



Royal Roads  
UNIVERSITY

# Operating & Capital Budget Plan

2024 • 2025



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# Letter From the President



## Dear Colleagues,

Reflecting on the past year, I am encouraged and inspired by your innovative and collaborative efforts to navigate the ongoing global challenges impacting the post-secondary sector. My confidence in our collective ability to overcome those challenges with care, courage, and creativity comes from seeing that work in action every day.

As significant macro-economic shifts re-shape the world, we're engaging in conversations provincially and nationally – ones that explore complex questions from the purpose of post-secondary education to what a sustainable post-secondary sector looks like.

The budget for 2024/25 was developed against a backdrop of these uniquely challenging times which are impacting all academic institutions. Although our foundational purpose is to deliver transformational learning experiences for our students, we must also acknowledge the need for financial sustainability given ongoing enrolment pressures and rising costs.

## Key highlights of this year's budget include:

- \$24.1M to continue construction of the West Shore Initiative, a collaboration between Camosun College, Royal Roads University, and the University of Victoria. The new campus will accommodate 1,300 full-time students at full capacity and increase access to post-secondary education in the West Shore and in other communities on southern Vancouver Island.
- More than \$4.3M in research revenue—a 53 per cent increase since 2019/20—that showcases the growth of our dynamic research enterprise.
- \$735K for ongoing hiring of the Emerging Indigenous Scholars Circle, creating opportunities to support Indigenous doctoral graduates in the early career stages.
- \$1.6M to fund salary and wage increases for bargaining and excluded members in line with government's [2022 Shared Recovery Mandate](#).
- \$300,000 for strategic projects and innovative initiatives.

I would like to express my sincere appreciation to all of you — our faculty and staff — for contributions to the development of the 2024/25 operating and capital plan and for continued support of one another, our students and this institution over the past year. Your commitment to our vision and values is our greatest strength.

Sincerely,

Philip Steenkamp, PhD  
President and Vice-Chancellor



# Executive Summary

Royal Roads University's (the University, RRU) approach to operating and capital planning is designed to align financial operating and capital resources with the University's vision and values. In doing so, the planning process can meet changing institutional needs and remain responsive to new opportunities and challenges. In keeping with its commitment to financial stability and sustainability, the 2024/25 operating and capital budget is taking a risk-based financial management approach including consideration of key economic and environmental factors.

Post-secondary institutions (PSIs) have navigated an era of unprecedented volatility over the past decade, and the coming decade is expected to bring further challenges at an accelerating pace, requiring an increased focus on operational adaptability and financial resilience.

From a financial lens, changes in enrolment over the past few years have contributed to a substantial shift in the makeup of general operating revenues, with core government grants contributing a smaller proportion of total university funds. Consequently, PSIs are becoming increasingly more reliant on tuition, fees, and ancillary revenues to fill funding gaps.

Considering the relative importance that tuition and fees have contributed to university revenues in recent years, managing and planning for the impacts of disruptions has been an ongoing challenge. From an international

perspective, while concerns over challenges in travel and entry restrictions in Canada did not materialize in lower enrolments at the start of the pandemic, many Canadian institutions started observing declines in 2022. Inflation, global political and economic realities combined with recent federal and provincial changes in the student visa process are having a chilling effect on international student enrolment, the full impact of which is still to be seen. Rapidly changing economic and labour market conditions across Canada, combined with demographic changes in BC's population have contributed to declines in domestic enrolment.

In response to ongoing enrolment challenges and inflationary pressures, the University has exercised caution over discretionary spending with the goal of achieving a balanced budget in year three of this three-year plan. While the prior year was marked with high inflation, exceptionally tight labour markets and global supply shocks, it is anticipated that the University will continue to face slow economic growth through 2024/25 until economic conditions stabilize.

Within this context, the 2024/25 budget for the University is presented in this operating and capital plan. The purpose of this plan is to support the vision and values laid out in [Learning for Life: 2045 and beyond](#), balancing long-term financial sustainability and responsible resource allocation to meet the University's strategic mission.



Royal Roads University acknowledges that the campus is located on the traditional lands of the Xwsepsum (Esquimalt) and Lekwungen (Songhees) ancestors and families.

With gratitude, we live, work, and learn here where the past, present and future of Indigenous and non-Indigenous students, faculty, and staff come together.

Hay'sxw'qa si'em!

# 2023/24 Forecast

Global factors continue to influence university revenue and expenditure trends in new and uncertain ways. While the last two years saw an end to a decade of ultra-low interest rates and the emergence of inflationary pressures, 2024 is starting to show signs of stabilization. Higher interest rates and tighter global conditions experienced throughout the last two years are helping to bring inflation toward the Bank of Canada's long-run two percent target. However, the full impact of these influences will not be felt for several years and, for the foreseeable future, low enrolment and financial challenges remain predominant risk factors.

## Enrolment

In 2022/23 RRU experienced a decline of 390 full-time equivalent (FTE) students from the year prior, a reduction of 13.3%. In 2023/24, the University is forecasting a decline in enrolment of 335 new and continuing student FTEs over the prior year, a further reduction of 13.2%, including 291 fewer domestic enrolments. The overall financial impact for 2023/24 is forecast to be a \$4.3M (11%) decline in tuition and student fee revenue. Considering the significant contribution of tuition and fees to overall revenues, the University is focusing on increasing enrolment through the Strategic Enrolment Management Steering Group.

## Cost Management

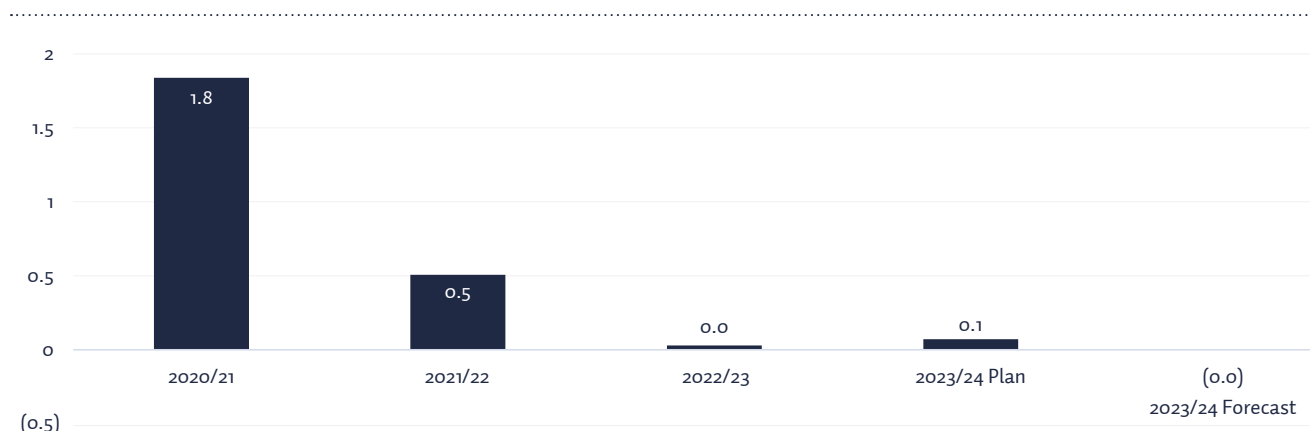
The total Consumer Price Index (CPI) rose 6.8% in 2022 and 3.9% in 2023. The effect of inflation on the price of

goods and services continues to influence every aspect of the University's academic and operational activities.

2023/24 continues to be a challenging year with many post-secondary institutions across the province experiencing record low enrolment. The University reacted quickly to the compounding impacts of enrolment declines and rising costs over recent years by implementing cost management measures, ensuring that the University continues to meet student experience and program delivery requirements.

The overall impact of a second year of declining enrolment is a forecasted shortfall of \$7.6M in 2023/24 that will be fully offset through accumulated surplus reserves. Included in the shortfall is a \$3.3M extraordinary accounting adjustment related to a write-down of IT project costs (Figures 1 to 1.2).

