Wilfrid Laurier University

Inspiring Lives of Leadership and Purpose

2016/17 Budget

Board Approved

June 23, 2016 – Board of Governors

Wilfrid Laurier University

2016/17 Budget
Table of Contents

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Part A – Overview

Foreword

This report contains forward-looking information. In preparing the 2016/17 Budget Report, certain assumptions and estimates were necessary. The assumptions and estimates are based on information available to management at the time of preparing the 2016/17 budget. Readers and users of this financial information are cautioned that actual results may vary from the assumptions used in preparation of the budget.

The Board of Governors are presented with the annual budget report to approve at the June meeting. Budget forecasts and information regarding the 2016/17 budget have been presented to the Finance and Investments Committee throughout the past fiscal year. This final 2016/17 budget has been prepared based on the best available assumptions and estimates concerning revenues and expenditures at this time. As changes in revenue and expenditure drivers occur during the year, updated projections will be presented to the Board of Governors. Prior to the Board of Governors receiving this final budget, the draft budget was presented to the Finance and Investments (F&I) Committee at their May 17, 2016 meeting which provided the opportunity to review and comment prior to the information being presented in this report. In addition, the draft budget was presented to the Senate Finance Committee on May 16, 2016 and to Senate on May 26, 2016. At the Senate meeting, the motion from Senate Finance Committee that Senate recommend the 2016/17 budget for approval by the Board of Governors was passed. Fee information, which is part of the assumptions included in this 2016/17 budget report, has been included in separate 2016/17 Fee Reports (Part 1 & 2) and presented to the Board of Governors for approval at the April and June meetings, respectively. This 2016/17 budget report is prepared annually and in a format consistent with previous years in order to enhance comparability. Included is detailed financial information along with various commentary and analysis. The following information is presented in this report along with the expected actions by the Board of Governors:

For Approval:

- Operating Budget
- Ancillary Budget
- Real Estate Fund

For Information:

- Tuition and Other Fees (separate Board approval)
- Capital Plans
  - Deferred Maintenance (included in operating budget)
  - Major Equipment Renewal (included in operating budget)
  - Major Capital (separate Board approval)
- 3 -Year operating budget model

It is important to note that the preparation of the 2016/17 Budget occurred in an unusual time in the university's history. During 2015/16, simultaneous to developing the 2016/17 Budget, the University also undertook the development of a responsibility centre management (RCM) budget model (with a framework specific to Laurier) within which future operating budgets will be developed. As overseen by the RCM Budget Implementation Committee, multiple teams established principles and undertook a shadow budget process on 2014/15 actuals to test the principles. If approved by the Board of Governors, the 2017/18 Budget will be developed using the recommended RCM approach.

Questions or further information regarding this report may be directed to the Director, Budgets and Planning.

Executive Summary – 2016/17 Financial Highlights

Operating Budget
The operating budget comprises the major annual revenues and expenditures of the university's financial operations. Revenues from student tuition and fees and government operating grants account for over 93% of the total operating revenues. Faculty and staff salaries and benefits account for 76% of the total operating expenditures.

The 2016/17 Operating Budget (as presented in Table B1) forecasts that total revenues will be $273,571,000 which is an increase of $16,897,000 or 7.0% over the previous year. It reflects the positive change that occurred in first year enrolment in 2015/16 that is assumed to be maintained in 2016/17.

Total expenditures will be $280,828,000 which is an increase of $15,813,000 or 6.0% over the previous year. The increase to expenditures includes salary and benefits of $7,806,000; Lazaridis facility net costs of $624,000; adjustments to the scholarship budget of $2,286,000; and inflationary costs / foreign exchange costs in support of information technology, and library acquisitions of $857,000. Offsetting these decreases is the budget reallocation of $5,113,000. Combining reallocations with inflationary costs, salary and benefits costs are increasing in total by $7,456,000 or 4%; departmental costs increase by $4,724,000 or 12% and central costs are increasing by $2,732,000 or 14%.

The 2016/17 excess of expenditures over revenues has produced a deficit of $7,257,000 which has decreased from the 2015/16 level by $1,084,000. This remaining deficit will be covered with one-time "Budget Balancing" options which include the remaining portion of the Enrolment Reserve, appropriations, contingency funds and projected spend adjustment.

This balanced operating budget position, at the time of writing, is dependent on enrolment shifts that may occur, once the June applications are confirmed.

Ancillary Budget
The Ancillary fund includes self-sustaining activities that are auxiliary to the university such as Food Services, One Card, Conferences, Residences, Bookstore, Parking, Printing and Copying Services. The revenue for the ancillary enterprises is estimated to increase over the period of this forecast to $41.7 million. Over the same period, expenses are forecasted to increase from $39.7

million to $40.5 million. The budgeted net surplus, before appropriations, is $0.8 million in 2016/17 and then grows to $1.2 million in 2018/19, the end of the forecast period. The Bookstore's contribution to the operating fund has been reduced from $520,000 to $120,000. This recognizes the significant decline in the sale of print course materials (textbooks and course packs). Similar declines in print materials are being experienced across the sector as more digital resources options become more accessible. The RCM budget model will propose a percentage of sales contribution method which will better align the operation with the changes in the marketplace. With the exception of Residences-Brantford, all ancillary operations are forecasted to be self-sustaining over the entire three year forecast with positive results forecasted for each reserve funds. The ancillary area that will continue to have a significant negative reserve is Food Services.

Real Estate Fund

Laurier does not have a large land endowment, is land locked and must effectively compete in an open market for real estate or rely on its land bank when it contemplates growth. Acquiring properties as needed can be difficult, costly and at times, impossible. In general, acquiring properties when an opportunity arises and when prices are more reasonable are important long-term growth strategies for the university. The Real Estate Fund was established to oversee the real estate strategy and to acquire, sell and manage properties for university land banking purposes. Principally, properties acquired are revenue generating.

The main objective for the Real Estate Fund is to ensure Laurier's long-term growth needs are met via land banking. Another objective is to derive a positive cash flow from its land bank holdings. Further, resources assigned to the Real Estate Fund provide general real estate services to the university. This function was supported by the recommendations of a Real Estate Working Group (REWG) comprised of expert advisors and select board members, established by the Board of Governors. The REWG completed a long and thorough evaluation of the university's real estate operations. Further to the recommendations of this working group, the university is in the process of creating a separate property trust to manage its income producing properties and for which the university will become the sole beneficiary.

Capital Plan

Capital spending can incorporate various types of expenditures such as construction projects, repairs and maintenance, property and building acquisitions, and various equipment purchases. Most equipment purchases are covered centrally and within departmental base budgets.

The 3-year capital plan includes projects that have been shared with the Board of Governors through the Building and Properties Committee. The inclusion of this capital plan is provided only for information, as specific major construction projects are approved on a project-by-project basis in accordance with the Board of Governor's approval process. The 3-year plan is summarized by those projects approved and under construction; approved but pre-design; and those pending approval that are conceptual or in the planning phase.

The approved under construction projects increased over 2015/16 by $15,762,000 due to the addition of ESCO, Science Teaching Labs and an increase to the YMCA Laurier Brantford project. The approved under construction projects totals $177,862,000 of which $34,667,000 is expected spending in 2016/17. With the funding inflows of $16,130,000, the net cash outflow of $18,537,000 will be covered with the long-term debt financing that was secured during 2012/13. Lazaridis Hall which originally was expected to be completed during 2015/16 experienced delays and occupancy is now expected for the fall of 2016. The YMCA-Laurier facility is expected to be completed during 2017/18.

The conceptual projects (e.g. Science Building, Faculty of Music and the Library and Learning Commons), as well as a number of projects identified through the space planning process are estimated at $270,575,000 but will not proceed until funding is secured and the projects are approved by the Board of Governors. It should be noted that the University has submitted the Lazaridis/Peters Building and the last two phases of the ESCO project for funding under the federal government's SIF program. The deadline for applications was May 9th with approvals expected in early summer.

In addition to the above noted capital plan, Laurier continues to emphasize its desire to develop a new campus in Milton, Ontario, to serve the large suburban GTA student population.

3-Year Operating Budget Model

The multi-year operating budget model starts with assuming 2015/16 budget as the base and takes into account the consistent assumptions used to develop the 2016/17 operating budget. It incorporates revenue expectations respecting the government's policy on the tuition rate framework and government operating grants, the university's enrolment plan, and projections. Consistent assumptions and expectations exist regarding salary rate expenditures and estimates for other inflationary costs, regulatory requirements and growth requirements are considered.

In preparing the multi-year model certain assumptions and estimates were necessary. The assumptions and estimates are based on information available to the University at the time of preparing the 2016/17 budget. Users of this information are cautioned that actual results may vary. Not currently factored in is the impact of any future changes in provincial policy, June confirmations, future enrolment shifts or the financial impact, if any, of a new Milton Campus.

The projections in the model clearly indicate that, given current assumptions, the financial position is not sustainable as total expenditures will continue to outpace total revenues. This will require significant budget adjustments in each and every year to reduce expenditures or increase revenues and will also be dependent on pending enrolment strategies/scenarios. Plans will include multi-year recovery strategies to allow time for implementation of revenue enhancements, enrolment strategies and costs saving initiatives.

Part B - Operating Budget

Context

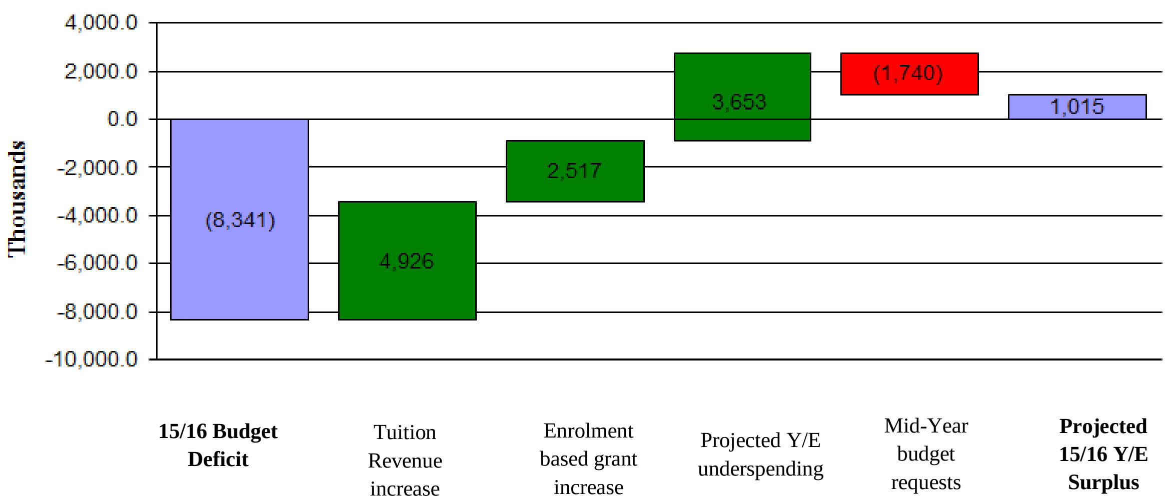
The operating budget comprises the major annual revenues and expenditures of the university's financial operations. Revenues from student tuition and fees and government operating grants account for 93% of the total operating revenues. Similarly, faculty and staff salaries and benefits account for 76% 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.

Forecasts and information regarding the 2016/17 budget have been presented to the Finance & Investment Committee, Senate Finance Committee and the Board of Governors throughout the past fiscal year. Budget updates based on changes in the key drivers that impact the budget projections have been presented at the October 2015, January and March 2016 Finance and Investments Committee meetings. As well, Senate Finance has received the same updates at their October, February and March 2016 meetings. Furthermore a Town Hall presentation on Laurier's Financial Future was provided to the university community in January at the Waterloo campus and via teleconference to the Brantford campus.

2015/16 – A Review of the base year

As reported in the 2015/16 "Budget to Actual" reports throughout the year to the F&I, Senate Finance and the Board of Governors, the projected year-end deficit has changed by $9,356,000 from the original approved deficit budget of $8,341,000 to a surplus of $1,015,000.



Note that at the time of writing, the 2015/16 fiscal year has just closed and final results are being analyzed and summarized. The external audit is conducted during the month of June, so final results, particularly as they impact the operating budget will be confirmed later in June.

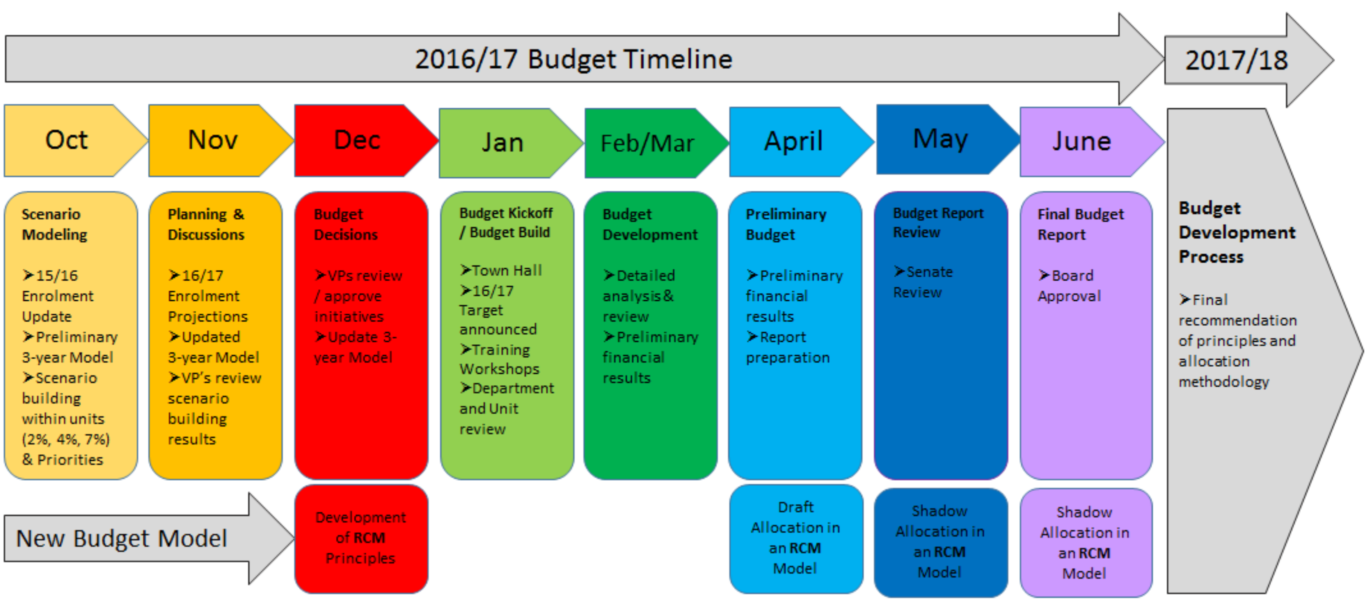
2016/17 Financial Situation & Budget Process

In June 2015, the 2016/17 forecast was presented in the annual budget report as part of the multi-year operating budget model. At that time, the in-year deficit was projected at just over $19.8 million and projected that a 4.83% budget target would be required. Furthermore, the suspension of post-employment benefits was assumed to occur in order to balance 2016/17. The financial projections for the continuing years indicated a growing structural deficit and annual targets if no action was taken.

Institutional Research & Planning and Enrolment Services worked extensively during the fall on updating the multi-year enrolment projections. These updated projections resulted in an increase of 2016/17 revenue of $15.4 million consequently decreasing the projected deficit from $19.9 million to $7.9 million.

