

LAURIER

Canadian Excellence



Town Hall - The Relationship Between University Growth and Budget Growth

October, 2009



- Our PSE environment is rapidly changing; whither RHII?
- Province's main issues: access, quality, affordability, student mobility, accountability, capital allocation, ugrad:grad balance (ie research intensity), local/regional mandates (differentiation)
- Financial challenges remain; we need to adjust curriculum; adjust compensation expectations – cost curves are unsustainable; resulting workforce and student disquiet



- Access demand high in GTA, decreasing or stable elsewhere
 - how to deal with regional differences?
 - increasing diversity in GTA; demands system responses
 - design new campuses for the future; high intensity, diversity
- Growth has enabled balanced operating budgets; but main campuses strained; recent development of satellite campuses; distance education; continuing education
- Growth has come at the expense of capital debt [*unsustainable*] and increasing structural deficits [*also unsustainable*]



LAURIER Conclusions: Differentiation

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- Differentiation of academic programs, and of research foci and intensity, among U's is ongoing; but future is unclear
- Laurier needs to position itself clearly; must develop and promote a clear narrative that is authentic, relevant, and compelling to funders
 - **“Inspiring Lives of Leadership and Purpose”**



- The capacity of the province to fund PSE is unlikely to increase significantly in future; high debt, slow recovery, competing agendas (health!), repayment of debt from stimulus spending
- Even with a compelling and authentic narrative, will a static, non-growing Laurier attract sufficient funding to thrive?
- It seems clear that we need to continue to grow ... the treadmill ... and stay small at the same time
- We also need to expand and diversify revenue streams; ... undertake for-profit activity



- More generally, we need to be responsive to government priorities and programs – our main source of funds
- One example of government need: the GTA growth problem has not been solved
- If government invites Laurier to step forward with a Milton campus, as it may, what will be our response?
- We have said that we would consider it, but only if properly funded to do it right



Milton considerations:

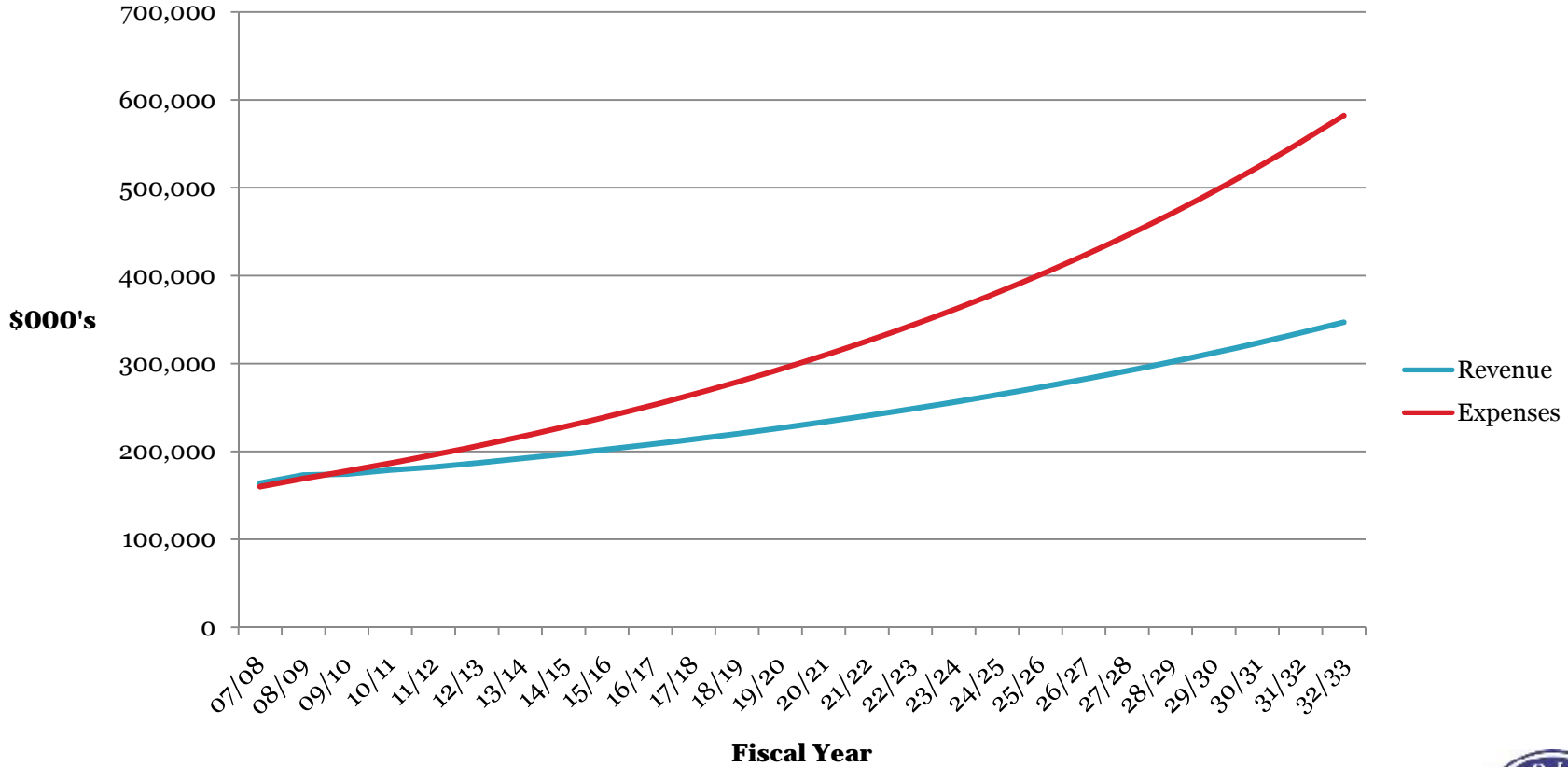
1. Funds to support a Milton campus will be targeted by government specifically for that purpose – therefore unavailable to Laurier Waterloo or Laurier Brantford – the \$'s are not fungible; Milton is not competitive with Waterloo and Brantford priorities. But effort would be required.
2. A Milton campus has rapid growth potential, especially if foundational Laurier values are strongly expressed (attractive to students)
3. If another university builds in Milton what will be the long-term impact on Laurier Waterloo and Laurier Brantford? Competition will intensify; GTA students will have easier access to Milton than to Waterloo or Brantford
4. A compelling vision of a university that is authentically Laurier, and that is strong, relevant, and responsive to provincial priorities, can be built with a Waterloo-Brantford-Milton model; liberal arts programming at all, complementary academic domains, digital connections, our foundational values at each campus, exceptional student experience

