

Date: June 6, 2025
Re: 2025-2026 Final Operating Budget

Similar to the prior fiscal year, the external environment for the post-secondary education sector remains complex. Last year's disruption to international enrolment resulting from changes to federal immigration policy continues to be a factor.

Development of the 2025/26 budget has been impacted significantly by these changes, most notably the capping of international student visa approvals, which have expanded to include graduate students. Lakehead is experiencing declines in applications due to the reputational damage these policy changes have caused combined with the perceived hostility of the Canadian government towards international students. Lakehead also remains impacted by a continued freeze on domestic tuition rates, and a highly competitive post-secondary environment. As a northern university, Lakehead is disproportionately affected by these external forces.

In February 2024, the government announced \$1.3 billion in new funding for a 3-year period. This announcement was welcome news; however, analysts have indicated it represents about 20% of what was needed to stabilize the sector, well short of the Blue Ribbon Panel's recommendations. The Blue Ribbon Panel was struck in 2023 by the province in response to the sector-wide financial sustainability challenges.

The addition of one-time targeted sustainability funding, resulting from the \$1.3 billion funding announcement in 2024, contributed to a balanced budget for Lakehead in 2024-25; however, for 2025/26, Lakehead's portion of the Post Secondary Education Sustainability Fund (PSESF) Top-up funding, which is a component of the \$1.3 billion, was reduced to nearly half for 2025/26.

The reduction to the PSESF Top-up funding in combination with the decline in international student enrolment has been unexpected and has placed exceptional pressure on budget development.

Lakehead University's commitment to financial sustainability continues to be evidenced by strong financial performance metrics, sound governance and strong financial management. Advocacy efforts with the provincial government have continued and will continue as we stress the unique position of Lakehead as the only comprehensive university in the north.

The President's Advisory Committee on Financial Sustainability has been reviewing recommendations from the 2023 3rd party review, input from the University community, and now the latest 3rd party review to develop recommendations to support the short and long-term financial sustainability of the University. The 2025/26 Budget includes targeted savings anticipated from the first round of recommendations made by the Advisory Committee to the President, and which the President has accepted.

As required by the Board of Governors, Lakehead University presents a balanced operating budget. The budget planning process for 2025-26 fully reflects our integrated budget development model and exhibits a transparent, consultative, and accountable integrated budgeting process.

2025-26 Operating Budget

The 2025-26 Operating Budget and supporting departmental budgets are attached. The following summarizes changes compared to 2024-25.

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 8,501 full-time equivalent students (FTE) compared to 2024-25 actual results of 8,330 and is comprised of the following:

Domestic – Undergraduate	6,180
Domestic – Graduate	691
International – Undergraduate	661
International – Graduate	969
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Total Projected FTE 2025-26	8,501

The increase of 171 FTE from 2024-25 actual results is attributable to projected growth in domestic undergraduate enrolment that is offset by projected declines in international undergraduate and graduate enrolment.

The process to establish enrolment projections has been refined over the last several months. These projections factor in high school application data, flow-through data, and emerging trends and opportunities that were determined through discussions with the Deans and the Provost.

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 1.8% to a total of \$162.7 million. The loss in revenue is due to a reduction in grants and international tuition revenues.

Operating grants have decreased by \$1.1 million primarily due to the \$2.8 million reduction in MCU PSESF Top-up Funding. Lakehead will receive \$2.9 million of top-up funding for 2025/26 compared to \$5.7 million in 2024/25. This reduction is partially offset by an additional \$1.0 million in MCU Post Secondary Education Sustainability Base Funding. Lakehead received \$2.1 million of MCU Northern Sustainability Fund additional one-time top-up in 2024/25, which is expected to remain for 2025/26.

Domestic tuition revenue is projected to increase by 8.6%. This is reflective of a strong increase in projected undergraduate enrolment as well as anomalous tuition fee increases for Business, Engineering, and Law programs. The government approved tuition increases to these three programs in 2023-24 due to lower-than-sector-average tuition rates for comparable programs. Per the 2024-25 Tuition Fee Framework, domestic tuition for Ontario remains frozen for three years, apart from these anomalous programs.

International student tuition revenue is projected to decrease by 11.7% versus the prior year. This is due to a projected decrease in undergraduate and graduate international students offset by modest increases in tuition rates for incoming students and limited tuition increases for continuing students.

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. Lakehead's international tuition framework provides transparency and predictability for international students, as new student rates are determined in line with our market positioning on an annual basis, and increases for continuing students are set with a predetermined band.

Other revenue is projected to remain consistent with the prior year.

3. Expenditures

Consistent with revenues, total expenditures are expected to decrease by 1.8% to a total of \$162.7 million.

Salary and benefits as a total are expected to grow by only .6% over the prior year, however this change is reflective of:

- increases to base salary and benefits primarily due to provisions in collective agreements of \$3.8 million;
- targeted savings from implementation of recommendations from the

President's Advisory Committee on Financial Sustainability of \$1.8 million;

- reduction in annual special pension payments of \$0.9 million; and
- vacancy management of \$0.6 million due to delayed searches.

Other costs have decreased by 9.4%. The decrease is due to the planned use of \$1.2 million in surplus carryforward, and one-time expenses of \$1.8 million budgeted in 2024/25 that will also be carried forward to 2025/26.

Scholarships and bursaries and department recoveries have slightly increased over the prior year.

The strategic initiatives fund is consistent with the prior year at \$1.4 million, allowing the University to continue to invest in critical strategic initiatives to support the strategic plan.

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 by \$1.8 million over the prior years. This is reflective of enrolment targets that will not be met based on current projections. This budget may be adjusted pending final 2025/26 enrolment results.

