



THOMPSON RIVERS  
UNIVERSITY

# BUDGET FY2017/18

Board of Governors, March 31, 2017

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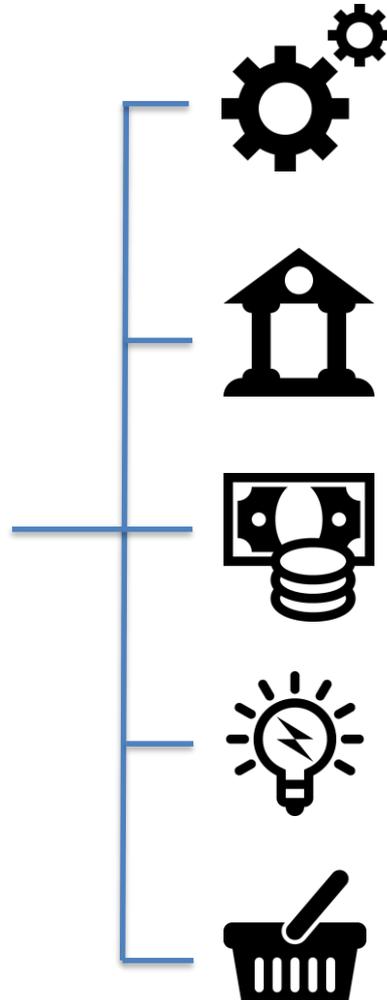
# BUDGET FY2017/18: PRESENTATION OUTLINE

- Past Presentations on Budget FY2017/18 (Appendices)
- Budget Structure
- Consolidated All-Funds Budget – FY2017/18
- FY2017/18 Operating Budget Assumptions
- Executive Portfolios
- FY2017/18 Conclusions and Future Imperatives

# TRU's Budget Structure



## ALL FUNDS Budget



**OPERATING FUND:** Funds for the day-to-day needs of TRU to support teaching and administration. **75%** of the operating expenses are salaries & benefits (an increase of **2%** over 16/17).

**CAPITAL FUND:** Money used to fund campus infrastructure and major equipment purchases.

**ANCILLARY FUND:** This fund captures all of TRU's non-academic revenue generating activities such as the Bookstore, parking, food services, etc.

**SPONSORED RESEARCH FUND:** Funds restricted for externally funded research.

**SPECIFIC PURPOSE FUND:** Includes Faculty PD funds; specific purpose funds and bursaries.

# Consolidated All-Funds Budget FY2017/18 ('000's)



|  |  |  |  |  |  |            |                     | Sub-Total<br>Non-Operating<br>Funds | Consolidated<br>All-Funds Budget |
|--|---|---|---|--|---|------------|---------------------|-------------------------------------|----------------------------------|
|  | Operating<br>Fund   | Capital<br>Fund   | Ancillary<br>Services   | Sponsored<br>Research  | Professional<br>Allowance   | Bursaries  | Specific<br>Purpose |                                     |                                  |
| Total Net Revenue  | \$155,544   | \$6,386   | \$18,274  | \$2,117  | \$1,020   | \$1,795    | \$4,394             | \$33,986                            | \$189,530                        |
| Less: Total Expenditures   | \$153,864   | \$5,051   | \$18,260  | \$2,117  | \$1,122   | \$1,800    | \$4,898             | \$33,248                            | \$187,112                        |
| Excess (Deficiency) of Revenues over Expenditures before Reserves and Purchase of Capital Assets | \$1,680   | \$1,335   | \$14  | \$0  | (\$102)   | (\$5)      | (\$504)             | \$738                               | \$2,418                          |
| <b>2017/18 Year Surplus Allocation</b>   |   |   |   |  |   |            |                     |                                     |                                  |
| Contribution to Board Reserves   | (\$1,555)   |   |   |  |   |            |                     |                                     | (\$1,555)                        |
| Contribution to Specific Purpose and Capital Reserve   | (\$125)   | (\$1,335)   | (\$14)  |  | \$102   | \$5        | \$504               | (\$738)                             | (\$863)                          |
| <b>2017/18 Year Surplus Allocation</b>   | <b>(1,680)</b>  | <b>(\$1,335)</b>  | <b>(\$14)</b>   |  | <b>\$102</b>  | <b>\$5</b> | <b>\$504</b>        | <b>(\$738)</b>                      | <b>(\$2,418)</b>                 |
| <b>Fund Surplus (Deficiency) after Reserves Allocation</b>                                       | <b>\$0</b>  | <b>\$0</b>  | <b>\$0</b>  | <b>\$0</b>   | <b>\$0</b>  | <b>\$0</b> | <b>\$0</b>          | <b>\$0</b>                          | <b>\$0</b>                       |
| <b>2017/18 Reserve Usage</b>   |   |   |   |  |   |            |                     |                                     |                                  |
| FSD Capital Spending   |   | (\$1,300)   |   |  |   |            |                     | (\$1,300)                           | (\$1,300)                        |
| Equipment Purchases  |   | (\$4,784)   |   |  |   |            |                     | (\$4,784)                           | (\$4,784)                        |
| Buildings  |   | (\$6,072)   |   |  |   |            |                     | (\$6,072)                           | (\$6,072)                        |
| Land   |   |   |   |  |   |            |                     |                                     |                                  |
| <b>Total 2017/18 Reserves Usage</b>  | <b>\$0</b>  | <b>(\$12,156)</b>   | <b>\$0</b>  | <b>\$0</b>   | <b>\$0</b>  | <b>\$0</b> | <b>\$0</b>          | <b>(\$12,156)</b>                   | <b>(\$12,156)</b>                |

