

**Operating Budget Report**

**2022/2023**

April 2022

**2022/2023 BUDGET REPORT**

|  |  |
| --- | --- |
|  | Page Number |
| Foreword | 3 |
| Executive Summary | 4 |
| Fiscal Environment, Budget Development Process, and Timelines | 6 |
| 2021/2022 Financial Update | 12 |
| Key Budget Assumptions | 14 |
| 2022/2023 Budget Strategies  | 24 |
| 2022/2023 Operating Budget | 28 |
| Multi-Year Planning | 30 |
| 2022/2023 Pandemic Budget | 32 |
| 2022/2023 Ancillary Budget | 33 |
| Capital Planning  | 35 |
|  |  |

**FOREWORD**

This report is intended to provide a comprehensive review and summary of the process, consultations, and results of the Trent University 2022/2023 Operating Budget.

Trent’s administration has attempted to pursue a budget development process that enhances the degree of transparency, communication and input of all constituencies of the University community. This report attempts to capture the key elements and content of the development process, including consultation outcomes and specific impacts of budget decisions on the various academic and non-academic units of the University.

It is our intention to produce a summary report annually, and circulate it widely, in order that the budget and underlying program activity of the University can be better understood and assessed.

Your comments and feedback are welcome.

Tariq Al-idrissi, Acting Vice President, Finance and Administration

Cheryl Turk, Associate Vice President, Finance

**EXECUTIVE SUMMARY**

The budget planning process for fiscal 2022/2023 began in October 2021 with enrolment modelling and discussions with various groups in the University community regarding the current fiscal environment, the budget process, and timelines.

Trent continues to experience enrolment growth as the student population grew to 11,361 full time equivalents (FTEs) in 2021/2022, an increase of 2.6% from the prior year and 1.3% more than budgeted. This enrolment growth generated additional tuition revenue net of student financial aid for the fiscal year, which will help mitigate the higher-than-planned impact of COVID-related expenses and ancillary services revenue impairment. As a result, at the time the Board approved this Operating Plan, the University was projecting an excess of revenue over expenses of approximately $2.1 million for 2021/2022, which will be used to establish a contingency fund to address unexpected 2022/2023 operating pressures and/or provide funds towards one-time deferred maintenance expenditures.

The University is planning for a full return to in-person learning and on-campus activities at both Peterborough and Durham campuses for fiscal 2022/2023, while expanding online course options for students who wish to take some courses remotely.

For 2022/2023, Trent is conservatively anticipating total student enrolment to increase by 2.7% to 11,664 FTEs, an increase of 303 FTEs from 2021/2022. This represents an increase of nearly 40% from the 2016/2017 corridor mid-point used in the current Ministry funding model. By the end of this planning cycle, budgeting forecasts expect total enrolment to reach 12,288 FTEs. However, under the current funding model, there is no mechanism to fund this planned enrolment growth.

Under the five-year Strategic Mandate Agreement (SMA3), which commenced with fiscal 2020/2021, total eligible funding for the University is fixed. The Ministry again suspended at-risk funding for the third year of the SMA3 due to the pandemic, but expects to re-link funding to labour market outcomes with 10% of total eligible funding tied to performance outcomes in 2023/2024, growing to 25% in 2024/2025.

The current Tuition Fee Framework, which was recently extended to April 2023, mandates 2022/2023 tuition fees for domestic students continue to be frozen at 2019/2020 rates, which were reduced by 10% compared to 2018/2019 fees. International fees are not regulated by the province. In an effort to grow international enrolment and remain competitive yet affordable, Trent’s Board of Governors approved an increase in international tuition rates of 3% to 8% depending on the type of student and program.

With fixed Ministry funding and domestic tuition fees frozen, many universities including Trent, are adopting an enrolment growth strategy reliant on tuition-only revenue and increased internationalization to offset inflationary pressures.

Based on the key planning assumptions, the preliminary 2022/2023 Operating Budget before making any new strategic investments or implementing new budget reduction strategies projected approximately $2.7 million available for strategic investments. This preliminary budget excludes any COVID-related costs and revenue impairment that may be incurred in 2022/2023 as the pandemic continues. These costs will be mitigated by the remaining appropriation set aside by the Board of Governors at April 30, 2021.

The preliminary budget leaves limited funds available for additional strategic investments to address the enrolment growth on which the preliminary budget was predicated. With this in mind, budget owners were expected to manage within their existing departmental budgets. Budget owners who wished to propose new investments during the budget cycle were asked to identify budget reduction strategies to offset the strategic investment request, where possible.

All presentations and proposals were carefully reviewed by the President and Vice-Presidents. For new strategic investments, particular attention was given to current needs that addressed student enrolment growth and longer-term impact on the allocation of resources, as well as alignment with the University’s strategic plans. For budget reduction proposals, they gave careful consideration to strategies that minimized the impact to students and to staff, and did not compromise quality of programs and services. The RCM model was also used as a guiding principle for decision making when prioritizing and recommending strategic investments.

The approved net new investments of $2.7 million for 2022/2023 focus on the following strategic priorities of the University:

* Maintaining financial sustainability by achieving a balanced operating budget;
* Growing enrolment, with a particular emphasis on internationalization;
* Maintaining or enhancing institutional capacity to support enrolment growth;
* Supporting growth in Durham GTA;
* Building co-op and experiential learning opportunities for students;
* Enhancing research opportunities; and
* Increasing philanthropic campaign to reduce dependence on Ministry funding and student tuition revenue.

As a result of the approved net new strategic investments, the 2022/2023 Operating Budget is expected to be balanced with a nominal surplus of $51,000. This operating plan was approved by the Board of Governors on March 25, 2022.

Further details of the 2022/2023 budget process, major assumptions, budget strategies, new strategic investments, and projected financial position are provided in this report.

**FISCAL ENVIRONMENT,**

**BUDGET DEVELOPMENT PROCESS,**

**AND TIMELINES**

The comprehensive budget planning process for fiscal 2022/2023 began in October 2021 with discussions with various groups in the University community regarding the current fiscal environment, the budget process, and timelines. Through the Strategic Enrolment Management Committee and other working groups, various enrolment scenarios were modelled building on Fall 2021 then-projected enrolment.

**Fiscal Environment**

The COVID-19 pandemic declared in March 2020 and continuing at least for the near term has had and continues to have a significant financial, market and social dislocating impact. With the commencement of the Fall 2021 academic term, the University, like most Ontario post-secondary institutions, resumed in-person teaching for the majority of its academic programs while continuing to offer a variety of online courses or course components to students unable to or wishing not to attend in person. Many of its student-facing services, including residences and food services, also successfully returned to campus in support of uninterrupted learning for students. In January 2022, the omicron variant forced universities, including Trent, to revert back to primarily online learning and unexpectedly delayed the return to campus for non-academic and non-essential employees. In-person learning resumed again January 31, 2022 and is expected to continue through to the end of the Winter 2022 academic term. As provincial restrictions are lifted, the University is now planning for all staff and faculty to be fully back on campus by April 18, 2022 while maintaining the recommendations from Public Health Ontario.

