



Athabasca
University

2016 – 2017

PROPOSED BUDGET

For presentation to
General Faculties Council

July 21, 2016

MESSAGE FROM THE INTERIM PRESIDENT

We submit this budget in compliance with the Ministry request that we do so by August 2, 2016.

Athabasca University was prepared to submit a 2016-2017 budget in accordance with the usual schedule before the end of fiscal 2015-16 but was asked by government not to do so because of circumstances prevailing at the time. At that time, AU projected a deficit budget of \$2.4 million and Minister Schmidt was reflecting on his response to growing concern and controversy about the sustainability of AU, documented by the report of the Presidential Task Force on Sustainability, submitted to the Ministry on June 1, 2015. In his letter of March 22, 2016, the Minister outlined his response and directed a third-party assisted review of the university's sustainability within the context of certain parameters outlined in that correspondence.

AU's administration welcomes the Minister's action directing the third party review. Both the university and government are interested in the issues that have put institutional sustainability at risk, and discussion of solutions has not come easily. Many voices, some more acrimonious than informed, have been heard, and an objective third party is needed to bring a dispassionate, systematic and determined approach to the discussion.

In the four months since the Minister's directive, AU's financial circumstances have continued to evolve, partly because the ameliorative measures proposed in our March draft budget were not implemented. The projected deficit over the three-year budget framework will now be larger. In short, operating within the assigned constraint of no job losses has aggravated the financial sustainability issues outlined in the report of the Presidential Task Force on Sustainability.

Since March, AU has not merely awaited the organization and beginning of the third-party review. Reviews of academic courses, programs and student services have been completed, as has a business processes review led by consultant Grant Thornton. The findings of these reviews supplement those of the Presidential Task Force on Sustainability, and will inform the third-party review.

The preface is intended to lay out the context of this budget, both to fairly present its limitations and to emphasize that it is not business as usual for AU on an ongoing basis. Sustainability issues are real, and their effects are imminent and it is our hope and belief that the third-party review will address them fully and point to pathways on which our unique mission and contribution to Campus Alberta can be stabilized and advanced.

Peter MacKinnon

OVERVIEW

The proposed Budget is for the 2016-2017 fiscal year, representing the period April 1, 2016 through March 31, 2017. It is a deficit budget of \$3.3 million.

In the 2017-2018 and 2018-2019 fiscal years, AU is projecting deficits of \$ 6.8 million and \$8.8 million respectively. The projected deficits are the cumulative result of AU not being able to proceed with strategic changes or workforce adjustments. (Attachments 5A and 5B).

Given these constraints, AU will be financially insolvent by 2017-2018. Even if significant changes are made in 2016-2017, it will take time to realize the savings.

BACKGROUND

As discussed in the “Message From The Interim President” above, a budget plan for 2016-2017 which included strategic changes and workforce adjustments was drafted in March 2016 but, at the request of the Ministry of Advanced Education, did not go forward. On May 10, the Minister requested that AU submit the Financial and Budget Information components of the 2016-2019 Comprehensive Institutional Plan by August 2, including a financial narrative, a budgeted statement of operations, a budgeted statement of cash flows and tuition fee projections.

On June 22, AU received direction from the government that there were to be no deficit and that the government was hopeful that the university could craft a balanced budget without job losses.

Following July 6 discussions with Ministry staff, AU was advised on July 13 that it could proceed with a deficit budget, but that the Ministry was unable to commit at that time to providing any additional funding to cover a deficit.

Subsequently the proposed Budget was developed for the August 2 submission to the Ministry of Advanced Education.

CHALLENGES

The major constraint facing this budget is the government directive prohibiting job losses. It is a challenge to identify long-term sustainment strategies and structural changes without affecting employment levels given that 68 percent of AU’s operating expenses consist of salaries and benefits. Based on the June 22 directive, the only way to achieve a balanced budget in 2016-2017 is to implement stop-gap measures which are unsustainable in the long term.

This budget represents management’s best efforts given the constraint of no job losses. It does not contemplate structural changes to deal with deficits. AU’s financial challenges are expected

to continue and be compounded each year until a sustainable business model is identified and implemented.

AU is experiencing and will continue to experience significant fiscal challenges:

- Limited increases in the Campus Alberta base operating grant with just a 2 percent increase expected in 2016-2017 and no increases anticipated in 2017-2018 or 2018-19
- Modest enrolment growth
- Expenditure growth outpacing revenue growth
- The value of the Canadian dollar affecting the cost of goods and services purchased outside of Canada
- Increasing competition from other post-secondary providers provincially, nationally and internationally
- AU is disadvantaged by the current Alberta Government funding framework
- AU is constrained by tuition and fee regulations
- AU has few opportunities to increase revenue through ancillary fees

THREE YEAR BUDGET ASSUMPTIONS (Schedule 4)

- Expected increase in Campus Alberta base operating grant of 2 percent in 2016-2017 and 0 percent in the following two years
- No change in provincial Infrastructure Maintenance Program funding
- Undergraduate registration growth of 1.3 percent in 2016-2017, 1 percent in 2017-2018 and 1.5 percent in 2018-2019
- Graduate registration growth of 0 percent over three years
- In province tuition fees frozen at 2014-2015 levels
- Out of province fee increased by 1.6 percent in 2016-2017 and 2 percent in each of the following two years
- Salary and benefits: average annual merit increases of 2.6 percent plus cost of living increases as per recent wage settlements for union and faculty association employees
- Inflation on course materials at 4 percent to 4.6 percent annually
- Inflation on all other expenses averaging 2 percent annually

APPROACH

Using the 2015-16 actual spend as a starting point was considered; however, doing that would effectively reward operating units that did not meet their budget targets and penalize those that did. The proposed budget for 2016-2017 is therefore based on the 2015-2016 approved budget, adjusted for additional revenues and significant cost pressures (Schedule 1).

All revenue sources have been reviewed with an eye to retaining AU's market share in an increasingly competitive environment. Student fee revenues have been increased based on projected increases in undergraduate registration of 1.3 percent and increases to out-of-province and non-mandatory fee rates.

The most significant expense adjustment is a \$2.8 million increase for merit and cost-of-living for union and faculty association employees. No similar adjustment was made for excluded employees as the provincial government has frozen such adjustments for two years effective 2016.

These adjustments yield a potential deficit of \$4.9 million.

Expense reduction strategies were also investigated. Schedule 2 lists the mitigation strategies that were considered. We have identified and included in the proposed budget \$1.6 million in mitigation strategies that were previously included in the March 2016 draft budget which will have no impact on our workforce. Other strategies totaling \$1.2 million were considered but judged to be non-sustainable or required negotiation with the university's unions and faculty association and they are therefore not included in the proposed budget.

Having considered these strategies, AU is looking to the provincial government to fund the remaining \$3.3 million or to approve a deficit for 2016-2017 which the university would make its best efforts to replenish in subsequent years.

It is critical that all levels of management be held accountable for meeting financial targets.

RISKS

This budget focuses only on what AU can directly control. The university has no control over government funding, tuition fees and collective agreements. Given the imposed constraint of no job losses, the risks associated with this proposed budget include the following:

- It does not include strategic changes to address long-term sustainability
- It does not address information technology needs
- It includes a vacancy savings target of \$4.3 million, which is the equivalent of about 50 full-time positions. While this saving helps to minimize the proposed budget deficit, it will also negatively affect existing employees
- Some budget holders may have difficulty meeting targets

BEYOND 2016-2017

In recognition of the sustainability challenges it faces, AU undertook two significant reviews: the Business and Student Services Administrative Practices Process Review and the FOCUSED ON THE FUTURE OF LEARNING – Educational Review 2015–2016” to identify ways to address the challenges and seize upon opportunities for efficiency.

Initiatives currently underway as a result of the Business and Student Services Administrative Practices Process Review include a review of the university travel policy, an exploration of the use of AU facilities, identification of new shared service opportunities and a cost saving incentive program.

Implementation of recommendations from the “FOCUSED ON THE FUTURE OF LEARNING – Educational Review 2015–2016” will increase efficiency and effectiveness of academic and student service processes through greater system co-ordination, clarification of roles and responsibilities, elimination of duplication, structural review and alignment, and continuous improvement. These initiatives will reduce administrative and instructional costs across the university over the three-year planning period.

Savings from these two reviews will primarily compensate for projected shortfalls or be directed to pressing corporate priorities such as investments in technology, enhancing the quality and integrity of courses, programs and academic and student services, and revenue generation projects that will reduce AU’s deficits. The third-party review may provide insight into additional savings and revenue generating opportunities.