NOTE: Details for the operating and non-operating fund are available in the budget package



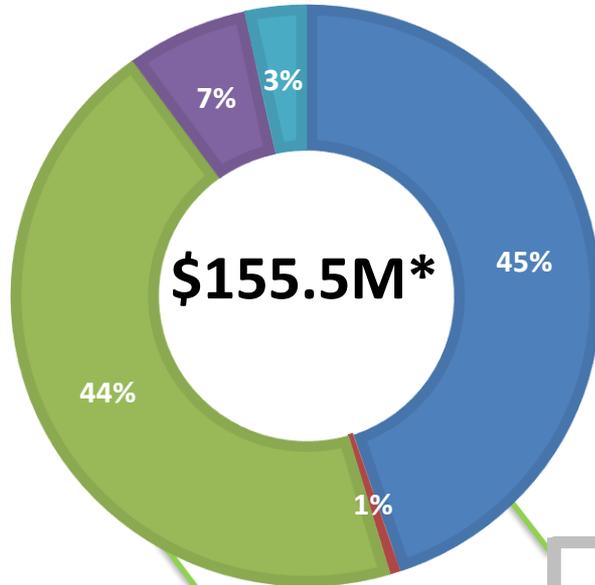
# Overall Budget Assumptions ('000's) 2017/18 Budget (Draft) vs 2016/17 Budget (Adjusted)

|   |                |
|---|----------------|
| <b>Revenues:</b>                                      | <b>2017</b>    |
| ADD: Change to Operating Grants                       | \$1,009        |
| ADD: Change in Student Tuition and Fees               | \$5,569        |
| ADD: Change to Other Revenues                         | \$2,133        |
| <b>Increase in Revenues</b>                           | <b>\$8,711</b> |
| <b>Expenses:</b>                                      |                |
| ADD: Increase in Compensation (All Categories)        | \$2,773        |
| ADD: Increase in Non-Salary Expenditures              | \$6,274        |
| <b>Increase in Expenses</b>                           | <b>\$9,047</b> |
|   |                |
| <b>Anticipated Increase in Expenses over Revenues</b> | <b>-\$336</b>  |