As long as the pandemic continues, on-going investments will be required to ensure the health and safety of students, faculty, staff and the University community. Investments required to address COVID-related impacts reduce funds available to address enrolment growth and other operating pressures or strategic priorities. For Trent, the major financial impacts of the pandemic have been and continue to be two-fold:

1. COVID-related investments – Significant incremental investments continue to be required to address ongoing health and safety protocols for the safe return to campus and to support students, faculty and staff with online/remote learning and working environments. While these past costs were mostly offset by COVID relief funding received in March 2020 and March 2021, additional costs post June 2021 have depleted the appropriation established by the Board at the end of April 30, 2021 with the excess being borne directly by the Operating Plan for fiscal 2021/2022.
2. Ancillary and other revenue losses – The University’s ancillary services, like other post-secondary institutions, have been and continue to be significantly impacted as in-person attendance is limited by health and safety protocols. Revenue impairment for some services depleted and exceeded reserves in 2020/2021, causing the Operating Plan to directly absorb excess losses. Some ancillary services continue to struggle to regain pre-pandemic revenues thereby resulting in a decline in contribution towards the Operating Plan. It will take some time to rebuild critical reserves for capital and infrastructure renewal.

The recent Russian-Ukrainian conflict and resulting economic sanctions imposed by Western and European countries is also intensifying the negative implications on supply chain logistics, product availability and inflation caused initially by the pandemic.

On November 4, 2021, the provincial government released its 2021 Ontario Economic Outlook and Fiscal Review: Build Ontario, which is focused on three pillars: Protecting our Progress, Building Ontario, and Working for Workers. Included in the Statement was an investment for specific research supports, the expansion of nursing education, funding for mental health supports at Ontario post-secondary institutions and COVID-19 time-limited funding (details for most of these announcements are still pending).

The Fall 2021 announcement was silent on the Ministry’s Tuition Fee Framework, which expires on April 30, 2022. The current framework mandated tuition fees for all eligible domestic graduate and undergraduate programs continue to be frozen at 2019/2020 rates, which were reduced by 10% from 2018/2019.

Trent signed its Strategic Mandate Agreement 2020-2025 (SMA3) with the Ministry in August 2020. The SMA3 fixes total operating funding for the duration of the five-year agreement and includes ten performance-based metrics focused on jobs and economic impact, two of which are institution-specific. These metrics and associated targets are reviewed and amended annually to support the continuous improvement approach by the Ministry. The original intent was to tie these metrics to operating funding, commencing with 25% of total funding at-risk in 2020/2021, increasing 10% each year to 60% by 2024/2025. With the continuation of the global pandemic, the Ministry temporarily decoupled funding from these performance-based metrics for the first three years of SMA3. Funding linked to these metrics will resume in year four of SMA3, pending the Ministry’s assessment of the sector’s readiness.

Given the current fiscal environment, it is challenging to achieve a balanced budget for this planning cycle while investing in strategic priorities. Effectively, fixed Ministry funding, frozen tuition rates and the continuation of the pandemic creates more reliance on tuition-only enrolment growth strategies, international recruitment, and operating efficiencies. The Preliminary Budget projected limited funds available for additional strategic investments to address enrolment growth and other operating or inflationary pressures while continuing to provide quality programs and learning opportunities that are personal, purposeful and transformative.

**Budget Process**

For the 2022/2023 budget cycle, Trent continued multi-year budgeting at the budget developer level as a way to promote longer-term planning and more efficient use of critical resources required to address projected enrolment growth and to align with the University’s strategic direction. Multi-year planning is key for Trent to strategically plan its economic recovery from the negative impacts of the pandemic and to obtain future sustainability. The fiscal years included in this planning cycle are:

* May 1, 2022 to April 30, 2023 (2022/2023);
* May 1, 2023 to April 30, 2024 (2023/2024); and
* May 1, 2024 to April 30, 2025 (2024/2025).

Budget owners were asked to prepare a three-year plan based on the current planning guidelines and assumptions. Proposals for the initial year (2022/2023) were provided at a more detailed level as decisions focused on year one of the plan. Plans for the second and third years offer an order of magnitude for planning purposes only. Multi-year plans are subject to annual review each fall to ensure the assumptions remain reasonable and/or up to date for additional known changes or new expectations. In the near future, such plans should also be aligned with the Academic Plan currently under development.

Responsibility Centered Management (RCM) continued to be a key consideration, along with other principles including alignment with the University’s Strategic Plans, academic needs, and legislative or other mandatory requirements, when prioritizing and recommending new investments and changes to resource allocations. RCM is an activity-based model intended to promote stronger linkages to academic goals and priorities. The aim of RCM is to improve financial sustainability by emphasizing the University’s strengths in teaching, research and services, and by supporting selected opportunities and innovations.

While RCM does not in and of itself increase net revenue for the University, it does promote innovative and efficient delivery of academic programming and enrolment planning by allowing increased revenue and cost savings to remain in the decanal unit that generates the positive change. The most significant way to improve performance under RCM is to increase revenue by growing enrolment and introducing new programming. Given the current Ministry funding framework, including the absence of enrolment growth funding and introduction of at-risk performance funding, the decanal units under the RCM will experience more challenges in meeting RCM targets as enrolment growth and new programming may not result in additional revenue for the decanal unit(s) or the University. As a result, more emphasis is placed on finding efficiencies by reducing costs without compromising the quality of programs and services, and without pitting one decanal unit against another in a way that negatively impacts the academic mission of the University. In addition to RCM, supplementary information, such as workload, teaching capacity and instructional costs to student ratios, provide further guidance for making investment decisions.

The budget process began with updating the prior year’s base and RCM budgets to reflect salary escalation, inflation and other known changes in staffing and other expenses. One-time budget adjustments, for example, time-limited investments or in-year budget reduction strategies, were removed. Revenues and associated student financial aid were updated based on conservative enrolment projections. Based on the key planning assumptions described in more detail later in this document, the resulting Preliminary Operating Budget indicated limited funds available for additional strategic investments to address enrolment growth on which the Preliminary Operating Budget was predicated, or other operating pressures.

With this in mind, budget owners were expected to manage within their existing departmental budgets. Budget owners who wished to propose new investments during the budget cycle were asked to identify budget reduction strategies to offset the strategic investment request, where possible.

For each new investment proposal, budget owners were required to identify the rationale (for example, to address student enrolment growth, in response to legislative compliance requirements, to generate additional revenue, or to gain operating efficiencies) and to indicate how such new investments would be accommodated within the departmental budget. Where this was not possible, they were asked to indicate the impact and risk associated with not proceeding with the proposed new investment initiative.

For each reduction strategy identified, budget owners were requested to describe how the budget adjustments would be achieved (for example, staff position reductions or eliminations, cuts to non-staff expenses, or increases in cost recoveries). Budget owners were asked to describe the impact of the budget adjustment on the level and quality of service provided, and any potential negative impacts to students.

