



2022/23 Budget Update Presentation

February 10th, 2022



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Matt Milovick, VP Administration & Finance

Our Starting Point...

Take-away: Provost leads the Executive in the development of TRU's budget

- The Provost is TRU's Chief Budget Officer working in consultation with the VP's
- A portfolio envelope is calculated for each portfolio and agreed upon by the Executive.
- The Executive agrees upon the most probable budget scenario and from that, a determination of how much (or if) additional resources will be made available above and beyond the portfolio allocation.
- Integrated Strategic Plan fund (formerly SIF), will be allocated based on change goal priorities as agreed upon by the Executive.
- Each Vice President works with their budget holders to make budget decisions for their portfolio within their budget portfolio. Finance does not make budget decisions for any faculty, departments, or schools.
- The budget is presented to BCOS, Senate and ultimately recommended for approval at the April 1st Board meeting.

Our Starting Point for Planning

- Planning environment is still very dynamic with the ever-changing pandemic (we remain cautiously optimistic).
- Funding our new Integrated Strategic Plan is a top priority.
- Budget holders have been given greater autonomy over their budget (as per the budget methodology) and therefore more opportunities to spend (intended to reduce annual surpluses).
- Enrolment, both domestic and international, continues to be challenged
 - Domestic applications are down;
 - International applications are strong;
 - Program capacity and housing capacity challenges.
- Can we do the hiring we need to do? (stiff competition and housing market).

- Retention rates are concerning.
- School District 73 graduates < than half transition immediately to PSI, TRU captures most of these students.
- School District 27 graduates > one third transition immediately to PSI, and TRU captures under half of these students.
- Course takers in Open Learning (those not enrolled in a program at TRU) have declined.
- Return to Campus Student Survey in February 2021, 43% preferred face to face classroom delivery, 45% online synchronous/asynchronous and 12% blended.

- FY2020/21 was a year of “extreme financial prudence” and allowed TRU to finish in a strong financial position.
- Those cost saving measures were rescinded for FY2021/22.
- Two planned contingencies allocated to all portfolios:
 - Q2 contingency (\$5M in base funding allocated Fall 2021)
 - RTC funding (\$5M awarded April 1, 2021)
- Surplus sharing returned to cost-recovery programs.
- Deans given complete autonomy over their budgets as per the budget manual.
- Hires are permitted subjected to budget approval (can begin recruiting in advance of the Board’s budget approval).

