

# Consolidated Resource Plan 2019 - 2020



Growing Together

# Consolidated Resource Plan 2019 - 2020

## Presentation Schedule:

February 6, 2019 - to President's Council

February 19, 2019 - to Planning & Priorities (P&P) standing committee of Senate

March 7, 2019 - Senate receives comments from P&P

March 28, 2019 - to Board of Governors for approval

Budget information can be found at: <https://www2.viu.ca/budget/index.asp>

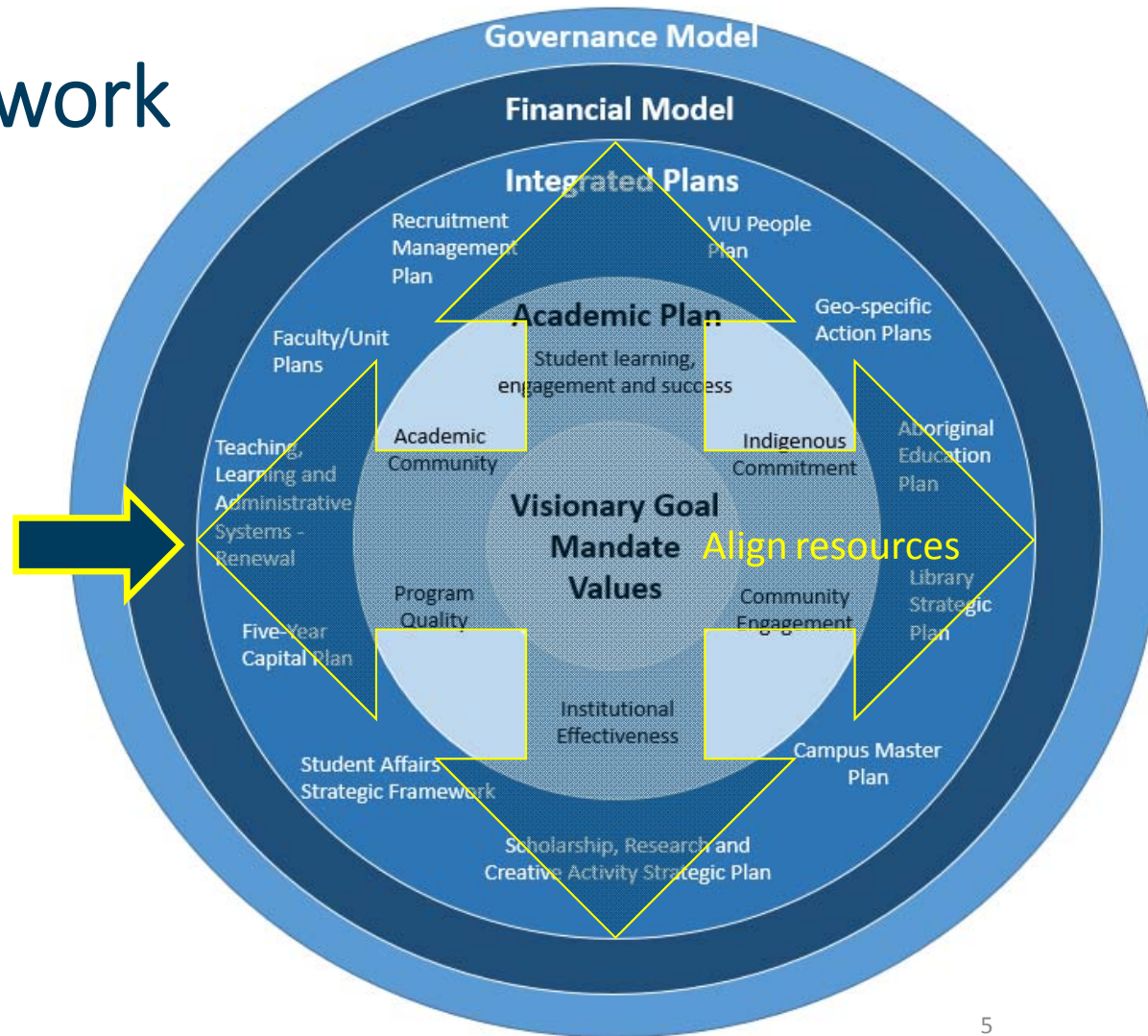
# Presentation Outline

1. Review budget development **CONTEXT**
2. Provide **SUMMARY** of 2019-2020 Consolidated Resource Plan (CRP)
3. Review **RISKS** and mitigation strategies
4. **DISCUSSION** and question period