Timing on decisions remains uncertain, but becoming more urgent (GTA)



Zero Growth in Student FTEs

Zero Growth Scenario



- 2007/2008 Base Year
- Assume no growth in student FTEs impact going forward
- 25 year projection of revenues and expenses shows rapid deficit growth
- Assume inflation rates in revenue and expense streams based on government regulations and historical performance

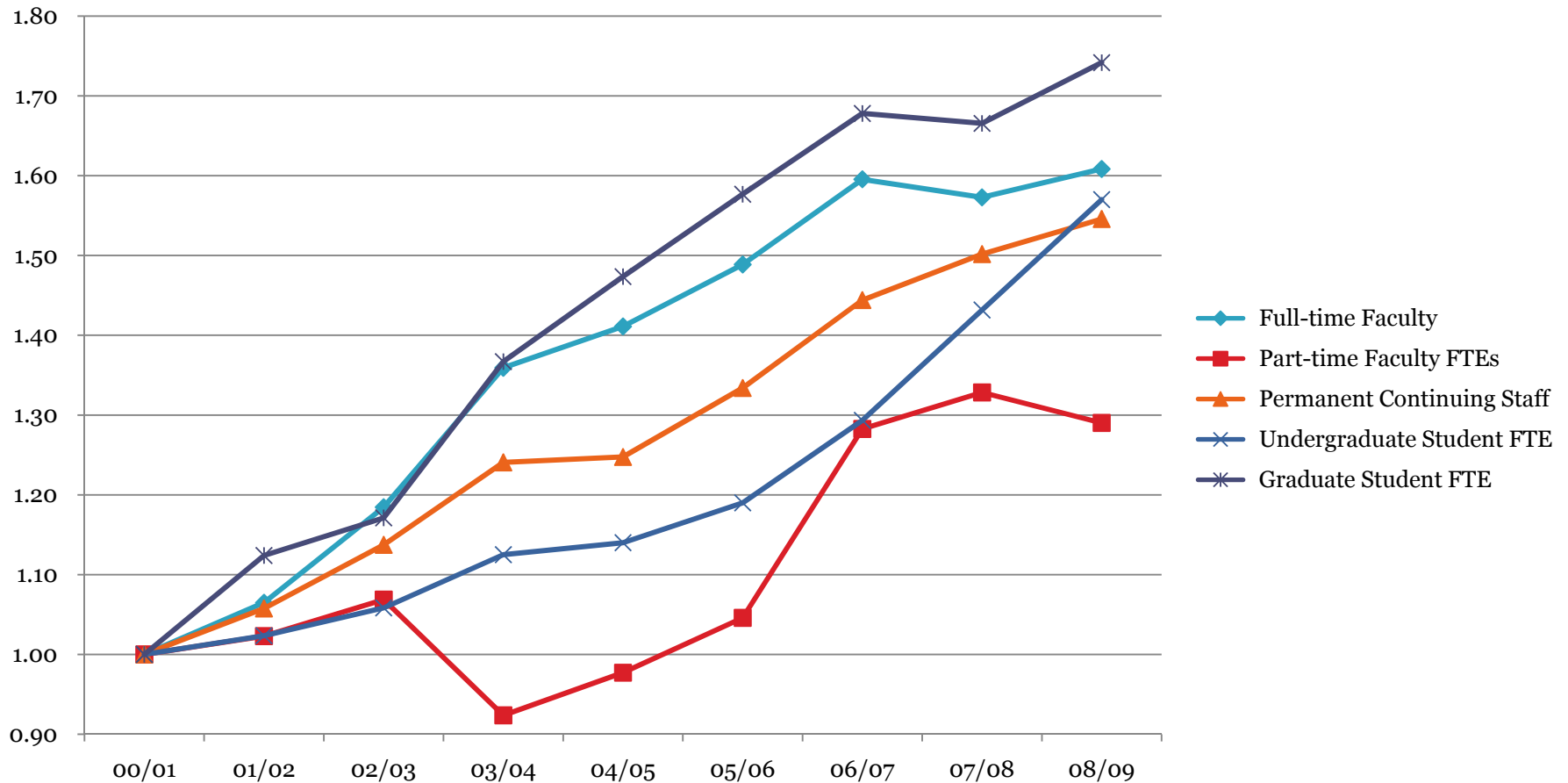


LAURIER Zero Growth Assumptions

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- Revenue Assumptions:
 - 5% Tuition Rate Inflation
 - 0% Government Grant Inflation
 - 2% Other Revenue Inflation
- Expense Assumptions:
 - 6% Academic Salaries, 5% Admin Salaries
 - Benefits are 23% of projected salaries
 - 2% inflation in departmental and institutional expenses

