

Date: May 4, 2022
Re: 2022-2023 Approved 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 and the impact of COVID-19 continues to evolve. We have seen our University community come together in incredible ways as we have faced the realities of the rapidly-evolving COVID-19 pandemic and the implementation of the Mandatory Vaccination Policy. The work required to transform our University has been exceptional to ensure the delivery of vital services and continued delivery of high-quality programming to our students.

As we plan for the upcoming 2022-23 fiscal year, the context in which we operate remains complex. The local and global impact of COVID-19 includes an uncertain recovery period. We continue to operate in a provincial environment focused on fiscal austerity. With the finalization of SMA 3 in 2020-21, universities in Ontario now have an increasing proportion of funding tied to ten performance metrics. The current demographic projections show limited growth of traditional age university students in Northwestern Ontario. There are opportunities in Simcoe County to address a growing university-aged population and ongoing unmet need in the region. Across Ontario and Canada, there are additional opportunities to develop and deliver programming that addresses upskilling and reskilling through new approaches including micro credentials, certificates and modular programming.

Lakehead University's commitment to financial sustainability continues to be evidenced by strong financial performance metrics, sound governance and strong financial management.

As required by the Board of Governors, Lakehead University presents a balanced operating budget. The budget planning process for 2022-23 fully reflects our integrated budget development model and exhibits a transparent, consultative and accountable integrated budgeting process. Despite significant financial changes and enrolment pressures, Lakehead has been able to mitigate funding shortfalls.

The pandemic has necessitated rigorous budget measures and, for the immediate

future as we address the lasting impact of COVID-19, this approach has been maintained. The additional budget controls that we collectively undertook during the last two years have assisted addressing the realities faced by the global pandemic, and have assisted mitigating shortfalls while ensuring that Lakehead remains financially sustainable and viable moving through and beyond the current year. Some of these additional budget controls will continue during 2022-23 as necessary.

Maintaining a strong budget position in 2022-23 relies on proactive recruitment and retention of domestic and international students, continued delivery of high-quality programming, and ongoing efforts to build Lakehead's local and global reputation.

Approved 2022-23 Operating Budget

The approved 2022-23 Operating Budget and supporting departmental budgets are attached. The following summarizes changes compared to 2021-22.

1. Enrolment

The majority of operating revenue is enrolment driven and is comprised of provincial grants and tuition fees.

Total enrolment is projected to be 8,269 full-time equivalent students (FTE) compared to 2021-22 actual results of 7,967 and is comprised of the following:

Domestic – Undergraduate	5,992
Domestic – Graduate	815
International – Undergraduate	691
International – Graduate	771
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Total Projected FTE 2022-23	8,269

The increase of 302 FTE from 2021-22 actual results is attributable to projected modest growth in both domestic undergraduate and graduate enrolment as well as slight growth in international enrolment as recovery begins following the impact of the pandemic.

These opportunities were determined through discussions with the Deans and the Provost and are expected to be achievable this fall.

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 increase by 3.4% to a total of \$145.130 million.

Operating grants are expected to increase slightly due to the inclusion of a one-time grant announced in March 2022 to support Northern Institutions, some one-time special purpose grants announced by the government this year, netted by a portion of the Support Fund for Postsecondary Institutions (COVID Relief) included in 2021-22.

Domestic tuition revenue is projected to slightly decrease by 1.1%. Following the government-imposed reduction of domestic tuition rates for all programs that are eligible for government funding by 10% in 2019-20, domestic tuition rates have remained frozen and continues to be frozen for 2022-23. The slight decrease in domestic tuition revenue is directly attributable to the projected fluctuation in domestic FTE enrolment by program.

International student tuition revenue is projected to increase by 14.4% due to a projected increase in international students, primarily in graduate programs. 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 for 2022-23, with limited tuition increases for continuing students.

Other revenue is projected to increase by \$0.4 million. The impact of COVID-19 on ancillary operations was extensive, and they are only starting to recover. The overhead contribution to the operating budget in 2022-23 has been reduced from contributions earned pre-pandemic.

3. Expenditures

Total expenditures are expected to increase by 3.4% to a total of \$145.130 million.

Total compensation is expected to grow to \$114.205 million representing an increase of 2.7% over last year. This increase is primarily due to provisions in collective agreements.

Other costs have increased by 15.6% which is attributable to one-time savings realized in the prior year that are not expected to continue in 2022-23. During the fiscal year 2021-22, the University identified mitigation strategies to counter the financial effects of COVID-19. In addition, 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. Both of these items are not included in 2022-23.

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

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

The Strategic Enrolment Management Initiative Fund which represents the investment back to faculties for enrolment initiatives based on meeting critical enrolment targets, achievement of performance metrics and other SEM initiatives has been reduced in 2022-23. Enrolment projections have not yet recovered to the targets set in SMA3 reducing the reinvestment allocation.

Deferred maintenance remains consistent with the previous budget in 2021-22. 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 Services Approved 2022-23 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.

The ancillary service model contributes 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 which has been reduced in 2022-23 compared to pre-pandemic levels.

The attachment provides approved operating budgets for all ancillary operations.