Take-away: Reduced spending gives us greater capacity for capital investment

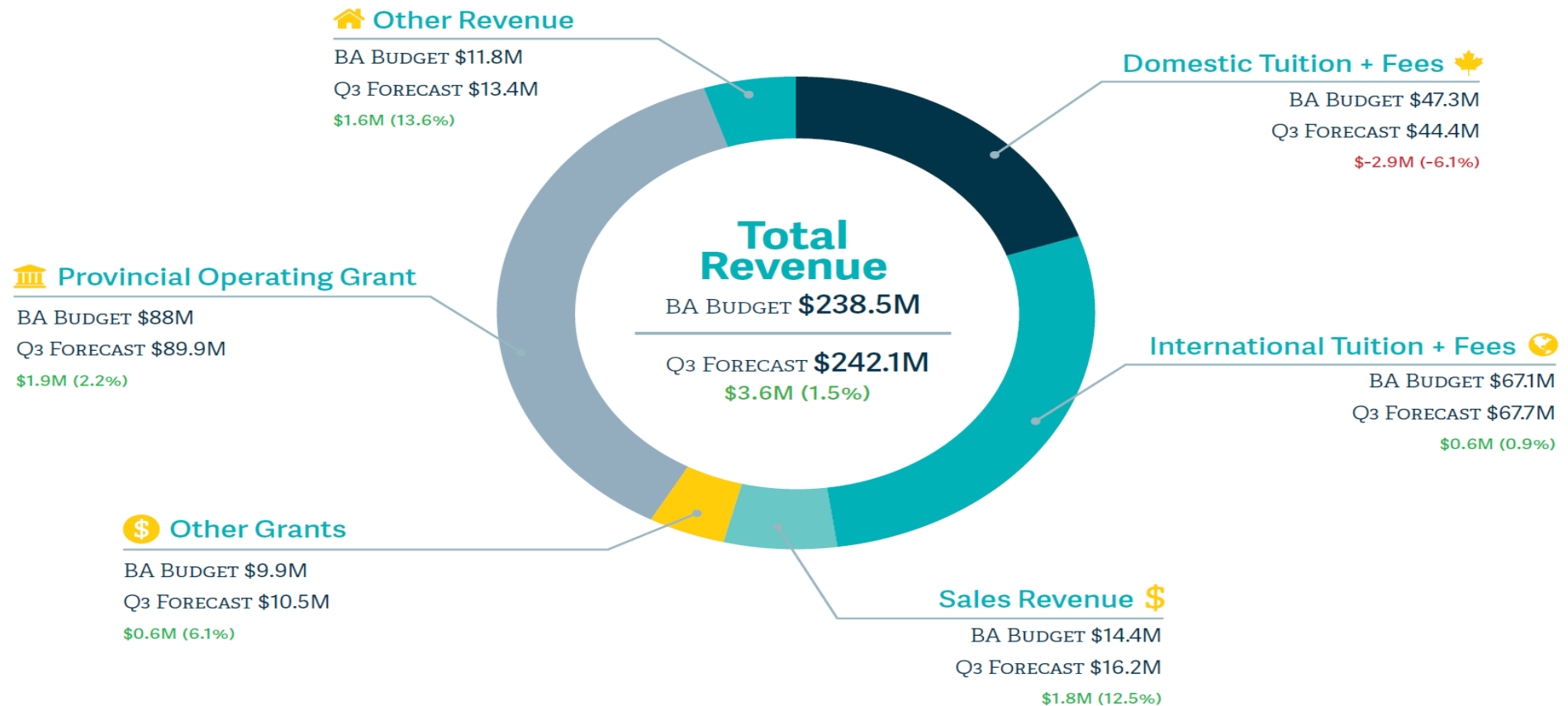
	Board Approved Budget	Q1 Forecast	Q2 Forecast	Q3 Forecast	2020/21 Year End Actual	2019/20 Year End Actual
Revenue	\$238,582	\$248,052	\$241,544	\$242,055	\$225,273	\$244,605
Compensation & Benefits	153,833	153,465	153,057	144,442	144,425	144,549
Expenditures	84,602	86,259	82,935	81,113	68,437	79,812
Accounting Surplus	\$147	\$8,329	\$5,572	\$16,500	\$12,411	\$20,244

Q3 Forecast

- Surplus of \$16.5M
 - ASET approval to defer for future capital
- Revenue
 - In line with Q2 projection
 - Higher than budget & prior year
 - Lower than pre-pandemic
- Compensation
 - Lower than budget & Q2 projections
 - In line with prior year & pre-pandemic
 - Vacancies
 - Unspent Contingencies
- Non-compensation
 - Lower than budget & Q2 projections
 - Higher than prior year & pre-pandemic
 - West Gate residences
 - Unspent Contingencies & spending plans

