Planning and Budget Framework 2023/24–2025/26

Part I: Integrated Planning Framework
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University of Victoria

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Planning process and strategic alignment

Part I of the University of Victoria's Planning and Budget Framework outlines investment priorities and areas of strategic focus over the coming three years. Part II outlines the revenue and budgetary requirements to support those investments.

When preparing Part I, we start with our institutional priorities and where we would like to focus our strategic attention and investments. A budget outlook informs how much funding is available based on the current provincial context, institutional operational needs and previous investments. University Executive members collect and prioritize submissions from each of their units. Then the Integrated Planning Committee—led by the Vice-President Academic and Provost and with representation from all executive portfolios—reviews those priorities and determines key areas of focus based on the Strategic Framework: 2018–2023, the draft Strategic Plan and academic and operational priorities along with their associated resource commitments in the immediate one to three years.

The Planning and Budget Framework is informed by these two high-level frameworks and also reflects the objectives and commitments articulated in other institutional plans, including Aspiration 2030, Campus Plan, Equity Action Plan, Indigenous Plan, International Plan, and Strategic Enrolment Management Plan, as well as other strategic documents like the UVic Health Initiative concept paper and communication and marketing plans.

Some priorities are new while others are continuations, revisions or renewals of previous investments. Typically, the Integrated Planning Committee annual process involves careful evaluation and examination of a wide range of requests to establish investment priorities, balance needs and find opportunities for collaboration. This year, as noted in the section below, we are operating in constrained budget environment, and Integrated Planning oversaw budget reductions and a limited number of strategic allocations. The President then reviews the proposed investments and ultimately recommends their approval to the Board of Governors in March each year.

Part I: Integrated Planning Framework

Context and current environment

The environment and financial outlook for post-secondary education in BC is constrained as institutions emerge from the COVID-19 pandemic. While provincial funding for compensation mandates continues, there is no annual lift to meet other inflationary pressures or cover additional costs incurred as a result of the pandemic. In 2022/23, UVic, along with other institutions in BC and Canada, experienced enrolment declines resulting in a budget outlook for 2023/24 that prioritizes enrolment rebuilding and includes limited scope for other investments.

As UVic concludes bargaining with all its employee unions, including the Faculty Association, we are taking advantage of a historic mandate through BC's Public-Sector Employers' Council to offer competitive salaries and retain talent in a constrained and challenging labour market. UVic is a people-focused organization and recognizes the importance of supporting and retaining a diverse community of faculty and staff, especially through difficult fiscal and enrolment environments.

The recently renamed Ministry of Post-Secondary Education and Future Skills launched a post-secondary funding review last year, which may continue into 2023/24. The current external financial environment is relatively positive as the BC Government has emerged from the pandemic with a large fiscal surplus despite lingering challenges from the COVID-19 pandemic. Although environmental, health and social concerns persist in BC, the province did not experience as many notable environmental events as we did in 2021, such as the heat dome and flooding that resulted in unprecedented damage to critical provincial infrastructure. The province does, however, continue to face an overdose crisis, high rates of inflation, and an inadequate supply and high cost of housing—all of which are affecting the Greater Victoria Area, which is the second largest metropolitan area in BC.

UVic is positioning itself to help address some of these critical environmental and societal issues, including through our teaching and research priorities and institutional plans such as Aspiration 2030, Equity Action Plan, Indigenous Plan and the Climate and Sustainability Action Plan (CSAP). To address affordability concerns, we completed one of two new student housing and dining (SHD) buildings in 2022 and plan to open the second in 2023. We are also completing a Student Housing Expansion Feasibility Study in 2023 to examine an additional 500 beds of student housing. We continue to invest in scholarships, bursaries and work study programs to attract new students in an increasingly competitive post-secondary environment and to make education more affordable for students in need. We have also recently partnered with the province to offer $10 a day daycare.

Government priorities for post-secondary institutions continue to focus on opportunities for provincial and regional recovery efforts in the context of the recent pandemic, including through a micro-credentialing framework for BC universities and colleges to support upskilling, reskilling and job placements. UVic has been building on that framework to reach new learners and develop principles for both credit and non-credit micro-credentials—to complement our existing academic offerings in our faculties and Division of Continuing Studies.

Through the province's upcoming technology programs expansion, we hope to receive incremental funding for UVic's computer science and engineering programs. Some of these programs will likely be offered at the new West Shore campus, currently under construction in partnership with Royal Roads University, Camosun College and government. We expect future investments from the province to continue being highly targeted, although their impacts are felt broadly at the university. For example, we are planning for potential expansions in health-related disciplines to help meet local and provincial primary care needs, including through our nurse practitioner, specialty nursing, and/or our health information sciences programs, as well as new programs related to physical therapy and speech-language pathology in collaboration with UBC.

Notable enrolment changes and expenditures

In 2022/23, UVic experienced a decline in international enrolments, likely due to pandemic-related factors. Unlike previous years, this decrease was not offset by higher domestic enrolments, although we once again saw a modest increase in graduate enrolment, which continues to support our research mission and is an area of focus aligned with our strategic enrolment management goals.

Firstly, for international students, Immigration, Refugees and Citizenship Canada experienced a significant backlog of study permit requests in 2022, leaving many students without study permits before the start of the fall term. As a result, some prospective international students deferred while others chose post-secondary institutions outside of Canada. As well, some countries—particularly China, which has been our biggest overseas recruitment country for several years—continued to experience lockdowns that restricted travel.

Secondly, a recovering Canadian economy has provided new opportunities in the labour market for prospective domestic students. During times of economic contraction, we tend to see an increased interest in post-secondary education, as few jobs are available. Conversely, when there is a strong labour market, students may defer or interrupt their studies to take advantage of increased employment income opportunities. Fall 2021, during a disrupted labour market, saw our largest entering class to-date, and we allocated a record-number of scholarships as a result. To course correct for 2022 and avoid over-spending, we adjusted our scholarship criteria to pre-pandemic levels, which resulted in a decline in new domestic enrolments that was slightly larger than intended.

Finally, now that many pandemic restrictions have eased, more people are traveling and/or exploring overseas opportunities.

These factors, along with many other complexities, contributed to enrolment shortfalls across the sector in BC and Canada in 2022/23, including at UVic, and may also contribute to a shortfall in 2023/24. Enrolment declines directly impact tuition revenues and thus our operating budget. To avoid a budget deficit—something not permitted by the provincial government—UVic implemented a temporary hiring pause and review in fall 2022, as well as one-time contributions from units across campus (e.g., from carry-forwards and equipment reserves).

As we plan for the university's 2023/24 budget, we are taking into account lower enrolments from 2022/23 and an expectation that international enrolments will not fully recover in 2023/24. All of our anticipated enrolment scenarios indicate that we will need to reduce our operating budget to compensate for up the associated tuition shortfall. In consultation with the Board of Governors, we are implementing a four per cent base budget reduction for 2023/24.

Given the challenges with enrolment and associated tuition shortfall, UVic's 2023/24 budget will focus on rebuilding enrolment, with a limited number of strategic investments to support that urgent priority. To support student recruitment and retention, we are investing in and/or protecting a few areas from the base budget reduction, including scholarships and bursaries, some clinical health and wellness supports, and central supports specific for Indigenous students and initiatives. To support Indigenous enrolment and success, we have protected budgets in the Vice-President Indigenous portfolio including Indigenous fellowships and the LE,NO<u>N</u>ET first-year experience program.

The provincial government continues to limit domestic tuition fee increases to two per cent, and so UVic must look elsewhere if we are to increase revenues to support priority investments and enhance the student experience going forward. International tuition rates, for example, are set by individual institutions rather than the provincial government. Consistent with last year, UVic will increase international fees this year based on a projected three-year average inflation rate. Necessitated by the steep rise in inflation across the country, we reviewed and adjusted inflation rate changes for

2023 to ensure financial sustainability in the coming years. We will continue to offer bursaries and programs like work study to support international and domestic students who demonstrate financial need, which may be increasingly in demand in the context of inflation and affordability more generally.

Inflation and rising costs associated with library acquisitions, software licenses, institutional memberships, and the impact of the lower value of the Canadian dollar relative to the US dollar are examples of ongoing pressures that constrain financial planning. At UVic, these pressures have negatively impacted our budget in a number of areas, including information technology, research infrastructure, facilities management, and the University Libraries' collections and acquisitions budget.

As well, UVic, like other post-secondary institutions, continues to face growing cybersecurity threats, both in frequency and impact. As we adopt and increase use of new technologies to support our academic and research missions, especially in the context of increased access to education, it is critical that we invest in people and technology to protect our information systems and data. Many of these technologies are increasing in cost, in part due to high rates of inflation.

The rising cost of construction and insurance is also an area of concern going forward, and we have several capital projects underway to support our educational mandate.

Investment highlights and priorities

While there are limited funds this year for new budget allocations, the Planning and Budget Framework provides for a three-year outlook and includes indicators of future investments, aligned with our strategic plans and institutional goals. To ensure key university initiatives continue—in particular student recruitment and retention—we will make modest investments this year and look to invest in other strategic initiatives once we have achieved our enrolment goals.

Consistent with previous years, we are investing in our students and their success, prioritizing competitive scholarships and needs-based financial supports to increase access and affordability, including for students who experience barriers. In addition to scholarships, we aim to increase student recruitment through agencies and partnerships, particularly in order to increase and diversify international enrolments. These activities will be supplemented with investments in branding and marketing to assist in internationalizing our campus and recruiting both international and domestic students. We are also prioritizing student health and wellness services and accessibility supports—which students have increasingly needed and accessed, particularly during the COVID-19 pandemic.

In addition to these steps to rebuilding enrolments, we are working with Deans to identify new programming and revenue generation opportunities, including through professional masters programs, new undergraduate programs, micro-credentials as well as innovative partnerships here and abroad. We are also exploring potential improvements to our budget model to ensure that appropriate incentive structures are in place for this type of entrepreneurship and for increasing international enrolments.

Through the UVic Health Initiative, work continues on enhancing the quality and raising the profile of health research, programs and related activities at UVic. Investments in support of this initiative will foster collaborative partnerships and interdisciplinary approaches to both research and academic programs. Academic expansions, as well as how and where we focus our academic programs, will be a priority, such as nursing and health information sciences as well as programs offered in partnership with other institutions and government, including a potential partnership with UBC on physical therapy and speech-language pathology. UVic is also exploring opportunities to enhance on-campus health care and practicum experiences.

In addition to health programming, a priority for government and for UVic will be another expansion of engineering and technology-related programs. Building on the success of our government-funded expansion from 2018/19 to 2022/23, UVic is uniquely positioned to expand several popular programs in high labour market demand, such as computer science and software engineering. Aligned with this expansion, we are exploring opportunities at both our main campus as well as the anticipated West Shore campus to improve access to education for residents of the fast-growing western communities of Victoria.

Another priority for UVic is advancing equity, diversity and inclusion initiatives across the university, aligned with our new Equity Action Plan. The plan's goals provide UVic with strategic direction to advance this work and create the conditions in which everyone feels a sense of belonging, as connected and respected parts of the university community. Notably, we have formed a new accessibility committee to develop evaluation tools and resources to improve campus inclusiveness and ensure UVic meets new provincial legislative requirements related to accessibility and access. Digital learning is one important aspect of accessibility, and new technologies and initiatives will help UVic improve access and delivery of education.

A new Indigenous plan and associated initiatives aim to enhance Indigenous governance and support decolonization as well as deliver on our commitments to truth, respect and reconciliation. The plan, set to launch in 2023, responds to DRIPA and the TRC Calls to Action and outlines ways to create a community of belonging, wellbeing and accountability that honours and supports diverse Indigenous identifies, experiences and teachings.

We also anticipate investments in the coming years to support Aspiration 2030, our research and creative works strategy. The strategy broadens the concept of research impact, beyond traditional metrics, and supports research endeavors from researchers in every stage of their academic career. As well, we will invest in priorities that advance our Climate and Sustainability Action Plan, which integrates sustainability practices in research, academics and operations across the university to address global climate change.

Guided by our Campus Plan and student demand, several projects are underway, with government support, to renew and improve UVic's physical infrastructure. Our second of two new student housing and dining buildings is set to open in time for fall 2023, which will help address affordability and regional housing shortages. We are also completing two housing studies in 2023, the first is a Student Housing Expansion Feasibility Study to examine adding 500 beds of student housing and the second is looking to update the housing deferred maintenance costs to understand future investments needed to ensure our housing accommodations remain to the standard students expect.

We are building an addition to the Engineering and Computer Science Building and an addition to the Fraser Building to house the new National Centre for Indigenous Laws and increase classroom space. UVic leadership is also moving forward on the strategic use of UVic's outlying lands, to diversify our revenue base to support our academic mission and priorities. We are in the early stages of planning for a new mixed use university district including housing and supporting commercial uses at the Ian Stewart Complex and Campus Storage Facility across the road.

Given the current environment and lessons learned from other institutions, we continue to prioritize cyber-security, working to ensure the security of our systems and data. Work is underway to improve data governance and institutional reporting to support effective decision making and transparency around measuring our success relative to our goals and aspirations.

Under the leadership of President Hall, UVic is set to launch a new strategic plan this spring. New strategic investments will be needed in the coming years to support implementation and ensure we achieve our new collective vision. Aligned with this new plan, we are also preparing for a comprehensive fundraising campaign to support UVic's mission and help ensure financial sustainability going forward.

Conclusion

Along with many other post-secondary institutions in BC and Canada, the effects of the recent pandemic and other national and global factors continue to create pressure and uncertainty with our enrolment and budget outlook. Our priority, as we rebuild enrolments and position ourselves for the future with our new strategic plan, is to ensure faculty, instructors, staff and students are well supported. In a constrained budget environment, it is more important than ever to be a fiscally responsible steward of public funds and tuition dollars—focusing investments in our core mission and commitment to students and community, as outlined in our institutional plans. The investments we are prioritizing this year will help us meet our student recruitment and retention goals so that we can continue to invest in the strategic priorities that make UVic and Victoria a great place to live, work and study.

Part II: 2023/24 Budget Framework and Three-Year Plan

Developing and approving an institutional budget ensures that financial resources are aligned with institutional priorities and areas of strategic focus. With advice from the Senate Committee on the University Budget (SCUB), this framework is developed by the Integrated Planning Committee, chaired by the Vice-President Academic and Provost, for recommendation to the President and then approval by the Board of Governors.

The 2023/24 Planning and Budget Framework looks at a three-year horizon and considers a multi-year approach. The current environment and enrolment experience over the last year has had a significant impact on resource levels and funding available for strategic priorities. With limited investments, Part I of this document is briefer than in prior years, with a focus on building back enrolment and supporting recruitment efforts for the coming three years.