As with past enrolment budget projections, the current fall enrolment becomes the estimate for the following year's targets or the "new baseline". This steady state enrolment would actually represent an increase in market share. So if the 2015/16 intake target became the new baseline target, then the revenue projections would decrease the subsequent deficits.

The following schedule references the 2016/17 budget process and timeline that were followed this year and also includes the simultaneous development of the RCM budget model, culminating in progression to an RCM-based 2017/18 budget:



During the October and November 2015 period, a budget scenario modeling exercise was prepared by all budget leaders of the university to provide the implications and consequences of base budget targets under 2%, 4% and 7% scenarios for all academic faculties, academic support and administrative units. Additional information to inform unit-level planning processes, including carryforward balances (a source of one-time only funds) and the historical spending trend (to identify potential sources of surplus/deficit) was provided to each unit. The budget scenario modeling exercise was intended to support an alternative to across-the board reductions. In addition, units were given the opportunity to identify strategic priorities for 2016/17 that required resources over and above what could be funded at the unit level. Even in a year of anticipated budget reductions, it is understood that new funds may be needed to support high priority, strategic investments.

The university community was updated on the financial situation of the university through existing channels and forums as well as through a Town Hall. Once the fall enrolment numbers were confirmed, the January Town Hall provided an update on the intake improvement with the fall full-time undergraduate head-counts. The good news was that the intake improvement was projecting more students than originally forecasted for 2015/16.

Traditionally the January Town Hall is used as an opportunity to provide an update on 2016/17 projections and the required budget target. However, this year, it continued to be an evolving process and the individual unit targets were not yet known. It was not yet determined how to balance the projected deficit and address the strategic requests from the units. Estimates were provided that illustrated for every $1.0 million in strategic investments approved, approximately 0.5% of additional funding that was required from budget reallocations. The University provided an opportunity for questions.

These preliminary 2016/17 operating budget results were presented to the Finance & Investments Committee in March and to the Board of Governors in April.

2016/17 Strategic Investments & Reallocation Process

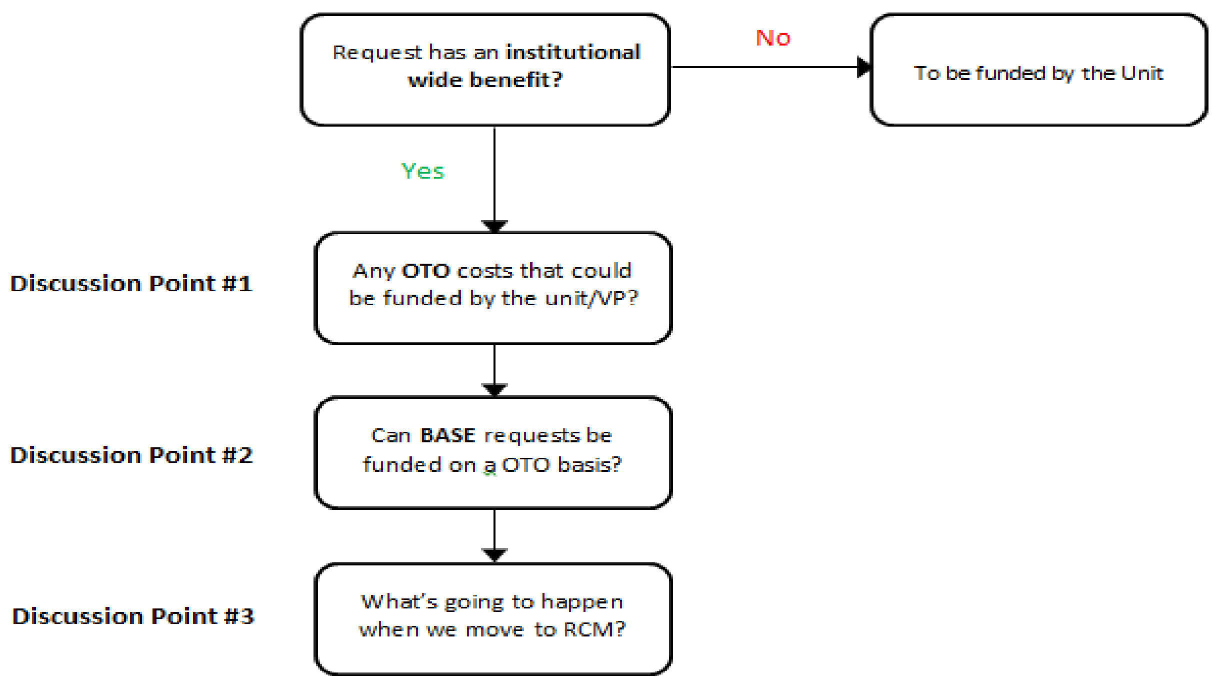
Laurier has undertaken several strategic planning initiatives in the past few years to address our external context and challenging budget environment in order to better situate the university for the future. These initiatives include:

1) Integrated Planning & Resource Management (IPRM)
2) Strategic Academic Plan (SAP)
3) Transitioning to a responsibility centre management (RCM) budget model
4) Voluntary Retirement Incentive Program (VRIP)

To establish a bottom-up approach for 2016/17 which would align with priorities and the projected budget situation, academic and administrative units were requested in fall 2015 to provide: 1) operating items for 2%, 4% and 7% cuts and their impacts (target scenario exercise); and 2) strategic investment requests. Laurier currently has an envelope of $272.7 million to fund expenses which represents the preliminary revenue forecast for 2016/17. In the absence of increased revenue, the method available to fund strategic investments is to reallocate existing base budgets. To that end, the President and Vice-Presidents collectively reviewed the high-priority strategic investment requests from each of their units in January 2016.

In winter 2016, a new Budget Committee was developed that will serve the institution during the budget development process in the RCM model. Rather than the President and Vice-Presidents being the *de facto* Budget Committee of the university, RCM at Laurier established the Budget Committee to be comprised of: the Vice-Presidents; the Senior Executive Officer (SEO) Brantford; and three rotating Faculty Deans. This committee structure recognizes the Faculties as the revenue-generating units at the centre of university's academic. The Budget Committee is co-chaired by the Provost & VP Academic and the VP Finance & Administration (to become the VP Finance & Operations) and reports to the President. During the 2016/17 Budget development, this committee assumed Budget Committee responsibilities from February onward.

To identify institutional strategic investments to be funded by the 2016/17 Budget, the strategic investment requests were evaluated against guidelines established in the process (see below). As a result, some requests were deemed to not be of an institutional-wide benefit (therefore, responsibility of a unit to fund); others were funded as OTO funds rather than from base; and others were deferred until after RCM is implemented. All of the strategic investments that were approved aligned with the "Enhance" or "Transform with More Resources" categories from the IPRM recommendations.



The chart below lists the Strategic Investments that met the guidelines and were, therefore, recommended for approval in 2016/17.

Initiative	Description	Base	OTO	Total
Academic Programming & Support	Library - Associate University Librarian	92,800		92,800
	FOS - Kinesiology Lab Coordinator, IA and growth activitie	93,841		93,841
	FSW - BSW growth activities	372,974		372,974
	FHSS - Criminology faculty position	121,000		121,000
	FHSS - Game Design & Development faculty position	108,900		108,900
	FHSS - Computer Lab (Space & Infrastructure)		200,000	200,000
	FoEd - MEd change & activities	92,628		92,628
	Online Program development & delivery		150,000	150,000
	Total	**882,143**	**350,000**	**1,232,143**
Research Support & Enhancements	Grant/Research Management System	126,000		126,000
	Laurier Research Centre Support	221,000		221,000
	Strategic Research Communication	100,000		100,000
	VPR Travel & Networking Support	30,000		30,000
	Total	**477,000**	**-**	**477,000**
Student Recruitment Initiatives	CPAM - Marketing Initiatives		605,000	605,000
	Laurier International Foreign Exchange impact		20,000	20,000
	Total	**-**	**625,000**	**625,000**
Student Support	International Graduate Student Funding Model	234,710		234,710
	Minimum Guaranteed Funding (Doctoral): $19K to $22K	600,000		600,000
	Prestige Scholarships for top Masters students	300,000		300,000
	Total	**1,134,710**	**-**	**1,134,710**
Student Services	Athletics - League Mandated Programs	20,800		20,800
	Athletics - Athletic Therapist overtime support		62,650	62,650
	Athletics - Renewal of Coaching Contracts & Increases	75,000		75,000
	Brantford SA - Maintain DEO office	57,000		57,000
	Career Centre - new positions	42,500		42,500
	VPSA - Coordinator, Gendered Violence, Diversity and Equity O	42,500		42,500
	VPSA - Education & Training Programs		25,000	25,000
	VPSA - Sexual Violence Support advocacy		40,000	40,000
	Total	**237,800**	**127,650**	**365,450**
Compliance & Risk Management	Office of General Counsel	153,902		153,902
	Records Management (Multi year project)		103,750	103,750
	University Data Recovery Centre project	260,729	197,704	458,433
	Total	**414,631**	**301,454**	**716,085**
Campus Safety & Security	SCS (Brantford) - Expansion to 24/7 coverage	432,308	50,000	482,308
	SCS (Waterloo) - Expansion for Comm & Oper Mgmt	137,498	19,000	156,498
	SHERM - Health & Safety Administrator	38,500		38,500
	Total	**608,306**	**69,000**	**677,306**
Investment in Technology	COGNOS 10 Project	116,000	383,000	499,000
	Data Warehouse Solution	122,000	170,000	292,000
	Total	**238,000**	**553,000**	**791,000**
Administrative	HR - Enhanced outreach to aboriginal/minority		50,000	50,000
	HR - Inclusion of CAS to EAP	24,000		24,000
	Physical Resources - 67 Darling Operating Costs	96,000		96,000
	Total	**120,000**	**50,000**	**170,000**
Contingency	Central Contingency	**1,000,000**		**1,000,000**
Grand Total		**5,112,590**	**2,076,104**	**7,188,694**

The Strategic Investments will result in an additional 22.5 continuing full-time equivalent (FTE), 7.0 limited-term positions and 7.0 stipends. The composition of the base 22.5 FTE positions is 4 WLUFA members, 15.5 WLUSA/SCS and 3 management positions. The composition of the 7 limited-term positions is 5 WLUSA and 2 management positions.

Initiative	Description	FTE (Base)	FTE (OTO)	Stipends
Academic Programming & Support	Library - Associate University Librarian	1		
	FOS - Kinesiology Lab Coordinator, IA and growth activities	1		2
	FSW - BSW growth activities	5		
	FHSS - Criminology faculty position	1		
	FHSS - Game Design & Development faculty position	1		
	FoED - MEd change & activities	0.5		5
	Total	**9.5**	**0**	**7**
Research Support & Enhancements	Grant/Research Management System	1		
	Strategic Research Communication	1		
	Total	**2**	**0**	**0**
Student Recruitment Initiatives	CPAM - Marketing Initiatives		2	
	Total	**0**	**2**	
Student Services	Career Centre - new positions	1		
	VPSA - Coordinator, Gendered Violence, DEO	1		
	Total	**2**	**0**	**0**
Compliance & Risk Management	Office of General Counsel	1		
	Records Management (Multi yearproject)		1	
	Total	**1**	**1**	
Campus Safety & Security	SCS (Brantford) - Expansion to 24/7 coverage	5		
	SCS (Waterloo) - Expansion for Comm & Oper Mgmt	1		
	Total	**6**	**0**	
Investment in Technology	COGNOS 10 Project	1	4	
	Data Warehouse Solution	1		
	Total	**2**	**4**	
Grand Total		**22.5**	**7**	**7**

Based on the budget scenario modeling exercise which the units completed in the fall, the information was used to determine the combination which would enable funding of the Strategic Investments and limit the impact on existing personnel and units. The reduced percentage allocated to the Provost & VP: Academic is the difference in the amount for strategic investment required after the administrative units contributed 4% level. The Budget Committee supported the differentiated targets among units to preferentially support the academic units of the university and to recognize the disproportionate size, needs and historical underfunding of the VP Research portfolio.

The Vice-President's were each assigned a reallocation percentage which was estimated to generate a total of $5.1 million.

Unit	Differentiated %
President	4.0%
Provost & VP: Academic	2.3%
VP – Fin & Admin	4.0%
VP - Development	4.0%
VP - Research	0.0%
VP – Student Affairs	4.0%

A decision was made to implement a 0% target for the VP – Research given that our commitment to both research growth and innovative achievements are strategic priorities for the institution.

- Strategic re-investments were made to grow Laurier's innovative research capacity and in particular support student engagement in research across the institution.
- This included enhancing research communications throughout our communities of interest including highlighting research success stories, promoting student engagement in research and more effectively communicating the impact of our collective research efforts.
- Considerable re-investments are also being made to support graduate student training across the institution including providing a series of prestigious scholarships and increasing our competiveness in recruiting high quality PhD candidates through enhanced guarantee funding.
- We will also more effectively manage research compliance and risk mitigation through the implementation of a new grants management system.

VPs were to develop and/or identify any unit-wide financial strategies. It was up to the VPs discretion whether they set targets strategically or across the board (ATB) within their units, although strategic was preferred. Administrative units within the Provost & VP: Academic portfolio had a 4.0% - 4.25% target similar to the administrative VPs; academic units ranged from 0.5% - 2.83%. Budget leaders/VPs utilized the budget scenario modeling exercises undertaken in the fall to submit their plans/strategies. Multi-year plans and strategies were encouraged and expected.

The following options and strategies for reallocation were considered:

- Reallocations could include expenditure reductions and/or revenue enhancements.
- Revenue amounts should not include recoveries (back charges) from other departments.
- Identification of fees-for-service from external users should be explored.
- New fees from students had to be reviewed with Financial Resources and follow the regular governance processes.
- Expenditure cuts needed to be carefully monitored to ensure existing university revenues were not adversely impacted.
- Carryforward funds could be utilized to bridge to permanent base budget changes that would occur in later years.
- Carryforward deficits would not be allowed unless short term & approved by the unit VP.

