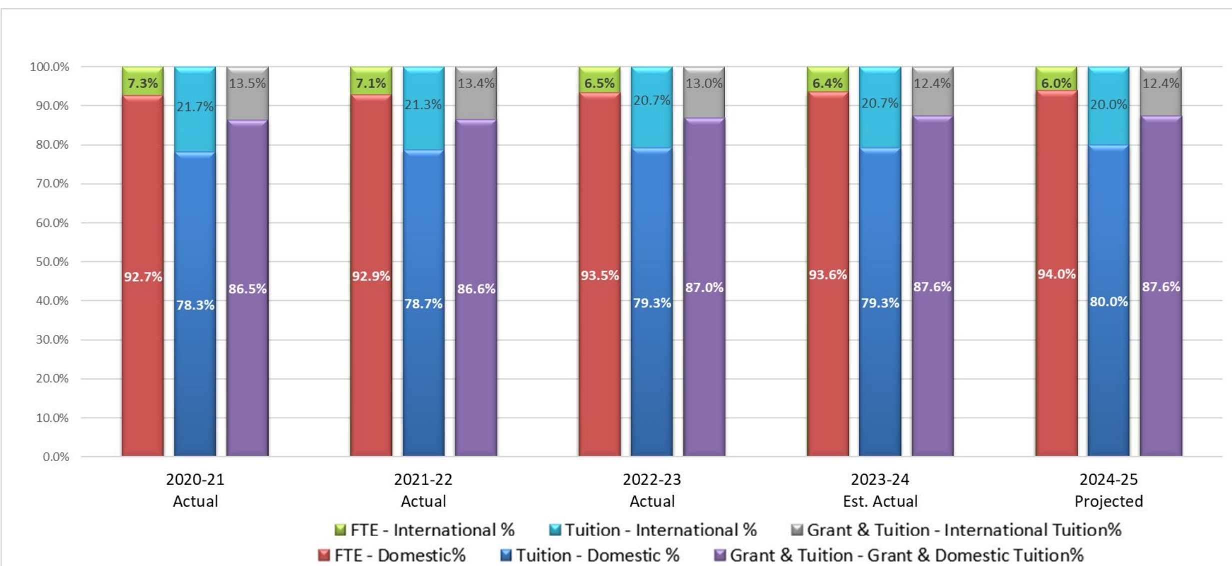


Figure 16 indicates that despite increasing graduate international enrolment, overall projected international enrolment for 2024/25 drops to 6.0% of total enrolment because of the decline of undergraduate international students. With international enrolment decreasing as a proportion of total enrolment, there is a complementary decrease in the proportion of international tuition to 20.0%. One-time increases in grant funding in 2023/24 and 2024/25 result in an increase to total domestic funding to 87.6% in both years, up from 87.0% in 2022/23.

3.1.2 Government Grants

Table 12 outlines the major sources of government grant funding in fiscal 2023/24.

Table 12: *Major Sources of Government Grant Funding*

Major Sources of Government Grant Funding				
Budget *(In 000's)*	**2023/24 Budget**	**2024/25 Budget**	**Change**	**%**
Enrolment Envelope (Core Operating Grant)	45,485	38,843	(6,643)	-14.6%
Differentiation Envelope (Performance/Outcomes Based Grant)	57,667	64,742	7,075	12.3%
International Student Recovery	(948)	(810)	138	-14.5%
Institutional Total	**102,205**	**102,774**	**570**	**0.6%**
Allocation to Martin Luther University College	(1,627)	(1,584)	42	-2.6%
Sub-Total	**100,578**	**101,190**	**612**	**0.6%**
B.Ed. (Brantford Campus)*	722	722	-	
Milton Campus*		195	195	
Postsecondary Education Sustainability Fund**		3,135	3,135	
Total	**101,300**	**105,241**	**3,942**	**3.9%**

* Includes base funding for B.Ed. in Brantford and for Milton campus, which are currently outside enrolment corridor

** +3% one-time only increase to operating grant for 2024/25 (including for the Milton campus)

The total revenue from the government operating grant is increasing by $3.9 million or 3.9% for 2024/25. Of the total operating grant, approximately 86% relates to undergraduate enrolment.

In 2024/25, the differentiation envelope reaches 60% of total grant funding, increasing from 55% in 2023/24 and resulting in a shift of funds between the enrolment and differentiation envelopes.

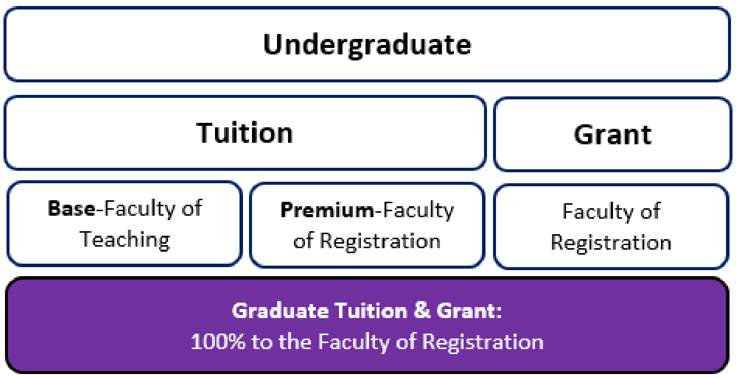
Increases in grant relate to:

- One-time only 3% increase in grant, estimated institutionally at $3.1 million
- Inclusion of Milton campus base operating grant related to the first intake cohort; Milton enrolment is outside Laurier's enrolment corridor and students for 2024/25 will be fully funded
- Reduction in International Student Recovery (ISR) due to a comparable decrease in applicable international (mainly UG and master's) students
- Overall reduction in allocation to Martin Luther University College (MLUC), which includes both the estimated one-time only 3% increase in grant funding and decrease in expected grant-eligible enrolment

3.1.3 Total Revenue by Faculty

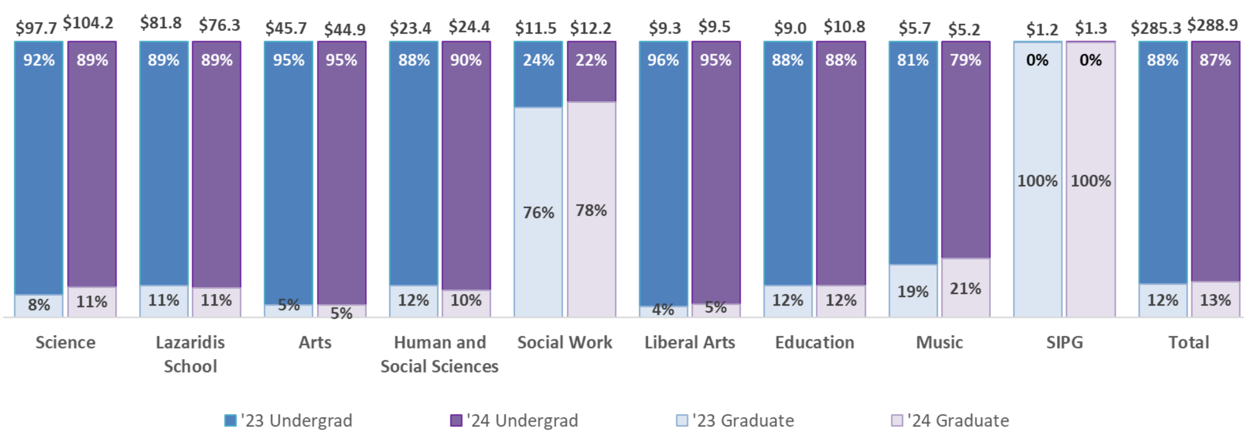
Laurier's Responsibility Centre Management (RCM) budget model allocates tuition and operating grant revenue based on student activity. A universal base-rate for undergraduate tuition is allocated to each Faculty based on teaching activity. For the purposes of the RCM allocation, the School of International Policy and Governance (SIPG) is treated as a distinct Faculty. Operating grant and any undergraduate tuition premium over and above the base-rate tuition, as well as all graduate tuition, is allocated based on students' Faculty of registration for their program. The figure below illustrates this allocation.

Figure 17: *RCM Tuition/Grant Allocation*



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

Figure 18: *Total Tuition & Operating Grant Revenue by Faculty*



Excludes Milton tuition & grant

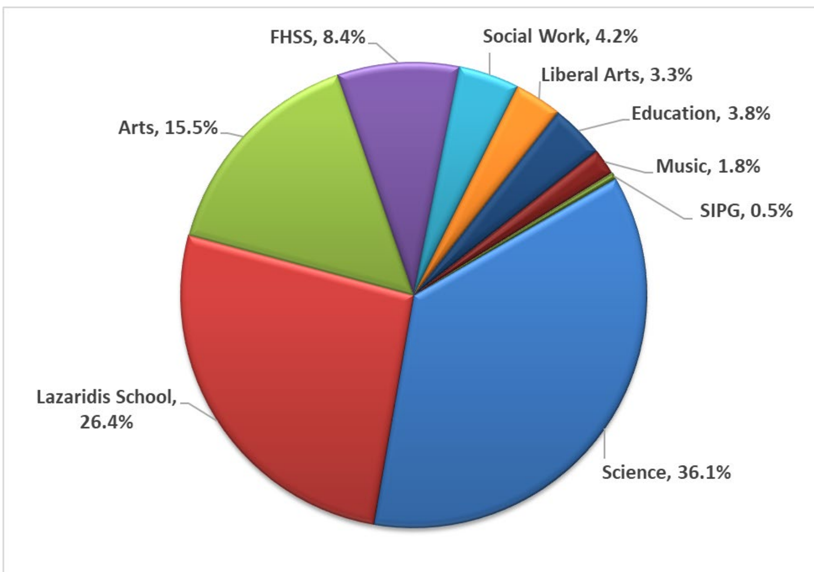
The change in tuition and grant revenue by Faculty reflects the change in tuition rates as well as changes in student enrolment numbers, program mix and levels of service teaching. The overall 1.25% increase in total tuition and grant budget year-over-year above, is not evenly distributed across Faculties:

- The Faculty of Education has projected revenue growth of 21% attributable to the growth in the Bachelor of Education program at the Brantford campus and the Master of Education.
- The Faculty of Science is projecting revenue growth of 6.7%, with increased revenue at both the undergraduate and graduate levels. Science's increase in international revenue relates to graduate international enrolment increases, primarily in course-based master's programs.

- The Faculty of Social Work is also projecting revenue growth of 6.7% related to growth at the graduate level, increasing their graduate revenue to 78% of total revenue.
- The Faculty of Music's tuition and grant revenue is anticipated to decline 9.2%, primarily reflecting reduced undergraduate enrolment, bringing overall undergraduate revenue to 79% of total tuition and grant.
- Lazaridis School total tuition and grant is forecasted to decline by 6.8%. Declines are forecasted for both undergraduate and graduate enrolment. Undergraduate international enrolment in particular is projected to decline significantly due to the impacts of the study permit regulatory changes, reducing undergraduate tuition revenue. At the graduate level, cost recovery enrolment is down year over year.

The overall distribution of tuition and grant revenue by Faculty is illustrated below in Figure 19.

