

2026-27

Budget Report

and Long-Range Budget Guidelines

April 28, 2026
Office of the Provost and Vice-President (Academic),
Office of Planning, Budgeting and Analysis

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Executive Summary

Carleton University's 2026-27 Operating and Ancillary Budget is presented at a pivotal moment for the institution and, more broadly, for the entire Ontario postsecondary sector. The financial environment for the higher education sector has shifted in fundamental ways: competition for students has intensified; cost pressures continue to rise; and public funding has not kept pace with institutional needs. In this context, the University's task no longer is limited to balancing a single-year budget; rather, it must seek to stabilize its financial position while deliberately repositioning Carleton for long-term sustainability.

The 2026-27 Operating and Ancillary Budget reports a combined deficit budget of \$32 million reflecting the persistence of structural revenue and cost pressures across the institution. This deficit is not the result of short-term planning decisions; instead, it reflects the cumulative effects of enrolment volatility, constrained tuition policy, and ongoing growth in largely fixed cost drivers, even as recent provincial funding reforms materially improve the University's near-term outlook.

Over the past several years, Carleton has relied on prudent financial management, reserves, and incremental adjustments to absorb volatility and protect its academic mission. While these measures have been necessary, they are no longer sufficient on their own. The 2026-27 budget demonstrates a clear recognition that the institution must operate with greater intentionality, sharper prioritization, and a more explicit focus on structural alignment. The emphasis, therefore, must shift from short-term mitigation toward rebuilding institutional capacity and resilience over time.

Enrolment remains a central pillar of the University's long-term sustainability. Carleton's academic and financial health depends on maintaining a strong and diverse student body supported by competitive programming and a compelling student experience. While immediate domestic enrolment growth is expected to remain modest, longer-term planning

assumes a gradual rebuilding of international undergraduate enrolment toward levels that historically supported the academic mission. Recent volatility in international student flows has imposed a profound and lasting impact on the University's financial position, underscoring both the importance of enrolment recovery and the risks associated with over-reliance on any single outcome.

This budget does not assume, however, that enrolment growth alone will resolve the University's financial challenges. Recent improvements in provincial operating funding provide meaningful support and strengthen the base position, but do not fully offset the scale of revenue erosion experienced in recent years or the continued rigidity of the University's cost structure. Achieving sustainability, therefore, will require progress on multiple fronts, including enrolment recovery, disciplined cost management, and continued modernization of planning, governance, and decision-support capacity.

In response, the University is taking deliberate and targeted action. Management is advancing strategic workforce planning, making focused investments to support enrolment recovery, and strengthening institutional planning and analytical capacity. These actions are complemented by the time-limited use of reserves to support stability during a period of transition, rather than to defer or obscure necessary structural adjustment.

Ancillary operations continue to play an important role in supporting both the student experience and the University's financial position. The 2026-27 ancillary budget demonstrates continued efforts to stabilize and optimize these operations while maintaining appropriate reserves to address capital renewal, deferred maintenance, and operational risk. These services contribute to institutional sustainability by fully funding their own operations and capital needs, and by supporting enrolment, retention, and campus vitality.

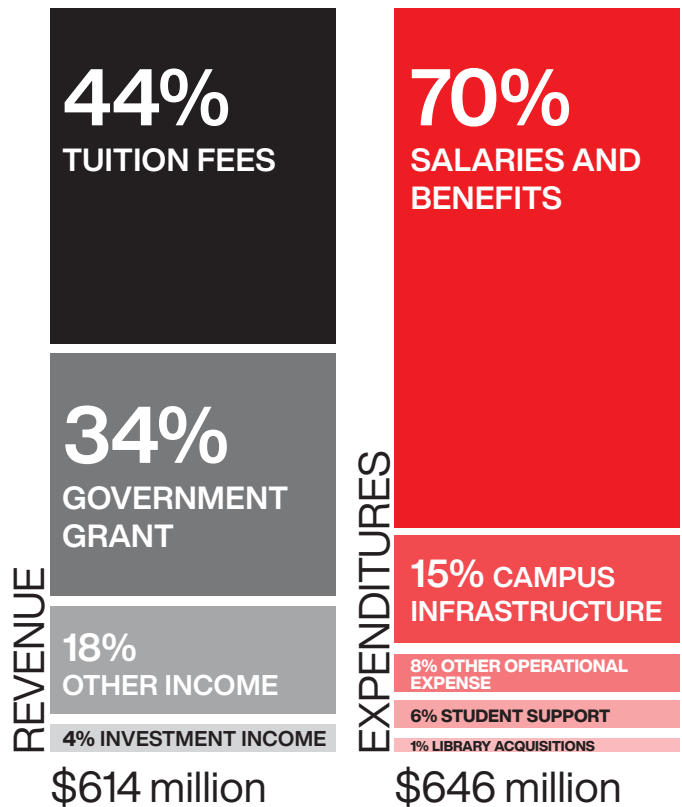
Taken together, the 2026-27 Operating and Ancillary Budget signals an institution moving forward with discipline and resolve in a challenging environment. The University is prioritizing stability before expansion, sequencing actions to reflect institutional capacity, and using reserves prudently

to support transition rather than defer adjustment. While the path to long-term sustainability remains demanding, the budget outlines a coherent strategy aligned with the University’s academic mission, accountability obligations, and commitment to long-term viability.

Figure 1

2026-27 Operating and Ancillary **Deficit Budget** **\$32 million**

Cost Growth Outpacing Revenues
\$1 million deficit improvement
over 2025-26 budget



Message from the Provost

Carleton University's 2026-27 Operating and Ancillary Budget is tabled at a moment of profound disruption and transition for universities globally. Institutions of higher education are operating within an evolving social contract – one in which expectations around access, accountability, impact, and relevance have grown more complex. Increasingly, universities are called upon not only to educate students and advance knowledge, but also to demonstrate how teaching, research, and external partnerships contribute meaningfully to social cohesion, economic resilience, democratic life, and solutions to global challenges.

Concomitantly, the context in which this work occurs continues to shift. Internationally, higher education systems are adapting to changing patterns of student mobility, evolving expectations around research impact, and heightened scrutiny of how public institutions steward resources and public trust. In Canada and Ontario, universities are navigating these expectations while responding to policy and funding environments that require careful, long-term planning and disciplined institutional stewardship.

This budget is situated within that broader context. It reflects the University's responsibility to balance academic ambition with institutional sustainability, and to ensure that Carleton remains a place where teaching, research, and public engagement can flourish with integrity. The choices reflected in this budget are guided by a recognition that stewardship today must support not only current needs, but also the capacity of the institution to serve future generations.

Recent provincial investments and funding reforms represent critical and welcome support for the sector and have materially strengthened the near-term outlook for Ontario's universities. Nevertheless, they do not fully resolve the long-standing structural challenges facing higher education. In this environment, our responsibility as stewards of the institution is to respond with clarity, discipline, and a long-term perspective that protects Carleton's academic mission and safeguards its public purpose.

Over recent years, the University has taken prudent steps to manage financial volatility while continuing to support teaching, research, and the student experience. These efforts have relied on careful financial management, adjustment, and the strategic use of reserves. While necessary, such measures are no longer sufficient on their own. The 2026-27 budget recognizes that the challenges we face are structural rather than temporary, and that restoring long-term sustainability will require a more deliberate, integrated, and multi-year approach to planning and decision-making.

Enrolment sits at the heart of this work. Carleton's financial (re)investment decisions are made in service of the student experience and safeguarding that experience requires ongoing investment in student services, people and infrastructure. A budget that prioritizes students strengthens educational outcomes and reinforces Carleton's long-term academic mission.

While domestic enrolment remains relatively stable, international enrolment has become a core structural driver of institutional capacity. Recent volatility in international student flows has had a deleterious impact on the University's financial position and has reinforced the importance of coordinated strategic enrolment management. This budget commits to rebuilding enrolment over time in a measured and responsible manner, while remaining attentive to uncertainty and risk.

Long-term sustainability depends equally on how effectively the University plans, governs, and aligns its resources. Continued progress in institutional planning and analysis, systems modernization, and decision-making support must be accompanied by careful examination of existing structures and services, with a focus on becoming more intentional and efficient in how the University operates in support of its academic mission. This agenda is well underway and will continue to be guided by Carleton's established governance processes.

I would like to acknowledge the significant contributions of faculty and staff across the University, all of whom play an essential role in advancing Carleton's academic mission. I also am grateful to the Board of Governors for its careful guidance and oversight during this period of transition. The path ahead will require sustained effort and difficult choices. By approaching this moment with resolve, evidence-informed decision-making, and an unwavering commitment to our academic mission, Carleton is well positioned to move forward with clarity and purpose.

A handwritten signature in black ink, reading "L. Pauline Rankin". The signature is fluid and cursive, with the first letters of each word being capitalized and prominent.

