



UNIVERSITY OF
KING'S
COLLEGE • HALIFAX

2026/27 OPERATING BUDGET

- Approved June 25, 2026

Introduction

The 2026/27 operating budget outlines the financial strategy and projections for the University of King's College (King's). It reflects a collective effort informed by consultations with faculty, students, administration, and advisory committees, ensuring both financial sustainability and alignment with institutional priorities.

Budget development is led by the President and the Bursar, with recommendations from the Budget Advisory Committee (BAC). The BAC plays a key role in scrutinizing expenditures, assessing revenue strategies, and advising on financial decisions. The Finance, Audit & Risk Committee (FAR) and the Board of Governors receive insights and recommendations through this process.

This year, the FAR Committee has been extensively engaged in the budget process, with multiple meetings held throughout the winter and spring. The Board has also made decisions earlier than usual, and outside the formal budget cycle, to allow their impact to be incorporated sooner. This approach has enabled a clearer assessment of the anticipated deficit and provided additional time to consider and implement further deficit reduction measures.

The primary goal is to achieve a balanced cash flow within the operating fund. The operating budget does not include capital expenditures or restricted funds, which are accounted for separately. Cash flow from operations (the excess of revenues over expenses) must also support certain financing and investing activities, including long-term debt principal repayments, the purchase of furniture, equipment, and library materials, and other capital expenditures funded from operations.

The budget planning process involves two iterations: a provisional budget prepared in March, and a final budget developed for review by the FAR Committee and recommendation to the Board of Governors for approval in June. This approach allows time for key decisions to be made and incorporated as the budget is refined.

Executive Summary

The 2026/27 Operating Budget is presented to the Board of Governors for approval in accordance with the Board's previously established financial stabilization objectives. The budget reflects an operating cash deficit of \$475,000, consistent with the target of maintaining the deficit below \$500,000.

The budget reflects a disciplined approach grounded in realistic assumptions and structured corrective measures implemented over the past year. This outcome represents a significant improvement from the financial position at the outset of the budget process. The budget incorporates a combination of permanent expenditure reductions, targeted revenue enhancements, salary restraint measures, increased endowment spending, and reduced debt-servicing costs. Collectively, these actions have reduced the projected deficit entering the process from approximately \$2.7 million to a level consistent with planning expectations.

The budget also reflects the financial impact of the new Dalhousie–King’s financial transfer agreement, implemented retroactively to April 1, 2025, which improves alignment between instructional activity and cost recognition.

Taken together, the 2026/27 Operating Budget reflects early and deliberate corrective action, supported by disciplined financial management and aligned with institutional priorities. It establishes a credible path to balance in 2027/28 and provides a foundation for rebuilding financial resilience in subsequent years.

Context for the 2026/27 Operating Budget

This section provides context for the 2026/27 operating budget and integrates key actions, initiatives, and decisions taken by the Board of Governors and senior administration during the 2025/26 fiscal year. These measures were undertaken to address emerging financial pressures, stabilize the University’s operating position, and position King’s for long-term sustainability.

1. Financial Context and Recent Performance (2025/26)

Postsecondary institutions across Canada continue to face financial pressure driven by factors largely outside institutional control, including limits on international student enrolment, frozen or constrained domestic tuition, inadequate provincial government funding, inflationary pressures, and heightened volatility in key input costs. These conditions materially affected the University’s financial performance in 2025/26 and informed planning assumptions for 2026/27.

Audited year-end results for 2025/26 reflect an operating cash deficit of \$1.35 million. As of the third quarter, the projected deficit was approximately \$1.7 million, compared to a revised budget deficit of \$600,000¹ approved by the Board in June 2025. The year-end variance reflects both revenue and cost pressures that emerged during the year.

Lower-than-budget enrolment, by approximately 146 students, resulted in approximately \$1.3 million less tuition and fees revenue than budgeted. In addition, the Dalhousie-King’s financial transfer was approximately \$200,000 below budget due to the retroactive implementation of the new Dalhousie-King’s Financial Transfer Agreement (discussed in more detail later in this document).

In response to the forecasted deficit, approximately \$350,000 in expenditure reductions were realized during the year, including through the implementation of a hiring freeze, partially offsetting adverse revenue and cost variances.

In developing the 2026/27 operating budget, the University adopted conservative assumptions and avoided reliance on optimistic scenarios, particularly with respect to enrolment. The budget assumes flat entering enrolment for 2026/27. While external cost volatility, particularly

¹ By way of context, the Board of Governors approved a \$750,000 operating cash deficit for 2025/26, together with a requirement for \$250,000 in further expenditure reductions, partially offset by a \$100,000 contingency to ensure the deficit for 2025/26 did not exceed \$750,000. This resulted in a revised operating cash deficit for 2025/26 of \$600,000.

in utilities and energy, remains a risk, these factors do not alter the budget outcome presented for approval and will continue to be monitored through established financial oversight processes.

2. Financial Stabilization Initiatives & Governance Measures Undertaken in 2025/26

Beginning in mid-2025, the Board of Governors and administration implemented a coordinated set of initiatives to address the University's financial situation. These actions were taken, or considered, in a deliberate sequence and reflected governance-driven decision-making rather than short-term or ad hoc responses.

Key initiatives implemented included the engagement of an external consultant with extensive higher-education experience to analyze options for further cost-containment, spending reduction, and long-term financial stabilization; the establishment of a broadly representative Committee on Financial Stabilization to develop recommendations for the Board; and the introduction of enhanced centralized oversight of departmental and program spending to ensure adherence to approved budgets.

A hiring freeze was implemented, with limited exceptions subject to approval by the President and the Bursar. Vacant positions are not automatically replaced, and each case is assessed based on operational necessity, strategic importance, and financial impact. Long-standing Board restrictions on the creation of new tenure-track positions without explicit approval remain in effect.

When the 2025/26 operating budget was approved in June 2025, the Board of Governors directed the President to write two reports for presentation at its meetings in the fall. The first was a report on a potential salary freeze and the second was on a strategy to increase fundraising by at least \$2 million.

2.1. President's Report on a Potential Salary Freeze

Compensation-related measures were considered and implemented consistent with Board direction. These included a Board-directed review of salary policies, the immediate freezing of the President's salary, and formal notice that salary levels for senior administration and non-unionized faculty would remain fixed after June 30, 2026, subject to defined parameters and review. The salary freeze results in savings of \$134,000 in the 2026/27 budget based on nine months (\$179,000 annual). This excludes limited term appointments and members of the Dalhousie-King's Joint Faculty (i.e., Carnegie Professors).

2.2. President's Report on Fundraising

Recognizing the limits of expenditure reduction alone, the Board directed the development of a strategy to accelerate unrestricted and restricted (i.e., non-endowed) fundraising. The Board-approved objective is to achieve an additional \$2 million in unrestricted and restricted fundraising proceeds, net of required resources, within a defined timeframe of 38 months. This work is intended to complement operating revenue and support financial sustainability without reliance on further internally restricted fund drawdowns. Approval of the President's recommendations contained in this report is contingent upon the submission of a fundraising strategy for the Board's consideration at its June 2026 meeting.

A notable excerpt from the report highlights historical performance: “...over the last nine years, the College has spent \$3,436,000 on fundraising and received \$18,394,000 in gifts. On average, this represents approximately \$2,044,000 in annual giving for about \$382,000 in annual fundraising expenditures.”

The 2026/27 budget reflects a conservative level of incremental fundraising aligned with the recommendations of this report. Projections also incorporate prudent estimates of expected fundraising revenue.

3. Enrolment, Academic, and Revenue-Related Initiatives

In parallel with the financial stabilization measures described above, the University continues to advance initiatives designed to support enrolment growth, academic renewal, and medium-term revenue improvement. These efforts are aligned with the Strategic Enrolment Management (SEM) plan and are intended to strengthen King’s academic offerings and competitive position over time.

Several developments are underway on the enrolment front. Academic initiatives with enrolment and revenue potential include the development of a new MFA in Screenwriting/Scriptwriting—endorsed as a strategic and provincial priority—with a target intake beginning in 2028; the implementation of a revised Bachelor of Journalism and Media Honours (BJMH) curriculum for students entering in 2027; and the relaunch of the joint Dalhousie–King’s JD/MJ program, also with intake beginning in 2027. These initiatives build on demonstrated demand in existing programs and are intended to broaden King’s academic offerings and expand its market reach.

King’s has received donor funding to support both the regularization of the existing MFA program and the launch of a new MFA in Screenwriting/Scriptwriting. Additional funding has been secured to support the creation of a Podcasting Centre of Excellence. For planning purposes, and consistent with a conservative approach, new admissions for fall 2026 have been held flat, and only enrolment associated with the new MFA in Screenwriting/Scriptwriting has been incorporated into projections among the new or enhanced programs. These projections begin in 2028/29 and are informed by enrolment trends in existing MFA programs. The program is expected to approach break-even by the end of the 2029/30 fiscal year.

4. Dalhousie-King’s Relationship

After more than 10 years of negotiations, the new Dalhousie–King’s financial transfer agreement was signed on May 20, 2026, and has been implemented retroactively to April 1, 2025. The agreement establishes a clearer, more transparent, and more defensible framework for annual financial transfers. The previous agreement presented a barrier to potentially beneficial academic collaboration between King’s and Dalhousie due to its complexity and outdated structure, relying on assumptions rooted in the circumstances of the 1980s.

Establishing a clear, transparent, and contemporary framework governing financial transfers represents a foundational step toward implementing the recommendations of the joint task force appointed by Presidents Brooks and Lahey in 2024. These recommendations, endorsed by both presidents in a joint communication to the King’s and Dalhousie communities in December 2025, aim to revitalize and strengthen the association between the two institutions

by streamlining operations, enhancing academic and student support services, and improving recruitment and retention outcomes.

As described above, the new agreement replaces an assumption-driven model with one grounded in actual enrolments and instructional activity, improving transparency, predictability, and alignment between revenues and costs. Subsequent sections reference the financial impact of this agreement without repeating its underlying mechanics.

4.1. Key Changes from the 1985 Agreement

Shift to a Full Cost-Based Model

- The new agreement adopts a full cost-based methodology for teaching and services, including both direct academic costs (now inclusive of research activity) and an allocation for indirect (non-academic) overhead costs.
- Historic revenue-based adjustments (e.g., equalization transfers and legacy amalgamation offsets) have been removed.
- Costs are grounded in audited Dalhousie financial statements, with stated adjustments (e.g., scholarships excluded where King's students are ineligible).

Explicit Recognition of Science versus Arts Costs

- Under the old agreement, Arts costs effectively dominated the calculation.
- The new agreement differentiates between the Faculty of Arts and Social Sciences (FASS) and the Faculty of Science, recognizing that King's student enrolment in science courses has grown to approximately 30% of total courses taken by King's students at Dalhousie.
- King's students taking Dalhousie science courses will attract a science-based per-FCE cost, while other undergraduate courses will be costed at the arts rate (or a weighted equivalent).

Symmetry and Transparency in Teaching Credits

- The new agreement clearly defines:
 - Charges to King's for Dalhousie-taught courses taken by King's Students; and
 - Credits to King's for King's taught courses taken by Dalhousie students.
 - Specifically, each university will receive the tuition of their own students regardless of where they take their classes and the annual financial transfer invoice will credit the respective university for teaching the students of the other.
- The old agreement excluded summer courses and the Journalism program.
 - The university that taught the summer courses, received the tuition revenue for teaching students regardless of which university the student was registered in.
 - King's directly received the Journalism tuition for Dalhousie students in Journalism classes.

- King's was invoiced for Journalism students taking classes at Dalhousie on the financial transfer invoice but only at the direct cost rate rather than the all-inclusive direct cost plus overhead rate.
- The new agreement treats all students, programs, and semesters consistently.
- King's is now invoiced based on actual course enrolments (FCEs or full-course equivalents) of its students taking Dalhousie courses rather than on an FTE (full-time equivalent) basis.
 - Under the old agreement it was assumed that all King's students took five full courses and that any courses not taken at King's were taken at Dalhousie. This assumption reflected the status quo that largely prevailed in the 1980s.
 - All FYP Arts students were assumed to take one full credit elective at Dalhousie even if they did not or if they took that elective at King's. Similarly, all FYP Science students were assumed to take two full credit electives at Dalhousie even if they didn't or if they took one or both electives at King's.
 - A full-time student is a student who takes three or more full courses per year. If they took fewer than five full courses, King's was invoiced as if they took five.
 - The new formula incorporates actual courses taken in the summer, fall, and winter semesters. King's is no longer going to be invoiced for fictitious courses taken.
- King's Carnegie faculty appointments are explicitly costed and credited at full salary and benefits under the new agreement (rather than the teaching portion of their Arts workload), removing ambiguity present in earlier arrangements.

Formalization of Services and Fees

- The new agreement formally documents the wide range of non-teaching services Dalhousie provides to King's students.
- Administration and service fees charged to King's programs are clearly identified, with annual Consumer Price Index (CPI) based escalators.
- Audit and verification rights are explicitly reinstated, allowing King's to verify calculations and, if necessary, engage an external reviewer for up to five years after the fact.

Fixed Term and Review Mechanism

- The new agreement has a three-year term, with a commitment to review before renewal.
- Either party may request a review if the agreement produces significant unintended financial consequences or no longer aligns with agreed principles.

The new financial transfer formula benefits the 2026/27 budget by approximately \$450,000 relative to the old agreement.

5. 2026/27 Budget Position and Actions Incorporated

At the outset of the 2026/27 budget process in Fall 2025, the University faced a projected operating cash deficit of approximately \$2.7 million, assuming stable enrolment. The projected deficits for the next few years would be similar.

Recognizing that this level of deficit was not sustainable, the Board and administration undertook a series of measures both outside the annual budget process and within it to materially reduce the projected deficit for 2026/27.

5.1. Measures Implemented Outside the Annual Budget Process to Reduce the Projected 2026/27 Deficit

- As described in the President's Report on a Potential Salary Freeze earlier in this document, the Board froze the President's salary in October 2025, effective immediately, and notice was provided of a broader salary freeze affecting senior administration and non-unionized faculty (except for Joint Faculty and limited term appointments), effective July 1, 2026. This measure is expected to generate approximately \$134,000 in savings in 2026/27.

Following a motion passed by Faculty and shared with the Board, discussions were held between the President and Vice-President and the Faculty's Committee on Salaries and Benefits regarding the Board's decision. The Committee subsequently brought a motion regarding the salary freeze to faculty members for their consideration. This process is described more fully in the Salaries and Benefits section later in this document.

- Following steady growth in King's investment portfolio, and in keeping with what some other universities have done, the Board has approved increasing the endowment spending rate for 2026/27 from 4% to 5%, generating over \$400,000 in additional annual operating revenue. This is described in more detail under the Revenue section later in this document.
- King's has taken steps to improve cash flow, including pursuing the refinancing of the University's long-term debt, which is expected to reduce annual debt servicing costs by over \$400,000 per year. This is described in more detail under the Long-Term-Debt section later in this document.

The combined effect of these measures is a projected increase in revenue for 2026/27 of over \$400,000 and a projected reduction in spending of almost \$550,000 for a combined improvement in the projected deficit situation of \$950,000.

5.2. Measures Identified in the Budget Process to Reduce the Projected 2026/27 Deficit

In parallel with actions taken outside the budget process, the 2026/27 budget development incorporated staged expenditure reduction scenarios of 5%, 10%, and 15%, inclusive of salaries. Through this process, departmental and program expenditure reductions totaling approximately \$628,000 were identified, along with revenue increases of approximately

\$126,000 for a total of \$754,000. These included permanent salary savings from reduced positions, hiring delays, operating cost reductions, and targeted revenue increases. These measures represent structural improvements rather than one-time actions.

Staged reduction scenarios were used to ensure that reductions were applied in a disciplined and equitable manner while protecting core academic priorities.

Together, with the measures implemented outside the budget process, this represents reductions of approximately \$1.7 million in the projected deficit for 2026/27, bringing the provisional deficit in March to an unacceptably high deficit of \$900,000. This progress reflected sustained work over several months and allowed the University to avoid deeper and more immediate reductions earlier in the process.

6. Board Direction

In reviewing the provisional 2026/27 budget in March, which reflected a projected deficit of approximately \$900,000, the Board emphasized the need for further action to restore financial balance. Based on this review and its fiduciary responsibilities, the Board approved a comprehensive list of measures and established the expectation that the University further reduce the operating cash deficit to no more than \$500,000 for 2026/27.

The Board further reaffirmed the objective of achieving a balanced operating budget by 2027/28 and generating modest surpluses thereafter to rebuild internally restricted funds. This direction reflects a focus on long-term financial sustainability rather than short-term corrective actions.

6.1. Workforce Reduction and Optimization

As salaries represent the largest component of the University's operating budget, it is unlikely that long-term financial sustainability can be achieved without careful review of staffing levels and organizational design. Accordingly, the Board has established the objective of reducing the full-time employee complement by as many as 14 positions (net of replacements and through attrition if possible) or achieve equivalent reductions in spending through other cost saving options. This direction calls for a broader effort beyond the scope of the normal budgetary process to enhance operational alignment, identify efficiencies, and position the University to achieve a balanced budget by 2027/28, with the goal of generating modest surpluses in subsequent years.

6.2. Workforce Adjustment Program (WAP)

The Board approved a time-limited Employee Voluntary Retirement Program (EVRP), later renamed the "Workforce Adjustment Program" (WAP) since the program relates to more than voluntary retirement. The program was approved as part of the University's broader workforce adjustment strategy. Funding has been authorized from internally restricted funds to support its implementation. The WAP is intended to offer eligible faculty and staff, those who qualify for an unreduced pension, an opportunity to retire voluntarily with a one-time retirement allowance and transitional supports. Eligible faculty are also being offered a phased retirement option.

