

Date: October 24, 2023

Re: 2023-2024 Approved Provisional Operating Budget and Approved Ancillary Budget

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Over the past few years, the University has faced and managed the impact of domestic and international enrolment challenges despite the volatile planning environment. We have come together as a community and have worked hard to position the University for strength despite increasing financial challenges. We believe we must continue this path, acknowledging we are stronger when we work together.

The global context in which we operate continues to remain complex. As we recover from the impacts of COVID-19 on our operations, most notably through some recovery in enrolment, we continue to manage financial pressures including a continued freeze on domestic tuition rates, significant inflationary pressures, and an increasingly competitive post-secondary environment.

On October 12, 2023, the Board of Governors approved a provisional \$5.284M operating budget deficit for 2023-24 while work continues concurrently with the development of an action plan that mitigates the University's structural deficit and ongoing advocacy with government.

To ensure that Lakehead remains financially sustainable and viable moving through and beyond the next fiscal year, the 2023-24 budget continues to demonstrate budget caution. The 2023-24 budget offers a blueprint to manage the fiscal year so that each faculty/department has a budget foundation to work within. Budget adjustments may continue into the winter months, depending on enrolment and other financial pressures. The strongest strategies to offset immediate and longer-term funding challenges remain strong program delivery combined with proactive recruitment and retention efforts of both domestic and international student enrolment.

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

### **Proposed 2023-24 Operating Budget**

The proposed 2023-24 Operating Budget and supporting departmental budgets are attached. The following summarizes changes compared to 2022-23.

**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 8,316 full-time equivalent students (FTE) compared to 2022-23 actual results of 7,739 and is comprised of the following:

Domestic – Undergraduate	5,720
Domestic – Graduate	753
International – Undergraduate	720
International – Graduate	1,123
<u>Total Projected FTE 2023-24</u>	<u>8.316</u>

The increase of 577 FTE from 2022-23 actual results is attributable to projected modest growth in both domestic undergraduate and graduate enrolment as well as moderate growth in international graduate enrolment as recovery continues following the impact of the pandemic.

Aggressive efforts to recruit domestic and international students have continued 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.

These opportunities to increase enrolment were determined through discussions with the Deans and the Provost, and early projections indicate Lakehead will achieve this target.

**2. Revenue**

Total revenue is expected to increase by 4.5% to a total of \$151.693 million. Operating grants are expected to decrease slightly due to the prior year inclusion of a one-time grant to support Northern Institutions.

Domestic tuition revenue is projected to slightly decrease by 1.5%. 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 with the exception of anomalous tuition introduced by government in 2023-24.

International student tuition revenue is projected to increase by 23.1% 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 2023-24, with limited tuition increases for continuing students.

Other revenue is projected to increase by \$1.9 million. Nearly \$1.0 million of which is the increased overhead contribution to the operating budget from ancillary operations, which is reflective of the continued recovery of these operations following the negative impacts due to the global pandemic.

### **3. Expenditures**

Total expenditures are expected to increase by 8.2% to a total of \$156.977 million. Total compensation is expected to grow to \$118.888 million representing an increase of 4.1% over last year. This increase is primarily due to provisions in collective agreements.

Other costs have increased by 32.2%. In 2022-23, the University was able to use carryforward funds to offset other costs. These savings were a one-time only mitigation strategy to offset the ongoing effects of Covid-19. Carryforward funds were fully expended and not available in the 2023-24 budget.

Scholarships and bursaries and department recoveries have slightly increased over 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, is consistent with 2022-23.

Deferred maintenance remains consistent with the previous budget in 2022-23. It remains our intent to address many of the aging infrastructure priorities using the Facilities Renewal Program funding allocation.

Finally, debt payments are slightly higher than the previous year.

#### **Ancillary Services Proposed 2023-24 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. The global pandemic had a significant impact on our ancillary operations and a recovery period was required that impacted the overhead contribution to the operating budget in prior years. Ancillary services continue to have a strong recovery with the overhead contribution increased to \$1.379 million in 2023-24 versus \$400,000 in 2022-23.