L. Pauline Rankin
Provost and Vice-President (Academic)

1 Strategic and Operating Context



1.1 Fiscal Position and Structural Context

Carleton enters the 2026-27 fiscal year within an Ontario postsecondary landscape marked by exceptional disruption and transition. The Province’s announcement of a new university funding model in February 2026 represents a significant and welcome investment in the long-term sustainability of colleges and universities. Through the standardization and increase of base funding rates, the resetting of enrolment corridors, targeted program-weight adjustments, and new support for priority growth, the Ministry has taken meaningful steps to modernize an increasing strained system.

For Carleton, these changes translate into substantial incremental operating support, improved funding equity, and greater predictability over the medium term. The integration of temporary stabilization funding into the base, the adjustment of corridor midpoints to better reflect current enrolment realities, and the renewed emphasis on fair and transparent allocation together indicates a clear shift toward a more responsive funding framework. Collectively, these measures signal a renewed commitment by the Province to sustaining high-quality postsecondary education and addressing long-standing structural pressures.

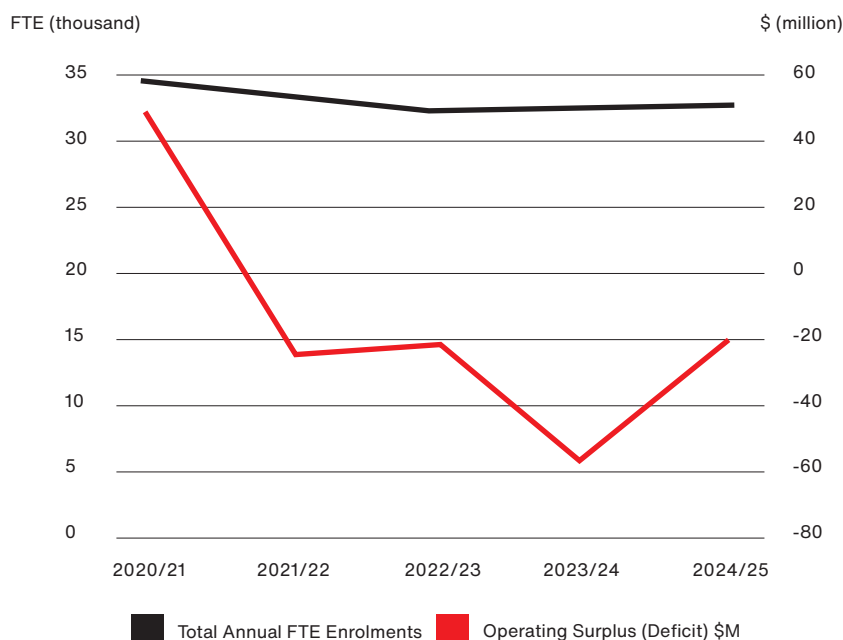
At the same time, the introduction of the new model does not immediately eliminate the financial challenges institutions are managing. Like other universities, Carleton continues to operate within

an ecosystem shaped by significant regulatory constraint, enrolment volatility, accumulated cost pressures, and the need for sufficient time to allow structural adjustments to take effect. While base funding has increased, tuition revenues remain sensitive to fluctuations in student demand, particularly in international markets, and core costs - especially those related to people, infrastructure, and student support - continue to grow.

This dynamic explains why financial resiliency remains difficult even in the presence of new investment. The new tuition and funding framework provides an essential foundation and improves the trajectory, but sustainability will not be achievable in a single year. The benefits of corridor resets, program-weight changes, and growth funding unfold over multiple budget cycles, and they must be accompanied by careful institutional planning, sound cost management, and successful enrolment recovery.

For this reason, Carleton continues to focus on its base budget position as the most reliable indicator of long-term financial health. The University views the recent funding changes as a critical part of the solution, while recognizing that restoring balance will require sustained effort over time. Financial resiliency in the current context is best understood as a shared, multi-year undertaking, shaped by continued partnership between the Province and post-secondary institutions, thoughtful policy design, and prudent institutional stewardship.

Figure 2



1.2 Enrolment Trajectory and Revenue Recovery

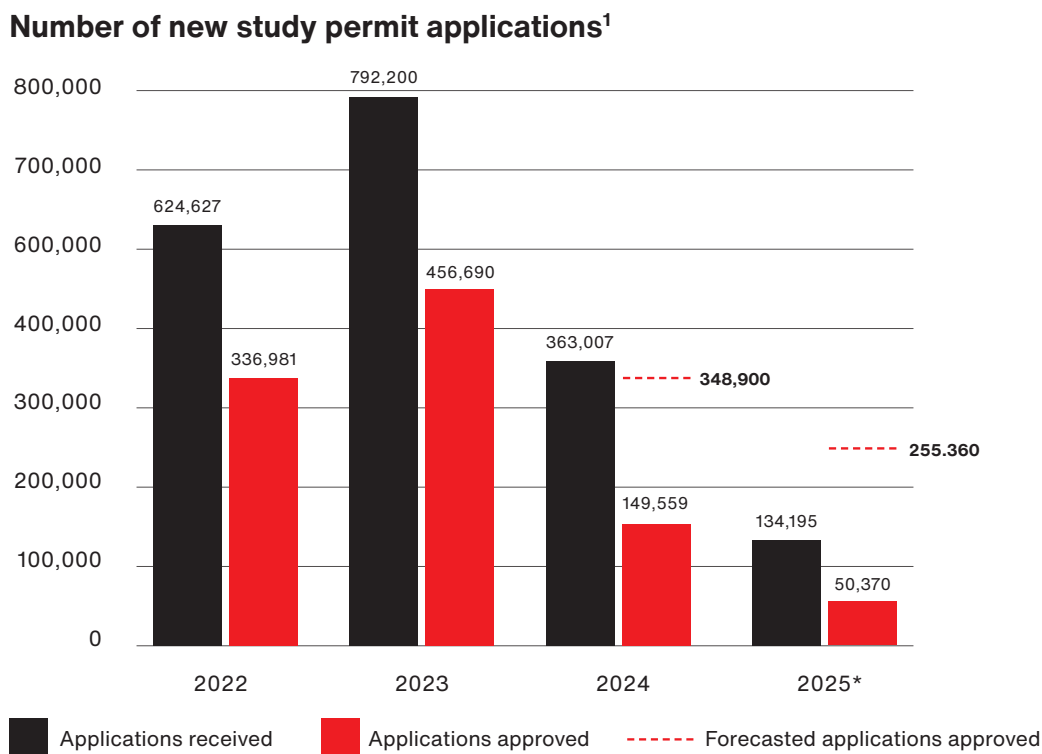
Enrolment is the single most influential driver of the University’s current financial position, not only because of its impact on tuition revenue, but because it shapes the scale, scope, and viability of the academic enterprise itself. Over time, Ontario’s funding framework has encouraged institutions to rely more heavily on international enrolment to offset constrained domestic funding and tuition policy. This reliance has delivered benefits, but also it has introduced material risk into institutional finances.

Recent disruptions to international enrolment¹ have demonstrated the vulnerability of this model. The effects of enrolment decline extend beyond a single intake cycle: they cascade through tuition revenue, program viability, staffing patterns, and student services over multiple years. Recovery, even when it begins, therefore, will be gradual rather than immediate.

Within this context, the University’s enrolment outlook is best described as recovery-focused. The objective is to rebuild enrolment toward levels that historically supported the academic mission, not to pursue expansion beyond sustainable capacity. While early domestic application trends for 2026-27 offer cautious optimism, the University has taken a deliberately measured approach in its planning assumptions. The projected Fall 2026 intake represents an important inflection point, but enrolment recovery remains subject to global conditions, immigration policy, and competitive dynamics across the sector.

Looking ahead, the University’s financial outlook is particularly sensitive to enrolment conditions in the years following 2026-27. Recovery in international enrolment has the potential to materially improve revenues, but it remains inherently volatile. This uncertainty reinforces the importance of scenario-based planning and the need to avoid assumptions that enrolment growth alone can resolve structural financial pressures.

Figure 3



* Data is as at September 2025 (about 26,000 new applications were still being processed).

Source: Based on data from Immigration, Refugees and Citizenship Canada, excluding primary and secondary school applications.

¹ <https://www.canada.ca/en/auditor-general/our-work/audit-reports/auditor-general-report-2026-international-student-program-reforms.html>

1.3 Five-Year Planning Horizon and Sustainability Focus

The 2026-27 budget is framed within a five-year sustainability horizon because the challenges facing the University are structural and cumulative. Tuition and funding models, demographic trends, and institutional capacity evolve over multi-year periods, and effective responses require time to design, implement, and embed.

This longer horizon serves as a planning framework. It discourages short-term solutions that create longer-term vulnerabilities and validates a more deliberate sequencing of actions. It also reflects the reality that progress toward sustainability must be assessed over time, rather than through a single fiscal year's outcome. Within this framework, financial sustainability is understood not as a fixed endpoint, but as a forward-looking objective dependent on steady improvement in alignment between revenues and costs, thoughtful investment in institutional capacity, and on the ability to withstand future shocks without compromising the academic mission.