Deferred maintenance remains consistent with the previous budget. These funds are in addition to the funds Lakehead receives from the government under the Facilities Renewal Program.

Lastly, debt payments have increased by \$1.4 million due to the offsetting payment from the sinking fund being fully completed in 2024/25.

LAKEHEAD UNIVERSITY 25/26 OPERATING BUDGET <i>(compared with 2024/25 Approved Budget)</i>		
	2024/25 APPROVED	2025/26 APPROVED
ENROLMENT Full Time Equivalent	8,340	8,501
Full Time Equivalent - Undergrad	3,705	3,829
Full Time Orillia	1,910	2,117
Faculty of Law	210	234
FTE Undergrad Domestic	5,825	6,180
Full Time Grad Domestic	685	691
International Undergrad	795	661
International Grad	1,035	969
REVENUE:	(000's)	
Grants	\$ 68,397	67,323
Tuition - Domestic	43,869	47,631
Tuition - International	48,991	43,257
Other	4,477	4,477
TOTAL REVENUE	165,734	162,688
EXPENSES:		
Salaries and Wages	123,995	124,678
Other Costs	31,767	28,776
Scholarships and Bursaries	7,228	7,409
Department Income and Cost Recoveries	(5,359)	(5,874)
Strategic Initiatives	1,400	1,400
SEM Initiative Fund	3,512	1,700
Deferred Maintenance	400	400
Principal & Interest	2,789	4,199
TOTAL EXPENSES	165,734	162,688
SURPLUS (DEFICIT)	\$ -	(0)

LAKEHEAD UNIVERSITY
25/26 NET OPERATING BUDGET
(compared with 2024/25 Approved Budget)

	2024/25 APPROVED	2025/26 APPROVED
	(000's)	
FACULTIES		
Faculty of Social Sciences and Humanities	16,231	16,424
Faculty of Sciences and Environmental Studies	17,102	17,343
Faculty of Health and Behavioral Sciences	15,418	14,961
Faculty of Business	5,171	5,094
Faculty of Education	10,939	11,033
Faculty of Engineering	9,968	10,220
Faculty of Natural Resources Management	3,011	3,099
Faculty of Law	3,835	4,239
LU/GEORGIAN PARTNERSHIP	700	600
SEM INITIATIVE FUND	3,512	1,700
Interviews and Recruitment	100	100
Faculty subtotal	85,989	84,813
Provost & Vice President (Academic)		
Provost & Vice President (Academic)	874	1,147
Deputy Provost	210	225
Miscellaneous Academic (includes Sustainability)	112	119
Ombudsperson	49	56
Provost and VP Academic subtotal	1,244	1,547
Academic Services:		
Indigenous Initiatives	406	433
Dean of Graduate Studies	789	799
Graduate Assistantships	5,720	4,974
Institutional Planning & Analysis	831	870
Library	5,463	5,681
Teaching Commons	726	739
Vice Provost Student Affairs	5,285	5,295
Academic Services subtotal	19,219	18,791
PROVOST AND VICE PRESIDENT (ACADEMIC) TOTAL	106,453	105,151
PEFAL (Post Secondary Education Funding for Aboriginal Learners)	989	989
TRUTH & RECONCILIATION	223	228
SCHOLARSHIPS & BURSARIES	7,228	7,409
ORILLIA CAMPUS - SUPPORT	5,579	5,771
LAKEHEAD INTERNATIONAL	6,495	6,570
TECHNOLOGY SERVICES CENTRE	5,816	5,878
PRESIDENT		
Office of the President	675	600
Gov Relations	218	222
President subtotal	893	822

	2024/25 APPROVED	2025/26 APPROVED
	(000's)	
CHIEF OF STAFF	238	193
AVP COMMUNICATIONS	1,191	1,369
UNIVERSITY SECRETARIAT	548	616
VICE PRESIDENT UNIVERSITY ADVANCEMENT		
Office of the Vice President	553	557
Alumni & Community Relations	833	848
Philanthropy	454	441
Stewardship	136	138
Marketing Support	0	0
Web Development Services	0	0
VP External Relations subtotal	1,976	1,983
VICE PRESIDENT RESEARCH & INNOVATION		
Office of the Vice President	473	474
AVP Research	258	270
Research Office	632	619
Research Facilitator - Int'l	94	96
Ingenuity	103	103
Instrumentation Laboratory	340	347
Economic Development & Innovation	355	357
VP Research & Innovation subtotal	2,255	2,267
VICE PRESIDENT ADMINISTRATION & FINANCE		
Office of the Vice President	382	384
Legal Counsel	257	264
Athletics	1,322	1,369
Risk Management & Access to Information	166	171
Office of Financial Services	2,659	2,676
Human Resources	1,347	1,533
Human Rights & Equity	342	364
Security	1,084	1,054
Physical Plant	5,773	5,788
VP Administration & Finance subtotal	13,333	13,603
Utilities	3,512	3,512
General	2,055	2,055
Deferred Maintenance	400	400
Tuition Waiver	580	580
Subtotal before Undernoted	159,764	156,538
Strategic Initiatives	1,400	1,400
Savings from Carry Forward Policy	-	(1,231)
One-time expenses	1,782	1,782
Carryforward 2024/25 unspent "One-time expenses"		(1,782)
PAC FS Recommendations to be allocated		
Implement Guidelines for Minimum Class Sizes	-	(500)
Course Caps & Course Restrictions	-	(500)
Improving Admissions Processes	-	(75)
Principal & Interest	2,789	4,199
Total	165,734	162,688