Budget developers received their updated preliminary base and RCM budgets (where applicable), guidelines, and key planning assumptions, including multi-year enrolment projections, in December 2021. The budget packages also included a business case template to aid in the identification of proposed budget reduction strategies or recommended new strategic investments, as outlined above, and a budget presentation template. Finance provided support to budget owners, as needed, regarding the estimation of their in-year forecasts, separate identification of projected COVID-related costs, and the development of their budget adjustment requests.

During the week of February 7, 2022, budget owners presented details of their submitted proposals to the President and Vice-President Committee (PVP) for their consideration. Each budget developer was required to include in their presentation: a high-level summary of their department’s 2021/2022 in-year financial performance and forecast to year end, including their proposed use of any unspent budget where a surplus was anticipated or mitigating strategies if projecting a deficit; details and rationale for proposed budget reduction strategies and strategic investments for the three years in this planning cycle, including potential impacts; and a separate estimate of COVID-related costs for the current and next fiscal year.

PVP met on multiple occasions to discuss the requested strategies and determine recommendations. For strategic investments, particular attention was given to current needs that addressed student enrolment growth and longer-term impact on the allocation of resources as well as alignment with the University’s strategic plans. For mitigating budget reduction proposals, they gave careful consideration to strategies that minimized the impact to students and did not compromise quality of programs and services. The RCM model was also used as a guiding principle for decision making when prioritizing and recommending strategic investments.

**Timelines**

The table below sets out the timelines and consultative meetings held throughout the budget process.

|  |
| --- |
| Fiscal Environment Consultations and Preliminary Budget Discussions |
| Strategic Enrolment Management Committee | October 13, 2021 |
| President / Vice-President Committee | October 25 to November 29, 2021 |
| Faculty Board | November 19, 2021 |
| Finance and Property Committee | November 24, 2021 |
| Administration Planning Group | November 24, 2021 |
| Academic Planning and Budget Committee | November 25, 2021 |
| Board of Governors | December 3, 2021 |
| Operations Management Committee | December 8, 2021 |
| Colleges and Student Services Committee | December 8, 2021 |
| Special TUFA Joint Committee | December 9, 2021 |
| Special OPSEU Joint Committee | December 13, 2021 |
| Draft Budget Update Discussions |  |
| President / Vice-President Committee (following presentations made week of February 7, 2022) | February 15 to February 24, 2022 |
| Academic Planning and Budget Committee | March 10, 2022 |
| Special OPSEU Joint Committee | March 10, 2022 |
| Provost’s Planning Group | March 15, 2022 |
| Colleges and Student Services Committee | March 16, 2022 |
| Special TUFA Joint Committee | March 17, 2022 |
| Faculty Board | March 18, 2022 |
| Senate | March 22, 2022 |
| Operations Managers Group | March 23, 2022 |
| Administrative Planning Group | March 30, 2022 |
| Budget Approvals |  |
| Finance and Property Committee | March 8, 2022 |
| Board of Governors | March 25, 2022 |

**2021/2022 FINANCIAL UPDATE**

Based on preliminary estimates at the time of budget approval in March 2022 and subject to year-end adjustments and consideration of carry forward requests, Trent University is projecting an excess of operating revenues over expenses of $2.1 million in the 2021/2022 fiscal year compared to the Board-approved budget that projected a nominal $406,000 surplus. This projected financial position is primarily due to two factors: enrolment growth and ongoing COVID-related expenses and revenue impairment.

Despite the ongoing pandemic, 2021/2022 enrolment grew to 11,361 FTEs, an increase of 2.6% over the prior year and 1.3% over the budget, resulting in additional tuition revenue net of increased student financial aid of about $3.6 million compared to budget. Undergraduate enrolment increased by 1.9% from 2020/2021, an increase of 0.5% more than anticipated in the budget. Graduate enrolment increased by 15.5% compared to 2020/2021 and to the budget. Enrolment growth was experienced at both campuses. International enrolment now represents 12.2% of the University’s total student population, up from 10.1% last year.

The Board established an appropriation at April 30, 2021 to address estimated COVID-related costs and ancillary services revenue impairment for the 2021/2022 fiscal year. With delays in fully implementing the return to campus plan and unplanned interruptions to in-person teaching and on-campus activities, including the need to revert back to online/remote learning in January 2022 in response to the omicron variant, the University expects to exceed this appropriation by approximately $1.9 million. Fortunately, this excess impact borne by the Operating Budget will be offset by increased net tuition revenue due to enrolment growth.

**11,361**

**8,356**

**8,960**

**9,650**

**10,349**

**11,214**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **2021/2022 Budget****($000s)** | **2021/2022 Projection\*****($000s)** | **Projected Variance****($000s)** |
| Government grants  | $ 54,925 | $ 54,925 |  |
| Tuition fees | $ 93,433 | $ 97,333 | $ 3,900 |
| Miscellaneous revenue | $ 846 | $ 846 |  |
| **TOTAL REVENUE** | **$149,204** | **$153,104** | **$ 3,900** |
| Instructional staff | $ 73,768 | $ 73,768 |  |
| Non-instructional staff | $ 49,006 | $ 49,006 |  |
| Student financial aid | $ 11,356 | $ 11,656 | $ (300) |
| Non-staff expense | $ 25,638 | $ 26,545 | $ (907) |
|  Sub-total | $159,768 | $160,975 | $ (1,207) |
| Cost recoveries | $(10,261) | $ (9,296) | $ (965) |
| **TOTAL NET EXPENSE** | **$149,507** | **$151,679** | **$ (2,172)** |
| NET REVENUE (EXPENSE) | $ (303) | $ 1,425 | $ 1,728 |
| Change in internally restricted | $ 709  | $ 709 |  |
| **ANNUAL EXCESS** **REVENUE OVER EXPENSE**  | **$ 406** | **$ 2,134** | **$ 1,728** |

\*2021/2022 projection at time of Board approval in March 2021. This projection is subject to year-end adjustments including carry forward requests related to unspent departmental funds, as approved.

The planned uses of the projected excess revenue over expense include establishing a contingency fund to address unexpected 2022/2023 operating pressures and setting aside funds towards one-time deferred maintenance expenditures. Such appropriations will be formalized at year end when the final financial position is determined.

**KEY BUDGET ASSUMPTIONS**

The 2022/2023 Operating Budget is based on the following key assumptions, described in more detail in this section:

* The University is planning for a full return to in-person learning at both Peterborough and Durham campuses for 2022/2023, while expanding online course options for students who wish to take some courses remotely;
* Enrolment growth in domestic and international students at both campuses;
* Fixed operating grants as there is no mechanism to fund enrolment growth, at-risk funding tied to performance-based metrics is suspended for the fiscal year, and Special Purpose grants are expected to continue at current levels;
* 2022/2023 tuition fees for all eligible domestic graduate and undergraduate programs will continue to be frozen at 2019/2020 rates, while international tuition rates will increase by 3% to 8% for depending on the type of student and program;
* Student financial aid and scholarships expense is highly variable dependent primarily on student enrolment and entrance grades;
* 2022/2023 salaries and wages will increase based on collective agreements and progression through the salary grids; and
* Employee benefits, utilities costs and insurance premiums will increase in accordance with best estimates provided by the University’s consultants.