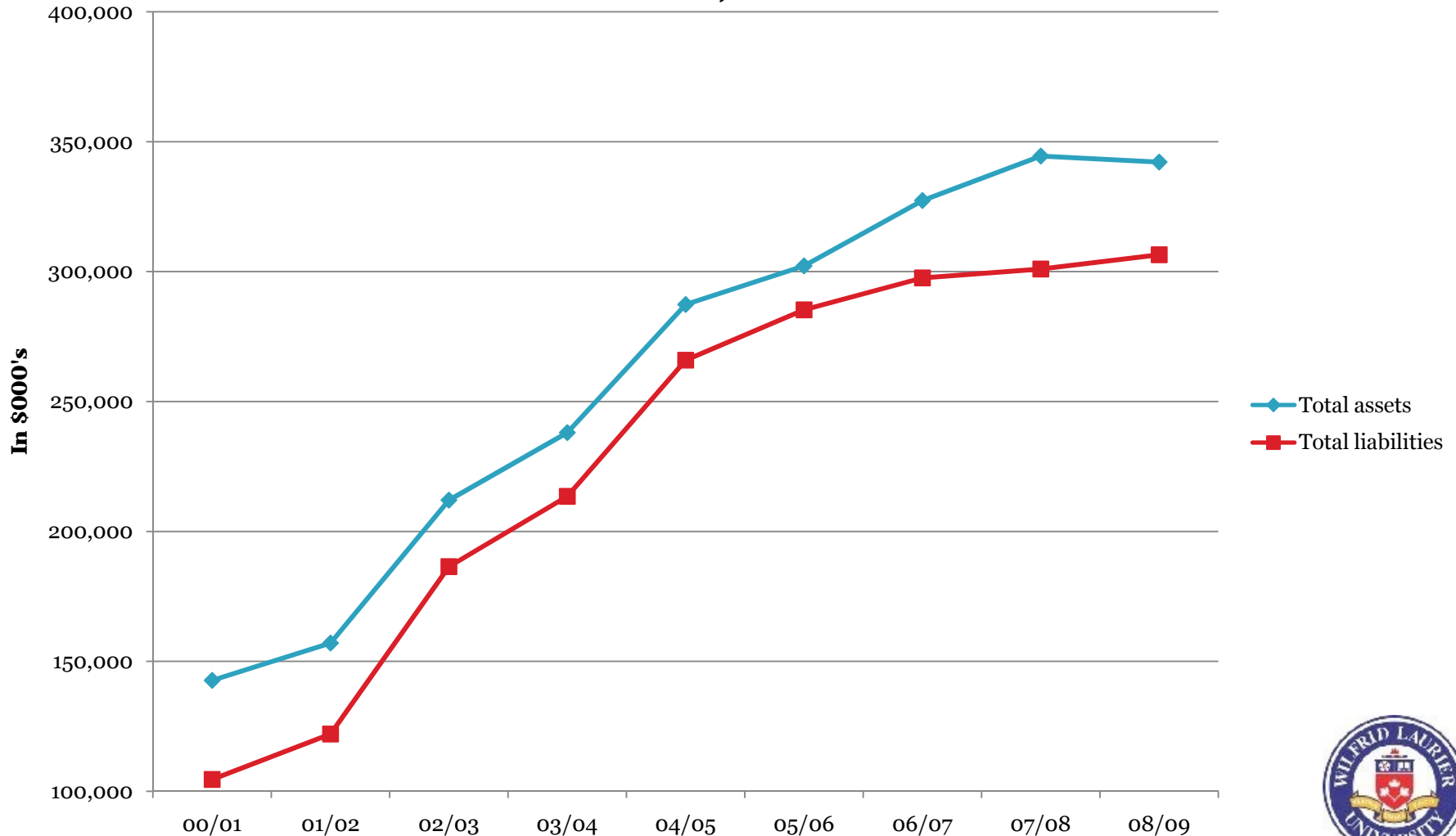




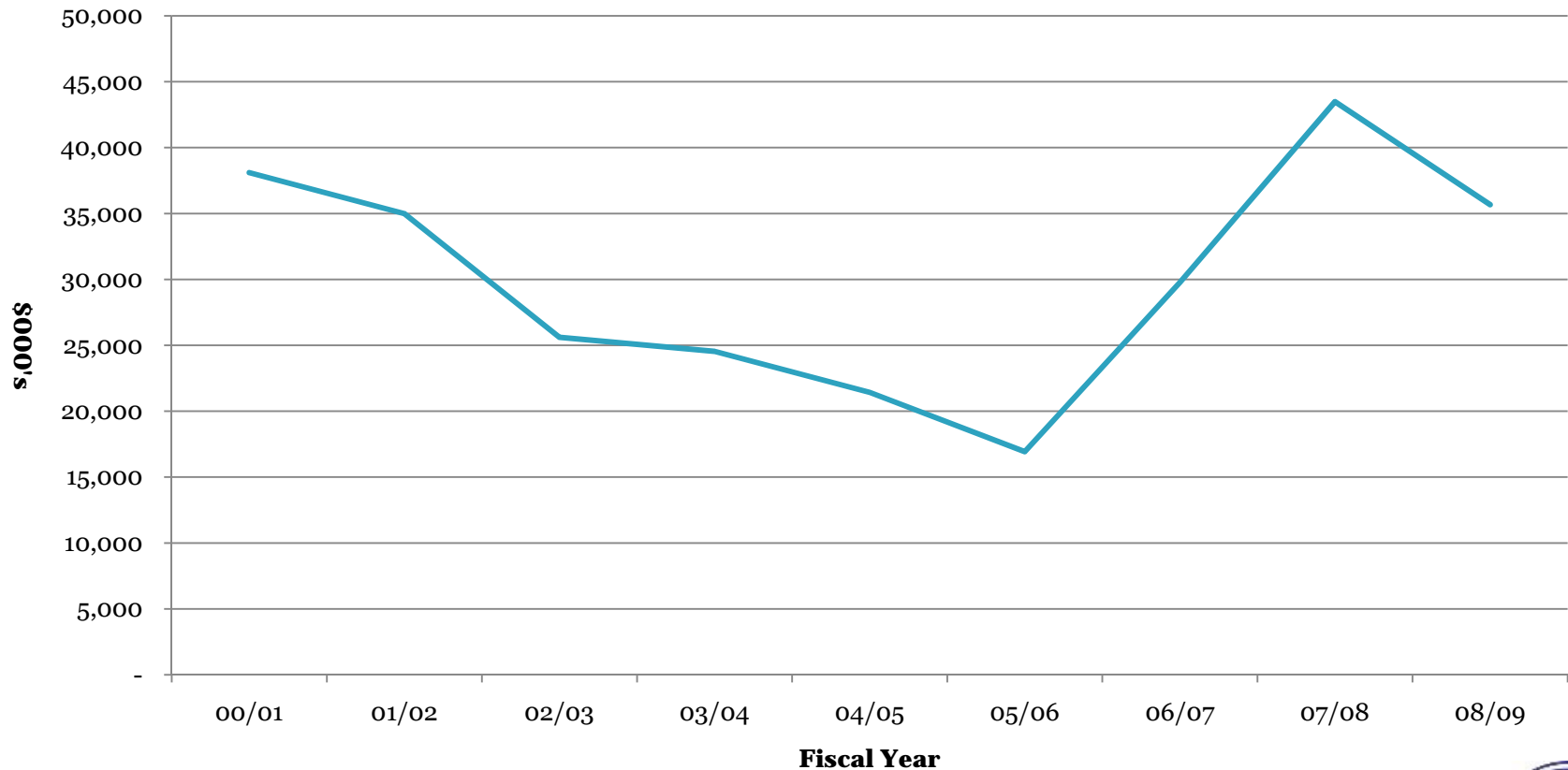
*2000/2001 as Base



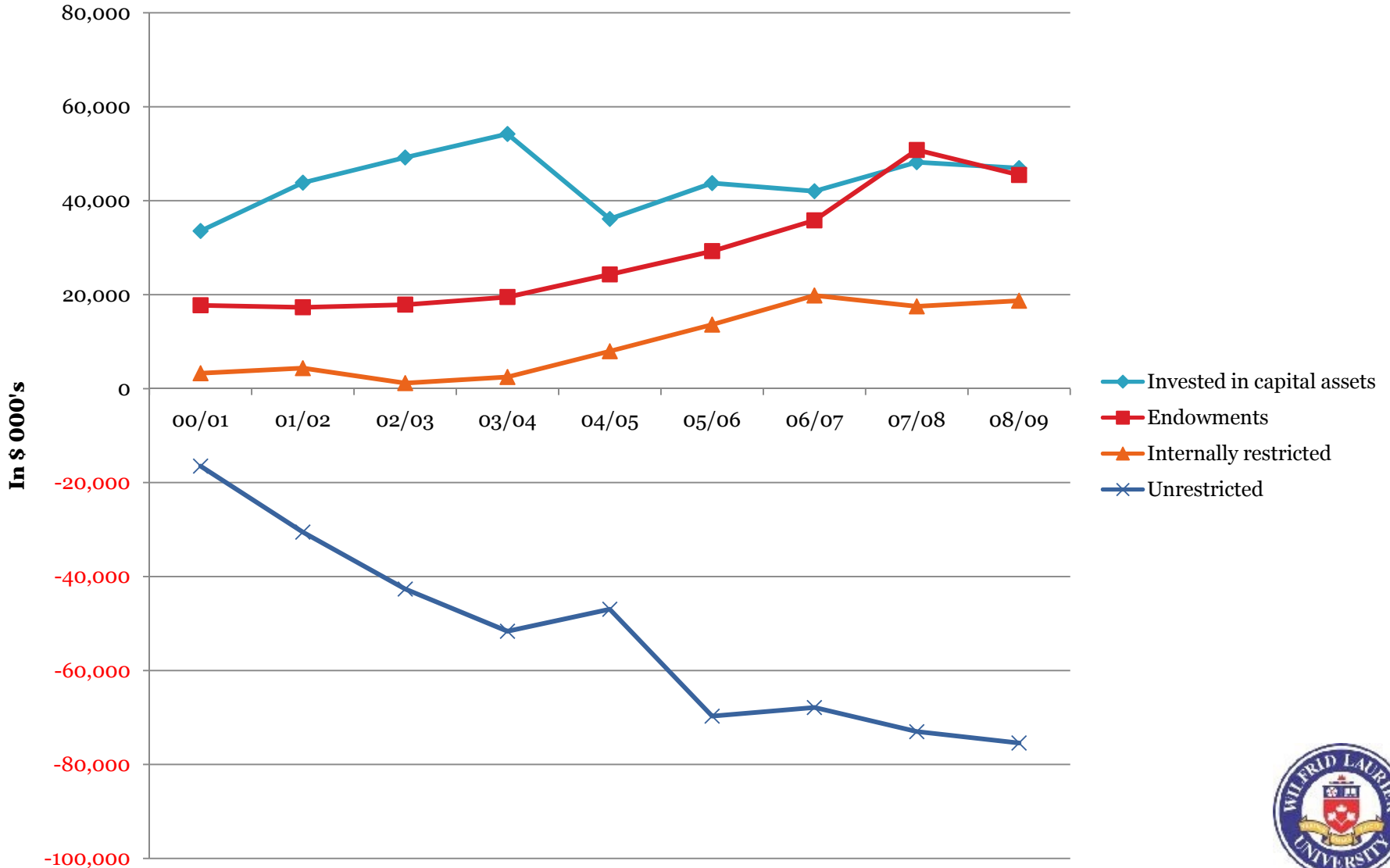