The detailed design of the program was assisted by the external advice of a human resources professional to ensure it is fair, competitive, and financially responsible, and to balance employee choice with the University's academic and operational needs. As permitted by the Board, the University will retain the ability to decline applications where a departure would materially compromise academic program delivery or essential operations. In addition, the Board agreed, "The President has the authority to carry out the Program and may vary the structure and design of the Program to accomplish the Program's objectives within the dedicated funding." The program was officially launched on May 13, 2026 and is only open to employees who have not provided a notice of retirement prior to that date.

The workforce reduction strategy is deliberately staged:

- Phase 1 – Voluntary departures for employees eligible to retire with an unreduced pension
- Phase 2 – Voluntary compensated departures for employees not yet eligible to retire with an unreduced pension
- Phase 3 – Involuntary departures, if required, should voluntary measures be insufficient

The deadline to submit applications for Phase 1 is July 31, 2026 for staff and August 31, 2026 for faculty. Phase 2 of the program was launched on June 1 and is running concurrently with phase 1. Information sessions are being held for both phases 1 and 2 in May and June.

7. Progress Toward the \$500,000 Target and Next Steps

Progress toward the Board-mandated \$500,000 deficit target has been made primarily by incorporating identified savings from known voluntary departures, incorporating an allowance for additional anticipated employee departures, additional fundraising revenue consistent with Board-approved assumptions, and a reduction in the Dalhousie-King's financial transfer. The adjustments made to the 2026/27 provisional budget presented to the Board in March and the 2026/27 final budget being presented now are reflected in the table that follows:

2026/27 provisional budget operating cash deficit		\$ (911,000)
Revenue adjustments:		
Net increase in gifts	\$ 80,000	
Increase in investment income	34,000	
Indirect cost of research from two grants	22,000	
Additional other revenue	<u>37,000</u>	173,000
Expenditure adjustments:		
Allowance for workforce reduction	\$ 150,000	
Impact of new Dalhousie financial transfer agreement	102,000	
Salary adjustments	78,000	
Presidential search costs	(45,000)	
Other adjustments	<u>(22,000)</u>	263,000
2026/27 final operating cash deficit		\$ (475,000)
Difference (lower deficit)		\$ 436,000

The 2026/27 operating budget incorporates the cumulative impact of the initiatives and measures described above. Together, they support a Board-compliant operating cash deficit of \$475,000 for 2026/27. While the budget reflects substantial corrective action and discipline, continued vigilance and further structural adjustment will be required to achieve balance in 2027/28 and beyond. With a net reduction of 14 employees anticipated, King’s will be on track to meet the Board’s mandate of a balanced budget by 2027/28 and generating modest surpluses in future years to rebuild the internally restricted funds.

8. Residual Risks, External Cost Volatility and Uncertainty, and Ongoing Oversight

While the 2026/27 operating budget incorporates all identified measures required to meet the targeted deficit level, certain risks remain. These include enrolment variability and external cost pressures, particularly in areas such as utilities and contracted services.

In developing the 2026/27 operating budget, the University has made reasonable and prudent assumptions based on information available at the time. However, the broader economic environment remains uncertain. Volatility in fuel and energy prices affects virtually all aspects of the University’s operations - directly through utilities, transportation, and contracted services, and indirectly through inflationary pressures embedded across goods and services. While the budget reflects the Board’s direction to limit the operating cash deficit to \$500,000, the precise financial impact of future changes in fuel and energy prices cannot be predicted with confidence. Management will continue to monitor these conditions closely and will advise the Board should material deviations from assumptions arise.

The work of the Financial Stabilization Committee and external advisory support will inform planning for subsequent fiscal years, with a continued focus on achieving and maintaining long-term financial sustainability.

9. 2026/27 Budget Compared with 2025/26 Budget

The 2026/27 budget operating cash deficit of \$475,000 is \$125,000 lower than the 2025/26 revised budget operating cash deficit of \$600,000. Variances are explained in the following table. They have been categorized as either “new or changed levels of service” or “existing services” so the impact of new or changed services is more readily discernable.

2025/26 revised budget operating cash deficit		\$ (600,000)
(\$750k minus \$250k reductions + \$100k contingency)		
<u>New or changed levels of service</u>		% change
1. Fewer students	\$ (1,410,000)	-11.9%
2. Dept/program spending reductions/increased revenue*	754,000	-15.4%
3. Investment spend percentage increase from 4% to 5%	431,000	20.9%
4. Debt servicing cost savings from refinancing debt	414,000	-37.2%
5. Net increase in unrestricted gifts (net of new position)	<u>75,000</u>	264,000 11.7%
<u>Existing services</u>		
6. Salaries and benefits		
Average compensation	\$ (401,000)	2.8%
New positions	(207,000)	1.5%
Reserves to cover EVRP (former program)	(57,000)	-70.3%
Additional retirements (also see bullet 2 above)	14,000	-0.1%
Allowance for workforce reduction	<u>50,000</u>	\$ (601,000) -0.4%
7. Departmental/program increases	(164,000)	3.5%
8. Impact of new Dalhousie financial transfer agreement	237,000	-5.0%
9. Operating grant	179,000	2.0%
10. Removal of contingency included in prior year budget	100,000	-100.0%
11. Tuition and fees increase (incl residence and net of waivers)	65,000	0.5%
Net other revenue increases/expenditure reductions	<u>45,000</u>	(139,000)
2026/27 provisional budget operating cash deficit		<u>\$ (475,000)</u>

*Includes position eliminations/retirements \$429k, operating expenditure reductions \$199k, and additional revenue \$126k.

The variances noted above are explained below in the order they appear in the table:

1. The 2026/27 budget anticipates total enrolment of 969 students, compared with 1,135 in the 2025/26 budget and actual enrolment of 989 for that year. The prior-year budget assumed higher upper-year enrolment based on early indications that ultimately did not materialize.

The 2026/27 budget assumes flat new admissions, with lower upper-year enrolment resulting from weaker Foundation Year Program (FYP) cohorts in prior years, partially offset by modest growth in graduate enrolment. These assumptions are described in more detail under *Enrolment Projections for 2026/27* later in this document.

2. This is discussed in Section 5.2, *Measures Identified in the Budget Process to Reduce the Projected 2026/27 Deficit*.
3. This is discussed in Section 5.1, *Measures Implemented Outside the Annual Budget Process to Reduce the Projected 2026/27 Deficit*.

4. This is discussed in Section 5.1, *Measures Implemented Outside the Annual Budget Process to Reduce the Projected 2026/27 Deficit*.
5. This is discussed in section 2.2, *President's Report on Fundraising*. The budget incorporates an additional \$100,000 in unrestricted fundraising, offset by the cost of a new Development Officer, assumed to be hired in early fall 2026.
6. Salaries and benefits variances are explained under *Salaries and Benefits* later in this document.
7. Despite identifying \$754,000 in expenditure reductions and revenue increases, certain cost pressures remain beyond the control of academic programs and administrative departments. These include increases in externally contracted services, annual membership fees, and instructional costs (such as teaching assistants and part-time instructors which are driven by enrolment levels, course offerings, and teaching loads). Additional travel costs have also been incorporated into the Advancement Office budget to support the activities of the new Development Officer.
8. The impact of the new Dalhousie–King's financial transfer agreement is discussed in multiple sections of this document. It is first introduced in Section 4 (*Dalhousie–King's Relationship*) and is further addressed under *Student Academic Fees* in the Revenue section, as well as under *Academic Expenses* and *Allotment to Dalhousie* in the Expenses section.

In aggregate, the agreement has a net positive impact of \$237,000 on the 2026/27 budget relative to the 2025/26 budget. This reflects a \$121,000 favourable impact on the Dalhousie allotment budget and a \$638,000 reduction in Academic salaries and benefits (related to full reimbursement of Carnegie Professor salaries and benefits), partially offset by a \$522,000 decrease in academic fee revenue associated with Dalhousie students taking Journalism and summer courses at King's. Further details are provided in the Revenue and Expenses sections.

9. The provincial operating grant is expected to increase by 2% over the prior year, in accordance with King's 2025–2027 bilateral agreement. This increase remains subject to potential holdbacks, as noted below under *2025-2027 Bilateral Agreement*.
10. As part of the Board's approval of the 2025/26 budget, and to ensure that the deficit did not exceed \$750,000, management was directed to identify an additional \$250,000 in expenditure reductions, with a \$100,000 contingency established to address unforeseen pressures. This resulted in a revised budget deficit of \$600,000. No contingency has been factored into the 2026/27 budget.
11. Assumptions related to student academic fees, ancillary fees, and residence fees are outlined under Major Revenue Assumptions later in this document. Additional details on each of these items are provided in the Revenue section.

2025-2027 Bilateral Agreement

King's is in the second year of a two-year bilateral agreement with the province. The implementation of certain strategic action items is now a requirement of this agreement. The agreement includes the potential for holdbacks of portions of the operating grant unless certain conditions are met:

2025/26 - \$176,000 potential holdback

- A potential holdback of 2% of the operating grant or \$176,000. King's must demonstrate, to the reasonable satisfaction of the Minister, that steps have been taken to advance certain strategic action items in accordance with an implementation plan that is due in mid-June 2025.
 - Outcome – King's was successful in having this holdback released in 2025/26 after demonstrating satisfactory progress with these initiatives.

2026/27 – up to \$717,000 in potential holdbacks

- A potential holdback of 3% of the operating grant or \$269,000. King's must complete a comprehensive review and evaluation of its academic programs on or before October 15, 2026.
 - Status – King's anticipates meeting the requirements to have this holdback released.
- A potential holdback of 3% of the operating grant or \$269,000. King's must maintain a minimum bed provisioning rate of 15% as of October 15, 2025. King's must also maintain a maximum vacancy rate of 5% as of October 15, 2025. If greater than 5%, King's has until February 15, 2027, to demonstrate a reduction of 25% in the vacancy rate.
 - Outcome – with enrolment at 989 on October 15, 2025, King's had a bed provisioning rate of 27% which well exceeded the minimum bed provisioning rate of 15%.
 - Outcome – on October 15, 2025 King's had a vacancy rate of 1.1%, which was well below the maximum vacancy rate of 5%.
 - As a result, there was no holdback from King's 2026/27 operating grant related to residence occupancy.
- A potential holdback of 2% of the operating grant which equates to \$179,000. King's must demonstrate that steps have been taken to advance certain strategic action items in accordance with an implementation plan.

- Status – King’s is expected to submit its first status report on these initiatives by June 15, 2026. Additional reporting is required later in the fiscal year. King’s anticipates meeting the requirements to have this holdback released.

It is anticipated that information required under the current bilateral agreement will inform the next bilateral agreement that takes effect on April 1, 2027. While future grant increases are unknown at this time, the projections incorporate an annual increase of 2% year-over-year.

Establishing a Minimum Balance in the Internally Restricted Funds

At the March 2024 meeting of the Board of Governors, the President indicated that a plan would be developed for preserving the internally restricted funds by “setting a minimum reserve balance below which deficit financing will not be drawn”. The purpose of this plan in part is to identify the point at which other means of deficit financing will be pursued instead of further encroachments on internally restricted funds to finance operating deficits.

The establishment of a minimum balance in the internally restricted funds serves several purposes:

- It provides clarity to the King’s community regarding planned and recommended uses of internally restricted funds, particularly as they relate to operating deficits.
- Establishing a minimum balance for the internally restricted funds also drives the need to evaluate financing options other than the internally restricted funds that exist and should be pursued for operating deficits. It also drives cost control in developing and administering budgets.
- Finally, establishing a minimum internally restricted funds balance can provide King’s with ongoing access to funds, internally and quickly, to mitigate unexpected risks to the financial sustainability of the university, or to pursue unexpected and compelling revenue opportunities.

In December 2024, the Board of Governors established a minimum balance in the internally restricted funds of \$3 million below which funds will not be withdrawn. The minimum balance will be re-evaluated no less frequently than every two fiscal years and a recommendation to the Board of Governors will be part of the budget resolutions for that fiscal year (next update recommendation during 2026/27).

Through prudent and careful cash flow monitoring, King’s has been able to maintain positive cash flow despite not financing the operating cash deficits of either 2024/25 or 2025/26 with the internally restricted funds. The market value of the internally restricted funds has been \$6.3 million for the past three fiscal year ends despite the annual draws in accordance with King’s investment policy and the financing of expenditures for previous Board-approved strategic initiatives. As mentioned earlier, the Board approved financing of the Workforce Adjustment Program with the internally restricted funds.

Previously Drafted Financial Documents that Continue to be Relevant

In February 2025, the President and Bursar drafted a memo titled “Shared Goals for the 2025/26 Budget and Beyond.” This conceptual document aims to foster greater clarity and shared understanding of the objectives guiding budget development and financial planning more broadly. It aligns with decisions made by the Board of Governors last year, particularly with respect to the critical importance of enrolment goals and the associated enrolment growth plan.

Preceding this memo, a multi-year financial strategy framework was presented to the Board of Governors in December 2023, along with an accompanying Expenditure and Revenue Management Framework.

These documents continue to provide an important foundation for the development of King’s budget and multi-year projections, offering strategic direction, reinforcing key planning assumptions, and ensuring alignment with the Board’s previously endorsed priorities. They are included as Appendices A, B, and C for reference.

Enrolment Projections for 2026/27

As shown in the table that follows, enrolment for 2025/26 of 989 was significantly lower than the budgeted enrolment of 1,135. Early indicators suggested that enrolment in upper-year programs would exceed actual outcomes. This followed 2024/25, when enrolment reached 1,015, marking the first time total enrolment exceeded 1,000 students since 2015/16.

As noted in Section 3, and consistent with a conservative planning approach, new admissions for fall 2026 have been held flat. Given that three of the last four years (including the 2026/27 budget year) have cohorts of fewer than 200 students in the Foundation Year Program (FYP), upper-year enrolment is expected to decline relative to 2025/26, when only two of the four contributing cohorts were below this level. This downward pressure is partially offset by modest growth in the MFA program.

Overall, King’s anticipates total enrolment of 969 students in 2026/27. The budget utilizes enrolment as of October 15 for financial reasons since this is after the add/drop date deadline for the fall semester.

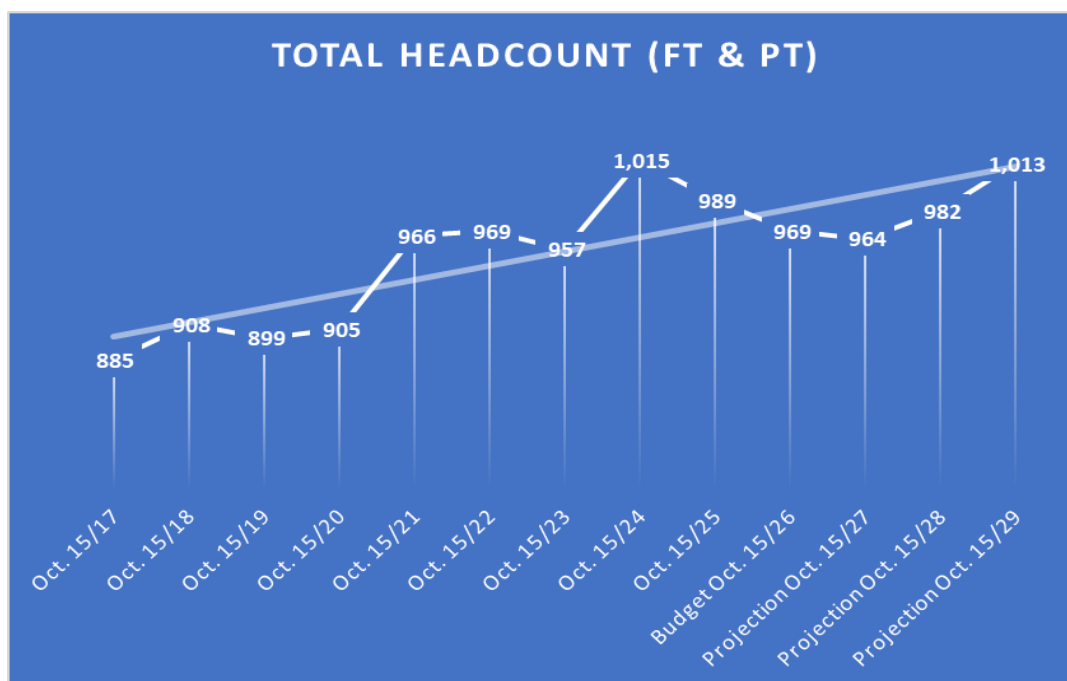
Given the significant reduction in international enrolment across Canada since 2024, driven by limits on international study permits, competition among Canadian universities for domestic students has intensified. Ontario remains one of King’s primary recruitment markets. While King’s deposit deadline is May 15, many Ontario universities have a later deadline of June 1. As a result, deposits received by King’s do not necessarily translate into confirmed enrolments, as students may place deposits at multiple institutions before making a final decision. The Enrolment and Student Life Office continues to focus on converting offers and deposits into confirmed registrations in advance of the fall term, recognizing this increased uncertainty in yield.