# VIU Budget Framework

The consolidated resource plan (CRP) is part of our financial model, and is the budget cited by the Ministry



# CRP Development at VIU

*Purpose:* To align resources to support achieving the mandate of the University.

*Principles:*

1. Be consistent with the values of the Institution
2. Align with the objectives of the Academic Plan
3. Uphold the Treasury Board mandate of “all funds, no deficit”
4. Continue to keep layoffs as a last resort strategy

*Process:* Articulate an annual budget, by fund, with consultation and collaboration across the Institution

# Use of Funds at VIU

*Description of each fund can be found in section 4 of the CRP document*



- ❖ Four separate funds for diverse activities
- ❖ Enhance accountability, budget control and stewardship of resources
- ❖ Must be balanced on an “all funds, no deficit” basis

# Goal of 2019 – 2020 Budget Cycle

Articulate a consolidated budget that “...reflects our current state and supports a sustainable solid foundation to position the institution for continued growth.”

Source: 2019-2020 Budget Letter



# Revenue Opportunities



Tuition increases from growth and rate changes



Grow Ancillary activity



Pursue partnerships, giving, and government support



Enhance 3rd semester and class fill-rates



Improve student retention rates



Grow executive education programs

# Expenditure Pressures



Student support/access needs



Digital infrastructure deficit



Inflationary costs



Increasing service demand



Employee compensation



Physical infrastructure deficit

# Delivering Growth

VIU will mitigate current and future expenditure pressures by capitalizing on revenue opportunities