The Executive Group will continue to review the recommendations from these two reports.

2016-2017 BUDGET DETAILS (Schedules 5A and 5B)

REVENUES

In recent years, AU has seen a decline in registrations from Ontario while registration growth from Alberta and other provinces remains positive. Undergraduate registration growth is expected to be 1.3 percent in 2016-2017 while no growth in graduate registration is expected.

The following table presents the enrolment projections for 2016-2017 and the following two years.

Table 1: 3 Year Enrolment Projections: Undergraduate and Graduate Programs

	<u>2016-2017</u>	<u>2017-2018</u>	<u>2018-2019</u>
Undergraduate Enrolment Growth	1.3%	1%	1.5%
Graduate Enrolment Growth	0%	0%	0%

Overall, students are expected to register for 77,404 courses in 2016-2017 (Schedule 3).

Revenue of \$132.6 million is expected for 2016-17, reflecting a \$.08 million increase to the university’s base operating grant and tuition freeze funding of \$0.7 million, offset by a \$1.5 million decrease in restricted special-purpose grants.

Tuition and mandatory student fees for Alberta students will continue to be frozen at 2014-2015 levels.

The out-of-province tuition fee for a three-credit undergraduate course will increase to \$796 (from \$794). This fee is the sum of the \$476 Alberta student fee, a \$180 learning resource fee, a \$9 students’ union fee, a \$2 alumni fee (all unchanged) plus the \$129 (increased from \$127) out-

of province fee. Out-of-country fee will increase to \$352 (from \$347) with the result that the total per course tuition for an out-of-country student will increase to \$1,019 (from \$1,014).

Other than minor inflationary increases to non-mandatory student fees, no other increases are planned for 2016-2017.

The tuition and other fee changes are outlined in Schedules 8A to 8D2. All non-mandatory student fee increases, which are based on the year over year change in the Alberta Consumer Price Index, have been discussed with representatives of the Athabasca University Students' Union and the Athabasca University Graduate Students' Association. All fee changes will take effect on September 1, 2016.

EXPENSES

Expenses are expected to be \$135.9 million.

Salary and benefit costs represent almost 68 percent of operating expenditures. This percentage is expected to stay relatively consistent over the three-year planning period. The budget makes no provision for negotiated wage settlements beyond those that were settled in 2015-16; however, contractual merit increments of \$2.8 million have been included.

Other drivers are \$1.5 million for inflation, expanded information technology coverage and foreign exchange, \$0.7 million for strategic investments and \$0.5 million for fees and purchased services including legal.

This budget also includes a \$4.3 million vacancy savings target that must be realized to meet the overall budget target.

ACCUMULATED SURPLUS (DEFICIT) FROM OPERATIONS

Schedules 6B details the anticipated transactions that will affect the Accumulated Surplus (Deficit) from Operations, not including pension liability, in the three fiscal years beginning 2016-2017.

Three scenarios are listed, all projecting that AU will be financially insolvent in 2017-2018 unless there are additional revenues or cost savings.

Scenario 1: The preliminary draft budget prepared in March 2016 included a number of strategic budget mitigation strategies. At the end of 2018-2019 the Accumulated Deficit from Operations would have been \$1.6 million.

Scenario 2: With this proposed budget assuming one-time provincial funding of \$3.3 million, and given the constraint of no job losses which inhibits long term sustainment strategies, at the end of 2018-2019 the Accumulated Deficit from Operations will be \$9.3 million. This represents

a worsening of \$7.7 million from the initial March budget.

Scenario 3: With this proposed budget assuming no one-time provincial funding, and given the constraint of no job losses which inhibits long term sustainment strategies, at the end of 2018-2019 the Accumulated Deficit from Operations will be \$12.5 million. This represents a worsening of \$10.9 million from the initial March budget.

None of the scenarios above have included any impact of changes from the various reviews yet to be implemented.

CAPITAL BUDGET

AU's future depends on investments in information and communication technology to maintain and enhance a competitive leadership position in the online distance education market.

In 2016-2017, \$5.5 million is allotted for strategic capital investments in information and communication technology.

Of the \$5.5 million in planned investments, \$1.2 million will be funded from the provincial Infrastructure Maintenance Program, \$2.9 million from amortization and \$1.4 million from Accumulated Surplus from Operations unless alternate funding can be secured.

The capital budget for 2016-2017 is outlined in Schedules 7A and 7B.

Athabasca University
2016-2017 Proposed Budget
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Athabasca University
2016-2017 Proposed Budget
Schedule 1: Potential Deficit
(Thousands of \$)

Starting Position - Budget deficit 2015 -2016		\$ -
<u>Back out one-time budget adjustments:</u>		
Capitalization of staff to Information Technology Projects	(1,300)	
Infrastructure Maintenance Program grant budgeted as Information Technology operating revenue	(320)	
Vacancy savings target	(4,150)	
One time budget requests	1,159	(4,611)
<u>Carry forwards and adjustments:</u>		
Fiscal 2016 - Bill 3 funding	2,440	
Fiscal 2016 - Bill 3 tuition freeze	(458)	
Capitalization of staff to ITC Projects (updated for 2016-2017)	360	
Adjust graduate student revenues to reflect 2015-2016 actuals	(658)	
Group study budget shortfall	(100)	
Vacancy savings target	4,150	5,734
<u>Negotiated wage settlements</u>		
AUPE COLA increase - July 1, 2014	(310)	
AUPE COLA increase - July 1, 2015	(326)	
AUPA COLA - July 1, 2015 (9 months)	(656)	(1,292)
Adjusted opening budget deficit 2016-2017		(169)
<u>Fiscal 2017 adjustments</u>		
Revenues:		
<u>Government of Alberta Grants</u>		
Base grant increase - 2%		802
Tuition freeze funding		673
Students with disabilities		53
Amortization of deferred capital contributions		265
<u>Student Fees</u>		
Increase undergraduate registration growth estimate from 0.0 to 1.3 percent (net)		403
Fee increases - out of province and non mandatory		125
Total Revenues		2,321
Expenses:		
<u>Salary and Benefits</u>		
AUPE Cola increase - July 1, 2016 (9 months)	226	
AUPA Cola - July 1, 2015 (3 months)	202	
Merit (2.6% does not include excluded staff)	2,370	2,798
<u>Non-salary</u>		
IT Maintenance Agreements (expanded coverage, security, inflation and foreign exchange)		537
Fees and purchased services (including legal)		520
Inflation/foreign exchange (general)		449
Strategic investment fund		685
Course materials - inflation		381
Amortization expense		998
Responsibility Centre Management Budget Model		180
Library subscriptions - inflation and foreign exchange		180
Executive searches		120
AU Contribution - sponsored research		113
Increased office rental costs (Faculty of Business)		105
Total Expenses		7,066
Net adjustments		(4,745)
2016-2017 Potential Deficit		\$ (4,914)

Athabasca University
2016-2017 Proposed Budget
Schedule 2: Proposed Mitigation Strategies
(Thousands of \$)

Strategies Identified	Targeted Amount	Consequences of Implementation
Identified in March 10, 2016 draft budget:		
Reduction of course materials	\$ 700	
Travel (1/3 of provincial travel - 8 months)	222	This will require AU to improve upon reliability of internal communication technologies.
Increase vacancy target (\$4.3 million realized in 2015-2016)	150	Puts stress on all university systems for delivering upon its mandate. The increased pressure felt by staff could impact services provided to students
Continue implementation of student success centre	150	
Instructional contracts (8 months)	131	
Reduction in library collections	115	
Fees and Purchased Services (8 months)	85	
Moratorium on faculty/staff retreats off AU sites	50	
Casual salary and benefits	31	Puts additional pressures on staff when there is no backfill for vacancy and could reduce student service
Reduction of postage expenses due to e-text uptake	25	
Subtotal	<u>1,660</u>	
2016-2017 Potential Deficit	(4,914)	
Strategies identified in March 10, 2016 draft budget	<u>1,660</u>	
Final Deficit	<u>\$ (3,254)</u>	
Considered but not sustainable:		
Reduce vacation accrual to March 2015 level (\$2.0 million)	500	Staff are overworked already due to hiring restrictions and vacancies. This initiative will add additional pressure in that staff will have to pick up the work of those who are trying to deplete their unused vacation.
Subtotal	<u>500</u>	
Requiring collaboration with Unions and Faculty Association - savings will be subject to negotiations with respective unions and faculty association		
Furlough (5 unpaid days)	1,000	Enormous additional pressure placed upon staff when combined with other initiatives such as reducing vacation banks (accrual) and not replacing vacant positions.
Reduction of professional development (25 percent)	220	There is a risk that implementing this could decrease professional competencies.
Subtotal	<u>1,220</u>	