The following chart displays the contributions by units as either base or OTO bridging (from carryforwards):

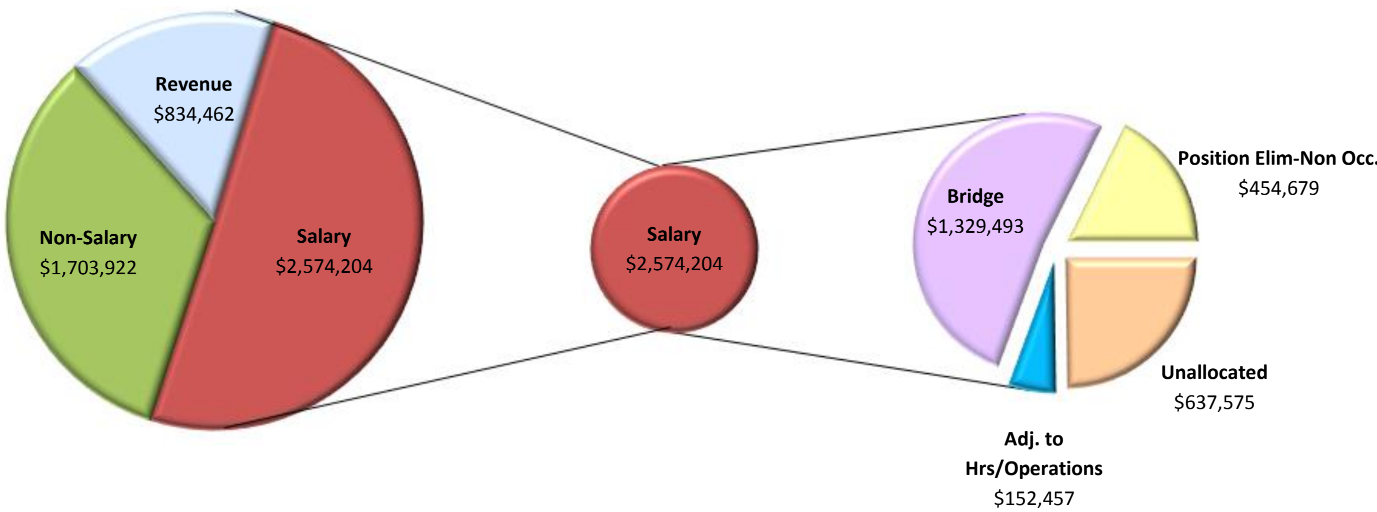
	Contribution	OTO Bridging	Base Reductions
President	208,560	73,781	134,779
Provost & VP: Academic	3,446,157	99,280	3,346,877
VP - Fin & Admin	791,640	568,640	223,000
VP - Dev & Alumni	155,766	0	155,766
VP - Research	0	0	0
VP - Student Affairs	510,465	0	510,465
Departmental Total	**5,112,588**	**741,701**	**4,370,887**

This chart displays the reallocation amounts by area and by nature of budget category:

Budget Category	Total	President	Provost & VP: Academic	VP Fin & Admin	VP Dev & Alumni	VP Student Affairs
Tuition Fees	($59,571)		($59,571)			$0
Revenue - Other	($469,960)		($185,875)	($206,000)		($78,085)
Comprehensive Student Services Fee	($304,931)					($304,931)
Total Revenue	**($834,462)**	**$0**	**($245,446)**	**($206,000)**	**$0**	**($383,016)**
Full/Part Time Faculty Costs *	($1,681,897)		($1,681,897)			
Full/Part Time Staff Costs	($625,551)	($18,240)	($379,166)		($123,745)	($104,400)
Statutory & Fringe Benefits	($266,756)	($3,830)	($229,181)		($17,021)	($16,724)
Total Salary & Benefit Expenses	**($2,574,204)**	**($22,070)**	**($2,290,244)**	**$0**	**($140,766)**	**($121,124)**
Equipment	($89,500)	($500)	($89,000)			
Software	($116,850)		($116,850)			
Travel Expenses	($17,628)	($200)	($17,428)			
Supplies & General Expense	($487,793)	($112,009)	($337,459)	($17,000)	($15,000)	($6,325)
Library Acquisitions	($215,450)		($215,450)			
Off Campus Facility Rent	($35,000)		($35,000)			
Carryforward	($741,701)	($73,781)	($99,280)	($568,640)		
Total Departmental Expenses	**($1,703,922)**	**($186,490)**	**($910,467)**	**($585,640)**	**($15,000)**	**($6,325)**
Grand Total	**($5,112,588)**	**($208,560)**	**($3,446,157)**	**($791,640)**	**($155,766)**	**($510,465)**

** Includes $1.3 million in salary amounts that will be replaced with carryforward funds in 2016/17 in support of a long term strategy to align teaching capacity with student enrolments and the transition to RCM budget model.*

This pie chart displays the reallocation by salary vs non-salary:

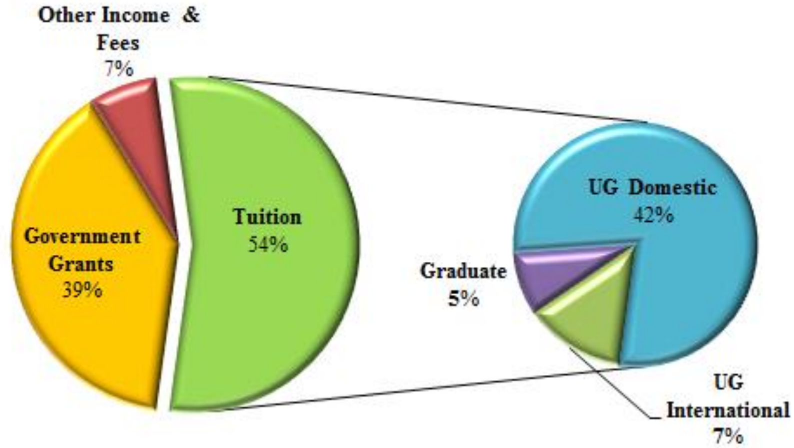


The salary reductions can be explained as followed:

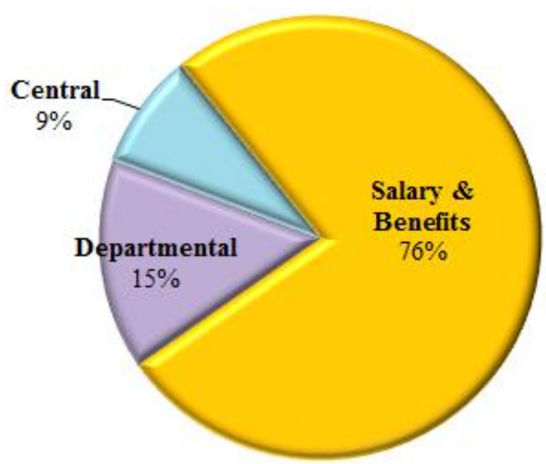
Adjustment	Description/Examples
Position Elimination – Non Occupied	Positions that will not be replaced due to lack of work or reduction of services or reorganization of duties where the position is currently not occupied (includes retirement/attrition).
Adjustment to Hours/Operations	Includes reducing hours of operations and staffing during periods of lower activity.
Unallocated	Alignment of budget funding to actual positions.
Bridge	The amount reallocated from Full/Part Time Faculty Costs category which represents salary amount that will be replaced with carryforward funds in 2016/17 in support of a long term strategy to align teaching capacity with student enrolments and the transition to RCM budget model.

The 2016/17 Operating Budget

The development of projections for the operating budget is informed by key budget drivers. As the budget model is developed and presented, these various assumptions are reviewed and updated regularly. When the final budget is presented, the very best available assumptions are included, but it is understood that they could still change and not be what actually transpires. The key drivers impacting the tuition revenue budget include the government's policy on the tuition rate framework, the university's enrolment plan and projections. Operating grants are impacted by government policy and announcements through the provincial budget. Revenues from student tuition and fees and government operating grants account for 93% of the total operating revenues. This following chart depicts the breakdown of total revenue.



The key drivers that impact salary rate expenditures are government policy regarding executive compensation, and regular negotiated settlements through the collective bargaining process. The financial obligations respecting the financing of Laurier's pension plan require going concern deficiency payments and annual current service costs. Expenditures are also impacted by investments that are needed to support strategic investments, inflationary costs, regulatory requirements and other growth and quality requirements. Faculty and staff salaries and benefits account for 76% of the total operating expenditures. This following chart depicts the breakdown of total expenses.



The 2016/17 operating budget detailed information is presented in the following pages as follows:

* **Table B1** summarizes the operating budget in detail, by major revenue and expense type. The 2016/17 budget is compared to the 2015/16 budget noting the major changes year-over-year. Further, the impact of the strategic investment & reallocation process is highlighted separately.

* **Table B2** summarizes the operating budget by the President and the Vice-Presidents' responsibility centres. The 2016/17 budget is compared to the 2015/16 budget noting the major changes year-over-year.

Table B1
2016/17 Operating Budget by Revenue & Expense Type
In $000's

	Budget 2015/2016	Preliminary 2016/2017 **	% Chg	Strategic Investments	OTO Strategic	*(Pg. 14)* Budget Reallocations	Budget 2016/2017	Change	*Explained in Page Reference*
Revenue									
Tuition Fees	137,447	149,052	8%			60	149,112	11,665	*20*
Government Grants	101,183	106,294	5%				106,294	5,111	*27*
Other Income & Fees	18,044	17,391	(4%)			774	18,165	121	*29*
Revenue Total	**256,674**	**272,737**	**6%**			**833**	**273,571**	**16,897**	
Salary & Benefit Expenses									
Full/Part Time Faculty Costs	93,927	96,840	3%	434		(1,682)	95,592	1,665	*30*
Full/Part Time Staff Costs	62,091	64,853	4%	1,371	892	(626)	66,490	4,399	*30*
Statutory & Fringe Benefits	14,673	16,123	10%	372	187	(267)	16,415	1,742	*31*
Current Service Costs	16,376	18,028	10%				18,028	1,652	*31*
Pension Plan Deficiency	6,636	5,784	(13%)				5,784	(852)	*31*
Retirees, Maternity, Tuition Exemptions	4,549	4,300	(5%)				4,300	(249)	*32*
Post Employment - Non Cash	6,750	6,750	0%				6,750		-
Salary & Benefit Expenses Total	**205,002**	**212,678**	**4%**	**2,177**	**1,079**	**(2,575)**	**213,359**	**8,357**	
Departmental Expenses									
Equipment	3,596	3,434	(5%)	309	446	(206)	3,983	387	*32*
Library Acquisitions	3,370	3,761	12%	7		(215)	3,553	183	*32*
Scholarships & Bursaries	14,206	15,358	8%	1,135			16,493	2,287	*33*
Travel Expenses	2,327	2,370	2%	37		(18)	2,389	62	*33*
Facility Rentals/Occupancy Costs	2,773	3,683	33%			(35)	3,648	875	*33*
Supplies & General Expense	13,663	14,971	10%	352	501	(1,230)	14,593	930	*33*
Departmental Expenses Total	**39,935**	**43,576**	**9%**	**1,840**	**947**	**(1,704)**	**44,659**	**4,724**	
Central Expenses									
Debt Service	5,680	5,680	0%				5,680		
Capital and Deferred Maintenance	4,251	5,338	26%				5,338	1,087	*33*
Equipment Renewal	2,705	2,886	7%				2,886	181	*33*
Utilities, Insurance & Taxes	5,850	5,846	(0%)				5,846	(4)	-
Contingency	1,592	1,914	20%	1,096	50		3,060	1,468	*34*
Central Expenses Total	**20,078**	**21,664**	**8%**	**1,096**	**50**	**0**	**22,810**	**2,732**	
Expense Total	**265,015**	**277,918**	**5%**	**5,113**	**2,076**	**(4,279)**	**280,828**	**15,813**	
(Deficit)/Surplus before Appropriations	**(8,341)**	**(5,181)**		**(5,113)**	**(2,076)**	**5,113**	**(7,257)**	**1,084**	
Budget Balancing Options:									
Suspension of Post Employment - Non Cash	6,750 *								
Other Committed (Contingency)	1,591 *								
Remaining Enrolment Reserve							1,574		
Appropriations from prior years							1,292		
Anticipated Approp from 15/16							691		
Contingency							1,700		
Projected Spend Adjustment							2,000		
Total Budget Balancing Options	**8,341**	**0**		**0**	**0**	**0**	**7,257**		
Surplus/(Deficit)	**0**	**(5,181)**		**(5,113)**	**(2,076)**	**5,113**	**0**		

* *The most recent update for 2015/16 indicates a modest surplus will result in forecasted actuals. Therefore, the two balancing options explained would no longer be required.*

*** Preliminary 2016/17 budget is defined as: 2015/16 base budget + Annual adjustments + Unit budget adjustments*

The **2016/17 Budget Balancing Options** shown in Table B1 are:

1. Remaining enrolment reserve of $1.574 million. At the time of preparing the 2014/15 budget, June 2014 confirmations were down and therefore, a number of revenue and expenditure budgets were identified to adjust if the decline of the confirmations actually occurred. The reductions of these budgets were held in an enrolment reserve amounting to $3.7 million. In 2014/15, enrolment did decline and a portion of this reserve was used.
2. Appropriations of $1.292 million. During 2014/15, existing appropriations were reviewed, some repurposed and others were no longer required allowing them to be available for future requirements. This $1.292 million is now available to be used and exhausts all remaining appropriations.
3. Anticipated Appropriation from 2015/16 of $691,000. During 2015/16, multi-year projects were approved and built into the forecasted actual spending for 2015/16. However, due to some project delays, the positive spending variance will be appropriated into 2016/17 for these specific projects. These projects include Disaster Recovery, Enrolment Services & Web Project.
4. Other Committed (Contingency) of $1.7 million. This represents approximately half of the contingency that has not been committed to a specific purpose. There is some risk associated to this option as there would be decreased funds available for any unforeseen items that may come forth during 2016/17.
5. Projected Spend Adjustment of $2.0 million. It has been past experience that Full/Part Time Faculty costs have consistently shown favourable variances of approximately 5% of the budget each year. This favourable variance can be due to delay in hiring, unfilled positions, historical budgeting etc. Moreover, it is anticipated that the favourable variance will continue and therefore, have included a projected spend adjustment as a viable option to close the deficit gap.

Commentary to 2016/17 Budget by Revenue & Expense Type (Table B1)

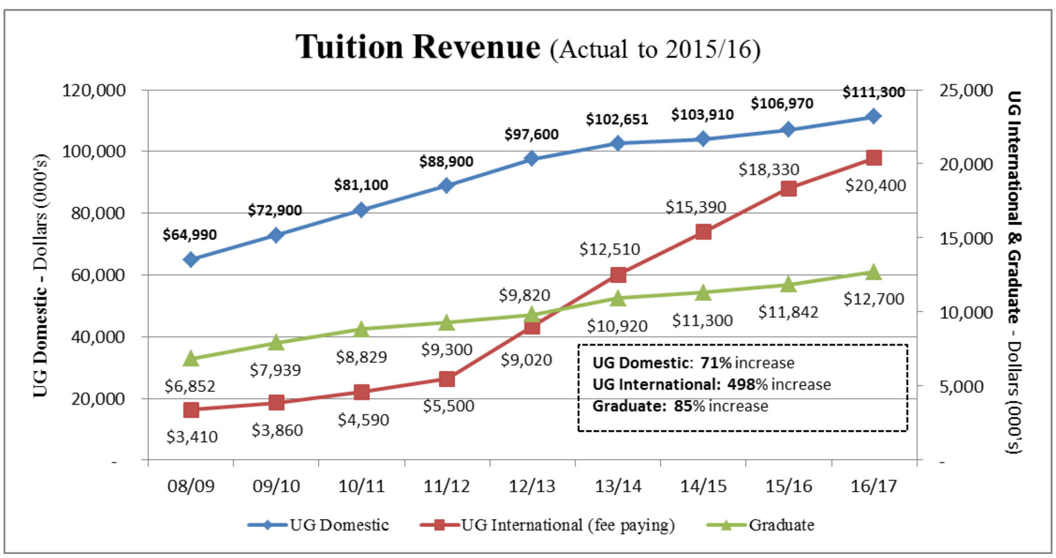
This section will provide detail commentary to the 2016/17 budget including review of the major drivers influencing the revenue and expenditure assumptions. Further, it provides explanation and highlights the major variances to revenues and expenditures as noted in Table B1 between 2016/17 as compared to the 2015/16 budget.

Operating Budget Revenues

Overall, total Revenues are expected to increase by $16.9 million or 7%. The following provides a comprehensive review of each major component of university operating budget revenues and the factors that are increasing and decreasing over the previous year that result in this overall increase.

Tuition Revenues

Tuition fee increases together with enrolment growth are the main contributors to revenue increases. The following chart depicts that domestic undergraduate (U/G) tuition revenue has grown steadily over the past eight years, and illustrates how this growth is projected to continue in 2016/17. Overall, undergraduate domestic revenue has increased by 71%; undergraduate international revenue increased by 498% with the greatest growth deriving from the last five years; and graduate revenue has increased by 85%.