The 2023/24 budget was developed after considering a range of potential enrolment scenarios from pessimistic to optimistic, using 2022/23 actual enrolments as a starting point:

23/24 Enrolment Scenarios

	Pessimistic		Status quo	Pragmatic		Optimistic	
Domestic							
Undergraduate	(2%)	13,641	13,920	2.0%	14,198	3.9%	14,458
Graduate	(2%)	1,830	1,868	1.0%	1,887	2.0%	1,905
International							
Undergraduate	(5%)	1,946	2,048	4.0%	2,130	8.9%	2,230
Graduate	(5%)	1,038	1,092	2.5%	1,120	5.0%	1,147

After consideration of each scenario, including likelihood and risk in achieving the associated enrolment targets, the pragmatic scenario was supported by the Board as the basis for developing the budget because it best balances the risks associated with enrolment planning including:

- protecting against having to make mid-year adjustments or further cuts in future years if enrolments are not met; and
- implementing too deep of a budget cut, limiting our ability to generate new revenue opportunities, address institutional priorities and maintaining campus morale after several years of budget restraint.

With this approach, enrolments are projected to be higher than actual enrolment in 2022/23 but are lower than budgeted in 2022/23 and therefore base budget reductions of 4% across all portfolios (except VP Indigenous) are necessary to balance the 2023/24 budget. As budget reductions are implemented, our budget principles include:

- maintaining high quality education and capacity;
- prioritizing student success and outcomes;
- ensuring that students can graduate on time in their intended program of study;
- Support research and innovation across campus;
- be guided by our values and our draft strategic plan including:
  - maintaining an equity, diversity, inclusion and belonging focus;

    - continue to advance our pledge to reconciliation and the restoration of Indigenous rights; and
- Minimize involuntary staffing reductions through capturing vacant positions where feasible, considering future attrition or retirements or voluntary redeployment, reduction or retirement.

The limited investments within this budget are focused on supporting recruitment efforts and include investments in domestic and international entrance scholarships, bursaries and work study programs. These investments are key to building back our enrolments and supporting students as the cost of living increases. Once enrolment builds back and assuming other key assumptions are realized, funding will be available for new strategic investments.

The university develops its annual budget framework, financial models, and plans within the context of a three-year planning horizon to provide a realistic timeframe for the development of university initiatives and to provide greater flexibility than permitted with an annual process. In developing this framework, unit leaders began by realigning their 2023/24 budget plans to reduce base budgets at the portfolio level by 4%.

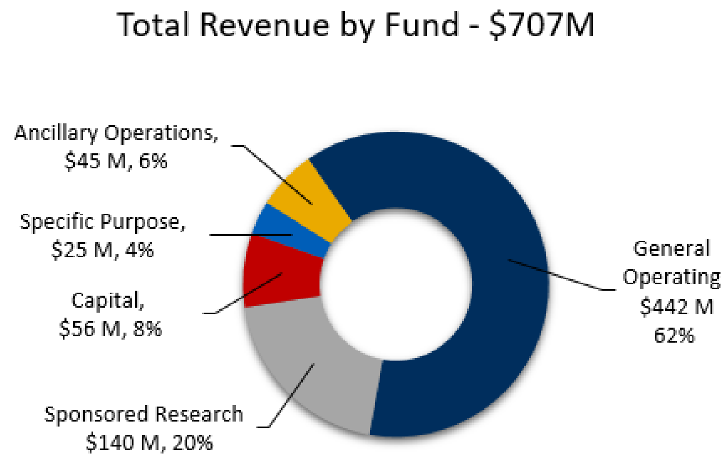
This framework provides summary level information on the university's financial plan for the next three years which reflects the 4% base reduction and is submitted for approval to the Board of Governors in March. The development of a detailed operating budget, consistent with this financial plan, is delegated to the President. Therefore, once the framework is approved, an annual detailed operating budget is developed for approval by the President. A report on this more detailed budget (the Budget Expenditure Allocation Report) is provided to the Board of Governors for information in September of each year.

Financial overview

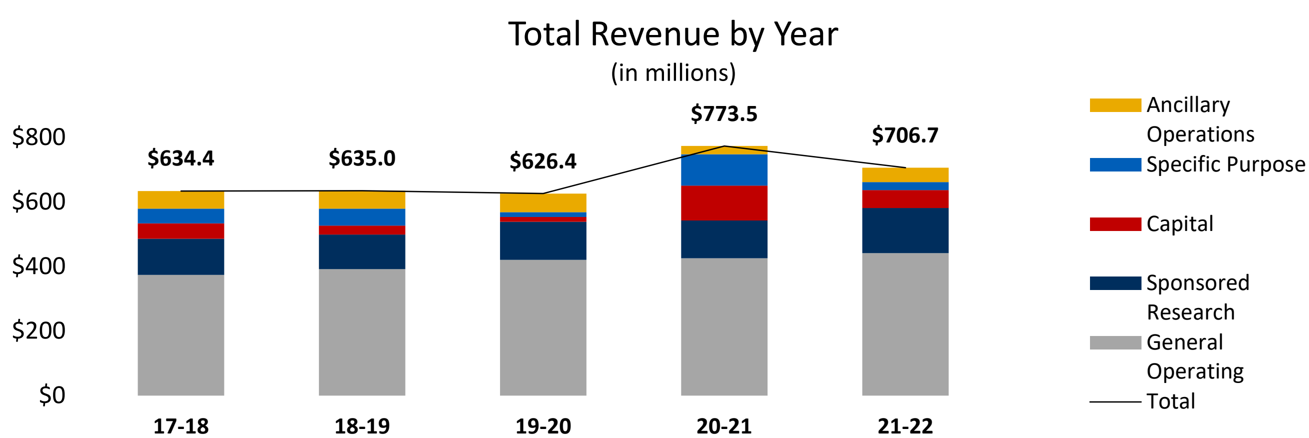
UVic is responsible for the financial stewardship of over $700 million in total annual revenues. To enhance accountability, budgetary control, and oversight of resources, UVic maintains separate funds for its diverse activities, which for reporting purposes are grouped as follows:

- general operating fund – includes the general operations of the university;
- ancillary enterprises fund – includes the operation of service areas that are considered self-funded operations, which includes student residences, food services, parking services, child care services, university bookstore and computer store and off-campus properties;
- specific purpose fund – includes contract services, special projects, and distributions from the university's endowment funds;
- sponsored research fund – includes external grants provided specifically for research; and
- capital fund – accounts for funds provided for the acquisition of capital assets and to conduct major renovations.

For the most recent completed fiscal year, 2021/22, total revenue was $707M and was distributed across the five funds as shown in the chart. Compared to the prior year, total revenue across all five funds decreased by $66M. This decrease is the result of reduced capital borrowing (which under fund accounting is reported as revenue) of $51.8M and reduced investment income of $85.1M due to unrealized losses on endowment investments, offset by increases in ancillary sales, government grants and tuition. Operating fund revenue increased by $16.1M over 2020/21. Increases in government grants and contracts ($9.7M), tuition ($9.1M), sales of services and products ($2.8M), and other revenue ($0.9M) were offset by a decrease of $6.4M in investment income.



The following chart outlines revenue by fund as well as changes across funds for the last five years:



A shortfall of revenue over expenditures is expected in the operating fund in 2022/23, due to lower than budgeted tuition revenue. The extent of this shortfall was mitigated by the hold and review process on all new hires that was implemented in the fall. The remaining tuition shortfall will be offset through the contributions from carry forwards and reserves from academic and administrative units. The proposed 2023/24 budget and three-year financial plan for the operating budget is set out in the general operating budget section.

Overall, current forecasts for 2022/23 indicate that ancillary operations will return to pre-pandemic results, with residence services and parking services ending the 2022/23 year with modest surpluses, with small deficits in food services, child care and the bookstore, which will be covered by existing reserves or future unappropriated funds. More details on these operations are provided in the ancillary budget sections of this document.

Within the capital fund, 2022/23 revenue will be higher than the prior year as it includes $34.7M of proceeds received on settlement of a financial instrument (interest rate swap) related to the SHD loan which was converted to a 30-year loan during 2022/23. These proceeds are offset by debt service costs associated with the SHD loan over the life of the loan. Revenue within capital, however, is expected to grow in the coming years, reflecting commitments from the provincial government for deferred maintenance as well as funding to support the capital required to meet funded program growth in engineering and computer science and law. On a total fund basis, expenditures are projected to exceed revenues in 2022/23.

The prolonged pandemic environment, current world events, student visa processing times and high inflation makes predicting future revenues exceedingly difficult, especially as it relates to international enrolment. UVic's enrolment results over the last year highlights the impact that volatile enrolment levels can have on university operations, particularly international enrolment due to greater revenue generated from international fees, which is approximately 4:1 as compared to government subsidized domestic tuition. The significant reduction in enrolment experienced this year adds greater uncertainty in predicting future enrolments for 2023/24 and beyond. This continued uncertain environment has informed the development of a pragmatic enrolment target approach noted above.

Tuition revenue for 2023/24 is budgeted to be less than that budgeted in 2022/23. While the pragmatic approach shown above provides for enrolment growth of 2% for domestic undergraduate, 1% for domestic graduate, 4% for international undergraduate, and 2.5% for international graduate, the total enrolment projections are significantly less than budgeted in 2022/23. Although tuition revenue is down, overall operating revenue is projected to increase. This is due to funding from the provincial government for collectively bargained salary and benefits increases, and funded enrolment for the nurse practitioner program and masters of social work program

Resource allocation recommendations and fund information

While financial plans have been developed for the three-year planning cycle to 2025/26, this document focuses on resource allocations for the coming 2023/24 fiscal year, and specifically requests Board of Governors' approval of:

- the operating budget framework which includes:
  - the overall financial plan including projected revenue and high-level expenditure reductions;
  - domestic and international tuition and mandatory fees increases associated with the projected revenue, including application fees and the universal athletic and recreation fee increases;
- the routine capital plan; and
- fee changes included in ancillary budgets.

Budgets for specific purpose and sponsored research funds are individually approved by external agencies, such as federal and provincial governments and the University of Victoria Foundation, and therefore are included solely to provide a more complete financial picture of the university. Major capital projects and research projects (i.e., those greater than $5.0M) are individually approved by the Board of Governors.

Activities related to sponsored research, capital and specific purpose funds, and their impact on general operations are estimated and, where appropriate, reflected in the operating budget plan.

GENERAL OPERATING BUDGET

(a) Budget assumptions

Before developing the operating budget, the university makes assumptions about the planning environment in which it operates. The 2023/24 operating budget has been developed with the following key assumptions:

- UVic will develop a balanced operating budget that provides for some financial flexibility to mitigate potential future financial challenges that may arise because of declining enrolment (domestic or international);
- In the development of this budget, the university will consider the overall impact on its audited financial statements prepared in accordance with Public Sector Accounting Standards and used by the provincial government for consolidating the university into the public accounts;
- Provincial government funding will be provided for the expansion of the nurse practitioner program and the master of social work program;
- Domestic undergraduate and graduate tuition will increase by 2.00% consistent with government policy;
- International undergraduate tuition will increase by 6.75%;
- International graduate tuition will increase by 2.00%;
- We will achieve our budgeted student enrolment levels, which reflects modest enrolment growth from 2022/23 under the pragmatic approach and growth in the nurse practitioner program and master of social work program;
- Research Support Fund (federal funding to support indirect costs of research) projected revenue will remain the same and recovery of indirect research costs from other sources will be consistent with previous years;
- The provincial government will continue to fund current and future PSEC mandates for employees that are covered by collectively bargained agreements as well as exempt support staff;
- Total compensation includes:
    - Salary and associated benefit increases as per bargained collective agreements with the Faculty, PEA, Teaching Assistants, Sessional Instructors, CUPE 951 and CUPE 917;
    - Progression through the ranks or ranges as per collective agreements;
- The current utilities budget can absorb expected rate increases in the coming year due to efficiency programs and the reserve available to protect against harsher winters.
- Future costs related to the additions required for the nurse practitioner program expansion and the master of social work program expansion have been included within this framework and will be funded from incremental tuition and government funding for the programs;
- While the funding for minor routine capital has not yet been confirmed for 2023/24, it is assumed to be $675K consistent with 2022/23; and
- Funding to offset annual incremental inflationary costs will be allocated to those areas that experience high annual inflationary increases (e.g., university insurance, systems, libraries, and facilities management).

(a) Financial summary

The following Table 1 provides a financial summary of the projected operating revenues and expenditures for 2023/24 and the following two years based on the above assumptions:

TABLE 1 (in millions)

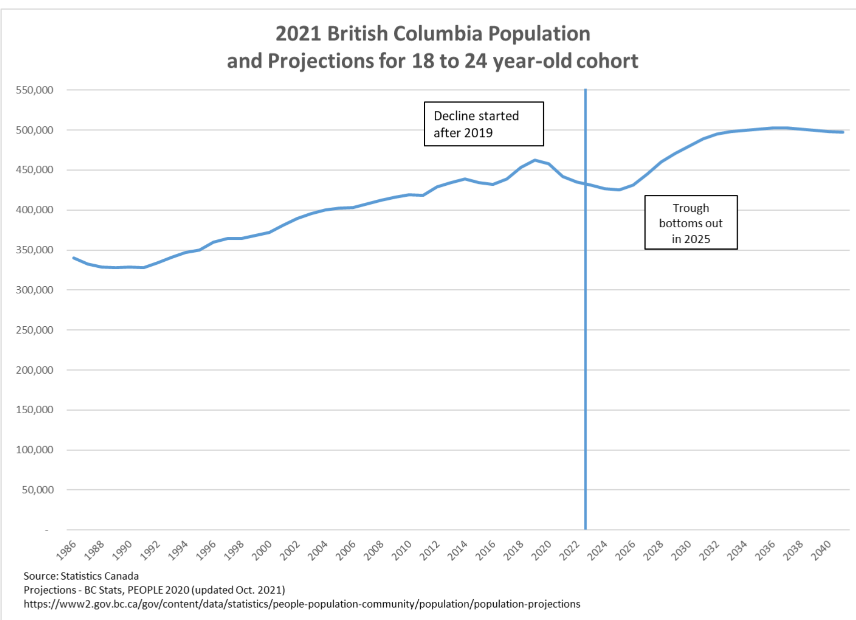
	2022-23 operating budget	Projected 2023-24 operating budget	Projected 2024-25 operating budget	Projected 2025-26 operating budget
Revenues				
Provincial grants	$ 239.3	$ 263.7	$ 278.6	$ 287.6
Federal grant	5.9	5.9	5.9	5.9
Other grants and contracts	8.5	8.5	8.5	8.5
Student fees	175.1	170.7	176.8	183.2
Department revenue	34.9	35.1	35.2	35.5
Investment and other revenue	3.9	3.9	3.9	3.9
Total revenues	**$ 467.6**	**$ 487.8**	**$ 508.9**	**$ 524.6**
Expenditures				
Salaries and benefits	$ 371.2	$ 396.1	$ 406.0	$ 420.9
Operating expenses	96.4	96.4	101.2	101.9
4% base reduction	-	(11.9)	-	-
Scholarships	-	2.5	-	-
Base investments	-	2.2	0.5	0.6
Inflationary costs	-	1.2	0.8	0.8
Program growth	-	1.3	0.4	0.4
Total expenditures	**$ 467.6**	**$ 487.8**	**$ 508.9**	**$ 524.6**

The three-year financial plan outlined In Table 1 above forecasts a balanced budget for the next three years. This was achieved by reducing base budgets in 2023/24 by 4% across most portfolios, and excludes department revenue, central budgets, the VP Indigenous portfolio, and other areas critical to university operations as detailed under Table 8 in the operating expenditure plan section. Revenues are expected to increase by $20.2M, mainly because of incremental government revenue to support collective bargaining increases offset by reduced tuition fee revenue. The annual plan provides for base allocations to support student recruitment and retention, including entrance scholarships for domestic and international students, and a limited number of base investments. Although salary and benefits are projected to increase by $24.9M in 2023/24 as shown in Table 1 above and under Table 6 in the operating expenditure plan section, the base will also decrease by $10.5M due to the 4% base reduction, which is reflected in the 2024/25 budget. The $4.8M increase in operating expenses in 2024/25 reflect base allocations for scholarships, base investments, program growth and inflation, as well as a $1.4M decrease due to the 4% base reduction in 2023/24. Base investments will be made strategically in future years and are expected to increase in line with enrolment growth.

