

## **Capilano University's 2016/17 Budget**

### **The Budget Process**

Capilano University's budget development process is guided by the University Act and Board policy. The university's Board of Governors is required to approve a balanced budget every year.

The President works closely with the Ministry, Board, Executive Management group and Senate Budget Advisory Committee (SBAC) to ensure that stakeholder input is sought and considered in the development of the annual budget.

The recommended final balanced budget must comply with university policies, contractual obligations, and consider the financial and academic sustainability of the university while addressing the needs of the students and the communities it serves.

The Board of Governors reviews the recommended final balanced budget in April or May, each year. This year, due to timing of the retirement of Cindy Turner, VP Finance and Administration, the recommended final balanced budget will be presented to the Board in March.

### **Building the Recommended 2016/17 Balanced Budget**

Capilano University's student-centered programming and services are integral to student success. The university's strategic plan provides a roadmap for the work ahead, and informs budget decisions for the coming year. Several additional factors influence the budget, including: government direction; increased costs for goods and services; decreases in enrolment; and changing student expectations.

A preliminary review of the anticipated expenditures for 2016/17 suggests a budget shortfall of \$1.3M. This means that when we consider our contractual obligations, known costs and priority expenditures against our expected revenues and anticipated funding, there is a gap of approximately \$1.3M.

The most significant factor contributing to this shortfall is a \$2.2M decrease in revenue for domestic enrolment. Domestic enrolment is down in most universities due to demographics and changing student interests and expectations of a post-secondary education.

Another notable impact results from the value of the Canadian dollar against US currency. Most IT licenses and some equipment are billed in US dollars. As a result, these costs are expected to be 40% greater in the coming year.

To account for these factors and enable the university to invest in priority areas, a number of strategies have been employed in building the draft 2016/17 balanced budget:

### Increase tuition

Decreases in domestic enrolment are projected to be offset in part by a \$1.05M increase in international enrolment. The Ministry of Advanced Education has advised the post-secondary sector that the allowable tuition increase for domestic students is 2%. In 2016/17, the President is recommending that Capilano University increase international tuition by 2% as well.

### Reallocate sections

In areas facing declining enrolment, the number of course offerings (sections) have been reduced. Those freed-up sections have been re-allocated to high demand programs and areas that have been identified for future growth through the strategic plan.

### Reevaluate low enrolment programs

Due to low enrolment, the following programs will not be offered in 2016/17: EAP Business Pathway, Mountain Bike, Scuba, and Wilderness Leadership. These programs will be re-examined for potential restructure or other modifications to better meet students' needs. Cinematography will also not be offered in 2016/17 as it is currently being redeveloped.

### Change how capital expenditures are managed

To improve accuracy in allocating and tracking capital expenditures, a capital list has been developed for items over \$5,000. Any required equipment/renovations/furniture expenses up to \$5,000 will be paid out of departments' operating expenses, rather than from a central "pool".

These actions have enabled the university to develop a draft balanced budget that successfully bridges the anticipated budget shortfall, and makes priority investments in high demand programs, the learning environment, student support services, and strategic enrolment management.

## **The Review Process**

The first draft of the 2016/17 budget, informed by the factors and strategies above, will be reviewed by the university's executive management group, the Board's audit committee, the Senate Budget Advisory Committee (SBAC), and the executive committee of the Board. Feedback from each of these stakeholder groups will be used by the President to develop the final balanced budget. The Board of Governors will consider the draft balanced budget on February 16 and will receive the final balanced budget for approval at their meeting on March 15.