

UNIVERSITY OF NORTHERN BRITISH COLUMBIA

2016/17 Financial Planning Overview

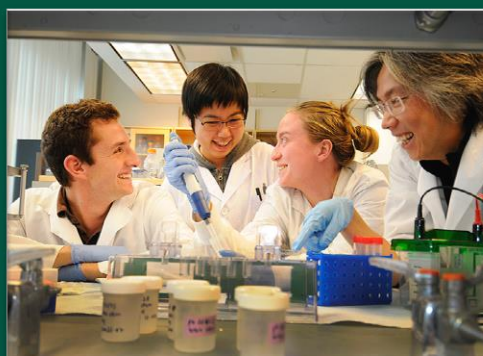


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Part 1: 2016/17 Financial Planning Context

1.1. Towards a Sustainable Future

The University of Northern British Columbia (UNBC) celebrated its 25th anniversary in June 2015, and is now positioning itself for a robust and sustainable future. Last year's planning context refers to a period of transition and the need for a "new" beginning to a great start. It has been a tremendous new beginning and accomplishment for UNBC to be #1 in Canada in the Maclean's Magazine rankings in our category. This recognition reinforces that we have every reason to believe in ourselves. Our determination, our talent, and our engagement with each other and the community, will allow us to continue to achieve our vision.

It is time for action, leadership, and building capacity within the institution. It begins with the onboarding of the Vice-President Finance and Business Operations and the Vice-President Advancement and Communications; creating a clear vision, understanding of the goals and objectives of the university's operations, and bringing fundraising to the forefront of all portfolios within the university.

In 2016/17, work will begin to integrate five priority components of the planning process: Academic Plan, Research Plan, Administrative Plan, People Plan and Strategic Enrolment Plan. Each component will integrate and align within the university's long-term strategic plan and includes continued commitment to openness and dialogue.

A part of leadership and building capacity at the university is to create a new Senior Leadership Forum, led by the Provost and Vice-President Finance and Business Operations. It will focus on emerging priorities and advancing cross-portfolio initiatives that align with the mission of the university. This forum will replace the current President's Council and will provide oversight and prioritization of strategic business opportunities, projects and initiatives that will inform the context in which the college, academic, and administrative support units will develop their individual plans. Together, the priorities and unit plans will inform the development of the budget-planning framework.

As we forge ahead with this critical work, our emphasis will be on building an integrated plan that focuses on a new academic plan, new relationships, new structures, and a budget that aligns resources to priorities.

This report has several purposes:

- Present the 2016/17 Financial Overview and Budget Framework to the Board of Governors for approval.
- Highlight the 2016/17 interim planning themes that will transition UNBC towards an integrated university Plan.
- Develop a status quo budget to continue Academic planning; budget allocations will allow units to maintain existing service levels.
- Explain the use of non-recurring adjustments as an interim solution to resolve the financial deficit until the planning process is complete.
- Explain the process for the Strategic Priorities Fund (one-time) to deal with short-term priorities, issues and projects at the department and institutional levels.

1.2. Environmental Scan

The planning environment for the university remains largely unchanged from 2015/16. The following are some key elements of UNBC's internal and external environment:

- Northern British Columbia continues to experience a consistent decline in the number of high school students.
- FTE enrolment and related tuition fee revenue continues to decline.
- Domestic tuition fee increases continue to be restricted to 2%.
- The Government of B.C. continues to reinforce the direction through the Skills for Jobs Blueprint, requiring a proportion of the university's operating grant to be aligned towards programs for priority occupations.
- The Provincial operating grant will increase only for salary adjustments that fall within the Economic Stability Mandate.
- Research funding has declined for many universities, including UNBC.
- A poorly performing Canadian dollar.

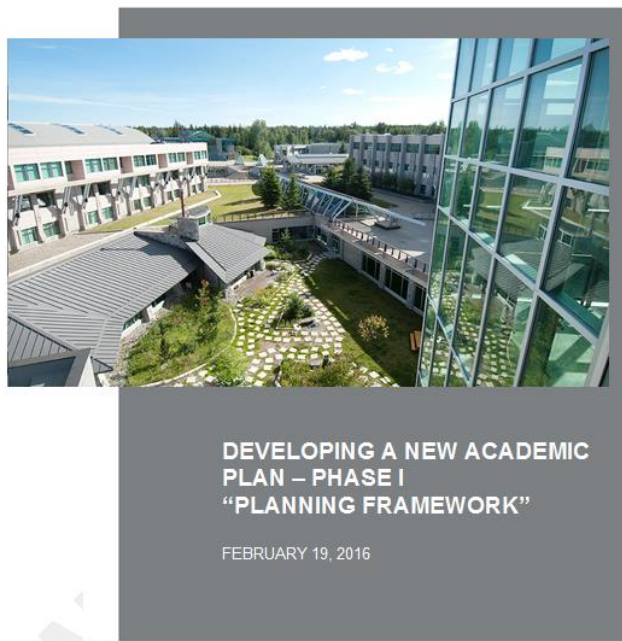
Part 2: 2016/17 Integrated Planning Overview

During this transition year, the university is placing particular emphasis over the next three years on the following themes to advance the vision of the institution and integrated planning to create a foundation for success:

1. Academic: Quality through planning
2. Research: Attracting the Best across the country and around the world
3. Destination University: Strategic enrolment planning (attracting, retaining and supporting student success)
4. Indigenization: Engaging Aboriginal communities
5. Internationalization: Enhancing the university's global presence and prominence
6. Regional: Connecting communities through education, student experience and research
7. Culture Shift: Building relationships through dialogue
8. Budget: Preparing for transition
9. Strategic Priority Funding: One-time allocations

2.1. Academic: Quality through Planning

The recent endorsement of *“Developing a New Academic Plan – Phase I Planning Framework”* by Senate in February 2016, will help to set the context of the Phase II academic planning process. Phase II was officially launched by the Senate Committee on Academic Affairs (SCAAF), which developed the principles and activities of each of the five Action Planning Groups (Faculty Renewal, Student Experience and Pedagogy, Enrolment Initiatives, Academic Structure, and Academic Administrative Organization). Senate approved the principles and membership of the Action Planning Groups in March 2016, and work is beginning on the selection and appointment of the members.



Available documents:

- Developing a New Academic Plan – Phase I “Planning Framework”
<https://our.unbc.ca/sites/IntegratedPlanning/academicplanning/Shared%20Documents/February%202024%202016%20Academic%20Planning%20Phase%20I%20version%201.13%20Approved%20by%20Senate.docx?Web=1>
- Action Planning Groups
<https://our.unbc.ca/sites/IntegratedPlanning/academicplanning/Shared%20Documents/2016%20April%202012%20Academic%20Plan%20-%20Action%20Planning%20Groups%20V%201.4%20Revised%20and%20Approved%20by%20Senate.pdf?Web=1>

The outcome of this process is to deliver a revitalized, effective and meaningful academic plan that will help transform us into the UNBC of tomorrow. This disciplined planning will help us anticipate the impact of several factors (student demographics, labour market projections, and recruitment and retention strategies) on programming and delivery. The implementation of this component of the integrated university plan will begin in 2016/17, with full implementation expected in 2018/19.

2.2. Research: Attracting the Best Across the Country and Around the World

Last Fall, President Weeks reiterated the importance of the research portfolio:

- It helps the university attract and retain the very best faculty and students.
- It has an indisputable impact on students.
- It highlights UNBC’s value as a research-intensive university in B.C.
- It engages and encourages faculty at UNBC to become leaders in their field.

One of the best messages we have at this university is the ability of our undergraduate and graduate students to become meaningfully involved with significant research projects. This experience provides them not only with a truly experiential method of learning, but it helps them develop the leadership capacity required to succeed in an ever-changing world.

The following are some examples of engagement in research at the university:

- The internal Rapid Access Research funding opportunity from the Office of Research saw more than 25 applications from faculty members of both colleges apply in the areas focused on NSERC and SSHRC research activities. Following a review by the committee, 20 applications were awarded funding totaling \$115,105. The objective of this funding opportunity is to facilitate faculty members acquiring data to support a larger external grant application.
- The Tri-institute (CDI, HRI and NRESi) Cumulative Impacts Research Consortium (CIRC) recently awarded a grant from the SSHRC as part of the Knowledge Synthesis Competition entitled, “*A scoping review on the community impacts of unconventional natural gas development in northern British Columbia*”.

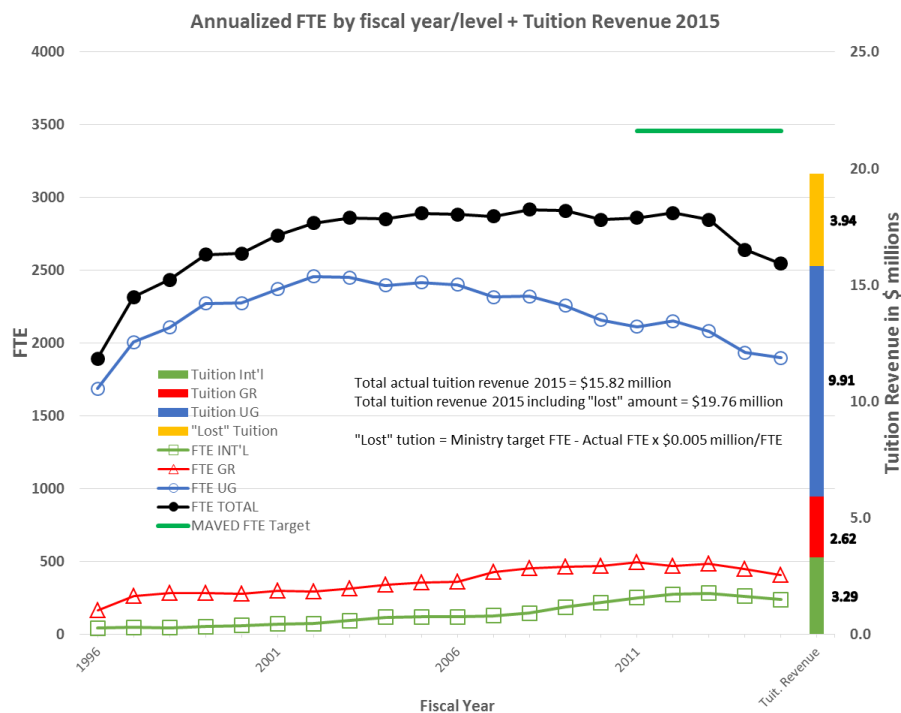
- The Research Data Centre, located in the Geoffrey Weller Library, is in its final planning and implementation phase. This collaborative partnership with Northern B.C. Researchers, UNBC and other funding partners is planning to open their doors in September 2016. The following is a summary of the benefits to Northern B.C. researchers:
 - It enhances UNBC’s research credentials and grant opportunities.
 - It supports solid evident-based decision-making in Northern British Columbia.
 - It improves data access by giving researchers across the country access, free-of-charge, to detailed micro-data from an increasing range of survey, census and administrative data.