FIGURE 1. NET OPERATING INCOME (\$MILLIONS)



\*2023/24 Forecast includes capital adjustment and offset from accumulated surplus (Figure 1 and Figure 1.2)

FIGURE 1.1 OPERATING REVENUE (\$MILLIONS)

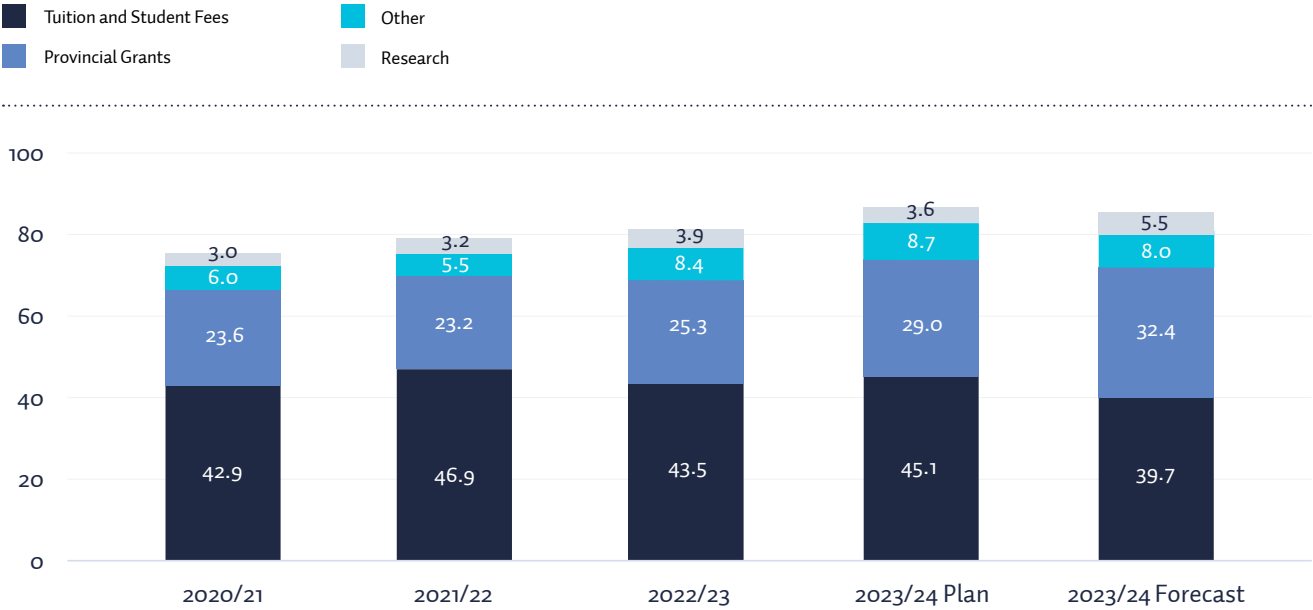
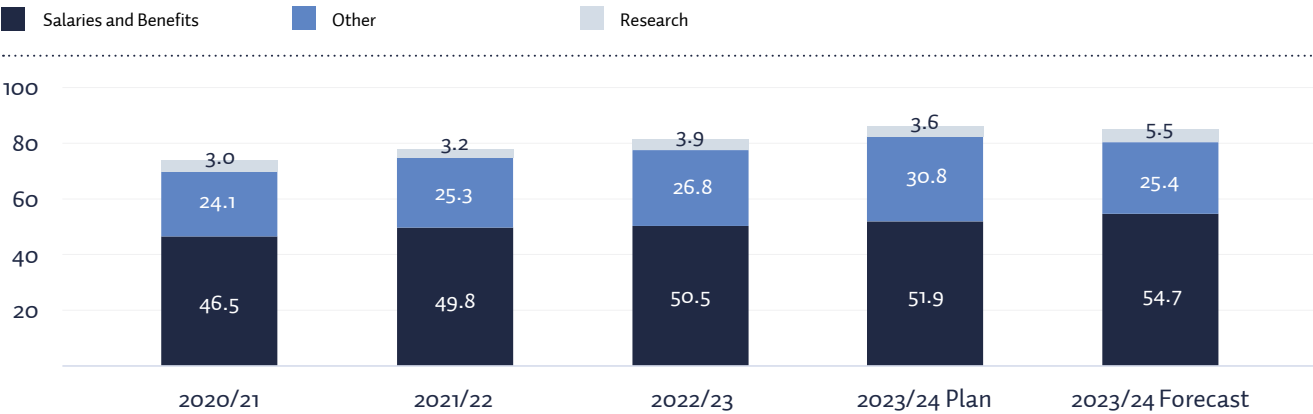
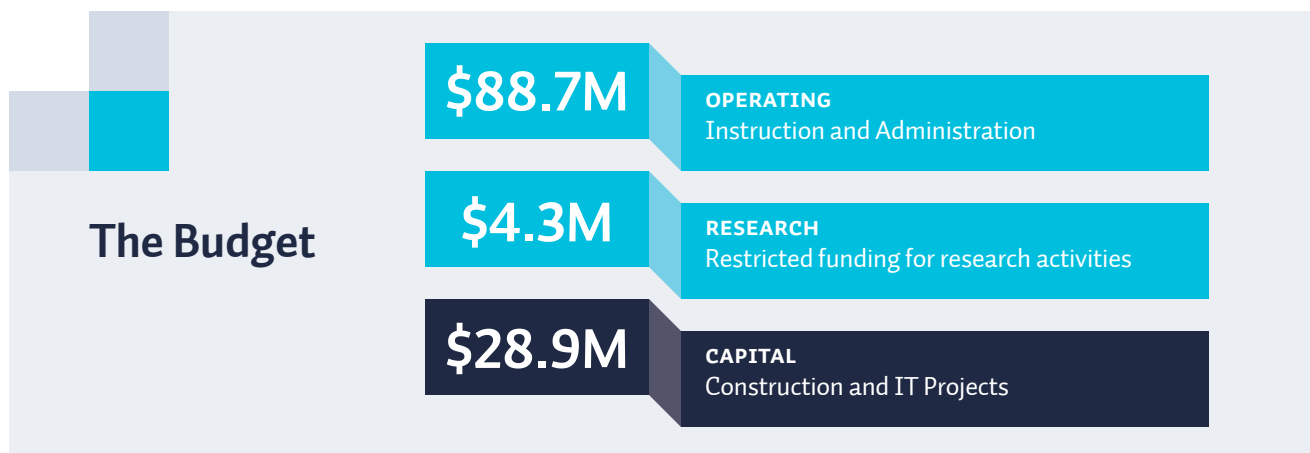


FIGURE 1.2 OPERATING EXPENDITURES (\$MILLIONS)



# Budget 2024/25

## 3.1 Budget



### Risk-Based Financial Management Approach

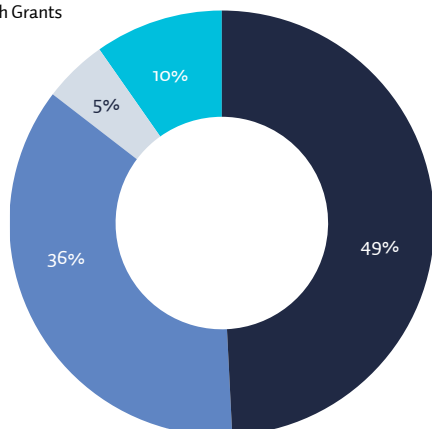
Over the last three years, the University has adjusted its budget approach to address the ongoing economic challenges and uncertainty as the long-term impacts of the pandemic and other social, political, and macro-economic pressures continue to unfold. The budget plan for 2024/25 focuses on key strategic investments while balancing long-term financial sustainability and responsible resource allocation to meet the University's strategic vision.

This budget plan includes moderate assumptions for revenue growth and a continuation of cost management measures and actions with a goal of returning to a balanced budget in year three of the budget plan.

FIGURE 2. 2024/25 OPERATING BUDGET (\$MILLIONS)

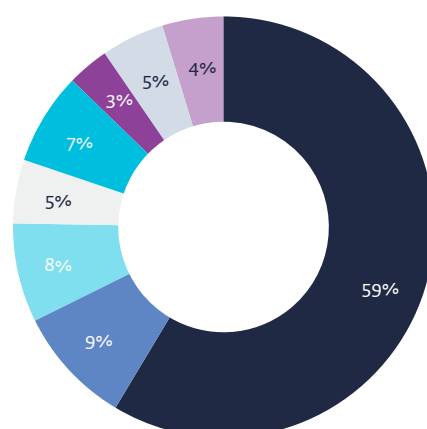
#### REVENUES

- Tuition and Other Academic Fees
- Provincial Grants
- Other
- Research Grants



#### EXPENSES

- Salaries and Benefits
- Academic Contracts and Instructional Program Delivery
- Amortization
- Supplies and Services
- Information Technology, Grounds and Facilities
- Marketing and Student Recruitment
- Non-Academic Contracts
- Research





## 3.2 2024/25 RRU Operating Plan

The operating budget has been developed on a risk-adjusted basis. Consideration has been given to the impact of revenue assumptions and cost management measures. Detailed information is provided in Appendix 3 of this Plan.