Revenue

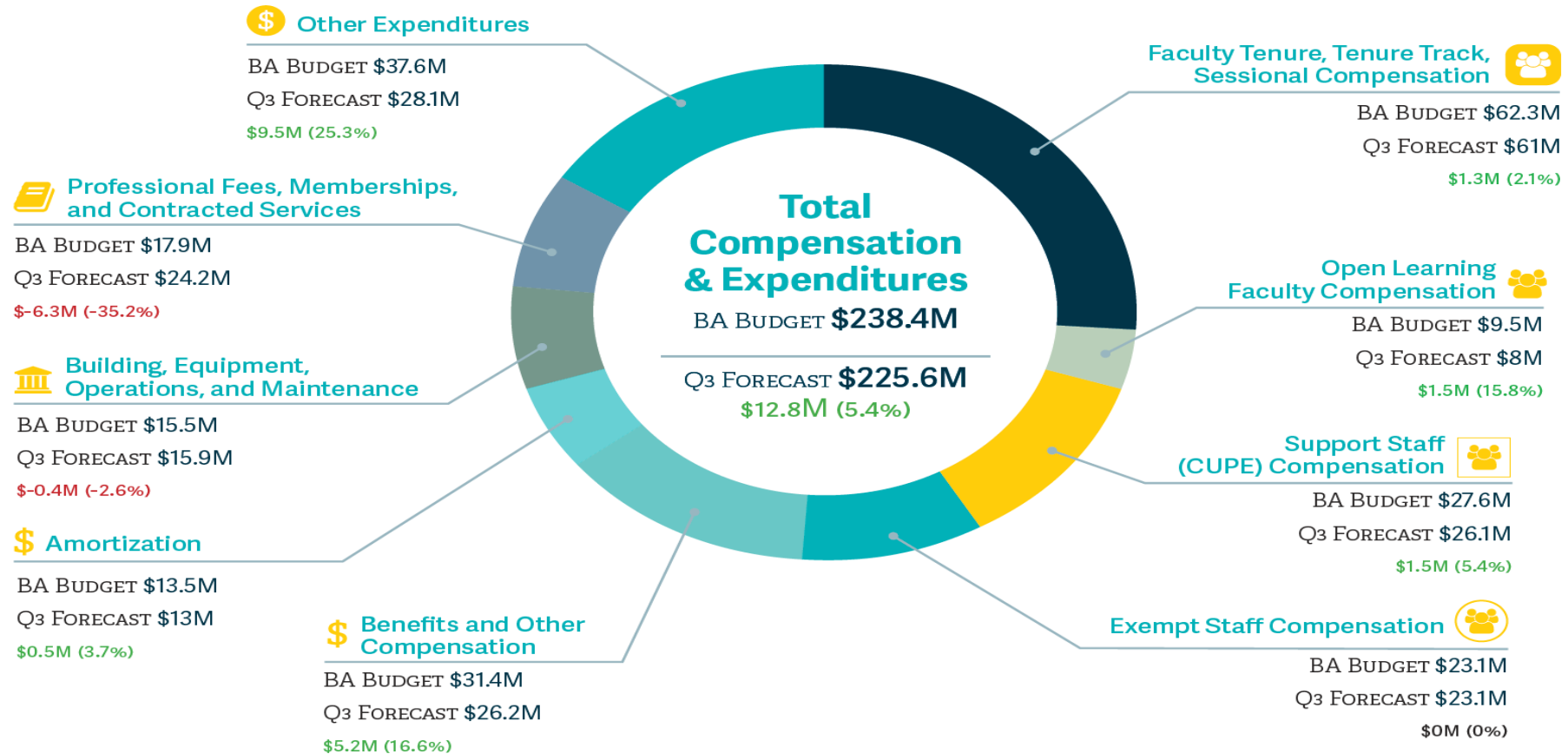
Board Approved (BA) Budget - Reflects the approved budget for fiscal year 21/22 | Q3 Forecast - Reflects updated projections for fiscal 21/22 as at Dec. 31, 2021



Take-away: Reduced spending gives us greater capacity for capital investment

Expenditures

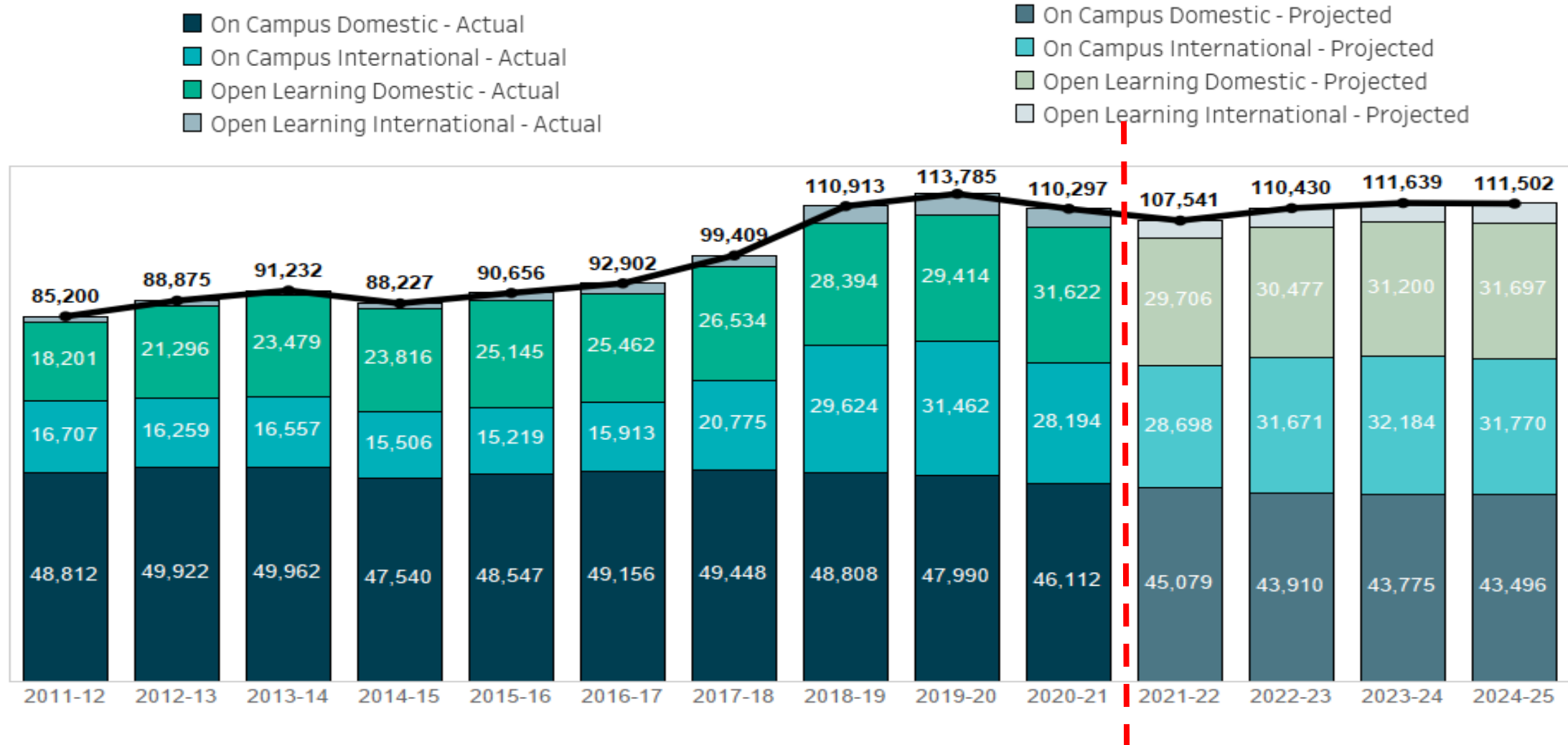
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Enrolment Trends (2011-2025)