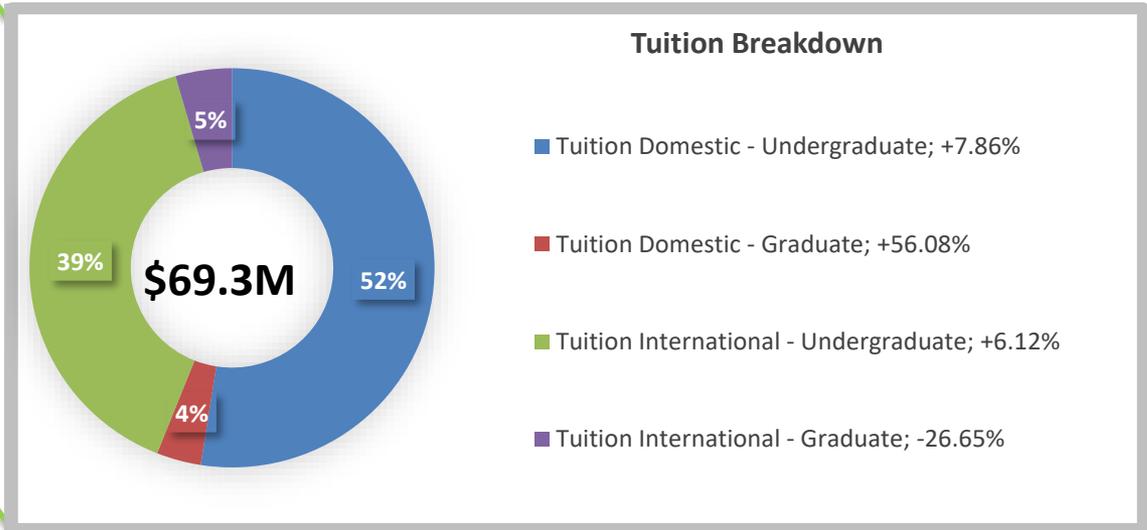
*Note: Detailed assumptions are included in the appendices to this presentation*



# Operating Fund Revenues (FY2017/18)



- Provincial Grants; +0.51%
- Grants Other; +19.29%
- Tuition; +6.09%
- Lab & Course Fees; +17.43%
- Interest, Sales & Other Revenue; +35.43%



- Tuition Domestic - Undergraduate; +7.86%
- Tuition Domestic - Graduate; +56.08%
- Tuition International - Undergraduate; +6.12%
- Tuition International - Graduate; -26.65%

**Notes:**

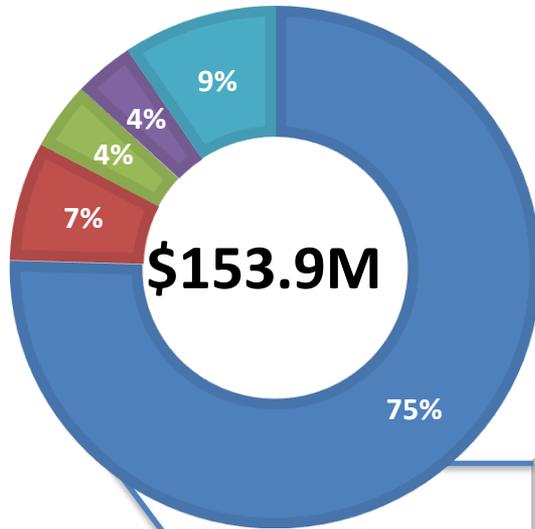
\* Operating fund revenues net of depreciation transfer

- % within the pie represents that category's percentage of all operating fund revenues
- % increase/decrease in the legend labels represent changes from 16/17 budget to 17/18 budget