		Approved Budget 2025/26	Actual 2025/26	Budget 2026/27
Fall (Oct. 15)	Undergraduate	1,010	872	842
	Graduate	125	117	127
	Total	1,135	989	969
Winter (Feb. 1)	Undergraduate	970	844	813
	Graduate	124	119	126
	Total	1,094	963	939
FYP included above:				
Fall		190	188	190
Winter		182	181	183

Enrolment Trends

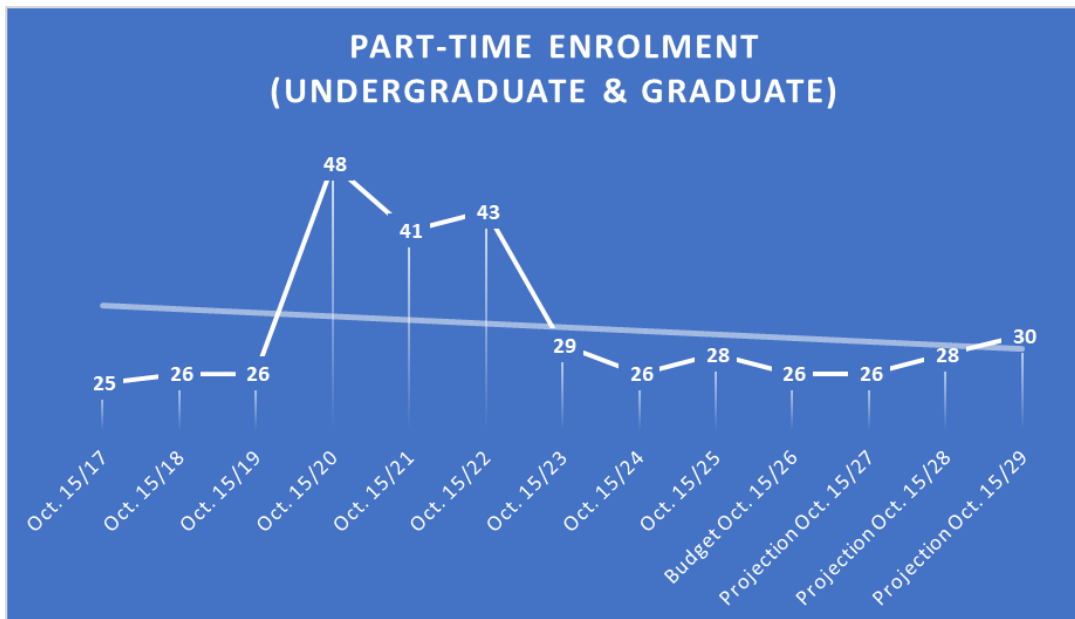
The following analysis reflects the enrolment assumptions underpinning the 2026/27 budget and forward projections. The graphs present enrolment trends over a 10-year period, including the 2026/27 budget year, along with projections for the subsequent three years. The data is presented in multiple formats to provide a clear view of key trends and patterns.

Enrolment and residence occupancy are the primary drivers of operating revenue, together accounting for 48% of total operating revenues (excluding the provincial operating grant, which is also enrolment-driven). As of October 15, 2025, total headcount was 989, a decrease of 26 students (2.6%) from the prior year, which had been the first to exceed 1,000 students since 2015/16. Headcount is projected to remain below 1,000 until 2029/30, when the full cohort of the MFA in Scriptwriting/Screenwriting is expected to be enrolled.



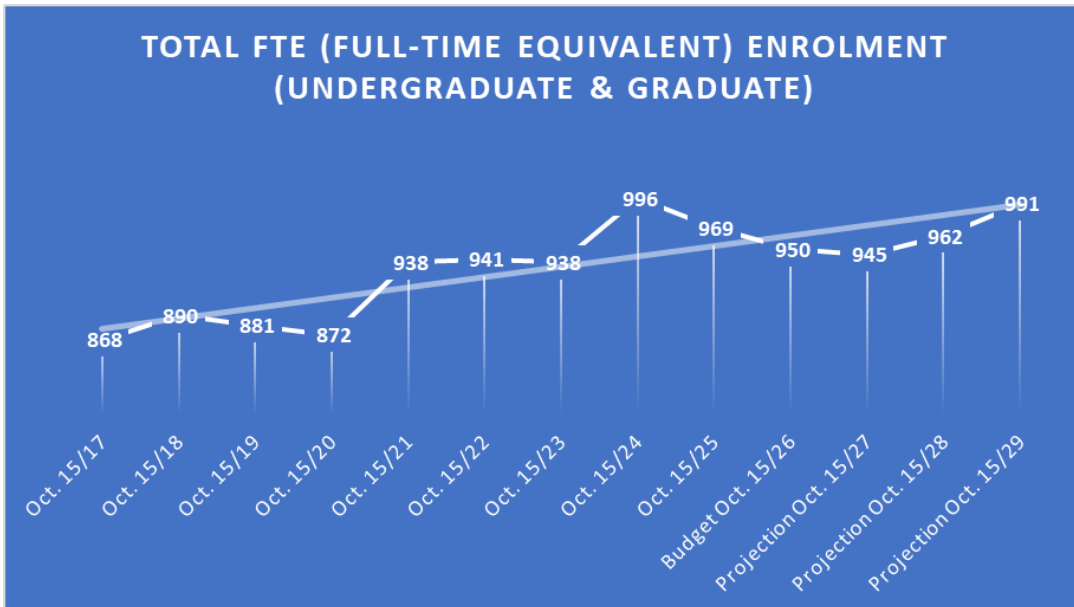
What is not immediately evident from the graph above is that, while total headcount increased between October 15, 2019 and October 15, 2022, the proportion of part-time students also rose significantly. As of October 15, 2020, the number of part-time students was 85% higher than on October 15, 2019, indicating that a larger share of students were taking reduced course loads during the pandemic. Although this level declined in subsequent years, part-time enrolment remained elevated at approximately 40 students over the following two years—about 58% above pre-pandemic levels—suggesting continued moderation in course loads.

Since October 15, 2023, part-time enrolment has largely returned to pre-pandemic levels. The 2026/27 budget and projections assume that this trend will continue. Refer to the following graph for actual part-time enrolment compared with the 2026/27 budget and projections.

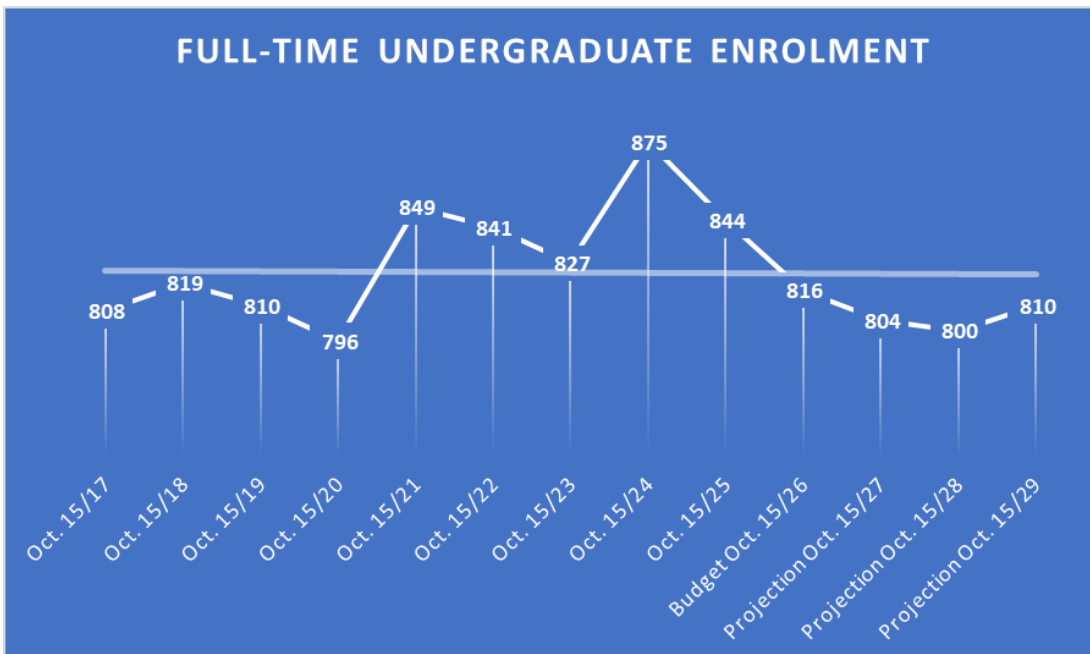


The following graph converts part-time enrolment into full-time equivalent (FTE) students. Overall, FTE enrolment at King’s has trended upward over this period, with periods of relative stability and minor fluctuations. October 1, 2024, represents a notable exception to this general pattern across the graphs.

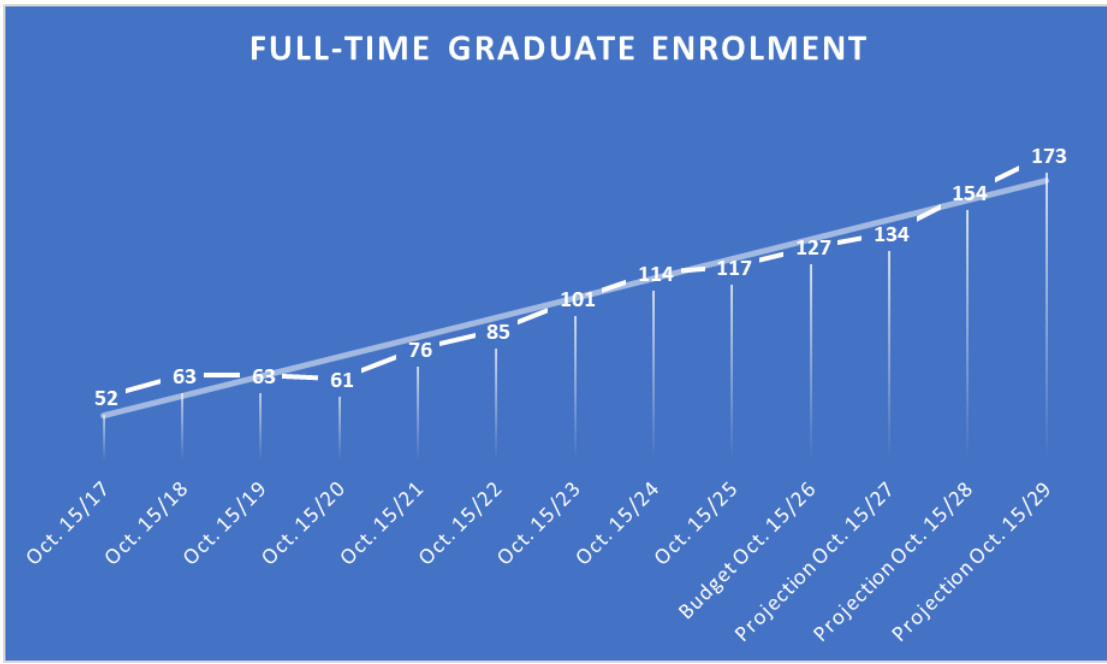
The 2026/27 budget anticipates total FTE enrolment of 950, a decrease of 19 (2.0%) from the prior year. This decline primarily reflects lower upper-year enrolment, driven by three of the four contributing Foundation Year Program (FYP) cohorts having fewer than 200 students, offset by more MFA students.



Breaking out full-time undergraduate enrolment in the following graph highlights the impact that recent growth in graduate enrolment has had on the total headcount and FTE trends presented earlier. The 2026/27 budget anticipates full-time undergraduate enrolment of 816, a decrease of 28 students (3.3%) from the previous year. This decline is primarily attributable to lower upper-year enrolment, as noted in the preceding graph.

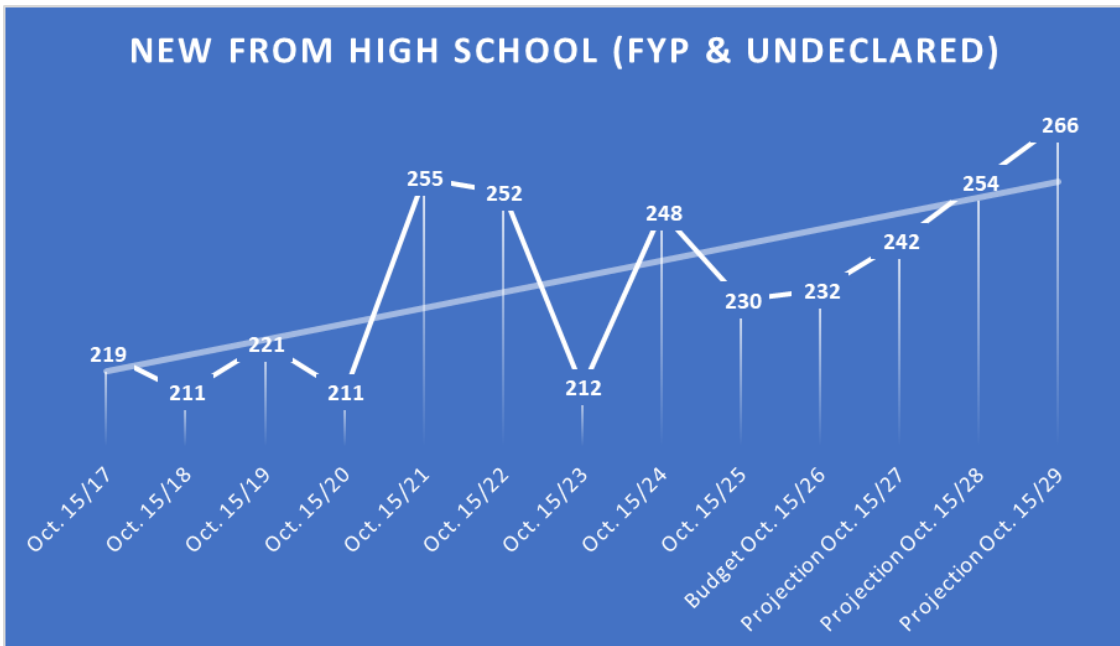


Graduate enrolment continues to be a strong and positive trend, with steady growth in all but two of the years presented in the graph that follows. The 2026/27 budget anticipates continued expansion in both the MFA and MJ programs, with an increase of 10 students (8.5%) over the previous year. Projections for 2028/29 and 2029/30 reflect the addition of enrolment from the MFA in Scriptwriting/Screenwriting, with expected cohorts of 15 and 33 students, respectively.

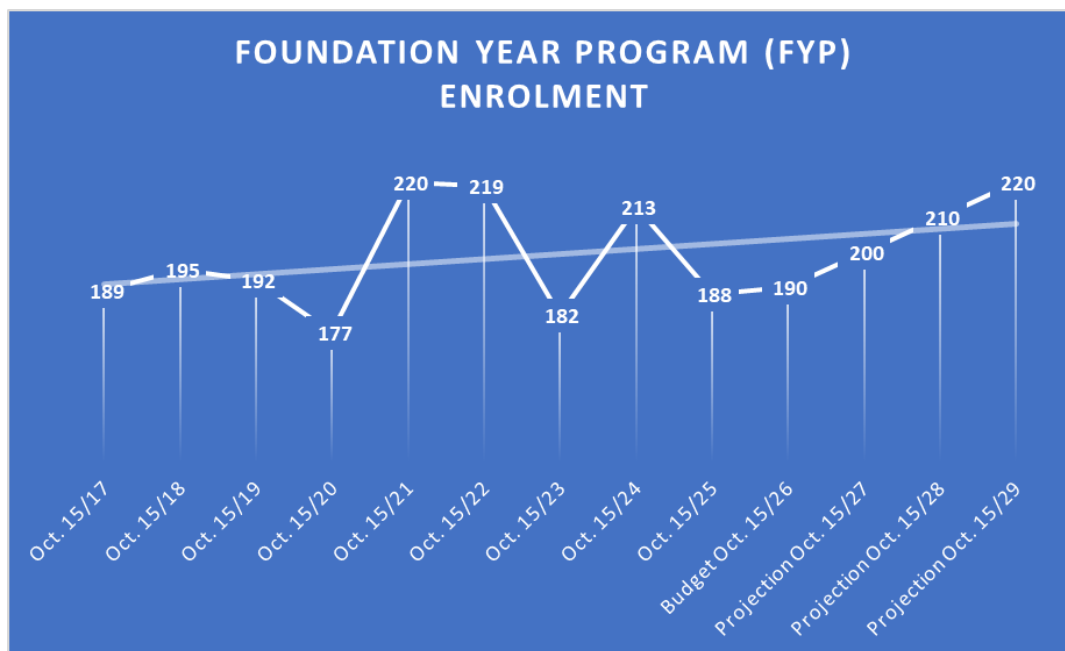


When considering first-year enrolment, it is important to account for both Foundation Year Program (FYP) students and undeclared students. Undeclared student enrolment has remained above 30 students since October 1, 2020. While undeclared students take many of their courses at Dalhousie, they contribute to enrolment in King’s upper-year programs and often participate in residence and varsity athletics. The number of undeclared students reached a high of 42 in 2025/26.

The 2026/27 budget assumes largely flat admissions from high school, with projected intake of 190 FYP students and 42 undeclared students.



After two years of significant improvement following a five-year period of Foundation Year Program (FYP) enrolment below 200 students, King’s experienced a decline in FYP enrolment on October 1, 2023. This was followed by a rebound to 213 students on October 1, 2024, before falling back below 200 in the subsequent year. Admissions data to date suggests that FYP enrolment in 2026/27 will be of a similar size. As noted previously, competition for domestic students has intensified across the Canadian university sector due to the decline in international enrolments.