The operating budget covers the operations of the University and includes tuition and academic fees, provincial funding, and research grants as key revenue drivers (Table 1). The target for the next three years of the operating budget is to continue to prioritize strategic investment to support enrolment growth while ensuring that adequate resources are allocated to maintain critical levels for both academic and campus operations. The aim of the University's budget approach is to balance institutional priorities with fiscal containment, projecting a return to a balanced budget in year three of the plan.

TABLE 1. OPERATING AND RESTRICTED PLAN 2024/25 (\$THOUSANDS)

	2022/23 ACTUALS	2023/24 BUDGET	2023/24 FORECAST	2024/25 PLAN	2024/25 OPERATIONAL	2024/25 RESEARCH	2025/26 PLAN	2026/27 PLAN	2024/25 PLAN V. 2023/24 FORECAST	
<b>REVENUES</b>										
Tuition Fees and Other Academic Fees	43,538	45,158	39,700	44,030	44,030		48,653	51,512	4,330	11%
Provincial Grants	25,325	29,006	32,406	32,162	32,162		32,980	33,815	(244)	(1%)
Other Revenues	12,387	12,229	13,433	13,105	8,844	4,262	13,390	13,563	(327)	(2%)
<b>Total Revenues</b>	<b>81,250</b>	<b>86,392</b>	<b>85,539</b>	<b>89,297</b>	<b>85,036</b>	<b>4,262</b>	<b>95,023</b>	<b>98,890</b>	<b>3,758</b>	<b>4%</b>
<b>EXPENSES</b>										
Labour	61,570	63,323	66,742	66,959	63,876	3,083	68,806	70,418	217	0%
Non-Labour	19,653	22,269	23,139	25,982	24,803	1,179	27,180	27,926	2,843	12%
<b>Total Expenses</b>	<b>81,223</b>	<b>85,592</b>	<b>89,880</b>	<b>92,941</b>	<b>88,679</b>	<b>4,262</b>	<b>95,986</b>	<b>98,345</b>	<b>3,060</b>	<b>3%</b>
Surplus (Shortfall) before Capital adjustment	27	800	(4,341)	(3,643)	(3,643)	-	(964)	545	698	16%
Capital Adjustment		(736)	(3,259)							
Surplus (Shortfall) before offset	27	64	(7,600)	(3,643)	(3,643)	-	(964)	545	(698)	(9%)
Offset from Accumulated Surplus			7,600	3,643	3,643		964			
<b>Surplus (Shortfall) after offset</b>	<b>27</b>	<b>64</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>545</b>		





### Highlights

#### REVENUES

Operating revenues are budgeted at \$89.3M, including \$4.3M in restricted revenues to support research, an increase of \$3.8M (4%) over the 2023/24 forecast.

Key operating revenue assumptions include:

- Enrolment projection of 2,391 student FTEs;
- Tuition increases of 2% and 4% for new domestic and international students, respectively;
- Increase in compensation funding related to the provincial [2022 Shared Recovery Mandate](#);
- Increase in ancillary revenue from fee increases and higher enrolment (i.e. rentals, accommodation, bookstore, and retail sales); and
- Increase in other revenue generating activities (i.e., donations, installment fees, and parking).

#### EXPENDITURES

Operating expenditures are budgeted at \$92.9M, including \$4.3M in restricted expenses for research in line with prior year expenditures.

Key operating expenditure assumptions include:

- Consideration of inflationary pressures;
- Continuation of targeted cost management strategies;
- Reallocation of budget to ensure university core functions remain supported; and
- 3.0% general wage increase per government's [2022 Shared Recovery Mandate](#);

In 2024/25, the University is projecting an operating shortfall of \$3.6M which will be offset through a transfer from accumulated surplus reserves. The 2024/25 projected revenue is in line with modest student FTE growth projections and a continued focus on cost management. The impacts of the 2023/24 forecast and next year's budget on the University's financial sustainability are presented in Appendix 2.

## 3.3 Operating Plan Assumptions

### Revenue

#### ENROLMENT

KEY PERFORMANCE INDICATORS - ENROLMENT					
	2020/21	2021/22	2022/23	2023/24	2024/25
	ACTUAL	ACTUAL	ACTUAL	FORECAST	PLAN
Student FTEs - Credit Programs	2,832	2,931	2,541	2,206	2,391
Program/Student Mix for Graduate/Undergraduate	72/28	75/25	80/20	81/19	81/19
Program/Student Mix for Domestic/International	72/28	74/26	74/26	72/28	70/30
Credit Programs - Revenue from Domestic Students (\$millions)	\$27.2	\$29.3	\$25.9	\$22.5	\$24.4
Credit Programs - Revenue from International Students (\$millions)	\$11.9	\$12.3	\$11.9	\$11.4	\$13.8
Non-Credit Programs - Tuition Revenues (\$millions)	\$2.3	\$3.4	\$3.8	\$4.2	\$3.7

#### CREDIT PROGRAMS

2024/25 tuition revenue from credit programs at \$38.2M is 13% higher than the 2023/24 forecast. A target of 2,391 FTEs in 2024/25 assumes higher growth in new student enrolments compared to 2023/24. Revenues are also subject to proposed 2% domestic and 4% international tuition rate increases.

The projected increase in new student enrolments will materialize through higher, focused growth in the

Master of Global Management and other graduate programs (Figures 3.1 to 3.4).

With the decrease in domestic enrolments over the last two years, there is a potential risk that increased international enrolments in future years could cause the University to exceed the 70/30 domestic to international enrolment ratio set by the Board of Governors.