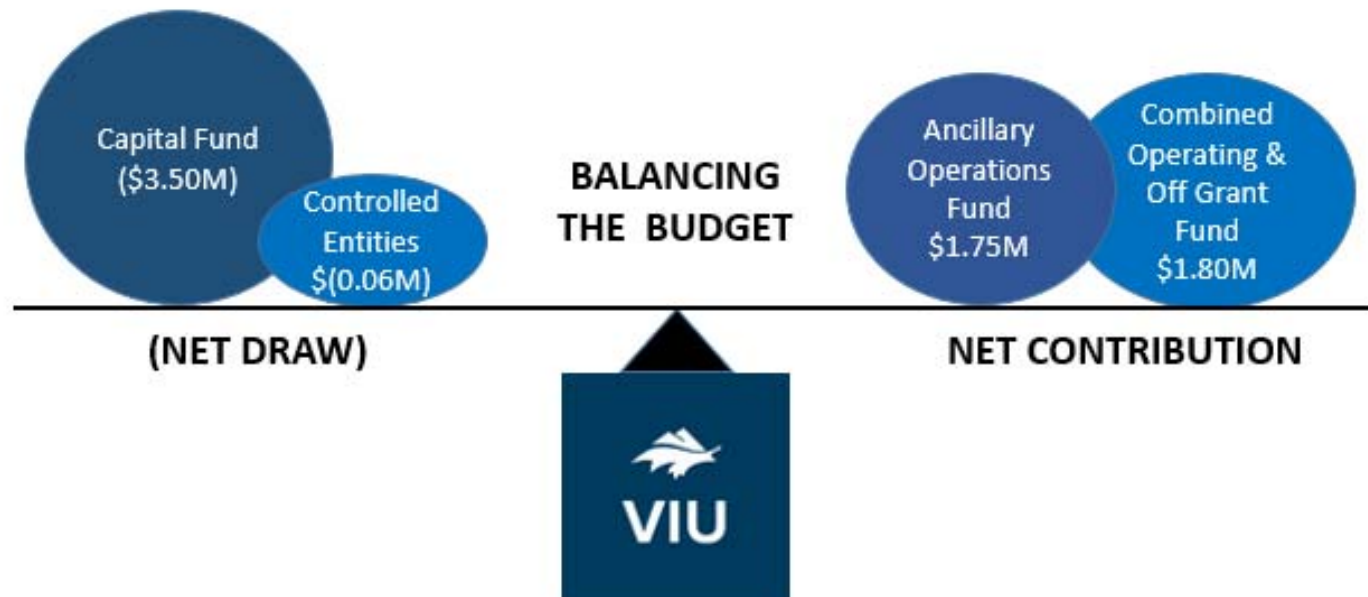
Growing Together

2019-2020 CRP

# 2019 – 2020 CRP Summary



# Balanced \$158.8M Budget up 5.17%



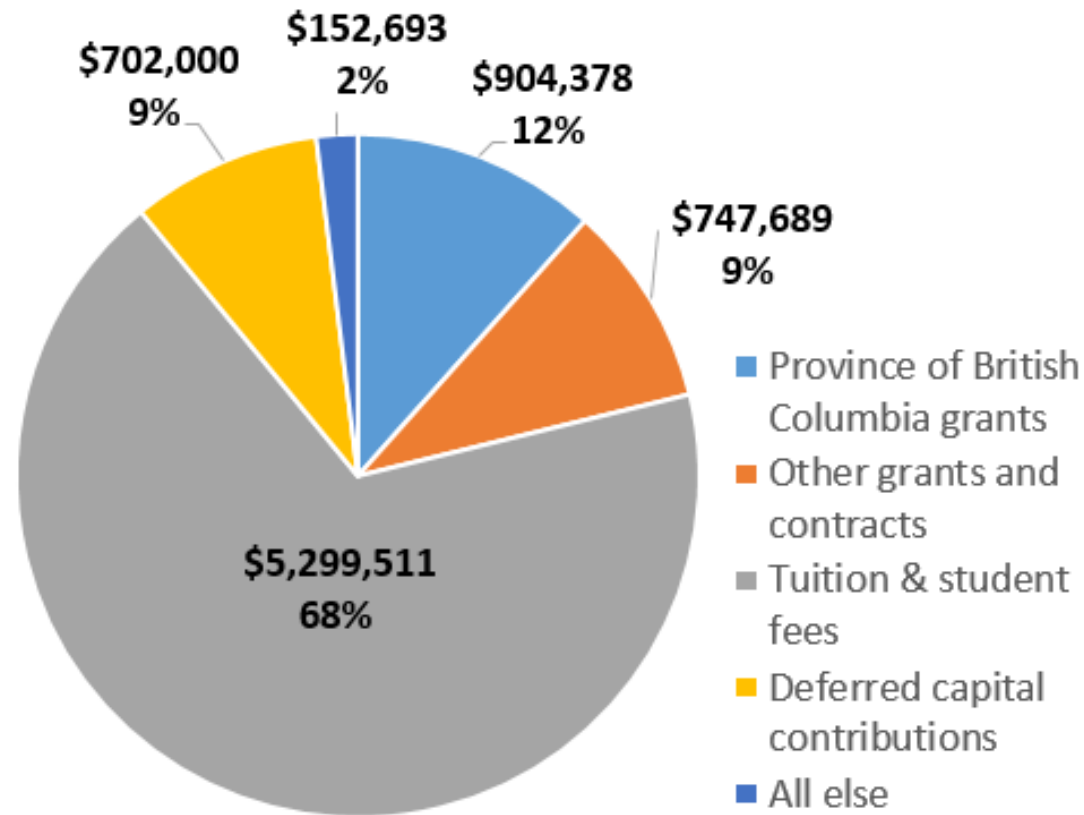
*Note: Values taken from the Adjusted Annual Surplus (Deficit) line of Schedule 1*

## 2019 – 2020 Budget at a glance

Province of BC Grants	\$60.4M	
Tuition & Student Fees	65.4M	
All Else	<u>32.0M</u>	
<b>Total Revenues</b>		<b>\$158.8M</b>
Salaries & Benefits	(110.8M)	
All Else	<u>( 48.0M)</u>	
<b>Total Expenses</b>		<b><u>(158.8M)</u></b>
<b>Planned Surplus(Deficit)</b>		<b>\$ 0.0M</b>

# Revenue Increases

The 2019-2020 CRP includes **\$7.8M** of growth over the prior year.



