



OFFICE OF THE PROVOST & VICE-PRESIDENT (ACADEMIC)
OFFICE OF THE VICE-PRESIDENT (ADMINISTRATION & FINANCE)

April 30, 2021

2021-22 Operating and Ancillary Budget

Lakehead University's ongoing commitment to an environment of integrated planning and budgeting ensures that the decisions we make and the actions we take across the University all stem from a central vision and collective goals. At Lakehead, the vision and goals have informed our Strategic Plan, Academic Plan and Strategic Enrolment Management Plan. An integrated budget plan and process supports this vision and aligns resources to pursue strategic goals and objectives.

The global context in which we operate remains complex. The impact of COVID-19 continues to evolve. We also continue to operate in a provincial environment focused on fiscal austerity. Universities across Ontario, including Lakehead University, are facing a number of challenges that threaten achievement of long-term enrolment targets. These challenges include changes to how universities are funded within the province of Ontario with an increasing proportion of funding tied to ten performance metrics, evolving demographics in the regions we serve, in some cases a declining post-secondary age population, while the need for reskilling in the current workforce is increasing, and provincial competition continues to grow. These pressures are expected to continue into the future, while Lakehead University continues to strive towards the goal of achieving optimal enrolment over the coming years.

Lakehead University's commitment to continued financial sustainability is evidenced by strong financial performance metrics, sound governance and strong financial management. As required by the Board of Governors, Lakehead University continues to present a balanced operating budget. The budget planning process for 2021-22 fully reflects the integrated budget development model that was launched in 2015-16 following significant consultation to inform a transparent, consultative and accountable integrated budgeting process. Despite significant financial changes and enrolment pressures, Lakehead has continued to respond to mitigate funding shortfalls.

In addition to the significant funding challenges that Lakehead has managed, the 2021-22 budget also responds to the extraordinary circumstances of the global pandemic. The 2021-22 budget continues to demonstrate budget caution to ensure that Lakehead remains financially sustainable and viable moving through and beyond the next fiscal year. The strongest strategies to offset funding challenges remain strong program delivery and recruitment efforts combined with ongoing increases in domestic and international student enrolment with further growth projected in subsequent years.

Approved 2021-22 Operating Budget

The approved 2021-22 Operating Budget and supporting departmental budgets are attached. The following summarizes changes compared to 2020-21.

1. Enrolment

The majority of operating revenue is enrolment driven and is comprised of provincial grants and tuition fees. During the life of SMA3 the proportion of grant funding related to enrolment will decline with an increased emphasis on performance metrics. Due to the impact of the pandemic, performance-based funding has been decoupled for the first two years of SMA3 providing Lakehead with an opportunity to position ourselves to maximize this allocation when recoupled in Year 3.

Total enrolment is projected to be 8,127 full time equivalent students (FTE) compared to 2020-21 actual results of 7,901 and is comprised of the following:

| | |
|-------------------------------|--------------|
| Domestic – Undergraduate | 5,955 |
| Domestic – Graduate | 809 |
| International – Undergraduate | 690 |
| International – Graduate | 673 |
| Total Projected FTE 2021-22 | <u>8,127</u> |

The increase of 226 FTE from 2020-21 actual results is attributable to projected modest growth in both domestic undergraduate and graduate enrolment primarily attributable to flowthrough and continued recovery of Education programming and a very slight increase in international enrolment as recovery begins following the impact of the pandemic.

Aggressive efforts to recruit domestic and international students will continue with a special emphasis, through strategic enrolment management, on enhancing student retention. In addition, Lakehead will continue to pursue opportunities to accommodate emerging demands in specific program areas.

2. Revenue

Total revenue is expected to decrease by 0.9% to a total of \$140.297 million.

Operating grants are expected to increase slightly due to the inclusion of a portion of the Support Fund for Postsecondary Institutions (COVID Relief) netted by the elimination of the Education Recovery grant following the end of the SMA2 period.