Revenue and expense details are laid out in the revenue information section and expenditure plan section of this document.

There is a direct connection between enrolments and budgets. Our operating grant from the provincial government is contingent upon achieving a particular enrolment level (as outlined below in Table 2), and tuition revenues are sensitive to enrolment changes. Given that a typical undergraduate program takes around four years to complete—or five years with co-op—enrolments are expected to remain relatively stable over the three-year Planning and Budget Framework timeframe with a particular emphasis on returning to pre-pandemic international undergraduate enrolment levels.

This year has been difficult from an enrolment perspective with both domestic and international undergraduate enrolments below levels from the previous year. While we meet targets as set out by the Ministry of Post-Secondary Education and Future Skills, currently we are about 800 students below our expected budgetary levels. International enrolment levels, always difficult to predict as they are impacted by world events, are particularly so this coming year due to study permit processing times, the lingering impacts of the pandemic and other geopolitical disruptions such as the war in Ukraine. This past year, undergraduate international enrolments decreased 15% due to these challenges. Our focus on rebuilding international enrolments includes a range of strategies such as enhancing entrance scholarships and supports for international students, diversifying the countries where we focus recruitment activities, and a new partnership agreement with Kaplan International. Kaplan is one of the largest international education organizations in the world and an expert in international recruitment. The three-year contract will see them lead recruitment services globally, reaching markets we have not previously had the capacity to access. Kaplan will focus on diversifying our international student population and recruiting into a wider range of undergraduate and professional programs. We expect the first cohort of international students from this partnership will join UVic in September 2023.



For domestic students, our enrolment is sensitive to BC population trends for the 18–24-year-old cohort. UVic uses population segment projections provided by Statistics Canada and BC Stats, which are updated every few years. The current projection (see graph,) calls for a modest decline of this demographic beginning in 2020 and continuing to 2025. Domestic enrolment is down 3% in 2022/23 and as UVic relies on enrolment directly from high schools, this demographic trough could continue to pose a recruitment challenge and have a substantial financial impact on UVic over this planning cycle. As the university is partway through the trough and with positive applications trends, the risks associated with enrolment decline are reduced. That said, UVic should continue focusing on both the recruitment and retention of the highest quality students, as well as continue to develop budgets with some financial flexibility.

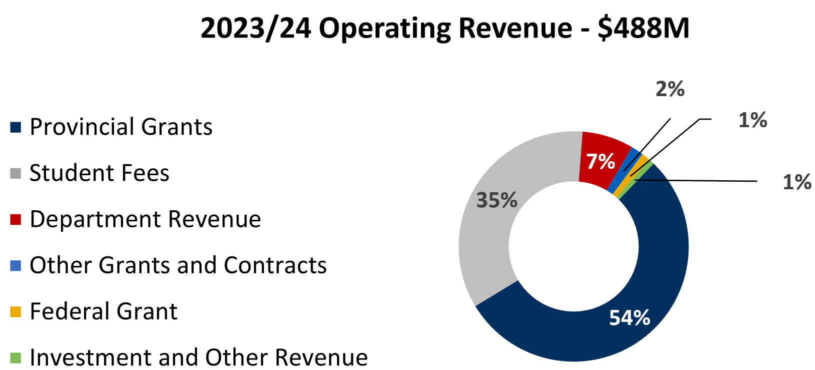
This framework covers a three-year planning cycle and requires base budget reductions equal to 4% to balance the 2023/24 operating budget. The framework also provides for investments in student scholarships as a recruitment and retention strategy to build back enrolments, while retaining some future flexibility to help address impacts from current and future enrolment shifts or changes by allocating a portion of those funds as term or non-recurring if enrolment targets are achieved. To ensure that we continue to have financial flexibility to effectively manage potential future enrolment declines, this budget allocates $7.2M in base budget for enrolment contingency, as explained in the student fees section. The operation expenditure plan which outlines the base allocations and reductions in more detail is outlined in section (d) below.

(b) 2023/24 operating revenue information and changes

Operating costs for the university are funded from two main sources:

- government grants, which account for 54% of projected revenues in 2023/24; and
- student fees, which account for 35% of revenues.

Total operating revenue for 2023/24 is projected at $488M from the following sources:



The **provincial grant** for 2023/24 is expected to increase by $24.4M. Of that increase, $23.9M represents funding anticipated to cover compensation increases for groups that fall within the Public Sector Employers' Council 2022 Shared Recovery Mandate. The remaining $0.5M is funding to support the nurse practitioner program ($.01M) and master of social work program ($0.4M).

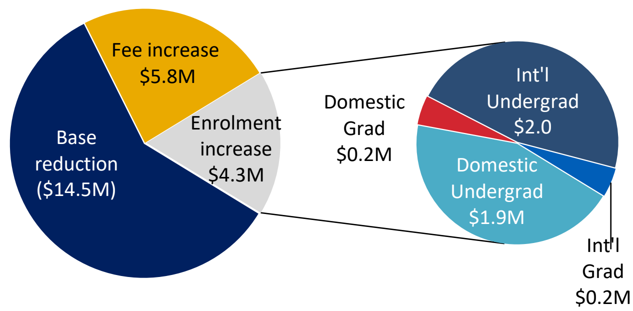
For 2023/24, the province provides the operating grant to the university based on the expected enrolment levels shown on the right in Table 2, which includes the programs noted above. International enrolments are not included in the province's targets.

TABLE 2	FTEs
Undergraduate	14,158
Graduate	2,360
Total funded	16,518

Student fees represent tuition and fees paid by all student groups based on anticipated enrolment targets. After reducing our base tuition budget by $14.5M to align with 2022/23 enrolment levels, and a base increase to reflect modest 2023/24 enrolment targets and fee increases, overall tuition revenue is projected to decrease by $4.4M, as shown in the chart below to the right. The $4.3M in enrolment increase represents incremental revenue recovered under the **pragmatic approach**. It also includes program growth in the nurse practitioner program and the master of social work program, and is summarized as:

	Enrolment increase ($M)	Enrolment change %
Domestic undergrad	$ 1.9	2.0%
Domestic grad	$ 0.2	1.0%
Int'l undergrad	$ 2.0	4.0%
Int'l grad	$ 0.2	2.5%
Total enrolment increase	**$ 4.3**	

Tuition Revenue - ($4.4M)



In May 2017, the university implemented a policy to annually increase undergraduate international fees to reflect actual costs of inflation (international student pay the full cost of education as no government subsidy is provided). The actual cost increases at UVic are higher than the 2% provided under provincial policy for domestic students. To recognize this fact, undergraduate international tuition is adjusted by the pro-rata share of estimated actual increases in costs.

The university committed to reviewing the rate every three years and to adjust it accordingly. The three-year cycle provides incoming students with some certainty with respect to their fees while also ensuring the rate reflects the current environment. The rate was last calculated in 2020/21 and was set at 3.75%, down from 4% previously. As 2023/24 is a review year, this framework reflects a reset of the international rate to recognize actual institutional cost increases.

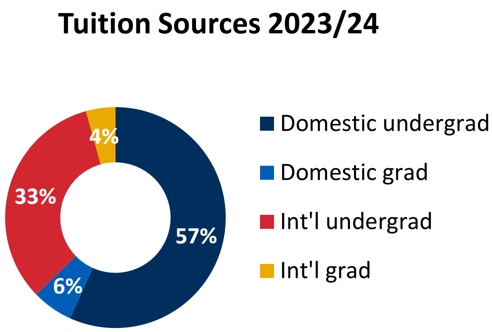
The approach used to determine the rate increase is to estimate the expected costs across various areas of the university such as salaries and benefits, library acquisitions, software licensing renewal, facilities management, capital renewal, utilities, and general supplies. Actual expected costs are based on this analysis. To ensure that international student fee increases cover their pro rata share of university costs, the annual amount is multiplied by the ratio of international to domestic students.

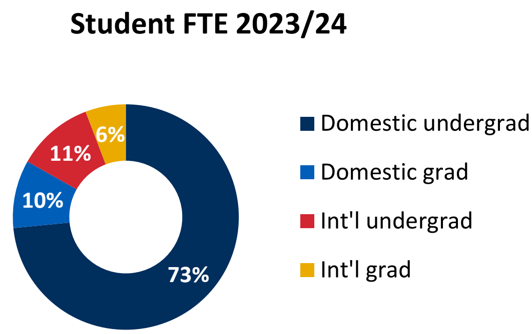
For 2023/24, the inflation rate used is 6.75%. While normally it would be fixed for 3 years to provide certainty on rates increases, due to the higher rate and Bank of Canada signaling a return to more normal levels, the proposal is to review each year with a maximum of 6.75% for the subsequent two years. The increased tuition revenue in 2023/24 due to the

	Fee increase ($M)	Rate increase %
Domestic undergrad	$ 1.9	2.00%
Domestic grad	$ 0.2	2.00%
Int'l undergrad	$ 3.6	6.75%
Int'l grad	$ 0.1	2.00%
Total fee increase	**$ 5.8**	

fee increase for domestic and international is shown to the right.

Tuition from international sources makes up approximately 37% of total tuition revenue, whereas international student enrolment comprises 17% of student FTE as shown in the charts below:





The difference between the proportion of tuition revenue and FTE numbers increases the financial risk and sensitivity to fluctuations in international student enrolments. To mitigate this risk, UVic retains an enrolment contingency as protection from enrolment declines.

In 2023/24, the **enrolment contingency** is $7.2M in base funds, or 1.5% of total budget. This level of base funding provides protection from an enrolment decline roughly equal to 242 (about 11.4%) undergraduate international FTEs or 1,168 (about 8.2%) undergraduate domestic FTEs:

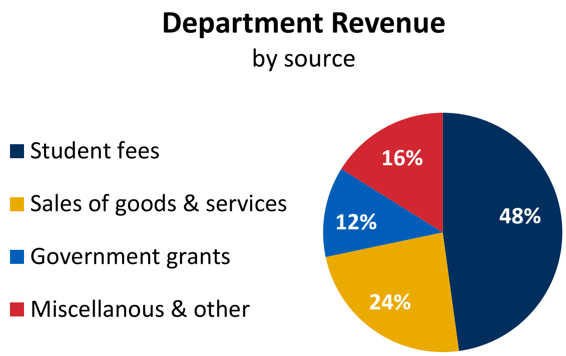
TABLE 3

	Amount	Percent
Base funding retained ($ in M)	$ 7.2	1.5%
International FTE fluctuation absorbed (FTE)	242	11.4%
or Domestic FTE fluctuation absorbed (FTE)	1,168	8.2%

The attached Appendix 1, **Schedule of Tuition Fees** for 2023/24 outlines tuition fees by program and requires Board approval as part of the budget process.

Federal grant revenue is annual funding received through the federal government's research support fund (RSF) to help defray the indirect costs attributable to the research enterprise. The overall goal of the RSF is to help ensure Canada's research institutions remain among the best in the world. By supporting some of the financial impact of the indirect costs of research, the fund helps researchers and universities focus on delivering innovative research and scholarly excellence. This grant is calculated using the three-year average of research grants received from the tri-council funding agencies, comprised of NSERC, SSHRC and CIHR. In 2022, the university was notified that the RSF grant for 2022/23 would decrease by $0.2M, from $6.1M to $5.9M. The base budget for 2022/23 reflects this change.

Department revenue is largely made up of student fees (48%) and sales of goods and services (24%) as shown in the chart. More than 50% of all departmental student fees is generated in continuing studies, the office of the registrar and athletics and recreation services (ATRS). In 2021/22, department revenue increased by $12M, largely due to the post-pandemic revenue recovery in continuing studies and ATRS. These units are considered **hybrid operations**, where most of the revenue earned is needed to cover expenses incurred to generate those revenues. Hybrid units also receive some base funding from the university, to cover ongoing administrative and operating costs or for specific program costs.



The pandemic disproportionately impacted continuing studies and ATRS due to their reliance on on-campus activity to generate revenue. However, 2022/23 financial results project that both operations will recover to pre-pandemic levels of net revenue. **The Division of Continuing Studies** has been on a trajectory of steady net revenue recovery with a projected budget surplus of $2.1M in 2022/23, a growth of $0.4M over 2021/22 year-end results. Adding this to the projected year-end balance will bring the reserve to a healthy balance of $4.7M and will provide scope for investment in revenue-generating opportunities. The positive results reflect growth in professional programs, revenue diversification (almost $1M in government funds for new programs such as micro-credentials), and scaling programs and services, notably online programs with a vision for long-term viability and growth. **Athletics and Recreation Services** has also been on a trajectory of steady net revenue recovery, with improvement to net year-end results over the prior year of $0.8M in 2021/22 and $0.8M projected in 2022/23. Although ATRS is forecasting a small deficit in 2022/23 of ~$0.2M, this will be fully covered by reserve. For the 2023/24 fiscal year ATRS projects a net revenue surplus of ~$0.2M.

Department revenue also includes application fees that are provided directly to the office of the registrar. For the 2023/24 year, application fees will increase by 2% domestic (undergraduate and graduate), 2% for international graduate and 6.75% for international undergraduate. Table 4 shows the changes for these fees:

TABLE 4

Application Type	**2022/23***	**2023/24***
domestic undergraduate	$82.50	$84.25
domestic graduate	$134.25	$137.00
domestic law	$103.75	$105.75
international undergraduate	$147.00	$157.00
international graduate	$172.00	$175.00

** Domestic fees are rounded to the nearest quarter; international fees are rounded to the nearest dollar.*

The **other grants and contracts** budget includes revenue from the University of British Columbia in support of the island medical program (IMP). The annual IMP budget is approved by the administrative committee representing the three universities (UBC, UVic and UNBC) and can only be used for the IMP program.