***Figure 19**: Total Revenue Allocation by Faculty*



Other Income & Fees

Other income & fees are expected to increase $4.9 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 financing income, transcript fees, co-op/internship fees, application fees, athletics, student interest, and continuing education. Additionally, this year, the main contributors to the overall net increase include:

Favourable contributors:

- Increase in revenue from the Comprehensive Student Services fees of $3.6 million to reflect the revised Student Affairs Administrative Agreement fee schedule
- Increase in application, co-op and internship fees of $0.8 million
- Increase in interest income of $0.7 million due to rising interest rates

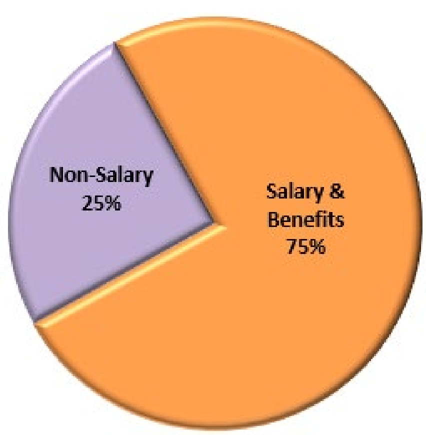
Unfavourable contributors:

- Decrease in grant revenue of $0.3 million to recognize the Facilities Renewal Program (FRP) grant provided by MCU which assists postsecondary institutions in addressing ongoing maintenance, repair and renovations. This funding amount is also recognized this year for the same amount in Operating Expenses. We are awaiting further information on the new envelope, and it may have a positive impact after budget approval, however, it would be a net zero gain overall on the operating budget.
- Decrease in internal interest income of $0.2 million as internal loans are repaid

3.2 Expense Projections

Total expenses are expected to increase by $9.7 million (2.9%). Faculty and staff salaries and employee benefits account for 75% of the total operating expenditures. Figure 20 depicts the breakdown of total expenses.

Figure 20*: Total Expenses Breakdown*



3.2.1 Direct Cost of Teaching

Direct costs of teaching costs (DCT) result from the creation of new programs and from significant changes in student enrolment.

Table 13: *Direct Cost of Teaching*

In 000's	BASE	OTO	TOTAL
Full-time Faculty	1,098		1,098
Contract Teaching Faculty	1,075		1,075
Support Staff and Program Operations	554		554
Total Direct Teaching Costs	**2,727**	-	**2,727**

Direct costs of teaching budgeted for 2024/25 will primarily support growth in the Faculty of Education (49% of DCT) and Faculty of Science (41% of DCT). The Faculty of Education has realized significant enrolment growth in the B.Ed program at both the Brantford and Waterloo campuses. Their DCT budget increase will support the hiring of new full-time faculty and CTF, making permanent previously awarded one-time-only funding. The Faculty of Science has realized significant enrolment growth in several disciplines including Computer Science at both the undergraduate and graduate level and Health Sciences. Their DCT budget increase will support hiring of new faculty as well as lab, staff and student support for the Master of Applied Computing program as it expands to the Brantford campus. In addition, several staff roles in support of students are included as base funding given Science's sustained undergraduate growth.

3.2.2 Essential Requests

The table below lists the Essential Requests that were recommended by ELT for approval in 2024/25.

Table 14*: Essential Requests*

In 000's	BASE	OTO	TOTAL
Student Recruitment & Retention	513		513
EDII	309		309
Facilities Maintenance & Materials	220		220
Talent Acquisition & Recruitment	128	30	158
Community Engagement	155		155
Technology	102		102
Compliance	58		58
Total Essential Requests	**1,485**	**30**	**1,515**

3.2.3 Institutional Costs – Unit Oversight

Institutional costs with unit oversight are costs that are directly attributed to a unit, and the unit has the responsibility to oversee the cost, but 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 15, a positive figure indicates a positive impact (budget reduction), whereas a negative figure indicates a negative impact (budget increase). The total impact of institutional costs (unit oversight) was unfavourable at $2.6 million and largely is due to inflationary pressures on operations.

Table 15*: Institutional Costs – Unit Oversight*

In 000's		BASE	OTO	Total
Expense	Insurance/Utilities/Taxes	-789		-789
	Scholarships/TAs	-607		-607
	ICT/Library Inflation and FX *	-245	-155	-399
	Faculty Support	-395		-395
	Retiree Benefits	-175		-175
	One Market Operations	-124		-124
	Executive Recruitment		-80	-80
	Agent Commissions		60	60
	Others less than $50K	-75	20	-55
Negative Impact on Operating Budget		**-2,409**	**-154**	**-2,563**

* ***FX*** *(Foreign Exchange)*

3.2.4 Institutional Costs – Central Oversight

Institutional costs with central oversight are costs that cannot be directly attributed to any one unit. These costs are reviewed centrally for any changes that may cause the cost to increase or decrease. Reflected below are the changes that have been incorporated into the budget. In Table 16, a positive figure indicates a positive financial impact, whereas a negative figure indicates a negative financial impact. The total impact of changes to institutional costs (central oversight) was favourable at $1.0 million.

Table 16*: Institutional Costs – Central Oversight*

In 000's		BASE	OTO	Total
Revenue	Bank Interest Income		2,140	2,140
	Application Fees	150		150
	Internal Loan Interest Revenue	-160		-160
	Other	-14		-14
	Increase in Revenue	**-24**	**2,140**	**2,116**
Expense	Internal/External Loan Int & Principal	-563		-563
	Supplemental Pension Arrangement	-147	-110	-257
	LEEP Internal Loan Payment	-200		-200
	Special Research Allowance		-100	-100
	Other	-43		-43
	Increase in Expenses	**-953**	**-210**	**-1,163**
Positive Impact on Operating Budget		**-977**	**1,930**	**953**

3.2.5 Budget Targets

The preliminary 2024/25 forecast reflected an operating deficit even before considerations for new costs, including salary increases, contributions to strategic and capital priorities, and other institutional cost pressures. Without a general domestic tuition increase and with no base operating grant funding, additional tactics were required to improve the budget deficit and support the achievement of Laurier's strategic objectives.

The Executive Leadership Team played a vital role considering from a holistic perspective how a balanced budget objective could be achieved through a combination of strategic and departmental targets. In collaboration with the Budget Co-Chairs and Budget Council, it was determined that a 4.5% budget reduction across vice-president portfolios was necessary to produce a balanced budget.

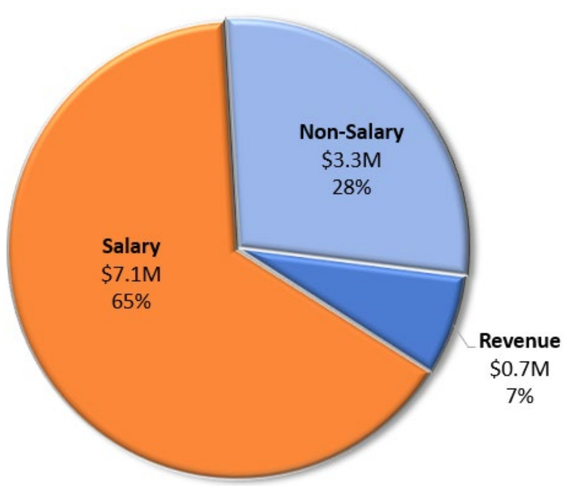
VPs were responsible for assigning differentiated budget targets within their portfolio based on information received in the unit templates. The actual targets assigned are shown in Table 17.

Table 17: *Budget Targets by VP Portfolio (in 000's)*

VP Portfolio	23/24 BASE Budget	% of University Budget	Target 4.5%
Presidents Area	3,344	1.4%	150
Chief Human Resources & Equity Officer	4,683	1.9%	211
VP - Student Affairs	15,163	6.1%	682
Vice President:Academic	183,391	74.1%	8,253
VP - Research	2,435	1.0%	110
VP - Finance & Administration	28,983	11.7%	1,304
VP - Advancement and External Relations	9,391	3.8%	423
	247,391	**100.0%**	**11,133**

Figure 21 shows the breakdown of the Operating Unit's targets by type and highlights the nature of activity that is planned to realize the budget target.

Figure 21: *Unit Budget Targets by Type*



Salary/benefits represent 65% of the overall $11.1 million of budget targets achieved. The majority of the $7.1 million salary targets were achieved through vacancy savings (resignations or retirements), partial positional savings through the annual faculty replacement position process and savings from changing contractual obligations.

Non-Salary reductions represent 28% of the total budget target achieved. The VPA and the VP-Finance portfolios contributed 74% and 19% respectively of the overall non-salary reductions, with the remaining 7% attributed to other VP portfolios.

The increase in revenue from the Comprehensive Student Service fee mitigated any potential budget reduction impacts on the student experience. With the above budget reductions, however, class sizes are becoming increasingly large, and this is having impacts on the student experience. Shared services areas are also challenged to provide the level of service needed to effectively support the university.

The major contributors to the non-salary saving reductions include the following:

Efficiency savings

- New ICT agreement negotiations
- Software replacement savings through rationalization
- Repurposing existing legacy infrastructure possible through rollout of new wireless technology

Service Level Reductions savings

- Reduction of custodial services in summer months and reduced level of cleaning in offices/classrooms

Other major savings

- Reduction in contractual obligations relating to online program partnership
- Reduction in direct cost of teaching related to enrolment and programming changes
- Project and internal grants reduction

3.2.6 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.

3.2.7 Commentary to 2024/25 Budget by Expense

This section provides detailed commentary to the 2024/25 Budget including review of the major drivers influencing the expenditure assumptions. Further, it provides explanations and highlights the major variances to expenditures as noted in Table 9 for 2024/25 as compared to the 2023/24 budget.

Salary & Benefit Expenses

Salaries and benefits for faculty and staff (full and part-time) make up the largest portion of the university's operating expenditure budget ($258 million or 75%).

The salaries & benefits increase of $14.9 million or 6.1% over the previous year, is a result of the following major salary and benefit related budget components:

Full/Part Time Faculty Costs – Increase of $7.8 million

Compensation increases of $5.0 million driven by collective agreements are the largest cost driver of this budget category. Additionally, direct cost of teaching accounted for a $2.1 million change year over year.

The atypical factors contributing to this increase this year include:

- Increase in CTF budget of $1.7 million to reflect truing up to actual level of activity
- Increase in TA-ships of $1.0 million to reflect changes in collective agreement and student volume
- Increase of $0.5 million to reflect additional faculty and CTF required for Milton in 2024/25
- Reduction of $0.3 million in faculty salary gapping to reflect observed passive vacancy savings

The atypical factors offsetting the full/part time faculty cost include :

- Budget targets contributed $3.6 million of salary savings. Full-time savings is achieved through the salary differential for replacement of retirements and resignations and by not replacing vacant positions in areas of slowing student demand.
- Reduction in CTF stipends through re-alignment of course offerings with student demand and teaching needs. Increases in these categories associated with growth and student demand are allocated through direct costs of teaching.

Full/Part Time Staff Costs – Increase of $5.9 million

Compensation increases of $4.3 million driven by collective agreements are the largest cost driver of this budget category. Additionally, direct cost of teaching accounted for a $0.4 million change year over year.

This year, some atypical factors contributed to the increase, including:

- Resources related to Essential Requests contributed $1.1 million. These additional resources relate to strategic initiatives and ensuring compliance, security, and risk management.

This year, a number of atypical factors offset the staff salary increases, including:

- Salary savings of $2.1 million of which the majority are related to positions not currently occupied and anticipated vacancies.

Benefits – Increase of $3.1 million

Statutory and fringe benefits are the main component and are based on the current and projected increase in the faculty and staff complement. This budget is estimated on an average percentage rate.

Pension Plan: Current Service Costs – Decrease of $1.8 million

The university required contributions to the WLU Pension Plan include 7% of earnings to each member's money purchase account plus the Current Service Costs and any special payments required to fund the minimum guaranteed pension. 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. The Current Service Cost based on the January 1, 2023 valuation is 2.0%.