FIGURE 3.1 STUDENT FTE TREND DOMESTIC/INTERNATIONAL

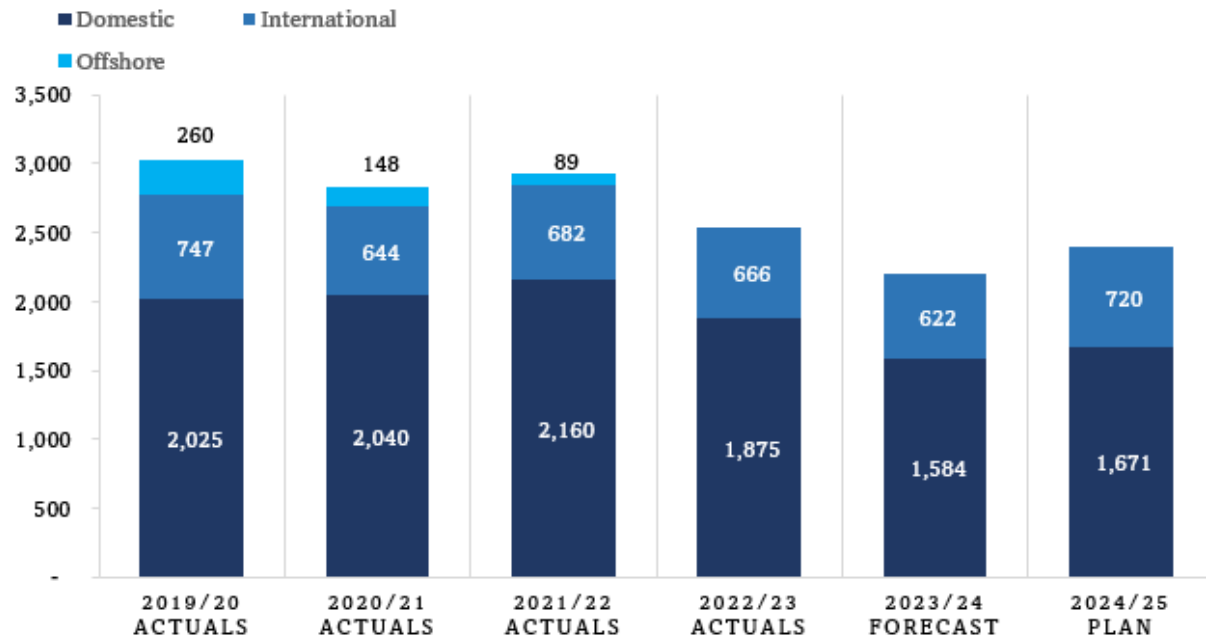


FIGURE 3.2 STUDENT FTE TREND UNDERGRADUATE/GRADUATE

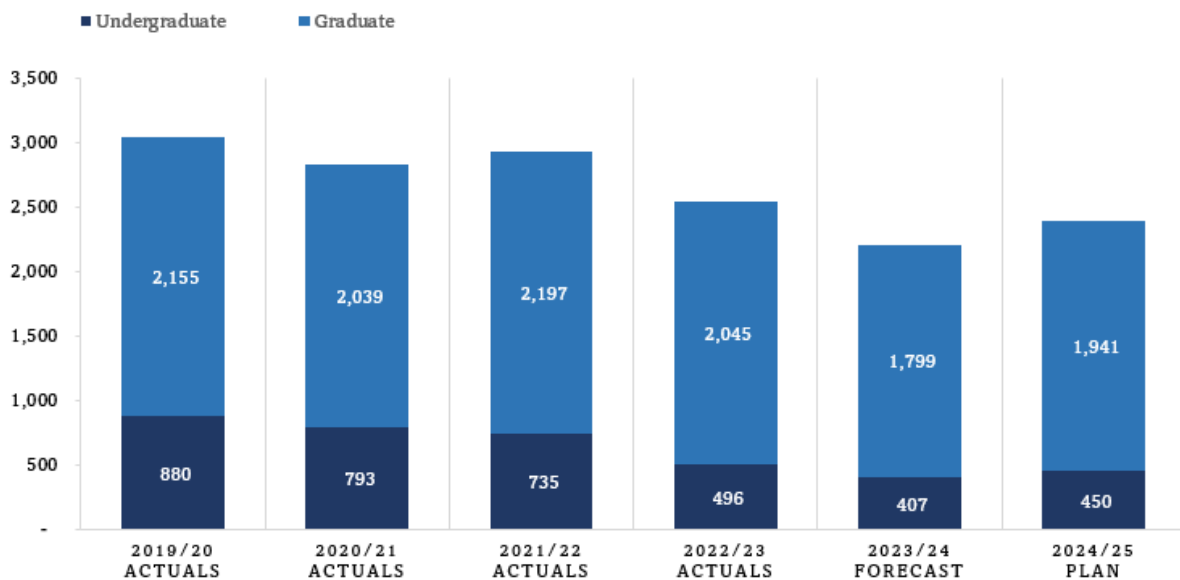




FIGURE 3.3 TUITION REVENUE DOMESTIC/INTERNATIONAL (\$MILLIONS)

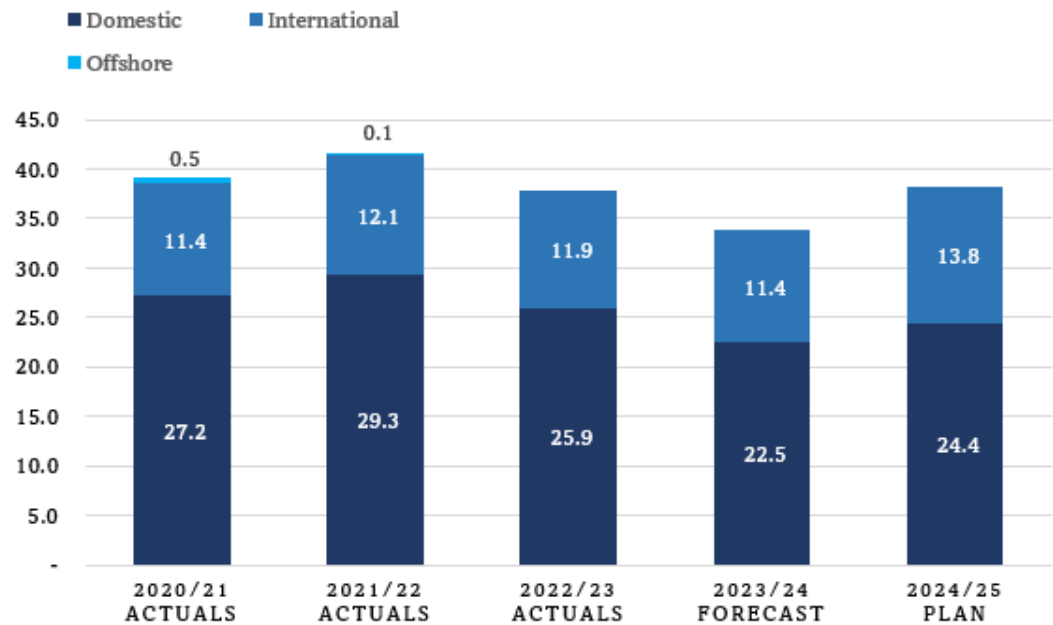
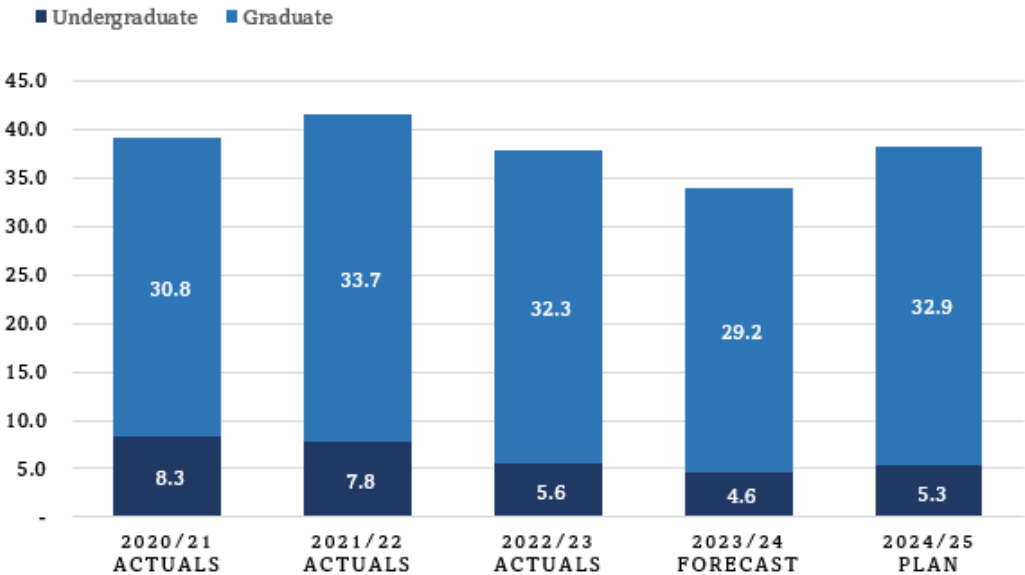


FIGURE 3.4 TUITION REVENUE UNDERGRADUATE/GRADUATE (\$MILLIONS)

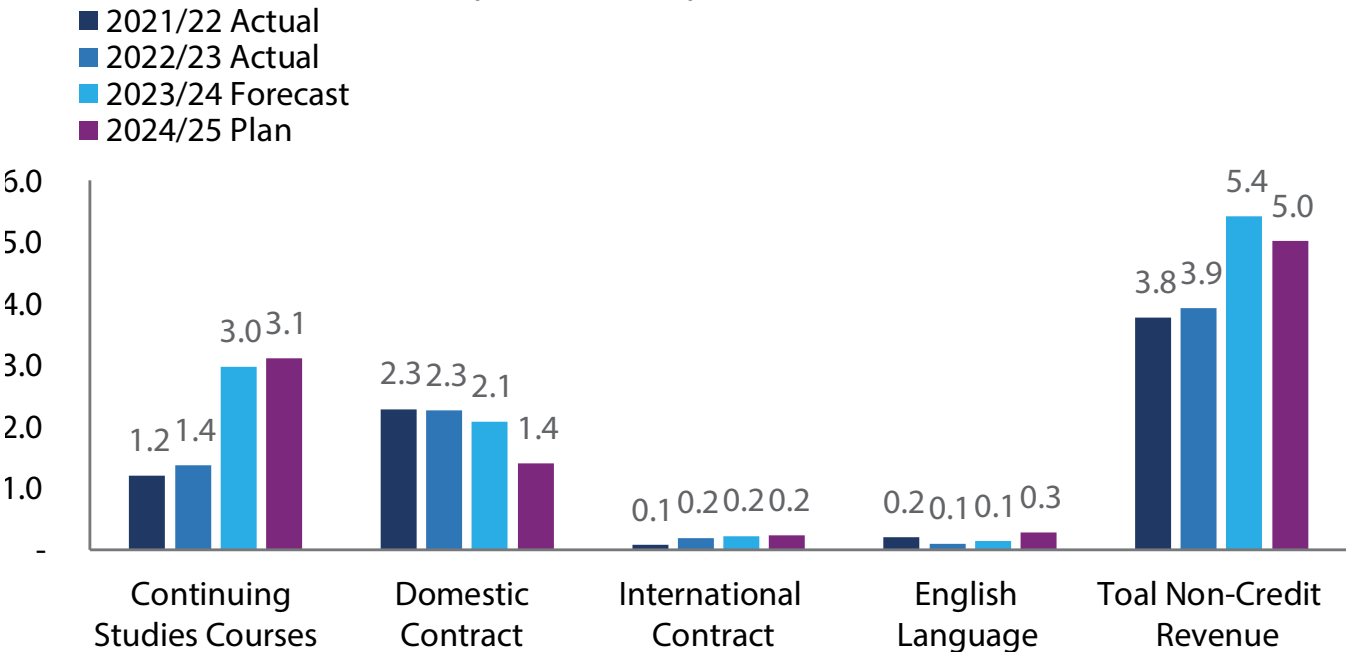


NON-CREDIT PROGRAMS

Revenue from non-credit programs offered through Professional and Continuing Studies (PCS) is lower compared to 2023/24 largely due to the conclusion of a 4-year contract with the Toronto Metropolitan University (formerly Ryerson University) as shown in the drop in Domestic Contract Training in Figure 4.