1.4 Organizational Capacity and Sequencing of Change

Financial sustainability also depends on the institution's ability to implement change. Universities are complex organizations with an inherent inflexibility to transformation. Governance processes, leadership capacity, systems infrastructure, and community expectations together can constrain the pace at which change can occur. Meaningful progress requires sequencing – deciding what to do first, what to defer, and how initiatives reinforce one another. Efforts to rebuild enrolment, modernize systems, enhance planning and analysis, and examine long-standing structures all demand sustained focus and coordination. Attempting to move too quickly or on too many fronts simultaneously risks undermining both execution and trust.

This reality underscores why budget realignment is an institutional undertaking and not simply a technical exercise. It requires difficult conversations about priorities, a willingness to reassess legacy structures, and sustained effort over multiple years. In parallel with near-term stabilization efforts, the University is advancing work to strengthen its underlying planning and budgeting infrastructure. A central element of

this longer-term agenda is the continued development toward adoption of a Responsibility-Centred Management (RCM) budget model. This evolution is intended to enhance transparency around the costs and contributions of academic and administrative activities, strengthen decision support, incentivize creativity and entrepreneurship, and reinforce accountability over time.

1.5 Research as a Strategic and Institutional Driver

Research is central to Carleton's mission and increasingly pivotal to how universities are evaluated by governments, partners, and the public. In recent years, the federal environment has increased core support for the research agenda: Budget 2024 included \$1.8B in core research grant funding over five years for the Tri-Council agencies (CIHR, NSERC, SSHRC), alongside enhanced support for recruiting and retaining research talent. That funding improved baseline conditions for investigator-driven research and helped institutions remain competitive in attracting faculty, graduate students, and research trainees.

At the same time, research funding remains inherently competitive and project-based, which introduces variability in outcomes and timing. Even when total federal investment increases, institutional results can fluctuate year-to-year based on peer review success rates, program priorities, compliance requirements, and partnership landscapes. The recent modernization agenda adopted by the federal government, while potentially beneficial, also signals an evolving system with changing expectations and coordination mechanisms.

The opportunity landscape is also shifting in ways that may matter for Carleton over the planning horizon. Defence, security, and dual-use innovation are receiving increased attention nationally, with programs such as the Regional Defence Investment Initiative designed to bolster defence industrial and innovation capacity through to March 2028. In parallel, the Department of National Defence's IDEaS program offers a multi-element funding model aimed at building a defence innovation ecosystem and mobilizing Canadian innovators.

While research activity contributes meaningfully to Carleton's academic reputation, partnerships, and long-term diversification of revenue, it does not represent a material lever for addressing the

University's operating deficit. Research revenues are largely project-based, competitive, and restricted in use, and therefore, cannot be relied upon to offset core operating pressures in the near term. The strategic value of research lies primarily in its important contribution to institutional profile and reputation, undergraduate and graduate education, external engagement, and longer-term societal transformation, rather than simply as a short-term solution to structural budget imbalance.

1.6 Accountability, Governance, and Stewardship

Finally, the University operates within an environment marked by a high degree of accountability and oversight. To support this, materials have been prepared to connect performance metrics with action plan requirements. Financial sustainability is assessed through formal frameworks, reporting expectations, and visible governance processes.

In this context, enhancing planning, budgeting, and reporting integration is not merely an internal improvement. It is a necessary condition for credibility. The institution's ability to demonstrate the necessary capacity for excellence in execution, transparent governance, and multi-year planning and forecasting will shape both its relationship with funders and its capacity to sustain public trust. The context section which follows, therefore, makes clear that fiscal resiliency is difficult not because of any single decision or short-term event, but because the University simultaneously is navigating a convergence of revenue volatility, cost rigidity, capital pressure, and heightened accountability requirements.

2 Enrolment and Tuition Context



2.1 Enrolment as a Core Structural Driver

For much of the past decade, Ontario universities have operated within a context of constrained domestic tuition and capped domestic enrolment funding. International enrolment became an increasingly critical source of revenue growth across the sector, supporting academic quality, research intensity, and student experience. Recent volatility has exposed the risks of this model. Changes in international student demand are shaped by global mobility trends, immigration and citizenship policy, and geopolitical conditions beyond institutional control, and their financial effects extend well beyond a single intake cycle. As a result, enrolment recovery, even when it begins, is gradual rather than immediate, with impacts cascading through tuition revenue, program viability, staffing patterns, and student services over multiple years.

2.2 Domestic Enrolment and Participation Dynamics

Domestic enrolment dynamics add further complexity. Demographic projections indicate growth in traditional postsecondary-aged populations in parts of the province over the medium term, but participation patterns are uneven across regions. Labour market conditions always influence student behaviour: strong employment markets can reduce participation in certain programs, while economic uncertainty can increase demand for reskilling and graduate education.

For universities, these dynamics reinforce the importance of a balanced enrolment strategy – one that supports undergraduate access, strengthens graduate programming, and aligns offerings with evolving student interests and labour market needs. They also highlight the limitations of short-term responsiveness: academic programs cannot be expanded, contracted, or reconfigured quickly without affecting quality, student experience, and institutional capacity. Program development, accreditation, hiring, and curriculum renewal require multiyear commitments, while sudden contractions can undermine continuity and reputation. As a result, enrolment strategies must be both forwardlooking and disciplined, balancing adaptability with the longterm stewardship of academic and institutional strengths.

2.3 Tuition Policy and Revenue Predictability

Tuition fee policy plays a central role in shaping enrolment behaviour and institutional revenues, but its effects must be understood in the context of cumulative structural change. Since the introduction of the 10 per cent domestic tuition fee reduction in 2019-20 and the subsequent multi-year tuition freeze, Carleton experienced a permanent erosion of domestic tuition revenue estimated at approximately \$60 million in base revenue. Adjusted for inflation, the real value of current tuition fees is now approximately 27 per cent lower than prior to these policy changes.

The Province's recent renewal of the tuition fee framework represents an important move toward greater predictability and stability, providing clearer expectations for institutions and students over the medium term. Modest, regulated increases will help to slow further erosion in tuition's real value while preserving affordability and access. These adjustments do not restore revenue lost through earlier policy decisions, however, nor do they materially close the gap between tuition growth and underlying cost pressures.

At the same time, the University's cost structure has continued to grow in areas that largely are non-discretionary. Since 2020, salaries and benefits have increased by approximately \$120 million, reflecting collective agreements, benefit cost escalation, and the scale of the academic enterprise. In this environment, tuition fee policy alone cannot absorb inflationary pressures or offset broader structural dynamics. Predictability is valuable for planning, but it does not eliminate the need for disciplined cost management, careful sequencing of investments, and alignment between recurring revenues and recurring expenses.

2.4 International Enrolment: Opportunity and Risk

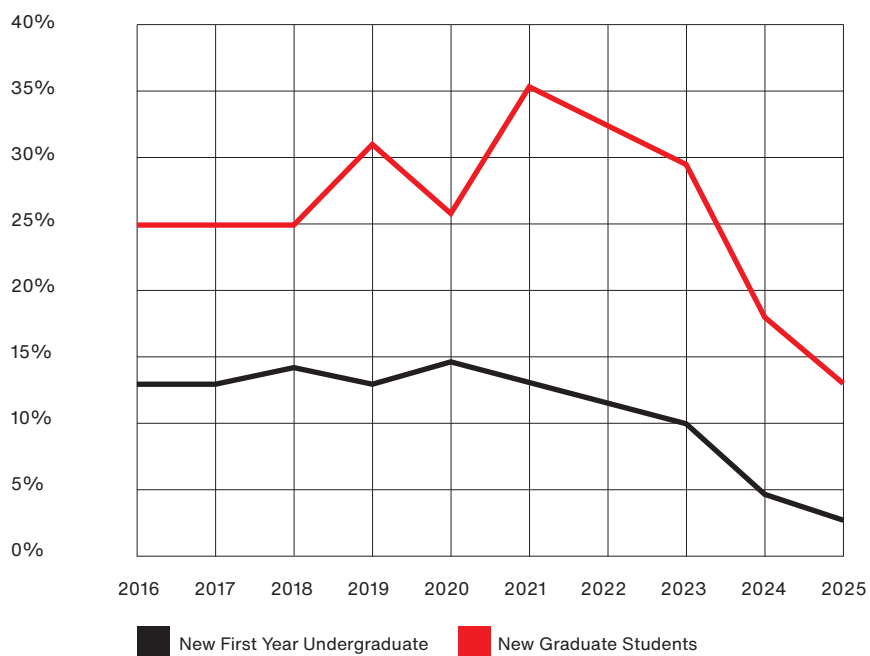
International students continue to be a vital part of the University's academic community, contributing to diversity, global engagement, an enriched learning environment, international rankings, and financial sustainability. Over the long term, international education remains an important priority for both the Province and institutions, supporting talent attraction and broader research, economic and social objectives.

