



Operating Budget Report

2017/2018

2017/2018 BUDGET REPORT

	Page Number
Foreword	3
Executive Summary	4
Budget Development Process and Timelines	5
2016/2017 Financial Update	7
Key Budget Assumptions	9
New Investments For 2017/2018	14
2017/2018 Operating Budget	16
Multi-Year Projections – Operating	19
Multi-Year Projections – Capital	22
Multi-Year Projections – Ancillary Services	24

FOREWORD

This report is intended to provide a comprehensive review and summary of the process, consultations, and results of the Trent University 2017/2018 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.

Steven Pillar, Vice President, Finance and Administration
Jacqueline Muldoon, Provost and Vice President, Academic
Cheryl Turk, Associate Vice President, Finance

EXECUTIVE SUMMARY

The budget planning process for fiscal 2017/2018 began in November 2016 with discussions with various groups in the University community regarding the process, timelines, and the current fiscal environment.

Trent University is projecting an operating surplus of \$3.239 million for fiscal 2016/2017. This surplus can accommodate an appropriation of \$1.116 million to offset the Trent University Faculty Association pension solvency special payments effective July 1, 2017. This results in a projected surplus of \$2.123 million, which is sufficient to eliminate the cumulative deficit of \$1.524 million from the beginning of the fiscal year leaving a cumulative surplus of \$599,000 at the end of April 30, 2017.

The preliminary 2017/2018 Operating Budget before new investments projected a surplus of \$1.216 million. The key driver influencing this projection is enrolment. Building on enrolment growth experienced in 2016/2017, the budget assumes the increase from the prior year of 607 full-time equivalents will continue plus an additional 67 full-time equivalents for fiscal 2017/2018, a conservative estimate based on January 2017 applications.

This estimated operating surplus provided the University with the opportunity to propose new investments. All presentations and proposals were carefully reviewed by the President and Vice-Presidents taking into consideration several overall principles, including fit with the University's strategic plans. The Responsibility Centered Management model was also used as guiding principles for decision making when prioritizing and recommending new investments. The approved net new investments of \$1.057 million focus on teaching and research on teaching that ensures that Trent is at the forefront of pedagogical research that can improve university education.

The 2017/2018 Operating Budget projects an annual surplus of \$159,000 after the approved net new investments, and a cumulative surplus to April 30, 2018 of \$758,000. The Board of Governors approved the 2017/2018 Operating Budget on May 12, 2017.

Further details of the 2017/2018 budget process, major assumptions, new investments and projected surplus are provided in this report.

BUDGET DEVELOPMENT PROCESS AND TIMELINES

Budget Process

The budget planning process for fiscal 2017/2018 began in November 2016 with discussions with various groups in the University community regarding the process, timelines, and the current fiscal environment.

For the 2017/2018 budget cycle, Trent University continued to phase in its new approach to budget planning, Responsibility Centered Management (RCM). The aim of RCM is to improve financial sustainability by emphasising the University's strengths in teaching, research and services and by supporting selected opportunities and innovations. RCM will be implemented gradually with the initial focus on undergraduate enrolment and its impact on the financial results of academic divisions and schools. Administrative and support functions will be assessed against available University benchmarks. An important feature will be the availability of some incentive funding to help in the development of new programs and revenue opportunities.

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. Budget developers received their updated base and RCM budgets, guidelines, and assumptions on December 20, 2016. The budget packages also included a business case template to submit specific proposals for increased investments that would generate additional net revenue, mitigate risk, ensure compliance with current legislation or enable the avoidance of future costs. Meetings with the President and Vice-Presidents (PVP) during the week of February 6, 2017 provided each budget developer with an opportunity to present further details of their proposals. PVP met on multiple occasions to discuss the requests and determine recommendations giving careful consideration to current needs and longer term impact on the allocation of resources as well as fit with the University's strategic plans. The RCM model was also used as guiding principles for decision making when prioritizing and recommending new investments.

Timelines

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

Preliminary Budget Discussions	
President / Vice President Committee	November 21, 2016
Provost's Planning Group	November 22, 2016
Finance and Property Committee	November 25, 2016
Board of Governors	December 2, 2016
Operations Management Committee	December 7, 2016
Joint Academic Planning & Budget / Provost's Planning Group	December 15, 2016
Special TUFA Joint Committee	December 15, 2016
Colleges and Student Services Committee	January 11, 2017
Draft Budget Update Discussions	
President / Vice President Committee	Feb 6, 15, Mar 1, 2017
Senior Management Committee	March 2, 2017
Operations Management Committee	March 8, 2017
Finance and Property Committee	March 9, 2017
Special TUFA Joint Committee	March 13, 2017
Joint Academic Planning & Budget / Provost's Planning Group	March 16, 2017
Senate	April 4, 2017
Board of Governors	April 7, 2017
Budget Approvals	
Finance and Property Committee	April 20, 2017
Board of Governors	May 12, 2017

2016/2017 FINANCIAL UPDATE

Based on preliminary estimates, subject to year-end adjustments, Trent University is projecting an operating surplus of \$3.239 million in the 2016/2017 fiscal year. This projection is largely attributable to the following:

- Enrolment increased by 607 full-time equivalents (FTEs) from the prior year, which was 285 FTEs more than the planned 322 FTEs increase in the budget, resulting in \$3.352 million more in grant and tuition revenue.
- Trent also experienced an increase in student aid and scholarship fees of \$1.110 million due to increased enrolment and higher entrance and renewable student averages.
- Based on the recently completed actuarial valuation, effective July 1, 2016 the university employer contributions (normal cost) related to the Trent University Faculty Association (TUFA) pension plan increased from 7.9% to 10.57%. This increase in employer contributions was not accounted for in the budget and resulted in an increase over budget of \$740,000.
- At April 30, 2016, a reserve for unachieved revenue of \$500,000 was established in the event that 2016/2017 enrolment increases planned in the budget were not realized. As enrolment targets were exceeded, this reserve is no longer required and has been reversed in the year-end projection.