The last update to the UNBC Strategic Research Plan was in 2010; this plan will continue until 2017. The university will begin updating the plan immediately to reflect the ongoing direction of existing areas of research, add new areas of focus, and align with the development and implementation of the Academic Plan.

2.3. Destination University: Strategic Enrolment Planning

With increasing competition from post-secondary institutions across the province, an aging demographic in the region, and declining enrolments, it is vital to the future success of UNBC to develop a strategic enrolment plan. The following graphs illustrate the current FTE and Headcount at the university:

Figure 1 – Annualized FTE

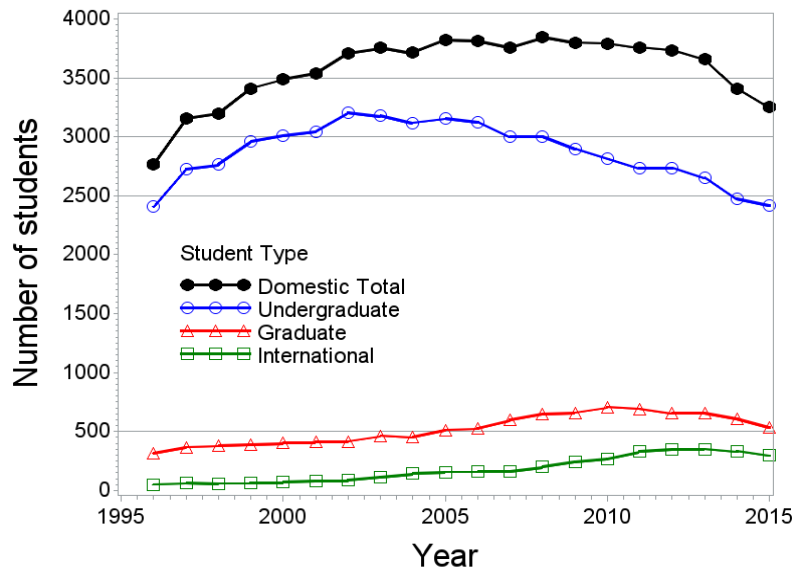


Notes:

Includes student headcount for all programs leading to degrees.

Excludes interest only, certificate programs, continuing studies, etc.

Figure 2 - Student Headcount



Notes:

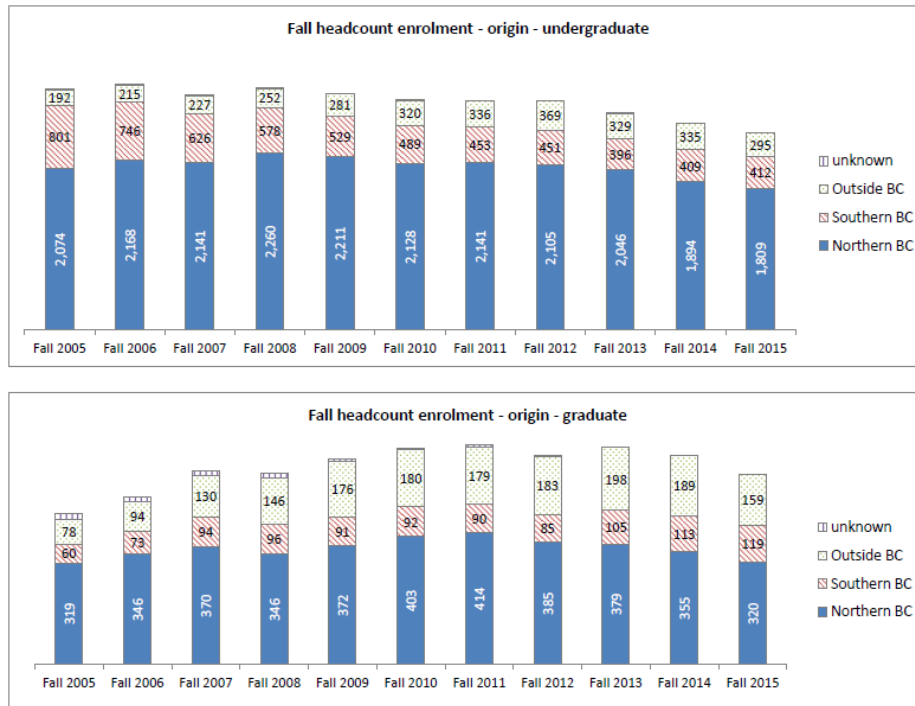
Includes student headcount for all programs leading to degrees.

Excludes interest only, certificate programs, continuing studies, etc.

Domestic Total = Undergraduate + Graduate (Domestic only)

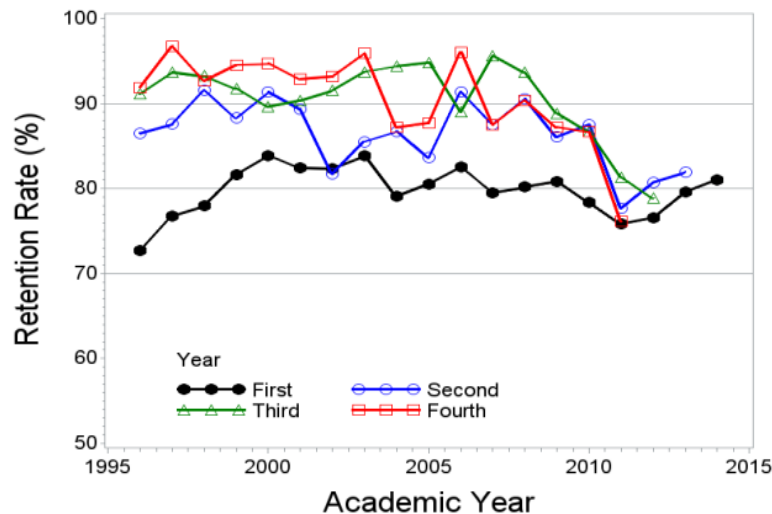
International = Undergraduate + Graduate (International only)

Figure 3 - Student Headcount by Origin



We must continue expanding the university’s efforts in the recruitment of transfer students, Aboriginal learners, and international students, while expanding its reach into other domestic and international markets. These recruitment efforts must be coupled with continual retention efforts (efficiencies, messaging and student experience) to support the academic, personal, and social growth of our current students.

Figure 4 – Student Retention



Notes:

Includes student headcount for all programs leading to degrees.

Excludes interest only, certificate programs, continuing studies, etc.

Under the sponsorship of the Provost, the university will focus on the development of a strategic enrolment plan that addresses recruitment, retention, marketing tactics, and multi-channel outreach with current and prospective students and alumni. This strategy will be enhanced by input from the Enrolment Initiatives Action Planning Working Group.

2.4. Indigenization: Engaging Aboriginal Communities

The release of the Truth and Reconciliation Commission’s recommendations have informed us as a nation as to the state of affairs regarding Aboriginal people. This process has reemphasized that true engagement on issues regarding Aboriginal affairs is critical. To help advance this priority, we are actively engaging community partners to develop strategic Aboriginal programs and services as part of an Aboriginal governance and community relations strategic plan:

- Facilitate a strategic renewal of the First Nations Centre to ensure Aboriginal learners’ academic, personal, community, and cultural needs are being addressed.
- Work with the Ministry of Advanced Education to support the Aboriginal Service Plan objectives related to enhancing Aboriginal learners and community participation in university-level education.
- Following the recommendations put forward from the Truth and Reconciliation Commission (TRC), create a university partnership with the National Centre for Truth and Reconciliation (NCTR).
- Renew the Aboriginal transitions program to enable success for Aboriginal learners acclimating to the university.

- Implement the Lheidli T'enneh Translation Initiative to have UNBC campus signage incorporate the Lheidli dialect of the Dekelh (Carrier) language.

This work contributes to an important area of Aboriginal engagement at UNBC and provides cohesive support for UNBC as the institution moves forward with building relationships, sustaining programming, and providing unique and innovative opportunities for students, staff, faculty and communities in the UNBC region.

2.5. Internationalization: Enhancing the University's Global Presence and Prominence

Internationalization is integral to UNBC as it enhances all campus life and advances the institution's external frames of reference, partnerships and relations.

There's no questioning the value international students bring to our campuses, both from a student enrolment perspective as well as the impact they have on our domestic students. The cultural diversity and exposure to differing perspectives and traditions make UNBC a richer environment while exposing us all to the realities of operating educational and business ventures on a global scale. - UNBC President Daniel Weeks, December 11, 2014.