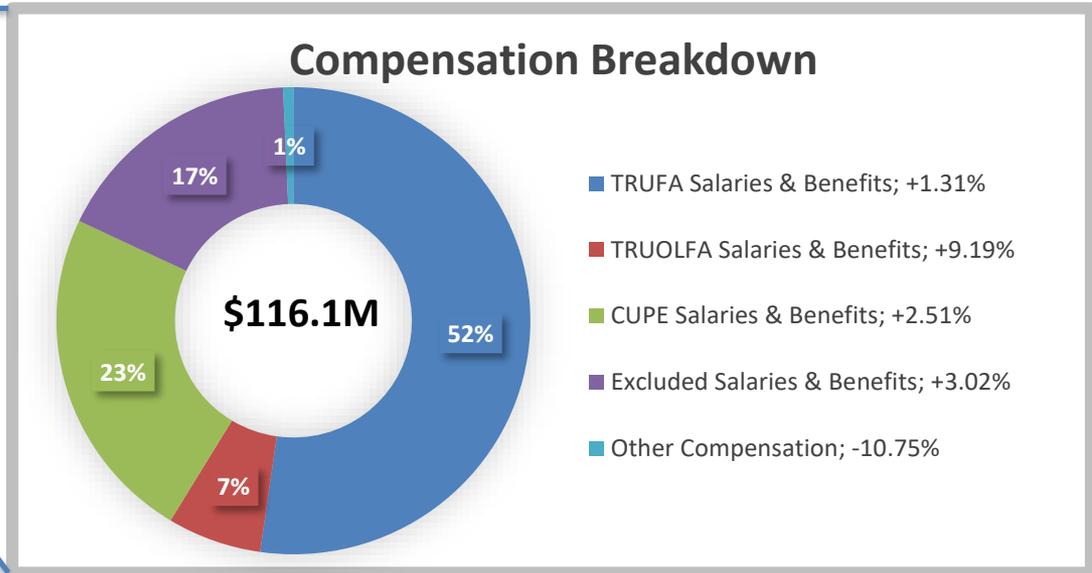
# Operating Fund Expenses (FY2017/18)



- Compensation & Benefits; +2.26%
- Professional Fees, Memberships & Contracted Services; +6.01%
- Building, Equipment, Operations & Maintenance; -0.23%
- Operating Supplies; +0.64%
- Other Expenditures; +18.06%

### Notes:

- % within the pie represents that category's percentage of all operating expenses
- % increase/decrease in the legend labels represent changes from 16/17 budget to 17/18 budget



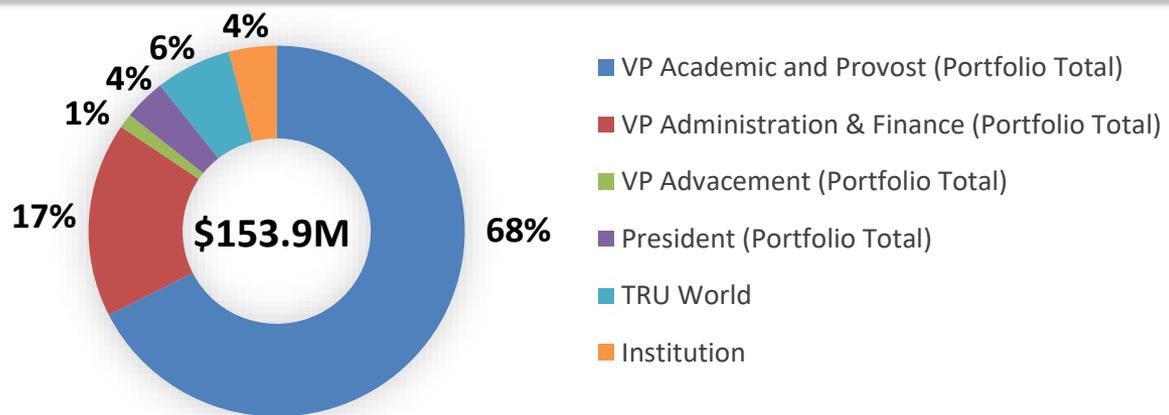
- TRUFA Salaries & Benefits; +1.31%
- TRUOLFA Salaries & Benefits; +9.19%
- CUPE Salaries & Benefits; +2.51%
- Excluded Salaries & Benefits; +3.02%
- Other Compensation; -10.75%