Fiscal Year Course Enrolments and Projections

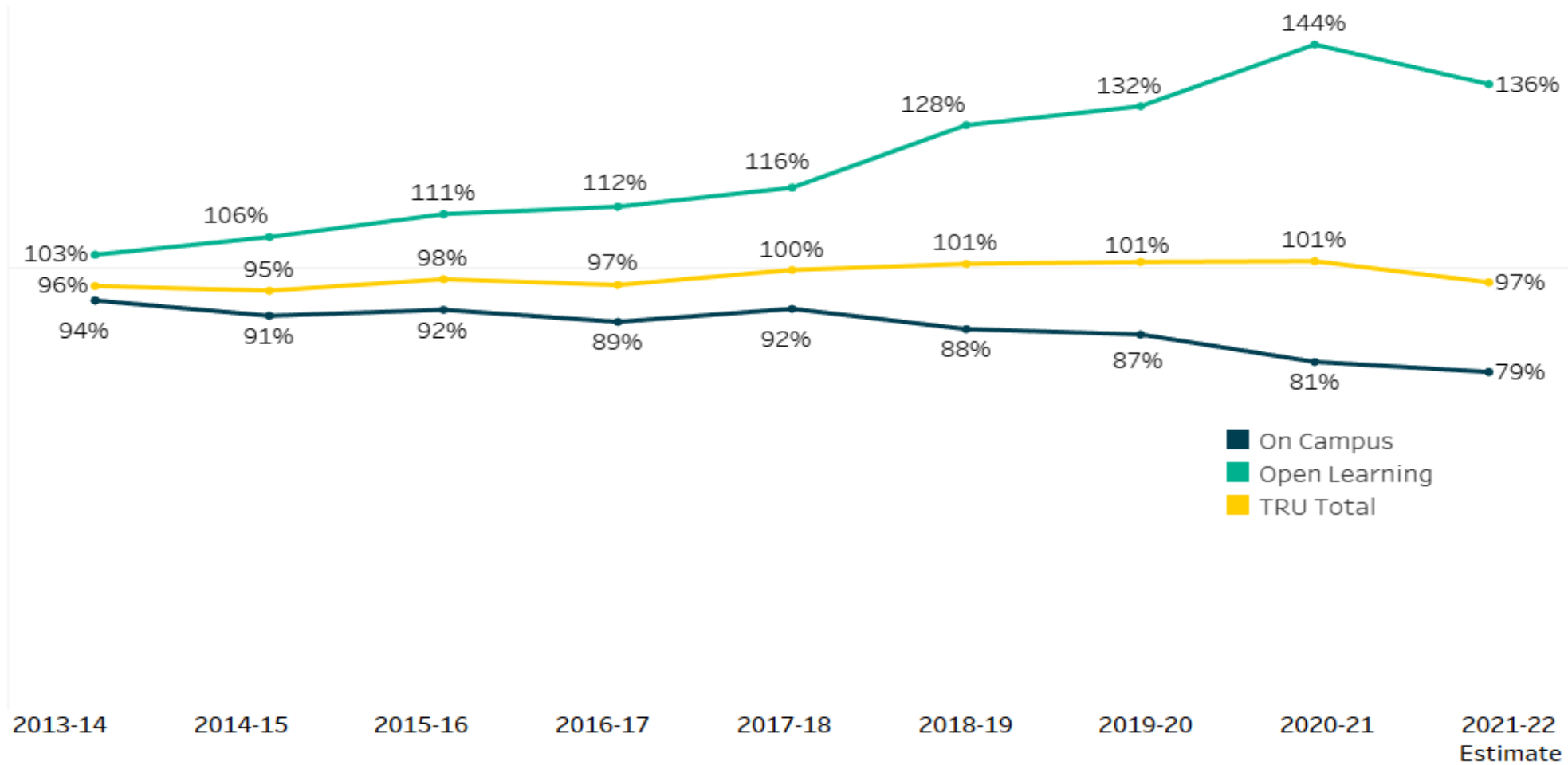
Take-away: Domestic OC enrolment at its lowest point in the past 10 years