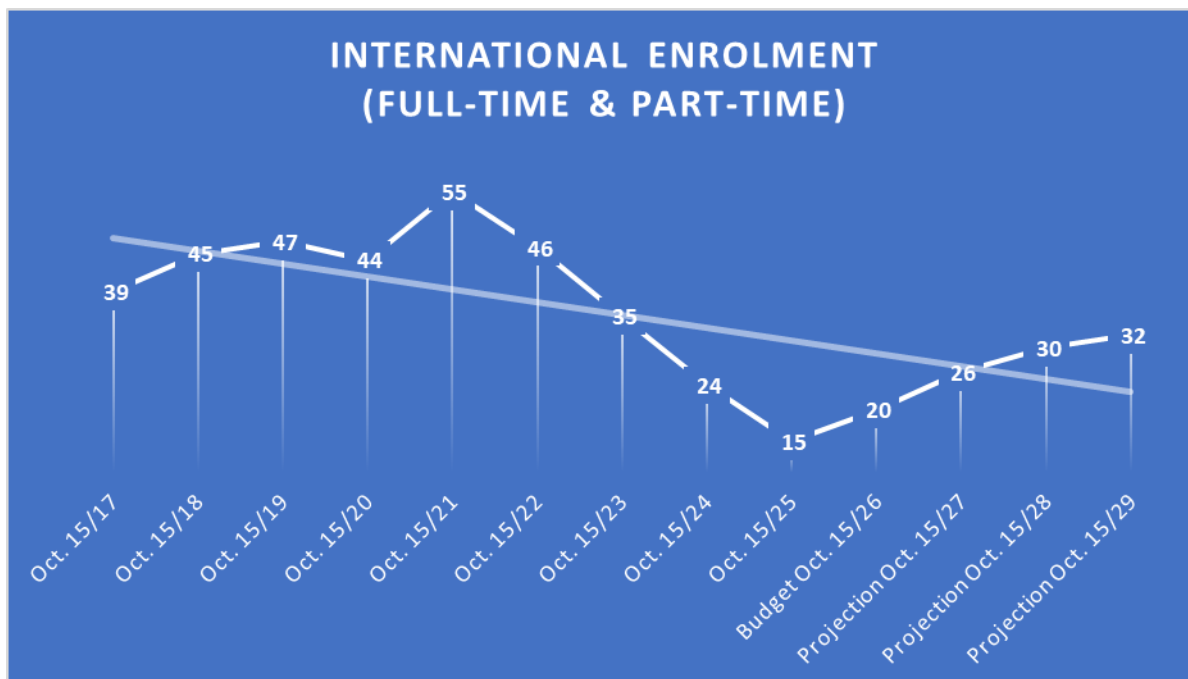
Prior to IRCC’s (Immigration and Refugees and Citizenship Canada’s) 2024/25 decision to reduce the number of international study permits, international enrolment at King’s averaged approximately 5% of total enrolment or 46 students. In 2023/24, international enrolment declined significantly, from 46 to 35 students (3.7% of total enrolment) year-over-year. This decline coincided with the introduction of the international tuition guarantee model—implemented by Dalhousie and adopted by King’s—which involved a substantial upfront increase in first-year tuition for students entering in fall 2023, followed by tuition remaining fixed for the duration of their degree. The model applies to all undergraduate programs except the one-year BJ program and graduate programs, and excludes students admitted prior to fall 2023. King’s enrolled only two first-year international students in 2023/24, compared with a typical range of nine to twelve in previous years.

In 2024/25, international enrolment declined further to 24 students (2.4%), and to 15 students (1.5%) in 2025/26. The arrival of five additional international students in winter 2026 increased the total to 20; however, this remains significantly below the peak of 55 students in 2021/22 and the average of 46 students.

King’s anticipates approximately 20 international students in 2026/27, including six first-year students—consistent with 2025/26 intake levels (six in the fall and eight in the winter). Projections for subsequent years assume stable first-year intake of six students, with retention of continuing students. To improve competitiveness, King’s introduced an international student

mobility waiver of \$10,000 in 2025/26, increasing to \$12,000 in 2026/27. These figure in the graph exclude Nova Scotia International Student Program (NSISP) students, who pay domestic tuition rates.

With current international enrolment at approximately 20 students compared to a pre-IRCC average of 46, it is estimated that the reduction in study permits has resulted in over \$900,000 in annual foregone tuition revenue, representing a significant and ongoing pressure on the University’s operating budget.



Investments in King’s Future

Over the past several years, King’s has made meaningful progress across a broad range of priorities critical to its long-term sustainability and aligned with the Board of Governors’ strategic direction and mandate. These investments include faculty renewal through the creation of five new positions to support diversity and other hiring priorities; the development of experiential learning opportunities; and enhancements to human resources capacity through the addition of a Human Resources Manager.

Significant advances have also been made in student support and institutional priorities, including initiatives to address sexualized violence; the appointment of dedicated staff in sexual health and safety, equity, accessibility, Indigenous support, and student advising; and ongoing efforts to advance equity, diversity, inclusion, accessibility, Reconciliation, and Indigenization.

Further investments have strengthened academic offerings, expanded bursaries and scholarships, increased student employment opportunities aligned with educational and career outcomes, and improved student residences and campus facilities. In addition, progress has been made in enhancing fundraising capacity, strengthening support for the Vice-President and academic programs, improving recruitment yield, and advancing implementation of the Board-

approved Strategic Enrolment Management (SEM) plan to support King’s long-term financial stability.

Framework for Expenditure of Internally Restricted Funds

In June 2018, the Board of Governors approved a three-year framework for the measured use of internally restricted funds to support recruitment-related investments and advance the University’s objective of returning to a balanced budget, primarily through enrolment growth. While enrolment outcomes have varied in recent years, these investments have contributed to greater enrolment stability and to significant improvements in upper-year retention.

Prior to the establishment of this framework, expenditures from internally restricted funds were approved annually through the budget process. While the framework remains in effect, expenditures governed by it are no longer reflected within the operating budget, as their authorization is provided through the Board’s approval of the framework itself.

The framework authorizes expenditures of up to \$1,850,000, allocated as follows:

- Up to \$800,000 for scholarships, awards, and bursaries. These funds were fully expended by 2024/25; the operating budget now includes an additional \$150,000 to replace this support.
- Up to \$250,000 for student employment initiatives. To date, \$179,000 has been expended, with \$71,000 remaining.
- Up to \$300,000 for recruitment-related activities within the Registrar’s Office. These funds were fully expended by 2025/26.
- Up to \$500,000 to establish or support strategic initiatives, including (but not limited to) an academic enrichment fund, the Humanities for Young People Program, Public Humanities, a journalism camp for high school students, a choral music camp, and a staff development fund. To date, \$204,000 has been expended, with \$296,000 remaining.

The University’s internally restricted funds are held across three funds: the General Fund, the Bicentennial Fund, and the Reserve Fund. The framework is structured to respect the specific purposes of each fund, particularly the Bicentennial Fund, which supports library operations (including maintenance and repair), bursaries and scholarships, academic programs, and faculty support.

	Book Value	Market Value
General Fund	\$ 3,554,000	\$ 4,114,000
Bicentennial Fund	1,178,000	1,364,000
Reserve Fund	<u>730,000</u>	<u>845,000</u>
Total	<u>\$ 5,462,000</u>	<u>\$ 6,323,000</u>

These funds are invested alongside the University’s endowment funds and generate both investment returns and associated management fees. In addition to internally restricted funds, the University holds approximately \$40.5 million in endowed funds, with a market value of

\$46.7 million. As of March 31, 2026, the combined investment portfolio had a total book value of \$46.0 million and a market value of \$53.0 million.

Schedules to the Budget

To assist in the analysis of the 2026/27 budget, the following schedules are attached:

- **Schedule 1** - compares the 2026/27 budget for operating fund revenue, expenses, and other cash-related items to the 2025/26 operating fund budget and 2025/26 operating fund actual results. It also provides projections for fiscal years 2027/28 through 2029/30.
- **Schedule 2** - provides a comparison of revenues and expenses by department for the 2026/27 budget.

Appendices to the Budget

- **Appendix A** – Shared Goals Memo for the 2025/26 Budget and Beyond
- **Appendix B** – 2024 – 2027 Multi-Year Financial Strategy Framework
- **Appendix C** – Expenditure and Revenue Management Framework

Operating Budget Summary

Schedule 1 and the table that follows indicate that King's is projecting an operating cash deficit of \$475,000 in 2026/27. On an operating basis, prior to debt repayment and capital expenditures funded from operations, the budget reflects a near break-even position, with a deficit of \$5,000. After incorporating \$494,000 in debt repayment and capital spending, along with \$24,000 in internally restricted fund commitments related to the former Enhanced Voluntary Retirement Program (EVRP), the projected operating cash deficit is \$475,000.

This result is consistent with the established target for 2026/27 and reflects substantial progress toward restoring financial balance. It also supports the return to a balanced position in 2027/28, with modest surpluses in subsequent years to rebuild internally restricted funds. These results reflect structural improvements to the University's cost base rather than one-time or temporary measures.

	Approved Revised Budget 2025/26	Actual 2025/26	Budget 2026/27
Revenue	\$ 26,629,000	\$ 24,851,000	\$ 25,574,000
Expenses (actuals incl \$0.3M cont'n for legal claims)	26,265,000	25,534,000	25,579,000
Excess (deficiency) of revenue over expenditures	\$ 364,000	\$ (683,000)	\$ (5,000)
Debt repayment	\$ (715,000)	\$ (715,000)	\$ (334,000)
Capital expenditures funded by operations	(330,000)	(122,000)	(160,000)
Internally restricted operating funds - in budget*	81,000	70,000	24,000
Internally restricted operating funds - not in budget*	-	100,000	-
Cash deficit from financing & investing	\$ (964,000)	\$ (667,000)	\$ (470,000)
Net cash deficit	\$ (600,000)	\$ (1,350,000)	\$ (475,000)

*Refer to *Use of Internally Restricted Funds* on page 29.

Key revenue assumptions, including enrolment and residence occupancy, are presented at the bottom of Schedule 1 for ease of reference. Enrolment figures are based on October 15 levels to reflect fall withdrawals, while residence occupancy is measured as of move-in day. Tuition and fee rate increase assumptions are also summarized in this section.

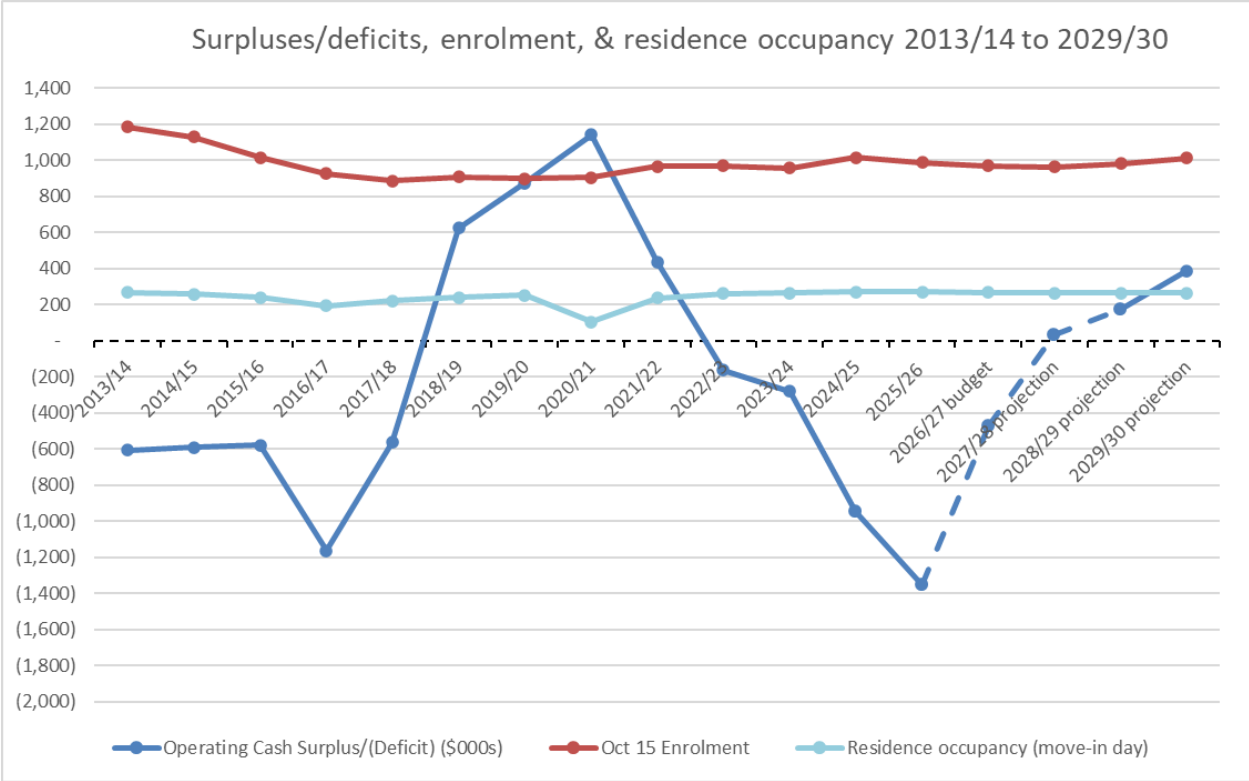
For projection purposes, it is assumed that the undergraduate tuition freeze will remain in effect throughout the forecast period. Provincial government funding beyond 2026/27 remains uncertain, as the current bilateral agreement with the province expires on March 31, 2027. In the absence of confirmed funding levels, a 2% annual increase has been assumed for all projection years.

Preliminary estimates for 2027/28 and future years are based on current expenditure trends, the incorporation of the Workforce Adjustment Program, and anticipated enrolment growth, consistent with the Strategic Enrolment Management (SEM) plan as developed and periodically updated by the Chief Enrolment and Student Life Officer.

However, declining international enrolment across Canada has intensified competition for domestic students among universities. For budgeting purposes, first-year enrolment is therefore assumed to remain stable, with only modest growth over the projection period. Upper-year enrolment depends on the size of prior entering classes, which have been below 200 in recent years; as a result, upper-year enrolment in the 2026/27 budget is projected to be lower than in 2025/26 actuals.

While external cost volatility, particularly in utilities and energy, remains a risk, these pressures do not affect the budget outcome presented for approval. They will continue to be monitored through established financial oversight processes.

The following graph presents King's surpluses and deficits, enrolment, and residence occupancy from 2013/14 through 2029/30. It incorporates actual results to 2025/26, the proposed budget for 2026/27, and projections through to 2029/30. The 2026/27 budget and forward projections reflect the combined impact of corrective measures previously approved by the Board and discussed earlier in this document.



Our financial strategy for the coming months will prioritize implementation of the Workforce Adjustment Program (WAP), which is essential to restoring King’s long-term financial sustainability. Efforts will also focus on ensuring that the 2026/27 deficit does not exceed \$500,000, in accordance with the Board’s direction.

The 2024 – 2027 Multi-Year Financial Strategy will guide financial planning, with a focus on:

- Enrolment growth and strategic investments
- Cost control and revenue diversification
- Proactive budget aligned with institutional priorities

Given King’s limited capacity to fund operating deficits; work will continue to ensure that the financial strategy (Appendix B) remains aligned with and supports the University’s strategic direction.

Recommendations from the reports of the Financial Stabilization Committee and external consultant will inform future budgetary planning.

Long-Term Debt

The University’s long-term debt consists of five facilities, summarized below:

1. 2012/13 - \$5.3 million loan, 3.39% interest rate (swap), 20-year term, used to consolidate existing debt (largely related to capital projects). \$2.482 million was outstanding as of March 31, 2026.

2. 2015/16 - \$1.5 million loan, 3.23% interest rate (swap), 20-year term, to finance soffit, gutter, window and chimney upgrades to the Arts and Administration (A&A) Building (including the attached Bay residences). \$0.880 million was outstanding as of March 31, 2026.
3. 2016/17 - \$1.9 million loan, 2.63% interest rate (swap), 20-year term, to finance the North Pole Bay residence renovation project. \$1.132 million was outstanding as of March 31, 2026.
4. 2017/18 - \$2.035 million loan, 3.64% interest rate (swap), 20-year term, to finance the 2017/18 capital program (including a \$1.375 million energy efficiency and sustainability project and \$660,000 for water infiltration mitigation). \$1.415 million was outstanding as of March 31, 2026.
5. 2022/23 - \$4.9 million loan, 3.71% interest rate (swap), 20-year term, to finance the Alexandra Hall accessibility project. \$4.281 million was outstanding on March 31, 2026.

Schedule 1 and the operating budget summary presented earlier reflect a reduction in debt servicing costs for 2026/27. To further reduce pressure on the operating budget, the Board approved, at its March 2026 meeting, the refinancing of these five facilities into a single consolidated debt instrument. The refinanced structure carries a 20-year amortization period and a five-year swap term. The Board views this refinancing as a critical step in improving near-term cash flow while longer-term structural adjustments are implemented.

In addition to the refinancing request, the University asked RBC to increase its operating line of credit from \$2 million to \$3 million, even if only on a temporary basis. This request reflects the Board's preference to rely on bank financing, rather than internally restricted funds, to manage cash flow during the period in which deficit-reduction measures are being implemented. The Board considers the operating line of credit to be an important bridge facility that supports disciplined financial management while the University executes its approved plan to sustainability.

In April 2026, a *Financial Stabilization and Funding Requests* proposal was submitted to RBC, seeking approval for the refinancing and the increase in the operating line of credit. RBC requested a detailed plan outlining the path to financial sustainability, accompanied by a three-year monthly cash flow forecast. The proposal was approved in mid-May 2026.