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 on January 1, 2023. 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, any Going Concern Deficits must be amortized and paid over a period not to exceed 10 years. Laurier's Going Concern funded ratio at January 1, 2023 is 1.04 with a surplus of $29.5 million. Given there is no Going Concern funding deficit, no special payments are required. 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 January 1, 2023 valuation showed a solvency surplus of $87.7 million, and a solvency funded ratio of 1.11. There are no solvency special payments required so long as the solvency ratio is above 0.85.

The 2024/25 Budget contains a provision for employer contributions of 9% of pensionable earnings or $18.3 million, based on our last valuation on January 1, 2023.

The next valuation is due no later than January 1, 2026. The university and the Joint Finance/Pension Committee of the Board receive regular reports from the Actuary on the funded status of the Plan and may decide to file a valuation earlier than required by law if it is advantageous to do so.

Non-Salary Expenses

This category, which includes a number of non-salary budgets, decreased $5.2 million year-over-year. The following explains the main cost category changes:

<u>Scholarship & Bursaries - Decrease of $2.6 million</u>

Undergraduate level scholarship costs are expected to decrease for two main reasons. First, the Entrance Scholarship grid was adjusted for 2024/25 to align with the market by eliminating the lowest band, previously awarded to students with an incoming high-school average between 80% and 84.9%. Second, the grades of incoming high school students are returning to levels that were typical prior to the pandemic. Entrance scholarship costs temporarily increased from 2020/21 through 2022/23 due to significantly higher incoming high school grades relating to pandemic factors. This had resulted in a greater volume of entrance scholarships awarded, and at higher average award values. These changes are expected to reduce scholarship costs in 2024/25.

The reduction in undergraduate scholarship costs are partially offset by increased graduate scholarship costs due to higher projected enrolment of research-based Masters and PhD students. Undergraduate scholarship costs are informed by award rate (%), award value ($), and enrolment levels. Graduate scholarships are informed by enrolment levels in scholarship-eligible research-based Masters and PhD programs and the respective award value ($).

As indicated above, entrance scholarships temporarily increased through 2022/23. This impact is a favourable $2.2 million change year over year; however, it represents only a $0.8 million favourable change from base budget. Table 15 (Institutional Costs – Unit Oversight) references Scholarships/TAs change of $0.6 million. The change is comprised of the UG change of $0.8 million, an increase in TA-ships of $1.0 million to reflect changes in collective agreement and student volumes, and the balance relating to graduate scholarships as explained above.

Operating Costs - Decrease of $4.3 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, and Equipment/Operating Renewal. Annual review of Institutional Costs relating to rental and other contractual agreements were reviewed and adjusted as necessary. Unit level budget targets of $3.3 million was the main driver of the overall decrease

*The atypical **favourable** changes to this category this year include:*

Contractual Obligations – Decrease of $3.6 million

- Decrease relates to changes of contractual obligations to reflect anticipated levels of activity.

Conestoga – Cost Recovery fee increase of $1.1 million

Deferred Maintenance – Decrease of $0.3 million

- Decrease in the grant revenue from the Facilities Renewal Program (FRP) grant provided by MCU which assists postsecondary institutions in addressing ongoing maintenance, repair, and renovations. The offset funding amount is recognized in Other Income & Fees.

*The atypical **unfavourable** changes to this category this year include:*

CSS Agreement – Increase of $2.5 million

- Based on the new Student Affairs Administration Agreement, additional funding was received through an increased CSS fee to allocate dedicated funding for service enhancement of the Student Affairs departments for areas that the CSS fee supports. This increase of $2.5 million enabled Athletics to allocate funding to facility renewal and maintenance as well as true-up budget to existing service levels. The overall CSS fee revenue increase is offset in Other Income & Fees.

Milton – Increase of $0.9 million

- Initial start-up costs associated with the Laurier Milton Academic Centre, largely related to the building lease, marketing and recruitment, student wellness and program specific supports.

Debt Service – Increase of $0.8 million

This category represents the interest on the $115 million debenture, the $1 million annual contribution to the sinking fund, and the amortization of deferred charges on the debenture and the TD loan repayments. Debt service will increase in 2024/25 by $0.6 million due to interest payments towards a debenture that had previously been attributed to Ancillary Services for a residence building, 50 University Avenue, that is no longer in operation. The interest payment towards the debenture will now be allocated to the Operating fund. In addition, the principal and interest payments on a loan that had previously been attributed to Ancillary Services for two other residence buildings that have been sold, 19 and 33 Ezra Avenue, will also now be allocated to Operating fund.

Additionally, a ramp-up approach has been introduced for the LEEP internal loan payment with $0.2 million commencing in 2024/25. This payment will increase to $0.5 million in 2025/26 and has a 35-year payback payment schedule.

Utilities, Insurance & Taxes – Increase of $1.0 million

This category has been adjusted for anticipated utility rate increases, changes to insurance coverage premiums and deductibles, and true-up to actual property tax expense.

3.3 Budget by Faculty

RCM Budget Model

Laurier adopted a Responsibility Centred Management (RCM) budget model in 2017/18, including a five-year transition plan to incrementally phase in implementation. The transition plan was paused in 2019/20 due to the significant impact of the change in domestic tuition policy, reducing tuition by 10% with a subsequent, and ongoing general freeze.

Table 18 summarizes the Faculty allocation under the RCM Budget model and includes the bottom-line position for each Faculty with the allocation of all shared service costs. The University Fund section in the lower right balances the RCM allocation back to the operating budget as presented in Table 9. As noted previously, the transition to a fully implemented RCM budget remains paused; the RCM methodology, however, continues to be active and is the major driver of resource allocation among Faculties. This includes informing decisions related to differentiated targets and essential requests.

Table 18: *2024/25 Budget by Faculty*

2024/25 Budget by Faculty *(In 000's)*

	FACULTIES									
	Arts	Lazaridis	Education	HSS	Liberal Arts	Music	SIPG	Science	Social Work	Total
Tuition & Grant Revenue	44,891	76,269	10,834	24,408	9,456	5,218	1,323	104,237	12,226	288,862
Non-Tuition & Grant Revenue	410	4,173	462	210	42	1,091	0	1,107	2,614	10,108
Total Revenue	**45,301**	**80,443**	**11,296**	**24,617**	**9,499**	**6,308**	**1,323**	**105,344**	**14,839**	**298,970**
Total Direct Costs	32,647	49,853	5,163	12,304	9,419	9,535	1,609	51,565	10,598	182,693
Contribution Margin	**12,654**	**30,590**	**6,133**	**12,313**	**79**	**(3,227)**	**(286)**	**53,779**	**4,241**	**116,277**
Shared Service Allocation	22,450	33,931	2,961	8,996	4,719	4,537	778	40,473	5,342	124,186
Austerity Measures	(180)	(273)	(19)	(82)	(53)	(48)	(19)	(262)	(63)	(1,000)
University Fund Revenue Assessment (8%)	3,591	6,102	867	1,953	756	417	106	8,339	978	23,109
Bottom-Line Position	**(13,207)**	**(9,169)**	**2,325**	**1,446**	**(5,344)**	**(8,134)**	**(1,151)**	**5,229**	**(2,015)**	**(30,018)**

University Fund Components:	
Unattributable Revenue	10,246
University Fund Assessment (8%)	23,109
Faculty Surpluses	9,001
University Fund In-Flows	**42,356**
Institutional Cost - Central Oversight	8,190
Contribution to Op. Reserves	1,000
Subvention Funds	39,019
Milton	1,501
Total University Fund Out-Flows	**49,710**
University Fund Balance	**(7,354)**

The University Fund revenue assessment of $23.1 million flows into the University Fund along with Faculty surpluses. The other components of the University Fund are unattributed revenue (e.g., interest income), institutional costs (e.g., debt service), and contributions to operating reserves. Revenue and expenses related to Laurier Milton have been excluded from the Faculty allocation and the net cost is included as part of the University Fund. Austerity measures have been allocated across all Faculties to reflect that anticipated savings would originate either within Faculties or shared services, and result in an overall reduction in allocated costs. The net University Fund balance is a deficit of $7.4 million or the institutional surplus/(deficit) before appropriation and reserve adjustments as seen in Table 9.

The bottom-line position of each Faculty reflects net changes in revenue, direct costs and the shared service allocation. Figure 19 provides the tuition and operating grant change by Faculty. The direct costs change is a result of increases in salary costs (see section 3.2.7) and new direct costs of teaching (Table 13) offset by the budget reductions (Table 17).

3.3.1 Shared Service Allocation

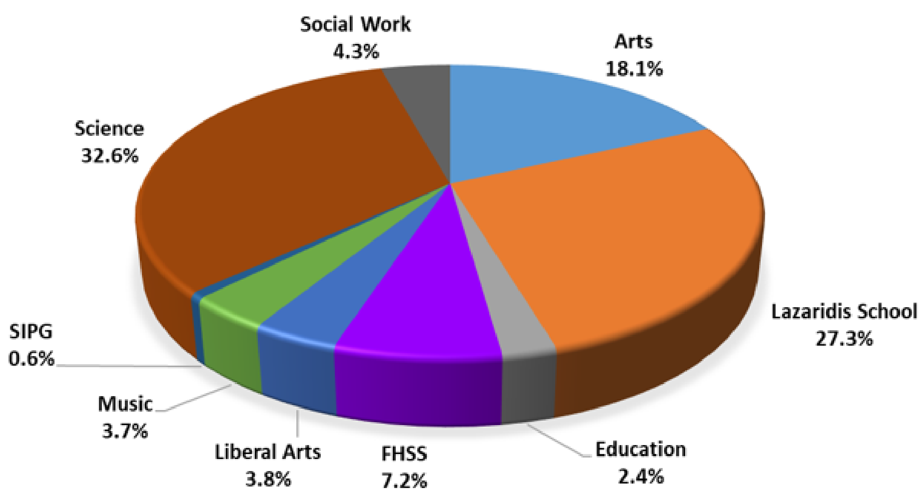
Table 19: *Shared Service Allocation (In 000's)*

Cost Pool	Departmental	Institutional: Unit Oversight	Total 2024/25
Central Support Services	23,350,628	1,707,626	25,058,254
Development & Alumni	4,359,604	-	4,359,604
Faculty, Staff & Student Services	22,409,738	16,141,615	38,551,353
Occupancy	18,471,103	10,083,552	28,554,655
Research Support	1,914,186	1,239,526	3,153,712
Bursaries	-	6,000,000	6,000,000
Student Support	17,689,253	819,506	18,508,759
Total	**88,194,512**	**35,991,825**	**124,186,337**

Table 19 above details the shared service allocation by cost pool. All departmental and unit-level institutional costs are assigned to a cost pool and allocated across the Faculties based on relevant cost drivers.

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

Figure 22: *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, projects and other specific purposes.

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. Laurier's efforts to strengthen financial sustainability includes strategies to replenish reserves and serve these needs. The realization of annual operating and ancillary surpluses is a deliberate strategy, as outlined in Laurier's Budget Planning Policy, to achieve solid reserve balances.

The table below indicates preliminary forecasted reserve balances for 2023/24, and actual April 2024 reserve amounts will be impacted by year-end results.

