



**Laurentian**University  
Université**Laurentienne**

## **2010-2011 Budget Report**

presented to

**The Board of Governors**

**June 18, 2010**

Respectfully submitted by the Budget Committee

*R. Bourgeois, Chair*

*J. Goudreault*

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**Laurentian University**  
**Budget 2010-2011**

**Building a Solid Foundation for the Future**

**Context**

As the University celebrates its 50<sup>th</sup> anniversary, it is fitting that all members of the University community and beyond pay homage to the remarkable achievements that have transpired since its creation in 1960. Not only has it succeeded in providing opportunities for Northern residents to have access to higher learning, it has grown to become a significant post secondary education institution, offering a comprehensive array of undergraduate and graduate degrees along with a burgeoning research program with links to centres of excellence across the country and around the world.

As we close off the past fiscal year and begin to shift our focus to the next one and beyond, it is important to recognize that notwithstanding the restraint measures that were needed to contain costs from spiraling beyond acceptable levels, the University has much to celebrate:

- Applications received from secondary school students who have chosen Laurentian as their first choice are up 16% over last year;
- Overall applications are up 11% as we continue to attract a larger number of students from Southern Ontario, other parts of Canada and internationally
- National recognition is up as is student satisfaction as measured by the Globe and Mail;
- In short, Laurentian is on the move and has much to be proud of.

Over the past year and under the leadership of its new President, the planning process has been consolidated and clarified around four key goals: National recognition; University of choice; Student engagement and Community responsiveness. Ten performance indicators have been developed to measure progress on their attainment and accountability assigned to members of the Executive team for achieving desired outcomes.

While recognizing the current fiscal reality facing all Ontario universities, the 2010-2011 budget and preliminary outlook for 2011-2012 is designed to support these four strategic goals by balancing its commitment to the Board approved deficit reduction targets, preserving its fundamental bilingual and tri-cultural mandate and dedicating resources towards these strategic objectives.

### **How the University is advancing the Key Goals**

The following illustrate how the university is supporting our four key goals in tangible ways.

#### **1. National Recognition**

- the proportion of budget allocated to bursaries, scholarships and student services is increased
- the highly successful Sports Administration Program is to be offered in French
- planned launch of our 7<sup>th</sup> PhD program
- the \$20 million Vale Living with Lakes Centre is on time and on budget

#### **2. University of Choice**

- one-time \$5000 Access Awards over four years for targeted applicants
- new residence on the Sudbury campus, subject to Board approval
- new website by the Summer of 2010
- improved presence at the Ontario Universities and international fairs
- increased permanent capacity in the Liaison Office
- among lowest tuition and ancillary fees in the Ontario university sector

#### **3. Student Engagement**

- creation of a Teaching and Learning Centre
- increased aboriginal content across the curriculum (including Metis) and improved cultural support for aboriginal student engagement
- faculty based awards to recognize teaching excellence
- review of academic programs to increase program flexibility and availability for students

#### **4. Community Responsiveness**

- plans on-going to launch the School of Architecture in 2011 or 2012, subject to securing program and start-up funding
- expanded programming in Simcoe County along with three additional faculty and three additional staff positions
- French theatre program revamped for 2011 (admissions suspended for 2 years); new master's program in orthophonie

- Development office budget increased to support the Next 50 Campaign

## **Budget Assumptions**

In establishing the budgetary framework for 2010-2011 and 2011-2012, the following key assumptions were incorporated.

### ***For revenues:***

- 250 additional students for each of the next two years
- undergraduate growth funded at 80%
- tuition fee increases:
  - ✚ ***Undergraduate:*** 4.5% for new students; 4% for returning students except for professional programs at 8% new students/4% returning
  - ✚ ***International Students:*** 15% for new students/5% for returning
  - ✚ ***Graduate Students:*** 8% for first year students / 4% for subsequent years
- increases to a limited number of ancillary services e.g. parking
- modest growth in investment returns

### ***For expenses:***

- faculty staffing levels reduced in 2010 by a net of 5.5 and staff increased by a net of 7.5
- no economic adjustment for non-unionized staff for next two years – progress through the ranks and merit still to apply
- no economic increase for Executive Team members for a second and third year. One-time merit adjustments still applicable.
- salary increases for collective agreements will be honored
  - ✚ LUFA agreement expires June 2011
  - ✚ LUSU agreement expires June 2012
  - ✚ upon expiration of agreements, provincial expectation is that new collective agreements include two years with no further economic adjustments to the salary structure
- as a result of a thorough review of all cost centers across the university, the budget calls for a reduction in expenditures of \$3.8 million in order to re-invest \$3.0 million in high priority activities in

support of our strategic goals thus resulting in a net reduction of approximately \$0.8 million.