The refinanced debt totalling \$10,154,000 took effect on May 28, 2026, representing the combined balance of the five facilities as of April 30. The blended interest rate (swap rate plus credit spread) is 3.29%. Debt servicing costs (principal and interest) in the 2026/27 budget are projected to be \$414,000 lower than in the prior year, with similar savings incorporated into the forward projections.

King's operating line of credit has been increased to \$3.0 million. The limit was raised by \$500,000 earlier in 2025–26 to bring it to \$2.0 million, with a further temporary increase of \$1.0 million approved in May in connection with the funding proposal. The line of credit balance was nil as of March 31, 2026, reflecting careful cash management throughout the year.

A summary of the long-term debt position follows:

	Actual 2022/23	Actual 2023/24	Actual 2024/25	Actual 2025/26	Budget 2026/27
Loans - opening balance	\$ 10,334,000	\$ 12,262,000	\$ 11,594,000	\$ 10,905,000	\$ 10,190,000
Principal payments	(2,972,000)	(668,000)	(689,000)	(715,000)	(10,488,000)
Additional funds	4,900,000	-	-	-	10,154,000
Loans outstanding	\$ 12,262,000	\$ 11,594,000	\$ 10,905,000	\$ 10,190,000	\$ 9,856,000

Capital Expenditures Funded by Operations

The operating budget includes expenditures funded from operating cash flow, such as major repairs that qualify as capital additions to buildings (and are not financed through long-term debt or external capital contributions), as well as the acquisition of other fixed assets, including library materials, computers, equipment, and furniture. A summary of budgeted capital expenditures for the coming year is presented below.

	Approved Budget 2025/26	Actual 2025/26	Budget 2026/27
Library books	\$ 15,000	\$ 11,000	\$ 5,000
Furniture, computers & equipment capitalized	81,000	111,000	45,000
Athletics equipment	20,000	-	10,000
Facilities alterations & renovations capitalized	214,000	-	100,000
Capital expenditures funded by operations	\$ 330,000	\$ 122,000	\$ 160,000

While the Library did not fully expend its 2025/26 acquisitions budget, it holds several endowments that support the purchase of library materials. The Library is expected to rely more heavily on these endowments in the coming year, within permitted annual draw limits.

Athletics allocated a significant portion of its 2025/26 equipment budget to repairs rather than new equipment purchases.

In assessing actual results for capitalized facilities alterations and renovations, these should be considered alongside the overall results for the Facilities Management (FM) department. While FM's total expenditures for 2025/26 exceeded the revised budget by \$63,000 (refer to the expenditure table on page 42), capitalized facilities alterations and renovations were underspent by \$214,000, resulting in net savings of \$151,000. This reflects a greater emphasis on repairs and maintenance rather than capital renewal or improvements, which would be capitalized. The 2026/27 budget has been reduced accordingly.

Use of Internally Restricted Funds

All expenditures under the framework for expenditure of internally restricted funds are incorporated into the applicable departmental and program actual expenditures for 2025/26.

	Approved Budget 2025/26	Actual 2025/26	Budget 2026/27
Framework for expenditure of internally restricted funds			
Staff development fund	\$ -	\$ -	\$ -
Support for Humanities for Young People and Public Humanities	-	(3,000)	-
Student employment fund	-	4,000	-
Recruitment and marketing/communications re: recruitment	-	15,000	-
Total framework expenditures from internally restricted funds	\$ -	\$ 16,000	\$ -
Other uses of internally restricted funds approved by the Board			
Indigenous initiatives	\$ -	\$ 84,000	\$ -
EVRP coverage (former program)	81,000	70,000	24,000
Total other uses of internally restricted funds	\$ 81,000	\$ 154,000	\$ 24,000
Total use of internally restricted operating funds	\$ 81,000	\$ 170,000	\$ 24,000

The negative balance reported for Public Humanities reflects a repayment to the internally restricted funds for amounts that were not ultimately required, due to an external employer not invoicing the University for a student's salary.

In June 2022, the King's Board of Governors authorized the use of up to \$600,000 from internally restricted funds over five years to support Indigenous initiatives, including the success of the Mi'kmaq Journalism Initiative.

Efforts to support the success of this cohort initiative, as well as all Indigenous students at King's, have been strengthened through the introduction of additional supports, developed with the advice and guidance of the Mawaknutma'tnej Advisory Circle. These supports are funded through the approved \$600,000 allocation and include:

- An Indigenous Student Support and Outreach Coordinator (hired in 2023/24), replacing the previously funded Auntie Program that had been offered in partnership with Mount Saint Vincent University and was available to Indigenous students at both institutions.
- The creation of a dedicated space for Indigenous students on campus in 2023/24, the *Mawio'mio'kuom*, located in the fully accessible section of Alexandra Hall.
- Strengthened relationships with the Elder-in-Residence Program and the Indigenous Student Centre at Dalhousie University.

Additional initiatives and supports will be developed through ongoing engagement with the Mawaknutma'tnej Advisory Council. Of the approved \$600,000, **\$292,000** remained unspent as of March 31, 2026.

Effective April 1, 2026, the salary and benefits of the Indigenous Student Support and Outreach Coordinator have been incorporated into the operating budget under the Community Supports department and will no longer be funded from the internally restricted funds for Indigenous initiatives.

The 2025/26 budget included funding to cover 50% of the cost of replacing a faculty member who elected to participate in the Enhanced Voluntary Retirement Program (EVRP), effective July 1, 2025. Under the terms of the program, participating faculty members receive 100% of their salary for a 50% workload in their first year (July 1 to June 30), after which they retire. At that point, they may either leave the University or enter into a post-retirement appointment of up to two years at a 50% workload.

The budget provided for replacement of the 50% teaching workload not delivered by the participating faculty member during the first year of the program. Of the required coverage, nine months were included in the 2025/26 budget and the remaining three months are included in the 2026/27 budget.

The Board of Governors approved the use of up to \$500,000 from internally restricted funds to support the former Enhanced Voluntary Retirement Program (EVRP). Of this amount, \$222,000 remained unspent as of March 31, 2026. July 1, 2025 was the final date for faculty participation, and a total of nine faculty members retired under the program. The EVRP has been succeeded by the Workforce Adjustment Program (WAP) described earlier.

Major Revenue Assumptions

Provincial Operating Grant

Assumed to increase by 2% in 2026/27 over the prior year, in accordance with the 2025–2027 bilateral agreement with the province. The 2026/27 grant is subject to potential holdbacks totaling \$448,000: \$179,000 relates to the 2% annual increase and is contingent on satisfactory progress on Table 1B initiatives under the agreement, and \$269,000 is contingent on the submission of an Academic Program Review by October 15, 2026. Projections assume a continued 2% annual increase in provincial funding in subsequent years.

Domestic Student Academic Fees

- A student consultation meeting on proposed changes to tuition and fees for 2026/27 was held in late February with members of the King's Students' Union (KSU) Executive, allowing for Board approval at the March meeting (rather than June, as in prior years). See *Student Residence Fees* below for further information on this timing.
- Domestic undergraduate tuition will remain frozen at 2024/25 rates, in accordance with the bilateral agreement with the province. While the requirement applies only to Nova Scotia students, Dalhousie University has extended the freeze to all domestic undergraduate students. Given the joint delivery of Arts and Science degrees, King's has adopted the same approach. Universities are not permitted under the bilateral agreement to decrease tuition for domestic out-of-province undergraduate students.

- Following deliberation, the Budget Advisory Committee (BAC), informed by comparator analysis of tuition at peer institutions, has recommended the following graduate tuition adjustments:
 1. Master of Journalism (MJ) – 2% increase, reflecting that King’s tuition ranks fourth among six Canadian universities offering comparable programs.
 2. Master of Fine Arts (MFA) – 2% increase, reflecting strong enrolment and limited program availability nationally; the low-residency format primarily attracts mid- to late-career professionals.
- Projections for 2027/28 through 2029/30 assume the continuation of the domestic undergraduate tuition freeze and a 2% annual increase in graduate tuition rates.

International Student Academic Fees

- Under the 2025–2027 bilateral agreement, universities are not permitted to decrease tuition for international undergraduate students for two years, consistent with the restriction placed on domestic out-of-province undergraduate tuition.
- King’s adopted Dalhousie’s international tuition guarantee model in 2023/24, applying to all undergraduate programs except the one-year Bachelor of Journalism. Under this model, tuition is fixed at entry for up to five years:
 1. Fall 2023 cohort – \$31,900 annually for the duration of their degrees (up to five years), representing increases of 25% for Arts, 20% for Science, and 24% for Journalism compared to 2022/23, or average annualized increases of approximately 6.25%, 5%, and 6%, respectively. These increases were front-end loaded to support the guaranteed rate.
 2. Fall 2024 cohort – \$33,814 annually, a 6% increase over the prior cohort.
 3. Fall 2025 cohort – \$35,842 annually, a further 6% increase.
 4. Fall 2026 cohort – \$37,992 annually, reflecting an additional 6% increase.
- International undergraduate students admitted prior to fall 2023, international graduate students (all cohorts), and students in the one-year Bachelor of Journalism program are subject to an international differential fee increase of 10% in 2026/27. With no increase in base tuition, this results in an overall tuition increase of approximately 6.9% to 7.1%, depending on the program.
- King’s and Dalhousie currently have the highest international tuition rates among Atlantic universities. To support competitiveness, King’s introduced a \$10,000 International Student Mobility Waiver in 2025/26, applicable to all full-time international students regardless of year of admission. This waiver will increase to \$12,000 in 2026/27.
- Projections for 2027/28 through 2029/30 assume:
 1. A 6% annual increase in the guaranteed tuition rate for new cohorts;
 2. A 10% annual increase in the international differential fee; and
 3. Continuation of the International Student Mobility Waiver at \$12,000.

Student Ancillary Fees

- A detailed listing of all ancillary fees charged to King's students is provided in the revenue section that follows.
- Considering ongoing inflationary pressures, the Budget Advisory Committee (BAC) recommended a 2% increase to all ancillary fees for 2026/27, consistent with increases applied in the previous two years and aligned with Dalhousie's approach.
- The MFA mentor fee, which provides compensation to program mentors located across Canada, is indexed annually to the Canadian Consumer Price Index (CPI). The fee increased by 2.0% in 2025/26. From program inception in 2013/14 to July 1, 2025, cumulative CPI was 29.8%, and the mentor fee increased by an equivalent amount over the same period; accordingly, no catch-up adjustment was required. Based on the Bank of Canada's 2% inflation target, the BAC assumed a 2% CPI increase for July 1, 2026 and recommended a corresponding 2% increase in the mentor fee for 2026/27. This fee is paid directly to mentors and does not generate revenue for King's.
- King's students pay certain Dalhousie-administered fees directly to Dalhousie, including the health service fee, facility renewal (recreation) fee, and Dalhousie Medical Campus Response Team (DMCRT) fee. For 2026/27, Dalhousie increased the health service fee by 3% and maintained the other two fees at current levels.
- King's students also pay a joint athletics fee and a joint facility renewal fee, portions of which are retained by King's and remitted to Dalhousie (currently two-thirds and 50%, respectively). Dalhousie increased both fees by 2% for 2026/27.
- Under the new Dalhousie–King's financial transfer agreement, the share of these joint fees remitted to Dalhousie will decrease to 50% (athletics) and 38% (facility renewal). King's previously reduced its retained portion of the athletics fee in anticipation of this change; this adjustment will be fully reflected on a go-forward basis in 2027/28. Students can expect a reduction in the facility renewal fee in 2027/28 to reflect the lower proportion remitted to Dalhousie.

Student Residence Fees

- The Board of Governors previously approved a 3% annual increase in residence room fees for four years (2022/23 through 2025/26) to support the initial and ongoing costs associated with the residence and student life restructuring implemented in 2022/23. Cochran Bay was excluded from these increases pending renovations to improve its condition. Prior to this period, residence fees had been held flat for six consecutive years (2016/17 through 2021/22), at a time when King's rates were among the highest in the Maritime comparator group (second to Dalhousie). The approved increases also recognized significant cost escalation over that period, including utilities, maintenance, contracted services, and employee compensation. Despite these adjustments, fee increases have not kept pace with inflation or the resources required to maintain and enhance expected service levels.
- A 2026/27 comparator analysis indicates that King's single room rates now fall within the lowest quartile of the Maritime comparator group for rooms of similar condition and age, and that King's double room rates are the lowest among Halifax peninsula institutions. The Budget Advisory Committee (BAC) determined that a rate adjustment is required to

address these gaps, support ongoing capital needs, particularly for stone buildings with persistent pest management challenges, and strengthen core services such as Wi-Fi reliability, while remaining mindful of student affordability.

- For 2026/27, the BAC approved the following changes:
 1. A 3% increase in double room rates
 2. A 5% increase in single room rates
 3. An additional flat fee of \$425 per year for all room types to support enhanced Eastlink Wi-Fi services
 4. The introduction of new room categories in Alexandra Hall:
 - Four larger fourth-floor corner single rooms, priced between standard Alexandra Hall fourth-floor singles and Bay fourth-floor singles based on relative size
 - Two ensuite single rooms, priced at \$1 per day above the Bay fourth-floor single rate to reflect private washroom access
 5. Cochran Bay room rates will remain at 2025/26 levels, with only the addition of the \$425 annual Wi-Fi fee.
- These adjustments are expected to bring King's residence rates in line with the Maritime average for 2026/27, and in some cases below average depending on comparator increases. King's is expected to remain among the most affordable campus housing options on the Halifax peninsula.
- The per diem residence rate of \$25 will continue for students remaining on campus over the holiday break. The early arrival fee for student-athletes has been eliminated, consistent with practices at most comparator institutions.
- The shift in timing for Board approval of tuition and fees (from June to March) was implemented to facilitate the installation of the Eastlink Wi-Fi system following student move-out in late April. This revised approval timeline is expected to continue. The transition to the Eastlink model reflects increased demand for reliable, high-capacity connectivity, supporting multiple devices per room, and includes 24/7 technical support provided directly by Eastlink. This model is consistent with that used at Dalhousie.

Meal Plan Fees

- Under the terms of the dining services contract with Chartwells, daily meal plan rates are adjusted annually based on changes in the Nova Scotia all-items Consumer Price Index (CPI), as measured in the preceding December. For 2026/27, CPI increased by 3.1% (compared to 1.7% used in 2025/26, based on November due to the HST holiday). Chartwells has requested that 50% of this increase (1.55%) be applied to 2026/27 meal plan pricing.
- In addition, Chartwells has requested that 50% of a projected 7.5% labour cost increase (i.e., 3.75%) be incorporated into pricing (compared to 2.1% in 2025/26). This reflects anticipated wage pressures, including the scheduled increase in the Nova Scotia minimum wage to \$17.00 per hour effective October 1, 2026.
- Combined, these factors result in a 5.3% increase in daily meal plan rates for 2026/27 (compared to 3.8% in 2025/26).
- Total meal plan fees are also affected by the number of residence board days. For 2026/27, the number of board days will decrease to 218 from 222 in 2025/26. As a result, the overall

increase in total meal plan fees is moderated to approximately 3.4%, compared to the full 5.3% increase in daily rates. By comparison, in 2025/26, the number of board days remained unchanged from the prior year, and the total fee increase aligned with the 3.8% increase in daily rates.

REVENUE

The revenue assumptions outlined in this section reflect the broader financial strategy described earlier in this document, including conservative enrolment projections, additional investment income from the higher draw percentage, enhanced fundraising activity, and the financial impact of the new Dalhousie–King’s agreement. These assumptions are intended to support a stable and achievable path to financial balance.

	Approved Revised Budget 2025/26	Actual 2025/26	Budget 2026/27
Provincial operating grant	\$ 8,954,000	\$ 8,954,000	\$ 9,133,000
Student academic fees	10,460,000	8,802,000	8,631,000
Student ancillary fees	1,391,000	1,333,000	1,307,000
Student residence fees	2,254,000	2,223,000	2,331,000
Continuing education	44,000	80,000	93,000
Investment income	2,061,000	2,038,000	2,492,000
Sale of goods and services	397,000	416,000	375,000
Conference services	369,000	368,000	391,000
Gifts	643,000	571,000	769,000
Other grants	56,000	66,000	52,000
Total revenue	\$ 26,629,000	\$ 24,851,000	\$ 25,574,000

Provincial Operating Grant

The provincial operating grant is projected to increase by \$179,000 relative to the 2025/26 budget and actuals, reflecting the 2% increase provided for in the 2025-2027 bilateral agreement between King’s and the provincial government. As noted earlier, this increase is subject to potential holdbacks totaling \$448,000.

Student Academic Fees

Variances in student academic fees are primarily driven by differences in full-time equivalent (FTE) enrolment, as shown in the table on the following page (as of October 15), combined with the tuition adjustments described earlier. Results are also affected by the new Dalhousie-King’s agreement.

	Approved Budget 2025/26	Actual 2025/26	Budget 2026/27
FYP (Foundation Year Program)	190	188	190
BA (Bachelor of Arts)/BM (Bachelor of Music)	587	478	464
BSC (Bachelor of Science)	149	127	111
BJH (Bachelor of Journalism Honours)	56	52	48
BJ (Bachelor of Journalism 1-year)	8	7	10
MJ (Master of Journalism)	19	16	19
MFA (Master of Fine Arts)	105	101	108
Total FTEs	1,114	969	950
International FTE included above*	20	15	20

*There were 20 students in winter 2026 – Master of Journalism students can begin the program in the winter semester.