Domestic tuition revenue is projected to increase by 3.8%. 2020-21 was the final year of the current tuition framework whereby all post-secondary institutions were required to reduce domestic tuition rates for all programs that are eligible for government funding by 10% in the first year (2019-20) followed by frozen domestic tuition rates for 2020-21. In the absence of a new framework, Lakehead has developed the budget on the assumption that domestic tuition rates will be held at status quo. The increase in domestic tuition revenue is directly attributable to the projected increase in domestic FTE enrolment.

International student tuition revenue is projected to decrease by 10.3% due to a projected decrease in international students. The decline is due to reduced flowthrough at the graduate level resulting from decreased enrolment in 2020, continued disruption into the new fiscal year resulting from global variations in pandemic response, vaccination rollout, and mobility restrictions. In 2021-22, the University implemented an internal framework to guide the approach in setting international student tuition with the goal of providing more transparency and predictability for international students.

Modest increases in tuition rates for incoming students have been approved, with limited increases for continuing students.

Other revenue is projected to decrease by \$0.64 million. The impact of COVID-19 on ancillary operations was extensive and will require a recovery period which will limit the ability to provide an overhead contribution to the operating budget in 2021-22.

3. Expenditures

Total expenditures are expected to decrease by 0.9% to a total of \$140.297 million.

Total compensation is expected to grow to \$110.7 million representing an increase of 2.6% over last year. This increase is primarily due to provisions in collective agreements as well as the impact due to the finalization of the long standing FSRA pension dispute resulting in increased special payment obligations by the University.

Other costs have decreased by 19.7% which is attributable to savings realized by COVID mitigation strategies implemented in 2020-21. During the fiscal year 2020-21, the University identified mitigation strategies equivalent to 4.4% of the operating budget to counter the financial effects of COVID-19. Due to the time period imposed by the Support Fund for Postsecondary Institutions (COVID Relief) announced in March 2021, the University was able to apply these savings to fiscal year 2021-22.

Scholarships and bursaries and department recoveries are fairly consistent with the prior year.

The strategic initiatives fund is consistent with 2020-21 at \$1.400 million, allowing the University to continue to invest in critical strategic initiatives and strategic reinvestment strategies.

Distribution of net tuition revenue is also consistent with the previous year representing the investment back to faculties for enrolment initiatives based on meeting critical enrolment targets, achievement of performance metrics, and other SEM initiatives.

Deferred maintenance remains consistent with the previous budget in 2020-21. It remains our intent to address many of the aging infrastructure priorities using the Facilities Renewal Program funding allocation.

Finally, debt payments are consistent with the previous year.

Ancillary Operations Approved 2021-22 Budgets

Ancillary services provide a vital service to students, staff and faculty and contribute to a student's experience while attending University.

Ancillary units are self-sustaining business enterprises providing goods and services to the University in support of core educational and research missions. They are not supported by the central university operating budget and are expected to break-even or generate profit.

Seven years ago, the ancillary service model started contributing overhead and a portion of net profits to general university operations. However, the impact of the global pandemic on our ancillary operations was extensive, and a recovery period will be required impacting the overhead contribution to the operating budget.

The attachment provides approved operating budgets for all ancillary operations.