**In-Person Learning and On-Campus Activities**

As the province reduces restrictions and health and safety protocols allow for a return to more “normal” operations, Trent is planning to provide primarily in-person learning, including lectures, seminars, labs and placements, for the Fall 2022 and Winter 2023 academic terms. The University will continue to expand online course options to allow flexibility and to accommodate students who wish to take some courses remotely. The Summer 2022 term will remain primarily online as usual.

The University is also assuming the full resumption of on-campus activities for the fiscal year. Ancillary services, with the exception of English as a Second Language and Athletics, are expected to make administrative overhead and/or surplus contributions to the Operating Budget at pre-pandemic levels.

The University is committed to following and adjusting to any guidelines that may be required to keep the University communities safe. The COVID-19 investments required to continue supporting students, faculty and staff for in-person learning and on-campus activities are separately reported and excluded from the Operating Budget for 2022/2023. Trent expects these incremental costs will be mitigated by the remaining operating contingency appropriation established by the Board at April 30, 2021.

**Enrolment**

The key driver in the University’s planning is student enrolment as this generates the majority of the University’s operating revenue through tuition fees (which represent over 60% of operating revenue) and is a key determinant in enrolment-based provincial operating grants. Resources required for academic programming are determined by the number and types of students. Other university operations and support services, as well as ancillary services, are significantly influenced by the student population.

With the prevailing uncertainties caused by the on-going pandemic and the current fiscal environment, enrolment projections are based on a conservative approach for this budget cycle. This approach will allow the University to plan sufficient resources and address capacity challenges related to growing enrolment while ensuring the budget is flexible to respond to unmet enrolment targets should there be any.

The three-year enrolment projections used this year for budget planning build on the 2021/2022 enrolment and are based on the following assumptions:

* Undergraduate domestic intake will increase in a controlled manner at both campuses. Trent anticipates domestic intake at the Peterborough campus will increase relative to Fall 2021 by approximately 3.0% in 2022/2023, and then by 1% each year thereafter. Much of the projected growth is anticipated in Durham, with domestic intake at that campus expected to increase by approximately 11.0% in 2022/2023 and then by 4.0% each subsequent year;
* Nursing, Bachelor of Education, and Upper-Year Social Work intake will be held constant at current levels;
* International intake in certificate programs at Peterborough campus will grow from 2021/2022 levels to 30 in Fall 2022 and 40 in Fall 2023 and 2024, while dual certificates will grow at Durham campus to 65 in each semester (summer, fall and winter) of 2022/2023 and to 75 in each semester of 2023/2024 and 2024/2025;
* International intake in undergraduate degree programs will increase annually by about 1% relative to 2021/2022 as concerted efforts are made to grow international enrolment from 12.2% currently to 15.0% of Trent total enrolment by Fall 2025. International recruitment continues to be a challenge due to imposed travel and permit restrictions, affordability concerns, and limitations on in-person international outreach resulting from the on-going pandemic;
* Continuation rates will be based on the average of the last four full years – two pre-pandemic years as well as the high rates of 2020 and the lower rates of 2021; and
* Graduate enrolment for select high-demand programs will increase by 59 FTEs in 2022/2023 while enrolment in all other graduate programs will continue to be stable, resulting in an increase in total graduate enrolment of 8.6% from last year.

Overall, Trent is projecting total student enrolment will increase 2.7% to 11,664 FTEs in 2022/2023, an increase of 303 FTEs from 2021/2022. This represents an increase of 39.6% from the 2016/2017 corridor mid-point used in the current Ministry funding model. By the end of this planning cycle, total enrolment is expected to reach 12,288 FTEs.

**Government Grants**

The Strategic Mandate Agreement (SMA3) signed August 2020 is a five-year agreement commencing with fiscal 2020/2021. Total eligible funding for the University will be fixed during the SMA3 based on the sum of the 2018/2019 Core Operating Grant, the Performance Grant and Special Purpose Grants. The initial intent was to link funding to labour market outcomes with 25% of total eligible funding tied to performance outcomes in 2020/2021, growing by 10% each year until 60% of total eligible funding is performance based in 2024/2025.

The Core Operating Grant, first introduced in 2017/2018, uses an enrolment corridor mechanism with 2016/2017 eligible undergraduate and graduate enrolment as the base year for the mid-point and with a range of +/- 3% for all universities. The 2018/2019 Core Operating used in SMA3 was determined using the 2016/2017 corridor mid-point adjusted slightly for 2018/2019 graduate growth. There is no mechanism within the current funding formula to fund enrolment growth.

Performance-based funding will ultimately be linked to ten metrics, six of which will be aligned with priorities in skills and job outcomes, and four metrics related to economic and community impacts. The University established its own institutional strength/focus metric and institution-specific economic impact metric; the remaining eight metrics were pre-determined by the Ministry. The University is measured each year against its own targets based on historical performance. The Ministry’s approach is to set targets that promote continuous improvement; therefore, the targets and bands of tolerance are recalculated by the Ministry each year. The University had the flexibility to weight the metrics that best reflect its differentiated strategic goals. These weightings identify the portion of performance-based funding at risk for each metric if the University does not perform within the established band of tolerance. The University will have an opportunity during the term of SMA3 to adjust the assigned weightings. Due to the significant financial impact of the on-going COVID pandemic, the Ministry suspended the coupling of funding to performance-based metrics for the first three years of the SMA3. There will be no at-risk funding for 2022/2023. When performance-based funding is activated in year 4 of the agreement, the amount of funding at-risk will be 10% for 2023/2024, increasing to 25% for 2024/2025.

Special Purpose Grants are separate grants aligned with Ministry priorities and are subject to specific accountabilities and processes. These grants are not necessarily dependent on enrolment.

For planning purposes, government grant revenue is based on the following assumptions:

* While the University is planning enrolment well above the established corridor, Trent has assumed enrolment growth will not be funded;
* The University expects to meet all of its required targets throughout this budget cycle thereby avoiding any recovery of government performance-based funding;
* Special purpose grants have been adjusted based on known changes at the time of planning and otherwise assumed constant; and
* Other grants assumed in the budget include the Collaborative Nursing grant with Fleming College and the Research Support grant, less the Ministry-required International Student Recovery fee of $750 per FTE for all international students.

**Tuition Fees**

With fixed Ministry funding, many universities including Trent are adopting an enrolment growth strategy reliant on tuition-only revenue and increased internationalization to offset inflationary pressures.

The Tuition Fee Framework is governed by the provincial government and monitored through the annual Tuition Fee Compliance report. On March 22, 2022, consistent with the University’s prior assumptions, the Ministry announced a continuation of its existing tuition fee policy which stipulates that tuition fees for all publicly funded programs for each year of study for funding-eligible (primarily domestic) undergraduate and graduate students will remain frozen for the 2022/2023 academic year. This announcement marks the third year of tuition fees held at 2019/2020 tuition rates, which were mandated to be 10% less than 2018/2019 fees. The University is assuming this freeze will remain in effect for the budget cycle. Enrolment growth will partially mitigate lost revenue as a result of the mandated tuition reduction and subsequent freezes.