The projected surplus can accommodate an appropriation to offset the TUFA solvency special payments effective July 1, 2017 of \$1.116 million (representing 10 months of the annual cost).

Based on these preliminary estimates, the 2016/2017 annual surplus is projected to be \$2.123 million, which is sufficient to eliminate the cumulative deficit from the beginning of the fiscal year of \$1.524 million. The cumulative surplus at the end of the fiscal year April 30, 2017 is projected to be \$599,000, subject to year-end adjustments.

TRENT UNIVERSITY
2016/2017 PROJECTION COMPARED TO OPERATING BUDGET
(thousands of dollars)

	2016/2017 BUDGET	2016/2017 PROJECTION	VARIANCE	
REVENUE				
Government grants	\$ 54,266	\$ 55,792	\$ 1,526	2.8%
Tuition fees	\$ 60,928	\$ 62,754	\$ 1,826	3.0%
Miscellaneous revenue	\$ 1,674	\$ 1,674	\$ -	0.0%
TOTAL REVENUE	\$ 116,868	\$ 120,220	\$ 3,352	2.9%
EXPENSE				
Instructional staff	\$ 59,079	\$ 59,759	\$ (680)	-1.2%
Non-instructional staff	\$ 36,274	\$ 36,395	\$ (121)	-0.3%
Student financial aid	\$ 7,562	\$ 8,832	\$ (1,270)	-16.8%
Non-staff expense	\$ 19,957	\$ 19,797	\$ 160	0.8%
TOTAL EXPENSE	\$ 122,872	\$ 124,783	\$ (1,911)	-1.6%
Cost recoveries	\$ (7,302)	\$ (7,302)	\$ -	0.0%
TOTAL NET EXPENSE	\$ 115,570	\$ 117,481	\$ (1,911)	-1.7%
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSE	\$ 1,298	\$ 2,739	\$ 1,441	111.0%
Change in Internally Restricted – Enrolment Provision	\$ -	\$ 500	\$ 500	
Change in Internally Restricted – TUFA Solvency Special Payments	\$ -	\$ (1,116)	\$ (1,116)	
ANNUAL SURPLUS	\$ 1,298	\$ 2,123	\$ 825	63.6%
Cumulative Surplus (Deficit) – Opening Balance	\$ (1,524)	\$ (1,524)	\$ -	
CUMULATIVE SURPLUS (DEFICIT) – CLOSING BALANCE	\$ (226)	\$ 599	\$ 825	365.0%

KEY BUDGET ASSUMPTIONS

The current fiscal environment includes a wide range of internal and external factors that impact the operating budget and determine the financial constraints challenging Trent University.

The preliminary 2017/2018 Operating Budget before new investments projected a surplus of \$1.216 million. The key assumptions that influence this projection are as follows.

Enrolment

Enrolment is the key driver that influences tuition and government grant revenue. The budget assumes growth experienced in 2016/2017 of 607 FTEs will continue and projects an additional 67 FTEs in enrolment for 2017/2018. Based on January 2017 applications, which increased by 17.4%, this is a conservative estimate of enrolment.

MULTI-YEAR UNDERGRADUATE ENROLMENT PROJECTIONS (FTEs)

	2016/2017 Actual	2017/2018 Projection	2018/2019 Projection	2019/2020 Projection
Peterborough Campus				
<u>Current Programs</u>				
Concurrent Education	235	89	0	0
Social Work	233	264	264	264
BSc Water Sciences	18	25	35	35
All other programs	6,557	6,667	6,742	6,747
<u>New Programs</u>				
BSc Biomedical Science	39	72	99	122
BSc Environmental Geoscience	0	15	28	38
Durham Campus				
<u>Current Programs</u>				
Social Work	109	124	124	124
All other programs	726	696	688	682
<u>New Programs</u>				
BA Communications & Critical Thinking	9	15	15	15
BA Child and Youth Studies	31	57	79	97
Total	7,957	8,024	8,074	8,124
Year-over-Year Increase	607	67	50	50