Tuition dollars by program are shown in the table below:

	Approved Budget 2025/26	Actual 2025/26	Budget 2026/27
Arts & Science	\$ 7,895,000	\$ 6,955,000	\$ 6,812,000
Journalism (4-year and 1-year BJ)	1,225,000	483,000	492,000
Master of Journalism (MJ)	151,000	126,000	144,000
Master of Fine Arts (MFA)	1,002,000	971,000	1,054,000
International differential	480,000	560,000	534,000
International student mobility waiver	(200,000)	(217,000)	(240,000)
Tuition waivers	(93,000)	(76,000)	(165,000)
Total student academic fees	\$ 10,460,000	\$ 8,802,000	\$ 8,631,000

Under the previous approach, King’s recognized tuition revenue directly from Dalhousie students enrolled in Journalism courses, as the program operated outside the financial transfer framework. Similarly, summer session tuition revenue was retained by the institution delivering the instruction, regardless of the student’s home university.

Under the new agreement (which was implemented retroactive to April 1, 2025), all programs and terms are treated consistently. Each institution retains tuition revenue from its own students, while teaching activity across institutions is reconciled through the financial transfer. As a result, Journalism tuition revenue previously recorded by King’s is now reflected through the Dalhousie allotment process.

This change results in a reduction of approximately \$689,000 in recognized Journalism tuition revenue. This amount is offset elsewhere through the financial transfer, resulting in a more accurate alignment between revenue recognition and instructional costs.

The increase in the international student mobility waiver reflects the rise in the waiver amount from \$10,000 to \$12,000.

The increase in tuition waivers is primarily attributable to expanded support under the Journalism initiative for Indigenous and African Nova Scotian students, as well as post-youth-in-care waivers.

Student Ancillary Fees

Variances in student ancillary fees are primarily driven by differences in full-time equivalent (FTE) enrolment, as outlined in the enrolment table presented earlier, combined with the 2% fee increase described above.

The table that follows distinguishes between fees applicable to all students and program-specific fees. Due to the low-residency structure of the MFA program, MFA students pay only a portion of the full ancillary fee set.

Study abroad programming also contributes to the year-over-year variance. The course alternates annually between Berlin and Florence; it was delivered in Berlin in 2025/26 and is planned to be offered in Florence in 2026/27.

There is no budget allocation for the Humanities for Young People (HYP) program, as any surplus generated is deferred for use in the subsequent year. HYP is a one-week residential summer program hosted at King's for high-achieving students aged 15 to 17, providing participants with the opportunity to engage closely with scholars across a range of disciplines. While enrolment in 2025/26 exceeded 50 students for the first time, enrolment has been capped at 40 students in 2026/27 to align with program capacity and to ensure program quality.

	Approved Budget 2025/26	Actual 2025/26	Budget 2026/27
<u>Fees applied to all students</u>			
Facility renewal fee	\$ 316,000	\$ 274,000	\$ 273,000
Athletic fee	274,000	241,000	234,000
College fee	79,000	69,000	67,000
Administration fee	40,000	35,000	35,000
<u>Program specific fees</u>			
MFA mentor fee	419,000	407,000	441,000
FYP fee	61,000	60,000	62,000
Study abroad fees (admin & travel)	111,000	110,000	110,000
Humanities for Young People (HYP)	-	54,000	-
<u>Other fees (application fees, forfeits, etc.)</u>			
Other administrative fees	91,000	83,000	85,000
Total student ancillary fees	\$ 1,391,000	\$ 1,333,000	\$ 1,307,000

Student Residence Fees

The variance in student residence fees is driven primarily by occupancy levels and approved rate increases.

For 2026/27, King's once again has a residence waitlist for both returning and non-King's students and is projecting full occupancy. Residence applications have increased by 7% over the prior year. While the University has capacity for up to eight temporary beds through the conversion of larger single rooms to doubles, the budget assumes the use of four temporary beds (compared to two in 2025/26).

The projected number of occupied beds on move-in day is 269, compared to 263 in 2025/26 actuals and 271 in the 2025/26 budget. Withdrawals are assumed to be consistent with recent experience, with four in the fall term and eight in the winter term (compared to six winter withdrawals in 2025/26 actuals). This results in a projected year-end occupancy of 257 students, compared to 253 in the prior year (and 260 in the 2025/26 budget). Full occupancy is assumed in the projection years, without reliance on temporary beds.

As part of the 5%, 10%, and 15% budget reduction exercise, the Residence team identified an opportunity to increase permanent capacity by two beds. This will be achieved through the elimination of the Roost Junior Don position and the consolidation of responsibilities under the North Pole Bay Don. Following the relocation of the Assistant Dean of Residence Life off campus in May, the North Pole Bay Don will occupy that residence space. These changes increase the official bed count to 265.

As noted under *Major Revenue Assumptions*, residence room fees will increase by 3% for double rooms and 5% for single rooms in 2026/27, except for Cochran Bay, where rates remain

unchanged until improvements are made. Revenue from the \$425 Eastlink Wi-Fi fee is offset by the corresponding service cost.

	Approved Budget 2025/26	Actual 2025/26	Budget 2026/27
Total beds (excluding Deans, Dons)	268.0	266.0	267.0
Beds converted to junior don suites	(3.0)	(3.0)	(2.0)
Maximum operational number of beds	265.0	263.0	265.0
Deduct: Unavailable bed (accessible room)	-	(1.0)	-
Deduct: Unavailable single room (for storage)	-	(1.0)	-
Add: Temporary beds created (large singles to doubles)	6.0	2.0	4.0
Beds available	271.0	263.0	269.0
Beds vacant on move-in day	0.0	0.0	0.0
Beds occupied on move-in day	271.0	263.0	269.0
Fall withdrawals	(3.0)	(4.0)	(4.0)
Winter withdrawals (count as half for budget purposes)	(4.0)	(3.0)	(4.0)
Total beds occupied (financial) end of academic year	264.0	256.0	261.0
Total beds occupied (physical) end of academic year	260.0	253.0	257.0
Occupancy rate as % of permanent beds (excl withdrawals)	102.3%	100.0%	101.5%
Occupancy rate as % of permanent beds (incl withdrawals)	98.1%	96.2%	97.0%
Occupancy rate as % of available beds (excl withdrawals)	100.0%	100.0%	100.0%
Occupancy rate as % of available beds (incl withdrawals)	95.9%	96.2%	95.5%

Meal plan fees, as noted earlier, are increasing by 3.4% for 2026/27 (compared to 3.8% in 2025/26). King’s earns meal plan commission on a sliding scale based on total plans sold (220–239: 8%; 240–259: 11%; 260+: 14%), including dons and junior dons. Based on projected occupancy levels, the number of meal plans is expected to exceed 260 in both terms, and a 14% commission rate has therefore been applied in the budget. This is consistent with the commission earned in 2025/26.

	Approved Budget 2025/26	Actual 2025/26	Budget 2025/26
Room fees	\$ 2,052,000	\$ 2,032,000	\$ 2,125,000
Meal plan commission	202,000	191,000	206,000
Total Student residence fees	\$ 2,254,000	\$ 2,223,000	\$ 2,331,000
Number of meal plans (fall/winter):			
Residence/day students (fall/winter)	272/265	261/259	269/261
Dons (fall/winter)	11/11	11/11	10/10
Total (fall/winter)	283/276	272/270	279/271
Meal plan commission rate (fall/winter)	14%/14%	14%/14%	14%/14%

Other Revenue Assumptions

Investment Income

The variance in investment income reflects a Board-approved increase in the annual endowment spending rate for 2026/27 from 4% to 5% (exclusive of the 0.75% administrative charge), implemented to support near-term financial stability. In approving this change, the Board considered the sustained growth in the three-year average market value of the endowment portfolio, from \$28 million to \$47 million over the past 14 years, as well as benchmarking information indicating that a number of peer institutions apply a 5% spending rate. The projections assume the continuation of the 5% spending rate.

Based on recent portfolio values, the higher spending rate is expected to generate approximately \$454,000 in additional revenue compared to 2025/26 actual results, and \$431,000 relative to the 2025/26 budget. This adjustment is intended as an interim measure while the University evaluates a more differentiated (“braided”) approach to endowment spending in future years.

Actual investment income for 2025/26 was slightly below budget, primarily due to the timing of refilling the Rogers Chair.

Sales of Goods and Services

Actual revenues from sales of goods and services in 2025/26 exceeded budget by \$19,000. This variance is largely attributable to the following:

- Higher interest income of \$17,000 earned on King’s operating bank balance throughout the year
- Higher athletic team revenue of \$21,000, which is used to offset team-related costs
- Lower athletic facility rental revenue of \$14,000, due to the loss of a major client and efforts to avoid conflicts with team practices

Conference Services

Conference Services exceeded budget expectations in the summer of 2025, achieving its revenue target while operating with lower-than-budgeted expenditures, primarily in salaries. This resulted in a net surplus of \$84,000 compared to a budgeted surplus of \$68,000.

The 2026/27 budget has been developed on a deliberately conservative basis. Early indications suggest a strong summer 2026 season, with solid conference and tourism bookings already in place. Conference Services currently employs more than 20 summer students in part-time and casual roles.

	Approved Budget 2025/26	Actual 2025/26	Budget 2026/27
Conference service revenue	\$ 369,000	\$ 368,000	\$ 391,000
Conference services expenses	301,000	284,000	327,000
Profit/(loss)	\$ 68,000	\$ 84,000	\$ 64,000

Gifts

The 2025/26 actual results are \$72,000 lower than the 2025/26 budget. The variance can be explained by the following:

- The 2025/26 budget assumed \$200,000 in athletics scholarships to be awarded (against a total annual gift of \$280,000). Actual awards totaled \$108,000, resulting in a \$92,000 shortfall relative to budget. The unawarded portion of the gift has been deferred for use in future years.
- The Advancement Office received an unbudgeted \$22,000 gift from the University of King's College Alumni Association in support of *Tidings* magazine.

The Board accepted the President's fundraising report and authorized the addition of a Development Officer position, along with an associated travel budget, contingent upon receipt of a detailed fundraising strategy at the June 2026 Board meeting.

The objective is to secure at least \$2 million in additional restricted and unrestricted (non-endowed) donations over a 38-month period, above the current annual giving baseline of just over \$2 million. This effort will focus on supporting the academic mission and student experience, while alleviating near-term pressure on the operating budget and contributing to long-term financial sustainability. This approach aligns with a broader shift across the sector toward fundraising that delivers more immediate impact, rather than primarily endowed giving.

In due course, conservative, evidence-based estimates of revenue from this targeted fundraising initiative, as well as from a new major gifts campaign mandated by the Board, will be incorporated into future budget projections and forecasts.

The 2026/27 budget reflects the following assumptions:

- Unrestricted annual fund gifts – An incremental \$100,000 in new gifts, consistent with the President’s report. This assumes Board approval of the fundraising strategy in June and the hiring of a Development Officer by early fall. Net of salary costs, the expected contribution is approximately \$52,000 for 2026/27.
- Athletics scholarships – Awards of \$105,000 (from the \$280,000 annual gift), aligned with recent actual experience. If the full gift amount is awarded, scholarship expense would increase correspondingly, with no net budget impact. This represents a \$95,000 decrease relative to the 2025/26 budget.
- MFA program support – Recognition of \$137,000 of a \$220,000 gift to support the regularization of the MFA program and the development of a new MFA in scriptwriting/screenwriting.

EXPENSES

The expenditure framework for 2026/27 reflects the combined impact of structural cost reductions, compensation adjustments, and operational efficiencies implemented throughout the budget process. These measures are designed to align expenditures with sustainable revenue levels while maintaining the University's core academic priorities

	Approved Revised Budget 2025/26	Actual 2025/26	Budget 2026/27
Academic (excluding Journalism equipment & faculty computers)	\$ 8,169,000	\$ 7,579,000	\$ 7,827,000
Continuing Education	17,000	46,000	45,000
Allotment to Dalhousie	4,750,000	4,624,000	4,629,000
Facilities Management (excluding capital renovations)	1,931,000	1,994,000	1,897,000
Scholarships, Awards and Bursaries	1,615,000	1,445,000	1,447,000
Other Student Support	39,000	33,000	39,000
Utilities, Taxes & Insurance	724,000	709,000	755,000
Advancement Office	838,000	880,000	918,000
Athletics (excluding athletic equipment)	772,000	812,000	786,000
Bursar's Office/Human Resources	878,000	832,000	850,000
General College Administration and Other	356,000	381,000	331,000
Library (excluding Library books)	469,000	469,000	458,000
President's Office	717,000	657,000	586,000
Vice-President's Office	317,000	323,000	325,000
Community Supports	422,000	514,000	533,000
Enrolment & Student Life Office (Registrar, Recruitment, Marketing)	1,721,000	1,779,000	1,774,000
Enrolment & Student Life Office (Residence & Other Student Services)	828,000	785,000	880,000
Divinity & Chapel	153,000	152,000	133,000
Chapel Music	123,000	125,000	130,000
King's Chorus	39,000	35,000	41,000
Professional Fees	243,000	245,000	204,000
Interest & Service Charges	440,000	437,000	427,000
Investment Management Fees	253,000	248,000	252,000
Conference Services	301,000	284,000	327,000
Advancement Office - offsite leasing costs	150,000	146,000	147,000
Contingency	100,000	-	-
Workforce Reduction	(100,000)	-	(150,000)
Total expenses	\$ 26,265,000	\$ 25,534,000	\$ 25,579,000
Costs covered by internally restricted funds	(81,000)	(170,000)	(24,000)
Net expenses	\$ 26,184,000	\$ 25,364,000	\$ 25,555,000

General Comments

Expenses in the table on the previous page are presented by department or cost category, with each department's budget comprising both compensation and operating expenditures. In addition to the variance explanations provided earlier for the 2025/26 actual results and the 2026/27 budget, this section offers further commentary on selected areas of expenditure reflected in the table.

The 2026/27 total expenditure budget (net of expenditures funded by internally restricted funds) is \$629,000 (2.4%) lower than the 2025/26 approved revised budget, but \$191,000 (0.8%) higher than 2025/26 actuals. As the table includes expenditures funded by internally restricted funds—which are not supported by the operating budget—these amounts have been removed at the bottom of the table to enable a consistent, like-for-like comparison.

All departmental budgets have been affected by the 5%, 10%, and 15% reduction exercise (inclusive of salaries) referenced earlier in this document, as well as by annual salary adjustments, new hires, and vacancies. Variances in salaries and benefits are discussed in greater detail on the following page.

Actual expenditures for 2025/26 were \$820,000 (3.1%) below budget. This variance is primarily attributable to salary savings arising from the hiring freeze and from the implementation of the new Dalhousie–King's financial transfer agreement, retroactive to April 1, 2025 (resulting in \$653,000 in savings across the Academic expenditures and Allotment to Dalhousie lines; see section below).

Academic Expenditures and the Allotment to Dalhousie

Academic Expenditures

As noted in Section 4 (*Dalhousie–King's Relationship*), King's is now reimbursed for the full salary and benefits costs of Carnegie Professors, rather than only the teaching portion of their Arts workload. These costs are reflected in the Academic line in the table on the previous page. As a result, Academic expenditures in the 2026/27 budget are \$638,000 lower than in the 2025/26 budget.

Because the new agreement was implemented retroactively to April 1, 2025, the difference between the 2026/27 budget and 2025/26 actuals is significantly smaller, at \$112,000.

Allotment to Dalhousie

The allotment to Dalhousie budget is \$5,000 higher than 2025/26 actuals. A comparison to the 2025/26 budget is not meaningful, as it is not a like-for-like comparison. As noted in Section 4, had the previous financial transfer formula been applied, the 2026/27 deficit would be approximately \$450,000 higher.

The 2026/27 financial transfer will be based on FCEs taught in 2025/26 at Dalhousie's 2025/26 rates. The cost per FCE for 2025/26, as provided by Dalhousie, is estimated to be \$3,048, compared with \$3,072 in the prior year—a decrease of \$24 per FCE (0.8%). King's will be

charged for 33 additional FCEs relative to the prior year but will receive credit for teaching an additional 13 Dalhousie student FCES, resulting in a net increase of 20 FCEs. The allotment to Dalhousie increase is primarily attributable to higher service costs charged by Dalhousie, estimated at approximately \$4,000.

Scholarships, Awards and Bursaries

This relates to the Athletics scholarships as noted under *Gifts* in the revenue section.

Salaries and Benefits

The 2026/27 salaries and benefits budget of \$13,783,000 is \$327,000 (2.3%) lower than the 2025/26 budget of \$14,110,000, and \$366,000 (2.7%) higher than 2025/26 actuals of \$13,417,000 (which excludes \$4,000 in salaries funded by the internally restricted funds). Actual salaries and benefits for 2025/26 were \$693,000 (4.9%) below budget due to the full reimbursement of the Carnegie Professor salaries and benefits under the new financial transfer agreement and savings from the hiring freeze.

Compensation is the largest single component of expenses, accounting for 53.9% of total operating expenses budgeted for 2026/27. Academic salaries and benefits total \$6,585,000, representing 47.8% of total compensation, while administrative salaries and benefits total \$7,198,000, representing 52.2%.

If the direct cost component of the Dalhousie allotment is included, representing 58% of the total allotment, with the remaining 42% attributable to overhead, compensation-related expenses increase to 64.4% of total operating expenses budgeted for 2026/27. A significant portion of these direct costs relates to faculty salaries and benefits within the Faculties of Arts and Social Sciences and Science at Dalhousie.

Academic salaries and benefits in the 2026/27 budget are \$349,000 (5.0%) lower than the 2025/26 budget, but \$285,000 (4.5%) higher than 2025/26 actuals. Administrative salaries and benefits are \$22,000 (0.3%) higher than the 2025/26 budget and \$81,000 (1.1%) higher than 2025/26 actuals.