Investment income and other mainly includes interest, dividends and gains/losses earned from university cash balances (working capital) which are invested in more conservative money market, mortgage and bond investments. The remaining revenue is incremental revenue expected from UVic Properties and Heritage Realty, and overhead revenue from research contracts. Income is also generated through internal loans to ancillary services provided to fund capital improvements. A prolonged period of low interest rates resulted in the low working capital investments returns. Recent interest rate hikes have led to the overall yield increasing from 1.8% to 4.5% over the past 12 months. We do not expect additional interest rate changes in the first half of 2023 and believe rates will stay relatively flat over the next six months so we expect 2023 returns to exceed those of 2022.

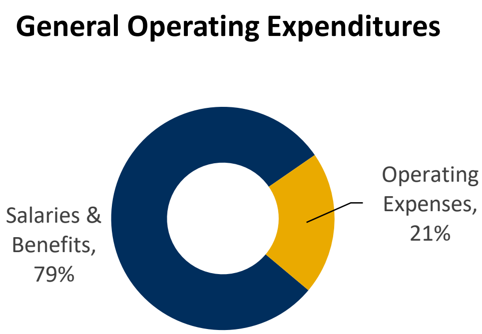
Table 5 below is a summary of revenue changes by source for 2023/24, projected at $20.2M over the prior year budget:

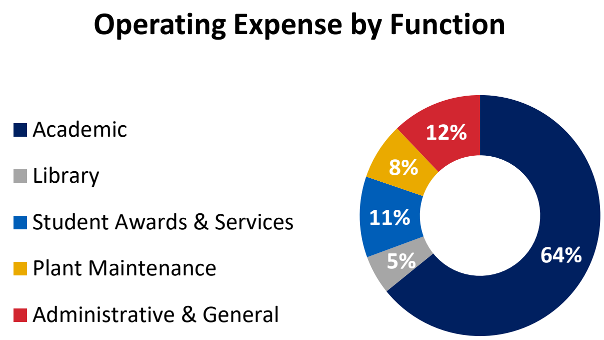
TABLE 5

	(in millions)
Provincial grant:	
Compensation	$23.9
Nurse practitioner and master of social work	0.5
Student fees:	
Enrolment decrease - align to 22/23 levels	(14.5)
Enrolment increase - pragmatic targets, growth (NP, MSW)	4.3
Fee increase (2% domestic UG & GR, 6.75% int'l UG)	5.8
Department revenue	0.2
Total incremental revenue increase	**$ 20.2**

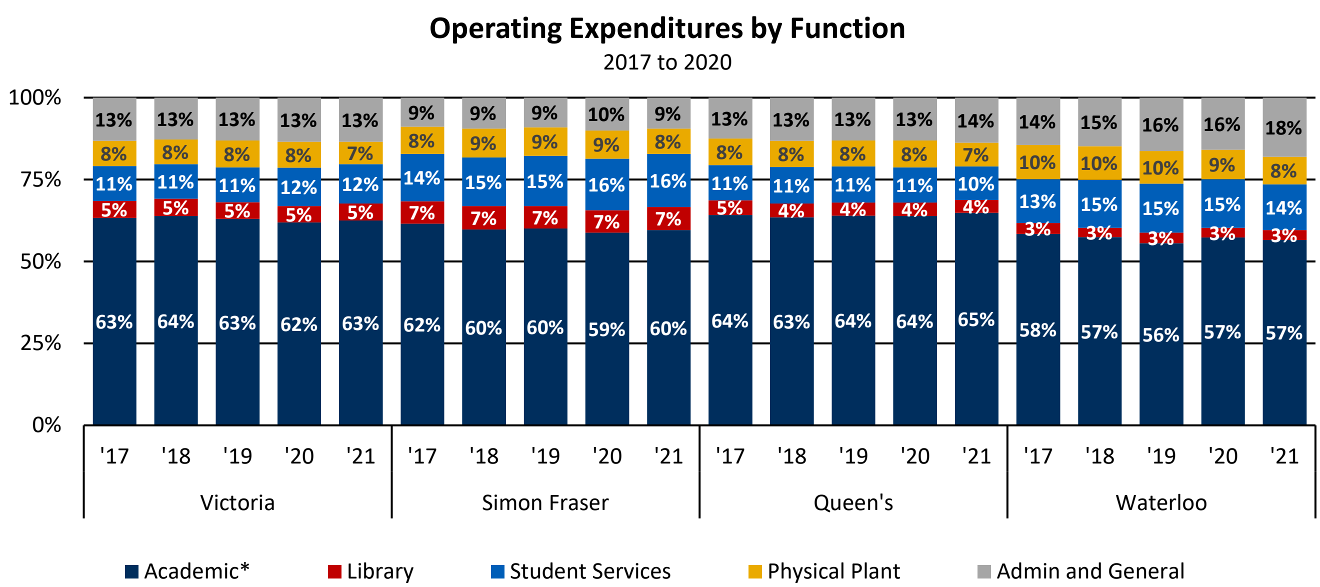
(c) Operating expenditure information

The importance of people to the university is reflected in the operating budget, with 79% of annual operating expenditures allocated to salary and benefits. Reflecting the mission of the university, 80% of the total operating budget is allocated to academic areas including faculties, research, library, student financial aid and student services, with the remaining 20% allocated to maintain and operate facilities and for support functions.





Expenses by function have remained consistent over time. The chart below shows that UVic's investment in academic areas over the past five years is comparable to other Canadian post-secondary institutions:



*Includes instruction & non-sponsored research, non-credit instruction, and computing & communications
Source: CAUBO Financial Information of Universities and Colleges 2017-2021

(d) Operating expenditure plan

The annual expenditure budget is adjusted each year to first account for non-discretionary commitments and allocations. These include compensation, infrastructure, and inflationary requirements. The plan also reflects allocations to departments for revenue that is collected for specific areas, such as academic programs (master of social work, nurse practitioner, and differentials) and the athletics fee.

Table 6 details these requirements for 2023/24, projected at $27.4M:

TABLE 6

	(in millions)
Compensation (salaries and benefits)	$ 24.9
Program growth	1.3
Library acquisition inflationary costs	0.3
Maintenance and inflation costs	0.9
Total non-discretionary commitments	**$ 27.4**

The $24.9M for compensation represents salary and related benefit increases that have been collectively bargained under the shared recovery mandate. This includes a general wage increase (GWI) of 5.5%, a conditional cost of living adjustment (COLA) of up to 1.25% in 2023/24, and also includes progression through the ranks or ranges. The $1.3M for program growth includes funds required to maintain and operate the new facilities for engineering and the national centre for indigenous laws, $0.8M of government-funded enrolment expansions for the nurse practitioner program ($0.2M) and masters of social work program ($0.4), and funding for differentials and athletics fees ($0.2M). The $0.3M for library acquisition inflationary costs represents additional base funding to address rising costs of acquisitions due to annual inflation on periodicals and subscriptions. The $0.9M for maintenance and inflation includes allocations to university insurance, facilities management, and university systems to address inflationary costs.

The 2023/24 expenditure plan also provides for base allocations for domestic and international entrance **scholarships** totalling $2.5M. This is part of a larger strategy to recover enrolments by addressing affordability concerns through investments in student recruitment and retention. To support undergraduate domestic and international recruitment strategies, we require strong scholarship programs.

The $2.5M base investment will support entrance scholarships for domestic and international students, recruiting agency and student mental health and wellness:

- Domestic students – increase by $1.5M to 6.67M; and
- International students – increase by $1M to 1.3M.

For 2023/24 UVic will meet its undergraduate domestic entering class target of 4,400 and an international entering class of 475 students by admitting students who are academically prepared to be successful at UVic. Entrance scholarships play a key role in offsetting the tuition differential in the first year and are important in establishing the reputation of the institution in specific regions. Entrance awards programs is a strategy to maintain and build enrolment in key markets.

After three years of international undergraduate student enrolment declines, expanding the international entrance scholarship program will support enrolment growth. UVic has committed to building back our international undergraduate student population to roughly 17% of our total entering class while maintaining our commitment to academic quality and first year retention. Through the development of our Academic Plan we will contemplate growth beyond 17% that is more aligned with our comparator institutions. Our international tiering and diversification strategy focusses areas of growth in India/Bangladesh, Vietnam, and Mexico. Investing continuing base funds for international undergraduate scholarships focused on these key markets will assist in addressing enrolment and tuition challenges. The investment for international students will help support our multi-year plan to increase international undergraduate enrolments.

UVic has hired Kaplan to support our international recruitment efforts; however, additional students recruited by Kaplan have not been included 2023/24 enrolment targets, but have been built into longer-term projections.

We are also making additional investments to help address affordability for students through bursaries and work study programs. Bursary awards are based on financial need and reasonable academic standing for undergraduate and graduate students. We are increasing the amount available to international student bursaries by $100K (to $319K) for the next three years. Food services is also increasing the bursary program for residents on meal plans by $30K annually to $60K annually.

Lastly, we are increasing the work study program funding by $100K to $795K for 2023/24. The work study program provides financial assistance through part-time employment opportunities for students with documented financial need. These part-time jobs are spread throughout the campus, providing opportunities for departments to gain student expertise and assistance, and providing students with much-needed earnings and experience.

The 2023/24 expenditure plan also includes $2.2M in base investments for those items that have been funded non-recurring on a consistent basis over the previous 3+ years. This includes items such as student health and wellness, Indigenous initiatives such as LE,NOṈET first-year experiences, graduate fellowships as well as Indigenous graduate fellowships, marketing and communications, and global rankings and reputation. This approach ensures that these areas do not face a larger cut simply due to some of their budget being funded with non-recurring funds. Table 7 below outlines these base investments for 2023/24:

TABLE 7

	(in millions)
Student health and wellness	$ 0.4
Indigenous initiatives	0.2
Graduate fellowships	0.2
Marketing and communications	0.5
Global rankings and reputation	0.3
Government and community engagement	0.2
Software, systems and subscriptions	0.3
Retirement planning	0.1
Total base investments	**$ 2.2**

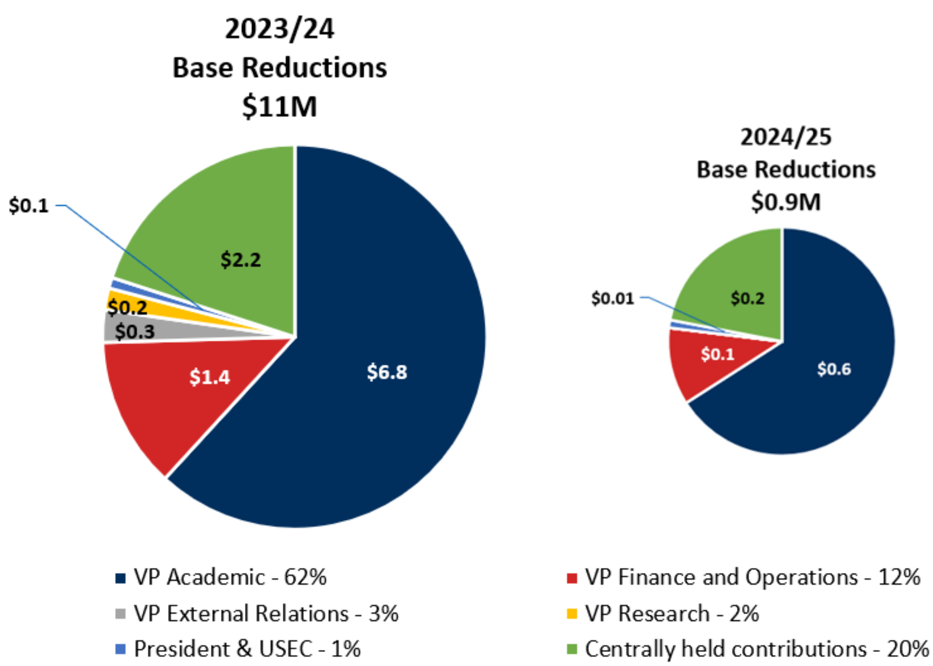
After considering allocations for non-discretionary commitments, scholarships for domestic and international students, and base investments, a shortfall of $11.9M remains:

TABLE 8

	(in millions)
Total incremental revenue increase	**$ 20.2**
Non-discretionary commitments	(27.4)
Entrance scholarship (domestic & international)	(2.5)
Base investments	(2.2)
Total base available	**($ 11.9)**

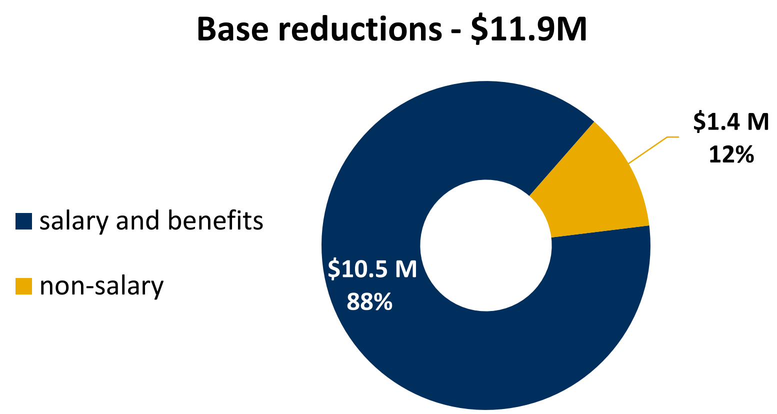
The $11.9M shortfall represents the base reduction that is necessary to balance the budget. The base reduction is applied to most portfolios, except VP Indigenous given institutional direction and that it is a new portfolio, and excludes areas that are critical to university operations, including student health and wellness, student financial aid, library collections, insurance, and utilities. With these exclusions, in order to reduce by $11.9M this budget includes a 4% base cut. Leaders, however, have been provided flexibility within their portfolio to manage the base reduction over two years, provided that at least 75% base is reduced in 2023/24, with the remaining base reduction taken in 2024/25. Each portfolio has submitted an overall draft plan.

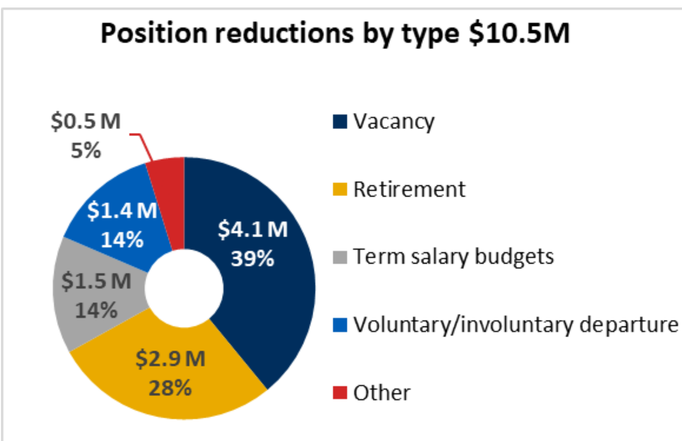
These plans indicate that the $11.9M base reduction will occur over two years by portfolio as shown in the chart below:



Due to a percentage-based approach, the portfolios with the largest reduction are VP Academic at 62% of the total, followed by VP Finance and Operations at 12% of the total. Centrally held contributions represents base budget that funds employee benefits and increases to salary (e.g., GWI). The 20% in this category includes a $1.7M reduction to base budget for benefits associated with positions reductions in departments and $0.4M reduction to base budget for salary increases, also associated with position reductions.