Assets increased 1.4 times, Liabilities increase 1.9 times



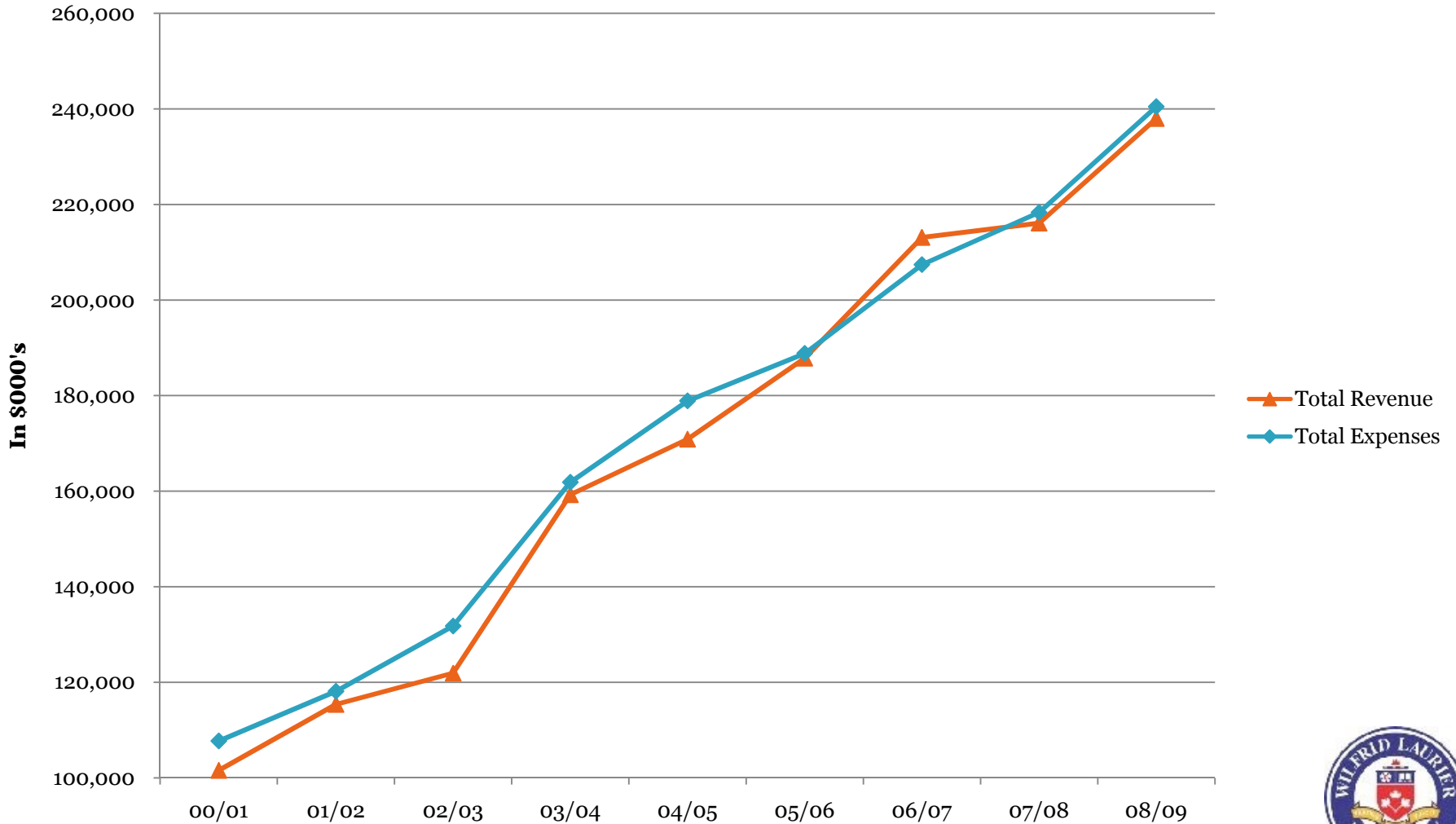
Our Net Assets Position Has Not Improved