Recent experience, however, has reinforced the extent to which international enrolment introduces material financial risk when volatility occurs. Disruptions in international student flows have resulted in an estimated \$65 million reduction to the University's base budget since fall of 2018, with impacts that persist across multiple intake cycles. Unlike one-year revenue shortfalls, enrolment declines cascade through tuition revenue, program viability, staffing patterns, and student services over time, making recovery gradual rather than immediate.

Together with the permanent erosion of domestic tuition revenue and continued growth in largely non-discretionary costs, this volatility explains why recent improvements in provincial funding are not sufficient on their own to restore near-term balance. Accordingly, Carleton's approach to international enrolment is to rebuild international enrolment toward levels that support the academic mission, while strengthening domestic recruitment, graduate programming, and student success across all cohorts.

Figure 4

New International Fee Students as a % of Total Intake



2.5 Implications for Financial Planning

Taken together, the enrolment and tuition dynamics described above establish the planning conditions under which the University is currently operating. Given that recent improvements to provincial funding do not eliminate the underlying sensitivity of the financial framework to enrolment outcomes or the cumulative effects of prior revenue erosion and cost growth, the University's financial planning approach emphasizes realism, conservatism, and sequencing. Enrolment assumptions must be managed cautiously and tested through scenario-based analysis, with improved outcomes

treated as welcomed upside rather than embedded revenue. This approach reflects a deliberate choice to prioritize institutional resilience over short-term optimization, recognizing that recovery will unfold over multiple years rather than within a single budget cycle.

3 The Budget Framework and Process



The 2026-27 budget has been developed within a structured, institution-wide framework designed to support long-term financial sustainability while advancing the University's academic mission. It emphasizes discipline, coherence, and intentional decision-making over short-term responsiveness.

The University has approached the 2026-27 cycle as part of a broader, multi-year planning horizon. Strategic priorities, enrolment assumptions, funding conditions, and operational capacity have been considered together, reflecting the view that sustainability is achieved through consistent, aligned decisions over time rather than isolated actions in response to immediate pressures.

Financial sustainability cannot be achieved through short-term fixes or uniform reductions alone. Durable progress requires a deliberate balance between revenue restoration, cost discipline, and the preservation of institutional capacity to deliver on the University's mission.

3.1 Process and Governance

The 2026-27 budget process reflects a deliberate shift away from incremental budgeting toward more active institutional stewardship. The process was designed to assess sustainability, alignment, and risk across the University as a whole, rather than to roll forward prior-year assumptions.

Faculties and Divisions were required to distinguish clearly between base and non-base commitments, identify structural pressures, and demonstrate how proposed activities aligned with institutional priorities and available financial capacity. Submissions were reviewed through coordinated Faculty- and Division-based processes, enabling consistent assessment while recognizing differences in mandate and operating context.

Throughout the cycle, emphasis was placed on trade-offs and affordability. Not all proposals could be supported, and decisions were informed by evidence, long-term financial implications, and the University's capacity to implement change responsibly. Governance oversight was embedded across the process, with key assumptions, risks, and emerging pressures reviewed through senior leadership and Board-level engagement to ensure accountability and institutional coherence.

3.2 Base Realignment and Structural Focus

A defining feature of the budget is its emphasis on base realignment, reflecting a deliberate shift away from short-term mitigation toward addressing the structural drivers of the University's financial position. Base realignment is necessarily gradual. Many of the University's financial challenges are cumulative in nature, shaped by enrolment fluctuations, constrained revenue growth, and cost structures that cannot be adjusted quickly without affecting academic quality and service continuity. Addressing these pressures requires sustained effort, difficult prioritization, and a willingness to reassess legacy structures and practices over time.

In support of this work, the University is moving toward the implementation of a Responsibility-Centred Management (RCM) budget model as part of the continued evolution of its planning and budgeting framework. This shift is intended to enhance transparency around the costs and contributions of academic and administrative activities, strengthen accountability for financial decisions, support more intentional alignment between resources and institutional priorities as well as incentivize creativity and entrepreneurship.

The move toward RCM is not a short-term corrective, nor is it expected to resolve structural pressures on its own. Rather, it provides a more durable foundation for evidence-based decision-making. Together, these efforts reflect a maturing approach to financial stewardship, one focused on sustainability, transparency, and institutional resilience over time.

3.3 Managing Uncertainty and Risk

Uncertainty is treated not as a temporary disruption, but as a defining feature of the current operating context. In setting assumptions and priorities, the University has considered a defined set of pressures that carry material risk. These include: the pace and durability of enrolment recovery, particularly in international markets; the limits of tuition fee growth within the current regulatory framework and international context; continued cost pressures associated with compensation, infrastructure, and essential services; and the timing and persistence of recent changes to public funding. These considerations have been weighed against an

assessment of institutional capacity, recognizing that not all adjustments can be implemented simultaneously or without implications for academic quality and service continuity.

as a forward-looking objective, achieved through disciplined planning, enrolment recovery, funding reform, and sustained base realignment over time.

In response, the budget rests on conservative assumptions and has been assessed against a range of plausible conditions. This reflects a deliberate preference for resilience over precision. Rather than optimizing for a single forecast, the budget is structured to preserve the University's ability to adapt as conditions evolve, without relying on reactive measures that could undermine long-term financial integrity or the academic mission.

3.4 The Role of Reserves

Under the University's current budget framework, Faculties and Divisions are expected to plan within their available resources, factoring in enrolment conditions, funding parameters, and known cost drivers. Through the annual budget process and ongoing governance oversight, leadership reviews the sustainability of unit-level plans, the assumptions underlying revenues and expenditures, and service commitments. Where emerging pressures arise that are outside the reasonable control of individual units – such as abrupt enrolment shifts, regulatory change, or system-level cost escalation – the University may consider targeted, time-limited support to protect academic priorities and institutional continuity. The Office of Planning, Budgeting and Analysis, and other central units provide analytical and planning support to facilitate this work.

Reserves play a defined and disciplined role within this framework. Over time, reserves have been accumulated to manage uncertainty, provide flexibility to address short-term pressures, and support one-time or transitional needs. These reserves also provide limited flexibility to fund one-time-only (OTO) initiatives that advance institutional priorities, such as targeted capital investments, faculty start-up costs, and time-limited strategic opportunities including endowment matching, where appropriate. Reserves also may be used to smooth the impact of abrupt cost increases while more durable changes to revenue or expense plans are developed. Importantly, reserves are not a substitute for sustainable base solutions; they are a finite resource intended to provide time and capacity for structural change to take effect. Progress toward a balanced operating position is understood

4 Budget Initiatives



The budget initiatives included in the 2026-27 Operating Budget are directly responsive to the structural drivers of the University's financial position, particularly enrolment volatility, cost rigidity, and execution risk. In this context, initiatives have been defined not as discretionary investments, but as targeted actions necessary to stabilize the institution, protect core capacity, and support recovery over time.

These initiatives are not intended to eliminate the operating deficit in the short term. Rather, they reflect a deliberate focus on sequencing and resilience – deploying limited resources where the cost of inaction would further erode revenue capacity, academic quality, or institutional sustainability, while maintaining discipline elsewhere.

4.1 Re-establishing International Enrolment and Global Presence

International enrolment remains a central structural driver of the University's financial position and a critical determinant of long-term sustainability. Recent disruptions have underscored the extent to which revenue capacity, the scale at which the academic enterprise can be sustainably delivered, and institutional resilience are linked to the University's ability to compete effectively in global student markets. As such, investments related to international enrolment recovery are not discretionary growth initiatives; they are foundational to restoring revenue capacity and reducing structural pressure over time. The 2026-27 budget, therefore, reflects a renewed institutional focus on rebuilding Carleton's global presence in a deliberate and coordinated manner, recognizing that recovery will not occur organically or evenly without targeted action.

Priority investments support the rebuilding of international recruitment capacity, the strengthening of international partnerships, and the restoration of Carleton's visibility and competitiveness in key global markets. This includes targeted funding to support recruitment infrastructure, international engagement activity, and the academic and administrative capacity that underpins international enrolment recovery. These investments are intentionally focused on near-term impact – supporting conversion, diversification, and responsiveness – rather than broad or diffuse expansion.

Importantly, this emphasis reflects a strategic

shift away from reliance on passive demand and toward a more intentional, coordinated approach to international presence. The University is signalling that international enrolment recovery is not solely the responsibility of individual Faculties or programs, but an institution-wide priority requiring aligned investment and leadership.

4.2 Strategic Workforce Planning and Cost Alignment

Workforce costs represent the University's largest and least flexible expenditure category and are therefore central to restoring long-term financial stability. While revenue growth remains a critical element of sustainability, continued enrolment uncertainty means that revenue recovery alone cannot resolve structural pressures. As a result, strategic workforce planning is a necessary and parallel element of the University's stabilization strategy.

The 2026-27 budget reflects a continued focus on disciplined position management, workforce sequencing, and alignment between staffing levels and long-term financial capacity. Rather than across-the-board reductions, workforce decisions emphasize prioritization, timing, and risk management, recognizing that indiscriminate reductions would undermine student support, academic delivery, and institutional resilience.