This commitment to internationalization enhances UNBC's global presence and prominence, which is confirmed through the following actions to infuse international and comparative perspectives throughout the teaching, research and service missions of UNBC:

- Enhance the university's value proposition globally through teaching, research and service missions.
- Respond to international student demand for Canadian learning opportunities.
- Provide exchange opportunities for students, staff, and faculty.
- Ensure international engagement and raise cultural awareness.
- Work with the Ministry of Advanced Education to support British Columbia's International Education Strategy, which aims to position the province and its residents to benefit from the resulting socio-cultural and economic opportunities.
- Enhance current international programming and services to increase enrolment and retention.
- Achieve brand recognition and international prominence.

The aforementioned will inform the development of a progressive International Strategic Plan that focuses on student enrolment, mobility, sustainability, and research engagement on a global level. This plan will be developed through extensive engagement with all members of the UNBC community.

2.6. Regional: Connecting Communities through Education, Student Experience and Research

UNBC was founded with a mandate to serve the people of Northern British Columbia through advanced education and research. Through academic leadership and strengthened coordination promised by the development of a new Academic Plan, the university can renew its commitment towards program innovation and better integration with Northern British Columbia communities.

Work is progressing through collaborative initiatives such as:

- Discussions with the northern colleges about complementarity course offerings are progressing, but work with the Indigenous Adult and Higher Learning Association (IAHLA) and with other colleges needs to be pursued.
- The Provost's Committee on Pedagogical Practice working groups are assisting with broadening course delivery modes to include hybrid or blended approaches, and a pilot of "web and coach" delivery is under way for MATH 220 (Linear Algebra).
- Other successes include the offering of the MBA and BSW at Langara College in Vancouver, with discussions underway to offer the MSW there in September 2017.
- Senate approved the Associate of Arts Degree and Associate of Science Degree, which will be a focal program for students in small communities.
- Through academic leadership provided by the Dean of Regional Programs, the University's commitment towards integration of regional offerings will continue to be strengthened.

2.7. Culture Shift: Building Relationships through Dialogue

Building trust, encouraging forward thinking and creating energy are possible through meaningful conversations. Forming this new relationship began last fall with the introduction of integrated planning at UNBC and extensive community engagement. *Phase I – Towards Developing a New Academic Plan* represents the foundational work, the collective ideas, and thoughts of our community. The Town Hall sessions allow us to respond to emerging issues, provide clarity and understanding around financial information, and develop an environment of openness and cooperation. In keeping with this theme, the Board of Governors and Senate are collaborating on better ways to move the mission of the university forward through effective governance.

The university will launch an Employee Opinion Survey to establish baseline data with respect to how faculty and staff view their work environments. The university will use this data to provide feedback to unit leaders and to develop a people plan that will inform the university's integrated plan. To support positive and productive work environments a performance framework will be developed to identify job-specific accountabilities and competencies and promote feedback and development. This work will begin with the leaders of the organization in 2016, and will build over a multi-year timeline.

Together, we can shift our culture towards a more positive and productive dialogue.

2.8. Budget: Preparing for Transition

While we cannot ignore our financial challenges, we cannot let them define us. Therefore, the university will implement a status quo budget for 2016/17, allowing us time to continue the development of the Academic Plan. In the absence of this critical Plan, our ability to set the direction and move UNBC decisively forward to a sustainable financial model is limited.

For this fiscal year, the budget planning team used feedback from the Town Hall sessions and budget holder meetings to gain an understanding of the current pressures and priorities. This information helped inform the final development of the proposed 2016/17 Consolidated Operating Budget presented in Part 3.

The university remains committed to developing a new budget model that will lead to less centralization and greater accountability. The ultimate goal is to present a fully consolidated university budget that incorporates all areas of the university's financial operations by 2018/19.

In addition to the development of a consolidated budget, the university will present supplemental reporting that will provide in-depth detail. For example, the university will provide information regarding actual performance relative to budgets over a five-year period. To ensure consistency and comparability of data over time, the university will publish supplemental reports by September 30 of each year, based on final March 31 fiscal year end information. Financial reports will continue to be available through various links found at www.unbc.ca/finance and www.unbc.ca/reports.

2.9. Strategic Priority Funding: One Time Allocations

As outlined in the 2015/16 framework, the university continues to generate surpluses primarily through vacancy management within the current budget framework. The university will continue to use this source of funding to deal with the short-term priorities, issues and projects at the department and institutional levels. Contingent on the university's year-end financial position, Strategic Priority Funding allocations will be distributed to allow for more decentralized decision-making. The overarching principles, in support of the university's strategic priorities, will help guide the approval of expenditures. The distribution of funding will occur annually in June.

This will coincide with the university's report on the use of the previous year's Strategic Priority Funding in June, when new allocations are distributed.

The following are types of strategic and operational one-time expenditures in 2015/16:

- Creating a one-stop shop for student communication, access, information and service through the new student portal.
- Continuing the IASK pilot program through the College of Arts, Social and Health Sciences.
- Advancing the Phase I Academic Planning process and providing support to the Academic Planning Committees.
- Expanding and advancing Aboriginal partnerships and activities through the Senior Advisor to the President on Aboriginal Affairs.
- Continuing First Nations counselling services through Student Engagement.
- Providing interim support to advance the development of the integrated budget and planning framework.
- Creating the University Secretary and Governance structure.
- Supporting the creation of a Data Research Centre at the Geoffrey Weller Library.

Part 3: 2016/17 Budget Planning (Three-Year Plan)

Part 3 outlines the budget framework for those areas of the university that require a Board-approved budget. It also sets out a financial plan for other areas of UNBC’s comprehensive financial operation.

As outlined in Part 1, the Academic Planning process is still underway. Therefore, the 2016/17 budget framework is not yet informed by this, or other associated consultative and integrated planning processes.

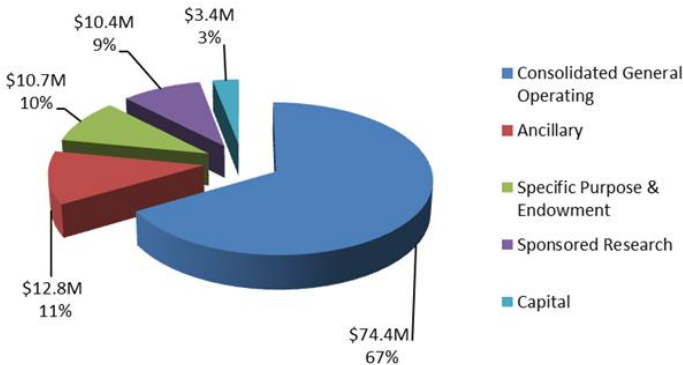
3.1. Comprehensive Financial Operations

UNBC is responsible for the financial stewardship of more than \$100 million in total annual revenue. To enhance accountability, budgetary control, and stewardship of resources, UNBC maintains separate funds for its many diverse activities:

- Consolidated General Operating Fund – includes the general operations of the university and the Northern Medical Program.
- Ancillary Services Fund – includes the operation of service areas that are considered self-funding, such as Retail Services, Continuing Studies, Conference and Events, Residence, Parking and Security, and English Language Studies.
- Specific Purpose and Endowment Funds – includes conferences, special projects, Aboriginal Service Plan allocations, endowed chairs, student awards, and the Northern Medical Programs Trust.
- Sponsored Research Fund – includes external grants provided specifically for research.
- Capital Fund – all minor and major capital projects funded by both internal and external sources, and the cost of depreciation of capital assets.

For 2014/15, the total actual revenue for UNBC covering this comprehensive picture was \$111.7 million and was distributed across the above funds as follows:

Figure 5 – Total Revenue by Fund (2014/15 - \$111.7M)

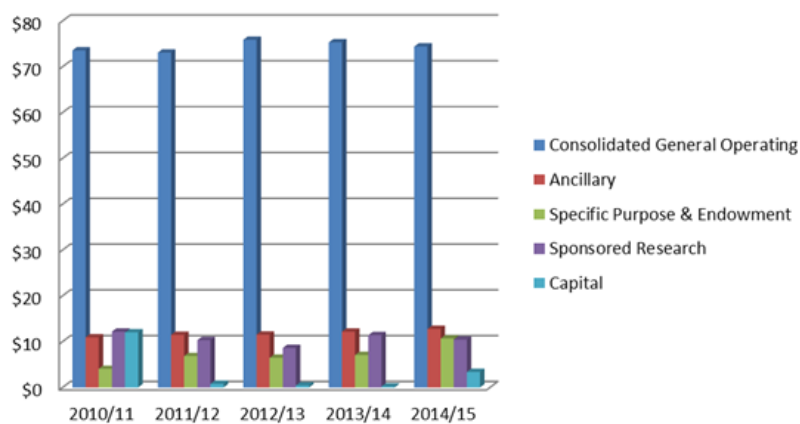


Note: For the purpose of financial statement reporting, revenue that is restricted for specific purposes other than those for the acquisition or development of depreciable tangible capital assets are recorded as deferred contributions and recognized as revenue in the year in which the stipulation or restriction on the contributions have been met. Due to application of this accounting principle, the revenue reported for the fiscal 2015 financial statements was \$105.4 million.

Total revenue across all funds increased by \$5.5 million or 5.2% from the prior year. This growth was the net result of increases in specific purpose & endowment and capital funding of \$3.6 and \$3.2 million respectively, plus net revenue decreases in other funds. The Consolidated General Operating Fund experienced a moderate net decrease primarily due to the operating grant reduction and the changes in enrolment levels. Ancillary, Specific Purpose and Endowment, and Capital Funds enjoyed increases mainly because of additional revenues from conferences and continuing education activity, a large donation to set up a new Endowed Chair, investment income and strong financial markets, and new funding for capital projects respectively. The sponsored research revenue decrease was due to a net decrease in research grants across a number of research projects.

The following chart summarizes revenue by fund over the past five years:

Figure 6 – Total Revenue by Year (2010/11 – 2014/15)



3.2. Resource Allocation Recommendation and Fund Information

This document outlines the high-level financial plans for a three year planning cycle; however, the focus is on resource allocations for the 2016/17 year, and specifically requests Board of Governors’ approval of:

- 2016/17 Consolidated General Operating Budget Framework
- 2016/17 Ancillary budgets

Note: The tuition and fee revenues included in the above are based on the fees approved at the March 18, 2016 Board of Governors meeting.