Athabasca University
2016-2017 Proposed Budget
Schedule 3: Registration Growth

	Actual	Proposed Budget	Plan*	Plan*
	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
<u>Registration growth</u>				
Undergraduate **				
Alberta	0.5%	5.1%	4.0%	5.0%
Out of Province	(0.0%)	(1.5%)	(1.5%)	(1.6%)
Total individualized study	0.3%	1.3%	1.0%	1.5%
Total Undergraduate	0.3%	1.3%	1.0%	1.5%
Graduate	7.6%	0.0%	0.0%	0.0%
Total registration growth	1.2%	1.1%	0.9%	1.3%
<u>Registration numbers</u>				
Undergraduate **				
Alberta	28,971	30,448	31,666	33,249
Out of Province	37,117	36,560	36,012	35,444
Total Undergraduate	66,148	67,008	67,678	68,693
Graduate	10,396	10,396	10,396	10,396
Total registrations	76,544	77,404	78,074	79,089

* Estimates in these years are preliminary and will be refined in future year budgets

** Undergraduate registrations do not include challenge exams and group study

Athabasca University
2016-2017 Proposed Budget
Schedule 4: Budget Assumptions
(Percentages)

	2016-2017	2017-2018	2018-2019	Comments
Revenues:				
Government of Alberta base grant	2%	0%	0%	
Undergraduate registration growth	1.3%	1%	1.5%	Increased for growth in all provinces except Ontario
Graduate registration growth	0%	0%	0%	
In province tuition fees increase	0%	0%	0%	
Out of province fee increase	1.6%	2%	2%	
Expenses:				
Average merit on salaries & benefits	2.6%	2.6%	2.6%	Unions and faculty association staff only
Inflation on paper texts	4%	4%	4%	
Inflation on e-texts	4.6%	4.6%	4.6%	Includes course materials (paper and etext)
Inflation - general	2%	2%	2%	
Foreign exchange	30%	30%	30%	Non-compounding

Athabasca University
2016-2017 Proposed Budget
Schedule 5A: Statement of Operations
(Not for Profit Accounting Standards Format - by Expense Categories)
(Thousands of \$)

	Proposed Budget 2016-2017	Projection 2017-2018	Projection 2018-2019
Revenue			
Government of Alberta grants	\$ 43,541	\$ 43,690	\$ 43,716
Undergraduate student fees	47,419	47,893	48,612
Graduate student fees	19,368	19,562	19,855
Sales of services and products	15,362	15,516	15,748
Investment income	1,060	1,060	1,060
Federal and other government grants	1,439	1,461	1,465
Donations and other grants	489	489	489
Other Revenue	619	625	635
Amortization of deferred capital contributions*	3,322	3,151	3,121
	132,619	133,447	134,701
Expenses			
Salaries	\$ 75,401	\$ 77,662	\$ 79,681
Employee benefits	16,334	16,732	17,067
Fees and purchased services	17,907	18,265	18,630
Materials and supplies	12,823	13,272	13,736
Travel	1,493	1,523	1,553
Communications	1,752	1,787	1,823
Institutional Operations	924	942	961
Rent	1,841	1,878	1,915
Amortization of Capital Assets	6,178	6,973	6,907
Scholarships	1,220	1,232	1,251
	135,873	140,266	143,525
Excess of revenue over expense	\$ (3,254)	\$ (6,820)	\$ (8,824)
 * Amortization of Deferred Capital Contributions by funding source			
Government of Alberta grants	\$ 2,888	\$ 2,739	\$ 2,713
Federal and other government grants	426	404	400
Donations and other grants	8	8	8
Total	\$ 3,322	\$ 3,151	\$ 3,121

Athabasca University
2016-2017 Proposed Budget
Schedule 5B: Statement of Operations
(Public Sector Accounting Standards Format - by Function)
(Thousands of \$)

	Proposed Budget 2016-2017	Projection 2017-2018	Projection 2018-2019
Revenue*			
Government of Alberta grants	\$ 46,429	\$ 46,429	\$ 46,429
Undergraduate student fees	47,419	47,893	48,612
Graduate student fees	19,368	19,562	19,855
Sales of services and products	15,362	15,516	15,748
Investment income	1,060	1,060	1,060
Federal and other government grants	1,865	1,865	1,865
Donations and other grants	497	497	497
Other Revenue	619	625	635
	132,619	133,447	134,701
Expenses			
Instruction and Non Sponsored Research	77,818	80,334	82,200
Academic & Student Support	15,530	16,032	16,405
Institutional Support	13,760	14,205	14,535
Ancillary Services	9,805	10,122	10,357
Computing and Communication	7,553	7,797	7,978
Facility Operations and maintenance	7,550	7,794	7,975
Sponsored Research & special purpose	3,858	3,983	4,075
	135,873	140,266	143,525
Excess of revenue over expense	\$ (3,254)	\$ (6,820)	\$ (8,824)
* Amortization of Deferred Capital Contributions by funding source			
Government of Alberta grants	\$ 2,888	\$ 2,739	\$ 2,713
Federal and other government grants	426	404	400
Donations and other grants	8	8	8
Total	\$ 3,322	\$ 3,151	\$ 3,121

Athabasca University
2016-2017 Proposed Budget
Schedule 6A: Statement of Cash Flows
For the year ended March 31
(thousands of dollars)

	BUDGET 2016-2017
OPERATING TRANSACTIONS	
Excess(Deficiency) of revenue over expense	\$ (3,254)
Add (deduct) non-cash items:	
Amortization of tangible capital assets	6,178
Amortization of deferred capital contributions	(3,322)
Change in employee future benefit liabilities	-
	<u>2,856</u>
(Increase) decrease in accounts receivable	(79)
(Increase) decrease in inventories and prepaid expenses	534
Increase (decrease) in accounts payable and accrued liabilities	(3,714)
Increase (decrease) in deferred revenue	(336)
Cash Provided by (Applied to) Operating Transactions	<u>\$ (3,993)</u>
CAPITAL TRANSACTIONS	
Acquisition of tangible capital assets	1,916
Proceeds on sale of tangible capital assets	-
Cash Provided by (Applied to) Capital Transactions	<u>1,916</u>
INVESTING TRANSACTIONS	
Proceeds from investments	4,313
Cash Provided by (Applied to) Investing Transactions	<u>4,313</u>
FINANCING TRANSACTIONS	
Endowment contributions	(604)
Cash Provided by (Applied to) Financing Transactions	<u>(604)</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,632
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR *	<u>2,729</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 4,361</u>

Athabasca University 2016-2017 Proposed Budget Schedule 6B: Three Year Projections - Accumulated Surplus (Deficit) from Operations (Thousands of \$)			
	10-Mar-16	28-Jul-16	28-Jul-16
	Preliminary Draft Budget	Proposed Budget (assumes one-time provincial funding of \$3.3 million in 2016-2017)	Proposed Budget (assumes no one-time provincial funding in 2016-2017)
Planned changes in net assets	Accumulated Surplus (deficit) from Operations (Excluding Pension Liability)	Accumulated Surplus (deficit) from Operations (Excluding Pension Liability)	Accumulated Surplus (deficit) from Operations (Excluding Pension Liability)
Actual - March 31, 2015	\$ 8,932	\$ 8,932	\$ 8,932
2015-16 Budget			
Surplus (Deficit)	(274)	(530)	(530)
Transfer to pension liability (internally restricted fund)		(69)	(69)
Transfer to endowments		(37)	(37)
Amortization of Capital Assets (net)	2,495	2,541	2,541
Infrastructure Maintenance Program IT Funding	1,993	1,942	1,942
Capital Asset Additions	(5,763)	(4,154)	(4,154)
Reduce Capital Spend	1,405		
Additions (estimated)			
Severance Payments	(3,113)		
Actual - March 31, 2016	\$ 5,675	\$ 8,625	\$ 8,625
2016-17 Budget			
Surplus (Deficit)	(2,442)		(3,254)
Amortization of Capital Assets (net)	2,856	2,856	2,856
Infrastructure Maintenance Program IT Funding	1,249	1,249	1,249
Capital Asset Additions	(5,478)	(5,478)	(5,478)
Additions (estimated)			
Budget - March 31, 2017	\$ 1,860	\$ 7,252	\$ 3,998
2017-18 Proposed plan			
Deficit	(433)	(6,820)	(6,820)
Amortization of Capital Assets (net)	3,478	3,822	3,822
Infrastructure Maintenance Program IT Funding	1,000	1,399	1,399
Capital Asset Additions	(6,325)	(6,325)	(6,325)
Additions (estimated)			
Planned - March 31, 2018 *	\$ (420)	\$ (672)	\$ (3,926)
2018-19 Proposed plan			
Deficit	(1,032)	(8,824)	(8,824)
Amortization of Capital Assets (net)	3,852	3,786	3,786
Infrastructure Maintenance Program IT Funding	1,000	1,399	1,399
Capital Asset Additions	(4,970)	(4,970)	(4,970)
Additions (estimated)			
Planned - March 31, 2019*	\$ (1,570)	\$ (9,281)	\$ (12,535)