| LAKEHEAD UNIVERSITY APPROVED 2021/22 OPERATING BUDGET (compared with 2020/21 Approved Budget) | | 2020/21 APPROVED | 2021/22 APPROVED |
|---|--|---------------------|---------------------|
| ENROLMENT Full Time Equivalent | | 7,932 | 8,127 |
| Full Time Equivalent - Undergrad | | 4,165 | 4,069 |
| Full Time Orillia | | 1,436 | 1,700 |
| Faculty of Law | | 183 | 186 |
| FTE Undergrad Domestic | | 5,784 | 5,955 |
| Full Time Grad Domestic | | 702 | 809 |
| International Undergrad | | 685 | 690 |
| International Grad | | 761 | 673 |
| REVENUE: | | (000's) | |
| Grants | | \$ 60,115 | \$ 61,683 |
| Tuition - Domestic | | 42,315 | 43,933 |
| Tuition - International | | 36,574 | 32,815 |
| Other | | 2,506 | 1,866 |
| TOTAL REVENUE | | 141,510 | 140,297 |
| EXPENSES: | | | |
| Full Time Salaries and Wages | | 92,813 | 95,603 |
| Part Time Salaries and Wages | | 15,034 | 15,097 |
| Other Costs | | 22,085 | 17,745 |
| Scholarships and Bursaries fr Tuition Reinvestment | | 6,883 | 7,062 |
| Department Income and Cost Recoveries | | (3,934) | (3,937) |
| Strategic Initiatives | | 1,400 | 1,400 |
| Distribution of Net Tuition Revenue | | 4,512 | 4,512 |
| Deferred Maintenance | | 400 | 400 |
| Principal & Interest | | 2,315 | 2,415 |
| TOTAL EXPENSES | | 141,510 | 140,297 |
| SURPLUS (DEFICIT) | | \$ 0 | \$ 0 |

LAKEHEAD UNIVERSITY
APPROVED 2021/22 EXPENDITURES

| | APPROVED BUDGET 2020/21 | APPROVED BUDGET 2021/22 |
|---|--|--|
| | (000's) | |
| FACULTIES | | |
| Faculty of Social Sciences and Humanities | 11,345 | 11,426 |
| Faculty of Sciences and Environmental Studies | 13,002 | 13,406 |
| Faculty of Health and Behavioral Sciences | 11,950 | 12,452 |
| Faculty of Business | 3,731 | 3,832 |
| Faculty of Education | 5,364 | 5,356 |
| Faculty of Engineering | 8,798 | 9,029 |
| Faculty of Natural Resources Management | 2,831 | 2,913 |
| Faculty of Law | 2,993 | 3,091 |
| Orillia - All Faculties | | |
| Faculty of Social Sciences and Humanities | 2,796 | 3,006 |
| Faculty of Sciences and Environmental Studies | 1,971 | 2,018 |
| Faculty of Health and Behavioral Sciences | 1,598 | 1,637 |
| Faculty of Business | 953 | 979 |
| Faculty of Education | 2,307 | 2,379 |
| LU/GEORGIAN PARTNERSHIP | 400 | 400 |
| DISTRIBUTION OF NET TUITION REVENUE | 4,512 | 4,512 |
| Interviews and Recruitment | 100 | 100 |
| Faculty subtotal | 74,649 | 76,537 |
| Provost & Vice President (Academic) | | |
| Provost & Vice President (Academic) | 737 | 825 |
| Deputy Provost | 204 | 197 |
| Miscellaneous Academic (includes Sustainability) | 92 | 93 |
| Ombudsperson | 35 | 35 |
| Provost and VP Academic subtotal | 1,068 | 1,149 |
| Academic Services: | | |
| Indigenous Initiatives | 351 | 377 |
| Distributed Learning | 1,103 | 1,096 |
| Dean of Graduate Studies | 654 | 650 |
| Graduate Assistantships | 5,199 | 5,246 |
| Institutional Planning & Analysis | 673 | 679 |
| Library | 4,847 | 4,859 |
| Teaching Commons | 677 | 689 |
| Vice Provost Student Affairs | 4,527 | 4,679 |
| Academic Services subtotal | 18,030 | 18,274 |
| PROVOST AND VICE PRESIDENT (ACADEMIC) TOTAL | 93,747 | 95,960 |
| PEFAL (Post Secondary Education Funding for Aboriginal Learners) | 989 | 989 |
| TRUTH & RECONCILIATION | 213 | 215 |
| SCHOLARSHIPS & BURSARIES FROM TUITION REINVESTMENT | 6,883 | 7,062 |