The attachment provides approved operating budgets for all ancillary operations.

<b>LAKEHEAD UNIVERSITY</b> <b>APPROVED 23/24 PROVISIONAL OPERATING BUDGET</b> <i>(compared with 2022/23 Approved Budget)</i>	<b>2022/23 APPROVED</b>	<b>2023/24 APPROVED PROVISIONAL</b>
<b>ENROLMENT Full Time Equivalent</b> Full Time Equivalent - Undergrad Full Time Orillia Faculty of Law FTE Undergrad Domestic Full Time Grad Domestic International Undergrad International Grad	8,269 4,058 1,747 187 5,992 815 691 771	8,316 3,742 1,787 191 5,720 753 720 1,123
<b>REVENUE:</b> Grants Tuition - Domestic Tuition - International Other	(000's) \$ 61,844 43,469 37,550 2,267	\$ 58,474 42,824 46,218 4,177
<b>TOTAL REVENUE</b>	145,130	151,693
<b>EXPENSES:</b> Full Time Salaries and Wages Part Time Salaries and Wages Other Costs Scholarships and Bursaries fr Tuition Reinvestment Department Income and Cost Recoveries Strategic Initiatives SEM Initiative Fund Deferred Maintenance Principal & Interest	98,536 15,669 21,153 7,065 (5,020) 1,400 3,512 400 2,415	101,133 17,755 27,966 7,203 (5,181) 1,400 3,512 400 2,789
<b>TOTAL EXPENSES</b>	145,130	156,977
<b>SURPLUS (DEFICIT)</b>	\$ -	\$ (5,284)

**LAKEHEAD UNIVERSITY**  
**APPROVED 2023/24 PROVISIONAL EXPENDITURES**  
*(compared with 2022/23 Approved Budget)*

	<b>2022/23 APPROVED</b>	<b>2023/24 APPROVED PROVISIONAL</b>
		(000's)
<b>FACULTIES</b>		
Faculty of Social Sciences and Humanities	15,110	15,730
Faculty of Sciences and Environmental Studies	16,283	16,545
Faculty of Health and Behavioral Sciences	14,623	14,687
Faculty of Business	4,754	4,586
Faculty of Education	8,025	10,682
Faculty of Engineering	9,385	9,384
Faculty of Natural Resources Management	3,006	2,956
Faculty of Law	3,158	3,162
<b>LU/GEORGIAN PARTNERSHIP</b>	700	700
<b>SEM INITIATIVE FUND</b>	3,512	3,512
Interviews and Recruitment	100	100
<b>Faculty subtotal</b>	<b>78,658</b>	<b>82,046</b>
<b>Provost &amp; Vice President (Academic)</b>		
Provost & Vice President (Academic)	850	859
Deputy Provost	201	207
Miscellaneous Academic (includes Sustainability)	100	105
Ombudsperson	35	54
<b>Provost and VP Academic subtotal</b>	<b>1,187</b>	<b>1,226</b>
<b>Academic Services:</b>		
Indigenous Initiatives	401	377
Dean of Graduate Studies	690	730
Graduate Assistantships	5,293	5,572
Institutional Planning & Analysis	694	724
Library	5,235	5,420
Teaching Commons	706	715
Vice Provost Student Affairs	4,909	5,120
<b>Academic Services subtotal</b>	<b>17,928</b>	<b>18,658</b>
<b>PROVOST AND VICE PRESIDENT (ACADEMIC) TOTAL</b>	<b>97,773</b>	<b>101,929</b>
<b>PEFAL (Post Secondary Education Funding for Aboriginal Learners)</b>	<b>989</b>	<b>989</b>
<b>TRUTH &amp; RECONCILIATION</b>	<b>215</b>	<b>218</b>
<b>SCHOLARSHIPS &amp; BURSARIES FROM TUITION REINVESTMENT</b>	<b>7,065</b>	<b>7,203</b>
<b>ORILLIA CAMPUS - SUPPORT</b>	<b>5,090</b>	<b>5,400</b>
<b>LAKEHEAD INTERNATIONAL</b>	<b>4,640</b>	<b>4,718</b>