This approach acknowledges a fundamental tension: workforce reductions can contribute to cost containment, but if pursued without regard to enrolment needs and service requirements, they risk compounding both financial and reputational pressures. Strategic workforce planning is treated not as a one-time corrective, but as an ongoing institutional priority integrated with enrolment planning, program sustainability, and governance oversight.

4.3 Protecting Academic and Operational Capacity During Transition

In parallel with enrolment recovery and workforce planning initiatives, the budget includes targeted actions to protect academic and administrative functions where sustained cost pressures, staffing reductions, or structural change would otherwise compromise the University's ability to deliver on its

core mission. These investments are not designed to expand service levels, but to protect continuity and quality during a period of recalibration, recognizing that erosion of capacity in enrolment-critical and student-facing areas would compound both financial and reputational risk.

Within the academic portfolio, targeted investments support teaching capacity, program delivery, and instructional quality where enrolment pressures, program renewal, or workforce adjustments would otherwise place disproportionate strain on Faculties or students. These investments are closely linked to enrolment management, program sustainability, and the preservation of Carleton's academic reputation during a period of recalibration.

Similarly, in administrative and service units, priority funding has been directed to functions experiencing sustained growth in demand or heightened complexity – particularly where under-resourcing would undermine the University's ability to recruit students, support international activity, or meet core service expectations. In most cases, these investments stabilize existing service levels rather than expand them, acknowledging that maintaining performance in a downsized environment is itself a strategic choice.

4.4 Managing Institutional Risk and Protecting the Core

A further set of priority investments reflects the University's obligation to manage material institutional risks in areas such as compliance, governance, legal exposure, technology, and data security. These investments are not discretionary in nature; rather, they represent the minimum level of resourcing required to sustain the University's regulatory, fiduciary, and reputational responsibilities.

In the absence of such investments, risks would not remain static. Deferred action would likely result in escalating costs, diminished institutional control, or exposure to compliance failures that would ultimately constrain strategic flexibility. The 2026-27 budget, therefore, prioritizes targeted investments that protect the integrity of core systems and institutional processes, even as overall expenditure growth remains tightly constrained.

4.5 Fiscal Discipline and Implementation Approach

Consistent with the University's current financial position, priority investments in 2026-27 are predominantly supported through one-time funding rather than permanent base increases. This reflects both the continued uncertainty of the external environment and a deliberate effort to avoid embedding commitments that cannot yet be sustained through stable revenues. Where base funding has been approved, it is limited to circumstances where ongoing support is unavoidable or where a clear alignment exists between recurring costs and durable funding sources. In all cases, investment decisions have been made with an explicit awareness of trade-offs: funding directed to priority areas has required continued restraint elsewhere.

5 2026-27 Operating and Ancillary Budget



This section presents the combined 2026-27 Operating and Ancillary Budget to provide a consolidated view of the University's financial position for the year. Presenting the budgets together reflects the reality that while the Operating and Ancillary Funds serve distinct purposes, they collectively shape the University's total revenue base, cost structure, and risk profile.

The combined presentation highlights the scale and composition of the University's financial activities, including the relative contribution of tuition, government grants, ancillary revenues, and investment income, as well as the distribution of expenditures across compensation, infrastructure, student support, and other operating costs. It also makes transparent the extent to which cost growth continues to outpace revenue growth at the institutional level, resulting in a consolidated deficit position for 2026-27.

Importantly, the combined budget does not imply cross-subsidization between the Operating and Ancillary Funds. The combined view is presented for transparency and context, enabling a clearer understanding of the University's overall financial posture before examining the Operating and Ancillary budgets in detail.

As shown below, the consolidated 2026-27 budget reflects a total operating deficit of approximately \$32 million, driven primarily by pressures within the Operating Fund. This result incorporates continued weakness in tuition revenues, ongoing growth in largely non-discretionary costs, and the timing of recent funding reforms, while also reflecting the relative stability of Ancillary operations and their planned use of internally generated resources for capital reinvestment.

5.1 Statement of Operations

	2026-27 Budget (\$'000's)				2025-26	% Variance
	Operating Fiscal	Ancillary Fiscal	Internal Income	Combined Budget	Combined Budget	Fiscal
Tuition Fees	272,900	-	-	272,900	283,100	-3.6%
Government Grant	209,252	-	-	209,252	198,459	5.4%
Investment Income	23,000	-	-	23,000	23,000	0.0%
Other Income	27,126	88,610	(6,752)	108,984	103,715	5.1%
Total Income	532,278	88,610	(6,752)	614,136	608,274	1.0%
Salary & Benefits	428,805	22,213	(1,550)	449,468	442,616	1.5%
Library Acquisitions	8,026	-	-	8,026	7,786	3.1%
Campus Infrastructure	70,728	27,982	(750)	97,960	102,545	-4.5%
Student Financial Support	40,075	-	-	40,075	41,084	-2.5%
Other Operational Expenses	15,971	39,234	(4,452)	50,752	47,193	7.5%
Total Expenditures and Transfers	563,605	89,429	(6,752)	646,282	641,224	0.8%
Net Operating Deficit	(31,327)	(819)	-	(32,146)	(32,950)	-2.4%
Net Operating Deficit: % of Rev.	5.9%	0.9%		5.2%	5.4%	

An additional \$5 million of planned capital spending for two projects is earmarked against the Capital Reserve in 2026-27.

The sections that follow focus on the Operating Budget in detail, including the assumptions, drivers, and interpretations that underlie the Operating Fund deficit and the University's approach to managing structural pressures over the planning horizon.

6 Operating Budget Overview



6.1 Budget Assumptions

The 2026-27 Operating Budget has been developed using a set of integrated assumptions intended to balance realism, stewardship, and institutional capacity. These assumptions reflect the Province's updated funding framework, the University's current enrolment outlook, and the continuing cost pressures affecting the higher-education sector.

6.1.1 Enrolment Assumptions

The 2026-27 Operating Budget is guided by explicit, differentiated enrolment intake assumptions by level and residency status.

Primary enrolment assumptions used for the Operating Budget

The table below summarizes the intake assumptions used for budget planning, expressed as percentage changes relative to the prior intake cycle.

Academic Year 2026-27	
Domestic UG	+1%
Domestic Master's	+2%
Domestic PhD	0%
International UG	+10%
International Master's	-25%
International PhD	0%

The 2026-27 intake assumptions reflect a deliberately asymmetric profile, shaped by current admissions data and market conditions.

- Domestic enrolment assumptions remain modest across all levels, reflecting demographic realities, participation trends, and the University's position within a corridor-based funding model.
- International undergraduate intake is assumed to increase by 10 per cent in 2026-27. This represents a measured recovery posture from historically low intake levels, rather than a return to peak international volumes.
- International master's intake is assumed to decline by 25 per cent in 2026-27, reflecting observed admissions trends and heightened uncertainty in international graduate mobility.

- Doctoral intake is assumed to remain stable across both domestic and international cohorts, consistent with capacity constraints and program design.

Retention and progression assumptions are based on the most recent academic year. The University notes, however, that retention rates are currently at historically high levels, and sustaining these rates represents a key source of sensitivity within the budget.

Relationship to Financial Projections

These enrolment assumptions are translated into tuition revenue and grant eligibility through the University's financial model and are reflected in the Statement of Operations. While enrolment assumptions are expressed here in percentage terms, their financial implications are fully embedded in the projected revenue figures that follow.

Given the continued volatility in international markets and the sensitivity of tuition revenues to relatively small changes in intake and retention, the enrolment assumptions have been set conservatively where uncertainty is greatest and assessed within broader scenario planning.

6.1.2 Government Grant and Tuition Fee Assumptions

Government Grant

The 2026-27 Operating Budget assumes a material increase in provincial operating grant funding, reflecting the implementation of Ontario's new university funding model and associated corridor resets. These changes represent a meaningful improvement to the University's base funding position and improve predictability relative to prior years.

Based on the Province's preliminary institutional allocation under the new model, Carleton's operating grant is assumed to increase as a result of several structural adjustments, including the resetting of funded enrolment to 2024-25 levels, changes to weighted grant unit (WGU) rates, and updated program weightings. Collectively, these changes result in a substantial increase in base operating grant revenue for 2026-27 and beyond, strengthening the University's financial foundation.

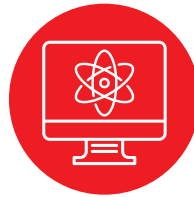
At the same time, the budget assumes continued operation within a corridor-based funding framework. As a result, grant outcomes remain sensitive to enrolment eligibility and performance conditions, and the budget does not assume

automatic funding for domestic enrolment growth beyond corridor parameters. The grant assumptions, therefore, reflect the improved funding architecture now in place, while remaining conservative with respect to future eligibility and policy decisions.