Total tuition fee revenue for 2016/17 is expected to increase by $11.6 million, or 8.4%, over the 2015/16 budget. Enrolment growth and increase in tuition fee rates for both undergraduate and graduate students are the drivers behind this increase. The following table shows the major components of the changes in tuition revenue for 2016/17:

Tuition Revenue *(in 000's)*	**2015/16**	**2016/17**	**Change**
Undergraduate	121,470	132,700	11,230
Graduate	11,500	12,700	1,200
LEAF – Undergraduate	1,900	1,900	0
LEAF – Pre MBA	247	247	0
Toronto MBA	2,700	2,700	0
Exemptions/Cross Registration	(370)	(1,195)	(825)
Total	**$137,447**	**$149,052**	**$11,605**

The net increase in forecasted undergraduate tuition fees of $11.2 million comprises the following major components for domestic and international students in the three 'sprummer' academic terms (spring, intersession, summer) and the combined fall/winter academic term (in 000's):

(in 000's)	**'Sprummer' Terms**	**Fall & Winter Terms**	**Total**
Domestic Students	$1,500	$6,330	$7,830
International Students	$800	$2,600	$3,400
Total	**$2,300**	**$8,930**	**$11,230**

Domestic undergraduate enrolments for tuition assessment purposes are projected to increase by 592 fiscal full-time equivalents (FFTEs) in 2016/17, resulting in tuition growth of approximately $4.0 million. Tuition rate increases for domestic students will generate an approximate $3.8 million in additional tuition revenue.

A projected increase in total international undergraduate enrolments of 146 FFTEs will result in approximate growth of $3.05 million in tuition fee revenue, with an additional $350,000 generated by fee rate increases.

Graduate student full-time enrolment in Fall 2016 is projected to increase approximately 8% from levels projected in the 2015/16 budget, accounting for approximately $900,000 in the growth of tuition fee revenue. Tuition rate increases for both domestic and international graduate students generates an additional $300,000 growth for the year.

The following sections provide comprehensive information on the two major factors affecting tuition revenue, i) tuition framework and ii) enrolment projections.

i) Tuition Framework

The government's tuition policy was announced on March 28, 2013 with 2016/17 being the final year of a four-year framework. This framework caps annual overall tuition rate increases for domestic arts and science undergraduate students at 3%, while allowing higher rate increases to professional undergraduate and all graduate-level students. The current tuition framework is summarized in the following chart:

Maximum Allowable Annual Tuition Fee Increase by Program Type	
Arts & Science Undergraduate and other Undergraduate Program	3% for all students
Professional Undergraduate or any Graduate Program	5% for students who start in or after 2013/14; or 4% for all students who were enrolled in 2012/13
Overall Average Tuition Fee Increase	**3%**

Management has reviewed various models and scenarios to ensure the final mix of rates allows Laurier to remain competitive in the marketplace while at the same time ensures compliance with the overall 3% maximum per MTCU guidelines. As a result of this analysis, the following undergraduate and graduate rates for publicly funded programs have been proposed and approved by the Board of Governors on April 21, 2016:

Tuition Guidelines	Student Group	Program	Year of Study	2016/17 Increase
Publicly Funded - Government Tuition Framework	Undergraduate Domestic	All Programs excluding Professional (Business & Joint Business with U of W, and Computer Science)	Entering prior to Fall 2013	1.00%
			Entering in or after Fall 2013	3.00%
		Business (BBA, BBTM, Jt. BBA/BMath)	Entering prior to Fall 2013	4.00%
			Entering in or after Fall 2013	5.00%
		Computer Science	Entering prior to Fall 2013	4.00%
			Entering in or after Fall 2013	5.00%
		Faculty of Education	Entering and continuing students	3.00%
		BBA/CS with U of W *	Entering prior to Fall 2013	4.00%
			Entering in or after Fall 2013	5.00%
	Graduate Domestic	MBA / MFin - Waterloo	Entering prior to Fall 2013	4.00%
			Entering in or after Fall 2013	5.00%
		MSW	Entering and continuing students	3.00%
		All other graduate programs	Entering and continuing students	0.00%

**Increase and rates matched with those of University of Waterloo*

Fees for international students are not eligible for MTCU operating grant funding and therefore are not governed by the government's tuition policy. In setting the tuition fee rates for international students a number of factors were considered to remain competitive in the marketplace.

As a result of the above analysis, the following undergraduate and graduate rates for non-funded programs were proposed and approved by the Board of Governors on April 21, 2016:

Tuition Guidelines	Student Group	Program	Year of Study	2016/17 Increase
Non funded - Visa	Undergraduate Visa	All Programs excluding Professional (Business & Joint Business with U of W)	Entering and continuing students	2.00%
				2.00%
		Business (BBA & BBTM)	Entering and continuing students	3.50%
				3.50%
		Joint Business * (BBA/CS & BBA/BMath with U of W)	Entering and continuing BBA/BCS	9.00%
			Entering and continuing BBA/BMath	9.00%
	Graduate Visa	MBA / MFin	Entering and continuing students	5.00%
		MSW		5.00%
		All other graduate programs (except MIPP)		0.00%
		MIPP	Entering students	32.29%
			Continuing students	0.00%

**Increase and rates matched with those of University of Waterloo*

For other non-publicly-funded programs and courses, the University has full discretion over tuition fee increases because these are not eligible for provincial government funding and are not governed by the government's tuition policy. Tuition rates for these programs are guided by the tuition rate increases experienced by domestic students as well the relative competiveness of Laurier's rates to other comparators. The following chart summarizes the rates for non-funded programs that were proposed and approved by the Board of Governors on April 21, 2016:

Tuition Guidelines	Student Group	Program	Year of Study	2016/17 Increase
Other Non-funded	Graduate Domestic	MBA - Toronto - all streams/options MFin	Entering and continuing students	0.00%
				0.00%
		EMTM (Executive Master Technology Mgmt)**	Entering in 2016/17	N/A
	LEAF	Undergraduate LEAF Program	Entering in 2016/17	0.00%
	Pre-MBA	Pre-MBA Program	Entering in 2016/17	0.00%
	Faculty of Education	Additional Qualification Courses	Entering in 2016/17	0.00%

***Program being reintroduced after pilot in 2011/12*

ii) Enrolment Projections

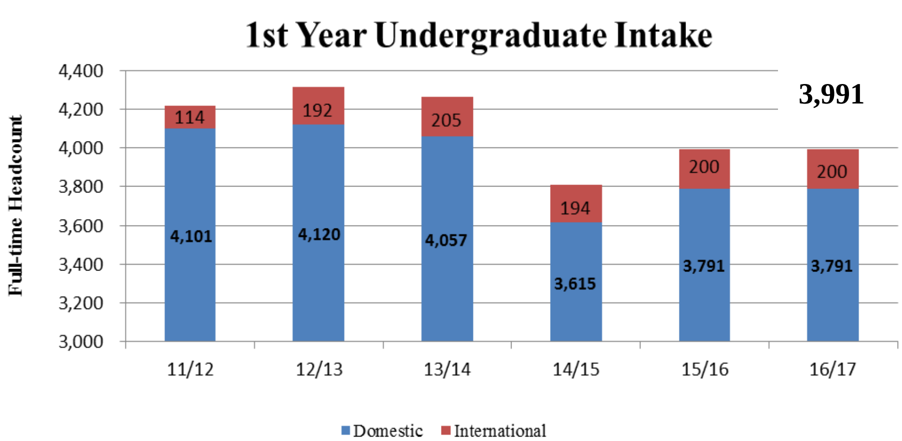
Recruitment efforts by Ontario universities for new undergraduate students continue to be extremely competitive. Accordingly, the total projected intake for budget purposes of new domestic and international undergraduate students for Fall 2016 will remain at the same level as the previous year.

a) Undergraduate Students:

Total projected undergraduate full-time headcounts of 14,839 for Fall 2016 are consistent with the previous year's actual count of 14,825. Included in total projected Fall 2016 enrolments are 13,980 domestic and 859 international students, representing a decrease of 33 domestic students and an increase of 47 international students from Fall 2015. The total projected international enrolments represent 759 fee-paying/degree-seeking students and 100 students on exchange programs.

Full-Time only

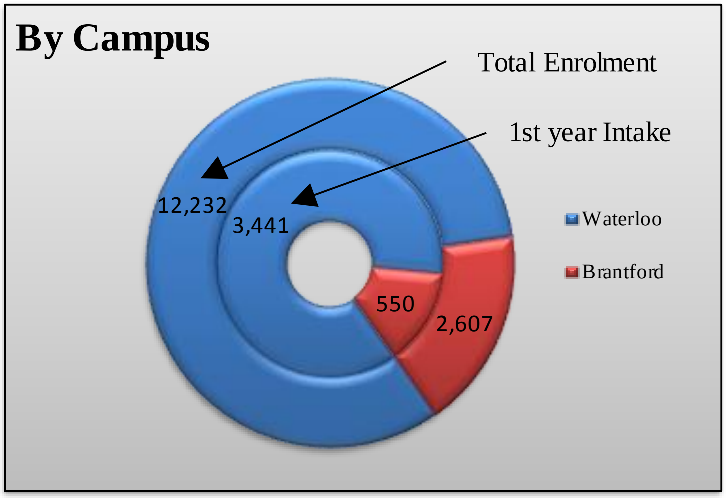
	1st Year Undergraduate Intake					Total Enrolment				
	2013 Actual	2014 Actual	2015 Actual	2016 Projected	2016 vs 2015	2013 Actual	2014 Actual	2015 Actual	2016 Projected	2016 vs 2015
By Campus										
Waterloo Campus	3,493	3,135	3,441	3,441	0	12,539	12,044	12,178	12,232	54
Brantford Campus	769	674	550	550	0	2,708	2,763	2,647	2,607	-40
	4,262	**3,809**	**3,991**	**3,991**	**0**	**15,247**	**14,807**	**14,825**	**14,839**	**14**
By Type of Student										
Domestic	4,057	3,615	3,791	3,791	0	14,684	14,163	14,013	13,980	-33
International	205	194	200	200	0	563	644	812	859	47
	4,262	**3,809**	**3,991**	**3,991**	**0**	**15,247**	**14,807**	**14,825**	**14,839**	**14**
By Academic Faculty										
Faculty of Arts	1,202	957	1,045	1,045	0	4,705	4,206	4,057	4,058	1
Faculty of Science	961	917	1,006	1,006	0	3,434	3,349	3,417	3,443	26
Lazardis School of Business & Econ.	1,307	1,177	1,267	1,267	0	3,986	4,040	4,220	4,214	-6
Faculty of Music	94	111	92	92	0	327	337	353	340	-13
Waterloo Campus Dble Degree	110	85	134	134	0	247	244	292	339	47
Faculty of Human and Social Sciences	236	234	257	257	0	802	923	1,029	1,057	28
Faculty of Liberal Arts	324	294	132	132	0	1,595	1,473	1,188	967	-221
Faculty of Social Work	28	34	58	58	0	30	115	209	298	89
Faculty of Education	0	0	0	0	0	121	120	60	123	63
	4,262	**3,809**	**3,991**	**3,991**	**0**	**15,247**	**14,807**	**14,825**	**14,839**	**14**

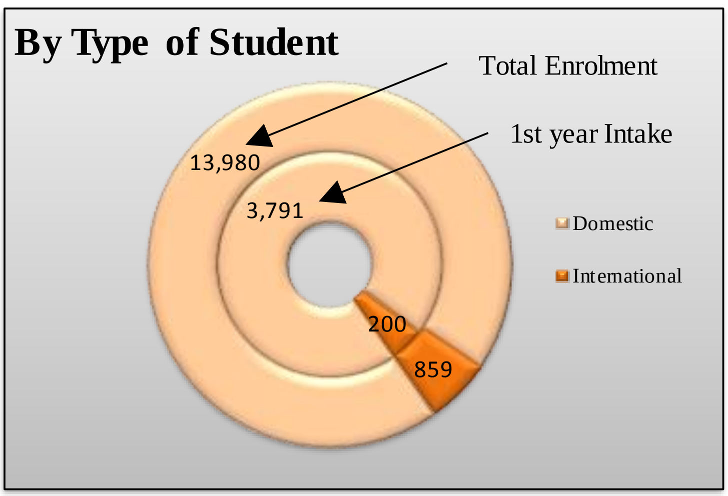


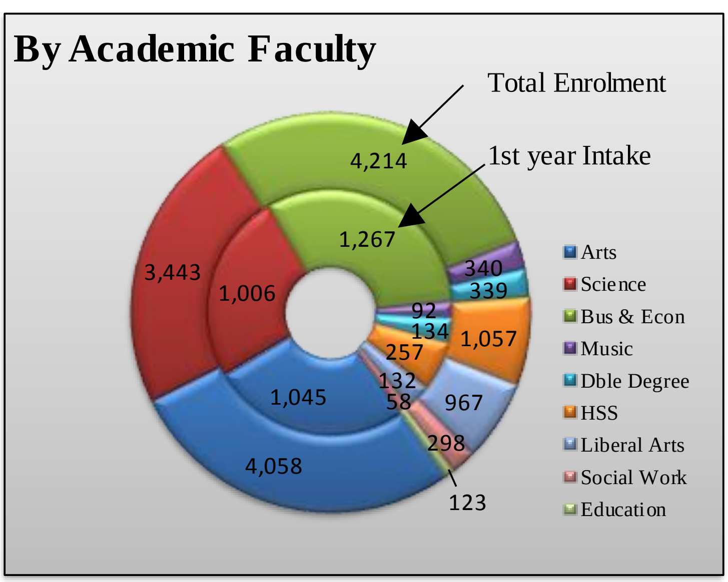
The graph shows the first year undergraduate intake for both domestic and international students as increasing in 2015/16 and also as projected to remain flat in 2016/17.

The following graphs visually show the composition of the full-time head count for both first year intake and total enrolment originally projected for 2016. This information is displayed by campus, type of student and academic faculty.

Total Enrolment – **14,839**







b) Graduate Students:

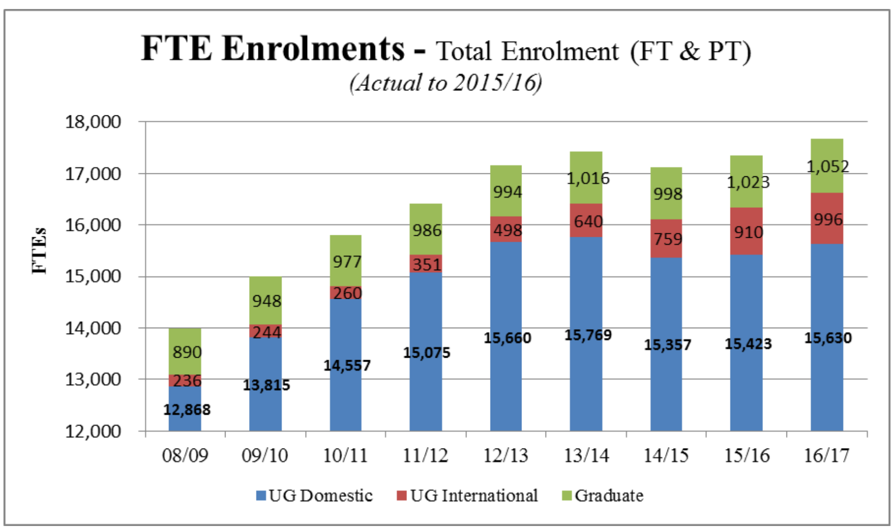
Modest enrolment increases in graduate programs are forecast for Master's students in professional and research-based academic programs, with enrolment growth for Fall 2016 of approximately 3.8% and 5.3%, respectively, from the previous year. Projected enrolments for doctoral programs are expected to be relatively consistent with the previous year.