# Revenue Opportunities Realized

\$5.2M



\$0.1M



Tuition increases from growth and rate changes



Enhance 3rd semester and class fill-rates

## \$5.3M increase in **Tuition and Student Fees:**

- \$3.3M international tuition
- \$1.5M domestic tuition
  - \$0.8M graduate programs
  - \$0.7M undergraduate programs, and skills training
- \$0.5M student fees
  - \$0.2M Student Services Fee growth with offsetting expansion in student supports
  - \$0.1M Student Activity Fee growth with offsetting expansion of student supports
  - \$0.2M Lab and other fees (recognition) which offsets associated program consumables



# Revenue Opportunities Realized

\$1.8M



\$0.7M



## \$0.9M increase in **Prov. of BC Grants:**

- \$0.3M Indigenous community short-term contracts
- \$0.2M Adult Basic Education (ABE) tuition replacement
- \$0.2M Adult Upgrading Grant (AUG)
- \$0.2M Economic Stability Mandate\*



Pursue partnerships, giving,  
and government support

## \$0.7M increase in **Other Grants and Contracts**

- Various short-term contracts in Cowichan

## \$0.7M increase in **Deferred Capital Contributions**

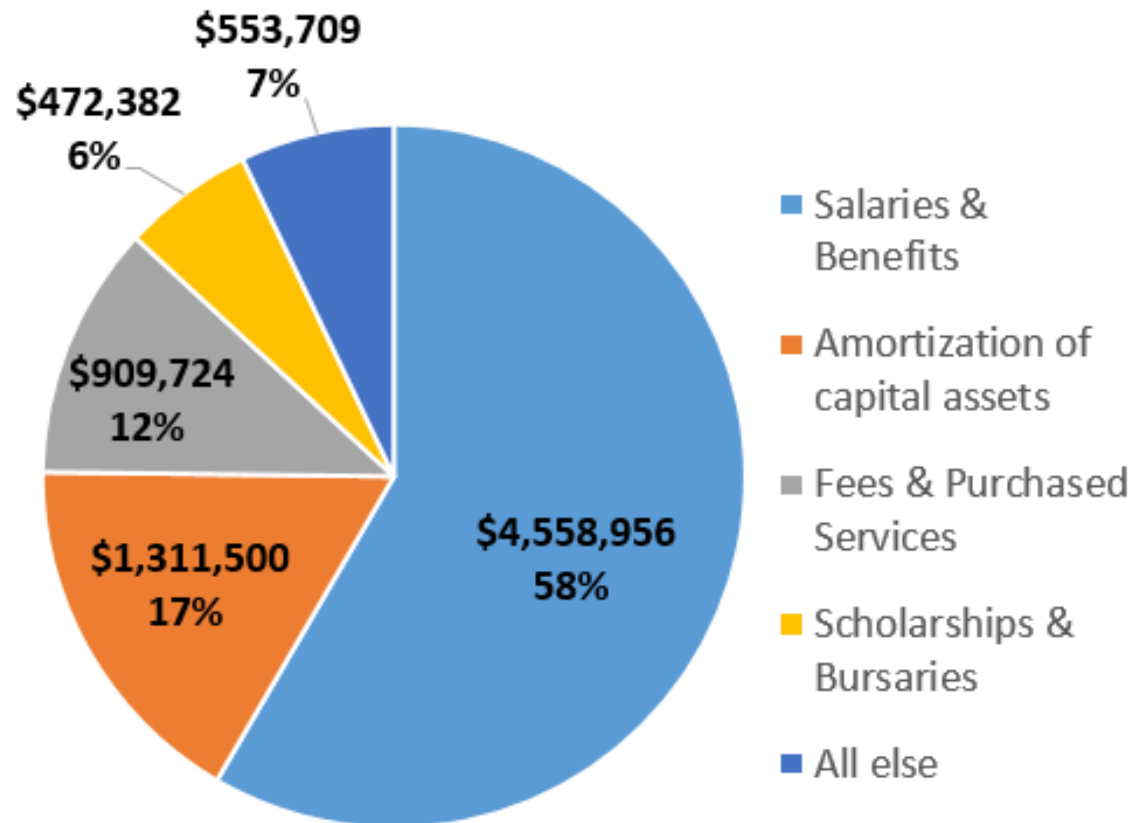
- For externally funded portion of capital additions