Commencing in 2021/2022, the Ministry’s Tuition Fee Framework gives institutions the flexibility to increase tuition rates for domestic out-of-province students. Last year, Trent implemented a 3% increase for these fees, the maximum allowed under the Framework for 2021/2022. The University plans to continue applying a 3% increase to domestic out-of-province students in each year of this planning cycle. Administration and the Board may review this assumption at a later date as the recent announcement, which came after budget planning was complete, allows such fees to increase by up to 5% in 2022/2023. The increase to domestic out-of-province fees does not generate material revenue for the University.

International fees are not regulated by the province and are subject to Board approval. There is a need to balance student affordability with perceived quality and reputation of academic programs in order to attract international students.

Based on a comparison of 2021/2022 international tuition rates in the Business and Arts programs categories, Trent University’s international undergraduate tuition fees for degree programs are third lowest in Ontario. In March 2022, in an effort to grow international enrolment and remain competitive, Trent’s Board of Governors approved the same increases to international undergraduate fees for 2022/2023 as implemented in 2021/2022: 8% for incoming students (2022 and 2021 cohorts) and 5% for continuing students (pre-2021 cohort). These increases have been applied to each year of this budget cycle.

International rates for certificate programs were adjusted downward in 2021/2022 to be more comparable to market rates as the University strives to grow certificate programs and meet its internationalization objective. In alignment with last year’s strategy, these program fees are assumed to increase by 5% each year of the planning cycle.

International fees for graduate programs are highly calibrated with market rates as the programs and fees were more recently established. Therefore, the Board of Governors approved an increase to 2022/2023 international graduate fees of 3% for research-based programs and 5% for professional programs to remain comparable to prevailing market rates. These increases have been applied to each year of this budget cycle.

**Student Financial Aid and Scholarships**

Student aid and scholarship expense is a highly variable cost dependent primarily on student enrolment and the academic qualifications (entrance grades) of the student body. As enrolment grows, so too does this expense. The University has historically provided a high level of student aid relative to comparator universities, consistently standing at or near the top of university rankings in the percentage of its operating budget expended on scholarships and bursaries. Trent was once again #1 in Ontario for scholarships and bursaries in Maclean’s University Rankings 2021 – Primarily Undergraduate category.

The Ministry requires universities to reserve a portion of additional revenue resulting from tuition fee increases to eligible domestic students to ensure that institutions can meet Student Access Guarantee requirements for need-based student aid, and provide other forms of assistance to students in need. For the purposes of budget planning for all three years in this budget cycle, tuition set-aside is estimated at 6.0% of tuition fee revenue for eligible domestic undergraduate and graduate students. For international undergraduate students, the University will also set aside an additional 2% of international undergraduate tuition fees revenue in each of the three years of this budget cycle for additional resources to support international students.

Based on a three-year historical analysis, undergraduate domestic and international scholarship costs were $530 per FTE. In addition to the above, undergraduate international scholarships and fee waivers are estimated to be 5.0% of undergraduate international tuition revenue. These rates are used to estimate undergraduate scholarship expense for each of the three years in this budget cycle.

Graduate scholarship expense varies significantly, depending on the program. For research and thesis-based graduate programs, the University estimates expenses for graduate scholarships, research fellowships and awards is approximately 26.3% of the related tuition revenue. This estimated rate applies to both domestic and international graduate students. In addition, graduate international fee waivers and bursaries for international graduate students in research and thesis-based programs is estimated at 41.2% of international graduate tuition revenue. These rates are used for planning purposes throughout this budget cycle.

**Salaries and Benefits**

Across-the-board compensation increases for all union employee groups are based on collective agreements, as well as progression through salary grids. With the passing of Bill 124 in November 2019, salary increases are limited to 1% for a three-year moderation period commencing on the expiry of pre-existing agreements. Therefore, the University has assumed 1% increases for three years for new contracts negotiated after November 2019 in compliance with Bill 124. Merit and step increases are also allowed under Bill 124 if such programs were previously established. As a result, salary rate increases range from 1.0% to 3.74%, depending on the employee group.

At the time of planning, the collective agreements for all union employee groups were settled. Trent University Faculty Association (TUFA), representing full-time faculty and professional librarians, and Ontario Public Service Employees Union (OPSEU), representing all non-academic employees, except supervisors and persons above the rank of supervisor, were settled to June 30, 2022. Negotiations are pending in the spring or summer of 2022 for these two union groups. The collective agreement for Canadian Union of Public Employees Unit 1 (CUPE1), representing part-time employees engaged in teaching, demonstrating, tutoring, or marking in the academic programs (except registered students), was settled to August 31, 2023. The collective agreement for Canadian Union of Public Employees Unit 2 (CUPE2), which represents all employees registered as students who are regularly employed for not more than 24 hours per week as Teaching Assistants, Academic Assistants, Markers, Proctors, Lab Demonstrators, or Lab Advisors in the academic programs, was recently settled to August 31, 2024.

Benefit costs vary by collective agreement and employee. Benefit rates used for planning purposes, including health, dental, and long-term disability benefits, are expected to increase by 7.5% to 15.0% depending on the type of benefit in accordance with estimates provided by the University’s benefits consultant.

**Pension Costs**

The TUFA Pension Plan is a registered pension plan. Based on the last actuarial valuation filed at January 1, 2021, the University’s normal cost is estimated at 11.83% of payroll for the three years of this budget cycle. On January 1, 2022, Trent University became the first non-founding member to join the University Pension Plan (UPP), a multi-employer jointly sponsored pension plan for the sector. On conversion, the assets and liabilities of the Pension Plan were transferred to the UPP and benefits commenced under the UPP. This budget maintains a provision for fixed payments for the repayment of any going concern obligation at conversion (to be determined by a pending special actuarial valuation) and any actuarial gains or losses relative to Trent’s assets that may be incurred over the next few years as specified in the Transfer Agreement. Solvency special payments were eliminated and the standby letter of credit used in the past two years to address these payments expired on January 1, 2022.

The OPSEU/Exempt Pension Plan is a registered pension plan for which an actuarial valuation is prepared and filed annually. Based on the most recent actuarial valuation at July 1, 2021, the University’s normal cost is estimated at 11.27% of payroll throughout this planning cycle. For budgeting purposes, annual going concern special payments and Pension Benefit Guarantee Fund payments are estimated at $1.9 million. The University has permission to use a standby letter of credit to address annual special solvency payments of $2.5 million until this pension plan can transition to a jointly sponsored pension plan. Therefore, this budget does not include a provision for special solvency payments. The University has begun discussions regarding conversion to the UPP or another jointly sponsored pension plan with members of this plan.

For the Supplementary Retirement Agreement, estimated benefit payments of $1.6 million will be required from Trent as the plan assets are depleted.