While base reductions can be applied to positions or to non-salary operating budget, base budget associated with positions (salary and benefits) represent 88% of the total reduction at $10.5M, while non-salary makes up the remaining 12% of the total reduction at $1.4M:

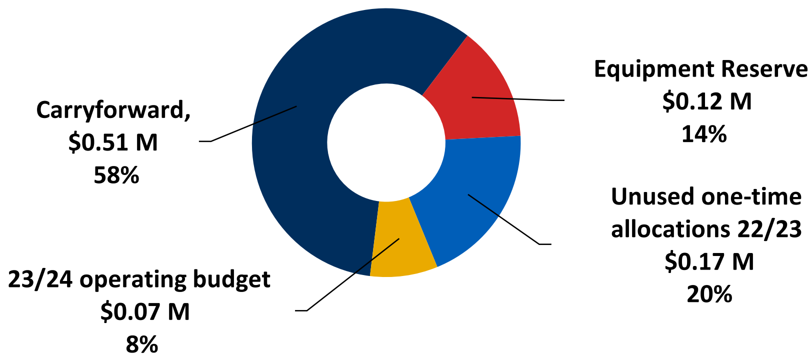




The hiring pause and review made it possible for many departments to reduce their base budget without layoffs. Almost 40% of the $10.5M base reduction on salaries and benefits are for vacant positions. Known and upcoming retirements makes up the second largest reduction to positions at 28% of the total, and the majority of these, 98%, are faculty positions. Reductions to term salary budgets represents 14% of the total. Term salary budgets are a pool of base funds that support term position salary costs and pooled position salary costs, such as sessionals and teaching assistants. Voluntary and involuntary departures make up 14% of the total base reduction for salaries and benefits, while the remaining 5% represents reductions supplemented by alternative funding sources. The chart on the right summaries the $10.5M in base reductions on positions.

Areas that are not making the full base reduction in 2023/24 must fund the remaining reduction with one-time funds in 2023/24. As noted above, this amounts to $0.9M with one-time funds from the following sources:

2023/24 Bridging Sources - $0.9M



(e) Routine Capital funding

Annually, the provincial government provides post-secondary institutions with funding for the maintenance, renovation, and upgrade of institutional academic facilities. There are two sources of funding from government to address maintenance and renovations within an overall program called Routine Capital.

The first source of funding is called Minor Maintenance and Rehabilitation and is intended for project planning (e.g., studies or design work) or minor projects to address maintenance or rehabilitation issues (e.g., replace flooring). For 2023/24 this funding is expected to be approximately $675,000 and is provided as envelope funding—institutions have full discretion over its allocation.

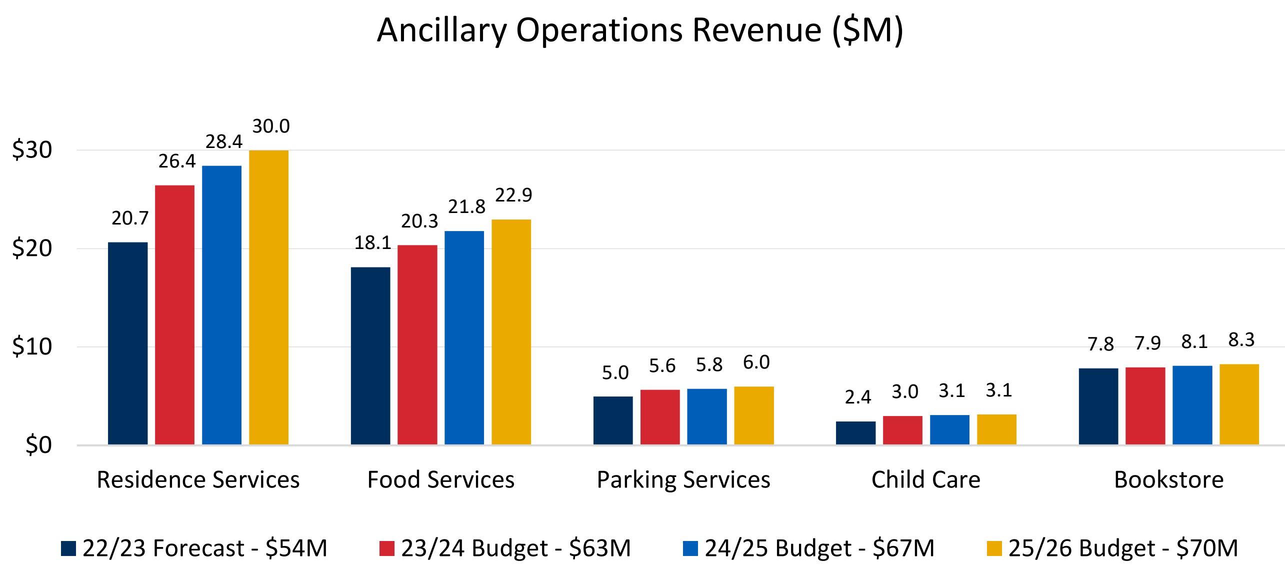
The second source of funding is Major Maintenance and Rehabilitation (MMR) and it is intended to address deferred maintenance and some functional improvements. This funding is provided through a notional allocation against which each institution submits specific projects for approval. This process allows the institution some flexibility with respect to the use of these funds but also ensures, through the requirement for Ministry approval, that provincial priorities are addressed (e.g., deferred maintenance). For 2023/24, funding from government is expected to be similar to the prior year at about $16M.

The allocation of this funding is coordinated annually through the office of the Vice-President Finance and Operations and approved by the Vice-President Finance and Operations and the Vice-President Academic and Provost, based on overall campus priorities and ranked submissions from units.

ANCILLARY BUDGETS

An ancillary operation is a unit or department within the university that is required to be financially self-sustaining. Revenues from ancillary operations comes from a variety of operations including residence services, food services, parking services, child care, the bookstore, and off-campus activities. Each ancillary is expected to generate sufficient revenue to fully cover its annual operating costs as well as infrastructure maintenance such as renovation and the replacement of physical assets, including any required debt servicing costs. Increases in rates are required every year to cover annual incremental costs, including inflationary increases such as utilities and insurance. In developing the recommended rate increases, each of the areas benchmark their rates with similar organizations or services to ensure UVic rates remain appropriate.

Most of the revenue for an ancillary operation comes from the sale of services or products. For 2021/22, this source of revenue accounted for 93% of total ancillary revenue. Other revenue includes government grants (namely child care) 5% and investment income 2%. While ancillary operations were negatively impacted by the pandemic, they are forecasted to recover to pre-pandemic levels for the year-ended 2022/23, with all operations forecasting revenue growth over the next three years:



In planning out three years, each Ancillary operation must determine the annual increase in rates that will be needed to cover cost increases, including salaries and wages, capital renewal and capital expansion. Typically, these rate increases are in line with inflation; however, larger increases are sometimes required to ensure the operation is financially sustainable to cover operating costs and capital improvements. Increases to operating costs driven by unforeseen increases to inflation and higher provincial wage mandate have impacted many of the ancillary operations in 2022/23 and will continue to impact these areas over the next few years. As well, decreased enrolment in 2022/23 and the post-pandemic work from home model has had a negative impact on food sales at on-campus retail food outlets.

The rates proposed for each ancillary operation reflect the need to maintain a balance between affordability for students while generating sufficient revenue to cover wages, higher operating costs and save for capital renewal and expansion. The following sections outline proposed ancillary budgets for the following three years, along with corresponding fee increases that require board approval.

(a) Residence services

Residence services provides accommodation to students and visitors in on-campus dormitory buildings, single student cluster units and self-contained units (apartments/town houses) for students with families. Most of the revenue generated by Residence Services is from students (90%). Residence revenue has typically been based on a 97.5% occupancy rate in single student housing during the academic year (September to April), with minimal student revenue during the summer session. Remaining revenue is generated from conferences (7%), and other revenues (3%) such as application fees and coin laundry.

The following Table 9 summarizes Residence Services forecasted year-end operating results for 2022/23, and the projected budgets for 2023/24 to 2025/26:

Table 9 (in millions)

RESIDENCE SERVICES	22-23 Yr. End Forecast	Projected Budget 23-24	24-25	25-26
Total Revenue	**$ 20.7**	**$ 26.4**	**$ 28.4**	**$ 30.0**
Expenditures				
Salaries & Benefits	6.7	7.9	8.0	8.1
Operating Expenses	6.0	6.5	6.6	6.9
Debt Servicing	2.9	10.6	13.0	12.2
Capital Projects	2.4	3.0	3.0	8.0
Reserves Provision	2.6	(1.5)	(2.2)	(5.3)
Total Expenditures	**$ 20.7**	**$ 26.4**	**$ 28.4**	**$ 30.0**
NET	-	-	-	-
Reserves				
Beginning Balance	7.5	10.1	8.7	6.5
Net Transfers	2.6	(1.5)	(2.2)	(5.3)
End Balance	**$ 10.1**	**$ 8.7**	**$ 6.5**	**$ 1.2**

Residence services total revenues for 2022/23 has increased to over $20.7M, with the opening of Building 1 in fall 2022, which added almost 400 beds to inventory. Single student housing revenue is projected to increase to over $16M this year. The current occupancy rate is 98.4%, which is greater than the 97.4% that is typical. Residence services is forecasted to end 2022/23 fiscal year with a $2.6M contribution to reserves. This contribution is possible primarily due to: the deferral of some debt payments on the student housing and dining project (SH&D), which were reduced from $4.5 million to $2.9 million; and deferred maintenance projects that were postponed, which reduced capital expenditure costs. For the deferred maintenance projects that were completed, costs were lower than budgeted as project scopes were adjusted to deal with construction escalation.

The 2023/24 projected budget assumes an overall occupancy rate of 97.5% and includes a rate increase of 10% for single student housing and 8% for family housing, increasing total revenue in 2023/24 by $5.7M. This rate increase is greater than our typical increases in order to manage the high inflationary costs pressures across almost all expense categories including, labour, supplies, insurance, utilities, construction and debt service. We benchmark ourselves annually to comparator institutions and with the 10% rate increase for 23/24 included we remain below the average relative to peers. Budgeted revenues over the next three years reflect the opening of the second SH&D building in September 2023. The increase in expenses over the next three years reflects increased costs associated with the SHD project, including debt service costs. Salaries and benefits increase proportionally to support the new buildings, and reflect wage increases in line with the provincial wage mandate. The three-year budget includes continued investments in deferred maintenance of $3 million or more annually. Highlights include:

- Cluster appliance and furniture upgrades
- Exterior cameras and security improvements
- Family housing paint and patio upgrades
- Inclusive and accessible dorm style washroom upgrades

- Poole elevator replacement
- Roofing replacements

The current budget for deferred maintenance has not increased in some time and with construction costs soaring and aging, and 30+ buildings to maintain, we anticipate it is no longer sufficient. A detailed study will be undertaken to assess deferred maintenance costs and determine the contribution needed each year to ensure our housing accommodations remain at the standard students expect. The reserve fund at the end of 2022/23 is expected to be $10.1M and maintaining ongoing residence renewal along with increased debt servicing costs means that reserve funds will be drawn upon over the next three years, leaving a projected balance of $1.2M by the end of 2025/26.

New student housing capital expansions are also self funded and a Student Housing Expansion Feasibility Study to examine adding 500 beds of student housing is underway. The budget impacts of expansion will only be included in budget framework once a fully funded project has been approved.

Proposed 2023/24 rate increases for various housing types are outlined in Appendix 2.

(b) Food services

University Food Services (UNFS) provides a variety of food services to students, faculty, staff, and visitors to campus including student resident meal plans, dining options at eleven unique campus outlets and on-campus catering for university functions. The business operations of UNFS has evolved its food offerings over the years to ensure it is aligned to the needs of a diverse customer base and that healthier food options exist to support good nutrition. UNFS is committed to implementing industry leading practices in support of a nutritionally sound campus including capturing caloric, sugar and salt content for all food and drink items within its Food Trak software. UNFS will ensure that plant-based, vegetarian, vegan and gluten-free options and programs are meeting the needs of these customer bases and support institutional climate objectives.

Similar to Residence Services, the costs pressures for UNFS are across almost all expense categories including, food, labour, supplies, insurance, utilities, construction and debt service. Food and labour inflation are having the most significant impact on operations; food inflation alone in 2022 was over 10%. The 2022/23 budget and rates were set prior to the current rise in inflation and before the shared recovery mandate was established and therefore the budget was based on a lower general wage. As a result, revenues are forecasted to be less than expenditures for the 2022/23 fiscal year.

The following Table 10 summarizes UNFS forecasted year-end operating results for 2022/23, and the projected budgets for 2023/24 to 2025/26:

The three-year budget shows that revenue is expected to increase each year, starting in 2023/24 with an overall increase of $4.8M as compared to the 2022/23 year-end forecast. This is based on meal plan rate increases of 10% in 2023/24, 8% in 2024/25 and 7% in 2025/26. This rate increase is greater than the typical increase and is necessary to offset the costs pressures noted above. We also benchmark our meal plan rates to other university run food service operations annually and with the 10% rate increase for 23/24 included, we are at the average relative to peers. In 2022/23 UNFS introduced a voluntary, easy to load Meal Plan "+PLUS" funds to the Standard Plan in 2022/23. The plan generated an additional $0.3M in revenue and is budgeted to increase by $0.3M to $0.6M in 2023/24, while retail sales are expected to be $4.1M in 2023/24. The post-pandemic work from home model for staff including the option of hybrid classes (remote learning) for students had led to a significant decrease in retail sales. It is anticipated that as remote learning increases over the summer term that retail sales will be negatively impacted further. Salary and benefit expenses are projected to rise in proportion to service and in line with the provincial wage mandate, while cost of goods sold is proportional to food and retail sales.

Table 10 (in millions)

FOOD SERVICES	22-23 Yr. End Forecast	Projected Budget		
		23-24	24-25	25-26
Total Revenue	**$ 18.1**	**$ 20.3**	**$ 21.8**	**$ 22.9**
Expenditures				
Salaries & Benefits	9.1	9.6	9.7	9.9
Operating Expenses	2.6	2.9	3.3	3.4
Cost of Goods Sold	5.8	6.4	6.9	7.3
Debt Servicing	1.1	2.1	2.2	2.2
Reserves Provision	0.0	0.4	(0.4)	0.1
Institutional Support*	(0.5)	(1.0)	0.0	0.0
Total Expenditures	**$ 18.1**	**$ 20.3**	**$ 21.8**	**$ 22.9**
NET	-	-	-	-
Reserves				
Beginning Balance	(0.2)	(0.2)	0.2	(0.2)
Net Transfers	0.0	0.4	(0.4)	0.1
End Balance	**($ 0.2)**	**$ 0.2**	**($ 0.2)**	**($ 0.1)**

**Deferral of principal on debt servicing payments*

The majority of UNFS capital plans in 2023/24 will be focused on completing and opening SH&D building #2 for September 2023, allowing for the return of conferencing and meeting space rental. The second phase of the SH&D complex is expected to open in summer 2023 and will return full institutional meeting space capacity and revenue to the university.