Table 20: *Internally Restricted Net Assets (Reserves)*

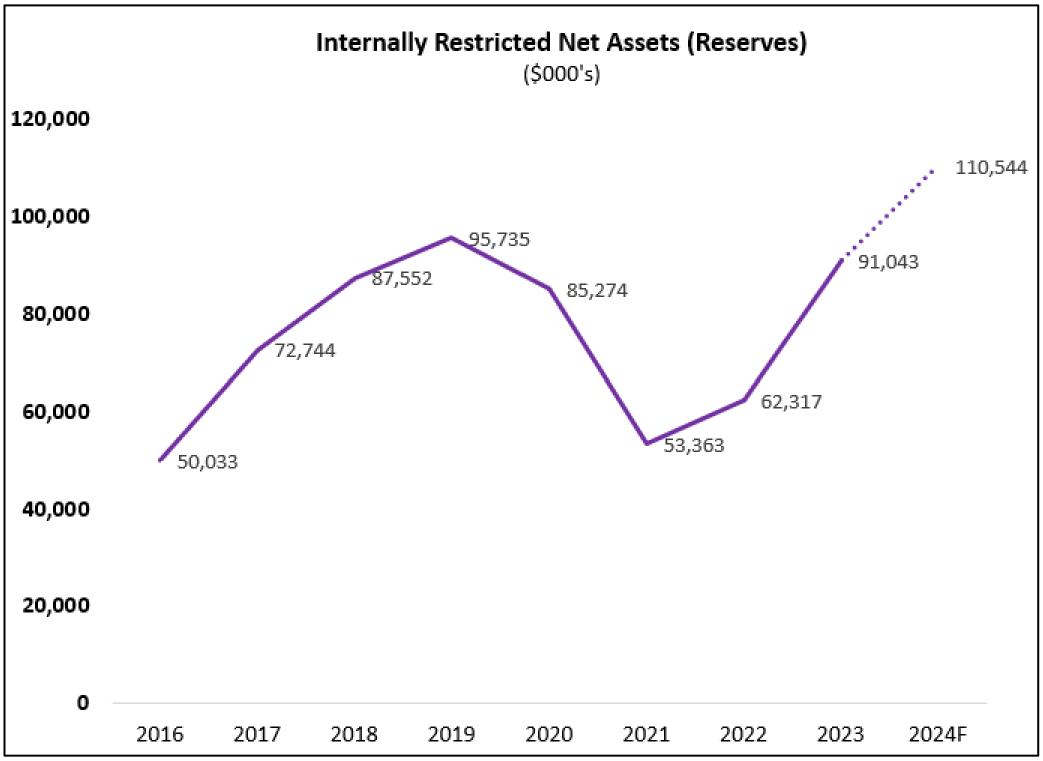
Summary *(In 000's)*	**Apr 2024** *(forecast)*	**Apr 2023** *(actual)*	**YoY Change**
Carryforward/Retained Surplus	10,019	12,894	(2,875)
Operating Stabilization Reserve	11,600	0	11,600
Operating Specific Reserves	6,480	6,718	(238)
Operating General Reserves	2,279	2,279	0
Major Repairs and Maintenance	14,037	4,865	9,172
Equipment Replacement and Renewal Fund	3,023	3,024	(1)
Research Reserves	6,346	6,346	0
Ancillary Reserves	2,906	(161)	3,067
Sinking Fund	31,897	28,047	3,850
Post-Employment Benefits, *Net of Internal Loans*	8,711	7,494	1,217
Capital Reserve	13,246	19,537	(6,291)
Internally Restricted Net Assets	**110,544**	**91,043**	**19,501**

Sinking fund and post-employment benefit reserves are forecasted based on planned contributions and repayment of internal loans. Ancillary reserves include deliberate contributions for the purposes of deferred maintenance for infrastructure needs. The operating stabilization reserve was established in 2023/24 as a result of the provinces funding to stabilize colleges and universities while maintaining a tuition freeze for Ontario students. In February 2024, Laurier received $11.6 million of funding for STEM program costs for 2023/24 enrolments above currently funded levels, which enabled Laurier to offset $11.6 million in budgeted expenditures incurred during the 2023/24 year and contribute to a stabilization fund to mitigate future deficits. Other reserve categories will be impacted by year-end results, including the use of unit-specific carryforward funds, and potential year-end surplus contributions.

The forecasted balance for April 2024 reflects the proceeds from the sale of the Seagram properties in Waterloo, and a strategy to maintain the external debt obligations tied to these assets, which is being repurposed for future Milton campus development.

The figure below shows how the reserve balances have changed since 2016.

Figure 23: *Internally Restricted Net Assets (Reserves) Trend*



Part D – Multi-Year Operating Budget Forecast

A multi-year planning approach is critical for ensuring institutional success and sustainability. The 2024/25 budget presents a deficit of $7.35 million which will be funded through appropriations, specifically, the drawdown from the operating stabilization reserve established in 2023/24.

The Multi-Year Operating Budget model starts with the proposed 2024/25 Budget as the base and applies assumptions in developing the Multi-Year Forecast. It incorporates revenue expectations reflecting the government's current and anticipated future Tuition Fee Framework, the Provincial operating grant funding formula, and the university's enrolment plan and projections. Inflationary factors have been added to non-salary costs, as well as provisions for gapping and austerity measures to allow time for revenue generation ideas to scale up and the financial impacts of strategic reductions to take effect.

In preparing the multi-year model, certain assumptions and estimates were necessary. The assumptions and estimates are based on the information available to management at the time of preparing the 2024/25 Operating Budget. Readers are cautioned that actual results may vary from the forecast(s).

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[3] budget assumptions
Scenario 2:	represents the impact of financially unfavourable budget assumptions

Table 21: *Multi-Year Assumptions*

Enrolment Commentary:

The enrolment projections are the foundation of the multi-year revenue scenarios. They are based on a set of potential outcomes given our knowledge of current plans and future, planned initiatives. The enrolment levels have been factored into the projections for related increases in direct costs of teaching, student services, and scholarships and bursaries.

Enrolment projections have been considered for both undergraduate and graduate programs and for domestic and international students. Milton enrolment projections have been included as well as the effects of ongoing work of the Brantford 5000 initiative and executed enrolment strategies for the Waterloo campus. Enrolment assumptions across the three scenarios vary based on anticipated impact of various trends and pressures:

- The impact of international study permit policy on Canada's reputation as a destination of choice
- The changing competitive landscape and student demand patterns related to domestic enrolment
- Anticipated graduate enrolment trend, considering areas of growth and impact of SMA4
- Opportunities aligned with government policy and student demand

[3] 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.

Tuition Rate: (annually)		BASE	Scenario 1	Scenario 2
UG & Graduate Domestic tuition increase	2025/26	0%	0%	0%
	2026/27	0%	0%	0%
	2027/28	inflationary increase applied		
UG International tuition increase		2%	3%	0%
Graduate International tuition increase		2.5%	4%	0%
Graduate Cost Recovery tuition increase		2%		

Tuition Commentary:

- The most recent Tuition Fee Framework extends for three years, ending 2026/27 and continues the ongoing general domestic tuition freeze. Tuition Anomaly Program increases have been applied as approved.
- International tuition increases are lower than increases from recent years, as informed by ongoing market analysis and reflecting increased financial pressures for students.

Operating Grant:	BASE	Scenario 1	Scenario 2
Operating grant	Includes final two years of one-time only funding through the Postsecondary Education Sustainability Fund. One-time funding then removed in 2027/28.		

Operating Grant Commentary:

- The Postsecondary Education Sustainability Fund provides for three years of one-time only funding, ending in 2026/27.
- The projected operating grant includes the relevant adjustments to account for changes in the International Student Recovery aligned with applicable international enrolment.
- Operating grant funding for Milton is included in all three scenarios.

Salary & Benefits:		BASE	Scenario 1	Scenario 2
Salary increases (ATB)	2025/26	3%		
	2026/27	2%		
	2027/28	2%		
Student faculty ratio		Impact of enrolment		
Pension service cost/pension deficiency		Based on most recent valuation		

Salary & Benefits Commentary:

- Collective agreements are in place for Laurier's two largest union groups (WLUFA Full-time Faculty & Librarians and WLUSA/OSSTF Staff) to June 2026. Across all scenarios, the same % has been assumed for forecast purposes only, and re-examined annually based on activity across the sector.
- The Pension Service cost/pension deficiency assumption included in all scenarios is based on actuarial estimate. Section 3.2.7 explains the Pension Plan: Current Service Costs in more detail.

Non-Salary Expenses:	BASE	Scenario 1	Scenario 2
Scholarships	Impact of enrolment		
Inflation	3%		

Non-Salary Expenses Commentary:

- A 3% inflation rate has been included in all scenarios based on the applicable Bank of Canada estimate and the desired impact the prime rate should have in reducing inflation.

Central Gapping Adjustments:	BASE	Scenario 1	Scenario 2
OTO salary savings ($2.0M)	Savings continue in future years		

Central Gapping Adjustments Commentary:

- The $2.0 million assumption reflects the recognition of anticipated passive vacancy savings. Each year we budget positions as full FTEs for the full year, and naturally over the year we have turnover and vacancies that lead to salary and benefit savings. The amount has been determined based on past vacancy savings and reflects salary and benefits savings.

Table 22 and Figure 24 provides a very high-level overview of the Operating Budget forecast over the next three years. The multi-year scenarios below are reflective of the most likely funding and cost projections over the next three years. These are based on limited revenue increase opportunities and most probable inflationary cost increases for salary and non-salary costs. From the scenarios above, it is clear that Laurier will face significant fiscal hardship in the coming years.

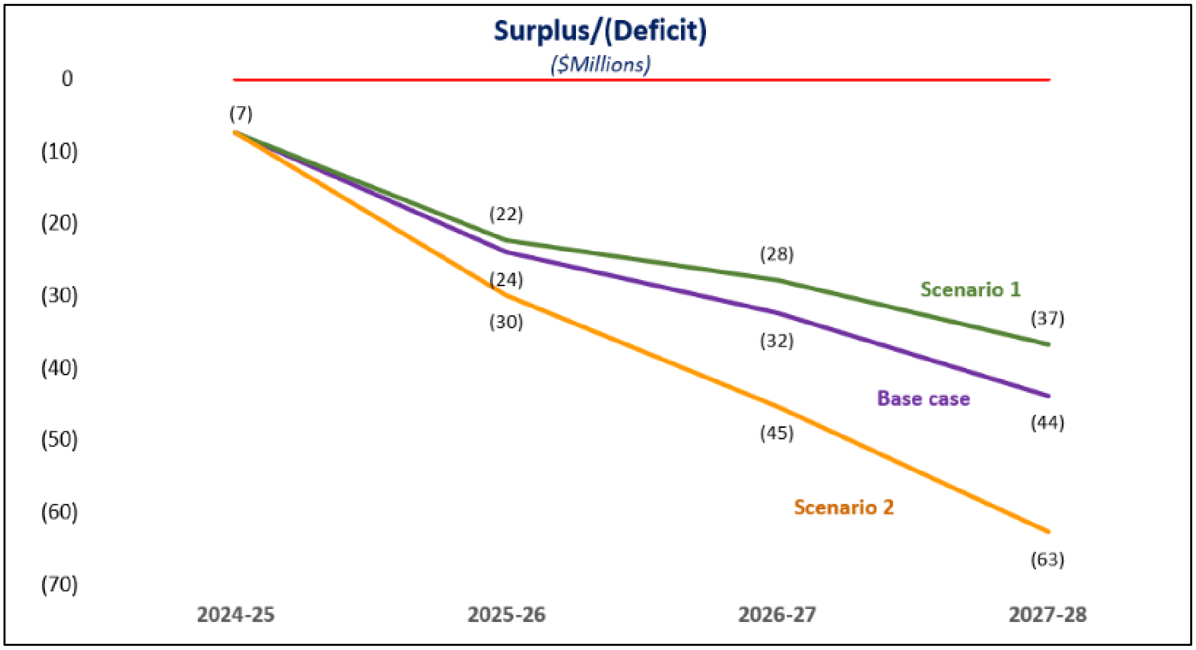
Table 22: *Multi-Year Operating Budget Model*