## \$0.2M increase in all **other revenues**

\*Collective Bargaining not complete at time of budget development

# Expenditure Increases

The 2019-2020 CRP includes **\$7.8M** of growth over the prior year.



# Expenditure Pressures Realized

\$4.5M



\$0.1M



Student support/access needs



Increasing service demand



Employee compensation

## \$4.6M increase in **Salaries and Benefits**:

- \$2.5M student supports and academic programming
  - \$1.9M investment in faculty to support growth
  - \$0.4M International Education
  - \$0.2M Student Services Fee initiatives
- \$1.1M expand Service capacity
  - \$0.4M research related activities
  - \$0.3M investment in human resources
  - \$0.2M investment in facilities services
  - \$0.1M 1-year junior recruiter pilot
  - \$0.1M net other service investments
- \$1.0M all other price changes
  - ✓ Includes impact of leap-day, job classification changes, and initial CoSEC Framework

# Expenditure Pressures Realized

\$1.3M



## \$1.3M increase in **Amortization of Capital Assets**



Digital infrastructure deficit



Physical infrastructure deficit

- ✓ Partially mitigated by \$0.7M increase in Deferred Capital Contributions
- ✓ Includes impact of internally funded capital additions notionally approved for acquisition in 2019-2020
- ✓ Includes impact of first 2 modules of the Enterprise Resource Planning (ERP) system under Project Aurora
- ✓ Includes annualized impact of completed major capital projects
  - ❖ Centre for Health & Science
  - ❖ Automotive and Marine Trades Complex
  - ❖ District Geo-exchange Energy System
- ✓ Net impact of changes in all other capital assets

# Expenditure Pressures Realized

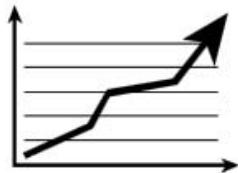
\$1.4M



Student support/access needs



Increasing service demand



Inflationary costs

## \$0.9M increase in **Fees and Purchased Services:**

- \$0.4M various short-term contracts in Cowichan
- \$0.3M investment in Facilities Services
  - \$0.2M inflationary cost for janitorial services
  - \$0.1M increased service demand from new buildings
- \$0.2M commission and agent fees for International student recruitment

## \$0.5M increase in **Scholarships and Bursaries:**

- \$0.2M Adult Upgrading Grant (AUG)
- \$0.2M International Education
- \$0.1M other

# Expenditure Pressures Realized

\$0.6M



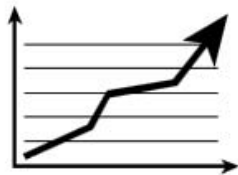
-\$0.1M



Student support/access needs



Increasing service demand



Inflationary costs

## \$0.5M increase in **all other expenditures**:


- \$0.4M investment in Facilities Services
  - \$0.2M inflationary cost adjustment to maintain service levels
  - \$0.2M increased service demand from new buildings
- \$0.1M travel and meal allowances for student athletes
  - ✓ Increase funded by growth in student activity fee