Figure 5



Adjustment of per-student (WGU) funding levels to standardize across institutions; roll existing Sustainability Funding into base over 2026-27 & 2027-28



Increases to Program funding weights across select STEM and health science programs with net new investments and roll-in of clinical education funding



Funded Expansion in select STEM, health (nursing), education and trades programs; 40,000 seats allocated across the sector subject to Ministry review

Tuition Fees

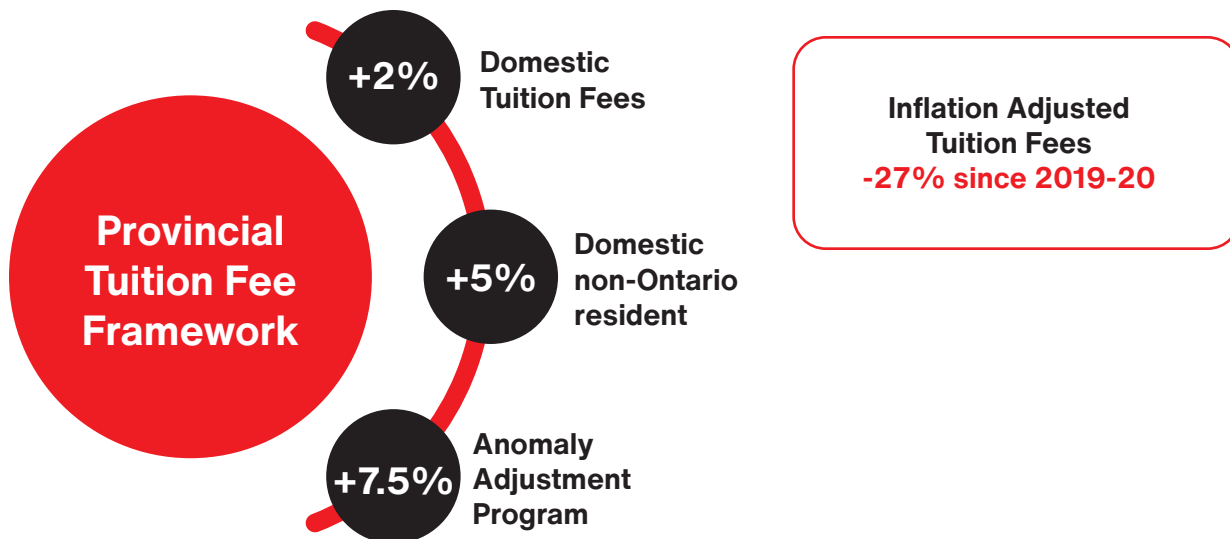
Tuition revenue assumptions are aligned with the Province’s renewed tuition fee framework and the University’s approved tuition decisions and are applied consistently across all enrolment scenarios. For domestic Ontario students, the budget assumes a 2 per cent annual increase in tuition fees beginning in Fall 2026, in accordance with the new provincial framework. This assumption is carried forward through the planning horizon. Tuition fees for out-of-province domestic students are assumed to increase by 5 per cent. Tuition anomalous programs are assumed to increase at 7.5 per cent per year until they reach their maximum tuition level. The budget does not assume tuition growth beyond

the parameters currently permitted under provincial policy.

For international undergraduate students, tuition assumptions reflect the University’s approved three-year fee framework. Adjustments beyond this period are assumed to occur at modest rates.

For international graduate students, tuition assumptions distinguish between program types. Course-based master’s programs are assumed to remain subject to a temporary tuition freeze as approved by the Board of Governors, followed by modest increases thereafter, while doctoral tuition continues to align with domestic tuition parameters.

Figure 6



Although the Ministry announcement of a revised domestic tuition fee framework is welcome, the 2 per cent increase in domestic tuition fees for Ontario residents starting in Fall 2026-27 is insufficient to recover potential tuition revenue lost as a consequence of the 10 per cent tuition cut in 2019-20 and subsequent freeze. The real term purchasing value of 2026-27 domestic Ontario tuition fees is 27% less than comparable fees in 2019-20.

6.1.3 Other Revenue and Expenditures

Investment Income Assumptions

The Operating Budget assumes modestly increased investment income relative to prior years, reflecting expected returns on the University’s average cash balances. Investment income assumptions are based on prudent return expectations and are treated as supportive but inherently variable. The budget does not rely on elevated investment performance as a primary mechanism for addressing structural pressures, nor does it assume favourable market conditions beyond those already reflected in current projections.

Other Income Assumptions

Other operating income assumptions are based on the continuation of recent activity levels and established fee arrangements. While these revenues contribute to the overall Operating Budget, they do not materially alter the University’s structural financial position and, therefore, are not treated as a primary lever in the 2026-27 budget.

Expenditure Assumptions

The Operating Budget assumes continued growth in expenditures driven primarily by obligatory and structural cost pressures, rather than discretionary expansion:

- Salaries and benefits are assumed to increase in line with collective agreements and benefit cost growth. While staffing levels have been reduced where feasible, flexibility remains constrained by contractual obligations and the need to sustain academic and service capacity.
- Campus infrastructure and essential services reflect inflationary pressures and market-adjusted increases, with capital and IT priorities focused on safety, compliance, and operational continuity.
- Academic programming and student support expenditures include targeted investments aligned with enrolment recovery, academic quality, and institutional sustainability.

Expenditure assumptions are shaped by cost structure and capacity constraints, not by short-term discretionary choices.

6.2 Statement of Operations – Operating Fund

The Statement of Operations presents the financial results of the assumptions and planning judgments described in the preceding sections. It

summarizes the University's operating revenues and expenditures for 2026-27 on both a base and fiscal basis and reflects the operating position.

Operating Fund (\$ '000's)

	2026-27 Budget		2025-26 Budget		% Variance	
	Base	Fiscal	Base	Fiscal	Base	Fiscal
Tuition Fees	272,900	272,900	283,100	283,100	-3.6%	-3.6%
Government Grant	209,252	209,252	192,600	198,459	8.6%	5.4%
Investment Income	18,000	23,000	15,000	23,000	20.0%	0.0%
Other Income	27,126	27,126	24,618	24,617	10.2%	10.2%
Total Income	527,278	532,278	515,318	529,176	2.3%	0.6%
Salaries and benefits	426,808	428,805	416,415	421,749	2.5%	1.7%
Library Acquisitions	8,026	8,026	7,786	7,786	3.1%	3.1%
Campus Infrastructure	69,503	70,728	67,211	67,689	3.4%	4.5%
Student Financial Support	40,075	40,075	41,084	41,084	-2.5%	-2.5%
Other Operational Expenses	14,420	15,971	14,743	14,310	-2.2%	11.6%
Total Expenditures and transfers	558,832	563,605	547,239	552,618	2.1%	2.0%
Net Operating Deficit	(31,554)	(31,327)	(31,921)	(23,442)	-1.1%	33.6%
Net Operating Deficit: % of Rev.	6.0%	5.9%	6.2%	4.4%		

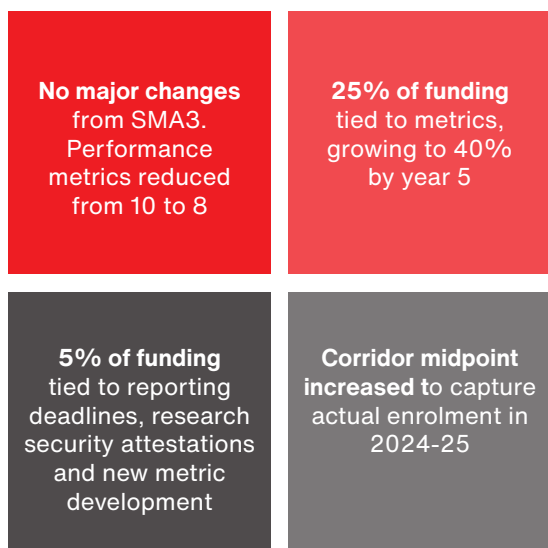
6.2.1 Interpretation of the Statement of Operations

Total operating revenues are projected to increase modestly in 2026-27, reflecting material growth in the government operating grant, partially offset by continued weakness in tuition revenues. The increase in grant funding reflects the implementation of Ontario's new university funding model and corridor resets effective May 1, 2026.

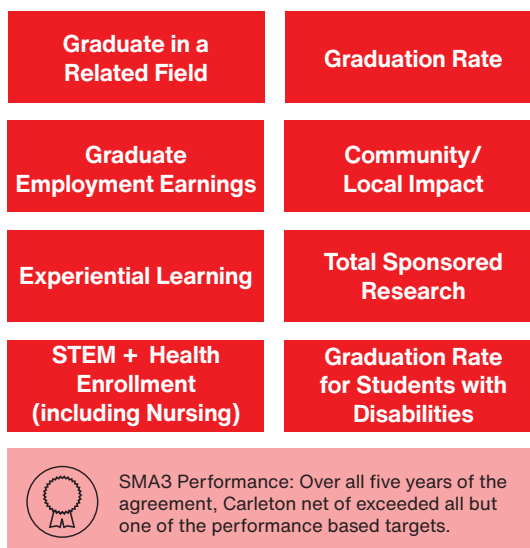
Figure 7

Strategic Mandate Agreement (SMA4) 2025-26 to 2029-30

Highlights



Performance-Based Metrics



Tuition revenues, however, continue to reflect the cumulative effects of recent international enrolment declines and the constraints of the provincial tuition framework. While domestic tuition increases are permitted beginning in Fall 2026, their overall tuition growth remains limited relative to underlying cost pressures and unfavourable enrolment flowthrough impacts. As a result, tuition revenue does not offset expenditure growth in the near term while investment income and other operating income contribute modestly to revenue growth.