**Other Non-Salary Expenses**

The Operating Budget projects utilities expense will increase by 15% based on estimates provided by the university’s energy consultants at the time of planning. A number of initiatives to reduce energy consumption has been implemented under the Energy Performance Contract. Savings related the agreement will be used towards financing the project until fully paid in May 2031. Therefore, these savings will not be available to contribute to the Operating Budget during this planning cycle.

Insurance premiums are expected to increase by as much as 20% for property and 11% for liability coverage based on discussions with insurance carriers. Such increases are reflective of the current fiscal environment.

In February 2017, Trent University refinanced its existing amortizing loans with non-amortizing debentures in order to provide the University with access to additional capital, to improve the overall flexibility in the Operating Budget, and to reduce the effective cost of capital. The Board of Governors established an internally-administered sinking fund with annual contributions to ensure sufficient funds are available from which to repay 100% of the principal of the debentures at maturity, February 17, 2057. The Operating Plan assumes that the total interest payments and annual contributions to the sinking fund are the same as the interest and principal payments before the debt refinancing was completed.

The budget assumes an annual inflation rate of 3% on relevant non-salary expenses. Other base budget adjustments were made to reflect current experience or known changes.

Under the current fiscal environment, interest earned on short-term investments and cash deposits have been significantly impacted. The decline in interest revenue experienced in 2021/2022 is expected to continue for the near-term resulting in an additional pressure on the operating budget during this budget cycle.

**BUDGET STRATEGIES FOR 2022/2023**

Based on the key planning assumptions, the preliminary 2022/2023 Operating Budget before making any new strategic investments or implementing new budget reduction strategies projected approximately $2.7 million available for strategic investments.

This projection was heavily reliant on enrolment growth and increased internationalization to generate incremental revenue. With fixed Ministry funding and tuition rates for eligible (primarily domestic) students, many universities including Trent are implementing strategies to grow international enrolment, creating more competition and adding more operating pressures to provide the needed supports for this student population. The preliminary budget left limited funds available for additional strategic investments to address enrolment growth or other operating pressures.

This preliminary budget excludes any COVID-related expenses that may be incurred in 2022/2023 as the pandemic continues, such as costs to maintain health and safety protocols, testing, enhanced cleaning and facilities maintenance, IT infrastructure, and students and faculty supports. These costs, currently estimated at $1.1 million, will be covered by prior year appropriations.

**Net New Strategic Investments**

The approved net new investments for 2022/2023 focus on the following strategic priorities of the University:

* Maintaining Financial Sustainability – It is imperative the University maintain a balanced operating budget to ensure financial sustainability for the future. Especially in the current fiscal environment, strong financial health is required in order to continue the academic vision and mission of Trent, including the provision of quality academic programs and student experience, while addressing increasing operating pressures.
* Growing Enrolment, with a particular emphasis on internationalization – The Operating Budget is predicated on growing enrolment and strategically increasing international students to 15% of the student population by Fall 2025 in an effort to generate additional revenue in light of fixed government grants and domestic tuition rates. To achieve this objective, investments in international recruitment strategies are necessary. The development of new or expanding existing academic programs, with corresponding investments in faculty and academic supports, are required to continue to attract students to the University.
* Maintaining or Enhancing Institutional Capacity – As the student population continues to increase, it is imperative to invest in areas of enrolment growth. The goal is to maintain or enhance the University’s capacity by ensuring appropriate levels of teaching and learning resources, providing required student, faculty and staff supports, and improving physical space needs. Instructional staff planning is also part of this objective, including replacement of planned retirements and/or resignations.
* Supporting Growth in Durham GTA – Much of the anticipated enrolment growth is expected to be at the Durham GTA campus. In 2020, Trent invested in a new academic/residence building and food services renovations, and expanded other physical space to accommodate growing academics at that campus. It is important to make appropriate investments in new and expanding programs and services to support this continued growth and maintain the student experience for Durham GTA students.
* Building Co-op and Experiential Learning – One opportunity to attract more students and provide an enhanced student experience is to create new co-op opportunities. The University will invest in new and expanding programs that offer more experiential learning opportunities and resources to assist with placement coordination.
* Enhancing Research Opportunities – In 2020, the University underwent an external review of research at the request of the President. The review provided 46 recommendations for consideration to achieve Trent’s objective of being “the best we can be in all aspects” of its research activities. Investing in research will help address the priority recommendations identified for this fiscal year and increase research grant capture and research activity conducted by the University.
* Increasing Philanthropic Campaign – The University will increase philanthropic efforts to reduce its dependence on government operating grants and student tuition revenue.

A summary of the approved net new strategic investments of $2.7 million is provided in the table below. Approximately 65% of the new investments are resources directly for academic or for academic support. The strategic investments are after offsetting savings from planned retirements and resignations.

|  |  |  |  |
| --- | --- | --- | --- |
| **2022/2023 Strategic Investment (in thousands)** | **On-going Investment** | **One-time Investment** | **Total Investment** |
| Academic resources and supports in SciencesOffset by savings due to retirements/resignations | $1,374($1,411) | $ 39  | $1,413($1,411) |
| Academic resources and supports in Humanities and Social Sciences Offset by savings due to retirements/resignations | $ 783($ 944) |  | $ 783($ 944) |
| Academic resources and supports in Durham | $ 989 |  | $ 989 |
| Investment in Nursing and Education programs | $ 109 |  | $ 109 |
| Supports to enhance on-line learning | $ 173 | $ 45 | $ 218 |
| Resources to grow co-op and experiential learning opportunities | $ 181 |  | $ 181 |
| Investment in Research activities | $ 184 |  | $ 184 |
| Increase in library acquisitions | $ 150 |  | $ 150 |
| Increase in agent fees and other resources for international recruitment | $ 149 |  | $ 149 |
| Student supports, including student communications and academic advising | $ 179 |  | $ 179 |
| Supports to strengthen indigenous relations | $ 40 |  | $ 40 |
| Increase in philanthropic supports | $ 103 |  | $ 103 |
| Resources to improve scheduling due to growth | $ 77 |  | $ 77 |
| Resources to enhance human resources, human rights and grant co-ordination | $ 108 | $ 170 | $ 278 |
| Other items including facilities and insurance  | $ 203 |  | $ 203 |
| **Total Net New Strategic Investments** | **$2,447** | **$ 254** | **$2,701** |

Also included in this Operating Budget are twenty-four new tenure track faculty appointments, of which fourteen are replacements of planned retirements and resignations, seven will be funded from within the existing budgets of the academic units, and three are new positions to address capacity and growing enrolment in new and expanding program areas. It is important to note that these appointments will be strategically placed where there is the most need, which may not necessarily be an exact replacement of the retirement or resignation.