Government Grants

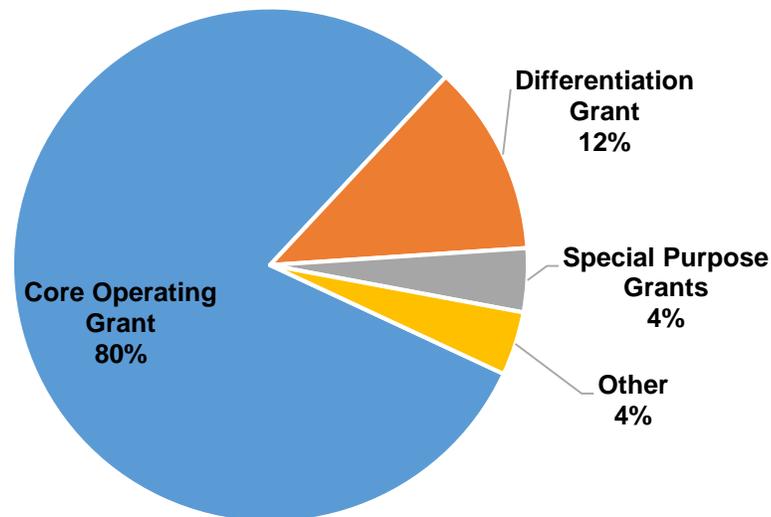
The Ministry of Advanced Education and Skills Development (Ministry) has introduced a new funding formula model commencing with the 2017/2018 fiscal year. This model will create three envelopes of funding.

The Core Operating Grant will use an enrolment corridor mechanism with 2016/2017 enrolment as the base year for the mid-point and with a range of +/- 3% for all universities. The Core Operating Grant will not increase if enrolment is in excess of the corridor midpoint; universities need to negotiate growth funding through their Strategic Mandate Agreement (SMA). At the time of preparing the budget, the SMA negotiations were still ongoing. Therefore, the 2017/2018 Budget assumes the increased enrolment above the midpoint will either be funded or offset by tuition generated by higher than planned enrolment.

Funding through the Differentiation Envelope will be linked with key performance metrics, quality funding and research overhead infrastructure. These metrics will be developed over SMA2 (2017-2020) to take effect in SMA3 (2021-2024). Therefore, it is expected that the 2017/2018 funding will not change materially from that of 2016/2017.

The majority of 2016/2017 Special Purpose Grants will continue as separate grants in 2017/2018, subject to the same accountabilities and processes. Therefore, the 2017/2018 Budget assumes little change in this funding.

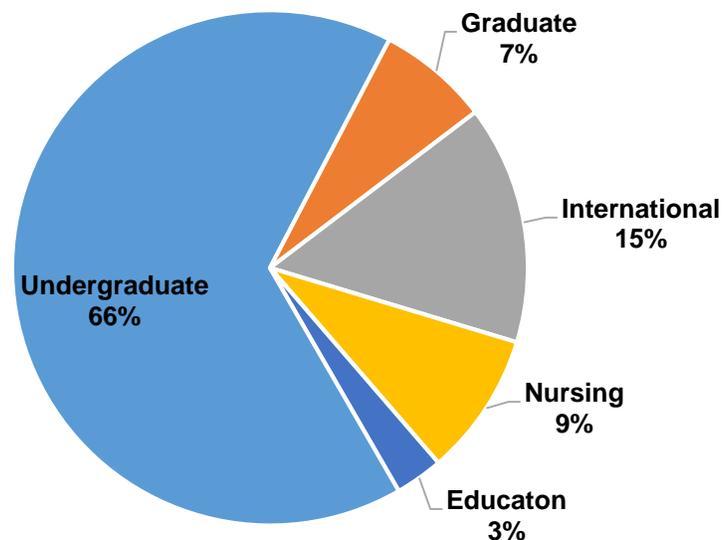
2017/2018 GOVERNMENT GRANTS BY MAJOR CATEGORY



Tuition Fees

The tuition fee policy is governed and monitored by the provincial government. The Ministry's tuition fee policy for 2017/2018 and 2018/2019 allows for an overall average increase of 3% for all domestic undergraduate and graduate students, including a requirement to set aside 10% of increased tuition rates for increased bursaries. International fees are not regulated by the province. Trent has approved an across-the-board rate increase of 3% for undergraduate, graduate and international fees in line with the Ministry's policy.

2017/2018 TUITION FEES BY TYPE OF STUDENT



Student Financial Aid and Scholarships

Based on the increased enrolment and improvement in the quality of the student body experienced in 2016/2017, the University is projecting the undergraduate scholarship budget will be overspent in 2016/2017 by \$1.110 million. The 2017/2018 Budget has been increased to accommodate the current experience. The scholarship program is being reviewed in an effort to reduce this impact for future years.

Tuition set aside for financial aid is also projected to increase by \$223,000 based on the increased 2016/2017 enrolment.

Salaries and Benefits

Salary rate increases for all groups are based on parity and the collective agreements, as well as progression through the ranks. Benefit rates are in accordance with increases provided by the University's benefits consultant.

Pension Costs

Effective July 1, 2016, the University normal cost related to the TUFA pension plan increased from 7.9% to 10.57%, or approximately \$910,000 annually, due to changes in actuarial assumptions related to the discount rate, investment costs, and average age.

Based on the recently filed actuarial valuation, TUFA solvency special payments will be effective July 1, 2017 equating to \$1.339 million in added costs annually or \$1.116 million for fiscal 2017/2018 (ten months). The new solvency relief framework reduced the special solvency payments from \$11.950 million annually. As previously noted, the 2017/2018 solvency special payments will be covered by an appropriation from the 2016/2017 operating surplus. Trent continues to pursue the possibility of joining a new sector-level Jointly Sponsored Pension Plan (JSPP) to eliminate this pension funding challenge in future years.