The revenue in PCS courses in the current year reflects the Province’s Stronger B.C. Future Skills Program which will continue into 2024/25. All other revenues are assumed to remain relatively flat, in line with assumptions and trends observed in the University’s credit programs (Figure 4).

FIGURE 4. PCS REVENUE (\$MILLIONS)



OTHER REVENUE

Other revenue budgeted at \$13.1M is a marginal decrease of \$0.3M (2%) over the current year forecast and includes an increase in deferred amortization revenue related to provincially funded completed capital projects, increases in ancillary services due to higher enrolment

(i.e., accommodation), and higher parking fees. The increase in other revenue for 2024/25 is offset by a decrease in research grants of \$1.0M and lower investment revenues due to lower investment balances.

## Expenditures

### WORKFORCE AND COMPENSATION

Salaries and benefits in the 2024/25 plan remain relatively constant to the 2023/24 forecast and are driven primarily by the B.C. government's [2022 Shared Recovery Mandate](#), offset by a decrease in research-funded FTEs.

focus on position management will reflect a workforce that is better positioned to adapt to future enrolment trends. Contracted services are set to increase by \$0.7M (8%) in line with a projected increase in enrolment (Table 2).

As the University continues to observe higher employee to student FTE ratios due to lower enrolments, a continued

TABLE 2. WORKFORCE ANALYSIS (\$MILLIONS)

	VARIANCE TO				
	2022/23 ACTUALS	2023/24 FORECAST	2024/25 PLAN	2023/24 FORECAST	%
Salaries	43.3	47.1	45.3	(1.8)	(4%)
Benefits	9.1	9.9	11.3	1.3	13%
	52.4	57.1	56.6	(0.5)	(1%)

### CONTRACTED SERVICES

Academic	6.4	5.6	6.5	0.8	15%
Non-academic	2.7	4.0	3.9	(0.1)	(3%)
	9.1	9.7	10.4	0.7	8%
Total Labour	61.6	66.7	67.0	0.2	0%

### WORKFORCE POSITIONS

For 2024/25, the University anticipates no changes to the current workforce plan (Table 3).

TABLE 3. WORKFORCE ANALYSIS

	2023/24		2024/25 PLAN		VARIANCE	
	POSITIONS	FTES	POSITIONS	FTES	POSITIONS	FTES
Full-time	484	484	484	484	-	-
Part-time	21	14	21	14	-	-
Total Workforce	505	498	505	498	-	-



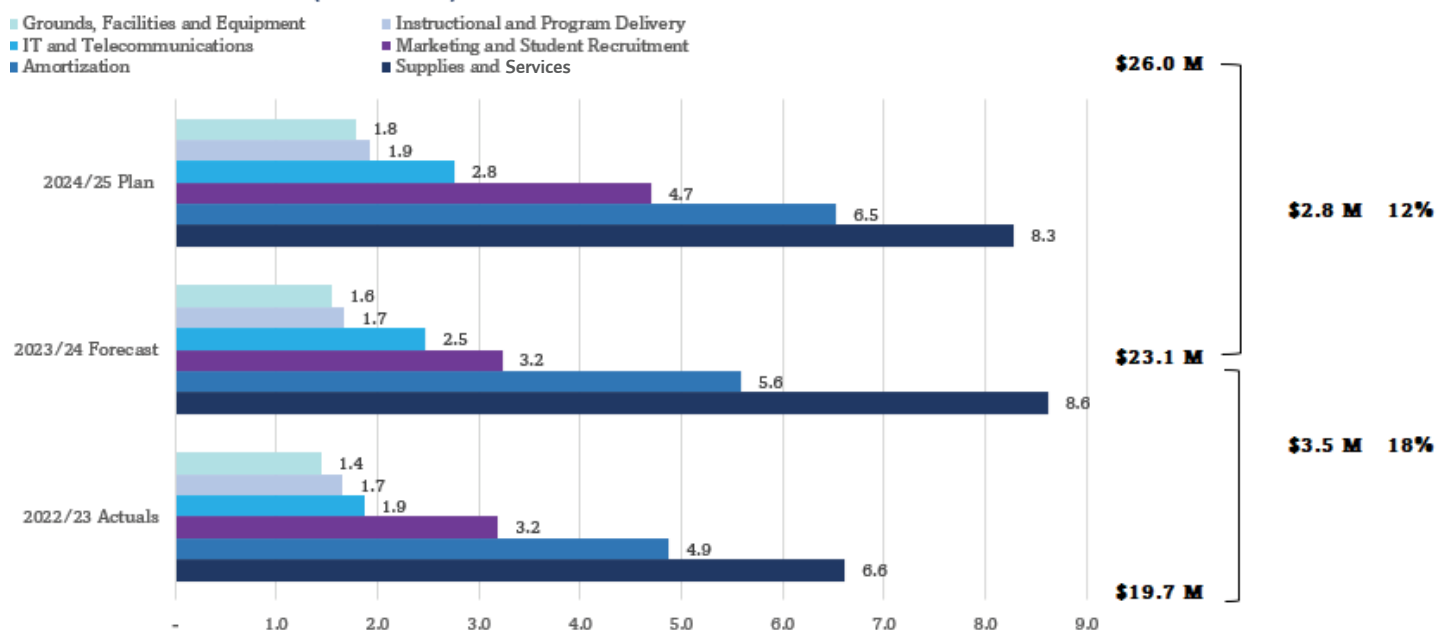
### NON-LABOUR EXPENSES

All other expenses will rise to \$26.0M in the 2024/25 budget plan. This is an increase of \$2.8M (12%) over the current year forecast before an extraordinary expense adjustment (see Section 2.o). This includes \$25.7M in regular operating expenses and \$0.3M for innovation projects (Figure 5).

Costs driven by student FTEs (e.g., instructional and program delivery expenses) are forecast to increase

along with the increase in enrolment. Technology and amortization costs are expected to rise, driven by higher software licensing fees, an increasing number of licenses required for cloud-based software, and amortization of technology-related capital assets.

FIGURE 5. OTHER EXPENSES (\$MILLIONS)



# RRU 2024/25 Capital Plan

The University's capital investment program for 2024/25 is valued at \$28.9M, including \$4.7M for the Colwood campus and \$24.1M to support completion of the first building at the new Langford campus (Table 4). The annual Routine Capital grant will support investments on the

Colwood campus. In 2024/25, the University will mitigate its operating pressures by pausing initiatives and asset renewal that would normally be funded by RRU operating or accumulated surpluses.

TABLE 4. CAPITAL PLAN (\$THOUSANDS)

	Forecast	Plan	Change from Forecast	
	2023-24	2024-25	\$	%
Colwood Campus				
Major Capital				
New Construction		100	100	
Building Repurpose and Upgrade	276	400	124	45%
Major Capital Total	276	500	224	81%
Minor Capital				
Campus Horizontal Infrastructure	986	447	(539)	(55%)
Other Deferred Maintenance	1,074	1,317	243	23%
Academic Delivery & Supporting Space Reconfigurations	1,476	875	(601)	(41%)
Asset Lifecycle Renewal	562		(562)	(100%)
Other Initiatives < \$501K	335	135	(200)	(60%)
Minor Capital Total	4,433	2,774	(1,659)	(37%)
Technology				
Student Information System Implementation	487		(487)	(100%)
Financial Systems Enhancements and HR Enhancement	27		(27)	(100%)
Network Infrastructure & Technology Asset Purchases	1,477	1,455	(22)	(1%)
Systems Implementation Initiatives	200		(200)	(100%)
Technology Total	2,191	1,455	(736)	(34%)
Colwood Campus Total	6,900	4,729	(2,171)	(31%)
Westshore Campus				
Phase I Development	47,625	24,146	(23,479)	(49%)
Westshore Campus Total	47,625	24,146	(23,479)	(49%)
Grand Total	54,525	28,875	(25,650)	(47%)

## Colwood Campus



### CAMPUS LAND, FACILITIES, AND BUILDING RESILIENCE

During the course of 2023/24, RRU engaged consultants to prepare a design concept and associated class C capital cost estimate for proposed housing initiatives on both the Colwood and Langford campuses. Associated stakeholder engagement processes were also initiated. This work will continue in 2024/25 to ensure that RRU is 'shovel-ready' when funding becomes available.