Note: Regional Centres, Continuing Education and offshore activity is not included.

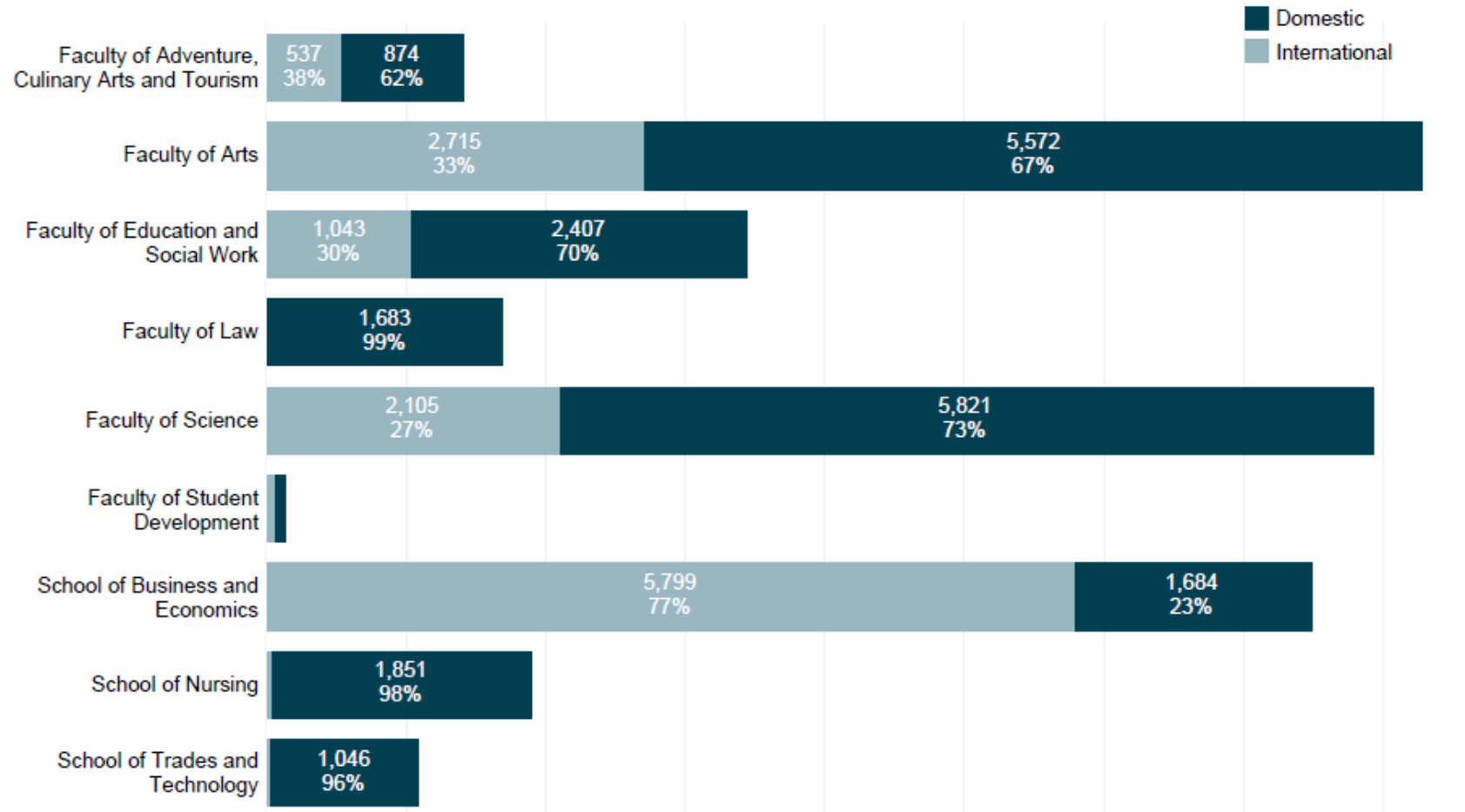
Source: TRU Integrated Planning & Effectiveness enrolment reports; December 2021 Projections