# Operating Expense By Executive Portfolio ('000's)

|                                     | 2017/18<br>Budget | 2016/17<br>Budget | %<br>Change* | 2016/17<br>Forecast** | 2016/17<br>Variance**** |
|-------------------------------------|-------------------|-------------------|--------------|-----------------------|-------------------------|
| VP Academic and Provost Total       | \$103,920         | \$103,646         | 0.26%        | \$102,338             | \$1,582                 |
| VP Administration and Finance Total | \$26,088          | \$25,402          | 2.70%        | \$26,000              | \$88                    |
| VP Advancement Total                | \$1,955           | \$1,938           | 0.88%        | \$1,944               | \$11                    |
| President Portfolio Total           | \$5,559           | \$4,476           | 24.20%       | \$4,448               | \$1,111                 |
| TRU World                           | \$10,023          | \$9,908           | 1.16%        | \$10,778              | -\$755                  |
| Institutional***                    | \$6,319           | \$3,056           | 106.77%      | -\$27                 | \$6,346                 |
| <b>Total Operating Expenditures</b> | <b>\$153,864</b>  | <b>\$148,426</b>  | <b>3.66%</b> | <b>\$145,481</b>      | <b>\$8,383</b>          |



\* Comparing FY2017/18 Budget to FY2016/17 Budget  
 \*\* Forecasted to March 31, 2017  
 \*\*\* Institutional – Majority of institutional is in SIF and gets transferred to Faculties, Schools and Departments upon award  
 \*\*\*\* Variance between 2017/18 Budget and 2016/17 Forecast





# Provost and Vice-President Academic Operating Expenses('000's)

|   | 2017/18<br>Budget | 2016/17<br>Budget | %<br>Change* | 2016/17<br>Forecast** | 2016/17<br>Variance*** |
|---|-------------------|-------------------|--------------|-----------------------|------------------------|
| <b>Provost and VP-Academic Portfolio</b>      |                   |                   |              |                       |                        |
| Faculty of Science                            | \$14,877          | \$14,390          | 3.38%        | \$14,502              | \$375                  |
| School of Business and Economics              | \$9,150           | \$9,043           | 1.18%        | \$8,849               | \$301                  |
| Faculty of Education & Social Work            | \$9,686           | \$9,512           | 1.83%        | \$9,544               | \$142                  |
| School of Nursing                             | \$5,873           | \$5,831           | 0.72%        | \$5,549               | \$324                  |
| Faculty of Adventure, Culinary Arts & Tourism | \$5,502           | \$5,260           | 4.60%        | \$5,282               | \$220                  |
| Faculty of Arts                               | \$11,394          | \$10,957          | 3.99%        | \$10,890              | \$504                  |
| Faculty of Law                                | \$4,210           | \$4,022           | 4.67%        | \$3,926               | \$284                  |
| School of Trades & Technology                 | \$6,461           | \$6,957           | -7.13%       | \$6,744               | -\$283                 |
| University Library                            | \$3,663           | \$3,693           | -0.81%       | \$3,826               | -\$163                 |
| Strategic Enrolment & Registrar               | \$7,402           | \$7,194           | 2.89%        | \$7,167               | \$235                  |
| Faculty of Student Development                | \$3,936           | \$4,007           | -1.77%       | \$3,890               | \$46                   |
| Centre for Excellence in Learning & Teaching  | \$658             | \$654             | 0.61%        | \$437                 | \$221                  |
| Research and Graduate Studies                 | \$1,797           | \$1,752           | 2.57%        | \$1,740               | \$57                   |
| Open Learning                                 | \$13,740          | \$14,589          | -5.82%       | \$14,745              | -\$1,005               |
| Williams Lake – Academic                      | \$3,082           | \$3,392           | -9.14%       | \$3,101               | -\$19                  |
| Regional Centres                              | \$577             | \$527             | 9.49%        | \$584                 | -\$7                   |
| VP Academic & Provost                         | \$1,912           | \$1,866           | 2.47%        | \$1,562               | \$350                  |
| <b>Provost and VP-Academic Total</b>          | <b>\$103,920</b>  | <b>\$103,646</b>  | <b>0.26%</b> | <b>\$102,338</b>      | <b>\$1,582</b>         |