Only minor adjustments were required for the normal cost and special payments related to the OPSEU and Exempt Administrative Staff pension plan. The next filing year for this plan is 2017.

Capital Spending

Debt repayments in the budget are based on the principal and interest payments of the existing debt prior to refinancing. In February 2017, the University issued \$71 million in Senior Unsecured Series A Debentures, raising additional capital while keeping annual interest payments at the same level. The Board of Governors will establish an internally administered sinking fund with annual contributions sufficient to repay 100% of the principal of the debentures at maturity (February 2057). In addition, the refinancing provided flexibility within the existing operating budget sufficient to clear out of capital from operating over the next five to fifteen years the remainder of its internally financed capital accounts related to deferred maintenance between 2012 and 2016, the IT strategic plan, and the new Student Centre.

Other Non-Salary Expenses

The 2017/2018 Operating Budget projects utilities expense will increase by \$473,000 based on 2015/2016 consumption and rate estimates by the suppliers. Savings from the Energy Performance Contract will be used towards financing the project costs.

The budget assumes an annual inflation rate of 2% on relevant non-salary expenses resulting in an increase in expense of approximately \$254,000. Other base budget adjustments were made to reflect current experience or known changes.

Preliminary 2017/2018 Operating Budget before New Investments

After adjusting the base budget for the above assumptions, the University projected an operating surplus of \$1.216 million:

Projected revenue	\$122.652 million
Projected expenses (net of cost recoveries)	<u>\$121.436 million</u>
Preliminary 2017/2018 Operating Budget Before New Investments	<u>\$ 1.216 million</u>

NEW INVESTMENTS FOR 2017/2018

The preliminary 2017/2018 Operating Budget before new investments projected a surplus of \$1.216 million, providing the University with an opportunity to make new investments. All presentations and proposals were carefully reviewed by PVP taking into consideration several overall principles, including fit with the University's strategic plans. The RCM model was also used as guiding principles for decision making when prioritizing and recommending new investments.

The new investments approved are academic and teaching intensive to support growing enrolment and new or changing academic programs, and to reinvest in faculty after the early retirement incentive program in prior years. The investments listed below, along with re-alignment of existing resources, bring the total number of new faculty positions to 25, twenty-one new teaching-intensive positions and four tenure-track positions. The positions will be distributed across a number of departments in the humanities, social sciences, sciences, education, nursing and Trent's Durham – GTA campus. These positions will be focused on teaching and research on teaching that ensures that Trent is at the forefront of pedagogical research that can improve university education.

6 additional Senior Lecturer Positions to support academic programs	\$ 587,407
Support for growing programs in Durham, including Business	\$ 111,068
Support for Science programs, including additional 40 students in Financial Analytics and Data Analytics AMOD programs and an experimental farm manager	\$ 223,143
Net of additional tuition revenue	\$ (547,660)
Support for Education programs, including Teacher Education Stream and Centre for Teaching & Learning and On-line	\$ 121,217
Marketing support for Graduate programs	\$ 20,000
Increase in library acquisitions	\$ 100,000
Support for Marketing and Communications, and University Secretariat	\$ 106,552
Support for Peer Counselling and Sexual Assault Prevention	\$ 44,145
Support for Financial Aid Office as a result of increased enrolment and Ministry-mandated changes to net tuition billing	\$ 67,111
TOTAL NEW ON-GOING INITIATIVES	\$ 832,983

Base adjustments to better reflect actual costs, including support fees for Qualtrics Research Suite and telephone maintenance contracts	\$ 132,937
One-time costs, including amount to begin implementation of a new Human Resources Information System, and campaign wrap-up events and donor wall	\$ 91,625
TOTAL BASE ADJUSTMENTS AND ONE-TIME INITIATIVES	\$ 224,562
TOTAL NET NEW INVESTMENTS	\$ 1,057,545

2017/2018 OPERATING BUDGET

As a result of the approved net new investments, the 2017/2018 Operating Budget projects an annual surplus of \$159,000 and a cumulative surplus to April 30, 2018 of \$758,000. This operating plan was approved by the Board of Governors on May 12, 2017.

TRENT UNIVERSITY 2017/2018 OPERATING BUDGET COMPARED TO 2016/2017 PROJECTION (thousands of dollars)