**Other Deferred Maintenance:** Within the annual Routine Capital program, the multi-year project to install meters (gas, electric, and water) in buildings on the Colwood campus is progressing. The installation of electrical meters finished in 2023/24 and installation of mechanical meters is prioritized for 2024/25. In subsequent years, an upgraded direct digital control system and building management system will be installed. This will be similar to the system in the new Langford building and in line with management's commitment to prioritize initiatives to meet climate action goals.

**Space Reconfiguration and Optimization:** In response to the evolving nature of campus activities, the impact of hybrid learning and flexible work arrangements, and in alignment with organizational changes, a series of minor renovation investments are envisioned for 2024/25.

**Japanese Gardens:** Funded through donor contributions, construction of a teahouse began in 2023/24 and project completion is targeted in August 2024. Other projects aligned with the overarching revitalization vision for the gardens will be developed in 2024/25.

**Langford Phase 1 Development:** Construction of the first building on the Langford campus is on track for completion by April 1, 2025. Careful monitoring of the drawdown of funds dedicated to the construction project continues. Management is monitoring key risks including the impact of persistent inflation/escalation and construction labour shortages.



### FURNITURE, FIXTURES, AND EQUIPMENT

The lifecycles of furniture, other equipment, and vehicles in 2024/25 will be extended to mitigate the pressure on the University's budget.



### TECHNOLOGY INVESTMENT

**Core Business Systems:** In light of a continuing move to cloud-based software the University is reviewing its technology investments. Priority upgrades to core business systems were transitioned to operating resources in 2023/24 to reflect the move to cloud-based software. RRU is writing-down capital work-in-progress to reflect changes in IT services from on-premises to cloud-based service delivery.

**Network Infrastructure and Technology Asset Purchases:** The University will continue to invest in priority upgrades and renewal of network infrastructure and technology assets in 2024/25 including security system upgrades and completion of upgrades to the campus phone system.



# Statement of Operations

TABLE 2. THREE YEAR BALANCED BUDGET PLAN

	2022/23 ACTUALS	2023/24 FORECAST	2024/25 PLAN	2024/25 OPERATIONAL	2024/25 RESTRICTED	2025/26 PLAN	2026/27 PLAN	2024/25 PLAN V. 2024 FORECAST	
Tuition Fees and Other Academic Fees	43,538	39,700	44,030	44,030		48,653	51,512	4,330	11%
Provincial Grants	25,325	32,406	32,162	32,162		32,980	33,815	(244)	(1%)
Research Grants	3,939	5,461	4,262		4,262	4,262	4,262	(1,199)	(22%)
Amortization of Deferred Capital Contributions	3,160	3,420	3,935	3,935		3,935	3,935	516	15%
Ancillary Revenues	2,247	2,347	2,428	2,428		2,622	2,701	81	3%
Investment Revenue	876	386	328	328		246	271	(58)	(15%)
Other Revenue	2,165	1,820	2,152	2,152		2,325	2,394	332	18%
<b>TOTAL REVENUES</b>	<b>81,250</b>	<b>85,539</b>	<b>89,297</b>	<b>85,036</b>	<b>4,262</b>	<b>95,023</b>	<b>98,890</b>	<b>3,758</b>	<b>4%</b>
Salaries & Benefits	52,440	57,083	56,568	54,501	2,067	57,659	58,772	(515)	1%
Contracted Services - Non Academic	2,731	4,042	3,939	2,923	1,016	4,018	4,098	(103)	3%
Contracted Services - Academic	6,398	5,617	6,452	6,452		7,129	7,548	835	(15%)
Instructional & Program Delivery	1,659	1,675	1,928	1,862	67	2,174	2,347	254	(15%)
IT and Telecommunications	1,867	2,476	2,761	2,761		3,116	3,178	285	(12%)
Marketing	1,840	1,497	1,765	1,765		1,800	1,836	268	(18%)
Student Recruitment	1,352	1,731	2,936	2,936		3,297	3,566	1,205	(70%)
Supplies and Services	6,616	8,619	8,280	7,168	1,112	8,446	8,615	(338)	4%
Grounds, Facilities and Equipment	1,443	1,554	1,780	1,780		1,816	1,852	226	(15%)
Amortization	4,877	5,588	6,531	6,531		6,531	6,531	943	(17%)
<b>TOTAL EXPENSES</b>	<b>81,223</b>	<b>89,880</b>	<b>92,941</b>	<b>88,679</b>	<b>4,262</b>	<b>95,986</b>	<b>98,345</b>	<b>3,060</b>	<b>(3%)</b>
<b>Surplus (Shortfall) before Capital adjustment</b>	<b>27</b>	<b>(4,341)</b>	<b>(3,643)</b>	<b>(3,643)</b>	<b>-</b>	<b>(964)</b>	<b>545</b>	<b>698</b>	<b>(16%)</b>
Capital Adjustment		(3,259)							
<b>Surplus (Shortfall) before offset</b>	<b>27</b>	<b>(7,600)</b>	<b>(3,643)</b>	<b>(3,643)</b>	<b>-</b>	<b>(964)</b>	<b>545</b>	<b>3,957</b>	<b>(52%)</b>
Offset from Accumulated Surplus		7,600	3,643	3,643		964		(3,957)	(52%)
<b>Surplus (Shortfall) after offset</b>	<b>27</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>545</b>	<b>-</b>	

# Financial Sustainability

The University's financial position is primarily impacted by capital project spending and annual operating results. Since 2021/22, the University has experienced declines in the primary reserve ratio due to lower net assets because of reduced cash and investment balances. The land acquisition for the Langford Campus and an increase in university-funded major information system capital projects have required significant financial commitments over the last few years. A decrease in enrolments is driving revenues down

while inflationary pressures continue to drive expenditures up. This combination of factors has had a dampening impact on the University's net income ratio and return on net assets.

## Looking Forward

The University's efforts to address its current enrolment challenges and prioritize investments, including pausing internally funded capital projects, will have positive impacts on financial sustainability measures.

### KEY PERFORMANCE INDICATORS

KPI	DEFINITION
Primary Reserve Ratio <sup>1</sup>	How long the University would be able to function using only its current net expendable resources without relying on additional net assets generated from operations.
Net Income/Loss Ratio <sup>2</sup>	If and by how much the University's revenues exceed its expenses.
Return on Net Assets <sup>3</sup>	How well the University is using its existing resources to generate additional resources.
Contribution Margin <sup>4</sup>	Contribution margin measures the profitability of a product or service after deducting expenditures.

TABLE 6. FINANCIAL SUSTAINABILITY KPIs AND TREND INFORMATION

KEY PERFORMANCE INDICATORS	2020/21 Actual	2021/22 Actual	2022/23 Actual	2023/24 Forecast	2024/25 Plan
Net Operating Income (\$ Thousands)	\$743	\$506	\$27	\$(7,600)	\$(3,643)
Net Operating/Loss Ratio	2.4%	0.8%	0.2%	(8.9%)	(4.1%)
Primary Reserve Ratio	286	153	98	84	74
Return on Net Assets (3 year average)	3.5%	2.6%	2.6%	(4.3%)	(7.4%)
Total cost per Student FTE	\$26,040	\$26,704	\$31,846	\$40,743	\$38,871
Contribution Margin	35%	37%	33%	23%	23%

<sup>1</sup> Primary Reserve Ratio – Calculated by dividing Expendable Net Assets (Net Assets excluding Tangible Capital Assets, Deferred Capital Contributions and Deferred Revenue) by Total Expenses (excluding Amortization), to get a number in years which is converted to months or days.