Multi-Year Operating Budget Forecast *(In millions)*

Operating *(including Milton)*	2024/25	2025/26			2026/27			2027/28		
In Millions	Budget	BASE	Scenario 1	Scenario 2	BASE	Scenario 1	Scenario 2	BASE	Scenario 1	Scenario 2
Tuition Fees	184.3	188.9	191.0	181.9	193.0	198.4	178.8	203.1	211.5	181.3
Enrolment Based Government Grants	105.2	108.0	108.0	108.0	110.8	110.7	110.9	104.3	104.2	104.4
Grant & Tuition Total	**289.5**	**296.9**	**298.9**	**289.9**	**303.8**	**309.2**	**289.6**	**307.4**	**315.7**	**285.7**
Other Income & Fees	47.0	45.6	45.6	45.6	45.8	45.8	45.8	46.1	46.1	46.1
Revenue Total	**336.5**	**342.5**	**344.5**	**335.5**	**349.6**	**355.0**	**335.4**	**353.5**	**361.8**	**331.8**
Salary & Benefit Expenses	257.9	277.8	278.2	277.3	291.7	292.5	291.1	305.5	306.6	303.5
Non-Salary Expenses	86.0	88.6	88.7	88.0	90.3	90.4	89.6	91.9	92.0	91.1
Total Expenses	**343.9**	**366.4**	**366.9**	**365.3**	**382.0**	**382.9**	**380.7**	**397.3**	**398.6**	**394.6**
Operating Surplus/(Deficit) B4 Adj.	**-7.4**	**-23.9**	**-22.3**	**-29.9**	**-32.4**	**-27.9**	**-45.3**	**-43.9**	**-36.8**	**-62.8**
Austerity Measures	-1.0									
Contribution to Operating Reserves	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Drawdown of Operating Stabilization Reserve	-5.8	-5.8	-5.8	-5.8						
Operating Surplus/(Deficit)	**-1.5**	**-19.2**	**-17.6**	**-25.1**	**-33.4**	**-28.9**	**-46.3**	**-44.9**	**-37.8**	**-63.8**

In supporting long-term financial sustainability, contributions to operating reserves continue to be included which contribute to strengthening reserves and supporting strategic projects.

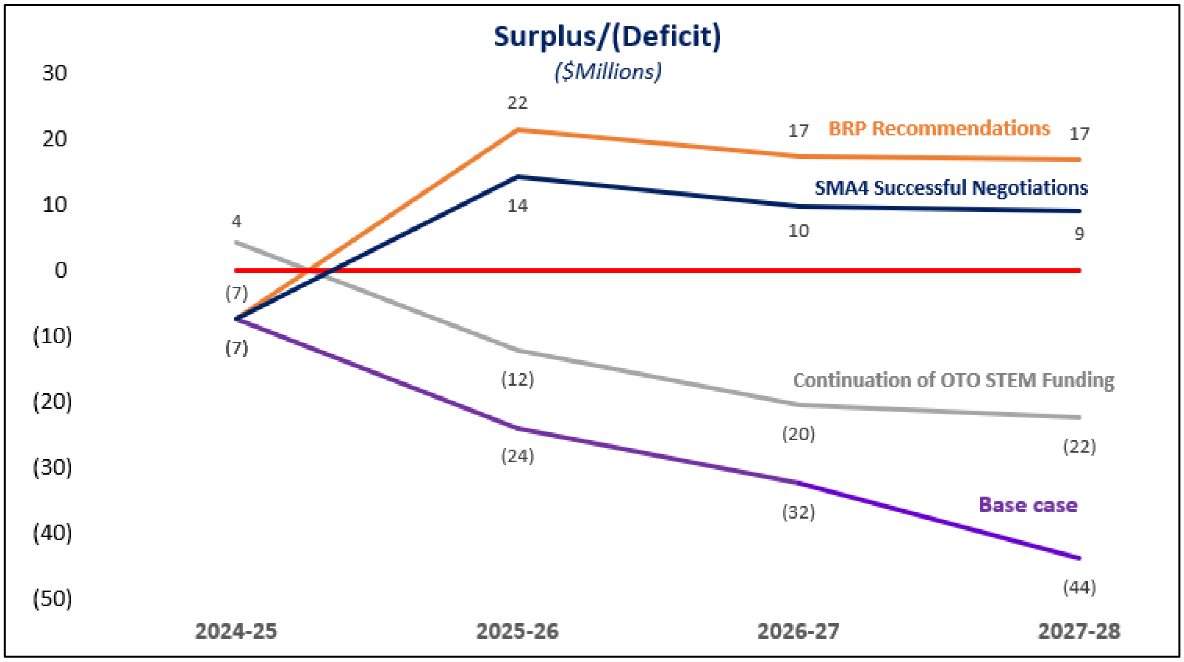
Figure 24: *Multi-Year Operating Forecast*



While the recent provincial funding announcement provides some relief with one-time STEM funding and inflationary increases to operating grant for the next three years, it falls far short of the Blue-Ribbon Panel (BRP) recommendations, and leaves Laurier uncertain if this funding will be revisited in future years. Even if the one-time STEM funding were to become a permanently recurring annual revenue increase, Laurier would continue to face a structural deficit. This is in part because the one-time STEM funding did not provide full funding for all domestic enrolments, but instead represented Laurier's proportionate share of a fixed $100 million allocation to address unfunded STEM enrolments across all colleges and universities.

Figure 25 below reflects three additional scenarios: one showing a continuation of the one-time STEM funding, a second with full implementation of the BRP recommendations, and a third based on negotiating full funding for domestic enrolments through the SMA4 process. All three advocacy scenarios assume that that the Province provides the inflationary increases to operating grants until 2027/28. Laurier will continue to advocate to the Provincial Government for additional funding directly and collectively with the Council of Ontario Universities.

Figure 25: *Multi-Year Operating Forecast with BRP, STEM, and SMA4 Scenarios*

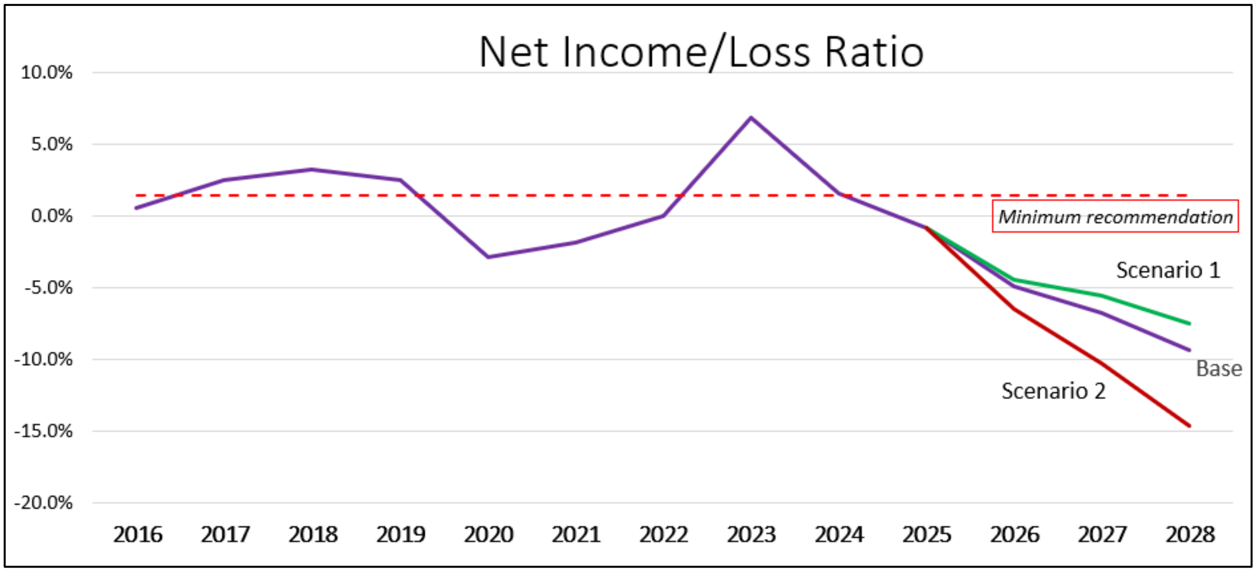


Future Years Planning and Impact

Revenue generation will be an essential part of the university's budget strategy. In accordance with the Laurier Strategic Action Plan, the university's short-term revenue-generation priorities will depend on new program development, continued government advocacy, internationalization, curriculum renewal and reform, 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.

Projections of Net Income/(Loss) in figure 26 reflect the impact of ancillary and operating fund projections, as well as the proceeds of any real estate transactions that have taken place in 2022/23 and 2023/24. Future years reflect ongoing operating and ancillary fund activities. Based on multi-year scenarios, a deteriorating net income (deficit over revenues) of the consolidated operating and ancillary fund is expected through to 2028.

Figure 26: *Net Income/Loss Ratio*



In addition to improved performance in Net Income financial indicators, further strengthening of the Primary Reserve Ratio, a measure reflecting the health of the organizations expendable net assets relative to operations, is needed.

Primary Reserve Ratio is a measure of financial viability that compares expendable net assets to total expenses, and provides an indication of an institution's financial strength and flexibility by determining how many days an institution might (theoretically) function using only its expendable net assets. Expendable Net Assets include: unrestricted surplus (deficit), internally restricted net assets and internally restricted endowments, adjusted for the non-cash component of employee future benefits. A multi-year strategy that increases contributions to reserves will contribute to improvements in Laurier's Primary Reserve Ratio, which is currently much lower than the sector average.