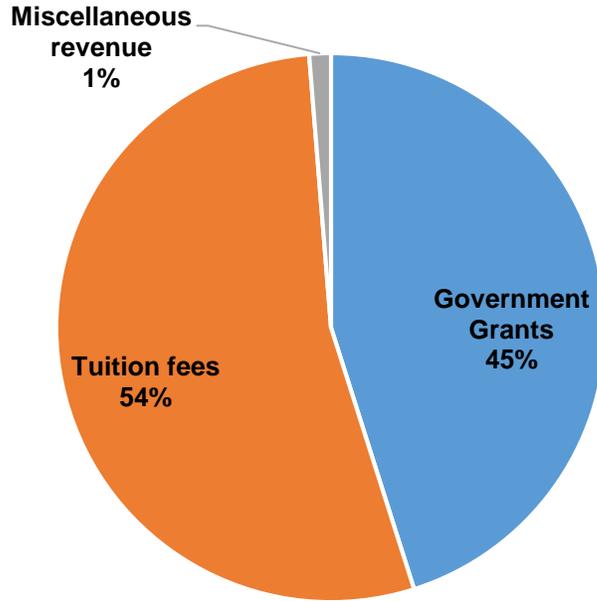
	2016/2017 PROJECTION	2017/2018 BUDGET	CHANGE	
REVENUE				
Government grants	\$ 55,792	\$ 55,515	\$ (277)	-0.5%
Tuition fees	\$ 62,754	\$ 65,987	\$ 3,233	5.2%
Miscellaneous revenue	\$ 1,674	\$ 1,568	\$ (106)	-6.3%
TOTAL REVENUE	\$ 120,220	\$ 123,070	\$ 2,850	2.4%
EXPENSE				
Instructional staff	\$ 59,759	\$ 64,180	\$ 4,421	7.4%
Non-instructional staff	\$ 36,395	\$ 37,182	\$ 787	2.2%
Student financial aid	\$ 8,832	\$ 9,113	\$ 281	3.2%
Non-staff expense	\$ 19,797	\$ 21,241	\$ 1,444	7.3%
TOTAL EXPENSE	\$ 124,783	\$ 131,716	\$ 6,933	5.6%
Cost recoveries	\$ (7,302)	\$ (7,689)	\$ (387)	5.3%
TOTAL NET EXPENSE	\$ 117,481	\$ 124,027	\$ 6,546	5.6%
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSE	\$ 2,739	\$ (957)	\$ (3,696)	
Change in Internally Restricted – Enrolment Provision	\$ 500	\$ -	\$ (500)	
Change in Internally Restricted – TUFA Solvency Special Payments	\$ (1,116)	\$ 1,116	\$ 2,232	
ANNUAL SURPLUS	\$ 2,123	\$ 159	\$ (1,964)	
Cumulative Surplus (Deficit) – Opening balance	\$ (1,524)	\$ 599	\$ 2,123	
CUMULATIVE SURPLUS (DEFICIT) – CLOSING BALANCE	\$ 599	\$ 758	\$ 159	

2017/2018 OPERATING BUDGET VARIANCES FROM 2016/2017 PROJECTION

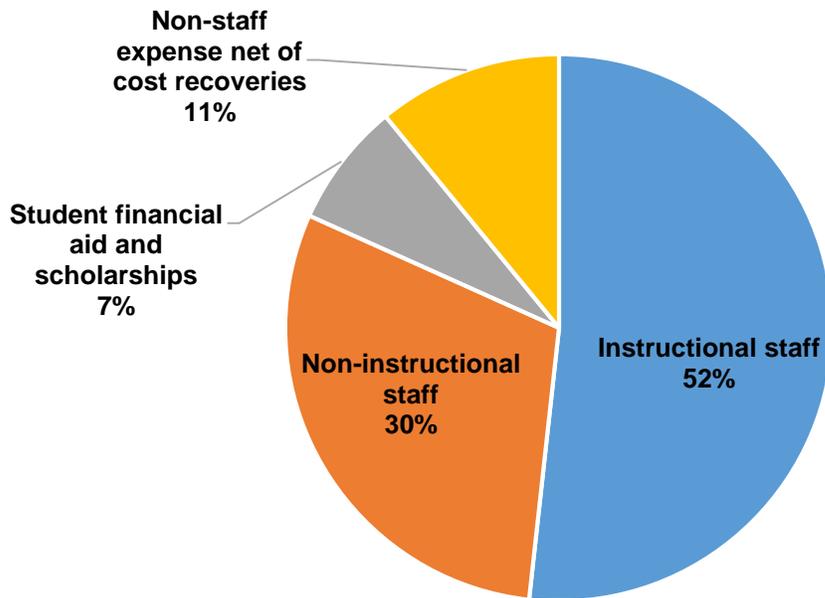
(thousands of dollars)

Government grants		
Increase in enrolment	\$ 203	
Decrease in Education, reflecting reduced BIU weighting	\$ (380)	
Base adjustments	\$ (100)	\$ (277)
Tuition fees		
Rate increase of 3% for domestic and international students	\$ 1,883	
Increase of 67 FTEs in undergraduate programs	\$ 802	
Increase of 40 FTEs in graduate programs	\$ 548	\$ 3,233
Miscellaneous revenue		
Base adjustments		\$ (106)
TOTAL INCREASE IN REVENUE		\$ 2,850
Instructional staff		
New investments	\$ 996	
Step and scale increases and base adjustments	\$ 3,425	\$ 4,421
Non-instructional staff		
New investments	\$ 306	
Step and scale increases and base adjustments	\$ 481	\$ 787
Student financial aid		
New investments	\$ 28	
Increase in tuition set-aside	\$ 223	
Base adjustments	\$ 30	\$ 281
Non-staff expense		
New investments	\$ 330	
Base adjustments	\$ 1,114	\$ 1,444
Cost Recoveries		
New investments	\$ (55)	
Base adjustments	\$ (332)	\$ (387)
TOTAL INCREASE IN NET EXPENSES		\$ 6,546
CHANGE IN EXCESS OF REVENUE OVER EXPENSES		\$ (3,696)
Change in Internally Restricted		\$ 1,732
2016/2017 Annual Operating Surplus		\$ 2,123
2017/2018 OPERATING SURPLUS		\$ 159