Take-away: Overall utilization is being bolstered by Open Learning. Domestic trend is concerning



Kamloops On-Campus Fall 2021 Course Enrolment By Division

Take-away: How can we improve distribution of int'l students across faculties?



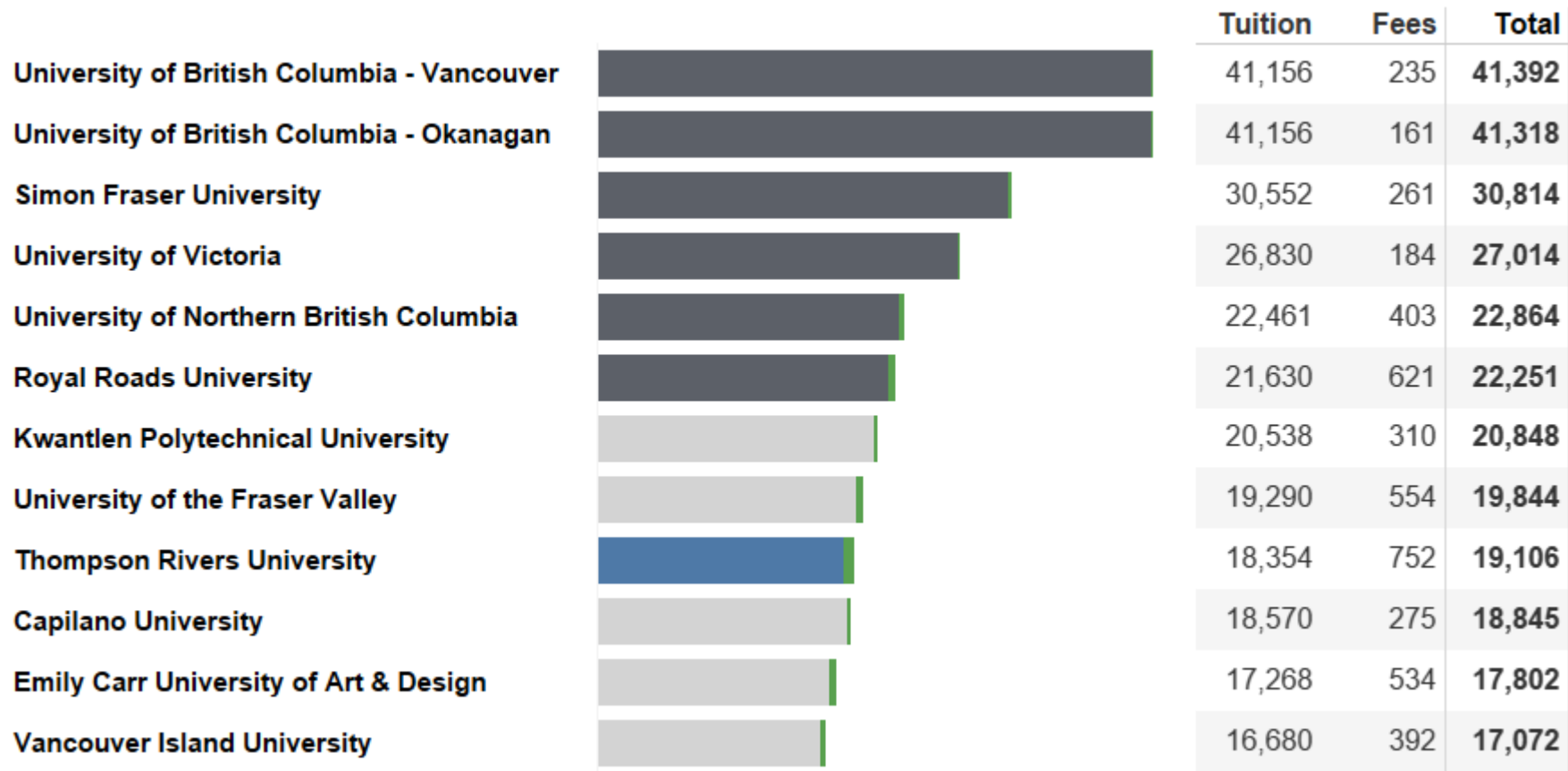
Note: Regional Centres, Continuing Education and offshore activity is not included.