* Revenue and Expenditures in these years are preliminary and will be refined in future year budgets

Commentary:

- Under all 3 scenarios above, AU will be financially insolvent in 2017-2018:
- The preliminary draft budget prepared in March 2016 included a number of strategic budget mitigation strategies. At the end of 2018-2019 the Accumulated Deficit from Operations would have been \$1.6 million.
- With this proposed budget assuming one-time provincial funding of \$3.3 million, and given the constraint of no job losses which inhibits long term sustainment strategies, at the end of 2018-2019 the Accumulated Deficit from Operations will be \$9.3 million. This represents a worsening of \$7.7 million from the initial March budget.
- With this proposed budget assuming no one-time provincial funding and given the constraint of no job losses which inhibits long term sustainment strategies, at the end of 2018-2019 the Accumulated Deficit from Operations will be \$12.5 million. This represents a worsening of \$10.9 million from the initial March budget.
- None of the scenarios above have included any impact of changes from the various reviews yet to be implemented.

Athabasca University
2016-2017 Proposed Budget
Schedule 7A: Capital Budget - Sources and Uses
(Thousands of \$)

	2016-2017		
	Internally Funded	Externally Funded	Total Budget
Capital "funding"			
Annual amortization (net of deferred capital)	\$ 2,856		2,856
Infrastructure Maintenance Program (IMP)	1,249		1,249
Accumulated Surplus from Operations	1,373		1,373
	<u>5,478</u>	<u>0</u>	<u>5,478</u>
Capital expenditures			
Hardware and software	2,425		2,425
Systems development	3,003		3,003
Library	50		50
Net investments in capital assets	<u>\$ 5,478</u>	<u>0</u>	<u>5,478</u>

Athabasca University
2016-2017 Proposed Budget
Schedule 7B: Capital Budget - Expenditure Details
(Thousands of \$)

		<i>Internally Funded</i>	<i>Externally Funded</i>	<i>Total Budget</i>
CAPITAL EXPENDITURES:				
Hardware and software (general, not systems development)				
500 VP Information Technology	Hardware and software replacement	2,425	-	
		<u>2,425</u>	<u>-</u>	<u>2,425</u>
Systems development				
500 VP Information Technology	Information technology projects	3,003	-	
		<u>3,003</u>	<u>-</u>	<u>3,003</u>
Collections				
330 Library and Scholarly Resources	Development of library collections	50		
		<u>50</u>	<u>-</u>	<u>50</u>
Total capital expenditures		<u>\$ 5,478</u>	<u>\$ -</u>	<u>\$ 5,478</u>

Athabasca University
2016-2017 Proposed Budget
Schedule 8A: Tuition Fee Projections 2016-2017 to 2019-2020

	2015-2016 <u>Actual</u>	2016-2017 <u>Proposed*</u>	2017-2018 <u>Projected**</u>	2018-2019 <u>Projected**</u>	2019-2020 <u>Projected**</u>
Course-Based Fees					
Undergraduate Student Fees					
Course fee (3-credit)	\$ 476	\$ 476	\$ 476	\$ 476	\$ 476
Percentage change	0.0%	0.0%	0.0%	0.0%	0.0%
Graduate Student Fees **					
Master of Education in Distance Education					
Course fee	\$ 1,350	\$ 1,350	\$ 1,350	\$ 1,350	\$ 1,350
Learning Resource Fee	\$ 160	\$ 160	\$ 160	\$ 160	\$ 160
Master of Health Studies and Master of Nursing					
Course fee	\$ 1,350	\$ 1,350	\$ 1,350	\$ 1,350	\$ 1,350
Learning Resource Fee	\$ 75	\$ 75	\$ 100	\$ 100	\$ 100
Master of Arts—Integrated Studies					
Course fee	\$ 1,350	\$ 1,350	\$ 1,350	\$ 1,350	\$ 1,350
Learning Resource Fee	\$ 160	\$ 160	\$ 160	\$ 160	\$ 160
Post-Baccalaureate Diploma in Architecture					
Course fee	\$ 1,350	\$ 1,350	\$ 1,350	\$ 1,350	\$ 1,350
Learning Resource Fee	\$ 160	\$ 160	\$ 160	\$ 160	\$ 160
Master of Science—Information Systems					
Course fee	\$ 1,350	\$ 1,350	\$ 1,350	\$ 1,350	\$ 1,350
Learning Resource Fee	\$ 160	\$ 160	\$ 160	\$ 160	\$ 160
Graduate Diploma Heritage Resources Management					
Course fee	\$ 1,350	\$ 1,350	\$ 1,350	\$ 1,350	\$ 1,350
Learning Resource Fee	\$ 160	\$ 160	\$ 160	\$ 160	\$ 160
Post-Baccalaureate Diploma in Legislative Drafting					
Course fee	\$ 1,350	\$ 1,350	\$ 1,350	\$ 1,350	\$ 1,350
Learning Resource Fee	\$ 160	\$ 160	\$ 160	\$ 160	\$ 160
Program-Based Fees					
Graduate Student Fees ***					
Master of Business Administration					
Program tuition	\$ 35,140	\$ 35,140	\$ 35,140	\$ 35,140	\$ 35,140
Learning Resource Fee	\$ 9,444	\$ 9,444	\$ 9,444	\$ 9,444	\$ 9,444
Master of Counselling					
Program tuition	\$ 22,890	\$ 22,890	\$ 22,890	\$ 22,890	\$ 22,890
Learning Resource Fee	\$ 900	\$ 900	\$ 1,200	\$ 1,500	\$ 1,500
Doctor of Business Administration					
Program tuition	\$ 48,350	\$ 48,350	\$ 48,350	\$ 48,350	\$ 48,350
Learning Resource Fee	\$ 5,250	\$ 5,250	\$ 5,250	\$ 5,250	\$ 5,250
Doctor of Education in Distance Education					
Program tuition	\$ 43,210	\$ 43,210	\$ 43,210	\$ 43,210	\$ 43,210
Learning Resource Fee	\$ 1,650	\$ 1,650	\$ 1,650	\$ 1,650	\$ 1,650

* Tuition Fees were frozen at 2014-2015 levels for 2015-2016 and 2016-2017 under Bill 3 passed on June 18, 2015.

** The fee changes are preliminary and will be refined in future year budgets.

** AU Graduate Students Association fee of \$13 per credit is over and above the graduate program tuition fees stated above

Athabasca University
2016-2017 Proposed Budget
Schedule 8B: Undergraduate Regular Tuition Fee

Regular tuition fee refers to the amount commonly quoted to students (displayed in the calendar as 'regular'). This includes base tuition, learning resources fee, students' union fee, alumni fee & out of province or out of country fee, if applicable.