Figure 27: *Net Income/Loss Ratio with BRP, STEM and SMA4 Scenarios*

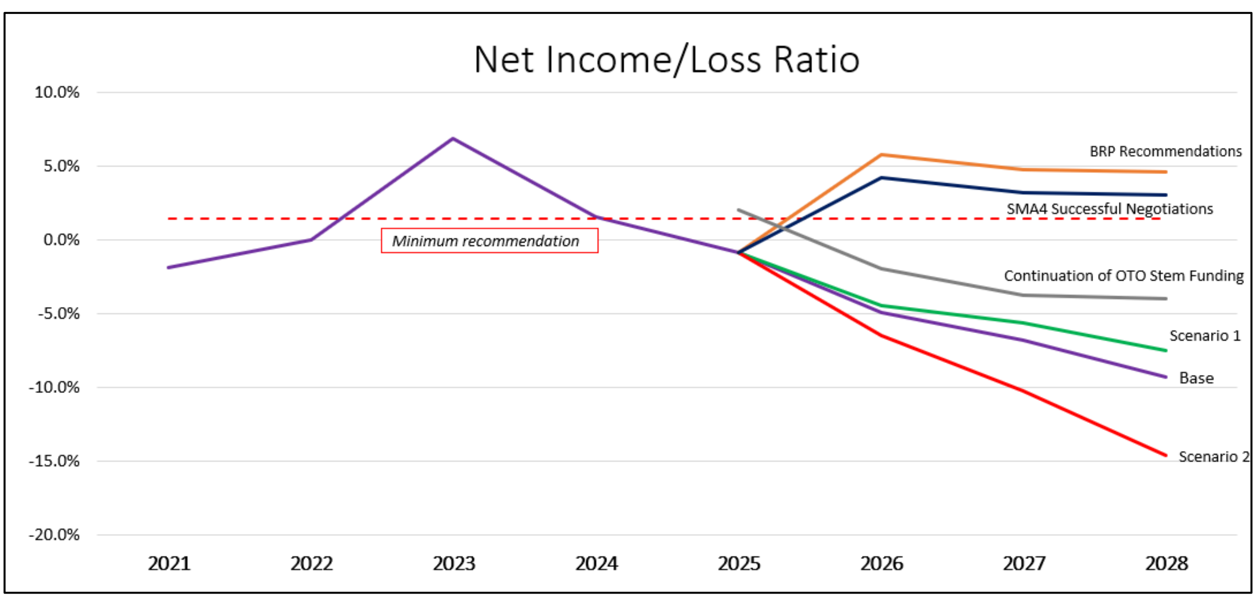
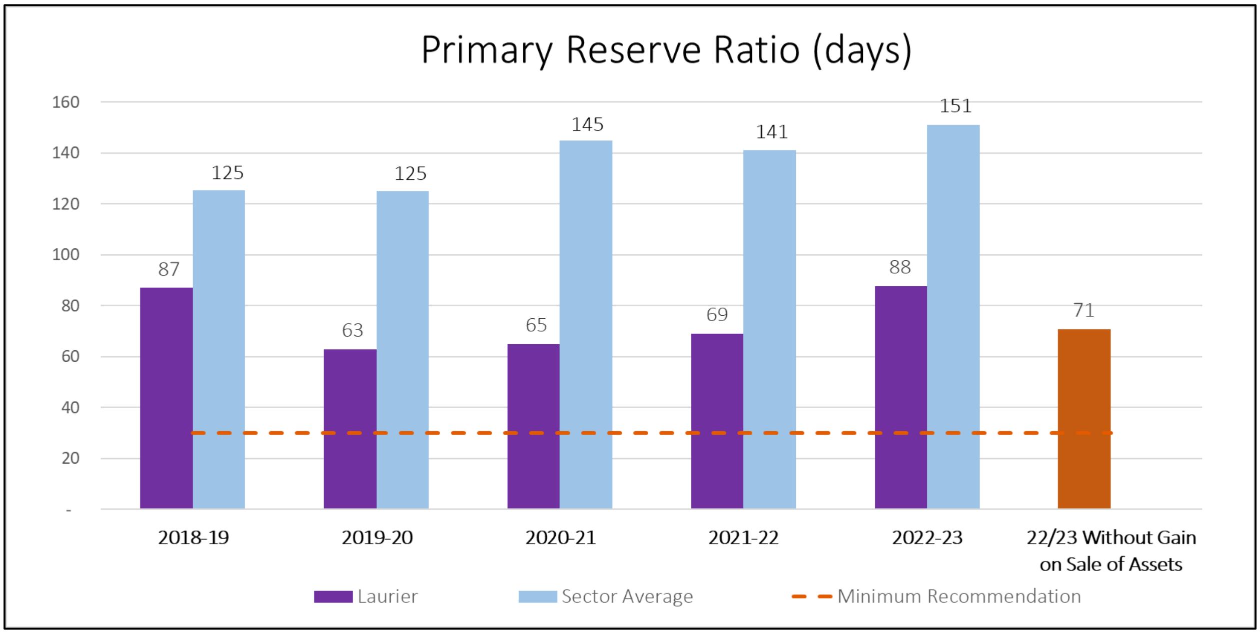


Figure 28: *Primary Reserve Ratio*



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 Ancillary Services units include the ancillary operations of Business Development, Conference Services, Food Services, Hawk Shops, HUB Operations, Off Campus Housing (Houses & Ezra Bricker Apartments), One Card Operations, Parking & Transportation Resources, Printing Services and Residence Operations (Waterloo & Brantford campuses). Table 24 provides a summary of the 2024/25 Budget being submitted for approval. Table 25 summarizes the 2024/25 Budget by each ancillary operation. The following provides highlights of the major changes in revenues and expenditures for Ancillary Services as compared to 2023/24 approved budget.

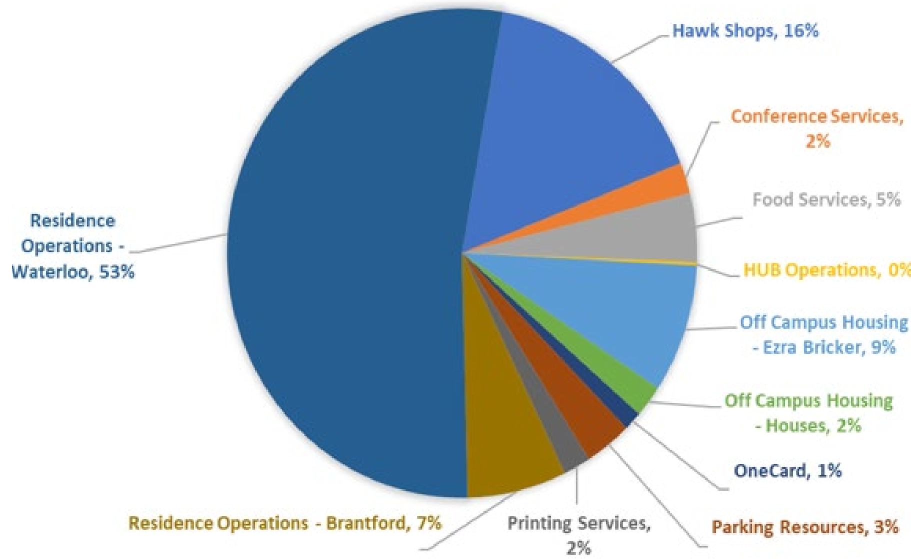
Ancillary Services is projecting a surplus of $4.1 million in 2024/25.

Revenue

The revenue of the ancillary units is estimated to be $57.1 million in 2024/25.

- Overall revenue associated with the Residence Operations reflects the conversion of an off-campus building property to a residence building on the Waterloo campus to fulfil the first-year residence guarantee, which replaces 2 leased buildings that had their leases expire. There will also be significant fee increases in line with inflationary cost pressures. Fees for residence and other non-tuition fees are reviewed and endorsed by the Non-Tuition Fee Protocol Committee in addition to the Student Affairs Advisory Committee.
- Hawk Shops revenue growth is expected in general merchandise through revised pricing strategies, expanded e-commerce and enhanced partnerships across the university. The shift from physical textbooks to digital and inclusive access products, however, continues to lower overall revenue in the academic material category.
- Off Campus Housing portfolio continues to reflect the revenue reduction related to the prior year real estate transactions and modest rental rate increases for renewals.
- Food Services revenue projection reflects annual fee increases on meal plans in addition to the increased contract commission from Aramark negotiated during the pandemic.
- Parking Resources revenue primarily represents the permit fee increase, pay and display parking along with student permit revenue.
- Printing Services projected revenue reflects an adjustment to printing opportunities along with consistent print fleet volume.
- Conference Services expects a return to higher volume of group conference activities and short term stay bookings at Hotel Laurier as compared to pre-pandemic levels. There is also an opportunity for external bookings throughout the fiscal year, especially in Brantford.
- One Card Operations revenue will increase related to the inflationary increase in the mandatory card fee as well as revenue growth in business activities such as concourse rentals and commission revenue.

Figure 29: *Total Revenue Allocation by Ancillary Service Units*



Expenses

Expenses are expected to be $0.4 million lower than 2023/24 with a budget of $53.0 million in 2024/25.

- Salary & benefits cost increases are based on updated salary information.
- Cost of Goods Sold is adjusted based on the projected revenue for each applicable organization.
- Debt Service expenses includes first year LEEP debt repayment.
- Off Campus Facility lease commitments decreases from $13.1 million in 2023/24 to $12.8 million in 2024/25 which reflects the reduction of leased buildings on the Waterloo campus.
- Operating Cost decreases by $0.2 million to $10.6 million in 2024/25.
- Business Development organization to support the strategic revenue generation opportunities.
- Capital & Deferred Maintenance budget expense of $2.4 million which represents 6.1% increase from 2023/24.
- Contribution directly to operating fund at $1.0 million.

Figure 30: *Total Expenses Breakdown by Ancillary Service Units*

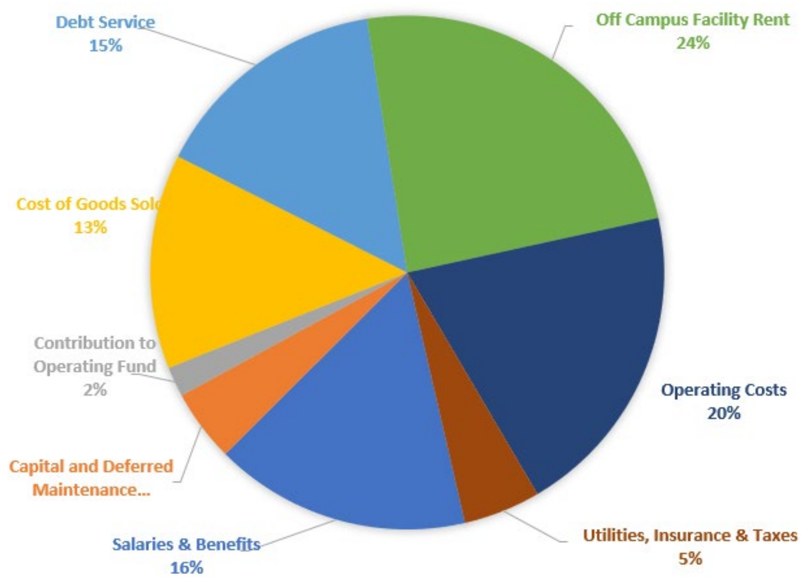


Table 23: *Ancillary Services Internally Restricted Net Assets Forecast*

Summary *(In 000's)*	**Apr 2024** *(forecast)*	**Apr 2023** *(actual)*	**YoY Change**
Ancillary Unit Reserves	(5,504)	(6,587)	1,083
Major Repairs & Maintenance *(Residences & Food Services)*	5,211	3,126	2,085
Residence Building Reserve	3,199	3,300	(101)
Ancillary Services Internally Restricted Net Assets	**2,906**	**(161)**	**3,067**

The Ancillary Services Internally Restricted Net Assets (IRNA) currently is in a deficit position of $0.2 million. The 2023/24 forecast projects a positive contribution to ancillary unit reserves which will reduce the deficit by $1.1 million to ($5.5 million). The major repairs and maintenance reserves will increase by $2.1 million. The Residence Building Reserve decreased to $3.2 million. The Ancillary Services Internally Restricted Net Assets is projected to be in a net surplus of $2.9 million.

The Ancillary Services internally restricted net assets strategy is to return to a surplus position for all Ancillary units. These reserves are important to support strategic initiatives and capital investments within this portfolio. While the operating expenses are significantly different from departments within the operating budget, there are significant 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 require significant facility renewals to address deferred maintenance and to remain competitive with student needs. Each ancillary unit has a dedicated reserve and distinct criteria that influence the dollar value and the prioritization of how the reserve funds are allocated.