Source: TRU Integrated Planning & Effectiveness enrolment reports; Fall 2021 Enrolment Report

Tuition and Fee Comparators

Undergraduate (Arts), International, Full-Time, Fall & Winter 2021/22

Take-away: TRU's total int'l tuition/fees is in the bottom third of BC Universities



- Thompson Rivers University
- BC Teaching Universities
- Fees
- BC Research Universities

International Tuition Year over Year BC Comparison

International (UG, BA, Full-time): 2016-2022

Institution	1617	1718	1819	1920	2021	2122	% Change
UBC	\$30,359	\$34,913	\$37,690	\$38,052	\$39,574	\$41,156	36%
SFU	22,046	24,250	25,220	28,247	29,377	30,552	39%
UVic	17,368	18,062	21,674	24,926	25,680	26,830	54%
Royal Roads	21,300	22,150	22,590	23,040	23,501	23,971	13%
UNBC	17,889	18,247	18,612	21,589	22,021	22,461	26%
Kwantlen	16,830	17,166	19,741	19,741	20,136	20,538	22%
UFV	16,100	16,620	17,160	17,850	18,900	19,290	20%
Capilano	16,830	17,160	17,520	17,853	17,853	18,570	10%
TRU	16,800	16,800	16,800	17,304	17,820	18,354	9%
Emily Carr	14,904	15,500	15,965	16,604	17,268	17,268	16%
VIU	13,920	15,240	15,240	16,680	16,680	16,680	20%
Total Tuition	\$204,346	\$216,108	\$228,212	\$241,886	\$248,810	\$255,670	25%

International tuition in BC has increased by 25% since 2016/17.

RUCBC international tuitions have increased by an average of 33% over the same period.

TRU's international tuition has increased by only 9%

CAUBO Comparators*: 2017/18

Canadian Association of University Business Officers (CAUBO)

Take-away: TRU's investment in academic activities highest in BC as a % of op. budget

Expenditure Category	2014/15		2015/16		2016/17		2017/18		2018/19		2019/20	
	%	Rank	%	Rank	%	Rank	%	Rank	%	Rank	%	Rank
Academic	64.6	1	63.6	1	62.2	1	61.6	1	60.9	1	61.8	1
Administration & General	11.7	6	11.7	6	12.3	6	13.0	4	12.9	4	12.6	4
Student Services	10.6	3	11.5	3	11.9	2	11.7	2	11.2	5	10.4	5
Physical Plant	6	10	5.4	10	5.3	10	5.1	10	5.8	10	5.6	10
Computing & Communication	2.5	10	2.6	10	2.6	10	3.0	10	3.6	10	3.6	9
External Relations	2.1	8	2.8	4	3.1	4	2.9	6	3.7	2	3.7	4
Library	2.5	9	2.5	9	2.5	10	2.6	9	1.9	10	2.3	10

* Comparator group includes all Research Universities of BC and all Teaching Universities, 10 Universities in total

Future Capital Expenditures

Take-away: Our capital appetite is significant. We have more wants than money.