Maximum tuition increase : example 3-credit course			
	Student living in Alberta	Student living in Canada, outside of Alberta	International student living outside Canada
Budget 2016-2017			
Base Tuition	\$ 476	476	476
Learning Resources	180	180	180
Students' Union	9	9	9
AU Alumni	2	2	2
	<u>\$ 667</u>	<u>667</u>	<u>667</u>
Out of Province, In Canada	-	129	-
Out of Canada, International	-	-	352
	<u>\$ 667</u>	<u>796</u>	<u>1,019</u>
Actual 2015-2016	667	794	1,014
Change: Budgeted fee less current	<u>\$ -</u>	<u>2</u>	<u>5</u>

Athabasca University
2016-2017 Proposed Budget
Schedule 8C: Undergraduate Tuition and Related Fees

	Actual 2011-2012	Actual 2012-2013	Actual 2013-2014	Actual 2014-2015	Budget 2016-2017	change
Course Fees						
Course - 3 credit - Alberta	466	472	472	476	476	-
4 credit - Canadian	621	629	629	635	635	-
6 credit - Canadian	932	944	944	952	952	-
9 credit - Canadian	1,398	1,416	1,416	1,428	1,428	-
Out of Province Fee	105	105	114	127	129	2
Out of Country Fee	325	325	334	347	352	5
Extension Fee	165	165	165	165	167	2
Learning Resources Fee	180	180	180	180	180	-
Other Fees						
Application (initial) + Transcript Fee	100	115	115	115	115	-
Challenge for Credit Fee						-
3 or 4 credit - Canadian	349	354	354	357	357	-
6 credit - Canadian	698	708	708	714	714	-
Clinical Fee - Post LPN to BN (per credit)				50	50	-
Courier Recovery Fee	20% margin	20% margin	20% margin	20% margin	20% margin	-
E-Letter Print Fee (one-time)	10	10	10	10	10	-
Priority Transcript Fee		50	50	50	51	1
Examination Fees						-
Exam Rebooking Fee	100	100	100	100	102	2
Late Exam Request Fee	100	100	100	100	102	2
Multiple Exam Fee	50	50	50	50	51	1
Refund for Lost Exams	(200)	(200)	(200)	(200)	(200)	-
Supplemental Exam Fee	90	90	150	150	153	3
Evaluation Fee	100	100	100	100	102	2
Before completing 6 AU credits	100	100	100	100	100	-
Post diploma students	100	100	100	100	100	-
Laboratory Fees						-
Laboratory Course Fee - Canadian	300	300	300	300	300	-
Laboratory - Kit Fee	40	40	50	50	50	-
Laboratory - On Site Fee	40	40	50	50	50	-
Parchment Replacement Fee	60	60	60	60	60	-
Prior Learning Assessment and Recognition						-
Assessment Fee	750	750	750	750	761	11
Withdrawal Fee	250	250	250	250	250	-
Extension Fee	250	250	250	250	250	-
Transcript Fee (per copy)	-	0	0	0	-	-
Withdrawal Processing Fee	100	150	150	150	152	2
English Language Assessment (Write Site ELA Plus)						-
Non-student	90	90	90	90	90	-
International Collaborations						
English Writing Skills Test	50	50	50	50	51	1
Course Fee 3 credit (student pays partner)	\$140 to \$250 Ave \$170					NC
Partner Fee (partner pays AU)	35% course fees					
Maximum fee increases over four years	5% max annual increase					
NON AU fees: AU Students' Union Fees (collected on AUSU behalf)						
1 credit	3	3	3	3	3	-
3 credit	9	9	9	9	9	-
4 credit	12	12	12	12	12	-
6 credit	18	18	18	18	18	-
9 credit	27	27	27	27	27	-

Athabasca University
2016-2017 Proposed Budget
Schedule 8D: Graduate Program Student Fees

Fee description	MBA		DBA		EdD		MCP		MEd		MHS / MN	
	15-16	Sept 1/16 *	15-16	Sept 1/16 *	15-16	Sept 1/16 *	15-16	Sept 1/16 *	15-16	Sept 1/16 *	15-16	Sept 1/16 *
Program based fees												
Tuition	\$	14,040	10,500	10,500	8,420	8,420	16,200	16,200	-	-	-	-
Phase 1		20,100	10,500	10,500	8,420	8,420	-	-	-	-	-	-
Phase 2		20,100	3,500	3,500	8,420	8,420	-	-	-	-	-	-
Phase 3		-	-	-	-	-	-	-	-	-	-	-
Learning resource fee		3,546	2,250	2,250	550	550	900	900	-	-	-	-
Phase 1		5,898	2,250	2,250	550	550	-	-	-	-	-	-
Phase 2		-	750	750	550	550	-	-	-	-	-	-
Phase 3		-	-	-	-	-	-	-	-	-	-	-
Candidacy Exam		-	-	-	-	-	-	-	-	-	-	-
Dissertation fee		-	-	-	-	-	-	-	-	-	-	-
Program fees		-	5,410	5,410	-	-	6,340	6,340	-	-	-	-
Program application fee		200	17,440	17,440	17,800	17,800	-	-	-	-	-	-
Program admission fee		800	200	200	150	150	150	150	150	150	150	150
		800	800	800	-	-	200	200	200	200	200	200
Total program fee **		44,584	53,600	53,600	44,860	44,860	23,790	23,790	-	-	-	-
Course based fees												
Tuition		-	-	-	-	-	1,350	1,350	1,350	1,350	1,350	1,350
Learning resource fee		-	-	-	-	-	75	75	160	160	75	75
Total students living in Canada (a)		-	-	-	-	-	1,425	1,425	1,510	1,510	1,425	1,425
International shipping/differential fee (b)		400	400	400	n/a	n/a	200	200	200	200	200	200
Total students living outside Canada (a+b)		400	400	400	-	-	1,625	1,625	1,710	1,710	1,625	1,625
AU Graduate Student Association Fee (per credit)*		13	13	13	13	13	13	13	13	13	13	13
Exchange Fee*** (Western Deans Agreement)		-	-	-	-	-	-	-	-	-	-	-
Thesis / Project / Practicum												
Continuation fee		500	508	8								
Comprehensive exam fee (repeats)		250	250	-								
Course extension fee		n/a	n/a	-								
Letter of permission fee		75	76	1								
Non-program application fee		200	200	200								
Nurs518 Laboratory fee		n/a	n/a	-								
Nurs530 [BC NP Students] fee		100	102	2								
Program transfer fee		n/a	n/a	-								
Supplemental examination fee		250	254	4								
Transfer credit evaluation fee		350	350	-								
Withdrawal processing fee		-	-	-								

* All fee changes are effective September 1, 2016

** Program tuition fees are quoted for MBA, DBA, EdD and MCP. For official fees for all other programs refer to quoted "Tuition base per course".

*** To take a graduate course at another participating university, an AU graduate program student pays AU regular tuition for an equivalent credit course (subject to academic centre approval).

Athabasca University
2016-2017 Proposed Budget
Schedule 8D(2): Graduate Program Student Fees

Fee description	MAIS 15-16 Sept 1/16 *	PBDA 15-16 Sept 1/16 *	MScIS 15-16 Sept 1/16 *	PBOLD 15-16 Sept 1/16 *	GDHRM 15-16 Sept 1/16 *
Program based fees					
Tuition	Phase 1 Phase 2 Phase 3				
Learning resource fee	Phase 1 Phase 2 Phase 3				
Candidacy Exam					
Dissertation fee					
Program fees					
Program application fee	150	150	150	150	150
Program admission fee	200	200	200	200	200
Total program fee **					
Course based fees					
Tuition	1,350	1,350	1,350	1,350	1,350
Learning resource fee	160	160	160	160	160
Total students living in Canada (a)	1,510	1,510	1,510	1,510	1,510
International shipping/differential fee (b)	200	200	200	100	200
Total students living outside Canada (a+b)	1,710	1,710	1,710	1,610	1,710
AU Graduate Student Association Fee (per credit)*	13	13	13	13	13
Exchange Fee*** (Western Deans Agreement)					
Thesis / Project / Practicum					
Continuation fee	100	102	102	102	102
Comprehensive exam fee (repeats)	n/a	n/a	n/a	n/a	n/a
Course extension fee	250	254	254	254	254
Letter of permission fee	75	76	76	75	76
Non-program application fee	100	100	100	100	100
Nurs518 Laboratory fee	n/a	n/a	n/a	n/a	n/a
Nurs530 [BC NP Students] fee	n/a	n/a	n/a	n/a	n/a
Program transfer fee	100	102	102	102	102
Supplemental examination fee	n/a	n/a	n/a	n/a	n/a
Transfer credit evaluation fee	250	254	254	254	254
Withdrawal processing fee	350	350	350	350	350

* All fee changes are effective September 1, 2016

** Program tuition fees are quoted for MBA, DBA, EdD and MCP. For official fees for all other programs refer to quoted "Tuition base per course".

*** To take a graduate course at another participating university, an AU graduate program student pays AU regular tuition for an equivalent credit course (subject to academic centre approval).