The increase in debt servicing reflects UNFS' loan for the new SH&D project, and the existing Mystic Market loan. A modified repayment schedule was developed in order to ensure rate increases beyond 10% were not required in 2023/24 to finance the additional debt UNFS' proposed residence meal plan rate increases for 2023/24 as is outlined in Appendix 2.

(c) Parking services

Parking Services generates revenue from parking permits, parking meters and dispensers and fines/citations to cover the cost of operations including:

- a contribution toward the student UPASS bus pass program;
- parking lot maintenance and repair;
- patrol costs;
- service enhancements;
- travel choices programs (also known as traffic demand management or TDM); and
- capital cost of new/expanded parking capacity.

The 2022/23 fiscal year was a transition year, shifting from an annual permit model to a monthly model. As expected, there was a change in revenue patterns as the historical permit renewal cycle of August and September flattened out to a smaller but more regular monthly revenue flow. This will continue to occur throughout the remainder of this year and next year, as new trends evolve, and a baseline of revenue is established. As a result of this pattern change, permit sales are approximately 15% lower than under the annual permit model.

Transient revenue for 2022/23 is forecasted to return to pre-pandemic levels as well. This is mainly due to the return to in-person classes, and the pay-per-visit for employees attending campus that do not purchase the monthly pass. The return of more employees to campus has also led to an increase in bus pass sales. This is still, however, less than pre-pandemic years, as BC Transit notes a 20% decrease in transit ridership as many employees continue to work from home. Expenses reflect an increase to salary and benefits in line with the provincial wage mandate, while some major capital repairs and maintenance projects were delayed, and major purchases were limited to the Licence Plate Recognition system in a new electric vehicle for parking enforcement. The 2022/23 year-end forecast is favourable compared to budget, with a projected contribution to reserve of $1.2M as compared to a budgeted $0.8M deficit. This will result in a year-end reserve balance of $9.6M.

The following Table 11 summarizes Parking Services forecasted year-end operating results for 2022/23, and the projected budgets for 2023/24 to 2025/26:

Table 11 (in millions)

PARKING SERVICES	22-23 Yr. End Forecast	Projected Budget		
		23-24	24-25	25-26
Total Revenue	**$ 5.0**	**$ 5.6**	**$ 5.8**	**$ 6.0**
Expenditures				
Salaries & Benefits	2.1	2.2	2.3	2.4
Operating Expenses	1.7	2.4	2.5	2.5
Reserves Provision	1.2	1.0	1.0	1.1
Total Expenditures	**$ 5.0**	**$ 5.6**	**$ 5.8**	**$ 6.0**
NET	-	-	-	-
Reserves				
Beginning Balance	8.4	9.6	10.6	11.6
Net Transfers	1.2	1.0	1.0	1.1
End Balance	**$ 9.6**	**$ 10.6**	**$ 11.6**	**$ 12.7**

The budget for 2023/24 to 2025/26 projects no change to parking rates but steady revenue growth as a result of a continued shift to monthly permits sales and growth in the campus population. Overall revenue is projected to increase by 20% over the next three years as compared to 2022/23 levels.

Operating expenses are budgeted to reflect increased activity proportional to revenues and includes an increase to travel and credit card costs to account for an increase in card use for parking transactions. Salary and benefit expenses are projected to rise in proportion to activity and reflect salary increases in line with the provincial wage mandate. Projected budgets for the next three years indicate overall reserve growth of $3.1M, required to fund future capital needs.

In the Fall of 2022, the university adopted a new Climate and Sustainability Action Plan. The Plan sets ambitious medium and long-term GHG reduction targets in order to align university operations with the Intergovernmental Panel on Climate Change (IPCC) *Special Report Global Warming of 1.5°C* to limit global warming to 1.5°C.

Critical to the success of achieving these targets is understanding the plan provides direction to developing systems to measure indirect or scope 3 emissions, which includes GHGs from commuting to and from campus. The Victoria Regional Greenhouse Gas (GHG) emissions-based Community Energy and Emissions Inventory (CEEI), estimated that 57% of regional GHG's were produced by on-road transportation. Reducing employee commuting therefore is a key component of any institutional or regional plan to reduce GHG levels. A reduction in commuting will also delay the need for new above ground parking structures, which also embody large amounts of CO2 emissions.

The parking budget continues to provide funding for a number of initiatives that support the TDM program. These initiatives are designed to promote sustainable transportation options and assists in managing parking demand on campus. They include Bike to Work Week sponsorship, the subsidized employee monthly bus pass program, the Universal Bus Pass for students, a carshare partnership with Modo, as well as the availability of electric vehicle and electric bicycle charging locations, and carpooling options, all of which are supported by various educational, committee and communication activities. Revenue will also be utilized to assist with funding the implementation of an All Ages and Abilities (AAA) cycling network on campus as recommended in the Campus Cycling Plan. The university also completed two significant capital projects supporting active transportation and transit including the West Campus Greenway, BC Transit Exchange refresh and Ring Road transit stop upgrades.

As noted above, there are no proposed rate changes for 2023/24. Parking rates for 2023/24 and 2022/23 are outlined in Appendix 3.

(d) Child care services

Child care services operates seven child care centres and a family centre at UVic. Child care services operates within small margins, as most of the revenue comes from the provincial child care grant and from parent fees. The operation also receives annual funding from the university to support the director, one staff person, some building operational costs and a portion of the salary costs of the child care workers. The total current subsidy is about $0.8M per year.

Child care services are projected to end the 2022/23 fiscal year with a small operating loss of $0.02M, which is slightly better than the $0.04M budgeted deficit. The loss will be fully covered by the reserve.

Child care services have been accepted into the Province of BC's $10 a Day Child Care Program effective December 1, 2022. Under the two-year agreement, parent fees will pay $200 per month for all current spaces (116 spaces). This will have a significant impact on affordability for families in the UVic community. Of note, 38 international student families (36% of current enrollment) will see their fees drop substantially.

The following Table 12 summarizes Child care services forecasted year-end operating results for 2022/23, and the projected budgets for 2023/24 to 2025/26:

The proposed three-year budget reflects a 3% rate increase for toddlers (18 months to 3 years) and a 3% rate increase for pre-school children (3 to 5 years), and reflects the new child care agreement with the province. Salary and benefit expenses are projected to rise in line with the provincial wage mandate.

See the attached Appendix 4 for the 2023/24 schedule of child care fees.

Table 12 (in millions)

CHILD CARE	22-23 Yr. End Forecast	Projected Budget 23-24	24-25	25-26
Total Revenue	**$ 2.42**	**$ 2.99**	**$ 3.08**	**$ 3.15**
Expenditures				
Salaries & Benefits	2.23	2.75	2.83	2.89
Operating Expenses	0.21	0.24	0.25	0.26
Reserves Provision	(0.02)	-	-	-
Total Expenditures	**$ 2.42**	**$ 2.99**	**$ 3.08**	**$ 3.15**
NET	-	-	-	-
Reserves				
Beginning Balance	0.07	0.06	0.06	0.06
Net Transfers	(0.02)	-	-	-
End Balance	**$ 0.06**	**$ 0.06**	**$ 0.06**	**$ 0.06**

(e) Bookstore

The University Bookstore receives revenue through the sale of textbooks, books, computers, supplies (including food and beverages), and services such as regalia rental. Over the past few years, the sale of new and used physical textbooks has decreased as the shift to digital and open educational resources (OER) accelerated significantly post pandemic. Textbooks sales shifted to digital formats (eBooks, bundled with eBooks, and digital access) in support of a hybrid delivery of courses. The shift from physical sales to digital course materials delivered through on-line access utilizes different payment models and results in lower margins.

The bookstore is forecasting a small deficit in 2022/23 of $0.2M, which is slightly less than the $0.01M budgeted surplus. The 2022/23 budget was based on a 12% forecasted increase in textbooks, and a 23% forecasted increase in merchandise sales as customers physically returned to campus. The 2022/23 operating loss will be fully covered by the reserve, leaving a projected balance of $0.7M.

The following Table 13 summarizes bookstore forecasted year-end operating results for 2022/23, and the projected budgets for 2023/24 to 2025/26:

The 2023/24 budget forecasts a 1.3% increase in revenue over 2022/23. Physical textbook sales are budgeted to decrease by 5% with the shift to OER. In 2023/24, the bookstore will continue to develop and support all-inclusive access for digital course materials through the university's learning management system (LMS), adopt course materials within the BC open textbook initiative, and support access to OER materials. Merchandise sales are expected to increase by 12% and continue to be a core strength for the university.

Table 13 (in millions)

BOOKSTORE	22-23 Yr. End Forecast	Projected Budget 23-24	24-25	25-26
Total Revenue	**$ 7.8**	**$ 7.9**	**$ 8.1**	**$ 8.3**
Expenditures				
Salaries & Benefits	2.1	2.2	2.1	2.0
Operating Expenses	0.8	0.7	0.7	0.7
Cost of Goods Sold	5.2	5.2	5.4	5.5
Reserves Provision	(0.2)	(0.2)	(0.1)	0.0
Total Expenditures	**$ 7.8**	**$ 7.9**	**$ 8.1**	**$ 8.3**
NET	-	-	-	-
Reserves				
Beginning Balance	0.9	0.7	0.6	0.5
Net Transfers	(0.2)	(0.2)	(0.1)	0.0
End Balance	**$ 0.7**	**$ 0.6**	**$ 0.5**	**$ 0.5**

Salaries and benefits are expected to be 5% higher in 2023/24 as compared to 2022/23, while the subsequent two years are expected to be 2-3% lower. This is a net decrease after applying wage increases in line with the provincial wage mandate and reflects a planned reorganization of the bookstore's workforce to eliminate positions that are no longer required to support physical textbook sales. The reduction in positions will be implemented through attrition with upcoming retirements and transitioning to other open positions within campus services to minimize employee impact. Casual wage budgets have been reduced and shifted from receiving and managing physical textbooks sales to supporting eliminated position responsibilities.

Tighter controls have been implemented to manage operating expenses, which are expected to remain relatively flat over the next three years, while the increase in cost of goods sold is proportional to sales. The bookstore reserve will be drawn on over the next two years to cover projected operating losses and to support the planned two-year reorganization and transition of the bookstore labour model with a return to profitability in 2025/26. The reserve will also be held to fund on-going capital asset renewals, technology renewal, and to invest in digital strategies for course materials to safeguard the business as it continuously reengineers itself operationally to market forces.

(f) Off-campus properties

The university has two profit-oriented subsidiaries: Heritage Realty Properties and the Vancouver Island Technology Park. Heritage Realty Properties manages the rental properties and downtown hotel and brew-pub which were donated to the university by the late Dr. Michael C. Williams. The Vancouver Island Technology Park (VITP) is a research park which leases space to high-technology companies on Vancouver Island. Both these entities have Boards that oversee and approve their annual budgets. These entities, which are recorded in the university's financial statements on an equity basis, are considered investments of the university. Heritage Realty Properties, including properties owned directly by UVic, provides an annual return to the university, expected to be at least $0.9M, which is invested in university initiatives consistent with the wishes of the donor. A financial return to the university from VITP is also expected each year of at least $0.75M. During 2022/23, the downtown properties on Broad Street were transferred from the university to VITP as part of a plan to redevelop these properties into a 135-room hotel and commercial building. VITP will retain ownership of the properties and lease the land long term to a third party which will build the hotel and commercial building.

Specific purpose funds

The specific purpose fund is composed of revenues and expenditures from:

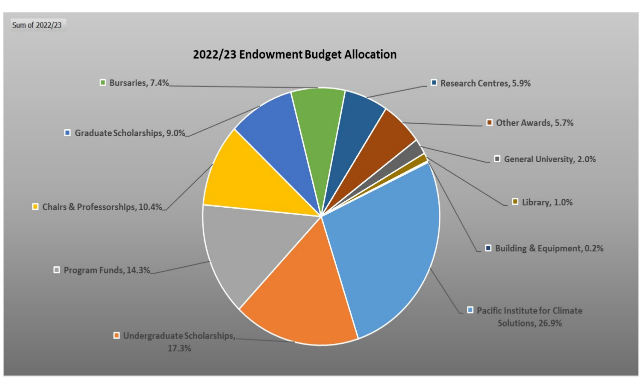
- The University of Victoria Foundation;
- Non-operational department grants from external sources provided for designated purposes (department revenue);
- The Foundation for the University of Victoria;
- The US Foundation; and
- UVic Industry Partnerships (UVic IP).

Total revenue for specific purpose decreased by $72.3M in 2021/22, largely the result of lower investment income within the Foundation of $7.0M compared to $83.9M in the previous year. The majority of revenue in the specific purpose fund is either departmental revenue or revenue from the University of Victoria Foundation.

Departmental revenue is mainly derived from external grants designated for specific purposes such as programs in business and fees from academic and administrative conferences held by departments and are generally non-recurring in nature.

UVic Foundation revenue is comprised of investment income and gains and losses on investments, which by their nature are variable and therefore fluctuate year to year. Given the unpredictable nature of revenue within this fund, it can vary considerably from year to year.

The University of Victoria Foundation holds and invests funds raised for endowment purposes. As at December 31, 2022, there were over 1,500 funds with a market value of ~$484M. Annually, the Foundation Board approves a distribution (budget) from the Foundation to the university based on the terms of each endowment fund and the overall spending policy of the Foundation.

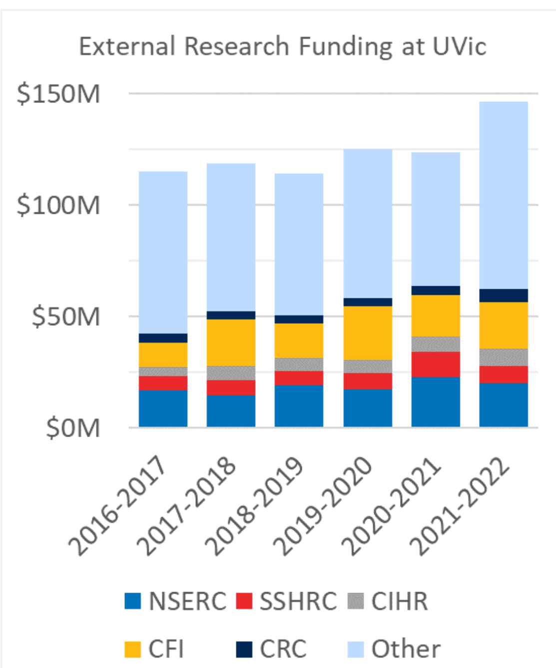


In November 2022, the Foundation Board approved a new endowment spending policy to respond to high inflation and to preserve the intergenerational equity of endowed gifts. The new policy caps the annual inflation adjustment to endowment principal at 3% and introduces a new spending distribution rate of 3% for endowments with a market value of less than 100% of inflation adjusted principal. In 2022/23 the total Foundation distribution was $18.8M and in the 2023/24 budget is expected to decrease by 8% to $17.3M as a result of these changes. The budget will be approved by the foundation in March 2023 and transferred to the university in April 2023.