	2022/23 APPROVED	2023/24 APPROVED PROVISIONAL
		(000's)
<b>PRESIDENT</b>		
Office of the President	733	788
Gov Relations	192	213
Media Relations	143	152
<b>President subtotal</b>	<b>1,068</b>	<b>1,153</b>
<b>CHIEF OF STAFF</b>	<b>267</b>	<b>270</b>
<b>UNIVERSITY SECRETARIAT</b>	<b>559</b>	<b>505</b>
<b>VICE PRESIDENT EXTERNAL RELATIONS</b>		
Office of the Vice President	431	470
Alumni & Community Relations	518	548
Philanthropy	531	611
Stewardship	283	214
Marketing Support	565	571
Web Development Services	349	360
<b>VP External Relations subtotal</b>	<b>2,677</b>	<b>2,774</b>
<b>VICE PRESIDENT RESEARCH &amp; INNOVATION</b>		
Office of the Vice President	472	466
AVP Research	244	253
Research Office	587	593
Research Facilitator - Int'l	90	91
Ingenuity	90	91
Instrumentation Laboratory	324	329
Economic Development & Innovation	326	342
<b>VP Research &amp; Innovation subtotal</b>	<b>2,133</b>	<b>2,166</b>
<b>VICE PRESIDENT ADMINISTRATION &amp; FINANCE</b>		
Office of the Vice President	372	376
General Counsel	0	232
Athletics	1,167	1,230
Risk Management & Access to Information	159	162
Office of Financial Services	2,487	2,559
Human Resources	1,148	1,166
Human Rights & Equity	318	319
Security	954	1,101
Technology Services Centre	5,165	5,831
Physical Plant	5,687	5,938
<b>VP Administration &amp; Finance subtotal</b>	<b>17,458</b>	<b>18,915</b>
<b>Utilities</b>	<b>3,302</b>	<b>3,512</b>
<b>General</b>	<b>1,881</b>	<b>2,055</b>
<b>Deferred Maintenance</b>	<b>400</b>	<b>400</b>
<b>Tuition Waiver</b>	<b>580</b>	<b>580</b>
<b>Subtotal before Undernoted</b>	<b>146,098</b>	<b>152,788</b>
<b>Strategic Initiatives</b>	<b>1,400</b>	<b>1,400</b>
<b>Savings from Carry Forward Policy</b>	<b>-4,783</b>	<b>0</b>
<b>Principal &amp; Interest</b>	<b>2,415</b>	<b>2,789</b>
<b>Total</b>	<b>145,130</b>	<b>156,977</b>

## Ancillary Operations

LAKEHEAD UNIVERSITY  
APPROVED 2023/24 ANCILLARY BUDGET

(000's)

	2022/23 APPROVED	2023/24 APPROVED
<b>Retail Operations</b>		
Revenue	2,207	2,178
Expenses	2,207	2,178
	-	-
<b>Residence</b>		
Revenue	13,511	14,237
Expenses	9,943	10,118
Principal & Interest	2,657	2,657
	911	1,462
<b>Food Services &amp; Vending</b>		
Revenue	498	498
Expenses	470	470
	28	28
<b>Parking &amp; Lockers</b>		
Revenue	744	744
Expenses	744	744
	-	-
<b>English Language Centre</b>		
Revenue	1,102	1,102
Expenses	1,102	1,102
	(0)	(0)
<b>TOTAL INCOME</b>	18,061	18,758
<b>TOTAL EXPENSES</b>	17,123	17,268
<b>SURPLUS</b>	938	1,489

Note: Total expenses include an overhead contribution to Operations Budget of \$1,379,000 in 2023/24 and \$400,000 in 2022/23.