Athabasca University
2016-2017 Proposed Budget
Schedule 9: Position Establishments

2016-17 Cost										
Division	Department	Position #	Position Description	Perm/Term	Effective	Funding Source	FTE	Sal	Ben	Total
VPA	FHD	998966	BN Clinical Placement Coord - HOM	Term - 12 months	Sep-15	FHD*	1.0	65,603	20,717	86,320
VPA	FHSS	998941	Assoc Prof (CRC Bridge)	Term - 24 month	Jul-16	FHSS*	1.0	75,355	23,796	99,151
VPA	FHD	998950	Program Coordinator - SPOR PE Platform	Term - 25 month	Apr-16	External**	1.0	59,595	14,303	73,898
VPA	FHD	998951	Prog Trainer Liaison SPOR PE - AUC	Term - 25 month	Apr-16	External**	0.5	45,000	10,800	55,800
VPA	FHD	998948	Prog Trainer Liaison SPOR PE - AUE	Term - 25 month	Apr-16	External**	1.0	85,000	20,400	105,400
VPA	FHD	998956	Project Mgr SPOR Engagement Platform	Term - 13 months	Mar-15	External**	1.0	76,000	18,240	94,240
VPA	FHD	998980	Associate Director PE Platform - HOM	Term - 25 months	May-15	External**	1.0	74,627	23,567	98,194
Totals							6.5	481,180	131,822	613,003

* Funded from realignments within Faculty - not from vacancy savings

** Externally funded - 100%



Athabasca University General Faculties Council

For the Meeting of July 21, 2016

AGENDA ITEM NO. 3.2

OUTLINE OF ISSUE

Agenda Title: Draft Preliminary *Comprehensive Institutional Plan: 2016-19*

Action: For Information and Discussion

Item

Action Requested	<input type="checkbox"/> Approval <input type="checkbox"/> Recommendation <input checked="" type="checkbox"/> Discussion/Advice <input checked="" type="checkbox"/> Information
Proposed by	Peter MacKinnon, President
Presenters	Peter MacKinnon
Subject	Preliminary <i>Comprehensive Institutional Plan: 2016-19</i> (Draft)

Details

Responsibility	President
The Purpose of the Proposal is (please be specific)	To provide GFC members with an opportunity to discuss the draft preliminary <i>Comprehensive Institutional Plan: 2016-19</i> and to provide feedback with respect to its content.
The Impact of the Proposal is	The CIP is the central planning document through which AU communicates initiatives and funding opportunities to the Government of Alberta.
Replaces/Revises (e.g., policies, resolutions)	N/A
Timeline/Implementation Date	<p>The June 1, 2016, submission deadline for the CIP has been extended for AU by the Ministry of Advanced Education to December 1, 2016. However, three sections of this planning document must be submitted by August 2, 2016:</p> <ul style="list-style-type: none"> • Appendix A: Financial and Budget Information • Appendix B: Enrolment Plan and Proposed Programming Changes • Appendix F: Capital Plan
Notes	

Alignment/Compliance

Alignment with Guiding Documents	The goals and initiatives outlined in the draft preliminary <i>Comprehensive Institutional Plan: 2016-19</i> are consistent with the intent of the <i>Strategic University Plan; 2011-16</i> .
Compliance with Legislation, Policy and/or Procedure Relevant to the Proposal (please quote legislation and include identifying section numbers)	<p>The Comprehensive Institutional Plan is a mandatory submission to Alberta Advanced Education.</p> <p>Reporting requirements as specified in the Campus Alberta Planning System.</p> <p>Section 26(1)(o) of the <i>Post-Secondary Learning Act</i> 26(1) Subject to the authority of the board, a general faculties council is responsible for the academic affairs of the university and, without restricting the generality of the foregoing, has the authority to</p> <p>...</p> <p>(o) make recommendations to the Board with respect to affiliation with other institutions, academic planning, campus planning, a building program, the budget, the regulation of residences and dining halls, procedures in respect of appointments, promotions, salaries, tenure and dismissals, and any other matters considered by the general faculties council to be of interest to the university;</p> <p>...</p> <p>Section 78 of the <i>Post-secondary Learning Act</i> reads as follows:</p> <p><i>Business plans</i></p>



Athabasca University General Faculties Council

For the Meeting of July 21, 2016

AGENDA ITEM NO. 3.2

	<p>78(1) Each year a board must prepare and approve a business plan that includes</p> <p>(a) the budget, and</p> <p>(b) any other information required by the Minister.</p> <p>(2) The business plan approved under subsection (1) must be submitted to the Minister on or before the date specified by the Minister.</p> <p>(3) The board may not submit a budget in which consolidated operating expense exceeds consolidated operating revenue unless the board has the approval of the Minister to do so.</p> <p>Access plan</p> <p>78.1 Each year a board must prepare an access plan in accordance with the regulations and submit it to the Minister on or before the date specified by the Minister.</p>
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Routing (Include meeting dates)

Consultative Route (parties who have seen the proposal and in what capacity)	Executive Group: June 13, 2016, and July 11, 2016 General Faculties Council: July 21, 2016
Approval Route (Governance) (including meeting dates)	Finance and Property Committee: July 25, 2016 Board of Governors: July 28, 2016
Final Approver	Board of Governors

Attachments

1. Attachment 1 (26 pages) Preliminary draft *Comprehensive Institutional Plan: 2016-19* (Appendix A, B and F)



**Athabasca
University**

Comprehensive Institutional Plan: 2016-19

Preliminary Submission

Appendix A: Financial and Budget Information

Appendix B: Enrolment Plan and Proposed Programming Changes

Appendix F: Capital Plan

August 2, 2016

Appendix A

Financial and Budget Information

Budget Assumptions

The following assumptions underlie budget projections:

1. The Campus Alberta base operating grant will increase by two per cent in 2016-17 and zero per cent in each of the following two years.
2. Provincial Infrastructure Maintenance Program funding will remain unchanged.
3. Undergraduate course registration will increase by 1.3 per cent in 2016-17, one per cent in 2017-18 and 1.5 per cent 2018-19.
4. Graduate course registration will increase by zero per cent in each of the coming three years.
5. In-province tuition fees will remain frozen at 2014-15 levels.
6. Out-of-province fees will increase 1.6 per cent in 2016-17, and two per cent in each of the following two years.
7. In salary and benefits, the average annual merit increase will be 2.6 per cent, and cost-of-living increases will be consistent with those in recent settlements with unionized and faculty association employees.
8. Inflation on course materials will average four to 4.6 per cent annually.
9. Inflation on all other expenses will average two per cent annually.

**Table 1: Statement of Operations
For the Year Ended March 31 (thousands of dollars)**

	BUDGET 2016-17	PLAN* 2017-18	PLAN* 2018-19
Revenue**			
Government of Alberta grants	\$ 46,429	\$ 46,429	\$ 46,429
Tuition and other student fees	66,787	67,455	68,467
Sales of goods and services	15,362	15,516	15,748
Donations and other grants	497	497	497
Federal and other government grants	1,865	1,865	1,865
Other Revenue	619	625	635
Investment income	1,060	1,060	1,060
	132,619	133,447	134,701
Expenses			
Instruction and non-sponsored research	76,852	80,334	82,200
Academic and student Support	14,936	16,032	16,405
Institutional support	17,300	14,205	14,535
Ancillary services	9,429	10,122	10,357
Computing and communication	8,740	7,797	7,978
Facility operations and maintenance	4,906	7,794	7,975
Sponsored research and special purpose	3,710	3,983	4,075
	135,873	140,267	143,525
(Deficiency) excess of revenue over expense	\$ (3,254)	\$ (6,820)	\$ (8,824)
* Revenue and expenditures in these years are preliminary and will be refined in future year budgets.			
** Amortization of deferred capital contributions by funding source included in revenue categories above:			
Government of Alberta grants	\$ 2,888	\$ 2,739	\$ 2,713
Federal and other government grants	426	404	400
Donations and other grants	8	8	8
Total	\$ 3,322	\$ 3,151	\$ 3,121

Table 2: Expenses by Object
For the Year Ended March 31 (thousands of dollars)

	BUDGET 2016-17	PLAN 2017-18	PLAN 2018-19
Salaries	\$ 75,401	\$ 77,663	\$ 79,682
Employee benefits	16,334	16,732	17,067
Fees and purchased services	17,907	18,265	18,630
Materials and supplies	12,823	13,272	13,736
Travel	1,493	1,523	1,553
Communications	1,752	1,787	1,823
Institutional operations	924	942	961
Rent	1,841	1,878	1,915
Amortization of capital assets	6,178	6,973	6,907
Scholarships	1,220	1,232	1,251
	<u>\$ 135,873</u>	<u>\$ 140,267</u>	<u>\$ 143,525</u>

Table 3: Statement of Cash Flows
For the Year Ended March 31 (thousands of dollars)