Actual academic salaries and benefits in 2025/26 were \$634,000 (9.1%) below budget, while actual administrative salaries and benefits were \$59,000 (0.8%) below budget.

The 2026/27 budget and three-year projections include a cumulative Workforce Reduction Allowance of \$150,000, \$837,000, \$1,493,000, and \$1,811,000, respectively. These figures reflect the full net reduction of 14 employees (as mandated by the Board) by 2029/30, based on an average salary of \$115,000 in 2026/27, escalated annually by 4%. These adjustments support achieving a break-even budget in 2027/28, followed by modest surpluses in subsequent years that can be used to rebuild internally restricted funds. This trajectory is outlined in Schedule 1.

As noted above, total salaries and benefits for 2026/27 are \$327,000 lower than the prior-year budget. This variance is attributable to the following:

Reductions:

- Full reimbursement of Carnegie Professor salaries and benefits under the new Dalhousie-King's financial transfer agreement - \$638,000
- Position eliminations and retirements - \$443,000
 - Upcoming and recent retirements, including a 50% post-retirement appointment
 - One fewer Faculty Fellow required due to lower FYP enrolment
 - Hiring freeze with positions not replaced

Offset by:

- Annual salary adjustments (including benefits) - \$401,000
 - Net of \$134,000 in savings from the salary freeze
 - Includes impact of University of King's College Teachers' Association (UKCTA) collective bargaining settlement - \$52,000
- New positions - \$207,000
 - Development officer (as recommended in the President's fundraising report, offset by gifts)
 - Roper Hannah Chair (funded by endowment)
 - Journalism faculty hire (reflecting a full year of costs versus nine months in the prior year budget)
 - Indigenous Support and Outreach Coordinator (previously funded through the Indigenous Initiatives Fund - internally restricted funds)
 - Security services brought in-house effective July 1, 2025 (full year cost in 2026/27 versus nine months in the prior year, partially offset by prior contractor costs)
- Regularization of MFA program staffing - \$100,000 (offset by donation)
- Other increases - \$46,000

Benefits

Benefits are increasing by \$51,000 (5.8%) over the 2025/26 budget and \$21,000 (2.3%) over 2025/26 actuals.

The following changes in employer benefit rates apply for 2026/27 (effective April 1):

- Basic and dependent life insurance – 19.3% increase (100% employer paid)
- Health – 7.2% increase (60% employer paid)
- Travel – 32.0% decrease (60% employer paid)
- Workers Compensation – 4.8% increase (based on maximum earnings; 100% employer paid)
- Employee Family Assistance Program (EFAP) – 4.2% decrease (100% employer paid)
- Virtual Healthcare – 12.5% increase (100% employer paid)
- Survivor income benefit (SIB) – reinstated following a three-year holiday (91% employer paid), resulting in an additional cost of \$12,000

Other statutory deductions for 2026/27 (effective January 1) include:

- Employment Insurance (EI) – 3.7% increase in the maximum contribution per employee
- Canada Pension Plan (CPP) – 4.9% increase in the maximum contribution per employee
- Second CPP contribution (CPP2) – 5.1% increase

Overall, benefit costs are influenced by the rate changes noted above, as well as staffing changes, including new positions and vacancies. Actual benefits in 2025/26 were \$30,000 (1.3%) above budget, largely due to the transition to in-house security services.

Pension

Pension costs are increasing by \$32,000 (3.3%) over the 2025/26 budget and \$23,000 (2.3%) over 2025/26 actuals. Pension costs are primarily driven by staffing levels, including new positions and vacancies, as well as annual salary increases. Actual pension costs in 2025/26 were \$11,000 (1.1%) above budget due to the buyback of service by employees who were previously on maternity and parental leaves.

Other Salaries and Benefits Comments

UKCTA

Except for the eight-member University of King's College Teachers' Association (UKCTA) bargaining unit (representing Faculty Fellows and Senior Fellows in the Humanities), King's faculty and staff are not unionized. Through the conciliation process, King's negotiated a new three-year collective agreement with the UKCTA, retroactive to July 1, 2025.

King's Faculty and the DFA

Under the principle of salary parity with Dalhousie, which forms part of the institutional association, King's aligns professorial salary scales with those established by the Dalhousie Faculty Association (DFA). Following a work stoppage in fall 2025, Dalhousie and the DFA reached a three-year collective agreement, retroactive to July 1, 2025.

Considering King's current financial position, the Faculty Salaries and Benefits Committee recommended that Faculty endorse a voluntary, temporary salary freeze for two years, effective July 1, 2026 (consistent with the President's salary freeze report presented to the Board in fall 2025). The proposed freeze allows for a temporary suspension of the parity clause for participating professorial faculty.

Under this approach, salaries would remain aligned with the July 1, 2025 DFA scale, rather than advancing to the July 1, 2026 scale. Faculty would not receive the income maintenance change (IMC) (i.e., cost-of-living) increase but would continue to progress through step increases (Y-values) on the 2025 scale. As such, this represents a partial freeze rather than a full freeze of both step and cost-of-living adjustments.

The freeze does not apply to the following groups, whose employment relationships differ contractually or operationally from tenured or tenure-track King's faculty:

- Members of the UKCTA
- Members of the King’s–Dalhousie Joint Faculty (Carnegie Professors)
- Faculty on non-tenure-track limited-term appointments (LTAs)

Following the conclusion of the freeze, King’s faculty salaries will resume alignment with DFA settlements in place at that time, thereby restoring full parity. Any forgone salary increases during the freeze period will not be recovered.

Future discussions regarding salary restraint beyond the current term will fall within the mandate of the Board–Faculty Joint Committee.

King’s Staff

King’s staff are compensated according to the King’s Managerial and Administrative (KMA) staff salary scale. Annual adjustments are typically effective July 1 and are informed by comparator institutions, subject to the University’s financial position. A 2% cost-of-living increase has been incorporated into the 2026/27 budget.

Dalhousie’s CUPE Local 3912

Dalhousie and CUPE Local 3912 (representing part-time instructors, teaching assistants, markers, and demonstrators) reached a three-year agreement during 2025/26, expiring August 31, 2027. The previous agreement had expired on August 31, 2024.

Under the new agreement, compensation increased significantly:

- Part-time instructor rates rose by 27.5%, from \$6,478 (September 1, 2023) to \$8,260 (September 1, 2026).
- Teaching assistant rates increased by 16.8%, from \$30.05/hour to \$35.11/hour over the same period.

Given the magnitude of these increases, guidance was sought from the Finance, Audit & Risk Committee (FAR) regarding whether King’s should continue aligning with Dalhousie’s rates. While not contractually required, King’s has historically followed Dalhousie’s rates, particularly given the shared labour pool for teaching assistants.

It was recommended that King’s continue to align with Dalhousie’s teaching assistant rates but not adopt the new part-time instructor rates. Instead, King’s will apply CPI-based increases (for Canada) to the September 1, 2023 instructor rate as follows:

- July 1, 2024: 2.5%
- July 1, 2025: 1.7%
- July 1, 2026 (estimated): 2.0%

This results in a total increase of 6.3%, bringing the rate to \$6,888 effective September 1, 2026. The impact of this differentiated approach will be monitored to determine whether it remains appropriate in future years.

Summary and Outlook

Overall, the 2026/27 budget reflects a transition from short-term financial pressure to a structured and achievable path toward long-term sustainability, supported by disciplined planning and aligned with the University's strategic priorities.

Revenue (in \$000s)	2025/26 Revised Budget	2025/26 Actual	2026/27 Budget	2027/28 Projection	2028/29 Projection	2029/30 Projection	Favourable (Unfavorable)			
							2027 Budget to 2026 Budget Comparison		2027 Budget to 2026 Actual Comparison	
							\$	%	\$	%
Operating grant*	\$ 8,954	\$ 8,954	\$ 9,133	\$ 9,315	\$ 9,502	\$ 9,692	\$ 179	2%	\$ 179	2%
Tuition and fees	11,851	10,135	9,938	10,077	10,363	10,905	(1,913)	-16%	(197)	-2%
Continuing education	44	80	93	94	95	96	49	100%	13	16%
Residence fees	2,254	2,223	2,331	2,398	2,481	2,570	77	3%	108	5%
Investment income	2,061	2,038	2,492	2,571	2,510	2,500	431	21%	454	22%
Gifts	643	571	769	876	786	793	126	20%	198	35%
Other (conf services, other grants, facilities rental, etc.)	822	850	818	804	828	851	(4)	0%	(32)	-4%
Total Revenue	\$ 26,629	\$ 24,851	\$ 25,574	\$ 26,135	\$ 26,565	\$ 27,407	\$ (1,055)	-4%	\$ 723	3%

Expenses (in \$000s)

Academic programs	\$ 8,186	\$ 7,625	\$ 7,872	\$ 8,293	\$ 8,935	\$ 9,457	\$ (314)	-4%	\$ 247	3%
Allotment to Dalhousie	4,750	4,624	4,629	4,617	4,710	4,804	(121)	-3%	5	0%
Administrative and support departments	9,564	9,738	9,642	9,864	10,128	10,478	78	1%	(96)	-1%
Scholarships, awards and bursaries	1,654	1,478	1,486	1,502	1,502	1,487	(168)	-10%	8	1%
Utilities, taxes and insurance	724	709	755	773	792	811	31	4%	46	6%
Interest and service charges	440	437	415	398	380	363	(25)	-6%	(22)	-5%
Conference Services	301	284	327	344	362	381	26	9%	43	15%
Other (professional fees, investment mgt fees)	496	493	456	461	470	480	(40)	-8%	(37)	-8%
Offsite office space rental	150	146	147	150	50	-	(3)	-2%	1	1%
Contingency	100	-	-	-	-	-	(100)	0%	-	100%
Workforce reduction	(100)	-	(150)	(837)	(1,493)	(1,811)	(50)	-100%	(150)	-100%
Total Expenses	\$ 26,265	\$ 25,534	\$ 25,579	\$ 25,565	\$ 25,836	\$ 26,450	\$ (686)	-3%	\$ 45	0%

Operating Cash Deficit (in \$000s)

Total Revenue	\$ 26,629	\$ 24,851	\$ 25,574	\$ 26,135	\$ 26,565	\$ 27,407	\$ (1,055)	-4%	\$ 723	3%
Total Expenses	26,265	25,534	25,579	25,565	25,836	26,450	(686)	-3%	45	0%
Excess/(Deficiency) of Revenue Over Expenses	364	(683)	(5)	570	729	957	(369)	-101%	678	1,361
Debt and Capital Funded by Operations										
Debt Repayment	(715)	(715)	(334)	(370)	(383)	(396)	381	-53%	381	-53%
Capital Funded by Operations	(330)	(122)	(160)	(168)	(169)	(172)	170	-52%	(38)	31%
Operating cash deficit before reserve transfers	(681)	(1,520)	(499)	32	177	389	182	-27%	1,021	-67%
Reserves to offset EVRP coverage costs (former program)	81	70	24	-	-	-	(57)	100%	(46)	100%
Reserves for framework for strategic investments	-	100	-	-	-	-	-	0%	(100)	-100%
Total reserve transfers	81	170	24	-	-	-	(57)	0%	(146)	-86%
Operating Cash Deficit	\$ (600)	\$ (1,350)	\$ (475)	\$ 32	\$ 177	\$ 389	\$ 125	-21%	\$ 875	-65%

Revenue Inputs/Assumptions (enrolment Oct. 15)

Operating grant increase*	2%	2%	2%	2%	2%	2%	n/a	0%	n/a	0%
FYP Enrolment	190	188	190	200	210	220	0	0%	2	1%
Undeclared (1st year) Enrolment	60	42	42	43	44	46	-18	-30%	0	0%
Total First Year Enrolment	250	230	232	243	254	266	-18	-7%	2	1%
International Enrolment	20	15	20	26	30	32	0	0%	5	33%
Undergraduate Enrolment	1010	872	842	830	828	840	-168	-17%	-30	-3%
Graduate Enrolment	125	117	127	134	154	173	2	2%	10	9%
Total Headcount	1135	989	969	964	982	1013	-166	-15%	-20	-2%
Residence Occupancy (move-in day)	271	263	269	265	265	265	-2	-1%	6	2%
Tuition increase - Arts and Science	0%	0%	0%	0%	0%	0%	n/a	0%	n/a	0%
Tuition increase - Journalism (4-year BJH)	0%	0%	0%	0%	0%	0%	n/a	0%	n/a	0%
Tuition increase - Journalism (1-year BJ)	0%	0%	0%	0%	0%	0%	n/a	0%	n/a	0%
Tuition increase - MJ	2%	2%	2%	2%	2%	2%	n/a	0%	n/a	0%
Tuition increase - MFA	2%	2%	2%	2%	2%	2%	n/a	0%	n/a	0%
Fee increase - all but MFA mentor fee	2%	2%	2%	2%	2%	2%	n/a	0%	n/a	0%
Fee increase - MFA mentor fee	2.0%	2.0%	2%	2%	2%	2%	n/a	0%	n/a	0%
Residence fee increase (+ \$425 Eastlink 2026-27)	3%	3%	3-5%	3-5%	3%	3%	n/a	0-2%	n/a	0-2%
International tuition (differential) (10% increase)	\$22,441	\$22,441	\$24,685	\$27,154	\$29,869	\$32,856	\$2,244	10%	\$2,244	10%
International tuition guarantee - up to 5 years (6% increase)	\$35,842	\$35,842	\$37,992	\$40,272	\$42,688	\$45,249	\$2,150	6%	\$2,150	6%
International student mobility waiver	\$10,000	\$10,000	\$12,000	\$12,000	\$12,000	\$12,000	\$2,000	100%	\$2,000	100%

*Subject to potential holdbacks of \$448k in 2026-27 in accordance with 2025-2027 bilateral agreement with Province of Nova Scotia.

The University of King's College

SCHEDULE 2

Statement of Operations (Operating Fund) - Departmental Revenues and Expenses
2026/27 Operating Budget

	March 31, 2027 Budget	General University	Conference Services	Academic	Continuing Education	Facilities Management	ESLO (Residence & Other Student Services)	Scholarships, Awards & Bursaries	Advancement	Athletics	Bursar's Office/HR	Library	President's Office	Vice President's Office	Community Supports	ESLO (Registrar, Recruitment, Marketing)	Divinity & Chapel	Chapel Music	King's Chorus
Revenue:																			
Government Grant	\$ 9,133,000	9,133,000																	
Student Academic Fees	8,631,000	9,036,000																	
Student Ancillary Fees	1,307,000	187,000		613,000		273,000		(405,000)		234,000									
Student Residence Fees	2,331,000						2,331,000												
Continuing Education	93,000				93,000														
Investment Income	2,492,000	827,000		697,000				867,000				16,000					82,000	3,000	
Sale of Goods and Services	375,000			6,000		19,000			11,000	120,000		4,000	4,000		6,000		9,000	14,000	10,000
Conference Services	391,000		391,000																
Gifts (annual fund & scholarship)	769,000	275,000		137,000				247,000		40,000							52,000	15,000	3,000
Other Grants	52,000	52,000																	
Total Revenue	\$ 25,574,000	\$ 19,682,000	\$ 391,000	\$ 1,453,000	\$ 93,000	\$ 292,000	\$ 2,331,000	\$ 709,000	\$ 11,000	\$ 394,000	\$ -	\$ 20,000	\$ 4,000	\$ -	\$ 6,000	\$ -	\$ 143,000	\$ 32,000	\$ 13,000
Expenses:																			
Compensation Expenses	\$ 13,548,000	86,000		6,584,000		872,000	748,000		761,000	394,000	838,000	413,000	398,000	322,000	499,000	1,425,000	88,000	93,000	27,000
Operating Expenses	3,770,000	245,000		1,243,000		1,025,000	82,000		157,000	291,000	12,000	45,000	188,000	3,000	34,000	349,000	45,000	37,000	14,000
Continuing Education	45,000				45,000														
Dalhousie Athletics Fee Flowthrough	101,000									101,000									
Food Services	50,000																		
Conference Services	327,000		327,000				50,000												
Allotment to Dalhousie	4,629,000	1,944,000		2,685,000															
Scholarships, Awards and Bursaries	1,447,000							1,447,000											
Other Student Support	39,000							39,000											
Utilities, Taxes & Insurance	755,000					755,000													
Professional Fees	204,000	204,000																	
Investment Management Fees	252,000			89,000				124,000											
Interest & Service Charges	415,000	415,000																	
Offsite office space leasing costs	147,000					147,000													
Workforce reduction allowance	(150,000)	(150,000)																	
Total Expenses	\$ 25,579,000	\$ 2,921,000	\$ 327,000	\$ 10,601,000	\$ 45,000	\$ 2,799,000	\$ 880,000	\$ 1,610,000	\$ 918,000	\$ 786,000	\$ 850,000	\$ 460,000	\$ 586,000	\$ 325,000	\$ 533,000	\$ 1,774,000	\$ 143,000	\$ 130,000	\$ 41,000
Excess (deficiency) of revenue over expenses	\$ (5,000)	\$ 16,761,000	\$ 64,000	\$ (9,148,000)	\$ 48,000	\$ (2,507,000)	\$ 1,451,000	\$ (901,000)	\$ (907,000)	\$ (392,000)	\$ (850,000)	\$ (440,000)	\$ (582,000)	\$ (325,000)	\$ (527,000)	\$ (1,774,000)	\$ -	\$ (98,000)	\$ (28,000)
Financing and investing activities:																			
Debt repayment	\$ (334,000)	(334,000)																	
Capital expenditures	(160,000)			(45,000)		(100,000)				(10,000)		(5,000)							
Use of internally restricted funds*	24,000			24,000															
Subtotal - Cash excess (deficit) from financing & investing	\$ (470,000)	\$ (334,000)	\$ -	\$ (45,000)	\$ -	\$ (100,000)	\$ -	\$ -	\$ -	\$ (10,000)	\$ -	\$ (5,000)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net increase (decrease) in cash	\$ (475,000)	\$ 16,427,000	\$ 64,000	\$ (9,193,000)	\$ 48,000	\$ (2,607,000)	\$ 1,451,000	\$ (901,000)	\$ (907,000)	\$ (402,000)	\$ (850,000)	\$ (445,000)	\$ (582,000)	\$ (325,000)	\$ (527,000)	\$ (1,774,000)	\$ -	\$ (98,000)	\$ (28,000)

*For EVRP (former program)

APPENDIX A



MEMORANDUM

To: Finance, Audit and Risk Committee
Fr: William Lahey, Bonnie Sands
Date: February 14, 2025
Re: Shared Goals for the 2025/26 Budget and Beyond

The following is a list of goals that we have agreed upon for the preparation of the budget for 2025-2026 and for the early planning of the budgets for the next three fiscal years. We have developed these goals with the advice of the Treasurer and, in light of the crucial relevance of enrolment goals and the enrolment growth plan developed by the Chief Enrolment and Student Life Officer and approved by the Board of Governors.