Budgets for Sponsored Research Funds are individually approved by external organizations, such as federal and provincial granting agencies. Budgets for Specific Purpose Funds are either approved by external agencies (when funded externally) and/or by individual programs and internal committees (when funded internally). Budgets for Endowment funds are based on projected investment income. The Board of Governors, prior to project commitment, approves each major capital project. Budgets that are approved externally are included in this plan to provide a more complete financial picture of the institution.

Activities related to Sponsored Research, Capital and Specific Purpose Funds, and their impact on the general operating budget are estimated and reflected in the operating budget where appropriate.

3.3. Consolidated General Operating Budget

3.3.1. Planning assumptions

The 2016/17 Budget has been developed based on the following assumptions:

- UNBC must present a balanced budget.
- Budget allocations will allow units to maintain existing service levels and will provide time to enable the development and implementation of new planning processes that will establish future priorities.
- There will be no government funded undergraduate FTE growth.
- Undergraduate and graduate tuition rates will increase by 2% as per the Ministry of Advanced Education’s Letter of Expectation and as previously approved by the Board of Governors.
- There will be no change to the provincial operating grant (excluding the amounts targeted for compensation increases). It is assumed that the province will fund 100% of salary increases that fall within the recent provincial bargaining mandate.
- The Federal Research Support Fund (formerly indirect costs of research program) will remain at the previous year’s budgeted level.
- The Routine Capital Fund will remain at the 2013/14 levels of \$242,000.
- Salary savings at least equal to last year’s amount will be used to balance the budget.
- FTE enrolment levels will remain at the same level as in 2015/16 for the three-year period (see Figures 1 and 7.) This projected enrolment level with 2% tuition rate increases applied annually will result in closing the gap between actual and budgeted tuition revenues over the three-year planning cycle. Any future changes to this forecast will be based on the integrated planning outcomes.

Figure 7 – Annualized FTE by Fiscal Year

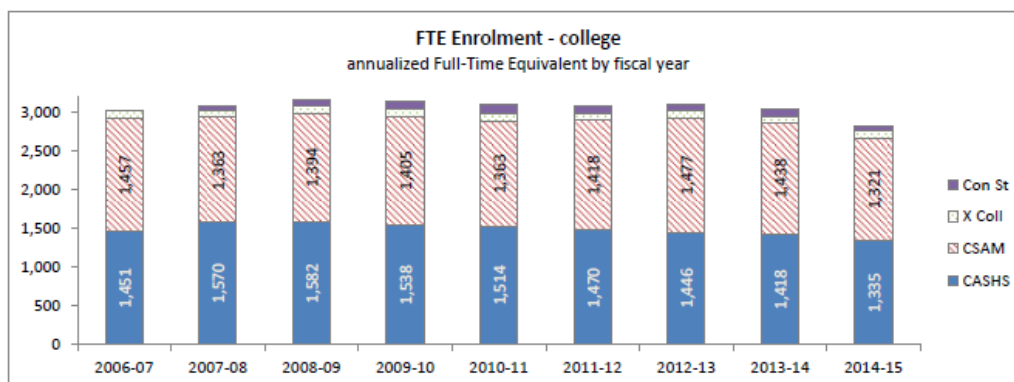


Figure 8 – Annualized FTE by College, Level

FTE Enrolment - college, level

annualized Full-Time Equivalent by fiscal year

college, level	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
College of Arts, Social & Health Sciences															
undergraduate	758.07	846.42	1,018.68	1,111.60	1,175.30	1,091.32	1,225.22	1,295.40	1,296.72	1,233.48	1,177.67	1,106.23	1,102.78	1,069.72	1,024.28
graduate	211.78	220.07	206.00	208.44	216.22	206.89	225.56	274.78	284.89	304.22	336.22	364.11	343.44	348.56	310.89
CASHS total	969.85	1,066.49	1,224.68	1,320.05	1,391.52	1,298.21	1,450.77	1,570.18	1,581.61	1,537.71	1,513.89	1,470.34	1,446.23	1,418.27	1,335.16
College of Science & Management															
undergraduate	1,420.32	1,430.17	1,365.49	1,315.87	1,286.17	1,248.28	1,298.93	1,180.53	1,185.93	1,202.43	1,171.35	1,225.12	1,284.68	1,224.13	1,093.37
graduate	69.78	79.33	84.22	97.89	138.06	147.00	157.67	182.89	208.56	203.00	191.44	193.11	192.56	213.89	228.11
CSAM total	1,490.09	1,509.51	1,449.71	1,413.75	1,424.22	1,395.28	1,456.60	1,363.42	1,394.49	1,405.43	1,362.79	1,418.23	1,477.23	1,438.02	1,321.48
Cross College															
undergraduate	167.33	247.34	189.27	177.97	151.90	266.13	109.17	76.93	96.77	89.50	88.63	83.87	83.80	79.20	86.43
graduate	4.00	5.89	6.11	3.89	5.89	4.89	4.67	4.11	2.78	3.78	5.67	4.89	3.33	5.67	3.89
X Coll total	171.33	253.23	195.38	181.86	157.79	271.02	113.83	81.04	99.54	93.28	94.30	88.76	87.13	84.87	90.32
Continuing Studies															
Con St undergraduate credit								52.10	77.53	101.47	116.80	89.67	80.47	86.20	76.33
UNBC															
undergraduate	2,345.72	2,523.93	2,573.44	2,605.43	2,613.37	2,605.73	2,633.32	2,604.96	2,656.95	2,626.88	2,554.45	2,504.88	2,551.72	2,459.25	2,280.41
graduate	285.56	305.29	296.33	310.22	360.17	358.78	387.89	461.78	496.22	511.00	533.33	562.11	539.33	568.11	542.89
UNBC total	2,631.27	2,829.22	2,869.77	2,915.66	2,973.53	2,964.51	3,021.21	3,066.74	3,153.17	3,137.88	3,087.78	3,066.99	3,091.06	3,027.36	2,823.30
change from previous year			1.4%	1.6%	2.0%	-0.3%	1.9%	1.5%	2.8%	-0.5%	-1.6%	-0.7%	0.8%	-1.3%	-8.7%
undergraduate international tuition FTE (included above)															
	48.44	60.37	60.10	80.74	102.77	96.50	91.80	90.47	99.30	133.10	153.50	183.13	202.77	194.17	169.93

Notes:

- 1) annualized Full-Time Equivalent converts enrolment to the number of students carrying a normal full credit load for the year
- 2) student = person who was enrolled in at least one UNBC credit course during the year
- 3) fiscal year - FTE was calculated from course enrolments in Summer semester (at September 1) + Fall semester (at November 1) + Winter semester (at March 1)
- 4) undergraduate international tuition FTE were included; Northern Medical Program was excluded

Note 1: FTE definition

Annualized FTE short definition:

UG + Continuing studies = total semester FTE / 2

GR = total semester FTE / 3

Semester FTE: Semester FTE is calculated by taking a student's semester credit total and dividing by the standard full course load credit total. Generally speaking for undergraduate students this would be semester total/15. For graduate students if they are taking 6 or more credits they are 1FTE and if they are taking less than 6 credits they are 0.333FTE. PhD students get 1 FTE per semester regardless of credit totals. There are some finer points involved with calculating FTE but for the purpose of a general description they need not be discussed.

Cross College: Joint majors where the majors fall in both colleges (e.g., Joint Anthropology & Geography) AND undeclared students.

3.3.2. Unadjusted Three-Year Budget Projections

Table 1 provides a financial summary of the projected operating revenues and expenses for 2016/17 and the following two years based on the above assumptions and before making adjustments required to balance the budget.

The projections indicate that unless significant ongoing budget adjustments are made, the combination of flat tuition revenue and provincial grants and increasing costs produce the following results:

- 2016/17: deficit of \$2.62 million.

- 2017/18: deficit of \$3.41 million, assuming no adjustments are made to permanently reduce the 2016/17 deficit.
- 2018/19: deficit of \$4.28 million, assuming no adjustments are made to permanently reduce the 2017/18 deficit.

In percentage terms, in the third year, this amounts to \$4.28 million over \$81.75 million or 5.2%.

Note: If the projected labour costs did not include estimated salary savings of \$833,000, the deficit would be correspondingly higher each year and the percentage would rise to 6.3% in 2018/19.

Table 1 – Unadjusted Budget Projections (Revenue and Expenditures for 2015/16 to 2018/19)

Consolidated General Operating Fund*	2015/16 Approved Operating Budget (000's)	2016/17 Preliminary Operating Budget (000's)	2017/18 Projected Operating Budget (000's)	2018/19 Projected Operating Budget (000's)
Revenues				
Provincial Base Operating Grant	47,692	48,211	48,873	49,652
Provincial Grants - Capital, One-time & Other	500	502	502	502
Federal Grant - Research Support Fund	1,145	1,145	1,145	1,145
Grants from other universities	5,805	5,968	6,080	6,194
Interest	515	315	315	315
Tuition & Student Fees	18,078	17,748	17,748	17,748
Sales & Service	450	450	450	450
Miscellaneous	123	123	123	123
ICR - Administrative Overhead	576	676	676	676
Other Cost Recovery	571	661	661	661
Total Revenues	75,455	75,798	76,573	77,466
Expenditures				
Labour (Salaries, Wages & Benefits)	54,310	55,549	56,758	58,167
Operating Expenditures	17,706	17,286	17,637	17,995
New allocations:				
Instruction & support for new programs	1,250	1,250	1,250	1,250
Strategic Priorities	100	-	-	-
Transfers	2,089	4,336	4,336	4,336
Total Expenditures	75,455	78,420	79,981	81,748
Budget Shortfall before adjustments <i>(in 2015/16, this amount (\$2240) included in above totals)</i>	0	(2,622)	(3,408)	(4,281)
TOTAL REVENUE LESS EXPENDITURES AND REDUCTIONS	-	-	-	-

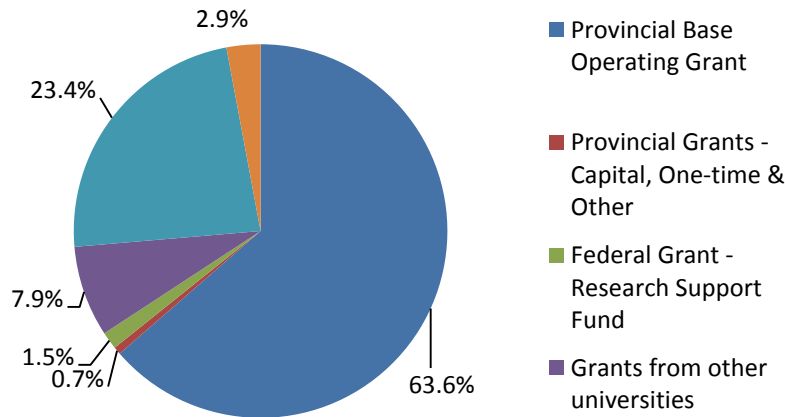
The following sections provide the details on revenue and expenditure changes in the above projection.