BREAKDOWN OF 2017/2018 OPERATING REVENUE



BREAKDOWN OF 2017/2018 OPERATING EXPENSES

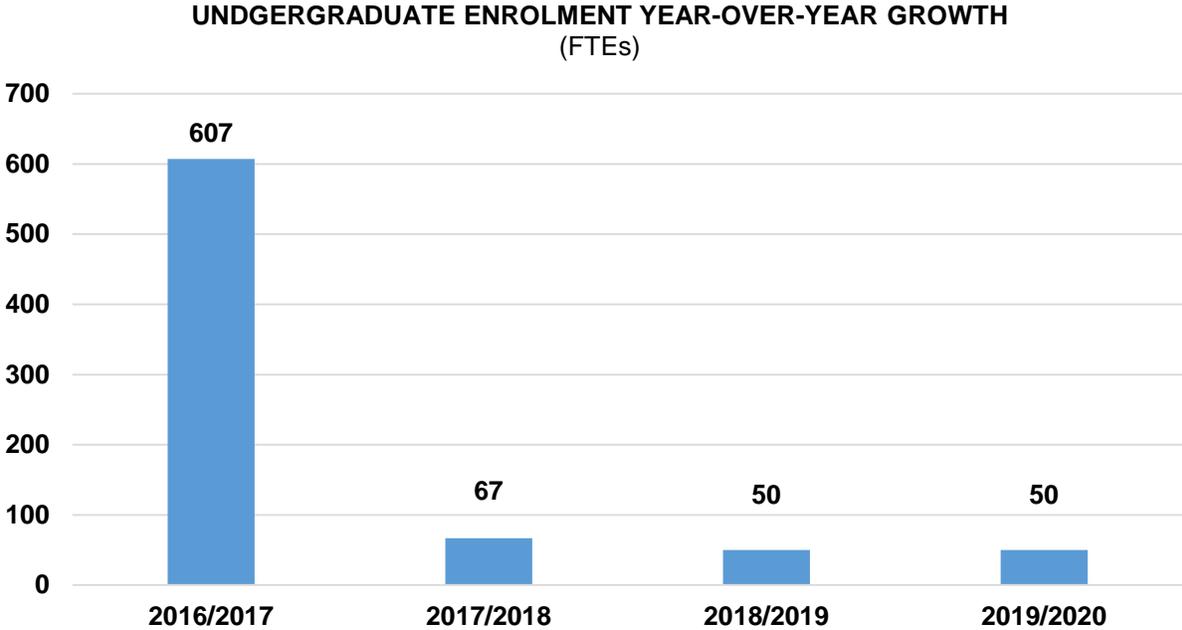


MULTI-YEAR PROJECTIONS – OPERATING

Trent University will begin more robust multi-year planning in the Fall of 2017 to address the financial impact of growing enrolment, funding constraints, pension challenges, and inflationary pressures. In the interim, preliminary projections for 2018/2019 and 2019/2020 are based on the following assumptions.

Enrolment

Trent projections assume a conservative increase of 50 FTEs in each of the fiscal years 2018/2019 and 2019/2020.



Government Grants

At the time of preparing the multi-year projections, negotiations for growth funding based on increased enrolment was ongoing. The multi-year projections assume enrolment growth will be funded, or the unfunded growth will be mitigated by additional tuition generated by higher than planned enrolment.

Tuition Fees

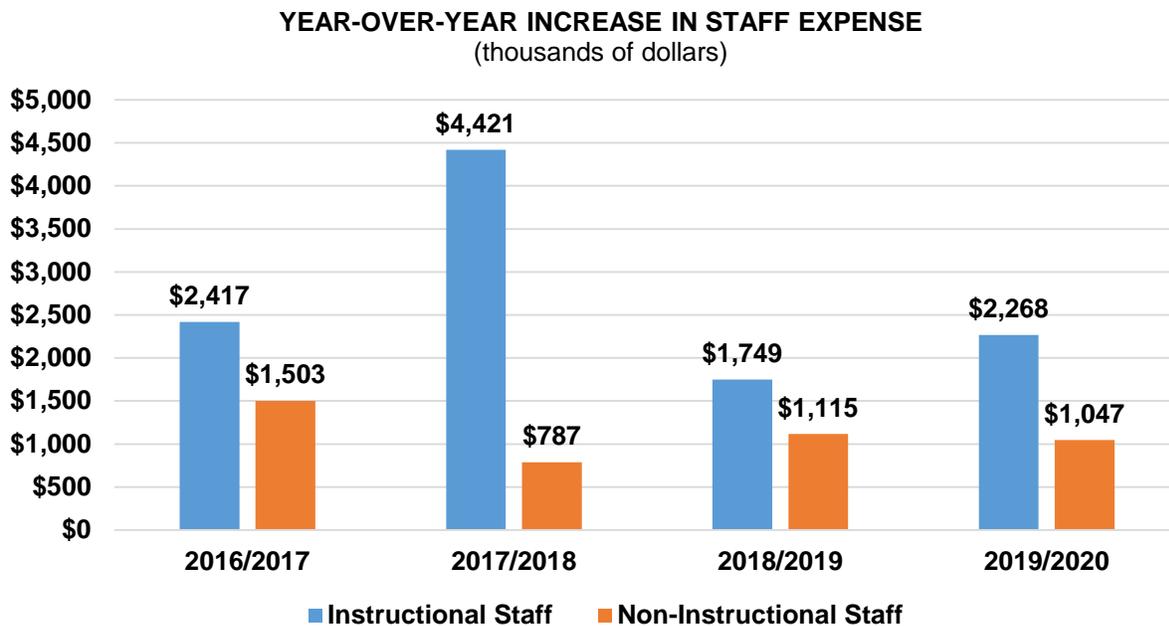
Trent has approved an across-the-board rate increase of 3% each fiscal year for undergraduate, graduate and international fees in line with the Ministry's policy.