Components of Net Assets

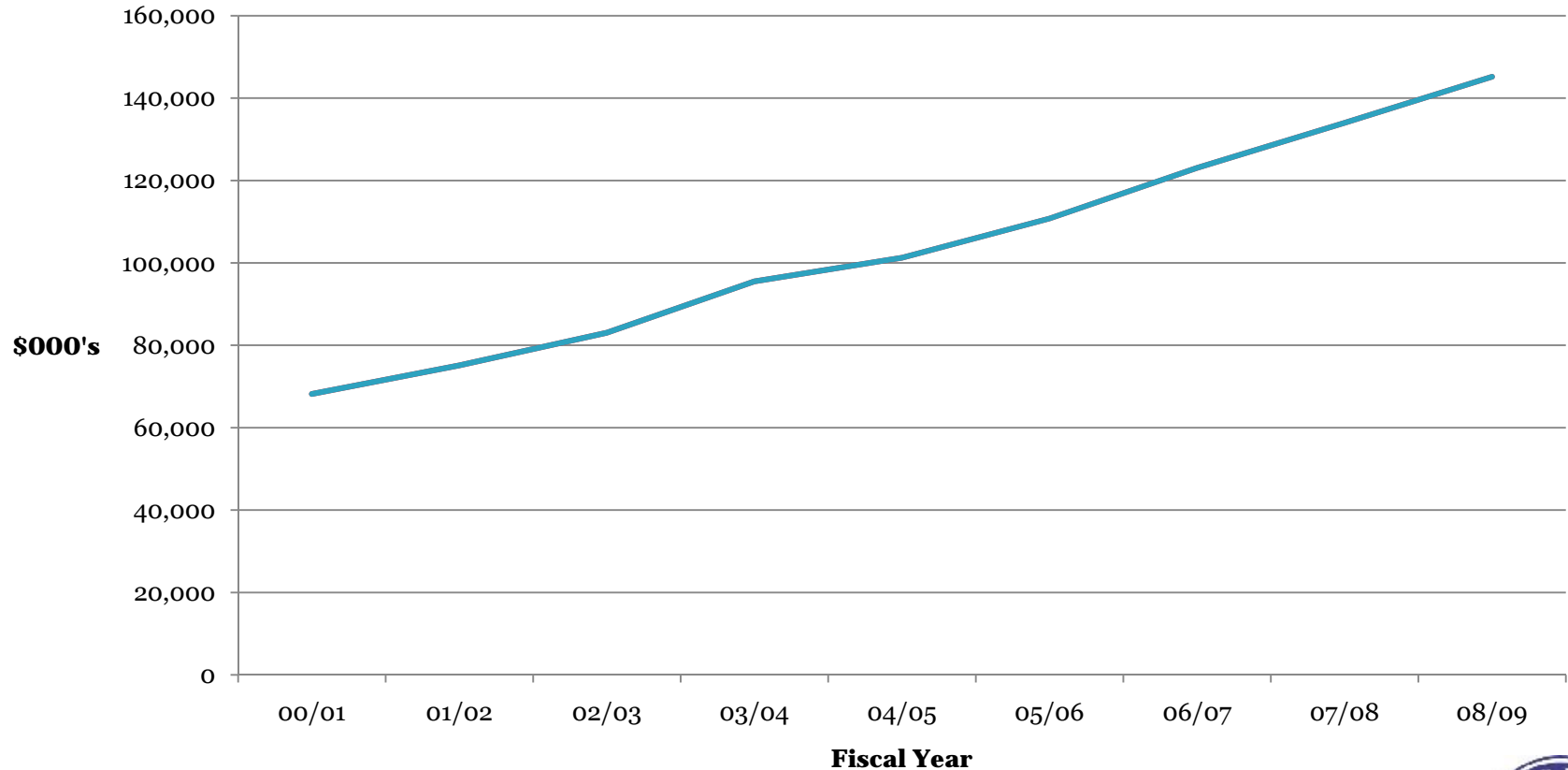


Close relationship during growth period

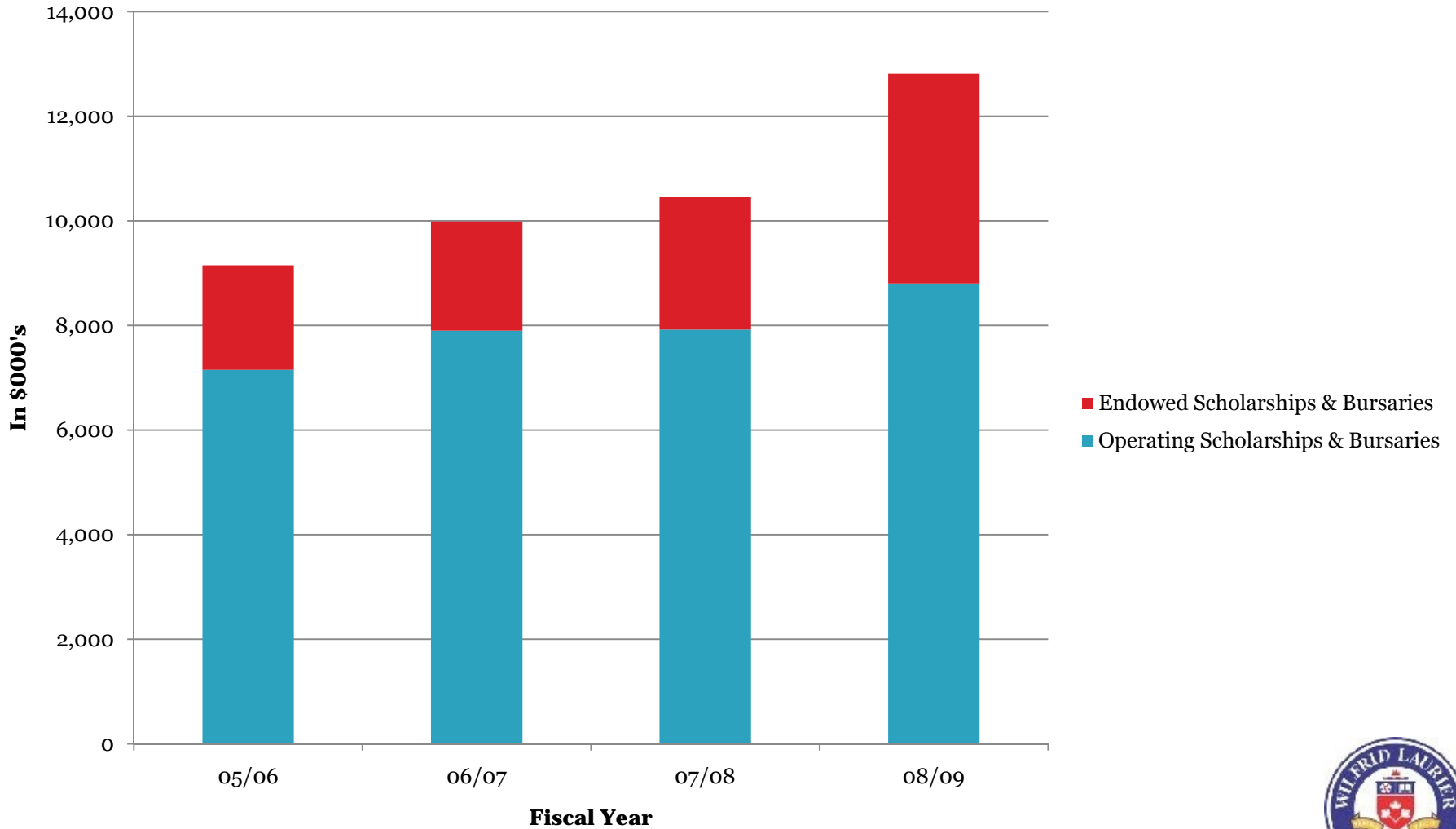