3.3.2.1. Revenue Projections (as per Table 1)

The Consolidated General Operating Fund is supported by revenues from three main sources:

- Federal and Provincial government grants, which account for 66% of revenues in 2016/17.
- Grants from other universities, which account for 8% of revenues in 2016/17.
- Student tuition and fees that account for 23% of revenues in 2016/17.

Figure 9 – 2016/17 Consolidated General Operating Revenue



The total Consolidated General Operating Fund revenue for 2016/17 is projected at \$75.8 million. The major changes by area are as follows:

Provincial Base Operating Grant (\$48.21 million) has been adjusted from the 2015/16 approved budget to reflect final confirmation of the 2015/16 amount and funding for salary increases included within the provincial mandate.

Table 2 – Adjustments to 2015/16

Adjustments	(000's)
2015/16 approved amount	\$ 47,692
Mandate funding	518
2016/17 budgeted amount	\$ 48,210

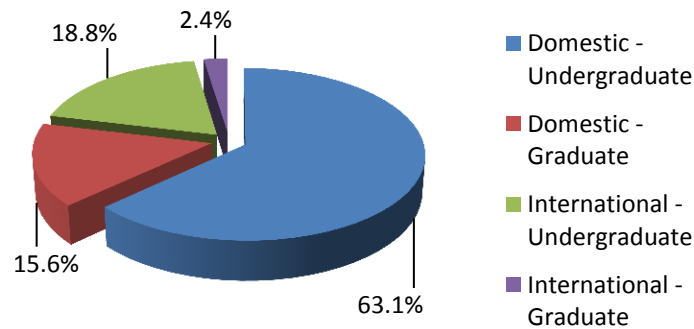
Tuition & Student Fees (\$17.75 million) represent fees paid by students (undergraduate and graduate, domestic and international) including application fees, course fees, student service fees, and other mandatory fees. The total tuition fee amount budgeted for 2016/17 is based on the following:

- A 2% increase to tuition rates but budgeted tuition revenue maintained at the 2015/16 level. (See Planning Assumptions above).
- Planned enrolments for the Master of Business Administration Program.
- An amount for projected tuition fees from the new Master of Engineering Program.

The overall projected tuition is \$330,000 less than the total budgeted for last year, due to the changes in planned enrolments for the MBA Program.

For planning purposes, a 2% tuition increase but flat tuition revenue budget is also used for 2017/18 and 2018/19, per the Planning Assumptions. Student fees have also been held constant. The following graph illustrates the proportionate share of tuition revenue budgeted for each student group.

Figure 10 – 2016/17 Tuition by student group



Provincial Grants: Capital, One-time & Other (\$502,000) are grants received for specific items such as funding for a province-wide computer network infrastructure (ORAN), a portion of the annual program delivery costs for Wilp Wilxo’oskwhl Nisga’a, the University’s grant-in-lieu of taxes, and routine capital.

Other Revenue (\$8.19 million) comprises a variety of different sources.

- Interest is from university cash balances invested in short-term investments such as money market and bond funds.
- Sales and Service includes items such as administrative fees, rent charged to external groups, and sales of a variety of goods and services.
- Miscellaneous includes non-research grants and donations.
- Internal Cost Recovery – Administrative Overhead represents a percentage of gross sales charged to Ancillary operations and the MBA program for administrative and operational services.
- Other Cost Recovery includes inter-departmental chargebacks for items such as postage, long distance, lab supplies, and personnel services.
- Grants from Other Universities is the portion of funding for the Northern Medical Program that is flowed to the University via UBC.

Revenue Change Summary - The following table summarizes all of the above changes to revenue in this budget framework.

Table 3 – 2016/17 Revenue plan changes

Adjustments	(000's)
Mandate funding	\$ 518
ICR - Administrative overhead	100
MBA enrolment adjustment	(330)
Grants from other universities (NMP funding from UBC)	163
Other	(108)
Total revenue increase 2016/17	\$ 343

3.3.2.2. Expenditure projections (details of Table 1)

The expenditures of the Consolidated General Operating Fund fall into four main categories:

- Labour, which accounts for 71% of all expenditures.
- Operating and Minor Capital Expenditures, which account for 22%.
- Instruction and Support, which accounts for 2%.
- Transfers, which account for 5% of the total.

Figure 11 – 2016/17 Consolidated General Operating Expenditures by Function

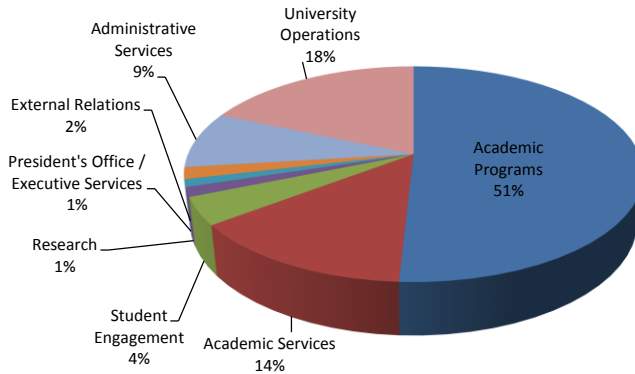
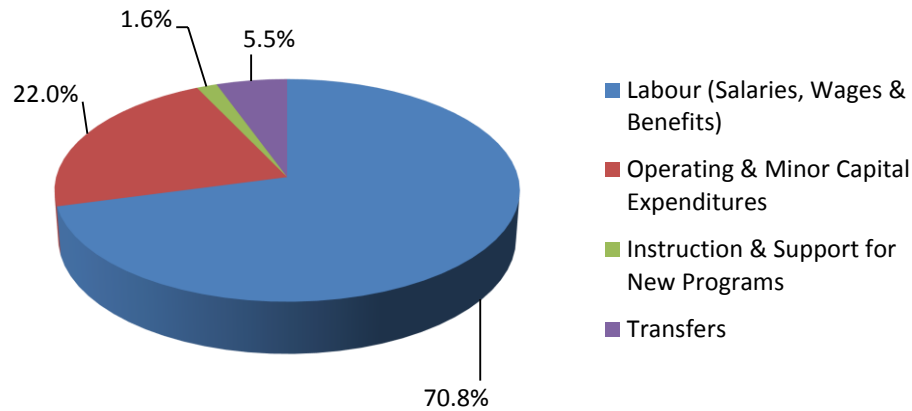


Figure 12 – 2016/17 Consolidated General Operating Expenditures by Category



The total Consolidated General Operating Fund expenditures are projected at \$78.42 million before adjustments.

Labour (\$55.5 million) has increased by \$1.24 million to reflect changes required under collective agreements, arbitration award and statutory obligations.

Operating Expenditures (\$17.29 million) are comprised of all non-salary expenses required to support programs and services including supplies, utilities, travel, and maintenance. The total has declined from 2015/16 (\$520,000) due primarily to changes in the Northern Medical Program and MBA Program budgets.

Instruction & Support (\$1.25 million) is the amount funded by the 2015/16 funding increase for the Masters of Engineering program; allocation of this funding is not yet complete. It has been partially allocated to labour and operating expenditures, but shown at the gross amount in Table 1 to illustrate that the total expenses have been maintained in the budget.

Transfers (\$4.34 million) represent the exchange of funds to and from other areas of the comprehensive financial operation. For example, transfers to scholarships and bursaries, and transfers from Endowments for program support. Total net transfers have increased by \$2.2 million primarily due to eliminating the non-recurring adjustments in 2015/16, and changes in the Northern Medical Program and expiry of some CRC Chairs.

Expenditure Change Summary – The following table summarizes all of the above changes to expenditures in this budget framework.

Table 4 – 2016/17 Expenditure Plan Changes

Adjustments	(000's)
Labour (salaries, wages & benefits)	\$ 1,239
Operating expenditures	(520)
Instruction & support for new programs	-
Transfers	2,246
Total	\$ 2,965

3.4. Operating and revenue adjustment plan

The previous sections identify the revenue and expenditures prior to the adjustments required to balance the 2016/17 budget. This section outlines the adjustments proposed to balance the budget (totaling **\$2.62 million**):

Table 5 – Budget Adjustments

	(000's)
2016/17 Deficit prior to following adjustments	(2,622)
➤ <i>One time elimination of contributions to reserves with sufficient accumulated balances to maintain activities at the same level as prior years:</i>	
▪ Scholarships & Awards	569
▪ Capital Equipment Replacement (CERR) (Note 1)	800
➤ Miscellaneous	190
➤ Temporary increase to investment income based on prior years' experience	100
➤ Temporary increase to estimated salary savings. A more complete analysis will be conducted during the new planning processes.	690
➤ Temporary decrease to the utilities budget based on previous years' results	173
➤ Temporary decrease to allocation for Gateway progression plan	200
➤ Maintenance of a strategic priority pool to provide some degree of flexibility to address emergent issues during the transition to the new planning processes (Note 2)	(100)
2016/17 revised surplus/(deficit) after adjustments	\$ 0

Notes:

1: Timing of CERR purchases can be postponed to accommodate funding availability. 2: The first \$25,000 allocation from these funds is to support the annual costs of new research software.