The chart below shows the change in fall full-time head count by program category; enrolments include both domestic and international students:

By Program Category	2012 Actual	2013 Actual	2014 Actual	2015 Actual	2016 Projected
Professional Masters	342	339	333	318	330
Research Masters	284	310	312	342	360
Doctoral	186	193	192	197	200
Other	14	14	1	12	10
Graduate Full-Time Head Counts	**826**	**856**	**838**	**869**	**900**

c) Full Time Equivalent (FTE) Enrolments (*Undergraduate & Graduate)*:

In 2016/17, undergraduate domestic enrolment is projected to remain relatively consistent with the prior year at 88% of total enrolment. Undergraduate international enrolment and total graduate are also projected to remain relatively consistent at 5-6% of total enrolment. This graph shows the FTE enrolment from 2008/09 to 2016/17 including undergraduate domestic, undergraduate international and graduate.



Government Grants

The following table outlines the major sources of government grant funding in fiscal 2016/17:

Government Grants *(in 000's)*	2015/16	2016/17	Change
Basic Operating Grant	84,130	84,130	0
U/G Accessibility	5,860	9,377	3,517
Teachers Education	710	710	0
Grad Accessibility	2,090	2,980	890
Quality Grant	4,200	4,200	0
Efficiency Reduction and ISR	(550)	(650)	(100)
Other Grants	4,743	5,547	804
Total	**101,183**	**106,294**	**5,111**

The $5.11 million increase in total grants is primarily the result of the following three factors:

Undergraduate Accessibility – projected increase of **$3.52 million**.

'Accessibility' grant funding for undergraduate enrolment growth is again measured against 'base' enrolment levels from fiscal 2010/11. The 2010/11 fiscal year was the last year when grant funding for undergraduate enrolment growth was "rolled into" Laurier's base operating grant. As a result, six years of undergraduate enrolment growth will be funded in fiscal 2016/17 by the undergraduate Accessibility grant. Eligible fiscal full-time equivalent (FFTE) undergraduate enrolments in 2016/17 are expected to increase by approximately 720 FFTEs (or 4.5%) over 2015/16 budgeted levels. These projected enrolment levels represent an increase of 1,080 FFTEs (7.5%) over the base year of fiscal 2010/11. Full grant funding, with no discounting, is expected to be received.

Graduate Accessibility – projected increase of **$0.89 million**.

"Expansion" grant funding for graduate student enrolment growth, similar to undergraduate students, is measured against 'base' enrolments levels from a previous fiscal year. For graduate students, this base fiscal year was 2007/08. Accordingly, nine years of graduate student enrolment growth will be funded by the graduate Expansion grant in 2016/17. Funding is controlled by separate enrolment target levels for both Master's and Doctoral students that are set by MTCU (these target levels are based on Fall term grant-eligible graduate student FTEs). Enrolments exceeding these target levels are not funded.

Projected grant-eligible Master's student enrolments are expected to increase by 57 FTEs (or 9%) over 2015/16 budgeted levels, with Doctoral student growth projected to be 8 FTEs (or 5.5%). Projected enrolment levels in fiscal 2016/17 for both Master's and Doctoral students are below the maximum target levels funded by MTCU, so grant discounting is not expected.

Projected graduate student enrolment increases, in eligible Fall term FTEs, for Fall 2016 over actuals for Fall 2015 are outlined in the following table:

By Program Category	Actual Fall 2015	Projected Fall 2016	Increase (Decrease)
Professional Master's	346.6	362.0	15.4
Research Master's	307.6	325.0	17.4
Total Master's	**654.2**	**687.0**	**32.8**
Total Doctoral	**151.2**	**153.0**	**1.8**

Other Grants – projected increase of **$0.8 million.**

The growth in other government grants is due to a one-time increase of $823,700, for fiscal 2016/17 only, in the grant for the Facilities Renewal Program.

Other major grant envelopes for 2016/17, all of which are projected to remain relatively consistent with 2015/16 funding levels, are:

Teachers Education – 2016/17 represents the second year of the new two-year consecutive teacher education program. MTCU mandated a 50% enrolment intake reduction for consecutive teacher education programs in 2015/16. The targeted student intake for Fall 2016 will bring total projected enrolments for 2016/17 up to pre 2015/16 levels. However, as 2015/16 grant funding included one-time transition funding of $355,000, total projected funding for 2016/17 will remain consistent with the previous year.

Quality Grant – Receipt of this grant funding envelope is contingent on submission to, and approval by, MTCU of a report describing outcomes related to Laurier's Strategic Mandate Agreement (SMA).

International Student Recovery (ISR) –The ISR levy reflects a reduction of $750 for each FTE undergraduate and Master's international student that entered studies in 2013/14 or in subsequent years. The ISR levy is expected to reduce grant funding by approximately $0.65 million in 2016/17 (about $100,000 more than in 2015/16).

Other Income & Fees

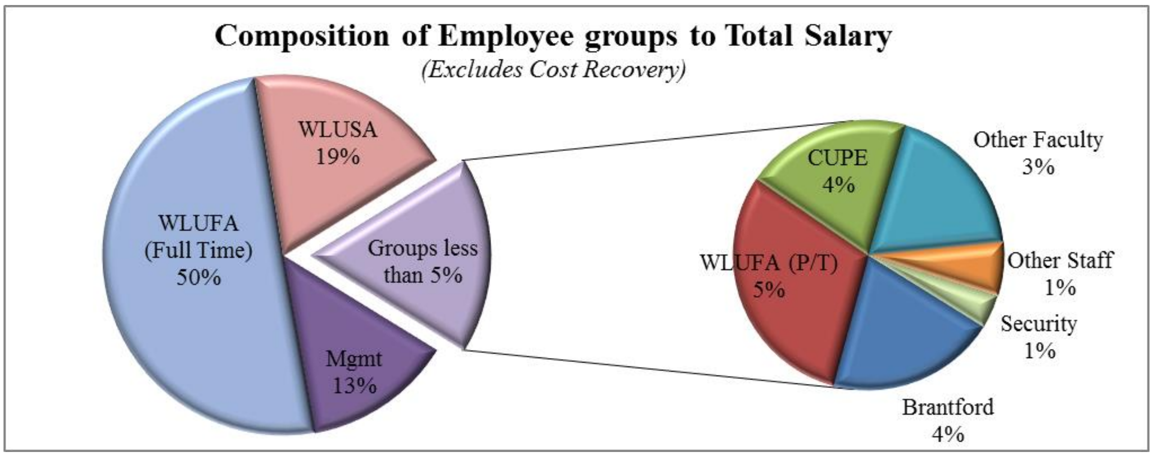
Other income & fees are expected to increase by $121,000. This category includes other general fees and program revenues such as transcript fees, co-op/internship fees, application fees, athletic, financing income, student interest, and teaching support services. Changes in these budgets can fluctuate, by their nature, but many increases are due to adjusting the budget to previous year actual experience. Also included in other revenue is the Bookstore operations contribution to the operating budget.

Operating Budget Expenses

Overall, total Expenses are expected to increase by $15,813,000 or 6%. The following provides a comprehensive review of each major component of university operating budget expenses and the factors that are increasing and decreasing over the previous year that result in this overall increase.

Salary & Benefit Expenses

Salaries and benefits for faculty and staff (full and part-time) make up the largest portion ($213,359,000 or 76%) of the university's operating expenditure budget.
Total Faculty and staff salaries and benefits budget is comprised of the many labour and salary groups. The following graph depicts the composition of the labour and salary groups to the total salary costs.



The salary and benefit assumptions continue to assume that increases will continue, on average, as per previous years' experience. At this time, the budget projections are all based on the settled negotiations that were approved with WLUSA/OSSTF and WLUFA. Negotiations are currently underway for CUPE. The non-unionized salary costs are based on previous years' experience. The overall net increase for 2016/17 over the previous year of $8,358,000 or 4% is a result of the following major salary and benefit related budget components:

<u>Full/Part Time Faculty Costs – Net increase of $1,665,000</u>

- Increases from known and expected salary rate increases, as per collective agreements, are the largest cost driver of this budget category. Departmental budgets are adjusted based on settlements that are known from current collective agreements (e.g. WLUFA). An estimate of $3.5 million has been added at this time.
- No increases related to Student Faculty Ratio (SFR) were added to 2016/17 due to the steady state enrolment
- Increases of $434,000 have resulted from strategic investments as part of the budget reallocation process.

- Decreases of $1,682,000 represent salary amounts that will be replaced with carryforward funds in 2016/17 in support of a long term strategy to align teaching capacity with student enrolments and the transition to RCM budget model.
- A decrease of approximately $700,000 was due to actual 2015/16 increases being less than originally estimated.

Full/Part Time Staff Costs – Increase of $4,399,000

- Increases from known and expected salary rate increases and as per collective agreements is the largest cost driver of this budget category. Departmental budgets are adjusted based on settlements that are known from current collective agreements of $900,000 (e.g. WLUSA/OSSTF). For those employee groups where settlement are not known (eg. CUPE) or approved (management & executive staff), estimates are retained in global committed expenses. These increases accounted for $1,622,000.
- From time to time increases are experienced based on job positions being re-evaluated and $250,000 (based on actual past experiences) has been budgeted this year.
- Investment in multi-year projects for Web Renewal & Enrolment Services renewal accounted for $891,500 OTO in 2016/17 over 2015/16.
- Increases of $1,371,000 in base budgets and $892,000 in OTO budgets have resulted from strategic investments as part of the budget reallocation process.
- Decreases of $626,000 have resulted from budget reductions as part of the strategic investment process.
- A decrease of approximately $400,000 was due to actual 2015/16 increases being less originally estimated.

Statutory & Fringe Benefits – Increase of $1,742,000

This amount is based on the current and projected increase in the faculty and staff complement. This budget is estimated on an average percentage rate. Increases of $373,000 in base budgets and $187,000 in OTO budgets have resulted from strategic investments. Corresponding to salary decreases from budget reallocations are reductions to benefits of $267,000.

Pension Plan - Increase of $1,652,000 & Pension Plan Deficiency – Decrease of $852,000

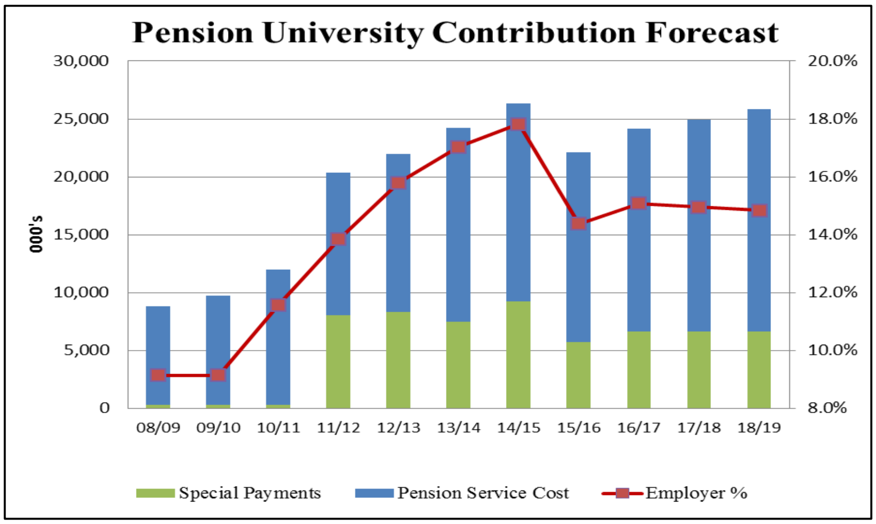
Pension expenses for the University reflect the inflation that has occurred in the Current Service Cost. The Current Service Cost is set by the Actuary and is intended to cover the cost of benefits earned by pension plan members for the coming year. The Current Service Cost is a percentage of pensionable salary adjusted with wage inflation. Therefore, the total amount of current service cost payments increases year over year.

In addition to having to budget for higher Current Service Costs, the University must pay for any unfunded deficits that have occurred in the plan. Pension Plan deficits are calculated by the Actuary at the time of the Plan's formal Valuation which in Laurier's case was done as at December 31, 2014. There are two calculations, both reflecting the funded status of the plan at a point in time. The Going Concern calculation determines the plan's financial status as a going concern. It answers the question as to whether sufficient funds are in place to fulfill the past and future benefits promised. Going Concern Deficits must be amortized over a period not to exceed 15 years. Laurier's Going Concern Deficit as at December 31, 2014 is $52.0

million. The Solvency calculation determines whether there are sufficient funds to provide the past and future benefits should the employer become insolvent and unable to contribute to the plan. The Actuary must comply with more restrictive assumptions and methodologies when performing this calculation. The resulting number is usually different than the Going Concern number. Laurier's last Valuation showed a Solvency Deficit of $45.4 million.

Pension costs are escalating across the world and Canadian employers, especially universities, are coming to grips with the reality of the true cost of providing these benefits. Laurier is no different and steps have been taken to mitigate the high cost escalation. The 2016/17 Budget contains provision of $5.8 million on Going Concern Deficit special payments as well as Current Service Costs of $18.0 million.

The following chart displays the trend of employer pension costs since 2008/09 and estimated to 2018/19 in terms of dollars and as a percentage of estimated payroll for pension contributions.



<u>Retirees, Maternity, Tuition Exemptions – Decrease of $249,000</u>

A decrease adjustment of $200,000 was made to early retirement benefits from the SVEP program. This budget will continue to decrease as the program concludes.

Departmental Expenses

This category which includes a number of non-salary departmental budgets is expected to have a net increase of $4,724,000. The following explains the main increases and decreases:

<u>Equipment – Increase of $387,000</u>

Increases of $309,000 in base budgets and $446,000 in OTO budgets have resulted from strategic investments process. This increase is offset by budget reallocations in various units of $206,000 including budget transfer of $134,000 for ICT Classroom Technology to Equipment Renewal and other transfers made throughout the year.

Library Acquisitions – Increase of $183,000

In the library, a significant portion of the E-resources and serials are acquired in US$. Therefore, an adjustment has been made to reflect foreign exchange. The Canadian dollar continued to weaken through 2015/16 and therefore, the 2016/17 assumption is based on a rate of $0.76 USD/$1.00CAD versus the assumption of $0.85 USD/$1.00 CAD in 2015/16. This rate assumption accounts for $249,000 of the change year over year. An additional inflation adjustment of 5% on E-Resources accounts for $140,000. The offsetting decrease is due to reduction in acquisitions (monographs) of $215,000.

Scholarship & Bursaries – Increase of $2,287,000

Increase reflects additional funding of $300,000 to support Prestige scholarships for top Masters students; $600,000 to support minimum guaranteed funding increase for Doctoral students from $19,000 to $22,000 per student; and $234,710 to support funding for International Graduate students. In 2015/16, a new undergraduate merit scholarship grid was introduced. In 2016/17, an additional $400,000 is required based on the increased enrolment. An additional $663,000 is also required to reflect 2015/16 actual experience from the new scholarship grid ($473,000 in volume; $190,000 in rate).

Travel Expenses – Increase of $62,000

Increases of $37,000 in base budgets have resulted from the strategic investment process offset by $18,000 budget reallocations in various units throughout the university. The remaining balance is due to budget transfers to other cost categories.