\* Comparing FY2017/18 Budget to FY2016/17 Budget

\*\* Forecasted to March 31, 2017

\*\*\* Variance between 2017/18 Budget and 2016/17 Forecast





# Vice-President Administration & Finance

## Operating Expenses('000's)

|  | 2017/18<br>Budget | 2016/17<br>Budget | %<br>Change* | 2016/17<br>Forecast** | 2016/17<br>Variance*** |
|--|-------------------|-------------------|--------------|-----------------------|------------------------|
| <b>VP Administration &amp; Finance Roll-up</b> |                   |                   |              |                       |                        |
| Sustainability Office                          | \$2,032           | \$2,301           | -11.69%      | \$2,324               | -\$292                 |
| Facilities                                     | \$4,453           | \$4,266           | 4.38%        | \$4,587               | -\$134                 |
| Athletics & Recreation                         | \$2,531           | \$2,546           | -0.59%       | \$2,495               | \$36                   |
| IT Services                                    | \$5,919           | \$5,687           | 4.08%        | \$5,843               | \$76                   |
| HR & Planning                                  | \$4,621           | \$4,342           | 6.43%        | \$4,283               | \$338                  |
| Finance & Procurement                          | \$4,018           | \$3,823           | 5.10%        | \$3,901               | \$117                  |
| Internal Audit                                 | \$179             | \$188             | -4.79%       | \$188                 | -\$9                   |
| Williams Lake – Operations                     | \$1,358           | \$1,350           | 0.59%        | \$1,349               | \$9                    |
| VP Administration & Finance                    | \$977             | \$899             | 8.68%        | \$1,030               | -\$53                  |
| <b>VP Administration &amp; Finance Total</b>   | <b>\$26,088</b>   | <b>\$25,402</b>   | <b>2.70%</b> | <b>\$26,000</b>       | <b>\$88</b>            |

\* Comparing FY2017/18 Budget to FY2016/17 Budget

\*\* Forecasted to March 31, 2017

\*\*\* Variance between 2017/18 Budget and 2016/17 Forecast





# President's Portfolio Operating Expenses('000's)

|  | 2017/18<br>Budget | 2016/17<br>Budget | %<br>Change*  | 2016/17<br>Forecast** | 2016/17<br>Variance*** |
|--|-------------------|-------------------|---------------|-----------------------|------------------------|
| <b>President &amp; Vice-Chancellor Roll-Up</b> |                   |                   |               |                       |                        |
| TRU Secretariat & General Counsel              | \$1,154           | \$1,138           | 1.41%         | \$1,121               | \$33                   |
| Marketing & Communications                     | \$3,228           | \$2,189           | 47.46%        | \$2,187               | \$1,041                |
| Office of the President                        | \$579             | \$539             | 7.42%         | \$531                 | \$48                   |
| Aboriginal Affairs                             | \$598             | \$610             | -1.97%        | \$609                 | -\$11                  |
| <b>President &amp; Vice-Chancellor Total</b>   | <b>\$5,559</b>    | <b>\$4,476</b>    | <b>24.20%</b> | <b>\$4,448</b>        | <b>\$1,111</b>         |