SPONSORED RESEARCH FUNDS

(a) Research income

There are four major categories of sponsored research funds: 1) competitively-adjudicated funding from the Tri-Agencies (NSERC, SSHRC and CIHR); 2) funding from the Canada Research Chairs (CRC) program; 3) competitively-awarded major research infrastructure support such as the Canada Foundation for Innovation (CFI) and the BC Knowledge Development Fund (BCKDF); and 4) other sources including Research Support Funds (RSF) from the Tri-Agencies, grants from non-Tri-Agency sources, research agreements, and contracts with governments, foundations and industry. Major research activities in 2021/22 is illustrated on the right. In 2021/22, UVic was awarded two Partnership Grants in SSHRC, each worth $2.5M for the life of the project. UVic was awarded an NSERC Collaborative Research and Training Experience (CREATE) program worth $1.65M over the life of the program for Water and Sanitation for Low-Resource Contexts. UVic researchers also had notable success in the fall CIHR Project Grant competition with five funded projects worth $5.4M and a 38% success rate, which is significantly higher than the national average of 20%. As shown in the chart on the left, external research revenues increased by 19% in 2021/22 to $146.9M.



(b) Research highlights

Aspiration 2030: the new Research and Creative Works Strategy

In fall 2021, Aspiration 2030 was launched. This initiative sets out the research vision, values and aspirations, building on UVic's appeal as a university of choice for diverse and high-quality faculty and students. These aspirations reflect UVic's unwavering commitment to research and creative works in all forms.

There are five impact areas where we aspire to make a difference and lead internationally in this decade: climate, environmental change, and sustainability; health and wellness; Indigenous-led scholarship; social justice and equity; technology and the human experience.

We launched one new program in 2021-22 to support early career researchers. The Aspiration 2030 Post-Doctoral Fellowship program provides competitive match-funding for faculty to recruit and support outstanding postdoctoral fellows to conduct leading-edge research at UVic. In this inaugural competition, 11 fellowships were offered in a competitive process out of a total of 29 full applications received in February 2022. Preference was given to postdoctoral candidates who advance Equity, Diversity, and Inclusion (EDI) in their respective discipline(s).

UVic Health Initiative

The UVic Health Initiative began in 2019 and continues to progress in the domains of academic programs and research. A Special Advisor Health Research, working with an advisory group, pursued the following activity streams in the past year:

- Advance success rate with the Michael Smith Health Research British Columbia (MSHRBC). Additional VPRI resources and support resulted in five Early Career Researcher Scholar awards ($2M) in 2021-22, up from our typical one.
- Improve supports and success with Canadian Institutes for Health Research (CIHR) funding. VPRI launched internal peer review and coaching support for the CIHR Fall 2021 and Spring 2022 competitions. We had excellent success with the Fall 2021 CIHR Project Competition, receiving five grants ($5.4M), which was a 38% success rate for UVic, compared to the national average of 20%. One of the grants is a $2 million project in partnership with First Nations Health Authority.
- A new pilot "Bridge Funding" program was also launched to provide rapid responsive grants to support CIHR applicants who were highly ranked but unsuccessful, to improve their applications and re-submit in the next competition.
- Develop plans for a new Core Health Research Facility in Petch. We have established a Steering Committee to transform a currently unoccupied space in the Petch building into a shared core facility for health researchers from across UVic using ~$1.5M to reimagine the 2,000 sq. ft space.
- Partnered with the Ministry of Health in 2021-22 to deliver the University of Victoria Seed Grants for Health Research granting program worth $100K awarded to four collaborative projects.

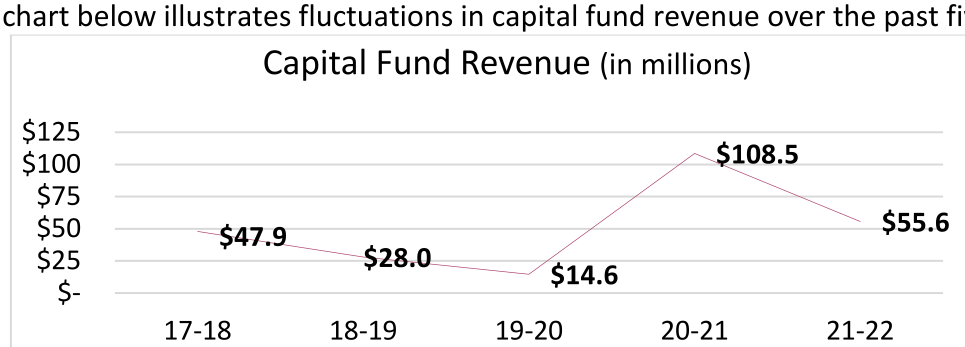
- Work towards advancing the creation of a new "Institute for Health Futures" at UVic, which is notionally imagined as an overarching structure to increase external visibility and profile and attract partnerships with provincial health authorities and community organizations.

Innovation Network
Research Partnerships and Knowledge Mobilization (RPKM) has continued to build on its entrepreneurial culture. Over the past five years, we have supported 1,300 entrepreneurs, 100 entrepreneurship co-ops, 175 startups and 594 filed patents.

- UVic @ KWENCH, a flexible co-working space in downtown Victoria. The Launch program has included 75 early ventures since May 2021, and 25 entrepreneurs frequently use the space. The impact of the UVic at Kwench program has been significant: three start-ups have expanded and now rent their own space and two start-ups are on the 'Douglas Top 10 to Watch' list. UVic's second "Bio Innovation" hub, created in partnership with the City of Saanich and Vancouver Island Life Sciences (VILS), is slated to open in May 2023.
- Work is ongoing with respect to participation in a Westshore hub in partnership with Royal Roads University and Camosun College, and a potential extended realities hub (i.e., Augmented Reality + Virtual Reality) in the planned Arts and Innovation District of Victoria. An Innovation Steering Committee has been struck to coordinate the launch of this network to support partnership activity within various expertise clusters.
- The university's Coast Capital Innovation Centre expanded its offerings through adding programming, such as the Lab2Market Oceans program and working with various partners such as the Innovation Asset Collective (IAC) on programs that support our start-ups. In summer 2022, to increase visibility and access, CCIC moved to a new location on the ground floor of the library, a high-traffic area, and will be holding Pitch It + Plan It sessions in the university's Welcome Centre.

CAPITAL FUND

The capital fund accounts for the revenues and expenditures that result from the acquisition or construction of major physical assets such as buildings or enterprise information systems. Depending on the nature of the project and activities in this fund, revenues and expenditures can vary from year to year. The chart below illustrates fluctuations in capital fund revenue over the past five years:



Major capital activity over the past year included:

1. **Deferred maintenance program**

As part of the MMR funding program noted above, the university undertook a number of projects that will improve the conditions of our buildings and support our campus plan. These include:

- Fraser building renovations and upgrades, a multi-year project;
- Engineering Lab Wing renovations and upgrades;
- Bio-level 2 and safety upgrades to science labs and other lab or office renewal to support faculty;
- West campus greenway in support of our cycling plan;
- Conversion of boiler plant to academic space (multi-year);
- HVAC system upgrades;
- Energy transfer stations upgrades to improve building efficiencies;
- Continuation of the roof replacement and elevator renewal programs; and
- Various other smaller deferred maintenance or other projects (fall protection, metering, etc.).

2. Student housing and dining

Building one, which provides the new dining facility and additional dorms style rooms, opened in September 2022. Building two which includes a new pod style room, conference services and an indigenous lounge is anticipated to be complete before September 2023.

3. National Centre for Indigenous Laws

This project includes an addition to the Fraser Building to support the new JD/JID program within the Faculty of Law. The project has been delayed due to construction escalation. Additional funding has been secured and the project is now anticipated to be completed in 2024.

4. Addition to the Engineering and Computer Science Building and High Bay Structures Lab

This project will provide incremental space to support undergraduate student growth within the Faculty of Engineering and Computer Science including new spaces to support the Civil Engineering program. The project was approved by the province in 2021 but has been delayed due to project escalation. Additional funding has been secured, construction is expected to start in 2023 and is expected to be complete in 2026.

The capital priorities in the 2022/23 capital plan for the next five years include:

- Murray and Anne Fraser Building Interior Modernization and Seismic renewal;
- Additional Student Housing;
- Mearns Centre for Learning Modernization and seismic upgrade;
- Campus seismic upgrading program; and
- Active Transportation Improvement Program.

The capital plan is approved separately by the Board each year.

FINANCIAL RISKS

Developing the budget framework requires that we consider risks that may affect the university's financial position and ability to implement strategies outlined in this document. The framework is developed based on certain assumptions and current information. If assumptions don't materialize, there could be significant impacts to both revenues and expenditures. The COVID-19 pandemic and our enrolment experience in 2022/23 confirmed that significant events are possible, and this strengthens our commitment to exercising caution in our financial planning efforts.

Our key mitigation strategy within this framework is the retention of a $7.2M contingency budget. This budget has not been allocated to provide for some financial flexibility to help address potential impacts enrolment shifts or changes. These funds will only be allocated if enrolment targets are achieved. The flexibility will help to mitigate the financial risks and assumptions outlined below.

- The top institutional risk continues to be enrolment management. Our priority, as we rebuild enrolments is to ensure faculty, instructors, staff and students are well supported. The limited investments this budget includes shows our focus on meeting our student recruitment and retention goals. Our approach to managing the risk of revenue loss due to an enrolment decline (as noted above) is an enrolment contingency budget of $7.2M. We will carefully monitor student enrolment throughout the year so we can respond to enrolment changes, minimize institutional impacts and allocate the enrolment contingency if enrolments exceed the pragmatic scenario goals.

- The operating grant for 2023/24 is not yet known, and the province typically announces funding to post-secondary institutions later in the spring. The budget for the Province has been announced and summary level information indicates that grant funding should be in-line with expectations; however, there is always a risk that the grant may be different than estimated in this budget.

- The budget plan for 2023/24 to 2025/26 has been developed assuming that the province will fully fund upcoming collective bargaining costs. The province is funding the shared recovery mandate which runs into 2025. We expect the province to continue to fund collective bargaining costs beyond this mandate but the impacts on the operating budget would be significant should these not be funded.

- Utility and/or other non-salary expenditures may experience inflation beyond those provided for in this budget. The risk for 2023/24 is more significant than in prior years given world events and current increasing inflation information. Beyond 2025/26 the utilities budget will need to be reviewed and increased as part of implementing the CSAP 2030 as we have a target to reduce campus operation greenhouse gas emissions by 50% below our baseline by 2030 and that will require investing in electric boilers which will increase our annual utility expenses;

- While investments have been made within our facilities to address some of deferred maintenance, overall building conditions remain an issue and construction escalation costs have been significant. Given the age of some buildings, there is a greater likelihood of a large unexpected repair. The university does not have funding set aside for such occurrences.

- A weak Canadian dollar relative to the US dollar has had a negative impact on the university's purchasing power particularly with respect to library acquisitions, software licensing, facilities construction and other supplies. A sustained lower dollar or a worsening of the dollar will further erode purchasing power in these areas and may require realignment of resources.

Compliance with section 29 of the University Act

Section 29 of the University Act requires that the university may not have a deficit in any year. The determination of deficit is in accordance with the standards used in the preparation of the university's external, audited financial statements. As noted above, the university prepares its budgets and manages financial activities using fund accounting. In order to be in compliance with Section 29 of the University Act, the university also completes a forecast of the expected results in accordance with the requirements of the University Act.

Appendices:

- Appendix 1 – Schedule of proposed tuition fees
- Appendix 2 – Housing fee table
- Appendix 3 – Parking fee table
- Appendix 4 – Schedule of child care fees

Appendix 1: Schedule of proposed tuition fees

		Effective May 1, 2021	Effective May 1, 2022	Effective May 1, 2023
UNDERGRADUATE TUITION				
Tri Faculty				
Per fee unit -	Domestic	395.08	402.98	411.04
	International	1,788.68	1,855.76	1,981.02
Course Challenge				
Per fee unit -	Domestic	197.54	201.49	205.52
	International	894.34	927.88	990.51
AHVS 488 and HA 499 per unit		492.36	502.21	512.25
Business Faculty				
Per fee unit -				
	Domestic	538.62	549.39	560.38
	International	1,888.52	1,959.34	2,091.59
Co-op program fee -	Domestic	373.03	380.49	388.10
	International	681.77	707.34	755.08
Engineering Faculty ENGR courses				
Per fee unit -	Domestic	395.08	402.98	411.04
	International	1,788.68	1,855.76	1,981.02
CENG, ELEC, MECH, CSC, SENG, BIOM				
Per fee unit -	Domestic	437.18	445.92	454.84
	International	1,930.00	2,002.38	2,137.54
Co-op program fee -	Domestic	373.03	380.49	388.10
	International	681.77	707.34	755.08
Co-op Work Term				
Per work term -	Domestic	746.06	760.98	776.20
	International	1,363.54	1,414.67	1,510.16
Co-op Work Term Challenge				
	Domestic	373.03	380.49	388.10
	International	681.77	707.34	755.08
Law Tuition				
Full-time, per term -	Domestic	5,185.55	5,289.26	5,395.05
	International	19,296.14	20,019.75	21,371.08
Law Tuition				
Part-time, per term -	Domestic	691.42	705.25	719.36
	International	2,572.84	2,669.32	2,849.50

Appendix 1: Schedule of proposed tuition fees continued

		Effective May 1, 2021	Effective May 1, 2022	Effective May 1, 2023
UNDERGRADUATE TUITION				
Audit Fees per fee unit				
Under age 65				
Undergraduate -	Domestic	197.55	201.51	205.54
	International	894.36	927.90	990.53
Graduate -	Domestic	342.94	349.80	356.80
	International	459.10	468.28	477.65
Age 65 or over				
Undergraduate -		66.92	68.26	69.62
Graduate -		112.70	114.95	117.25
Graduate Tuition (per term)				
Full fee installment -	Domestic	2,051.66	2,092.68	2,134.54
	International	2,587.74	2,639.50	2,692.30
Half fee installment -	Domestic	1,025.83	1,046.34	1,067.27
	International	1,293.87	1,319.75	1,346.15
Non-degree -	Domestic	814.86	831.16	847.78
	International	1,030.35	1,050.96	1,071.98
Graduate Re-registration Fees (per term)				
until maximum completion limits				
	Domestic	814.86	831.16	847.78
	International	1,030.35	1,050.96	1,071.98
Thereafter -	Domestic	2,051.66	2,092.68	2,134.54
	International	2,587.74	2,639.50	2,692.29
Graduate Co-op Work Term	Domestic	746.06	760.98	776.20
	International	938.38	957.14	976.27
MBA Daytime Tuition (per term)				
Full fee installment -	Domestic	6,626.15	6,758.66	6,893.84
	International	9,832.85	10,029.50	10,230.08
Non-degree -	Domestic	2,186.85	2,230.59	2,275.20
	International	3,245.17	3,310.07	3,376.27
MBA Daytime Re-registration fees (per term)				
until maximum completion limits				
	Domestic	2,186.85	2,230.59	2,275.20
	International	3,245.17	3,310.07	3,376.28
Thereafter -	Domestic	6,626.15	6,758.66	6,893.84
	International	9,832.85	10,029.50	10,230.08
MBA Weekend Tuition (per term)				
Full fee installment -	Domestic	4,417.44	4,505.78	4,595.88
	International	6,555.23	6,686.34	6,820.08