Facility Rentals/Occupancy Costs – Increase of $875,000

This category increased due to a new commitment to the Lazaridis operating costs of $623,000, Brantford YMCA of $31,000 and building operating costs for 67 Darling of $96,000 and Market Square of $150,000. This includes salary, equipment, maintenance, contracted services, utilities and security costs. Offsetting this increase is budget reductions of $35,000.

Supplies & General Expense – Increase of $930,000

This category includes a multitude of account categories across all units within the university. One of the large contributors is the Web renewal & Enrolment Services renewal multi-year project accounting for $447,000 OTO in 2016/17 over 2015/16. In addition as part of the strategic investment process, $352,000 base and $502,000 OTO was added. Moreover, initial budgets were included this year for WSIB surcharges and other non-recoverable/unavoidable costs totalling $246,000. Offsetting this increase is the $487,000 in budget reductions and an additional $742,000 in carryforwards that are being used to bridge to future years.

Central Expenses

This category includes a number of budgets that are held centrally and are not within departmental budgets. The following explains the overall net increase of $2,732,000:

Capital and Deferred Maintenance – Increase of $1,087,000

The amount of annual Facilities Renewal Funding (FRP) funding through the government was increased annually in 2015/16 by an additional $261,000 *(previously was $483,000)*. Furthermore, MTCU recently announced that consistent with facilities renewal as a key infrastructure priority, they would be administering a one-time FRP "top-up" funding increase of $823,700 in 2016/17. This incremental FRP funding is included in Revenue – Government Grants.

Equipment Renewal – Increase of $181,000

An increase of $20,000 was related to the Library Equipment Renewal which was funded by the Library. As well, the ICT Classroom Technology for both the Waterloo and Brantford Campus amounting to $161,000 was included in the equipment renewal program. Previously it was included in the unit's budget.

Contingency - Increase of $1,468,000

This category by its nature can fluctuate from year to year and the budget was adjusted to reflect:

- Additional $1.0 million was added as part of the strategic investment process
- Additional $1.1 million was added as a result of unused committed contingency (salary estimates) in 2015/16.
- Transfer of approximately $600,000 in base contingency to fund unanticipated on-going costs.

Table B2
2016/17 Operating Budget by Responsibility Centre
In $000's

	Budget 2015/16 *	Preliminary 2016/2017	Strategic Investments	OTO Strategic	Budget Reallocations	Budget 2016/2017	Change	% Chg
Revenue								
Revenue - Central	242,691	259,444				259,444	16,753	7%
Revenue - Departmental (included in Resp. Centres)	*13,983*	*13,293*			*834*	*14,127*	*144*	
Revenue Total	**256,674**	**272,737**	**0**	**0**	**834**	**273,571**	**16,897**	**7%**
President								
President's Area	1,061	1,114			(52)	1,062	1	0%
Secretariat	728	682		104	(30)	756	28	4%
University Relations	728	729			(22)	707	(21)	(3%)
CPAM	2,093	2,117		605	(84)	2,638	545	26%
Office of General Counsel	0	61	154			215	215	
SEO - Brantford	527	522			(21)	501	(26)	(5%)
President - Total	**5,137**	**5,225**	**154**	**709**	**(209)**	**5,879**	**742**	**14%**
Provost & VP: Academic								
Faculty of Arts	32,187	32,233			(937)	31,296	(890)	(3%)
Lazaridis School of Business & Economics	28,142	29,263			(504)	28,759	617	2%
Faculty of Education	1,496	1,566	85		(36)	1,615	119	8%
Faculty of Music	6,611	6,764			(34)	6,730	119	2%
Faculty of Science	23,881	24,584	94		(123)	24,555	674	3%
Faculty of Social Work	5,616	5,832	373		(131)	6,074	458	8%
Faculty of Human Social Sciences	4,939	5,015	230	200	(123)	5,322	383	8%
Faculty of Liberal Arts	6,840	6,985			(162)	6,823	(17)	(0%)
Faculty of Graduate & Postdoctoral Studies	6,418	6,554	1,135		(22)	7,667	1,249	19%
Library	7,117	6,952	93		(291)	6,754	(363)	(5%)
Information, Communications and Technology	6,081	6,502			(12)	6,490	409	7%
Enrolment Services	19,880	20,992		20	(337)	20,675	795	4%
Institutional Analysis	677	701	238	553	(28)	1,464	787	116%
Brantford Foundations	389	390			(9)	381	(8)	(2%)
Centre for Teaching Innovation and Excellence	3,905	4,134			(192)	3,942	37	1%
Aboriginal Initiatives	234	237				237	3	1%
Provost & VP: Academic	6,519	7,284		150	(297)	7,137	618	9%
Provost & VP: Academic - Total	**160,931**	**165,988**	**2,248**	**923**	**(3,238)**	**165,921**	**4,990**	**3%**
VP Development and Alumni Relations								
VP University Advancement	3,932	3,983			(156)	3,827	(105)	(3%)
VP Development and Alumni Relations Total	**3,932**	**3,983**	**0**	**0**	**(156)**	**3,827**	**(105)**	**(3%)**
VP Finance & Administration								
Physical Resources	9,449	9,542				9,542	93	1%
Financial Resources	2,583	2,495			(518)	1,977	(606)	(23%)
Human Resources	2,255	2,225			(45)	2,180	(75)	(3%)
Special Constable & Campus Operations	2,348	2,494	570			3,064	716	31%
Administration & Internal Audit	1,391	1,415			(74)	1,341	(50)	(4%)
VP - Fin & Admin	761	694		69	(76)	687	(74)	(10%)
SHERM	911	922	38		(79)	881	(30)	(3%)
VP Finance & Administration Total	**19,698**	**19,787**	**608**	**69**	**(792)**	**19,672**	**(26)**	**(0%)**
Research	1,559	1,706	477			2,183	624	40%
VP Research Total	**1,559**	**1,706**	**477**	**0**		**2,183**	**624**	**40%**
VP Student Affairs								
Athletics	2,730	2,770	96	62		2,928	198	7%
Student Services	9,920	10,606	142	65	(508)	10,305	385	4%
VP Student Affairs Total	**12,650**	**13,376**	**238**	**127**	**(508)**	**13,233**	**583**	**5%**
Total Responsibility Centre Expenses	**203,907**	**210,065**	**3,725**	**1,828**	**(4,903)**	**210,715**	**6,808**	**3%**
Central Expenses								
Central Expenses (per Schedule B1)	***20,078***	***21,664***	***1,096***	***50***		***22,810***	***2,732***	
Benefits - Retirees, Maternity, Tuition	4,722	4,467				4,467	(255)	
Benefits - Post Employment - Non Cash	6,750	6,750				6,750		
VRIP - Faculty		1,505				1,505		
Pension Plan - Non Recoverable		450				450		
AVP Financial Resources - Central		107				107		
AVP HR - Central		190				190		
ICT - Central		2,070	261	198	(210)	2,319		
Library - Central		3,246				3,246		
Facilty Rentals/Occupancy Costs		2,500	31			2,531		
Faculty/Staff salaries & benefits (ATB/Merit)		9,856				9,856		
Central expenses held in units	15,575	1,755				1,755	6,384	
Central Expenses Total	**47,125**	**54,560**	**1,388**	**248**	**(210)**	**55,986**	**8,861**	**19%**
Total Expenses including Departmental Revenue	**265,015**	**277,918**	**5,113**	**2,076**	**(4,279)**	**280,828**	**15,813**	**6%**
(Deficit)/Surplus before Appropriations	**(8,341)**	**(5,181)**	**(5,113)**	**(2,076)**	**5,113**	**(7,257)**	**1,084**	
Appropriations	0							
Surplus/(Deficit)	**(8,341)**	**(5,181)**	**(5,113)**	**(2,076)**	**5,113**	**(7,257)**		

* 2015/16 Budget has been adjusted to reflect organizational changes

Part C – Ancillary Budget

The Ancillary Budget is separate and distinct from the Operating Budget. In previous year, an annual contribution of $520,000 was made from the Bookstore Ancillary operation to the operating budget in addition to a number of operating budget transfers from various ancillary operations. However, due to sales and profit being affected by the developing trend towards digital offerings, the operating budget can no longer rely on this level contribution starting this year and going forward. Budget assumptions assume current enrolment projections. Changes in enrolment will have an impact to operations, particularly the bookstore, food services and residences.

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 various operations within the Ancillary budget include Food Services, One Card, Conferences, Residences, Bookstore, Parking, Printing and Copying Services. **Table C1** provides a detailed summary of the 2016/17 budget that is being submitted for approval. Also included is **Table C2** which is a 3 year Ancillary Fund Projected Budget Detail that is provided for information. The following provides highlights of the major changes in revenues and expenditures for the various ancillary operations as compared to 2015/16.

Summary - Decrease of $5,000 in 2016/17

The revenue of the ancillary enterprises is estimated to increase by 3.1% over the period of this forecast to $41.7 million in 2018/19. Over the same period, expenses are forecast to increase from $39.7 million to $40.5 million. The budgeted net surplus before appropriations is $0.8 million in 2016/17 and then grows to $1.2 million in 2018/19, the end of the forecast period. The net position after appropriations is expected to be a surplus of $0.01 million in 2016/17, $0.04 million in 2017/18 and $0.05 million in 2018/19. With the exception of Food Services, all ancillaries are expected to make contributions to their reserves. Furthermore, the amount of these contributions is forecast to increase from $0.63 million in 2016/17 to $1.07 million in 2018/19. Food Services is expected to continue to generate surpluses which will be applied against their significant negative reserve. These assumptions are all subject to review once the RCM budget modeling has been completed and the new operating principles are confirmed.

Food Services – No change

The University through its partnership with Aramark & WLUSU has developed an enhanced meal plan design for dormitory students. This will accomplish some significant improvements that focus on customer experience and generate a positive financial return to the operating budget. The meal plan rates are increasing on average 10% inclusive of both dormitory and apartment plans. In addition to meal plan re-design, the department will open a new location at Lazaridis Hall for September 2016 and close the Peters kiosk while the building is undergoing renovation. Due to significant decline in the volume of revenue the King Street Café will also be closed effective May 2016. Positive enrollment projections will enhance our continued growth within this department. The contract to support this partnership is being developed with a 5 year extension which will include a payment to WLU as a direct contribution to the accumulated deficit. Within the first year of this forecast, debt payments on internal loans will be completed.

The 2015 collective agreement renewal has created an opportunity for some labour cost savings longer term which will be realized through retirement and attrition that will benefit the overall commercial contract.

One Card - Increase of $13,000

The OneCard office will continue to carefully manage its labour by actively monitoring the levels of student support as well as the need for additional overtime during peak periods, as we apply a culture of restraint. Technical upgrades along with continued removal of some less cost effective, out of date equipment will continue to ease our investment in equipment costs. With the dramatic de-valued Canadian dollar, we will prudently adjust cost recovery from equipment and maintenance fees from end users to further assist the budget. We continue to enhance opportunities for more revenue growth in the concourse exhibit space and will continue to increase assistance to the Bookstore to market their special sales and promotions. Marketing efforts in 2016/17 to increase the exposure of the opportunities of the OneCard convenience account for staff, faculty and upper year students are being augmented for greater participation. New venture partners are being considered to increase revenue opportunities. The annual review of Brantford partners for renewal as well as potential new retail partners, will help build on the momentum we have in Brantford.

Conferences - Decrease of $30,000

This summer will be slightly less predictable as we adapt to the unexpected loss of Bricker residence (ESCO Project) however, we anticipate a solid season of revenue. Once again this year, our pricing model has been adjusted appropriately to reflect the COGS without losing the pricing attractiveness of using our casual stay (Hotel Laurier) & conference group rates compared to our private sector competition. With renewed attention to job responsibilities (full time & student) in addition to aligning our business priorities to be even more efficient, the team should continue to reduce overtime and labour costs. Improved website and online registration capabilities are goals in 2016/17. Furthermore, we will increase our marketing efforts as a conference solution for any and all departments on campus as well as the wider business sector. A strategic plan will be established for the growing conference needs in Brantford.

Residence Waterloo - Increase of $213,000

Revenue projections remain at 3%, this amount reflects a standard increase across the province. Salary and benefits are projected to increase 2%. The revenue increases are to keep pace with the climbing costs of expenses such as energy and other standard operating costs. Debt service remains constant and will continue as scheduled. The deferred maintenance issues are still a concern, a comprehensive residence plan is being developed to deal with issues. There is a negative impact on the budget related to the ‘lease back’ of University Place, but that is offset by drawing capital investment for projects directly from our capital reserve fund.

Residence Brantford - Decrease of $119,000

Revenue is projected to increase the same 3% as in Waterloo. Costs in Brantford should remain relatively constant, there is an acknowledgement that enrollment in Brantford will have a negative impact on the residence system from a capacity point of view. Plans have been put in place to mitigate the impact inclusive of sub-letting one building again this year to a private school in Brantford. The debt service expense relates mostly to equipment and furnishings but also includes mortgage values for several buildings. Other expenses will experience a slight increase due to inflationary costs.

Bookstore - Decrease of $83,000

The Bookstore and Retail Services expects reductions in revenue to continue over the forecast period. Course materials are forecasted to continue to decline as a result of the developing trend towards digital offerings, recent copyright changes (allowing more freedom to print academic materials) and predatory pricing strategies of online retailers. The continuing trend in digital delivery increases will weigh on textbook sales and margins over the foreseeable future. With this comes the opportunity to increase the selection of general merchandise categories as we focus on meeting the lifestyle needs of our students. Computer and technology revenue will decline slightly due to the competitive external market, but is slightly offset as demand for technology products in teaching continues to climb. The new Lazaridis building plans to retrofit with computer labs and newer technology. However, with continued campus wide budget pressures, other internal purchases of computers and supplies procured by the bookstore may see a reduction of spend. Stationery and supplies has continued to increase with more potential for growth in office essentials sold through ShopLaurier. We also forecast expanded sales in merchandise and convenience food categories and student printing through the Brantford Hub. The effect of decreased sales will be mitigated by a reduction in expenses such as travel, labour and other operating expenses as we continue to look to contain and reduce costs. Debt service expense will be reduced as a significant loan will be paid by the 2017/18 term. In tandem, the Bookstore will review efficiencies for labour cost through the latter part of the forecast. Consistent positive operating results are expected to allow the Bookstore to provide continued, at some level, annual appropriations to the operating fund.

Parking - Increase of $8,000

The Brantford and Waterloo campus budgets and forecasts have been combined and continue to be represented as a unified department. 2016/17 revenue increases reflect staff & faculty permit increases as per the negotiated collective agreements and proposed student permit rate increase of 6%. The decrease in salaries & benefits is a reflection of the planned elimination of the Information kiosk and the student salaries required to support this service. Debt service is forecasted to be stable for the next three years. Increased expenses are primarily a reflection of the costs associated with department service enhancements and the increases paid for our leased parking areas. Parking lot reconstruction projects identified in the parking lot maintenance and rehabilitation plan will be funded from the capital reserve and any surplus from the budgeted contribution will remain in the capital reserve to be dedicated to future parking lot maintenance and development.

Printing & Copying Services - Decrease of $7,000

Printing Services will evaluate revenue streams and efficiencies to improve profitability and its ability to contribute to the University as we continue to face challenges with the shift to electronic resources. Printing Services is dedicated to the learning process and will collaborate with the Library and Bookstore to support new initiatives as digital course material strategies evolve. In 2016/17, we anticipate a rise in internal and external print revenues as a direct result of increased enrolment and the need for additional learning material. Continued growth in wide-format printing and direct marketing/variable data is expected with increased recruitment efforts, campus events and new Lazaridis branding. There will also be continued growth at The Hub and in the copier fleet with enhanced student services. Full-time salaries will decrease slightly and no additional positions are required for 2016/17. The operation will also benefit from the elimination of an internal loan obligation in 2016/17. A minimal decline in Course Package sales in 2017/18 and 2018/19 is expected, as most material is already available in digital format. An increase in salaries in 2017/18 includes retirement payouts for two Printing Services employees. In 2018/19, Printing Services will be in a significantly positive financial position at year-end.