**2022/2023 OPERATING BUDGET**

As a result of the approved net new strategic investments, the 2022/2023 Operating Budget is expected to be balanced with a nominal surplus. This operating plan was approved by the Board of Governors on March 25, 2022.

|  |  |  |  |
| --- | --- | --- | --- |
|  | **2021/2022 Projection\*** | **2022/2023 Budget** | **Change** |
| Government grants | $ 54,925 | $ 54,734 | $ (191) | -0.3% |
| Tuition fees | $ 97,333 | $102,164 | $ 4,831 |  5.0% |
| Miscellaneous revenue | $ 846 | $ 1,131 | $ 285 | 33.7% |
| **TOTAL REVENUE** | **$153,104** | **$158,029** | **$ 4,925** |  **3.2%** |
| Instructional staff | $ 73,768 | $ 78,143 | $ 4,375 | 5.9% |
| Non-instructional staff | $ 49,006 | $ 49,669 | $ 663 | 1.4% |
| Student financial aid | $ 11,656 | $ 12,214 | $ 558  | 4.8% |
| Non-staff expense | $ 26,545 | $ 28,389 | $ 1,844 | 6.9% |
|  Sub-total | $160,975 | $168,415 | $ 7,440 | 4.6% |
| Cost recoveries | $ (9,296) | $(10,515) | $ (1,219) | 13.1% |
| **TOTAL NET EXPENSE** | **$151,679** | **$157,900** | **$ 6,221** | **4.1%** |
| NET REVENUE | $ 1,425 | $ 129 | $ (1,296) |  |
| Change in internally restricted | $ 709 | $ (78) | $ (787) |  |
| **ANNUAL EXCESS REVENUE OVER EXPENSE** | **$ 2,134** | **$ 51** | **$ (2,083)** |  |

\*2021/2022 Projection at time of Board approval in March 2022. This projection is subject to year-end adjustments including carry forward requests related to unspent departmental funds, as approved.

**Breakdown of 2022/2023 Operating Revenue**

**Breakdown of 2022/2023 Operating Expenses**

**MULTI-YEAR PLANNING**

In 2019, Trent resumed multi-year budgeting at the budget developer level as a way to promote longer-term planning and more efficient use of critical resources required to address projected enrolment growth and to align with the University’s strategic direction. This multi-year planning continued for this budget cycle as it is key for Trent to strategically plan its economic recovery from the negative impacts of the pandemic and to obtain future sustainability.

Budget owners were asked to prepare a three-year plan based on the current planning guidelines and assumptions. Plans for the second and third years offer an order of magnitude for planning purposes only. Multi-year plans are subject to annual review each fall to ensure the assumptions remain reasonable and/or up to date for additional known changes or new expectations.

The major planning assumptions for years two and three remain consistent with the key budget assumptions for the 2022/2023 fiscal year, except as follows:

* The University is actively working towards the transition of its staff pension plan into the University Pension Plan or another jointly sponsored pension plan University Pension Plan. The target date of conversion of this plan is January 1, 2024, which will eliminate pension solvency payments and pension benefit guarantee payments from that date onward.

The high-level budget projections for 2023/2024 and 2024/2025 have also been adjusted for salary escalation and inflation estimates, annualization of the approved net new investments in 2022/2023, and the removal of one-time amounts no longer applicable.

**These future-date projections do not include any additional strategic investments to address the enrolment growth on which these budgets are predicated**.

With controlled enrolment growth and internationalization, Trent’s financial health is expected to remain strong and improve over this budget cycle. This will allow strategic investments where required to maintain or enhance quality academic programming, research activities and student experiences.

|  |  |  |  |
| --- | --- | --- | --- |
|  | **2022/2023 Budget** | **2023/2024\* Projection** | **2024/2025\* Projection** |
| Government grants | $ 54,734 | $ 54,638 | $ 54,518 |
| Tuition fees | $102,164 | $109,508 | $119,406 |
| Miscellaneous revenue | $ 1,131 | $ 1,646 | $ 1,609 |
| **TOTAL REVENUE** | **$158,029** | **$165,792** | **$175,533** |
| Instructional staff | $ 78,143 | $ 81,009 | $ 83,963 |
| Non-instructional staff | $ 49,669 | $ 51,061 | $ 51,725 |
| Student financial aid | $ 12,214 | $ 12,753 | $ 13,457 |
| Non-staff expense | $ 28,389 | $ 28,716 | $ 29,443 |
|  Sub-total | $168,415 | **$173,539** | **$178,588** |
| Cost recoveries | $(10,515) | $(10,667) | $(10,805) |
| **TOTAL NET EXPENSE** | **$157,900** | **$162,872** | **$167,783** |
| NET REVENUE | $ 129 | $ 2,920 | $ 7,750 |
| Change in internally restricted | $ (78) | $ (150) | $ (150) |
| **ANNUAL EXCESS REVENUE OVER EXPENSE** | **$ 51** | **$ 2,770** | **$ 7,600** |

**\***Projections do not include any additional strategic investments to address the enrolment growth on which these budgets are predicated.

**2022/2023 PANDEMIC BUDGET**

The 2022/2023 Operating Budget does not contain a provision for incremental costs due to the on-going pandemic. The Operating Plan assumes teaching and learning and other activities will be primarily in-person and on-campus for the entire year.

The University is committed to following and adjusting to any guidelines that may be required to keep the University communities safe. The COVID-19 investments required to continue supporting students, faculty and staff for in-person learning and on-campus activities will continue to be separately reported. These anticipated incremental costs include:

* Costs to administer health and safety protocols, such as testing, isolation supplies, signage and personal protective equipment;
* Expenditures on facilities management systems and enhanced cleaning;
* Investments in additional clinical instructors; and
* technology to support online/remote instruction and events.

Trent expects these incremental costs, currently estimated at $1.1 million for 2022/2023, will be mitigated by the remaining operating contingency appropriation established by the Board at April 30, 2021.

With two exceptions, ancillary services are expected to make administrative overhead and/or surplus contributions to the Operating Budget at pre-pandemic levels. English as a Second Language and Athletics continue to expect reduced revenue as a result of the on-going pandemic and resulting deficits have been factored into the 2022/2023 Operating Budget. The University recognizes it will take time for ancillary services to rebuild their reserves which are critical to address capital and infrastructure renewal.

**2022/2023 ANCILLARY BUDGET**

Ancillary departments also prepared budgets following the same budget planning principles set out for operating budget developers. In accordance with the Board-approved ancillary fees protocol, the allowable inflationary increase in ancillary fees without approval from Colleges and Student Services Committee or a student referendum is the lessor of 3% or CPI. The applicable CPI at the time of budget planning was 4.7%.

Ancillary services, with the exception of English as a Second Language and Athletics, are expected to contribute to the Operating Plan at pre-pandemic levels for fiscal 2022/2023.

**Ancillary Operations Funded Primarily from Student Fees**

The departmental surpluses, if any, of ancillary operations funded primarily from student fees, including Athletics, Housing, Dining, Colleges, Student Health, Parking, Orientation, Campus Card and Durham Transit Pass, are set aside at year end to fund future projects or initiatives of the respective departments to provide direct benefit to students. The exception is any surpluses generated by Athletics, which contribute directly to the Operating Fund to help offset the cost of prior capital expansion borne by the Operating Budget. For 2022/2023, Athletics is anticipating a deficit of almost $0.2 million due to the ongoing pandemic, which has been factored into the Operating Budget.