On the expenditure side, costs are projected to increase due primarily to obligatory and structural drivers. Salaries and benefits continue to grow in line with collective agreements and

benefit cost pressures and remain the dominant component of the cost base. Infrastructure-related expenditures increase due to inflationary pressures, market-adjusted contract costs, and ongoing requirements associated with an aging physical plant. Student support expenditures are held stable, reflecting a commitment to maintaining core services, while other operating expenses show modest restraint.

6.2.2 Key Movements in the Operating Result

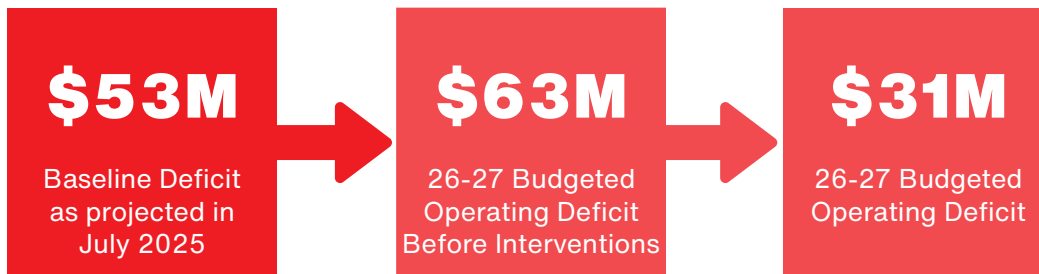
Compared to the prior year, the 2026-27 operating result reflects a combination of improved government funding, continued pressure on tuition revenues, and ongoing growth in structural cost

drivers. The strengthening of the operating grant under the new provincial funding model materially improves the revenue base. These gains are partially offset by the continued flow-through effects of prior international enrolment declines, which constrain tuition revenue despite modest domestic growth and regulated fee increases. On the expenditure

side, increases are driven primarily by compensation growth and infrastructure-related costs that are largely obligatory in nature. Taken together, these factors result in a base operating deficit of approximately \$31 million, reflecting both progress in funding reform and the persistence of underlying structural pressures.

Figure 8

Decreased 2026-27 Operating Budget Deficit \$22 million



6.2.3 Base and Fiscal Results

The distinction between the base and fiscal operating results reflects the continued use of term-limited revenues to manage near-term pressures while longer-term structural adjustments take effect. The base result highlights the University’s underlying structural position, while the fiscal result incorporates temporary resources that provide in-year flexibility but do not alter the long-term sustainability challenge. This distinction reinforces the importance of ongoing base realignment efforts and underscores why the Operating Budget is not constructed on one-time measures as a substitute for structural change.

6.2.4 Link to the Financial Outlook

The University’s longer-term financial planning is addressed through established governance processes, including the Board of Governors and its committees. Scenario-based projections and recovery pathways are reviewed with the Board as part of the University’s Mission Sustainability Framework and financial accountability obligations. Accordingly, this report focuses on the proposed 2026-27 Operating and Ancillary Budgets and the assumptions, risks, and governance framework that inform them.

7 Ancillary Operations Overview



Ancillary Services at Carleton University are self-funded, non-academic operations that provide essential services supporting student life, campus operations, and the broader university community. These services are integral to the student experience and are viewed as enrolment enablers, contributing directly to recruitment, retention, and campus vitality rather than operating solely as stand-alone service units.

Ancillary operations are governed by a clear financial mandate: they are expected to operate without subsidy from the University’s Operating Fund, fully fund their own capital reinvestment and deferred-maintenance requirements, maintain prudent reserves, and make targeted contributions to institutional priorities where capacity allows.

7.1 Statement of Operations – Ancillary Fund

Ancillary Fund (\$'000's)

	2026-27 Budget	2025-26 Budget	Variance
Other Income	88,610	84,501	5%
Total Income	88,610	84,501	5%
Salaries and Benefits	22,213	22,362	-1%
Campus Infrastructure	27,982	35,665	-22%
Other Operational Expenses	39,234	35,982	9%
Total Expenditures and Transfers	89,429	94,009	-5%
Net Operating Deficit	(819)	(9,508)	-91%
Net Operating Deficit: % of Rev.	0.9%	11.25%	
Operating Margin before Infrastructure Repairs and Maintenance	15%	14%	

7.1.1 Planning Assumptions and Risk Posture

The Ancillary Budget is built on conservative utilization assumptions, moderate fee adjustments aligned with regulatory and governance frameworks, and continued emphasis on cost recovery. Revenue growth reflects stable demand across core services, while recognizing that individual units face distinct operating and capital pressures.

The University is comfortable with planned ancillary deficits in years of elevated capital reinvestment, provided the portfolio remains self-funded over the medium term. Annual deficits at the portfolio level, therefore, are interpreted as a planned outcome of capital strategy, not as an indication of operating imbalance or financial weakness.

Operating surpluses are intentionally not accumulated indefinitely. Instead, they are redirected toward priority capital renewal to preserve service quality, asset condition, and long-term affordability.

7.1.2 Interpretation of the Budget

At a portfolio level, ancillary services continue to demonstrate strong and resilient operating performance, with the majority of units generating stable operating surpluses before capital reinvestment. In 2026-27, ancillary revenues are budgeted at approximately \$88.6 million, reflecting growth across core business lines including housing, dining commissions, parking, and facility-based operations. This performance is supported by high utilization in residence operations, steady demand for dining and parking services, CPI-linked student fee adjustments, and continued discipline in staffing and operating costs across the portfolio.

Importantly, operating surpluses are not interpreted as excess capacity or discretionary margin. Instead, they represent the primary mechanism through which the ancillary portfolio funds its own capital renewal and deferred-maintenance obligations. In 2026-27, capital reinvestment of approximately \$14.2 million is budgeted across the portfolio, increasing materially relative to prior years and exceeding annual operating surpluses. As a result, the consolidated ancillary position shows a modest planned deficit for the year. This outcome reflects an intentional shift away from surplus accumulation toward accelerated reinvestment in aging infrastructure and enrolment-critical assets, rather than a deterioration in underlying operating performance.

The planned drawdown of accumulated surplus is governed, targeted, and time-limited. By the end of 2026-27, the ancillary portfolio is expected to maintain an accumulated surplus of approximately \$35.6 million, with reserves currently designated for deferred maintenance, unit-specific capital needs, and contingency to manage operational and financial risk.

Over the five-year planning horizon, operating surpluses across most ancillary units are expected to remain positive, while accumulated reserves gradually decline as planned capital reinvestment continues. This reflects the portfolio's core financial mandate: to remain self-funded, to fully absorb its own capital and lifecycle costs, and to support the student experience and enrolment objectives through sustained investment in facilities and services. Taken together, the Ancillary Budget reflects a financially disciplined, strategically aligned portfolio that prioritizes asset stewardship and long-term viability over short-term financial smoothing.

7.1.3 Key Movements and Drivers

Compared with 2025-26, the 2026-27 Ancillary Budget reflects three principal movements:

- Revenue growth, driven primarily by housing capacity expansion, continued strength in dining commissions, and regulated fee adjustments across student-funded services.
- Stable operating costs, reflecting staffing discipline and cost containment across most units, even as service expectations increase.

- A step-change in capital reinvestment, particularly in Housing, Athletics, Parking, and facility-based assets, resulting in a planned drawdown of accumulated surplus.

These movements are consistent with the ancillary mandate and with the University's broader emphasis on long-term sustainability rather than short-term financial smoothing.

7.2 Strategic Areas of Emphasis

While the ancillary portfolio is diverse, three areas account for the majority of financial and strategic attention:

7.2.1 Housing, Residence Life, and Conference Services

Housing remains the largest ancillary operation and a core enrolment enabler. Recent investments, including the opening of Rideau House, have expanded capacity and enhanced the on-campus experience, while also increasing near-term capital and debt-servicing requirements. The budget reflects a deliberate balance between affordability, competitiveness, and the need to sustain and renew residence infrastructure over time.

7.2.2 Physical Recreation and Athletics

Athletics plays a central role in student wellness, engagement, and campus life. The unit continues to generate strong operating performance but faces significant deferred-maintenance pressures associated with aging facilities. Accumulated surpluses are being strategically held and drawn down to support priority reinvestment, reflecting a long-term approach to asset sustainability.