	BUDGET 2016-17
OPERATING TRANSACTIONS	
Excess (deficiency) of revenue over expense	\$ (3,254)
Add (deduct) non-cash items:	
Amortization of tangible capital assets	6,178
Amortization of deferred capital contributions	(3,322)
	<u>2,856</u>
Increase (decrease) in accounts receivable	(79)
Increase (decrease) in inventories and prepaid expenses	534
Increase (decrease) in accounts payable and accrued liabilities	(3,714)
Increase (decrease) in deferred revenue	(336)
Cash Provided by (Applied to) Operating Transactions	<u>\$ (3,993)</u>
CAPITAL TRANSACTIONS	
Acquisition of tangible capital assets	<u>1,916</u>
Cash Provided by (Applied to) Capital Transactions	<u>1,916</u>
INVESTING TRANSACTIONS	
Proceeds from investments	<u>4,313</u>
Cash Provided by (Applied to) Investing Transactions	<u>4,313</u>
FINANCING TRANSACTIONS	
Endowment contributions	<u>(604)</u>
Cash Provided by (Applied to) Financing Transactions	<u>(604)</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,632
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>2,729</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 4,361</u></u>

Table 4: Tuition Fee Projections

	2015-16	2016-17	2017-18	2018-19
	<u>Actual</u>	<u>Proposed</u>	<u>Plan</u>	<u>Plan</u>
Course-Based Fees				
Undergraduate Student Fees				
Course fee (3-credit)	\$ 476	\$ 476	\$ 476	\$ 476
Percentage change	0.0%	0.0%	0.0%	0.0%
Graduate Student Fees *				
Master of Education in Distance Education				
Course fee	\$ 1,350	\$ 1,350	\$ 1,350	\$ 1,350
Learning Resource Fee	\$ 160	\$ 160	\$ 160	\$ 160
Master of Health Studies and				
Master of Nursing				
Course fee	\$ 1,350	\$ 1,350	\$ 1,350	\$ 1,350
Learning Resource Fee	\$ 75	\$ 75	\$ 75	\$ 75
Master of Arts—Integrated Studies				
Course fee	\$ 1,350	\$ 1,350	\$ 1,350	\$ 1,350
Learning Resource Fee	\$ 160	\$ 160	\$ 160	\$ 160
Post-Baccalaureate Diploma in Architecture				
Course fee	\$ 1,350	\$ 1,350	\$ 1,350	\$ 1,350
Learning Resource Fee	\$ 160	\$ 160	\$ 160	\$ 160
Master of Science—Information Systems				
Course fee	\$ 1,350	\$ 1,350	\$ 1,350	\$ 1,350
Learning Resource Fee	\$ 160	\$ 160	\$ 160	\$ 160
Graduate Diploma Heritage Resources Management				
Course fee	\$ 1,350	\$ 1,350	\$ 1,350	\$ 1,350
Learning Resource Fee	\$ 160	\$ 160	\$ 160	\$ 160
Post-Baccalaureate Diploma in Legislative Drafting				
Course fee	\$ 1,350	\$ 1,350	\$ 1,350	\$ 1,350
Learning Resource Fee	\$ 160	\$ 160	\$ 160	\$ 160
Program-Based Fees				
Graduate Student Fees *				
Master of Business Administration				
Program tuition	\$ 35,140	\$ 35,140	\$ 35,140	\$ 35,140
Learning Resource Fee	\$ 9,444	\$ 9,444	\$ 9,444	\$ 9,444
Master of Counselling				
Program tuition	\$ 22,890	\$ 22,890	\$ 22,890	\$ 22,890
Learning Resource Fee	\$ 900	\$ 900	\$ 900	\$ 900
Doctor of Business Administration				
Program tuition	\$ 48,350	\$ 48,350	\$ 48,350	\$ 48,350
Learning Resource Fee	\$ 5,250	\$ 5,250	\$ 5,250	\$ 5,250
Doctor of Education in Distance Education				
Program tuition	\$ 43,210	\$ 43,210	\$ 43,210	\$ 43,210
Learning Resource Fee	\$ 1,650	\$ 1,650	\$ 1,650	\$ 1,650

* AU Graduate Students' Association fee of \$13 per credit is over and above the graduate program tuition fees stated above.

Appendix B

Enrolment Plan and Proposed Program Changes

Enrolment

Athabasca University is projecting steady enrolment growth over the next three years, the full-load equivalent count increasing by one to 1.5 per cent per year. This modest rate of projected growth contrasts with the rapid growth, driven by visiting students seeking service courses for program completion at other institutions, of earlier decades. Increased competition in the online post-secondary market, demographic shifts and regulatory changes have all contributed to reducing the number of visiting students, particularly out-of-province visitors.

The projected full-load equivalent counts by program and level (Table 1) assumes slight increases in the number of open studies students (AU students are considered undeclared or open studies students until they have completed at least six AU credits). Successful recruitment to undergraduate programs therefore initially increases the number of open studies students, even though the number of visiting students is declining.

Capacity pressures are expected to limit growth in the Faculty of Health Disciplines, and the suspension of grouped study classes at partner institutions may result in decreased enrolment. However, enrolment in new programs in the Faculty of Science and Technology and the Faculty of Business and continuing enhancement of student retention processes are expected to counterbalance those enrolment pressures.

Changes to the Registered Nurse licensure examinations have prompted adjustments to Post-LPN Bachelor of Nursing Program regulations that will affect student retention. Demand for undergraduate nursing programs is expected to level off in the coming years, but demand for graduate offerings, especially professional development courses, is expected to remain strong.

Completed revision of accounting courses required for professional certification and the renewal and expansion of a number of partnerships should result in increased enrolment in business programs. New post-baccalaureate certificate programs in computing and reconfigured offerings in education are generating enrolment in those areas. Enrolment in relatively new programs in applied mathematics and architecture is expected to grow over the next three years.

AU's international student cohort, including military personnel posted overseas, are mostly expatriate Canadians who require the flexibility and mobility afforded by AU's online offerings to complete their credentials. In addition, a small number of distance education students study in Greece through a partnership arrangement, and a few students attend computing programs from Taiwan. The out-of-country component of AU's student body, distributed across all programs, therefore remains relatively small: two per cent of undergraduates and three per cent of graduate students, and it is not expected to grow in the near future.

Table 1: Projected Full-Load Equivalent Students (FLEs) by Program

		Actual 2014-15	Unofficial 2015-16	Projected 2016-17	Projected 2017-18	Projected 2018-19
Non-Credential	Open Studies	4538	4504	4527	4563	4631
Certificate	Post-Master's	1	3	3	3	3
	Post-Baccalaureate	14	21	23	23	24
	University	120	123	129	130	131
Diploma	Post-Master's	9	11	12	12	12
	Post-Baccalaureate	90	108	125	128	132
	University	12	7	7	7	7
Baccalaureate	Bachelor of Administration	7	5	2	0	0
	Bachelor of Arts	256	261	264	269	274
	Bachelor of Arts (3-Year)	118	118	118	120	121
	Bachelor of Commerce	320	328	344	361	372
	Bachelor of General Studies	80	75	75	76	77
	Bachelor of Health Administration	45	54	57	58	60
	Bachelor of Human Resources and Labour Relations	118	127	133	136	139
	Bachelor of Management	101	101	99	96	94
	Bachelor of Management (3-Year)	142	139	141	143	146
	Bachelor of Nursing	452	505	495	495	495
	Bachelor of Professional Arts	197	182	184	180	182
	Bachelor of Science	155	158	171	177	182
Master's	Master of Arts	183	167	164	166	169
	Master of Business Administration	293	302	308	311	315
	Master of Counselling	248	248	248	251	255
	Master of Education	101	111	114	117	120
	Master of Health Studies	191	173	173	175	177
	Master of Nursing	472	522	532	538	543
	Master of Science (Including Information Science)	60	65	66	67	69
Doctoral	Doctor of Business Administration	20	20	20	20	20
	Doctor of Education	26	32	28	28	28
Total		8,366	8,469	8561	8649	8779
Change			1.2%	1.1%	1%	1.5%

Program Changes

Some curriculum re-alignment decisions grew out of AU's 2015-16 educational review report, *Focused on the Future of Learning*. For example, analysis of learning outcomes from Bachelor of Commerce and four-year Bachelor of Management degree programs led to the recommendation to transfer resources from the latter to the former. Transferring specializations from the Management degree program to Commerce will provide greater clarity for students and add capacity to strengthen core business specializations, particularly Human Resources Management, Marketing Management and Indigenous Organizations Management.