3.4.1. 2016/2017 Proposed Budget and Two-Year Projections

Based on the initial budget in Table 1, combined with the adjustments in Table 5, the following Table 6 represents the Consolidated Operating Budget for 2016/17 and the projections for 2017/18 and 2018/19.

Table 6 – 2016/17 Proposed Budget and Two-Year Projection

Consolidated General Operating Fund*	2015/16 Approved Operating Budget (000's)	2016/17 Proposed Operating Budget (000's)	2017/18 Projected Operating Budget (000's)	2018/19 Projected Operating Budget (000's)
Revenues				
Provincial Base Operating Grant	47,692	48,211	48,873	49,652
Provincial Grants - Capital, One-time & Other	500	502	502	502
Federal Grant - Research Support Fund	1,145	1,145	1,145	1,145
Grants from other universities	5,805	5,968	6,080	6,194
Interest	515	415	315	315
Tuition & Student Fees	18,078	17,748	17,748	17,748
Sales & Service	450	450	450	450
Miscellaneous	123	123	123	123
ICR - Administrative Overhead	576	676	676	676
Other Cost Recovery	571	661	661	661
Total Revenues	75,455	75,898	76,573	77,466
Expenditures				
Labour (Salaries, Wages & Benefits)	54,310	55,151	56,758	58,167
Operating Expenditures	17,706	16,624	17,537	17,895
New allocations:				
Instruction & support for new programs	1,250	1,250	1,250	1,250
Strategic Priorities	100	100	100	100
Transfers	2,089	2,774	4,336	4,336
Total Expenditures	75,455	75,898	79,981	81,748
Budget Shortfall before adjustments	0	0	(3,408)	(4,281)
TOTAL REVENUE LESS EXPENDITURES AND REDUCTIONS	-	-	-	-

Note 1: 2017/18 and 2018/19 projected labour costs include \$833,000 anticipated salary savings; if the estimated salary savings were eliminated, the deficit would be correspondingly higher.

3.5. Sponsored Research

As one of B.C.'s research universities, research is an integral part of the mission of UNBC. There are a number of major categories of sponsored research funds:

- Competitively adjudicated funding from the Tri-Agencies that included NSERC, CIHR and SSHRC. Our collective success in these funding programs provides percentage-based funding to the University in the form of the Research Support Fund.
- Canada Research Chairs program, of which UNBC currently has six including five Tier two and one Tier one chair.
- Competitively awarded major research infrastructure support from the Canada Foundation for Innovation (CFI), the BC Knowledge Development Fund (BCKDF).
- Other sources including research agreements with governments, foundations and industry as shown in the table below.

Table 7 - Total Research Revenue by Category

	11/12	12/13	13/14	14/15	15/16*
Source	Total Awards 000's	Total Awards 000's	Total Awards 000's	Total Awards 000's	Total Awards 000's
NSERC	1,175,488	1,087,638	1,177,481	1,135,011	1,000,357
SSHRC	449,511	309,552	491,267	541,488	383,359
CIHR	562,978	549,035	453,127	514,848	564,563
CRC	875,000	925,000	1,100,000	975,000	750,000
Research Support Fund	1,733,284	1,563,503	1,365,666	1,239,661	1,145,436
Other	6,929,044	5,246,242	7,179,314	6,611,639	3,421,508
BCKDF	67,757	166,309	81,257	315,354	170,968
CFI	175,393	221,083	382,508	32,986	170,968
Endowment Allocations to Research	598,804	537,191	637,862	641,288	1,064,409
Total Research Funds	12,567,259	10,605,553	12,868,482	12,007,275	8,671,568

*15/16 amounts based on a fiscal year that is not yet complete

3.5.1. Internal Funding Programs

Historically, the three major internal funding programs lead by the Vice-President Research are the seed grants, travel grants and publication grants. All of these funding programs have been in place for more than 15 years without changes and need to be evaluated to ensure the University is enhancing its research vision. The other internal funding program has been the utilization and leveraging of overhead funding to provide support for faculty grant submissions or one-time infrastructure opportunities.

3.5.2. External Grant Funding

External funding is vital to the success of the University. In recent years, there have been significant changes within the Tri-Council agencies including how grants are reviewed and new funding parameters/programs. There has also been a shift towards external granting opportunities requiring additional matching or contributing funds. Finally, there continues to remain an issue for the sharing of resources (overhead, funding dollars and post award identification) that needs to be addressed for multi-institutional grants.

3.5.3. Research Chairs and Institutes Review

The Research Chairs and Institutes are meant to be the leadership core and to foster and enhance the research direction of the University. Their activities must align with the Strategic Research Plan.

3.5.4. New Areas of Focus

It is vital for the success of the research mission that the University continue to be proactive and adaptable to meet the changing landscape of the research environment from the provincial, national and international perspective. Areas to include:

- International Research – A Two Pronged Approach:
 - 1) evaluate existing educational relationships with other universities to see if there are research opportunities that align.
 - 2) Proactively engage research universities whose research interests align with UNBC.
- Clinical Research Platform:

Local (Northern Health) and Provincial (Pacific Health Innovation Exchange, BC Clinical Research Infrastructure Network and Academic Health Sciences Network) partnerships.
- BC Interior University Partnership (Thompson Rivers University, UBC Okanagan) on Research Exchange.
- Innovation/Entrepreneur Hub.

3.5.5. Summary

The UNBC Strategic Research Plan, under the portfolio of the Vice-President Research, will support the above identified research activities at UNBC. This will be done in a coordinated and strategic approach from both an internal and external perspective to ensure long-term research success. This approach will maximize opportunities and alleviate the decrease in funding that has been observed for a number of years. This will also provide the necessary ability to leverage current and new opportunities leading to a successful and sustainable research program at UNBC.

3.6. Ancillary Operations Budgets

This section outlines the budget framework for three ancillary areas:

- Ancillary units including Residence, Retail Services, Continuing Studies, and Conference and Events
- English Language Studies
- Parking and Security

An ancillary operation is a unit or department within the university that is required to be financially self-sufficient. That is, each operation must generate sufficient revenue to not only cover its annual operating costs, including utilities and maintenance, but also provide for the renovation and replacement of its physical assets including any required debt servicing costs.

Total Revenue from all three areas from Ancillary Operations in 2016/17 is projected to total nearly \$13 million. Table 8 below shows the combined proposed budgets for all ancillary areas.

Table 8 – Consolidated Proposed Ancillary Operations Budgets

	Approved Budget 2015/16 (000's)	Proposed Budget 2016/17 (000's)
Total Revenue	12,935	11,837
Expenditures:		
Salaries and Benefits	4,852	4,352
Operating Expenses	7,326	6,948
Transfers	757	537
Total Expenditures & Transfers	12,935	11,837

English Language Studies (ELS) and Parking/Security (PS), although an ancillary operation, reports through International Education and Parking/Security, respectively, while all other units report through the Director of Ancillary Services.

Each section below outlines the proposed budgets for 2016/17 for the various ancillary units.

3.6.1. Ancillary Central Services

Ancillary Central Services (ACS) provides the business needs for the entire Ancillary Division except for English Language Studies (ELS) and Parking & Security (PS). Overall leadership, business development, project management, and marketing for the Ancillary Services Division are provided by this unit.

All revenues to support this unit come from contributions from other ancillary units, not from General Operations.

Table 9 – 2016/17 Proposed Ancillary Central Budget

Ancillary Central	Approved	Projected	Proposed
	Budget	Year End	Budget
	2015/16	2015/16	2016/17
	(000s)	(000s)	(000s)
Total Revenue	0	2	0
Salaries and Benefits	367	393	425
Operating Expenses	408	413	439
Debt Servicing	0	0	0
Capital	5	6	5
Transfers	(780)	(810)	(869)
Total Expenditures	0	2	0

ACS facilitates financial contributions (see below) from the entire Ancillary Division (excluding ELS and Parking/Security) for UNBC General Operations.

3.6.1.1. Ancillary Services Contribution Summary

Operational Dependent contributions are transferred out of the Ancillary Division to the General Operating; the amounts are based on the actual cost of positions or services. These funds provide support for various positions and functions that are needed for the Ancillary Services Division, in areas such as Facilities, Student Life and Human Resources. Ancillary Services’ ability to maintain current revenue-generating activities would be significantly impacted without the services funded by these contributions.

Non-Operational Dependent contributions are also transferred out of the Ancillary Division to the General Operating Fund; however, the amounts are based on a percentage of sales or are lump sum amounts. These amounts form part of the total revenue in the General Operating fund; uses of the funds are prioritized outside of the Ancillary Division. If these contributions were eliminated, Ancillary Services could maintain its current level of revenue-generating activity and would have a higher level of cash flow to invest in these activities; however, other units, services and programs would be adversely impacted.

Table 10 – Ancillary Services Operational and Non-operational Contributions

		13/14 Actual	14/15 Actual	15/16 Projected	16/17 Proposed
Operational Dependent Contributions	Student Services	67	67	128	433
	Administrative Services	114	100	245	245
	Total Operational Dependent Contributions	181	167	373	678
Non- Operational Dependent Contributions	General Operating	267	388	482	705
	Student Services	0	18	212	215
	Scholarships and Bursaries	-	30	34	55
	Administrative Services	109	109	109	109
	Total Non-Operational Dependent Contributions	376	545	837	1,084
	Total Ancillary Services Contributions	557	712	1,210	1,762

The proposed Operational Dependent Contributions for 16/17 has increased primarily due to additional support for the Student Life area. Non-operational Dependent contributions for 2016/17 increase due to the addition overhead charge of 4% of Housing revenue and an increase to the flat contribution to the General Operating fund.