- ✚ included in the \$3.8 million in reductions are administrative expenses of operating the university (both personnel and operating expenses) totaling \$0.9 million and \$2.9 million as a result of the elimination of 22 faculty positions and related expenses.
- ✚ included in the \$3.0 million in expenditure increases are new faculty and staff positions at Georgian to accommodate growth in enrolment; recruitment and marketing to continue to attract new students; support to the capital campaign; increased pensions costs and several strategic initiatives as per schedule 5.

➤ Pension

- ✚ current service costs expected to increase by \$224,000 in 2010-2011
- ✚ going concern deficiency will require plan changes for 2011-2012 and beyond to ensure sustainability. Failure to achieve consensus on sustainability adjustments would require further spending reductions of \$1.75 million per year over the next 15 years.

## **Budget Highlights**

At its regular meeting held on Friday, February 20, 2009, the Board of Governors unanimously approved *A Plan for Regaining Sustainability at Laurentian University*. It called for the deficit to fall from \$5.3 million in 2008-09 to \$4 million in 2009-10, reducing to \$2 million in 2010-11 and achieving a balanced budget in 2011-12.

In this, the second year of the three year plan, the budget for 2010-2011 remains on track to achieving a balanced budget for 2011-2012. Once final audited statements containing year-end adjustments become available in September, the Budget Committee is confident that the deficit for 2009-2010 will have been reduced to \$4 million as per the Board's direction, declining to \$2 million in 2010-2011 and eliminated in 2011-2012. Moreover, there is confidence that progress can continue to be achieved against our four key goals.

For 2010-2011, estimated revenues are \$106.9 million with expenses estimated at \$108.9 million for a forecasted deficit of \$2 million. This represents the third consecutive year in which operating expenses have been constrained in order to achieve the university's goal of financial viability. However, it should be noted that the budget has also continued to set aside approximately \$0.5 million for

recruitment and student retention related activities to ensure that momentum on the enrolment increases is sustained. Also, approximately \$0.65 million has been earmarked to advance a number of new strategic initiatives in support of our four key goals along with a small contingency amount. These funds will only be committed once fall enrolments are confirmed.

The Budget Committee would like to acknowledge the collaborative contribution made by Deans, faculty, administrative directors and staff in this ongoing effort.

## **Summary**

In summary:

- ✚ we are on track with the commitments made in *A Plan for Regaining Sustainability at Laurentian University*. Final audited statements for 2009-2010 are expected to confirm that the deficit has been contained to \$4 million and the projection for 2010-2011 is \$2 million, reducing to zero in 2011-2012. Contributing to the attainment of our deficit reduction goal for 2010-2011 is the projected increase in enrolment and the fact that the LUFA voluntary retirement package was expensed in 2009-2010, whereas the associated savings will accrue to fiscal year 2010-2011 and beyond.
- ✚ we have limited cuts to faculty and staff. Having financed the voluntary retirement package in 2009-2010, we have continued to reduce term positions upon expiry and leave vacant positions unstaffed.
- ✚ our strategic investments are aligned with the President's 2010-2011 performance goals approved by the Board's Senior Management Review and Compensation Committee.

Although balancing the budget is a key financial goal, the ultimate goal is to enable Laurentian University to continue to provide excellent teaching, learning and research opportunities for its student body; an exciting and rewarding place to work and support for the cultural, social and economic development of our Northern communities.

*Laurentian University*  
**2010-2011 BUDGET**

(thousands of dollars)

**REVENUES**

**Budgeted Revenues at Beginning of Year (Plan B Budget 09/10) 100,764**

Changes:

Grant Increases	2,336
Tuition Fee Increase	3,406
Miscellaneous Income	470

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**Revenue Estimates for End of the Year 106,976**

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**EXPENDITURES**

**Budgeted Expenditures at Beginning of Year (Plan B Budget 09/10) 104,763**

Commitments

Salaries and Associated Costs	4,243
Scholarship and Bursaries	450
Other Operating Costs	362
Proposed Expenditure Increases	3,002
Proposed Expenditure Decreases	(3,844)

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**Expenditure Estimates for End of the Year 108,976**

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**(DEFICIT) (2,000)**

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*Laurentian University*  
**2010-2011 BUDGET**

**Proposed Expenditure Increases**

**ACADEMIC UNITS**

Faculty Appointments & Changes	490,732	
Georgian Program	609,990	
Operating Expenses	<u>30,000</u>	1,130,722