Appropriations & Reserve Funds

The forecasted appropriations for 2016/17 consist of a $100,000 transfer to on-line learning and a $20,000 transfer to athletics from the Bookstore operations. Any additional surplus is allocated to a reserve fund for future projects/growth. The only exceptions are Food Services and Bookstore where any surpluses will first be allocated to reducing the Unappropriated Ancillary Fund until such time as the surplus exceeds the Unapproriated Ancillary Fund balance.

	Actual 2014/15	Forecast 2015/2016		
Ancillary	Ending Bal.	Surplus/ (Deficit)	Contribution to Operating	Ending Bal.
Food Services (Unappropriated Reserve Fund)	(5,453)	12	-	(5,441)
Bookstore (Unappropriated Reserve Fund) [1]	(125)	245	120	(0)
One Card Reserve	317	6	-	323
Conferences Reserve	841	104	-	945
Residence Waterloo Reserve	2,337	9	-	2,346
Residence Brantford Reserve	616	77	-	693
Bookstore Reserve [1]	-	275	-	275
Parking Reserve	844	2	-	846
Printing Services Reserve	45	41	-	86
Total	**(578)**	**771**	**120**	**73**

[1] Surplus amounts represent $520K budgeted surplus for Bookstore for 2015/16.

	Forecast 2016/2017			Forecast 2017/2018			Forecast 2018/2019		
Ancillary	Surplus/ (Deficit)	Contribution to Operating	Ending Bal.	Surplus/ (Deficit)	Contribution to Operating	Ending Bal.	Surplus/ (Deficit)	Contribution to Operating	Ending Bal.
Food Services (Unappropriated Reserve Fund)	12	-	(5,429)	36	-	(5,393)	47	-	(5,346)
One Card Reserve	19	-	342	25	-	367	29	-	396
Conferences Reserve	74	-	1,019	81	-	1,100	90	-	1,190
Residence Waterloo Reserve	222	-	2,568	363	-	2,931	508	-	3,439
Residence Brantford Reserve	(42)	-	651	(16)	-	635	10	-	645
Bookstore Reserve	437	120	592	358	120	830	375	120	1,085
Parking Reserve	10	-	856	18	-	874	12	-	886
Printing Services Reserve	34	-	120	8	-	128	169	-	297
Total	**766**	**120**	**720**	**873**	**120**	**1,473**	**1,240**	**120**	**2,593**

Table C1

Wilfrid Laurier University
2016/17 Year Ancillary Fund Projected Budget Summary
In $000's

	2015/2016 Budget	2016/2017 Budget	% Chg F/(U)	2017/2018 Forecast	% Chg F/(U)	2018/2019 Forecast	% Chg F/(U)
Summary by Revenue and Expense Type							
Revenue	40,450	40,386	(0)%	40,932	1%	41,717	2%
Cost of Goods Sold	10,769	10,083	6%	9,937	1%	9,893	0%
Salaries and Benefits	8,781	8,550	3%	8,832	(3)%	8,877	(1)%
Debt Service Expense	5,561	5,549	0%	5,423	2%	5,421	0%
Other Expenses	14,567	15,436	(6)%	15,867	(3)%	16,286	(3)%
Total Expenses	39,678	39,618	0%	40,059	(1)%	40,477	(1)%
Net Surplus /(Deficit) Before Appropriations	771	766	(1)%	873	14%	1,240	42%
Summary by Ancillary							
Food Services	12	12	0%	36	200%	47	31%
One Card	6	19	217%	25	32%	29	16%
Conferences	104	74	(29)%	81	9%	90	11%
Residences-Waterloo	9	222	2367%	363	64%	508	40%
Residences-Brantford	77	(42)	(155)%	(16)	(62)%	10	(163)%
Bookstore	520	437	(16)%	358	(18)%	375	5%
Parking	2	10	400%	18	80%	12	(33)%
Printing & Copying Services	41	34	(17)%	8	(76)%	169	2013%
Net Surplus /(Deficit) Before Appropriations	**771**	**766**	**(1)%**	**873**	**14%**	**1,240**	**42%**
Appropriations							
Transfer to Operating Fund-General	0	0		0		0	
-On Line Learning	(100)	(100)		(100)		(100)	
-Athletics	(20)	(20)		(20)		(20)	
Reserves							
Residence Capital Reserve	(86)	(180)		(347)		(518)	
Parking Lot Reserve	(2)	(10)		(18)		(12)	
Conference Capital Reserve	(104)	(74)		(81)		(90)	
OneCard Capital Reserve	(6)	(19)		(25)		(29)	
Bookstore Capital Reserve	(275)	(317)		(238)		(255)	
Printing & Copy Services Capital Reserve	(41)	(34)		(8)		(169)	
Total Appropriations and Transfers	(634)	(754)		(837)		(1,193)	
Net Surplus (Deficit) after Appropriations	**137**	**12**	**(91)%**	**36**	**(200)%**	**47**	**(31)%**
Estimated Unappropriated Ancillary Fund							
Opening Balance	(5,579) [1]	(5,442)		(5,430)		(5,394)	
Closing Balance	(5,442) [2]	(5,430)		(5,394)		(5,347)	

[1] This represents the Food Services & Bookstore Deficits

[2] Positive balances moved to Capital Reserves - this now represents the Food Services Deficit

Table C2

Wilfrid Laurier University
3 Year Ancillary Fund Projected Budget Detail
In $000's

	2015/2016 Budget	2016/2017 Budget	% Chg F/(U)	2017/2018 Forecast	% Chg F/(U)	2018/2019 Forecast	% Chg F/(U)
Food Services							
Revenue	675	586	(13)%	603	3%	621	3%
Salaries and Benefits	296	264	11%	269	(2)%	272	(1)%
Debt Service Expense	41	17	59%	-	100%	-	0%
Other Expenses	327	292	11%	298	(2)%	302	(1)%
Food Services Total	**12**	**12**	**0%**	**36**	**200%**	**47**	**31%**
One Card							
Revenue	574	494	(14)%	507	3%	520	3%
Cost of Goods Sold	1	1	0%	1	0%	1	0%
Salaries and Benefits	384	324	16%	331	(2)%	337	(2)%
Other Expenses	182	150	18%	150	0%	153	(2)%
One Card Total	**6**	**19**	**217%**	**25**	**32%**	**29**	**16%**
Conferences							
Revenue	1,442	1,408	(2)%	1,450	3%	1,493	3%
Salaries and Benefits	358	352	2%	359	(2)%	366	(2)%
Other Expenses	979	981	(0)%	1,010	(3)%	1,037	(3)%
Conferences Total	**104**	**74**	**(29)%**	**81**	**9%**	**90**	**11%**
Residences-Waterloo							
Revenue	18,253	19,267	6%	19,845	3%	20,440	3%
Salaries and Benefits	4,112	4,112	0%	4,235	(3)%	4,362	(3)%
Debt Service Expense	4,444	4,464	(0)%	4,464	0%	4,464	0%
Other Expenses	9,688	10,469	(8)%	10,783	(3)%	11,106	(3)%
Residences-Waterloo Total	**9**	**222**	**2367%**	**363**	**64%**	**508**	**40%**
Residences-Brantford							
Revenue	3,644	3,554	(2)%	3,661	3%	3,771	3%
Salaries and Benefits	679	667	2%	687	(3)%	708	(3)%
Debt Service Expense	899	899	0%	899	0%	899	0%
Other Expenses	1,989	2,030	(2)%	2,091	(3)%	2,154	(3)%
Residences-Brantford Total	**77**	**(42)**	**(155)%**	**(16)**	**(62)%**	**10**	**(163)%**
Bookstore							
Revenue	13,365	12,503	(6)%	12,256	(2)%	12,240	(0)%
Cost of Goods Sold	10,326	9,578	7%	9,433	2%	9,385	1%
Salaries and Benefits	1,871	1,779	5%	1,822	(2)%	1,859	(2)%
Debt Service Expense	104	97	7%	34	65%	32	6%
Other Expenses	544	612	(13)%	609	0%	589	3%
Bookstore Total	**520**	**437**	**(16)%**	**358**	**(18)%**	**375**	**5%**
Parking							
Revenue	1,178	1,239	5%	1,283	4%	1,302	1%
Salaries and Benefits	420	400	5%	412	(3)%	421	(2)%
Debt Service Expense	26	26	0%	26	0%	26	0%
Other Expenses	730	803	(10)%	827	(3)%	843	(2)%
Parking Total	**2**	**10**	**400%**	**18**	**80%**	**12**	**(33)%**
Printing & Copying Services							
Revenue	1,319	1,335	1%	1,327	(1)%	1,330	0%
Cost of Goods Sold	442	504	(14)%	503	0%	507	(1)%
Salaries and Benefits	661	652	1%	717	(10)%	552	23%
Debt Service Expense	47	46	2%	0	100%	0	0%
Other Expenses	128	99	23%	99	0%	102	(3)%
Printing & Copying Services Total	**41**	**34**	**(17)%**	**8**	**(76)%**	**169**	**2013%**
Total Surplus (Deficit) Before Appropriations:	**771**	**766**	**(1)%**	**873**	**13%**	**1,240**	**42%**
Total Appropriations	(634)	(754)		(837)		(1,193)	
Net Surplus (Deficit) after Appropriations	**137**	**12**	**(91)%**	**36**	**200%**	**47**	**31%**

Part D – Real Estate Fund

Ezra-Bricker Apartments

In the spring of 2012, Laurier purchased a 798 bed student housing portfolio adjacent to the Waterloo campus. This portfolio is referred to as the Ezra-Bricker Apartments. The Apartments are managed by Campus Living Centres (CLC) which charges a management fee as a percentage of rental revenue. Rental revenue from the Apartments covers the entire principal and interest payments for the mortgage (properties are 100% financed) which will accrue $1.7 million of equity for the university in the 2016/17 year. Since the purchase of the Ezra-Bricker portfolio through to the end of 2016/17, the university will have accrued $6.8 million in equity. In addition to covering the operating expenses and principal and interest payments, the revenue from the Apartments also offsets all of the Real Estate Administration costs. Any surplus generated from this operation is held in the capital reserve for the Ezra-Bricker Apartments.

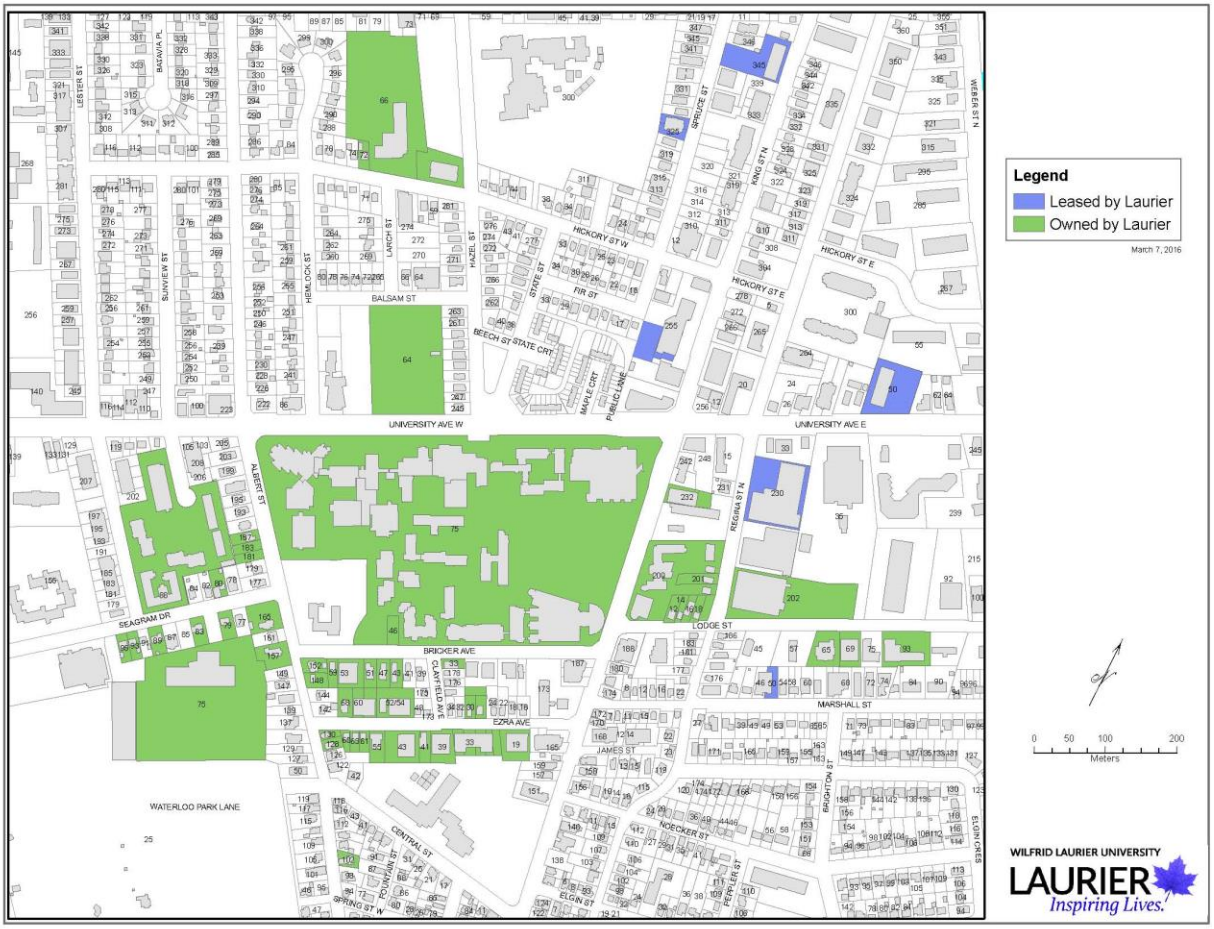
During the 2016/17 year, capital upgrades will include selected windows, a roof, and general work.

Market Square Properties

The Market Square portfolio includes an indoor mall (Market Square), a parking lot and a small commercial building. It was acquired by Laurier in late 2014. Part of this acquisition was funded by external debt and part is funded by a 7.5 year rent abatement given to the City of Brantford for their leased space in Market Square. In the 2016/17 budget year, Laurier will continue to seek a property tax exemption for Market Square. In addition, efforts will continue to renew and restructure existing tenants and seek new tenants. An RFP has been issued for a master planning consultant to determine the allocated use of the space within Market Square, as well as its impact on the overall campus space utilization.

House Portfolio

The residential houses that have been acquired by Laurier over the years for land banking purposes were consolidated within the Real Estate fund in the 2014/15 year. For the 2016/17 year, there will be 21 houses within this portfolio (please see map for details). This is an increase of 2 houses as Laurier purchased 43 Bricker in 2015/16 and is under contract to purchase 51 Bricker in 2016/17. Major renovations started in 2014/15 and are continuing to ensure the University's safety standards are met, including fire safety and remediation of hazard substances, such as asbestos, mould and lead. These renovations are resulting in good leasing success as the houses are well-located and are now in good condition. In general, students prefer houses over high rise accommodations.