7.2.3 Facility-Based Assets

Facility-based ancillaries – including Nideyinàn, the Carleton Dominion-Chalmers Centre, and the National Wildlife Research Centre – present more complex capital and structural challenges. These units typically operate on thinner margins and require careful long-term planning to address deferred maintenance, lease transitions, and heritage considerations. Capital reinvestment in these assets is prioritized to preserve functionality, safety, and alignment with institutional use. Other

ancillary units, including Campus Services, Parking Services, and student fee-funded services, are treated as operationally stable within the portfolio.

While they continue to require active management, they do not represent the primary sources of financial volatility over the planning horizon.

Figure 9

User Fee Services:	Housing, Residence Life & Conference Services	Campus Services	Parking Services
Student Fees:	Physical Recreation and Athletics	Health and Counselling Services	
Facility Fees:	Nideyinàn	National Wildlife Research Centre	Carleton Dominion-Chalmers Centre

7.3 Capital Reinvestment and Reserves

Capital renewal is the dominant financial consideration shaping the ancillary portfolio over the planning horizon. In 2026-27, approximately \$14.2 million is budgeted for capital reinvestment, increasing to more than \$20.8 million by 2030-31. These investments span residence infrastructure, dining facilities, parking structures, athletic facilities, and other facility-based assets that are critical to service quality, safety, and enrolment support.

Following planned reinvestment, the ancillary portfolio is expected to maintain an accumulated surplus of approximately \$35.6 million at the end of 2026-27. These reserves are purposefully designated to support deferred maintenance, unit-specific capital requirements, and operating contingency, and are governed to ensure they are used only for ancillary sustainability and risk management. Maintaining this level of reserve provides resilience in a capital-intensive environment while enabling sustained reinvestment without reliance on the University’s Operating Fund.

7.4 Contribution to Mission Sustainability

Ancillary contributions to the Operating Fund are expected to remain modest and variable, reflecting capital reinvestment needs rather than serving as a structural solution to the Operating Budget. In 2026-27, the portfolio is expected to contribute approximately \$3.4 million through overhead transfers and targeted support for shared priorities, including student health and wellness.

Beyond direct financial transfers, ancillary services contribute to mission sustainability by fully funding their own operations and capital renewal. By absorbing lifecycle costs internally and maintaining service quality in enrolment-critical areas, the ancillary portfolio reduces pressure on the Operating Budget and supports the University’s broader academic and student-experience objectives. In this way, ancillaries function as enablers of mission sustainability rather than as a substitute for structural solutions within the Operating Fund.

7.5 Outlook

Overall, the ancillary portfolio remains financially healthy and strategically aligned. While capital intensity and deferred maintenance present ongoing challenges, most notably in housing, athletics, and facility-based assets, the portfolio is positioned to remain self-funded over the medium term. The ancillary budget reflects a deliberate and disciplined balance of service quality, affordability, capital renewal, and institutional contribution.

8 Key Risks and Mitigations



The 2026-27 Operating Budget and multi-year outlook have been developed in a context of sustained uncertainty. While the budget reflects a disciplined and conservative approach, several risks have the potential to materially influence the University's financial trajectory over the medium term. These risks are actively monitored and managed through institutional planning, governance, and targeted mitigation strategies.

8.1 Enrolment and Revenue Risk

The most significant risk facing the University remains enrolment realization, particularly in international markets. Recent declines in international student intake have had a pronounced impact on tuition revenue and, through the provincial funding framework, on operating grant eligibility. While the budget assumes a balanced enrolment recovery, further disruption arising from global conditions or changes in immigration and citizenship policy could delay or constrain improvement.

Mitigation:

The University has adopted conservative enrolment assumptions in the Operating Budget and treats improved outcomes as welcomed upside rather than embedded revenue. Targeted investments in recruitment, program mix, student support, and international engagement are underway to improve outcomes, while scenario planning and regular monitoring allow for timely adjustment should conditions change.

8.2 Government Policy and Funding Risk

Although recent reforms to Ontario's university funding model have strengthened the University's base funding position, grant revenue remains subject to policy decisions beyond the University's control. Changes to corridor parameters, funding weights, or the durability of recent enhancements could affect revenue over the planning horizon.

Mitigation:

The budget does not assume further discretionary grant increases beyond those already announced and continues to plan within a corridor-based framework. Ongoing engagement with the Province and sector partners supports early awareness of policy shifts.

8.3 Cost Structure and Compensation Risk

Compensation costs represent the largest component of the University's expenditure base and are inherently difficult to adjust in the short term due to collective agreements and the need to sustain academic and service capacity. Inflationary pressures and benefit cost growth further constrain flexibility.

Mitigation:

The University continues to focus on workforce planning and disciplined position management to align staffing levels with long-term capacity. Rather than across-the-board reductions, decisions emphasize prioritization, sequencing, and sustainability, consistent with the Budget Framework and Process.

8.4 Capital and Infrastructure Risk

The University faces significant capital and deferred maintenance pressures across academic, administrative, and ancillary infrastructure. Failure to address these needs in a timely manner could increase long-term costs, disrupt operations, or affect the student experience.

Mitigation:

Capital reinvestment is prioritized within both the Operating and Ancillary budgets. In the ancillary portfolio, planned operating deficits are tolerated in years of elevated capital reinvestment, provided the portfolio remains self-funded over the medium term. Institution-wide capital planning emphasizes safety, compliance, and asset preservation.

8.5 Liquidity and Reserve Risk

Persistent operating deficits and capital demands place pressure on reserves, reducing flexibility to respond to unforeseen events or emerging priorities.

Mitigation:

Reserve use is governed and time-limited. The budget framework emphasizes maintaining sufficient liquidity to manage risk while avoiding dependence on reserves as a substitute for sustainable base solutions.

8.6 Execution and Change Capacity Risk

Delivering structural change requires institutional capacity to implement decisions effectively. Constraints on change management, workforce flexibility, or stakeholder alignment could slow progress or increase implementation risk.

Mitigation:

The budget process emphasizes realistic action and execution readiness. Initiatives are sequenced to reflect institutional capacity; governance oversight ensures that commitments are aligned with available resources.

8.7 Overall Risk Posture and Interpretation

Taken together, these risks are assessed as challenging to manage within the University's current planning and governance framework. Enrolment uncertainty, the constraints of collective agreements, and the highly regulated nature of the postsecondary sector significantly limit the speed and scale at which the University can respond to the current fiscal environment. While these risks are familiar, their interaction in the present context creates a particularly demanding operating landscape.

Importantly, government policy and funding risk is not currently assessed as a material source of uncertainty, as recent funding reforms have provided greater clarity regarding the Province's response. The remaining risks, particularly those related to enrolment volatility, cost structure, capital intensity, and institutional change capacity, however, continue to require sustained management attention and careful implementation of decisions.

These risks are reflected directly in the assumptions, sequencing, and conservatism embedded in the Operating Budget and multi-year outlook. Rather than attempting to neutralize risk through aggressive forecasting or short-term measures, the budget framework prioritizes resilience, pragmatism, and the preservation of institutional capacity over time.

Appendix A: **Financial and Budget Policies**



Major financial policies are approved by the appropriate authority, including the Board of Governors, Carleton senior management and the Carleton University Retirement Plan Pension Committee. Along with external regulations (GAAP, Broader Public Sector Directive), these policies are part of the University's internal financial control framework and support budgeting and financial reporting by the University. This section describes the key financial policies and guidelines that undergird Carleton's planning and budgeting activities. All financial and budget policy details are available on the University Secretariat's website: carleton.ca/secretariat/policies.

Risk Management

Carleton is committed to risk management on a campus-wide basis as detailed in the Enterprise Risk Management Program's Risk Management Manual. The Board of Governors requires an annual audit of the University's financial statements by an independent certified public accounting firm, hired through a public bidding process. In addition, Carleton employs a third-party internal auditor to conduct, on an ongoing basis, internal management and operational audits based on a risk model approved by the Board of Governors.

Capital Planning and Approvals

All proposals over \$5 million are brought forward to the Building Program and Finance Committees for review and approval by the Board of Governors. The current Capital Planning Policy was approved by the Board in 2025.

Debt Policy

Externally held capital debt may only be incurred with approval from the Board of Governors. Carleton is committed to undertaking debt only when doing so is the most advantageous financing alternative available in achieving its strategic goals.

Investment Policies

The Carleton University Retirement Plan's Statement of Investment Policies and Procedures (SIPP) addresses the how the Retirement Plan assists in providing plan beneficiaries with a financially secure retirement income at a reasonable cost. A similar SIPP is in place for the University's endowment funds and other investable assets. The SIPP must be reviewed and approved annually by the Board of Governors.

Operating and Capital Reserves

Carleton recognizes that reserves are the cornerstone of financial flexibility to manage risks inherent in long-term financial planning. Reserves are held centrally and within RPCs to support specific strategic initiatives as well as to address economic uncertainties. Appropriated reserves are governed by the University's Operating and Capital Reserves Policy and approved by the Board of Governors.

Broader Public Sector Expenses Directive

As a designated Broader Public Sector organization, Carleton must comply with this provincial legislation, which determines specific rules for expenses paid for with public funds.



2026-27 BUDGET REPORT

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