We are seeking reaction, guidance and suggestions from the Finance, Audit and Risk Committee about this list of goals as a first step in seeking input more widely on these goals.

Our hope with a document such as this is to achieve a greater level of clarity and understanding of the goals we are all working to advance in the roles and responsibilities we all have in relation to developing and managing budgets and in financial planning and stewardship more generally under the framework of the strategic and policy framework the Board of Governors has already provided.

1. We are in a three-to-four-year process of returning to annual balanced budgets, largely through investing in enrolment growth and strategic enrolment management, as approved by the Board of Governors. To support returning to balance and, in accordance with Board-approved financial management policies, expenditure control and reduction continue to be of paramount importance. In that context and given that the deficit for 2024-2025 was forecasted to be \$1,500,000 and is now forecasted to be \$1,100,000, with hope it can be lower. Our goal for 2025-2026 budget should be a forecasted deficit of less than, or in the vicinity of \$750,000.
2. In 2024, significant expenditure reductions were incorporated into the provisional budget after it was presented to the Board in March. Our goal in 2025 should be to ensure that expenditure reductions of this nature are to the full extent possible

incorporated into the provisional budget before it is presented to the Board of Governors, providing for a more focused and faster budget deliberation at the Board.

3. Our goal in preparing the budget for 2025-2026 and beyond should be to also identify and fully consider expenditure reductions and controls of a structural nature that can be built into the provisional budget for 2026-2027 through analysis of expenditure patterns such as vacancy rates and the time it typically takes to fill vacancies, elimination of positions through attrition where operationally feasible, budget underspends at the department and program level and opportunities for sharing resources between programs and departments.
4. Unlike other universities in Nova Scotia, we have not implemented expenditure control and reduction measures such as hiring freezes, university wide across-the-board expenditure reductions, further deferral of maintenance, reduction of low enrolment courses, service reductions in community and other student support services, etc. Our goal in 2025-2026 should be to consider these and other such options in a multi-year budgeting framework in case they prove necessary to achieving and maintaining a balanced financial position to see if they can yield significant and sustainable expenditure reductions, and to assess their impact on the university's mission, operations and student and employee experience. This should be done through a process that engages board members, faculty representatives, staff representatives, student representatives and that is supported by the technical and analytical support that such a process demands.
5. Another goal is to more fully integrate fundraising results into our budgeting while working with Advancement to integrate budgeting priorities into our fundraising, to the extent that is possible. This may include the following aspects:
 - a. Ensuring growth in our investment portfolio that has occurred and that is projected is reflected in revenue and revenue projections;
 - b. Ensuring that we are investing all funds that are available for investment;
 - c. Seizing opportunities in fundraising to grow internally restricted funds so that they can be used to supplement other sources of operating revenues in the years to come while increasing the overall size of the investment portfolio and the associated revenue;
 - d. Seizing opportunities to replace or substitute "seed money" from internally restricted funds and from donations that have been used in recent years to initiate experiential learning, Indigenization and other initiatives;
 - e. Seizing opportunities to change the proportion of spending in some categories of expenditures that come from operating revenue and from gifts and grants while maintaining or increasing the overall levels of spending in those categories of spending; and
 - f. In due course, increasing the investment we can make in fundraising.

6. On student tuition, our goal should be, in time for the 2026-2027 recruitment season, to relax the international student differential to better align it with that being charged by other maritime universities that are comparable to King's, subject to approval by the Board of Governors that King's makes this change on its own and after having appropriately engaged with Dalhousie on the matter.
7. Our goal should be to limit student tuition and fee increases to the greatest extent possible, with due regard to affordability, market circumstances, enrolment goals and inflation-related increases in operating expenses. At the same time, our goal will be to reduce the impact of financial aid spending on the operating budget (and internally restricted funds) without reducing overall spending on financial aid by introducing system upgrades that will better leverage endowment funds.
8. Our goal should be to obtain increased provincial funding through a general increase in the operating grant that exceeds the increases of recent years, or through an increase in King's specific funding, or from a combination of the two kinds of increased funding.
9. Building on the very good work already done, our goal in 2025 should be a budget document which communicates where spending has grown and decreased since 2018, the year in which our operating grant was adjusted by the province to ensure we were sustainable while working to rebuild enrolment from the steep declines that happened between 2013 and 2016. While a component of this may be a comparison by department and program, the priority is to more clearly show how net spending levels have changed in core functional areas such as academic programming and staffing, including the transfer to Dalhousie, student support, recruitment, communications, fundraising, alumni relations, athletics, utilities and other goods and services, debt servicing, and general administration. This is an alternative approach to showing a large amount of the expenditure that is not academic as "administration" as if academic and administration are the two categories that accurately explain all we do. The budget narrative that overlays this information needs to be concise and qualitative, allowing the board to understand past and future trends and the impact that various options will have on the financial sustainability of the university.
10. Along the same lines, another goal is to create and share a five-year forward analysis that shows the assumptions about the change in primary categories of revenue and expenses that we think will impact on the year-to-year budget situation over each of the next five years. This will include our assumptions about overall enrolment. Another way of explaining the role of this analysis is to show the assumptions under which enrolment growth goals could lead to a sustainably balanced budget from year-to-year and the extent of the change that would be needed in expenditures to achieve a balanced budget if those goals are missed. Over the next few years, the hope is that this analysis can be an additional context for the multi-year budgeting process we have implemented, providing guidance on what has to be achieved in each budget year on both the revenue and expenditure side of the ledger to achieve balanced budgets in the timeframe of the next five years or less and beyond.

11. Our goal is also to provide a five-year projection of spending and expected revenues, particularly from enrolment growth and stabilization, but also from investments, residence and other operational revenues and from government funding, to show how revenue growth and expenditure control can be combined to create a stable balanced budget situation at an enrolment level that is both realistic and appropriate for the academic mission of King's. This projection will also show the relative sensitivity of the five-year projection to up or down changes in core assumptions for revenue and expenditure growth in material categories of revenue and expenditure.
12. In preparing budgets, particularly in respect of requests for increased spending and options for decreases in spending in departments and programs, our goal should be to follow the direction provided by the Board approved Expenditure and Revenue Management Framework and the Board approved Multi-Year Financial Strategy. This means considering budgetary options not only from the point of view of immediate operational and financial goals and priorities but also in reference to the university's approved strategic direction as set out in the President's Mandate; The Strategic Academic Plan; the Strategic Enrollment Management Plan (when it is in place); the university's commitment to Indigenization and to the Scarborough Charter; the Accessibility Plan; the Sexualized Violence Awareness, Prevention and Response Policy; and, the Action Plan for a Culture of Consent and Respect.

Adjacent Matters

The following matters are closely adjacent to budgeting and need also to be addressed.

1. Our goal is to be ready to advise the Board of Governors in the near future on the possibility, feasibility and advisability of borrowing money for the SEC project under the federal Apartment Loans Construction Program and/or the comparable provincial program, considering that the provincial program includes forgivable loans. Part of this is identifying the amount of borrowing, with and without forgivable loans, that we think would be feasible and advisable so that an overall decision can be made about investing further fundraising and government relations work on the project in the immediate future.
2. Our goal is to determine if borrowing to finance operating deficits is an option and to provide the Board with the information, analysis and recommendation the Board needs to decide on borrowing and funding deficits out of internally restricted funds.

APPENDIX B
University of King’s College
2024 – 2027 Multi-Year Financial Strategy Framework
December 2023

A multi-year financial strategy framework was presented to the Board of Governors in December 2023. The purpose of a financial strategy is to set clear goals and articulate how those goals will be achieved. The annual budget process lays out expected available revenues and an expenditure plan that allocates those revenues in support of specific activities for the coming year in pursuit of the purpose and strategic direction of the university. The multi-year financial strategy or plan provides a framework to support the achievement of the mandate over a three-to-five-year planning window.

The Board of Governors approved the current strategic direction for King’s in the [2017 President’s mandate](#), in the [2019 President’s revised mandate](#), and in subsequent approvals of reviews and other actions taken in direct response to the 2019 mandate letter. The mandate and strategic direction include specific financial management goals and actions which support the academic goals of the mandate broadly and to ensure the overall financial sustainability of the university. The recently approved [Strategic Academic Plan](#), 2023-2028 also forms part of the strategic direction of the university.

The multi-year financial strategy ensures that all aspects of the financial environment, including revenues, operating and capital expenditures, reserves and debt are aligned over a planning timeframe and are supporting the overall strategic direction of the university. To ensure King’s financial sustainability over the next three-to-five-years and the ability to successfully support the academic and strategic direction of the university, the King’s College 2024 – 2027 Multi-Year Financial Strategy will provide clarity for the Board, administration, faculty, staff, and students of the priorities and work required. This improved clarity will come in the following areas through:

Expenditures:

- By reducing or eliminating expenditures that do not directly support the strategic direction of the university.
- By defining parameters and direction when new expenditures or investments are being considered that are discretionary.
- By guiding the management of externally driven cost pressures in existing programs and services.

Revenues:

- By mapping existing revenues to existing and planned expenditures where they are linked and where they directly support an expenditure area.
- By directing specific revenue growth targets where revenue gaps exist to support the achievement of the strategic direction and overall sustainability of the university.

Reserves (i.e., internally restricted funds):

- By ensuring there is clarity on the permitted uses of existing reserves.
- By ensuring investment performance is maximized within approved risk tolerances and reported regularly to the President and to the Board to support informed decision making.
- By ensuring policy direction exists for the use of reserves which may be considered:
 - To cover front-end/early costs of new investments which have a reasonable expectation of increased future revenue streams.
 - To cover deficits which may occur in excess of the annual budget.
 - To define repayment requirements of any reserve withdrawals.

The King's College 2024 – 2027 Multi-Year Financial Strategy will reflect the financial strategy required to achieve the strategic direction of the university based on the current financial environment and risks.

Summary of actions required to support the completion of the King's College 2024 – 2027 Multi-Year Financial Strategy and support annual budget planning for fiscal years 2024/25 to 2026/27:

- Annual expenditure and revenue management guidance:
 - Expenditure and Revenue Management Framework (see Appendix B)² – approved by the Board of Governors in December 2023 (updates and replaces the former Expenditure Reduction, Control, and Reallocation Plan).
- Revenue stability, management, and growth:
 - Enrolment – recruitment and enrolment implementation plan approved by the Board of Governors in December 2023.
 - Fundraising – updated plan with targets for 2024/25 to 2026/27.
 - Provincial operating grant – one year agreement for 2024/25. Future agreements uncertain.
 - Purpose-specific grant streams – infrastructure, housing, other areas of focus.
 - Ancillary revenue – opportunity areas, detailed plan to be developed as part of three-year budget plan.
- Reserves:
 - Reserve policy – work in progress. Policy to be developed/clarified for three-year planning and brought forward for approval to Board of Governors, including establishment of a minimum balance for Internally Restricted funds.

² The Expenditure and Revenue Management Framework is appended to the annual budget memo that is distributed to department heads and program directors at the beginning of the budget cycle to remind them of its contents. The framework establishes priorities and sets expectations for managing expenditures and increasing revenues and identifies items that we collectively must work on to improve the financial sustainability of King's.

- Investment policy – ensure existing policy is aligned with reserve policy and other multi-year financial strategy policies.
- Capital and debt management plan:
 - A capital plan exists now as part of the annual budget process. As part of the multi-year financial strategy, a funding plan will be developed for specific capital work which will be included in a multi-year capital plan for the next three years. In addition, it will be determined if fundraising or other planned revenue growth and debt capacity required to support the three-year capital plan is sufficient to support the capital plan. Debt parameters will be developed and articulated based on reasonable debit-service capacity for King’s.
- Multi-year financial strategy performance measures:
 - Key financial indicators for tracking and reporting on the multi-year financial strategy in a quarterly dashboard will be identified.

The Board passed a resolution to approve the Expenditure and Revenue Management Framework and the development of a multi-year financial strategy in December 2023. Next steps will be to meet with the senior administrative team, Board committee chairs, and others as appropriate to review the draft multi-year financial strategy and outline planning requirements in specific focus areas, including timelines and resource requirements.

APPENDIX C
University of King's College
Expenditure and Revenue Management Framework
December 2023

This Expenditure and Revenue Management Framework supersedes the 10 Point Expenditure Reduction, Control, and Reallocation Plan approved by the Board of Governors on March 28, 2019.

At the Board of Governors meeting on December 7, 2023, the Board approved the following 12 Point Framework as the ongoing Expenditure and Revenue Management Framework of the University of King's College:

1. The Framework shall be known as the Expenditure and Revenue Management Framework.
2. The Framework commits the College to managing expenditures and increasing revenues to support the achievement of the mandated strategic direction of the College as approved by the Board of Governors, including the 2019 President's Mandate and any subsequent approvals by the Board of Governors arising from the 2019 Mandate letter; the 2023 Academic Plan once approved, obligations in legislation and commitments made by the College within funding agreements and as a result of membership in organizations such as but not limited to *Universities Canada*.
3. Identifying areas for additional expenditure management and reduction as determined to be necessary to support achievement and sustainment of the strategic direction of the College and in response to evolving financial trends affecting the College, will be a continuing part of the budget planning and development process for 2024-2025 and subsequent fiscal years.
4. Additional/new targeted spending in strategic areas will be reviewed as part of the annual budget process, and where it can reasonably be demonstrated to have a long-term favourable impact on the College's financial situation and there is a plan to support any net expenditure in early years of implementation, it will be considered for inclusion in the annual provisional budget.
5. If expenditure increases are necessitated by enrolment growth beyond the planned enrolment in any year, they will be considered, particularly where there are increased revenues arising from higher-than-expected enrolment growth. These include part-time instruction costs (i.e., persons retained from outside or PROs), teaching assistants (TAs), FYP handbooks, MFA mentor stipends and MFA residency expenditures.
6. Increases to the cost of existing services and activities which support the achievement of the College's strategic direction and occurring as a result of new contracts, legislation, externally contracted services, or increases in the cost of existing required goods or services will be identified as 'existing services and activities cost pressures' during annual budget planning. The services and or activities where increases to existing costs are anticipated will be evaluated to determine if other means of delivering the services or activities exist, or if new

sources of revenue are available. The projected net budget pressure from these items will be the first priority of increased expenditure to be funded through future revenues.

7. Opportunities for further expenditure management will be fully considered in staffing decisions and in the management of human resources more broadly whenever there is an opportunity to reconsider an existing expenditure against the alignment with the strategic direction of the College or to reconsider the approach to delivering the service or activity.
8. In addition to staffing and human resources referenced in bullet 7, the same holds true for operational expenditures more broadly.
9. As part of the financing plan for the Alexandra Hall Accessibility Project in 2022, King's borrowed \$1.866 million from the internally restricted funds to extinguish the deficit financing loan. The Board of Governors passed a resolution on June 23, 2022, directing King's to repay \$120,000 annually from the operating cash surplus to the internally restricted funds to repay this loan. If the operating cash surplus for the respective year is less than \$120,000, the amount of the operating cash surplus is to be repaid. If there is an operating cash deficit, no repayment would be made in that year. Subject to a determination of what is in the best interest of the College from an overall financial sustainability and strategic direction, priority will be given in the use of any budget surpluses in excess of \$120,000 to providing assistance in balancing the following year's budget or in repaying additional funds against the loan from the internally restricted funds.
10. Maximizing the value obtained from the association with Dalhousie, specifically from the payments which the College makes to Dalhousie for courses taken at Dalhousie by King's students and for the student services available to King's students at or through Dalhousie, will be a continuing priority in the governance and administration of the College and in the management of the College's relationship with Dalhousie.
11. Consideration will continue to be given to how non-endowed internally restricted funds, and the income generated from them, can best be deployed to support the College's strategic direction and overall financial sustainability. As part of the multi-year Financial Strategy, an updated reserves policy will be developed this fall and winter and brought forward for approval by the Board of Governors no later than June 30, 2024.
12. While tuition, student fees, and the provincial operating grant are the largest sources of operating revenue for the university, maximizing other sources of revenue such as ancillary revenue and fundraising revenue as well as seeking other provincial and federal grant opportunities must become a priority.