LAKEHEAD UNIVERSITY
 APPROVED 2021/22 EXPENDITURES

| | APPROVED BUDGET 2020/21 | APPROVED BUDGET 2021/22 |
|--|-------------------------------|-------------------------------|
| | (000's) | |
| ORILLIA CAMPUS - SUPPORT | 4,525 | 4,598 |
| LAKEHEAD INTERNATIONAL | 5,021 | 4,845 |
| PRESIDENT | | |
| Office of the President | 720 | 719 |
| Media Relations | 136 | 134 |
| President subtotal | 855 | 853 |
| CHIEF OF STAFF | 261 | 264 |
| UNIVERSITY SECRETARIAT | 547 | 534 |
| VICE PRESIDENT EXTERNAL RELATIONS | | |
| Office of the Vice President | 401 | 402 |
| Alumni & Community Relations | 497 | 503 |
| Philanthropy | 518 | 525 |
| Stewardship | 275 | 278 |
| Government Relations | 189 | 186 |
| Marketing Support | 538 | 541 |
| Web Development Services | 329 | 334 |
| VP External Relations subtotal | 2,746 | 2,768 |
| VICE PRESIDENT RESEARCH & INNOVATION | | |
| Office of the Vice President | 458 | 456 |
| AVP Research | 228 | 236 |
| Research Office | 550 | 552 |
| Research Facilitator - Int'l | 86 | 88 |
| Ingenuity | 80 | 82 |
| Instrumentation Laboratory | 305 | 309 |
| Economic Development & Innovation | 302 | 301 |
| VP Research & Innovation subtotal | 2,010 | 2,024 |
| VICE PRESIDENT ADMINISTRATION & FINANCE | | |
| Office of the Vice President | 370 | 370 |
| Athletics | 1,103 | 1,105 |
| Risk Management & Access to Information | 157 | 157 |
| Office of Financial Services | 2,398 | 2,428 |
| Human Resources | 1,111 | 1,130 |
| Human Rights & Equity | 305 | 311 |
| Security | 942 | 936 |
| Technology Services Centre | 4,788 | 4,845 |
| Physical Plant | 5,483 | 5,587 |
| VP Administration & Finance subtotal | 16,657 | 16,870 |
| Utilities | 3,302 | 3,302 |
| General | 1,881 | 1,881 |
| Deferred Maintenance | 400 | 400 |
| Tuition Waiver | 580 | 580 |
| Subtotal before Undernoted | 140,618 | 143,144 |
| Strategic Initiatives | 1,400 | 1,400 |
| Savings from Carry Forward Policy | (2,825) | (6,663) |
| Principal & Interest | 2,315 | 2,415 |
| Total | 141,508 | 140,297 |

Ancillary Operations

LAKEHEAD UNIVERSITY APPROVED 2021/22 ANCILLARY BUDGET

(000's)

| | 2020/21 APPROVED | 2021/22 APPROVED |
|------------------------------------|---------------------|---------------------|
| Retail Operations | | |
| Revenue | 3,467 | 2,600 |
| Expenses | 3,452 | 2,600 |
| | 15 | 0 |
| Residence | | |
| Revenue | 13,326 | 8,703 |
| Expenses | 10,522 | 6,046 |
| Principal & Interest | 2,657 | 2,657 |
| | 147 | 0 |
| Food Services & Vending | | |
| Revenue | 430 | 258 |
| Expenses | 383 | 258 |
| | 47 | - |
| Parking & Lockers | | |
| Revenue | 981 | 569 |
| Expenses | 965 | 569 |
| | 16 | - |
| English Language Centre | | |
| Revenue | 2,003 | 1,002 |
| Expenses | 2,132 | 1,002 |
| | (129) | - |
| TOTAL INCOME | 20,207 | 13,132 |
| TOTAL EXPENSES | 20,111 | 13,132 |
| SURPLUS | 96 | 0 |

Note: Total expenses include an overhead contribution to Administration of \$ - in 2021/22