Salary & Benefit Expenses

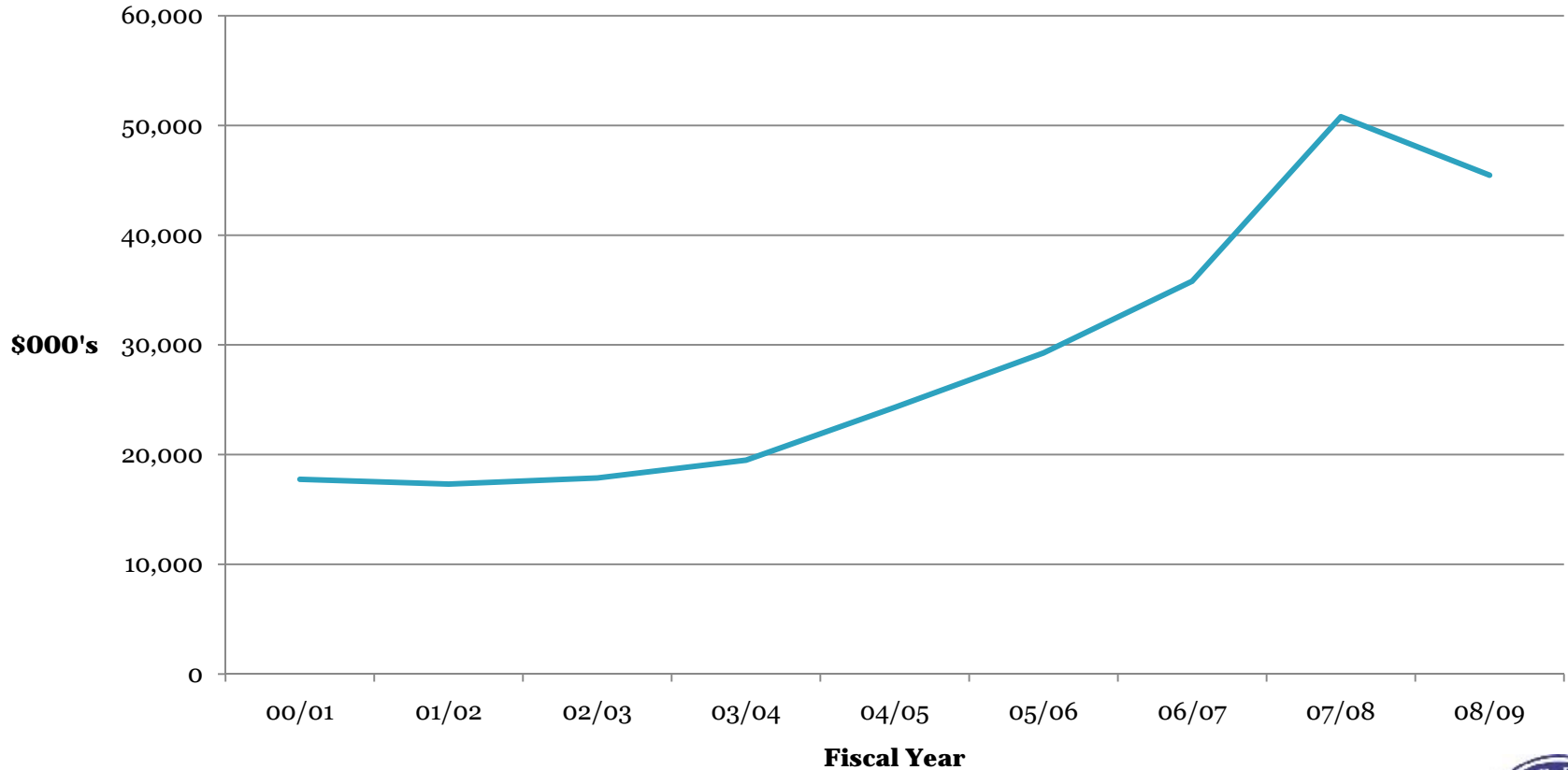
More than doubled over a nine year period!