LAKEHEAD UNIVERSITY APPROVED 2022/23 OPERATING BUDGET <i>(compared with 2021/22 Approved Budget)</i>	2021/22 APPROVED	2022/23 APPROVED
ENROLMENT Full Time Equivalent Full Time Equivalent - Undergrad Full Time Orillia Faculty of Law FTE Undergrad Domestic Full Time Grad Domestic International Undergrad International Grad	8,127 4,069 1,700 186 5,955 809 690 673	8,269 4,058 1,747 187 5,992 815 691 771
REVENUE: Grants Tuition - Domestic Tuition - International Other	(000's) \$ 61,683 43,933 32,815 1,866	\$ 61,844 43,469 37,550 2,267
TOTAL REVENUE	140,297	145,130
EXPENSES: Full Time Salaries and Wages Part Time Salaries and Wages Other Costs Scholarships and Bursaries from Tuition Reinvestment Department Income and Cost Recoveries Strategic Initiatives SEM Initiative Fund Deferred Maintenance Principal & Interest	95,693 15,484 18,299 7,062 (4,968) 1,400 4,512 400 2,415	98,536 15,669 21,153 7,065 (5,020) 1,400 3,512 400 2,415
TOTAL EXPENSES	140,297	145,130
SURPLUS (DEFICIT)	\$ 0	\$ 0

**LAKEHEAD UNIVERSITY
APPROVED 2022/23 EXPENDITURES**

	APPROVED BUDGET 2021/22	(000's)	APPROVED BUDGET 2022/23
FACULTIES			
Faculty of Social Sciences and Humanities	14,432		15,110
Faculty of Sciences and Environmental Studies	15,424		16,283
Faculty of Health and Behavioral Sciences	14,089		14,623
Faculty of Business	4,811		4,754
Faculty of Education	7,735		8,025
Faculty of Engineering	9,029		9,385
Faculty of Natural Resources Management	2,913		3,006
Faculty of Law	3,091		3,158
LU/GEORGIAN PARTNERSHIP	400		700
SEM INITIATIVE FUND	4,512		3,512
Interviews and Recruitment	100		100
Faculty subtotal	76,537		78,658
Provost & Vice-President (Academic)			
Provost & Vice-President (Academic)	825		850
Deputy Provost	197		201
Miscellaneous Academic (Includes Sustainability)	93		100
Ombudsperson	35		35
Provost & Vice-President (Academic) Subtotal	1,149		1,187
Academic Services			
Indigenous Initiatives	377		401
Distributed Learning	1,096		0
Dean of Graduate Studies	650		690
Graduate Assistantships	5,246		5,293
Institutional Planning & Analysis	679		694
Library	4,859		5,235
Teaching Commons	689		706
Vice-Provost Student Affairs	4,679		4,909
Academic Services Subtotal	18,274		17,928
PROVOST AND VICE-PRESIDENT (ACADEMIC) TOTAL	95,960		97,773
PEFAL (Post-Secondary Education Funding for Aboriginal Learners)	989		989
TRUTH & RECONCILIATION	215		215
SCHOLARSHIPS & BURSARIES FROM TUITION REINVESTMENT	7,062		7,065
ORILLIA CAMPUS – SUPPORT	4,598		5,090
LAKEHEAD INTERNATIONAL	4,845		4,640

	APPROVED BUDGET 2021/22	(000's)	APPROVED BUDGET 2022/23
PRESIDENT			
Office of the President	719		733
Government Relations	186		192
Media Relations	134		143
President Subtotal	1,040		1,068
CHIEF OF STAFF	264		267
UNIVERSITY SECRETARIAT	534		559
VICE-PRESIDENT EXTERNAL RELATIONS			
Office of the Vice President	402		431
Alumni & Community Relations	503		518
Philanthropy	525		531
Stewardship	278		283
Marketing Support	541		565
Web Development Services	334		349
Vice-President External Relations Subtotal	2,582		2,677
VICE-PRESIDENT RESEARCH & INNOVATION			
Office of the Vice President	456		472
AVP Research	236		244
Research Office	552		587
Research Facilitator – Int'l	88		90
Ingenuity	82		90
Instrumentation Laboratory	309		324
Economic Development & Innovation	301		326
Vice-President Research & Innovation Subtotal	2,024		2,133
VICE-PRESIDENT ADMINISTRATION & FINANCE			
Office of the Vice President	370		372
Athletics	1,105		1,167
Risk Management & Access to Information	157		159
Financial Services	2,428		2,487
Human Resources	1,130		1,148
Human Rights & Equity	311		318
Security Services	936		954
Technology Services Centre	4,845		5,165
Physical Plant	5,587		5,687
Vice-President Administration & Finance Subtotal	16,870		17,458
UTILITIES	3,302		3,302
GENERAL	1,881		1,881
DEFERRED MAINTENANCE	400		400
TUITION WAIVER	580		580
SUBTOTAL BEFORE UNDERNOTED	143,145		146,098
STRATEGIC INITIATIVES	1,400		1,400
SAVINGS FROM CARRY FORWARD POLICY	(6,663)		(4,783)
PRINCIPAL & INTEREST	2,415		2,415
TOTAL	140,297		145,130

Ancillary Operations

LAKEHEAD UNIVERSITY APPROVED 2022/23 ANCILLARY BUDGET

	2021/22 Approved Budget (000's)	2022/23 Approved Budget (000's)
Retail Operations		
Revenue	2,600	2,207
Expenses	2,600	2,207
	-	-
Residence		
Revenue	8,703	13,013
Expenses	6,046	9,473
Principal & Interest	2,657	2,657
	-	883
Food Services & Vending		
Revenue	258	498
Expenses	258	470
	-	28
Parking & Lockers		
Revenue	569	744
Expenses	569	744
	-	-
English Language Centre		
Revenue	1,002	1,002
Expenses	1,002	1,002
	-	-
TOTAL INCOME	13,132	17,564
TOTAL EXPENSES	13,132	16,653
SURPLUS	0	911

Note: Total expenses include an overhead contribution to Operations Budget of \$400K in 2022/23.