3.6.2. Residence

UNBC Residence Services provide on-campus accommodations for students and visitors. In all, UNBC has two buildings, organized into 129 four bedroom, and 14 two-bedroom apartments, which provide 544 total beds for students and visitors. The table below summarizes the proposed Residence Budget for the next three years.

Table 11 – 2016/17 Proposed Residence Budget

Residence	Approved	Projected	Proposed
	Budget	Year End	Budget
	2015/16	2015/16	2016/17
	(000s)	(000s)	(000s)
Total Revenue	2,531	2,218	2,477
Salaries and Benefits	301	325	257
Operating Expenses	834	709	1,085
Debt Servicing	470	270	270
Capital	477	19	0
Transfers	449	895	864
Total Expenditures	2,531	2,218	2,477

The approved rates proposed for rooms to support the proposed budget for the fiscal year April 1, 2016 to March 31, 2017, represent a 2.5% increase for four and two bedroom suites. This is required to cover inflationary pressures, addressing deferred maintenance, and planned capital projects.

Ancillary Services will continue to partner with UNBC Student Services to provide funding to provide essential student support services in residences for students living on campus.

2016/17 will see residence start much-needed preventative maintenance and renovations over the next two – three years. Costs will be covered by a combination of Board of Governors’ approved funding and provisions for capital (noted above) for an estimated residence renovation budget of \$11 million. Payback of Board of Governors’ approved funding (Residence and Food Service Renovation) will be approximately 10 years from completion of the residence project.

Declining enrolment has had an impact on UNBC Residence, which is currently operating at 80% occupancy.

Table 12 – 2015/16 Residence Occupancy Rate Changes

Year	Year Over Year % Change
1 st	-12%
2 nd	0%
3 rd and 4 th	-9%

Decreasing enrolment poses a risk for UNBC residence moving forward; however, an increased effort will be made in marketing the suites to students. Retention rates, noted above, show that the mandatory meal plan may not have impacted second year student numbers.

3.6.3. Food Services

UNBC Food Services is comprised of student-operated, self-operated, and contracted services located at a variety of locations on campus. Student-run locations are comprised of the Thirsty Moose Pub and two Degrees Coffee locations. Business activities conducted in these locations are not reflected in the financial summary below.

Table 13 – 2016/17 Proposed Food Services Budget

Food Services	Approved	Projected	Proposed
	Budget	Year End	Budget
	2015/16	2015/16	2016/17
	(000s)	(000s)	(000s)
Total Revenue	435	306	337
Salaries and Benefits	0	0	0
Operating Expenses	133	87	105
Debt Servicing	100	0	0
Capital	67	0	0
Transfers	135	219	232
Total Expenditures	435	306	337

The 2015/16 approved budget included the sale of 350 meal plans. Despite declining enrolment in residence, a total of 320 Meal Plans were sold. Revenues (above) are generated from commissions paid on revenues (below) to UNBC Food Services by Chartwells.

UNBC Food Services provides the following support for student services on campus:

- \$10,000 Annual Scholarship awarded through External Relations;
- \$10,000 in Annual Support for various Student Service Events.

Although food services on campus improved tremendously over the previous years, Ancillary Services is committed to working with Chartwells to ensure that overall food quality and variety are a high priority in the upcoming year.

3.6.4. Continuing Studies

Continuing Studies provides a variety of courses ranging from industry-specific training to credit programming through partnerships with participating schools within UNBC. The financial statement below captures the overall activity of UNBC Continuing Studies.

Table 14 – 2016/17 Proposed Continuing Studies Budget

Continuing Studies	Approved Budget	Projected Year End	Proposed Budget
	2015/16	2015/16	2016/17
	(000s)	(000s)	(000s)
Total Revenue	3,002	2,064	2,308
Salaries and Benefits	902	874	624
Operating Expenses	1,836	1,300	1,516
Debt Servicing	0	0	0
Capital	0	10	0
Transfers	264	(119)	167
Total Expenditures	3,002	2,064	2,307

Continuing Studies will continue to focus on developing its on-demand, video-based, asynchronous online platform to support industry training needs, as this represents a significant opportunity for growth. Although revenue was up year over year, it was lower than budgeted due to low enrolment for newly launched programming. Operating deficits resulting from lower than anticipated revenue and program development are covered from the Ancillary Services Reserve.

Table 15 – Continuing Studies Tuition Revenue by Type

	2014/15	2015/16	2016/17
Online Revenue	2	350	558
Classroom Revenue	1,927	1,714	1,750
	1,929	2,064	2,307

Focusing on industry training has allowed Continuing Studies to grow revenues from \$800,000 in 2011/12, to more than \$2 million for the first time in 2015/16.

With the launch of the online learning platform, Continuing Studies enters a new era of accessible training. Focusing on building relationships internally, within B.C., and internationally, will be critical to nurture future program growth.

Continuing Studies can play a role in moving UNBC forward and Ancillary Services are excited, and



prepared, to support the results of the Academic planning exercise currently underway at UNBC.

Focusing on maturing online offerings, building partnerships, and growing niche program areas will be the primary focus until the Academic Plan is complete.

3.6.5. Conference and Event Services

The Conference and Events Services (CES) office supports all of the logistics for hosting an event on campus. In doing so, and when their services are consistently utilized, CES has the ability to generate significant campus, economic, community, and business benefits for UNBC and Prince George.

Table 16 – 2016/17 Proposed Conference and Event Services Budget

Conference and Event Services	Approved Budget	Projected Year End	Proposed Budget
	2015/16	2015/16	2016/17
	(000s)	(000s)	(000s)
Total Revenue	314	297	359
Salaries and Benefits	348	357	245
Operating Expenses	236	234	218
Debt Servicing	0	0	0
Capital	0	2	0
Transfers	(270)	(296)	(104)
Total Expenditures	314	297	359

CES is often faced with an unstable fiscal position. The fluctuations in the number of revenue-generating events along with outside influences can greatly affect the outcome from year to year. In terms of volume (total number of bookings), the statistics compiled show that CES serves the needs of internal clients about 80% of the time and about 20% of our time is dedicated to external clients.

However, it is the external customers that provide approximately 80 to 90% of net sales. In addition to external customers, the CES budget relies on internal fund transfers from other Ancillary Services units (i.e. Continuing Studies, Northern Sport Centre, and Housing) in exchange for coordinating services. Therefore, we must balance the needs of internal customers, the academic schedule, and the demands of our external clients.



3.6.6. Retail Services

Retail Services consists of Bookstore and Print Services. Financial statements for each unit are provided below. A priority for all units is to complete a comprehensive operating plan for all units that will create a new path for the retail environment on campus.

3.6.6.1. Bookstore

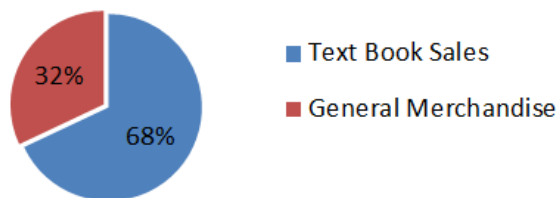
Table 17 – 2016/17 Proposed Bookstore Budget

Bookstore	Approved	Projected	Proposed
	Budget	Year End	Budget
	2015/16	2015/16	2016/17
	(000s)	(000s)	(000s)
Total Revenue	2,049	1,826	1,825
Salaries and Benefits	449	416	349
Operating Expenses	1,665	1,449	1,467
Debt Servicing	0	0	0
Capital	0	0	0
Transfers	(65)	(38)	9
Total Expenditures	2,049	1,826	1,825

The Bookstore generates revenue through the sale of textbooks, books, and general merchandise. Declining enrolment continues to put pressure on bookstore operations.

Sales deriving from textbooks continue to decline at an average rate of 7% per annum. Declining enrolment has a direct impact on this trend.

Bookstore Revenue



3.6.6.2. Copy Services

Copy Services consists of the Copy Centre and the multi-functional device fleet for Students, Faculty, and Staff. UNBC Copy Services aims to provide affordable print services for the campus.

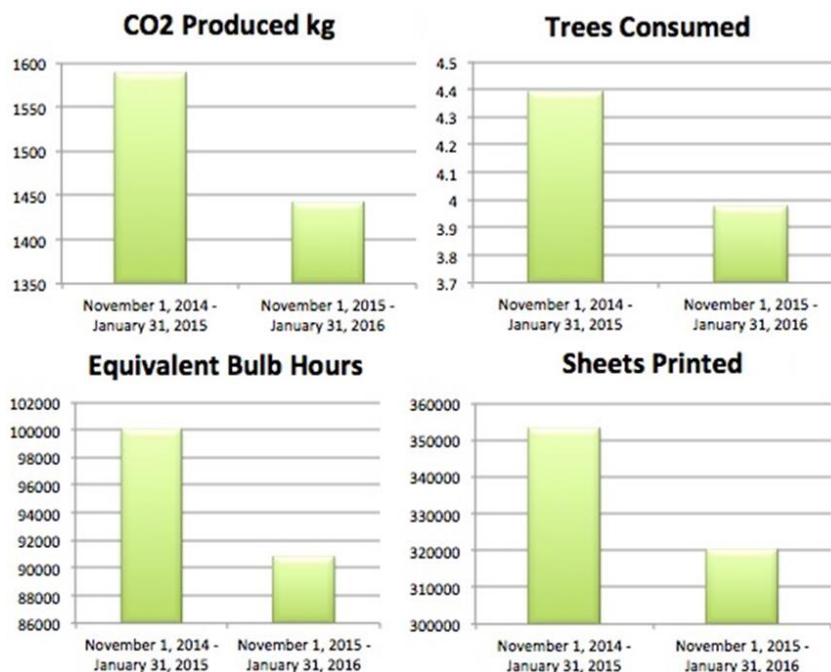
Table 18 – 2016/17 Proposed Copy Services Budget

Copy Services	Approved	Projected	Proposed
	Budget	Year End	Budget
	2015/16	2015/16	2016/17
	(000s)	(000s)	(000s)
Total Revenue	475	419	442
Salaries and Benefits	0	3	0
Operating Expenses	418	397	439
Debt Servicing	0	0	0
Capital	0	0	0
Transfers	58	20	2
Total Expenditures	475	419	442

2015/16 saw the roll out of a print management software on campus. Secured print, accurate billing, and a decrease in paper/energy production were the primary benefits of the new service.