\* Comparing FY2017/18 Budget to FY2016/17 Budget

\*\* Forecasted to March 31, 2017

\*\*\* Variance between 2017/18 Budget and 2016/17 Forecast





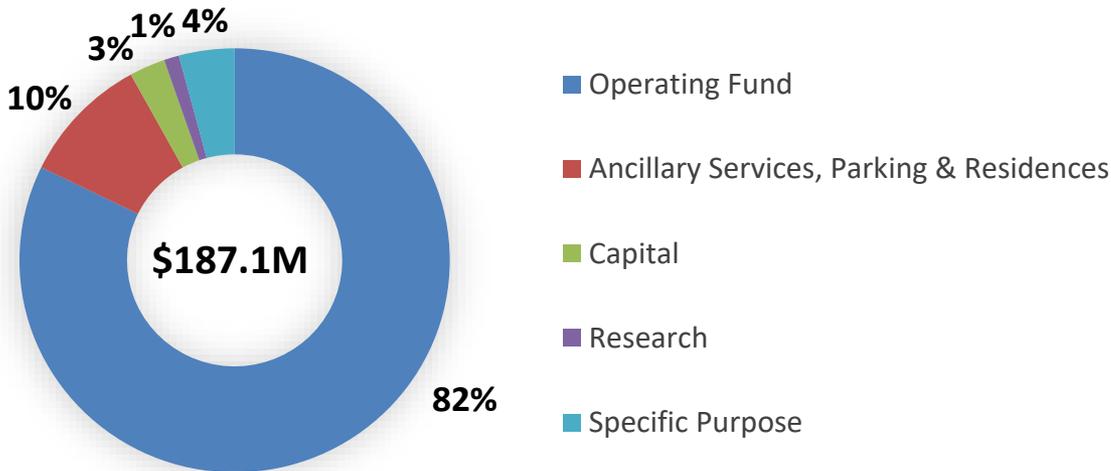
**BUDGET FY2017/18:**

# Consolidated All-Funds Budget

# Consolidated All-Funds Budget FY2017/18 ('000's)



|  | 2017/18 Budget   | 2016/17 Budget   | % Change*    | 2016/17 Forecast** | 2016/17 Variance**** |
|--|------------------|------------------|--------------|--------------------|----------------------|
| Operating                                | \$153,864        | \$148,426        | 3.66%        | \$145,481          | \$8,383              |
| Ancillary Services, Parking & Residences | \$18,260         | \$15,479         | 17.97%       | \$17,099           | \$1,161              |
| Capital                                  | \$5,051          | \$5,889          | -14.23%      | \$7,057            | -\$2,006             |
| Sponsored Research                       | \$2,117          | \$1,924          | 10.03%       | \$1,725            | \$392                |
| Specific Purpose                         | \$7,820          | \$6,347          | 23.21%       | \$7,159            | \$661                |
| <b>Total Expenditures</b>                | <b>\$187,112</b> | <b>\$178,065</b> | <b>5.08%</b> | <b>\$178,521</b>   | <b>\$8,591</b>       |



\* Comparing FY2017/18 Budget to FY2016/17 Budget  
 \*\* Forecasted to March 31, 2017  
 \*\*\*\* Variance between 2017/18 Budget and 2016/17 Forecast





## **BUDGET FY2017/18:**

# Conclusions & Future Imperatives

# Conclusions & Future Imperatives



- Balanced budget achieved
- Expenses continue to outpace revenues -> TRU needs to reverse the trend or face ongoing budget reductions
- Strategic Financial Sustainability Initiative to launch in Spring 2017 in anticipation of revenue shortfall anticipated for FY2019/20
- TRU has sufficient reserves but these reserves can only be used for capital projects
- Budget holders MUST manage within their approved allocations. Projected PSAB surplus is very narrow
- Zero-based reviews of 3-4 faculties/divisions in FY2017/18 in preparation for FY2018/19 budget planning



# Budget 17/18: Q&A



## Budget 17/18:

# Appendices

- FY2017/18 Budget Presentations
- FY2017/18 Budget Assumptions

# Appendix 1: FY2017/18 Budget Presentations



- Budget Context Presentation
  - BCOS – October 11<sup>th</sup>, 2016
  - Senate – October 24<sup>th</sup>, 2016
  - Board – December 9<sup>th</sup>, 2016
- Budget Town Hall – January 10, 2017
- Budget Update
  - Senate – January 23<sup>rd</sup>, 2017
- Budget Update – February 2017
  - Board – February 3<sup>rd</sup>, 2017
  - Senate – February 27<sup>th</sup>, 2017
- Draft Final Budget Presentations – March 2017
  - BCOS – March 15<sup>th</sup>, 2017
  - Senate – March 27<sup>th</sup>, 2017
  - Board – March 31<sup>st</sup>, 2017