Student Financial Aid and Scholarships

The multi-year projections assume student financial aid and scholarships will increase based on enrolment growth and required tuition set aside.

Salaries and Benefits

Salary rates are expected to increase by 2% to 5% consistent with parity and current collective agreement arrangements. Benefit rate increases align with current provisions in the 2017/2018 Budget. The net new investments approved for 2017/2018 have been annualized in 2018/2019 and 2019/2020.



Pension Costs

Trent is actively pursuing the possibility of joining a new sector-level Jointly Sponsored Pension Plan (JSPP). The multi-year projections assume a JSPP will be in place and the TUFA solvency special payments will no longer be required effective July 1, 2018.

TRENT UNIVERSITY
MULTI-YEAR OPERATING PROJECTIONS
(thousands of dollars)

	2016/2017 PROJECTION	2017/2018 PROJECTION	2018/2019 PROJECTION	2019/2020 PROJECTION
REVENUE				
Government grants	\$ 55,792	\$ 55,515	\$ 55,785	\$ 56,054
Tuition fees	\$ 62,754	\$ 65,987	\$ 68,306	\$ 70,706
Miscellaneous revenue	\$ 1,674	\$ 1,568	\$ 1,568	\$ 1,568
TOTAL REVENUE	\$ 120,220	\$ 123,070	\$ 125,659	\$ 128,328
EXPENSE				
Instructional staff	\$ 59,759	\$ 64,180	\$ 65,929	\$ 68,197
Non-instructional staff	\$ 36,395	\$ 37,182	\$ 38,297	\$ 39,344
Student financial aid	\$ 8,832	\$ 9,113	\$ 9,353	\$ 9,585
Non-staff expense	\$ 19,797	\$ 21,241	\$ 21,741	\$ 22,039
TOTAL EXPENSE	\$ 124,783	\$ 131,716	\$ 135,320	\$ 139,165
Cost recoveries	\$ (7,302)	\$ (7,689)	\$ (7,747)	\$ (7,802)
TOTAL NET EXPENSE	\$ 117,481	\$ 124,027	\$ 127,573	\$ 131,363
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSE	\$ 2,739	\$ (957)	\$ (1,914)	\$ (3,035)
Change in Internally Restricted	\$ (616)	\$ 1,116	\$ -	\$ -
ANNUAL SURPLUS (DEFICIT)	\$ 2,123	\$ 159	\$ (1,914)	\$ (3,035)
Cumulative Surplus (Deficit) – Opening balance	\$ (1,524)	\$ 599	\$ 758	\$ (1,156)
CUMULATIVE SURPLUS (DEFICIT) – CLOSING BALANCE	\$ 599	\$ 758	\$ (1,156)	\$ (4,191)

The enrolment growth assumptions included in these multi-year projections are conservative. It is anticipated that actual enrolment increases will exceed the planned enrolment and the resulting increases in tuition fees revenue (and potentially increases in government grants) will mitigate the projected deficits in 2018/2019 and 2019/2020.

The University will embark on multi-year planning in the Fall of 2017 to better plan for and address the impact of enrolment growth, funding constraints, pension challenges, and inflationary pressures.

MULTI-YEAR PROJECTIONS – CAPITAL

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

Deferred Maintenance

The University receives funding under the Facilities Renewal Program to address deferred maintenance. During 2016/2017 and 2017/2018, this grant will be mostly diverted to the Bata Library Transformation project. The University will be reviewing its capital assets and reassessing deferred maintenance needs in 2017/2018. In the interim, a significant portion of identified deferred maintenance will be addressed through the Bata Library Transformation project and the Energy Performance Contract described below.

Student Centre

The new Student Centre will be substantially complete by September 2017. The total estimated cost of the project is \$16.0 million with Trent's contribution being \$5.5 million.

Bata Library Transformation Project

Trent will receive \$7.0 million from the federal Strategic Investment Fund in addition to over \$1.0 million from the provincial Facilities Renewal Program during 2016/2017 and 2017/2018 towards the Bata Library Transformation project (also referred to as the Bata Research and Innovation Cluster or BRIC). The total estimated cost of the project is approximately \$18.0 to \$20.0 million with Trent's contribution estimated at \$10.0 million. The project has a substantial completion date of April 29, 2018.

Energy Performance Contract

The Energy Performance Contract currently underway includes a variety of initiatives designed to improve energy performance and savings across the University campus, as well as addressing over \$5.0 million in deferred maintenance. The total estimated cost of the contract is \$15.5 million. Energy savings will be used to finance the project. Substantial completion is expected by the Fall of 2018.