The educational review identified near-term strategic opportunities to be realized through suspending underperforming courses and reinventing or suspending underperforming programs. Reduction of the Faculty of Humanities and Social Sciences course inventory will continue, but given the breadth of course selection that will remain, the reduction is not expected to negatively affect program students. In response to the 2015 final report of the Truth and Reconciliation Commission of Canada, the review recommended attention to indigenization of the curriculum.

Ongoing quality assurance processes include updating degree program review policies and procedures and developing a related training manual for faculty participants. The course review policy will also be revised to reflect new administrative structures.

Professional development offerings are expanding in response to active corporate and public service partnerships, but new credit programs are needed to address employer demand. Building on the successful partnership with the Business of Hockey Institute and to improve clarity regarding degree completion options, AU has submitted a program proposal for a Hockey Management specialization its Master of Business Administration Program. Development of dual-credit courses for high-school students continues in response to partner requests.

A proposal for a post-baccalaureate certificate program in professional health education is in the early development stages. This initiative will leverage capacity in existing courses to assist practitioners to develop teaching skills for both clinical practice and classroom settings. The proposed credential will address the instructor shortage which is today limiting post-secondary institutions' ability to expand health care practitioner programs in anticipation of the looming shortage of health care workers.

Two previously submitted program proposals—for the Master of Science in Environmental Science and the Doctor of Philosophy in Computing and Information Systems—remain AU priorities as they are closely aligned with established research portfolios in environmental sciences and computing and information systems. Research in these areas is integral to Alberta's economic, resource management and environmental goals. Developing highly qualified personnel and supporting discovery and innovation are core AU functions as a Comprehensive Academic and Research Institution. With the support of the Campus Alberta Innovation Program and other external funding sources, AU has attracted world renowned researchers; however, the post-graduate opportunities that AU can offer are constrained by limitations on graduate programming. In the coming year, AU will explore opportunities to further develop its proposals for these two priority graduate programs to leverage investment and attract additional funding.

Appendix F

Capital Plan

Introduction

Athabasca University is a world leader in online post-secondary distance education, having developed a proven reputation for excellence, openness, flexibility and innovation. AU's open access policy has opened the door to higher education for more than a quarter of a million Albertans and other Canadians, particularly those disadvantaged by geography, time and socio-economic circumstances. One key to AU's success has been its ability to provide superior post-secondary learning services to meet the educational needs of a geographically dispersed community of learners whose members are not able or prefer not to attend traditional campus-based institutions. This community is served through continuous investment in the development of AU's information and communication technology infrastructure. With a view to remaining competitive, securing its leadership position in online and distance education and enhancing the educational services it provides, AU has developed a comprehensive five-year capital plan, addressing both short- and long-term capital priorities. To achieve its mandate and support strategic growth, the university must upgrade and expand its information and communication technology infrastructure and expand its facilities in Athabasca, the Capital Region and Calgary. Over the next five years, AU will require \$47.2 million in strategic capital investments.

The university's capital priorities are presented below under two main headings:

- Information and Communication Technology Projects
- Facilities and Other Projects

These sections are further subdivided using the categories established by the Government of Alberta in the Building and Land Information Management System (BLIMS) for one-time or envelope funding of projects:

- Category 1: Preservation of Existing Facilities/Capital Assets (< \$10 million)
- Category 2: Preservation of Existing Facilities/Capital Assets (> \$10 million)
- Category 3: Expansion or Replacement
- Category 4: New Facilities or Systems of Major Economic Benefit to Alberta

Table 1: Summary 2016-17 to 2020-21 Capital Funding Request (thousands of dollars)

	Category 1 & 2	Category 3	Category 4			
	Preservation and Renewal	Expansion or Replacement	New Facilities or Systems	Total	AU Funding*	Government or Other
ICT	\$ 24,713	\$ 9,145	\$ -	\$ 33,858	\$ 25,612	\$ 8,246
Facilities and Other	7,350	6,000		13,350	850	12,500
Total	\$ 32,063	\$ 15,145	\$ -	\$ 47,208	\$ 26,462	\$ 20,746

*Includes IMP funding for information and communication technology projects.

Achieving the capital priorities outlined in this plan will help AU advance its key mission of making post-secondary education available to all Albertans, regardless of their circumstances. These capital investments will enable the university to continue to develop new programs, to expand its research portfolio and to enhance student learning and support services. In addition, it will position AU to continue to advance Alberta's leadership position in the use of innovative information and communication technologies to meet the challenges of learners, communities and industry in the modern knowledge economy.

Information and Communication Technology Projects

AU was a pioneer in leveraging ICTs in support of removing barriers to post-secondary learning, and the university has developed a reputation for creating and delivering high-quality courses and programs to learners in Alberta, across Canada and around the world. This success demonstrates AU's ability to respond positively to significant environmental changes and to explore new frontiers in distance education. With a view to maintaining the university's position in online distance education, AU has developed a comprehensive five-year ICT Capital Plan addressing both short- and long-term ICT capital investments. To achieve its mandate and support its strategic growth and vision, the university must renew and expand its ICT infrastructure and online learning environment. This will require \$33.9 million in ICT capital investments over the next five years. Table 2 provides a summary of the fiscal 2017-21 ICT capital funding request.

Table 2: Summary 2016-17 to 2020-21 ICT Capital Funding Requests (thousands of dollars)

BLIMS Category	Program Totals*	Proposed Funding Sources	
		AU**	Government or Other
1. Preservation and renewal of existing facilities/capital assets (minor)	\$ 24,713,350	\$ 23,362,539	\$ 1,350,811
2. Preservation and renewal of existing facilities/capital assets (major)	-	-	-
3. Expansion or replacement	9,145,000	2,250,000	6,895,000
4. New facilities or systems of major economic benefit to Alberta	-	-	-
Total	\$ 33,858,350	\$ 25,612,539	\$ 8,245,811

*Categories based on the Government of Alberta's Building and Land Information Management System (BLIMS) for one-time or envelope funding of projects.

**Based on 2016-17 fiscal year.

Challenges

Recognition that ICT is AU's Capital

AU is unlike traditional post-secondary institutions at which students attend on-campus classes. As an online institution, its campus is virtual. AU's infrastructure is comprised not of campus buildings but of online systems, services and resources. Current capital funding criteria, geared toward addressing the need for investment or reinvestment in physical facilities and infrastructure, place a virtual organization like AU at a competitive disadvantage and greatly

restrict its ability to develop its ICT infrastructure and online learning environment to address the needs of current and future learners. This challenge is compounded by the fact that AU's ICT infrastructure needs to transition to hosted virtual services to reduce costs, achieve economies of scale and ensure availability of services. Provisioning these services must be funded from operations budgets, limiting the university's ability to achieve operational goals in support of its overall mission.

AU's Critical Dependence on ICT

AU's operations rely entirely on information and communication technology enabled capabilities. Educational access, learner support services and administrative activities are provided by the university via the Internet. AU's client-facing operations depend on

- the university website to create awareness and provide information
- online enrolment and course registration services
- online course provision and instruction
- online assessment, including assignment and exam submission
- online student services for advising and assisting students and for maintaining students' academic records

AU's reliance on ICT infrastructure is further demonstrated by

- continuous undergraduate enrolment (Students start programs and courses year-round.)
- asynchronous, self-paced study and open course scheduling (Course materials are readily available online, and students complete courses on their own schedule and can choose to start any course in any month.)
- distributed learning (Students do not receive instruction or course materials at a specific location such as a university campus, allowing them to remain in their home communities and places of employment.)

AU's information and communication technology infrastructure must therefore provide students with continuous and reliable service in support of academic success. To continue to provide high-quality learning opportunities and student services, AU must continually invest in its information and communication technology services and capabilities: they are equivalent to a traditional university's physical campus (its classrooms, meeting rooms, lecture halls, laboratories, libraries, common rooms, workspaces, etc.).

Lack of Capital Funding to Develop AU's ICT Infrastructure in Line with Strategic Goals

Providing online educational services to AU's community of learners depends upon the university's ability to create and maintain a rich, flexible and learning environment. AU has succeeded in offering value to learners in Alberta, across Canada and around the world through its ability to leverage the Internet and information and communication technologies to improve access to learning and to create new knowledge and approaches to distance education. Compared to traditional campus-based alternatives, AU's online model is a more cost-effective method of delivering post-secondary learning, providing excellent value to both taxpayers and students.