Scenario 1 - All Projects									
<i>This scenario captures every project that is either underway or in some active stage of a planning process. This does not include the Student Collegium/Consolidation of Student Services project that has been approved by CPPAG as no active planning has begun on this project. Based on our current resources, this scenario is unaffordable. No annual capital reserves have been contemplated in this scenario</i>									
		Status	Total Net	2022	2023	2024	2025	2026	2027
Annual Capital Reserve				\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Phase I Residence		Planning	\$ (10,000)	\$ (10,000)					
Research Modular		Tendered	\$ (2,700)		\$ (2,700)				
ECEC/Road		In Progress	\$ (4,950)	\$ (4,950)					
Science/A&E Renos		Planning	\$ (6,000)	\$ (6,000)					
Bus Loop		Planning	\$ (2,000)				\$ (2,000)		
LCDES		In Progress	\$ (6,000)		\$ (3,000)	\$ (3,000)			
STEM		Notional Approval	\$ (29,000)		\$ (4,000)	\$ (12,500)	\$ (12,500)		
SoBE		Planning	\$ (28,200)		\$ (3,000)	\$ (15,600)	\$ (15,600)	\$ 1,000	\$ 5,000
Indigenous E.C.		Planning	\$ (12,000)			\$ (6,000)	\$ (6,000)		
Student Collegium		CPPAG Approval	\$ (12,000)						\$ (12,000)
EV low Carbon Energy		In Progress	\$ (2,200)	\$ (1,100)	\$ (1,100)				
TRU Ann. Spend		In Progress	\$ (8,400)	\$ (1,400)	\$ (1,400)	\$ (1,400)	\$ (1,400)	\$ (1,400)	\$ (1,400)
Evergreen		NWCUU Commitment	\$ (1,800)	\$ (300)	\$ (300)	\$ (300)	\$ (300)	\$ (300)	\$ (300)
MMR		In Progress	\$ (2,105)	\$ (355)	\$ (350)	\$ (350)	\$ (350)	\$ (350)	\$ (350)
Public Realm		In Progress	\$ (922)	\$ (922)					
IT Software/Dig Strag		In Progress	\$ (685)	\$ (685)					
Small Projects		In progress	\$ (527)	\$ (527)					
			\$ (129,489)	\$ (26,239)	\$ (15,850)	\$ (39,150)	\$ (38,150)	\$ (1,050)	\$ (9,050)
Avail Surplus				\$ 20,983	\$ 5,133	\$ (34,017)	\$ (72,167)	\$ (73,217)	\$ (82,267)

Scenario Analysis

Take-away: An additional \$5M in base funding will be added to budgets for 21/22.

Underlying assumption: \$5M additional budget allocation in 22/23 for all scenarios						
Scenario	Description	Surpluses/(Deficit)			ISP	Notes
		22/23	23/24	24/25		
1	Current Scenario - IPE enrolment; inflation increases	5994	2943	855	no ISP in 24/25	
2	IPE Projections; 10% int'l tuition increase in 23/24	5994	8025	3750	ISP in all 3 years	
3	Int'l tuition increase by inflation; 4250 by 24/25	5994	4709	2692	ISP In all 3 years	Int'l growth too aggressive
4	Best Case? - Int'l tuition increase of 10%; 4000 by 24/25	5994	8025	5792	ISP In all 3 years	
5	Aggressive Case - 10% int'l inc; 4250 by 24/25	5994	9790	7859	ISP in all 3 years	Int'l growth too aggressive
6	Worse Case? Flat int'l enrolment; 10% int'l increase	2992	5645	1658	ISP in all 3 years	
7	Status Quo Enrolment - 4% dom dec; flat int'l	2339	2124	2247	no ISP in 23/24, 24/25	
8	4% dom dec; 10% int'l inc; growing to 4000 by 24/25	2339	5007	5129	ISP in all 3 years	

Summarizing the “Take-aways”

- Student behaviours will impact future enrolment. We need to understand and respond to those.
- FY21/22 provided more opportunities than ever for spending by budget holders
- Provost leads TRU’s budget process developing consensus within the executive for the annual budget strategy.
- For FY21/22, we struck a balanced budget (inability to fill vacancies and supply chain issues resulted in less spending than budgeted).
- Domestic on-campus enrolment at its lowest point in 10 years and further declines projected. We need to be concerned.
- International on-campus applications very strong but internal obstacles prevent stronger enrolments.
- TRU’s grant utilization rate dropping. Potential risk at a time when government is committed to a funding review.

Summarizing the “Take-aways”

- We need greater diversification of international students across faculties.
- International tuition remains in the bottom third of BC universities and the lowest of the research universities. A multi-year tuition fee increase strategy is being assessed.
- TRU has not increased international tuition at the rate of most other BC universities
- TRU continues to rank #1 overall in % of operating budget spent in the academic portfolio relative.
- TRU is challenged to fulfill its aspirational capital plan which may lead to project delays and/or cancellations.

Anticipated Outcomes of the FY22/23 Budget

- Our FY22/23 budget is strong growing by 5.6%. We expect to strike a budget with a modest surplus (approx. \$3M).
- We expect the FY22/23 year to end with a higher surplus due to unfilled vacancies.
- Integrated Strategic Plan will provide strategic direction for new initiatives.
- Resources are allocated, via the ISP fund, to support those initiatives.
- Strategic enrolment management will guide analysis and deliverables to address changing enrolment challenges.
- New VP-Research and VP-International portfolios are designed to support innovation, diversification and revenue generation.
- The resource allocations will support our primary mandate of access for students to high quality programming, research and support.



Your Turn...Q & A