Table 24: *2024/25 Ancillary Services Budget Summary*

2024/25 Ancillary Services Budget

In $000's

	Approved Budget 2023/24	Total Budget 2024/25	Change	% Chg
Revenue				
Residence Fees Revenue	32,225	33,623	1,398	4.3%
Other Revenue	24,956	23,524	(1,432)	(5.7%)
Revenue Total	**57,181**	**57,147**	**(34)**	**(0.1%)**
Salary & Benefit Expenses				
Full/Part Time Staff Costs	5,319	6,295	976	18.3%
Benefits	2,017	2,260	243	12.0%
Salary & Benefit Expenses Total	**7,336**	**8,555**	**1,219**	**16.6%**
Non-Salary Expenses				
Cost of Goods Sold	8,280	7,167	(1,113)	(13.4%)
Debt Service	8,471	7,968	(503)	(5.9%)
Off Campus Facility Rent	13,115	12,772	(343)	(2.6%)
Operating Costs	10,748	10,587	(161)	(1.5%)
Utilities, Insurance & Taxes	2,610	2,570	(40)	(1.5%)
Capital and Deferred Maintenance	2,271	2,409	138	6.1%
Contribution to Operating Fund	1,000	1,000	-	0.0%
Appropriations	-400	-	400	(100.0%)
Non-Salary Expenses Total	**46,095**	**44,472**	**(1,623)**	**(3.5%)**
Expense Total	**53,431**	**53,027**	**(404)**	**(0.8%)**
Net Surplus/(Deficit)	**3,751**	**4,120**	**370**	**9.9%**

Table 25: *2024/25 Ancillary Services Budget Detail*

2024/25 Ancillary Service Budget by Unit

In $000's

	Approved Budget 2023/24	Total Budget 2024/25	Change	% Chg
Business Development				
Revenue Total	-	-	-	-
Expense Total	152	147	(5)	(3.3%)
Surplus/(Defict)	**(152)**	**(147)**	**5**	**(3.3%)**
Conference Services				
Revenue Total	1,080	1,171	91	8.4%
Expense Total	967	991	24	2.5%
Surplus/(Defict)	**113**	**180**	**67**	**59.4%**
Food Services				
Revenue Total	2,466	2,596	130	5.3%
Expense Total	1,465	1,661	196	13.4%
Surplus/(Defict)	**1,001**	**934**	**(67)**	**(6.7%)**
Hawk Shops				
Revenue Total	10,295	9,280	(1,015)	(9.9%)
Expense Total	10,283	9,145	(1,138)	(11.1%)
Surplus/(Defict)	**12**	**135**	**123**	**1024.5%**
HUB Operations				
Revenue Total	98	113	15	15.4%
Expense Total	97	99	2	1.9%
Surplus/(Defict)	**1**	**14**	**13**	**1325.0%**
Off Campus Housing - Apartments				
Revenue Total	5,923	4,867	(1,056)	(17.8%)
Expense Total	5,807	5,327	(480)	(8.3%)
Surplus/(Defict)	**116**	**(460)**	**(576)**	**(496.6%)**

Table 25: *2024/25 Ancillary Budget Detail-Continued*

2024/25 Ancillary Service Budget by Unit

In $000's

	Approved Budget 2023/24	Total Budget 2024/25	Change	% Chg
Off Campus Housing - Houses				
Revenue Total	1,156	1,204	48	4.1%
Expense Total	1,170	1,184	14	1.2%
Surplus/(Defict)	**(14)**	**20**	**34**	**(240.7%)**
OneCard Operations				
Revenue Total	708	714	6	0.9%
Expense Total	701	707	6	0.8%
Surplus/(Defict)	**7**	**8**	**1**	**12.1%**
Parking & Transportation Resources				
Revenue Total	1,625	1,853	228	14.0%
Expense Total	1,047	1,428	381	36.4%
Surplus/(Defict)	**578**	**424**	**(154)**	**(26.6%)**
Printing Services				
Revenue Total	1,048	1,075	27	2.6%
Expense Total	1,040	1,043	3	0.3%
Surplus/(Defict)	**8**	**32**	**24**	**298.1%**
Residence Operations - Brantford Campus				
Revenue Total	3,608	3,906	298	8.2%
Expense Total	3,010	3,297	287	9.5%
Surplus/(Defict)	**598**	**609**	**11**	**1.8%**
Residence Operations - Waterloo Campus				
Revenue Total	29,174	30,368	1,194	4.1%
Expense Total	27,692	27,997	305	1.1%
Surplus/(Defict)	**1,482**	**2,371**	**889**	**60.0%**

Part F – Multi-Year Ancillary Services Budget Forecast

A multi-year planning approach is critical for ensuring institutional success and sustainability of the ancillary portfolio. These projections are building on the work of the 2024/25 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 model for Ancillary Services starts with the 2024/25 Proposed Budget as the base. The model consistently applies specific revenue assumptions by organization and inflationary factors to expenses. The net result is used to project the year-end reserve balances. These assumptions are based on the information available to management at the time of preparing the multi-year budget forecast. Strategic investment assumptions, essential requests, major capital improvements and Milton campus have not, however, been included in future years.

Table 26: *Multi-Year Budget Forecast for Ancillary Services*

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

	Budget 2024/25	Forecast 2025/26	Forecast 2026/27	Forecast 2027/28
Revenue				
Residence Fees Revenue	33,623	34,632	35,671	36,741
Other Revenue	23,524	24,455	25,486	26,612
Revenue Total	**57,147**	**59,086**	**61,157**	**63,353**
Salary & Benefit Expenses				
Full/Part Time Staff Costs	6,295	6,471	6,596	6,723
Benefits	2,260	2,303	2,337	2,372
Salary & Benefit Expenses Total	**8,555**	**8,774**	**8,934**	**9,096**
Non-Salary Expenses				
Cost of Goods Sold	7,167	7,405	7,611	7,831
Debt Service	7,968	8,069	8,070	8,071
Off Campus Facility Rent	12,772	12,739	12,994	13,255
Operating Costs	10,587	10,993	11,429	11,893
Utilities, Insurance & Taxes	2,570	2,683	2,808	2,939
Contribution to Operating Fund	1,000	1,000	1,000	1,000
Capital and Deferred Maintenance	2,409	3,099	3,621	4,144
Non-Salary Expenses Total	**44,472**	**45,989**	**47,534**	**49,133**
Total Expenses	**53,027**	**54,763**	**56,468**	**58,228**
Ancillary Net Surplus/(Deficit)	**4,120**	**4,323**	**4,689**	**5,125**

Assumptions:

In preparing the multi-year model, certain assumptions and estimates were necessary.

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 unit.

Table 27: *Multi-Year Assumptions - Ancillary Services*

Units:	BASE
Campus Stores Sales*	1% year-over-year increase in Academic Materials 3% year-over-year increase in Supplies 10% year-over-year increase in General Merchandise
Conference Services Sales & Events	Conference Services activities focused on multi-campus fiscal year activities
Food Services Sales Commission	New sales commission structure in place within the contract
Off Campus Housing Portfolio – Rental Fees	3% year-over-year increase in Rental Fees
OneCard Fees & Sales*	OneCard Fee revenue remains consistent with first year enrolment Business Growth in facilities rentals and commission revenue
Parking Resources Permit Fees	Actual year-over-year increase in Permit Fees are subject to staff and faculty collective bargaining negotiations
Printing Services Sales & Fees*	10% year-over-year increase on Printing Services 1% year-over-year increase on Fleet Printing
Residence Fees – Waterloo & Brantford Campuses	3% year-over-year increase in Residence Fees

** refers to Cost of Goods Sold commentary*

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.
- The revenue targets for Hawk Shops are based on stretch goals to achieve 10% year-over-year growth for general merchandise, 2% increase year-over-year in supplies and 1% year-over-year growth on academic materials.
- Off Campus Housing portfolio rental fees are projected to increase 3% year-over-year with a target occupancy of 90% or greater.
- Conference Services & Events activities are expected to continue to trend towards pre-pandemic levels.
- Revenue from OneCard fees will remain at the same first-year enrolment intake in fiscal 2024/25. OneCard business operations growth in facilities rentals and commission revenue.
- New sales commissions percentages on meal plans and retail sales for Food Services.

- Printing Services modestly projects a 1% increase year-over-year cost recovery on fleet printing across the campuses and a revenue target of 10% increase year-over-year for Printing Services activities.
- Parking Resources permit fees are projected to increase year-over-year noting that permit fees increases are subject to collective agreement negotiations.

*** Cost of Goods Sold Commentary:**

- Hawk Shops cost of goods sold is adjusted based on a percentage of revenue for general merchandise, supplies and academic materials to reflect the current changes in operations and product mix.
- Printing Services cost of goods sold is based on a blended percentage of revenue for both fleet printing and Printing Services activities.
- OneCard cost of goods sold to reflect the inflationary adjustment to the cost of the dual chip cards even though the revenue is consistent with first-year enrollment.

Salaries & Benefit Expenses:

Salary & Benefits:	2025/26	2026/27	2027/28
Salary increases (ATB)	3%	2%	2%

Salary & Benefits Commentary:

- Collective agreements are in place for Laurier's two largest union groups (WLUFA Full-time Faculty & Librarians and WLUSA/OSSTF Staff) to June 2026. Across all scenarios, the same % has been assumed for forecast purposes only based on current settlements across the sector.

Non-Salary Expenses:

The Non-Salary expenses, i.e., inflationary factors or assumptions, have been held constant for the multi-year budget forecast. The inflationary factor is applied to non-salary expenses unless specifically indicated in the table below.

Not included in this projection are the following:

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

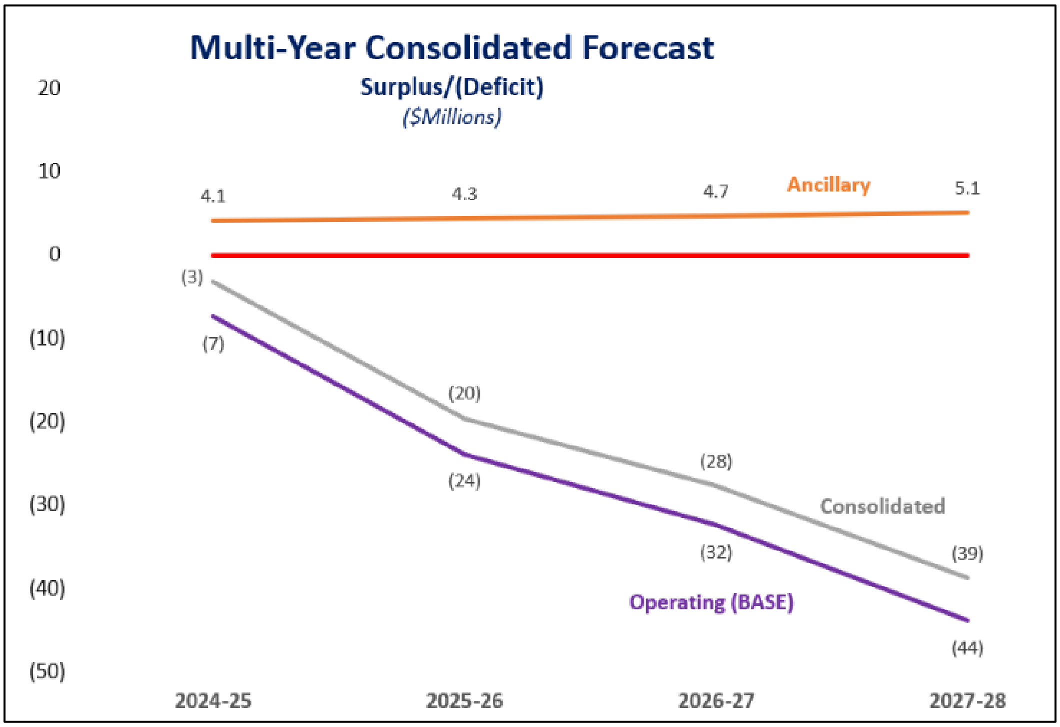
Non-Salary Expenses:	**Assumption**
Inflation – general Inflation – Utilities, Externally Contracted Services/Charges	3% 5%
Contribution to Operating Fund	$1 million per year
Deferred Maintenance	Residences Operations (all campuses) – 5% of total revenue Food Services – 15% of total revenue Parking Resources – fixed dollar amount per year

Part G – Multi-Year Consolidated Forecast

On a consolidated basis, inclusive of operating and ancillary fund projections, a deficit is anticipated in 2024/25 with growing magnitude in future years.