Furthermore, 2015/16 realized a central budget for all print-related activities on campus. Copy Services has significantly decreased its footprint on campus while decreasing prices for print.

Figure 12 Copy Services – Print Activities



3.6.7. Northern Sport Centre

The NSC is operated by UNBC on behalf of the two primary stakeholders, the City of Prince George and UNBC. Both stakeholders provide a \$300,000 operating grant that is critical to the sustainable operation of the NSC. The NSC carries a separate reserve and the financials are provided for information purposes only.

Table 19 – 2016/17 Proposed Northern Sport Centre Budget

Northern Sport Centre	Approved	Projected	Proposed
	Budget	Year End	Budget
	2015/16	2015/16	2016/17
	(000s)	(000s)	(000s)
Total Revenue	1,933	1,980	2,055
Salaries and Benefits	839	789	850
Operating Expenses	964	1,027	974
Debt Servicing	0	0	0
Capital	100	45	75
Transfers	30	118	156
Total Expenditures	1,933	1,980	2,055

UNBC contributes to the operations of the facility by providing access for all students (e.g., varsity practice/game times, gymnasium time, Convocation). The City of Prince George contributes to user rates for local sport organizations ensuring that they remain at the lowest rates possible, approximately 33% of similar facilities in Western Canada.

The NSC has grown revenues to create a stable operation that provides consistent contributions to the NSC Reserve. This has ensured the unit has the essential funds to cover future capital needs.

Currently the NSC is operating at capacity and is struggling to meet the growing demand from all user groups. The Northern Sport Centre board is completing its renewed operating plan, which is scheduled for release in 2016.

3.6.8. International Education Budgets

UNBC International Education is a unit comprised of two departments of operations – the English Language Studies (ELS), which operated on a cost-recovery basis, and International Student Services that is funded centrally. ELS operation must generate sufficient revenue to not only cover its annual operating costs, but also contribute 2% of its gross revenue to UNBC as an administrative overhead charge each fiscal year.

Budgeted revenues from ELS operations in fiscal 2015/16 totaled \$1.5 million. Unfortunately, enrollment challenges resulted in ELS not meeting its revenue targets for the year. Operational expenses were less than budgeted, however the operations still ended the year in a deficit. The proposed budget for 2016/17 recognizes

the reduced revenue and expenses from declining enrollment. It is expected that in fiscal 2016/17 there will still be an operational deficit. However, the situation should improve in 2017/18 and the operation will return to being profitable.

Table 20 – 2016/17 Proposed English Language Studies Budget

English Language Studies	Approved Budget 2015/16	Proposed Budget 2016/17	Proposed Budget 2017/18	Proposed Budget 2018/19
	(000's)	(000's)	(000's)	(000's)
Total Revenue	1,015	820	1200	1500
Salaries and Benefits	790	735	850	900
Operating Expenses	202	142	150	175
Debt Servicing	0	0	0	0
Transfer to/(from) Reserves	33	-47	200	425
Transfers	-10	-10	0	0
Total Expenditures & Transfers	1,015	820	1200	1500

The proposed budgets for 2016/17 (60 International Undergraduate Preparation Program (IUPP) students), 30 Pre-MBA students and 2017/18 (90 IUPP students) and 60 Pre-MBA students are based on an assumption of successful inception of the Pre-MBA in 2016.

Return on investment (ROI) conditions for achieving budget targets:

1. To fund international marketing recruitment in key overseas markets.
2. To fund additional international staffs for marketing and recruitment.
3. To establish international admissions and articulations within International Education.
4. To establish a Vancouver site offering an ELS program, IUPP, Pre-MBA, MBA and the recently approved Associate Degrees.
5. To fund faculty members on international marketing trips.

3.6.9. Parking & Security Services

Parking and Security operate as a combined Ancillary unit. Revenue for the unit is comprised of parking fees together with security service fees charged to the University and to Ancillary Units.

Table 21 – 3-Year Proposed Parking & Security Budget

Parking and Security	Projected Year End 2015/16	Proposed Budget 2016/17	Proposed Budget 2017/18	Proposed Budget 2018/19
	(000's)	(000's)	(000's)	(000's)
Total Revenue	1,083	1,195	1,212	1,230
Salaries and Benefits	887	878	898	916
Operating Expenses	143	215	215	215
Debt Servicing	0	0	0	0
Provisions for Capital and reserves	72	121	118	118
Transfers	(19)	(19)	(19)	(19)
Total Expenditures	1,083	1,195	1,212	1,230

3.7. Specific Purpose and Endowment Funds

The specific purpose and endowment funds comprise two separate series of funds:

- **Specific Purpose** consist of project funds that are externally restricted (e.g., Aboriginal Service Plan) or internally restricted (e.g., student awards, library fines and reserves), as well as expendable funds that are externally restricted (e.g., various student awards) and chiefly supported by donations to the University. External donations and internal transfers to expendable funds can be used to directly support project-related expenses. The majority of specific purpose fund revenue is generally non-recurring in nature.
- **Endowments** consist of funds that are externally restricted and supported by donations to the university and interest earned on same (e.g., student scholarships, library endowments, and endowed chairs.) Donations to endowment funds cannot be spent directly; rather they are held for the purpose of generating interest (investment) income, which in turn is used to support project-related expenses in perpetuity. Revenues in these funds are cyclical by nature and therefore fluctuate, sometimes significantly, from year to year.

The majority of revenue in the specific purpose and endowment funds is usually from investment income and donations. In fiscal 2014/15, these two revenue categories respectively made up 46% and 40% of total revenue, with the majority of these revenues realized in the endowment funds.

Given the unpredictable nature of revenue within this fund, it can vary considerably from year to year. For example, total revenue in the specific purpose and endowment funds was \$6.9 million in 2011/12, \$6.5 million in 2012/13, \$7.1 million in 2013/14, and \$10.7 million in 2014/15.

The endowment funds receive donations that are invested for endowment purposes. As of March 31, 2016, there were a total of 291 funds with an *estimated* market value of \$67.9 million. This is the result of years of philanthropy and investment.

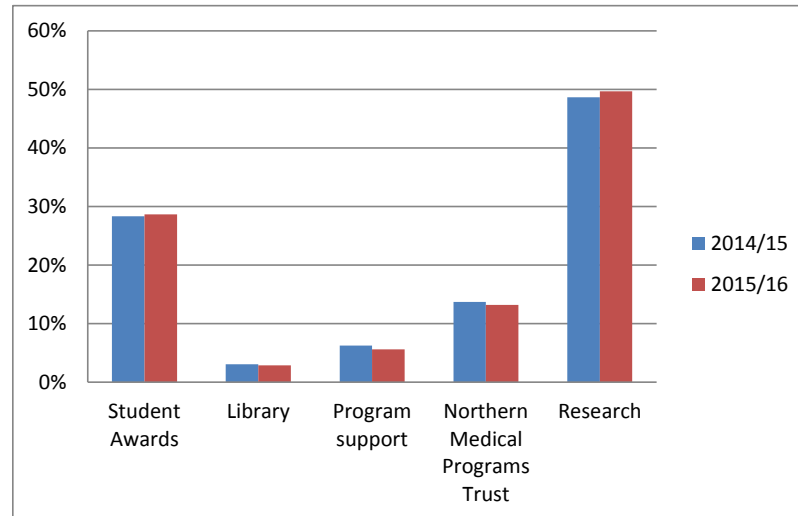
All specific purpose and endowment funds are restricted, meaning they can only be used for the purposes stated in the donor funding agreements and cannot be allocated to support any other activity such as offsetting deficits or addressing budgetary pressures within the general operating budget.

Spending in the specific purpose funds is limited to available fund balances in any given year and may be governed by donor agreements or internal restrictions.

The Investment Committee, a sub-committee of the Board of Governors, sets the university's endowment objectives, policies, spending policy, and other related parameters with the aim of empowering its investment managers to generate investment income sufficient to support specific areas of the university's activities as set out in the terms and conditions of the various donor agreements. In addition to the Investment Committee, spending from the Northern Medical Program Trust (NMPT) is determined by the NMPT Society that is composed of representatives from the participating communities.

On an annual basis, the various budget holders – as shown in the chart below – are allocated their distribution income (budget) from the endowment funds. For 2014/15 and 2015/16, the total available distribution of endowment funds was \$1.9 million and \$2.3 million respectively, allocated as follows:

Figure 13 – 2014/15 & 2015/16 Endowment Budget



To ensure sustainability, the spending rate for the endowment funds is currently set at 3.5% of the three-year rolling average market value of the endowment portfolio. The spending rate is reviewed annually by the Investment Committee.

3.8. Conclusion

The budgets and financial information in the preceding pages present a comprehensive financial picture of UNBC. The budgets are balanced and in the case of the operating budget the context has been set for some urgent fixes in the months to come. The Ancillary units continue to demonstrate sound financial growth and provide a significant contribution to UNBC.

Presenting the financial data related to research and specific purpose areas is intended to demonstrate that these broader activities make significant contributions to the mission of UNBC.