**ACADEMIC SUPPORT**

Secretarial & Technical support		180,562
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**OTHER AREAS**

Recruitment Initiatives	68,117	
Strategic Investment Initiatives	555,831	
Francophone Initiatives	372,236	
Pension Services Costs	224,000	
Capital Campaign	149,649	
Other	<u>320,892</u>	<u>1,690,725</u>

<b>Total Proposed Increases</b>		<b><u>3,002,009</u></b>
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**Proposed Expenditure Reductions**

**ACADEMIC UNITS**

Faculty Appointments & Changes	(2,579,224)	
Library Acquisitions	(46,000)	
Dean's Overload & Operating Funds	<u>(324,839)</u>	(2,950,063)

**ACADEMIC SUPPORT**

Office of the Vice-President Academic & Provost	(50,020)	
Student Affairs	<u>(46,160)</u>	(96,180)

**OTHER AREAS**

Administrative positions & changes	(333,958)	
Operating Expenses	<u>(463,511)</u>	<u>(797,469)</u>

<b>Total Proposed Reductions</b>		<b><u>(3,843,712)</u></b>
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<b>Net Proposed Expenditure Reductions</b>		<b><u>(841,703)</u></b>
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*Laurentian University*  
**2010-2011 BUDGET ESTIMATES**

	<b>PLAN B BUDGET 2009-2010</b>	<b>ANTICIPATED ACTUAL 2009-2010</b>	<b>BUDGET 2010-2011</b>
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Revenues	100,763,235	102,604,952	106,976,449
Total Expenditures	104,763,235	106,604,952	108,976,449
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>NET SURPLUS (DEFICIT)</b>	<b><u>(4,000,000)</u></b>	<b><u>(4,000,000)</u></b>	<b><u>(2,000,000)</u></b>
 <b>ACCUMULATED SURPLUS (DEFICIT)</b>			
Beginning of the year	(4,358,000)	(4,358,000)	(8,358,000)
Net Surplus (Deficit)	(4,000,000)	(4,000,000)	(2,000,000)
	<u>                    </u>	<u>                    </u>	<u>                    </u>
End of the year	<u>(8,358,000)</u>	<u>(8,358,000)</u>	<u>(10,358,000)</u>

*Laurentian University*  
**2010-2011 REVENUE ESTIMATES**

	<b>PLAN B BUDGET 2009-2010</b>	<b>ANTICIPATED ACTUAL 2009-2010</b>	<b>BUDGET 2010-2011</b>
<b>PROVINCIAL GRANTS</b>			
BASE	38,475,000	38,688,646	38,460,000
NORTHERN	5,704,000	5,703,916	5,703,916
BILINGUAL	7,704,000	7,698,607	7,698,607
ACCESSIBILITY Disabled	323,547	328,395	328,395
RESEARCH LEADERSHIP	196,000	196,000	196,000
MUNICIPAL TAXES	477,000	451,725	451,725
MIDWIFERY	331,467	331,467	552,304
NURSING COLLABORATION	815,000	813,124	813,125
RESEARCH PERFORMANCE FUND	190,000	190,000	195,000
UNDERGRAD GROWTH FUND	1,673,936	2,434,802	3,467,432
GRADUATE GROWTH FUND	2,376,627	2,156,688	1,863,904
PERFORMANCE FUND	286,197	217,155	233,000
GRADUATE CAPITAL	350,000	358,900	400,000
SPECIAL FRANCOPHONE	2,071,304	2,071,304	2,666,506
NEW QUALITY INITIATIVES	1,733,128	2,129,772	2,130,000
ONE TIME FUNDING	100,000	0	0
<b>TOTAL PROVINCIAL GRANTS</b>	<b>62,807,206</b>	<b>63,770,502</b>	<b>65,159,914</b>
<b>FEDERAL INDIRECT RESEARCH</b>			
<b>SUPPORT GRANT</b>	1,532,795	1,484,000	1,516,242
TUITION FEE INCOME	30,660,134	31,400,000	34,066,327
MISCELLANEOUS INCOME	5,263,100	5,450,450	5,733,966
INTEREST	500,000	500,000	500,000
<b>TOTAL REVENUE</b>	<b>100,763,235</b>	<b>102,604,952</b>	<b>106,976,449</b>

## NOTE:

1. Fonds complémentaires rolled into base.
2. Increases in Ancillaries, e.g. Parking, Conference Administrative Fees, Student Application Fees, etc...