# Appendix 2: Revenue Assumptions v3 FY2017/18 ('000's)



|   | Change for<br>17/18 | Probability |
|---|---------------------|-------------|
| <b>Operating Grants</b>   |                     |             |
| Funding for Unionized Settlements   | \$1,157             | High        |
| Reduction (ITA Grant)   | \$-611              | High        |
| Decreased One-Time Funding  | \$-193              | High        |
| Increased Research & Other Grants   | \$656               | Medium      |
| <i>Total Projected Change to Operating Grants</i>                             | <u>\$1,009</u>      |             |
| <b>Domestic Tuition &amp; Fees</b>  |                     |             |
| Current Year (16/17) Impact of Increased Enrolments                           | \$1,645             | High        |
| increased Domestic On-Campus Enrolments                                       | \$359               | Medium      |
| Increased Open Learning Enrolments  | \$806               | Medium      |
| Domestic Tuition and Fees will increase by 2% ( <i>subject to BOG appr.</i> ) | \$961               | High        |
| Increased Domestic Graduate Enrolments  | \$885               | Medium      |
| Increased Continuing Studies Tuition  | \$100               | Medium      |
| <i>Total Projected Change to Domestic Tuition &amp; Fees</i>                  | <u>\$4,756</u>      |             |

# Appendix 2: Revenue Assumptions continued...



|   | Change for<br>17/18   | Probability |
|---|-----------------------|-------------|
| <b>International Tuition &amp; Fees</b>                           |                       |             |
| Current year (16/17) impact of Increased Enrolments               | \$391                 | High        |
| International Undergraduate Enrolments                            | \$455                 | Medium      |
| Student MSP Fees  | \$368                 | High        |
| Decreased International Graduate Enrolments                       | \$-401                | Medium      |
| <i>Total Projected Change to International Tuition &amp; Fees</i> | <u>\$813</u>          |             |
| <b>Other Revenues</b>   |                       |             |
| McGill Street Residences  | \$283                 | High        |
| Ancillary Revenues  | \$567                 | Med/High    |
| Increased Contract and Other Revenues                             | \$1,283               | Medium      |
| <i>Projected Change in Other Revenues</i>                         | <u>\$3,693</u>        |             |
| <b>Total Projected Changes to Revenues</b>                        | <u><b>\$8,711</b></u> |             |

# Appendix 3: Expense Assumptions v3 FY2017/18 ('000's)



|   | Change for<br>17/18   | Probability |
|---|-----------------------|-------------|
| <b>Compensation</b>                                 |                       |             |
| Increase in OLFM costs                              | \$481                 | Medium      |
| TRUFA Progression Through Steps and Promotion       | \$626                 | High        |
| General Wage Increases – Union Settlements          | \$982                 | High        |
| Exempt Wage Increases (only 60% of exempt eligible) | \$280                 | High        |
| Associated Benefit Increases                        | \$291                 | High        |
| McGill Residence Compensation                       | \$133                 | High        |
| <i>Total Projected Change to Compensation</i>       | <u>\$2,773</u>        |             |
| <b>Non-Compensation</b>                             |                       |             |
| Effect of Inflation on non-salary expenditures      | \$619                 | Medium      |
| Increased Professional Fees & Contracted Services   | \$1,916               | Medium      |
| Increased Buildings and Equipment                   | \$435                 | Medium      |
| Increased Amortization expense                      | \$675                 | High        |
| McGill Residence Non-Compensation                   | \$1,429               | Medium      |
| SIF to be Allocated                                 | \$1,200               | High        |
| <i>Total Projected Change to Non-Compensation</i>   | <u>\$6,274</u>        |             |
| <b>Total Compensation and Non-Compensation</b>      | <u><b>\$9,047</b></u> |             |
| <b>PSAB Accounting Surplus / Deficit</b>            | <u><b>\$-336</b></u>  |             |

# Appendix 2: Surplus Allocation v3 FY2017/18 ('000's)



|   | Change for<br>17/18 | Probability   |
|---|---------------------|---------------|
| <b>PSAB Accounting Surplus/ Deficit</b>                 | <b>\$-338</b>       |               |
| <b>Surplus Allocation Usage</b>                         |                     |               |
| Contribution to Board Reserves                          | \$555               | <b>High</b>   |
| Increase in Capital Purchases                           | \$10,719            | <b>Medium</b> |
| Total Projected Surplus Allocation/Usage                | \$11,274            |               |
| Total Excess (Deficiency) of Revenues over Expenditures | <b>-\$11,610</b>    |               |