Appendix 1: Schedule of proposed tuition fees continued

		Effective May 1, 2021	Effective May 1, 2022	Effective May 1, 2023
Graduate Tuition (per term)				
MBA Weekend Re-registration fees (per term)				
until maximum completion limits				
	Domestic	1,457.91	1,487.07	1,516.81
	International	2,163.45	2,206.72	2,250.85
Thereafter -	Domestic	4,417.44	4,505.78	4,595.88
	International	6,555.23	6,686.34	6,820.08
MBA/JD MBA Tuition (per term)				
Full fee installment -	Domestic	4,417.44	4,505.78	4,595.88
	International	6,555.23	6,686.34	6,820.08
MBA/JD Re-registration fees (per term)				
until maximum completion limits				
	Domestic	1,457.91	1,487.07	1,516.81
	International	2,163.45	2,206.72	2,250.85
Thereafter -	Domestic	4,417.44	4,505.78	4,595.88
	International	6,555.23	6,686.34	6,820.08
Master of Global Business (MGB) fees (per term)				
Full fee installment -	Domestic	7,460.24	7,609.44	7,761.64
	International	12,331.52	12,578.14	12,829.70
MGB Partner University Double Degree (one time fee)			5,162.03	5,162.03
MGB Internship Fee	Domestic	373.03	380.49	388.10
	International	469.19	478.57	488.15
MGB Re-registration fees (per term)				
until maximum completion limits				
	Domestic	2,486.74	2,536.48	2,587.21
	International	4,110.49	4,192.69	4,276.55
Thereafter -	Domestic	7,460.24	7,609.44	7,761.63
	International	12,331.52	12,578.14	12,829.70
Master of Management (MM) fees (per term)				
Full fee installment -	Domestic	8,333.32	8,499.98	8,669.98
	International	10,833.32	11,049.98	11,270.98
Master of Management (MM) Re-registration fees (per term)				
until maximum completion limits				
	Domestic	2,750.00	2,805.00	2,861.10
	International	3,575.00	3,646.50	3,719.43
Thereafter -	Domestic	8,333.32	8,499.98	8,669.98
	International	10,833.32	11,049.98	11,270.98
MA in Community Development (MACD)				
	Domestic	2,921.94	2,980.38	3,040.00
	International	3,624.40	3,696.88	3,770.82

Appendix 1: Schedule of proposed tuition fees continued

		Effective May 1, 2021	Effective May 1, 2022	Effective May 1, 2023
Graduate Tuition (per term)				
MACD Re-registration Fees, per term				
until maximum completion limits				
	Domestic	974.00	993.48	1,013.35
	International	1,208.11	1,232.28	1,256.92
Thereafter -	Domestic	2,921.94	2,980.38	3,040.00
	International	3,624.40	3,696.88	3,770.82
Health Informatics fee				
fees per term	Domestic	5,018.70	5,119.08	5,221.48
	International	5,732.76	5,847.42	5,964.38
Health Informatics Re-registration Fees (per term)				
until maximum completion limits				
	Domestic	1,799.40	1,835.39	1,872.09
	International	2,043.65	2,084.52	2,126.21
Thereafter -	Domestic	5,018.70	5,119.08	5,221.48
	International	5,732.76	5,847.42	5,964.38
Master of Public Health (MPH)				
	Domestic	2,486.74	2,536.48	2,587.22
	International	3,136.76	3,199.50	3,263.50
MPH Re-registration Fees (per term)				
until maximum completion limits				
	Domestic	828.94	845.51	862.42
	International	1,045.57	1,066.49	1,087.81
Thereafter -	Domestic	2,486.74	2,536.48	2,587.22
	International	3,136.76	3,199.50	3,263.50
Double Degree in Nursing & Health Informatics (NNHH)				
	Domestic	4,144.48	4,227.36	4,311.90
	International	5,227.86	5,332.42	5,439.08
NNHH Re-registration Fees (per term)				
until maximum completion limits				
	Domestic	1,381.56	1,409.19	1,437.37
	International	1,742.63	1,777.48	1,813.03
Thereafter -	Domestic	4,144.48	4,227.36	4,311.90
	International	5,227.86	5,332.42	5,439.08
MEng Telecommunications & Information Security (MTIS) (per term)				
	Domestic	7,657.92	7,811.06	7,967.28
	International	10,146.58	10,349.52	10,556.52

Appendix 1: Schedule of proposed tuition fees continued

		Effective May 1, 2021	Effective May 1, 2022	Effective May 1, 2023
Graduate Tuition (per term)				
MTIS Re-registration Fees (per term)				
until maximum completion limits				
	Domestic	2,527.12	2,577.66	2,629.21
	International	3,348.39	3,415.35	3,483.66
Thereafter -	Domestic	7,657.92	7,811.06	7,967.28
	International	10,146.58	10,349.52	10,556.52
Master of Engineering in Applied Data Science (MADS) (per term)				
	Domestic	9,710.40	9,904.60	10,102.68
	International	12,831.58	13,088.22	13,350.00
MADS Re-registration Fees (per term)				
until maximum completion limits				
	Domestic	3,204.43	3,268.52	3,333.89
	International	4,234.43	4,319.12	4,405.50
Thereafter -	Domestic	9,710.40	9,904.60	10,102.68
	International	12,831.58	13,088.22	13,350.00
Master of Engineering in Industrial Ecology (per term)				
	Domestic	6,120.00	6,242.40	6,367.26
	International	8,500.00	8,670.00	8,843.40
Master of Engineering in Industrial Ecology Re-registration Fees (per term)				
until maximum completion limits				
	Domestic	2,019.60	2,060.00	2,101.21
	International	2,805.00	2,861.10	2,918.32
Thereafter -	Domestic	6,120.00	6,242.40	6,367.26
	International	8,500.00	8,670.00	8,843.40
Master of Engineering in Biomedical Systems (per term)				
	Domestic	5,333.32	5,439.98	5,548.78
	International	10,400.00	10,608.00	10,820.16
Master of Engineering in Biomedical Systems Re-registration Fees (per term)				
until maximum completion limits				
	Domestic	1,760.00	1,795.20	1,831.10
	International	3,432.00	3,500.64	3,570.65
Thereafter -	Domestic	5,333.32	5,439.98	5,548.78
	International	10,400.00	10,608.00	10,820.16
PhD in Health Informatics (HINF) (per term)				
	Domestic	2,976.68	3,036.22	3,096.96
	International	7,389.58	7,537.38	7,688.14

Appendix 1: Schedule of proposed tuition fees continued

		Effective May 1, 2021	Effective May 1, 2022	Effective May 1, 2023
Graduate Tuition (per term)				
PhD HINF Re-registration Fees (per term)				
until maximum completion limits				
	Domestic	1,488.34	1,518.11	1,548.47
	International	2,438.54	2,487.31	2,537.06
Thereafter -	Domestic	2,976.68	3,036.22	3,096.96
	International	7,389.58	7,537.38	7,688.14
CERTIFICATES / DIPLOMAS				
Graduate Certificate in Medical Physics				
Per fee unit -				
	Domestic	1,435.86	1,464.57	1,493.87
	International	1,811.16	1,847.39	1,884.34
Grad Certificate Health Terminology Standards				
Per fee unit -	Domestic	1,533.46	1,166.70	1,190.03
	International	1,751.28	1,332.42	1,359.07
PROGRAM FEES, PER TERM - UNDERGRADUATE				
Inacademic Program Fee (BCom)				
	International	483.78	501.92	535.80
Professional Specialization Certificate				
in Special Education				
	Domestic	402.06	410.10	418.30
	International	551.72	572.41	611.05
PROGRAM FEES, PER TERM - GRADUATE				
Master of Business Administration (MBA)				
Daytime Program				
	Domestic	861.54	878.77	896.35
	International	1,129.62	1,152.22	1,175.26
Weekend Program				
	Domestic	574.36	585.85	597.56
	International	768.14	783.50	799.17
JD/MBA Double Degree				
	Domestic	574.36	585.85	597.56
	International	768.14	783.50	799.17
Master of Global Business (MGB)				
	Domestic	1,072.08	1,093.52	1,115.39
	International	1,360.24	1,387.44	1,415.19
MGB Partner University Double Degree (one time fee)			2,040.30	2,040.30

Appendix 1: Schedule of proposed tuition fees continued

		Effective May 1, 2021	Effective May 1, 2022	Effective May 1, 2023
Graduate Tuition (per term)				
Master of Management (MM)				
	Domestic	1,166.66	1,189.99	1,213.79
	International	1,666.66	1,699.99	1,733.99
PhD in International Management & Organization				
	Domestic	520.20	530.60	541.22
	International	562.64	573.89	585.37
MEd/MA EPLS Counselling				
	Domestic	402.02	410.06	418.26
	International	417.96	426.32	434.85
Indigenous Ed grad prog in Indigenous Revitalization				
	Domestic	402.04	410.08	418.28
	International	417.96	426.32	434.85
Child and Youth Care MA				
	Domestic	394.14	402.02	410.06
	International	409.74	417.94	426.30
PROGRAM FEES FOR UVIC DEGREE STUDENTS				
LATHE (Learning/Teaching in Higher Ed)				
	Domestic	814.86	831.16	847.78
	International	1,030.35	1,050.96	1,071.98
Indigenous Nationhood Certificate Program				
Degree Students	Domestic	814.86	831.16	847.78
	International	1,030.35	1,050.96	1,071.98
Health Terminology Standards				
Degree Students	Domestic	2,300.17	2,346.17	2,393.10
	International	2,626.90	2,679.44	2,733.03
Evaluation Certificate				
Degree Students	Domestic	814.86	831.16	847.78
	International	1,030.35	1,050.96	1,071.98

Appendix 2: Housing fee table

Single Student Housing	2022/23 Current (per term)	2023/24 Proposed (per term)	% Increase
Single	$3,275	$3,603	10.0%
Single B1 & B2	$3,400	$3,740	10.0%
Double	$2,506	$2,756	10.0%
Cluster	$3,797	$4,177	10.0%
Bachelor	$3,813	$4,195	10.0%
One bedroom	$4,761	$5,237	10.0%
One bedroom B1 & B2	$4,942	$5,436	10.0%
New: Pod Style	n/a	$4,222	n/a
2 bed townhouse	$4,937	$5,431	10.0%

Standard Meal Plan	2022/23 Current (per term)	2023/24 Proposed (per term)	% Increase
	$2,934	$3,227	10.0%

Single Student Housing with Meal Plans*	2022/23 Current	2023/24 Proposed	% Increase
Single room + standard meal plan	$12,418	$13,660	10.0%
Single B1 + standard meal plan	$12,667	$13,934	10.0%
Double room + standard meal plan	$10,879	$11,967	10.0%

*For the academic year (September to April)

Family Housing (monthly)	2022/23 Current	2023/24 Proposed	% Increase
One bedroom apartment	$1,083	$1,170	8.0%
Two bedroom apartment	$1,313	$1,418	8.0%
Two bedroom townhouse	$1,392	$1,503	8.0%
Three bedroom townhouse	$1,636	$1,767	8.0%

Appendix 3: Parking fee table

2023/24 Proposed Parking Rates*						
Long Term	**Monthly**	**Daily**	**Hourly**	**Evening**	**Saturday**	**Annual**
General	$ 75.00	$ 9.00	$ 2.00	$ 4.00	$ 4.00	n/a
General (Phased Rate for Employees)	$ 70.00	n/a	n/a	n/a	n/a	n/a
Reserved	$ 131.00	n/a	n/a	$ 4.00	$ 4.00	n/a
Value	$ 49.00	$ 6.00	$ 2.00	$ 4.00	$ 4.00	n/a
Motorcycle	$ 45.00	n/a	n/a	n/a	n/a	n/a
Night Staff	$ 35.00	n/a	n/a	n/a	n/a	n/a
Family Housing	$ 37.50	n/a	n/a	n/a	n/a	$ 450.00

Short Term	15 Mins	1 Hour
Inside Ring Road	$ 0.75	$ 3.00
Outside Ring Road	$ 0.50	$ 2.00

*Effective September 1st, 2023

2022/23 Parking Rates						
Long Term	**Monthly**	**Daily**	**Hourly**	**Evening**	**Saturday**	**Annual**
General	$75.00	$9.00	$2.00	$4.00	$4.00	n/a
Reserved	$131.00	n/a	n/a	$4.00	$4.00	n/a
Value	$49.00	$6.00	$2.00	$4.00	$4.00	n/a
Motorcycle	$29.00	n/a	n/a	n/a	n/a	n/a
Night Staff	$38.00	n/a	n/a	n/a	n/a	n/a
Family Housing	$26.08	n/a	n/a	n/a	n/a	$312.90

Short Term	15 Min	1 Hour
Inside Ring Road	$0.75	$3.00
Outside Ring Road	$0.50	$2.00

Appendix 4: Schedule of child care fees

Child Care Complex A, B and Harry Lou Poy Building Programs*:

	Monthly Fees
Infant Care - Children Aged 6 to 18 Months (Maximum 10 spaces)	
Full-time Student, Staff and Faculty Families	$200**
Toddler Care – Children Aged 18 to 36 Months (Maximum 24 spaces)	
Full-time Student, Staff and Faculty Families	$200**
Children Aged 30 Months to School Aged (3-5 Years) (Maximum 82 spaces)	
Full-time Student, Staff and Faculty Families	$200**

* Effective 1 December 2022. $10 a Day Child Care Programs funded by the BC Provincial Government

** Families who are Canadian Citizens or Permanent Residents are encouraged to check their eligibility for funding under the BC Provincial Government Affordable Child Care Benefit Program

Queenswood Child Care Programs:

	Monthly Fees 2022/23	Monthly Fees 2023/2024	Fee Increase 2023/2024	BC Gov't Child Care Fee Reduction Initiative **	Parent Monthly Fees Owing (Effective 2023/2024)
Toddler Care – Children Aged 18 to 36 Months (Maximum 12 spaces)					
Level A (staff)	$1,343	$1,383	3%	($900)	$483
Level B (students)	$1,210	$1,246	3%	($900)	$346
Children Aged 30 Months to School Aged (3-5 Years) (Maximum 25 spaces)					
Level A (staff)	$1,035	$1,066	3%	($545)	$521
Level B (students)	$865	$891	3%	($545)	$346

** Families who are Canadian Citizens or Permanent Residents are encouraged to check their eligibility for funding under the BC Provincial Government Affordable Child Care Benefit Program

Information about the BC Provincial Government's Child Care Fee Reduction Initiative Program can be found here.