Real Estate Administration

The Real Estate function continues to supply support to the University through contract negotiations, including new leases, lease renewals and acquisitions/dispositions. In addition, there are on-going activities, such as developing a residence strategy, property tax exemption legislation, zoning bylaw consultation with municipalities and partnerships with both private and public entities.

The income from the Ezra-Bricker Apartments covers the costs for the Real Estate administration budget, including a 0.5 FTE Financial Analyst.

Contribution to Operating Fund

In the 2016/17 year, the Real Estate fund will be contributing $70,000 to the Operating fund.

Table D1
2016/17 Real Estate Fund Projected Budget Detail
In 000's

	2015/16 Budget	2016/17 Budget	2017/18 Projected Budget
Ezra/Bricker Apartments			
Rental Revenue	4,963	5,058	5,058
Operating Expenses	941	996	955 [3]
Debt Service Expense			
Principal Portion	1,559	1,605	1,651
Interest Portion	1,815	1,770	1,724
Management Fees	185	182	182
Ezra/Bricker Apartments	463	505	546
House Properties			
Rental Revenue	368	611	611
Operating Expenses	176	261	247 [3]
Internal Loans	282	273	273
Management Fees	13	22	22
House Properties	(103)	55 [1]	69
Market Square Properties			
Rental Revenue	2,280	2,298	2,298
Less: Prepaid Rent (acquisition costs)	745	(745)	(745)
Net Cash Rental Revenue	1,535	1,553	1,553
Operating Expenses	1,077	1,024	1,024
Debt Service Expense			
Principal Portion	210	217	223
Interest Portion	301	296	290
Management Fees	124	124	124
Market Square Properties	(177) [2]	(108) [2]	(108) [2]
Real Estate Administration	(379)	(388)	(396)
Surplus (Deficit) Before Operating Fund Contribution	(197)	64	111
Contribution To Operating Fund	70	70	70
Net Surplus (Deficit) to/(from) Reserve Fund	**(267)**	**(6)**	**41**

[1] The House Properties - 43 Bricker added

[2] Property pending a property tax exemption (yearly impact of $158K)

[3] Special Event Security is anticipated to be funded centrally

Part E – Capital Plan

Overview

Capital spending can incorporate various types of expenditures such as construction projects, repairs and maintenance, property and building acquisitions, and various equipment purchases. Most equipment purchases are covered centrally and within departmental base budgets.

The 3-year capital plan includes projects that have been shared with the Board of Governors through the Building and Properties Committee. The inclusion of this capital plan is provided only for information, as specific major construction projects are approved on a project-by-project basis in accordance with the Board of Governor's approval process. The 3-year plan is summarized by those projects approved and under construction; approved but pre-design; and those pending approval that are conceptual or in the planning phase

Equipment – Annual Departmental Requirements

Equipment for academic, student support and administrative purposes may occur from time to time within departmental non-salary budgets. This would include minor equipment, furniture and furnishings, library books and periodicals, information technology (software/hardware) acquisitions and upgrades and minor repairs and renovations. These are approved annually through the operating budget. Similarly, equipment for Ancillary operations would be budgeted and approved annually in the Ancillary budget.

Equipment - Replacement and Renewal Fund

Beginning in 2011/12, a major equipment replacement and renewal fund from a central expense provision was established. This includes Information Computer Technology (ICT) hardware and software, academic equipment high equipment based faculties such as Science and Music and general academic furniture and equipment. The operating budget has a central expense provision of $1,916,371 that is provided annually. The amount available for spending annually may vary depending on the opening reserve fund. This reserve fund is finalized after the year end results are completed. The following summarizes the annual provision for renewal and replacement:

ICT Infrastructure	$600,000
ICT Software	345,000
ICT Classroom Technology (Waterloo)	118,371
ICT Classroom Technology (Brantford)	43,000
Desktop/Laptop	350,000
Teaching Labs	180,000
Music	100,000
Science	90,000
Academic Furniture	50,000
Library Equipment	40,000
	$1,916,371

Major Repairs and Maintenance

Deferred maintenance expenditures, for most universities, continue to be a major challenge as aging buildings and infrastructure deteriorate. The amount of annual Facilities Renewal Funding (FRP) through the government is $744,500 annually which was increased by $264,500 from $480,000 in 2015/16. MTCU recently announced that consistent with facilities renewal as a key infrastructure priority, they would be administering a one-time FRP “top-up” funding increase of $823,700 in 2016/17.

Property Acquisitions and Leased Properties

Currently all property acquisitions made during 2015/16 had been approved by the Board. Properties that have a revenue potential are internally financed to the extent of the potential future revenue stream. Any portion of the acquisition cost beyond this revenue potential was covered by this land banking allocation as well as any properties with no or limited revenue potential (e.g. warehouse/administrative space). All operating costs for new administrative property acquisitions, during the year, have been accounted for in the 2016/17 operating budget.

Major Construction Projects

Annually the Board has been provided with a three-year capital plan. The net cash outflows have been secured with the debt financing that was secured during 2012/13. The inclusion of a specific project in this plan (unless already Board approved) does not indicate that the project will proceed or that the cost estimate is final. All specific major construction projects are approved on a project-by-project basis in accordance with the Board of Governor’s approval process.

Table E1 provides a detailed summary of the funding sources and expenditures by major project grouping as follows:

1) Approved – Under Construction includes those projects that have received Board approval and are currently under construction.

2) Approved – Pre-Design includes those projects that have received Board approval but the cost estimates and/or final determination of the project has not been finalized and presented to the Board.

3) Pending Approval – Concept/Planning Phase includes projects that have been shared with the Buildings & Property Committee and the Board that are conceptual in planning and design. These projects will not be presented to the Board for approval until such time that funding is identified and detailed design and costing has been completed.

Table E1
3 Year Forecast of Inflows/Outflows
In 000's

	Total Project	Prior Years	2016/2017	2017/2018	2018/2019	Prior Year + 3 Yr Forecast
Project Expenditures and Outflows						
I) Approved - Under Construction						
Lazaridis Hall	103,700	77,200	18,000	8,250	250	103,700
YMCA Laurier Brantford	66,400	16,900	12,000	37,000	500	66,400
ESCO (Energy Services Company)	5,762	1,845	3,917			5,762
Science Teaching Labs	2,000	-	750	1,250	-	2,000
Sub-Total Projects Under Construction	177,862	95,945	34,667	46,500	750	177,862
II) Approved - Pre-Design						
None						
Sub-Total Pre-Design Projects	-	-	-	-	-	-
III)Pending Approval - Concept / Planning Phase						
Capital Projects (Concepts)						
Science Building Waterloo	62,400	-	-	20,900	41,500	62,400
Faculty of Music: Leadership Centre for Music Preparation, Performance, and Partnership (LCMPPP)	15,300	-	-	900	14,400	15,300
Waterloo Campus Library, Learning & Cultural Commons (LLCC)	81,000	-	-	4,900	76,100	81,000
Brantford Campus Library and Learning Commons (1 Market Square)	83,000	-	-	5,000	78,000	83,000
Waterloo District School Board-WLU-City Partnership-Northdale	20,000	-	-	-	20,000	20,000
Space Planning Projects						
King St. Redevelopment	1,020	-	340	680	-	1,020
Noise Abatement (ministry regulation)	1,070	-	350	350	370	1,070
32 Market St.	2,040	-	-	-	2,040	2,040
45 Market St.	1,020	-	-	-	1,020	1,020
Schlegel Bldg. & 202 Regina Alterations & Campus Relocations	3,500	-	500	2,000	1,000	3,500
67 Darling	225	-	225	-	-	225
Sub-Total Pending Approval - Concept / Planning Phase	270,575	-	1,415	34,730	234,430	270,575
Total Outflows	**448,437**	**95,945**	**36,082**	**81,230**	**235,180**	**448,437**

Table E1
3 Year Forecast of Inflows/Outflows
In 000's

Funding and Inflows	Total Project	Prior Years	2016/2017	2017/2018	2018/2019	Prior Year + 3 Yr Forecast
I) Approved - Under Construction						
Lazaridis Hall						
Funding - Prov - MTCU Grant	72,600	72,600				72,600
Donations - WLU Fundraising	31,100	9,450	2,500	2,500	2,500	16,950
	103,700	82,050	2,500	2,500	2,500	89,550
YMCA Laurier Brantford						
Funding - Prov - OMAFRA	16,700	3,870	4,000	8,830		16,700
Funding - Fed - BCF	16,700	4,650	4,800	4,250	3,000	16,700
City of Brantford	5,200		521	521	521	1,563
YMCA	13,900	2,460	3,500	4,250	3,690	13,900
WLU - Long Term Debt	5,800				5,800	5,800
WLU - Student Fees	3,600	234	250	250	250	984
WLU Fundraising	4,500	1,490	500	500	500	2,990
	66,400	12,704	13,571	18,601	13,761	58,637
ESCO (Energy Services Company)						
External Debt	5,762		59	281	287	627
Science Teaching Labs						
MTCU Graduate Capital Grant	2,000	2,000				2,000
Sub-Total Approved - Under Construction	177,862	96,754	16,130	21,382	16,548	150,814

Net Project Inflows / Outflows	Total Project	Prior Years	2016/2017	2017/2018	2018/2019	Prior Year + 3 Yr Forecast
I) Approved - Under Construction						
Lazaridis Hall	-	4,850	(15,500)	(5,750)	2,250	(14,150)
YMCA Laurier Brantford	-	(4,196)	1,571	(18,399)	13,261	(7,763)
ESCO (Energy Services Company)	-	(1,845)	(3,858)	281	287	(5,135)
Science Teaching Labs	-	2,000	(750)	(1,250)	-	-
Sub-Total Approved - Under Construction	**-**	**809**	**(18,537)**	**(25,118)**	**15,798**	**(27,048)**

Part F – 3 Year Operating Budget Model

The multi-year operating budget model starts with assuming 2015/16 budget as the base and takes into account the consistent assumptions used in developing the 2016/17 operating budget. It incorporates revenue expectations respecting the government's policy on the tuition rate framework and government operating grants, the university's enrolment plan, and projections. Consistent assumptions and expectations exist regarding salary rate expenditures. Further, estimates are done to estimate other inflationary costs, regulatory requirements and other growth requirements. The deficit projected is before any further department reduction or revenue enhancing targets. The assumptions in the 3-Year Budget Model include the following:

- Revenue expectations respecting the government's policy on the tuition rate framework
- The university's enrolment plan which assumes flat enrolment in future years
- Savings from the new early pension valuation filing option
- Salary increases per previous years' experience
- Inflation of 1% (Institutional costs) and 2% (Departmental costs) in future years
- Inclusion of Lazaridis operational costs
- Deferred maintenance of $1.0 million in 2017/18 & 2018/19
- Expected savings from the new early retirement incentive program have not been factored into the 3-Year Budget Model. The savings will be a continued strategy used to assist the departments in achieving their future budget targets.

However, there is uncertainty in the ability to project future budget models due to the upcoming provincial initiatives. These provincial initiatives anticipated in 2017 include the Funding Formula Review; Strategic Mandate Agreement renewal; Tuition Policy; Pension Policy and an International Strategy. As well, the demographic change associated with the declining number of high school graduates until 2021 will continue to have an impact on enrolment as well the changing demand patterns for programs.

In preparing the multi-year model certain assumptions and estimates were necessary. The assumptions and estimates are based on information available to management at the time of preparing the 2016/17 budget. Users of this information are cautioned that actual results may vary. Not currently factored in are the impact of changes in provincial policy, June confirmations, future enrolment shifts or the impact, if any, from a Milton Campus

The projections in the model clearly indicate that current assumptions continuing, as is, are not sustainable as total expenditures will continue to outpace total revenues. This will require significant targets in each and every year to reduce expenditures or increase revenues. Departmental targets for 2017/18 and 201/19 will be dependent on pending enrolment strategies/scenarios but multi-year plans will be expected and carry forwards may continue to be used proposed for bridging-financing. Plans include requesting the Board of Governors to support a multi-year recovery that will allow time for the implementation of:

Phased in Savings:
- ✓ Opportunities from efficiencies
- ✓ Retirements/Attrition
- ✓ Pension Plan sustainability
- ✓ Reduce expenses through efficiencies and shared-service opportunities

Enrolment Management:
- ✓ Recruitment Strategies
- ✓ Retention Plans
- ✓ Expand program and course offerings

Revenue Enhancements:
- ✓ Continue lobbying for tuition equity for BBA program
- ✓ Enhance and create other revenue sources
- ✓ Increased fundraising efforts to alleviate operating budget pressures (e.g. bursaries)

IPRM:
- ✓ Program prioritization results
- ✓ RCM Budget Model development

Table F1 that follows provides a very high level overview of the operating budget forecast over the next three years. Approximately $5.1 million was achieved by the reallocation of budgets in 2016/17.

Table F1
3-Year Operating Budget Model
In 000's

	2013/14 Updated Budget	2014/15 Updated Budget	2015/16 Updated Forecast	2016/17 Revised Forecast	2017/18 Revised Forecast	2018/19 Revised Forecast
Revenue	251,959	255,988	263,458	273,571	278,077	283,101
Expenses	255,725	264,380	262,444	280,828	288,213	299,066
Surplus(Deficit)	**(3,766)**	**(8,392)**	**1,014**	**(7,257)**	**(10,136)**	**(15,965)**
Budget Balancing Options	3,766	8,392		7,257		
Revenue & Expense Management *						
Prior Year						10,136
Current Year					10,136	5,829
Surplus (Deficit)	**(0)**	**(0)**	**1,014**	**0**	**(0)**	**(0)**

* *Includes strategies for revenue generation and cost management in order to address the structural deficit*

Appendix I
ACRONYMS used in Budget Document

Acronym	Description
ATB	Across the Board
BBTM	Business Technology Management
BIU	Basic Income Unit
CAS	Contract Academic Staff
CLC	Campus Living Centres
CPAM	Communications, Public Affairs & Marketing
COGS	Cost of Goods Sold
CSS	Comprehensive Student Services
CUPE	Canadian Union of Public Employees
ESCO	An Energy Savings Company
EMTM	Executive Master's in Technology Management
F&I	Finance & Investment
FF	Full-Time
FRP	Facilities Renewal Program
FTE	Full-Time Equivalent
FFTE	Fiscal Full-Time Equivalent
GTA	Greater Toronto Area
HSS	Human Social Sciences
ICT	Information and Communications Technologies
IPRM	Integrated Planning and Resource Management
ISR	International Student Recovery
LCMPPP	Leadership Centre for Music Preparation, Performance, and Partnership
LEAF	Laurier English and Academic Foundation
LLCC	Library, Learning & Cultural Commons
LTA	Limited Term Appointments
MBA	Master of Business Administration
MSW	Master of Social Work
MTCU	Ministry of Training Colleges & Universities
OSSTF	Ontario Secondary School Teachers' Federation
OTO	One Time Only
RCM	Responsibility Centre Management
REWG	Real Estate Working Group
RFP	Request for Proposal
SAP	Strategic Academic Plan
SCS	Special Constable Service
SEO	Senior Executive Officer
SFR	Student Faculty Ratio
SHERM	Safety, Health, Environment and Risk Management
SIF	Strategic Investment Fund
SMA	Strategic Mandate Agreement
SVEP	Special Voluntary Exit Program
UG	Undergraduate
VP	Vice-President
VRIP	Voluntary Retirement Incentive Program
WLU	Wilfrid Laurier University
WLUFA	Wilfrid Laurier University Faculty Association
WLUSA	Wilfrid Laurier University Staff Association
WLUSU	Wilfrid Laurier University Student Union