*Laurentian University*  
**2010-2011 EXPENDITURE BUDGETS**

	<b>PLAN B BUDGET 2009-2010</b>	<b>BUDGET 2010-2011</b>
SOCIAL SCIENCES AND HUMANITIES	20,469,675	21,898,893
SCIENCES AND ENGINEERING	16,709,361	17,604,267
PROFESSIONAL SCHOOLS	16,906,920	17,524,671
MANAGEMENT	4,505,091	4,487,434
RESEARCH & GRADUATE STUDIES	2,701,556	2,801,536
LIBRARY	4,411,548	4,303,996
CONTINUING EDUCATION	2,152,562	2,203,884
OTHER ACADEMIC	2,603,165	3,177,038
STUDENT SERVICES	8,752,588	9,290,513
ADMINISTRATION	8,413,637	8,632,531
COMPUTING & TELECOMMUNICATIONS	2,751,265	2,625,554
EXTERNAL RELATIONS	1,842,953	2,024,503
PHYSICAL PLANT	10,234,119	9,709,566
RECRUITMENT INITIATIVES	509,332	509,332
ATTRITION	(36,946)	0
INDIRECT RESEARCH GRANT DISTRIBUTION	65,000	100,000
STRATEGIC INVESTMENT INITIATIVES	0	555,831
OTHER	1,771,411	1,526,900
<b>TOTAL EXPENDITURES</b>	<b>104,763,235</b>	<b>108,976,449</b>

*Laurentian University*  
**ANALYSIS BY OBJECT OF EXPENSE**  
**2010-2011 BUDGET**

	<b>PLAN B BUDGET 2009-2010</b>	<b>ANTICIPATED ACTUAL 2009-2010</b>	<b>BUDGET 2010-2011</b>
SALARIES	69,534,528	70,743,695	71,971,250
BENEFITS	14,533,695	14,434,397	15,244,327
SUB-TOTAL	84,068,223	85,178,092	87,215,577
LIBRARY ACQUISITIONS	1,733,383	1,733,383	1,687,383
UTILITIES & CLEANING CONTRACTS	3,565,500	3,565,500	3,535,500
EQUIPMENT & MAINTENANCE	2,410,202	2,526,292	2,255,202
SCHOLARSHIPS & BURSARIES	4,171,898	4,471,898	4,621,898
INSURANCE	400,000	416,294	425,000
LEGAL & AUDIT FEES	400,000	431,000	480,000
TRAVEL, MEETINGS (INCLUDES ATHLETICS)	838,226	984,235	751,982
PROFESSIONAL ALLOWANCES	900,000	920,000	920,000
RECRUITMENT INITIATIVES	954,302	1. 1,392,664	954,302
MEMBERSHIPS	185,000	191,400	185,000
DIRECT RESEARCH SUPPORT	221,000	210,000	296,000
SPACE RENTALS	942,904	2. 482,387	792,904
MUNICIPAL TAXES	477,000	451,725	452,000
STRATEGIC INVESTMENT INITIATIVES			555,831
OTHER	3,495,598	3. 3,650,082	3,847,870
<b>TOTAL EXPENDITURES</b>	<b>104,763,235</b>	<b>106,604,952</b>	<b>108,976,449</b>

## NOTE:

1. University Marketing Expenses including University Fair, International Fair and Liaison.
2. One-Time Savings in WGMC due to municipal tax credit.
3. Teaching Supplies, Lab Supplies, Office Supplies & Expenses, Long Distance, Postage, Printing, Publications, Advertising and Promotion.

## Proposed Strategic Investment Initiatives

## SCHEDULE 5

	<u>2010-2011</u>	<u>2011-2012</u>	<u>2012-2013</u>	<u>Total</u>
<b><u>National Recognition</u></b>				
Research Office	120	80		<b>200</b>
Intl School for Sustainable Mining	60	68	64	<b>192</b>
<b><u>University of Choice</u></b>				
Marketing	140			<b>140</b>
Liaison	75			<b>75</b>
<b><u>Student Engagement</u></b>				
Teaching and Learning Centre	50	150	200	<b>400</b>
<b><u>Community Responsiveness</u></b>				
Georgian	92	279	287	<b>658</b>
<b><u>Other (Internal Capacity)</u></b>				
Staff Professional Development	50	50	50	<b>150</b>
External Reviews of Administrative Departments - 2011 : HR	40	40	40	<b>120</b>
Baseline for Employee Engagemen	40		25	<b>65</b>
	<u><b>667</b></u>	<u><b>667</b></u>	<u><b>666</b></u>	<u><b>2,000</b></u>