# Balancing risk through mitigation strategies

# Where is the risk?

Revenues UP \$7.8M



Tuition increases from growth and rate changes

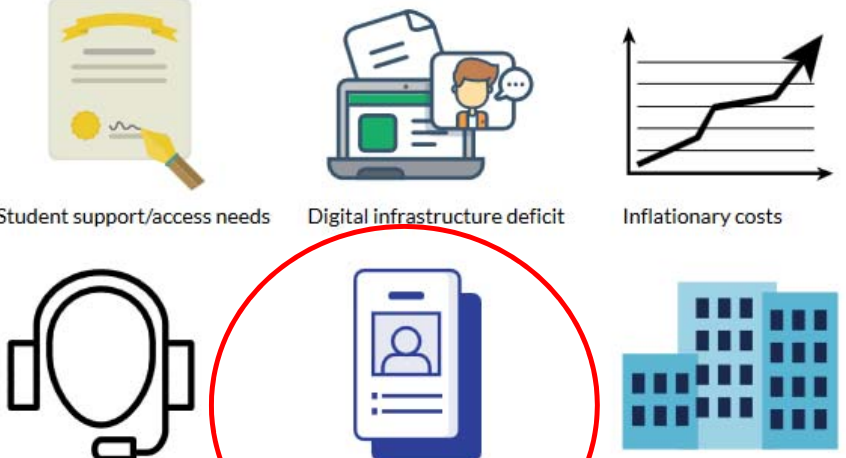
Enhance 3rd semester and class fill-rates

Pursue partnerships, giving, and government support

Risk: shortfall of \$5.3M tuition anticipated growth

Risk: salary & benefit costs may exceed \$4.3M anticipated growth

Expenditures UP \$7.8M



Student support/access needs

Digital infrastructure deficit

Inflationary costs

Increasing service demand

Employee compensation

Physical infrastructure deficit



# Summary of risk

- ❖ Tuition and Student Fees are correlated with Salaries and Benefits
- ❖ A change in one can be mitigated with a change in the other
- ❖ Growth in the 2019-2020 CRP is trending data driven
- ❖ VIU will continue to rely on robust quarterly variance analysis to monitor the achievement of planned growth

# Revenue: risk of shortfall

## Factors of growth

### Tuition increases \$4.8M:

- 2017/18 actual results for graduate programs
- 2017/18 actual results for vocational skills training programs
- 2018/19 student enrolment trends and forecast

### Student Fee increases \$0.5M:

- 2017/18 actual lab and other fees
- 2018/19 trending and forecast for Student Activity Fee and Student Services Fee