TRENT UNIVERSITY
MULTI-YEAR CAPITAL PROJECTIONS

(thousands of dollars)

	2016/2017 PROJECTION	2017/2018 PROJECTION	2018/2019 PROJECTION	2019/2020 PROJECTION
Deferred Maintenance				
Facilities Renewal Program	\$ 260		\$ 357	\$ 357
Ancillary fund (OC roof; housing)	\$ 2,616			
Student Centre (\$5.5M Trent contribution)	\$ 4,626			
Bata Library Transformation (\$10.0M Trent Contribution)	\$ 1,042	\$ 8,870		
Energy Performance Contract	\$ 4,559	\$ 6,205	\$ 4,373	
Health Services Renovation	\$ 227			
Other building projects (East Bank, Housing and Research)	\$ 1,023	\$ 1,250	\$ 5,500	\$ 6,500
Sub-total - Building Projects	\$ 14,353	\$ 16,325	\$ 10,230	\$ 6,857
IT Strategic Plan projects (Total \$3.895M)	\$ 774			
Operating & Ancillary funds equipment, software and library acquisitions	\$ 950	\$ 950	\$ 950	\$ 950
Capital, Trust & Research funds equipment, furniture & fixtures	\$ 1,080	\$ 1,050	\$ 1,050	\$ 1,050
TOTAL PROJECTED CAPITAL	\$ 17,157	\$ 18,325	\$ 12,230	\$ 8,857

MULTI-YEAR PROJECTIONS – ANCILLARY SERVICES

Ancillary departments also prepared budgets following the same budget planning principles set out for operating budget developers. Ancillary departments can be divided into two main groups: departments contributing to the Operating Fund and departments primarily funded by student fees.

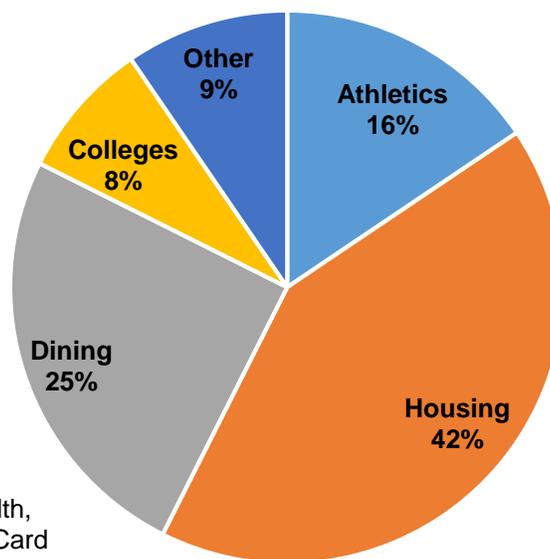
Ancillary Operations Contributing to the Operating Fund

The annual surplus of several ancillary operations, including the Campus Store, Print Shop, English as a Second Language (ESL), and Conferences/Catering, is transferred to the Operating fund each year end. For 2016/2017, the projected contribution to the Operating Fund is \$514,000. The projection for 2017/2018 is a conservative \$278,000, which was offset by an increase in administrative overhead included in cost recoveries in the operating budget.

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, Introductory Seminar Week (ISW) and Campus Card, are set aside at year end to fund future projects or initiatives of the respective departments to provide direct benefit to students.

2017/2018 ANCILLARY OPERATIONS REVENUE



Other includes Student Health, Parking, ISW and Campus Card

TRENT UNIVERSITY
MULTI-YEAR ANCILLARY SERVICES PROJECTIONS
(thousands of dollars)

	2016/2017 PROJECTION	2017/2018 PROJECTION	2018/2019 PROJECTION	2019/20120 PROJECTION
Athletics				
Revenue	\$ 3,778	\$ 4,008	\$ 4,088	\$ 4,170
Expense	\$ 3,729	\$ 3,928	\$ 4,007	\$ 4,087
Surplus (deficit) *	\$ 49	\$ 80	\$ 82	\$ 83
Housing				
Revenue	\$ 10,569	\$ 10,780	\$ 10,996	\$ 11,216
Expense	\$ 10,569	\$ 10,780	\$ 10,996	\$ 11,216
Surplus (deficit)	\$ -	\$ -	\$ -	\$ -
Dining				
Revenue	\$ 5,495	\$ 6,428	\$ 6,557	\$ 6,688
Expense	\$ 5,495	\$ 6,428	\$ 6,557	\$ 6,688
Surplus (deficit)	\$ -	\$ -	\$ -	\$ -
Colleges				
Revenue	\$ 2,035	\$ 2,076	\$ 2,117	\$ 2,160
Expense	\$ 2,035	\$ 2,076	\$ 2,117	\$ 2,160
Surplus (deficit)	\$ -	\$ -	\$ -	\$ -
Student Health, Parking, ISW and Campus Card				
Revenue	\$ 2,411	\$ 2,459	\$ 2,508	\$ 2,559
Expense	\$ 2,411	\$ 2,459	\$ 2,508	\$ 2,559
Surplus (deficit)	\$ -	\$ -	\$ -	\$ -
Departments funded primarily by Student Fees				
Revenue	\$ 24,288	\$ 25,751	\$ 26,266	\$ 26,792
Expense	\$ 24,239	\$ 25,671	\$ 26,185	\$ 26,708
Surplus (deficit)	\$ 49	\$ 80	\$ 82	\$ 83
Departments contributing to Operating Fund				
Transfer to Operating Fund	\$ 514	\$ 278	\$ 278	\$ 278

* surplus to be applied against cumulative deficit