These ancillary services are typically charged an administration overhead fee of 6.62% to help offset the cost of administrative support provided from Operations. This year, the expected ancillary administrative overhead contribution to the Operating Budget is just over $2.2 million.

**2022/2023 Revenue from Ancillary Operations**

**Funded Primarily from Student Fees**

**Ancillary Operations Contributing to the Operating Fund**

The annual surplus of several ancillary operations, including the Campus Store, Print Shop, English as a Second Language (ESL), Conferences/Catering, and Starbucks, is transferred to the Operating Fund each year end. For 2022/2023, it is anticipated these ancillary operations will have a net deficit of nearly $0.3 million primarily as a result of the continued impact of the pandemic on ESL. This net deficit has been factored into the Operating Budget.

|  |  |  |
| --- | --- | --- |
|  | **2021/2022Budget** | **2022/2023 Budget** |
|  | **Revenue** | **Expense** | **Net** | **Revenue** | **Expense** | **Net** |
| Athletics | $ 4,403 | $ 4,386 | $ 17 | $ 4,476 | $ 4,662 | $ (186) |
| Housing | $14,528 | $14,528 | $ 0 | $15,922 | $15,922 | $ 0 |
| Dining | $ 8,674 | $ 8,674 | $ 0 | $ 8,893 | $ 8,893 | $ 0 |
| Colleges | $ 2,840 | $ 2,840 | $ 0 | $ 3,175 | $ 3,175 | $ 0 |
| Other | $ 2,663 | $ 2,663 | $ 0 | $ 3,455 | $ 3,455 | $ 0 |
| **Total Ancillary Operations Funded Primarily by Student Fees** | **$33,108** | **$33,091** | **$ 17** | **$35,921** | **$36,107** | **$ (186)** |
| **Ancillary Administrative Overhead Contribution to Operating Fund** | **$2,008** |  |  | **$2,204** |
| **Ancillary Operations Contributing to Operating Fund**Campus Store, Print Shop, ESL, Conferences and Catering, Starbucks | **$ (638)** |  |  | **$ (277)** |
| **TOTAL CONTRIBUTION TO** **OPERATING BUDGET** | **$1,402** |  |  | **$1,741** |

**CAPITAL PLANNING**

Trent University has several capital projects currently underway or in development. The following provides highlights of the major projects.

**Jalynn Bennett Amphitheatre**

At its board meeting in March 2022, Trent approved the Jalynn Bennett Amphitheatre. This amphitheatre will be a new, three-season performance space situated in the courtyard of Traill College, enabling Traill College to meet a long-standing community need for a centrally located, outdoor stage that particularly features professional artists. The projected cost for the amphitheatre is $1.4 million, of which $900,000 has already been raised through a federal Canadian heritage grant and donations, including the original gift from the Estate of Jalynn Bennett. Construction of the amphitheatre is scheduled to begin in May 2022 and conclude by September 2022.

**Peterborough Housing Capital Development**

Housing Services is developing a Peterborough Housing Strategy to further align the housing program to the University’s strategic objectives, meet growing demand based on current enrolment projections, and enhance the student experience by bringing more students onto the core campus at its Symons campus. A market and demand analysis presented in February 2019 and updated in 2021 indicates the need for approximately 500 to 700 new residence beds at the Symons campus, as well as significant renovations to the existing residences to address deferred maintenance. The University is suggesting a sequenced strategy over a period of 10 years.

As part of the delivery of this strategy, Trent is exploring alternative financing options with a partner to develop a mixed-use facility that reflects the University’s identity as a collegiate university to accommodate a new student residence, food and other retail services, and academic spaces. This new facility is primarily intended to house first year students to enable the University to better meet its first-year accommodation guarantee and to expand institutional capacity for teaching and learning. In addition, this opportunity may, at Trent’s option, encompass the redevelopment of the Otonabee College student residence. The University is in the planning stage for this project, with a target date for commencement of construction in 2025.

**Durham Master Plan**

With much of the University’s enrolment growth expected at the Durham GTA campus, Trent will need to develop a master plan to ensure adequate space to accommodate this growth. This master plan is expected to commence in 2022/2023 and will build on the recent expansion, which included a mixed-use student residence and academic facility opened in September 2020 and the acquisition of adjacent properties in 2021 and 2022.

**Deferred Maintenance**

Like most universities, Trent has a significant backlog of deferred maintenance on its campuses encompassing all aspects of its facilities, including building envelopes, mechanical and electrical systems, structural integrity, exterior walkways and roadways, and interior furnishings and finishes. Risks are mitigated on a daily basis through immediate intervention and preventative maintenance efforts.

In 2021/2022, Trent received a grant of $1.9 million under the Facilities Renewal Program, which the University uses to address deferred maintenance. Based on a Ministry announcement in February 2022, the University expects to receive the same level of annual funding over the next three years. The University also plans to set aside some funds from the projected 2021/2022 surplus to further address critical one-time deferred maintenance requirements.

At the time of budget planning, Trent was reviewing its capital assets and reassessing deferred maintenance needs to prioritize projects the available sources of funds will address during this budget cycle. In addition, a significant portion of identified deferred maintenance will be addressed through the Energy Performance Contract and the Peterborough Housing Capital Development project.

**Energy Performance Contract**

The Energy Performance Contract is a multi-year project which includes a variety of initiatives designed to improve energy performance and savings across the University campus. The initial phase, which is substantially complete, had a total estimated cost of $15.5 million and addressed over $5.0 million in deferred maintenance. The additional measures now being undertaken have an estimated cost of $9.2 million and will address a further $1.9 million in deferred maintenance. Savings from these initiatives are used to finance the projects under the Energy Performance Contract.

**Cleantech Commons**

The University has set aside 85 acres of land for the development of Cleantech Commons at Trent University, a research and innovation park at the north-east edge of the University’s Symons campus which represents a major collaboration between the University and the City of Peterborough. The vision for Cleantech Commons is to become Canada’s premier green technology research and innovation site, hosting a cluster of companies and start-up enterprises in environmentally-focused fields including clean technology, environmental services, advanced material sciences, biotechnology, agri-food, and agri-business, to name a few. The goal for Cleantech Commons is to provide experiential learning and employment for students, forge new research partnerships, create a revenue stream for the University, and bring economic development to the region. Its most important contributions may come as a result of the advancements in environmentally beneficial technologies and innovations from the firms located at the Park. Construction on the Cleantech Commons commenced in 2019/2020.

In June 2020, the Federal Economic Development Agency for Southern Ontario agreed to make a non-repayable contribution of up to $4.8 million in support of the development of an accelerator/technology demonstration space, the Trent Enterprise Centre (TEC), located within the Cleantech Commons. These contributions are payable over a four-year period and include $500,000 in support of programming costs incurred by the Peterborough Innovation Cluster. The University’s contribution towards the project is expected to be $2 million. The project will establish and equip the cleantech lab, create pilot manufacturing spaces, and offer business advisory services. Once fully operational, the TEC will support ten to fifteen scalable companies at any given time in the lab/pilot space. The project has an expected completion date of March 2024.