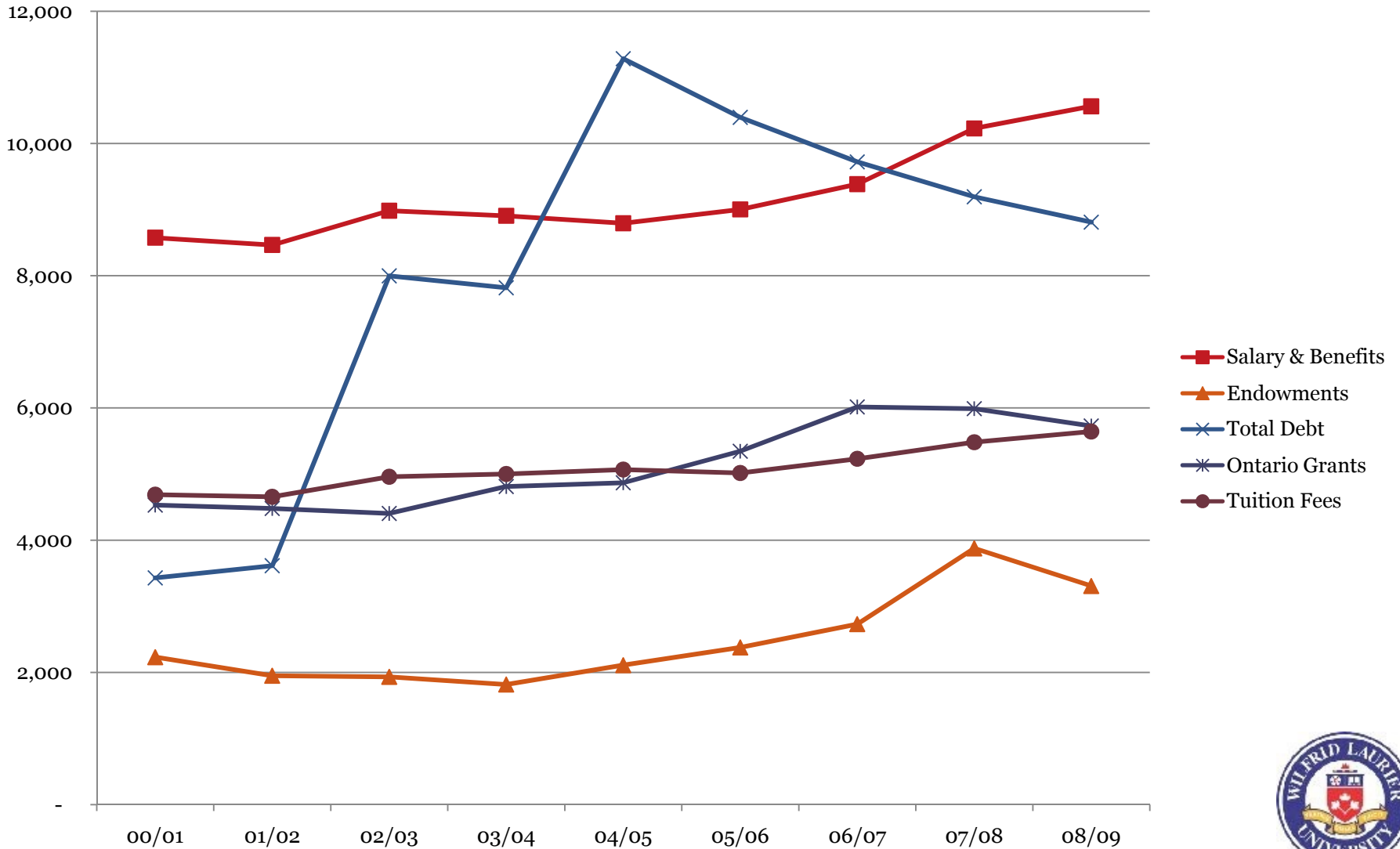
Scholarships & Bursaries



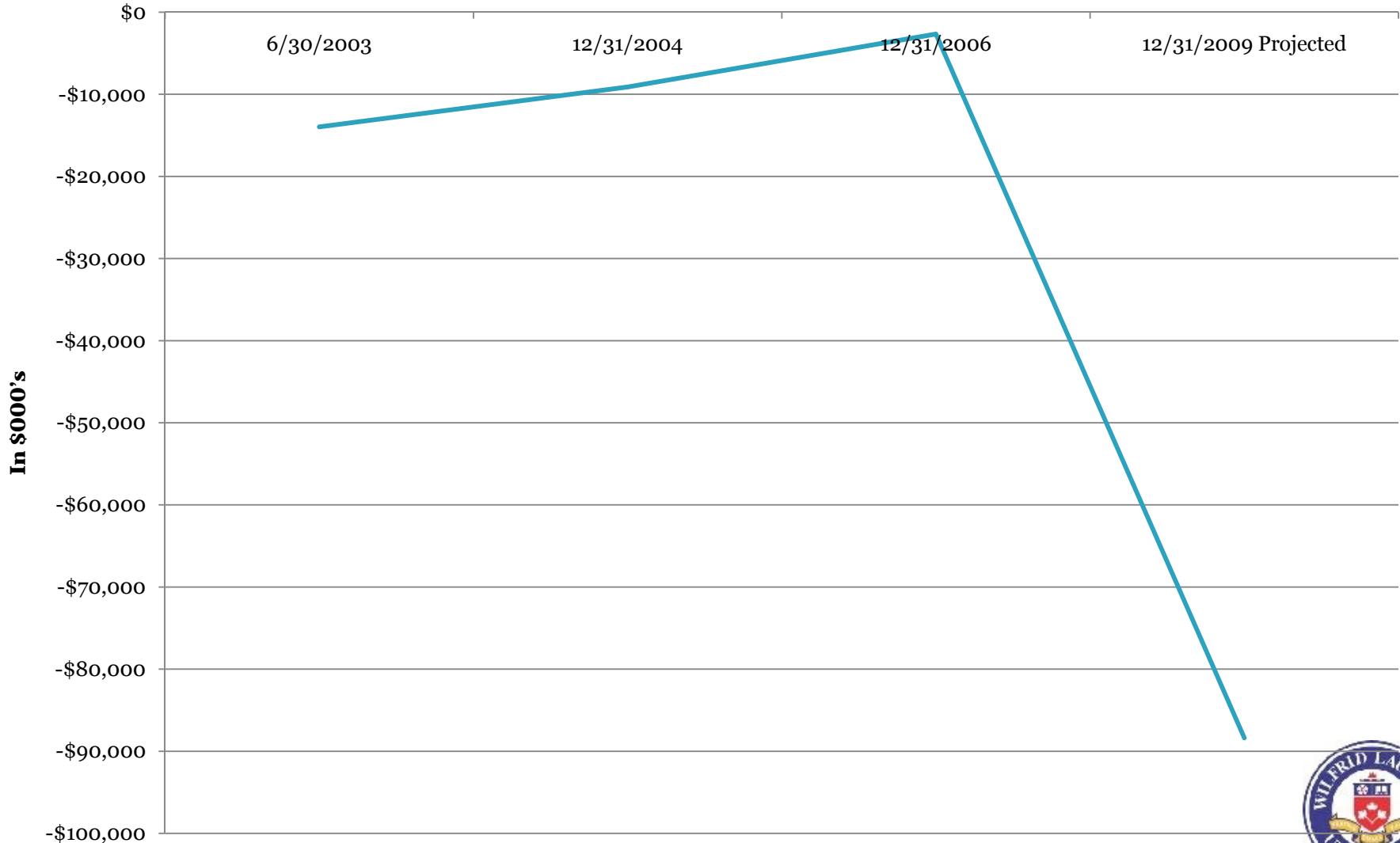
Decline due to poor market conditions



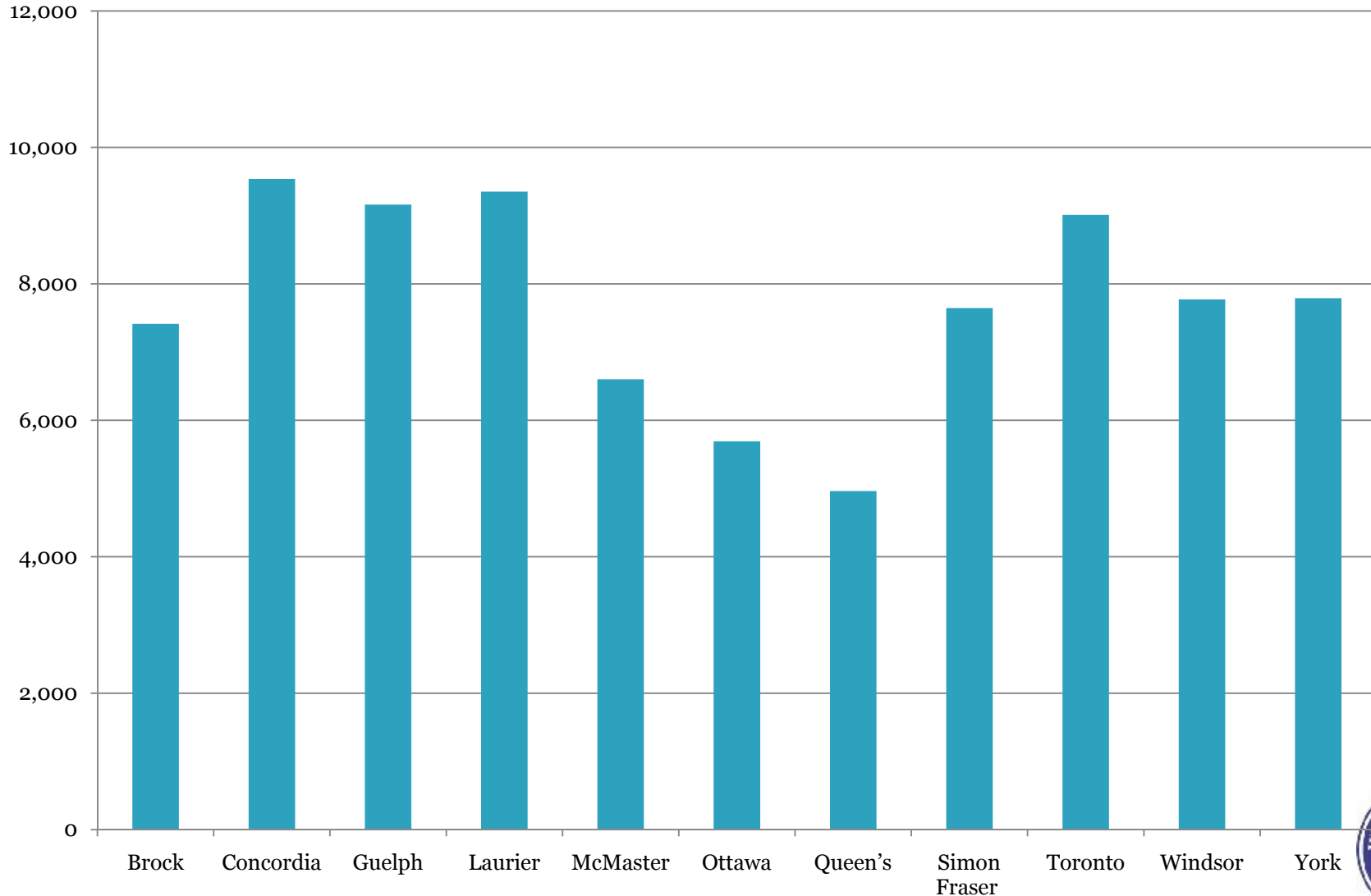
Dollar Amount per Student FTE



Pension Valuation Going Concern



Comparison of Total Debt -per FTE (\$)*



*Per DBRS Report, Sept. 2009



Capital Needs

- RAC Building – Brantford = \$20.8 million
- Lucy Marco Place = \$4.5 million
- Deferred Maintenance = \$54 million
- New Residence Capacity = ???



1. Pension Solvency/Going Concern Deficits;
2. Structural Deficits become a concern if year end Provincial Spending suspended;
3. Capital facilities renewal;
4. Can we sustain this cost structure in the short term or long term?



Where Do We Go
From Here?????

GROW????

DON'T GROW????



Questions?



The Laurier community is strong. By working together we will establish the foundations of a transformed, responsive, and exciting institution.

Think of a vibrant, multi-campus, internationally respected university that is founded on, builds on, and adheres to the foundational values of Laurier today. We have great opportunity.