Figure 31 provides a very high-level overview of both the Operating and Ancillary Budget forecast over the next three years projecting a consolidated deficit of $39 million in 2027/28 in the Base case scenario without advocacy efforts.

Figure 31: *Multi-Year Consolidated Forecast*



Part H – Capital Budget Priorities and Funding Plan

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 variety 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 recent financial sustainability efforts, the areas of Financial Resources, Facilities and Asset Management, Information Communication & Technology, Ancillary and Student Services and Integrated Planning and Budgeting have worked to enhance capital planning and budgeting policies and processes. A revised Capital Planning Policy, and new Capital Budgeting and Capital Debt policies have been introduced to enable a clearer understanding of the financial impacts and mitigate potential risks associated with capital projects.

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 Digital Technology Steering Committee and Digital Executive Council. 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.

Information and Communication Technology

For information and communications technology systems, funding of $1 million is included in the 2024/25 Capital Budget for prioritized projects. These projects have been assessed by the Digital Technology Steering Committee based on considerations including alignment to priority areas and mitigation of strategic risks.

Table 28: *2024/25 Technology Project Priorities*

Project Name	Stakeholder	Brief Description	2024/25 Project Cost *(In Millions)*
Wi-Fi Renewal	ICT	Consolidate wireless technology and provide more reliable wireless coverage, performance, and security - component of a multi-year strategy	0.49
Telecom Infrastructure	FAM/ICT	Renovate Arts Wing telecom closets to address critical health and safety concerns - component of a multi-phased project	0.28
Namecoach Implementation	Enterprise (ICT, HR, ALC,	Namecoach provides accurate audio name pronunciations to be integrated	0.06

(Personalized Naming Solution)	T&L, ER, Library, etc.)	into D2L, MS Teams, and other applications	
Senior Business Consultant	ICT	Internal one-time-only funding to assist in business process determinations as an input to 2025/26 capital prioritization	0.17
Total			**$1.00**

Equipment Replacement and Renewal Funds

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 29 lists the areas in which a renewal budget has been established. The 2023/24 operating budget included the reduction of non-ICT renewal budgets on a OTO basis where the existing reserve was deemed adequate for any 2023/24 requirements. For the 2024/25 budget, the base budget for these areas have resumed to their normal budget level, with the exception of the Library renewal budget. The Library reserve is currently being reviewed to determine the long-term strategy, given that an adequate reserve exists for current needs. The reserve fund balance is calculated each year to reflect in-year spending.

Table 29: *Equipment Renewal Budget*

Operating Budget	2023/24	2024/25	Change
Meeting Rooms	53,172	53,172	0
ICT Software	120,000	118,255	-1,745
Desktop PC/Laptops	708,000	708,000	0
ICT Infrastructure	1,102,500	1,102,500	0
ICT Classroom Technology (Waterloo)	254,528	254,528	0
ICT Classroom Technology (Brantford)	91,928	91,928	0
Teaching Labs	245,300	245,300	0
Total ICT Renewal	**2,575,428**	**2,573,683**	**-1,745**
Music Equipment	0	100,000	100,000
Science Equipment	0	100,000	100,000
Library	0	0	0
Athletic Equipment	0	100,000	100,000
Academic Furniture	0	50,000	50,000
Total Equipment Renewal Budget	**2,575,428**	**2,923,683**	**348,255**

Facilities Renewal Priorities

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 $3.5 million in 2024/25 which will contribute to capital renewal needs but will not fully address the facilities renewal requirements of the university. These funds will be fully allocated to the Fred Nichols Campus Centre Chiller Replacement 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 variety of sources, including government incentives and grants, fundraising, alumni donations, student contributions, additional university contributions and potentially asset monetization. Details of the analysis and cost projections are available in the Facilities Capital Plan 2021-2026.

The 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 Laurier's present and future facilities needs in alignment with Laurier's strategic mandate and objectives. The plan also reflects a high-level prioritization and potential funding sources for these long-term investments.

The implementation of projects within the capital plan is dependent on the magnitude of available funds. While the Capital Budget is provided for informational purposes, any project exceeding $5 million will be brought to Board for separate approval as per policy. For 2024/25, this includes the Seagram Facility Phase 1B and 2A project, which will be presented to the Board of Governors separately for consideration and approval.

Figure 32: *Cumulative Annual Funding Needs included in the Asset Management Plan*

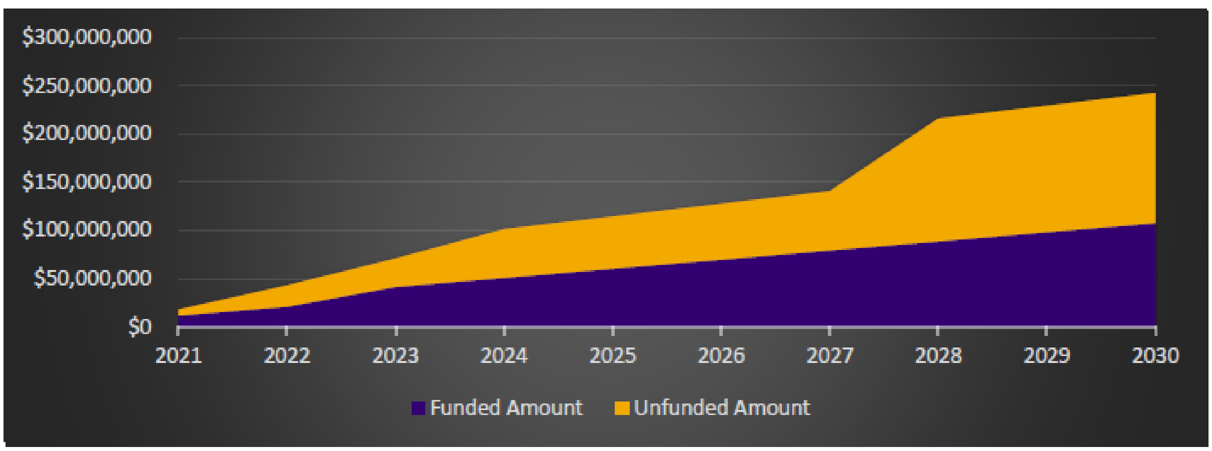


Table 30*: 2024/25 Facilities & Infrastructure Capital Project Priorities*

Project Name	Campus	2024/25 Project Cost *(In Millions)*
Fred Nichols Campus Centre Chiller Replacement	Waterloo	$4.50
Laurier Academy of Music partial roof replacement	Waterloo	0.40
Fire Safety and Fall from Heights Compliance	Waterloo	0.62
Seagram's Athletics and Recreation Project Phase 1B and 2A	Waterloo	10.10
Total		**$15.62**

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 Priorities and Funding Plan

The 2024/25 capital project list identifies one major capital project with estimated cost of $10.1 million, $1 million for ICT project priorities, $8.49 million of facilities renewal priorities across operating and ancillary fund components, as well as $2.92 million of equipment renewal for a total cost requirement of $22.51 million.

***Table 31**: Consolidated Capital Priorities and Funding Plan*

Project Name	Project Cost	Student Fee Contributions	Partner Contributions & Fundraising	Capital Reserve *	2024/25 Operating and Ancillary Budget Components: Equipment Replacement & Renewal	2024/25 Operating and Ancillary Budget Components: Facilities Renewal Funds ***	2024/25 Operating and Ancillary Budget Components: FRP Funding ****
Major Capital Projects							
Seagram's Athletics and Recreation Project Phase 1B and 2A **	10.10	9.10	1.00				
Information and Communication Technology Project Priorities							
Wi-Fi Renewal	0.49			0.49			
Telecom Infrastructure	0.28			0.28			
Namecoach Implementation (Personalized Naming Solution)	0.06			0.06			
Senior Business Consultant	0.17			0.17			
Equipment Replacement and Renewal	2.92				2.92		
Facilities Renewal Priorities							
Fred Nichols Campus Centre Chiller Replacement	4.50					1.00	3.50
Laurier Academy of Music partial roof replacement	0.40					0.40	
Fire Safety and Fall from Heights Compliance	0.62					0.62	
Ancillary Services Facilities Renewal	2.97					2.97	
Total	**22.51**	**9.10**	**1.00**	**1.00**	**2.92**	**4.99**	**3.50**

* Capital reserve comprised of proceeds from sale of assets

** Preliminary project planning estimates (prior to approval). Total cost includes multi-year project expenditures.

*** Facilites Renewal Funds refer to existing base budget to fund ongoing projects and repairs

**** FRP Funding refers to grants to assist post-secondary institutions to address ongoing maintenance repairs and renovations

Appendix I: Acronyms used in Budget document

Acronym	**Description**
ALC	Accessible Learning Centre
BC	Budget Council
BCT	Budget Coordinating Team
BRP	Blue-Ribbon Panel
COG	Core Operating Grant
CSS	Comprehensive Student Service
CTF	Contract Teaching Faculty
DCT	Direct Cost of Teaching
EDII	Equity, Diversity, Inclusion, and Indigenization
ELT	Executive Leadership Team
ELMLP	Education and Labour Market Longitudinal Platform
FAM	Facilities Asset Management
FHSS	Faculty of Human and Social Sciences
FI&P	Finance, Investments and Property
FRP	Facilities Renewal Program
FTE	Full-Time Equivalent
GAAP	Generally Accepted Accounting Principles
GR	Graduate
HC	Headcount
ICT	Information and Communications Technologies
IRCC	Immigration, Refugees, and Citizenship Canada
IRNA	Internally Restricted Net Assets
LEEP	Laurier Energy Efficiency Program
MCU	Ministry of Colleges and Universities
MEVIC	Milton Education Village Innovation Centre
MLUC	Martin Luther University College
OSSTF	Ontario Secondary School Teachers Federation
OTO	One Time Only
OUGS	Ontario University Graduate Survey
PAL	Provincial Attestation Letter
PBF	Performance-Based Funding
RCM	Responsibility Centre Management
SAAC	Student Affairs Advisory Committee
SEM	Strategic Enrolment Management
SEFC	Senate Executive and Finance Committee
SIPG	School of International Policy and Governance
SMA	Strategic Mandate Agreement
STEAM	Science, technology, engineering, arts, and mathematics
STEM	Science, technology, engineering, and mathematics
UG	Undergraduate
WGU	Weighted Grant Unit
WLIC	Wilfrid Laurier International College
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 non-PhD graduate students
OTO	Expenses/funding that occur in the current year only and do not carry forward into the following budget year.
Designated Learning Institution (DLI)	A DLI is a school approved by a provincial or territorial government to host international students.
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	Fiscal Full-time Equivalent/Full-time Equivalent. For Undergraduate students, 1.0 is equivalent to 10 half-credit course registrations. For Graduate students 1.0 is equivalent to 1 full-time student headcount; a part-time graduate student is 0.3 FTE).
Student Headcounts	A count of the number of students enrolled in programs at Laurier; refers to the number of students, regardless of course-load and includes both full and part-time students. The Fall academic term is normally 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 and/or 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.