Tuition increases from growth and rate changes



Enhance 3rd semester and class fill-rates

## Risk rating:

LOW

LOW

MOD

LOW

LOW

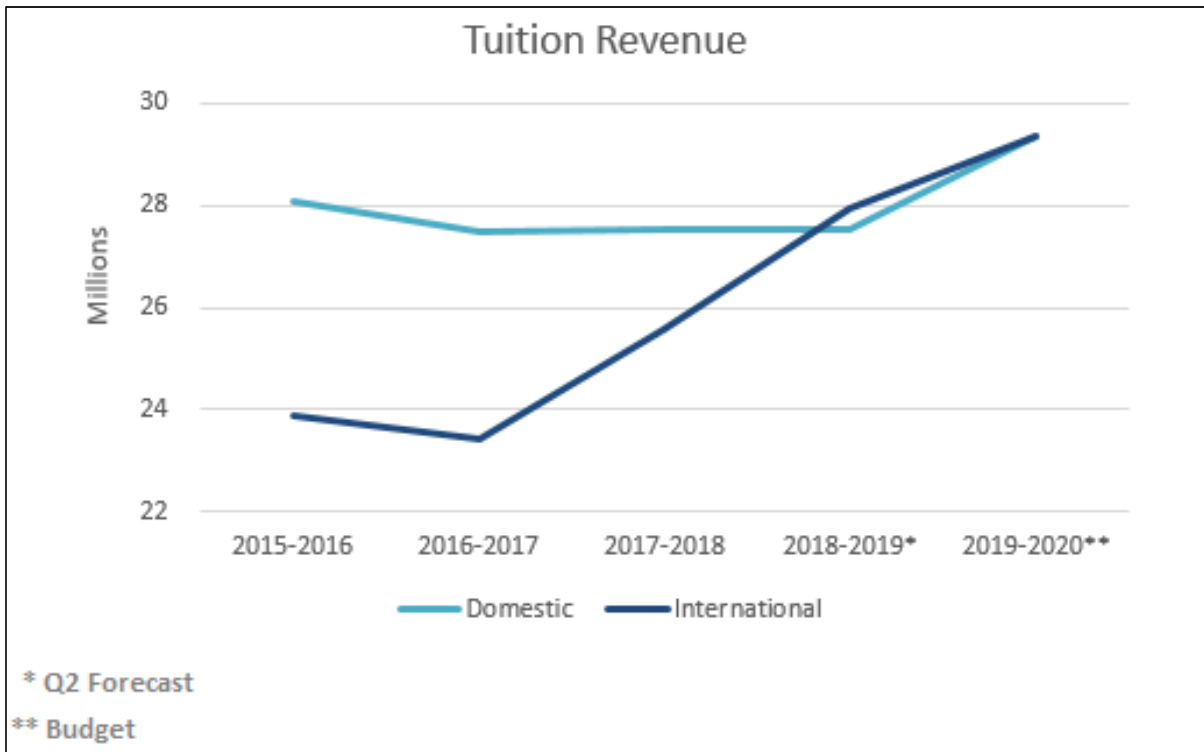
# A glance at the revenue trend



Tuition increases from growth and rate changes



Enhance 3rd semester and class fill-rates



## Comments on trend

### International:

- 2018/19 growth rate consistent with 2017/18
- Price change every other year (last was Sep 2017)
- Modest assumption for 2019/20 growth

### Domestic:

- 2018/19 flat revenues with increasing student FTE's
- 2019/20 "bend in (revenue) trend" will occur

# A glance at the student trend



Source: Q2 2018-2019 Board Dashboard

## Comments on trend

### International:

- ✓ Strong appeal of business and graduate programming
- ✓ English as a second language education has stabilized

### Domestic:

- ✓ Fully meeting Skills Gap Plan targeted student FTE's
- ✓ Impact of Ele.V Indigenous student partnership
- ✓ Growth in undergraduate program enrollment and retention



Tuition increases from growth and rate changes



Enhance 3rd semester and class fill-rates

# Mitigation strategies – Revenue Shortfall

## International tuition:

- ✓ Corresponding **expenditure savings** (agent fees, commissions, instructional demand)
- ✓ New foreign regional office (opening in 2019/20) will **broaden recruitment funnel**

## Domestic tuition:

- ✓ **Fill empty seats** before adding new sections
- ✓ 1 year pilot program for **junior recruiters** to launch in September 2019
- ✓ Enhance **3<sup>rd</sup> semester**
- ✓ Further improve **retention** rates
- ✓ Ensure **student support** infrastructure is robust and timely
- ✓ Expand **targeted contract delivery**
- ✓ **Continue to optimize recruitment** streams



Tuition increases from growth and rate changes



Enhance 3rd semester and class fill-rates

# Expenditure: risk of increase



Employee compensation

## Factors that generated the increase

### Investments \$2.4M:

- Service expansion to support growth
- Increased instructional capacity
- Targeted enhancements to student supports

### Price changes \$1.9M:

- Applicable GRID changes to July 1, 2018

## Factors not incorporated:

- GRID changes after July 1, 2018

## Risk rating:

LOW  
LOW  
LOW

LOW

MOD

# Mitigation strategies – Excess Expenditures



Employee compensation

Additional investments needed:

- ✓ Corresponding additional **revenue growth** would fund further expansion
- ✓ **Strategic trade-offs** can be made on priority basis

Additional price changes occur:

- ✓ **Collective agreements** will be funded by increased grant revenue
- ✓ Historic **positive variance in salaries and benefits budget** due to normal turnover and incremental savings
- ✓ **Excluded employee group is small** (~12% of total employees)
- ✓ **Use technology to increase efficiencies** of current employee group

# Discussion and questions