<sup>2</sup> Net Income/Loss Ratio: calculated by dividing the Net Income or Net Loss by Total Revenue. Because this ratio can be volatile year over year, it is averaged over a three-year period to give a smoother picture.

<sup>3</sup> Return on Net Assets: Calculated by dividing the Change in Net Assets for the year by the Net Assets at the beginning of the year. Because this ratio can be volatile year over year, it is averaged over a three-year period to give a smoother picture.

<sup>4</sup> Contribution Margin: Operating revenues less direct teaching salaries and contracted services, program support salaries and benefits, academic administrative salaries and benefits, and departmental non-labour costs for academic programming and professional and continuing studies programs.

# Financial Risk Assessment

## Financial Risk Assessment

The following analysis looks at 2024/25 budget assumptions, new challenges emerging, and potential strategies to help prepare the University for alternate scenarios.

### What Happened in 2023/24?

#### 2023/24 FORECAST

In 2023/24, the University experienced a decline in enrolment of 13.2% from prior year (Table 7) which translates into a forecasted \$4.3M tuition decline in tuition and student fee revenue. The revenues for tuition and academic fees were primarily impacted by shortfalls in credit program revenue from domestic and international students. In response,

the University implemented cost management strategies through managed staffing and controls over discretionary spending.

### Looking Forward to 2024/25

#### 2024/25 PLAN TO 2023/24 FORECAST

Strategies to increase enrolment by 8.4% in 2024/25 are being prioritized, in line with the University’s balanced budget approach, along with a continuation of cost management strategies to ensure the University returns to a balanced budget.

TABLE 7. STUDENT ENROLMENT FORECAST AND PLAN

	2022/23 ACTUAL	2023/24 FORECAST	2024/25 PLAN	VARIANCE 2024/25 PLAN TO FORECAST		VARIANCE 2023/24 FORECAST TO 2022/23 ACTUALS	
				FTEs	%	FTEs	%
FTEs							
Total Domestic FTEs	1,875	1,584	1,671	87	5.5%	(291)	(15.5%)
Total International FTEs	666	622	720	98	15.7%	(44)	(6.6%)
Total FTEs	2,541	2,206	2,391	185	8.4%	(335)	(13.2%)



# Risk Analysis

Several risks could potentially impact the operating results for 2024/25 as follows:

## New Student Enrolments

- Continued economic pressures, including lack of affordable housing and inflationary pressures dampens student enrolment.
- Labour market shortages contribute to potential graduate students remaining in the workforce which reduces enrolment.
- Continued delays in issuing student visas by Immigration, Refugees and Citizenship Canada (IRCC) and the chilling effect globally of Canada's announcement to reduce student visas reduces enrolment.
- Sponsoring organizations' ability to fund employees' higher education diminishes in the wake of high inflationary costs and a strong labour market reducing enrolment.

## Continuing Students

- Increase in study leaves and reduced course loads due to financial and economic factors results in students taking longer to complete programs and reduced annual revenue.

## IT Capital and Operational Cost Escalation

- Exceptionally tight labour markets and global supply shocks continue to impact operating costs at rates higher than anticipated resulting in higher operating costs.
- Global shortages of computer chips are leading to significantly higher cost increases in all information systems areas including servers, storage, and professional services.
- Increased reliance on cloud computing resources is driving higher operating costs.
- Increased amortization costs resulting from the University's 2019 information system upgrade.

## FINANCIAL IMPACT SENSITIVITY ANALYSIS

The operating budget risk analysis prepared for 2024/25 (Table 8) shows two scenarios with the first scenario resulting in a reduction of \$4.7M in net operating income and the second scenario showing a reduction of \$9.3M in net operating income.

Following this analysis, Table 9 shows potential cost management measures ranging from \$0.8M to \$1.6M to offset the net income reductions. Table 10 provides mitigation strategies to reduce the potential revenue reductions.

TABLE 8. SCENARIOS AND NET INCOME REDUCTIONS

Dollars in Millions	Category of Enrolment	Scenario 1	Scenario 1 \$ impact	Scenario 2	Scenario 2 \$ impact
Credit Programs	New students	Student intakes are 25% below plan	\$3.7M	Student intakes are 50% below plan	\$7.4M
Credit Programs	Continuing students	Additional 5% added for attrition, study leaves and reduced course loads (compared to historical 10% to 15%)	\$0.4M	Additional 10% added for attrition, study leaves and reduced course loads (compared to historical 10% to 15%)	\$0.9M
Operating Costs	N/A	Additional 2% increase in operating costs (5% compared to 3% budgeted)	\$0.6M	Additional 5% increase in operating costs (8% compared to 3% budgeted)	\$1.0M
Total			\$4.7M		\$9.3M

TABLE 9. COST MANAGEMENT MEASURES

Category of Expenditure	Cost Management Measure	Maximum Potential Savings
Non-labour expenditures (other than instructional and program delivery and marketing)	<ul style="list-style-type: none"> <li>Reductions to professional development, travel, consulting, university-hosted events, meetings, and awards throughout the year in addition to the reductions already captured in budget</li> </ul>	\$0.3M to \$0.6M
Reduction in consulting, contracted and other services	<ul style="list-style-type: none"> <li>Reductions in non-academic consulting services for non-capital projects</li> </ul>	\$0.3M to \$0.7M
Instructional and program delivery	<ul style="list-style-type: none"> <li>Reductions to program events</li> </ul>	\$0.2M to \$0.3M
Potential Savings		\$0.8M to \$1.6M

TABLE 10. MITIGATION STRATEGIES

Category of Expenditure	Cost Management Measure
Lower than anticipated new and continuing enrolments in credit programs	<ul style="list-style-type: none"> <li>Launch new programs in response to demands of the labour market</li> <li>Enhance enrolments through the Alumni Lifelong Learning Program</li> <li>Development of a new strategic enrolment management plan</li> <li>Focus on marketing, recruitment, enrolment services, and admissions</li> <li>Exploration of provincial, national, and trans-national partnership opportunities</li> </ul>
Operating cost escalation	<ul style="list-style-type: none"> <li>Continue to identify and take advantage of group purchase programs (i.e., BCNET) and ensure the community is informed of and utilizing programs for purchasing needs</li> <li>Continue staff management strategies</li> <li>Prioritize analysis and identification of low-cost margin programs and activities and make informed business decisions taking account of both economic and qualitative factors</li> <li>Continuously update decision makers on financial performance by providing forecasts and expenditure reports monthly</li> </ul>

## Tuition Rates and Mandatory Academic Ancillary Fees

Consistent with the provincial government tuition limit policy, tuition rates for domestic undergraduate and graduate and mandatory academic ancillary fees propose a 2% increase as reflected in the tables. International student tuition rates are not mandated under BC's policy

on tuition limits. The 2024/25 international tuition rates for undergraduate and graduate programs propose a 4% increase. Proposed tuition rates for both domestic and international students would be effective September 1, 2024.

### GRADUATE PROGRAMS

B – BLENDED

OC – ON-CAMPUS

OL – ONLINE

1=OC starting 2020/21

2=Completion of Graduation

3=Courses charged at rate/program  
MATM Blended or On Campus

PROGRAM NAME	DELIVERY MODEL	PROGRAM DURATION	2023/24 PROGRAM FEE		2024/25 PROGRAM FEE	
			DOMESTIC	INT'L	DOMESTIC	INT'L
DOC Business Administration	B	4 years	\$89,464	\$89,464	\$89,464	\$89,464
DOC Social Sciences	B	4 years	89,464	89,464	89,464	89,464
MBA Executive Management	B	18 or 31 months	47,118	56,387	48,061	58,643
MA Interdisciplinary Studies	B	2 years	31,293	39,936	31,919	41,533
MA Global Leadership	B/OC <sup>1</sup>	13 or 24 months	29,821	38,405	30,418	39,942
MA Environmental Education and Communication	B	2 years	28,793	37,336	29,369	38,830
Master of Global Management	B/OC	12 to 19 months	28,403	36,931	28,971	38,408
MA Tourism Management	OC	18 months or 2 years	27,970	36,481	28,530	37,941
MA Tourism Management	B	19 months or 2 years	27,970	36,481	28,530	37,941
MA / MSc Environment and Management	B	2 years	27,938	36,447	28,496	37,905
MA Climate Action Leadership	B	2 years	27,364	35,851	27,911	37,285
MA Conflict Analysis and Management	B	2 years	27,364	35,851	27,911	37,285
MA Disaster and Emergency Management	B	2 years	27,364	35,851	27,911	37,285
MA Executive and Organizational Coaching	B	2 years	35,661	44,476	36,375	46,255
MA Human Security and Peacebuilding	B	2 years	27,364	35,851	27,911	37,285
MA Intercultural and International Communication	B/OC	18 or 22 months	27,364	35,851	27,911	37,285
MA Justice Studies	B	2 years	27,364	35,851	27,911	37,285
MA Leadership	B	2 years	27,364	35,851	27,911	37,285
MA Leadership with a Specialization in Health	B	2 years	27,364	35,851	27,911	37,285
MA Leadership - Executive Leadership Specialization	B	2 years	27,364	35,851	27,911	37,285
MA Learning and Technology	B/OL	2 years	27,364	35,851	27,911	37,285
MA Professional Communication	B	2 years	27,364	35,851	27,911	37,285
MA Educational Leadership and Management	B	2 years	26,812	35,277	27,348	36,688
MA Higher Education Administration and Leadership	B	2 years	26,812	35,277	27,348	36,688
MA / MSc Environmental Practice *Per Credit Rate	OL	3 -3+ years	861	1,142	878	1,187

<sup>1</sup> On-campus starting 2022/23

**UNDERGRADUATE PROGRAMS**

PROGRAM NAME	DELIVERY MODEL	PROGRAM DURATION	2023/24 PROGRAM FEE		2024/25 PROGRAM FEE	
			DOMESTIC	INT'L	DOMESTIC	INT'L
BA Interdisciplinary Studies	B	2-3 years <sup>2</sup>	\$19,473	\$45,890	19,862	47,726
BA Professional Communication	B/OC	12-24 months <sup>2</sup>	18,542	45,890	18,913	47,726
BCom Entrepreneurial Management	B/OC	12-24 months <sup>2</sup>	18,542	45,890	18,913	47,726
BA Justice Studies	B/OC	12 months on-campus or 2 years blended <sup>2</sup>	17,579	45,890	17,930	47,726
BSc Environmental Science	OC	1 year <sup>2</sup>	15,890	45,890	16,208	47,726
BA / BSc Environmental Practice * Per credit Rate	OL	2.5+ years <sup>2</sup>	305	765	311	795
BBA Sustainability and International Business	OC	Year 3 & 4	21,107	45,890	21,530	47,726
BA Global Tourism Management	OC	Year 3 & 4	21,107	45,890	18,913	47,726
BA International Hotel Management	OC	Year 3 & 4	18,542	45,890	18,913	47,726

<sup>2</sup> Completion of graduation

**UNDERGRADUATE PROGRAMS - PATHWAY**

PROGRAM NAME	DELIVERY MODEL	PROGRAM DURATION	2023/24 PROGRAM FEE		2024/25 PROGRAM FEE	
			DOMESTIC	INT'L	DOMESTIC	INT'L
BA Global Tourism Management	OC	Year 1	\$-	\$25,428	\$-	\$26,445
BA Global Tourism Management	OC	Year 2	-	\$22,945	-	\$23,863
BA International Hotel Management	OC	Year 1	-	25,428	-	26,445
BA International Hotel Management	OC	Year 2	-	22,945	-	23,863
BA Professional Communication	OC	Year 2	-	22,945	-	23,863
BBA Sustainability and International Business	OC	Year 1	-	25,428	-	26,445
BBA Sustainability and International Business	OC	Year 2	-	22,945	-	23,863

**GRADUATE DIPLOMA PROGRAMS**

PROGRAM NAME	DELIVERY MODEL	PROGRAM DURATION	2023/24 PROGRAM FEE		2024/25 PROGRAM FEE	
			DOMESTIC	INT'L	DOMESTIC	INT'L
Environmental Education and Communication	B	1 year	\$17,157	\$21,538	\$17,500	\$22,400
Interdisciplinary Studies	B	Individualized	15,641	19,963	15,954	20,761
Project Management & Organizational Leadership	B	8 months	15,381	19,963	15,689	20,480
Higher Education Administration and Leadership	B	1 year	14,927	19,220	15,225	19,989
Learning and Technology	B/OL	1 year	14,927	19,220	15,225	19,989
Technology-Enhanced Learning and Design	OL	1 year	14,927	19,220	15,225	19,989
Global Leadership	B	9 months	14,905	19,198	15,203	19,965
Educational Leadership and Management	B	1 year	14,602	18,882	14,894	19,638
Conflict Analysis and Management	B	1 year	13,779	18,027	14,055	18,748
Disaster and Emergency Management	B	1 year	13,779	18,027	14,055	18,748
Human Security and Peacebuilding	B	1 year	13,779	18,027	14,055	18,748
Justice Studies	B	1 year	13,779	18,027	14,055	18,748
Climate Action Leadership	B	1 year	13,956	18,284	14,235	19,015
Leadership	B	1 year	13,682	17,925	13,956	18,642



**GRADUATE CERTIFICATE PROGRAMS**

PROGRAM NAME	DELIVERY MODEL	PROGRAM DURATION	2023/24 PROGRAM FEE		2024/25 PROGRAM FEE	
			DOMESTIC	INT'L	DOMESTIC	INT'L
Tourism Management	B	3-18 months	Footnote 3		\$792	\$1,054
Executive Coaching	B	6 months	\$10,716	\$12,992	\$10,930	\$13,511
Financial Analysis	OL	6 months	\$7,650	\$9,750	\$7,803	\$10,140
Financing Social Impact	OL	6 months	\$7,650	\$9,750	\$7,803	\$10,140
Indigenous Economic Development	OL	3 months	\$7,650	\$9,750	\$7,803	\$10,140
Global Leadership	B	5 months	9,937	12,181	10,135	12,669
Asia Pacific Trade and Investment	B	3-6 months	8,313	10,493	8,479	10,913
International Business and Innovation	B	3-6 months	8,313	10,493	8,479	10,913
Management and Leadership	B	6 months	8,313	10,493	8,479	10,913
Management Consulting	B	3-6 months	8,313	10,493	8,479	10,913
Personal and Professional Leadership Development	B	3-6 months	8,313	10,493	8,479	10,913
Advanced Coaching Practices	B	6 months	8,118	10,291	8,281	10,702
Change Management	B	6 months	8,118	10,291	8,281	10,702
Corporate Social Innovation	B	6 months	8,118	10,291	8,281	10,702
Organization Design and Development	B	6 months	8,118	10,291	8,281	10,702
Workplace Innovation	OL	6 months	8,118	10,291	8,281	10,702
Interdisciplinary Studies	B	Individualized	7,815	9,976	7,971	10,375
Business Development in International Education	OL	7 months	7,285	9,424	7,430	9,801
Systems Leadership in Higher Education	OL	7 months	7,285	9,424	7,430	9,801
Instructional Design	OL	7 months	7,231	9,368	7,375	9,743
Strategic Enrolment Management	B	7 months	7,312	9,621	7,458	10,006
Leadership	B	3 months	7,068	9,199	7,210	9,567
Professional Communication Management	B	6 months	7,068	9,199	7,210	9,567
Project Management	B	6 months	7,068	9,199	7,210	9,567
Science and Policy of Climate change	B	6 months	7,068	9,199	7,210	9,567
Strategic Global Communication	B	3 months	7,068	9,199	7,210	9,567
Strategic Human Resources Management	B	6 months	7,068	9,199	7,210	9,567
Regenerative Sustainable Community Development	B	6 months	7,068	9,199	7,210	9,567
Values-Based Leadership	B	6 months	7,068	9,199	7,210	9,567
Transforming Child Protection to Wellbeing	B	9 months	7,069	9,199	7,210	9,567
Managing Climate Risk and Resilience	OL	9 months	7,500	9,375	7,500	9,375
Environmental Education and Communication	B	5 months	6,938	9,046	7,077	9,427
<sup>3</sup> Courses charged at rate of MA Tourism Management for either blended or on-campus delivery						

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**MANDATORY ACADEMIC ANCILLARY FEES**

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**PROPOSED FEES - EFFECTIVE SEPTEMBER 1, 2024****2023/24(\$)****2024/25(\$)****APPLICATION FEES**

For-credit Program Application Fee	134.01	136.69
General Studies Courses	31.53	32.16

**GRADUATE FEES**

Student Services Fee	301.81	307.85
Learning Support Services Fee (per year)	280.28	285.89

**UNDERGRADUATE FEES**

Student Services Fee	231.99	236.63
Learning Support Services Fee (per year)	280.28	285.89

**GRADUATE CERTIFICATE FEES**

Student Services Fee	135.14	137.84
Learning Support Services Fee (per year)	280.28	285.89

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